

**SYSGRATION®**



# 2023

## Sustainability Report



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# About the Report

## ■ Editorial Principles

Sysgration Ltd. (Stock Code: 5309, referred to as "Sysgration") prepared the 2023 Sustainability Report according to the GRI Standards 2021 announced by The Global Reporting Initiative (GRI), the "Sustainability Accounting Standards - Electrical & Electronic Equipment" announced by the Sustainability Accounting Standards Board (SASB), the Recommendations of the Task Force on Climate-related Financial Disclosures published by the Financial Stability Board (FSB), and the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" announced by Taipei Exchange, in order to disclose Sysgration's operational strategies, investment and performance with respect to the sustainable development to the stakeholders.

## ■ Report Boundary and Data

This report discloses the performance data for the aspects of the economy, environment and society of 2023 (January 1 to December 31, 2023). For the completeness and comparability of the information, some of the performance data traces back to the information of 2022 and earlier periods retrospectively. The boundary of this report is Sysgration Ltd., and its operation areas include the Taipei Head Office, Nantou Nankang Plant (the "Nankang Plant"), the Huizhou Plant in Mainland China (Sysgration (Huizhou) Ltd., the "Huizhou Plant"), and Power Tank Energy Ltd.<sup>Note</sup> (the "PTE"), the operation areas of which include the Taipei Head Office and Zhenjiang Plant in Mainland China (Sysgration (Zhenjiang) Ltd., the "Zhenjiang Plant"). The data and information disclosed in this report are provided by relevant responsible departments through information collection and summarization. The collection, measurement and calculation methods of various data and information disclosed adopt the local regulatory requirements as the main basis for compliance. In cases where no international standards are applicable, industrial standards or industrial common practices are used as the basis for compliance.

Note: Power Tank Energy Ltd. is a new subsidiary split from the energy storage business segment of Sysgration Ltd. on June 30, 2023.

## ■ External guarantee/assurance

To ensure the accuracy and transparency of the information disclosed by Sysgration, the data and information in this report are internally managed by the responsible departments with reference to laws and regulations and external certifications have been obtained for particular information (please refer to Appendix - External Certification). Relevant data and information are compiled and prepared by the ESG report editorial team, submitted to the heads of various departments for confirmation, and eventually reviewed and approved by the Chairman. The Company entrusts PwC Taiwan to perform external independent valid assurance on the sustainability performance selected for the report prepared according to the GRI Standards and to perform an audit according to the TWSAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by Accounting Research and Development Foundation of R.O.C.. The scope of assurance is the information in 2023. The information on December 31, 2022, and the prior periods is not included in the scope of assurance. The CPAs issued the assurance opinion. Please refer to the Assurance Report in the Appendix for details of the scope of assurance and conclusion.

## ■ Release Time

Sysgration issues its ESG Report annually and also discloses the report on the Company website

Present Release Date: Released in August 2024

Next Release Date: Expected to be released in August 2025

## ■ Contact Us

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- Company Website: <https://www.sysgration.com/en/>
- Contact Person/Unit: President's Office - ESG Report Editorial Team



# Message from the Chairman

At present, the world is in an era full of challenges, with climate change and global warming becoming increasingly material. Sysgration realizes the importance of solving these problems and bringing about positive influences for future generations. Sustainable development is the key to responding to these challenges; therefore, we have done our best to invest in sustainable actions. In 2022, Sysgration won the Bronze Medal under the Asia Sustainability Reporting Awards - Asia Best SDG Reporting. The achievement is the recognition of our past efforts and the exhibition of our future commitments. We hope to become the leader in the industry, join hands with different parties to face challenges, promote the philosophy of sustainable development, and create a green and sustainable future.

## Break Through Industry Standards: Outstanding Sustainable Governance

Corporate governance is an indispensable bedrock for sustainable development, and we spare no effort to improve our corporate governance performance. In the 10th Corporate Governance Evaluation for TWSE/TPEX Listed Companies, Sysgration was highly recognized by the competent authority in Taiwan and ranked among the top 5% companies listed on TPEX. In 2023, the number of Independent Directors in the Board accounted for 43% of the total number of Directors, exceeding the statutory number of seats required by the laws. In addition, in terms of ethical corporate management and business ethics, all members of the Board signed the "Ethical Corporate Management Documents," and all employees and suppliers signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment." Investigation and assessment of corruption risks are performed for all business locations to reduce the occurrence of corruption risks of the Group. In recent years, the competent authority has particularly focused on information security within the governance aspect. Sysgration values great importance to customer privacy, and information security management actively establishes and maintains a reliable and safe information operating environment to ensure the safety protection of Company data, system equipment and network. As a responsible supplier, Sysgration has not received any complaints about violations of customer privacy infringement in 2023, nor have there been any incidents of information leakage, theft or loss of customer data in terms of information security management. Looking forward to 2024, Sysgration will further extend sustainable governance to the supply chain, introduce sustainable supply chain management projects, and comply with international ISO 20400 sustainable procurement guidance to establish its sustainable procurement policies and green supply chain management mechanism, assist suppliers in jointly improve the sustainable performance, reduce operating risks, and realize partnerships of co-prosperity and common good in the value chain.

## Move to Net-zero Emissions: Implementation of Energy Conservation and Carbon Reduction Actions and Prospects

After the Paris Agreement, the responses to climate change have become issues faced by governments and enterprises in different countries. Representatives of countries proposed their declaration and actions for "Net-zero Carbon Emissions by 2050" after COP26 under the United Nations Framework Convention on Climate Change in 2021, and COP27 further stated the importance of the target to control the range of temperature increase within 1.5°C in 2022. The government in Taiwan officially announced the "Taiwan Net-zero Emissions Pathway by 2050 and Strategies" in 2022. Sysgration has implemented energy-saving and emission-reduction solutions for business locations since 2021. Through continuous energy-saving and carbon reduction actions, it improved the energy efficiency of its plants and invested in the construction of renewable energy generation systems step by step. In 2022, according to the Task Force on Climate-related Financial Disclosures (TCFD), Sysgration actively implemented the identification of risks and opportunities through project meeting discussions and established the targets for responding to climate change to mitigate the level of impact of relevant risks. Sysgration reduced approximately 125,548 kWh of electricity consumption in 2023, which was equivalent to the reduction of 62.02 metric tons of CO<sub>2</sub>e, and renewable energy generation reached 4,180 kWh. In 2024, we will launch the GHG inventory to understand and monitor various emission sources within the scope of operation in detail. In the future, we will introduce the Science Based Targets initiative (SBTi) based on carbon emission data, comprehensively assess and formulate specific and proactive carbon reduction targets, including the Scope 3 indirect emissions beyond the organizational boundary. We will extend carbon reduction requirements to raw material suppliers and lead the value chain to move toward net-zero emissions.



## Lead the Sustainable Future: Green Innovation and Mission

The net-zero transformation has become a trend of global green transformation. With the implementation of new green policies in various countries, in addition to requiring enterprises to implement organizational energy conservation, carbon reduction and energy transformation, such policies also focus on the reduction of product carbon footprint with consideration to the product lifecycle in terms of the overall carbon emission thinking. Sysgration has long been observing the industry sustainability trend and actively developing low-carbon green products and services. In 2023, Sysgration invested approximately NT\$260 million in R&D expenditures, representing an increase of 27.1% from the previous year, accounting for 7.8% of the total operating income. We continued to develop low-carbon energy-saving key technology products. We aim to reduce carbon emissions by 4.5% and carbon emissions intensity by 6% annually through product green designs and product manufacturing process optimization, together with production line automation, to reduce product carbon footprints and achieve the business target for the production value of green products to account for 55% of the annual operating income. We believe that by combining the advantages of our main business with innovation in green and low-carbon product R&D, we will be able to make better contributions to the global environment and sustainable development.

## Diverse and Friendly Workplace and Giving Back to Society: People-oriented and Responsibility First

Sysgration complies with fair, impartial, and open recruitment procedures and does not discriminate against job applicants due to their nationality, religion, race, gender, and other conditions. We also value workplace diversity and equality. In 2023, the proportion of female employees in the Group reached 50%, and senior female supervisors accounted for 20.7%. Sysgration is committed to providing employees with safe and healthy working environments, comprehensive talent education and training plans, and generous employee welfare. Regarding safe and healthy work environments, our business locations have passed the ISO 45001:2018 Occupational Health and Safety Management System. In 2023, the Group invested approximately NT\$1 million in education and training, representing an increase of 9.25% compared to last year. The total course hours exceeded 8,000 hours. Sysgration has spared no effort in cultivating talents. In terms of social participation, as a corporate citizen, Sysgration actively participates in social welfare activities and gives back to society. A total of NT\$6.32 million was invested in 2023 on three major aspects, including industry-academia collaboration, public welfare donation, and emergency relief. We hope to make substantive contributions to society by concentrating internal and external resources and creating joint win and co-prosperity.

Looking forward to 2024, Sysgration will continue to integrate and expand the synergy of the Group, give full play to create advantages through complementarity and cooperation and work with partners in the value chain to jointly implement low-carbon operation and ESG responsibilities. We will continue to make efforts to embrace the infinite possibilities in the future with our core values of "Technology, Quality, and Innovation."



Chairman of Sysgration Ltd.  
Lee, I-Ren

*I-Ren Lee*





# Sustainable Management

- 1.1 About Sysgration
- 1.2 Sustainable Practices
- 1.3 Materiality Analysis
- 1.4 Stakeholder Engagement

# 1.1 Sustainable Management

## ■ 1.1.1 About Sysgration

Sysgration was founded in 1977. For more than 40 years, we are committing to using advanced technology to provide premium products to customers, including developing the best quality products for IoT, automotive electronics, and energy storage system products, and continue to provide customers with integrated solutions for technology development, design and manufacturing, quality cost management, and receiving certification through technology integration. Sysgration has been listed on the Taipei Exchange since 1996, and Power Tank Energy Ltd. was established by the split of the energy storage business department from Sysgration Ltd. in June 2023. The production, R&D and operation locations include Taipei Headquarters, Nankang Plant in Nantou, Huizhou Plant, Guangdong and Zhenjiang Plant, Jiangsu in Mainland China. With 550 employees around the world, Sysgration is a leading manufacturer of automotive tire pressure monitoring systems; our customers are all over the world.

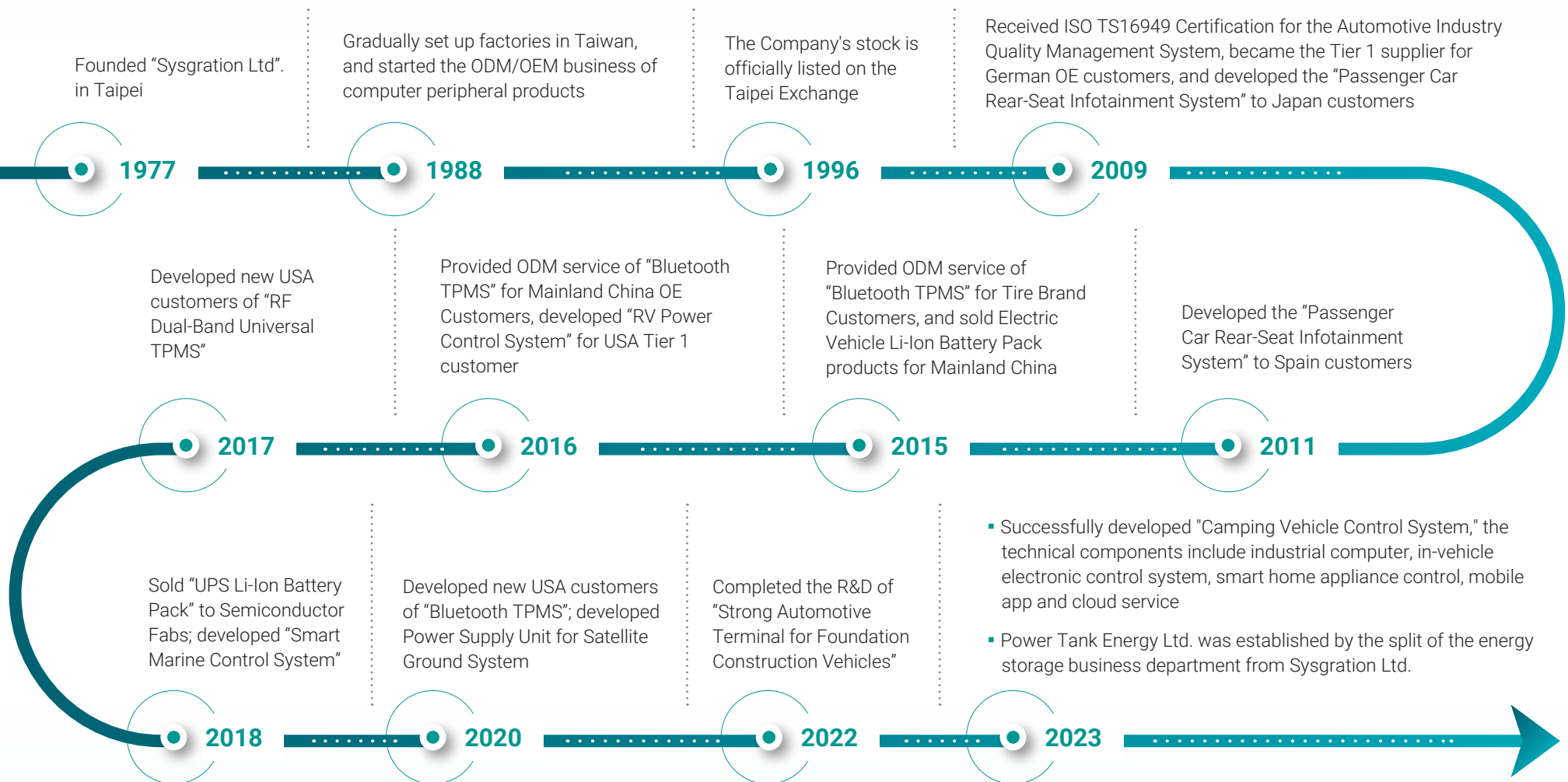
Sysgration focuses on the ODM/OEM field, with "Technology, Quality, Innovation" as the Company's core values, and provides products mainly for automotive tire pressure monitoring systems, automotive electronic products, green energy, energy storage equipment and power supplies. In response to the sustainable transformation of the market and the wave of net zero emission targets, in recent years, Sysgration has actively deployed in the fields of IoT, Internet of Vehicles and new energy technologies. Sysgration not only has combined mobile devices and smart devices with Internet of Vehicles smart network connections but also developed a low-power Bluetooth Tire Pressure Monitoring System (TPMS) signal transmission system and began to develop energy storage system for renewable energy, uninterrupted power supply equipment for clean energy, and electric vehicle batteries to create intelligent and climate-resilient solutions for our customers. It is expected to continue to expand the market of energy storage equipment installation through PTE.

Sysgration has taken research and development as its core strategy since its founding and has set up research and development departments for different product lines. Our team is committed to innovative technologies and solutions to meet the needs and challenges of the market. These achievements have been affirmed by many domestic and foreign patents and inventions, and with manufacturing factories in two regions located across the Taiwan Strait, we leverage the expertise and advantages of supply chain manufacturers on both sides of the strait, and we have successively become strategic partners with well-known world leading manufacturers. Sysgration's consolidated operating income in 2023 was approximately NT\$3.3 billion. Meanwhile, Sysgration actively plans in the three major aspects of economy, society, and environment (ESG) to create sustainable value for the enterprise, society, and environment.

Looking into the future, facing the rapid changes and challenges of the domestic and international environment, Sysgration pays more attention to the development and sales of new products and receiving of patent rights. We will continue to develop innovative technologies in the fields of Internet of Things, Internet of Vehicles, energy storage products and battery energy based on the solid technology foundation, and expect to become a world-renowned enterprise.



## 1.1.2 Sysgration Milestones and Prospects



### 1.1.3 Sysgration Operation Locations



## 1.1.4 Product Innovation Research and Development

In order to maintain a high level of competitiveness in the market, Sysgration actively recruits excellent R&D talents, and invests funds to develop new products and break through key technologies. Domestic talents in the field of lithium battery applications are mostly focused on the low-voltage application fields of 3C and electric bicycles. There is a shortage of high C-rate lithium battery technology and talents for grid matching. Sysgration has been working in this field for more than 10 years, cultivated a group of research and development teams for energy storage systems and high C-rate lithium batteries rarely seen in our Country, invested tens of millions of NT dollars in research and development funds in the early phase, and passed the safety certification of large-scale energy storage in Europe and the United States Standards.



**Tire Pressure  
Monitoring System**

- Multi-Band Stand-Alone Universal Tire Pressure Monitoring System for Original Manufacturer Replacement Parts
- Bluetooth low energy Tire Pressure Monitoring System for passenger cars, motorcycles, heavy duty trucks, and buses
- Original Equipment (OE) Tire Pressure Monitoring System
- Big Data Analysis and Application of Tire Pressure Monitoring System and Internet of Vehicles

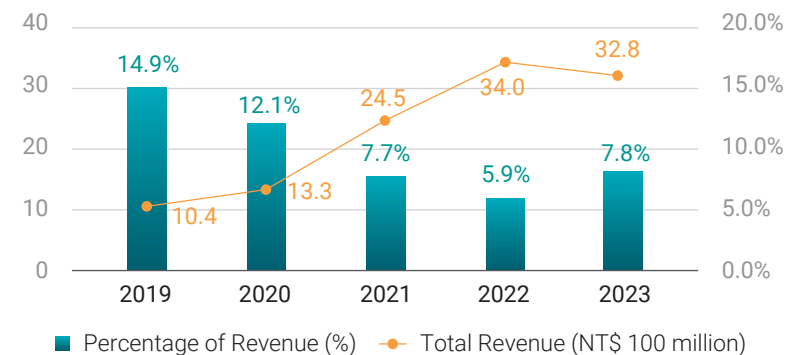


**Energy Storage  
System**

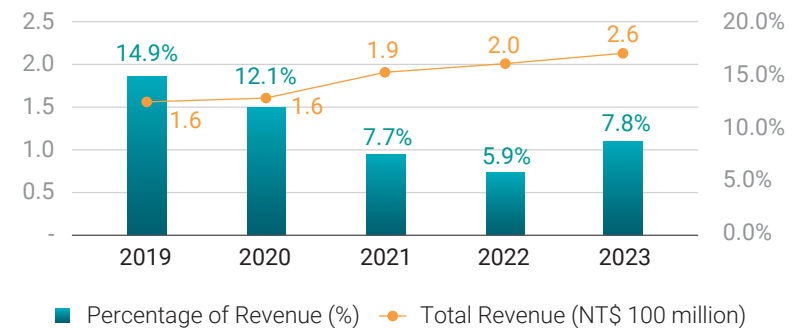
- Frequency Modulation and Voltage Modulation Energy Storage Management System for Large Power Users, Communities of Offices in Plants, and Power Plants
- Solar and Wind Energy Storage System and Lithium Battery Management System
- Lithium Battery System for Communication Base Station and Communication Equipment
- Lithium Battery System for Precision Manufacturing and Semiconductor Equipment
- Battery Backup System for Cloud Data Center

In 2023, the R&D expenditures of Sysgration were approximately NT\$260 million, an increase of 27.1% compared with the R&D expenditures in 2022, which accounted for 7.8% of the total revenue. The R&D department has accomplished many important achievements in new products and new technologies, from hardware circuits and software programs to product appearance, mechanism improvement, reliability testing, and design innovation of production testing equipment. The research and development results have been recognized by many domestic and international patents and inventions. The innovative research and development products are as follows:

**The Percentage Diagram of Total Revenue and R&D Expenditures in Total Revenue over the years**



**The Percentage Diagram of R&D Investment and R&D Expenditures in Total Revenue over the years**





Sysgration is committed to using advanced technology to develop the best quality smart application solutions for the Internet of Things, automotive electronics and energy management, from product concept feasibility research, manufacturing design, circuit board filling and testing to supply chain management, logistics repair and maintenance, we provide customers with integrated solutions the full product development cycle, assist in solving problems early in the product development process, traces systems assembly and testing, and manages the supply chain risks.

Subsidiary PTE was formally established through a split in 2023. The Sysgration Group actively expanded the operating momentum of the Company through the professional labor division. In particular, the world is entering the 5G digital war at present, and the expansion of requirements for data centers is considerably fast. Therefore, our product R&D focuses on industrial battery backup units (BBU) and uninterruptible power supply (UPS) that are necessary for data centers.

Sysgration provides customers with value-added and customized solutions through leading technology, system structure knowledge, and on-site manufacturing experience and combines the popularization of AI technology to strengthen the experience of innovative products.



### Industrial Portable and Wearable Systems

The AI smart headset solution enables petroleum, chemical, and gas field engineers to contact remote experts or management personnel for real-time audio and video communication in confined spaces/high-altitude/dangerous areas, and other complicated operating environments. The experts or management personnel inspect the on-site situation from the first perspective and provide remote technical guidance and patrol work inspection to complete the tasks safely and efficiently and effectively reduce the safety risk of the work environment of enterprises.

### Industrial Backup Battery and Energy Storage System

In terms of energy products, the Sysgration Group has expanded the accumulated advantages in mass power management and industrial energy storage technology, extensively introduced BBU to cloud database center customers, and extended the experience of EV lithium battery pack to the UPS of the semiconductor fabs, energy storage system of communities, battery system of high-frequency switching-mode rectifier (SMR) for the communication of 4G and 5G base stations, energy storage and regulation system for power plants, and other industrial applications.



### Backup Battery for AI Data Center

As AI data centers have more stringent requirements for backup batteries, the energy density, lifetime, safety, cost, and other factors of batteries shall be duly considered. Sysgration has planned for substantial work projects for the development of backup batteries for AI data centers, including the establishment of a professional R&D team, confirming the R&D targets, and the active promotion and application. Sysgration will continue to optimize and upgrade products based on market feedback and technological advances. The backup battery for AI data centers will become an innovative backup power solution, beneficial for improving the operating efficiency, reliability, and safety of data centers. We expect that the product will bring actual value to customers.



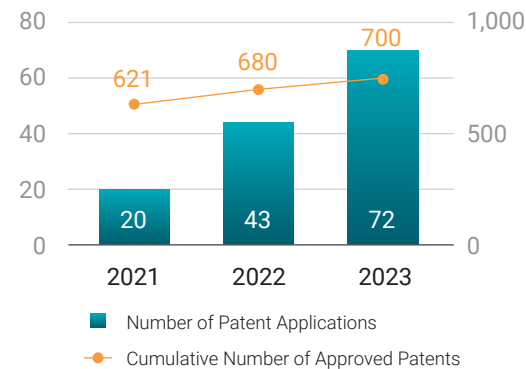
## 1.1.5 Intellectual Property Management

Sysgration believes in quality and innovation as the core beliefs of product development. To maintain advanced technology and distinguish itself from competitors' products, Sysgration has built a complete set of product intellectual property management systems and an R&D map that has been incorporated into the Company's operational goals to maintain its product competitive advantages and R&D achievements. Intellectual property management strategies mainly include patent territory deployment strategy, patent layout, expansion of patent application territory, inventory, reorganization, and consolidation of the total number of patents. By implementing the execution levels, including patent application and reward system<sup>Note 1</sup> and intellectual property education<sup>Note 2</sup>, we have protected the Company's R&D achievements and maintained technological leadership. As of the end of 2023, Sysgration has accumulated a total of 700 approved patents worldwide, a total of 34 approved trademarks, and there are currently 167 patents in effect globally.

Note 1: For details of the patent reward system and results in 2023, please refer to the description of the patent reward system in 3.2.2 Product Innovation Research and Development.

Note 2: In 2023, the number of employees who participated in intellectual property education reached 555.

Total number of patents in the past three years

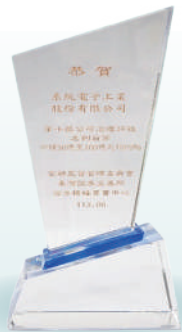


## 1.1.6 Participation in Public Associations and External Organizations

Sysgration actively participates in local public associations and organizations regarding industry, R&D technology, and corporate governance. Through idea exchange and experience sharing, we establish partnerships of mutual assistance and cooperation, and promote the common prosperity and development of the industry.

Region	Association Name	Role Identity
Taiwan	Taipei Tech Elite Union	Member
	SEMI International Semiconductor Industry Association	Member
	Taiwan Listed Companies Association	Member
	Taiwan Institute of Directors	Member
	Central Region Listed Company Elite Association	Member
	Taiwan M&A and Private Equity Council	Member
	Taiwan Investor Relations Institute (TIRI)	Member
Mainland China	The European Chamber of Commerce Taiwan	Member
	Jiangsu Energy Storage Association	Member
	Zhenjiang City Association of Taiwan Investment Enterprises on the Mainland	Member

## 1.1.7 Honors and Affirmation



Sysgration honorably ranked in the top 5% of all listed companies in TWSE and TPEx with a market capitalization of 5 billion to 10 billion in the 10th "Corporate Governance Evaluation"



Sysgration honorably ranked in the top 5% of Taipei Exchange listed companies in the 10th "Corporate Governance Evaluation"



Sysgration won the Bronze Medal in the 2023 Asia Sustainability Reporting Awards - Asia Best SDG Reporting

















Sysgration was awarded the 1.5° C label and certificate as it is one of the 220 enterprises that fulfill the target of temperature control within 1.5° C at the 2nd "Enterprise 1.5° C Forum" organized by the Commonwealth Magazine

# 1.2 Sustainable Practices

## Sustainable Development Strategy

While having automotive electronics and energy management products as the main scope of business, with revenue accounting for 94.2% and 5.8% respectively, Sysgration combines Internet of Vehicles and Internet of Things in recent years to develop system and integration solutions. Since 2015, Sysgration has invested in research, development, and manufacturing of green energy products, including renewable energy storage systems, uninterrupted power equipment for clean energy, electric vehicle batteries, energy-efficient tire pressure monitoring system and other products, and actively promotes the application of green energy, hoping to accelerate the achievement of net-zero society sustainability goals in Taiwan.

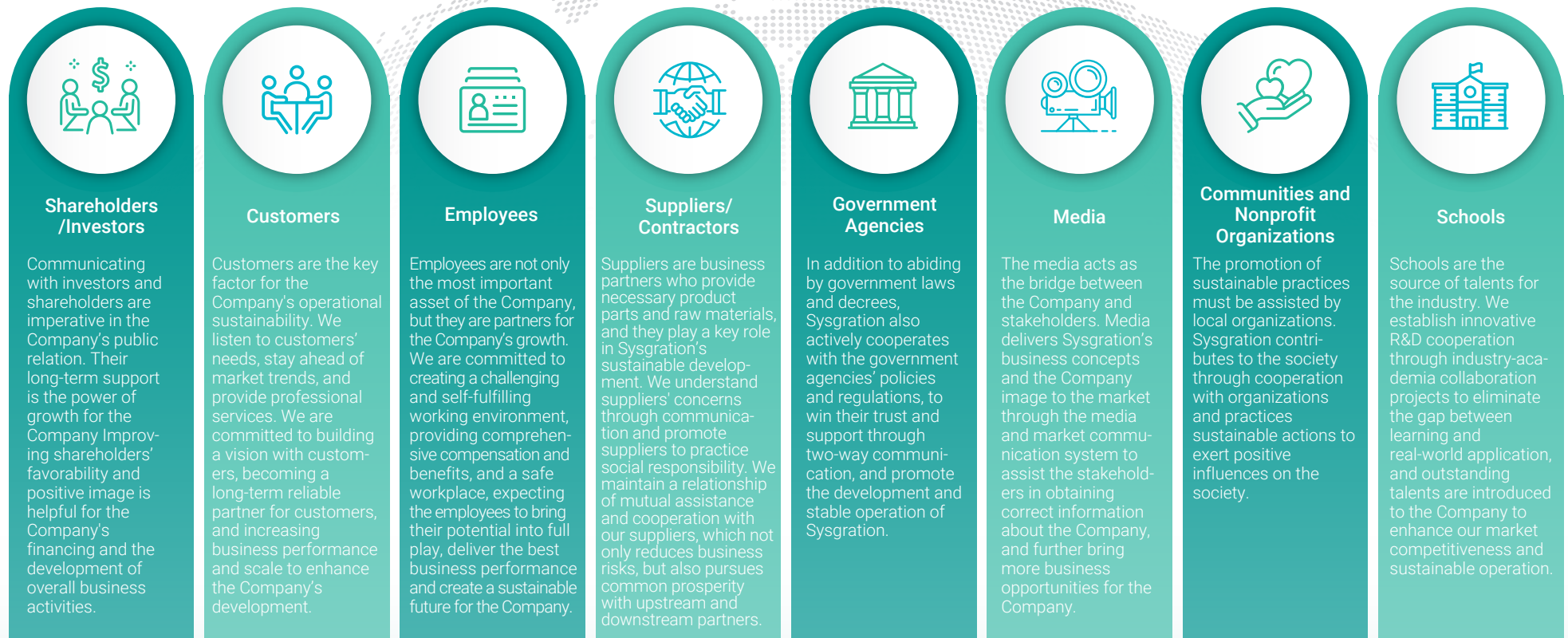
	Governance	Environment	Product	Society
Implementing United Nations Sustainable Development Goals	  	  	  	    
Company Actions and Annual Results	<ol style="list-style-type: none"> <li>Ranked top 5% in 2023 Corporate Governance Evaluation</li> <li>Independent directors accounted for 43% of all directors, exceeding the statutory standard of one-third for regulated companies.</li> <li>In 2023, all members of the Board signed the "Ethical Corporate Management Documents," and all employees and suppliers signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment."</li> <li>As a responsible supplier, Sysgration has not received any complaints about violations of customer privacy infringement in 2023, nor have there been any incidents of information leakage, theft or loss of customer data.</li> <li>In 2023, the amount of Sysgration's local procurement expenditure was approximately NT\$250 million, accounting for 12.7% of total procurement expenditure.</li> <li>Sysgration clearly defines the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," "Management Operation Procedures for Prevention of Insider Trading," and the "Responsible Business Alliance (RBA) Code of Conduct" related operating procedures, requiring all cooperative suppliers to follow.</li> <li>In 2023, all new suppliers and existing suppliers signed the "Supplier Corporate Social Responsibility and Environmental Code of Conduct."</li> <li>In 2023, completed 25 supplier audits, and completed 100% of the deficiency improvement.</li> </ol>	<ol style="list-style-type: none"> <li>In 2023, Sysgration's electricity generation of renewable energy was 4,180 kWh.</li> <li>Sysgration won the Energy Conservation Benchmark Award from the Ministry of Economic Affairs in 2023.</li> <li>All factories completed the Environmental Management System, ISO 14001:2015 Certification.</li> <li>Sysgration reduced approximately 125,548 kWh of electricity consumption through multiple energy-saving measures in 2023, which was equivalent to the reduction of 62.02 metric tons of CO<sub>2</sub>e and approximates the annual carbon absorption amount of 0.16% of the Da'an Forest Park.</li> <li>The total Group water withdrawal of Sysgration in 2023 was 14.14 million liters, which is lowered by 17.45% compared to 2022.</li> <li>Sysgration was awarded the 1.5°C label and certificate as it is one of the enterprises that fulfilled the target of temperature control within 1.5°C at the 2nd "Enterprise 1.5°C Forum" organized by the Common-Wealth Magazine.</li> </ol>	<ol style="list-style-type: none"> <li>Sysgration actively expands the application of low-carbon green products and services. In the case of the energy storage system, its application scope covers semiconductor fabs, plants, communication base stations, cloud data centers, communities and industrial energy storage, and can assist customers in different categories to more effectively use renewable energy.</li> <li>In 2023, the R&amp;D expenditure of Sysgration was approximately NT\$260 million, representing an increase of 27.1% from 2022, accounting for 7.8% of the total operating income, and the expenditure is actively invested in new product development and key technological breakthroughs.</li> <li>All Sysgration Plants obtained the Quality Management System ISO9001:2015 and Automotive Quality Management System IATF 16949:2016 Certification; Nankang Plant and Zhenjiang Plant obtained Hazardous Substance Process Management System IECQ QC080000:2017 Certification.</li> </ol>	<ol style="list-style-type: none"> <li>Sysgration signed a contract with Pojen General Hospital for professional doctors and nurses to come to the Company and provide employee health consultation regularly, employees with routine health examinations every year, and ionizing radiation, hearing, and occupational disease special health examination for the personnel engaged in special operations.</li> <li>Continue to carry out industry-academia collaboration with the National Taipei University of Technology and the National Taiwan University of Science and Technology to jointly develop green energy products and technologies to expand social influence.</li> <li>We encourage diversity and equality in the workplace. In 2023, female employees represented 50% of all employees and 20.7% of senior supervisory positions.</li> <li>All operating plants completed the ISO 45001:2018 Occupational Safety and Health System Certification.</li> <li>Organized a total of 121 hours of Employee Occupational Safety and Health related training, with 1,939 person-times participated.</li> <li>In 2023, the Taipei Head Office, Nankang Plant, Huizhou Plant, and Zhenjiang Plant did not have incidents related to human rights violations.</li> <li>Social participation includes cultivation and development, relief and care, and environmental sustainability, and we invested nearly NT\$6.32 million in 2023.</li> </ol>



# 1.3 Materiality Analysis

## 1.3.1 Stakeholder Identification

Sysgration identified stakeholders and disclosure of specific topics in reference to the AA1000 Stakeholder Engagement Standard, to accurately grasp the economic, environmental and social aspect-related issues concerned by the stakeholders. After considering the stakeholders' dependency, responsibility, concern, influence, and diverse perspectives, we identified 8 major stakeholders, including shareholders/investors, customers, employees, suppliers/contractors, government agencies, media, communities and nonprofit organizations, and schools. In addition to understanding the sustainable issues they care about through the process of communicating with stakeholders, and following the materiality identification process of the GRI 2021 guidelines to confirm the 2023 Sysgration's Material Topics.



## 1.3.2 Material Topic Identification and Assessment Process

Sysgration follows the Material Topic Identification process of the GRI Universal Standards 2021 to execute Material Topic Assessment, analyze global sustainability trends and collect sustainability issues of concern to stakeholders, and assess the level of significance of sustainability issues in terms of economic, environmental, and human rights through internal impact analysis, to preliminarily filter out the Material Topics. Based on the aforementioned analysis results, the ESG Committee conducts sustainability issues identification through reviews with senior management and management meeting of each ESG responsible unit manager based on four major aspects of governance, environmental, products, and social, and ultimately determines 8 Material Topics as the topics of disclosing the management policies and related performance in priority. We conduct a Material Topic review every year, regularly review the impact of issues as the basis for sustainable development strategy planning; and transparently disclose information on the positive and negative impacts of sustainable issues at the same time, for the stakeholders to understand the sustainable issues of their concern.



## 2023 Material Topic Results





Note: The assessment score is the result of multiplying the probability of occurrence and the level of positive and negative impacts. The top 8 are major topics for 2023.



Sorting according to the sum of the positive and negative scores of the questionnaire, two new major topics, "Human Rights" and "Social Participation," are added compared to the topics in 2022. Therefore, a total of 8 ESG major topics have been identified in 2023, ranking by the order of scores are: **Product Quality and Safety, Occupational Health and Safety, Sustainable Supply Chain Management, Ethical Corporate Management, Low-carbon Green Products, Energy Management, Human Rights, and Social Participation.** Other general ESG Topics are: Risk management, Greenhouse Gas Emissions, Waste Management, Climate Change response, Water Resources Management, and Biodiversity, Customer Relationship Management and Innovative Products and Services, Talent Attraction and Retention, Education and Training, and Employee Diversity and Equal Opportunities.





### 1.3.3 Material Topic Management Policy and Scope of Impact

Dimension	2023 Material Topic	Corresponding GRI Standards	Description of Positive and Negative Impacts	Boundary of Impact					Corresponding Internal Section
				Internal	Suppliers	Investors	Customers	Society	
 Governance	Ethical Corporate Management	GRI 3-3 GRI 205 GRI 206	<p><b>Description of Positive Impacts:</b> Sysgration provides ethics compliance education and training, communication and training on anti-corruption policies and procedures according to the "Ethical Corporate Management Best Practice Principles" to ensure the Company's compliance in corporate governance with ethics and integrity. By adhering to the concept of ethical corporate management, we can build a favorable corporate image and reputation externally, increase consumer trust in products and services, and attract investors and business partners; internally, we allow employees to feel fair treatment, information transparency, and respect, and, in turn, enhancing job satisfaction and engagement so as to improve work efficiency and productivity.</p> <p><b>Description of Negative Impacts:</b> If an ethical corporate management system is not established, ethical and other negative events will harm the company's reputation and image. This may, in turn, affect brand image and result in a loss of trust among consumers and business partners, causing a decrease in sales volume and a loss of market. At the same time, there may also be the risk of potential legal proceedings that further damage the financial position and reputation of the Company.</p>	■	■	■	■	■	2.3 Ethical Management
	Sustainable Supply Chain Management	GRI 3-3 GRI 308 GRI 414	<p><b>Description of Positive Impacts:</b> Sysgration attaches great importance to the management of the sustainable supply chain as proper management can not only reduce business risks and costs, but also enhance the Company's reputation and brand value. Robust supply chain management can help ensure the sustainability of raw materials, reduce environmental impact, and fulfill investors' and consumers' expectations for sustainable development, thereby enhancing the Company's competitiveness. Proper management of a sustainable supply chain will bring multiple positive impacts, including reducing carbon emissions, saving energy and resources, improving labor conditions, and facilitating the development of local communities.</p> <p><b>Description of Negative Impacts:</b> Improper management of the sustainable supply chain may lead to environmental pollution, social injustice, human rights violations, and negative impacts that damage the Company's reputation and impose legal risks.</p>	■	■		■		2.7 Sustainable Supply Chain
 Environment	Energy management	GRI 3-3 GRI 302	<p><b>Description of Positive Impacts:</b> Effective energy management and energy conservation reduce operating costs, produce carbon reduction effects, comply with customers' expectations, and decrease the likelihood of power disruptions at operational sites.</p> <p><b>Description of Negative Impacts:</b> Businesses with high energy consumption may fail to meet investors' and the general public's expectations regarding energy conservation and emissions reduction, resulting in a negative corporate image and funding difficulties. Failure to implement energy-saving measures can lead to an increase in electricity consumption, higher electricity costs, and negative environmental effects.</p>	■		■	■	■	4.3 Energy Management

Dimension	2023 Material Topic	Corresponding GRI Standards	Description of Positive and Negative Impacts	Boundary of Impact					Corresponding Internal Section
				Internal	External				
					Suppliers	Investors	Customers	Society	
 Society	Occupational Health and Safety	GRI 3-3 GRI 403	<p><b>Description of Positive Impacts:</b> Employees are the material human capital of the Company. Based on the philosophy of sustainable operation and development, we properly manage occupational disaster risks, provide employees with a safe and healthy working environment, and work together with employees to build a safe, healthy, vigorous, and friendly working environment to create a healthy workplace culture, protect the physical, mental, and social health of employees. These are the basic commitments of Sysgration to employees.</p> <p><b>Description of Negative Impacts:</b> If occupational disasters occur to employees during work, they will seriously lead to interruption of operations and a decline in productivity. The resulting losses may have significant and long-term impacts on the organization and may also cause serious damage to reputation or related legal proceedings.</p>	■	■				5.5 Occupational Health and Safety
	Human rights	GRI 3-3 GRI 406 GRI 408 GRI 409	<p><b>Description of Positive Impacts:</b> Comply with local laws and regulations to protect employees' human rights in the workplace and provide a workplace environment of dignity and equality so that the Company can gain a better reputation and competitive advantages.</p> <p><b>Description of Negative Impacts:</b> If The Company illegally employs child labor or forced or compulsory labor, resulting in material damage to the Company's image and affecting customer orders.</p>	■	■			■	5.4 Human Rights Protection
	Social Participation	GRI 3-3 GRI 413	<p><b>Description of Positive Impacts:</b> The Company takes the lead and continues to engage in social participation, community care, and other charitable and public welfare events, which not only enhances the Company's image, increases customer recognition, and increases investment opportunities from potential investors but also inspires stakeholders to join such charitable causes, forming a positive cycle.</p> <p><b>Description of Negative Impacts:</b> If the Company fails to actively engage in social participation, community care and other charitable and public welfare events to the best of its ability, local communities and disadvantaged groups will not receive sufficient resources for life and development, resulting in information, knowledge, and skill gaps, which is not favorable to the growth and co-prosperity of society as a whole.</p>	■				■	5.6 Social Participation
 Product	Product Quality and Safety	GRI 3-3 GRI 416	<p><b>Description of Positive Impacts:</b> Sysgration is based on the core concept of "Pursuing Excellence", which maintains product quality and safety, ensures consumer rights and interests, improves customer satisfaction, and further improves corporate reputation and brand value. At the same time, effective quality and safety management and control can reduce pollution and waste of resources in the product manufacturing process, and reduce the negative impact on the environment.</p> <p><b>Description of Negative Impacts:</b> The orders and market reputation are affected due to the increase in subsequent improvement costs and reduction in customer satisfaction resulting from inappropriate product quality control.</p>	■	■	■	■		3.1 Product Quality and Safety
	Low-Carbon Green Products	GRI 3-3	<p><b>Description of Positive Impacts:</b> With the vision of developing and providing "Green Products", Sysgration insists on the low-carbon strategy of "Green Manufacturing and Green Design", in response to the trend of stricter energy and environmental laws and regulations, and continuous changes in energy structure, Sysgration cooperates with government policies, pragmatically promotes energy conservation, emission reduction and green businesses, and strives to develop green businesses of energy storage products, product programs to assist the customers in reducing greenhouse gas emissions, and keep in line with the trends of future international low carbon market competition.</p> <p><b>Description of Negative Impacts:</b> Under the sustainability trend, the failure to invest in the R&amp;D of green products may cause a decrease in market competitiveness, lead to reduced business opportunities or loss of markets, and have negative impacts on the environment.</p>	■	■	■	■		3.2 Low-carbon Green Product






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## 1.4 Stakeholder Engagement

Responding to stakeholders' requirements is a material factor for the Company to realize sustainable operations. Sysgration is committed to pursuing both sustainable development and profitability under the principle of integrity, and we value various issues among aspects of environmental, societal, and corporate governance. We evaluate and understand the reasonable expectations of stakeholders and important issues of concern through proper communication with stakeholders, and we incorporate these issues into consideration for the reference of establishing the Company's future management policies and operating strategies. Furthermore, in addition to assisting the Company in planning short, medium and long-term strategies, it can further create value for stakeholders. We have set up a stakeholder area on our website [Stakeholder Area](#) as the channel of communication with stakeholders. The opinions from all stakeholders are responded to by designated personnel, and stakeholders are welcome to give opinions and suggestions. The concerned issues from each category of stakeholders and the content of communication channels are detailed as below.

### 2023 Stakeholder Engagement and Communication Results

Stakeholder	Concerned Issues	Forms of Communication and Frequency in 2023	Responses and Actions of Engagement Channels in 2023
 Shareholders and investors	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Risk Management</li> <li>Economic Performance</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' Meeting (annually)</li> <li>Investor Conferences (quarterly)</li> <li>Operating income release (monthly)</li> <li>Market Observation Post System (real-time)</li> <li>Company website (real-time)</li> <li>Sustainability Report</li> </ul>	<ul style="list-style-type: none"> <li>Held 1 general shareholders' meeting</li> <li>Held 4 sessions of investor conferences</li> <li>Regularly disclosed the Company's financial and business information on the Market Observation Post System and Company website</li> <li>Set up spokespersons and deputy spokespersons who are responsible for responding to investors' concerns in a timely manner</li> <li>Published the 2023 ESG report in Chinese and English on the Market Observation Post System and the Company website</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>Customer Privacy and Information Security</li> <li>Product Quality and Safety</li> <li>Greenhouse Gas Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Customer review meeting (as needed)</li> <li>Customer satisfaction survey (annually)</li> <li>Company website (as needed)</li> <li>Customer Supplier Conference (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Conducted 1 annual customer satisfaction survey</li> <li>Updated the latest products on the Company website</li> <li>Participated in important customer technology forums for reporting technology research and development results</li> <li>Participated in the customer-supplier conference</li> <li>Met requirements and audits of our clients regarding products, environment, as well as labor rights, coordinated to prevent related risks, and promised to continuously improve the ESG practices</li> </ul>
 Employee	<ul style="list-style-type: none"> <li>Labor-Management Relation</li> <li>Occupational Health and Safety</li> <li>Training and Education</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management meeting (quarterly)</li> <li>Employee welfare committee meeting (as needed)</li> <li>Education and training (as needed)</li> <li>Communication and work meetings with units and departments (as needed)</li> <li>Internal information announcement (as needed)</li> <li>Employee complaint hotline (real-time)</li> <li>Occupational Safety and Health Committee Meeting (quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>Held 4 sessions of labor-management meetings</li> <li>Held 8 sessions of regular employee welfare committee meetings</li> <li>Organized a total of 300 hours of education and training courses with 3,800 person-times participated</li> <li>Held 49 sessions of weekly management meetings to understand the Company's business operation updates and improve communication efficiency</li> <li>0 calls from employee complaint hotline calls</li> <li>Held 4 sessions of Occupational Safety and Health Committee meeting</li> </ul>

Stakeholder	Concerned Issues	Forms of Communication and Frequency in 2023	Responses and Actions of Engagement Channels in 2023
 Suppliers/ Contractors	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Economic Performance</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Supplier audits (as needed)</li> <li>Request of supplier code of conduct (annually)</li> <li>Request of non-conflict minerals declaration (as needed)</li> <li>Supplier conference (annually)</li> </ul>	<ul style="list-style-type: none"> <li>The Supplier Conference is held regularly every year to communicate with suppliers about the operational strategy and ESG goals, as well as synchronize the important regulations and development trends of major international brand manufacturers</li> <li>Conduct supplier audits as needed</li> <li>100% of suppliers signed the Non-use Conflict Minerals Statement</li> <li>Held 1 Supplier Conference</li> </ul>
 Government Agencies	<ul style="list-style-type: none"> <li>Ethical Corporate Management</li> <li>Regulatory Compliance</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Reply to requests from government agencies with official documents (immediately)</li> <li>Update information on the company website and Market Observation Post System (monthly)</li> <li>Questionnaire and interview (as needed)</li> <li>Receive government agency performance evaluation (annually)</li> <li>Participate in government agency-related activities (as needed)</li> </ul>	<p>Provided relevant reports regularly in accordance with the government regulatory requests</p>
 Media	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Innovation and R&amp;D</li> <li>Customer Relationship Management</li> </ul>	<ul style="list-style-type: none"> <li>Investor Conferences (quarterly)</li> <li>Meetings with institutional investors (real-time)</li> <li>Press Release (real-time)</li> <li>Media Interview (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Held 4 sessions of investor conferences</li> <li>Participated in 15 institutional investors' meetings with a total of 50 institutions</li> <li>Published 12 press releases</li> <li>Had 4 times of Media Interviews</li> </ul>
 Communities and Nonprofit Organizations	<ul style="list-style-type: none"> <li>Social Caring</li> </ul>	<ul style="list-style-type: none"> <li>Donations (as needed)</li> <li>Social services (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Charitable donation to 6 public welfare organizations, with a total amount of NT\$0.72 million</li> <li>We booked a cinema hall and invited the trainees, their family members, suppliers, and employees of the Taiwan Fund for Children and Families to watch the documentary "Good Morni MIT" to promote environmental awareness and implement local social care</li> <li>Co-organized an activity with the Taiwan Fund for Children and Families to distribute materials to families in need.</li> </ul>
 Schools	<ul style="list-style-type: none"> <li>Low-Carbon Green Products</li> <li>Circular Economy</li> <li>Social Participation</li> </ul>	<ul style="list-style-type: none"> <li>Industry-academia collaboration project and progress meeting (as needed)</li> <li>Industry-academia collaboration project performance presentation conference (annually)</li> </ul>	<ul style="list-style-type: none"> <li>Industry-academia collaboration with 2 domestic colleges and universities, providing a total of NT\$5.2 million in research and development funds to nurture the momentum for the growth of society</li> <li>Held a total of 66 meetings for industry-academia collaboration for R&amp;D discussions, with 234 person-times from the Company and 395 person-times from the schools</li> <li>Participated in the NTU International Mentorship Program and provided 3 internship opportunities to international students</li> </ul>



A background image showing a blurred office scene with people in business attire working at a table. A large, semi-transparent blue rectangle is overlaid on the bottom half of the image, containing the title and a list of topics.

# Corporate Governance

# 2

- 2.1 Corporate Governance
- 2.2 Economic Performance
- 2.3 Ethical Corporate Management
- 2.4 Risk Management
- 2.5 Regulatory Compliance
- 2.6 Information Security and Customer Privacy
- 2.7 Sustainable Supply Chain
- 2.8 Financial Assistance Received from Government

# Sustainable Performance Highlights and Corresponding SDG

## Decent Work and Economic Growth

- Ranked top **5%** in 2023 Corporate Governance Evaluation.
- Independent directors accounted for **43%** of all directors, exceeding the statutory standard of **one-third** for regulated companies.

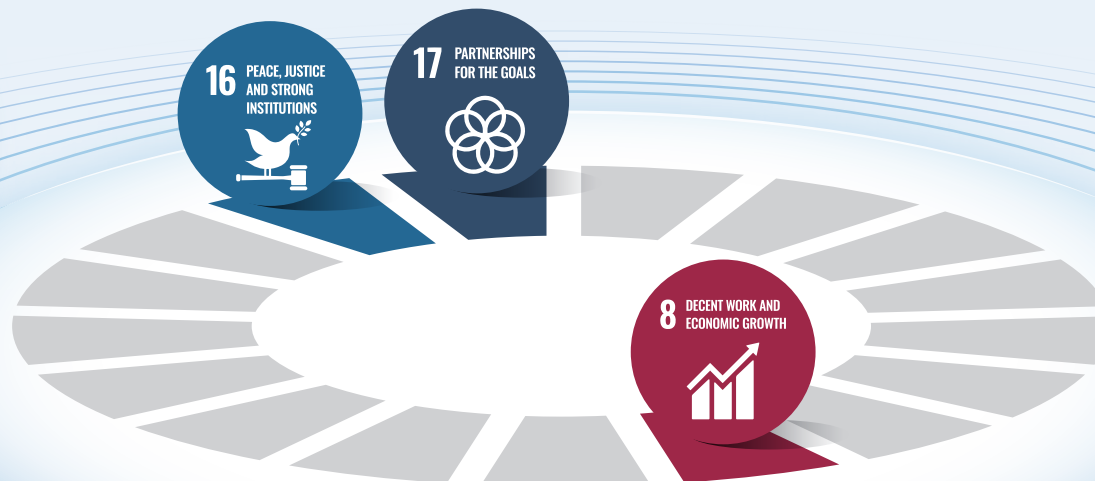
## Peace, Justice and Strong Institutions

- In 2023, **all** members of the Board signed the "Ethical Corporate Management Documents," and **all** employees and suppliers signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment."

## Partnerships for the Goals

- As a responsible supplier, Sysgration has not received any complaints about violations of customer privacy infringement in 2023, nor have there been any incidents of information leakage, theft or loss of customer data.
- In 2023, the amount of Sysgration's local procurement expenditure was approximately **NT\$250 million**, accounting for 12.7% of total procurement expenditure.
- Sysgration clearly defines the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," "Management Operation Procedures for Prevention of Insider Trading," and the "Responsible Business Alliance (RBA) Code of Conduct" related operating procedures, requiring all cooperative suppliers to follow.
- In 2023, **all** new suppliers and existing suppliers signed the "Supplier Corporate Social Responsibility and Environmental Code of Conduct."
- In 2023, completed **25** supplier audits, and completed **100%** of the deficiency improvement.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



# Management Approach of Material Topic / Ethical Corporate Management



## Material Topic

- ▶ Ethical Corporate Management

## GRI Indicators

- ▶ GRI 3-3 / GRI 2-23 / GRI 2-24 / GRI 2-25 / GRI 205-1 / GRI 2-26 / GRI 205-2 / GRI 205-3 / GRI 206-1

## Description of Impact

- ▶ **Description of Positive Impacts :**  
Sysgration provides ethics compliance education and training, communication and training on anti-corruption policies and procedures according to the "Ethical Corporate Management Best Practice Principles" to ensure the Company's compliance in corporate governance with ethics and integrity. By adhering to the concept of ethical corporate management, we can build a favorable corporate image and reputation externally, increase consumer trust in products and services, and attract investors and business partners; internally, we allow employees to feel fair treatment, information transparency, and respect, and, in turn, enhancing job satisfaction and engagement so as to improve work efficiency and productivity.
- ▶ **Description of Negative Impacts :**  
If an ethical corporate management system is not established, ethical and other negative events will harm the company's reputation and image. This may, in turn, affect brand image and result in a loss of trust among consumers and business partners, causing a decrease in sales volume and a loss of market. At the same time, there may also be the risk of potential legal proceedings that further damage the financial position and reputation of the Company.

## Policies and Commitments

- ▶ Sysgration clearly stipulates the "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Management Operation Procedures for Prevention of Insider Trading," and other standards, which the Company's Board of Directors, senior executives, employees, and cooperative suppliers are required to follow the standards, in order to establish a corporate culture of integrity management and a model of good business practices

## Goals

- ▶ **Short Term (2024-2026) :**
  - Sysgration continues to require all employees and 100% of new suppliers to complete the signing of the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment."
  - Sysgration continues to require all Directors to complete the signing of the "Declaration of No Violation of the Code of Ethical Conduct."
  - Sysgration continues to maintain the record of no violation of ethical corporate management or morality by any manufacturer being assessed
- ▶ **Medium and Long Term (2027-2030) :**
  - Conduct internal audits on corruption risks at business locations; the newly established business location in the U.S. is also included in the corruption risk assessment.

## Responsible Unit

- ▶ Human Resources Department

## Grievance Mechanism

- ▶ Establish and announce the internal independent whistleblowing mailbox : Supplier : scm@sysgration.com / Employee : opinion@sysgration.com / Customer : sales@sysgration.com

## Action Plans

- ▶ **Negative Impact Management :**
  - Establish the "Operation Procedures for Prevention of Insider Trading", include morality and ethics in the quarterly performance appraisal items
  - Conduct corruption risk assessments at business locations.

### Positive Impact Management :

- ▶
  - Promote the ethical corporate management philosophy of corporate culture in the new employee orientation. Employees and suppliers are required to sign the "Honesty Commitment" to declare their commitments to ethical and disciplinary requirements.

## Effectiveness Assessment

- ▶
  - In 2023, the members of the Board strictly abided by the principle of ethical corporate management, and all of them signed the "Declaration of No Violation of the Code of Ethical Conduct."
  - In 2023, 100% of employees signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment".
  - In 2023, all suppliers signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment."
  - In 2023, there was no violation of ethical corporate management or morality.



# Management Approach of Material Topic / Sustainable Supply Chain Management



## Material Topic

## GRI Indicators

## Description of Impact

## Policies and Commitments

## Goals

## Responsible Unit Grievance Mechanism

## Action Plans

## Effectiveness Assessment

### ► Sustainable Supply Chain Management

### ► GRI 3-3 / GRI 2-6 / GRI 204-1 / GRI 308-1 / GRI 308-2 / GRI 414-1 / GRI 414-2

### ► Positive Impacts :

Sysgration attaches great importance to the management of the sustainable supply chain as proper management can not only reduce business risks and costs, but also enhance the Company's reputation and brand value. Robust supply chain management can help ensure the sustainability of raw materials, reduce environmental impact, and fulfill investors' and consumers' expectations for sustainable development, thereby enhancing the Company's competitiveness. Proper management of a sustainable supply chain will bring multiple positive impacts, including reducing carbon emissions, saving energy and resources, improving labor conditions, and facilitating the development of local communities.

### Negative Impact :

Improper management of the sustainable supply chain may lead to environmental pollution of the locations of suppliers, social injustice, human rights violations, and negative impacts that damage the Company's reputation and impose legal risks.

- Organize supplier ESG consultation meetings and courses to reinforce sustainable development awareness and ability cultivation of suppliers and jointly improve the ESG implementation level.
- Actively require suppliers to fulfill social responsibilities, protect the environment, value human rights, safety and health, and establish long-term cooperative relationships with suppliers to jointly commit to sustainable development.
- Prioritize the introduction of suppliers with excellent ESG implementation performance and increase their order allocation to encourage suppliers to continuously improve their ESG performance and expand support for suppliers with excellent ESG performance.
- Actively introduce low-carbon suppliers, facilitate the low-carbon transformation of the value chain, realize the sustainable benefits of the value chain, and share the corresponding benefits with suppliers to establish a cooperation model of shared benefits.

### ► Short Term (2024-2026) :

- Introduce the ESG audit plan and supplier assistance project
- New suppliers sign the Sysgration Supplier Code of Conduct and Non-use of Conflict Minerals Statement
- The signing response rate of "Honesty Commitment" reached 100%.
- The survey response rate of supplier ESG Self-Assessment questionnaire reached 100%.

### Medium and Long Term (2027-2030) :

- Implement ESG Classification Management for suppliers with an annual transaction amount exceeding NT\$5 million and non-one-time transactions, and investigate their greenhouse gas emissions to promote carbon reduction of suppliers.

### ► Supply Chain Management Department

### ► Supply Chain Contact : scm@sysgration.com / (02) 2790-0088 ext 2020

### ► Negative Impact Management :

- Strengthen ESG monitoring and assessment procedures for the supply chain to prevent potential environmental pollution, labor human rights, and other negative impacts caused by suppliers.
- Regularly conduct supplier risk assessment and review to ensure compliance with the Company's sustainability standards and requirements for suppliers' ESG management.
- Establish a rapid response mechanism to timely handle environmental or labor human rights issues that arise in the supply chain, including formulating contingency plans and assisting suppliers to improve their deficiencies.

### Positive Impact Management :

- Provide training and resource support to help suppliers take root in sustainable development practices to solve existing problems and prevent future problems from occurring.
- Establish a green supply chain certification scheme to encourage suppliers to participate and recognize their green production practices.
- Develop sustainable assessment tools to assess suppliers' performance in terms of environmental friendliness and labor human rights and provide improvement suggestions.

- In 2023, all new suppliers and existing suppliers signed the "Supplier Corporate Social Responsibility and Environmental Code of Conduct."
- In 2023, listed the new suppliers of using minerals, and all suppliers signed the "Non-use Conflict Minerals."
- In 2023, completed 25 supplier audits, and completed 100% of the deficiency improvement.



## 2.1 Corporate Governance

Sysgration deems "integrity, passion, commitment, and innovation" the core values of the enterprise, and integrates these values into all business activities. In addition to maximizing the Company's interests, we also actively fulfill our corporate social responsibility, develop innovative, low-carbon, sustainable products, and strive to achieve net-zero transformation. The success of an enterprise depends not only on economic benefits but also on the care and support for corporate governance, environmental protection, product innovation and quality, employee welfare, consumers' rights and interests, supplier cooperation, and community development. Therefore, Sysgration continues to promote a number of sustainable development strategies, aiming to achieve long-term stable growth of corporate operations and bring positive impacts to society and the environment at the same time.

### 2.1.1 Corporate Governance Structure

The Board is the main decision-making level that promotes corporate governance. In order to implement the business strategies of corporate governance, improve the Company's overall operations and Board functions, and enhance information transparency, Sysgration has established the Remuneration Committee, Audit Committee, and Risk Management Committee under the Board. They exercise their powers with a high degree of self-discipline and prudence to reinforce supervisory and management functions. Sysgration's part-time department for corporate governance is the GM's Office, and the Corporate Governance Officer and the Internal Audit Department jointly assist the GM's Office in formulating and implementing corporate governance-related plans, exerting the functions of the Board and functional committees and protecting the rights and interests of stakeholders.



Board of Directors	Remuneration Committee	Audit Committee	Risk Management Committee
<ul style="list-style-type: none"> <li>Sysgration's Board currently consists of seven Directors, including three Independent Directors, all of whom possess the operational management expertise required for business, financial accounting, or industry knowledge. The Independent Directors account for 43% of the total number of Directors.</li> <li>Exercise the authorities on the job in accordance with the laws and decrees, the Company's Articles of Incorporation and the Resolutions of the Shareholders' Meeting, to create the best interests for shareholders in the principle of integrity and supervise the Company's compliance with relevant laws and regulations and immediate disclosure of important information</li> <li>The Board of Sysgration is led by the Chairman and holds at least one meeting every quarter. In 2023, a total of eight Board meetings were held, and the average attendance rate of Directors was 96%.</li> <li>In order to implement corporate governance and improve the functions of the Board of Directors as well as all functional committees, the "Measures for the Board of Directors Performance Assessment" of Sysgration stipulates that the internal performance assessment of the Board of Directors and functional committees should be performed at least once a year. In 2023, the comprehensive internal self-assessment results by the Board of Directors, individual member of the Board of Directors, and functional committees are all excellent and above. The assessment results have been reported to the Board of Directors. At the same time, it is stipulated that an external professional independent organization or an external team of experts and scholars should conduct at least one assessment every three years. The latest external performance assessment was in 2022. Overall, the performance of the Board of Directors is good. Sysgration will continue to strengthen and improve the effectiveness of corporate governance based on the results of this assessment.</li> </ul>	<ul style="list-style-type: none"> <li>The Remuneration Committee currently consists of three independent directors, with a professional and impartial position, to assess the remuneration policies and mechanisms about the Company's directors and executive officers and submit recommendations to the Board of Directors for the reference of decision-making, and conducts the internal performance assessment for the Remuneration Committee regularly every year</li> <li>Their main duties include regularly reviewing the policies, mechanisms, standards and structures for performance assessment and remuneration of directors and executive officers; regularly assessing and determining the remuneration of directors and executive officers; regularly assessing the achievement of performance goals of the Sysgration directors and executive officers; and setting the content and amount of their individual remuneration</li> <li>Remuneration Committee meetings are convened at least twice every year, and the Remuneration Committee meeting was convened five times in 2023, with the attendance rate of Directors reaching 93%.</li> </ul>	<ul style="list-style-type: none"> <li>The Audit Committee currently consists of three independent directors, with the main duties of fulfilling their supervisory responsibilities, evaluating economic performance, and resolving important matters, and conducting the internal performance assessment of the Audit Committee on a regular basis every year.</li> <li>The internal audit executive attends every meeting of the Audit Committee and the Board of Directors to report the audit findings and progress of improvements on abnormal matters during the reporting period, re-examines internal regulations, and appropriately revises relevant measures to continuously optimize the operation process.</li> <li>At the completion stage of the annual audit or semi-annual audit, the Accountant will issue a written audit content or report to the Audit Committee on important audit findings, internal control deficiencies and other major communication issues, to facilitate the Audit Committee in understanding the Company's operating results.</li> <li>Audit Committee meetings are convened at least once every quarter, and a total of seven meetings of the Audit Committee were convened in 2023, with the average attendance rate of Directors reaching 95%. The communication and interaction between the Audit Committee, the internal audit executive and accountant are good.</li> </ul>	<ul style="list-style-type: none"> <li>To implement the risk management system, Sysgration established the Risk Management Committee on August 8, 2023.</li> <li>The Risk Management Committee currently consists of two Independent Directors and one Director, and its main duties are to review the risk management policy, the adequacy of the risk management framework, material risk management strategies, and the management reports for material risk issues, and to supervise the improvement systems and regularly report to the Board regarding the implementation status of risk management.</li> <li>The Risk Management Committee meetings are convened at least once a year and may be convened at any time as needed. A total of one meeting was convened in 2023, with the average attendance rate of Directors reaching 100%.</li> </ul>

## 2.1.2 Board Operations



Code of Practice on  
Corporate Governance

Sysgration has established the "Code of Practice on Corporate Governance" to formulate and implement the diversity policy for the Board members. The nomination and selection of the Board members are in accordance with the provisions of the Company's Articles of Incorporation and with the candidate nomination system. In addition to assessing the education, experience and qualifications of each candidate, it also abides by the "Code of Practice for Corporate Governance" and "Regulations for Director Election" to ensure the diversity and independence of Directors.

### Independence of the Board

Sysgration's Board of Directors consists of seven directors, including three independent directors, which account for 43% of the totals. The primary responsibility of the Board of Directors is to supervise the Company's compliance with laws, financial transparency, timely disclosure of important information, and to make objective and independent judgments on the Company's financial status and its business. Therefore, the independence of directors has been ensured during election, including but not limited to no more than two directors with spouse or family relationship within the second degree of kinship, also does not have the circumstances specified in Article 26-3, Items 3 and 4 of the Securities and Exchange Act.

Name	Professional Qualifications	Independence Condition
Lee, I-Ren	Chairman, Sysgration Ltd. (2003-) Chairman, Winmate Inc. (2003-2017) Chairman, Hipro Electronics Co. Ltd. (1990-2002)	<ul style="list-style-type: none"> <li>Chairman Lee, I-Ren is an employee of the Company and serves as the Director of Affiliate Enterprise</li> <li>The number of shares of the Company owned by himself and his spouse or in the name of others account for 11.80% of the total issued shares, and is the top ten shareholder</li> </ul>
Hsieh, Tung-Fu	General Manager, Sysgration Ltd. (2013-) Vice President, Altek Corp. (2010-2012) Vice President, Lite-On Technology Corp. (1999-2010)	<ul style="list-style-type: none"> <li>Director Hsieh, Tung-Fu is an employee of the Company and serves as the Director of Affiliate Enterprise</li> <li>The number of shares of the Company owned by himself account for 0.44% of the total issued shares</li> </ul>
Lee, Cheng-Han	Vice President, Sysgration Ltd. (2013-) Assistant Manager in Product Marketing, Etasis Electronics Co., Ltd. (2010-2013)	<ul style="list-style-type: none"> <li>Director Lee, Cheng-Han is an employee of the Company and serves as the Director of Affiliate Enterprise</li> <li>The number of shares of the Company owned by himself account for 0.38% of the total issued shares</li> </ul>
Dai, Feng-Yi	Chairman, Godex International Co., Ltd. (1994-)	<ul style="list-style-type: none"> <li>The number of shares of the Company owned by Director Dai, Feng-Yi accounts for 0.32% of the total issued shares</li> </ul>
Lin, Kuan-Chao	Managing Partner, PKF Taiwan (2001-)	<ul style="list-style-type: none"> <li>Does not have any of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," in compliance with all independence rules</li> </ul>
He, Ju-Hsiang	Special Assistant to the Chairman of Taiwan Life Insurance Co., Ltd. (2000-2016) Vice President, Loan Department, Bank of America (1989-1994) Internal Audit Manager, BNP Paribas (1984-1989)	<ul style="list-style-type: none"> <li>Does not have any of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," in compliance with all independence rules</li> </ul>
Wei, Che-Chen	COO, H&D Asset Management Co. (2016-) Special Committee Member, Taiwan Life Insurance Co., Ltd. (2011-2015) Chairman, Taiwan Life Ins. Securities Investment Trust Co. Ltd. (2009-2011)	<ul style="list-style-type: none"> <li>Does not have any of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," in compliance with all independence rules</li> </ul>

## Diversification of Board Members

Job Title	Chairman	Director	Director	Director	Independent Director	Independent Director	Independent Director
Name	Lee, I-Ren	Hsieh, Tung-Fu	Lee, Cheng-Han	Dai, Feng-Yi	Lin, Kuan-Chao	Wei, Che-Chen	He, Ju-Hsiang
Gender	Male	Male	Male	Male	Male	Male	Male
Age	61-70	51-60	31-40	61-70	71-75	61-70	71-75
Employee of the Company	✓	✓	✓				
Length of Tenure as Independent Director					7-9	7-9	4-6
Education and Work Background							
Accounting/Finance/Operation	✓				✓	✓	✓
Electronics/Electric Machinery/Technology	✓	✓	✓	✓			
International Marketing	✓	✓	✓	✓			
Securities/Finance						✓	✓
CPA					✓		
Professional and Industrial Experience							
Operation Judgment	✓	✓	✓	✓	✓	✓	✓
Accounting and Financial Analysis	✓				✓	✓	✓
Business Management	✓	✓	✓	✓	✓	✓	✓
Crisis Handling	✓	✓	✓	✓	✓	✓	✓
Industry Expertise	✓	✓	✓	✓			
Global Market Perspective	✓	✓	✓	✓			
Leadership	✓	✓	✓	✓	✓	✓	✓
Decision-making	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓

## Board Diversity

To realize the goals of corporate governance, the capabilities of Sysgration's Board shall possess diverse abilities, including operation judgment, accounting and financial analysis, business management, crisis handling, industry expertise, global market perspective, leadership, decision-making, knowledge and ability of risk management, and corporate governance experience. At present, the Company's Directors have diverse professional backgrounds. However, to adapt to future development needs and rapid changes in the environment, the Company will continue to review the diverse composition of the Board. During the re-election of Directors, the Company will further improve the diversification of Board members and move towards the goal of adding at least one female Director. In addition, the Company will increase the number of Board members with expertise and experience in environmental sustainability, occupational safety and health, and labor human rights to strengthen the supervision and guidance of the Company in response to international sustainable development trends.

## Succession Planning of the Board of Directors

The selection and cultivation of management successors is critical to the sustainable development of the Company. The succession plan aims to ensure that the Company can continue to develop with the changes of the times and meet the human resource requirements for the sustainable operation of the Company. When planning the succession plan, Sysgration emphasizes that in addition to the excellent execution capacity, the values and personality traits of the successor shall also be consistent with the Company's expectations, especially integrity and innovation. Premium employees are rotated between different businesses and regions to test their adaptability and management capacity.

The succession training for senior management focuses on the development of comprehensive management capabilities, professional capabilities, and individual development plans. The training plan is customized according to the individual work requirements and learning progress. Participants are allowed to comprehensively utilize what they have learned through the training of professional capabilities and courses of multiple aspects, and their decision-making capability is thereby improved.

In 2023, Sysgration provided training courses covering sustainable operations, corporate governance, GHG management, business management, quality management, legal affairs, intellectual property rights, insider equity and insider trading regulatory specifications, trade secrets, information security, the Responsible Business Alliance Code of Conduct (RBA), and health management, with a total of 150 hours, in order to train the management personnel whom can succeed in the future.



## Board of Directors Performance Assessment



Measures for the Board  
of Directors Performance  
Assessment

In order to strengthen the functions of corporate governance and the operational effectiveness of the Board of Directors, Sysgration established the "Measures for the Board of Directors Performance Assessment," for the Board of Directors, individual director members, and functional committees to conduct performance assessment once every year. The assessment method includes internal self-assessment of the Board of Directors, self-assessment by the individual director, internal self-assessment of the functional committees, and outsourcing external professional organizations, experts or other appropriate method to perform performance assessment. Through various assessment indicators, the Company understands the degree of approval of directors to the Board of Directors and functional committees' operation. The assessment items are shown in the table. The results of the performance assessment in 2023 have been submitted to the Board of Directors, which will serve as the reference for the Company's continuous improvement in the future.

### Board of Directors Performance Assessment

Five assessment  
indicators, a total  
of **40** items :

- Degree of participation in Company operations
- Improve the quality of Board of Directors decision-making
- Board of Directors composition and structure
- Election of directors and continuing advanced studies
- Internal control

### Individual Director Performance Assessment

Six assessment  
indicators, a total  
of **23** items :

- Grasp of company goals and tasks
- Awareness of directors' duties
- Degree of participation in Company operations
- Internal relationship management and communication
- Professional and continuing advanced studies for directors
- Internal control

### Functional Committee Performance Assessment

In the five assessment indicators, the Audit Committee self-assessment has a total of **22** items, and the Remuneration Committee self-assessment has a total of **20** items<sup>Note</sup> :

- Degree of participation in Company operations
- Awareness of the Committee's duties
- Improve the quality of Committee decision-making
- Committee composition and member selection
- Internal control

Note: Sysgration Performance Evaluation Regulations were amended and passed by the Board on February 26, 2024, that functional committees shall include the Risk Management Committee; therefore, the performance evaluation of the Risk Management Committee will be included in 2024.

In 2023, the comprehensive performance assessment results of the Board of Directors, individual directors and functional committees are all excellent and above, and the overall operation is good.

## Compensation of the Board

The committee shall faithfully perform the following authorities on the job with the attention of good administrators, and submit recommendations to the Board of Directors for discussion:

1

Establish and regularly review the policies, systems, standards and structures for performance assessment and remuneration of Directors and executive officers

2

Regularly assess and determine the remuneration of directors and executive officers

3

Regularly assessing the achievement of performance goals of the Company's directors and executive officers; and setting the content and amount of their individual remuneration.



Sysgration formulates the director's compensation payment policy, payment standards and amounts in accordance with the Company's Articles of Incorporation. The director's compensation includes the duty execution expenses, such as travel expenses and other allowances. For the director who also serves as an employee, compensations include salaries, additional pay, bonuses, special expenses, and other expenses. Retirement pensions herein are all allocated amounts, not the actual paid amounts.

Unit: NT\$ Thousands

Name	Director's compensation <small>Note 1</small>	Compensation received by Directors who were also employees <small>Note 1</small>		Total Amount
	Remuneration	Salary and Bonus	Retirement Pension	
Lee, I-Ren	60	8,432	0	8,492
Hsieh, Tung-Fu	60	7,189	108	7,357
Lee, Cheng-Han	60	3,965	108	4,133
Chen, Chih-Pin <small>Note 2</small>	200	0	0	200
Dai, Feng-Yi <small>Note 3</small>	408	0	0	408
Lin, Kuan-Chao	600	0	0	600
He, Ju-Hsiang	600	0	0	600
Wei, Che-Chen	600	0	0	600

Note 1: The compensation of individual Directors is based on all subsidiaries' statistics listed in the Company's financial statements.

Note 2: Mr. Chen, Chih-Pin stepped down on April 27, 2023 due to the Company's re-election of Directors.

Note 3: Mr. Dai, Feng-Yi took office on April 27, 2023.

## Group Intelligence of the Highest Governance Unit

In order to strengthen corporate governance practices, Sysgration actively encourages directors to participate in advanced studies, and discloses the status of advanced studies in the Corporate Governance area of the Market Observation Post System. In 2023, the percentage of Sysgration board members in compliance with the advanced study hours for directors of listed and OTC companies was 100%.

Job Title	Name	Advanced Study Course	Total Hours
Chairman	Lee, I-Ren	<ul style="list-style-type: none"> <li>The Future of Enterprises at War: Strategic Shift and Strategic Transformation</li> <li>Achieve New ESG Milestones by Joining Hands with Enterprises for Placemaking</li> </ul>	6 hours
Director	Hsieh, Tung-Fu	<ul style="list-style-type: none"> <li>Legal Risks of Corporate Investment and Financing and Countermeasures - From the Perspective of Corporate Directors' Responsibilities</li> <li>A New Approach to Corporate Governance under the ESG Trend</li> </ul>	6 hours
Director	Lee, Cheng-Han	<ul style="list-style-type: none"> <li>The Future of Enterprises at War: Strategic Shift and Strategic Transformation Analysis</li> <li>How to Use the Intellectual Property Management System to Improve Corporate Governance</li> </ul>	6 hours
Director	Dai, Feng-Yi	<ul style="list-style-type: none"> <li>Achieve New ESG Milestones by Joining Hands with Enterprises for Placemaking</li> <li>Legal Regulations and Risk Responsibilities that Directors, Supervisors, and Insiders Shall Learn under Corporate Governance</li> </ul>	6 hours
Independent Director	He, Ju-Hsiang	<ul style="list-style-type: none"> <li>Achieve New ESG Milestones by Joining Hands with Enterprises for Placemaking</li> <li>Mandatory Course for Sustainable Corporate Governance: Diversified Management of External Influences to Create Positive Corporate Value</li> <li>Evaluation Introduction and Related Evaluation Issues</li> </ul>	9 hours
Independent Director	Lin, Kuan-Chao	<ul style="list-style-type: none"> <li>Mergers and Acquisitions and Due Diligence</li> <li>Anti-Money Laundering Supervision of CPAs and Practices</li> <li>ESG Introduction and the Lazy Guide</li> <li>Investment Grade Sustainability Report</li> <li>GHG Inventory and Introduction to ISAE 3410</li> </ul>	15 hours
Independent Director	Wei, Che-Chen	<ul style="list-style-type: none"> <li>Corporate Governance and Securities Laws (A)</li> <li>Corporate Governance and Securities Laws (B)</li> </ul>	6 hours

## Annual Total Compensation Ratio

The ratio of the annual total compensation of the highest paid individual in the organization to the median annual total compensation of other employees in the organization (excluding the highest paid individual)

2022 <sup>Note</sup>	2023
11.85	11.83

The ratio of the percentage increase in annual total compensation of the highest paid individual in the organization to the median of the average annual percentage increase in total compensation of the other employees in the organization (excluding the highest paid individual)

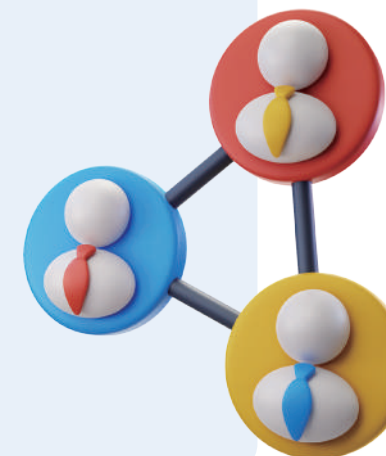
2022 <sup>Note</sup>	2023
2.22	0.99

Note: The data disclosed for the year 2022 in previous report is corrected as the calculation for the annual total compensation ratio for 2022 has an error.

## 2.1.3 Corporate Governance Organization Operation

### Setup Full-Time Executive for Corporate Governance

- On May 11, 2021, the Board of Directors approved the Chief Financial Officer, Ms. Tsai, Hsiu-Mei to serve as the Corporate Governance Chief Officer, as the top executive of corporate governance-related affairs. The job authorities are primarily to coordinate the production of the minutes of the Shareholders' Meeting and the Board Meeting and assist the directors in taking the office and continuing advanced studies, provide directors with the information required to execute their business and assist their compliance with laws and decrees, and other matters stipulated in the Company's Articles of Incorporation or contracts
- In 2023, the Corporate Governance Chief Officer held 8 Board Meetings and the 2023 Annual General Meeting of Shareholders according to the law, adding and revising the Company's "Articles of Incorporation," establishing the Risk Management Committee and formulating the "Risk Management Committee Charter" and "Rules Governing Financial and Business Matters Between with Related Parties" to enhance the strength of corporate governance, and provide advanced study courses to assist 7 Directors to study 54 hours of advanced studies in 2023. The advanced study hours for each Director are in line with the regulations specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," providing Directors with the necessary data to perform their duties and assisting them in compliance with laws and regulations. In 2023, the corporate governance of Sysgration was implemented in accordance with laws and decrees, and there were no violations of laws and decrees.
- In order to improve the corporate governance procedures and the functions of the Corporate Governance Officer, the Corporate Governance Officer of Sysgration completed 12 hours of training in 2023, including the common deficiencies in financial report review and the analysis of important internal control law and regulation practices, the highlight of laws and regulations related to the preparation of financial reports by enterprises and the compliance practices, and case analysis of common deficiencies in financial reports and internal control systems.



## Audit Office

- ▶ Sysgration abides by the laws and decrees, establishes the internal control system, and the Audit Office is responsible for the implementation. This unit adheres to the spirit of detached independence as well as an impartial and fair position, and it is directly subordinated to the Board. By assessing the internal control system, measuring the effectiveness and compliance of the current policies and procedures and their impact on operational activities, the Audit Office ensures the internal control system are continuously effective, and assists the management to fulfill management responsibilities.
- ▶ Every year, the Audit Office formulates the audit plan based on the risk assessment results and submits it to the Audit Committee and the Board for approval. Every month, the Audit Office carries out audit procedures, issue audit reports to the General Manager and Chairman, and delivered to every independent director. Each quarter, the audit executive shall attend the Audit Committee and the Board to report the implementation of the internal audit business. To implement the Company's self-monitoring mechanism and respond to changes in the external dynamics in a timely manner, the Audit Office is responsible for urging the Company's internal units and subsidiaries to conduct self assessment every year, which will be reviewed by the internal audit and provided to the Board of Directors and the General Manager to assess the effectiveness of overall internal control system. The reviewed self-assessment report will also be the main reference for issuing the Internal "Internal Control System Declaration."
- ▶ In addition to the eligibility requirements stipulated by the Financial Supervisory Commission, the internal auditors' appointment, dismissal, appraisal, salary, and compensation are managed based on the regulations specified in Sysgration's "Personnel Employment Operations," "Salary Operations," "Regulations for Performance Appraisal Management," and "Employee Manual." Following the Company's approval procedure, the appointment, dismissal, appraisal, salary, and compensation of the internal auditors shall be approved by the audit executive and reported to the Chairman for approval. The appraisal is managed in accordance with the Sysgration's "Regulations for Performance Appraisal Management," with at least one appraisal every quarter. Besides, the appointment and dismissal of the internal audit executive shall be subject to the approval of the Audit Committee and the Board of Directors in accordance with Sysgration's "Organization Regulations of Audit Committee" and "Regulations for Board of Directors Meeting."



### Formulate the Plan

The Audit Office formulates the annual audit plan based on the risk assessment results. The risk factors cover various operational aspects including procurement, production, sales, finance, and information security.



### Execute Audit

The Audit Office executes audit procedures according to the annual audit plan, assess the effectiveness and compliance of the internal control system and examine whether there are any deficiencies and abnormalities.



### Report Results

The Audit Office issues audit reports according to the audit results, delivers the reports to the independent directors every month, and reports the implementation status to the Audit Committee and the Board of Directors.



### Track Improvements

The Audit Office tracks and reports the improvements of the deficiencies and abnormalities found in the internal control system through auditing on a quarterly basis and self-assesses the internal control system every year to maintain its effectiveness.

In 2023, the Audit Office has formulated and executed the audit plan, and submitted the improvement recommendations on the equipment procurement through auditing, the responsible unit has formulated and introduced the improvement plans and has completed the improvement.



## ESG Committee

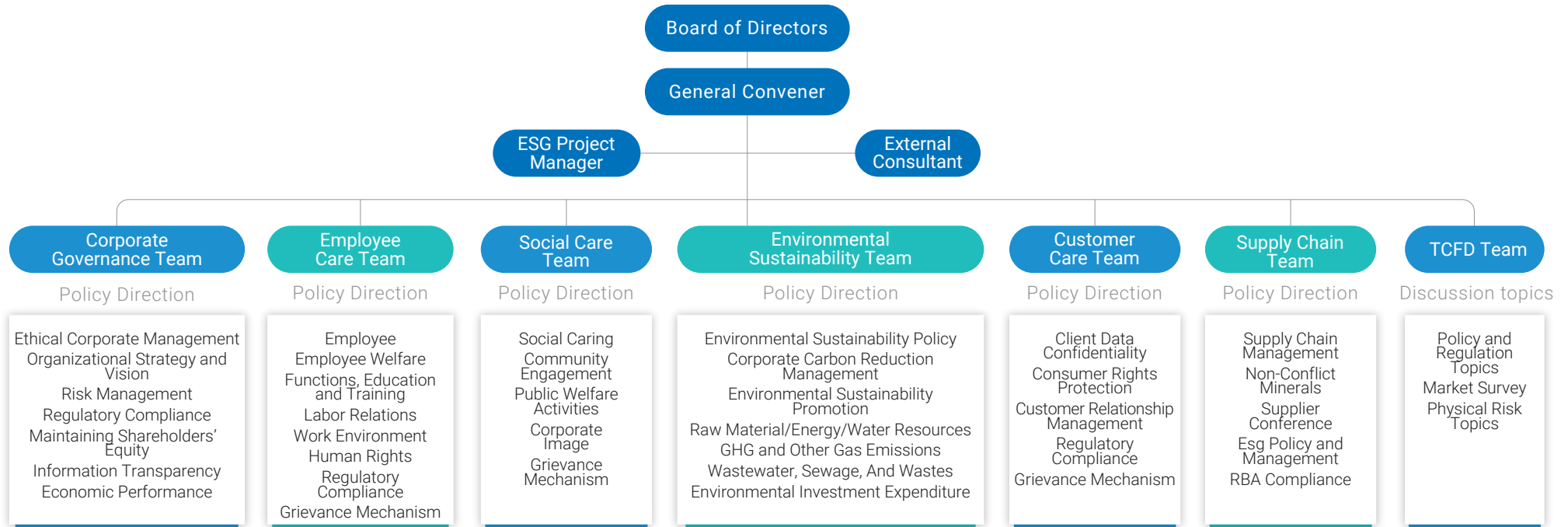
Sysgration formulated "Sustainable Development Code of Practice" in 2016 to help incorporate corporate social responsibility into the process of the Company's business operations. In order to improve the corporate sustainable competitiveness and effectively implement sustainability-related business affairs, the Board is responsible for supervising the Company's sustainable development and establishing the ESG project organization to be responsible for sustainability promotion and to be the coordinating unit in promoting sustainable development, with General Manager, Mr. Hsieh, Tung-Fu, as the convener, and organized task forces according to various related issues. The meeting is convened every two months to review and track the achievement of the short-, mid-, and long-term goals set by the ESG Committee, and the task forces are formed according to each important issue and policy direction.



Sustainable Development  
Best-Practice Principles

Each task force of the ESG Committee consists of a task force leader and several members. Currently, there are about 60 members in the Committee. In 2023, 21 meetings were held with a total of 1,110 person-times attended. The ESG Committee reports and discusses major sustainable issues to the Board of Directors at least once a year, including: identifying concerned issues of stakeholders, formulating corresponding action plans, formulation and revision of sustainable operations-related goals and policies, risk identification and management, and information security management situation, ethical corporate management, and intellectual property management.

## Sysgration ESG Committee Structure and Policy Direction



## 2.2 Economic Performance

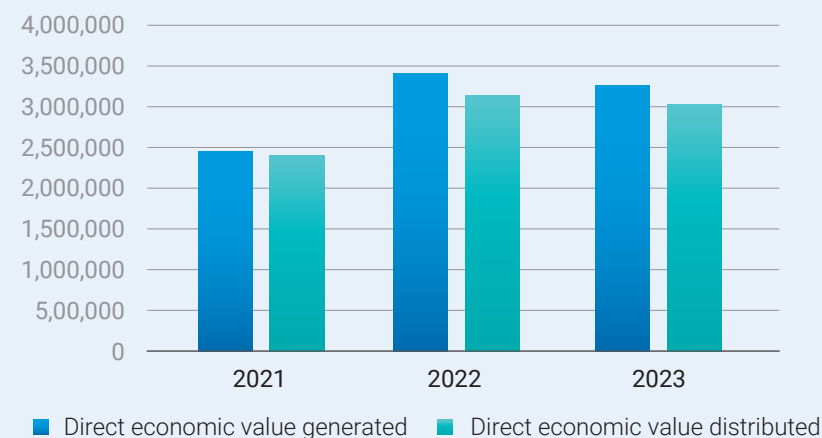
Sysgration implements the business strategy and corporate governance, holds Investor Conferences and Shareholders' Meeting every year, and regularly updates the financial and business information on the Market Observation Post System and the company's website. Through transparent information disclosure, shareholders and investors can grasp the Company's operating conditions promptly.

In 2023, the revenue ratio of Sysgration's top three regions was 46.29% in America, 40.70% in Asia, and 5.83% in Taiwan, respectively. Among them, the shipment of automotive electronics products was 17,395 thousand pcs, accounting for 94.20% of the business volume, and the shipment of energy management products was 401 thousand pcs, accounting for 5.80% of the business volume. The slowdown in operating income during the year is mainly due to interest rate hikes and inflation in the global economy, geopolitical factors, and destocking. Sysgration will continue to commit to new product development and the expansion of its market share. It is expected that the growth of its performance in the future will be vigorous, and it will create maximum value for stakeholders.

Unit: NT\$ Thousands

Item	2021	2022	2023
Direct economic value generated	2,454,678	3,404,355	3,278,708
Operating income	2,454,678	3,404,355	3,278,708
Direct economic value distributed	2,408,389	3,120,704	3,025,787
Operating costs	1,966,153	2,599,804	2,467,840
Employee Salary and Benefits	435,386	512,327	543,415
Payments to Investors	7,229	8,472	13,125
(Refunded)/Paid	(379)	101	1,407

### The Company's Direct Economic Value Generated and Distributed Over the Years



## 2.3 Ethical Corporate Management

### 2.3.1 Ethical Corporate Management and Commitment

Based on the business philosophy of honesty, responsibility and integrity, Sysgration has stipulated the "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Management Procedures for Prevention of Insider Trading," and other standards, requiring the Company's Board of Directors, senior executives, Group employees and cooperative suppliers to follow, and clearly stipulated that all employees, executives, and suppliers must not engage or involve in any dishonest business activities, in order to establish a corporate culture of integrity management and a model of good business practices. Regarding the internal management, the Human Resources Department is the coordinating unit for the ethical corporate management, which is responsible for promoting and supervising the Company's ethical corporate management policies and preventing dishonest behavior. In addition, the Audit Office supervises and audits the implementation of the ethical principles by each operating unit. All business activities of the Company are carried out in accordance with the law and regulations, and major information is released in accordance with the law to achieve information transparency. The resolution of the Board of Directors voting should avoid involvement of the personnel who has a conflict of interest.

A corruption risk assessment was conducted for all business locations in 2023, and no major corruption risk was identified.



Ethical Corporate  
Management Best Practice  
Principles








Management Operation  
Procedures for Prevention of  
Insider Trading

Through multiple communication channels, Sysgration communicates the Company's principles of ethical corporate management, including: requiring all employees and suppliers in dealing business to sign the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment" every year, and regularly assessing whether the manufacturer violates the ethical record, requiring the directors of Sysgration to sign the "Declaration of No Violation of the Code of Ethical Conduct," providing employee relevant educational trainings, and incorporating ethical assessment into employee performance appraisal items. Sysgration requires its suppliers and employees not to pay any bribes or provide or pay other illegitimate interests for the purpose of reaching a transaction or executing a contract, or directly or indirectly abuse the employees of Sysgration or their related parties. In 2023, a total of 510 supplier of Sysgration completed the signing of ethical corporate management documents, and the supplier signing rate reached 100%. The members of the Sysgration's Board strictly abided by the principle of ethical corporate management, and 100% signed the "Declaration of No Violation of the Code of Ethical Conduct" in 2023, and 100% of employees signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment." In 2022, the Board passed the revision of "Management Operation Procedures for Prevention of Insider Trading," stipulating that directors shall not trade the Company's stocks during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports, and remind all Directors by e-mail notification in advance. Sysgration did not have any transactions of Directors during the blackout period in 2023.



## 2.3.2 Practice Ethical Corporate Management

### Ethical Corporate Management Communication Channels

	Item	Target	Content	Communication Frequency
	Email Publicity	The directors, executive officers, and shareholders holding more than 10% of the total shares of the Company	<ul style="list-style-type: none"> <li>When Directors and executive officers are newly appointed, the "Insider Equity Promotion Handbook" will be sent by email on the onboarding day. The insider shall inform the newly appointed executive officers of related laws and decrees that the insiders should abide by and notify the stock agency on the same day to report the relevant information of the newly appointed insider</li> <li>Publicize the document "Common Patterns of Reporting Insider Shareholding Changes in Violating the Securities and Exchange Act" by email to urge insiders to manage shareholding changes in accordance with the law</li> </ul>	As needed
	Internal Educational Training	Employees	<ul style="list-style-type: none"> <li>The 2023 education and training content included the courses of Responsible Business Alliance Code of Conduct-RBA, Business Secret Protection Management and Protection, Short-Term and Insider Trading Laws and Decrees and Prevention, etc.</li> <li>In 2023, a total of 20 hours of relevant education and training courses were organized with 1,128 person-times attended</li> </ul>	As needed
	Performance Appraisal	Employees	<ul style="list-style-type: none"> <li>When performing quarterly performance appraisals, incorporate ethics compliance behaviors into employee performance appraisal items</li> </ul>	4 times/year
	"Declaration of No Violation of the Code of Ethical Conduct"	Directors	<ul style="list-style-type: none"> <li>All Directors signed the "Declaration of No Violation of the Code of Ethical Conduct" when being elected in 2022.</li> </ul>	Sign upon being elected
	Honesty Commitment	Employees, Suppliers	<ul style="list-style-type: none"> <li>Requiring all employees and new suppliers in dealing business to sign the "Ethical and Honest, Environmental Protection and Social Responsibility Commitment" every year. In 2023, 100% signed.</li> </ul>	1 times/year



To make all employees, management, and Directors of Sysgration fully understand the Company's determination, policies, and prevention programs of the Company's Ethical Corporate Management, Sysgration organized ethics and morality-related education and training for a total of 20 hours in 2023, with 1,128 person-times attended, to strengthen colleagues' understanding and awareness of Ethical Corporate Management through training courses. In 2023, the completion rate of ethics and morality-related education and training for all Directors, executive officers, and employees reached 100%, which is enough to show that Sysgration attaches great importance to Ethical Corporate Management.

### The content, hours and number of trainees of education and training courses related to Ethical Corporate Management in 2023

Date	Content	Hours	Number of trainees
2023/1/17	Overview of the Company's ESG Promotion	2	47
2023/4/13	ESG - Ethical Corporate Management and Supply Chain Management	2	14
2023/6/15	Introduction to the Protection and Management of Trade Secrets	1	220
2023/6/15	Advanced Protection and Management of Trade Secrets	2	67
2023/7/6	Personal Data Protection Act Protection and Promotion	1	213
2023/7/6	Personal Information Protection Act Management and Practices - Advanced	2	55
2023/7/13	Learn Workplace Illegal Infringement	1	235
2023/8/24	Laws and regulations	1	12
2023/10/13	Employee Code of Conduct - Ethical Corporate Management, Anti-corruption and Corporate Governance	2	249

Sysgration organized a Strategic Partner Supplier Conference on March 10, 2023, with a total of 149 executives from 52 manufacturers participated. The Chairman and General Manager of Sysgration elaborated the goals set by Sysgration's corporate governance and ESG to the suppliers, and required the participation and code of conduct of ESG by the supplier partners are consistent with Sysgration's philosophy. In addition, the manufacturers with outstanding ESG achievement were commended and awarded.

### Business Morality and Due Diligence Investigation Procedures



#### Customers

#### According to Credit Review Operation Procedures:

- If the target of sales is new customer, and the transaction requires line of credit cooperation, the Sales Department shall fill in the relevant customer credit information card and submit it to the Credit Unit for review
- After carefully assessing the customer's credit status, the Credit Unit sets the customer's line of credit, and fills in the "Customer Credit Information Card" and "Line of Credit Score Form" for approval in accordance with the approval authority
- In order to ensure the safety of creditor's rights during sales, in addition to following certain sales procedures, for customers require a line of credit for transaction, it is necessary to conduct a credit review operation and approve the line of credit before sales. When receiving an order, the Sales personnel shall perform sales-related operations including quotation, negotiation, and delivery within the line of credit
- If the customer's line of credit needs to be changed, it can be re-assessed according to this procedure, fill in the "Line of Credit Score Form" and provide a new line of credit.
- The customer's Customer Credit Information Card must be revised or reviewed once every year, and can be revised at any time due to special circumstances.





- Establish the "Manufacturer Management Evaluation Operation Instructions" and require suppliers to sign the "Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility" and the "Supplier Corporate Social and Environmental Responsibility Code of Conduct" and "Supplier Ethical and Honesty, Environmental Protection and Social Responsibility Commitment"
- Require and announce that the suppliers in business dealing are required to collaborate with the Company on ESG issues including environmental protection, occupational safety and health, labor human rights, and ethical corporate management to fulfill the promotion of corporate social responsibilities
- The Company evaluates suppliers through daily interactions and regular assessments with suppliers, if a supplier violates corporate social responsibility or has a significant impact on the environment and society, the business dealing between the two parties shall be terminated.
- If a complaint is received, investigate, verify and handle in a way of keeping the complainant confidential



#### Suppliers and Contractors

### 2.3.3 Reporting and Prevention System

Sysgration Reporting Channel sets up an independent reporting channel managed by assigned responsible personnel for employees, customers, suppliers, shareholders, investors, and other stakeholders to report illegal behaviors or violations of ethics under the Ethical Corporate Management Best Practice Principles; the reporting channels are as follows:

Applicable Scope	Grievance channel	
 <b>Shareholders, Investors</b>	Hotline	(02) 2790-0088
	Mailbox	sys5309@sysgration.com
 <b>Suppliers</b>	Hotline	(02) 2790-0088 #2020
	Mailbox	scm@sysgration.com
 <b>Customers</b>	Hotline	(02) 2790-0088
	Mailbox	sales@sysgration.com
 <b>Employees and other Stakeholders</b>	Hotline	(02) 2790-0088 #1830
	Mailbox	opinion@sysgration.com
	Others	Suggestion Box is set up on the Employee Website (EIP) Physical Employee Suggestion Box is set up in each factory area

The Company's reporting system has been established with relevant operating procedures and confidentiality mechanisms, clearly requests the processing unit must not disclose the identity of the whistleblower and the reported information of stakeholders, to ensure the effective operation of the complaint system and to protect the whistleblower from personal interests' infringement due to the reported content, or differential treatment of working conditions. In order to protect the legal rights and interests of the Company's employees and encourage employees to make suggestions, in 2022, Sysgration formulates the "Management Regulations for Employee Opinions and Complaints," clearly specified that after the managing person of Human Resources Department accepted the complaints, the "Employee Opinion and Complaint Form" should be forwarded to the relevant department executives for handling within 3 working days, and the unit must reply to the Human Resources Department within 7 working days. If the complaint cannot be replied within the time limit or the situation has not been handled, the Human Resources Department will report to the General Manager for handling. However, if the complaint incident is a major case, it may be extended to 10 working days to complete the handling.

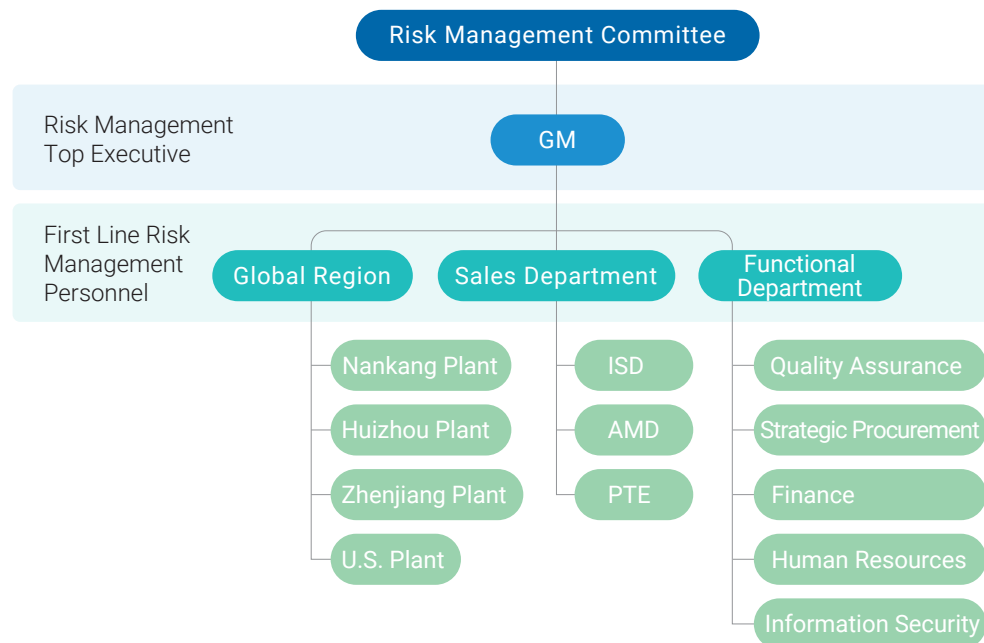
The content of the report will be managed with strictly confidentiality, and the person responsible for investigating the report must keep the whistleblower and the report strictly confidential. If it is necessary to disclose the identity of the whistleblower, the consent of the whistleblower must be obtained in advance to avoid retaliation. During the handling of the complaint, the party concerned may require a trusted colleague to accompany the inquiry or invite related personnel to participate in the investigation; the Company may also require the respondent to cooperate in suspending the exercise of management duties or cooperating with the investigation. Written documents or electronic files shall be kept for 5 years upon accepting the report, investigation process and investigation results, etc., and fulfill the responsibility of keeping confidentiality. Before the expiration of the keeping period, if there is a lawsuit related to the content of the report, the relevant information shall be continue to be kept until the conclusion of the lawsuit. In case of false accusation, deception, insulting others or deliberate disturbance, Sysgration will punish according to relevant regulations. For the reported case is verified to be true and its contribution and economic benefits are significant, the whistleblower shall be properly rewarded in accordance with the Reward and Punishment Regulations of each region.

If the reported case involves directors or senior executives, or a major violation of the regulations is found that may cause major damage to the Company, the case shall be reported to the Chairman with written notification. If the case is verified to be true and the circumstances are serious, the case will also be disclosed at the Market Observation Post System, on top of being handled in accordance with the laws and decrees or the relevant regulations of the Company. In 2023, Sysgration did not receive any grievance or violations of ethical corporate management or "Code of Ethical Conduct" nor was any related litigation involved in anti-competitive behaviors, anti-trust and monopoly laws and regulations.

## 2.4 Risk Management

### ■ Risk Management Organization

To actively promote and implement the risk management system and ensure the sustainable operation of the Company, Sysgration established the Risk Management Committee in 2023 as the highest management and decision-making unit for risks, with the General Manager as the highest risk management executive and the executive of each business unit, functional department, and each regional executive as the first line risk management personnel to detect, identify, and assess various risks and develop relevant countermeasures, as well as review and supervise the risks at regular operation meetings. For different risk items, the General Manager sets up relevant response teams, and assigns responsible supervisors to coordinate the response, while the Auditing Office performs audit procedures as internal control. Sysgration actively promotes the implementation of the Company's operational risk management, regularly convenes business management meetings to review relevant issues, and submits the report to the Board once a year. The content of the Report includes the risk environment faced by the Company, the key points of risk management procedures, risk assessment and countermeasures, the adopted risk control measures, and the operation status of risk management.



### ■ Risk Management Policy



Risk Management Policy

Sysgration takes the "Risk Management Policy" approved by the Board of Directors as the highest guiding principle of risk management, and incorporate the operation-related environmental, social and corporate governance issues based on materiality into the operation management strategy, and clearly grasp the scope of operational risks through the identifying, measuring, supervising, monitoring and controlling the potential risks, to construct an integrated risk management system, and advance an appropriate risk management-oriented business model.



Sysgration actively implements risk prevention and loss control and incorporates risk management measures into daily internal control operations. Each business unit needs to conduct regular self-inspection and participate in educational training, then for the senior executives to evaluate the effects, so that risks can be effectively controlled within an acceptable range. Through establishing the risk indicator and risk event reporting mechanism, Sysgration collects and organizes various business information, integrates possible risks, identifies major risks, and regularly reports the risk monitoring situation to the risk management executive. In response to man-made, natural disasters or other major incidents, the Company has established "Emergency Response Plans" related management procedures and regulations, aiming at fires, floods, typhoons, earthquakes, chemical leakage and other disasters, to formulate preventive measures, rescue precautions and notification procedures, which clearly regulate the duties of all personnel in the Company, and provide for all Units to comply, so as to contain disasters and avoid affecting normal operation of the Company.

## Major Risk Management Items




Risk Management Items	Risk Description and Countermeasures	Risk Management Items	Risk Description and Countermeasures
Emerging Risks	<ul style="list-style-type: none"> <li>▪ <b>Carbon Border Adjustment Mechanism (CBAM) risk :</b></li> <li>1.Increased cost pressure: Facing the increased export costs for products due to CBAM, the Company will have to pay additional carbon costs resulting from CBAM.</li> <li>2.Loss of market share: The rising price of products may cause the Company to lose its market share.</li> <li>3.Supply chain restructuring: CBAM prompts the Company to re-evaluate its supply chain structures and seek suppliers with lower carbon emissions to reduce the impact of CBAM.</li> <li>▪ <b>Response measures to address the risks posed by CBAM :</b></li> <li>1.Reduce carbon emissions: Reduce the carbon emissions of products by enhancing production efficiency, improving production technology, and using green energy so as to reduce the impact of CBAM.</li> <li>2.Market diversification: Reduce the reliance on a single market to reduce the impact of CBAM on its business.</li> <li>3.Advance preparation: Understand and assess the impact of CBAM on the Company's business in advance, formulate countermeasures, and prepare before the implementation of CBAM.</li> <li>4.Improve compliance: Strengthen the understanding of relevant laws, regulations, and policies and ensure that products meet corresponding carbon emission requirements to reduce possible risks of fines or litigation.</li> <li>▪ <b>Geopolitical risk :</b></li> <li>1.Restricted market entry: The Company is affected by increased tariffs, import restrictions, and export control due to political factors, resulting in business obstruction or the inability to enter certain markets.</li> <li>2.Supply chain disruption: A geopolitical trade war may lead to supply chain disruption, such as the closure or restriction of the import of certain raw materials, products or components, resulting in production obstruction.</li> <li>3.Asset depreciation: Trade wars caused by geopolitics may lead to currency depreciation and stock market fluctuations, which may cause the Company's asset value to decline, thereby affecting profitability.</li> <li>4.Labor issues: Trade wars caused by geopolitics may lead to strikes and demonstrations, affecting production and business operations.</li> <li>5.Legal and compliance risks: Trade wars caused by geopolitics may lead to changes in laws and compliance requirements. It is necessary to make timely adjustments to comply with the latest regulations; otherwise, there may be risks of fines and litigation.</li> <li>▪ <b>Response measures to address the risks posed by geopolitics :</b></li> <li>1.Evaluate the Company's market entry status in relevant markets, actively participate in the formulation and communication of relevant trade policies, and explore diverse markets to reduce the reliance on a single market.</li> <li>2.Evaluate the Company's supply chain and diversify its supplier sources to reduce the reliance on a single region or country. At the same time, establish close cooperation with suppliers and prepare backup supply plans in advance.</li> <li>3.Evaluate the Company's asset structure and reduce financial risks through hedging instruments and investment diversification. Meanwhile, strengthen financial management and fund monitoring to maintain a favorable financial position.</li> <li>4.Maintain healthy communication with the laborers to build harmonious labor-management relationships. Meanwhile, formulate a contingency plan to have emergency measures in response to strikes and demonstrations.</li> <li>5.The Company pays close attention to the changes in relevant regulations, timely adjusts the business model and compliance process, and strengthens internal compliance training to ensure legal compliance of operations.</li> </ul>	Business Risk	Assess the risks of market, supply chain, intellectual property and information security caused by the factors of domestic and foreign political, economic, and legal supervision and management requirements as well as the domestic and foreign technological and industrial changes and reflect the assessment results to the relevant operational decision-making body.
		Financial Risk	Comprehensively consider financial risks arising from various economic aspects, including risks that may arise from the Company's financial assets or liabilities due to changes in interest rates, exchange rates, stock prices and inflation, asset liquidity risks, customers' ability to pay and credit history, accounting policies, and investee business management. Formulate the Company's fund safety stock based on the liquidity of assets to ensure the ability to allocate funds for emergencies and establish a hedging mechanism to effectively control the level of risk impact.
		Operational Risk	For the internal control-related operating processes, human factors, information systems and other management operations, or risks caused by external events, the Company formulates relevant management procedures to comply with, and to establish a safe working environment.
		Environmental Risk	In response to the government's tightened climate governance and stricter regulations on greenhouse gas emissions, energy management and environmental impact assessments, on the premise of adaptation and mitigation, the Company identifies and analyzes the risks in terms of the physical aspects of policies, laws and regulations, products, and operations, in order to establish and implement the responding strategies and action plans.
		Risk of Crucial Regulatory Changes	Analyze the potential legal risks to the Company regarding important changes in policies, laws, and decrees, and propose countermeasures.



## Results of Risk Identification and Important Issues

After being identified, measured, and assessed by the Risk Management Organization, in 2023, Sysgration faced three main risks, including environmental risk, social risk and corporate governance risk, and the Risk Management Organization has reported the annual management status to the Board.

### Risk Results Identified by the Company in 2023 and Response

Identified Risk	Risk Description	Countermeasures
 <b>Environmental Risk</b>	Occupational Safety	<ul style="list-style-type: none"> <li>Provide a safe and healthy working environment for employees</li> <li>Reduce the frequency and severity of employee disability injuries</li> <li>Zero accidents in industrial safety and active prevention of occupational diseases</li> </ul>
	Waste Management	<ul style="list-style-type: none"> <li>Continue to promote waste reduction at source and waste recycling and reuse</li> </ul>
	Climate Change	<ul style="list-style-type: none"> <li>Continue to promote greenhouse gas reduction measures</li> </ul>
	Energy Management	<ul style="list-style-type: none"> <li>Continue to improve the energy-saving performance of operating locations</li> </ul>
 <b>Social Risk</b>	Talent Development	<ul style="list-style-type: none"> <li>Plan for the talent development of the organization to achieve sustainable operations</li> </ul>
	Labor Human Rights	<ul style="list-style-type: none"> <li>Assist employees in maintaining physical and mental health and work-life balance</li> <li>With diverse and smooth employee feedback channels, Sysgration continues to care for employees and create a harmonious labor-management relationship</li> </ul>
 <b>Corporate Governance Risk</b>	Business Morality	<ul style="list-style-type: none"> <li>Ethical Corporate Management Education and Training</li> </ul>
	Supplier Sustainability Management	<ul style="list-style-type: none"> <li>Supplier Sustainability Management Evaluation</li> </ul>
	Regulatory Compliance	<ul style="list-style-type: none"> <li>Continue to concretize laws, decrees and regulations into Company policies or measures, and set up related education and training courses to promote</li> </ul>

## 2.5 Regulatory Compliance

Sysgration complies with local laws and regulations of each operating location, and regularly inventories the regulatory requirements, and assist the Company in establishing risk control measures and formulating operational requirements, continues to internalize laws and regulations into Company's policies or implementation procedures, and publicize those requirements to employees through education and training. All operation factories have obtained ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Safety and Health Management System), ISO 9001:2015 (Quality Management System), and IATF 16949:2016 (Automotive Quality Management System) Certifications in 2022, and obtained IECQ QC080000:2017 (Hazardous Substance Process Management System) Certification for Nankang Plant and Zhenjiang Plant, not only ensures the Company's compliance with environmental protection, labor rights and occupational safety laws and regulations but also provides colleagues with a healthy and safe working environment. In order to practice sustainable development and promote the balance and sustainable development of the economy, society and environmental ecology, Sysgration complies with the laws and decrees, Article of Incorporation, and the contract signed with the Taipei Exchange and related standards, and considers the domestic and international development trend of ESG and the Company's overall operation activities, to stipulate the Code of Sustainable Development, and follow the content of the Code truthfully. In 2023, Sysgration had no violations of circumstances related to corporate governance, economic, social, and environmental laws and regulations, nor was it involved in litigation related to anti-competitive conduct and antitrust and monopoly regulations.

## 2023 Regulatory Educational Training

Course	Objectives	Trainee	Training Method	Number of trainees
Ethical Corporate Management and Corporate Governance	<ul style="list-style-type: none"> <li>In order to implement the corporate culture and sound development of Ethical Corporate Management, and actively prevent unethical behavior, establish a reference framework for good business operations, for the trainees to understand the direction and policies of the Company's Ethical Corporate Management.</li> </ul>	All employees	Online and Offline	249
Sustainable Management ESG and Corporate Governance	<ul style="list-style-type: none"> <li>In addition to the goal of profitability for business operations, ESG sustainable investment will be the key to assessing the corporate sustainable existence and continuous growth</li> <li>In response to the wave of ESG, how can the business properly plan the organizational structure of the Board of Directors and all Committees, and construct a blueprint for sustainable development, so as to improve the effectiveness of corporate governance.</li> </ul>	Management	Offline	75
Know of Corporate Trade Secrets / Management and Protection of Corporate Trade Secrets	<ul style="list-style-type: none"> <li>Establish students' trade secrets, non-competition management system and legal concepts</li> <li>Understand the prevention and treatment of corporate trade secret infringement</li> <li>Personal Data Protection Advocacy and Management Practices</li> </ul>	All employees	Online and Offline	555
Matters Require Attention for Changes in Equity Within the Company	<ul style="list-style-type: none"> <li>Conduct relevant education and publicity for executive officers and employees, including "Management Operation Procedures for Prevention of Insider Trading", the "Insider Trading Made Easy" Promotion Handbook published by the Taiwan Stock Exchange, and related laws and decrees.</li> </ul>	Directors and Managers	Email Campaign	Note

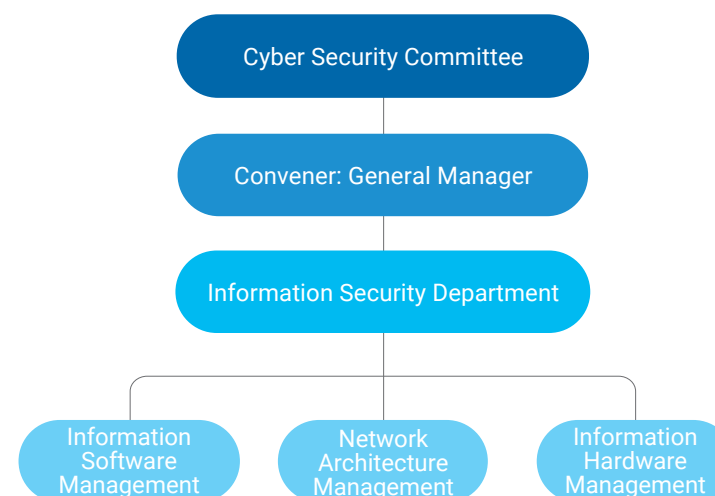
Note: Our company reminds all directors and managers via email prior to the financial report announcement that no transactions are to be conducted during the blackout period.



## 2.6 Information Security and Customer Privacy

Sysgration values great importance to customer privacy and information security management, actively establishes and maintains a reliable and safe information operating environment to ensure the safety protection of Company data, system equipment and network. To strengthen the Sysgration's information security management, and ensure the safety of data, system and network, Sysgration has established Cyber Security Committee, with the General Manager Mr. Hsieh, Tung-Fu as the Convener. The Information Department is responsible for coordinating and implementing information security policies, promoting information security concepts, improving employee information security awareness, collecting and improving the technology, products or procedures of the performance and effectiveness of the Company's Information Security Management System, and report to the Board of Directors at least once a year. Sysgration pays attention to information security, and continues to increase the investment in information security-related manpower deployment and information security protection structure. At present, we have 6 information security personnel and invested a total amount of NT\$ 27.24 million in software and hardware related to information security in 2023.

### Cyber Security Committee Structure



Information Security  
Policy

Based on the three principles of information security "Confidentiality, Integrity, Availability," Sysgration has formulated the "Information Security Policy" and "Regulations for Management Information System (MIS) Operation Management" and established a mechanism for monitoring and controlling the Company's cyber properties. The strategy of promoting information security management by Sysgration is divided into four aspects: Network Information Security Management, Information Access Control, Information Emergency Recovery Response Mechanism, Educational Announcement and Examination

## Effectiveness of Cyber Security Protection

- Sysgration had 7 system intrusion incidents in 2023 and **effectively blocked 7 times**.
- External intrusion threats, **effective blocking defense rate of 100%**.
- Equipment/Host system effectively prevented 944 virus threats and **0 virus infections**.



In 2023, Sysgration reported the annual implementation status of Cyber Security Management in the Board of Directors Meeting, including the completion the establishment of automatic backup and audit management of outgoing emails, the introduction of cloud operation environment, control of mobile storage devices, network behavior records, real-time communication records and other measures, as well as the host automatic backup and anti-virus system updates for part of the operating locations. In the future, Sysgration will continue to build independent backup network segments for all operating locations to automatically backup and restore the host data of each service, as well as promote file encryption, server vulnerability scanning, and off-site backup projects. We constantly improve information security management with a rigorous attitude to strengthen the Company's information protection. To enhance employees' information security awareness and reduce the Company's cyber security risks, the Company regularly conducts and advocates information security education courses, continue to improve and maintain the Company's information security defense mechanism, and strengthen the implementation of information security through education and training. In 2023, Sysgration organized information security education and training courses 3 times, and advocate information security policies, regulatory measures, information security awareness and anti-phishing webpages by e-mail every month to provide safer and more reliable services. In 2023, Sysgration did not receive any complaints about violations of customer privacy, nor occurrence of any incidents of information leakage, theft or loss of customer data.

## Specific Information Security Management Measures

### Network Information Security Control



- Set up Firewalls
- Regularly conduct computer virus scanning
- Software installation and download permission control
- Regularly review whether the network services are abnormal
- Employees can only use legal software provided by the Company

### Information Access Control



- Set up access permission according to employees' job duties
- Computer equipment is maintained by designated personnel
- Employees have individual accounts and passwords
- Immediate cancellation of the employee's permission on the day of leaving the job
- The original computer equipment used by personnel who changed job duties is taken back and managed by the Information Department

### Information Emergency Recovery Response Mechanism



- Practice system recovery regularly every year
- Implement off-site data backup
- Regularly check whether the Emergency Recovery Response Mechanism requires to be revised

### Educational Announcement and Examination



- Publicize the key points of information security at any time to enhance employees' awareness of information security
- Regularly review the integrity of information security

## 2.7 Sustainable Supply Chain

### 2.7.1 Supply Chain Type

The product combination of Sysgration is diverse, and products are widely used in power storage/kinetic products, IoT, industrial tablets and peripherals, automotive electronics, tire pressure monitoring systems (TPMS), and cloud computing; therefore, the type of suppliers is also diverse. The supply chain raw material includes IC, printed circuit boards, electronic components, cables, plastic, metal, and packaging materials. In 2023, Sysgration collaborated with 254 raw material suppliers worldwide, and the procurement amount was NT\$1.958 billion, among which the local procurement amount was approximately NT\$250 million, accounting for approximately 12.7% of the total procurement amount.

Sysgration has identified "Key Suppliers" to perform the strategy business management, and the identification mainly includes: suppliers with annual procurement amounts ranked as top 80%, suppliers providing critical components, and suppliers as the sole supply of materials or providing irreplaceable components. Up to the end of 2023, Sysgration had a total of 19 key suppliers, and we continue to maintain close contact with key suppliers in business cooperation relationships.

Note: Calculated only for major material suppliers.

#### Supplier Classification and Procurement Amount

Type of Suppliers	Number of suppliers at the end of 2023			Procurement amount in 2023 (NT\$)		
	Taiwan	Mainland China	Total	Taiwan	Mainland China	Total
Key Suppliers	12	7	19	6.15 million	9.60 million	15.75 million
Other Major Suppliers	132	103	235	1.43 million	2.40 million	3.83 million
Total		254			19.58 million	

#### Procurement Percentage of Raw Materials

##### Taiwan

Source	Number of Suppliers	Percentage of Purchase Amount
Domestic	99	11.6%
Foreign	45	88.4%

##### Mainland China

Source	Number of Suppliers	Percentage of Purchase Amount
Domestic	91	21.6%
Foreign	19	78.4%



## 2.7.2 Sustainable Supply Chain Management

In addition to the products and services provided by suppliers physically and directly affecting Sysgration's products, services and operations, the ESG performance of suppliers also indirectly affects our reputation and becomes a potential risk. We set up a Supply Chain Team under the Sustainable Promotion Organization, and on the basis of traditional supply chain management, follow relevant domestic and international laws and regulations, supplemented by the "Responsible Business Alliance (Responsible Business Alliance, RBA)" and the latest version of the "Code of Conduct" to formulate the Sustainable Supply Chain Management Policy accordingly, extend the scope of supply chain management to ESG issues, including labor rights and interests, environmental protection, safety and health, ethics and management systems, etc., which are all elements of supplier selection and auditing, to establish risk management and control items and identify high-risk suppliers, formulate improvement measures based on assessment results, and assist suppliers in continuous improvement and making progress.



### Supplier Sustainability Management Guideline

In order to ensure that employees in the supply chain are safe, dignified and respected in the working environment, business operations promote environmental protection and abide by ethical standards, Sysgration has formulated the "Supplier Code of Conduct", requiring suppliers to sign sustainable management related commitment documents, to select new suppliers accordingly to ensure supplier compliance with supplier ESG specifications. In 2023, including 37 new suppliers, the percentage of Sysgration suppliers signing commitment documents reached 100%.

#### The Supplier shall sign the commitment document



Supplier Code of  
Conduct

- ✓ Supplier Code of Conduct
- ✓ Non-use of Conflict Minerals Statement
- ✓ Non-Environmental Hazardous Material Contained Commitment
- ✓ Customs-Trade Partnership Against Terrorism (C-TPAT) Supplier Declaration
- ✓ California Proposition 65 Declaration
- ✓ Honesty Commitment
- ✓ Declaration of Electroplated Zinc Coating Request
- ✓ Declaration of Non-use Japanese Kobelco Steel

## Supplier Code of Management

Sysgration assists new suppliers in complying with relevant operations according to the supplier management operation guideline, and requests suppliers to obtain ISO 9001, IATF 16949, ISO14001, ISO45001, other ISO management system certifications, and green environmental protection, and to comply with environmental management substance requirements, and automotive raw material suppliers shall possess The IATF 16949 Automotive Quality Management System certification. All new suppliers must pass the review and of assessment procurement, quality, technology and hazardous substance audit items and on-site in order to become official suppliers of Sysgration.

### New Supplier Management Process

#### step 1

Review  
documents  
submitted by  
supplier

Sysgration performs documentary quality review on new suppliers and conducts comprehensive evaluation on suppliers for the six aspects of quality certification, quality level, price level, delivery level, technology level and service level according to the "Supplier Profile in General Information" sheet. Whether the supplier obtains relevant certificates, such as IATF-16949, certifications of ISO, and green product environmental protection, are taken into consideration.

#### step 2

Field visit and  
audit at  
supplier's site

Personnel from the Departments of Quality Assurance, Procurement, Engineering or R&D form the review team to perform on-site review, and it is necessary to commit and comply with the Sysgration's policies on green environmental protection substance regulations, corporate social responsibility, labor human rights and ethical corporate management.

#### step 3

Qualified  
supplier

Sysgration's policy on the supplier quality control is that suppliers shall obtain the ISO 9001 quality certification. If a supplier fails to obtain the certification, field audit by the Sysgration Audit Team shall conduct audit on-site, and once the evaluation is qualified, the supplier may then be listed in the qualified supplier list. For key safety components of automotive products, new suppliers must have IATF 16949 certification. If the certification has not been obtained, the new supplier must submit a introduction plan. for the manufacturer that fails to introduce according to the plan will have the supplier qualification cancelled.

Sysgration convenes Supplier Conference annually to strengthen the sustainability understanding of suppliers and to convey Sysgration business concept of ESG corporate sustainable operation, actively promotes sustainability projects with suppliers jointly, and presents awards to outstanding suppliers to further strengthen the supply chain sustainability. Sysgration establishes individually applicable supplier reward mechanisms according to procurement characteristics and different characteristics of suppliers. Sysgration selects the annual outstanding suppliers by evaluation criteria of QCDST (Quality/Cost/Delivery/Service/Technology) scores or other outstanding achievements to evaluate the performance. Awards are publicly presented during the Supplier Conference.



In order to better understand the ESG items that suppliers focus on, as the key points of future annual guidance and education promotion. In 2023, Sysgration conducted a ESG concerned issues questionnaire for 27 major suppliers, with the contents including:

E

### Environment

Green Products, Greenhouse Gas Emissions, Climate Change, Circular Economy

S

### Society

Employee Occupational Health and Safety, Human Rights, Employee Cultivation, Friendly Workplace, and Social Participation

G

### Governance

Corporate Governance, Ethical Corporate Management, Customer Relationship Management, Supply Chain Management, Customer Privacy and Information Security

## Audit Mechanisms of Qualified Suppliers

Sysgration performs on-site audits annually from time to time to confirm the corporate social responsibility execution status, policy and compliance of suppliers. However, for the suppliers of poorer management system operation performance, the Quality Assurance Department is responsible for performing guidance and tracking its improvement status. If the supplier still fails to satisfy the requirements, the Company then suspends the cooperation with the supplier until its improvement is complete, thereby establishing a comprehensive supplier sustainability audit management mechanism. In addition, in case of receiving any complaints, Sysgration performs verification via the confidential method of protecting the confidentiality of the complainant.

In 2023, Sysgration audited 25 suppliers with actual production manufacturing, of which 5 were audited in writing, and 20 were audited on-site. Regarding the suppliers, the number of suppliers with the self-evaluations in writing performed according to the standards of RBA, and the deficiencies found during the audit, the main deficiencies included failure to provide standard operation procedures or the need to establish standard operation procedures, incomplete documentation of filling relevant records and unclear control method definitions. After requesting suppliers to make improvements, all audited suppliers were able to complete the deficiency improvement within the required time period, with all cases closed. No cooperation with suppliers was suspended due to noncompliance with the requirements of Sysgration.

## Sysgration Supplier Qualification Evaluation Items

### Quality Management System

1. Production Capacity and Efficiency Cooperation Capability
2. Transportation and Delivery Capability

### Production and Supply Capability

1. The Level of Independence of the Quality Control Organization
2. Process Quality Control System
3. Raw Material, Finished Product Inspection System
4. Material Incoming and Output Management

### Technology Development Capability

### Defective Product Management Capability

1. Defective Product Handling System
2. Defective Product Tracking System

### Supplier ESG Management

1. Environmental Protection and Pollution Control Management
2. Social Responsibility and Ethical Corporate Management

## Supplier Evaluation Results

Evaluation Grade	Score	Grade Description	2023 Evaluation Results	
			Number of Suppliers	Percentage of improvement within time period
<b>A</b>	91-100	Listed as qualified suppliers	10	No audit deficiency
<b>B</b>	81-90	Listed as qualified suppliers after making improvements of audit deficiency	13	100%
<b>C</b>	71-80	List as qualified suppliers after making improvements, and evaluation must be re-conducted and passed	2	100%
<b>D</b>	Less than 70 (Including)	Disqualified supplier	-	-

## Supplier Risk Assessment Process

Sysgration will implement from four aspects of assessment, guidance, communication and collaboration, and through the implementation process corresponding to the sustainable supply chain management structure, to ensure that all important ESG issues in the structure are managed and controlled by practically executable processes. Risk Assessment Consideration Factors are as follows:

ESG Aspect	Economy	Environment	Society
Risk Factors	<ul style="list-style-type: none"> <li>Quality, Cost, Delivery Time, Service, and Management Capability</li> <li>Integrity Management</li> <li>Business Ethics</li> <li>Key Supply Sources</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Management System</li> <li>Environmental Regulatory Compliance</li> <li>GHG Management</li> <li>Water Resource Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights Protection Management</li> <li>Employee Health and Safety Management</li> <li>Responsible Mineral Management</li> <li>Labor Regulatory Compliance</li> </ul>
High Sustainability Risk Supplier Categories	IC (Chip)	Printed Circuit Board / Battery Cell / Cables and Wires / Outer Casing	Printed Circuit Board / Battery Cell / Cables and Wires / Outer Casing

Sysgration will introduce sustainable supply chain management projects in 2024, follow the requirements of the ISO 20400 Sustainable Procurement Guidance, establish sustainable procurement policies and management processes, identify sustainable supply chain risk issues, and implement supplier risk assessments and audits. Lastly, it will continue to track the evaluation results and make improvements. Sysgration is committed to helping suppliers make continuous improvements, hoping to improve the effectiveness of sustainable supply chain management, reduce supply chain operating risks, and establish partnerships for sustainable growth.

## 2.7.3 Conflict Mineral Management

As a global corporate citizen, Sysgration guarantees to abide by international laws and regulations, does not use any metals provided by unqualified smelters of conflict mineral sites, and we have also included conflict minerals in the supplier management, and through the diversification of suppliers, development of alternative materials and recycling technologies to reduce the risk of using raw materials.

### Conflict Mineral Management Policy

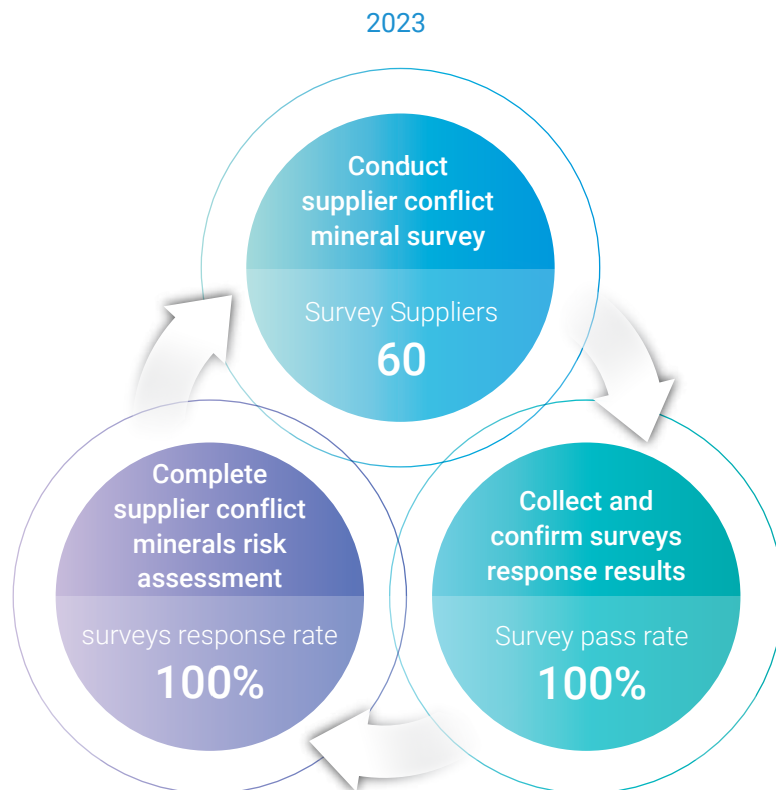
- ▶ Guarantee not to use any minerals from unqualified smelters of the Republic of the Congo and its surrounding countries and regions. We also comply with the conflict mineral laws and regulations locally and internationally.
- ▶ Track the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), mica and all responsible minerals announced by the Responsible Minerals Initiative (RMI) that are contained in all products. All suppliers are requested to complete the "Conflict Mineral Survey", and the relevant raw material sources are confirmed to adopt the RMI qualified smelting plants/refineries to prevent direct or indirect financing the mineral sites of armed conflicts or infringement of human rights.
- ▶ Suppliers shall request their upstream suppliers to comply with the same conflict of mineral management requirements.





## Conflict Mineral Management Process

Regarding the process of conflict mineral management, Sysgration requests suppliers to fill out the Non-use of Conflict Minerals Statement, and provides the Conflict Minerals Reporting Template (CMRT) recommended by RMI as a management tool. After the collection of the survey results, the status of raw materials is determined and confirmed to complete the risk assessment of materials supplied by the suppliers. In 2023, relevant suppliers signed the Non-use of Conflict Minerals Statement. In the future, we will continue to promote such requirements and request suppliers to sign agreements accordingly.



## 2.8 Financial assistance received from government

In 2023, the Sysgration's business locations received financial subsidies from the government, Taiwan has the Taipei Head Office, and Mainland China has Huizhou Plant and Zhenjiang Plant, The types and amounts of subsidies are shown in the table below.

Taiwan		
Business location	Type of Subsidy	Amount of Subsidy
Taipei Head Office	Award	▪ NT\$15,000 for Stable Employment Program
	Award	▪ NT\$134,180 for Corporate Human Resources Improvement Program
Mainland China		
Business location	Type of Subsidy	Amount of Subsidy
Huizhou Plant	Award	▪ RMB 420,500 for quality enhancement award
	Investment subsidies, R&D subsidies, and other related subsidies	▪ RMB 200,000 for financial subsidy
Zhenjiang Plant	Subsidy	▪ RMB 126,015 for high school students' social insurance, labor union, high-income enterprise, and intellectual property rights subsidies.



# Products and Customers

# 3

- 3.1 Product Quality and Safety
- 3.2 Low-Carbon Green Products
- 3.3 Customer Relationship Management

# Sustainable Performance Highlights and Corresponding SDG

## Affordable and Clean Energy

- Sysgration actively expands the application of **low-carbon green products** and services. In the case of the energy storage system, its application scope covers semiconductor fabs, plants, communication base stations, cloud data centers, communities and industrial energy storage, and can assist customers in different categories to more effectively use renewable energy.

## Decent Work and Economic Growth

- In 2023, the R&D expenditure of Sysgration was **NT\$260 million**, representing an increase of **27.1%** from 2022, accounting for **7.8%** of the total operating income, and the expenditure is actively invested in new product development and key technological breakthroughs.

## Responsible Consumption and Production

- All Sysgration Plants obtained the Quality Management System **ISO9001:2015** and Automotive Quality Management System **IATF 16949:2016** Certification; Nankang Plant and Zhenjiang Plant obtained Hazardous Substance Process Management System **IECQ QC080000:2017** Certification.

SUSTAINABLE  
DEVELOPMENT  
GOALS





# Management Approach of Material Topic / Product Quality and Safety



## Material Topic

- ▶ Product Quality and Safety

## GRI Indicators

- ▶ GRI 3-3 / GRI 416-1 / GRI 416-2

## Description of Impact

- ▶ **Description of Positive Impacts :**

Sysgration is based on the core concept of "Pursuing Excellence," which maintains product quality and safety, improves customer satisfaction, and further improves corporate reputation and brand value. At the same time, effective quality and safety management and control can reduce pollution and waste of resources in the product manufacturing process, and reduce the negative impact on the environment.

### Description of Negative Impacts :

The orders and market reputation are affected due to the increase in subsequent improvement costs and reduction in customer satisfaction resulting from inappropriate product quality control.

## Policies and Commitments

- ▶
  - Set up a Quality and Safety Management dedicated department that is responsible for formulating and implementing relevant policies and regularly assessing and updating the quality management system to ensure that the quality and safety performance of products and services meet relevant standards and requirements.
  - Sysgration complies with the ISO 9001:2015, IATF 16949:2016, and other quality management standards and establishes a comprehensive quality management system.
  - Sysgration insists on designing all products in compliance with international laws and regulations and customer specifications, and only manufactures and sells after passing and obtaining safety design certification.
  - Promote quality and safety education and training to improve employee quality and safety management knowledge and skills.

## Goals

- ▶ **Short Term (2024-2026) :**

- Complete at least 90% of product and service quality and safety certification every year and ensure that each product's standard operating procedures (SOP) are duly implemented.
- Comply with quality-related certification and standard requirements, and ensure that there are no violations of health and safety regulations for the products and services.
- Improve employees' awareness and participation in quality and safety, ensure that all employees receive quality and safety training, and maintain the training coverage at 95% or above.
- Increase R&D investment. The annual investment limit is expected to increase by 8%. The Company is committed to the R&D of new high-quality and high-value-added products.
- Improve the coverage of automated production technology every year to achieve an overall improvement of 10% in automated production technology or more.

- ▶ **Medium and Long Term (2027-2030) :**

- Duly implement the PDCA circular quality management process internally, carry out quality improvement evaluations each year, and at least complete and pass two external audits.
- Ensure that customers' quality satisfaction of products and services can reach more than 90%.
- Become the leader in product quality and safety in the industry, and recognized by the corresponding industry.
- Cultivate a high-quality and safety management team to ensure the improvement of relevant professional capabilities within the Company and maintain the continuous participation of professional training by at least 95% of employees.

## Responsible Unit

- ▶
  - Design: The Design Verification Department is responsible for the promotion, implementation and review of product design verification.
  - Production: The Quality Assurance Department is responsible for the promotion, implementation and review of incoming materials/production quality policies.
  - After-Sales: The Sales Department is responsible for the promotion, implementation and review of after-sales quality and after-sales service.



Grievance  
Mechanism

## Action Plans

- ▶ Customer Contact : sales@sysgration.com

- ▶ **Negative Impact Management :**

- Establish the product quality and safety risk assessment and management mechanism to identify risk factors that may lead to negative incidents.
- Continue to improve the management process to ensure that similar negative incidents do not happen again and apply it to future preventive measures.

- ▶ **Positive Impact Management :**

- The factory continues to pass the IECQ QC080000:2017 (Hazardous Substance Process Management), strengthens the control of hazardous substances in products, and protects consumers from exposure and risk of hazardous substances.
- Sysgration complies with the quality management standards of ISO 9001:2015, IATF 16949:2016, and establishes the quality manual by following such standards. We are committed to the establishment of a comprehensive quality management system, and we review content irregularly and perform revisions according to our operations. Internal and external quality audit management review meetings are convened annually.

Effectiveness  
Assessment

- ▶
  - Regularly convene senior quality management meetings to discuss quality and safety issues, determine goals and strategies, and track progress.
  - Regularly conduct internal and external audits to check the operation of quality and safety management systems to ensure compliance with the requirements in laws, regulations and standards.
  - Regularly conduct customer satisfaction surveys to collect customer feedback and opinions on product quality and safety, which are used to improve and optimize products and services.
  - Regularly make inventory and check the implementation of quality and safety management measures to ensure compliance with internal policies and standards.
  - The quality inspection results show that the product qualification rate has increased by 15% compared with the previous year.
  - Quality and safety training coverage rate reached 95%.
  - There was no violation of any product quality-related laws, regulations and standards this year.

# Management Approach of Material Topic / Low-Carbon Green Products



## Material Topic

## GRI Indicators

## Description of Impact

## Policies and Commitments

## Goals

## Responsible Unit

## Grievance Mechanism

## Action Plans

## Effectiveness Assessment

### ► Low-Carbon Green Products

### ► GRI 3-3 / GRI 302-5

### ► Description of Positive Impacts :

For low-carbon green products, Sysgration insists on the low-carbon strategy and development of "Green Manufacturing and Green Design" in response to the trend of stricter global net-zero transformation, energy and environmental laws and regulations and continuous changes in energy structure. Sysgration cooperates with government policies, pragmatically promotes energy conservation and emission reduction, and strives to develop green businesses of energy storage products, product programs to assist the customers in reducing products' carbon footprint, and keep in line with the trends of future international low-carbon product market competition.

### Description of Negative Impacts :

Under the sustainability trend, the failure to invest in the R&D of low-carbon green products will cause a decrease in market competitiveness, lead to reduced business opportunities or loss of markets, and have negative impacts on the environment.

- Use environment-friendly electronic raw materials and introduce high-efficiency manufacturing processes and technologies in the factory to reduce the use of energy and resources.
- Develop energy storage systems and photovoltaic power generation systems to assist Sysgration and customers in improving the energy structures and reducing carbon emissions.
- Choose product packaging materials that are easy to recycle, save resources and have low pollution.
- Work with suppliers to create a green supply chain, reduce the use of energy and resources in the supply chain, and promote a circular economy.

### ► Short Term (2024-2026) :

- In 2023, the capacity of power storage installations reached 400 kWh, and it is expected to exceed 1,000 kWh in 2024, with an annual growth of 150%. The capacity exceeds 30 MWh in 2027, and it is estimated to grow by 30 times in the following three years.
- Reduce carbon intensity of procedures by 1.5% per year.
- Reduce the amount of waste generated during product procedure by 5% per year.
- Reduce energy consumption in the product procedure and reduce energy usage by 5% per year.

### Medium and Long Term (2027-2030) :

- Reduce carbon intensity of procedures by 6% per year.
- Reduce carbon emissions in the procedures by 4.5% per year.
- The production value of low-carbon green products reaches 55% of the annual operating income.
- Increase the proportion of renewable energy used in the production process and implement more energy-saving technologies in the manufacturing process.

- Design: The R&D department is responsible for designing and developing low-carbon green products to ensure the energy efficiency of products and environmental sustainability.
- Green Product Department: The Green Product Department is responsible for the promotion, implementation and review of product quality policies to ensure the quality, reliability, and consistency of green products.

### ► Customer Contact : sales@sysgration.com

### ► Positive Impact Management :

- Invest in research and development funds for green products with low energy consumption and low emissions.
- Research and develop low-carbon energy-saving products to reduce carbon emissions and energy consumption of products and improve the energy efficiency of products.
- Promote low-carbon green production and the use of renewable energy in product production to reduce the carbon footprint of products.

- Production environment monitoring: Monitor the energy and resource consumption in the procedures on a quarterly basis and assess the impact of the production process on the environment.
- Product performance testing: Tire-pressure monitoring systems (TPMS) are regularly tested for their performance to ensure compliance with energy-saving and low-carbon standards.
- Customer satisfaction survey: Conduct customer satisfaction surveys on a quarterly basis to collect customer feedback on low-carbon product quality and safety, which are used to improve and optimize products.

## 3.1 Product Quality and Safety

### 3.1.1 Product Quality Management

Product quality stability is an essential criterion for the product delivered to customers, and it is also the cornerstone for the long term business operation of a Company. Sysgration complies with ISO 9001:2015, IATF 16949:2016, and other quality management standards and establishes the quality manual by following such standards. We are committed to the establishment of a comprehensive quality management system, and we review content irregularly and perform revisions according to our operations. Internal and external quality audit management review meetings are convened annually, and the review results are reported to the General Manager. To complete the design and production promptly on schedule, we continue to enhance the control of manufacturing technologies and quality monitoring to meet the demands of customers for high quality products and we have implemented the PDCA (Plan-Do-Check-Act) principle in the five main production aspects of personnel, machine, material, regulation, and environment to achieve the goal of high-quality products with zero deficiencies.

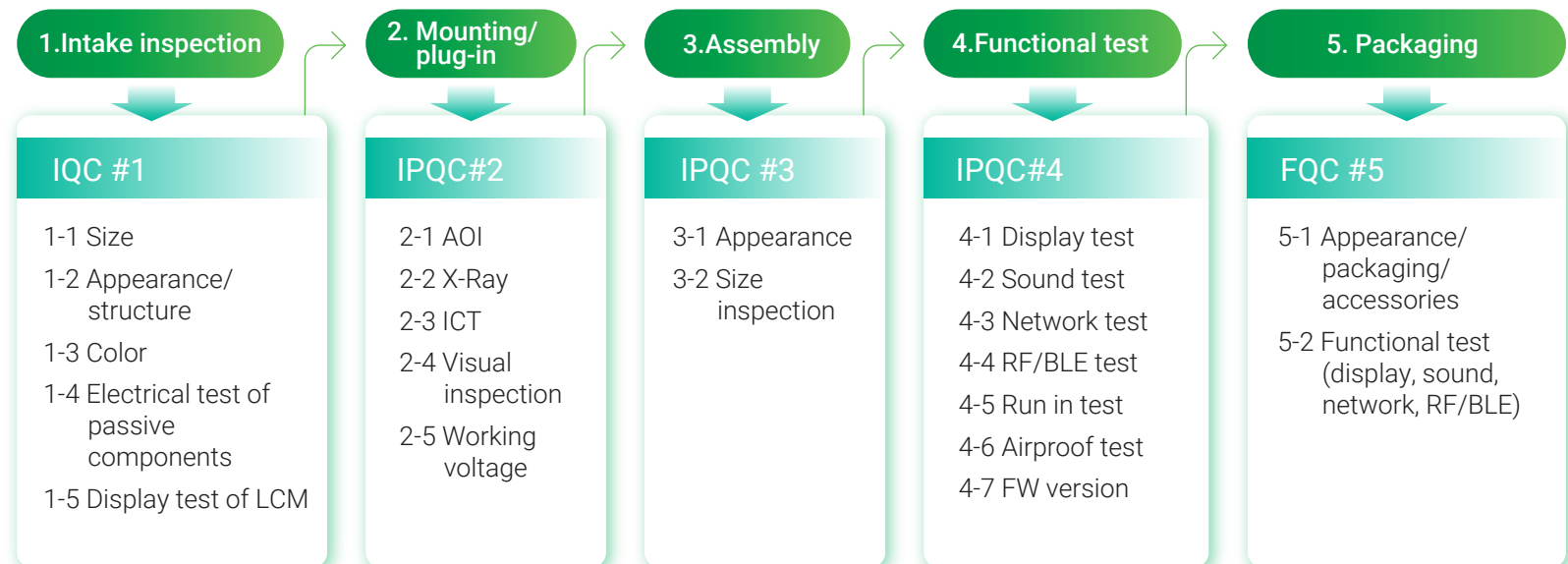
To ensure the quality of electronic products, Sysgration performs planning and control from the source of the procedure materials to avoid causing greater losses at the back end of the procedures. Electrostatic discharge (ESD) control is implemented throughout all procedures, starting from the entry of materials into the warehouse. We promote and pass the ANSI/ESD S20.20 ESD control certification, which regulates the ESD protective measures and operating requirements of products and equipment during the production procedures to effectively control the generation and release of electrostatic and, in turn, improve the quality and stability of products.

#### Quality Certifications for Sysgration



List of Certificates

Item	Certification	Nankang Plant	Huizhou Plant	Zhenjiang Plant
Quality Management	ISO 9001:2015 Quality Management System	✓	✓	✓
	IATF 16949:2016 Automotive Quality Management System	✓	✓	✓
	IECQ QC080000:2017 Hazardous Substance Management System	✓		✓
Functional Safety	ISO 26262:2018 Functional Safety of Road Vehicles	✓	✓	
Environmental Management	ISO 14001:2015 - Environmental Management Systems	✓	✓	✓
	ANSI/ESD S20.20-2021 Electrostatic Discharge Control Certification	✓	✓	



Sysgration is committed to introducing the Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES) in all plants to unify and standardize management processes, improve system integration, and implement product quality traceability. The five major processes enhance product quality through the following methods:

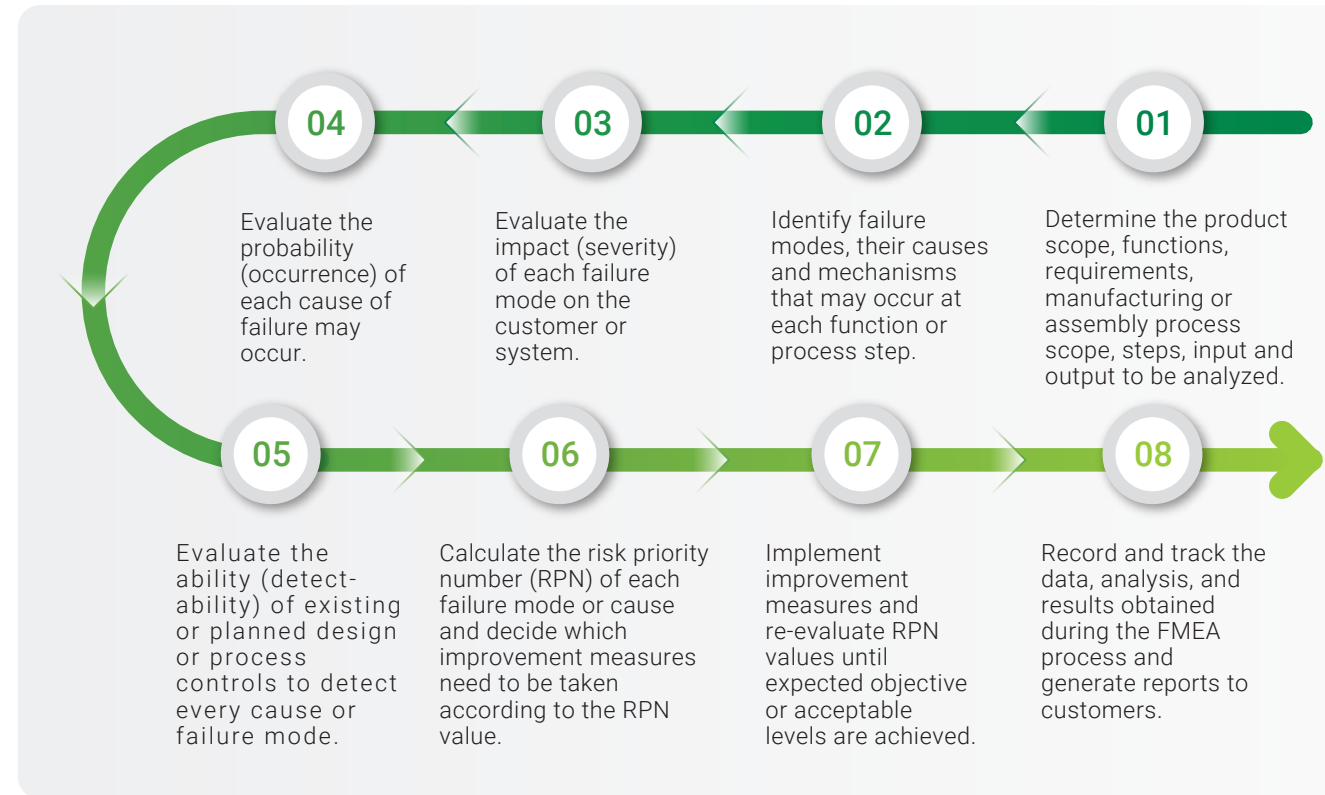
### 1 Increase the yield

Introduce online X-ray inspection and vacuum reflow to improve the surface mount technology (SMT) and solder quality yield and introduce fully automated production lines to replace semi-automated lines in the assembly procedures to improve procedure stability and efficiency. The assembly station of the Nankang Plant has been equipped with two semi-automated lines and one fully automated line for the assembly and testing of tire pressure monitoring systems. The automated lines can be replicated and used for overseas plants in the future.

### 2 Intelligent and digitalized production lines

The MES system has been fully implemented for quality inspection and digital monitoring. Together with digital use, data connection among various systems is achieved to ensure more effective control over the quality of all products produced. The digital monitoring of quality inspection is fully connected with the testing system data and the MES system to ensure timely and effective quality monitoring.

In addition, we introduce Failure Mode and Effects Analysis (FMEA) Program before product design and product production, with the purpose of preventing product design defects and improving product reliability and safety during the product design process, to reduce product development costs and time. However, in the process of product production, it is to prevent defects in the process, improve the efficiency of the process and the quality of shipped products, and reduce process variation and waste.



Aiming at the customer's product quality requirements, Sysgration's products are electronics, automotive and energy storage device industry-related products. The products are not only required to comply with international criteria and standards, but also required to comply with customer standards. In addition, product marketing and labeling are also required to comply with local laws and regulations of various countries and customer requirements. Sysgration purchases product liability insurance for some risky products to protect the rights and interests of customers. If customers have any questions about product quality, they can contact the Company by telephone or mail at any time. The Company will have designated personnel to understand the specific situation and coordinate and properly handle the product-related defects.



### 3.1.2 Hazardous Substance Process Management

Sysgration followed the IECQ QC080000 standard and established the "Hazardous Substance Risk Classification and Sampling Inspection Procedures," with reference to the latest international laws, regulations and trends, including RoHS, REACH, WEEE and other specifications, to conduct sampling inspections and testing of raw materials and products, requires suppliers to sign the "Non-Environmental Hazardous Material Contained Commitment" at the same time, and manage the prohibited and restricted substances in raw materials and manufacturing processes with PDCA process to protect consumer's health and safety from exposure and harm of hazardous substances.

#### Plan



- Identify and classify which materials are prohibited and restricted substances
- Formulate management plans and goals for prohibited and restricted substances
- Each unit determines the goals and processes every six months, and establishes Quarterly Plan to achieve the goals

#### Do



- Ask the supplier for the "Non-Prohibited and Restricted Use Material Commitment."
- Organize education and training for internal and external personnel
- Review the implementation plan once every six months, and the responsible unit of the company to collect and analyze the data

#### Act



- Check the source of the substance and where it is used (model)
- Manage regular sampling inspection of raw materials and products and supplier audit
- Regularly conduct IECQ QC080000:2017 Hazardous Substance Management System Verification
- Compare the actual results with the expected results every six months, and the Company's responsible unit determines whether further improvement is required

#### Check



- Regularly review the increase and decrease of prohibited and restricted substances and the changes in laws and regulations
- Improvement and prevention of audit non-conformities
- Take action according to the audit results, provide improvement process and update the plan every six months

### The factories obtained IECQ QC080000:2017 Hazardous Substance Management System Certification



Nankang Plant Expiry: April 10, 2026



Zhenjiang Plant Expiry: January 30, 2026

## 3.2 Low-carbon Green Products

### 3.2.1 Green Product Design

Sysgration started from the business of automotive electronics in the early stage of the company establishment. In recent years, Sysgration has integrated Internet of Vehicles and Internet of Things to develop systems and has released diverse products and services. To demonstrate our determination for environmental protection and friendliness, we have invested in the research, development and manufacturing of green products, which mainly include energy storage systems and battery packs since 2015. Sysgration performs green design according to the principle of implementing environmental protection and continues to achieve breakthroughs and improvements for innovation and R&D. We actively respond and make contributions to the issues of energy saving, carbon reduction, and green energy.

The main product lines of Sysgration use the latest semiconductor chips, and introduce System on a Chip (SoC) design to integrate several chips with different functions into one, thereby reducing material volume and cost, improving production efficiency, reducing power consumption and increasing computing speed, leading the development and design of the next generation of tire pressure monitoring, energy storage and automotive electronics toward the direction of energy saving and environmental protection. Regarding the product application, we provide leading product architecture design in the industry, easy to integrate and compatible with various software APPs while satisfying the requirements of use scenarios for different customers. During the improvement of the product functions, we increase energy and raw material use efficiency, and demonstrate the professionalism and competitiveness of Sysgration, which allows our products to be recognized by customers continuously.

#### Product Life Cycle Green Design Thinking

##### Raw Material Stage

- Ensure that the procurement of raw materials complies with the requirements of environmental protection and social responsibility, such as selecting certified environmentally friendly raw materials, such as certified forest wood.
- Select eco-friendly electronic materials and comply with RoHS and WEEE.
- Request suppliers providing raw materials to sign "Declaration of Non-Use of Conflict Minerals" and "Non-Environmental Hazardous Material Contained Commitment."
- Choose sealants with lower volatile organic compounds (VOCs) to reduce impacts on health and the environment.

##### Manufacturing Stage

- Introduce green manufacturing technology, and implement energy efficiency improvement and emission reduction measures for the production process, such as the use of energy-saving equipment, renewable energy and process optimization.
- Adopt a thinner, lighter and shorter design to reduce the product's carbon footprint.
- Reduce waste gas, wastewater, waste and other pollution in the production process, and properly recycle reusable resources.
- Invest in the laser welding process to reduce the hazardous substances generated during the adhesive potting process.

##### Transportation and Sales Stage

- The products adopt simple design, lightweight and environmentally friendly packaging materials, and are transported using recyclable plastic pallets and tenon wooden boxes.
- Optimize the efficiency of transportation routes and loading space, reduce overall fuel consumption, and reduce transportation carbon emissions.

##### Use Stage

- Design energy-saving products with higher performance and low energy consumption to promote energy conservation and resource conservation.
- Incorporate research and development into the thinking of prolonging product service life, such as through the design of easy disassembly and recycling so that the consumers do not need to be forced to replace the entire product when they want to upgrade parts during the use stage.

##### Waste Disposal Stage

- Provide recycling disposal services, such as establishing a recycling network, providing recycling instructions, designating recycling stations, etc.
- Reduce the impact of products on the environment, such as the disposal of hazardous substances in the process of products, reducing the negative impact of waste and hazardous substances on the environment, etc.



## I Sysgration Low-carbon Green Products

### Energy Storage System

With the rapid development of renewable energy technology, the demand for energy storage systems in the power market is increasing. The large-scale development of solar energy, electric vehicles, and new energy cannot be separated from the support of energy storage technology. Sysgration energy storage system products and solutions can be used in many fields, such as home, industry, commerce, medical care, transportation, etc., and are widely used in renewable energy systems including solar and wind energy to improve grid stability.



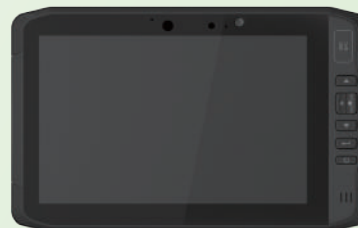
### Rugged Vehicle Terminal

Rugged Vehicle Terminal are used in different types of environments or industrial vehicles and machineries requiring high computing power, and can be used in strict industrial environments, such as installed in construction or agricultural vehicles, must be able to be used under the conditions of extreme vibration, high and low temperature differences, and sunlight exposure, etc. Sysgration adopts the latest design of the new generation NXP iMX8, which can greatly improve the computing performance and reduce the power consumption of the product by up to 30%.



### Rugged Tablets

Rugged Tablets are manufactured with durability and stability as the key point, and can withstand the harshest operating environments, serving as the platform for data capture, processing, and transmission. Sysgration adopts the design of the new generation chip Qualcomm 6490 platform, which can greatly improve the computing performance, reduce the power consumption of the product by up to 30%, and increase the connection coverage area by 80%. The entire series of products can be customized according to special business requirements, such as manufacturing, warehousing, military, electronic flight bags for aviation operations, field service, transportation, police, fire and other emergency services.



### Tire Pressure Monitoring Systems

The advantage of the Sysgration Bluetooth Tire Pressure Monitoring System is lightweight, thin, short and durable, and its lifespan is 50~100% longer than that of a traditional radio frequency tire pressure monitoring system. Its stable and real-time wireless transmission technology avoids the internal wiring of the vehicle and reduces energy consumption. It can monitor the tire pressure of the vehicle in real time to ensure driving safety and maintain the best driving condition of the vehicle, effectively reducing the fuel consumption and carbon emissions of the engine caused by insufficient tire pressure, and prolonging the service life of the tire. Tire pressure monitoring systems account for 58% of the operating income in 2023.

### Rugged Head-Mount device

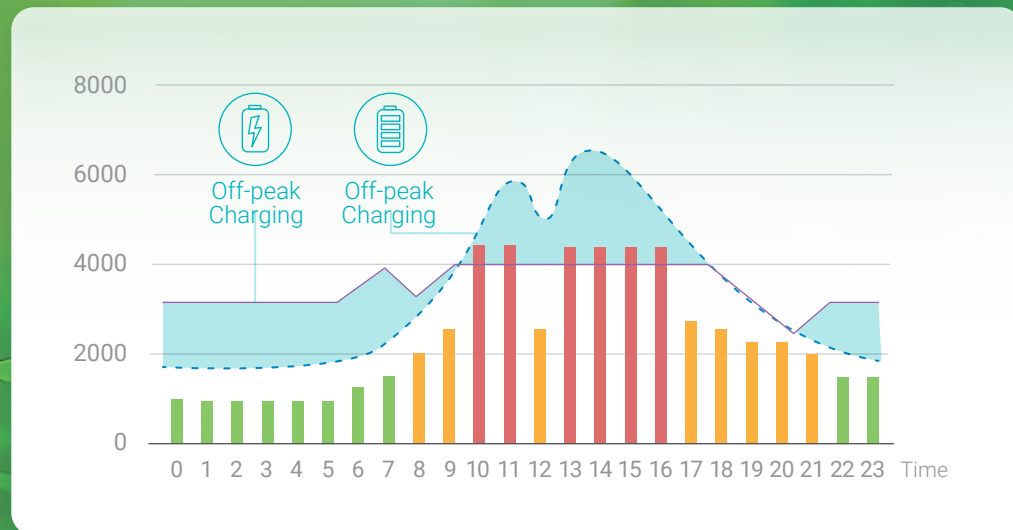
Sysgration RealWear Rugged Head-Mount device can be used in any strict front-line industrial environment. We regard safety as the first consideration, design for hands-free and voice-only command control, replace PDA handheld products to achieve light weight, power saving and material saving, and equipped with first-view video lens and environmental noise filtering microphone, to allow the technical experts to remotely provide precise instructions to on-site operators and shorten the moving distance of personnel traveling.



## Energy Storage System Technology

With the renewable energy business opportunities brought by the net-zero wave, Sysgration's core product "Energy Storage System (ESS)" and "Battery Pack" can help renewable energy power generation operators improve energy efficiency, such as solar and wind power generation will be unable to meet the demand for stable power supply due to meteorological changes, use battery energy storage system to store energy when the grid load is low, and output energy when the grid load is high, so as to adjust the frequency of electricity consumption to achieve the effect of "Peak Cut", to improve the problem of intermittent power demand and improve the efficiency of terminal power consumption.

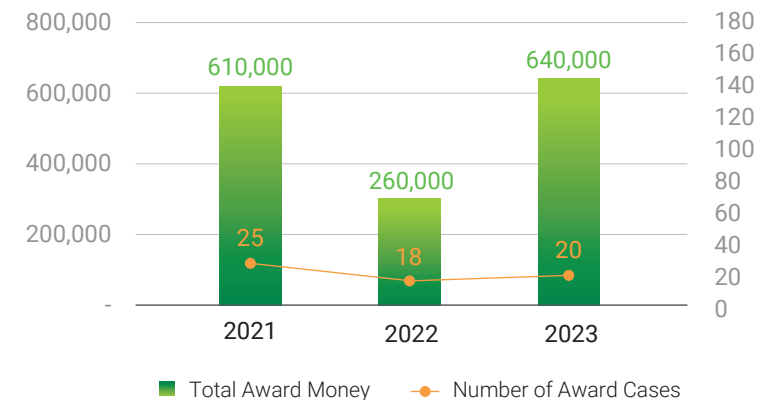
Besides, unbalanced battery cells may cause overcharge and over-discharge of a single cell in the energy storage cabinet. In addition to safety concerns, it will also shorten battery life. Sysgration has launched a series of detection and testing solutions, which can simulate the charging and discharging behavior of the energy storage cabinet by power regulation when the energy storage system compensates for the frequency modulation of the grid, detect the voltage change of the battery cell during the frequency modulation process, and identify the quality defects of the energy storage cabinet assembly, avoid the state of overcharge or over-discharge of battery cells, thereby prolong the cycle life of the energy storage cabinet and reduce the waste of equipment resources.



## 3.2.2 Product Innovation Research and Development, Patent Reward Mechanism

In order to accelerate the innovation and development of low-carbon green products, Sysgration implements a patent reward mechanism to encourage employees to actively participate in technological innovation and research and development, and specifically establishes the "Regulations for Patent Application and Rewards" to give timely rewards to applicants and those who have received patents. And establish a systematic intellectual property rights management system at the same time, supplemented by a committee review system for the quality of patent applications and market layout to ensure that the Company obtains high-quality patent protection.

### Patent Award Issuance Cases in the Past Three Years



In terms of external technological innovation policies, Sysgration also strengthens cooperation with start-up companies and university scientific research institutions, and develops activities in low-carbon technology transfer and cooperative research and development, so as to realize the sharing and mutual benefit of green technology innovation achievements. At the same time, the Company actively participates in industry-academia cooperation research and development programs, and establishes contacts with relevant organizations, including industry associations and technology standardization organizations, to participate in the events, including formulation of technological innovation standards, etc.



### 3.2.3 History of Product Exhibition

#### The List of Domestic and International Exhibitions Participated by Sysgration

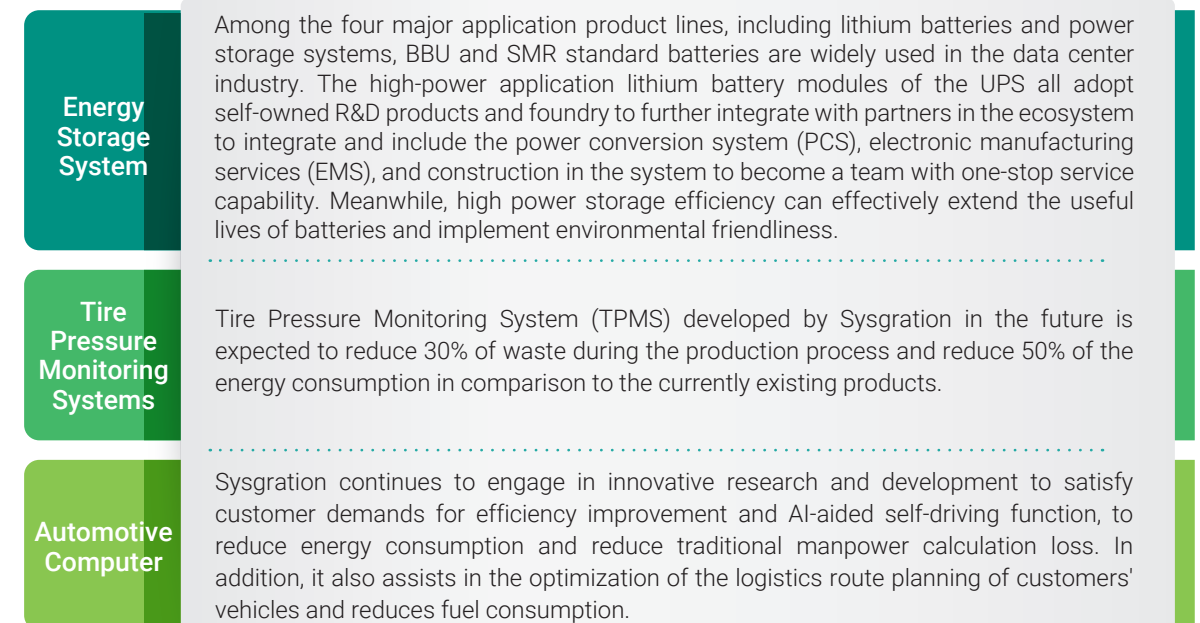


### 3.2.4 Green Product Future Outlook

In view of the climate change impact, corporate sustainable development has become an issue of more specific and closely related to the public. Nowadays, consumers focus more on purchasing sustainable and low-carbon green products when purchasing consumer products. Under the awareness of environmental protection and the emerging trend of green consumption, the demand for carbon reduction increases worldwide, including stricter carbon emission standards and various environmental protection laws and regulations, consumer products will eventually move toward the low carbon transition to satisfy the demands.

Sysgration provides a green product portfolio, including energy management systems, battery management systems, automotive products and smart glasses. In addition to the expansion of new business opportunities, we also increase the marketing and sales performance, and effectively reduce energy consumption costs, thereby complying with the environmental protection requirements and achieving a win-win situation for the customers and the external environment. We will continue to develop new products and adopt environmentally friendly electronic materials with all new designs, as well as increase product energy efficiency to further establish the industrial competitiveness of green processes, and provide products and services of high reliability and high quality to customers to achieve sustainability goal of green products.

#### Future Planning for Green Products and Services to be Launched by Sysgration



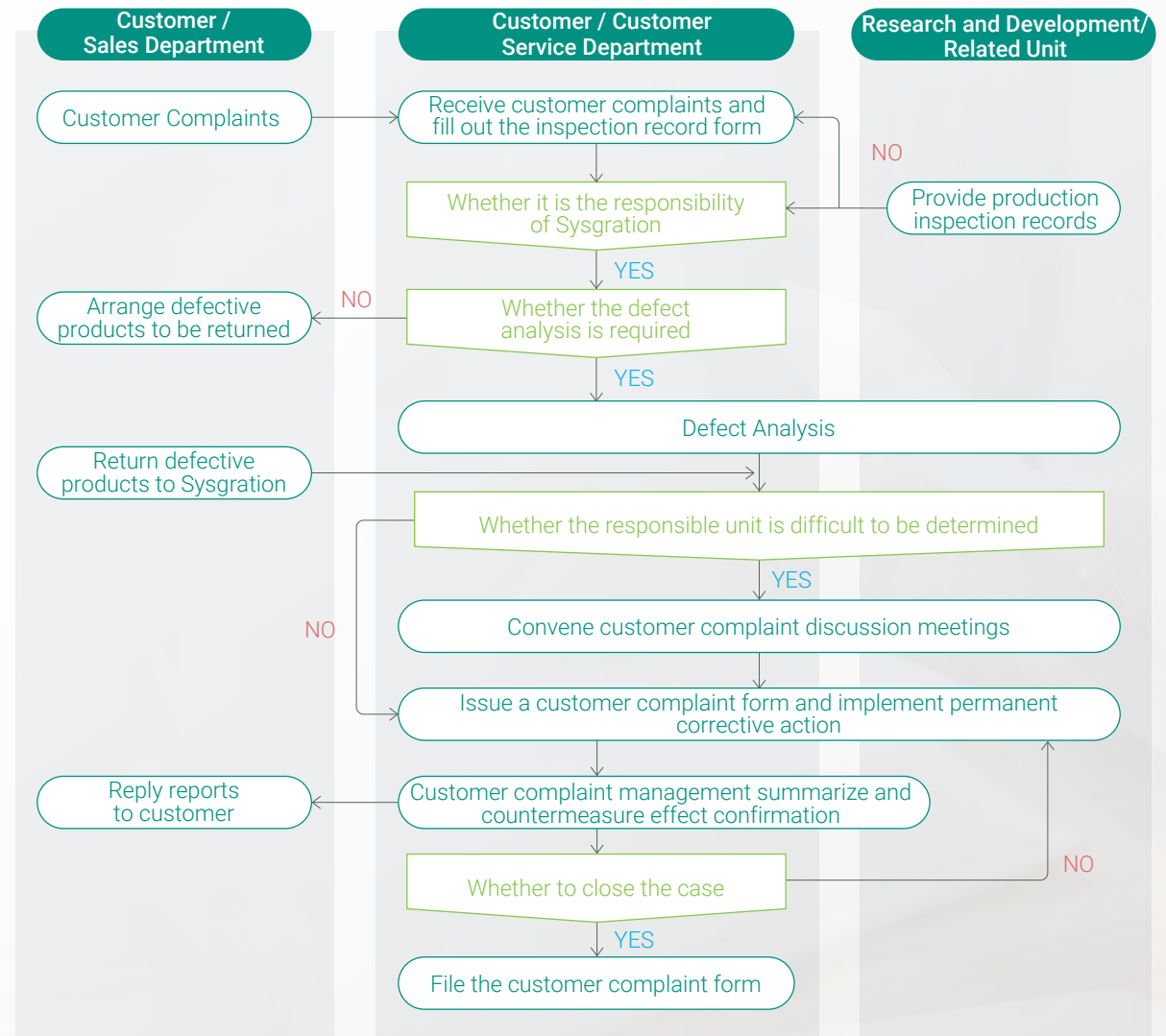
## 3.3 Customer Relationship Management

### 3.3.1 Customer Communication

Sysgration is committed to developing key technologies, and continuously providing customers with the best quality products and integrated solutions to create maximum value for customers. We actively seek and take customers' opinions from time to time to understand customer satisfaction and demand, and we efficiently respond and solve problems to provide customers with the best quality service. Sysgration established the "Communication Management Procedures" in 2007, which has listed the necessary procedures and operating regulations for the communication and feedback of different departments within the Company to external stakeholders. The procedures have clearly set up the response practices of each department for internal communication, and ways to interact with customers and other stakeholders to maintain good communication and relationship, and ensure the supply chain maintains good communication with customers.

To provide customers with real-time consulting services, Sysgration classifies the consulting cases by the organization chart for customer complaint management, providing customers with corresponding contacts to best understand their needs. In terms of internal management, Sysgration has formulated customer complaint case handling procedures and email management instructions to provide customers with the best service, protecting their rights while solving their problems efficiently. When a customer complaint case occurs, the Sales Department collects relevant data on products and services, and the R&D Engineering Department then analyzes the possible causes of customer problems and proposes countermeasures. Lastly, the Product Manager integrates internal and external resources to introduce solutions, and the Quality Management Department conducts the follow-up review and improvement plan regarding the customers' issues or requests, and tracks the subsequent improvement continuously at the same time.

#### Customer Complaint Case Handling Procedures



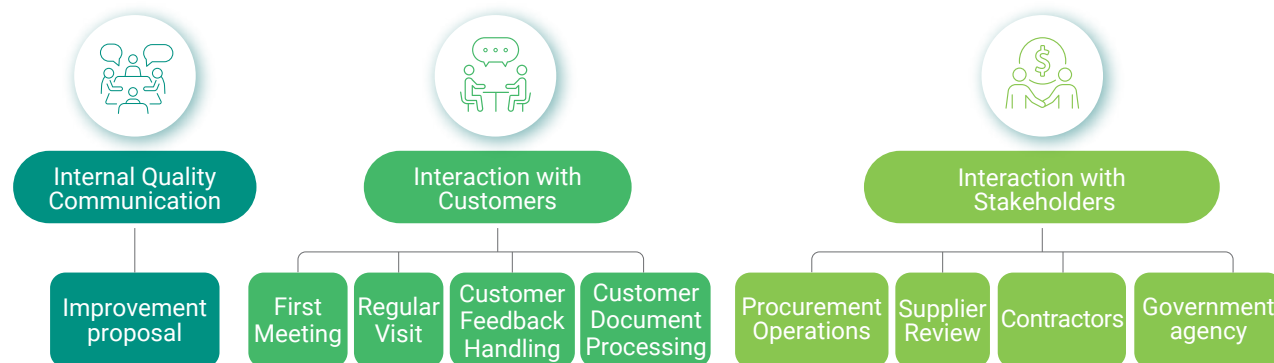
With the aim to offer customers more value-added services and the basis of our initial products and services, Sysgration proactively understands customers' in-depth needs and requests through the ways of regular meeting discussions, visiting interactions and questionnaire surveys, and communicating with customers through multiple channels, expecting to accomplish the goal of customers' satisfaction. Customers can give any comments or suggestions on Sysgration products or services through the mailbox (sales@sysgration.com) in the "Stakeholders Area" on the Company's website. The opinions of customers are responded to by designated personnel and they will serve your needs immediately.

### Customer communication channel



Note: Number of communications in 2023.

### Communication Management Procedures



### 3.3.2 Customer Satisfaction

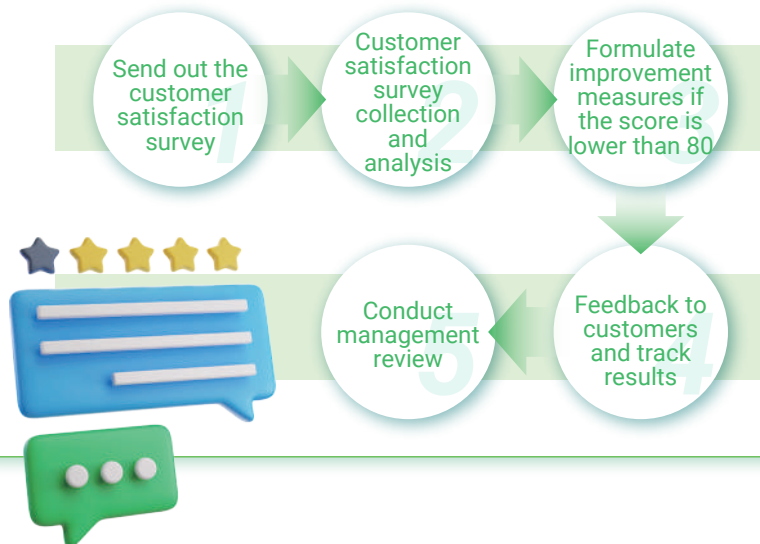
It is Sysgration's goal to meet customer demands and expectations Sysgration establishes the "Key Points of Customer Feedback Process Operation" that provides customer feedback procedures, and handles customer opinion immediately. We organize a customer satisfaction survey every year, with all satisfaction indicators reviewed at the Management Review Meeting every six months. If customer satisfaction is lower than 80 points, the Company's Quality Assurance Department will integrate customer demands to formulate improvement measures, for the Sales to report back to customers, and conduct follow-up tracking at the same time, as the reference information of the Company's long-term and short-term business plans.

## Customer Satisfaction Survey Operation

### Survey Item

- |   |   |
|---|---|
| ✓ 1. Sales Service Quality                                | ✓ 6. Shipping Product Quality and Restricted Substances Status                            |
| ✓ 2. Execution of Daily Customer Related Business Affairs | ✓ 7. Customer Complaint Response Efficiency and Corrective Preventive Measures Procedures |
| ✓ 3. Research and Development Capability                  | ✓ 8. Comprehensive Evaluation   |
| ✓ 4. Professional Technical Field                         |   |
| ✓ 5. Shipment Schedule Arrangement                        |   |

### Feedback Process



In 2023, the average customer satisfaction survey results of Sysgration reached 94.8. In the future, Sysgration will continue to stay close to customer demands, and cooperate with customers for the common good through improving management policies, including customer-oriented work integration processes, optimizing customer handling processes, and providing platforms to promote communication and innovation energy.

## Management and Strategy for Maintaining Customer Relationships

### Customer Driven Strategy

Integrate and connect industry workflows, businesses in the industry, and mobile data servers to deliver transformative customer value.

### Platform Strategy

Provide relevant developers and customers with an appropriate platform to establish and create more idea exchanges to improve product quality.

### Streamlined Experience

Simplify internal processes by increasing digitization, thereby making it easy for customers to develop their business by optimizing the user experience.





# Environmental Sustainability

# 4

- 4.1 Response to Climate Change
- 4.2 Greenhouse Gas Emissions
- 4.3 Energy Management
- 4.4 Waste Management
- 4.5 Water Resource Management

# Sustainable Performance Highlights and Corresponding SDG

## Affordable and Clean Energy

- Sysgration won **the Energy Conservation Benchmark Award** from the Ministry of Economic Affairs in 2023.
- In 2023, Sysgration's electricity generation of renewable energy was **4,180 kWh**.

## Responsible Consumption and Production

- All factories completed the Environmental Management System, **ISO 14001:2015** Certification.



## Climate Action

- Sysgration reduced approximately **125,548 kWh** of electricity consumption through multiple energy-saving measures in 2023, which was equivalent to the reduction of **62.02 metric tons** of CO<sub>2</sub>e and approximates the annual carbon absorption amount of 16% of the Da'an Forest Park.
- The total Group water withdrawal of Sysgration in 2023 was **14.14 million** liters, which is lowered by **17.45%** compared to 2022.
- Sysgration was awarded the 1.5°C label and certificate as it is one of the enterprises that fulfilled the target of temperature control within **1.5°C** at the 2nd "Enterprise 1.5°C Forum" organized by the Commonwealth Magazine.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

**13**  
CLIMATE  
ACTION



**12**  
RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



**7**  
AFFORDABLE AND  
CLEAN ENERGY





# Management Approach of Material Topic / Energy management



## Material Topic

- ▶ Energy management

## GRI Indicators

- ▶ GRI 3-3 / GRI 302-1 / GRI 302-3 / GRI 302-4 / GRI 302-5

## Description of Impact

- ▶ **Description of Positive Impacts :**

Effective energy management reduces operating costs, generates carbon reduction effects, complies with customers' expectations, and reduces the likelihood of power disruptions at operational sites.

### **Description of Negative Impacts :**

Businesses with high energy consumption may fail to meet investors' and the general public's expectations regarding energy conservation and emissions reduction, resulting in a negative corporate image and investment funding. Failure to implement energy-saving measures can lead to an increase in electricity consumption, higher electricity costs for enterprises, and negative environmental effects.

## Policies and Commitments

- ▶ Promote energy conservation management and continue to reduce energy consumption and carbon emissions to fulfill our responsibility for environmental protection and caring for the earth.

## Goals

- ▶ **Short Term (2024-2026) :**

- Taking 2021 as the base year, achieve the emission intensity reduction of electricity consumption by at least 40%.

### **Medium and Long Term (2027-2030) :**

- Taking 2021 as the base year, achieve the emission intensity reduction of electricity consumption by at least 50%.

## Responsible Unit Grievance Mechanism

- ▶ Environmental Sustainability Team
- ▶ greenteam@sysgration.com

## Action Plans

- ▶ **Negative Impact Management :**

- Adjust the air conditioner interval in plants to reduce the number and operation time of air conditioners.
- Perform maintenance for chillers regularly to maintain the highest efficiency.

### **Positive Impact Management :**

- Optimize and adjust the production line station of plants and introduce automated equipment.
- Purchase low-carbon technology equipment.

## Effectiveness Assessment

- ▶ The Management Department regularly reviews the electricity consumption based on the monthly patrol inspection results of electrical equipment.



## 4.1 Response to Climate Change

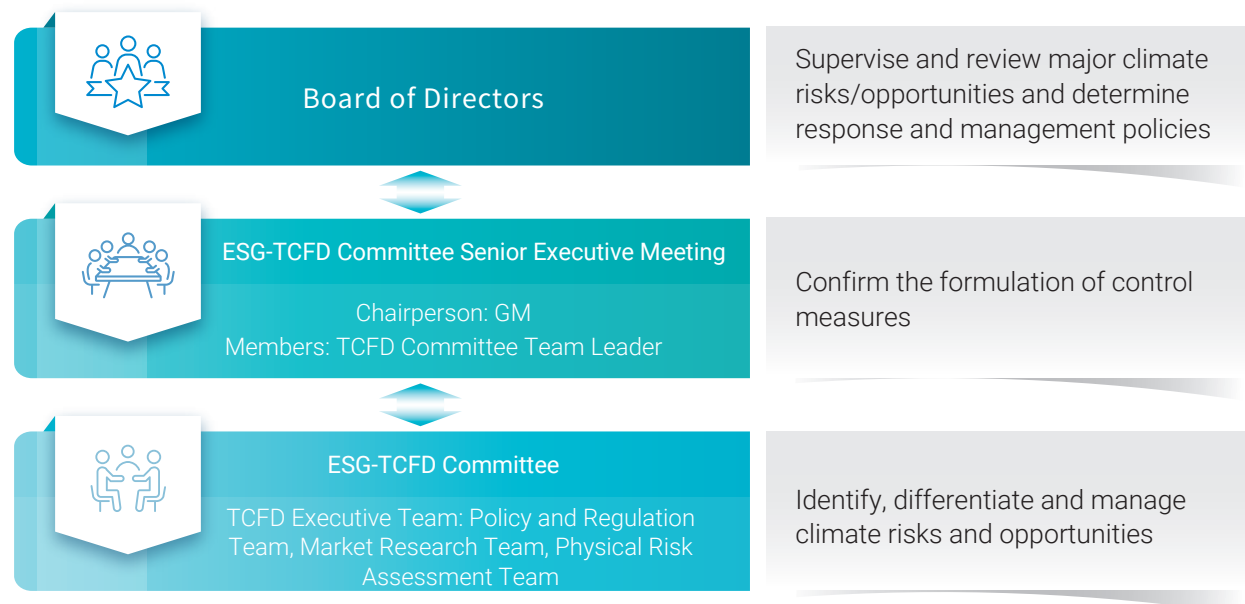
As extreme weather events have occurred frequently in recent years, the UN Climate Change Conference (COP28) organized in 2023 emphasized that the implementation of the net-zero commitment is imminent. According to The Global Risks Report 2024 published by the World Economic Forum (WEF), environmental risks (i.e., natural disasters and extreme weather events, significant changes in the ecosystem on earth, the decrease in biodiversity, and the shortage of natural resources) accounted for four out of five top long-term risks, indicating the necessity of establishing multiple global climate initiatives and multiple climate policies in different countries.

Sysgration is fully aware of the importance of climate risk management and actively establishes the Group's response measures for climate change. We followed the Task Force on Climate-related Financial Disclosures (TCFD) to identify Sysgration's key climate risks and opportunities according to four major core frameworks of governance, strategy, risk management, indicators and goals, integrated key climate risks and opportunities with the Group's overall operating risks and planned for and proposed management measures for climate risks and opportunities so as to achieve the goal of sustainable operation.

### 4.1.1 Governance

In order to effectively manage climate-related risks and opportunities, the ESG-TCFD Committee of Sysgration is convened by the General Manager and has set up three ESG-TCFD Executive Teams, the Policy and Regulation Team, the Market Research Team, and the Physical Risk Assessment Team, respectively, to identify and manage climate change risks and opportunities.

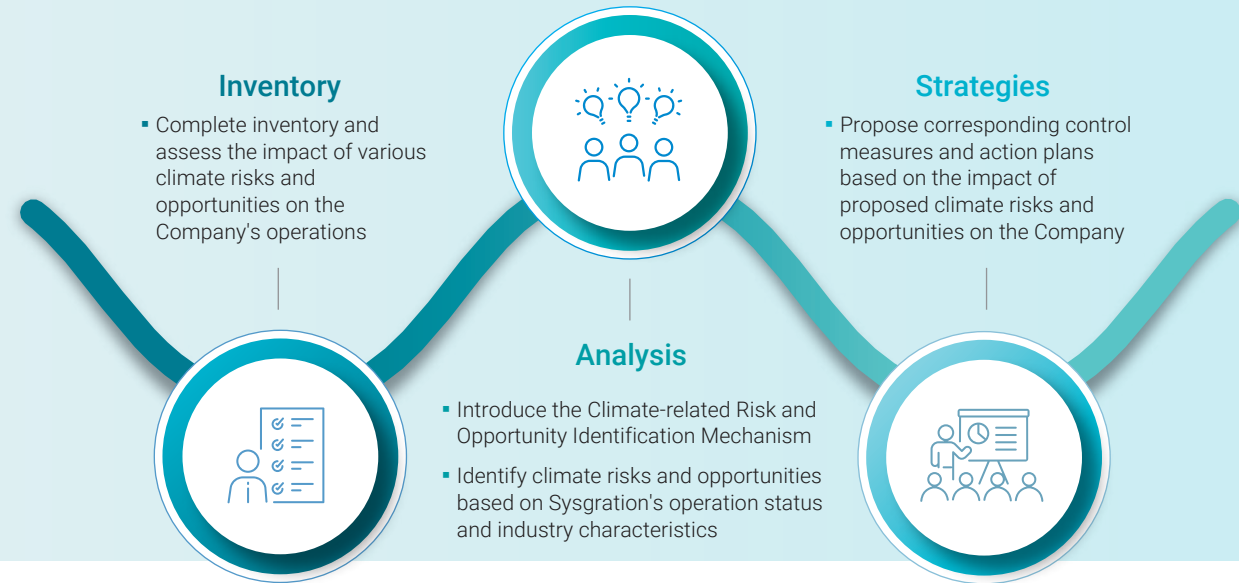
Every year, Report the results of risk and opportunity identification and differentiation to the General Manager at the ESG-TCFD Committee Senior Executive Meeting, and formulate response strategies, and regularly report the major climate risks/opportunities and response strategies faced by Sysgration to the Board of Directors, so that the Board of Directors can fully supervise and review major climate risks and opportunities, and can further determine relevant response and management policies and review the implementation status.



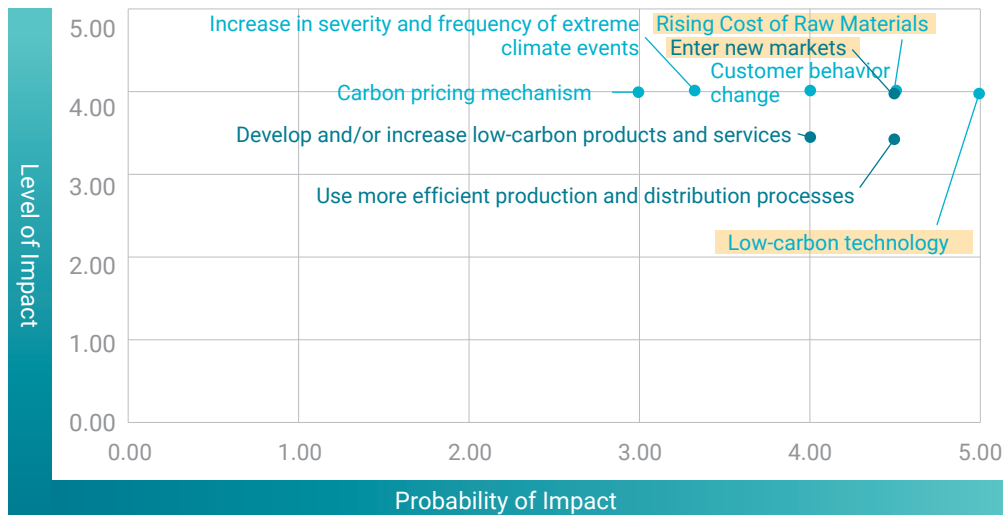


## 4.1.2 Strategies

In order to implement the determination of climate risk management, Sysgration comprehensively introduced the climate-related risk and opportunity identification mechanism, established the Climate Risks and Opportunities Matrix according to the possible impact period of short-, mid-, and long-term climate change, the affected operation factories, the probability of risk occurrence and the degree of impact on operations and through analysis and evaluation to fully inventory, assess and present the impact of various climate risk and opportunity issues on the Company's operations.






## Climate Risks and Opportunities Matrix



Order	Climate-related Risk Issues		
1	R4	Costs of low-carbon technology transformation	Significant
2	R2	Rising Cost of Raw Materials	
3	R3	Customer behavior change	
4	R5	Increase in severity and frequency of extreme climate events	
5	R1	Carbon pricing mechanism	
Order	Climate-related Opportunity Issues		
1	O1	Enter new markets	Significant
2	O2	Use more efficient production and distribution processes	
3	O3	Develop and/or increase low-carbon products and services	

## Climate Risks and Opportunities Identification Results

Type of Risks and Opportunities	Issue Definition	Company Impact Description	Impact Period	Impacted Factories	Response Strategy	
<div></div> <div>Transformation Risks</div>	Policy and Regulatory Risk	Carbon pricing mechanism	The European Union will implement the CBAM Carbon Border Adjustment Mechanism starting October 1, 2023, with full implementation in 2026; Taiwan is expected to start collecting and introducing a carbon fee in 2025. Although the Company is not the first wave of taxation objects, we still need to pay close attention to regulatory changes and updates. The national carbon emission trading market in mainland China will be launched in 2021. The first industry to be included in the trading is the electric power industry, but it is still necessary to pay close attention to the policies and industries that are subject to regulation. In the future, when carbon emissions exceed the control value, an additional purchase is required. However, the price of carbon rights should be increased year by year, resulting in cost pressures on businesses.	Mid-term (three to five years)	Company-wide	<div>1. Establish the ESG Committee and set up a Sustainable Environment Task Force to promote and supervise energy conservation and carbon reduction measures, such as replacing equipment, promoting paperless and recycling paper reuse. If the related lighting equipment in plants and office buildings requires repair or maintenance, it shall be replaced with LED energy-saving lamps or light bulbs.</div> <div>2.Establish the GHG Inventory Committee to perform an inventory of the emission sources of GHGs at all companies and plants within the Group and collect data on various emission activities for analysis for the benefit of promoting relevant carbon reduction plans.</div> <div>3.Introduce ISO 14064-1 GHG Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based Carbon Reduction initiative targets.</div> <div>4.Continue to pay attention to Mainland China's carbon trading market policies and Taiwan's carbon fee and carbon tax policies, conduct carbon inventory every year, set short-term, medium- and long-term carbon emission reduction targets and review regularly so as to cooperate with the government's relevant carbon reduction policies in the future and adjust the Company's carbon reduction strategies and action plans in a timely manner.</div>
	Market Risk	Rising Cost of Raw Materials	Natural disasters affect raw material suppliers, and increase the cost of purchasing raw materials, resulting in increased production costs. For example, due to supply chain interruptions, products fail to be delivered as scheduled; the manufacturing locations of automotive electronic components are also in Europe and the United States. For example, winter storms severely damage the power grid, resulting in power outages or production capacity crowding out after power is restored. All of this will increase the costs and increase the pressure on the Company's operating costs.	Short-term (zero to three years)	Company-wide	<div>1. Understand the production base of the upstream supply chain and provide predictive orders to facilitate production capacity planning and adjustment.</div> <div>2.Disperse the proportion of materials used for electronic components through product design and supply chain management, not limited to one brand, and avoid production in the same area.</div> <div>3.Improve research and development efforts, introduce green design, optimize production methods, and use a new recyclable integrated, simple packaging design to reduce the waste of redundant packaging materials, reduce the cost of raw materials, reduce the weight of the whole machine, reduce transportation costs, to achieve energy saving carbon reduction.</div> <div>4.Actively introduce raw material suppliers capable of implementing energy saving and carbon reduction.</div> <div>5.We plan to introduce ISO 20400 Sustainable Procurement and Sustainable Supply Chain Management in the hope of making procurement decisions that are beneficial to the organization and society while minimizing impacts on the environment.</div>
		Customer behavior change	In order to reduce the impact on the environment, many customers have requested changes in their product manufacturing or design requirements, such as replacing the battery from lead-acid batteries to lithium batteries. In addition to saving maintenance costs, it also reduces the impact of lead acid on the environment. To effectively reduce the tire wear of customer fleets, tire manufacturers propose changes by providing a Fleet Management System and integrating a Tire Pressure Monitoring System.	Mid-term (three to five years)	Company-wide	<div>1. In the development and design of tire pressure monitoring, energy storage and automotive electronics, Sysgration works closely with chip manufacturers, with new chips integrated with the original wireless communication into the main chip to reduce the PCB area and make the overall chip size smaller and lighter, reducing the raw materials needed for production processes, and shortening the time required for manufacturing, achieving the carbon reduction benefits in the product life cycle.</div> <div>2.Establish a complete customer communication channel, formulate relevant standards for compliance, and provide customer feedback procedures to instantly understand customer needs for product specifications; at the same time, visit customers regularly to discuss cooperation and integration business matters to increase customer value differentiation and assist customers in expanding low carbon product market.</div>
	Technology Risk	Costs of low-carbon technology transformation	<div><div>▪ Customers have increased demand for low-carbon and green energy-designed products, such as Fleet Management System and Bluetooth Tire Pressure Monitoring System; and all countries have also begun to increase requirements for specific products and processes, such as Europe has required mandatory installation of Tire Pressure Monitoring System for trucks, hence, investment in product research and development and process improvement costs will increase.</div><div>▪ The carbon emission requirements of the countries where each operation location is located, such as the carbon fee levied by Taiwan's Climate Change Response Act and the carbon trading in the test pilot of the carbon trading market in mainland China. If low-carbon technology transformation is not implemented, the cost of carbon fees will increase.</div></div>	Short-term (zero to three years)	Company-wide	<div>1. Set up Research and Development Departments for different product lines and combine the expertise and advantages of supply chain manufacturers to continuously develop innovative technologies in the fields of the Internet of Things, Internet of Vehicles, Energy Storage products, and Battery Energy.</div> <div>2.The development of the new Bluetooth TPMS will reduce the weight of the vehicle, reduce fuel consumption, reduce the possibility of tires being scrapped early due to insufficient tire pressure, and save fuel consumption while maintaining tire pressure.</div> <div>3.Actively encourage employees to expand the research and development achievements completed on the job, accumulate the Company's intellectual property rights, and arrange relevant, innovative research and development courses combined with environmental sustainability at the same time.</div> <div>4.Actively engage in industry-academia exchanges and cooperation with the government, academic and research institutions, and colleges and universities to introduce new technologies and new talents to join the R&amp;D of low-carbon products.</div>

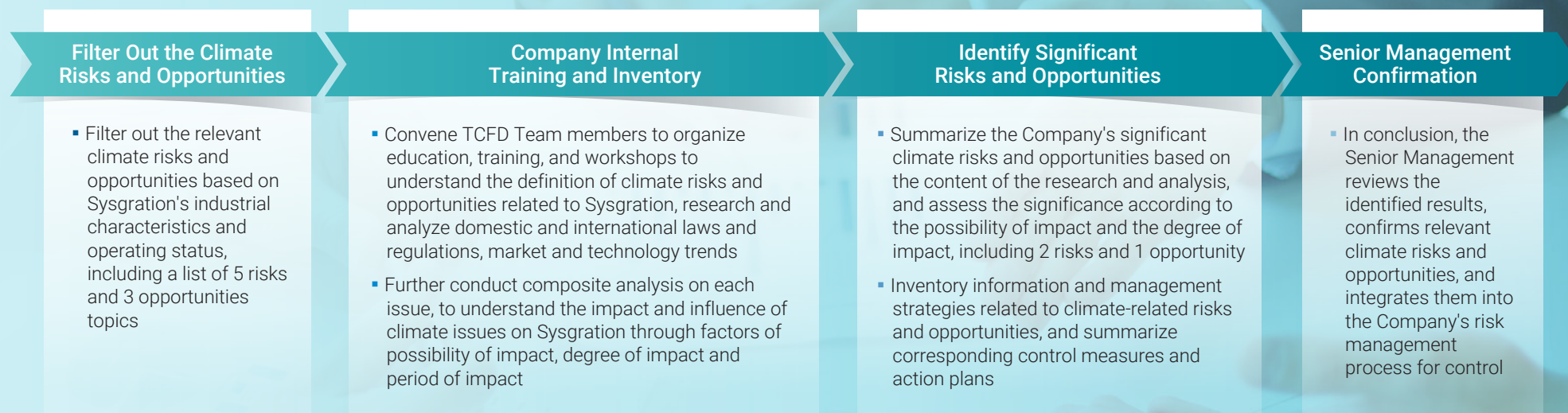
Type of Risks and Opportunities	Issue Definition	Company Impact Description	Impact Period	Impacted Factories	Response Strategy
 Physical Risk	<b>Immediate Risk</b> Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.)	In recent years, the frequency of extreme weather events has increased and lasted longer. The factory buildings may be damaged by flooding, and employees may also suffer direct or indirect injuries; and the interruption of production may lead to interruption of the supply chain, obstruction of raw material delivery, and supply interruption; For example, when a typhoon strikes, it may directly affect the transportation, delay the delivery date and shipping schedule of the supply chain, and thus unable to meet the customer delivery schedule.	Long-term (five years or above)	Nankang Plant, Zhenjiang Plant, Huizhou Plant	1. Formulate emergency response measures, prepare fire-fighting and emergency rescue equipment in advance, conduct typhoon emergency response drills at least once every year, and set up the Emergency Command Center to conduct overall emergency response management after disasters, including the immediate purchase of raw materials on the spot and emergency personnel recruitment. 2. In response to flooding caused by extreme weather events, look for warehousing places in safe areas and OEMs to assist in production; choose the mode of shipment transportation that is least affected by extreme weather events. 3. In the event of short-term power outages due to drought, diesel generators will be used for backup power generation during power outages to maintain uninterrupted production and manufacturing and avoid work suspension or production interruptions. 4. Take out relevant insurance (i.e., as natural disaster insurance) to reduce losses.
 Opportunity	<b>Market Opportunities</b> Enter new markets	<ul style="list-style-type: none"> <li>With the increase of customers' demand for Fleet Management System, Sysgration's Bluetooth TPMS can be easily integrated with the Fleet Management System, to effectively manage fleet tire wear and reduce fuel consumption and carbon emissions. And, in response to the mandatory installation of tire pressure monitoring systems for trucks in Europe, the demand has increased.</li> <li>Climate change has prompted the global automobile market to rapidly shift to electric vehicles. Sysgration has experience in the development and production of automotive electronic products. The produced Internet of Things, Internet of Vehicles, Energy Storage products and Battery Energy technologies will achieve excellent results in the next few years.</li> </ul>	Long-term (five years or above)	Company-wide	1. Continue to expand and operate with major customers of European and American OE automobile manufacturers. 2. The upstream and downstream integration and comprehensive deployment of the energy storage industry chain to bring in capital, technology, and strategic investors. 3. The Company has set up a plant in the U.S. to secure and stabilize orders from customers in Europe and America, and the new business location can also shorten the transportation time and distance for shipping to major customers in Europe and America and reduce carbon emissions. 4. Split the ESS department to establish the Power System Energy and expand the Energy Storage Equipment Construction market in 2023. 5. Research and analyze market, customer, region, society, national policies, laws and regulations, and climate-related trends, grasp the product aspect market environment and changes in policies and laws and regulations with advance deployment to increase and speed up research and development efforts, and accelerate product innovation.
	Use more efficient production and distribution processes	Reduce the proportion of rework to increase the yield rate by increasing the proportion of automated production and testing, and use big data to analyze the causes of production yield rate to implement improvement and preventive measures.	Long-term (five years or above)	Company-wide	1. Increase and improvement of automation equipment. 2. Strengthen the integrity of generating big data collection. 3. Implement personnel education and training. 4. The Nankang Plant is building a micro-grid in the factory, using the UPS System and Energy Storage System with EMS Energy Management System to effectively monitor and control the factory's power consumption and then establish solar photovoltaics for self-generation and self-use. Using green electricity to reduce carbon can also reduce contract capacity and unit production costs.
	Develop and/or increase low-carbon products and services	<ul style="list-style-type: none"> <li>Develop the distributed Energy Storage System, using lithium-ion batteries cooperated with solar photovoltaics.</li> <li>Compared with the traditional technology of Radio Frequency, the Bluetooth Low Energy TPMS can reduce the installation of materials, shorten the installation time, and make it easy to integrate with the customer's device without the need to purchase a signal amplifier.</li> <li>Develop smart glasses products, improve power saving and charging and discharging efficiency can effectively save energy, and turn to find ODM/OEM opportunities for smart glasses simultaneously.</li> </ul>	Mid-term (three to five years)	Company-wide	1. Strengthen the collection and R&D of new specification power supplies and power-saving design data, and increase the percentage of using energy-saving parts. 2. Develop multiple technologies such as Auto Location systems, to save customers installation time. 3. Use mechanism design analysis software to assess, including heat dissipation, turbulence, etc., estimate the weight and size of the product, and plan the heat conduction design aiming at the position where the heat energy occurs, effectively improving the product performance and reducing power consumption.

## Financial Impact Assessment of Material Climate Risk and Opportunity

Type of Risks and Opportunities	Issue Definition	Scope of Assessment	Climate Scenario	Timing of Impact Assessment	Financial Impact Assessment Results
Transformation Risks	Market Risk	Rising Cost of Raw Materials	Under the SSP5-8.5 scenario in the IPCC AR6 report, analyze the impact of climate and natural disasters on Sysgration's production logistics interruption and the inability of the supply chain to supply raw materials.	2046 - 2065 (mid century)	Under effective control in past operations, there was no production logistics interruption or the inability of the supply chain to supply raw materials due to climate and natural disasters, and there is no effect on the operating income.
	Technology Risk	Costs of low-carbon technology transformation	<ul style="list-style-type: none"> <li>During the course of low-carbon technology transformation, orders decrease as Sysgration's electronic products are unable to satisfy the latest low-carbon energy-saving requirements of customers or countries for products.</li> <li>Based on the Business As Usual (BAU) and IEA-Net Zero scenarios (estimated that global warming is controlled under 1.5° C), carbon fees or carbon trading fees levied for different operating plant areas, respectively, to ensure compliance with the GHG emission policies of the local competent authorities may result in financial impacts.</li> </ul>	2025	<ul style="list-style-type: none"> <li>If orders decrease as Sysgration's products fail to enter the low-carbon transformation process to satisfy the latest low-carbon energy-saving requirements of customers or countries, the financial impact accounts for 33.7% of our operating income.</li> <li>Financial impacts of carbon fees or carbon trading fees levied for different operating plant areas, respectively, to ensure compliance with the GHG emission policies of the local competent authorities:               <ul style="list-style-type: none"> <li>(1)BAU scenario: Financial impacts account for 0.03% of our operating income.</li> <li>(2)Net Zero scenario: Financial impacts account for 0.10% of our operating income.</li> </ul> </li> </ul>
Opportunity	Market	Enter new markets	The growth scenario planned for and estimated based on the entrance of Sysgration into the Bluetooth tire pressure monitoring system, V2X, power storage product, and other new markets.	2026 and 2030 (mid-to-long-term)	<p>Mid-term: It is expected to bring approximately NT\$6.1 billion in benefits from entering new markets.</p> <p>Long-term: It is expected to bring approximately NT\$7.3 billion in benefits from entering new markets.</p>

## 4.1.3 Risk Management

### Climate Change Related Risks and Opportunities Identification Process





## 4.1.4 Indicators and Goals

### Climate Indicators and Target Implementation Status

		
Low Carbon and Green Products	GHG Management	Energy Saving Management
Goals		
Set the year of 2022 as the base year for the Group's global energy storage installation capacity; the target is to grow by 5 times in 2025.	Set the year of 2021 as the base year for the greenhouse gas emissions: 1.Short-to-mid-term: 20% reduction in emissions by 2025. 2.Long-term: 50% reduction in emissions by 2030.	Set the year of 2021 as the base year for the power consumption management; the goal is to reduce the emission density of electricity consumption by at least 40% in 2026.
Implementation Status		
Sysgration has been committed to using advanced technology to produce and develop battery modules, providing solutions for electric vehicles, backup systems, and energy management. The uninterruptible power supply system has been delivered to Taiwan's first-tier manufacturers. The cumulative production of electric vehicle battery modules exceeds 2,000 sets, and the cumulative production of energy-related products exceeds 200MWh.	The calculation of greenhouse gas emissions is mainly based on Scope 2 (externally purchased electricity), accounting for 99% of the annual emissions.  In 2023, the Group's total GHG emissions were 2,616.29 metric ton/CO <sub>2</sub> e, and the emission intensity was 0.79 metric ton CO <sub>2</sub> e/million NT\$ operating income.	In 2023, the Group's total electricity consumption was 5,243,275.04 kWh, and the emission intensity of electricity consumption was 1,599.19 kWh/million NT\$ operating income.

## 4.2 Greenhouse Gas Emissions

### 4.2.1 Greenhouse Gas Emissions

To achieve the goal of have a temperature increase of no more than 2°C in the Paris Agreement, countries have been rolling out net-zero transformation policies, and the government in Taiwan also made active responses. Taiwan formally published the "Net Zero by 2050: A Roadmap for the Global Energy Sector" in March 2022. Apart from amending and approving the "Climate Change Response Act," the "TWSE and TPEX Listed Sustainable Development Action Plan" was also published in 2023 to lead enterprises to move toward net-zero. To achieve the target of net-zero by 2050, it is necessary to set carbon reduction goals, and GHG inventory shall be used as the basis for setting carbon reduction goals. In recent years, international sustainability evaluations, such as CDP (Carbon Disclosure Project) and DJSI (Dow Jones Sustainability Index), require disclosure of climate-related information, including GHG emissions, further showing the importance of GHG inventory data disclosure. As a global business citizen, Sysgration also pays attention to this issue. In 2024, we introduced ISO14064-1 Greenhouse Gas Organization Inventory Response for the parent Company of the Group, including subsidiaries in the consolidated statements, earlier than the requirements of the competent authority. Sysgration was also awarded the 1.5° C label and certificate as it is one of the enterprises that fulfilled the target of temperature control within 1.5° C at the 2nd "Enterprise 1.5° C Forum" organized by the Commonwealth Magazine, indicating Sysgration's efforts in carbon reduction to make contributions to the earth.

Scope 2 (Externally purchased electricity) is the main source of Sysgration's greenhouse gas emissions, accounting for more than 99% of the Company's emissions in the past three years. In 2023, the total GHG emissions increased mildly due to the pilot run of multiple automated production lines introduced. Through the implementation of energy-saving plans, we will continue to make efforts for the management targets of GHG reduction in the future.

## Statistics on Sysgration greenhouse gas emission data in the past three years

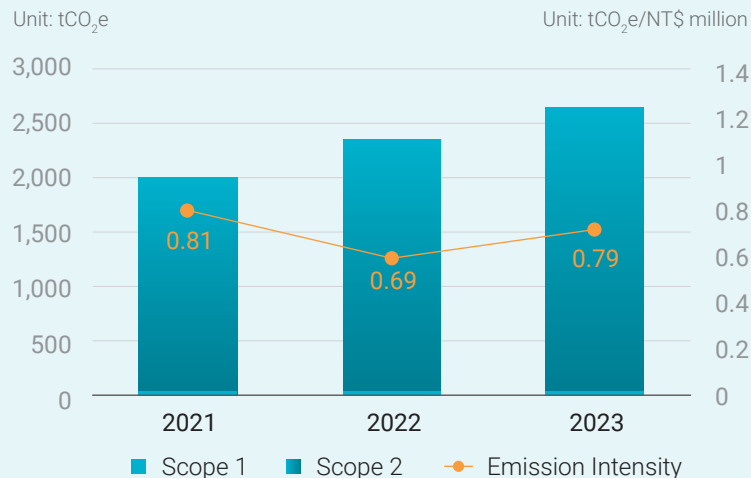
Greenhouse Gas Emissions	2021	2022	2023
Scope 1 <sup>Note 1</sup> (Unit: Ton CO <sub>2</sub> e)	30.34	25.59	26.11
Scope 2 <sup>Note 2</sup> (Unit: Ton CO <sub>2</sub> e)	1,968.05	2,345.33	2,590.18
Total emission (Unit: Ton CO <sub>2</sub> e)	1,998.39	2,370.92	2,616.29
Emission intensity <sup>Note 3</sup> (Unit: Ton CO <sub>2</sub> e /million NT\$ revenue)	0.81	0.69	0.79

Note 1: The GHG emission calculation adopts the operational control approach, and the emission is calculated by activity data\*emission factors\*GWP values (the source of coefficient refers to emission coefficient management table 6.0.4 announced by the Environmental Protection Administration (EPA) in 2019, and GWP value refers to IPCC fourth assessment report (2007). GHGs include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

Note 2: The 2023 Scope 2 carbon emission coefficient of purchased electricity is calculated by the 2023 annual electricity carbon emission coefficient of 0.494 kg CO<sub>2</sub>e/kWh announced by the Bureau of Energy.

Note 3: Emission intensity = Scope 2 carbon emissions/Sysgration million NT\$ operating income.

## Sysgration Greenhouse Gas and Intensity



## 4.2.2 Greenhouse Gas Management

Sysgration pays attention to the impact of climate change on corporate operations. We have set GHG reduction goals and adopt 2021 as the baseline year, and we expect to reduce GHG emissions by 20% and 50% by 2025 and 2030, respectively. Sysgration implements various measures for carbon reduction, including promoting paperless office, purchasing green products and raw materials, promoting the use of employees' own tableware, replacing equipment, and utilizing most optimal production methods. Through implementing these measures and actions, we strive to reduce carbon emissions gradually.



### Reduction Item : GHG Reduction

#### Measures :

1. Replace old equipment with new ones in the operation factory to improve energy efficiency and reduce greenhouse gas emissions. The Huizhou Plant added an automated production line in 2021, and the Nankang Plant started the automated production line operation in Q4 in 2022.
2. For the implementation of paperless measures, we adopt electronic sing-offs to reduce the use of paper. Meanwhile, we use recycled paper with one side printed for the second-time printing to reduce the consumption of paper.
3. Promote small-area printing for packaging materials to reduce the complexity of paper recycling while adopting low-carbon green products for raw material and equipment procurements.
4. Encourage employees to use their own eco-friendly tableware to reduce the use of disposable tableware.



Automated production lines in Huizhou Plant



Automated production lines in Nankang Plant

## 4.3 Energy Management

### 4.3.1 Energy Use

The energy consumption of Sysgration includes the externally purchased electricity, diesel and gasoline. Externally purchased electricity accounts for the largest source of energy consumption, which is mainly used for the parts and component assembly production and air conditioning system in the facility. The gasoline is mainly used for the company vehicles, while the diesel is mainly provided for the diesel forklift truck in the Plant. In 2023, the total energy consumption of Sysgration was 19,241.07 GJ, representing an increase of 13.56% from 16,944.06 GJ in 2022, primarily due to the increase in the power consumption arising from the increase in business volume of the Huizhou Plant and the increase in power consumption caused by repeated testing during pilot runs of new automated production lines of plants. In 2023, the power consumption of Nankang Plant was higher in the Taiwan area, accounting for 81.44% of the total power consumption in Taiwan. In the Mainland China area, since the scale of Huizhou Plant is relatively larger, the power consumption accounted for 88.52% of the total power consumption in Mainland China. The energy intensity of Sysgration was 5.87 (GJ/million NT\$ operating income) in 2023, representing an increase of 17.87% from the energy intensity of 4.98 (GJ/million NT\$ revenue) in 2022.

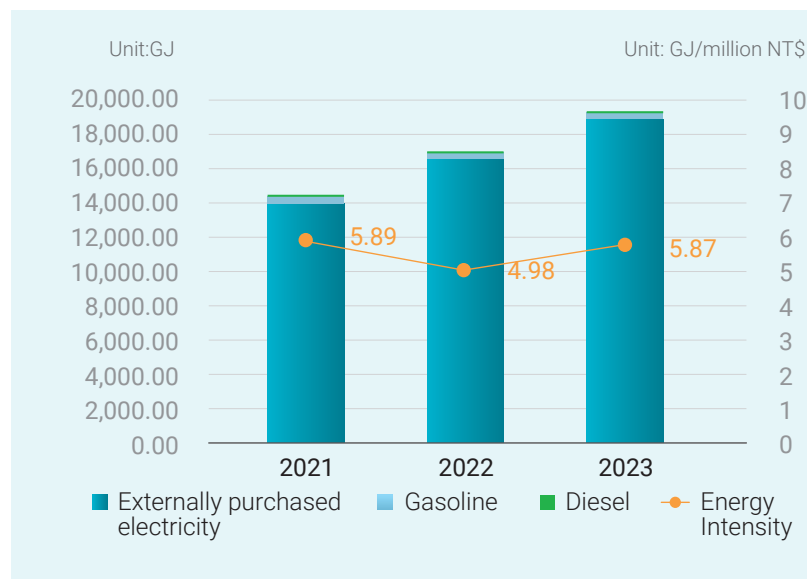
#### Statistics of Sysgration Energy Consumption Data in the Past Three Years

Category	Item <sup>Note 1</sup>	2021	2022	2023
Investment	Externally purchased electricity (GJ) <sup>Note 2</sup>	14,017.05	16,591.61	18,880.09
	Gasoline (GJ)	422.75	343.76	357.52
	Diesel (GJ)	14.01	8.69	3.46
	Total Energy Consumption (GJ)	14,453.81	16,944.06	19,241.07
Outcome	Renewable Energy Sales (GJ)	44.24	36.11	15.05
Energy Intensity (GJ/million NT\$ revenue)		5.89	4.98	5.87

Note 1: Heating values of each item: Heating values of fuels adopted from data announced by the Bureau of Energy, Ministry of Economic Affairs.

Note 2: GJ is gigajoule.

#### Sysgration Energy Consumption and Intensity



Note: The calculation of energy intensity includes Sysgration's use of electricity, gasoline, and diesel.

## 4.3.2 Energy Management

Sysgration has set goals for energy-saving. Taking 2021 as the base year, the emission intensity of electricity consumption is expected to be reduced by at least 40% by 2026. As such, to reduce the negative impacts of operating activities on the environment, Sysgration actively promotes energy management actions at plants and business locations. In 2023, in terms of energy management, we continued to maintain chillers, shorten the turning-on time of air conditioners, and rotate the use of air conditioners apart from existing measures. We reduced the power consumption of 9,136 kWh, 12,012 kWh, and 104,400 kWh at the Nankang Plant, Huizhou Plant, and Zhenjiang Plant, respectively, equivalent to the emission reduction of 62.02 tCO<sub>2</sub>e. We expect to gradually improve the energy use efficiency of each operating factory, starting from the improvement of the Energy Management System. Sysgration won the Energy Conservation Benchmark Award of the Ministry of Economic Affairs in 2023, demonstrating the excellent achievements of the implementation of energy-saving measures.

### Operation Factories Energy-saving Measures

#### Energy-saving : Energy management

##### Measures :

1. The Nankang Plant replaced mechanical air conditioners with intelligent air conditioners.
2. The Zhenjiang Plant added electric forklifts and reduced the use of diesel forklifts.
3. Each operating factory gradually replaces and plans to replace traditional lamps with energy-saving lamps.
4. Air conditioners in the office area are set to be activated after 9:00 am, and the temperature is set to 26° C.
5. Doors and windows are installed with curtains to prevent radiation heat from entering the indoor environment.
6. Fluorescent lights are turned off during lunch break, and the power is turned off after work by sections of the plant.
7. Use appliances equipped with energy saving marks in the office area.
8. Combine and integrate information systems continuously to increase efficiency.
9. Use energy saving machines of relatively higher efficiency in priority for saving electricity consumption.
10. Setting the turning on time and the rotation of air conditioners.



Nankang Plant replaced the main machinery, added air blower and cooling water tower



## 4.3.3 Renewable Energy Use

In response to the Paris Agreement, all major enterprises around the globe have responded to the requirements of governments' net zero or carbon neutral policies, and consecutively promoted low-carbon transition for building long-term climate resilience. Among them, the issue and importance of renewable energy are getting more and more attention. Sysgration invested in the construction of renewable energy facilities many years ago, and installed the PV power generation system for more than 10 years in Nankang Plant located in Nantou City, Taiwan, selling the electricity regenerated from solar energy to Taiwan Power Company to generate operating income for many years.

### Sysgration sells the electricity regenerated from solar energy to Taiwan Power Company

Year	Solar Energy	
	Regenerated Electricity (MWh)	Electricity Wholesale Amount (NT\$)
2021	12.29	104,275
2022	10.03	84,645
2023	4.18	33,860



Nankang Plant PV Photo



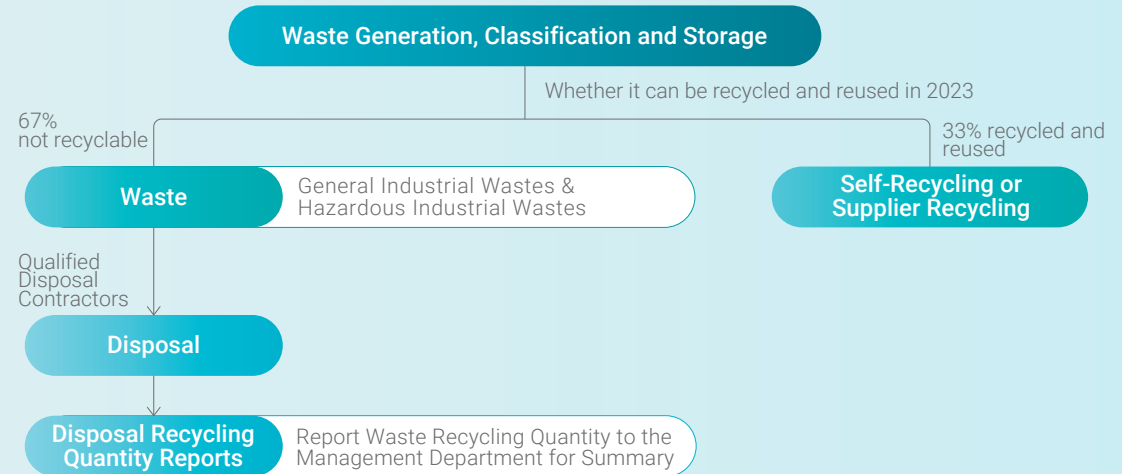


## 4.4 Waste Management

### 4.4.1 Waste Management

Sysgration performs waste disposal according to the local government's Waste Disposal Act and implements resource recycling mechanisms, regularly conducts self-audit. The disposal method of relevant industrial wastes is by outsourcing the qualified waste disposal contractors for recycling and reuse. To confirm with the related management approaches and practices, the disposal contractor shall regularly clean up in accordance with the status of waste generated in the plant sites. In 2023, the disposal contractors outsourced by Sysgration did not have any violation of laws and regulations, and the disposal data were all reported through the Internet, and paper materials including weighing order and reports delivery forms were kept.

#### Waste Management Flowchart



### 4.4.2 Waste Generation

At present, the wastes generated by Sysgration are classified into general industrial wastes and hazardous industrial wastes. The general industrial wastes are mainly paper, packaging parts and components, part and component assembly waste, and office waste, accounting for 95.87% of the total waste. The hazardous industrial wastes accounted for only 4.13% of the total wastes, which were mainly waste circuit boards and waste active charcoal (accounting for 89.58% of the hazardous industrial waste).

#### 2023 Sysgration Waste Disposal Statistics

Waste Classification	Waste Name	Generated Quantity (Metric Tons)	Disposal Quantity (Metric Tons)	Percentage of Waste Classification (%)	Disposal Method
Non-hazardous Industrial Wastes	Paper and other packaging materials	21.10	21.10	22.68%	Recycling
	Electronic scrap	59.23	59.23	63.67%	Incineration (excluding energy recovery)
	Others <sup>Note1</sup>	8.86	8.86	9.52%	Recycled/incineration (excluding energy recovery)
Hazardous business waste	Industrial Waste Liquid	0.40	0.40	0.43%	Recycling
	Other Wastes <sup>Note2</sup>	3.44	3.44	3.70%	Recycled/incineration (excluding energy recovery)

Note 1: Other non-hazardous wastes include metal wastes from the Zhenjiang Plant and general wastes from the Huizhou Plant.

Note 2: Other hazardous wastes are from PCB boards and waste active carbon waste from Nankang Plant and Huizhou Plant.

## Statistics of Sysgration Waste Data in the Past Three Years

Classification of Waste Attribute		2021		2022		2023	
		On-site	Off-site	On-site	Off-site	On-site	Off-site
General Industrial Wastes (Tons)	Recycle and Reuse	0	85.16	0	138.00	0	29.55
	Incineration (excluding energy recovery)	0	41.15	0	0	0	59.64
Hazardous Industrial Wastes (Tons)	Recycle and Reuse	0	0.92	0	0.20	0	1.15
	Incineration (excluding energy recovery)	0	0	0	2.08	0	2.69
Total Waste Disposal (Tons)		0	127.23	0	140.28	0	93.03

## 4.4.3 Waste Reduction Measures

In the future, we will reduce pollution emission through various measures including process design, technology improvement, and continuous promotion of materials recycling and reusing.



### Reduction Item : Waste management

#### Measures :

1. Continue to promote waste classification and reduction from the source, through the automated production lines and improvement of process technology, the reduction of raw materials, the use of simple and lightweight environmentally friendly packaging materials, and the recycling of packaging materials in the factory area (such as the use of recyclable plastic pallets and tenons wooden boxes for transportation) and other source management measures to reduce the amount of waste.
2. Comply with related laws and regulation of plant waste disposal and recycling and implementing the resource recycling mechanism.
3. Waste batteries, carbon cartridges, PET bottles and papers are all classified to implement the resource recycling and classification mechanism.
4. Encourage all employees to execute waste reduction projects.

## 4.5 Water Resource Management

### 4.5.1 Water Resource Risk Assessment

In recent years, the risk of water resource shortage has increased as extreme weather occurs more frequently. In the face of the pressure from the external water environment, Sysgration implements sustainable management of water resources and takes action to cope with the global water shortage.



Factory	WRI Aqueduct
Taipei Headquarters, Taiwan	Low-Medium
Nankang Plant, Taiwan	Low-Medium
Zhenjiang Plant, Mainland China	Medium-High
Huizhou Plant, Mainland China	Medium-High

Note 1: The above result was obtained using WRI Aqueduct Water Risk Atlas to conduct the overall water risk assessment for each operation location of Sysgration (inquiry date: 09/2023).

Note 2: PTE and the Taipei Head Office of Sysgration are located in the same office building.

In order to avoid the potential risk that each operation factory taking water from the areas with High Baseline Water Stress and affecting the local ecology and residents' water use, Sysgration assessed the overall water risk of each operation location using the water assessment tool of Aqueduct Water Risk Atlas of the World Resources Institute (WRI). This simulation analysis will be incorporated into the consideration of future operation strategies. The overall water risk classification of Taipei Head Office<sup>Note2</sup> and Nankang Plant is Low-Medium risk, and the overall water risk classification of Zhenjiang Plant and Huizhou Plant in Mainland China is Medium-High risk. Although the Plants are located in water stress areas, the operations have not experienced water shortage or flooding. To cope with emergency or natural disasters, Sysgration has established an emergency response plan/procedure, and the employees of plant sites can follow the procedure to reduce the overall disaster losses.

## 4.5.2 Water Withdrawal, Water Discharge, Water Consumption

Currently, all water sources of Sysgration are tap water, and the water consumed by all plant sites is for operational use, not for industrial use. Water sources: Taipei Head Office and PTE is Feitsui Reservoir, Taiwan Nankang Plant is Sun Moon Lake Reservoir, Huizhou Plant is Daya Bay Fengtian Reservoir, and Zhenjiang Plant is the lower reaches of the Yangtze River and North Hankou in Changzhou. Factory discharge is converged according to the local laws and discharged from sewage treatment plants in the industrial zone of the area. The final discharge of Nankang factory is Maoluo Creek, the final discharge of Zhenjiang factory is Yangtze River, and the final discharge of Huizhou factory is Yanqian River of Daya Bay. In 2023, the total water withdrawal was 14.14 million liters, lowered by about 17.45% compared with 2022. The Taiwan area accounted for about 54.53% of the overall water consumption, and the factories in Mainland China accounted for 45.47%.

### Statistics of Sysgration Water Use Data in the past Three Years

Water Use		Factory	2021	2022	2023
Water Withdrawal	Third Party Water (Tap Water)	Taipei Head Office	2.76	2.77	2.59
		Nankang Plant	6.99	6.89	4.98
		Huizhou Plant	6.66	5.83	4.93
		PTE	-	-	0.14
		Zhenjiang Plant	1.95	1.64	1.50
		Total	18.36	17.13	14.14
Water Withdrawal		Taipei Head Office	2.76	2.77	2.59
		Nankang Plant	6.99	6.89	4.98
		Huizhou Plant	6.66	5.83	4.93
		PTE	-	-	0.14
		Zhenjiang Plant	1.95	1.64	1.50
		Total	18.36	17.13	14.14
Water Consumption		Taipei Head Office	2.76	2.77	2.59
		Nankang Plant	6.99	6.89	4.98
		Huizhou Plant	6.66	5.83	4.93
		PTE	-	-	0.14
		Zhenjiang Plant	1.95	1.64	1.50
		Total	18.36	17.13	14.14

Water Use		Factory	2021	2022	2023
Water Withdrawal Intensity <sup>Note5</sup>		Taipei Head Office	0.001	0.001	0.001
		Nankang Plant	0.003	0.002	0.002
		Huizhou Plant	0.003	0.002	0.002
		PTE	-	-	0.000
		Zhenjiang Plant	0.001	0.000	0.000
		Total	0.007	0.005	0.004

Note 1: The statistics of water resource data cover Sysgration's Taipei Head Office, Nankang Plant, Huizhou Plant, PTE and Zhenjiang Plant. PTE is the subsidiary newly established in 2023 after the split of Sysgration's power storage business department; therefore, relevant data is calculated separately starting from 2023.

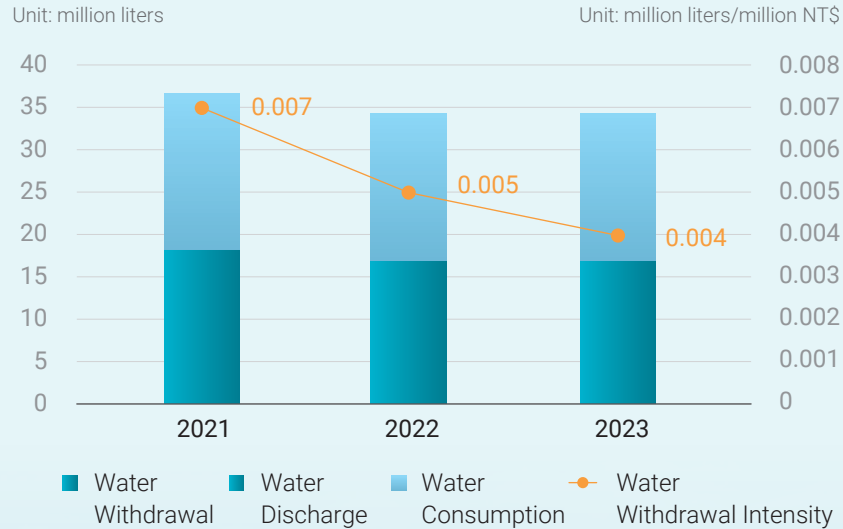
Note 2: All of Sysgration's factories do not have water sources from seawater or areas with high water pressure; water sources include Feitsui Reservoir and Sun Moon Lake Reservoir (Taiwan), the lower reaches of the Yangtze River and North Hankou in Changzhou (Mainland China).

Note 3: The water discharge of Sysgration is after passing through the water treatment plant in the Industrial Park, confirmed to comply with the laws, regulations, and standards, then finally discharged into the receiving water body.

Note 4: Water Withdrawal = Water Discharge + Water Consumption.

Note 5: Water Withdrawal Intensity = Annual Total Water Withdrawal / Sysgration Revenue; Unit: million liters/million NT\$.

### Water Resource Consumption and Intensity



### 4.5.3 Water-Saving Management

Although Sysgration is not a large water user, we have spared no effort in water resources management. Taking 2021 as the base year, Sysgration sets the goal of reducing water use intensity by at least 50% in the next five years, and the water use intensity in 2023 has been lowered by 42.86% compared with 2021. Sysgration continues to promote the measures of water resource utilization efficiency improvement, mainly prioritizing the improvement and replacement of the office and toilet equipment. In the future, we will gradually implement comprehensive water resource management measures to further optimize the water use efficiency of the factories.

#### Reduction Item : Water-Saving Management

##### Measures :

1. Post water-saving slogans to remind employees to develop the habit of turning off water at any time.
2. Install sensor faucets at all operation locations to appropriately save the amount of water consumption.





The background of the slide features a close-up, slightly blurred photograph of several hands giving thumbs up. The hands are of various skin tones, suggesting a diverse group of people. The lighting is bright and warm, with a soft orange glow. The thumbs are pointing upwards, creating a sense of approval and positivity. The overall composition is clean and modern, with a focus on human connection and success.

# Employee Care and Social Co-prosperity

# 5

- 5.1 Employment Relations
- 5.2 Friendly Workplace
- 5.3 Talent Management Communication and Salary Guarantee
- 5.4 Human Rights Protection
- 5.5 Occupational Health and Safety
- 5.6 Social Participation

# Sustainable Performance Highlights and Corresponding SDG

## Health and Welfare

- Sysgration signed a contract with Pojen General Hospital for professional doctors and nurses to come to the Company and provide employee health consultation regularly, employees with routine health examinations every year, and ionizing radiation, hearing, and occupational disease special health examination for the personnel engaged in special operations.

## Quality Education

- Continue to carry out industry-academia collaboration with the National Taipei University of Technology and the National Taiwan University of Science and Technology to jointly develop green energy products and technologies to expand social influence.

## Gender Equality

- We encourage diversity and equality in the workplace. In 2023, female employees represented **50%** of all employees and **20.7%** of senior supervisory positions.

## Decent Work and Economic Growth

- All factories completed the ISO 45001:2018 Occupational Safety and Health System Certification.
- Organized a total of **121 hours** of Employee Occupational Safety and Health related training, with **1,939 person-times** participated.
- In 2023, the Taipei Head Office, Nankang Plant, Huizhou Plant, PTE, and Zhenjiang Plant did not have incidents related to human rights violations.

## Partnerships for the Goals

- Social participation includes cultivation and development, relief and care, and environmental sustainability, and we invested resources of approximately **NT\$6.32 million** in 2023.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



# Management Approach of Material Topic / Occupational Health and Safety



## Material Topic

- ▶ Occupational Health and Safety

## GRI Indicators

- ▶ GRI 3-3 / GRI 403-1 / GRI 403-2 / GRI 403-3 / GRI 403-4 / GRI 403-5 / GRI 403-6 / GRI 403-7 / GRI 403-8 / GRI 403-9 / GRI 403-10

## Description of Impact

### Description of Positive Impacts :

Employees are the material human capital of the Company. We properly manage occupational disaster risks, provide employees with a safe and healthy working environment, and work together with employees to build a safe, healthy, vigorous, and friendly working environment to create a healthy workplace culture and protect the physical, mental, and social health of employees. These are the basic commitments of Sysgration to employees.

### Description of Negative Impacts :

If occupational disasters occur to employees during work, they will seriously lead to interruption of Company operations and a decline in productivity. The resulting losses may have significant and long-term impacts on the Company and may also cause serious damage to reputation or related legal proceedings.

## Policies and Commitments

- ▶ Sysgration complies with laws and regulations related to occupational safety and health, has established its "Occupational Safety and Health Policy" and "Procedures for Occupational Safety and Health Risk Evaluation," and is committed to jointly building working environments of safety, health, vitality, and friendliness, creating a healthy working culture, and protecting employees' mental, physical, and social health.

## Goals

### Short-term (2024 - 2026) :

- Maintain the effectiveness of occupational health and safety management system ISO 45001:2018.
- Establish a friendly working environment and protect the work safety and health of laborers.
- The annual health inspection participation rate of employees is 95% or above.
- Improve the safety and health knowledge of employees and cultivate their safety and health knowledge and skills.

### Medium-to-long-term (2027 - 2030) :

- Pursue the establishment of a safe and healthy work environment.
- Maintain the effectiveness of occupational health and safety management system ISO 45001:2018.
- Contractor operational safety and achieve 100% safety promotion.
- Improve employees' safety and health knowledge, constantly improve safety and health audit performance, and continue to move toward the goal of zero disasters and zero accidents.

## Responsible Unit Grievance Mechanism

- ▶ Safety and Health Committee
- ▶ Employees : Opinion@sysgration.com / (02) 2790-0088 ext 1830

## Action Plans

### Negative Impact Management :

- Establish emergency response process for operation field hazardous chemical use and contact personnel, and implement chemical leakage emergency response drill.
- Perform accidental environmental incident emergency response drill, plant site and dormitory area fire evacuation and escape emergency response drill.

### Positive Impact Management :

- Organize regular occupational health inspections for and annual health inspections for employees and provide health consultation services to effectively reduce the occurrence of occupational hazards.
- Provide diverse education and training courses to employees, including occupational safety and health education and training, fire prevention safety education and training, occupational disease protection and case study, safe production, hazardous chemical emergency response advance handling, etc., in order to improve the safety awareness of employees, to handle emergency response and hazard self-rescue ability.
- Launch the publicity campaign for the Act on the Prevention and Control of Occupational Diseases.

## Effectiveness Assessment

- ▶ In 2023, the ISO 45001 external audit of the Group indicated no deficiencies.
- Convene Occupational Safety and Health Committee meetings periodically and perform annual internal audits.
- Implement annual employee awareness evaluation, in order to manage employees' understanding and awareness status with respect to occupational safety and health.



# Management Approach of Material Topic / Human rights



## Material Topic

- ▶ Human rights

## GRI Indicators

- ▶ GRI 3-3 / GRI 406-1 / GRI 408-1 / GRI 409-1

## Description of Impact

- ▶ **Description of Positive Impacts :**

Comply with local laws and regulations and industrial requirements, protect employees' human rights in the workplace, and provide a workplace environment of dignity, equality, and diversification so that the Company can gain a better reputation and competitive advantages for talents.

- ▶ **Description of Negative Impacts :**

The illegal employment of child labor or forced labor by the Company will result in the harm of brand image of the Company and customers, affect customers' orders, and affect corporate reputation.

## Policies and Commitments

- ▶ The labor human rights policy of Sysgration complies with the "UN Universal Declaration of Human Rights," "The UN Global Compact," "ILO Convention," "Code of Conduct - Responsible Business Alliance (RBA)," "International Labor Office Tripartite Declaration of Principles (the "ILO MNE Declaration," and other international labor and human rights standards, as well as labor regulations where the operations are located.

## Goals

- ▶ **Short-term (2024 - 2026) :**

- Formulate the labor human rights policy and include it in the Employee's Handbook for communication with all employees.
- Incorporate the labor human rights policy and regulations into new employee orientation courses to achieve the 100% training target.

- ▶ **Medium-to-long-term (2027 - 2030) :**

- Carry out the latest RBA training twice a year, and all employees complete the training.

## Responsible Unit

- ▶ GM's Office

## Grievance Mechanism

- ▶ Employees and other stakeholder: hr@sysgration.com / Suppliers: scm@sysgration.com

## Action Plans

- ▶ **Negative Impact Management :**

- Formulate the labor human rights policy.
- Prohibit the employment of child labor<sup>Note</sup>, support the elimination of improper and illegal commercial transactions related to child labor, and implement measures to examine the age of new employees based on relevant legal requirements and ethical specifications.
- Declare and promise not to accept the use of metals provided by illegal smelters in conflict mineral areas and require suppliers to comply with the same and sign the statement for not using conflict minerals.

- ▶ **Positive Impact Management :**

- RBA applies to the labor human rights guidelines of Sysgration and suppliers. The Company shall comply with relevant requirements, and it shall require suppliers to comply with labor human rights-related requirements in RBA.

Note: In Taiwan, child labor is defined as employed workers who are aged 15 but less than 16; in Mainland China, any employee less than the age of 16 is considered child labor.

## Effectiveness Assessment

- ▶ In 2023, there were discrimination, child labor, forced labor, and other human rights incidents in the Company.
- ▶ RBA annual audit result: Nankang Plant encountered priority non-conformities in 2023 due to the RBA zero-fee clause. After improvements, it passed the audit in April 2024; Huizhou Plant did not have priority non-conformities in the RBA audit result in 2023 ; there were no RBA audits by customers for Zhenjiang Plant in 2023.



# Management Approach of Material Topic / Social Participation



## Material Topic

- ▶ Social Participation

## GRI Indicators

- ▶ GRI 3-3 / GRI 413-1 / GRI 413-2

## Description of Impact

- ▶ **Description of Positive Impacts :**

The Company takes the lead and continues to engage in social participation, community care, and other charitable and public welfare events. Apart from enhancing the Company's image, we hope to further inspire enterprises within the industry to join such charitable causes, forming a positive cycle.

## Description of Negative Impacts :

If the Company fails to engage in social participation, community care and other charitable and public welfare events to the best of its ability, local communities and disadvantaged groups will not receive sufficient resources for life and development, resulting in information, knowledge, and skill gaps, which may be not favorable to the growth and co-prosperity of society as a whole.

## Policies and Commitments

- ▶
  - Continue to reduce students' burden through industry-academia collaboration and scholarship sponsorship and cultivate sports/medical development.
  - Provide underprivileged groups with the necessary care and assistance to help them develop independently.
  - Give back to society in a way that integrates with environmental sustainability.

## Goals

- ▶ **Short-term (2024 - 2026) :**

- Growth in the participation in/organization/number of participations/invested resources of public welfare events each year by 1 -2%

## Medium-to-long-term (2027 - 2030) :

- Growth in the participation in/organization/number of participations/invested resources of public welfare events each year by 2 -3%
- Continue to encourage employees to actively participate in public welfare activities

## Responsible Unit

- ▶ ESG - Social Care Team

## Grievance Mechanism

- ▶ social-caring@sysgration.com

## Action Plans

- ▶ We implement various social participation projects with the three major themes of "cultivation and development," "relief and care," and "environmental sustainability" to promote the values of Sysgration: Honesty, Enthusiasm, Commitment, and Innovation
  - Cultivation and development: Industry-academia collaboration, sports promotion, medical development, and sponsorship of tuition and miscellaneous fees
  - Relief and care: Care for communities and the physical and mental health of disadvantaged groups and provide emergency relief
  - Environmental sustainability: Actions that contribute to environmental sustainability, energy conservation, and carbon reduction

## Effectiveness Assessment

- ▶ Engage in evaluations and follow-ups based on the direct or indirect indicators for resources invested in the three major themes of cultivation and development, relief and care, and environmental sustainability: (1) The number of activities (2) The proportion of resources invested in the three major axes (3) The type of resources invested

The Social Care Team shall regularly track the implementation progress

Number of events on the three major themes in 2023: 20 sessions  
 (1) Cultivation and development (55%): 11 sessions  
 (2) Relief and care (30%): 6 sessions  
 (3) Environmental sustainability (15%): 3 sessions

Resources invested in the three major themes/proportions in 2023  
 (1) Cultivation and development (95%): NT\$5,995,362  
 (2) Relief and care (3%): NT\$187,125  
 (3) Environmental sustainability (2%): NT\$135,413

Type of resources invested in 2023: NT\$6,317,900  
 (1) Cash donation/sponsorship (94%): NT\$5,924,500 (88% of which is industry-academia collaborations with a total amount of NT\$5,222,500)  
 (2) In-kind donation (3%): NT\$212,727  
 (3) Event expenditure and cost (3%): NT\$162,673

## 5.1 Employment

### 5.1.1 Employee Structure

Sysgration respects each employee, and deems each employee the most important asset and human resource capital of the Company. It emphasizes humanity management and maintains proper interaction between labor and management, in order to establish an energetic organization and friendly working environment for the pursuit of a sustainable future jointly. As of the end of 2023, Sysgration has a total of 550 employees, including 369 persons in Taiwan and 181 persons in Mainland China; the ratio of male employees to female employees is 1:1. There are 38 non-employee workers, of whom 23 are male, and 15 are female, and they are short-term dispatched workers for the production line.

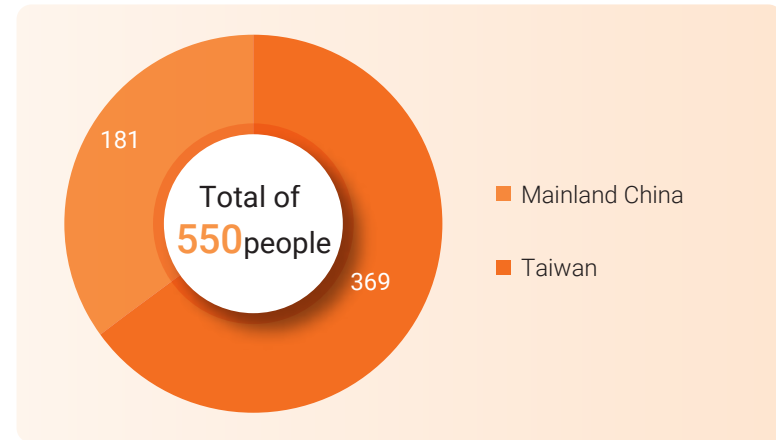
To cooperate with the government's policy for the employment of physically and mentally disabled people, in 2023, Sysgration employed a total of 6 physically/mentally disabled employees, and we also employed 61 foreign employees. We are committed to creating a diversified working environment.

#### Group Total

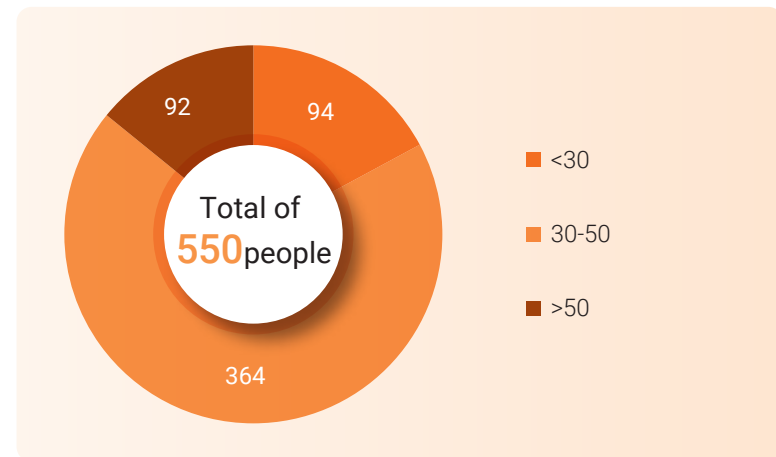
Gender \ Age (years old)	<30	30-50	>50	Total	
				Total number of people	Percentage (%)
Male	43	172	60	275	50
Female	51	192	32	275	50
Total	94	364	92	550	100

Note: The number of employees adopted the value on the end day of the reporting period (2023.12.31).

#### Number of employees of each region



#### Employee age distribution



### Taipei Head Office

Item	Classification	Male		Female		Subtotal	
		Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)
Contract type	Full-time	122	71.3	49	28.7	171	100
Job type	Management	66	54.1	20	40.8	86	50.3
	Non-supervisory staff	56	45.9	29	59.1	85	49.7
Age (years old)	<30	11	9	1	2	12	7
	30-50	72	59	34	69.4	106	62
	>50	39	32	14	28.6	53	31
Total		171 persons					

Note 1: Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, and non-guaranteed hours employees.

Note 2: The definition of supervisory staff refers to employees above the job rank of deputy manager.

### Nankang Plant

Item	Classification	Male		Female		Subtotal	
		Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)
Contract type	Full-time	63	35.2	116	64.8	179	100
Job type	Management	11	17.5	3	2.6	14	7.8
	Non-supervisory staff	52	82.5	113	97.4	165	92.2
Age (years old)	<30	13	20.6	32	27.6	45	25.1
	30-50	38	60.3	67	57.8	105	58.7
	>50	12	19.1	17	14.7	29	16.2
Total		179persons					

Note 1: Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, and non-guaranteed hours employees.

Note 2: The definition of supervisory staff refers to employees above the job rank of deputy manager.

### Huizhou Plant

Item	Classification	Male		Female		Subtotal	
		Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)
Contract type	Full-time	47	43.1	62	56.9	109	100
Job type	Management	5	10.6	2	3.2	7	6.4
	Non-supervisory staff	42	89.4	60	96.8	102	93.6
Age (years old)	<30	11	23.4	13	21	24	22
	30-50	34	72.3	48	77.4	82	75.2
	>50	2	4.3	1	1.6	3	2.8
Total		109 persons					

Note 1: Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, and non-guaranteed hours employees.

Note 2: The definition of supervisory staff refers to employees above the job rank of deputy manager.

### PTE

Item	Classification	Male		Female		Subtotal	
		Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)
Contract type	Full-time	17	89.5	2	10.5	19	100
Job type	Management	11	64.7	0	0	11	57.9
	Non-supervisory staff	6	35.3	2	100	8	42.1
Age (years old)	<30	3	17.7	1	50.0	4	21.1
	30-50	8	47.1	1	50.0	9	47.4
	>50	6	35.2	0	0.00	6	31.5
Total		19 persons					

Note 1: Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, and non-guaranteed hours employees.

Note 2: The definition of supervisory staff refers to employees above the job rank of deputy manager.

## Zhenjiang Plant

Item	Classification	Male		Female		Subtotal	
		Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)
Contract type	Full-time	26	36.1	46	63.9	72	100
Job type	Management	3	11.5	0	0	3	4.2
	Non-supervisory staff	23	88.5	46	100	69	95.8
Age (years old)	<30	5	19.2	4	8.7	9	12.5
	30-50	20	76.9	42	91.3	62	86.1
	>50	1	3.9	0	0	1	1.4
Total		72persons					

Note 1: Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, and non-guaranteed hours employees.

Note 2: The definition of supervisory staff refers to employees above the job rank of deputy manager.

## 5.1.2 New and Resigned Employees Statistics

Item	Classification	Taipei Head Office				PTE				Nankang Plant				Huizhou Plant				Zhenjiang Plant			
		New employees		Resigned employees		New employees		Resigned employees		New employees		Resigned employees		New employees		Resigned employees		New employees		Resigned employees	
		Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)	Number of people	As a percentage of that category (%)
Gender	Male	37	82.2	29	65.9	19	86.4	2	66.7	6	66.7	12	48	28	44.4	30	55.6	3	42.9	2	22.2
	Female	8	17.8	15	34.1	3	13.6	1	33.3	3	33.3	13	52	35	55.6	24	44.4	4	57.1	7	77.8
Age (years)	<30	9	20	7	15.9	4	18.1	0	0	5	55.6	12	48	33	52.4	31	57.4	1	14.3	4	44.4
	30-50	29	64.4	26	59.1	12	54.5	3	100	4	44.4	9	36	29	46	21	38.9	6	85.7	4	44.4
	>50	7	15.6	11	25	6	27.4	0	0	0	0	4	16	1	1.5	2	3.7	0	0	1	11.1
Total		45		44		22		3		9		25		63		54		7		9	



## 5.1.3 Talent Recruitment



Sysgration follows fair, impartial, and open recruitment procedures without discriminating against applicants due to their nationality, religion, race, and gender. In response to our business strategy development, we adhere to the philosophy of suitability and meritocracy and actively recruit outstanding talents in the hope of reinforcing our R&D and technical capabilities and improving the application development of power storage equipment, V2X, and tire pressure monitoring systems. Sysgration implements personnel recruitment according to the "New Employee Recruitment Management Regulations", and the recruitment process includes talent selection, interview, job offer and report to work.

In the talent selection stage, in addition to posting the recruitment information on the recruitment platform, we also actively participate in campus recruitment activities, hoping to recruit more outstanding talents. Through the cultivation of professional and technology talents, Sysgration hopes to provide greater and premium technical services to customers in order to improve the competitiveness necessary facing the constantly changing global market and relevant supply chain.



Campus Talent Recruitment Fair

## 5.2 Friendly Workplace

Sysgration values employee health and welfare, and we actively establish a friendly working environment for employees. We are committed to protecting the demands of women and female employees and providing comprehensive employee benefits in order to improve the happiness of employees at the workplace and employees' recognition for the Company. To promote employees' health and balance between work and living, the Company irregularly organizes book clubs, movie appreciations, and team-building activities to improve favorable interactions and exchanges between employees so as to achieve the effects of pressure relief and physical and mental health.

Huizhou Plant birthday party



Zhenjiang Plant birthday party



Nankang Plant birthday party



Taipei Head Office birthday party





Nankang Plant company trip for 2023



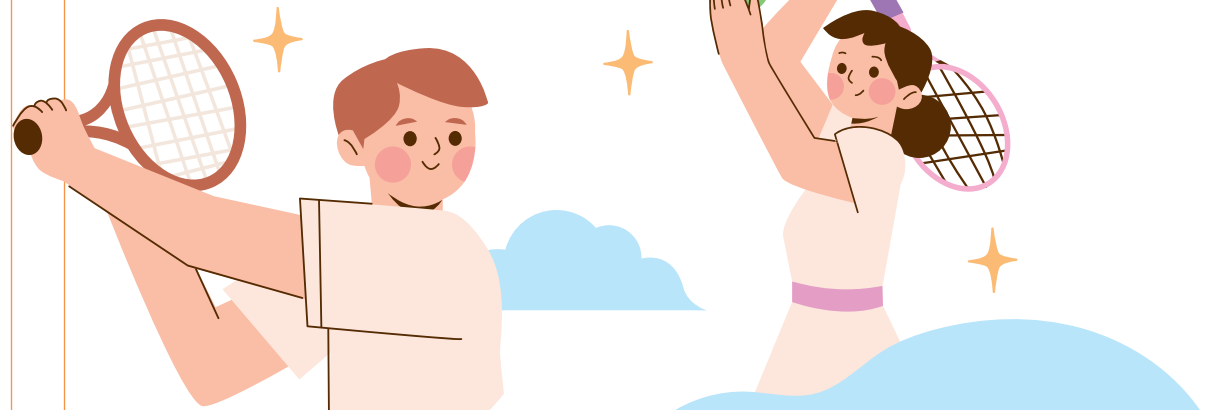
Taipei Head Office company trip for 2023



Huizhou Plant company trip for 2023



Club activities





Health education lectures at the Taipei Head Office



Book clubs



Opening ceremony of PTE



Employee activities

Allow employees to exercise through experiencing pure happiness by playing games from childhood and release their pressure.



Movie appreciation

Appreciate employees' hard work! Family Cinema ~ Book a cinema hall for a movie! Employees can relax with their colleagues and family members to relieve work stress. We appreciate employees' family members for their support. Therefore, through booking the cinema hall, employees and their family members can connect with each other so as to achieve the target of work-life balance, improve the harmony between employees, and improve morale and cohesion.





Sysgration actively promotes employees to value physical/mental health and to obtain a balance between work and living. The Company encourages employees to organize clubs. Presently, several employee clubs have been established, in order to achieve employee stress relief and to enhance the bonding among colleagues. The employee clubs include a golf club, table tennis club, power walking club, badminton club, and physical fitness clubs. We hope to allow employees to exercise and relax physically and mentally, as well as to continue to develop personal interests, make friends with similar hobbies, and expand their living circle through clubs.

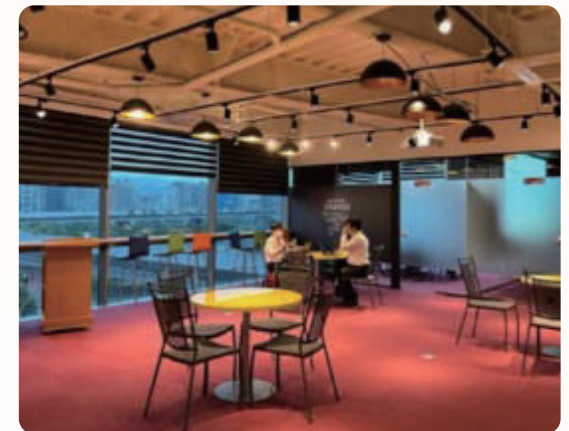
Power walking club



Badminton club



Lounge





## 5.2.1 Employee Diversity and Inclusion

Sysgration adopts the employment principle of diversity, inclusion and equal opportunity, and there is no discrimination due to gender, race and physical/mental disability. In 2023, female employees of the Group accounted for 50%, and female supervisory staff accounted for 20.7%. In addition, Sysgration employed 6 physically/mentally disabled employees in Taiwan and Mainland China in total, complying with the national regulatory requirements. To protect the personal safety of employees, the office area is installed with rigorous access security surveillance system and security guards are also staffed during both daytime and nighttime. In addition, a breastfeeding room is provided to satisfy the needs of female employees.

### Parental Leave

Sysgration handles the employees' parental leave without pay operation according to the "Act of Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children", such that there is no difference due to gender, job duty and working area. For female employees, during the pregnancy and childbirth periods, they are entitled to pregnancy leave without pay, prenatal checkup leave and maternity leave. For male employees, during the childbirth of their spouses, they are also entitled to the paternity leave. After employees' leave without pay period matures, the Company assists them to return to their original unit and job position, such that employees are able to re-enter the workplace again.

Item	Taipei Head Office		Nankang Plant		Huizhou Plant		PTE		Zhenjiang Plant	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A: Employees entitled to application for parental leave in 2023	1	-	2	2	-	-	-	-	-	1
B: Employees actually applied for parental leave in 2023	-	-	1	1	-	1	-	-	-	1
C: Total number of employees expected to be reinstated after the end of parental leave in 2023	-	-	-	-	-	1	-	-	-	-
D: Total number of employees actually reinstated after the end of parental leave in 2023	-	-	-	-	-	1	-	-	-	-
E: Total number of employees actually reinstated after the end of parental leave in 2022	-	1	-	1	-	1	-	-	-	-
F: Total number of employees who continue to be employed after the end of parental leave in 2022 and 12 months after reinstatement	-	1	-	1	-	1	-	-	-	-
Parental leave without pay application rate (B/A)	0%	-	50%	50%	-	-	-	-	-	100%
Reinstatement rate (D/C)	-	-	-	-	-	100%	-	-	-	-
Retention rate (F/E)	-	100%	-	100%	-	100%	-	-	-	-

Note :

1. Reinstatement rate = (Total number of employees actually reinstated after the end of parental leave / Total number of employees required to be reinstated after the end of parental leave) x 100.
2. Retention rate = (Total number of employees who continue to be employed after the end of parental leave in 2021 and 12 months after reinstatement / Total number of employees reinstated after the end of parental leave during the last reporting period) x 100

## 5.2.2 Comprehensive Employee Benefits

Sysgration provides employee benefits superior to the regulatory requirements. In addition to labor and health insurance according to the laws, the Company further provides employee group insurance, in order to improve employee medical protection, and its content includes: accident insurance, cancer insurance, accident medical insurance, etc. To promote the bonding among employees and their physical/mental health, the Company encourages employees to participate in recreation and leisure activities during their free time.

To care for the living of employees, to improve the cohesion of employees and to maintain the harmonic labor-management relationship, Sysgration has established the Employee Welfare Committee according to the Employee Welfare Fund Act in order to handle various welfare program planning and promotion. The Employee Welfare Committee is participated by personnel recommended by each unit of the Company or voluntarily participated by individuals. In addition, representative committee members are selected through recommendation or election method according to the proportion of number of people in each department. A routine meeting is convened every three months. Furthermore, extraordinary meetings are convened when considered necessary. Accordingly, various employee activities and welfare measures can be improved.

Meanwhile, the old labor pension system applies to foreigners employed by the Company subject to the Labor Standards Act. Special labor pension accounts have been set up for the appropriation of 2% of the monthly salary to the labor pension account for depositing. For employees of plant sites in Mainland China, pension insurance is also applied according to the local regulations. The appropriation ratios for Zhenjiang Plant and Huizhou Plant are 16% and 14% respectively. In 2023, the ratio of employees of the Group participating in the retirement program was 100%, and the total amount of pension amount appropriated was NT\$23.17 million.

Benefit Item	Content	Target	Number of employees receiving benefits	Benefit distribution amount (NT\$)
Employee group insurance	Life insurance, accident insurance, cancer insurance, and overseas personnel accident insurance	All employees	13	325,423
Festival and holiday bonuses	Dragon Boat Festival, Mid-Autumn Festival, and International Women's Day	All employees	645	722,169
Year-end performance bonus	Distrusted according to the Company's profit, employee's performance and contribution level	All employees	480	54,276,785
Wedding and funeral subsidies and major disease and hospitalization consolation money	Distributed according to the Regulations for Employees' Wedding, Celebration and Funeral Subsidies	All employees	21	50,282
Employee stock option	The distribution percentage varies according to the employee's level of duty and performance	All employees	219	N / A
Patent incentive	To encourage employees to expand the R&D outcome in the course of job duties, and to apply for domestic and foreign patents under the name of the Company, in order to accumulate the intellectual property rights of the Company	All employees	10	640,000
Health examination	Employee health examination is implemented annually	All employees	515	1,384,156
Motorcycle parking subsidy	Full-amount subsidy	All employees	60	360,000
Car parking subsidy	Company pays the limit of NT\$2,000	All employees	58	1,086,000
Subsidy for drivers without violations	RMB 100 is provided for drivers without any violations quarterly	Driver	1	1,768
Travel allowance	Allowance of NT\$2,600 in cash is provided to each person	According to the regulations of the Employee Welfare Committee	334	766,062
Birthday gift vouchers	Gift vouchers of NT\$600 are provided to each person; provision of snacks and birthday cards for celebration	According to the regulations of the Employee Welfare Committee	473	331,894
Club subsidy	Subsidy of NT\$500 is provided for club activity of each person per month, and a limit of NT\$100 thousand per month is provided to each club for application once quarterly only	All clubs	175	230,500
Continuing education subsidy	Subsidy is provided to employees participating in external courses and training	Employees requiring the obtaining of licenses due to job needs	25	89,193
Day trips for employees	Full-amount subsidy	According to the regulations of the Employee Welfare Committee	117	251,166
Total			3,146	59,109,336

### 5.2.3 Talent Training and Cultivation

Talents are the most important resources of the Company, and Sysgration evaluates its corporate development goal and arranges training courses for different job functions and ranks in order to assist the talent development, allowing employees to grow and improve together with the Company. In addition to new employee orientation, the Company further implements different competence education and training activities according to personal job duties and needs of employees in order to improve employees' professional competence. The course categories are classified into new employee orientation, professional competence, environmental safety and health, etc. Each category further includes the content of, such as quality management and assurance, production operation, procurement and inventory, product R&D design, intellectual property and law, information technology and software/hardware application, marketing and sales, finance, accounting and tax affairs, and other courses particularly arranged for project needs. In 2023, the budget invested in employee education and training was approximately NT\$1,000.4 thousand.

  
New employee  
orientation  
training

The basic training and relevant onboarding guidance activities for new employees include: production process and product introduction, safety and health/environmental protection/fire prevention awareness and the duties of functional platforms.

  
Professional  
competence

Each unit implements education and training for the professional knowledge or skill training necessary for job duties, such as procurement concept and process, warehouse management, factory related operation skills, quality assurance skills, patent introduction, product testing program development, etc.

  
Environmental  
safety and  
health

Environmental safety and health related training according to the government regulations and the Company's policy requirements, such as fire prevention and disaster first-aid safety education and training, occupational health safety education training, are implemented.



## Average training hours of each employee in 2023

Employee type	Gender	Taipei Head Office		Nankang Plant		Huizhou Plant		PTE		Zhenjiang Plant	
		Total training hours	Average training hours	Total training hours	Average training hours	Total training hours	Average training hours	Total training hours	Average training hours	Total training hours	Average training hours
Supervisory staff <sup>(Note)</sup>	Male	1,046.5	15.86	106	9.64	321	53.5	21	1.91	58	19.33
	Female	342.5	17.13	69	23	351	87.75	0	0	0	0
Non-supervisory staff	Male	882.5	15.76	424	8.15	1,228	29.95	8	1.33	426	18.52
	Female	479.5	16.53	141	1.25	1,247	21.50	6	3	849	18.46
Total		2,751	16.09	740	4.13	3,147	28.87	35	1.84	1,333	18.51

## Taipei Head Office

Employee type	Gender	Number of people	Total training hours	Average training hours
Supervisory staff <sup>(Note)</sup>	Male	66	1,046.5	15.86
	Female	20	342.5	17.13
Non-supervisory staff	Male	56	882.5	15.76
	Female	29	479.5	16.53
Total		171	2,751	16.09

## Nankang Plant

Employee type	Gender	Number of people	Total training hours	Average training hours
Supervisory staff <sup>(Note)</sup>	Male	11	106	9.64
	Female	3	69	23
Non-supervisory staff	Male	52	424	8.15
	Female	113	141	1.25
Total		179	740	4.13

## Huizhou Plant

Employee type	Gender	Number of people	Total training hours	Average training hours
Supervisory staff <sup>(Note)</sup>	Male	5	321	64.2
	Female	2	351	175.5
Non-supervisory staff	Male	41	1,228	29.95
	Female	58	1,247	21.50
Total		109	332.5	3.05

## PTE

Employee type	Gender	Number of people	Total training hours	Average training hours
Supervisory staff <sup>(Note)</sup>	Male	11	21	1.91
	Female	0	0	0
Non-supervisory staff	Male	6	8	1.33
	Female	2	6	3
Total		19	35	1.84

## Zhenjiang Plant

Employee type	Gender	Number of people	Total training hours	Average training hours
Supervisory staff <sup>(Note)</sup>	Male	3	58	19.33
	Female	0	0	0
Non-supervisory staff	Male	23	426	18.52
	Female	46	849	18.46
Total		72	1,333	18.51

Note: The definition of supervisory staff refers to employees above the job rank of deputy manager.



In addition to internal education and training, the Company further provides external course subsidies in order to encourage employees to continue education and to improve professional skills and competence. In 2023, Sysgration provided external training opportunities for special operators, including safety personnel training in safety production courses, and forklift license, electrician license, organic solvent operation for special operator training. In addition, Sysgration arranged RBA training courses mainly for personnel of quality assurance, procurement, HR, occupational safety, and legal affairs related to RBA. Through the RBA training, personnel can understand that the purpose of the code of conduct is to establish standards to ensure the safety of working environments of operating plants and the supply chain, the ethical approach to implement businesses, the respect to labor human rights and the environment, and, in turn, improve the ESG management of the Company.

In 2023, Sysgration continued to promote the enterprise empowering project. In response to the trend of net-zero and carbon reduction, we actively cultivate carbon management seed staff to seek effective GHG emission management and improve the carbon emissions of products, processes, and the organization so as to achieve carbon neutrality.

To ensure the education and training outcome of employees, Sysgration irregularly distributes education and training satisfaction survey, in order to perform evaluation on the main aspects of arrangement of the number of hours of the event, training event planning, time progress control, instructor course teaching skills, event field equipment, conformity with self-learning method, interaction among trainees, content matching with practical demands, etc. In 2023, the employee education and training satisfaction of Taipei Headquarters reached 90.9%. The feedback result can be provided as a reference to the course instructors and Level 1 supervisory staff of the Company, which can also be used as a reference for the Human Resource Department to plan the improvement of subsequent courses.

## 5.3 Talent Management Communication and Salary Security

### 5.3.1 Labor-management Communication

Sysgration provides diverse and proper employee feedback channels, including the labor-management meeting, communication management procedure and complaint mailbox (Opinion@sysgration.com), in order to maintain proper labor-management relationship. Environmental safety and health issues can also be proposed through the Occupational Safety and Health Committee and environmental safety and health communication management procedure. Please refer to 5.5 Occupational Health and Safety - Occupational Health and Safety Management. In 2023, a total of 4 sessions of labor-management meetings were organized.

#### Employee Complaint Handling Procedure

For major labor disputes, the Human Resources Department may convene a "Special Investigation Team" for a mediation meeting within 7-10 working days after the complaint is filed, inviting the complainant to attend and coordinating the handling in an open and transparent manner. The members of the "Special Investigation Team" may consist of two to six members assigned by the Human Resources Department depending on the situation. The team leader shall be selected by the team members on a case by case basis, including: one to three Company supervisors (including one from the Human Resources Department), the supervisor of the complainant or the responsible supervisor of the unit. The labor representative of the labor-management meeting may be invited depending on the situation.



#### Submit Complaint

- The employee fills out the "Employee Opinion and Complaint Form," and attaches relevant information and evidence to the Human Resources Department, for the Human Resources Unit to assign a dedicated staff for handling.



#### Accept Complaint

- After the Human Resources Department accepts the complaint, the "Employee Opinion and Complaint Form" shall be transferred to the related department supervisor for handling within 3 working days, and the unit shall submit a reply to the Human Resources Department within 7 working days.



#### Complaint Handling

- In the case of major labor disputes, the Human Resources Department may convene a "Special Investigation Team" mediation meeting within 7-10 working days after the complaint is filed, inviting the complainant to attend and coordinate the handling in an open and transparent manner.



#### Case Closed

- After the investigation ends, the Human Resources Department shall make suggestions on the investigation process and determined results, and submit them to the General Manager for final resolution, and then reply the investigation results to the complainant. Those who have objections to the resolution may submit a written complaint within 10 days.
- After the case is closed, each factory should return the "Employee Opinion and Complaint Handling Record Form" and "Employee Opinion and Complaint Reply Form" to the Headquarters Human Resources Department for reference within two weeks.

### 5.3.2 Performance Management System

Performance evaluation system is the core of the talent management of the Company. Sysgration implements the performance evaluation procedure for the entire employees, and the entire employees include employees, supervisors, managers and new employees. The evaluation is performed once quarterly, and it is performed once semi-annually for direct personnel, in order to be used as the basis for the management operations of job promotion, salary adjustment, employees' remuneration distribution and employee development training, etc. The performance management items for indirect personnel include KPI items, personal characteristics, other project outcome performance and reward/disciplinary action. For direct personnel, the evaluation is performed based on work quality and efficiency, competence, discipline, team work and attendance. For an employee evaluated to be at the last 5% after the performance evaluation, his/her direct supervisor shall discuss with the employee to establish an improvement plan in order to implement improvement. After the improvement period is matured, the supervisor performs the evaluation again. If the evaluation result still fails to reach the improvement goal, the Company will then list such employee as incompetent personnel. For new employees, prior to the maturity of probation period, unit supervisor conducts work performance interviews and evaluations for the probation period of the new employees. For those failing to qualify the performance evaluation, the Company may terminate the employment contract according to relevant labor regulations or may extend the probation period based on the consent of both parties.

Since employees' performance is directly related to the performance of the Company. Sysgration has established the Regulations for Operation Bonus and Sales Bonus. When sales personnel achieve the plan or goal approved by their supervisors, sales bonus is distributed according to the regulations on a monthly basis. In addition, when the Business Unit achieves or exceeds the operational goal and when there is surplus earning, the Company will appropriate a fixed proportion of the earnings according to the regulations for distribution of operation bonuses to relevant outstanding employees. The operation bonus is distributed quarterly according to the job performance of employees. 80% of the amount is distributed to outstanding employees of the Business Unit, and 20% is distributed to outstanding employees of the Administrative and Supporting Unit. For employees that have previously received the sales bonus, the operation bonus is not to be repetitively distributed.

Sysgration performs evaluations on employees with a service period above three months (inclusive). In 2023, there were a total of 508 employees of the Group participated in the performance evaluation, and the ratio of completion of performance evaluation for employees in Taiwan and China was 100%.

#### Annual plan

- Each employee sets up a personal annual plan according to the KPI indicator of his/her job rank and the goal expected to be achieved

#### Employee self-evaluation

- Employee under evaluation fills out the performance evaluation form according to his/her annual plan and submit it to his/her direct supervisor for approval

#### Supervisor evaluation

- The preliminary review supervisor performs an objective evaluation on each evaluation items, followed by submitting the result to the superordinate supervisor for approval
- If there is a superordinate supervisor, the preliminary review supervisor shall submit to the superordinate supervisor of one rank above in order to perform a second review

#### Number of people undergoing performance evaluations at Taipei Head Office, Nankang Plant, and PTE

Type/ Gender	Male		Female		Total	
	Number of people under performance evaluation	Number of people required for performance evaluation	Number of people under performance evaluation	Number of people required for performance evaluation	Number of people under performance evaluation	Number of people required for performance evaluation
Supervisory staff <sup>(Note)</sup>	70	70	21	21	91	91
Non-supervisory staff	101	101	140	140	241	241
Total	171	171	161	161	332	332

#### No. of employees undergoing performance evaluations at Zhenjiang Plant and Huizhou Plant

Type/ Gender	Male		Female		Total	
	Number of people under performance evaluation	Number of people required for performance evaluation	Number of people under performance evaluation	Number of people required for performance evaluation	Number of people under performance evaluation	Number of people required for performance evaluation
Supervisory staff <sup>(Note)</sup>	8	8	2	2	10	10
Non-supervisory staff	63	63	103	103	166	166
Total	71	71	105	105	176	176

Note: The definition of supervisory staff refers to employees above the job rank of deputy manager

### 5.3.3 Remuneration Policy

Sysgration provides salaries of market competitiveness to employees. The remuneration of general employees is determined according to the "Regulations for Salary Operation" and based on the comprehensive consideration of the educational background, experience, professional knowledge and skills, professional seniority and personal performance. In addition to the monthly fixed salary, the Company also sets up various bonuses, such as festival and holiday bonus, patent incentive, operation bonus and sales bonus, in order to encourage employees to exceed expectations for their responsible scope, thereby improving the business performance of the Company. According to the job needs, the Company further issues overseas allowance, job transfer allowance, allowance for special technical works, overtime allowance and work shift allowance, etc. The remunerations of directors and managerial officers are determined by the Remuneration Committee, and the determination is made according to the salary level of the job position in the job market, the duty scope of the job position in the Company, contribution level to the operational goal of the Company and other performance indicators for the payment of remuneration.

### In 2023, average annual salary difference multiples for supervisory and non-supervisory staff according to gender (female: male)

Item	Taipei Head Office	Nankang Plant	Huizhou Plant	PTE	Zhenjiang Plant
<b>Supervisory staff</b> (Note 1)	0.28 : 1	0.24 : 1	0.53 : 1	- (Note 2)	- (Note 3)
<b>Non-supervisory staff</b>	0.47 : 1	1.67 : 1	1.17 : 1	0.31 : 1	1.57 : 1

Note 1: The definition of supervisory staff refers to employees above the job rank of deputy manager.

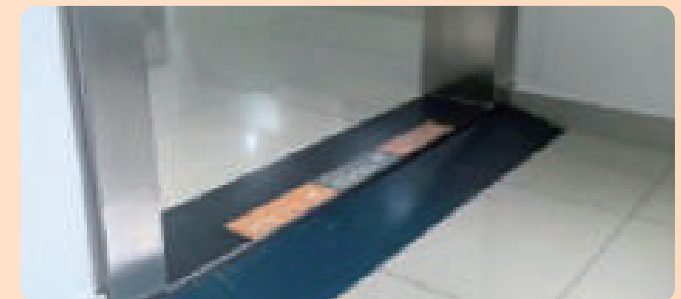
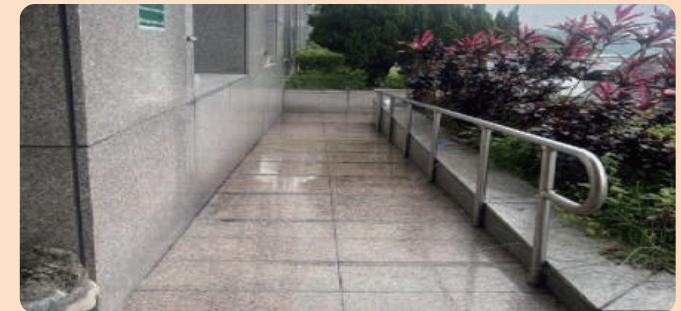
Note 2: There are no female employees above the job rank of deputy manager in PTE.

Note 3: There are no female employees above the job rank of deputy manager in the Zhenjiang Plant.

## 5.4 Human Rights Protection

### 5.4.1 Human Rights Policy

In accordance with the human rights protection concept and basic principle of the international human rights conventions of the "United Nations Universal Declaration of Human Rights.", "The United Nations Global Compact" and "International Labour Convention" and "Code of Conduct - Responsible Business Alliance (RBA)", the Company aims to integrate the human rights principle and concept in the corporate value and culture as the Company's commitment to the human rights protection, and human rights policy applicable to the Company has been established. The scope of the policy includes the employees of all parent company, subsidiaries, business partners, suppliers and contractors of Sysgration, in order to eliminate conducts of infringing and violating human rights, to provide reasonable and safe workplace, and to also ensure that employees receive reasonable treatment with dignity. Sysgration performs recruitment of employees based on their working experience, potential and achievement, and there is no discrimination due to race, gender, age, religion, nationality or political stand. In addition, the Company complies with the principles of prohibition on child labor and forced labor. To protect the employment and the right to work of physically/mentally disabled personnel, Sysgration employs personnel with physical/mental disability, and also installs relevant disabled-friendly facilities at the plant site and office area, such as accessible toilets and accessible ramps. In 2023, Sysgration had no occurrence of incidents of forced labor, child labor, discrimination or sexual harassment. The Company will continue to monitor the human rights management status, in order to protect the rights and interests of employees in the future. At the same time, to implement the requirements of RBA, the Company will continue to improve its labor human rights, environment, and occupational health and safety, reduce safety and health risks, enhance labor-management harmony, and comply with RBA standards.



Establishing disability-friendly facilities in the factory and office areas.

Concerned issues	Management actions
Provide a healthy working environment for employees	<ul style="list-style-type: none"> <li>All companies within the Group have passed the ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Safety and Health Management System) to actively prevent environmental pollution and protect the health and safety of working environments so as to reasonably ensure the provision of a safe working environment.</li> <li>In addition to providing a safe and healthy working environment, the Company has established the occupational safety and health responsible unit and committee organization and also hires professional physicians and nurses in order to organize safety, health and fire prevention-related education and training to adopt necessary preventive measures to prevent the occurrence of occupational accidents, thereby reducing the hazardous factors of the working environment.</li> </ul>
Banning of Child Labor	<ul style="list-style-type: none"> <li>The Company has explicitly specified the prohibition on the employment of child labor<sup>Note</sup>. During the recruitment operation, applicants are required to submit the basic information form indicating the date of birth clearly, and an identification document is also required to be submitted during the reporting to work in order to be verified by the Human Resources Department, such that the accuracy of information is ensured.</li> </ul> <p>Note: In Taiwan, child labor is defined as employed workers who are aged 15 but less than 16; in Mainland China, any employee less than the age of 16 is considered child labor.</p>
Prohibition on forced labor	<ul style="list-style-type: none"> <li>The Company does not force or threaten any unwilling employee to perform service. The requirements for the daily and weekly normal working hours, extended working hours, leaves, special leaves, and other leaves of employees comply with laws and regulations. In addition, a reminder function is set up in the attendance system for employees to apply for overtime work, overtime payments or compensatory time off after working overtime.</li> </ul>
Discrimination and sexual harassment prevention	<ul style="list-style-type: none"> <li>The Company prohibits any sexual harassment behavior at workplace, and relevant regulations have been specified in the employee work rules and personnel regulations. In addition, promotional education courses on prohibition of discrimination and prevention of sexual harassment are organized irregularly. Furthermore, the channels of complaint hotline, email and facsimile are provided, and dedicated personnel are arranged to handle cases. The Sexual Harassment Complaint Handling Committee receives cases and conducts investigation, in order to provide a fair and safe working environment to employees.</li> </ul>
Assist employees in maintaining physical and mental health and work-life balance	<ul style="list-style-type: none"> <li>The Company provides sponsored funds to encourage employees to participate in health activities, and employees form their own clubs to bond with colleagues through club activities. In addition to organizing year-end banquets and subsidizing employee gatherings and other activities every year to adjust employees' physiques and minds and improve cohesion, the Company has also established sports and workout equipment for employees to use apart from work.</li> </ul>

## Employee Care Team

Sysgration deems foreign employees important partners of the Company. As foreign employees account for 11.09% of the overall employees, we shall care for those who come from strange countries to Taiwan for work. According to RBA's zero-fee policy, we assist foreign employees in directly contacting HR agencies, airlines, passport application institutions, and health inspection hospitals for employees to pay relevant fees, and the Company is not involved in any payment or charge any fees. Even if partial migrant workers terminate contracts and return home early due to personal reasons, the Company provides assistance to ensure their rights and interests. As of March 5, 2024, we have completed all the necessary assistance to ensure that the fee management of all foreign employees complies with RBA requirements.



## 5.4.2 Human Rights Assessment and Educational Training

In 2023, all business locations of Sysgration have completed the human rights inspection and assessment, including Taipei Headquarters, Nankang Plant in Taiwan, Zhenjiang Plant and Huizhou Plant in China. In addition, the Group also performs human rights related education and training periodically, in order to promote topics on prevention of discrimination and sexual harassment, working hours management, occupational health and safety, etc. Furthermore, during the reporting to work of new employees, they are also requested to complete various human rights education and legal compliance courses. Sysgration is committed to reasonably ensuring the safety of employees and working environment, and personnel shall be treated with respect and dignity. Environmental protection is promoted for the operation along with legal compliance and ethics. In addition to the continuous promotion of education and implementation of human rights policy in daily operation, the Company has also established reasonable complaint filing channels.

In 2023, Sysgration organized human rights protection and related training courses, and the content included RBA training and human rights promotion for a total of 15 hours, with 1,067 persons of participation. The Company also uses email and bulletin boards to convey human rights related issues. In the future, the Company will continue to organize human rights training in order to enhance the convey of the employees' awareness of human rights commitment, anti-discrimination and anti-sexual harassment, etc.

# 5.5 Occupational Health and Safety

## 5.5.1 Occupational Safety and Health Management

Providing a safe working environment to employees is Sysgration's basic commitment for all employees. We comply with the ISO45001 management system standard and follow the principle of the occupational safety and health management system P-D-C-A (Plan-Do-Check-Act), in order to establish a prevention-oriented occupational safety and health management system and to implement the occupational safety and health management works.

All plant sites of Sysgration have been implemented with the ISO 45001:2018 occupational safety and health management system certification, including Nantou Nankang Plant in Taiwan, and Huizhou Plant and Zhenjiang Plant in China. All plant plants are staffed with safety and health personnel in charge of the planning and promotion of occupational safety and health management plans as well as audits. In addition, each plant site is also staffed with occupational safety and health dedicated personnel.

The Occupational Safety and Health Management Committee is formed by the chairperson, executive secretary, safety and health personnel, engineering technicians, department heads, labor representatives and nurses providing labor health service. In addition, a meeting is convened once quarterly to establish safety and health policy recommendations and to review, coordinate and suggest safety and health-related matters.

Sysgration has established the Safety and Health Committee at Nankang Plant in Taiwan, which has 12 members, including 4 employee representatives. The Safe Production Management Committee of Zhenjiang Plant and Huizhou Plant consists of 16 people and 23 people, respectively, and the number of employee representatives is 5 people and 13 people, in order to implement management on the safety works of the plant site.

Region	Taipei Head Office and Nankang Plant <sup>(Note)</sup>	Zhenjiang Plant	Huizhou Plant
Frequency	1 time/quarter	1 time/month	1 time/month
Discussion topics	Environmental protection and occupational safety and health policy establishment and recommendation, environmental protection and occupational safety and health management plan coordination, education and training plan review and execution, safe production implementation status, and health promotion matter review, etc.		

Note: The Occupational Safety and Health Committee and labor-management meeting of Taipei Headquarters and Nankang Plant are jointly established by the Factory Facility Department.

### The matters handled by the committee include:

1. Propose recommendations on occupational safety and health policy established by the employer.
2. Coordinate, provide recommendation on occupational safety and health management plans.
3. Review safety and health education and training implementation plan.
4. Review operating environment monitoring plan, monitoring result and adopt measures.
5. Review health management, occupational disease prevention and health promotion matters.
6. Review various safety and health proposals.
7. Review autonomous inspection and safety and health audit matters of business units.
8. Review machine, equipment or raw material and material hazard preventive measures.
9. Review occupational accident investigation report.
10. Evaluate field safety and health management performance.
11. Review contract service safety and health management matters.
12. Other matters related to occupational safety and health management.

The safety and health management structure of Sysgration is established according to ISO 45001, and internal and external audits are implemented periodically. The applicable scope of Nankang Plant includes the plant site employees of 179 people (accounting for 100% of the total number of employees of the plant), and the number of employees receiving external audit reaches 100%. The number of employees covered by the safety and health management system of Zhenjiang Plant is 72 people (accounting for 100% of the total number of employees of Zhenjiang Plant), and the number of employees receiving external audits is 100%. The number of employees covered by the safety and health management system of Huizhou Plant is 109 people (accounting for 100% of the total number of employees of Huizhou Plant), and there were 38 non-employee workers Note (excluding employees).

Note: The nature of non-employee workers is short-term dispatched workers for production lines.

## 5.5.2 Occupational Accident Prevention Management

To effectively prevent the occurrence of occupational accidents, Sysgration has established the "Hazard Identification and Risk Assessment Management Procedure". Occupational safety and health management personnel perform field inspection of the workplace of operational hazard risks for job performance irregularly, and also propose recommendations and improvement measures on the workplace hazardous factors to each unit.

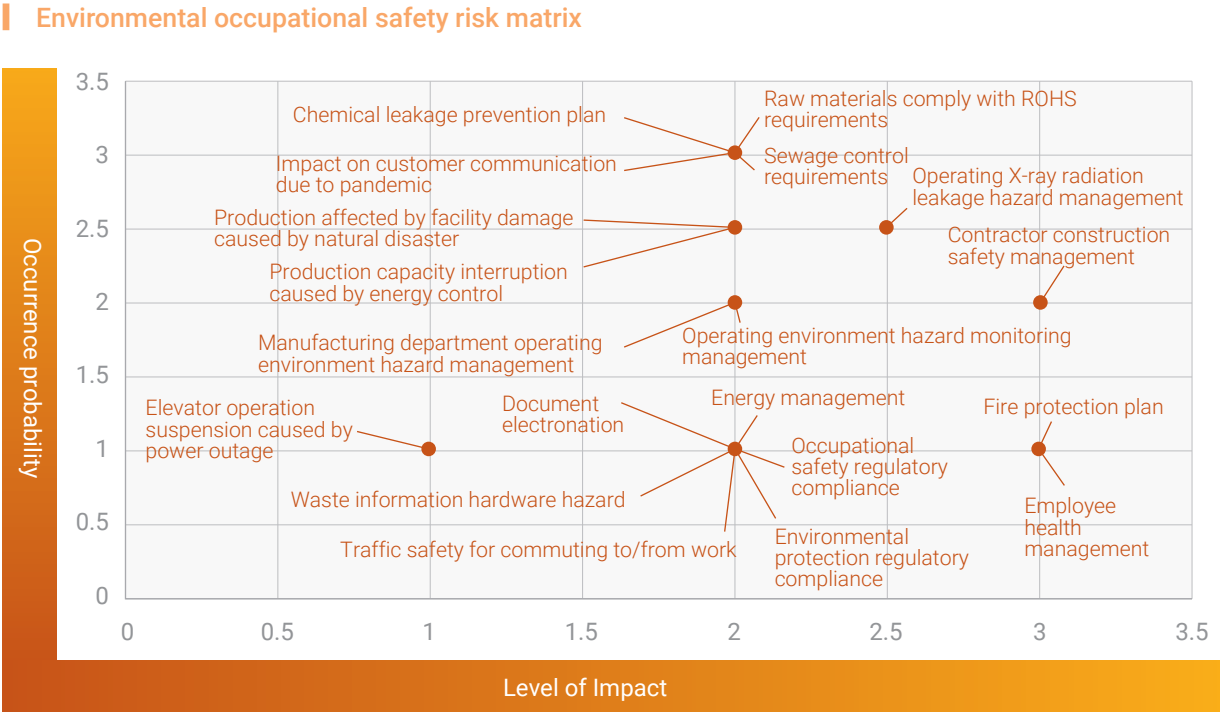
### Risk Assessment Process



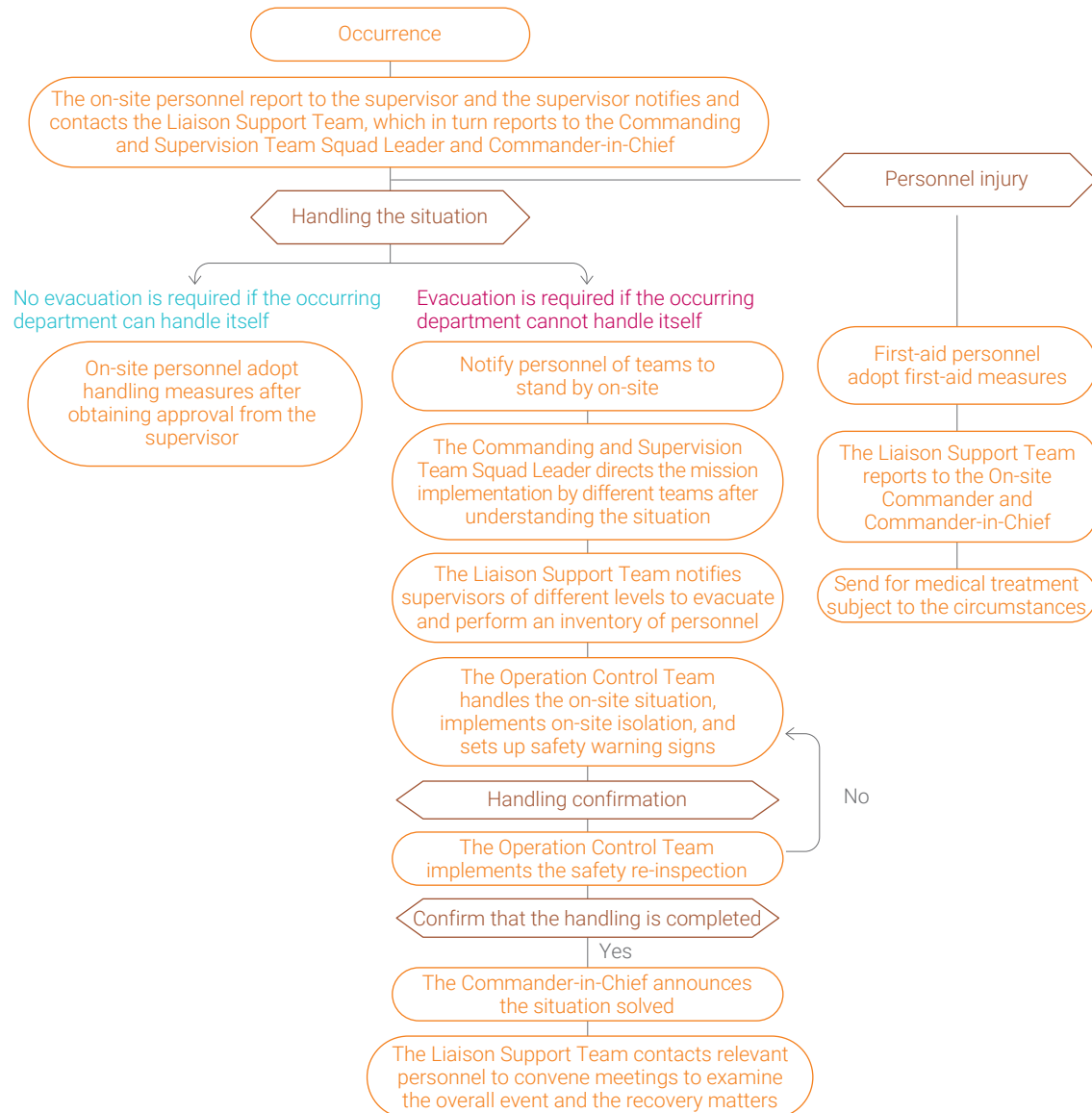
Sysgration performs safety and health hazard identification periodically, and the information of operation name, operation job content, operation criteria, hazard type, possible consequence caused by the hazard, and existing protective measures are recorded in the "Hazard Identification Risk Assessment Form," in order to determine whether risk control is to be implemented depending upon the risk severity and probability. The assessment result classifies risks into acceptable and unacceptable risks. The Occupational Safety and Health Committee further proposes improvement recommendation and measures for unacceptable risks, and improvement deadline is also set up, in order to request each unit supervisor to complete the improvement within the deadline. Once the improvement is complete, it is reported to the occupational safety personnel. Occupational safety personnel shall promote relevant education and training, and enhance existing protective measures, and accompany each unit supervisor to establish the annual risk indicator for each operation, to classify risk level, to establish control measures and to perform inspection and follow-up periodically.

Risk level	Risk nature	Risk type	Countermeasures
5	Extremely high risk	Unacceptable risk	Review the integrity of existing protective facility immediately, and implement engineering and management improvement solutions as soon as possible, perform operation control or enhance response capability
4	High risk	Unacceptable risk	Review the integrity of existing protective facility immediately, and implement engineering and management improvement solutions before a reasonable deadline, perform operation management or enhance response capability
3	Medium to high risk	Temporary acceptable risk	Items determined according to the resolution of risk assessment meeting to be items that required improvement. The integrity of the existing protective measures is reviewed and engineering and management improve solution is performed within a reasonable deadline, and operation management or enhanced response capability are implemented
2	Medium risk	Temporary acceptable risk	Repair/maintenance, supervision/audit and education and training mechanisms requiring implementation of enhancement of existing protective measures
1	Low risk	Acceptable risk	

Sysgration performs assessment on the environment and occupational safety and health topics independent from other risk items, and 18 topics with respect to the organization's internal/external situation and concern topics of stakeholders are listed, among which the topics related to occupational safety and health include 10 items of: employees' traffic safety for the commute to/from work, occupational regulatory compliance, fire protection plan, employee health management, manufacturing department operational environment hazard, contractor construction safety management, customer communication affected by the pandemic, operation suspension and shipping caused by the pandemic, supply chain cost and delivery caused by the pandemic, and operating environment hazard monitoring management, etc. Five levels are classified according to the risk impact level and occurrence probability. Through the assessment of the integrity, effectiveness of protective measures and the frequency of field construction accident occurrence, 6 high-risk items related to occupational safety and health have been identified: operation suspension and shipping caused by the pandemic, supply chain cost and delivery caused by the pandemic, customer communication affected by the pandemic, manufacturing department operating environment hazard, operating environment hazard monitoring management, and contractor construction safety management.



## Emergency Response and Incident Investigation Procedures



To improve the disaster reporting and response system and allow departments to make timely reports and contact relevant departments for emergency responses when occupational disasters occur to machinery, equipment, personnel, and construction (including odd projects) so as to minimize the disaster losses due to the occurrence of material occupational disasters and rapidly resume the normal operations of the workplace, Sysgration established the following emergency response and incident investigation procedures:

Zhenjiang Plant fire drill





## Manufacturing department operating environment hazard and operating environment hazard monitoring management

With regard to the hazard that may be caused by the operating environment, the Company periodically inspects the operating environment and identifies high-risk operation areas, including the laboratory, air compressor room and substation surrounding environment, and their environmental noises and power frequency electric field may cause irreversible harm to human bodies. Through the installation of shock and noise reduction facilities, sealing and isolation related equipment, requesting operators to wear protective earmuffs, install metal shields on distribution cabinets to prevent leakage of electromagnetic radiation, the Company seeks to reduce the impact of noise and electromagnetic radiation on personnel. For employees performing operations of special hazards, to ensure the bodily health of employees, on-job employee health examination is provided to employees working for more than one year annually, and health examination reports are classified by the field medical personnel in order to implement health care and guidance according to the risk level. For organic solvent cleaning and wiping operations, to prevent inhalation of gas or smoke generated by organic solvent that may cause health hazards, employees are requested to wear activated carbon masks. In addition, operating environment monitoring is performed at the internal of the plant, in order to monitor the acceptable concentration value of hazardous gases in the operating environment.

In addition to preventing occupational accidents through risk assessment in advance, Sysgration has also established the "Accident Investigation and Handling Operation Procedure", and Huizhou Plant has also established the "Occupational Disease and Hazard Response Rescue and Management System", and emergency response process is established for personnel injury, position, scald and special equipment accident, in order to regulate the response methods in case where facility site unit personnel encounter relevant matters, and to prevent hazard expansion as well as to reduce the impact caused by the hazard. When an employee discovers any hazard at his or her job position, he or she may leave the job position, and his or her leave is not considered to violate the contract.

## 2023 Occupational Injury Statistics Table

Item	Employee					Non-employee Workers
	Taipei Head Office	Nankang Plant	Huizhou Plant	PTE	Zhenjiang Plant	
Total number of working hours lapsed	334,177	380,016	305,643	16,256	154,512	76,277
Number of general occupational injury persons-time	0	0	0	0	0	0
Number of serious occupational injury persons-time	0	0	0	0	0	0
Number of deaths	0	0	0	0	0	0
Total number of recordable occupational injuries (persons-time)	0	0	0	0	0	0
Death rate caused occupational injury	-	-	-	-	-	-
Serious occupational injury rate	-	-	-	-	-	-
Recordable occupational injury rate	-	-	-	-	-	-

Note :

- 1.The total number of working hours lapsed refers to the total number of working hours actually experienced by all employees and workers up to December 31, 2023.
- 2.General occupational injury: The number of working days lost is within 180 days.
- 3.Serious occupational injury: The number of working days lost is above 180 days (inclusive).
- 4.Death rate caused by occupational injury = Number of deaths\*1,000,000/Total number of working hours lapsed.
- 5.Serious occupational injury rate = Number of serious occupational injuries\*1,000,000/Total number of working hours lapsed.
- 6.Total number of recordable occupational injuries \*1,000,000/Total number of working hours lapsed, refers to the "Disability Injury Frequency (FR)" defined by the Ministry of Labor.

## Contractor Safety and Health Management

Regarding the protection of work safety of contractors' personnel, each business location of Sysgration implements hazard notice and supervision according to occupational safety and health related laws and regulations, and also requests contractors to sign the safety management agreement, in order to perform contractor safety and health management. Sysgration requires suppliers to sign the "Supplier Corporate Social Responsibility and Environmental Code of Conduct" and the "Supplier Ethical and Honesty, Environmental Protection and Social Responsibility Commitment," which specify that suppliers shall implement occupational safety and basic labor human rights. Furthermore, before entry for work, facility/supervisory personnel shall hold safety and health coordination meetings before the commencement of work, if necessary, before the contractors enter for work for labor safety personnel to explain the contractor environmental safety and health management requirements of the Company on-site to contractors, identify potential risk and environmental impacts during the course of construction, require the preparation of response measures before the commencement of the contraction, and require contractors to provide the copy of the hazardous machinery and equipment inspection qualification certificate and operator and special operation personnel training quantification certificate upon entry and sign the "Hazard Notice Form."



Contractor Hazard Notice

## 5.5.3 Occupational Health Service

Sysgration provides employee routine health examination subsidy annually. In 2023, a total of 479 employees participated in the routine health examination. The Company further provides different special health examinations to employees performing special operations, including ionizing radiation, hearing, and occupational disease examination., and the total investment amount was NT\$1.3 million. The Company values the safety and health of employees and signs a contract with Pojen General Hospital. Accordingly, professional physician proceeds to the field to provide health consultation and medical care service to employees quarterly. In addition, health education seminars are organized irregularly, and health management knowledge and relevant precautions are also provided through email and bulletin board, in order to improve the health knowledge and awareness of employees.

Sysgration has established the ergonomic hazard prevention plan according to the "Occupational Safety and Health Act" and performs musculoskeletal symptoms survey on office administrative employees, factory operators and drivers, and relevant health management recommendations are also provided. Furthermore, subsequent ergonomic improvement follow-up is also implemented, in order to prevent ergonomic hazard of work-related Musculoskeletal injuries and diseases of all employees due to long-term exposure to improperly designed working environment. In 2023, there were 3 employees reporting suspicious musculoskeletal-related hazards. Sysgration has selected to use the KIM checklist to perform assessment and the implementation record is also preserved. In addition, the "Health Management for Occupational Musculoskeletal Injury or Disease due to Repetitive Actions or because Physical Labor Works."



## Measures for preventing and reducing occupational safety and health hazards

### Bulletin board, warning sign

Publication of relevant knowledge on bulletin board



### Routine inspection



Equipment inspection, and inspection of facility site with safety concern once monthly

### Safety meeting



1. Safety Learning
2. For improvements arranged for safety concerned items, progress follow-up is performed, and the improvement status of the responsible unit is verified

## Health promotion service and active care plan

### Physician and nurse field service



According to Article 3 of the Regulations of the Labor Health Protection, we employ nursery practitioners who are for labor health services and contract with specialists who engage in labor health services to provide labor health services.

### There are blood pressure gauges in offices



Sphygmomanometers are available for employees to take care of their physical health after work and have their blood pressure and pulse measured.

### Health information promotion



Health management knowledge is shared through email and bulletin board

### Maternity protection



A breastfeeding room is installed, and female employees under pregnancy and employees providing breastfeeding are arranged to have interviews with the field nurse

### Automated external defibrillators (AED) are in place



The Company has AED in places, organizes basic first-aid teaching courses to grasp the time waiting for help to carry out emergency disposals so as to effectively rescue patients, grasp the initial timing to make disposals upon the occurrence of accidents for the improvement in the survival rate, and, in turn, prevent unfortunate events.



## 5.5.4 Occupational Safety and Health Training and Management

In addition to the ISO 45001 audit performed annually, Sysgration also performs routine safety and health audits as well as promotes and communicates occupational safety management affairs through email and bulletin board. In 2023, the Group organized a total of 121 sessions of employee occupational safety and health related training, and a total of 1,939 persons-time participated in the training sessions.

### Occupational safety and health related education and training courses

- On-job occupational safety and health education and training
- New employee safety and health education and training
- Fire prevention and first-aid safety education and training
- Laws and regulations (Work Safety Law, Labor Law, Prevention and Control of Occupational Diseases, etc.)
- Occupational disease management system
- Factory common occupational disease protection and case analysis
- Work safety (fire safety, emergency response plan, etc.)
- Safe electricity usage knowledge training
- Hazardous chemical emergency response handling



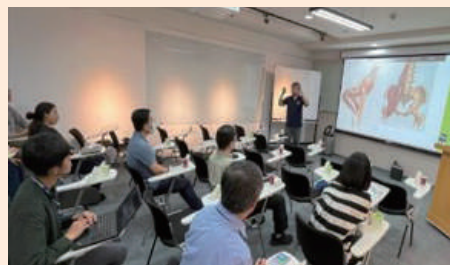
New employee general occupational safety and health education and training



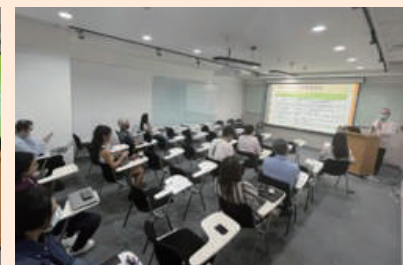
Nankang Plant safety and health education and training



AED training



Health lecture\_Preventive healthcare for low back pain



Health lecture\_Healthy weight loss



First-aid AED training



Huizhou Plant fire drill



Nankang Plant hazardous chemical drill

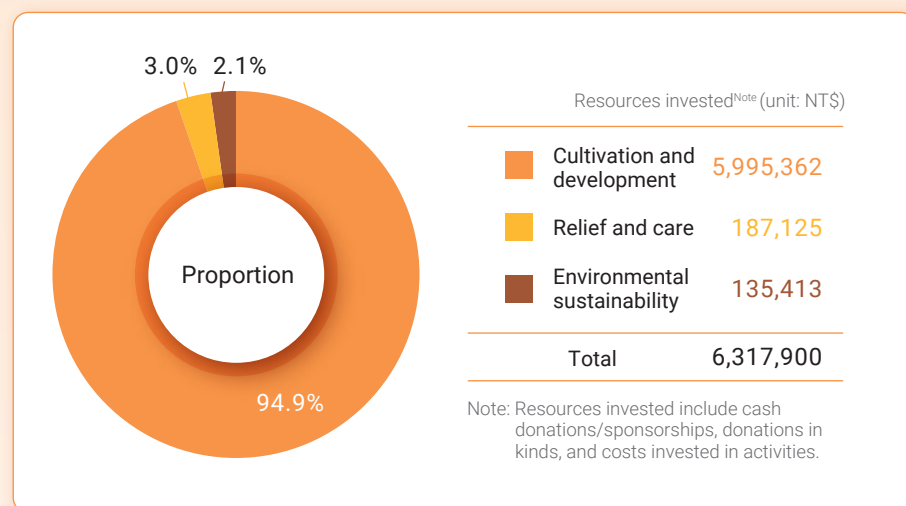


Huizhou Plant first-aid training



## 5.6 Social Participation

Sysgration adheres to the sustainable vision of social co-prosperity and values social activity participation and investment in public welfare in the hope of gathering internal and external resources of the Group to make substantial contributions to society and, in turn, create mutual win and social co-prosperity. Sysgration mainly promotes social activity participation through the following aspects. In 2023, it invested resources Note of approximately NT\$6.32 million in total.



Cultivation and development	Industry-academia collaboration, sports promotion, medical development, and sponsorship of tuition and miscellaneous fees
Relief and care	Care for communities and the physical and mental health of disadvantaged groups and provide emergency relief
Environmental sustainability	Actions that contribute to environmental sustainability, energy conservation, and carbon reduction

### 5.6.1 Cultivation and Development

#### Industry-academia Collaborations

Since 2019, Sysgration has engaged in industry-academia collaboration with numerous universities for the research and development as well as improvement of key technologies of battery products, energy storage systems and tire pressure devices. Utilize the process of industry-academia collaboration to invest in human resource and software/hardware equipment of Sysgration, and provides an opportunity for technology integration of the Company with the R&D result. In addition, R&D practice talents for the industry can be cultivated, such that they may apply knowledge and skills learned from schools at work, thereby achieving the win-win situation and outcome.



In 2023, the industry-academia collaboration resources invested by Sysgration was NT\$5,222,500, such that through industry-academia interaction, research and development, a win-win situation can be achieved for both the industry and the academic sector.

Schools	R&D achievements/content of industry-academia collaboration	Benefit from the events	Future planning
National Taipei University of Technology	Smart lithium battery new product development and application	Enable Sysgration's R&D and sales teams to better understand technology and market trends. There are approximately 10 persons who participated in the development and application. Students had a further understanding of the behavior models of lithium batteries in commercial applications, and Sysgration also helped the school to purchase new research equipment. There were 810 persons who benefitted from the annual master project research.	Plan for transforming outcome into mass production products
National Taiwan University of Science and Technology	Energy management system (EMS) for energy storage system product	Students had further research on the combination of commercial small-scale PCS and energy system storage products and could make market segregation when preparing the energy management system (EMS), with doctoral students guiding the R&D. There were 648 persons benefitted.	Plan for self-development of energy management system (EMS) for energy storage system product
	Smart tire load change detection algorithm	The project provides 2 graduate students and 4 university project students with the opportunity to research and learn industry technologies. The work includes learning Bluetooth technology, accumulating knowledge of TPMS, and defining future research directions for the graduation thesis. One university project student was successfully admitted to graduate school as a result of the project.	Plan to develop the advanced algorithm for TPMS
	Wakeup technology and its implementation in products	The project involves 2 graduate students and one university student to carry out relevant circuit designs and conceptual inventions. It provided the school's laboratory with a future research direction and gave the university student practical achievements to strengthen their application for admission to their targeted graduate school.	Apply the achievements to mass production products, and expand the scope of research programs.
Office of International Affairs, National Taiwan University	Sysgration was invited to participate in the NTU International Mentorship Program. Dr. Hsieh, Tung-Fu, our GM, took the position of a mentor, and we offered two internship opportunities. We hope to allow international talents to learn about Taiwan and understand how to make contributions to SDGs through the core values and operating models of Sysgration through participation in the program.	Increase the visibility of Sysgration and collect resumes of outstanding students. A total of 194 resumes (19 foreign students and 175 local students) were collected, mainly for science and engineering students who are interested in product technology. 7 foreign students have been invited to participate in the NTU International Mentorship Program.	Continue to invite international students to have internships at Sysgration through the talent expositions of colleges and universities or other channels, allow international talents to learn more about Taiwan, and expand the international viewpoint of employees of Sysgration.
Nanchang University	Tire pressure sensor with automatic adjustment of the angle of valve installation	In response to requirements proposed by a vehicle business customer, we introduced the structural design of automatic adjustment angle valve to the design of the customer's project. The product development is ongoing, and it is estimated that the product verification will be completed in 2024.	Plan for development of smart tire equipped with tire pressure sensor for collecting data
Ming Chi University of Technology	Sysgration donated a pair of Realwear smart wearable device to Ming Chi University of Technology	The opportunity for AI + AR application technology research and system integration arises from the Realwear wearable equipment donation, allowing 200 students in the Department of Electronics to have the opportunity to get in touch with the latest AI + AR technology, improving learning efficacy and connecting to the future.	We hope to give rise to AI + AR application technology research and system integration through Realwear wearable equipment donation

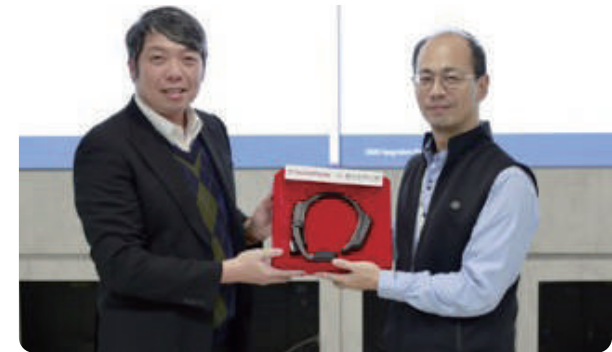
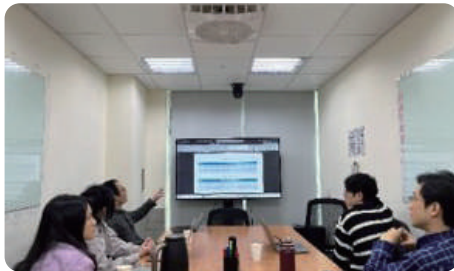
## NTU International Mentorship Program



## Donated the Realwear smart wearable device to Ming Chi University of Technology



## Other photos of industry-academia collaboration



## STP

Seed Talent Program (the "STP") was initiated by the Taiwan Institute of Directors in 2013. STP is committed to cultivating future talents for enterprises. It provides free training courses and extensive resources from the industry sector in the hope of eliminating the gap between the industry and the academy and cultivating youths with independent thinking and innovative ideas.

Sysgration donated sponsorship of NT\$120,000 to the STP20 Program and allowed nine employees to hold the position of "corporate mentor" to provide guidance to students in terms of practical operations in the industry sector, activity organization and discussions, report presentation, and physical or online consultation from time to time. A total of 8 students completed the stage activity planning and implementation, interviews, and achievement report; the activity content includes:



Public Welfare Resume  
Health Check

A free online course on resume health checks has been organized to assist university students in connecting to the workplace and help them with the resumes and interviews for applying for corporate positions. Participating students can make small donations to the Support Charity Activity to pass down the seeds of public welfare to future corporate elites to extend ESG concepts. 28 university students from 10 universities and colleges responded to the activity. In addition, for each additional participant, Sysgration will donate an additional NT\$100 to purchase designated goods and donate to the Taiwan Fund for Children and Families.



## Support Charity Activity

Employees of Sysgration and STP20's seed students served as volunteers at Taiwan Fund for Children and Families and assisted in sorting and distributing/carrying materials to the families.



## Reminiscence of the Fun Childhood

Organize the "Reminiscence of the Fun Childhood and Awaken the Happy Life" activity to appreciate employees for their contributions to the Company and enable them to have relaxing activities to convert their moods apart from work while assisting in the fundraising of Taiwan Fund for Children and Families, allowing employees to have the opportunity to jointly give back to society.

Letter of Appreciation  
from STP

Sysgration also actively invested in the cultivation and development of other aspects. In 2023, Sysgration donated NT\$200,000 to the Formosa Golf Promotion Foundation to cultivate potential golf players in Taiwan. In addition, we participated in the charity bazaar organized by the Penghu Sea Culture, Education and Medicine Charity Foundation and donated NT\$300,000 to support the medical resource integration project for remote townships in Penghu.

In the future, Sysgration will continue to focus on the social development aspect and commit to passing down core professional technology to achieve both product technology R&D in the industry and talent cultivation in the academic sector. It will also invest resources in the cultivation and development of different aspects, cultivate different talents, and improve social production capability and competitiveness.



## 5.6.2 Relief and Care

Sysgration attaches considerable attention to social issues of poor children and senior care. Huizhou Plant in Mainland China donated RMB20,000 to Qinglong County in Guizhou (Hama Community and Wuli Community) via the Dayawan Charity Federation to provide funding to local poor children to improve their education and living quality. In addition, it donated scarves, adult diapers, and nursing pads to the senior care facilities in West Daya Bay.

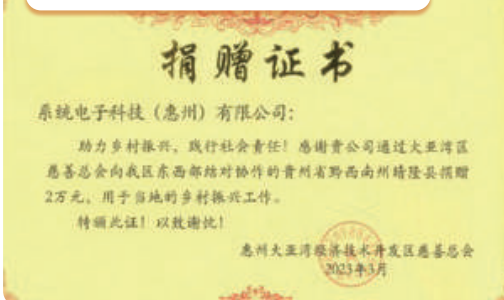
In 2024, we estimate to expand our investments in community care activities for the physical and mental health of seniors in remote townships, including caring for seniors who live alone and understanding the medication knowledge and health status of seniors in communities. In Taiwan, we will assist seniors in improving their health and living quality through real-time online teaching courses by specialists/nursing practitioners. In Mainland China, we will continue to make donations in cash and supplies.

Sysgration encourages employees to respond to the "Burning Blood" blood donation activity. Apart from donating and sponsoring the activity of the Pan-asia Emergency Relief and Care Association, we also granted two hours of official leave for all employees who participated in the activity to encourage employees to donate their blood.

Condolences for nursing pads to the senior care facilities in the west Daya Bay



Provide funding for local children with difficulties



The "Star of Charity" awarded by the Dayawan Charity Federation in Huizhou



"Burning Blood" blood donation activity



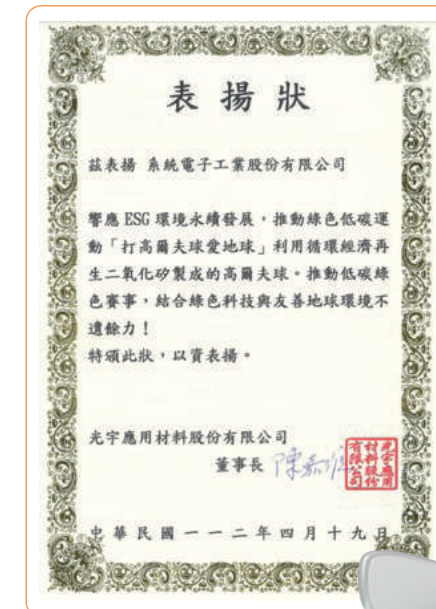
## 5.6.3 Environmental Sustainability

Sysgration develops corporate social responsibility strategy from core value, and aims to integrate and utilize our resources for returning to the society, and enriching the influential power on the society. To promote ecological conservation documentary and ESG concept, Sysgration expands from the employees and cooperating partners to the society in order to jointly enhance the concept of sustainable development. Sysgration also invited socially disadvantaged groups and suppliers/investors to watch the documentary, Good Morni MIT, including 54 people from support center students and their families of Taipei City Family Support Center, 26 people from suppliers and investors of Sysgration, and 70 employees and family members of Sysgration for the education and development of the concept of ecological protection and sustainable operation.

### Ecological Documentary "Good Morni MIT"



Sysgration organizes monthly golf games and hosts an annual Partnership Day and Golf Tournament. We promote low-carbon green games and use environmentally friendly golf balls. In order to reduce the impact on the environment, we combine green technology to be friendly to the earth's environment.





Except for documentary appreciation and low-carbon games, Sysgration's Huizhou Plant also gathered partial employees to participate in the environmental and public welfare event of cleaning the mountains to improve employees' concept of environmental sustainability. During the course of mountain cleaning, employees picked up waste and cleaned the mountain and forest, which allowed employees to enjoy the beauty of mother nature, contributed to environmental protection, and improved their environmental protection awareness of sense of responsibility.



Sysgration has always been committed to investing in social care and development. We actively give back to society through industry-academia cooperation, talent training programs, charitable donations, environmental protection actions, and other diverse projects, aiming at cultivating future leaders, supporting the development of sports, improving education and living quality, and promoting environmental protection. Such actions show our in-depth commitment to social responsibility and motivate employees' participation enthusiasm and sense of responsibility. In the future, we will continue to make efforts to create more positive impacts on society and realize co-prosperity and progress of the Company and society.



# Appendix

## External Certification

Dimension	Certification Items	Certification Scope	Certification Body
Product/ production	Quality management system	Nankang Plant	TUV NORD
		Huizhou Plant	NQA
		Zhenjiang Plant	TUV NORD
	Automotive-related industry quality management system	Nankang Plant	TUV NORD
		Huizhou Plant	NQA
		Zhenjiang Plant	TUV NORD
	Functional Safety of Road Vehicles	Nankang Plant	DEKRA
		Huizhou Plant	DEKRA
	ESD Protection Management System	Nankang Plant	SGS
		Huizhou Plant	TUV SUD
Environment	Hazardous Substances Process Management System	Nankang Plant	ARES
		Zhenjiang Plant	NQA
	Environmental management system	Nankang Plant	URS
		Huizhou Plant	Beijing Daluhangxing Quality Certification Center Co., Ltd.
		Zhenjiang Plant	LFHY
Occupational Safety and Health	Occupational Safety and Health Management System	Nankang Plant	URS
		Huizhou Plant	Beijing Daluhangxing Quality Certification Center Co., Ltd.
		Zhenjiang Plant	LFHY

## GRI Index

Statement of Use		Sysgration has reported the content for the period of 2023/1/1 to 2023/12/31 in accordance with the GRI Standards.			
GRI 1 Used		GRI 1: Foundation 2021			
Applicable GRI Industry Standards		None			
GRI Standards	Disclosure Item	Chapter	Page	Remarks	
GRI 2: General Disclosures 2021	2-1 Organizational details	1.1 About Sysgration	6		
	2-2 Entities included in the organization's sustainability reporting	About the Report	2		
		1.1 About Sysgration	6		
	2-3 Reporting period, frequency and contact point	About the Report	2		
	2-4 Restatement of information	2.1 Corporate Governance	29		
				The data disclosed for the year is corrected as the calculation for the annual total compensation ratio for 2022 has an error	
	2-5 External assurance	About the Report			
		Appendix - Assurance Item Summary Table	2		
		Appendix - Certified Public Accountant Limited Assurance Report	130 131		
	2-6 Activities, value chain and other business relationships	1.1 About Sysgration	8		
		2.7 Sustainable Supply Chain	42		
	2-7 Employees	5.1 Employment	84		
	2-8 Workers who are not employees	5.1 Employment	84		
	2-9 Governance structure and composition	2.1 Corporate Governance	24		
	2-10 Nomination and selection of the highest governance body	2.1 Corporate Governance	25		
	2-11 Chair of the highest governance body	2.1 Corporate Governance	24-25		
	2-12 Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance	31		



GRI Standards	Disclosure Item	Chapter	Page	Remarks
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	2.1 Corporate Governance	31	
	2-14 Role of the highest governance body in sustainability reporting	1.3 Materiality Analysis	14	
	2-15 Conflicts of interest	2.1 Corporate Governance	25	
	2-16 Communication of critical concerns	2.4 Risk Management	39	
	2-17 Collective knowledge of the highest governance body	2.1 Corporate Governance	28	
	2-18 Evaluation of the performance of the highest governance body	2.1 Corporate Governance	27	
	2-19 Remuneration policies	2.1 Corporate Governance	27-28	
	2-20 Process to determine remuneration	2.1 Corporate Governance	27-28	
	2-21 Annual total compensation ratio	2.1 Corporate Governance	29	
	2-22 Statement on sustainable development strategy	Message from the Chairman	3-4	
	2-23 Policy commitments	2.3 Ethical Corporate Management	33	
		2.4 Risk Management	37	
		5.4 Human Rights Protection	97	
	2-24 Embedding policy commitments	2.3 Ethical Corporate Management	33、35	
		2.4 Risk Management	37-39	
		5.4 Human Rights Protection	97-99	
	2-25 Processes to remediate negative impacts		22-23	
		2 Corporate Governance		
		3 Products and Customers	50-52	
		4 Environmental Sustainability	65	
		5 Employee Care and Social Co-prosperity	81-83	

GRI Standards	Disclosure Item	Chapter	Page	Remarks
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	2-27 Compliance with laws and regulations	2.5 Compliance with laws and regulations	39	
	2-28 Membership associations	1.1 About Sy sgration	11	
	2-29 Approach to stakeholder engagement	1.4 Stakeholder Engagement	18-19	
	2-30 Collective bargaining agreements	-	-	No collective bargaining agreement has been signed.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.3 Materiality Analysis	14	
	3-2 List of material topics	1.3 Materiality Analysis	15-17	
	3-3 Management of material topics	2 Corporate Governance	22-23	
		3 Products and Customers	50-52	
		4 Environmental Sustainability	65	
	5 Employee Care and Social Co-prosperity	81-83		
Material Topics				
Ethical Corporate Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	2 Corporate Governance	22	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.3 Ethical Corporate Management	33	
	205-2 Communication and training about anti-corruption policies and procedures	2.3 Ethical Corporate Management	34-35	
	205-3 Confirmed incidents of corruption and actions taken	2.3 Ethical Corporate Management	36	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Ethical Corporate Management	36	

GRI Standards	Disclosure Item	Chapter	Page	Remarks
Energy Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	4 Environmental Sustainability	65	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.3 Energy Management	73	
	302-2 Energy consumption outside of the organization	-	-	Not applicable: Sysgration does not consume energy from the external of the organization.
	302-3 Energy intensity	4.3 Energy Management	73	
	302-4 Reduction of energy consumption	4.3 Energy Management	73-74	
	302-5 Reductions in energy requirements of products and services	4.3 Energy Management	74	
Sustainable Supply Chain Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	2 Corporate Governance	23	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.7 Sustainable Supply Chain	42	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	2.7 Sustainable Supply Chain	44	
	308-2 Negative environmental impacts in the supply chain and actions taken	2.7 Sustainable Supply Chain	45	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	2.7 Sustainable Supply Chain	44	
	414-2 Negative social impacts in the supply chain and actions taken	2.7 Sustainable Supply Chain	45	

GRI Standards	Disclosure Item	Chapter	Page	Remarks
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	5 Employee Care and Social Co-prosperity	81	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	5.5 Occupational Health and Safety	99	
	403-2 Hazard identification, risk assessment, and incident investigation	5.5 Occupational Health and Safety	100-103	
	403-3 Occupational health services	5.5 Occupational Health and Safety	104-105	
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.5 Occupational Health and Safety	99-100	
	403-5 Worker training on occupational health and safety	5.5 Occupational Health and Safety	106	
	403-6 Promotion of worker health	5.5 Occupational Health and Safety	105	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5 Occupational Health and Safety	104-105	
	403-8 Workers covered by an occupational health and safety management system	5.5 Occupational Health and Safety	100	
	403-9 Work-related injuries	5.5 Occupational Health and Safety	100	
	403-10 Work-related ill health	5.5 Occupational Health and Safety	-	Sysgration had no relevant occurrence in 2023

GRI Standards	Disclosure Item	Chapter	Page	Remarks
Product Quality and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	3 Product and Customer Relationship	50-51	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	3.1 Product Quality and Safety	55	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	Sysgration had no relevant occurrence in 2023
Human rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	5 Employee Care and Social Co-prosperity	82	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.4 Human Rights Protection	97	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	5.4 Human Rights Protection	97	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.4 Human Rights Protection	97	
Social Participation				
GRI 3: Material Topics 2021	3-3 Management of material topics	5 Employee Care and Social Co-prosperity	82	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5.6 Social Participation	107	
Low-carbon Green Products (the self-defined topic of Sysgration)				
GRI 3: Material Topics 2021	3-3 Management of material topics	3 Product and Customer Relationship	52	

GRI Standards	Disclosure Item	Chapter	Page	Remarks
Other Topics				
Governance				
Economic performance				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2.2 Economic Performance	32	
	201-3 Defined benefit plan obligations and other retirement plans	5.2 Friendly Workplace	92	
	201-4 Financial assistance received from government	2.8 Financial assistance received from government	47	
Risk management				
GRI 2: General Disclosures 2021	2-23 Policy commitments	2.4 Risk Management	37	
	2-24 Embedding policy commitments	2.4 Risk Management	37-39	
Information Security and Customer Privacy				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6 Information Security and Customer Privacy	40-41	



GRI Standards	Disclosure Item	Chapter	Page	Remarks
Environment				
Water resource management				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.5 Water Resource Management	76	
	303-2 Management of water discharge-related impacts	4.5 Water Resource Management	77-78	
	303-3 Water withdrawal	4.5 Water Resource Management	77-78	
	303-5 Water consumption	4.5 Water Resource Management	77-78	
Greenhouse Gas Emissions				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2 Greenhouse Gas Emissions	72	
	305-2 Direct (Scope 2) GHG emissions	4.2 Greenhouse Gas Emissions	72	
	305-3 Energy indirect (Scope 2) GHG emissions	4.2 Greenhouse Gas Emissions	-	Sysgration will perform a GHG inventory inspection operation in 2024.
	305-4 GHG emissions intensity	4.2 Greenhouse Gas Emissions	72	
	305-5 Reduction of GHG emissions	4.2 Greenhouse Gas Emissions	72	
Waste management				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	75	
	306-2 Management of significant waste-related impacts	4.4 Waste Management	75-76	
	306-3 Waste generated	4.4 Waste Management	75	
	306-4 Waste diverted from disposal	4.4 Waste Management	75-76	
	306-5 Waste directed to disposal	4.4 Waste Management	75-76	

GRI Standards	Disclosure Item	Chapter	Page	Remarks
Society				
Labor-Management Relation				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	5.1 Employment	86	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Friendly Workplace	92	
Training and Education				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	5.2 Friendly Workplace	94	
	404-2 Programs for upgrading employee skills and transition assistance programs	5.2 Friendly Workplace	93	
	404-3 Percentage of employees receiving regular performance and career development reviews	5.3 Talent Management Communication and Salary Security	96	
Employee diversity and equal opportunity				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.1 Corporate Governance 5.1 Employment	26 85	
	405-2 Ratio of basic salary and remuneration of women to men	5.3 Talent Management Communication and Salary Security	97	

## SASB Sustainability Accounting Standards Reference Table

Indicator	No.	Indicator description	Chapter	Page	Description
Energy management	RT-EE-130a.1	(1) Total energy consumption (GJ) (2) Grid electricity usage ratio (%) (3) Renewable energy use ratio (%)	4.3 Energy Management	73	(1) Total energy consumption: 19,241.07 GJ (2) Grid electricity usage ratio (%): 98.12% (3) Renewable energy use ratio: 0%
Hazardous Waste Management	RT-EE-150a.1	Hazardous waste weight (T) and recycling percentage: (%)	4.4 Waste Management	75 76	Hazardous waste weight: 3.84 tons Hazardous waste weight recycling percentage: 42.75%
	RT-EE-150a.2	Reportable number of leakage events and total volume (kg), total volume restored (kg)	-	-	Sysgration had no relevant occurrence in 2023
Product Safety	RT-EE-250a.1	Number of products recalled and the total number of products recalled	-	-	Sysgration had no relevant occurrence in 2023
	RT-EE-250a.2	Total property damage due to product safety-related legal proceedings	-	-	Sysgration had no relevant occurrence in 2023
Product Lifecycle Management	RT-EE-410a.1	Proportion of operating income containing substances in compliance with IEC 62474's reporting criteria to total operating income (%)	-	-	Sysgration performs raw material and product sampling, inspection and testing according to the latest international regulations and trend, including the standards of RoHS, REACH, WEEE. Restricted substances are managed for raw materials and during the manufacturing process according to the PDCA procedure. Furthermore, Sysgration has also obtained hazardous substance management system IECQ QC080000:2017 certification. The hazardous substances under control are the declared substances in IEC 62474, and they also meet the requirements of crucial customers. Although partial materials cannot be replaced or have a minor amount remaining in products due to the existing industrial technologies; however, the content of reportable substances under control stated in IEC 62474 has not reached the ratio that is required to make the declaration.
	RT-EE-410a.2	Proportion of products qualified for energy efficiency certifications to total operating income (%)	-	-	Sysgration has no products that have obtained energy efficiency certification currently.
	RT-EE-410a.3	Total operating income from renewable energy-related products and energy efficiency-related products	-	-	In 2023, Sysgration's revenue for energy management products was NT\$190,229 thousand. (Please refer to the 2023 Annual Report)

Indicator	No.	Indicator description	Chapter	Page	Description
Raw Material Procurement	RT-EE-440a.1	Risk management description for crucial raw materials	2.7 Sustainable Supply Chain	46-47	Sysgration complies with international laws and regulations and does not use any metals provided by unqualified smelters of conflict mineral sites. In addition, suppliers are required to sign the "Non-use of Conflict Minerals Declaration" and "Non-Environmental Hazardous Material Contained Commitment". Furthermore, through the diversification of suppliers, development of alternative materials and recycling technologies to reduce the risk of using raw materials
Business Morality	RT-EE-510a.1	Describe policies and practices to prevent (1) corruption and bribery and (2) anti-competitive behavior	2.3 Ethical Corporate Management	34-35	Sysgration has established business ethics due diligence procedure, and ethical management related policies are implemented through the methods of email information, education and training, performance evaluation, signing of letter of undertaking of integrity, etc.
	RT-EE-510a.2	Financial losses as a result of bribery or corruption-related legal proceedings	2.3 Ethical Corporate Management	36	Sysgration had no relevant occurrence in 2023
	RT-EE-510a.3	Total financial losses incurred due to legal proceedings related to anti-competitive behavior requirements	2.3 Ethical Corporate Management	36	Sysgration had no relevant occurrence in 2023
Industry Events	RT-EE-000A	Production Volume by Product Category	-	-	Automotive electronic products: 15,132 thousand pcs Energy management products: 18 thousand pcs (Please refer to the 2023 Annual Report)
	RT-EE-000B	Number of employees	5.1 Employment	84	Up to the end of 2023, the total number of employees of Sysgration was 550 people

Note: The SASB indicator used is the Electrical & Electronic Equipment, Version 2023-12.

## ■ Regulations Governing the Preparation and Filing of Sustainability Reports by Listed Companies - Electronic Parts and Components Industry Sustainability Disclosure Indicators

No.	Indicator	Indicator Type	Chapter	Page	Description
I	Total energy consumption, percentage of purchased electricity and renewable energy use ratio	Quantification	4.3 Energy Management	73	Total energy consumption: 19,241.07 GJ Percentage of purchased electricity: 98.12% Renewable energy use ratio: 0%
II	Total water withdrawal and total water consumption	Quantification	4.5 Water Resource Management	77	Total water withdrawal: 14.14 million liters Total water consumption: 14.14 million liters
III	Weight and recycling ratio of hazardous waste from manufacturing	Quantification	4.4 Waste Management	75-76	Weight of hazardous waste from manufacturing: 3.84 tons Recycling ratio of hazardous waste from manufacturing: 42.75%
IV	Type, number, and rate of occupational hazards	Quantification	5.5 Occupational Health and Safety	103	Number of general occupational injury persons-time: 0 persons Occupational injury rate: 0
V	Product Lifecycle Management Disclosure: including the weight of scrapped products and electronic waste, as well as the percentage of recycling.	Quantification	4.4 Waste Management	-	In 2023, Sysgration had no scrapped products. The internal electronic wastes include waste cables and other wastes. The weight of waste cables was XXX tons, and XXX% of such waste was recycled for treatment. Other wastes were XXX% incinerated for treatment.
VI	Description of risk management associated with the use of critical materials	Qualitative description	2.7 Sustainable Supply Chain	46-47	Sysgration complies with international laws and regulations and does not use any metals provided by unqualified smelters of conflict mineral sites. In addition, suppliers are required to sign the "Non-use of Conflict Minerals Declaration" and "Non-Environmental Hazardous Material Contained Commitment". Furthermore, through the diversification of suppliers, development of alternative materials and recycling technologies to reduce the risk of using raw materials
VII	Total pecuniary losses incurred due to legal proceedings related to anti-competitive behavior regulations	Quantification	2.3 Ethical Corporate Management	36	Sysgration had no relevant occurrence in 2023
VIII	Production volume of major products by product category	Quantification	-	-	Automotive electronic products: 15,132 thousand pcs Energy management products: 18 thousand pcs (Please refer to the 2023 Annual Report)



## ■ Task Force on Climate-Related Financial Disclosures (TCFD) and Index of Climate-related Information of TWSE/TPEX Listed Companies

TCFD Recommended Disclosure Matters	Climate-related Information of TWSE/TPEX Listed Companies	Chapter	Page	Remarks
Governance				
TCFD 1(a)	Describe the supervisory status of climate-related risks and opportunities by the Board.  1. Describe the supervision and governance of climate-related risks and opportunities by the Board.	4.1 Response to Climate Change	66	
TCFD 1(b)				
Strategies				
TCFD 2(a)	Describe the short-, mid- and long-term climate-related risks and opportunities identified by the organization.	2. Describe how the identified climate risks and opportunities will affect the Company's business, strategy, and finances (short-, mid-, and long-term).	4.1 Response to Climate Change	67
TCFD 2(b)	Describe the impacts of climate-related risks and opportunities on the organization's business, strategic, and financial planning.	3. Describe the impact of extreme weather events and transitional actions on finance.	4.1 Response to Climate Change	68-69
TCFD 2(c)	Describe the organization's strategic resilience, considering different climate-related scenarios (including 2° C or more severe scenarios).	5. If scenario analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and main financial impacts used shall be specified.	4.1 Response to Climate Change	68-69

TCFD Recommended Disclosure Matters		Climate-related Information of TWSE/TPEX Listed Companies	Chapter	Page	Remarks
Risk management					
TCFD 3(a)	Describe the organization's process for identifying and assessing climate-related risks.	4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4.1 Response to Climate Change	70	
TCFD 3(b)	Describe the organization's process for managing climate-related risks.		2.4 Risk Management	37-39	
			4.1 Response to Climate Change	70	
TCFD 3(c)	Describe how the climate-related risk identification, assessment and management processes are integrated into the organization's overall risk management system.		2.4 Risk Management	37-39	
			4.1 Response to Climate Change	70	
Indicators and Targets					
TCFD 4(a)	Disclose the indicators used by the organization to assess climate-related risks and opportunities based on the strategy and risk management process.	6. If there is a transformation plan for responding to and managing climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks. 4. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.	4.1 Response to Climate Change	71	Sysgration does not use internal carbon pricing
TCFD 4(b)	Disclose Scope 1, Scope 2, and Scope 3 (if applicable) GHG emissions and related risks.	9. GHG inventory and assurance.	4.2 Greenhouse Gas Emissions	72	Sysgration will perform a GHG inventory inspection operation in 2024.
TCFD 4(c)	Describe the targets used by the organization to manage climate-related risks and opportunities and the implementation of the targets.	8. If climate-related targets are set, specify the activities covered, the scope of GHG emissions, the planned period, and the progress achieved each year. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant targets, the source of carbon offset limits, quantity, and quantity of RECs shall be specified.	4.1 Response to Climate Change	71	

Item	Value
Describe the supervision and governance of climate-related risks and opportunities by the Board.	<p>In order to effectively manage climate-related risks and opportunities, the ESG-TCFD Committee of Sysgration is convened by the General Manager and has set up three ESG-TCFD Executive Teams, the Policy and Regulation Team, the Market Research Team, and the Physical Risk Assessment Team, respectively, to identify and manage climate change risks and opportunities.</p> <p>Every year, Report the results of risk and opportunity identification and differentiation to the General Manager at the ESG-TCFD Committee Senior Executive Meeting, and formulate response strategies, and regularly report the major climate risks/opportunities and response strategies faced by Sysgration to the Board of Directors, so that the Board of Directors can fully supervise and review major climate risks and opportunities, and can further determine relevant response and management policies and review the implementation status.</p>

How the identified climate risks and opportunities will affect the Company's business, strategy, and finances (short-, mid-, and long-term)

Sysgration actively develops solutions, hoping to reduce the operating and financial impacts brought by climate change and improve the organization's climate resilience. It defines short-term as within three years, mid-term as three to five years, and long-term as above five years to assess the potential operating and financial impacts brought by relevant climate risks and opportunities to the Company so as to plan for various actions to respond to climate-related risks and opportunities.

	Type of Risks and Opportunities	Short-term (zero to three years)	Mid-term (three to five years)	Long-term (above five years)
Risk	<b>Transformation Risks</b>	<ul style="list-style-type: none"> <li>Rising Cost of Raw Materials</li> <li>Costs of low-carbon technology transformation</li> </ul>	<ul style="list-style-type: none"> <li>Carbon pricing mechanism</li> <li>Customer behavior change</li> </ul>	-
	<b>Physical Risk</b>	-	-	<ul style="list-style-type: none"> <li>Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.)</li> </ul>
Opportunity	<b>Opportunity</b>	-	<ul style="list-style-type: none"> <li>Develop and/or increase low-carbon products and services</li> </ul>	<ul style="list-style-type: none"> <li>Enter new markets</li> <li>Use more efficient production and distribution processes</li> </ul>

Sysgration evaluated the above risks, proposes climate-related risks and opportunities that may cause significant financial impact, and the response strategies are as follows:

Risk/Opportunity	Financial Impact	Response Strategy
<b>Carbon pricing mechanism</b>	<p>The European Union will implement the CBAM Carbon Border Adjustment Mechanism starting October 1, 2023, with full implementation in 2026; Taiwan is expected to start collecting and introducing a carbon fee in 2024-2025. Although the Company is not the first wave of taxation objects, we still need to pay close attention to regulatory changes and updates. The national carbon emission trading market in mainland China will be launched in 2021. The first industry to be included in the trading is the electric power industry, but it is still necessary to pay close attention to the policies and industries that are subject to regulation. In the future, when carbon emissions exceed the control value, an additional purchase is required. However, the price of carbon rights should be increased year by year, resulting in operating cost pressures on businesses.</p>	<ol style="list-style-type: none"> <li>1. Establish the ESG Committee and set up a Sustainable Environment Task Force to promote and supervise energy conservation and carbon reduction measures, such as replacing equipment, promoting paperless and recycling paper reuse. If the related lighting equipment in plants and office buildings requires repair or maintenance, it shall be replaced with LED energy-saving lamps or light bulbs.</li> <li>2. Establish the GHG Inventory Committee to perform an inventory of the emission sources of GHGs at all companies and plants within the Group and collect data on various emission activities for analysis for the benefit of promoting relevant carbon reduction plans.</li> <li>3. Introduce ISO 14064 Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based Carbon Reduction initiative targets.</li> <li>4. Continue to pay attention to Mainland China's carbon trading market policies and Taiwan's carbon fee and carbon tax policies, conduct carbon inventory every year, set short-term, medium- and long-term carbon emission reduction targets and review regularly so as to cooperate with the government's relevant carbon reduction policies in the future and adjust the Company's carbon reduction strategies and action plans in a timely manner.</li> </ol>

Item	Value	
	Risk/Opportunity	Response Strategy
	<p><b>Rising cost of raw materials</b></p> <p>Natural disasters affect raw material suppliers and increase the cost of purchasing raw materials, resulting in increased production costs. For example, due to supply chain interruptions, products fail to be delivered as scheduled; the manufacturing locations of automotive electronic components are also in Europe and the United States. For example, winter storms severely damage the power grid, resulting in power outages or production capacity crowding out after power is restored. All of this will increase the costs and increase the pressure on the Company's operating costs.</p>	<ol style="list-style-type: none"> <li>1. Understand the production base of the upstream supply chain and provide predictive orders to facilitate production capacity planning and adjustment.</li> <li>2. Disperse the proportion of materials used for electronic components through product design and supply chain management, not limited to one brand, and avoid production in the same area.</li> <li>3. Improve research and development efforts, introduce green design, optimize production methods, and use a new recyclable integrated, simple packaging design to reduce the waste of redundant packaging materials, reduce the cost of raw materials, reduce the weight of the whole machine, reduce transportation costs, to achieve energy saving carbon reduction.</li> <li>4. Actively introduce raw material suppliers capable of implementing energy saving and carbon reduction.</li> <li>5. We plan to introduce ISO 20400 Sustainable Procurement and Sustainable Supply Chain Management in the hope of making procurement decisions that are beneficial to the organization and society while minimizing impacts on the environment. To achieve the target, we shall ensure a favorable working environment for suppliers' employees, the sustainability of procurement, and the settlement of socioeconomic issues (i.e., inequality and poverty).</li> </ol>
	<p><b>Customer behavior change</b></p> <p>In order to reduce the impact on the environment, many customers have requested changes in their product manufacturing or design requirements, such as replacing the battery from lead-acid batteries to lithium batteries. In addition to saving maintenance costs, it also reduces the impact of lead acid on the environment. To effectively reduce the tire wear of customer fleets, tire manufacturers propose changes by providing a Fleet Management System and integrating a Tire Pressure Monitoring System.</p>	<ol style="list-style-type: none"> <li>1. In the development and design of tire pressure monitoring, energy storage and automotive electronics, Sysgration works closely with chip manufacturers, with new chips integrated with the original wireless communication into the main chip to reduce the PCB area and make the overall chip size smaller and lighter, reducing the raw materials needed for production processes, and shortening the time required for manufacturing, achieving the carbon reduction benefits in the product life cycle.</li> <li>2. Establish a complete customer communication channel, formulate relevant standards for compliance, and provide customer feedback procedures to instantly understand customer needs for product specifications; at the same time, visit customers regularly to discuss cooperation and integration business matters to increase customer value differentiation and assist customers in expanding low carbon product market.</li> </ol>
	<p><b>Costs of low-carbon technology transformation</b></p> <ul style="list-style-type: none"> <li>▪ Customers have increased demand for low-carbon and green energy-designed products, such as Fleet Management System and Bluetooth Tire Pressure Monitoring System; and all countries have also begun to increase requirements for specific products and processes, such as Europe has required mandatory installation of Tire Pressure Monitoring System for trucks, hence, investment in product research and development and process improvement costs will increase.</li> <li>▪ The carbon emission requirements of the countries where each operation location is located, such as the carbon fee levied by Taiwan's Climate Change Response Act and the carbon trading in the test pilot of the carbon trading market in mainland China. If low-carbon technology transformation is not implemented, the cost of carbon fees will increase.</li> </ul>	<ol style="list-style-type: none"> <li>1. Set up Research and Development Departments for different product lines and combine the expertise and advantages of supply chain manufacturers to continuously develop innovative technologies in the fields of the Internet of Things, Internet of Vehicles, Energy Storage products, and Battery Energy.</li> <li>2. The development of the new Bluetooth TPMS will reduce the weight of the vehicle, reduce fuel consumption, reduce the possibility of tires being scrapped early due to insufficient tire pressure, and save fuel consumption while maintaining tire pressure.</li> <li>3. Actively encourage employees to expand the research and development achievements completed on the job, accumulate the Company's intellectual property rights, and arrange relevant, innovative research and development courses combined with environmental sustainability at the same time.</li> <li>4. Actively engage in industry-academia exchanges and cooperation with the government, academic and research institutions, and colleges and universities to introduce new technologies and new talents to join the R&amp;D of low-carbon products.</li> </ol>



Item	Value		
	Risk/Opportunity	Financial Impact	Response Strategy
	Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.)	In recent years, the frequency of extreme weather events has increased and lasted longer. The factory buildings may be damaged by flooding, and employees may also suffer direct or indirect injuries; and the interruption of production may lead to interruption of the supply chain, obstruction of raw material delivery, and supply interruption; For example, when a typhoon strikes, it may directly affect the transportation, delay the delivery date and shipping schedule of the supply chain, and thus unable to meet the customer delivery schedule.	<ol style="list-style-type: none"> <li>1. Formulate emergency response measures, prepare fire-fighting and emergency rescue equipment in advance, conduct typhoon emergency response drills at least once every year, and set up the Emergency Command Center to conduct overall emergency response management after disasters, including the immediate purchase of raw materials on the spot and emergency personnel recruitment.</li> <li>2. In response to flooding caused by extreme weather events, look for warehousing places in safe areas and OEMs to assist in production; choose the mode of shipment transportation that is least affected by extreme weather events.</li> <li>3. In the event of short-term power outages due to drought, diesel generators will be used for backup power generation during power outages to maintain uninterrupted production and manufacturing and avoid work suspension or production interruptions.</li> <li>4. Take out relevant insurance (i.e., natural disaster insurance) to reduce losses.</li> </ol>
	Enter new markets	<ul style="list-style-type: none"> <li>▪ With the increase of customers' demand for Fleet Management System, Sysgration's Bluetooth TPMS can be easily integrated with the Fleet Management System, to effectively manage fleet tire wear and reduce fuel consumption and carbon emissions. And, in response to the mandatory installation of tire pressure monitoring systems for trucks in Europe, the demand has increased.</li> <li>▪ Climate change has prompted the global automobile market to rapidly shift to electric vehicles. Sysgration has experience in the development and production of automotive electronic products. The produced Internet of Things, Internet of Vehicles, Energy Storage products and Battery Energy technologies will achieve excellent results in the next few years.</li> </ul>	<ol style="list-style-type: none"> <li>1. Continue to expand and operate with major customers of European and American OE automobile manufacturers.</li> <li>2. The upstream and downstream integration and comprehensive deployment of the energy storage industry chain to bring in capital, technology, and strategic investors.</li> <li>3. The Company has set up a plant in the U.S. to secure and stabilize orders from customers in Europe and America, and the new business location can also shorten the transportation time and distance for shipping to major customers in Europe and America and reduce carbon emissions.</li> <li>4. Split the ESS department to establish the Power System Energy and expand the Energy Storage Equipment Construction market in 2023.</li> <li>5. Research and analyze market, customer, region, society, national policies, laws and regulations, and climate-related trends, grasp the product aspect market environment and changes in policies and laws and regulations with advance deployment to increase and speed up research and development efforts, and accelerate product innovation.</li> </ol>
	Use more efficient production and distribution processes	Reduce the proportion of rework to increase the yield rate by increasing the proportion of automated production and testing, and use big data to analyze the causes of production yield rate to implement improvement and preventive measures.	<ol style="list-style-type: none"> <li>1. Increase and improvement of automation equipment.</li> <li>2. Strengthen the integrity of generating big data collection.</li> <li>3. Implement personnel education and training.</li> <li>4. The Nankang Plant is building a micro-grid in the factory, using the UPS System and Energy Storage System with EMS Energy Management System to effectively monitor and control the factory's power consumption and then establish solar photovoltaics for self-generation and self-use. Using green electricity to reduce carbon can also reduce contract capacity and unit production costs.</li> </ol>
	Develop and/or increase low-carbon products and services	<ol style="list-style-type: none"> <li>1. Develop the distributed Energy Storage System, using lithium-ion batteries cooperated with solar photovoltaics.</li> <li>2. Compared with the traditional technology of Radio Frequency, the low-power Bluetooth TPMS can reduce the installation of materials, shorten the installation time, and make it easy to integrate with the customer's device without the need to purchase a signal amplifier.</li> <li>3. Develop smart glasses products, improve power saving and charging and discharging efficiency can effectively save energy, and turn to find ODM/OEM opportunities for smart glasses simultaneously.</li> </ol>	<ol style="list-style-type: none"> <li>1. Strengthen the collection and R&amp;D of new specification power supplies and power-saving design data, and increase the percentage of using energy-saving parts.</li> <li>2. Develop multiple technologies, such as automatic positioning systems, to save customers installation time.</li> <li>3. Use mechanism design analysis software to assess, including heat dissipation, turbulence, etc., estimate the weight and size of the product, and plan the heat conduction design aiming at the position where the heat energy occurs, effectively improving the product performance and reducing power consumption.</li> </ol>

Item	Value
Describe the impact of extreme weather events and transitional actions on finance.	<p><b>Financial impacts of extreme weather events</b></p> <p>In recent years, the frequency of extreme weather events has increased and lasted longer. The factory buildings may be damaged by flooding, and employees may also suffer direct or indirect injuries; and the interruption of production may lead to interruption of the supply chain, obstruction of raw material delivery, and supply interruption; For example, when a typhoon strikes, it may directly affect the transportation, delay the delivery date and shipping schedule of the supply chain, and thus unable to meet the customer delivery schedule, causing the loss of the Company's production capacity and loss of operating income.</p> <p><b>Financial impacts of transformation actions</b></p> <p>Under the transformation risk, low-carbon economy transformation may face extensive changes in policies, regulations, technologies, and markets. According to the nature, speed, and emphasis of the abovementioned changes, the carbon pricing system, the increasing cost of raw materials, changes in customer behaviors, and the cost of low-carbon technology transformation within the time scope of analysis may cause the increase in operating cost and operating losses of the Company.</p>
Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<ol style="list-style-type: none"> <li>1.Filter our climate risks and opportunities: Filter out the relevant climate risks and opportunities based on Sysgration's industrial characteristics and operating status, including a list of 5 risks and 3 opportunities topics</li> <li>2.Internal training and inventory of the Company: Call upon members of the TCFD team to organize education, training, and workshops to understand the definition of climate risks and opportunities related to Sysgration and study domestic and foreign regulation, market, and technology trends. Carry out further compounded analysis for different issues and understand the impacts and effects of climate issues on Sysgration based on impact possibility, level of impact, impact timing, and other factors.</li> <li>3.Identify material risks and opportunities: Evaluated the materiality based on the analysis content and impact possibility and level of impact and concluded the material climate risks and opportunities, including two risks and one opportunity. Performed an inventory of information related to climate-related risks and opportunities and management strategies and concluded corresponding control measures and action plans.</li> <li>4.Senior management confirmation: In conclusion, the Senior Management reviews the identified results, confirms relevant climate risks and opportunities, and integrates them into the Company's risk management process for control</li> </ol>

Item	Value					
	Type of Risks and Opportunities	Issue Definition	Scope of assessment	Climate scenario, parameters, assumptions, and analysis factors	Timing of impact assessment	Financial impact assessment results
If scenario analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and main financial impacts used shall be specified.	Market Risk	Rising cost of raw materials	Company-wide	<ul style="list-style-type: none"> <li>Under the SSP5-8.5 scenario in the IPCC AR6, the mid-century heavy rain variation rate and the mid-century number of days of continual droughts have been increasing, and the ratio was 20% and 5.5%, respectively. Analyze the impact of climate and natural disasters on production logistics interruption of Sysgration and the inability of the supply chain to supply raw materials.</li> </ul>	2046 - 2065 (mid century)	Under effective control in past operations, there was no production logistics interruption or the inability of the supply chain to supply raw materials due to climate and natural disasters, and there was no effect on the operating income.
	Transformation Risks	Technology Risk Costs of low-carbon technology transformation		<ul style="list-style-type: none"> <li>If the Company is unable to complete low-carbon technology transformation, based on the ratio of operating income of customers who require the provision of low-carbon or energy-saving products according to the requirements, it is estimated that the loss of customer orders arising from the inability to comply with such requirements by 2025 will cause financial impacts.</li> <li>According to the BAU (Business As Usual) and IEA-B2DS scenarios, the Company carried out the carbon fee financial impact evaluation in Taiwan and the carbon trading financial impact evaluation in Mainland China based on the carbon price of US\$14.6 and US\$52 for the plants in Taiwan and the carbon trading fees of RMB16.3 and RMB64.7 for plants in Mainland China, respectively.</li> </ul>	2025	<ul style="list-style-type: none"> <li>If orders decrease as Sysgration's products fail to enter the low-carbon transformation process to satisfy the latest low-carbon energy-saving requirements of customers or countries, the financial impact accounts for 33.7% of our operating income.</li> <li>Financial impacts of carbon fees or carbon trading fees levied for different operating plant areas, respectively, to ensure compliance with the GHG emission policies of the local competent authorities:               <ul style="list-style-type: none"> <li>(1)BAU scenario: Financial impacts account for 0.03% of our operating income.</li> <li>(2)Net Zero scenario: Financial impacts account for 0.10% of our operating income.</li> </ul> </li> </ul>

If there is a transformation plan for responding to and managing climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks.

#### Transformation Risks:GHG Management

Set the year of 2021 as the base year for the greenhouse gas emissions

Short-to-mid-term: 20% reduction in emissions by 2025

Long term: 50% reduction in emissions by 2030

#### Energy Saving Management

Set the year of 2021 as the base year for the power consumption management; the goal is to reduce the emission density of electricity consumption by at least 40% in 2026.

#### Physical Risk:

Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.)

- 1.Formulate emergency response measures, conduct typhoon emergency response drills at least once every year, and set up the Emergency Command Center to conduct overall emergency response management after disasters, including the immediate purchase of raw materials on the spot and emergency personnel recruitment.
- 2.In response to flooding caused by extreme weather events, look for warehousing places in safe areas and OEMs to assist in production; choose the mode of shipment transportation that is least affected by extreme weather events.
- 3.In the event of short-term power outages due to drought, diesel generators will be used for backup power generation during power outages to maintain uninterrupted production and manufacturing and avoid work suspension or production interruptions.
- 4.Take out relevant insurance (i.e., natural disaster insurance) to reduce losses.

Item	Value		
<p>If internal carbon pricing is used as a planning tool, describe the basis for setting the price.</p> <p>Sysgration does not use internal carbon pricing as a planning tool.</p>			
<p>If climate-related targets are set, specify the activities covered, the scope of GHG emissions, the planned period, and the progress achieved each year. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant targets, the source of carbon offset limits, quantity, and quantity of RECs shall be specified.</p>	Indicator Items	GHG Management	Energy Saving Management
	Goals	<p>Set the year of 2021 as the base year for the greenhouse gas emissions</p> <p>1.Short-to-mid-term: 20% reduction in emissions by 2025</p> <p>2.Long term: 50% reduction in emissions by 2030</p>	<p>Set the year of 2021 as the base year for the power consumption management; the goal is to reduce the emission density of electricity consumption by at least 40% in 2026.</p>
	Implementation Status	<p>The calculation of greenhouse gas emissions is mainly based on Scope 2 (externally purchased electricity), accounting for 99% of the annual emissions.</p> <p>In 2023, the Group's total GHG emissions were 2,616.29 metric ton/CO<sub>2</sub>e, and the emission intensity was 0.79 metric ton CO<sub>2</sub>e/million NT\$ operating income.</p>	<p>In 2023, the Group's total electricity consumption was 5,243,275.04 kWh, and the emission intensity of electricity consumption was 1,599.19 kWh/million NT\$ operating income.</p>



## Summary of Assurance Items

	Assurance Items	Criteria	Page
1	Total energy consumption in 2023 was 19,241.07 Gigajoule (GJ).	The energy consumption in 2023 was calculated based on the electric utility company's receipts and gas station's invoices. The information covered in the previous information included the Taipei Headquarters, Nankang Plant, PTE, Zhenjiang Plant and Huizhou Plant. If the operating base has a coleased area, it will be shared proportionally with the other tenants.	P.73 、 119 、 121
2	Total water withdrawal in 2023 was 14.14 million liters	The water withdrawal in 2023 was calculated based on the water bill issued by the water utility company. The information covered in the previous information included the Taipei Headquarters, Nankang Plant, PTE, Zhenjiang Plant and Huizhou Plant. If the operating base has a coleased area, it will be shared proportionally with the other tenants.	P.12 、 64 、 77 、 121
3	Female senior managerial positions accounted for 20.7% of all management levels in 2023	According to the HR system's information as of 2023/12/31: The proportion of female employees in senior managerial positions was calculated by dividing the number of female employees in senior managerial positions by the total number of all management levels. ** Management grade refers to assistant manager level (inclusive) or above	P.4 、 12 、 80 、 91
4	In 2023, revenue for energy management products was NT\$190,229 thousand.	The estimation is based on the revenue of energy management products sold by Sysgration in 2023 by the ERP system.	P.119
5	Total award distribution was NT\$640,000 across 20 cases for patent reward issuance in 2023.	The patent cases and award applicated for issuance is calculated on the base of patent application and reward system established by the company.	P.58 、 92

## Certified Public Accountant Limited Assurance Report

### Independent Limited Assurance Report

To Sysgration Ltd.

We have been engaged by **Sysgration Ltd.** (“Company”) to perform assurance procedures in respect of the key performance indicators identified by the Company and reported in the 2023 Sustainability Report (hereinafter referred to as the “Identified Key Performance Indicators”) and have issued a limited assurance report based on the result of our work performed.

#### Subject Matter Information and Applicable Criteria

The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the “Summary of Subject Matter Assured” on page 130 of the Sustainability Report. The scope of the aforementioned Identified Key Performance Indicators is set out in the “Report Boundary and Data” on page 2 of the Sustainability Report.

#### Management’s Responsibility

The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the Sustainability Report in accordance with the respective applicable criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

#### Inherent Limitations

Certain subject matter information assured involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are more dependent on individual assumptions and judgments.

#### Compliance of Independence and Quality Management Requirement

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the Standard on Quality Management 1, “Quality Management for Public Accounting Firms” of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information” of the Republic of China. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.

Under the requirements of the aforementioned standards, our limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Made inquiries of the persons responsible for the Identified Key Performance Indicators to obtain an understanding of the processes, information systems, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed analytical procedures on the Identified Key Performance Indicators and performed substantive testing on a selective basis, including inquiries, observation, and inspection to obtain evidence for limited assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.

We also do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators in the Sustainability Report are not prepared, in all material respects, in accordance with the applicable criteria.

**Other Matter**

The Management of the Company is responsible for maintaining the Company's website. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the applicable criteria have been subsequently modified.

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan  
August 2, 2024

**SYSGRATION®**

