

# 2023 Sustainability Report





# CONTENT

- 002 About this report
- 003 Message from the Management
- 005 About Taiflex
- 007 ESG performance and highlights in 2023

## 1 Practitioner of Sustainable Management

- 009 1.1 Sustainable Development Committee
- 009 1.2 Stakeholder Communication and Response
- 013 1.3 Identify Material Topics of the Year
- 017 1.4 Sustainable Development Goals and in Practice

## 2 Entrepreneur with Steady Progress

- 021 2.1 Board Governance
- 026 2.2 Climate and Operational Risk Management
- 030 2.3 Regulatory Compliance and Internal Control
- 033 2.4 Sustainable Supply Chain

## 3 Developer of Innovative Materials

- 038 3.1 Market and Business Expansion
- 041 【Column】Expanding Business Footprint - Our Presence in Thailand
- 042 3.2 Product R&D and Innovation
- 046 【Column】Knowledge Management Kickoff Meeting
- 047 3.3 Information Security and Customer Privacy
- 050 3.4 Customer Demand and Quality Management

## 4 Producer of Green Products

- 056 4.1 Environmental Policy and Investment
- 058 4.2 Energy and Carbon Emission Management
- 061 【Column】Information-based Carbon Inventory System
- 062 4.3 Waste Reduction Actions

## 5 Promoter of Social Prosperity

- 068 5.1 Right Person for the Right Job
- 070 5.2 Create a Friendly Workplace
- 076 5.3 Workplace Safety and Health
- 085 5.4 Care for Children and Youth
- 088 【Column】Proposal for Bike Commuting

## 6 Appendix

- 090 Appendix I ESG Information
- 110 Appendix II Sustainability Report Assurance Statement
- 111 Appendix III Comparison Table of GRI Standards
- 122 Appendix IV Comparison Table for SASB Sustainability Accounting Standards - Industrial Machinery & Goods
- 123 Appendix V Comparison Table of Sustainability Disclosure Indicators - Electronic Parts and Components Industry of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"
- 124 Appendix VI Climate-related Information of TWSE/TPEX-listed Companies Subjected to the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"
- 125 Appendix VII Comparison Table of SDGs



## About this report

TAIFLEX Scientific Co., Ltd. has issued non-financial reports for 11 consecutive years since 2014. This year, we delved into understanding the context of sustainable development, conducted materiality analysis to identify stakeholders' issues of concern, and incorporated external expert opinions to determine 15 material sustainable topics. The report reveals in detail Taiflex' s management approach, action plan and performance on various sustainability issues using common phrases and descriptions. In addition to enhancing information transparency for stakeholders, the report demonstrates our determination to implement sustainable developments.

### ■ Preparation principles and guidelines

This report has been prepared in accordance with the GRI Standards issued by the Global Reporting Initiatives (GRI) and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of the Taiwan Stock Exchange Corporation (TWSE), with an emphasis on the disclosure of Article 4, "Sustainability Disclosure Indicators - Electronic Parts and Components Industry" and Article 4-1, "Climate-related Information" of the latter. We also refer to the Sustainability Accounting Standards Board (SASB), the Task force on Climate-Related Financial Disclosures (TCFD), and the Sustainable Development Goals (SDGs) of the United Nations, and comply with the reporting principles and requirements set forth therein. Financial performance data are calculated and expressed in New Taiwan dollars while energy saving and carbon reduction figures are expressed in International System of Units to enhance the substantiveness and comparability of the report. Information restated in comparison to the 2022 sustainability report is described in the report.

### ■ Reporting scope, period and frequency of the report

Taiflex issues a sustainability report every year with the same frequency as financial reports. The report is available on the corporate website at <https://www.taiflex.com.tw/english/Home>.

This report discloses the Company' s sustainable development performance in economic, governance, social and environmental aspects between January 1, 2023 and December 31, 2023. To enhance completeness and comparability of the report, certain content covers both before and after the reporting period. Except for financial data which are extracted from the consolidated financial reports, all other data are based on Taiflex' s operation and business in Taiwan (including Taiflex 1, 2, 3 and 5, while excluding subsidiaries). However, in consideration of the Group' s sustainable development and planning, some sustainability performance of subsidiaries is included in this report.



Previous report: June 2023  
Current report: June 2024  
Next report: Scheduled to be released in August 2025

### ■ Audit and external verification

The data and information in this report are compiled according to Taiflex' s "Procedures for the Preparation and Assurance of Sustainability Reports." They are provided by various departments of the headquarters and factories, reviewed by respective supervisors, and then compiled and edited by the sustainability report preparation unit. After that, they are reviewed and revised by the heads of respective promotion centers within the Sustainability Development Committee, and submitted to President and Chairperson for review before being finalized for publication according to administrative procedures.

To enhance credibility, financial performance in the report is extracted from the annual financial reports audited by Ernst & Young. As for other content, we have commissioned AFNOR Asia Ltd., a subsidiary of AFNOR Group, to undertake assurance. The result indicated that the report is in line with the GRI Standards 2021 and AA1000AS v3, using Type 1 at a moderate level of assurance. The independent assurance statement is detailed in Appendix 2.

### ■ Feedback

Please contact us if you have any questions or suggestions regarding the Company or this report. For more information on our sustainability efforts, please access the ESG section of our corporate website.

Responsible units: Sustainable Development Center/TAIFLEX Scientific Co., Ltd.



Address: No. 1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan  
Telephone number: 886-7-8139989 # 72350  
Email address: [knight@taiflex.com.tw](mailto:knight@taiflex.com.tw)  
Sustainable Development Section:  
[https://www.taiflex.com.tw/english/esg\\_overview.htm](https://www.taiflex.com.tw/english/esg_overview.htm)



## Message from the Chairperson

In 2023, high inflation, high cost of funds and sluggish end demand put enterprises' operational flexibility and risk response capabilities to the test. We managed to improve our operational flexibility by increasing the proportion of local supplies across all factories, adopting flexible inventory strategies, improving product structures, enhancing production efficiency and exercising cost controls. At the same time, we increased our investments in new material research and development as well as sampling for promotion purpose, striving to expand our market share while awaiting economy recovery to take our operation to the next level. Meanwhile, we achieved a series of significant milestones in sustainable development, especially the establishment of our Thailand factory. As the concept of corporate sustainable management gains momentum, people have high expectations for companies' ESG commitments. Taiflex has been actively promoting various sustainable development measures. On the environmental front, we implemented 29 energy-saving projects within our factories and saved 1,504,834 kWh of electricity, exceeding the annual target of 1% stipulated in the Energy Administration Act. In terms of carbon reduction, with 2021 as the base year, our total direct and indirect greenhouse gas emissions in 2023 had already met the short-term target of 4% reduction in Scope 1, and are steadily progressing towards our long-term carbon reduction target. Apart from our own carbon reduction efforts, the parent company purchased 10,000 kWh of Taiwan Renewable Energy Certificate (T-REC), actively supporting the government's 2050 net zero target. Meanwhile, to fulfill our responsibility as a global citizen, we also installed rooftop solar power system of 430 kW in our Thailand subsidiary and signed a 10-year purchase agreement for 75 million kWh of green power certificates.

As for social responsibility, we advocate for employee diversity and equality, and actively engage with the community. We collaborate with schools to expand on diverse social welfare activities with a focus on youth development and care for children. Regarding corporate governance, in addition to complying with governance policies, we have further strengthened our intellectual property management system and obtained Level-A Taiwan Intellectual Property Management System certification in 2023.

In the future, we will persistently strengthen our core competitiveness with continued investments in the research and development of flexible electronic materials and semiconductor materials, moving towards delivering high value-added products. At the same time, we will leverage our leading position in flexible materials and collaborate with customers to capture the driving forces of market growth and consolidate the foundation for long-term growth. We aim to lead the industry in the pursuit of excellence, and strive to build a better and more sustainable future.

孫達波 Sun Ta-Bo





## Message from the President

Despite numerous difficulties and challenges in recent years, we have never ceased our pursuit of corporate sustainability. We remain unwavering in our goals of “renewable energy, low carbon emissions, and circular economy by 2030” as well as the “global vision of 100% renewable energy, net zero emissions, and 100% circular economy by 2050.”

For energy saving and carbon reduction, we implemented 29 projects in 2023, including “oven heat recovery,” “condensation, purification and reuse of solvents” and other technological and equipment improvements. These efforts contributed to an annual saving of more than one million kWh in electricity, which was equivalent to a reduction of over 600 MT of CO<sub>2</sub>e. Our newly-established Thailand factory is a green factory adopting green building designs to achieve RE100 target. In addition to installing rooftop solar power systems, it has planned to sign a 10-year purchase agreement for 75 million kWh of green power certificates, making carbon reduction a competitive advantage for Taiflex.

On top of implementing various ESG management and activities within, Taiflex continues to expand its green influence by teaming up with supply chain partners to carry out low-carbon management. Through carbon inventory and energy-saving, carbon reduction consultation, we deepen green supply chain practices. Suppliers are required to sign corporate social responsibility commitments and undergo green supply chain evaluations to jointly fulfill corporate social responsibilities and establish a stable sustainable supply chain.

Taiflex adheres to the people-oriented spirit and continuously engages in social welfare and talent cultivation. Since the establishment of the Kaohsiung City Youth Care Association in 2011, the Company has actively participated in and organized charitable activities, such as hosting study tours in Kaohsiung for underprivileged children and teenagers, and working with the Puren Youth Care Foundation to assist disadvantaged teenagers with their schooling, injecting positive energy into the society. Taiflex is committed to becoming an environmentally friendly materials expert and advancing the development of high-tech products. We collaborate with the College of Semiconductor & Advanced Technology Research of National Sun Yat-sen University to nurture technological talent for the industry.

Corporate social responsibility has always been a serious commitment to Taiflex, as evidenced by our active involvement and execution. We were recognized as an outstanding company in the “Proactive Evaluation on Occupational Health and Safety Index Disclosed in the Sustainability Reports” conducted by the Occupational Safety and Health Administration. Moving forward, we will continue to develop innovative solutions through interdisciplinary cooperation, and implement the concept of corporate sustainable development to instill sustainable values in our corporate culture.



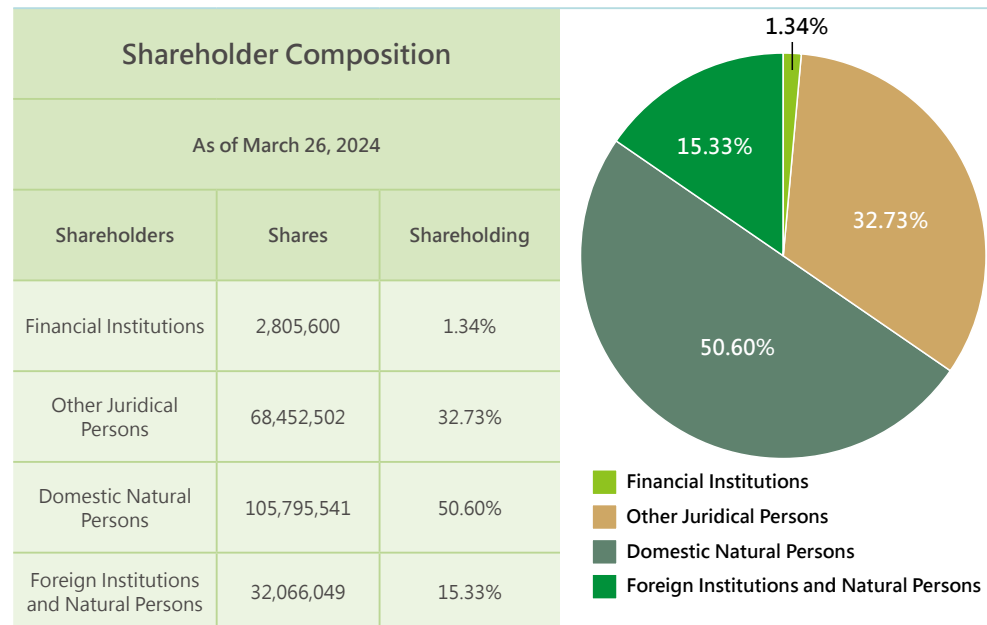
江宗翰 Tzong-Hann Jiang

## About Taiflex

TAIFLEX Scientific Co., Ltd. was founded in 1997. Our vision is to become a world-class FPC material provider. Our market competitiveness lies in our core competencies of independent basic formula and precision coating process. We provide customers with the most reliable and advanced FPC materials as well as integration of innovative applications. Taiflex is now one of the top three suppliers of FPC materials in the world.

### Company overview

	<b>Company</b> TAIFLEX Scientific Co., Ltd.		<b>Paid-in capital</b> NT\$2,091.20 million
	<b>Date of incorporation</b> August 16, 1997		<b>Ticker number</b> TWSE: 8039 (Listed)
	<b>Industry</b> Electronics components industry		<b>Number of employees</b> 803 employees (as of December 31, 2023)
	<b>Chairperson</b> Ta-Wen Sun		<b>Products</b> FCCL, cover-layer, bonding sheet and composite materials
	<b>President</b> Zong-Han Jiang		<b>Headquarters</b> No. 1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City 806011, Taiwan
	<b>Spokesperson</b> Chi-Yuan Pan		<b>Location of operation</b> Taiwan, China, Japan, the U.S. and Thailand



### Diversification

Taiflex Group enhances corporate value and expands business scope through diversification. Apart from the businesses in electronics materials, optical films, and heat dissipation materials, the Group has successfully ventured into semiconductor and display packaging materials in recent years. Furthermore, in response to the global trends of carbon reduction and net-zero emission, we have established Taiflex Green Power Co., Ltd. (Taiflex Green Power) to coordinate the renewable energy development within the Group.





## Award and Recognition

2019~2023

Year	Award and Recognition
2023	<ul style="list-style-type: none"> <li>Received Badge of Accredited Healthy Workplace from Health Promotion Administration, Ministry of Health and Welfare.</li> <li>Received trophy from Kaohsiung Export Processing Zone Administration for participating in blood donation activities.</li> <li>Ranked in the top 5% of the "Small and Mid-Caps" category for the 2022 Corporate Governance Evaluation.</li> <li>Recognized as an exemplary company in the 2023 joint regional complex accident emergency response drill organized at the Kaohsiung Qianzhen Technology Industrial Park.</li> <li>Obtained ISO27001 Information Security Management System certification for eight consecutive years.</li> <li>Obtained the Level-A Taiwan Intellectual Property Management System (TIPS) certification in 2023.</li> <li>Recognized as an outstanding company of the electronics industry in the "Proactive Evaluation on Occupational Health and Safety Index Disclosed in the Sustainability Reports" conducted by the Occupational Safety and Health Administration, Ministry of Labor.</li> <li>Received the certificate of 2023 Enterprises Committed to Corporate Health Responsibility from the Common Health Magazine.</li> <li>Approved to be an Authorized Economic Operator (AEO).</li> <li>Obtained both ISO45001 and CNS45001 certifications.</li> <li>Hosted the Kaohsiung study tours with the Puren Youth Care Foundation for eight consecutive years.</li> <li>Received "Distinction Award" from Environmental Protection Administration for green space sponsorship at air quality purification zone.</li> <li>Teamed up with E.SUN for ESG initiative actions, working together to promote sustainable transformation.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Received trophy from Kaohsiung Export Processing Zone Administration for participating in blood donation activities.</li> <li>Ranked in the top 5% of the "Small and Mid-Caps" category for the 8th Corporate Governance Evaluation.</li> <li>Established Taiflex Scientific (Thailand) Co., Ltd., and held a groundbreaking ceremony.</li> <li>The 25th Anniversary of Taiflex and Gung Ho with Kaohsiung.</li> <li>Obtained ISO27001 Information Security Management System certification for seven consecutive years.</li> <li>Received the certificate of 2022 Enterprises Committed to Corporate Health Responsibility from the Common Health Magazine.</li> <li>Received 2021 "Community Contribution Excellence Award" from Environmental Protection Bureau, Kaohsiung City Government for green space sponsorship at air quality purification zone in Kaohsiung City.</li> <li>Completed ISO14064:2018 GHG inventory and third-party verification (Year of inventory: 2021.)</li> <li>Received Badge of Accredited Healthy Workplace from Health Promotion Administration, Ministry of Health and Welfare.</li> </ul>
2021	<ul style="list-style-type: none"> <li>Established a wholly-owned subsidiary, Taiflex Green Power, with a focus on renewable energy to continue our investment in power generation from green energy.</li> <li>Received Enterprise with Outstanding Employment Relations Award from Export Processing Zone Administration, Ministry of Economic Affairs, R.O.C.</li> <li>Received Devotion to Social Welfare Award from Export Processing Zone Administration, Ministry of Economic Affairs, R.O.C.</li> <li>Received Excellent Enterprise Award from Kaohsiung Chamber of Industry.</li> <li>Received a certificate of the Kaohsiung City Government for Mid-Autumn Festival gifts from Sheltered Workshop to Help Disabled Friends.</li> <li>Received a certificate of Social Affairs Bureau, Kaohsiung City Government for supporting Mid-Autumn Festival Gifts from disability organizations.</li> <li>Issued the first overseas unsecured convertible bonds of US\$70 million at the Singapore Exchange Limited on November 30.</li> <li>Obtained ISO50001 Energy Management System certification.</li> <li>Received recognition from the Kaohsiung United Charity Association for One Day Volunteer and donations to help families with financial hardship.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Received Enterprise with Outstanding Employment Relations Award from Export Processing Zone Administration, Ministry of Economic Affairs, R.O.C.</li> <li>Received Devotion to Social Welfare Award from Export Processing Zone Administration, Ministry of Economic Affairs, R.O.C.</li> <li>Spun off and established a wholly-owned subsidiary, Taichem Materials Co., Ltd.</li> <li>Received Happiness and Friendliness Prize in the 2020 Enterprise Elite Award event organized by the Kaohsiung City Government.</li> <li>Approved by the Customs Administration, Ministry of Finance to be a Security and Safety AEO.</li> <li>Obtained ISO27001 Information Security Management System certification again.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Received the Occupational Health Promotion Certificate from the Health Promotion Administration, Ministry of Health and Welfare.</li> <li>Obtained ISO45001:2018 Occupational Health and Safety Management Systems certification.</li> <li>Received Devotion to Social Welfare Award and Enterprise with Outstanding Employment Relations Award from Export Processing Zone Administration, Ministry of Economic Affairs, R.O.C. (MOEA).</li> <li>Obtained CNS45001:2018 Chinese National Standard Occupational Health and Safety Management Systems certification.</li> <li>Received Commitment Prize and Jury Prize in the Enterprise Elite Award event organized by the Kaohsiung City Government.</li> </ul>

# ESG performance and highlights in 2023



## Environment Aspect

### Implementation of ISO 14064:2018

In 2023, we introduced an information-based GHG management system and completed the 2022 GHG inventory pursuant to the ISO14064:2018 version using the information system, as well as passed the third-party verification by an impartial institution.

### Reduction of 1,235.99 MT of CO<sub>2</sub>e

In 2023, the Company implemented 11 types of energy conservation programs, saving a total of 13,377.32 GJ in energy consumption, i.e., a reduction of approximately 1,235.99 MT of CO<sub>2</sub>e.

### Investment of NT\$63,312 thousand in environmental protection

In 2023, benefits from pollution control, reduction of industrial waste and recycling amounted to NT\$63,312 thousand.

### Recycling of 96 MT

In 2023, the Company developed film removers and increased the recycling volume of paper, cling wrap, and paper bag by a total of 96 MT.

### Conversion rate of 60%

In 2023, we recycled 353 MT of NMP solvent and 148.2 MT of MEK solvent, achieving average recycling rates of 64.31% and 61.47%, respectively. These efforts allowed us to meet the target conversion rate of 60%.

### Purchase of 10,000 kWh green power

At the end of 2023, we participated in the auction for small-amount green power purchases organized by Taipower and won the bid for 10,000 kWh, which will be used by Taiflex 2 in 2024.



## Social Aspect

### Zero occupational accidents

In 2023, there were no incidents of occupational disease nor major occupational accidents or fatalities.

### FSI < 0.1

In 2023, we achieved the goal of FSI < 0.1, surpassing the averages of the electronics and semiconductor industries for the past three years.

### Zero deficiencies in occupational safety audits

In 2023, the external occupational health and safety audit resulted in zero deficiencies, with 10 negative observations identified, which we had addressed and achieved a 100% improvement rate.

### Community service of NT\$1,058.5 thousand

In 2023, there were 50 volunteers in the Kaohsiung City Youth Care Association with a total spending of NT\$1,058.5 thousand.

### Employee training satisfaction rate of 93%

In 2023, there were 8,840 participants in employee training for a total of 17,572 training hours. Training expenses amounted to NT\$1,032.47 thousand with a satisfaction rate of 93%.



## Corporate Governance Aspect

### Top 5% in corporate governance evaluation

In 2023, Taiflex ranked in the top 5% of the "Small and Mid-Caps" category of the 2022 TWSE Corporate Governance Evaluation.

### Cumulative total of 247 patents

In 2023, we applied for four patents with an accumulated number of 247 applications by the end of the year, of which 84% are invention patents. There are 50 patents granted in total.

### Revenue of NT\$8,151 million

In 2023, operating revenue totaled NT\$8,151 million with an earnings per share of NT\$2.02, surpassing the industry average of NT\$1.14.

### A-rated for information security

In 2023, information security of Taiflex Group was rated A (excellent) by the SSC, an external information security specialist.

### Establishment of Chief Information Security Officer

In 2023, Taiflex established the position of Chief Information Security Officer at the level above Vice President.

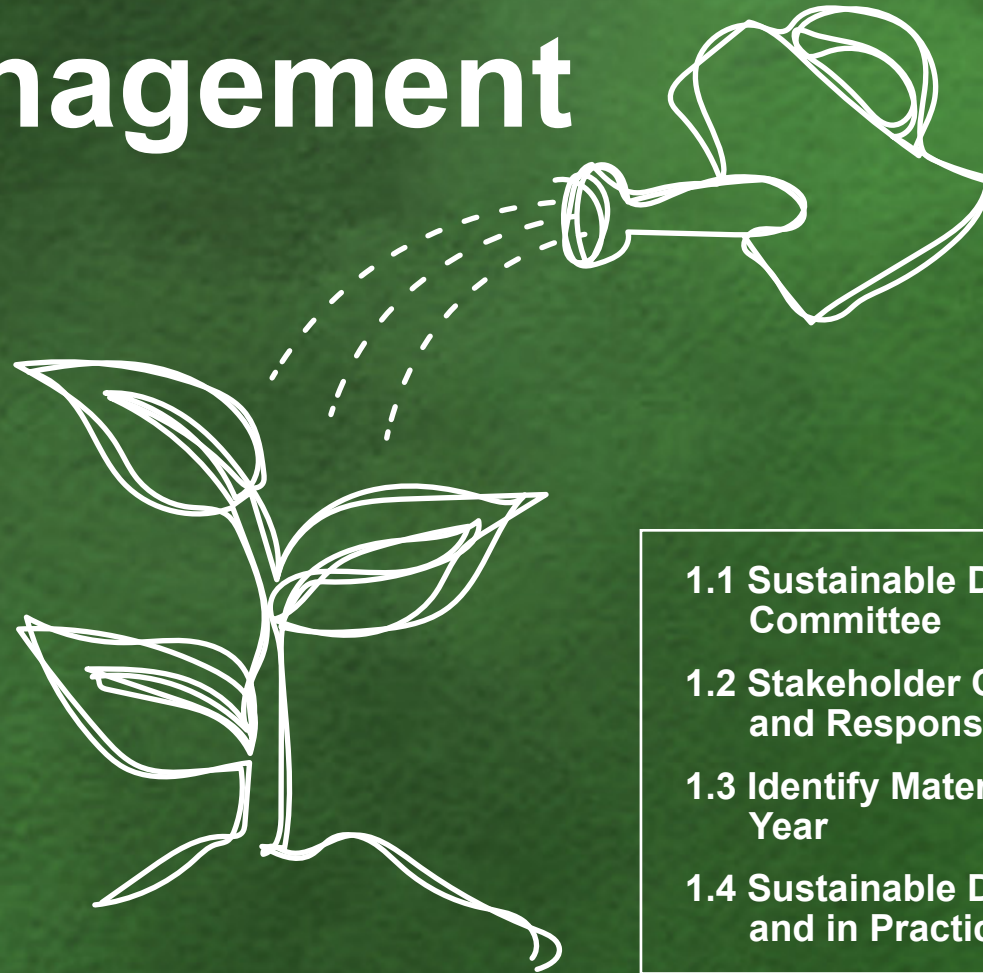
### Customer satisfaction rate of 90.4

In 2023, we secured a customer satisfaction rate of 90.4.



# 1

## Practitioner of Sustainable Management



**1.1 Sustainable Development  
Committee**

**1.2 Stakeholder Communication  
and Response**

**1.3 Identify Material Topics of the  
Year**

**1.4 Sustainable Development Goals  
and in Practice**



# 1 Practitioner of Sustainable Management

## 1.1 Sustainable Development Committee

To implement sustainable development, the Company has established a "Sustainable Development Committee" composed of five members, including three Independent Directors, the President and the Chief of Staff. Under the Committee, there are six functional teams: "sustainable product design," "environmental sustainability," "social charity," "corporate governance and risk management," "supply chain management" and "customer care." The convener of the Committee appoints the heads of relevant departments to oversee the work of each functional team and implement related plans. The position of executive secretary is created to assist the convener with monitoring the progress and performance of each team.

Within this organizational structure, the Sustainable Development Center is responsible for monitoring and analyzing global sustainability issues. It collaborates with each functional team to drive sustainable developments from the environmental, social and governance aspects. As for the economic, environmental and social issues arising from operating activities, each functional team is responsible for formulating annual work plans based on business performance each year and tracking the implementation thereof. The results are then summarized by the Sustainable Development Center and reported to the Sustainable Development Committee on the progress of execution. The Committee reports to the Board on the progress and performance of each sustainable development work plan at least twice every year. In 2023, a total of three Sustainable Development Committee meetings were held with a 100% attendance rate of Committee members.



### Operation of the Sustainable Development Committee in 2023

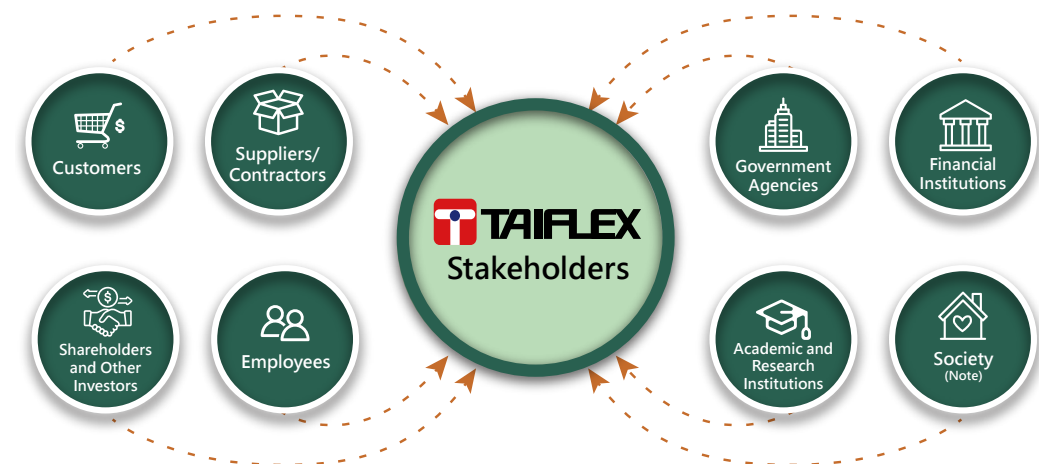
Date and Session of Meeting	Motions	Resolution
2023.05.30 1st meeting of the 2nd term	To elect a convener of the second-term Sustainable Development Committee	Approved
2023.07.05 2nd meeting of the 2nd term	To review the Company' s risk map	Approved
2023.12.20 3rd meeting of the 2nd term	2024 sustainable development plan	Approved

## 1.2 Stakeholder Communication and Response

Stakeholder identification and communication are the foundation of corporate sustainable development. Taiflex engages in ongoing communication with various stakeholders through diverse channels, and regularly reports the results of these communications to our Board of Directors (results of 2023 were reported in the Board meeting on January 25, 2024). We listen to the voices of our stakeholders and adopt their opinions, needs and expectations as reference for operational decisions. We aim to create and share maximum benefits with stakeholders.

### Stakeholder identification

Through internal discussions with department heads, incorporation of external expert opinions, and reference to industry peers, the Company' s Sustainable Development Committee analyzed stakeholder groups that may be positively or negatively impacted by the Company' s operational activities, and adopted the AA1000 SES Stakeholder Engagement Standards for assessment and ranking. We identified eight major stakeholder groups, including customers, suppliers/contractors, shareholders and other investors, employees, government agencies, financial institutions, academic and research institutions and society (including local communities, neighboring factories and social welfare organizations).



Note:including local communities, neighboring factories and social welfare organizations








## Stakeholder communication




The Company takes a proactive approach to stakeholder communication by using a variety of channels such as annual reports, official websites, relevant meetings, EHR platform (Taiflex Forum) , employee suggestion boxes, customer service, ESG questionnaires, emails and official correspondences to understand the issues and matters of concern to stakeholders. Through coordination and communication among the management team, we determine the approach to handle the issues based on internal processes and past experiences with stakeholders. The decision-making process considers the nature, sensitivity, and impact of the issues to provide timely and appropriate responses and actions.

### Stakeholder Communication Channels and Effectiveness in 2023

Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 Customer	The key to business development is to provide customers with high-value products and become a trusted business partner.	Sustainability questionnaire	Annually	<ul style="list-style-type: none"> <li>Scored 90.4 in 2023 customer satisfaction</li> <li>16 customer audit visits with 62 improvement items in 2023</li> <li>80+ technical exchange meetings</li> <li>86 information security / customer environment survey / occupational safety / human resources survey forms; 4 on-site audits with 25 improvement items in 2023</li> </ul>
		Customer satisfaction survey	Semi-annually	
		Technical exchange meeting	Monthly	
		Business visits	Monthly	
		Customer service hotline	Instantly	
		Email for external parties	When needed	
		Audit visits	When needed	
		Customer-designated questionnaire	When needed	
 Supplier/Contractor	Stable supply from suppliers is crucial for our business operations. We place great importance on the quality of raw materials provided by our suppliers and aim for mutual benefit and sustainable growth in our partnership with suppliers.	Supplier conference	Annually	<ul style="list-style-type: none"> <li>7 excellent suppliers were recognized in 2023 supplier conference</li> <li>E-procurement system and implementation of green procurement management principles</li> <li>13 on-site audits and 31 document reviews of suppliers; 81 deficiencies were identified with an improvement rate of 100% in 2023</li> <li>1 contractor consultative organization meeting, including occupational safety and health regulatory education and training</li> <li>447 operation reviews and audits, with an improvement rate of 97% in 2023</li> <li>458 reviews on work performed by contractors with 307 inspections on special operations at Company premises in 2023</li> </ul>
		Sustainability questionnaire	Annually	
		Phone	Instantly	
		Email for external parties	When needed	
		Regular audits	Annually	
		Operation review and audit	When needed	
		Contractor consultative organization meeting	Annually	
 Shareholders and Other Investors	Investors and shareholders are key players in supporting the sustainable operation of Taiflex, and ensuring accountability to them is a critical mission of the Company.	Shareholders' meeting	Annually	<ul style="list-style-type: none"> <li>Voluntarily disclosed monthly consolidated revenue by product types</li> <li>Held one shareholders' meeting and two investor conferences for investors to understand the Company's operations</li> <li>Released the English version of shareholders' meeting agenda, annual report and minutes of shareholders' meeting as reference materials for investors</li> <li>The Chief Information Security Officer (CISO) along with the Information Security Officer reported to the Board on the effectiveness of information security governance, information security issues and risk control approaches on October 25, 2023</li> </ul>
		Investor Conference	Annually	
		Annual reports / Financial reports	Annually	
		Investor relations website	When needed	
		Sustainability questionnaire	Annually	
		Shareholder hotline	When needed	
		Email for external parties	When needed	
		Annual information security report	Annually	



## Stakeholder Communication Channels and Effectiveness in 2023

Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 Employees	Employees are important capital and the key to our core competitiveness. We want to create with our employees a work environment which is challenging, sustainable for learning and fun to achieve sustainable growth with our partners.	Ehr platform (Taiflex forum)	Instantly	<ul style="list-style-type: none"> <li>32 discussions and responses on the Ehr platform in 2023</li> <li>4 labor-management meetings, 2 informal meetings with CEO, and 8 EWC meetings were held in 2023</li> <li>4 OSH Committee meetings in 2023</li> <li>Confidential Information Protection Policy (CIPP) is announced monthly with annual assessments on Taiflex confidential information protection standards, where passing requires a full score; 889 employees were designated to take the assessment in 2023, and delivered a 100% passing rate</li> <li>791 employees completed the online information security education and training (including assessment) in 2023 with a 100% passing rate</li> <li>314 employees attended the 12 information security seminars in 2023; and information security promotion was also carried out via 37 printed flyers and 13 digital flyers</li> <li>2 biannual newsletters on environmental education were published in 2023 (World Oceans Day in June and Human Rights Day in December)</li> <li>12 hours of education and training along with an internal audit briefing session pertaining to ISO14001 Environmental Management Systems in 2023</li> </ul>
		Labor-management meetings	Quarterly	
		Employee communication	When needed	
		Informal meeting with CEO	Semi-annually	
		EWC meetings	Quarterly	
		OSH Committee meetings	Quarterly	
		Employee suggestion mailbox	Instantly	
		Education, training and promotion	When needed	
		Sustainability questionnaire	Annually	
		Internal hotline/Email	Instantly / Semi-annually	
 Government Agencies	Business operations shall build on legal compliance and government oversight, and policy changes have significant impact on operational directions; thus, it is important to maintain two-way communication with the government.	Official correspondence	When needed	<ul style="list-style-type: none"> <li>1 time submission of the work rules for approval</li> <li>Over 1,193 official correspondences with competent authorities, including the Taiwan Stock Exchange, the Investment Commission of the Ministry of Economic Affairs, and tax authorities in 2023</li> <li>Completed 2 cybersecurity promotional videos designated by the competent authorities in 2023</li> <li>The position of CISO was created with dedicated Information Security officer and personnel assigned in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission (FSC)</li> <li>12 on-site audits by the Department of Environmental Protection and the Environmental Protection Center of the Export Processing Zone in 2023</li> </ul>
		Questionnaire	When needed	
		Inspections and audits	When needed	
		Labor-management meetings	3 Months	
		EWC meetings	Quarterly	
		Public hearings and press conferences	When needed	
		Presentations and seminars	When needed	
		Sustainability questionnaire	Annually	
		Phone	Instantly	
		Email for external parties	Instantly	
 Financial Institutions	Capitals are the lifeblood of business operations, and financial institutions are important providers of capital; therefore, we manage their concerns and maintain close communications.	Official correspondence	When needed	<ul style="list-style-type: none"> <li>Engaged in unsecured lines of credit with more than 15 suppliers to ensure capital adequacy</li> <li>Participated in green deposits of financial institutions for social benefits</li> <li>Teamed up with E.SUN for ESG initiative actions, working together to promote sustainable transformation</li> </ul>
		Sustainability questionnaire	Annually	
		Phone	When needed	
		Email for external parties	When needed	



## Stakeholder Communication Channels and Effectiveness in 2023

Stakeholders	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness
 Academic and Research Institutes	We respect academic theory, cultivate professional talents through industry-academia cooperation, accelerate product development and strengthen the Company's overall sustainable development through expertise of the academic community.	Presentation/Forum / Seminar	Instantly / When needed	<ul style="list-style-type: none"> <li>Participated in the NCKU Career Coaching Program, with 5 managers coaching a total of 90 to 100 students since 2015</li> <li>Took part in the 10-year program organized by the "College of Semiconductor &amp; Advanced Technology Research" of National Sun Yat-sen University to nurture talents; we provided two lecturers so far and expected to train 40 young talents</li> <li>Participated in the "Internship for Youth in Kaohsiung" promoted by the Youth Bureau of Kaohsiung City Government, and successfully recruited three young participants</li> <li>Signed an industry-academia collaboration agreement with Wun-Shan Senior High School and organized a campus promotion event during the school's anniversary celebration</li> <li>Engaged in the industry-academia collaboration program with the Department of Civil and Environmental Engineering of National University of Kaohsiung to assist in strategic planning for sustainable development goals</li> <li>Signed an industry-academia collaboration agreement with National University of Kaohsiung in 2023</li> <li>Participated in five education and training sessions of Taiwan Printed Circuit Association (TPCA)</li> </ul>
		Official correspondence	When needed	
		Industry-academia collaboration program	When needed	
		Project meetings	When needed	
		Visit, interviews	When needed	
		Sustainability questionnaire	Annually	
 Society (including local community and social welfare organizations)	Maintain good interactions with our neighborhood residents, aiming to build a better future by contributing to the community and fulfilling our corporate social responsibility.	Welfare, donations, volunteer participation	When needed	<ul style="list-style-type: none"> <li>Participated in the donation activities of the Puren Youth Care Foundation</li> <li>The "Kaohsiung City Youth Care Association" actively took part in various activities and organized 10 events in 2023 with about 1,693 participants</li> </ul>
		Correspondence	Instantly	
		Phone	Instantly	
		Email for external parties	Instantly	







## 1.3 Identify Material Topics of the Year

### ■ Process to identify material topics

To align information disclosed in the sustainability report with stakeholders' expectations and adhere to international sustainability trends, we establish the framework for analyzing the materiality of sustainable issues based on the materiality identification process within the GRI Standards (2021), which includes six steps: "Understand the organization's context," "Identify materiality," "Identify impact," "Significance assessment," "Verify material topics" and "Define boundaries of material topics."

#### 1 Understand the organization's context and collect sustainability issues

To understand the organization's context and collect sustainability issues, we refer to the GRI Standards published by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards, the MSCI ESG Leaders Indexes, the FTSE Russell's ESG Index, and the United Nations Sustainable Development Goals (SDGs) as well as key issues of the electronics components industry and feedback from stakeholders. We have compiled a total of 23 sustainable topics covering the three major sustainability aspects: environmental, social (including communities and human rights) and economic (including corporate governance.)

3 major sustainability aspects  
23 sustainability topics

#### 2 Identify materiality

Surveys were conducted using questionnaires with a focus on stakeholders' level of concern regarding each topic (affecting stakeholders' evaluation and decision making) and the degree of impact on Taiflex's sustainable operations (significant impact on environmental, social (including communities and human rights) and economic (including corporate governance) aspects). The survey results were used as a reference for determining our material sustainability topics. 854 questionnaires were collected in 2023.

#### 3 Identify actual and potential impacts

External ESG experts assessed the actual or potential negative impacts and positive effects of the 23 sustainability topics on environmental, social (including communities and human rights) and economic (including corporate governance) aspects.

#### 4 Assess the significance of the impacts

The overall assessment was determined by adding up and ranking the scores of actual negative impact, potential negative impact, actual positive effects, and potential positive effects of each topic on environmental, social (including communities and human rights) and economic (including corporate governance) aspects. Topics with a total score exceeding 30 were topics with significant impact.

#### 5 Inspect and verify major topics

With reference to the results of materiality identification from stakeholders and the assessment on impact significance by external experts, 15 material topics were determined through internal discussion meetings to be reported in this sustainability report.

15 material topics

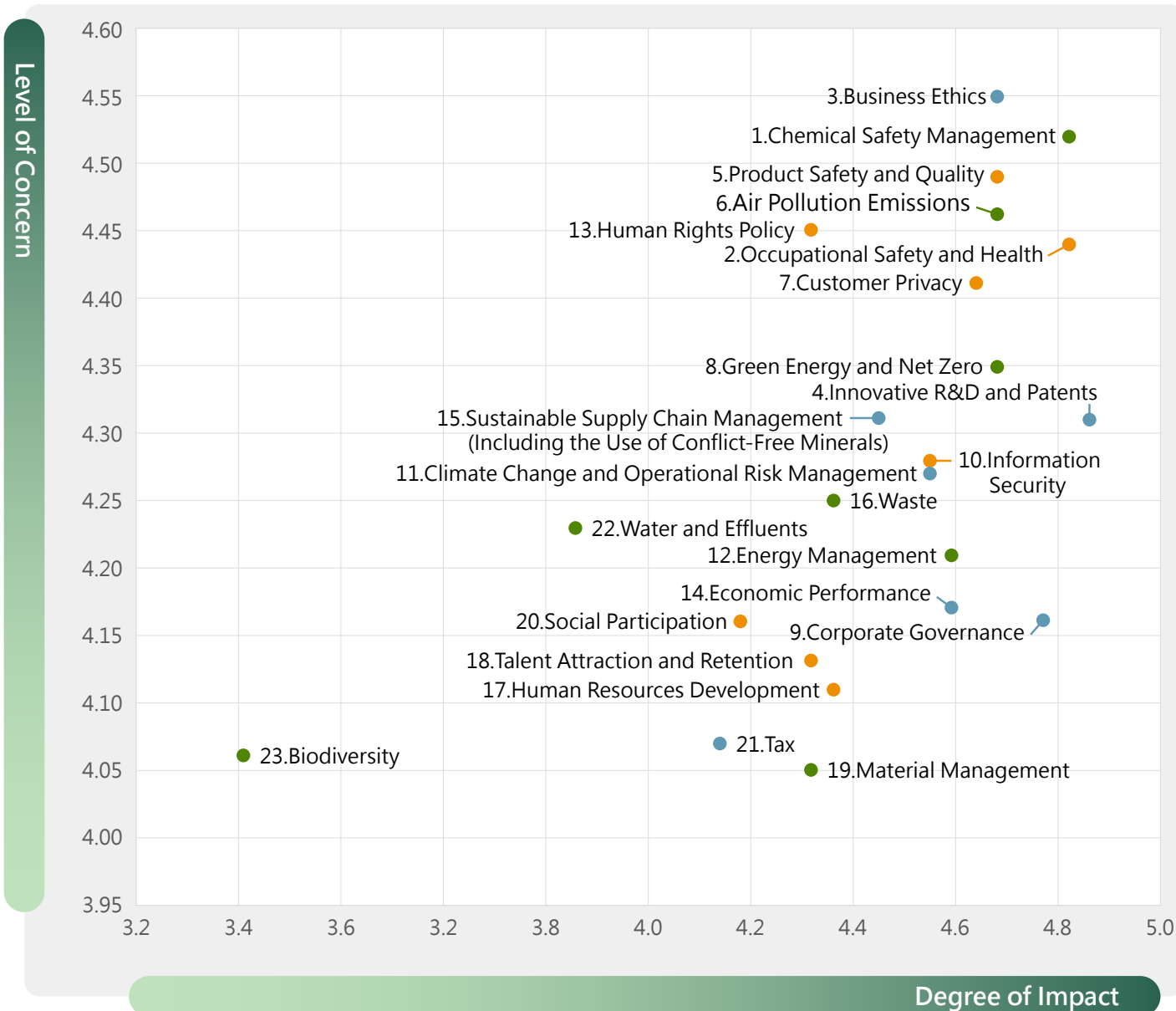
#### 6 Define boundaries of material topics

Use value chain as a boundary analysis element for material topics. We will continue to strengthen our management and disclose relevant information in the sustainability report.

Use value chain as the  
boundary analysis element



## Results of materiality identification



### Environment

- 1. Chemical Safety Management
- 6. Air Pollution Emissions
- 8. Green Energy and Net Zero
- 12. Energy Management
- 16. Waste
- 19. Material Management
- 22. Water and Effluents
- 23. Biodiversity



### Society

- 2. Occupational Safety and Health
- 5. Product Safety and Quality
- 7. Customer Privacy
- 10. Information Security
- 13. Human Rights Policy
- 17. Human Resources Development
- 18. Talent Attraction and Retention
- 20. Social Participation



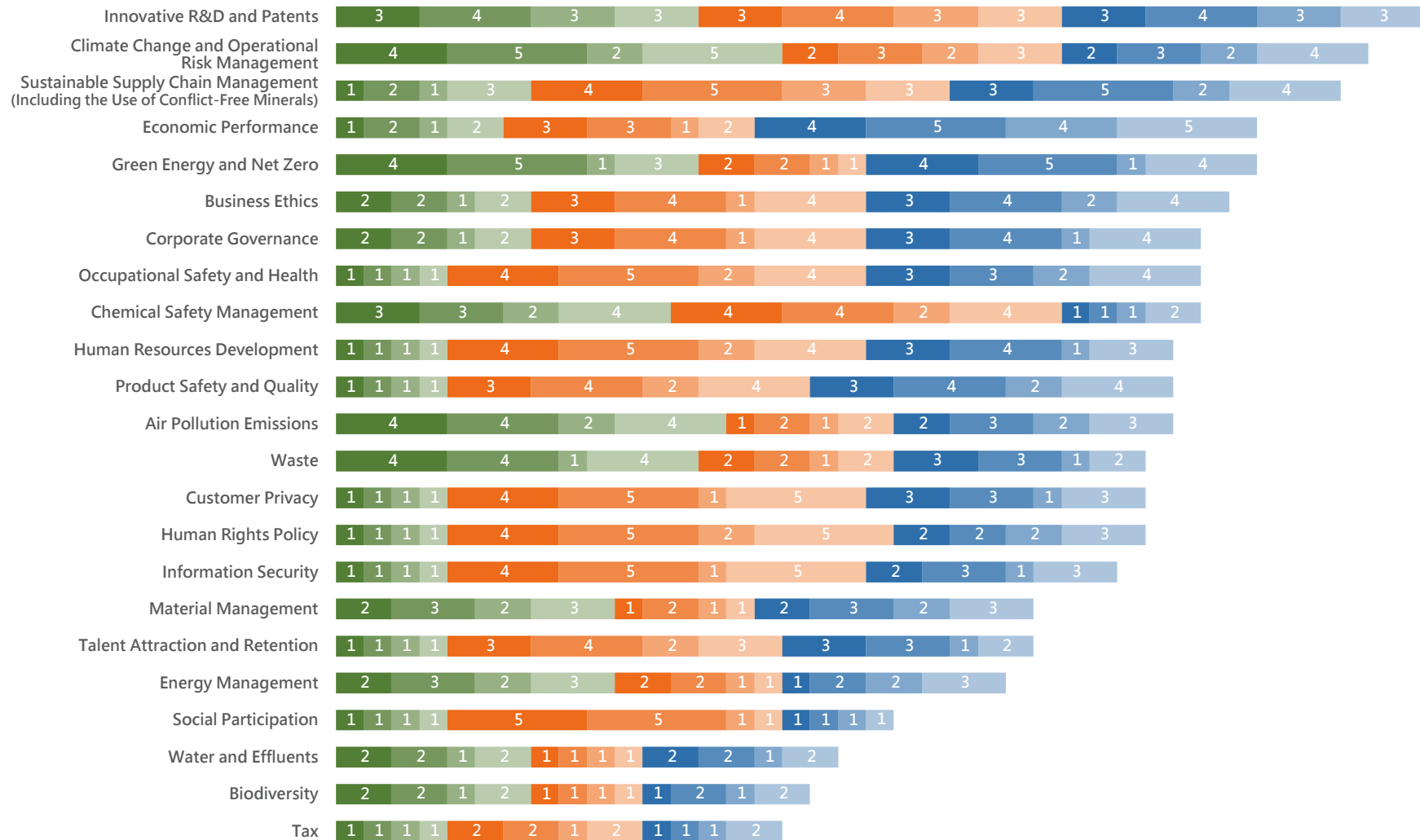
### Governance

- 3. Business Ethics
- 4. Innovative R&D and Patents
- 9. Corporate Governance
- 11. Climate Change and Operational Risk Management
- 14. Economic Performance
- 15. Sustainable Supply Chain Management (Including the Use of Conflict-Free Minerals)
- 21. Tax



## Assessment on degree of impact

### Level of Impact of Taiflex' s Material Topics



■ Actual positive impact on environmental aspect  
■ Potential positive impact on environmental aspect  
■ Actual negative impact on environmental aspect  
■ Potential negative impact on environmental aspect

■ Actual positive impact on social aspect  
■ Potential positive impact on social aspect  
■ Actual negative impact on social aspect  
■ Potential negative impact on social aspect

■ Actual positive impact on economic aspect  
■ Potential positive impact on economic aspect  
■ Actual negative impact on economic aspect  
■ Potential negative impact on economic aspect





## ■ List of material topics for the year

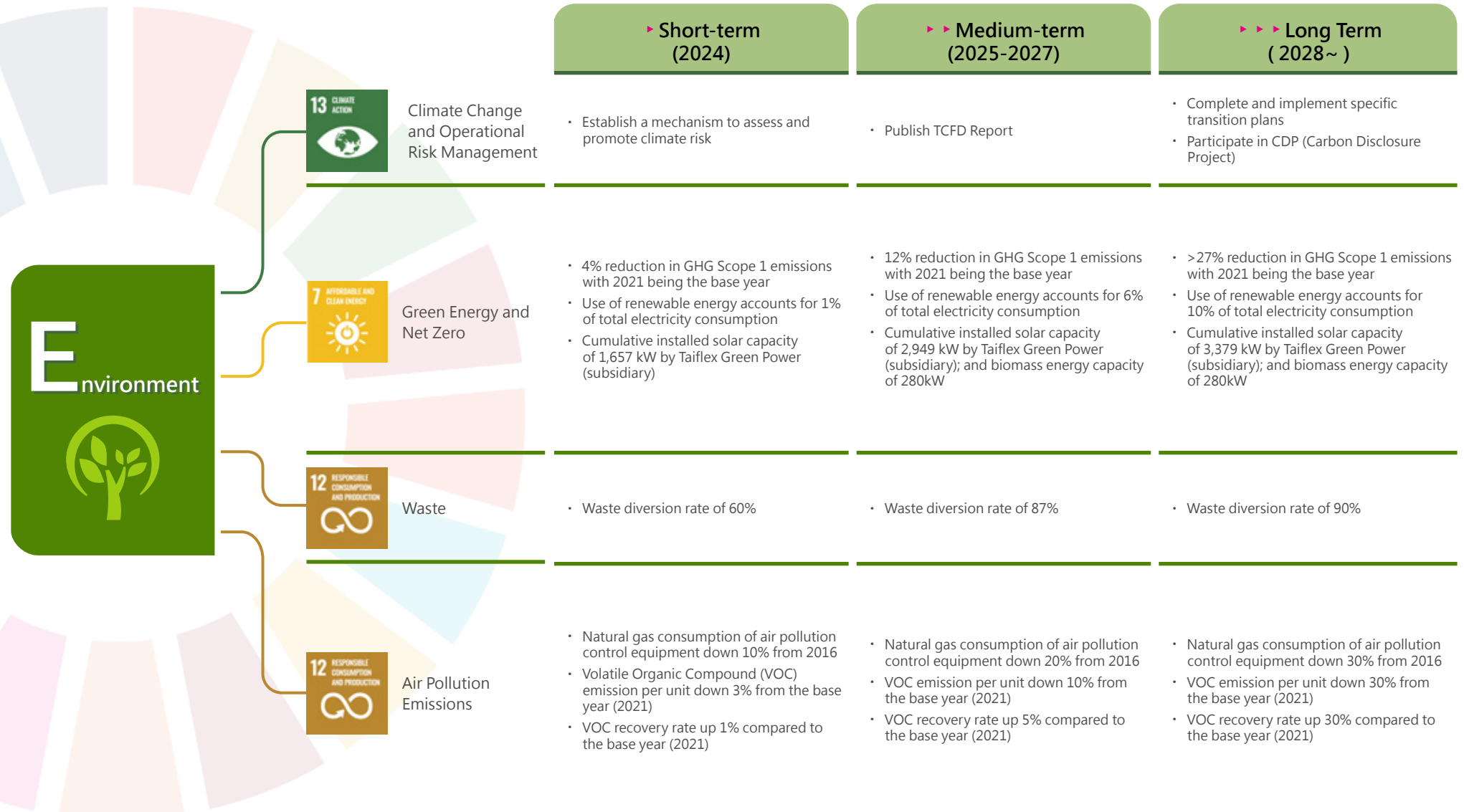
Material topics for 2023 sustainability report are determined upon materiality analysis, impact assessment, and internal management discussions. With value chain being the boundary analysis element, they are categorized in five chapters: “Practitioner of Sustainable Management,” “Entrepreneur with Steady Progress,” “Developer of Innovative Materials,” “Producer of Green Products” and “Promoter of Social Prosperity,” detailing our proactive management on environmental, social (including communities and human rights) and economic (including corporate governance) issues. In the future, we will continue to strengthen our sustainability management and disclose relevant information in the sustainability report.

### List of Material Topics

Corresponding Chapter	Material Topics	Topics Covered	Value Chain Impact Boundary		Page Number
			Taiflex	Supplier	
Chapter 2 Entrepreneur with Steady Progress	• Corporate Governance	• Self-defined topics	Originated	-	21
	• Climate Change and Operational Risk Management	• Self-defined topics • 201-2 Economic Performance	Originated	Directly associated	26
	• Business Ethics	• GRI 206 Anti-competitive Behavior • GRI 205 Anti-corruption	Originated	-	30
	• Sustainable Supply Chain Management (Including the Use of Conflict-Free Minerals)	• GRI 204 Procurement Practices • GRI 308 Supplier Environmental Assessment • GRI 414 Supplier Social Assessment	Originated	Directly associated	33
Chapter 3 Developer of Innovative Materials	• Economic Performance	• 201 Economic Performance	Originated	-	38
	• Innovative R&D and Patents	• Self-defined topics	Originated	-	42
	• Customer Privacy	• GRI 418 Customer Privacy	Originated	Directly associated	47
	• Information Security	• Self-defined topics	Originated	Directly associated	47
	• Product Safety and Quality	• GRI 417 Marketing and Labeling • GRI 416 Customer Health and Safety	Originated	Directly associated	50
Chapter 4 Producer of Green Products	• Green Energy and Net Zero	• GRI 302 Energy • GRI 305 Emissions (305-1~5)	Originated	Contributed	58
	• Air Pollution Emissions	• GRI 305 Emissions (305-6, 7)	Originated	-	62
	• Waste	• GRI 306 Waste	Originated	-	63
Chapter 5 Promoter of Social Prosperity	• Human Resources Development	• GRI 202 Market Presence • GRI 401 Employment • GRI 404 Training and Education • GRI 405 Diversity and Equal Opportunity	Originated	-	70
	• Occupational Safety and Health	• GRI 403 Occupational Health and Safety	Originated	Directly associated	76
	• Chemical Safety Management	• Self-defined topics	Originated	-	77



## 1.4 Sustainable Development Goals and Practice





		▶ Short-term (2024)	▶ ▶ Medium-term (2025-2027)	▶ ▶ ▶ Long Term (2028~)
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION Product Safety and Quality	<ul style="list-style-type: none"> <li>Customer satisfaction rate of at least 88 points</li> <li>100% compliance with hazardous substances free-related regulations and customer requirements</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction rate of at least 89 points</li> <li>100% compliance with hazardous substances free-related regulations and customer requirements</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction rate of at least 90 points</li> <li>100% compliance with hazardous substances free-related regulations and customer requirements</li> </ul>
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS Customer Privacy and Information Security	<ul style="list-style-type: none"> <li>Transition to ISO27001:2022 (current version: 2013)</li> <li>No litigation arising from customer privacy breaches and information security incidents</li> </ul>	<ul style="list-style-type: none"> <li>Establish an information security incident management and tracking platform</li> <li>Continuous implementation of personal data protection and management, and customer data protection</li> <li>No litigation arising from customer privacy breaches and information security incidents</li> <li>Ongoing Electronic Laboratory Notebook (ELN)</li> </ul>	<ul style="list-style-type: none"> <li>Construct an automated information security system</li> <li>No litigation arising from customer privacy breaches and information security incidents</li> </ul>
	8 DECENT WORK AND ECONOMIC GROWTH Human Resources Development	<ul style="list-style-type: none"> <li>Employee/engineer turnover rate &lt;20%</li> <li>OPR operator turnover rate &lt;40%</li> <li>Annual education and training achievement rate &gt; 80%</li> <li>Training course satisfaction rate &gt; 80%</li> <li>Establish human rights protection policy and code</li> <li>Create a friendly workplace</li> <li>Implement the essence of Social Accountability 8000:2014 (SA8000)</li> <li>Improve talent retention rate and the English proficiency of all employees</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the correlation between performance and salary compensation to provide a positive drive for talent development</li> <li>Establish the link between compensation system and sustainable performance</li> </ul>	<ul style="list-style-type: none"> <li>Implement talent cultivation and development, and establish employee career development blueprints</li> <li>Enhance employee engagement</li> </ul>
	3 GOOD HEALTH AND WELL-BEING Chemical Safety Management	<ul style="list-style-type: none"> <li>Factories meeting the toxic substances classification threshold shall conduct education and training sessions twice a year and toxic substance drills once a year</li> </ul>	<ul style="list-style-type: none"> <li>By 2025, complete the application for 16 areas within the factory as existing legitimate places pursuant to the transitional procedures under tightening regulations</li> <li>Each factory shall conduct quarterly education and training sessions and toxic substance drills</li> </ul>	<ul style="list-style-type: none"> <li>Implement a fire and rescue system that provides real-time data on the current stock of chemicals on-site</li> <li>Each factory shall conduct monthly education and training sessions, and proactively strive for chances to plan and organize large-scale regional joint defense initiative</li> </ul>
	3 GOOD HEALTH AND WELL-BEING Occupational Safety and Health	<ul style="list-style-type: none"> <li>Major event and occupational accident (hospitalization): 0 incident</li> <li>Maintain 0 incident of occupational disaster from chemical exposure</li> <li>Disabling injuries frequency rate (FR) ≤ 1.5</li> <li>Disabling severity rate (SR) ≤ 3.6</li> <li>Voluntary participation in health promotion scheme &gt; 40%</li> </ul>	<ul style="list-style-type: none"> <li>Major event and occupational accident (hospitalization): 0 incident</li> <li>Maintain 0 incident of occupational disaster from chemical exposure</li> <li>FR ≤ 1.2</li> <li>SR ≤ 3.4</li> <li>Voluntary participation in health promotion scheme &gt; 45%</li> </ul>	<ul style="list-style-type: none"> <li>Major event and occupational accident (hospitalization): 0 incident</li> <li>Maintain 0 incident of occupational disaster from chemical exposure</li> <li>FR ≤ 0.9</li> <li>SR ≤ 3.2</li> <li>Voluntary participation in health promotion scheme &gt; 50%</li> </ul>



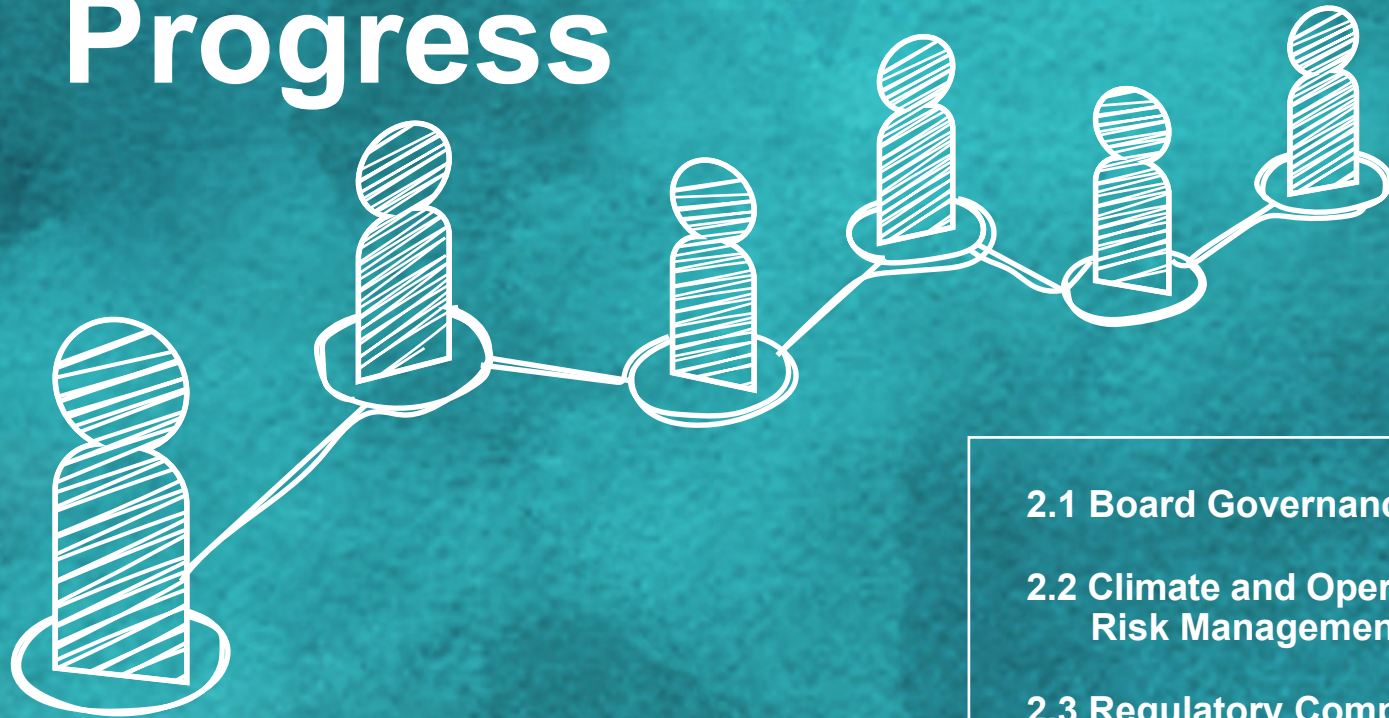


		Short-term (2024)	Medium-term (2025-2027)	Long Term (2028~)
	Corporate Governance	<ul style="list-style-type: none"> <li>Rank in the top 6~20% in the listed companies category of Securities and Futures Institute (SFI) Corporate Governance Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Rank in the top 5% in the listed companies category of SFI Corporate Governance Evaluation</li> <li>Include female director on the Board</li> </ul>	<ul style="list-style-type: none"> <li>Rank in the top 5% in the listed companies category of SFI Corporate Governance Evaluation</li> </ul>
	Business Ethics	<ul style="list-style-type: none"> <li>Develop comprehensive management and preventive measures</li> <li>Director, manager and employees with zero violations of ethical principle</li> </ul>	<ul style="list-style-type: none"> <li>All employees participate in the "Business Ethics" education and training</li> <li>Director, manager and employees with zero violations of ethical principle</li> </ul>	<ul style="list-style-type: none"> <li>Achieve the goal of zero complaint cases</li> <li>Director, manager and employees with zero violations of ethical principle</li> </ul>
	Economic Performance	<ul style="list-style-type: none"> <li>Return on equity not below industry average</li> <li>Operating profit margin not below industry average</li> </ul>	<ul style="list-style-type: none"> <li>Return on equity above industry average by 1~5%</li> <li>Operating profit margin above industry average by 1~5%</li> </ul>	<ul style="list-style-type: none"> <li>Return on equity above industry average by at least 5%</li> <li>Operating profit margin above industry average by at least 5%</li> </ul>
	Innovative R&D and Patents	<ul style="list-style-type: none"> <li>To obtain Level-A TIPS re-certification</li> <li>No less than 2 patent applications per year</li> </ul>	<ul style="list-style-type: none"> <li>Establish strategic intellectual property (IP) portfolio and improve the Company's IP management system</li> <li>2 patent applications per year</li> </ul>	<ul style="list-style-type: none"> <li>Integrate the development directions of R&amp;D and IP rights in line with the Company's operation strategy and revive corporate resources through IP strategies including technology sale/transfer or licensing</li> <li>2 patent applications per year</li> </ul>
	Sustainable Supply Chain Management (Including the Use of Conflict-Free Minerals)	<ul style="list-style-type: none"> <li>Carbon footprint inventory of raw material suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Promote all suppliers to sign the Corporate Social Responsibility Commitment (or provide relevant declaration documents)</li> </ul>	<ul style="list-style-type: none"> <li>Introduce the Code of Conduct - Responsible Business Alliance (RBA)</li> </ul>

Note:Waste diversion rate is defined as: (reclaim + reduction + recycling + reuse + waste energy recovery + anaerobic digestion + biofuel + composting) / total waste weight; where the percentage of waste energy recovery shall be less than 10%.

# 2

## Entrepreneur with Steady Progress



**2.1 Board Governance**

**2.2 Climate and Operational  
Risk Management**

**2.3 Regulatory Compliance  
and Internal Control**

**2.4 Sustainable Supply  
Chain**



## 2 Entrepreneur with Steady Progress

### 2.1 Board Governance

#### Material Topic: Corporate Governance



##### Main Reason

Sound corporate governance is the cornerstone of sustainable operations. Therefore, enhancing information transparency not only safeguards the rights of shareholders and stakeholders to be fully informed, participate and determine major corporate matters, but also is one of the necessary means to strengthen alignment between both parties towards the Company's development goals and propel the Company towards sustainable operations.

##### Effect and Impact

- **Actual positive effect:**  
Social: Engage in healthy competition with other listed companies through the corporate governance evaluation mechanism to jointly enhance the transparency of operational information, thereby improving the rights and interests of shareholders and stakeholders.
- **Potential positive effect:**  
Economic: Can enhance investors' evaluation of the Company, facilitating future financing activities necessary for business expansion.

##### Policy and Strategy

- The "Compensation Committee," "Audit Committee" and "Sustainable Development Committee" have been established under the Board of Directors with tasks assigned based on their duties and responsibility to fulfill the oversight function.
- The Company has established the "Code of Practice for Corporate Governance" as a guideline for corporate governance implementation. A corporate governance officer has been assigned to perform relevant duties in accordance with the laws and realize the true spirit of corporate governance.

##### Goal and Objective

- **Short-term goals (2024):**  
-Rank in the top 6~20% in the listed companies category of SFI Corporate Governance Evaluation
- **Medium-term goals (2025-2027):**  
-Rank in the top 5% in the listed companies category of SFI Corporate Governance Evaluation  
-Include female director on the Board
- **Long-term goal (2028~):**  
-Rank in the top 5% in the listed companies category of SFI Corporate Governance Evaluation

##### Management Assessment Mechanism

- Enhance corporate governance transparency based on SFI Corporate Governance Evaluation indicators.
- Conduct internal performance assessment of the Board every year and external performance assessment of the Board every three years.

##### 2023 Goal and Achievement

- **Rank in the top 6~20% in the listed companies category of SFI Corporate Governance Evaluation**  
→ ❌ Unachieved. The Company ranked 21~35% in the listed companies category of 2023 (10th) Corporate Governance Evaluation.

We carry out the following actions to improve our score:

- Obtain third-party verification for reports
- Disclose governance practices, strategies, risk management, indicators, and goals of climate-related risks and opportunities according to the TCFD framework
- Invest in energy-saving or green energy-related environmentally machinery and equipment, or invest in Taiwan's green energy industry (e.g., renewable energy power plants)

##### Prevention or Remedy Measure

- The Audit Committee, consisting of three Independent Directors, replaces the Supervisors, and its independence strengthens its supervisory role.
- Based on feedback and recommendations from the Corporate Governance Evaluation and external performance assessments, improvements and enhancements are made to various corporate governance measures.

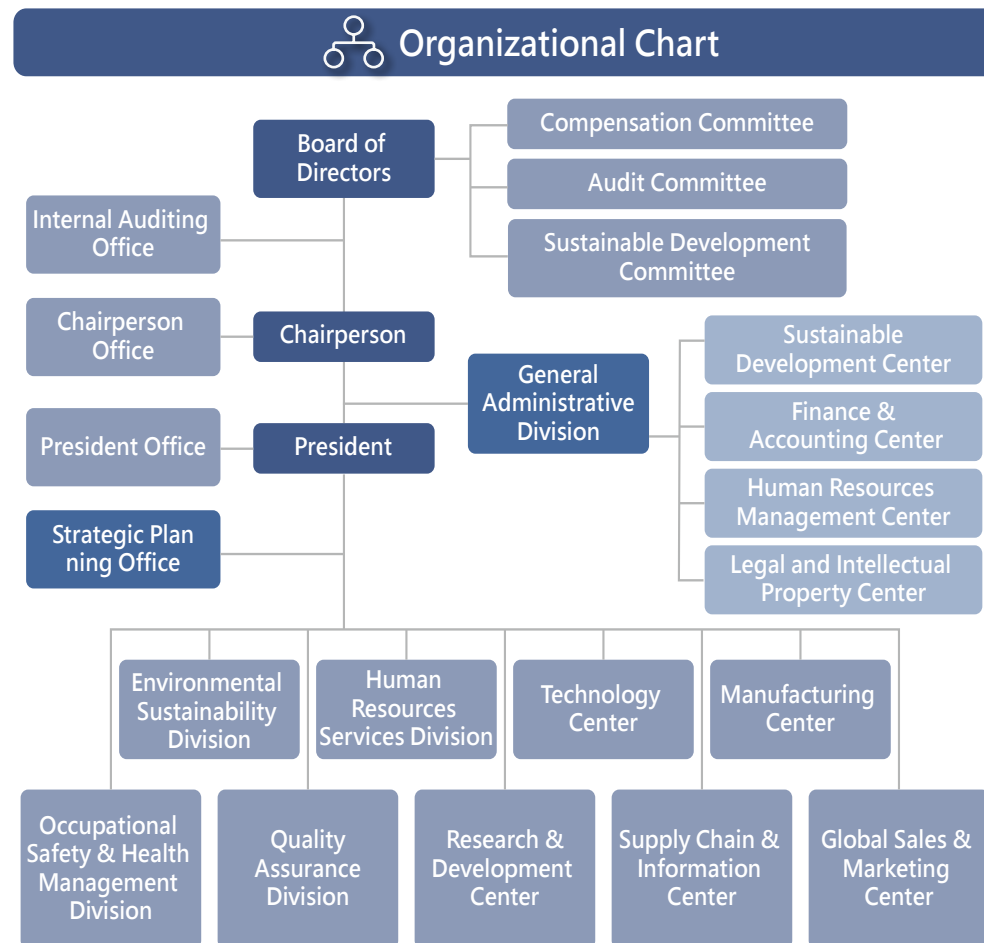




## 2.1.1 Organizational structure

The Board of Directors is the highest governance body of Taiflex, consisting of nine Directors with extensive industry experience. The Board is chaired by the Chairperson who is not a member of the management team. Lead by the Chairperson's governance philosophy, the Board upholds the core values of "devotion, integrity, diversity and independence" and is responsible for overseeing the Company's regulatory compliance, financial transparency, prompt disclosure of important information, and elimination of internal corruption.

The Company convenes shareholders' meeting every year and holds regular Director election in accordance with the "Director Election Procedures." The tenure of the 10th Board spans from May 30, 2023 to May 29, 2026.



## Board diversity

The Company has established the "Code of Practice for Corporate Governance" to ensure the Board's governance capability, and the diversity policy is stipulated in the "Strengthen the Board's Functions" section. The policy requires Board members to possess eight key abilities, i.e., operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, global market perspective, leadership and decision-making. The expertise of current Board members covers global perspectives, regional management capabilities, financial management, copper manufacturing, polymer chemical engineering and international business, which shapes a well-structured Board. Please refer to Appendix I ESG Information - Governance Information of this report for detailed information on Board members.

## Board independence and recusal due to conflict of interests

For corporate governance transparency, the Chairperson of Taiflex would not concurrently serve as the President in principle. If such a situation arises, it would only be a temporary arrangement for a transition period not exceeding six months. No such occurrences were recorded in 2023.

The three Independent Directors account for one-third of the total number of Directors in the Board, which is in compliance with the law. Upon assessment, all Directors have met the independence criteria. Circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act do not exist, including situations where Directors are spouses or within second-degree of kinship to each other.

The Company also assesses the independence of directors, including whether they can consistently raise constructive issues to the management and other directors, whether their views are independent of other directors or management, and whether their actions and behaviors inside and outside the Board are appropriate.

In accordance with the Company's "Rules of Procedure for the Board of Directors' Meetings," for agenda items of which the Director or the juridical person the Director represents has a personal interest, the Director shall disclose the major aspects of such personal interest at the current board meeting. If the interest may impair the interest of the Company, the Director shall not participate and shall recuse himself/herself from the discussion and voting of the agenda items. Such Director shall not exercise voting right on behalf of another Director. Directors and managers shall secure approvals from the shareholders' meeting and the Board in accordance with applicable laws and regulations when they take actions that are within Taiflex's business scope for themselves or on behalf of others and shall fully disclose all transactions with related parties in accordance with the reporting requirements of relevant securities laws. We have verified that there were no incidents of insider trading or corruption involving Board members and senior management of the Company in 2023. Detailed information regarding the recusal of Board members due to conflict of interest can be found in our 2023 Annual Report.

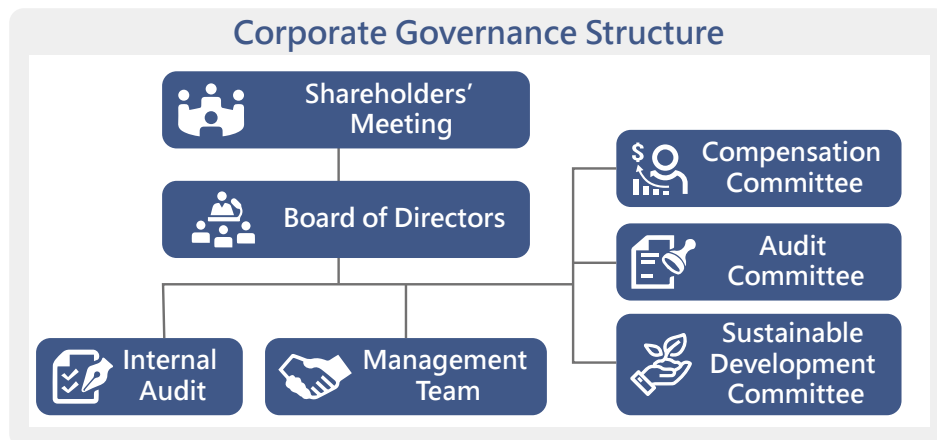


Annual Report



## Functional committee

To effectively leverage the functions of the Board and to improve the quality of the Board decisions, the Company has established the Compensation Committee, the Audit Committee and the Sustainable Development Committee under the Board of Directors by duties and functions to address important corporate governance, economic, environmental and social issues. There is also the Internal Auditing Office, an administrative audit unit, which audits and evaluates the reliability and effectiveness of the Company's internal control system, and regularly reports audit findings and makes improvement recommendations to the Audit Committee to facilitate effective operations within the Company. For more information on the Sustainable Development Committee, please refer to "1.1 Sustainable Development Committee" of this report.



In 2017, the Company has established the Audit Committee in place of the Supervisors. By leveraging the professional competence and independence of the three Independent Directors, the Company has implemented corporate governance, improved the oversight function and strengthened the management mechanism. The Audit Committee held six meetings in 2023 where members had an attendance rate of 100%.

### Primary Oversight Responsibilities of the Audit Committee



- 1 Fair presentation of the Company's financial statement
- 2 Appointment (discharge), independence and performance of the Company's CPAs
- 3 Effective implementation of the Company's internal controls
- 4 Compliance with applicable laws, regulations and rules
- 5 Controls over existing or potential risks of the Company

As for the Compensation Committee, it is composed of three Directors appointed by the Board, including at least two Independent Directors. Its main responsibility is to assess the overall compensation and benefits policies of the Company, as well as the compensation policies and systems of Directors and managers, in a professional and objective manner, and make recommendations to the Board as reference in making decisions. The Compensation Committee held six meetings in 2023 where members had an attendance rate of 100%. The Company's Articles of Incorporation stipulate that remuneration to Directors and Supervisors shall not exceed 4% of the annual profits. Please refer to our 2023 Annual Report for details on remuneration to Directors and managers.



### Key Responsibilities of the Compensation Committee

- 1 Regularly review the Charter and propose amendments
- 2 Formulate and regularly review the annual and long-term performance targets as well as the compensation policies, systems, standards and structures of Directors and managers
- 3 Regularly assess the progress of Directors and managers concerning their performance targets and determine the compensation packages and amount of individuals; and submit the recommendations to the Board for discussion

The Company's Audit Committee Charter, Compensation Committee Charter and 2023 Annual Report are available on the corporate website and the Market Observation Post System website.



Corporate Governance



Market Observation Post System website



## 2.1.2 Board operations




The Board of Directors is responsible for the appointment, nomination and performance evaluation of senior management. It also delegates authority to senior management to handle economic, environmental and social issues arising from operations. To ensure an effective implementation of strategies, the Board not only receives regular reports from the management team, but also frequently communicates and discusses with the management, urging the management team to make appropriate adjustments. Good communications between the Board and management team are the cornerstone of Taiflex' s sustainable operation.

### Tasks of the Board



- 1 Supervise and determine business directions to align with the short, medium and long-term market demand
- 2 Appoint an ethical, honest and professional management team to carry out business strategies formulated by the Board in order to guarantee the Company' s business performance
- 3 Lead the management team to devise strategies favorable to the Company' s long-term developments

The Board of Directors convenes regular quarterly meetings to review matters reported by functional committees and development strategies proposed by the management team. For all agenda items to be fully understood and discussed, relevant personnel are invited accordingly to attend and report at the Board meetings. The feasibility of each item is properly evaluated by the Board before it can be implemented. In 2023, a total of seven Board meetings (with an average attendance rate of 100%) were held to review 54 agenda items, including 51 items related to environmental, economic and social issues.

Aspects of Agenda Item	Important Communication Results
 Environmental Aspect	The 2023 sustainable development plan was approved, outlining goals and implementation plans for renewable energy, carbon reduction, and waste reduction. In addition, environmental-related capital expenditures of approximately NT\$200 million were approved. A mid-year review of the overall implementation progress was conducted in 2023.
 Economic Aspect	The Board reviewed the 2023 business plan and discussed recommendations from the external evaluation performed by Taiwan Corporate Governance Association during the Board meeting for subsequent improvements. Additionally, the risk map for the Company' s operational risks was reviewed, along with response strategies. A report on information security was presented, and the positions of CISO and a dedicated Information Security Officer were established.
 Social Aspect	The Board accepted shareholders' proposals, reviewed employee bonuses, and formulated an employee stock option plan for profit-sharing.

## Continuing education of the Board

To continuously enhance the Board' s professionalism and skills, the Company regularly schedules diverse training courses related to business operations and sustainable development for Directors. Through external education for Directors to understand global trends and diversify their perspectives, we aim to strengthen the Board' s leadership and decision-making abilities for it to exercise due care of a good administrator when engaging in business operations, and ultimately maximizing shareholder returns and boosting the competitiveness of the Company in the face of the ever-changing business environment.

In 2023, the training hours of all Directors have met the statutory requirement (i.e., 6 hours), with a total of 54 hours of training and an average of 6 training hours. Please refer to Appendix I ESG Information - Governance Information of this report for detailed information on the continuing education of the Board members in 2023.

## Performance assessment of the Board

### Internal performance assessment of the Board

To implement corporate governance, an internal Board performance evaluation shall be conducted at least once a year pursuant to the "Methods for Evaluating Board of Directors' Performance." At the end of each year, the Board agenda unit collects information on Board activities, distributes the "Self-Assessment Questionnaire for Board Members" and the "Self-Assessment Questionnaire for Functional Committees" to each Director and committee members, and reports the evaluation results at the next Board meeting. By clearly defining performance objectives, we aim to enhance the functionality of the Board and strengthen its operational efficiency. Details and recommendations of the 2023 performance evaluation were presented in the Board meeting in January 2024.





### Internal Performance Evaluation Results for 2023

Type	Methods	Grading Criteria	Results
Performance evaluation on the Board	Evaluation by the Board agenda unit based on the actual operation of the Board	<ul style="list-style-type: none"> <li>• Level of participation in corporate operations</li> <li>• Enhancement on the quality of Board decisions</li> <li>• Composition and structure of the Board</li> <li>• Election and continuing education of Directors</li> <li>• Internal control</li> </ul>	The overall score was 92.21, equivalent to a rating of excellence. The result indicated a relatively sound operation of the Board, conforming to the spirit of corporate governance.
Performance evaluation on individual Board members	Self-assessment by Board members	<ul style="list-style-type: none"> <li>• Command over corporate goals and mission</li> <li>• Understanding of Directors' duties</li> <li>• Level of participation in corporate operations</li> <li>• Internal relationship management and communication</li> <li>• Professionalism and continuing education of Directors</li> <li>• Internal control</li> </ul>	The overall average score was 98.48, equivalent to a rating of excellence. The result indicated that the Directors gave positive reviews on the operation efficiency and effectiveness of various evaluation items.
Performance evaluation on functional committees	Self-assessment by functional committee members	<ul style="list-style-type: none"> <li>• Level of participation in corporate operations</li> <li>• Understanding of functional committees' duties</li> <li>• Enhancement on the quality of functional committees' decisions</li> <li>• Composition of the functional committees and election of members</li> <li>• Internal control</li> </ul>	The average scores of the Compensation Committee, the Audit Committee and the Sustainable Development Committee were 96.99, 96.88, and 95.92, respectively, equivalent to a rating of excellence. The result indicated that the functional committee members gave positive reviews on the operation efficiency and effectiveness of various evaluation items.

### External performance assessment of the Board

The Company conducts a Board effectiveness evaluation (including performance) once every three years. In 2022, the Company commissioned the professional and independent Taiwan Corporate Governance Association to carry out the evaluation, which encompassed eight aspects of the Board (composition, guidance, authorization, supervision, communication, internal control and risk management, discipline and others), questionnaires with 10 open-ended questions, and online interviews with Board members and senior executives.

The Board performance evaluation report was issued on November 29, 2022, and we incorporated improvement suggestions from the evaluation as references for continuous enhancement of Board functions. On January 11, 2023, the improvement suggestions along with measures to be adopted were presented in the Board meeting. We plan to conduct another external Board effectiveness evaluation in 2025 to further improve our practices.

### Improvement Measures Adopted in 2023

The Company has instructed the "corporate governance and risk management" team under the Sustainable Development Committee to convene relevant meetings and aggregate risk identification and risk response strategies from various organizational levels to formulate corresponding response measures. The team shall also report relevant risk analysis and response plans to the Sustainability Development Committee and the Board of Directors.





## 2.2 Climate and Operational Risk Management

### Material Topic: Climate Change and Operational Risk Management

#### Main Reason

As the climate change issue deteriorates, stakeholders are highly concerned of corporate climate actions, including GHG inventory and reduction, and climate risk assessment and adaptation strategies. How to map out the capital expenditure and long-term strategies of a company amidst the complex variables has become an important issue affecting corporate competitiveness.

#### Effect and Impact

- **Actual positive effect:**  
Environmental: Mitigate the environmental impact of operating activities.
- **Actual negative effect:**  
Economic: In addition to carbon fee that may be required in the future due to regulatory requirements, there are ongoing expenditures for investments in facilities related to energy saving and carbon reduction initiatives.
- **Potential positive effect:**  
Economic: Being able to complete the low-carbon transition ahead of peers would be beneficial to securing customer orders and becoming an indispensable partner in the low-carbon supply chain of customers.

#### Policy and Strategy

We continuously monitor various climate action targets following the Paris Agreement and actively align with international sustainable development trends to reduce potential climate-related impacts in the future.

#### Goal and Objective

- **Short-term goal (2024):**  
-Establish a mechanism to assess and promote climate risk
- **Medium-term goal (2025-2027):**  
-Publish TCFD Report
- **Long-term goal (2028~):**  
-Complete and implement specific transition plans  
-Participate in CDP

#### Management Assessment Mechanism

Both the Corporate Governance and Risk Management Team and the Environmental Sustainability Team under the Sustainable Development Committee work together on analyzing climate-related risks and opportunities based on the TCFD framework. Moreover, the Sustainability Development Center evaluates the feasibility of departments' energy-saving initiatives, establishes management objectives within each business scope, and then, through the Sustainable Development Committee, consolidates the implementation progress of functional teams to report the achievements to the Board of Directors at least twice a year.

#### 2023 Goal and Achievement

- **Establish a mechanism to assess and promote climate risk**  
→ **Achieved.** Through GHG inventory, we have completed a preliminary analysis on the financial impact of climate change on the Company and will create relevant promotion plans through the Sustainable Development Committee. The Board of Directors will regularly review target achievement status and revise execution details or adjust the strategic direction on an ongoing basis.

#### Prevention or Remedy Measure

- The Corporate Governance and Risk Management Team continues to collect climate scenario information and dynamically updates the Company's financial impact analysis. The Sustainable Development Center also continuously gathers external climate information (e.g., regulations and trends), and through the Sustainable Development Committee, summarizes implementation results of each functional team and provides the information to the Board of Directors to evaluate the effectiveness of climate response strategies.
- The Company has established a business continuity plan to address climate-related risks, formulating emergency responses procedures for potential natural threats to ensure the continued operations of the Company and reduce the occurrence of incidents and impact.

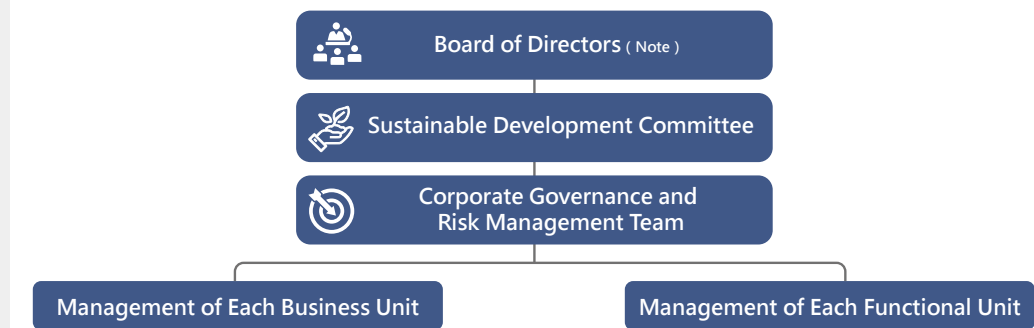


## 2.2.1 Operational risk management

The Board of Directors serves as the highest decision-making body for risk management in the Company, overseeing the effective operation of risk management mechanism to ensure that the Company's business strategies can be effectively implemented to achieve business objectives. The Board authorizes the Chairperson to be the convener of risk management plans, coordinating and directing the plan promotion and operation.

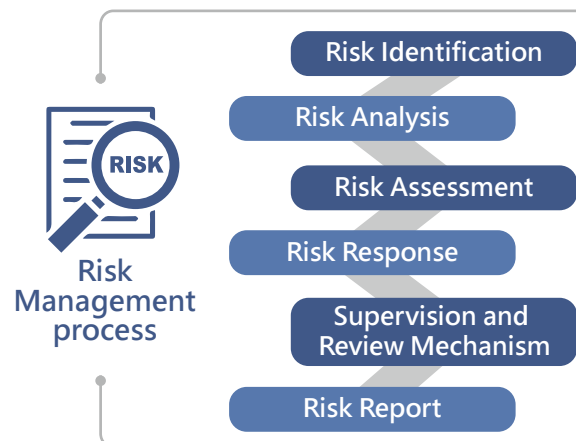
The Corporate Governance and Risk Management Team under the Sustainable Development Committee consolidates risk elements identified at each level of the organizational management system, risk response strategies and implementation reviews, and reports to the Sustainable Development Committee on the execution of risk management. The Sustainable Development Committee then reports to the Board at least once a year on the performance of the overall risk management plan.

### Organizational Structure of Risk Management



Note: The Chairperson is authorized to be the convener of risk management plan.

The Company has established the "Risk Management Policies and Procedures" to enhance its risk management awareness and execution capability. Through the establishment of a systematic management method, we incorporate relevant response plans as a basis for formulating business strategies. This approach ensures that risks stay within a tolerable level, minimizing potential losses to safeguard the interests of customers, employees, and other stakeholders, thus increasing shareholder value and achieving optimal allocation of corporate resources.



## Material risk identification

The Company stays up to date on internal and external issues as well as environmental changes. In addition to factors such as the Company's scale, industry, business characteristics, operational activities, and sustainability (including climate change), we also place importance on environmental, social, and corporate governance issues concerned by stakeholders. In 2023, management of each functional unit identified the following 18 major risks that could impact the achievement of strategic objectives:

Scope of Risk Management	Major Risk Items	Risk Items Identified in 2023
Strategic Risks	<ul style="list-style-type: none"> <li>Risk of changes in technology industry</li> <li>Competitive risk</li> </ul>	<ul style="list-style-type: none"> <li>Slow growth in key markets</li> <li>Supply chain relocation</li> <li>Domestic manufacturing</li> </ul>
Operational Risks	<ul style="list-style-type: none"> <li>Market risk</li> <li>Supply chain risk</li> <li>Human resources risk</li> <li>Information security risk</li> </ul>	<ul style="list-style-type: none"> <li>Inventory management risk</li> <li>Raw material price hikes</li> <li>Raw material shortage</li> <li>Energy shortage</li> <li>Logistics and transportation risks</li> <li>Labor shortage in manufacturing</li> </ul>
Financial Risks	<ul style="list-style-type: none"> <li>Financing risk</li> <li>Exchange rate risk</li> <li>Interest rate risk</li> <li>Tax compliance risk</li> </ul>	<ul style="list-style-type: none"> <li>Refinancing risk</li> <li>Exchange rate risk</li> </ul>
Information Risks	<ul style="list-style-type: none"> <li>Information security risk</li> <li>System integration risk</li> </ul>	<ul style="list-style-type: none"> <li>Cross-country system integration</li> </ul>
Compliance Risks	<ul style="list-style-type: none"> <li>Regulatory risk</li> <li>Material contract mismanagement risks</li> </ul>	<ul style="list-style-type: none"> <li>Tightening labor regulations</li> </ul>
Integrity Risks	<ul style="list-style-type: none"> <li>Risk of non-compliance with the code of ethics</li> </ul>	--
Hazardous Risks	<ul style="list-style-type: none"> <li>Natural disaster risk</li> <li>Factory safety</li> </ul>	<ul style="list-style-type: none"> <li>Natural disaster with increasing intensity</li> </ul>
Climate Change Risks	<ul style="list-style-type: none"> <li>Carbon neutrality (including requirements concerning renewable energy and zero waste)</li> </ul>	<ul style="list-style-type: none"> <li>Green supply chain</li> <li>100% renewable energy</li> <li>Pursuit of carbon neutrality</li> <li>Zero-waste trend</li> </ul>

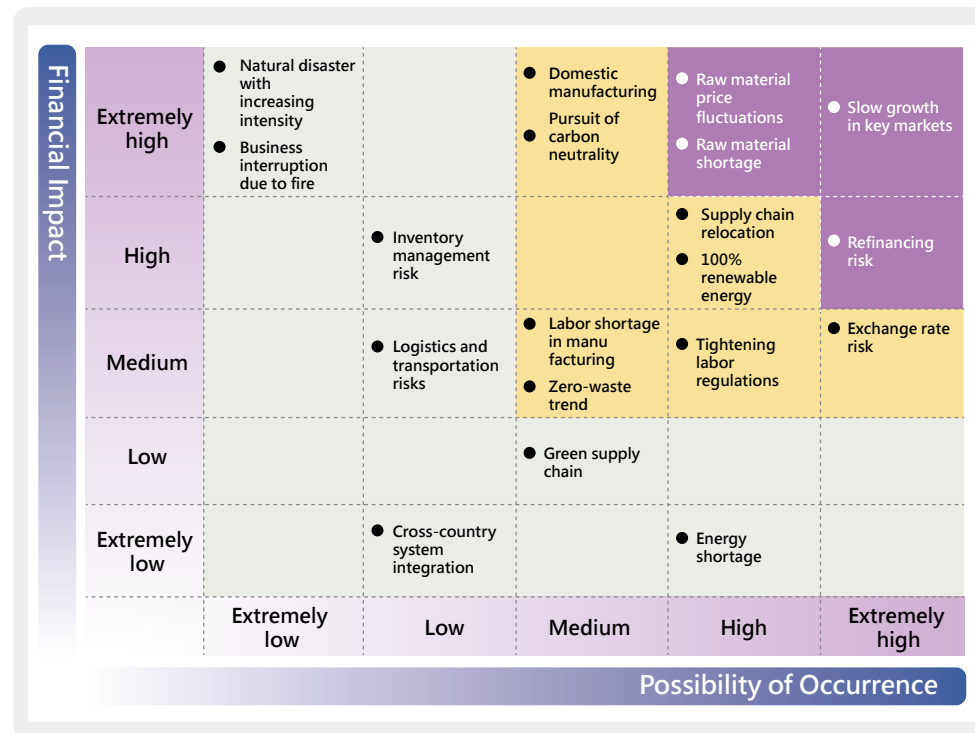


## Analysis and assessment

The aforementioned risks were used to create a risk map based on their impact and probability of occurrence, so as to prioritize the risks and develop relevant response plans. Major risks identified in 2022 were: "slow growth in key markets," "raw material price fluctuations and shortage," and "refinancing risk," which were reported to the Board along with response plans in 2023. The action plans and mitigation measures concerning climate risk are available in the Company's annual report.



Annual Report



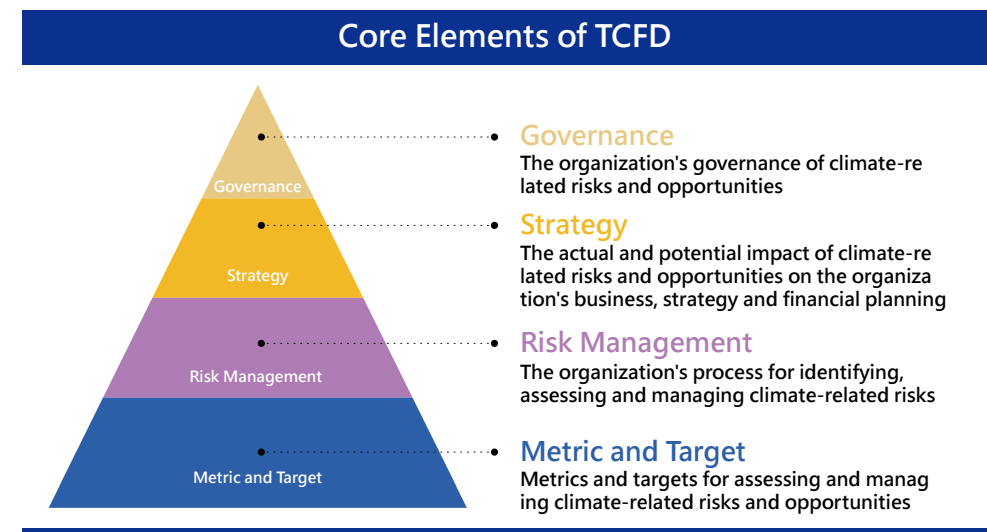
## Risk response and supervision

After evaluating the impact and probability of risks identified, relevant units are assigned to carry out risk response plans. For risk map items with high probability of occurrence and significant impact, corporate resource would be consolidated to establish a task force, and continuously review and modify the execution status of each risk to mitigate their impact.

### 2.2.2 Climate risk adaptation actions

As countries around the world strengthen their carbon reduction targets and policies, aiming for net zero emission by 2050, the pressure on business operation and customers' demand for supply chain sustainability have intensified. Although Taiflex is not subject to the major electricity consumer clause, we have mapped out relevant investments to reduce carbon emissions in response to the low carbon transition driven by global climate changes. We will continue to focus on and implement climate action targets following the Paris Agreement as well as the targets of stakeholders, and gradually incorporate them into our sustainable development strategy.

The Board had approved the sustainable development roadmap in January 2023 and authorized the Sustainable Development Committee to manage climate risks. Functional teams under the Committee are tasked with promoting climate action issues and goal management. This ensures the integration of sustainability strategies and climate action issues into product, operation, and value chain management.





## TCFD Framework for Taiflex

The Sustainable Development Committee reports to the Board twice a year, reviewing climate change-related risks and opportunities, and proposing corresponding short, medium, and long-term plans, measures, and goals. The Board regularly evaluates the effectiveness of climate response strategies based on the plan progress of functional teams summarized by the Sustainable Development Committee (Sustainability Center).

### Governance

- **Sustainable Development Committee**  
Being the highest climate change management body, its members are determined by the Board with over half being Independent Directors and the elected convener oversees relevant affairs. The Committee consists of six functional teams.
- **Corporate Governance and Risk Management Team**  
Take inventory on the Company's risk environment, risk management priorities and response measures, and assess the financial impact of risks.
- **Environmental Sustainability Team**  
Monitor international trend of environmental issues, take inventory on the risks and opportunities brought about by climate change, and set targets and implementation plans.

### Strategy

Conduct cross-departmental discussions to address short, medium, and long-term climate risks and opportunities identified; adopt scenario analysis to assess potential financial impacts on the Company; integrate resources to determine the allocation priority, and formulate response strategies based on the Company's technological advantages. Currently, we focus on the following two directions:

- **Introduce new processes and eco-friendly facilities to improve the recycling rate of chemicals, thereby reducing resource consumption and saving costs. Develop new green products using chemical formulas with low biological reproductive hazards to satisfy the ESG requirements of end-users, aiming to enhance the Company's reputation and increase sales.**

### Risk Management

With reference to the risk identification/assessment model recommended by TCFD, climate risk items are incorporated into the existing risk management process, with response plans and objectives proposed for each item. The Sustainable Development Committee tracks and manages these plans and objectives on an ongoing basis and regularly reports to the Board on the implementation status in order to refine the overall strategic direction.

### Metric and Target

- **Short-term goals (2024):**
  - 4% reduction in GHG Scope 1 emissions with 2021 being the base year
  - Use of renewable energy accounts for 1% of total electricity consumption
  - Cumulative installed solar capacity of 1,657 kW by Taiflex Green Power (subsidiary)
- **Medium-term goals (2025-2027):**
  - 12% reduction in GHG Scope 1 emissions with 2021 being the base year
  - Use of renewable energy accounts for 6% of total electricity consumption
  - Cumulative installed solar capacity of 2,949 kW by Taiflex Green Power (subsidiary); and biomass energy capacity of 280kW
- **Long-term goal (2028~):**
  - >27% reduction in GHG Scope 1 emissions with 2021 being the base year
  - Use of renewable energy accounts for 10% of total electricity consumption
  - Cumulative installed solar capacity of 3,379 kW by Taiflex Green Power (subsidiary); and biomass energy capacity of 280kW

Both the Corporate Governance and Risk Management Team and the Environmental Sustainability Team under the Sustainable Development Committee work together on analyzing climate-related risks and opportunities based on the TCFD framework. The Committee then consolidates the information and formulates the following promotion plans, which have been reviewed by the Board.

Risk Category	Transition risk	Transition risk	Physical risk	Physical risk
Aspects	Policy and regulation	Market	Immediate	Long-term
Stakeholder	Taiflex	Taiflex customer	Taiflex supply chain	Taiflex supply chain
Climate Risk	Cap-and-trade, carbon fee and carbon tax	Net zero emission trend, environmental protection performance	Extreme weather disasters	Rising temperature
Potential Financial Effect	Limited capacity expansion and increasing operating costs	Increasing capital expenditure and rising operating costs	<ul style="list-style-type: none"> <li>Financial losses and decreasing revenue due to production disruption</li> <li>Higher operating costs due to increasing insurance premium expenses</li> </ul>	Increasing electricity consumption leads to higher carbon emissions and operating costs
Climate Opportunity	<ul style="list-style-type: none"> <li>Participate in renewable energy programs</li> <li>Participate in carbon markets</li> </ul>	<ul style="list-style-type: none"> <li>Pursue counseling programs subsidized by government agencies</li> <li>Develop eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate regional climate risk and probability; and map out factory locations and production capacity allocation worldwide</li> <li>Enhance resilience against natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Optimize factory unit efficiency</li> <li>Promote low-carbon production and lifestyle</li> </ul>
Potential Financial Effect	Renewable energy investment and carbon credit demand based on production capacity	Increase revenue with subsidies for counseling programs; Develop eco-friendly products to meet customer demand and increase revenue	Decentralize production bases to build a resilient supply chain; and secure customer orders to increase revenue	Reduce energy loss, save operating costs, and increase profits
Management Approach	<ul style="list-style-type: none"> <li>The Sustainable Development Committee reviews our green energy status as well as the carbon reduction target and progress annually</li> <li>Implement the ISO 50001 Energy Management System</li> <li>Carry out inventory according to ISO 14064 to identify and improve carbon emission hotspots</li> </ul>	Functional teams under the Sustainable Development Committee execute relevant programs on a project basis	Risk analysis and regional planning	Functional teams under the Sustainable Development Committee execute relevant programs on a project basis





## 2.3 Regulatory Compliance and Internal Control

### Material Topic: Business Ethics

#### Main Reason

Operations of a company shall be conducted with business ethics; therefore, they are in compliance with relevant laws and regulations, which are also the commitment and responsibility of Taiflex to its shareholders and other stakeholders.

#### Effect and Impact

- **Actual positive effect:**  
Social: Build a culture of integrity within the Company to reduce the occurrence of violations or human rights abuses.
- **Potential positive effect:**  
Economic: Ensure operational stability to avoid significant penalties for violations of laws in daily operations.
- **Potential negative effect:**  
Economic: If not managed properly, corruption or other related incidents may occur which will adversely affect the reputation and image of the Company and may lead to setbacks in sales.

#### Policy and Strategy

Taiflex adheres to the principles of fairness, honesty, trustworthiness, and transparency in business activities, creating an organization and work culture of mutual support, friendliness, discipline, honesty, and hard work. We have also established the "Principles of Business Ethics," "Code of Ethical Conduct" and "Procedures and Guidelines of Business Ethics" for our Directors, managers and employees to follow when performing their duties.

#### Goal and Objective

- **Short-term goals (2024):**  
-Develop comprehensive management and preventive measures  
-Director, manager and employees with zero violations of ethical principle
- **Long-term goal (2028~):**  
-Achieve the goal of zero complaint cases  
-Director, manager and employees with zero violations of ethical principle
- **Medium-term goals (2025-2027):**  
-All employees participate in the "Business Ethics" education and training

#### Management Assessment Mechanism

We use business integrity and ethics education, training and assessments to evaluate employees' compliance awareness, and conduct regular internal audits on the nine internal control cycles to ensure we are a quality company with business ethics. We have set up an e-trading platform for suppliers and implement ethics management and audits to prevent illegal activities.

#### 2023 Goal and Achievement

- **Develop comprehensive management and preventive measures**  
→ Achieved. Internal announcements pertaining to the "Principles of Business Ethics," "Procedures and Guidelines of Business Ethics" and "Code of Ethical Conduct" have been sent to employees on a monthly basis since 2023.
- **Director, manager and employees with zero violations of ethical principle**  
→ Achieved. There were no violations of ethical principle by Director, manager and employees in 2023.

#### Prevention or Remedy Measure

- We monitor business ethics developments in Taiwan and abroad and encourage our Directors, managers and employees to make recommendations in order to review and improve our ethical policies and measures, and enhance the effectiveness of our ethical management.
- We conduct regular legal compliance as well as various internal and external audits every year, and adjust audit details and management rules according to issues identified.
- The Employment and Service Commitment signed by employees when they join the Company contains details of integrity and honesty obligations. Relevant policies and management regulations are made known through internal announcements and training.
- When entering contracts, the contact persons shall be fully aware of the ethical records and practices of the counterparties to avoid engaging in business transactions with agents, suppliers, customers or other business partners having unethical behaviors. We shall immediately cease all business dealings and blacklist counterparties if any dishonest behavior is identified in business transactions or partners.



### 2.3.1 Emphasize the culture of integrity

"Integrity, Responsibility, Enthusiasm, Creativity and Execution" are the core values of our corporate culture and we have, with reference to the Code of Conduct - RBA, established the "Code of Ethical Conduct," "Principles of Business Ethics" and "Procedures and Guidelines of Business Ethics." All employees of the Company and its subsidiaries have signed the CIPP to ensure the implementation of our core values.

We conduct our business activities based on the principles of fairness, transparency, honesty, and integrity. Directors, managers and employees of the Company are prohibited from offering, accepting, promising or demanding, either directly or indirectly, any improper benefits, or engaging in any other major unlawful behaviors or serious breach of integrity or fiduciary duty, including infringement of intellectual property rights, unfair competition and other illegal acts, in order to obtain or maintain benefits during the course of business.

#### ■ Deepen integrity and ethics awareness

In order to cultivate an organizational culture of mutual support, friendliness, discipline, honesty, and hard work, the Company regularly advocates the concept of "integrity and ethical conduct" to all employees, instilling integrity and ethical standards in the minds of our employees. In 2023, the coverage rate of integrity advocacy to employees and relevant education and training undertaken by Directors were both 100%. For suppliers, we have set up an e-trading platform to implement integrity management and audits.

#### Headcount and Percentage of Integrity and Ethical Conduct Advocacy in 2023

Category	Number of People	Number of Trainees	Coverage Rate
Employees	785	785	100%
Managers	18	18	100%
Total	803	803	100%

Note: Advocacy coverage rate = Number of people cover by the advocacy / Total number of people in the category × 100%

The Company has established an effective accounting system and internal control system for business activities with a higher risk of unethical behavior. We also set up an explicit and effective reward and punishment system by integrating business ethics policy with employee performance evaluation as well as personnel policies for effective management.

### ■ Corruption reporting

To prevent misconduct, an internal complaint channel has been set up to receive complaints concerning the violations of integrity and ethics. Where a major violation is identified upon investigation or where the Company may suffer significant losses, a report would be prepared immediately to notify the Independent Directors in writing. Disciplinary actions to be taken along with the complaint system would be announced. The violator's job title and name, date and details of the violation and actions taken would be immediately disclosed on the Company's intranet.

Integrity hotline: (07)813-9989#70999

---

Reporting of illegal and unethical conducts:  
security@taiflex.com.tw

There were no reported violations of ethical and integrity management practices in 2023, nor any violations of laws and regulations concerning antitrust, market monopoly, integrity and business ethics.

### 2.3.2 Internal controls

The purpose of the internal control system is to ensure the effectiveness of procedures and standard measures for the nine major cycles of sales, production, procurement, financing, payroll, property, plant and equipment, computer information, investment, and research and development, on the basis of applicable laws and regulations of the industry we operate in and our overall operating activities. The system is reviewed and adjusted on an ongoing basis for changes in internal and external environments and regulations, thereby enhancing the effectiveness of management and product quality.

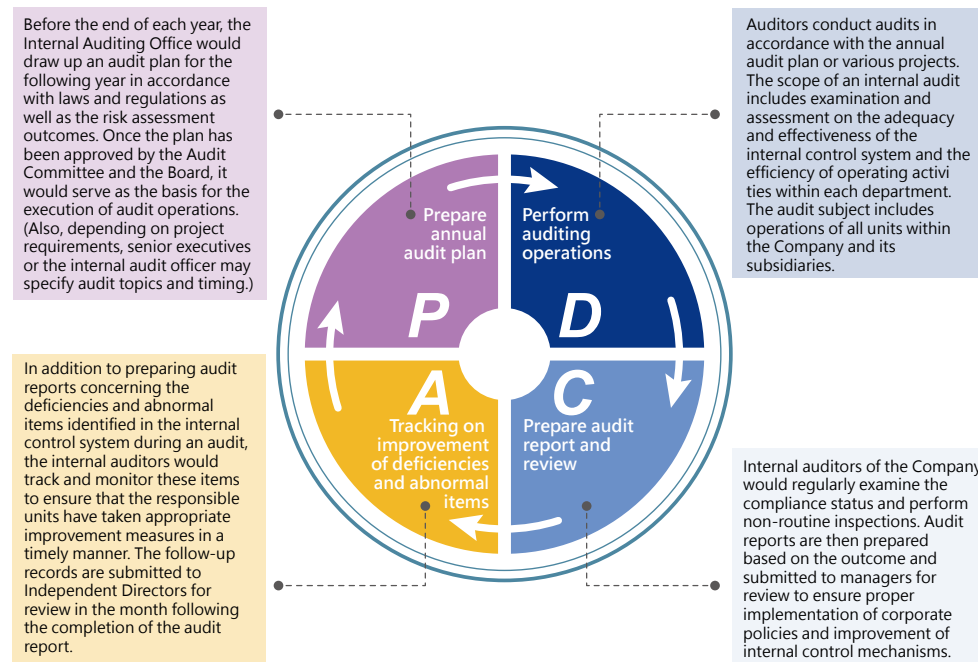
#### ■ Annual audit

The Company has set up an Internal Auditing Office under the Board, and employed full-time auditors to perform internal audits on the overall operations. The independence of the Office enables it to achieve the purpose of auditing the Company's business conducts. Through supervision and inspection on operations and management procedures, deviations from the corporate policies, operating procedures, established goals or expected standards can be



identified in a timely manner and reported to the appropriate management level. Corrective actions are taken to prevent abuses so as to stabilize the business operation.

In order to strengthen the functions of the Company's auditors, they are required to attend audit-related courses organized by professional training institutions to enhance their professional competence every year. Through professional and independent internal audit structure, the internal control system can be applied to all levels of the Company. In 2023, there were 50 audit items with no major deficiency identified in internal control. The Statement of Internal Control System is available in the annual report.



## Regulatory compliance

As regulatory compliance is fundamental to business operations, with business across Asia and aggressive global expansion, we have established policies and procedures for regulatory compliance within our business scope, including but not limited to prevention of corruption, anti-harassment/discrimination, environmental protection, and protection of confidential information. We also set up the Legal and Intellectual Property Center to review domestic and foreign laws and regulations regularly and when needed as well as take external courses to understand regulatory amendments and the latest developments. The Center also analyzes policies and laws that may have a significant impact on the business operations, and passes on the information to relevant

departments and management in order to formulate response strategies and serve as a reference for future business directions.

In order for employees to understand the essence of regulatory compliance and to ensure compliance during business execution, we invite legal professionals and industry experts to hold seminars and courses at the Company. In addition, the Legal and Intellectual Property Center promotes the concept of compliance through announcements and emails regularly and when needed.

In 2023, there were no significant penalties exceeding NT\$1 million. However, the Company was subject to a fine of NT\$50,000 for violating Paragraph 2, Article 32 of the Labor Standards Act due to overtime hours in excess of the regulatory limit. We will increase headcount for proper allocation of workload, monitor employees' overtime hours, and enhance advocacy of overtime regulations to prevent violations of the laws due to extended working hours.

## Fulfill tax obligations

The Company does not make any political contribution and pays taxes every year in accordance with domestic and foreign tax laws and regulations. Since we meet the criteria set by the government for the promotion of investments in smart machinery as well as research and development, we are entitled to some tax credits. Please refer to Appendix I ESG Information - Economic Data of this report for detailed information.

The tax affairs of Taiflex are managed by the Finance and Accounting Center, which oversees tax compliance at our domestic and overseas operation bases and stays updated on global tax law developments. It reports high-risk tax incidents to the Board of Directors for the management to understand the internal risks and tax trends. Through effective risk management mechanisms, it contains the frequency and amount of tax disputes to a lower risk level. The following tax policies are established to reduce tax risks and pursue the optimal interests of the Company and its shareholders:

### Tax Policy

- 1 Transactions between affiliates shall comply with the arm's length principle as well as the transfer pricing guidelines set by the competent authority.
- 2 Analyze the operating environment, assess tax risks, and consider tax risks associated with business decisions.
- 3 Comply with domestic and international tax regulations.
- 4 Not to use tax havens for tax avoidance.
- 5 Comply with the Company Act and tax-related laws and regulations.





## 2.4 Sustainable Supply Chain

### Material Topic: Sustainable Supply Chain Management (Including the Use of Conflict-free Minerals)

#### Main Reason

In the process of natural resource extraction, there are risks of energy consumption, water pollution, land loss or human rights violations. Besides securing the quality, delivery and prices of raw materials, Taiflex must ensure that suppliers implement environmental protection, energy saving and carbon reduction, safety and health improvement, and human rights protection to meet the customer and regulatory requirements and jointly fulfill corporate social responsibility.

#### Effect and Impact

- **Actual positive effect:**  
Environmental: Work with suppliers to reduce material and resource consumption and mitigate environmental impact.  
Social: Urge suppliers to fulfill their responsibilities and prevent human rights violations within the value chain.
- **Potential positive effect:**  
Economic: Maintain the quality of upstream raw materials for a consistent production of high-quality products.

#### Policy and Strategy

- Maintain long-term relationships with domestic and foreign suppliers and urge them to meet regulatory requirements. Actively introduce alternate suppliers to the qualified supply chain to reduce the risk of material shortage.
- Continuously update the supply chain management mechanism, incorporate sustainability issues into assessment items, and demand suppliers to sign the "Taiflex Supplier/Contractor Corporate Social Responsibility Commitment" (or provide relevant declaration documents).

#### Goal and Objective

- **Short-term goals (2024):**  
-Carbon footprint inventory of raw material suppliers
- **Medium-term goals (2025-2027):**  
-Promote all suppliers to sign the Corporate Social Responsibility Commitment (or provide relevant declaration documents)
- **Long-term goal (2028~):**  
-Introduce the Code of Conduct - RBA

#### Management Assessment Mechanism

We organize annual audit plan according to the "Supplier (Green) System Audit Evaluation Form," which covers three aspects: Quality system, HSPM system and RBA.

#### 2023 Goal and Achievement

- **Carbon footprint inventory of raw material suppliers**  
→ Achieved. In 2023, we surveyed the carbon inventory status of 48 suppliers. Four of them had adopted ISO 14064-1 while seven of them had carried out voluntary inventory.  
→ For the 2023 Supplier (Green) System Audit Evaluation, a total of 44 supplier audits (13 on-site audits/31 document review of suppliers) were conducted. The Quality Assurance unit asked suppliers to respond with corrective measures regarding deficiencies identified within the prescribed period.

#### Prevention or Remedy Measure

- Announce our annual ESG policy to suppliers through supplier conference. Organize discussion sessions to communicate with suppliers on issues related to quality, technology, delivery, service, cost, and sustainable management.
- Establish risk control mechanism and business continuity plan for supply chain disruption to reduce the risk of impact from external factors on Taiflex.



## 2.4.1 Procurement policy

Taiflex strongly believes that the sustainable growth of supply chain has certain influence on corporate long-term developments. Therefore, we urge suppliers to fulfill their corporate social responsibilities; carry out environmental protection, energy conservation and carbon reduction measures; improve safety and health; respect human rights; as well as maintain sound risk management and sustainable operation plans, thereby building a stable and sustainable supply chain together.

### Our Commitments

All products comply with conflict minerals requirements and are procured following green product specifications.

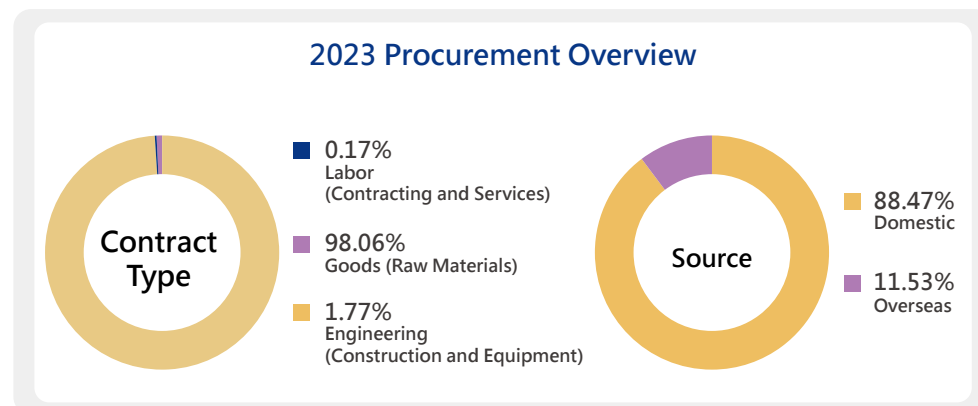
We adhere to the fair-trade principle as well as relevant laws and regulations, respect human rights, safeguard physical and mental health and safety of workers, protect the environment and fulfill social responsibilities.

We uphold the ethical principle, commit to fulfilling corporate social responsibilities in our procurement activities and pursue sustainability.

### Supplier overview

Over 90% of the Company' s procurement items are goods used in production (raw materials) and packaging (supplies). Raw materials include copper, PI (polyimide), TPI (thermoplastic polyimide) and PET film, most of which need to be imported from abroad. Efforts are being made to increase the use of recycled copper. In terms of supplies, we actively utilize recycled paper and promote the reuse of wooden pallets.

In recent years, the Company has continued to increase the number of suppliers for key raw materials and process equipment. By 2023, the percentage of local purchases has exceeded 88.47%. Please refer to Appendix I ESG Information - Economic Data of this report for detailed information on the procurement categories and percentages.



### Raw material control

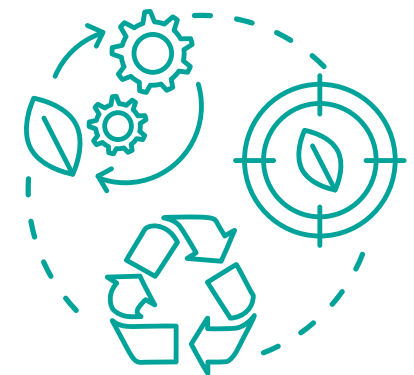
Developments of the electronics industry have always been highly dependent on the use of minerals. The global consensus has now leaned towards the use of conflict-free minerals to protect human rights. To fulfill our corporate social responsibilities, we comply with the "conflict minerals disclosure requirements" under Rule 13p-1 of the U.S. Securities Exchange Act of 1934 promulgated by the US Securities and Exchange Commission (SEC) for our conflict minerals management. We implement self-audits on social responsibilities and avoid sourcing minerals from conflict-affected and high-risk areas.

All suppliers of raw materials which use or contain minerals shall comply with the Company' s policy and use the Conflict Minerals Reporting Template (CMRT) as an investigation tool in providing investigation results. The requirement of not sourcing conflict minerals from conflict regions is imposed since new supplier selection. As for existing suppliers, besides signing the agreements or statements which ban the use of conflict minerals, we carry out due diligence through annual supplier audits and lot traceability.

Copper is the most widely used metal in our production of FPC materials. Besides mining new minerals, recycling from existing applications or electronic products has become the trend. About 90% of copper foil factories worldwide use recycled copper as raw materials. Thus, Taiflex cooperates with key suppliers of copper foil and maintains the use of recycled copper foil at a certain degree, contributing to the reuse of resources and the sustainable development of the planet. Furthermore, the cost advantages, the precision required in ED copper foil process as well as the greater flexibility in width and thickness adjustments allow recycled copper to be widely used in various electronic products. We purchased 158 MT of recycled copper in 2023.

### Green procurement

GP documents shall be provided or updated for the introduction of new materials and the regular purchases of materials. We integrate green supply chain to service our customers and initiate the reduction and reuse of packaging materials within the supply chain. Since 2020, our principles of green procurement management have been delivered to suppliers along with our orders through the e-procurement system while we promote the green procurement concept to suppliers. We adopt standards above the regulatory requirements to prevent or mitigate adverse environmental impact, thereby enhancing the Company' s operational resilience under climate change crisis.



Taiflex has established a supply chain management framework to manage relevant risks and prompt suppliers to advance together to create greater shared value and influence. In 2017, the RBA was adopted as the assessment standard for supplier management. It covers areas including labor, health and safety, environmental protection and business ethics. Since 2020, we have been



referring to the Supplier Relationship Management (SRM) platform for suppliers to perform order maintenance, delivery confirmation, shipment query, acceptance query, return order query, etc. in a more efficient manner, thereby reducing information gap and increasing communication accuracy.

In addition, Taiflex has established risk control mechanisms for supply chain disruptions. In the event of supply chain disruptions caused by external factors (e.g., natural disasters, diseases, major global events, etc.), emergency response procedures would immediately be initiated. Relevant departments including procurement, quality assurance and production planning would quickly review aspects such as raw materials stocktaking, supply of materials from alternate suppliers, elevation of raw materials inventory level and material consumption during process, and swiftly draw up a contingency plan.

## 2.4.2 Evaluation and audit

Taiflex regularly conducts "Supplier Green System Evaluation" on key suppliers through two main approaches: "on-site audits" and "document reviews." This is done to strengthen suppliers' sustainability management mechanisms and ensure their implementation of sustainability initiatives. Green evaluation covers three aspects: Quality system (economic), HSPM system (environmental) and ESG (social). Suppliers shall provide feedback on their implementation of sustainability actions along with relevant management system certifications. This not only allows the Company to understand their sustainability efforts but also help them to enhance their management of sustainability risks. In 2023, a total of 44 supplier audits were conducted (13 on-site audits and 31 document reviews of suppliers). All deficiencies identified were addressed and closed, achieving a completion rate of 100%, and none of the suppliers were disqualified as a result of the audit.

In addition, the Company conducts annual assessments of suppliers in five aspects: quality, procurement, research and development, technology and shipment fulfillment rate. Transactions would be suspended for raw material suppliers who fail the assessment. They would be given a deadline for improvement and subjected to a follow-up audit after six months. Suppliers would be disqualified if improvements were not made. For supplies suppliers who fail the assessment, transactions would be suspended for at least one year, except for sole suppliers. In 2023, a total of 91 suppliers were assessed (44 raw materials suppliers and 47 supplies suppliers). One supplier failed the assessment with follow-up actions completed, achieving a 100% improvement rate.

### Supplier quality management

Taiflex requires all raw material suppliers (including new/existing ones) to comply with the quality management system, the environment, safety and health (ESH) management system and the AEO assessment. Through our procurement procedures, we examine suppliers by indicators including basic corporate information, relevant certifications, quality assurance records, ESH management investigation, operation, product information, manufacturing process, raw material suppliers, financial status under business continuity management, procurement contracts, green product management, and social responsibilities.

Supplier quality assessment items include return rate of incoming materials, number of major abnormalities, number of open cases, and green suppliers (the item is assessed based on responses in the GPM system). The assessment conducted by the quality assurance unit is part of the supplier audit with a weighting of 40%. The average assessment result in 2023 was outstanding.

### Social responsibility commitment

In the selection process for raw material suppliers to become part of Taiflex' s supply chain, besides third-party verification of ISO9001 and ISO14001 compliance, suppliers shall commit to complying with the corporate social responsibility standards set out in the "Taiflex Supplier/ Contractor Corporate Social Responsibility Commitment" (CSR Commitment) before signing the contracts. The CSR Commitment is established for suppliers to understand and adhere to corporate sustainability. It encompasses the Code of Conduct for suppliers and contractors, RBA Code of Conduct, and rules and requirements pertaining to conflict-free minerals. We currently have 63 raw material suppliers, and all of them have signed the CSR Commitment (or provide relevant declaration documents). We will work on having all suppliers to follow suit.







## Supplier conference

We place great importance on the sustainable management of the entire supply chain and enhance its management performance with systemic measures including supplier assessment, audit, counseling and improvement programs for audit deficiencies, performance evaluation and supplier recognition conference on the basis of cooperation and mutual assistance. We also raise suppliers' awareness of corporate social responsibility and business ethics principles through promotion and take appropriate measures to ensure our suppliers comply with legal requirements on environmental, health and safety, and labor issues. They shall not only meet the local statutory minimum wage requirements but also provide employees appropriate levels of wages, as well as commit to the highest ethical and moral standards in their business.

In our 2023 Supplier Conference, we expressed our gratitude towards suppliers' support and outstanding contributions over the past year, and recognized seven excellent suppliers for their efforts. The Supply Chain Center shared our visions with and communicated our requirements in terms of quality, technology, delivery, service, cost and sustainable management of supply chain to our partners during the meeting, stressing our goal of overcoming challenges together to achieve better performance.



## 2023 ESG Supplier Conference





# 3

## Developer of Innovative Materials



### 3.1 Market and Business Expansion

Column: Expanding Business  
Footprint - Our Presence in  
Thailand

### 3.2 Product R&D and Innovation

Column: Knowledge Management  
Kickoff Meeting

### 3.3 Information Security and Customer Privacy

### 3.4 Customer Demand and Quality Management

## 3 Developer of Innovative Materials

### 3.1 Market and Business Expansion

#### Material Topic: Economic Performance

##### Main Reason

As a public company, being accountable to shareholders and employees and maintaining sound and stable financial performance allow the Company to have the resources to invest in research and development and continue to provide advanced services to customers as well as promote technology and innovative applications developments. Therefore, the pursuit of sales growth is one of the cornerstones for the Company's sustainable operation.

##### Effect and Impact

- **Actual positive effect:**  
Economic: Generate capital returns for shareholders.
- **Potential positive effect:**  
Social: A sound financial structure contributes to the sustainable operation of the Company, providing employees with a long-term and stable work environment.
- **Potential negative effect:**  
Economic: Economic performance has a direct impact on capital contributions from investors. Performance below peers could result in a significant reduction in capital contributions from investors.

##### Policy and Strategy

We have established the Strategic Planning Office as well as the Global Sales & Marketing Center. Through collaboration between our Global Business Division, Marketing Division and Technical Solutions Division, we strive to drive the external business of Taiflex from the three aspects of customer needs, market dynamics analysis and technology application and services, committing to providing customers with the most reliable and advanced FPC materials.

- **The Strategic Planning Office is responsible for matters set out below:**
  - (1)Analyze technology and industry market dynamics to facilitate the Group with identifying business opportunitie
  - (2)Plan and drive the short and long-term strategies of the Group and monitor the implementation outcome
  - (3)Assess potential strategic investments, M&A targets and cooperation opportunities
- **The Global Sales & Marketing Center is responsible for the following:**
  - (1)In charge of domestic and overseas production and act as an agent for product sales
  - (2)Collect market intelligence and analyze the industry and macro economy
  - (3)Plan and market FPC products as well as propose new product development requirements to the R&D.
  - (4)Provide customers product solutions, respond to questions raised by customers concerning new products and handle customer complaints on new product sampling

Also, we established Taichem Materials Co., Ltd. through spin-off to focus on semiconductor and display packaging materials. There is also the Taiflex Green Power which concentrates on the generation and selling of electricity from renewables.

##### Goal and Objective

- **Short-term goals (2024):**
  - Return on equity not below industry average
  - Operating profit margin not below industry average
- **Medium-term goals (2025-2027):**
  - Return on equity above industry average by 1~5%
  - Operating profit margin above industry average by 1~5%
- **Long-term goal (2028~):**
  - Return on equity above industry average by at least 5%
  - Operating profit margin above industry average by at least 5%

##### Management Assessment Mechanism

We hold regular management and performance review meetings according to the KPIs chosen.

##### 2023 Goal and Achievement

- **Return on equity not below industry average**  
→ Achieved. The Company's return on equity was 4.47% in 2023, which was 5.425% higher than the industry average of -0.955%.
- **Operating profit margin not below industry average**  
→ Achieved. The Company's operating profit margin was 4.43% in 2023, which was 23.73% higher than the industry average of -19.30%.

The average growth rate of return on equity and operating profit margin were -48.38% and -44.20% in 2023, respectively, failing to meet the target of positive growth. This was mainly due to inventory digestion throughout the industry during the year and a lack of significant turnaround in end-market demand.

##### Prevention or Remedy Measure

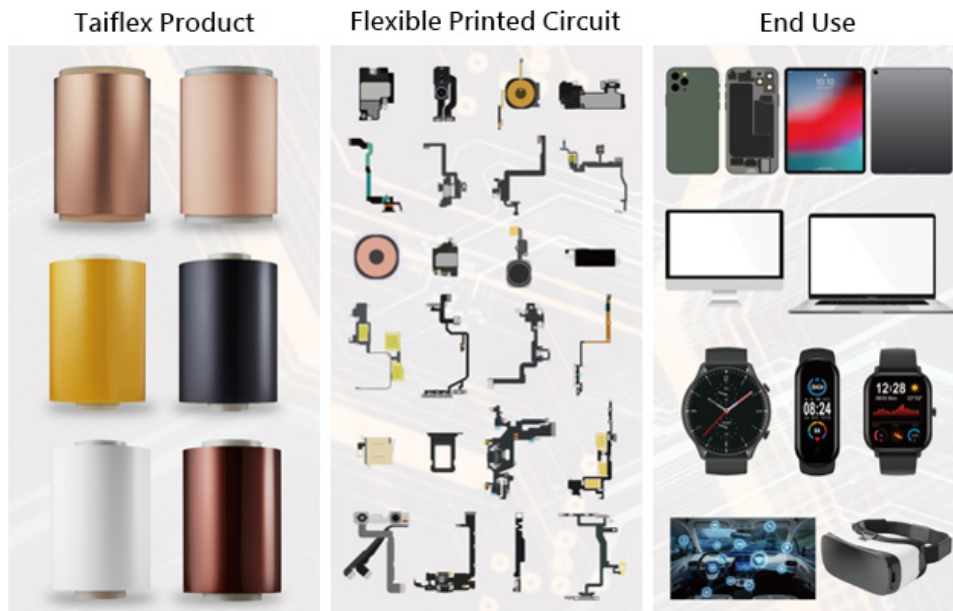
The Company sets strategic considerations and business targets at the beginning of each year. The strategic directions and operating policies are adjusted on an ongoing basis through monthly performance review meetings and impact of external factors to achieve the economic performance targets.





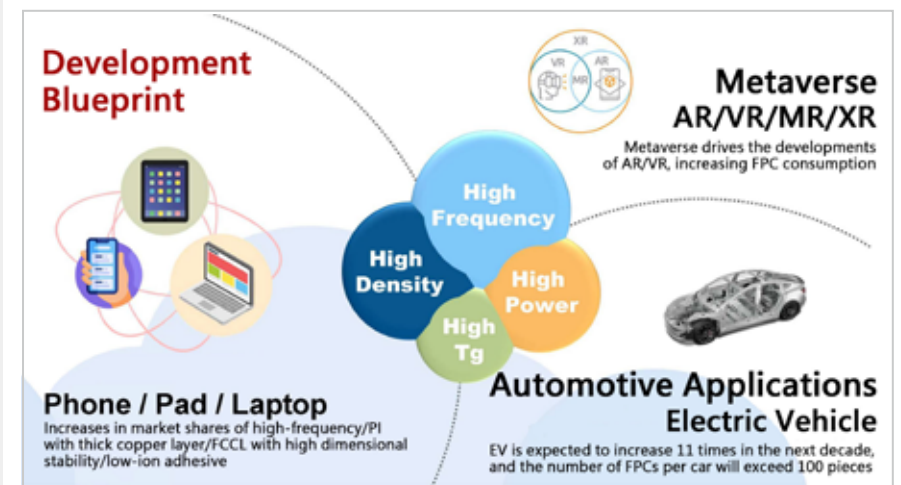
## Development trends of FPC materials

As a world's leading supplier of FPC materials, our product portfolio includes Flexible Copper Clad Laminate (FCCL,) cover-layer, bonding sheet, stiffener and composite materials. Once processed by our Flexible PCB (FPC) customer, these materials can be applied to computer, communication and consumer electronics (3C products,) mobile devices, wearable devices, automotive multimedia and others fields.



With advantages of being flexible, light and thin, FPC materials are widely used in consumer products that are size-sensitive. Thus, adhesiveless FPC material (2L-FCCL), having the advantage of being thinner, officially replaces adhesive FPC material (3L-FCCL) to become the main specification in the market. Furthermore, the increasing demand for high data transmission leads to a proactive shift towards high-density, fine-line, low-loss and high-speed applications.

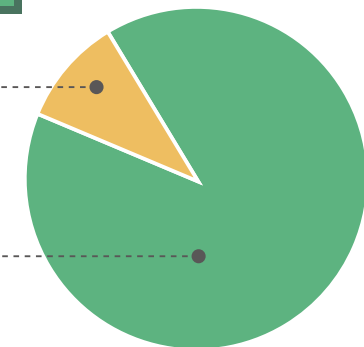
In addition, the trend of lightweight electric vehicles (EVs) drives the transition from traditional copper cable harnesses to FPCs for the battery management system (BMS) within the electronic control system. We therefore expect an increasing demand for automotive-grade FCCLs that are high-temperature and high-pressure resistant. We have already built a factory in Thailand to expand our capacity for automotive materials. Please refer to "Column - Our Presence in Thailand" of this report for detailed information.



## Product Percentages

Automotive/Industrial control/ Medical/Semiconductor/Display (10~15%)

3C Products (85~90%)





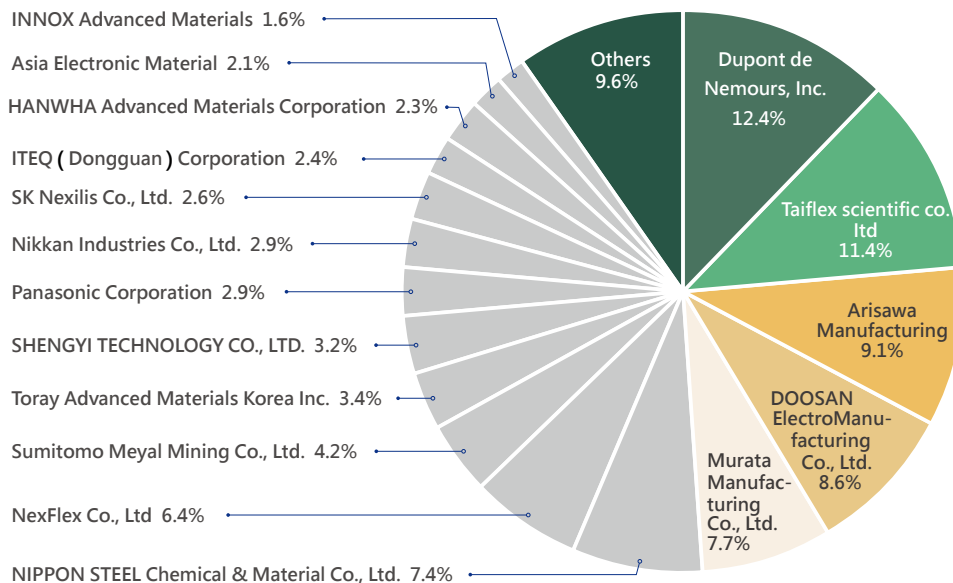


## Market competition

The global supply of FCCL is dominated by Japan, Taiwan and Korea. However, the PCB industry in China has grown rapidly in recent years with help from the government. A complete industry cluster, including upstream copper foil plants and CCL plants and downstream assembly factories, is taking shape. Meanwhile, there are also peers of the Copper Clad Laminate (CCL) sector tapping into the FCCL market, complicating the industry competition.

Faced with a dynamic industry environment, we will persistently build long-term competitive and sustainable operation, continue to invest research and development resources in advanced materials for flexible electronics and semiconductor materials, and strengthen our core competence, working towards producing high-value added products. At the same time, we will leverage our leading position in flexible materials to collaborate with customers in order to capture the driving forces of market growth and lay a solid foundation for sustainability. In 2022, our global market share in FPC reached 11.4%.

JMS Market Share Pie Chart

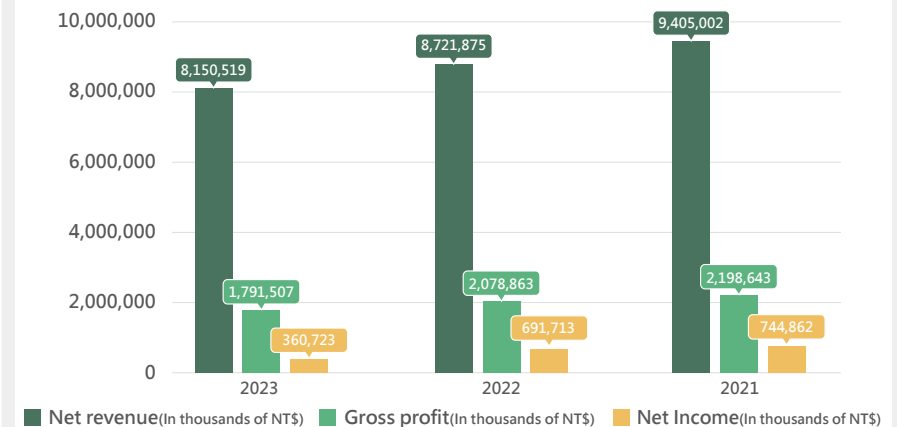


## Annual operating performance

Under the dual impact of price spikes and central bank raising interest rates, the end-market demand of the global consumer electronics plummeted. The plunge along with the digestion of substantial inventories accumulated during the pandemic in every segment of the supply chain put sales under greater recessionary pressure. Our operating revenue amounted to NT\$8,151 million in 2023, down 6.6% from the previous year, with an earnings per share of NT\$2.02. Please refer to Appendix I ESG Information - Economic Data of this report for detailed financial data.

Moving forward, the Company will continue to actively implement various operational and risk control measures, such as increasing local purchases, adopting flexible inventory strategies for key raw materials and products, optimizing product structure, and persistently executing cost improvement, production efficiency enhancement as well as expense control. We aim to mitigate the negative impact of declining demand and enhance our resilience. Besides reducing the adverse effects of uncertainties, we will escalate our investments in new material research and development as well as product sampling, striving to expand our market share while awaiting economy recovery to seize the growth opportunity from next material upgrades.

Condensed Statements of Comprehensive Income from 2021 to 2023



Annual Report



Shareholder Services



Financial Report



Financial Information



## Expanding Business Footprint - Our Presence in Thailand



### SPECIAL COLUMN



For long-term consideration of organizational sustainability, expanding our global presence and establishing overseas footprint have always been a crucial part of our planning. Upon prudent evaluation, we had selected Thailand as the Group's third production base and chose to build the factory at Amata City Chonburi after several on-site inspections.

With 30 years of experience in industrial park development and having these industrial parks contributing to more than 10% of Thailand's GDP, Amata Group is a leading developer of industrial and commercial zones in Thailand. The Amata City Chonburi, located in Chonburi Province, southeast of Bangkok, is part of Thailand's Eastern Economic Corridor (EEC). Covering an area of 4,000 hectares, it is the largest industrial park in Thailand. With over 770 companies and a total workforce exceeding 210,000 people, it has evolved into a sizable industrial cluster, fully equipped with functions of living, leisure, education, and research. The park is connected by two highways, allowing access to Suvarnabhumi International Airport (BKK) and Laem Chabang, Thailand's largest port, within half an hour, and it is only a one-hour drive from downtown Bangkok. In addition, a planned high-speed rail line is expected to set up a station here. All of which highlight its convenience in terms of transportation. Furthermore, the "Amata Taipei Smart City," a joint venture between Taiwan and Thailand, is adjacent to the north of the industrial park with construction commenced in January 2022. A future industrial cluster of Taiwanese companies where technological expertise and operational capabilities can be better aggregated could create enormous business opportunities.

Thailand's advantageous geographical location as a vital transportation hub in Southeast Asia, coupled with its government's active promotion of free trade and investment incentives, prompt flourishing developments in economy and industries which is favorable for our continuous growth. More importantly, Thailand is a major automotive manufacturing center in Southeast Asia, often referred to as the "Detroit of the East." With a complete automotive supply chain, it stands as the largest automotive manufacturing and exporting country in Southeast Asia and has been actively driving the EV industry development in recent years. With proven experience in mass production of EV materials and being the only FPC material supplier with a factory in Thailand, Taiflex will become an integral part of the automotive component supply chain in Thailand, realizing local production to provide more timely services to meet the needs of automotive customers.

The area of our Thai factory was nearly 42,000 square meters. We invested US\$35 million for phase one of the project to manufacture double-sided adhesiveless FCCL. With a focus on the enormous potential of the automotive market in Southeast Asia, we plan to manufacture other FPC materials including cover-layer and adhesive FCCL.

We actively promote the concept of low-carbon economy, and our new factory in Thailand is a green factory in line with the RE100 initiative. In addition to installing rooftop solar power systems on the premises, we signed a ten-year purchase agreement with the Enmax Group (Thailand) for green power certificates of 75 GWh on February 6, 2024 to meet the expectations of customers and the international community, and provide a solution for our Thailand factory to achieve RE100.

Our new factory in Thailand is scheduled to commence mass production in the second quarter of 2024, with an opening ceremony in May. Upon full completion, it will be the green manufacturing benchmark within the Group and lay a solid foundation for the Group's operations in Southeast Asia.





## 3.2 Product R&D and Innovation

### Material Topic: Innovative R&D and Patents

#### Main Reason

"To become a world-class FPC material provider" has always been our vision. We persistently advance on our three core technologies of formula R&D, precision coating and testing methods, in order to develop materials that meet market demands and to become a global leader in FPC materials.

#### Effect and Impact

- **Actual positive effect:** :  
Economic: Gain a technological edge and more opportunities for customer collaboration.  
Social: Assist in technological product upgrades to promote the convenience of people' s lives.
- **Potential positive effect:**  
Environmental: Develop green products with biomass raw materials or increase the proportion of recycled raw materials to help reducing the environmental impact.

#### Policy and Strategy

- Innovative R&D: The R&D Center integrates market and customer feedback provided by other units to formulate R&D plans.
- Patent management: Coordinated by the Legal and Intellectual Property Center, the IP management and review system is established based on TIPS with a combination of the Company' s business strategies, operation objectives and core technologies using the "Plan-Do-Check-Act (PDCA)" approach.

#### Goal and Objective

- **Short-term (2024):**
  - 2 patent applications per year
  - To obtain Level-A TIPS re-certification
- **Medium-term (2025-2027):**
  - 2 patent applications per year
  - Establish strategic IP portfolio and improve the Company' s IP management system
- **Long-term goal (2028~):**
  - 2 patent applications per year
  - Integrate the development directions of R&D and IP rights in line with the Company' s operation strategy
  - Revive corporate resources through IP strategies including technology sale/transfer or licensing

#### Management Assessment Mechanism

- The R&D Center performs phase review every month based on the project progress of the Product Life-cycle Management and adjust the execution details.
- The Legal and Intellectual Property Center calculates the number of patents every year and reports to the Board of Directors.

#### 2023 Goal and Achievement

- **2 patent applications per year**  
→ Achieved. There were 4 applications in 2023, i.e., an achievement rate of 200%.
- **To obtain Level-A TIPS certification**  
→ Achieved. The Company had obtained Level-A TIPS certification in 2023.

#### Prevention or Remedy Measure

Prior to the commencement of a R&D project, the Legal and Intellectual Property Center would assist our R&D personnel in eliminating the sources of patent risk through preliminary patent research. They may opt for a design around to ensure the freedom to operate. The Legal and Intellectual Property Center also assists our colleagues in transforming their R&D results into IP when R&D projects are underway.

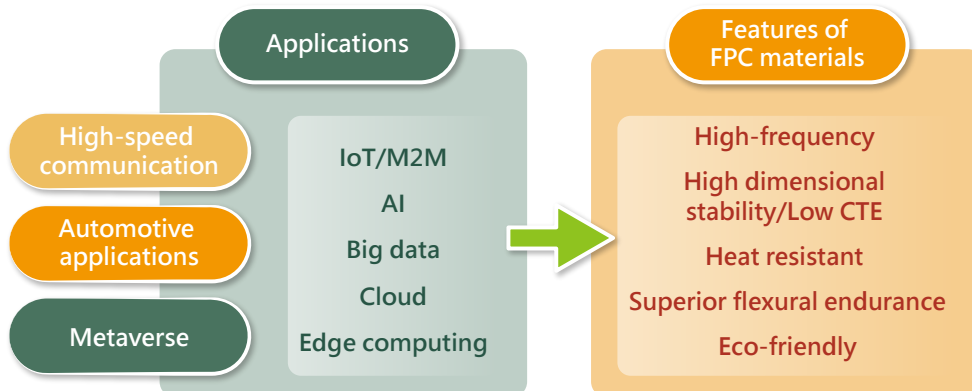
### 3.2.1 Commitment to long-term R&D

Taiflex was co-founded by professionals from the Industrial Technology Research Institute (ITRI) and the electronic materials field in Taiwan. With industry-leading technology, we are the largest FPC material supplier in the Greater China Region. Taiflex not only invests enormous resources in in-house R&D but also works closely with upstream international material manufacturers and equipment design companies with advance technology. Also, we carry out R&D projects on the transfer of coating technology and formula analysis through collaboration with ITRI and National Sun Yat-sen University. By combining R&D resources through industry-government-academia-institute collaborations, we work with end customers in developing the next-generation products, committing to the provision of advanced FPC materials and integration of innovative applications. Please refer to Appendix I ESG Information - Economic Data of this report for detailed information on Taiflex' s participation in external industry associations.

In addition to our long-term involvement with FPC materials, we have expanded our business to include advanced packaging materials for semiconductors and display as well as high-precision coating manufacturing services by leveraging our three core technologies of formula development, precision coating, and testing methods accumulated over the years. We established the 100%-owned subsidiary, Taichem Materials Co., Ltd., through spin-off in September 2020 to provide customers with more diversified and customized solutions.

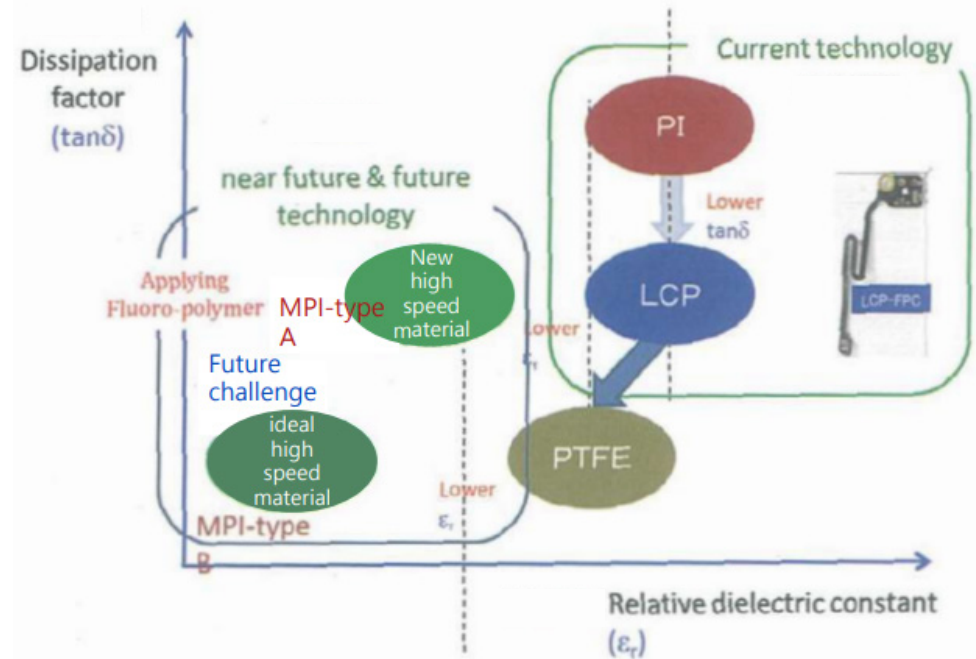


Corporate website of Taichem Materials Co., Ltd.



### Development of low-loss materials

The rising proportion of 5G communication over the years along with the demand for high data transmission and robust developments in the new energy vehicle segment drive major material companies and brands to shift towards high bandwidth and low latency applications. Since high-speed signal transmission suffers greater insertion loss, applications mostly opt for materials with low Dk/Df. Besides LCP and MPI which are common in the market, our R&D Center is aggressively developing fluoro-based materials with lower Dk and Df values.



Nevertheless, the focus shall not be placed merely on understanding the material but also its subsequent processability and economic value in the market during product development. Fluoro-based materials have high electronegativity, and thus external polarization has minimal influence on molecules. It is therefore an excellent material for high-frequency applications. However, the material itself is difficult to process in the subsequent stages.

Taiflex excels in materials and coating technology. Combine these with our top-notch laminating technologies; testing equipment with the most rigorous and highest specifications and control standards for product appearance and FCCL properties; and extensive research resources, equipment and human capital in FCCL, we provide the new information generation with the best high-frequency materials.





## Five-year strategic plan

As electronic products continue to develop in the direction of being thin, light, multi-functional and high-performance, the demand for FPC rises and creates abundant business opportunities. Taiflex will continue to focus on technology and invest more than 3% of our annual sales in R&D. Through continuous research and innovation, we aim to provide the market with superior and more diverse choices of materials and a wide range of applications. We expect our new products to enjoy significant growth in automotive, meta-universe and wearable segments in the future.



### R&D Expenses over the Years

Year		2019	2020	2021	2022	2023
Item						
R&D Expenses	Revenue (In thousands of NT\$)	6,919,495	7,491,041	7,671,215	7,287,918	6,837,677
	R&D Expenses (In thousands of NT\$)	265,762	260,938	284,484	350,360	314,812
	Percentage (%)	3.84%	3.48%	3.71%	4.81%	4.60%

Note: Percentage is calculated as: R&D expenses / Revenue of the same year × 100%.



### Future R&D Headcounts

Year	2023	2024	2025	2026	2027
No. of staff	37	41	41	45	45
No. of new staff	0	4	0	4	0
Growth rate	0%	9.75%	0%	8.88%	0%

Note: Growth rate = No. of new staff of the current year / R&D headcounts of the previous year × 100%.

## 3.2.2 Intellectual property management

Taiflex places utmost importance on R&D innovations and recognizes IP as one of the core assets of the organization. During technology development, the Legal and Intellectual Property Center would assist the R&D Center in patent search and literature analysis to stay current on existing patents, thereby avoiding infringement of others' rights and securing our freedom to operate. Once the development stage is over, R&D results shall be properly maintained and managed to avoid data breach, or protected via patent applications to create a competitive niche for our operation.

Also, the Legal and Intellectual Property Center regularly maintains and evaluates our patents and R&D results under protection, analyzes IP value based on the intelligence collected, and commercializes our IPs through patent licensing or technology transfer to increase the economic benefits and lower the operating costs of IP.

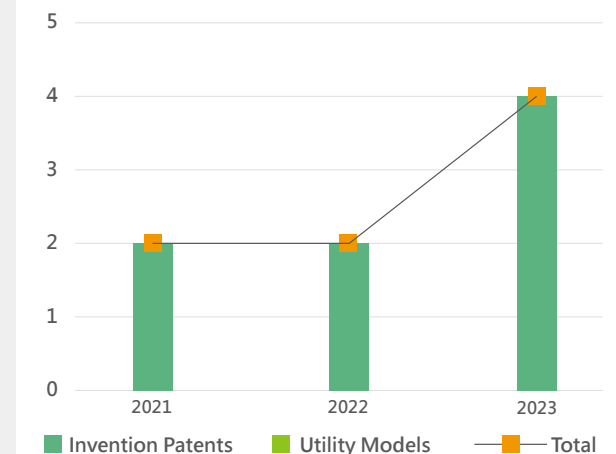
### Patent portfolio

In order to enhance the value of Taiflex among international brands, build goodwill, and sustain the competitive advantage of our product technology in the market, we continue to maintain effective patents worldwide. As of 2023, we had 247 global patent applications and up to 84% of them were invention patents in the major markets of Taiwan, the U.S., Japan, Europe and mainland China, with 150 applications approved. We aim to continuously expand our IP portfolio regarding our core technologies and R&D achievements.



PATENTED

Patents from Product Development in the Past Three Years





## IP protection system

In the face of global business competitions and complex supply chain relationships, trade secrets protection has become one of the competitive edges for securing a company's future core competitiveness. Trade secrets include technologies, methods, processes, formulas, programs, designs or other information that can be used for production, sales or operation, and meets the requirements of confidentiality, economic value, and the adoption of reasonable confidentiality measures. With respect to trade secrets concerning key formula and process, we registered four cases for management in 2023 (there were no concerns over leakage of customer privacy), with a cumulative total of 15 cases. We introduced ELN in 2021 to reinforce our control over R&D achievements, thereby furthering our technological advantages.

For employees to have correct understanding on IP management system, Taiflex has adopted the Taiwan Intellectual Property Management System (TIPS) since 2014 to establish a systematic management system which conforms to the nature of our technology research and development and links IP management with operational objectives. In recent years, we have continued to improve IP acquisition, protection, maintenance and utilization, and obtained the Level-A TIPS certification in 2023. With further improvement on IP management, we reduce the risk of intangible assets management, thereby enhancing our overall profitability and operation performance.

## Protection of trade secrets

We understand trade secrets have high commercial value and importance to corporate operations. Besides protecting our research achievements through patent applications, we have adopted ISO27001 Information Security Management System in 2016, established the Intangible Assets Security Committee and formulated the Confidential Information Protection Policy to manage the Company's confidential information. By establishing a sound trade secret protection management mechanism, actions including the inventory, classification and labeling of confidential information, identification of ownership over IP rights, signing of confidentiality agreement, control over information security, retention of records, early warning, audits, annual assessment on the protection of confidential information as well as training and promotion of information security are taken to minimize the risk of trade secret leakage.





## Knowledge Management Kickoff Meeting



### SPECIAL COLUMN

On October 13, 2023, Taiflex' s Knowledge Management (KM) was officially launched under the leadership of the President. With tea being the theme, the kickoff meeting used tea as a metaphor for knowledge, where the process of brewing tea is similar to the unfolding, extraction, and diffusion of knowledge, embodying the spirit of KM.

During the kickoff meeting, the President shared with colleagues the concept of knowledge is power, power creates value, and value leads the Company towards sustainability. By systematically categorizing, integrating, accumulating, analyzing, and applying knowledge, the power of knowledge would lead Taiflex to explore and innovate in unknown territories.

Taiflex' s KM aims to "build a knowledge temple for electronic materials and become the cornerstone of sustainable operation." It seeks to revitalize the Company' s knowledge culture by establishing a learning organization, nurture precision coating through delving into innovative developments, study high-end formulas in light of global trends,

complete digital transformation with smart manufacturing developments, and accelerate production scale to deploy diversification strategies, thereby leading Taiflex towards sustainable operation.

In 2023, the KM team organized a total of 25 educational, counseling and promotional activities with an average attendance rate of 74%. To drive a sharing culture and enhance knowledge exchange, the team carried out promotional activities in five ways: printed materials, electronic media, events, promotional materials, and systems. In 2024, it will continue to promote the transfer and utilization of knowledge and experience as well as accelerate R&D innovations on a solid foundation to enhance competitiveness and create sustainable value.



### 3.3 Information Security and Customer Privacy

#### Material Topic: Customer Privacy and Information Security

##### Main Reason

Our business involves advanced knowledge and technology and so do our customers; therefore, protecting the privacy of our customers and maintaining a highly secured information environment are the cornerstones for securing our long-term competitiveness and sustainable operation.

##### Effect and Impact

- **Actual positive effect:**  
Economic: Proper management of corporate intangible assets earns customer trust and helps to maintain cooperative relationships.
- **Potential negative effect:**  
Economic: With frequent occurrences of cyberattacks and hacking incidents, a leakage of confidential information would undermine the Company's competitive advantage and may result in customer claims or regulatory penalties.

##### Policy and Strategy

Through management in eight major aspects, we impose rules from the source to the end to ensure the confidentiality, integrity and availability of our information and assets, thereby protecting them against intentional or accidental threats, both internal and external, and complying with applicable laws and regulations.

##### Goal and Objective

- **Short-term goals (2024):**
  - Transition to ISO 27001:2022 (current version: 2013)
  - No litigation arising from customer privacy breaches and information security incidents
- **Medium-term goals (2025-2027):**
  - Establish an information security incident management and tracking platform
  - Continuous implementation of personal data protection and management, and customer data protection
  - No litigation arising from customer privacy breaches and information security incidents
  - Ongoing ELN
- **Long-term goal (2028~):**
  - Construct an automated information security system
  - No litigation arising from customer privacy breaches and information security incidents



##### Management Assessment Mechanism

- Implement relevant risk management pursuant to ISO 27001, and perform stability assessment on critical internal systems.
- Conduct information security audits of key customers and international certification systems for information security management.

##### 2023 Goal and Achievement

- **Established the position of CISO at the level above Vice President**  
→ Achieved. The Company has established the position of CISO at the level above Vice President.
  - **Transition to ISO 27001:2022 (current version: 2013)**  
→ Unachieved. CISO will lead the Information Security team to complete the transition to ISO 27001:2022 in 2024.
  - **No litigation arising from customer privacy breaches and information security incidents**  
→ Achieved.
- In addition, we achieved a system stability of 99.996%, passed the information security audits of key customers again, and obtained the ISO27001 certification for eight consecutive years in 2023. Also, the Group's information security was rated A (excellent) by the SSC, an external information security specialist.

##### Prevention or Remedy Measure

The Intangible Asset Security Committee regularly reviews the effectiveness of various information security procedures in order to enhance or strengthen relevant management mechanisms and prevent information security risks.



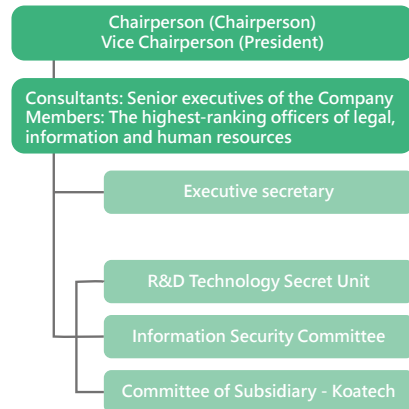


## Information security risk management organization

With the development of information technology and smart manufacturing, modern enterprises extensively utilize information systems. In order to maintain corporate governance and reduce operational risks, we established the "Intangible Asset Security Committee" in 2015, where the heads of legal affairs, information, human resources and other units would carry out cross-departmental communications and coordinate the planning of the Group's information security policy, information security risk management framework, specific action plans and resources required.

As a R&D-oriented company, Taiflex engages in numerous collaborative projects and exchanges with customers. Therefore, effective management of information security risks and protection of trade secrets are measures to protect customer privacy. The Company has taken one step further and established the Information Security and Knowledge Management Division in March 2022 for the planning, implementation, and risk management of policies related to information security and trade secret protection. The CISO along with the Information Security Officer report to the Board on information security issues and the effectiveness of relevant governance every year.

### Intangible Assets Security Committee Structure



## Management measures in eight major aspects

Information security risk exists in every corner of business operations and involves daily business of each department. Therefore, we require 100% of our employees to sign the Employment and Service Commitment for them to be fully informed of their confidentiality obligations when they join the Company. Upon termination of employment, employees shall return information acquired during the employment and fully comply with the confidentiality obligations.

In order to build an information security culture within the Company, we have monthly promotion of CIPP and conduct annual assessment on the Taiflex confidential information protection standards to ensure all employees of the Company and its subsidiaries are aware of relevant standards. We also encourage employees to use the information security hotline: (07)813-9989#70110/e-mail: IT\_security@taiflex.com.tw to report potential information security hazards immediately.

The Company has implemented management measures in eight major aspects to minimize information security risks and achieve the goal of protecting customer privacy. In 2023, the Company did not identify any major cyberattacks or security breaches, nor was there any actual or potential issues which may have material adverse impact on the Company's operation.

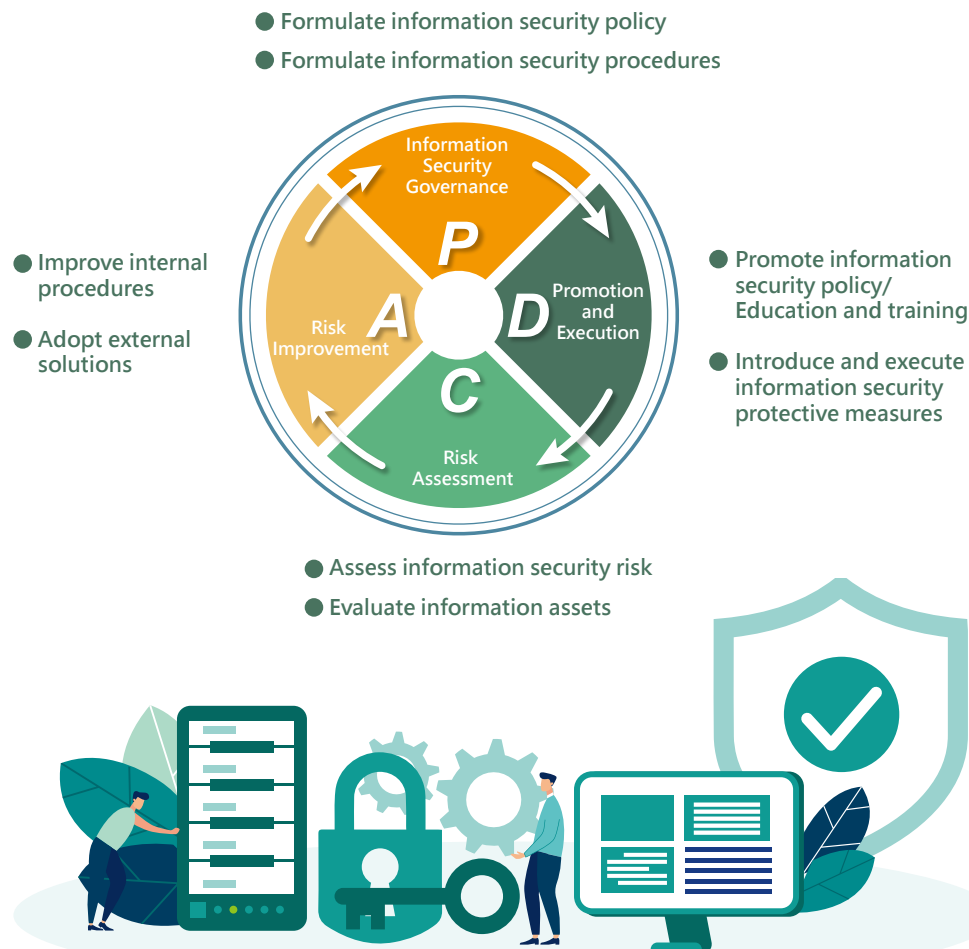
	<b>Document Management</b>	<ul style="list-style-type: none"> <li>Establish a document management platform (DMP) and adopt file classification management.</li> <li>Establish procedures for the retrieval and destruction of confidential documents and implement tracking and management measures.</li> </ul>
	<b>Risk Management</b>	<ul style="list-style-type: none"> <li>Risk assessments and regular vulnerability scanning on computer facilities.</li> <li>Regular disaster exercises and drills concerning cybersecurity.</li> </ul>
	<b>Information Operation Security</b>	<ul style="list-style-type: none"> <li>Enforce password rules and establish endpoint detection and response (EDR) software.</li> <li>Set up remote and local backup/recovery services.</li> </ul>
	<b>Device Security</b>	<ul style="list-style-type: none"> <li>Set up device security protection mechanisms (e.g., encryption), and monitor network and information access security.</li> </ul>
	<b>Supply Chain Security</b>	<ul style="list-style-type: none"> <li>Units shall adopt the practice of signing non-disclosure agreements (NDAs) with suppliers.</li> <li>Conduct supplier audits or visits to suppliers from time to time; use supplier audits (questionnaires) or online tools (Security Score Card) to understand the effectiveness of suppliers' information security controls, thereby avoiding supply chain disruptions caused by information security incidents.</li> </ul>
	<b>Premises Security</b>	<ul style="list-style-type: none"> <li>Implement controls over computers of guests/visitors as well as electronic devices, personal mobile phones and USB flash drives at production lines and laboratories.</li> <li>Establish separate management mechanisms for office and restricted areas, implement access control at computer room as well as monitor abnormal events for review and continuous improvement.</li> </ul>
	<b>Human Resource Security</b>	<ul style="list-style-type: none"> <li>All employees of the Company and its subsidiaries have signed the CIPP with a 100% signing rate.</li> <li>Carry out cybersecurity education and training, and promote information security instructions company-wide.</li> <li>Promote "Confidential Information Protection Policy" on the first day of each month to increase employees' awareness of information security.</li> </ul>
	<b>Information Security Assessment</b>	<ul style="list-style-type: none"> <li>The Company has obtained ISO27001 Information Security Management certification for consecutive years.</li> <li>Passed the information security audits of key customers with improvement measures.</li> <li>Internal audits and self-assessments; the Company continues to carry out periodic vulnerability and threat analyses and reports to top executives for approval.</li> </ul>



## Continuous improvement of operational security

The Company has introduced ISO 27001 Information Security Management Systems (ISO 27001:2013) in 2016 and been certified by external agencies for eight consecutive years, building the best security defense for the Company. The CISO is expected to lead the Information Security team to complete the transition to ISO 27001:2022 in 2024. With an effective information security management system, we ensure that all our information systems and digital assets can continue to operate in an environment that maintains confidentiality, integrity, and availability.

The Intangible Assets Security Committee has established an information security management framework with predictive capabilities and responsiveness. It regularly conducts the iterative process of PDCA to review the effectiveness of various information security operations within the Company. It continuously strengthens various information operation management mechanisms to ensure proper protection of our data and intellectual property, and prevent the theft of trade secrets by malicious individuals, thereby strengthening our competitive advantage to maximize the interests of our customers, shareholders and employees.



A former employee of Taiflex was involved in a criminal case related to the violation of trade secret in 2021. The case was brought to trial in 2022 after the conclusion of investigations by prosecutors, and transferred to the criminal court of the Intellectual Property and Commercial Court in 2024. In view of the violation, our management measures are adjusted as follows:

1. For the violation of the Company' s confidentiality policy by using personal devices to duplicate confidential information of the Company: In addition to the enhanced promotion on the use of information equipment and audits, employees are required to notify their supervisors as well as the legal and information security units immediately when they become aware of any violation.
2. For the former employee' s improper acquisition of confidential information from other department in the capacity of a supervisor: We would strengthen control over files and system access. Checks on handover or irregularity shall be performed during job rotation. Also, we ask relevant supervisors to promote the need-to-know principle and employees are required to notify their supervisors as well as the legal and information security units immediately when they become aware of any violation.





### 3.4 Customer Demand and Quality Management

#### Material Topic: Product Safety and Quality

##### Main Reason

Having product quality meets customer requirements is mandatory for Taiflex to "become a world-class FPC materials provider." We shall provide appropriate resources to maintain the integrity of our quality assurance system and ensure our products meet regulatory requirements in order to strike an optimal balance between the Company and our customers.

##### Effect and Impact

- **Actual positive effect:**  
Economic: Efficient services and high-quality products are favored by customers, which help to secure more orders.
- **Potential positive effect:**  
Social: Promote healthy competition in the industry and reduce the chances of inferior products from other brands entering the market.

##### Policy and Strategy

- Provide prompt technical support services with solid R&D capabilities to meet customer needs for development, design, testing and after-sales services.
- Establish a quality/HSF organizational management system with continuous improvement and introduce the automotive-related quality system - IATF 16949 as well as the hazardous material process management system - IECQ QC 080000 to meet the green products trend worldwide.

##### Goal and Objective

- **Short-term goals (2024):**
  - Customer satisfaction rate of at least 88 points
  - 100% compliance with hazardous substances free-related regulations and customer requirements
- **Medium-term goals (2025-2027):**
  - Customer satisfaction rate of at least 89 points
  - 100% compliance with hazardous substances free-related regulations and customer requirements
- **Long-term goal (2028~):**
  - Customer satisfaction rate of at least 90 points
  - 100% compliance with hazardous substances free-related regulations and customer requirements

##### Management Assessment Mechanism

Conduct customer satisfaction surveys on a regular basis, and include them in the management review meetings for review and be submitted to the President.

##### 2023 Goal and Achievement

- **Customer satisfaction rate of at least 88 points**  
→ Achieved. Customer satisfaction rate was 90.4 points in 2023.
- **100% compliance with hazardous substances free-related regulations and customer requirements**  
→ Achieved. All our products complied with hazardous substances free-related regulations and customer requirements in 2023.

##### Prevention or Remedy Measure

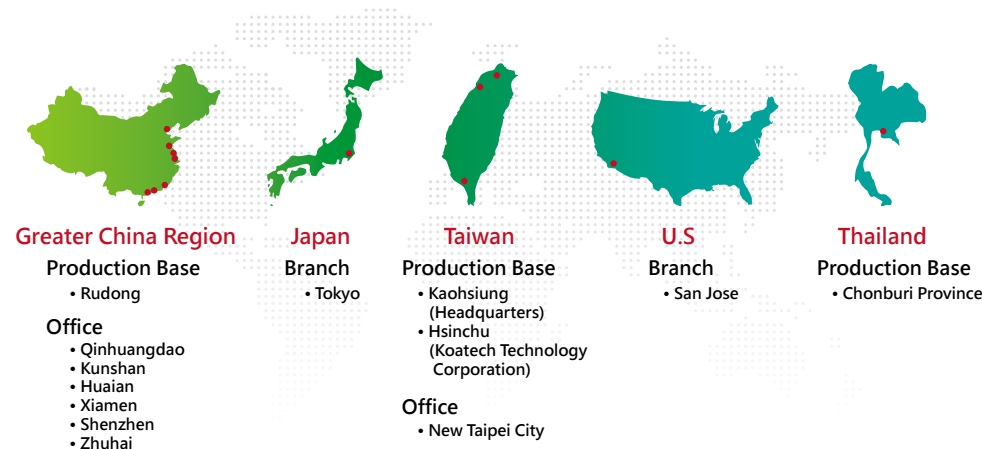
Review the status of target achievement in the management review meeting every year, and provide explanations and improvement plans for items failing to meet the objective.

### 3.4.1 Efficient services

Taiflex is dedicated to the process research, manufacturing and selling of FCCL. Upstream suppliers of the industry are PI/copper foil materials providers while downstream customers are FPC manufacturers. We maintain continuous communication with customers throughout the production and sales stages, providing weekly feedback on future global demand to the Headquarters and later translating the feedback into production plans. We collaborate with companies in the supply chain to form a comprehensive industry value chain and pursue maximum benefits for the Company while meeting customer demands.

Upstream	Midstream	Downstream
PI/ Copper Foil Materials	FCCL	FPC
<ul style="list-style-type: none"> <li>Raw materials</li> <li>Chemicals</li> <li>Equipment vendors</li> </ul>	<ul style="list-style-type: none"> <li>FCCL</li> <li>CVL cover-layer</li> <li>Stiffener</li> <li>Chemical composite</li> </ul>	<ul style="list-style-type: none"> <li>FPC &amp; PCB</li> <li>Insulating tape</li> </ul>

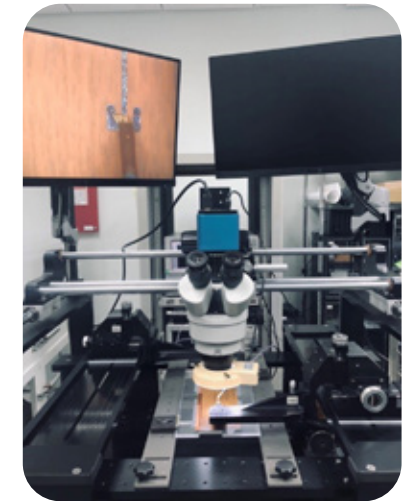
Customer satisfaction is at the heart of our management philosophy. We are committed to deliver innovative products and services and uphold the core values of responsibility and enthusiasm. Taiflex has dedicated units providing product services to customers and working closely with the quality assurance department to solve product issues ranging from appearance to functionality. Besides Taiwan, we have service personnel stationed at Kunshan, Shenzhen, Zhuhai, Xiamen, and Nantong to cope with production globalization among downstream customers by enhancing the accessibility and timeliness of our services. We also have offices in the U.S. and Japan, serving as a base for providing timely product services and sales.



### Technical support

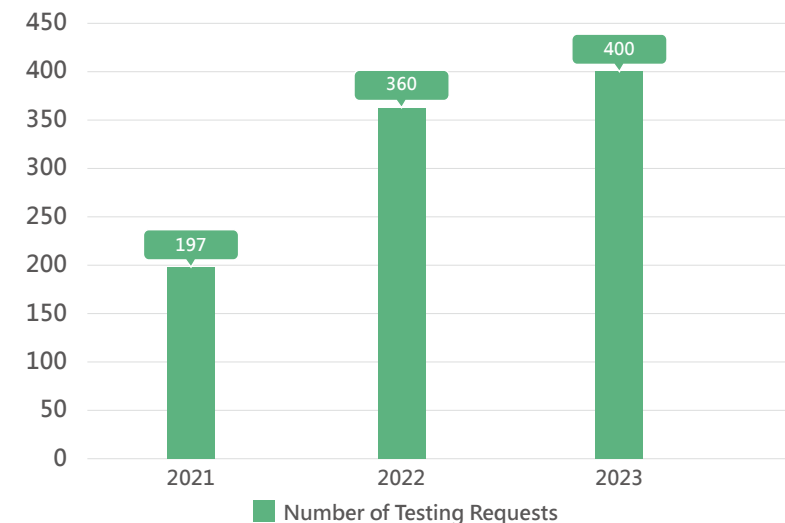
At the product design, testing and verification stages, our Headquarters supports the technical needs of customers in Taiwan, mainland China, Europe, the U.S., Japan and South Korea to enhance service efficiency and forge a closer tie with customers. We engage in technical exchanges with customers when needed and provide technical assistance to address any issues they encounter during design and testing.

Taiflex has acquired a complete set of testing equipment including SEM/EDS, FTIR, metallurgical microscopes, TMA/DSC/DMA thermal analyzers and tension machines for internal departments as well as testing requests from customers to satisfy their needs for material analysis and characteristic testing. Besides expediting the product validation process for our customers, our technical staff can gain a better understanding of product characteristics, thereby enhancing cooperation and mutual understanding with customers.



PNA microwave network analyzer

### Number of Testing Requests from Customers in 2023



Note: We have restated the number of testing requests from customers for 2021 and 2022 as the numbers in the previous report were incorrect.

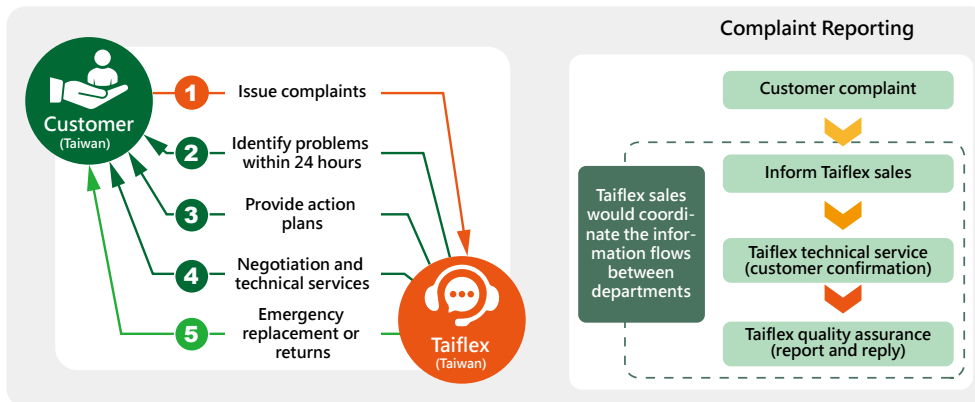




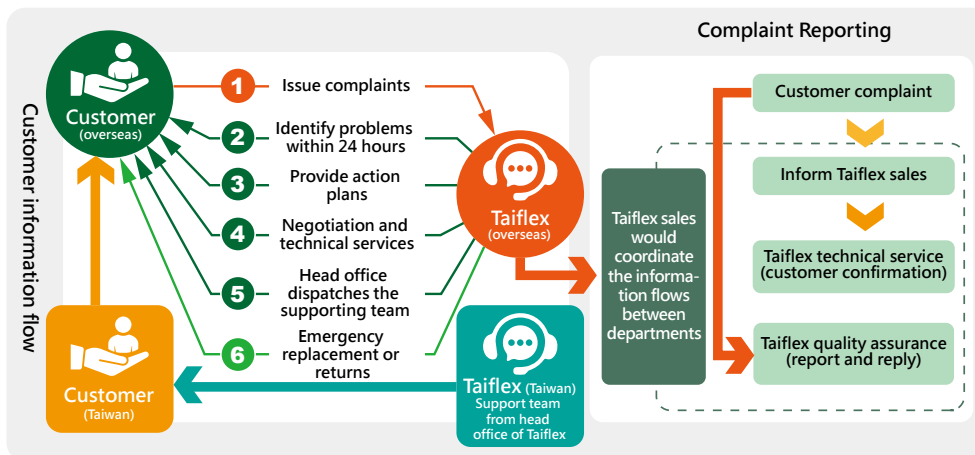
## Handling of customer complaints

Once we identify opinions, questions or grievances raised by our customers as major customer complaints, a cross-department task force would be assembled to handle the issue. Immediate actions and timely improvement measures would be taken by production, technology, R&D and quality assurance units based on their functions and authorities to assist customers with resolving the issue as well as minimize the loss in labor, materials or equipment utilization. Our product service quality can therefore be enhanced to uphold our reputation and secure customer satisfaction.

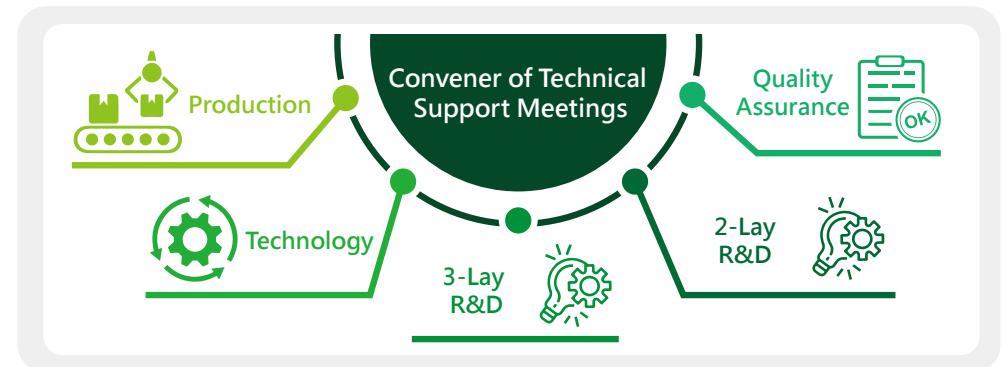
### Procedures for Domestic Customer Complaints



### Procedures for Overseas Customer Complaints



In the event of a major customer complaint, the customer service officer would hold a technical support meeting involving officers of the Production, Quality Assurance, Technology and 2-Lay and 3-Lay R&D as well as responsible engineers to discuss major defects in the product. Replies concerning causes identified in the preliminary review and improvement measures shall be given within three days, and the complete test data, cause analysis, improvement and preventive measures as well as reasonable solutions acceptable to the customers shall be provided within seven days to ease customers' concerns.



## 3.4.2 Quality control

The objective of our quality/HSF is to achieve customer satisfaction in principle. In accordance with IATF 16949 and HSPM System requirements, appropriate items and quantitative targets are determined in the management review meetings and their compliance and applicability are reviewed regularly.

As for issues raised by customers, we continue to make improvements through cross-departmental technical meetings, quality proposals, 5S, defect rate meetings, etc., aiming to satisfy our customers' needs as quickly as possible.

A total of 183 quality proposals were submitted in 2023. 5S activities are assigned by engineers or supervisors on a rotating basis to assess the on-site environment / safety / work practices in order to meet quality and safety requirements.

Note: 5S refers to sort, set in order, shine, standardize and sustain.





## Quality certification

To secure product quality, we execute inspection and testing strictly at stages of incoming materials, manufacturing, work in progress, finished goods as well as shipment in accordance with the quality control plans and relevant regulations. All inspections and tests are documented to verify the products conform to relevant requirements.

In 2023, there were no incidents where quality of our products affected the safety or health of downstream suppliers and end-users nor non-compliances of laws and regulations concerning product and service labeling and marketing.

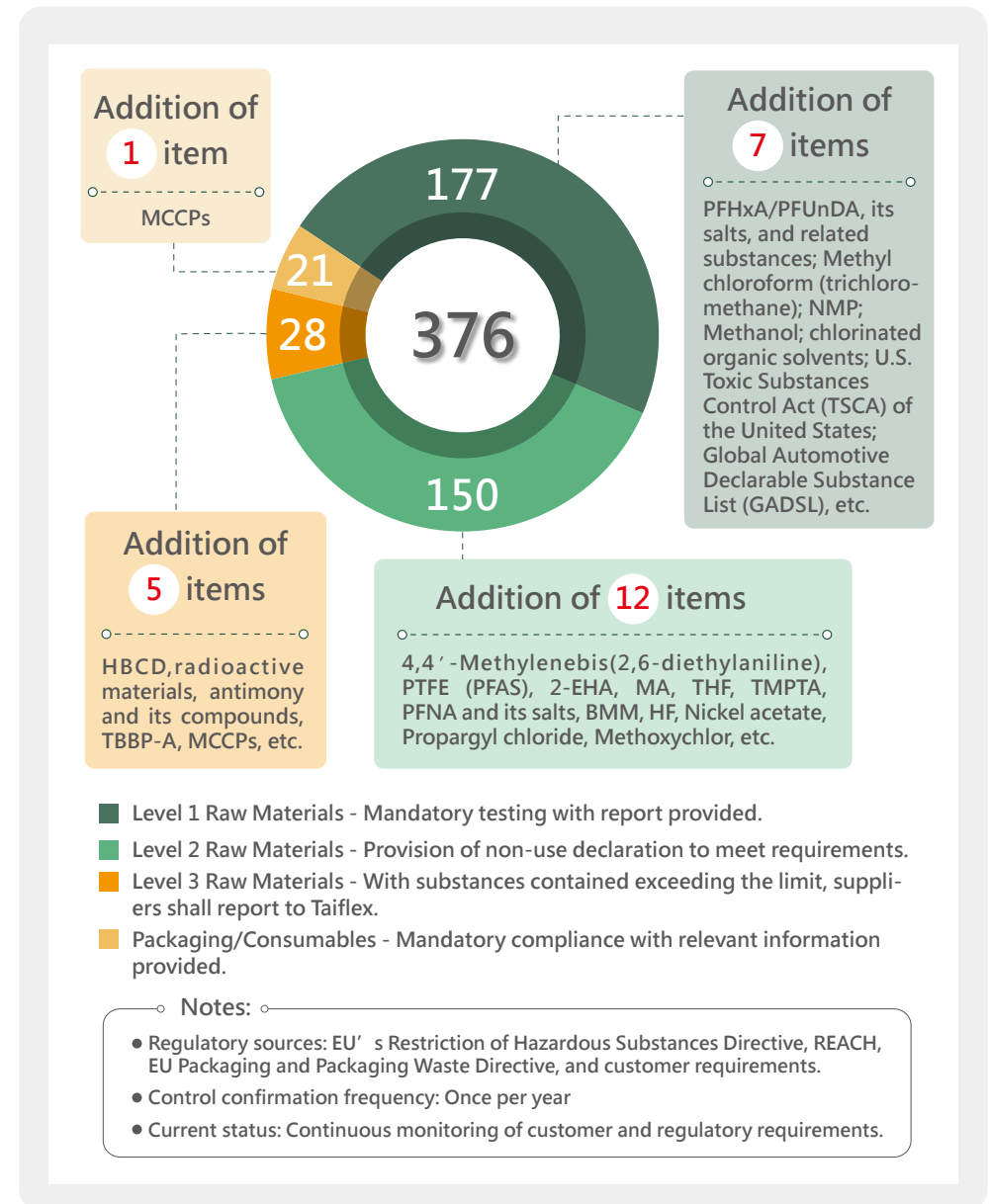


## Statistics of Products or Services with Safety Certification

Product or Service	Safety Regulation Certification	Percentage of Evaluated Products or Services to Customers
2L FCCL	Flammability: ISO 9773, IEC 60695-11-10 Comparative Tracking Index: IEC 60112 REACH/RoHS/ISO 9001/IATF 16949	100%
3L FCCL	Flammability: ISO 9773, IEC 60695-11-10 Comparative Tracking Index: IEC 60112 REACH/RoHS/ISO 9001/IATF 16949	100%
CVL	Flammability: ISO 9773, IEC 60695-11-10 REACH/RoHS/ISO 9001/IATF 16949	100%
Stiffener & composite film	REACH/RoHS/ISO 9001/IATF 16949	100%
Bonding sheet	REACH/RoHS/ISO 9001/IATF 16949	100%

Note: Percentage = (Total number of evaluated products or services to customers / Total number of products or services to customers) × 100.

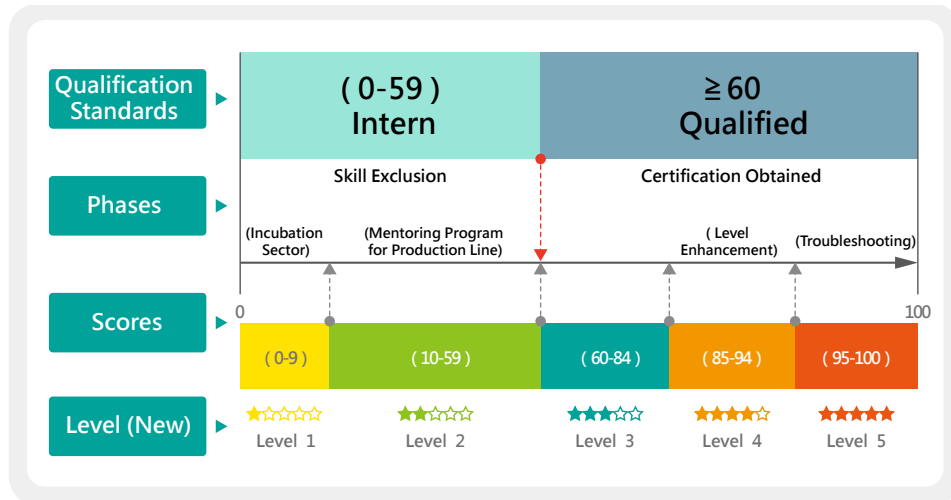
## 2023 Hazardous Material Control Items





## Operator training

The skill proficiency of direct personnel in the Manufacturing Center is an important factor that directly affects the stability of production quality. Therefore, we have implemented a certification system (Level 1 to 5). Employees shall undergo safety and orientation training when coming aboard and only qualified employees (above Level 3) can join the production line to operate machines independently. They would receive on-the-job skill training from trainers and on-site personnel through the mentoring program.



Assessments on the on-the-job skill training include instruments and equipment operation, product appearance judgment, and troubleshooting. Assessments are conducted quarterly and annually for level advancement evaluation. Of the 340 direct personnel in 2023, 3% were at Level 2, 32% were at Level 3, 6% were at Level 4 while 59% were at Level 5. When new recruits come on board, they would be paired through the mentoring program and with training mechanism set up by the incubation sector, they shall be able to meet job requirements with adequate quality and safety awareness on schedule.



## Customer satisfaction survey

To truly understand and listen to our customers, Taiflex conducts customer satisfaction surveys every six months. Survey forms are regularly sent to target customers by sales personnel via fax or E-mail, and where necessary, contacts may be made via phone or letters. The purpose of the survey is fully explained to the customers, and they are requested to respond within the specified deadline. Once data are collected, the "Customer Satisfaction Survey Report" (including the results of customer satisfaction surveys and evaluations) would be prepared, which is then reviewed by the (assistant) managers and submitted to the (Vice) President for approval.

In 2023, we scored an average of 90.4 points in customer satisfaction, achieving the annual goal of 88 points or above. Negative feedback or failed performance from the survey would be discussed in the management review meetings for cross-department units to propose improvement schemes and recommendations as we strive to become a trustworthy long-term partner to customers.





# 4

## Producer of Green Products



**4.1 Environmental Policy and Investment**

**4.2 Energy and Carbon Emission Management**

**Column: Information-based  
Carbon Inventory  
System**

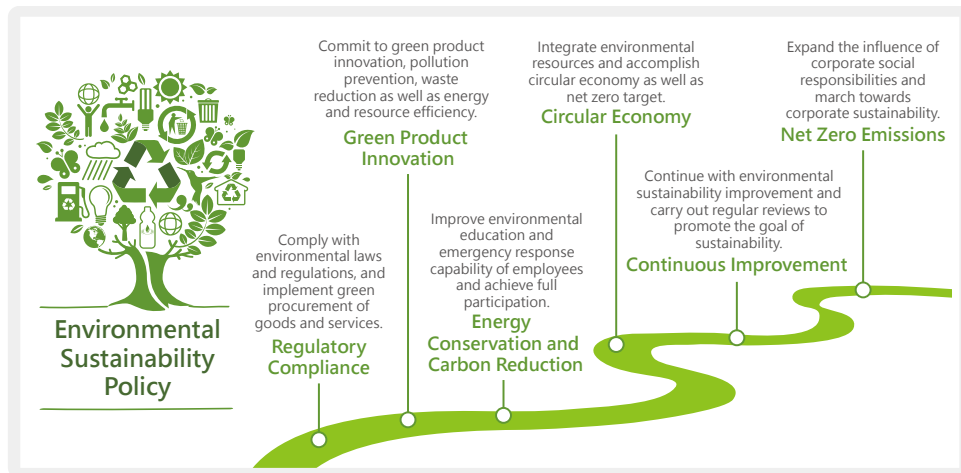
**4.3 Waste Reduction Actions**



## 4 Producer of Green Products

### 4.1 Environmental Policy and Investment

Environmental sustainability is an important core value in the business strategy of the Taiflex Group. The Company is committed to adopting eco-friendly approaches in operation and management as well as devoted to pollution prevention and reduction control in compliance with environmental regulations. We work toward the long-term goals of net zero emissions by 2050, 100% renewable energy and zero waste. Our environmental sustainability policy and commitments are as follows:



With “zero environmental incident” being the fundamental goal, we adopted the ISO 14001 Environmental Management Systems and obtained certification in 2004 (as shown in the figure to the right) for full compliance with environmental regulations. Through comprehensive ESH management procedures, we control the potential adverse environmental risk. The Environmental Protection Department conducts quarterly regulatory compliance assessments on air pollution, water pollution, waste, toxins, and other items, and takes measures to address applicable laws and regulations. Improvement and preventive measures would be taken immediately if any risk of non-compliance is identified. There have been no environmental fines imposed nor incidents involving serious pollution leaks or violations of environmental regulations in the past five years.



There are no ecological reserves nor endangered species in the vicinity of our operation sites, and our operations do not have an adverse impact on the environment or surrounding species. Also, there are no species on the IUCN Red List in the neighborhood. We would continue to drive the upgrade and improvement of pollution prevention and control facilities as well as monitor the pollutant emissions. Abnormal values would be handled immediately by on-site personnel according to the emergency and reporting procedures as a precaution and to prevent pollution as well as violation of laws and regulations.

#### 4.1.1 Build a green industry chain

##### ■ All products comply with international regulations

Given the rising trend of green environmental awareness, the use of electronic materials stresses on pollution reduction. Thus, material suppliers intensify their research and development efforts towards eco-friendly materials, which initiates a material revolution in the CCL industry. Currently, electronics manufacturers gradually shift towards eco-friendly substrates. With increasing environmental awareness and regulatory requirements, eco-friendly materials will become the basic product requirements.

Through the establishment of IECQ QC080000 Hazardous Substance Process Management System, international regulatory information is updated when needed and incorporated into the Company’s management practices. We also solicit feedback from suppliers to ensure our products made of FPC materials comply with international regulations and customers’ requirements related to hazardous substance management.

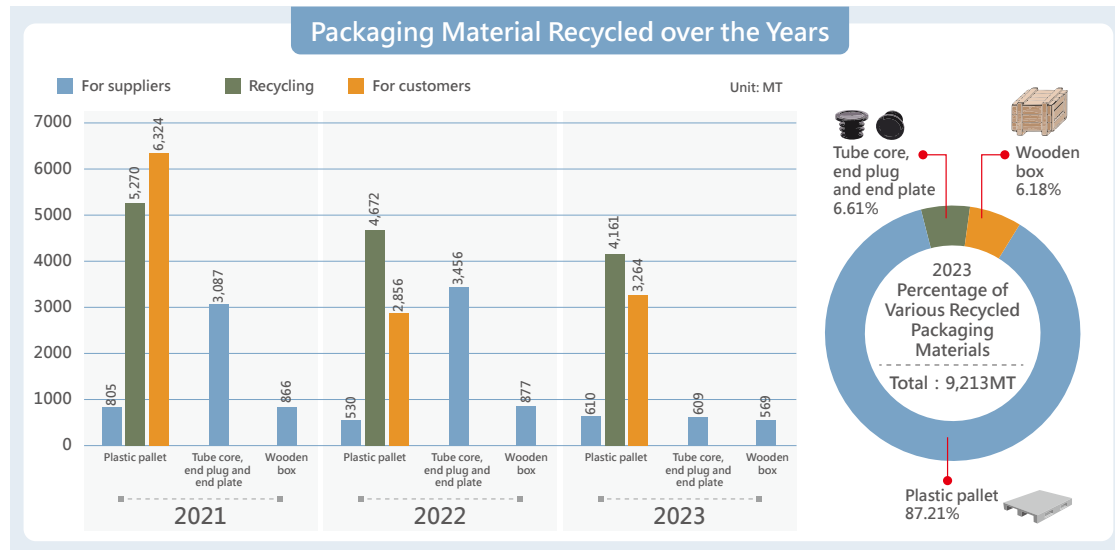
Regulation	Description	Product Conformity
EU’s Restriction of Hazardous Substances Directive (EU RoHS)	The maximum levels of restricted substances: Lead, Cadmium, Hexavalent Chromium, Polybrominated Biphenyls and Polybrominated Diphenyl Ethers < 1,000ppm. The RoHS 2.0 includes four more restricted substances: Bis (2-Ethylhexyl) Phthalate (DEHP), Benzyl Butyl Phthalate (BBP), Dibutyl Phthalate (DBP) and Diisobutyl Phthalate (DIBP) < 1,000ppm.	Full compliance
Halogen-free electronics	Product must contain less than 900ppm of bromine and chlorine each, with a total under 1,500ppm.	Full compliance
Restrictions on Perfluorooctane Sulfonate (PFOS), Perfluorooctanoic acid (PFOA) and relevant substance	Raw materials containing PFOS, PFOA and relevant substances are not used in our process.	Full compliance
Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) of the EU	Hazardous substances and the Substance of Very High Concern (SVHC) published by REACH	Full compliance
Waste Electrical and Electronic Equipment Directive (WEEE)	The directive is formulated to cope with the increasing waste electrical and electronic devices, mitigate the burden on landfills and incinerators, and prevent hazardous substance within the waste electrical and electronic devices from polluting the environment. Our products are not the end products; thus, we are not directly subjected to the WEEE. After the end products are used by the end users, FPC materials would turn into waste which shall be recycled by the manufacturers of the end products.	Not applicable



## Reduce the environmental footprint of industry chain

In addition to high frequency, speed, density, and dimensional stability, our research and development pursues more advanced, energy-saving as well as thinner and lighter substrate materials to meet the higher environmental standards in the future. Through continuous improvement on process technology and collaboration with upstream raw material suppliers and downstream FPC customers, we gradually reduce the resources and energy consumed per production unit, thereby mitigating the environmental impact and contributing to the sustainable development of a green earth.

We have incorporated environmental performance as one of our supplier assessment items. (Please refer to "2.4.2 Evaluation and audit" of this report for details.) We request and assist our suppliers in hazardous substance management, pollution prevention, energy saving, water conservation and waste reduction. Step by step, the green supply chain is taking shape after several years of efforts. In order to further reduce the environmental footprint of our products, the R&D Center has been testing and developing copper foil materials made from recycled copper, aiming to replace the use of virgin copper foil in the future. As for packaging materials, as suppliers stopped recycling tube cores, the recycling volume of this category dropped significantly in 2023. We make every effort to recover pallets, wooden boxes and packaging materials for repetitive use in the Company or by suppliers and customers to minimize waste.



### 4.1.2 Environmental investments and benefits

Environmental expenditure totaled NT\$329,482 thousand in 2023, including audits on environmental system standards, pollution control, environmental monitoring, eco-education, sponsorship to eco-organizations, etc. We collaborate with impartial third-party assurance agencies and agencies engaging in recycling, professional waste disposal and environmental monitoring.

The purpose of Taiflex' s environmental accounting system is to identify and measure the Company' s environmental costs as well as to conduct benefit assessments and compile statistics on costs reduced or benefits generated as a result of environmental projects, thereby encouraging and promoting environmental projects with economic benefits. Economic benefit is calculated by estimating the potential cost savings from reductions in energy, water consumption and waste for carrying out the environmental projects plus the revenues from waste recycling and reuse. The environmental benefit amounted to NT\$63,312 thousand in 2023.

2023 Environmental Investments and Benefits				
Item	Description			
Environmental expenditures	<ul style="list-style-type: none"><li>· Pollution control (regulatory fees and charges: e.g., air pollution control fee, etc.)</li><li>· Eco-projects to reduce environmental burden (e.g., improvements on exhaust treatment system and application fees for operating permits)</li><li>· Industrial waste disposal charge</li><li>· Expenditure on measures to enhance the efficiency of wastewater treatment facilities</li><li>· Environmental management fee (maintenance and certification of ISO 14001 and 14064-1 management systems)</li></ul>			
	Total spending: NT\$59,973 thousand			
Environmental benefits	<ul style="list-style-type: none"><li>· Savings on pollution control and reduction measures of NT\$19,329 thousand</li><li>· Savings on reduction, recycling and reuse of industrial waste of NT\$ 1,076 thousand</li><li>· Savings on resource recycling (recycling + copper foil + solvent) of NT\$42,907 thousand</li></ul>			
	Total savings: NT\$63,312 thousand			
Improvements	1.Reduce air pollution (NOx, TSP, CO <sub>2</sub> )			
	Reduction in natural gas	238km <sup>3</sup>	Reduction in TSP	11kg
	Reduction in NOx	381kg	Reduction in CO <sub>2</sub>	492,320kg
	2.Cut down resource consumption (e.g., recycling and reuse of organic solvent waste)			
	Reduction in waste adhesive	91,100kg	Solvent recycled and reused	91,100kg
	3.Improve the efficiency of control facilities (waste gas condensation)			
	4.Waste reuse			
	Recycled and reused		760,200kg	
Impact upon improvement	<ul style="list-style-type: none"><li>· Reduce environmental impact by reducing energy consumption and improving equipment efficiency</li><li>· Reduce air pollutant emissions to mitigate environmental impact</li><li>· Continuous improvement to enhance the Company' s competitiveness and meet the sustainable development goals</li></ul>			



## 4.2 Energy and Carbon Emission Management

### Material Topics: Green Energy and Net Zero

#### Main Reason

With increasing global attention on the issue of global warming, countries are pushing renewable energy and net-zero carbon emission regulations to mitigate climate risks. Enterprises that do not transition towards green energy and net-zero emissions may risk impacting their market competitiveness and brand value.

#### Effect and Impact

##### Actual positive effect:

Economic: Improve equipment operational efficiency to save unnecessary electricity expenses.

Environmental: Reduce GHG such as CO<sub>2</sub> from operating activities.

Social: Respond to policies and support green power industry development.

##### Actual negative effect:

Economic: Additional personnel and resources are needed to upgrade the process facilities for a significant adjustment in energy structure.

##### Potential positive effect:

Economic: The government has announced the standard of carbon fee for regulated industries. The Company's establishment of energy-saving goals helps mitigate the impact of future carbon taxes/fees on operating costs.

#### Policy and Strategy

Taiflex Green Power was established for the generation and selling of electricity from renewables to steadily move towards net zero emissions by 2050. The functional teams under the Sustainable Development Committee would promote energy saving and carbon reduction practices.

#### Goal and Objective

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

- 4% reduction in GHG Scope 1 emissions with 2021 being the base year
- Use of renewable energy accounts for 1% of total electricity consumption
- Cumulative installed solar capacity of 1,657 kW by Taiflex Green Power (subsidiary)

##### Medium-term goals (2025-2027):

- 12% reduction in GHG Scope 1 emissions with 2021 being the base year
- Use of renewable energy accounts for 6% of total electricity consumption
- Cumulative installed solar capacity of 2,949 kW by Taiflex Green Power (subsidiary); and biomass energy capacity of 280 kW

##### Long-term goals (2028~):

- >27% reduction in GHG Scope 1 emissions with 2021 being the base year
- Use of renewable energy accounts for 10% of total electricity consumption
- Cumulative installed solar capacity of 3,379 kW by Taiflex Green Power (subsidiary); and biomass energy capacity of 280 kW

#### Management Assessment Mechanism

- The Sustainability Development Center evaluates the feasibility of departments' energy-saving initiatives, establishes management objectives within each business scope, and then, through the Sustainable Development Committee, consolidates the implementation progress of functional teams to report the achievements to the Board of Directors at least twice a year.
- In 2023, we adopted an online carbon management system to optimize data management and information flow, and ensure the transparency of relevant data sources.

#### 2023 Goal and Achievement

##### 4% reduction in GHG Scope 1 emissions with 2021 being the base year

→ Achieved. GHG Scope 1 emissions decreased by 23.05% in 2023 compared to 2021.

##### Use of renewable energy accounts for 1% of total electricity consumption

→ Implementation status: At the end of 2023, we participated in the auction for small-amount green power purchases organized by Taipower and won the bid for 10,000 kWh, which will be used by Taiflex 2 in 2024.

→ Unachieved. Taiflex Green Power (subsidiary) has installed 4% solar power capacity, and the green power may be supplied to Taiflex depending on its operation. It has a cumulative installed solar capacity of 1,657 kW.

→ Unachieved. The installed capacity of Taiflex Green Power totaled 646.1 kW in 2023.

#### Prevention or Remedy Measure

The Sustainable Development Center collects external climate information (regulations and trends) on an ongoing basis and provides the information along with the progress report of internal carbon reduction efforts summarized by the Sustainable Development Committee to the Board of Directors to evaluate the effectiveness of energy-saving targets and strategies.



## Energy and GHG inventory

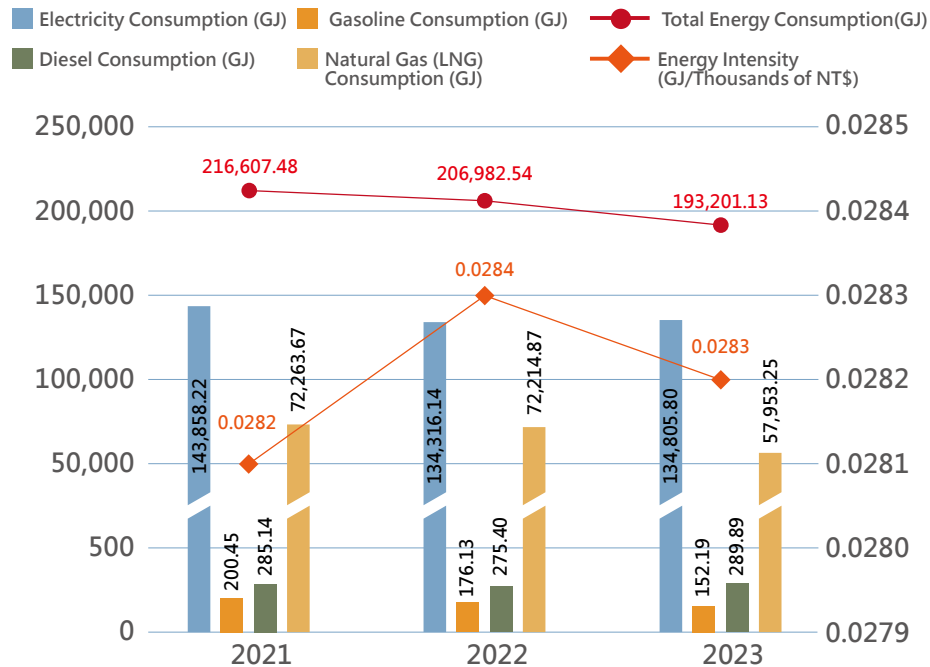
In recent years, climate issues have become a prominent international concern. From governments to private enterprises, all sectors are striving for the goal of net zero by 2050. Global consumer electronics brands have gradually proposed to achieve 100% carbon neutral supply chain by 2030. Although we are not a direct supplier to the brand, we still actively map out our carbon reduction goals so as to jointly contribute in cooling down the planet. Since 2022, we have implemented the ISO 14064-1:2018 GHG inventory system and obtained a third-party verification statement. In 2023, we further enhanced our carbon emission management by introducing an information-based carbon emission management platform, thereby strengthening our monitoring and management effectiveness of carbon emissions.

To effectively reduce carbon emissions, we introduce new equipment to improve our processes and proactively adjust our internal energy structure. In 2023, electricity and natural gas accounted for 69.77% and 30.00% of our primary sources of energy consumption, respectively, and the total energy consumption had a year-over-year decrease of 6.66%. However, due to a decrease in revenue, the energy intensity in 2023 dropped only slightly compared to 2022, while the carbon intensity exhibited a greater degree of decrease in comparison. Please refer to Appendix I ESG Information - Environmental Data of this report for detailed information on energy consumption and carbon emissions for the past three years.

Note: The inventory scope aligns with the disclosure scope presented in this report (including Taiflex 1, 2, 3 and 5, and excluding the Linkou office and subsidiaries).

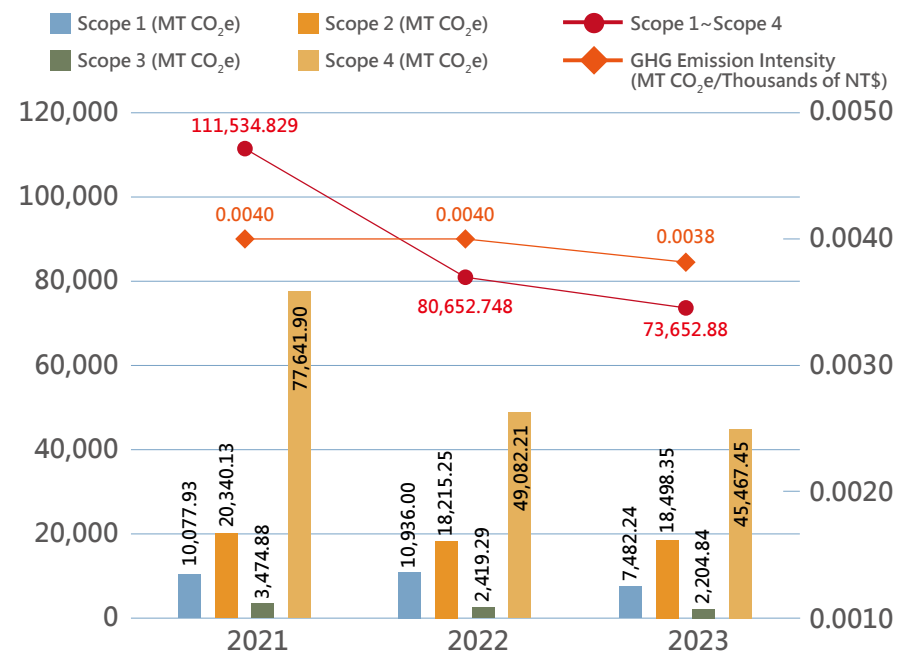


### Total Energy Consumption & Energy Intensity



Energy intensity = Total energy consumption (GJ) / Taiflex' s parent company only revenue for the year (in thousands of NT\$)

### GHG Emissions & Emission Intensity



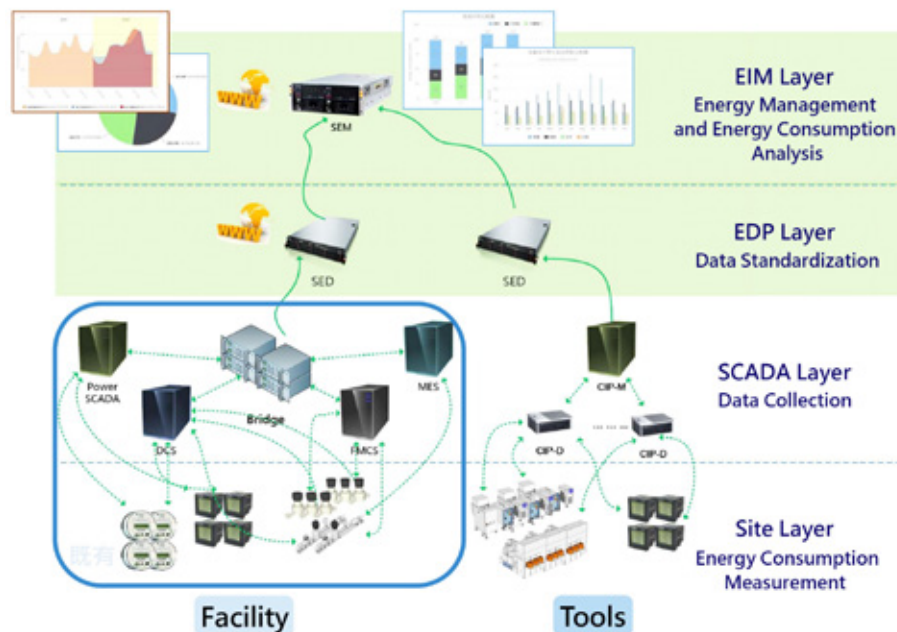
Emission intensity = (Scope 1 + Scope 2) / Taiflex' s parent company only revenue for the year (in thousands of NT\$)





## Energy conservation & carbon reduction measures

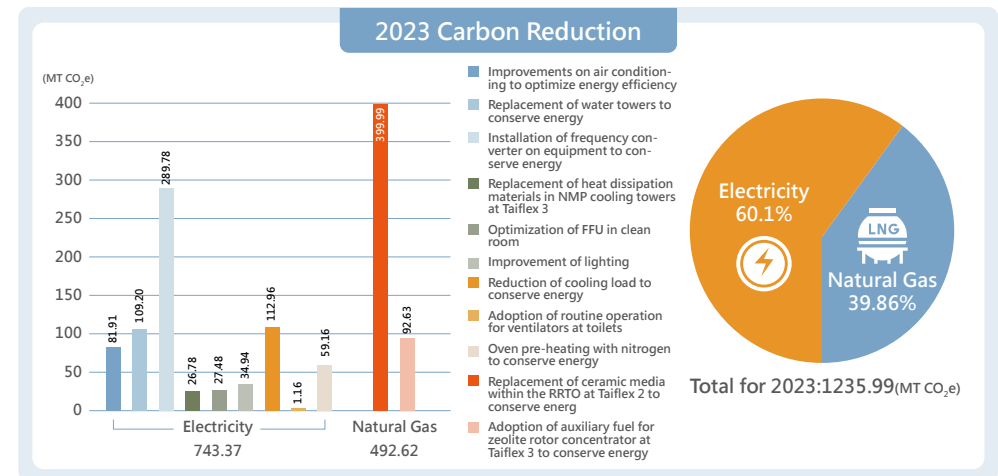
In response to the national energy saving goal, we continue to invest in various energy saving measures. In 2021, the ISO 50001 Energy Management System Platform was established at our Kaohsiung factory in Taiwan. Through the e-energy management platform, the Company can implement comprehensive energy inventory and set various performance indicators as well as the best power consumption strategy for equipment to ensure the optimal use of energy, thereby achieving the targets of carbon emission management.



In 2023, we implemented 29 energy-saving projects under ISO 50001. These projects were categorized into 11 types, with 9 of them focused on electricity-saving and achieved a saving of 1,504,834 kWh, exceeding the annual target of 1% stipulated in the Energy Administration Act. The remaining 2 types were extensions of projects initiated in 2022, focusing on equipment replacement and updates. These projects saved 237,649 m<sup>3</sup> of natural gas along with a reduction in the use of synthetic adhesives containing VOCs. Of the 11 types of projects, the ones with greater energy-saving and carbon-reduction benefits achieved a reduction of 1,236.00 MT of CO<sub>2</sub>e emissions, which was roughly equivalent to the annual carbon sequestration of 3.2 Daan Parks. Please refer to Appendix I ESG Information - Environmental Data of this report for detailed information on energy-saving action plans and the associated carbon reduction benefits.



Note: According to the Council of Agriculture, each hectare of forest can sequester 15 MT of carbon dioxide per year. Therefore, Daan Park (25.8 hectares) can absorb 384.6 MT of carbon dioxide annually.



## Expand the use of renewable energy

On December 31, 2020, the Bureau of Energy, Ministry of Economic Affairs announced that major electricity users with contracted capacity of 5,000 kW or above are required to install renewable energy power generation equipment for 10% of their average chartered capacity in the previous year within five years, purchase renewable energy and certificates, or install energy storage facility in order to perform their obligations pursuant to the "Renewable Energy Development Act." The contracted capacity of our factories has yet to meet the threshold of major electricity users. Although we are not subject to the aforementioned regulations at this stage, we took actions in response to the government policy. We established Taiflex Green Power in March 2021 and installed PV facilities of 375.9 kW (generating 450,752 kWh of electricity per year) at Taiflex 2 in 2022. At the same time, we bought back the installed capacity of 271.2kW (generated 349,544 kWh of electricity per year) previously leased to other companies at Taiflex 5.

To achieve net zero emissions, we have set medium to long-term goals: the global vision of "10% renewable energy, low carbon emissions, and circular economy for waste by 2030" and "100% renewable energy, net zero emissions, and 100% circular economy by 2050." We adopt green building initiatives when enhancing energy efficiency and production at our Kaohsiung factories and as priorities for the design of our Thai factory. We also plan to sign a ten-year purchase agreement for green power certificates of 75 GWh, making carbon reduction our competitive edge. Furthermore, following assessment by the Sustainable Development Committee and approval by the Board of Directors, our subsidiary, Taiflex Green Power, will expand efforts on renewable energy installation and be dedicated to the operation of our green power facilities. In 2023, an additional investment of NT\$12,827 thousand to increase installed capacity by 271.2 kW was made in Taiflex 5.



## Information-based Carbon Inventory System



### SPECIAL COLUMN

Taiflex continues to demonstrate ongoing efforts in sustainability initiatives. In 2023, we introduced an information-based carbon emission management platform to monitor and manage operational carbon emissions more effectively. This action embodies the Company's commitment to sustainable development and lays a solid foundation for our carbon reduction pathway.

The carbon emission management platform follows the ISO 14064-1 standard to organize GHG data within the organization. Transitioning from the previous offline data collection using Excel, we now have data collection units of various activities inputting data directly into the carbon emission system. Once the system automatically runs the calculations, comprehensive information such as the Company's total carbon emissions, carbon emission hotspots in factories, and categories are clearly presented. The implementation of this system significantly enhances the accuracy, transparency, and traceability of carbon inventory information.

During the implementation, Taiflex focuses on improving data resolution. By delving into data structure and recording factory carbon emissions on a monthly basis, the numbers can serve as more timely operational decision-making indicators. Linking supporting data with each record through the platform improves the clarity of supporting data and consequently the sources of emissions for traceability, making the system trustworthy and well-received by verification personnel. Source analysis of emissions and efficiency improvement of data collection provide decision-makers with more concrete data and significantly reduce the workload of the execution units.

We plan to extend the management system to each subgroup for implementation of a group-wide GHG inventory in order to effectively manage the carbon emissions of Group subsidiaries, and comply with the requirements for GHG inventory of groups and their subsidiaries outlined in the Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies by the Financial Supervisory Commission. Furthermore, we would leverage more real-time data to assist the management in understanding carbon emissions within the organization and strengthen our carbon management efforts with carbon reduction projects of various departments, striving to achieve the Group's net zero goal by 2050 and become a global expert of environmentally friendly materials.





## 4.3 Waste Reduction Actions

### Material Topic: Air Pollution Emissions

#### Main Reason

VOC emissions from our use of volatile organic solvents in production generate secondary pollutants such as NO<sub>x</sub> and TSP even after being treated by pollution control facilities. Failure to implement air pollution emission management could negatively impact the Company's image, resulting in an allocation of more resources and hindering our GHG reduction efforts.

#### Effect and Impact

##### Actual positive effect:

Economic: Establish recycling systems and new processes for a direct reduction in the use of raw materials and fuels at the front end, which not only reduces pollutants at the back end, but also lowers production costs.

Environmental: Mitigate environmental impact through pollutant control and recycling systems.

Human rights: A favorable living environment for communities around our operations.

##### Actual negative effect:

Economic: In addition to air pollution control fees levied by the government, more personnel and resources would be required for a further reduction of pollutants.

##### Potential positive effect:

Economic: Carbon reduction is a long-term trend for the future, and the government has announced the standard of carbon fee for regulated industries. The Company's investment in air pollution control measures can also be preparation for carbon reduction goals in advance.

#### Policy and Strategy

"Integrate environmental resources and accomplish circular economy as well as net zero target" - The Company is committed to energy conservation, emissions reduction, circular economy and environmental sustainability. We are dedicated to the goals of net-zero emissions and net-zero GHG emissions.

#### Goal and Objective

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

- Natural gas consumption of air pollution control equipment down 10% from 2016
- Volatile Organic Compound (VOC) emission per unit down 3% from the base year (2021)
- VOC recovery rate up 1% compared to the base year (2021)

##### Medium-term goals (2025-2027):

- Natural gas consumption of air pollution control equipment down 20% from 2016
- VOC emission per unit down 10% from the base year (2021)
- VOC recovery rate up 5% compared to the base year (2021)

##### Long-term goals (2028~):

- Natural gas consumption of air pollution control equipment down 30% from 2016
- VOC emission per unit down 30% from the base year (2021)
- VOC recovery rate up 30% compared to the base year (2021)

Note: VOC recovery rate = Volume of organic solvents recovered / Volume of organic solvents purchased × 100%

#### Management Assessment Mechanism

- We conduct ISO 14001 and ISO 14064-1 internal and external audits to ensure the proper functioning of the system.

#### 2023 Goal and Achievement

##### Natural gas consumption of air pollution control equipment down 10% from 2016

→ Achieved. The natural gas consumption of air pollution control equipment at Taiflex 2 and 3 dropped 36% in 2023 compared to 2016.

##### Volatile Organic Compound (VOC) emission per unit down 3% from the base year (2021)

→ VOCs emissions dropped 22% in 2023 compared to the base year. The VOCs emission intensity was 3.84 kg/km<sup>2</sup> in 2023, down 6% compared to 3.62 kg/km<sup>2</sup> in the base year.

##### VOC recovery rate up 1% compared to the base year (2021)

→ Achieved. The VOC recovery rate was 26.4% in 2023, up 1.9% from the 23.7% in 2021.

In 2023, the final results met the annual targets, with a total fuel savings of NT\$2,871 thousand and emission reductions of 492 MT of carbon dioxide, 381 kg of NO<sub>x</sub>, and 11 kg of TSP through the installation of environmental protection equipment.

#### Prevention or Remedy Measure

We have established internal management review procedures in accordance with ISO 14001 to assess the effectiveness of emission management through the PDCA cycle annually.



## Material Topic: Waste

### Main Reason

Without proper waste management for hazardous industrial waste from our use of chemicals, such as organic solvents, in production, apart from possible penalties, it would hinder our GHG reduction efforts.

### Effect and Impact

- **Actual positive effect:**  
Economic: Establish recycling systems and new processes for a direct reduction in the use of raw materials at the front end, which not only reduces waste at the back end, but also lowers production costs.  
Environmental: Mitigate environmental impact through waste control.  
Human rights: Prevent outsourced vendors from illegally disposing of waste and damaging the living environment of the public.
- **Actual negative effect:**  
Economic: In addition to waste disposal fees, more personnel and resources are required to achieve further source reduction and reduce waste volume.
- **Potential positive effect:**  
Economic: Carbon reduction and circular economy are long-term trends for the future. By investing in waste recycling, we are realizing our vision of a circular economy and enhancing our corporate image.

### Policy and Strategy

"Integrate environmental resources and accomplish circular economy as well as net zero target" - The Company is committed to energy conservation, emissions reduction, circular economy and environmental sustainability. We are dedicated to the goals of net-zero emissions and net-zero GHG emissions.

### Goal and Objective

- **Short-term goals (2024):**  
- Waste diversion rate of 60%  
Waste diversion rate is defined as: (reclaim + reduction + recycling + reuse + waste energy recovery + anaerobic digestion + biofuel + composting) / total waste weight; where the percentage of waste energy recovery shall be less than 10%.
- **Medium-term goals (2025-2027):**  
- Waste diversion rate of 87%
- **Long-term goal goals (2028~):**  
- Waste diversion rate of 90%  
- Apply for UL2799 silver-level certification in 2030

### Management Assessment Mechanism

- We conduct ISO14001 internal and external audits to ensure the proper functioning of the system.

### 2023 Goal and Achievement

- **Waste diversion rate of 60%**  
→ Achieved. In 2023, we recycled 353 MT of NMP solvent and 148.2 MT of MEK solvent, achieving average recycling rates of 64.31% and 61.47% respectively.

### Prevention or Remedy Measure

We have established internal management review procedures in accordance with ISO 14001 to assess the effectiveness of waste management through the PDCA cycle annually.

#### Note:

Waste diversion rate is defined as: (reclaim + reduction + recycling + reuse + waste energy recovery + anaerobic digestion + biofuel + composting) / total waste weight; where the percentage of waste energy recovery shall be less than 10%.





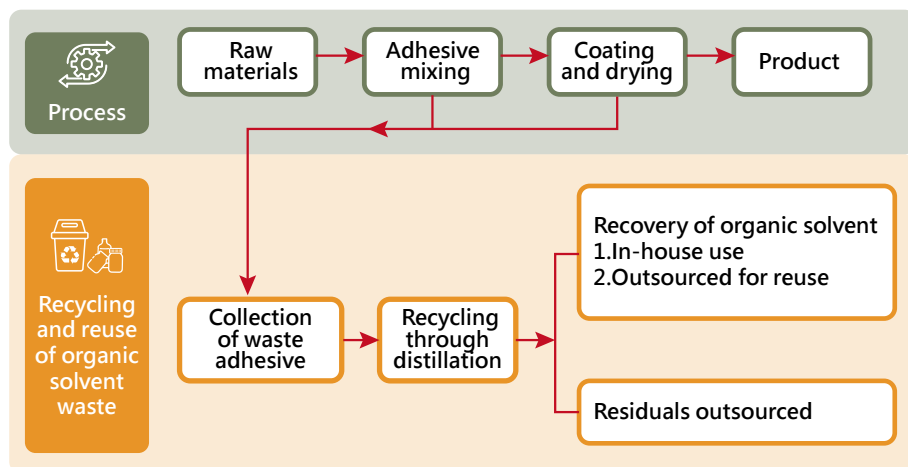
### 4.3.1 Source reduction

Taiflex is committed to zero waste. Besides promoting the concept of resource conservation to employees during daily operation, we focus on process enhancement for source reduction. As we reduce the consumption of resources and materials, we also minimize the pollutants generated. For air pollution, wastewater, and solid waste which we cannot eliminate completely at present, we establish pollution control facilities or engage qualified professional companies to handle the matters. We strive to reduce the environmental impact of our operations and seek the best solution in order to gradually achieve the ultimate goal of zero pollution.

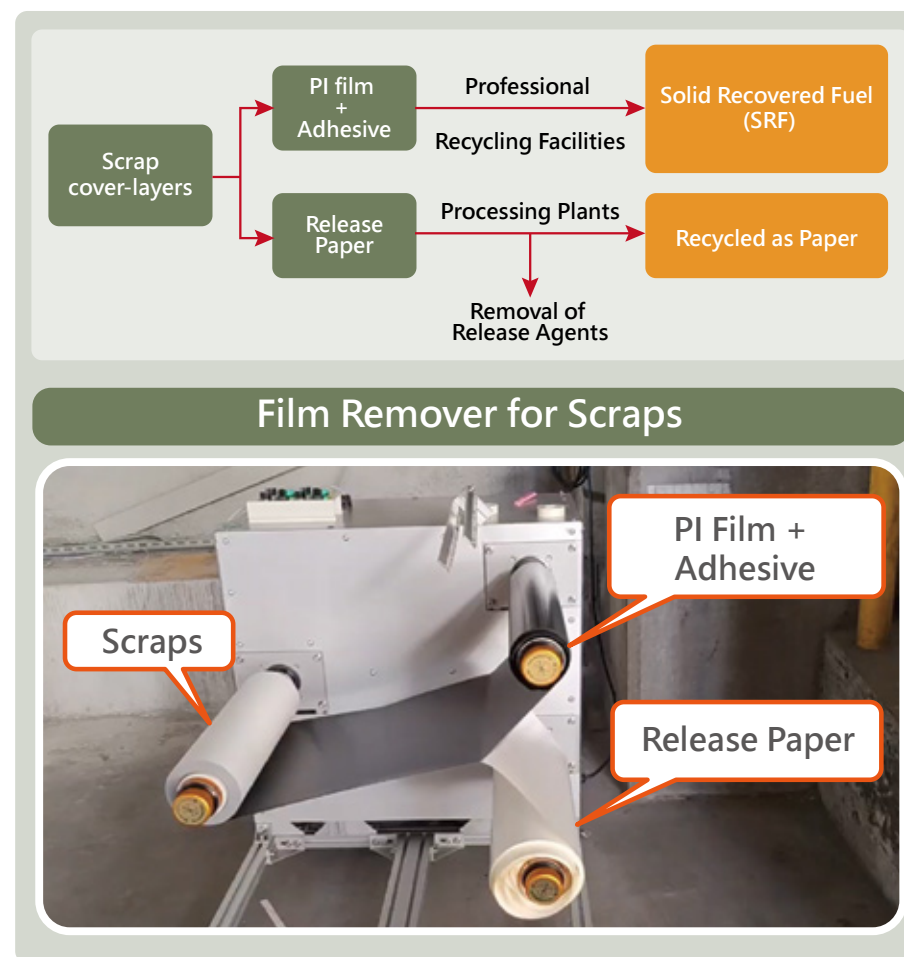
### ■ Process material recovery

Taiflex has built a waste adhesive recycling system, which refines chemicals into industrial grade raw materials through distillation, purification and other related processes for them to be used at the production line. The recycling not only cuts down stationary pollution sources and exhaust emissions to stay environmentally friendly, but also reduces the volume of raw materials purchased to enhance the Company's competitiveness. Currently, the total recycling volumes of NMP and MEK have been increasing annually, with over 60% reused in production lines.

In 2023, we recycled 353 MT of NMP, a 15.33% increase compared to the 306.07 MT recycled in 2022. However, as the new processes have stricter raw materials requirements, much of the recycled NMP is now outsourced for reuse. Taiflex will invest funds by 2025 to implement purification system improvements, aiming at enhancing the recycling rate in the production line.



We insist on controlling the use of raw materials with the most optimal and feasible approaches, aiming to achieve a balance between environmental protection and economy with minimal waste and production costs. To reduce the heterogeneity of process scraps and improve the efficiency of waste recycling, the Manufacturing Center has developed in-house film removers in 2023 to peel off the release paper from the scrap cover-layers (PI film + adhesive + release paper). It is estimated that 50,000~70,000kg of release paper can be separately collected annually and recycled as papers. The remaining scraps (PI film+ adhesive) can then be further processed into solid recovered fuel (SRF), aligning with the government's promotion of the eco-concept - "waste to energy."

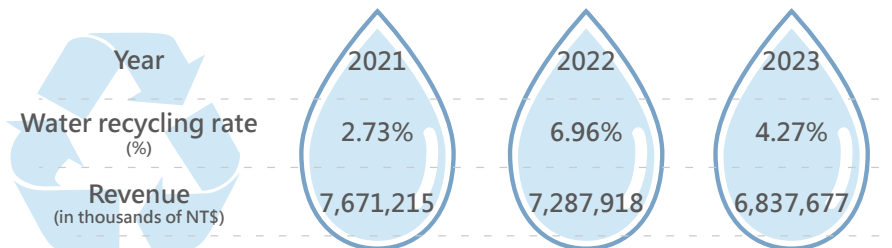
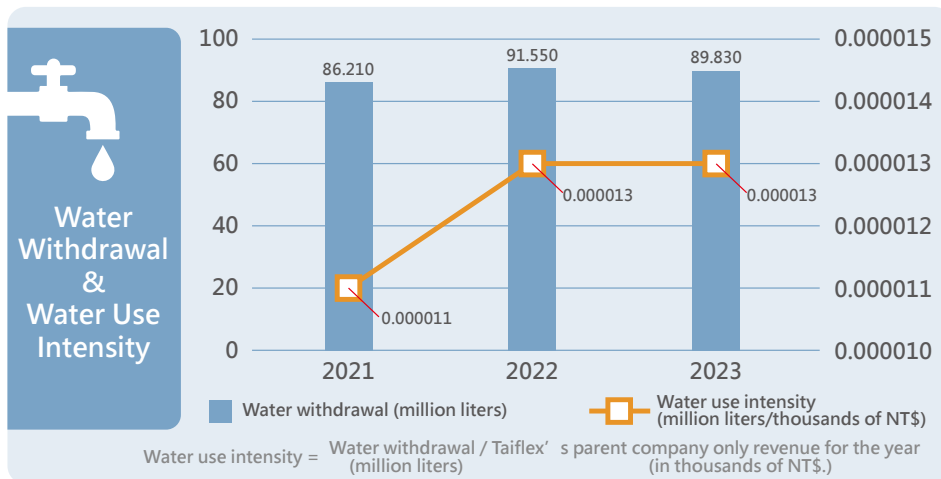




## Saving water resources

Taiflex is located in the Kaohsiung Qianzhen Technology Industrial Park, which has water supplied from the Fongshan Reservoir. According to the World Resources Institute's "Aqueduct Water Risk Atlas," the risk of water resources in Taiwan is rated as low to medium.

Since we adopt dry process, production line is not where most of the water is consumed. As tap water is mainly used as cooling water for air conditioning, followed by employee daily usage and firefighting purposes, water resource management focuses on the promotion of domestic water conservation, including the recycling of RO and wastewater from drinking fountains as cooling water for air conditioning, dual flush toilet, recycling of rainwater from the roof and condensed water from air conditioning system for watering plants, and adjustments on the conductivity of water discharged from the air conditioning systems. Please refer to Appendix I ESG Information - Environmental Data of this report for detailed information on water consumption in 2023.



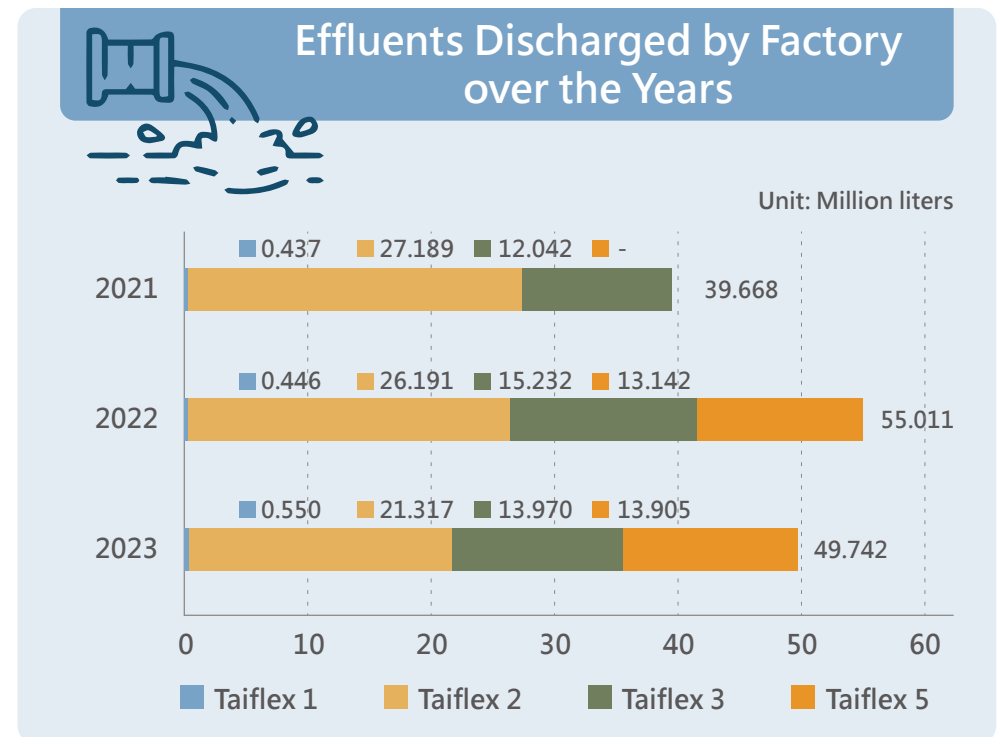
Water recycling rate = In-house water recycled / (water withdrawal + in-house water recycled) × 100%

## 4.3.2 Pollution control

### Effluents meeting the standard

Effluents from operation are mostly wastewater discharged from the cooling tower of factories and water used for domestic purposes, e.g., wash up or kitchen waste cleaning. Since they are discharged to sewers of the park, they would not affect the biodiversity in the area.

Our etching laboratory in Taiflex 1 would discharge etching wastewater; thus, a wastewater treatment system was installed. The system is equipped with pH and flow meters connected to the central monitoring system for constant online monitoring to ensure the effluents discharged fully meet the standards set by the Processing Zone. Testing at the outfalls is conducted twice every year and we also carry out monthly self-testing. The results have not only met the discharge standards but also stayed far below the regulatory requirements. The Company has never been penalized by the competent authorities since operation. Please refer to Appendix I ESG Information - Environmental Data of this report for detailed information on effluents quality tests.





## Air pollution monitoring and prevention

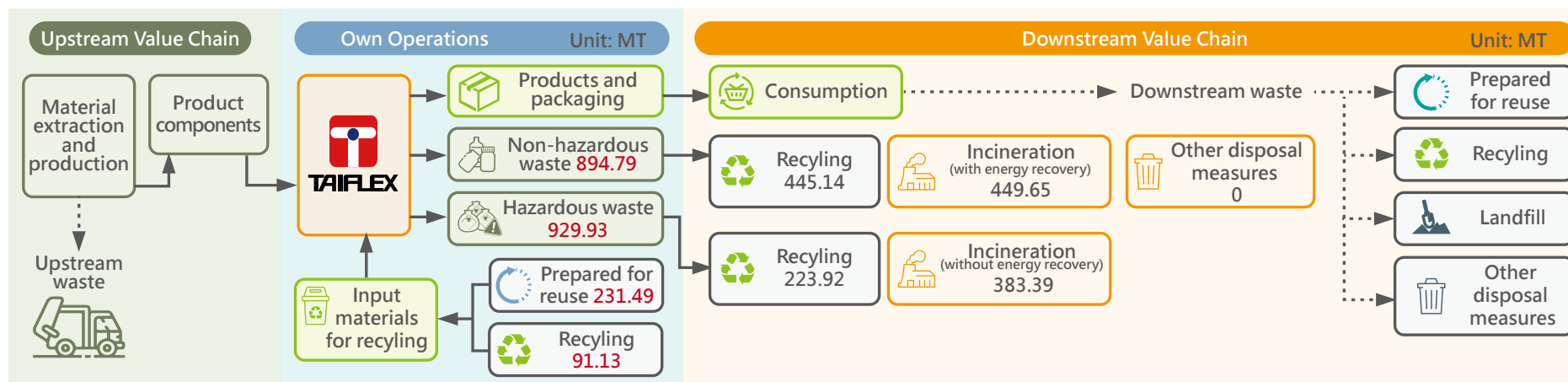
Our air pollution control facilities adopt regulatory-compliant technologies available and comply with the “Air Pollution Control Act” as well as the “Air Pollutant Emission Standards of Stationary Pollution Sources.” The air pollution control facilities of each factory operate 24 hours a day and 350 days a year. Furthermore, we would engage a third-party certification body to conduct tests on the emission concentration of various air pollutants annually. The results have shown that our emissions have complied with relevant standards and stayed far below the threshold. Please refer to Appendix I ESG Information - Environmental Data of this report for statistics from the air pollution tests.

As natural gas combustion generates NOx emissions, and the Company mainly uses natural gas as fuel for exhaust gas treatment equipment, apart from reducing the total amount of exhaust gases (organic solvents) to be treated through raw material recovery, we continually optimize related equipment. Following the introduction of zeolite rotor concentrator at Taiflex 3 in 2022, there was a 30% reduction in natural gas consumption by the RTO compared to the base year (2021). Additionally, the replacement of ceramic media within the RRTO at Taiflex 2 in 2023 lowered natural gas consumption by approximately 25% compared to the base year, and further minimized NOx emissions. Besides, some of refrigeration equipment within the factory still use R22 refrigerant, and we continue to use GHG emission rate to calculate its emission volume. We will opt for models using environmentally friendly refrigerant in the future and gradually replace these older models. The amount of R22 refrigerant emissions in 2023 were 0.0046 MT.

## Waste treatment

Synthesis and coating are the key processes of Taiflex. The production of FCCL generates hazardous solvent waste, which is harmful to the environment if not properly handled. Thus, it is collected in 53-gallon steel drums by the synthesis, front-end and back-end departments, and then purified for reuse through the recovery facilities to effectively reduce the outsourced volume and the associated treatment costs as well as realize circular economy (please refer to 4.3.1 Source reduction for details).

In addition to the reuse of NMP and MEK within the factories, we have started on-site adhesive washing due to the adoption of zero-waste policy in 2023. All other waste is treated off-site. Please refer to Appendix I ESG Information - Environmental Data of this report for detailed statistics.



We attach great importance to both on-site and off-site waste management. Operations such as terminal storage, removal, and reduction are centrally managed by the Environmental Sustainability Division. We continuously promote the concept of reuse internally and strive to recycle all reusable waste as well as improve resource efficiency to reduce environmental burden. Waste that cannot be reused are handled by third-party waste management professionals certified by the Environmental Protection Administration, and we conduct audits from time to time to ensure waste has been properly treated and to prevent environmental pollution due to negligence or violation of laws.

We stress the importance of waste recycling and detoxification with processes carried out in accordance with the Company’s ISO 14001 Waste Disposal Management Standard (EI-PD-06), the “Waste Disposal Act” and the “Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance.” Furthermore, we work toward the goals of localization, decentralization, and reclamation. The overall waste diversion rate (recycling rate) was 54% in 2023. With the addition of 25% from incineration with energy recovery, the rate was approximately 79%, and there was no leakage in 2023.



# 5

## Promoter of Social Prosperity



5.1 Right Person for the Right Job

5.2 Create a Friendly Workplace

5.3 Workplace Safety and Health

5.4 Care for Children and Youth

Column: Proposal for Bike  
Commuting





## 5. Promoter of Social Prosperity

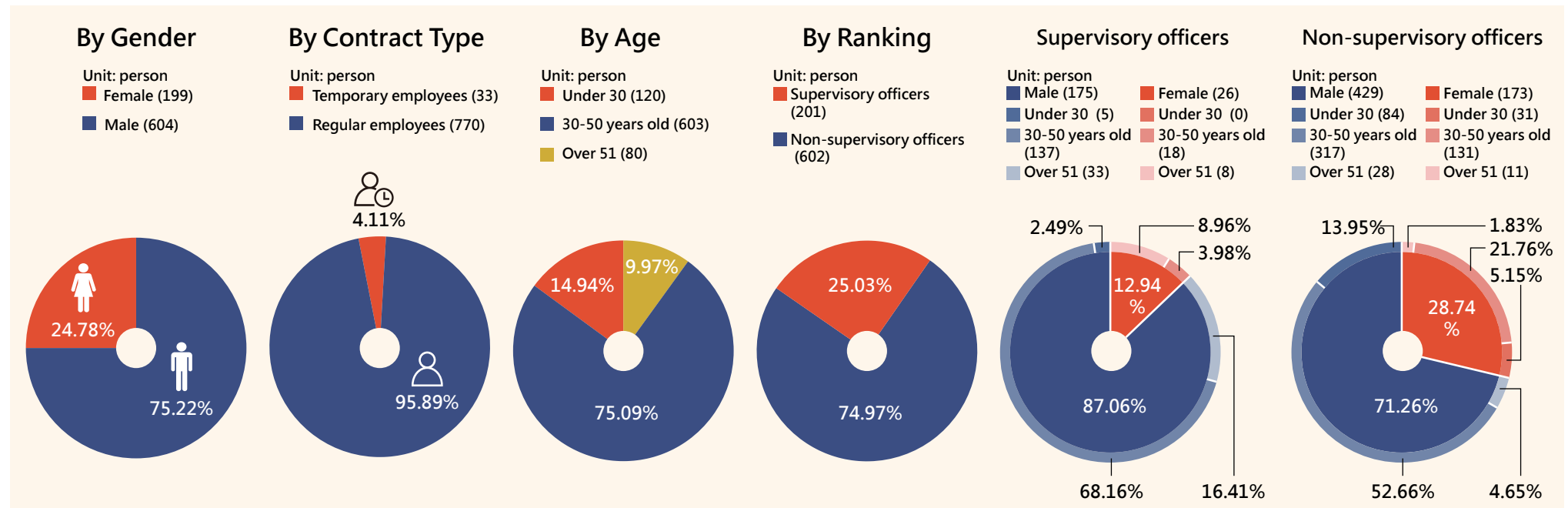
### 5.1 Right Person for the Right Job

Adhering to the spirit of diversity and inclusiveness, Taiflex complies with local laws and regulations as well as international standards concerning human and labor rights. Interviewees and employees would not be subject to differential treatment on the basis of race, class, language, ideology, religion, party affiliation, national origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, zodiac sign, blood type, or past union membership.

To attract diverse talents, we have created multiple job application channels, providing equal employment opportunities to all applicants. After joining the Company, we would make proper job arrangements for individuals based on their competence for employees to realize their personal value. Adjustments to training, promotion, and compensation and benefits are made based on the annual performance evaluation results and employees' contributions to the Company. Moreover, we have long been engaged in industry talent development, bridging the gap between academia and industry to identify future talents.

#### Workforce overview

The Company does not have part-time employees. As of 2023, we have a total of 803 employees, with a male-to-female ratio of 3.03:1. Recruitments are based on suitability including professional competence and experience. Senior executives (assistance vice president and above) of the Company are recruited 100% from the local community. As of the end of 2023, the Company employed eight disabled persons and two indigenous persons. Disabled employees accounted for 1% of our employees, which met the regulatory quota stipulated by the government. The decrease in the number of employees compared to the previous year was due to the adoption of a smart manufacturing system. The reduced number of new hires, coupled with natural attrition, led to an overall reduction in the total number of employees. Please refer to Appendix I ESG Information - Social Data of this report for a complete set of employee data.





## Talent recruitment

Each department would draft personnel requirements for the year based on its annual operation plan and submit requests to the Human Resources Division. The designated unit would then organize recruitments through diverse channels and release job vacancies based on requests of the applicant departments in order to recruit enthusiastic and proactive talents with competence matching the job description.



Besides regular campus recruitments at universities and colleges, we organize various in-depth campus projects to provide students with opportunities to become acquainted with the FPC industry, enabling them to experience workplace culture early and expand their career options. In 2023, the Company signed an industry-academia collaboration agreement with Wun-Shan Senior High School. Through campus lectures and winter camps, we plan to provide students opportunities to engage with industry dynamics and trends during their school years, and to cultivate and nurture local talents within the community.

Project	Summer Internship	Company Visits	School Seminars	Career Coaching Program	Industry-Academia Collaboration
Execution	Provide summer internships to college and university students	Visits from professors and students of our targeted majors	Arrange for our managers or industry professionals to hold seminars at colleges or universities	Participate in the NCKU Career Coaching Program since 2017	Participate in the industry-academia partnership program of National Sun Yat-sen University (NSYSU) since 2022 and signed an industry-academia collaboration agreement with Wun-Shan Senior High School
Objective	Besides experiencing workplace culture in advance, students are encouraged to apply their knowledge as well as interact and learn with our teams	This allows college and university students to understand the work environment of the industry beforehand and promotes industry-academia exchange and interactions	We share corporate philosophies as well as career development opportunities associated with FPC and energy materials, encouraging students to engage in relevant fields	Besides attracting outstanding talents to join the Company, we aim to fulfill our corporate social responsibility and allow students to have early exposures to workplace culture	Through industry-academia collaboration, we strengthen the technical and practical skills of young talents through lectures, internships, and special projects to meet the needs of industry development and youth employment

## Cultivation of high-tech talents

Taiflex has been technology-driven since establishment, consistently providing customers with the most reliable and advanced FPC materials as well as the integration of innovative applications. We are well aware of the challenges in material technology evolution. In addition to ongoing R&D investments, we also highlight long-term talent cultivation and talent fostering at schools. Since 2015, we have participated in the NCKU Career Coaching Program where our executives act as coaches supporting students' career developments. Five of our managers have been involved in the program with an accumulated number of close to 100 students. In 2023, we participated in the "Pilot Program for Counselling Athletes to Undertake Semiconductor Industry Talent Training" promoted by the Sports Administration of the Ministry of Education, and recruited two new individuals to be trained as stable and high-potential entry-level technicians.

As the complexity of technology research and development increases, the high-tech industry is now gradually moving toward supply chain integration or cross-industry cooperation. More emphasis will be placed on interdisciplinary competence. Therefore, to respond to the "National Key Fields Industry-University Cooperation and Skilled Personnel Training," Taiflex and six other companies have jointly funded the establishment of the NSYSU "College of Semiconductor & Advanced Technology Research" to cultivate advanced talents at master's level. We have started to recruit students from 2022 and offered 10 internship positions for the first two classes of master's degree graduates. In addition to having two of our executives serving as lecturers at NSYSU, we have also arranged corporate mentors to provide project guidance in order to cultivate young talents.



The NSYSU College of Semiconductor & Advanced Technology Research includes two research institutes, i.e., Institute of Advanced Semiconductor Packaging and Testing, and Institute of Precision Electronic Components. It has also developed a comprehensive curriculum map, adopting the model of one-year university courses and two-year internship at enterprises and research to cover both academic knowledge and industrial practice, as well as bridge the gap between industry and academia. Students are also entitled to scholarships of close to one million dollars, with job offers from relevant industries through matching upon graduation.



## 5.2 Create a Friendly Workplace

### Material Topic: Human Resources Development

#### Main Reason

Innovative research and development capability and stable production capacity are at the core of our operations, with human resources being the key element that sustains these two competitive advantages. Therefore, how to effectively map out the human resource development framework and create a friendly work environment to attract and retain talents is an integral part of our journey towards sustainable development.

#### Effect and Impact

##### Actual positive effect:

Economic: Reducing the turnover rate of human resources facilitates the transfer of professional knowledge and experience, further enhancing research and development capabilities, and maintaining stable production line operations.

Social: Providing career plans that offer growth opportunities helps employees gain a sense of accomplishment, thereby maintaining stable psychological states.

##### Potential positive effect:

Economic: Enhancing the overall quality of personnel can create a solid foundation for improving operational performance within the Company.

Social: Friendly labor relations and working conditions indirectly cultivate harmonious relationships among people.

#### Policy and Strategy

We establish management rules in the spirit of RBA, and provide comprehensive remuneration and benefits in compliance with all human rights and labor regulations to further attract and retain talents. Besides, we map out employee skills training, establish fair and diverse career development paths, and cultivate a workplace culture of continuous improvement to enhance the overall research and development capabilities of Taiflex and strengthen our market competitiveness.

#### Goal and Objective

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

- Employee/engineer turnover rate <20%
- OPR operator turnover rate <40%
- Annual education and training achievement rate > 80%
- Training course satisfaction rate > 80%
- Establish human rights protection policy and code
- Create a friendly workplace
- Implement the essence of SA 8000
- Improve talent retention rate and the English proficiency of all employees

##### Medium-term goals (2025-2027):

- Strengthen the correlation between performance and salary compensation to provide a positive drive for talent development
- Establish the link between compensation system and sustainable performance

##### Long-term goals (2028~):

- Implement talent cultivation and development, and establish employee career development blueprints
- Enhance employee engagement

#### Management Assessment Mechanism

- Employee entry and exit analysis, annual employee performance evaluation, new recruit performance assessment, talent readiness rate, completion of training, training satisfaction surveys, etc.

#### 2023 Goal and Achievement

##### Employee/engineer turnover rate <20%

→ Achieved. Employee and engineer turnover rates of 18.43% and 14%, respectively, in 2023.

##### OPR operator turnover rate <40%

→ Achieved. OPR operator turnover rate of 25% in 2023.

##### Annual education and training achievement rate > 80%

→ Achieved. Annual education and training achievement rate of 100% in 2023.

##### Training course satisfaction rate > 80%

→ Achieved. Training course satisfaction rate of 93% in 2023.

##### Establish human rights protection policy and code

→ Achieved. The work rules include policies for preventing sexual harassment and unlawful acts in the execution of duties, and relevant measures and standard procedures have been established. In addition, employee clubs are subsidized based on their annual project plans to uphold the freedom of assembly and association.

##### Create a friendly workplace

→ Achieved. The following friendly workplace measures were adopted in 2023:

1. Afternoon tea was held in office every Wednesday. These afternoon tea sessions were both therapeutic and invigorating, and were deemed as a little something to brighten the workday.
2. The employee cafeteria in Taiflex 2 has open and unobstructed ocean view where employees can enjoy a clear weather with endless ocean view, making it a perfect spot for relaxing dining.
3. The lounge room in Taiflex 3 with minimalist design allows employees to have a cup of coffee while enjoying a quiet moment, offering a chance to relax during a busy day of work.

##### Implement the essence of SA 8000

→ Achieved. Taiflex adhered to the key points of SA 8000 and ensured compliance with standards such as employing workers aged 16 and above, prohibiting forced labor, respecting employees' rights to assemble and form associations, and strictly prohibiting sexual harassment and violence in 2023.

#### Prevention or Remedy Measure

- Risk control is carried out through various management mechanisms, e.g., credit checks and document reviews at the time of recruitment.
- We have established the "Rules of Sexual Harassment Preventive Measures, Complaints and Disciplinary Actions" as well as the "Measures for Prevention of Rights Violation during Performance of Duties."



## 5.2.1 Talent attraction and retention

Employees are the crucial partners in the sustainable operation of Taiflex as well as the key drive to maintain production and innovative research and development. To stabilize our human resources and strengthen corporate resilience, we are committed to cultivating an organizational culture of mutual support, friendliness, discipline, honesty, and hard work. We offer competitive compensation policy and provide multiple benefit programs to build employee loyalty and retain outstanding talents, hoping that a stable partnership will bring employees to grow together with the Company.

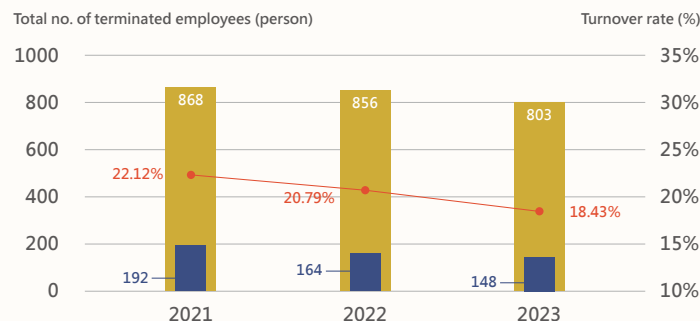
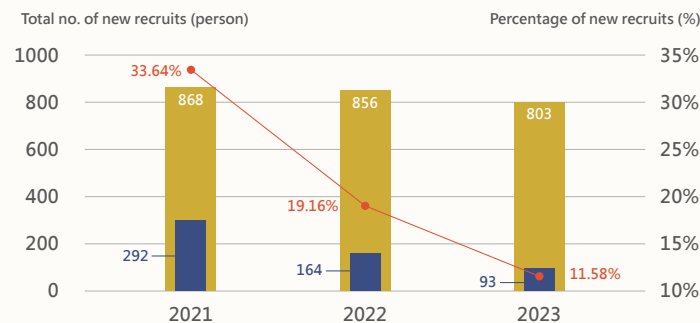
By establishing a workplace that attracts and retains talented individuals, we have successfully reduced the employee turnover rate over the years. The decrease in the percentage of new recruits in 2023 compared to the previous year was attributed to the global labor shortage and uncertainties within relevant industries. Moreover, our adoption of smart manufacturing system to address these challenges also led to a drop in the number of new recruits. In 2023, we achieved 100% return and retention rates for employees returning from parental leave. Please refer to Appendix I ESG Information - Social Data of this report for detailed information.

## Employee compensation

Employee compensation contains both fixed and variable salaries with subitems including base salary, allowance, bonus and employee stock ownership trust. Salary standards take into account the position, ranking, education, work experience and seniority of employees, and the amount is determined in accordance with the Company's salary scale regardless of gender.

To further attract and retain talents, we have established an employee stock ownership plan in 2020. The Company matches 50% of employees' contributions and deposits the amount into employees' individual trust accounts. Besides, we modified our compensation policy in 2022. On top of variable bonus, local regular employees are entitled to holiday bonus totaled 1.5 month of salary to maintain a certain level of annual package. This year, the ratios of average standard salary to statutory minimum salary for male and female entry-level employees were 1.02:1 and 1.01:1, respectively; and the ratios after including allowances were 1:1.09 and 1:1.04, respectively.

In 2023, the ratio of the annual total compensation of the Company's highest-paid individual to the median annual total compensation of the remaining employees was 12.26. Despite an increase in the minimum wage in 2023, as entry-level employees only accounted for 20% of our total employees, the ratio of the percentage increase in annual total compensation of the Company's highest-paid individual to the median percentage increase in annual total compensation of the remaining employees was zero. Please refer to Appendix I ESG Information - Social Data of this report for detailed information on employee compensation.



- Technical allowance
- Management allowance
- Meal allowance
- Overtime payment
- Employee stock ownership trust
- Overtime meal allowance
- Shift allowance
- Bonus for major festivals
- Bonus for outstanding employee of the year
- Production yield bonus
- Sales bonus
- Production competition prizes
- Bonus for innovative proposal
- Year-end bonus
- Employee profit-sharing
- Operating performance bonus
- R&D bonus







## Welfare and health care

To create a happy workplace, Taiflex offers a wide range of benefits and has established the "Employee Welfare Committee" (EWC) for the planning and execution of various welfare measures in order to enhance employees' sense of belonging to the Company.

### Employee Welfare

- Exclusive basketball court
- Employee health check-ups
- Employee club subsidy
- Department gathering subsidy
- Subsidies for weddings and funerals
- Birthday cash gifts and meal vouchers
- Free lunch/dinner
- Education subsidy for children
- Paid leave for weddings of siblings
- Year-end party
- Natural disaster relief
- Festival activities
- Kick-off bonus
- Diverse leaves
- Contracted stores
- Language course subsidy
- Flexible working hours
- Free inspection / maintenance subsidy for motorcycles
- Trip and personal travel subsidy
- Contracted nursery / childcare center



Employees are covered by labor insurance, national health insurance and occupational accident insurance as required by law. We also provide group insurance (including the period of leave without pay), which covers life insurance, accident insurance, medical insurance, cancer insurance, critical illness insurance, overseas travel insurance, etc., so that our employees can be fully protected. Family members of employees are entitled to join the group insurance, extending our care to employees' families.

- Work environment monitoring / risk assessment / improvement
- Health check-ups above regulatory requirements
- Health management and personal protection kits for business travel
- Various health promotion programs
- Health measurement services, care visits
- Maternal health protection management
- Ergonomic risks prevention management
- Stress relief station (Massage service)
- Overload hazard prevention management
- On-site weekly services from group insurance specialists
- Travel insurance and overseas emergency assistance services
- Group insurance for employees and family members at discount
- Free medical group insurance for employees

- Various health promotion programs
- Critical illness Compensation
- On-site medical staff
- Health seminar
- Vaccination
- Sports courses



## Comprehensive retirement system

To provide a solid retirement system, Taiflex draws up its employee pension policy to appropriate pension contributions and payments in accordance with the Labor Standards Act and the Labor Pension Act. We also engage professional accounting consultants to conduct annual actuarial calculations of the retirement reserve to ensure that sufficient amount has been contributed to safeguard employee rights and benefits.

We make a contribution equals to 6% (2.93% under the old pension system) of employees' salaries to the Labor Pension Fund Supervisory Committee which would deposit the money in the Committee's name at the designated account with the Bank of Taiwan. As of the end of 2023, the fair value of plan assets amounted to NT\$64,736 thousand. In accordance with the aforementioned rules, Taiflex recognized expenses of NT\$8,097 thousand in 2023. Regulatory contributions for future periods are accounted for as accrued pension liabilities, which equaled to NT\$132,642 thousand as of December 31, 2023, and the contributions had been made in 2024.



- Parent-child library
- Nursery room / Refrigerator for breast milk
- Reserved parking
- Family day events
- Lounge with shower facilities
- Escort to parking at night
- Stress relief massage station
- 7-11 smart vending machine and coffee machine
- Exclusive parking spaces for out-standing employees



## 5.2.2 Human rights protection and labor-management communication

We place great importance on safeguarding employee rights and interests, and have established the “Measures for Prevention of Rights Violation during Performance of Duties” to prevent employees from being forced to perform duties beyond those prescribed by the law. Also, we manage overtime hours by setting risk alerts through the human resources management system. Moreover, the Company has one day off for indigenous rituals and ceremonies in accordance with Article 4 of the Implementation Regulations on Memorial Days and Holidays published by the Ministry of the Interior in respect for the indigenous culture. In 2023, the Company did not have incidents of child labor, forced labor, discrimination, violation of aboriginal rights, or sexual harassment.



**Human Rights Policy**

- 1 Prohibition of child labor under the age of 16
- 2 Prohibition of any form of forced labor
- 3 Respect employees' rights to freedom of association and collective bargaining
- 4 Prohibition of any form of discrimination, harassment and retaliation
- 5 Provision of reasonable salaries and benefits
- 6 Provision of diverse communication channels to maintain good labor-management relations
- 7 Provision of a safe work environment and establishment of precautionary measures
- 8 Guaranteed employment opportunities for disabled persons

### Human rights protection

To uphold our commitment to human rights-related policies, and strengthen the oversight mechanisms to ensure the protection of employee rights, we have established the “Sexual Harassment Prevention and Complaints Committee” and the “Workplace Violence Prevention and Disciplinary Committee” in accordance with the “Rules of Sexual Harassment Preventive Measures, Complaints and Disciplinary Actions” and the “Measures for Prevention of Rights Violation during Performance of Duties,” as well as the internal complaint channels. We encourage the reporting of sexual harassment, workplace bullying, and other unfair treatments through internet or the hotline in order to protect the personal rights of employees and workplace safety. We ensure the confidentiality of whistleblowers to protect them from retaliation by the accused party.

 Internal Reporting Hotline and Mailbox	Category	Contact Number	Complaint Mailbox
	Employee health care	(07)813-9989#70580	Joan_Chen@taiflex.com.tw
	Workplace violence	(07)813-9989#70555	80995@taiflex.com.tw
	Sexual harassment prevention	(07)813-9989#70995	help70995@taiflex.com.tw

Taiflex stipulates within its contracts that vendors must adhere to relevant regulations under the Labor Standards Act and the Occupational Safety and Health Act to protect the personal rights and safety of non-employees (on-site and security personnel) within the Company. We have also formulated the “Rules Governing Duties of Security Personnel” where the security personnel shall, pursuant to the Occupational Safety and Health Act and the Private Security Service Act, undergo training every year on courses including disaster prevention and rescue, security-related practical training, etc. They are also required to receive education and training on topics including laws and regulations concerning personal rights, freedom of employment, wages, working hours, leave, ban on discrimination, and freedom of assembly, with human rights-related cases and measures presented at the security meetings from time to time to ensure their compliance with the social norms and to avoid violations of employees' or visitors' rights. In 2023, 14 security personnel underwent the training and 100% of them had received human rights or procedures training.

### Labor-management communication

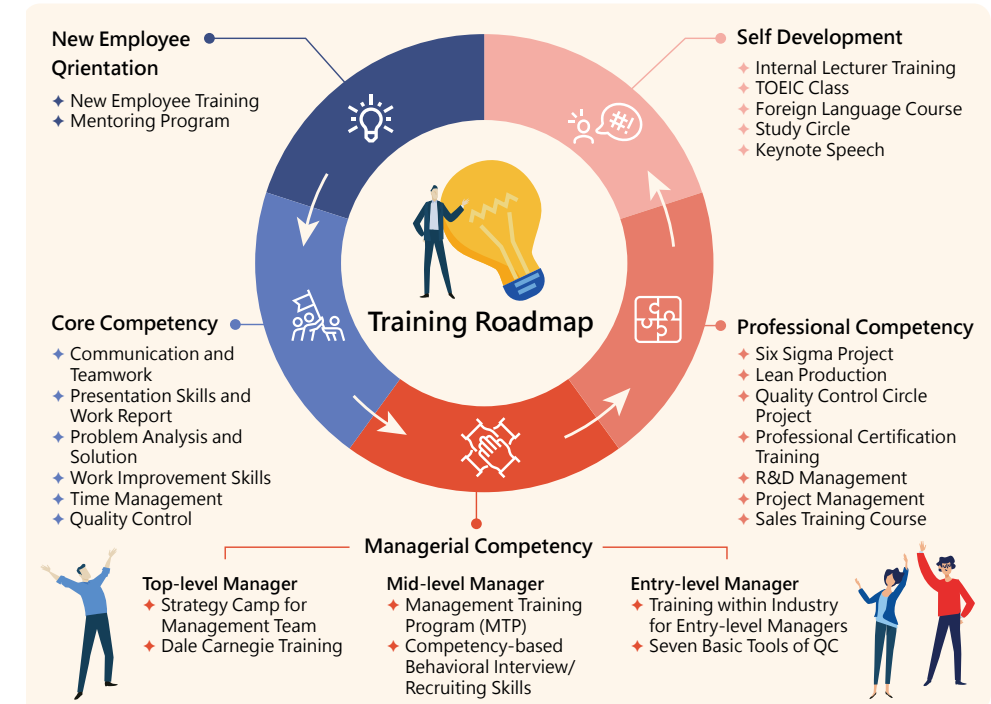
We attach great importance to two-way communication with our employees. In addition to quarterly labor-management meetings, we have established multiple communication channels for both parties to exchange opinions and discuss issues in a harmonious and honest manner. Through effective communication, concerns of employees can be heard and we can adjust our personnel management policies promptly to create a friendly workplace and achieve a win-win situation for both management and employees. In the event of a significant operational change, notices would be given to employees 10 to 30 days in advance depending on their seniorities pursuant to Article 16 of the Labor Standards Act.

Taiflex Communication Channels and Objectives		
Item	Communication Channel	Objective
1	Labor-management meetings	Coordinate labor relations, promote labor-management cooperation, and improve work efficiency
2	Employee satisfaction survey	To gather feedback from employees concerning the Company' s overall policies and make improvements with reference to employees' opinions
3	CEO seminar	To give employees the opportunity to make suggestions and raise issues, as well as to understand the Company' s operational status and development objectives
4	Ehr platform	An on-line communication platform for the Company and employees
5	EWC	The majority of Committee members are employees, fighting for the benefits they are entitled to as well as plan and execute employee welfare matters
6	OSH Committee meetings	Tracking of labor safety and health issues every quarter with a 100% response rate

We wish to grow and thrive together with our employees. We respect employees' right to freedom of association and collective bargaining. Although we have not established a labor union, we organize sports events while the EWC regularly holds various activities such as factory celebration, annual family day, and thanksgiving events for employees to identify with the Company. The EWC has also established a wide range of clubs, including the jogging club and yoga club, where employees can interact more with each other at the clubs, strengthening their sense of identification and enhancing their physical and mental health. There were family day, two basketball events and various club activities in 2023 with about 1,500 participants.

### 5.2.3 Diversified competence development

Taiflex upholds the training philosophy of "diverse learning to improve professional skills, internalization to prompt company-wide growth, learning transfer to enhance performance, and continuous improvement for developments." We design talent cultivation blueprint in line with the five core values of "enthusiasm, responsibility, integrity, creativity and execution." There is also the "Education and Training Guidelines" integrating external and internal resources and formulating systematic training courses for employees to improve their competence in all aspects along with suitability. The spirit of continuous learning prompts mutual growth of employees and the Company.



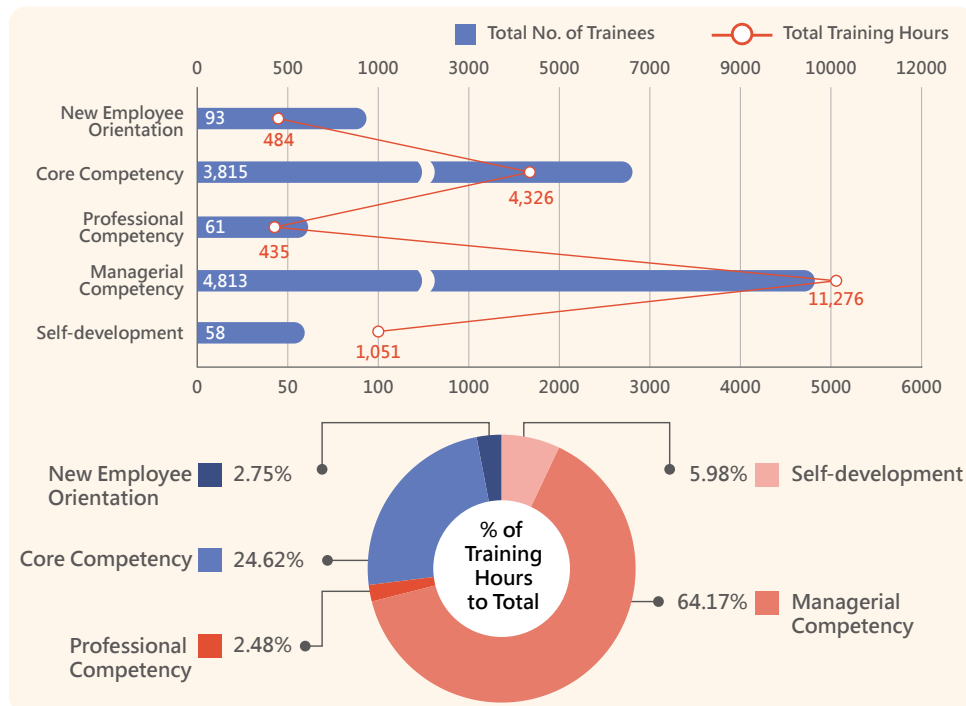
In recent years, we have actively implemented the mentoring program, utilizing job rotations and coaching to enrich employees' learning experiences and shorten their learning curves. This approach allows successful experiences to be effectively passed down and shared among employees. To further cultivate a learning culture, promote knowledge sharing and pass on techniques, we have established a comprehensive internal lecturer training system for our path to Taiflex knowledge academy. Over the years, we have trained 260 formally certified internal lecturers. They would be paid a lecturer fee on top of their salaries and be recognized publicly in seminars and morning meetings for their contributions in passing on their experience.



## Personal development plan and learning

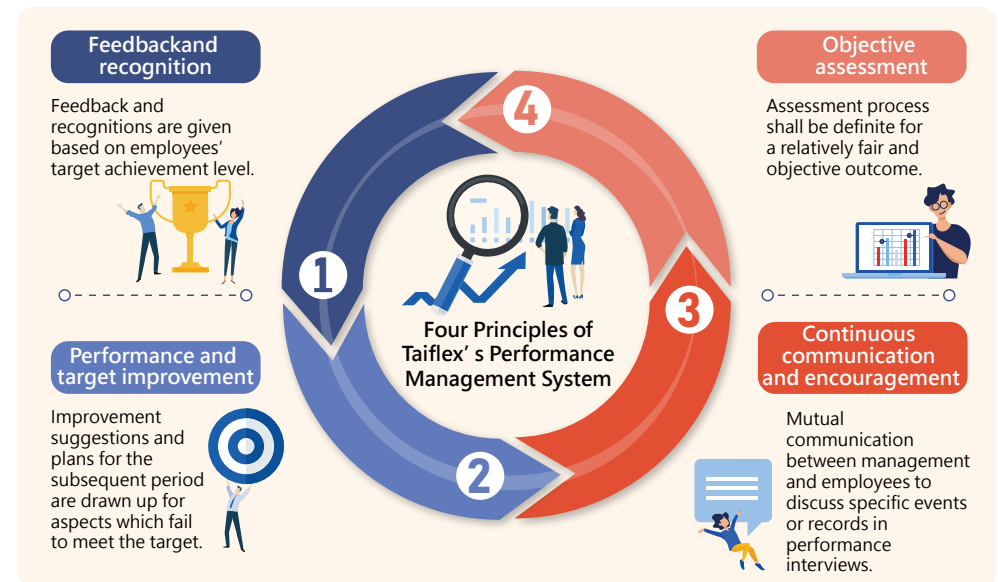
Taiflex recognizes the uniqueness of each employee and therefore provides diverse learning channels and development resources to strengthen competence needed by individuals, allowing employees to fully realize their personal value. The human resources unit also assists employees with mapping out their "Individual Development Plans" (IDP) based on job requirements, performance assessment outcomes and career developments. The plan is divided into three sections: On-Job Training, Off-Job Training and Self Development, with corresponding training blueprints. On-Job Training is the core of training, as this section has a direct and definite impact on whether the Company can function normally and effectively.

In 2023, there were 8,840 trainees with a total of 17,572 training hours. The training expenses amounted to NT\$1,032,474 with a satisfaction rate of 93%. Please refer to Appendix I ESG Information - Social Data of this report for detailed information.



## Performance management and employee development

Employee performance evaluations contribute to the soundness of the Company's human resources system. They not only assess annual job performance but also serve as a positive incentive, motivating employees to realize their potential and development. Therefore, new recruits are required to undergo an annual performance evaluation three months after joining the Company. Evaluation criteria remain consistent across all employees regardless of differences in gender, religion and race. We also have an internal recommendation system in place as a mean for promotion of competent employees and retention of quality employees, achieving the objective of having the right person for the right job.



The purpose of the evaluation system extends beyond establishing consensus on job targets between employees and management and encompasses the two main functions of assessment and development. Through the mechanism of "employee development supplemented by performance assessment," we cultivate employees' personal capabilities for them to acquire proficient business skills and become valuable support to supervisors as well as driving forces behind the Company's continuous advancement, thereby enhancing the Company's competitiveness and the overall organizational effectiveness. In 2023, 100% of our employees underwent the annual performance evaluation.





## 5.3 Workplace Safety and Health

### Material Topic: Occupational Safety and Health

#### Main Reason

Occupational accidents not only impair employees' work capabilities but also affect their morale and sense of identification to the Company. As Taiflex regards employees as the most valuable assets, we are committed to safeguarding their physical and mental health, as well as constructing a safe and conducive work environment.

#### Effect and Impact

##### Actual positive effect:

Economic: Reducing workplace safety risks facilitates sustainable operations of the Company.

Social: A safe work environment is conducive to the emotional well-being of employees and enhances their sense of identification with the Company.

##### Potential positive effect:

Social: Supporting employees to maintain their physical and mental well-beings at work indirectly enhances the Company's image to the general public.

#### Policy and Strategy

Five major OSH policies are established based on Taiflex's OSH management concept for all employees and stakeholders to follow:

- Regulatory compliance: Comply with occupational safety laws and regulations and enhance corporate image.
- Full participation: Unite as a team in communication and cooperation and raise company-wide safety awareness.
- Workplace safety: Commit to a sound work environment and promote the physical/mental well-being of employees.
- Risk control: Identify occupational hazard risks and create a safe workplace.
- Continuous improvement: Advance occupational safety management performance and achieve the goal of corporate sustainability.

#### Goal and Objective

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

- Major event and occupational accident (hospitalization): 0 incident
- Maintain 0 incident of occupational disaster from chemical exposure
- Disabling injuries frequency rate (FR)  $\leq 1.5$
- Disabling severity rate (SR)  $\leq 3.6$
- Voluntary participation in health promotion scheme  $> 40\%$

##### Medium-term goals (2025-2027):

- Major event and occupational accident (hospitalization): 0 incident
- Maintain 0 incident of occupational disaster from chemical exposure
- FR  $\leq 1.2$
- SR  $\leq 3.4$
- Voluntary participation in health promotion scheme  $> 45\%$

##### Long-term goals (2028~):

- Major event and occupational accident (hospitalization): 0 incident
- Maintain 0 incident of occupational disaster from chemical exposure
- FR  $\leq 0.9$
- SR  $\leq 3.2$
- Voluntary participation in health promotion scheme  $> 50\%$

#### Management Assessment Mechanism

- Annual management reviews are conducted to evaluate the implementation performance and target achievement results.
- Through the corporate sustainability promotion committee and its taskforce, we continuously monitor the implementation status and the degree of target achievement.

#### 2023 Goal and Achievement

- Voluntary participation in health promotion scheme  $> 40\%$   
→ Achieved. A voluntary participation rate of 49.1% in 2023.
- Major event and occupational accident (hospitalization): 0 incident  
→ Achieved. Zero incident in 2023.
- FR  $\leq 1.5$   
→ Achieved. FR of 0.63 in 2023.
- SR  $\leq 3.6$   
→ Achieved. SR of 1.26 in 2023.
- Maintain 0 incident of occupational disaster from chemical exposure  
→ Achieved. 0 incident in 2023.

#### Prevention or Remedy Measure

We conduct semi-annual management review meetings to regularly assess our OSH performance and achievements, and formulate relevant improvement plans while continually building a safe and healthy workplace. If our OSH performance falls short of expectation, we would adjust relevant measures based on the actual situation, and seek communication and collaboration with internal and external resources.



## Material Topic: Chemical Safety Management

### Main Reason

In view of the fact that several companies in Taiwan had suffered major fires at factories in the past with loss of life or substantial financial losses which adversely affected their sustainable operations; and the causes for such incidents were personnel's unfamiliarity with materials or misunderstanding of proper handling procedures, we have included chemical/toxic substance management as a material topic.

### Effect and Impact

#### Actual positive effect:

Having correct knowledge of chemicals or toxic substances helps personnel remain relatively calm during emergencies and make informed decisions, thereby reducing casualties, minimizing financial losses to the Company, and mitigating environmental pollution risks.

#### Potential negative effect:

It is widely recognized that toxic substances pose significant environmental hazards, and countries around the world intend to strengthen relevant regulations and standards for the management of such substances. Failure to diligently adhere to these regulations may diminish investor confidence, heighten risks of environmental contamination, and jeopardize human health and safety, thereby increasing the Company's operational risks.

### Policy and Strategy

We have established a "Procedures for Handling Toxic Chemical Substances," adopted the "ChemiCloud" system, and adhered to the four principles stipulated by the competent authority: "Permit, Declaration, Prevention and Labeling, and Reporting," for the use, storage, disposal, and emergency response of toxic chemical substances. Furthermore, we carry out education, training, and emergency response drills with standards above the regulatory requirements.

### Goal and Objective

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

- Factories meeting the toxic substances classification threshold shall conduct education and training sessions twice a year and toxic substance drills once a year

#### Medium-term goals (2025-2027):

- By 2025, complete the application for 16 areas within the factory as existing legitimate places pursuant to the transitional procedures under tightening regulations
- Each factory shall conduct quarterly education and training sessions and toxic substance drills

#### Long-term goals (2028~):

- Implement a fire and rescue system that provides real-time data on the current stock of chemicals on-site
- Each factory shall conduct monthly education and training sessions, and proactively strive for chances to plan and organize large-scale regional joint defense initiative

### Management Assessment Mechanism

Monthly on-site management audits are conducted in accordance with the "Procedures for Handling Toxic Chemical Substances."

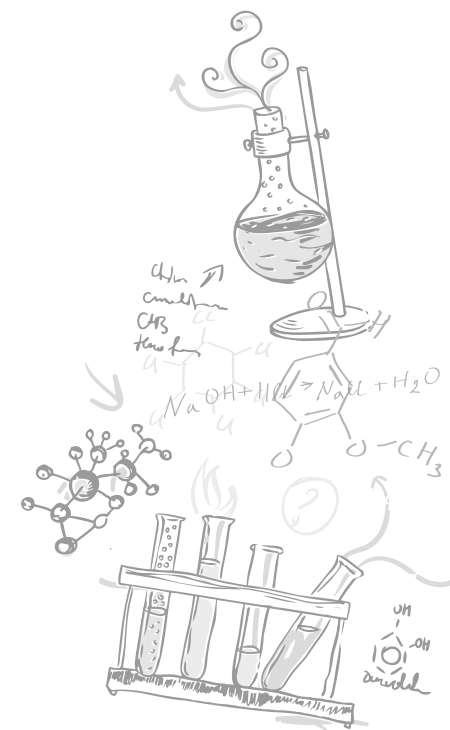
### 2023 Goal and Achievement

#### Factories meeting the toxic substances classification threshold shall conduct education and training sessions twice a year and toxic substance drills once a year.

- Achieved. We completed education and training and toxic substance drills.
- Achieved. Our efforts were validated by the competent authorities and the international certification bodies with no deficiencies identified nor records of penalties in 2023.

### Prevention or Remedy Measure

We conduct semi-annual management review meetings to regularly assess our OSH performance and achievements, and formulate relevant improvement plans while continually building a safe and healthy workplace. If our OSH performance falls short of expectation, we would adjust relevant measures based on the actual situation, and seek communication and collaboration with internal and external resources.





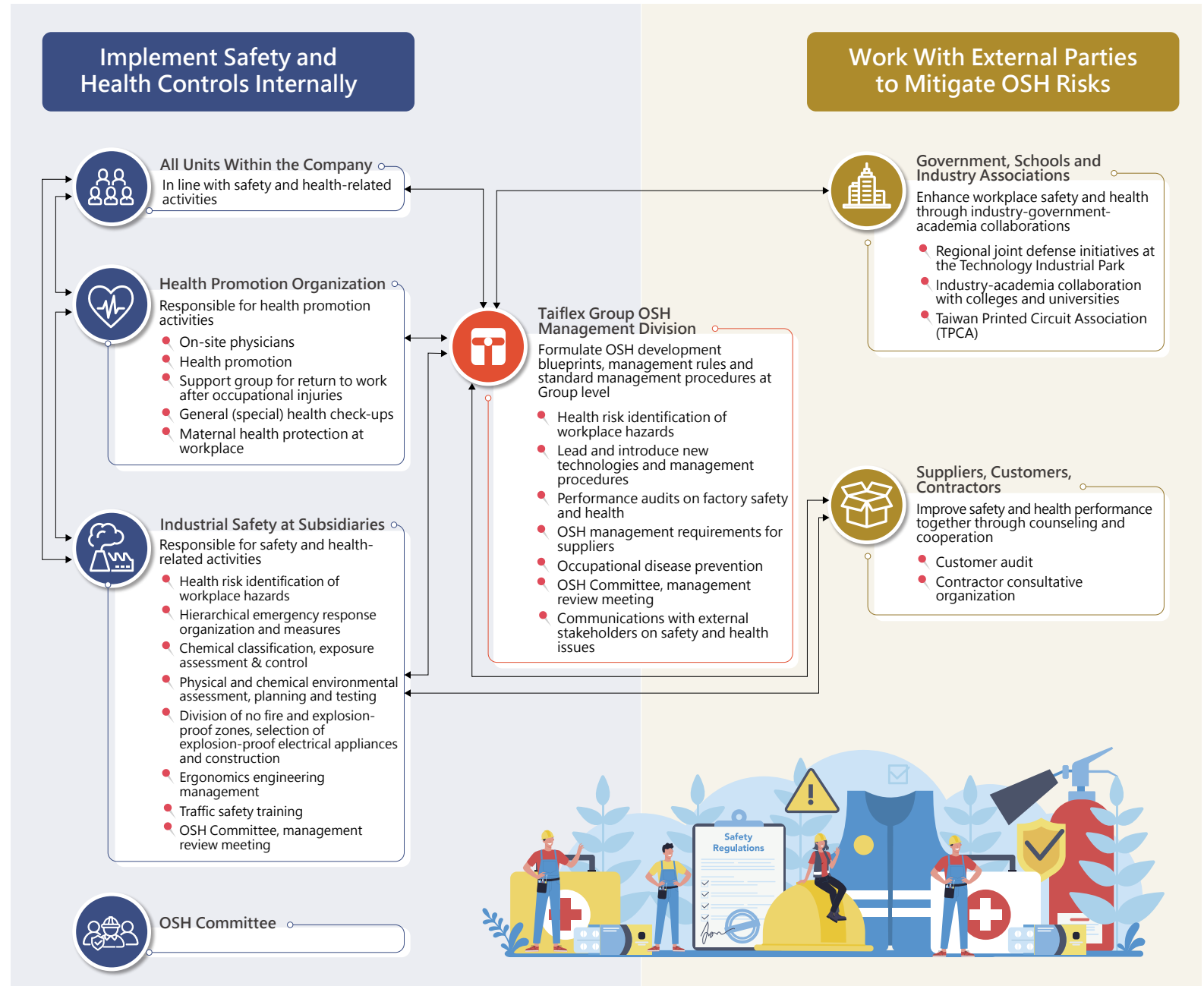
### 5.3.1 Occupational risk management

With the core philosophy of "people-oriented," Taiflex strives to create a "fundamentally safe" work environment, aiming to build the best protection for employee health and safety while strengthening our industry competitiveness. With the ultimate goal of "zero occupational accidents," We have formulated the following five major OSH policies:



## OSH management structure

Taiflex has established the Occupational Safety & Health Management Division to coordinate OSH management and planning, and continuously promote the safety culture at Taiflex. On-site safety and health tasks are carried out through cooperation between OSH personnel, the Industrial Safety Section of the Manufacturing Center and the safety and health personnel of each unit.





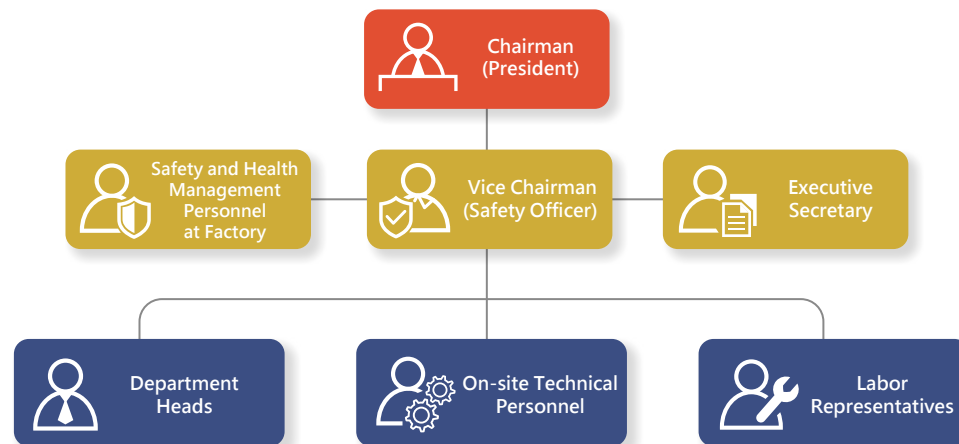


Taiflex' s OSH Committee provides a formal channel for the management and employees to communicate face-to-face on OSH issues. Besides quarterly Committee meetings, department heads would hold monthly meetings of the same purpose in response to the growing scale of the Company for OSH management.

### Composition of the OSH Committee

Factory / Personnel	Management Representative	Safety and Health Personnel / Technical Personnel	Labor Representative
Taiflex 1	1	1	1
Taiflex 2	2	3	4
Taiflex 3	3	5	4
Taiflex 5	1	1	1

Note: The Chairman is not included (for all factories).



### Hazard identification and incident investigation

Through the hazard identification team comprising of seed personnel of each unit, we proactively evaluate factors that may cause hazards with respect to unit operations, areas, equipment, and the physical and mental status of personnel, and statistically analyze the units with higher rates of disabling injuries and the prevalent types of occupational accidents. Units with higher accident severity and recurrence are prioritized as the focus of safety communications and management.

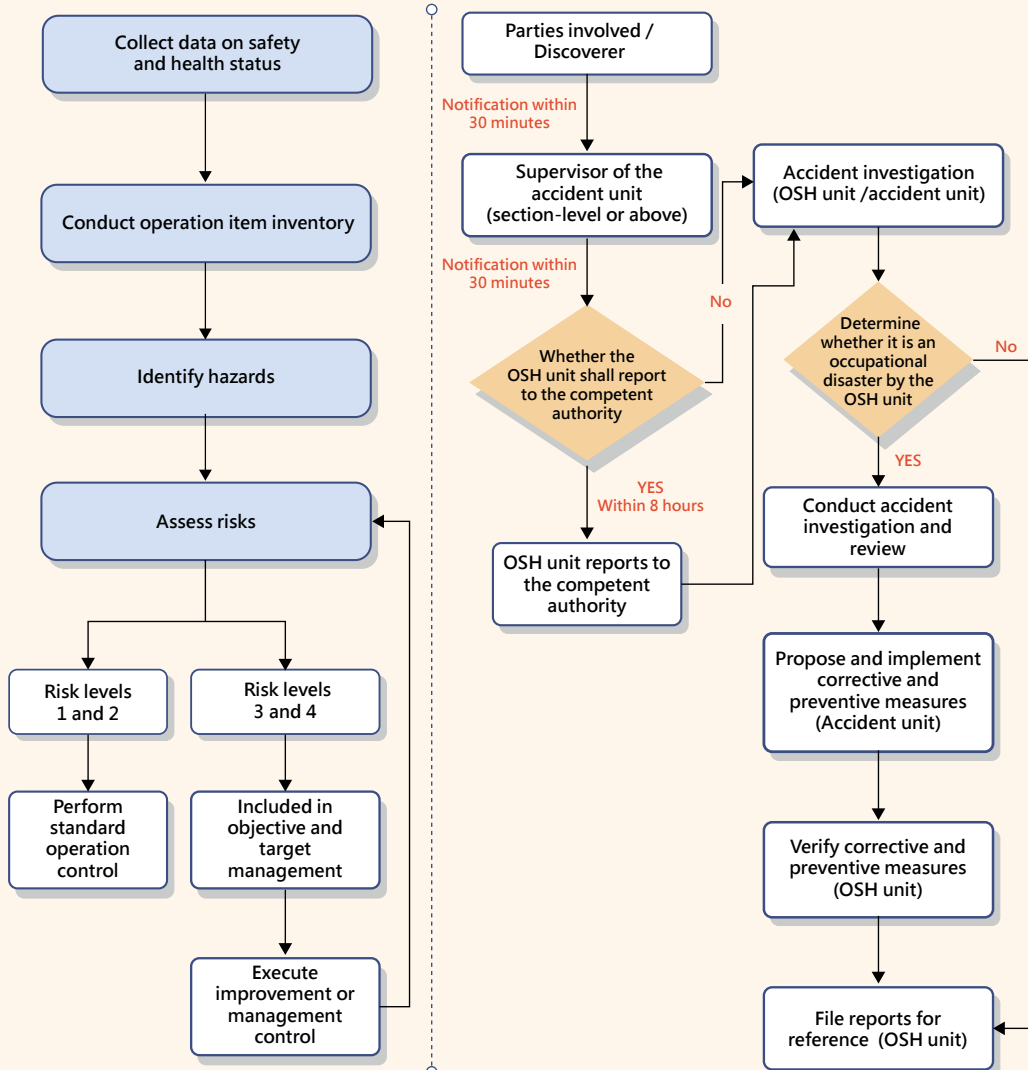
For hazards with medium-level risk or above (Level 3 or 4), the OSH Committee would request relevant units to develop corresponding control measures with progress reviews on improvements carried out semi-annually. We also delve into minor incidents and false alarm incidents to explore feasible and efficient improvement plans and build our own safety culture.





Taiflex takes the cause of each occupational injury seriously and has established response procedures, including notification, investigation and analysis, and subsequent corrective and preventive measures, to prevent the recurrence of incidents with specific and effective improvement measures.

## Assessment Processes



## Management system across all factories

In 2020, Taiflex adopted ISO 45001 management system and obtained relevant certification. In 2022, we took one step further and expanded the coverage to cover all of our factories. In 2023, we obtained the Taiwan Occupational Safety and Health Management System (TOSHMS) certification, which covers all production and non-production sites, areas, equipment and routine/non-routine operations within the Company's operations, as well as activities carried out by external parties on our premises (e.g., provision of facilities and equipment to be operated within the Company, caterers, security, equipment maintenance providers, etc.)

Each factory continues to manage pursuant to the OSH system, and actively sets performance indicators with regular measurements to ensure the effectiveness and feasibility of safety and health management measures.



## OSH System Coverage Rate

Category	Total No. of Persons	Total No. of Persons Covered by the OSH System	Coverage Rate
Employee	803	803	100%
Non-employee worker	24	24	100%



## Management effectiveness above industry average

We attach great importance to occupational disaster management of all stakeholders. The monitoring scope covers employees in the Kaohsiung factories and warehouses (97%), as well as on-site external parties, contractors and other workers (3%). We also perform cause analysis on every occupational disaster, both internal and external, as the basis for risk control, incident prevention and continuous improvement of the OSH system.

All of our occupational injury data had met the internal objectives in 2023 with hard work from all employees, and there were no employee or non-employee fatalities or serious injuries due to occupational disasters. We will continue to reduce potential hazards and environmental risks through education and training, workplace inspections, hazard identification and risk assessment, internal/external audits and other mechanisms to achieve the ultimate goal of zero occupational accidents with FSI below 0.1. Please refer to Appendix I ESG Information - Social Data of this report for detailed information.

Occupational Injury Rate/Index	2021	2022	2023	Target (2023)
No. of reported incident	1	0	0	0
FR	0.63	1.82	0.63	<1.5
SR	4.4	3.64	1.26	<3.6
FSI	0.05	0.08	0.03	<0.1
Fatal occupational injury rate	0	0	0	0

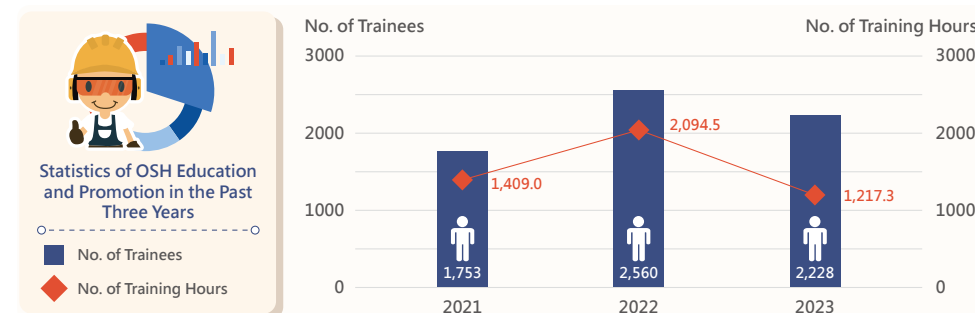
Note:

- Occupational injuries exclude traffic accidents
- FR = Number of disabling injury / Total hours worked × 1,000,000
- SR = Number of working days lost (excluding the number of fatality) / Total hours worked × 1,000,000
- $FSI = \sqrt{((FR \times SR)/1,000)}$
- Fatal occupational injury rate = Number of fatality from occupational injury / Total hours worked × 1,000,000
- Taiflex' s target of FSI < 0.1 surpasses the 3-year average of 0.16 and 0.14 of the electronic component manufacturing industry and the semiconductor industry, respectively. (Source: Occupational Safety and Health Administration of Ministry of Labor)

## 5.3.2 Work disaster prevention

In order to eliminate potential operation hazards, the OSH Management Division carries out internal voluntary inspections on a monthly basis. Audits are conducted on five major areas within the daily operation, i.e., chemicals, machinery and equipment, on-site environment, fire safety equipment and waste treatment, to ensure the effectiveness of the existing management controls and monitor the improvement progress until it is completed.

To instill the culture of workplace safety and health, and to promote safety and health protection and operational safety awareness among employees, the Company regularly organizes on-the-job training for existing employees. New recruits are to attend the general OSH education and training when they report to work. Assessments would be conducted to establish fundamental occupational safety concepts. Please refer to Appendix I ESG Information - Social Data of this report for detailed annual training information.







## Safety audits and counseling for partners (contractors, suppliers and lessors)

In view of the fact that many occupational hazards do not happen to employees but to non-employees, Taiflex strives to enhance the safety of our work environment. We collaborate with on-site lessors through mutual support with regular safety meetings held by both parties to strengthen the safety of the common operating environment. Personnel of contractors entering the premises must undergo safety and health education and training beforehand and be informed of operational hazards to ensure the overall safety within the factory.

Taiflex also conducts regular audits on all partners in accordance with the supplier management procedures, with strengthened supervision and management measures for contractors performing high-risk operations on site in particular. Deficiencies identified during audits shall be improved by the prescribed deadlines, otherwise there will be fines or penalties including work suspension. In 2023, we audited and provided assistance to four suppliers, with 14 negative observations identified.



### Risk identification prior to work

Hazard identification and operational safety analysis of the operating environment prior to work and to ensure all personnel receive relevant education and training prior to operations.



### Annual contractor conference and daily safety briefing before work

Annual contractor conference to explain the safety practices in the factory. Precautionary measures, work details, safety and health regulations, protective gears and associated risks are addressed in daily toolbox meeting.

### On-job inspection

Daily on-site safety inspections are carried out. The inspector has the right to interrupt the work and notify the responsible unit.

### Documentation after work

Once the work is completed, work forms of the day would be organized and submitted to the personnel in charge for reference.



## Emergency drills

The Company regularly conducts various emergency drills to assess the feasibility and applicability of the overall emergency response measures in the event of a disaster. Starting from 2021, we have included stakeholders such as contractors and lessors in our emergency drills to enhance the multi-hazard disaster response and prevention concept of both internal and external parties, thereby improving the effectiveness of our disaster notification and communication system. In 2023, we have continued with these practices to ensure comprehensive training for all types of workers in all factories, aiming to minimize the damage of potential disasters and accidents.



Observation and Training of Multi-hazard Disaster Responses



Firefighting and Rescue



Toxic Disaster Response



Toxic Chemical Spills



Decontamination Procedures



Accident Notification and Evacuation





### 5.3.3 Employee health management

At Taiflex, our goal extends beyond achieving zero workplace accidents. We recognize that employee health is fundamental to the stable operation of our business. Therefore, we provide comprehensive workplace health management services to our employees. Through various management measures, professional consultations, courses, and activities, we are committed to promoting the physical and mental well-being of our employees.



### Work Environment Assessment

Unsafe work environment and practices may result in occupational disease or injuries. Besides direct damage on the safety and health of employees, it has an indirect impact on the Company's productivity. In order to improve the physical and mental health of employees, Taiflex conducts regular assessments on five major types of physical and mental injuries and implements improvement and enhancement measures to prevent the occurrence of occupational hazards and injuries.

	Sustainable management	Enhanced measures	Results
Chemical / Physical	<ul style="list-style-type: none"> <li>Monitor the environmental concentration at operation areas containing chemicals to ensure safety, and measure the noise level and exposure risk</li> <li>Health risk stratification for employees taking special health examinations</li> </ul>	<ul style="list-style-type: none"> <li>Reduce noise pollution with sound-proofing works, and bolster protective gears and training</li> </ul>	<ul style="list-style-type: none"> <li>✓ 100% compliance with environmental concentration</li> <li>✓ 100% health counseling rate</li> </ul>
Ergonomic	<ul style="list-style-type: none"> <li>Regular examinations on musculoskeletal conditions of employees and monitor employees taking sick leaves for musculoskeletal disorders</li> <li>Analyze and investigate the situation to conduct hazard assessment on possible high-risk workplaces</li> </ul>	<ul style="list-style-type: none"> <li>Install and optimize labor-saving devices</li> <li>Health guidance and operation improvements for employees with suspected musculoskeletal disorders</li> </ul>	<ul style="list-style-type: none"> <li>✓ Continuous installation of labor-saving devices</li> <li>✓ 22 employees requiring management had received care guidance</li> </ul>
Psychological	<ul style="list-style-type: none"> <li>Establish psychological consultation mechanisms</li> <li>Conduct surveys regularly on the mental load of employees</li> </ul>	<ul style="list-style-type: none"> <li>Take the initiative in conducting interviews and referrals for employees with excess fatigue</li> </ul>	<ul style="list-style-type: none"> <li>✓ 6 referrals to professional psychologist counseling in 2023 (3 referrals in 2022)</li> </ul>
Maternity Protection	<ul style="list-style-type: none"> <li>Regular inventory of the maternal hazard at workplace</li> <li>Conduct maternal care interviews.</li> <li>Assess operational hazards</li> </ul>	<ul style="list-style-type: none"> <li>Unit heads take the initiative to adjust the work scope</li> </ul>	<ul style="list-style-type: none"> <li>✓ 7 employees requiring management in 2023</li> <li>✓ Job adjustment for a total of 2 employees with Level 2 risk</li> </ul>

### Implement health monitoring


The Company engages accredited hospitals to provide employees who have been employed for more than one year with free annual health check-ups that are superior to regulatory requirements, as well as special health examinations for those involved in tasks with special health hazards to verify whether there is any health impact from their work environment or tasks. We take the initiative to arrange employees with abnormal health examination results, maternal employees, employees with excessive workloads as well as ones impacted by occupational disasters to consult with medical specialists. For employees classified as above the stratification, the on-site doctors would evaluate the health status and job functions of these employees to advise on the appropriateness of job arrangements.

For an effective implementation of health check-ups and as the foundation for workplace health promotion and occupational disease prevention, we provide health check-up leave with pay. Additionally, employees' family members can undergo health check-ups at a group discount rate. We encourage employees to care about their health conditions. In 2023, the compliance rate with health check-up regulations was 100% with zero cases of occupational disease.

#### Number of Participants in Health Check-ups in the Past Three Years

Item/Year	2021	2022	2023
General health check-ups	680	692	755
Special health check-ups	120	107	99

#### Health Passport

Cardiovascular disease management	72 high-risk employees received work-hour management and health guidance	
Maternal health protection	Assisted 7 maternity colleagues with work environment assessment and health care	
Respiratory protection with physiological assessment	Physiological assessment for 204 employees with respiratory protection needs	
Occupational musculoskeletal symptom prevention	Provide health education and guidance to 26 colleagues with suspected musculoskeletal symptoms	

In 2023, we introduced reserved parking, identification cards, and special gifts for expectant mothers



## Health promotion activities

Through the use of the internal employee portal, Taiflex electronically manages employee health and continuously improves healthcare efficiency. At the same time, we have established a Safety and Care Zone as well as an Employee Assistance Section to help colleagues detect physical and mental health issues, receive timely treatment, and adopt healthy lifestyles, thereby improving individuals' health conditions. We also use the UOF mobile app to promptly notify employees of any health abnormalities along with comprehensive health education information, as well as offer updates on the latest health knowledge and resources available.

	Activities	Description
1	Provision of health information	<ul style="list-style-type: none"> <li>• Provided 33 pieces of health-related information</li> <li>• Total page views increased by 15% (compared to 2022)</li> </ul>
2	Health seminar	<ul style="list-style-type: none"> <li>• 9 online seminars and courses</li> <li>• A total of 422 participants</li> </ul>
3	Weight management & weight loss program (Based on statistics for 2023)	<ul style="list-style-type: none"> <li>• Number of employees achieving the target: 44 employees</li> <li>• Reduction in kg: 372.7 kg</li> <li>• Average weight loss in kg in the past three years: 2023 (8.5) &gt; 2022 (7.8) &gt; 2021 (7.3)</li> <li>• Weight maintenance rate after weight loss: 2023 (41%) &lt; 2022 (46%) &gt; 2021 (43%)</li> </ul>
4	Blood donation events	<ul style="list-style-type: none"> <li>• No. of participants: 26 employees (including other stakeholders)</li> </ul>
5	Free influenza vaccine administration	<ul style="list-style-type: none"> <li>• No. of participants: 10 employees (&gt; 3 employees in 2021)</li> </ul>
6	Charity road race	<ul style="list-style-type: none"> <li>• A total of 68 participants</li> </ul>
7	Basketball game - sports competition	<ul style="list-style-type: none"> <li>• A total of 273 participants (2 times)</li> </ul>

## 5.4 Care for Children and Youth

Since the establishment of Kaohsiung City Youth Care Association in 2012, Taiflex has been actively involved with youth care for more than 10 years, as we believe that caring for youth means caring for the future. Underprivileged youth, in particular, need more care and support to explore the society during their growth, as care helps to eliminate negative emotions, such as poverty, loneliness and low self-esteem, and encourages the development of self-confidence, responsibility and creativity. These supports are not only for their personal well-being and growth, but also for a more harmonious and stable society by promoting equality and inclusion.

The Kaohsiung City Youth Care Association was formerly the Youth Care Club, a charity club initiated by our employees. The Association was registered with the Social Affairs Bureau of Kaohsiung City Government in 2012. Concurrently, the Taiflex Volunteers was established. By combining internal and external resources, we actively cultivate core competencies of youth through collaborative events in order to build confidence and deepen their cultural knowledge, as well as to extend our social influence.

In 2023, the Kaohsiung City Youth Care Association formulated its annual plan based on the four themes of "Scholarships for Education," "Diverse Experiences," "Industry-Academia Collaboration" and "Arts and Culture Sponsorships." Together with the Taiflex Volunteers, they provided care, support, and educational assistance to economically disadvantaged families and youth nationwide. In addition, Taiflex supported activities such as the campus green space sponsorship and ones organized by the Friends of the Police Association. A total of 50 volunteers were involved with a spending of NT\$1.12 million.

List of Charity Activities		
Type	Charity Activity	Description
Scholarships for education	School sponsorship	Donations to the student assistance program (3 students) of Siao Gang Senior High School; Sponsorship for five surviving family members of deceased colleagues to complete their education
Diverse experiences	Kaohsiung study tours	Teamed up with Puren Youth Care Foundation to organize the Kaohsiung study tours
Industry-academia collaboration	EDU Power	Filial piety promotion and environmental conservation activities (funded by the National University of Kaohsiung's industry-academia collaboration program)
	NSYSU Youth Leadership Development Camp	Organized the "Youth Leadership Development Camp" with the NSYSU elementary school service unit
	National Cheng Kung University 3Q Teen Leadership Camp	Organized the "3Q Teen Leadership Camp" in collaboration with National Cheng Kung University
Arts and culture sponsorships	Free Movie Event for Charity at Christmas	Held a free movie event for charity - Big
	Neo-Classical Chamber Ensemble	Sponsored the 2023 new production - soundscape documentary music theatre "25' s Qijin White Roses Chronicle," which transformed the history of shipwrecks between Qijin and Kaohsiung Export Processing Zone into reflections on shared human values
	Kaohsiung Qianzhen Technology Industrial Park - Blood donation events	Sponsored goods as gifts for the event, where 10,000 c.c. of blood was donated
Others	Taiflex Bike Commuting	Co-organized the Taiflex Bike Commuting with Taiflex Cycling Club
	Green neighborhood - green space sponsorship	Participated in the Environmental Protection Bureau's green space sponsorship at air quality purification zone to contribute to better air quality and greening of the environment for future generations
	TPCA Environment Foundation Sharing Event	Sponsored the 2023 ECO Expert Campus Sharing Sessions organized by the TPCA Environment Foundation
	Activities of the Friends of the Police	Sponsored activities of the Southern Region Office under the Second Special Police Corp in 2023 Donated to the anti-counterfeit fund of the Office of Criminal Investigation Division under the Second Special Police Corps in 2023



## Diverse experiences: Kaohsiung study tours x Taiflex company visit x MR Experience

Taiflex organized the Kaohsiung study tours in collaboration with Puren Youth Care Foundation, taking students out of the classrooms to explore Kaohsiung. The tours aimed to impart knowledge and culture, broaden perspectives, and give valuable experiences in innovation. In 2023, students visited the Pier-2 Art Center and participated in reality puzzle-solving activities to deepen their understanding of Hamasen and the historical and cultural significance of Kaohsiung Harbor. They also gained insights into the current status and future trends of the technology industry through MR experiences and visits to Taiflex' s production lines.



"I learned a lot of different knowledge during the Kaohsiung study tours. It was a fun experience of learning while playing, and having the opportunities to interact with friends from different cities! - Student Sun from Tou-Wu Junior High School"

## Industry-academia collaboration: Youth Leadership Development Camp, 3Q Teen Leadership Camp, EDU Power

(1)Youth Leadership Development Camp - Co-organized by Kaohsiung City Youth Care Association, NSYSU Leadership Club and Leadership Club of National Kaohsiung Normal University, the camp adopted the anime "Demon Slayer: Kimetsu no Yaiba" as the theme. Through drama, storybook sharing, and discussions, it provided teenagers with an engaging and educational learning environment. The camp aimed to help children with self-discovery and self-affirmation, and to grow through teamwork.



(2)3Q Teen Leadership Camp - Co-hosted by Kaohsiung City Youth Care Association and the leadership clubs of National Cheng Kung University, National University of Tainan, Chang Jung Christian University, Tainan University of Technology, National Sun Yat-sen University, National Kaohsiung Normal University, National University of Kaohsiung and Kaohsiung Medical University, the camp guided youths to enhance their Intelligence Quotient (IQ), Emotional Quotient (EQ) and Practical Quotient (PQ) in the era of robust artificial intelligence (AI) developments. It also cultivated gratitude, empathy, self-discipline, leadership, and other critical core values to generate positive impact.



"Even with many disadvantaged groups in the world, there are always people willing to take action to help the society, making it more beautiful and better. This visit inspired me and touched my heart. I hope more people can dedicate themselves to developing sustainable communities, so that more resources can be utilized sustainably. - Student D"



(3)EDU Power - Through the industry-academia collaboration between our Sustainable Development Center and the National University of Kaohsiung, Kaohsiung City Youth Care Association teamed up with students from Chung-Shan Industrial & Commercial School to practice zero waste and recycling at the Tzu Chi Recycling Center in Daliao, demonstrating the concept of loving oneself, caring for others, and cherishing the earth through concrete actions. At the end of the year, we joined the charity event organized by Chung-Shan Industrial & Commercial School with family gatherings of three generations showing respect for the elderly and care for the youth, to promote filial piety and environmental conservation, as well as to build a caring and sustainable society that advocates for the disadvantaged.







## ■ Arts and culture sponsorships: Free movie event for charity at Christmas - “BIG” and the new production of Neo-Classical Chamber Ensemble

(1) Free movie event for charity at Christmas - Kaohsiung City Youth Care Association invited students and teachers from Wun-Shan Senior High School, along with private voluntary organizations such as Puren Youth Care Foundation, Sunshine Social Welfare Foundation, and the Syin-Lu Social Welfare Foundation to the screening of Big, a film directed by Te-Sheng Wei. The movie depicts heartwarming stories of children and teenagers from diverse social backgrounds staying in the “816” ward battling cancer. It sends a warm and inspiring message to enhance social resilience.



“Watching the charity movie with classmates on a cold night made us feel physically and emotionally warm afterwards. It helped us realize that we shall take on a positive, active and optimistic attitude and confront challenges in school, family, health and life head on. - Student Chen from Wun-Shan Senior High School”

(2) Kaohsiung City Youth Care Association sponsored the new production of Neo-Classical Chamber Ensemble in 2023, “Soundscape Documentary Music Theatre-25’ s Qijin White Roses Chronicle.” The musical drama is based on the shipwreck tragedy 50 years ago involving the deaths of female workers commuting between Qijin and Kaohsiung Export Processing Zone. It transforms the tragedy into reflections on shared human values and a tribute to human life and dignity. Kaohsiung City Youth Care Association sponsored the public performance with a total of NT\$200,000. Furthermore, Taiflex arranged for the Ensemble to perform at the 2023 Taiflex year-end party with an audience of thousands to enhance its exposure.



Kaohsiung City Youth Care Association sponsored the Neo-Classical Chamber Ensemble and arranged for its performance at the 2023 Taiflex year-end party with an audience of thousands.

## ■ Green neighborhood: Participated in the Environmental Protection Bureau’ s sponsorship program for air quality purification zone through continuous sponsorship of green spaces in elementary schools at Qianzhen District

In support of SDG 3 Good Health and Well-being, SDG 13 Climate Action, and SDG 17 Partnerships for the Goals, Taiflex has adopted green spaces in RuiFeng Elementary School and Aicyun Primary School at Qianzhen District through the green space sponsorship program initiated by the Bureau of Environmental Protection, Kaohsiung City Government since 2021. This initiative not only improves the air quality of neighborhood areas but also supports ongoing campus greening efforts, contributing to the vision of Kaohsiung as a green ocean city.



Taiflex received the “Community Contribution Excellence Award” in 2022 and the “Distinction Award” from Environmental Protection Administration in 2023 for green space sponsorship at air quality purification zone. These recognitions highlight Taiflex’ s collaborative efforts with the Bureau of Environmental Protection in safeguarding green spaces for future generations.







## Proposal for Bike Commuting



### SPECIAL COLUMN

In 2023, the Taiflex Cycling Club promoted a bike commuting initiative, encouraging cycling to work and improving the usage rate of low-carbon transportation in Kaohsiung. This initiative was well received by colleagues.

During the campaign from October to December 2023, colleagues were bonded through the event, sharing commuting experiences with each other. Some would ride their bicycles directly to work and park in the motorcycle parking lots, while others would adopt a combination of MRT and U-bike, which not only saved the costs of acquiring and maintaining a bike but also benefited from transfer discounts or bundled offers of the MRT monthly pass. Unless a frequent use of car or motorcycle is required at work, cycling to work is an easily accessible activity to take on.

During the campaign, the Taiflex Cycling Club promoted safety practices, requiring everyone to wear safety helmets and use bicycle lights. It also collaborated with the police and officers of the export processing zone to advocate for and enforce the ban on motorcycles

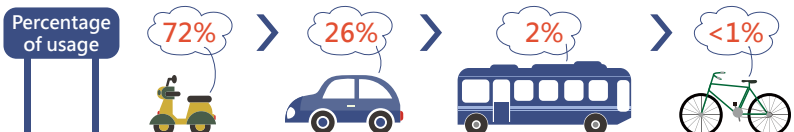
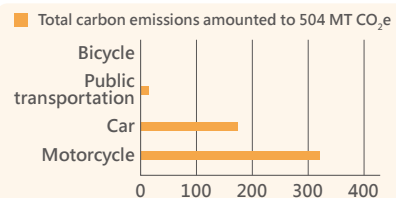
in bike lane, as well as to maintain the street lights along the bike lane for a cyclist-friendly commuting route. Moreover, through commuting surveys and discussions, the Club analyzed important factors concerning bike commuting and identified traffic safety, shower facilities, and weather as primary considerations. The Company also provided ample support by offering access to shower facilities and toiletries.

The bike commuting initiative promoted communication among employees. They discovered the fantastic benefit of time saved from workouts after work by combining commuting with exercise. There were also discussions on safer traffic routes and the advantages of separating bike and motorcycle lanes. Furthermore, the calculation of carbon reduction effectiveness brought a sense of achievement and satisfaction.

Colleagues who originally had doubts about the feasibility of cycling to work discovered unexpected surprises and fun once started, as they were able to enjoy the natural scenery on top of having an uplifted mood. Both their physical and mental health were noticeably improved, and they could feel daily progress with an app tracking relevant data. The number of rides and carbon reduction benefits had doubled during the period. Since October, the number of participants had climbed steadily along with a monthly increase in the number of rides, which reached 207 rides in December for a total distance exceeding 1,620 kilometers and a CO<sub>2</sub> reduction of 154 kg. The success of the bike commuting initiative left everyone with fond memories.

### Relationship Between Transport Modes and Carbon Emissions

During the campaign period  
Cycling over 3,089 km  
CO<sub>2</sub>e reduction of 377 kg



# 6

# Appendix

**Appendix I: ESG Information**

**Appendix II: Sustainability Report Assurance Statement**

**Appendix III: Comparison Table of GRI Standards**

**Appendix IV: Comparison Table for SASB Sustainability Accounting Standards - Industrial Machinery & Goods**

**Appendix V: Comparison Table of Sustainability Disclosure Indicators - Electronic Parts and Components Industry of the Taiwan Stock Exchange Corporation  
"Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"**

**Appendix VI: Climate-related Information of TWSE/TPEX-listed Companies Subjected to the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"**

**Appendix VII: Comparison Table of SDGs**





## 6 Appendix

### Appendix I ESG Information

#### Governance Information

##### Overview of Board members

Note: V competent; ★ partially competent

Title	Name	Gender	Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Industry Experience				Professional Competence			
					Finance	Investment	Information and Electronics	Materials Science	Law	Accounting and Finance	Business Management	Risk Management
Chairperson	Ta-Wen Sun	Male	Bachelor of Business Administration, Fu Jen Catholic University	<ul style="list-style-type: none"> <li>Chairperson of Taiflex Scientific Co., Ltd.</li> <li>Director of Rudong Fuzhan Scientific Co., Ltd.</li> <li>Chairperson of Qiao Mei Development Corporation</li> <li>Chairperson of You Ben Investment Co., Ltd.</li> <li>Chairperson of Innatech Co., Ltd.</li> <li>Director of Enli Technology Co., Ltd.</li> <li>Chairperson of Taichem Materials Co., Ltd.</li> <li>Chairperson of Taiflex Green Power Co., Ltd.</li> <li>Director of Taiflex Scientific (Thailand) Co., Ltd.</li> </ul>	★	V	V	★		V	V	V
Director	Ching-Yi Chang	Male	Master of Business Administration, National Chengchi University	<ul style="list-style-type: none"> <li>Chairperson of the CID Group Ltd.</li> <li>Chairperson of LandMark Optoelectronics Corporation</li> <li>Director of Entire Technology Co., Ltd.</li> <li>Director of Eurocharm Holdings Co., Ltd.</li> <li>Director of Epoch Foundation</li> <li>Independent Director of Jetway Information Co., Ltd.</li> </ul>	V	V	V	V		V	V	V
Director	Chein-Ming Hsu	Male	<ul style="list-style-type: none"> <li>Bachelor of Electrical Engineering, Chung Yuan Christian University</li> <li>CEO of 3M Thailand Limited</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chairperson of Taiflex Scientific Co., Ltd.</li> <li>Corporate Representative Director of Taiflex Green Power Co., Ltd.</li> </ul>			V	V			V	V
Director	Re-Zhang Lin	Male	Bachelor of Accounting, Soochow University	<ul style="list-style-type: none"> <li>Corporate Representative Director of Taiflex Scientific Co., Ltd.</li> <li>Chairperson of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>Corporate Representative Director of Fine Blanking &amp; Tool Co., Ltd.</li> <li>Corporate Representative Director of Launch Technologies Co., Ltd.</li> <li>Corporate Representative Director of Advanced International Multitech Co., Ltd.</li> </ul>		V	★	★		V	V	V



## Overview of Board members (Continued)

Note: V competent; ★ partially competent

Title	Name	Gender	Education and Selected Past Positions	Selected Present Positions at Taiflex and Other Companies	Industry Experience				Professional Competence			
					Finance	Investment	Information and Electronics	Materials Science	Law	Accounting and Finance	Business Management	Risk Management
Director	Chun-Chi Lin	Male	<ul style="list-style-type: none"> <li>EMBA, College of Management, National Taiwan University</li> <li>President of KANTO-PPC Inc.</li> <li>Executive Vice President of Global Unichip Corporation</li> <li>CEO of Xintec Inc.</li> <li>CEO/President of VisEra Technologies Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director of Silicon Optonics, Inc.</li> <li>Independent Director of M31 Technology Corporation</li> <li>Chairperson of Taiwan Electron Microscope Instrument Corporation</li> <li>Chairperson of Chi Investment Limited</li> <li>Corporate Representative Director of Stek Co., Ltd.</li> <li>Supervisor of AcroCyte Therapeutics Inc.</li> </ul>		V	V	V		★	V	V
Director	Fu-Le Lin	Male	Ph.D. in Polymer Science, University of Akron, USA	<ul style="list-style-type: none"> <li>Senior R&amp;D Director of Taiflex Scientific Co., Ltd.</li> <li>Corporate Representative Director of Koatech Technology Corporation</li> </ul>			V	V			V	V
Independent Director	Wen-I Lo	Male	<ul style="list-style-type: none"> <li>Master of Business Administration, National ChengChi University</li> <li>Vice President of CDIB Capital Management Corporation</li> <li>President of China Venture Management, Inc.</li> <li>President of R.O.C. Strategic Company Ltd.</li> <li>President of R.O.C. Venture Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson of CSX Material Co., Ltd.</li> <li>Independent Director of ADO Optonics Corporation</li> <li>Corporate Representative Director of Gemtek Technology Co., Ltd.</li> <li>Corporate Representative Director of PCL (Hsinchu) Co., Ltd.</li> <li>Chairperson of FengYi Capital Management Co., Ltd.</li> <li>Corporate Representative Supervisor of REC Technology Corporation</li> <li>Chairperson of Apex Action Investment Limited</li> <li>Supervisor of Wholesenses Global Corp.</li> </ul>	V	V	V	★	V	V	V	V
Independent Director	Yung-Shun Chuang	Male	Honorary Doctorate, National Taiwan University of Science and Technology	<ul style="list-style-type: none"> <li>Chairperson of AAEON Technology Inc.</li> <li>Chairperson of EverFocus Electronics Corporation</li> <li>Chairperson of ONYX Healthcare Inc.</li> <li>Chairperson of Jetway Information Co., Ltd.</li> <li>Director of MACHVISION Inc.</li> <li>Director of King Core Electronics Inc.</li> <li>Director of CHC Healthcare Group</li> <li>Corporate Representative Director of Winmate Inc.</li> <li>Corporate Representative Director of XAC Automation Corporation</li> <li>Director of AtechOEM Inc.</li> <li>Corporate Representative Director of IBASE Technology Inc.</li> <li>Director of Litemax Electronics Inc.</li> <li>Director of Allied Biotech Corporation</li> <li>Independent Director of Top Union Electronics Corp.</li> </ul>			V	V		★	V	V
Independent Director	Shi-Chern Yen	Male	Ph.D. in Chemical Engineering, University of Wisconsin	Independent Director of Taiflex Scientific Co., Ltd.			V	V			V	V





## Continuing education of Directors in 2023

Title	Name	Course	Duration	Total Hours
Chairperson	Ta-Wen Sun	2023 Seminar on Prevention of Insider Trading	3	6
		2023 Taishin Net Zero Summit	3	
Director	Ching-Yi Chang	Corporate Governance and Corporate Social Responsibility: Trends and Best Practices	3	6
		Securities Illegality and Responsibility of Directors and Supervisors	3	
Director	Chein-Ming Hsu	Legal Risks and Responses to Corporate Investment and Financing - From the Viewpoint of Directors' Responsibilities	3	6
		Risks and Opportunities of Climate Change on Business Operations	3	
Director	Re-Zhang Lin	2023 Seminar on Prevention of Insider Trading	3	6
		Corporate Governance Seminar	3	
Director	Fu-Le Lin	How Would the Board Formulates ESG Sustainable Governance Strategies	3	6
		Corporate Growth Strategy and Open Innovation	3	
Independent Director	Wen-I Lo	Protection of Trade Secret and Non-competition	3	6
		Global and Taiwan Tax Reforms and Corporate Tax Governance under ESG Trends and Pandemic	3	
Independent Director	Shi-Chern Yen	Promoting Sustainable Development through Risk Management - Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3	6
		Commercial Litigation and Dispute Resolution in Practice	3	
Independent Director	Yung-Shun Chuang	Corporate Governance Seminar	3	6
		Directors and Supervisors Seminar - "Corporate Resilience and Competitiveness of Taiwan"	3	
Director	Chun-Chi Lin	Global and Taiwan Tax Reforms and Corporate Tax Governance under ESG Trends and Pandemic	3	6
		Legal Risks and Responses to Corporate Investment and Financing - From the Viewpoint of Directors' Responsibilities	3	



## Economic Data

### Condensed statements of comprehensive income over the years

Item/Year	2021	2022	2023
Net revenue (In thousands of NT\$)	9,405,002	8,721,875	8,150,519
Operating Costs (In thousands of NT\$)	6,607,973	5,059,307	4,395,498
Gross profit (In thousands of NT\$)	2,198,643	2,078,863	1,791,507
Operating income (In thousands of NT\$)	948,808	648,080	487,598
Non-operating income and expenses (In thousands of NT\$)	-7,994	229,233	-5,279
Income before income tax (In thousands of NT\$)	940,814	877,313	482,319
Net income (In thousands of NT\$)	744,862	691,713	360,723
Total comprehensive income (In thousands of NT\$)	758,884	662,244	528,248
Earnings per share (NT\$)	3.51	3.35	2.02
Employee benefits (In thousands of NT\$)	31,507	28,197	27,764
Dividends (In thousands of NT\$)	522,799	522,799	313,680
Employee wages (including employee benefits) (In thousands of NT\$)	1,176,330	1,316,059	1,196,958
Retained economic value (In thousands of NT\$)	880,037	1,602,168	2,089,352
Payments to providers of capital (In thousands of NT\$)	543,597	558,005	346,136
Payments to government (In thousands of NT\$)	196,002	185,636	171,596
Community investment (In thousands of NT\$)	1,063	700	928

Notes:  
1. Payments to providers of capital refer to dividends to all shareholders, plus interest payments to lenders (including interests on any form of debt or borrowings), and dividends payable to preferred shareholders.

2. Payments to government refer to all taxes (including business tax, income tax, property tax) and fines.

3. Employee benefits within the "employee wages (including employee benefits)" include labor and health insurance premiums and pensions, i.e., total monetary benefits provided to employees (excluding costs related to education and training or protective equipment, or other costs directly related to employees' job responsibilities). As for the line item "employee benefits," it refers to the amount appropriated by the Company to the "Employee Welfare Committee" for employee benefits, such as trips, health check-ups, holiday gifts, etc., i.e., total non-monetary benefits provided to employees.

4. Community investment refers to donations and contributions.

5. Retained economic value: "Direct economic value generated" - "Economic value distributed."

6. We have restated the amounts of employee wages (including employee benefits) and retained economic value for 2021 and 2022 based on numbers audited by the CPAs.

7. We have restated the amounts of payments to government for 2021 and 2022 as the numbers in the previous report were incorrect.



## Government subsidies in 2023

In NT\$

Project	Government Agency	Amount of Subsidy
Subsidy for investments on promotion of industry developments	Kaohsiung City Government	2,636,469
Youth Employment Project	Workforce Development Agency	565,839
Counseling Program for Industrial Upgrading Innovation Platform (5G high-frequency FCCL)	Industrial Development Administration, Ministry of Economic Affairs	81,084,000
2023 minimum wage subsidies for businesses affected by Covid-19	Commerce Development Research Institute, Executive Yuan	77,280
Smart machinery	Industrial Development Administration, Ministry of Economic Affairs	21,833,136
R&D investment tax credit	Industrial Development Administration, Ministry of Economic Affairs	189,235,511
Total		295,432,235

## Purchases overview over the years

Contract Type	Source	2021		2022		2023	
		No.	% to Total Purchases	No.	% to Total Purchases	No.	% to Total Purchases
Labor (Contracting and Services)	Domestic	11	0.66%	11	0.83%	8	0.17%
	Overseas	0	0	0	0	0	0
Goods (Raw Materials)	Domestic	59	79.27%	56	82.84%	63	86.54%
	Overseas	10	12.3%	7	11.04%	11	11.52%
Engineering (Construction and Equipment)	Domestic	23	3.8%	25	5.11%	22	1.76%
	Overseas	2	3.97%	1	0.18%	2	0.01%
Total		105	100%	100	100%	106	100%



## List of industry associations in 2023

Industry Associations, Other Member Associations and National or International Advocacy Organizations	Eligibility (Position)
Taiwan Printed Circuit Association (TPCA)	Director
Taiwan Technology Industrial Park Electrical and Electronic Manufacturer' s Association	Member / Representative of supervisor
Association of Industrial Relation of Export Processing Zone	Member

## Environmental Data

### Material recovery over the years

Year	Category	Recycled Volume (MT)	Method of Disposal		Reuse Rate of Recycled Volume
			Outsourced for Reuse (MT)	Recycled from Production Line (MT)	
2021	NMP	379.35	60.35	319.21	84.15%
	MEK	124.16	54.95	69.21	55.74%
2022	NMP	306.07	19.25	286.82	93.71%
	MEK	153.76	70.13	83.63	54.39%
2023	NMP	353	126	227	64.31%
	MEK	148.2	57.1	91.1	61.47%





## ■ Recycling of packaging materials over the years

Year		2021			2022			2023		
Item	Category	Recycled	Purchased	Recovery rate	Recycled	Purchased	Recovery rate	Recycled	Purchased	Recovery rate
Plastic pallet	For suppliers	805	7,496	81.04%	530	6,796	76.55%	610	6,136	77.75%
	Recycling	5,270			4,672			4,161		
	For customers	6,324	15,160	41.72%	2,856	14,000	20.40%	3,264	13,972	23.36%
Tube core, end plug and end plate	For suppliers	3,087	3,087	100.00%	3,456	3,456	100.00%	609	3,572	17.05%
Wooden box	For suppliers	866	-	-	877	-	-	569	1,174	48.47%
Total		16,352	-	-	12,393	-	-	9,213	-	-

## ■ Energy consumption of the organization over the years

Quantitative Indicators	Unit	2021	2022	2023	Note
Electricity Consumption	kWh	39,960,616	37,310,040	37,446,055	Notes: 1. Thermal conversion factor for electricity: 1kWh = 0.0036 GJ. 2. Conversion factors are based on the thermal conversion factors in the Greenhouse Gas Emission Factor Table (6.0.4) published by the Environmental Protection Administration: Gasoline = 7,800 kcal/L, diesel = 8,400 kcal/L, and natural gas = 8,000 kcal/m <sup>3</sup> . In addition, the conversion factors adopted in 2021 and 2022 used 1 kcal = 4.184 KJ, while it was 1 kcal = 4.1868 KJ in 2023. 3. Energy intensity = Total energy consumption (GJ) / Taiflex' s parent company only revenue for the year (in thousands of NT\$.)
	GJ	143,858.22	134,316.14	134,805.80	
Gasoline Consumption	L	6,142	5,397	4,660	
	GJ	200.45	176.13	152.19	
Diesel Consumption	L	8,113	7,836	8,243	
	GJ	285.14	275.40	289.89	
Natural Gas (LNG) Consumption	m <sup>3</sup>	2,158,929	2,157,471	1,730,237	
	GJ	72,263.67	72,214.87	57,953.25	
Total Energy Consumption	GJ	216,607.48	206,982.54	193,201.13	
Revenue	In thousands of NT\$	7,671,215	7,287,918	6,837,677	
Energy Intensity	GJ/Thousands of NT\$	0.0282	0.0284	0.0283	



## GHG emissions of the organization over the years

Quantitative Indicators	Unit	2021	2022	2023	Note
Scope 1	MT CO <sub>2</sub> e	10,077.93	10,936.00	7,482.24	1. Scope 1: Direct GHG emissions; Scope 2: GHG emissions from energy use; Scope 3: GHG emissions from transportation; Scope 4: GHG emissions from the use of product. 2. Emission intensity = (Scope 1 + Scope 2) / Taiflex' s parent company only revenue for the year (in thousands of NT\$). 3. Electricity emission factor refers to the electricity GHG emission factor released by the Energy Administration, Ministry of Economic Affairs: 0.509 kg CO <sub>2</sub> e in 2021, 0.495 kg CO <sub>2</sub> e in 2022, and 0.494 kg CO <sub>2</sub> e in 2023. 4. The parameters adopted are based on the Greenhouse Gas Emission Factor Table (6.0.4) published by the Environmental Protection Administration, and the conversion of CO <sub>2</sub> e into the Global warming potential (GWP) adopt the GWP values in the IPCC' s Sixth Assessment Report, where CO <sub>2</sub> =1, CH <sub>4</sub> =27.9, and N <sub>2</sub> O=273. 5. We have restated the GHG emission intensity for 2021 as the number in the previous report was incorrect. 6. The 2022 GHG emission data were based on inventory conducted pursuant to ISO 14064-1:2018 with a third-party verification. Numbers are restated as data are updated based on the inventory results this year. 7. The 2023 data are based on the voluntary inventory conducted in accordance with ISO 14064-1:2018 with the verification by an independent third-party scheduled for late 2024. Results will be disclosed in the next report.
Scope 2	MT CO <sub>2</sub> e	20,340.13	18,215.25	18,498.35	
Scope 3	MT CO <sub>2</sub> e	3,474.88	2,419.29	2,204.84	
Scope 4	MT CO <sub>2</sub> e	77,641.90	49,082.21	45,467.45	
Scope 1~4	MT CO <sub>2</sub> e	111,534.829	80,652.748	73,652.88	
Revenue	In thousands of NT\$	7,671,215	7,287,918	6,837,677	

## Energy conservation programs and savings in 2023

Measures		Expenditure (NT\$10 thousands of dollars)	Savings on Energy	Energy Saving (GJ)	Carbon Reduction (MT CO <sub>2</sub> e)	Note
Electricity	1. Improvements on air conditioning to optimize energy efficiency	5	165,808 kWh	596.91	81.91	1. Thermal conversion factor for electricity: 1kWh = 0.0036 GJ. Electricity emission factor refers to the electricity GHG emission factor released by the Energy Administration, Ministry of Economic Affairs: 0.494 kg CO <sub>2</sub> e in 2023. 2. Conversion factor of natural gas is based on the thermal conversion factors in the Greenhouse Gas Emission Factor Table (6.0.4) published by the Environmental Protection Administration: Natural gas = 8,000 kcal/m <sup>3</sup> and 1 kcal = 4.1868 KJ. 3. Carbon reduction from natural gas is calculated based on emission factors of Taiflex factories in 2023: Taiflex 2 of 2.0717305579 kg CO <sub>2</sub> e/M <sup>3</sup> and Taiflex 3 of 2.0777999360 kg CO <sub>2</sub> e/M <sup>3</sup> .
	2. Replacement of water towers to conserve energy	123.1	221,061 kWh	795.82	109.20	
	3. Installation of frequency converter on equipment to conserve energy	185.3	586,596 kWh	2,111.75	289.78	
	4. Replacement of heat dissipation materials in NMP cooling towers at Taiflex 3	19.5	54,208 kWh	195.15	26.78	
	5. Optimization of FFU in clean room	0	55,631 kWh	200.27	27.48	
	6. Improvement of lighting	22.5	70,736 kWh	254.65	34.94	
	7. Reduction of cooling load to conserve energy	0	228,673 kWh	823.22	112.96	
	8. Adoption of routine operation for ventilators at toilets	0	2,358 kWh	8.49	1.16	
	9. Oven pre-heating with nitrogen to conserve energy	29.1	119,764 kWh	431.15	59.16	
Total		384.5	1,504,835 kWh	5,417.41	743.37	
Natural Gas	10.Replacement of ceramic media within the RRT0 at Taiflex 2 to conserve energy	421	193,070 m <sup>3</sup>	6,466.76	399.99	
	11.Adoption of auxiliary fuel for zeolite rotor concentrator at Taiflex 3 to conserve energy	2,000	44,579 m <sup>3</sup>	1,493.15	92.63	
	Total	2,421	237,649 m <sup>3</sup>	7,959.91	492.62	
Total for 2023				13,377.32	1,235.99	



## Water consumption over the years

Year	2021	2022	2023
Water withdrawal (million liters)	86.210	91.550	89.830
Water discharge (million liters)	39.670	55.010	49.740
Water consumption (million liters)	46.540	36.540	33.200
In-house water recycled (million liters)	2.420	6.850	4.010
Water recycling rate (%)	2.730	6.960	4.270
Revenue (in thousands of NT\$)	7,671,215	7,287,918	6,837,677
Water use intensity (million liters / thousands of NT\$)	0.000011	0.000013	0.000013

Notes:

1. Water consumption = Water withdrawal - Water discharge.
2. Water recycling rate = In-house water recycled / (Water withdrawal + In-house water recycled) × 100%.
3. Water use intensity = Water withdrawal (million liters) / Taiflex' s parent company only revenue for the year (in thousands of NT\$.)

## Effluents discharged over the years

In million liters

Factory/Year	2021	2022	2023
Taiflex 1	0.437	0.446	0.550
Taiflex 2	27.189	26.191	21.317
Taiflex 3	12.042	15.232	13.970
Taiflex 5	-	13.142	13.905
Total	39.668	55.011	49.742



## ■ Wastewater discharge standards and averages over the years

In ppm

Test Items	2021		2022		2023	
	Discharge Standard	Annual Average	Discharge Standard	Annual Average	Discharge Standard	Annual Average
Copper	3.000	0.670	3.000	0.210	3.000	0.210
Suspended solids	450.000	14.460	450.000	60.930	450.000	41.180
Biochemical oxygen demand	450.000	43.730	450.000	91.630	450.000	37.490
Chemical oxygen demand	600.000	98.400	600.000	76.550	600.000	72.060
pH	9.000	8.300	9.000	7.960	9.000	7.860
Water temperature	42.000	26.950	42.000	26.980	42.000	27.290

## ■ ODS statistics over the years

ODS	2021	2022	2023
R22 refrigerant	0.040 MT	0.0046 MT	0.0046 MT

Note: We have restated the refrigerant filling quantities for 2022 based on the verified GHG inventory data for the year.





## Air pollutant emission standards and averages over the years

Test Items	2021			2022			2023		
	Emission (kg/hr)	Emission Standard (ppm)	Annual Average (ppm)	Emission (kg/hr)	Emission Standard (ppm)	Annual Average (ppm)	Emission (kg/hr)	Emission Standard (ppm)	Annual Average (ppm)
VOCs	3.35	None	220	2.96	None	257	1.75	None	146
TSP	0.01	100.00	0.4	-	100.00	-	0.02	100.00	1
SOx	-	-	-	-	-	-	-	-	-
NOx	0.44	150.00	10	-	150.00	-	0.83	150.00	24

Notes:

1. There are currently no emission standards for VOCs. Natural gas combustion does not produce SOx; therefore, testing is not required.

2. Data in the table are historical testing results of Taiflex 2. Units for emission standards and annual testing: mg/Nm<sup>3</sup> for TSP; ppm for NOx and VOCs.

## Waste statistics in 2023

Composition	Hazardous/ Non-hazardous	On-site		Off-site	
Item		Waste Generated (MT)	Processing Method	Waste Generated (MT)	Processing Method
Waste adhesive /solvent <sup>Note 1</sup>	Hazardous	4.01	Prepared for reuse	383.39	Incineration (without energy recovery)
NMP solvent waste	Hazardous	227.48	Prepared for reuse	126.26	Recycling
MEK solvent waste	Hazardous	91.13	Recycling	57.11	Recycling
Copper sludge waste	Hazardous			5.59	Recycling
Mixture containers	Hazardous	-	-	34.96	Recycling
Waste plastic mixture	Non-Hazardous	-	-	29.00	Incineration (with energy recovery)
Waste Rubber Mixture	Non-Hazardous	-	-	4.23	Incineration (with energy recovery)
Waste Paper Mixture	Non-Hazardous	-	-	31.61	Incineration (with energy recovery)
Waste Wood	Non-Hazardous	-	-	227.56	Incineration (with energy recovery)
Liquid Manure	Non-Hazardous	-	-	0.00	Other disposal measures
Waste oil mixture	Non-Hazardous			0.00	Recycling
Scrap CCL	Non-Hazardous			216.76	Recycling



## Waste statistics in 2023 (Continued)

Composition	Hazardous/ Non-hazardous	On-site		Off-site	
Item		Waste Generated (MT)	Processing Method	Waste Generated (MT)	Processing Method
Pure copper foil	Non-Hazardous			6.80	Recycling
Scraps/Scrap cover-layers <sup>Note 2</sup>	Non-Hazardous	-	-	157.25	Incineration (with energy recovery)
Release paper <sup>Note 3</sup>	Non-Hazardous			25.60	Recycling
General recycling	Non-Hazardous	-	-	120.44	Recycling
Wood pallets <sup>Note 4</sup>	Non-Hazardous	-	-	2.80	Recycling
Empty drums	Non-Hazardous	-	-	39.00	Recycling
Plastic pallet	Non-Hazardous			33.74	Recycling

Notes:

- The statistics were included as we commenced on-site adhesive washing from August 2023.
- The term "general recycling (waste plastic)" was changed to "scraps/scrap cover-layers" in 2023.
- "Release paper" was included as we started to separate release paper and PI films of composite materials in August 2023.
- "Pallet recycled for suppliers" in the 2022 sustainability report was removed from the waste composition table in 2023. Instead, the wood pallets category reflected the reuse of wooden pallets by J.Shine International Logistics Co., Ltd. from November 2023.

## Transfer of hazardous/non-hazardous waste in 2023

Composition	Hazardous Waste		Non-Hazardous Waste		Total	Notes: 1. Transfer during disposal: Recycling; Direct disposal: Incineration (with energy recovery), incineration (without energy recovery), landfill. 2. Recycling rate is calculated as: Recycled waste volume / Total waste volume × 100%.
Processing Method	On-site	Off-site	On-site	Off-site		
Transfer during disposal	322.62	223.92	0.00	445.14	991.68	
	546.54		445.14			
Direct disposal	0.00	383.39	0.00	449.65	833.04	
	383.39		449.65			
Total	929.93		894.79		1824.72	
Total waste	1824.72					
Recycling rate	54.35%					



## Social Data

### Employee statistics over the years

In person

Year	2021			2022			2023			Notes: 1. Number of employees is based on data as of the last day of the year. 2. Regular employees are ones with an open-ended (i.e., no time limit) contract. Temporary employees are ones with a fixed-term (i.e., a fixed period) contract. The monthly working hours of full-time employees are defined in accordance with the working hour laws and practices of the Republic of China. Part-time employees are ones whose working hours per week, month or year are fewer than that of full-time employees.
Contract type / Gender	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Total number of employees	203	665	868	200	656	856	199	604	803	
Regular employees	193	631	824	198	639	852	191	579	770	
Temporary employees	10	34	44	2	17	19	8	25	33	
Full-time employees	203	665	868	200	656	856	199	604	803	
Part-time employees	0	0	0	0	0	0	0	0	0	

### Employee composition over the years

In person

Year			2021	2022	2023	Note: Supervisory officers are defined as personnel at team leader level or above.
Item/Gender		Age	No. of Employees	No. of Employees	No. of Employees	
Supervisory officers (team leader level or above)	Male	Under 30	7	9	5	
		30-50 years old	153	149	137	
		Over 51	17	26	33	
	Female	Under 30	0	0	0	
		30-50 years old	12	14	18	
		Over 51	7	8	8	
Total no. of supervisory officers			196	206	201	
Non-supervisory officers	Male	Under 30	141	112	84	
		30-50 years old	323	338	317	
		Over 51	24	22	28	
	Female	Under 30	48	40	31	
		30-50 years old	125	128	131	
		Over 51	11	10	11	
Total no. of non-supervisory officers			672	650	602	
Total no. of regular employees			868	856	803	



## ■ Diverse workforce over the years (including indigenous persons and disabled persons)

In person

Year		2021	2022	2023
Item/Gender	Age	No. of Employees	No. of Employees	No. of Employees
Minority or disadvantaged groups	Male	Under 30	2	1
		30-50 years old	5	7
		Over 51	1	1
	Female	Under 30	1	0
		30-50 years old	0	0
		Over 51	1	1

Note: As of the end of 2023, the Company employed eight disabled persons and two indigenous persons. Disabled employees accounted for 1% of our employees, which met the regulatory quota stipulated by the government.

## ■ Statistics of non-employee workers in 2023

In person

Type	Contractual Relationship with the Company	Total Number of Workers
On-site contractors	Contractor	11
Security personnel	Contractor	13
Total number of non-employee workers		24

Notes:

1. There was no significant change in the total number of non-employees in 2023 compared to 2022.
2. On-site external parties: Information personnel, customs personnel, and material management personnel.





## Percentage of new recruits over the years

In person

Year	2021				2022				2023				Notes: 1. The number of new recruits includes the number of employees resigned during the period. 2. Percentage of new (male/female) recruits by age group = Number of new (male/female) recruits in the age group for the year / Total number of (male/female) employees at the operation site at the end of the same year. 3. Percentage of new recruits = Number of new recruits for the year / Total number of employees at the operation site at the end of the same year.
Gender	Male		Female		Male		Female		Male		Female		
Age/Item	No. of New Recruits	% of New Recruits	No. of New Recruits	% of New Recruits	No. of New Recruits	% of New Recruits	No. of New Recruits	% of New Recruits	No. of New Recruits	% of New Recruits	No. of New Recruits	% of New Recruits	
Under 30	128	14.75%	42	4.84%	58	6.78%	25	2.92%	27	3.36%	11	1.37%	
30-50 years old	87	10.02%	32	3.69%	51	5.96%	26	3.04%	30	3.74%	21	2.62%	
Over 51	2	0.23%	1	0.12%	3	0.35%	1	0.12%	3	0.37%	1	0.12%	
Total no. of new recruits	292				164				93				
Total no. of employees	868				856				803				
Percentage of new recruits	33.64%				19.16%				3.36%				

## Employee turnover statistics over the years

In person

Year	2021				2022				2023				Notes: 1. Terminated employees include employees who resign or retired or are dismissed or laid off. 2. Turnover rate (for male/female) by age group = Number of terminated (male/female) employees in the age group for the year / Total number of (male/female) employees in the age group at the end of the same year. 3. Turnover rate = Number of terminated employees for the year / Total number of employees at the operation site at the end of the same year.
Gender	Male		Female		Male		Female		Male		Female		
Age/Item	No. of Employees	Turnover Rate	No. of Employees	Turnover Rate	No. of Employees	Turnover Rate	No. of Employees	Turnover Rate	No. of Employees	Turnover Rate	No. of Employees	Turnover Rate	
Under 30	72	8.29%	14	1.61%	56	6.54%	21	2.45%	35	4.36%	11	1.37%	
30-50 years old	81	9.33%	20	2.30%	64	7.48%	33	3.86%	74	9.22%	21	2.62%	
Over 51	4	0.46%	1	0.12%	2	0.23%	2	0.23%	4	0.50%	3	0.37%	
Total no. of terminated employees	192				178				148				
Total no. of employees	868				856				803				
Turnover rate	22.12%				20.79%				18.43%				



## ■ Parental leave statistics over the years

In person

Year	2021			2022			2023		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of eligible applicants for parental leave for the year A	3	9	12	1	10	11	2	11	13
No. of applicants for parental leave for the year B	1	5	6	0	5	5	2	6	8
No. of employees expected to return from parental leave for the year C	3	3	6	0	3	3	1	3	4
No. of employees returned from parental leave for the year D	1	3	4	0	2	2	1	3	4
No. of employees returned from parental leave in previous year E	3	4	7	0	2	2	0	2	2
No. of employees returned from parental leave in previous year and stay for one year F	3	3	6	0	2	2	0	2	2
Return rate for the year % (D/C)	33.33%	100%	66.67%	0%	66.67%	66.67%	100%	100%	100%
Retention rate for the year % (F/E)	100%	75%	85.71%	0%	100%	100%	0%	100%	100%

Notes:

1. Number of employees expected to return from parental leave for the year = Number of employees who are expected to be reinstated after their parental leave for the year.
2. Number of employees retained in 2023 = Actual number of employees reinstated in 2022 and remained employees of Taiflex as of December 31, 2023.
3. Return rate for the year = Actual number of employees returned from parental leave for the year / Number of employees expected to return from parental leave for the year (D/C).
4. Retention rate for the year = Number of employees returned from parental leave in previous year and stay for one year / Number of employees returned from parental leave in previous year (F/E).



## Employee compensation in 2023

Salary Ratio by Ranking	Number of People		Annual Salary (NT\$)		Salary Ratio	
	Female	Male	Female	Male	Female	Male
Managerial Personnel	26	175	47,820,846	241,278,006	1.00	0.75
Non-managerial Personnel	173	429	114,536,687	291,249,579	1.00	1.03
Direct Personnel	60	368	35,302,744	232,831,845	1.00	1.08
Indirect Personnel	139	236	127,054,789	299,695,740	1.00	1.39

- Notes:
1. The salary (annual salary) ratio of female to male: Average annual salary of female in the category/Average annual salary of male in the category.
  2. Since middle and senior managers accounted for 86% of female managerial personnel and only 40% of male managerial personnel, the average annual salary was higher for female than that of male in the managerial personnel category.
  3. For indirect personnel, the average salary of male indirect personnel was higher than that of female due to industry characteristics. Among the indirect personnel, the proportion of middle and senior managers was higher for male than that of female; therefore, the average salary was higher for male indirect personnel than for female ones.

## Salary ratio in 2023

Country/Region	Ratio of the annual total compensation of the Company's highest-paid individual to the median annual total compensation of the remaining employees	Ratio of the percentage increase in annual total compensation of the Company' s highest-paid individual to the median percentage increase in annual total compensation of the remaining employees
Taiwan	12.26	0.00

- Notes:
1. The Chairperson does not count as the highest-paid individual unless he also holds the position of the President / CEO.
  2. Formula for the annual compensation ratio: Annual compensation of the highest-paid individual of the year / Annual compensation of the employee with median total compensation of the year.
  3. Formula for the ratio of percentage increase in annual compensation: Percentage increase in annual compensation of the Company' s highest-paid individual of the year / Percentage increase in annual compensation of the employee with median total compensation of the year.



## Employee education and training in 2023

### Summarized by training items of the talent development system

Training System / Item	Total No. of Trainees	Total Training Hours	Average Training Hours per Person	% of Training Hours to Total
New Employee Orientation	93	484	5.2	2.75%
Core Competency	3,815	4,326	1.13	24.62%
Professional Competency	4,813	11,276	2.34	64.17%
Managerial Competency	61	435	7.13	2.48%
Self-development	58	1,051	18.12	5.98%
Total	8,840	17,572	33.92	100%

### Summarized by employee type and gender

Item/Category		Managerial Personnel		Non-managerial Personnel		Direct Personnel		Indirect Personnel	
Unit / Gender		Male	Female	Male	Female	Male	Female	Male	Female
Total no. of trainee	Person	175	26	429	173	368	60	236	139
Total training hours	Hour	4,991	1,278	7,357	3,946	3,844	808	8,504	4,416
Average training hours	Hour/ person	28.520	49.150	17.150	22.810	10.446	13.470	36.034	31.770
Training expense	NT\$	261,894	166,526	354,592	249,462	45,052	976	571,434	415,012

Notes:

- (Total number of managerial personnel + Total number of non-managerial personnel) = Total number of employees at the operation site.
- (Total number of direct personnel + Total number of indirect personnel) = Total number of employees at the operation site.
- The percentage of women in the middle and senior management positions for market information and strategy development is slightly higher than that of men; therefore, there are more courses associated with new product information and strategy planning. As a result, the average number of training hours for female managerial personnel is higher.





## ■ Statistics of OSH training and promotion over the years

Year	2021	2022	2023
No. of Trainees	1,753	2,560	2,228
No. of Training Hours	1,409.0	2,094.5	1,217.3

## ■ OSH training and promotion in 2023

Training Item	No. of Trainees	Training Fee (NT\$)
General on-the-job OSH education and training in 2023	624	0
Training for prevention of rights violation at workplace in 2023	442	0
Traffic safety promotion in 2023 - Recognize signs and markings in the industrial park - safe driving	590	0
Fire safety training for new recruits	42	0
General hazard education and training	387	0
First aid training course (CPR+AED)	14	0
On-the-job training for supervisors of specific chemical substance operations	3	2,400
Training for operators of specific high-pressure gas equipment	2	9,600
Training for personnel transporting dangerous goods	1	3,200
On-the-job training for personnel transporting dangerous goods	1	3,000
Training for forklift operators	5	19,000
On-the-job training for forklift operators	10	5,000
On-the-job training for boiler operators	1	2,400
On-the-job training for supervisors of hypoxia operations	1	500
On-the-job training for operators of fixed cranes	3	1,500
On-the-job training for supervisors of organic solvent operations	2	1,600
On-the-job training for first aid personnel	2	1,000
Training for operators of fixed cranes under 3 MT	1	3,500
Preliminary training for security inspectors	1	2,700
Annual 3-hour radiation protection training	1	800
Total	2,133	56,200

Note: Trainees include both employees and on-site external parties.



## Occupational injury statistics over the years

Category		Item	2021	2022	2023
Employee	Working hours	Total working hours of female employees	364,104	386,344	388,664
		Total working hours of male employees	1,232,200	1,263,096	1,201,112
		Total working hours	1,596,304	1,649,440	1,589,776
	No. of recordable occupational injuries (including the number of fatalities and serious occupational injuries)	Total number of female occupational injuries (times)	2	1	0
		Total number of male occupational injuries (times)	1	2	1
		Total number of occupational injuries (times)	3	3	1
	Fatality rate of occupational injuries		0	0	0
	Rate of severe occupational injury		0	0	0
	Rate of recordable occupational injury		1.88	1.82	0.63
Non-employee	Working hours	Total working hours of female employees	2,710	11,520	0
		Total working hours of male employees	13,713	42,240	32,206
		Total working hours	16,423	53,760	32,206
	No. of recordable occupational injuries (including the number of fatalities and serious occupational injuries)	Total number of female occupational injuries (times)	0	0	0
		Total number of male occupational injuries (times)	0	0	0
		Total number of occupational injuries (times)	0	0	0
	Fatality rate of occupational injuries		0	0	0
	Rate of severe occupational injury		0	0	0
	Rate of recordable occupational injury		0	0	0

Note:

1. Fatality rate of occupational injuries = (Number of fatalities caused by occupational injuries / Working hours) × 1,000,000
2. Rate of severe occupational injury = [Number of severe occupational injuries (excluding fatalities) / Working hours] × 1,000,000.
3. Rate of recordable occupational injury = [Number of recordable occupational injuries (including fatalities and severe occupational injuries) / Working hours] × 1,000,000.

4. Severe occupational injury means occupational injury that cannot be recovered from within 6 months.

5. Recordable occupational injuries exclude ones from commuting.

6. Type of recordable occupational disasters in 2023: 1 incident of burns.



## Appendix II: Sustainability Report Assurance Statement





## Appendix III: Comparison Table of GRI Standard

\* Material Topics

Statement of use	TAIFLEX Scientific Co., Ltd. has prepared the report in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
GRI 2: General Disclosures 2021				
Organization and reporting practice				
2-1	Organizational details	About Taiflex	005	
2-2	Entities included in the organization's sustainability reporting	About this report	002	
2-3	Reporting period, frequency and contact point	About this report	002	
2-4	Restatements of information	About this report	002	
2-5	External assurance	About this report	002	
Activities and workers				
2-6	Activities, value chain and other business relationships	About Taiflex	005	
		3.1 Market and Business Expansion	038	
2-7	Employees	About Taiflex	005	
		5.1 Right Person for the Right Job	068	
		Appendix I ESG Information	090	
2-8	Workers who are not employees	Appendix I ESG Information	090	
Governance				
2-9	Governance structure and composition	1.1 Sustainable Development Committee	009	
		2.1.1 Organizational structure	022	
		Appendix I ESG Information	090	





No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
2-10	Nomination and selection of the highest governance body	2.1.1 Organizational structure	022	
		2.1.2 Board operations	024	
2-11	Chair of the highest governance body	2.1.2 Board operations	024	
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainable Development Committee	009	
2-13	Delegation of responsibility for managing impacts	1.1 Sustainable Development Committee	009	
		2.1.2 Board operations	024	
2-14	Role of the highest governance body in sustainability reporting	About this report	002	
2-15	Conflicts of interest	2.1.2 Board operations	024	
2-16	Communication of critical concerns	2.1.2 Board operations	024	
2-17	Collective knowledge of the highest governance body	2.1.2 Board operations	024	
		Appendix I ESG Information	090	
2-18	Evaluation of the performance of the highest governance body	2.1.2 Board operations	024	
2-19	Remuneration policies	2.1.1 Organizational structure	022	
		5.2.1 Talent attraction and retention	071	
2-20	Process to determine remuneration	2.1.1 Organizational structure	022	
		5.2.1 Talent attraction and retention	071	
2-21	Annual total compensation ratio	Appendix I ESG Information	090	
Strategies, policies and practices				
2-22	Statement on sustainable development strategy	Message from the Chairperson	003	
		Message from the President	004	
2-23	Policy commitments	2.3.1 Emphasize the culture of integrity	031	
		2.4.1 Procurement policy	034	
		4.1 Environmental Policy and Investment	056	
		5.1 Right Person for the Right Job	068	
		5.2.2 Human rights protection and labor-management communication	073	
		5.3.1 Occupational risk management	078	



No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
2-24	Embedding policy commitments	2.3.1 Emphasize the culture of integrity	031	
		2.4.1 Procurement policy	034	
		5.2.2 Human rights protection and labor-management communication	073	
		5.3.1 Occupational risk management	078	
2-25	Processes to remediate negative impacts	2.3.1 Emphasize the culture of integrity	031	
		2.4.1 Procurement policy	034	
		4.1 Environmental Policy and Investment	056	
		5.2.2 Human rights protection and labor-management communication	073	
2-26	Mechanisms for seeking advice and raising concerns	2.3.1 Emphasize the culture of integrity	031	
		5.2.2 Human rights protection and labor-management communication	073	
2-27	Compliance with laws and regulations	2.1.2 Board operations	024	
		2.3.1 Emphasize the culture of integrity	031	
		2.3.2 Internal controls	031	
2-28	Membership associations	Appendix I ESG Information	090	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.2 Stakeholder Communication and Response	009	
2-30	Collective bargaining agreements	5.2.2 Human rights protection and labor-management communication	073	
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	1.3 Identify Material Topics of the Year	013	
3-2	List of material topics	1.3 Identify Material Topics of the Year	013	



GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
Topic-specific GRI standard: 200 (Economic topics)					
* Economic Performance					
GRI 3 Economic Performance Management Disclosure 2021	3-3	Management of material topics	3.1 Market and Business Expansion	038	
	201-1	Direct economic value generated and distributed	3.1 Market and Business Expansion Appendix I ESG Information	038 090	
GRI 201 Economic Performance Topic Disclosure 2016	201-2	Financial implications and other risks and opportunities due to climate change	2.2.2 Climate risk adaptation actions	028	
	201-3	Defined benefit plan obligations and other retirement plans	5.2.1 Talent attraction and retention	071	
	201-4	Financial assistance received from government	Appendix I ESG Information	090	
* Market Presence					
GRI 3 Market Presence Management Disclosure 2021	3-3	Management of material topics	5.2 Create a Friendly Workplace	070	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2.1 Talent attraction and retention Appendix I ESG Information	071 090	
	202-2	Proportion of senior management hired from the local community	5.1 Right Person for the Right Job	068	
Indirect Economic Impacts					
GRI 203 Indirect Economic Impacts Topic Disclosure 2016	203-1	Infrastructure investments and services supported	5.4 Care for Children and Youth	085	
	203-2	Significant indirect economic impacts	5.1 Right Person for the Right Job	068	
* Procurement Practices					
GRI 3 Procurement Practices Management Disclosure 2021	3-3	Management of material topics	2.4 Sustainable Supply Chain	033	
	204-1	Proportion of spending on local suppliers	2.4.1 Procurement policy	034	
			Appendix I ESG Information	090	
* Anti-corruption					
GRI 3 Anti-corruption Management Disclosure 2021	3-3	Management of material topics	2.3 Regulatory Compliance and Internal Control	030	



GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
GRI 205 Anti-corruption Topic Disclosure 2016	205-2	Communication and training about anti-corruption policies and procedures	2.3.1 Emphasize the culture of integrity	031	
	205-3	Confirmed incidents of corruption and actions taken	2.3.1 Emphasize the culture of integrity	031	
★ Anti-competitive Behavior					
GRI 3 Anti-competitive Behavior Management Disclosure 2021	3-3	Management of material topics	2.3 Regulatory Compliance and Internal Control	030	
GRI 206 Anti-competitive Behavior Topic Disclosure 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3.1 Emphasize the culture of integrity	031	
Tax					
GRI 207 Tax Topic Disclosure 2019	207-1	Approach to tax	2.3.2 Internal controls	031	
	207-2	Tax governance, control, and risk management	2.3.2 Internal controls	031	
	207-3	Stakeholder engagement and management of concerns related to tax	2.3.2 Internal controls	031	
Topic-specific GRI standard: 300 (Environmental topics)					
Materials					
GRI 301 Materials Topic Disclosure 2016	301-2	Recycled input materials used	4.1.1 Build a green industry chain	056	
			4.3.1 Source reduction	064	
			Appendix I ESG Information	090	
	301-3	Reclaimed products and their packaging materials	4.1.1 Build a green industry chain	056	
			Appendix I ESG Information	090	
★ Energy					
GRI 3 Energy Management Disclosure 2021	3-3	Management of material topics	4.2 Energy and Carbon Emission Management	058	
GRI 302 Energy Topic Disclosure 2016	302-1	Energy consumption within the organization	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	302-3	Energy intensity	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	302-4	Reduction of energy consumption	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	





GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
Water and Effluents					
GRI 303 Water and Effluents Topic Disclosure 2018	303-1	Interactions with water as a shared resource	4.3.1 Source reduction	064	
	303-2	Management of water discharge-related impacts	4.3.2 Pollution control	065	
			Appendix I ESG Information	090	
	303-3	Water withdrawal	4.3.1 Source reduction	064	
			Appendix I ESG Information	090	
	303-4	Water discharge	4.3.1 Source reduction	064	
			Appendix I ESG Information	090	
	303-5	Water consumption	4.3.1 Source reduction	064	
			Appendix I ESG Information	090	
	✱ Emissions				
GRI 3 Emissions Management Disclosure2021	3-3	Management of material topics	4.2 Energy and Carbon Emission Management	058	
			4.3 Waste Reduction Actions	062	
GRI 305 Emissions Topic Disclosure 2016	305-1	Direct (Scope 1) GHG emissions	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	305-2	Energy indirect (Scope 2) GHG emissions	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	305-3	Other indirect (Scope 3) GHG emissions	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	305-4	GHG emissions intensity	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	305-5	Reduction of GHG emissions	4.2 Energy and Carbon Emission Management	058	
			Appendix I ESG Information	090	
	305-6	Emissions of ozone-depleting substances (ODS)	4.3.2 Pollution control	065	
			Appendix I ESG Information	090	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.3.2 Pollution control	065	
			Appendix I ESG Information	090	



GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
* Waste					
GRI 3 Waste Management Disclosure2021	3-3	Management of material topics	4.3 Waste Reduction Actions	062	
GRI 306 Waste Topic Disclosure 2020	306-1	Waste generation and significant waste-related impacts	4.3.2 Pollution control	065	
	306-2	Management of significant waste-related impacts	4.3.2 Pollution control	065	
	306-3	Waste generated	4.3.2 Pollution control	065	
			Appendix I ESG Information	090	
	306-4	Waste diverted from disposal	4.3.2 Pollution control	065	
			Appendix I ESG Information	090	
	306-5	Waste directed to disposal	4.3.2 Pollution control	065	
			Appendix I ESG Information	090	
* Supplier Environmental Assessment					
GRI 3 Supplier Environmental Assessment Management Disclosure 2021	3-3	Management of material topics	2.4 Sustainable Supply Chain	033	
GRI 308 Supplier Environmental Assessment Topic Disclosure 2016	308-1	New suppliers that were screened using environmental criteria	2.4.2 Evaluation and audit	035	
	308-2	Negative environmental impacts in the supply chain and actions	2.4.2 Evaluation and audit	035	
Topic-specific GRI standard: 400 (Social topics)					
* Employment					
GRI 3 Employment Management Disclosure2021	3-3	Management of material topics	5.2 Create a Friendly Workplace	070	
GRI 401: Employment Topic Disclosure 2016	401-1	New employee hires and employee turnover	5.2.1 Talent attraction and retention	071	
			Appendix I ESG Information	090	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.1 Talent attraction and retention	071	
	401-3	Parental leave	Appendix I ESG Information	090	
Labor/Management Relations					
GRI 402 Labor/Management Relations Topic Disclosure 2016	402-1	Minimum notice periods regarding operational changes	5.2.2 Human rights protection and labor- management communication	073	



GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
* Occupational Health and Safety					
GRI 3 Occupational Safety and Health Management Disclosure2021	3-3	Management of material topics	5.3 Workplace Safety and Health	076	
GRI 403 Occupational Health and Safety Topic Disclosure 2018	403-1	Occupational health and safety management system	5.3.1 Occupational risk management	078	
	403-2	Hazard identification, risk assessment, and incident investigation	5.3.1 Occupational risk management	078	
	403-3	Occupational health services	5.3.3 Employee health management	084	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3.1 Occupational risk management	078	
			5.3.2 Work disaster prevention	082	
	403-5	Worker training on occupational health and safety	5.3.2 Work disaster prevention	082	
			Appendix I ESG Information	090	
	403-6	Promotion of worker health	5.3.3 Employee health management	084	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3.3 Employee health management	084	
	403-8	Workers covered by an occupational health and safety management system	5.3.1 Occupational risk management	078	
			5.3.1 Occupational risk management	078	
	403-9	Work-related injuries	Appendix I ESG Information	090	
			5.3.3 Employee health management	084	
403-10	Work-related ill health	5.3.3 Employee health management	084		
* Training and Education					
GRI 3 Training and Education Management Disclosure2021	3-3	Management of material topics	5.2 Create a Friendly Workplace	070	
GRI 404 Training and Education Topic Disclosure 2016	404-1	Average hours of training Yearly per employee	5.2.3 Diversified competence development	074	
	404-2	Programs for upgrading employee skills and transition assistance programs	Appendix I ESG Information	090	
			5.2.3 Diversified competence development	074	
			5.2.3 Diversified competence development	074	
* Diversity and Equal Opportunity					
GRI 3 Diversity and Equal Opportunity Management Disclosure2021	3-3	Management of material topics	5.2 Create a Friendly Workplace	070	



GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
GRI 405 Diversity and Equal Opportunity Topic Disclosure 2016	405-1	Diversity of governance bodies and employees	2.1.1 Organizational structure	022	
			5.1 Right Person for the Right Job	068	
			Appendix I ESG Information	090	
	405-2	Ratio of basic salary and remuneration of women to men	5.2.1 Talent attraction and retention	071	
			Appendix I ESG Information	090	
Non-discrimination					
GRI 406 Non-discrimination Topic Disclosure 2016	406-1	Incidents of discrimination and corrective actions taken	5.2.2 Human rights protection and labor-management communication	073	
Freedom of Association and Collective Bargaining					
GRI 407 Freedom of Association and Collective Bargaining Topic Disclosure 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.2.2 Human rights protection and labor-management communication	073	
Child Labor					
GRI 408 Child Labor Topic Disclosure 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.2.2 Human rights protection and labor-management communication	073	
Forced or Compulsory Labor					
GRI 409 Forced or Compulsory Labor Topic Disclosure 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.2.2 Human rights protection and labor-management communication	073	
Security Practices					
GRI 410 Security Practices Topic Disclosure 2016	410-1	Security personnel trained in human rights policies or procedures	5.2.2 Human rights protection and labor-management communication	073	
Rights of Indigenous Peoples					
GRI 411 Rights of Indigenous Peoples Topic Disclosure 2016	411-1	Incidents of violations involving rights of indigenous peoples	5.2.2 Human rights protection and labor-management communication	073	
* Supplier Social Assessment					
GRI 3 Supplier Social Assessment Management Disclosure 2021	3-3	Management of material topics	2.4 Sustainable Supply Chain	033	





GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
GRI 414 Supplier Social Assessment Topic Disclosure 2016	414-1	New suppliers that were screened using social criteria	2.4.2 Evaluation and audit	035	
	414-2	Negative social impacts in the supply chain and actions taken	2.4.2 Evaluation and audit	035	
Public Policy					
GRI 415 Public Policy Topic Disclosure 2016	415-1	Political contributions	2.3.2 Internal controls	031	
* Customer Health and Safety					
GRI 3 Customer Health and Safety Management Disclosure 2021	3-3	Management of material topics	3.4 Customer Demand and Quality Management	050	
GRI 416 Customer Health and Safety Topic Disclosure 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.4.2 Quality control	052	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.4.2 Quality control	052	
* Marketing and Labeling					
GRI 3 Marketing and Labeling Management Disclosure 2021	3-3	Management of material topics	3.4 Customer Demand and Quality Management	050	
GRI 417 Marketing and Labeling Topic Disclosure 2016	417-1	Requirements for product and service information and labeling	3.4.2 Quality control	052	
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.4.2 Quality control	052	
	417-3	Incidents of non-compliance concerning marketing communications	3.4.2 Quality control	052	
* Customer Privacy					
GRI 3 Customer Privacy Management Disclosure 2021	3-3	Management of material topics	3.3 Information Security and Customer Privacy	047	
GRI 418 Customer Privacy Topic Disclosure 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Information Security and Customer Privacy	047	



GRI Standard Type / Topic	No.	GRI Standard Disclosures	Corresponding Chapter	Page	Omission/ Note
Self-defined topics					
* Innovative R&D and Patents					
GRI 3 Innovative R&D and Patents Management Disclosure	3-3	Management of material topics	3.2 Product R&D and Innovation	042	
* Corporate Governance					
GRI 3 Corporate Governance Management Disclosure	3-3	Management of material topics	2.1 Board Governance	021	
* Climate Change and Operational Risk Management					
GRI 3 Climate Change and Operational Risk Management Disclosure	3-3	Management of material topics	2.2 Climate and Operational Risk Management	026	
* Chemical Safety Management					
GRI 3 Chemical Safety Management	3-3	Management of material topics	5.3 Workplace Safety and Health	076	



## Appendix IV: Comparison Table for SASB Sustainability Accounting Standards - Industrial Machinery & Goods

Accounting Metric	Topic	Code	Accounting Metric	Category	Unit of Measure	Response
	Energy Management	RT-IG-130a.1	Total energy consumed	Quantitative	Gigajoules (GJ)	193,201.13 GJ
			Percentage grid electricity	Quantitative	Percentage (%)	69.77%
			Percentage renewables	Quantitative	Percentage (%)	0%
	Employee Health & Safety	RT-IG-320a.1	Total recordable incident rate (TRIR)	Quantitative	Rate (%)	Direct employees:0.63 / Contract employees:
			Fatality rate	Quantitative	Rate (%)	Direct employees:0 / Contract employees:0
			Near miss frequency rate (NMFR)	Quantitative	Rate (%)	Direct employees :1.26 / Contract employees:0
	Fuel Economy & Emissions in Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Fuel consumption per 1,000 ton-miles (Gallons per 1,000 Ton-miles)	N/A (The Company does not sell medium and heavy-duty vehicles)
		RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Fuel consumption per hour (Gallons per hour)	N/A (The Company does not sell non-road equipment)
		RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Power generated per gallon (Watts per gallon)	N/A (The Company does not sell stationary generators)
		RT-IG-410a.4	Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines 1	Quantitative	Air pollution per kWh (Grams per Kilowatt-hour)	N/A (The Company does not sell related products)
Activity Index	Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	-	Some key materials for FCCL are oligopolistic in nature, so supply chain management and securing material sources are also sources of significant competitive advantage in this industry. As one of the industry leaders, we have competitive advantages in terms of procurement scale and customer bases, and have therefore established long term strategic alliances with key raw material suppliers to enjoy dominating advantage in materials sourcing. Additionally, through supply chain diversification and dynamic inventory adjustment mechanisms, we can flexibly allocate our global production capacities. We also adopt dual certification and sourcing of key raw materials to mitigate risks of supply chain disruptions in a single-region.
	Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Amount	The Company does not sell these products
Activity Index	Code	Metric		Category	Unit of Measure	Response
	RT-IG-000.A	Number of Units Produced by Product Category		Quantitative	Quantity	Electronic materials: 34,092 thousand m <sup>2</sup> Others: 3,158 thousand m <sup>2</sup> Note: Based on consolidated data in the annual report.
	RT-IG-000.B	Number of Employees		Quantitative	Quantity	803 employees



## Appendix V: Comparison Table of Sustainability Disclosure Indicators - Electronic Parts and Components Industry of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"

No.	Indicator	Response
1	Total energy consumption, percentage of purchased electricity and renewable energy usage (Quantitative/GJ, %)	193,201.13 GJ Percentage of purchased power: 100% Renewable energy use rate: 0%
2	Total water withdrawal and total water consumption (Quantitative/m <sup>3</sup> )	Total water withdrawal: 89,830 m <sup>3</sup> Total water consumption: 33,200 m <sup>3</sup>
3	Weight of hazardous waste generated and percentage of recovery (Quantitative/MT, %)	Total weight of hazardous waste: 929.93 MT Recovery rate of hazardous waste is 58.77%
4	Explain the type, number and rate of occupational disasters (Quantitative/%, Quantity)	No. of fatality: 0; Fatality rate: 0 No. of recordable occupational injuries: 1; Rate of recordable occupational injury: 0.63%
5	Product lifecycle management disclosure: including the weight of scrapped products and electronic waste and the percentage of recycling Note (Quantitative/MT, %)	Total weight of waste: 1,824.72 MT Recycled rate: 54.35%
6	Description of risk management related to the use of critical materials (Qualitative description)	Some key materials for FCCL are oligopolistic in nature, so supply chain management and securing material sources are also sources of significant competitive advantage in this industry. As one of the industry leaders, we have competitive advantages in terms of procurement scale and customer bases, and have therefore established long term strategic alliances with key raw material suppliers to enjoy dominating advantage in materials sourcing. Additionally, through supply chain diversification and dynamic inventory adjustment mechanisms, we can flexibly allocate our global production capacities. We also adopt dual certification and sourcing of key raw materials to mitigate risks of supply chain disruptions in a single-region.
7	Total monetary loss resulting from legal proceedings related to anti-competitive regulations (Quantitative/NT\$)	There was no such incident and the total monetary loss resulting from legal proceedings related to anti-competitive regulations was NT\$0.
8	Production volume of major product by category (Quantitative/Depend on product category)	Electronic materials: 34,092 thousand m <sup>2</sup> Others: 3,158 thousand m <sup>2</sup> Note: Based on consolidated data in the annual report.

Note: Including sale of scraps or other recycling treatment. Details shall be provided.





## Appendix VI: Climate-related Information of TWSE/TPEX-listed Companies Subjected to the Taiwan Stock Exchange Corporation “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”

Item	Corresponding Chapter
1. Describe the oversight and governance of the Board and management on climate-related risks and opportunities.	2.2.2 Climate risk adaptation actions
2. Describe how the identified climate risks and opportunities would affect the business, strategy, and finance of the entity (short, medium, and long-term.)	2.2.2 Climate risk adaptation actions
3. Describe the financial impact of extreme weather events and transition activities.	2.2.2 Climate risk adaptation actions
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	2.2.2 Climate risk adaptation actions
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used as well as major financial impacts shall be described.	-
6. If there is a transition plan for managing climate-related risks, describe the plan details, and the indicators and targets used to identify and manage physical risks and transition risks.	-
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	-
8. If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year shall be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or the quantity of RECs to be offset shall be specified.	-
9. GHG inventory and assurance status as well as reduction targets, strategy, and concrete action plans.	The Company has obtained the verification statement issued by SGS Taiwan Limited in 2023 for the 2022 parent company only GHG inventory pursuant to ISO 14064-1:2018. Please refer to 4.2 Energy and Carbon Emission Management for details.



## Appendix VII: Comparison Table of SDGs

Goals	Sustainable Development Goals	Corresponding Chapter	Page No.
1	End poverty in all its forms everywhere	5.4 Care for Children and Youth	085
3	Ensure healthy lives and promote well-being for all at all ages	1.4 Sustainable Development Goals and Practice	017
7	Ensure access to affordable, reliable, sustainable and modern energy for all	1.4 Sustainable Development Goals and Practice	017
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	1.4 Sustainable Development Goals and Practice	017
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	1.4 Sustainable Development Goals and Practice	017
12	Ensure sustainable consumption and production patterns	1.4 Sustainable Development Goals and Practice	017
13	Take urgent action to combat climate change and its impacts	1.4 Sustainable Development Goals and Practice	017
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	1.4 Sustainable Development Goals and Practice	017
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	1.4 Sustainable Development Goals and Practice	017

We hope this Report would provide our stakeholders with better understanding of our efforts in promoting corporate sustainability and social responsibility. If you have any suggestions or comments regarding our ESG Sustainability Report, please contact us through the following methods:



Address: No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan

Contact person: Mr. Chiang

Email address: [knight@taiflex.com.tw](mailto:knight@taiflex.com.tw)

Tel: 886-7-8139989

Fax: 886-7-8139971