



ACME Electronics Corporation
越峯電子材料股份有限公司



2023

ACME ESG REPORT

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About the report

Editing description (GRI 2-2、2-5)

ACME Electronics Corporation (the "ACME") formally established its Corporate Social Responsibility Committee (renamed as the Environmental, Social, and Governance Committee, the "ESG Committee") in 2015 with the support of USI Group and senior management and commenced publishing its corporate social responsibility reports. ACME continued to organize and promote various social responsibility policies and respond to the Sustainable Development Goals (the "SDGs") of the UN.

We have been publishing our corporate social responsibility reports since 2014. In 2020, the report was renamed ESG Report (the "ESG Report"). This report is our tenth report. We hope to respond to topics that stakeholders attach attention to via the continuous publication of our ESG Report, allowing stakeholders to understand the efforts we made for the sustainable operation of the Company.

To enhance corporate governance efficiency and improve the performance of our sustainable development policies, our Board of Directors approved on July 31, 2023, to elevate the organizational level of the Sustainable Development Committee to a functional committee under the Board of Directors, and established the "Sustainable Development Committee Charter." The Committee will convene at least twice a year to report on the planning and execution results of the Company's annual sustainability report and related projects.

Scope and boundary of the report (GRI 2-2、2-3、2-4)

The scope of the report is based on ACME Electronics Corporation. Chapter 3 and Chapter 4 cover ACME Electronics (Guangzhou) Corporation and ACME Electronics (Kunshan) Corporation. The consolidated financial performance in Chapter 2 covers all subsidiaries.

Considering the differences in different regions, the report has not integrated and included all information about all subsidiaries. In the future, the scope of the report will be expanded to subsidiaries based on the experience of promoting ESG to promote sustainable development strategies and implement corporate sustainability step by step.

The disclosure period is from January 1, 2023, to December 31, 2023. The report shows the environmental, social, and corporate governance (ESG) management and performance of the Company. The financial information is consistent with the figures in the financial statements certified by CPAs; partial statistics are extracted from annual reports and public information of governmental agencies and relevant websites. The report information restatement and review are performed according to the requirements of GRI Standards (2021).

Structure and basis (GRI 2-2、2-5)

The structure and the content of the report are established based on the Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI) with reference to the standards of the "Sustainability Accounting Standards Board" (SASB), TCFD issued by the Financial Stability Board (FSB), Sustainable Development Goals (SDGs) issued by the UN, United Nations Global Compact, and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Internal review and external verification (GRI 2-3、2-5)

Three taskforces under the ESG Committee provided data related to their operations for the report. After the project secretary of the ESG Committee has compiled and edited the initial draft, committee members and members of taskforces are invited to proofread and make amendments based on their job scope. After the report is reviewed by the social and environmental section of the Group, it is reviewed by the President and the Chairman in accordance with our internal procedures, finalized, and issued in August after approval by the ESG Committee and the Board of Directors.

Publication time (GRI 2-3)

This report adheres to the GRI Standards: 2021 and has been reviewed by Deloitte Touche Tohmatsu Limited as the third-party assurance provider. Deloitte assessed compliance with the GRI Standards and performed limited assurance procedures on five ESG indicators in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China, resulting in an assurance report. Publication time (GRI 2-3)

The Company regularly publishes its ESG Report on a yearly basis. This report is the tenth one published.

Previous publication time: July 2023

Current publication time: August 2024

Next publication time: Scheduled to be issued in August 2025.

Download the report

In response to environmental protection, we promote paperless measures. You may download the electronic version of the report from the "Corporate Sustainability" section on our website.

Corporate website: <https://www.acme-ferrite.com.tw/>

Corporate Sustainability website section: <https://www.usig.com/ACMECSR/Index.aspx>

Contact us (GRI 2-3)

If you have any opinions or recommendations regarding the content of the report, please feel free to contact us via the following methods.

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Message from the Chairman (GRI 2-2、2-5)

In this challenging period, we are actively adjusting our strategies to respond to the rapidly changing environment. Continuing with the core belief of "Creating Sustainable Value, Building Sustainable Society," we are continuously promoting and implementing ESG (Environmental, Social, Governance) strategies. Over the past year, significant progress has been made in various sustainable development goals, further strengthening our commitment to social and environmental responsibilities.

Participation in International Sustainable Advocacy

We continue to monitor international sustainable development trends, regularly reviewing our own situation. In 2023, USI Corporation and China General Plastics Corporation participated for the first time in the CDP questionnaire, deepening our connection to international issues through participation and responses. Additionally, we have introduced the EU's Double Materiality concept for comprehensive sustainability analysis. Furthermore, for the first time, the ESG Committee has been included in the board performance evaluation, thereby enhancing governance effectiveness.

Establishment of Carbon Reduction Goals and Green Energy Plan

Several years ago, we began implementing energy-saving and carbon reduction initiatives, achieving a 27% reduction target by 2030. This year, we extended this goal to achieve carbon neutrality by 2050, supporting global net zero emissions objectives. We have successfully integrated 7.2MW of solar power into the grid, expected to generate over 9 million kWh of green electricity. Plans are underway to install 15MW and 20MW of solar power by 2025 and 2027, respectively. Through technological innovation and enhanced energy efficiency, we strive to minimize our overall environmental impact.

To construct a diverse and inclusive culture

Establishing a diverse, fair, and inclusive working environment. Through organizing employee walking activities, collaborating with the Experimental Forest of National Taiwan University for tree planting, and promoting on-site agricultural education at the community forest base, we actively promote diversity and inclusion. In terms of workplace safety, Asia Polymer Corporation, Taita Chemical Company, Limited, and China General Plastics Corporation have been recognized as "Excellent Enterprises in Occupational Health and Safety Performance Evaluation" by the Occupational Safety and Health Administration. Through the USI Corporation Education Foundation, we have long supported vulnerable groups, remote areas, and ecological conservation projects, laying a solid foundation for the stable development of society.

ESG achievements in 2023

Governance aspect	Environmental aspect	Social aspect
The operating income of SiCs was NT\$338,577 thousand, representing a growth of 94% from 2022.	Reduced carbon emissions by 949 tCO ₂ e via various energy-saving and carbon dioxide reduction plans	100% target achievement rate regarding the average educational training hours of employees
Ranked top 6%~20% in the "Listed Company Corporate Governance Evaluation" for nine consecutive years	Zero violation of environmental protection laws	Promoted the 6 sigma green belt training project and TRIZ training project courses
		Taoyuan Plant obtained the ISO 45001 occupational safety and health management system certification

Finally, we believe these efforts will positively impact the company's future development. Through continuous innovation, collaboration, and strategic adjustments, we can achieve sustainable development in harmony with the environment. We are confident that, through the collective efforts of all employees, we can overcome various challenges and achieve common sustainable development goals.

ACME Electronics Corporation, Chairman

Quintin Wu



1.1 Sustainability prospects and targets

1.1.1 Sustainability prospects and business strategy

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01

Sustainable
operation of ACME

1.1 Sustainability prospects and targets (GRI 2-22 、 2-23)

1.1.1 Sustainability prospects and business strategy

ACME Electronics Corporation (stock code: 8121) was established primarily via the investment of USI Corporation (the "USI") on September 5, 1991. USI Group started from USI, established in 1965; it merged and acquired the controlling interest of CGPC Group with UPC Technology Corporation in 1997 and managed to attain the position of a business conglomerate in the petrochemical and plastics industry in Taiwan. Through the effective integration of resources of the Group and the solid foundation laid in the petrochemical and plastics industry over the years, it successfully expanded its scope of business into electronics, materials, venture capital, and other investment fields.

USI Group adopts "create sustainable value and form sustainable society" as its sustainability prospect in the hope that its core abilities will continue to create and gather sustainable value and, in turn, contribute to social sustainability.

We adopted three major core strategies for the development of sustainability prospects, including "R&D innovation," "stable operations," and "co-prosperity with society" in the hope of jointly creating values with stakeholders. We extended the content of our core strategies to develop seven crucial topics and worked with ethical and reasonable partners for joint development.



As a part of the Group, the Company will set three major sustainability principles based on the Group's prospect, including "business governance and value chain management," "resource recycling and environmental friendliness," and "happy workplace and social participation," connect them to material topics, examine and analyze the consistency between the results and sustainability principles each year, and examine and discuss the achievement of annual performance. The promotion of the Company's sustainability strategies for economic, environmental, and social aspects is planned as follows:



Sustainability strategies and short-term and mid-to-long-term plans

Aspect	Short-term plan (2024)		Mid-to-long-term plan (2025)
	Action plan	Goals	
Governance aspect	Improve product competitiveness and business performance and maintain the continuous growth and sustainable corporate development of the Company via innovative R&D of products and market expansion.	Provide drivers for operating income and profit growth of the core business via market development, quality improvements, and cost reduction. Continuous growth of operating income and profits of the new SiC business.	Continuous growth of core and SiC businesses and the increase in profits. Continual development of new products.
Environmental aspect	Actively promote waste reduction, reuse, and recycling-related measures. Comply with environmental protection regulations, commit to pollution prevention, and satisfy the environmental and quality requirements of customers. Continue to implement energy-saving and carbon dioxide reduction improvement actions.	99% waste recycling rate. Zero violation of environmental protection laws. Carbon dioxide reduction target of Taoyuan Plant, Kunshan Plant, and Guangzhou Plant: 3,140 tCO ₂ e	Adopt TCFD methods to identify transformation risks and physical risks during the course of operation, examine the countermeasures each year, and establish a resilient climate change culture. Taoyuan Plant will continue to save energy, reduce carbon dioxide, and increase the use of green power according to "reduce carbon emissions by 27% by 2030 from 2017," and achieving carbon neutrality by 2050. We will continue efforts to conserve energy, reduce carbon emissions, and increase the use of green energy.
Social aspect	Extensively employ talents of virtue and ability to jointly achieve prosperity and adopt appropriate measures for human affairs to share the results. Continue to reduce safety and health risks, prevent and reduce occupational disasters, and improve employees' health.	Employee satisfaction: Taiwan: 75%; Kunshan Plant: 80%; Guangzhou Plant: 84% Recruitment achievement rate: Taiwan: 100%; Kunshan Plant: 100%; Guangzhou Plant: 100% Average educational training hours of employees: Taiwan: 48; Kunshan Plant: 48; Guangzhou Plant: 48 Zero disasters, zero accidents, zero injuries/illnesses, and zero violations of laws.	Establish a scientific and comprehensive training system and a professional and complete technique inheritance system, satisfy the training requirements for different levels during the career planning stages of employees, and realize the common growth of the enterprise and employees. Continue to adhere to zero disasters, zero accidents, zero injuries/illnesses, and zero violations of laws as the highest target.

1.1.2 ESG Committee (GRI 2-14)

To fulfill corporate social responsibility and promote progress in the economy, environment, and society, aiming for sustainable development goals, the Company has established its "Practices for Sustainable Development" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." The ESG development strategy of the Company is based on its business philosophy and corporate culture and the fulfillment of social responsibilities to stakeholders to allow customers and suppliers to establish trusted cooperating relationships with the Company due to the ethics and favorable corporate governance of the Company, to allow investors to engage in long-term investments due to the recognition with the Company's core values, and to allow employees to have cohesion due to the recognition with the Company and intern achieve the target of sustainable corporate operations and constant growth with internal and external assistance.

The Company established its Corporate Social Responsibility Committee in 2015 (later renamed the Sustainable Development Committee, abbreviated as the ESG Committee). To enhance corporate governance effectiveness, ensure the implementation of sustainable development policies, and effectively enhance overall ESG performance, the Company upgraded the Sustainable Development Committee to a functional committee directly reporting to the Board of Directors on July 31, 2023.

The ESG Committee of the Company consists of four members, including the Chairman, independent directors Shun-Tien Lin and independent directors Piao-Chun Chen, and the General Manager. Shun-Tien Lin, an independent director, serves as the Chairman, and the General Manager acts as the Vice Chairman. Their term runs from July 31, 2023, to May 25, 2026. Shun-Tien Lin, an independent director, holds a Ph.D. in Materials Science from a university in the United States and is a professor at the National Taiwan University of Science and Technology. His expertise lies in green energy and new materials necessary for promoting the company's ESG initiatives.

In 2023, the ESG Committee held one meeting with a 100% attendance rate by its members. On March 2, 2023, the ESG Committee reported to the Board of Directors on the progress and planning of compiling the 2022 Sustainability Report. On November 2, 2023, the Board of Directors presented the preparation status and content of the 2022 ESG Report, detailing the company's achievements and efforts in major ESG topics management, communication with stakeholders, corporate governance, environmental protection, employee care, and social participation. Additionally, the Board reported on the company's GHG inventory and verification status with its consolidated subsidiaries.

The ESG Committee has established: "corporate governance taskforce," "environmental protection taskforce," and "social relation taskforce," and the organizational structure is as shown in the figure. The three task force members are composed of department heads or representatives assigned by them. They are responsible for planning various issues, collecting internal and external data, setting goals, etc. They jointly compile and publish the annual sustainability report according to their responsibilities. The project secretary is responsible for coordinating the overall sustainability development policy and strategy development planning of the company. This includes formulating and reviewing sustainability policies, systems, or related management policies, as well as tracking the progress of action plans and performance improvements for each group.

President The ESG Committee reports to the Board regarding the ESG implementation achievements each year. The Board supervises and reviews the management and performance in terms of economy, environment, and society and provides instructions for directions regarding material and crucial topics.

The ESG Committee conducts significant analyses such as major thematic questionnaire surveys and identification of significant themes to assess which environmental, social, and corporate governance information and risks stakeholders prioritize. These assessments serve as the basis for compiling the ESG Report, aiming to address stakeholders' concerns. Based on these significant analyses, continuous review of short, medium, and long-term sustainable development strategies is conducted to strengthen the implementation of risk management policies and strategies.



1.2 Value chain of ACME

1.2.1 Introduction to ACME (RT-EE-000.A)

The Company primarily produces soft ferrite magnetic powder and cores, as well as silicon carbide powder. Soft ferrite magnetic cores are passive components used mainly in communication, information technology, consumer electronics, and automotive electronics. Silicon carbide powder is a non-metallic semiconductor material known for its excellent high-temperature stability, high-efficiency conversion characteristics, and low power consumption. It holds enormous potential applications in electric vehicles, green energy equipment, and other fields.

ACME strives for excellence in manufacturing through “Always Committed to Manufacturing Excellence”, to “Achieve Customers' Missions & Expectations.”



Basic profile of the Company (GRI 2-1)

Corporate name	ACME Electronics Corporation		
Industry	Electronic parts and components		
Headquarters location	8F, No. 39, Jihu Rd., Neihsu Dist., Taipei City 114		
Address of Taoyuan Plant	No. 2, Guojian 2nd Rd., Guanyin Industrial Park, Guanyin Dist., Taoyuan City 328		
Address of Guangzhou Plant	No. 1, Fuqian Rd., Zengjiang St., Zengcheng Dist., Guangzhou City, Guangdong Province, China		
Address of Kunshan Plant	No. 533, Huangpujiang N. Rd., Kunshan City, Jiangsu Province, China		
Address of Malaysia Plant	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.		
Capital	NT\$2.129 billion (as of December 31, 2023)		
Total number of employees	1,663 persons (as of December 31, 2023, including Taipei HQ, Taoyuan Plant, Kunshan Plant, Guangzhou Plant, and Malaysia Plant)		
Major Products	Mn-Zn soft ferrite powder Ni-Zn soft ferrite powder Mn-Zn soft ferrite cores Ni-Zn soft ferrite cores High purity SiC powders		
Production capacity of Taoyuan Plant	Monthly production capacity of ferrite powder: 1,350 tons (as of December 31, 2023)		
Production capacity of Guangzhou Plant	Monthly production capacity of ferrite cores: 550 tons (as of December 31, 2023)		
Production capacity of Kunshan Plant	Monthly production capacity of ferrite cores: 700 tons (as of December 31, 2023)		
Production capacity of Malaysia Plant	Monthly production capacity of ferrite cores: 200 tons (as of December 31, 2023)		

1.2.2 Our value chain (GRI 2-6)

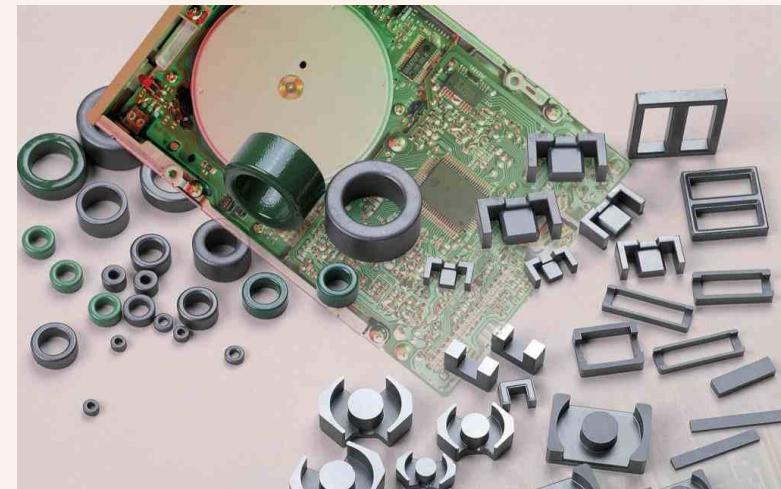
Passive components are basic components in electronic circuits; they cannot operate themselves but rely on supplementing and linking to active components to operate. Passive components include resistors, capacitors, and inductors, which are necessary and material basic components of information, communication, consumer, and industrial electronic products and equipment. In terms of functions, resistors are used to adjust the voltage and current in the circuit, capacitors are mainly used for charge storage, AC filter or output, cutting or blocking DC, and tuning and oscillation, and inductors are mainly used for electromagnetic interference prevention, filtering noise in current, and power conversion; apart from the abovementioned functions, resistors and capacitors may be used together for filtering.

Introduction to the passive component industry chain



Mn-Zn and Ni-Zn soft ferrite cores produced by the Company are inductance materials in passive components and can be used as upstream materials for filters, chokes, ballasts, SPSs, inverters, converters, inductors and telecoms. Our major customers are Delta Electronics, Lite-On, FSP Technology, AcBel Polytech, Sumida, Würth, their subsidiaries in Mainland China, and subcontractors. Such components may be further used in chargers, cloud servers, PCs, laptops, LCD displays, LED TVs, smartphones, automotive electronics, communication network equipment, and other common electronic products. As inductors can stabilize currents, remove noises, and inhibit electromagnetic radiation, they are extensively used in electronic information and consumer products.

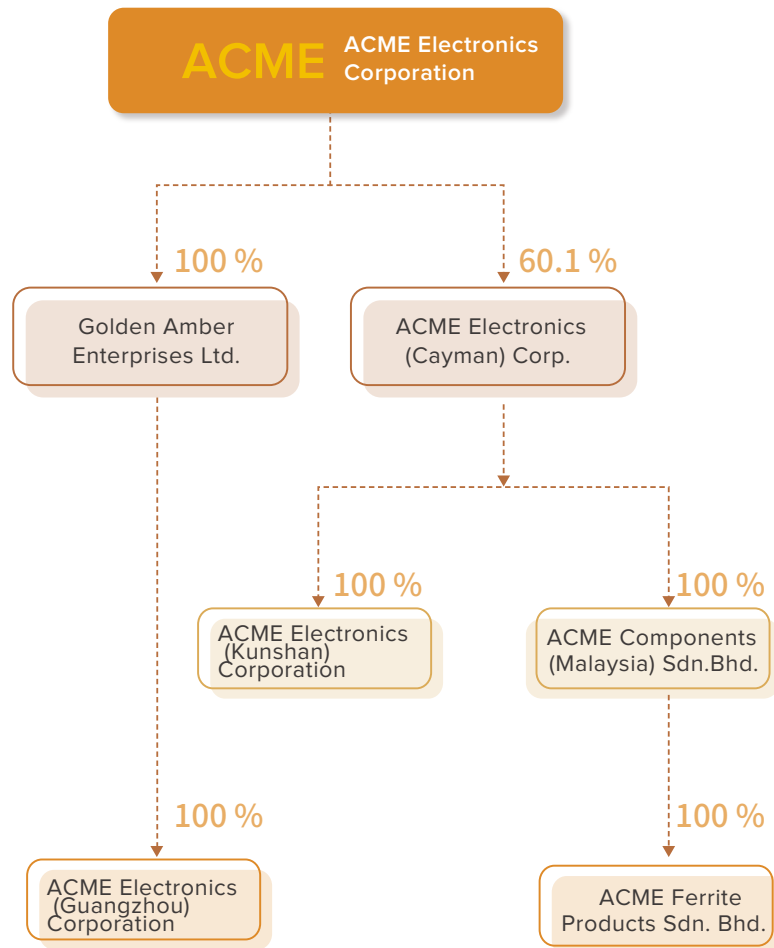
Silicon Carbide (SiC) is composed of silicon (Si) and carbon (C) elements. Due to its outstanding characteristics such as high temperature stability, high power density, and high electron mobility, SiC contributes to energy savings and enhances efficiency. This makes it widely sought after and applied in fields like electric vehicles, power conversion, and solar power generation, as well as in the semiconductor and energy industries. Its high-efficiency conversion properties and low power consumption help conserve energy and reduce carbon emissions, aligning with the modern trends towards green energy and environmental protection.



Mn-Zn and Ni-Zn soft ferrite cores of ACME

1.2.3 Introduction to affiliates (GRI 2-2)

The consolidated financial statements of the Company for the year 2023 include the Company itself and its subsidiaries controlled by the Company (equivalent to related parties), a total of seven companies.



Kunshan Plant



The Taipei Head Office



Taoyuan Plant



Malaysia Plant



Guangzhou Plant

The production procedures of soft ferrite cores, products of the Company, are primarily divided into four processing stages, including grinding, forming, sintering, and grinding. Taoyuan Plant is primarily responsible for grinding. After production, the powder is delivered to two plants in Mainland China for forming, sintering, and grinding. After processing, products are supplied to domestic sales customers in China and exported to Europe and America for sales. Malaysia Plant has four comprehensive procedures; the cores of the plant are primarily supplied to local customers in Malaysia and exported to European customers. In general, the labor division between affiliates is to reduce production costs, satisfy customers' requirements, and create maximum business performance through mutual support in terms of technologies, production capacity, marketing, and services.

This report primarily focuses on ACME Electronics Corporation, with Chapter Three and Four covering its subsidiaries, including ACME (Guangzhou) Co., Ltd. and ACME (Kunshan) Co., Ltd. Therefore, the scope of this report does not encompass all subsidiary information. However, future reports will expand the scope to include each subsidiary, gradually promoting sustainable development strategies and implementing corporate sustainability.

1.3 Stakeholder engagement(GRI 2-29、2-26)

Gaining the trust and support of stakeholders is the driver for the sustainable development of the Company. The Company has identified five major categories of stakeholders in accordance with the five major principles of AA 1000 SES 2015 (Stakeholder Engagement Standards), strategic requirements, responsibilities, and other communication standards while taking into account the daily operations and external business communication of relevant departments: employees, customers, suppliers/contractors, shareholders/investors, and governmental agencies.

We learn the requirements and expectations of stakeholders by establishing transparent and effective multiway communication channels with stakeholders and obtaining opinions and feedback of stakeholders to serve as the material reference for formulating sustainable development policies and relevant plans. Meanwhile, we respond to stakeholders through the ESG Report to gain their trust and support. The communication channels and topics of concern between the Company and major stakeholder groups are set out in the following table:



Employees

Meaning to the Company	Topic of concern	Communication channel and frequency	Response to topic of concern	Outcomes of communication
Employees are material assets of the Company; we improve their professional knowledge and skills by consolidating their cohesion for them to co-exist and co-prosper with the sustainable development of the Company	- Talent development - Talent attraction and retention - Occupational Health and Safety - Economic performance	- All-hands meeting (hosted by the President) - Labor-capital conference (once every three months) - EWC meeting (from time to time) - Meeting of Supervisory Committee of Labor Retirement Reserve (from time to time) - Recruitment via human resources websites and employment service stations (at all times) - Performance interview (once a year) - Employee satisfaction survey (once a year) - New employee interview (from time to time) - Educational training (from time to time) - Internal health lecture (from time to time) - Complaint mailbox, bulleting, meetings, e-mail, telephone, conference, and other communication channels (at all times) - Deliver corporate governance and business strategies via the USI Group service website, corporate website, and MOPS (at all times)	Create a workplace of work-life balance, facilitate the understanding of employees' requirements, provide appropriate welfare, reduce resignation rate, and increase stability. Regularly organize health and safety and health lectures to improve employee communications. Organize educational activities based on the training plan and requirements and make execution according to the talent development plan.	- Held one All Hands Meeting: Cohesion and Centripetal Force - ACME 2023 Execution Plan - Four Labor-Management Meetings - One Welfare Committee Meeting - Four Performance Appraisals - One Employee Satisfaction Survey - One Employee Code of Conduct Test - Occupational health visits to the factory: 48 times (approximately once a week), medical doctor visits to the factory: 4 times (approximately once per quarter), total of 186 instances of health care.





Shareholders/investors

Meaning to the Company	Topic of concern	Communication channel and frequency	Response to topic of concern	Outcomes of communication
Shareholders/investors are important supporters of the sustainable development of the Company to allow sustainable corporate operations via capital investments and corporate governance supervision	- Economic performance - Corporate governance - Risk management	- Announce financial information via MOPS and corporate website (publish according to the requirements) - Publish annual reports (once a year) - Publish financial statements (once every quarter) - Annual shareholders' meetings (once a year) - Our corporate website has an "investor services" section that provides contact information of the spokesperson and stock affairs-related information to handle shareholders' recommendations, suspicions, and inquiries (at all times)	- Allow investors to understand the operating status of the Company and future development direction via shareholders' meetings and investor conferences - Publish quarterly financial statements and annual reports according to the requirements - Real-time disclosure of material information	- Convened an annual shareholders' meeting on May 26, 2023 - Participated in the online investor conference organized by Capital Securities as invited on November 22, 2023 - Shareholder/investor phone inquiry



Customers

Meaning to the Company	Topic of concern	Communication channel and frequency	Response to topic of concern	Outcomes of communication
Customers are material partners for the sustainable development of the Company, and we provide products and services for customers' satisfaction via technical cooperation and product development	- Customer relation management - Technology R&D - Environmental policy - Product quality	- Customer satisfaction survey (once biannually) - Sales visits, phone calls, e-mails (at all times) - Participate in commercial exhibitions (from time to time) - Customer audits (from time to time) - Our website has "product exhibition" and "online services" sections (at all times)	Communicate with customers via difference methods and continue to provide products and services of premium quality to customers	- Customer satisfaction surveys are performed twice a year, and the score provided by customers is 90 or above, representing very satisfied - Participated in the 2023 IEEE Applied Power Electronics Conference and Exposition (APEC). - Participated in the ICSCRM 2023 Forum (International Conference on Silicon Carbide and Related Materials). - Apart from e-mail exchanges, we have video conferences with customers to keep close communication



Suppliers/contractors

Meaning to the Company	Topic of concern	Communication channel and frequency	Response to topic of concern	Outcomes of communication
Suppliers are material partners for the product manufacturing of the Company, and they affect the satisfaction of customers' requirements and service provision	- Economic performance - Supplier management - Mutual cooperation strategy - Industrial news	- Publish annual reports (once a year) - Supplier evaluation (once a year) - Visits, phone calls, e-mails (at all times)	Deliver labor, human rights, health, safety, environmental, and ethical specifications for observation.	- In 2023, scheduled audits of primary raw material suppliers for both process and system audits. - Maintained close communication through email correspondence, occasional phone calls, and visits.



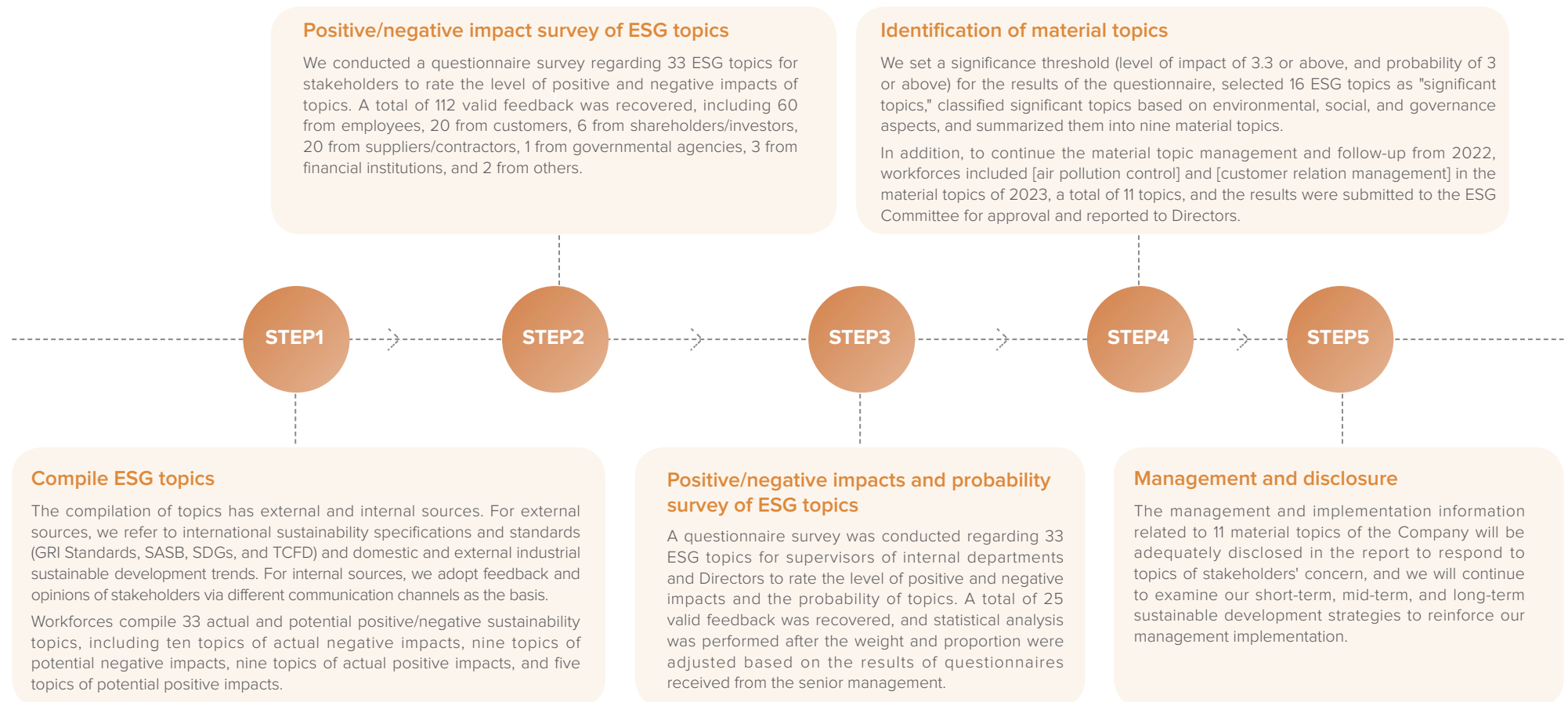
Governmental agencies

Meaning to the Company	Topic of concern	Communication channel and frequency	Response to topic of concern	Outcomes of communication
Governmental agencies are material indicators for corporate development and market expansion, and legal compliance in response to governmental agencies is the basic concept for principle for the survival and development of enterprises	- Compliance with regulations and policies - Air pollution control - Waste management - Human rights and labor-capital relations - Occupational health and safety	- Official document exchanges (from time to time) - Participate in regulation-promoting sessions (from time to time) - Participate in lectures or seminars (from time to time) - On-site audits (from time to time) - Announce matters required on MOPS according to the requirements (publish according to the requirements) - Publish annual reports (once a year)	- Keep abreast of and collect relevant amendments to regulations and policies made by governmental agencies - Execute on-site audits in cooperation with relevant governmental institutions	In 2023, we participated in 23 lectures or seminars organized by governmental agencies

1.4 Management of material topics

To allow the content of information disclosure to comply with stakeholders' expectations and requirements, the Company learns topics prioritized by stakeholders and have material effects on corporate operations via materiality analysis, and the results are used as the reference and basis for preparing the report, so as to effectively communicate with stakeholders.

1.4.1 Identification of material topics(GRI 3-1)

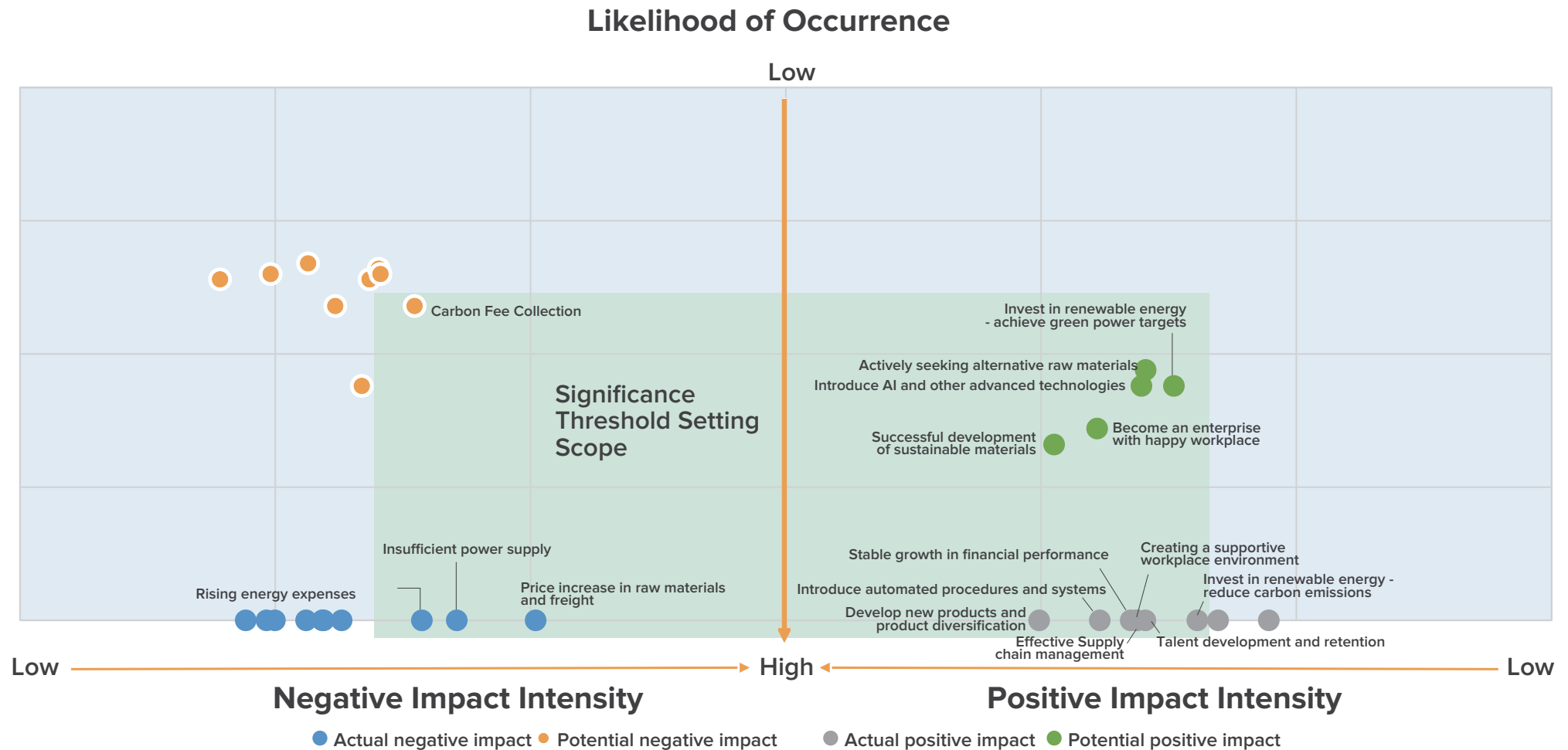


Process to determine material topics



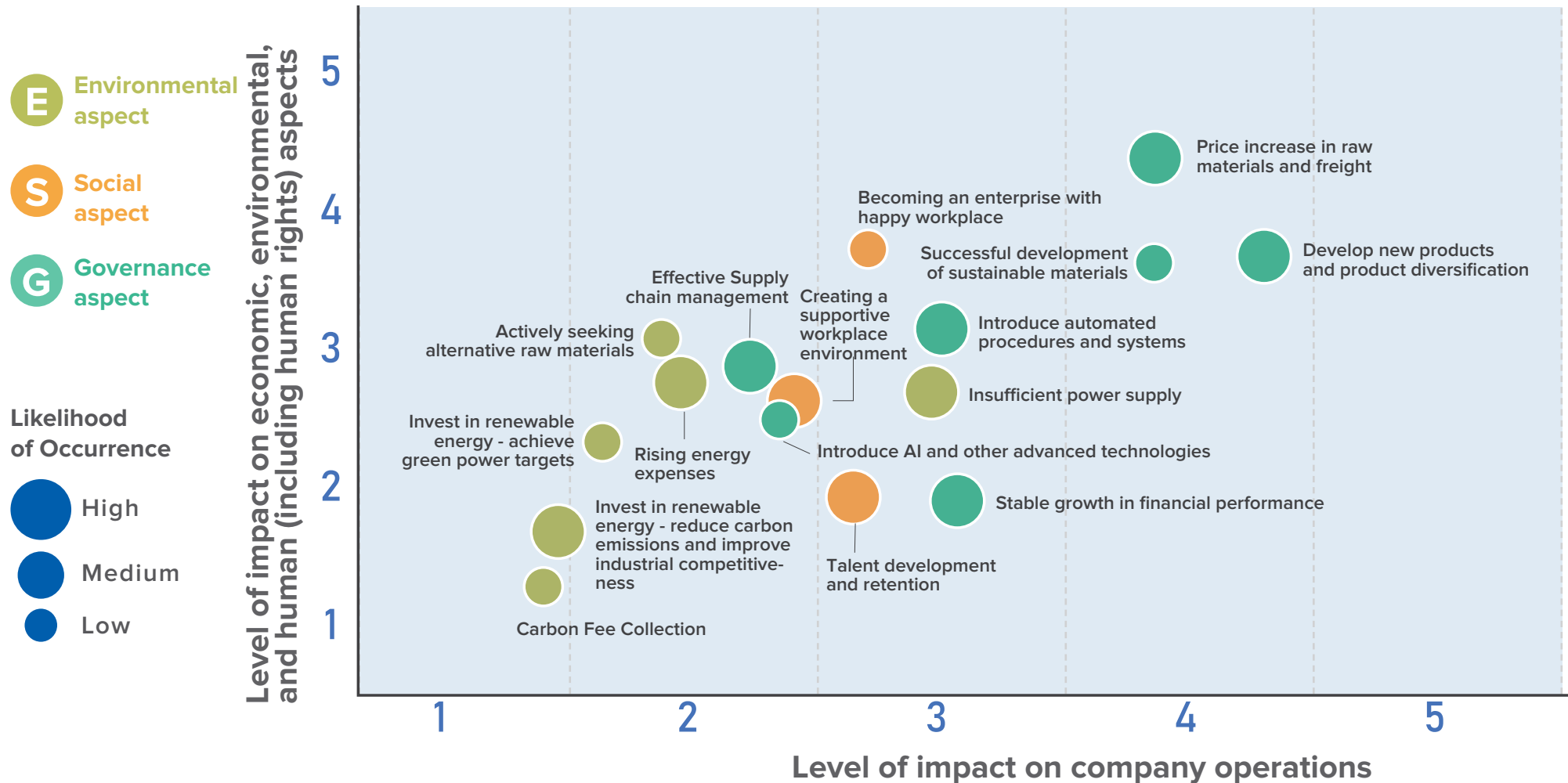
Materiality Analysis

To ensure comprehensive coverage of ESG issues, the Company has referenced the revised requirements of the GRI Universal Standards 2021, SASB Chemicals Industry Standards, SDGs, and domestic and international sustainability trends. We have collected 33 "Stakeholder Concern Items" through various communication channels. These items are evaluated based on their impact and likelihood, plotted on a risk matrix. Significant thresholds (impact score above 3.3 and likelihood score above 3) were set based on input from the ESG working group, stakeholders, and external experts. As a result, 16 ESG issues have been selected as "Significant Issues."



Material Topics Selection

The Company categorizes the 16 significant issues into environmental, social, and governance dimensions, and conducts a dual materiality analysis based on their impact on company operations and their economic, environmental, and human (including human rights) impacts. This process converges into 9 major issues. In addition, to continue the material topic management and follow-up from 2021, workforces included [air pollution control] and [customer relation management] in the material topics of 2022, a total of 11 topics, and the results were submitted to the ESG Committee for approval and reported to Directors.



16 Significant Issues

11 Material Topics



1	(Actual negative)	Insufficient power supply	▶	Climate change and energy management (GRI 302 Energy)
2	(Actual negative)	Rising energy expenses		
3	(Potential negative)	Invest in renewable energy - achieve green power targets		
4	(Actual negative)	Invest in renewable energy - reduce carbon emissions and improve industrial competitiveness		
5	(Potential negative)	Carbon Fee Collection		
6	(Potential positive)	Actively seek substitute raw materials and reduce the use of high-pollution raw materials	▶	Raw Material Management (GRI 301 Materials) (GRI 306 Waste)
Continuation of Significant Issue Management Tracking from 2021			▶	Air Pollution Control (GRI 306 Waste)



7	(Potential positive)	Becoming an enterprise with happy workplace - improve the recognition of employees with the Company	▶	Talent cultivation and development (GRI 404 Training and Education)
8	(Actual positive)	Create friendly workplace environments - reduce resignation rate and occupational disaster occurrence	▶	Occupational health and safety (GRI 403 Occupational Health and Safety)
9	(Actual positive)	Talent cultivation and retention - reduce resignation rate	▶	Talents attraction and retention (GRI 401 Employment)



10	(Actual positive)	Develop new products and product diversification - environmental-friendly materials and enter new industries	▶	Technology R&D
11	(Potential positive)	Successful development of sustainable materials - increase operating income		
12	(Actual positive)	Introduce automated procedures and systems - improve production efficiency and reduce production costs	▶	Economic performance (GRI 201 Economic Performance)
13	(Actual positive)	Stable growth in financial performance - improve the investment will of investors		
14	(Actual positive)	Appropriate supply chain management - increase in quality	▶	Sustainable management of supply chain (GRI 308 Supplier Environmental Assessment) (GRI 414 Supplier Social Assessment)
15	(Actual negative)	Price increase in raw materials and freight - increase in costs		
16	(Potential positive)	Introduce AI and other advanced technologies - improve efficiency and quality	▶	Product quality
Continuation of Significant Issue Management Tracking from 2021			▶	Customer relation management

Material topic identification results in 2023 (GRI 3-2)

Governance aspect

Environmental aspect

Social aspect

Topic of impact		Material topic	Topic of impact		Material topic	Topic of impact		Material topic				
Actual negative	Price increase in raw materials and freight - increase in costs	Sustainable management of supply chain (GRI 308 Supplier Environmental Assessment) (GRI 414 Supplier Social Assessment)	Actual negative	Rising energy expenses	Climate change and energy management (GRI 302 Energy)	Actual negative	Talent cultivation and retention - reduce resignation rate	Talent attraction and retention (GRI 401 Employment)				
Actual positive	Appropriate supply chain management - increase in quality		Actual negative	Insufficient power supply		Potential positive	Become an enterprise with happy workplace - improve the recognition of employees with the Company	Talent cultivation and development (GRI 404 Training and Education)				
Potential positive	Introduce AI and other advanced technologies - improve efficiency and quality	Product quality	Potential negative	Carbon tax imposition		Actual negative	Create friendly workplace environments - reduce resignation rate and occupational disaster occurrence	Occupational health and safety (GRI 403 Occupational Health and Safety)				
Actual positive	Stable growth in financial performance - improve the investment will of investors	Economic Performance (GRI 201 Economic performance)	Actual negative	Invest in renewable energy - reduce carbon emissions and improve industrial competitiveness								
Actual positive	Introduce automated procedures and systems - improve production efficiency and reduce production costs		Potential negative	Invest in renewable energy - achieve green power targets								
Actual positive	Develop new products and product diversification - environmental-friendly materials and enter new industries	Technology R&D	Potential negative	Actively seek substitute raw materials and reduce the use of high-pollution raw materials	Raw material management (GRI 301 Materials) (GRI 306 Waste)							
Potential positive	Successful development of sustainable materials - increase operating income											

1.4.2 Boundary of effects of material topics(GRI3-2)

● : Direct impact ◎ : Indirect impact

Aspect	Material Topics	Reason of materiality	Corresponding to particular topics of GRI Standards	Value chain				Corresponding chapters
				Supply chain	Operation	Product	Social	
Governance aspect	Economic performance	To allow the sustainable development of the Company and protect stakeholders' interests, continual profits and growth are necessary.	GRI 201 : Economic Performance 2016	◎	●	●	◎	2.1 Economic Performance
	Innovative R&D	New product and business development and improvement in product quality can improve market competitiveness, and they are the priority for corporate growth and continual development.	Material topics set by the Company	◎	●	●		2.3 Product and innovative R&D
	Product quality	Utilize efficient quality systems and systemized management to stable quality, reduce the defect rate, and improve customer satisfaction.	Material topics set by the Company	●	●	●		2.5 Customer services and product quality
	Customer relation management	Customers' requirements and expectations are the drivers for the Company's continual growth.	Material topics set by the Company	◎	●	●		2.5 Customer services and product quality
	Sustainable management of supply chain	Suppliers are partners supplying material raw materials and equipment to the Company for production, and they affect production operations and product quality.	GRI 308 : Supplier Environmental Assessment 2016 GRI 414 : Supplier Social Assessment 2016	●	●	●		2.4 Supply chain management
Environmental aspect	Raw material management	The measures adopted to improve the production efficiency of raw materials and recycling and reuse of resources affect production costs.	GRI 301 : Materials 2016 GRI 306 : Waste 2020	◎	●	●		3.1 Resources, materials, and recycling management
	Climate change and energy management	Extreme climate caused by climate change is a challenge faced by enterprises, and enterprises shall adopt measures to improve energy consumption efficiency and reduce GHG emissions.	GRI 302 : Energy 2016 GRI 305 : Emissions 2016	◎	●		●	3.2 Climate change and energy management
	Air pollution control	The discharge of air pollutants impacts the requirements of environmental protection regulations and affects the air quality of our living environments, and it is currently a material topic worldwide.	GRI 305 : Emissions 2016	◎	●		●	3.3. 1 Air pollution control and management
Social aspect	Talent attraction and retention	Premium human resources assets are key to the success of enterprises; meritocracy and appropriate staffing allow employees to work with ease, fully exhibit their expertise, and do their best at work.	GRI 401 : Employment 2016		●	◎	●	4.1 Talents attraction and retention
	Talent cultivation and development	Employees' professionalism, management skills, and overall competitiveness affect the career development of employees and are also the foundation of sustainable corporate operations.	GRI 404 : Training and Education 2016		●	◎	●	4.2 Talent cultivation and development
	Workplace safety and health	Healthy and safe working environments are the priority of workers' labor conditions.	GRI 403 : Occupational Health and Safety 2018	◎	●	◎	●	4.3 Occupational safety and health

1.4.3 Management approach to material topics(GRI3-2 、GRI3-3)

Aspect	Material Topics	Purpose of management	Management policy and target	Management policy validity evaluation system	Complaint system
Governance aspect	Economic performance	Seek stable growth and maintain sustainable corporate operations.	Short-term target: Reduce production costs and improve the sales of products with high profits. Long-term target: Explore new businesses and seek sustainable development.	- Growth rate of operating income - Gross margin - Growth rate of operating income of new businesses	- Shareholders' meeting - Direct line of spokesperson or deputy spokesperson "Contact us" on the corporate website "E-mail of Audit Committee" on the corporate website - Customer satisfaction survey - Regular annual supplier evaluation
	Innovative R&D	Constant and continuous technical advances and innovation are the core values of the Company, and they also provide momentum to maintain our competitive strength.	Short-term target: Jointly develop new materials and new products with customers to maintain our competitive strength. Long-term target: Explore new businesses and seek sustainable development.	Ratio of R&D expenses to operating income	
	Product quality	Stabilize quality and reduce defect rate to improve customer satisfaction.	Meet six standard deviation criteria and continue to improve procedure capacity to achieve the highest customer satisfaction.	- Number of established customer complaint cases - Finished good RoHS qualification rate - Zero incident related to environmental safety and health regulations - Number of 6 sigma certified cases - Number of procedure improvement cases	
	Customer relation management	Reinforce product functions and improve services to improve the trust of customers in the Company's brand.	Regularly learn and respond to customers' requirements and opinions regularly via meetings/questionnaires to provide premium customer services	Customer satisfaction	
	Supply chain management	Establish long-term cooperating relations of mutual assistance, mutual trust, co-existence, and co-prosperity.	1.Prioritize local suppliers for procurements. 2.Implement conflict minerals due diligence of suppliers. 3.Perform regular "quality, delivery term, level of cooperation, and price" evaluations of suppliers.	- Use rate of qualified minerals - Crucial supply chain risk management	

Aspect	Material Topics	Purpose of management	Management policy and target	Management policy validity evaluation system	Complaint system
Environmental aspect	Raw material management	Improve the production efficiency of raw materials and recycling and reuse to reduce operating costs and improve corporate competitiveness.	Actively promote measures related to waste reduction and recycling to improve resource efficacy.	Waste recycling rate	- Internal complaint handling methods: Propose a complaint related to environmental safety and health via "labor-capital conferences," "safe and health meetings," and other meetings. If any promotion or response is required, the responsible department shall perform an examination, and the results shall be announced for public acknowledgment after being approved by the highest supervisor of the plant. - External complaint handling method: An external department may propose a complaint related to environmental safety and health via telephone, orally, or in writing. After a department of the Taoyuan Plant accepts the complaint, transfer it to the responsible department to verify the content of the complaint. If the case is confirmed to be established, appropriate responses will be made.
	Climate change and energy management	Comply with the voluntary GHG reduction commitment, comply with regulations, and analyze the risks and opportunities of climate change to reduce the financial loss arising from production operations due to climate change.	Establish the ISO 50001 energy management system to improve energy consumption efficiency.	Volume of carbon dioxide reduction	
	Air pollution control	Comply with environmental protection regulations and improve air pollution of the environment.	Commit to pollution control and comply with environmental protection regulations.	Zero violation of law	
Social aspect	Talent attraction and retention	Extensively employ talents of virtue and ability to jointly achieve prosperity and share the results.	Improve employee satisfaction, talent availability, and recruitment achievement rate. Reduce employee resignation rate.	- Employee satisfaction - Recruitment achievement rate	- All Hands Meeting - Labor - capital conferences - EWC meetings - Occupational Safety and Health Committee meetings - Employee complaints and opinion mailbox management - E-mail of Audit Committee
	Talent cultivation and development	Adopt comprehensive training and evaluation systems to achieve the targets of appropriate staffing and using personal talents.	- Build a scientific and comprehensive training system. - Build a comprehensive talent echelon system of high efficiency. - Establish a professional and comprehensive technique inheritance system.	Average educational training hours of employees	
	Workplace safety and health	Duly care for employees' health, improve safety and health, focus on work safety, and jointly commit to the highest targets of zero disaster, zero accident, and zero injury/sickness.	Achieve four zero targets: Zero disasters, zero accidents, zero injuries/illnesses, and zero violations of laws.	Zero disasters, zero accidents, zero injuries/illnesses, and zero violations of laws	

1.5 UN SDGs (GRI 2-24)

As a part of the world, the Company considers that sustainable development shall start from the combination of core values and UN SDGs. We carried out SDG connectivity identification in three stages and set relevant targets that are included in our business plan.

SDGs identification procedures

Stage 1: Understanding SDGs and business development discussions

- Carry out SDGs educational training and have discussions of effects on the Company's operations
- Consider the priority of SDGs



Stage 2: Identify effects and opportunities

- Link SDGs to material topics
- Identify crucial opportunities and allocate resources



Stage 3: Targets and actions in response to SDGs

- Have discussions of the feasibility of the targets set
- Establish short-term and mid-to-long-term plans and have discussions of their inclusion in the corporate business plan

Material topic's connection with SDGs

Aspect	Material Topics	SDGs
Governance aspect	Economic performance	SDGs 8 Decent Work and Economic Growth
	Innovative R&D	SDGs 8 Decent Work and Economic Growth
	Product quality	SDGs 9 Industry, innovation and infrastructure
	Customer relation management	SDGs 8 Decent Work and Economic Growth
	Supply chain management	SDGs 17 Partners for the Goals
Environmental aspect	Raw material management	SDGs 12 Responsible Consumption and Production
	Climate change and energy management	SDGs 7 Affordable and Clean Energy SDGs 13 Climate Action
	Air pollution control	SDGs 11 Sustainable cities and communities
Social aspect	Talent attraction and retention	SDGs 8 Decent Work and Economic Growth
	Talent cultivation and development	SDGs 4 Quality Education
	Occupational Health and Safety	SDGs 3 Good Health and Well-Being

Connection of SDGs with the Company's sustainable development targets

SDGs	Goals	Actual practices in 2023	Corresponding chapter
SDGs 3 Good Health and Well-Being	Maintain the safe working environment of plants and employees' health.	- Zero disasters, zero accidents, zero injuries, and zero violations of laws. - Taoyuan Plant introduced the ISO 45001 occupational safety and health management system in 2022 and obtained the verification on December 22.	4.3 Occupational safety and health
SDGs 4 Quality Education	Adopt comprehensive training and evaluation systems to achieve appropriate staffing.	- Achieve the target of average educational training hours of employees 6 sigma green belt training project courses - TRIZ training project courses	4.2 Talent cultivation and development
SDGs 8 Decent Work and Economic Growth	Expand operating scope, reduce costs, and continue to improve operating income and profits.	- The iron core business has been affected by factors such as the Russia-Ukraine war, the Israel-Palestine conflict, and inflation, leading to persistently weak consumer electronics demand and a sluggish iron core market. In a challenging market environment, intense price competition has further increased the operational pressure and losses in the iron core business. - The operating income of SiCs was NT\$338,577 thousand, representing a growth of 94% from 2022.	2.1 Economic Performance 2.3 Product and innovative R&D 2.5 Customer services and product quality 4.1 Talents attraction and retention
SDGs 9 Industry, innovation and infrastructure	Perform constant and continuous technological advances and innovations to maintain our competitive strength.	- Ratio of R&D expenses to operating income > 5% - Customer satisfaction: 93 points - There were 8 customer complaints (6 related to black powder and 2 related to iron cores). - Finished good RoHS qualification rate: 100% - Zero incident related to environmental safety and health regulations - Number of procedure improvement cases: 8 cases - CIP project improvement: 36 projects (CIP: Continuous Improvement Process) 6 sigma certification rates: 100% (new engineers)	2.3 Product and innovative R&D 2.5 Customer services and product quality
SDGs 11 Sustainable cities and communities	Comply with environmental protection regulations, commit to pollution prevention, and satisfy the environmental and quality requirements of customers.	Zero violation of environmental protection laws.	3.3 Air pollution control and management
SDGs 7 Affordable and Clean Energy	Comply with the voluntary GHG reduction commitment, comply with regulations, and analyze the risks and opportunities of climate change to reduce the financial loss arising from production operations due to climate change	- Adopt TCFD methods to identify transformation risks and physical risks during the course of operation, examine the countermeasures each year, and establish a resilient climate change culture. - Reduced carbon emissions by 949 tCO₂e in total via various energy-saving and carbon dioxide reduction plans	3.2 Climate change and energy management
SDGs 13 Climate Action			
SDGs 12 Responsible Consumption and Production	Improve the production efficiency of raw materials and recycle and reuse resources.	There is no domestic waste from general business waste processed via incineration. In 2023, the overall waste recycling rate was 98%	3.1 Resources, materials, and recycling management
SDGs 17 Partners for the Goals	Establish long-term cooperating relations of mutual assistance, mutual trust, co-existence, and co-prosperity.	- In 2023, scheduled audits of primary raw material suppliers for both process and system audits. Achieved 100% in not using minerals from the Democratic Republic of the Congo that are recognized as not complying with the conflict-free specifications by the United Nations Security Council - The "monthly supplier evaluation list" made for approximately 22 suppliers of crucial raw materials and auxiliary materials has no deficiency	2.4 Supply chain management



2.1 Economic performance

2.2 Corporate governance

- 2.2.1 Governance structure
- 2.2.2 Board composition and operation
- 2.2.3 Risk management and internal control

2.3 Product and innovative R&D

2.4 Supply chain management

- 2.4.1 Procurement strategy
- 2.4.2 Supply chain management

2.5 Customer services and product quality

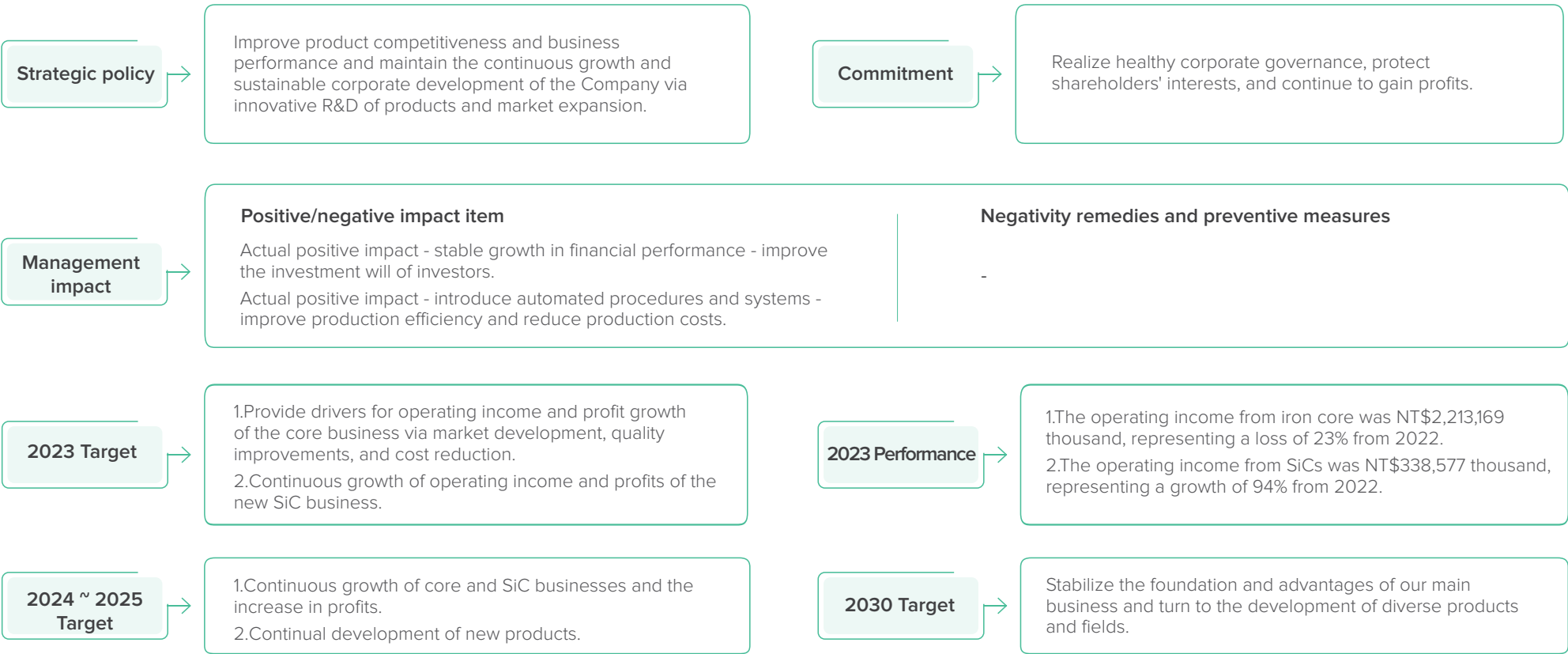
- 2.5.1 Premium customer services
- 2.5.2 Premium product quality

02

Business governance and value chain management

2.1 Economic Performance(GRI 201-1)

Management approaches (GRI 3-3)



Due to the Ukraine-Russia War, inflation, and other factors, consumer spending power dropped drastically, and the demand for mobile phones, laptops, and consumer electronics turned sluggish. Despite the continual growth in the demand for automotive electronics and cloud server products, the overall core market demand remained sluggish. The rising price of raw materials caused by inflation and the work suspension and impacts on the supply chain due to the pandemic control measures in Mainland China further stressed our core business operations. Thanks to the rapid development of EVs, our consolidated net loss after tax for the year was NT\$211,917 thousand, with an increase in the operating income and profits from SiC products. After deducting losses after tax of NT\$40,693 thousand from non-controlling interest, the consolidated net profit attributable to the Company was NT\$171,224 thousand, and earnings per share were (NT\$0.81).

In terms of R&D and market development, high-end automobiles, data center, AI, industrial, medication, aerospace, 5G, IoT, and other applications will continue to be developed. The Company continues to cooperate with such market development and actively develops relevant products. Regarding the automotive electronic market, due to the emergence of the EV market, the demand in the passive component market increased significantly. There are charging poles, automotive chargers, and DC converters for powers, hand-free key sensor aerial rods and tire pressure detectors for sensors, and products related to V2X. Through years of efforts, the Company is recording continuing growth.

Regarding production, facing the operating environment of intensive external competition, stable

quality and cost control is required to satisfy customers' requirements and to make room for profits. The Company continues to promote streamlined production, 6 sigma, and TRIZ system training and project promotion. We introduced the automated and information-integrated MES production system to allow reasonable, automated, and smart production procedures, improving the overall quality and cost competitiveness.

For new business development, the market applications of SiC developed due to the rapid development of EVs, and countries worldwide have listed SiC as a strategic crucial material; Taiwan also included the material in its political development items. The Company has recorded certain progress in the development of high purity SiC powder, and our sales continue to grow. In the future, in line with the market development (i.e., the development of EV and PV industries), we will expand our production and marketing scale and actively invest in the development of the application market of high-purity SiC ceramic products to lay a foundation for the next development opportunity.

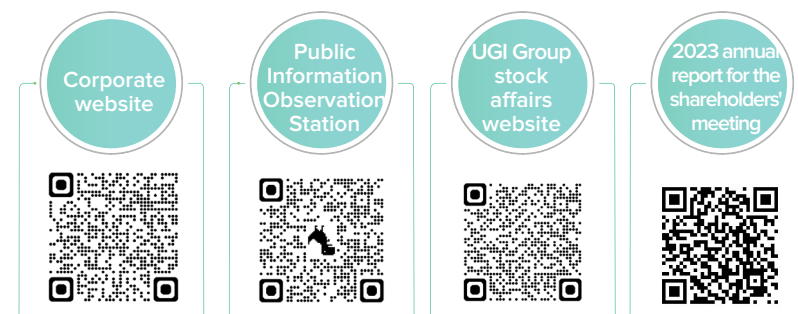
Inflation and geopolitical risks constantly affect economic development. The outbreak of COVID-19 slowed down, and operations in countries worldwide and Mainland China have gotten on track. There are constantly new applications in the electronic industry, and the market is abundant with emerging opportunities. The Company wishes to continue to grow and make progress in creating further profits under the constantly strengthened competitiveness of our core business and the active development of our new business.

Consolidated financial performance of ACME and its subsidiaries from 2021 to 2023

Unit: NT\$ thousands

Item	2021	2022	2023
Consolidated operating income	3,070,315	3,057,217	2,551,746
Consolidated gross profit	617,703	519,969	237,499
Consolidated operating net (loss) profit	155,204	47,423	(248,196)
Consolidated (loss) net profit before tax	143,781	53,072	(249,465)
Consolidated (loss) net profit after tax	90,481	14,717	(211,917)
Consolidated net (loss) profit after tax attributable to the Company	59,329	16,348	(171,224)
Consolidated net (loss) profit after tax attributable to non-controlling interests	31,152	(1,631)	(40,693)

To allow shareholders and investors to gain real-time accurate information about the Company when making investment decisions, apart from the publication of monthly operating income, quarterly financial statements, and annual reports for the shareholders' meeting, relevant information may be inquired in the "investor services" section on the Company's website <https://www.acme-ferrite.com.tw> or on MOPS <https://mops.twse.com.tw>. In addition, shareholders and investors may make use of the direct line of the spokesperson or deputy spokesperson, "contact us" on our corporate website, and "contact us" on the USI Group stock affairs website <https://www.usig.com/USIGStockHome.aspx> to reflect any problems and recommendations; dedicated personnel will handle and respond to all opinions.



Direct economic value generated and distributed by ACME from 2021 to 2023

Unit: NT\$ thousands

Item		2021	2022	2023
Economic value directly generated	Operating income ^(Note 1)	1,304,802	1,379,326	1,188,771
	Operating cost ^(Note 2)	1,344,402	1,509,574	1,213,182
Economic value distributed	Employees' salaries and benefits ^(Note 3)	213,109	217,539	230,215
	Payments to capital contributors ^(Note 4)	12,967	16,906	23,233
	Payments to the government ^(Note 5)	1,292	1,210	1,256
	Community investment ^(Note 6)	0	0	0
Economic value retained ^(Note 7)		59,329	16,348	(171,224)

Note 1: Operating income refers to sales income.

Note 2: Operating cost refers to the cost of sales plus operating expenses.

Note 3: Employees' salaries and benefits are included in the abovementioned operating cost.

Note 4: The Company did not distribute cash dividends; therefore, this only includes interest expenses.

Note 5: Payment to the government refers to property taxes imposed by the government.

Note 6: Taoyuan Plant of the Company is inside the Guanyin Industrial Park; apart from paying management fees, there are no other relevant community investment expenses.

Note 7: The scope included is beyond Taiwan, and profit or loss recognized by overseas investees is also included.

Financial assistance received from government(GRI 201-4)

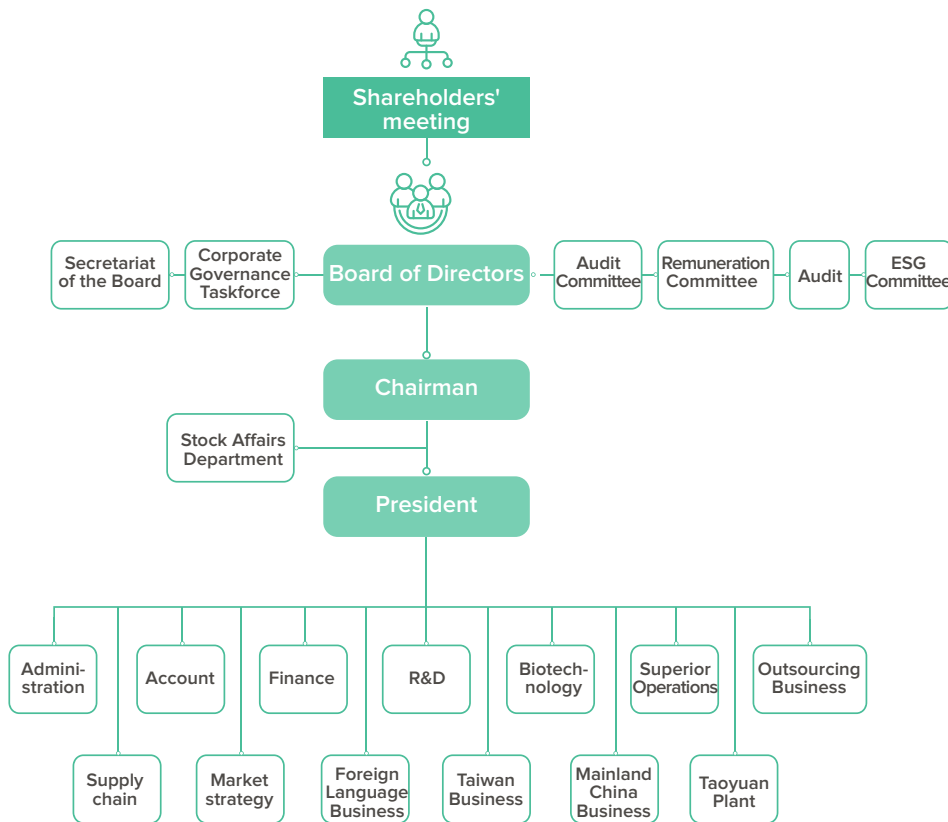
The Company actively invests in innovative R&D activities each year, and R&D expenses may offset the profit-seeking business income tax payable in the current year; however, there was no income tax payable in 2020 and 2022; therefore, no R&D expenses were used for offsetting.

In 2023, we obtained subsidies of NT\$9,000 thousand from the government under the Taiwan Industry Innovation Platform Program.

2.2 Corporate governance

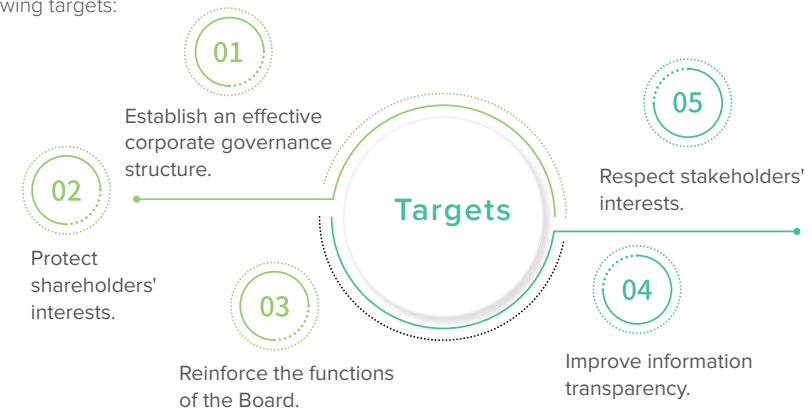
2.2.1 Governance structure

Governance structure and composition (GRI 2-9)



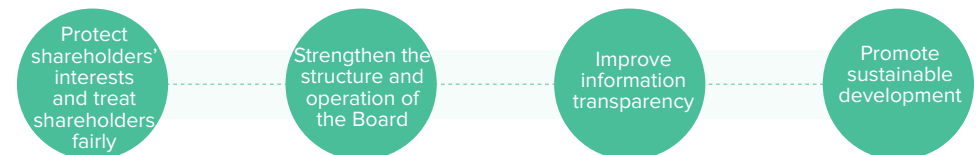
Corporate Governance Best Practice Principles

To establish a favorable corporate governance system and improve corporate governance functions, the Board has approved the establishment of the "Corporate Governance Best Practice Principles" with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and in accordance with the practical operations on August 6, 2015 in the hope of achieving the following targets:



The Company participated in the "Listed Company Corporate Governance Evaluation" organized by the Securities and Futures Institute, commissioned jointly by Taiwan Stock Exchange and Taipei Stock Exchange and was ranked top 6%~20% for nine consecutive years among early 700 companies listed on TPEX under evaluation from the second session to the ninth session, representing that the efforts made by the Company for corporate governance are recognized.

Four major aspects of the evaluation



Director of Corporate Governance

To protect shareholders' interests and reinforce Board functions, the Board approved the resolution on May 7, 2019 to appoint section chief Yong-Zhi Chen, chief of legal affairs, as the chief of corporate governance concurrently, which is the highest supervisor responsible for affairs related to corporate governance. Mr. Yong-Zhi Chen, Director, has over 20 years of experience as a practicing lawyer and nearly 10 years as a legal director of a publicly listed company. His primary responsibilities include handling board of directors and shareholders' meetings in compliance with laws, preparing minutes of board and shareholders' meetings, assisting directors in their appointments and ongoing education, providing necessary information for the execution of board business, ensuring directors' compliance with regulations, and reporting to the board on the qualifications of independent directors during nomination, election, and throughout their tenure. He also manages matters related to changes in board composition.

Protection of shareholders' interests and information transparency

As of March 30, 2024, the shareholder structure of the Company is primarily individuals and corporations that are not governmental institutions. The name, number of shares held, and shareholding ratio of shareholders with the top ten shareholdings are disclosed in the Company's annual report; please refer to page 110 of the 2023 annual report of the Company.

Shareholder structure Quantity	Financial institution	Other corporations that are not governmental institutions	Individual	Foreign institution and foreigner	Total
Number of shares held	0	104,775,425	107,042,334	1,175,984	212,993,743
Shareholding ratio	0%	49.19%	50.26%	0.55%	100%

To protect shareholders' interests, the Company is committed to providing real-time transparent corporate information to shareholders and actively establishes favorable mutual communication channels with shareholders, including annual shareholders' meetings, investor conferences, MOPS, "investor service" page, annual reports, and sustainability report in both Chinese and English to disclose real-time corporate governance status, operating status, financial statements, sustainable management, corporate development, and other financial and non-financial information, and continues to collect shareholders' opinions and feedback to service as a reference for decision-making by its management team.

2.2.2 Board composition and operation (GRI 2-9、2-10、2-11、2-13、405-1)

Board of Directors

The candidate nomination system is adopted for Directors (including Independent Directors) of the Company. Shareholders who hold shares over 1% of the total issued shares and the Board may propose the list of Director candidates. After the Board has approved that the candidates comply with conditions to be equipped with by Directors, the list is submitted to the shareholders' meeting, and the shareholders' meetings shall elect them from the list of Director candidates. The current board of directors, appointed in 2023, consists of 9 directors with extensive experience in their respective fields. Among the board positions, 3 independent directors have been appointed, accounting for 33% of the board composition. The term of office of Directors is 3 years; they may be re-elected and re-appointed. For board member information, please refer to the table below.

Term of office of the current session	May 26, 2023 to May 25, 2026
Member	- Director: Quintin Wu (Chairman), Shan-Ke Hsu, Hui-Ming Cheng and Wen-Hao Wu (President) Hsien-Tsung Wu, Chun-Hui Huang - Independent Director: Li-Chiu Chang, Piao-Chun Chen, and Shun-Tien Lin
Member gender	All male
Member age	- One below 60 - Three between 60-69 - Five above 70

Note: The background information, academic background, and concurrent positions in other companies of Directors are disclosed in the annual report of the Company; the data of the annual report is available on MOPS and our corporate website.

Age distribution of board members



In 2023, a total of seven meetings were convened, and the attendance rate in person of all Directors (Independent Directors) reached 93.65% (100% if including proxy). For Board diversification, please refer to pages 35 to 37 of the Company's 2023 annual report.

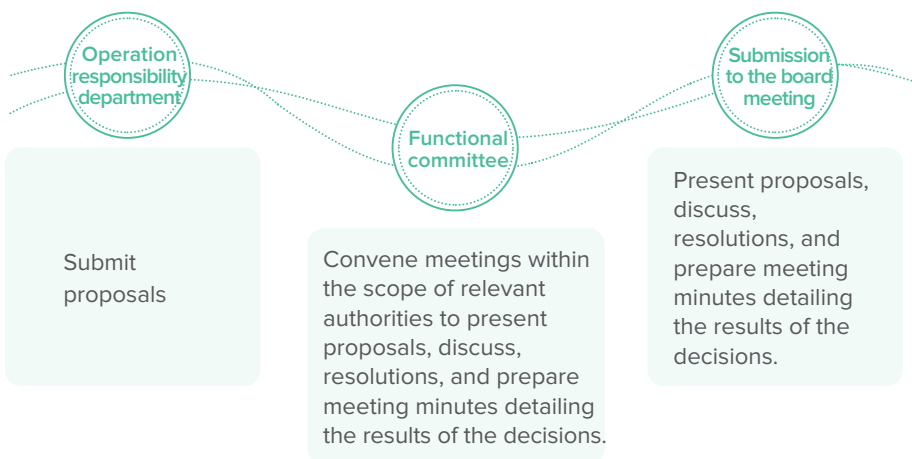
Submission procedures for proposals at Board meetings

(GRI 2-9 、 2-10 、 2-11 、 2-12 、 2-13 、 2-16)

Proposals are submitted by the business units with responsibility to the respective functional committees for reporting, discussion, and resolution. Following this, the proposals are presented to the Board for further discussion and resolution. Post-meeting, the functional committees and the Board's secretariat separately prepare minutes detailing the discussion process and decisions made.

For details regarding the process of submitting board proposals, the responsibilities of the Board's secretariat, and significant decisions of the Board for the year 2023, please refer to the table below.

Submission procedures for proposals at Board meetings :



For significant decisions of the Board of Directors in fiscal year 2023, please refer to pages 98-100 of our 2023 Annual Report and the Company's website - Board Resolutions.

In addition, the Company has a "Secretariat of the Board" to serve as the affairs department for the operation of the Board; the Secretariat is responsible for planning and organizing Board meeting affairs to improve the efficiency of Board meetings and assist in promoting the execution of resolutions.

Functional committee (GRI 2-9 、 2-19 、 2-20 、 2-21)

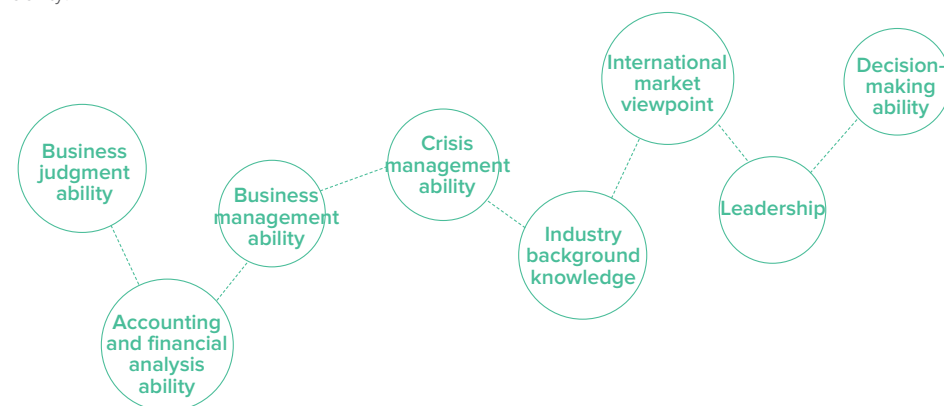
The Company has established three functional committees under the Board of Directors: the Audit Committee, the Compensation Committee, and the Sustainability Committee. These committees are responsible for formulating and reviewing policies related to their respective areas of responsibility, aiming to enhance corporate governance.

Title	Name	Audit Committee	Remuneration Committee	ESG Committee
Chairman	Quintin Wu	---	---	Committee member
President	Wen-Hao Wu	---	---	Vice chairperson committee member
Independent Directors	Li-Chiu Chang	Convener	Committee member	---
Independent Directors	Piao-Chun Chen	Committee member	Convener	Committee member
Independent Directors	Shun-Tien Lin	Committee member	Committee member	Chairperson

Implementation of Board diversification policy (GRI 2-10 、 2-17)

According to Article 20 of the Company's "Corporate Governance Best Practice Principles," Board composition shall consider diversification, and members shall possess the knowledge, skills, and literacy required for the execution of duties.

To achieve the ideal target of corporate governance, the overall Board shall possess the following ability:



Apart from the abovementioned eight abilities, with consideration to the high attention paid to topics related to corporate governance and environmental protection worldwide, the Company expects to include two professional abilities, "law" and "environmental protection," in terms of Board diversification. Current members possess the knowledge, skills, and literacy required for the execution of duties and possess accounting and finance, international market, legal, and environmental protection expertise. For Board diversification, please refer to pages 47 to 49 of the Company's 2023 annual report.

The goals for diversifying board members include the intention to add a female director to achieve gender diversity objectives. Furthermore, in response to the global trend emphasizing corporate sustainability, the company plans to increase directors who are experienced and proficient in relevant fields to enhance the company's sustainability competitiveness and further strengthen the functionality of the board of directors.

Recusal of Directors for conflicts of interest (GRI 2-18、2-19、2-20、2-21)

The Board of Directors has established comprehensive regulations for avoiding conflicts of interest, and procedural measures are also implemented, with records of the process kept in the minutes of the meetings, as explained below:

To enhance corporate governance, the Board of Directors has established comprehensive regulations for avoiding conflicts of interest among directors, ensuring the protection of investor rights. (Please refer to the Board of Directors' Meeting Regulations, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct).

Measures to avoid conflicts of interest: When the Board of Directors discusses matters involving directors' conflicts of interest, the Chairman reminds the relevant directors to recuse themselves. If the Chairman has a conflict of interest, a director without such conflict is designated to act as Chairman.

The Board Secretary's office, in accordance with the Board of Directors' Meeting Regulations, meticulously records the reasons for recusal and the execution details regarding matters involving directors' conflicts of interest in the minutes of the Board meetings.

The Board's actions in recusing themselves from conflicted matters in 2023 complied with legal requirements (refer to page 37 of the Company's 2023 Annual Report for details on the Board's operations).

For responses regarding conflicts of interest between Board members and related parties, please refer to the "Board Members' Information" and "Top Ten Shareholders by Shareholding Proportion" sections in the 2023 Annual Report, as well as the "Related Party Transactions" in the 2023 Financial Statements.

Implementation of the performance evaluation of the Board, Audit Committee, and Remuneration Committee (GRI 2-18)

In accordance with the method and criteria set by the Board for assessing performance, an annual comprehensive self-assessment of the overall Board, individual directors, and functional committees is conducted. The Board Secretariat is responsible for conducting this assessment using internal self-assessment methods. The results of the performance evaluations serve as a reference for the company's review and improvement efforts.

The overall self-assessment results for the Board, individual directors, and functional committees in 2023 are as follows:

Overall Board of Directors

Evaluation Aspect	Scores
Degree of Participation in Company Operations	4.67
Enhancing the Quality of Board Decision-Making	5
Board Composition and Structure	5
Selection and Ongoing Education of Directors	4.60
Internal Controls	5

The overall assessment of the Board of Directors shows that all five dimensions averaged scores of 4.6 or above, indicating a good evaluation result.

Individual Director Members

Evaluation Aspect	Scores
Mastery of Company Goals and Missions	4.74
Awareness of Director Responsibilities	4.89
Degree of Participation in Company Operations	4.59
Internal Relationship Management and Communication	4.67
Professionalism and Ongoing Education of Directors	4.78
Internal Controls	4.74

Self-assessment results of the directors show that all six dimensions averaged scores of 4.5 or above resulting in an overall positive evaluation.

Audit Committee

Evaluation Aspect	Scores
Degree of Participation in Company Operations	4.75
Audit Committee Responsibilities Awareness	4.40
Enhance Audit Committee Decision-Making Quality	4.71
Composition and Member Appointment	4.56
Internal Controls	4.56

The self-assessment results of the Audit Committee indicate that all five aspects achieved an average score of 4.4 or above, with an overall positive evaluation.

Remuneration Committee

Evaluation Aspect	Scores
Degree of Participation in Company Operations	4.75
Compensation Committee Responsibilities Awareness	4.40
Enhance Compensation Committee Decision-Making Quality	4.72
Compensation Committee Composition and Member Appointment	4.55

The self-assessment results of the Compensation Committee indicate that all four aspects achieved an average score of 4.4 or above, with an overall positive evaluation.

Note: Evaluation scores range from 0 to 5, with 5 being the highest. The evaluation period was from January 1, 2023, to December 31, 2023.

Overall performance evaluations of the Board of Directors, individual directors, and functional committees will be submitted to the first quarter Board meeting in 2024.

Committee regularly examines (1) the performance evaluation and (2) the policy, system, standards, and structure of remuneration of Directors and managers and establishes and estimates the remuneration of Directors and managers with reference to the median salaries within the industry, time invested and duties assumed by individuals, target achievement of individuals, remuneration of persons of equivalent positions, achievement of the short-term and long-term business targets of the Company, the financial position of the Company, and other factors, and the remuneration shall be approved by the Board.

Remuneration

Remuneration items of Directors include compensation, remuneration of Directors, and business execution expenses; remuneration items of managers include monthly salary, fixed bonus, year-end bonus, remuneration of employees, and annual special bonus, in which remuneration of Directors and remuneration of employees shall be subject to the requirements under Article 34 of the Articles of Incorporation, If the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance. Total remuneration ratio in 2023 is 10.09: 1; Total remuneration change ratio: 3.49%.

Performance evaluation

Aspects of performance evaluation of Directors include the understanding of corporate targets and missions, awareness of duties, level of participation in corporate operations, internal relationship management and communication, professional and continuing education, and internal control; the performance evaluation of managers covers the finance aspect (operating income, operating gains, and net profit before tax), customer aspect (customer satisfaction and service quality), product aspect (brand management and quality innovation), talent aspect (talent cultivation and potential development), safety aspect, project aspect (digital transformation, energy-saving and carbon dioxide reduction, circular economy, and net zero emissions), assessing the achievement rates in these areas. Indicators related to sustainability (Implementation results of energy-saving and carbon dioxide reduction) have a weight of at least 5%.

Note 1:Total remuneration ratio: Annual total remuneration of the individual with the highest remuneration in the organization/median of the annual total remuneration of all employees (excluding the individual with the highest remuneration)

Note 2:Total remuneration change ratio: Increase ratio of the annual total remuneration of the individual with the highest remuneration in the organization/median of the annual total remuneration of all employees (excluding the individual with the highest remuneration)

Improve Directors' professional functions

To reinforce Directors' (include independent directors) professional functions, the Company regularly provides information on relevant continuing education courses and assists Directors in registering. For internal training programs, a total of 6 hours were planned. On July 5, 2023, Professor Chu-cheng Ming from the Department of Political Science at National Taiwan University was invited to lecture for 3 hours on "Political Economy of the CCP, International Situations, and Cross-Strait Relations". Additionally, on October 13, 2023, Partner Accountant Lin-Shun Hsu from Price Waterhouse Coopers Taiwan was invited to lecture for 3 hours on "How Directors Supervise Corporate Enterprise Risk Management and Crisis Handling". In 2023, each director participated in external courses, accumulating a total of 55.5 hours of training. All directors elected this year comply with the requirements set forth in Article 3 of the "Guidelines for the Establishment and Exercise of Duties of Directors of Listed Companies on the Taiwan Stock Exchange" issued by the Taiwan Securities and Exchange Market Foundation, and the "Guidelines for Continuing Education for Directors and Supervisors of Listed and OTC Companies". For details of the continuing education courses and number of hours, please refer to pages 39 to 40 of the Company's 2023 annual report "directors' training activities.

2.2.3 Risk management and internal control

Risk management (GRI 2-25)

In 2022, the global economy was affected by the slowdown in demand caused by inflation and rising interest rates, the Ukraine-Russia War and geopolitical conflicts, repeated adoption of Zero-COVID and lockdown measures by China due to COVID-19, financial risks brought by climate change and energy crisis, and net zero emission by 2050, making risk management an important part of corporate governance.

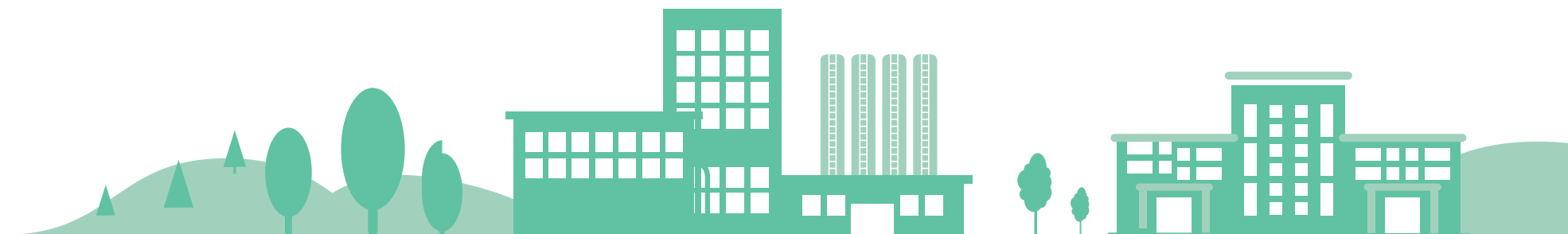
To strengthen corporate governance, minimize potential risks faced by operations, and ensure the stable operations and sustainable development of the Company, the Audit Committee and the Board approved the "Regulations for Risk Management Policies and Procedures" in December 2020; the main content includes risk management policies, risk management organization, risk management procedures, risk management category and system, and other items so as to effectively control risks generated from business activities, and the operating status of risk management shall be reported to the Audit Committee and the Board each year.

The Company has integrated risk management into daily operational processes. Each department conducts ongoing risk assessments and controls to safeguard the interests of the company, employees, shareholders, and stakeholders, aiming for sustainable operation.

In 2023, the operating status of risk management departments is set out in the following table:

No.	Risk Type	Operating Situation in 2023
One	Financial risks	1.Interest rate fluctuation risk: Under the effects of COVID-19 and the Ukraine-Russia War, the price of global commodities surged and resulted in rising inflation. Central banks in different countries increased the interest rate to inhibit inflation; for the rising stage of interest rate: (1) Short-term capital requirements: Closely monitor changes in the Taiwan Central Bank's interbank rates and the interest rates of various maturities of central bank transferable certificates of deposit. Adjust borrowing periods appropriately to effectively reduce costs and ensure adequate short-term funds for operational needs. (2) Mid-to-long-term capital requirements: Secure mid-to-long-term limits from financial institutions to fixed capital costs at a fixed interest rate and avoid the risk of rising interest rates in the future. Timely increase the borrowing limit level and adjust the ratio of short-term to medium/long-term borrowings to ensure that the short-term utilization rate does not exceed 50%. This aims to maintain a more robust overall financial structure, thereby reducing the risk arising from interest rate fluctuations. 2.Exchange rate fluctuation risk: The FED increased the interest rate significantly to prevent inflation, which resulted in significant fluctuations in the international exchange market. In principle, the Company adopts net positions for full hedging regarding foreign exchange operations. However, if the development in the exchange market is clearly more favorable, the Company may appropriately adjust the hedging ratio within the scope of controllable risks. 3.Risk of property loss: The Company has insured various properties based on their operational and asset scale at reset cost, effectively transferring risks to insurance companies. 4.Endorsement and guarantee risk: The Company provides endorsement and guarantees to subsidiaries holding 60.1% and 100% equity stakes, enhancing their funding cost efficiency and financial flexibility. Such endorsements and guarantees align with established business strategies, and the assumed risks fall within the Company's acceptable range. 5.Accounts receivable risk: For overdue customers, shipment is temporarily suspended. Immediate visits are made to clarify reasons for the delay and to inquire about any abnormal payment situations. If necessary, preservation procedures such as provisional attachment and seizure of customer assets are implemented. Regular meetings are conducted to review customer business conditions or analyze customer financial statements. If issues are identified with a customer, it is recommended to suspend shipments or reduce credit extensions.
Two	Strategic and operating risks	● The operating department regularly reports strategic topics to Directors to reduce strategic risks via the recommendations and supervision of Directors. ● Weekly cross-factory video conferences are held to continuously review the operational status of each factory, adjusting and formulating operational strategies. ● Weekly business and R&D meetings are convened to closely monitor and grasp changes and trends in competitors, markets, industries, and customers, in order to respond accordingly and as references for production, technology, and product development directions.
Three	Raw material price and supply chain risk	1.Fluctuations in raw material prices: Due to overall unfavorable market conditions, raw material prices have declined. We will continuously monitor and understand the internal demand for raw materials and their prices to facilitate optimal procurement. 2.Raw material inventory and logistics management: Adjust and confirm the demand of using departments on a rolling basis, prepare materials in advance, and make arrangements for normal management of raw material inventory and logistics. 3.Production equipment inventory plan: The production department regularly examines and establishes the spare major production equipment plan. The procurement department cooperates with the spare plan, learn the spare production equipment and delivery term of suppliers, and place order on a timely basis.

No.	Risk Type	Operating Situation in 2023
Four	Occupational safety risk	2023 Occupational Safety Performance Report of Plant III - To enhance the effectiveness of occupational safety and health management, we began implementing the ISO 45001 Occupational Health and Safety Management System in April 2022, and successfully passed the verification in December 2022. Throughout 2023, we continued to operate the management system, setting objectives, identifying risks, and implementing relevant occupational safety and health measures to achieve our goal of zero occupational accidents, thereby demonstrating our corporate social responsibility. - In coordination with the Group's Environmental Department, regular safety briefings are conducted to share significant workplace safety and environmental protection news from both internal incidents and major incidents domestically and abroad, for learning and improvement. - Engaged contracted on-site health management medical personnel to manage employee health and conduct health activities and related health education operations, aiming to enhance employee health awareness and reduce occupational disease risks.
Five	Information security risks	- Engaged a professional cybersecurity consulting firm to conduct bi-annual social engineering drills and cybersecurity education training and tests to enhance employees' cybersecurity awareness. - Regularly dispatch personnel to conduct cybersecurity inspections and asset inventory on OT computers at factory sites, strengthening cybersecurity controls over OT equipment and implementing USB port locking controls to mitigate cybersecurity risks from USB ports. - Annually engage ISO-certified cybersecurity consultants to assist with cybersecurity audits, enhance internal cybersecurity controls and operational processes, and conduct bi-annual vulnerability scans and remediation. - Engage ISO-certified cybersecurity consultants to perform cybersecurity health checks on information environments, including packet flow collection and analysis for servers, client computers, AD hosts, and core network switches. - Annually commission internationally renowned certification firms to conduct ISO 27001 certification audits; the company has maintained ISO 27001 certification for 10 consecutive years. The internal audit department within the group conducts bi-annual cybersecurity audits. - Transitioned the company's corporate website to the cloud, ensuring operational effectiveness and integrity through cloud cybersecurity protection and backup mechanisms. - Continuously update system versions and cybersecurity suites for external firewalls to ensure the latest protection capabilities. Conduct annual disaster recovery and backup drills for external firewalls to enhance continuous firewall operation. - Conduct regular disaster recovery drills for critical system hosts within the group to strengthen system recovery speed and capabilities. Follow the 3-2-1 backup principle for critical system data to ensure rapid recovery to normal operations during disasters and maintain the group's business continuity capabilities. - Implement inventory audits and virus protection health checks for USB external storage devices used within the group to ensure safe usage. - Stablish a dedicated cybersecurity unit in compliance with the Financial Supervisory Commission's requirements, appointing a cybersecurity supervisor and personnel responsible for planning, monitoring, executing information security management operations, and oversight. - Deploy two heterogeneous endpoint detection and response software solutions for critical information assets as complementary measures against intrusions.



No.	Risk Type	Operating Situation in 2023
Six	Legal risk	1.Compliance Risks: - During the year, the Group's Legal Department promptly provided written and oral consultations and recommendations to address legal uncertainties raised by various business units, ensuring compliance with statutory requirements. - We consolidated and evaluated domestic and international policy regulations and relevant regulatory developments, proposing timely solutions for consideration by company personnel. - When necessary, we sought opinions from regulatory authorities or external experts to confirm the appropriateness of legal interpretations. - Operations were normal for the year. 2.Transaction Risks: - The Group's Legal Department handled the drafting and review of various transaction-related legal documents, thoroughly understanding transaction backgrounds, our positions, and contracting objectives through individual discussions or meetings. We provided appropriate and feasible recommendations to facilitate transaction completion while safeguarding company interests, thereby avoiding default risks and liabilities. - In accordance with company regulations, designated personnel managed and stamped company seals. The Group Legal Department clarified or corrected non-compliant legal or contractual documents to fulfill our oversight responsibilities. - Operations were normal for the year. 3.Litigation Resolution: - The Group's Legal Department adheres to the following principles in managing litigation: - A.Considering various factors such as the resolution process of each litigation case, required manpower, time and cost, the certainty of litigation outcomes, feasibility of subsequent enforcement, etc., we assess and devise appropriate dispute resolution strategies. - B.We thoroughly understand the facts of the cases, develop comprehensive strategies for defense or negotiation, and provide well-prepared evidence and witnesses. - C.We seek external professional opinions, engage suitable legal representatives, and effectively manage cost expenditures. - During the year 2023, the Group Legal Department did not handle any litigation cases for the company. 4.Compliance Awareness and Actions: - Participating in educational training organized by regulatory authorities or external entities, and utilizing opportunities for legal assistance through individual discussions or meetings, promptly remind and strengthen legal risk awareness among colleagues in various departments, integrating it into daily work behaviors to thereby reduce company risks. - Operations were normal for the year.

No.	Risk Type	Operating Situation in 2023
Seven	Human resource risks	For the current fiscal year, in addition to managing risks based on last year's assessments, we have remained vigilant about changes in relevant risks and have dynamically adjusted our control mechanisms. 1.Risk of insufficient human resources supply - shortage risk: - Talent Recruitment: We utilize human resource banks, ESG websites, and corporate websites to search for suitable candidates for job vacancies. We also collaborate with government agencies to enhance the - Company's image and visibility, thereby increasing the sources of talent and willingness to apply. - Talent development: We have developed a training roadmap and career development plans categorized into different areas such as training for new employees, core and managerial competency training, professional skills training, general education courses, and language courses, tailored to individual needs. - In response to the broader environment driving changes through technology, we actively reshape and reconstruct employee skills. - We have established an annual promotion reporting system and a talent review committee to ensure that outstanding employees are appropriately developed according to their talents. - Talent Deployment: We strengthen talent identification and cultivation plans to ensure succession planning. 2.Risk of employee team stability - attrition risk: - We maintain regular and good communication with employees. In the fiscal year 2023, regular meetings and daily interactions through labor-management and welfare committees were held to establish good cooperation between labor and management. - We have established a competitive compensation system to incentivize employee performance and enhance overall morale. - All employees can share in the company's operational results, distributed according to actual profit conditions. - In addition to setting reasonable and competitive salary levels based on local labor market conditions for overseas subsidiary colleagues, we also consider local laws, industry practices, and the overall operational performance of each subsidiary to encourage long-term employee contributions and mutual company growth. 3.Risk of Legal Compliance: - The company has established the "Code of Integrity in Operations," "Procedures and Guidelines for Integrity in Operations," and the group has set forth the "Code of Ethics for Directors and Managers" and "Employee Code of Conduct," among other regulations. In the fiscal year 2023, we continued to conduct integrity and compliance training courses. - We engage an external legal team specializing in labor law as legal advisors to the company, providing timely legal consultations. We assign personnel to regularly review whether personnel regulations comply with legal requirements and whether they are effectively implemented, updating company personnel regulations as necessary. - Establishment of Whistleblowing System to Ensure Effectiveness of Implementation: - Formulate "Procedures for Handling Cases of Reporting Illegal, Unethical, or Non-Compliant Conduct" to encourage reporting of any illegal or violations of ethical standards or integrity in business conduct. - Both employees and external parties can choose to access the company's website via the public network or use the hotline set up in the audit department to report cases of illegal, unethical, or non-compliant conduct. - There were no violations or reports of illegal incidents in 2023.

No.	Risk Type	Operating Situation in 2023
Eight	R&D risk	- In order to enhance industry positioning and protect existing technological achievements, the Company submitted and obtained approval from the Board of Directors on August 11, 2020 for the "Intellectual Property Management Plan," aiming to implement the Company's intellectual property management policy. - On November 2, 2023, the Company presented to the Board of Directors and obtained approval for the "Execution Status of the Company's 2023 Intellectual Property Management Plan and 2023 R&D Plan". - Weekly business and R&D meetings are convened to closely monitor and grasp changes and trends in competitors, markets, industries, and customers, in order to respond accordingly and as references for production, technology, and product development directions. - We require employees to execute non-disclosure agreements to realize the protection of business secrets and intellectual property rights.
Nine	Climate change and environmental risks	1.The carbon emissions generated during operational processes have an impact on the environment: - We analyze the potential crisis of climate change based on TCFD and international research reports, seek possible opportunities and countermeasures, carry out financial impact analysis, and describe corresponding methods. - The Group held on-site exchange meetings at the plant on February 22 and September 7, conducting a series of audit activities and training courses to promote energy conservation, carbon reduction, occupational safety, environmental protection, and equipment preventive maintenance. - On October 25, the Group organized the 2023 Group Plant Technical Exchange Conference, featuring case presentations and award selections to encourage ongoing implementation and improvement of occupational safety, environmental protection, equipment preventive maintenance, and energy conservation at the factories. - Three plants (Taoyuan, Guangzhou, and Kunshan) completed the ISO 14061-1 certification process in 2022. - The Group continues to monitor changes in energy and carbon management policies and actively participates in public hearings on relevant regulatory updates and amendments. 2.Environmental pollution caused by operational processes: - Execute the safety audit of the Group and perform audits and make corrections and improvements for compliance with occupational safety, environmental protection, and fire control regulations. - Implement the annual environmental safety educational training plan to improve the skills and knowledge of environmental safety regulations of environmental protection personnel of plants. - The Group continues to monitor changes in domestic and international environmental regulations, actively participating in public hearings organized by associations to discuss revisions to environmental regulations. - The Group's environmental department regularly produces informational leaflets on significant occupational safety and environmental news at home and abroad for reference and learning from others' incidents.
Ten	Disaster incident risk	- No occupational accidents occurred at Plant Three in fiscal year 2023. - Regular maintenance and inspections of machinery and equipment are conducted to ensure operational safety.

No.	Risk Type	Operating Situation in 2023
Eleven	Technology risk	- Annual inventory of the group's SSLVPN accounts is conducted to maintain minimal authorization for cybersecurity management. - Continuous monitoring of various cybersecurity issues (such as security advisories released by the National Center for Cyber Security Technology) and auditing and vulnerability remediation of the group's information and communication environment. - Continuously implement a three-stage defense system (pre-event, during event, and post-event) based on the group's operational practices for cybersecurity management. - Company-provided laptops are equipped with SSLVPN connectivity mechanisms to enhance information security when employees operate laptops outside company premises. - Responding to changes in market and customer demands and technological deficiencies: (1)Adopting Six Sigma and TRIZ methodologies to establish systematic and scientific innovation and problem-solving processes, enabling rationalization, automation, and intelligence in production processes to enhance overall quality and cost competitiveness. (2)Introduce the ISO 50001 energy management system and plan to introduce a smart plant management system, which can systematically collect production data for analysis, collect the energy consumption data of various production equipment, and continue to carry out energy-saving and carbon dioxide reduction improvements. (3)Optimize existing equipment, procedures, and conditions, improve production capacity, and jointly develop equipment of low energy consumption and high production efficiency with suppliers through the opportunities of replacing matured equipment to satisfy customers' requirements for production capacity while reducing carbon emissions.
Twelve	Other risks	Serious infectious pneumonia (COVID-19) has evolved into Omicron and BA.5 variants; while the severity of infections has decreased, their transmissibility has significantly increased, with a risk of reinfection. The company continues to implement operations with the utmost rigor to ensure uninterrupted operations and safeguard employee health. 1.Control measures: - The Group's Human Resources Department adjusts epidemic prevention measures on a rolling basis according to COVID-19 information announced by the Central Epidemic Command Center. - The Group's Information Department has established an online platform for employees to voluntarily report their health status. Employees' reports are notified on the "Daily Epidemic Notification Platform," with subsequent control handled by designated personnel. - Epidemic prevention supplies are adjusted and stocked according to the epidemic situation. - Epidemic prevention measures are formulated and adjusted based on the epidemic situation, including: - Control measures for domestic and international travel - Entry and exit controls for employees - Regulations for visitors and contractors - Building management - enhanced cleaning and disinfection measures - Elevator management - mandatory mask-wearing throughout - Conference room management and regulations - Restaurant food supply and dining management - Management of company and shuttle vehicles - Educational training - Corresponding support and control for information systems - Personnel segregation based on epidemic conditions - Establishment of epidemic screening mechanisms. 2.Execution status: In 2023, pandemic control was effective, and in accordance with the information released by the Central Epidemic Command Center, COVID-19 was downgraded from a Category 5 statutory infectious disease to Category 4 starting from May 1, 2023. The Group adjusted its epidemic prevention measures, accordingly, cancelling controls for confirmed cases and individuals testing positive on rapid tests, and instead adopting self-management for those with cold-like symptoms.

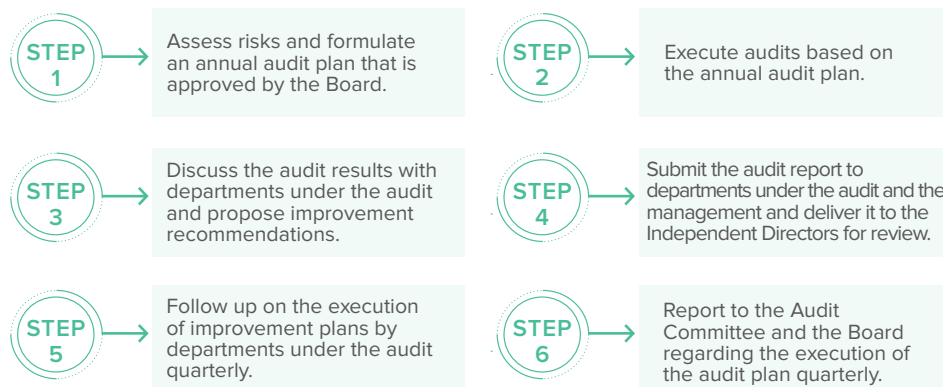
Internal control and internal audit system

The Audit Section of the Company is directly subordinated to the Board. It assists the Board and managers in examining and reviewing the internal control system in the hope of achieving "operational effects and efficiency," "reliability, timeliness, transparency, and compliance of financial reporting," and "compliance with relevant regulations," three major goals of internal control.

The Audit Section formulates the annual audit plan according to the "internal control system" of the Company. Apart from including the eight major operating cycles under the control operations, management operation, computerized information system management, and regulatory compliance matters in continual audit items, it also executes risk evaluations before formulating the audit plan to connect to the annual strategic target of the Company so as to implement to relevant operating level. The annual audit plan is submitted to the Board for approval; risk management and regulatory compliance are implemented in the daily operating management of departments based on the internal control system.

In 2023, the Audit Section proposed a total of 52 audit reports and 9 improvement follow-up reports. The Audit Section report to the Audit Committee and the Board regarding the execution of the audit plan, audit findings, and improvement status quarterly and carry out online filing and deliveries to the Audit Committee for review according to the time stated by laws and regulations.

The Company regularly implements effective management for risks identified each year while combining them with goals of control operation and examining the effectiveness of the internal control design and execution of different operating levels. Furthermore, the Audit Section completed the review of the annual self-evaluation data of the internal control system of departments and subsidiaries for 2023 and issued a review report in February 2024 to serve as the main basis for the Board and the President to issue the internal control system statement.



Reporting and consulting channels(GRI 2-25 、 2-26)

For circumstances violating relevant systems of the Company and national regulations, the Company has established complaint, whistleblowing, and punishing systems, provided proper whistleblowing channels, and strictly protected the identity of the whistleblower and the whistleblowing content.

Internal reporting and consulting system

The Company has established its "regulations for employee complaints and opinion mailbox management," "procedures for the e-mail of the Audit Committee," and "regulations for reporting illegal and immoral or unethical behaviors" to set up its whistleblowing and complaint channels. Acceptance, handling, and responding are assigned to the HR department, audit department, and the Audit Committee for handling based on nature. Internal employees may report via personal meetings, telephone (02-26503783), posting (Audit Section of the Group, 7F, No.37, Jihu Rd., Neihu Dist., Taipei City), and e-mail (auditcomm@usig.com) of the Audit Committee.

External reporting and consulting system

If external stakeholders have any recommendations or complaints, please reply to the Company via "contact us" on our website and "e-mail of the Audit Committee."

The Company adheres to the Ethical Corporate Management Best Practice Principles. All employees shall execute commitments or non-disclosure agreements related to their duties and observe the rules and policies of the Company. In 2023, there was no malpractice or violation of laws.

Ethical corporate management(RT-EE-510a.1)

The Company established the "Code of Ethical Conduct for Directors and Managers" on December 8, 2006 to require Directors and managers to exert honesty, trustworthy, legal compliance, fair and just, ethics, and self-discipline when handling affairs of the Company, avoid personal conflicts of interest, avoid self-profiting opportunities, protect business secrets, engage in fair trade, comply with laws and regulations, and protect and appropriately use the Company's assets.

We believe that ethical corporate management is the foundation for excellent corporate governance. The Board approved the establishment of the "Ethical Corporate Management Best Practice Principles" on December 23, 2010, established the "Procedures for Ethical Management and Guidelines for Conduct" on December 18, 2012 based on the principles, and amended the "Procedures for Ethical Management and Guidelines for Conduct" on November 1, 2022 to state that Directors of the Company shall comply with regulations, ban insider trading, and shall not trade the Company's stocks during the lock-up periods, 30 days before the publication of the annual financial statements and 15 days before the publication of quarterly financial statements.

The Company's ethical corporate management policy is based on incorruptible, transparent, and responsible management philosophies to establish policies based on ethics and establish favorable corporate governance and risk control systems to create operating environments of sustainable development.

The "Ethical Corporate Management Best Practice Principles" specifies that Directors, managers, employees, or persons of substantial control over the Company shall not, directly and indirectly, provide, promise, require, or accept any unjust benefits or engage in other unethical behaviors violating ethics, laws, or fiduciary obligation to gain or protect their interests (i.e., banning bribery or acceptance of bribery, provision of illegal political donation, in appropriate charitable donations or sponsorships, unreasonable gifts, services, entertainment, or other abnormal benefits) in the course of engaging in business conducts.

To implement ethical corporate management, the Company adopts the following measures:

01

Specify the policy of ethical corporate management in the Company's rules and documents with external parties.

02

The Corporate Governance Taskforce is responsible for formulating the preventive plan, including the operating procedures, guidelines for conducts, and educational training, and regularly (at least once a year) reporting to the Board.

03

Establish and comply with an effective accounting system and internal control system.

04

Provide appropriate whistleblowing channels and stipulate a punishment and complaint system for violating the requirements of ethical corporate management.

To allow Directors, managers, and employees of the Company to understand and promote the ethical and moral standards of the Group and duly observe, the Company requires employees to observe ethical corporate management policies in its employment conditions, and Directors and senior managers are required to execute the statement to comply with the ethical corporate management policy. In 2023, the execution rate of Directors and managers was 100%.

Compliance with laws and regulations (GRI 2-27)

Our efforts for legal compliance are based on our "ethical corporate management," the core value of utmost importance. For all employees to understand legal compliance topics, we allow employees to gain information on new or amended regulations via employees' internal training or external training courses and promotion of the latest regulation new and trends at regular functional meetings; meanwhile, the Legal Affairs Section of USI Group provides legal consultation and recommendations.

To allow employees to understand the practicing ethical specifications, the Company publish relevant specifications on its website and continue to invite famous scholars, experts, or lawyers to provide educational training or promotion for Directors, managers, employees, and person of actual control for them to fully understand the Company's determination for ethical corporate management, policies, preventive plans, and consequences for unethical behaviors. In 2023, the Company organized educational training related to ethical corporate management topics (including specifications of the Fair Trade Act and case analysis, preventing illegal infringement at the workplace, and HR personnel labor laws and regulations seminar). There were 1,172 participants, and the training hours 3,286 Total hours.

In 2023, the Company had no violation or fine related to customer privacy and products and services.



2.3 Product and innovative R&D

Management approaches (GRI 3-3)



Sustainability principle: Business governance and value chain management

Constant and continuous technological advances and innovations are the core values of the Company, and they are also the momentum to maintain our competitive advantages. The Company occupies a leading position in the market and is able to rapidly satisfy different design requirements of customers.

In the past three years, the R&D funding invested by the Company continued to increase and maintained at 6% of its operating income; the proportion of such R&D investments is equivalent to that of top-notch companies worldwide. Due to the increase in the investment of R&D funding, we reinforced the personnel and quality of our R&D team while adding high-end experiment equipment to actively accumulate innovative capacity, create innovative environments, and realize the value of innovation.

Investment of R&D expenses of ACME from 2021 to 2023

(unit: NT\$ thousands)

Year	2021	2022	2023
R&D expenses	77,547	93,245	122,185
Ratio to operating income	5.9%	6.8%	10.3%

Academic background distribution of R&D personnel of ACME from 2021 to 2023

(unit: person)

Year/educational background	Ph.D.	Master	Universities and colleges	Vocational high schools	Total
2021	4	19	7	1	31
2022	4	20	8	1	33
2023	3	22	11	1	37

Training hours of R&D personnel of ACME from 2021 to 2023

(unit: hour)

Year	2021	2022	2023
Number of hours	2,587	4,228	3,519

For material development, the Company focuses on the development of EV power applications and CAN-BUS communication applications and the development of high-frequency power products for servers. In terms of product development, we focus on small-scale high frequency and high-power induction cores, AI PC power products, and low consumption products of EV-related applications. Meanwhile, we engage in joint development with leading companies within the industry to develop high-frequency, high-power, and low-consumption green energy materials to satisfy market requirements and development trends. In addition, in response to the development of green energy, low-consumption superfine metal materials and products are also listed as the development focus in 2024.

For new business development, SiC is a material of semiconductor that can realize low consumption, high efficiency, and small-scale power. As compared to traditional Si semiconductor components, SiC is able to reduce the consumption of power shifting and possesses excellent working features even in environments of high temperature. Solar inverters, EVs, and railway systems are stated to adopt SiC function components. semi-insulating SiC is expected to become a substrate material for power magnifiers of 5G applications. Furthermore, SiC ceramic material parts are extensively used in semiconductor and optoelectronic processing equipment due to their excellent high-temperature resistance and corrosion resistance.

The market applications of SiC developed due to the rapid development of EVs, and countries worldwide have listed SiC as a strategic crucial material; Taiwan also included the material in its political development items. The Company has recorded certain progress in the development of high purity SiC powder, and our sales continue to grow. In the future, in line with the market development (i.e., the development of EV and PV industries), we will expand our production and marketing scale and actively invest in the development of the application market of high-purity SiC ceramic products to lay a foundation for the next development opportunity.

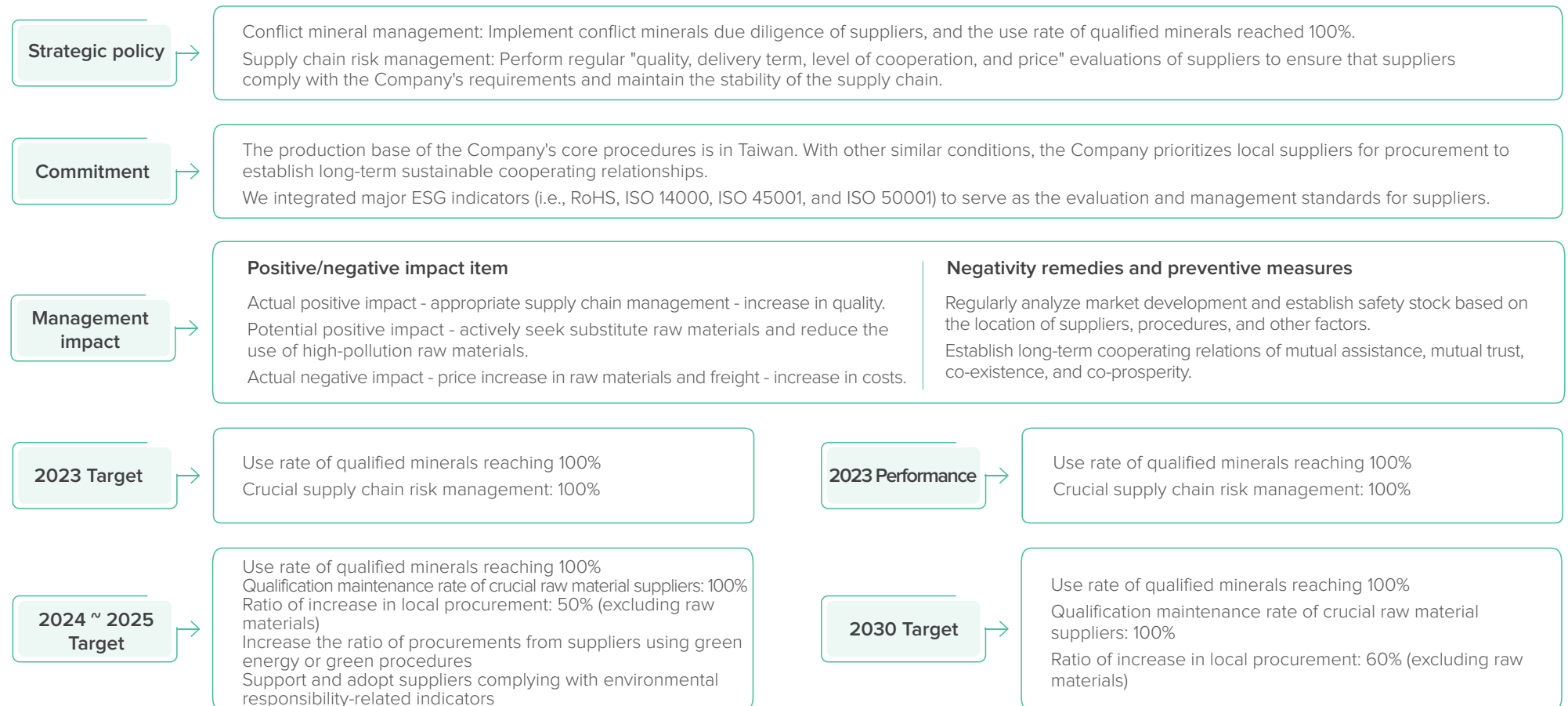


Technologies or products successfully developed by ACME from 2021 to 2023

Year	Technology or product successfully developed	Usage
2021	• Mn-Zn high frequency and Low Loss Material P452/P53	For Server or 5G Power Supply
	• Ni-Zn High Permeability and High $T_c > 130^\circ\text{C}$ (K201)	Controller Area Network for Automotive
	• Low Core Loss at Wide Frequency 200 to 500kHz (P452ii)	For Server or 5G Power Supply
	• Ceramic injection molding (CIM) for mini-sensor	Controller Area Network for Automotive (Micro-sensors)
	• Amorphous alloy for power inductor	For GaN substrates Application (Alloy inductors)
2022	• The wide temperature permeability material can further reduce the αF coefficient (A044i)	Controller Area Network for Automotive
	• Improving the bandwidth characteristics of 10000u high conductivity material	Server Powder EMI choke (Filter inductors)
	• Improving the T_c for high permeability material (A104i)	High T_c EMI Application for Automotive
	• Improving the core loss for high frequency applications (P6X)	High Frequency DC-DC Application for Server or 5G Power Supply
	• Development of the wide temperature permeability ($-40 \sim 160^\circ\text{C}$) material (F30)	Controller Area Network for Automotive (Micro-sensors)
	• Development of nanocrystalline and amorphous materials	For GaN substrates Application (Alloy inductors)
2023	• Development of manganese-zinc ferrite submicron materials	Enhancement of performance for high-frequency machine types
	• Development of P453 material for automotive power supplies with wide temperature range and low loss	Wide Temperature power for Automotive
	• Development of SiC/AlN sintered ceramic powders and forming sintering technology	SiC Sintered Powder
	• Development of A051 material for automotive filter with high T_c	High T_c EMI Application for Automotive
	• NiZn ferrite for EMI suppression and antenna (F32)	Controller Area Network for Automotive (Micro-sensors)
	• P53i 500kHz-100mT Mid-Frequency Material Development	High Frequency DC-DC Application for On-Board Battery Charger (Mid-Frequency Automotive Power Supply)
	• Ni-Zn High Permeability and High T_c (K101) Automotive EMI Development	Ni-Zn High Permeability and High $T_c \geq 170^\circ\text{C}$ (Automotive EMI Development)
	• P454 Ultra-Wide Temperature ($\sim 160^\circ\text{C}$) Low Loss Automotive Power Ferrite Development	Ultra-Wide Temperature power for Automotive (Automotive On-Board Charger Power Supply)

2.4 Supply chain management

Management approaches (GRI 3-3)



Sustainability principle: Business governance and value chain management

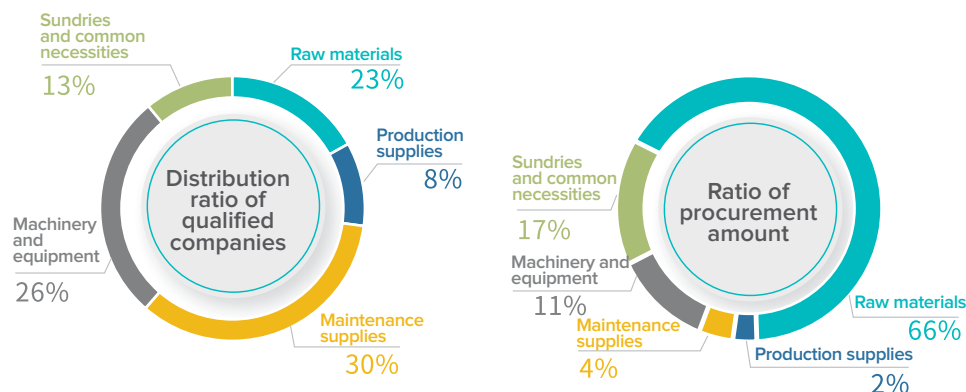
2.4.1 Procurement strategy(RT-EE-410a.1)

With increasing attention attached to sustainable operation, supply chain risk management, and relevant topics, apart from actively fulfilling its social responsibility, the Company also realized that it shall have a further understanding of the environmental, social, and corporate governance performance of suppliers.

The Company implements no conflict mineral policy; it has formulated environment-related substance management regulations and stipulated that raw material suppliers shall complete the Conflict Minerals Report Template (CMRT) of Conflict-Free Sourcing Initiative (CFSI), specify the smelting plant source, and enter into the guarantee for environment-related substances. All raw material metals of the Company in 2022 complied with DRC Conflict-Free, and the Company did not use minerals from the Democratic Republic of the Congo that are recognized as not complying with the conflict-free specifications by the United Nations Security Council.

The Company adheres to establishing long-term cooperating relations of mutual assistance, mutual trust, co-existence, and co-prosperity and has established stable relationships with suppliers over the years. Suppliers with long-term cooperation can be divided into raw materials, production supplies, maintenance supplies, machinery and equipment, sundries, and common necessities. In 2023, there was a total of 288 qualified suppliers, and the category and distribution are set out in the following table:

Category	Definition
Raw materials	Provide raw materials and additives for product manufacturing
Production supplies	Auxiliary materials required for the production of products
Maintenance supplies	Spare maintenance parts
Machinery and equipment	Machinery, equipment, instruments, and corresponding engineering used in production and manufacturing
Sundries and common necessities	Plant engineering, parts and components, and office supplies



In 2023, the procurement amount of major raw materials (iron oxide, manganese oxide, zinc oxide, calcining pills, and carbon and silicon, raw materials of SiC developed by the new business) of the Company accounted for 66% of the annual total procurement. Considering possible raw material supply risks, the following countermeasures are adopted.

Category	Potential risk	Strategy	Practice
Raw material risk	Insufficient supply or suspension	Separate the sources	Have two or more suppliers for iron oxide, manganese oxide, and zinc oxide
		Regional distribution	The location of suppliers of the same raw material shall be in different countries
		Procurement strategy	Regularly analyze market development and establish safety stock based on the location of suppliers, procedures, and other factors
		Friendly exchange	Arrange technical exchange and friendly visits with suppliers regularly and from time to time to reinforce the cooperating relationships between both parties

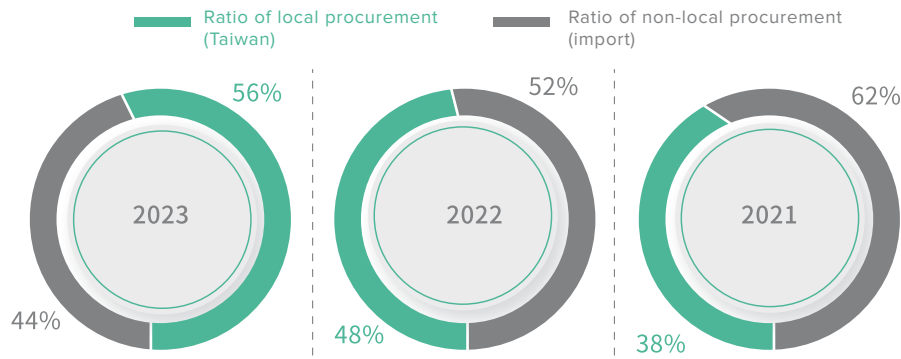
2.4.2 Supply chain management(GRI 2-6)

Support local procurement

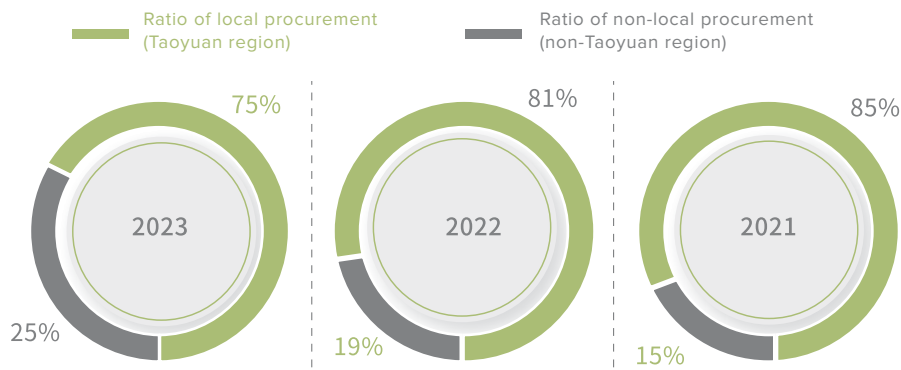
The production base of the Company's core procedures is in Taiwan. With other similar conditions, the Company prioritizes local suppliers for procurement to establish long-term sustainable cooperating relationships.

In 2023, 56% of the amount for raw materials was attributed to local procurement, and 75% of the procurement amount for office supplies and parts and components are majorly attributed to SME suppliers in local Taoyuan region in the hope of facilitating local economy and achieve the purpose of energy-saving and carbon dioxide reduction through the reduction of transportation.

Local raw material procurement ratio from 2021 to 2023



Ratio of local office supplies and parts components procurement amount from 2021 to 2023



Supply chain management system(GRI 308-1、GRI 414-1)

The Company adopts quality, capacity, environmental protection, and occupational safety and health policies as the conditions, together with the long-term cooperation with excellent suppliers, to duly fulfill its corporate social responsibilities and delivers environmental protection and occupational safety and health policies and information to suppliers and contractors in accordance with ISO 14001, ISO 45001, and ISO 50001. Meanwhile, the Company complies with RoHS to reinforce the environmental protection and occupational safety and health performance of suppliers and enhance environmental protection education of engineering contractors to ensure the engineering safety of operations at the plant and jointly and duly perform risk management.

In response to the ISO 50001 energy management system certification of Taoyuan Plant, we introduced energy design procurement standards and supplier energy performance evaluation report form. When procuring energy-consumption equipment, system, or facilities, apart from the functional requirements of the demanding department, specifications that comply with energy-saving designs are prioritized. The energy-saving performance of suppliers (i.e., whether a supplier is a green plant or whether it has an energy management system) is also included in the basis for supplier selection.

In addition, in response to the ISO 45001 occupational health and safety management system verification of Taoyuan Plant, for equipment purchase requests or engineering contracting, the demanding department shall inform suppliers of the substantial specifications of safety and health and confirm that the quoting supplier has understood the content of the specifications and signed and returned.

The Company learns the human rights management of suppliers via regular evaluations and audits and promotes ESG concepts. In the future, the Company plans to further include regular evaluation items.

The Company has established long-term strategic cooperating relationships with major raw material suppliers and established safety stock based on the location of suppliers, procedures, and other factors to ensure an uninterrupted supply chain.

To encourage suppliers to have continual optimization in order to allow the Company to obtain premium raw materials and services with appropriate volume and price in due course, the Company carries out monthly ratings of suppliers in terms of quality, delivery term, and level of cooperation and performs regular audits of suppliers each year. According to the Regulations for Supplier Evaluation of the Company, the supplier evaluation system of the Company is set out in the following table:

Supplier evaluation - survey of newly explored companies

◎ The evaluation method is as follows:

1. Sample acceptance
2. Price inquiry and price comparison in the market
3. Rate a potential supplier based on the evaluation items in the "supplier evaluation report" and inspection items in the "regular environment and HSF system evaluation checklist" and occupational safety and health audit - "occupational safety and health system audit - regular evaluation checklist."

Suppliers with a score ranging from 70 to 80 may submit improvement reports for review.

Suppliers with a score of 80 or above that comply with ISO 9001 verification are registered as qualified suppliers, and qualified suppliers shall enter into the "letter of ethical commitment."

Supplier audit - regular annual qualified supplier evaluation

◎ The regular evaluation is divided into the evaluation of raw materials, auxiliary materials (excluding coating), coating, molds and jigs, and outsourced processing. Corresponding audit checklists are formulated based on the materiality of products delivered by suppliers, and the evaluation items are divided into the following:

System audit - "system evaluation - regular evaluation checklist"

Environmental protection audit - "environment and HSF system audit - regular evaluation checklist"

Occupational safety and health audit - "Occupational safety and health system audit - regular evaluation checklist"

◎ The Company will form an evaluation team to carry out on-site evaluation of suppliers.

◎ Before February of the following year, the procurement department shall formulate the "regular evaluation checklists" for the following year based on the supplier evaluation reports and supplier development status and plan of qualified suppliers of the preceding year. Suppliers with transaction amount less than NT\$200,000 or RMB40,000 in the preceding year, suppliers who are parent company and subsidiaries, suppliers have no quality anomaly in the preceding year, and suppliers with no direct effects on product quality are exempted from the annual regular evaluation.

◎ After the regular evaluation, for premium suppliers rated A with a score of 90 or above, normal deliveries may continue; for suppliers rated B with a score ranging from 80 to 89, the current status may be maintained; for suppliers rated C with a score ranging from 70 to 79, require them to improve within a prescribed period and reduce the procurement; for unqualified suppliers with a score less than 70, immediately stop the procurement.

◎ In 2021, the annual supplier audit was expected to be performed for two suppliers. Due to the effects of COVID-19, the audit was delayed to 2022.

◎ In 2022, the annual supplier audit was expected to be performed for three suppliers; the audit was only completed for one supplier. Due to the effects of COVID-19, the procedure audit and system audit for one supplier were delayed to 2023. For another supplier, the visit has been cancelled as there have been no transactions temporarily.

◎ In 2023, scheduled audits of primary raw material suppliers for both process and system audits.

Supplier rating - monthly anomaly management of qualified suppliers.

◎ To avoid risks arising from accidents or changes in the supply chain, the procurement department shall submit the "supplier monthly evaluation form" based on the quality (quality inspection anomaly) of deliveries by suppliers of the month, delivery term (the actual delivery day passed the delivery day on the P/O), level of cooperation, HSF management capacity, and other anomalies.

◎ The "supplier monthly evaluation form" allocates 50 points, 30 points, and 20 points to quality, delivery term, and level of cooperation (including HSF management capacity). In 2022, the "monthly supplier evaluation list" made for approximately 22 suppliers of crucial raw materials and auxiliary materials had no deficiency; a score of 100 was achieved.

◎ The evaluation results serve as a reference for the selection of suppliers and the basis for award and punishment in terms of procurement priority, procurement reduction, or no procurement of existing suppliers.

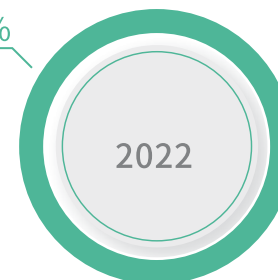
◎ Suppliers shall regularly provide HSF reports issued by an impartial third-party institution each year.

◎ When necessary, the Company may propose quality targets to suppliers to require suppliers to carry out quality control and improvement activities.

Annual regular supplier audit results of ACME from 2021 to 2023

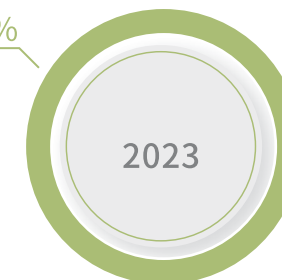
Year	Number of qualified suppliers	Number of suppliers being audited
2021	245	0
2022	268	1
2023	288	1

100%



Grade A 90 or above

100%



Grade B 80 -89

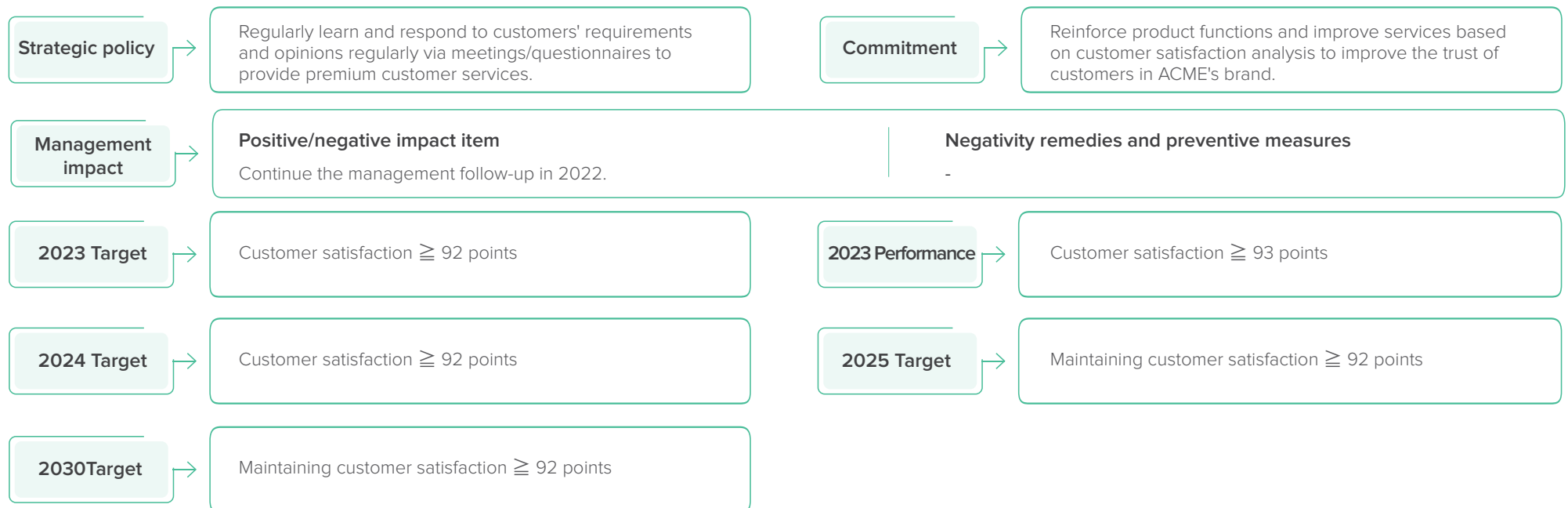
Grade C 70-79

2.5 Customer services and product quality

2.5.1 Premium customer services

The R&D Center of the Company is mainly for new material and new texture development to provide services to customers in Taiwan and cooperate with new product development of customers locally. The Company also has subsidiaries in Jiangsu Kunshan region and Guangzhou Zengcheng region in China, and Ipoh in Malaysia to provide services to the neighboring production base of customers. Also, the Company has established its "Regulations for Customer Services" to visit customers from time to time and have effective interactions with customers via the ERP information management system and customers' transaction platforms so as to understand and satisfy customers' requirements.

Management approaches (GRI 3-3)



Sustainability principle: Business governance and value chain management

Sales market

The major products of the Company are sold in Taiwan, China, Japan, Korea, Singapore, the Philippines, Malaysia, Thailand, Indonesia, India, the U.S., Mexico, Germany and France.

Technical support

The Company is customer oriented. All subsidiaries have their R&D centers to cooperate with customers in developing new applications and new products and provide customized product services. Meanwhile, the Company assigns R&D personnel to visit customers for texture introduction and technical cooperation and exchanges from time to time and assigns sales and marketing personnel to participate in exhibitions abroad to explore customers in new markets.



APEC Electronics Exhibition in
the USA in 2023 (20230319-
0323)



ICSCRM 2023 (International Conference
on Silicon Carbide and Related Materials) in
Sorrento, Italy (20230917-0922)

The Company prints complete product catalogs and provides comprehensive and detailed texture features and product specifications for customers to consider and select. The electronic file of our product catalog is placed in the "product exhibition" section on our website, allowing customers to check information related to products in time.

Customer privacy

To protect the safety of customers' data, the IT Section of USI Group has established the "General Principles for Information Security Management Policies," "System Development and Maintenance Specifications," "Guidelines for Launching Applications," "Guidelines for Database Management," and other specifications, and strengthened personal data protection to avoid leakage via reinforcing firewall management, access control, segregation of testing environments and actual operating environment, and de-identification of data including personal data.

In addition, the Company has established its "Regulations for Customer Property Management" to duly protect items provided by customers; for customers' intellectual property rights, the Company will sign non-disclosure agreements with customers. The Company understands and shall adopt necessary measures to protect business secrets acknowledged or held during the cooperating period and keep them confidential. Apart from the normal use for duties without the written consent of customers in advance, the Company shall not leak, inform, deliver, or transfer such business secrets to any third party, publish externally, or use such business secrets for oneself or third parties. When customers or owners of business secrets publish such business secrets or cancel their confidentiality, the Company is exempted from the confidentiality responsibility of such business secrets.

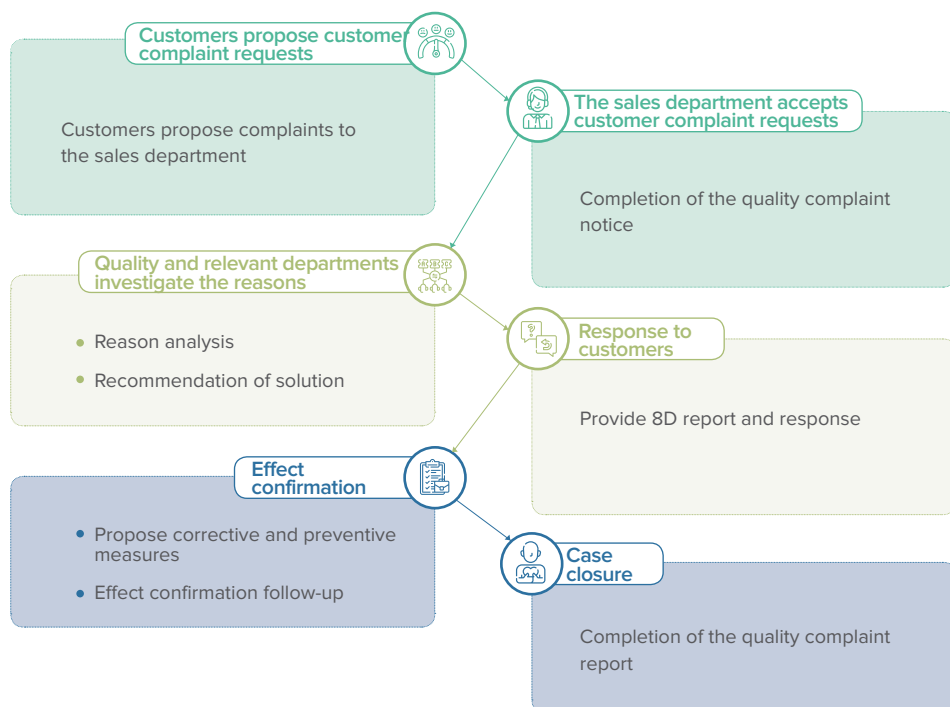
The Company complies with commitments to customers. While engaging in business activities, the Company ensures that the intellectual property rights and privacy of customers are respected; therefore, there was no complaint related to the invasion of customer privacy or damages to customers' property in 2023.

Handling customer complaints

The Company has established its "Regulations for Customer Quality Complaint Management." Customers may propose their complaints orally, via telephone, or in writing to the sales department. After the sales department has accepted the information, it shall immediately confirm the situation and report it to the quality department and other relevant departments. The quality department will initially analyze the reason for the issues, carry out examinations with relevant departments, and make responses to customers in time, and personnel will be assigned to handle customer complaints based on the requirements. Both parties will carry out question communication and examination, and a formal response will be provided to customers when the issues are clarified. If the quality department confirms the establishment of a material customer complaint case, it shall immediately notify the supervisors of quality departments of different plants, the management representative, and President via e-mail and include the case in the daily work report of the quality department and follow up and report the operating progress to maintain long-term and favorable cooperating relationships with customers.

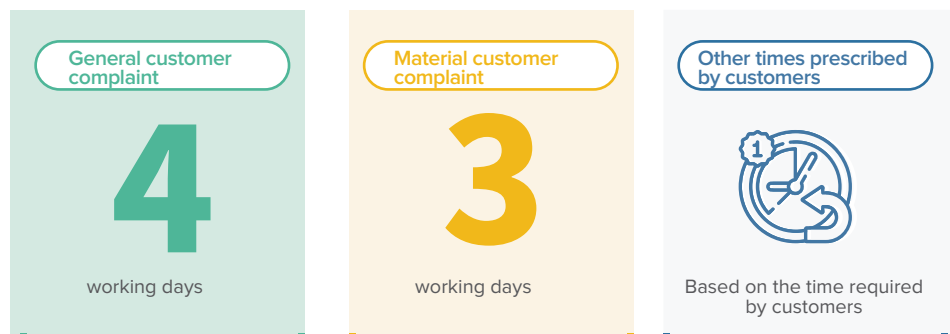
The Company has comprehensive customer complaint-handling procedures. The Company analyzes the reasons for customer complaints and follows up on the handling progress of corrective and preventive measures of relevant responsible departments via the electronic customer complaint sign-off system procedures, utilizes the team via 8D improvement countermeasure report to analyze and solve customer complaints step by step, and makes proposals for discussions at weekly regular meetings of the quality department, and duly executes quality improvement activities to improve products' quality.

Customer quality complaint handling procedures



Note: 8D reports include the improvement team (D1) issue description (D2) emergency handling (D3) verification of the actual reason (D4) improvement measures for the reason for the failure in verification (D5) long-term countermeasures (D6) fool-proofing, horizontal expansion, and standardization (D7) recognition of improvement achievements (D8).

Customer quality complaint handling deadline



Customer satisfaction

To fully understand the opinions of customers regarding products and services provided by the Company, apart from feedback via our website and telephone interviews or visits in person of our sales personnel from time to time. The Company organizes customer satisfaction surveys biannually to understand customers' requirements and feedback on issues via questionnaire surveys. We propose improvement plans based on customers' opinions and follow up on the execution results by convening management review meetings so as to continue improving product and service quality.

The sampling method for customer satisfaction surveys is to perform questionnaire surveys with the top 30 customers in terms of the transaction volume and newly explored customers with potential in Taiwan in the first half and the second half of each year in Taiwan, and the evaluation items include quality, delivery term, quality complaint improvement status, sample delivery efficiency, and HSF (Hazard Substances Free) management.

In 2021, due to the effects of the pandemic, the supply chain was blocked due to the shortage of containers, port congestion, and labor shortage; the mark for the delivery term dropped to 84. In 2023, with the relief of the pandemic and supply chain blockage, together with the increase in the production capacity of the Company, spare materials and supplies were re-adjusted, and significant improvements were made to satisfy customers' requirements; therefore, the mark for delivery turn increased to 90.

In 2023, the average overall performance of customer satisfaction was 93. 96% of the customers said "Very satisfied," and the remaining said "acceptable," achieving the target value for 2023 (≥ 92).

The Company continued to commit to quality improvement and the provision of fast delivery and sample delivering services, which won the recognition of the majority of the customers and is beneficial for stabilizing and solidifying the current market and customer groups and beneficial for the development of new potential customers.

Customer satisfaction survey results of ACME from 2021 to 2023

Year	Quality score	Delivery score	Quality improvement	Sampling efficiency	HSF management	Overall performance
2021	92	84	93	93	94	91
2022	92	88	93	93	95	92
2023	93	90	93	94	95	93



Membership associations (GRI 2-28)

As a formal member of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), the Company works with companies within the industry via the TEEMA to reinforce its influence and improve product development and customer services through the resources support of TEEMA.

2.5.2 Premium product quality

Management approaches (GRI 3-3)

Strategic policy

Quality services that amaze customers

Commitment

Meet six standard deviation criteria and continue to improve procedure capacity to achieve the highest customer satisfaction.

Management impact

Positive/negative impact item

Actual positive impact - appropriate supply chain management - increase in quality.

Positive potential impact - introduce AI and other advanced technologies - improve efficiency and quality.

Negativity remedies and preventive measures

-

2023 Target

1. Customer complaint cases: 0
2. Finished good RoHS qualification rate: 100%
3. Zero incident related to environmental safety and health regulations
4. 6 sigma certification rate: 100% (new engineers)
5. CIP project improvement: 42 projects (CIP: Continuous Improvement Process)
6. Procedure improvement target: 6 cases

2023 Performance

- 1.Customer complaint cases: (6 cases of black ink, 2 cases of iron cores)
- 2.Finished good RoHS qualification rate: 100%
- 3.Zero incident related to environmental safety and health regulations
- 4.6 sigma certification rate: 100% (new engineers)
- 5.CIP project improvement: 36 projects
(CIP: Continuous Improvement Process)
- 6.Number of procedure improvement cases: 8 cases

2024 Target

- 1.Customer complaint cases: 0
- 2.Finished good RoHS qualification rate: 100%
- 3.Zero incident related to environmental safety and health regulations
- 4.6 sigma certification rate: 100% (new engineers)
- 5.CIP project improvement: 34 projects
- 6.Procedure improvement target: 6 cases

2025 Target

- 1.Customer complaint cases: 0
- 2.Finished good RoHS qualification rate: 100%
- 3.Zero incident related to environmental safety and health regulations
- 4.6 sigma certification rate: 100% (new engineers)
- 5.CIP project improvement: 45 projects
- 6.Procedure improvement target: 6 cases

2030 Target

- 1.Customer complaint cases: 0
- 2.Finished good RoHS qualification rate: 100%
- 3.Zero incident related to environmental safety and health regulations
- 4.6 sigma certification rate: 100% (new engineers)
- 5.CIP project improvement: 48 projects
- 6.Procedure improvement target: 6 cases

RoHS, REACH (SVHC), and no conflict mineral regulations; therefore, shipping packages have RoHS labels. The Company has also passed the quality, energy, and environmental safety and health management system verification of ISO 9001, IATF 16949, ISO 14001, ISO 50001, ISO45001, and ISO 14064-1.

Taoyuan Plant carries out inspections based on the specifications of raw and auxiliary materials and operating standards of raw and auxiliary materials upon the incoming of raw materials and packaging materials, including confirming suppliers' testing reports, LOI test, water content test, and restricted substance XRF (X-ray fluorescence) inspection. The on-site personnel for the procedures continue to carry out self-inspection and physical and electrical testing, and XRF self-inspection for content proportion, RoHS, and halogen will be performed for each batch of finished ferrite powder.

The Company has a product identification and tracking management system. Products of different materials are numbered based on the batch number of ferrite powder for the benefit of product tracking. In addition, all engineering change requests (ECR) and engineering change notices (ECN) of the Company are managed and reviewed on the online electronic system to allow transparent product information; all business locations can concurrently understand the change history of products.

To implement the operation of the internal quality audit system, the Company carries out weekly production procedure audits, product audits, and cross-plant ferrite powder quality meetings. In 2023, the Research and Engineering Division executed a total of 388 projects focusing on quality research and development, process technology improvement, and implemented 34 employee-proposed enhancements. The Company convenes two management review meetings each year for examinations and executes two times of ISO 9001 and IATF 16949 management system procedure audits, one ISO 14001 environmental management system audit, ISO 50001 energy management system audit, and ISO 45001 occupational safety and health management system audit each year to ensure that the management systems are effectively operating.

To further ensure that the Company's products comply with international regulations and customers' environmental protection specifications and requirements, the Company sample check products of different materials and submit them to an impartial third-party department; the testing instruments shall have level 2 laboratory instrument calibration. Therefore, the Company did not violate regulations related to product information and labeling in 2023.

3.1 Resources, materials, and recycling management

3.1.1 Raw material investment and recycling

3.1.2 Water resources management

3.1.3 Waste reduction and recycling

3.2 Climate change and energy management

3.2.1 Climate change

3.2.2 Energy management

3.2.3 GHG management

3.2.4 Implementation of energy-saving and carbon dioxide reduction

3.3 Air pollution control and management

03

Resource recycling and environmental friendliness

The Company focuses on the business approach that merges with natural environments and is aware that corporate operation will cause environmental loan on earth; therefore, the Company adopts the same standards and targets at all business locations to solve the problem of co-existence between the environment and economy and implements the Company's environmental protection policies to contribute to a sustainable society.

Taoyuan Plant, Guangzhou Plant, and Kunshan Plant have established the ISO 14001 environmental management system, and Guanyin Plant has established the ISO 50001 energy management system to provide favorable environmental structures for all plants, control and reduce impacts on the environment, prevent accidents that cause environmental impacts, and ensure the legal compliance. In March 2024, the company obtained ISO 14064-1 GHG verification for 4 plants (including the Taipei headquarters, Taoyuan plant, Guangzhou plant, Kunshan Plant, and Malaysia plant) for the year 2022. The company is committed to continuously promoting various sustainable development policies to achieve sustainable corporate operations and continuous growth.

Corporate activities in the past were primarily based on the QCDS (quality, cost, delivery term, and service) concept. Since the emergence of environmental protection topics, the initial concept transformed into the "QCDS+E (environment)" model to align with the increasing environmental protection awareness. We consider that environmental protection activities shall be closely combined with corporate management instead of managing separately; therefore, the Company's environmental management adopted this as the basic concept and deems the environmental as an important part of product quality and made full implementation.

In other words, the production procedures of the Company's products are based on environmental protection; therefore, from R&D, raw material procurement, production of products, delivery, use, and to recycling and reuse, all parts in the product's "lifecycle" are closely linked to environmental protection topics.

The production procedures of "soft ferrite powder," the major product of the Company, are divided into powder-making, shaping, sintering, and grinding stages. Taoyuan Plant is primarily responsible for grinding. After production, the powder is delivered to two plants in Mainland China for forming, sintering, and grinding.

The raw material and energy input and product and waste output in 2023 are disclosed in detail in subsequent chapters.

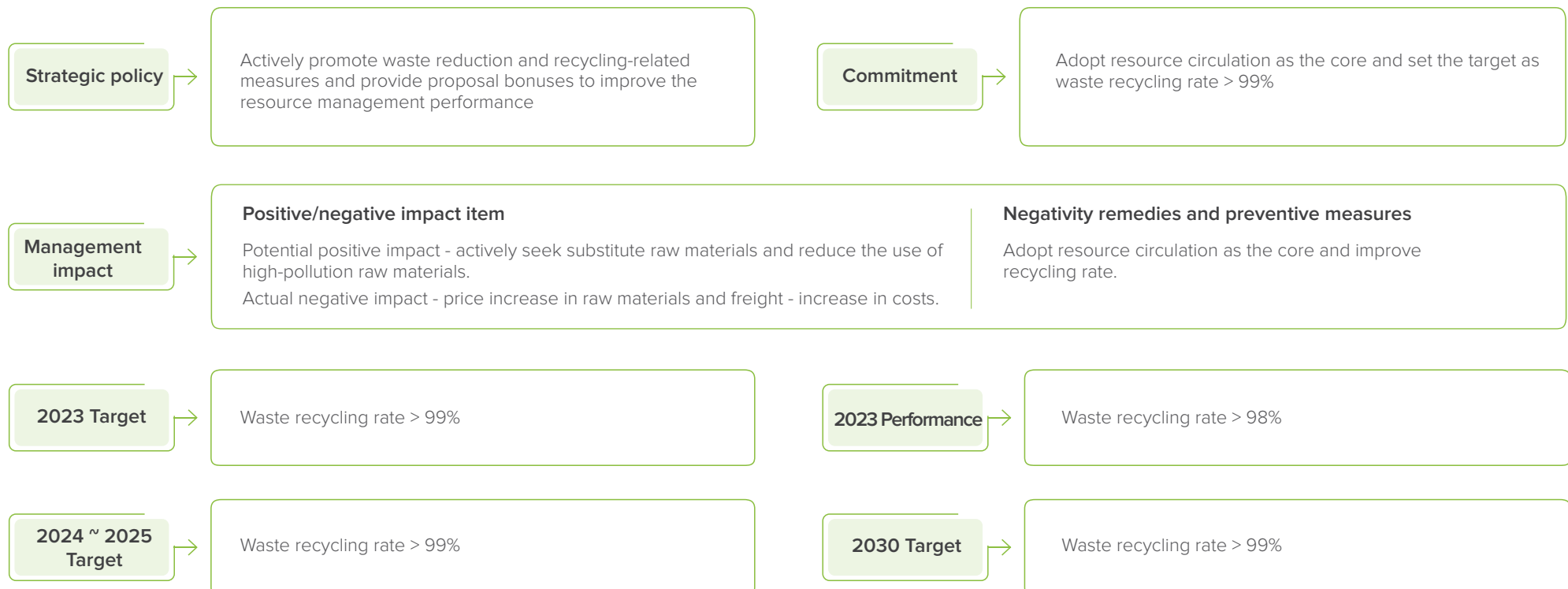
The total environmental cost of Taoyuan Plant, Kunshan Plant, and Guangzhou Plant totaled NT\$33,945 thousand in 2023.

Kunshan Plant and Kunshan Plant were primarily for installing VOCs waste gas processing facilities and room temperature catalysis facilities to solve the odor generated during sintering procedures; for details, please refer to 3.3 Air pollution control and management. The environmental management activity cost increased for Taoyuan Plant due to cleaning and tidying the plant for its application for the bonded warehouse.



3.1 Resources, materials, and recycling management

Management approaches (GRI 3-3)



3.1.1 Raw material investment and recycling

Major raw materials and recycling (GRI 301-1 、301-2)

The major raw materials of the soft ferrite powder produced by Taoyuan Plant are zinc oxide, manganese oxide, iron oxide, and calcining pills that are made by mixing such three oxides based on a certain proportion, granulated, and calcined. Bulk auxiliary materials used during the manufacturing process of the product are bismuth trioxide, PEG, PVA, defoamers, and dispersants. In recent years, the silicon carbide process at the Taoyuan plant has become increasingly mature and has reached the pilot production stage. The use of raw materials related to the silicon carbide process will be disclosed. The two plants in Mainland China perform the post-processing by using ferrite powder, and the manufacturing process makes use of zinc stearate, cutting fluid, Yttria-stabilized zirconia, and other auxiliary materials.

Approximately 40% of the iron oxide used by the Company is recycled scrap procured from steel plants. In addition, dust collectors are installed for the procedures to collect the dust powder during the procedures for reuse to achieve the recycling spirit of resource recycling. In 2023, the production volume was reduced; the recycling volume of dust powder decreased by 689.55 tons to 922.55 tons from 2022, and the ratio of the production volume decreased from 15% in 2022 to 13%.

Dust powder recycling of ACME from 2021 to 2023

	Year	Dust powder (ton)	Ratio to production volume
Taoyuan Plant	2021	1,511	12%
	2022	1,612	15%
	2023	922	13%

All raw material metals of the Company complied with DRC Conflict-Free, and the Company did not use minerals from the Democratic Republic of the Congo that are recognized as not complying with the conflict-free specifications by the United Nations Security Council.

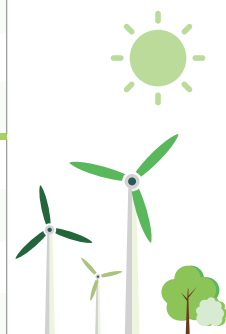
Consumption volume of major raw materials of ACME from 2021 to 2023

Unit: Ton

	Year	Zinc oxide	Manganese oxide	Iron oxide	Calcining pills
Taoyuan Plant	2021	1,220	2,940	8,245	842
	2022	1,420	1,580	7,880	573
	2023	420	1,320	4,863	641

Unit: Ton

Consumption volume of bulk auxiliary materials of ACME from 2021 to 2023

	Year	Bismuth trioxide	PEG	Defoamer	PVA	Dispersant
Taoyuan Plant	2021	1.3	5.7	6.4	100	41
	2022	1.1	5.4	5.9	98	39
	2023	0.67	3.9	4.3	68	27
	Year	Zinc stearate	Cutting fluid	Yttria-stabilized zirconia		
Kunshan Plant	2021	18.8	3	3.6		
	2022	12.0	3	1.9		
	2023	9.42	2.64	3.15		
	Year	Zinc stearate	Cutting fluid	Yttria-stabilized zirconia		
Guangzhou Plant	2021	16.2	25	5.0		
	2022	16.7	24	4.8		
	2023	11.745	17.2	2.85		

Packaging material recycling (GRI 301-3)

The ferrite powder of the Company is packed in flexible freight bags and delivered to the two plants in Mainland China. For core products, except for the external carton, there are also cushion materials, bubble wraps, and EPE foam bags.

Guangzhou Plant recycles flexible freight bags and delivers them back to Taoyuan Plant at once for recycling. In 2023, the recycling ratio of flexible freight bags was 55%. In the past, the Kunshan plant did not recycle space bags. Starting in 2023, they began collecting and transporting them to the Taoyuan plant for reuse. In 2023, a total of 1,400 freight bags were collected, achieving a recovery rate of 71%. The flexible freight bags not recycled are used by both of the plants in Mainland China to package scraps (waste debris, waste powder, waste flakes, and waste magnetic cores), and the remaining portion is sold to local recycling companies.



3.1.2 Water resources management

Water resources have been reduced due to climate changes and global warming, which is another material environmental impact faced by humans at present. Based on the concept of effective use of water resources and sustainable corporate operations, the Company continues to promote water conservation measures and promotes water-saving concepts to employees to reduce water consumption. The Taoyuan plant has identified sections of its value chain that have high dependency on water resources or are easily affected by water quality and quantity. Using the World Resources Institute's risk assessment tool, the plant has determined that its water stress level are as follows:

Plant	Taoyuan Plant	Guangzhou Plant	Kunshan Plant
Main source of water	Shimen Reservoir	Zengjiang River	Kulei Lake
Water stress conditions	Moderate to low risk (10-20%)	Moderate to low risk (10-20%)	Moderate to low risk (10-20%)

The Taoyuan plant sources its water from the Shimen Reservoir, with all water used being tap water. In 2023, the plant's production decreased by 39.7%, leading to a 15.7% reduction in water usage compared to 2022. The two mainland China plants primarily use water for product cleaning during the grinding and processing stages. The Guangzhou plant, compared to the Kunshan Plant, produces lighter and smaller products with higher cleanliness requirements, especially for automotive chain products, necessitating the use of pure water for cleaning. Consequently, the water usage per unit product is higher and has been increasing annually. In 2023, the Guangzhou plant produced 2,457 tons, a decrease of 1,363 tons compared to 2022, leading to an overall reduction in water usage by 4,027 tons. The Kunshan Plant's water usage in 2023 was 69,070 tons. Guangzhou Plant was established in 2005, and the production area and living area are in the same park. Its water consumption and sewage discharge volume include production and living. The water supply pipeline net (iron pipe) is buried in the ground, and the useful life has reached over 17 years. Due to the difficulty of detecting leaks in the deeply buried pipelines, water balance tests and the establishment of water-saving enterprises were initiated in 2023 to reduce water resource wastage.

	Year	Water consumption (Thousand ton)	Production volume (Thousand ton)	Water consumption per unit product (Thousand ton)	Wastewater discharge volume (ton)	Wastewater discharge volume per unit product (Thousand ton/Thousand ton)
Taoyuan Plant	2021	28.79	11.47	2.51	8.65	0.75
	2022	38.14	12.18	3.13	9.3	0.76
	2023	32.14	7.34	4.38	9.08	1.24
Kunshan Plant	2021	75.55	5.29	14.28	31.88	6.03
	2022	67.51	4.49	15.04	26.28	5.85
	2023	69.07	3.36	20.56	23.21	6.91
Guangzhou Plant	2021	193.64	4.65	41.62	90.68	19.49
	2022	216.54	3.82	56.69	90.18	23.61
	2023	212.51	2.46	86.49	87.55	35.63

Note: In 2023, the total water withdrawal was 313.72 thousand tons, the wastewater discharge was 119.84 thousand tons, and the total water consumption was 193.88 thousand tons.

In terms of wastewater recycling, RO water is used in the procedures of Taoyuan Plant; therefore, tap water is required to be processed in advance to become RO water before being used in the procedures. During the processing process, approximately 60% of the tap water is transformed into RO water, and approximately 40% of tap water becomes wastewater that is recycled for use. In 2023, the RO wastewater recycling volume was approximately 9,628 tons. Recycled wastewater may be used in scrubbers for wastewater circulation, the water for domestic use for employees, and on-site cleaning. We continue to reduce the water replacement frequency of scrubber circulation to further achieve the purpose of water-saving from the user end.

Regarding wastewater processing and discharge, Taoyuan Plant has obtained the "water pollution control measures" and discharge permits approved by the competent authority and installed and operated wastewater processing facilities according to the requirements of the discharge permit to avoid water pollution. The volume and quality of effluents are regularly tested and reported to the competent authority; the testing results comply with the standards and are significantly lower than the effluent limit. Taoyuan Plant is within Guanyin Industrial Park. Wastewater is collected and discharged to the sewage work of Guanyin Industrial Park, and the sewage work of the industrial park will further process the water and ensure that the water quality complies with the discharge standards; therefore, the discharges of Taoyuan Plant will not have material impacts on the biodiversity in water.

Taoyuan Plant is located at the northeastern corner of Guanyin District, Taoyuan, neighing Taiwan Strait, and located between Daku Creek and Fulin Creek. The location possesses habitat diversity (i.e., Quantang algal reef is a protected species). The Company cooperates with the zone defense organization of Guanyin Industrial Park to jointly protect natural ecology for environmental protection.

The Kunshan Plant uses water for production and domestic purposes. Domestic wastewater is discharged into the municipal pipeline network in accordance with the requirements of the environmental impact assessment report. The plant's drainage system implements separation of rainwater and wastewater.

Guangzhou Plant implements rainwater and sewage shunting. Production wastewater and domestic wastewater are collected at the self-built sewage processing stop for in-depth processing after initial sedimentation. Once the water quality achieves the "wastewater quality standards for discharge to municipal sewers," it is discharged into the municipal sewers, which will be collected at the Licheng Sewer Work for further processing.

Effluent testing results of ACME in 2023						Unit: mg/L
Testing item	Taoyuan Plant		Kunshan Plant		Guangzhou Plant	
	Discharge limit	Actual discharge limit	Discharge limit	Actual discharge limit	Discharge limit	Actual discharge limit
Suspended solids (SS)	480	90	400	29	400	9
Chemical Oxygen Demand (COD)	560	185	500	116	500	18

Source: Effluent testing reports. Taoyuan Plant adopts the average value of the two testing results each year. The test frequency of Kunshan and Guangzhou Plant is once a year, and the results are one-time test values.

3.1.3 Waste reduction and recycling(GRI 306-1、306-2、306-3、306-4、306-5、RT-EE-150a.1)

The concept of waste reduction is majorly implemented in product designs and procedure improvements to prevent the output of waste.

Wastes generated by the Company are duly kept according to relevant requirements. The Company also highly promotes classification and engages qualified clearing companies to duly process the wastes via incineration, burying, physical approach, or chemical approach based on the category and features of wastes. The Company does not import toxic industrial waste or export toxic industrial waste to foreign countries.

The plants recycled wastes that can be recycled or reclaimed for use or disposal. In 2023, Taoyuan Plant, Kunshan Plant, and Guangzhou Plant have recycled and reused or disposed of a total of 16 tons of wastepaper, 53 tons of waste iron, and 12 tons of waste plastics.

Recycling and reuse volume of ACME from 2021 to 2023

	Year	Paper (ton)	Waste iron (ton)	Waste plastics (ton)
Taoyuan Plant	2021	6	38	0
	2022	6	45	0
	2023	4	37	0
Kunshan Plant	2021	3	4	9
	2022	2	3	7
	2023	2	4	6
Guangzhou Plant	2021	9	16	9
	2022	12	20	6
	2023	10	12	6

Taoyuan Plant generated a total of 558,621 tons of business waste in 2023. 73,01 tons of general industrial waste treated by incineration mainly consisted of household waste. 485,611 tons of general industrial waste were recycled, primarily inorganic sludge and discarded bulk bags, which were processed into recycled aggregates. The recycling rate for industrial waste was 87%. In 2023, production volume decreased, resulting in a reduction in waste output compared to 2022. Hazardous industrial waste was generated from the new silicon carbide product manufacturing process, and with increased production in 2023, waste output increased by 15.09 tons compared to 2022.

In our two plants in mainland China, the general industrial waste reused mainly consisted of scraps from the magnet core production process (such as waste powder, waste blanks, and waste grinding sludge) and defective products. The recycling contractors can reprocess these materials into lower-grade magnet core products. As it is not processed regularly at a fixed amount, there are larger changes in the processing volume during the three years. The Kunshan Plant's household waste, according to the waste disposal contract, totals 8 bins, but the actual weight has not yet been measured.

Waste processing volume of ACME from 2021 to 2023

Ton

Classification	Ultimate processing method	Taoyuan Plant				Kunshan Plant				Guangzhou Plant			
		2021	2022	2023	Percentage	2021	2022	2023	Percentage	2021	2022	2023	Percentage
General business waste	Incineration	77,000	70,000	73,010	13.07%	0,000	0,000	0,000	0.00%	0,000	0,000	0,000	0.00%
	Burying	0,000	0,000	0,000	0.00%	0,000	0,000	0,000	0.00%	0,000	0,000	0,000	0.00%
	Recycled ^(Note)	316,000	545,000	485,611	86.93%	223,000	1,065,000	1,080,427	100.00%	629,195	668,866	494,753	100.00%
	Total Weight	393,000	615,000	558,621	100.00%	223,000	1,065,000	1,080,427	100.00%	629,195	668,866	494,753	100.00%
Toxic Industrial Waste	Incineration	0,000	0,000	0,000	0.00%	0,000	0,000	0,000	0.00%	15,373	5,248	25,387	98.91%
	Burying	0,000	0,000	0,000	0.00%	0,000	0,000	0,000	0.00%	0,000	0,000	0,000	0.00%
	Recycled ^(Note)	11,000	30,000	45,090	100.00%	3,400	1,400	18,440	100.00%	0,447	3,545	0,280	1.09%
	Total Weight	11,000	30,000	45,090	100.00%	3,400	1,400	18,440	100.00%	15,820	8,793	25,667	100.00%

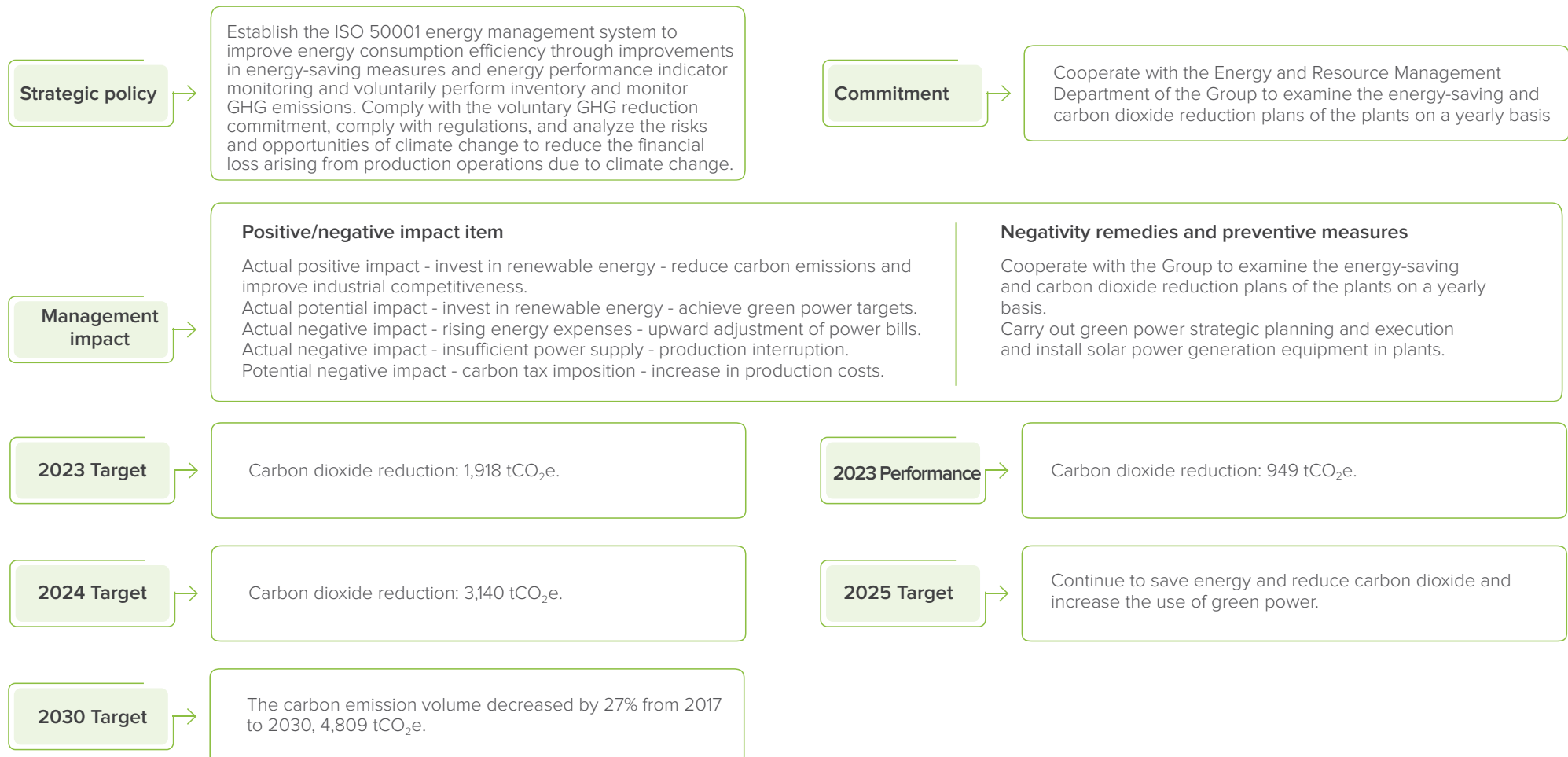
Note 1: In 2023, a total of 2,133,801 tons of general industrial waste was generated, of which 2,060,791 tons were recycled, accounting for 96.58%. Additionally, 89,197 tons of hazardous industrial waste were generated, of which 63,810 tons were recycled, accounting for 71.54%.

Note 2: As it is not processed regularly at a fixed amount, there are larger changes in the processing volume during the three years. (At the end of 2022, 8,793 tons of hazardous waste inventory from the Guangzhou plant was carried forward for disposal in 2023. During 2023, 16,874 tons were produced, 25,667 tons were disposed of, and by the end of 2023, there were no remaining inventories.)

There is no domestic waste from general business waste processed via incineration. In 2023, the overall waste recycling rate was 98%.

3.2 Climate change and energy management

Management approaches (GRI 3-3)



3.2.1 Climate change (GRI 2-23 、 2-24)

Climate change is a global challenge that Taiwan also faces. In order to align with international standards and meet sustainable development needs, Taiwan announced on February 15, 2023 the amendment of the "GHG Reduction and Management Act" to the "Climate Change Response Act". In response to the impacts of climate change, carbon reduction has become a global goal. USI Corporation set its 2030 carbon reduction target in early 2022 to "reduce carbon emissions by 27% from 2017 levels by 2030," and further established the long-term goal of "carbon neutrality by 2050" in 2023.

To achieve its sustainable vision, USI Corporation has actively implemented corresponding strategies and management mechanisms. Its domestic production facilities continue to adhere to ISO 14064-1 for GHG inventory and verification, and have planned and implemented carbon reduction programs. The corporation is also actively developing external renewable energy projects. By the end of 2023, its solar energy facilities in Taoyuan and Kunshan had a combined grid-connected capacity of 2,247 kW.

The company is following its group's 2030 carbon reduction target plan. In 2023, GHG emissions increased by 32.5% compared to the base year (2017), mainly due to increased production in a new silicon carbide business. Future efforts will focus more aggressively on energy conservation and

carbon reduction schemes. Medium-term carbon reduction strategies will focus on transitioning to low-carbon energy, improving energy efficiency, implementing intelligent monitoring, and deploying and using renewable energy. Long-term strategies will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative emissions technologies to achieve carbon neutrality and promote sustainable development.

The company has established a Sustainable Development Committee under its board of directors as the highest authority for climate management. Chaired by an independent director, the committee annually reviews the company's climate change strategies and goals, manages climate change risks and opportunities, and evaluates implementation status, reporting to the board of directors. The Company utilizes the structure provided in the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate-related risks and opportunities, evaluate risks and opportunities of different departments, evaluate financial effects and set responding plans, and plan for reactivating the complete evaluation every three years. The updates are also examined each year.

Climate change management framework

Category	Management strategy and actions
Governance	● Sustainability Committee: The highest-level climate change management organization chaired by independent directors. Annually, it plans and reports on climate change initiatives, reporting to the Board of Directors. ● Business management meeting: Chaired by the Chairman, the meeting carries out promotion planning and reports achievements regarding material policies related to energy-saving and carbon dioxide reduction from time to time. ● Group Environmental Quarterly Meeting: The top unit in energy management, reporting quarterly progress and decisions to the Chairman. ● Group Green Energy Task Force: Responsible for green energy initiatives, reporting monthly progress and future plans to the Chairman. Green power taskforce of the Group. The taskforce is the dedicated department for the promotion of green power of the USI Group, and it reports to the Chairman regarding the development progress and future plans of green power.
Strategy	● Scenario Analysis: Assessing physical risks under different climate scenarios. ● Risk and Opportunity Identification: Evaluating significant risks and opportunities based on their impact and likelihood for risk items, and operational and developmental feasibility for opportunity items. ● Evaluate the potential financial impacts: Carry out potential financial impact evaluations based on the material risks and opportunities identified.
Risk management	● Introduction of TCFD: Adopt the TCFD structure to identify risks and opportunities and communicate with the responsible department; the senior management shall confirm. ● Identification of Outcomes Reporting: Including annual corporate risk management assessment items, reported by the CEO or designated personnel to the Audit Committee and Board of Directors on control measures and management operations.
Indicators and targets	● Setting energy management goals under group carbon reduction targets, with 2017 as the baseline year. Targets include a 27% reduction in carbon emissions by 2030 and carbon neutrality by 2050. ● Climate Response Strategy: Medium-term strategies include transitioning to low-carbon energy, improving energy efficiency, intelligent monitoring, and deploying renewable energy. Long-term strategies focus on low-carbon fuels, carbon capture and utilization technology, and negative carbon emission technology. ● GHG emissions disclosures: Disclose the scope 1 and scope 2 emissions data in the sustainability report each year and regularly examine the reason for the increase or decrease.

Identification of climate risks and opportunities (GRI 201-2)

In response to intensified global climate change, continuously adopting the TCFD framework to deepen understanding of risks under extreme weather scenarios and identify new business opportunities. Referencing the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Science and Technology Center for Disaster Reduction, estimating temperature increases, rainfall, flooding, and drought scenarios from 2016 to 2035 under RCP 8.5. Highlighting three physical risk issues and listing nine transformation risks and twelve opportunity issues based on group strategy, industry characteristics, national intended contributions (INDC), and TCFD indicators totaling twenty-four potential risk and opportunity items.

In 2023, conducted a questionnaire survey with the ESG Committee and senior management to assess the relevance and potential impact timing of various risks on company operations, as well as the developmental and executable nature of opportunities. Thirteen responses were received and analyzed by the team, identifying eleven significant climate issues (one physical risk item, five transformation risk items, five opportunity items).

For these twelve major risk and opportunity items, evaluating potential financial impacts and formulating response strategies and management mechanisms. Understanding the potential impacts of climate change across various aspects, mitigating operational impacts from extreme weather, and establishing a resilient climate change culture.

Potential financial impact and response measures for risk and opportunity items(GRI 201-2)

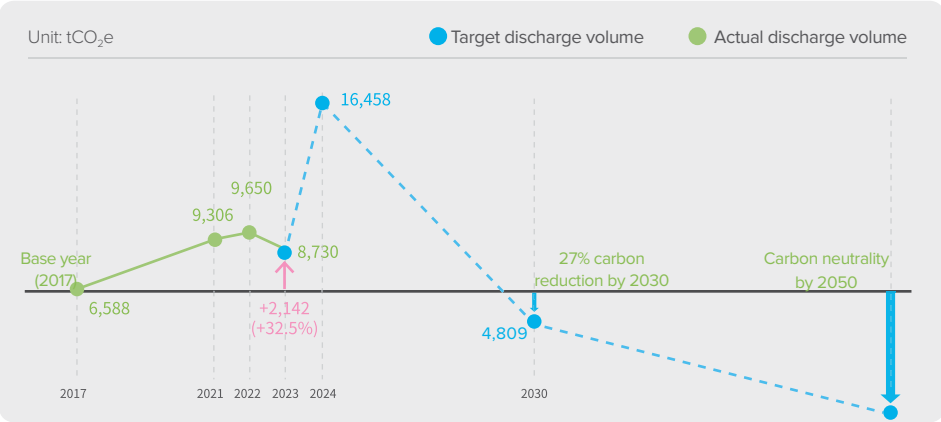
Climate change	Issue category	Explanation of risk and opportunity items	Potential financial implication	Company strategies and response measures
High temperature	Physical risk/ chronic	- Based on a projected global temperature increase of 4°C in the near future (2016-2035, RCP8.5 scenario), there will be a rapid rise in outdoor temperatures, with estimated peak temperatures reaching 37.5°C during summer months (June-August). - High temperatures will affect production processes and the cooling capacity of air conditioning systems, increasing the frequency of air conditioning and cooling equipment usage, thereby increasing electricity consumption and water demand.	Increase in operating cost Budget for replacing aging refrigeration equipment is NT\$250,000	- Replace old, high-energy-consumption refrigeration equipment with high-efficiency, energy-saving models - Promote ISO 50001 energy management system certification across the plant; Taoyuan plant obtained certification in 2021 - Install rooftop solar power generation systems in plants to reduce the temperature of rooftops and reduce the A/C operating cost - USI Corporation developed eco-friendly water-based thermal insulation coatings with 90% sunlight reflectivity, reducing building heat absorption and air conditioning electricity usage
Government oversight or supervision – water consumption fees	Transformation risks/policies and laws	In January 2023, the Ministry of Economic Affairs issued the "Water Consumption Fee Collection Measures," imposing fees on water consumers with monthly usage exceeding 9,000 cubic meters during dry seasons (January-April, November-December).	Increase in operating cost If future regulations lower rates for non-water-consuming large users, the Company may face increased operating costs.	Enhanced wastewater recycling system and operational management to increase water recovery and reduce consumption
Carbon fees	Transformation risks/policies and laws	In December 2023, the Ministry of Environmental Protection issued a draft "Carbon Fee Collection Measures," expected to levy fees starting 2025 on entities emitting over 25,000 tons of carbon annually.	High initial investment costs, followed by lower carbon emissions, leading to reduced operating costs If future regulations lower rates for non-carbon-emitting large users, the Company faces risks of increased operating costs.	- Evaluate internal carbon pricing as a shadow price, incorporating carbon costs into investment assessments to enhance implementation opportunities for carbon reduction projects - Replace old equipment and continuously improve processes to enhance energy efficiency
Renewable energy regulations – risks for large electricity consumers	Transformation risks/policies and laws	The Ministry of Economic Affairs' "Management Measures for Renewable Energy Generation Facilities for Power Users with Contracted Capacities Above a Certain Threshold" took effect in 2021, requiring electricity users with contracted capacities exceeding 5,000 kW to install renewable energy facilities equivalent to 10% of their contracted capacity by 2025.	Increase in capital expenditure, decrease in operating costs By adopting self-heat recovery incinerators, natural gas consumption has decreased by 35%, saving nt\$1.48 million annually.	- The roof of our Taoyuan plant has been equipped with a 246.8 kW solar energy installation capacity. - The roof of our Kunshan Plant has been equipped with a 2000 KW solar energy installation capacity. - Subsidiary of USI Corporation (USI), USI Green Energy Corporation, actively seeks suitable sites to invest in green energy development projects. By the end of 2023, Xuanju achieved a cumulative solar photovoltaic installation capacity of 7.2 MW, with an annual electricity generation capacity of 9.15 million kilowatt-hours. USI Green Energy Corporation will continue to develop solar energy projects. If future regulatory requirements apply to the Company, Xuanju will pivot towards achieving green energy goals.

Potential financial impact and response measures for risk and opportunity items(GRI 201-2)

Climate change	Issue category	Explanation of risk and opportunity items	Potential financial implication	Company strategies and response measures
Transition to Low-Carbon Technologies	Transition risks/energy, technology	Investment in low-carbon technology development such as energy transformation, efficiency improvement, and fuel substitution to reduce carbon emissions has increased the company's investment in technological costs.	Increase in capital expenditure and decrease in operating costs By adopting self-heat recovery incinerators, natural gas consumption has decreased by 35%, saving NT\$1.48 million annually.	- Due to a tariff adjustment by Taiwan Power Company in April 2024, electricity costs for the Taoyuan plant will increase by an additional NT\$4.39 million per year. Consequently, there will be proactive investment in low-carbon technologies to mitigate the impact of the electricity price hike. - In 2023, three energy-saving and carbon reduction measures were implemented, expected to save 156,000 kWh annually.
Increase in raw material prices	Transition Risks/Market	Considering future carbon tax implications, raw materials will incur additional costs due to carbon emissions, resulting in price increases.	Increase in operating cost SiC edge materials, after carbon removal, increased electricity costs by NT\$1.08 million and reduced raw material losses by NT\$9.87 million.	- Improved Process to Capture Dust Materials, including the installation of dust collection equipment during the process to gather dust for reuse. - SiC edge materials after reaction, excluding carbon for downstream use, can recycle 2,112 kg/year.
High-Efficiency Production	Opportunity/Resource Efficiency	Through AI smart production, industrial motors, and automated packaging tools, enhancing overall production efficiency and reducing energy consumption.	Increase in capital expenditure and decrease in operating costs Investment of NT\$1.68 million in Data Collection System to enhance equipment utilization	Implementation of Smart Kanban Management System in production line for real-time management of equipment utilization, energy consumption, etc.
Recycling and Reuse - Circular Economy	Opportunity/Resource Efficiency	Based on the three main principles of the circular economy (3R): Reduce, Reuse, Recycle. Reduce waste disposal costs or raw material usage.	Reduce operating cost Taoyuan plant recovered 922 tons of dust in 2023, accounting for 13% of production	- Improved Process to Capture Dust Materials, including the installation of dust collection equipment during the process to gather dust for reuse. - Approximately 40% of raw material iron oxide is recycled scrap from steel mills.
Reduce water consumption	Opportunity/Resource Efficiency	Water resources are irreplaceable in the production process. Reducing factory water leaks and increasing the proportion of water recycling and reuse saves operating costs and enhances factory resilience.	High initial costs for water conservation technologies In 2023, approximately 5,451 tons of RO wastewater were recycled, saving around NT\$70,863 at a rate of NT\$13 per ton.	RO Wastewater recycling and reuse
Utilization of low-carbon energy	Opportunities/Resilience, Energy Sources	We promote the transition from coal to natural gas, increase the proportion of renewable energy usage, reduce carbon costs, and lower the carbon footprint of our products.	Increase in operating expenditures, reduction in operating costs - Solar equipment installation at Taoyuan and Kunshan plants - In 2023, the Taoyuan plant generated 270,000 kWh, and the Kunshan Plant generated 1,000,000 kWh. - Integration of Cooling Water, Adjustment of Water Output, Use of Self-Heat Recovery Burners, Resulting in 1,225.5 Tons Carbon Reduction, NT\$673,000 in Energy Savings	- Construction of rooftop solar power systems - Promoted the Taoyuan plant to achieve ISO 50001 energy management system certification, and it was successfully certified in 2021. - Continuous process and equipment improvements have led to the decommissioning of the 175RT cooling tower. Currently, only a 20RT load is in use, which can be transferred to the adjacent 225RT cooling tower by integrating the pipelines. This change has resulted in a reduction of 108,916 kW of electricity and 54 tCO₂e. - Reduced the output of the closed cooling water system, decreasing electricity usage by 47,362 kW and reducing CO₂e emissions by 23.4 tons. - Rotary kilns use thermal self-recycling combustion machines to increase production and reduce unit consumption by 35%, saving 22,526m³ of natural gas and reducing CO₂e emissions by 45 tons.
Leveraging public sector incentives	Opportunities/Market	Utilize government incentive schemes to reduce investment costs, adopt new technologies, and enhance competitiveness.	Increase in capital expenditure and revenue growth Replace inefficient air compressors worth NT\$800,000 with a government subsidy of NT\$90,000, achieving a 10% increase in energy efficiency.	Phase out air compressors that have been in operation for over 15 years with 80% efficiency, upgrade to high-efficiency air compressors, and apply for subsidies for power and utility equipment.

Carbon dioxide reduction roadmap

In response to the Group's 2050 carbon neutrality goal, the carbon reduction roadmap is extended to 2050.



Note 1: The data in the figure above only includes the Acme Taoyuan Plant, excluding Taipei office and overseas plants.
Note 2: The 2022 greenhouse gas emissions data received third-party verification in November 2023, resulting in a revised figure of 9,650 tCO₂e.
Note 3: The discharge volume in 2023 was based on self-inventory data pending a third-party certification. The certification results will be updated in the next annual report.

Year	2023			2024
Item	Target value	Actual value	Achievement rate	Target value
GHG Emissions (tCO ₂ e)	13,642	8,730	156%	16,458

Note: Achievement rate = target emissions in 2023/actual emissions in 2023

Group implementing internal carbon pricing

In February 2023, our country announced the implementation of the Climate Change Response Act, which includes a mechanism for carbon fee collection. Detailed regulations, including fee collection methods and specific rates, will be formulated by the Ministry of Environment. The collection will be phased in gradually, starting with larger entities and moving to smaller ones. Rates will be periodically reviewed and incrementally increased. To proactively respond to government policies, effectively address climate change, and reduce carbon risk, USI Corporation will implement an internal carbon pricing system in 2024. Prices will be based on domestic carbon pricing, and the system will be integrated into the company's decision-making and investment assessment processes. This includes evaluating the impact of carbon emissions on business operations and accelerating carbon reduction measures. The group will also conduct two educational training sessions to help relevant units understand the concept and application of internal carbon pricing. This will assist all factories in promptly implementing the system. Additionally, a general carbon-related course is planned to enhance carbon reduction awareness among all employees and achieve corporate sustainability goals.

3.2.2 Energy management

Energy management target of the Group(GRI 302-4)

USI Group took the initiative to set its energy management targets in 2016. In accordance with the energy development policies in Taiwan, it continued to track international trends and national regulations to carry out dynamic examinations. After measuring internal and external factors, USI Group has established the carbon dioxide target, "the carbon emission volume decrease by 27% from 2017 to 2030," by 2030 at the beginning of 2022. Nine domestic core production plants of the Group (including Taoyuan Plant of the Company) started to introduce the ISO 50001 energy management system and obtained the certification since 2018 to effectively manage energy performance and continue to implement energy-saving and carbon dioxide reduction improvement actions in the hope of exerting their influences to reduce environmental impacts.

USI Group convenes "intra-plant technical exchange meetings" and multiple "northern/southern plant resource integration meetings" each year to achieve resource sharing via technology sharing and question discussions between plants and improve the actual performance of energy-saving and carbon dioxide reduction. In 2023, the intra-plant technical exchange meeting was organized in October, and a case presentation competition was performed. "Occupational safety and environmental protection," "equipment pre-insurance," and "energy-saving and carbon dioxide reduction" are adopted as the core subjects. Through plant technical case submission and written review, there were seven cases participating in the competition in the end. The senior management of the Group and the presenting plants jointly selected three outstanding cases and four excellent cases. Taoyuan Plant won excellence with its reduction of natural gas consumption by 35% through improvements in energy-saving and consumption reduction in calcination procedures. The Chairman of the Group awarded the certificate of merit and bonus to jointly improve the Group's technical level via competition incentives, exchange, and example learning.



Taoyuan Plant energy management target

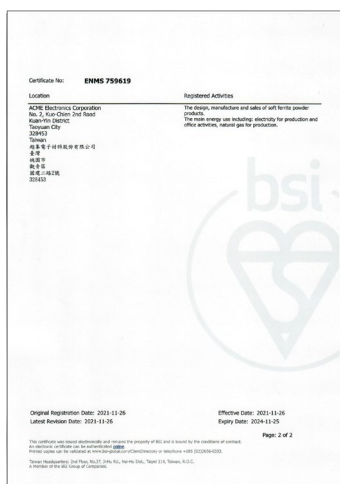
The power saving rate (%) of Taoyuan Plant from 2021 to 2023 is set out in the following table.

Energy management item	2021	2022	2023
Power saving rate (%)	1.14	0.83	1.84

According to the regulations of the Bureau of Energy of the Ministry of Economic Affairs on setting energy saving targets and implementation plans for energy users, achieving an average electricity savings of 1% during the years 2015 to 2019 would meet the standard. For the period of 2020 to 2024, another 5-year average electricity savings target of 1% has been set. Despite achieving an electricity savings rate of only 1.84% in 2023 and an average savings rate of 1.27% from 2021 to 2023 at the Taoyuan plant, it still complies with the requirement of the "annual average power-saving rate of 1% of the Bureau of Energy."

For energy-saving and carbon dioxide reduction, Taoyuan Plant will make efforts according to the target of "reduce carbon emissions by 27% by 2030 from 2017," established by USI Group at the beginning of 2023. In 2023, due to increased production of silicon carbide products in the new business, electricity usage increased, resulting in a self-assessed GHG emissions of 8,730 tCO₂e, marking a 32.5% rise from the base year (2017). In 2024, it is estimated that the production volume of SiC products under the new business will increase, and it is estimated that the emissions will reach 16,458 tCO₂e.

In 2021, Taoyuan Plant obtained the ISO 50001 energy management system certification to achieve a reduction in energy consumption costs and GHG emissions reduction by improving its energy consumption efficiency via the ISO 50001 system. The Company wishes to achieve sustainable operations by achieving mutual success in business development and environmental friendliness through continual energy-saving and carbon dioxide reduction and the increase in the use of green power.

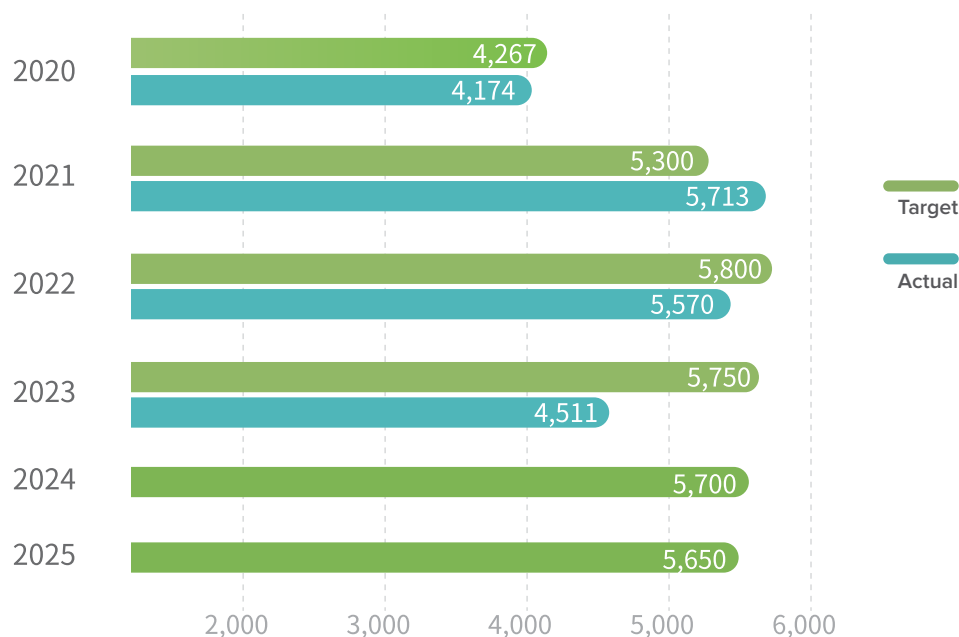


Guangzhou Plant energy management target

The competent authority of energy-saving in Zengcheng District, Guangzhou City, set an energy "dual control" target under the 13th Five Year Plan for Guangzhou Plant according to "Notice about the energy "dual control" target and reinforcement of energy "dual control" of material energy consumption departments under district monitoring of the Development and Reform Bureau of Zengcheng District, Guangzhou City," however, the energy "dual control" target under the 14th Five Year Plan has not been set.

For total energy consumption, affected by the decrease in orders, the production volume decreased by 35.7% from 2022 to 2023, and the total energy consumption was reduced by 1,059 tons of standard coal as compared to 2022.

Guangzhou Plant energy total energy consumption target (ton standard coal)



For energy consumption intensity, the reduction was reduced by 35.7%, and the energy consumption per unit product increased by 0.003 tons standard coal/10,000 pieces from 2022 to 2023.

Guangzhou Plant energy total energy consumption target (ton standard coal)

Indicator	Item Year	2020	2021	2022	2023	2024	2025
Energy consumption per unit product (ton standard coal/ton output)	Target	0.022	0.0207	0.0206	0.0199	0.0197	0.0196
	Actual	0.021	0.02	0.022	0.025		

Kunshan Plant energy management target

In 2023, the Kunshan Plant saw a decrease of approximately 25% in total energy consumption compared to 2022, primarily due to increased solar power generation from grid-connected solar equipment and reduced external power purchases. However, the plant's production output decreased by about 25% throughout the year, primarily impacted by continual declines in orders compared to 2022. Additionally, extended holiday shutdowns throughout the year resulted in longer periods of furnace temperature maintenance and partial equipment operation without output, leading to higher "per unit product energy consumption" compared to previous periods.

The energy-saving target and achievement status of Kunshan Plant :

Indicator	Item Year	2021	2022	2023	2024	2025
Energy consumption per unit product (ton standard coal/ton output)	Target	0.060	0.060	0.060	0.057	0.054
	Actual	0.043	0.059	0.071		

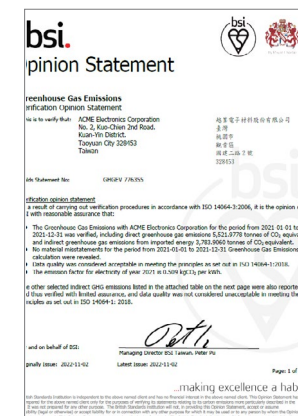
Energy consumption (GRI 302-1 、GRI 302-3 、RT-EE-130a.1)

Taoyuan Plant and the two plants in Mainland China have dedicated environmental protection sections in place. The departments are responsible for planning, promoting, and supervising the execution of various energy-saving carbon dioxide reduction management plans to reduce energy consumption and environmental impacts. The energy consumption data for the past three years is shown in the table below.

Electricity and natural gas are the major energy used in the operation of Taoyuan Plant. Due to a decrease in ferrite powder production and energy-saving improvements in the calcination process, natural gas usage decreased compared to 2023. However, there was an increase in the production of new silicon carbide products, leading to higher electricity consumption, which increased by 4,870 GJ compared to 2022. Therefore, total energy consumption in 2023 amounted to 103,753 GJ, marking a 19.5% decrease from 2022. The "energy intensity per unit of product" increased by 21%.

Electricity is the major energy used in the operation of the two plants in Mainland China, and the main power consumption equipment is the sintering furnace for the sintering procedures.

Affected by the decrease in orders, the production volume of Guangzhou Plant was reduced by 35.7% from 2022 to 2023; however, due to the improvement in waste gas governance and the improvement in employees' operating environment, multiple



sets of power consumption equipment were added. The total energy consumption merely reduced by 16.8% from 2022 to 2023, and the "energy intensity per unit product" increased by 29.4%.

In 2023, the Kunshan Plant experienced reduced orders throughout the year, compounded by extended holidays during Chinese New Year, Labor Day, and National Day, resulting in lower production. Compared to 2022, production decreased by 25%. During shutdown periods, the sintering furnace still required electricity to maintain a certain temperature, and some equipment needed to remain operational, consuming electricity without output. However, on the other hand, due to the integration of solar power generation, purchased electricity decreased relatively. Consequently, total energy consumption decreased by 22.1% compared to 2022, while the "unit product energy intensity" increased by 4.1%.

Energy category	Unit	Taoyuan Plant			Guangzhou Plant			Kunshan Plant		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Natural gas	GJ	96,228.53	91,617.64	61,527.71	0.00	0.00	0.00	0.00	0.00	0.00
Purchased power	GJ	26,768.50	35,462.32	40,332.06	150,480.82	163,011.68	134,654.25	122,580.00	129,835.00	96,969.84
Self-generated power	GJ	0.00	553.00	967.51	0.00	0.00	0.00	0.00	0.00	3,838.49
Petroleum	GJ	38.25	40.46	49.41	500.33	819.18	1,021.39	252.00	217.00	349.74
Diesel	GJ	1,310.18	1,263.30	876.42	19,661.15	2,186.43	2,472.36	5,989.00	1,287.00	1,103.66
Total energy consumption	GJ	124,345.46	128,936.71	103,753.11	170,642.30	166,017.29	138,148.00	128,822.00	131,340.00	102,261.74
Production volume	Ton	11,461.00	11,042.00	7,344.00	4,652.29	3,819.85	2,457.03	5,292.00	4,493.00	3,361.00
Energy intensity per unit product	GJ	10.85	11.68	14.13	36.68	43.46	56.23	24.34	29.23	30.43

In 2023, the total energy consumption was 344,162.85 GJ. This included purchased electricity totaling 271,956.15 GJ, accounting for 79.02%, and self-generated electricity totaling 4,806.00 GJ, accounting for 1.4%.

Note: The conversion factors for energy consumption of gasoline, electricity, and diesel are based on the announcements by the Bureau of Energy, Ministry of Economic Affairs: 7,800 kcal/L for gasoline, 860 kcal/kWh for electricity, and 8,400 kcal/L for diesel. 1 kcal equals 4.187 kJ. For natural gas, the monthly average calorific value coefficient provided by CPC Corporation is used for conversion, with the 2023 value being 9,488 kcal/L.

3.2.3 GHG management (GRI 305-1、GRI 305-2、GRI 305-3、GRI 305-4、GRI 305-5)

The Company is dedicated to energy-saving and carbon dioxide reduction, which not only contributes to society but also reduce operating cost due to the improvement in energy efficiency. Taoyuan Plant is required to report stationary pollution sources as announced by the Environmental Protection Administration, and it regularly reports quarterly and cooperates with the audit of the government, and obtained the ISO14064- 1 GHG inventory certification in 2022. The Guangzhou and Kunshan factories obtained ISO 14064-1 GHG inventory verification in June and July 2023 respectively, while the Malaysia Plant received verification in 2024.

Due to reduction in magnetic powder production and energy-saving improvements in calcination processes, natural gas usage at the Taoyuan Plant decreased compared to 2023. However, with increased production of new silicon carbide products, electricity consumption rose. Therefore, the self-reported GHG emissions for 2023 were 8,730 tCO₂e, a decrease of 9.5% from 2022, with a corresponding 35.6% increase in "unit product energy intensity."



Despite a 35.7% reduction in output relative to 2022, the Guangzhou factory's GHG emissions for 2023 were 19,967 tCO₂e, a decrease of 17.1% from 2022, attributable to improved efficiency in exhaust gas management, enhancements in employee operational environments, and additional electricity-consuming equipment. The "unit product GHG intensity" increased by 28.8%.

The Kunshan Plant, which installed grid-connected solar equipment in July 2023, reported GHG emissions of 19,052 tCO₂e for the year, resulting in an overall reduction in GHG emissions, down 25.2% from 2022. "GHG intensity per unit product" remained generally stable compared to 2022. This is primarily due to the Kunshan Plant GHG emissions, where over 90% are sourced from purchased electricity. As some of this electricity is now generated through solar power for self-consumption, the related purchased electricity has decreased. However, due to fewer orders and lower production volumes throughout the year, coupled with increased holidays, more electricity was consumed without corresponding output.

Energy category	Unit	Taoyuan Plant			Guangzhou Plant			Kunshan Plant		
		2021	2022	2023 ^{Note 5}	2021	2022 ^{Note 5}	2023 ^{Note 5}	2021	2022 ^{Note 5}	2023 ^{Note 5}
Scope 1	tCO ₂ e	5,522	4,774	3,186	1,501	224	256	463	111	107
Scope 2	tCO ₂ e	3,784	4,876	5,544	22,028	23,862	19,711	23,948	25,366	18,945
Total	tCO ₂ e	9,306	9,650	8,730	23,529	24,086	19,967	24,411	25,477	19,052
Production volume	Ton	11,461	11,042	7,344	4,652	3,820	2,457	5,292	4,493	3,361
GHG intensity per unit product	tCO ₂ e / Ton	0.81	0.87	1.18	5.06	6.31	8.13	4.61	5.67	5.67

Note 1: Scope 1 refers to the direct discharge from procedures or facilities. The data in the abovementioned figure is calculated based on the consumption of natural gas and the fuel consumption of vehicles of business use and diesel forklift.

Note 2: Scope 2 refers to the indirect discharge of energy. The data in the abovementioned figure is calculated based on the power consumption.

Note 3: For the inventory boundary, the operational control right approach is adopted to set Taoyuan Plant, Guangzhou Plant, and Kunshan Plant as the scope of inventory.

Note 4: For the discharge coefficient, please refer to the GHG emission coefficient management table of the Environmental Protection Administration, the power discharge coefficient in China, and the global warming potential value of the sixth assessment report by IPCC in 2021.

Note 5: GHG emissions include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC_s), perfluorocarbons (PFC_s), sulfur hexafluoride (SF₆), and carbon tetrafluoride (CF₄).

Note 6: In 2023, Three plants obtained ISO 14064-1 certification for GHG inventory. In 2022, the Taoyuan Plant's Scope 3 GHG emissions amounted to 848 tCO₂e, Guangzhou Plant amounted to 564 tons, and Kunshan Plant amounted to 494 tons. The data for 2023 is based on internal inventory and awaits third-party verification.

Scope 3 refers to raw materials transportation, product transportation, and employee commuting.



3.2.4 Implementation of energy-saving and carbon dioxide reduction(GRI 305-5)

The energy-saving and carbon dioxide reduction plans that the Company plans to substantially execute in 2023 are as shown in the following table; carbon emissions were reduced by a total of 949 tCO₂e. Guangzhou Plant and Kunshan Plant initially expected to install solar power generation equipment in 2022, which was delayed to 2023 due to other causes; therefore, merely achieving 49% of the carbon dioxide volume initially set.

Energy Saving Measures in 2023				
	Improvement plan	Energy-saving volume calculation method	Actual volume of carbon dioxide reduced	Investment Amount
Taoyuan Plant	The original 175RT cooling tower, now only using 20RT, can be relocated to the adjacent 225RT cooling tower for combined piping.	- Current cooling towers: - 175RT circulation pump 15HP, cooling fan 10HP. - 225RT circulation pump 15HP, cooling fan 10HP2. - Annual electricity consumption= (15HP + 10HP) * 2 * 0.746 * 8760 hr = 326,748 KW3 - Upon consolidation, machinery shutdown saves annual electricity: 175RT circulation pump 15HP, cooling fan 10HP. Total savings: 163,549 KW - Efficiency improvement: Electricity consumption after savings 163549 KW/ Electricity consumption before savings 326748 KW= 50% (Formula 1): $326,748 \times 50\% \times 8/12 = 108,916$ - Total energy savings: 108,916 kWh	54 tCO ₂ e	NT\$600,000
	Adjustment to the water yield of closed cooling water system	- Adjustment of 0HP water pump and testing of minimum cooling water requirement for the machine. The original circulating water pump operates at 60Hz with an energy consumption of 26 kW per hour. The frequency inverter gradually reduces the operating frequency (Hz) as the ambient temperature increases from 19°C to 23°C up to the process's maximum allowable limit of 32°C. It operates at 50Hz with an ammeter reading of approximately 30A, equivalent to 20 kWh (3-phase 380V), improving efficiency. - The equipment operates for 360 days, running 24 hours a day, totaling 8,640 hours. 8,640 hours * 26 kw = 224,640 kw. (Formula 1): $224640 \times 23\% \times 11/12 = 47361.6$ - Total energy savings: 47,361.6kWh	23.4 tCO ₂ e	NT\$4,000
	Revolving kiln using heat recovery combustion machine, increasing output and reducing energy consumption per unit	Natural gas: RK10 revolving kiln utilizes self-heat recovery combustion machine, with extended furnace tubes to increase output and reduce energy consumption per unit. - New equipment started mass production in April, recording daily natural gas usage and sintered production. Natural gas usage (m³)/production (tons), average consumption is 57.6 m³/ton. - Average consumption before improvement was 90 m³/ton. After improvement, consumption reduced to 57.6 m³/ton, saving 2,781 tons of natural gas annually: $2,781 \times (90 - 57.6) = 90,104 \text{M}^3$. (Formula 3): $90104 \times 3/12 = 22526$ - Total energy savings: 22526M³	45.14 tCO ₂ e	
Guangzhou Plant	Installation of Variable Frequency Drives (VFDs) on central air conditioning chilled water and cooling water pumps	Normal operation involves 2 units of 11kW cooling water pumps and 2 units of 15kW chilled water pumps. Savings in electricity is calculated at 28%, resulting in a reduction of 136,800 kW.	72 tCO ₂ e	
	Grinder cleaning section oven heating tube modification	Energy savings estimated based on actual equipment test data: 257,553 kW.	136 tCO ₂ e	
Kunshan Plant	KS plant rooftop photovoltaic installation project	In 2023, the KS plant installed a rooftop photovoltaic power generation project. The photovoltaic project connected to the grid and began generating electricity in July. By December 2023, the cumulative electricity generated by the photovoltaic system amounted to 1,064,739 kWh.	619 tCO ₂ e	
Total			949.54 tCO ₂ e	

	Target carbon dioxide reduction volume in 2023(CO ₂ e)	Actual carbon dioxide reduction volume in 2023(CO ₂ e)	Achievement rate
Taoyuan Plant	109	122	112%
Kunshan Plant	860	619	72%
Guangzhou Plant	949	208	22%
Total	1,918	949	49%

The energy-saving and carbon dioxide reduction plans that the Company plans to execute in 2024 are as shown in the following table; the carbon emission reduction target is 3,140tCO₂e.



Energy-saving and carbon dioxide reduction plan in 2024

	Improvement plan	Energy-saving volume calculation method	Estimated energy-saving volume	Target carbon dioxide reduction volume
Taoyuan Plant	Currently, Production Plant 1 for fine materials operates with two outdated calcining furnaces. Each ton of product consumes approximately 125.9 m ³ of gas. The gas consumption per ton is reduced by 25% in terms of production capacity.	- Total production capacity for RK9 in 2022: 1100 tons with total gas consumption of 138,565 M3 - Gas consumption per ton for RK9 in 2022 = Total gas consumption in 2022 / Total production capacity in 2022 = 125.9 M³/Ton.	Estimated energy savings from waste heat recovery: 25%=219000*0.25=54750M ³ /year	102.87 tCO ₂ e
	Optimization of the IGBT (Insulated Gate Bipolar Transistor) control in the reactor furnace	- SIC reactor furnace output specification of 250 kW, with significant amplitude in output control - Equipment operation collects data for analysis via power meters; IGBT output current control ranges between 140A and 280A.	Energy consumption: (250 kW * 26 hours per batch) * (10 batches per month * 27 units) / 10,000 kg = 175 kW/kg	866 tCO ₂ e
	Energy savings in the cooling water system	- Increase the cooling water load. - Existing 500RT sealed cooling water system, used for temperature control of 12 reactors, increased to accommodate 24 units.	Total energy consumption: (63kW*24Hr*30day)/5,000kg= 9.072kW/kg	22.5 tCO ₂ e
Kunshan Plant	Install solar power generation equipment	Based on the actual average for 2023	Anticipate a monthly average reduction of 100 tCO ₂ e	1200 tCO ₂ e
Guangzhou Plant	Install solar power generation equipment	Installation capacity and power generation efficiency estimation	Annual electricity generation of 1,800,000 kWh	949 tCO ₂ e
	Total			3,140 tCO ₂ e

Note: The calculation method for energy-saving and carbon dioxide reduction was adjusted in 2024; the annualized benefits are included in the execution year of the plan.

3.3 Air pollution control and management

Management approaches (GRI 3-3)

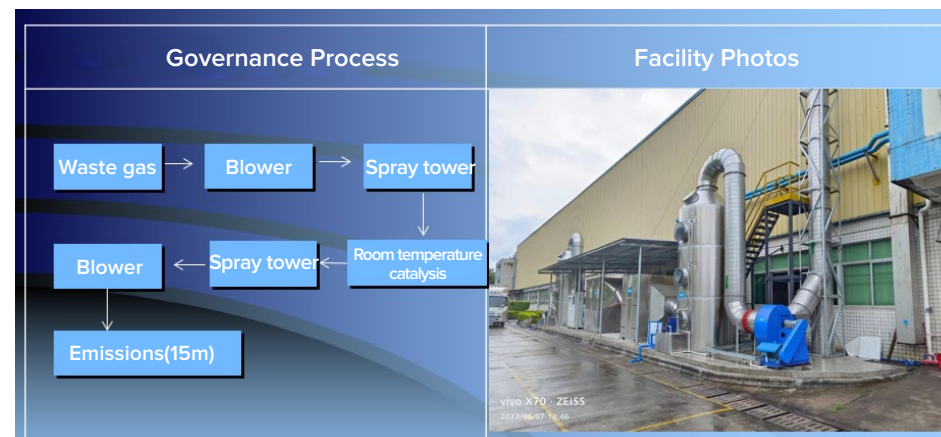


There is pollution control equipment in place for the stationary pollution sources of Taoyuan Plant. The pollutants are granular pollutants and nitric oxide. The pollution control equipment includes cyclone separators, bag dust collectors and scrubbers. The pollution discharge reduction equipment includes the additional installation of filter bag dust collectors for the intake and dispensing procedures of calcination equipment and the additional installation of automated transportation equipment for the batch buckets of discharging and dispensing procedures to reduce spillage.

The installation of control equipment improved the operating environment, and the flying dust and spillage of granular pollutants, and the dust collected may be recycled and put to use in procedures to reduce resource waste. The collecting process is collecting from the initial pipes of procedures, which has no effect on the quality and purity of products.

Taoyuan Plant implemented testing and filing of stationary pollutant source emissions according to the requirements of the Air Pollution Control Act, the filing was approved by the Environmental Protection Administration in terms of compliance with stationary pollution source and air pollutant discharge standards, and there was no SO_x emission. The stationary pollution source operating license of Taoyuan Plant expired and was renewed in 2021 to change the content of the operation and installation license. The Company has applied for the extension of the operating license according to the Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations Amended Clauses and the application for the extension of the operating license to 2026 was completed.

Kunshan Plant and Guangzhou Plant carry out annual testing of stationary pollution sources each year according to the law.



Stationary pollution source discharge status of ACME in 2023(GRI 305-7)

	Pollutant	Emissions
	Year	Waste iron (ton)
Taoyuan Plant	Granular pollutant	0.092 tons/year
	Nitric oxide	2.399 tons/year
	Volatile Organic Compounds (VOCs)	10.396 tons/year
Kunshan Plant	Granular pollutant	0.299 tons/year
	Nitric oxide	NA
	Volatile Organic Compounds (VOCs)	NA
Guangzhou Plant	Granular pollutant	2.391 tons/year
	Nitric oxide	0.029 tons/year
	Volatile Organic Compounds (VOCs)	1.902 tons/year

Note: The emissions from fixed pollution sources at the Guangzhou plant are calculated using a coefficient method due to requirements from ecological environmental statistics. Automatic online monitoring equipment is not installed, and manual monitoring is not conducted quarterly.



4.1 Talents attraction and retention

4.2 Talent cultivation and development

4.3 Occupational safety and health

4.4 Social participation

04

Happy workplace and social participation

4.1 Talent attraction and retention

The Company adheres to the traditional cultural philosophy of USI Group and attaches great attention to the care of employees. It complies with labor regulations and offers respect and freedom to employees to allow employees to work with dignity within the reasonable scope of systems and humanized management, achieve work-life balance, meet household and family requirements, work happily, and enjoy life.

Management approaches (GRI 3-3)



Sustainability principle: Happy workplace and social participation
Remarks: Recruitment achievement rate: The ratio of actual recruited personnel to the planned recruitment number according to the staffing requirements of the employing unit. Formula: Number of recruited personnel / Planned recruitment number

Human resource structure (GRI 2-7)

In 2023, the total number of employees at our Taipei office and Taoyuan Plant was 194. Among them, there were 149 male employees (77%) and 45 female employees (23%). Except for the chairman who also serves as the CEO in a part-time capacity, all employees are considered full-time permanent staff. Due to the nature of heavy-duty work at the Taoyuan factory, the proportion of male employees is relatively high. To protect employees' employment rights, except for the concurrent positions of the Chairman and the CEO, typical employment is adopted for the remaining employees, and permanent contracts are entered into to allow employees to work at ease.

The total number of employees at the Kunshan and Guangzhou Plants is 1,096, with 575 males (52%) and 521 females (48%), all of whom are full-time regular employees. Compared to the Taoyuan plant, the Kunshan and Guangzhou plants are involved in more detailed manufacturing processes, resulting in a higher proportion of female employees compared to the Taoyuan plant. According to the requirements of laws and regulations, the two plants in Mainland China consecutively signed two times of fixed-term labor contracts, and permanent labor contracts shall be entered into when signing the third contact. The ratio of employees with a seniority of six years or above and under permanent contracts in the Kunshan Plant and Guangzhou Plant was 2.3% and 37%.

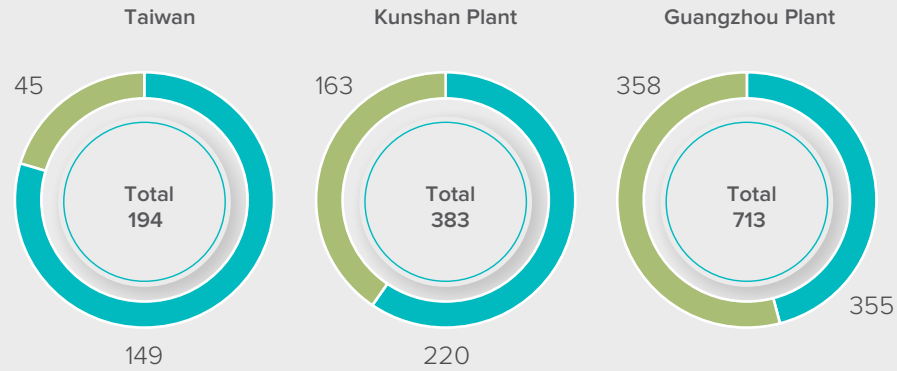
We encourage the disadvantaged groups in society to contribute their talents. As of the end of 2023, employees with physical or mental disabilities in service were 14 people in total (13 in Guangzhou Plant, 0 in Kunshan Plant, and 1 in Taoyuan Plant).



Employee composition of ACME in 2023 (number of persons)

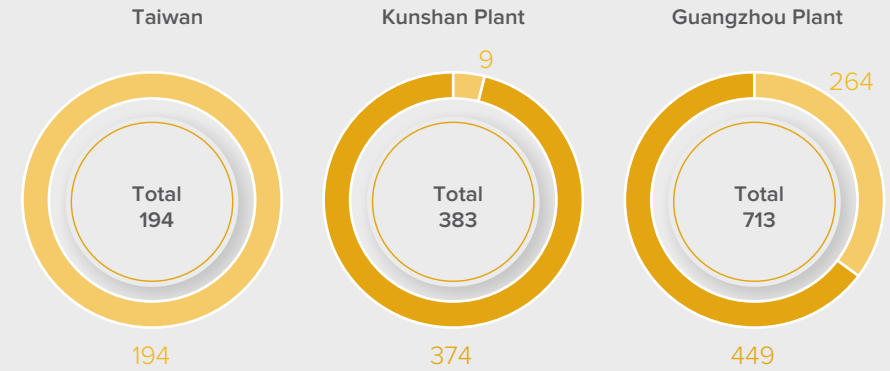
Gender

● Male ● Female Unit : persons



Employment contract

● Permanent employee ● Fixed-term employee Unit : persons



Function

Unit : persons

Non-management

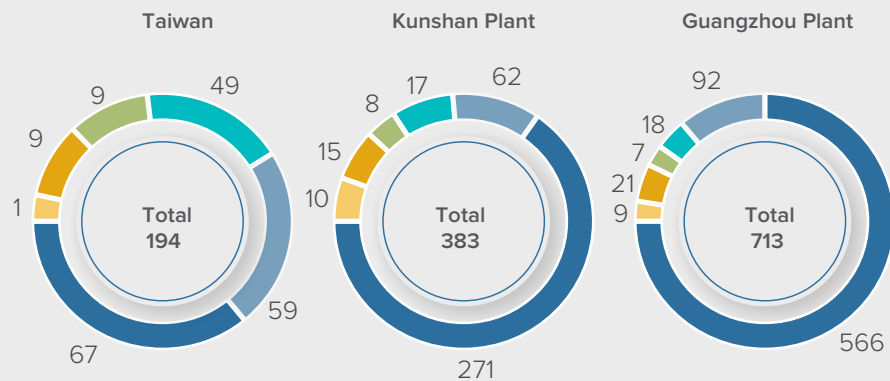
● Direct
● Indirect

Middle to senior
management positions

● Male supervisor
● Female supervisor

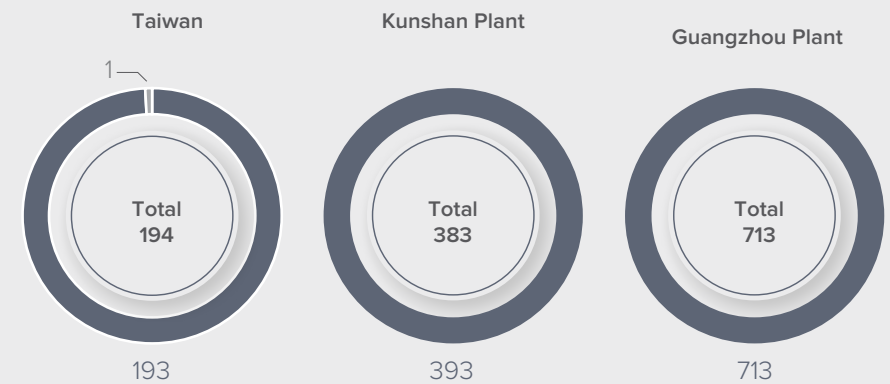
Entry-level management positions

● Male supervisor
● Female supervisor



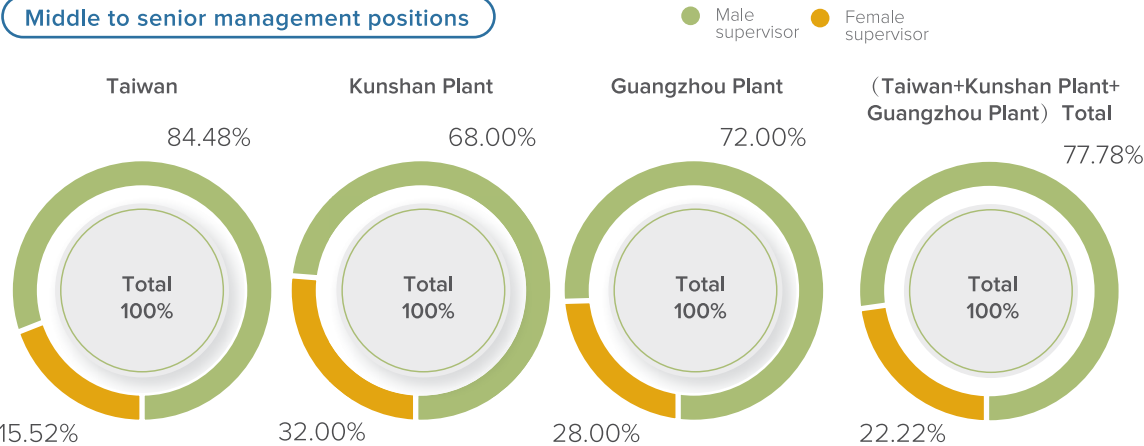
Employment method

● Full-time ● Part-time Unit : persons





Middle to senior management positions



Note 1:Senior and middle management refers to supervisors at the section chief level or above. Junior management refers to team leaders and group leaders.

Note 2:In Taiwan, male executives account for 84.5% of senior and middle management positions, while female executives account for 15.5%. In our Kunshan Plant, male executives hold 68% of senior and middle management positions, with female executives holding 32%. In our Guangzhou plant, male executives hold 72% of senior and middle management positions, with female executives holding 28%.

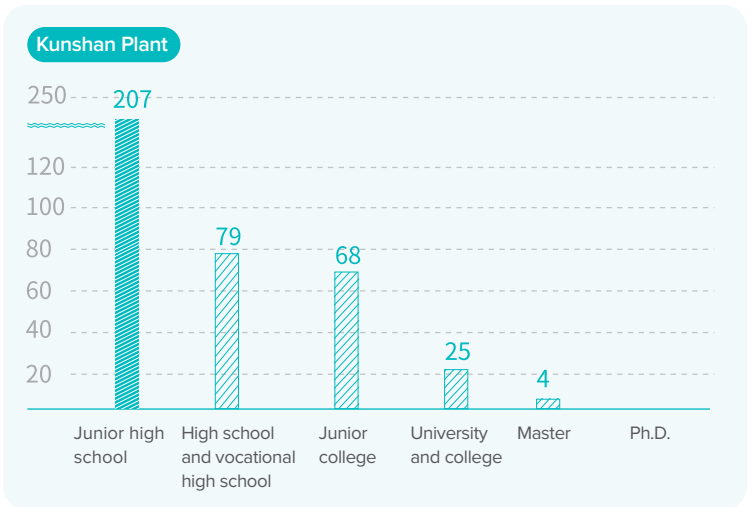
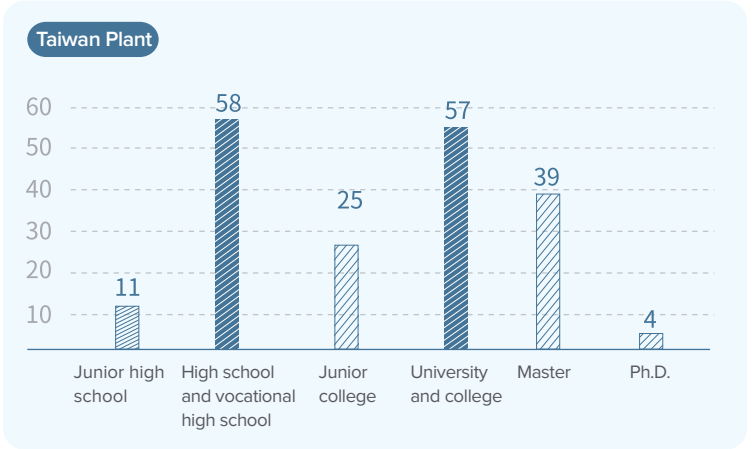
The gender and age distribution of senior and middle management and general employees of the Company is shown in the following table: supervisors are majorly males above 30 years old. The age of general employees is primarily ranging from 31 to 50, and the gender ratio differs from region to region; in general, the difference is not significant. As partial employees employed by Taoyuan Plant are transferred to Mainland China to hold the positions of supervisors, the ratio of senior management is higher; Kunshan Plant only employs two senior management above 50 years old, and Guangzhou Plant has only 1 senior management above 50 years old.

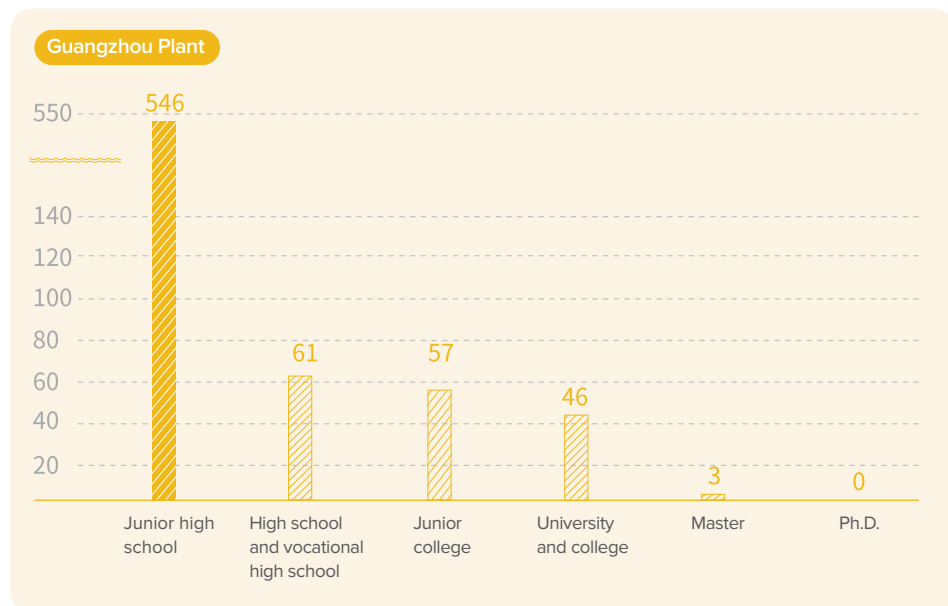
Age distribution of employees of ACME in 2023 (number of persons)

		Gender	Taiwan	Kunshan Plant	Guangzhou Plant
Senior Supervisors (above assistant manager)	Below 30	Male	0	0	0
		Female	0	0	0
	31 - 50	Male	16	9	8
		Female	3	3	2
	Above 51	Male	29	2	0
		Female	2	0	1
Junior and intermediate supervisors (Supervisor team and section chief)	Below 30	Male	0	0	3
		Female	0	0	0
	31 - 50	Male	5	21	27
		Female	4	15	13
	Above 51	Male	8	0	1
		Female	1	0	0
General employees	Below 30	Male	13	48	149
		Female	7	23	108
	31 - 50	Male	68	115	154
		Female	24	104	234
	Above 51	Male	10	25	13
		Female	4	18	0

The academic background distribution of employees of different levels is shown in the following table. Taoyuan Plant is the development location of new materials, new products, and new businesses; therefore, the ratio of employees with university and master's degrees is higher. Kunshan Plant and Guangzhou Plant are production bases; therefore, the ratio of employees who graduated from or below high schools or vocational high schools is higher.

Academic background distribution of employees of ACME in 2023 (number of persons)





Talent recruitment and appointment(GRI 401-1)

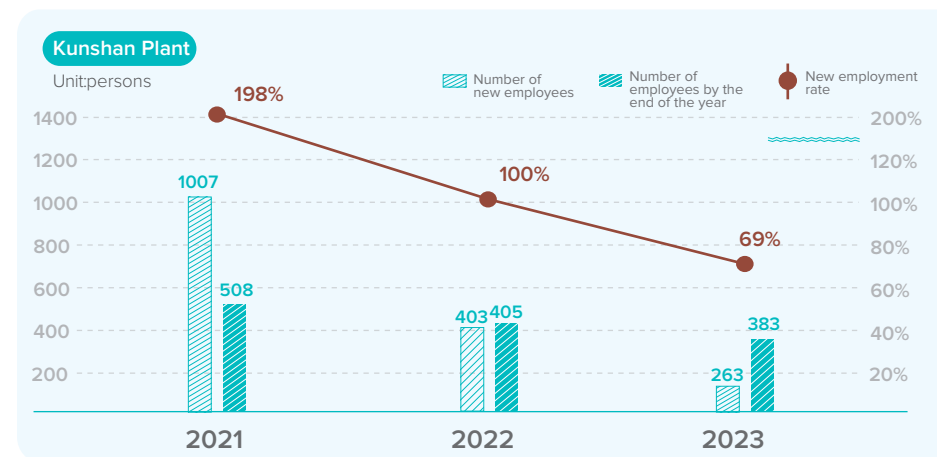
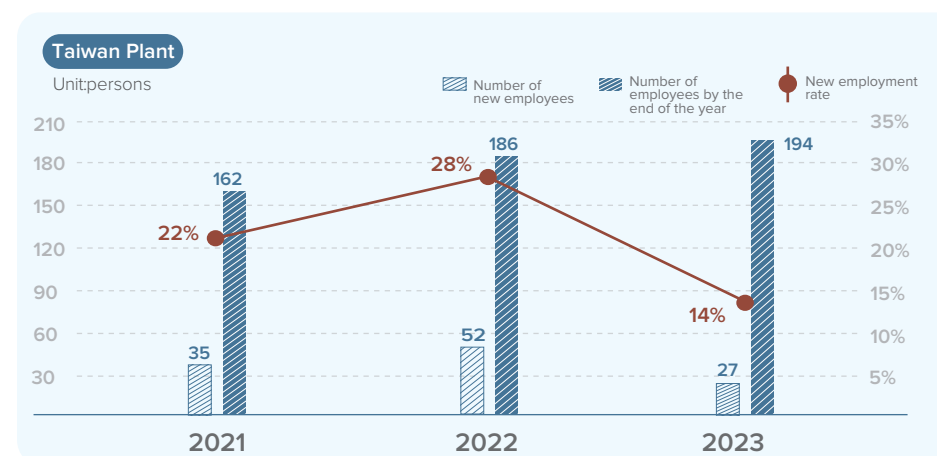
To maintain the stability of human resources, the Company adopts a fair, public, just, and efficient selection system with a target of selecting excellent the adequate talents to reinforce its business nature and attach attention to the fairness of diversification and opportunities; the Company will not have any discrimination in employment in terms of ethnicity, skin color, age, gender orientation, species, disability, pregnancy, religion, political party, group member, or marital status. The Company observes the requirements related to the Labor Standard Act and complies with the Responsible Business Alliance (RBA) specifications.

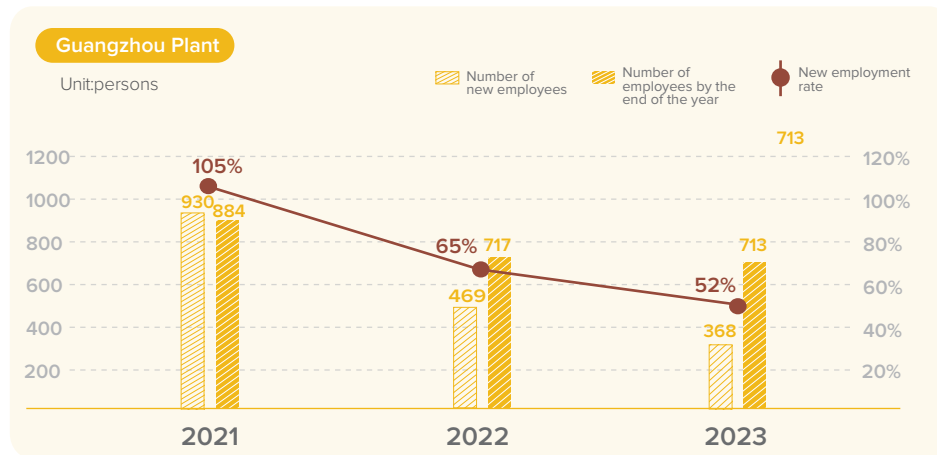
If there are vacancies or requirements of expansion based on business requirements, organizational plans, or resignation of employees, the employment department shall fill out the "employee requirement application." After being approved, recruitment and rotation within the Group shall serve as the priority. Meanwhile, external recruitment will also be performed. The recruitment methods primarily include job banks, employment service stations, employees' referrals, campus recruitment, and multiple channels to recruit talents of different levels. Recruiting local talents is the priority so as to provide local employment opportunities to give back to communities.

In 2023, the Company primarily employed employees below 50 years old, Kunshan Plant primarily employed employees ageing from 31 to 50, and Guangzhou Plant primarily employed employees below 30 years old. Employees of the two plants in Mainland China are primarily personnel from other provinces (60% for Guangzhou Plant and 74% for Kunshan Plant). The reason for having more

employees from other provinces is the requirement of constantly supplementing labor vacancies resulting from the loss of employees due to the year-end home rush arising from families and home-returning development. In 2022, the recruitment achievement rate of Kunshan Plant and Guangzhou Plant was 98% and 100%. The employment departments' labor requirements were successfully fulfilled, and the human resources required in plants were recruited to maintain stable human resources. Despite severe labor shortages in Taiwan (including both direct employees and general staff), recruitment difficulties persist. However, through continuous efforts and successful introduction of foreign labor, the recruitment achievement rate at the Taoyuan plant reached 100% in 2023.

Overview of talent recruitment of ACME from 2021 to 2023





Note: New employment rate = (number of new employees/number of all employees)

Gender, age, and region distribution of resigned employees of ACME in 2023 (GRI 405-1)

Item/description	Taiwan		Kunshan Plant		Guangzhou Plant	
	Male	Female	Male	Female	Male	Female
Gender and age distribution of new employees						
Below 30	1	5	54	57	158	101
31 - 50	18	3	57	88	59	50
Above 51	0	0	3	4	0	0
Registered domicile distribution of new employees						
Taiwan	15		0		1	
Mainland China	0		263		367	
Thailand	11		0		0	
Indonesia	1		0		0	

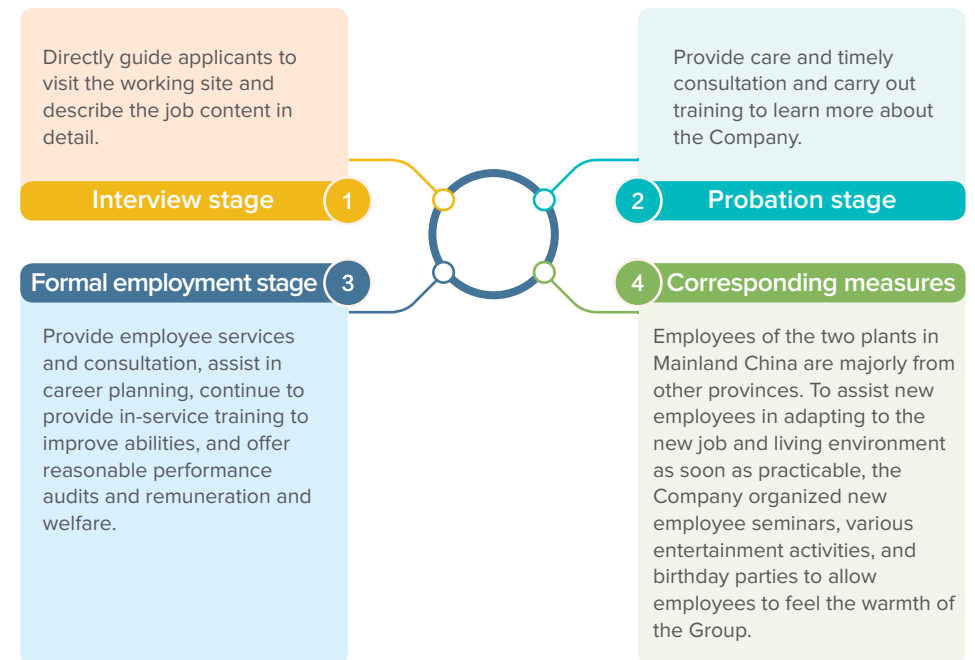
Employee turnover (GRI 401-1)

The Company respects employees' personal planning: 28% and 23% of employees resigned are below 30 and between 31 to 50, respectively. With the changes in the macroeconomy, the turnover rate of the two plants in Mainland China is high due to returning home, self-entrepreneurship, care for families, continuing education, and other options.

The resignation category was mostly self-applied resignation in 2023. The reasons for self-applied resignation in Taiwan are mostly health, career planning, and family, and reasons in Mainland China are mostly returning home for employment, care for families, continuing education, and health.

In 2023, the turnover rate decreased in general as compared to 2022. Persons who resigned were generally new employees with low stability who could not adapt to the working environment, corporate culture, and relationships with colleagues. Furthermore, the poor market environment in 2023 resulted in a drop in orders; the Company adopted human resources optimization measures to improve personnel efficiency. Persons who resigned within six months in Kunshan Plant and Guangzhou Plant accounted for 71% and 55% of the total resigned persons.

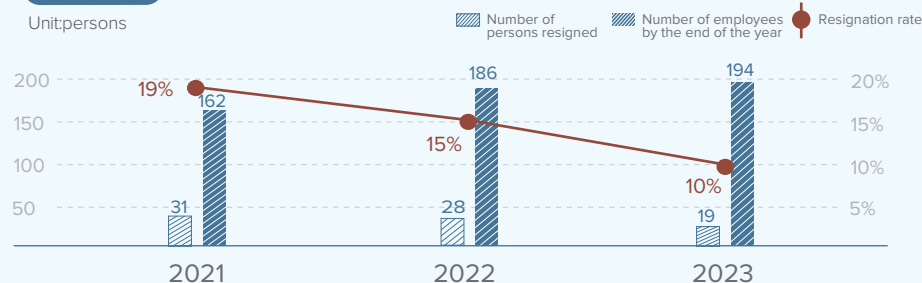
To improve the stability of new employees, we adopt measures in different stages as follows:



Overview of employee resignation of ACME from 2021 to 2023

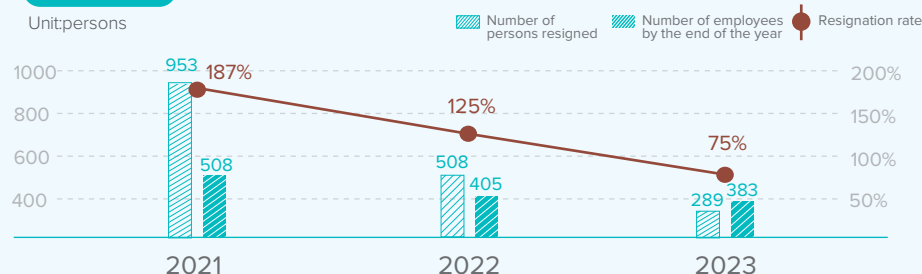
Taiwan Plant

Unit:persons



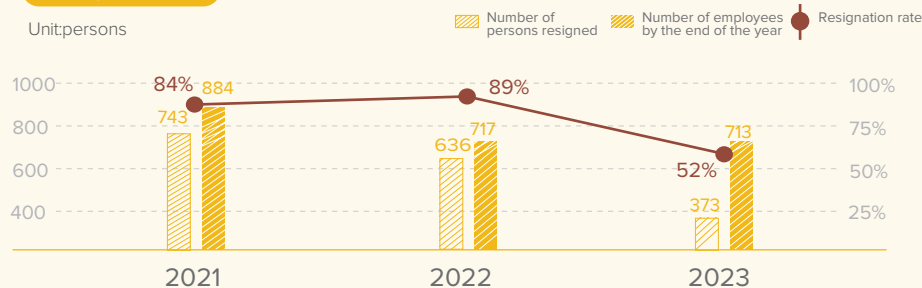
Kunshan Plant

Unit:persons



Guangzhou Plant

Unit:persons



Note: Resignation rate = (number of employees resigned/number of all employees)

Gender, age, and region distribution of resigned employees of ACME in 2023 (GRI 405-1)

Item/description	Taiwan		Kunshan Plant		Guangzhou Plant	
Gender and age distribution of resigned employees	Male	Female	Male	Female	Male	Female
Below 30	1	2	67	54	147	92
31 - 50	10	6	57	89	63	71
Above 51	0	0	9	13	0	0
Registered domicile distribution of resigned employees	Taiwan		Kunshan Plant		Guangzhou Plant	
Taiwan	14		1		1	
Mainland China	0		288		372	
Thailand	4		0		0	
Malaysia	1		0		0	
Resignation category	Taiwan		Kunshan Plant		Guangzhou Plant	
Self-applied resignation	15		277		322	
Contract expiry, retirement, internal rotation, and leave without pay	2		11		3	
Non-voluntary resignation	2		1		48	

Human rights protection

Human rights policy (GRI 2-23)

The Company referred to the International Bill of Rights, “Declaration on Fundamental Principles and Rights at Work” of ILO, and other human rights standards recognized internationally and established human rights policies, with the approval of the Chairman, that apply to the Company and affiliates of USI Group to avoid invasion and violation of human rights. Apart from providing a reasonable and safe workplace, the Company allows current employees to have reasonable treatment of dignity.

Human rights identification and evaluation

We carry out human rights risk identification each year and execute compliance inspections and third-party evaluations regarding human rights topics of concern that were identified. Based on the risk assessment results and the deficiencies found in internal and external audits, we adopted mitigation and correction measures and continued to improve to achieve the purpose of risk management.

Human rights topics involve different business departments. The human affairs department carries out human rights due diligence and risk management for different targets under effects and human rights topics.

The Company established steps and commencement procedures for different stages of human rights management to serve as the basis for protecting human rights, including the following:



Human rights due diligence procedures (GRI 2-24)



Human rights management achievements in 2023 (GRI 2-24)

There was no material violation of laws during the year. The Company will continue to organize human rights-related educational training. For content related to human rights training, please refer to the corporate website (<https://www.usig.com/ACMECSR/Personnel.aspx>). After carrying out risk identification according to the execution directions under the human rights policy of the Company, a total of 14 human rights topics were included for the year, in which there are eight topics of major concern. The item of risk is "long working hours." The mitigation measures and impact compensation measures implemented are as follows:

Human management mitigation and compensation measures

Issue: Long working hours

Mitigation measure

- Overtime work shall obtain the consent of employees, and employees may opt to collect overtime payment or complementary leave.
- The system requires employees to specify whether the reasons for leaving the workplace are personal reasons or official work.
- The HR Section regularly examines the overtime work status of departments among the company and follows up to understand the reason.

Compensation measure

- If employees work overtime, the Companies pay overtime payments according to the law.
- Understand the workload and overtime reasons of employees and actively carry out procedure improvement and optimization to assist in improving work efficiency.
- Persons who have long working hours are included in the abnormal workload identification and risk investigation list. We regularly organize employees' health inspections and discretionally adjust relevant operations and human resources status.

Salary system (GRI 405-2)

The Company adheres to the philosophy of profit sharing with employees to attract, retain, cultivate, and motivate outstanding talents and provides a diversified and competitive salary system.

The starting salary of new employees of the Company is based on the principle of the same salary for the same position. Persons with equivalent academic backgrounds and experiences engaging in equivalent duties shall have the same compensation. After employment, appropriate salary adjustments or performance bonuses will be offered based on individual performance.

Regarding the salaries of grass root level personnel of Taoyuan Plant, foreign workers are subject to the basic wages announced by the government, and local male and female laborers in Taiwan have consistent salaries that are slightly higher than the basic wages.

The standard salaries of the grass root level personnel in Kunshan Plant and Guangzhou Plant are equivalent to the local minimum salaries and consistent among males and females.

Ratios of standard entry-level wage by gender compared to local minimum wage	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Taiwan	1.06	1.06	1.09	1.09	1.12	1.10
Guangzhou Plant	1	1	1	1	1	1
Kunshan Plant	1	1	1	1	1	1

To seek stable human resources and retain outstanding talents, the Company regularly evaluates the salary standards in the market and makes appropriate adjustments and plans for employees' salaries, and has special salary adjustments for outstanding talents with excellent performance to achieve the salary standard of market competitiveness.

Salaries of non-supervisor full-time employees

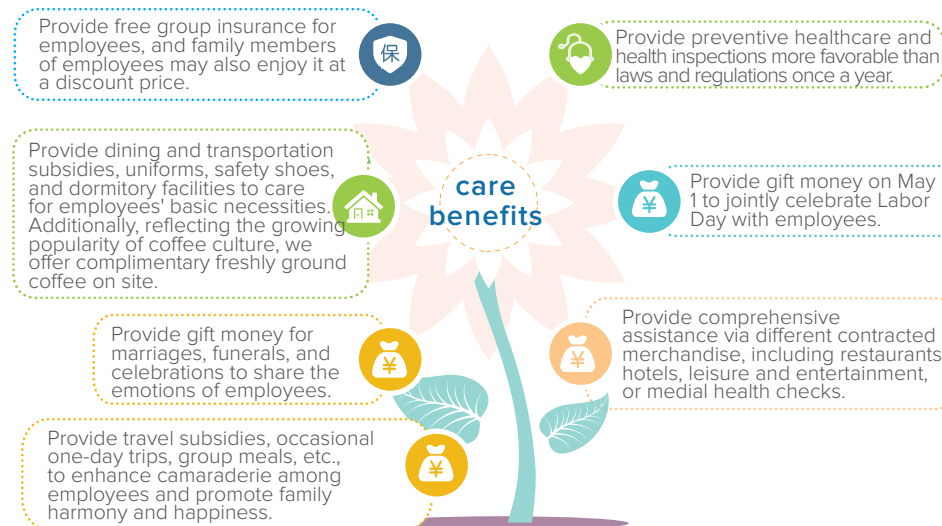
In 2023, the number of non-supervisor full-time employees, average salaries, and medium are shown in the following table. The average salary and medium were reduced as compared to the preceding year, primarily due to the decrease in year-end bonuses of employees resulting from the decrease in profits of the Company as compared to the preceding year.

Item/description	2023	Difference with the preceding year
Number of non-supervisor full-time employees	155	+22
Average salaries of non-supervisor full-time employees (NT\$ thousands)	868	+10
Salary medium of non-supervisor full-time employees (NT\$ thousands)	790	+9

Note: The table does not include the two plants in Mainland China and only includes non-supervisor full-time employees of the Taoyuan Plant and Taipei Office.

Happy workplace (GRI 401-2)

Comprehensive and carefree welfare measures are the key to talent retention. Employees and foreign or local laborers in Taiwan, regardless of Taipei Office or Taoyuan Plant, are entitled to labor insurance, health insurance, and the appropriation of labor pension according to the law, and the Company has the following employee care benefits:



For the two plants in Mainland China, apart from offering five insurances and one fund for employees in Mainland China according to the law, we distribute festival gift money on the Mid-autumn Festival, Dragon Boat Festival, and other traditional festivals, distribute gift money for marriage, funerals, and celebrations, distribute birthday voucher or organize birthday parties for employees, provide free occupational health inspection and purchase group accident insurance, and free meals.

The Company established its Employee Welfare Committee (the "EWC") according to the law. EWC comprises 11 representatives elected by employees through voting and 2 business execution personnel appointed by the employer. Meetings are held every three months, and extraordinary meetings may be held when necessary. EWC is responsible for the distribution of gift money for three major Chinese festivals and marriages, funerals, and celebrations to employees, year-end dinners, company trips, and gatherings. The Company appropriates 0.05% of its total monthly operating income and 40% of scrap disposal income as the activity funding of EWC. In 2023, a total of NT\$701 thousand was appropriated as the funding of EWC, which accounted for approximately 0.5% of the total salaries.

The Kunshan Plant established its labor union in 2016, appointing one chairperson, one vice chairperson, and five members. The union, representing 1.8% of total employees, handles employee welfare arrangements. Guangzhou Plant has not established its labor union. The Company's administration department coordinates and arranges employees' welfare. (GRI 2-30)

Kunshan Plant May Day Two-Day Tour



Kunshan Plant organizes Mid-Autumn Festival lantern riddle guessing activity in September



Kunshan Plant holds monthly birthday parties for employees



Kunshan Plant organizes Pearl on the Palm activity in October



Kunshan Plant holds tug-of-war competition in September



Kunshan Plant hosts Thanksgiving activities in November



Kunshan Plant holds annual banquet in January



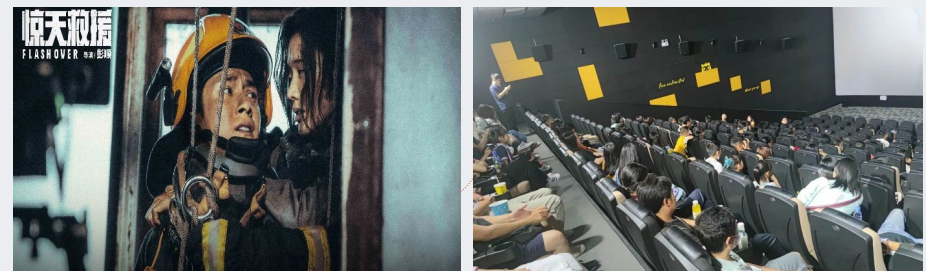
Guangzhou Plant jump rope individual competition



Kunshan Plant provides retirees with commemorative gifts



Guangzhou Plant movie viewing activity



Guangzhou Plant basketball competition



Guangzhou Plant employee birthday parties



Guangzhou Plant Bai Shui Zhai mountain climbing activity



Guangzhou Plant annual banquet



Foreign worker

International human rights equality shall be valued by companies that commit to globalization. As the Company employs foreign workers, it has a deep conception of this.



Nursery leave without pay(GRI 401-3)

Regarding the nursery requirements, employees may apply for nursery leave without pay before their children reach three years old, and the leave may be up to two years. The initial position will be preserved for employees for reinstatement. If necessary, contracted personnel for a fixed term will be employed to work on behalf of employees, allowing employees to work at ease in the Company and raise their children without concern.

Apart from providing nursery leave for application according to the requirements, we have comfortable nursery rooms with A/C, clean breast milk storage space, and flexible nursery time. In addition, we signed a contract with a local kindergarten that provides nursery discounts for children's activities, planting different plants, and providing teaching and entertainment.

Number of persons applied for nursery leave with pay and reinstatement and retention status of ACME in 2023

	Taiwan	
	Male	Female
Number of persons who are qualified for applying for nursery leave without pay of the year	1	2
Number of persons who applied for nursery leave without pay of the year	0	1
Number of persons who applied for nursery leave without pay to be reinstated of the year	0	1
Number of persons who applied for nursery leave without pay reinstated during the year	0	1
Reinstatement rate (number of actual persons reinstated/number of persons to be reinstated)	-	100%
Number of persons who applied for nursery leave without pay and still in service 12 months after reinstatement	1	-
Retention rate (number of persons who applied for nursery leave without pay and are still in service 12 months after reinstatement/number of persons reinstated in the preceding year)	100%	-

Note: Mainland China has no relevant requirements; therefore, the table excludes the two plants in Mainland China.

Pension appropriation(GRI 201-3)

In Taiwan, the Company has established its retirement regulations for all formal employees according to the requirements of the Labor Standard Act and Labor Pension Act to appropriate pension reserve for employees to the Trust Department of the Bank of Taiwan and the personal pension account of employees with the Bureau of Labor Insurance on a monthly basis. Furthermore, in response to the amendments to the Labor Standard Act in 2017, there are requirements for a full appropriation of pension reserve. The Company calculates the amount to be supplemented in the following year at the end of the year and deposits such amount into the accounts before March to guarantee that each employee who applies for retirement according to the law can receive their pension. The five insurances and one fund offered to employees in Mainland China according to the laws include endowment insurance.

Pension under the old system of the Labor Standard Act

Employer: Appropriate 2% of the monthly salaries as the pension reserve of

Level of participation of employees in their retirement plan: **100%**

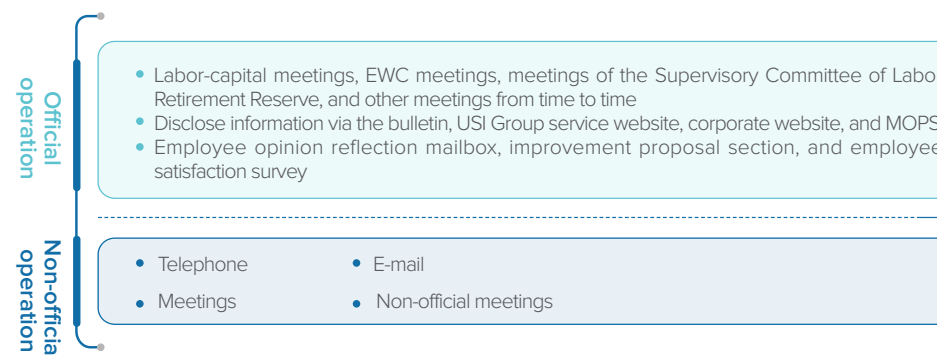
Pension under the new system of the Labor Standard Act

Employer: 6% of the monthly salaries
Laborer: 0% to 6% of the monthly salaries

Level of participation of employees in their retirement plan: **100%**

Communication channel(GRI 2-30)

There is no labor union in Taiwan; therefore, there is no group agreement. However, the Company's employee communication channels are uninterrupted. Kunshan Plant established a labor union in 2016 to serve as the communication channel between employees and the Company. Guangzhou Plant has no labor union, and the administration department coordinates, examines, and makes responses in due course at all times.



Official meetings (i.e., all-hands meetings, labor-capital meetings, EWC meetings, and meetings of Supervisory Committee of Labor Retirement Reserve) have meeting minutes and follow-up on the response results, and relevant resolutions will be implemented. Information disclosed is published on websites by category for employees' inquiries. If employees have any questions, they may find answers via meetings, telephone, e-mail, non-official meetings, and other channels at any time.

We set up employee opinion reflection mailboxes and improvement proposal sections at public locations to allow employees to provide their personal opinion at any time. We also established a workplace illegal infringement prevention taskforce according to the law to dedicate to handling similar cases and publish the member list of the workplace illegal infringement prevention taskforce for employees to file their complaints. There have been no such cases in recent years.

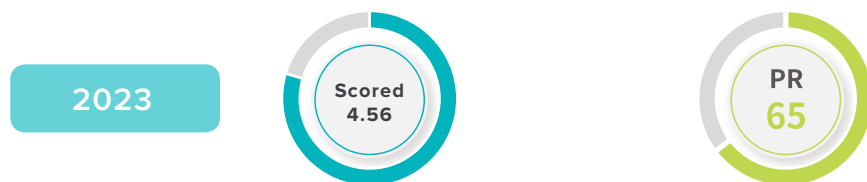
We regularly carry out employee satisfaction surveys each year to understand employees' expectations so as to satisfy employees' requirements within reasonable and legal scope.

Employee opinion survey report

The employee satisfaction survey performed in Taiwan will make an analysis and comparison each year based on department, job level, or region. In general, the level of overall satisfaction was favorable in 2023.

Overall satisfaction

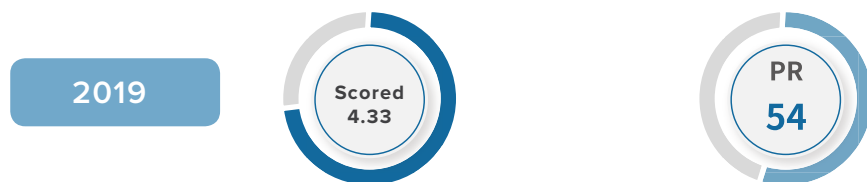
77 employees responded | Survey period: 2023/07/27~2023/08/24



56 employees responded | Survey period: 2021/09/06~2021/09/10



62 employees responded | Survey period: 2019/09/16~2019/10/02



The two plants in Mainland China perform an employee satisfaction survey each year for the purpose of diagnosing the management and system questions and deficiencies of the Company for the past year while learning the actual feelings of the middle and senior management personnel so as to allow the Company to provide effective solutions, improve employees' level of satisfaction, improve production benefits, and achieve mutual win between the Company and employees. Employee satisfaction survey, focusing on measurement factors relevant to employees' personal interests, primarily investigates four aspects: work, life, management, and dining.

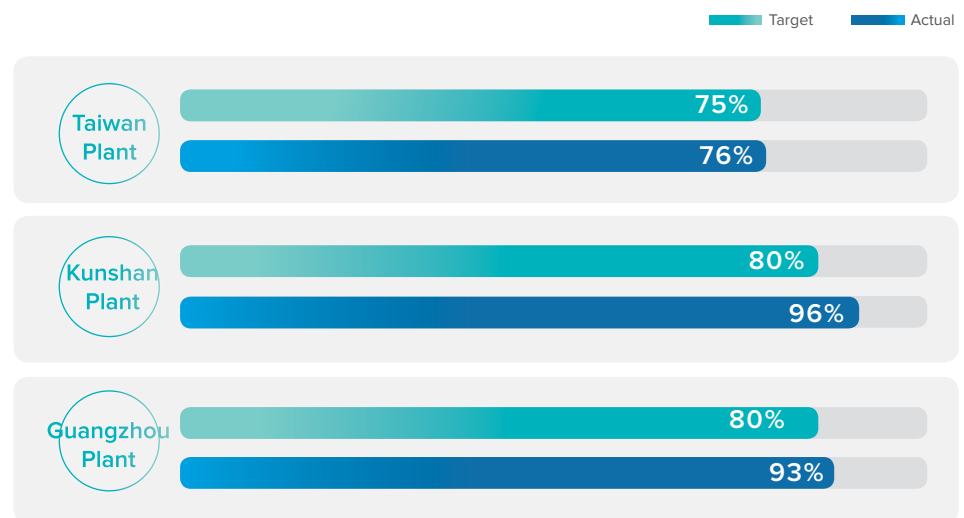
In 2023, the employee satisfaction of employees of the two plants in Mainland China has achieved the target. Employee satisfaction with the three major factors of "work," "life," and "management" is high, meeting the company's satisfaction management goals. Satisfaction is highest in management at the Guangzhou Plant, and in lifestyle at the Kunshan Plant.

The lowest satisfaction is related to "meals," primarily concerning taste and pricing, based on survey feedback. In response, in 2023, the company conducted a situational analysis and proposed improvement measures for dissatisfaction items identified in the satisfaction survey.

In 2023, Guangzhou Plant has continued to improve the quality of meals and helped employees to have houses in Guangzhou and solve school entrance problems, allowing employees to feel a sense of belonging and happiness.

In November 2023, the Kunshan Plant held an employee forum to promptly understand their needs and gather suggestions, fostering greater employee identification with the company and a sense of ownership responsibility.

Employee satisfaction survey of ACME in 2023



Management approaches (GRI 3-3)



The diagram illustrates the training management process flow, starting with a sequence of four yellow boxes at the top: 'Corporate policy', 'Annual budget', 'Training requirements', and 'Material environmental factors identification'. These are connected by right-pointing chevrons (>). Below this, a central cycle of four blue boxes is shown: 'Training category', 'Level and position', 'Department', and 'Training plan'. These are connected by arrows in a clockwise direction. To the right of the 'Training plan' box, there are three downward-pointing chevrons (v). To the left of the 'Level and position' box, there are three left-pointing chevrons (<<). Below the 'Level and position' box, there are three left-pointing chevrons (<<). At the bottom left, a teal box labeled 'Follow-up and control' is connected to the 'Level and position' box by a left-pointing chevron (<). Below 'Follow-up and control' is another teal box labeled 'Feedback system', connected by two downward-pointing chevrons (v). The entire process is set against a light blue background with a subtle grid pattern.

In 2023, the total training hours in Taiwan and the two plants in Mainland China totaled 80,023 hours, and the average training hours per person throughout the year was 62 hours. The average training hours in Taiwan, Kunshan Plant, and Guangzhou Plant were 50.9 hours, 78.3 hours, and 56.3 hours, respectively, achieving the target of 48 hours for each of Taiwan, Kunshan Plant, and Guangzhou Plant.

For the training category, professional training cases for different functions are the majority. The proportion of common knowledge category (health, morality, and safety) is also high, showing that apart from professional literacy, the Company attaches attention to the five disciplines cultivation of employees. External training is mainly for compliance with regulatory requirements and professional training in different functions. In 2024, we plan to conduct employee training activities at our Taiwan, Kunshan, and Guangzhou plants, targeting 48 hours per plant. The focus will be on quality management, employee safety, Six Sigma certification, and project management training courses.

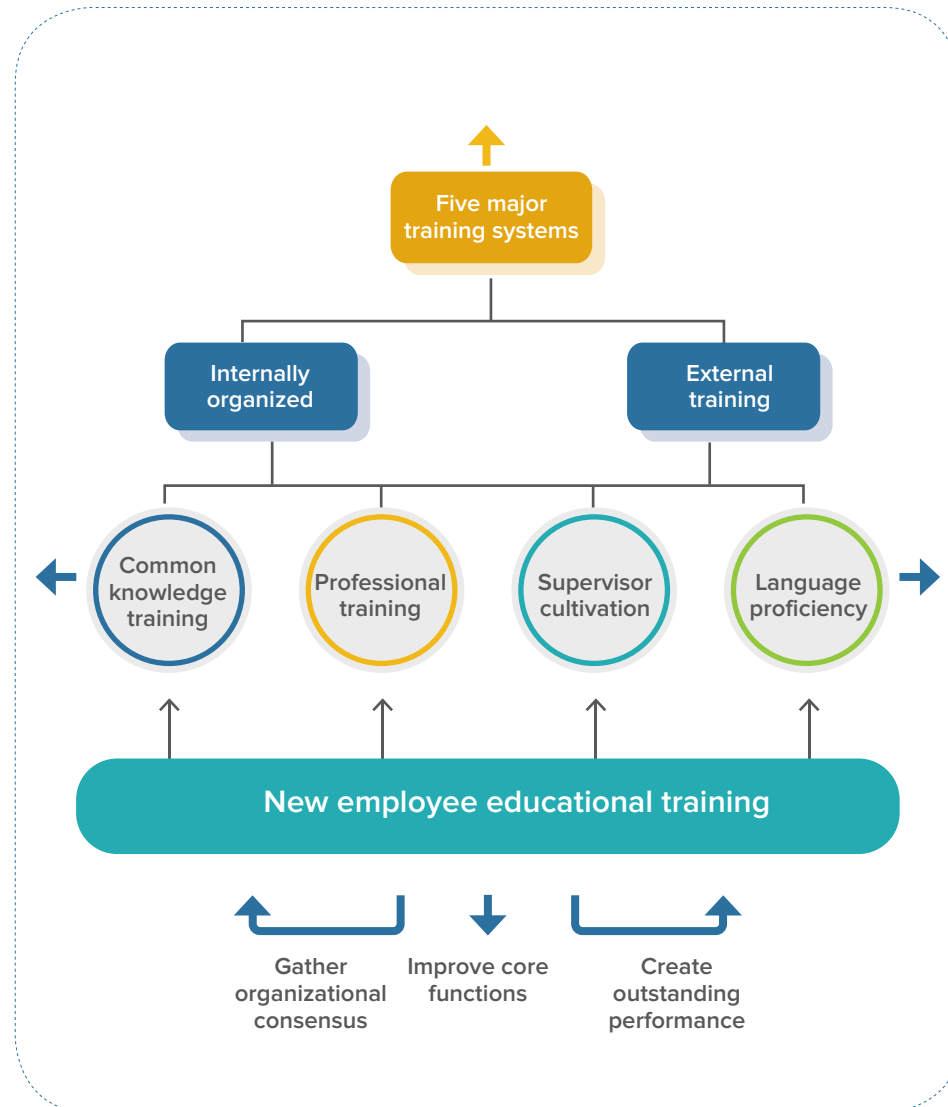
Statistics on training hours of ACME in 2023 (GRI 405-1)

Factory Area	Employee category	Unit	Male	Female	Total
Taiwan	Senior Supervisors (above assistant manager)	Number of persons	45	5	50
		Number of hours	1,603	370	1,973
		Average (hour/person)	35.6	74	39.46
	Junior and intermediate supervisors (team leader, and section chief)	Number of persons	13	5	18
		Number of hours	489	209	698
		Average (hour/person)	37.6	41.8	38.8
	General employees	Number of persons	91	35	126
		Number of hours	4,836	2,367	7,203
		Average (hour/person)	53.1	67.6	57.2

Factory Area	Employee category	Unit	Male	Female	Total
Kunshan Plant	Senior Supervisors (above assistant manager)	Number of persons	11	3	14
		Number of hours	1,114	238	1,352
		Average (hour/person)	101.3	79.3	96.6
	Junior and intermediate supervisors (team leader, and section chief)	Number of persons	21	15	36
		Number of hours	1,670	1,255	2,925
		Average (hour/person)	79.5	83.7	81.3
	General employees	Number of persons	188	145	333
		Number of hours	15,335	10,926	26,261
		Average (hour/person)	81.6	75.4	78.9

Factory Area	Employee category	Unit	Male	Female	Total
Guangzhou Plant	Senior Supervisors (above assistant manager)	Number of persons	8	3	11
		Number of hours	483.25	241.5	724.75
		Average (hour/person)	60.4	80.5	65.9
	Junior and intermediate supervisors (team leader, and section chief)	Number of persons	31	13	44
		Number of hours	1,376	736.24	2,112.24
		Average (hour/person)	44.4	56.6	48.0
	General employees	Number of persons	316	342	658
		Number of hours	20,069.82	17,237.9	37,307.72
		Average (hour/person)	63.5	50.4	56.7

Human capital is a material corporate asset. We have organized five major training systems:



Detailed content includes:

New employee educational training	Common knowledge training	Employees' professional training
Understand the Company's systems, environmental safety matters, and relevant ISO policies.	Various courses to improve employees' knowledge or skills.	Improve techniques required for work based on different functions and duties.
Supervisor cultivation training	Language training	Qualification certification training for special positions
Management skills and planning ability for persons who will become supervisors in the future or are supervisors.	Organize employees' online English courses or other learning courses in response to the Group.	Provide to obtain certifications required by the governmental laws and regulations and special certification for automotive products to adapt to the latest requirements of the government and customers.
Traffic safety training		
Continue to promote traffic regulations to improve employees' traffic safety awareness.	All engineers and above employees have received LEAN and Six Sigma training and certification.	

Relevant handouts and teaching materials are uploaded to the training teaching material sharing platform of the Company for employees to access at all times and serve as reference books for inquiries.

To encourage employees to continue to make progress and exert their expertise at work, we have established the Regulations for Qualification Certification. After qualified persons have participated in training for a certain time, they may participate in the exam. Persons who pass the requirements stated can obtain additional technical allowance subsidies, and there are different amounts of subsidies for the qualification certification based on the grade. We also specified that if the persons are not in their positions or if their technical skills no longer exist, the subsidy will not be distributed for employees to remain alert and continue to make progress and grow with the Company.

Career development training courses organized for in-service employees may improve employees' functional techniques and learning capacity and, in turn, extend as the personal lifelong learning basis. If employees retire or resign in the future, such courses can still serve as the skill foundation of the transfer or retirement life planning.

6 Sigma green belt training project courses

To improve the problem analyzing and solving capacity of employees, we continued to improve product quality. 6 sigma green belt training project courses are organized for Taoyuan, Guangzhou, and Kunshan Plants.

In 2023, a total of 5 people from Taoyuan Plant participated in the training, and all 5 passed the written test and successfully obtained the green belt certification from the project certification; the achievement rate was 100%.



In 2023, a total of 12 people from Guangzhou Plant participated in the training, and all 12 passed the written test and successfully obtained the green belt certification from the project certification; the achievement rate was 100%.



In 2023, a total of 11 people from Kunshan Plant participated in the training, and all 11 passed the written test and successfully obtained the green belt certification from the project certification; the achievement rate was 100%.



The 6 Sigma annual competition was held on January 13, 2024. The top two persons in each plant met via a video conference for the competition, and Chairman Wu and other senior officials within the Group were invited to join for instructions to select the best project in 2023.



Certification awarded to Kunshan Plant



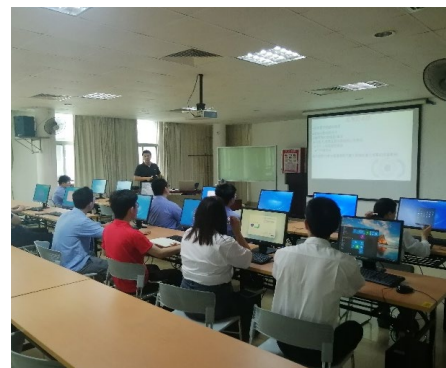
TRIZ training project courses

To improve employees' ability to use technologies and advanced management tools and accelerate the R&D innovation of new products of the Company, we took the early opportunities in the market to organize TRIZ training project courses for Taoyuan, Guangzhou, and Kunshan Plants in 2022.

In 2023, a total of 12 people from Guangzhou Plant participated in the training, and all 12 passed the certification written test and successfully obtained the TRIZ certificate; the achievement rate was 100%.

In 2023, a total of 11 people from Kunshan Plant participated in the training, and all 11 passed the certification written test and successfully obtained the TRIZ certificate; the achievement rate was 100%.

Training and Certificate Issuance at Guangzhou Plant



Training at Kunshan Plant



Performance evaluation system(GRI 404-3)

A favorable performance evaluation system, together with appropriate incentives, is one of the motivations to encourage employees to exert their potential. Based on different features of employees, the Company established evaluation methods and frequency, target items, and quantitative and qualitative ratios for direct personnel, indirect personnel, and senior management, respectively, to avoid the partiality of any item and achieve a reasonable and fair balance. In addition, in 2016, to implement human capital development, we introduced a consultant to carry out the planning and execution of the entire human resource development system in the hope of systematically evaluating and cultivating talents and allowing the functions of performance evaluation to be promoted to position evaluation and prospectus planning.

All employees of the Company shall participate in the evaluation operation; however, new employees who joined the Company for less than a month are exempted.

In 2023, the results of the performance evaluation of the entire Company were above grade C, complying with the requirements.

Employees' participation in the performance evaluation of ACME in 2023

Factory Area	Employee category	Unit	Male	Female	Total
Taiwan	Senior Supervisors (above assistant manager)	Number of employees that shall participate in the evaluation	44	5	49
		Number of employees that actually participate in the evaluation	44	5	49
		Ratio of participation in assessment (%)	100%	100%	100%
	Junior and intermediate supervisors (team leader, and section chief)	Number of employees that shall participate in the evaluation	13	5	18
		Number of employees that actually participate in the evaluation	13	5	18
		Ratio of participation in assessment (%)	100%	100%	100%
	General employees	Number of employees that shall participate in the evaluation	91	34	125
		Number of employees that actually participate in the evaluation	91	34	125
		Ratio of participation in assessment (%)	100%	100%	100%

Factory Area	Employee category	Unit	Male	Female	Total
Kunshan Plant	Senior Supervisors (above assistant manager)	Number of employees that shall participate in the evaluation	11	3	14
		Number of employees that actually participate in the evaluation	11	3	14
		Ratio of participation in assessment (%)	100%	100%	100%
	Junior and intermediate supervisors (team leader, and section chief)	Number of employees that shall participate in the evaluation	21	15	36
		Number of employees that actually participate in the evaluation	21	15	36
		Ratio of participation in assessment (%)	100%	100%	100%
	General employees	Number of employees that shall participate in the evaluation	188	145	333
		Number of employees that actually participate in the evaluation	188	145	333
		Ratio of participation in assessment (%)	100%	100%	100%

Factory Area	Employee category	Unit	Male	Female	Total
Guangzhou Plant	Senior Supervisors (above assistant manager)	Number of employees that shall participate in the evaluation	8	3	11
		Number of employees that actually participate in the evaluation	8	3	11
		Ratio of participation in assessment (%)	100%	100%	100%
	Junior and intermediate supervisors (team leader, and section chief)	Number of employees that shall participate in the evaluation	31	13	44
		Number of employees that actually participate in the evaluation	31	13	44
		Ratio of participation in assessment (%)	100%	100%	100%
	General employees	Number of employees that shall participate in the evaluation	316	342	658
		Number of employees that actually participate in the evaluation	316	342	658
		Ratio of participation in assessment (%)	100%	100%	100%

Note: Grade A: 90-100; grade B: 80-89; grade C: 70-79; grade D: 60-69.

4.3 Occupational safety and health

Management approaches (GRI 3-3 、 403-1 、 403-8)



To ensure the workplace safety and physical and mental health of employees, contractors, customers, visitors, and all relevant personnel, the Company continued to improve its safety and health, emphasized work safety, and jointly committed to the highest target of zero disasters, zero accidents, zero injuries/illnesses, and zero violations of laws. All employees comply with the following safety philosophy:



Taoyuan Plant has established its "Occupational Safety and Health Management SOP." Taoyuan Plant, Kunshan Plant, and Guangzhou Plant have otherwise established consistent "Regulations for Safety and Health Management" for joint implementation to protect the safety and health of employees and workers (contractors) while operating machines and equipment at the workplace. In 2023, the safety and health measures covered a total of 1,290 employees across the Taipei office, Taoyuan Plant, Guangzhou Plant, and Kunshan Plant. Additionally, there were 7,144 subcontractor personnel engaged across the three plants, achieving a coverage rate of 100%.

To continually enhance occupational safety and health management, the Taoyuan Plant implemented the ISO 45001 occupational health and safety management system in 2022, obtaining verification on December 22 of the same year, and continued operating the management system throughout 2023.



Accident investigation procedures (GRI 403-2)

The Company has established its accident investigation procedures for disabling injuries, non-disabling injuries, and false alarm cases of all operating activities in plants to record, investigate, analyze, and examine the cases in order to prevent the re-occurrence of accidents or false alarms and protect employees' safety and health.

Accident processing

Upon the occurrence of an occupational disaster, apart from first aid for injured persons, the on-site responsible personnel shall immediately report and fill out the "disaster report" and submit it to the supervisor of the department.



Investigation and examination

The supervisor of the department with the accident that occurred shall submit a "disaster report" that includes the detailed cause of the accident and the corrective measures or improvement countermeasures proposed to the administration, environmental protection, and occupational safety and health departments to verify the responsibility attribution.



Improvement follow-up

The "disaster report" reviewed by the plant manager and the President shall be announced for public awareness, and the improvement matters shall be tracked.



Employee health management (GRI 403-6)

To ensure the health of our employees, the Company has engaged specialized occupational disease physicians and nurses to provide on-site health management services. The occupational disease physicians conduct risk assessments specifically tailored to the operational environment, proposing recommendations for risk reduction to mitigate the incidence of occupational diseases among employees. Additionally, employees identified with higher health risks following annual health check-ups undergo health management interviews aimed at addressing relevant issues and reducing overall health risks, thereby safeguarding their physical and mental well-being. The nurses develop an annual health management plan focusing on categorizing and managing issues such as overwork, ergonomics, maternity, and health examination reports. They conduct interviews and health education sessions for employees with abnormal health reports, collaborating with occupational safety and health, human resources, and department heads to formulate recommendations that ensure employee health.

At the Taoyuan Plant, occupational disease physicians and relevant supervisors conduct on-site risk assessments.



Employee healthcare (GRI 403-3 、403-6 、SASB RT-CH 320a.2)

Taoyuan Plant has organized appropriate health inspection plans based on the age of employees and the operating environments to discover hazardous health and potential sickness factors in advance. Contracted healthcare personnel assess improvement needs based on annual health examination reports, abnormality rates among employees, annual trends, ethnic group trends, etc. Improvement items are sorted based on urgency, and a comprehensive intervention plan is organized to understand employees' individual requirements, assist in the arrangement for revisiting the hospital, and follow up on the healthcare of employees from time to time so as to provide comprehensive healthcare. For employees at high risk from special operation health checks, arrange one-on-one consultations with occupational disease specialists. Provide detailed explanations regarding the employee's personal health examinations, dietary habits, and lifestyle.

To improve the management of occupational disease control, Kunshan Plant and Guangzhou Plant improved the standards for occupational disease control to duly protect the health and safety of laborers during the course of labor. The Company organized employees' health inspections according to relevant requirements under "Occupational Diseases Law" and "Requirements for Workplace Occupational Health Supervisory Management" of the People's Republic of China and implements pre-work, in-service, and post-work occupational disease health inspections for employees who come into contact with dust operations, noise operations, operations of manganese and its compounds, operations of nickel and its compounds, and other occupational hazardous factors.

Taoyuan Plant organized the 2023 employees' health inspection



Guangzhou Plant organized the 2023 employees' health inspection



Guangzhou Plant AIDS prevention campaign



Kunshan Plant organized the 2023 employees' health inspection



Health examination status of employees at various plants:

Item	Taoyuan Plant	Kunshan Plant	Guangzhou Plant
	Inspection rate	Inspection rate	Inspection rate
General health inspection	100%	100%	100%
Noise operation	100%	100%	100%
Dust operation	100%	100%	100%
Ionizing radiation operation	100%	Not applicable	Not applicable
Operation of manganese and its compounds	100%	100%	100%
Operation of nickel and its compounds	100%	100%	100%
Lighting operation	Not applicable	100%	Not applicable
High temperature		100%	100%
Power frequency electric field		100%	100%
Stannic anhydride		Not applicable	100%
Copper smoke			100%
Benzene and its compounds			100%
Oxynitride			100%
Methyl alcohol			100%
Ethylene glycol			100%

Employee Wellness Activities -

The Taoyuan Plant aims for a happy economy, employee well-being, fairness, and corporate sustainability. Protecting employees' health fosters robust business growth. Therefore, from May 18 to August 24, a three-month "Healthy Easy Go" campaign was launched. It includes team competitions and individual weight loss points. Weekly blood pressure and weight measurements, along with health education, track body changes. Additionally, various scoring methods like uploading exercise photos to establish sports groups were implemented. After the campaign, rewards will be given to the top three teams with the highest points and outstanding weight loss achievements, aiming to encourage continuous improvement among employees.

During the course, outdoor exercises also reduced the use of energy at home and imperceptibly achieved the effects of energy-saving and carbon dioxide reduction. Adopt the action strategy of health to allow the earth to become healthier in the future.

Thanks to the 38 colleagues who participated in this event (including 6 Thai migrant workers), "Your health contributes to the robust growth of the Company."

Highlights of the 2023 Taoyuan Plant Health Easy Go Activities

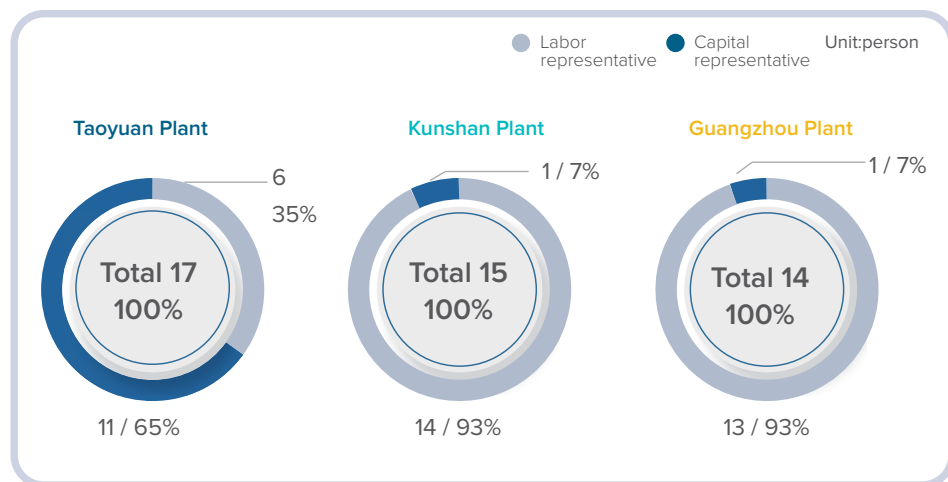


Occupational safety and health organization (GRI 403-4)

The Taoyuan Plant has established an "Occupational Health and Safety Committee" in accordance with the Occupational Safety and Health Management Regulations, comprising 17 members. The labor representatives are elected by the labor-management meeting, with 6 representatives accounting for 35% of the committee and 3% of all employees. The committee meeting is held once every quarter for labor representatives to speak for all employees and discuss environmental safety and health-related topics with the management.

According to the "Work Safety Law," "Fire Control Law," "Occupational Diseases Law," and "Labor Law" in the People's Republic of China, Kunshan Plant and Guangzhou Plant have established their "work safety and occupational health management organizational institution" and "emergency response management organizational institution" with subordinated dedicated safety management institution and personnel, and representative and management personnel are appointed after they are qualified with a certificate.

Labor-capital ratio of the occupational safety and health organization of ACME



Disabling injuries and absence of employees (GRI 403-9 、 403-10)

In 2023, there was no occupational disaster accident in Taipei Office, Taoyuan Plant, Kunshan Plant, or Guangzhou Plant.

In 2023, the Kunshan Plant reported no cases of occupational diseases. Three employees were restricted due to occupational prohibitions, one in production, and two in processing. Based on the medical examination conclusions and recommendations, all three employees have been reassigned to suitable positions.

To mitigate hazard risks, equipment improvements include the installation of soundproofing facilities on workshop operational equipment, with regular annual inspections of the work environment. For employees, the Company organizes occupational disease health inspections for new employees before on boarding and regular occupational disease health inspections for in-service employees with posts involving occupational disease and promotes and provides employees to wear safety protective equipment accurately.

Total employee working hours for 2023

	Taoyuan Plant	Guangzhou Plant	Kunshan Plant
Total annual working hours	427,120	2,052,587	1,108,597

Occupational injury statistics of ACME in 2023

Three plants in Taoyuan, Kunshan, and Guangzhou.

Gender	Employee (Male)	Employee (Female)	Contractors
Occupational injury rate recordable	0	0	0
Severe occupational injuries	0	0	0
Rate of fatalities as a result of work-related injuries	0	0	0
Employees Disabling injury frequency rate (F.R.)	0	0	0
Disabling injury severity rate (S.R.)	0	0	0
Occupational disease rate (ODR)	0	0	0

Note:

Occupational injury rate recordable = number of occupational injuries recordable (including the number of persons who passed away due to occupational injuries) x a million working hours/total working hours

Severe occupational injuries = Number of severe occupational injuries (excluding the number of persons who passed away) x a million working hours/total working hours

Rate of fatalities as a result of work-related injuries = Number of fatalities as a result of work-related injuries x a million working hours/total working hours

Disabling injury frequency rate (F.R.) = number of injuries x a million working hours/total working hours

Disabling injury severity rate (S.R.) = Number of days of injuries x a million working hours/total working hours

Occupational disease rate (ODR) = Number of persons of occupational disease/total number of persons

Contractor safety management (GRI 2-8 、 403-7 、 403-10)

The Company has established its "Regulations for Related Parties," "Rules for Engineering Permit," and "Occupational Safety and Health Management SOP." A special operation application shall be submitted for the safety management of contractors' personnel based on the operating category, and a personnel operation control system shall be adopted; audits of such contracted operations shall be performed for daily operations. Apart from the comprehensive control system, we continued to improve our safety protection awareness to reduce the occurrence of accidents on contractors. In 2023, no work injury or occupational disease occurred to contractors.

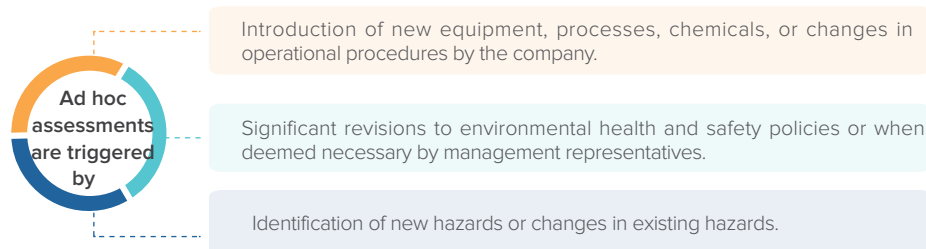
2023 Contractor Operations Statistics:

Taoyuan Plant	Kunshan Plant	Guangzhou Plant
Number of construction applications 1,289	Number of construction applications 55	Number of construction applications 165
Entry personnel count 5,612	Entry personnel count 992	Entry personnel count 540
Total working hours 44,896	Total working hours 7,936	Total working hours 4,320

Process for Occupational Hazard Identification and Risk Assessment (GRI 403-2)

To safeguard the safety and health of personnel and prevent financial losses to the company due to hazards arising from operations, activities, services, or facilities, early action is taken. This involves continuous identification of occupational health and safety hazards, risk assessment, and opportunity evaluation. Appropriate preventive measures are implemented, necessary control methods are executed, or hazards are eliminated. Improvement opportunities are sought to maintain risks at acceptable levels, thereby enhancing occupational health and safety performance. The company has established procedures for hazard identification and risk assessment, which include regular and ad hoc assessments:

Regular assessments are initiated annually in June by the occupational safety unit. Units are required to conduct hazard identification and risk assessment for operational environments and activities. The occupational safety unit confirms relevant details before ISO 45001 internal audits and announces implementation. In 2023, a total of 15 units were assessed, identifying 4 unacceptable risks, all of which have been rectified.



Fire control operation and emergency management (GRI 403-5)

The Company carries out regular response training and drills for hazards that may have material operating risks, including regular fire control drills, to minimize the risk of operation interruption.

The 3rd Team of the Taoyuan City Fire Department performed a comprehensive inventory of Taoyuan Plant in 2017 and re-examined the category and quantity of public hazardous materials under control in the plant, and the competent authority has approved Taoyuan Plant as a legal venue for use and storage after reporting. We cooperate with the Caoluo Team of Guanyin Industrial Park to carry out drills and promotions each year. Regular drills were performed in the first half and the second half of 2023; members of the Caoluo Fire Control Team joined the drills and provided guidance, and employees who joined the drills learned a lot.

Fire extinguisher using drills

Guangzhou Plant has amended the "contingency plan for production safety incident" according to the latest regulations and archived it; It regularly carried out emergency rescue training or drills (initial fire-fighting drills, fire control/rescue instrument operating drills, and confined space emergency rescue and professional first-aid training) to reduce the risks of operation interruption.



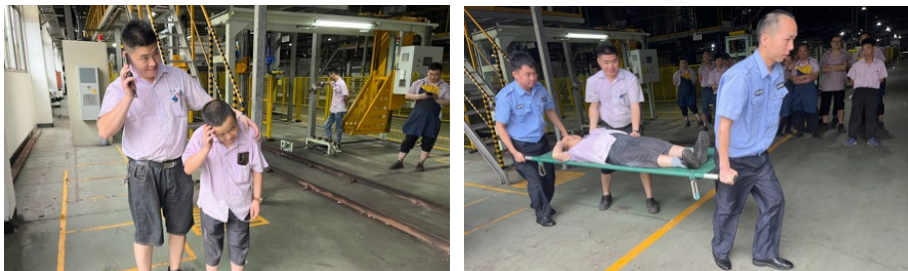
Fire extinguisher training

Kunshan Plant regularly performed special equipment response drills, emergency rescue drills, and environment-related emergency rescue drills according to the "contingency plan for environmental emergencies of corporations," "contingency plan for production safety incident of production departments," "safety evaluation report of hazardous chemicals", and "evaluation report of the current status of occupational disease hazards." In February 2023, the Taoyuan plant passed the reevaluation and public announcement of the "Level Three Standardization of Safety Production" and is currently in the process of applying for "Level Two Standardization of Safety Production".

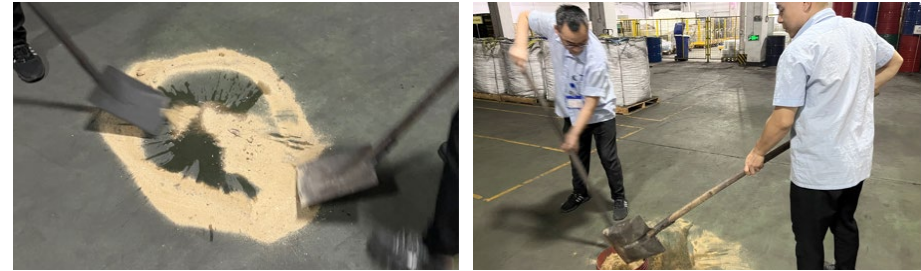
The hydrofluoric acid used in the silicon carbide manufacturing process at the Taoyuan plant is one of the chemicals of concern. Its usage has reached the operational limit specified by regulations. Emergency response drills are conducted annually, and in 2023, coordination with BASF, a member of the regional joint defense organization in Guanyin Industrial Zone, included a comprehensive exercise on hydrofluoric acid leakage to enhance mutual support measures during chemical leaks within the plant area.



Emergency rescue - planned heatstroke drills



Hazardous waste leakage response drills



Environmental safety and health educational training (GRI 403-5)

Environmental safety and health educational training and promotion is the basis for improving employees' safety awareness. The Company organizes various in-service training based on duty requirements to improve employees' safety awareness and concepts. In 2023, the statistics of educational training of the three plants in Taiwan and Mainland China are set out in the following table. A total of 13,892 persons (time) were trained, with 34,302 training hours.



Occupational health and safety education and training for Taoyuan Plant in 2023: 3 hours/ 3 years.

Statistics of environmental safety and health educational training of ACME in 2023

Training category	Taoyuan Plant		Kunshan Plant		Guangzhou Plant	
	Person (time)	Number of hours	Person (time)	Number of hours	Person (time)	Number of hours
Safety responsible person certificate review			1	16	1	16
New safety manager certificate training						
Safety manager certificate review	-	-	18	288	10	160
Fire control facilities operator (intermediate)	-	-	3	288		
Fire control safety responsible person/manager	-	-	2	16	2	12
Explosive certificate acquisition training	-	-	-	-	1	40
Reevaluation of explosive certificate license					4	144
Internal safety training	825	2,016	5,440	12,461	8,553	2,0409
Occupational health manager certificate			2	32	2	12
Occupational health responsible person certificate	-	-	1	16	1	6
Occupational Safety and Health Manager	1	12				
Occupational Safety and Health Operations Supervisor	1	6				
Hazardous operation supervisor (organic, special chemical, dust, lead, and hypoxic work) educational training	7	66				
First responder training	5	15				
Crane operator training	37	111				
Forklift operator	8	24	1	24	1	48
New training for hazardous chemicals handlers					2	112
Review for hazardous chemicals handlers	-	-	-	-	1	16
Special equipment safety management					1	110
Review for low voltage electricians					1	2

Note: Person (time) for the internal safety training, and the remaining were the number of persons.

4.4 Social participation

The Company adheres to the spirit of "taken from the community, giving back to society" to engage in continual interactions with communities and local groups, maintain friendly relationships, and participate in blood donation and other activities so as to exert the prospect and target of USI Group - "create sustainable value and form sustainable society."

Taiwan faced a shortage of blood. Neihs Science Park Development Association initiated the "9th Neihs Science Park Blood Donation Activity," which was a donation activity for a period of three days starting from August 31, 2023.

USI Group was an assisting department. On August 31, 2023, blood donation was available at the USI Building Plaza; 52 persons successfully donated 74 bags of blood, a total of 18,500 c.c.



To encourage the spirit of devotion of employees, Guangzhou Plant continues to respond to World Blood Donor Day each year by organizing employee blood donation activities to devote love and give back to society.

A total of 36 individuals qualified to donate blood, with a total blood volume donated of 12,100cc.



5.1 Comparison List of Indicators of
GRI Standards

5.2 SASB

5.3 Sustainability disclosure
indicators - Electronic Parts and
Components Industry

5.4 Execution status of climate-
related information

5.5 Third-Party Assurance Report

05

Appendices

5.1 Comparison List of Indicators of GRI Standards

Statement of Use Content reported by ACME Electronics Corporation in accordance with the GRI Standards of from January 1 to December 31, 2023

Adoption of GRI 1 GRI 1: Basic 2021

GRI 2 : General Disclosures 2021

Disclosure Item		Chapter	Page	Note
The organization and its reporting practices				
2-1	Organizational details	1.2.1 Introduction to ACME	10	
2-2	Entities included in the organization's sustainability reporting	About the report 1.2.3 Introduction to affiliates	6 、 13	
2-3	Reporting period, frequency and contact point	About the report	6	
2-4	Restatements of information	About the report	6	No restatements of information
2-5	External assurance	About the report 5.3 External Verification Statement	6 、 109	
Activities and workers				
2-6	Activities, value chain and other business relationships	About the report 1.2.2 Our value chain 2.4.2 Supply chain management	6 、 12 、 47	No significant change
2-7	Employees	4.1 Talents attraction and retention	75	
2-8	Workers who are not employees	4.3 Occupational safety and health	94	
Governance				
2-9	Governance structure and composition	2.2.1 Governance structure and Board composition and operation	32 、 33	
2-10	Nomination and selection of the highest governance body	2.2.2 Board composition and operation	33	
2-11	Chair of the highest governance body	2.2.2 Board composition and operation	33	
2-12	Role of the highest governance body in overseeing the management of impacts	2.2.2 Board composition and operation	33	
2-13	Delegation of responsibility for managing impacts	2.2.2 Board composition and operation	33	
2-14	Role of the highest governance body in sustainability reporting	1.1.2 ESG Committee	8	
2-15	Conflicts of interest	2.2.2 Board composition and operation	33	

Disclosure Item		Chapter	Page	Note
Governance				
2-16	Communication of critical concerns	2.2.2 Board composition and operation	33	
2-17	Collective knowledge of the highest governance body	2.2.2 Board composition and operation	33	
2-18	Evaluation of the performance of the highest governance body	2.2.2 Board composition and operation	33	
2-19	Remuneration policies	2.2.2 Board composition and operation	33	
2-20	Process to determine the remuneration	2.2.2 Board composition and operation	33	
2-21	Annual total compensation ratio	2.2.2 Board composition and operation	33	
Strategy, policies, and practices				
2-22	Statement on sustainable development strategy	Message from the Chairman 1.1.1 Sustainability prospects and business strategy	6 、 7	
2-23	Policy commitments	1.1.1 Sustainability prospects and business strategy 3.2.1 Climate change 4.1 Talents attraction and retention	7 、 62 、 75	
2-24	Embedding policy commitments	1.5 United Nations Sustainable Development Goals 3.2.1 Climate change 4.1 Talents attraction and retention	26 、 62 、 75	
2-25	Processes to remediate negative impacts	2.2.3 Risk management and internal control	36	
2-26	Mechanisms for seeking advice and raising concerns	1.3 Stakeholder engagement 2.2.3 Risk management and internal control	14 、 36	
2-27	Compliance with laws and regulations	2.2.3 Risk management and internal control	36	
2-28	Membership of associations	2.5 Customer services and product quality	50	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.3 Stakeholder engagement	14	
2-30	Collective bargaining agreements	4.1 Talents attraction and retention	75	Kunshan Plant established its labor union in 2016; the remaining plants have not established any labor union
Management approaches				
3-1	Statement on sustainable development strategy	1.4.1 Identification of material topics	17	
3-2	List of material topics	1.4.1 Identification of material topics 1.4.2 Boundary of effects of material topics 1.4.3 Management approach to material topics	17 、 23 、 24	
3-3	Management of material topics	1.4.3 Management approach to material topics	24	

Disclosure of special topics

Material Topic	Management approaches and disclosure items			Chapter	Page	Note
Category: Governance						
Economic performance	GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	2.1 Economic Performance	29	
		201-2	Financial implications and other risks and opportunities due to climate change	3.2.1 Climate change	62	
		201-3	Defined benefit plan obligation scope and other retirement plans	4.1 Talents attraction and retention	75	
		201-4	Financial assistance received from government	2.1 Economic Performance	29	
			Category: Environment			
Raw material management	GRI 301 : Materials 2016	301-1	Materials used by weight or volume	3.1.1 Raw material investment and recycling	57	
		301-2	Recycled input materials used	3.1.1 Raw material investment and recycling	57	
		301-3	Reclaimed products and their packaging materials	3.1.1 Raw material investment and recycling	57	
Climate change and energy management	GRI 302 : Energy 2016	302-1	Energy consumption within the organization.	3.2.2 Energy management	65	Information is not available/incomplete
		302-2	Energy consumption outside of the organization	Information on the external energy consumption of the organization is not available		
		302-3	Energy intensity	3.2.2 Energy management	65	
		302-4	Reduction of energy consumption	3.2.2 Energy management	65	
		302-5	Reductions in energy requirements of products and services	Products of the Company are electronic parts and components and have no direct relationship with the energy consumption status of products of downstream customers		Not applicable
Climate change and energy management	GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions.	3.2.3 GHG management	68	
		305-2	Energy indirect (Scope 2) GHG emissions.	3.2.3 GHG management	68	
		305-3	Other indirect (Scope 3) GHG emissions	3.2.3 GHG management	68	
		305-4	GHG emissions intensity	3.2.3 GHG management	68	
		305-5	Reduction of GHG emissions	3.2.3 GHG management 3.2.4 Implementation of energy-saving and carbon dioxide reduction	68 、 70	
Air pollution control	GRI 305 : Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	No discharge of substances that damage the ozone layer		Not applicable
		305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	3.3 Air pollution control and management	72	

Material Topic	Management approaches and disclosure items			Chapter	Page	Note
Category: Environment						
Raw material management	GRI 306 : Waste 2020	306-1	Waste generation and significant waste-related impacts	3.1.3 Waste reduction and recycling	60	
		306-2	Management of significant waste-related impacts	3.1.3 Waste reduction and recycling	60	
		306-3	Waste generated	3.1.3 Waste reduction and recycling	60	
		306-4	Waste diverted from disposal	3.1.3 Waste reduction and recycling	60	
		306-5	Waste directed to disposal	3.1.3 Waste reduction and recycling	60	
Sustainable management of supply chain	GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.4.2 Supply chain management		
		308-2	Negative environmental impacts in the supply chain and actions taken	-		Information is not available/incomplete
Category: Social						
Talent attraction and retention	GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	4.1 Talents attraction and retention	75	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Talents attraction and retention	75	
		401-3	Parental leave	4.1 Talents attraction and retention	75	
	GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees Ratio of basic salary and remuneration of women to men	2.2.2 Board composition and operation 4.1 Talents attraction and retention	33 、 75	
		405-2	Ratio of basic salary and remuneration of women to men	4.1 Talents attraction and retention	75	
Workplace safety and health	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.3 Occupational safety and health	94	
		403-2	Hazard identification, risk assessment, and incident investigation	4.3 Occupational safety and health	94	
		403-3	Occupational health services	4.3 Occupational safety and health	94	
		403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Occupational safety and health	94	
		403-5	Worker training on occupational health and safety	4.3 Occupational safety and health	94	
		403-6	Promotion of worker health	4.3 Occupational safety and health	94	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Occupational safety and health	94	

Material Topic	Management approaches and disclosure items			Chapter	Page	Note
類別：社會						
Workplace safety and health	GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	4.3 Occupational safety and health	94	
		403-9	Work-related injuries	4.3 Occupational safety and health	94	
		403-10	Work-related ill health	4.3 Occupational safety and health	94	
Talent cultivation and development	GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	4.2 Talent cultivation and development	89	
		404-2	To enhance employee capabilities and transition assistance programs.	4.2 Talent cultivation and development	89	
		404-3	The percentage of employees undergoing regular performance and career development reviews.	4.2 Talent cultivation and development	89	
Sustainable management of supply chain	GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.4.2 Supply chain management	47	
		414-2	Negative social impacts in the supply chain and actions taken	-		Information is not available/incomplete

Material topics set by the Company

Material Topic	Management approaches and disclosure items			Chapter	Page	Note
Innovative R&D	ACME 201 : Innovative R&D 2023	ACME 201-1	Product and innovative R&D	2.3 Product and innovative R&D	43	
Product quality	ACME 202 : Product Quality 2023	ACME 202-1	Quality control of products produced	2.5 Customer services and product quality	50	
Customer relation management	ACME 203 : Customer Relation Management 2023	ACME 203-1	Customer relation management	2.5 Customer services and product quality	50	

5.2 SASB

Subject	Measuring indicator	Unit	No.	Performance in 2023
Energy management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1)GJ (2)% (3)%	RT-EE-130a.1	3.2.2 Energy management (1)344,162.85 GJ (2)79.02% (3)1.4%
Hazardous waste management	Amount of hazardous waste generated, percentage recycled	Metric tons (t),Percentage (%)	RT-EE-150a.1	3.1.3 Waste reduction and recycling of 89,20 tons, achieving 71.54%.
	Number and aggregate quantity of reportable spills, quantity recovered	Number,Kilograms (kg)	RT-EE-150a.2	No waste leakage
Product safety	Number of recalls issued, total units recalled	Number	RT-EE-250a.1	No product recall
	Total amount of monetary losses as a result of legal proceedings associated with product safety	Reporting currency	RT-EE-250a.2	No litigation related to product safety
Product life cycle management	Percentage of products by revenue that contain IEC 62474 declarable substances	Percentage (%) by revenue	RT-EE-410a.1	The Company has established environment-related substance policies and management approaches based on IEC 62474
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	Percentage (%) by revenue	RT-EE-410a.2	Not applicable to the products of the Company
	Revenue from renewable energy-related and energy efficiency-related products	Reporting currency	RT-EE-410a.3	The Company's SiC products are products related to energy-saving; the operating Revenue of such products in 2023 accounted for approximately 13% of its consolidated operating revenue
Source of raw materials	Description of the management of risks associated with the use of critical materials	n/a	RT-EE-440a.1	2.4.1 Procurement strategy
Business ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	n/a	RT-EE-510a.1	2.2.3 Risk management and internal control
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	RT-EE-510a.2	No relevant event and loss
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Reporting currency	RT-EE-510a.3	No relevant event and loss
Activity metrics	Number of units produced by product category	Number	RT-EE-000.A	1.2.1 Introduction to APMC Magnetic iron powder: 1,350 tons Magnetic iron cores: 1,450 tons
	Number of employees	Number	RT-EE-000.B	4.1 Talents attraction and retention 1,290 persons

5.3 Sustainability disclosure indicators - Electronic Parts and Components Industry

No.	Indicator	Indicator type	Annual Disclosure	Unit	Corresponding chapter and page
1	Total energy consumption, percentage of purchased electricity, and utilization rate (renewable energy/total energy)	Quantitative	(1)344.162.85 GJ (2)79.02% (3)1.4%	GJ and %	3.2.2 Energy management, P65
2	Total water withdrawn, total water consumption	Quantitative	Total water intake: 313.72 thousand m ³ Total water consumption: 193.88 thousand m ³	thousand m ³	3.2 Water resources management, P62
3	Total hazardous waste generated and percentage recycled	Quantitative	89.197 tons 71.54%	Tons, (%)	3.1.3 Waste reduction and recycling, P60
4	Types of, number of employees in and rate of occupational accidents	Quantitative	The number of employees in occupational accidents was 0 person, and the rate of occupational accidents was 0%.	Person, percentage (%)	4.3 Occupational safety and health, P94
5	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled ^{Note 1}	Quantitative	Not applicable to the products of the Company	Tons, (%)	-
6	Description of the management of risks associated with the use of critical materials	Qualitative description	The management of risks associated with the use of critical materials, please refer to 2.2.3 Risk Management and Internal Control. Measures to mitigate related risks include: Source dispersion: Have two or more suppliers for iron oxide, manganese oxide, and zinc oxide. Regional dispersion: The location of suppliers of the same raw material shall be in different countries. Procurement strategy: Regularly analyze market development and establish safety stock based on the location of suppliers, procedures, and other factors. Friendly exchange: Arrange technical exchanges and friendly visits with suppliers regularly and from time to time to reinforce the cooperating relationships between both parties.	Not applicable	2.4.1 Procurement strategy, P47
7	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	0	NTD	No relevant event and loss
8	Production by product category	Quantitative	Magnetic iron powder: 1,350 tons Magnetic iron cores: 1,450 tons	Tons	1.2.1 Introduction to APMC, P10

5.4 Execution status of climate-related information

No.	Item	Execution status
1	Describe the supervision and governance of the Board and management regarding climate-related risks and opportunities.	The company has established a Sustainable Development Committee under its board of directors as the highest authority for climate management. Chaired by an independent director, the committee annually reviews the company's climate change strategies and goals, manages climate change risks and opportunities, and evaluates implementation status, reporting to the board of directors. The Company utilizes the structure provided in the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate-related risks and opportunities, evaluate risks and opportunities of different departments, evaluate financial effects and set responding plans, and plan for reactivating the complete evaluation every three years. The updates are also examined each year.
2	Describe how the climate risks and opportunities identified affect corporate operations, strategies, and finance (short-term, mid-term, and long-term)	Climate change is a global challenge. In order to align with international standards and meet sustainable development needs, Taiwan announced on February 15, 2023 the amendment of the "GHG Reduction and Management Act" to the "Climate Change Response Act". In response to the impacts of climate change, carbon reduction has become a global goal. USI Corporation set its 2030 carbon reduction target in early 2022 to "reduce carbon emissions by 27% from 2017 levels by 2030," and further established the long-term goal of "carbon neutrality by 2050" in 2023. The Company follows the goals set by USI Corporation and is devoted in setting up solar energy facilities. By the end of 2023, its solar energy facilities in Taoyuan and Kunshan had a combined grid-connected capacity of 2,247 kW. The Corporation is following its group's 2030 carbon reduction target plan. In 2023, GHG emissions increased by 32.5% compared to the base year (2017), mainly due to increased production in a new silicon carbide business. Future efforts will focus more aggressively on energy conservation and carbon reduction schemes. Medium-term carbon reduction strategies will focus on transitioning to low-carbon energy, improving energy efficiency, implementing intelligent monitoring, and deploying and using renewable energy. Long-term strategies will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative emissions technologies to achieve carbon neutrality and promote sustainable development.
3	Describe the effects of extreme climate events and transformation actions on finance.	For potential financial impact and mitigation measures for risk and opportunity items, please refer to 3.2.1 Climate change of the 2023 Annual ESG Report.
4	Describe the identification of climate risks, evaluation, and how the management procedures are incorporated into the risk management system	In 2023, conducted a questionnaire survey with the ESG Committee and senior management to assess the relevance and potential impact timing of various risks on company operations, as well as the developmental and executable nature of opportunities. Thirteen responses were received and analyzed by the team, identifying twelve significant climate issues (one physical risk item, five transformation risk items, six opportunity items). For these twelve major risk and opportunity items, evaluating potential financial impacts and formulating response strategies and management mechanisms. Understanding the potential impacts of climate change across various aspects, mitigating operational impacts from extreme weather, and establishing a resilient climate change culture.
5	If scenario analysis is adopted to evaluate the resilience to climate change, the scenarios, parameters, assumptions, analyzing factors, and main financial effects shall be described	In response to intensified global climate change, continuously adopting the TCFD framework to deepen understanding of risks under extreme weather scenarios and identify new business opportunities. Referencing the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Science and Technology Center for Disaster Reduction, estimating temperature increases, rainfall, flooding, and drought scenarios from 2016 to 2035 under RCP 8.5. Highlighting three physical risk issues and listing nine transformation risks and twelve opportunity issues, a total of twenty-four potential risk and opportunity items based on the Group's strategy, industry characteristics, national intended contributions (INDC), and TCFD indicators. For potential financial impact and mitigation measures for risk and opportunity items, please refer to 3.2.1 Climate change of the 2023 Annual ESG Report.
6	If there is any transformation plan in response to the management of climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks	For potential financial impact and mitigation measures for risk and opportunity items, please refer to 3.2.1 Climate change of the 2023 Annual ESG Report.
7	If internal carbon pricing is used as the planning tool, the pricing basis shall be described.	USI Corporation will implement an internal carbon pricing system in 2024. Prices will be based on domestic carbon pricing, and the system will be integrated into the company's decision-making and investment assessment processes. This includes evaluating the impact of carbon emissions on business operations and accelerating carbon reduction measures. A CME will implement an internal carbon pricing system in alignment with the Group.
8	If there are climate-related targets set, activities covered, GHG emissions scope, planning schedule, and progress achieved each year shall be described. If carbon offset or RECs are used to achieve such targets, the source of carbon offset limit and quantity or the number of RECs shall be described.	USI Corporation set its 2030 carbon reduction target in early 2022 to "reduce carbon emissions by 27% from 2017 levels by 2030," and further established the long-term goal of "carbon neutrality by 2050" in 2023. In early 2022, the Corporation set a 2030 carbon reduction target of "reduce carbon emissions by 27% from 2017 levels by 2030" In 2023, they further established "carbon neutrality by 2050" as their long-term corporate goal. The emission target for 2023 is 13,642 tons of CO ₂ e. Please refer to 3.2.3 GHG management of the 2023 Annual ESG Report.
9	GHG inventory and assurance.	For the details of data on GHG inventory, please refer to 3.2.3 GHG management of the 2023 Annual ESG Report.

5.5 Third-Party Assurance

Please refer to the attached “Auditor's Limited Assurance Report.”



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

ACME Electronics Corporation,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report (“the Report”) of ACME Electronics Corporation, (“the Company”) for the year ended December 31, 2023.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's selected performance indicators (“the Subject Matter Information”) and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and the criteria specifically designed by the Company, and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, and observation to obtain evidence supporting limited assurance.

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Chang, Cheng-Hsiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 1, 2024

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

SUMMARY OF SUBJECT MATTER INFORMATION

No.	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports - Electronic Parts and Components Industry
1	Taoyuan Plant, Kunshan Plant, and Guangzhou Plant: In 2023, the total energy consumption was 344,162.85 GJ, percentage of purchased electricity was 79.02%, and utilization rate (renewable energy/total energy) was 1.4%.	5.4 Sustainability Disclosure Indicators - Electronic Parts and Components	Total energy consumption, percentage of purchased electricity, and utilization rate (renewable energy/total energy)	Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, Article 4, Paragraph 3, Appendix 1-12, No. 1
2	Taoyuan Plant, Kunshan Plant, and Guangzhou Plant: In 2023, total water withdrawn was 313.72 thousand m ³ , and total water consumption was 193.88 thousand m ³ .	5.4 Sustainability Disclosure Indicators - Electronic Parts and Components	Total water withdrawal and total water consumption.	Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, Article 4, Paragraph 3, Appendix 1-12, No. 2
3	Taoyuan Plant, Kunshan Plant, and Guangzhou Plant: In 2023, total general waste generated was 2,133.801 tons, and percentage recycled was 96.58%. Total hazardous waste generated was 89.197 tons, and percentage recycled was 71.54%.	3.1.3 Waste reduction and recycling/ 5.4 Sustainability Disclosure Indicators - Electronic Parts and Components	Total general and hazardous waste generated, and percentage recycled	Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, Article 4, Paragraph 3, Appendix 1-12, No. 3
4	Taoyuan Plant, Kunshan Plant, and Guangzhou Plant: In 2023, the number of employees in occupational accidents was 0 person, and the rate of occupational accidents was 0%.	5.4 Sustainability Disclosure Indicators - Electronic Parts and Components	Types of, number of employees in and rate of occupational accidents	Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, Article 4, Paragraph 3, Appendix 1-12, No. 4
5	Taipei Headquarters, Taoyuan Plant, Kunshan Plant, and Guangzhou Plant: As of December 31, 2023, the proportion of female managements was 22.22%.	4.1 Talents attraction and retention	Proportion of female managements = (Number of female managements)/(Total number of managements as of December 31, 2023) (%). Managements were defined as at the section chiefs level or above.	Not applicable

