

# 2022

## Sysgration

### Sustainability Report



**SYSGRATION®**

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# About the Report

## Report Principles

Sysgration Ltd. (Stock Code: 5309, hereinafter referred to as "Sysgration") has compiled the 2022 ESG Report according to the GRI Standards 2021 announced by The Global Reporting Initiative (GRI), the Sustainability Accounting Standards - Electrical & Electronic Equipment published by the Sustainability Accounting Standards Board (SASB), the Report: Recommendations of the Task Force on Climate-related Financial Disclosures published by the Financial Stability Board (FSB), and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" announced by Taiwan Stock Exchange Corporation, in order to disclose Sysgration's operational strategies, investment and performance with respect to the sustainable development to the stakeholders.

## Report Boundary and Data

This report discloses the performance data for the aspects of the economy, environment and society of 2022 (January 1 to December 31, 2022). For the completeness and comparability of the information, some of the performance data traces back to the information of 2021 and earlier periods retrospectively. The boundary of this report refers to Sysgration Ltd., and the operation areas include the Taipei Headquarters, Nantou Nankang Plant in Taiwan (hereinafter referred to as "Nankang Plant"), Huizhou Plant and Zhenjiang Plant in China (hereinafter referred to as "Huizhou Plant" and "Zhenjiang Plant"). The data and information disclosed in this report are provided by relevant responsible departments through information collection and summarization. The collection, measurement and calculation methods of various data and information disclosed adopt the local regulatory requirements as the main basis for compliance. In cases where no international standards are applicable, industrial standards or industrial common practices are used as the basis for compliance.

## External Assurance / Verification

To ensure the accuracy and transparency of information disclosed by Sysgration, the Company entrusted PwC Taiwan to conduct external independent valid assurance on the selected sustainability information disclosed in the ESG report prepared according to the GRI Standards 2021. The assurance work was in accordance with the Statement of Assurance Engagements Standards No. 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by the Accounting Research and Development Foundation in Taiwan. Please refer to the Assurance Report in the Appendix for details of the scope of assurance and conclusion.

## Release Date

Sysgration issues its ESG Report annually and discloses the report on the Company website.  
Current Issue: Published in September 2023  
Next Issue: Expected to be published in September 2024

## Contact Us

For any questions on this Report or any recommendations to Sysgration, please contact us via the following approaches.

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- Company Website: <https://www.sysgration.com/zh-tw/>
- Contacts: General Manager Office - ESG Report Editing Team

## Message from the Chairman

With the vision of "Technology, Quality, Innovation", Sysgration is committed to the development of fields of automotive electronic products and energy storage equipment. In addition, we have accumulated numerous professional technologies, extensive experience, and a solid customer base. Sysgration's consolidated operating revenue was NT\$3.4 billion in 2022, setting a record high over the past years and achieving a growth of 38.69% compared to the consolidated operating revenue of NT\$2.45 billion in 2021. While facing changes and disasters caused by the climate change, Sysgration, as an enterprise of the Earth citizen, actively responds to the international carbon reduction trend. Through continuous R&D and innovation of green and low carbon products, we aim to establish a sustainable path and a green and low carbon living environment with customers and suppliers jointly. In addition, the Company also responds to the United Nations Sustainable Development Goals (SDGs) and contributes efforts to the protection of the environment and promotion of social advancement and development. Furthermore, for the new emerging market of low carbon and energy saving nowadays, Sysgration continues to increase its operational core competitiveness and market share.

Sysgration values sustainable governance. Corporate governance serves as the foundation for the sustainable development of Sysgration. Sysgration is committed to the improvement of corporate governance performance with the best effort. In 2022, regarding the number of seats on the board of directors, the number of independent directors accounted for 43% of the total number of directors, exceeding the statutory number of seats required by the laws. The efforts of Sysgration in various aspects of corporate governance have been well recognized by the competent authority, and the Company was honored with the top 5% of listed companies in the 9th Term of Corporate Governance Evaluation for TWSE/TPEX Listed Companies. Sysgration will continue to expand its influential power of sustainable governance to ensure that all employees of the Company comply with the ethical and moral principles as well as to enhance risk control and information security protection. In addition, in terms of the supply chain management aspect, the Company also requests cooperating suppliers to comply with various ESG related operation regulations in order to jointly drive the common good of the supply chain with a positive cycle.

As energy saving and carbon reduction have become a global trend, countries are implementing new green policies consecutively along with the promotion of energy saving and carbon reduction measures as well as the advocacy on the use of various green and clean energies, in order to reduce greenhouse gas emissions and to further drive new energy technologies to develop rapidly. Sysgration has monitored the international energy industrial trend for a long period of time and actively develops relevant green products, including energy storage system products, automotive tire pressure detection systems, etc. In 2022, the R&D expense of Sysgration was approximately NT\$200 million, an increase of 6.5% from 2021 and accounted for 5.9% of the total revenue. We will continue to develop energy key technology products in order to provide high quality and professional services, thereby establishing a leading position in the market.

To cope with the challenges and opportunities of climate change, Sysgration uses the year 2021 as the base year to implement energy saving and carbon reduction programs in each business location. Through continuous energy saving and carbon reduction actions along with the progressive increase of the use efficiency of energy consumption, Sysgration's 2022 greenhouse gas intensity was reduced by 14.81% in comparison to 2021. In addition, Sysgration deeply understands the importance of climate risk management and actively establishes response measures for climate change. In 2022, we disclosed financial impacts and management status with respect to the key climate risks and opportunities according to the Task Force on Climate related Financial Disclosures (TCFD) in order to reduce the risk impact caused by climate change.

Sysgration is dedicated to constructing a great environment, establishing an energetic organization and a friendly workplace. In addition, the Company also implements diversity and equality in the working environment. In 2022, the ratio of female employees of Sysgration reached 51.9%, and the ratio of female senior officers was 24.5%. Furthermore, we are committed to providing a safe and healthy working environment to employees along with educational training and employee benefits. In 2022, there were 113 sessions of occupational safety and health related training for employees of the Company with 2,544 persons-time, demonstrating that the Company is active in implementing talent training and education. Sysgration will continue to focus on human-based management and maintain excellent labor-management interaction in order to pursue a sustainable workplace jointly. Moreover, Sysgration creates the corporate long-term value through social participation and provides support to society. The Company provides a return to the local community through three approaches of industry-academia collaboration, public welfare donation and emergency relief. In 2022, the contribution amount reached approximately NT\$5 million.

As the world is facing violent climate change and natural disasters, countries, enterprises and mankind are part of the life community. Sysgration, as an enterprise of the Earth citizen, actively implements plans for the three aspects of the economy, society and environment with its own strength and capability to create sustainable value for the corporate, society and environment. We look forward to advancing further in the direction of reasonability together with our customers and suppliers, thereby exerting a positive force driving society to a greater future.

Chairman of Sysgration

**Lee, Yi-Ren**





# Sustainable Management

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

# 1.1 About Sysgration

## 1.1.1 Company Profile

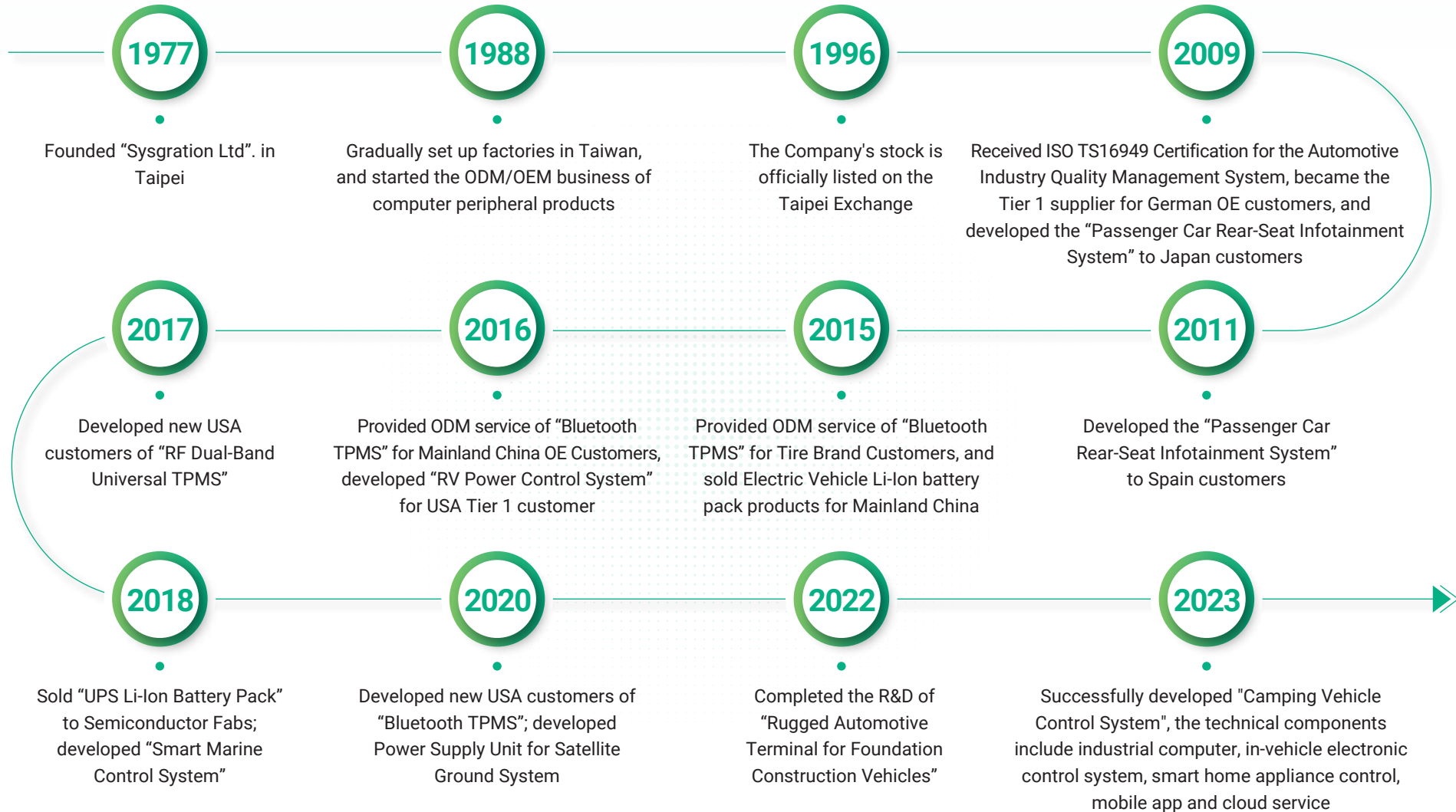
Sysgration was founded in 1977. For more than 40 years, we are committed to using advanced technology to develop the best quality products for IoT, Automotive Electronics Solutions and Energy Management solutions and continue to provide customers with integrated solutions for technology development, design and manufacturing, quality cost management, and receiving certification through technology integration. Sysgration has been listed on Taipei Exchange since 1996. The production, R&D and operation locations include Taipei Headquarters, Nankang Plant in Nantou, Huizhou Plant, Guangdong and Zhenjiang Plant, Jiangsu in Mainland China, with about 500 employees around the world. As a leading manufacturer of automotive tire pressure monitoring systems, our customers are all over the world.

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

Sysgration has taken research and development as its core strategy since its founding and has set up research and development departments for different product lines. Our team is committed to innovative technologies and solutions to meet the needs and challenges of the market. These achievements have been affirmed by many domestic and foreign patents and inventions, and with manufacturing factories in two regions located across the Taiwan Strait, we leverage the expertise and advantages of supply chain manufacturers on both sides of the strait, and we have successively become strategic partners with well-known world leading manufacturers. Sysgration's consolidated operating income in 2022 was NT\$3.4 billion, an increase of 38.69% compared with the consolidated operating income of NT\$2.45 billion in 2021. Meanwhile, Sysgration actively plans in the three major aspects of environment, society and governance (ESG) to create the sustainable value.

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

## 1.1.2 Sysgration Milestones and Prospects



### 1.1.3 Sysgration Operation Locations





## 1.1.4 Product Innovation Research and Development

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



### Tire Pressure Monitoring System

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

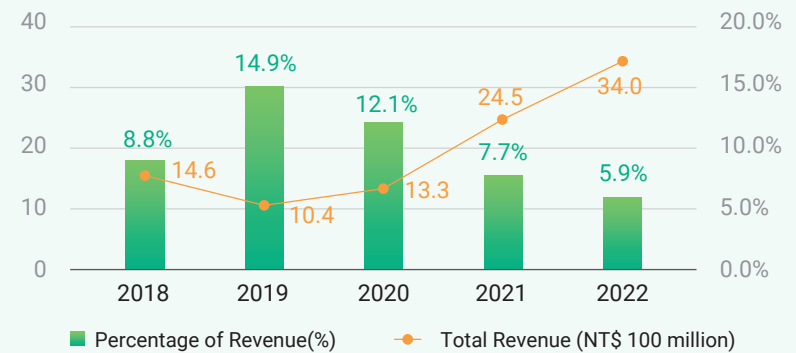


### Energy Storage System

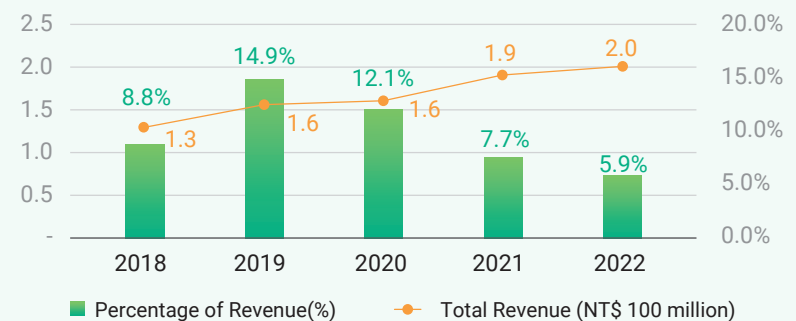
- Energy Storage System for Energy-heavy Industries and Facility Communities
- Industrial Solar and Wind Energy Storage System and Lithium Battery Management System
- Power Plant Frequency and Amplitude Modulation Energy Storage Management System
- Battery Backup System for Equipment Semiconductors and other Precision Industries
- Battery Backup System for Cloud Data Center

In 2022, the R&D expenditures of Sysgration was approximately NT\$200 million, an increase of 6.5% compared with the R&D expenditures in 2021, which accounted for 5.9% of the total revenue. The R&D department has accomplished many important achievements in new products and new technologies, from hardware circuits, and software programs to product appearance, mechanism improvement, reliability testing, and design innovation of production testing equipment. The research and development results have been recognized by many domestic and international patents and inventions.

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



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



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

Through leading technology, system architecture knowledge and on-site manufacturing experience, Sysgration provides customers with value-added and customized solutions. The products have been applied in the fields of smart manufacturing, smart public space and services, and smart warehousing and logistics. In the future, we will continue to expand the application possibilities in the fields of Industrial Internet of Vehicles, Smart Internet of Vessels, Smart Power Grid, Telemedicine, etc.

### | Smart Manufacturing

The Sysgration's universal tablet computer monitors material inventory and tracks the production status in real time through the multi-point touch screen with front end IP65 protection and collects data through expansion modules (such as barcode readers, RFID, cameras) to improve the efficiency of production processes and factory operating performance.



### | Smart Public Space and Services

Automated thermal monitoring systems can effectively manage the spread of the pandemic by capturing the body temperature of people entering and leaving. Sysgration provides thermal scanners and universal tablet computer solutions to instantly scan the body temperature of a group of people or an individual and detect whether the face mask is being fully worn. If the temperature is higher than normal or the mask is not worn, the instrument will immediately issue a warning signal.



### | Smart Warehousing and Logistics

Dispatching time and accurate logistics tracking are extremely important to efficient operations. The industrial rugged tablet computer developed by Sysgration can increase the efficiency of collecting real-time store inventory data from different locations and re-arrange the delivery routes within minutes, allowing warehouse operators to instantaneously check the merchandise location and the real-time status of inventory. The industrial rugged tablet computer developed by Sysgration not only can withstand the harshest environments, but is also lightweight and easy to carry, with long battery life, and provides multiple connection options of WiFi, GPS, Bluetooth, and 4G LTE to enhance reliability.



### 1.1.5 Intellectual Property Management

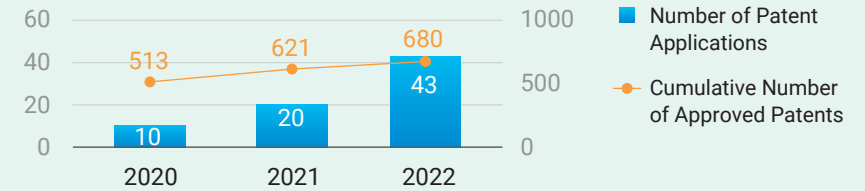
Sysgration takes quality and innovation as the core belief of product development. In order to maintain advanced technology and create a distinction from other competitors' products, Sysgration has built a complete set of product intellectual property management systems and R&D map which has incorporated with the Company's operational goals, to maintain its product competitive advantages and R&D achievements. Intellectual property management strategies mainly include patent territory deployment strategy, patent layout, expansion of patent application territory, and inventory, reorganization, and consolidation of the total number of patents. By implementing the execution levels, including the internal audit system, reward system, intellectual property education and talent training, we have protected the Company's R&D achievements and maintained technological leadership. As of the end of 2022, Sysgration has accumulated a total of 680 approved patents worldwide, a total of 20 approved trademarks, and there are currently 209 patents in effect globally.

### 1.1.6 Participation in Public Associations and External Organizations

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

Area	Association Name	Role Identity
 Taiwan	Taipei Tech Elite Union	Member
	SEMI International Semiconductor Industry Association	Member
	Taiwan Listed Companies Association	Member
	Taiwan Institute of Directors	Member
	Central Region Listed Company Elite Association	Member
 Mainland China	Jiangsu Energy Storage Association	Member
	Zhenjiang City Association of Taiwan Investment Enterprises on the Mainland	Member

Total Number of Patents in the Past Three Years



### 1.1.7 Honors and Affirmation



Sysgration honorably ranked in the top **5%** of over-the-counter listed companies in the 9th "Corporate Governance Evaluation"



Sysgration honorably ranked in the top **5%** of listed and over-the-counter companies with a market capitalization of 5 billion to 10 billion in the 9th "Corporate Governance Evaluation"







In 2022, Sysgration won the **Bronze Medal Award** for the Talent Development Quality Management System Evaluation of the Workforce Development Agency, Ministry of Labor

# 1.2 Sustainable Practices

## Sustainable Development Strategy









While having automotive electronics and energy management products as the main scope of business, with revenue accounting for 78.65% and 21.35% respectively, Sysgration combines Internet of Vehicles and Internet of Things in recent years to develop system and integration solutions. Since 2015, Sysgration has invested in research, development, and manufacturing of green energy products, including renewable energy storage systems, uninterrupted power equipment for clean energy, electric vehicle batteries, energy-efficient tire pressure monitoring system and other products, and actively promotes the application of green energy, hoping to accelerate the achievement of net-zero society sustainability goals in Taiwan.

	Governance	Environment	Product	Social
Implementing United Nations Sustainable Development Goals				
Company Actions and Annual Results	<ol style="list-style-type: none"> <li>Ranked top 5% in 2022 Corporate Governance Evaluation</li> <li>Independent directors accounted for 43% of all directors, exceeding the statutory standard of one-third for regulated companies.</li> <li>In 2022, the economic performance improved significantly, with the gross profit margin increasing by 18.74%, the return on assets increased by 165.04%, and the return on shareholders' equity increased by 156.24%.</li> <li>In 2022, 100% of the members of the Board of Directors signed the "Ethical Corporate Management Documents", and 100% of the employees and suppliers signed the "Ethical and Honest, Environmental Protection and Social Responsibility Commitment"</li> <li>As a responsible supplier, Sysgration has not received any complaints about violations of customer privacy infringement in 2022, nor has there been any incidents of information leakage, theft or loss of customer data.</li> <li>In 2022, the amount of Sysgration's local procurement expenditure was approximately NT\$950 million, accounting for 46.1% of total procurement expenditure.</li> <li>Sysgration clearly defines the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," "Management Operation Procedures for Prevention of Insider Trading," and the "Responsible Business Alliance (RBA) Code of Conduct" related operating procedures, requiring all cooperative suppliers to follow.</li> <li>In 2022, 95% of new suppliers completed the signing of the "Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility".</li> <li>In 2022, completed 20 supplier audits, and completed 100% of the deficiency improvement.</li> </ol>	<ol style="list-style-type: none"> <li>In 2022, Sysgration's electricity generation of renewable energy was 10.03 MWh.</li> <li>All factories completed the Environmental Management System, ISO 14001:2015 Certification.</li> <li>The greenhouse gas intensity of Sysgration in 2022 was 0.69 tCO<sub>2</sub>e / NT\$ million in revenue, which is lowered by about 14.81% compared with that in 2021.</li> <li>The energy intensity of Sysgration in 2022 was 4.98 GJ/ NT\$ million in revenue, which is lowered by about 15.49% compared with the energy intensity in 2021.</li> <li>Sysgration reduced approximately 193,564 KWh of electricity consumption through multiple energy-saving measures in 2022, which was equivalent to the reduction of approximately 106.04 tCO<sub>2</sub>e.</li> <li>The total Group water withdrawal of Sysgration in 2022 was 17.13 million liters, which is lowered by approximately 6.69% compared with 2021.</li> </ol>	<ol style="list-style-type: none"> <li>In 2022, The total installed capacity of the Sysgration's UPS (Uninterruptible Power Supply) energy storage system sold was about 40MWh, which is equivalent to an entire day of power generation of a 14MW large-scale solar power plant.</li> <li>In 2022, the research and development expenditure of Sysgration was approximately NT\$200 million, an increase of 6.5% from 2021, accounting for 5.9% of the total revenue, and actively investing in new product development and key technological breakthroughs.</li> <li>Sysgration provides low-carbon green products and services, such as energy storage systems, automotive tire pressure monitoring systems, Rugged Vehicle Computers, Rugged Industrial Tablet PCs, and Head-Mounted Devices.</li> <li>All Sysgration Plants obtained the Quality Management System ISO 9001:2015 and Automotive Quality Management System IATF 16949:2016 Certification; Nankang Plant and Zhenjiang Plant obtained Hazardous Substance Process Management System IECQ QC080000:2017 Certification.</li> </ol>	<ol style="list-style-type: none"> <li>Sysgration has signed a contract with Pojen General Hospital for professional doctors and nurses to come to the Company and provide employee health consultation regularly, employees with routine health examinations every year, and ionizing radiation, hearing, and occupational disease special health examination for the personnel engaged in special operations.</li> <li>Sysgration continues to carry out industry-academia collaboration with the National Taipei University of Technology, Lunghwa University of Science and Technology and National Taiwan University of Science and Technology to jointly develop green energy products to expand social influence.</li> <li>We encourage diversity and equality in the workplace. In 2022, female employees represented 51.9% of all employees, and female senior managerial positions accounted for 24.5% of all management levels.</li> <li>We support the human rights protection philosophy and fundamental principles specified in the international human rights conventions including "United Nations Universal Declaration of Human Rights", "United Nations Global Compact", "International Labor Convention", and we have established the Sysgration Human Rights Policy.</li> <li>In 2022, Taipei Headquarters, Nankang Plant, Zhenjiang Plant and Huizhou Plant did not have any incidents related to human rights violations.</li> <li>All plants have completed the ISO 45001:2018 Occupational Safety and Health System Certification.</li> <li>Sysgration organized a total of 113 sessions of Employee Occupational Safety and Health related training, with 2,544 person-times participated.</li> <li>In 2022, social participation of Sysgration included industry-academia collaboration, public welfare donations, and emergency aid, and nearly a total of NT\$5 million was injected.</li> </ol>

# 1.3 Materiality Analysis

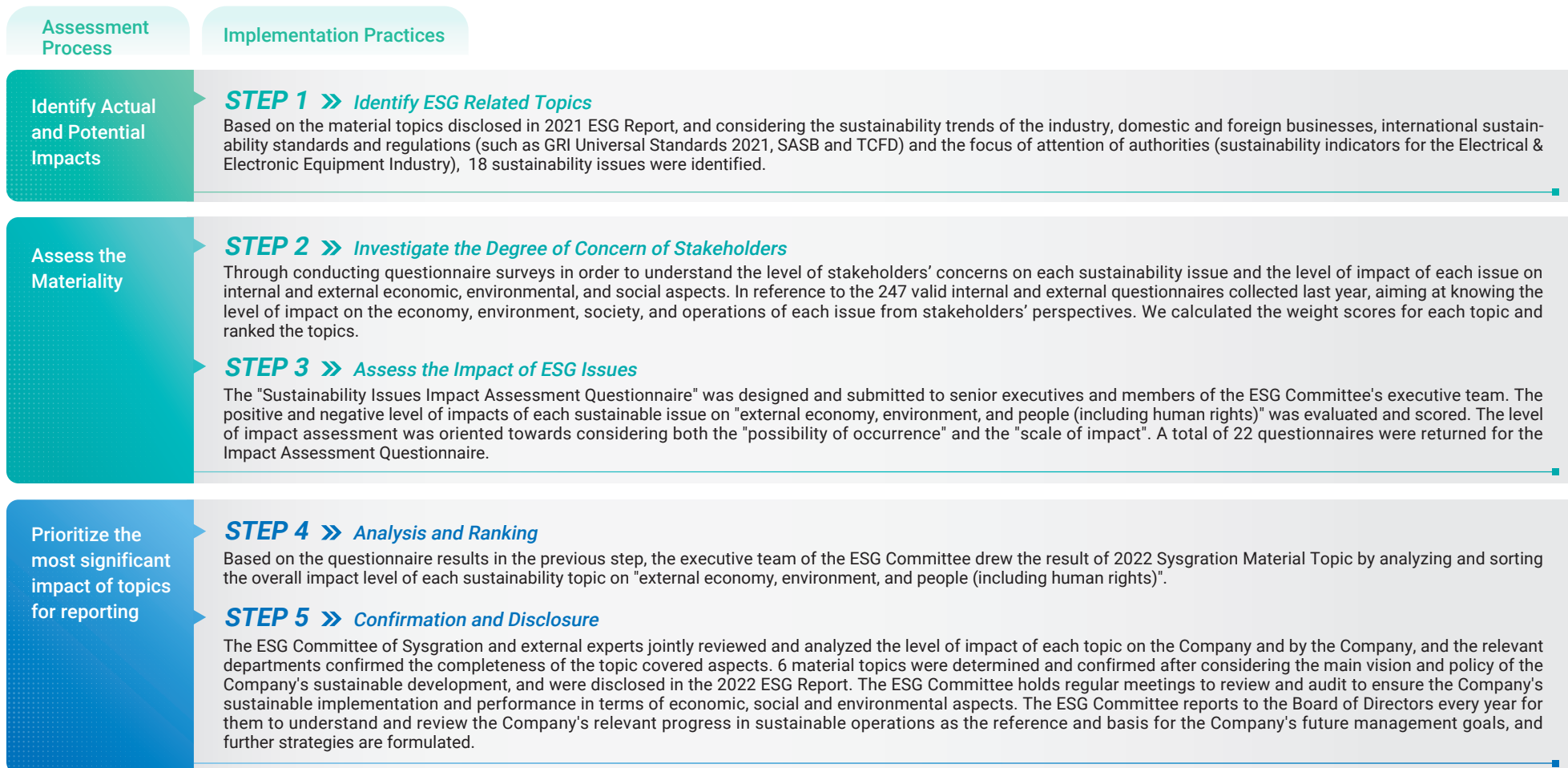
## 1.3.1 Stakeholder Identification

Sysgration identified stakeholders in reference to the AA1000 Stakeholder Engagement Standard to accurately know the economic, environmental and social aspect-related issues concerned by the stakeholders. After considering the stakeholders' dependency, responsibility, concern, influence, and diverse perspectives, we identified 8 major stakeholders, including shareholders/investors, customers, employees, suppliers/contractors, government agencies, media, communities and nonprofit organizations, and schools. In addition to understanding the sustainable issues stakeholders care about through the process of communicating with them, and we followed the materiality identification process of the GRI Universal Standards 2021 to confirm 2022 Sysgration's Material topics.

Shareholders/ Investors	Customers	Employees	Suppliers/ Contractors	Government Agencies	Media	Communities and Nonprofit Organizations	Schools
							
Communicating with investors and shareholders is imperative in the Company's public relation. Their long-term support is the power of growth for the Company improving shareholders' favorability and positive image is helpful for the Company's financing and the development of overall business activities.	Customers are the key factor for the Company's operational sustainability. We listen to customers' needs, stay ahead of market trends, and provide professional services. We are committed to building a vision with customers, becoming a long-term reliable partner for customers, and increasing business performance and scale to enhance the Company's development.	Employees are not only the most important asset of the Company, but they are partners for the Company's growth. We are committed to creating a challenging and self-fulfilling working environment, providing comprehensive compensation and benefits, and a safe workplace. Employees who can realize their full potential will deliver the best business performance and create a sustainable future for the Company.	Suppliers are business partners who provide necessary product parts and raw materials, and they play a key role in Sysgration's sustainable development. We understand suppliers' concerns through communication and promote suppliers to practice social responsibility. We maintain a relationship of mutual assistance and cooperation with our suppliers, which not only reduces business risks, but also pursues common prosperity with upstream and downstream partners.	In addition to complying with government laws and regulations, Sysgration actively cooperates with the government agencies' policies to win their trust and support through two-way communication, and promotes the development and stable operation of Sysgration.	The media acts as the bridge between the Company and stakeholders. Media delivers Sysgration's business concepts and the Company image to the market, which helps stakeholders obtain correct information about the Company, and further can bring more business opportunities.	The promotion of sustainable practices must be assisted by local organizations. Sysgration contributes to the society through cooperation with organizations and practices sustainable actions to exert positive influences on the society.	Schools are the source of talents for the industry. We establish innovative R&D cooperation projects to eliminate the gap between learning and real-world application, and outstanding talents are introduced to the Company to enhance our market competitiveness and sustainable operation.

## 1.3.2 Material Topic Identification and Assessment Process

Sysgration follows the material topic identification process of the GRI Universal Standards 2021 to execute material topic assessment. We analyzed global sustainability trends and collected sustainability issues of concern from stakeholders, and assessed the level of significance of sustainability issues in terms of economic, environmental, and people (including human rights) through internal impact analysis to preliminarily select the material topics. Based on the aforementioned analysis results, the ESG Committee conducted sustainability issues identification through reviews with senior management and management meeting of each ESG responsible unit manager according to four major aspects of governance, environmental, products, and social. Ultimately, we determined 6 material topics as the topics of disclosing the management policies and related performance in priority. We conduct a material topic review every year, regularly review the impact of issues as the basis for sustainable development strategy planning; and transparently disclose information on the positive and negative impacts of sustainable issues at the same time, for the stakeholders to understand the sustainable issues of their concern.



## 2022 Material Topic Results



Note: The assessment score is the result of multiplying the probability of occurrence and the level of positive or negative impacts. The top 6 are considered the material topics for 2022.

We conducted ranking according to the sum of the positive and negative scores of the questionnaire. Two new major topics, "Product Quality and Safety" and "Low-Carbon Green Products" were added in 2022 compared to the topics in 2021. Therefore, a total of 6 material topics have been identified in 2022, ranking by the order of scores were: **Product Quality and Safety, Low-Carbon Green Products, Energy Management, Ethical Corporate Management, Supply Chain Management, and Occupational Health and Safety.** Other ESG topics were Economic Performance, Risk Management, Information Security and Client Privacy, Water Resource Management, Greenhouse Gas Emissions, Waste Management, Employment Relations, Education and Training, Employee Diversity and Equal Opportunities, Human Rights, Social Participation.



### 1.3.3 Material Topics and Boundary of Impact




Aspect	2022 Material Topic	GRI Standards	Description of Impact	Boundary of Impact				Corresponding Section	
				Internal	External				
					Suppliers	Investors	Customers		Communities
Governance	Ethical Corporate Management	GRI 3-3 GRI 205 GRI 206	Sysgration provides ethics compliance education and training, communication and training on anti-corruption policies and procedures according to the "Ethical Corporate Management Best Practice Principles" to ensure the Company's compliance in corporate governance with ethics and integrity. Without establishing an Ethical Corporate Management System, if negative incidents of integrity and morality are occurred, it will damage the Company's reputation and image.	◆	◆	◆	◆	◆	2.3 Ethical Corporate Management
	Supply Chain Management	GRI 3-3 GRI 308 GRI 414	Sysgration regards suppliers as important partners for sustainable growth. We maintain the principle of division of labor and mutual assistance with all suppliers, implement sustainable supply chain management to reduce business risks and costs, and therefore achieve the goal of common good with supply chains.	◆	◆		◆		2.7 Sustainable Supply Chain
Environment	Energy Management	GRI 3-3 GRI 302	Sysgration actively participates in international initiatives, further conducts research and analyzes opportunities for climate change. We install smart energy storage systems at operation locations, allow the energy management system to allocate electricity consumption, maximize electricity efficiency, and transform energy structures.	◆		◆	◆	◆	4.3 Energy Management
Social / Employee	Occupational Health and Safety	GRI 3-3 GRI 403	Employees are an important human resource. Properly managing occupational disaster risks and providing employees with a safe working environment are the basic commitment of Sysgration. It will seriously lead to interruption of the Company's operations and a decline in productivity if the occupational safety and health management is inadequate and employee work-related injuries are occurred. The resulting losses may have significant and long-term impacts on the organization, and may also cause serious damage to reputation, or related legal proceedings.	◆	◆				5.5 Occupational Health and Safety
Product	Product Quality and Safety	GRI 3-3 GRI 416	Sysgration is based on the core concept of "Pursuing Excellence", which maintains product quality and safety, ensures consumer rights and interests, improves customer satisfaction, and further improves corporate reputation and brand value. At the same time, effective quality and safety management and control can reduce pollution and waste of resources in the product manufacturing process, and reduce the negative impact on the environment.	◆	◆	◆	◆		3.1 Product Quality and Safety
	Low-Carbon Green Products	GRI 3-3	With the vision of developing and providing "Green Products", Sysgration insists on low-carbon strategy of "Green Manufacturing and Green Design". In response to the trend of stricter energy and environmental laws and regulations and continuous changes in energy structure, Sysgration cooperates with government policies, pragmatically promotes energy conservation, emission reduction and green businesses, and strives to develop green businesses of energy storage products. We provide customers products in reducing greenhouse gas emissions, and keep in line with future international competition trends.	◆	◆	◆	◆		3.2 Low-Carbon Green Products








# 1.4 Stakeholder Engagement

Responding to the demands of stakeholders is the key to the sustainable operation of enterprises. Sysgration pursues both sustainable operation and profitability under the principle of integrity, and we value various issues among aspects of environmental, societal, and corporate governance. We evaluate and understand the reasonable expectations of stakeholders and important issues of concern through proper communication with stakeholders, and we incorporate these issues into consideration for the reference of establishing the Company's future management policies and operating activities. Furthermore, in addition to assisting the Company in planning short, medium and long-term strategies, it can further create value for stakeholders. We have set up a section of **stakeholder communication** on our website as the channel of communication with stakeholders. The opinions from all stakeholders are responded by designated personnel, and stakeholders are welcome to give opinions and suggestions. The concerned issues from each category of stakeholders and the content of communication channels are detailed as below.

## 2022 Stakeholder Engagement and Communication Results

Stakeholder	Concerned Issues	Forms of Communication and Frequency in 2022	Responses and Actions in 2022
 Shareholders/Investors	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethical Corporate Management</li> <li>Economic Performance</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' Meeting (annually)</li> <li>Investor Conferences (quarterly)</li> <li>Operating Income Release (monthly)</li> <li>Market Observation Post System (real-time)</li> <li>Company Website (real-time)</li> <li>Sustainability Report</li> </ul>	<ul style="list-style-type: none"> <li>Held 1 general shareholder meeting</li> <li>Held 4 sessions of investor conferences</li> <li>Regularly disclosed the Company's financial and business information on the Market Observation Post System and Company website</li> <li>Spokespersons and deputy spokespersons are responsible for responding to investors' concerns in a timely manner</li> <li>Publish the 2022 ESG report in Mandarin and English on the Market Observation Post System and the Company website</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>Customer Privacy and Information Security</li> <li>Product Quality and Safety</li> <li>Greenhouse Gas Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Customer Review Meeting (intermittently)</li> <li>Customer Satisfaction Survey (annually)</li> <li>Company Website (intermittently)</li> <li>Customer Supplier Conference (intermittently)</li> </ul>	<ul style="list-style-type: none"> <li>Conducted 1 annual customer satisfaction survey</li> <li>Updated the latest products on the Company website</li> <li>Participated in important customer technology forums for reporting technology research and development results</li> <li>Participated in the customer supplier conference</li> <li>Met requirements and audits of our clients regarding products, environment, as well as labor rights, coordinated to prevent related risks, and promised to continuously improve the ESG practices</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Employment Relations</li> <li>Occupational Health and Safety</li> <li>Training and Education</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management Meeting (quarterly)</li> <li>Employee Welfare Committee Meeting (intermittently)</li> <li>Education and Training (intermittently)</li> <li>Communication and Work Meetings with Units and Departments (intermittently)</li> <li>Internal Information Announcement (intermittently)</li> <li>Employee Complaint Hotline (real-time)</li> <li>Occupational Safety and Health Committee Meeting (quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>Held 4 sessions of labor-management meetings</li> <li>Held 3 sessions of regular employee welfare committee meetings</li> <li>Organized a total of 498 hours of education and training courses with 3,929 person-times participated</li> <li>Held 50 sessions of weekly management meetings to understand the Company's business operation updates and improve communication efficiency</li> <li>0 calls from employee complaint hotline calls</li> <li>Held 14 sessions of Occupational Safety and Health Committee meetings</li> </ul>

Stakeholder	Concerned Issues	Forms of Communication and Frequency in 2022	Responses and Actions in 2022
 Suppliers/Contractors	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Economic Performance</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Audits (intermittently)</li> <li>Request of Supplier Code of Conduct (annually)</li> <li>Request of Non-conflict Minerals Declaration (intermittently)</li> <li>Supplier Conference (annually)</li> </ul>	<ul style="list-style-type: none"> <li>The Supplier Conference is held regularly every year, to communicate with suppliers about the operational strategy and ESG goals, as well as synchronize the important regulations and development trends of major international brand manufacturers</li> <li>Conduct supplier audits as needed</li> <li>100% of suppliers signed the Non-use Conflict Minerals Statement</li> <li>Held one Supplier Conference</li> </ul>
 Government Agencies	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethical Corporate Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Reply to Requests from Government Agencies with Official Documents (real-time)</li> <li>Update Information on the Company Website and Market Observation Post System (monthly)</li> <li>Questionnaire and Interview (intermittently)</li> <li>Receive Government Agency Performance Evaluation (annually)</li> <li>Participate in Government Agency-related Activities (intermittently)</li> </ul>	<p>Provided relevant reports regularly in accordance with the government regulatory requests</p>
 Media	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Innovation and R&amp;D</li> <li>Customer Relationship Management</li> </ul>	<ul style="list-style-type: none"> <li>Investor Conferences (quarterly)</li> <li>Meetings with Institutional Investors (real-time)</li> <li>Press Release (real-time)</li> <li>Media Interview (intermittently)</li> </ul>	<ul style="list-style-type: none"> <li>Held 4 sessions of investor conferences</li> <li>Participated in 26 institutional investors' meetings with a total of 28 institutions</li> <li>Published 14 press releases</li> <li>Media Interviews</li> </ul>
 Communities and Nonprofit Organizations	<ul style="list-style-type: none"> <li>Social Participation</li> </ul>	<ul style="list-style-type: none"> <li>Donations (intermittently)</li> <li>Social Services (intermittently)</li> </ul>	<ul style="list-style-type: none"> <li>Charitable donation to 1 public welfare organization, with a total amount of NT\$100,000</li> <li>Donated 40 concert tickets to the youth social welfare organization</li> </ul>
 Schools	<ul style="list-style-type: none"> <li>Low-carbon Green Products</li> <li>Circular Economy</li> <li>Social Participation</li> </ul>	<ul style="list-style-type: none"> <li>Industry-academia Collaboration Project and Progress Meeting (intermittently)</li> <li>Industry-academia Collaboration Project Performance Presentation Conference (annually)</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, the industry-academia collaboration fee invested by Sysgration was NT\$4,672,800</li> <li>In 2022, a total of 21 meetings were held to discuss research and development of industry-academia collaboration, with a total of 42 hours. The Company invested 89 person-times, and the school invested a total of 60 person-times</li> </ul>



# Corporate Governance

# 2

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

# Sustainable Performance Highlights and Corresponding SDG

- Ranked top **5** % in 2022 Corporate Governance Evaluation.
- Independent directors accounted for **43** % of all directors, exceeding the statutory standard of one-third for regulated companies.
- In 2022, the economic performance improved significantly, with the gross profit margin increasing by 18.74%, the return on assets increased by **165.04** %, and the return on shareholders' equity increased by 156.24%.

In 2022, **100** % of the members of the Board of Directors signed the "Ethical Corporate Management Documents", and 100% of the employees and suppliers signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment" .

As a responsible supplier, Sysgration has not received any complaints about violations of customer privacy infringement in 2022, nor has there been any incidents of information leakage, theft or loss of customer data.

In 2022, the amount of Sysgration's local procurement expenditure was approximately NT\$**950** million, accounting for 46.1% of total procurement expenditure.

Sysgration clearly defines the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," "Management Operation Procedures for Prevention of Insider Trading," and the "Responsible Business Alliance (RBA) Code of Conduct" related operating procedures, requiring all cooperative suppliers to follow.

In 2022, **95** % of new suppliers completed the signing of the "Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility".

In 2022, completed 20 supplier audits, and completed **100** % of the deficiency improvement.



# Management Approach of Material Topic / Ethical Corporate Management

**Material Topic** ▶

Ethical Corporate Management

**GRI Standards** ▶

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

**Description of Impact** ▶

Sysgration provides ethics compliance education and training, communication and training on anti-corruption policies and procedures according to the "Ethical Corporate Management Best Practice Principles" to ensure the Company's compliance in corporate governance with ethics and integrity. Without establishing an Ethical Corporate Management System, if negative incidents of integrity and morality are occurred, it will damage the Company's reputation and image.

**Policies and Commitments** ▶

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

**Goals** ▶

Short Term (2023-2025) :

- In 2023, Sysgration continues to require all employees and 100% of new suppliers to complete the signing of the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment" .
- In 2023, Sysgration continues to require 100% of directors to complete the signing of the "Declaration of No Violation of the Code of Ethical Conduct".
- In 2023, Sysgration continues to maintain the record of no violation of ethical corporate management or morality by any manufacturer being assessed.

Medium and Long Term (2026-2030) :

- Conduct corruption risk assessment for 100% of the operation locations, and no major corruption risk in the identification results.

**Responsible Unit** ▶

Human Resources Department

**Grievance Mechanism** ▶

Establish and announce the internal independent reporting mailbox: suppliers: scm@sysgration.com / employees: opinion@sysgration.com / customers: sales@sysgration.com

**Action Plans** ▶

Negative Impact Management:

- Establish the "Operation Procedures for Prevention of Insider Trading", include morality and ethics in the quarterly performance appraisal items.

Positive Impact Management:

- Promote the standards of Ethical Corporate Management as well as the culture and concept of corporate integrity and morality in the new employee orientation.

**Effectiveness Assessment** ▶

- In 2022, the members of the Board of Directors strictly abided by the principle of ethical corporate management, and 100% signed the "Declaration of No Violation of the Code of Ethical Conduct".
- In 2022, 100% of employees signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment" .
- In 2022, 100% of suppliers signed the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment" .
- In 2022, there was no violation of ethical corporate management or morality.

# Management Approach of Material Topic / Supply Chain Management

**Material Topic** ▶

Supply Chain Management

**GRI Standards** ▶

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

**Description of Impact** ▶

Sysgration regards suppliers as important partners for sustainable growth. We have always maintained the principle of division of work and mutual cooperation with all suppliers, implemented Sustainable Supply Chain Management to reduce operational risks and costs, and achieved the goal of common good with supply chains.

**Policies and Commitments** ▶

- Organize the supplier ESG assistance meetings and courses.
- Request suppliers to fulfill social responsibilities, protect the environment, and value labor rights, safety, and health.
- Introduce the suppliers with ESG implementation performance in priority and increase the order allocation of excellent ESG suppliers.
- Introduce low-carbon suppliers, create sustainable benefits in the value chain, and implement benefit sharing.

**Goals** ▶

Short Term (2023-2025):

- Introduce the ESG audit plan and supplier assistance project.
- New suppliers sign the Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility and Non-use of Conflict Minerals Statement.
- The signing response rate of "Honesty Commitment" reaches 100%.
- The survey response rate of suppliers ESG Self-Assessment questionnaire reaches 100%.

Medium and Long Term (2026-2030):

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

**Responsible Unit** ▶

Supply Chain Management Department

**Grievance Mechanism** ▶

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

**Action Plans** ▶

Negative Impact Management:

- Implement risk identification and manage the risks of the supply chain in three aspects economic, environmental, and social to improve the sustainable performance of supply chains.
- Strengthen responsible mineral management, ensure that no minerals from unqualified smelters in illegal conflict mining areas are used, and implement responsible procurement.

Positive Impact Management:

- Promote a green supply chain and encourage suppliers to reduce the negative impacts on the environment in terms of operation and product aspects.

**Effectiveness Assessment** ▶

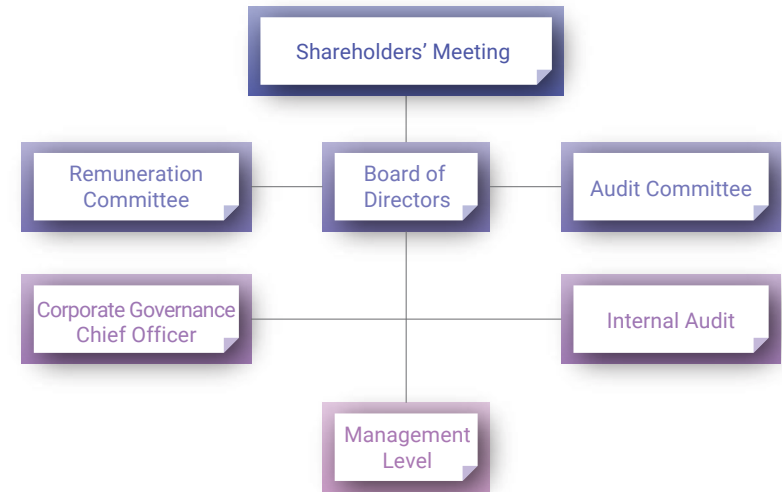
- In 2022, 95% of new suppliers completed the signing of the "Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility".
- In 2022, listed the new suppliers of using minerals and 100% of suppliers signed the "Non-use Conflict Minerals" .
- In 2022, completed 20 supplier audits, and completed 100% of the deficiency improvement.

# 2.1 Corporate Governance

Sysgration takes "Integrity, Passion, Commitment, and Innovation" as the corporate core values, and actively integrates corporate citizenship and social responsibility into the Company's core values. In addition to pursuing the best interests of the Company, Sysgration continues to promote sustainable development strategies, taking corporate governance, environment, products, employees, consumers, suppliers, communities and environment and related rights and interests of stakeholders into consideration, to pursue sustainable growth of corporate operations.

## 2.1.1 Corporate Governance Structure

The Company's Board of Directors is the main decision-making body that dominates corporate governance. To implement ethical and transparent corporate governance, Remuneration Committee and Audit Committee are set up subordinated to the Board of Directors to assist the Board of Directors to perform its supervisory duties and strengthen management functions. The General Manager Office is the corporate governance adjunct unit of Sysgration, the Corporate Governance Chief Officer and the Internal Audit Unit jointly assist the General Manager Office to formulate and implement corporate governance related plans.



### Board of Directors

- Sysgration's Board of Directors currently consists of seven directors, including three independent directors, all of whom possess the operational management expertise required for business, financial accounting, or industry knowledge. The independent directors account for 43% of the total number of directors.
- Exercise the authorities on the job in accordance with the laws and decrees, the Company's Articles of Incorporation and the Resolutions of the Shareholders' Meeting, to create the best interests for shareholders in the principle of integrity and supervise the Company's compliance with relevant laws and regulations and immediate disclosure of important information.
- The Board of Directors of Sysgration is led by the Chairman and holds at least one meeting every quarter. In 2022, a total of six Board of Directors meetings were held, and the average attendance rate of directors was 95%.
- In order to implement corporate governance and improve the functions of the Board of Directors as well as all functional committees, the "Measures for the Board of Directors Performance Assessment" of Sysgration stipulates that the internal performance assessment of the Board of Directors and functional committees should be performed at least once a year. In 2022, the comprehensive internal self-assessment results by the Board of Directors, individual member of the Board of Directors, and functional committees are all excellent and above. The assessment results have been reported to the Board of Directors. At the same time, it is stipulated that an external professional independent organization or an external team of experts and scholars should conduct at least one assessment every three years. The latest external performance assessment was in 2022. Overall, the performance of the Board of Directors is good. Sysgration will continue to strengthen and improve the effectiveness of corporate governance based on the results of this assessment.

### Remuneration Committee

- The Remuneration Committee currently consists of three independent directors, with a professional and impartial position, to assess the remuneration policies and mechanisms about the Company's directors and executive officers and submit recommendations to the Board of Directors for the reference of decision-making, and conducts the internal performance assessment for the Remuneration Committee regularly every year.
- Their main duties include regularly reviewing the policies, mechanisms, standards and structures for performance assessment and remuneration of directors and executive officers; regularly assessing and determining the remuneration of directors and executive officers; regularly assessing the achievement of performance goals of the Sysgration directors and executive officers; and setting the content and amount of their individual remuneration.
- Remuneration Committee is convened at least twice every year, and the Remuneration Committee was convened six times in 2022, with the attendance rate of directors reaching 100%.

### Audit Committee

- The Audit Committee currently consists of three independent directors, with the main duties of fulfilling their supervisory responsibilities, evaluating economic performance, and resolving important matters, and conducting the internal performance assessment of the Audit Committee on a regular basis every year.
- The internal audit executive attends every meeting of the Audit Committee and the Board of Directors to report the audit findings and progress of improvements on abnormal matters during the reporting period, re-examines internal regulations, and appropriately revises relevant measures to continuously optimize the operation process.
- At the completion stage of the annual audit or semi-annual review, the accountant will issue a written audit content or report to the Audit Committee on important audit findings, internal control deficiencies and other major communication issues, to facilitate the Audit Committee in understanding the Company's operating results.
- The Audit Committee convenes at least once every quarter, and a total of six meetings of Audit Committee were convened in 2022, with the attendance rate of directors reached 100%. The communication and interaction between the Audit Committee, the internal audit executive and accountant are good.

## 2.1.2 Board Operations



Code of Practice on  
Corporate Governance

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

### Independence of the Board of Directors

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

Name / Eligibility	Professional Qualifications	Independence Condition
<b>Lee, Yi-Ren</b>	Chairman, Sysgration Ltd. (2003-) Chairman, Winmate Inc. (2003-2017) Chairman, Hipro Electronics Co. Ltd. (1990-2002)	<ul style="list-style-type: none"> <li>Chairman Lee, Yi-Ren is an employee of the Company and serves as the Director of Affiliate Enterprise</li> <li>The number of shares of the Company owned by himself and his spouse or in the name of others account for 12.92% of the total issued shares, and is the top ten shareholder</li> </ul>
<b>Hsieh, Tung-Fu</b>	General Manager, Sysgration Ltd. (2013-) Vice President, Altek Corp. (2010-2012) Vice President, Lite-On Technology Corp. (1999-2010)	<ul style="list-style-type: none"> <li>Director Hsieh, Tung-Fu is an employee of the Company and serves as the Director of Affiliate Enterprise</li> <li>The number of shares of the Company owned by himself account for 0.47% of the total issued shares</li> </ul>
<b>Lee, Cheng-Han</b>	Vice President, Sysgration Ltd. (2013-) Assistant Manager in Product Marketing, Etasis Electronics Co., Ltd. (2010-2013)	<ul style="list-style-type: none"> <li>Director Lee, Cheng-Han is an employee of the Company and serves as the Director of Affiliate Enterprise</li> <li>The number of shares of the Company owned by himself account for 0.38% of the total issued shares</li> </ul>
<b>Chen, Chih-Pin</b>	Vice President & Spokesman, Acon Investment Holding Co. (2019-) General Manager, Sysgration Ltd. (2009-2017) Executive Vice President of Shengfeng Securities Co. Ltd. (2004-2008)	<ul style="list-style-type: none"> <li>The number of shares of the Company owned by Director Chen, Chih-Pin account for less than 0.01% of the total issued shares</li> </ul>
<b>Lin, Kuan-Chao</b>	Managing Partner, PKF Taiwan (2001-)	<ul style="list-style-type: none"> <li>Does not have any of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," in compliance with all independence rules</li> </ul>
<b>He, Ju-Hsiang</b>	Special Assistant to the Chairman of Taiwan Life Insurance Co., Ltd. (2000-2016) Deputy General Manager, Loan Department, Bank of America (1989-1994) Internal Audit Manager, BNP Paribas (1984-1989)	<ul style="list-style-type: none"> <li>Does not have any of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," in compliance with all independence rules</li> </ul>
<b>Wei, Che-Chen</b>	COO, H&D Asset Management Co. (2016-) Special Committee Member, Taiwan Life Insurance Co., Ltd. (2011-2015) Chairman, Taiwan Life Ins. Securities Investment Trust Co. Ltd. (2009-2011)	<ul style="list-style-type: none"> <li>Does not have any of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," in compliance with all independence rules</li> </ul>



## Implementation of the Diversity Policy of Board Members:

Job Title	Chairman	Director	Director	Director	Independent Director	Independent Director	Independent Director
<b>Name</b>	Lee, Yi-Ren	Hsieh, Tung-Fu	Lee, Cheng-Han	Chen, Chih-Pin	Lin, Kuan-Chao	Wei, Che-Chen	He, Ju-Hsiang
<b>Gender</b>	Male	Male	Male	Male	Male	Male	Male
<b>Age</b>	61-70	51-60	31-40	51-60	71-75	61-70	71-75
<b>Employee of the Company</b>	✓	✓	✓				
<b>Length of Tenure as Independent Director</b>					4-6	4-6	1-3
<b>Education and Work Background</b>							
<b>Accounting/ Finance/Operation</b>	✓			✓	✓	✓	✓
<b>Computer/Electric Machinery/ Technology</b>	✓	✓	✓				
<b>International Marketing</b>	✓	✓	✓	✓			
<b>Securities/Finance</b>				✓		✓	✓
<b>Accountant</b>					✓		
<b>Professional and Industrial Experience</b>							
<b>Operation Judgment</b>	✓	✓	✓	✓	✓	✓	✓
<b>Accounting and Financial Analysis</b>	✓			✓	✓	✓	✓
<b>Business Management</b>	✓	✓	✓	✓	✓	✓	✓
<b>Crisis Handling</b>	✓	✓	✓	✓	✓	✓	✓
<b>Industry Expertise</b>	✓	✓	✓	✓			
<b>Global Market Perspective</b>	✓	✓	✓	✓			
<b>Leadership</b>	✓	✓	✓	✓	✓	✓	✓
<b>Decision-making</b>	✓	✓	✓	✓	✓	✓	✓
<b>Risk Management</b>	✓	✓	✓	✓	✓	✓	✓
<b>Corporate Governance</b>	✓	✓	✓	✓	✓	✓	✓

## Board Diversity

To achieve the goals of corporate governance, the capabilities of Sysgration Board of Directors possess, including operation judgment, accounting and financial analysis, business management, crisis handling, industry expertise, global market perspective, leadership, decision-making, knowledge and ability of risk management, and corporate governance experience, etc. The Directors of the Company have already fulfilled the requirements of functional diversity, however, with the needs of future corporate development, the Company will continue to review other elements of diversity and further enhance the board diversity during re-election, aiming to have at least one female Director and increase the number of directors with relevant ESG expertise and experience in environmental sustainability, occupational safety and health, labor human rights, so as to consolidate the board management and provide guidance to the Company in response to global sustainability trends.

## Succession Planning of the Board of Directors

The selection and cultivation of management successors is critical to the corporate sustainable operation. The successor plan is to continue and succeed the corporate operations to keep pace with the times and provide the manpower requirement for the sustainable operation of the enterprise. In the planning of the succession plan, in addition to having excellent execution ability, Sysgration pays special attention to the values and personality traits to be consistent with the Company's core values, including integrity and innovation, excellent employees continue to be tested on their adaptability and management ability in different businesses and regions as needed.

The successors training for senior management planning mainly focuses on all-round business management capabilities, professional capabilities, and personal development plans, and the training schedule is tailored based on individual job requirements and learning conditions. Arrange professional capabilities and other various aspects course training, for integrated use by trainees, to develop their decision-making and judgment capabilities.

In 2022, Sysgration provided training courses covering quality management, legal affairs, patent rights, insider equity, trade secrets, information security, and the Responsible Business Alliance Code of Conduct, with a total of 170 hours, in order to train the management personnel whom can succeed in the future.



## Board of Directors Performance Assessment

In order to strengthen the functions of corporate governance and the operational effectiveness of the Board of Directors, Sysgration established the "Measures for the Board of Directors Performance Assessment," for the Board of Directors, individual director members, and functional committees to conduct performance assessment once every year. The assessment method includes internal self-assessment of the Board of Directors, self-assessment by the individual director, internal self-assessment of the functional committees, and outsourcing external professional organizations, experts or other appropriate method to perform performance assessment. In terms of assessment frequency, internal assessments are performed once every year and external assessments are performed once every three years. Through various assessment indicators, the Company understands the degree of approval of directors to the Board of Directors and functional committees' operation. The assessment items are shown in the table. The results of the performance assessment in 2022 have been submitted to the Board of Directors, which will serve as the reference for the Company's continuous improvement in the future.



Measures for the Board of Directors Performance Assessment

Board of Directors Performance Assessment	Individual Director Performance Assessment	Functional Committee Performance Assessment
<p>Five assessment indicators, a total of <b>40</b> items:</p> <ul style="list-style-type: none"> <li>▪ Degree of participation in Company operations</li> <li>▪ Improve the quality of Board of Directors decision-making</li> <li>▪ Board of Directors composition and structure</li> <li>▪ Election of directors and continuing advanced studies</li> <li>▪ Internal control</li> </ul>	<p>Six assessment indicators, a total of <b>23</b> items:</p> <ul style="list-style-type: none"> <li>▪ Grasp of company goals and tasks</li> <li>▪ Awareness of directors' duties</li> <li>▪ Degree of participation in Company operations</li> <li>▪ Internal relationship management and communication</li> <li>▪ Professional and continuing advanced studies for directors</li> <li>▪ Internal control</li> </ul>	<p>In the five assessment indicators, the Audit Committee self-assessment has a total of <b>22</b> items, and the Remuneration Committee self-assessment has a total of <b>20</b> items:</p> <ul style="list-style-type: none"> <li>▪ Degree of participation in Company operations</li> <li>▪ Awareness of the Committee's duties</li> <li>▪ Improve the quality of Committee decision-making</li> <li>▪ Committee composition and member selection</li> <li>▪ Internal control</li> </ul>

In 2022, the comprehensive performance assessment results of the Board of Directors, individual directors and functional committees are all excellent, and the overall operation is good.

## Compensation of the Board of Directors

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

- 1 Establish and regularly review the policies, systems, standards and structures for performance assessment and remuneration of directors and executive officers.
- 2 Regularly assess and determine the remuneration of directors and executive officers.
- 3 Regularly assessing the achievement of performance goals of the Company's directors and executive officers; and setting the content and amount of their individual remuneration.

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

Unit: NT\$ Thousands

Name	Director's Compensation	Compensation received by Directors who were also employees		Total Amount
	Remuneration	Salary and Bonus	Retirement Pension	
Lee, Yi-Ren	60	6,048	0	6,108
Hsieh, Tung-Fu	60	5,266	108	5,434
Lee, Cheng-Han	60	3,382	108	3,550
Chen, Chih-Pin	480	0	0	480
Lin, Kuan-Chao	495	0	0	495
He, Ju-Hsiang	495	0	0	495
Wei, Che-Chen	495	0	0	495

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

## Group Intelligence of the Highest Governance Unit

In order to strengthen corporate governance practices, Sysgration actively encourages directors to participate in advanced studies, and discloses the status of advanced studies in the Corporate Governance area of the Market Observation Post System. In 2022, the percentage of Sysgration board members in compliance with the advanced study hours for directors of TWSE Listed and TPEX listed companies was 100%.

Job Title	Name	Advanced Study Course	Total Hours
Chairman	Lee, Yi-Ren	<ul style="list-style-type: none"> <li>ESG and Taxation Practice Analysis</li> <li>Core ESG issues shall be concerned by the Board of Directors</li> </ul>	6 hours
Director	Hsieh, Tung-Fu	<ul style="list-style-type: none"> <li>Take precautions - The importance of business risk management</li> <li>ESG-related legal issues shall be concerned by the Board of Directors</li> </ul>	6 hours
Director	Lee, Cheng-Han	<ul style="list-style-type: none"> <li>Analysis of the latest Corporate Governance Policies and Corporate Governance Evaluation Practices</li> <li>ESG Information Disclosure Trends and Related Regulations</li> </ul>	6 hours
Director	Chen, Chih-Pin	<ul style="list-style-type: none"> <li>44th Enterprise Sustainability Elite Basic Training Course</li> <li>37th Enterprise Sustainability Elite Advanced Training Course</li> <li>17th Enterprise Sustainability Elite Forward Looking Training Course</li> <li>Mergers and Acquisitions Professional Training Course: Corporate Leaders - Master Class</li> <li>Responsibilities of Directors and Supervisors in the Securities and Exchange Act and Legal Practices of Corporate Merger and Acquisition</li> <li>Sustainable Development Roadmap Industry Theme Publicity</li> </ul>	32 hours
Independent Director	He, Ju-Hsiang	<ul style="list-style-type: none"> <li>How to Conduct Equity Planning and Organizational Structure Design for Start-up Companies</li> <li>Net-zero Emissions, Carbon Neutrality and Corporate Regulatory Compliance</li> </ul>	6 hours
Independent Director	Lin, Kuan-Chao	<ul style="list-style-type: none"> <li>Controlled Foreign Corporation (CFC) Introduction</li> <li>The Latest Trend of International Anti-money Laundering</li> <li>Accounting and Financial Studies for Environment, Society and Governance</li> </ul>	9 hours
Independent Director	Wei, Che-Chen	<ul style="list-style-type: none"> <li>Illegal Securities Cases and Responsibilities of Directors and Supervisors</li> <li>Corporate Governance and the Duties and Responsibilities of Corporate Persons in Charge</li> </ul>	6 hours

## Annual Total Compensation Ratio

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

2021	2022
5.56	6.37

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

2021	2022
3.25	2.44

## 2.1.3 Corporate Governance Organization Operation

### Setup Full-Time Executive for Corporate Governance

- ▶ On May 11, 2021, the Board of Directors approved the Chief Financial Officer, Ms. Tsai, Hsiu-Mei to serve as the Corporate Governance Chief Officer, as the top executive of corporate governance-related affairs. The job authorities are primarily to coordinate the production of the minutes of the Shareholders' Meeting and the Board Meeting and assist the directors in taking the office and continuing advanced studies, provide directors with the information required to execute their business and assist their compliance with laws and decrees, and other matters stipulated in the Company's Articles of Incorporation or contracts.
- ▶ In 2022, the Corporate Governance Chief Officer held 8 Board Meetings and the 2022 Annual General Meeting of Shareholders according to the law, adding and revising the Company's "Code of Practice for Sustainable Development", "Management Operation Procedures for Prevention of Insider Trading", and "Measures for the Board of Directors Performance Assessment", to enhance the strength of corporate governance, and provide advanced study courses to assist 7 directors to study 97 hours of advanced studies in 2022. The advanced study hours for each director are in line with the regulations specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", providing directors with the necessary data to perform their duties and assisting them in compliance with laws and regulations. In 2022, the corporate governance of Sysgration was implemented in accordance with laws and decrees, and there was no violations of laws and decrees.
- ▶ In order to improve the corporate governance procedures and the job functions, the Sysgration's Corporate Governance Chief Officer has completed 12 hours of advanced study in 2022. The content includes the Development of Profit-seeking Enterprise Income Tax Laws and Decrees and Corporate Response Strategies, the Latest Development of Corporate ESG Sustainability and Sustainability Report Practices Analysis, the Application of Information Security in Enterprises and Analysis of Legal Responsibilities, IFRS Standards and Accounting Management Practices Analysis Related to Reorganization.

## Audit Office

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

### Formulate the Plan



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

### Execute Audit



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

### Report Results



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

### Track Improvements




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

In 2022, the Audit Office has formulated and executed the audit plan, and submitted the improvement recommendations on the equipment procurement through auditing, the responsible unit has formulated and introduced the improvement plans and has completed the improvement.

## ESG Committee

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



Each task force of the ESG Committee consists of a task force leader and several members. Currently, there are a total of about 50 members. In 2022, and held a total of 18 meetings, with a total of 1,182 person-times. The ESG Committee reports and discusses major sustainable issues to the Board of Directors at least once a year, including: identifying concerned issues of stakeholders, formulating corresponding action plans, formulation and revision of sustainable operations-related goals and policies, risk identification and management, and information security management situation, ethical corporate management, and intellectual property management.

### Sysgration ESG Committee Structure and Policy Direction



## 2.2 Economic Performance

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

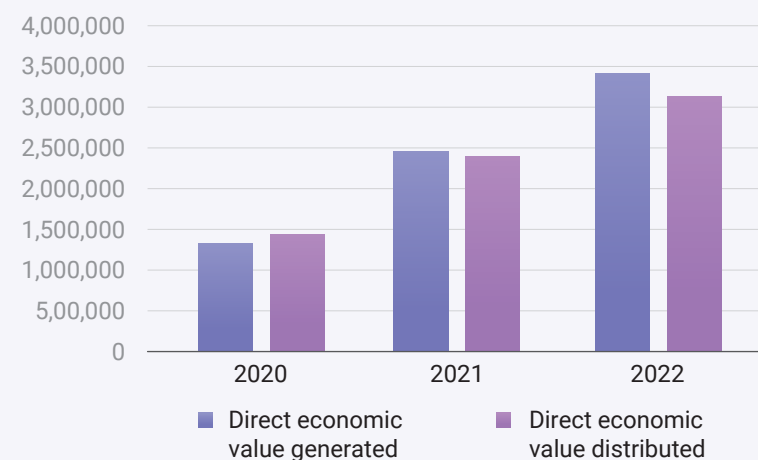
In 2022, the revenue ratio of Sysgration's top three customers were 46.89% in Americas, 38.13% in Asia, and 11.40% in Taiwan respectively. Among them, the shipment of automotive electronics products was 16,526 thousand pcs, accounted for 78.65% of the business volume, and the shipment of energy management products was 27,444 thousand pcs, accounted for 21.35% of the business volume. Due to the increase in customer demand, Sysgration's revenue growth has led to an increase in gross profit margin of 18.74%. In terms of profitability, the return on assets in 2022 was 10.55%, an increase of 165.04% compared with last year; the return on shareholders' equity was 21.5%, an increase of 156.24% compared with last year.

Overall, the risks affecting the economic performance of the Sysgration in 2022 were mainly global economic interest rate hikes, inflation, geopolitical factors, as well as inventory clearance and building safety inventory.

Unit: NT\$ Thousands

Item	2020	2021	2022
Direct economic value generated	1,326,691	2,454,678	3,404,355
Operating income	1,326,691	2,454,678	3,404,355
Direct economic value distributed	1,440,866	2,408,389	3,120,520
Operating costs	1,063,992	1,966,153	2,599,804
Employee salary and benefits	373,762	435,386	512,327
Payments to investors	3,201	7,229	8,472
Net income tax refund	89	379	101

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



## 2.3 Ethical Corporate Management

SASB RT-EE-510a.1, RT-EE-510a.2, RT-EE-510a.3

### 2.3.1 Ethical Corporate Management and Commitment

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



Ethical Corporate Management  
Best Practice Principles








Management Operation  
Procedures for Prevention of  
Insider Trading

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



## 2.3.2 Practice Ethical Corporate Management

### Ethical Corporate Management Communication Channels

Item	Target	Content	Communication Frequency
 Email Publicity	The directors, executive officers, and shareholders holding more than 10% of the total shares of the Company	<ul style="list-style-type: none"> <li>When directors and executive officers are newly appointed, the "Insider Equity Promotion Handbook" will be sent by email on the onboarding day. The insider shall inform the newly appointed executive officers related laws and decrees that the insiders should be abided by, and notify the stock agency on the same day to report the relevant information of the newly appointed insider</li> <li>Publicize the document "Common Patterns of Reporting Insider Shareholding Changes in Violating the Securities and Exchange Act" by email to urge insiders to manage shareholding changes in accordance with the law</li> </ul>	As needed
 Internal Educational Training	Employees	<ul style="list-style-type: none"> <li>The 2022 education and training content included the courses of Responsible Business Alliance Code of Conduct-RBA, Business Secret Protection Management and Protection, Short-Term and Insider Trading Laws and Decrees and Prevention, etc.</li> <li>In 2022, a total of 70 hours of relevant education and training courses were organized with 690 person-times attended</li> </ul>	As needed
 Performance Appraisal	Employees	<ul style="list-style-type: none"> <li>When performing quarterly performance appraisals, incorporate ethics compliance behaviors into employee performance appraisal items</li> </ul>	4 times/ year
 Declaration of No Violation of the Code of Ethical Conduct	Directors	<ul style="list-style-type: none"> <li>Requiring all directors to sign the "Declaration of No Violation of the Code of Ethical Conduct" during election, and 100% of directors completed the signing in 2022</li> </ul>	Sign during election
 Honesty Commitment	Employees, Suppliers	<ul style="list-style-type: none"> <li>Requiring all employees and new suppliers in dealing business to sign the "Ethical and Honesty, Environmental Protection and Social Responsibility Commitment" every year. In 2022, 100% signed.</li> <li>Regularly assess whether the companies of business dealing are in breach of the ethical record, and no violation by the companies of business dealing in 2022</li> </ul>	1 time/ year



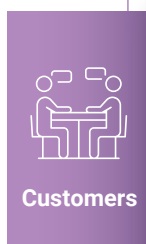
To make all employees, management, and directors of Sysgration fully understand the Company's determination, policies, and prevention programs of the Company's Ethical Corporate Management, Sysgration organized ethics and morality related education and training for a total of 70 hours in 2022, with 690 person-times attended, to strengthen colleagues' understanding and awareness of Ethical Corporate Management through training courses. In 2022, the completion rate of ethics and morality related education and training for all directors, executive officers, and employees reached 100%, which is enough to show that Sysgration attaches great importance to Ethical Corporate Management.

**The Content, Hours and Number of Trainees of Education and Training Courses Related to Ethical Corporate Management in 2022**

Date	Content	Hours	Number of trainees
111/01/13	Introduction to ESG Sustainable Development	1.5	16
111/01/14	Sustainable Management ESG and Corporate Governance	1.5	13
111/04/27	Product Carbon Footprint Inventory Training-ESG	6	53
111/05/11	Product Carbon Footprint Inventory Training-ESG	6	37
111/05/12	Responsible Business Alliance Code of Conduct - RBA	1	45
111/06/10	Intellectual Property Overview	1	10
111/06/23	Product Innovation and Optimization	4	25
111/07/07	Proposal and Contract Management	2	30
111/07/11	Proposal and Contract Management	7	25
111/07/12	Introduction to ESG Sustainable Development	6	22
111/07/15	Process Improvement and Innovation	7	25
111/07/18	Introduction to ESG Sustainable Development	6	22
111/08/02	Introduction to ESG Sustainable Development	6	21
111/09/07	Contract Management	1	25
111/09/20	Customer Satisfaction Evaluation - ESG	2	5
111/11/17	Responsible Business Alliance Code of Conduct - RBA	3	11
111/11/24	Responsible Business Alliance Code of Conduct - RBA	3	11
111/12/07	Trade Secret Management and Protection	4	123
111/12/08	Short-term and Insider Trading Laws and Preventions	2	171

Sysgration organized a Strategic Partner Supplier Conference on February 15, 2022, with a total of 118 executives from 48 manufacturers participated. The Chairman and General Manager of Sysgration elaborated the goals set by Sysgration's corporate governance and ESG to the suppliers, and required the participation and code of conduct of ESG by the supplier partners are consistent with Sysgration's philosophy. In addition, the manufacturers with outstanding ESG achievement were commended and awarded.

**Business Morality and Due Diligence Investigation Procedures**



According to Credit Review Operation Procedures:

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

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



### 2.3.3 Reporting and Prevention System

Sysgration Reporting Channel sets up an independent reporting channel managed by assigned responsible personnel for employees, customers, suppliers, shareholders, investors, and other stakeholders to report illegal behaviors, violations of human rights, codes of conduct, or "Ethical Corporate Management Best Practice Principles", and the report and complaint e-mail as follows:

Applicable Scope	Complaint Channel
 Shareholders, Investors	Hotline (02) 2790-0088
	Mailbox sys5309@sysgration.com
 Suppliers	Hotline (02) 2790-0088 #2020
	Mailbox scm@sysgration.com
 Customers	Hotline (02) 2790-0088
	Mailbox sales@sysgration.com
 Employees and other Stakeholders	Hotline (02) 2790-0088 #1830
	Mailbox opinion@sysgration.com
	Others Suggestion Box is set up on the Enterprise Information Portal(EIP) Physical Employee Suggestion Box is set up in each factory area

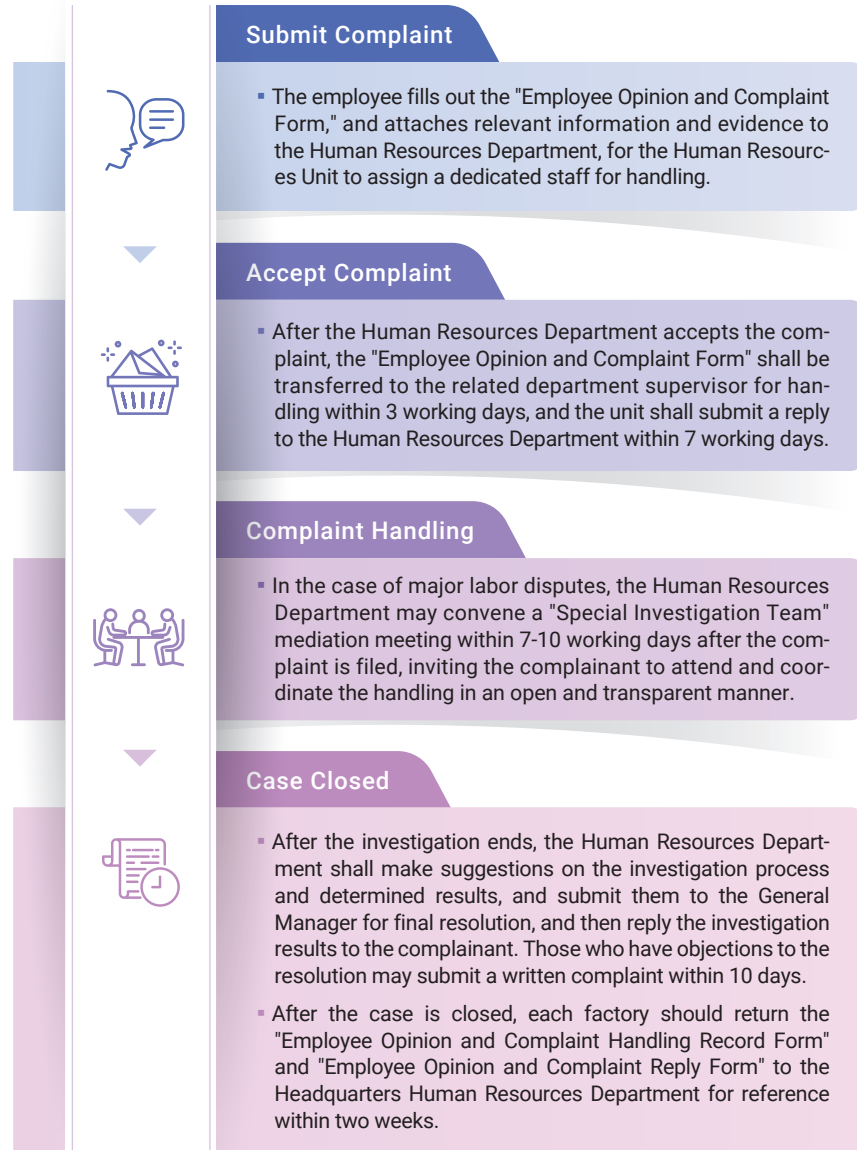
The Company's reporting system has been established with relevant operating procedures and confidentiality mechanisms, clearly requests the processing unit must not disclose the identity of the whistleblower and the reported information of stakeholders, to ensure the effective operation of the complaint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

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

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

If the reported case involves directors or senior executives, or a major violation of the regulations is found that may cause major damage to the Company, the case shall be reported to the Chairman with written notification. If the case is verified to be true and the circumstances are serious, the case will also be disclosed at the Market Observation Post System, on top of being handled in accordance with the laws and decrees or the relevant regulations of the Company. In 2022, Sysgration did not receive any grievance or violations of ethical corporate management or "Code of Ethical Conduct", nor was any related litigation involved in anti-competitive behaviors, anti-trust and monopoly laws and regulations.

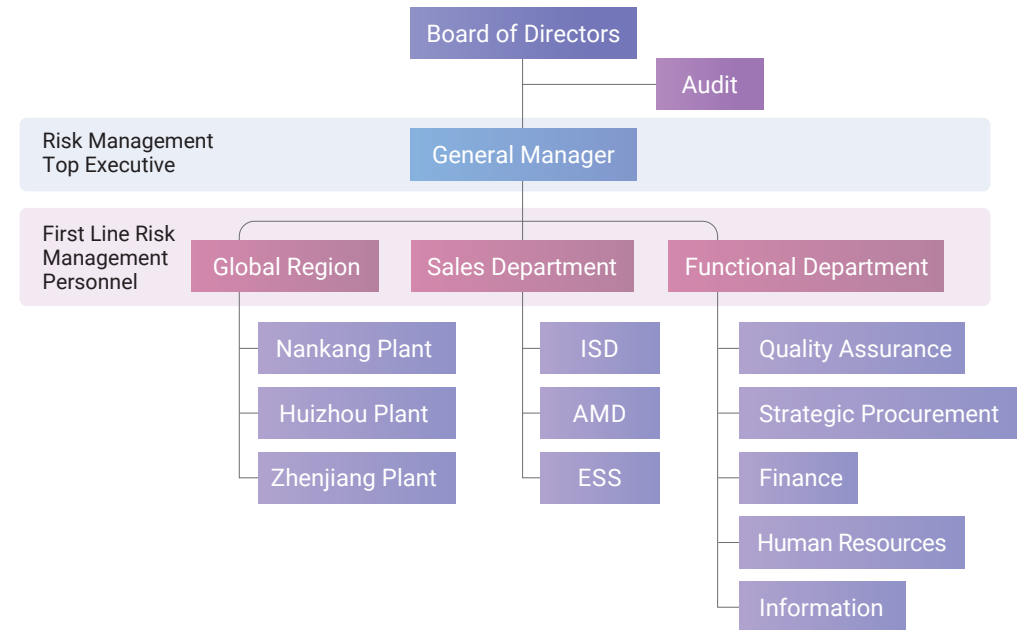
Handling Procedure



## 2.4 Risk Management

### Risk Management Organization

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



## Risk Management Policy



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

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




## Major Risk Management Items

Risk Management Items	Risk Description and Countermeasures
<p><b>Business Risk</b></p>	Assess the risks of market, supply chain, intellectual property and information security caused by the factors of domestic and foreign political, economic, and legal supervision and management requirements as well as the domestic and foreign technological and industrial changes and reflect the assessment results to the relevant operational decision-making body.
<p><b>Financial Risk</b></p>	Comprehensively consider the financial risks arising from various economic aspects, including the possible risks of the Company's financial assets or liabilities due to changes in interest rates, exchange rates, stock prices and inflation, asset liquidity risks, customer payment ability and credit records, accounting policies and reinvestment operation management, etc. We establish the Company's capital safety stock aiming at the realization ability of various assets to ensure the ability of fund allocation in emergency situations and set up a risk hedging mechanism to effectively control the degree of risk impact.
<p><b>Operational Risk</b></p>	For the internal control-related operating processes, human factors, information systems and other management operations, or risks caused by external events, the Company formulates relevant management procedures to comply with, and to establish a safe working environment.
<p><b>Environmental Risk</b></p>	In response to the government's tightened climate governance and stricter regulations on greenhouse gas emissions, energy management and environmental impact assessments, on the premise of adaptation and mitigation, the Company identifies and analyzes the risks in terms of the physical aspects of policies, laws and regulations, products, and operations, in order to establish and implement the responding strategies and action plans.
<p><b>Risk of Crucial Regulatory Changes</b></p>	Analyze the potential legal risks to the Company regarding important changes in policies, laws, and decrees, and propose countermeasures.

## Results of Risk Identification and Important Issues

After identified, measured, and assessed by the Risk Management Organization, in 2022, Sysgration faced three main risks including environmental risk, social risk, corporate governance risk, and the Risk Management Organization has reported the annual management status to the Board of Directors.

### Risk Results Identified by the Company in 2022 and Response

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

## 2.5 Regulatory Compliance

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

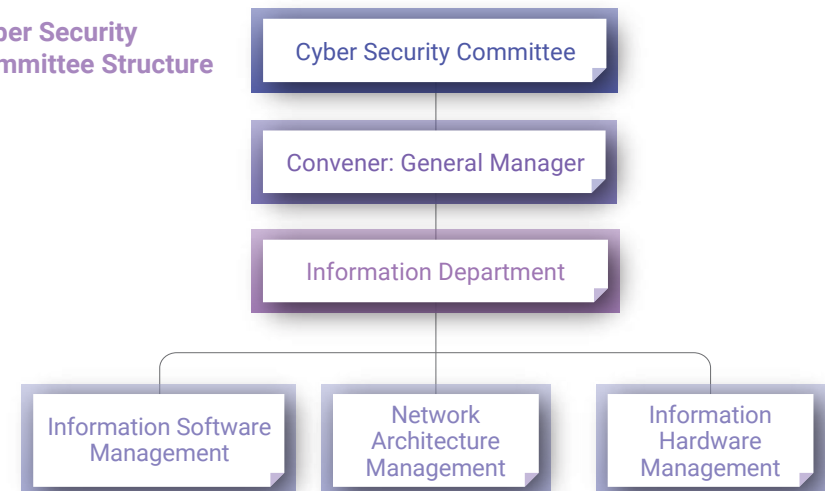
2022 Regulatory Educational Training

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

## 2.6 Information Security and Customer Privacy

Sysgration values great importance to customer privacy and information security management, actively establishes and maintains a reliable and safe information operating environment to ensure the safety protection of Company data, system equipment and network. To strengthen the Sysgration's information security management, and ensure the safety of data, system and network, Sysgration has established Cyber Security Committee, with the General Manager Mr. Hsieh, Tung-Fu as the Convener. The Information Department is responsible for coordinating and implementing information security policies, promoting information security concepts, improving employee information security awareness, collecting and improving the technology, products or procedures of the performance and effectiveness of the Company's Information Security Management System, and report to the Board of Directors at least once a year. Sysgration pays attention to information security, and continues to increase the investment in information security-related manpower deployment and information security protection structure. At present, we have 6 information security personnel, and invested a total amount of NT\$ 21 million in software and hardware related to information security in 2022.

### Cyber Security Committee Structure





Information Security Policy

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

Effectiveness of Cyber Security Protection



Sysgration had 10 system intrusion incidents in 2022, and **effectively blocked 10 times.**



External intrusion threats, **effective blocking defense rate of 100%.**



Office equipment/host system effectively prevented 2,382 **virus threats and 0 virus infections.**



In 2022, Sysgration reported the annual implementation status of Cyber Security Management in the Board of Directors Meeting, including the completion the establishment of automatic backup and audit management of outgoing emails, the introduction of cloud operation environment, control of mobile storage devices, network behavior records, real-time communication records and other measures, as well as the host automatic backup and anti-virus system updates for part of the operating locations. In the future, Sysgration will continue to build independent backup network segments for all operating locations to automatically backup and restore the host data of each service, as well as promote file encryption, server vulnerability scanning, and off-site backup projects. We constantly improve information security management with a rigorous attitude to strengthen the Company's information protection. To enhance employees' information security awareness and reduce the Company's cyber security risks, the Company regularly conducts and advocates information security education courses, continue to improve and maintain the Company's information security defense mechanism, and strengthen the implementation of information security through education and training. In 2022, Sysgration organized information security education and training courses 5 times, and advocate information security policies, regulatory measures, information security awareness and anti-phishing webpages by e-mail every month to provide safer and more reliable services. In 2022, Sysgration did not receive any complaints about violations of customer privacy, nor occurrence of any incidents of information leakage, theft or loss of customer data.

Specific Information Security Management Measures

01 Network Information Security Control



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

02 Information Access Control



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

03 Information Emergency Recovery Response Mechanism



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

04 Educational Announcement and Examination



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



## 2.7 Sustainable Supply Chain

### 2.7.1 Supply Chain Type

SASB RT-EE-440a.1

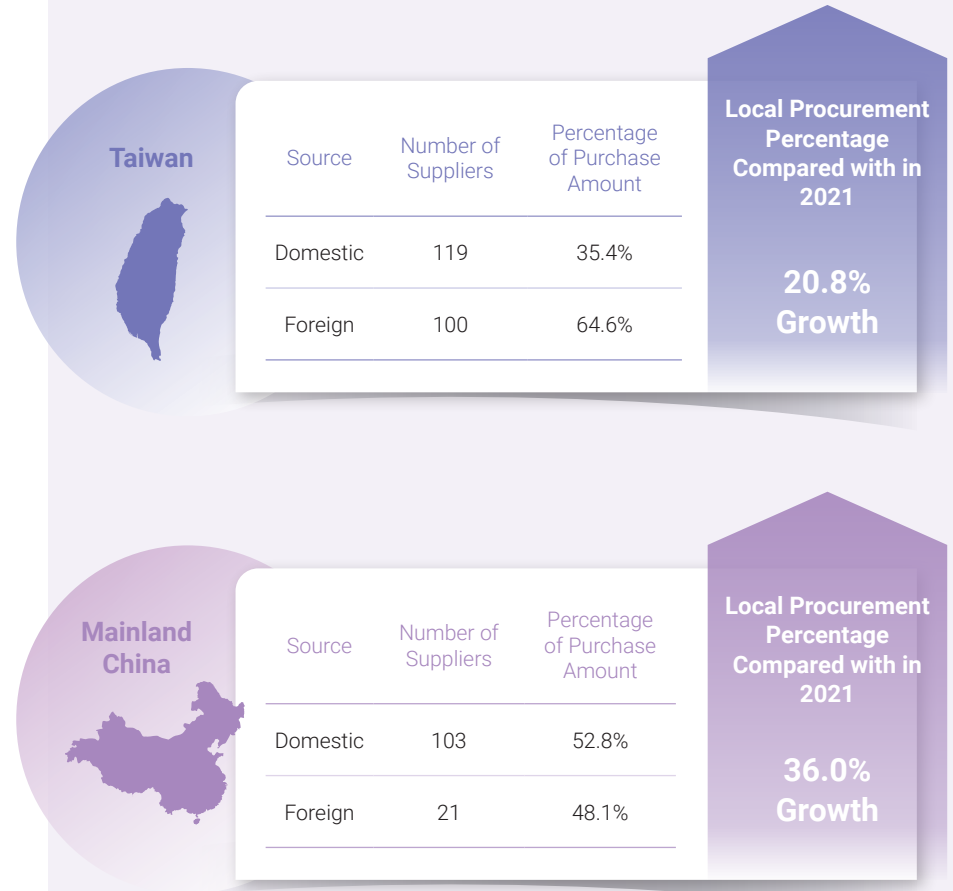
The product combination of Sysgration is diverse, and products are widely used in power storage/kinetic products, IoT, industrial tablets and peripherals, automotive electronics, tire pressure monitoring systems (TPMS), and cloud computing, etc., therefore, the type of suppliers is also diverse. The supply chain raw material includes IC, printed circuit boards, electronic components, cables, plastic materials, metal materials, and packaging materials, etc. In 2022, Sysgration collaborated with 343 raw material suppliers worldwide, and the procurement amount was NT\$2.05 billion, among which the local procurement amount was approximately NT\$950 million, accounting for approximately 46.1% of the total procurement amount.

Sysgration has identified "Key Suppliers" to perform the strategy business management, and the identification mainly includes: suppliers with annual procurement amount ranked as top 80%, suppliers providing critical components, and suppliers as the sole supply of materials or providing irreplaceable components. Up to the end of 2022, Sysgration had a total of 30 key suppliers, and we continue to maintain close contact with key suppliers in business cooperation relationships.

#### Supplier Classification and Procurement Amount

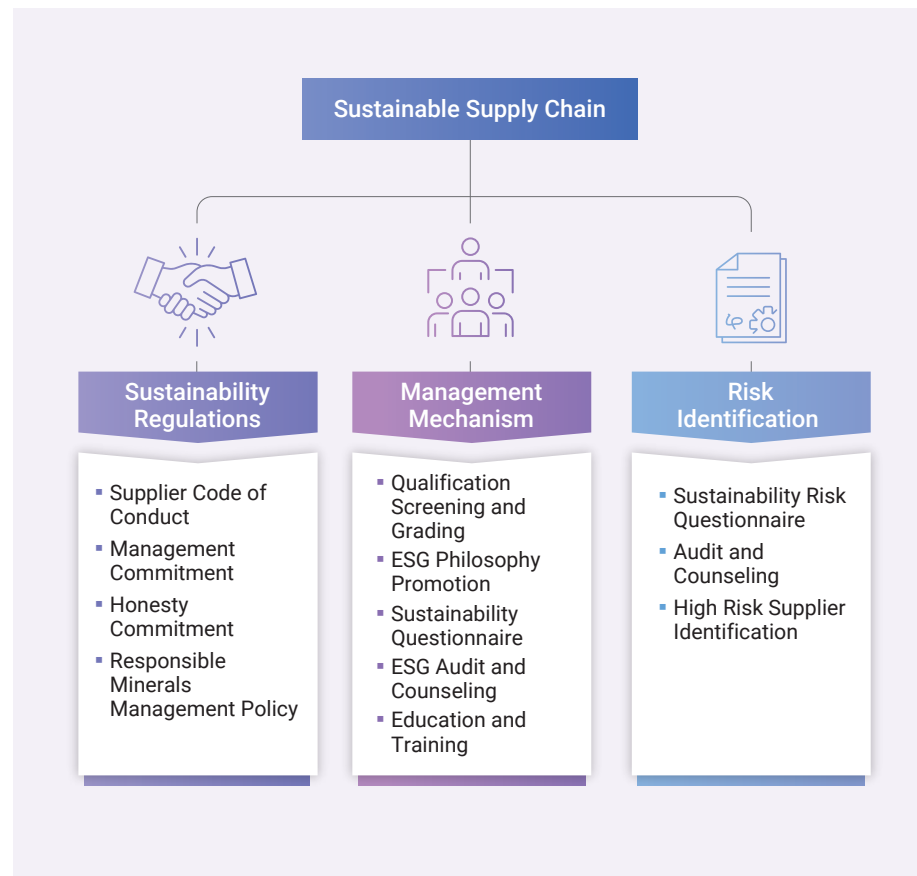
Type of Suppliers	Number of Suppliers at the end of 2022			Procurement Amount in 2022 (NT\$)		
	Taiwan	Mainland China	Total	Taiwan	Mainland China	Total
Key Suppliers	19	11	30	530 million	1.02 billion	1.55 billion
Other Major Suppliers	200	113	313	260 million	240 million	500 million
<b>Total</b>		<b>343</b>			<b>2.05 billion</b>	

#### Procurement Percentage of Raw Materials



## 2.7.2 Sustainable Supply Chain Management

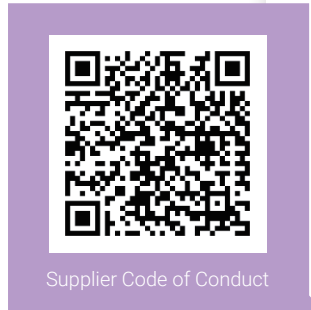
In addition to the products and services provided by suppliers physically and directly affecting Sysgration's products, services and operations, the ESG performance of suppliers also indirectly affects our reputation and becomes a potential risk. We set up a Supply Chain Team under the Sustainable Promotion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



### Supplier Sustainability Management Guideline

In order to ensure that employees in the supply chain are safe, dignified and respected in the working environment, business operations promote environmental protection and abide by ethical standards, Sysgration has formulated the "Supplier Code of Conduct", requiring suppliers to sign sustainable management related commitment documents, to select new suppliers accordingly to ensure supplier compliance with supplier ESG specifications. In 2022, including 20 new suppliers, the percentage of Sysgration suppliers signing commitment documents reached 95%.

#### Supplier Commitment Documents



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



### Supplier Code of Management

Sysgration assists new suppliers to comply with relevant operations according to the supplier management operation guideline, and requests suppliers to obtain ISO 9001, ISO 16949, ISO 14001 and ISO 45001 Certification, green environmental protection or OHSAS certification (Occupational Safety and Health Management System Certification), etc., and to comply with environmental management substance requirements, also the Company encourages suppliers to be certified with the IATF 16949 Automotive Quality Management System. All new suppliers must qualify the on-site review of the procurement, quality, technology and hazardous substance audit items and assessment in order to become official suppliers of Sysgration.

#### New Supplier Management Process

step 1 Review documents submitted by supplier

Sysgration performs documentary quality reviews on new suppliers and conducts comprehensive evaluations on suppliers for the six aspects of quality certification, quality level, price level, delivery level, technology level and service level according to the "Supplier Profile in General Information" sheet. Whether the supplier obtains relevant certificates, such as IATF 16949, certifications of ISO, environmental protection, or OHSAS (Occupational Safety and Health Management System certification), are taking into the consideration of evaluation.

step 2 Field visit and audit at supplier's site

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

step 3 Qualified supplier

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

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



In order to better understand the ESG items that suppliers focus on, as the key points of future annual guidance and education promotion. In 2022, Sysgration conducted an ESG concerned issues questionnaire for 14 major suppliers, with the contents including:



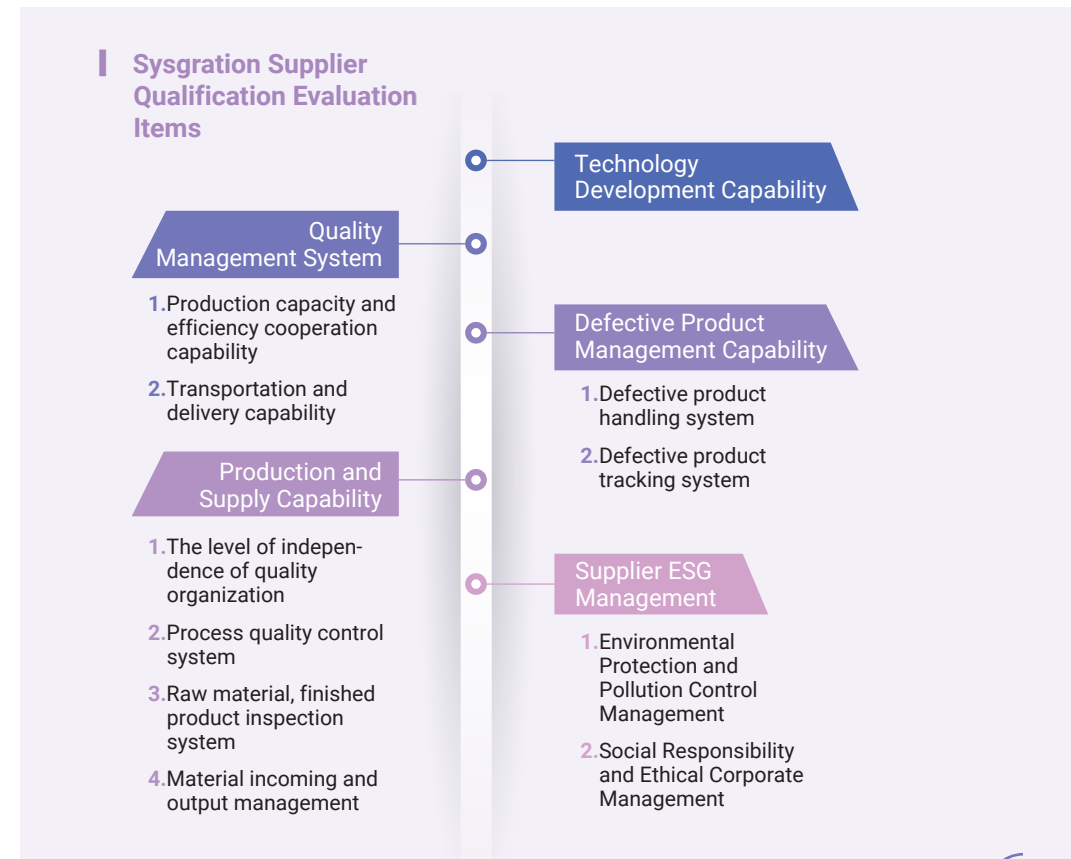
### Audit Mechanisms of Qualified Suppliers

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

In 2022, Sysgration audited 20 suppliers with actual production manufacturing, of which 8 were audited in writing and 12 were audited on site. According to the deficiencies found during the audit, the main deficiencies included failure to provide standard operation procedures,

or the need to establish standard operation procedures, incomplete documentation of filling relevant records and unclear control method definitions. After requesting suppliers to make improvement, all audited suppliers were able to complete the deficiency improvements within the required time period, with 100% of cases closed. No suppliers were suspended from cooperation due to noncompliance with the requirements of Sysgration.

In 2023, Sysgration will join the Outline Standards of RBA to perform documentary and on-site reviews on suppliers. For suppliers of long-term cooperation or to be engaged in cooperation with Sysgration, if they are not able to cooperate with the social responsibility related policies of Sysgration, we will consider whether the cooperation is to be continued, and we will arrange second suppliers as the substitutes for the component and raw material supply, thereby preventing any interruption of production and delivery processes.



**Supplier Evaluation Results**

Evaluation Grade	Score	Grade Description	2022 Evaluation Results	
			Number of Suppliers	Percentage of improvement within time period
<b>A</b>	91-100	Listed as qualified suppliers	2	No audit deficiency
<b>B</b>	81-90	Listed as qualified suppliers after making improvements of audit deficiency	14	100%
<b>C</b>	71-80	List as qualified suppliers after making improvements, and evaluation must be re-conducted and passed	3	100%
<b>D</b>	Less than 70 (Including)	Disqualified supplier	1	100%

**Supplier Risk Assessment Process**

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

ESG Aspect	Economy	Environment	Society
<b>Risk Factors</b>	<ul style="list-style-type: none"> <li>Quality, cost, delivery, service, and management capabilities</li> <li>Ethical Corporate Management</li> <li>Business morality</li> <li>Critical source of supply</li> </ul>	<ul style="list-style-type: none"> <li>Environmental management system</li> <li>Environmental Regulatory Compliance</li> <li>GHG Management</li> <li>Water resource management</li> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights Protection Management</li> <li>Employee Health and Safety Management</li> <li>Responsible Mineral Management</li> <li>Labor Regulatory Compliance</li> </ul>
<b>High Sustainability Risk Supplier Categories</b>	IC (Chip)	Printed Circuit Board / Battery Cell / Cables and Wires / Outer Casing	Printed Circuit Board / Battery Cell / Cables and Wires / Outer Casing

**2.7.3 Conflict Mineral Management**

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

**Conflict Mineral Management Policy**

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



### Conflict Mineral Management Process

Regarding the process of conflict mineral management, Sysgration requests suppliers to fill out the Non-use of Conflict Minerals Statement, and provides the Conflict Minerals Reporting Template (CMRT) recommended by RMI as a management tool. After the collection of the survey results, the status of raw materials is determined and confirmed to complete the risk assessment of materials supplied by the suppliers. In 2022, 100% of Sysgration's suppliers signed the Non-use of Conflict Minerals Statement. In the future, we will continue to promote such requirements and request suppliers to sign agreements accordingly.



## 2.8 Financial Assistance Received from Government

In 2022, the Sysgration's business locations received financial subsidies from the government's financial subsidies, Taiwan has the Nankang Plant, and Mainland China has the Zhenjiang Plant and Huizhou Plant. The types and amounts of subsidies are shown in the table below.

Taiwan	Business Location	Type of Subsidy	Amount of Subsidy
	Nankang Plant	Subsidy	▪ NT\$352,500 subsidy from the Stable Employment Program
	Nankang Plant	Subsidy	▪ NT\$8,753 from Workplace Learning and Re-adaptation Program
	Nankang Plant	Award	▪ NT\$152,000 for Corporate Human Resources Improvement Award Program
Mainland China	Business Location	Type of Subsidy	Amount of Subsidy
	Zhenjiang Plant	Subsidy	▪ RMB 49,779.50 from social security, housing, and living expenses allowances for university students
	Huizhou Plant	Subsidy	▪ Stable Job Subsidies RMB 10,590.36 ▪ Social Security Bureau One-time Job Retention Subsidy of RMB 31,835



# Products and Customers

# 3

**SYSGRATION**

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

# Sustainable Performance Highlights and Corresponding SDG

In 2022, The total installed capacity of Sysgration's UPS (Uninterruptible Power Supply) energy storage system sold was about **40MWh**, which is equivalent to an entire day of power generation of a **14MW** large-scale solar power plant.

In 2022, the research and development expenditure of Sysgration was approximately **NT\$200 million**, an increase of **6.5%** from 2021, accounting for **5.9%** of the total revenue, and actively investing in new product development and key technological breakthroughs.

Sysgration provides low-carbon green products and services, such as energy storage systems, automotive tire pressure monitoring systems, Rugged Vehicle Computers, Rugged Industrial Tablet PCs, and Head-Mounted Devices.

All Sysgration Plants obtained the Quality Management System **ISO 9001:2015** and Automotive Quality Management System **IATF 16949:2016** Certification; Nankang Plant and Zhenjiang Plant obtained Hazardous Substance Process Management System **IECQ QC080000:2017** Certification.





# Management Approach of Material Topic / Product Quality and Safety

**Material Topic** ▶

Product Quality and Safety

**GRI Standards** ▶

GRI 3-3 / GRI 416-1 / GRI 416-2

**Description of Impact** ▶

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

**Policies and Commitments** ▶

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

**Goals** ▶

Short Term (2023-2025):

- Improve the quality standards of products and services. Each product quality and safety verification has a Standard Operating Procedure (SOP) established and truthfully introduced.
- Comply with quality-related certification and standard requirements, and ensure that there are no violations of health and safety regulations for the products and services.
- Reduce the amount of waste generated during product manufacturing by 5% per year.
- Reduce energy consumption in the product manufacturing process and reduce energy usage by 5% per year.
- Improve employee awareness and participation in quality and safety, with a coverage rate of 90%.
- Continue to increase investment in research and development, and exert great efforts in developing new products with high quality and high added value.
- Improve the automated production technology for product development and deepen smart manufacturing.

Medium and Long Term (2025-2030):

- Truthfully implement the PDCA cycle quality management process to improve product quality.
- Become the leader in product quality and safety in the industry, and recognized by the corresponding industry.
- Enter the high-tech threshold, high-value smart products and the field of the Internet of Things.
- Reduce carbon emissions in the product manufacturing process, reducing carbon emissions by 6% every year.
- Through continuous improvement, the quality satisfaction of products and services can reach more than 90%.
- Cultivate a high-quality and safety management team to ensure the improvement of relevant professional capabilities within the Company.

**Responsible Unit** ▶

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

**Grievance  
Mechanism****Action Plans**

Customer Contact: [sales@sysgration.com](mailto:sales@sysgration.com)

**Negative Impact Management:**

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

**Positive Impact Management:**

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

**Effectiveness  
Assessment**

- Regularly convene senior management meetings to discuss quality and safety issues, determine goals and strategies, and track progress.
- Regularly conduct internal and external audits to check the operation of quality and safety management systems to ensure compliance with the requirements in laws, regulations and standards.
- Regularly conduct customer satisfaction surveys to collect customer feedback and opinions on product quality and safety, which are used to improve and optimize products and services.
- Regularly make inventory and check the implementation of quality and safety management measures to ensure compliance with internal policies and standards.
- The quality inspection results show that the product qualification rate has increased by 10% compared with the previous year.
- There was no violation of any product quality-related laws, regulations and standards this year.

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

**Material Topic** ▶

Low-Carbon Green Products

**GRI Standards** ▶

GRI 3-3 / GRI 302-5

**Description of Impact** ▶

With the vision of developing and providing "Green Products", Sysgration insists on low-carbon strategy of "Green Manufacturing and Green Design". In response to the trend of stricter energy and environmental laws and regulations and continuous changes in energy structure, Sysgration cooperates with government policies, pragmatically promotes energy conservation, emission reduction and green businesses, and strives to develop green businesses of energy storage products. We assist customers in reducing greenhouse gas emissions, and keep in line with future international competition trends.

**Policies and Commitments** ▶

- Use environment-friendly electronic raw materials and introduce high efficiency manufacturing processes and technologies in the factory to reduce the use of energy and resources.
- Develop energy storage systems and photovoltaic power generation systems to assist Sysgration and customers in improving the energy structures and reducing carbon emissions.
- Choose product packaging materials that are easy to recycle, save resources and have low pollution.
- Integrate suppliers to complete the Green Supply Chain Planning and Management System.

**Goals** ▶

Short Term (2023-2025):

- Increase the global energy storage installations to 1,198MW in 2023, and will exceed 2GW in 2024, with a growth of 5 times in the next three years.
- Reduce the greenhouse gas emission intensity in the manufacturing process by 1% every year.

Medium and Long Term (2025-2030):

- Reduce the greenhouse gas emission intensity in the manufacturing process by 5% compared to 2022.
- The production value of low-carbon green products reaches 50% of the annual revenue.

**Responsible Unit** ▶

- Design: The Research and Development Department is responsible for the planning, development and design of low-carbon green products.
- Production: The Quality Assurance Department is responsible for the promotion, implementation and review of product quality policies to ensure the quality and reliability of green products.

**Invest Resources** ▶

In 2022, Research and Development expenditure on low-carbon green products was about NT\$200 million, an increase of 6.5% from 2021, accounting for 5.9% of total revenue.

**Grievance Mechanism Action Plans** ▶

Customer Contact: sales@sysgration.com

**Effectiveness Assessment** ▶

Positive Impact Management:

- Invest in research and development funds for green products with low energy consumption and low emissions.
  - Research and develop low-carbon energy-saving products to reduce carbon emissions and energy consumption of products.
  - Promote low-carbon green production and the use of renewable energy in product production to reduce the carbon footprint of products.
- 
- Regularly convene senior management meetings to discuss low carbon green product issues, determine goals and strategies, and track progress.
  - Regularly conduct customer satisfaction surveys to collect customer feedback and opinions on low carbon product quality and safety, which are used to improve and optimize products and services.
  - Quarterly review improvement measures of energy saving, water saving, waste reduction, pollution prevention and green manufacturing process, and make statistics on the implementation of green production of each product. Evaluation indicators include product energy efficiency, water and electricity consumption in the production process, and greenhouse gas emission intensity, etc.

# 3.1 Product Quality and Safety

## 3.1.1 Product Quality Management

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

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

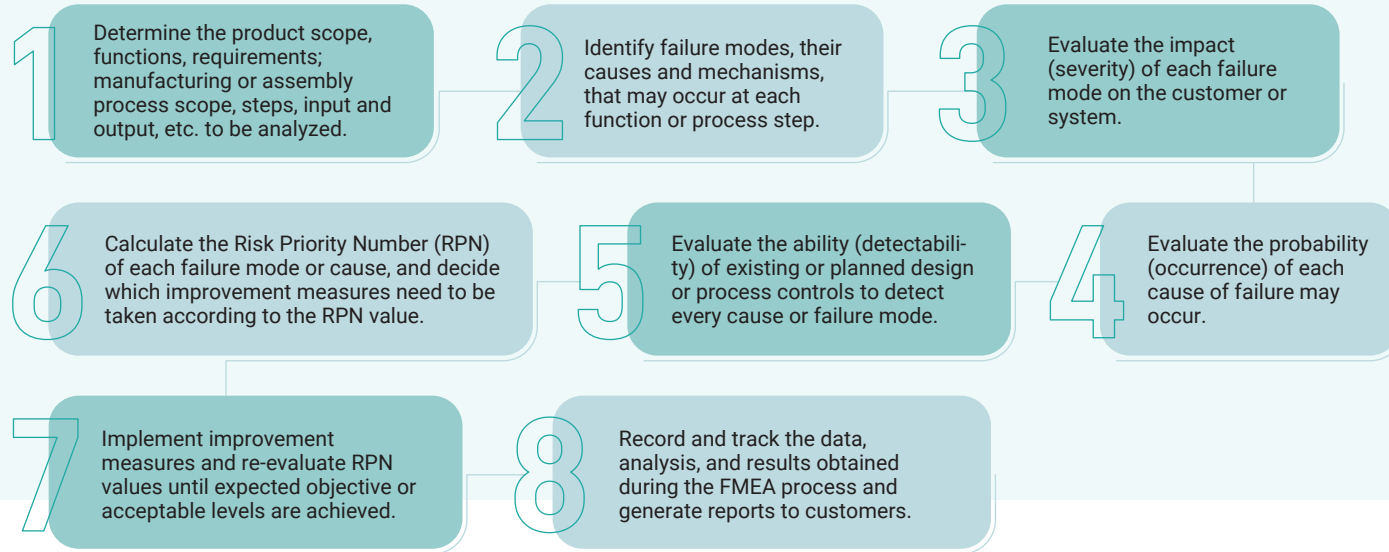
### Quality Certifications for Sysgration

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



List of Certificates

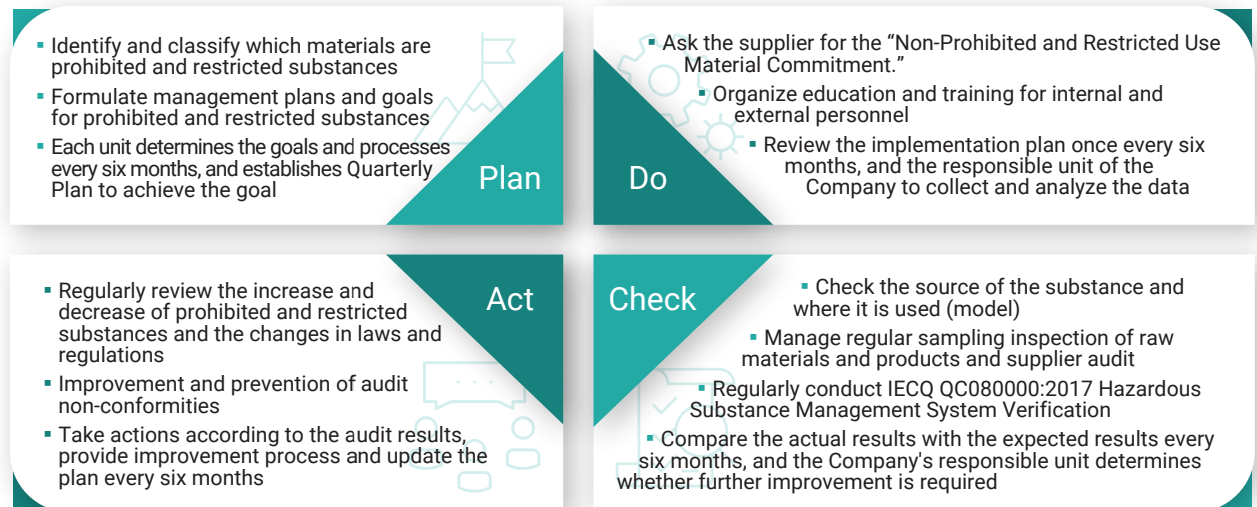
**Failure Mode and Effects Analysis (FMEA)**



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

**3.1.2 Hazardous Substance Process Management**

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



### I IECQ QC080000:2017 Hazardous Substance Management System Certifications



Nankang Plant



Zhenjiang Plant

## 3.2 Low-Carbon Green Products

### 3.2.1 Green Product Design

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

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

### I Product Life Cycle Green Design Thinking

**Raw Material Stage**

- Ensure that the procurement of raw materials complies with the requirements of environmental protection and social responsibility, such as selecting certified environmentally friendly raw materials, such as certified forest wood.
- Select eco-friendly electronic materials, and comply with RoHS, WEEE standards.
- Request suppliers providing raw materials to sign "Declaration of Non-Use of Conflict Minerals" and "Non-Environmental Hazardous Material Contained Commitment."

**Manufacturing Stage**

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

**Transportation and Sales Stage**

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

**Use Stage**

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

**Waste Disposal Stage**

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

## Sysgration Low-Carbon Green Products

### Energy Storage System

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



### Tire Pressure Monitoring Systems

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

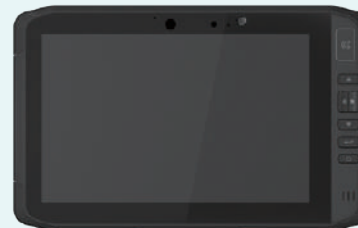


### Rugged Vehicle Computers

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

### Rugged Industrial Tablet PCs

Rugged Industrial Tablet PCs are manufactured with durability and stability as the key point, and can withstand the harshest operating environments, serving as the platform for data capture, processing, and transmission. Sysgration adopts the design of the new generation chip QCS6490 platform, which can greatly improve the computing performance, reduce the power consumption of the product by up to 30%, and increase the connection coverage area by 80%. The entire series of products can be customized according to special business requirements, such as manufacturing, warehousing, military, electronic flight bags for aviation operations, field service, transportation, police, fire and other emergency services.



### Head-Mounted Devices

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

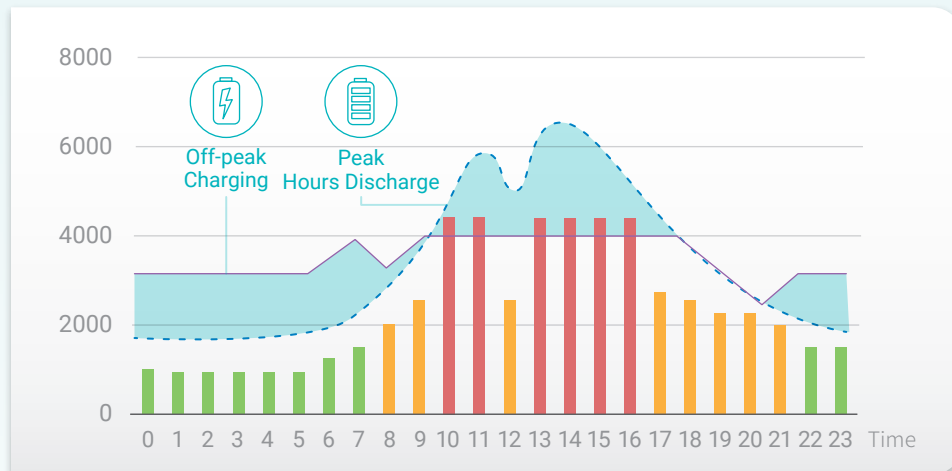


## Energy Storage System Technology

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

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

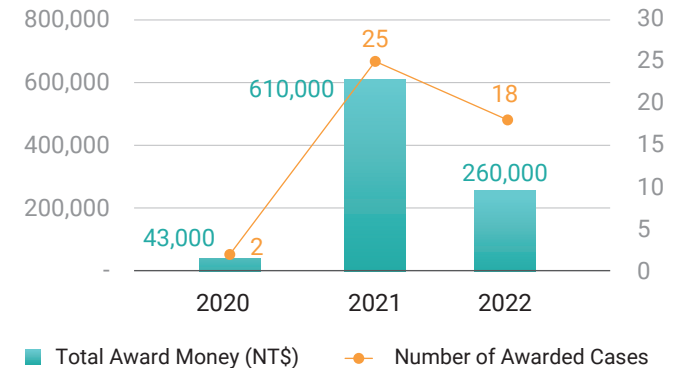
In 2022, The total installed capacity of Sysgration's UPS (Uninterruptible Power Supply) energy storage system sold was about 40MWh, which is equivalent to an entire day of power generation of a 14MW large-scale solar power plant.



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

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

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

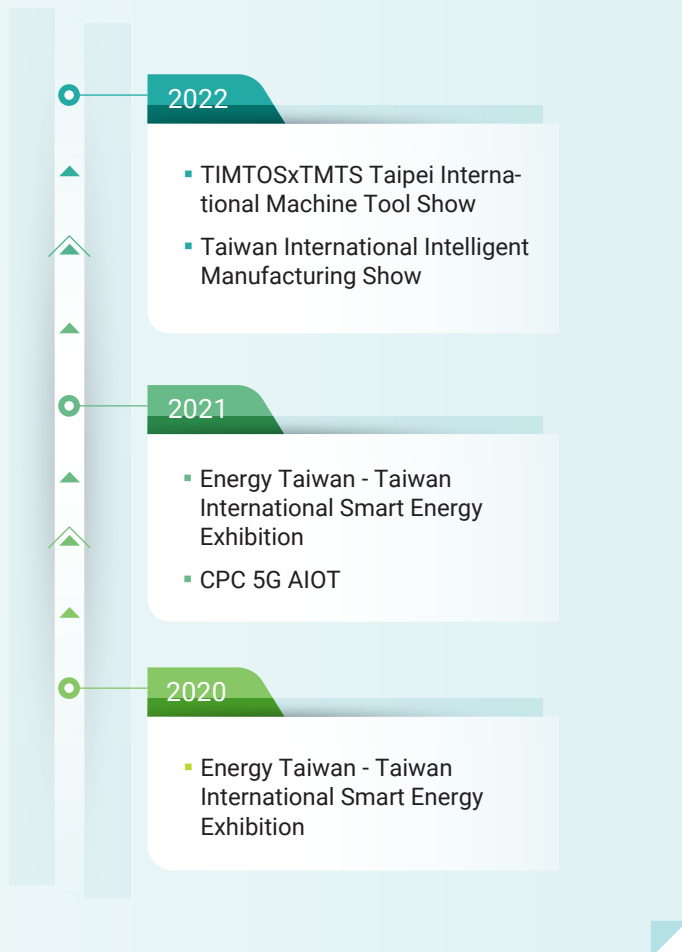


In terms of external technological innovation policies, Sysgration also strengthens cooperation with start-up companies and university scientific research institutions, and develops activities in low-carbon technology transfer and cooperative research and development, so as to realize the sharing and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



### 3.2.3 History of Product Exhibition

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



### 3.2.4 Green Product Future Outlook

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

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

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

##### Energy Storage System

Increase the energy storage efficiency by more than 85% for the distributed energy storage system, large energy storage lithium battery module, and efficiency of UPS system high performance application lithium battery module. It can prevent the risk of reduction of the lifetime of other batteries in case of any abnormality of one single battery, and effectively prolong the useful lifetime of a battery, thereby achieving environmental friendliness.

##### Tire Pressure Monitoring Systems

Tire Pressure Monitoring System (TPMS) developed by Sysgration in the future is expected to reduce 30% of waste during the production process and reduce 50% of the energy consumption in comparison to the currently existing products.

##### Automotive Computer

Sysgration continues to engage in innovative research and development to satisfy customer demands for efficiency improvement and AI-aided self-driving function, to reduce energy consumption and reduce traditional manpower calculation loss. In addition, it also assists in the optimization of the logistics route planning of customers' vehicles and reduces fuel consumption.

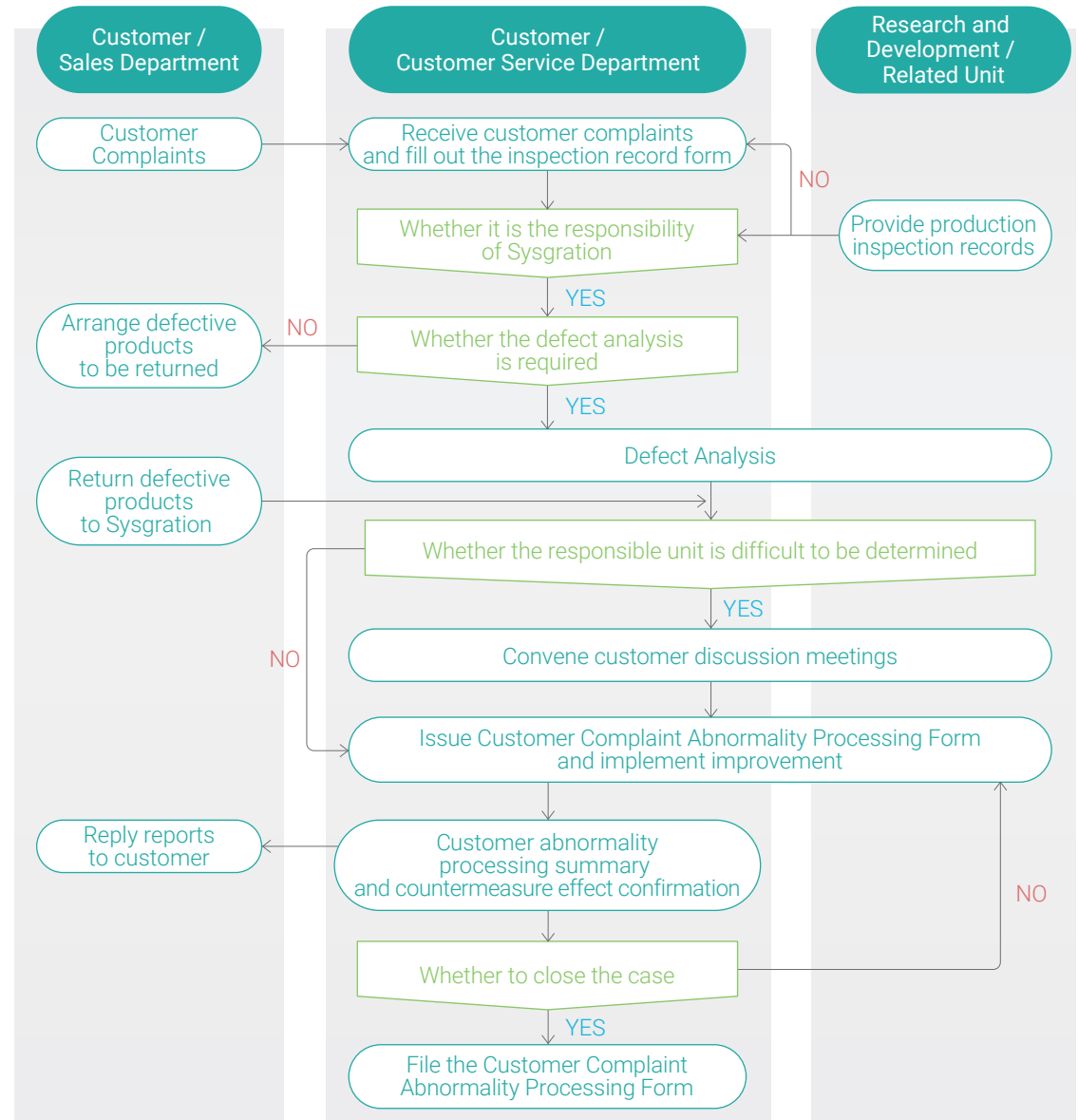
# 3.3 Customer Relationship Management

## 3.3.1 Customer Communication

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

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

### Customer Complaint Case Handling Procedures

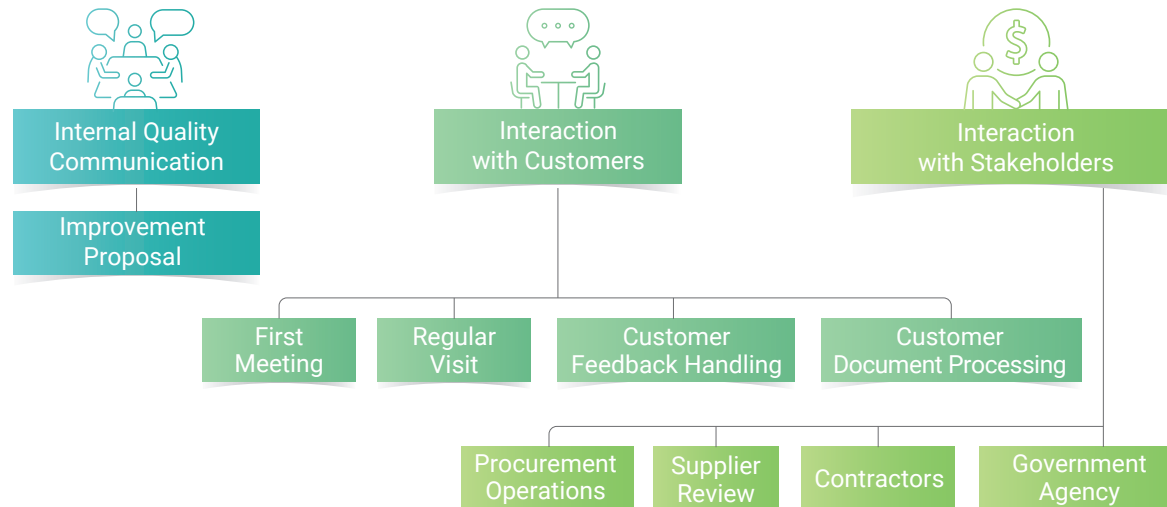


With the aim to offer customers more value-added services, based on our products and services, Sysgration proactively understands customers' in-depth needs and requests through the ways of regular meeting discussions, visiting interactions and questionnaire surveys, etc., and communicate with customers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

**Customer Communication Channel**



**Communication Management Procedures**



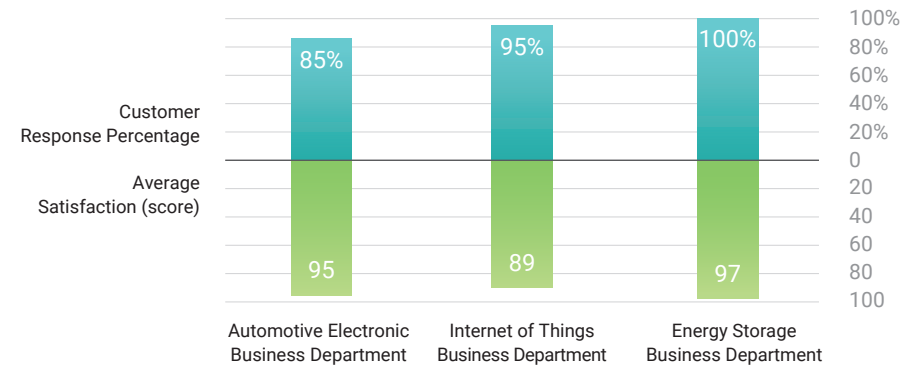
**3.3.2 Customer Satisfaction**

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

**Customer Satisfaction Survey Operation**

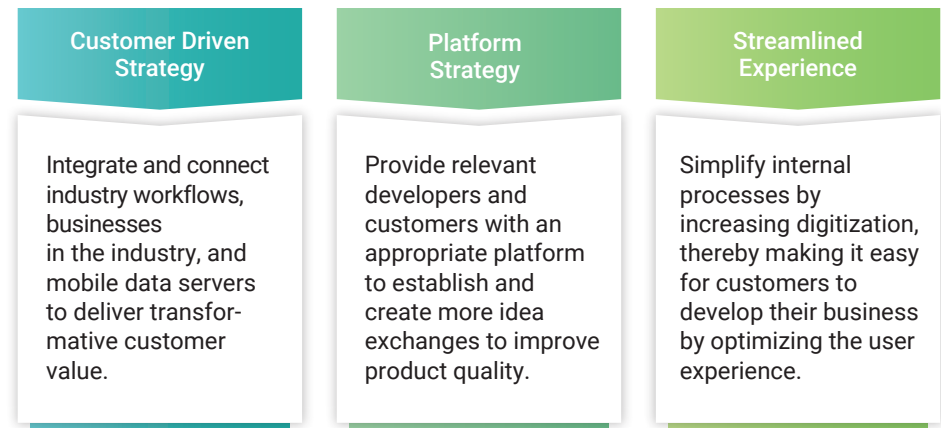


**2022 Customer Satisfaction Survey Results**



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

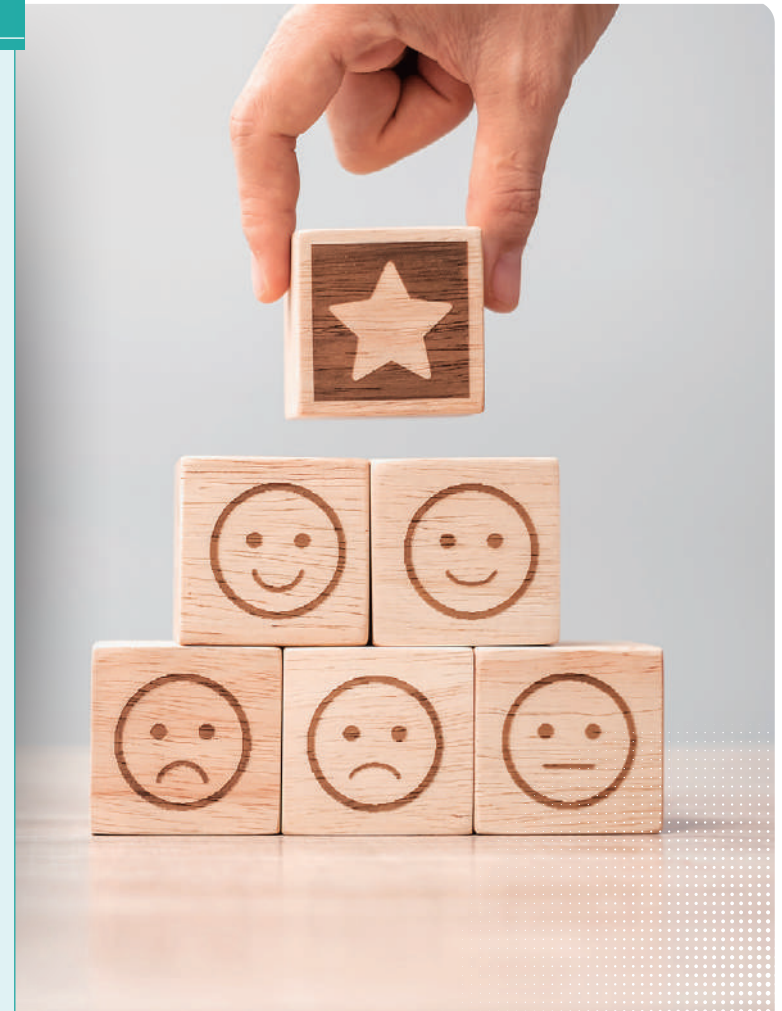
**Management and Strategy for Maintaining Customer Relationships**



### Customer service optimization case

In 2022, in view of the interest rate hike pressure of the US Federal Reserve, the overall market prosperity tends to be conservative, and some customers lowered their safety stocks and delayed delivery schedules. Until the economy recovers at the end of the year, in response to inventory stock revisions, customer demand shifts to urgent shipments to increase inventory. In order to meet the rapidly changing customer demand, Sysgration optimizes the three aspects of supplier material preparation, factory production and express delivery at the same time, to achieve the improvement of the following indicators with the cooperation of all units:

- (1) Hold urgent meetings with raw material suppliers four times a week to shorten the time for raw material preparation and improve the efficiency of material preparation to **30%**.
- (2) Shorten the production cycle by meeting with the factory production management, and dispatching personnel to work overtime to increase the production efficiency to **40%**.
- (3) Coordinate with the transportation operators, adopt the point-to-point delivery method, and directly express delivery of the finished products of the factory to the customer's warehouse to shorten the transportation time by about **60%**.





# Environmental Sustainability

# 4

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

# Sustainable Performance Highlights and Corresponding SDG

In 2022, Sysgration's electricity generation of renewable energy was **10.03 MWh**.

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

The greenhouse gas intensity of Sysgration in 2022 was 0.69 tCO<sub>2</sub>e / NT\$ million in revenue, which is lowered by about **14.81%** compared with that in 2021.

The energy intensity of Sysgration in 2022 was 4.98 GJ/ NT\$ million in revenue, which is lowered by about **15.49%** compared with the energy intensity in 2021.

Sysgration reduced approximately **193,564** KWh of electricity consumption through multiple energy-saving measures in 2022, which was equivalent to the reduction of approximately **106.04** tCO<sub>2</sub>e.

The total Group water withdrawal of Sysgration in 2022 was 17.13 million liters, which is lowered by approximately **6.69%** compared to 2021.



# Management Approach of Material Topic / Energy management

**Material Topic** ▶

Energy management

**GRI Standards** ▶

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

**Description of Impact** ▶

Sysgration actively participates in international initiatives, further researches and analyzes opportunities for climate change, installs smart energy storage systems at operation locations, allows the Energy Management System to allocate electricity consumption, maximizes electricity efficiency, and transforms energy structures.

**Policies and Commitments** ▶

Sysgration is committed to practicing energy management, continuously promoting energy management and implementing energy conservation in all operating factories for the long term.

**Goals** ▶

Short-term (2023-2025):

- Taking 2021 as the base year, achieve the emission intensity reduction of electricity consumption by at least 10%.

Medium- and Long-term (2025-2030):

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

**Responsible Unit** ▶

Environmental Sustainability Team

**Grievance Mechanism** ▶

greenteam@sysgration.com

**Action Plans** ▶

Negative Impact Management:

- In 2022, Nankang Plant replaced mechanical air conditioners with intelligent air conditioners.
- In 2022, Zhenjiang Plant added electric forklifts and reduced the use of diesel forklifts.
- Each operating factory gradually replaces and plans to replace traditional lamps with energy-saving lamps.

Positive Impact Management:

- In 2022, the factory production line in Nankang Plant was reconstructed, conducted the production line reorganization, and simultaneously implemented the EMS Energy Management System.
- Organize energy management related education and training to enable employees to implement energy-saving and automation equipment and systems.

**Effectiveness Assessment** ▶

Energy-saving Programs in the operation factories, implement energy saving and optimize energy efficiency for equipment with larger power consumption (such as production and air conditioning). Review and analyze the power consumption condition of each plant every year, assess the benefits of energy management to confirm whether the energy-saving actions are implemented, and propose review and improvement strategies for the equipment with poor performance improvement.



# 4.1 Response to Climate Change

The 27th United Nations Climate Conference (COP27), reaffirmed the goal of the "Paris Agreement" to limit the temperature increase of global warming to 1.5°C, and called for the public disclosure of a comprehensive net-zero transformation plan to assess and respond to potential operational impacts that have become a major challenge facing the world currently. In The "Global Risks Report 2023" published by the World Economic Forum (WEF), environmental risk accounted for four of the top five long-term risks including Failure to mitigate climate change, Failure to climate-change adaptation, Natural disasters and extreme weather events, as well as Biodiversity loss and ecosystem collapse, which is more than enough to demonstrate the necessity of multiple global climate initiatives and multiple climate policy formulations in all countries in the world.

Sysgration is fully aware of the importance of climate risk management and actively establishes response measures for climate change. In 2022, we followed the Task Force on Climate related Financial Disclosures (TCFD) to transparently disclose Sysgration's current management status of key climate change risks and opportunities according to four major frameworks of governance, strategy, risk management, metrics and targets, to achieve the goal of sustainable operation.

## 4.1.1 Governance

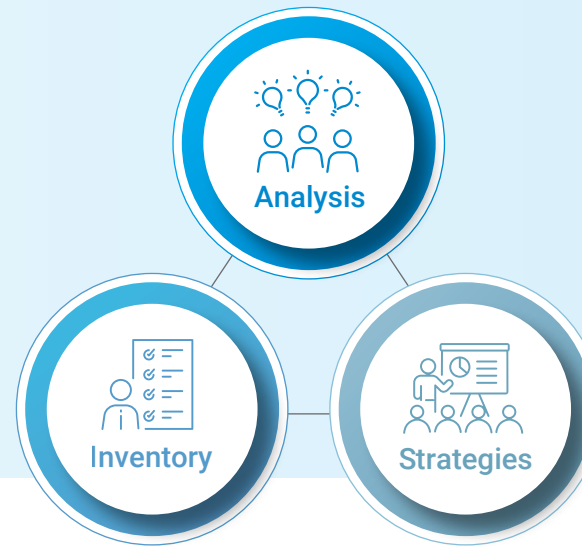
In order to effectively manage climate-related risks and opportunities, the ESG-TCFD Committee of Sysgration is convened by the General Manager, and has set up three ESG-TCFD Executive Teams, Policy and Regulation Team, the Market Research Team, and the Physical Risk Assessment Team respectively, to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

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



## 4.1.2 Strategies

In order to implement the determination of climate risk management, Sysgration comprehensively introduced the climate-related risk and opportunity identification mechanism in 2022, established the Climate-related Risks and Opportunities Matrix according to the possible impact period of climate change, the affected operation factories, the probability of risk occurrence and the degree of impact on operations and through analysis and evaluation to fully inventory, assess and present the impact of various climate-related risk and opportunity issues on the Company's operations.



### Analysis

- Introduce the Climate-related risk and opportunity identification mechanism
- Identify climate-related risks and opportunities based on Sysgration's operation status and industry characteristics

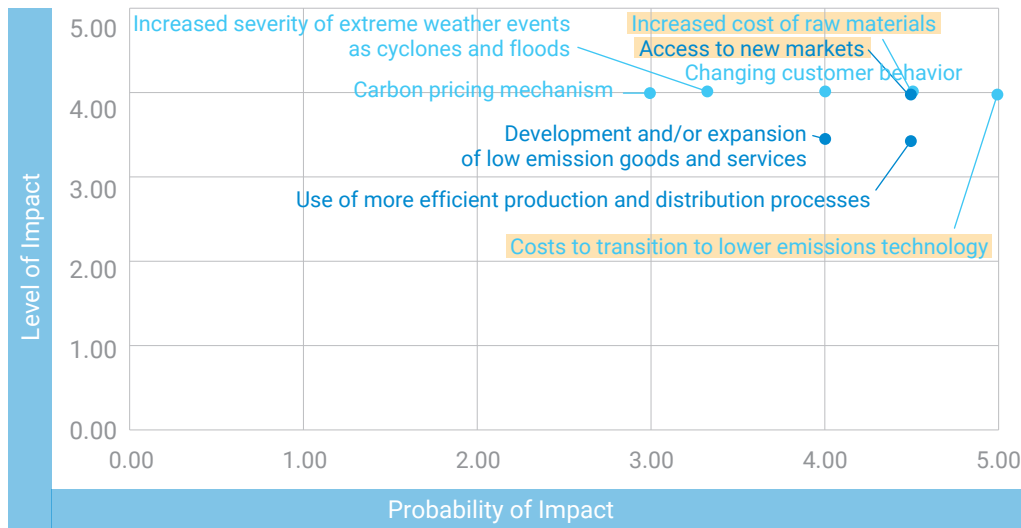
### Inventory

- Complete inventory and assess the impact of various climate-related risks and opportunities on the Company's operations

### Strategies

- Propose corresponding control measures and action plans based on the impact of proposed climate-related risks and opportunities on the Company

### Climate-related Risks and Opportunities Matrix






Order	Climate-related Risk Issues	Significance
1	R4 Costs to transition to lower emissions technology	Significant
2	R2 Increased cost of raw materials	
3	R3 Changing customer behavior	
4	R5 Increased severity of extreme weather events as cyclones and floods	
5	R1 Carbon pricing mechanism	

Order	Climate-related Risk Issues	Significance
1	O1 Access to new markets	Significant
2	O2 Use of more efficient production and distribution processes	
3	O3 Development and/or expansion of low emission goods and services	

■ Climate Risks ■ Climate Opportunities

Climate-related Risks and Opportunities Identification Results

Type of Risks and Opportunities	Issue Definition	Company Impact Description	Impact Period	Impacted Factories	Response Strategy	
 <p>Transition Risk</p>	Policy and Legal Risk	Carbon pricing mechanism	The European Union will implement the CBAM Carbon Border Adjustment Mechanism starting October 1, 2023, with full implementation in 2026; Taiwan is expected to start collecting and introducing a carbon fee in 2024-2025. Although the Company is not the first wave of taxation objects, we still need to pay close attention to regulatory changes and updates. The national carbon emission trading market in mainland China will be launched in 2021. The first industry to be included in the trading is the electric power industry, but it is still necessary to pay close attention to the policies and industries that are subject to regulation. In the future, when carbon emissions exceed the control value, an additional purchase is required. However, the price of carbon rights should be increased year by year, resulting in cost pressures on businesses.	Medium-term (3~5 Years)	Company-wide	<ol style="list-style-type: none"> <li>1. Establish the ESG Committee and set up a Sustainable Environment Task Force to promote and supervise energy conservation and carbon reduction measures, such as replacing equipment, promoting paperless and recycling paper reuse. In the past two years, replacing the lighting in the factories with LED energy-saving lamps has reached 65%, and 100% of the factories will be replaced with LED lamps in the next year.</li> <li>2. Introduce ISO 14064 Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based Carbon Reduction initiative targets.</li> <li>3. Continue to pay attention to Mainland China's carbon trading market policies, and Taiwan's carbon fee and carbon tax policies, conduct carbon inventory every year, set short-term, medium- and long-term carbon emission reduction targets and reviewed regularly, so as to cooperate with the government's relevant carbon reduction policies in the future and adjust the Company's carbon reduction strategies and action plans in a timely manner.</li> </ol>
	Market Risk	Increased cost of raw materials	Natural disasters affect raw material suppliers, and increase the cost of purchasing raw materials, resulting in increased production costs. For example, due to supply chain interruptions, products fail to be delivered as scheduled; the manufacturing locations of automotive electronic components are also in Europe and the United States. For example, winter storms severely damage the power grid, resulting in power outages or production capacity crowding out after power is restored. All of this will increase the costs and increase the pressure on the Company's operating costs.	Short-term (0~3 Years)	Company-wide	<ol style="list-style-type: none"> <li>1. Understand the production base of the upstream supply chain and provide predictive orders to facilitate production capacity planning and adjustment.</li> <li>2. Disperse the proportion of materials used for electronic components through product design and supply chain management, not limited to one brand, and avoid production in the same area.</li> <li>3. Improve research and development efforts, introduce green design, optimize production methods, and use a new recyclable integrated simple packaging design to reduce the waste of redundant packaging materials, reduce the cost of raw materials, reduce the weight of the whole machine, reduce transportation costs, to achieve energy saving carbon reduction.</li> <li>4. Actively introduce raw material suppliers capable of implementing energy saving and carbon reduction.</li> </ol>
	Changing customer behavior	In order to reduce the impact on the environment, many customers have requested changes in their product manufacturing or design requirements, such as replacing the battery from lead-acid batteries to lithium batteries. In addition to saving maintenance costs, it also reduces the impact of lead acid on the environment. To effectively reduce the tire wear of customer fleets, tire manufacturers propose changes by providing a Fleet Management System and integrating a Tire Pressure Monitoring System.	Medium-term (3~5 Years)	Company-wide	<ol style="list-style-type: none"> <li>1. In the development and design of tire pressure monitoring, energy storage and automotive electronics, Sysgration works closely with chip manufacturers, with new chip integrated with the original wireless communication into the main chip, to reduce the PCB area and makes the overall chip size smaller and lighter, reducing the raw materials needed for production processes, and shortening the time required for manufacturing, achieving the carbon reduction benefits in the product life cycle.</li> <li>2. Establish a complete customer communication channel, formulate relevant standards for compliance, and provide customer feedback procedures to instantly understand customer needs for product specifications; at the same time, visit customers regularly to discuss cooperation and integration business matters to increase customer value differentiation and assist customers in expanding low carbon product market.</li> </ol>	
	Technology Risk	Costs to transition to lower emissions technology	<ul style="list-style-type: none"> <li>Customers have increased demand for low-carbon and green energy-designed products, such as Fleet Management System and Bluetooth Tire Pressure Monitoring System; and all countries have also begun to increase requirements for specific products and processes, such as Europe has required mandatory installation of Tire Pressure Monitoring System for trucks, hence, investment in product research and development and process improvement costs will increase.</li> <li>The carbon emission requirements of the countries where each operation location is located, such as the carbon fee levied by Taiwan's Climate Change Response Act and the carbon trading in the test pilot of the carbon trading market in mainland China. If low-carbon technology transformation is not implemented, the cost of carbon fees will increase.</li> </ul>	Short-term (0~3 Years)	Company-wide	<ol style="list-style-type: none"> <li>1. Set up Research and Development Departments for different product lines, and combine the expertise and advantages of supply chain manufacturers to continuously develop innovative technologies in the fields of Internet of Things, Internet of Vehicles, Energy Storage products, and Battery Energy.</li> <li>2. The development of the new Bluetooth TPMS will reduce the weight of the vehicle, reduce fuel consumption, reduce the possibility of tires being scrapped early due to insufficient tire pressure, and save fuel consumption while maintaining tire pressure.</li> <li>3. Actively encourage employees to expand the research and development achievements completed on the job, accumulate the Company's intellectual property rights, and arrange relevant innovative research and development courses combined with environmental sustainability at the same time.</li> <li>4. Introduce ISO 14064 Inventory, set the greenhouse gas reduction targets, and actively establish the Science Based Carbon Reduction initiative targets.</li> </ol>

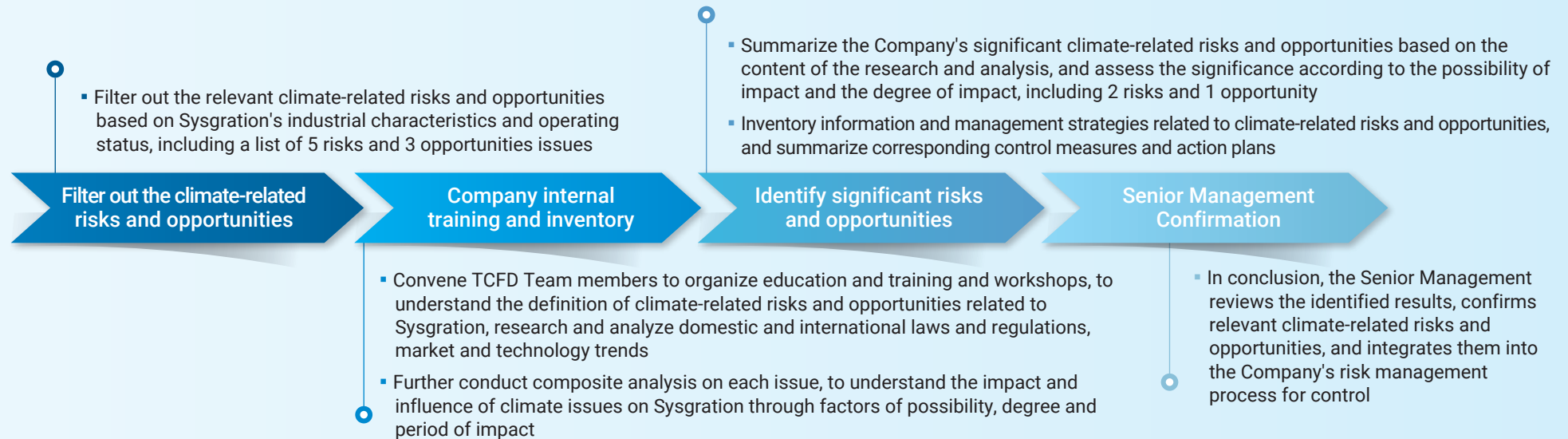
Type of Risks and Opportunities	Issue Definition	Company Impact Description	Impact Period	Impacted Factories	Response Strategy
 <p>Physical Risk</p>	Acute Risk Increased severity of extreme weather events as cyclones and floods	In recent years, the frequency of extreme weather events has increased and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

Financial Impact Assessment of Significant Climate-related Risks and Opportunities

Type of Risks and Opportunities	Issue Definition	Assessment Scope	Climate-related Scenarios	Impact Assessment Timeline	Financial Impact Assessment Results
Transition Risk	Market Risk	Increased cost of raw materials	According to the SSP5-8.5 scenario of IPCC AR6, analyze the impact of climate disasters on the disruption of system electricity production logistics and the inability of the supply chain of Sysgration is analyzed.	2046~2065 (mid-century)	Under effective management and control of the operations in past, there have been no interruptions in production logistics and supply chain inability to supply due to climate disasters, so there has been no impact on revenue temporarily.
	Technology Risk	Costs to transition to lower emissions technology	Company-wide <ul style="list-style-type: none"> <li>In the process of lower emissions technology transition, when Sysgration's products fail to meet the latest low-carbon and energy-saving specifications of customers or the government, will be likely caused orders decline.</li> <li>Based on the BAU (Business As Usual) and IEA-Net Zero scenarios (scenarios where global warming is expected to be controlled at 1.5°C), carbon fees or carbon trading expenses are levied on different operating factories to comply with the greenhouse gas emission policies of local authorities, and will be likely caused financial impact.</li> </ul>	2025	<ul style="list-style-type: none"> <li>If the product fails to lower emissions technology transition to meet the latest low-carbon energy-saving specifications of customers or the government, resulting in orders decline, the financial impact will account for 32.5% of the revenue.</li> <li>The financial impact of carbon fees or carbon trading expenses levied on operating factories in order to comply with the greenhouse gas emission policies of local authorities:                      (1) BAU scenario: Financial impact accounts for 0.03% of the revenue.                      (2) Net Zero scenario: financial impact accounts for 0.09% of the revenue.</li> </ul>
Opportunity	Market	Access to new markets	The planned and estimated growth scenario is based on Sysgration's entry into new markets such as Bluetooth TPMS, Internet of Vehicles, and Energy Storage products.	2026, 2030 (medium- and long-term)	Mid-term: Expected to the profit of NT\$6,107.07 million to new markets. Long-term: Expected to the profit of NT\$7,318.47 million to new markets.




4.1.3 Risk Management

Climate Change Related Risks and Opportunities Identification and Assessment Process



## 4.1.4 Metrics and Targets

### Climate Metrics and Targets Implementation Status

		
Low Carbon and Green Products	GHG Management	Energy Saving Management
Targets		
Set the year of 2022 as the base year for the Group's global energy storage installation capacity; the target is to grow by 5 times in 2025.	Set the year of 2021 as the base year for the greenhouse gas emissions: 1.Short-term: 10% reduction in emissions by 2023 2.Medium-term: 20% reduction in emissions by 2025 3.Long-term: 50% reduction in emissions by 2030	Set the year of 2021 as the base year for the power consumption management; the goal is to reduce the emission density of electricity consumption by at least 40% in 2026.
Implementation Status		
Sysgration has been committed to using advanced technology to produce and develop battery modules, providing solutions for electric vehicles, backup systems, and energy management. The uninterruptible power supply system has been delivered to Taiwan's first-tier manufacturers. The cumulative production of electric vehicle battery modules exceeds 2,000 sets, and the cumulative production of energy-related products exceeds 200MWh.	The calculation of greenhouse gas emissions is mainly based on Scope 2 (externally purchased electricity), accounting for 99% of the annual emissions. In 2022, the Group's total greenhouse gas emissions were 2,370.92 tCO <sub>2</sub> e, and the emission intensity was 0.69 tCO <sub>2</sub> e/ NT\$ million in revenue, a decrease of 14.81% compared to 2021.	In 2022, the Group's total electricity consumption was 4,607,730.03 kWh, and the emission intensity of electricity consumption was 1,353.48 kWh/ NT\$ million in revenue, a decrease of 14.65% compared with in 2021.

## 4.2 Greenhouse Gas Emissions

### 4.2.1 Greenhouse Gas Emissions

In order to achieve the net-zero goal of the Paris Agreement, the Taiwan government responded positively. First, it announced a Sustainable Development Roadmap for listed companies in 2022. In 2023, the "Climate Change Adaptation Act" was amended and passed. To achieve the net zero goal in 2050 and establish the carbon reduction goals, it is necessary to conduct inventory first. All international sustainability evaluations, such as CDP (Carbon Disclosure Project) and DJSI (Dow Jones Sustainability Index), require disclosure of climate information, clearly showing the importance of greenhouse gas emission data disclosure. As a global business citizen, Sysgration also attaches great importance to this issue, and plans to introduce ISO 14064-1 Greenhouse Gas Organization Inventory Response in the near future.

Scope 2 (Purchased electricity) is the main source of Sysgration's greenhouse gas emission calculation, accounting for more than 99% of the Company's emissions in the past three years. With the continuous growth of business in recent years, the total greenhouse gas emissions have increased yearly. In view of the promotion and implementation of greenhouse gas reductions in all operation locations in recent years, the intensity of greenhouse gas emissions has decreased year by year.

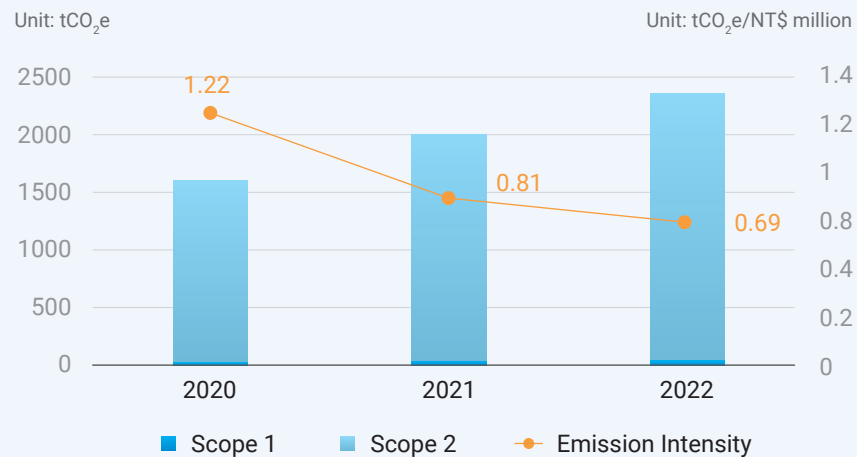
**Statistics of Sysgration Greenhouse Gas Emission Data in the Past Three Years**

Greenhouse Gas Emissions	2020	2021	2022
Scope 1 <sup>(Note 1)</sup> (tCO <sub>2</sub> e)	27.83	30.34	25.59
Scope 2 <sup>(Note 2)</sup> (tCO <sub>2</sub> e)	1,586.92	1,968.05	2,345.33
Total emission (tCO <sub>2</sub> e)	1,614.75	1,998.39	2,370.92
Emission intensity (tCO <sub>2</sub> e / NT\$ million in revenue)	1.22	0.81	0.69

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

Note 2: The 2022 Scope 2 carbon emission coefficient of purchased electricity is calculated by the 2021 annual electricity carbon emission coefficient of 0.509 kg CO<sub>2</sub>e/kWh announced by the Bureau of Energy.

**Sysgration Greenhouse Gas and Intensity**



**4.2.2 Greenhouse Gas Management**

Sysgration pays attention to the impact of climate change on corporate operation. We have established the greenhouse gas reduction goal and set the year of 2021 to be the base year. The short-term goal is a 10% reduction in emissions by 2023, the medium-term goal is a 20% reduction in emissions by 2025, and the long-term goal is a 50% reduction by 2030. Sysgration implements various measures for carbon reduction, including promoting paperless office, purchasing green products and raw materials, promoting the use of employees' own tableware, replacing equipment, and utilizing most optimal production methods. Through implementing these measures and actions, we strive to reduce carbon emissions gradually.

**Reduction Project: Greenhouse Gas Reduction**



**Measures:**

1. Replace old equipment with new ones in the operation factory to improve energy efficiency and reduce greenhouse gas emissions. Huizhou Plant added automated production line in 2021, and Nankang Plant started automated production line operation in Q4 in 2022.
2. Promote paperless policy, paper recycle and reuse to reduce paper use quantity.
3. Purchase and use green eco-friendly products for raw materials and equipment.
4. Encourage employees to use their own eco-friendly tableware to reduce the use of disposable tableware.



Automated Production Lines in Huizhou Plant



Automated Production Lines in Nankang Plant

# 4.3 Energy Management

SASB RT-EE-130a.1

## 4.3.1 Energy Use

The energy consumption of Sysgration includes the externally purchased electricity, diesel fuel and gasoline. Externally purchased electricity accounts for the largest source of energy consumption, which is mainly used for the parts and component assembly production and air conditioning system in the facility. The gasoline is mainly used for the Company vehicles, while the diesel fuel is mainly provided for the diesel forklift truck in the plant. The total energy consumption of Sysgration in 2022 was 16,944.06 GJ, an increase of 17.23% from 14,453.81 GJ in 2021. The increase in power consumption was mainly due to the new installation of the production lines in Nankang Plant, Huizhou Plant and Zhenjiang Plant. On top of that, the continuous high temperature in Zhenjiang Plant in 2022 due to climate change resulted in an increase of power consumption of air conditioners in the factory. In 2022, the power consumption of Nankang Plant was higher in the Taiwan area, accounting for 82.87% of the total power consumption in Taiwan. In the Mainland China area, since the scale of Huizhou Plant is relatively larger, the power consumption accounted for 82.10% of the total power consumption in Mainland China. Implement energy-saving improvement and replacement of equipment at each operating location, the energy intensity of Sysgration was 4.98 (GJ/ NT\$ million in revenue) in 2022, a decrease of 15.49% from the energy intensity of 5.89 (GJ/ NT\$ million in revenue) in 2021.

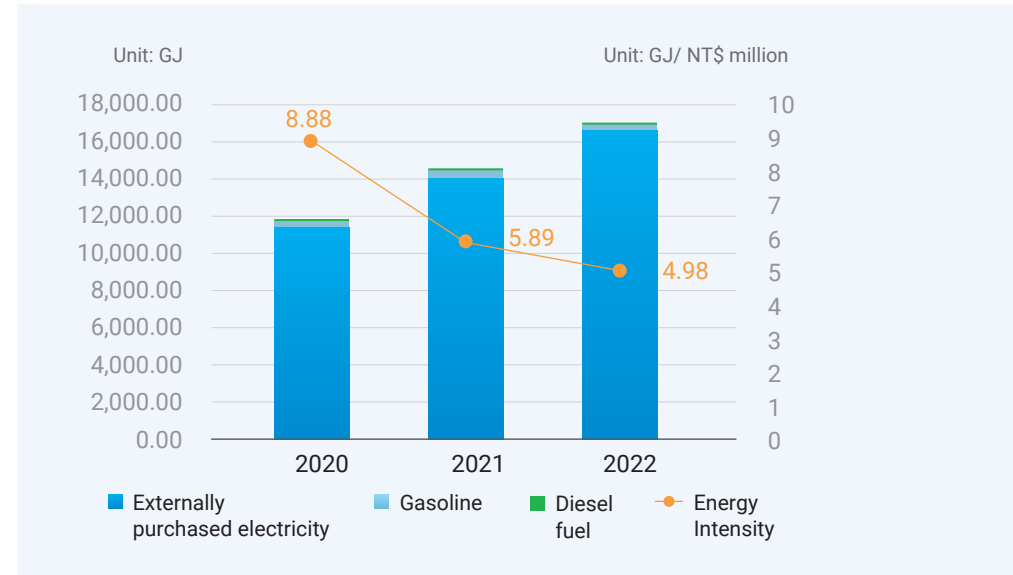
### Statistics of Sysgration Energy Consumption Data in the Past Three Years

Category	Item <sup>(Note 1)</sup>	2020	2021	2022
Investment	Externally purchased electricity (GJ) <sup>(Note 2)</sup>	11,382.87	14,017.05	16,591.61
	Gasoline (GJ)	385.28	422.75	343.76
	Diesel (GJ)	15.21	14.01	8.69
	Total Energy Consumption (GJ)	11,783.36	14,453.81	16,944.06
Outcome	Renewable Energy Sales (GJ)	46.43	44.24	36.11
	Energy Intensity (GJ/million NT\$ in revenue)	8.88	5.89	4.98

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

Note 2: GJ is Gigajoule.

### Sysgration Energy Consumption and Intensity



Note: The calculation of energy intensity includes Sysgration's use of electricity, gasoline, and diesel; Nankang Plant did not have statistics on gasoline use in 2020.




## 4.3.2 Energy Management

Sysgration has set goals for energy-saving, with 2021 as the base year, the emission intensity of electricity consumption will be reduced by at least 40% by 2026. Therefore, to reduce the negative impact of operating activities on the environment, Sysgration actively promotes Energy Management actions in the factories and operation locations. In 2021, the internal power distribution was re-planned, including induction power consumption, replacement of air-conditioning and ice water machinery, and replacement of traditional lamps with LED energy-saving lamps. In 2022, Nankang Plant and Zhenjiang Plant reduced the use of electricity by about 193,564 kWh, which is equivalent to reducing emissions by about 106.04 tCO<sub>2</sub>e; in 2023, Huizhou Plant also started to promote energy-saving actions, expecting to reduce power consumption by 168,480 kWh, which is equivalent to reducing emissions by about 97.89 tCO<sub>2</sub>e. We expect to gradually improve the energy use efficiency of each operating factory, starting from the improvement of the Energy Management System.

### Energy-saving Measures in Operation Factories

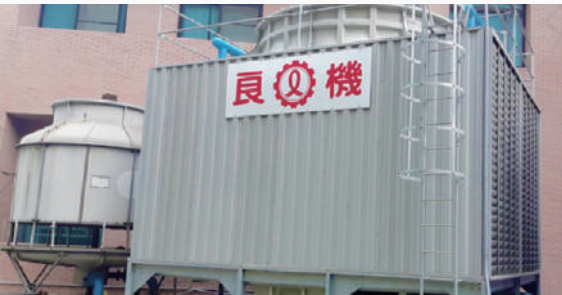
Energy-saving Project:

Energy Management




**Measures:**

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



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



## 4.3.3 Renewable Energy Use

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

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

Solar Energy		
Year	Regenerated Electricity (MWh)	Electricity Wholesale Amount (NT\$)
2020	12.89	109,545
2021	12.29	104,275
2022	10.03	84,645



PV power generation system of Nankang Plant

## 4.4 Waste Management

### 4.4.1 Waste Management

SASB RT-EE-150a.1

Sysgration performs waste disposal according to the local government's Waste Disposal Act and implements resource recycling mechanisms, regularly conducts self-audit. The disposal method of relevant industrial wastes is by outsourcing the qualified waste disposal contractors for recycling and reuse. To confirm with the related management approaches and practices, the disposal contractor shall regularly clean up in accordance with the status of waste generated in the plant sites. In 2022, the disposal contractors outsourced by Sysgration didn't violate any laws and regulations, and the disposal data were all reported through the Internet, and paper materials including weighing order and reports delivery forms were kept.

#### Waste Management Flowchart



### 4.4.2 Waste Generation

Presently, the wastes generated by Sysgration are classified into general industrial wastes and hazardous industrial wastes. The general industrial wastes refer to common office wastes, wooden boxes specifically for international ocean shipping of packaging parts and components, electric cables, accounting for 98.37% of the total wastes. The hazardous industrial wastes accounted for only 1.63% of the total wastes, which was mainly waste circuit boards (accounting for 91.23% of the hazardous industrial waste).

#### 2022 Sysgration Waste Disposal Statistics

Waste Classification	Waste Name	Generated Quantity (metric tons)	Disposal Quantity (metric tons)	Percentage of Waste Classification (%)	Disposal Method
Non-hazardous Industrial Wastes	Paper and other packaging materials	21.00	21.00	14.97	Recycling
	Electric Cable	14.01	14.01	9.99	
	Wooden Box	102.99	102.99	73.42	
Hazardous business waste	Industrial Waste Liquid	0.20	0.20	0.14	Incineration (excluding energy recovery)
	Other Wastes	2.08	2.08	1.48	

Note: Other wastes are from PCB boards and waste active carbon waste in Huizhou Plant.

Statistics of Sysgration Waste Data in the Past Three Years

Classification of Waste Attribute		2020		2021		2022	
		On-site	Off-site	On-site	Off-site	On-site	Off-site
General Industrial Wastes (metric tons)	Recycle and Reuse	0	12.57	0	85.16	0	138.00
	Incineration (excluding energy recovery)	0	78.55	0	41.15	0	0
Hazardous Industrial Wastes (metric tons)	Recycle and Reuse	0	0	0	0.92	0	0.20
	Incineration (excluding energy recovery)	0	0	0	0	0	2.08
Total Waste Disposal (metric tons)		0	91.12	0	127.23	0	140.28

Note: The waste statistics for 2020 included only Nankang Plant, whereas the statistics for Zhenjiang Plant and Huizhou Plant were not available.

4.4.3 Waste Reduction Measures

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

**Reduction Project: Waste Management**

**Measures:**

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



Circular Economy

Sysgration actively implements circular management, recycling and reuse in the product life cycle, reducing the use of packaging materials from the raw material stage, to reusable product shipping plastic pallets in the distribution and sales stage. Reusable product shipping plastic pallets. In 2022, plastic pallets were reused 2,400 times, reducing the use of pallets by 24 metric tons.



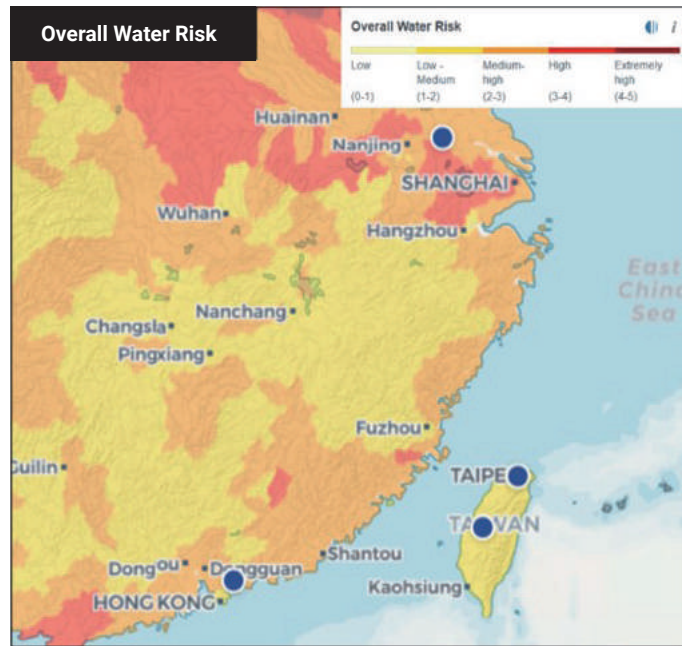
Plastic pallets were reused 2,400 times in 2022



# 4.5 Water Resource Management

## 4.5.1 Water Resource Risk Assessment

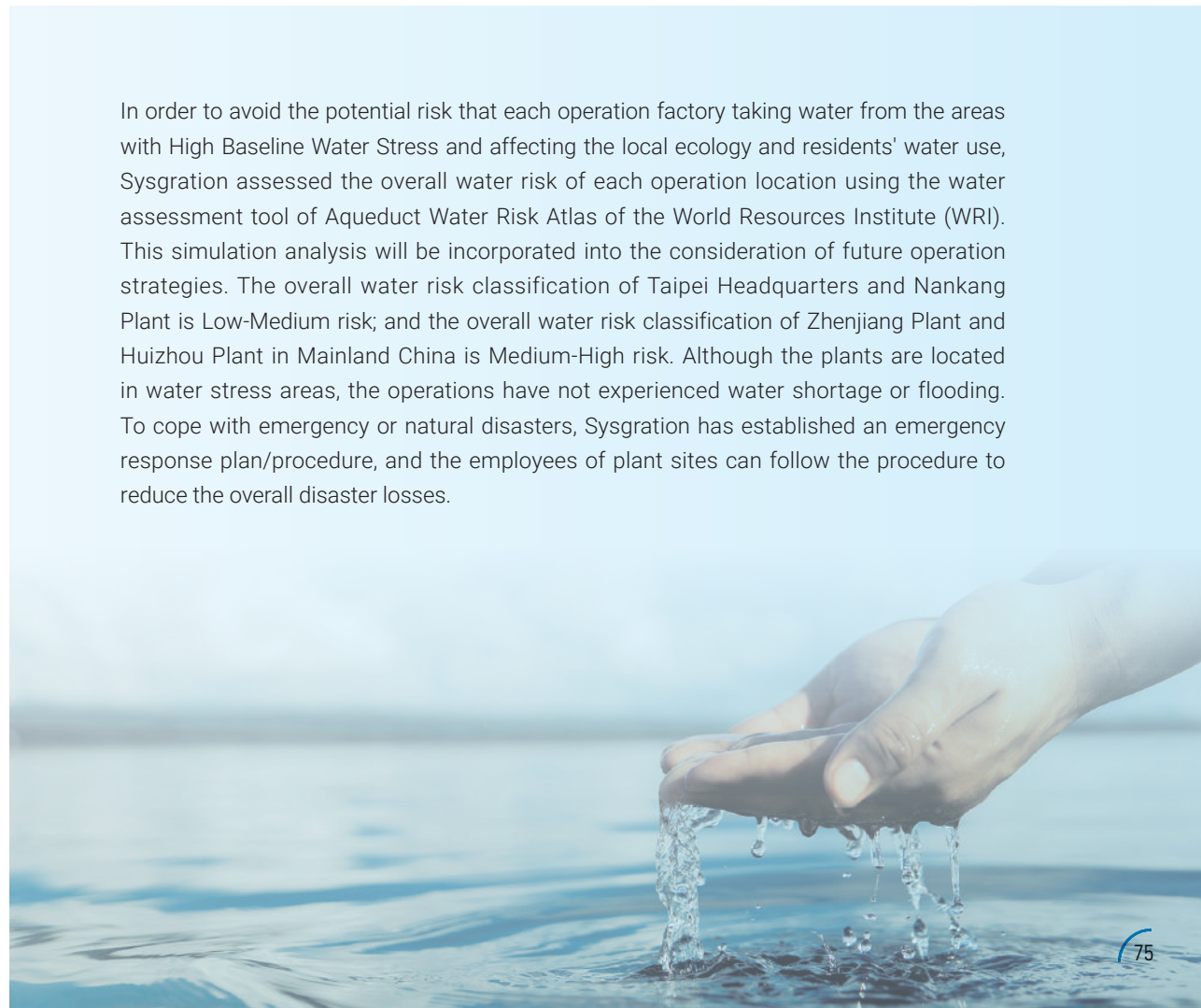
In recent years, the risk of water resource shortage has increased as extreme weather occurs more frequently. In the face of the pressure from the external water environment, Sysgration implements sustainable management of water resources and takes actions to cope with the global water shortage.



Plant Site	Overall Water Risk Level (baseline)
Taipei Headquarters, Taiwan	Low-Medium
Nankang Plant, Taiwan	Low-Medium
Zhenjiang Plant, Mainland China	Medium-High
Huizhou Plant, Mainland China	Medium-High

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

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



## 4.5.2 Water Withdrawal and Water Consumption

Currently, all water sources of Sysgration are tap water, and the water consumed by all plant sites is for operational use, not for industrial use. Water sources: Taipei Headquarters is Feitsui Reservoir, Taiwan Nankang Plant is Sun Moon Lake Reservoir, Zhenjiang Plant is the lower reaches of the Yangtze River and North Hankou in Changzhou, and Huizhou Plant is Daya Bay Fengtian Reservoir. Factory discharge is converged according to the local laws and discharged from sewage treatment plants in the industrial zone of the area. The final discharge of Nankang factory is Maoluo Creek, the final discharge of Zhenjiang factory is Yangtze River, and the final discharge of Huizhou factory is Yanqian River of Daya Bay. In 2022, the total water withdrawal was 17.13 million liters, lowered by about 6.69% compared with 2021. The Taiwan area accounted for about 56.39% of the overall water consumption, and the factories in Mainland China accounted for 43.61%.

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

Water Use		Plant Site	2020	2021	2022
Water Withdrawal Source (million liters)	Third Party Water (Tap Water)	Taipei Headquarters	2.23	2.76	2.77
		Nankang Plant	7.16	6.99	6.89
		Zhenjiang Plant	1.44	1.95	1.64
		Huizhou Plant	6.14	6.66	5.83
		Total	16.97	18.36	17.13
Water Withdrawal (million liters)		Taipei Headquarters	2.23	2.76	2.77
		Nankang Plant	7.16	6.99	6.89
		Zhenjiang Plant	1.44	1.95	1.64
		Huizhou Plant	6.14	6.66	5.83
		Total	16.97	18.36	17.13
Water Consumption (million liters)		Taipei Headquarters	2.23	2.76	2.77
		Nankang Plant	7.16	6.99	6.89
		Zhenjiang Plant	1.44	1.95	1.64
		Huizhou Plant	6.14	6.66	5.83
		Total	16.97	18.36	17.13
Water Withdrawal Intensity (million liters / NT\$ million)		Taipei Headquarters	0.002	0.001	0.001
		Nankang Plant	0.005	0.003	0.002
		Zhenjiang Plant	0.001	0.001	0.000
		Huizhou Plant	0.005	0.003	0.002
		Total	0.013	0.007	0.005

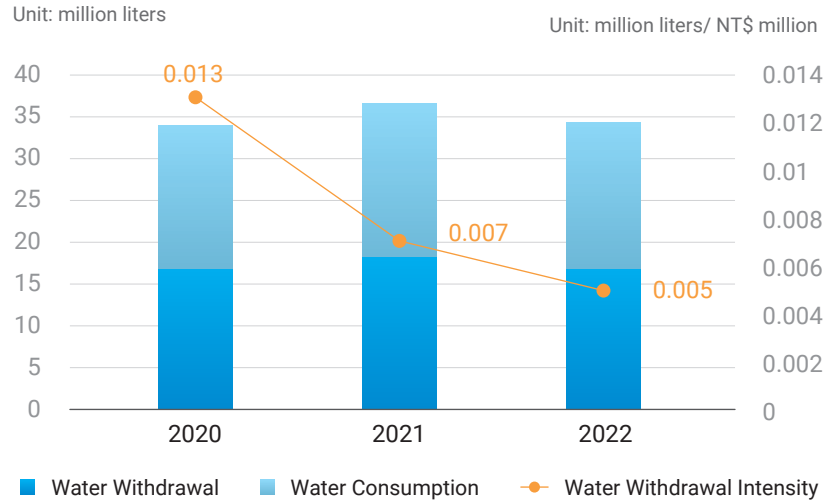
Note 1: Water resources data statistics include Sysgration Taipei Headquarters, Nankang Plant, Zhenjiang Plant and Huizhou Plant.

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

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

Note 4: Water withdrawal = Water discharge + Water consumption.

**Water Resource Consumption and Intensity**



**Nankang Plant Wastewater Quality Discharge Data**

Unit: mg/L

Year	COD	SS	Nitrate Nitrogen
2022	14.3	4.7	8.4

**4.5.3 Water-Saving Management**

Although Sysgration is not a large water user, we have spared no effort in water resources management. Taking 2021 as the base year, Sysgration sets the goal of reducing water use intensity by at least 50% in the next five years, and the water use intensity in 2022 has been lowered by 32.64% compared with 2021. Sysgration continues to promote the measures of water resource utilization efficiency improvement, mainly prioritizing the improvement and replacement of the office and toilet equipment. In the future, we will gradually implement comprehensive water resource management measures to further optimize the water use efficiency of the factories.

**Reduction Project: Water-Saving Management**



**Measures:**

1. Post water-saving slogans to remind employees to develop the habit of turning off water at any time.
2. Install sensor faucets at all operation locations to appropriately save the amount of water consumption.
3. Use Water Conservation Mark Product for the sink, to avoid waste caused by using large amounts of water.



# Employee Care and Social Co-prosperity

# 5

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

# Sustainable Performance Highlights and Corresponding SDG

- Sysgration signed a contract with Pojen General Hospital for professional doctors and nurses to provide on-site employee health consultation regularly, routine health examinations every year, and ionizing radiation, hearing, and occupational disease special health examination for the personnel engaged in special operations
- Sysgration continues to carry out industry-academia collaboration with the National Taipei University of Technology, Lunghwa University of Science and Technology and National Taiwan University of Science and Technology to jointly develop green energy products to expand social influence
- We encourage diversity and equality in the workplace. In 2022, female employees represented **51.9%** of all employees, and female senior managerial positions accounted for **24.5%** of all management levels
- We support the human rights protection philosophy and fundamental principles specified in the international human rights conventions, including the “United Nations Universal Declaration of Human Rights” , “United Nations Global Compact” , “International Labor Convention” , and we have established the Sysgration Human Rights Policy
- All plants have completed the **ISO 45001: 2018** Occupational Safety and Health System Certification
- Sysgration organized a total of **113** sessions of Employee Occupational Safety and Health related training, with **2,544** person-times participated
- In 2022, Taipei Headquarters, Nankang Plant, Zhenjiang Plant and Huizhou Plant did not have any incidents related to human rights violations
- In 2022, social participation of Sysgration included industry-academia collaboration, public welfare donations, and emergency aid, and nearly a total of **NT\$5 million** was injected





# Management Approach of Material Topic / Occupational Health and Safety

**Material Topic** ▶

Occupational Health and Safety

**GRI Standards** ▶

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

**Description of Impact** ▶

Employees are an important human resource. Properly managing occupational disaster risks and providing employees with a safe working environment are the basic commitment of Sysgration. It will seriously lead to interruption of the Company' s operations and a decline in productivity if the occupational safety and health management is inadequate and employee work-related injuries are occurred. The resulting losses may have significant and long-term impacts on the organization, and may also cause serious damage to reputation, or related legal proceedings.

**Policies and Commitments** ▶

Sysgration has established the "Occupational Safety and Health Policy" and "Occupational Safety and Health Risk Assessment Operation Procedure" , and we value the philosophy of "All Employee Participation, Promotion and Communication, Prevention of Injuries" . In addition, the Company is dedicated to the five main aspects of "Risk Management, Education and Training, Health Care, Legal Compliance, Continuous Improvement" , in order to promote all employees to participate in the occupational safety and health management system. The Company is committed to eliminating hazards of the working environment and to reducing occupational safety and health risks.

**Goals** ▶

Short Term (2023-2025) :

- Maintain the effectiveness of occupational health and safety management system ISO 45001:2018.
- Establish a friendly working environment and protect the work safety and health of workers.
- Improve safety and health knowledge of employees and achieve the target of no more than 3 occupational injury accidents of employees for the whole year.

Medium and Long Term (2026-2030) :

- Maintain the effectiveness of occupational health and safety management system ISO 45001:2018.
- Improve safety and health knowledge of employees and achieve and maintain the target of zero-occupational accidents.
- Achieve 100% safety promotion to contractor operational safety.

**Responsible Unit** ▶

Safety and Health Committee

**Grievance Mechanism** ▶

Employee: Opinion@sysgration.com / (02) 2790-0088 ext 1830

**Action Plans** ▶

Negative Impact Management:

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

Positive Impact Management:

- Sign health examination service agreement with medical institutions, organize employees to participate in annual health examinations and provide health consultation services periodically. Through occupational safety and health hazard prevention, supervision and inspection measures, implement occupational safety and health autonomous management system, in order to effectively reduce the occurrence of occupational hazards.
- Provide diverse education and training courses to employees, including occupational safety and health education and training, fire prevention safety education and training, occupational disease protection and case study, safe production, hazardous chemical emergency response advance handling, etc., in order to improve the safety awareness of employees, to handle emergency response and hazard self-rescue ability.

**Effectiveness Assessment** ▶

- Convene Occupational Safety and Health Committee meetings periodically and perform annual internal audit.
- Implement annual employee awareness evaluation, in order to manage employees' understanding and awareness status with respect to occupational safety and health.
- Convene representative seminars irregularly.
- In 2022, external audit of ISO 45001 indicated zero defective items.
- In 2022, there was one occupational injury accident.

# 5.1 Employment Relations SASB RT-EE-000B

## 5.1.1 Employee Structure

Employees are the most important assets and human capital of the Company. Sysgration respects the dignity of each employee, and focuses on humanity management and maintains proper interaction between labor and management in order to establish an energetic organization and friendly workplace for the pursuit of a sustainable future jointly. Up to the end of 2022, the total number of employees of Sysgration was 541 people, including 368 employees in the region of Taiwan, and 173 employees in the region of China. There were 260 male employees, accounting for 48.1% of the total number of employees, and 281 female employees, accounting for 51.9% of the total number of employees. There were 25 non-employee workers, including 16 males and 9 females, all of whom were short-term dispatch workers on the production line.

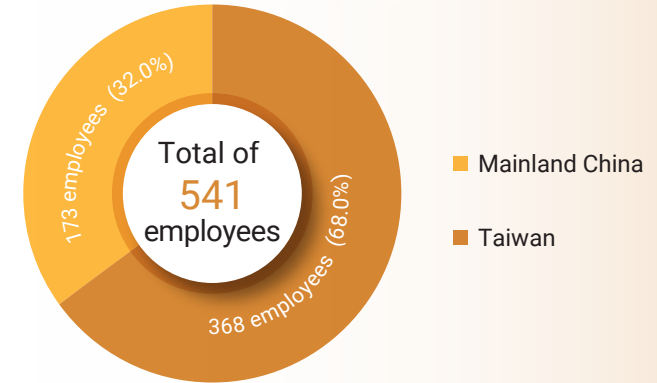
To cooperate with the government's policy for employment of physically and mentally disabled people, in 2022, Sysgration employed 5 physically/mentally disabled employees, and the number of foreign employees reached 67 people. Accordingly, we continue to head toward the direction of diverse employment.

### Total Number of Employees

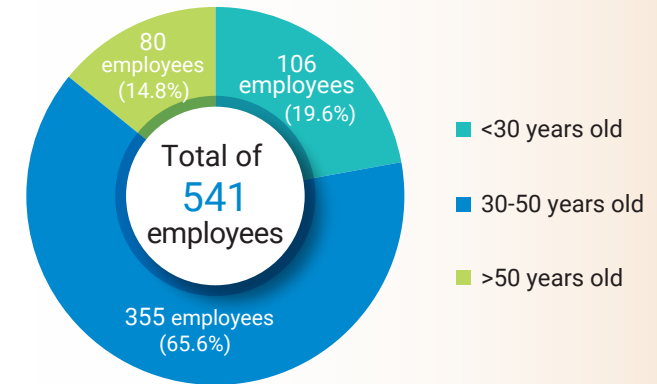
Gender \ Age (years old)	<30	30-50	>50	Total	
				Total Number of Employees	Percentage (%)
Male	45	167	48	260	48.1
Female	61	188	32	281	51.9
<b>Total</b>	<b>106</b>	<b>355</b>	<b>80</b>	<b>541</b>	<b>100</b>

Note: The number of employees adopted the value on the end day of the reporting period (2022.12.31).

### Number of Employees by Region



### Employee Age Distribution



## Employee Structure in Taipei Headquarters

Item	Category	Male		Female		Category Subtotal	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Contract type	Full-time	114	66.3	58	33.7	172	100
Job position type	Management	66	57.9	24	41.4	90	52.3
	Non-management	48	42.1	34	58.6	82	47.7
Age (years old)	<30	7	6.1	4	6.9	11	6.4
	30-50	75	65.8	39	67.2	114	66.3
	>50	32	28.1	15	25.9	47	27.3
Total		172 people					

Note: 1. Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, nor non-guaranteed hours employees.

2. The definition of management staff refers to employees above the job level of assistant manager.

## Employee Structure in Nankang Plant

Item	Category	Male		Female		Category Subtotal	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Contract type	Full-time	71	36.2	125	63.8	196	100
Job position type	Management	11	15.5	2	1.6	13	6.6
	Non-management	60	84.5	123	98.4	183	93.4
Age (years old)	<30	18	25.4	45	36.0	63	32.1
	30-50	40	56.3	65	52.0	105	53.6
	>50	13	18.3	15	12.0	28	14.3
Total		196 people					

Note: 1. Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, nor non-guaranteed hours employees.

2. The definition of management staff refers to employees above the job level of assistant manager.

## Employee Structure in Zhenjiang Plant

Item	Category	Male		Female		Category Subtotal	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Contract type	Full-time	25	33.8	49	66.2	74	100
Job position type	Management	3	12.0	1	2.0	4	5.4
	Non-management	22	88.0	48	98.0	70	94.6
Age (years old)	<30	6	24.0	7	14.3	13	17.6
	30-50	18	72.0	41	83.7	59	79.7
	>50	1	4.0	1	2.0	2	2.7
Total		74 people					

Note: 1. Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, nor non-guaranteed hours employees.

2. The definition of management staff refers to employees above the job level of assistant manager.

## Employee Structure in Huizhou Plant

Item	Category	Male		Female		Category Subtotal	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Contract type	Full-time	50	50.5	49	49.5	99	100
Job position type	Management	3	6.0	0	0	3	3.0
	Non-management	47	94.0	49	100	96	97.0
Age (years old)	<30	14	28.0	5	10.2	19	19.2
	30-50	34	68.0	43	87.8	77	77.8
	>50	2	4.0	1	2.0	3	3.0
Total		99 people					

Note: 1. Official employees refer to full-time employees and there is no part-time employee. In addition, there is no contract employee, nor non-guaranteed hours employees.

2. The definition of management staff refers to employees above the job level of assistant manager.

## 5.1.2 New Hires and Resigned Employees Statistics

### Taipei Headquarters

Item	Category	New employees		Resigned employees	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Gender	Male	46	70.8	25	62.5
	Female	19	29.2	15	37.5
Age (years old)	<30	7	10.8	1	2.5
	30-50	49	75.4	28	70.0
	>50	9	13.8	11	27.5
Total		65 people		40 people	

### Nankang Plant

Item	Category	New employees		Resigned employees	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Gender	Male	22	37.3	17	28.8
	Female	37	62.7	42	71.2
Age (years old)	<30	33	55.9	26	44.1
	30-50	24	40.7	28	47.4
	>50	2	3.4	5	8.5
Total		59 people		59 people	

### Zhenjiang Plant

Item	Category	New employees		Resigned employees	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Gender	Male	11	57.9	7	43.8
	Female	8	42.1	9	56.3
Age (years old)	<30	11	57.9	9	56.3
	30-50	8	42.1	7	43.7
	>50	0	0	0	0
Total		19 people		16 people	

### Huizhou Plant

Item	Category	New employees		Resigned employees	
		Number of employees	Percentage in that category (%)	Number of employees	Percentage in that category (%)
Gender	Male	25	53.2	28	63.6
	Female	22	46.8	16	36.4
Age (years old)	<30	30	63.8	29	65.9
	30-50	16	34.1	14	31.8
	>50	1	2.1	1	2.3
Total		47 people		44 people	

### 5.1.3 Talent Recruitment

Sysgration upholds the philosophy of the right positions for the right talents and opportunities for all talents. In addition, the Company actively recruits outstanding talents according to the Company's business strategy and development, in order to enhance R&D and technology capabilities, to improve the application development for storage equipment, internet of Vehicles and tire pressure sensors, etc. Sysgration implements personnel recruitment according to the "New Employee Recruitment Management Regulations", and the recruitment process includes talent selection, interview, job offer and report to work. During the talent selection stage, besides the publication of recruitment information on the recruitment platforms, the Company also performs campus recruitment events. Through cultivation of professional and technology talents, we can provide greater technical services to customers, in order to maintain the competitiveness necessary for the global market and relevant supply chain.

## 5.2 Friendly Workplace

Sysgration values employee health and welfare, and we actively establish a working environment that is satiable to employees. We are committed to protecting the demands of women and female employees and provide comprehensive employee benefits, in order to improve the happiness of employees at the workplace and employees' recognition for the Company. To promote employees' health and balance between work and living, the Company occasionally organizes health education seminars, provides subsidies to club activities, and organizes birthday party and team building activities to assist employees to relief stress and to promote employees to pay attention their physical and mental health.



Movie-Watching Event



Senior Employee Award Presentation



Industrial Park Basketball Contest



Birthday Party Event

Sysgration actively promotes employees to value physical/mental health and to obtain a balance between work and living. The Company encourages employees to organize clubs. Presently, several employee clubs have been established in order to achieve employee stress relief and to enhance the bonding among colleagues. The employee clubs include the golf club, table tennis club, walking club and badminton club, etc. In addition, the office building is equipped with a swimming pool and fitness equipment, allowing employees to exercise and to relax physically and mentally, as well as to continue to develop personal interests, to make friends of similar hobbies, and to expand one's living circle.



Walking Club



Badminton Club



Table tennis Club



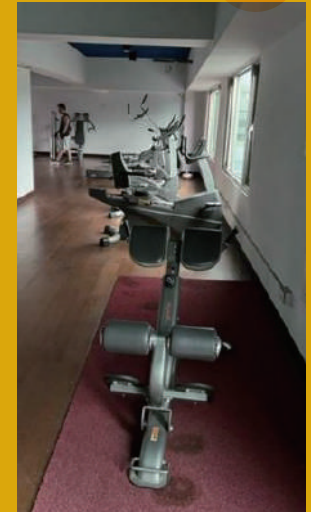
Fitness Club



Lounge



Outdoor Swimming Pool in the Office



Fitness Center in the Office



## 5.2.1 Employee Diversity and Inclusion

Sysgration adopts the employment principle of diversity, inclusion and equal opportunity, and there is no discrimination due to gender, race or physical/mental disability. In 2022, female employees of the Group accounted for 51.9%, and female senior staff accounted for 24.5%. In addition, Sysgration employed 4 physically/mentally disabled employees in Taiwan, complying with the national regulatory requirements. To protect the personal safety of employees, the office area is installed with rigorous access security surveillance system and security guards are also staffed during both daytime and nighttime. In addition, a breastfeeding room is provided to satisfy the needs of female employees.

### Parental Leave

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

Item	Taipei Headquarters		Nankang Plant		Zhenjiang Plant		Huizhou Plant	
	Male	Female	Male	Female	Male	Female	Male	Female
A: Employees entitled to application for parental leave in 2022	-	1	-	1	1	-	-	-
B: Employees who actually applied for parental leave in 2022	-	1	-	1	1	-	-	-
C: Total number of employees expected to be reinstated after the end of parental leave in 2022	-	1	-	1	1	-	-	-
D: Total number of employees who actually reinstated after the end of parental leave in 2022	-	1	-	1	1	-	-	-
E: Total number of employees who actually reinstated after the end of parental leave in 2021	-	-	1	-	1	-	-	-
F: Total number of employees who continued to be employed after the end of parental leave in 2021 and 12 months after reinstatement	-	-	1	-	1	-	-	-
Parental leave without pay application rate (B/A)	-	100%	-	100%	100%	-	-	-
Reinstatement rate (D/C)	-	100%	-	100%	100%	-	-	-
Retention rate (F/E)	-	-	100%	-	100%	-	-	-

Note: 1. Reinstatement rate = (Total number of employees who reinstated after the end of parental leave / Total number of employees required to be reinstated after the end of parental leave) x 100%.

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

## 5.2.2 Comprehensive Employee Benefits

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

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




Sysgration complies with the government's "Labor Pension Act", and each employee complying with the requirements of the new system of pension, an amount equivalent to 6% of the monthly salary is appropriated and pension deposited in the personal account of the Bureau of Labor Insurance. In addition, employees may also choose to voluntarily appropriate 0%~6% of their monthly salary according to their own will for depositing in the personal pension account. For employees of plant sites in Mainland China, pension insurance is also applied according to the local regulations. The appropriation ratios for Zhenjiang Plant and Huizhou Plant are 16% and 14% respectively. In 2022, the ratio of employees of the Group participating in the pension plan was 100%. The total pension amount appropriated at the Bureau of Labor Insurance was NT\$19.05 million.

Benefit Item	Content	Target
Employee group insurance	Life insurance, accident insurance, cancer insurance	All employees
Festival and holiday bonuses	Dragon Boat Festival, Mid-Autumn Festival	All employees
Year-end performance bonus	Bonus is distributed according to the Company's profit, employee's performance, and contribution level	All employees
Wedding and funeral subsidy and major disease and hospitalization consolation money	It is distributed according to the "Employee Marriage and Funeral Subsidy Payment Regulations"	All employees
Employee dividends and stock option	Distribution ratio varies according to the employee's job level and performance. Before 2022, it was not implemented as a normal measure	All employees
Patent reward incentive	It is to encourage employees to expand the R&D outcome in the course of job duties, and to apply for domestic and foreign patents under the name of the Company, in order to accumulate the intellectual property rights of the Company	All employees
Health examination	Employee health examination is implemented annually	All employees
Motorcycle parking subsidy	Full amount is provided by the Company	All employees
Car parking subsidy	Company bears NT\$2,000	All employees
Subsidy for drivers without violations	RMB 100 is provided for driver without any violations quarterly	Drivers
Travel allowance	Allowance of NT\$3,000 is provided to each employee	According to the regulations of the Employee Welfare Committee
Birthday vouchers	NT\$600 in the form of voucher is provided to each employee. Snacks and birthday card are provided for celebration	According to the regulations of the Employee Welfare Committee
Club allowance	Monthly event allowance of NT\$500 is provided to each employee. The maximum amount for club allowance is NT\$100,000 per month which is limited to one application in each quarter	All clubs
Continuing education subsidy	Subsidy is provided to employees participating in external courses and training	Employees requiring acquisition licenses due to job needs



## 5.2.3 Talent Training and Development

Talents are the most important resources of the Company. Sysgration evaluates its corporate development goal and arranges training courses for different job functions and ranks, in order to assist the talent development, allowing employees to grow and improve together with the Company. In addition to new employee orientation, the Company further implements different competence education and training activities according to personal job duties and needs of employees, to improve employees' professional competence. The course categories are classified into new employee orientation, professional competence, environmental safety and health, etc. Each category further includes different trainings such as, quality management and assurance, production operation, procurement and inventory, product R&D design, intellectual property and law, information technology and software/hardware application, marketing and sales, finance, accounting and tax affairs, and other courses particularly arranged for project needs. In 2022, the budget invested in employee education and training was approximately NT\$919 thousand.

 <p>New employee orientation training</p>	<p>The basic training and on-job relevant guidance activities for new employees include production process introduction, safety and health / environmental protection / fire prevention awareness.</p>
 <p>Professional competence</p>	<p>Each unit implements education and training for the professional knowledge or skill training necessary for job duties, such as procurement concept and process, warehouse management, factory related operation skills, quality assurance skills, patent introduction, product testing program development, etc.</p>
 <p>Environmental safety and health</p>	<p>Environmental safety and health related training according to the government regulations and the Company's policy requirements, such as fire prevention and disaster first-aid safety education and training, occupational health safety education training, are implemented.</p>



## Average Training Hours of Each Employee in 2022

Employee Category	Gender	Taipei Headquarters		Nankang Plant		Zhenjiang Plant		Huizhou Plant	
		Total Training Hours	Average Training Hours	Total Training Hours	Average Training Hours	Total Training Hours	Average Training Hours	Total Training Hours	Average Training Hours
Management <sup>(Note)</sup>	Male	454	6.88	182	16.55	55	18.33	22	7.33
	Female	179	7.46	24	12.00	17	17.00	0	0
Non- Management	Male	393	8.19	689	11.48	1,128.5	51.30	156	3.32
	Female	386	11.35	803	6.53	3,530.5	73.55	134	2.73
Total		1,412	8.21	1,698	8.66	4,731	63.93	312	3.15

## Training Hours of Employees in Taipei Headquarters

Employee category	Gender	Number of Employees	Total Training Hours	Average Training Hours
Management <sup>(Note)</sup>	Male	66	454	6.88
	Female	24	179	7.46
Non- Management	Male	48	393	8.19
	Female	34	386	11.35
Total		172	1,412	8.21

## Training Hours of Employees in Nankang Plant

Employee category	Gender	Number of Employees	Total Training Hours	Average Training Hours
Management <sup>(Note)</sup>	Male	11	182	16.55
	Female	2	24	12.00
Non- Management	Male	60	689	11.48
	Female	123	803	6.53
Total		196	1,698	8.66

## Training Hours of Employees in Zhenjiang Plant

Employee category	Gender	Number of Employees	Total Training Hours	Average Training Hours
Management <sup>(Note)</sup>	Male	3	55	18.33
	Female	1	17	17.00
Non- Management	Male	22	1,128.5	51.30
	Female	48	3,530.5	73.55
Total		74	4,731	63.93

## Training Hours of Employees in Huizhou Plant

Employee category	Gender	Number of Employees	Total Training Hours	Average Training Hours
Management <sup>(Note)</sup>	Male	3	22	7.33
	Female	0	0	0
Non- Management	Male	47	156	3.32
	Female	49	134	2.73
Total		99	312	3.15

Note: The definition of management staff refers to employees above the job level of assistant manager.

In addition to internal education and training, the Company further provides external course subsidies in order to encourage employees to continue education and to improve professional skills and competence. In 2022, Sysgration provided external training opportunities to special operation personnel, including safety personnel training of safety production courses and special operation personnel training, including forklift truck license, electrician license, organic solvent operation, etc. Furthermore, Sysgration requests the Company's Quality Assurance Department Chief to participate in the six standard deviation quality process improvement courses, such that through external training or knowledge, skill and methodology, the quality management of the Company can be further improved.

In 2022, Nankang Plant continued to promote the Corporate Charging Program in Taiwan. For the aspects of corporate governance, innovative R&D and environmental sustainability, the Company organized two sessions of activities monthly, in order to promote generation exchange and passing on of experience, thereby improving employees' technologies and management competence, enhancing the Company's operation performance and internal ESG governance, and therefore the Company is able to head toward the vision of corporate net zero.

To ensure the education and training outcome of employees, Sysgration irregularly distributes education and training satisfaction survey, to perform evaluation on the main aspects of arrangement of the number of hours of the event, training event planning, time progress control, instructor course teaching skills, event field equipment, conformity with self-learning method, interaction among trainees, content matching with practical demands, etc. In 2022, the employee education and training satisfaction of Taipei Headquarters reached 90%. The feedback result can be provided as a reference to the course instructors and supervisory staff of the Company, which can also be used as a reference for the Human Resource Department to plan the improvement of subsequent courses.

## 5.3 Talent Management Communication and Salary Guarantee

### 5.3.1 Labor-Management Communication

Sysgration provides diverse and proper employee feedback channels, including the labor-management meeting, communication management procedure and complaint mailbox (Opinion@sysgration.com), in order to maintain proper labor-management relationship. Environmental safety and health issues can also be proposed through the Occupational Safety and Health Committee and environmental safety and health communication management procedure. Please refer to **5.5.1 - Occupational Safety and Health Management**. In 2022, a total of 4 sessions of labor-management meetings were organized.

### 5.3.2 Performance Management System

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

#### Annual Plan

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

#### Employee Self-Evaluation

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

#### Supervisor Evaluation

- The preliminary review supervisor performs an objective evaluation on each evaluation items, followed by submitting the result to the superior supervisor for approval
- If superior supervisor is available, the initial evaluation supervisor shall submit the initial evaluation to the superior supervisor for further review

Since employees' performance is directly related to the performance of the Company, Sysgration has established an internal management procedure regarding operation bonus and sales bonus. When sales personnel achieve the plan or goal approved by their supervisors, sales bonus is distributed according to the regulations monthly. In addition, when the business unit achieves or exceeds the operational goal and when there is surplus earning, the Company will appropriate a fixed proportion of the earnings according to the regulations for distribution of operation bonuses to relevant outstanding employees. The operation bonus is distributed quarterly according to the job performance of employees. 80% of the amount is distributed to outstanding employees of the business unit, and 20% is distributed to outstanding employees of the support unit. For employees that have previously received the sales bonus, the operation bonus is not to be repetitively issued.

Sysgration conducts performance evaluation on employees with a service period above three months (inclusive). In 2022, 512 employees participated in the performance evaluation, and the ratio of completion of performance evaluation for employees in Taiwan and China was 100%.

### Employees Eligible for Performance Evaluation in Taipei Headquarters and Nankang Plant

Type/Gender	Male		Female		Total	
	Number of Employees Receiving Performance Evaluation	Number of Employees Required for Performance Evaluation	Number of Employees Receiving Performance Evaluation	Number of Employees Required for Performance Evaluation	Number of Employees Receiving Performance Evaluation	Number of Employees Required for Performance Evaluation
Management <sup>(Note)</sup>	72	72	24	24	96	96
Non- Management	96	96	151	151	247	247
Total	168	168	175	175	343	343

### Employees Eligible for Performance Evaluation In Zhenjiang Plant and Huizhou Plant

Type/Gender	Male		Female		Total	
	Number of Employees Receiving Performance Evaluation	Number of Employees Required for Performance Evaluation	Number of Employees Receiving Performance Evaluation	Number of Employees Required for Performance Evaluation	Number of Employees Receiving Performance Evaluation	Number of Employees Required for Performance Evaluation
Management <sup>(Note)</sup>	6	6	1	1	7	7
Non- Management	65	65	97	97	162	162
Total	71	71	98	98	169	169

Note: The definition of management staff refers to employees above the job level of assistant manager.

## 5.3.3 Remuneration Policy

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

### Gender Pay Gaps by management or non-management level based on Annual Salary in 2022

(Female : Male)

Job position type	Taipei Headquarters	Nankang Plant	Zhenjiang Plant	Huizhou Plant
Management <sup>(Note)</sup>	0.36 : 1	0.18 : 1	0.30 : 1	- <sup>(Note 2)</sup>
Non- Management	0.86 : 1	1.88 : 1	2.43 : 1	1.09 : 1

Note 1: The definition of management staff refers to employees above the job level of assistant manager.

Note 2: There are no female employees above the job level of assistant manager in Huizhou Plant.

# 5.4 Human Rights Protection

## 5.4.1 Human Rights Policy

In accordance with the human rights protection concept and basic principle of the international human rights conventions of the "United Nations Universal Declaration of Human Rights.", "The United Nations Global Compact" and "International Labor Convention" and "Code of Conduct - Responsible Business Alliance (RBA)", the Company aims to integrate the human rights principle and concept in the corporate value and culture as the Company's commitment to the human rights protection, and human rights policy applicable to the Company has been established. The scope of the policy includes the employees of all parent company, subsidiaries, business partners, suppliers and contractors of Sysgration, in order to eliminate conducts of infringing and violating human rights, to provide reasonable and safe workplace, and to also ensure that employees receive reasonable treatment with dignity. Sysgration performs recruitment of employees based on their working experience, potential and achievement, and there is no discrimination due to race, gender, age, religion, nationality or political stand. In addition, the Company complies with the principles of prohibition on child labor and forced labor. To protect the employment and the right tot work of physically/mentally disabled personnel, Sysgration employs personnel with physical/mental disability, and installs relevant disabled-friendly facilities at the plant site and office area, such as accessible toilets and accessible ramps. In 2022, Sysgration had no occurrence of incidents of forced labor, discrimination, or sexual harassment. The Company will continue to monitor the human rights management status, in order to protect the rights and interests of employees.

Concerned Issue	Management Action
Provision of safe and healthy working environment	<ul style="list-style-type: none"> <li>All plants of Sysgration have qualified for the ISO 45001 occupational safety and health certification. We actively protect the working environmental safety of employees.</li> <li>In addition to providing a safe and health working environment, the Company has established the occupational safety and health responsible unit and committee, and also hires professional physicians and nurses. We organize safety, health and fire prevention related education and training, adopt necessary preventive measures to prevent occurrence of occupational accidents, and thereby reduce the hazardous factors of the working environment.</li> </ul>
Banning of Child Labor	<ul style="list-style-type: none"> <li>The Company has explicitly specified the prohibition on the employment of any individuals under the age of 15 years old. During the recruitment operation, applicants are required to submit the basic information form indicating the date of birth clearly, and identification document is also required to be submitted during the reporting to work in order to be verified by the Human Resources Department, such that the accuracy of information is ensured.</li> </ul>
Labor condition guarantee	<ul style="list-style-type: none"> <li>Through the attendance management system, employee attendance time and overtime status are recorded properly. In addition, overtime status and regulatory requirements are notified to employees and their direct supervisors, that allows the supervisors to promptly adjust the workload of employees, and provide assistance on the working efficiency improvements in order to reduce the overtime condition.</li> </ul>
Prohibition on forced labor	<ul style="list-style-type: none"> <li>The Company has explicitly specified the prohibition on any form of forced labor, slavery and human trafficking, and prohibits unreasonable restrictions on employees' access to the workplace or restriction on the freedom to move of employees at the workplace.</li> </ul>
Prevention of discrimination and sexual harassment	<ul style="list-style-type: none"> <li>The Company prohibits any sexual harassment behavior at workplace, and relevant regulations have been specified in the employee work rules and personnel regulations. In addition, promotional education courses on prohibition of discrimination and prevention of sexual harassment are organized irregularly. Furthermore, the channels of complaint hotline, email and facsimile are provided, and dedicated personnel are arranged to handle cases. The Sexual Harassment Complaint Handling Committee receives cases and conducts investigation, in order to provide a fair and safe working environment to employees.</li> </ul>



## 5.4.2 Human Rights Assessment and Educational Training

In 2022, all operational locations of Sysgration have completed the human rights inspection and assessment, including Taipei Headquarters, Nankang Plant, Zhenjiang Plant and Huizhou Plant. In addition, the Group also performs human rights related education and training periodically, in order to promote topics on prevention of discrimination and sexual harassment, working hours management, occupational health and safety, etc. Furthermore new employees are requested to complete various human rights education and legal compliance courses. Sysgration is committed to ensure the safety of employees and working environment, and personnel shall be treated with respect and dignity. Environmental protection is promoted for the operation along with legal compliance and ethics. In addition to the continuous promotion of education and implementation of human rights policy in daily operation, the Company has also established reasonable complaint filing channels.

In 2022, Sysgration organized human rights protection and related training courses, including RBA training and human rights promotion training for a total of 7 hours, with 67 persons-time of participation. The Company also uses email and bulletin boards to convey human rights related issues. In the future, the Company will continue to organize human rights training in order to enhance the convey of the employees' awareness of human rights commitment, anti-discrimination and anti-sexual harassment, etc.

## 5.5 Occupational Health and Safety

### 5.5.1 Occupational Safety and Health Management

Providing a safe working environment to employees is Sysgration's basic commitment for all employees. We comply with the ISO 45001 management system standard and follow the principle of the occupational safety and health management system P-D-C-A (Plan-Do-Check-Act), in order to establish a prevention-oriented occupational safety and health management system and to implement the occupational safety and health management works.

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

The Occupational Safety and Health Committee is composed of department heads, labor representatives and engineering and technical personnel, including the chairman, executive secretary, safety and health personnel, engineering and technical personnel, and medical staff engaged in labor health services. Labor representatives account for more than one-third of all members. The Occupational Safety and Health Committee meets once a quarter and is responsible for reviewing, coordinating and recommending safety and health management or training and other related matters.

Sysgration has established the Occupational Safety and Health Committee at Nankang Plant in Taiwan consisting of 17 members, among which there are 5 employee representatives. The Safe Production Management Committee of Zhenjiang Plant and Huizhou Plant consists of 20 people and 32 people respectively, and the number of employee representatives are 9 people and 10 people, in order to implement management on the safety works of the plant site.

The matters handled by the committee include:

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



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

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

The safety and health management structure of Sysgration is established according to ISO 45001, and internal and external audits are implemented periodically. The applicable scope of Nankang Plant includes the plant site employees of 196 people (accounting for 100% of the total number of employees of the plant), and the number of employees receiving external audit reaches 100%. The number of employees covered by the safety and health management system of Zhenjiang Plant is 74 people (accounted for 100% of the total number of employees of Zhenjiang Plant), and all workers (excluding employees) of 1 person, and the number of employees receiving external audit is 100%. The number of employees covered by the safety and health management system of Huizhou Plant is 99 people (accounted for 100% of the total number of employees of Huizhou Plant), and all workers (excluding employees) of 24 people.

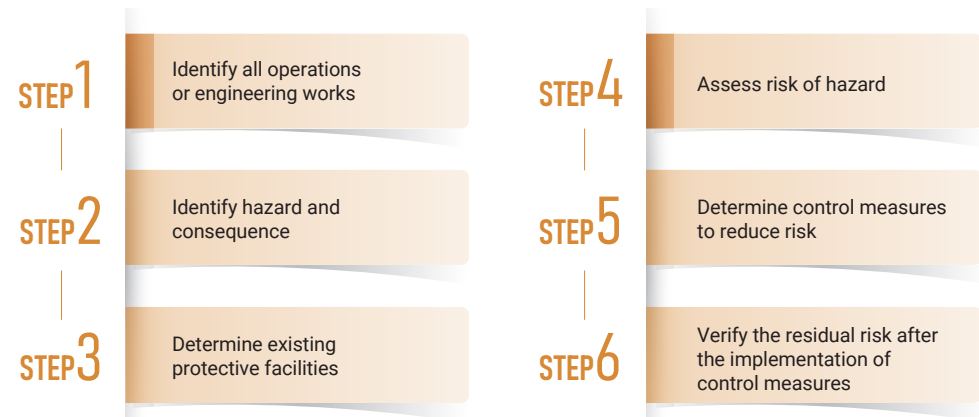


## 5.5.2 Occupational Accident Prevention Management

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

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

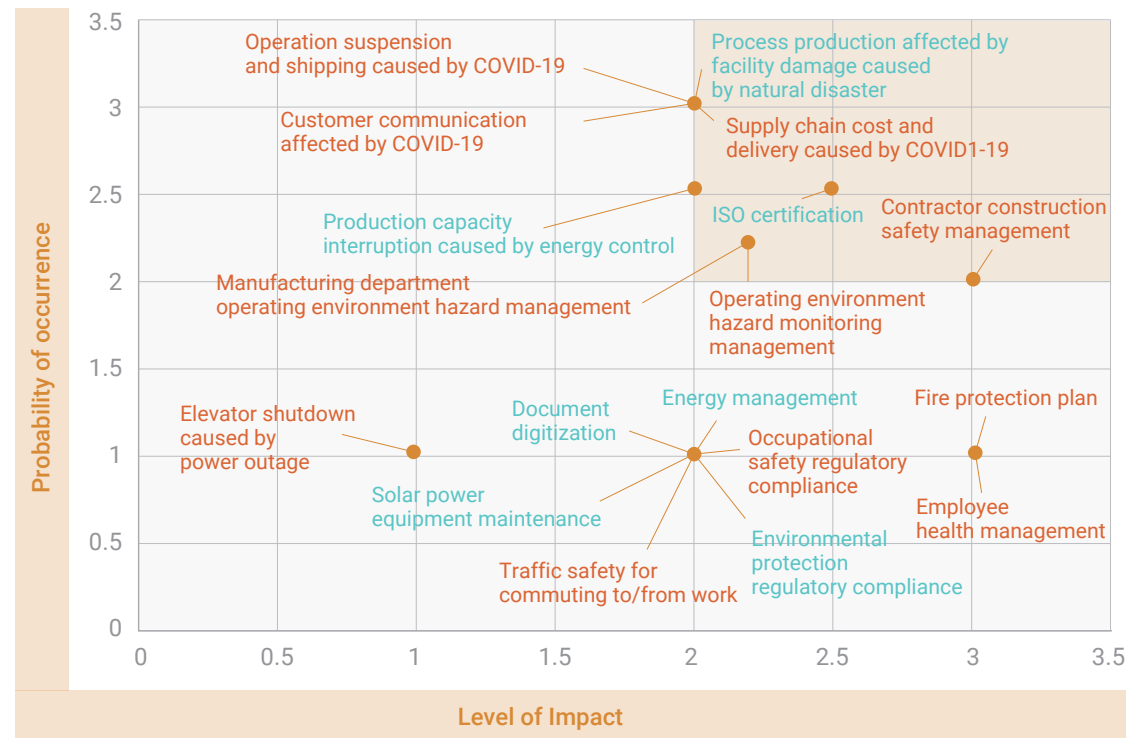
### Risk Assessment Process



Risk Level	Risk Rating	Risk Type	Countermeasures
5	Extremely high risk	Unacceptable risk	Review the integrity of existing protective facility immediately, and implement engineering and management improvement solutions as soon as possible, perform operation control or enhance response capability
4	High risk	Unacceptable risk	Review the integrity of existing protective facility immediately, and implement engineering and management improvement solutions before a reasonable deadline, perform operation management or enhance response capability
3	Medium to high risk	Temporary acceptable risk	Items determined according to the resolution of risk assessment meeting to be items that required improvement. The integrity of the existing protective measures is reviewed and engineering and management improve solution is performed within a reasonable deadline, and operation management or enhanced response capability are implemented
2	Medium risk	Temporary acceptable risk	Shall implement or strengthen the maintenance of current protective measures, supervise the audit procedures, educational trainings and other monitoring systems.
1	Low risk	Acceptable risk	

Sysgration performs assessment on the environment and occupational safety and health topics independent from other risk items, and 18 topics with respect to the organization's internal/external situation and concern topics of stakeholders are listed, among which the topics related to occupational safety and health include 11 items of: employees' traffic safety for the commute to/from work, elevator shutdown caused by power outage, occupational regulatory compliance, fire protection plan, employee health management, manufacturing department operational environment hazard, contractor construction safety management, customer communication affected by the pandemic, operation suspension and shipping caused by the pandemic, supply chain cost and delivery caused by the pandemic, and operating environment hazard monitoring management, etc. Five levels are classified according to the risk impact level and occurrence probability. Through the assessment of the integrity, effectiveness of protective measures and the frequency of field construction accident occurrence, 6 high risk items related to occupational safety and health have been identified: operation suspension and shipping caused by COVID-19, supply chain cost and delivery caused by COVID-19, customer communication affected by COVID-19, manufacturing department operating environment hazard, operating environment hazard monitoring management, and contractor construction safety management. For the pandemic measures of Sysgration, please refer to **5.5.3 Occupational Health Service - Response to COVID-19 Pandemic** for details.

### Environmental and Occupational Safety and Health Risk Assessment Matrix





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

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

In addition to preventing occupational accidents through risk assessment in advance, Sysgration has also established the "Accident Investigation and Handling Operation Procedure", and Huizhou Plant has also established the "Occupational Disease and Hazard Response Rescue and Management System", and emergency response process is established for personnel injury, position, scald and special equipment accident, in order to regulate the response methods in case where facility site unit personnel encounter relevant matters, and to prevent hazard expansion as well as to reduce the impact caused by the hazard. When an employee discovers any hazard at his or her job position, he or she may leave the job position, and it is not considered to violate the contract. In 2022, Sysgration had no occurrences of occupational diseases.

## 2022 Occupational Injury Statistics

Item	Employees				Non-employee Workers
	Taipei Headquarters	Nankang Plant	Zhenjiang Plant	Huizhou Plant	
Total number of working hours experienced	315,592	395,656	154,512	269,750.5	121,150.5
Number of general occupational injuries (cases)	0	1	0	0	0
Number of severe occupational injuries (cases)	0	0	0	0	0
Number of deaths (cases)	0	0	0	0	0
Total number of recordable occupational injuries (cases)	0	1	0	0	0
Death rate caused occupational injuries	-	-	-	-	-
Rate of severe occupational injuries	-	-	-	-	-
Rate of recordable occupational injuries	-	2.53	-	-	-

Note:

- 1.The total number of working hours lapsed refers to the total number of working hours actually experienced by all employees and workers up to December 31, 2022.
- 2.General occupational injuries: The number of working days lost is within 180 days.
- 3.Severe occupational injuries: The number of working days lost is above 180 days (inclusive).
- 4.Death rate caused by occupational injuries = Number of deaths\*1,000,000/Total number of working hours experienced.
- 5.Rate of severe occupational injuries = Number of severe occupational injuries\*1,000,000/Total number of working hours experienced.
- 6.Total number of recordable occupational injuries \*1,000,000/Total number of working hours experienced, referring to the Disability Injury Frequency (FR) defined by the Ministry of Labor.
- 7.In 2022, an occupational injury occurred at Nankang Plant, and the type of the injury was a cutting injury.

## Contractor Safety and Health Management

Regarding the protection of work safety of contractors' personnel, each operational sites of Sysgration implements hazard notice and supervision according to occupational safety and health related laws and regulations, and also requests contractors to sign the safety management agreement, in order to perform contractor safety and health management. For suppliers, Sysgration requests suppliers to sign the "Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility" and "Ethical and Honest, Environmental Protection and Social Responsibility Commitment" in order to regulate suppliers to implement occupational safety and basic labor human rights properly.

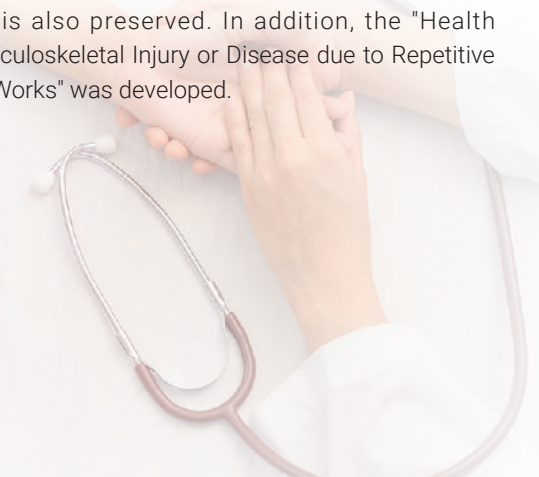


Contractor Hazard Notice

## 5.5.3 Occupational Health Service

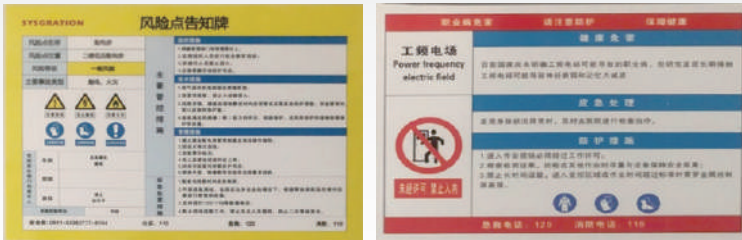
Sysgration provides employee routine health examination subsidy annually. In 2022, a total of 464 employees participated in the routine health examination. The Company further provides different special health examinations to employees performing special operations, including ionizing radiation, hearing, occupational disease examination, etc., and the total investment amount was NT\$1.154 million. The Company values the safety and health of employees and signs a contract with Pojen General Hospital. Accordingly, professional physician proceeds to the field to provide health consultation and medical care service to employees quarterly. In addition, health education seminars are organized irregularly, and health management knowledge and relevant precautions are also provided through email and bulletin board, in order to improve the health knowledge and awareness of employees.

Sysgration has established the ergonomic hazard prevention plan according to the "Occupational Safety and Health Act" and performs musculoskeletal symptoms survey on office administrative employees, plant operators and drivers, and relevant health management recommendations are provided. Furthermore, subsequent ergonomic improvement follow-up is also implemented, in order to prevent ergonomic hazard of work-related Musculoskeletal injuries and diseases of all employees due to long-term exposure to improperly designed working environment. In 2022, there were 5 employees reporting suspicious musculoskeletal related hazards. Sysgration has selected to use the KIM checklist to perform assessment and the implementation record is also preserved. In addition, the "Health Management for Occupational Musculoskeletal Injury or Disease due to Repetitive Actions or because Physical Labor Works" was developed.



### Measures for Preventing and Reducing Occupational Safety and Health Hazards

#### Bulletin board, warning sign



Publication of relevant knowledge on bulletin board

#### Routine inspection



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

#### Safety meeting



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

### Health Promotion Service and Active Care Plan

#### Physician and nurse field service



Contracted physician and nurse proceed to the Company to provide field service and health consultation to employees Nurse: 4 times/month; Physician: 4 times/year

#### Maternity protection



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

#### Health information promotion



Health management knowledge is shared through email and bulletin board

#### Sysgration green running exercise



The Company encourages employees to accumulate 100,000 steps in two weeks to promote their health

## Response to COVID-19 Pandemic

In 2022, the COVID-19 pandemic continued, and Sysgration was committed to the implementation of relevant pandemic control actions, in order to ensure that the communication and exchange with customers was not affected and the shipping of the Company was maintained properly and stably. We established the Pandemic Control Task Force in 2021 and the Company's pandemic control works were properly allocated. With regard to the office administrative management, the Company implemented overall cleaning and performed cleaning and disinfection for the public areas of the workplace, foreign employee dormitory, employee cafeteria, lobby, meeting rooms, staircases and aisles, elevators and toilets, etc. In addition, all large internal meetings, gatherings, visits, training and unnecessary business trips and activities were canceled. Video conference meetings, telephone calls or emails were adopted as much as possible for communication.

Disinfection was performed for the production area floors, changing rooms and workshops after work on a daily basis. The entire factory of Nankang Plant implemented closed access management and divergence for personnel and vehicles. Employees were requested to return the health condition survey form on a weekly basis, and new employees, and labor dispatch workers were requested to fill out the COVID-19 pandemic control survey form. In addition, COVID-19 special protection safety and knowledge training were completed, and relative quarantine was implemented for original employees whenever necessary. With regard to procurement management, in addition to the purchase of pandemic control supplies and goods of alcohol, sodium hypochlorite, disinfectant, medical masks and disposable gloves in advance, the Company also contacted suppliers in advance to cope with any extension of goods arrival time due to the pandemic. Furthermore, the Company also requested suppliers to perform disinfection of all packages before shipping, in order to reduce the possibility of the spread of virus through the raw materials.

### Pandemic Control Measures

### Description

Provide notebook computers	Provide notebook computers to indirect personnel for working from home
Urge employees to receive vaccination for COVID-19	Distribute promotional information to remind and promote employees to receive vaccination
Distribute pandemic control supplies and goods	Provide various pandemic control goods, such as alcohol, masks, test kits, etc.
Paid leave for vaccination	Employees may apply for one day of paid leave for their first shot and additional shots of vaccination
Provide test kits	Provide test kits to individuals with close contact with confirmed cases/individuals of confirmed cases
Care package for individuals of confirmed cases	Provide goods necessary for the pandemic quarantine period, such as daily necessities, health care food, masks, test kits
Work from home or flexible attendance	Individuals with contact history may apply for work from home. If the pandemic becomes worse, the Company will then activate the measure of work from home for all employees depending upon the situation

## 5.5.4 Occupational Safety and Health Training and Management

In addition to ISO 45001 audit performed annually, Sysgration also performs routine safety and health audits as well as promotes and communicates occupational safety management affairs through email and bulletin board. In 2022, a total of 113 sessions of employee occupational safety and health related training were organized, and a total of 2,544 persons-time participated in the training sessions.

### Occupational Safety and Health Related Education and Training Courses

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



Nankang Plant Safety and Health Education and Training



New Employee Safety and Health Education and Training



First-Aid Safety Training



Huizhou Plant Fire Drill



Zhenjiang Plant Fire Drill



Hazardous Chemical Drill



Nankang Plant Fire Drill

## 5.6 Social Participation

Sysgration is committed to the fulfillment of corporate social responsibility. We actively participate in social care and pay attention to the local community development continuously. Based on the philosophy of "Taken from the community, giving back to society", in 2022, the Company contributed to society in the three main aspects of industry-academia collaboration, public welfare donation and emergency relief, and the total contribution amount was approximately NT\$5 million.

### 5.6.1 Industry-Academia Collaboration

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

In 2022, Sysgration invested a total of NT\$4,672,800 in industry-academia cooperation to create a win-win situation for research and development through industry-institution interaction.

Institution	R&D Outcome	Future Planning
National Taipei University of Technology	Development and application of new product of Smart lithium battery	Plan for transforming outcome into mass production products
National Taiwan University of Science and Technology	Energy management system (EMS) for energy storage system	Plan for self-development of energy management system (EMS) for energy storage system
Lunghwa University of Science and Technology	Smart energy management system product	Plan for self-development of energy management system (EMS) platform
Nanchang University	Tire Pressure Monitoring System with automatic adjustment of valve stem installation angle	Plan for development of smart tire equipped with Tire Pressure Monitoring System for collecting data



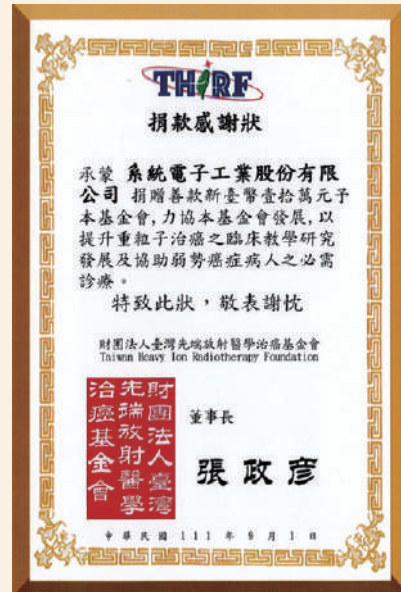
## 5.6.2 Public Welfare Donation

Sysgration deeply understands that corporate sustainable development and profit depend on the opportunities and resources from the society. Accordingly, corporates shall bear the responsibility of returning to the society. In 2022, the public welfare events participated by Sysgration included a charity donation to the Taiwan Foundation for Heavy Ion Radiotherapy and a donation of 40 music concert tickets to Xinzhuang Juvenile Welfare Service Center. In the future, Sysgration will continue to actively implement corporate social responsibility in order to achieve a better society with the best effort based on the mindset of sustainability.

Sysgration develops corporate social responsibility strategy from core value, and aims to integrate and utilize our resources for returning to the society, and enriching the influential power on the society. To promote ecological conservation documentary and ESG concept, Sysgration expands from the employees and cooperating partners to the society in order to jointly enhance the concept of sustainable development. Sysgration invited social disadvantaged groups and suppliers/investors to watch the documentary "Good Morni MIT", including 54 people of support center students and their families of Taipei City Family Support Center and 26 people of suppliers and investors of Sysgration for the education and development of the concept of ecological protection and sustainable operation. Taipei Headquarters will continue to collaborate with Taipei City Family Support Center for a long period of time in the future, in order to implement local social care thoroughly.



Donation of Music Concert Tickets to Xinzhuang Juvenile Welfare Service Center



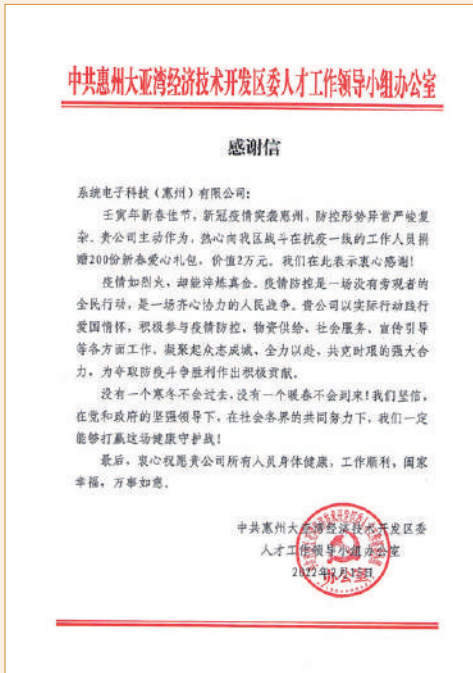
Donation of NT\$100 thousand to Taiwan Foundation for Heavy Ion Radiotherapy



Ecological Documentary "Good Morni MIT"

### 5.6.3 Emergency Relief

Sysgration pays attention to the local community development. In 2022, for the COVID-19, the Company's employees participated in the Shanghai community pandemic control volunteering activity to act as volunteers in support of the community pandemic control policy. In addition, to provide care and contribute to the great effort of personnel working at the front line of pandemic control, Sysgration donated charity gift packs to personnel at the front line of pandemic control of Dayawan District of Huizhou City.



Letter of Appreciation-This letter is to Express Appreciation of the Economic and Technology Development Park of Dayawan District, Huizhou City, Guangdong Province, to Sysgration for Its Effort and Support of Pandemic Control



Donated Charity Packs to Personnel at the Front Line of Pandemic Control of Dayawan District



Participated in Shanghai Community Pandemic Control Volunteering Activity



# Appendix

## External Authentication

Aspect	Compliance Standards	Plant Site	Authentication Agency
Product / Production	ISO 9001:2015 Quality Management system	Nankang Plant	TUV NORD
		Huizhou Plant	NQA
		Zhenjiang Plant	TUV NORD
	IATF 16949:2016 Automotive Quality Management System	Nankang Plant	TUV NORD
		Huizhou Plant	NQA
		Zhenjiang Plant	TUV NORD
ISO 26262:2018 Functional Safety Management System	Nankang Plant	DEKRA	
	Huizhou Plant	DEKRA	
ANSI/ESD S20.20-2021 Standard Development for Electrostatic Discharge	Nankang Plant	SGS	
	Huizhou Plant	TUV SUD	
Environment	IECQ QC080000:2017 Hazardous Substance Process Management System	Nankang Plant	ARES
		Zhenjiang Plant	NQA
	ISO 14001:2015 Environmental Management System	Nankang Plant	URS
		Huizhou Plant	Beijing Daluhangxing Quality Certification Center Co., Ltd.
Occupational Health and Safety	ISO 45001:2018 Occupational Health and Safety Management System	Zhenjiang Plant	Suzhou Lianbiao Certification Co., Ltd.
		Nankang Plant	URS
		Huizhou Plant	Beijing Daluhangxing Quality Certification Center Co., Ltd.
		Zhenjiang Plant	Suzhou Lianbiao Certification Co., Ltd.

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GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2.3 Ethical Corporate Management	32-33	
	205-3 Confirmed incidents of corruption and actions taken	2.3 Ethical Corporate Management	34	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Ethical Corporate Management	34	

GRI Standards	Disclosure	Chapter	Page	Note
Supply Chain Management				
GRI 3 : Material Topics 2021	3-3 Management of material topics	2 Corporate Governance	21	
GRI 204 : Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.7 Sustainable Supply Chain	40	
GRI 308 : Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	2.7 Sustainable Supply Chain	42	
	308-2 Negative environmental impacts in the supply chain and actions taken	2.7 Sustainable Supply Chain	43	
GRI 414 : Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	2.7 Sustainable Supply Chain	42	
	414-2 Negative social impacts in the supply chain and actions taken	2.7 Sustainable Supply Chain	43	
Energy Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	4 Environmental Sustainability	63	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.3 Energy Management	71	
	302-2 Energy consumption outside of the organization	-	-	Not applicable: Sysgration does not consume energy from the external of the organization.
	302-3 Energy intensity	4.3 Energy Management	71	
	302-4 Reduction of energy consumption	4.3 Energy Management	71-72	
	302-5 Reductions in energy requirements of products and services	4.3 Energy Management	72	

GRI Standards	Disclosure	Chapter	Page	Note
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	5 Employee Care and Social Co-prosperity	80	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety	5.5 Occupational Health and Safety	93	
	403-2 Hazard identification, risk assessment, and incident investigation	5.5 Occupational Health and Safety	94-97	
	403-3 Occupational health services	5.5 Occupational Health and Safety	97-98	
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.5 Occupational Health and Safety	93-94	
	403-5 Worker training on occupational health and safety	5.5 Occupational Health and Safety	100	
	403-6 Promotion of worker health	5.5 Occupational Health and Safety	98-99	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5 Occupational Health and Safety	97	
	403-8 Workers covered by an occupational health and safety management system	5.5 Occupational Health and Safety	94	
	403-9 Work-related injuries	5.5 Occupational Health and Safety	96	
	403-10 Work-related ill health	5.5 Occupational Health and Safety	96	No relevant events occurred in 2022

GRI Standards	Disclosure	Chapter	Page	Note
<b>Product Quality and Safety</b>				
GRI 3 : Material Topics 2021	3-3 Management of material topics	3 Products and Customers	48-49	
GRI 416 : Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	3.1 Product Quality and Safety	52	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	No relevant events occurred in 2022.
<b>Low-Carbon Green Products</b>				
GRI 3 : Material Topics 2021	3-3 Management of material topics	3 Products and Customers	50	
<b>Other Topics</b>				
<b>Economic</b>				
<b>Economic Performance</b>				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2.2 Economic Performance	30	
	201-3 Defined benefit plan obligations and other retirement plans	5.2 Friendly Workplace	87	
	201-4 Financial assistance received from government	2.8 Financial Assistance Received from Government	45	
<b>Risk Management</b>				
GRI 2: General Disclosures 2021	2-23 Policy commitments	2.4 Risk Management	36	
	2-24 Embedding policy commitments	2.4 Risk Management	35-37	
<b>Information Security and Client Privacy</b>				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6 Information Security and Customer Privacy	39	

GRI Standards	Disclosure	Chapter	Page	Note
<b>Environmental</b>				
<b>Water resource Management</b>				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.5 Water Resource Management	75	
	303-2 Management of water discharge-related impacts	4.5 Water Resource Management	76-77	
	303-3 Water withdrawal	4.5 Water Resource Management	76-77	
	303-5 Water consumption	4.5 Water Resource Management	76-77	
<b>Greenhouse Gas Emissions</b>				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2 Greenhouse Gas Emissions	70	
	305-2 Energy indirect (Scope 2) GHG emissions	4.2 Greenhouse Gas Emissions	70	
	305-3 Other indirect (Scope 3) GHG emissions	4.2 Greenhouse Gas Emissions	-	Sysgration will perform greenhouse gas inventory inspection in 2023.
	305-4 GHG emissions intensity	4.2 Greenhouse Gas Emissions	70	
	305-5 Reduction of GHG emissions	4.2 Greenhouse Gas Emissions	70	
<b>Waste Management</b>				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	73	
	306-2 Management of significant waste-related impacts	4.4 Waste Management	73	
	306-3 Waste generated	4.4 Waste Management	73	
	306-4 Waste diverted from disposal	4.4 Waste Management	73-74	
	306-5 Waste directed to disposal	4.4 Waste Management	73-74	

GRI Standards	Disclosure	Chapter	Page	Note
Social				
Employment Relations				
GRI 401: Employment (2016)	401-1 New employees hires and employee turnover	5.1 Employment Relations	83	
	401-2 Benefits provided to fulltime employees that are not provided to temporary or part-time employees	5.2 Friendly Workplace	84-85, 87	
Education and Training				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	5.2 Friendly Workplace	89	
	404-2 Programs for upgrading employee skills and transition assistance programs	5.2 Friendly Workplace	88	
	404-3 Percentage of employees receiving regular performance and career development reviews	5.3 Talent Management Communication and Salary Guarantee	91	
Employee Diversity and Equal Opportunities				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.1 Corporate Governance 5.1 Employment Relations	24 81	
	405-2 Ratio of basic salary and remuneration of women to men	5.3 Management Communication and Salary Guarantee	91	
Human Rights				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.4 Human Rights Protection	92	

GRI Standards	Disclosure	Chapter	Page	Note
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	5.4 Human Rights Protection	92	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.4 Human Rights Protection	92	
Social Participation				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5.6 Social Participation	101	

## Sustainability Accounting Standards Board (SASB) Index

Topic	Code	Accounting Metric	Chapter	Page	Note
Energy Management	RT-EE-130a.1	(1) Total energy consumed (GJ) (2) percentage grid electricity (%) (3) percentage renewable (%)	4.3 Energy Management	71-72	(1) Total energy consumption: 16,944.06GJ (2) Grid electricity usage ratio: 97.92% (3) Renewable energy use ratio: 0%
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated (T), percentage recycled (%)	4.4 Waste Management	73-74	Hazardous waste weight: 2.28 metric tons Hazardous waste recycling percentage: 8.77%
	RT-EE-150a.2	Number and aggregate quantity of reportable spills (kg), quantity recovered (kg)	-	-	No relevant events occurred in 2022.
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	-	-	No relevant events occurred in 2022.
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	-	-	No relevant events occurred in 2022.
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substance (%)	-	-	Sysgration performs raw material and product sampling, inspection and testing according to the latest international regulations and trend, including the standards of RoHS, REACH, WEEE. Restricted substances are managed for raw materials and during the manufacturing process according to the PDCA procedure. Furthermore, Sysgration has also obtained hazardous substance management system IECQ QC080000:2017 certification.
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria (%)	-	-	Presently, Sysgration's products have not yet obtained the certification of ENERGY STAR®.
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	-	-	In 2022, Sysgration's revenue for the energy management products was NT\$726,829 thousand. (Please refer to the 2022 Annual Report)
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	2.7 Sustainable Supply Chain	44-45	Sysgration complies with international laws and regulations and does not use any metals provided by unqualified smelters of conflict mineral sites. In addition, suppliers are required to sign the "Non-use of Conflict Minerals Declaration" and "Non-Environmental Hazardous Material Contained Commitment". Furthermore, through the diversification of suppliers, development of alternative materials and recycling technologies to reduce the risk of using raw materials.

Topic	Code	Accounting Metric	Chapter	Page	Note
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	2.3 Ethical Corporate Management	32-33	Sysgration has established business ethics due diligence procedure, and ethical management related policies are implemented through the methods of email information, education and training, performance evaluation, signing of letter of undertaking of integrity, etc.
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	2.3 Ethical Corporate Management	34	No relevant events occurred in 2022.
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	2.3 Ethical Corporate Management	34	No relevant events occurred in 2022.
Activity Metric	RT-EE-000A	Number of units produced by product category	-	-	Automotive electronic products: 15,452 thousand pcs Energy management products: 114 thousand pcs (Please refer to the 2022 Annual Report)
	RT-EE-000B	Number of employees	5.1 Employment Relations	81	Up to the end of 2022, the total number of employees of Sysgration was 541 people.

Note: SASB indicator is applied in accordance with the version 2018-10 for the Electrical & Electronic Equipment Industry.

## Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies: Sustainability Disclosure Indicators for the Electronics Components Industry

No.	Indicators	Category	Chapter	Page	Note
1	Total energy consumed, percentage grid electricity, and percentage renewable	Quantitative	4.3 Energy Management	71	Total energy consumption: 16,944.06 GJ Grid electricity usage ratio: 97.92% Renewable energy use ratio: 0%
2	Total water withdrawal and total water consumption	Quantitative	4.5 Water Resource Management	76	Total water withdrawal: 17.13 million liters Total water consumption: 17.13 million liters
3	Weight and recycling percentage of generated hazardous waste	Quantitative	4.4 Waste Management	73-74	Hazardous waste weight: 2.28 metric tons Hazardous waste recycling percentage: 8.77%
4	Describe the types, number of affected people, and ratio of occupational injuries	Quantitative	5.5 Occupational Health and Safety	96	Number of general occupational injuries: 1 person Ratio of recordable occupational injuries: 2.53
5	Disclosure of product lifecycle management: Including the weight of end-of-life products and electronic waste and the percentage of recycling	Quantitative	4.4 Waste Management	73	In 2022, Sysgration had no scrapped products. The internal electronic wastes include waste cables and other wastes. The weight of waste cables was 14.01 metric tons and 100% of such waste was recycled. Other wastes were 100% incinerated.
6	Description of the risk management related to using key materials	Qualitative description	2.7 Sustainable Supply Chain	44-45	Sysgration complies with international laws and regulations and does not use any metals provided by unqualified smelters of conflict mineral sites. In addition, suppliers are required to sign the "Non-use of Conflict Minerals Declaration" and "Non-Environmental Hazardous Material Contained Commitment". Furthermore, through the diversification of suppliers, development of alternative materials and recycling technologies to reduce the risk of using raw materials.
7	Total amount of monetary loss resulting from legal actions related to anti-competitive behaviors	Quantitative	2.3 Ethical Corporate Management	34	No relevant events occurred in 2022.
8	Production capacities of main products according to product type	Quantitative	-	-	Automotive electronic products: 15,452 thousand pcs Energy management products: 114 thousand pcs (Please refer to the 2022 Annual Report)



## TCFD Index and Climate Related Information of TWSE Listed Companies

TCFD Disclosure Recommendation	Climate Related Information for Listed Companies	Chapter	Page	Note
Governance				
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	4.1 Response to Climate Change	64	
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.			
Strategy				
TCFD 2(a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4.1 Response to Climate Change	65	
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4.1 Response to Climate Change	66-67	
TCFD 2(c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	4.1 Response to Climate Change	66-67	
Risk Management				
TCFD 3(a)	Describe the organization's processes for identifying and assessing climate-related risks.	4.1 Response to Climate Change	68	
TCFD 3(b)	Describe the organization's processes for managing climate-related risks	2.4 Risk Management 4.1 Response to Climate Change	35-37 68	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.4 Risk Management 4.1 Response to Climate Change	35-37 68	

TCFD Disclosure Recommendation	Climate Related Information for Listed Companies	Chapter	Page	Note
Metrics and Targets				
TCFD 4(a)	<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>1. If there is a transitional plan for responding to climate-related risks, the content of the plan and the indicators and targets for identifying and managing physical risks and transition risks should be described.</p> <p>2. If the internal carbon pricing is used as a planning tool, the basis of the pricing should be stated</p>	4.1 Response to Climate Change	69	Sysgration does not use internal carbon pricing.
TCFD 4(b)	<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>Greenhouse gas inventory and assurance.</p>	4.2 Greenhouse Gas Emissions	70	Sysgration will perform greenhouse gas inventory inspection in 2023.
TCFD 4(c)	<p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p> <p>If climate-related goals are set, information on the covered activities, scope of greenhouse gas emissions, planning timeline, and progress achieved annually should be stated. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the goals, the source and quantity of carbon offsets or the number of RECs used for carbon reduction should be stated.</p>	4.1 Response to Climate Change	69	

## Summary of Information Assured

	Assured Item	Criteria	Page
1	In 2022, 95% of Sysgration's new suppliers signed "Code of Conduct for Suppliers' Corporate Social and Environmental Responsibility".	All new suppliers in 2022 which signed the commitment / The number of new suppliers in 2022.	p.41
2	In 2022, the total installed capacity of Sysgration's UPS (Uninterruptible Power Supply) energy storage system sold was about 40MWh.	The computation is based on the quantity of UPS energy storage system modules sold by Sysgration in 2022 by the ERP system.	p.55
3	Total energy consumption in 2022 was 16,944.06 Gigajoule (GJ).	The energy consumption was calculated based on the electric utility company's receipts and gas station's invoices. The information covered in the previous information included the Taipei Headquarters, Nankang Plant, Zhenjiang Plant and Huizhou Plant. If the operating base has a co-leased area, it will be shared proportionally with the other tenants.	p.71
4	Total water withdrawal in 2022 was 17.13 million liters.	The water withdrawal in 2022 was calculated based on the water bill issued by the water utility company. The information covered in the previous information included the Taipei Headquarters, Nankang Plant, Zhenjiang Plant and Huizhou Plant. If the operating base has a co-leased area, it will be shared proportionally with the other tenants.	p.76
5	Female senior managerial positions accounted for 24.5% of all management levels in 2022.	According to the HR system's information as of 2022/12/31: The proportion of female employees in senior managerial positions was calculated by dividing the number of female employees in senior managerial positions by the total number of all management levels. ** Management grade refers to assistant manager level (inclusive) or above	p.86

## Independent Auditor's Limited Assurance Report

### Independent Limited Assurance Report

#### To Sysgration Ltd.

We have been engaged by **Sysgration Ltd.** ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2022 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

#### Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Information Assured" on page 114 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Report Boundary and Data" on page 2 of the Sustainability Report.

#### Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

#### Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, and inspection to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Our assurance does not extend to information in respect of earlier periods or to any other information disclosed in the Sustainability Report for 2020.

#### Compliance of Independence and Quality Management Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria."

#### Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan  
September 19, 2023



**SYSGRATION®**