



2023

# CORPORATE SUSTAINABILITY REPORT

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# Chapter 1

## **1** Basic Information

1.1 About This Report

1.2 Sustainability Strategy and Performance

1.3 Stakeholder Engagement

1.4 Management of Material Topics

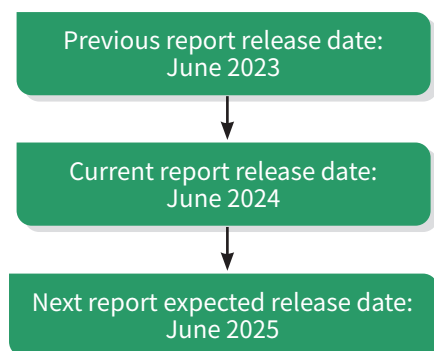


## About This Report

### 1.1.1 Reporting Period

This report is the sustainability report (hereinafter referred to as "this report") of SUNONWEALTH Electric Machine Industry Co., Ltd (hereinafter referred to as "Sunon", "the Company", or "We"). It discloses Sunon's performance, management policies and objectives in the five major aspects of governance, products, supply chain, environment and society in 2023 (from January 1 to December 31, 2023). Sunon publishes its sustainability report regularly every year and publishes it on the Company's website.

This report covers the same reporting period as the consolidated financial statements. To ensure the completeness and comparability of the report, some chapters may include information before January 1, 2023 and after December 31, 2023, with notes in the respective chapters.



### 1.1.2 Reporting Guidelines

The report has been prepared in accordance with the GRI Standards published by the Global Sustainability Standards Board (GSSB), the Electrical & Electronic Equipment Industry Standard published by the Sustainability Accounting Standards Board (SASB), and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB).

### 1.1.3 Reporting Boundaries

The information disclosure scope of this report includes the following operation locations in Taiwan, China and the Philippines:

Region	Operation Location	Nature
Taiwan	Kaohsiung Headquarters and Factory (hereinafter referred to as Kaohsiung Headquarters)	Manufacturing Factory (Kaohsiung Factory) Office and Laboratory (Headquarters and other offices)
	Taipei Office	Office and Laboratory
China	Sunon Electronics (Kunshan) Co.,Ltd (hereinafter referred to as Kunshan Guangxing Factory)	Manufacturing Factory
	Sunon Electronics (Beihai) Co., Ltd.(hereinafter referred to as Beihai Sunon Factory)	
	Beihai Lizhun Electronics Co., Ltd. (hereinafter referred to as Beihai Lizhun Factory)	
Philippines	Sunon Electronics Philippines Corp. (hereinafter referred to as Philippines Sunon Factory)	Manufacturing Factory

Note 1: The term "significant operation locations" in this report refers to all the above locations; Production sites exclude office locations.

Note 2: The sustainability performance of some entities in the consolidated financial statements has not been included in this report, mainly because some subsidiaries have not started collecting sustainability data or are only holding companies. For all entities in the consolidated financial statements, please refer to [https://www.sunon.com/inv2\\_2.aspx](https://www.sunon.com/inv2_2.aspx)

The data for energy consumption data in Chapter 5.2, greenhouse gas emissions in Chapter 5.3, and water withdrawal in Chapter 5.4 also includes overseas locations such as Sunon Inc. (the subsidiary in the United States), Sunon SAS (the subsidiary in Europe), and Sunon Electronics India Private Limited (the subsidiary in India);

If there are any variations in the scope of disclosure in other chapters, supplementary explanations will be provided within each respective chapter. The calculation basis for various statistical data in the report is as follows:

<b>Financial Data</b>	The economic income distribution table adopts the consolidated financial report data verified by an accountant. Unless otherwise specified, the financial data is presented in New Taiwan Dollars (NTD).
<b>Environmental Data</b>	Greenhouse gas, water resource and waste statistical data are data verified by external third parties in accordance with ISO 14064-1: 2018.
<b>Other Data</b>	Aggregated self-reported data from each operation location.

### 1.1.4 Information Restatements

There are no restatements of information from the previous reporting period in this report.

### 1.1.5 Internal Controls

The Sustainable Development Committee of our company is responsible for the overall planning and communication integration of the annual sustainability report. Each year, the Sustainable Development Committee is responsible for compiling the necessary information and writing the content of the report. After the completion of the annual sustainability report, it is submitted to the executive secretary of the Sustainable Development Committee for initial review and then subject to internal audit by the chairman of the Sustainable Development Committee. Finally, the report is approved by the chairperson of the Sustainable Development Committee.

### 1.1.6 External Assurance

After the report is finalized and approved, the management appoints an external independent third-party verification agency to verify that the report meets the requirements of the GRI and SASB standards. This year, we appointed DNV (DNV GL Business Assurance Company) to perform a Type 1 moderate level of assurance operation in accordance with AA 1000 AS v3 (AccountAbility 1000 Assurance Standard v3). For related assurance methods and results, please refer to the appendix.

### 1.1.7 Contact Information

Contact Department:

Sustainable Development Committee of Sunonwealth Electric Machine Industry Co., Ltd

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## Sustainability Strategy and Performance

### 1.2.1 Message from the Chairman

Dear esteemed shareholders, partners, employees and the general public:

Hello everyone!

First of all, I would like to thank you for your support and kindness to Sunon over the years. As the chairman, I am very honored to take this opportunity to share with you Sunon's latest achievements and commitments in ESG sustainable development, presenting the results of Sunon's efforts in corporate governance, society and environment in 2023 in the latest published sustainability report, stating our ideas and commitments in sustainable management.

We deeply recognize that corporate governance is not only for the pursuit of short-term profits, but also to take responsibility for society and the environment. Therefore, as a business operator, I have been thinking about how to promote social equity, environmental protection and business ethics to the greatest extent while achieving business benefits.

In response to the ever-changing international situation and industrial environment, Sunon adopts flexible business practices, continues to introduce automated production, improves efficiency and reduces costs. We are committed to providing the best low energy consumption cooling solutions for high-performance computing, AI, electric vehicles, energy storage and other industries, so that products

can reduce carbon emissions and improve energy conversion efficiency from the use stage of the life cycle, allowing customers to increase green competitiveness, and thereby join hands with the industry to transition from low-carbon to net-zero, in order to alleviate the global climate crisis.

At the same time, Sunon continues diversified development. Except to maintaining production in Taiwan and China, it has further increased production capacity and local supply chain construction in the Philippines. The new factory in the Philippines is built with green building and ecological construction methods, adopting the LEED Gold certification building standard, taking into account energy saving, environmental protection and production operation efficiency. We ensure environmental friendliness in the production process, reduce the consumption of natural resources, and promote energy saving and carbon emission reduction.

In September 2023, Sunon applied for and began to implement the "Large Leading Small Low-Carbon Transformation Program" project of the Ministry of Economic Affairs, leading suppliers to jointly transform to low-carbon, building a digital carbon inventory system for suppliers, and starting the carbon reduction journey with the supply chain. In addition, in order to accelerate the reduction of carbon emissions by the Sunon Group, it is also planned to implement internal carbon pricing for the Company, combining internal carbon fees with the evaluation of new equipment investment. Starting from 2024, the Taiwan plant will begin to set up smart meters and introduce the ISO 50001 energy management system, while launching a plan to replace old high-energy-consuming equipment with new ones. In line with the global goal of achieving net zero by 2050, we have joined SBTi, committing to reduce carbon emissions by 50% across the group by 2030 compared to the base year of 2022, and to achieve net zero carbon emissions by 2050.

Through strict corporate governance and flexible management, while actively creating shareholder value, we do not forget to give back to society and employees. More resources have been invested in talent cultivation and benefits, establishing a more inclusive, harmonious and diverse working environment, which has earned Sunon the recognition of being selected as a "2023 Happy Enterprise" by 1111 Job Bank. In terms of society, we actively participate in charitable undertakings and activities, give back to society, care for disadvantaged groups, and promote the development of social welfare undertakings.

This sustainability report will present detailed data and results in the above aspects, as well as future development plans. We sincerely look forward to making the world a better place full of infinite possibilities through bit by bit efforts. Thank you all.

Chairman and President /  
Ching-Shen Hong

洪慶昇



## 1.2.2 Sustainability Performance

### Governance

- Net profit after tax of **NT\$1.333 billion**, an increase of **22.5%** compared to 2022
- Female directors account for 1/3 of the board seats.
- 0 corruption incidents.

### Products

- Product R&D energy saving performance totaled **532 million kWh** of electricity saved. Reduced **2.6 million** tons of carbon dioxide equivalent.
- **100%** pass rate for product hazardous substance inspection from 2011 to 2023 for 13 consecutive years.
- Cumulative number of patents granted reaches **3,394**.

### Supply Chain

- **100% pass rate for new supplier evaluation.**
- **100% pass rate for annual supplier audit.**
- **74%** local procurement, **97%** local delivery.

### Environment

- Continue to conduct **group-wide greenhouse gas inventory** and pass external **third-party verification**.
- Solar power generation at Kunshan Guangxing Factory reaches **680,000 kWh**.
- Group-wide use of green electricity reaches **3.93 million kWh**, and purchase of green electricity certificates reaches **6 million kWh**.
- Continuously pass **IECQ QC 080000** certification.

### Society

- Employees participate in an average of **48** hours of education and training per year.
- Taiwan and global production sites have all passed **ISO 14001** and **ISO 45001** certifications.
- The "Inspirational Care Activity" has cumulatively cared for **9,867** households from 2018 to 2023.



## Stakeholder Engagement

### 1.3.1 Identification of Stakeholders

Considering the Company's industry attributes and business model, Sunon's Sustainable Development Committee refers to the five principles of AA1000 SES (Stakeholder Engagement Standard, 2015):

Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, to identify groups or organizations that have an impact on Sunon or are affected by Sunon. A total of eight types of stakeholders directly related to Sunon are identified, including employees, investors (shareholders), customers, suppliers, community residents and groups, contractors, government agencies and non-profit organizations, and electronics industry peers.

### 1.3.2 Stakeholder Communication

In order to understand and respond to the issues of concern to stakeholders, we provide various communication channels to regularly communicate and engage with stakeholders, so that stakeholders can express their opinions at any time, to understand the sustainable development issues that different stakeholders care about, and to give responses or strategies to address related issues. The communication channels and issues of concern for each stakeholder in 2023 are as follows:

#### ◆ Sunon Stakeholder Communication Mechanisms and Management Procedures

Serial Number	Communication Procedure	Description
1	Stakeholder and Issue Identification	Each team under the Sustainable Development Committee is responsible for collecting issues of concern from relevant stakeholders
2	Relevant Responsible Departments	Feedback from stakeholders is given to relevant responsible units, and the responsible units formulate measures to address the issues of concern
3	Sustainable Development Committee	Each issue's responsible unit regularly reports to the Sustainable Development Committee, and the Sustainable Development Committee integrates the engagement results
4	Board of Directors	<ul style="list-style-type: none"> <li>Engagement results are regularly reported to the board of directors, and issues that cannot be resolved by the responsible units are directly resolved by the board of directors</li> <li>The board of directors is responsible for reviewing communication effectiveness</li> </ul>
5	External Disclosure	Results of stakeholder engagement are disclosed in the annual sustainability report





◆ Sunon's Main Stakeholders and Communication Results

Stakeholder	Relationship Description	Communication Method/Frequency	Main Issues of Concern	Responsible Department	Communication Results
<b>Employees</b>	Employees have always been Sunon's most important asset since its founding. Sunon invests sufficient resources to cultivate talent, regularly holds meetings to listen to the voices of employees and employee representative meetings, and provides timely feedback to ensure that the concept of the Sunon family can be sustainably passed on.	Interactive meetings (employee representative meetings)/monthly Employee complaint mailbox/irregularly Regulation and system announcements/irregularly Employee Welfare Committee/monthly Occupational Safety and Health Committee/quarterly Labor Retirement Reserve Supervisory Committee/irregularly Sexual Harassment Complaint Committee/irregularly	Employee benefits and compensation Occupational Safety and Health Career development and training Talent recruitment and retention Workplace employee rights	Global Human Resources Division Safety teams Each factory's management department	Regarding employee benefits and compensation, the Company has established the most open and transparent promotion regulations and evaluation mechanisms, with promotion condition reviews twice a year, doing its best to meet employees' expectations for compensation; Regarding occupational safety and health, the Company conducts annual audits of the environment, safety, and health of each factory, and has various channels for employees to reflect and complain; Regarding career development and training, the Company has a complete new employee training program and professional training maps for each function, to enhance employees' skills and build human capital.
<b>Investors (Shareholders)</b>	Shareholders' recognition and support are the key driving force for a company's sustainable operation. Sunon will maintain good communication with shareholders and maintain stable growth momentum through the management philosophy of responsible self-governance by the board of directors.	Shareholders' meeting/annually Board meeting/quarterly Company annual report issuance/annually Sustainability report issuance/annually Financial reports audited by CPA/quarterly Announcement of material information on Sunon's website/irregularly Announcement of material information on Market Observation Post System/irregularly Handling announcements or filings as required by competent authorities/irregularly	Operating and financial performance Corporate governance Product quality/technology R&D Compliance with laws and regulations Code of ethical conduct Risk Management	Secretariat of the Board Sustainable Development Committee Finance Department	The company holds an annual shareholders' meeting to listen to the suggestions of all shareholders, and holds quarterly board meetings to regularly report the Company's governance policies and indicators to all directors; It also announces the Company's annual report and financial report in accordance with the law, and voluntarily issues a sustainability report to disclose sustainability performance and policies.
<b>Customers</b>	Sunon understands market trends and customer needs through various channels, takes a customer-oriented approach, actively meets customer expectations, and strives to maximize customer value.	Product/Technology seminars/annually Supplier conference/annually Website product introduction and description/irregularly, product catalogs/irregularly Recurring customer interviews and visits/irregularly Customer satisfaction survey/annually Social media platform (Sunon Green Life News)/irregularly YouTube (SUNON Green Life, Sunonwealth)/irregularly	Product quality/technology R&D Customer service satisfaction Green product/service design and development Raw material and hazardous substance management Compliance with laws and regulations	R&D department Quality assurance department Global Business Center Global Sales Department Other relevant Departments	The overall satisfaction score of the annual customer satisfaction survey has reached the target.

Stakeholder	Relationship Description	Communication Method/Frequency	Main Issues of Concern	Responsible Department	Communication Results
<b>Suppliers</b>	As one of the important partners, suppliers are the solid backbone of Sunon's various product lines, responsible for supplying the main raw materials and key components of each product. Growing together with suppliers to create higher industry value chain.	Public tendering and bidding operations/irregularly Contract terms and relevant regulations/irregularly Supplier system/daily Supplier meetings (seminars)/irregularly Supplier quality evaluation/monthly Supplier cost, technology, service evaluation/quarterly Supplier audit/every two years	Raw material and hazardous substance management Supply Chain Management Supplier social performance management Conflict minerals management Contractor management	Quality assurance department Strategic Purchasing Department	In response to economic fluctuations and market demand, the Company irregularly discusses raw material specifications, procurement terms and prices with suppliers, and also exchanges and explores various market information in the industry with each other.
<b>Community Residents and Groups</b>	In order to fulfill corporate social responsibility, Sunon gives back to the local community and cares for society through its business, assisting those in need, so that love can fill the entire society.	Sunon Charity Foundation Social media platforms (Sunon Happy Planet Sunon Green Life News Sunon Charity Foundation/irregularly Inspirational Care Activity/irregularly Blood donation activity/irregularly Management committee of commercial building complex/monthly Organizing factory visit activities/irregularly Recruitment activities or job fairs in nearby areas/irregularly	Community participation Air pollutant control Water resource and wastewater management Waste management and recycling	Secretariat of the Board Safety teams Planning Department Global Human Resources Division Each factory's management department Other relevant Departments	The company irregularly holds charity activities, invests more care and concern to the general public, and has also established multiple social media platforms to open up communication channels with the general public.
<b>Contractors</b>	Contractors are regarded as one of Sunon's important partners. Through a model of mutual trust and cooperation, we work together to meet customers' expectations.	Contractor evaluation/annually Communication and on-site inspection/irregularly Conducting work safety education and training/irregularly Safety inspection operations/irregularly Engineering contracting agreement/irregularly Occupational safety and health	Occupational Safety and Health Supply Chain Management Supplier social performance management Contractor management	Global Human Resources Division Strategic Purchasing Department Quality assurance department Safety teams	The company irregularly holds contractor communication meetings to discuss not only contract outsourcing prices and common terms amendments, but also actively communicates and promotes work safety and contractor management related matters.

Stakeholder	Relationship Description	Communication Method/Frequency	Main Issues of Concern	Responsible Department	Communication Results
<b>Government Agencies and Non-Profit Organizations</b>	Sunon complies with government laws and regulations, abides by the law, actively cooperates with government activities, and fulfills civic duties. Sunon will also absorb and adopt the relevant needs and suggestions of non-profit organizations as the direction for future business improvement.	Handling and reporting of EIA to competent authorities for reference/irregularly Interaction and exchange with competent authorities on relevant business/irregularly Data reporting and tax payment operations/irregularly Inspection by government agencies/irregularly Seminars and forums/irregularly Communication and interaction with experts and scholars/irregularly Participating in government policy advocacy/regulatory seminars/irregularly	Occupational Safety and Health Compliance with laws and regulations Tax policy Energy Management Greenhouse gas emissions Air pollutant control Water resource and wastewater management Waste management and recycling	Secretariat of the Board President Office Global Human Resources Division Finance Department Safety teams	The company assigns relevant units to regularly participate in government agency meetings to discuss relevant policies and regulations, and provide suggestions on implementation content.
<b>Electronics Industry Peers</b>	As a core role in the industry chain, Sunon enhances its industry competitiveness through participation in associations and benchmarking with industry peers.	Release of information on association and society activities/irregularly Release of information on electronics industry peer exchange and visit activities/irregularly Various data application and information release/irregularly	Operating and financial performance Product quality/technology R&D Green product/service design and development Employee benefits and compensation Talent recruitment and retention	R&D department Sales department Quality assurance department Global Human Resources Division	The company has maintained good interactions with industry peers for a long time, actively participates in various industry-academia associations, and can obtain the latest information on industry technology development and policies through mutual exchanges and cooperation, serving as a good foundation for business development and strategic cooperation.

Note: This table only briefly describes the issues of concern to stakeholders. For detailed response measures, please refer to the relevant chapters of this report.

# Management of Material Topics

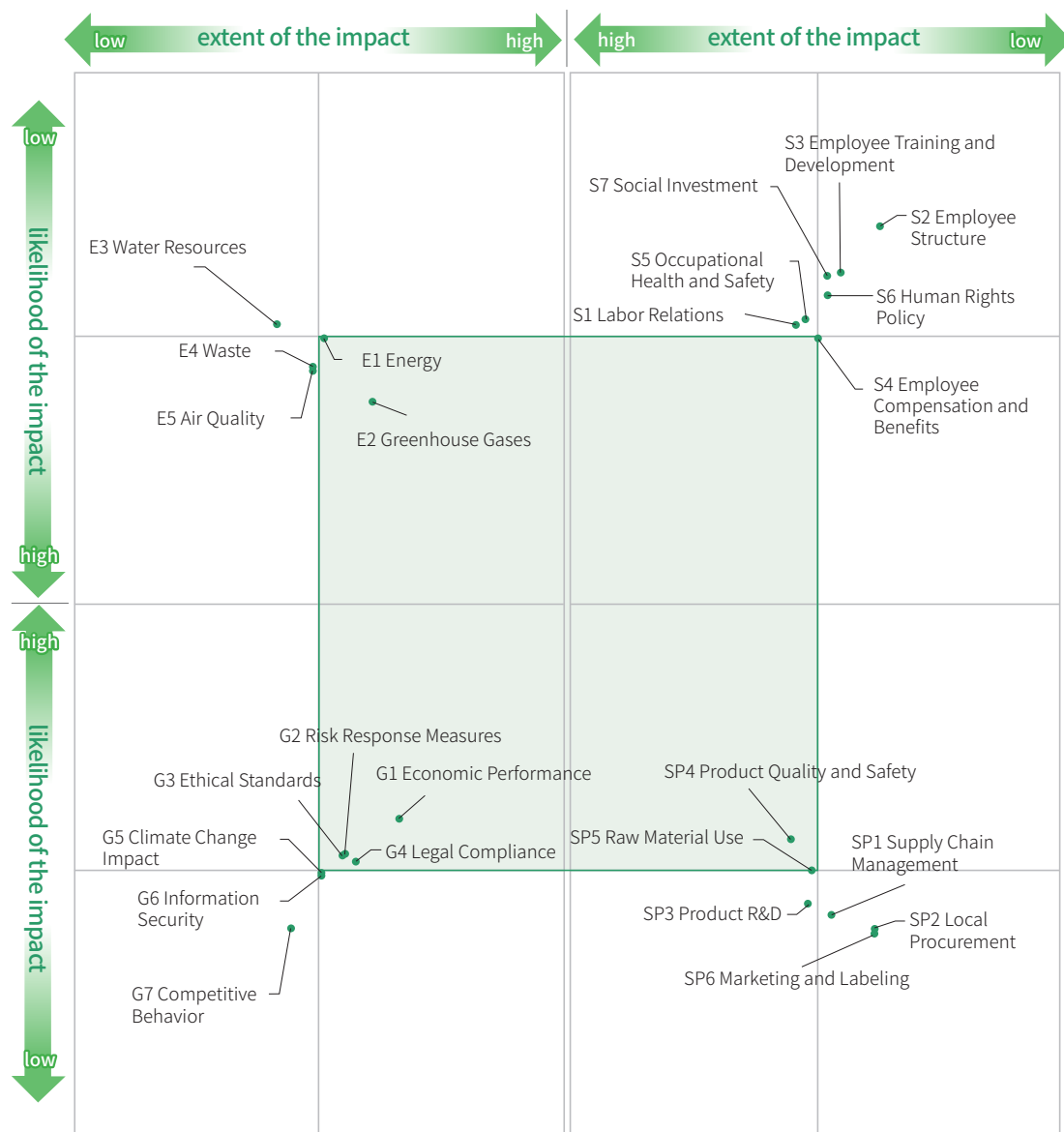
## 1.4.1 Material Topic Assessment Process

### Material Topic Assessment Process

Sunon's Sustainable Development Committee, based on the Company's operating activities, industry type, and impact generated by the value chain, identifies sustainability topics that have a significant impact on stakeholders through stakeholder engagement and expert consultant consultation every year, in accordance with the materiality principle in the 2021 version of GRI 3. The chairman of the Sustainable Development Committee decides on the key sustainable topics for the period and reports the aforementioned material topic identification results to the board of directors. The detailed assessment process is as follows:



• ESG impact event (risk opportunity) matrix and corresponding material issues



Note: Impact degree refers to the degree of impact of the impact event on Sunon and on stakeholders; Likelihood of occurrence refers to the probability of the impact event occurring.

**Impact Event (Risk/Opportunity Item)**

Greenhouse Gases	Economic Performance
Energy	Risk Response Measures
Raw Material Use	Ethical Standards
Product Quality and Safety	Legal Compliance

**Corresponding Material issue**

Greenhouse Gas Emissions	Economic Performance
Energy Management	Risk Response Measures
Raw Material Management	Ethical Standards
Product Quality and Safety	Legal Compliance

**Corresponding Chapter in Report**

4.3 Emissions Monitoring	2.3 Operational Performance
4.2 Energy Management	2.7 Risk Management
4.1 Material Management	2.4.1 Ethical Management
3.2 Product Health and Safety	2.4.3 Legal Compliance

Compared with the results of the previous material issue identification, this year there is a significant increase in governance topics (economic performance, risk response measures, ethical standards, legal compliance); Product quality and safety is also a new material issue this year, which was included in the material issues in 2021; As for the previous green product development, green procurement, climate change, talent recruitment and retention, career development and training, and waste, they are not included in the material issues this year, but the existing management procedures will be maintained, and the business strategies will be optimized regularly according to the actual business situation and international trends.



## 1.4.2 Impact Management of Material Topics

Sunon's board of directors is the highest decision-making and supervisory department for material issue management, assigning the Sustainable Development Committee to be responsible for sustainable material issue management items, including inventorying and reviewing material issue management guidelines, proposing optimization and improvement suggestions; Establishing diverse stakeholder communication channels, regularly integrating stakeholder suggestions, judging their opinion types and impact, formulating response measures or response guidelines, and reporting to the board of directors. The board of directors meets with the Sustainable Development Committee at least once a year to jointly discuss the material issue management situation and formulate the sustainable development direction and strategic objectives for the new year.

## Boundaries of Material issue Impact

Material issue	Corresponding GRI Topic	Impact		Main Management Guidelines	Impact Scope (Boundary)			KPIs and Targets			Management Evaluation Mechanism	Corresponding Chapter in Report
		Positive Impact	Negative Impact		Upstream	Company Operations	Downstream	Short-term Goals 2025	Mid-term Goals 2030	Long-term Goals 2050		
Greenhouse Gas Emissions				Implement greenhouse gas inventory, find carbon reduction hotspots, establish internal carbon emission data management mechanism, disclose according to regulations, and regularly report to the board of directors				Establish group greenhouse gas inventory procedures, gradually increase the inventory scope of category 3, and accurately calculate the group's carbon emissions	Compared to the 2022 base year, reduce category 1 and category 2 carbon emissions by 50% by 2030	Net zero emissions by 2050	Implement annual greenhouse gas inventory and compare with base year emissions	5.3 Emissions Monitoring
Energy Management	GRI 302-1、302-3、302-5	-	●	Energy saving, energy purchasing, energy creation - three arrows in the same direction		V		1. Increase the proportion of renewable energy use by 7.2% every year 2. Introduce EnMS energy management system 3. Continue to replace high energy-consuming equipment	1. Increase the proportion of renewable energy use by 7.2% every year 2. Circular energy planning 3. Continue to replace high energy-consuming equipment	1. Increase the proportion of renewable energy use by 7.2% every year 2. Purchase green electricity certificates 3. Grid-connected renewable energy (solar power)	Disclose the proportion of renewable energy use in the sustainability report every year	5.2 Energy Management 3.1.2 Green Product R&D
Raw Material Management	GRI 301-1	▲	●	Promote suppliers to conduct greenhouse gas inventory, so that the carbon footprint of raw materials can be quantified and calculated	V	V		1. 70% recycling rate of raw material supply packaging 2. First stage raw material carbon footprint data collection Raw Material Carbon Footprint	1. 80% recycling rate of raw material supply packaging 2. Second stage raw material carbon footprint data collection	1. 85% recycling rate of raw material supply packaging 2. Third stage raw material carbon footprint data collection	Internal KPI control	5.1 Material Management
Product Quality and Safety	GRI 416-2	▲	●	Committed to implementing quality policies and measures, aiming to provide customers with high service and high quality		V	V	Continue to improve customer satisfaction and develop a sound quality policy			Internal KPI control	3.2 Product Health and Safety
Economic Performance	GRI 201-1、201-4	-	●	Achieve economic benefits in corporate operations while maximizing the promotion of social equity, environmental protection and corporate ethics		V		Set annual business and performance targets according to domestic and international trends, regularly confirm the expected target achievement, and make rolling adjustments and revisions when necessary.			Quarterly financial statements Annual report for shareholders Sustainability report	2.3 Operational Performance

Material issue	Corresponding GRI Topic	Impact		Main Management Guidelines	Impact Scope (Boundary)			KPIs and Targets			Management Evaluation Mechanism	Corresponding Chapter in Report
		Positive Impact	Negative Impact		Upstream	Company Operations	Downstream	Short-term Goals 2025	Mid-term Goals 2030	Long-term Goals 2050		
Risk Response Measures	-	-	●	Complete internal risk issue identification and assessment according to the scope of risk management policies and procedures, and implement risk issue mitigation measures	V	V	V	Regularly review and revise risk issue mitigation measures to reduce losses caused by risk occurrence	Annual report for shareholders	Annual report for shareholders	Annual report for shareholders Sustainability report	2.7 Risk Management
Ethical Standards	GRI 2-23~2-26、205-3、206-1	-	●	We stay the corporate culture spirit of "ethical management", with integrity, responsibility, fairness and transparency as the Company's highest guiding principles	V	V	V	Ensure that there are no significant risk or non-compliance incidents within the group	Annual report for shareholders	Annual report for shareholders	Annual report for shareholders Sustainability report	2.4.1 Ethical Management
Legal Compliance	GRI 2-27	-	●	Comply with the laws and regulations of each operation location, taking compliance as the basic requirement	V	V	V	Ensure that there are no major violations within the group	Annual report for shareholders	Annual report for shareholders	Annual report for shareholders Sustainability report	2.4.3 Legal Compliance

Note 1: ● Represents actual impact (actual risk or opportunity), ▲ Represents potential impact (potential risk or opportunity).

Note 2: This management guidelines list only outlines key policies or strategies and management objectives. For detailed management guidelines, please refer to the description in each chapter.



# Chapter 2

## 2 Sustainable Corporate Governance

2.1 Organizational Overview

2.2 Governance Structure

2.3 Operational Performance

2.4 Responsible Business Conduct

2.5 Climate Change Risks and Opportunities

2.6 Information Security

2.7 Risk Management

# Organizational Overview

## 2.1.1 Basic Information

Sunon was founded in 1980 and has been focusing on the invention and innovation of energy-saving motor core technology for more than 40 years. In the fields of motors, fans, cooling modules, ventilation and air purification solutions, Sunon continuously innovates and leads the industry's product development trends. With years of rich motor core technology, it has developed the world's first MagLev magnetic levitation motor fan, the world's smallest and thinnest millimeter-sized micro fan and other products, which are not only highly praised in the industry, but also widely used in 5G equipment, AIoT, servers, data centers, medical, home appliances, e-sports, automobiles, industrial, refrigeration equipment, monitoring services, portable products and green building ventilation and other industries, successfully becoming the designated product for many international brand manufacturers and customers' best design partner for thermal solutions.

Sunon Group's corporate headquarters is located in Kaohsiung City, Taiwan. Combined with subsidiaries and offices in Europe, the United States, China and other regions, there are more than 120 global distributors and over 1,000 sales and service locations, forming a customer service and technical support network that spans five continents globally, able to respond to customer needs in a timely and rapid manner.

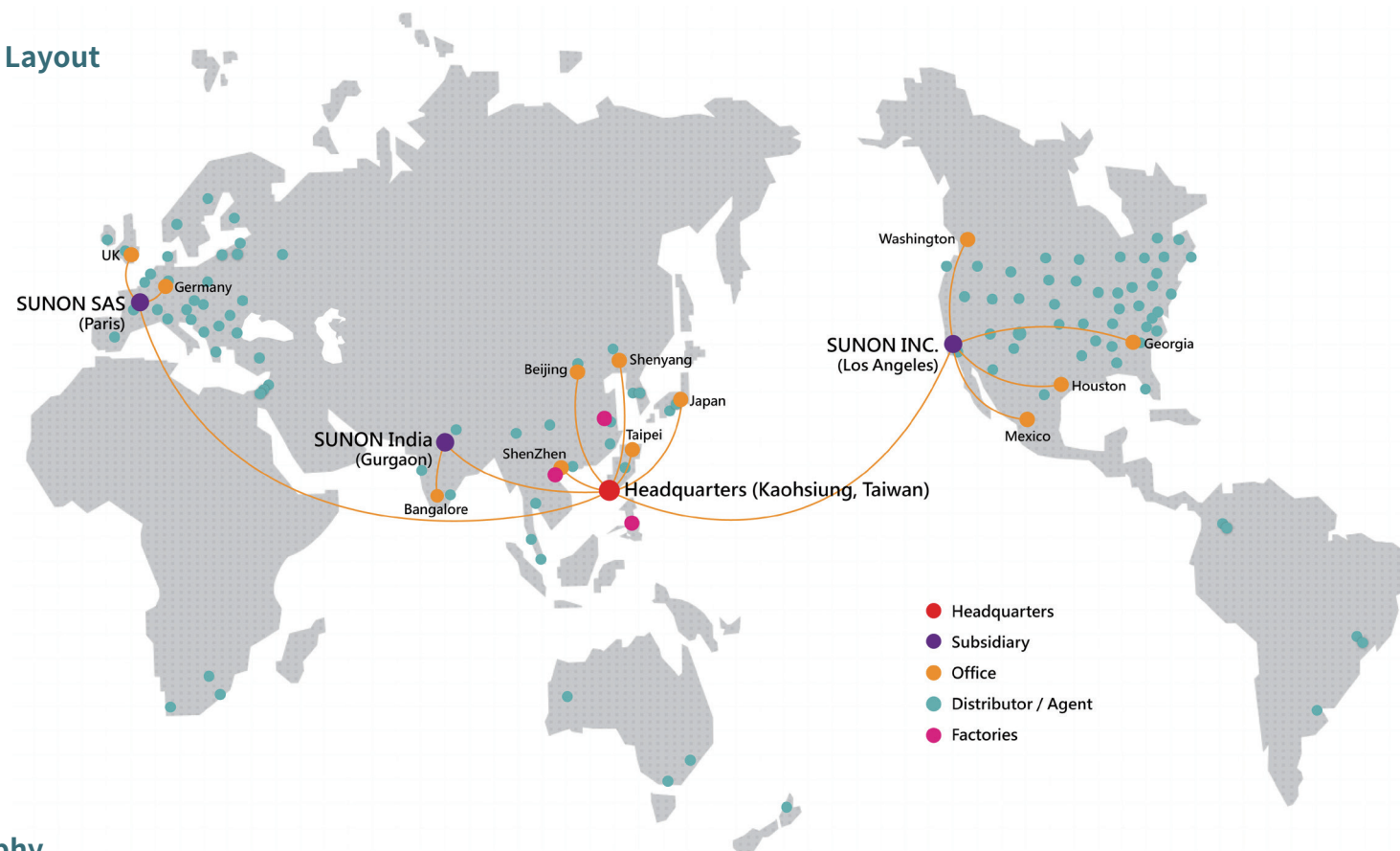
In response to the demand for large-scale mass production, Sunon has four well-equipped professional manufacturing factories in Kaohsiung, Taiwan, Kunshan, Jiangsu and Beihai, Guangxi in China, and Bataan, Philippines, producing a full range of fans, motors, various cooling modules, ventilation fans, and ceiling fan products. Through ERP and MES system management, it meets customers' real-time and flexible needs, and has the industry-leading production capacity with high quality control.

To protect investors' rights and interests, an investor relations communication platform is set up on the company website, regularly updating business information and transparently disclosing Sunon's operating conditions, forming a long-term, stable, and harmonious interactive friendly relationship between the Company and investors.

Company Name	Sunonwealth Electric Machine Industry Co., Ltd
Company Type	Listed Company
Establishment Date	October 25, 1980
Headquarters Location	No. 30, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City 806034 , Taiwan
Industry Category	Electronic Components and Product Manufacturing
Main Products or Services	Fans, Motors, Heat Dissipation Modules, Ventilation Fans, Fresh Air Systems, Ceiling Fans
Paid-in Capital	NT\$ 2.5 billion
Net Sales	NT\$ 12,914,685,000
Number of Employees	6,383



## • Global Operation Layout



## • Business Philosophy



### Brand

Insist on maintaining the brand with quality. The Sunon brand represents high-quality, high-tech, and forward-looking excellent products in the market.



### Innovation

Sunon was founded on invention and innovation, and regards invention and innovation as the only path to maintain its leading position in the industry.



### Value

Sunon's value comes from the R&D intelligence and achievements accumulated beyond the product itself.

In order to meet customer needs with the best design flexibility, Sunon is backed by a strong R&D team, combined with service marketing business units and production support business units, to innovate with customers towards new generation products. We hope that through service, customers can personally experience the true meaning of Sunon's business philosophy of "Brand, Innovation, Value", hoping that "because of Sunon, customers can use it with peace of mind", "because of Sunon, the system becomes smaller and more humane", "because of Sunon, society is full of hope and future".



## • Development History

Sunon's History

Year	Description
1980	Sunon was established with a capital of 1 million NT\$, specializing in the R&D, manufacture and sales of high-precision small motors and cooling fans.
1981	Obtained the SUNON trademark certificate issued by the Central Standards Bureau; Taipei factory was established.
1983	Obtained the U.S. UL mark; Changed the organization to a company limited by shares.
1984	Established Kaohsiung headquarters.
1987	Obtained the first patent license.
1989	Established charity group, SYCP Center to serve children with multiple disabilities and fulfill social responsibility.
1990	Gangshan factory construction completed.
1991	Mass production of self-developed successful DC brushless cooling fans.
1995	Passed ISO 9002 certification; Established Hong Kong and Taipei offices; Launched ultra-small and ultra-thin cooling fans.
1996	Obtained ISO 9001 quality assurance certification; Established Singapore and European offices; Collaborated with ITRI Optoelectronics Department to develop "high-speed CD-ROM drive spindle motor".
1997	Set up Nanhai factory and officially started overseas production and manufacturing; Established U.S. office.
1998	Passed ISO 14001 certification.
1999	New GM and GB series products were officially launched; Established U.S. subsidiary; Invested in You Zhong Technology to specialize in the R&D and manufacturing of DVD spindle motors and modules; Launched maglev fan motor series products.
2000	Listed on the stock market in September; Established French and Japanese subsidiaries.
2001	Established Sunon Invention and Innovation Center in Kaohsiung, Taiwan; Launched the world's first brushless DC vibration motor; Kunshan factory in China was established.
2002	Established global operations headquarters in Kaohsiung, Taiwan; Launched the world's smallest 8*8*5 mm millimeter micro fan.
2003	Collaborated with National Sun Yat-sen University to establish "National Sun Yat-sen University Sunon R&D Center".
2004	Launched new maglev AC fan product.
2005	Fully provided products compliant with RoHS directive; Passed OHSAS18001 certification.

Year	Description
2006	Passed ISO/ TS16949 certification.
2007	Launched the world's smallest 8mm, thinnest 3mm millimeter micro fans, blower fans and module products; Foshan Sunon Electronics Co., Ltd. relocation and production line expansion completed.
2008	Launched super quiet fan series products; Passed IECQ QC080000 certification; Launched new generation maglev motor fan ME series; Released LED indoor lighting bulb heat dissipation module.
2009	Launched green energy fan (Super Green Fan); Launched DR MagLev Motor Fan dust-resistant maglev motor fan.
2010	Launched positive and negative rotation smart dust removal fan technology; Since 2010, GHG inventory has been carried out regularly every year and SGS third-party verification certificate has been obtained; Launched LED lighting heat dissipation module series products.
2011	Established Guangxi Beihai factory in China.
2012	Launched IP protection grade series fans.
2013	Launched Ultra Micro Cooling Device series products.
2014	Launched 400W high-power LED lighting heat dissipation solution; Launched ECO DC variable frequency ventilation fan series products; Launched smart phone heat dissipation protective case.
2015	Launched super energy-saving DC motor ventilation fan; Millimeter fan series products are widely used in computer sticks, drones, electronic masks and virtual reality wearable devices.
2016	Launched dual-flow fresh air system; Launched super energy-saving EC axial fan; Launched ATEX explosion-proof series fans.
2017	Launched commercial large side-suction filter ventilation fan; Launched VF high-efficiency series fans.
2018	Launched DC Axial Fan VF dual fan; Passed IATF16949 certification.
2019	Launched Green Space dual-flow fresh air system; Launched HVLS super energy-saving large ceiling fan; DC Axial Fan XF full series models; Established Indian subsidiary; Invested in Philippine subsidiary.
2020	Launched silent ventilation fan (direct discharge); Launched Modern HVLS household ceiling fan; Launched dual-flow fresh air system (air intake type); Launched AF car seat ventilation blower fan.

Year	Description
2021	Launched 1000W high-power embedded tube water cooling plate heat sink; Launched Intel Whitley Platform high-performance CPU cooler; Launched vibration-damping fan series; Ranked 245th in Taiwan's Top 2000 Manufacturing Industry and 28th in Computer Peripherals and Components by CommonWealth Magazine in 2021; Sunon's silent (direct discharge) ventilation fan awarded 2021 Taiwan Excellence Award.
2022	Launched the new generation Intel Eagle Stream server platform CPU Cooler and obtained certification; Launched new generation ECO EC axial fan series; Launched DC Axial Fan XG fan; Established Beihai Lizhun factory in China; Philippines Sunon factory officially started mass production and shipment.
2023	Launched AMD EPYC™ 9004 series 4th generation server processor Genoa CPU Cooler; Launched AF40x10mm axial fan for automotive audio-visual entertainment system; Launched night black MODERN contemporary classic ceiling fan; Passed ISO 27001 information security certification; Bionic tail turbofan won the 2023 National Brand Yushan Award for Best Product and First Prize recognition.

## • Honors and Achievements

2018	<p><b>Won</b> the 2018 Taiwan Excellence Award (side-suction filter ventilation fan)</p> <p><b>Awarded</b> the 2018 Advanced Unit for Enterprises Implementing the Main Responsibility of Work Safety Production</p> <p><b>Won</b> the Gold Award (2017 Best Growth Award) of the Zhonghe Award</p> <p><b>Won</b> the Kunshan City Harmonious Labor Relations Enterprise award</p> <p><b>Won</b> the Kunshan Economic and Technological Development Zone Harmonious Labor Relations Enterprise award</p> <p><b>Won</b> the 2018 Kunshan City Model Workers' Home award</p> <p><b>Awarded</b> the Foshan City Work Safety Standardization Level 3 Enterprise</p>
2019	<p><b>Won</b> the Talent Quality-management System (TTQS) Gold Medal</p> <p><b>Won</b> the Healthy Workplace Certification - Health Promotion Label</p> <p><b>Won</b> the 2019 Taiwan Excellence Award (Powerful HVLS Fan Series 1 energy-saving high-volume ceiling fan)</p> <p><b>Awarded</b> the 2019 Guangdong Province Health Promotion Enterprise</p> <p><b>Awarded</b> the 2019 Advanced Unit for Enterprises Implementing the Main Responsibility of Work Safety Production</p>
2020	<p><b>Won</b> the 2020 Taiwan Excellence Award (Modern HVLS Fan ceiling fan)</p> <p><b>Won</b> the 2020 Taiwan Excellence Award (Green Space dual-flow fresh air system)</p>
2021	<b>Won</b> the 2021 Taiwan Excellence Award (Silent (direct discharge) ventilation fan)
2022	<p><b>Won</b> the Talent Quality-management System (TTQS) Gold Medal</p> <p><b>Won</b> the 1111 Job Bank "Happy Enterprise" Silver Award</p> <p><b>Won</b> the 2022 Golden Pin Design Award (Green Space dual-flow fresh air system)</p>
2023	<b>Won</b> the 2023 National Brand Yushan Award for Best Product and First Prize (Bionic tail turbofan)

## • Association Memberships

Sunon continues to maintain good cooperative relationships with industry associations such as the Taiwan Electrical and Electronic Manufacturers' Association, the Taipei Computer Association, and the Taiwan Excellent Brand Association. It also sends personnel to participate in the Thermal Management Association to further understand the new development trends of the electronics industry and the forward-looking practices of international major manufacturers actively investing in R&D of new technologies through such industry-university-research communication and exchange platforms, promoting interaction and knowledge and skill exchange opportunities among manufacturers, and enhancing potential business cooperation opportunities;

It is also expected to maintain information exchange or experience sharing through professional associations and guilds, in order to jointly seek response plans when facing major regulatory policy promotion or revision, obtain positive results and create a win-win situation.

In 2023, the Company joined 8 associations and organizations, listed as follows:

Association/Organization	Membership
Taiwan Electrical and Electronic Manufacturers' Association	General Member
Taipei Computer Association	General Member
Taiwan Excellent Brand Association	General Member
Kaohsiung Chamber Of Industry allright reserved	General Member
Taiwan Climate Partnership.	General Member
Taiwan Computer Emergency Response Team	General Member
Taiwan Society of Tribology Technology	General Member
Taiwan Thermal Management Association	Director

## Governance Structure

### 2.2.1 Governance Structure

The highest authority of the Company is the shareholders' meeting, and the directors are elected by the shareholders to form the board of directors, which is the Company's highest governance unit, responsible for the Company's overall business decisions. The Remuneration Committee, Audit Committee and Sustainable Development Committee are set up under the board to supervise the directors' remuneration, the Company's financial statements, and sustainable development key performance targets respectively. In addition, an Audit Office is set up to supervise the effectiveness of the Company's internal control system, and each committee is required to report its implementation results and resolutions to the board of directors regularly to protect the rights and interests of the Company and its stakeholders.



### • Board Operations and Composition

The board of directors acts as a balance and supervisory role between the Company's owners and operators. It exercises the rights and obligations granted by shareholders, formulates business policies based on the rights and interests of stakeholders; It decides on the Company's management, supervises the Company's operations, resolves sustainable development related strategies and tracks implementation effectiveness.

The company's directors are elected by the shareholders' meeting from the list of candidates under the candidate nomination system. Nine directors (including 4 independent directors) are elected, and the directors' term of office is three years, and they may be re-elected. The nomination and selection criteria are the independence and professional background of the candidates and their relevance to the Company's business development, taking into account the diversity of the board composition. The current board of directors consists of 9 directors (including 4 independent directors), with a male-to-female ratio of 2:1, and their term of office is from July 1, 2021 to June 30, 2024.

In principle, Sunon holds a board meeting once every quarter. In 2023, a total of five regular board meetings and one interim board meeting were held, with an average attendance rate of 96%.



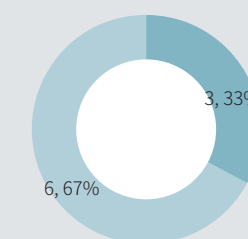
## • Composition of Governance Department

Sunon Director Information (Current Board Term: July 1, 2021 to June 30, 2024)

Title	Term	Name	Gender	Age	Concurrent Position in the Company	Concurrent Important Positions in Other Companies	Functional Committees		
							Audit Committee	Remuneration Committee	ESG Committee
Chairman	14	Ching-Shen Hong	Male	51 and above	Serves as the Company's President	President of Sunonwealth Electric Machine Industry Co., Ltd. Chairman of Sunon Electronics (Kunshan) Co., Ltd. Chairman of Sunon Electronics (Foshan) Co., Ltd. Chairman of Sunon Electronics (Beihai) Co., Ltd. Chairman of Beihai Lihun Electronics Co., Ltd. Chairman of Sunon Inc. Chairman of Sunon SAS Director of Sunon Corporation Chairman of Sunon Electronics India Private Limited Director of SUNON Properties Philippines Corp. Director of SUNON Electronics Philippines Corp. Director of Suzhou Shengyixing Heat Transfer Technology Co., Ltd. Chairman of You Yuan Investment Co., Ltd.			V
Director	27	Ching-Liang Chen	Male	51 and above	-	President of NICE Enterprise Co., Ltd. Supervisor of Taiwan First Biotechnology Corp. Chairman of TAFLEX International Co., Ltd. Chairman of Ho Tien International Development Co., Ltd.			
Director	8	Tseng-Cheng Lin	Male	51 and above	-	-			
Director	14	Fu-Ing Hong Chen	Female	51 and above	Serves as the Company's senior special assistant in the President Office	Senior Special Assistant of Sunonwealth Electric Machine Industry Co., Ltd. Director of Sunon Inc. Director of Sunon Electronics (Kunshan) Co., Ltd. Director of Sunon Electronics (Foshan) Co., Ltd. Director of Sunon Electronics (Beihai) Co., Ltd. Director of SUNON Properties Philippines Corp. Director of SUNON Electronics Philippines Corp. Chairman of Guang Sheng Investment Corporation			
Director	14	Li-Ju Chen	Female	51 and above	Serves as the Company's Head of Strategic Purchasing Department/Head of IT Division	Head of Strategic Purchasing Department/Head of IT Division of Sunonwealth Electric Machine Industry Co., Ltd. Director of Sunon Electronics (Kunshan) Co., Ltd. Director of Sunon Electronics (Foshan) Co., Ltd. Director of Sunon Electronics (Beihai) Co., Ltd. Director of Sunon Corporation Director of Sunon Electronics India Private Limited Director of SUNON Properties Philippines Corp. Director of SUNON Electronics Philippines Corp.			
Independent Director	8	Chih-Ming Chen	Male	51 and above	-	Principal of Chih-Ming Law Firm	V	V	
Independent Director	8	Mei-Hsiang Pai	Female	51 and above	-	Director of Rich Fountain International Corp.	V	V	
Independent Director	2	Kuang-Chih Huang	Male	51 and above	-	Emeritus Professor of National Kaohsiung University of Science and Technology Honorary Chair Professor of Cheng Shiu University	V		
Independent Director	8	Chun-Hao Xin	Male	51 and above	-	-	V	V	

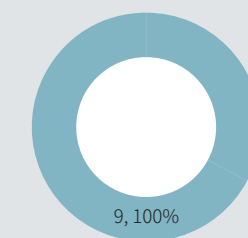
### Director Gender and Age Distribution Chart

**Gender** Unit: person



■ Female ■ Male ■ Other

**Age** Unit: person



■ 51 and above ■ 29 and below ■ 20-50



## • Director Professional Abilities and Experience Distribution Excellent

Title	Name	Director Professional Abilities and Experience Distribution Excellent											
		Leadership and Decision Making	Operations Management	Finance, Accounting, and Law	Industry Knowledge	Industry Technology	Marketing	Business Development	Information Technology	Environmental Sustainability	Risk Management	Social Participation	Supply Chain Management
Chairman	Ching-Shen Hong	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Director	Tseng-Cheng Lin	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Director	Ching-Liang Chen	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Director	Li-Ju Chen	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Director	Fu-Ing Hong Chen	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Independent Director	Kuang-Chih Huang	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Independent Director	Chih-Ming Chen	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Independent Director	Mei-Hsiang Pai	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Independent Director	Chun-Hao Xin	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent

Note: Although the Chairman and President of the Company are the same person, the Company's operations all comply with relevant laws and regulations and systems, and the duties and responsibilities of the Chairman and President are also clearly divided. The Company has an Audit Committee and an Audit Office to supervise the Company's financial supervision, internal control supervision, independent audit supervision and risk management. If there is a "conflict of interest" in the resolutions of the Board of Directors, the interested party will not participate in the voting.

## • Director Training

Sunon arranges directors to participate in training courses annually, forums and meetings on professional skills and knowledge as well as sustainable development related topics to enhance directors' professional capabilities to respond to operational impacts. In 2023, a total of 57 hours were spent participating in training programs, courses and major issue forum meetings.

## • Remuneration Structure of Directors and Senior Executives

The remuneration of Sunon's directors includes compensation (A), retirement pension (B), director's remuneration (C), business execution expenses (D), and the percentage of the total of A, B, C and D to net profit after tax. The Remuneration Committee refers to industry standards and individual director performance as the basis for adjusting individual remuneration. Except the fixed salary and retirement pension, performance bonuses are calculated based on the achievement of various performance indicators.

The remuneration system for Sunon's senior management is proposed by the Remuneration Committee and approved by the Board of Directors. Except the fixed salary and retirement pension, performance bonuses are calculated based on the achievement of various performance indicators. The retirement system for senior management is the same as that for other employees.

## • Resignation and Retirement Policy for Directors and Senior Management

The notice period for the resignation of Sunon's directors and senior management is determined in accordance with local government regulations, and the number of days' notice and method of calculating severance pay are the same as those for other employees. In addition to severance pay, no other payments or benefits in kind will be paid to resigning directors and senior management.



### • Linkage of Remuneration of Directors and Senior Management to Sustainability Performance

The remuneration of directors and senior management is not yet linked to sustainability performance. Relevant systems will be formulated in the future to gradually introduce sustainability performance indicators, linking their remuneration to their degree of participation in sustainability issues and the achievement of sustainability goals, strengthening directors' and senior management's accountability for the Company's sustainability vision.

### • Clawback Mechanism

To ensure the Company's sustainability and integrity management, if there is a major risk event sufficient to affect the Company's reputation, or a major internal management failure event, according to the Company's business ethics management procedures, if any director or employee is punished due to misconduct, the originally approved remuneration or rewards shall be canceled and the bonus already received shall be recovered in accordance with relevant regulations.

### • Board Performance Evaluation

To further enhance the effectiveness of the Board's operations and strengthen corporate governance, the Company conducts an annual self-performance evaluation of individual directors in principle, measuring six aspects:

1. Grasp of the Company's goals and tasks
2. Awareness of directors' responsibilities
3. Participation in the Company's operations
4. Internal relationship management and communication
5. Directors' professionalism and continuous training
6. Internal Controls

### • 2023 Performance Evaluation Results:

Sunon's internal evaluation results this year are excellent, with an average evaluation score of 5 points (out of 5 points); The rating is excellent (the highest rating is superior), indicating that the operation of the Board of Directors is sound and meets the requirements of corporate governance. The Company has submitted the report results to the Board of Directors.

### Board Evaluation Implementation

Evaluation Cycle	Once a year
Evaluation Date	January 1, 2023 to December 31, 2023
Evaluation Method	Internal self-evaluation
Evaluation Scope	Individual board members
Evaluation Results	Average 5 points; Superior rating (out of 5 points; highest superior rating)

### • Conflict of Interest Management

The rules of procedure for Sunon's board meetings, the organizational charters of the Remuneration Committee, Audit Committee, and Sustainable Development Committee all have provisions for conflict of interest avoidance. If a director's motion involves his/her own, spouse's, and second-degree blood relatives' interests or the interests of a company over which the director has a controlling subordinate relationship, he/she shall explain his/her interest at the current board meeting. If there is a concern of harm to the Company's interests, he/she shall not participate in the discussion and voting, and shall recuse himself/herself from the discussion and voting, and shall not exercise the voting rights of other directors on their behalf; The names of relevant directors, important content descriptions and recusal situations are all recorded in the meeting minutes. Directors and managers are also required to complete an annual related party transaction declaration, and report the results to the Audit Committee.

Besides, the Company has also established codes of conduct for different levels of personnel, such as the Code of Integrity for Directors and Managers and the Code of Ethics for Employees, which are supervised by the corporate governance unit to ensure the implementation of the codes of conduct, and regularly report the implementation results to the Board of Directors.

As of the end of 2023, Sunon has not had any significant incidents of conflict of interest.

## 2.2.2 Functional Committees

### • Sustainable Development Committee

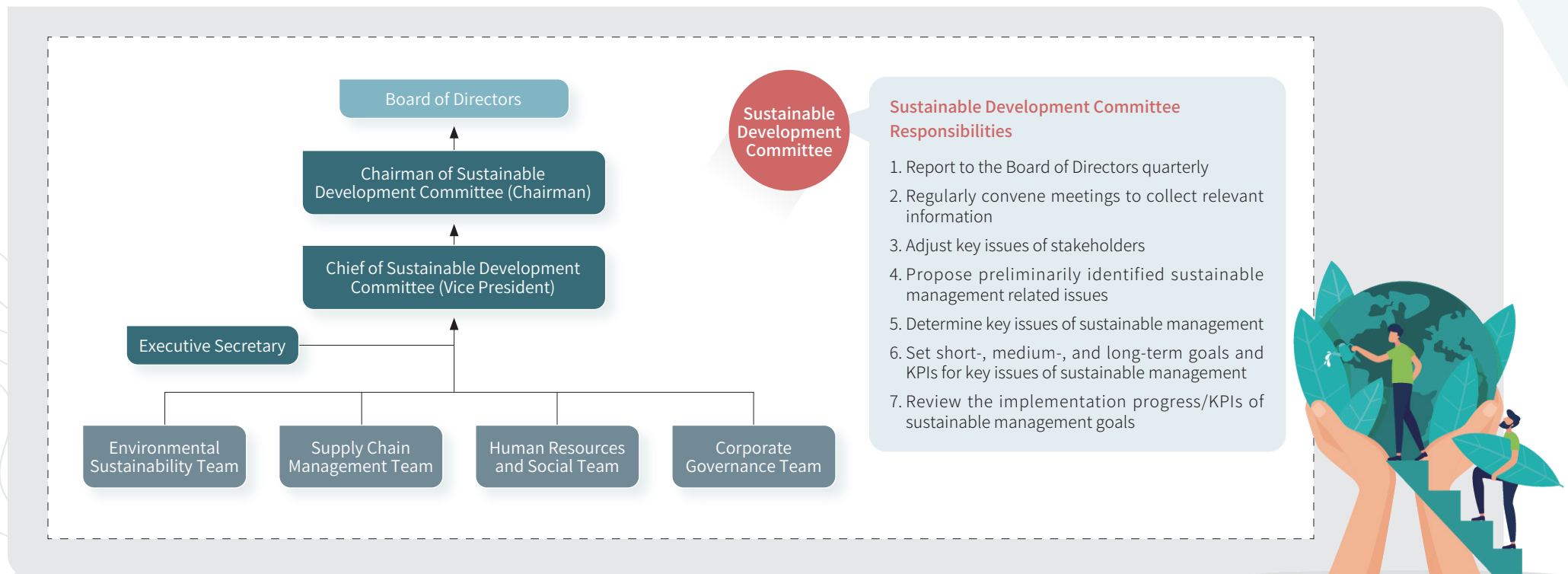
Sunon established the Sustainable Development Committee in 2022 as the highest-level dedicated unit for sustainable development within the Company. The chairman of the Sustainable Development Committee is the chairman of the board, and the vice president serves as the chief of the Sustainable Development Committee and appoints an executive secretary.

The main responsibilities of the Sustainable Development Committee are to manage, resolve and supervise the Company's governance strategies, policy implementation effectiveness and target achievement related to major sustainable development issues, and regularly report the implementation results to the Board of Directors every quarter.

Under the committee, four executive teams are established according to functional responsibilities: Environmental Sustainability Team, Supply Chain Management Team, Human Resources and Social Team, Corporate Governance Team. The chief coordinates the four executive teams to fulfill the spirit of sustainable management.

The executive teams are responsible for identifying major sustainable development issues related to the Company's operations, formulating management strategies and targets, and preparing the annual sustainability report. The chief regularly reviews the performance and target achievement of the executive teams and regularly reports to the chairman of the Sustainable Development Committee.

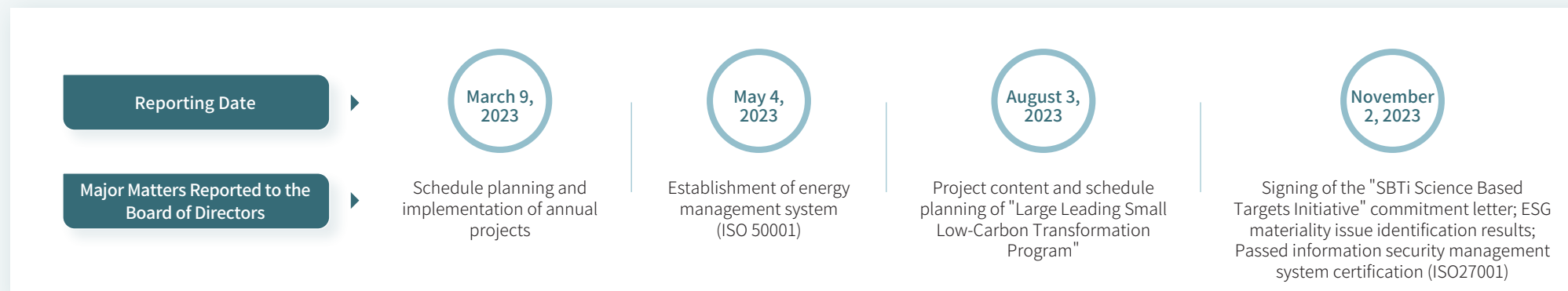
### • Organizational Chart of the Sustainable Development Committee



## • Implementation of the Sustainable Development Committee

In 2023, Sunon Electric Machine Industry Co., Ltd.'s Sustainable Development Committee regularly reported to the Board of Directors a total of three times, mainly reporting on the schedule planning and implementation of annual projects.

### Reporting Matters of the Sustainable Development Committee to the Board of Directors in 2023



## • Remuneration Committee

The members of the Remuneration Committee are appointed by resolution of the Board of Directors, and the number of members shall not be less than three, one of whom shall be the convener. The term of office of the members of the Remuneration Committee is the same as that of the appointing Board of Directors. The current Remuneration Committee has three members, all of whom are independent directors, meeting the independence requirements of the regulations. Three meetings were held in 2023, with a 100% attendance rate of members.

The Company has established the Remuneration Committee Charter, and the responsibilities of the Remuneration Committee are as follows:

1. Establish and regularly review the policies, systems, standards and structure of directors' and managers' performance evaluation and remuneration.
2. Regularly evaluate and determine the remuneration of directors and managers.

The employee and director bonuses distributed each year are approved by the Remuneration Committee and then resolved by the Board of Directors and reported to the shareholders' meeting. The distribution of employee and director bonuses in 2023 was reported at the Company's shareholders' meeting on June 9, 2023.

## • Audit Committee

The Company's Audit Committee is composed of four independent directors, with a term of office the same as that of the current Board of Directors. Its responsibilities include reviewing the Company's financial statements, supervising the selection and independence of certified public accountants, establishing or amending internal control systems, and supervising the Company's compliance with internal regulations and relevant laws. In principle, four meetings are held each year, and department heads, internal auditors, accountants, legal advisors, etc. are appointed to attend the discussions when necessary. Six meetings were held in 2023, with a 100% attendance rate of members.

## Operational Performance

### 2.3.1 Economic Value

Sunon holds a company business planning meeting every fourth quarter, and each department prepares a budget for the following year. According to domestic and international trends, the business targets for the next year and the performance targets of each department are set. The Operations Management Department consolidates the budgets or targets for sales, production, procurement, and salary expenses, etc., and the Finance Department prepares the estimated income statement, balance sheet, and cash flow statement, which are submitted to the Chairman for review, and then reported by the Chairman or the Chairman's designated representative at the first Board meeting of the following year, and resolved by the Board of Directors.

Every quarter, the Finance Department compiles the financial statements for the period and compares them with the budget and the previous period's operating conditions. At the quarterly business performance meeting, the operating conditions of the past quarter are discussed and the expected target achievement is confirmed, so that the Company's business policy can be adjusted at any time.

Sunon's quarterly consolidated financial reports, annual consolidated financial reports and individual financial reports are all announced on the Company's official website.

Revenue  
Report

[https://www.sunon.com/inv2\\_1.aspx](https://www.sunon.com/inv2_1.aspx)

Financial  
Report

[https://www.sunon.com/inv2\\_2.aspx](https://www.sunon.com/inv2_2.aspx)

Annual  
Report

[https://www.sunon.com/inv2\\_3.aspx](https://www.sunon.com/inv2_3.aspx)

Sunon's total revenue in 2023 was NT\$12.914 billion, with a net profit after tax of NT\$1.333 billion and earnings per share of NT\$5.16.

#### Sunon's Operating Revenue, Net Profit and Earnings in Recent Three Years (Unit: NT\$ thousand)

Year	2021	2022	2023
Net Operating Revenue	13,561,804	14,063,308	<b>12,914,685</b>
Net Profit Before Tax (Thousand)	585,230	1,425,877	1,751,588
Net Profit After Tax (Thousand)	429,253	1,089,095	1,333,934
Earnings Per Share (NT\$)	1.71	4.34	5.16
Cash Dividends (NT\$)	1.2	2.6	3.50

Note: Cash dividends are the amount of dividends resolved to be distributed from the earnings of each reporting year (the distribution amount for 2023 was approved by the Board of Directors on March 7, 2024.)

The Company analyzes the consolidated financial position from the perspective of GRI's stakeholder economic distribution. This year, the total direct economic income generated (operating income and non-operating income) totaled NT\$13,232,298 thousand, and the total amount distributed was NT\$12,133,127 thousand. The top three economic distribution items were operating costs (69.7%), employee salaries and benefits (24.4%), and payments to capital providers (5.9%).



### Sunon's Economic Income Distribution Table for the Past Three Years (Unit: NT\$ thousand)

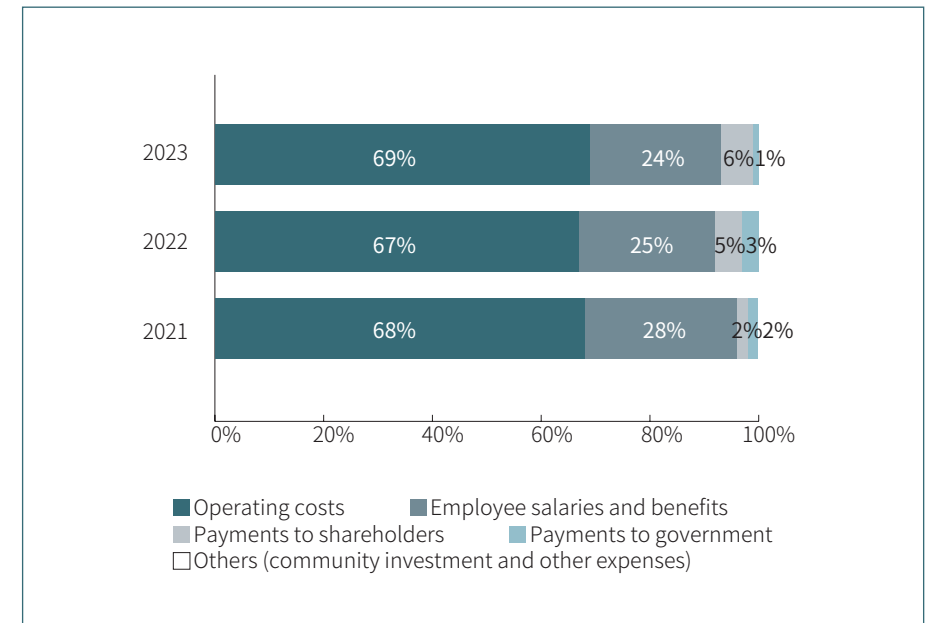
Economic Value	Item/Subject	2021	2022	2023
Direct Economic Income	Net Operating Revenue	13,561,804	14,063,308	12,914,685
	Financial Investment Income	24,833	19,075	107,784
	Income from Sale of Assets	0	114	67
	Royalty Income	0	0	0
	Government Grants Received	36,759	34,063	36,834
	Other Income		298,737	172,928
<b>Direct Economic Value Generated</b>		<b>13,751,999</b>	<b>14,415,297</b>	<b>13,232,298</b>
Economic Distribution	Operating Costs	9,231,488	9,292,834	8,318,941
	Employee Salaries and Benefits	3,790,144	3,560,055	2,911,814
	Payments to Capital Providers	329,274	696,817	699,412
	Payments to Government	231,182	425,248	153,555
	Community Investment	1,300	69	0
	Other Expenses	40,474	3,596	49,405
<b>Economic Value Distributed</b>		<b>13,623,862</b>	<b>13,978,619</b>	<b>12,133,127</b>
<b>Economic Value Retained<sup>Note 3</sup></b>		<b>128,137</b>	<b>436,678</b>	<b>1,099,171</b>

Note 1: Includes financial costs and cash dividends resolved to be distributed in the current year's earnings distribution plan.

Note 2: Taxes and fees paid to the government, including current year income tax expense.

Note 3: Economic value retained = Direct economic value generated - Economic value distributed.

### Percentage breakdown of economic distribution items for each year



Note: Community investment and other expenses are not shown in this chart because their percentages are less than 0.1%.

## Responsible Business Conduct

### 2.4.1 Ethical Management

The Company has formulated the ethical management policy regulations in accordance with the Responsible Business Alliance (RBA) regulations, identifying the possible adverse impacts on different stakeholders in the Company's business relationships, and formulating relevant preventive measures and post-remediation systems for specific risks. An independent supervisory unit is also set up to follow up on the handling of incidents, dynamically improve and optimize the Company's responsible business conduct commitments, to ensure that the Company can meet the requirements and objectives of ethical management standards.

The Company's responsible business conduct policy commitments are as follows, and are also disclosed in the Company's annual report and website.

Approval Department	Executive Department	Policy Regulations	References (Government Official Documents, Standards, Initiatives, etc.)
Board of Directors	Relevant Departments	Ethical Corporate Management Best Practice Principles	Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
Board of Directors	Relevant Departments	Procedures for Ethical Management and Guidelines for Conduct	Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
Board of Directors	Directors / Managerial officer	Codes of Ethical Conduct	-

#### Ethical Corporate Management Best Practice Principles

<https://www.sunon.com/download/investor/03/03-3/d03-3-5.pdf>

#### Procedures for Ethical Management and Guidelines for Conduct

<https://www.sunon.com/download/investor/03/03-3/d03-3-5.pdf>

#### Codes of Ethical Conduct

<https://www.sunon.com/download/investor/03/03-3/d03-3-7.pdf>

To guide and implement the members of each operation location and the Company's stakeholders to understand the Company's ethical management policy, the Company implements a series of measures and management mechanisms, including signing relevant documents and holding education and training from time to time to continue promoting.

At the same time, due diligence investigations are conducted on suppliers for review and screening.

	Identity	Timing	Documents to be Signed	Signing Percentage
Workers	New Employees	Upon Joining	Labor Contract	100%
	Current Employees	When undertaking specific projects	Project Confidentiality Clauses	100%
		When special work needs arise	Personal Information Confidentiality Commitment Commitment Letter	100% 100%
Business Partners	New Suppliers	Before Signing Contract	Vendor Questionnaire Survey	100%
	Existing Suppliers	Upon Signing Contract	Integrity Commitment Quality Commitment	100% 100%
		Upon special procurement needs	Non-Disclosure Agreement (NDA)	100%

Note: Project confidentiality clauses, personal information confidentiality commitments, and commitment letters are only stipulated for specific personnel, and all of those specific personnel have completed signing.

The Company holds training courses related to ethical management, explaining the prohibited conduct in the Company's business operations, including the code of business ethics, to prevent the occurrence of unethical behavior.

New personnel are required to participate in the new employee training on business ethics, and regular physical business ethics courses are held for current employees as needed according to laws or job requirements; In the future, the arrangement of online refresher courses on business ethics for indirect employees every year will be discussed.

The statistics of employees who received ethical management training courses by employee type in 2023 are as follows:

### 《Participation in Anti-Corruption Training - By Level》

Region		Level				Total Number of Employees
		Senior Executives	Middle Management	Junior Management	Entry-level Employees	
Taiwan	Number of Trainees	1	4	0	55	60
	Number of Employees should be training	3	13	0	99	115
	Training Rate	33%	31%	-	56%	52%
China	Number of Trainees	1	4	13	13,793	13,811
	Number of Employees should be training	1	4	13	13,929	13,947
	Training Rate	100%	100%	100%	99%	99%
Philippines	Number of Trainees	0	0	1	70	71
	Number of Employees should be training	0	0	4	114	118
	Training Rate	-	-	25%	61%	60%
Total	Total	2	8	14	13,918	13,942
	Total	4	17	17	14,142	14,180
	Total	50%	47%	82%	98%	98%

Note 1: The number of employees is equal to the number of new employees at each location.

Note 2: Because the trainees of the ethical management training course do not include dispatch personnel, the training rate of junior management and entry-level employees at each location is not 100%.

Note 3: The untrained senior and middle management personnel in Taiwan are mainly Taiwanese cadres assigned overseas. Because they are assigned overseas immediately upon arrival, it is impossible to arrange training in time.

### 《C-Reporting and Complaint Mechanism》

To mitigate the impact caused by any violations of ethical management and codes of conduct, employees at Sunon's locations can report through the internal whistleblower reporting procedures, while suppliers and stakeholders can report any illegal or unethical conduct through external reporting and complaint channels.

Reporting can be made through the reporting mailbox and hotline set up on the Company's internal and external websites, and will be received by the Human Resources Department. The Human Resources Department will investigate the reported content and relevant evidence. If the reported matter involves directors or managers, it shall be reported to the independent directors. If violations, unethical conduct or misconduct are verified and the circumstances are serious, the offender will be dismissed to ensure Sunon's culture of integrity and clean management.

In addition to reviewing violation cases and proposing improvement suggestions to improve the Company's management processes and internal control procedures, the Audit Office also analyzes the risk categories of violation cases (such as corruption, unfair competition, violations of regulations, etc.). If the violation event is actually decided and fined by relevant units, and the fine amount exceeds one million NT\$ according to the regulations of the Taiwan Stock Exchange, it is considered a significant risk or violation.

In 2023, the Company did not have any incidents related to violations of ethical management and competitive behavior.

### 《Participation in Anti-Corruption Training - By Function》

Region		Level				Staff	Total Number of Employees
		Technical	Sales	Management	Administration		
Taiwan	Number of Trainees	38	10	5	7	0	60
	Number of Employees should be training	81	10	16	8	0	115
	Training Rate	47%	100%	31%	88%	-	52%
China	Number of Trainees	13,756	7	26	21	1	13,811
	Number of Employees should be training	13,890	8	26	22	1	13,947
	Training Rate	99%	88%	100%	95%	100%	99%
Philippines	Number of Trainees	65	0	1	5	0	71
	Number of Employees should be training	93	0	4	21	0	118
	Training Rate	70%	-	25%	24%	-	60%
Total	Total	13,859	17	32	33	1	13,942
	Total	14,064	18	46	51	1	14,180
	Total	99%	94%	70%	65%	100%	98%

Note 1: The number of employees is equal to the number of new employees at each location.

Note 2: Because the trainees of the ethical management training course do not include dispatch personnel, the training rate of technical, sales, management, and administration positions at each location is not 100%.

Note 3: The untrained management personnel in Taiwan are mainly Taiwanese cadres assigned overseas. Because they are assigned overseas immediately upon arrival, it is impossible to arrange training in time.

Reporting Unethical Conduct

<https://www.sunon.com/sta.aspx>



## 2.4.2 Human Rights Policy

The Company refers to the Universal Declaration of Human Rights; the UN Guiding Principles on Business and Human Rights; and the International Labor Organization Declaration of Fundamental Principles and Rights at Work and other international human rights conventions to implement the Code of Conduct of the Responsible Business Alliance (RBA), formulating various human rights policies such as non-discrimination, freedom of association for employees, prohibition of child labor, and no forced labor to protect the basic rights of employees and stakeholders.

To ensure that suppliers and contractors who dispatch external workers also implement the Company's human rights protection policies, human rights clauses are added to the Corporate Social Responsibility Policy and Commitment Statement, requiring the above suppliers and contractors to sign and comply with the regulations. The Company also conducts regular audits every year to ensure the implementation of human rights policies.

The Company assesses subjects with human rights risks through human rights issue identification, evaluation of applicable targets, and different due diligence methods, and then formulates human rights policies, risk mitigation measures and compensation systems.

Corporate Social Responsibility Policy and Commitment Statement

<https://www.sunon.com/csr.aspx>

In 2023, the human rights issues identified as having potential risks include non-discrimination, freedom of association for employees, child labor, young workers, forced labor, etc. Please see the table below for details:

Human Rights Issue	Non-discrimination	Freedom of Association	Child Labor	Young Workers	Forced Labor
<b>Management Procedure</b>	Anti-discrimination and Anti-harassment Management Procedure	Freedom of Association Management Procedure	Prohibition of Child Labor and Remedial Procedure	Young Workers, Students, Interns and Part-time Workers Management Procedure	Anti-punishment, Forced Labor, Prison Labor Management Procedure
<b>Approval Level</b>	Chairman	Chairman	Chairman	Chairman	Chairman
<b>Supervisory Department</b>	Global Human Resources Division	Global Human Resources Division	Global Human Resources Division	Global Human Resources Division	Global Human Resources Division
<b>Audit Frequency</b>	Once a year	Once a year	Once a year	Once a year	Once a year
<b>Due Diligence Method</b>	None	None	Entry Check	Entry Check	Human Resources Department tracks employee working hours monthly
<b>Risk Assessment Method</b>	Number of Cases	Number of Cases	Number of Cases	Number of Cases	Monthly Overtime Hours
<b>Risk Level</b>	Low	Low	Low	Low	Low
<b>Preventive Measures</b>	In matters such as hiring, training, remuneration, promotion, salary adjustment, dismissal or retirement, there shall be no difference due to gender, nationality, religion, health status, etc.	Without violating laws and regulations, employees can organize employee representative meetings and various club activities on their own, and the Company shall not restrict them.	The Global Human Resources Division identifies the age during recruitment to ensure that the age is over 16.	Assess the working conditions and potential risks of young workers, provide necessary safety education and training and labor protection equipment, and young workers shall not engage in dangerous or harmful work.	The Global Human Resources Division compiles employee working hours every month, and supervisors appropriately allocate employees' workload to avoid problems such as excessive overtime hours or insufficient rest time, which affect employees' physical and mental health.
<b>Remedial Measures</b>	Employees can file complaints through various complaint management channels. Once verified, they will be punished by the Company, and in serious cases, they will be reported to the competent government authorities for handling.	Handle subsequent matters in accordance with internal reporting/ external competent authority complaint channels.	If it is found that an employee under the age of 16 is hired by mistake, their work will be immediately stopped, all their salaries will be settled, and remedial measures will be taken.	Regularly assess the physical and mental health of young workers. If they have any questions about the working conditions and management measures, they can report to the internal complaint channel.	Employees can complain directly to the Global Human Resources Division / Management Department or the General Manager orally or in writing, or submit a complaint letter to the suggestion box. The Global Human Resources Department/Management Department will investigate within one week of receiving the suggestion or complaint and provide a response.

Note: The human rights management procedures in this table are internal documents and contain some confidential information, so they are not intended to be disclosed.

To implement various human rights policies and let employees, workers and suppliers understand Sunon's human rights policies, the Company regularly reviews and announces the policies to relevant personnel, and adopts public activities, courses or lectures to educate and promote. The Company also simultaneously translates the procedural documents related to human rights policies into simplified Chinese and English for foreign employees and suppliers to understand the Company's human rights policies. The Company has set up an employee opinion reflection platform and colleague suggestion mailbox. If employees have questions or concerns about human rights policies, they can raise them for discussion; External workers and suppliers can reflect to the corresponding dedicated unit (such as the Global Human Resources Division, Strategic Procurement Department, etc.) to ensure smooth communication for all workers and suppliers regarding human rights incidents. In order to maintain the fair investigation and review procedures for reported cases, the Global Human Resources Division forms a cross-departmental team responsible for investigating and reviewing reports and formulating improvement measures. Moreover, the Company arranges labor rights education courses for new employees upon arrival to ensure that new employees are clear about their own rights related to human rights.

Note: In 2023, only Kaohsiung Headquarters, Taipei Office, Kunshan Guangxing Factory and Beihai Lizhun Plant offered courses.

The Company did not have any incidents of discrimination, child labor, forced labor or other human rights violations in 2023. To maintain this environment, the Company will continue to improve relevant training courses and other supporting measures.

### 2.4.3 Legal Compliance

Sunon complies with the laws and regulations of each operation location, taking compliance as the basic requirement; If a violation is found, the responsible unit will clarify the reason for the violation, discuss and formulate improvement measures to avoid the recurrence of related incidents. In 2023, there were no major violations of laws and regulations. (Definition of major violations: According to the regulations of the Taiwan Stock Exchange, a fine amount exceeding one million NT\$ is considered a major violation)

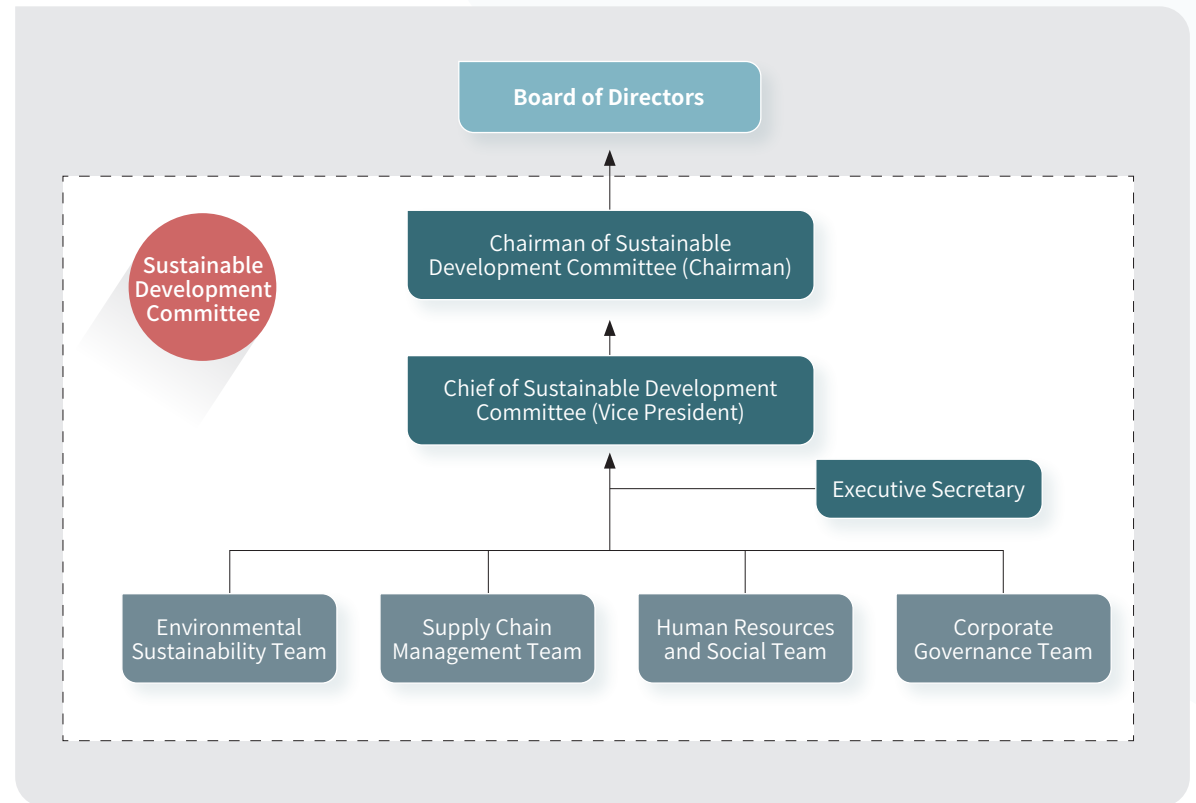


## Climate Change Risks and Opportunities

### 2.5.1 Climate Governance

The Company takes the Sustainable Development Committee as the highest organization for climate change management, with the Chairman serving as the chairman and the Vice President serving as the chief, periodically reviewing the Company's climate change strategies and targets, managing climate change risks and opportunities actions, and reviewing the implementation status and discussing future plans, leading the four major functional organizations of environment, governance, supply chain and human resources to implement climate change-related management work, and reporting to the Board of Directors every year.

- The Environmental Sustainability Team is set up, with the highest supervisor of the work safety department serving as the convener, to promote greenhouse gas reduction and improve environmental management performance and environmental risk control.
- The Supply Chain Management Team is set up, with the highest supervisor of the procurement department serving as the convener, to find sustainable strategic partners to create the greatest supply chain value and respond to uncertain market risks.
- The Human Resources and Social Team is set up, with the highest supervisor of the human resources department serving as the convener, mainly to understand the climate risk issues of concern to stakeholders and identify changes in climate risks to the Company's reputation.
- The Corporate Governance Team is set up, with the Vice President serving as the convener, mainly to identify climate risks and assess and respond to climate impacts and environmental issues within their respective jurisdictions.



## 2.5.2 Identification and Assessment of Climate Risks and Opportunities

TCFD Recommended Disclosure Items	Sunon's Response Measures		
Short-, medium-, and long-term climate-related risks and opportunities identified by Sunon	Sunon has identified significant climate change risks and opportunities, including		
	Short-term	Medium	Long-term
	Transition Risks <Market> Energy price fluctuations, supply chain disruptions <Technology> Energy transition (such as green energy investment)	Transition Risks <Policy and Regulation> Greenhouse gas emissions control, greenhouse gas reduction targets <Technology> Energy transition (such as green energy investment), low-carbon technology development, carbon price fluctuations	Transition Risks <Policy and Regulation> Increase in the price of greenhouse gas emissions (cap and trade/carbon tax/energy tax)
	Physical Risks Increased severity of extreme weather events such as typhoons and floods		Physical Risks Rising average temperatures
	Market Opportunities Demand for low-carbon products and services, policy incentives		Market Opportunities Supply chain low-carbon transition
The impact of climate-related risks or opportunities on Sunon's business, strategy and financial planning, and the management system for Sunon to respond to the impact	<p>The major climate risks faced by Sunon mainly come from important stakeholders such as customers and investors' requirements for corporate greenhouse gas reduction and product energy efficiency standards;</p> <p>It also includes the inevitable geographical climate risks after the internationalization of production bases;</p> <p>Furthermore, the pressure of international carbon tariffs and the consequent requirements for product carbon footprint, coupled with the requirements for upstream supply chain carbon reduction, may lead to green inflation, which is also a potential risk under climate change;</p> <p>The opportunities brought by climate change mainly appear in products and services. Under the trend of energy saving, environmental protection and low carbon, it will create more application product and market business opportunities.</p>		
	<b>Main Transition Risks</b>  Operational or financial impact Work stoppages lead to decreased revenue, energy price fluctuations increase operating costs, and energy transition needs increase capital expenditures. Response strategy 1. To reduce greenhouse gas emissions and prevent power shortage crises that may be caused during the energy transition of various countries, strategies to reduce carbon footprint and reduce other environmental impacts will be gradually introduced in each factory, such as energy efficiency improvement, establishment of green energy autonomy with solar panels, introduction of energy storage equipment, and increase of green electricity use to reduce energy loss. 2. Investing in carbon offset projects, purchasing carbon emission allowances, etc., to compensate for unavoidable carbon emissions and achieve the net zero emission target.	<b>Main Physical Risks:</b>  Operational or financial impact Increased operating costs or maintenance costs, and typhoons or floods may also affect factory operations, leading to production line stoppages and resulting in decreased revenue. Response strategy Establish a climate risk management system, incorporate it into the enterprise risk management framework, and include insurance costs in financial planning to reduce the loss caused by natural disasters to the Company's operations.	<b>Main Climate Opportunities</b>  Operational or financial impact Increase the revenue share of green products and enhance product competitiveness. Response strategy 1. Continue to develop high-efficiency and low-energy-consumption fan products/heat dissipation modules and low-power-consumption ceiling fans that meet green building standards. 2. Long-term planning and cooperation with the supply chain to establish low-carbon/low-energy-consumption/recyclable and reusable product and service solutions, moving towards sustainable management and mutual benefit with customers. 3. Strengthen communication with the government and stakeholders, participate in the formulation and implementation of relevant policies, and seek government support and encouragement, such as providing tax incentives and subsidies, to promote low-carbon transition.
Sunon's resilience in strategy, considering different climate-related scenarios	Sunon has joined the SBTi Science Based Targets initiative in 2023, setting reduction targets under the "controlling temperature rise within 1.5° C" scenario, and committing to achieve a 50% carbon reduction by 2030 and net zero carbon emissions by 2050.		

# Information Security

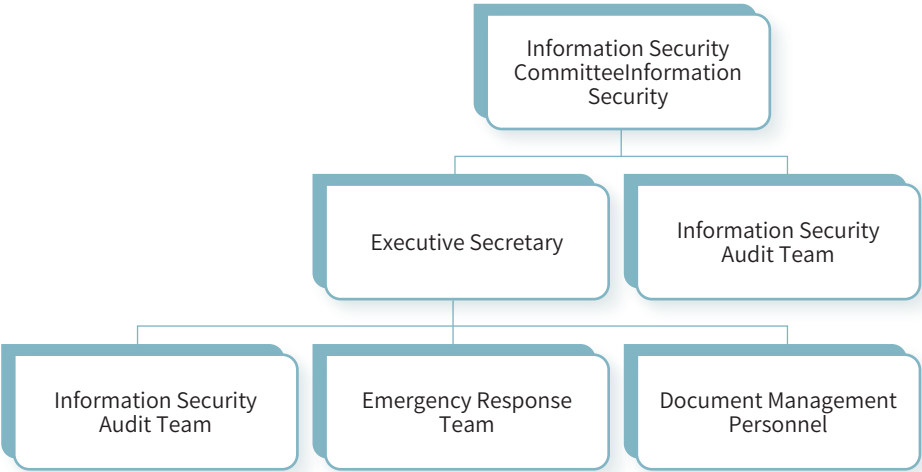
## 2.6.1 Information Security Management Policy

### <A-Introduction>

With the advancement of technology, various information security incidents emerge, such as customer personal data leakage, ransomware attacks, malware, etc. Information security and customer privacy protection have become important objectives of information security management for enterprises.

The Company attaches importance to customer information security and customer privacy, formulates information security management policies and frameworks in accordance with ISO 27001, joins the TWCERT/CC Information Security Alliance to establish a joint defense mechanism, establishes an internal information security management system, and forms an Information Security Management Committee to strengthen the Company's overall information security defense and response capabilities, aiming to provide customers with a secure and reliable digital environment.

### <B-Information Security Organizational Structure>



To protect customer privacy and information security, the chairman represents the board of directors to supervise information security policies, and appoints the system operation and maintenance department manager as the information security convener to specifically supervise the Company's internal information security matters.

The main responsibilities of the Information Security Committee are to formulate and implement information security policies, establish customer data protection regulations, handle information security incidents, prevent and reduce losses after information security incidents occur.

The information security convener regularly holds an information security management review meeting every year and reports the implementation effectiveness and review and improvement to the board of directors.

Additionally, in November 2023, the Company passed the ISO/IEC 27001:2022 information security certification international standard requirements under the professional review of the independent verification agency TÜV NORD. The scope of this certification includes enterprise resource planning system (ERP) and information room operation and maintenance. In the future, the Company will continue to carry out more information security certifications to strengthen the Company's information security management mechanism and defense capabilities, implement good corporate governance and corporate social responsibility, and enhance global customers' trust in Sunon's information security.

### <C-Information Security Management Mechanism>

To ensure the effectiveness of the information security and customer privacy management mechanism, the Company follows the requirements of ISO 27001 certification, the Personal Information Protection Act, the Enforcement Rules of the Personal Information Protection Act, etc. to establish information security management processes applicable to all departments of the Company.

In response to various technological attacks, such as distributed denial-of-service (DDoS) attacks, email social engineering attacks, etc., the Company has formulated a series of information security policies to ensure the implementation of information security, and regularly evaluates and measures the effectiveness of the Company's information security policies through internal audits, third-party external audits, and information security management review meetings, and feeds back to the Information Security Committee for further tracking and improvement.

The Company has introduced firewalls, IPS protection systems, etc. in the computer room, network equipment, network connections and personal information equipment to implement the protection of employees' personal data, company confidential data, and customer data.

At the same time, the Company regularly holds information security management education and training, including new employees must complete the information security policy advocacy education and training in the internal online learning system, the system operation and maintenance department conducts monthly email information security advocacy activities, conducts semi-annual information system disaster recovery drills, and conducts annual email social engineering drills. Information service suppliers are required to sign a confidentiality commitment and information security compliance agreement to ensure that employees and information service suppliers fully understand information security related issues and jointly maintain the Company's information security.

### Sunon's information security and privacy protection advocacy and training content, frequency and results

Information Security Advocacy and Training	Advocacy and Training Target	Frequency	Advocacy and Training Content	2023 Implementation Results
Information security agreement signing and new employee information security training for new employees	New Employees	When new employees report for duty	New employees are required to sign when reporting for duty, and the human resources department explains the Company's information security policy during new employee training.	All new employees have completed the signing of the information security agreement and received information security training.
Employee information system security advocacy	All current employees	Monthly	Information security email advocacy	All employees will receive the advocacy email
Information service supplier signing confidentiality commitment and information security compliance agreement	Information service supplier	When signing the service contract	Information security compliance matters Confidentiality commitment	ERP system maintenance vendor Hardware and software service suppliers



### <D-Information Security Incidents>

For the response to and handling of information security incidents, the Company has established the "Security Incident Management Procedure", and if an information security incident occurs, it should be reported by the information security committee as the reporting window within the target handling time, and the information security incident should be eliminated and resolved within the target handling time. After the incident is handled, a review and analysis should be conducted and corrective measures should be proposed to prevent the recurrence of the incident.

In 2023, the Company did not receive any information security incidents complained by the competent authority or a third party.

## Risk Management

### 2.7.1 Risk Identification and Mitigation Measures

To protect the best interests of the Company, employees, shareholders and various stakeholders, Sunon has established risk management procedures to implement risk assessment and identification.

By assessing the likelihood of occurrence, impact, control effectiveness and other aspects, various types of risks are identified, and corresponding practices and handling procedures are formulated to reduce the possible risks to an acceptable range.

Sunon avoids potential crises and possible losses through the following risk control measures.

Risk Type	Response Approach	Risk Management and Monitoring Department
<b>Work Safety Risk</b>	<ul style="list-style-type: none"> <li>Establish an ISO 45001 system internal audit team to complete annual audits according to the plan, report to senior executives at the management review meeting, and track subsequent improvements.</li> <li>Formulate contractor management procedures, conduct relevant operational hazard notifications, and control operational risks and hazards in advance within the scope.</li> <li>Install safety protection devices on production equipment to avoid personnel misoperation and harm.</li> <li>Conduct regular work environment assessments to protect the health of workers.</li> <li>Conduct regular on-site inspections in the factory to identify potential risks and make relevant improvements.</li> <li>Conduct monthly identification of environmental, safety and health laws and regulations, and make compliance judgments to ensure that the Company's operations comply with relevant legal requirements.</li> </ul>	Safety Team / Management Department
<b>Material Source Risk</b>	<ul style="list-style-type: none"> <li>Carefully select excellent suppliers and establish long-term partnerships.</li> <li>Establish more than 2 suppliers for important materials to share the risk of unstable supply.</li> <li>In response to market shortages, the corresponding strategy is to place orders 3-6 months in advance and continue to urge suppliers to deliver on time.</li> </ul>	Strategic Purchasing Department
<b>Transportation Risk</b>	<ul style="list-style-type: none"> <li>For fragile and easily damaged materials, require solid carton packaging and board protection to avoid the risk of collision and movement during transportation.</li> <li>Sign a logistics agreement and act according to the agreement, specifying relevant regulations and penalties.</li> <li>Select qualified and highly rated logistics companies for product transportation, and evaluate logistics companies from time to time to ensure product transportation safety and reduce risks.</li> </ul>	Strategic Purchasing Department / Global Production Department
<b>Equipment Risk</b>	<ul style="list-style-type: none"> <li>Strengthen equipment inspection and testing to maintain good usability of equipment.</li> <li>Oil and gas equipment and power supply equipment are inspected by professional units to maintain equipment stability and reliability.</li> <li>Establish digital meters and introduce an energy management system to accurately control the power consumption of equipment; if there is abnormal power consumption, it can be immediately repaired and improved to effectively reduce the waste of energy resources.</li> </ul>	Administration Department / Management Department / Global Production Department
<b>Market Risk</b>	<ul style="list-style-type: none"> <li>Actively expand into emerging markets, expand distributor sales channels, increase business revenue sources, and increase overall sales.</li> <li>To improve customer satisfaction with product quality, add product quality insurance to protect customers' product purchase rights.</li> <li>Maintain a two-week inventory at each production site to avoid insufficient production capacity and ensure the quantity of customer orders.</li> <li>Based on business operation considerations, add credit insurance to ensure customer credit, and both parties can cooperate smoothly.</li> </ul>	Global Business Center





Risk Type	Response Approach	Risk Management and Monitoring Department
<b>Environmental Risk</b>	<ul style="list-style-type: none"> <li>• Establish an ISO 14001 system internal audit team to complete annual audits according to the plan, report to senior executives at the management review meeting, and track subsequent improvements.</li> <li>• Continue to advocate and remind employees to implement energy saving and carbon reduction, and convey the concept of climate change related risks.</li> <li>• Implement waste recycling and reuse, and comply with regulations to clear and dispose of industrial and general waste.</li> <li>• Install air pollution control facilities on the production line, maintain normal and compliant operation, and conduct regular inspections in accordance with regulations.</li> <li>• Conduct monthly identification of environmental, safety and health laws and regulations, and make compliance judgments to ensure that the Company's operations comply with relevant legal requirements.</li> </ul>	Safety Team / Management Department
<b>Information Security Risk</b>	<ul style="list-style-type: none"> <li>• Complete information asset inventory, conduct information asset risk assessment and risk improvement plan.</li> <li>• Conduct monthly information security email advocacy to strengthen employees' information security awareness.</li> <li>• Conduct monthly backup and recovery drills to ensure the availability of the backup mechanism.</li> <li>• Conduct account clearing and important equipment configuration setting maintenance every six months.</li> <li>• Hold an information security committee meeting at least once a year to review information security management related matters.</li> <li>• Strictly prohibit employees' personal information devices from connecting to the Company network and host system</li> </ul>	IT Division
<b>Financial Risk</b>	<ul style="list-style-type: none"> <li>• To reduce exchange rate fluctuation risk, natural hedging policy is the priority consideration.</li> <li>• Use borrowings in different currencies such as NT\$, USD and EUR to reduce interest rates and avoid significant impact of interest rate fluctuations on profit and loss.</li> <li>• Continue to pay attention to the phenomenon of inflation such as consumer prices and raw material prices, and timely evaluate the impact on the Company's operations and profit and loss. Financial Management Department</li> </ul>	Financial Management Division
<b>Human Resource Risk</b>	<ul style="list-style-type: none"> <li>• Continue to expand domestic and foreign recruitment channels to attract diverse professional talents.</li> <li>• Promote industry-academia cooperation projects to reserve future talents in advance.</li> <li>• Optimize the remuneration and reward system to increase employee retention and attract excellent talents to join.</li> <li>• Cultivate high-quality talents, stimulate employees' potential, strengthen employees' sense of identity and cohesion, and maintain the stability of human resources.</li> <li>• Comply with labor laws, establish diverse and smooth labor-management communication channels, promote harmonious labor relations, and avoid labor disputes.</li> </ul>	Global Human Resources Division

For the response to and handling of risk management, the Company has established the "Corporate Social Responsibility Risk Management Procedure" and "Risk Assessment Form" to regularly convene the heads of each unit to conduct risk assessments to identify unacceptable risks and continuously improve and manage related items.

The Company did not have any major risk events in 2023.

# Chapter 3



## Innovative R&D and Sustainable Products

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3.1 Products and Services


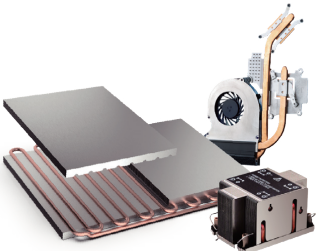


3.2 Product Health and Safety

## Products and Services

### 3.1.1 Introduction of Products and Services

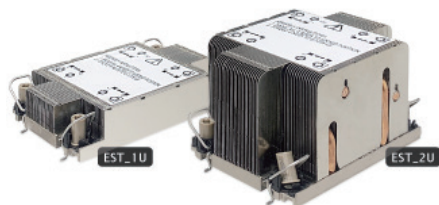
For more than 40 years, Sunon has been continuously developing energy-saving motor technology. Through product technology innovation, it is committed to continuously improving product energy efficiency and providing complete cooling and ventilation solutions and services for environmentally sustainable related industries. Sunon's main products are divided into four categories: cooling fans, cooling modules, ceiling fans, and architectural ventilation fans/fresh air systems. The products are widely used in 5G equipment, IoT, automobiles, energy, industry, medical, home appliances, portable products and green building ventilation and other industrial fields. Sunon has accumulated years of industry heat dissipation processing experience and provides a one-stop CMSEM (Co-design, Model building, Simulation and optimization, Estimation and validation, and Mass production) service process to collaboratively design cooling solutions that meet customer system requirements with global customers, accelerating industry technology and product upgrades, gathering industry forces to jointly realize a more comfortable, convenient, healthy, energy-saving, and low-carbon social vision. To protect investors' rights and interests, an investor relations communication platform is set up on the Company website, regularly updating business information and transparently disclosing Sunon's operating conditions, forming a long-term, stable, and harmonious interactive friendly relationship between the Company and investors.

### Sunon's Main Product Categories and Uses

	Fan	Cooling Module	Ceiling Fan	Ventilation Fan, Fresh Air System
<b>Product Category</b>				
<b>Product Introduction</b>	Developed a series of micro fan products with sizes from 8mm to 250mm based on the core technology of energy-saving motors, providing more energy-saving, quieter, and longer-life cooling fans with innovative technology.	Sunon's cooling modules flexibly configure active, passive, and liquid-cooling components to customize the best thermal solution for customers' products in a limited space. From function, appearance and cost, to product experience, it meets customers' specific requirements.	Adopting high-efficiency BLDC motor drive, the fan blade incorporates patented tail wing design, which can effectively reduce wind resistance and eliminate noise, achieving the effect of low speed and large air volume. Providing the lowest energy consumption and high-quality ventilation options for large spaces.	Ventilation fans and dual-flow fresh air systems combine Sunon's energy-saving motor technology and acoustic quality engineering to create energy-saving, quiet, fresh and comfortable new-generation green energy building ventilation products for consumers. The products adhere to the pursuit of German design for craftsmanship and minimalism, creating a new experience of good indoor air quality combined with aesthetics.
<b>Usage Description</b>	Applications in 5G equipment, IoT, servers, automotive electronics, energy, industry, medical, home appliances, portable devices and other industries.	Applications in NB, PC, servers, industrial computers, automotive electronics, metaverse, energy and other industries.	Used in factories, farms, greenhouses, hangars, gymnasiums, logistics warehouses, supermarkets, exhibition halls and other venues.	Used in residences, hotels, restaurants, commercial offices, postpartum care centers, nursing homes, hospitals, kindergartens and other venues.

## Introduction of New Products Launched in 2023

### AMD EPYC™ 9004 Series 4th Generation Server Processor Genoa CPU Cooler



The latest generation AMD EPYC 9004 series Genoa data center processors adopt the "Zen4" core architecture and 5nm process and other optimized designs, while including a series of energy-saving optimization technologies and the most advanced security features to drive the most forward-looking cloud technology.

In 2023, Sunon launched 2 CPU coolers SP5 equipped with the new 4th generation AMD EPYC™ 9004 series server platform Genoa, Socket SP5/LGA 6096, joining to support faster, high-throughput, ultra-high computing density cloud applications.

### MODERN Black and White Classic Fashion Ceiling Fan



The most colorful life, the purest colors, let day and night weave a wonderful every day. Black and white amphibious classic - SUNON MODERN HVLS FAN Dawn White & Night Black, combining modern classic aesthetics, possessing low speed and large air volume, providing the most minimalist and fashionable matching style for home decoration.

### AF40x10mm Fan for Automotive Audio and Entertainment System



Following the AF40x20mm, Sunon's automotive audio and entertainment system fan launched the thinner AF40x10mm cooling fan. Through the optimization design of fan airflow and structure, it achieves the characteristics of efficient heat dissipation, and the overall performance meets the cooling needs of automotive audio and entertainment systems. Its silent design provides drivers with high-quality audio and entertainment and a comfortable driving experience. The AF40x10mm fan has passed high-standard automotive certifications and provides energy-saving PWM and closed-loop precise speed control functions and IP52 dust-proof and waterproof functions, meeting the requirements of energy saving, safety, and high reliability of automotive system applications.

## 3.1.2 Green Product R&D

Adhering to the Environmentally Caring green R&D concept, Sunon relies on its excellent R&D capabilities to invest in low energy consumption, long life, low noise, reduced parts and simplified manufacturing environmental design, and continues to launch high-performance and environmentally friendly green products.

## R&D Concept and Strategy

R&D innovation is a strong driving force that stimulates the sustainable development of enterprises. Sunon has always adhered to the business philosophy of brand, innovation, and value, becoming a leading manufacturer of precision motors, micro fans and cooling modules globally step by step.

From 2018 to 2023, Sunon allocated at least 5% of its annual revenue to R&D expenses every year, actively investing a large amount of manpower, financial resources and time in innovation and invention, insisting on the invention of intelligent micro motors, and continuing to cultivate high-tech talents. It is believed that this will not only enable the sustainable development of the enterprise, but also strengthen Sunon's competitive advantage in R&D and innovation.

Thanks to the continuous R&D and innovation efforts of Sunon's R&D team, new products are launched every year. So far, it has won the Taiwan Excellence Award for 24 consecutive years, and has also won many international awards such as the Golden Pin Design Award and the German iF Product Design Award.

For Sunon's important R&D results so far, please refer to <http://www.sunon.com/tw/pro.php>

## Product Energy-saving and Environmental Performance

Sunon has always been committed to product R&D, believing that improving R&D technology can bring more convenience to humans and reduce the burden on the environment. As a member who cares about the earth, in addition to implementing environmental awareness of energy saving and carbon reduction within the Company, promoting various carbon reduction measures, protecting the earth's resources, and reducing harm to the earth, Sunon also continues to invest in product efficiency improvement R&D to achieve energy saving and electricity saving effects, hoping that the general public and consumers can feel Sunon's actual actions and contributions to being environmentally friendly and loving the earth.

Many of Sunon's products have undergone efficiency improvements and have been widely used in industries such as LED, industrial/medical, mobile devices, automotive, home appliances, channel customers, cloud networking, computers, office equipment, and head-mounted devices. In 2023, the revenue from the Company's energy efficiency related products was NT\$12.198 billion, saving 532.72 million kWh of electricity for global customers. The environmental performance of product energy saving and carbon reduction is as follows:

## Sunon's Product R&D Energy Saving Performance in 2023

### Energy Saving and Electricity Saving

532.72 million kWh = 1,917.8 million MJ (megajoules)

### Carbon Emission Reduction

263,700 metric tons

Note 1: Calculated using the electricity emission factor of 0.495 announced by the Bureau of Energy, Ministry of Economic Affairs (2022).

Note 2: Sunon's new generation models all adopt new motor technology and circuit design. According to actual tests, compared with the old motor and circuit design of the previous models, the new models can reduce power consumption by more than 10% on average. Therefore, we calculate the "annual shipment of energy-saving products x 10% of power consumption x actual operating time" based on the actual operating time determined by the product application to obtain the result.

## Product Safety Certification and Energy-saving Label Declaration

Sunon conducts product electrical characteristics, safety and other tests through international standard certification bodies (such as UL, TUV Rheinland, etc.) according to customers' requirements for various product safety regulations. After meeting the safety standards preset by international standard certification bodies or the government, it successfully obtains safety compliance certificates.

To meet the specific product safety requirements of the Bureau of Standards, Metrology and Inspection (BSMI) of the Ministry of Economic Affairs, so far, in addition to meeting the safety

requirements approved by BSMI and obtaining safety compliance certificates to ensure product safety, Sunon's products also comply with Taiwan's energy-saving label regulations and have successfully obtained energy-saving labels. In 2023, there were no incidents of violations related to products, services and marketing promotion.

The company's products are mainly B2B, and B2C products account for 0.72% of total revenue, of which ventilation fan products have successfully obtained energy-saving labels, accounting for 0.12% of total revenue.

## Patent System

To enhance Sunon's R&D and innovation capabilities in products, technologies, processes or equipment, and to encourage employees to engage in more R&D and innovation, thereby accumulating abundant intellectual assets and extending continuous R&D and creative capabilities. Employees can submit patent applications through the internally established "Patent Proposal Application System". Moreover, receiving bonuses and rewards in accordance with the "Measures for Encouraging Employee Invention and Creation" after the proposal is approved, the top three outstanding employees in annual innovation R&D patent applications are also publicly commended in the year-end interview before the Lunar New Year, actively encouraging employees to create valuable assets with their professional R&D and innovation capabilities.

Besides, the "Intellectual Property Area" is set up on the Company's intranet, and the Company's patent technology is built into the "Intellectual Property Area" for relevant internal colleagues to understand the scope and application of the Company's patent technology. Competitors' patent technology information is also built into the Company's intranet "Intelligent Collaborative Patent Value-added System" for employees to understand the current technology trends and direction of peers from competitors' technology distribution, thereby stimulating employees' R&D and innovation ideas.

As of 2023, Sunon's patents have accumulated 3,394 granted patents, showing Sunon's emphasis on patent rights and high expectations for self-R&D and innovation.

## Patent Results

Cumulative Number of Granted Patents (Cumulative over the years)

2021	2022	2023
3,250	3,332	3,394

Note: The statistics include invention patents, utility model patents and design patents.



## Product Health and Safety

### 3.2.1 Product Quality Management

Sunon is committed to implementing quality policies and measures, aiming to provide customers with high service and high quality. To continuously improve customer satisfaction, quality policies are formulated to make Sunon the most trusted quality representative in customers' minds.

According to Sunon's business philosophy and customer requirements for quality and hazardous substance management, after appropriate review and evaluation, it is confirmed that customers can be provided with quality, delivery, complete service and hazardous substance management to achieve the goal of customer satisfaction. Based on this goal, the quality and hazardous substance management concepts of various operations are improved, and high production and operation capabilities are used to improve the quality standards of various fan finished products and services produced and sold, so that they can be widely used in related high-tech industry products; At the same time, it complies with relevant laws and regulations and customer requirements to effectively control hazardous substances in products, and aims to achieve the goal of full hazardous substance-free product quality, moving towards the goal of continuous improvement to pursue the realm of perfection, so that the "Sunon" brand becomes synonymous with excellent quality and service. In 2023, the Company did not have any major product recall incidents.

Quality Management System Performance in 2022 and 2023

KPI Item	2022	2023
Customer Satisfaction Index (out of 7 points)	5.4 points	5.8 points
Environmental Hazardous Substance Defect - Incoming Material Hazardous Substance Exceeding Standard	0	0
Environmental Hazardous Substance Defect - Customer Complaint Hazardous Substance Exceeding Standard	0	0
Products Pass Rate	97.1%	98.3%

Note: The customer satisfaction index measurement items include product quality, product delivery, service quality of sales personnel, customer complaint response speed, customer complaint handling professionalism, etc.

### Quality Management System Certification

Sunon is committed to improving product quality. In order to comply with international regulations and customer requirements, the quality management system has been gradually introduced since 1995, and ISO 9001 certification was passed in 1996. Currently, all production sites, including Beihai Sunon Factory, Beihai Lizhun Factory, Kunshan Guangxing Factory, Philippines Sunon Factory, Kaohsiung Headquarters, etc. have passed certification.

To enter the automotive market and comply with international regulations, ISO/TS 16949 management system was gradually introduced in 2005, and ISO/TS 16949 certification was passed in 2006. Currently, Kunshan Guangxing Factory, Beihai Sunon Factory, and Yuntong Factory of Kaohsiung Headquarters have passed relevant certifications according to the nature of their respective production lines, and are regularly audited by third-party notary agencies every year to maintain the validity of the certificate.

Sunon's quality management system is planned in accordance with the international standards of ISO 9001, IATF 16949, and IECQ QC 080000, and through quality management and quality assurance activities, it is ensured that products comply with customer needs and laws and regulations, demonstrating the ability to continuously meet customer and applicable regulatory requirements and product safety, and through the effective operation of the quality management system (including customer orientation and continuous improvement of each process, risk management, etc.), the risk of the management system is reduced, customer satisfaction is achieved, and the expectations of product safety and interested groups are met.

In 2023, the Company did not have any incidents of violations of product quality, health and safety regulations.

Sunon's quality management system is established with reference to the management principles of the international standards ISO 9001, IATF 16949, and IECQ QC 080000:

1. Comply with customer requirements and drive to exceed customer expectations
2. The management establishes the purpose, direction, and participation consistency, creating an environment where employees are committed to achieving quality goals
3. All personnel are competent in their work, authorized to enhance their ability to create value
4. Organizational performance is optimized through process management
5. Maintain a high level of performance, respond to changes in internal and external environments, and create new opportunities
6. Decision-making is guided more objectively and confidently based on data and information analysis
7. Optimizing supplier and customer relationship management to achieve sustainable success





# Chapter 4

## **4** Sustainable Supply Chain Management

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4.1 Industry Supply Chain

4.2 Supply Chain Management

## Industry Supply Chain

### 4.1.1 Industry Status and Development

With the continuous enhancement of computing and networking functions of electronic, communication and portable products, the temperature during use is constantly increasing; And under the guidance of fashion trends, products are becoming increasingly lighter, thinner, shorter and smaller, and must have powerful image processing capabilities. These consumer demands and product development trends constitute the biggest development opportunity for the thermal solution industry.

In addition, the social networking sites, e-commerce, communication software and virtual reality devices that have emerged in recent years have strongly driven the demand for servers, communication, cloud computing, cloud storage devices and micro cooling fans, which in turn drives the significant growth of heat dissipation components. The hardware components of thermal solution solutions mainly include cooling fans, heat sinks and heat pipes, and thermal pads. Each heat dissipation component has a wide range of applications, including computer, server, communication, consumer electronics, automotive electronics, industrial equipment, optoelectronics and other industries, among which the computer industry has the largest demand for thermal solution solutions. Since Taiwanese manufacturers have obtained most of the global computer and electronic equipment OEM orders, they have the advantage of developing the thermal solution industry and have become the largest demander and supplier of heat dissipation components.

With the continuous launch of new electronic products, the growth momentum of thermal solution products continues to come from 3C industries such as computers, communications, servers and consumer electronics, and has also expanded to other new applications such as automotive electronics, handheld electronic products, virtual reality, Internet of Things, artificial intelligence and high-performance computing. Therefore, it prompts various heat dissipation component manufacturers to actively increase production scale to expand market share; Besides, the thermal solution demand arising from the continuous improvement of speed and performance of electronic products also makes various manufacturers continuously strengthen R&D capabilities to launch high-end thermal solution products to meet the functional requirements of new application products, and strive to develop niche products to improve profitability.

### Relevance of Upstream, Midstream and Downstream Industries

The components of cooling fans and cooling modules are complex, and the related upstream industries include plastics, bearings, steel, copper, metal stamping, aluminum die-casting, molds (stamping, die-casting, plastic injection molding), copper wire, semiconductors, ICs, printed circuit boards, passive components, etc.; The downstream application industries are also very wide, and wherever there is air convection, cooling fans are needed, including information industry, network communication equipment, optoelectronics industry, home appliance audio-visual equipment, industrial and commercial equipment, automotive electronics and other industries.

The upstream and downstream industries of cooling fans are very wide-ranging, and cooling fans are not strongly related to a single industry mentioned above.

### Various Development Trends of Products

#### A. Continuous Extension of Application Fields

In the early stage of the thermal solution market, it was mainly used in personal computers (including desktop and notebook computers) and network communication equipment. With the rapid development of technology, new electronic products are constantly emerging, and the application has expanded to consumer electronics such as handheld projectors, tablets, virtual reality devices, etc. In the application of automotive electronics, it has penetrated from the cooling demand of car audio and entertainment systems to the cooling demand of automobile cockpits, power systems, headlights, wireless charging boards, and ADAS and autonomous driving control systems. Recently, with the update of building regulations and the gradual attention paid to air quality issues in mainland China and neighboring regions, it has been applied to green buildings and air purification related products.

#### B. Enhanced Functionality and High Heat Dissipation Efficiency

With the accelerating alternation of CPU generations, heat dissipation component manufacturers must continuously develop thermal solutions with high thermal design power, fast heat dissipation speed, high efficiency, long life, low noise, low vibration, low power consumption, low start-up voltage, high torque, high temperature resistance, and dust resistance through design improvement and material R&D to solve the heat dissipation problems of application products.

### C. Thin and Light Appearance

The product design in each application field of heat dissipation components is constantly pursuing "light, thin, short, and small", and the thickness of mainstream specifications is constantly developing towards thinness. For example, the thickness of NB cooling fans has developed from 10mm to 5.2mm, and new models have even required 3mm, continuously launching lighter and thinner heat dissipation components.

### D. Environmental Protection and Energy Saving

The gradually increasing environmental protection issue is also an important trend of product development. Not only to the materials used generally complying with the RoHS directive, some customers have required products to be fluorine-free and halogen-free. But also product power consumption and efficiency are also the focus of future design. Under the premise of environmental protection, products must meet the trend of high efficiency, energy saving, and carbon reduction. Future stricter environmental protection regulations will drive customers to replace more energy-saving and power-saving components, which is expected to provide new growth momentum for the Company's products.

## Product Competition

The competition of heat dissipation components in various application industries is divided into two competitive situations: standard products and project products. For the competition of standard products, "reliability", "price" and "channel penetration" are the highest guiding principles. There is no significant difference in the performance of standard products. Customers choose suitable products according to their demand for product price and reliability. The company has a good brand image and product reliability, and is usually the most designated product by customers. In terms of channel management, the Company has more than one thousand business representatives and distribution outlets worldwide, with the highest market penetration. In the project products, "collaborative design capability", "technology depth" and "customer satisfaction" are the highest guiding principles. The company must collaborate with customers to design solutions at the early stage of customer product design. Usually, the thermal solution requirements and technical requirements faced at that time are unprecedented specifications. Therefore, design capabilities and technology depth are the best competitive weapons. After the product passes customer certification, the key to winning the competition depends on the Company's production and operation capabilities, mass production scale, cost reduction capabilities, and customer service capabilities.

### 4.1.2 Supply Chain Structure

The Company is an electronic component manufacturer. Among the main components of fan motor products, bearings and silicon steel sheets are the most important, and printed circuit boards and resistors and capacitors are also its main components. Therefore, the quality requirements for the "steel rolling and extruding industry, bearing, gear and power transmission device manufacturing and repair industry, passive electronic component manufacturing industry, and printed circuit board manufacturing industry" are higher, while other suppliers are mostly labor-intensive traditional industries, with price as the main consideration, lower entry barriers, and fierce market competition.

As a high-quality enterprise deeply rooted in Taiwan, in addition to purchasing the required raw materials from local suppliers in Taiwan, Sunon also purchases the required materials from local suppliers in mainland China in response to the production needs of its factories in mainland China, continuing to adhere to the spirit of enterprise localization, strongly supporting local procurement, increasing the local supply ratio, and reducing the risk of long-distance delivery by relying on foreign manufacturers to meet customer expectations for delivery and service.

In 2023, Sunon's suppliers in Taiwan and China totaled 309, with 300 suppliers delivering goods to the location of Sunon's incoming material factories, with an overall local delivery ratio of 97%.

If the ratio of local procurement amount is calculated based on the location of Sunon's purchase order placement, Sunon's overall local procurement ratio in 2023 was 74%.

Country/Region Local	Procurement Ratio
Taiwan	50%
China	84%
Philippines	2%
Total	74%

As of the end of 2023, the types and countries of Sunon's suppliers are as follows:

Supplier Type	Number of Suppliers	Country/Region	Industry Characteristic
Screw, nut and rivet manufacturing industry	14	Taiwan, China	Labor-intensive
Wire and wiring device manufacturing industry	21	Taiwan, China	Labor-intensive
Synthetic resin and plastic manufacturing industry	13	Taiwan, China	Labor-intensive
Rubber product manufacturing industry	18	Taiwan, China	Labor-intensive
Copper manufacturing industry	16	Taiwan, China	Labor-intensive
Metal manufacturing industry	92	Taiwan, China, Japan	Labor-intensive
Industrial plastic injection product manufacturing industry	51	Taiwan, China	Labor-intensive
Electronic component manufacturing industry	49	Taiwan, China	Capital and technology intensive
Printed circuit board (PCB) manufacturing industry	8	Taiwan, China	Capital and technology intensive

Note: Important operating locations are Kaohsiung Headquarters, Taipei Office, Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory. However, the Philippines Sunon Factory started factory preparation in 2022 and is still in the process of evaluating and finding suitable local suppliers, so the production materials of the factory are procured by the Beihai Lizhun Factory.

## Supply Chain Management

### 4.2.1 Supply Chain Management Policy

Sustainable supply chain management practice is a series of actions in the traditional supply chain that incorporate environmental protection, social contribution and maintaining organizational economy, including the Company's internal and external practices, and can achieve true sustainability of the supply chain from the environmental, social and economic aspects. The scope of implementation of sustainable supply chain management practices ranges from green procurement to product life cycle management supply chain, from suppliers all the way to manufacturers and customers, strengthening the relationship between partners, including the flow of goods, information flow and sustainable practices.

According to the latest survey of global CEOs by PwC, supply chain disruption is one of the top 10 threats to enterprises, and more than 50% of CEOs have begun to adjust their supply chain management and procurement strategies. Sustainable supply chain has become an important link for enterprises to practice continuous operation. Procurement management is a key mechanism for enterprises to demonstrate social responsibility and drive the supply chain to achieve sustainable goals. The National Institute of Standards and Technology (NIST 800-161) supply chain risk management practice also lists sustainability as a key issue in risk management.

The Company divides sustainable supply chain management into three main aspects: Sustainable norms, risk identification and management mechanisms. After the Company sets the basic sustainable norms for suppliers to follow, it uses risk identification tools to find high-risk factors and supplier industries, and then uses various management mechanisms to improve supply chain management.

### Sustainable Supply Chain Norms

The Company refers to the Code of Conduct of the Responsible Business Alliance (RBA), the "UN Guiding Principles on Business and Human Rights", the "Declaration on Fundamental Principles and Rights at Work" and the "Universal Declaration of Human Rights" of the International Labor Organization and other international norms to formulate supply chain management procedures, requiring all suppliers to ensure that their business conduct in labor rights, health and safety, environment, business ethics and management systems complies with the Company's standards and commitment letters, and fully complies with the laws and regulations of the region where they operate.

The Company expands its determination and mission to implement corporate social responsibility to suppliers who work closely with the business. We gradually incorporate corporate social responsibility clauses into supplier contracts, with the long-term goal of requiring 100% of suppliers to fulfill ESG clauses. If suppliers violate the regulations of the clauses, we will require them to make improvements within a time limit, and those who seriously violate the regulations may have their cooperation terminated and cancelled. We continue to communicate and convey social responsibility related information to suppliers, encouraging suppliers to develop materials that reduce environmental impact or carry out energy saving and carbon reduction from the process or equipment to create a win-win partnership.

Starting from September 2022, procurement personnel conduct evaluations on new suppliers according to the new supplier evaluation form, including audits of suppliers' social, environmental and governance performance. New suppliers must pass the evaluation and be approved by the unit supervisor before procurement personnel can register them in the "Qualified Supplier List". For existing suppliers, the Company distributes supplier audit questionnaires once a year to review and evaluate suppliers' corporate social responsibility performance and confirm that suppliers comply with the Company's supply chain norms and can be the object of continued cooperation.



## 4.2.2 Supply Chain Management Policy

### • Supply Chain Audit Performance

This year, there were 4 new suppliers, all of which passed the approval of the unit supervisor and were registered in the Company's qualified supplier list.

### • Annual Supplier Audit

According to Sunon's internal definition: The targets of the annual supplier corporate social responsibility evaluation are determined by the annual transaction quantity of suppliers (excluding agents).

Suppliers with an annual delivery quantity of more than 200,000 need to conduct a corporate social responsibility risk assessment self-evaluation; Suppliers with an annual delivery quantity among the top 20 of the group are important suppliers of the group and need to undergo on-site audits.

This year, all suppliers that underwent the RBA audit passed the Company's audit requirements, and no major actual or potential negative environmental, social or governance impacts were identified.

### Annual Supplier Audit Results (Unit: Number of Suppliers)

Supplier RBA Self-evaluation				Sunon On-site Audit			
Number of Suppliers	Number Completed	Completion Ratio	Pass Ratio	Number of Suppliers	Number Completed	Completion Ratio	Pass Ratio
146	146	100%	100%	20	20	100%	100%

Audit Aspect	Environmental	Social	Governance
Audit elements	1. The factory has legal environmental protection permits, approvals, licenses, and registrations. 2. Environmental pollution prevention and control 3. Rainwater and wastewater management	1. Emphasis on employee health and safety 2. Comprehensive labor rights 3. Elimination of forced labor 4. Maintaining an equal working environment	1. Internal control 2. Protecting whistleblower interests 3. Maintaining business ethics
Number of suppliers with significant actual or potential negative impacts	0	0	0

Note: Judgment of having significant actual or potential negative impacts: Audit result is "high risk".



# Chapter 5

## **5** Environmentally Friendly and Sustainable Future

5.1 Material Management

5.2 Energy Management

5.3 Emissions Monitoring

5.4 Water Resource Management

5.5 Waste Management

## Material Management

### 5.1.1 Material Management Policy

Sunon has long paid attention to the development of international environmental protection trends, keeping abreast of international environmental protection regulations and requirements for the management of chemicals in products (such as: EU RoHS, EU REACH, California Proposition 65, etc.), closely monitoring hazardous substances that have a significant impact on the environment, and identifying and planning controls for them to ensure that products comply with international environmental protection regulations and meet customer requirements for green products, achieving the goal of Hazardous Substance Free products.

As of the end of 2023, Sunon's production sites have all introduced IECQ QC 080000.



The company's substance management policies are described as follows:

#### The Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS)

The hazardous substances regulated by the EU include lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr VI), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP). All of the Company's products comply with the RoHS limit values, and there were no violations in 2023.

#### Registration, Evaluation and Authorization of Chemicals (REACH)

The company regularly tracks the substances of very high concern and hazardous substances list regulated by the EU, and revises the Company's substance management strategies and guidelines according to the latest EU regulations. At the same time, the Company conducts annual supplier audits, requiring suppliers to disclose the hazardous substances used and formulate reduction plans to control the use of restricted hazardous substances.

#### Conflict Minerals

Minerals such as tin, gold, tungsten, cobalt, and tantalum are essential raw materials for consumer electronics industries such as mobile phones and computers. Among them, minerals from Congo, Uganda, Rwanda and other places are called "conflict minerals" because they involve armed violence. The company is committed to complying with the conflict minerals policy formulated by the Responsible Business Alliance (RBA), and in addition to complying with and committing not to accept or use minerals from conflict regions, it also requires suppliers to jointly comply with this policy. According to the requirements of the Responsible Minerals Initiative (RMI), the Company uses the Conflict Minerals Reporting Template (CMRT) to investigate the sources of minerals such as tin, gold, tungsten, cobalt, and tantalum used by suppliers. In 2023, none of Sunon's suppliers used conflict minerals.

#### IECQ QC080000 Hazardous Substance Process Management System

The company has introduced the IECQ QC080000 hazardous substance process management system certification to ensure that all raw materials and products in the factory's production process comply with hazardous substance use regulations and laws.

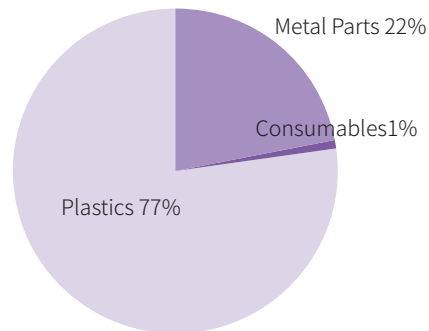
### 5.1.2 Material Procurement

Sunon's product materials and packaging materials are all purchased from external suppliers. The main product materials are plastic raw materials, metal parts, injection parts, electronic components, magnets, wires, consumables, etc., which are all non-renewable materials.

The current procurement method is that Sunon first signs a procurement contract with qualified suppliers, and then exports the materials to the factory for production and delivery to the customer.

In 2023, the total usage of raw materials was 8,220,578 metric tons, with plastics and metal parts accounting for the majority.

#### Proportion of Raw Material Usage



Note 1: The calculation scope is production sites, including: Kaohsiung Headquarters, Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, Philippines Sunon Factory.

Note 2: Since the weight of all raw materials is not currently counted, the average weight of the same category of raw materials is used for calculation this year.

Note 3: Categories such as injection parts, electronic components, magnets, and wires are not shown in the chart because their usage percentage is less than 1%.

Note 4: In 2022, the weight information of raw material usage records was not yet complete, so only the procurement quantity of material types included in the greenhouse gas inventory was calculated at that time, and the weight information of raw material procurement was used to estimate the calculation; However, the internal system data has been established this year, so the actual usage of all raw materials is disclosed this year.

### 5.1.3 Raw Material Carbon Footprint

Carbon Footprint is the amount of greenhouse gas emissions generated throughout the entire life cycle from raw material acquisition, production and manufacturing, distribution and sales, purchase and use to final disposal and recycling.

Countries have developed carbon footprint management to reduce carbon emissions, and product carbon footprint has become an important tool for achieving carbon reduction targets.

In response to overseas customers' inventory of the product carbon footprint of the supply chain, Sunon has also introduced a product carbon footprint system to collect and calculate relevant data.

The company's raw material carbon footprint data collection is mainly divided into three stages, gradually collecting raw material carbon footprint related information and guiding suppliers to conduct carbon inventory, and finally completing raw material carbon footprint data collection.

This year, the collection of raw material weight information has been completed, and it is expected to complete the collection of raw material composition, ingredients, density... and other information in 2025.

	First Stage Short-term Goal (2025)	Second Stage Mid-term Goal (2030)	Third Stage Long-term Goal (2050)
Raw Material Carbon Footprint Data Collection and Systematization	Collection of material weight, composition, ingredients, density... and other information	Collection of supplier carbon inventory data	Raw Material Carbon Footprint Data Collection and Systematization

### 5.1.4 Packaging Material Recycling and Reuse

Sunon is a B2B company, and it is more difficult to recycle products after they are sold. However, in order to effectively utilize resources and reduce resource waste and demand for natural resources, the Company voluntarily recycles reusable packaging materials and sends them back to suppliers for raw material packaging use according to the nature and condition of the packaging materials.

#### Recycled Packaging Material Percentage

Year	Site	Unit	Incoming Quantity	Recycled Quantity	Recycling Rate
2023	Beihai Sunon Factory, Beihai Lizhun Factory	pcs	202,788	195,461	96%
	Kunshan Guangxing Factory	pcs	875,558	770,494	88%
	Total	pcs	1,078,346	965,955	90%

## Energy Management

### 5.2.1 Energy Management

Energy shortage, global warming and climate change are becoming increasingly serious. Energy management and energy transition are one of the important items of international energy policy. The choice and consumption of energy are closely related to the Company's cost, environment, safety and other issues. Improving energy utilization efficiency and reducing energy consumption will help save costs and mitigate the impact of climate change.

In order to improve and enhance energy efficiency, the Company's Sustainable Development Committee is responsible for integrating the energy usage of each operation location, understanding the major energy types of each site, and formulating energy-saving improvement plans and short-, medium- and long-term goals; The Sustainable Development Committee regularly supervises the implementation of energy policies every year and adjusts energy plans in a timely manner to ensure the achievement of energy-saving goals. The company also strengthens the promotion of the Company's energy-saving policies and organizes related advocacy activities and education and training courses to enhance colleagues' awareness of energy saving and carbon reduction.

### 5.2.2 Energy Consumption

The energy used by Sunon varies according to the nature of each factory or office, including purchased electricity, solar photovoltaics, diesel, gasoline, compressed natural gas, liquefied petroleum gas, self-produced solar energy, etc., with purchased electricity being the main source (accounting for about 88.41% of total energy consumption). In 2023, Sunon's total energy consumption was 143,788.526 GJ, and the energy intensity was 11.134 (GJ/million NT\$ revenue).

In 2023, the Company's energy intensity increased compared to the previous two years, mainly because as the Covid-19 pandemic eased, employees used company vehicles for external business more frequently, increasing the use of gasoline and diesel, coupled with a slight decrease in revenue this year, resulting in an overall increase in energy intensity.

**Sunon Energy Consumption Analysis Table (Unit: GJ)**

Energy Consumption Item		Energy Consumption <sup>Note 1</sup>			Energy Consumption Percentage		
		2021	2022	2023	2021	2022	2023
Purchased Non-renewable Energy	Purchased Electricity	136,411.809	140,619.291	127,121.665	97.20%	97.33%	88.41%
	Gasoline	1,269.992	1,326.554	1,465.058	0.90%	0.92%	1.02%
	Diesel	593.786	866.059	1,014.515	0.42%	0.60%	0.71%
	Compressed Natural Gas	0	0	5.213	0.00%	0.00%	0.00%
	Coal Gas	20.766	0	0	0.01%	0.00%	0.00%
	Liquefied Petroleum Gas	0	24.542	24.295	0.00%	0.02%	0.02%
Purchased Renewable Energy	Solar Photovoltaics	0	0	11,692.990	0.00%	0.00%	8.13%
Total Energy Consumption	Solar Photovoltaics	2,046.216	1,638.607	2,464.790	1.46%	1.13%	1.71%
Total Energy Consumption		140,342.569	144,475.053	143,788.526			
Energy Intensity (GJ/Million NT\$ Revenue)		10.348	10.273	11.134			

Note 1: Except for the calorific value of gasoline, diesel and liquefied petroleum gas used in China factories, which adopts the calorific value announced locally in China, other energy uses the calorific value announced by the Bureau of Energy, Ministry of Economic Affairs. Energy consumption is calculated by converting energy usage x unit calorific value x 4.187 ÷ 1,000,000 into gigajoules (GJ).

Note 2: The company's sites are mostly manufacturing factories, so each million revenue is selected as the energy intensity denominator.

Note 3: In 2021, the inventory sites were Kunshan Guangxing Factory and Beihai Sunon Factory. In 2022 and 2023, the inventory sites were all sites in this report and U.S. subsidiary, European subsidiary, and Indian subsidiary.

Note 4: The unit of purchased electricity disclosed in the 2021 sustainability report was kWh, so it was converted to GJ according to the unit calorific value announced by the Bureau of Energy, Ministry of Economic Affairs; Gasoline, diesel and coal gas were converted from MJ to GJ.

## • Energy Saving Measures

Energy costs are rising and it is a trend that cannot be suppressed, so effective energy cost reduction and management is more important than ever. At present, energy-saving technological transformation is carried out for main energy-consuming equipment in the factory (such as replacing ordinary motors with inverter motors for molding machines, with energy-saving effect reaching 75%), introducing energy-saving air compressors to reduce power consumption, and implementing comprehensive energy-saving management measures.

Sunon also advocates turning off office lights for 1 hour during lunch break, controlling appropriate air conditioning temperature, using LED lighting ventilation fans, pressing "one" elevator when taking the elevator, and advocates that the last person leaving the office should turn off lights, air conditioning, copier power, etc. On the last Saturday of March every year, employees and their families of Sunon's Kaohsiung headquarters and global subsidiaries and offices also participate in this meaningful activity by turning off all unnecessary power from 20:30 to 21:30, protecting the earth and our home together.

## • Renewable Energy Usage

Kunshan Guangxing Factory built a solar power generation system in 2013, effectively reducing the use of general electricity and reducing carbon dioxide emissions; And this year, renewable energy certificates were also purchased simultaneously.

Beihai Sunon Factory and Beihai Lizhun Factory also started purchasing renewable energy from this year.

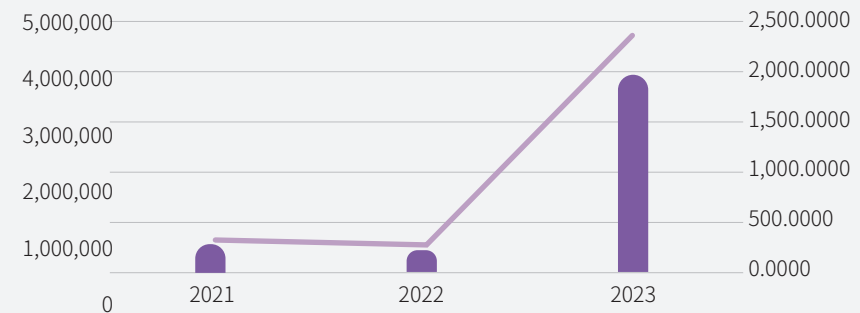
In 2023, Sunon's self-produced and purchased renewable energy totaled 3,931,821 kWh, which could reduce approximately 2,336.2880 tCO<sub>2</sub>e (Note); And the purchase of renewable energy certificates was 6,000,000 kWh, equivalent to a reduction of 3,565.2000 tCO<sub>2</sub>e (Note).

In the future, Sunon will aim to continuously increase the use of renewable energy.

Note: Carbon reduction benefit = Total renewable energy production (kWh) x China's average carbon dioxide emission factor for electricity in 2021 (excluding non-fossil energy electricity from market-based transactions) 0.5942 ÷ 1,000

Factory	Renewable Energy Item	2021		2022		2023	
		Generation/Purchase Amount (kWh)	Carbon Reduction Benefit (tCO <sub>2</sub> e)	Generation/Purchase Amount (kWh)	Carbon Reduction Benefit	Generation/Purchase Amount (kWh)	Carbon Reduction Benefit
<b>Kunshan Guangxing Factory</b>	Self-produced - Solar Photovoltaics	568,264	337.6625	455,065	270.3996	684,508	406.7347
<b>Beihai Sunon Factory</b>	Purchased - Solar Photovoltaics	0	0	0	0	2,345,423	1,393.6503
<b>Beihai Lizhun Factory</b>	Purchased - Solar Photovoltaics	0	0	0	0	901,890	535.9030
<b>Total</b>		568,264	337.6625	455,065	270.3996	3,931,821	2,336.2880

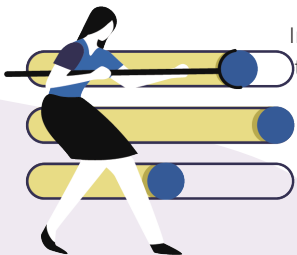
### Renewable Energy Usage



	2021	2022	2023
Generation/Purchase Amount (kWh)	568,264	455,065	3,931,821
Carbon Reduction Benefit (tCO <sub>2</sub> e)	337.6625	270.3996	2,336.2880

Note 1: In 2022, the self-produced solar photovoltaic power generation was relatively low, mainly because in May and June, the main board of the solar photovoltaic system was under maintenance and power generation was suspended.

Note 2: In 2023, the self-produced solar photovoltaic power generation was higher than in 2021 and 2022 due to more sufficient sunlight.





## Emissions Monitoring

### 5.3.1 Greenhouse Gas Inventory

#### • Inventory Method

Sunon follows the ISO 14064-1:2018 greenhouse gas inventory standard, adopts the operational control approach to set the organizational boundary, and refers to the significance of indirect emission sources based on external disclosure requirements, the degree of controllability by the Company, the data quantification method, and the availability of coefficients to determine whether categories 2 to 6 should be included in the inventory. The inventory is verified by an external third party. Since 2022, the Company conducts an annual greenhouse gas inventory to regularly assess and control the organization's greenhouse gas emissions.

This year, the organizational boundary includes all sites, and the reporting boundary includes category 1 (stationary combustion, mobile combustion, fugitive emissions, process emissions), category 2 (purchased electricity), category 3 (upstream transportation, business travel), and category 4 (product procurement, purchased fuels and energy resources, waste treatment and transportation). Categories 5 and 6 were identified as non-significant emission sources through the significance assessment criteria of the greenhouse gas inventory, so they were not included in this year's inventory. Greenhouse gas types include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>), a total of 7 greenhouse gases.

We mainly adopt the emission factor approach for calculation, multiplying activity data by the emission factor and global warming potential (GWP value) to convert it into carbon dioxide equivalent (CO<sub>2</sub>e) in metric tons (tCO<sub>2</sub>e). We also select the appropriate emission factor source according to the emission type, including the latest "Greenhouse Gas Emission Factor Management Table" (Version 6.0.4) announced by the Ministry of Environment of the Executive Yuan, the latest annual electricity carbon emission factor announced by local governments, the emission factor announced by the IPCC, etc.; The GWP value is based on the value announced by the IPCC (IPCC 6th Assessment Report).

#### • Inventory Results

In 2023, Sunon's total greenhouse gas emissions were 253,032.506 tCO<sub>2</sub>e. Using total revenue (million NT\$) as the intensity conversion unit, the emission intensity of category 1 and category 2 was 1.766 (tCO<sub>2</sub>e/million NT\$), and the emission intensity of category 3 and category 4 was 17.826 (tCO<sub>2</sub>e/million NT\$).

From the emission percentage of each category, category 4 is the Company's main emission source (90.5%), originating from the indirect greenhouse gas emissions generated by the purchase of raw materials. Therefore, in the future, the emissions of purchased raw materials will be assessed and other low-carbon procurement methods will be found to achieve greenhouse gas reduction.

The second largest emission source is category 2 purchased electricity (8.1%). To reduce electricity consumption, in addition to advocating energy-saving policies in offices and factories, the main energy-consuming equipment will be replaced or undergo energy-saving technological transformation; At the same time, the purchase of renewable energy (solar photovoltaics) for production use was also started this year.

This year's emissions increased by 38% compared to the base year, mainly because the analysis method of "Category 4 Product Procurement" was adjusted this year, and raw material procurement with the top 80% weight was included in the inventory. Since the raw materials included in the inventory increased and the inventory method was more detailed, the inventory data is also closer to the facts.

Compared with the base year 2022, the greenhouse gas emission intensity of category 1 and category 2 increased slightly by about 1% this year; Category 3 and category 4 increased by about 58%, mainly due to the same reason as mentioned above, plus the slight

#### • Greenhouse Gas Emissions Analysis Table (Unit: tCO<sub>2</sub>e)

Greenhouse Gas Emissions	2021	2022	2023
Category 1	1,147.200	2,148.659	2,337.827
Ratio(%)	3.8%	1.2	0.9
Category 2	29,239.710	22,281.158	20,473.797
Ratio(%)	96.2%	12.2	8.1
Category 3	-	1,830.377	1,249.719
Ratio(%)	-	1.0	0.5
Category 4	-	156,843.387	228,971.163
Ratio(%)	-	85.6	90.5
Total Greenhouse Gas Emissions	30,386.910	183,103.581	253,032.506
Category 1 and Category 2 Emission Intensity (tCO <sub>2</sub> e/Million NT\$ Revenue)	2.241	1.737	1.766
Category 3 and Category 4 Emission Intensity (tCO <sub>2</sub> e/Million NT\$ Revenue)	-	11.283	17.826

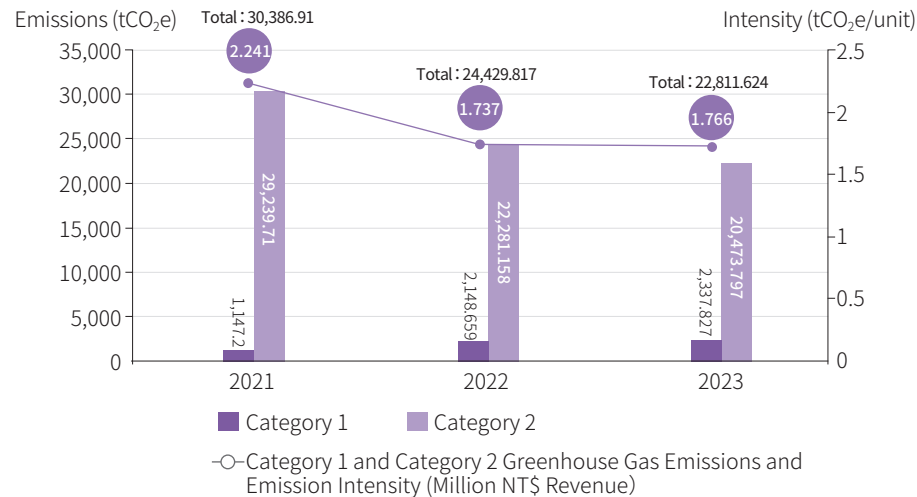
Note 1: In 2021, the inventory sites (self-inventory) were Kunshan Guangxing Factory and Beihai Sunon Factory in China. In 2022 and 2023, the inventory sites were all sites in this report and U.S. subsidiary, European subsidiary, and Indian subsidiary.

Note 2: In 2021, only category 1 and category 2 emissions were inventoried.

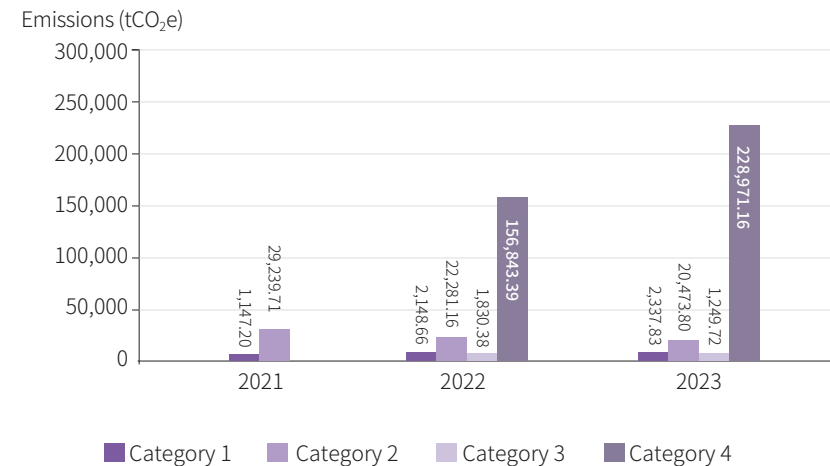
Note 3: The inventory scope of category 3 includes upstream raw material transportation (production sites) and business travel; The inventory scope of category 4 includes product procurement and waste disposal and transportation (production sites).

Note 4: Category 5 and category 6 were not included in the inventory because they were identified as non-significant, so they are not shown in the above table.

### Category 1 and Category 2 Greenhouse Gas Emissions and Emission Intensity



### Category 1 to Category 4 Greenhouse Gas Emissions



## Reduction Actions

Sunon has submitted a commitment letter to the Science Based Targets initiative (SBTi) in 2023 and will follow the 1.5° C reduction pathway to set reduction targets in the future.

Compared with the base year 2022, Beihai Sunon Factory and Beihai Lizhun Factory reduced category 1 and category 2 emissions by a total of 1,618.1933 tCO<sub>2</sub>e this year by purchasing renewable energy for use, with a reduction percentage of 6.62%.

In the future, in addition to continuing to strive for self-reduction, it will be extended to the supply chain, actively engaging, communicating and encouraging supply chain partners to reduce carbon together, jointly moving towards net zero carbon emissions.

### 5.3.2 Other Air Pollutants Emissions

The air pollutants generated by Sunon are mainly volatile organic compounds (VOCs), suspended particulates (PM), tin and its compounds produced in the impregnation, granulation, soldering, and injection molding processes. In order to track and control the emission of air pollutants in the factory, in addition to installing related prevention and control equipment, the Company commissions a third-party testing agency to conduct gas testing on the emission outlets in the factory area every six months to one year to ensure that the air pollutants produced meet or exceed government regulatory requirements.

In 2023, the Company's nitrogen oxides (NO<sub>x</sub>) emissions were 0 kg, sulfur oxides (SO<sub>x</sub>) emissions were 0 kg, persistent organic pollutants (POP) emissions were 0 kg, volatile organic compounds (VOC) emissions were 743 kg, hazardous air pollutants (HAP) emissions were 0 kg, suspended particulates (PM) emissions were 824 kg, and other major gas emissions were 1 kg; Among them, volatile organic compound (VOC) emissions increased by 1.6 times compared to 2022, mainly due to the addition of emission data from Beihai Lizhun Factory and Beihai Sunon Factory discontinuing the use of negative pressure fans and connecting the original multi-port unorganized emission pipes to the main emission port for organized emissions, resulting in an increase in exhaust gas sources and thus an increase in emissions.



## Annual Air Pollutant Emissions (Unit: kg)

Item	2021	2022	2023
Nitrogen oxides (NOx)	0	0	0
Sulfur oxides (SOx)	0	0	0
Persistent organic pollutants (POP)	0	0	0
Volatile organic compounds (VOC)	491	280	743
Hazardous air pollutants (HAP)	0	0	0
Suspended particulates (PM)	936	112	824
Other major gases	1	0	1

Note 1: In 2021 and 2022, the data sources were all calculated by test value (emission rate kg/hr) x 300 working days per year x 24 hours operation per day.

Note 2: Explanation of the calculation method in 2023:

- (1) The data source of Kunshan Guangxing Factory is calculated by test value (emission rate kg/hr) x 300 working days per year x 20 hours operation per day.
- (2) The data source of Beihai Sunon Factory is calculated by test value (emission rate kg/hr) x 360 working days per year x 24 hours operation per day.
- (3) The data source of Beihai Lizhun Factory is calculated by test value (emission rate kg/hr) x 300 working days per year x 16 hours operation per day.
- (4) According to local environmental protection regulations, Kaohsiung Headquarters does not need to set up pollution prevention and control equipment, and because the usage does not exceed the standard value, there is no need to conduct air pollution emission testing.
- (5) According to local environmental protection regulations, Philippines Sunon factory does not need to set up pollution prevention and control equipment, and because the usage does not exceed the standard value, there is no need to conduct air pollution emission testing.

Note 3: Coefficient source: The emission standard is based on the relatively strict standard among all national or local government standards in China for each type of gas.

Note 4: Other major gases are tin and its compounds and isopropanol.

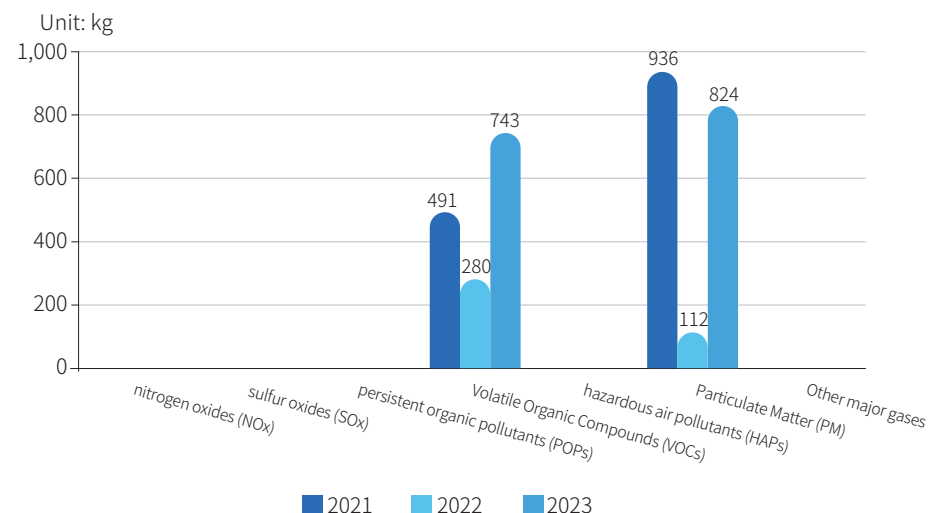
Note 5: The scope of the test values in this table: In 2021 and 2022 - Kunshan Guangxing Factory and Beihai Sunon Factory; In 2023 - Kunshan Guangxing Factory, Beihai Lizhun Factory, and Beihai Sunon Factory; Kaohsiung Headquarters and Philippines Sunon Factory follow local environmental protection regulations and do not conduct air pollution emission testing.

Note 6: The reason for the decrease in suspended particulate (PM) emissions in 2022 was that only Beihai Sunon Factory conducted suspended particulate (PM) emission testing that year.

Note 7: There are two reasons for the increase in volatile organic compound (VOC) emissions in 2023:

- (1) Addition of emission data from Beihai Lizhun Factory.
- (2) Beihai Sunon Factory discontinued the use of negative pressure fans and connected the original multi-port unorganized emission pipes to the main emission port for organized emissions, resulting in an increase in exhaust gas sources and thus an increase in emissions.

## Air Pollutant Emissions



## Water Resource Management

### 5.4.1 Water Withdrawal and Consumption

To meet customer requirements, Sunon's production factories use 100% tap water sources, with a total water withdrawal of 299.535 million liters in 2023. And due to process factors, there is no industrial wastewater output, only domestic wastewater discharge, which will not have a negative impact on the environment causing water pollution.

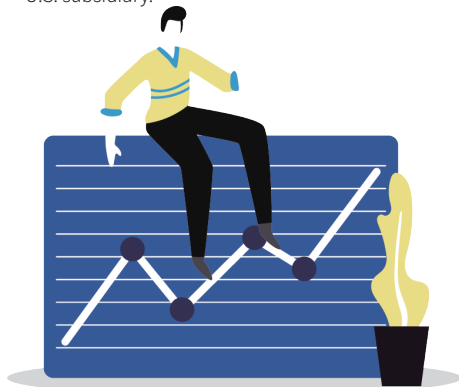
Sunon will continue to accept strict supervision and management of relevant local government regulations and fully implement the environmental protection concept of water resources.

#### 2021-2023 Water Withdrawal Statistics (Unit: million liters)





Water Source Category	Water Quality Indicator	Water Withdrawal					
		2021 年		2022 年		2023 年	
		All Regions	Water-stressed Regions	All Regions	Water-stressed Regions	All Regions	Water-stressed Regions
Third-party Water	Freshwater	330.55	180.15	311.181	168.006	299.535	166.260
	Other Water	0	0	0	0	0	0

Note 1: The disclosure scope in 2021 was Kaohsiung Headquarters in Taiwan and Kunshan Guangxing Factory and Beihai Sunon Factory in China; The disclosure scope in 2022 and 2023 was all sites in this report and U.S. subsidiary and European subsidiary. The Indian subsidiary was not included in the inventory because it is a leased office and unable to obtain water consumption information.

Note 2: Identification method for water-stressed regions: Using the WRI (World Resources Institute) Water Risk Atlas tool, if the water stress of the region is identified as medium-high or above, it is considered a water-stressed region. This year's assessment of water-stressed regions includes Kunshan Guangxing Factory and U.S. subsidiary.



#### 2021-2023 SUNON Total Water Withdrawal by Locations

	2021	2022	2023
 Other Overseas	0	0.43	10.1
 Philippines	0	3.39	7.58
 China	324.43	296.44	270.04
 Taiwan	13.95	10.93	11.82

## Waste Management

### 5.5.1 Waste Impact Assessment

The Company refers to domestic and international environmental impact reports and considers the life cycle stages (raw material extraction, production and manufacturing, sales and distribution, product use and waste disposal stages) to identify the waste generated by the Company's internal operations and upstream and downstream of the value chain, and assesses the potential impact of waste on the environment and society, based on which the Company's value chain and waste impact context diagram is drawn.

The waste generated by the Company includes hazardous and non-hazardous industrial waste, with office daily waste, defective product scrap, waste plastics, waste hardware, etc. being the majority. We formulate corresponding management measures in response to the potential impact of each type of waste, which are regularly supervised and evaluated by the waste management unit for implementation effectiveness to mitigate or avoid negative impacts on the internal or external environment of the organization.

### Sunon's Value Chain and Potential Impact Context Diagram

Value Chain Stage	Activity Item	Waste Type	Waste Category	Disposal Method	Disposal Department	Potential Impact	Response Measure
Own Operating Activities	Office Daily Waste	General Waste	Non-hazardous Industrial Waste	Landfill/ Incineration	External Third Party	Regularly cleared in accordance with government policies, with no potential impact on the general environment.	Cleared and disposed of by qualified clearance and disposal agencies.
Own Operating Activities	Office Daily Waste	Recyclable Waste	Non-hazardous Industrial Waste	Preparing for Reuse/Recycling	External Third Party	Regularly cleared in accordance with government policies, with no potential impact on the general environment.	Cleared and disposed of by qualified clearance and disposal agencies.
Own Operating Activities	Production Process Disassembly	Rotor, Stator, Blades, Frame	Hazardous industrial waste	Physical Treatment/ Incineration	External Third Party	If the third-party disposal agency does not dispose of the entrusted hazardous waste according to the law, it may cause pollution or health hazards to the general environment, so proper supervision is required.	When entrusting clearance and disposal, follow the transportation vehicle to the disposal site to confirm that the waste entrusted for clearance and disposal enters a legal site for disposal.
Own Operating Activities	Production Process Impregnation	Impregnation Waste Liquid	Hazardous industrial waste	Incineration	External Third Party	If the third-party disposal agency does not dispose of the entrusted hazardous waste according to the law, it may cause pollution or health hazards to the general environment, so proper supervision is required.	When entrusting clearance and disposal, follow the transportation vehicle to the disposal site to confirm that the waste entrusted for clearance and disposal enters a legal site for disposal.
Own Operating Activities	Raw Material Packaging	Cartons	Non-hazardous Industrial Waste	Recycling	External Third Party	Reuse and resource recycling, with no potential impact on the general environment.	Packaging materials are sorted and placed centrally to avoid arbitrary disposal.
Downstream	Defective Product Scrap	Defective Finished Products, Semi-finished Products	Hazardous industrial waste	Physical Treatment/ Incineration	External Third Party	If the third-party disposal agency does not dispose of the entrusted hazardous waste according to the law, it may cause pollution or health hazards to the general environment, so proper supervision is required.	When entrusting clearance and disposal, follow the transportation vehicle to the disposal site to confirm that the waste entrusted for clearance and disposal enters a legal site for disposal.

### 5.5.2 Waste Management Policy

The Company has set up a responsible unit to control, dispose of and report the industrial waste generated from the Company's operations, and disposes of waste in accordance with the local waste regulations of each site. The waste disposal methods are all implemented in accordance with local regulations.

**The waste management responsible departments of Sunon are:**

- Waste Classification: Each department
- Waste Storage: Safety Team, Administration Department, Management Department of each factory
- Waste Data Collection: Safety Team, Administration Department, Management Department of each factory
- Waste Reporting: Safety Team, Management Department of each factory
- Waste Treatment - Self-treatment: Each department
- Waste Treatment - Outsourced Treatment: Safety Team, Administration Department, Management Department of each factory

The Company records the types, quantities and tracks the flow of hazardous industrial waste through paper forms, and measures the amount of waste generated by production capacity estimation and actual measurement. Hazardous industrial waste cannot be self-disposed in the factory due to technical or regulatory requirements, so it is entrusted to qualified external companies for transportation and disposal. For outsourced waste, after obtaining the documents issued by the external transportation company, the consistency with the measurement weight in the factory must be checked, and the tracking system in accordance with local government regulations must be followed to ensure that the transportation and disposal company disposes of the industrial waste according to the Company's requirements.



Other waste, such as employee domestic waste, is cleared and disposed of by qualified clearance and disposal agencies.

## Sunon's Waste Management Strategy and Objectives

Management Strategy	Strategy Start Year	Management Objectives			Improvement Measures
		Short-term	Medium	Long-term	
Effective Waste Management and Disposal	2022	Proper waste classification and clear disposal	Reduce industrial waste generation intensity	Enhance industrial waste disposal effectiveness	<ul style="list-style-type: none"> <li>● Effectively classify waste</li> <li>● Accurately manage waste disposal methods and quantities</li> </ul>

Note 1: Definition of short, medium and long term: Short-term is 2025, medium-term is 2030, and long-term is 2050.

Note 2: Due to the high variability of waste classification policies in China, which affects the calculation principle of waste recycling rate, waste management cannot yet set quantitative targets.

## 5.5.3 Waste Clearance and Disposal

The total amount of waste generated by the Company in 2023 was 133.668 metric tons, of which 131.158 metric tons were hazardous industrial waste, accounting for 98.1%; 2.510 metric tons were non-hazardous industrial waste, accounting for 1.9%.

In addition to striving to reduce waste from the source, in order to enhance the resource value of existing waste, Sunon tries to use recycling methods such as recycling and reuse for disposal under the premise of complying with local regulations and existing feasible technologies, so that waste resources can be used most effectively. In 2023, 12.3% of the Company's hazardous industrial waste was disposed of by recycling, accounting for 12.1% of the annual total waste.

## Total Table of Industrial Waste Generation, Disposal Transfer and Direct Disposal (Unit: metric tons)

Year	Item	Generated Amount	Disposal Transfer Amount	Direct Disposal Amount
2023	Hazardous industrial waste	131.158	16.189	114.969
	Non-hazardous Industrial Waste	2.510	0.000	2.510
	Total	133.668	16.189	117.479
2022	Hazardous industrial waste	43.444	26.265	17.179
	Non-hazardous Industrial Waste	67.240	67.240	0.000
	Total	110.684	93.505	17.179

Note 1: The disclosure scope of this table is Kaohsiung Headquarters (production factory), Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory.

Note 2: All waste is outsourced (off-site treatment).

Note 3: The disposal transfer method is recycling, and the direct disposal methods are physical treatment and incineration.



### Industrial Waste Disposal Detailed Classification

Disposal Type	Waste Nature	Direct Disposal Method	2022	2023
Disposal Transfer	Hazardous	Other Recycling Operations	26.265	16.189
	Non-Hazardous	Other Recycling Operations	67.240	0.000
Total Disposal Transfer Amount			93.505	16.189
Direct Disposal	Hazardous	Incineration Treatment (Excluding Energy Recovery)	17.179	109.149
		Other Direct Treatment	0.000	5.820
		Total	17.179	114.969
	Non-Hazardous	Incineration Treatment (Excluding Energy Recovery)	0.000	0.000
		Other Direct Treatment	0.000	2.510
		Total	0.000	2.510
Total Direct Disposal Amount			17.179	117.479

Note 1: Other direct treatment methods are physical treatment.

### • Environmental Issue Reporting Mechanism

The Company has an independent reporting mechanism. If there are environment-related issues, they can be reported through a dedicated mailbox 0800employee@sunon.com, and will be received and investigated by relevant units.

# Chapter 6

6

## Caring for Employees and Sustainable Workplace

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6.1 Talent Attraction and Retention

6.2 Compensation and Benefits

6.3 Diverse Development

6.4 Workplace Safety



## Talent Attraction and Retention

### 6.1.1 Human Resource Management

Sunon regards employees as the Company's most important asset, so we use the labor regulations of the Company's operating locations as the basis to formulate human resource management operating procedures, reward mechanisms and work rules, and regularly review the latest regulatory requirements to protect employees' labor rights. Furthermore, the Company explicitly prohibits the employment of child labor, discrimination, workplace sexual harassment, forced labor and other incidents, and establishes independent complaint channels to provide employees with a safe, equal and free working environment.

The Company emphasizes academic background, professional skills, integrity and enthusiasm in its recruitment, and employs persons with disabilities in accordance with the law to protect their right to work. Employees at the same level (ability) enjoy the same welfare measures, salary standards and education and training system, regardless of gender, age, nationality and other factors. Performance appraisal is conducted regularly every year as the basis for employee retention, promotion, salary adjustment or bonus distribution.

### 6.1.2 Talent Recruitment

As of the end of 2023, Sunon had a total of 6,383 employees, including 6,383 regular employees and 0 temporary employees; By employment type, there were 6,383 full-time employees, 0 part-time employees, and 0 non-guaranteed hours employees. The Company mainly employs local employees, with 100% of senior management being local residents. There have been no significant changes in the number of employees hired in the past three years.

Note 1: The number of employees includes general employees and dispatch personnel.

Note 2: Senior management is defined as manager level and above.

Note 3: Local is defined as employees holding the nationality of the place of work.

### Employee Structure at the End of 2023 (Unit: persons)

Employment Type	Gender	Region (Country)			Total
		China	Philippines	Taiwan	
All Employees	Male	2692	45	345	3082
	Female	2903	122	276	3301
	Subtotal	5595	167	621	6383
Regular Employees	Male	2692	45	345	3082
	Female	2903	122	276	3301
	Subtotal	5595	167	621	6383
Temporary Employees	Male	0	0	0	0
	Female	0	0	0	0
	Subtotal	0	0	0	0
Full-time Employees	Male	2692	45	345	3082
	Female	2903	122	276	3301
	Subtotal	5595	167	621	6383
Part-time Employees	Male	0	0	0	0
	Female	0	0	0	0
	Subtotal	0	0	0	0
Non-guaranteed Hours Employees	Male	0	0	0	0
	Female	0	0	0	0
	Subtotal	0	0	0	0

#### Definition:

- Regular Employees: Labor contract is indefinite (non-fixed-term contract).
- Temporary Employees: Labor contract is fixed-term (fixed-term contract).
- Full-time Employees: Employees' weekly working hours reach the definition of full-time employees' weekly working hours in local regulations.
- Part-time Employees: Employees' weekly working hours do not reach the definition of full-time employees' weekly working hours in local regulations.
- Non-guaranteed Hours Employees: Employees with non-fixed weekly working hours, such as on-call employees.

### Number of Employees in Recent Three Years (Unit: persons)

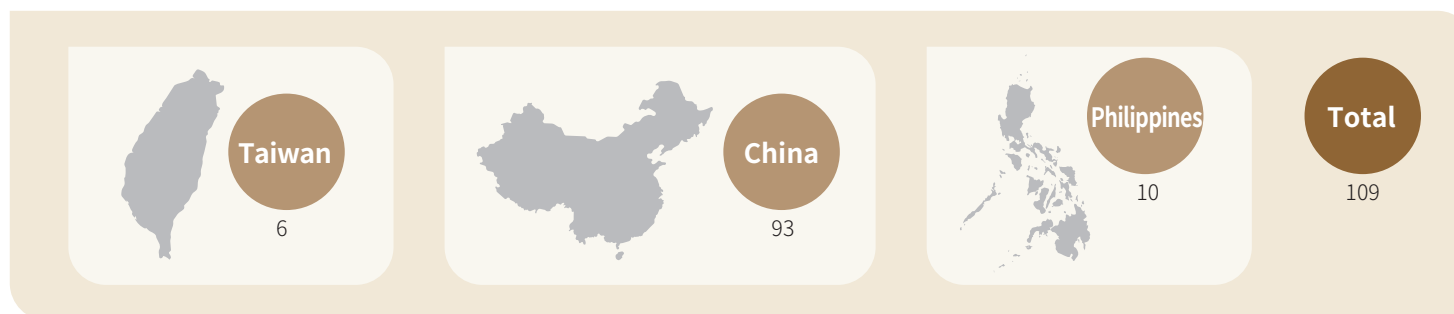
Year	End of 2021	End of 2022	End of 2023
Number of Male Employees	3,468	3,159	3,082
Number of Female Employees	3,753	3,709	3,301
Total Number of Employees	7,221	6,868	6,383

Note 1: The scope of the number of employees in 2021 was Kaohsiung Headquarters, Taipei Office, Kunshan Guangxing Factory, and Guangxi Beihai factory.

Note 2: In recent three years, due to the increase in the proportion of automated production and the end of production at Guangdong Foshan factory, the total number of employees has decreased.

Some of Sunon's affairs are entrusted to contractors, such as office and factory security, cleaning personnel, employee cafeteria contractors, employee dormitory managers, transportation drivers, etc. At the end of 2023, the number of the above external workers totaled 109.

### Number of External Workers at the End of 2023 (Unit: persons)



### • Employee Diversity Structure

The Company's male to female employee ratio is 48% and 52% respectively, with employees aged 30-50 accounting for the majority, 60% of the total. The Company does not use child labor, and the young workers employed do not engage in hazardous or harmful work. In accordance with the law, 10 persons with disabilities are employed, and to implement the Company's concept of diversity and equality, 1 employee of indigenous identity is also employed.

### • Number and Percentage of Employees by Level and Diversity Indicator

Level		Senior Executives	Middle Management	Junior Management	Entry-level Employees	Total
Total Number of Employees at Each Level		18	94	326	5945	6383
Percentage of Total Number of Employees at Each Level (%)		0%	2%	5%	93%	100%
Diversity Indicator						
Gender	Male	15	70	173	2824	3082
	Female	3	24	153	3121	3301
Age	29 and below	0	0	68	2359	2427
	30- 50	12	72	250	3522	3856
	51 and above	6	22	8	64	100
Indigenous Identity		0	0	0	1	1
Disability Status		0	0	0	10	10

### • Number and Percentage of Employees by Level and Diversity Indicator

Level		Senior Executives	Middle Management	Junior Management	Entry-level Employees	Total
Gender	Male	83%	74%	53%	48%	48%
	Female	17%	26%	47%	52%	52%
Age	29 and below	0%	0%	21%	40%	38%
	30- 50	67%	77%	77%	59%	60%
	51 and above	33%	23%	2%	1%	2%
Indigenous Identity		0%	0%	0%	0%	0%
Disability Status		0%	0%	0%	0%	0%

Note: Senior management accounts for 0.28% of all employees, which is shown as 0 because it is less than 1; There is 1 entry-level employee of indigenous identity, accounting for 0.02% of entry-level employees, which is shown as 0 because it is less than 1; There are 10 entry-level employees with disabilities, accounting for 0.17% of entry-level employees, which is shown as 0 because it is less than 1.

### • Number and Percentage of Employees by Function and Diversity Indicator

Function		Management	Technical	Administration	Sales	Staff	Total
Total Number of Employees in Each Function		561	5366	307	121	28	6383
Percentage of Total Number of Employees in Each Function (%)		9%	84%	5%	2%	0%	100%
Diversity Indicator							
Gender	Male	299	2704	27	39	13	3082
	Female	262	2662	280	82	15	3301
Age	29 and below	86	2238	79	23	1	2427
	30- 50	439	3090	220	94	13	3856
	51 and above	36	38	8	4	14	100
Indigenous Identity		0	1	0	0	0	1
Disability Status		0	8	1	1	0	10

### • Number and Percentage of Employees by Function and Diversity Indicator

Function		Management	Technical	Administration	Sales	Staff	Total
Gender	Male	53%	50%	9%	32%	46%	48%
	Female	47%	50%	91%	68%	54%	52%
Age	29 and below	15%	42%	26%	19%	4%	38%
	30- 50	78%	58%	72%	78%	46%	60%
	51 and above	6%	1%	3%	3%	50%	2%
Indigenous Identity		0%	0%	0%	0%	0%	0%
Disability Status		0%	0%	0%	1%	0%	0%

Note: Staff accounts for 0.44% of all employees, which is shown as 0 because it is less than 1; There is 1 technical employee of indigenous identity, accounting for 0.02% of technical employees; There are 8 technical employees with disabilities, accounting for 0.15% of technical employees, which is shown as 0 because it is less than 1; There is 1 administrative employee with disabilities, accounting for 0.33% of administrative employees, which is shown as 0 because it is less than 1.

## • Talent Recruitment

We have a sound recruitment system and expect employees to grow and develop together with the Company, while respecting employees' choice of career transition. To protect employees' rights and improve the recruitment system, the supervisors of each responsible unit conduct interviews with all resigning employees to specifically understand the reasons for resignation, which serves as a reference for subsequent improvement of human resource management.

In 2023, the Company recruited a total of 14,180 new employees, including 8,096 males and 6,084 females, mainly those aged 29 and below; Another 14,615 employees resigned, including 8,152 males and 6,463 females. The employee turnover rate in the Company's China factory is relatively high due to the local labor shortage and fierce industry competition.

## • Total Number and Percentage of New Employees

Gender	Age	Region (Country)			Total	New Employee Percentage
		China	Philippines	Taiwan		
Male	29 and below	5756	21	26	5803	263%
	30- 50	2244	16	31	2291	
	51 and above	0	0	2	2	
	Subtotal	8000	37	59	8096	
Female	29 and below	3560	48	15	3623	184%
	30- 50	2387	33	41	2461	
	51 and above	0	0	0	0	
	Subtotal	5947	81	56	6084	
Total		13947	118	115	14180	222%

## • Total Number and Percentage of Turnover Employees

Gender	Age	Region (Country)			Total	Turnover Rate
		China	Philippines	Taiwan		
Male	29 and below	5659	6	13	5678	265%
	30- 50	2426	10	34	2470	
	51 and above	1	0	3	4	
	Subtotal	8086	16	50	8152	
Female	29 and below	3618	26	14	3658	196%
	30- 50	2724	15	62	2801	
	51 and above	3	0	1	4	
	Subtotal	6345	41	77	6463	
Total		14431	57	127	14615	229%

## • Sunon's Layoff Notice Period

If the Company encounters major operational changes, such as operational organization adjustment, manpower demand adjustment, force majeure factors or employees are considered unsuitable, it must notify employees in advance according to the notice period stipulated in the Labor Standards Act and pay severance pay.

Region	Layoff Notice Period
Taiwan	<ul style="list-style-type: none"> <li>• 3 months to less than 1 year of service: 10 days in advance</li> <li>• 1 year to less than 3 years of service: 20 days in advance</li> <li>• 3 years or more of service: 30 days in advance</li> </ul>
China	30 days in advance
Philippines	30 days in advance

### 6.1.3 Labor-Management Agreement

Sunon strives to create a harmonious and equal communication platform between employees and the Company, establishing diverse and smooth communication channels, including labor-management meetings, welfare committee, employee suggestion box, complaint hotline, etc., to protect the rights and obligations of both labor and management, and to appropriately improve the working environment and labor-management regulations.

To establish a good labor-management communication mechanism, Taiwan headquarters holds labor-management meetings every quarter, where labor and management representatives jointly discuss employee work rights and welfare related matters, reach consensus and implement them to protect the rights and interests of all employees in the factory.

Kunshan Guangxing Factory in China established the Employees' Representative Congress of Kunshan Guangxing Electronics Co., Ltd. in 2015. All employees in the factory can join the Employees' Representative Congress as members. The purpose of the Employees' Representative Congress is to assist Sunon in developing production business, promote unity and cooperation among members, protect members' work rights and interests, improve members' lives, cooperate with the government in implementing policies and orders, and assist in enhancing members' knowledge and skills. In 2023, 87% of employees at Kunshan Guangxing Factory joined the Employees' Representative Congress, and all employees who joined the Employees' Representative Congress enjoy collective contract protection.

### Diverse Employee Communication Channels

Communication Channel	Description
Labor-Management Meeting	All labor-management meetings are jointly formed by labor representatives formally elected by all employees and management representatives appointed by the Company. 4 labor-management meetings were held this year.
Welfare Committee Meeting	In accordance with relevant laws and regulations, the Company's Employee Welfare Regulations and the organizational charter of the Welfare Committee, meetings are held regularly every month to formulate or revise various employee welfare plans. 12 Welfare Committee meetings were held this year.
Employee Suggestion Box	Provide internal email mailbox and physical suggestion box for employees to reflect opinions or provide suggestions in a timely manner.
Complaint Hotline	Set up a complaint hotline to provide employees with a single complaint consultation window to help employees solve personal rights or unfair treatment issues.
Employee Opinion Survey	To understand employees' opinions on the organization's work culture, the Company's core values, supervisors' leadership style and various suggestions, employee opinion surveys are conducted every 2 years. The most recent employee opinion survey was conducted in 2022. According to the survey results of that year, the employee satisfaction rate in Taiwan was 73.6%.
Employees' Representative Congress (Kunshan Guangxing Factory)	Legally established the Employees' Representative Congress to express opinions on behalf of employees and reasonably fight for employees' work rights and interests and improve employees' lives.

Employee Complaint Method: <https://www.sunon.com/sta.aspx>

### • 2023 Employee Opinion Reflection Case Statistics

Communication Channel	Number of Opinions	Main Feedback Content	Number of Cases Handled	Number of Cases Not Handled
Labor-Management Meeting	0	-	0	0
Welfare Committee Meeting	0	-	0	0
Employee Suggestion Box	13	Suggestions for increasing health promotion activities/facilities, improving meals, supervisors' management methods, improving benefits, improving environment, etc.	12	1 (Note)
Complaint Hotline		-	0	0
Employee Opinion Survey	0	-	0	0
Employees' Representative Congress (Kunshan Guangxing Factory)	1	Employees threatening and insulting supervisors	1	0
Others	5	Personal emotional problems, leave approval issues, supervisors' management methods	5	0

Note: One case was not handled because the employee submitted a suggestion form in the employee suggestion box, mainly complaining about the management style of the manufacturing junior supervisor, but did not provide clear information about the person, matter, time, place, and object, so no follow-up action could be taken for that case.

## Compensation and Benefits

### 6.2.1 Equal and Competitive Compensation

#### • Basic Salary Standard

The Company complies with the relevant requirements of local labor laws and regulations where it operates. The standard starting salary of Taiwan factorys is higher than the basic salary stipulated in the "Labor Standards Act", while other operating locations comply with local minimum wage regulations, and the actual salary paid is higher than the minimum wage; For dispatch employees, the Company's cooperating dispatch companies are required to sign the "Human Resource Dispatch Company Management Procedure" document, promising to pay dispatch personnel salaries that meet the local minimum wage level. In 2023, the average monthly basic salary of entry-level employees in each important operating location was 1.5 to 2.6 times higher than the statutory basic salary.

#### Ratio of Basic Salary of Entry-level Employees to Statutory Minimum Wage in Important Operating Locations

Important Operating Location	Country	Male	Female	Average
Kaohsiung Headquarters, Taipei Office	Taiwan	1.90	1.49	1.71
Kunshan Guangxing Factory	China	1.93	1.65	1.77
Beihai Sunon Factory	China	2.39	2.22	2.29
Beihai Lizhun Factory	China	2.61	2.26	2.41
Philippines Sunon Factory	Philippines	1.59	1.51	1.53

Note: In 2023, the local statutory monthly basic salary in Taiwan was NT\$ 26,400; The local statutory monthly basic salary in Kunshan, China was RMB 2,280; The local statutory basic salary in Beihai, China was RMB 1,990; The local statutory basic salary in the Philippines was PHP 13,042.



#### • Male-to-Female Salary Ratio

Sunon values talent retention and cultivation, and is committed to providing competitive salary conditions and comprehensive employee benefits. The Company's salary standards are set with reference to local regulations, industry practices and local living standards, and are never affected by conditions such as gender, race, language, religion, age, party affiliation, and marital status. Under this equal and inclusive workplace environment, the starting salary for men and women is equal, but the final salary (base salary plus remuneration) varies according to work seniority, experience or job allowance. The Company's employee salaries consist of base salary, meal allowance, various bonuses or allowances, etc. Every year, an annual salary adjustment is also made according to the operating conditions, or bonuses are given according to employee performance to motivate employees and encourage talent to grow together with the Company.

In 2023, the ratio of the annual total compensation of the Company's executive vice president to the median of the Company's annual total compensation was 2780%; individual to the median percentage increase in the Company's average total compensation (excluding that highest-paid individual) was 28%. The executive vice president's compensation is based on the Company's operating performance and is calculated on an annual basis, while the median employee salary is the annual total salary paid to employees who worked for the entire year in important operating locations.

### Male-to-Female Compensation Ratio by Level (Male: Female)

Important Operating Location	Item	Senior Executives	Middle Management	Junior Management	Entry-level Employees
Kaohsiung Headquarters, Taipei Office	Base Salary	1 : 0.90	1 : 0.92	1 : 0.72	1 : 0.77
	Remuneration	1 : 0.94	1 : 0.84	1 : 0.51	1 : 0.70
Kunshan Guangxing Factory	Base Salary	Note 5	1 : 0.95	1 : 0.82	1 : 0.84
	Remuneration	Note 5	1 : 0.82	1 : 0.89	1 : 0.88
Beihai Sunon Factory	Base Salary	Note 5	1 : 1.17	1 : 0.87	1 : 0.93
	Remuneration	Note 5	1 : 1.17	1 : 0.87	1 : 0.93
Beihai Lizhun Factory	Base Salary	Note 5	Note 5	1 : 0.96	1 : 0.87
	Remuneration	Note 5	Note 5	1 : 0.96	1 : 0.87
Philippines Sunon Factory	Base Salary	Note 5	Note 5	1 : 0.56	1 : 0.95
	Remuneration	Note 6	Note 6	Note 6	Note 6

Note 1: Base salary mainly includes base pay and fixed allowances paid monthly, which are items included in the calculation basis for overtime pay.

Note 2: Remuneration mainly includes recurring salaries for the full year (base pay and fixed allowances and bonuses paid monthly), overtime pay (whether taxable or not), and non-recurring salaries (allowances, bonuses, employee compensation, etc. not paid monthly), but does not include retirement/pension.

Note 3: Male employees' base salary and remuneration are set as 1.

Note 4: Senior management is defined as manager level and above; Middle management is defined as supervisor level; Junior management is defined as section chief level; Entry-level employees are defined as non-management personnel.

Note 5: Kunshan Guangxing Factory, Beihai Sunon Factory, and Beihai Lizhun Factory have no senior management; Beihai Lizhun Factory has no female middle management; Philippines Sunon Factory has no middle management or senior management.

Note 6: Philippines Sunon factory had no employees working for the full year in 2023.

Note 7: Senior management is mostly male and has higher average seniority than female, so male salaries are higher than female.

Note 8: Male middle management employees at Kaohsiung Headquarters, Taipei Office, and Kunshan Guangxing Factory have longer professional seniority, so overall male remuneration is higher than female.

Note 9: The proportion of males and females in job categories and professional fields differs for junior management at Kaohsiung Headquarters, Taipei Office, and Philippines Sunon factory, so male remuneration is higher than female.

Note 10: Entry-level employees at Kaohsiung Headquarters and Taipei Office are mainly in R&D and engineering positions, which are mostly held by males, and the salary level in the job market for these positions is originally higher than other positions, so male salaries are higher than female.

### Male-to-Female Compensation Ratio by Function (Male: Female)

Important Operating Location	Item	Technical	Sales	Management	Staff	Administration
Kaohsiung Headquarters, Taipei Office	Base Salary	1 : 0.71	1 : 0.79	1 : 0.64	1 : 0.99	1 : 1.01
	Remuneration	1 : 0.60	1 : 0.64	1 : 0.53	1 : 1.15	1 : 1.09
Kunshan Guangxing Factory	Base Salary	1 : 0.77	1 : 0.91	1 : 0.64	Note 4	1 : 1.65
	Remuneration	1 : 0.87	1 : 0.83	1 : 0.76	Note 4	1 : 1.20
Beihai Sunon Factory	Base Salary	1 : 0.92	Note 4	1 : 0.85	Note 4	1 : 0.95
	Remuneration	1 : 0.92	Note 4	1 : 0.85	Note 4	1 : 0.95
Beihai Lizhun Factory	Base Salary	1 : 0.85	Note 4	1 : 0.80	Note 4	Note 4
	Remuneration	1 : 0.85	Note 4	1 : 0.78	Note 4	Note 4
Philippines Sunon Factory	Base Salary	1 : 0.82	Note 4	1 : 0.56	Note 4	1 : 1.02
	Remuneration	Note 5	Note 5	Note 5	Note 5	Note 5

Note 1: Base salary mainly includes base pay and fixed allowances paid monthly, which are items included in the calculation basis for overtime pay.

Note 2: Remuneration mainly includes recurring salaries for the full year (base pay and fixed allowances and bonuses paid monthly), overtime pay (whether taxable or not), and non-recurring salaries (allowances, bonuses, employee compensation, etc. not paid monthly), but does not include retirement/pension.

Note 3: Male employees' base salary and remuneration are set as 1.

Note 4: Kunshan Guangxing Factory has no male staff employees, and Beihai Lizhun factory has no male administrative employees; Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory have no staff and sales employees.

Note 5: Philippines Sunon factory had no employees working for the full year in 2023.

Note 6: Management positions at Kaohsiung Headquarters, Taipei Office and Kunshan Guangxing Factory are mostly held by males, with professional fields mainly in R&D and technology, so male salaries are higher than female.

Note 7: Male employees in technical and sales positions at Kaohsiung Headquarters and Taipei Office and in sales positions at Kunshan Guangxing Factory have higher professional seniority than female employees, so male salaries are higher than female.

### • Non-managerial Employee Salary Information

In response to regulatory requirements, the Company also discloses salary information for "full-time employees not in managerial positions". In 2023, the number of non-managerial full-time employees in Taiwan was 594, and their "average salary" and "median salary" were NT\$ 1,082,000 and NT\$ 876,000 respectively. Due to the growth of the Company's operating performance, the overall remuneration increased compared to the previous year.



## 6.2.2 Comprehensive Benefits

To enhance employees' cohesion and improve market competitiveness, Sunon has formulated various welfare measures, such as better leave benefits than required by law, insurance, wedding and funeral subsidies, etc. The Company also has an Employee Welfare Committee responsible for promoting and planning various employee welfare measures; All full-time employees enjoy the above benefits. The welfare fund is allocated by the Company on a fixed monthly basis and employees voluntarily contribute welfare funds to the account of the Welfare Committee to be used for various activities or subsidies. The Welfare Committee regularly tracks the use of welfare funds and employee feedback to ensure the proper use of welfare funds.

### • Sunon's Standard Benefits:

Item	Applicable Locations	Description
<b>Group Insurance/ Social Insurance Subsidy</b>	All locations	<ul style="list-style-type: none"> <li>Formal employees at Sunon's important operating locations all enjoy insurance benefits required by law. Employees in China are all insured with five insurances and one fund, and employees in the Philippines are all insured with SSS, Pag-Ibig and Philhealth.</li> <li>Employees in Taiwan, in addition to enjoying labor and health insurance, also have group insurance benefits.</li> <li>All employees of Sunon will be additionally insured with business travel insurance if they have overseas business travel needs.</li> </ul>
<b>Paid Childcare Leave</b>	Kaohsiung Headquarters Taipei Office Kunshan Guangxing Factory Beihai Sunon Factory Beihai Lizhun Factory	<ul style="list-style-type: none"> <li>Employees in Taiwan who have to take care of children under the age of three can apply for 1 hour of paid childcare leave per day.</li> <li>Employees in China are given 10 days of paid parental leave per year.</li> </ul>
<b>Important Holidays and Birthday Gifts</b>	Kaohsiung Headquarters Taipei Office	Gift money/vouchers are distributed during important holidays and employees' birthdays.
<b>Wedding, Funeral and Childbirth Subsidies</b>	Kunshan Guangxing Factory	Various subsidies for employees' marriage/childbirth/home purchase/hospitalization condolences/family member bereavement condolences, etc.
<b>Paid Sick Leave/Personal Leave</b>		Employees above certain levels enjoy 30 days of paid sick leave and 14 days of paid personal leave.
<b>Children's Education Scholarship</b>	Kaohsiung Headquarters Taipei Office	Employees with seniority of 5 years or more can apply for scholarships for their children with outstanding academic performance.
<b>Senior Employee Incentives</b>		Headquarters employees with 10 years of service are awarded a gold badge as an incentive.

### • Sunon's Other Welfare Measures:

Item	Description
<b>Subsidies or Allowances</b>	<ul style="list-style-type: none"> <li>General employees in Taiwan are subsidized for health checkups once a year, and those above certain levels are arranged for senior health checkups at medical institutions</li> <li>Employees in Taiwan are provided with travel subsidies and departmental employee gathering subsidies every year</li> <li>Employee cafeterias are set up in China &amp; Philippines factories and meal subsidies are provided to employees</li> </ul>
<b>Welfare Activities</b>	<ul style="list-style-type: none"> <li>Employee activities such as family day, year-end party and banquet, mid-autumn festival evening party, etc. are held from time to time</li> <li>Club activity expenses and sponsorship items are subsidized every year</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>Indirect employees in Taiwan implement a flexible working hour system</li> <li>Physicians are regularly arranged to visit the factory to provide professional consultation</li> <li>Employee dormitories and employee recreation centers are set up in China factories</li> <li>Signing with contracted stores to provide employees with preferential consumption information</li> <li>Employee consumer welfare associations are established in China factories to supply daily necessities to resident employees and hold product promotion activities from time to time</li> </ul>

To protect the rights and interests of retired employees, the Company contributes retirement funds in accordance with the law. In Taiwan, for colleagues who adopt the old retirement pension system, when they meet the retirement conditions and apply for retirement pension, it is paid from the "Labor Retirement Reserve Account"; For those who adopt the new retirement pension system, it is paid from the "Labor Retirement Pension Individual Account".

Retirement System		Contribution Status
<b>Old System</b>	Employees in Taiwan who were employed on or before June 30, 2005 (inclusive) enjoy the old retirement pension seniority in accordance with the Taiwan Labor Standards Act and Labor Pension Act.	A "Labor Retirement Reserve Supervisory Committee" is established to supervise the contribution of retirement funds. In accordance with the Taiwan Labor Standards Act, 2% of the actual paid salary is contributed to the retirement reserve every month and deposited into the "Labor Retirement Reserve Account" at the Bank of Taiwan.
<b>New System</b>	Employees who were employed on or after July 1, 2005 (inclusive) enjoy the new retirement pension seniority.	In accordance with the "Labor Pension Act", 6% of their total monthly salary is contributed and deposited into the "Labor Retirement Pension Individual Account" at the Bureau of Labor Insurance.

In accordance with local regulations, colleagues in China are insured with pension insurance and contributions are made in full; In the Philippines, retirement funds are contributed for colleagues in accordance with local regulations.

Moreover, when the Company's colleagues are about to retire, a farewell party will also be held to thank the colleagues for their contributions and hard work.

### 6.2.3 Family-Friendly Workplace

We are committed to creating a friendly parenting environment. In addition to allowing statutory parental leave without pay, to show consideration for the hard work of parents, the Company also provides childbirth subsidies, contracted kindergartens, paid childcare leave better than regulations, flexible working hours and other mechanisms. A warm and comfortable lactation room equipped with a refrigerator, freezer and other facilities is set up in the office for female colleagues who are breastfeeding, so that they can have no worries.

In 2023, the reinstatement rate of the Company's employees who applied for parental leave was 100%. The retention rate one year after reinstatement was 75%, with one employee resigning due to personal career planning factors.

#### • Parental Leave Employee Analysis

Year	2021			2022			2023		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Employees Eligible for Parental Leave	27	24	51	29	25	54	33	20	53
Number of Employees Who Actually Applied for Parental Leave	0	7	7	1	1	2	1	3	4
Number of Employees Due to Return to Work from Parental Leave	0	6	6	0	2	2	0	2	2
Number of Employees Who Actually Returned to Work from Parental Leave	0	4	4	1	3	4	0	2	2
Number of Employees Who Actually Returned to Work from Parental Leave in the Previous	0	2	2	0	4	4	1	3	4
Number of Employees Who Returned to Work from Parental Leave in the Previous Year and Remained Employed for 12 Months	0	0	0	0	4	4	1	2	3
Parental Leave Application Rate (%) (=B/A)	0%	29%	14%	3%	4%	4%	3%	15%	8%
Reinstatement Rate (%) (=D/C) <sup>Note 2</sup>	-	67%	67%	-	150%	200%	-	100%	100%
Retention Rate (%) (=F/E)	-	0%	0%	-	100%	100%	100%	67%	75%

Note 1: Parental leave application is only applicable to employees in Taiwan. China and the Philippines do not have a parental leave system.

Note 2: According to local regulations in Taiwan, the eligibility for parental leave application is those who have children under the age of three, so the determination method for the "number of employees eligible for parental leave" is those who have applied for maternity leave or paternity leave within three years prior to the reporting year are considered eligible for application.

Note 3: Because the definition method for the "number of employees eligible for parental leave" was redefined in 2023, the values of the number of employees eligible for parental leave and the parental leave application rate in 2021 and 2022 were also revised accordingly.

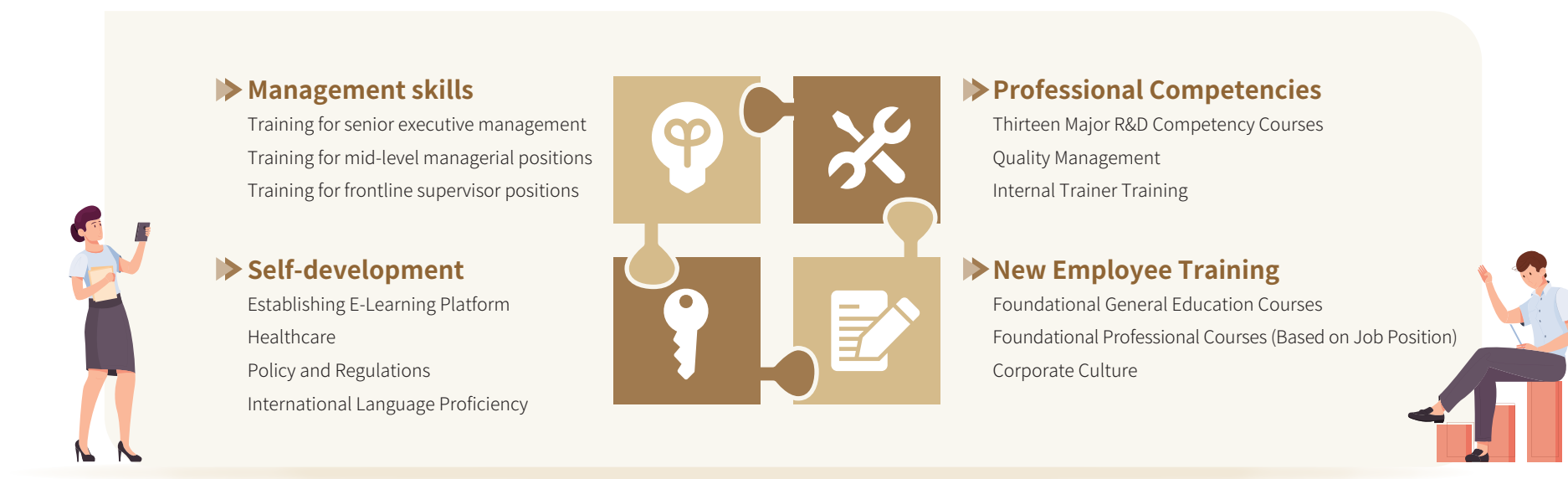
Note 4: In 2022, 2 employees were originally scheduled to return to work in 2023, but they returned to work early in 2022, so the reinstatement rate for that year was greater than 100%.

## Diverse Development

### 6.3.1 Training and Development

Sunon values the career development of employees and believes that only education and training that keeps pace with the times can lead employees and the Company to grow together.

Sunon's talent cultivation policy is "training objectives based on competency, cultivating employees to become professional elites, and creating the highest value for sustainable management". Sunon develops training system courses based on four aspects: new employees, professional competency, management competency, and self-development. In response to the Company's annual business objectives, training courses and project activities in different fields are promoted to continuously improve organizational competitiveness and employee competency.



### New Employee Training

In order for new employees to adapt to their work environment in a short period of time and meet the work requirements and goals given by the Company, after new employees report for duty, Sunon conducts two major categories of new training courses according to the new employee training course plan: general courses (such as: company overview, human resources operations, environmental safety and health training, labor rights protection, compliance with ethical standards, computer system operation, etc.) and basic professional courses for each position (such as: R&D system operation, safety regulation concepts, environmental protection regulations and materials, quality/environment/occupational health and safety management system awareness, etc.) to help new employees quickly integrate into the organization.

## Professional Competency

Professional competency training is based on the job content and business attributes to inventory the work abilities required by employees, and the annual training plan is dynamically adjusted with the annual training needs survey to enhance employees' professional abilities and cultivate future required competencies, and to effectively link training results with work performance.

Especially for product R&D engineers, 13 major competency learning maps are developed, including smart automation-mechanical, smart automation-electrical control, electronics, mechanical, thermal-fluid, module, motor, mold flow, bearing system, acoustics, manufacturing development ME, manufacturing development IE, CNC and reverse, etc., and specific course lists for each competency are formulated. Through systematic training, Sunon's R&D elites are cultivated to continuously develop new products and improve customer satisfaction.

In order to enhance internal knowledge transfer and effectively utilize organizational talent resources, an internal lecturer system is promoted, regularly assigning elites to attend external courses, absorbing the latest technical information in the industry, and serving as seed lecturers to spread knowledge back to the enterprise. As of 2023, Sunon has trained 155 internal lecturers, and every year, outstanding lecturers are selected based on course satisfaction and teaching hours, and the chairman is arranged to personally present certificates and incentives, shaping an organizational culture of continuous learning and sharing.

## Management Competency

In terms of management talent cultivation, in addition to work learning and job experience, Sunon also plans different management awareness and management method and skill training for each level of supervisors (covering management attitude, concept and skill training courses), hoping that through this career development blueprint, the motivation of supervisors to continue learning and developing will be enhanced, and they will effectively lead the team to implement company strategies and plans to achieve business goals.

## Sunon E-Learning Network

Sunon continues to promote the digital learning model and builds an online learning platform, continuing to develop digital courses, allowing employees to learn without being limited by time and space. Currently, there are a total of 241 digital courses in various fields on Sunon's E-learning Network, of which 166 are self-learning courses. In 2023, the number of people using online learning resources reached 20,311.

Our employee education and training policy does not differ by gender. In 2023, Sunon held a total of 555 courses and trained 42,940 people, accumulating 307,696 training hours. Overall, the average training hours per person was 48 hours, with an average of 56.47 hours for males and 40.49 hours for females. Compared with 2022, the average training hours per person decreased slightly this year, mainly due to the reduction in the number of technical workers recruited in China factories this year, resulting in a decrease in training hours for new employees.

## 2023 Education and Training Courses and Number of Trainees/ Training Hours

Course Category	Number of Courses	Total Number of People	Total Training Hours
New Employee Training	284	37,085	296,343.4
Professional Competency Courses	217	2,872	7,573.5
General Courses	47	2,614	2,723.4
Foreign Language Enhancement Courses	0	0	0.0
Management and Leadership Courses	9	348	1,034.8
Others	2	21	21.0
Total	559	42,940	307,696.2

## Average Training Hours by Gender (Unit: hours)

Gender	2021	2022	2023
Male	77.8	82.1	56.47
Female	67.5	53.8	40.49
Total	72.4	66.8	48

Note: Average training hours = Total training hours of each gender ÷ Number of employees of each gender at the end of the year

In 2023, the average training hours by level and by function are as follows. Sunon has long invested in R&D talent cultivation to maintain its technological leadership advantage, so the average training hours of technical staff are significantly higher than those of other functional staff.

### 2023 Average Training Hours by Level

Level	2022	2023
Senior Executives	6.1	6.59
Middle Management	14	12.44
Junior Management	20.3	13.86
Entry-level Employees	72.1	50.78

Note: Average training hours = Total training hours at each level ÷ Total number of employees at each level at the end of the year

### 2023 Average Training Hours by Function

Function	2022	2023
Technical	77.1	55.42
Sales	7.2	8.51
Management	19.2	11.95
Staff	8.6	16.14
Administration	11.8	6.93

Note: Average training hours = Total training hours of each function ÷ Total number of employees of each function at the end of the year

#### • Employee Transition Assistance Policy

Retired employees may feel that their lives suddenly lose focus when they leave the workplace, and may also experience psychological anxiety, family member interaction problems and living care problems due to lack of economic income, increased time spent with family members, and decreased physiological functions. Therefore, to assist employees in preparing for retirement in advance, the human resources unit regularly checks the list of employees who are about to retire, understands employees' retirement intentions in advance, and helps employees understand the problems they may face in retirement life and plan their own retirement life.

If an employee is unable to perform their job, they will be given work counseling or transferred to a suitable unit. If the needs of the Company or the employee still cannot be met, the Company will pay severance pay in accordance with the law and provide relevant supporting documents to assist the employee in applying for relevant unemployment benefits or vocational training subsidies to reduce the employee's psychological and economic pressure during the unemployment transition period.

### 6.3.2 Performance Evaluation

The Company has established employee performance appraisal measures to review employees' performance and results at work and give positive feedback, and set self-breakthrough goals for the coming year.

#### New Employee Appraisal

Before the end of the probation period for new employees, the unit supervisor conducts a work performance appraisal. Those who fail the performance appraisal can be terminated from the labor contract by the Company in accordance with relevant laws and regulations, or the probation period can be extended with the consent of both parties. The extension of the probation period is limited to one time and the period shall not exceed the original probation period.

#### Employee Performance Appraisal

Each factory formulates monthly or quarterly performance appraisal indicators according to work characteristics, and evaluates employees' work performance. At the end of the year, employees' work performance throughout the year is comprehensively evaluated for the annual performance rating.

Furthermore, the Company's personnel regulations have employee reward and punishment measures. If an employee's workplace performance or behavior reaches or violates the Company's reward and punishment standards, the department supervisor will submit a reward and punishment report form to the general manager for ruling and announcement. The employee's reward and punishment records and annual performance appraisal results serve as the basis for the employee's promotion, salary adjustment or bonus distribution.

In 2023, all new employees of the Company have undergone new hire probation period appraisal, and in the annual performance appraisal, except for employees who joined the Company that year and took leave without pay, all other full-time employees have completed the annual performance appraisal.



## Workplace Safety

### 6.4.1 Occupational Safety and Health Management

Workers are important members of the Company's operating activities. Any safety or health risks in the workplace may have a significant impact on the Company's economy and the health and lives of employees or external workers. Sunon follows the local occupational safety and health regulations and ISO 45001 of each operating location, and uses the PDCA cycle concept - Plan, Do, Check, Act as the management framework to construct Sunon's occupational safety and health management system. An Occupational Safety and Health Committee is set up to identify all possible risks in the work environment, formulate management measures and control procedures, identify potential hazards that may occur in the operating activities of each unit in advance, identify risks early and prevent them, and conduct internal audits regularly to effectively prevent various accidents from occurring and protect the health and safety of workers.

Note: External workers refer to all workers other than employees who perform work items designated by the Company within or outside the Company's premises, such as raw material suppliers, equipment maintenance contractors, external consultants, etc.

The production sites of the Company have completed the establishment of the occupational safety and health management system, passed external third-party verification, and obtained certificates. Other sites are only for business purposes and do not have production and manufacturing operations, so no occupational safety and health management system is set up. The management system standards adopted by each operating location and the number and percentage of workers covered are as follows:

Operation Location	Occupational Safety and Health Management System Certification Standard	Applicable Premises	Scope of Workers Covered				Excluded Worker Type
			Employees (persons)	Ratio <sup>Note 2</sup> (%)	External Workers	Ratio	
Kaohsiung Headquarters	ISO45001	Kaohsiung Factory	247	39.6%	6	67%	Premises not covered by ISO45001 certification
Kunshan Guangxing Factory	ISO45001	All workplaces	2200	100%	48	100%	
Beihai Sunon Factory	ISO45001	All workplaces	2841	100%	24	100%	
Beihai Lizhun Factory	ISO45001	All workplaces	857	100%	21	100%	
Philippines Sunon Factory	ISO 45001	All workplaces	199	100%	10	100%	

Note 1: The Company calculates the number of employees covered by the occupational safety and health management system based on the number of employees at the end of the year, which has been internally audited and externally verified.

Note 2: Percentage of employees covered = Number of employees covered at each location ÷ Number of employees at each location at the end of the year x 100%

Note 3: External workers include security, cleaning staff, cafeteria contractors, employee dormitory managers, drivers, etc.

Note 4: Percentage of workers covered = Number of workers covered at each location ÷ Number of workers at each location x 100%

Note 5: Philippines Sunon factory obtained ISO 45001 certification in August 2023.



### • Occupational Safety and Health Committee

Each site of Sunon has an occupational safety and health related committee, which is responsible for reviewing the Company's occupational safety and health management measures, the effectiveness of the implementation of various management procedures, occupational safety and health education and training plans, and occupational disaster investigation reports. The committee has a management team under it, which is responsible for regularly conducting risk assessment procedures, planning and promoting occupational safety and health policies, as well as arranging annual education and training plans, occupational

health services and health promotion activities, etc. The occupational safety and health management measures are announced on the Company website, and procedure documents in multiple languages are provided for foreign employees to read, so that all Sunon colleagues clearly understand the Company's occupational safety and health policies.

### Operation of the Occupational Safety and Health Committee at Each Operating Location

Operation Location	Meeting Frequency	Decision-making department	Presence of Labor Representatives
Kaohsiung Headquarters	Once a quarter	Safety teams	Yes
Kunshan Guangxing Factory	Once a year	Management department	Yes
Beihai Sunon Factory	Once a month	Management department	Yes
Beihai Lizhun Factory	Once a month	Management department	Yes
Philippines Sunon Factory	Once a month	Management department	Yes

### • Worker Communication and Reporting Mechanism

The management team has an independent reporting mechanism. Workers can anonymously provide feedback, communicate and consult on occupational safety and health related matters through a dedicated line and dedicated mailbox (Taiwan all factories: , Beihai Sunon Factory and Beihai Lizhun Factory: , Kunshan Guangxing Factory: , Philippines Sunon Factory: ); When foreign employees make communication and consultation needs, an employee with foreign language ability or a translation service provider is entrusted to act as an intermediary to achieve effective two-way communication.

Additionally, according to the Company's safety and health management procedure regulations, we encourage employees, suppliers or contractors to actively report safety and health hazards that exist in the workplace; If there is an immediate risk that is very likely to occur, workers can

also stop work and retreat to a safe place without endangering the safety of other workers, and simultaneously report to the department supervisor and the occupational safety and health management team. The management team must immediately conduct an investigation upon receiving the report, evaluate the likelihood and severity of the hazard, formulate handling measures and report to the Occupational Safety and Health Committee for deliberation, and announce the investigation and resolution results to all workers of the Company. Employees or external workers who actively report can receive outstanding performance rewards to encourage workers to report potential occupational safety and health risks and jointly monitor and reduce the occurrence of dangerous incidents.

### • Occupational Safety and Health Risk Assessment

To improve workers' understanding of the correct concepts of workplace safety and health and the rights and interests of occupational worker protection, Sunon specially cooperates with the Occupational Safety and Health Administration of the Ministry of Labor to hold occupational safety and health exhibition activities. Through work safety hazard prevention advocacy activities, the effect of "hazard perception" education is realized, thereby achieving the goal of "safe and healthy working environment, maintaining workers' physical and mental health".

At the same time, the occupational safety and health management team reviews the work areas of operating locations and upstream and downstream suppliers every year, and classifies them into four levels: high risk, medium-high risk, medium risk, and low risk according to the severity of the hazard, the likelihood of the hazard occurring, and existing protective facilities, and assesses the types of major occupational injuries or occupational diseases that may occur. Control measures are set up for medium and high risk items, and external personnel are regularly dispatched to audit the effectiveness of the control measures. To ensure the effectiveness of the implementation of control measures, the Company compares the external audit results with the original targets, and has local external auditors who have undergone professional hazard identification and risk assessment professional training and obtained professional licenses execute and regularly hold meetings to review deficiencies and track effectiveness, and formulate follow-up improvement directions.

Operation Location	Site Risk Level	Number of Audits	Number of Audits with Major Violations
Kaohsiung Headquarters, Taipei Office	Medium Risk	1 (external audit)	0
Kunshan Guangxing Factory	Medium-high Risk	1 (external audit)	0
Beihai Sunon Factory	Medium Risk	1 (external audit)	0
Beihai Lizhun Factory	Medium Risk	1 (external audit)	0
Philippines Sunon Factory	Medium Risk	1 (external audit)	0



## Risk Level and Management Mechanism

Risk Level	Management Mechanism
High Risk	Immediate improvement measures, controls or response measures should be taken. Record in the "Unacceptable Risk and Occupational Safety and Health Opportunity Summary Form", formulate measures and estimate the risk after improvement.
Medium-high Risk	Review existing protection measures and evaluate improvement mechanisms to reduce the risk level. Record in the "Unacceptable Risk and Occupational Safety and Health Opportunity Summary Form", formulate measures and estimate the risk after improvement.
Medium Risk	Temporarily acceptable, it is advisable to evaluate whether there are opportunities to take measures to reduce risk or improve occupational safety and health performance.
Low Risk	Attention is needed, and it is still possible to consider whether there are opportunities to take control measures to reduce risk or improve occupational safety and health performance.
Acceptable Risk	Acceptable, but the effectiveness of existing protective measures must be ensured.

## High-risk Items and Control Measures

Hazard Type	Risk Item	Hazard/Occupational Disease Type	Control Measures
Physical Hazard	1. Fan operation test 2. Forklift and elevated operations 3. Grinding material	1. Noise (hearing loss), cuts 2. Collision injury, falling 3. Dust (respiratory diseases)	1. Properly wear hearing protection and install protective fixtures. 2. Operators must have a valid license and wear safety belts properly. 3. Operators must be licensed and wear protective equipment.
Chemical Hazard	1. Impregnation operation 2. Soldering operation	1. Organic solvent poisoning 2. Respiratory hazards	Install exhaust devices, wear protective equipment, and provide chemical hazard awareness training.
Ergonomic Hazard	Office work, assembly work	Musculoskeletal injuries	Through the ergonomic hazard prevention plan, high-risk groups are screened out for relevant health guidance and work adjustment.

## Occupational Safety and Health Education Training

Occupational safety and health education training and advocacy are the foundation for improving employees' and contractors' awareness of safety and health. All employees of Sunon must receive general occupational safety education training every year, and knowledge and skill training for employees and external workers are conducted separately according to different departmental work types and work environments to enhance employees' safety awareness and prevent disasters from occurring.

Category	Course Content	Trainees	Total Training Hours/ Number of People
General Training	General occupational safety education training, including overview of regulations, occupational safety and health concepts and work rules, standard operating procedures, emergency accident handling, fire and first aid knowledge, etc.	All Employees	284,230.49 hours/ 31,359 people
Occupational Hazard	Occupational injury and disease prevention, such as use of personal protective equipment, occupational health knowledge, etc.	Special position employees	92 hours/ 50 people
Dangerous Activities	High-risk activity operating procedure education and training, such as chemical hazard awareness education and training, risk operation education and training, hazard identification and safety risk control training, and machinery safety precautions, etc.	1. Personnel operating chemicals 2. Indirect employees, operators	1,869 hours/ 708 people
Dangerous Situation Training	Dangerous situation emergency response training, such as fire drills, earthquake drills, extreme weather drills, chemical leakage and suffocation drills, etc.	All Employees	115,556 hours/ 8,524 people

## • Occupational Health Services

The Company assesses noise and organic solvents as factors that may pose significant risks to employees based on the work environment and work nature. To reduce employees' exposure to excessive harmful substances during operation, Sunon provides protective equipment for employees to wear; And every year, employees engaged in special work environments are arranged to undergo specialized physical health examinations, and employees' physical conditions are regularly tracked for early response and treatment. The Company also cooperates with medical clinics and institutions. If employees show symptoms related to occupational diseases, they can go to the partnering medical units for testing and treatment.

In terms of personal health promotion, Sunon provides pre-employment health checkups for full-time employees, and employees of Kaohsiung Headquarters and Taipei Office even enjoy a subsidy for a general physical health checkup once a year, and employees with medium to high health checkup abnormalities are tracked and managed. Considering factors such as employees' age, health checkup values in the past 3 years, and common major diseases investigated by the Department of Health, common personal health risk factors include sedentary lifestyle, lack of exercise, unhealthy diet, psychological stress, etc. Therefore, Kaohsiung Headquarters and Taipei Office arrange health lectures, on-site physician consultation and other services every year to promote new knowledge of physical care and encourage employees to develop the habit of exercising to improve their physical and mental health.

Health Promotion Activities	Activity Description and Results
Health Lectures	52 people participated in health lectures (Saying Goodbye to Shoulder, Neck and Back Pain; Understanding Fatty Liver)
On-site Physician Health Services	According to the Occupational Health Protection Rules, a family medicine physician from Xiaogang Hospital is employed every month to provide on-site health consultation and other services, with a total of 89 people participating.

Note: These health promotion activities are only for employees of Kaohsiung Headquarters and Taipei Office. Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lihun Factory, and Philippines Sunon Factory do not have related activities at present because local regulations do not require them.

### • Supplier Occupational Safety and Health Audit

In addition to requiring all important operating locations of the group to strictly abide by local occupational safety and health regulations, Sunon also requires suppliers to comply with the Company's Supplier Code of Conduct, which includes occupational safety and health regulations. The Company continuously audits key suppliers every year to confirm whether there are any violations of the Company's occupational safety and health regulations and investigates the number of occupational injuries and occupational diseases that occurred that year to assess suppliers' occupational safety and health management deficiencies. If they are non-serious, the Company proposes items that need improvement and suggested improvements, and gives suppliers a one-month improvement period, and re-examines after one month to ensure that there are no major occupational safety risks in their work areas. All suppliers passed the Company's occupational safety and health audit this year.

## 6.4.2 Occupational Injuries and Illnesses

Sunon has established a standard reporting procedure for occupational safety and health incidents. When an occupational safety and health incident occurs, the injured person, the supervisor of the workplace or other workers on the scene should immediately handle and respond in accordance with the occupational safety and health management process, and the on-site personnel should immediately report to the occupational injury reporting system under the Safety Team, explaining the nature of the incident, the identity of the injured person, the location of the incident, the cause of the incident, and the degree of injury. After receiving the report, the Safety Team will classify the level according to the severity of the incident and simultaneously notify the Global Human Resources Division or medical institution, and jointly investigate the work environment, personnel operation, and standard operating procedures at the time of the incident to see if there are any deficiencies or abnormalities; After clarifying the cause of the accident, the Safety Team needs to report the accident investigation results and improvement plan to the department supervisor and the Occupational Safety and Health Committee, jointly decide on improvement measures for the work environment or standard procedures, and announce the post-handling and subsequent improvement results to all employees and suppliers, and strengthen training and advocacy of new control guidelines within 3 months after the accident.

### • Employee Occupational Disaster Record

Compared with the low accident rate in the previous two years, 13 recordable accidents occurred this year, but none of them were severe or fatal occupational accidents. The main cause of the injuries was personnel not operating the equipment in accordance with regulations, resulting in injuries. After the accident occurred, Sunon provided medical support to the employees, reviewed the cause of the accident, formulated improvement measures, and strengthened advocacy to improve the safety of the workplace and employees' safety awareness to avoid the recurrence of similar incidents.

### Employee Occupational Injury and Occupational Disease Statistics Table

	2021	2022	2023
Total Working Hours	4,856,088	23,381,643	18,415,377
Number of Fatalities from Occupational Injuries	0	0	0
Fatality Rate from Occupational Injuries	0	0	0.0
Number of Severe Occupational Injuries	0	0	0
Severe Occupational Injury Rate	0	0	0.0
Number of Recordable Accidents	0	3	13
Recordable Accident Rate	0	0.13	0.71
Number of Occupational Disease	0	0	0
Occupational Illness Disease Rate	0	0	0

Note 1: Total working hours are calculated as (average number of employees per month × number of working days per month × 8 hours/day) + monthly overtime hours - monthly leave hours.

Note 2: Fatality rate from occupational injuries = Number of fatalities from occupational injuries ÷ Working hours × 1,000,000.

Note 3: Number of serious occupational injuries excludes fatalities and only includes injuries that result in the inability or difficulty to recover to the pre-injury health condition within 6 months.

Note 4: Serious occupational injury rate = Number of serious occupational injuries ÷ Working hours × 1,000,000.

Note 5: Definition of recordable accidents: Occupational accidents that need to be reported to the government according to local occupational safety and health regulations, including the number of serious occupational injuries and the number of fatalities from occupational injuries.

Note 6: Recordable accident rate = Number of recordable occupational injuries ÷ Working hours × 1,000,000.

Note 7: Occupational illness incidence rate = Number of occupational illnesses ÷ Working hours × 1,000,000.

Note 8: Scope of occupational accident records: 2021 - Kaohsiung Headquarters; 2022 and 2023 - Kaohsiung Headquarters, Kunshan Guangxing Factory, Beihai Lihun Factory, Beihai Sunon Factory, Philippines Sunon Factory.

### • Near Miss

There were 4 near miss incidents this year. The main cause of 3 of the near miss incidents was personnel inattention, and safety training or verbal reminders have been given to the relevant personnel; The main cause of the other 1 near miss incident was the mis-triggering of the fire alarm detector due to damp circuit, and in addition to replacing a new fire alarm detector, all fire alarm detectors in the factory have been comprehensively inspected to avoid causing actual disasters in the future.

### 2023 Near Miss Incident Statistics Table

Near Miss Incident Type	Number of Occurrences	Description	Improvement Measures
Fall	1	<b>Incident 1:</b> An employee was posting warning signs in the power distribution room area. After posting, when climbing down the ladder, the employee missed a step due to foot misplacement and almost fell, causing a scare. <b>Handling result:</b> Increased safety training.	Posted warning signs and conducted safety training for construction personnel.
Fall	1	<b>Incident 2:</b> An employee was playing with a mobile phone when going down the stairs and did not pay attention to the steps, causing a foot misplacement and almost falling, a scare. <b>Handling result:</b> Increased safety training.	Posted warning signs and provided employee safety education and training.
Fire	1	<b>Incident 3:</b> An employee was careless when using the microwave, causing the food to burn and the burnt smell to spread throughout the entire floor.	A sign has been made and posted next to the microwave to remind personnel using the microwave to wait nearby and not leave, and to check whether there are any conditions such as food burning or overheating.
Fire	1	<b>Incident 4:</b> The fire alarm was triggered due to damp fire alarm detector circuit.	The fire alarm was triggered due to damp fire alarm detector circuit. A new fire alarm detector has been replaced, and all fire alarm detectors have been comprehensively inspected to avoid the same situation from happening again.

### Near Miss Incident Statistics in Recent Three Years

	2021	2022	2023
Number of Near Miss Incidents	0	2	4
Near Miss Incident Rate	0	0.09	0.22

Note: Near miss incident rate = Number of near miss incidents ÷ Working hours × 1,000,000.

### • Occupational Disaster Record of Workers Other Than Employees

In 2023, no external workers had any occupational accidents or occupational disease incidents in Sunon's workplace. Regular advocacy and training for suppliers will continue to maintain the record of zero occupational accidents for external workers.

### Annual Statistics of Occupational Injuries and Occupational Diseases of External Workers

	2021	2022	2023
Number of Fatalities from Occupational Injuries	0	0	0
Fatality Rate from Occupational Injuries	0	0	0
Fatality Rate from Occupational Injuries	0	0	0
Number of Serious Occupational Injuries	0	0	0
Serious Occupational Injury Rate	0	0	0
Number of Recordable Accidents	0	0	0
Recordable Accident Rate	0	0	0
Number of Occupational Illnesses	0	0	0

Note 1: The Company has not yet counted the number and working hours of external workers, and since there have been no occupational accidents or occupational disease incidents involving external workers in the past three years, the relevant occupational accident rates are all 0.

Note 2: Number of serious occupational injuries excludes fatalities and only includes injuries that result in the inability or difficulty to recover to the pre-injury health condition within 6 months.

Note 3: Definition of recordable accidents: Occupational accidents that need to be reported to the government according to local occupational safety and health regulations, including the number of serious occupational injuries and the number of fatalities from occupational injuries.

Note 4: Scope of occupational accident records: 2021 - Kaohsiung Headquarters; 2022 and 2023 - Kaohsiung Headquarters, Kunshan Guangxing Factory, Beihai Lizhun Factory, Beihai Sunon Factory, Philippines Sunon Factory.



# Chapter 7



## Social Engagement and Sustainable Society

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7.1 Social Participation

## Social Participation

### 7.1.1 Fulfilling Corporate Social Responsibility

Sunon's founder, Mr. Hong Yin-Shu, was born in the countryside of Tainan during Taiwan's economically difficult times. Therefore, he understands the importance of cultivating local talents through business operations to help regional economic vitality and improve the quality of life of local residents, as well as understands the importance of emergency assistance and care for difficult corners of life. Sunon gives back to society through corporate power by "implementing localization of employment, assisting local education and culture, supporting the disadvantaged, and promoting positive thinking public welfare activities". In order to fulfill the responsibility of caring for local residents and disadvantaged groups in need of emergency assistance, Sunon has been quietly taking practical actions for many years, such as holding events to distribute emergency supplies, donating scholarships for poor students, caring for disadvantaged groups and families, sponsoring educational funds for educational institutions, blood donation activities, and promoting positive thinking, hoping to help those who are temporarily in difficulties, disadvantaged families, and children, so that they will not forever become a helpless group of socially disadvantaged. It is expected to bring social stability and a high-quality living environment by guiding people's hearts to face positively.

#### • Sunon Charity Foundation

The "Sunon Charity Foundation" was established in 2007 with funds from Sunon's founder Mr. Hong Yin-Shu and his wife, with the purpose of encouraging care and helping the weak, actively promoting moral education and the spirit of positive thinking and actively facing difficulties, investing in social welfare and emergency assistance, and actively helping disadvantaged children and individual families in society to overcome difficulties, so that they will not forever become a helpless group of socially disadvantaged, guiding people's hearts to think positively and actively face challenges, and regaining the courage to start a new life.

Since 2011, the foundation has actively engaged with the public, with Mr. Hong and his wife personally leading the Company's internal Liao-Fan' s Four Lessons Happy Living Club partners to jointly hold the "Inspirational Care Activity", combining with various township offices to distribute emergency supplies, rice, auspicious money, and the book "Explanation and Summary of Liao-Fan' s Four Lessons" to those who are

economically disadvantaged, marginalized households, and single-parent families. The foundation has gradually started to do good deeds and has deeply entered every corner of Taiwan that needs to be cared for. As the scale of the activity expands every year, the foundation's charity has now reached 20 townships in Taiwan. The number of households benefiting from the foundation's "Inspirational Care Activity" has accumulated to 9,867 (distribution of supplies: cash, rice, books "Explanation and Summary of Liao-Fan' s Four Lessons") from 2018 to 2023. Because of quietly doing good deeds and giving back to and caring for socially disadvantaged groups, this is the greatest original intention and expectation of the foundation's establishment.

#### • SYCP center

SYCP center was established in 1989, initially focusing on assisting children with cerebral palsy. Due to the serious impairment of motor function and sensory function in the growth process of children with cerebral palsy, their bodies cannot stand or walk, and even their learning and growth are affected, causing a heavy burden on families and society. Therefore, the founders of Sunon, Mr. Hong Yin-Shu and his wife, set the purpose of the center as "You will get old, and children will grow up. If you don't do it now, you will regret it in 20 years", letting parents clearly know that children will grow up. If children cannot stand up by themselves, when parents can no longer hold them, there will only be helplessness and despair. The establishment of the center hopes to help more people with physical and mental disabilities and their families to bravely stand up and go out in the early stage of rehabilitation, believing that "strong life is like a seed under a rock, as long as the heart is facing the sun, there will always be a day to come out", seizing the right to pursue self-realization and happiness, fulfilling the expectations of family and society, and also fulfilling Sunon's giving back and contribution to corporate social responsibility.

Currently, SYCP Center serves children aged 0-6 with developmental delays, multiple disabilities, and moderate, severe, and extremely severe disabilities, as well as people aged 15-35 with multiple disabilities and moderate, severe, and extremely severe disabilities; It provides early intervention and screening, professional team consultation services, and strongly links social resources, emphasizing life skills, physical, cognitive training and community participation, so that every little friend and big friend at SYCP Center can fearlessly face their own illnesses, bravely take the step to interact with others, and live a fulfilling and meaningful life every day, becoming a person who can brighten themselves and also bring happiness to others. It is hoped that all sectors of society can lend a helping hand together to help all disabled friends stand up and walk out of their own bright avenue of life as soon as possible, and move towards a bright future.



## 7.1.2 Social Engagement Outcomes

Sunon invests corporate resources and invites colleagues to work together to participate in moral education promotion, inspirational care activities, blood donation activities, etc., hoping to enhance the positive influence on stakeholders through various special activities, combined with long-term cooperative institutions and venues.

### 2023 Social Engagement Projects and Resource Investment

Social Engagement Development Aspect	Project Name	Resource Investment				Corresponding SDGs
		Cash Donation (NT\$)	In-kind Donation (Quantity)	Time Cost (Man-hours)	Management Expense (NT\$)	
Charitable Donation	Moral Education	759,840	-	-	-	Quality of Education
	Social Welfare	1,500,000	-	-	-	Good Health and Well-being Zero Hunger
	Disability Welfare	1,078,797	-	-	-	Quality of Education Good Health and Well-being
	Emergency Assistance	860,000	-	-	-	Quality of Education Good Health and Well-being No Poverty
	Low-income Household Case Care	1,497,715	-	-	-	Quality of Education Good Health and Well-being No Poverty
	Scholarships for Poor Students	1,384,000	-	-	-	Quality of Education
	Inspirational Care	1,978,600	8,559 kg of rice 1,807 copies of "Explanation and Summary of Liao-Fan's Four Lessons" books	1,143	499,875	Decent Work and Economic Growth
Community participation	Blood donation activity	0	144 bags of 250cc blood	58	93,782	Good Health and Well-being





## 2023 Social Engagement Project Results

Project Name	Project Introduction	Stakeholder	Project Output
<b>Moral Education</b>	Sunon Charity Foundation starts from the most fundamental education to take root, promoting moral education, cooperating with enterprises and schools to establish diversified promotion projects, promoting the book "Explanation and Summary of Liao-Fan's Four Lessons" which emphasizes the true meaning of "morality" to teachers and students at all levels, expecting to start from individuals and infect families, guiding people's hearts to positive thinking and actions, reshaping personal character of "integrity, honesty, law-abiding, sense of shame", and recreating a good social atmosphere.	Tainan Municipal Anshun Junior High School、Kao Ying Industrial Commercial Vocational High School、Tzu Hui Institute of Technology、Tzu Hui Institute of Technology (Taitung Campus) Tainan Municipal Nansin Junior High School、Kaohsiung Municipal Fengjia Junior High School、Kaohsiung Municipal Jhongyun Junior High School、Ligang junior High School Pingtung County	6,836 people benefited
<b>Social Welfare</b>	Social Welfare In response to the Social Affairs Bureau's various project plans, assistance resources are invested in a timely manner to meet the needs of the elderly and socially marginalized disadvantaged groups.	Kaohsiung City Government Social Affairs Bureau	2,403 people benefited
<b>Disability Welfare</b>	To reduce the burden on the general public suffering from major disabilities and their families, long-term support is provided to social welfare institutions to provide professional care and counseling.	Kaohsiung Private SYCP center Kaohsiung City Government Social Affairs Bureau	191 people benefited
<b>Emergency Assistance</b>	Emergency Assistance Taking advantage of the opportunity to cooperate with schools, reporting emergency assistance, living support, long-term in-depth study aid, and medication for major rare diseases for poor students' families to allow students to study with peace of mind.	Kaohsiung Municipal Fengjia Junior High School Kaohsiung Municipal Xiaogang Elementary School Tzu Hui Institute of Technology	9 people benefited
<b>Low-income Household Case Care</b>	Long-term assistance plans, study aid plans, and other living assistance are carried out for cases in need. Several of the cases are children of Sunon colleagues who suffer from rare diseases, and Sunon provides long-term medical assistance plans. We have initiated a close cooperation network with fire bureaus, social affairs bureaus, and township offices in various places. Through the reporting of frontline government agencies, resources are delivered in a timely manner to the general public who are in urgent need of assistance.	Ligang junior High School Pingtung County、Kaohsiung Municipal Cianjhen Senior High School、Kaohsiung Municipal Fengjia Junior High School、Kaohsiung Municipal Xiaogang Elementary School、Tzu Hui Institute of Technology、Kaohsiung Municipal Kaohsiung Girls' Senior High School、Soochow University、Kaohsiung Municipal Ciangjin Junior High School、Kaohsiung Municipal Dawan Junior High School、Kaohsiung Private SYCP center、Domestic Violence and Sexual Assault Prevention Center, Social Affairs Bureau, Kaohsiung City Government、Sunon Colleagues	43 people benefited
<b>Scholarships for Poor Students</b>	The application channel for study scholarships for schools at all levels is open for a long time, and schools report poor students to provide scholarships.	National Sun Yat-sen University - "Riding the Wind for Ten Thousand Miles • Changing Lives" Learning Incentive Program for Poor Students、Tzu Hui Institute of Technology、Kaohsiung Municipal Cianjhen Senior High School、Kaohsiung Municipal Kaohsiung Girls' Senior High School、Soochow University	134 people benefited
<b>Inspirational Care</b>	The group's subsidiary foundation has been actively engaging with the public since 2011, with our company's founders, chairman and their spouses personally leading the Company's partners to start doing good deeds step by step and deeply entering every corner of Taiwan, combining with township offices in various places to distribute emergency supplies (rice, auspicious money, and the book "Explanation and Summary of Liao-Fan's Four Lessons") to economically disadvantaged, marginalized households, single-parent families, etc.	Pingtung County Mudan Township Office / Local disadvantaged residents Kaohsiung Xiaogang District Office / Local disadvantaged residents、Tainan Baihe District Office / Local disadvantaged residents、Kaohsiung Qianzhen District Office / Local disadvantaged residents、Tainan Jiangjun District Office / Local disadvantaged residents、Tainan Xiaying District Office / Local disadvantaged residents、Sunon Colleagues	1,807 people benefited
<b>Blood donation activity</b>	Blood Donation Activity Blood cannot be replaced by artificial blood products in today's technology and is a key life-saving element in many life-threatening emergency surgeries. Sunon provides an activity every year to develop a good habit of regular blood donation, reminding and encouraging colleagues to selflessly dedicate their love and hot blood to save people's lives, and helping others is to take action.	Sunon Colleagues Community Residents	A total of 144 bags of 250cc blood



# 8

## Appendix

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8.1 AA1000 Assurance Statement

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## 8.1 AA1000 Assurance Statement



### Independent Assurance Statement

#### Scope and Approach

Sunonwealth Electric Machine Industry Co., Ltd. ("Sunonwealth" or "the Company") commissioned DNV Business Assurance Co., Ltd. ("DNV" or "we") to undertake independent assurance over the Company's 2023 Corporate Sustainability Report for the year ended 31 December 2023 ("the Report"). The Report is prepared in accordance with the reporting principles and requirements of the Global Reporting Initiative (GRI) Standards, which also serve as the basis of our verification.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles with a Type 1, moderate level of assurance, according to the AA1000 Assurance Standard v3.

We understand that the reported financial data and information are based on the data from the Company's financial statements on a consolidated basis, which are subject to a separate independent audit process. The economic data and information have been obtained from the certified financial statements of the Company and were not in the scope of our assurance, as DNV has relied on relevant information as accurate for the purposes of our scope of work. In addition, the Company's data on greenhouse gas emissions is not within the current scope of work as the results had been verified by other assurance engagements.

The Report also incorporated disclosures with reference to relevant sustainability reporting guidelines, such as the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for the Electrical & Electronic Equipment industry and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

#### Responsibilities of Sunonwealth Electric Machine Industry Co., Ltd. and the Assurance Provider

The management of Sunonwealth has sole responsibility for the preparation of the Report in accordance with the stated criteria and for the design, implementation, and maintenance of necessary internal controls. In performing our assurance work, our responsibility is to the management of Sunonwealth. Our statement, however, represents our independent opinion and is intended to inform all of Sunonwealth's stakeholders.

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We have no particular contractual or other affiliations that could lead to conflicts of interest against the current assurance engagement under the established policies and procedures to ensure unwavering adherence to the independence principle.

Our assurance engagement is based on the assumption that the data and information provided by the Company are complete, sufficient, and authentic. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

#### Basis of Our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at the Company's headquarters and site level. We undertook the following activities:

- Review of the current sustainability issues that could affect Sunonwealth and are of interest to stakeholders.
- Review of Sunonwealth's stakeholder engagement approach and recent outputs.
- Review of information provided to us by Sunonwealth on its reporting processes and management relating to the Principles.
- Conducted interview with the selected managers responsible for the management of sustainability issues and stakeholder relationship to understand the level of commitment and recent stakeholders' feedback.
- Conducted on-site visits to Sunonwealth's Headquarters in Kaohsiung, Taiwan and data checks on the Company's five main manufacturing sites in Taiwan, China and the Philippines as well as subsidiaries and affiliated offices to assess the systems and processes for implementing sustainability initiatives and preparing site-level data.
- Review of supporting evidence for key claims and 2023 data in the Report, as reported information beyond 2023 is not within the scope of the current engagement. Our checking processes were prioritised according to the materiality of issues at the consolidated corporate level. In addition, we were able to conduct interviews with the corporate functions involved, considering the nature and management of the sustainability issues concerned.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where data on financial performance and greenhouse gas emissions had been checked by other assurance providers or engagements, we tested the transcription from these sources to the Report.



- An independent assessment of Sunonwealth's reporting in accordance with the Global Reporting Initiative (GRI) Standards.
- The verification was conducted based only on the Chinese version Report.

#### Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Sunonwealth's adherence to the Principles.

In terms of the reliability of the performance data, in accordance with moderate level assurance requirements, nothing came to our attention to suggest that these data have not been properly collated from the information reported at the operational level nor that the assumptions used were inappropriate.

#### Observations

Without affecting our assurance opinion, we also provide the following observations.

- Provided the extensive geographical distribution of Sunonwealth's operations, we encourage the Company to continuously consider local operating contexts when devising longer-term sustainability strategies and targets at the consolidated corporate level.
- Building on existing initiatives, we also encourage the Company to continuously reevaluate the overarching policy commitments that guide future actions in response to the ongoing emphasis on impacts and human rights.
- As the concept of impact has been reaffirmed, continued efforts in advancing impact management methodologies across the Company's material topics and among its stakeholders are recommended accordingly.

#### Stakeholder Inclusiveness and Responsiveness

The Company has identified the expectations of stakeholders through internally devised mechanisms in dialogue with different groups of stakeholders. The stakeholder concerns are well identified and documented, and the significant sustainability issues identified through this process are reflected in the Report.

#### Sustainability Context

The Report provides an accurate and fair representation of the level of implementation of related corporate sustainability policies and meets the requirements of the GRI Standards.

#### Materiality

The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.

#### Completeness

The Report covers performance data against the GRI Standards disclosures that are identified as material within the Company's reporting boundary. The information in the Report includes the Company's most significant initiatives or events that occurred in the reporting period.

#### Accuracy and Reliability

The Company has developed the data flow for capturing and reporting its sustainability performance. In accordance with moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified sustainability data and information presented in the Report are not reliable.

#### Impact

The Company presents the impacts related to its identified material topics by measuring and monitoring impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

For and on behalf of DNV Business Assurance Co., Ltd.

Date: 06 June, 2024

*Yu Chung Chen*

Yu Chung Chen  
Lead Verifier  
Business Assurance  
DNV Taiwan

Statement Number: C682243-2023-AG-TWN-DNV

*David Hsieh*

David Hsieh  
District Manager  
Business Assurance  
DNV Taiwan

## 8.2 Information of Operation Locations

Factory	Address	Nature of Factory
Kaohsiung headquarters and Factory	No. 30& 32, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City 806034	Office and Laboratory
	1F., No. 286-2, Xinya Rd., Qianzhen Dist., Kaohsiung City	Office and Warehouse
	6F.-2, No. 286-3, Xinya Rd., Qianzhen Dist., Kaohsiung City	
	1F., No. 286-9, Xinya Rd., Qianzhen Dist., Kaohsiung City	Manufacturing Factory and Warehouse
	3F., No. 288-6~9, Xinya Rd., Qianzhen Dist., Kaohsiung City	
	6F., No. 288-7, Xinya Rd., Qianzhen Dist., Kaohsiung City	Office
	7F., No. 288-8, Xinya Rd., Qianzhen Dist., Kaohsiung City	
	7F.-1, No. 288-9, Xinya Rd., Qianzhen Dist., Kaohsiung City	Warehouse
	4F. & 5F., No. 30, Xindu Rd., Qianzhen Dist., Kaohsiung City	Manufacturing Factory
	12F., No. 120, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City	Office
Taipei Office	4F., No. 356, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	Office
	No. 16 & 18, Aly. 24, Ln. 1, Sec. 1, Huanshan Rd., Neihu Dist., Taipei City	Laboratory
Sunon Electronics (Kunshan) Co.,Ltd	No. 168 , Nanbin Rd., Kunshan City, Jiangsu Province	Manufacturing Factory
Sunon Electronics (Beihai) Co., Ltd.	Zone B6, Beihai Comprehensive Bonded Zone, West Beihai Avenue, Beihai City, Guangxi Zhuang Autonomous Region	Manufacturing Factory
Beihai Lizhun Electronics Co., Ltd.	1F., 2F. & 3F., Building 1, Huike Technology Park, Zone B2, Beihai Comprehensive Bonded Zone, Haicheng District, Beihai City, Guangxi Zhuang Autonomous Region	Manufacturing Factory
Sunon Electronics Philippines Corp.	Lot 5, Block 8, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan	Manufacturing Factory
	Lot 3, Block 8, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan	Warehouse
Sunon Inc.	1075 W. Lambert Rd. Suite A, BREA, CA 92821	Office
Sunon SAS	66, avenue des Pépinières, 94832 Fresnes Cede, France	Office
Sunon Electronics India Private Limited	Spaze IT Park, Tower B, 5th Floor Unit 530. Sohana Road. Sector 49 Gurgaon. Haryana. India, Pincode: 122018	Office

## GRI Standards Content Index

**Statement of use:** Sunon has reported ESG information for the period from January 1 to December 31, 2023 in accordance with the GRI Standards

**Applicable GRI 1: Foundation 2021**

**Applicable GRI Sector Standard(s): Not applicable (not yet released)**

### General Disclosures

GRI Standards	Disclosure items	Report Section	Page	Omission	
				Requirements Omitted item	Reason & Explanation
GRI 2 : General Disclosures 2021	2.1 Basic Information	2.1.1 Basic Information	18		
GRI 2 : General Disclosures 2021	2-2 Entities included in the organization's sustainability reporting	1.1.3 Reporting Boundaries	5		
GRI 2 : General Disclosures 2021	2-3 Reporting period, frequency and contact point	1.1.1 Reporting Period	5		
GRI 2 : General Disclosures 2021	2-3 Reporting period, frequency and contact point	1.1.7 Contact Information	6		
GRI 2 : General Disclosures 2021	2-4 Information Restatements	1.1-4 Information Restatements	6		
GRI 2 : General Disclosures 2021	2-5 External Assurance	1.1-6 External Assurance	6		
GRI 2 : General Disclosures 2021	2-6 Activities, value chain and other business relationships	3.1. 1 Introduction of Products and Services	41		
GRI 2 : General Disclosures 2021	2-6 Activities, value chain and other business relationships	4.1. 1 Industry Status and Development	46		
GRI 2 : General Disclosures 2021	2-6 Activities, value chain and other business relationships	4.1.2 Supply Chain Structure	47		
GRI 2 : General Disclosures 2021	2-7 Employees	6.1.2 Talent Recruitment	65		
GRI 2 : General Disclosures 2021	2-8 Workers who are not employees	6.1.2 Talent Recruitment	65		
GRI 2 : General Disclosures 2021	2-9 Governance structure and composition	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-9 Governance structure and composition	2.2.2 Functional Committees	26		
GRI 2 : General Disclosures 2021	2-10 Nomination and selection of the highest governance body	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-11 Chair of the highest governance body	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	1.4.1 Material Topic Assessment Process	13		
GRI 2 : General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	1.4.2 Impact Management of Material Topics	15		
GRI 2 : General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	2.2.2 Functional Committees	26		

GRI Standards	Disclosure items	Report Section	Page	Omission	
				Requirements Omitted item	Reason & Explanation
GRI 2 : General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	1.4.1 Material Topic Assessment Process	13		
GRI 2 : General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	1.4.2 Impact Management of Material Topics	15		
GRI 2 : General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	2.2.2 Functional Committees	26		
GRI 2 : General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	1.4.1 Material Topic Assessment Process	13		
GRI 2 : General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	1.4.2 Impact Management of Material Topics	15		
GRI 2 : General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	2.2.2 Functional Committees	26		
GRI 2 : General Disclosures 2021	2-15 Conflicts of interest	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-16 Communication of critical concerns	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-16 Communication of critical concerns	2.2.2 Functional Committees	26		
GRI 2 : General Disclosures 2021	2-17 Collective knowledge of the highest governance body	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-19 Remuneration policies	2.2.1 Governance Structure	22		
GRI 2 : General Disclosures 2021	2-19 Remuneration policies	2.2.2 Functional Committees	26		
GRI 2 : General Disclosures 2021	2-20 Process to determine remuneration	2.2.2 Functional Committees	26		
GRI 2 : General Disclosures 2021	2-21 Annual total compensation ratio	6.2.1 Equal and Competitive Compensation	70		
GRI 2 : General Disclosures 2021	2-22 Statement on sustainable development strategy	1.2.1 Message from the Chairman	7		
GRI 2 : General Disclosures 2021	2-23 Policy commitments	2.4.1 Ethical Management	30		
GRI 2 : General Disclosures 2021	2-23 Policy commitments	2.4.2 Human Rights Policy	32		
GRI 2 : General Disclosures 2021	2-24 Embedding policy commitments	2.4.1 Ethical Management	30		
GRI 2 : General Disclosures 2021	2-24 Embedding policy commitments	2.4.2 Human Rights Policy	32		
GRI 2 : General Disclosures 2021	2-25 Processes to remediate negative impacts	2.4.1 Ethical Management	30		
GRI 2 : General Disclosures 2021	2-25 Processes to remediate negative impacts	2.4.2 Human Rights Policy	32		
GRI 2 : General Disclosures 2021	2-25 Processes to remediate negative impacts	5.5.3 Waste Clearance and Disposal	62		
GRI 2 : General Disclosures 2021	2-25 Processes to remediate negative impacts	6.1.3 Labor-Management Agreement	69		

GRI Standards	Disclosure items	Report Section	Page	Omission	
				Requirements Omitted item	Reason & Explanation
GRI 2 : General Disclosures 2021	2-25 Processes to remediate negative impacts	6.4.1 Occupational Safety and Health Management	77		
GRI 2 : General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	2.4.1 Ethical Management	30		
GRI 2 : General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	2.4.2 Human Rights Policy	32		
GRI 2 : General Disclosures 2021	2-27 Legal Compliance	2.4.3 Legal Compliance	33		
GRI 2 : General Disclosures 2021	2-28 Membership associations	2.1.1 Basic Information	18		
GRI 2 : General Disclosures 2021	2-29 Approach to stakeholder engagement	1.3.1 Identification of Stakeholders	9		
GRI 2 : General Disclosures 2021	2-29 Approach to stakeholder engagement	1.3.2 Stakeholder Communication	9		
GRI 2 : General Disclosures 2021	2-30 Collective bargaining agreements	-	-	This disclosure is not applicable due to the Company does not have a union.	
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	1.4.1 Material Topic Assessment Process	13		
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	1.4.2 Impact Management of Material Topics	15		
GRI 3 : Material Topics 2021	3-2 List of material topics	1.4.1 Material Topic Assessment Process	13		
GRI 3 : Material Topics 2021	3-2 List of material topics	1.4.2 Impact Management of Material Topics	15		

**Topic-specific Disclosures**

Material	GRI Standards	Disclosure items	Report Section	Page	Omission	
					Requirements Omitted item	Reason & Explanation
Material issue: Economic Performance						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
★	GRI 201 : Economic Performance 2016	201-1 Direct economic value generated and distributed	2.3.1 Economic Value	28		
Material issue: Ethical Standards						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
★	GRI 205 : Anti-corruption 2019	205-3 Confirmed incidents of corruption and actions taken	2.4.1 Ethical Management	30		
★	GRI 206 : Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4.1 Ethical Management	30		
Material issue: Raw Material Management						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
★	GRI 301 : Materials 2016	301-1 Materials used by weight or volume	5.1.2 Material Procurement	53		
Material issue: Energy Management						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
★	GRI 302 : Energy 2016	302-1 Energy consumption within the organization	5.2.2 Energy Consumption	54		
★	GRI 302 : Energy 2016	302-3 Energy intensity	5.2.2 Energy Consumption	54		
★	GRI 302 : Energy 2016	302-5 Reductions in energy requirements of products and services	3.1.2 Green Product R&D	42		
Material issue: Greenhouse Gas Emissions						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
★	GRI 305 : Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.3.1 Greenhouse Gas Inventory	56		
★	GRI 305 : Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	5.3.1 Greenhouse Gas Inventory	56		
★	GRI 305 : Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	5.3.1 Greenhouse Gas Inventory	56		
★	GRI 305 : Emissions 2016	305-4 GHG emissions intensity	5.3.1 Greenhouse Gas Inventory	56		
★	GRI 305 : Emissions 2016	305-5 Reduction of GHG emissions	5.3.1 Greenhouse Gas Inventory	56		



Material	GRI Standards	Disclosure items	Report Section	Page	Omission	
					Requirements Omitted item	Reason & Explanation
Material issue: Product Quality and Safety						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
★	GRI 416 : Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.2.1 Product Quality Management	44		
Material issue: Risk Response Measures						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		
Material issue: Legal Compliance						
★	GRI 3 : Material Topics 2021	3-3 Management of material topics	1.4.2 Impact Management of Material Topics	15		

Material	GRI Standards	Disclosure items	Report Section	Page	Omission	
					Requirements Omitted item	Reason & Explanation
Other Self-Disclosed Items						
	GRI 201 : Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	2.5.2 Identification and Assessment of Climate Risks and Opportunities	35		
	GRI 202 : Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.2.1 Equal and Competitive Compensation	70		
	GRI 202 : Market Presence 2016	202-2 Proportion of senior management hired from the local community	6.1.2 Talent Recruitment	65		
	GRI 204 : Procurement Practices 2016	204-1 Proportion of spending on local suppliers	4.1. 2 Supply Chain Structure	47		
	GRI 303 : Water and Effluents 2018	303-3 Water Withdrawal	5.4.1 Water Withdrawal and Consumption	59		
	GRI 305 : Emissions 2016	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.3.2 Other Air Pollutants Emissions	57		
	GRI 306 : Waste 2020	306-1 Waste generation and significant waste-related impacts	5.5.1 Waste Impact Assessment	60		
	GRI 306 : Waste 2020	306-2 Management of significant waste-related impacts	5.5.2 Waste Management Policy	61		
	GRI 306 : Waste 2020	306-2 Management of significant waste-related impacts	5.5.1 Waste Impact Assessment	60		
	GRI 306 : Waste 2020	306-3 Waste generated	5.5.3 Waste Clearance and Disposal	62		
	GRI 306 : Waste 2020	306-4 Waste diverted from disposal	5.5.3 Waste Clearance and Disposal	62		
	GRI 306 : Waste 2020	306-5 Waste directed to disposal	5.5.3 Waste Clearance and Disposal	62		
	GRI 308 : Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	4.2.1 Supply Chain Management Policy	49		
	GRI 308 : Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	4.2.2 Supply Chain Management Policy	50		
	GRI 308 : Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	4.2.2 Supply Chain Management Policy	50		
	GRI 401 : Employment 2016	401-1 New employee hires and employee turnover	6.1.2 Talent Recruitment	65		
	GRI 401 : Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.2 Comprehensive Benefits	72		
	GRI 401 : Employment 2016	401-3 Parental leave	6.2.3 Family-Friendly Workplace	73		
	GRI 403 : Occupational Safety and Health 2018	403-1 Occupational health and safety management system	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-2 Hazard identification, risk assessment, and incident investigation	6.4.2 Occupational Injuries and Illnesses	80		
	GRI 403 : Occupational Safety and Health 2018	403-2 Hazard identification, risk assessment, and incident investigation	6.4.1 Occupational Safety and Health Management	77		

Material	GRI Standards	Disclosure items	Report Section	Page	Omission	
					Requirements Omitted item	Reason & Explanation
	GRI 403 : Occupational Safety and Health 2018	403-3 Occupational Health Services	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-5 Worker training on occupational health and safety	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-6 Promotion of worker health	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-8 Workers covered by an occupational health and safety management system	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-9 Work-related injuries	6.4.1 Occupational Safety and Health Management	77		
	GRI 403 : Occupational Safety and Health 2018	403-9 Work-related injuries	6.4.2 Occupational Injuries and Illnesses	80		
	GRI 403 : Occupational Safety and Health 2018	403-10 Work-related ill health	6.4.2 Occupational Injuries and Illnesses	80		
	GRI 403 : Occupational Safety and Health 2018	403-10 Work-related ill health	6.4.1 Occupational Safety and Health Management	77		
	GRI 404 : Training and Education 2016	404-1 Average hours of training per year per employee	6.3.1 Training and Development	74		
	GRI 404 : Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	6.3.1 Training and Development	74		
	GRI 404 : Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	6.3.2 Performance Evaluation	76		
	GRI 405 : Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.2.1 Governance Structure	22		
	GRI 405 : Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.1.2 Talent Recruitment	65		
	GRI 405 : Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	6.2.1 Equal and Competitive Compensation	70		
	GRI 414 : Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	4.2.2 Supply Chain Management Policy	50		
	GRI 414 : Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	4.2.1 Supply Chain Management Policy	49		
	GRI 414 : Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	4.2.2 Supply Chain Management Policy	50		
	GRI 418 : Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6.1 Information Security Management Policy	36		

## SASB Standards Content Index

**Statement of use: Sunon has reported ESG information for the period from January 1 to December 31, 2023 in accordance with the SASB Standards**

**SASB Sector: Electrical & Electronic Equipment**

Indicator Type	SASB Indicator Code	Disclosure Topic	Disclosure items	Nature	Quantity	Unit	Report Section	Page	Omission	
									Requirements Omitted item	Reason & Explanation
Accounting Metric	RT-EE-130a.1	Energy Management	(1) Total energy consumed	Quantitative Analysis	143788.526	Gigajoules (GJ)	5.2.2 Energy Consumption	54		
Accounting Metric	RT-EE-130a.1	Energy Management	(2) Percentage from grid electricity	Quantitative Analysis	88.41	Percentage	5.2.2 Energy Consumption	54		
Accounting Metric	RT-EE-130a.1	Energy Management	(3) Percentage from renewable	Quantitative Analysis	9.84	Percentage	5.2.2 Energy Consumption	54		
Accounting Metric	RT-EE-150a.1	Hazardous Waste Management	Amount of hazardous waste generated	Quantitative Analysis	131.158	Metric tons	5.5.3 Waste Clearance and Disposal	62		
Accounting Metric	RT-EE-150a.1	Hazardous Waste Management	Percentage hazardous waste recycled	Quantitative Analysis	21.2	Percentage	5.5.3 Waste Clearance and Disposal	62		
Accounting Metric	RT-EE-150a.2	Hazardous Waste Management	Hazardous Waste Management Number and aggregate quantity of reportable spills	Quantitative Analysis	0	Quantity, Kilograms				
Accounting Metric	RT-EE-150a.2	Hazardous Waste Management	Amount recovered	Quantitative Analysis	0	Kilograms				
Accounting Metric	RT-EE-250a.1	Product Safety	Number of recalls and total units recalled	Quantitative Analysis	0	Quantity	3.2.1 Product Quality Management	44		
Accounting Metric	RT-EE-250a.2	Product Safety	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative Analysis	0	New Taiwan Dollars (NT\$)	3.2.1 Product Quality Management	44		
Accounting Metric	RT-EE-410a.1	Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative Analysis	0	Percentage of revenue				
Accounting Metric	RT-EE-410a.2	Product Lifecycle Management	Percentage of eligible products, by revenue, that meet Energy Star® criteria	Quantitative Analysis	0.12	Percentage of revenue	3.1.2 Green Product R&D	42		
Accounting Metric	RT-EE-410a.3	Product Lifecycle Management	Revenue from renewable energy-related and energy efficiency-related products Quantitativ	Quantitative Analysis	12198000000	New Taiwan Dollars (NT\$)	3.1.2 Green Product R&D	42		
Accounting Metric	RT-EE-440a.1	Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	-	-	2.7.1 Risk Identification and Mitigation Measures	38		
Accounting Metric	RT-EE-440a.1	Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	-	-	5.1.1 Material Management Policy	52		

Indicator Type	SASB Indicator Code	Disclosure Topic	Disclosure items	Nature	Quantity	Unit	Report Section	Page	Omission	
									Requirements Omitted item	Reason & Explanation
Accounting Metric	RT-EE-510a.1	Ethical Management	(1) Description of policies and practices for prevention of corruption and bribery	Discussion and Analysis	-	-	2.4.1 Ethical Management	30		
Accounting Metric	RT-EE-510a.1	Ethical Management	(2) Description of policies and practices for prevention of anti-competitive behavior	Discussion and Analysis	-	-	2.4.1 Ethical Management	30		
Accounting Metric	RT-EE-510a.2	Ethical Management	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative Analysis	0	New Taiwan Dollars (NT\$)	2.4.1 Ethical Management	30		
Accounting Metric	RT-EE-510a.3	Ethical Management	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative Analysis	0	New Taiwan Dollars (NT\$)	2.4.1 Ethical Management	30		
Activity Metric	RT-EE-000.A		Number of AC fan products produced	Quantitative Analysis	7,340	Thousand units	-	-		
Activity Metric	RT-EE-000.A		Number of DC fan products produced	Quantitative Analysis	220,420	Thousand units	-	-		
Activity Metric	RT-EE-000.B		Number of employees	Quantitative Analysis	6383	Quantity	6.1.1 Human Resource Management	65		

## Others

Appendix 1-12 Sustainable Disclosure Indicators - Electronic Components Industry					
No.	Indicator	Indicator Type	Annual Disclosure Status	Unit	Remark
一	Total energy consumption	Quantitative	143,788.526	Gigajoules (GJ)	
	Percentage of purchased electricity	Quantitative	88.41	Percentage (%)	
	Percentage of renewable energy use	Quantitative	9.84	Percentage (%)	
二	Total water withdrawal	Quantitative	299.535	Thousand cubic meters	
	Total water consumption	Quantitative	No data	Thousand cubic meters	Wastewater discharge is not estimated, so water consumption cannot be calculated.
三	Weight of hazardous waste generated	Quantitative	131.158	Metric tons	
	Percentage of hazardous waste recycled	Quantitative	12.3	Percentage (%)	
四	Occupational accident category, number of persons	Quantitative	13 recordable accidents occurred this year, mainly due to personnel not operating equipment in accordance with regulations, resulting in injuries.	Quantity	
	Occupational accident rate	Quantitative	0.2	Rate	
五	Product life cycle management disclosure: Weight and recycling percentage of scrap products and electronic waste	Quantitative	No data	Not applicable	The company is a B2B type, so it is not applicable.
六	Description of risk management related to the use of critical materials	Qualitative description	Establish more than 2 suppliers for important materials to share the risk of unstable supply; And place orders 3-6 months in advance to avoid the risk of market shortages. Not applicable	Not applicable	
七	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	0	New Taiwan Dollars (NT\$)	No legal proceedings related to anti-competitive behavior occurred.
八	Main product output by product category	Quantitative	AC Fan: 7,340,000 units DC Fan: 220,420,000 units	Quantity	

Note 1: Including by-products sold or other recycling treatment, relevant descriptions should be provided.

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