



CORPORATE SUSTAINABILITY REPORT 2022

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About This Report

Reporting Period

This report constitutes the Sustainability Report of Sunonwealth Electric Machine Industry Co., Ltd. (hereafter referred to as "SUNON", "the Company", or "we"), which discloses our performance, management policies, and objectives in the five key dimensions of governance, products, supply chain, environment, and society during the fiscal year 2022 (from January 1, 2022, to December 31, 2022). The Company publishes a Sustainability Report annually, which is also made publicly available on our website.



To ensure completeness and comparability, this report covers the reporting period consistent with the consolidated financial statements. Some chapter content includes information before January 1, 2022, and after December 31, 2022, with explanatory notes provided within the chapter.

Follow Guidelines

This announcement is written in accordance with the frameworks established by the Global Sustainability Standards Board (GSSB), which issued the GRI Standards, the Sustainability Accounting Standards Board (SASB), which issued the Electrical & Electronic Equipment Industry Standards, and the Financial Stability Board (FSB), which issued the Task Force on Climate-Related Financial Disclosures (TCFD).

Category Boundary

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

Location	Operating Locations	Service Type
Taiwan	The Kaohsiung Headquarters and Factory (referred to as Kaohsiung Headquarters)	Factory (Kaohsiung Factory) Office and laboratory (Headquarters and other offices)
	The Taipei office (referred to as Taipei office)	Office and laboratory
China	Sunon Electronic (Kunshan) Co., Ltd (referred to as Kunshan Guangxing Factory)	Factory
	Sunon Electronic (Bei Hai) Co., Ltd. (referred to as Beihai SUNON Factory)	
	Beihai Li Zhun Electronics Co., Ltd. (referred to as Beihai Lizhun Factory)	
Philippines	Sunon Electronics Philippines Corp. (referred to as SUNON Philippines Factory)	Factory

Note 1: The term "significant operating locations" referred to in this report includes all the aforementioned locations. However, it excludes office-based locations from the category of production sites.

Note 2: The sustainability performance of some individual entities in the consolidated financial statements has not been included in this report. The main reason is that some subsidiaries have not yet begun to collect sustainable data or are only held by the parent company. For information on all entities in the consolidated financial statements, please refer to "https://www.sunon.com/en/inv2_2.aspx"

The data for energy consumption in Chapter 4.2, greenhouse gas emissions in Chapter 4.3, and water intake in Chapter 4.4 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:

Financial data	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).
Environmental data	The greenhouse gas emissions data are based on the inventory following ISO 14064-1:2018, and have been verified by an external third party. The statistics for water resources and waste are the data reported by each operating location to the local regulatory authorities.
Other data	Aggregate self-reported data from each operating location.

Information Reorganization

If there have been any significant revisions to the preliminary information in this report, the reasons for the revisions have been explained in each respective chapter. The material revisions for this year are listed as follows:

Reorganized Information	Reason for Reorganization	Impact of Reorganization	Report Section
Energy consumption in 2020 and 2021	Unified calculation unit	Revised last year's values and disclosed in energy consumption unit: gigajoules (GJ)	Section 4.2.2 Energy Consumption

Internal Control

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.

External Assurance

After the final draft of this report was determined, an external independent third-party verification organization was appointed by the management to verify and confirm that the report complies with the GRI and SASB standards. This year, we commissioned DNV (DNV GL Business Assurance Taiwan Ltd.) to perform a Type 1 moderate level of assurance operation in accordance with AA 1000 AS v3 (Accountability 1000 Assurance Standard v3). For details on the relevant assurance methods and results, please refer to the appendix.

Contact Information

Contact Unit: Sunonwealth Electric Machine Industry Co., Ltd. Sustainable Development Committee

Person: Pan Hsiao-Yi

Phone: +886-7-8135888 #1583

Email: sunon@sunon.com

Company Website: www.sunon.com

Address: No.30, Lane 296, Xin Ya Road, Qianzhen District, Kaohsiung City, Taiwan

The Chairman's Message

In recent years, the global community has faced an escalating threat from intensified extreme weather events. From the inevitable challenges of climate change to the sudden and uncontrollable spread of pandemics, various natural disasters have led to significant economic losses and necessitated changes in people's way of life. These circumstances have continuously tested the adaptability of businesses to manage these crises effectively. SUNON has taken proactive measures to address the changing environmental landscape by establishing early-response mechanisms. These mechanisms aim to strengthen our ability to adapt swiftly to rapid environmental changes. Despite the impact of multiple crises over the past two years, our company has demonstrated resilience and maintained impressive revenue growth thanks to the dedicated efforts of our entire team.

In 2022, the global economic and industrial environment presented severe challenges. However, due to our well-structured industry layout and the collective commitment of our employees, we achieved continued growth in consolidated revenue, amounting to NTD 14.06 billion. Furthermore, our earnings per share (EPS) reached NTD 4.34, setting historical records for both revenue and EPS. These achievements showcase SUNON's ongoing enhancement of core competitiveness, operational efficiency, and profitability.

Aligned with the global agenda, nations worldwide are actively working towards achieving net-zero emissions by 2050. SUNON has chosen 2022 as our base year for pursuing the goal of net-zero greenhouse gas emissions. Our target is net-zero emissions in 2050. To accomplish this, we have established an internal cross-departmental Sustainable Development Committee. This committee has initiated a comprehensive greenhouse gas inventory across our entire organization and developed a digital platform to manage carbon data. We have also begun upgrading our internal air conditioning systems and process equipment to improve energy efficiency. Additionally, we have implemented a more rigorous green procurement policy and collaborated closely with our suppliers to reduce carbon emissions. Our ongoing expansion of production capacity in the Philippines incorporates green building design and green energy procurement plans, effectively reducing our operational carbon footprint and contributing to mitigating the effects of global warming.

At SUNON, we firmly believe that business growth is intrinsically linked to the mutual prosperity of society and the environment. Our mission encompasses energy-saving practices, carbon reduction efforts, environmental protection, and a profound commitment to the well-being of our planet. For over four decades, we have dedicated ourselves to the development of energy-saving motors and advanced heat dissipation technology. By providing state-of-the-art heat dissipation and ventilation solutions that optimize resource utilization, we aim to create a more comfortable human living environment while prioritizing environmental protection and minimizing ecological disturbances. Since 2005, all our products have adhered to the European Union's stringent standards, utilizing raw materials free from hazardous substances and excluding conflict minerals, thereby promoting human rights and responsible sourcing. In recent years, we have actively researched and integrated marine plastics into our new products, contributing to the urgent resolution of marine pollution and the preservation of biodiversity.

In our commitment to transparency, prior to 2022, we voluntarily disclosed our Corporate Social Responsibility (CSR) reports. Moving forward, we have transitioned to publishing comprehensive Sustainable Development Reports, publicly sharing our actions and achievements in the realm of sustainability. To ensure the integration of sustainability principles within our company, we conducted ten online educational training sessions in 2022, fostering a culture of active participation and engagement across all units within our organization. Moreover, through our foundation, we have long been involved in social welfare initiatives, actively supporting vulnerable communities and providing emergency relief. We aspire to inspire our employees to embrace not only positive thinking and cultural values but also to translate those into impactful actions. By excelling in our work, conducting research and development with excellence, manufacturing high-quality products, and collaborating closely with our customers, we endeavor to co-create cutting-edge technologies.

Chairman and President
Hung Ching-Sheng

洪慶昇



Sustainability Performance

Governance



Consolidated revenue reached **NT\$14.063** billion, representing a **3.7%** increase from 2021.



The company is one of the **top three** leading brands in the industry in terms of market share.



Women directors account for **1/3** of the board seats.



A **Sustainable Development Committee** was established.



No corruption incidents occurred.

Product



Product R&D energy-saving performance has saved **318 million kWh**, reducing **160,000 tons** of CO₂ equivalent.



The product hazardous substance inspection pass rate has been **100%** for three consecutive years from 2020 to 2022.



The cumulative number of granted patents is **3,332**.

Supply chain



Established a **new supplier audit process** for new suppliers.



Conducted annual **supplier audits**.



Achieved **90%** local procurement.

Social



The average annual employee participation in educational training is **66.8** hours.



Both production sites in Taiwan and China have been certified with **ISO 45001**.



The "Inspiring Caring Activities" program has accumulated care for **8,060** households from 2018 to 2022.

Environment



Conducted a **greenhouse gas inventory for the entire group** (including the operational sites covered in this report) and **obtained external third-party verification**.



Kunshan Guangxing Factory generated **455,000 kWh** of solar power.



Continuously verified compliance with **IECQ QC 080000**.

Stakeholder Engagement

● Stakeholder Identification

Taking into account the company's industry characteristics and operational model, the Sustainable Development Committee refers to the AA1000 SES Stakeholder Engagement Standard (2015), which outlines five key principles of stakeholder engagement, including Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. These principles are used to identify groups or organizations that have an impact on, and are affected by, the company's standards. Eight categories of stakeholders that are directly related to our company have been identified, including employees, investors (shareholders), customers, suppliers, community residents and groups, business partners, government agencies and non-profit organizations, and those in the electronic industry.

● Stakeholder Communication

In order to understand and respond to stakeholders' concerns, we provide a variety of communication channels and engage in regular communication and negotiation with stakeholders. This enables them to express their opinions at any time, and allows us to understand the sustainable development issues that are important to different stakeholders. We also provide appropriate responses and strategies in relation to feedback or relevant questions. Our stakeholder communication channels and areas of focus for 2022 are as follows:

Establishment of Stakeholder Engagement Mechanisms and Management Procedures

No.	Communication Process	Description
1	Identification of Stakeholders and their Concerns	Each subcommittee of the Sustainable Development Commission is tasked with gathering and compiling the concerns and issues raised by relevant stakeholders.
2	Relevant Responsible Units	The feedback received from stakeholders is shared with the relevant responsible units, who develop appropriate measures to address the stakeholders' concerns.
3	Sustainable Development Committee	The responsible units regularly report their engagement results to the Sustainable Development Committee, which consolidates the results and identifies trends and emerging issues.
4	Board of Directors	<ul style="list-style-type: none"> The stakeholder engagement results are periodically reported to the Board of Directors. If any issues cannot be resolved by the responsible units, the Board of Directors will make a final decision. The Board of Directors also reviews the effectiveness of stakeholder communication.
5	External Disclosure	The results of stakeholder engagement are disclosed annually in the sustainability report, providing transparency and accountability to stakeholders.

Primary Stakeholders of Sunon and Outcomes of Communication with Them

Stakeholder	Description of Relationships	Communication methods/frequency	Main areas of focus	Responsible unit	Communication results
 Employees	Employees have always been the most important asset since the establishment of SUNON entrepreneurship. SUNON invests sufficient resources to cultivate talents and regularly holds meetings to listen to the voices of employees and unions, and provides timely feedback to ensure that the concept of the SUNON family can be sustained and passed down.	<ul style="list-style-type: none"> Interactive meetings (union meetings)/monthly Employee Complaint mailbox/irregularly Announcement of rules and regulations/irregularly Employee welfare committee/monthly Occupational health and safety committee/quarterly Supervisory committee for labor retirement funds/irregularly Sexual harassment complaint committee/irregularly 	<ul style="list-style-type: none"> Employee welfare and compensation Occupational health and safety Career development and education training Talent recruitment and retention Workplace employee rights 	Global Human Resources Department, Various Plant Management Departments, Occupational Safety and Health Unit	In terms of employee welfare and compensation, our company has the most transparent promotion and assessment mechanism, with biannual reviews of promotion criteria to make every effort to meet employees' salary expectations. In terms of occupational safety and health, our company conducts regular audits of the environment, safety, and health of each plant and also has various channels for employees to provide feedback and file complaints. In terms of career development and education and training, our company has a complete new employee training program and professional training maps for various job functions to enhance employee skills and build human capital.
 Investors (shareholders)	The recognition and support of shareholders are key forces for sustainable operation of a company. SUNON will maintain good communication with its shareholders and use the governance principles of the board of directors to manage the company responsibly and autonomously, to maintain stable growth momentum.	<ul style="list-style-type: none"> Shareholders' meeting/annually Board of directors meeting/quarterly Publication of company annual report and sustainability report/annually Financial reports audited by accountants/quarterly Announcement of important information on company website/irregularly Announcement of important information on Public Information Observation Platform/irregularly Declaration or announcement of matters required by regulatory authorities/irregularly 	<ul style="list-style-type: none"> Operational and financial performance Corporate governance Product Quality/technology research and development Compliance with laws and regulations Code of ethics Risk management 	Board Secretariat, Sustainable Development Committee, Finance Department.	Our company holds an annual shareholders' meeting to listen to all shareholders' suggestions, and holds quarterly board meetings to regularly report on the various policies and indicators of corporate governance to all directors. In addition, we announce our annual and financial reports in accordance with the law, and voluntarily issue sustainability reports to disclose our performance and policies in sustainable development.
 Customer	SUNON actively seeks to understand market trends and customer needs through various channels, and is customer-oriented, actively striving to meet customer expectations and maximize customer value.	<ul style="list-style-type: none"> Product/technology presentation/event/annually Supplier conference/annually Website product introduction and description/irregularly Product catalog/irregularly Regular Customer interviews and visits/irregularly Annual customer satisfaction survey Community social media platform (Green Life News on SUNON website)/irregularly YouTube (SUNON Green Life, SUNON)/irregularly 	<ul style="list-style-type: none"> Product quality/technology research and development Customer service satisfaction Green product/service design and development Raw material and hazardous substance management Compliance with laws and regulations 	Research and Development Unit, Quality Assurance Unit, Global Business Center, Global Sales Department, Other relevant units.	The overall satisfaction scores from our annual customer satisfaction survey have met the standard.

Stakeholder	Description of Relationships	Communication methods/frequency	Main areas of focus	Responsible unit	Communication results
 Supplier	As an important partner, it serves as a solid backbone for the various product lines of SUNON, responsible for supplying the main raw materials and critical components for each product. It grows together with suppliers to create higher industry value chains.	<ul style="list-style-type: none"> Public tender/bidding/irregularly Contract terms and related provisions/irregularly Supplier system/daily Supplier Conference/seminar/irregularly Supplier product quality evaluation/Monthly Quarterly supplier cost, technology, and service evaluation Supplier audit/every two years 	<ul style="list-style-type: none"> Raw material and hazardous substance management Sustainable supply chain management Supplier social performance management Conflict minerals management Contractor management 	Quality Control Unit, Strategic Procurement Department.	To respond to economic fluctuations and market demands, our company regularly discusses with suppliers the specifications, procurement terms, and prices of raw materials. At the same time, we also exchange and explore various market information in the industry.
 Community residents and groups	To fulfill corporate social responsibility, we strive to give back to our community and care for society through our core business. We aim to assist those in need and fill society with love.	<ul style="list-style-type: none"> SUNON Charitable Foundation Social media platforms (SUNON Happy Planet, SUNON Green Living News, Sunonwealth Charitable Foundation)/irregularly Inspiring and caring activities/irregularly Blood donation events/irregularly Joint office building management committee/monthly Factory tours/irregularly Nearby recruitment events or job fairs/irregularly 	<ul style="list-style-type: none"> Community engagement Air pollution control Water resource and wastewater management Waste management and recycling 	Board Secretariat, Occupational Safety and Health Section, Planning Department, Global Human Resources Department, Various Plant Management Departments, Other relevant departments.	Our company regularly holds charity events to contribute more care and concern to the society, and has established multiple social media platforms as channels for communication with the public.
 Cooperator	Cooperator is considered one of the important partners of our company, and together we work with a collaborative and trusting approach to fulfill our customers' expectations.	<ul style="list-style-type: none"> Supplier evaluation/once a year Communication and on-site audit/irregularly Organizing occupational safety and health education and training/irregularly Safety audit/irregularly Engineering contracting contracts/irregularly 	<ul style="list-style-type: none"> Occupational health and safety Sustainable supply chain management Supplier social performance management Contractor management 	Human Resources Department, Strategic Procurement Department, Quality Assurance Unit, and Safety Management Unit.	Our company regularly holds communication meetings with our partners to discuss outsourcing prices and revisions to common terms and conditions in addition to contracts. We also actively communicate and promote occupational safety and partnership management-related matters.

Stakeholder	Description of Relationships	Communication methods/frequency	Main areas of focus	Responsible unit	Communication results
 <p>Public sector and non-profit organizations</p>	<p>SUNON follows government laws and regulations, adheres to the law, and actively cooperates with government activities to fulfill our civic responsibilities. We also consider the needs and suggestions of non-profit organizations, and will absorb and adopt them as directions for future business improvement.</p>	<ul style="list-style-type: none"> · Environmental impact assessment and reporting to competent authorities for record keeping/irregularly · Interaction and communication with competent authorities on related businesses/irregularly · Data reporting, tax payment and compliance/irregularly · Government agency audit operations/irregularly · Seminars and discussions/irregularly · Communication and interaction with experts and scholars/irregularly · Participation in government-organized policy promotion/regulation explanation sessions/irregularly 	<ul style="list-style-type: none"> · Occupational safety and health · Compliance with laws and regulations · Tax policies · Energy management · Greenhouse gas emissions · Air pollution control · Water resources and wastewater management · Waste management and recycling 	<p>Board Secretary Office, General Manager Office, Global Human Resources Department, Finance Department and Safety and Health Department.</p>	<p>Our company assigns relevant units to regularly participate in public sector meetings to discuss relevant policies and regulations, and provide suggestions on the implementation details.</p>
 <p>The electronic industry</p>	<p>As a key player in the industry chain, SUNON improves our industry competitiveness by participating in industry associations and benchmarking with our peers.</p>	<ul style="list-style-type: none"> · Publication of information related to activities of associations and societies on an irregularly basis. · Publication of information related to visits and exchanges with the electronics industry on an irregularly basis. · Various data application and information publication on an irregularly basis. 	<ul style="list-style-type: none"> · Operational and financial performance · Product quality and technology R&D · Green product and service design and development · Employee welfare and compensation · Talent recruitment and retention 	<p>Research and development unit, sales unit, Quality control unit, Global human resources unit.</p>	<p>Our company maintains good interaction with peers in the industry for a long time, and actively participates in various industry-academia associations. Through communication and cooperation, we can obtain the latest information on industry technology development and policies, which serves as a good foundation for business development and strategic cooperation.</p>

Note: This table only briefly describes the issues of concern to stakeholders. Please refer to the relevant chapters of this report for detailed measures.

Management of Material Issues

● Materiality Analysis

The Sustainable Development Committee of the company evaluates the significant sustainability issues that have a material impact on stakeholders based on the company's operational activities, industry type, and value chain each year. This evaluation is conducted through stakeholder engagement and consultation with expert advisors, following the concept of materiality of the GRI 3 standards in its 2021 version. To assess the significant impact of this company on stakeholders regarding sustainability issues, the chairperson of the Sustainable Development Committee shall determine the key sustainability issues for the current period. The results of the aforementioned identification of material issues shall be reported to the Board of Directors. The detailed assessment process is as follows:

Step 1. Identify Key Risks and Opportunities

1. **Summary of Industry Attributes** : Take stock of the company's business items, business models, product or service types, industry types, worker types, etc., and analyze all related industry attributes of the company.
2. **Identifying sustainability issues** : In addition to including significant positive and negative events that have occurred in the past, the company also identifies potential risks or opportunities by communicating feedback from stakeholders, global norms and standards (such as Global Reporting Initiative, United Nations Sustainable Development Goals, Task Force on Climate-related Financial Disclosures, and Sustainability Accounting Standards Board), industry norms and standards, and benchmarking against peers. This is done in order to comprehensively identify sustainability issues related to the company. During the reporting period, a total of 27 sustainability risks and opportunities were identified.

Step 2. The Process of Evaluating Material Issues

1. **Stakeholder feedback** : We used interviews, focus groups, and questionnaires to engage with senior executives, the Sustainable Development Committee, experts, and external stakeholders to evaluate the "impact" and "likelihood of occurrence" of each sustainability risk and opportunity. In 2022, a total of 269 questionnaires were collected, with 33 internal and 236 external responses.

2. **Evaluating Impact** : Different calculation criteria are used for risks and opportunities. Risks (negative issues) include the severity of the event, the scope of the impact, and whether it is reversible or not. Opportunities (positive issues) include the degree of impact and the scope of the impact.
3. **Evaluating the likelihood of occurrence** : Calculated based on the probability of the impact occurring. °
4. **Sorting and determining material issues** : After calculating the impact and likelihood of each risk and opportunity, the significance threshold scores for these two material indicators shall be jointly established by the subcommittees under the Sustainable Development Committee. They will screen the material issues for the current period and report them to the chairperson of the Sustainable Development Committee. The identified material issues will be discussed and decided upon for approval.

In this reporting period, the threshold for both impact and likelihood are set at 2.25 points. After discussions with the chairperson of the Sustainable Development Committee, energy and waste have been identified as key issues in the near term and have been included as significant topics. Therefore, there are a total of 11 significant risks and opportunities this year, corresponding to 9 ESG significant topics.

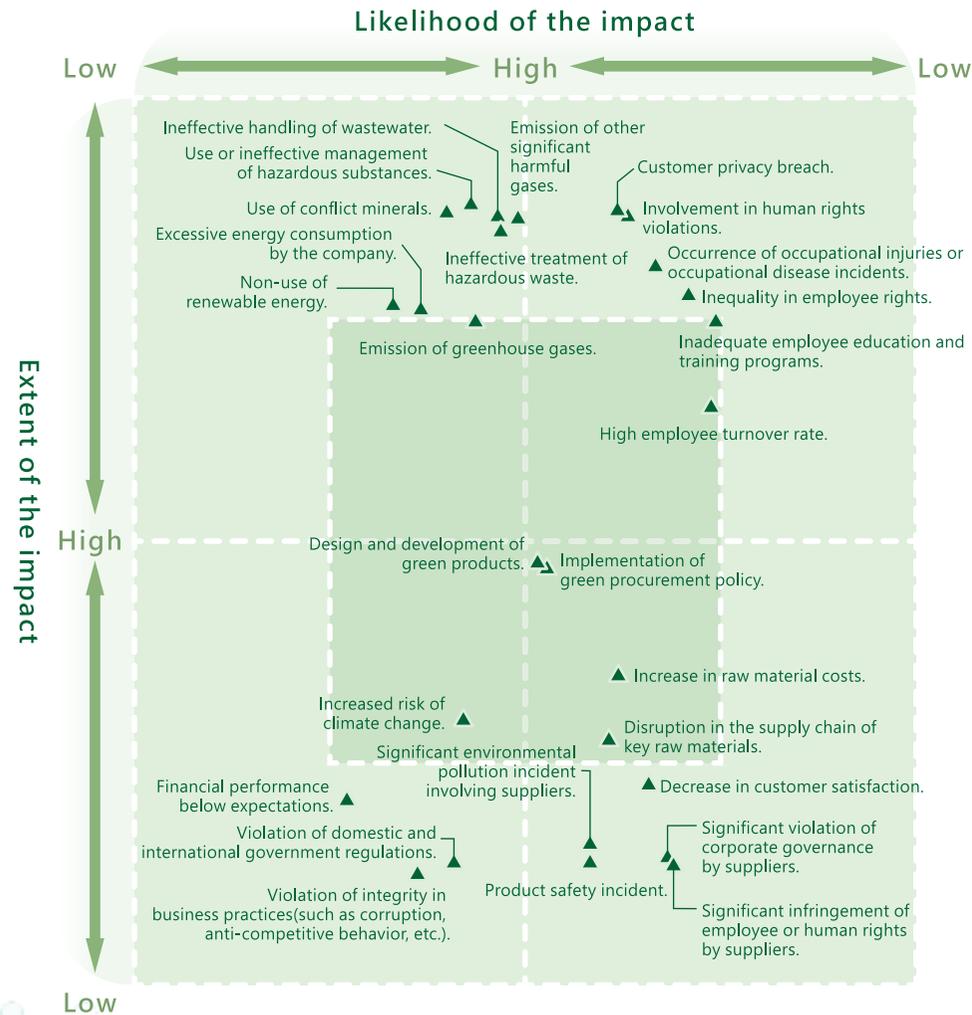
Step 3. Material Issue Information Report

The executive secretary of Sustainable Development Committee determines the corresponding international standards for the material issues, reviews the management policies and goals related to the significant themes, collects annual data to ensure that important sustainability information is fully disclosed in this report, in order to provide a complete response to issues of concern to stakeholders. After the annual sustainability report is compiled, the chairperson of the Sustainable Development Committee reviews the contents of the report again and submits it to the board of directors or other senior management for review and decision-making to ensure that the disclosed information is not improper or misrepresented.

Step 4. Ongoing Review

Regular reviews are conducted each year to assess the implementation of policies related to material issues and the achievement rate of goals. This is done to optimize internal management strategies and qualitative and quantitative goals. After the identification of material issues in the next period, a comparison is made between the differences in the previous and current issues, and the reasons for the differences are investigated and reported in the annual report.

ESG Impact Event (Risk/Opportunity) Matrix and Corresponding Material Issues.



Impact event (risk/opportunity item)	Corresponding material issue
Key raw material supply chain disruption Increased costs of raw materials	Raw material management
Design and development of green products	Green product development
High employee turnover rate	Talent recruitment and retention
Inadequate employee education and training programs	Career development and education and training
Increased risk of climate change	Climate change
Emission of greenhouse gases	Greenhouse gas emissions
Development of green procurement policies	Green procurement
Inadequate handling of hazardous wastes	Waste management
High energy consumption Failure to use renewable energy	Energy management

Compared to the previous identification of material issues, this year's identification process involved the adoption of new criteria. As a result, there have been significant changes in the identified issues, with a substantial increase in environmental and supply chain issues (climate change, greenhouse gas emissions, waste management, energy management, green procurement). On the other hand, issues such as product quality, customer service satisfaction, and occupational health and safety were not included as material issues for this period. However, existing management procedures will be maintained, and operational strategies will be regularly optimized based on actual business conditions and international trends.

Note: Impact refers to the extent of the impact of an event on the standards and stakeholders. Likelihood refers to the probability of the impact event occurring.

Management of Impacts of Material Issue

The Board of Directors of our company is the highest decision-making and supervisory unit for the management of material sustainability issues, and has assigned the Sustainable Development Committee to be responsible for managing material sustainability issues, including taking stock of and reviewing the management policies of material issues, proposing suggestions for optimization and improvement; establishing diverse communication channels with stakeholders, regularly consolidating stakeholder suggestions, determining the types and impact of their opinions, formulating response measures or policies, and reporting them to the Board of Directors. The Board of Directors and the Sustainable Development Committee hold at least one meeting annually to discuss the management of material issues, and formulate new sustainable development directions and strategic goals for the coming year.

Material Issues Affecting Borders

Material Issue	GRI Disclosure Number	Impact and influence <small>Note1</small>		Main management policies <small>Note2</small>	Impact scope (boundary)			KPIs and Targets			Management evaluation mechanism	Report section mapping
		Positive impact	Negative impact		Upstream	Company operation	Downstream	Short-term objectives	Mid-term objectives	Long-term objectives		
								2025	2030- 2035	2050		
Raw material management	GRI 301	▲	●	Promoting suppliers to conduct greenhouse gas inventories to enable the quantification of carbon footprint of raw materials.	√	√	-	1. Achieve a 20% recovery rate for packaging materials in the supply chain. 2. Collect and systematize carbon footprint data from the top 5 suppliers of raw materials.	1. Increase the recycling rate of raw material packaging to 35% 2. Collect and systematize carbon footprint data from the top 10 suppliers of raw materials.	1. Increase the recycling rate of raw materials and packaging materials to 50%. 2. Collect and systemize carbon footprint data for the top 15 suppliers of raw materials.	Internal KPI Control	4.1 Materials Management
Green product development	GRI 302-5	●	-	From the design stage, incorporate sustainability concepts and develop products that are more efficient and environmentally friendly	√	√	√	Continuously improve product energy efficiency	Increase the rate of obtaining energy-saving labels for products	Introduce environmentally friendly plastics	Internal KPI Control	2.1 Product and Service
Green procurement	GRI 204	●	-	Establishing a sustainable supply chain and collaborating with partners to reduce carbon emissions.	√	√	-	1. ESG questionnaire response rate of 50% from suppliers 2. Sustainable management commitment response rate of 50% from suppliers	1. ESG questionnaire response rate of 85% from suppliers 2. Sustainable management commitment response rate of 85% from suppliers	1. Encourage suppliers to conduct greenhouse gas inventory 2. Encourage suppliers to participate in the CDP Carbon Disclosure and Project and Science-Based Targets initiative (SBTi)	Internal KPI Control	3.1.2 Supply Chain Structure

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

Note 2: This management policy list only highlights key policies, strategies, and management objectives. For detailed management policies, please refer to each chapter's explanation.

Material Issue	GRI Disclosure Number	Impact and influence ^{Note1}		Main management policies ^{Note2}	Impact scope (boundary)			KPIs and Targets			Management evaluation mechanism	Report section mapping
		Positive impact	Negative impact		Upstream	Company operation	Downstream	Short-term objectives	Mid-term objectives	Long-term objectives		
								2025	2030- 2035	2050		
Climate change	GRI 201-2	●	▲	Implementing greenhouse gas inventories to identify carbon reduction hotspots, establishing an internal carbon emissions data management mechanism, and disclosing climate change-related data of the group in accordance with the law, and reporting regularly to the board of directors.	√	√	-	1. Obtain green building certification for the new Factory in the Philippines	Compared to the 2022 base year, reduce carbon emissions by 50% by 2035.	Achieving net-zero emissions by 2050.	1. Obtain LEED or equivalent international certification 2. Implement greenhouse gas inventory annually and compare with base emissions	1.5 Climate Change Risks and Opportunities
Greenhouse gas emissions	GRI 305-1~305-4	-	●		√	√	-	2. Establish a greenhouse gas inventory procedure for the group, gradually increase the scope of inventory to scope 3, and accurately calculate the group's carbon emissions.				4.3 Emission Monitoring
Energy management	GRI 302-1 ~ 302-3	-	●	energy conservation / energy procurement / energy generation three-pronged approach	-	√	-	1. Annual fixed reduction of 4.2% energy consumption 2. Introduction of EMS energy management system 3. Continuously replace high-energy-consuming equipment	1. Annual fixed reduction of 4.2% energy consumption 2. Introduction of EMS energy management system 3. Continuously replace high-energy-consuming equipment	1. Annual fixed reduction of 4.2% energy consumption 2. Purchase of green electricity/certificates 3. Grid-connected solar photovoltaic energy	Internal KPI Control	4.2 Energy Management
Waste management	GRI 306-1~306-5	-	▲	Promote waste reduction, classification, and increase the efficiency of waste recycling within the Factory, and reduce the impact on the environment.	-	√	-	By 2025, increase the business waste recycling rate by 3%. By 2030	By 2030, increase the business waste recycling rate by 8%.	By 2050, increase the business waste recycling rate by 22%.	Establish internal KPI controls to monitor progress towards these goals. (Compared to the 2022 base year, increase the recycling rate by the specified percentage).	4.5 Waste Management Regulation
Talent recruitment and retention	GRI 401-1	-	●	Provide a friendly working environment to attract and retain key talents.	-	√	-	1. Acceptance rate (reporting rate) of job offer is 75% 2. Retention rate ^{Note3} of key talents is 85%	1. Acceptance rate (reporting rate) of job offer is 75% 2. Retention rate ^{Note3} of key talents is 90%	1. Acceptance rate (reporting rate) of job offer is 80% 2. Retention rate ^{Note3} of key talents is 90%	Internal KPI Control	5.1 Talent Attraction and Retention
Career development and education training	GRI 404-1	-	▲	Develop clear career paths, provide various training and learning opportunities, and cultivate employees to become professionals in various fields.	-	√	-	1.Achieve an 80% participation rate in training for all employees. 2.Develop and implement a management talent development system.	1.Achieve an 80% participation rate in training for all employees. Promote internal career 2.development and aim for a 75% promotion rate from within for managerial positions.	1.Achieve an employee training participation rate of 80%. 2.Promote a 75% internal employee promotion rate for supervisor positions.	Internal KPI Control	5.3 Diversity and Development

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

Note 2: This management policy list only highlights key policies, strategies, and management objectives. For detailed management policies, please refer to each chapter's explanation.

Note 3 : Key talents refer to core technical talents or other key talents.

Chapter 1:

Corporate Governance and Sustainable Management

Chapter 1

1.1 Organization Overview

1.2 Governance Framework

1.2.1 Governance Framework

1.2.2 Functional Committee

1.3 Operating Performance

1.4 Responsible Business Conduct

1.4.1 Integrity Management

1.4.2 Human Rights Policy

1.4.3 Compliance

1.5 Climate Change Risks and Opportunities

1.5.1 Climate Governance

1.5.2 Climate Risk and Opportunity Identification and Assessment

1.1 Organization Overview

Founded in 1980, SUNON has been focusing on the invention and innovation of core technologies for energy-saving motors for over 40 years. Its micro motor fans are ranked third in the world in terms of shipments. SUNON leads the industry in motor, fan, heat dissipation module, ventilation, and air purification solution fields, constantly innovating and driving product development trends. With years of rich core motor technology, it has developed the world's first MagLev magnetic levitation motor fan, the thinnest and smallest millimeter-sized micro fan, and other products. Its products are not only highly respected in the industry, but also widely used in various industries such as 5G devices, IoT, medical, home appliances, gaming, automotive, industrial, refrigeration equipment, monitoring services, portable products, and green building ventilation. It has successfully obtained the designation of many international brand manufacturers and become their best partner for heat dissipation design.

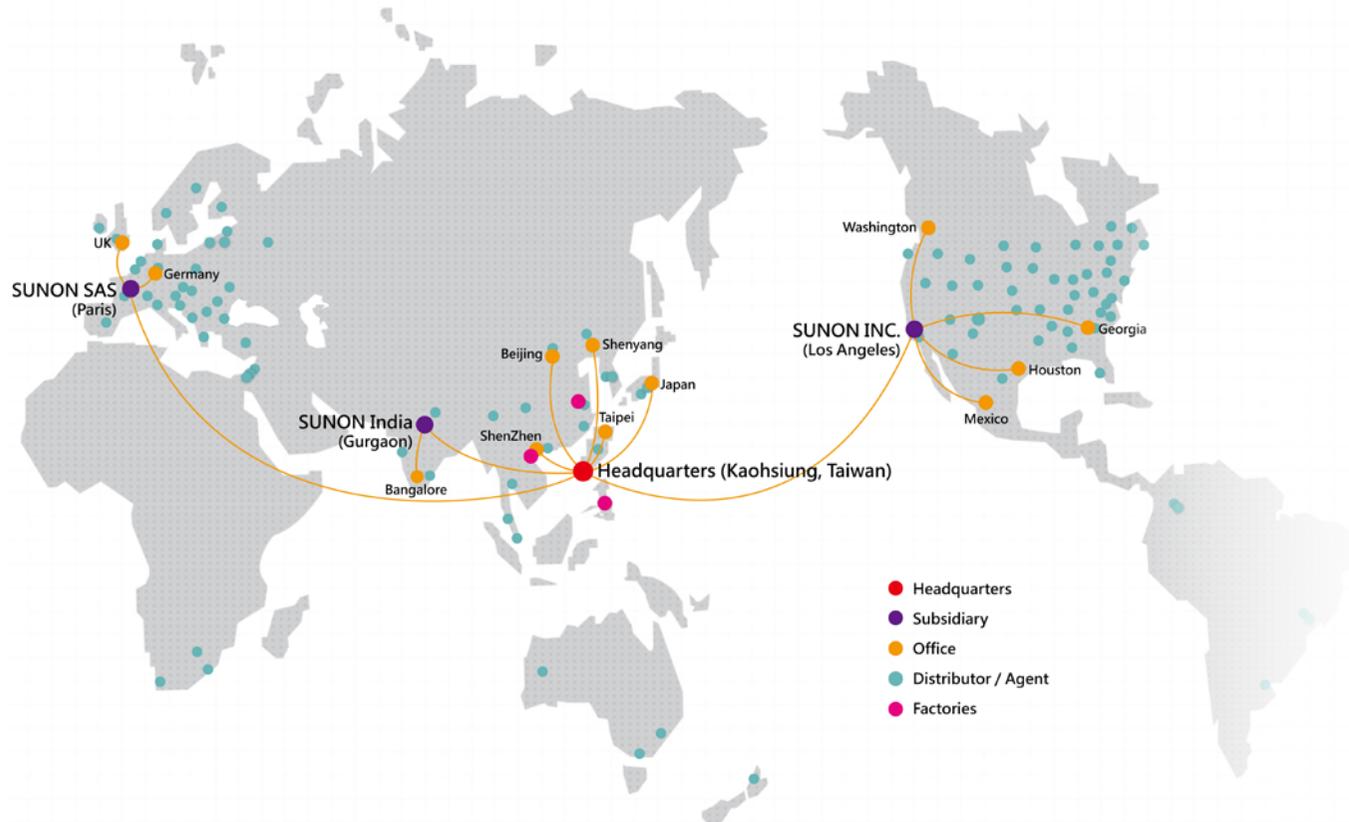
The Headquarters of SUNON Group's business operations is located in Kaohsiung, Taiwan. With subsidiaries and offices in Europe, the United States, China, and more than 120 global distributors and over 1,000 sales service points, it has formed a customer service and technical support network that spans five continents worldwide, enabling it to respond quickly and efficiently to customer needs.

In response to the large-scale production demand, SUNON has four well-equipped professional manufacturing plants in Kaohsiung, Taiwan, Kunshan in Jiangsu Province, Beihai City, under Guangxi Zhuang Autonomous Region, and Bataan in the Philippines. These factories produce a full range of fan, motor, various types of heat sink modules, ventilation fans, and ceiling fan products. With the management of ERP and MES systems, SUNON can meet customers' real-time and flexible needs. They have a high-quality control and production capacity that ranks among the top in the industry.

In order to protect the rights and interests of investors, a communication platform for investor relations has been set up on the company's website to regularly update business information, openly and transparently disclose SUNON operating conditions, and form a long-term, stable, harmonious and interactive friendly relationship between the company and investors.

Company Name	Sunonwealth Electric Machine Industry Co., Ltd.
Company Type	Public Limited Company
Date of Establishment	October 25, 1980
Headquarters	No. 30, Lane 296, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan
Industry	Electronic Components and Product Manufacturing
Main Products/Services	Fans, Motors, Heat Sinks, Ventilation Fans, Air Exchangers, Ceiling Fans
Authorized Capital	NT\$ 2.5 billion
Net Sales	NT\$ 14.06 billion
Number of Employees	6,868

Global Operations Layout



Management Philosophy

Brand:

Building on a foundation of quality, the SUNON brand is a spokesperson for high-quality, high-tech, and market-forward products.

Innovation:

SUNON regards invention and innovation as the only path to maintaining its leading position in the industry.

Value:

The value of SUNON comes from the accumulated R&D wisdom and achievements that go beyond the products themselves.

In order to meet customer needs with the best design flexibility, SUNON relies on a strong R&D team and combines service marketing and production logistics business units to work with customers towards innovative products for the new era. Through our services, we hope to let customers personally experience the true meaning of SUNON's business philosophy of "Brand, Innovation, and Value", and hope that "Because of SUNON, customers can use with peace of mind", "Because of SUNON, systems become smaller and more user-friendly", and "Because of SUNON, society is filled with hope and the future."

Development History

Development History					
Year	Content Description	Year	Content Description	Year	Content Description
1980	Established with a capital of 1 million, focusing on the research, development, manufacturing, and sales of high-precision small motors and cooling fans.	2001	Established the SUNON Invention and Innovation Center in Kaohsiung, Taiwan; launched the world's first brushless DC vibration motor; established a Factory in Kunshan, China.	2014	Launched 400W high-power LED lighting heat dissipation solution; launched ECO DC frequency conversion ventilation fan series products; launched intelligent smartphone heat dissipation protective case.
1981	Obtained the SUNON trademark certificate issued by the Central Standards Bureau; Taipei Factory established.	2002	Established the global operations Headquarters in Kaohsiung, Taiwan; launched the world's smallest millimeter-sized fan 885 mm.	2015	Launched super energy-saving DC motor ventilation fan; the millimeter fan series products are widely used in computer sticks, drones, electronic masks, and virtual reality wearable devices.
1983	Awarded the UL mark in the United States; reorganized as a limited company.	2003	Established the National Sun Yat-sen University SUNON R&D Center through industry-academic cooperation.	2016	Launched dual-stream fresh air machine; launched super energy-saving EC axial flow fan; launched ATEX explosion-proof series fans.
1984	Established the Kaohsiung Headquarters.	2004	Launched new product magnetic levitation AC fan.	2017	Launched commercial large side suction filter ventilation fan; launched VF high-performance series fans.
1987	Obtained the first patent license.	2005	Started providing products that comply with the RoHS directive; passed OHSAS18001 certification.	2018	Launched DC Axial Fan VF dual fan; verified by IATF16949.
1989	Established the Shengyuan Qiren Center, a non-profit organization serving children with multiple disabilities and fulfilling social responsibilities.	2006	Passed ISO/TS16949 certification.	2019	Launched Green Environment Wind dual-stream fresh air machine; launched HVLS super energy-saving large ceiling fan; DC Axial Fan XF full range of models; established Indian subsidiary; invested in the Philippines subsidiary.
1990	Completion of the construction of the Kunshan Factory.	2007	Launched the world's smallest 8mm and thinnest 3mm millimeter-sized fan, blower fan, and module products; relocated and expanded production lines of Sunon Electronic (Foshan) Co., Ltd.	2020	Launched silent ventilation fan (straight); launched Modern HVLS household ceiling fan; launched dual-stream fresh air machine (inlet type); launched AF automotive ventilation seat blower.
1991	Mass production of the self-developed DC brushless cooling fan.	2008	Launched ultra-silent fan series products; verified by IECQ QC080000; launched the new generation of maglev motor fan ME series; published LED indoor lighting bulb heat dissipation module.	2021	Launched 1000W high-power buried water-cooled plate heat sink; launched Intel Whitley Platform high-performance CPU heat sink; launched anti-vibration fan series; ranked 245th in the 2021 Taiwan Top 2000 Manufacturing Industry by Common Wealth Magazine and 28th in the computer peripherals and components category; won the 2021 Taiwan Excellence Award for SUNON Electric's silent (straight) ventilation fan.
1995	Passed ISO 9002 certification; established offices in Hong Kong and Taipei; launched ultra-small and ultra-thin cooling fans.	2009	Launched Super Green Fan and DR MagLev Motor Fan, which is dust-resistant and obstruction-proof.	2022	Launched Intel's new generation server platform Eagle Stream CPU Cooler and obtained certification; launched the new generation ECO EC axial flow fan series; launched DC Axial Fan XG fan; established SUNON plant in Beihai, Guangxi, China; SUNON plant in the Philippines officially began production and shipment.
1996	Obtained ISO 9001 quality assurance certification; established offices in Singapore and Europe; collaborated with the Optoelectronics & Systems Laboratories of the Industrial Technology Research Institute to develop "high-speed CD-ROM spindle motors".	2010	Launched the smart dust-removing fan technology that rotates forward and backward; starting from 2010, regularly carried out GHGs inventory and obtained SGS third-party verification certificate every year; launched LED lighting heat dissipation module series products.		
1997	Established the Nanhai Factory and officially began overseas production; established a US office.	2011	Established a plant in Beihai, Guangxi, China.		
1998	Passed ISO 14001 certification.	2012	Launched IP protection level series fans.		
1999	New products GM and GB series were launched; established a US subsidiary; invested in Yuh Ching Technology for the research and development of DVD spindle motors and modularization; launched magnetic levitation fan motor series products.	2013	Launched Ultra Micro Cooling Device series products.		
2000	Listed on the stock market in September; established subsidiaries in France and Japan.				

● Honors and Achievements

Year	Award Description
2018	Awarded the 2018 Taiwan Excellence Award for the Side-suction Filtered Ventilation Fan.
	Received the 2018 Advanced Unit Award for Implementing Safety and Production Responsibility in Enterprises.
	Received the Zhonghe Award Gold Award for Best Growth in 2017.
	Recognized as a Harmonious Labor Enterprise by Kunshan City.
	Recognized as a Harmonious Labor Enterprise in the Kunshan Economic Development Zone.
	Awarded the Model Workers' Home of Kunshan City in 2018.
2019	Received the third-level safety production standardization enterprise award in Foshan City.
	Awarded the TTQS Gold Award for Talent Development Quality Management System.
	Awarded the Health Workplace Certification - Health Promotion Label.
	Awarded the 2019 Taiwan Excellence Award for the Powerful HVLS Fan Series 1 energy-saving large-volume ceiling fan.
	Awarded the Guangdong Province Health Promotion Enterprise in 2019.
2020	Awarded the 2019 Advanced Unit for Enterprise Safety Production Responsibility Implementation.
	Awarded the 2020 Taiwan Excellence Award (modern HVLS Fan)
	Awarded the 2020 Taiwan Excellence Award (Green Airflow Dual-Stream New Ventilator)
2021	Awarded the 2021 Taiwan Excellence Award for the Silent (Inline) Ventilation Fan.
	Awarded the Gold Medal for Talent Development Quality Management System (TTQS)
2022	Awarded the Silver Medal for "Happy Enterprise" by 1111 Job Bank
	Awarded the 2022 Golden Pin Design Award for the Green Breeze Dual-Flow New Air Fan

● Membership in Public Associations

SUNON maintains a good cooperative relationship with industry associations such as the Electrical and Electronic Industries Association, the Computer Business Association, and the Boutique Brands Association. The company also sends representatives to participate in the Thermal Management Association and other similar industry-academia-research communication and exchange platforms to further understand the future development trends of the electronics industry and the forward-looking practices of international manufacturers in actively investing in new technologies. These efforts help promote interaction and knowledge and skill exchange opportunities among manufacturers, enhancing potential cooperation opportunities. In addition, through relationships with professional associations and industry associations, SUNON ensures information exchange and experience sharing to jointly tackle material regulatory policy promotion or revision, achieve positive results, and create a win-win situation.

In 2022, SUNON joined 8 professional associations, which are listed as follows:

Organization	Membership
Taiwan Society of Tribology Technology	General member
Taiwan Climate Partnership	General member
Taipei Computer Association	General member
Taiwan Excellent Brand Association	General member
Taiwan Thermal Management Association	Director
Kaohsiung Chamber Of Industry	Director
Taiwan Electrical and Electronic Manufacturers' Association	General member
Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC)	General member

1.2 Governance Framework

1.2.1 Governance Framework

SUNON's highest authority is the shareholders' meeting, which elects directors to form the board of directors. The board of directors is the highest governance unit of the company, responsible for overall management decisions. It also sets up functional committees such as the Remuneration Committee, Audit Committee, and Sustainable Development Committee, which respectively supervise the director's compensation, the company's financial statements, and key performance indicators for sustainable development. In addition, the company has an internal audit department to monitor the effectiveness of the company's internal control system. Each committee must regularly report its achievements and decisions to the board of directors to safeguard the rights and interests of the company and all stakeholders.

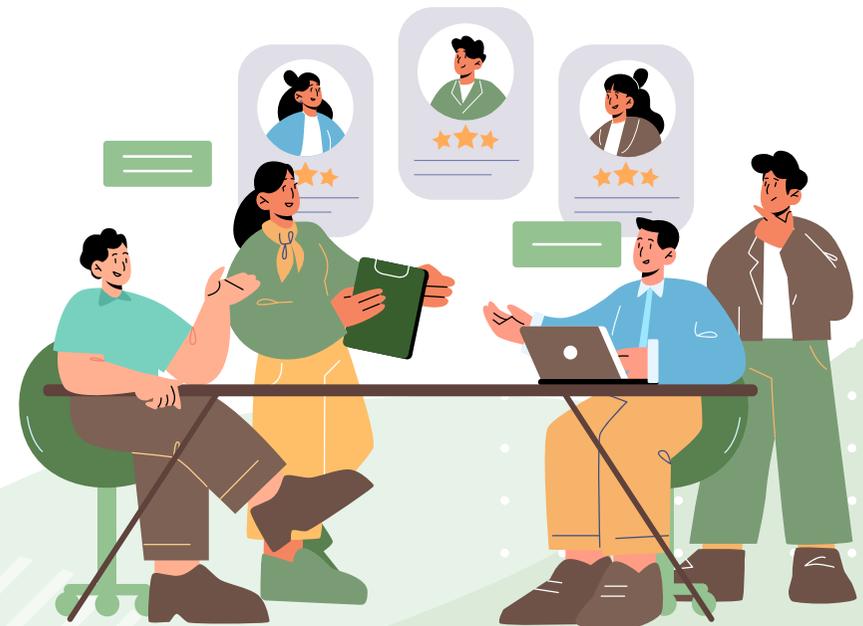


● Board of Directors Operations and Composition

The board of directors plays a balancing and supervisory role between the company's owners and its operators. They exercise the rights and obligations granted by shareholders and develop operational policies based on the interests of stakeholders. They also make decisions on the company's management team, supervise the company's operations, decide on sustainable development strategies, and track their implementation.

SUNON's board of directors is nominated by candidates and elected by the shareholders' meeting, with nine members being selected from the list of candidates. The directors serve a term of three years and are eligible for re-election. The nomination and selection criteria are based on the candidate's independence, professional background, and relevance to the company's business development, as well as the diversity of the board. The current board of directors consists of nine members, including four independent directors, with a male-to-female ratio of 2:1. Their term is from July 1, 2021 to June 30, 2024.

SUNON generally holds a board of directors meeting once a quarter. In 2022, the company held five regular board meetings and no special board meetings, with an average attendance rate of 98%.

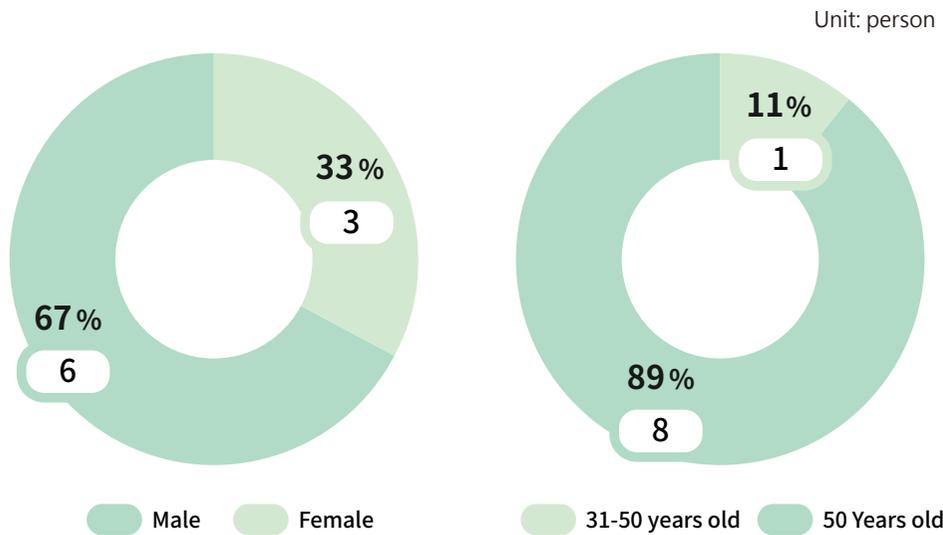


● **Composition of Governance Unit**

Job Title	Tenure	Name	Gender	Age	Concurrent Position	in the Company	Concurrent Position in Other Companies	Functional Committee		
								Audit Committee	Remuneration Committee	Sustainable Development Committee
Chairman	13	Hong Qingsheng	male	30-50 years old	Serving as the General Manager of our company		<ul style="list-style-type: none"> General Manager of Sunonwealth Electric Machine Industry Co., Ltd. Chairman of Sunon Electronic (Kunshan) Co., Ltd. Chairman of Sunon Electronic (Foshan) Co., Ltd. Chairman of Sunon Electronic(Bei Hai) Co., Ltd Chairman of Beihai Li Zhun 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 Thermal Transfer Technology Co., Ltd. Chairman of You Yuan Investment Co., Ltd. 	-	-	√
Director	7	Lin Zengcheng	male	51 years old and above	-		-	-	-	
Director	26	Chen Jingliang	male	51 years old and above	-		<ul style="list-style-type: none"> General Manager of Nice Enterprise Co., Ltd. Supervisor of Taiwan First Biotech Inc. Chairman of Taiwan Fu Hsing Industrial Co., Ltd. Chairman of He-Ti International Development Co., Ltd. 	-	-	-

Job Title	Tenure	Name	Gender	Age	Concurrent Position	in the Company Concurrent Position in Other Companies	Functional Committee		
							Audit Committee	Remuneration Committee	Sustainable Development Committee
Director	13	Chen Liru	female	51 years old and above	Serves as the Director of Strategic Procurement/Information Department of our company.	<ul style="list-style-type: none"> Chief of Strategic Procurement/Information Department at Sunonwealth Electric Machine Industry Co., Ltd. Director of Sunon Electronic (Kunshan) Co., Ltd. Director of Sunon Electronic (Foshan) Co., Ltd. Director of Sunon Electronic (Bei Hai) Co., Ltd. Director of Sunon Corporation Director of Sunon Electronics India Director of Sunon Properties Philippines Corp. Director of Sunon Electronics Philippines Corp. 	-	-	-
Director	13	Hong Chen Fuying	female	51 years old or above	Senior Special Assistant to the General Manager's Office of the Company	<ul style="list-style-type: none"> Senior Special Assistant of Sunonwealth Electric Machine Industry Co., Ltd. Director of Sunon INC. Director of Sunon Electronic (Kunshan) Co., Ltd. Director of Sunon Electronic (Foshan) Co., Ltd. Director of Sunon Electronic (Bei Hai) Co., Ltd. Director of Sunon Properties Philippines Corp. Director of Sunon Electronics Philippines Corp. Chairman of Guangsheng Investment Development Co., Ltd. 	-	-	-
Independent Director	1	Huang Guangzhi	male	51 years old or above	-	<ul style="list-style-type: none"> Honorary Professor, National Kaohsiung University of Applied Sciences Honorary Chair Professor, Cheng Shiu University of Science and Technology 	√	-	-
Independent Director	7	Chen Zhiming	male	51 years old or above	-	<ul style="list-style-type: none"> Director of Zhiming Law Firm 	√	√	-
Independent Director	7	Bai Meixiang	female	51 years old or above	-	<ul style="list-style-type: none"> Director of Fuquan Limited Company 	√	√	-
Independent Director	7	Xin Chunhao	male	51 years old or above	-	-	√	√	-

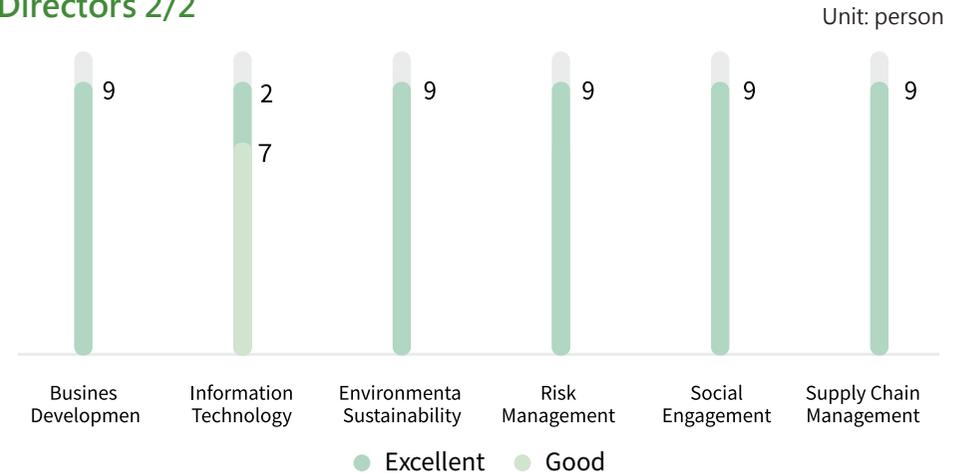
Graph of Gender and Age Distribution of Directors



● **Distribution of Professional Abilities and Experience of Directors 1/2**



● **Distribution of Professional Abilities and Experience of Directors 2/2**



● **Director's Education/Training**

SUNON arranges training courses and forum conferences for directors every year to enhance their professional skills and knowledge related to sustainability issues. In 2022, directors participated in a total of 15 hours of training programs and courses, as well as in material issue forum conferences to strengthen their professional abilities in responding to operational impacts.

● **Executive and Director Compensation Structure**

The remuneration package for the nominated director includes compensation (A), retirement pension (B), director's remuneration (C), business execution expenses (D), and the proportion of the total amount of A, B, C, and D in relation to post-tax net income. The Remuneration Committee will refer to industry standards and the individual performance of the directors to adjust their personal compensation accordingly. In addition to fixed salaries and retirement pensions, performance bonuses will also be calculated based on various performance indicators.

The compensation system for SUNON's senior management is proposed by the Remuneration Committee to the board of directors for approval. In addition to fixed salaries and retirement pensions, performance bonuses will be calculated based on various performance indicators. The retirement system for senior management is the same as for other employees.

● The Retirement and Resignation Policy for the Board of Directors and Senior Management

The notice period and calculation of severance pay for the departure of SUNON's directors and senior management are determined according to local government regulations and are no different from those for other employees. In addition to severance pay, no other payments or benefits in kind will be provided to departing directors and senior management.

● The Linkage Between the Remuneration of Directors and Senior Management and Sustainable Development Performance

The compensation for directors and senior management has not yet been linked to sustainable development performance, but our company plans to develop relevant systems in the future. Starting in 2022, we expect to gradually introduce sustainable development performance indicators and link rewards to individuals' participation in sustainability issues and achievement of sustainable development goals, thereby strengthening the accountability of directors and senior management to the company's sustainable vision.

● Recovery Mechanism

To ensure the company's sustainability and ethical operations, if there are significant risk events that may affect the company's reputation or significant incidents of improper internal management, the Jun-Chun business ethics management procedure will be followed. If any director or employee is penalized due to misconduct, their approved compensation or rewards should be revoked, and any bonuses already received should be recovered according to the relevant regulations.

● Board Performance Evaluation

To further enhance the efficiency of the Board of Directors and strengthen corporate governance, the company generally conducts individual self-performance evaluations of board members on an annual basis. The evaluation encompasses the following six material dimensions:

1. Mastery of the company's goals and mission.
2. Awareness of director responsibilities.
3. Level of involvement in company operations.
4. Management of internal relationships and communication.
5. Professionalism and ongoing education of directors.
6. Internal control.

2022 Performance Evaluation Results

The internal evaluation results for the current year are excellent, with an average score of 4.95 out of 5 points, indicating that the board of directors are operating effectively and in compliance with corporate governance requirements. The company has submitted the report results to the board of directors.

Implementation Status of Board Evaluation

Evaluation cycle	Evaluation date	Evaluation method	Evaluation scope	Evaluation result
Once a year	January 1, 2022 to December 31, 2022	Internal self-evaluation	Individual directors	★ Average of 4.95 points; Excellent grade (Out of 5 points; The highest rating is "Outstanding").

● Conflict of Interest Management

The articles of association of SUNON include provisions on conflict of interest in the board of directors' meeting regulations, Remuneration Committee, and Audit Committee regulations. If a director's proposal involves his or her own interests, spouse and second-degree relatives, or companies with controlling or subsidiary relationships with the director, the director should explain the conflict of interest at the board meeting. If there is a risk of harm to the company's interests, the director cannot participate in the discussion and vote, and should recuse themselves, and not act as a proxy for other directors' voting rights. The relevant director's name, important content description, and avoidance situation are recorded in the meeting minutes. Directors and managers must also complete an annual statement on related-party transactions and report the results to the Audit Committee.

In addition, the company has also established codes of conduct for integrity for employees at different levels, ethical codes of conduct for directors and managers, and employee codes of ethics. The company's governance unit supervises the implementation of these codes of conduct and regularly reports the results to the board of directors. As of the end of 2022, there have been no significant conflicts of interest incidents at SUNON.

1.2.2 Functional Committee

● Sustainable Development Committee

In 2022, SUNON established a Sustainable Development Committee as the company's highest-level internal specialized unit for sustainable development. The chairman of the Sustainable Development Committee is the chairman of the board of directors, and the vice president is the Chairperson who is appointed to assign an executive secretary.

The Sustainable Development Committee is mainly responsible for managing, deciding, and supervising the governance strategies of significant sustainability issues related to the company's operations, the effectiveness of policy implementation, and the achievement rate of goals. They report on their execution results to the board of directors on a quarterly basis.

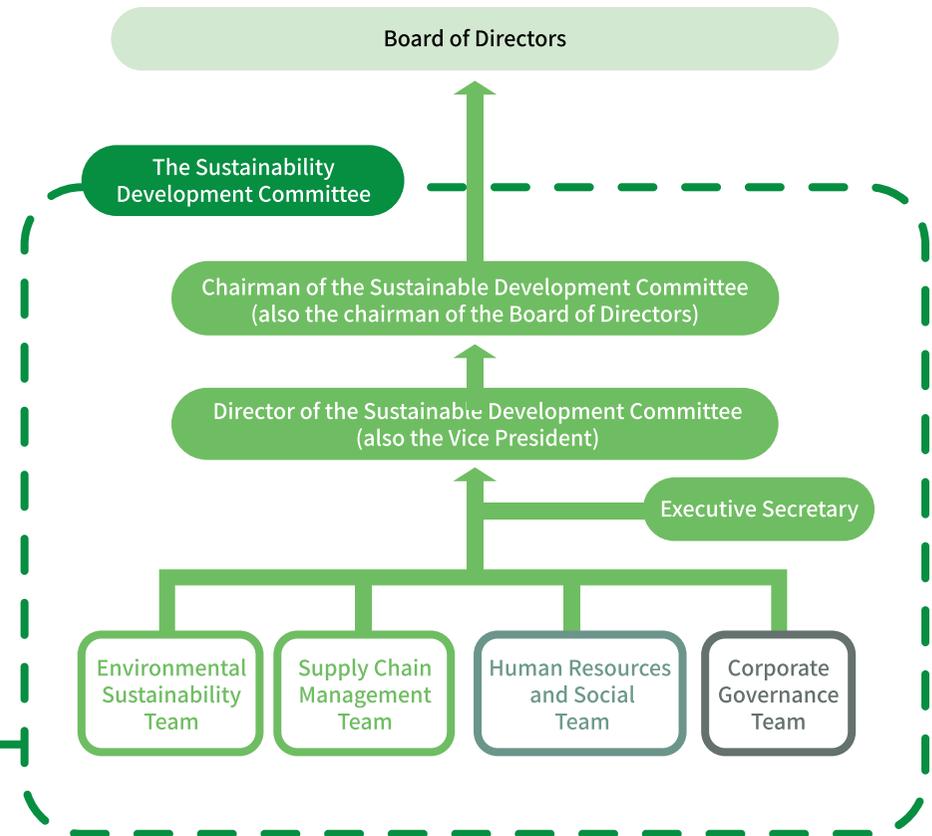
Under the committee's jurisdiction, four execution teams were established based on their functional responsibilities: The Environmental Sustainability Team, the Supply Chain Management Team, the Human Resources and Social Team, and the Corporate Governance Team. The Chief Sustainability Officer coordinates the four execution teams to accomplish the spirit of sustainable management.

The execution teams are responsible for identifying the material sustainability issues related to the company's operations, formulating management strategies and goals, and preparing annual sustainability reports. The Chief Sustainability Officer regularly reviews the performance and achievement of goals of the execution teams and reports to the chairman of the Sustainable Development Committee.

Responsibilities of the Sustainable Development Committee

1. Report to the Board of Directors on a quarterly basis.
2. Convene meetings regularly to collect relevant information.
3. Investigate key issues related to stakeholders.
4. Propose preliminary identification of key sustainability issues.
5. Determine key sustainability issues.
6. Establish short-, medium-, and long-term goals and KPIs for key sustainability issues.
7. Review the progress/KPIs of sustainability performance.

● Organizational Chart of The Sustainability Development Committee



Implementation Status of The Sustainability Development Committee

In 2022, the SUNON Sustainable Development Committee reported a total of four significant matters to the Board of Directors. Mainly related to the organization and responsibilities of the Sustainable Development Committee, as well as analysis results and project progress reports on material issues identification.

Communication Items Between the Sustainability Committee and The Board of Directors in 2022

Reporting Date	Material issues Reported to the Board of Directors
August 5, 2022	<ol style="list-style-type: none"> 1. Organization and responsibilities of the Sustainable Development Committee 2. Functions of various task groups
November 3, 2022	<ol style="list-style-type: none"> 1. Completed identification questionnaire and analysis of material issues for all stakeholders of the company 2. Planning of the sustainability project schedule for 2022

Remuneration Committee

The members of the Remuneration Committee are appointed by the Board of Directors and the number of members shall not be less than three, one of whom shall act as the convener. The term of office of the members of the Remuneration Committee shall be the same as that of the board of directors who appointed them. The current Remuneration Committee consists of three members, all of whom are independent directors, meeting the independence requirements under the regulations. In 2022, two meetings were held, and the attendance rate of the members was 100%.

Our company has established the Organizational Regulations for the Remuneration Committee. The duties of the Remuneration Committee are as follows:

1. Develop and periodically review policies, systems, standards, and structures for the evaluation of the performance of directors and executives, as well as their remuneration.
2. Periodically evaluate and establish remuneration for directors and executives.

The employee and director' s remuneration to be paid annually are approved by the Remuneration Committee and then submitted to the Board of Directors for approval, and reported at the shareholders' meeting. The allocation of employee and director remuneration for 2022 will be reported at the Company's shareholders' meeting on June 9, 2023.

Audit Committee

The Audit Committee of our company consists of 4 independent directors and their term is the same as that of the current board of directors. Its responsibilities include reviewing the company's financial statements, supervising the appointment and independence of the certifying accountant, establishing or revising internal control systems, and monitoring the company's compliance with relevant regulations and internal rules. The committee typically meets four times a year and may invite department heads, internal auditors, accountants, legal advisors, or others to attend as necessary. In 2022, the committee held four meetings and achieved a 100% attendance rate.

1.3 Operating Performance

SUNON holds an annual business planning meeting in the fourth quarter of each year, during which each department drafts the budget for the next year and sets operational targets for the next year based on domestic and international trends. Each department also sets performance targets. Quarterly business performance meetings are held throughout the year to discuss the recent business performance and confirm the expected target achievement rate, in order to adjust the company's operating mode as necessary.

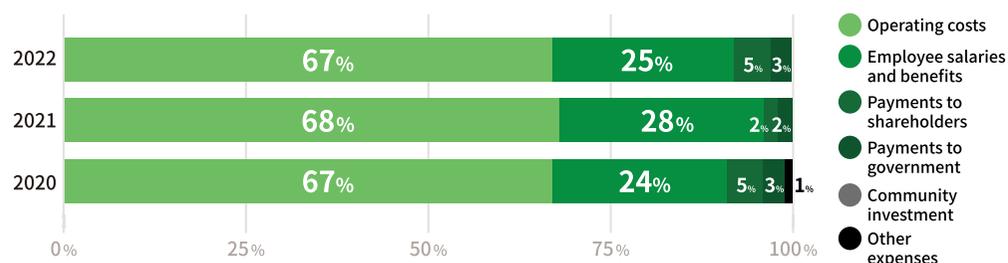
SUNON's total revenue in 2022 was 14.063 billion NTD, with a net profit after tax of 1.089 billion NTD and earnings per share of 4.34 NTD.

SUNON's Operating Revenue, Net Profit and Earnings Table for The Past Three Years

Annual	2020	2021	2022
Net Operating Revenue (NTD '000)	12,781,281	13,561,804	14,063,308
Profit before tax (NTD '000)	1,088,403	585,230	1,425,877
Net profit after tax (NTD '000)	851,650	429,253	1,089,095
Earnings per share (NTD)	3.39	1.71	4.34
Cash dividends per share (NTD)	2.4	1.2	2.6

The company analyzed its annual financial status from the perspective of economic distribution of stakeholders according to the Global Reporting Initiative (GRI). The total direct economic revenue (including industry and non-industry revenue) for this year was 14.415 billion NTD, and the total economic distribution amount was 13.979 billion NTD. The top three distribution items were operating costs (66.5%), employee salaries and benefits (25.5%), and payments to shareholders (5.0%).

Percentage breakdown of economic distribution items for each year



Note: In the chart, the percentage for "Others" in 2022 is not displayed as it accounts for less than 0.1% of the total.

SUNON's Income Distribution Table for the Past Three Years

(Unit: New Taiwan Dollars, thousand)

Economic value	Item/Account	2020	2021	2022
Direct economic value	Net operating revenue	12,781,281	13,561,804	14,063,308
	Financial investment income	26,077	24,833	19,075
	Government subsidies received	29,343	36,759	34,063
	Other income	103,759	128,603	298,851
Generated direct economic value		12,940,460	13,751,999	14,415,297
Economic distribution	Operating costs	(8,539,067)	(9,231,488)	(9,292,834)
	Employee salaries and benefits	(3,067,319)	(3,790,144)	(3,560,055)
	Payments to shareholders ^{Note 1}	(625,994)	(329,274)	(696,817)
	Payments to government ^{Note 2}	(296,437)	(231,182)	(425,248)
	Community investment	(1,000)	(1,300)	(69)
	Other expense	(161,224)	(40,474)	(3,596)
Distributed economic value		(12,691,041)	(13,623,862)	(13,978,619)
Retained economic value		249,419	128,137	436,678

Note 1: Includes financial costs and cash dividends for the current year's profit distribution resolution (the distribution amount for 2022 is the amount distributed by the resolution of shareholders' meeting on June 9, 2023).

Note 2: Includes taxes and various expenses paid to the government, including the current year's income tax expense.

1.4 Responsible Business Conduct

1.4.1 Integrity Management

SUNON Construction adheres to the corporate culture of "integrity management" and takes "integrity, accountability, fairness, and transparency" as the highest guiding principles. The company integrates ethical values and integrity management into its business strategies and has formulated various regulations and guidelines, such as "Corporate Governance Practice Guidelines," "Corporate Social Responsibility Practice Guidelines," "Integrity Management Guidelines," "Code of Conduct and Behavior Guidelines," and "Code of Ethics." These regulations require all directors, executives, and employees throughout the organization to abide by various codes of conduct and ethical standards, prevent all forms of misconduct such as fraudulent behavior, embezzlement of public funds, or disclosure of business secrets, and gain public trust to ensure the company's sustainable development. There is also an independent audit department responsible for overseeing compliance, and the relevant standards for integrity management are included in the annual general business audit items to prevent any fraudulent behavior. The independent audit department reports to the board of directors annually.

Our company's commitment to responsible business practices is as follows, and will be disclosed in the company's annual report and website.

Approval Unit	Execution Unit	Policy Norms	Reference Documents
Board of Directors	Relevant departments	Code of Conduct for Business Integrity	Code of Conduct for Business Integrity for Listed and OTC Companies
Board of Directors	Relevant departments	Operating Procedures and Behavioral Guidelines for Business Integrity	Code of Conduct for Business Integrity for Listed and OTC Companies
Board of Directors	Directors/Executives	Code of Ethics	-

* Code of Conduct for Business Integrity
<https://www.sunon.com/download/investor/03/03-3/d03-3-5.pdf>

* Operating Procedures and Behavioral Guidelines for Business Integrity
<https://www.sunon.com/download/investor/03/03-3/d03-3-5.pdf>

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

SUNON has implemented a series of measures and management mechanisms to guide and implement the interests of various business unit members and stakeholders, understand the company's integrity policy, and promote it regularly. These measures include signing relevant documents, regularly holding education and training courses (a total of 6 kinds of courses this year), and conducting due diligence on suppliers to facilitate review and screening.

Identity	Time Point	Documents to be Signed	Signing Ratio	
Employee	Newly hired employees	At the time of employment	Employment Contract	100%
	Current employees	Project confidentiality agreement	Non-disclosure Agreement for the Project	100%
		When undertaking specific projects	Personal Data Confidentiality Undertaking	100%
Business partner	New suppliers	Before contract signing	Supplier Survey	100%
			Integrity Pledge	100%
	Existing suppliers	During contract signing	Quality Acknowledgement	100%
			For special procurement requirements	Non-Disclosure Agreement (NDA)

Note: The Non-disclosure Agreement for the Project, Personal Data Confidentiality Undertaking, and Pledge are only applicable to specific personnel, and all of the personnel involved have completed the signature process.

To mitigate the impact of any behavior that violates the principles of ethical business practices and professional ethics, SUNON provides an internal whistleblower reporting mechanism for employees at each operating locations to report such behavior. Suppliers and stakeholders can also make reports or complaints through external reporting channels to report any illegal or unethical behavior.

Reports can be made through the internal and external reporting channels set up on the company's website, including email and hotline. The reports are received and investigated by the HR department, who examine the contents and relevant evidence. If the reported issue involves a director or manager, it should be reported to the independent directors. Any illegal or unethical behavior that is substantiated and deemed serious will result in immediate termination to ensure the integrity culture and ethical business practices of SUNON.

In addition to reviewing non-compliant cases, providing improvement recommendations, and improving company management processes and internal control procedures, the Audit Office also analyzes risk categories for non-compliant cases (such as corruption, unfair competition, violations of laws and regulations, etc.). If the non-compliant event is actually fined by the relevant unit and the amount of the fine exceeds one million yuan in accordance with the regulations of the stock exchange, it will be considered a significant risk or non-compliance.

1.4.2 Human Rights Policy

The company refers to international human rights conventions such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and International Labor Organization Declaration of Fundamental Principles and Rights at Work, in order to implement the Responsible Business Alliance (RBA) Code of Conduct. Policies on non-discrimination, freedom of association for employees, prohibition of child labor, and prevention of forced labor are established to safeguard the basic rights of employees and stakeholders.

To ensure that our suppliers and contractors also implement our human rights policies, we have included human rights clauses in our social responsibility policy and commitment statement. All suppliers and contractors are required to sign and comply with these regulations. The company also conducts regular audits to ensure that human rights policies are implemented and enforced by suppliers and contractors.

The Company identifies and evaluates human rights issues through issue recognition, assessment of applicable subjects, and different due diligence methods, assessing human rights issues and subjects that pose risks, and then formulating human rights policies and risk mitigation measures and compensation mechanisms. In 2022, human rights issues with potential risks were identified, including discrimination, freedom of association for employees, child labor, youth labor, and forced labor.

Please see the table below for details :

Topic	Non-discrimination	Freedom of association	Child labor	Youth labor	Forced labor
Policy	Anti-discrimination management procedure	Freedom of association management procedure	Prohibition of child labor and misuse of remediation procedures	Management procedure for underage workers, students, interns, and work-study students	Anti-punishment, forced labor, and prison labor management procedure
Level of establishment	Chairman of the Boards	Chairman of the Boards	Chairman of the Boards	Chairman of the Boards	Chairman of the Boards
Supervisory unit	Global Human Resource Division	Global Human Resource Division	Global Human Resource Division	Global Human Resource Division	Global Human Resource Division
Applicable objects	All employees	All employees	All employees, external workers, and suppliers	All employees	All employees, suppliers
Due diligence investigation method	None	None	Entry inspection	Entry inspection	Global Human Resource Division tracks employee working hours on a monthly basis.

Topic	Non-discrimination	Freedom of association	Child labor	Youth labor	Forced labor
Risk assessment method	Number of cases	Number of cases	Number of cases	Number of cases	Monthly overtime hours exceeding the legal working hours
Risk level	Low	Low	Low	Low	Low
Preventive measures	In matters such as hiring, training, salary compensation, promotions, termination, or retirement, differences based on gender, nationality, religion, health condition, or any other factors should not occur.	Under compliance with legal regulations, employees are allowed to independently organize and operate labor unions and various types of associations. The company is prohibited from restricting such activities.	The Global Human Resource Division identifies the identity of individuals during personnel recruitment and ensures that they are at least 16 years of age.	Assessments are conducted on the working conditions and potential risks for underage workers. Necessary safety education and training, as well as labor protective equipment, are provided. Additionally, young workers are prohibited from engaging in hazardous or harmful work.	The Global Human Resource Division conducts monthly statistics of employee working hours, and supervisors appropriately allocate the workload, to avoid excessive overtime hours or inadequate rest time, which could impact the physical and mental well-being of employees.
Mitigation and compensation measures	Employees can complain through various complaint management channels. Once verified, the company will take disciplinary action, and serious situations will be reported to the government for handling.	Follow-up matters will be handled according to internal reporting/ external competent authority complaint channels.	If the incorrect employment of an individual under the age of 16 is discovered, immediately stop their work, settle all their salaries, and take remedial measures.	Regularly assess the physical and mental well-being of young workers. If there are concerns about working conditions or management measures, they should be able to report them through internal channels for complaints or grievances.	Employees have the option to lodge their complaints directly with the global Human Resources department/ management department or the General Manager, either verbally or in written form. Alternatively, they can submit their complaints by depositing a complaint letter in the suggestion box. The Global Human Resources department/Management department will conduct an investigation and make a response within one week after receiving opinions or complaints.

Note: This table contains internal documents related to human rights standards, and contains confidential information, therefore it is not intended for public disclosure.

To implement various human rights policies and ensure that employees, workers, and suppliers understand the established human rights policies, the company regularly reviews and notifies relevant personnel of the policies. The company also uses public events, courses, or lectures to educate and promote awareness(Note). The company has established an employee feedback platform and a suggestion box to facilitate discussions and address any doubts or concerns regarding human rights policies. Internal employees can utilize these channels to raise their issues. For external workers and suppliers, they can report concerns to the respective responsible units, such as the Global Human Resource Division or the Strategic Purchasing Department, ensuring smooth communication for all workers and suppliers regarding human rights-related matters. To maintain a fair and just procedure for investigating and reviewing whistleblower cases, a cross-functional team consisting of the global human resources department is responsible for investigating and reviewing whistleblower reports and developing improvement measures. Furthermore, the company arranges labor rights education courses for new employees during onboarding to ensure that new employees are aware of their human rights-related rights and interests.

Note: In 2022, courses were only conducted at the following locations: the Headquarters in Kaohsiung, the Taipei office, the Kunshan Guangxing Factory, and the Beihai Li Zhun Factory.

Our company did not experience any human rights violations such as discrimination, employing child labor, or forced labor in 2022. To maintain this environment, we will continue to improve our related training courses and supporting measures.

1.4.3 Compliance

SUNON adheres to the laws and regulations of the locations where its operations are based, with compliance with regulations as a basic requirement. If any violations are found, the responsible unit will clarify the reasons for the violations, discuss and formulate improvement measures to prevent such incidents from happening again. No material legal violations occurred in 2022. (A material violation is defined as a fine amount exceeding one million NTD according to the Taiwan Stock Exchange regulations.)

1.5 Climate Change Risks and Opportunities

1.5.1 Climate Governance

Disclosure Items	Recommended by the Task Force on Climate-related Financial Disclosures (TCFD)	SUNON Response Measures
Governance	The board of directors' oversight of climate-related risks and opportunities	<p>Our company has a Sustainable Development Committee as the highest organization for climate change management, chaired by the chairman of the board and with the vice president as the chief commissioner. Every year, the committee reviews the company's climate change strategy and goals, manages climate change risks and opportunities, and reviews the execution status and future plans, leading the environmental, governance, supply chain, and human resources four material functional organizations to implement climate change-related management work and regularly report to the board of directors.</p> <p>We have set up an environmental sustainability group, led by the head of the occupational safety and health department, to promote greenhouse gas reduction, improve environmental management performance, and environmental risk control.</p> <p>We have set up a supply chain management group, led by the head of the procurement department, to seek sustainable strategy partners to create maximum supply chain value and to response to the market uncertainty risks.</p> <p>We have set up a Human Resource and Social Team, led by the head of the human resources department, mainly responsible for employee care and welfare issues and social public welfare investment planning. The main purpose of the Team is to understand the climate risks that stakeholders are concerned about and identify how climate risks may impact the company' s reputation.</p> <p>We have set up a corporate governance group, led by the vice president, mainly identifying climate risks and assessing and responding to climate impacts and environmental issues in their respective areas of responsibility.</p>

1.5.2 Climate Risk and Opportunity Identification and Assessment

Disclosure Items	Recommended by the Task Force on Climate-related Financial Disclosures (TCFD)	SUNON Response Measures			
<p>The short, medium, and long-term climate-related risks and opportunities identified by SUNON</p>		SUNON identifies significant risks and opportunities related to climate change, including			
		Short term	Medium term	Long term	
		<p>Transition Risk:</p> <ul style="list-style-type: none"> Market : Fluctuations in energy prices and supply chain disruptions Technology : Energy transition, such as investments in green energy 	<p>Transition Risk:</p> <ul style="list-style-type: none"> Policy and Regulations : Greenhouse gas (GHG) emissions control and GHG reduction targets Technology : Energy transition, such as investments in green energy. Development of low-carbon technologies. Fluctuations in carbon prices 	<p>Transition Risk:</p> <ul style="list-style-type: none"> Policy and Regulations : Increase in greenhouse gas emissions pricing (cap-and-trade systems, carbon taxes, energy taxes). 	
		<p>Physical Risk: Increased severity of extreme weather events such as typhoons and floods.</p>		<p>Physical Risk: Rising average temperatures.</p>	
<p>The impacts of climate-related risks or opportunities on SUNON's business, strategies, and financial planning, as well as the establishment of management systems to address those impacts.</p>		<p>Market Opportunity: Growing demand for low-carbon products and services, policy incentives.</p>		<p>Market Opportunity: Supply chain low-carbon transformation.</p>	
		<p>SUNON faces significant climate risks primarily from key stakeholders such as clients and investors who demand greenhouse gas reduction and product energy efficiency standards. These risks also include unavoidable geographic climate risks due to the internationalization of production bases. Additionally, international carbon tariffs and requirements related to product carbon footprints, coupled with decarbonization requirements in the upstream supply chain, may lead to green inflation, which is a potential risk arising from climate change. On the other hand, climate change also presents opportunities, primarily in terms of products and services. Under the trends of energy conservation, environmental protection, and low carbon, there will be more market opportunities for innovative products that cater to these needs.</p>			
		<p>Primary Transformation Risk</p>	<p>Primary Physical Risk</p>	<p>Primary Climate Opportunities</p>	
<p>Operational or Financial Impact: Production shutdowns result in decreased revenue, fluctuations in energy prices increase operating costs, and the demand for energy transition increases capital expenditures.</p> <p>Response Strategies:</p> <ol style="list-style-type: none"> To reduce greenhouse gas emissions and mitigate potential power supply shortages amid global energy transitions, the company plans to gradually implement strategies in each Factory site aimed at reducing carbon footprint and minimizing other environmental impacts. These strategies may include improving energy efficiency, establishing solar panel installations for renewable energy self-sufficiency, adopting energy storage systems, increasing the use of green energy, and minimizing energy waste. To offset their unavoidable carbon emissions and achieve net-zero emissions goals, they are considering investing in carbon offset projects and purchasing carbon emission quotas 	<p>Operational or Financial Impact: Increased operating or maintenance costs, as well as the potential impact of typhoons or floods, may affect the operation of the Factory, leading to production line shutdowns and resulting in a decrease in revenue.</p> <p>Response Strategies: Establishing a climate risk management system and integrating it into the enterprise risk management framework, while incorporating insurance costs into financial planning, can help mitigate the operational losses caused by natural disasters</p>	<p>Operational or Financial Impact: To increase the revenue, share of green products and enhance product competitiveness.</p> <p>Response Strategies:</p> <ol style="list-style-type: none"> SUNON is committed to the continuous development of high-performance, energy-efficient fan products/heat dissipation modules and low-power consumption ceiling fans that comply with green building standards. SUNON engages in long-term planning and collaborates with its supply chain to establish product and service solutions that are low carbon, energy-efficient, and promote recycling and reuse. By doing so, SUNON aims to achieve sustainable operations and create shared value with its customers. SUNON emphasizes strengthening communication with the government and stakeholders, actively participating in the formulation and implementation of relevant policies, and seeking government support and encouragement. This includes initiatives such as advocating for tax incentives and subsidies to promote low-carbon transformation. 			
<p>SUNON incorporates a human-centric approach in its strategies and takes into consideration various climate-related scenarios</p>		<p>SUNON has not yet implemented climate scenario analysis in the current year, but it plans to do so in 2023. The company intends to reference the 1.5-degree scenario published by the International Energy Agency (IEA) to simulate and analyze the future impacts of climate change. Based on this analysis, SUNON will establish science-based greenhouse gas reduction targets (SBTs) and estimate future carbon reduction levels. These will serve as reference points for adjusting operational strategies.</p>			

Chapter 2:

Innovative Research and Development of Sustainable Products

Chapter 2

2.1 Product and Service

2.1.1 Product and Service Overview

2.1.2 Green Product Development

2.2 Product Quality and Safety

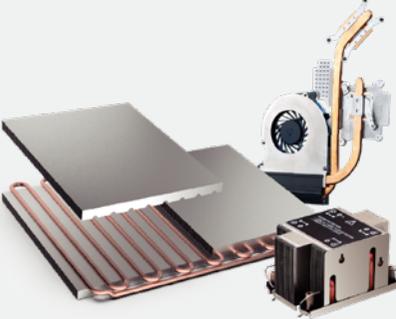
2.1 Product and Service

2.1.1 Product and Service Overview

SUNON has been continuously developing energy-saving motor technology for over 40 years. Through product innovation, the company is committed to continuously improving product energy efficiency and providing complete heat dissipation and ventilation solutions and services for industries related to environmental sustainability. The main products of SUNON are divided into four categories: cooling fans, cooling modules, ceiling fans, and building ventilation/exhaust fans, which are widely used in various industries such as 5G equipment, IoT, automotive, energy, industrial, medical, household appliances, portable products, and green building ventilation.

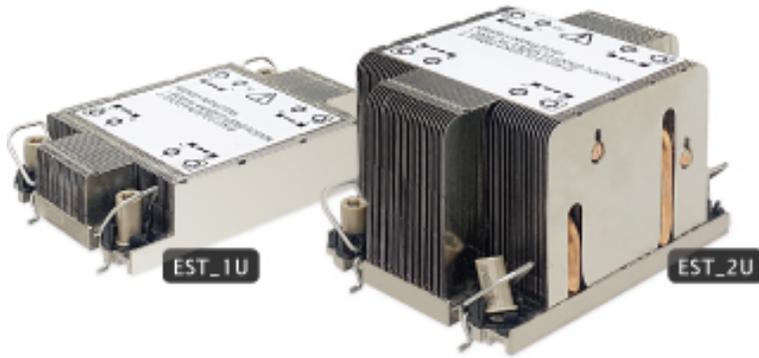
SUNON has accumulated years of experience in industrial heat dissipation treatment, providing a one-stop service process of CMSEM (Co-design, Model building, Simulation and optimization, Estimation and validation, and Mass production). The company collaborates with global customers to design heat dissipation solutions that meet their system requirements, accelerating industry technology and product upgrades, and gathering industry forces to achieve a more comfortable, convenient, healthy, energy-saving, and low-carbon social vision.

SUNON Primary Product Categories and Uses

	Fan	Heat Sink Module	Ceiling Fan	Exhaust Fan, Ventilation Fan
Product Categories				
Product Introduction	Translation: Develop a series of micro-fan products using core technology for energy-saving motors, with fan sizes ranging from 8mm to 250mm. Innovative technology provides more power-efficient, quieter, and longer-lasting cooling fans.	SUNON provides a range of cooling modules that can be flexibly configured with active, passive, or water-cooled components to tailor the best cooling system for customers' products in limited spaces. These cooling modules meet specific requirements from functionality, appearance, and cost to product experience.	The use of high-efficiency BLDC motor drive, combined with patented tail wing design, can effectively reduce wind resistance and eliminate noise, achieving the effect of low speed and high air volume. It provides a high-quality ventilation option with the lowest energy consumption for large spaces.	Ventilation fans and dual-flow fresh air machines combine with SUNON's energy-saving motor technology and acoustic quality engineering to create energy-efficient, quiet, fresh and comfortable new-generation green building ventilation products for consumers. The products follow Germany's pursuit of craftsmanship and the beauty of minimalism in design, creating a new experience that combines aesthetic appeal with good indoor air quality.
Sage Explanation	Applications in industries such as 5G devices, IoT, servers, automotive electronics, energy, industrial, medical, home appliances, and portable devices.	NB, PC, servers, industrial computers, automotive electronics, metaverse, energy, and other industry applications.	Factories, farms, greenhouses, hangars, sports arenas, logistics warehouses, supermarkets, exhibition halls, and other venues.	Residential areas, hotels, restaurants, commercial offices, postpartum care centers, nursing homes, hospitals, and childcare facilities, among other areas of use.

2022 New Product Launch Introduction

Intel EST CPU Cooler



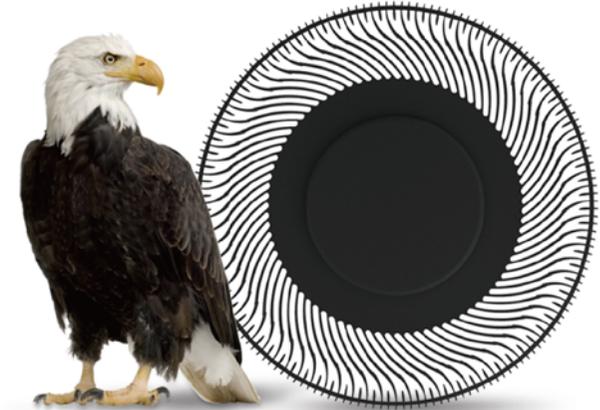
Since the launch of Intel's server platform Whitley cooling solution in 2021, SUNON has followed up with the release of two coolers in 2022, specifically designed for 1U and 2U server CPU cooling, for use with the latest generation of Intel server platform Eagle Stream, Socket LGA 4677, Sapphire Rapids CPU coolers.

XG 120x38 High Airflow High Static Pressure Fan



SUNON's XG120x120x38mm axial flow fan series utilizes a vibration-damping motor paired with optimized blade and flow channel designs, resulting in a high airflow of 301.7CFM and high static pressure of 5.58 Inch-H₂O. This design improves fan efficiency by up to 44%. The fans also feature a metal aluminum frame design, suitable for use in high-end communication and energy equipment applications.

Bionic Design Biomimetic Turbine Fan



SUNON's thin turbo fan series introduces a patented biomimetic tail wing design, which increases airflow velocity and allows for control of the airflow direction, enabling maximum efficiency from the ultra-thin fan. The biomimetic tail wing design of SUNON's turbo fan is inspired by the tail feathers of birds of prey. While bird wings provide the power for flight, the tail feathers control the flight's direction. The shape and structure of bird tail feathers determine the bird's flight speed and flexibility. SUNON introduces a tail wing design at the end of the ultra-thin turbo fan blades. This design controls the airflow direction during the turbo fan's operation, while eliminating the commonly seen vortex phenomenon at the end of the fan blades. This results in smoother airflow and an increase in airflow velocity, with low noise from reduced vortex.

2.1.2 Green Product Development

SUNON adheres to the “Environmentally Caring” of research and development concept, relying on excellent research and development capabilities to invest in environmentally friendly designs that are energy-efficient, long-lasting, low-noise, and simplified to reduce components. They continue to launch high-performance and environmentally friendly green products.

● Research and Development (R&D) Philosophy and Strategy

Research and development innovation is a powerful driving force that inspires sustainable development in companies. SUNON has always upheld the business philosophy of brand, innovation, and value, and has become a leading global manufacturer of precision motors, mini fans, and cooling modules step by step. From 2018 to 2022, SUNON has allocated research and development funds equivalent to at least 5% of its annual revenue each year, actively investing significant human, financial, and time resources in innovative inventions, persisting in the invention of intelligent miniature motors, and continuously cultivating high-tech talents. It is believed that this will not only enable the company to achieve sustainable development, but also cultivate a competitive advantage in research and development innovation.

Due to SUNON's R&D team's continuous efforts in research and innovation, new products are launched every year. Over the past 24 years, SUNON has been honored with the Taiwan Excellence Award multiple times. Additionally, they have received numerous international awards, including the Golden Pin Design Award and the German if Product Design Award, among others.

For more significant R&D Achievements of SUNON to date, please refer to:

<http://www.Sunonwealth.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 humanity while reducing the burden on the environment. As a member who cares for the Earth, SUNON not only implements energy-saving and carbon reduction awareness in the company but also promotes various measures to reduce emissions and carbon, protect Earth's resources, and reduce damage to the Earth. SUNON also continues to invest in R&D to improve product performance to achieve energy-saving and power-saving effects. They hope that the public and consumers can feel SUNON's contribution to responding to environmental protection and loving the Earth through practical actions and contributions.

In 2022, the product with improved fan efficiency was widely applied in various industries, including LED, industrial/medical, mobile devices, automotive, home appliances, distribution customers, cloud network communication, computers, office equipment, and head-mounted devices. The revenue from energy-efficient related products in 2022 was 13.845 billion yuan, saving 318 million kWh of electricity for global customers. The environmental performance of energy-saving and carbon-reducing products is as follows:

SUNON's 2022 Product R&D Energy-saving Performance

Energy Conservation	Carbon Emissions Reduction
318.4 million kWh= 1.147 million GJ	160,000 metric tons

Note 1: Calculated using the latest (2021) power carbon emission coefficient published by the Energy Bureau of the Ministry of Economic Affairs, Taiwan, which is 0.509.

Note 2: The new generation models of JET FAN use new motor technology and circuit design. According to our tests, compared with the old models' motor and circuit design, the new models can reduce power consumption by an average of more than 10%. Therefore, we calculate the actual operating time of the product according to the application type, and use the formula "annual shipment volume x 10% energy saving x actual operating time" to calculate the energy consumption of the energy-saving products.

● Declaration of Product Safety Regulations and Energy Conservation Labeling

SUNON Electric complies with customers' safety requirements for its products by conducting tests on electrical characteristics and related safety through international standard verification agencies such as UL (Underwriters Laboratories) and TUV (Technischer Überwachungsverein) Rheinland in Germany. The products meet the safety standards set by the international standard verification agencies or governments, and have obtained safety certification.

In order to meet the specific product safety requirements of the Bureau of Standards, Metrology and Inspection (BSMI) under the Ministry of Economic Affairs, all of our products have been tested for electrical characteristics and related safety by international standard verification organizations such as UL (USA) and TUV (Germany), and have obtained safety certification that complies with the international standard verification organizations or government pre-set safety standards. This ensures the safety of our products. Additionally, we have implemented measures to ensure that our products comply with the Taiwan Energy Label requirements and have successfully obtained the Energy Label certification. In 2022, there were no violations of regulations related to products, services, and marketing promotions.

The company's products are mainly B2B, and B2C products account for 0.46% of total revenue. Among them, the ventilation fan products have successfully obtained the ENERGY STAR certification, and such products account for 0.12% of total revenue.

● Patent System

To enhance the research and development innovation capabilities of our building standard products, technologies, processes, or equipment, we encourage employees to engage in more R&D innovation to accumulate abundant intellectual property and sustain continuous R&D creativity. Employees can submit patent application proposals through the "Patent Proposal Application System" set up internally. After the proposal is approved, in addition to rewarding employees with bonuses according to the "Encouragement Measures for Employee Invention and Creation," we also publicly recognize the top three outstanding employees who applied for innovative R&D patents at the annual year-end talk before the Spring Festival, actively encouraging employees to create valuable assets with their professional R&D innovation capabilities.

In addition, the company holds an annual "Patent Technology Briefing" to allow engineers and project managers to understand the scope and application of the company's patent technology. By organizing "Competitor Invention Patent Technology Analysis Briefings," employees can understand the current technology trends and directions of the industry from the distribution of competitors' technology, thereby inspiring employees' innovative thinking in research and development.

As of 2022, SUNON has accumulated a total of 3,332 granted invention patents. According to statistics from the Intellectual Property Office, SUNON has ranked among the top 100 in the number of invention patents granted to domestic legal entities from 2019 to 2022. This demonstrates SUNON's emphasis on patent rights and high expectations for self-research and development innovation.

Cumulative Number of Granted Invention Patents

2020	2021	2022
3,137	3,250	3,332

Note: The statistical data includes invention patents, utility patents, and design patents. In the previous sustainability report, only the number of invention patents was calculated, which is why the figures differ from the previous report.

2.2 Product Quality and Safety

SUNON is committed to implementing quality policies and measures with the goal of providing customers with high-quality services. In order to continuously improve customer satisfaction, SUNON has developed quality policies to become a trusted representative of quality in the minds of customers.

SUNON is committed to implementing quality policies and measures to provide customers with high-quality services. After appropriate review and evaluation of relevant items in accordance with the management philosophy and customer requirements of Building Precision, it has been confirmed that it can provide customers with quality, delivery, complete service, and hazardous substance management to achieve customer satisfaction. In order to achieve this goal, it continuously improves the quality and hazardous substance management concepts of all operations, and uses high production and logistics capabilities to improve the quality of various types of fan products and services produced and sold, which can be widely used in related high-tech industries. At the same time, it complies with relevant laws and regulations and customer requirements, effectively controls hazardous substances in products, and aims to achieve a comprehensive, hazard-free product quality. Building Precision strives for continuous improvement to make its brand a synonym for high-quality products and services. In 2022, the company did not have any material product recall incidents.

2021-2022 Quality Management System Actual Performance

Annual Goals (KPI)	2021	2022
Customer satisfaction rate (out of 7)	5.6	5.4
Environmental hazardous substance deficiency - Incoming material	0	0
Environmental hazardous substance deficiency – Customer Complaint	0	0
Product first pass yield	97.0%	97.1%

Note 1: The customer satisfaction index includes factors such as product quality, product delivery time, service quality of the sales personnel, speed of complaint response, and professionalism in handling complaints.

Note 2: The scope of the first-pass yield calculation is as follows: In 2021, it includes the Kaohsiung Factory, Kunshan Guangxing Factory, and Beihai SUNON Factory. In 2022, it includes all production sites mentioned in this report. Additionally, there was an error in the first-pass yield reported for 2021 in the previous sustainability report, which has been adjusted accordingly.

Verification of Quality Management System

SUNON is committed to improving product quality and has implemented a quality management system since 1995 gradually to comply with international standards and customer requirements. In 1996, the company passed the ISO 9001 certification. Currently, all production sites, including the Beihai SUNON Factory, Beihai SUNON Factory, Kunshan Guangxing Factory, Philippine SUNON Factory, and Kaohsiung Headquarters have all been certified.

In order to enter the automotive product market and comply with international standards, we introduced the TS/IATF 16949 management system since 2005 gradually, and passed the TS/IATF 16949 certification in 2006. Currently, the Kunshan Guangxing Factory, Beihai SUNON Factory, and the Kaohsiung Factory of Headquarters have passed the relevant certification based on the nature of their individual production lines. Additionally, we commission a third-party public certification agency to conduct audits annually to maintain the validity of the certification.

Based on the international standards of ISO 9001, IATF 16949, and IECQ QC 080000, SUNON has established a quality management system that ensures products meet customer requirements and comply with legal regulations. Through quality management and quality assurance activities, SUNON demonstrates its ability to continuously satisfy customer needs, comply with applicable laws and regulations, and ensure product safety. Effective operation of the quality management system, including customer orientation, continuous process improvement, and risk management, helps reduce system risks, achieve customer satisfaction, and meet the expectations of stakeholders related to product safety and interests.

SUNON has established a quality management system based on the principles of ISO 9001, IATF 6949, and IECQ QC 080000 international standards, which are as follows :

1. Meet customer requirements and drive exceeding customer expectations.
2. Management establishes consistency in purpose, direction, and participation to create an environment in which employees are engaged in achieving quality objectives.
3. All personnel are competent in their work and are authorized to enhance their value creation capabilities.
4. Optimize organizational performance through process management.
5. Maintain a high level of performance, respond to internal and external environmental changes, and create new opportunities.
6. Based on data and information analysis, guide decision-making to be more objective and confident.
7. Optimize the management of relationships with suppliers and customers to achieve sustainable success and development.

Chapter 3

Sustainable Supply Chain Management

Chapter 3

3.1 Industrial Supply Chain

3.1.1 Current Status and Development of the Industry

3.1.2 Supply Chain Structure

3.2 Supply Chain Management

3.2.1 Supply Chain Management Policy

3.2.2 Supply Chain Audit Effectiveness

3.1 Industrial Supply Chain

3.1.1 Current Status and Development of the Industry

With the continuous enhancement of computing, communication, and portable products, the operating temperature during use is constantly increasing. In addition, driven by fashion trends, product designs are becoming increasingly slim and compact, while requiring powerful image processing capabilities. These consumer demands and product development trends constitute the biggest development opportunity for the thermal management industry.

In addition, the rise of social networking sites, e-commerce, communication software, and virtual reality devices in recent years has greatly driven the demand for servers, communication, cloud computing, cloud storage devices, and micro heat dissipation fans, which in turn has led to significant growth in the heat dissipation component industry. The hardware components of heat dissipation solutions mainly include heat dissipation fans, heat sinks and heat pipes, and thermal conductive plates. The applications of these heat dissipation components are quite extensive, including the computer, server, communication, consumer electronics, automotive electronics, industrial equipment, and optoelectronics industries. Among them, the computer industry has the largest demand for heat dissipation solutions. Taiwanese manufacturers have a competitive advantage in the development of the heat dissipation industry because they control most of the global computer and electronic equipment OEM orders. As a result, they have become the largest demanders and suppliers of heat dissipation components.

The continuous innovation of electronic products has driven the growth of the heat dissipation industry not only from the 3C industries such as computers, communications, servers, and consumer electronics, but also from other new applications such as automotive electronics, handheld electronic products, virtual reality, Internet of Things, artificial intelligence, and high-performance computing. This has prompted various heat dissipation component manufacturers to actively increase their production scale to expand their market share. In addition, the increasing speed and performance of electronic products have led to a corresponding increase in heat dissipation demand, which has also driven various manufacturers to continuously enhance their R&D capabilities and introduce high-end heat dissipation products to meet the functional requirements of new applications, and strive to develop niche products to enhance profitability.

● The Correlation Between The Upstream, Midstream, and Downstream Sectors in The Industry

The components of heat dissipation fans and heat dissipation modules are complex, involving various upstream industries such as plastic raw materials, bearings, steel, copper materials, metal stamping, aluminum die-casting, molds (stamping, die-casting,

plastic injection molding), copper wire, semiconductors, IC, printed circuit boards, passive components, etc. The downstream application industries are also quite extensive, as heat dissipation fans are needed in all areas of air convection. These industries include the information industry, network communication equipment, optoelectronic industry, home audio and video equipment, industrial and commercial equipment, and automotive electronics.

The upstream and downstream industries of cooling fans have a wide range of coverage, and the association between cooling fans and any single industry mentioned above is not strong.

● Various Development Trends of Products

A. Continuous Expansion in Application Areas

In the early days of the cooling market, the main applications were personal computers (including desktops and laptops) and network communication devices. With the rapid advancement of technology and the introduction of new electronic products, the application scope has expanded to include consumer electronics such as handheld projectors, tablets, virtual reality devices, and more. In the automotive electronics field, cooling needs have evolved from entertainment systems to include driver cabins, power systems, headlights, wireless charging systems, ADAS, and autonomous driving control systems. More recently, with updates to building codes and growing concerns about air quality in mainland China and neighboring regions, cooling technology has also been applied to green buildings and air purification products.

B. Powerful Functionality, High Heat Dissipation Efficiency

As the speed of CPU generation transition continues to increase, cooling component manufacturers must continue to improve their designs and develop materials to create high heat dissipation, fast heat dissipation speed, high efficiency, long lifespan, low noise, low vibration, low energy consumption, low starting voltage, high torque, high temperature resistance, and dust-proof cooling solutions to solve the heat dissipation problems of various applications.

C. Slim and Compact Design

As the use of heat dissipation components expands into various application fields, product designs are increasingly pursuing "lightweight, thin, short, and small" features, and the thickness of mainstream specifications is constantly moving towards slimming down. For example, the thickness of the heat dissipation fan in a notebook computer has evolved from 10mm to 5.2mm, and new models now require thicknesses as low as 3mm, driving the continuous development of even more slim and lightweight heat dissipation components.

D. Environmental Friendliness and Energy Efficiency

Environmental issues are becoming an increasingly important trend in product development. In addition to materials used that must generally comply with RoHS

regulations, some customers have also required products that are free of fluorine and halogens. Power consumption and efficiency are also key factors in future designs, where products must be efficient, energy-saving, and low-carbon under the premise of environmental protection. Stricter environmental regulations in the future will drive customers to replace parts with more energy-efficient components, providing new growth momentum for companies' products.

● Competitive Situation of the Products

Competition in the field of heat dissipation components is divided into two competitive situations: standard products and project products. In the competition for standard products, "reliability," "price," and "channel penetration rate" are the highest guiding principles. Standard products have no significant differences in performance, and customers choose suitable products based on the price and reliability requirements of the product. Companies with good brand image and product reliability are usually the most preferred products by customers. In terms of channel operations, the company has more than one thousand business representatives and distribution points worldwide, and has the highest market penetration rate. For project products, "collaborative design capability," "degree of technical deepening," and "customer satisfaction" are the highest guiding principles. The company must collaborate with customers to design solutions in the early stages of customer product design. Usually, the heat dissipation requirements faced at the time are unprecedented in terms of specifications and technical requirements, so design capabilities and technical deepening are the best competitive tools. After the product passes customer certification, the key to competition depends on the company's production and logistics capabilities, production scale, cost reduction capabilities, and customer service capabilities.

As of the end of 2022, the types of suppliers and their respective countries for SUNON are as follows :

Supplier Type	Number of Suppliers	Country/Region	Industry Characteristics
Screws, nuts and rivets manufacturing	20	Taiwan, China	Labor-intensive
Wire and wiring equipment manufacturing	18	Taiwan, China	Labor-intensive
Synthetic resin and plastic manufacturing	11	Taiwan, China	Labor-intensive
Rubber product manufacturing	20	Taiwan, China	Labor-intensive
Copper manufacturing	5	Taiwan, China	Labor-intensive
Metal manufacturing	64	Taiwan, China, Japan	Labor-intensive
Industrial plastic injection product manufacturing	45	Taiwan, China	Labor-intensive
Electronic component manufacturing	50	Taiwan, China	Capital and technology-intensive
Printed circuit board (PCB) manufacturing	11	Taiwan, China	Capital and technology-intensive

3.1.2 Supply Chain Structure

Our company is in the electronic component manufacturing industry, and for our fan motor products, the most important components are bearings and silicon steel sheets. Additionally, printed circuit boards and passive electronic components are also material components. Therefore, we have higher quality requirements for suppliers in the steel rolling and extrusion industry, bearing, gear, and power transmission device manufacturing and repair industry, passive electronic component manufacturing industry, and printed circuit board manufacturing industry. Other suppliers are mostly from labor-intensive traditional industries, and price is their main consideration, resulting in lower entry barriers and fierce market competition.

SUNON is a long-standing quality enterprise in Taiwan. In addition to sourcing raw materials from local suppliers in Taiwan, the company has also established production facilities in mainland China and has been sourcing materials from local suppliers there to meet production needs. The company upholds a localization spirit, strongly supports local procurement, and increases the local supply ratio, while reducing the risk of relying on distant foreign suppliers for delivery. This approach aligns with customer expectations for delivery time and service. In 2022, the local procurement ratio of SUNON's Taiwan and China factories was 90%.

Note: The key operating locations include the Headquarters in Kaohsiung, the Taipei office, the Kunshan Guangxing Factory, the Beihai Lizhun Factory, the Beihai SUNON Factory, and the Philippines SUNON Factory. As the Philippine Factory is still in the process of preparation and evaluation, and is searching for suitable local suppliers, the production materials in 2022 are procured by the Beihai plant.

3.2 Supply Chain Management

3.2.1 Supply Chain Management Policy

Sustainable supply chain management is a series of actions that integrate environmental protection, social feedback, and organizational economics into traditional supply chains. This includes both internal and external practices of the company, and can achieve true sustainability in the supply chain from environmental, social, and economic perspectives. The scope of sustainable supply chain management ranges from green procurement to product life cycle management of the supply chain, from suppliers to manufacturers and customers, enhancing relationships between partners, including the flow of goods, information, and sustainability practices.

According to the latest survey by PwC (PricewaterhouseCoopers) on global CEOs, supply chain disruption is one of the top 10 threats to businesses, with over 50% of CEOs already adjusting their supply chain management and procurement strategies. Sustainable supply chain has become an important element for companies to achieve sustainable operation. Procurement management is a key mechanism for companies to demonstrate social responsibility and drive the supply chain towards sustainable goals. The National Institute of Standards and Technology (NIST 800-161) Supply Chain Risk Management Practice in the United States also includes sustainability as a critical issue in risk management.

The Company divides sustainable supply chain management into three main pillars: sustainability standards, risk identification, and management mechanisms. After setting basic sustainability standards for suppliers to follow, we use risk identification tools to identify high-risk factors and supplier industries, and then use various management mechanisms to improve supply chain management.

● Sustainable Supply Chain Standards

Our company has developed a sustainable supply chain management policy by referencing the Responsible Business Alliance (RBA) Code of Conduct, the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights, among other international standards. The policy requires all suppliers to comply with the company's standards and commitments in terms of labor rights, health and safety, environment, business ethics, and management systems, as well as to fully comply with the legal requirements of the regions in which they operate.

The company will practice the determination and mission of corporate social responsibility, and expand the supplier partners who work closely with the business. We have gradually incorporated corporate social responsibility clauses into supplier contracts. Our long-term goal is all suppliers should fully follow our ESG clauses. If the supplier violates the terms and specifications, we will ask for improvement within a period. If it is a major violation, we may terminate and cancel the cooperation. We will continuously pass on social responsibility-related information to suppliers to encourage them to develop materials that reduce environmental impact, or to save energy and reduce carbon emissions from manufacturing processes or equipment, to create a win-win partnership.

Starting from September 2022, procurement personnel will evaluate new suppliers based on a newly established supplier assessment form. The evaluation includes social, environment, and governance performance audits, and new suppliers must pass the assessment and be approved by the unit supervisor, so that they can be registered in the "Qualified Supplier List" by procurement personnel. As for existing suppliers, the company will issue a supplier audit questionnaire once a year to examine and evaluate the suppliers' corporate social responsibility and confirm that they comply with the company's supply chain standards, making them eligible for continued cooperation.

3.2.2 Supply Chain Audit Effectiveness

● Evaluation of New Suppliers

This year, there were a total of 2 new suppliers, and they were approved by their respective unit managers and were registered in the company's qualified supplier list.

● Annual Supplier Audits

All audited suppliers this year have met our RBA auditing requirements, and there were no significant actual or potential negative environmental, social, or governance impacts identified.

The Annual Supplier Audit Results (In Units: Number of Suppliers).

Audit Scope	Total Number of Audited Suppliers	Number of RBA Audited Suppliers	Audit Requirements	Number of Suppliers with Significant Actual or Potential Negative Impacts
 Environment Aspect	96	12	1. The Factory has valid environmental permits, approvals, licenses, and registrations 2. Environmental Pollution Prevention and Control 3. Water Resource Management	0
 Social Aspect			1. Emphasizing employee health and safety 2. Enhancing labor rights and ensuring their comprehensive implementation 3. Eradicating forced labor 4. Maintaining an equitable working environment	0
 Governance Aspect			1. Internal control 2. Safeguarding the interests of stakeholders 3. Upholding business ethics	0

Note 1: Starting from September 2022, ESG-related audits will be conducted in accordance with the Responsible Business Alliance (RBA) Code of Conduct, which was formerly known as the Electronic Industry Citizenship Coalition (EICC). Therefore, the number of suppliers audited based on the RBA Code of Conduct is 12, while the other suppliers are only audited on quality-related items. It is expected that starting from 2023, all suppliers will be audited based on the RBA Code of Conduct.

Note 2: The criteria for determining significant actual or potential negative impacts: Audit results indicating "high risk."

Chapter 4

Environmentally Friendly Sustainable Future

Chapter 4

4.1 Materials Management

4.1.1 Materials Management Policy

4.1.2 Material Procurement

4.2 Energy Management

4.2.1 Energy Management

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4.4 Water Resource Management

4.5 Waste Management Regulation

4.5.1 Waste Impact Assessment

4.5.2 Waste Management Policies

4.5.3 Waste Collection and Disposal

4.1 Materials Management

4.1.1 Materials Management Policy

SUNON has been paying close attention to the development of international environmental trends, keeping up-to-date with international environmental regulations and requirements for the management of chemicals in products, such as EU RoHS, EU REACH, and California Proposition 65. We closely monitor harmful substances that have a significant impact on the environment, identify and plan for their control, and ensure that our products comply with international environmental regulations and meet customer requirements for green products, achieving our goal of producing Hazardous Substance Free products.

SUNON implemented IECQ QC 080000 in 2007 and passed the IECQ QC 080000 verification in 2008. Since then, SUNON has continued to implement relevant provisions of IECQ QC 080000, and regularly verifies and maintains the validity of the certificate.

As of the end of 2022, all production sites of SUNON have implemented the IECQ QC 080000 standard. The Kaohsiung Headquarters, Beihai SUNON Factory, and Kunshan Guangxing Factory have passed their annual audits, and the Beihai Lizhun Factory has also been successfully verified. Additionally, the SUNON Philippines Factory obtained certification in 2023.



Regarding our company's substance management policy, it can be described as follows:

The Restriction of The Use of Certain Hazardous Substances in Electrical and Electronic Equipment, RoHS

SUNON complies with the RoHS regulations for all of its products, which restrict the use of ten hazardous substances including 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) in the EU. There were no violations of RoHS regulations in 2022.

Registration, Evaluation and Authorization of Chemicals, REACH

Our company regularly tracks the list of Substances of Very High Concern (SVHC) and hazardous substances under the EU regulations, and adjusts our substance management strategy and policy according to the latest EU regulatory revisions. At the same time, we require our suppliers to disclose the use of hazardous substances and develop reduction plans through supplier audits conducted annually to control and limit the use of hazardous substances.

Conflict Minerals

Tin, gold, tungsten, cobalt, tantalum, and other minerals are essential raw materials for the consumer electronics industry such as smartphones and computers. Minerals from regions such as Congo, Uganda, and Rwanda, which are associated with armed violence, are called "conflict minerals." Our company is committed to complying with the Conflict Minerals Policy established by the Responsible Business Alliance (RBA). In addition to complying with the policy ourselves and committing not to accept or use minerals from conflict-affected areas, we also require our suppliers to comply with this policy. Following the requirements of the Responsible Minerals Initiative (RMI), we use the Conflict Minerals Reporting Template (CMRT) to investigate the metal sources used by our suppliers. All our suppliers in 2022, who were approved according to our criteria, did not use conflict minerals.

IECQ QC08000 Hazardous Substance Process Management System

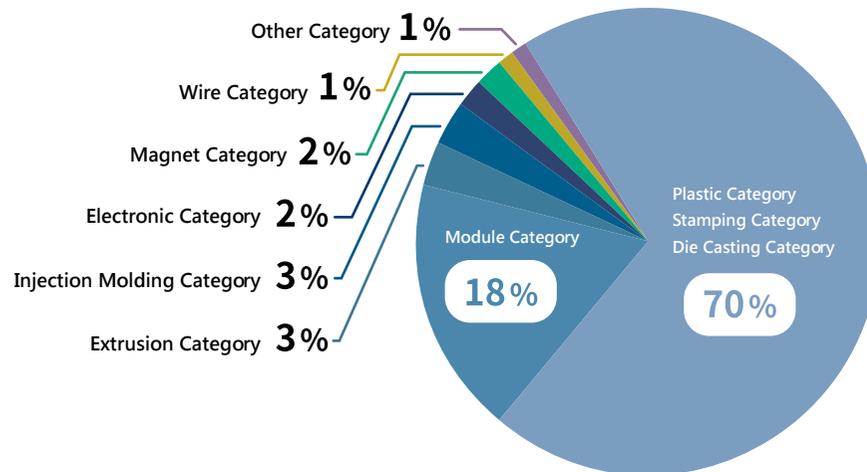
Our company has implemented the IECQ QC080000 hazardous substance process management system certification to ensure that all raw materials and products used in the production process comply with the regulations and laws governing the use of hazardous substances.

4.1.2 Material Procurement

SUNON procures product materials and packaging materials from external suppliers. Product materials mainly include hardware, wires, plastics, electronic components, stampings, castings, lathe parts, etc., which are all non-renewable materials. Currently, the procurement process involves establishing standards and signing a procurement contract with qualified suppliers, followed by the output of materials to the Factory for production, and finally delivery to the customer.

In 2022, the total amount of raw materials used was 85,340 metric tons, with plastics, stamping, die-casting, and module materials being the material categories.

Ratio of raw material usage



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

Note 2: Since the weight of all raw materials is not currently available, the usage amount in this year is only calculated for the material raw materials (the top 80% of procurement categories)

4.2 Energy Management

4.2.1 Energy Management

Energy shortage, global warming, and climate change are becoming increasingly severe, and energy management and transformation are important items on the international energy policy agenda. The choice and consumption of energy are closely related to issues such as company costs, environment, and safety. Improving energy efficiency and reducing energy consumption will help save costs and mitigate the impacts of climate change.

In order to improve and enhance energy efficiency, our company has established a Sustainable Development Committee to integrate the energy usage status of each operation location, understand the material types of energy used in each field, and develop energy-saving improvement plans and short, medium, and long-term goals. The Sustainable Development Committee regularly supervises the implementation of energy policies and adjusts the energy plan in a timely manner to ensure the achievement of energy-saving goals. Our company also strengthens the promotion of the company's energy-saving policy, conducts relevant publicity activities and educational training courses to enhance colleagues' awareness of energy-saving and carbon reduction.

4.2.2 Energy Consumption

SUNON's energy sources vary depending on the nature of each Factory or office, including purchased electricity, diesel fuel, gasoline, liquefied petroleum gas, and self-generated solar power. However, purchased electricity is the main source, accounting for about 97.4% of the total energy consumption. In 2022, the total energy consumption of the SUNON was 144,475.053 gigajoules (GJ), and the energy intensity was 10.273 (GJ per million NT dollars of revenue).

SUNON Energy Consumption Analysis Table (Unit: Gigajoules, GJ)

Energy consumption items		Energy consumption amount ^{Note 1}			Energy consumption percentage		
		2020	2021	2022	2020	2021	2022
Purchased non-renewable energy	Purchased electricity	135,617.486	136,411.809	140,619.291	98.3%	97.2%	97.4%
	Gasoline	7.509	1,269.992	1,326.554	0.0%	0.9%	0.9%
	Diesel fuel	408.132	593.786	866.059	0.3%	0.4%	0.6%
	Natural gas	2.324	20.766	0	0.0%	0.0%	0.0%
	Liquefied petroleum gas (LPG)	0	0	24.542	0.0%	0.0%	0.0%
Self-generated renewable energy	Solar photovoltaic	1,923.194	2,046.216	1,638.607	1.4%	1.5%	1.1%
Total energy consumption		137,958.645	140,342.569	144,475.053			
Energy intensity (GJ per million dollars of revenue) ^{Note 2}		10.794	10.348	10.273	<p>Note 1: Most of the Heating value adopts the Heating values announced by the Ministry of Economic Affairs, Energy Bureau. However, for gasoline, diesel, and liquefied petroleum gas in the Chinese plant area, the locally announced Heating values are used. To calculate the energy consumption, the formula is as follows: Energy consumption = Energy usage (in units) x Heating value x 4.187 / 1,000,000. The result will be in gigajoules (GJ).</p> <p>Note 2: As most of our locations are manufacturing plants, we use revenue per million as the denominator to calculate energy intensity.</p> <p>Note 3: The scope of calculation for 2020 included Kunshan Guangxing Factory, Guangdong Foshan Factory, and Beihai SUNON Factory; the scope for 2021 included Kunshan Guangxing Factory and Beihai SUNON Factory; and the scope for 2022 includes all locations covered in this report.</p> <p>Note 4: In the 2020 and 2021 Sustainability Reports, the unit of purchased electricity was kWh, so it was converted to GJ based on the unit heating value announced by the Energy Bureau of the Ministry of Economic Affairs. Gasoline, diesel, and liquefied petroleum gas were converted from MJ to GJ.</p>		

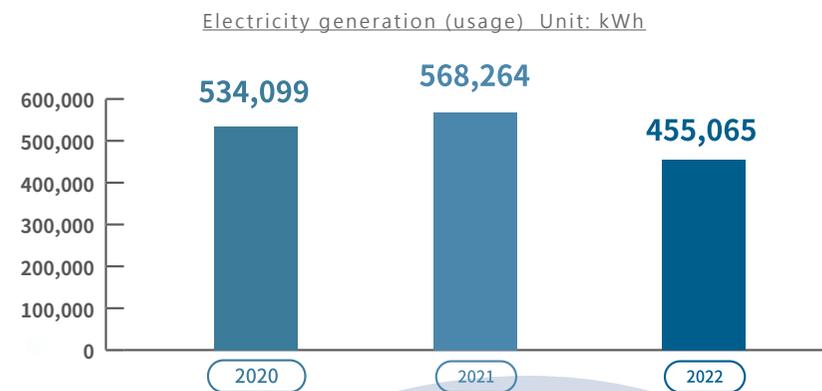
● Energy-saving Measures and Utilization of Renewable Energy

The trend of rising energy costs is uncontrollable, making it even more important to effectively reduce energy costs and manage them. Currently, the plant has implemented energy-saving technology improvements on material energy-consuming equipment (such as replacing ordinary motors with frequency conversion motors in molding machines, achieving energy savings of up to 75%), introduced energy-saving air compressors to reduce electricity consumption, and implemented comprehensive energy-saving management measures.

SUNON also promotes energy-saving actions during lunch breaks, such as turning off office lights for 1 hour, controlling air conditioning to appropriate temperatures, using LED lighting and ventilation fans, and taking the elevator by pressing the "one" button. Before leaving the office, employees are reminded to turn off lights, air conditioning, and copiers to reduce unnecessary electricity consumption. On the last Saturday of March each year, employees of the Kaohsiung Headquarters and global subsidiaries, offices, and factories, along with their families, join the rest of the world in turning off all unnecessary power sources from 8:30 to 9:30 pm, to participate in this meaningful activity, to protect the earth, and to protect our home.

In 2013, the Kunshan Guangxing Factory installed a solar power generation device, which effectively reduced the use of general electricity and decreased carbon dioxide emissions. In 2022, a total of 455,065 kWh of electricity was generated, which is estimated to reduce 264.393 tons of CO₂ emissions. (Note) In the future, SUNON will increase the use of renewable energy in other plants to achieve the group's greenhouse gas reduction target.

Note: Carbon reduction benefit = 455,065 kWh x China's electricity emission coefficient of 0.581 ÷ 1,000 = 264.393tCO₂e



Note: The relatively lower power generation in 2022 was mainly due to the maintenance and repair of faulty photovoltaic panels in May and June, resulting in suspended power generation.

4.3 Emission Monitoring

4.3.1 Greenhouse Gas Inventory

● Audit methods

SUNON follows the ISO 14064-1: 2018 standard for greenhouse gas inventory, using operational control to establish organizational boundaries and measuring the significance of indirect emissions sources based on external disclosure requirements, company controllability, data quantification methods, and coefficient acquisition. This is used to determine whether indirect emissions sources from Category 2 to Category 6 should be included in the inventory, and external third parties are commissioned to verify the results. Starting in 2022, the company conducts annual greenhouse gas inventories and regularly assesses and controls its greenhouse gas emissions.

For the current year, the organizational boundary includes all locations, and the reporting boundary includes Category 1 (stationary sources, mobile sources, fugitive sources, and process emissions), Category 2 (purchased electricity), Category 3 (upstream transportation and business travel), and Category 4 (purchased products, purchased fuels and energy resources, and waste disposal and treatment). Category 5 and Category 6 emissions were assessed for significance based on greenhouse gas inventory criteria and were determined to be non-significant, so they were not included in this year's inventory. The greenhouse gases included in the inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃), for a total of seven greenhouse gases.

We mainly use the emission factor method to calculate emissions. This involves multiplying activity data by emission factors and global warming potentials (GWP values) to convert them into carbon dioxide equivalents (CO₂e), measured in metric tons (tCO₂e). We choose appropriate emission factors based on the type of emission, including the latest "Greenhouse Gas Emission Factor Management Table" (version 6.0.4) announced by the Environmental Protection Administration, the latest annual electricity carbon emission coefficients announced by local governments, and the emission factors announced by the IPCC. We use the GWP values announced by the IPCC (in the Sixth Assessment Report) for our calculations.

● Audit Results and Reduction Actions

In 2022, SUNON's total greenhouse gas emissions were 183,103.581 tCO₂e, with an emission intensity of 13.020 (tCO₂e/million NT dollars) based on total revenue. From the

perspective of emission categories, Category 4 is the most significant emission source for the company, accounting for 85.6% of the total emissions, which are indirect greenhouse gas emissions generated from the procurement of raw materials. Therefore, in the future, the company will assess the emissions of raw material procurement and seek other low-carbon procurement methods to reduce greenhouse gas emissions. The second-largest emission source is Category 2, which is the purchased electricity, accounting for 12.2% of the total emissions. To reduce electricity consumption, the company will promote energy-saving policies in offices and factories, and also carry out energy-saving technology upgrades for material energy-consuming equipment.

Greenhouse Gas Emissions Analysis Table (unit: tCO₂e)

Greenhouse Gas Emissions	2020	2021	2022
Category 1	707.940	1,147.200	2,148.659
Percentage (%)	2.1%	3.8%	1.2
Category 2	32,211.670	29,239.710	22,281.158
Percentage (%)	97.9%	96.2%	12.2
Category 3	-	-	1,830.377
Percentage (%)	-	-	1.0
Category 4	-	-	156,843.387
Percentage (%)	-	-	85.6
Total Greenhouse Gas Emissions	32,919.610	30,386.910	183,103.581
Category 1 and Category 2 Emission Intensity (tCO ₂ e/million revenue)	2.576	2.241	1.737

Note 1: The self-assessment data for 2020 and 2021 were collected from two facilities in China, namely Guangxing Factory in Kunshan and SUNON Factory in Beihai. The assessment for 2022 covers all organizational locations mentioned in this report.

Note 2: Only emissions from Category 1 and Category 2 were assessed in 2020 and 2021.

Note 3: Category 3 includes upstream raw material transportation (production sites) and business travel; Category 4 includes purchasing of goods, waste disposal and transportation (production sites).

4.3.2 Other Air Pollutant Emissions

SUNON's main air pollutants are volatile organic compounds (VOCs), Particulate Matter (PM), tin and its compounds generated from the immersion, cutting, soldering, and injection processes. To monitor and control the emission of air pollutants in the Factory, in addition to installing relevant prevention equipment, the company commissions a third-party testing agency every six months to a year to conduct gas testing at the emission outlets in the Factory to ensure that the air pollutants generated meet or exceed government regulatory requirements.

SUNON's Indoor Air Pollution Prevention Equipment

Air Pollutant	Control Equipment
Volatile Organic Compounds (VOCs)	UV photocatalytic oxidation + activated carbon
Particulate Matter (PM)	Pulse-jet baghouse dust collector
Tin and its compounds	Welding and soldering fume purifier

Air Pollutant Emission Concentration Monitoring

Significant Gases	Actual Emission Concentration (Unit)	Emission Standard(Unit)
Volatile Organic Compounds (VOCs)	Kunshan Guangxing Factory 0.334mg/m ³	60 mg/m ³
	Beihai SUNON Factory 8.712 mg/m ³	70 mg/m ³
Particulate Matter (PM)	Kunshan Guangxing Factory NA	NA
	Beihai SUNON Factory 2.200mg/m ³	30 mg/m ³
Tin and its compounds	Kunshan Guangxing Factory 0.000mg/m ³	5 mg/m ³
	Beihai SUNON Factory 5.79*10 ⁻⁴ , 5.13*10-4mg/m ³	8.5 mg/m ³

Note 1: The table presents actual sampling and testing results. The sampling and testing for Kunshan Guangxing Factory took place on September 20, 2022, while for Beihai SUNON Factory, it occurred on November 8, 2022.

Note 2: The emission standards are based on the most stringent standards among all national or local government regulations in China for various gases.

Note 3: Beihai Lijun Factory passed the environmental impact assessment in 2023 and is expected to undergo the first air pollution emission testing in mid-2023.

Note 4: The Kaohsiung Headquarters, in compliance with Taiwan's environmental protection regulations, does not require pollution control equipment installation, and as the usage level is within standard limits, air pollution emission testing is not necessary.

Note 5: The emissions of nitrogen oxides (NOx), sulfur oxides (SOx), persistent organic pollutants (POPs), and hazardous air pollutants (HAPs) from the construction site are below the regulated standards and therefore do not require testing. Thus, they are not included in the calculation scope.

Our company's Kunshan Guangxing Factory reduced its volatile organic compound (VOC) emissions by 60.5% in 2022 compared to 2021, benefited from the addition of three new waste gas treatment facilities. The VOC and particulate matter (PM) emissions at the Beihai SUNON and Beihai Lizhun Factory were reduced by 77% and 88%, respectively, in 2022 compared to 2021, due to regular maintenance and dust removal measures.

Historical Air Pollutant Emissions

Significant types of gases		2020	2021	2022
VOCs (volatile organic compounds)	Kunshan Guangxing Factory	10.08 kg	109.44 kg	43.21 kg
	Beihai SUNON Factory	1,656 kg	381.6 kg	236.88 kg
PM (particulate matter)	Kunshan Guangxing Factory	0 kg	NA	NA
	Beihai SUNON Factory	0 kg	936 kg	111.6kg
Tin and its compounds	Kunshan Guangxing Factory	0.936 kg	0.714 kg	0 kg
	Beihai SUNON Factory	0.002736 kg	0.004177kg	0.034920 kg

Note: The data is calculated based on the emission rate (in kg/hr) multiplied by the number of working days in a year (300 days) multiplied by the hours of operation per day (24 hours).

4.4 Water Resource Management

All SUNON production plants use 100% tap water sources to meet customer requirements. The total water intake in 2022 was 311.181 million liters. Due to process factors, there is no industrial wastewater production, only domestic wastewater discharge, which will not have adverse effects on the environment in terms of water pollution. The production plants arrange for third-party verification companies to test the results of domestic wastewater discharge every year, and the quality of discharged domestic wastewater has met environmental protection requirements every year. In addition to continuously meeting the testing standards, they also accept strict supervision and management of relevant local government regulations, and fully implement the environmental protection concept of water resources.

2020-2022 Water Intake Statistics (Unit: Million Liters)

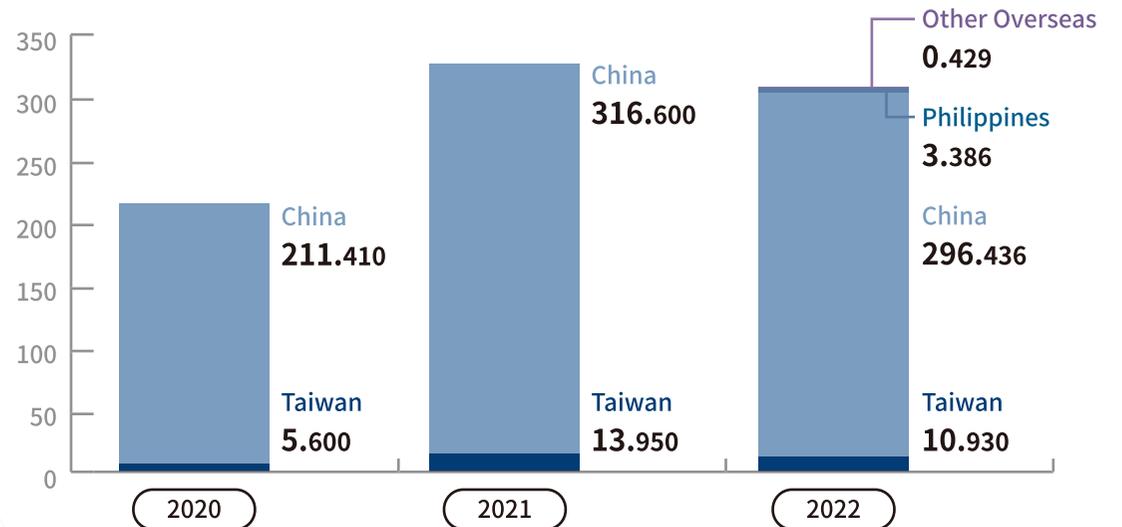
Water Source Category	Water Quality Indicator	Water Withdrawal Volume					
		2020		2021		2022	
		All Regions	Water-Stressed Regions	All Regions	Water-Stressed Regions	All Regions	Water-Stressed Regions
Third-party Water	Freshwater	217.01	135.61	330.55	180.15	311.181	168.006
	Other water	0	0	0	0	0	0

Note 1: The disclosure scope for 2020 and 2021 includes SUNON's Headquarters in Kaohsiung, Taiwan, and its Kunshan Guangxing and SUNON plants in China. The disclosure scope for 2022 includes all locations mentioned in this report (excluding its subsidiary in India).

Note 2: The method of identifying areas with water resource pressure is based on using the Water Risk Atlas tool provided by the World Resources Institute (WRI). If the Water Stress assessment result of a region is medium-high or higher, it is considered to be under water resource pressure. This year's assessment includes areas with water resource pressure, including Kunshan Guangxing Factory and the subsidiary in the United States.

Note 3: The total water intake values for 2020 and 2021 as stated in the 2021 report were incorrect and have been updated in this year's report.

2020-2022 SUNON Total Water Intake by Locations (Unit: Million Liters)



4.5 Waste Management Regulation

4.5.1 Waste Impact Assessment

Our company has referred to environmental impact reports both domestically and internationally, considering the life cycle of each stage (raw material extraction, production, distribution, product use, and waste disposal), identifying waste generated by our operational activities within the organization and throughout the value chain, and evaluating the potential environmental and social impacts of waste. Based on this assessment, we have created a value chain and waste impact context diagram for our company.

Our company generates both hazardous and non-hazardous industrial waste, including daily office waste, scrapped defective products, waste plastics, waste metal, etc. We have developed corresponding management measures to address the potential impacts of various types of waste, and the waste management unit regularly monitors and evaluates the effectiveness of these measures to reduce or avoid negative impacts on both the organization and the external environment.

Value chain and potential impact context chart

Value chain stage	Activity item	Waste type	Waste category	Disposal method	Disposal unit	Potential impact	Response measures
Self-operation activity	Office daily waste	General waste	Non-hazardous industrial waste	Landfill/incineration	External third party	Regular cleaning in accordance with government policies, no potential impact on the environment	Cleared and disposed of by qualified cleaning and processing organizations
Self-operation activity	Office daily waste	Recyclable waste	Non-hazardous industrial waste	Reuse/Recycling	External third party	Regular cleaning in accordance with government policies, no potential impact on the environment	Cleared and disposed of by qualified cleaning and processing organizations
Self-operation activity	Production dismantling	Rotors, stators, fan blades, frames	Hazardous industrial waste	Physical treatment/incineration	External third party	If the third-party processing organization does not dispose of the hazardous waste entrusted to them according to the law, it may cause pollution or health hazards to the environment, so proper supervision is necessary	When commissioned for clearance and processing, follow the transport vehicle to the processing site to confirm that the waste entrusted to us for clearance and processing enters a legal site for disposal.
Self-operation activity	Production process immersion	Immersion waste liquid	Hazardous industrial waste	Incineration	External third party	If the third-party processing organization does not dispose of the hazardous waste entrusted to them according to the law, it may cause pollution or health hazards to the environment, so proper supervision is necessary	When commissioned for clearance and processing, follow the transport vehicle to the processing site to confirm that the waste entrusted to us for clearance and processing enters a legal site for disposal.
Self-operation activity	Raw material packaging	Cardboard boxes	Non-hazardous industrial waste	Recycling	External third party	Adopting reuse and recycling, no potential impact on the environment	Package materials are centrally placed to avoid arbitrary disposal.
Downstream	Product scrap	Defective products, semi-finished products	Hazardous industrial waste	Physical treatment/incineration	External third party	If the third-party processing organization does not dispose of the hazardous waste entrusted to them according to the law, it may cause pollution or health hazards to the environment, so proper supervision is necessary	When commissioned for clearance and processing, follow the transport vehicle to the processing site to confirm that the waste entrusted to us for clearance and processing enters a legal site for disposal.

4.5.2 Waste Management Policies

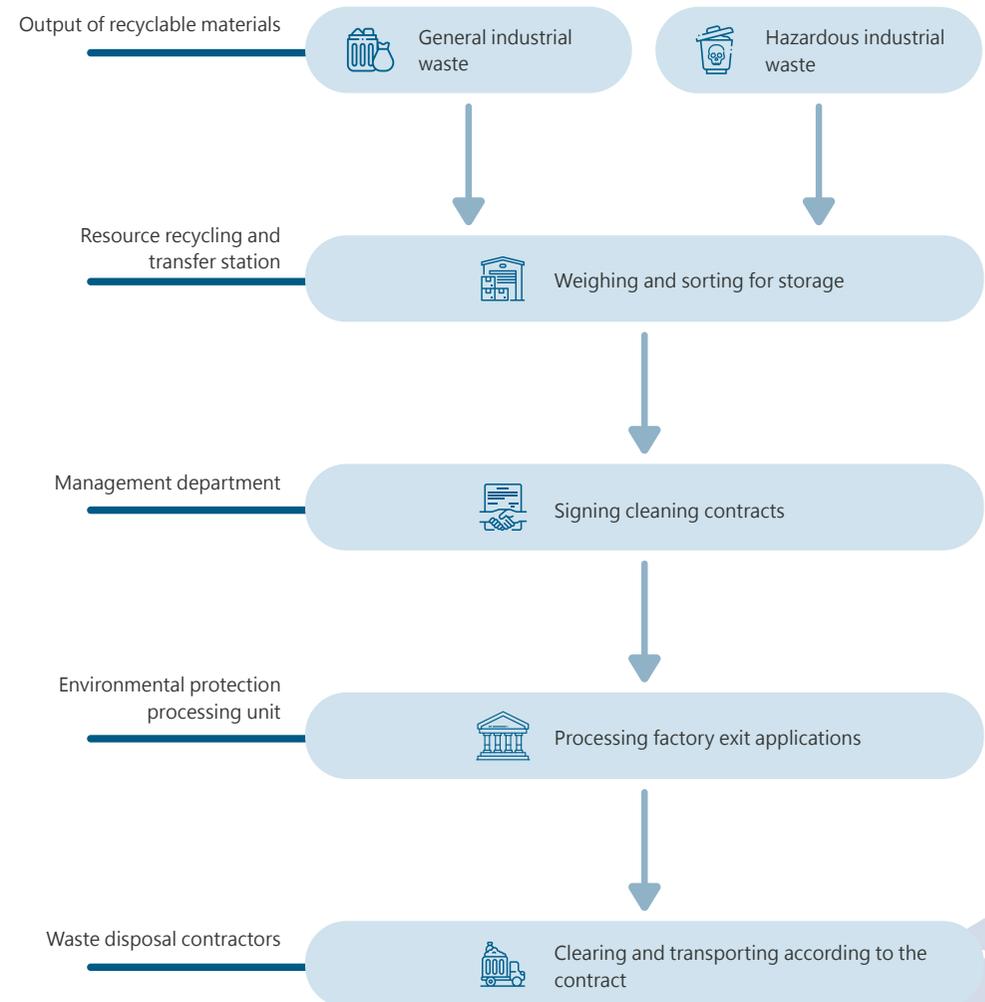
Company, a unit responsible for managing, controlling, disposing of and reporting on the business waste generated by the company has been established, and waste disposal methods are carried out in accordance with local regulations in compliance with the Waste Disposal Act.

The responsible units for managing general waste are as follows:

Waste sorting	each department
Waste storage	Occupational Safety and Health (OSH) team, Administration Department, and each Factory management departments
Waste data collection	Occupational Safety and Health (OSH) team, Administration Department, and various plant management departments
Waste reporting	Occupational Safety and Health (OSH) team, various plant management departments
Waste treatment - self-treatment	each department
Waste treatment - outsourced treatment	Occupational Safety and Health (OSH) team, Administration Department, and various plant management departments

The company records the types and quantities of hazardous business waste and tracks the flow of hazardous waste using paper forms. The method of measuring the amount of waste generated is by capacity estimation and actual measurement. Hazardous business waste that cannot be self-treated due to internal technology or regulatory requirements is outsourced to qualified external contractors for transportation and disposal. After obtaining the three-way transportation form from the external transport company, the outsourced waste must be checked for consistency with the weight measured internally, and regular audits are conducted to ensure that the waste is treated according to the company's requirements by the transport and disposal contractors.

Other types of waste, such as employee-generated waste, are handled by qualified clearing and disposal organizations.



SUNON's Waste Management Strategy and Objectives

Management Strategy	Strategy Start Year	Target Reference Year	Management Objectives			2022 Achievement Rate of Objectives	Improvement Measures
			Short term	Mid-term	Long term		
Reduce the amount of hazardous waste year by year.	2023	2022	The business waste recycling rate has increased by 3%.	The business waste recycling rate has increased by 8%.	The business waste recycling rate has increased by 22%.	In 2022, the recycling rate of industrial waste in Taiwan plant increased to 73%, compared to 2021.	Effective waste sorting is being carried out

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

4.5.3 Waste Collection and Disposal

In 2022, our company generated a total of 110,684 metric tons of waste, of which 43,444 metric tons were hazardous industrial waste, accounting for 39%, and 67,240 metric tons were non-hazardous industrial waste, accounting for 61%. In addition to reducing waste at the source, we aim to maximize the value of existing waste resources by using recycling, reuse, and other recovery methods as much as possible, in compliance with local regulations and with feasible technologies. In 2022, we processed 60% of hazardous industrial waste and 100% of non-hazardous industrial waste through recycling, accounting for 84% of the annual total waste.

Summary of Business Waste Generation, Transfer, and Direct Disposal (Unit: Metric Tons)

Year	Item	Generation	Disposal and Transfer	Direct Disposal
2022	Hazardous Waste	43,444	26,265	17,179
	Non-Hazardous Waste	67,240	67,240	0,000
	Total	110,684	93,505	17,179

Note 1: The scope of disclosure in this table includes Kaohsiung Headquarters (Production Factory), Kunshan Guangxing Factory, Beihai SUNON Factory, Beihai Lizhun Factory.

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

Note 3: The Disposal and Transfer method is recycling for reusing resource, and the direct disposal method is incineration (without energy recovery).

Chapter 5

Caring for Employees and Sustainable Workplace

Chapter 5

5.1 Talent Attraction and Retention

- 5.1.1 Labor-Management
- 5.1.2 Talent Recruitment and Retention
- 5.1.3 Labor-Management Agreement

5.2 Compensation and Benefits

- 5.2.1 Fair and Generous Compensation
- 5.2.2 Comprehensive Employee Benefits
- 5.2.3 Friendly Workplace for Childcare

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- 5.3.1 Employee Training and Development
- 5.3.2 Performance Appraisal

5.4 Occupational Safety

- 5.4.1 Occupational Safety and Health Management
- 5.4.2 Occupational injuries and illnesses

5.1 Talent Attraction and Retention

5.1.1 Labor-Management

SUNON regards employees as the most important asset of the Company. Therefore, we have developed operational procedures, reward systems, and work regulations for human resource management based on labor laws and regulations in the countries where we operate. We also regularly review the latest legal regulations to safeguard the labor rights and interests of employees. Additionally, our company explicitly prohibits the employment of child labor, discrimination, workplace harassment, forced labor, and other related incidents. We have also established independent complaint channels to provide employees with a safe, equal, and free working environment.

Our company emphasizes academic and professional qualifications, integrity, and enthusiasm when hiring employees. We also legally hire people with disabilities to protect their employment rights. Employees in the same position or with the same qualifications receive the same benefits, salary standards, and educational training systems, regardless of gender, age, nationality, or other factors. We conduct regular performance assessments each year as the basis for employee retention, promotion, salary adjustment, or award distribution.

5.1.2 Talent Recruitment and Retention

As of the end of 2022, SUNON had a total of 6,868 employees, including 5,383 full-time employees and 1,485 temporary employees. The breakdown by employment type includes 6,866 full-time employees and 2 employees without guaranteed working hours. The company prioritizes hiring local employees, and all senior management positions are held by local residents.

Note 1: The definition of senior management is executives at the level of Grade 12 or above.

Note 2: The definition of local refers to employees who hold Taiwanese citizenship.

Employee Composition at The End of 2022 (Unit: Person)

Category	Gender	Taiwan	China	Philippines	Total
All Employee	male	335	2,803	21	3,159
	female	298	3,327	84	3,709
Total number of employees by region		633	6,130	105	6,868
Full-Time Employees	male	328	2,050	4	2,382
	female	287	2,704	10	3,001
Number of full-time employees by region		615	4,754	14	5,383
Temporary Employees	male	7	753	17	777
	female	11	623	74	708
Number of full-time employees by region		18	1,376	91	1,485
full-time employees	male	333	2,803	21	3,157
	female	298	3,327	84	3,709
Number of permanent/full-time employees by region		631	6,130	105	6,866
part-time employees	male	0	0	0	0
	female	0	0	0	0
Number of permanent/part-time employees by region		0	0	0	0
Number of employees with non-guaranteed working hours by region	male	2	0	0	2
	female	0	0	0	0
Number of employees with flexible working hours by region		2	0	0	2

Definition and Explanation:

- Regular employees: employees with indefinite-term contracts (non-fixed-term contracts).
- Temporary employees: employees with fixed-term contracts.
- Full-time employees: employees whose weekly working hours meet the definition of full-time employees according to local regulations.
- Part-time employees: employees whose weekly working hours do not meet the definition of full-time employees according to local regulations.
- Employees without guaranteed working hours: employees with unpredictable working hours, such as on-call employees.

Employee Headcount in the Past Three Years (Unit: Person)

Year	End of 2020	End of 2021	End of 2022
Male Employees	4,479	3,468	3,159
Female Employees	4,380	3,753	3,709
Total Employees	8,859	7,221	6,868

Note 1: The scope of employee numbers for the year 2020 includes the Kaohsiung Headquarters, Taipei office, Kunshan Guangxing Factory, Guangdong Foshan Factory, and Guangxi Beihai Factory.

Note 2: The scope of employee numbers for the year 2021 includes the Kaohsiung Headquarters, Taipei office, Kunshan Guangxing Factory, and Guangxi Beihai Factory.

Note 3: The total number of employees has decreased in the past three years due to an increase in automation production and the end of production at the Guangdong Foshan Factory.

At SUNON, certain tasks are outsourced to temporary staffing agencies or contractors, such as office and Factory security, cleaning staff, employee cafeteria contractors, employee dormitory managers, and drivers. As of the end of 2022, the total number of external workers in these roles amounted to 134.

The Number of External Workers at the End of 2022(Unit: Person)

Region	Number of Workers
Taiwan	6
China	108
Philippines	20
Total	134

• Diverse Employee Structure

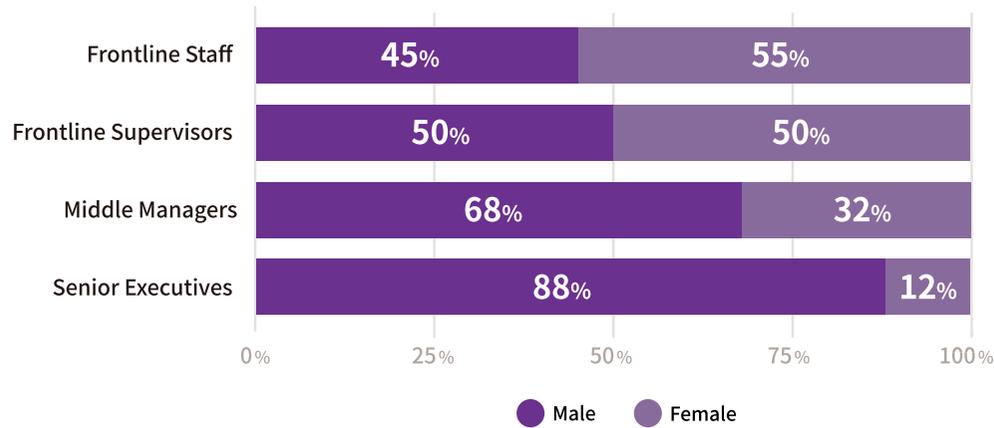
This company has a gender ratio of 46% male and 54% female among its employees, and the materiality of its employees are between 30-50 years old, accounting for 60% of the total staff. Our company does not employ child labor, and young workers who are employed are not engaged in hazardous or harmful work.

Number and Proportion of Employees Classified by Job level and Diversity Indicators

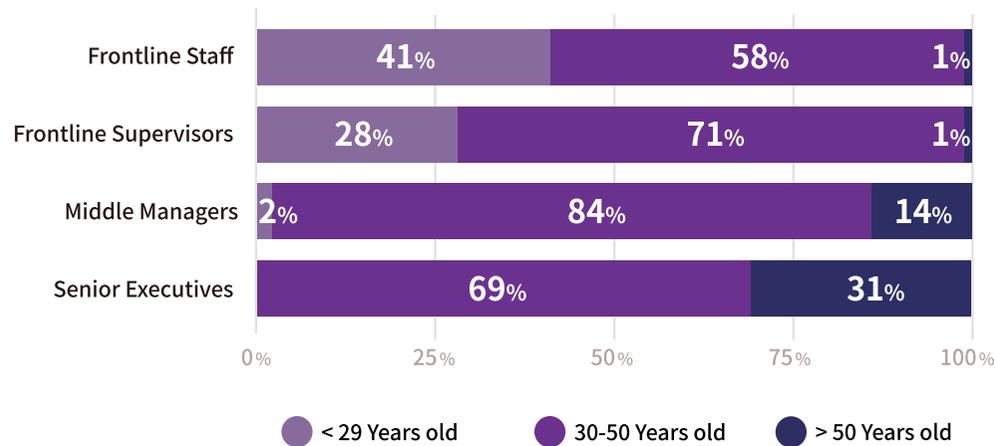
Job Level	Senior Executives	Middle Management	Frontline Supervisors	Frontline Staff	Total	
Total number of employees by job level	16	94	580	6,178	6,868	
Percentage of total employees by job level(%)	0% ^{Note}	1%	9%	90%	100%	
Diversity indicators						
Gender	Male	14	64	291	2,790	3,159
	Female	2	30	289	3,388	3,709
Age	29 years old and under	-	2	159	2,520	2,681
	30-50 years old	11	79	413	3,603	4,106
	51 years old and above	5	13	8	55	81
Handicapped	0	0	0	5	5	

Note: The percentage of senior executives to total employees is 0.23%, which is shown as 0 due to being less than 1%.

Distribution of Male and Female Employees by Job Grades



Distribution of Male and Female Employees by Age

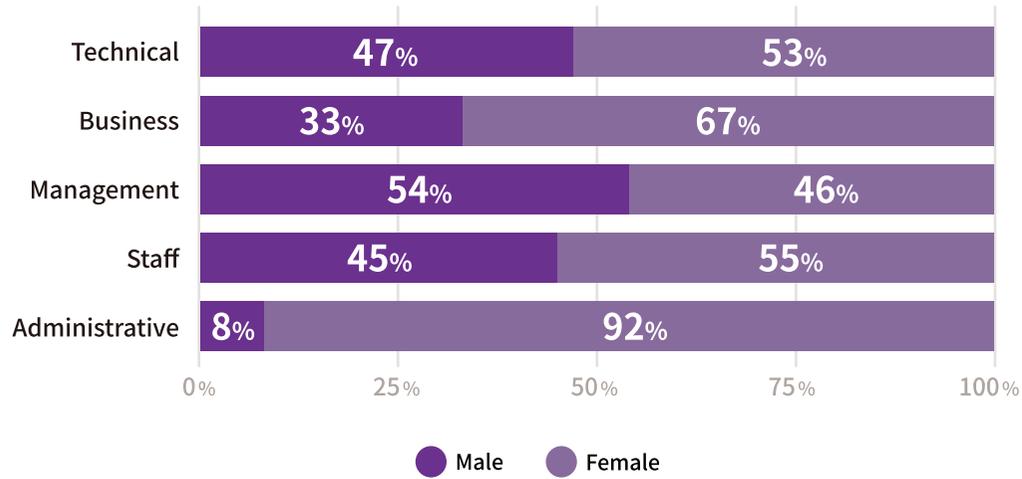


Total Number and Proportion of Employees Categorized by Job Function and Diversity

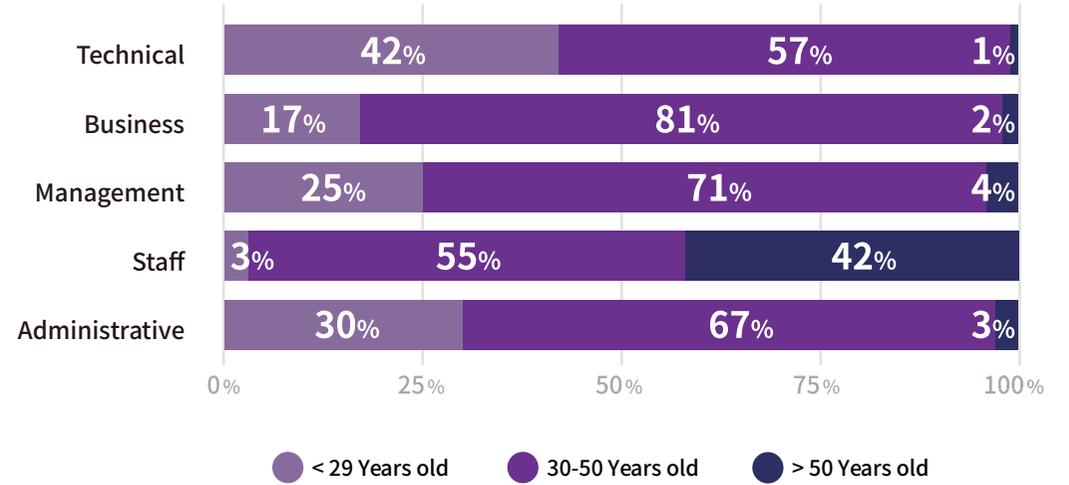
Job Function	Technical	Business	Management	Staff	Administrative	Total	
Total number of employees by job function	5,716	122	685	33	312	6,868	
Percentage (%) of total employees by job function	83%	2%	10%	0% ^{Note}	5%	100%	
Diversity indicators							
Gender	Male	2,709	40	369	15	26	3,159
	Female	3,007	82	316	18	286	3,709
Age	29 years old and under	2,408	21	171	1	92	2,693
	30-50 years old	3,279	99	488	18	210	4,094
	51 years old and above	29	2	26	14	10	81
Handicapped	3	1	0	0	1	5	

Note: The percentage of staff in the staff category is 0.48% of the total number of employees, but it appears as 0 because it is less than 1%.

Distribution of Male and Female Employees by Job Function.



Distribution of Male and Female Employees by Age.



• Human Resources Recruitment

We have a comprehensive recruitment system and look forward to developing prosperously with our employees while also respecting their career transition choices. To protect employee rights and improve recruitment systems, department managers meet with all departing employees to gain a clear understanding of their reasons for leaving, which serves as a reference for subsequent human resources management improvements.

In 2022, we recruited a total of 19,259 new employees, including 10,533 males and 8,726 females, with those under 29 years of age being the materiality. In addition, 21,543 employees left the company, including 12,008 males and 9,535 females. Due to the official operation of the Beihai Lijun Plant and the Philippines SUNON Plant this year, the number of new hires was relatively high compared to previous years. The high employee turnover rate at our Chinese factories is due to the local labor shortage and intense industrial competition.

Total Number and Proportion of New Hires

Gender	Age	Taiwan	New hire ratio in Taiwan region (%)	China	New hire ratio in China region (%)	Philippines	New hire ratio in Philippines region (%)
Male	29 years old and under	56	19%	6,706	169%	5	29%
	30-50 years old	64		3,674		25	
	51 years old and above	-		3		-	
	Subtotal	120		10,383		30	
Female	29 years old and under	74	35%	4,350	137%	57	92%
	30-50 years old	148		4,056		40	
	51 years old and above	1		-		-	
	Subtotal	223		8,406		97	

Total Number and Proportion of Employees who Left the Company

Gender	Age	Taiwan	New hire ratio in Taiwan region (%)	China	New hire ratio in China region (%)	Philippines	New hire ratio in Philippines region (%)
Male	29 years old and under	37	16%	7,665	194%	2	9%
	30-50 years old	59		4,227		7	
	51 years old and above	7		4		-	
	Subtotal	103		11,896		9	
Female	29 years old and under	64	31%	4,760	152%	9	12%
	30-50 years old	130		4,567		4	
	51 years old and above	1		-		-	
	Subtotal	195		9,327		13	

SUNON's Notice Period for Layoffs

In the event of significant operational changes such as organizational restructuring, adjustment of manpower needs, force majeure, or deemed unsuitable employees, the company will provide advance notice to employees in accordance with the local legal requirements of each location, and pay severance pay.

Region	The notice period for termination
Taiwan	<ul style="list-style-type: none"> • Within 10 days prior to completing 3 months of employment • Within 20 days prior to completing 1 year but less than 3 years of employment • Within 30 days prior to completing 3 or more years of employment
China	30 days in advance
Philippines	30 days in advance

5.1.3 Labor-Management Agreement

SUNON is devoted to creating a harmonious and equal communication platform between employees and the company, establishing diverse and unobstructed communication channels, including labor-management meetings, welfare committees, employee suggestion boxes, complaint hotlines, etc., to safeguard the rights and obligations of both labor and management and to timely improve the working environment and labor standards.

To establish a good labor-management communication mechanism, the Taiwan Headquarters holds labor-management meetings every quarter, in which representatives from both labor and management discuss and reach a consensus on employee work rights and welfare-related matters before implementation to safeguard the interests of all employees in the plant.

In 2015, SUNON's Kunshan Guangxing Factory established the Kunshan Guangxing Electronics Co., Ltd. Employee Representative Assembly, and all Factory employees can join the Employee Representative Assembly as members. The Employee Representative Assembly's purpose is to assist the Factory's development of production businesses, promote member unity and cooperation, protect member work rights, improve member livelihoods, cooperate with government regulations, and help enhance members' knowledge and abilities. In 2022, 72.8% of Kunshan Guangxing Factory employees joined the Employee Representative Assembly, and all Employee Representative Assembly members enjoy collective contract protection.

Channels for Communication with Diverse Employees

Communication Channel	Description
Labor-Management Meetings	Labor representatives are elected by all employees through formal voting and jointly constitute with representatives appointed by management. Four meetings were held during the year.
Welfare Committee Meetings	Monthly meetings are held in accordance with relevant laws, the company's employee welfare regulations, and the welfare committee's organizational charter to formulate or revise various employee welfare plans. Twelve meetings were held during the year.
Employee Suggestion Mailbox	Set up internal email mailboxes and opinion mailboxes for employees to reflect opinions or provide suggestions promptly.
Complaints Hotline	A complaints hotline is set up to provide employees with a single window for complaints and consultations, and to assist employees in resolving personal rights or unfair treatment issues.
Employee Opinion Surveys	Regular employee opinion surveys are conducted to understand employee perceptions of the organization's work culture, the company's core values, management leadership styles, and suggestions. The employee satisfaction rate in the Taiwan region in 2022 was 73.6%.
Employee Representative Assembly (Kunshan Guangxing Factory)	A legally established Employee Representative Assembly represents employees in expressing their opinions and reasonably advocating for employee work rights and improving employee lives.

2022 Employee Feedback Case Statistics

Communication Channel	Number of Feedback	Main Feedback Content	Number of Issues Resolved	Number of Issues Unresolved
Labor-Management Meeting	1	Friendly childcare plan	1	0
Employee Welfare Committee Meeting	0	0	0	0
Employee Suggestion Box	3	Improvement of meals, salary calculation issues	3	0
Complaints Hotline	0	0	0	0
Employee Opinion Survey	0	0	0	0
Employee Representative Assembly (Kunshan Guangxing Factory)	0	0	0	0
Others	3	Personal issues, salary calculation issues	3	0

5.2 Compensation and Benefits

5.2.1 Fair and Generous Compensation

• Basic Salary Standards

Our company strictly complies with the relevant requirements of local labor laws and regulations. The standard starting salary in our Taiwan Factory is higher than the basic wage stipulated by the Labor Standards Act, and in other operating regions, we adhere to the local regulations regarding minimum wages. The actual compensation provided to employees exceeds the minimum wage requirements. As for non-employee workers, our partnered staffing agencies are required to sign the "Management Procedures for Staffing Agencies" document, committing to pay their dispatched personnel wages that meet the local minimum wage standards. In 2022, the average monthly basic salary of grassroots employees in our significant operating locations is 1.5 to 2.6 times higher than the statutory basic wage.

Ratio of basic personnel salaries to legal minimum wage at important operational locations

Significant Operating locations	Country	Male	Female	Average
Kaohsiung Headquarters, Taipei Office	Taiwan	2.58	1.82	2.21
Kunshan Guangxing Factory	China	1.89	1.59	1.71
Beihai SUNON Factory	China	2.62	2.46	2.53
Beihai Lizhun Factory	China	2.54	2.28	2.40
Philippines SUNON Factory	Philippines	1.40	1.22	1.26

Note: The monthly basic wage in Taiwan under local law in 2022 is NT\$26,400; in Kunshan, China, it is RMB 2,280; in Beihai, China, it is RMB 1,810; and in the Philippines, it is PHP 11,700 under local law

• Gender Pay Ratio

SUNON values talent retention and development, and is committed to providing competitive salary and comprehensive employee benefits. Our company's salary structure is based on local regulations, industry standards, and living standards, among other factors, and is not affected by gender, race, language, religion, age, political affiliation, marital status, or other conditions. In this equal and inclusive work environment, male and female employees receive equal starting salaries, but final compensation (base salary plus bonuses) varies depending on seniority, experience, or job duties. Our employees' salaries consist of basic salary, meal allowances, bonuses or allowances, and are subject to annual adjustments based on operational conditions or performance-based bonuses to motivate and encourage our employees to grow together with the company.

In 2022, the ratio of the annual total compensation of the Executive Vice President to the median of the annual total company compensation was 3006%. The ratio of the increase in annual total compensation of the individual with the highest compensation to the median of the increase in annual total company compensation (excluding the individual with the highest compensation) was 0%. The Executive Vice President's compensation is based on the company's operating performance and is calculated on an annual basis. The median of employee compensation refers to the total amount of salaries paid to all employees who were employed throughout the year at important operation locations.

Gender Pay ratio by Job Level (Male: Female)

Significant Operating Locations	Item	Senior Executives	Middle-level Managers	Front-line Managers and Staff
Kaohsiung Headquarters, Taipei Office	Basic Salary	1 : 0.77	1 : 0.91	1 : 0.77
	Compensation	1 : 1.15	1 : 0.78	1 : 0.73
Kunshan Guangxing Factory	Basic Salary	Note 3	1 : 0.86	1 : 0.88
	Compensation	Note 3	1 : 0.65	1 : 0.90
Beihai SUNON Factory	Basic Salary	Note 3	1 : 1.15	1 : 0.87
	Compensation	Note 3	1 : 0.97	1 : 0.94
Beihai Lizhun Factory	Basic Salary	Note 3	Note 3	1 : 0.90
	Compensation	Note 3	Note 3	1 : 0.89
Philippines SUNON Factory	Basic Salary	Note 3	Note 3	1 : 0.88
	Compensation	Note 3	Note 3	1 : 0.90

Note 1: The basic salary and salary increase for male employees are set as 1.

Note 2: Senior executives are defined as department-level or above executives; middle-level executives are defined as managers at the director level or above; grassroots personnel are defined as managers below the section level and non-managerial employees.

Note 3: Kunshan Guangxing Factory, Beihai SUNON Plant, and Beihai Lizhun Factory do not have senior executives; Beihai Lizhun Factory does not have female middle-level executives; the Philippine Factory only has grassroots personnel.

Note 4: Male middle-level managers at the Kaohsiung Headquarters, Taipei office, and Kunshan Guangxing Factory have longer professional seniority, resulting in higher overall salaries for men than women.

Note 5: The proportion of men and women in different job categories and professional fields for grassroots personnel at the Kaohsiung Headquarters and Taipei office is different, resulting in higher salaries for men than women.

Note 6: At the Kaohsiung Headquarters and Taipei office, the entry-level positions primarily consist of research and engineering roles, which are predominantly occupied by men. Moreover, the salary levels in the job market for these positions have historically been higher than other roles. As a result, male employees tend to have higher salaries than female employees.

Note 7: There is a higher proportion of male employees in senior management positions, and their average tenure is longer than that of female employees. Consequently, male employees tend to have higher salaries than female employees.

Gender Pay Ratio by Job Function (Male: Female)

Significant Operating locations	Item	Technical	Sales	Management	Staff Officer	Administration
Kaohsiung Headquarters, Taipei Office	Basic Salary	1 : 0.69	1 : 0.77	1 : 0.6	1 : 0.98	1 : 0.97
	Compensation	1 : 0.58	1 : 0.67	1 : 0.37	1 : 1.20	1 : 1.14
Kunshan Guangxing Factory	Basic Salary	1 : 0.82	1 : 0.9	1 : 0.73	1 : 1.09	1 : 1.18
	Compensation	1 : 0.88	1 : 0.97	1 : 0.74	1 : 0.82	1 : 0.92
Beihai SUNON Factory	Basic Salary	1 : 0.86	Note 2	1 : 0.88	Note 2	1 : 0.94
	Compensation	1 : 0.95	Note 2	1 : 0.92	Note 2	1 : 1.03
Beihai Lizhun Factory	Basic Salary	1 : 0.83	Note 2	1 : 0.8	Note 2	Note 2
	Compensation	1 : 0.88	-	1 : 0.78	-	-
Philippines SUNON Factory	Basic Salary	1 : 0.84	Note 2	1 : 1.05	Note 2	1 : 0.92
	Compensation	1 : 0.75	Note 2	1 : 0.82	Note 2	1 : 0.88

Note 1: The basic salary and remuneration of male employees are used as a reference point of 1.

Note 2: Senior executives are defined as executives at the department level or above; mid-level managers are defined as managers at the division level or above; grassroots personnel are defined as non-managerial employees below the section level.

Note 3: There are no male senior executives in the administrative positions at Beihai Lizhun Factory; there are no staff in the staff and business positions at Beihai SUNON Factory and Beihai Lizhun Factory; there are only grassroots personnel in the management, staff, and business positions at the Philippine Factory.

Note 4: Male employees in management, technical, and sales positions have longer professional tenure, resulting in higher overall salaries for males compared to females.

Note 5: In the Kaohsiung Headquarters and Taipei office, there is a higher representation of male employees in managerial positions, particularly in the field of research and development. As a result, male employees tend to have higher salaries than female employees.

Note 6: In the Kaohsiung Headquarters, Taipei office, and Kunshan Guangxing Factory, male employees in technical, sales, and managerial roles have higher professional tenure than female employees. Consequently, male employees tend to have higher salaries than female employees.

• Salary Information for Non-supervisory Employees

The company also discloses the salary information of "full-time employees who do not hold managerial positions" in response to regulatory requirements. In 2022, there were 532 full-time employees who did not hold managerial positions, with an average salary of NT\$1.026 million and a median salary of NT\$843,000. Due to the company's improved operational performance in 2022, overall compensation increased compared to the previous year.

5.2.2 Comprehensive Employee Benefits

SUNON has implemented a variety of welfare measures to enhance employee loyalty and competitiveness in the market. These measures include benefits such as better leave entitlements than those required by law, insurance coverage, and wedding, funeral, and childbirth gifts. The company also has a staff welfare committee responsible for promoting and planning various staff welfare measures, which are available to all full-time employees. The welfare funds are allocated by the company on a monthly basis and employees can also voluntarily contribute to the welfare funds, which are managed by the welfare committee and used for various activities and subsidies. The welfare committee regularly tracks the usage of these funds and solicits feedback from employees to ensure their proper use.

Standard Benefits at SUNON

Program	Applicable Locations	Description
Insurance	All locations	<ul style="list-style-type: none"> The formal employees of SUNON important operational bases are entitled to the insurance coverage required by law. Employees in China are covered by the five social insurances and one housing fund. Employees in the Philippines are covered by SSS (Social Security System), Pag-Ibig, and Philhealth In addition to labor insurance and national health insurance, employees in Taiwan also enjoy group insurance benefits. All employees of SUNON, if they have a need for overseas business trips, will be additionally covered by business travel insurance Provides group insurance for employees, including life, accident, medical, and travel insurance to ensure their health and safety in the workplace
Paid Parental Leave	Kaohsiung Headquarters Taipei Office Kunshan Guangxing Factory Beihai SUNON Factory Beihai Lizhun Factory	In Taiwan, employees who have children under the age of three are eligible to apply for 1 hour of paid parental childcare leave per day. In China, employees are granted 10 days of paid parental leave per year.
Holiday and Birthday Bonus	Kaohsiung Headquarters Taipei Office	Provides holiday and birthday bonuses/gift vouchers to employees during important holidays and birthdays.
Marriage, Funeral, Maternity, and Hospitalization Allowances	Kunshan Guangxing Factory	Provides various allowances for employees, including those for marriage, childbirth, home purchase, hospitalization, and condolence for the loss of relatives.
Paid Sick/Personal Leave		Employees at or above a certain job level are entitled to 30 days of paid sick leave and 14 days of paid personal leave.
Education Subsidies for Children	Kaohsiung Headquarters Taipei Office	Children of employees who have been with the company for more than five years can apply for scholarships for outstanding academic performance.
Senior Employee Recognition		Employees who have been with the company for over 10 years are awarded a golden badge as recognition for their contribution.

Other Welfare Measures at SUNON

Item	Description
Subsidies or allowances	<ul style="list-style-type: none"> • General employees at the Headquarters are subsidized once a year for a high-level health examination at a medical institution, while relevant positions or above are arranged for. • The Headquarters provides annual travel subsidies for employees and departmental staff dinner subsidies. • Employee restaurants are set up at the China and Philippines Factory sites, with meal subsidies provided to employees.
Welfare activities	<ul style="list-style-type: none"> • The company holds employee activities from time to time, such as family day, spring banquet, dinner party, mid-autumn festival party, etc. • The company provides annual subsidies for club activities and sponsorship items.
Others	<ul style="list-style-type: none"> • Headquarters implementing flexible work schedule for indirect employees. • Regular visits by doctors to provide professional consultations at the company. • Employee dormitories and leisure centers set up in the China Factory area. • Signed agreements with contracted stores to provide information on consumer choices with employee discounts. • Established a consumer cooperative for employees in the China Factory area, supplying essential daily products for accommodation staff and organizing periodic promotional activities.

To protect the rights and benefits of retired employees, our company allocates retirement funds in accordance with the law. In Taiwan, employees who are under the old retirement system and meet the retirement conditions to claim retirement benefits will receive it from the "Labor Retirement Reserve Fund Account". Those who are under the new retirement system will receive their benefits from the "Labor Retirement Personal Account".

Retirement system		Contribution status
Old system	Employees in Taiwan are entitled to either the old or new retirement pension system based on the Labor Standards Act and the Labor Pension Act. Employees who started working before June 30, 2005 are eligible for the old pension system, while those who started working on or after July 1, 2005 are eligible for the new pension system.	The "Labor Retirement Reserve Supervisory Committee" was established to supervise the allocation of retirement funds. According to the Taiwan Labor Standards Act, 2% of the actual salary paid each month is allocated as retirement reserve funds and deposited into the "Labor Retirement Reserve Account" at the Taiwan Bank.
New system		According to the "Labor Pension Act," 6% of the employee's total salary is deducted monthly and deposited into the employee's individual account in the "Labor Pension Fund" managed by the Bureau of Labor Insurance.

In China, employees are insured for old-age insurance and sufficient contributions are made according to local laws and regulations. In the Philippines, retirement contributions are made for employees in accordance with local laws and regulations. Additionally, the company also organizes farewell parties to thank employees for their contributions and hard work upon their retirement.

5.2.3 Friendly Workplace for Childcare

Our company is committed to creating a friendly environment for parenting. In addition to allowing statutory parental leave without pay, we also provide maternity gifts, contracted kindergartens, paid parental care leave that exceeds legal requirements, flexible working hours, and other mechanisms to show our support for parents. Moreover, we have set up a warm nursing room in the office equipped with refrigerators, freezers, and other facilities to ensure that female colleagues who are breastfeeding have no worries.

In 2022, our company had a reemployment rate of 200% for employees who applied for parental leave (some employees returned to work earlier than expected). Furthermore, one year after returning to work, the retention rate of employees who remained employed was 100%.

Analysis of Employees on Maternity Leave

年度	2022			2021			2020		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees eligible for parental leave in the current year(A)	3	28	31	14	11	25	5	5	10
Number of employees who actually applied for parental leave in the current year(B)	1	1	2	0	7	7	0	5	5
Number of employees who should have returned to work after taking parental leave in the current year (C)	0	2	2	0	6	6	0	2	2
Number of employees who actually returned to work after taking parental leave in the current year (D) ^{Note 1}	1	3	4	0	4	4	0	2	2
Number of employees who returned to work after taking parental leave in the previous year (E)	0	4	4	0	2	2	0	5	5
Number of employees still employed 12 months after returning to work from parental leave in the previous year (F)	0	4	4	0	0	0	0	2	2
Leave Request Rate (%) (= B/A)	33%	4%	6%	0%	64%	28%	0%	100%	50%
Reemployment Rate (%) (= D/C) ^{Note 2}	-	150%	200%	-	67%	67%	-	100%	100%
Retention Rate (%) (= F/E)	-	100%	100%	-	0%	0%	-	40%	40%

Note 1: There were 2 employees originally scheduled to return to work in 2023, but they returned to work earlier in the current year, hence the return-to-work rate is greater than 100%.

Note 2: The eligibility for parental leave in our company is based on the local regulations of each location.

5.3 Diversity and Development

5.3.1 Employee Training and Development

SUNON places great importance on the professional development of its employees, believing that only through continuous and progressive education and training can employees and the company grow in sync. The company's talent cultivation policy is guided by a "competency-based approach to training, cultivating employees into professional elites, and creating the highest value for sustainable operations.

SUNON has developed a training system and curriculum based on four dimensions: new hires, professional skills, management skills, and self-development. It also promotes training courses and project activities in different fields in response to the company's annual business goals, in order to continuously enhance the organization's competitiveness and employees' skills.



• New Employee Training

In order to help new employees adapt to their work environment and meet the job requirements and goals set by the company in a short period of time, SUNON provides new hires with a training program that includes both general courses (such as company overview, human resource operations, environmental health and safety training, labor rights protection, ethical standards, computer system operations, etc.) and job-specific professional courses (such as R&D system operations, safety concept, environmental laws and regulations, quality/environment/safety and health management system awareness, etc.). This training program is designed to help new employees quickly integrate into the organization.

• Professional Skills

For professional skills training, SUNON evaluates the job requirements and necessary work abilities for each position based on the job content and business attributes. The company also conducts an annual training needs survey and adjusts the course offerings accordingly to enhance employee professional skills and cultivate the necessary skills for the future. Additionally, the company ensures that the training results are effectively linked to job performance.

SUNON has developed 13 competency learning maps for product development engineers, including intelligent automation-mechanics, intelligent automation-electronics, electronics, mechanics, heat flow, module, motor, mold flow, bearing system, acoustics, manufacturing engineering, industrial engineering, CNC, and reverse engineering. For each competency, the company has established a specialized course list and provided systematic training to cultivate SUNON's R&D talents to continuously develop new products and enhance customer satisfaction.

To enhance internal knowledge, transfer and make effective use of organizational talent resources, we have promoted an internal lecturer system. We regularly assign elites to attend external courses, absorb the latest industry technical information, and spread knowledge back to the company as seed lecturers. As of 2022, SUNON has cultivated 151 internal lecturers. Each year, we select outstanding lecturers based on teaching satisfaction and teaching hours, and arrange for the chairman to personally present certificates and rewards, shaping a culture of continuous learning and sharing within the organization.

• Management Skills

In terms of cultivating management talent, in addition to job learning and position advancement, SUNON also plans different management awareness and management methods and skills training for supervisors at different levels (including training courses on management attitudes, concepts, and skills), hoping to enhance the motivation of supervisors for continuous learning and development through the blueprint of career development. This will effectively lead teams to execute company strategies and plans and achieve operational goals.

• SUNON E-learning Platform

SUNON continues to promote digital learning by building an online learning platform and developing digital courses. This allows employees to learn without being limited by time or location. Currently, there are 250 digital courses on the SUNON E-Learning platform, with 153 of them being self-paced courses. In 2022, the platform was used by 12,159 individuals for online learning resources.

Our employee education and training policy is not differentiated based on gender. In 2022, a total of 616 courses were offered by SUNON, training 41,516 employees with a cumulative total of 458,818 training hours. Overall, the average training hours per person was 66.8 hours, with men receiving an average of 82.1 hours and women receiving an average of 53.8 hours of training. Compared to 2021, the average training hours per person slightly decreased this year, mainly due to the impact of the COVID-19 pandemic on physical courses in the mainland factories.

2022 Number of Training Courses and Number of Participants/Hours of Training

Category	Number of Classes	Total Participants	Total Hours
New Employee Training	185	27,783	433,247
Professional Skills Courses	347	8,834	14,570
General Courses	70	4,192	4,036
Management and Leadership Courses	14	707	6,965
Total	616	41,516	458,818

Average Training Hours by Gender (in hours)

Gender	2020	2021	2022
Male	16.9	77.8	82.1
Female	13.0	67.5	53.8
Total	15.6	72.4	66.8

Note 1: Average training hours per person = total training hours by gender / number of employees at the end of the year by gender.

Note 2: Since the training hours were only calculated for Taiwan Factory employees in 2020, there is a greater difference in the comparison of average training hours between 2021 and 2022.

The average training hours per job level and job function in 2022 are shown in the following table. SUNON has long been committed to investing in the cultivation of R&D talents to maintain its technological advantage, resulting in significantly higher average training hours for technical staff than for other job functions.

Average Training Hours Per Job Level in 2022

Senior Executives	Middle Managers	Frontline Managers	Frontline Staff
6.1	14	20.3	72.1

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

Average Training Hours Per Job Function in 2022

Technical	Sales	Management	Staff Officer	Administration
77.1	7.2	19.2	8.6	11.8

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

• Employee Transition Assistance Policy

Retired employees may feel a sudden loss of direction in life after leaving the workplace. They may also experience psychological anxiety, family interaction problems, and life care issues due to a lack of income, increased time spent with family members, and decreased physical function. Therefore, to assist employees in preparing for retirement, the HR department regularly reviews a list of employees who are approaching retirement age, anticipates their retirement intentions in advance, helps employees understand the potential problems they may face in retirement, and plans for their retirement life.

In the event that an employee is unable to perform their job, the company will provide job coaching or transfer them to a suitable department. If the company or the employee's needs cannot be met, the company will provide severance pay in accordance with the law and provide relevant documentation to assist the employee in applying for unemployment benefits or vocational training subsidies, thus reducing the psychological and economic pressure during the employee's transition period.

5.3.2 Performance Appraisal

Our company has established a performance evaluation system for employees to review their performance and achievements at work, and provide positive feedback to set goals for the coming year to surpass themselves.

• New Employee Assessment

New employees will undergo a job performance evaluation by their department supervisor before the end of their probationary period. If an employee does not pass the evaluation, the company may terminate their employment contract in accordance with relevant laws or extend their probationary period with mutual agreement, which shall be limited to one time and shall not exceed the original probationary period.

• Employee Performance Evaluation

Each Factory sets monthly or quarterly performance evaluation indicators according to the characteristics of the job, and evaluates employees based on their job performance. At the end of the year, the annual performance evaluation is conducted by comprehensively evaluating the employee's work performance throughout the year.

In addition, our company has established an employee reward and punishment policy in the personnel regulations. If an employee's workplace performance or behavior meets or violates the company's reward and punishment standards, the department supervisor will submit a report on rewards and punishments to the general manager for final decision and public announcement. Employee reward and punishment records, along with annual performance evaluations, are used as the basis for employee promotion, salary adjustments, or bonus allocations.

In 2022, all new employees of our company have completed their probationary period assessment, and in the annual performance review, except for colleagues who joined or took leave without pay during the year, all full-time employees have completed the annual performance review.



5.4 Occupational Safety

5.4.1 Occupational Safety and Health Management

Workers are important members of the company's business operations, and any safety or health risks in the workplace may have a significant impact on the company's economy, as well as the health and lives of employees or external workers. Based on local occupational safety and health regulations and ISO 45001, SUNON has constructed an occupational safety and health management system using the PDCA cycle concept - Plan, Do, Check, Act - as the management framework foundation. A Occupational Safety and Health Committee has also been established to identify all possible risks in the operating environment, establish management measures and control procedures, and identify potential hazards in the operations of each unit. Risks are identified and prevented in advance, and internal audits are regularly conducted to effectively prevent accidents and protect the health and safety of workers.

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

All of our production sites have completed the establishment of Occupational Safety and Health Management Systems. With the exception of the Philippines SUNON Factory, the rest of the factories have undergone external third-party verification and have obtained certificates. Other sites are only business-oriented and do not involve production operations. Therefore, no occupational safety and health management system is established. The management system standards and the coverage of workers for each operating location are as follows:

Operating Locations	Occupational Health and Safety Management System Certification Standard	Applicable Areas	Scope of covered workers ^{Note 1}				Excluded Worker Types
			Employees (people)	Proportion ^{Note 2} (%)	External Workers (people)	Proportion ^{Note 3} (%)	
Kaohsiung Headquarters	ISO 45001	Kaohsiung Factory	277	49.4%	5	80%	Workplaces not covered by ISO45001 certification scope
Kunshan Guangxing Factory	ISO 45001	All workplaces	2179	100%	47	100%	-
Beihai SUNON Factory	ISO 45001	All workplaces	3217	100%	38	100%	-
Beihai Lizhun Factory	ISO 45001	All workplaces	734	100%	23	100%	-
Philippines SUNON Factory	ISO 45001 (Certification has been obtained in 2023.)	All workplaces	105	100%	20	100%	-

Note 1: The number of employees covered by the occupational health and safety management system is calculated based on the number of employees covered by the system and is verified through internal and external audits by the end of this year. (except for Philippines SUNON Factory)

Note 2: The percentage of employees covered = the number of employees covered by the system at each location / the total number of employees at each location at the end of the year x 100%.

Note 3: External workers include security personnel, cleaning staff, restaurant contractors, employee dormitory managers, drivers, and others.

Note 4: The percentage of covered workers = the number of covered workers at each location / the total number of workers at each location x 100%.

Note 5: SUNON's Factory in the Philippines, which was newly constructed in September 2022, is expected to obtain ISO 45001 certification in 2023.

• Occupational Safety and Health Committee

SUNON has established Occupational Safety and Health Committee at each of its locations. These committees are responsible for reviewing the company's occupational safety and health management regulations, assessing the effectiveness of various management procedures, evaluating occupational safety and health training plans, and reviewing occupational accident investigation reports. Under the committee, management teams are established to publish the company's occupational safety and health management regulations and promotes occupational safety and health management policies on the company's website, providing publicly available procedural documents in multiple languages for foreign employees to view, enabling all SUNON colleagues to clearly understand the company's occupational safety and health policies.

The Operation of the Occupational Safety and Health Committees at Each Operating Location

Operating Location	Meeting Frequency	Decision-Making Unit	Labor Representation
Kaohsiung Headquarters	Quarterly	Occupational Safety and Health Team	Yes
Kunshan Guangxing Factory	Monthly	Management Department	Yes
Beihai SUNON Factory	Monthly	Management Department	Yes
Beihai Lizhun Factory	Monthly	Management Department	Yes
Philippines SUNON Factory	Weekly	Management Department	Yes

• Worker Communication and Reporting Mechanism

The management team has an independent reporting mechanism where workers can provide anonymous feedback, communication, and consultation on occupational safety and health issues through a dedicated hotline and email address (for all Taiwan factories: 0800employee@sunon.com, for Beihai SUNON Factory and Beihai Lizhun Factory: pike_ching@sunon.com, for Kunshan Guangxing Factory: snon@sunonchina.com, and for Philippines SUNON Factory: irenne_ng@sunon.com).

When foreign workers require communication and consultation, an employee with foreign language ability or a commissioned translator will act as an intermediary to facilitate effective two-way communication. In addition, according to our company's safety and health management procedure, we encourage employees, suppliers, or contractors to proactively report any safety and health hazards in the workplace. If there is an immediate risk that could occur, workers can also stop working and move to a safe location without endangering others, and report it to their department supervisor and the Occupational Safety and Health Management Team.

After receiving the report, the management team needs to conduct an immediate investigation, assess the possibility and degree of hazards, and develop appropriate measures to be reported to the Occupational Safety and Health Committee for review. The investigation and decision-making results will be announced to all company employees. Employees or external workers who proactively report potential occupational safety and health risks can receive excellent rewards to encourage workers to report potential hazards and jointly monitor and reduce the occurrence of dangerous events.

• Occupational Safety and Health Risk Assessment

SUNON follows the local occupational safety and health regulations at each operational site and has developed a hazard identification and risk assessment management procedure book. The Occupational Safety and Health Management Team, led by its members, executes the risk assessment process. The Occupational Safety and Health Management Team is composed of the Occupational Safety and Health Committee. In 2021, the team received professional training on hazard identification and assessment, and its members were encouraged to obtain relevant external certifications.

Meanwhile, the Occupational Safety and Health Management Team reviews the work sites of each operating location and upstream/downstream suppliers every year. They classify the sites into four levels of risk: high risk, medium-high risk, medium risk, and low risk, based on the severity of hazards, the likelihood of occurrence, and existing protective measures. They assess potential material occupational accidents or illnesses and establish risk-reducing control measures for medium and high-risk items. They also periodically send external auditors to monitor the effectiveness of the control measures. To ensure the effectiveness of the control measures, the company compares the external audit results with the original targets. External auditors who have undergone professional hazard identification and risk assessment training and obtained professional certifications are responsible for executing the audits and regularly holding meetings to review the missing items and track their effectiveness, and then propose follow-up improvement directions.

Operating Locations	Risk Level	Number of Audits	Number of Significant Violations
Kaohsiung Headquarters, Taipei Office	Moderate	1 (external audit)	0
Kunshan Guangxing Factory	Medium High	1 (external audit)	0
Beihai SUNON Factory	Moderate	1 (external audit)	0
Beihai Lizhun Factory	Moderate	1 (external audit)	0

Risk Levels and Management Mechanisms

Risk Level	Management Measures
High risk	Immediately take improvement, control, or contingency measures. ※Record the "Unacceptable Risks and Occupational Safety and Health Opportunity Summary Table," develop measures, and estimate the risk after improvement.
Moderately high risk	Review existing protective measures, evaluate improvement mechanisms, and reduce risk levels. ※Record the "Unacceptable Risks and Occupational Safety and Health Opportunity Summary Table," develop measures, and estimate the risk after improvement.
Moderate risk	Temporarily acceptable, evaluate whether to take measures to reduce risk or improve occupational safety and health performance.
Low risk	Need attention, still consider whether to take control measures to reduce risk or improve occupational safety and health performance.
Acceptable risk	Acceptable, but ensure the effectiveness of existing protective measures.

High-Risk Projects and Control Measures

Hazard Category	Risk Item	Hazard Type	Control Measures
Physical Hazard	<ol style="list-style-type: none"> Fan Operation Test Forklift Operations and Working at Heights Whip the ingredients 	<ol style="list-style-type: none"> Noise (hearing loss), laceration Injury from collision, falling Dust (respiratory disease) 	<ol style="list-style-type: none"> Workers must wear hearing or any other protection devices properly. Operators are required to hold valid certifications and wear safety harnesses properly.
Chemical Hazard	Impregnation operation	Organic solvent poisoning	Installation of exhaust ventilation equipment, wearing protective equipment, and chemical hazard education and training.
Human Hazard	Office and assembly operations	Musculoskeletal injuries	Through the human hazard prevention plan, identify high-risk groups and provide relevant health guidance and work adjustments.

• Occupational Safety and Health Education and Training

Occupational safety and health education and training is the foundation for improving employees' and contractors' awareness of safety and health. All employees should receive general occupational safety education and training every year, and knowledge and skill training should be conducted separately for employees and external workers based on their different job types and work environments, in order to enhance their safety awareness and prevent disasters.

Category	Course Content	Trainees	Total Hours/Frequency
General Training	Overview of regulations, safety concepts and work rules, standard operating procedures, emergency response and handling, fire and first aid knowledge, etc.	All employees	276,475.6 hours/652 times
Occupational Hazards	Prevention of occupational accidents and diseases, such as personal protective equipment use, occupational health knowledge, etc.	Special position employees	757.5 hours/11 times
Hazardous Activities	Education and training on high-risk activity operating procedures, such as general education and training on chemical hazards, risk operations, hazard identification and safety risk control training, machinery safety precautions, etc.	1. Chemical handling personnel 2. Indirect employees, operators	1,072.0 hours/49 times
Dangerous Situation Training	Emergency response training for dangerous situations, such as fire drills, earthquake exercises, extreme weather exercises, chemical spills and poisoning exercises, etc.	All employees	16,614.0 hours/6 times

• Occupational Health Services

The company evaluates noise, organic solvents, and other factors that may pose significant risks to employees based on their work environment and nature of work. To reduce employees' exposure to harmful substances during work operations, the company provides protective equipment for employees to wear. Additionally, every year, employees working in special work environments undergo specialized health checks, and their physical condition is regularly monitored for early intervention and treatment. The company also collaborates with medical clinics and institutions, and employees showing symptoms related to occupational diseases can undergo testing and treatment at the designated medical facilities.

In response to the COVID-19 pandemic, Kaohsiung Headquarters and Taipei Office have complied with the measures of the central government and implemented a work-from-home arrangement during Level 3 period to reduce the risk of office cluster infections. Video conferencing is prioritized for meetings to reduce the risk of employees' movement or close contact with the virus; Kunshan Guangxing Factory, Beihai SUNON Factory, and Beihai Lizhun Factory also comply with the local government's implementation of relevant lockdown measures to reduce the risk of infection.

In terms of promoting personal health, SUNON provides full-time employees with pre-employment health checks. Employees at Kaohsiung Headquarters and Taipei Office are further entitled to an annual subsidy for general physical health check-ups, and the company monitors and manages employees with significant abnormalities detected during these health checks. Taking into account employees' age, health check values over the past three years, and common material diseases investigated by the Department of Health, common personal health risks include prolonged sitting, lack of exercise, unhealthy diet, and psychological stress factors. Therefore, we arrange health seminars, on-site medical consultations, and other services every year for Kaohsiung Headquarters and Taipei Office to promote new knowledge on physical health and encourage employees to develop exercise habits, thereby improving their physical and mental health.

Health Promotion Activity	Activity Description and Results
Health lectures	52 employees participated in health lectures on topics such as "How to Build Muscle and Burn Fat through Diet" and "Introduction to Fecal Occult Blood Tests".
On-site health services	Following regulations in the Labor Safety and Health Act, a family medicine doctor from Xiaogang Hospital was employed to provide on-site health consultations every month. A total of 49 employees participated in the service.

Note: This health promotion activity is only carried out for employees at Kaohsiung Headquarters and Taipei Office. As local regulations do not currently require it, similar activities are not conducted at Kunshan Guangxing Factory, Beihai SUNON Factory, Beihai Lijun Factory, and SUNON Factory in the Philippines.

• Supplier Occupational Safety and Health Audits

SUNON not only requires all of its significant operating locations to strictly comply with local occupational safety and health regulations, but also requires its suppliers to follow the company's Supplier Code of Conduct, which includes occupational safety and health standards. The company conducts regular audits of key suppliers each year to confirm whether any violations of the company's occupational safety and health standards have occurred and to investigate the number of occupational injuries and diseases that have occurred during the year, in order to evaluate any deficiencies in supplier occupational safety and health management. For non-serious issues, the company proposes improvement items and suggestions for improvement, providing the supplier with a one-month improvement period. After one month, the supplier is re-audited to confirm that there are no significant occupational safety risks in their workplace. All suppliers have passed the company's occupational safety and health audits this year.

5.4.2 Occupational injuries and illnesses

SUNON has established a workplace safety and health accident reporting procedure. When a workplace accident occurs, the injured worker, workplace supervisor, or other staff on site should immediately follow the workplace safety and health management process and report to the occupational injury reporting system under the jurisdiction of the safety and health team, explaining the nature of the incident, the identity of the injured personnel, the location of the incident, the reason for the incident, and the degree of injury of the personnel.

After receiving the report, the safety and health team will classify the severity of the incident, inform the Global Human Resource Division or medical institutions, and collaborate to investigate whether there are any deficiencies or abnormalities in the working environment, personnel operations, and standard procedures at the time of the incident. After clarifying the cause of the accident, the safety and health team will report

the accident investigation results and improvement plan to the department in charge of the accident and the occupational safety and health committee. They will jointly decide on the improvement measures for the working environment or standard procedures, and announce the investigation and subsequent improvement results to all employees and suppliers. Within three months after the accident, SUNON will strengthen training and promote the new control policy.

• Employee Occupational Accident Records

Compared to the zero accident rate in the previous two years, there were three recordable incidents this year, but none of them were serious or fatal occupational accidents. The main cause of injury was that the personnel did not operate the machinery according to regulations. After the accidents, the company provided medical support to the employees, reviewed the causes of the accidents, formulated improvement measures, and strengthened safety awareness to enhance the safety of the workplace and prevent similar incidents from happening again.

Employee Occupational Injury and Occupational Disease Statistics Table

	2020	2021	2022
Total Work Hours (hours)	4,824,624	4,856,088	23,381,643
Occupational Fatalities	0	0	0
Occupational Fatality Rate	0	0	0
Serious Occupational Injuries	0	0	0
Serious Occupational Injury Rate	0	0	0
Recordable Accidents	0	0	3
Recordable Accident Rate	0	0	0.13
Occupational Diseases	0	0	0
Occupational Disease Rate	0	0	0

Note 1: The calculation method of total working hours is (average number of employees per month × number of working days per month × 8 hours/day) + overtime hours per month - leave hours per month.

Note 2: Occupational injury mortality rate = number of occupational injury deaths ÷ working hours × 1,000,000.

Note 3: The number of severe occupational injuries excludes deaths and only includes injuries that result in the inability to return to pre-injury health status for six months or more.

Note 4: Severe occupational injury rate = number of severe occupational injuries ÷ working hours × 1,000,000.

Note 5: Recordable accidents refer to occupational

injuries that must be reported to the government in accordance with local occupational safety and health regulations, including the number of severe occupational injuries and occupational injury deaths.

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

Note 7: Occupational disease incidence rate = number of occupational diseases ÷ working hours × 1,000,000.

Note 8: Scope of occupational accident records: 2020 and 2021 - Kaohsiung Headquarters; 2022 - Kaohsiung Headquarters, Kunshan Guangxing Factory, Beihai Lijun Factory, Beihai SUNON Factory, and Philippines SUNON Factory.

• **Near Miss Incidents**

There were 2 false alarm incidents this year, caused by poor quality of parts and aging of circuits. As a result, our company conducted a comprehensive check and replacement of all production equipment with safety concerns, including wires, connectors, and parts, to prevent future actual disasters.

2022 Near Miss Incident Statistics Table

Types of false alarm incidents	Frequency of occurrence	Description	Improvement measures
Fire	2	<p>Event 1: C1 4# distribution cabinet caught fire during the pandemic shutdown period. Extinguisher.</p> <p>Result of disposal: Extinguished by fire extinguisher.</p>	Based on the fact that the distribution panel involved in the incident was newly purchased and had no load at the time of the incident, it is assumed that the quality of the switch in the distribution panel was the cause of the incident. Therefore, the company requested the manufacturer to replace the switch in the distribution panel and also conducted a simultaneous investigation of the circuits and components of all distribution panels to avoid similar incidents in the future.
		<p>Event 2: There was an open fire on the assembly machine of the A4 automatic line 1 due to short-circuit caused by aging of the circuit.</p> <p>Result of disposal: Extinguished by fire extinguisher.</p>	Conduct a comprehensive inspection of all production equipment's wiring and connectors within the Factory, and replace all wires and connectors that show signs of aging or looseness.

Near Miss Incident Statistics Table for the Past Three Years

	2020	2021	2022
Number	0	0	2
Rate	0	0	0.09

Note: The false alarm rate = number of false alarms / working hours x 1,000,000.

• **Occupational Accident Records for Non-Employee Workers**

There were no occupational accidents or incidents of occupational diseases involving external workers at SUNON's workplace in 2022. We will continue to provide regular education and training to our suppliers to maintain a record of zero occupational accidents for external workers.

Annual Statistics Table for Occupational Injuries and Occupational Diseases of Non-Employee Workers

	2020	2021	2022
Fatalities	0	0	0
Fatality Rate	0	0	0
Severe Injuries	0	0	0
Severe Injury Rate	0	0	0
Recordable Incidents	0	0	0
Recordable Incident Rate	0	0	0
Occupational Diseases	0	0	0
Occupational Disease Rate	0	0	0

Note 1: The company has not yet calculated the number of external workers and their working hours. As no occupational accidents or occupational diseases have occurred among external workers in the past three years, the corresponding occupational accident rates are all 0.

Note 2: The number of serious occupational injuries excludes fatalities and only includes injuries that result in an inability to return to the pre-injury health status for 6 months or longer.

Note 3: Recordable incidents are defined as 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 occupational fatalities.

Note 4: The scope of the occupational accident record includes the Kaohsiung Headquarters in 2020 and 2021, and the Kaohsiung Headquarters, Kunshan Guangxing Plant, Beihai Lijun Plant, Beihai SUNON Plant, and the Philippines SUNON Plant in 2022.

Chapter 6

Public Participation for Sustainable Society

Chapter 6

6.1 Social Participation

6.1.1 Fulfilling Social Welfare

6.1.2 Social Participation Results

6.1 Social Participation

6.1.1 Fulfilling Social Welfare

Mr. Hong Yin-shu, the founder of SUNON, was born in a rural area of Tainan, Taiwan. Growing up during a time of economic hardship in Taiwan, he came to understand the importance of cultivating local talent through business operations, helping to revitalize the regional economy and improve the quality of life for local residents. He also came to understand the importance of providing emergency assistance and care to those in need.

With the belief that a company has a responsibility to give back to society, the corporate philosophy of "employing locally, assisting local education and culture, supporting the underprivileged, and promoting positive thinking and public welfare activities" has been implemented by SUNON to give back to the community. In order to promote social harmony and take care of local residents in need, the foundation has organized emergency relief supplies distribution, donated scholarships to underprivileged students, provided care for vulnerable groups and families, sponsored educational institutions, organized blood donation events, and promoted positive thinking through practical actions. Over the years, they have quietly devoted themselves to helping those who are temporarily in distress, disadvantaged families, and children, in the hope of bringing stability and a better living environment to society.

● Sunonwealth Charitable Foundation

The Sunonwealth Charitable Foundation was founded in 2007 by the founder of SUNON, former chairman Hong Yin-Shu and his wife. The foundation aims to promote moral education and positive thinking, actively engaging in social welfare and emergency relief efforts, and helping underprivileged children and families in need. The foundation strives to prevent them from becoming permanently marginalized, guiding people to adopt a positive mindset and regain the courage to lead a new life.

The foundation has actively reached out to the public since 2011. Led by former chairman

Hong and his wife, the partners of the "Liaofan' s 4 precepts Happy Living Club" within the company have jointly organized "inspirational care activities" with local township and district offices, providing emergency supplies, rice, and bond money to economically disadvantaged, marginalized, and single-parent families, and giving away



the book "Liaofan' s 4 precepts Interpretation" which teaches how to change one's fate. The foundation has gradually begun to do good deeds and delve into every corner of Taiwan that needs care, step by step. With the expansion of the scale of activities every year, the foundation's charitable activities have now

spread to 20 townships in Taiwan. The foundation's "inspirational care activities" have helped 8,060 households (providing materials such as cash, rice, and the book "Liaofan' s 4 precepts Interpretation") from 2018 to 2022. The foundation's greatest initial intention and expectation is to quietly do good deeds and care for vulnerable groups in society.

● Shehng-Yuan Children Development and Adult Support Services Center

The Shehng-Yuan Children Development and Adult Support Services Center was established in 1989 with the primary goal of assisting children with cerebral palsy. Due to severe motor and sensory impairments during the growth process, children with cerebral palsy often cannot stand, walk, and even struggle with learning and growth, causing a heavy burden on families and society. Therefore, the founder, former chairman of Sunonwealth Electric Machine Industry Co., Ltd., Mr. Hong Yin-Shu and his wife, established the center with the aim of "You will grow old, and your children will grow up. If you don't act now, you will regret it in 20 years," making parents aware that if their children cannot stand up on their own and parents cannot carry them, they will be left helpless and hopeless.

The Center hopes to help more individuals with physical and mental disabilities and their families receive early intervention and education, and to courageously stand up and move forward. They believe that "a strong life is like a seed under a rock, as long as the heart is toward the sunshine, there will be a way out," to pursue the right to self-fulfillment and happiness, to meet the expectations of family and society, and to fulfill SUNON's responsibility and contribution to corporate social responsibility.

Currently, the Center serves children aged 0-6 with developmental delays, multiple disabilities, and individuals aged 15-35 with multiple disabilities, severe and extremely severe disabilities. They provide early intervention and screening, professional team consultation services, and strongly link social resources, emphasizing life skills, physical and cognitive training, and community participation, so that every child and adult at the center can bravely interact with others and live a fulfilling and meaningful life, becoming someone who can bring happiness to themselves and others. The Center hopes that people from all walks of life can lend a helping hand to help all friends with disabilities, so that they can stand up and walk on their own path to a bright future.

6.1.2 Social Participation Results

SUNON invests corporate resources and invites colleagues to collaborate in promoting moral education, motivational care, blood donation drives, and other initiatives. Through these various projects and activities, in conjunction with long-term partnerships with organizations and venues, SUNON aims to enhance its positive impact on stakeholders.

In 2022, The Status of Social Participation Projects and Resource Allocation was as Follows

Social Participation and Development Dimensions	Project Name	Resource Allocation				Corresponding to SDGs
		Cash Donation (NTD)	In-kind Donation (Quantity)	Time Cost (Person-hours)	Management Cost (NTD)	
Charitable Donations	Moral Education	750,639	-	-	-	Quality Education (SDG4) 
	Disability Welfare	500,000	-	-	-	Good Health and Well-being (SDG3) 
	Emergency Relief	891,180	Fire alarms: 500 units Road surveillance cameras: 1 batch	-	-	No Poverty (SDG1) 
	Low-Income - Long-Term Individual Cases (Others)	1,967,133	-	-	-	No Poverty (SDG1) 
	Inspirational Care	446,000	2,230 kilograms of rice for consumption, 446 copies of the book "Liaofan's 4 precepts Interpretation"	191	31,297	Decent Work and Economic Growth (SDG8) 
	Scholarships for Underprivileged Students	556,000	-	-	-	No Poverty (SDG1) 

Social Participation and Development Dimensions	Project Name	Resource Allocation				Corresponding to SDGs
		Cash Donation (NTD)	In-kind Donation (Quantity)	Time Cost (Person-hours)	Management Cost (NTD)	
Community Participation	Blood Donation Campaigns	0	111 bags of 250cc blood bags	64	100,000	Good Health and Well-being (SDG3) 

Social Participation Project Achievements in 2022

Project Name	Project Description	Stakeholders	Project Deliverables
Moral Education	The Sunonwealth Charity Foundation roots itself in fundamental education and promotes moral education. Through cooperation between businesses and schools, it establishes diverse programs that emphasize the true meaning of "morality" in the book "The Four Lessons for a Great Life," and promotes them to teachers and students at all levels. The foundation hopes to infect individuals with positive thinking and actions that will lead to their families, guide their thoughts and actions in a positive direction, reshape personal character traits such as honesty, integrity, law-abidingness, and a sense of shame, and recreate a better social atmosphere.	<ul style="list-style-type: none"> Kaohsiung Municipal Zhongyun Junior High School Tainan Municipal Anshun Junior High School Kaohsiung Private Gao Ying Senior Vocational and Commercial School Cihui Medical and Health Management College Pingtung County Li Gang Junior High School Tainan Municipal Nanxin Junior High School Kaohsiung Municipal Fengjia Junior High School 	8,895 people benefited
Disability Welfare	To alleviate the suffering of those with material physical disabilities and their families, we provide long-term support to social welfare organizations that offer professional care and counseling.	Shehng-Yuan Children Development and Adult Support Services Center	30 people benefited
Emergency Assistance	We take advantage of opportunities to collaborate with schools and report cases of financially disadvantaged students who need emergency assistance, life assistance, long-term assistance for education, and assistance with the use of medicine for rare diseases. Our goal is to provide a safe and secure learning environment for students. Additionally, we donate epidemic prevention supplies and fund the installation of road surveillance cameras in response to the needs of community fire and police departments, to take care of the health and safety of local residents.	<ul style="list-style-type: none"> Kaohsiung City Tzuhai Charity Association Fire Bureau, Kaohsiung City Government (Qianzhen Fire Brigade, Kaohsiung City Fire Bureau) Kaohsiung City Police Department Criminal Investigation Corps (Investigation Team, Qianzhen Branch) Kaohsiung City Harbor Police Friendship Association (Caoya Police Station, Kaohsiung City Police Bureau) Residents of Jiacheng Vil, Dashe District, Kaohsiung City Pingtung County Ligang Junior High School Kaohsiung Municipal Qianzhen Senior High School Tainan Municipal Anshun Junior High School Magong Elementary School, Magong City, Penghu County Kaohsiung Municipal Qianzhen Senior High School 	1,484 people benefited

Project Name	Project Description	Stakeholders	Project Deliverables
Low-Income - Long-Term Cases	We provide long-term assistance plans, scholarship programs, and other forms of life assistance to individual cases in need. Among them, one case involves the child of a colleague. The child suffers from a rare disease, and we have established a long-term medical assistance program for the colleague to provide support.	<ul style="list-style-type: none"> • Pingtung County Ligang Junior High School • Kaohsiung Municipal Qianzhen Senior High School • SUNON colleagues 	16 people benefited
Low-Income - Other Cases	At the same time, we have initiated a close network of cooperation with local fire departments, social welfare bureaus, and town and district offices. Through reports from front-line government agencies, we timely deliver resources to the social public in need of assistance.	<ul style="list-style-type: none"> • Kaohsiung City Fire Bureau • Kaohsiung City Government Social Affairs Bureau - Love Connection Program, providing meals for children from vulnerable families • Kaohsiung City Government Social Affairs Bureau, Family Violence and Sexual Abuse Prevention Center • St. Yuan Chih-Chien Center, Kaohsiung City Private Foundation • Magong Elementary School, Magong City, Penghu County • Cihui Medical and Health Management College, Private Foundation • SUNON colleagues 	810 people benefited
Inspirational Care	Since 2011, the foundation established under the group has actively engaged with the public. The founders and chairman of our company have personally led our colleagues to take small steps towards doing good deeds throughout various corners of Taiwan. We have collaborated with local town and district offices to distribute emergency relief supplies (such as rice, financial aid, and the book 'The Four Books and Five Classics Explained in Plain Language') to economically disadvantaged groups, marginalized households, single-parent families, and others.	<ul style="list-style-type: none"> • Tainan Hoube District Office, local vulnerable residents • Tainan Xiaying District Office, local vulnerable residents • SUNON colleagues 	446 people benefited
Scholarships for Underprivileged Students	The long-term opening of scholarship application channels for all levels of schools, with schools reporting and providing scholarships to financially disadvantaged students.	<ul style="list-style-type: none"> • "Riding the Wind and Turning One's Life Around" Scholarship Program for Financially Disadvantaged Students at National Sun Yat-sen University • Tzu Chi College of Health Care and Management • Kaohsiung Municipal Qianzhen Senior High School • Case Study at Soochow University's Department of Law 	58 people benefited
Blood Donation Drive	In modern technology, blood cannot be replaced by artificial blood products. For many life-threatening emergency surgeries, blood donation is a critical life-saving element of medical treatment. We should organize an annual event to encourage people to develop a regular habit of blood donation. This will remind and encourage our colleagues to selflessly dedicate their love and passion to saving lives. Helping others is about taking action and making a difference.	<ul style="list-style-type: none"> • SUNON colleagues • Community residents 	A total of 111 bags of 250cc blood bags

Letter of Appreciation for Moral Education



Blood Donation Drive



Appendix

Appendices

- **GRI Standards Index Table**
- **SASB Standards Index Table**
- **AA1000 Assurance Statement**
- **Location Information**

Appendix

● GRI Standards Index Table

Disclaimer: SUNON has reported its ESG information for the period from January 1 to December 31, 2022, in accordance with the GRI guidelines.

Applicable GRI Standard: GRI 1 - Foundation 2021.

Applicable GRI industry-specific standards: Not applicable (not yet disclosed).

General Disclosure Items

GRI Guidelines	Disclosure Items	Chapter in the report	Page Number	Omitted Explanation	
				Omitted Disclosure Items	Reasons and Explanations
GRI 2:2021 General Disclosures	2-1 Organizational details	1.1 Organization Overview	15		
	2-2 Entities included in the organization's sustainability reporting	About this report	2		
	2-3 Reporting period, frequency and contact point	About this report	2		
	2-4 Restatements of information	About this report	2		
	2-5 External assurance	About this report	2		
	2-6 Activities, value chain and other business relationships	2.1 Product and Service	33		
		3.1 Industrial Supply Chain	39		
	2-7 Employees	5.1.2 Talent Recruitment and Retention	55		
	2-8 Workers who are not employees	5.1.2 Talent Recruitment and Retention	55		
	2-9 Governance structure and composition	1.2.1 Governance Framework	19		
		1.2.2 Functional Committees	24		
	2-10 Nomination and selection of the highest governance body	1.2.1 Governance Framework	19		
	2-11 Chair of the highest governance body	1.2.1 Governance Framework	19		
	2-12 Role of the highest governance body in overseeing the management of impacts	Management of Material Issues	10		
		1.2.2 Functional Committees	24		
	2-13 Delegation of responsibility for managing impacts	Management of Material Issues	10		
1.2.2 Functional Committees		24			
2-14 Role of the highest governance body in sustainability reporting	Management of Material Issues	10			
	1.2.2 Functional Committees	24			
2-15 Conflicts of interest	1.2.1 Governance Framework	19			
2-16 Communication of critical concerns	1.2.1 Governance Framework	19			
	1.2.2 Functional Committees	24			

General Disclosure Items

GRI Guidelines	Disclosure Items	Chapter in the report	Page Number	Omitted Explanation	
				Omitted Disclosure Items	Reasons and Explanations
GRI 2:2021 General Disclosures	2-17 Collective knowledge of the highest governance body	1.2.1 Governance Framework	19		
	2-18 Evaluation of the performance of the highest governance body	1.2.1 Governance Framework	19		
	2-19 Remuneration policies	1.2.1 Governance Structure Framework	19		
	2-20 Process to determine remuneration	1.2.2 Functional Committees	24		
	2-21 Annual total compensation ratio	5.2.1 Fair and Generous Compensation	61		
	2-22 Statement on sustainable development strategy	The Chairman's Message	4		
	2-23 Policy commitments	1.4.1 Ethical Management	27		
		1.4.2 Human Rights Policy	28		
	2-24 Embedding policy commitments	1.4.1 Ethical Management	27		
		1.4.2 Human Rights Policy	28		
	2-25 Processes to remediate negative impacts	Management of Material Issues	10		
		1.4.1 Ethical Management	27		
		1.4.2 Human Rights Policy	28		
	2-26 Mechanisms for seeking advice and raising concerns	1.4.1 Ethical Management	27		
		1.4.2 Human Rights Policy	28		
2-27 Compliance with laws and regulations	1.4.3 Compliance	30			
2-28 Membership associations	1.1 Organization Overview	15			
2-29 Approach to stakeholder engagement	Stakeholder Engagement	6			
	2-30 Collective bargaining agreements	-	-	Collective agreements	Since the company does not have a labor union, the disclosure item is not applicable
GRI 3:2021 Material Topic	3-1 Process to determine material topics	Management of Material Issues	10		
	3-2 List of material topics	Management of Material Issues	10		

Specific Topic Disclosure Items

Material	specific topic	GRI Guidelines	Disclosure Items	Chapter in the report	Page Number	Omitted Explanation	
						Omitted Disclosure Items	Omitted Disclosure Items
★	Economic Performance	GRI 201:2016 Economic Performance	201-1 Direct economic value generated and distributed	1.3 Operating Performance	26		
			201-2 Financial implications and other risks and opportunities due to climate change	1.5 Climate Risks and Opportunities Identification and Assessment	30		
	Market Position	GRI 202:2016 Market Presence	202-1 Ratio of standard entry-level wage for different genders compared to local minimum wage	5.2.1 Fair and Generous Compensation	61		
			202-2 Proportion of senior management hired from the local community	5.1.2 Talent Recruitment and Retention	55		
★	Procurement Practices	GRI 3:2021 Material Topics	3-3 Management of material topics	3.1.2 Supply Chain Structure	40		
				3.2.1 Supply Chain Management Policy	41		
				4.1.2 Material Procurement	45		
		GRI 204:2016 Procurement Practices	204-1 Proportion of spending on local suppliers	About this report	2		
				3.1.2 Supply Chain Structure	40		
★	Materials	GRI 3:2021 Material Topics	3-3 Management of material topics	4.1.1 Material Management Policy	44		
		GRI 301:2016 Materials	301-1 Materials used by weight or volume	4.1.2 Material Procurement	45		
	Energy	GRI 3:2021 Material Topics	3-3 Management of material topics	4.2.1 Energy Management	45		
		GRI 302:2016 Energy	302-1 Energy consumption within the organization	4.2.2 Energy Consumption	45		
			302-3 Energy intensity	4.2.2 Energy Consumption	45		
			302-5 Reduction in energy demand of products and services	2.1.2 Green Product Development	35		
	Water and Wastewater Management	GRI 303:2018 Water and Wastewater Management	303-3 Water withdrawal	4.4 Water Resource Management	50		
★	Emissions	GRI 3:2021 Material Topics	3-3 Management of material topics	4.3.1 Greenhouse Gas Inventory	47		
		GRI 305:2016 Emissions	305-1 Direct (Scope 1) greenhouse gas emissions	4.3.1 Greenhouse Gas Inventory	47		
			305-2 Energy indirect (Scope 2) greenhouse gas emissions	4.3.1 Greenhouse Gas Inventory	47		
			305-3 Other indirect (Scope 3) greenhouse gas emissions	4.3.1 Greenhouse Gas Inventory	47		
			305-4 Greenhouse gas emissions intensity	4.3.1 Greenhouse Gas Inventory	47		
			305-7 Nitrogen oxide (NOx), sulfur oxide (SOx), and other significant air emissions	4.3.2 Other Air Pollutant Emissions	49		

Specific Topic Disclosure Items

Material	specific topic	GRI Guidelines	Disclosure Items	Chapter in the report	Page Number	Omitted Explanation	
						Omitted Disclosure Items	Omitted Disclosure Items
★	Waste Management	GRI 3:2021 Material Topics	3-3 Management of material topics	4.5.1 Waste Impact Assessment	51		
				4.5.2 Waste Management Policies	52		
		GRI 306:2020 Waste	306-1 Waste generation and significant waste-related impacts	4.5.1 Waste Impact Assessment	51		
			306-2 Management of significant waste-related impacts	4.5.1 Waste Impact Assessment	51		
				4.5.2 Waste Management Policies	52		
			306-3 Waste generated	4.5.3 Waste Collection and Disposal	53		
			306-4 Waste diverted from disposal	4.5.3 Waste Collection and Disposal	53		
306-5 Waste directed to disposal	4.5.3 Waste Collection and Disposal	53					
★	Supplier Environmental Assessment	GRI 3:2021 Material Topics	3-3 Management of material topics	3.2.1 Supply Chain Management Policy	41		
				GRI 308:2016 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria		
		308-2 Negative environmental impacts in the supply chain and actions taken	3.2.2 Supply Chain Audit Effectiveness		42		
			3.2.2 Supply Chain Audit Effectiveness	42			
★	Labor Relations	GRI 3:2021 Material Topics	3-3 Management of material topics	5.1.1 Labor-Management	55		
				GRI 401:2016 Employment	401-1 New employee hires and employee turnover		
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.2 Comprehensive Employee Benefits		64		
		401-3 Parental leave	5.2.3 Friendly Workplace for Childcare		66		

Specific Topic Disclosure Items

Material	specific topic	GRI Guidelines	Disclosure Items	Chapter in the report	Page Number	Omitted Explanation	
						Omitted Disclosure Items	Omitted Disclosure Items
	Occupational Health and Safety	GRI 403:2018 Occupational Health and Safety	403-1 Occupational health and safety management system	5.4.1 Occupational Safety and Health Management	70		
			403-2 Hazard identification, risk assessment, and incident investigation	5.4.1 Occupational Safety and Health Management	70		
				5.4.2 Occupational injuries and illnesses	74		
			403-3 Occupational health services	5.4.1 Occupational Safety and Health Management	70		
			403-4 Worker participation, consultation, and communication on occupational health and safety	5.4.1 Occupational Safety and Health Management	70		
			403-5 Worker training on occupational health and safety	5.4.1 Occupational Safety and Health Management	70		
			403-6 Promotion of worker health	5.4.1 Occupational Safety and Health Management	70		
			403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4.1 Occupational Safety and Health Management	70		
			403-8 Workers covered by an occupational health and safety management system	5.4.1 Occupational Safety and Health Management	70		
			403-9 Work-related injuries	5.4.2 Occupational injuries and illnesses	74		
403-10 Work-related ill health	5.4.2 Occupational injuries and illnesses	74					
★	Training and Education	GRI 3:2021 Material Topics	3-3 Management of material topics	5.3.1 Employee Training and Development	67		
		GRI 404:2016 Training and Education	404-1 Average hours of training per year per employee	5.3.1 Employee Training and Development	67		
			404-2 Programs for upgrading employee skills and transition assistance programs	5.3.1 Employee Training and Development	67		
			404-3 Percentage of employees receiving regular performance and career development reviews	5.3.2 Performance Appraisal	69		

Specific Topic Disclosure Items

Material	specific topic	GRI Guidelines	Disclosure Items	Chapter in the report	Page Number	Omitted Explanation	
						Omitted Disclosure Items	Omitted Disclosure Items
	Workforce Diversity and Equal Opportunity	GRI 405:2016 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	1.2.1 Governance Framework	19		
			405-2 Ratio of basic salary and remuneration of women to men	5.1.2 Talent Recruitment and Retention	55		
				5.1.2 Talent Recruitment and Retention	61		
★	Supplier Social Assessment	GRI 3:2021 Material Topics	3-3 Management of material topics	3.2.1 Supply Chain Management Policy	41		
		GRI 414:2016 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	3.2.1 Supply Chain Management Policy	41		
				3.2.2 Supply Chain Audit Effectiveness	42		
			414-2 Negative social impacts in the supply chain and actions taken	3.2.2 Supply Chain Audit Effectiveness	42		

SASB Standards Index Table

Disclaimer: SUNON has reported its ESG information for the period from January 1 to December 31, 2022,

in accordance with the SASB (Sustainability Accounting Standards Board) guidelines.

SASB Industry: Electrical & Electronic Equipment (RT-EE).

Indicator Type	SASB Indicator Number	Disclosure Topic	Disclosure Item	Nature	Quantity	Unit	Report Chapter Page Number	Page Number
Accounting Indicators	RT-EE-130a.1	Energy management	Total energy consumption	Quantitative analysis	144,475.053	Gigajoules (GJ)	4.2.2 Energy Consumption	45
			Percentage of grid electricity		97.4	Percentage (%)	4.2.2 Energy Consumption	45
			Percentage of renewable energy		1.1	Percentage (%)	4.2.2 Energy Consumption	45
	RT-EE-150a.1	Hazardous waste management	Amount of hazardous waste generated	Quantitative analysis	43.444	Metric tons (t)	4.5.3 Waste Collection and Disposal	53
			Hazardous waste recycling rate		60%	Weight Percentage (%)	4.5.3 Waste Collection and Disposal	53
	RT-EE-150a.2	Hazardous waste management	Reportable number of leaks	Quantitative analysis	0	Occurrences	No incidents occurred this year.	
			Reportable volume of leaks		0	Kilograms (kg)		
			Reportable volume of recovery		0	Kilograms (kg)		
	RT-EE-250a.1	Product safety	Number of recalls and number of recalled products	Quantitative analysis	0	Occurrences	No incidents occurred this year.	
	RT-EE-250a.2	Product safety	Total financial losses due to product safety-related legal lawsuits	Quantitative analysis	0	New Taiwan Dollars (NTD)		
	RT-EE-410a.1	Product lifecycle management	Percentage of revenue from products containing declarable substances according to IEC62474	Quantitative analysis	0	Percentage of Revenue (%)	All products do not contain substances that can be declared according to IEC 6247.	
	RT-EE-410a.2	Product lifecycle management	Percentage of revenue from products compliant with Energy Star standards	Quantitative analysis	0.12%	Percentage of Revenue (%)	2.1.2 Green Product Development	35
	RT-EE-410a.3	Product lifecycle management	Revenue from renewable energy-related and energy-efficient products	Quantitative analysis	138.45	In New Taiwan Dollars (NTD) - Billions	2.1.2 Green Product Development	35
RT-EE-440a.1	Raw material procurement	Explanation of risk management mechanisms related to the use of key raw materials	Description and Analysis	-	-	4.1.1 Material Management Policy	44	
RT-EE-510a.1	Business ethics	(1) Explanation of anti-corruption or bribery policies (2) Explanation of anti-competitive behavior prevention policies	Description and Analysis	-	-	1.4.1 Integrity Management	27	
RT-EE-510a.2	Business ethics	Total financial losses due to bribery or corruption-related legal lawsuits	Quantitative analysis	0	New Taiwan Dollars (NTD)	No such occurrence		
Activity Indicators	RT-EE-000.A	-	Production quantity of each product category	Quantitative analysis	Please find the detailed in SUNON Annual Report of the 2022 shareholders' meeting.			
	RT-EE-000.B	-	Number of employees	Quantitative analysis	6,868	Person	5.1.2 Talent Recruitment and Retention	55

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 2022 Sustainability Report for the year ended 31 December 2022 ("the Report").

We performed our work using DNV's assurance methodology VeriSustain™, which is based on our professional experience and international assurance best practices, including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

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 (version 2018-10).

We understand that the reported financial data and information are based on the data from the Company's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts and greenhouse gas emission data verified by other assurance engagements are not within the scope of our work.

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 DNV VeriSustain™ Protocol and AA1000 Assurance Standard v3.

Responsibilities of the Directors of Sunonwealth Electric Machine Industry Co., Ltd. and of the Assurance Providers

The Directors of Sunonwealth have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Sunonwealth; however, our statement 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. DNV has provided further services to the Company, none of which constitutes a conflict of interest with the current assurance engagement under the established policies and procedures.

DNV's assurance engagements are based on the assumption that the data and information provided by the Client to us as part of our review have been provided in good faith. 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 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 and management processes relating to the Principles.
- Interviews with selected senior managers responsible for the management of sustainability issues and review of selected evidence to support the issues discussed.
- Site visits to Sunonwealth's Headquarters in Kaohsiung City and data checks on the Company's major operations in Taiwan, China and the Philippines, to assess processes and systems for preparing site-level data and implementing sustainability strategies.
- Review of supporting evidence for key claims and 2022 data in the Report, as reported information beyond 2022 is not within the scope of the current engagement. Our checking processes were prioritised according to materiality, and we based our prioritisation on the materiality of issues at the consolidated corporate level.
- 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 according to the Global Reporting Initiative (GRI) Sustainability Reporting Standards.
- The verification was conducted based only on the Chinese version Report.

¹ The VeriSustain™ Protocol is available on dnv.com



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 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.

- We acknowledge the Company's important efforts in incorporating the concept of impact, and would encourage continued efforts in considering stakeholders' potential views as the basis for well-grounded actions.
- As Sunonwealth has been expanding and shifting its operations geographically in recent years and progress is made to elucidate longer-term strategies, for instance, on developing the net-zero roadmap, we encourage the Company to continue to enhance management and refine targets by considering the wide-ranging local operating contexts.
- As the concept of impact has been reaffirmed, we also encourage the Company to continue to develop due diligence mechanisms across its material sustainability topics.

Stakeholder Inclusiveness

The Company has identified the expectations of stakeholders through internal 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 content 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 Taiwan

Date: 05 June, 2023

Yu-chung Chen

Yu Chung Chen
Lead Verifier
Business Assurance
DNV Taiwan
Statement Number: C605569-2022-AG-TWN-DNV

David Hsieh

David Hsieh
District Manager,
Business Assurance
DNV Taiwan

Location Information

Name	Address	Service Type
The Kaohsiung Headquarters and Factory	No. 30, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Office
	12F, No. 120, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)	
	No. 32, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Office and laboratory
	6F, No. 288-7, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Office
	7F, No. 288-8, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	
	1F, No. 286-9, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	
	6F-2, No. 286-3, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Factory and storehouse
	3F, No. 288-6~9, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	
	7F-1, No. 288-9 Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Storehouse
	1F, No. 286-2, Xinya Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Office and storehouse
	4F, No. 30, Xindu Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	
The Taipei office	5F., No. 30, Xindu Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Factory
	4F., No. 356, Sec. 1, Neihu Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Office
	No. 16, Ln. 24, Sec. 1, Huanshan Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Laboratory
No. 18, Ln. 24, Sec. 1, Huanshan Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)		
Sunon Electronic (Kunshan) Co., Ltd.	No. 168, Nanbing Road, Kunshan City, Jiangsu Province, China	Factory
Sunon Electronic (Bei Hai) Co., Ltd.	Area B6, Northwest Sea Comprehensive Bonded Zone, Beihai Avenue, Beihai City, Guangxi Zhuang Autonomous Region, China	Factory
Beihai Li Zhun Electronics Co., Ltd.	1F-3F, Building 1, Huike Science and Technology Park, B2 District, Beihai Comprehensive Free Trade Zone, Haicheng District, Beihai City, Guangxi Zhuang Autonomous Region, China	Factory
Sunon Electronics Philippines Corp.	Lot 5, Block 8, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan	Factory
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