



ShunSin ESG

2023 Report

ShunSin Technology Holdings Limited

Sustainability Report

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Letter from the Chairman



Over the past year, many extreme climate events have occurred. As a listed international company in Taiwan, ShunSin will continue to promote sustainable development as part of the fundamental ESG (Environment, Society and Corporate Governance) structure. Action is more than a response to global trends and market changes; as a corporate citizen of the world, it is our responsibility to engage in critical global topics.

With respect to society, we focus on building a safe workplace. Occupational health and safety in a diverse and friendly environment is our top priority. Our annual training programs and a variety of wellbeing measures are in place to ensure a safe workplace. We also undergo RBA assessments by independent institutes and ISO 45001 certification to ensure that our employees can enjoy a positive working atmosphere.

In terms of the environment, we focus on green production and GHG inventory. Regular verification is conducted by external institutions. We have adopted green power corresponding to RE100, and are committed to utilizing only green power by 2040 in all our factories across the globe.

On the corporate governance side, we are committed to upholding governance transparency, and have formed a Sustainability Committee, which meets regularly to assist the Board of Directors in realizing our environmental protection, social responsibility, and governance transparency goals. Regular publication of sustainability reports also helps ensure corporate information transparency while fortifying overall operations.

Moving forward, we will remain rooted in our ESG efforts to continue on the path to sustainable development, building a solid foundation for ShunSin's long-term development.

Chairman

蔣尚義.

Letter from the General Manager



General Manager

In ShunSin, we pay attention to extreme weather, health and wellbeing, economic conflicts and geopolitical across the globe. Planning ahead to respond to relevant risks immediately, we are well prepared to mitigate risks to protect stakeholders' interests, rights, and demands, and improve the quality of life of the wider community.

Extreme Weather

We recognize the massive impact of extreme weather on the global economy and society. To address challenges, we are active in green manufacturing. We adopt strict management processes and categorize water usage to facilitate recycling and reduce consumption. We have adopted recovery and reuse processes for waste, and use consumables that align with green manufacturing to reduce our impact on the environment. We have also introduced green energy and will continue to expand our solar power stations to increase the volume of renewable energy used to reduce our carbon footprint and implement sustainability.

Health and Wellbeing

We understand the importance of health and wellbeing on sustainable development, therefore we have enhanced measures to protect employees' health and safety, including conducting physical health checks, providing PPE (masks and gloves), regularly disinfecting premises, and implementing social distancing measures. Diverse schedules and flexible work hours also help minimize contact among staff. We also actively work with suppliers to ensure they adopt the necessary measures for disease prevention to ensure the safety of products. Through these accumulative actions, we keep our employees and customers healthy and ensure sustainable operations.

Economic Conflicts and Geopolitical

Geopolitical uncertainties and economic conflicts have created tremendous challenges for our operations. In response to these challenges, we have established operations in Vietnam, which has greatly reduced our reliance on a single location to spread operational risk and enhanced production efficiency, allowing us to respond to customer demands within a shorter period of time.

In the future, we will uphold our upscaled vision of global topics, and respond quickly to the challenges of potential risks to maintain stable business development.

About this Report

Report Overview and Issuance Frequency

This is the second report marking the public release of ShunSin Technology Holdings Limited's Sustainability Report. Our commitment to transparency and accountability drives us to issue the report on an annual basis, thereby providing regular insights into our operational accomplishments extending beyond financial performance. It is our steadfast commitment to convert our corporate vision of sustainability into concrete action. This report was issued in August 2024, and we anticipate the next report to be released in August 2025. For information restatements from the previous reporting period, please see Sustainable Procurement, R&D and Innovation, and Remuneration Level for fact sheets on local procurement, annual increases/decreases of development funds, the number of patents acquired, and annual salary of permanent non-managerial positions.

Reporting Scope and Coverage

The reporting period spans from January 1, 2023, to December 31, 2023. In defining the scope of data disclosure, disclosed environmental and social data encompass the operations of ShunSin Cayman, ShunSin Taiwan Branch, ShunYun Cayman, ShunYun Taiwan Branch, ShunSin Hong Kong, ShunYun Hong Kong, ShunSin Samoa, ShunSin Zhongshan, and ShunYun Zhongshan. Data from ShunSin Bac Giang, ShunYun Hanoi, and TALENTEK Hefei are not included within this scope. Regarding financial data, the primary source draws from ShunSin's 2023 consolidated financial statements, the entities included in the disclosure scope of which collectively represent 100% of consolidated financial revenue. For a comprehensive understanding of our related entities, please refer to ShunSin's 2023 Annual Report. Over the course of the reporting period, there have been no significant alterations to our organizational size, structure, ownership, or supply chain.

Compilation Guidelines

This report follows the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and is compiled in accordance with GRI: 2021, with the GRI Index in the appendix. The report also discloses semiconductor industry-based SASB® Standards and TCFD-related information.

ESG Responsible Departments and Methods of Quality Management

To strengthen the integrity and credibility of ShunSin Technology's sustainability reports, the Company has established a process for compiling sustainability reports and implementing internal or external audits. The verification procedure is included in the Company's Internal Management Process, and such procedure is reported, reviewed, and approved the suitability.

Process	Description	Responsible Department
Compilation	- The report is organized, compiled, proofread, revised, and fact-checked by the stock affairs team. - The disclosed data, information, strategic goals, and performance indicators are provided by relevant teams.	stock affairs team
External Assurance	To further support the accuracy and credibility of this Report: - We have entrusted a reputable third-party verification entity, AFNOR Asia (Association Française de Normalization), to conduct a validation process following the AA1000AS v3 Assurance Standard. Our choice of verification level is Type 1, characterized as "Moderate Assurance" to ensure the alignment of the report's content with both the GRI Guidelines and AA1000AP (2018) Accountability Principles. - Furthermore, our financial data has undergone a rigorous examination and validation by esteemed accounting firm KPMG Taiwan in compliance with the International Financial Reporting Standards (IFRS¹). This verification process is consistently presented in New Taiwan Dollars (NTD) as the standard reporting currency.	Afnor Asia
Finalization	The final report is submitted to the Sustainable Development Committee and the Board of Directors for review and finalization.	Review and approval by the Sustainable Development Committee and the Board of Directors

Contact Information

To fulfill our responsibility of corporate information disclosure, this report is also published on our official website for ease of access. If you have any suggestions or queries about ShunSin's 2023 Sustainability Report, please contact us as follows:

ShunSin Technology Holdings Limited

Address: 11-5F, No. 495, Guangfu S Rd., Xinyi Dist., Taipei City

Website: <https://www.shunsintech.com/tw/Home.html>

Contact Person:

- Name: Mr. Zhang
- Title: Stock Affairs
- Tel.: (02)2268-8368#3
- Email: ESG@shunsintech.com



¹ International Financial Reporting Standards

Sustainability Highlights and Performance

SDGs x ESG Action Performance²

Aspects	The United Nations SDGs Indicators	SDGs Action Initiatives
Environment	  	- We achieved outstanding management of energy use, with a 56% reduction in energy intensity in 2023 compared to 2022, while production output increased. - Carbon reduction reached 1,052.56 tonCO₂e in 2023. - By upholding our commitment of Clean Production, Protect the Earth, we promote water reuse through the industry. In 2023, we recorded 9.19% usage covered by the project, showcasing our efforts to reduce negative impact on the environment. - In 2023, 100% of main raw material suppliers passed ISO 14001 Environmental Management System verification.
Social	    	- As a long developer in Zhongshan, we actively support employees and engage local companies in voluntary work. In 2023, we allocated a total of CNY 74,000 to employees in need. - Activities are arranged to improve employees' work-life balance and health. In 2023, we held 30 events, from fairs to sports games, to promote improved employees' health. - We are devoted to talent development. Well-structured training equip newly recruited employees with essential skill sets in a short timeframe. In 2023, trainers and specialists received an average of 30+ hours of training in 2023 with a NTD 208,129 training fund. - ShunSin provides equal employment opportunities for people of different genders and ages, and promotes diversity among employees. According to statistics at the end of 2023, the proportion of female employees is 42.1%, and female supervisors are 31%, demonstrating the Company's corporate social responsibility. - ShunSin comprehensively improves the quality of life of employees by organizing cultural and recreational welfare activities, a range of meals to meet the eating habits of employees from all over the world, and improving accommodation. The 2023 employee satisfaction survey scored 86.45 points.

² The original measurement unit of some amounts and salaries in this report is RMB. The report adopts the average exchange rate between RMB and New Taiwan Dollars in the past three years and converts the amount into New Taiwan Dollars as the standard currency in Taiwan.

Aspects	The United Nations SDGs Indicators	SDGs Action Initiatives
Governance	    	- With 34 new patents acquired in 2023, we now own 105 active patents across all factories. - Active engagements towards sustainability through development in the fields of LiDAR of e-vehicles, AI data switch in data centers, and 5G base stations. 7% of 2023 total revenue, or NTD 386,959,000, was allocated to R&D. - NTD 5.2 billion in consolidated revenue in 2023, with a NTD 400 million net profit margin. - With one female independent director this year, the rate of female directors increased to 14%. - All suppliers signed the REACH Statement with RoHS reports provided to ensure the safety of our products to humans and the environment. - All main suppliers of raw materials are on board with the Vendor Commitment regarding ethic and honest operations, as well as the non-disclosure agreement. - In the 2023 assessment, no supplier was graded as a "D"; 65% were graded as "A", and 35% as "B". - To improve employees' basic understanding of legal compliance and enhance their moral awareness, we planned to launch training courses related to legal compliance and ethical corporate management in 2023. The total training hours related to legal compliance and ethical corporate management were 88.5 hours in 2023. - No internal/external feedback or report has been received in the past three years regarding corruptive actions. - In 2023, anti-corruption training was given to 100% of the board members, 98% of mid-high level management team, 99% of general specialists, and 96% of direct production staff. 100% of suppliers have completed related training as well. - Board members underwent a total of 63 hours of advanced study to develop professional, leadership, and supervisory skills.

Material Topics Analysis

:: Stakeholder Engagement

Considering the business nature and industry, we took the five principles of the SES 2015 (Stakeholder Engagement Standard) to assess the dependency, responsibility, tension, influence, and diverse perspectives between stakeholders and the Company, and determined six stakeholders: (1) Employees, (2) Investors, (3) Government, (4) Customers, (5) Suppliers / Contractors, and (6) Community / Non-profit Organizations.

To better understand stakeholder's concerns, the topics with an actual or potential impact, and the level of impact in everyday practice, we actively communicated with and respond to stakeholders through two-way channels to gain insights into their topics of concern. We collected exchanges throughout the year with stakeholders to pinpoint their focus areas, and referred to international standards (SASB, TCFD³), ratings (CDP⁴) and initiatives (SDGs⁵, UNGC⁶, RBA⁷) to highlight 15 applicable sustainability topics across the economy, environment, and society. We further included expert opinions to assess internally the Company's developmental strategies, industrial status, and value chain practice. Upon confirmation of the impact level they have on the economy, environment, society, and human rights, we prioritize the material topics of the year, around which we organized the information disclosed in the report, enabling stakeholders to make valuable reviews and decisions.

▪ Status of Stakeholder Engagement of ShunSin

Stakeholders	Significance to ShunSin	Engagement Method	Communication Frequency	Topics of Concern	Outcome of Communication
Employees	Employees are the cornerstone of our Company's growth and our partners in sustainable operations. We provide a safe and healthy work environment, nurture talent, and continuously address and support employee needs.	- New hire/onboarding processes and performance reviews - Union members' general assembly - Employee roundtable discussions - Employee satisfaction surveys - Education and training programs	- Ongoing - Annually - Semi-annually - Semi-annually - Ongoing	- Employee welfare - Diversity and equality - Employee training and education - Occupational health and safety	- Performance tracking with 91% of employees - One union meeting - One employee forum 24/7 care hotline - Employee satisfaction rating of 86.45 1,334 trainings

³Task Force on Climate-related Financial Disclosures.

⁴Carbon Disclosure Project.

⁵Sustainable Development Goals.

⁶The United Nations Global Compact.

⁷Responsible Business Alliance.

Stakeholders	Significance to ShunSin	Engagement Method	Communication Frequency	Topics of Concern	Outcome of Communication
Investors	Investors may become owners of the Company and members of the highest decision-making body.	- Annual Shareholders' Meeting - Annual reports - Quarterly financial statements - Investor conferences - Telephone - Corporate website	- Annually - Quarterly - Irregularly	- Economic performance - Ethical Corporate Management - Response to climate change	- Annual shareholders' meeting held each year - Annual Investors' Conference held on November 17 100% responses to shareholders' phone calls and mail 31 significant messages published on the Market Observation Post System - One annual report and 4 financial reports issued
Governmental Agencies	- We actively collaborate with and adhere to local laws and regulations at operational sites, striving to eliminate any form of unlawful conduct. We have proactively established a two-way communication mechanism with local government authorities to gain their trust, support, and cooperation. - Superior government agencies provide industry advice, advocate regulatory compliance, and enhance risk management.	- Ad-hoc correspondence through official documents, mail, and phone - Participation in government roundtable discussions or advisory meetings - Participation in government surveys or evaluations - Regular updates of the Company website and information on the Market Observation Post System - Participation in surveys by government agencies - Attendance at government organization meetings and policy advocacy	- Irregularly - Ongoing	- Ethical Corporate Management - Economic performance - Water resource management - Air pollution prevention - Waste management - Occupational health and safety - Regulatory compliance - Risk management	- Attendance by applicable teams at authority forums, consultations, and activities - Irregular provision of relevant reports or responses as required by local government regulations
Customers	Customers are the primary source of revenue and growth for the Company. The Company is dedicated to providing customers with competitive prices, high-quality services, and product excellence to meet expectations and achieve mutual success and growth.	- Customer visits - Customer visits and audits - Telephone and video conferences - Email communication - Customer satisfaction surveys	- Monthly/irregularly - Monthly/irregularly - Daily/weekly - Irregularly - Annually	- Economic performance - Ethical Corporate Management - Customer relationship management - Information security and customer privacy	445 two-way visits with customers in 2023 45 phones or video conferences every week 100% response rate to customer forms. 91 customer satisfaction rate

Stakeholders	Significance to ShunSin	Engagement Method	Communication Frequency	Topics of Concern	Outcome of Communication
Suppliers/ contractors	Suppliers and contractors provide us with raw materials, essential resources, and the required workforce, creating profitability for us through the safe and consistent supply of materials and services.	• Site visits • Telephone/Email • On-site inspections • Questionnaire survey • Procurement meetings • Audits	• Irregularly	• Supply chain management • Green design • Ethical Corporate Management	• 100% of primary raw material suppliers comply with ISO 14001 • 100% of suppliers pledged not to use conflict minerals • 100% suppliers carried out corrective action plans following audits
Local Communities/ Non-profit Organizations	We consistently monitor feedback and concerns of local communities to avoid any negative impact on the community and local areas, and to protect the Company's reputation.	• Dedicated personnel for communication	• Irregularly	• Social participation • Waste management • Air pollution prevention • Water resource management	• CNY 74,500 into support plans • Six local engagements • CNY 10 million worth in academic partnerships.

:: Identification and Prioritization of Material Topics

Following stakeholder engagement, we conduct an evaluation of business impact and identification, inspection, validation of material topics. The internal evaluation follows standards and quantifies based on the results of the Stakeholder Concerns Questionnaire. Ten material topics have been identified and prioritized in this report, including two environmental, five social, and three economic topics. Departments and external experts then gather to inspect and discuss the suitability of the procedure and standards. The compilation continues upon the verification that there are no overlooked concerns from these topics.

Assessment of operational impact	We, through engagements with stakeholders, 15 sustainability topics were identified, and a more detailed, standardized internal assessment conducted using The Materiality Assessment for Sustainability questionnaire. Fifty-seven high-level managerial members then gauged the severity (scales and scopes), likeliness of occurrence, and human rights violation risks of each topic (100% of questionnaires returned).
Identification of material topics	The results are weighted and prioritized against the quantified values. Through the adoption of thresholds, we identified 10 material topics in 2023.
Examination of material topics	External inspection and examination are carried out to determine the adequacy of material topics and the thresholds, comprehensiveness, inclusiveness, and scale of prioritized topics, as well as the consistency of the topics with sustainable development strategies of the Company.
Establishment of material topics	The identified 10 material topics of 2023 are then reported by stock affairs team to the chairman for approval and validation. In the report we disclosed the impacts of each topic and corresponding Company measures.

We also provide contact information on the website so that shareholders, investors, and other stakeholders are able to communicate with us about our Sustainability Report. Any inquiries, suggestions, or feedback regarding the information and content of material topics is welcome through this link: ESG@shunsintech.com.

Changes to Material Topics in 2023

For stakeholders to have continuous access to management updates of the 2022 material topics and when evaluating the scope of the 2023 material topics, we re-identified last year's sustainability topics of stakeholders' concerns, and re-prioritized them in accordance with execution last year.

ShunSin Material Topics and Changes in 2023

No.	2022 topics	2023 topics	2023 Change in Material Topic
1	Supply Chain Management	Customer Relationship Management	Up
2	Employee Benefits	Employee Benefits	-
3	Occupational Health and Safety	Ethical Corporate Management	Up
4	Employee Training and Education	Supply Chain Management	Down
5	Customer Relationship Management	Economic Performance	Up
6	Response to Climate Change	Employee Training and Education	Down
7	Economic Performance	Occupational Health and Safety	Down
8	Ethical Corporate Management	Water Resource Management	Up
9	Employee Diversity and Equality	Employee Diversity and Equality	-
10	Water Resource Management	Response to Climate Change	Down



▪ List of Material Topics

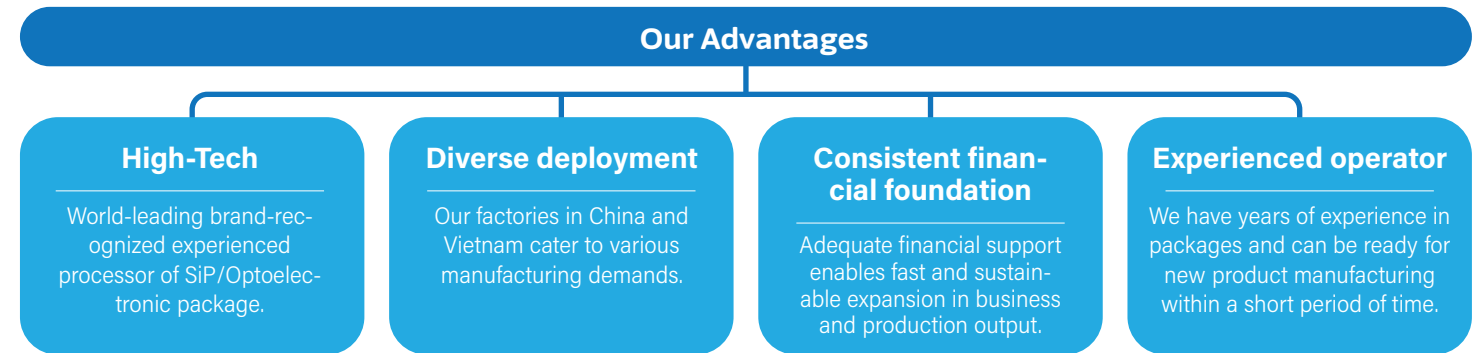
No.	Material Topics	Corresponding Guidelines	Significance and Importance to ShunSin	Value Chain Impact			Chapter
				Up-stream	ShunSin	Down-stream	
1	Customer Relationship Management	Custom theme	Customers are a direct source of operation revenue and profit, and motivate us to continually grow.		●	●	Chapter 3
2	Employee Benefits	201-3 202-1 401-2	Employees are major assets. We have adopted attractive salary packages with comprehensive employee benefits to improve teamwork and work performance.		●		Chapter 5
3	Ethical Corporate Management	GRI 205	Ethical Corporate Managements are the foundation of business operations. We uphold industrial ethics to ensure stakeholders' trust.	●	●	●	Chapter 2
4	Supply Chain Management	204-1 308-1 414-1	Good business partners allow us to provide stable and quality products and services to our customers. Through supply chain management, we can further reduce operational cost and risks.	●	●		Chapter 3
5	Economic Performance	201-1 201-4	Maintaining and further elevating business performance to protect shareholders' and stakeholders' rights, and directing the Company towards sustainable development, are our key operational goals.		●		Chapter 1
6	Employee Training and Education	404-1 404-3	Through comprehensive training, we can provide better services to enhance corporate marketability.		●		Chapter 5
7	Occupational Health and Safety	GRI 403	Providing a safe workplace can ensure smooth production, employee health and safety, social harmony, and sustainable development.	●	●		Chapter 5
8	Water Resource Management	GRI 303	The adoption of a comprehensive water management plan can minimize the negative impact of Company wastewater on the local environment, improving environmental sustainability.		●		Chapter 4
9	Employee Diversity and Equality	405-1 405-2 406-1	A diverse staff composition introduces a range of perspectives and allows our employees to unleash their potential and experience an adaptive development, which enhances overall skills.		●		Chapter 5
10	Response to Climate Change	201-2 302-1 302-3 302-4 GRI 305	Extreme weather contributes to disturbances in society. We take action to minimize any burdens caused by our operations to our environment and do our part in mitigating the risk of extreme climate events.	●	●	●	Chapter 4

About ShunSin

01

- Business Scope
- Economic Performance
- Tax Governance
- External Participation

ShunSin is a renowned high-tech manufacturer that offers a wide array of products. With cutting-edge technology, we have maintained our position as an industry leader and have established successful partnerships with prominent international corporations. Our innovations are endorsed by global leaders in the mobile, telecommunications, and fiber optic communications industries.



ShunSin Technology Holdings Limited ("ShunSin" or the "Company") was established on January 8, 2008. Our operational headquarters is in Zhongshan City, Guangdong Province, People's Republic of China. With a formal workforce of 2,350 employees, this report specifically encompasses 1,386 members of our workforce. Our core business operations focus on the packaging, testing, and sales of various integrated circuit modules, including system module packaging. In 2015, we became publicly listed, trading under stock number 6451. As a corporate entity, detailed ownership information is available in the Shareholder Structure and Major Shareholders sections within our 2023 Annual Report. As of 2023, our registered capital is NT\$ 1,074,648,000, with a consolidated revenue of NT\$ 5,212,222,000.

Global Business Location

The company predominantly engages in the sales and provision of our core products and services in mainland China and Vietnam. The following are the subsidiaries that provide these services:

ShunSin's Global Business Locations in 2023

Name of Business Locations	Address	Tel
ShunSin Technology Holdings Limited	11F-5, No. 495, Guangfu S Rd., Xinyi Dist., Taipei City	(02)2268-8368

ShunSin's Subsidiaries in 2023

Name of Subsidiaries	Address	Tel
ShunSin Technology (Zhong Shan) Limited	No. 9, Jianye East Road, Torch Hi-tech Development Zone, Zhongshan, Guangdong Province, China	(86)760-23381357
TalenteK Microelectronics (Hefei) Limited	Plant No.1, Intersection of Xiangwang Rd. and Dongfeihe Rd., Hefei Comprehensive Bonded Zone, Xinzhan Dist., Hefei City, Anhui Province, China	(02)2268-8368
ShunYun Technology (Ha Noi,Vietnam) Limited	Lot CN8, Thach That-Quoc Oai, Industrial Zone, Phung Xa Commune, Thach That District, Ha Noi, Vietnam	(02)2268-8368
ShunSin Technology (Bac Giang, Vietnam) Limited	A Part of Land Lot H, Quang Chau Industrial Park, Nenh Town, Viet Yen District, Bac Giang Province, Vietnam	(02)2268-8368
ShunYun Technology (Zhong Shan) Limited	No. 9-1, Jianye East Rd., Torch Hi-tech Development Zone, Zhongshan, Guangdong Province, China	(86)760-23381689

Business Scope

As an esteemed semiconductor packaging and testing enterprise strategically located in the heart of Asia with a global presence, our organization is led by a highly skilled team. We are committed to promoting sustainable growth through excellent manufacturing capabilities and relentless innovation.

ShunSin's Product service

- Our relentless pursuit of excellence has borne fruit in the form of successive international quality system certifications
- We offer customized package and test program designs at competitive prices.



In terms of market trends, our company has consistently focused on markets related to consumer electronics, optical communications, and AI servers. Our primary products feature applications in smartphones, wearable devices, big data centers, IoT, and smart homes, among other sectors. In 2023, the aggressive development of the semiconductor supply chain in China, which shifted demands to local suppliers and led to the increase of surge of orders. On the other hand, in response to the impact of international semiconductor competition, we are guiding international customers to our new location in Vietnam for demands and services.

In addition to system module packaging and testing, we have become competitive with LiDAR with Chinese chip design companies in the field of high-speed fiber optic transceiver modules and sensors. The increasing demand for new energy for cars also pushes for LiDAR needs. In 2023, we have gone into the mass production phase for LiDAR sensors.

Looking into 2024, we are ready to seize opportunities to land orders, in the context of economic recovery in the economy, increasing demand for consumer electronics (smartphones, wearable devices), and semiconductor supply chain expansion in China. We are in a leading position in the system module packaging and testing market in China and have our R&D focus on next-generation products to reach the desired market share. We also are rolling wide to international sales channels and management to seize the markets of optical communication and big data, while deploying AI and cloud technology. To our users, ShunSin is the supplier of services and products that represent smart, energy-efficient, sustainable values.

Company Profile

Company Name	ShunSin Technology Holdings Limited
Date of Establishment	2008/01/08
Company Location	11-5F, No. 495, Guangfu S Rd, Xinyi District, Taipei City
Global Workforce	2,350 employees; The organizational workforce disclosed in this report is 1,386 employees.
Paid-up Capital	NT\$ 1,074,648,000
2023 consolidated revenue	NT\$ 5,212,222,000
Primary Products and Services	Packaging, testing and sales of system modules and other types of integrated circuit modules.

:: R&D and Innovation

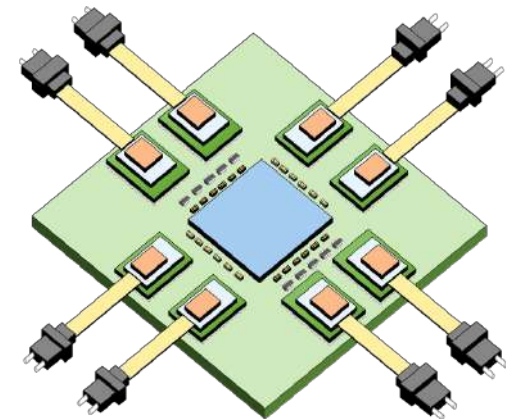
Owing top-notch industrial know-how and RD capacity, ShunSin and ShunYun Technology, our subsidiaries, are the providers of innovative power, leading package technology, and test solutions. Through close partnerships, we have maximized products' strengths. We meet customers' needs by providing plans to ameliorate RD and production procedures; on the other hand, we collaborate with customers and partners in an innovative way to design materials that apply to specific demands, reinforcing the performance and durability of final products.

In 2023, our R&D focus centered around CPO and optical engines, and we obtained the patent of optical modules on specific structures and package processes. Considering the growing demands of AI on internet speed, with CPO we packed optic components and switch chips on a single module, allowing direct conversion of electrical signals to optical ones to deliver high-speed, high density of transmission with minimal signal latency. During the reporting period, we calculated NT\$380 million RD budget, equaling 7% revenue; and acquired 34 new patents to add to a total of 105 active patents of all locations.

⦿ CPO advantages

- **Intactness of signals:** Greatly minimizes the board distance of electronic signal transmission. With little compensation required for signals, PCB is improved in flexibility.
- **Reduced size and high integration:** compared to classic optical modules and discrete packages of IC chips, CPO allows compact sizes for HDI circuits.
- **Low consumption and latency:** Less integrated energy consumption of electronic components with CMOS technology. This is made with optical components and chips in the same package.

▪ CPO illustration



To respond to eco-friendly trends, we opt for green materials and work with our partners to reduce the impact our product has on our environment. Our continuous sustainability programs develop the products that answer to sustainability, such as LiDAR for e-vehicles, AI data switches in the data center, and 5G base stations; production line improvement and simplification, better efficiency, and less power consumption without compromise quality, the main purpose is to contribute best to the sustainable resource of the Earth.

Energy saving production

- **Water conservation:** automatic adjustment is set for equipment of water production. To save water usage, the system stops the water supply when no production instructions are received or when the desired water level is reached.
- **Nitrogen:** The automatic nitrogen control supply stops automatically when the SMT line stops.
- **Clean room:** dust falling control is shut down during long holidays and resumes 8 hours before the lines start.
- **Storage:** humidity is pre-set (e.g., 25%, 10%) and the system adjusts automatically. Nitrogen supply stops when the humidity is lower than the setting.
- **Energy efficiency:** Centralize production areas according to needs, to minimize energy waste. For high energy-consuming equipment, they're also centralized to optimize output and energy efficiency.



◀ With its production capacity leading the pack, ShunSin won the top ten manufacturing leaders in Zhongshan Torch High-tech Zone in 2023.

R&D Investment Overview for ShunSin Technology in the Past 3 Years

Unit: Thousand New Taiwan Dollars

Year	2021	2022	2023
Investment Amount	429,555	310,505	386,959
Proportion of revenue	10%	6%	7%
Annual Growth Rate	-	-27.7%	24.6%

- A restatement is made to correct the error in the increase/decrease of development investment amount and rate in 2022.



Patent Acquisition Status for ShunSin Technology in the Past 3 Years

Country	New Patents			Cumulative Valid Patents
	2021	2022	2023	
Republic of China (Taiwan)	6	9	5	31
USA	3	6	6	31
People's Republic of China	2	5	23	43
Total	11	20	34	105

Note:

1. The cumulative valid patents are the sum of approved patents of which the annual fees have been paid by 31/12/2023 and the patents that remain valid status
2. To effectively present the patent acquisition in this reporting year, we combined the disclosure of patents under ShunSin and ShunYun Technology and made a restatement.
3. The recognition of new patents of the year is based on the date of the approval within the year.

In line with our commitment to advancing processes in our current product portfolio and enhancing our testing proficiency, we participate in international shows to exchange techniques with world-leading brands and explore diverse packaging and testing projects. On FOXCONN Technology Day, we shared our practice on SiP closed beta products and development directions. Through sample demonstrations and extensive applications, we have gained continual exposure for our products. The current geopolitical status has prompted us to re-evaluate the European market, and we have planned to attend the ECOC show in the near future.



▲ On Foxconn Technology Day, we prepared SiP package samples for an immediate demonstration.



▲ Exposure to the 2023 OFC show with good response from US market .

Economic Performance

Management Status of Material Topic “Economic Performance” of ShunSin in 2023

Material Topic	Economic Performance
Impact assessment	Positive aspect:The growing operational performance can support funds to increase investment in R&D, overseas locations, and market share, and ensure consistent profit to our shareholders. Negative aspect:The lack of a consistent profit source, can affect the further investment in R&D, lose product marketability in fast fast-advancing technology environment, which can lead to low order numbers and difficulties in operation.
Corresponding GRI Index	201-1、201-4
SDGs Principle	SDG 8
Policy and Commitment	We are committed to active production, innovation, optimization of operational management, and resource allocation, and continue to explore the market and navigate toward profitability to maximize shareholders' interests.
Metrics and Targets	• Short-term goals: Based on market demand and industry trends, we will increase our investment in researching and developing new products, technologies, and high-end processes to enhance our company's competitiveness. • Mid-long-term goals: Expand overseas operational locations to mitigate the geopolitical impact on business operation, seeking the best common value for all stakeholders.
Follow-up management mechanism	• Routine publication of CPA audited financial reports for stakeholders' reference of the economic performance of the year. • Routine publication of annual reports regarding operation results of the year. • Ensure the accuracy of the financial report and the content of the annual report through internal review and external audit.
Annual Action Plan and Results	• The consolidated revenue in 2023 was NT\$5.2 billion with the profit after tax at NT\$400 million. • In 2023, ShunSin received a total of NT\$52.581 million subsidies from local authorities. • We are devoted to innovations that can bring solutions to customers. The total R&D funds of the year were calculated to be NT\$386,959,000, equaling 7% of revenue and 24.6% more than the previous year. • In 2023, considering the geopolitical implications, we expanded our operation to Vietnam to cover more overseas customers. • We are active in contributing to sustainable resources through e-vehicles, AI data switches in data centers, and 5G base stations. • We invested and gained impressive progress in research, with 34 new patents acquired in 2023. • With outstanding business performance, we are among the top 10 corporate taxpayers in the first half of 2023 in Torch High-tech Zone, Zhongshan, and the top 10 manufacturing leaders of the year.

The Company benefited from the rise of sales in power amplifiers of smartphones and sensors, leading to an overall improvement in operational performance that surpassed 2022. While the rise of international interests had a limited impact on our business, the rise in interest rates nonetheless increased costs and decreased non-operating interest income. In light of this, we performed on-point management over investment return and cash flow to ensure that performance improvements outpace rising costs. In 2023, we are under the strong influence of geopolitics, and in response, we deployed multiple locations to dilute the impact.

Our key target is operational efficiency, and to achieve it, we have implemented adjustments in business strategies and expanded new markets through active production, R&D, and strong customer relationships. We are navigating towards internationalism and a strong, consistent financial constitution. In 2023, we achieved consolidated revenue of NT\$5.2 billion in operations performance, with profit after tax at NT\$400 million. Moving forward, we are striving to optimize financial results to return optimal returns for our shareholders and stakeholders.

• ShunSin's Consolidated Financial Statements over the Past 3 Years

Currency: NT\$

Year	Unit	2021	2022	2023
Capital	Thousand NT\$	1,074,648	1,074,648	1,074,648
Revenue	Thousand NT\$	4,270,400	5,317,941	5,212,222
Gross Profit	Thousand NT\$	922,452	649,724	1,221,187
Operating Profit	Thousand NT\$	59,012	(81,047)	283,961
Income Tax	Thousand NT\$	(172,435)	(166,251)	99,243
Net Profit	Thousand NT\$	378,607	182,731	467,416
Net Profit Attributable to Owners of the Parent Company	Thousand NT\$	403,082	205,674	434,217
Earnings Per Share	NT\$	3.77	1.92	4.10
Research and Development Expenses	Thousand NT\$	429,555	310,505	386,959
Employee Salaries and Benefits	Thousand NT\$	1,036,789	924,938	1,168,477
Cash Dividends Distributed to Shareholders	NT\$ per Share	2.56	1.17	2.46

Note: For details of the entities included in the consolidated financial statements, please refer to pages 4 to 5 of the 2023 Financial Report.



▲ We are among the top 10 corporate taxpayers in the first half of 2023 in Torch High-tech Zone, Zhongshan

:: Financial assistance received from the government

ShunSin is qualified as a High-tech enterprises and is listed for local subsidies for equipment and manpower expenses. In 2023, we received NT\$52,581,000 in funding from the Chinese government. In the upcoming year, we will apply for research and development subsidies.

List of subsidies from the Chinese government 2023		
Types of Subsidies	Project Titles	Subsidized Amount (Unit: NT\$ Thousand)
Subsidies	VAT subsidy	52,581
	Discount for imported fixed assets	
	Allowance for stable employment	
	Subsidy for capacity increase of high voltage power	
	Subsidy for power capacity increase	
	Subsidy for insurance	
	IP subsidy	
	Manpower expansion subsidy	
	Employment subsidy	
Investment Subsidies, Research and Development Subsidies, and Other Related Types of Subsidies	Subsidy for projects of fixed assets technological transformation	52,581
	Subsidy for factory renovation	
	Zhongshan subsidy 2023 for business development projects.	
Incentives	Top 3 product incentives	
Any financial support received or obtainable from any institution for the organization's operations	One-time subsidy for manpower expansion 2023	
	Subsidy for employment of financially disadvantaged people.	

Tax Governance

We are committed to creating corporate value and refining our tax risk management processes, and to achieve this, we have implemented a tax affairs governance policy. Finance Department has been designated as the manager of tax affairs, and the head of Finance Department has been entrusted as the principal decision maker for our tax affairs risk management mechanism. Finance Department provides monthly updates to their head on the status of tax affairs management, while the head formulates policies governing overall tax affairs based on a comprehensive business strategy and environment, thereby ensuring the efficacy of our mechanisms.

Approach to Tax Governance, Control, and Risk Management

Legal Compliance: Local compliance to honor tax regulations and the meaning of legislation

- In compliance with international tax laws and regulations, ShunSin files tax returns and completes payments on time as a taxpayer.
- The annual financial data attestation is completed by KPMG Taiwan and Yongxin CPA, Zhongshan, Guangdong, China.

Information Transparency: Ensure tax data transparency

- As per regulations, Country-by-Country Reports, master files, and transfer pricing reports are submitted to the tax authority.
- Ensure the tax assessment relating to decisions is joined by the company tax affairs team and independent professional consultants.
- We regularly disclose tax information to stakeholders through public channels (e.g., official website and annual reports).
- We utilize legal and transparent tax incentive policies and refrain from using methods that violate the law to obtain tax reductions and exemptions.

Business Substance: Business framework and transaction adhere to the nature of the business

- No tax avoidance-based tax affairs structure; Does not transfer profit to low tax rate area to avoid taxation.
- Compliant related party transactions. Observe local transfer pricing-related tax regulations at operating regions and fulfill tax obligations where values are created.
- We interact with tax authorities in a manner based on trust, information transparency, and legal compliance. We also raise significant tax issues to help improve the tax environment and system.

Integrity in Communication: We communicate with honesty, integrity, and respect.

- We ensure that transactions between related companies comply with the transfer pricing principles of the Organization for Economic Co-operation and Development (OECD) and regulations related to Base Erosion and Profit Shifting (BEPS).
- We interact with the local tax bureau based on mutual trust and honest communication and provide practical, industrial perspectives and professional insight.

Risk Management: Takes discretion in the evaluation of tax affairs risks and countermeasures.

- We establish a robust tax risk management framework and organizational culture, taking into consideration the most adequate taxes for the Company as a whole, the risk control, and the impact on sustainable values.

Stakeholder Communication Policy on Tax-Related Matters

The tax bureau is the key stakeholder in tax affairs. In everyday operations, our proxies, KPMG, and Zhongshan Yongxin CPA, reach out to the departments for clarification of applicable laws. For the tax file, it adheres to regional laws and regulations. Regarding the tax audits, if any, a document is prepared upon notice to facilitate the process.

Please see the 2023 annual report for the auditing report by Certified Public Accountant. In addition, to ensure the transparency of tax reports and information to our shareholders and stakeholders, we publish related information on our website under "Investors", in the annual report, and in shareholders meeting with regards to tax affairs of stakeholders' concerns.

▪ An Overview of Tax Payments by Country/Region in 2023

Country	Amount (NTD)	Percentage
China	43,472,149	46.87%
Taiwan	49,273,735	53.13%
TOTAL	92,745,884	100.00%

External Engagement

International Initiatives We Support		
Aspect	International Initiatives	Content
ESG	Global Compact	We focus on organizational development in terms of human rights, labor, the environment, and anti-corruption to promote sustainable governance.
Environmental	Task Force on Climate-Related Financial Disclosures, (TCFD)	Our participation helps investors and decision-makers understand the organization's climate-related risks, opportunities, and financial impacts. This empowers the organization to effectively address the challenges of transitioning to a more sustainable future.
	Carbon Disclosure Project, CDP	Our engagement with CDP is essential in helping our company evaluate and enhance its carbon management system.
Social	International Labour Organization, ILO Convention	We continuously work to improve the working and living conditions of our colleagues while safeguarding their rights.
	Responsible Business Alliance, RBA	We ensure that our supply chain partners provide a safe working environment and that all workers are treated with respect.
	Responsible Minerals Initiative, RMI	We are committed to not using any metal of conflict mineral origin.

Association memberships and Initiative engagements	
Membership Status	Organization Name
Member	Zhongshan City Torch Harmonious Labor Relations Promotion Association
Member	(Zhongshan) Taiwan Business Investors Social Association
Member	Guangdong Cleaning Production Association

- Policy Commitment
- Board of Directors
- Functional Committees
- Internal Audits
- Ethical Corporate Management
- Risk Management

02 Corporate Governance



Policy Commitment

We are dedicated to pursuing sustainable development while adhering to ESG principles, focusing on economic governance, human rights, and environmental protection. Committed to upholding the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," and "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," our guiding principles and policies align with the objectives of sustainability and the common good. We strongly advocate for the human rights of our employees, ensuring their freedom to seek employment, fair treatment, and a work environment that is free from discrimination and harassment, thereby affording them the opportunity to express their opinions. Furthermore, we incorporate CSR into our contracts, demonstrating our dedication to realizing sustainability in collaboration with our suppliers.

ShunSin treats every shareholder, employee, customer, and various stakeholders in a responsible manner.



We are committed to upholding the "Universal Declaration of Human Rights," the "United Nations Guiding Principles on Business and Human Rights," the "Global Compact," and the guidelines set by the "International Labor Organization." In addition, we adhere to the "Responsible Business Alliance (RBA)" standards for the electronics industry to conduct thorough human rights assessments.



Our operations adhere strictly to moral, occupational, and legal standards. We have implemented a "Social and Environmental Responsibility (SER)" policy to align with regional regulations applicable to our sector, encompassing laws, human rights, environmental protection, product safety, and services. We operate the business honestly while requesting active engagement from suppliers regarding our SER policy.



We act with honesty and integrity and communicate this to directors, employees, and assignees regularly, emphasizing its importance. We also conduct training sessions and provide ongoing reminders highlighting our unwavering dedication to ethical corporate management, policy adherence, and contingency planning. We ensure that all parties understand the consequences of violating our standards in their interactions with our business.

In implementing our sustainability policy, we have incorporated the "Articles of Association," "Ethical Corporate Management," "Development Best Practice Principles," and "Codes of Ethical Conduct" into our internal control framework. These documents can be accessed on our website.

We have structured our training program to emphasize the significance of sustainability-related regulations, incorporating environmental, human rights, and corporate governance into our organizational culture, empowering all ShunSin members with a sense of sustainability awareness.

The Company's internal regulations, based on the aforementioned principles, were created by the Board and approved during a board meeting. Afterward, the Stock Affairs Team implemented them and communicated their enforcement to both internal and external stakeholders through the company's website and contracted articles.

Organizational Chart



- Further details regarding the corporate governance structure and business management of each department can be found in the "2023 Annual Report".

The Board of Directors

The governing body at ShunSin Technology operates through its board of directors, which is responsible for making, overseeing, and managing the decisions pertaining to the Company's impact on the economy, the environment, and society. The board is mandated to supervise the Company's adherence to legal standards, ensure the accuracy of financial reports, and prevent instances of corruption or breach of trust. Additionally, it is imperative for the Board to promptly disclose vital information and safeguard the rights of shareholders and corporate social responsibility. Board members are expected to possess extensive expertise in their respective fields and utilize their insights and business acumen to steer teams toward achieving optimal performance and maximizing shareholder value.

As per the Articles of Association, the Board must be composed of no fewer than five and no more than nine members, with no fewer than three independent directors. Seven Board members were re-elected in June 2023, among which three were independent members, equaling 42.86% of the Board. The term started in June 2023 and ends in 2026 in the same month. The expertise within the board encompasses accounting, business affairs, financial matters, and the semiconductor industry. The age range of board members spans from 50 to 77, with one female independent director. After June 2023, the age range of the board increased by nine years and the percentage of female members increased to 14%. Moving forward, we will continue our efforts to improve the diversity of the Board by including all genders, ages, and underrepresented groups, advocating for a multi-background Board of Directors that minimizes the Company's overall operational risks.

As per Article 192-1 of the "Company Act," our entity has established "The Regulations Governing Director Election" to formalize the nomination process, specifying cumulative voting as the election method. The selection process disregards gender, age, race, or nationality. Board members are required to possess a broad perspective of the international market and demonstrate proficiency in various skill sets to effectively fulfill their responsibilities. These include sound decision-making, accounting, legal, business affairs, financial matters, and the industry expertise, crisis management ability, strong leadership, and a commitment to considering input from all stakeholders.

Dr. Shang-Yi Chiang, a candidate in the fifth election for the chairman position, possesses extensive industry experience at TSMC, where he served as Vice President, Senior Vice President, and Chief Operating Officer. Dr. Chiang completed his studies in Electrical Engineering at NTU in 1968, pursued postgraduate studies in the same field at Princeton University in 1970, and obtained his doctoral degree from Stanford University four years later.

The candidate has established a robust work portfolio, progressing from International Telephone and Telegraph Corporation to Texas Instruments, HP, and TSMC. Notably, in 2001, they were recognized by a US commercial weekly journal as one of the Top 50 innovators in Asia. Furthermore, in 2003, their team was honored with the Executive Yuan's "Outstanding Science and Technology Talents" award. In 2015, Dr. Chiang was the recipient of the IEEE "Ernst Weber Managerial Leadership Award" and has played a pivotal role in propelling Taiwan's semiconductor industry from the micrometer to the nanometer era. Together with his team, Dr. Chiang has established a strong foundation for Taiwan's technological advancement, particularly in the semiconductor sector, ensuring the sustained competitiveness in this field. Their extensive network and background in related fields greatly contribute to effective operational management and global strategic implementation, in addition to driving technological progress. Dr. Chiang is therefore nominated to chair the board. For a comprehensive overview of the multifunctional core ability index of the Board and its committees, please refer to the annual report for further details.

Throughout each quarter, the Board received operational reports from various teams, fostering transparent communication across management. The operations team was responsible for submitting strategic proposals for company operations to the Board, which assessed their success rates and monitored progress.

When necessary, the Board provided guidance for real-time adjustments. In 2023, the Board convened seven times, an average of once every 1.71 months, with an overall attendance rate of 95.92%. The agendas covered a range of topics including Sustainable Development Committee setup, Board re-election, earnings distribution, and operational plans, totaling 35 items. Notably, there were no critical events within the reporting year that required immediate reporting to the Board. Please refer to the 2023 Annual Report for more details.

▪ Board member of ShunSin

Title	Name	Gender	Age	Special Status ^{Note 1}	Number of board meetings attended	Do you hold any positions in other companies?	Professional background
Chairman	Chiang, Shang-Yi	Male	77	N/A	4	Semiconductor Chief Strategy Officer , Hon Hai Precision Industry Co., Ltd	Semiconductor industry
Director	Hsu, Wen-Yi	Male	65	N/A	6	-	Semiconductor industry
Director	Huang, Ying-Shih	Male	53	N/A	4	Supervisor, XSemi Co., Ltd. Director, Foxtron Vehicle Technologies Co., Ltd. Chairman representing juridical person, Altus Tech Inc. Director representing juridical person, Linker Vision Co., Ltd Senior Director, Hon Hai Precision Industry Co., Ltd.	Business finance
Director	Ho, Chia-Hua	Male	50	N/A	7	Vice Present, Hon Young Semiconductor Co., Ltd	Semiconductor industry
Independent Director	Chuang, Chang-Hsing	Male	62	N/A	4	Chairman, Aspire Lighting Co., Ltd Chairman, Verona Lighting Co., Ltd Chairman, Taiwan Aspire Lighting Co., Ltd	Business finance
Independent Director	Ting, Hung-Hsun	Male	61	N/A	7	CPA, CHIEN, CHENG & Co., Independent director, member of Compensation and Chairman of Audit Committee, CyberTAN Technology, Inc. Director, Cenlink Co., Ltd Independent director, Chairman of Compensation Committee and Chairman of Audit Committee, M-Power Information Co., Ltd	Accounting
Independent Director	Tai, Shu-Huei	Female	63	N/A	4	Vice President, SME Credit Guarantee Fund	Business finance

Notes:

- Disadvantaged social communities encompass indigenous peoples, immigrants, ethnic or racial minorities, gender and sexual orientation minorities, and individuals with mental or physical disabilities.
- In the 2023 re-election of the Board, directors Hsu Wen-Yi, Ho, Chia-Hua, and independent director Ting, Hung-Hsun were re-elected.
- The newly elected board commenced its term from June 2023 and has met four times, achieving a 100% attendance rate. Throughout 2023, the Board met a total of seven times (including before and after re-election), and the average attendance was 95.92%.

Interest Avoidance

The highest governing unit is chaired by Chairman Chiang Shang-Yi, who does not hold high level management position in companies at the same time. In order to establish a well-organized governance system aimed at maximizing the supervision function and management ability, we adopted the "Regulations Governing Procedure for Board of Directors Meetings" in compliance with Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", where avoidance of conflict of interest is stipulated, including:

- The Company's policy stipulates that when a director or a corporation represented by a director has a vested interest in a meeting agenda, a comprehensive explanation of the key details of the interest must be presented in the relevant board meeting. Should the director's involvement pose any potential risk to the company's interests, they will be prohibited from participating in the discussions and voting processes.
- When a director's spouse or a blood relative within the second degree of kinship, or a company that is in a controlling or subordinate relationship with a director, is involved in an agenda item as described in the preceding paragraph, the director will be considered an interested party with respect to that agenda item.
- The provisions of Article 180, paragraph 2 of the "Company Act", as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of Board of Directors' meetings when a director is prohibited from exercising voting rights by the preceding two paragraphs.

As part of their responsibilities, independent directors who also serve on the boards of other companies are obligated to sign a "non-compete agreement" to mitigate potential conflicts of interest. Board members are required to uphold a high level of self-discipline and fulfill their ethical obligations by conducting business with integrity and exercising authority honestly and faithfully. For more comprehensive information on conflict of interest avoidance, please refer to the relevant section of the 2023 annual report.



:: Education of directors

Our Board members pursue a diverse range of studies focusing on the economy, environment, and society, which equips the top governing body with knowledge related to sustainable development. By receiving course information, the Board members contribute feedback and needs, allowing us to adapt and strategize for future educational programs. In order to meet the demands of globally-operational management, enhance corporate governance, and improve risk response capabilities, the Board members take proactive measures to ensure they possess the necessary knowledge to lead and oversee. In the year 2023, the Board members dedicated a total of 63 hours to training, averaging 9 hours per person. Given the increase in new directors this year, the courses centered on themes of corporate governance and ethical corporate management.

▪ 2023 Courses of continuing education of directors

Category	Course name	Attended by	Total training hours by director
Economics / Governance	Regulations of insider trading and case study	Huang Ying-Shih, Director	3
	Corporate governance, securities and exchange regulations - What listed company management teams should know about supervision by competent authorities	Huang Ying-Shih, Director	3
	Insight to local and international mergers and acquisitions	Chairman Chiang Shang-Yi, Director Hsu Wen-Yi, Ho, Chia-Hua, independent director Chuang, Chang-Hsing, Tai Shu- Huei	15
	How to uncover corporate frauds through financial statements	Chairman Chiang Shang-Yi, Director Hsu Wen-Yi, Ho, Chia-Hua, independent director Chuang, Chang-Hsing, Tai Shu- Huei	15
	The legal liabilities of directors and supervisors, the corresponding risks and preventive measures	Chairman Chiang Shang-Yi, independent director Chuang, Chang-Hsing, Tai Shu- Huei	9
	Analysis and strategy application of corporate financial affairs	Chairman Chiang Shang-Yi, independent director Chuang, Chang-Hsing, Tai Shu- Huei	9
	Escalation of information security awareness and personal data protection	Ting, Hung-Hsun, Independent director	3
	ESG concept for dummies	Ting, Hung-Hsun, Independent director	3
	IFRS2 share-based payment; IFRS9, IFRS15, IFRS16 key topics	Ting, Hung-Hsun, Independent director	3
Total			63

:: Performance Evaluation of Boards of Directors

To enhance corporate governance and the functioning of the Board, we institute performance objectives aimed at strengthening Board operations. Our Performance Evaluation of the Board of Directors complies with the "Corporate Governance Best Practice Principles," and surveys are conducted at least annually to assess "Self-evaluation of Board performance," "Self-evaluation of Board members' performance," "Self-evaluation of Audit Committee performance," and "Self-evaluation of Compensation Committee performance." The self-evaluation for 2023 yielded scores of 92.89 for the Board, 96.43 for the Board members, 98.86 for the Audit Committee, and 100 for the Remuneration Committee. These results reflect the high level of engagement of the Board and the quality of decisions made regarding the company's operations. The outcomes will guide Board remuneration and nominations for the next term.

The gauges against the performance of the Board:

1. Level of engagement in company operation
 2. Improvement of the decision making abilities of the Board
 3. The formation and structure of the Board
 4. Selection, appointment and continual study of directors
 5. Internal control
- 

The gauges against the performance of the Board members:

1. Level of comprehension of Company goals and missions
 2. Recognition of a director's duty
 3. Level of engagement in company operations
 4. Internal relationship and communication
 5. Expertise and continuous study of the members
 6. Internal control
- 

The gauges against the performance of the functional committees:

1. Level of engagement in Company operations
 2. Recognition of a director's duty
 3. Improvement of decision making ability of the functional committees
 4. The formation of a functional committee and the selection and appointment of its members
 5. Internal control
- 

Compensation of Manager & Director

The Compensation Committee is responsible for establishing and reviewing the policies, systems, standards, and structures related to compensation for ShunSin board members and the management team. Compensation for board members consists of a fixed salary, resignation fund, pension, director compensation, and business execution reward. Management positions receive fixed salary, bonus, special allowance, resignation fund, and pension. The current compensation for board members and the management team is linked to the company's performance and decision-making indicators. The committee regularly evaluates the progress of board members, supervisors, and the management team in meeting their performance targets to determine the content and amount of rewards for each member.

Moving forward, we will integrate sustainability metrics into our performance evaluation process and modify the remuneration structure for our directors and management team, and actively engage the development of sustainability to reach these goals. By adopting this approach, we recognize their contributions to advancing sustainable development and prepare ShunSin with the resilience required for a sustainable future.

Return Policy for Unjustified Enrichment

The company has established "Codes of Ethical Conduct" to enhance the behavior, ethics, and professionalism of all members. Violators are required to return any illegally obtained proceeds to the victims and will face corresponding consequences, which may include deductions in performance bonus, year-end bonus, and incentives, as well as dismissal, demotion, or legal action. We hold all company members, including management, in high regard and expect strict adherence to the industry's code of conduct. This is essential to ensuring effective management, supervision, and steering the company toward sustainable growth and development.

Functional Committees

Guided by the chairman, to ensure the effective adoption of operational risk impact management and the identification of the impact that the Company has on the environment, economy and people, and the supervision of the procedure, we have established the following functional committees: Audit Committee, Compensation Committee, and Sustainable Development Committee.

The respective functional committees are tasked with conducting thorough due diligence, gathering information on significant events, recommendations, and feedback from stakeholders regarding the positive and negative risks associated with the company's operations. This is achieved through regular business communication channels, the endorsement of internal meeting documents, and utilization of the existing complaint mechanism. Furthermore, these committees bear the responsibility of formulating, approving, and updating strategies and policies related to each impact. The board of directors is responsible for supervising the impact management procedures established by the functional committees and the results thereof. A meeting is held once a year to review the results and effectiveness of the procedures.

:: Sustainable Development Committee

ShunSin has established a governance structure for sustainable development to ensure effective management in this area. Our "Sustainable Development Best Practice Principles" are in alignment with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." In 2023, we formed the Sustainable Development Committee (SDC) as a dedicated team to oversee this crucial aspect. Our corporate decision-making process is guided by a commitment to sustainable development, and we evaluate our company management performance based on an ESG framework.

The Sustainable Development Committee is comprised of Chairman Chiang Shang-Yi, Director and General Manager Hsu Wen-Yi, and all the independent directors, who meet regularly at least once a year, with the purpose of assisting the Board in the execution of environmental protection, social responsibility, corporate governance, and sustainable development policies. The Sustainability Office operates under the Committee and is headed by the General Manager, who establishes the Sustainability Team to support the Committee's activities. This team is responsible for supervising the execution of sustainable development initiatives as evaluated by the Sustainable Development Committee.

- Adoption of the sustainable development policy
- Adoption of the annual plan and strategy for sustainable development.
- Follow ups and examination of the progress and results of the execution; report the status to the Board.
- Other decisions relating to sustainable development.

In 2023, the committee members were appointed and the committee's bylaws were established. In 2024, we have scheduled meetings to advance our sustainable goals, including the installation of solar facilities to improve energy efficiency and reduce carbon emissions in support of environmental initiatives. Additionally, we aim to implement the corporate RBA Audit to achieve a score of 180, Gold Level. When the Vietnam location joins, it too will be guided by this standard for development goal; for corporate governance, our progress continues through corporate governance evaluations; to bolster female representation in leadership, we are actively increasing the number of female directors on the Board, thereby enhancing our management policy for sustainable development.

We pursue sustainable operations and profit, and focus on our stakeholders' rights and interests. Meanwhile, we emphasize that sustainable development should include environmental, societal, and corporate governance. The key development framework is pillared by these four principles:

Implement corporate governance

Sustainable development on environment

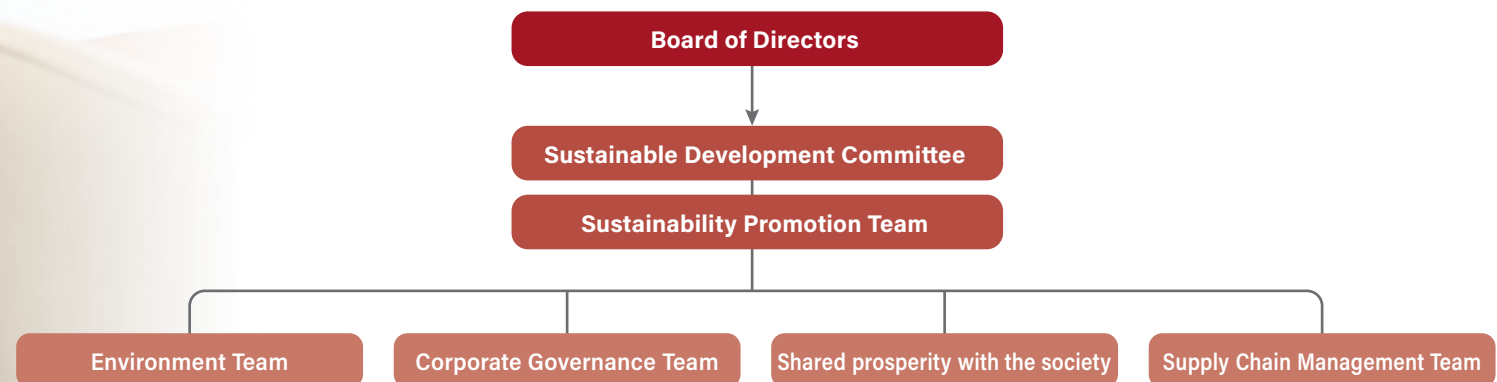
Ensuring social well-being

Best practices in the disclosure of corporate sustainable development information

- The Board must exercise due diligence and encourage corporate action on sustainable development. Regular reviews of progress and improvements should be conducted to ensure the proper implementation of sustainable development policies.
- The Company is required to comply with environmental regulations and international standards to appropriately protect the natural environment. In its operational activities and internal management, the company must strive to achieve environmental sustainability.
- Adherence to the relevant labor laws and international human rights agreements, such as gender equality, employment rights, and non-discrimination, is essential for the Company to ensure fair employment conditions, compensation and benefits, as well as impartial assessment and promotion opportunities.
- In accordance with relevant regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company is obligated to provide information transparency by disclosing pertinent and reliable sustainable development-related information.

The Sustainable Development Committee is fully committed to the development of the Company's sustainability strategy, initiating plans and regularly reporting the performance to the Board. This is a critical step in fulfilling corporate social responsibility and translating the company's sustainable business strategy into practice. For a more comprehensive understanding of our sustainable development policy, please refer to the company's "Sustainable Development Best Practice Principles."

▪ **Organizational Chart of Sustainable Development Committee**



:: Audit Committee

The independent directors are appointed as members of the Audit Committee. The Committee must consist of no fewer than three members, with one acting as the convener, and at least one member possessing a background in accounting or finance. Independent directors serve a term of three years and are eligible for re-election and succession. The Committee is required to convene at least once per quarter to facilitate the Board's oversight of the company's operations in terms of accounting, auditing, financial reporting procedures, and the provision of reasonable assurance of financial quality and integrity.

The Committee is required to conduct an annual self-evaluation of its performance and address any future issues that require attention. To ensure the fulfillment of its responsibilities, the Committee is entitled to undergo thorough audits and investigations, and establish channels that allow proper communications and contacts with internal audit team, CPAs and all Company members. The Committee is also given the right to hire and supervise lawyers, accountants, or other consultants to assist with their duties. In 2023, the Committee met five times, with 100% attendance. Further details regarding the meetings can be found in the Company's 2023 annual report.

The Audit Committee supervises:

1. If Company financial reports are expressed adequately;
2. The selection and dismissal of the CPA, its independency and performance.
3. The effectiveness of internal control.
4. Company legal compliance related laws and regulations.
5. Potential and existing risk control

Member of ShunSin's Audit Committee

Name	Title	Gender	Term	Special status ^{Note}	Field of Study
Ting, Hung-Hsun	Chairman of the Audit Committee	Male	3 years	None	Accounting
Chuang, Chang-Hsing	Member of the Audit Committee	Male	3 years	None	Business and finance
Tai, Shu-Huei	Member of the Audit Committee	Female	3 years	None	Business and finance

Note:

1. Disadvantaged social communities encompass indigenous peoples, immigrants, ethnic or racial minorities, gender and sexual orientation minorities, and individuals with mental or physical disabilities.
2. Apart from Ting, Hung-Hsun, who succeed the term, the Committee members are newly elected. The term began on 06/28/2023.

:: Compensation Committee

The Compensation Committee members are appointed by the Board. At least half of the members should be independent directors. The Committee should hold at least two meetings a year. The Committee supports the Board in implementing and evaluating the Company's overall compensation and benefits policy, as well as those of the directors and management team, from a professional and independent perspective. Additionally, the Committee will review and scrutinize the allocation earmarked for the compensation of the senior management team and employees. For detailed information on the "Ratio of total remuneration of directors, general managers, and deputy general managers to net profit after tax in individual financial reports," please refer to the "Company's annual report for 2023" issued by the Compensation Committee.

In 2023, the Compensation Committee held two meetings, with 100% attendance. The committee conducts thorough analysis and submits recommendations to the board. It assesses the skills, contributions, and performance of individual members of the management team, while also reviewing the fairness of their salaries and benefits, in order to effectively mitigate the risk of talent attrition.

Key duty of the Compensation Committee:

1. Periodical review and proposes amendment to the Organizational Charter of the Compensation Committee.
2. Adopts and reviews annual, long term performance goals of directors, supervisors and management team, policies, systems, standards, and remuneration structure.
3. Periodical evaluation of the progress of directors, supervisors and management team regarding their performance goals; determines the remuneration packages and amount of individual pay.

Members of the ShunSin Compensation Committee

Name	Title	Gender	Term	Special status ^{Note}	Field of Study
Tai, Shu-Huei	Chairman of the Compensation Committee	Female	3 years	None	Business and finance
Ting, Hung-Hsun	Member of the Compensation Committee	Male	3 years	None	Accounting
Chuang, Chang-Hsing	Member of the Compensation Committee	Male	3 years	None	Business and finance

Note:

1. Disadvantaged social communities encompass indigenous peoples, immigrants, ethnic or racial minorities, gender and sexual orientation minorities, and individuals with mental or physical disabilities.
2. Besides Ting, Hung-Hsun, who succeeded the term, the Committee members are newly elected. The term began on 06/28/2023.



Internal Audit

The Company Internal Audit operates autonomously with appointed specialists, managers, total 2 members. It operates under the jurisdiction of the Board, and the "Internal Audit Implementation Rules" outline that the appointment and dismissal of managers must receive approval from the Audit Committee and be forwarded to the Board meeting for resolution. The Internal Audit Team not only provides regular reports to the Board but also responds to the Chairman, Audit Committee, and General Manager when necessary.

According to the "Internal Audit Implementation Rules," the internal audit is responsible for re-evaluating the internal control of the company's operational procedures and reporting on the adequacy and efficiency of the design and implementation of such control. This applies to all company operations and its subsidiaries.

The internal audit conducts following tasks.

- Assisting the Board and management team in examining and reviewing deficiencies in the internal control system and assessing the effectiveness and efficiency of Company operations.
- Developing an annual audit plan based on the results of risk assessment, including monthly audit targets.
- Regularly tracking and reporting on deficiencies and anomalies in the internal control system to ensure that relevant units have timely and appropriate improvement measures in place. These plans are considered essential for departmental performance evaluations.
- Reviewing audit reports and/or self-examination reports from various units and subsidiaries, as well as the improvement status of internal control deficiencies and anomalies, as the primary basis for the Board and General Manager's assessment of the overall effectiveness of the internal control system and for the issuance of the internal control system statement.
- Reviewing audit reports and/or self-examined reports forwarded by subsidiaries, and following up on the findings and exceptions during internal control for improvement.

The internal audit also encompasses the review of self-examinations conducted by each department, including verification of procedure execution and document review to ensure quality, with comprehensive self-examination results reported to the Executives and the Board.

Ethical Corporate Management

Management Status of Material Topic "Ethical Corporate Management" of ShunSin in 2023

Material Topic	Ethical Corporate Management
Impact assessment	Positive impact: Through internal control, we establish rules for Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct as the foundation of business ethics to be followed by all staff. A positive image contributes to a sustainable future of the Company. Negative impact: corruption in governance can lead a company to legal violations, penalties, and even suspension of business.
Corresponding GRI Index	GRI 205
SDGs Principle	
Policy and commitment	We ensure compliance with the RBA regulations by consistently providing proof of our dedication to ethical corporate management through regular training sessions and internal control reviews.
Metrics and targets	- Short term goal: 100% training rate for anti-corruption across all sites. - Mid-long term goal: continual follow-up on trends and changes in international and local laws and regulations; periodical renewal of training on ethical corporate management; rolling adjustment to internal control system and procedures to identify corruption.
Follow-up management mechanism	- Working with customers to perform independent an RBA compliance audit. - Anti-corruption risk assessment at operation locations every year. - Carry out corruption risk assessments of operating locations on a regular basis every year - Email addresses on the Website for employees, customers, and suppliers for feedback.
Annual action plan and results	- In 2023, comprehensive anti-corruption training sessions were conducted for specific segments of our workforce, achieving the following attendance rates: 100% of the Board members, 98% of mid-high level management team, 99% of general professionals, and 96% of direct production staff, and 100% of suppliers. - In the course of our daily operations, we prioritize ethical corporate management. Throughout 2023, our operational sites underwent assessments, yielding no findings of ethical violations. - In 2023, training was scheduled to convey basic knowledge regarding legal compliance and raise the awareness of ethical corporate management. The training totaled 88.5 hours throughout the year. - Over the past three years, we have not received any internal or external complaints or reports regarding corrupt behavior. - In an effort to instill a culture of ethical corporate management across all staff members, 100% of our factory employees participated in and signed the "SER and Ethical Code of Conduct Notice" in 2023. - In 2023, all new suppliers, amounting to 100% of our suppliers, signed the "Vendor's Commitment" pledging absolute adherence to our company's business ethics standards, thereby embodying our commitment to ethical and moral business practices. - We continue to employ internal control management to preempt potential instances of misconduct. In 2023, no employee disciplinary measures or business relationship terminations were necessitated due to corrupt activities.

To foster an environment of ethical corporate management and ensure robust development, ShunSin has established the "Ethical Corporate Management Principles." This document clearly and comprehensively outlines specific practices for ethical operation and offers preventative measures against unethical behavior. In addition, we have formulated the "Procedures and Guidelines for Ethical Business Operations," which precisely delineates the matters that company personnel must be conscientious of in executing their duties. The Administrative Department has been designated as the responsible unit to aid in integrating integrity and ethical values into our corporate operating strategy. This unit also cooperates with legal provisions to establish and enforce anti-corruption measures, oversees the promotion and coordination of ethics policy training, and has established "protocols for whistleblowing fraudulent conduct" and "codes of ethical conduct" for adherence by all employees. Furthermore, we actively collaborate with customers' third-party Responsible Business Alliance (RBA) compliance audits and implement necessary improvements to ensure compliance.

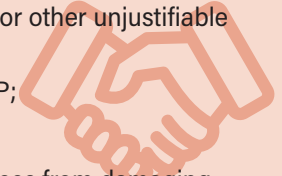
To ensure that policies and regulations are followed, the individuals in charge at each location in the Zhongshan site are committed to ethical corporate management as part of their daily practices, and they are implementing additional measures to address major corruption risks. Precious metal management:

- Precious metal management: We have a dedicated management team that oversees every aspect of security to safeguard our valuable assets.
- Annual audit plans: In accordance with statutory requirements, the Auditing Office annually requests an evaluation of corruption risks by taking into account the specific contexts of individual locations, the outcomes of previous audits, and the characteristics of the industry. This initiative serves to elevate the frequency of audits and provide support to the management team in their efforts to mitigate corruption risks.
- Dissemination of ethical corporate management: every staff member attends the annual "Commercial Ethics, and the Code of Conduct" (SER) organized by the Executive Yuan and signs "SER, Commercial Ethics, and the Code of Conduct Report" to keep employees aligned with business ethics and the regulations against corruption and bribery. The 2023 ethical corporate management training totaled 64.5 hours.
- Supplier adherence: Suppliers are required to sign a "Supplier Undertaking to guarantee compliance" and ensure the observation of business ethics in transactions.

During the 2023 corruption assessment of physical operations at the ShunSin Zhongshan Site and ShunYun Zhongshan Site, a thorough evaluation was conducted, and no violations of regulations or complaints were identified. Additionally, no instances of ethical corporate management violations were observed at ShunSin in 2023.

Our commitment and implementation of ethical corporate management:

- observes ethical corporate management activities;
- forbids taking and receiving bribes;
- forbids unlawful political donations;
- forbids improper donations or sponsorships;
- forbids improper gift, treats, or other unjustifiable gains;
- forbids the infringement of IP;
- forbids unfair competition;
- Prevents products and services from damaging stakeholders.



:: Zero-Corruption & Anti-Bribery Policy

To continue the reinforcement of regulatory compliance, we are improving our management system, regulation identification, and training programs.

The respective teams are tasked with contributing to a well-structured compliance system and objectives. They oversee and verify any changes in local and international regulations that could significantly impact the company's operations. They ensure that all operational activities comply with relevant regional regulations. No member of staff, supervisor, management, or director is permitted to engage in or instruct others to engage in illegal or unethical behavior for any reason. Compliance is rigorously upheld at all levels, from business execution to product design, procurement, and other operating processes. Our "Ethical Corporate Management Principles" explicitly prohibits the giving or acceptance of bribes, the making of unlawful political contributions, excessive charitable donations or sponsorships, unwarranted gifts, entertainment, or other unjustified perks, infringement upon intellectual property rights, and unfair competition. Precautionary measures and protocols are in place to address products or services that may harm stakeholders, to safeguard client interests, and to prevent the loss of enterprise assets, fines, or goodwill.

The Company disseminates and promotes ethical standards that employees should adhere to during their work. This involves organizing annual anti-corruption training programs to enhance ethical and self-discipline awareness among employees, emphasizing compliance with employee ethical regulations, anti-corruption measures, and the protection of crucial internal information, such as RBA (Responsible Business Alliance) guidelines.

We also adhere to a comprehensive management organization framework to identify and control the risks related to enterprise operations through a complete risk management structure and implementation level to minimize the risk of fraud and improper conduct that may occur within the existing internal control system.

• Communication and training regarding anti-corruption policy and procedure

Target	Total	Number of persons / suppliers	Ratio of persons trained
Member of Director	7	7	100%
Category A	240	236	98%
Category B	422	419	99%
Category C	724	697	96%
Suppliers	36	36	100%

Note:

- Above statistics by category: Category A: (Middle and higher-level supervisors and senior professionals), Category B: (General professionals), Category C: (Direct production employees); Suppliers joined in 2023.
- The communication of anti-corruption policy and procedure to suppliers is completed through the "Vendor Commitment", which the suppliers sign and agree to observe regulations regarding business ethics.

:: Regulatory Compliance

ShunSin has established a dedicated legal department to ensure compliance of operational activities with the legislative requirements of local governments. This department closely monitors legislation and amendments that may impact the company. Additionally, shareholder service providers and accountants engaged by the company provide timely updates on laws and regulations from competent authorities of listed companies. Departments such as environment and safety, energy, and administration also pay close attention to the latest legislation related to the environment, safety, energy, and employment, ensuring compliance with the company's operations, are conducted in accordance with "ShunSin's Internal Rules Governing the Identification of Regulations". Relevant documents about major laws and regulations affecting the company are issued to each department for reference and execution, ensuring compliance with relevant requirements.

ShunSin's "Whistleblowing Regulations against Fraud" mandates the public disclosure of events with penalties over NT\$300 million or those significantly impacting shareholders' interests or securities value, such as government orders to suspend work or production, in the sustainability report. This is in accordance with the company's principles of transparency and balanced reporting under the GRI guidelines. In 2023, the company did not have any instances of employee sanction or termination of a commercial relationship due to corruption.

Compliance Training

Our legal consultation service provides immediate information on laws and regulations, assistance and inquiries. All employees have access to related information and publications on intranet. Additionally, the company conducts educational training, creates FAQs, and disseminates information to strengthen colleagues' legal compliance and ethical awareness from time to time, actively implementing corporate social responsibility initiatives. In 2023, employee training for legal compliance totaled 24 hours.

• Legal compliance trainings of recent 3 years

Year	Training course		Purpose and effect of the course	Training subjects
2021	• Training of new EHS regulations • Sharing of customs regulations • Interpretation of the Cyber Security Management Act		Learn about new EHS regulations, the Customs Act, the Cyber Security Management Act, and other regulations to enhance employees' legal awareness.	All employees
2022	• Introduction to environmental protection regulations • Sharing of customs regulations	• Awareness of the Property Act for Female Employees • Cyber Security Management Act	Learn about relevant regulations on environmental protection and customs as well as the Property Act for Female Employees to enhance employees' legal awareness.	All employees
2023	• Sharing of customs regulations • Interpretation of Labor Act • Training on laws and regulations related to anti-corruption and code of conduct	• Interpretation of New safety law • Interpretation of the Cyber Security Management Act • Judicial investigation and trial practice of insider trading	Better understanding and familiarization with customs regulations, labor related laws, security laws, and cybersecurity regulations.	All employees

:: Voicing complaints and suggestions

In adherence to the "ShunSin Ethical Corporate Management Best Practice Principles," we have established "Regulations for Whistleblowing against Fraudulent Conduct" to ensure the proper enforcement of integrity operations. These regulations outline that any instances of violations, whether reported or identified during internal control, that are illegal (including corruption), unethical, or in contravention of Company rules (such as Articles, employee service contracts, and the Agreement on Integrity and Intellectual Property Rights), will be referred to an ad hoc team for thorough investigation.

ShunSin has announced the whistleblowing channel on its official website to allow both internal and external individuals to directly report any unlawful activities to our Company through our publicly available whistleblowing mailbox (suggestions.zs@ShunSintech.com). Additionally, we offer the option of anonymous reporting. The designated unit handling the report is committed to maintaining the confidentiality of the whistleblower's identity and the reported incident. Unless essential for the investigation, the information will not be disclosed to any third party unrelated to the inquiry, safeguarding against unfair or disadvantageous treatment.

The following appeal channels are provided for employees, clients, and suppliers on the Company's official website:

- External email: suggestions.zs@shunsintech.com;
- Internal email: rain.liu@shunsintech.com; wade.wang@shunsintech.com
- External telephone: +86-760-23381357 (Mainland China) EXT: 2888; +886-02-22688368 (Taiwan) EXT: 2886

Any employee who fails to proactively report corrupt behavior will be severely punished according to the law and corresponding system of the Company. Employees are also encouraged to actively report any corrupt behavior through the above channels, and the Company will ensure strict confidentiality of the identity of the informers.

No complaint or case was received in 2023 or in the past three years.

▪ Investigation procedure



Risk Management

The Auditing Office serves as the competent authority for risk management under the Board. Annually, the office convenes at least once to deliberate on various risks, including their types, impact descriptions, countermeasures, and necessary actions. The Office conducts thorough examinations and supervision of each team, taking into account the probability of negative events, their impact on the Company, regulatory directives, and the consequential effects of the identified risks.

The Auditing Office evaluates and reviews the results reported by each unit, and the supervisor of each unit then collects major risk impacts and reports to the board of directors. The board of directors regularly evaluates the effectiveness of corporate impact management during these meetings, with the chair or independent director assuming responsibility for impact management.

ShunSin's risk impacts and response strategies and actions

Risk category	Description of cause of risk	Response strategies and actions	Responsible department
Strategic and Operational Risks	1. The operational risk where materials cost more as a result of inflation 2. Penalties ranging from NT\$300 thousand to 1 million may be imposed, and locations may face closure due to violations of new production safety laws and environmental acts. 3. Fire incidents may lead to penalties and operational disruptions. 4. Environmental violation risks: Waste gas, wastewater, noise, and waste. 5. Internal control failure leading to internal control risks such as fraud and corruption and low work efficiency 6. Potential loss from improper investment strategies	1. Procurement of raw materials from lower-cost regions or from local sources. Safety response strategies and actions 2. The enterprise implements a principal safety accountability system and an all-staff work safety accountability system. Establish a work safety committee, designate specific personnel to take charge of work safety management, and allocate safety management personnel that account for all employees. 3. In compliance with legal regulations governing fire safety management and responsibility, we have implemented the "3 actions, 2 announcements, and 1 commitment" protocol. This entails rigorous risk assessment, proactive inspection to identify potential safety vulnerabilities, and taking necessary measures to address any identified deficiencies. Our fire control office operates round the clock, staffed by personnel who conduct regular inspections and are always on duty. 4. Production is managed in conformity with environment regulations throughout the production process. Following government approval obtained through an environmental assessment, we have installed emission control facilities as stipulated in the approval. We engage qualified waste management service providers to ensure proper handling of production waste. Additionally, we actively promote waste reduction at each stage of the production process to minimize the generation of waste. 5. To mitigate the potential for losses resulting from employee misconduct in our operations, we have established an articulated framework encompassing each position, operational system, and internal control. Our capable management team duly verifies and endorses these protocols. To prevent conflicts of interest, individuals holding incompatible positions are prohibited from executing transactions. The Auditing Office, acting on behalf of the Company's governance team, oversees and evaluates internal control procedures to identify vulnerabilities and recommend enhancements. 6. We are dedicated to the manufacturing, sales and technological development of Company products. We abstain from engaging in high-risk, high-leverage investments and have instituted various internal regulations to establish viable risk management mechanisms. These regulations pertain to transactions involving related parties and specific companies, as well as the oversight and management of subsidiary operations.	All department

Risk category	Description of cause of risk	Response strategies and actions	Responsible department
Market Risk	1. Product sales are not desirable due to a reduction in prices by competitors. 2. Packaged products do not meet customers' needs. 3. The economic downturn has created an unfavorable business environment for the consumer electronics industry. 4. Geopolitics: Trade wars influence clients' orders.	1. Improve efficiency, lower cost, and improve quality by relying on the improvement of the automation of packaging processes. 2. Enhanced risk assessment during the design phase to minimize quality risks. 3. Actively seek to expand our client base in Taiwan and overseas, as well as broaden the potential uses of our products. 4. New establishment in Vietnam as part of location expansion and an alternative in the background of geopolitics.	Sales & Marketing Division
Financial Risks	1. Interest rate risk resulting from credit loans. 2. The loss of financial obligations as a result of failure in the fulfillment of the contract by customers, partnering banks or investors. 3. Risk of cash flow issues 4. Risk of exchange rate exposure due to transactions with multinational or foreign companies.	1. Simulate multiple schemes to improve and analyze interest rate risk, including considering refinancing and other financing instruments available. Select appropriate financing locations to calculate the impact of changes in specific interest rates on profit or loss. 2. Analyze clients' credit risk management and evaluate clients' creditworthiness. 3. Our Finance Department monitors the cash flow to ensure that it is adequate for our operations. 4. In response to the unpredictable nature of foreign exchange rates, we have a dedicated team to manage and minimize currency exposure.	Finance Department
Legal Risks	1. The risks associated with complying with updated industrial regulations include restrictions on discharge and waste, as well as concentration limits on materials. 2. Fire Services Act 3. Occupational Safety and Health Act 4. Customs regulations for import and export. 5. Production safety laws and other applicable regulations.	1. Regulatory department compliance. Periodical internal control audit is carried out to ensure compliance. 2. The Ministry of Environment and Safety regularly reviews regulations related to environmental safety, and implements evaluations and audits every year. 3. The Administration Department regularly reviews personnel-related regulations and implements evaluations and audits every year. 4. Specialists inspect import and export customs' regulations, and conducts evaluations and audits. 5. Cooperate with a professional law firm and seek legal assistance regarding special industry regulations.	Auditing Office, Human Resources Management Division, Ministry of Environment and Safety Supply Management Division
Climate Change Risks	1. A rise of the prices of raw materials resulting from the response to climate change. 2. Rise of shipping costs of transnational sea and air transportation due to international regulations. 3. Reputational and legal risk potentially resulting laws, regulations, and other restrictions, as well as international initiatives related to carbon emissions.	1. Import raw materials that comply with standards from multiple areas to lower costs. 2. Consolidate products in the same shipping route to save costs. 3. We have implemented various measures such as carbon reduction plans, solar energy usage, and water-efficient products in our offices, low-emission regulations, and water recycling in our workshops to achieve carbon reduction. In the future, we intend to use green power and/or implement a carbon price to offset emissions during the production phase.	All department
Value Chain Management Risks	1. Value chain management risks resulting from increased human rights and environmental protection awareness. 2. Negative impact on the environment due to the use of toxic production materials.	1. The Legal Department conducts an annual review of human rights-related risks and hands them to the production unit for implementation to reduce the risk of work stoppages. 2. TQC unit is responsible for annual supplier audits.	Legal knowledge, Supply Management Division, Product Research Division RF, RF Business Department

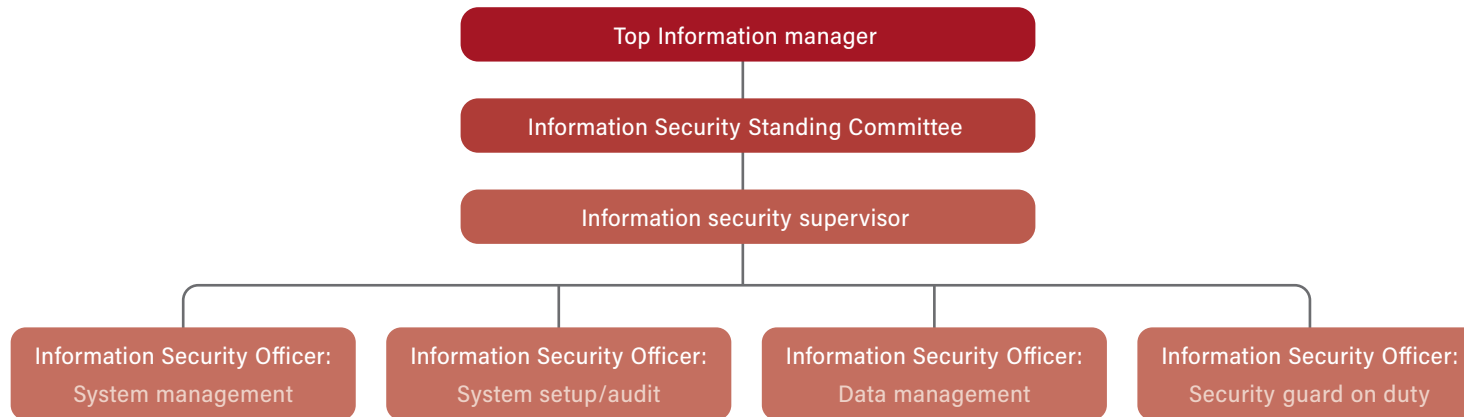
Risk category	Description of cause of risk	Response strategies and actions	Responsible department
Occupational Safety Risks	1. Instances of workplace accidents resulting from employees' improper operation of machinery and tools. 2. Safety risks resulting from the physical facilities in the building or plant area of the Company. 3. Potential risks of occupational diseases from the usage of organic solvents, special chemicals.	1. Occupational safety will be included in the training for newly hired employees, increasing awareness of fire safety, industrial safety, handling of chemicals, road safety, and occupational health. 2. Announcement and reminders are published on bulletin boards and through e-displays; periodical inspection of hardwires (premises and appliances) to ensure intactness and in order, eliminating safety concerns. 3. Employees in the relevant department undergo annual physical examinations and occupational hazard factor tests. Existing occupational diseases are reevaluated every three years. We prioritize occupational safety and health (OSH) management, and encourage the documentation of chemical substances used in production, as well as improvements in ventilation. We also aim to replace hazardous materials with low-to-non-toxic alternatives, thereby enhancing our overall occupational health management standards.	Ministry of Environment and Safety
Environmental risks	Wastewater, air, waste gases, noise, and dangers, Violation risks against discharges, air, emissions, noise, and transportation of hazardous wastes.	Environment assessment was conducted this year. We adopted action plan according to instructions from central department and had a re-inspection for improvement result.	Ministry of Environment and Safety
Information security and personal information risks	1. Risk of leaks of client data 2. Establishment of a personal data confidentiality system for maintenance and warranty processes. 3. Risk of leaks of business secrets and confidential documents (including physical documents). 4. Hackers may attack external websites or internal systems to steal confidential information.	1. Management Information system Division regularly reviews the back-end of the official website and internal system to check for hackers, security breaches, and viruses. 2. Personal data is collected to a minimal extent in the maintenance and warranty processes to improve users' confidence. 3. Maintain the confidentiality of the contents of confidential documents inside and outside the Company and implement the labeling and classification of degrees of secrecy. 4. Company computers are installed and protected by an anti-virus, of which the purchase assessment is coordinated by Management Information system Division. We also work with a cybersecurity company to receive insights and recommendations about our information systems.	Management Information system Division

:: Information Security Policies

The Management Information system Division is responsible for coordinating, managing, and supervising cybersecurity. They appoint a head of cybersecurity and review the policy while supervising the implementation of information security. The team also oversees regular system scans, validation of protection measures, cybersecurity awareness reminders, training sessions, and implements extensive protection mechanisms to enhance cybersecurity knowledge.

The Information Team and policies are actively working to provide a safe cyber environment and protect the information of all services provided by the company. We regularly review our policies to ensure they comply with regulations and incorporate the latest business developments. We are committed to continually improving our cybersecurity projects to ensure best practices are followed.

• Information Security Organization



Information Security Control Policies

Measures	Description
Backup of Archives	We have various server grades for different systems. Daily, weekly, and nonlocal backups will be performed based on the importance of the data and to ensure quick system restoration and control of data loss within acceptable limits. Additionally, we conduct restoration drills every month to ensure the prompt responsiveness to information security incidents.
Patch Management	Quarterly patches can help block most of the attacks. We also monitor and control the updates of applications and virus protections to ensure the scan does proper job in detecting the weak spots.
Network Control	- Personal computers are not provided with an external connection function (and restriction measures addressing the access of mobile storage devices are also taken). Those with special job requirements must apply for a review (targeted at the applied content and websites). Even if the application passes the review, the ability to upload documents will be restricted and monitored. - When sending outgoing emails, addresses are reviewed first. After the address review is passed, the contents of mail will be reviewed by an authorized person first before they can be sent.
Remote Connection	There is an access restriction for remote connections depending on the level. A review is also conducted in advance. The download function for internal data is locked.
Personal Equipment Control	Employees and collaborating suppliers are not allowed to bring in any information security control equipment unless they have submitted a special request in advance and received approval from the authorized supervisor. Whenever such equipment is brought in or taken out, the information security personnel must inspect the anti-virus system and data to ensure the company's information security is not compromised.

Personal Data Management Policy

To protect business confidentiality, trade secrets and personal data, we adopt international standards and actively adhere to local and international regulations to ensure continual protection of information. Our daily operation covers the protection of confidential information, which includes the following.

1. Knowledge and compliance regarding information confidentiality is conveyed in physical and digital forms.
2. Training is in place to raise the awareness and competence of employees regarding cybersecurity. Programs for newly employed members of staff cover the control measure of confidential data; also, the current staff undertakes yearly training to enhance overall information security knowledge. In 2023, all newly recruited colleagues have completed 0.5 hour of cybersecurity training.
3. Promote the practice of turning off your computer screen or enabling password protection whenever you leave your seat or step away from your work station to prevent unauthorized access to important information.

The personal data of employees and customers are stored properly on a personal data server by the IT team. Periodical inspections are conducted to ensure that the data is not being attacked or hacked. Access control is in place at the server room to prevent any information breaches. In 2023, there were no cybersecurity incidents, and no customers were affected as a result of a personal data breach.

Supply Chain Management

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03

- Sustainable Value Chain
- Supplier Management Strategies
- Supplier Performance Measurement
- Customer Service

Sustainable Value Chain

As a maker in the chip supply chain, ShunSin is key in the testing of packaged chips, and R&D and production of packaged ICs. We source packaging materials and raw materials such as substrates, electronic components and devices, mechanical components, solder paste, and compounds from upstream vendors, process, package, and test them using our production equipment, and deliver to downstream designers. In light of the global geopolitical situation, in 2023, we opened new locations to escalate the global supply chain, and minimize the reliance on single production sites and risk of Company operations.

:: Sustainable Procurement

To support local business opportunities, we source materials locally to avert emissions from long-distance transportation. We also design logistics routes to minimize our carbon footprint.

• ShunSin local purchase spending proportion in the past three year

Unit: Thousand NT\$

Year	2021	2022	2023
Local purchase amount	577,913	294,635	433,609
Total purchase amount	2,158,207	1,264,746	1,177,816
Proportion of local purchases	27%	23%	37%

Notes:

1. This year we updated the local sourcing calculation, which includes a restatement of the 2021-2023 local sourcing numbers.
2. The total purchase is the total BOM and miscellaneous purchase amount excluding transactions with ShunSin's related parties.
3. The definition of a local purchase is items marked in CNY on the BOM list.

Supply Chain Management Strategies

To actively manage supply chains, in addition to the continuous requirement of improving packaging and testing and strong partnerships from upstream to downstream vendors, we also ensure management team communications, self-evaluations, management audits, and best practice sharing to upgrade our products and services. To urge suppliers and contractors to engage in ESG matters, we ask new suppliers to sign an Undertaking of Environmental Protection and Social Responsibility, Letter of Quality Guarantee, and Suppliers' Undertaking to guarantee compliance. Whenever a supplier fails to meet our requirements, we give assistance to prompt action plans, extending CSR to employee health and safety, human rights, and the minimization of supply chain risks. We also have the right to terminate a contract in the event of a violation to advance our future with partners who work towards outstanding sustainable value.

• Management status of material topic “Supply Chain Management” of ShunSin in 2023

Material Topic	Supply Chain Management
Impact assessment	Positive aspect: Benefit cost control, help ShunSin better prepare for market changes and challenges, and improve competence overall to ensure consistent operations and sustainable development. Negative aspect: Improper supply chains can add to production costs, leads to shortages and low production efficiency, prevent the Company from operating normally, lower marketability, and develop inconsistently in the long run.
Corresponding GRI Index	308-1, 414-1
SDGs Principle	
Policy and Commitment	Solid supplier management can reduce operational costs and business risks. Through scheduled and ad-hoc assessments and audits, we ensure the consistency and quality of our deliveries, benefiting positive business partnerships.
Metrics and Targets	Short-term goal: - Supplier OTD (On Time Delivery) to reach 100%. Mid-long-term goals: - Non-use of conflict minerals by suppliers. - Screen the top five suppliers regarding the total amount according to two metrics, LT (Lead Time) and Cost (total import amount), to deepen partnerships. 95% of long-term cooperative suppliers account for more than 80% of transaction volume.
Follow up and management mechanism	- We assess suppliers periodically for quality, prices, delivery terms, supply chains, and technical support. - Physical and written audits are sent to suppliers when needed. - New supplier assessments covering ESG risks.

Material Topic	Supply Chain Management
Annual action and result	- In 2023, 98% of delivery was on time due to IC material shortages globally affecting supplier output and delivery timelines. We are strictly following up on supplier production progress to ensure OTD goals are met. - In 2023, 36 new key material suppliers underwent environmental risk impact assessments. 100% passed ISO 14001 certification. - All suppliers must respond to REACH and RoHS regulations. In 2023, 100% suppliers signed and returned REACH statements with RoHS reports on materials forwarded. - In 2023, we conducted an assessment of conflict minerals on all 36 new suppliers, all of whom 100% complied with requirements. - All new suppliers are required to sign the "Suppliers' Undertaking to guarantee compliance". In 2023, all 36 new suppliers signed the agreement. - In 2023 assessment, 65% suppliers were graded A and 35% graded B. No suppliers were graded D. - In 2023, we identified and conducted physical audits on 19 high-risk suppliers; 45 suppliers were given paper audits. All suppliers completed their audits and all 11 findings have been improved.

:: Supplier Risk Assessments

We have incorporated a scoring system to evaluate supplier risk management. We evaluate suppliers for quality, delivery, finance status, and operations, and use the results as a key reference for procurement. We ask for contingency plans to be put in place with solid procedures for each potential risk to ensure continual operation and to minimize impact on ShunSin. We also actively explore alternatives to reduce supplier and material risks.

How we select a new supplier

Selection is dictated by an internal process. An assessment team comprising QA, R&D, and procurement staff scores each supplier that has passed preliminary review on their business strategy, management competence, price and service level, quality system, and engineering capacity. Candidates are also assessed for whether they align with ShunSin's ESG initiatives.

At this stage, we ask suppliers if they meet environmental and health and safety regulations in the environmental risk assessment. A candidate has to score enough grades in each category and overall to become a qualified supplier.



- **Environment:** Halogen-free standard requirement as per IEC 61249-2-21.
- **Safety:** Suppliers are required to produce a test report of hazardous substances in non-volatile materials in final products, and an independent test report.
- **Health:** Suppliers must be ISO 14001 certified.



Environmental risks	● 100% new main raw material suppliers passed ISO 14001 certification To lower environmental impact, our "Main raw material suppliers" are required to maintain ISO 14001 certified status. In 2023, we conducted environmental risk impact assessments on 36 new contracted suppliers with whom we transactions. All 36 vendors are fully ISO 14001-certified. ● 100% of suppliers responded with a signed REACH statement and submitted their RoHs test reports We ask for full compliance with REACH and RoHS, and added the procedure in the "Undertaking of Environmental Protection and Social Responsibility". Our contracts require a signed REACH statement returned with a RoHS report. In 2023, all 36 new suppliers submitted an "Undertaking of Environmental Protection and Social Responsibility" and returned a signed "REACH statement" and RoHS report.
Social Risks	● 100% conflict-free minerals ShunSin requires suppliers not to use conflict minerals to ensure that the minerals used in its products, such as tantalum (Ta), tin (Sn), tungsten (W), gold (Au), and cobalt (Co), do not profit armed conflicts. If any supplier uses any of the aforesaid minerals, it must disclose the source of the mineral. In 2023, ShunSin investigated 39 new suppliers with a response rate of 100%. None risked the use of conflict minerals. ● All suppliers signed and returned the Undertaking of Environmental Protection and Social Responsibility All 36 new suppliers in 2023 returned a signed Undertaking of Environmental Protection and Social Responsibility. We evaluated and confirmed that no suppliers have existing or potential negative impact on society.
Governance Risks	● All new suppliers signed the "Suppliers' Undertaking to guarantee compliance" We ask all new suppliers to sign the "Suppliers' Undertaking to guarantee compliance" to honesty and integrity, and keep confidential information protected. In 2023, 36 new suppliers signed the undertaking and were approved as qualified suppliers in line with standards.

Supplier Performance Measurement

ShunSin reviews supplier's performance for quality, price, supply chain support, and technical service on a quarterly basis with a scorecard, and encourages suppliers to improve quality, delivery, service, and competitive price. Any unsatisfactory suppliers must make improvements as required and are re-audited. Procurement from suppliers who cannot make improvements in time will be stopped, and the supplier will be disqualified if no efficient improvement within a defined timeframe. ShunSin audits suppliers based on the annual audit plan or when enormous quality/environmental issues occur.

Using the above quarterly scores and yearly audit results, we grade according to suppliers' product types and risks, and assist vendors with improving low-scored quality and delivery matters, facilitating supplier ESG initiatives in line with our requirements.

:: Supply Chain Evaluations

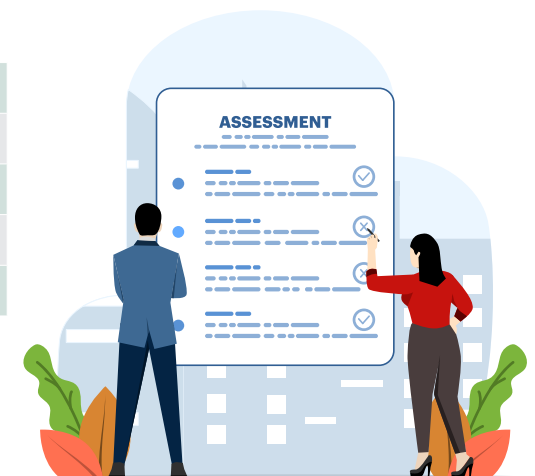
ShunSin has drafted the Operating Procedure for "Supplier Selection, Evaluation, and Management" for eligible suppliers to strengthen sustainable management of the supply chain, and conducts annual evaluations and ad-hoc audits of suppliers based on this procedure. Through visits and exchanges with suppliers, we gain insights into their execution of regulations, and ensure applicable laws are observed.

We weigh the materiality of effects on operations and adjust the proportion of supplier evaluation items. The results are classified as A, B, C, or D. D means disqualified status, where suppliers are required to improve or the partnership will be terminated. The 2023 assessment items and proportion weighed 35% on quality assurance, 25% on price and transaction terms, 20% on supply chain support, and 20% on technical support. Scores of 80 and above qualify the supplier. The assessment results of the past three years are as follows.

• Supplier evaluation results for the past three years

Unit: %

Enterprise	Grade	2021	2022	2023
Supplier	Grade A	68%	80%	65%
	Grade B	32%	20%	35%
	Grade C	0%	0%	0%
	Grade D	0%	0%	0%



:: Supplier Audits

To ensure that all supplier partners meet the relevant requirements of ShunSin regarding human rights, occupational health and safety, and environmental protection measures, and in accordance with the supplier risk management mechanism of ShunSin, vendors are assessed against quality, price, transaction terms, supply chain support, and technical support. Targets that meet the criteria of a single supplier with a ratio of the transaction amount of supply volume above 80 or Occupational safety accidents/quality abnormalities are selected and undergo physical audits by an audit team comprising personnel from QA, procurement, and R&D. The remaining suppliers are audited in paper form.

In 2023, we identified 19 suppliers with high risks that should be audited on site, and 45 audited in paper form. All audits have been completed, with 11 findings corrected as requested. The average correction rate was 100% this year.

• Supplier audits from the past three years

Audit Methods		2021	2022	2023
Onsite audits	Number of estimated onsite audits	7	10	19
	Number of actual audits	7	10	19
	Achievement rate	100%	100%	100%
Written audits	Number of written audits	32	29	45
	Number of actual audits	32	29	45
	Achievement rate	100%	100%	100%

Customer Service

ShunSin deems feedback from clients an important foundation for improving client relations, and is managed as part of operation indices. To gain insights into customer needs, we have robust means to access customer demands. We review feedback on a quarterly or monthly basis to analyze and propose correction plans, completing a full response procedure circle. In 2023, we augmented the level of customization to address needs. This change has been recognized multiple times via a Strategic Supplier Award, Technical Support Award, and Quality Follow-up Award from partner suppliers. Proactive customization also means challenges in production lines. Through communication, we made modifications to reflect demands in processes, and completed product risk assessments and cross-process training for engineering staff. We are expanding automation further into the manufacturing front in 2024.

• Management status of material topic "Customer Relationship Management" of ShunSin in 2023

Material Topic	Customer Relationship Management
Impact assessment	Positive Impact: Stable, trustworthy relations drive consistent growth of the Company. Steady mass production orders generate robust revenue and profit, allowing returns to shareholders and employees. Negative impact: Weak relations can cause the Company to lose marketability, loss of orders, and reduced profit.
Corresponding GRI Index	Custom theme
SDGs Principle	SDG 17
Policy and commitment	Active collection of the voice of the customer, committing to continuous, outstanding services to exceed expectations, and creating mutual prosperity.
Metrics and targets	- Short-term goal: 90+ satisfaction scores from key customers - Mid-long-term goal: 90 satisfaction scores as internal management standards, and setting this as an indicator of operational management.
Follow up and management mechanism	- Customer satisfaction survey to regularly follow up on KPIs. - Periodical visits to discuss countermeasures to market changes with customers and/or downstream terminal vendors. - Weekly/monthly quality meetings to ensure continual optimization and product improvement. - Weekly/monthly quality meetings to verify plans to meet demand, and providing output assessments and enhancements.

Annual action and result

- Product information accumulation and product R&D risk assessments completed in 2023 with numerous new products introduced.
- We conduct satisfaction surveys and deem feedback an important foundation for improving relations. Customer feedback helps drive product improvement. In 2023, satisfaction surveys were returned with an average score of 91/100.
- In 2023, our quality customer service earned us the "Top Quality Collaboration Award", "Strategic Supplier and Partner Award", and "Technical Support Award" from suppliers.
- When designing the satisfaction survey, we incorporate customer service as a KPI for each team. Questionnaires are employed as an indicator in overall evaluations.
- Through the implementation of CIP, such as the setup of NPI and engineering quality projects, and routine quality meetings, we verify needs with customers every quarter and make periodical visits to ensure positive management of customer relations.
- We stay interactive and communicative with customers. In 2023, we recorded 341 visits from and 104 to customers; 3-4 audio/video conferences are held on a daily basis to ensure needs are conveyed to us.

We regard satisfaction surveys as an effective tool to manage customer relations. The system and implementation of the survey form part of customer service and KPIs of each team. Questionnaires are employed as an indicator for overall evaluations. The KPI and survey results represent 20% each. With 100 being the top score, the satisfaction survey in 2023 returned an average score of 91/100.

• ShunSin's customer satisfaction survey results

Category of investigation	Ratio	Itemized index of each unit
Achievement of KPIs of the QA Department	20%	SCAR ¹ , RMA ² , FQA ³ Reject
Achievement of KPIs of the R&D Department	20%	Sample Performance ⁴
Achievement of KPIs of the Manufacturing Department	20%	Yield Performance ⁵
Achievement of KPIs of the Division of Supply Chain Management	20%	OTD ⁶ and additional freight
Customer QBR score or questionnaire	20%	Scord card

Notes:

1. SCAR: Supplier Corrective Action Request
2. RMA: Return Material Analysis
3. FQA: Final Quality Assurance
4. Sample performance: Sample performance, including sample yield, sample life cycle, etc.
5. Yield performance: Product yield
6. OTD: On Time Delivery

With respect to improving client satisfaction, we manage client satisfaction through regular/irregular communications and aim to get positive feedback. Through rigorous investigation design, we accurately evaluate client satisfaction of ShunSin's products and services.

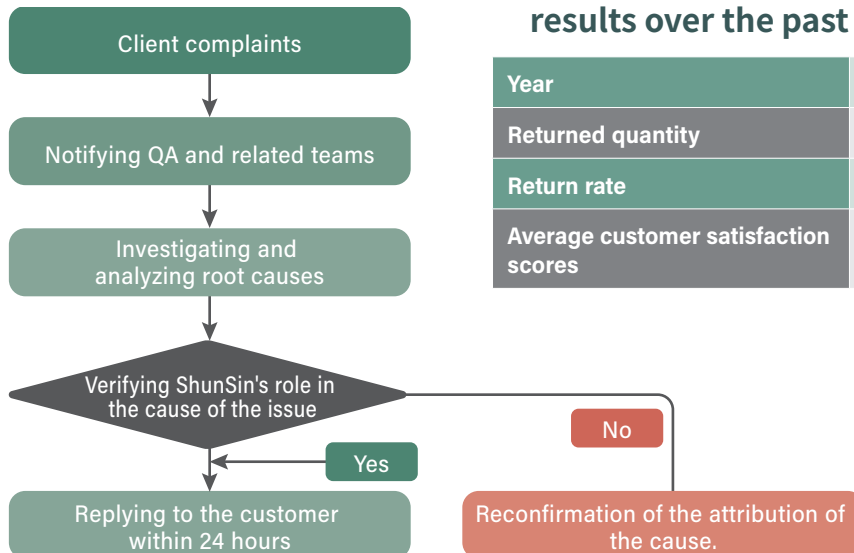
The statistics show scores of 80 in customer satisfaction over the past three years with an increase, reflecting the majority of positive experiences of our customers. To help maintain scores well above 85 by main customers, we are perfecting the customer service mechanism and are active in responding to customer needs and maximizing profits. In addition, in 2023, we did not receive any complaints from customers.

Client satisfaction management methods of ShunSin:

- Through the establishment of NPI organization, we continue to elevate the risk assessment of new product design, meeting requirements to assist with the fast introduction of new products.
- Continually carry out CIPs involving engineering and quality, improve yield and quality of volume production, and reduce defects and client complaints.
- Confirm requirements plans with clients regularly (monthly/quarterly), conduct production capacity evaluations and improvement, and ensure deliveries meet agreed timeframes.
- Establish regular quality meetings (weekly/monthly) communication channels to satisfy clients' requirements for product engineering and quality through continuous improvement.
- Visit clients or downstream terminals on an ad-hoc basis, learn about market changes in a timely manner, take responsive measures, and achieve a win-win.



ShunSin customer feedback procedure



ShunSin's customer satisfaction survey results over the past three years

Year	2021	2022	2023
Returned quantity	6	6	10
Return rate	100%	100%	100%
Average customer satisfaction scores	84.5	86.5	91.0



04 Environmental Protection

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- Task Force on Climate-related Financial Disclosures, TCFD
- Energy Management
- GHG Emission
- Water Resource Management
- Waste Management

Task Force on Climate-related Financial Disclosures (TCFD)

In recent years, the frequency of climate change-induced disasters has been increasing. To proactively address climate-related disasters and prevent potential financial losses, we have adopted the climate-related financial disclosure recommendations developed by the Task Force on Climate-related Financial Disclosures (TCFD), a global organization established by the Financial Stability Board (FSB¹) in 2015. We voluntarily disclose our company's proposed policies and preventive measures in response to climate-related risks and appropriately disclose the financial impact of such risks. Furthermore, after taking effective climate adaptation and disaster recovery measures, we identify opportunities to ensure profitability and strengthen our company's climate resilience to cope with subsequent climate disasters that may arise.

• Management Status of Material Topic “Climate Change Response” of ShunSin in 2023

Material topic	Climate Change Response
Impact assessment	Positive aspect: Meeting country, group, and customer scientific carbon goals, enhancing Company marketability, and customer and investor confidence. Negative aspect: Targeted by central authorities on their watch list, customers and investors lose confidence, operational crisis.
Corresponding GRI Index	GRI 201-2, 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5
SDGs Principle	SDG 13
Policies and commitment	With respect to environmental sustainability, ShunSin promises to conduct energy and greenhouse gas emission management in accordance with four major policies under "Energy Conservation, Emission Reduction, Greening, Circulation" to lower the environment impact of operations and growth.
Goals and targets	• Short-term Goals: 5.8% carbon reduction goal in 2024 aligned with the Company's operational carbon target. • Mid -long term Goals: 1. Continue to eliminate energy-saving equipment and improve energy savings. 2. Optimize the scheduling of production lines, improve personnel's production efficiency and equipment activation rate, and lower energy consumption. 3. In line with Company operational goals, we set 2020 as the benchmark year with a target of 42% absolute reduction by 2030.
Follow-up management mechanism	ShunSin operates an energy management system, carries out internal audits and management reviews every year, undergoes audits from an external system audit agency, and continuously conducts energy conservation and emission reduction.
Annual action plan and results	• Each team has annual carbon goals to engage all departments in the carbon reduction plan. • Routine energy audits, rolling corrections to address energy waste. • Energy reduction: Through setting carbon operation targets. In 2023, ShunSin saved 6644.25GJ energy. • Acquired ISO 14064-1:2018 and ISO 50001: 2018 certificates in 2023.

¹Financial Stability Board

:: Four Core TCFD Elements

• Core Elements of the TCFD

Core elements	Action plan
Governance	- In 2023, to fulfill sustainable development goals we formed a Sustainable development Committee under the board as the governor of sustainable development. The committee drafts short-, medium-, and long-term goals, and examines internal results on implementation. - To ensure that we are on the right track towards the goals set by the committee, a Sustainability Development Office under the committee runs affairs. Chaired by the General Manager, the office ensures sustainable goals are met. With regards to climate, we follow directions to realize short- to long-term goals, and reports results and progress to the committee and the board to help guide the Company.
Strategy	By incorporating the potential impact of climate change into overall business considerations, we assess the probability and extent of risks and develop action plans for risk response and mitigation. Based on the areas of the business, risk strategy, and financial planning, we identify physical and transitional risks and opportunities. Through scenario modeling of potential climate-induced financial impact in the future, we proactively develop action plans for risk response, mitigation measures, and crisis management mechanisms, including actively promoting green energy and environmental protection policies, driving the supply chain to implement low-carbon manufacturing transformation, expanding the use of renewable energy sources, developing innovative carbon reduction technology, and comprehensively reducing our carbon footprint in corporate operations and production and sales of products. To respond to the impact of global climate change and the greenhouse effect, the Company promotes energy-saving management in offices and work areas, waste reduction, and green procurement, purchasing products with energy-saving and environmental protection labels, and practically implements energy conservation and carbon reduction according to the requirements of government laws and regulations, in addition to energy-saving and carbon reduction measures. The main short-term, medium-term, and long-term risks and opportunities of the Company are shown in "Financial Impact of Climate-related Risks and Opportunities".
Risk management	To identify and assess material impact or risks related to operations, the Sustainability Development Office arranges meetings regularly and as needed to evaluate climate change risk and its potential impact on finance, and uses it as a base for policy and targets, as well as forming a complete climate management procedure, including identification, assessment, management, recovery, adaptation, and monitoring of progress.
Goals and targets	To minimize climate change risks and meet energy efficiency goals, we manage through the following indicators the risks and opportunities of climate change. Energy efficiency and carbon reduction: We are committed to taking energy efficiency and carbon reduction measures as part of our medium- to long-term plan. Our goal is to achieve a 22.5% reduction in carbon emissions by 2025, using 2020 as the baseline year. The primary measures we undertake include: - Power usage: We prioritize green labels; shut down air conditioners and lighting in unused meeting rooms, and only have essential lighting on in offices and common areas at lunch break. We also maximize the use of renewable energy and have revamped equipment and procedures to further minimize carbon emission. In 2023, we recorded a 1.67 energy intensity, down by 2.15 from 2022. - Water conservation: We promote water efficiency, fitted modern toilets, and upcycle wastewater from processing to improve water usage; 9.19% of water usage in 2023 was sourced from recycled water. - Waste: We advocate waste reduction by printing less and reusing. Our printing paper is supplied by green labeled brands. In 2023, we had a 99.90% waste recycle rate. Greenhouse gases: Greenhouse gas emissions in 2023 were 295.19 tCO₂e in Scope 1 (Category 1), 26,023.70 tCO₂e in Scope 2 (Category 2), and 10,383.44 tCO₂e in Scope 3 (Categories 3 and 4). We conduct inventory and manage GHG Category 1-6 emissions, which helps us validate and plan reduction strategy and actions, aligning greenhouse gas reduction and global warming efforts.

:: Financial Impact of Climate-related Risks and Opportunities

After risk assessment, our company has analyzed the financial impact of climate change and identified annual adaptation measures. "Climate-related risks and financial impact" and "Climate-related opportunities and financial impact" is disclosed as follows:

• Climate risks and financial impact

Category	Climate related risk	Impact period	Description of Risk Content	Potential financial impact	Adaptation and mitigation measures
Transition risks	Policy and Legal Risks				
	Standard of energy saving product	Long-term	As the Renewable Energy Development Act came into effect in 2021, the power users of no less than 5,000 kW consumption are required to used 10% of green energy within five years.	Increased energy costs	We have installed a power station of 1.575MW capacity, and proposed a preliminary design of a 3-phase solar power station, which is being reviewed by China Southern Power Grid (CSG).
	Local regulation	Medium/Long-term	- Taiwan Climate Change Response Act - Taiwan Sustainable Development Roadmap	- Higher carbon reduction costs - Penalties can be incurred.	- In response to central laws, we have completed carbon inventory and started drafting a carbon reduction timeline. GHG data will be disclosed from 2026 onwards, with cutdown plans and validations. - Our inventory plan and cutdown actions, as required by the supply chain, will be more strict than current central regulations. - Update and/or optimize product line equipment. Replace energy consuming equipment with power-saving ones.
	Market Risk				
	Change in market demand	Short-term	Due to the change in market demand, sales of commodities sold by the Company for a long time were unfavorable since they failed to comply with energy conservation and carbon reduction trends.	Sales of commodities were unfavorable, resulting in reduced profits.	We are updating our products to meet the latest sustainability requirements. Not only do we adjust production strategies to accommodate customers and policies, but we also provide customers with solutions for carbon reduction projects.
	Reputation Risk				
	Enterprise reputation	Long-term	The effect of carbon reduction cannot fulfill expectations from investors and stakeholders, and consequently investors have doubts, resulting in a damaged reputation.	More costs and time shall be dedicated to the Company's reputation to reduce the possibility of loss of orders from clients.	In the future, the Company may plan to purchase carbon emission rights to strengthen the carbon reduction performance, and enhance investors' confidence.

Category	Climate related risk	Impact period	Description of Risk Content	Potential financial impact	Adaptation and mitigation measures
Physical risks	Acute Risk				
	Typhoon. Flood e.g., extreme weather	Short-term	- Loss potentially caused to equipment, machines and tools, personnel, and plant, etc. - Impact on workforce attendance - Disruption in transportation and potential loss of goods	- A budget for insurance expenses shall be prepared every year. - Production capacity and delivery period impacted. - Loss of equipment due to power failures.	- UPS framework - Disposal measures needed upon the occurrence of regular drills. We review drill reports to follow up on execution and adopt action plans to ensure improvement every year. - Purchase commercial property insurance and conduct a risk survey of the plant area to reduce risks. - Carry out emergency management training and advocacy for employees. Four training sessions were held in 2023, with 3,238 people attending in total. - We purchased protection to cope with extreme climate.
	Chronic Risk				
	Changes in rainfall patterns	Medium-term	- Flooding - Drought	- Attendance rate of personnel affected. - Production capacity and delivery period affected. - Purchasing of machines and tools including sandbags and water pumps. - Purchasing of water in advance increases manufacturing costs.	- The Company has built a 1,200t impound reservoir for reserve. - Contingent sand tanks are in place. - The roads in the plant area of the Company are 50cm higher than public roads. The elevation of the plant was designed at 150cm higher than that of the roads in the plant area to mitigate the risk of flooding.
	Annual increase in average temperature	Long-term	- Reduced service life of instruments and equipment - AC requires better cooling ability	- Increase of equipment purchasing expenditure and electricity fees. - Increase of electricity fees. - Production capacity affected by employees' changing mood.	- Centralization to control water and power of production area - Lightings upgrade in the Plant II office to meet energy efficiency target. - Switch to energy-efficient water chillers when weather permits.

• Climate Related Risks and Financial Impact

Category	Climate related opportunities	Potential financial impact	Reaction
Resource efficiency	- Paper and waste recycling - Transitioning to more energy-efficient electrical appliances - Water conservation - Circular economy - Green building - Laws and standards of energy-saving products	- Reducing expenditure on consumables - Reducing energy consumption and carbon emissions - Lowering water costs - The circular economy makes products more sustainably sellable. - Subsidies for the purchase of energy-efficient appliance - Subsidies for the production of energy-efficiency products	- Install relevant energy-saving equipment, e.g., LED lamps, etc. - Install a shutdown device on equipment when production is halted. - Import electronic systems to reduce paper consumption, and use the back of scrap paper when needed. - Establish energy efficiency standards for electrical appliances and prohibit the purchasing and use of equipment with high energy consumption. - Use water-saving utensils, check leakage points, and calculate losses using a water balance diagram. - Recycle concentrated water to reduce tap water consumption. - Use LED lamps which are energy-saving and environmentally friendly. - Use equipment with an energy efficiency level of two or above to reduce power consumption. - The air-conditioning in the offices is controlled in different areas and at different time intervals. - Diverse water recycling and reuse in Plant III.
Energy source	- Use of low-carbon energy - Self-production of low-carbon energy and renewable energy projects - Adoption of energy-saving measures - Energy substitution/diversity	- Reducing carbon emission and saving costs - Use of self-produced green electricity and sell residual electricity - Increasing energy efficiency to decrease operational costs: - Use of diversified energy sources to strengthen the resilience of energy supplies.	- Use of solar energy to generate electricity for production. - Energy conservation and emission reduction as well as energy conservation audits. - The capacity of the solar power station already constructed was 1.575MW. Phase 3 of the solar power station with a capacity of 0.335MW has already been planned. - The preliminary design of a green power station is being reviewed by the CSG for project design and detail.
Product service	- Give instant feedback to climate change risks, stay updated with the latest information and improve service quality. - Develop and/or increase low-carbon commodities and services, and develop climate adaptation and insurance risk solutions. - R&D and innovation of new products and services	- Provide volatile and diversified services and commodities, comply with market demand, and improve corporate reputation and awareness to generate business opportunities. - New products or new services and increase operating revenue.	In 2023, the introduction included products for car use and communication with innovative processes and new patents to cover needs all-round.
Market	- Develop new markets. - Set foot in new industries.	Research and develop new products with green energy technology to expand into new markets.	Further shape to incorporate green production and low emitting operations, expanding eco-friendly actions to seek opportunities in green products and markets.
Resilience	We are systematically associating climate risks with corresponding mitigation strategies to enhance our Company's resilience.	Build resilience against climate change to abate subsequent losses and disruption to supply chains.	Strengthen knowledge of the Board of Directors and senior management on climate change through professional courses, training, and coaching, and strengthen response to climate risks of each aspect of the plant to improve the resilience of ShunSin against climate change.

Column: Greener ShunSin on March 12th, Arbor Day



To contribute to a greener world, we launched Arbor Day in 2023. We take action to show the importance of the environment. Trees are beneficial to air quality and natural environment.

On Arbor Day this year, we introduced five Osmanthus trees to the Zhongshan Plant. The fragrance of the flowers in bloom remind people of the beauty of nature despite the busy environment.

To ensure environmentally friendly practice, in addition to planting trees on Arbor Day, we have permanent budget of around CNY17,145 monthly for trimming and fertilization of plants to make our workplace greener.

Moving forward, we will continue to incorporate flora into our workplace to enhance the quality of life.



Energy Management

The energy sources used by ShunSin mainly include purchased electricity, natural gas, and solar energy (a renewable energy source). In 2023, the total energy consumption of ShunSin Technology reached 165,743.22 GJ, including 158,940.23 GJ of purchased energy and 6,802.99 GJ of renewable energy. We also promote the use of energy-saving equipment, actively introduce renewable energy for electricity generation, and are replacing and updating equipment to demonstrate ShunSin's energy management determination.

• Internal energy consumption of ShunSin (Scope 1 + Scope 2)

Unit: GJ

Type of energy		2021	2022	2023
Non-renewable energy	Outsourced electricity	158,508.86	137,416.12	157,168.94
	Diesel fuel	0.45	0	0
	Natural gas	1,596.99	1,394.94	1,771.29
	Total	160,106.30	138,811.06	158,940.23
Renewable energy	Solar energy	3,692.49	5,747.10	6,802.99
	Total	3,692.49	5,747.10	6,802.99
Energy consumed		163,798.79	144,558.16	165,743.22
Annual output of products (million)		58,318.05	37,811.69	99,395.03
Intensity		2.81	3.82	1.67

Notes:

1. Energy coefficients have been used with reference to the General Principles for the Calculation of Comprehensive Energy Consumption released by mainland China as well as data released by the Department of Climate Change, Ministry of Ecology and Environment of the People's Republic of China.
2. The formula for energy intensity is: Energy consumption (GJ)/Annual output of products (Unit: 10,000PCS).
3. Optimization to explore the best product portfolio that maximizes production and minimizes energy intensity.

:: Energy Conservation and Carbon Reduction

By adding an extra layer in pressurized ovens, retiring outdated dryers, and exploring better manufacturing processes, a total of 1052.56 tCO₂e of carbon emissions were reduced in 2023. In the future, we are planning Phase 3 of the solar power station project, and will replace old combination dryers to reduce energy consumption and generate carbon reduction benefits by 2%.

• Performance of ShunSin's Energy Conservation and Carbon Reduction Action Plan in 2023

Action plans	Energy consumption reduced	Basic line ^(note)	Power consumption reduced (GJ)	Carbon reduction (metric tons CO ₂ e)
Oven revamp	Purchased power	2022	118.97	18.85
Equipment replacement	Purchased power	2022	599.96	95.04
Procedure optimization	Purchased power	2022	5,925.31	938.67

Notes:

1. EF (emission factor): China's national power grid average carbon emission factor in 2022 was adopted: 0.5703tCO₂e/mwh
2. Since the carbon measures came into effect in 2023, the 2022 EF is set as the baseline for effective comparison and reference.

In addition to GHG reduction in output processes, our operations have been optimized to reduce the impact on the environment. By adjusting measures, system control, and monitoring, we can minimize energy consumption. Recycled water is used in part for personal use to ensure water efficiency.

• Carbon Reduction Measures in Operations in 2023

Carbon reduction methods	Description
Adjustment and optimization	Lighting improvement in office areas to cut down on consumables.
	Source from photovoltaics to replace non-renewable energy.
	Improved packaging design to reduce A/C usage in warehouse.
	Process water, instead of tap water, in personal use and for watering plants.
	Switch off production lines not in use to save energy.

Carbon reduction methods	Description
System control and monitor	Parameters are set for the temperature and humidity of production lines. A VFD water chiller controls the temperature, and the system notifies the team responsible for maintaining plants of any abnormalities.
	ERC is used to monitor the use of computers in the plants. Any operations after 10 pm are checked by the energy team.
	Individual meters are used for large equipment to monitor power consumption, and used as a reference for carbon reduction measures.



GHG Emissions

We began to conduct annual greenhouse gas inventory in 2016 according to ISO 14064-1 methodology, the international greenhouse gas inventory standard, using the consolidated financial statements of the Group as the scope. We have also entrusted qualified third-party verification agencies to conduct greenhouse gas emission verification of Scope 1, Scope 2, and Scope 3, and will continually acquire ISO 14064-1: 2018 Greenhouse Gas verification.

In 2023, the greenhouse gas emissions of ShunSin were as follows: 295.19 tCO₂e in Scope 1 (Category 1); 26,023.70 tCO₂e in Scope 2 (Category 2); and 10,383.44 tCO₂e in Scope 3 (Categories 3 and 4). The main greenhouse gas emission source of ShunSin was purchased energy (mainly electricity) in Scope 2 (Category 2), which increased by 18%, and Scope 3, with an increase of 23% year on year as a result of higher output in 2023. We focused on carbon reduction and, in comparison with baseline year 2020, we recorded 29% fewer emissions in 2023.

• ShunSin's GHG Emissions and Intensity over the Past Three Years

Unit: tCO₂e

Total emission			2021	2022	2023
Scope I (Category 1)	Diesel combustion		34.60	0.00	1.30
	Gasoline combustion		31.89	25.57	21.86
	CH 4 leaked		244.72	186.71	165.08
	CO ₂ (fire extinguishers, dry ice in warehouse, water cutting equipment, de-oxidation oil)		0.23	1.06	1.83
	FM200		105.12	105.12	105.12
Scope II (Category 2)	Purchased power for Company use		25,581.57	21,769.00	25,804.98
	Purchased power for employee residence use		178.55	146.75	183.93
	Hot water externally purchased for employees in dormitories		42.91	43.37	34.79
Scope III (Category 3,4)	Upstream	Airplane for business trips	4.17	19.14	27.33
		High-speed rail for business trips	0.02	0.26	0.31
		Motel	0.00	4.62	8.79
		Hotel travel facilities	6.67	1.98	10.81

Total emission			2021	2022	2023
Scope III (Category 3,4)	Upstream	Commuting vehicles used by employees	109.77	114.64	128.68
		Waste transportation	1.14	8.20	5.07
		Land transportation of raw materials	0.67	0.60	32.32
		Sea transportation of raw materials	1.42	0.13	0.13
		Air transportation of raw materials	0.00	0.00	96.28
		Land transportation of finished products	0.89	1.30	1.59
		Sea transportation of finished products	0.73	0.06	0.10
		Air transportation of finished products	6.70	4.65	15.00
		Upstream discharge of fuel (diesel)	8.29	0.00	0.32
		Upstream discharge of fuel (natural gas)	14.54	12.63	15.73
		Upstream discharge of fuel (gasoline)	8.49	6.80	5.84
		Hazardous waste treatment	0.97	0.04	0.12
		Contractor's use of cooking equipment	273.58	339.18	400.15
		Transmission of power and equipment use by upstream power suppliers	7,616.87	6,603.29	7,512.70
		Water used in industrial production	220.81	156.06	144.76
		Domestic water	4.12	6.90	9.70
		Kitchen waste treatment	1.60	1.77	0.00
		Natural gas (cooking range)	90.98	72.79	92.45
		Waste recycling	0.52	0.00	0.00
		Production of passive electronic components (resistance, inductance, capacitance and substrate)	1.05	34.87	380.02
		Plastics	0.00	35.42	83.36

Total emission			2021	2022	2023
Scope III (Category 3,4)	Upstream	Production of paper packing materials	0.09	0.00	0.13
		Glass	0.00	0.00	0.75
		Production of raw metal materials (mechanical parts, etc.)	11.58	1.23	211.06
		PCB	7.75	221.84	403.30
		Production of active electronic components (chips)	179.58	810.22	796.64
Total GHG emission			34,792.58	30,736.20	36,702.31
Annual output of products (Unit: 10,000)			58,318.05	37,811.69	99,395.03
GHG intensity			0.60	0.81	0.37

Notes:

1. Methods used to collect greenhouse gas volume are operation control method/equity ratio/financial control.
2. The estimate in the Sixth Assessment Report of the IPCC is used for the coefficient of global warming potential (GWP) of various greenhouse gases.
3. Electricity EF refers to the annual power grid average carbon emission factor announced by the Ministry of Ecology and Environment of People's Republic of China.
4. Calculation formula of carbon emission intensity: Total greenhouse gas emissions (tCO₂e)/Annual output of products (Unit: 10,000).
5. The base year of greenhouse gas emissions was 2020. In 2020, greenhouse gas carbon emissions reached 51,776.98tCO₂e.
6. Optimization to explore the best product portfolio that maximizes production and minimizes GHG emission intensity.



Water Resource Management

• Management Status of Material Topic “Water Resource Management” of ShunSin in 2023

Material topic	Water Resource Management
Impact assessment	Positive aspect: Recognition as a water conserving corporation empowers our marketability and meets customer needs of our fulfillment of CSR. Negative aspect: Failure to control water usage is listed by the central authority as a target for monitoring water use, affecting the Company image.
Corresponding GRI Index	GRI 303-1, 303-2, 303-3, 303-4, 303-5
SDGs Principle	SDG 6
Policies and commitment	In an industry with a high volume of water consumption, ShunSin knows that it is difficult to acquire water resources. Therefore, with "Clean Production and Protection of the Earth" as our commitment, we promote recycling of industrial water. We also abide by local regulations on effluent and are committed to lowering the negative impact on the environment.
Goals and targets	• Short-term goals: 1. Recycling system to treat and reuse water, cutting down 10–15% of discharge. 2. Abide by and track changes to local regulations on effluent to avoid environmental pollution and penalties due to water consumption. • Mid-to long term goals: 1. Water intensity reduced by 12% by 2025. 2. 100% industrial discharge testing system setup by 2025.
Follow-up management mechanism	A recycling system has been adopted and is monitored daily. We control and adjust accordingly to ensure proper recycling and the water usage minimization.
Annual action plan and results	• Continue to sustain the operation of water recycling facilities to avoid influencing water recycling due to failures or other reasons. • ShunSin aligns with government policies in the long term, and adopts methods including recycling process water and increasing management and monitoring equipment to minimize the water impact and ensure that local people's water consumption is not affected. In 2023, the water recycling volume of ShunSin accounted for 9.19% of the total water consumption.

Chip packaging testing is an industry with high water consumption. Tremendous water resources are used in processes involving raw materials and products, including wafer grinding, chip cutting, chip cleaning, product rinsing, finished product cutting, and cleaning of jigs and tools. ShunSin is located in Zhongshan, Guangdong Province. In accordance with the Aqueduct Water Risk Atlas of the World Resources Institute, the aqueduct water risk of Zhongshan, Guangdong Province is "Low to Medium (1-2)". The water consumed by ShunSin is mainly industrial water and renewable water, which do not overlap with household water. However, industrial water has the potential to impact local water consumption during repairs of old and leaking pipe networks and interruption of power and water supply resulting from natural disasters such as rainstorms.

To mitigate the risk of such impact, ShunSin is determined to exert effort to diversify its water resources, actively cooperating with the government's recycled water reuse policy, and striving to minimize the water impact through action plans like the phase 1 recycled water utilization plan, phase 3 recycled water capacity expansion and construction, an increase of water level sensors in each impounding reservoir for dynamic monitoring of water resources. Wastewater is treated following local standards before discharge. We filter heavy metal water from industrial activities before it goes into the Zhongshan City sewage system. We are committed to ensuring that operational discharge meets the Level I requirement (2nd time zone) of the Guangdong Province water pollutant discharge limits DB44/26-2001. We also have a qualified independent tester to ensure that sewage has a minimal impact on our environment. We are welcoming at least six sewage processors in 2024 to cope with the increasing output, and expect to process 200-240 tons of industrial discharge. In 2023, as we set up a reclamation system in Plant III, the recycling rate improved by 1.53% (from 2022) and the Company recycled 40.65 million liters of water, accounting for 9.19% of overall usage. No discharge exceeded limits and there were no pollution incidents in 2023.

:: Water Usage

• Total Water Intake for All Regions in the Past Three Years

Unit: million liters

Source of water intake	2021	2022	2023
Third party (tap water sourced)	534.28 ML	383.95 ML	401.71ML
Total water usage	534.28 ML	383.95 ML	401.71ML

:: Water Discharge

As for water discharge, ShunSin has established a wastewater station and a monitoring system in the plant. The flow and discharge of effluent are also monitored and recorded. The quality of water discharged also complies with the regulations and specifications of the region where the plant is located. In 2023, the total water discharge of ShunSin was 123.97ML. As for water quality, the standard required of chemical oxygen demand (COD) of discharge water is also superior to that specified in relevant regulations, and much lower than the 90mg/L level required by the Guangdong Province government.

• Total Wastewater Discharge for All Regions in the Past Three Years

Unit: million liters

Wastewater Bodies		2021	2022	2023
Discharge volume categorized by endpoint	Surface water	0	0	0
	Groundwater	0	0	0
	Seawater	0	0	0
	Third party (tap water sourced)	120.27 ML	106.12 ML	123.97ML
Total wastewater discharge		120.27 ML	106.12 ML	123.97ML

• Total Wastewater Discharge for the Zhongshan Plant in 2023

Unit: mg/L (PH value exclusive)

Items	Guangdong County Standard	Zhongshan plant emissions
Fluoride	≤ 10	/
Total copper	≤ 0.5	0.04L
Total zinc	≤ 2.0	0.017
sulfide	≤ 10	/
pH value	6–9	7.3
Suspended solid (SS)	≤ 60	16
Chemical oxygen demand (COD)	≤ 90	21
Ammonia nitrogen	≤ 10	1.51
Total nitrogen	/	1.87
Total phosphorus	/	0.03
Petroleum	≤ 5.0	0.06L
Cationic surface active agent	≤ 5.0	0.05L
Total organize carbon	/	/

Notes:

1. The water discharge volume above aligns with the water meter record.
2. Operation wastewater from the Zhongshan factory is treated by the wastewater treatment system, and is much lower than the effluent standard.
3. The water in the Zhongshan factory is included in the pipe network of the industrial area and then discharged to the receiving waters after the effluent standard has been met.
4. The results of water quality data in the table above have been obtained after a qualified inspection company sampled and analyzed the water in the plant area.
5. For items smaller than the detection limits of instruments, "L" shall be added after the value.

:: Water Consumption

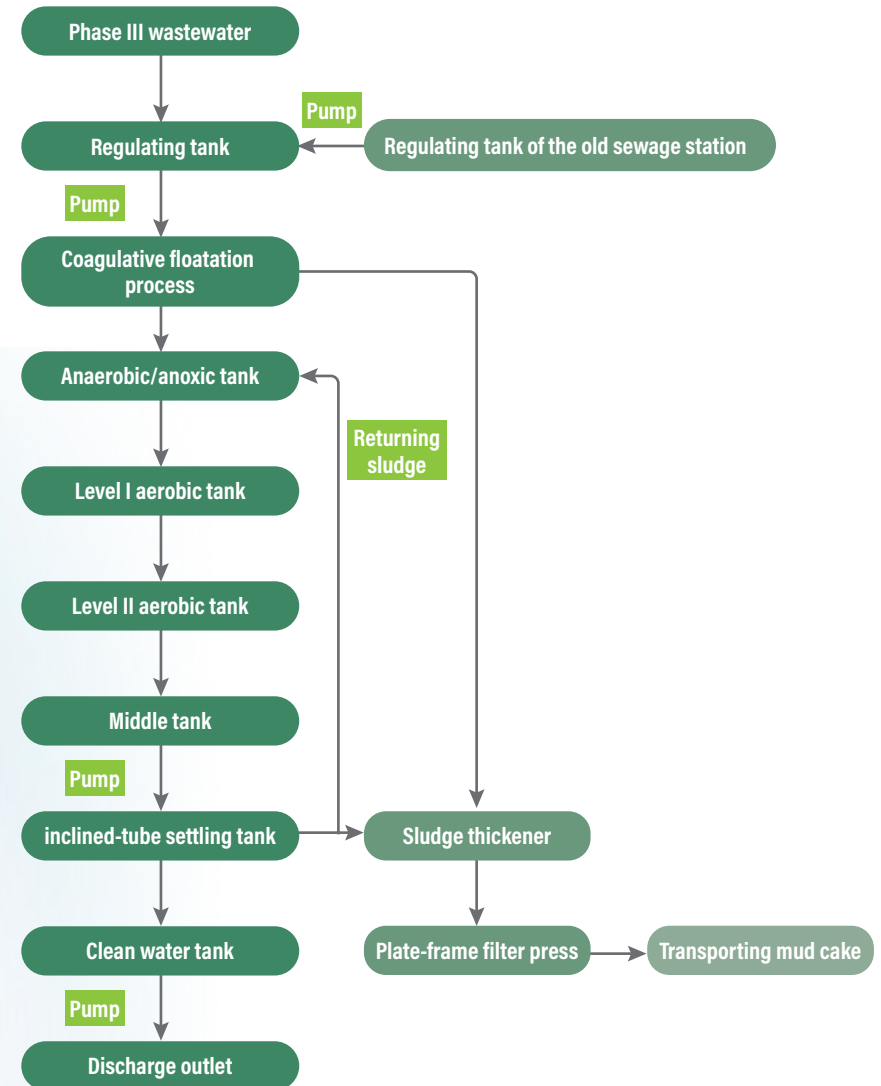
- Total Water Consumption for All Regions in the Past Three Years

Unit: million liters

Year	Total consumption
2021	414.01 ML
2022	277.83 ML
2023	277.74 ML

Note: Total water consumption = Total water withdrawal – Total water discharge

- ShunSin Industrial Wastewater (Heavy Metal Water Included) Treatment Procedure



Waste Disposal

The industrial waste of ShunSin includes waste engine oil, waste packaging, surface treatment sludge, waste bulbs, waste acid, waste printed circuit boards, waste printing ink, and waste resin. If waste is not properly cleared, it will have an impact on enterprise operations and a major impact on the environment. Therefore, ShunSin adopts relevant measures for the circular economy; while working on minimizing waste it also helps control related expenses.

In 2023, the total quantity of waste was 108.522 tonnes with the reuse rate at 99.90%. This was the evidence of ShunSin trying to mitigate the negative impact on the environment.

To ensure that all waste is legally and properly treated or reutilized, ShunSin has taken multiple measures. Firstly, ShunSin prudently selects waste clearing and treatment suppliers, retrieves and compares the treatment and reutilization status of waste actually received in the plant area at suppliers on a regular basis, and strengthens suppliers' audit efficiency, including requiring waste clearing and transportation suppliers to use a GPS positioning system for tracking and management. Secondly, the transfer process of dangerous hazards is strictly managed. Waste-generating departments in the plant area collect and classify hazardous waste and transfer it to the environmental safety unit for unified management. In accordance with site storage conditions, the environmental safety unit contacts a waste disposal organization to dispose of the waste. The hazardous waste disposal organization submits a transfer application using the Solid Waste Cloud Application System of Guangdong Province, and then weighs the waste on site before issuing a hazardous waste handover list. Registration is then completed on the system. Annual applications are also conducted at the end of each year. Relevant management plans are also filed at the beginning of the year. If matters like contract changes arise, management plans also change. By taking these measures, ShunSin fully stays abreast of the flow direction of waste to realize the goal of proper treatment and reutilization.

• Waste management in 2023

Year				2023	
Classification	Type of waste	Processing site ^(note 1)	Processing method ^(note 2)	Output (tonne)	Percentage
Hazardous industrial waste	Waste organic solvents	Off-site	Incineration (including energy recycling)	0.399	0.37%
	Waste engine oil	Off-site	Incineration (including energy recycling)	0.231	0.21%
	Surface treatment of sludge	Off-site	Utilization	47.874	44.11%
	Waste tubes	Off-site	Burial	0.087	0.08%
	Waste acid	Off-site	Physicochemical treatment	0.020	0.02%
	Waste packaging	Off-site	Incineration (including energy recycling)	3.723	3.43%



Year				2023	
Classification	Type of waste	Processing site ^(note 1)	Processing method ^(note 2)	Output (tonne)	Percentage
Hazardous industrial waste	Waste printed circuit boards	Off-site	Utilization	2.463	2.27%
	Waste resin	Off-site	Incineration (including energy recycling)	0.015	0.01%
	Waste liquid online monitoring system	Off-site	Incineration (including energy recycling)	0.028	0.03%
General industrial waste	Carton paper	Off-site	Recycling	21.225	19.56%
	Scrap iron	Off-site	Recycling	21.205	19.54%
	waste plastic	Off-site	Recycling	11.253	10.37%
Total quantity				108.522	100%
Recycling rate ^(note 3)				99.90%	

Notes:

1. Processing sites: On-site (self-processed within the plant) and off-site (entrusted processing)
2. Processing method: Reuse (used for the same purpose again), reutilization (manufacturing of new materials after reprocessing), incineration (including energy recycling), incineration (not including energy recycling), burial, others, and utilization.
3. Recycling rate (%) = Total recycled amount/Total waste * 100%; burial and physicochemical treatment are not recyclable, while all other processing methods are recyclable.
4. Hazardous industrial waste and general industrial waste have been recognized in accordance with the Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes and the Regulations on the Administration of the Recovery and Disposal of Waste Electrical and Electronic Products of the People's Republic of China.

We work with legal partners to process personal waste and adopt reduction measures. In 2023, we employed a "Clear your plate" campaign to control food waste, and a legitimate operator transforms any food waste into fertilizers or treats the waste without impact on the environment. Following the campaign in 2023, we recorded 64.8 tons of food waste. Moving forward, we will adopt diverse actions and follow up on the results.



- Employee Profile Distribution
- Employee Rights and Benefits
- Human Resource Development
- Care-Free Workplace Environment
- Community Wellbeing and Mutual Support

05 Social Inclusion

Employee Profile Distribution

We are committed to creating a friendly workplace culture of diversity, equality, and zero discrimination, emphasizing equality and respecting multiple values. There is no differential treatment based on race, nationality, gender, age, or political or religious beliefs, and we value our talent. Development, good salaries, and benefits guarantee that our employees can develop their skills and make continuous progress in the Company, working together to create value.

We prohibit all forms of discrimination, so everyone is treated fairly regardless of whether or not they are in our Company. We strictly formulate and implement policies for recruitment, wages, benefits, rewards, training, promotions, job assignments, punishment, dismissal, and retirement. We adhere to the principles of fairness and equality and do not discriminate against employees based on their race, ethnicity, color, nationality, social class, origin, religion, disability, gender, sexual orientation, family responsibilities, marital status, political affiliation, political opinion, trade union membership, age, and other aspects to assure employees' rights to exercise their beliefs and good custom and eliminate scenarios that may give rise to discrimination.

ShunSin has always adhered to the development idea of being "people-oriented" and providing employees with a favorable training and learning environment so they can develop their professional skills. A diverse employee composition brings different viewpoints and an advanced opportunity, which helps employees make good use of their talent in the workplace and offer a different way of thinking, so the Company develops on a global level.

- Management of the Material Topic "Diversity and Equality" at ShunSin in 2023

Material Topics	Diversity and Equality
Impact assessment	Positive aspect: Human rights, international and regional compliance, and fair and equal work conditions can be beneficial to talent acquisition and marketability, delivering diverse economic values. Negative aspect: The absence of diversity and inclusiveness can be discouraging to talented candidates, losing a sense of security among colleagues, and affecting Company profits.
Corresponding GRI Index	GRI 405-1, 405-2, 406-1
SDGs Principle	SDG 8 SDG 10
Commitments and policies	We adhere to the principles of legality, fairness, impartiality, equality, voluntary actions, honesty, and credibility. We actively protect the basic human rights of our employees and abide by national laws, the RBA Code of Conduct, and various international human rights conventions, while providing a competitive, safe, and comfortable work environment.

Metrics and targets	Short-term: - Continue to employ people with disabilities to unleash their talent Mid- to Long-term goals: - Female employees >42%; female managerial positions >34% (section and above). - Obtained gold-level RBA VAP Certification
Follow-up management mechanism	- Submit weekly/monthly reports and hold management review meetings every year to discuss, track, and review the achievement of targets. - The Company has established an internal appeals system, and set up different channels such as the employee hotline, symposiums, mailbox, and satisfaction survey to communicate with employees on an ad-hoc basis. Employees may lodge complaints at any time if faced with discrimination and unfair treatment. - We adopt RBA standards, and together with HR, and the Environmental Safety and General Affairs Team, we perform annual internal audits regarding employment, ethics, health and safety, the environment, and the management system. We can also apply to the RBA for independent review, ensuring our management aligns with ESG policy and guidelines.
Annual action plan and results	- The Company has recruited five employees with mental and physical disabilities to support disadvantaged groups. - Female employees account for 42.1% while female supervisors account for 31% of the workforce. Female employees are encouraged to join and apply for supervisory positions. - The Company has not been involved in any incident of discrimination. The Company has established a barrier-free communication system, set up an employee care center, and provides a hotline so that employees may express their opinions or lodge complaints at any time so difficulties can be resolved in a timely manner. We also offer counseling, and promote the physical and mental health and development of employees. Furthermore, we have launched relevant publicity and training programs on discrimination to avoid undesirable incidents. - ShunSin won a silver certificate with a score of 174.1 points following a RBA audit in 2023. ShunYun scored 187.1 points and earned a gold certificate as well. In the future, we are committed to scores of 180 to achieve a gold certificate.

:: Manpower Allocation

Due to the capacity adjustment, the total number of employees of the Guangdong Zhongshan factory was 1,386, an increase of 134 people. The addition of manpower reflects output. The proportion of employees per region is 98.4% in the mainland, and 1.6% in other regions. The gender distribution is 803 male employees (57.9%) to 583 female employees (42.1%). We are also committed to developing a diverse talent pool, including ensuring employment opportunities for people with physical and mental disabilities, increasing the proportion of local residents appointed as senior executives, promoting diverse and shared prosperity, and enhancing the overall competitiveness of the Company.

• Employee Categories in 2023 at ShunSin

Employment Classifications (Unit: number of people)		Mainland China		Non-mainland China		Total		
		Male	Female	Male	Female	Male	Female	Total
Contract Type	Permanent employees (Non-fixed-term contract)	172	256	11	0	183	256	439
	Temporary employees (Fixed-term contract)	610	326	10	1	620	327	947
Full/Part Time	Full-time employee	782	582	21	1	803	583	1,386
	Part-time employee	0	0	0	0	0	0	0
	No guaranteed minimum hours (temporary workers)	0	0	0	0	0	0	0
Total by gender		782	582	21	1	803	583	1,386

Notes:

1. Full-time employees: The working time of employees may not exceed eight hours a day nor 40 hours a week according to the Labor Standards Act.
2. Part-time employees: Employees whose working hours are less than 40 hours per week.
3. No guaranteed minimum hours: Employees without minimum or fixed working hours, such as temporary workers and on-call employees.
4. Non- mainland area employees: Employees based in Taiwan, Hong Kong, and other non-mainland areas.
5. Employees listed here work in the Zhongshan factory in mainland China, covering ShunSin Cayman, ShunSin Taiwan Branch, ShunYun Cayman, ShunYun Taiwan Branch, ShunSin Hong Kong, ShunYun Hong Kong, ShunSin Samoa, and employees at the ShunSin Zhongshan Factory and ShunYun Zhongshan Factory.

• Changes in the Number of Workers at ShunSin in the Past Three Years

Employee Category	2021	2022	2023
Employees	1,416	1,252	1,386
Workers who are not employees	47	47	59
Total	1,463	1,299	1,445

Notes:

1. Head count (or full-time equivalent, FTE) to calculate the number of employee.
2. As of December 31, 2023.
3. Non-employee workers: The total number of workers who are not hired by ShunSin and whose work is controlled by other organizations, including dispatched workers from labor agencies and contractors; main job types include cleaning and food suppliers, etc.



• Gender and Age of New Employees

Category	Male		Female		Subtotal	
	No.	Percentage	No.	Percentage	No.	Percentage
Below 30 years old	230	16.6%	90	6.5%	320	23.1%
31-50 years old	50	3.6%	24	1.7%	74	5.3%
Above 51 years old	1	0.1%	0	0.0%	1	0.1%
Subtotal of newly employed staff	281	20.3%	114	8.2%	395	28.5%

Note: Newly employed staff rate = No. of newly employed staff of each category/No. of employees by the end of the period.

• Gender and Age of Employees who Have Left the Company

Category	Male		Female		Subtotal	
	No.	Percentage	No.	Percentage	No.	Percentage
Below 30 years old	140	10.1%	63	4.5%	203	14.6%
31-50 years old	34	2.5%	23	1.7%	57	4.1%
Above 51 years old	1	0.1%	0	0.0%	1	0.1%
Subtotal of employees who have left the Company	175	12.6%	86	6.2%	261	18.8%

Notes:

1. Turnover rate = No. of employees who have left from each category/No. of employees by the end of the period.
2. Employees who have left include staff who leave by way of voluntary termination, dismissal, retirement, and death during service.



Diverse Employment Opportunities

ShunSin echoes SDG 8 Decent Work and Economic Growth, providing equal employment opportunities for people of different genders and ages, and ensuring job opportunities for minority groups in accordance with local government regulations to ensure a diverse talent pool. According to employee statistics from the end of 2023, the proportion of female employees is 42.1%, and total female supervisors 31%, the proportion of middle-aged and elderly workers over 50 years old is 0.6%; and, in accordance with government regulations, a total of five employees with physical and mental disabilities have been hired, totaling 0.4% of the total number of employees. To fulfill our social responsibility, ShunSin continues to recruit and employ people with disabilities, and pays insurance premiums for people with disabilities every year.

To share prosperous growth locally, at important operating points, including Zhongshan, we have included nine regional talents in charge of senior management positions (management level), accounting for 47% of the entire high level management staff. The Company has arranged special parking spaces and convenient working positions for employees with mental and physical disabilities, involving 12 groups of people. The dining hall of the Company is allocated with dining areas for rice-based cuisine, cooked wheaten food, snacks, and buffets, to satisfy different employees' needs. Furthermore, dormitories are provided for employees who require accommodation.

• Diverse Distribution of Job Categories of Employees at ShunSin

Job Category/Multi-Category		Gender		Age			Other	
		Male	Female	Below 30 years old	31-50 years old	Above 51 years old	Ethnic minorities	Disabled employees
Category A (Total 240)	No.	164	76	6	227	7	6	0
	Percentage	11.8%	5.5%	0.4%	16.4%	0.5%	0.4%	0.0%
Category B (Total 422)	No.	231	191	239	182	1	20	3
	Percentage	16.7%	13.8%	17.2%	13.1%	0.1%	1.4%	0.2%
Category C (Total 724)	No.	408	316	414	310	0	131	2
	Percentage	29.4%	22.8%	29.9%	22.4%	0.0%	9.5%	0.1%
No. of employees (diverse category)		803	583	659	719	8	157	5
Percentage of total employees		57.9%	42.1%	47.5%	51.9%	0.6%	11.3%	0.4%

Notes:

1. Employees are classed per qualification and status: Category A: (Level 4 Professional and above); Category B: (Level 1-3 Professional); Category C: (Employee).
2. Minority employees are mainly employees who are do not identify as Han, including Zhuang and Yao, etc.



Employee Rights and Benefits

• Management of the Material Topic "Employee Benefits" at ShunSin in 2023

Material Topics	Employee Benefits
Impact assessment	Positive aspect: Well-established employee benefits can be attractive to talent, which helps maintain product quality, earn customer trust, and secure orders. Negative aspect: Without proper employee benefits, employees can lose motivation in work, causing extra manpower expenses to maintain product quality, also leading to poor customer feedback and marketability.
Corresponding GRI Index	GRI 201-3, 202-1, 401-2
SDGs Principle	SDG 5
Commitments and policies	We believe in a people-oriented corporate philosophy of "Inspiring, Motivating, and Nurturing and caring for Employees". We are committed to an organization of high-performance and outstanding talent, with a comprehensive remuneration and benefit program, and training that cultivates and develops a range of skills. Through these approaches, we aim to create shared value for the Company.
Metrics and targets	Sustainable goals: - Pay and benefit system align with regional regulations. Each year we examine at least four times the salary standards with reference to market surveys, and review the salary levels of different positions. - Each year we set up turnover rate KPIs against each employee category to improve retention rate (Average turnover rate target 2023: professional <2%; employee <3.5%). Long-term goal: - The score of employee satisfaction to remain above 86 points.
Follow-up management mechanism	- We link an independent review system to ensure that we are achieving CSR KPI targets. - Through the feedback system, a direct line, and labor unions and associations, we can hear employees' voices and suggestions to make prompt adjustments and ensure employee satisfaction.
Annual actions and result	- In 2023, the turnover rate was 1.3% for professional positions and 4.2% for employee-level staff. Moving forward, we will continue to analyze and improve the turnover rate and launch employee care programs. - Afternoon tea sessions totaled 12 sessions this year. - Shunsin provides specific holiday benefits; one benefit each for Dragon Boat Festival and Mid-Autumn Festival. - Renewal of certain retention projects to retain outstanding talent. - In 2023, we gathered information on the salary and benefits of neighboring corporates and improved our stock share incentives. - The 2023 employee satisfaction scored 86.45 as a result of overall enhancement in clothing, diet, housing, and transportation. We also organized recreational events every month, adjusted the canteen menu to add variety to the noodle and rice selections and specialty menu, set up beverage vending machines on-premises and self-serve carwash/scooter wash areas, revamped employee apartments, and launched annual health checks for all employees. Two specific cancer screenings have been included in the health exam for female employees.

:: Human Rights and Employee Protection

Our company prohibits the employment of children under the age of 16, and prohibits forced labor and any improper employment discrimination. We also require suppliers to comply with international standards and relevant employment laws in their business locations. We safeguard all employment rights and interests, including minimum wage, working hours (including overtime), insurance, vacation, pensions, notice periods for contract termination, freedom of association, and group negotiation rights, and provide equal work opportunities and benefits without discrimination based on race, skin color, gender, religion, politics, nationality, or social background. In 2023, there were no significant risks or incidents of discrimination, use of child labor, forced labor, discrimination, or other violations of employment rights at ShunSin or its suppliers.

• Explanation of Measures Related to Employment Rights and Interests at ShunSin

Working Hours	- Regular employees work eight hours a day, 40 hours a week in total. - If overtime is required due to special circumstances, the total daily working hours shall not exceed 10 hours, with a maximum of 36 hours overtime on a non-regular basis. - According to the Labour Law of the PRC, employees who work for more than eight hours on a day are to be given additional overtime pay, and may not be forced to work overtime.
Exit method	- If the employment relationship is to be terminated, the Company shall provide this employee with a job transfer opportunity or training first according to the Provisions of "Labor Contracts and Collective Contracts" in Chapter 3 of the Labour Law. If the employee does not meet the requirements after job transfer and training, the Company may terminate the employment relationship with 30 days' notice or one month's payment in lieu of notice. If the conditions for economic compensation are fulfilled, economic compensation shall be provided according to the relevant provisions of the state. - The Company shall, in accordance with the dates of birth in the personnel archives of employees who are about to retire, follow up with employees after applying for retirement and assist them in handling retirement formalities one month before the mandatory retirement age. If employees are reemployed after retirement, they shall be hired according to the employment service relationship.
Employment agreements	- The Company has established a trade union organization, and regularly holds employee symposiums with the chairperson of the labor union, employees, and workers' representatives every year according to the Trade Union Law. Interim meetings may be convened as necessary to conduct two-way communication and negotiation of issues like promoting employee-management cooperation, coordinating employment relations, improving working conditions, and planning employee welfare initiatives. - For collective agreement, the contents of the Company Employee-Management and Benefits Employee Brochure is deemed consensus, and applies to all employees. We have union chairs, committees, and employment delegates on-site to periodically review the contents of this brochure.
Major operational changes	- Major business changes that affect employee rights and corresponding measures are implemented after discussion at an employment management meeting. - Affected employees and their representatives are notified at least four weeks in advance before significant operational changes are implemented. - During the reporting period, no significant operational changes occurred at the Company.

:: Remuneration Level

ShunSin provides competitive remuneration and remuneration standards are based on employees' positions, professional abilities, education and experience, and seniority, and with reference to market levels in the same field. We also value equal pay for equal work, and overall compensation does not differ due to gender. The ratio of basic salary and remuneration paid to male employees and female employees is 0.95:1.

Employee remuneration of the Company includes fixed salary and variable pay; the first part of the fixed salary is paid on a monthly basis. The payment standard of the fixed salary is determined with reference to the payment level in the same field and market statistics, and is adjusted in consideration of employees' positions, job nature, professional abilities, and workplace supply and demand. The second part of the fixed salary is paid annually. The payment standard is according to basic salary agreed. Variable pay is calculated according to the ratio of employees holding important positions in the current year, and is derived from employee dividends, performance bonuses, and equity incentives, etc. Through variable pay, part of employee remuneration is linked to operating performance.

The Company has already established an Operating Procedure for Compensation, which is communicated to employees during induction training and the internal mail system for a full understanding of the Company's remuneration system. The Company has also established an Operating Procedure for Management for Objectives and Performance Evaluations to link performance objectives to remuneration policies, systems, standards, and structure, etc. The remuneration and welfare of employees with a rank of manager or above is subject to the Compensation Committee's and Board of Directors' approval to improve the transparency of corporate governance and remuneration.

• Non-managerial Full-time Employee Annual Salaries the Past Three Years

Year	Full-time employees who are not supervisors		
	No. of employees	Average annual pay (NTD)	Median of annual pay (NTD)
2021	1,302	280,737	291,588
2022	1,147	292,006	301,056
2023	1,264	288,081	297,475
Increase or decrease compared to the previous year	117 new recruits	-3,925 (Adjustment of production capacity)	-3,581 (Adjustment of production capacity)

Notes:

1. Full-time employees who are not supervisors: Refers to full-time employees other than directors, managers, and those of equivalent level. This year, the management team was redefined so restated information regarding non-managerial full-time employee annual salaries of 2021 – 2023.
2. Annual pay: Includes basic salary, meal allowances, yearend bonuses, performance bonuses, overtime pay, and income from allotment of shares, etc.
3. The original unit of measurement of part of annual salaries is CNY. Therefore, the average exchange rate of CNY to NTD (4.4:1) in 2023 was adopted to convert to NTD.

• Remuneration Ratios of Male and Female Employees of ShunSin of Each Category in the Past Three Years

Year	2021		2022		2023	
Job Category	Male	Female	Male	Female	Male	Female
Category A	1.47	1	1.24	1	1.25	1
Category B	1.17	1	1.13	1	1.15	1
Category C	0.95	1	0.91	1	0.87	1

Notes:

1. Calculation method: Average remuneration of male employees of each category/Average remuneration of female employees of each category.
2. Remuneration: Refers to annual pay, which includes basic salary, meal allowances, yearend bonuses, performance bonuses, overtime pay, and income from allotment of shares, etc.
3. Employees above are classed per qualification and status: Category A: (Level 4 Professional and above); Category B: (Level 1-3 Professional); Category C: (Employee).

• Pay of Basic-level Personnel in Important Operating Locations of ShunSin in the Past Three Years

Year	Average standard compensation of basic-level personnel (NTD)		Average standard compensation of basic-level personnel/ Local minimum wage	
	Male	Female	Male	Female
2021	20,515	22,231	277%	300%
2022	21,842	24,402	261%	291%
2023	19,562	20,594	234%	246%

Notes:

1. "Important operating locations" as defined by the Company cover the operational scope disclosed in this report. The remuneration of employees in mainland China is mainly calculated as such that employees account for 59% of the total number of employees.
2. The Company has established remuneration for employees and other workers with reference to the basic salary announcements of the Ministry of Labor in the given year, and guarantees that remuneration is not lower than the basic salary.
3. Basic-level personnel: Refers to personnel of the Company with the titles of technologist, technician, and dispatch worker.
4. Standard salary: Includes basic salary, meal allowances, and other recurring payments.
5. The local minimum wages were NTD 7,396, NTD 8,369, and NTD 8,360 respectively from 2021 to 2023.
6. The original unit of measurement of part of remuneration is CNY. Therefore, the average exchange rate of CNY against NTD in 2020-2022 was adopted to convert the currency to NTD.



:: Welfare Measures

To protect the rights and interests of employees and enhance the company's cohesiveness, ShunSin provides a complete welfare system for employees. In addition to the basic rights of employment and health insurance, special leave, maternity leave, parental leave, and other statutory rights, it also provides a variety of employee benefits, such as holidays, an insurance fund, emergency assistance, marriage and childbirth gifts, funeral subsidies, employee dormitories, and meals, striving to improve employees' wellbeing and create a happy workplace.

• ShunSin Employee Benefit Programs

Basic benefits	Insurance	- Basic insurance (endowment insurance, medical insurance, hospitalization insurance, maternity insurance, and unemployment insurance) and one housing fund, a captive insurance fund (medical insurance, maternity insurance, and accident insurance). - Social insurance and a housing fund are purchased for all employees so that employees may feel assured after retirement, and housing fund loans at a low interest rate can be utilized.
	Holidays	Fixed holidays, annual pay, marriage leave, funeral leave, sick leave, public leave, parental leave, and nursing leave, etc. are provided for employees in accordance with the Regulations on Paid Annual Leave for Employees, the Labour Law, and the Regulations on the Population and Family Planning of Guangdong Province.
	Pension systems	In accordance with the Labour Law and the Regulations on Social Insurance of Guangdong Province, 14% of total labor remuneration is set aside as a pension every month and is uniformly collected and managed through the social insurance fund.
Rewards and benefits	Bonus/Cash gifts	Employee birthday cash gifts, wedding and funeral cash gifts, various excellence appraisal activities, recognition of senior employees, rewards on Teachers' Day, and lottery draws, etc.
	Sympathy for emergencies and difficult times	- Help for employees suffering from major losses due to natural disasters. - Care for families experiencing difficulties on traditional festivals.
Health promotion	Occupational health and safety care	- Employees who join the Company may enjoy free health checkups. Annual health checkups for employees and breast cancer/cervical cancer screening activities for female employees are regularly arranged. Senior supervisors are provided with regular blood glucose testing. Health knowledge lectures are also held annually. - Diverse dishes and nutritional meals are provided at the dining hall. Healthy food and meal allowances are provided for employees. Employees are encouraged to dine at the Company. - Assistance for employees suffering hardship due to accidents or major illness is provided for families. - Hospital care grants are provided for employees who have undergone surgery and are hospitalized due to accidents or illness. - Care grants are provided for people with mental and physical disabilities twice a year. - The "Love Mommy Cabin" has been established to provide places for female employees to rest when pregnant and breastfeeding. This cabin was provided as a demonstration site of "love mommy cabins" in Guangdong Province. - An employee care center has been established and a psychological health care hotline been set up to provide employees with psychological assistance and to promote psychological health.
Complete facilities	Recreation	The Company has allocated a fitness room, dance room, music room, game room, basketball court, billiards room, golf room, table tennis room, and other places for employees' cultural and recreational activities. Parking lots, car charging stations, and free car washes are also provided.
Employee union	Benefits	- Funding source: Based on the total employee wages, the company's actual expenses this year is NT\$2.738 million. - Scope of expenditures: allowances for weddings, funerals, births, insurance, club activity funding, company and department activity funding, etc.
	Annual activities	Cultural and recreational activities are held regularly, including various ball games, entertaining competitions and performances, lottery draw evening parties, garden parties, afternoon tea, team building events, and quizzes, etc.

:: Maternity Benefits

The Company follows the Labour Law, the Special Provisions for the Protection of Female Employees at Work, Population and Family Planning Law of mainland China and its provincial government counterpart, and advocates SDG5 Gender Equality to support employees' rights and interests in raising the next generation. Female employees working in mainland China who have children in accordance with statutory and regulatory provisions may enjoy antenatal examinations with full pay based on a doctor's certificate from the date of pregnancy. Female employees may also enjoy 98 days' maternity leave and 80 days' baby bonus leave when having a baby. Male employees may enjoy 15 days' paternity leave.

In 2023, we expect to optimize maternity welfare measures so employees and their spouses may enjoy 10 days' parental leave respectively every year up until their children reach the age of three. During parental leave, employees' five insurance funds and one housing fund, as well as remuneration and benefits, are executed according to relevant regulations. Furthermore, in accordance with the Regulations on Protection for Female Employees at Work, female employees may avail one hour's breastfeeding leave every day when breastfeeding without their remuneration being affected. In 2023, we recorded 61 applications for parental leave, of which 16 were male and 45 female, with a 13.2% application rate.

With respect to maternity leave, 98 employees qualified for maternity (paternity) leave at ShunSin in 2023, including 16 male employees and 82 female employees. A total of 98 employees applied for maternity (paternity) leave, an application rate of 100%, and 90 employees were reinstated; 100% maternity (paternity) leave reinstated in 2023.

• Statistics of Employees Qualifying for Maternity/Paternity Leave in 2023

	Male	Female	Total
No. of people eligible for maternity/paternity in 2023 (a)	16	82	98
No. of people who applied for maternity/paternity leave in 2023 (b)	16	82	98
Maternity/paternity leave application rate (b/a)	100%	100%	100%
Expected reinstatement from maternity/paternity leave in 2023 (c)	16	74	90
Actual reinstatement from maternity/paternity leave in 2023 (d)	16	74	90
Maternity/paternity leave reinstatement rate (d/c)	100%	100%	100%
Actual reinstatement from maternity/paternity leave in 2022 (e)	15	19	34
No. of people remaining in the position for one year following reinstatement from maternity/paternity leave in 2023 (f)	15	18	33
Retention rate (f/e)	100%	95%	97%

• No. of People Eligible for Parental Leave in 2023

	Male	Female	Total
No. of people eligible for parental leave in 2023 (a)	181	281	462
No. of people who applied for parental leave in 2023 (b)	16	45	61
Parental leave application rate (b/a)	8.84%	16.01%	13.20%
Expected reinstatement from parental leave in 2023 (c)	16	45	61
Actual reinstatement from parental leave in 2023 (d)	16	39	55
Parental reinstatement rate (d/c)	100%	86.67%	90.16%

Note: Parental leave was not launched until 2023 in China, therefore there is no applicable data from the previous year.

Human Resource Development

• Management of Material Topic "Employee Training and Education" at ShunSin in 2023

Material Topics	Employee Training and Education
Impact assessment	Positive aspect: Through training, employees are empowered to perform better and grow teamwork and consensus, bringing a competitive edge to the Company. Training projects also keep us on the manpower roadmap to meet future needs, and ensure our programs suit current trends. Negative aspect: Without well-organized training, we fail to attract talent, which affects product quality, and leads to eventual loss of orders.
Corresponding GRI Index	GRI 404-1, 404-3
SDGs Principle	SDG 4
Commitments and policies	• Policies: Properly apply existing resources, establish a systematic education and training system in coordination with operation strategies continually expand employees' professional knowledge and quality of their management skills, improve employees' workplace value, and create competitive advantages. • Commitments: All personnel are able to acquire systematic and professional training, cultivation and guidance, and appropriate resources are provided for employees to develop a range of skills and knowledge to effectively do their jobs and engage in continuous professional development.
Metrics and targets	• Short-term goal: The targeted annual training duration of general employees is 42 hours, while that of basic-level employees on the production line is 24 hours. The annual achievement rate of education and training has reached 100%. • Mid-to-long-term goal: The annual cultivation rate of multi-skilled technical talent is >10%, and the participation rate of performance assessments is >100%.
Follow-up management mechanism	The Company has always adhered to the development idea of being "people-oriented", fully applying internal and external resources, and coordinating operating strategies to establish seven complete and systematic training systems (supervisor talent development training, capability training per profession, OJT training, training per task, environment, safety and energy, quality management, and self-development). A good training and learning environment, diverse range of learning resources, and scientific and reasonable vocational development planning is provided for employees where specialized technical, management, and leadership skills can be cultivated. • Training progress follow-up: Through weekly and monthly reports, we review training progress and results, and devise improvement and action plans accordingly. • Performance-associated review: To inspire skills development across multiple work areas, we designed a certification program for entry level posts. We then review the results every quarter to verify the learning and progress of each employee. Outstanding learners are promoted to ensure employee development goals are met and skills are diversified. • The Company issues pay rises and promotions based on performance, not gender. There is also a performance-associated yearend bonus, incentives, long-service bonus, and periodic bonus.
Annual actions and results	• On average, general employees underwent 47.5 hours of training in 2023; and 33 hours for entry-level production line staff. • In 2023, the Company cultivated a total of 315 multi-skilled technical talent, accounting for 22.7% of total employees. • In 2023, a total of 1,262 employees qualified to participate in a performance assessment, accounting for 91% of total employees.

:: Multiple Training Channels

To cultivate talent and improve employee skills, ShunSin provides a complete education and training mechanism, from new personnel training, professional skills development required for each position and leadership training for middle and senior executives, to dedicated personnel design training projects. Through diverse learning platforms, such as in-person education, online learning videos, digital learning platforms, and teaching satisfaction feedback mechanisms, the training plan of the Company is continually improved. In 2023, the average training hours of trainer-level colleagues reached 47.5 hours, and that of employee-level colleagues reached 33 hours. The average training hours for male colleagues amounted to 31.1 hours, and 39 for female. The entire year's investment in training funds was NTD 208,129. Scholarships have been established to subsidize employees' continuing education. In the past three years, accumulated subsidies reached NTD 969,980.

ShunSin also provides training plans for education with records of formal schooling, and encourages employees to engage in continuing education and continually serve the Company. We have established relevant reward systems to implement a policy for providing tuition rewards for employees' on-the-job education, and skills training so that employees can reach their full potential and grow in their careers. As a result, technical and managerial employees at each level in the Company develop to profoundly improve the Company's competitiveness.

• Professional and Employee Training Hours in 2023

	ShunSin	
	Professionals	Employees
Average training hours	47.5	33

• Training Categories at ShunSin

Training categories	Description
Training of new employees	New employees learn about the Company's products, quality, and culture, etc. through this training. Each department establishes OJT training plans for each position to help new employees blend in and grow quickly.
Professional training of functional personnel	The Company formulates professional training plans and required courses for the upcoming year at the end of each year, and organizes training as planned based on position, seniority, qualifications, and status.
Supervisor management development series	To strengthen supervisors' leadership and management skills, and provide management courses for basic-level and mid-level supervisors, e.g., team-building, leadership, and problem analyzing and solving.
Self-development	The Company has set up on-the-job education improvement, and title/skill certificate acquisition. In the past three years, the Company subsidized a total of NTD 969,980, and provided lectures involving language learning, communication skills, reporting writing, financial planning, female worker health must-knows, legal regulations, and psychological health, etc. for all employees.

• Training Status of Employees at ShunSin in 2023

Job Category	Calculation method	Male	Female	Subtotal
Category A	The actual number of people during the reporting period (A1)	164	76	240
	Training hours during the reporting period (B1)	7,844.0	5,070.5	12,914.5
	The average number of training hours during the reporting period (B1/A1)	47.8	66.7	53.8
Category B	The actual number of people during the reporting period (A2)	231	191	422
	Training hours during the reporting period (B2)	9,115.5	9,227.5	18,343
	The average number of training hours during the reporting period (B2/A2)	39.5	48.3	43.5
Category C	The actual number of people during the reporting period (A3)	408	316	724
	Training hours during the reporting period (B3)	7,982.5	8,453	16,435.5
	The average number of training hours during the reporting period (B3/A3)	19.6	26.8	22.7
Total	Total hours during the reporting period (Q)	24,942.0	22,751.0	47,693
	Total number of employees at the end of the reporting period (R)	803	583	1,386
	The average number of training hours per employee (Q/R)	31.1	39.0	34.4

Note: Employees above are classed per qualification and status: Category A: (Level 4 Professional and above); Category B: (Level 1-3 Professional); Category C: (Employee).

• Processing and Participation of In-service Training Courses at ShunSin in 2023

Course category	Hours of courses	No. in attendance
Department skill training	1,959	29,567
Network security awareness	96	811
Personal information protection	29	1,264
Occupational health and safety training	156	4,411
Total	2,240	36,053



:: Performance and Career Development

ShunSin provides a complete promotion and compensation system, and regularly conducts employee performance evaluations. The Company conducts performance assessments in October. In 2023, 1,386 employees underwent a performance assessment, and 1,262 employees who joined the Company prior to July 31 of the current year participated in the annual performance assessment. Supervisors interviewed employees, reviewed their performance and improvement direction, and established different training plans based on the assessment results to improve employees' skills. About 10% of employees have their salaries adjusted every year based on the results of the annual performance assessment, satisfying the functional management and human capital development of the Company.

• Performance Review of Employees at ShunSin in 2023



Job Category	Calculation method	Male	Female	Subtotal
Category A	Total number of employees at the end of the reporting period (A1)	164	76	240
	Number of employees who undergo regular performance and career development reviews (B1)	140	76	216
	Percentage (B1/A1)	85%	100%	90%
Category B	Total number of employees at the end of the reporting period (A2)	231	191	422
	Number of employees who undergo regular performance and career development reviews (B2)	221	184	405
	Percentage (B2/A2)	96%	96%	96%
Category C	Total number of employees at the end of the reporting period (A3)	408	316	724
	Number of employees who undergo regular performance and career development reviews (B3)	338	303	641
	Percentage (B3/A3)	83%	96%	89%
Total	The total number of employees who undergo regular performance and career development reviews(R)	803	583	1,386
	Total number of employees at the end of the reporting period (Q)	699	563	1,262
	The proportion of employees who regularly undergo performance and career development reviews (Q/R)	87%	97%	91%

Care-Free Workplace Environment

• Management of the material topic "Occupational Health and safety" at ShunSin in 2023

Material Topics	Occupational Health and Safety
Impact assessment	Positive aspect: Through enhancing employee's awareness of safety and their responsibilities, and guiding efforts to minimize the risks of occupational injuries, we can establish a positive brand image, and reduce downtime due to occupational disasters, gaining a competitive edge. Negative aspect: Without proper management, workers are not aware of the importance of work safety, which can hinder company operations. Hindrances to safety management can restrict business development.
Corresponding GRI Index	GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
SDGs Principle	SDG 3
Commitments and policies	We plan policies according to the ISO 45001 Occupational Safety and Health Management System with the objective of providing employees with a safe work environment.
Metrics and targets	Short-term goal: - Zero major occupational injuries and illness. - Disabling injury frequency rate < 0.5time/million working hours; disabling injury severity rate <5 days/million working hours. Mid-to-long-term goal: - Maintain 0 records of occupational diseases caused by chemical exposure. - Maintain occupational health and safety management system certification, and ensure that colleagues in the plant area are contented at work.
Follow-up management mechanism	The internal audit system and continual implementation of the Occupational Safety and Health Management System ensure effectiveness of policy.
Annual actions and results	- The Company continues to pass the ISO 45001 Occupational Safety and Health Management System certification every year, maintaining occupational safety policy, risk identification, and related measures. - We have designed a dedicated procedure for the notification and process flow of incidents. This helps amend and improve occupational injuries in a systematic manner. - In 2023, two fire safety drills were executed in total. - In 2023, no occupational injuries occurred in plant.

:: Occupational Safety and Health Management System

To maintain employee safety and prevent occupational accidents, the Company implements occupational safety system management in accordance with the ISO 45001 Occupational health and safety management systems certification. The scope of workplaces covered in the occupational health and safety management system includes the region where production activities are actually conducted, i.e., the Zhongshan factory of ShunSin (No. 9, Jianye East Road, Zhongshan Torch High-Tech Industry Development Zone, Guangdong Province), but does not include plant areas without production activities in other companies located in Taiwan and mainland China; the coverage of workers related to production activities standardized by the management system has reached 100%.

We have established an Occupational Safety and Health Work Code and Occupational Health and Safety Management Plan in accordance with the Occupational Health and Safety Law and other relevant regulations. We aim to focus on six key work areas and continuously conduct occupational hazard risk assessments to improve the system through PDCA circular quality management. Each department has established occupational health and safety sections, management staff, and emergency medical personnel in accordance with the law to prevent occupational disasters through comprehensive prevention measures.

• Employees Included in the Occupational Health and Safety Management System

Factory area	No. of employees	No. of non-employees	Subtotal	Coverage ratio
Zhongshan factory	1,386	59	1,445	100%

Notes:

1. The number of non-employees includes contractors and dispatched personnel who have been working in the factory for a long time.
2. Calculation method for coverage ratio: The total number of employees covered by the occupational health and safety system (employees + non-employees)/the total number of company workers

• Occupational Safety and Health Management System

Six Key actions	Measures
Health and safety education training and disaster drills	1. We arrange trainings and tests every year for employees. 2. The Safety Team conducts training for all Zhongshan Plant partners on-site, and logs trained vendors in the Company safety system. 3. We renew professional trainings and tests for first responders every year.
Hazard identification and risk assessment	We conduct risk factor identification every year; control and prevent hazardous factors with regard to identified occupational injuries and illness. Identified hazard risk factors currently include fire, electric shock, mechanical injury, chemical injury, confined space, traffic, and other injuries. Noise, ionizing radiation, and other relevant hazards are entailed in some regions.

Six Key actions	Measures
Environmental health and safety audits and inspections	This year we have undergone two audits, with a 98% pass in the inspection. The audit findings included incomplete PPE dissemination logs, and signing on behalf of the receiver of PPE. Moving forward, the Safety Management Team will keep proper logs of PPE receipts, and track use of PPE on site.
Emergency response plan for disasters and incidents	We have drawn a contingency plan in response to overall production safety emergencies, and held drills to address requirements.
Health management and promotions	Every year there are occupational health checks, pre-station/in-station/post-station body checks, and occupational health related exercises.
Health protection plan for specific groups	1. Measures for the protection of female employees' health: We have a work adjustment program in place for pregnant employees and those who have recently had a baby to ensure the health status of staff during and post-pregnancy and when breastfeeding. Nursery rooms are also provided for pregnant staff. 2. Measures for the health management of workers exposed to high occupational disaster risks: Implement pre-job, on-the-job, and post-job professional health checkups for employees, allocate and distribute personal protective equipment for employees, and supervise the use of such equipment. 3. Measures for the occupational safety and health management of suppliers/contractors: Regular training is in place to ensure safety for all onsite people. Trained contractor staffs are logged in the tracker. Vendors entering the premises have to sign a Health and Safety Management Agreement. Moreover, for contractors of specific works, handovers are mandatory to cover safe practice.

Health and Safety Committee

To protect the rights and interests of employees, ShunSin has a Health and Safety Committee with a total of 73 members. The members of this committee include 42 directors, supervisors, and commanding personnel from each department, seven engineering technical personnel involved in occupational health and safety, 23 employee representatives, and 30 emergency rescue personnel. When employees' opinions need to be consulted during meetings, basic-level employees from each department are also invited to participate in the meetings, and communicate and vote to ensure that workers' opinions are consulted.

In addition, the regulations stipulate that first aid responders should comprise 1% of total employees. In practice, we have arranged 30 trained emergency rescue personnel to benefit from quick assistance and procession in case of emergencies and to avoid a shortage of emergency rescue personnel in the event an emergency takes place during a vacation or for other reasons.

The Health and Safety Committee is responsible for enhancing the level of safety and health management and safety management goals through planning, implementation, evaluation, and improvement of the environment. The Health and Safety Committee holds a work safety management meeting regularly every month to improve safety and health management standards and meet related goals. The themes discussed in work safety management meetings

include the identification and elimination of hazards, risk evaluations, accident investigations and audits, and the establishment and management of audit standards for contractors and suppliers, etc.

If a worker believes that the work environment may cause injury or illness, they can also apply to their immediate supervisor for a transfer to another position and such employee will be protected from intimidation, threat, or termination of employment in accordance with the work rules of the company.

• Organizational chart of the Health and Safety Committee



Occupational Health and Safety Education and Training

To enable employees to work in a healthy and safe working environment, ShunSin regularly conducts occupational safety training and retraining for new employees and in-service employees so they may obtain the necessary safety knowledge at work. To avoid recurrence of accidents, our Company also regularly conducts accident education and training, and uses accident investigation and analysis to help colleagues understand the cause of accidents, reduce the occurrence of occupational safety accidents, and strengthen employee health and safety.

• 2023 Personnel Safety and Health Training (ShunSin)

Employee Category	Training Category	2022 Training Course	Hours of courses Hour(s)	Actual Participants	Total Hours
New Hire Employee	General training	Training of new employees' awareness of occupational health and safety	8.0	1,145	9,160
	Specific training	Department safety management training at workshop level	8.0	1,145	9,160
		Post safety operating procedure training	8.0	1,145	9,160
Active employees	General training	Training of awareness of occupational health and safety	1.0	713	713
		Training of awareness of fire safety and escape routes	1.0	1,113	1,113
	Specific training	Chemical safety work, hazardous waste management, and emergency drills	4.0	127	508
		Fire drill in the first half of 2023	0.5	1,113	556.5
		Traffic safety training	1.0	65	65
		Hazardous waste emergency drill	1.0	10	10
		Actual operation practice of fire extinguishers	1.0	60	60
		Fire drill in the second half of 2023	0.5	1,113	556.5
		Safety training of emergency response operators	2.0	16	32
		Total		36.0	7,765

• Personnel Safety and Health Training (ShunYun)

Employee Category	Training Category	2023 Training Course	Hours of courses Hour(s)	Actual Participants	Total Hours
New Hire Employee	General training	Training of new employees' awareness of occupational health and safety	8	240	1,920
	Specific training	Department safety management training at workshop level	8	240	1,920
		Post safety operating procedure training	8	240	1,920
Active employees	General training	Training of awareness of occupational health and safety	1.5	202	303
		Training of awareness of fire safety and escape routes	1	75	75
	Specific training	Chemical safety work, hazardous waste management, and emergency drills	1	37	37
		Fire drill in the first half of 2023	0.5	445	222.5
		Traffic safety training	1	10	10
		Hazardous waste emergency drill	1	23	23
		Actual operation practice of fire extinguishers	1	59	59
		Fire drill in the second half of 2023	0.5	228	114
Labor contractor	General training	Construction safety management training	1.5	12	18
	Specific training	Special work approval training	2	3	6
Total			35	1,814	6,627.5

:: Occupational Safety Hazard Risk Control

ShunSin conducts hazard identification analysis and sets risk levels based on occupational disaster records. Common types of occupational safety hazards include fire, chemical injury, and X-ray radiation. We provide specific education and training for employees of the whole factory and operators engaged in special positions on the awareness of safe use of chemicals, anti-radiation safety, and awareness of fire safety and escape routes. We also conduct fire safety evacuation and emergency response drills once every half a year, and require employees to wear personal protective equipment and take safety precaution measures.

訊芯電子科技(中山)有限公司
施工安全承諾書

本單位_____，因承辦貴公司各項工程，承諾並遵守貴處下列之規定：

1. 施工前了解施工內容，因涉及施工工藝要求的特殊方法或特殊材料，請提前知會業主；
2. 施工前對施工區域做好隔離，每天施工後做好現場整理，最大限度減少對周圍環境的影響；
3. 施工中有動火(如切割、電焊、打磨等產生火花的作業)、吊裝、高處、等動用防盜措施中斷等危險等作業時，作業前必須向工安單位申請《危險作業許可證》；
4. 用電必須向廠務提出申請，填寫用電申請單，經廠務部主管核准後，並在廠務人員指引監督下方可接、停、送電；
5. 施工時必須穿戴好施工證件，在靜電敏感區域施工應穿戴靜電防護服；
6. 施工人員只能在指定施工區域內活動，如因施工需要到其他區域，應在許可情況下由監工人員帶領前往；
7. 嚴禁在廠內吸煙、喝含酒精成份的飲料；
8. 施工人員進出廠區，必須在指定門崗由監工人員帶領；如所帶物品、材料太多必須乘坐電梯時，應由監工人員陪同；
9. 嚴禁施工人員帶動感相機、有攝錄功能的手機、光碟、硬盤、MP3、U 盤等有存儲功能的物品進入廠區；
10. 高處作業人員，必須佩戴安全帶和安全帽，施工時嚴禁開消防通道；
11. 施工人員不准私自動用工廠的設備、設施(如使用應急燈、拿設備墊腳等)；
12. 嚴禁進入管制區域，禁止私自開鎖所有帶鎖或有管制的門；

• Hazard Identification, Analysis, and Improvement Measures for Occupational Safety and Health Management in ShunSin

Hazard identification	Hazard analysis	Risk level	Measures to improve
Mechanical hazards	Unsafe environment or facilities: Machinery without safety protection mechanisms	Medium	- Wearing and updating of protective tools: Dust and X-rays. - Ventilation: High temperature and environment - Regular health checkups: Dust and human factors - Rotation or temporary change of work: Human factors - Shortening of working hours: Human factors, and high-temperature thermal environment
Chemical Hazards	Employees are exposed to hazardous chemical/organic solvent leaks in the working environment	Medium	
Physical hazards	Hazards caused by high temperature operations, noise, and repetitive manufacturing	Medium	
Human hazards	Damage to musculoskeletal injuries caused by repetitive work postures	Medium	

▪ Management Measures for Occupational Health and Safety of Contractors

ShunSin conducts safety management for construction contractors according to the Construction Safety Management Procedure, and requires suppliers to sign a Non-corruption Undertaking, Construction Safety Undertaking, and Work Safety Management Agreement to ensure occupational safety and health, and environmental protection management. We also regularly check occupational safety and health risk indicators, and manage contractors through project awarding parties.

▪ Measures for Hazardous Substances Management

To effectively manage hazardous substances in all products, strive to implement our corporate responsibility of environmental sustainability, reduce the burden on the environment and ecology, comply with international standards, and satisfy expectations from stakeholders, ShunSin annually reviews hazardous substance management measures and updates relevant provisions on hazardous substances with reference to environmental protection trends, international specifications, and customer requirements. In 2023, ShunSin increased the number of controlled substances of critical raw materials from 224 to 240.

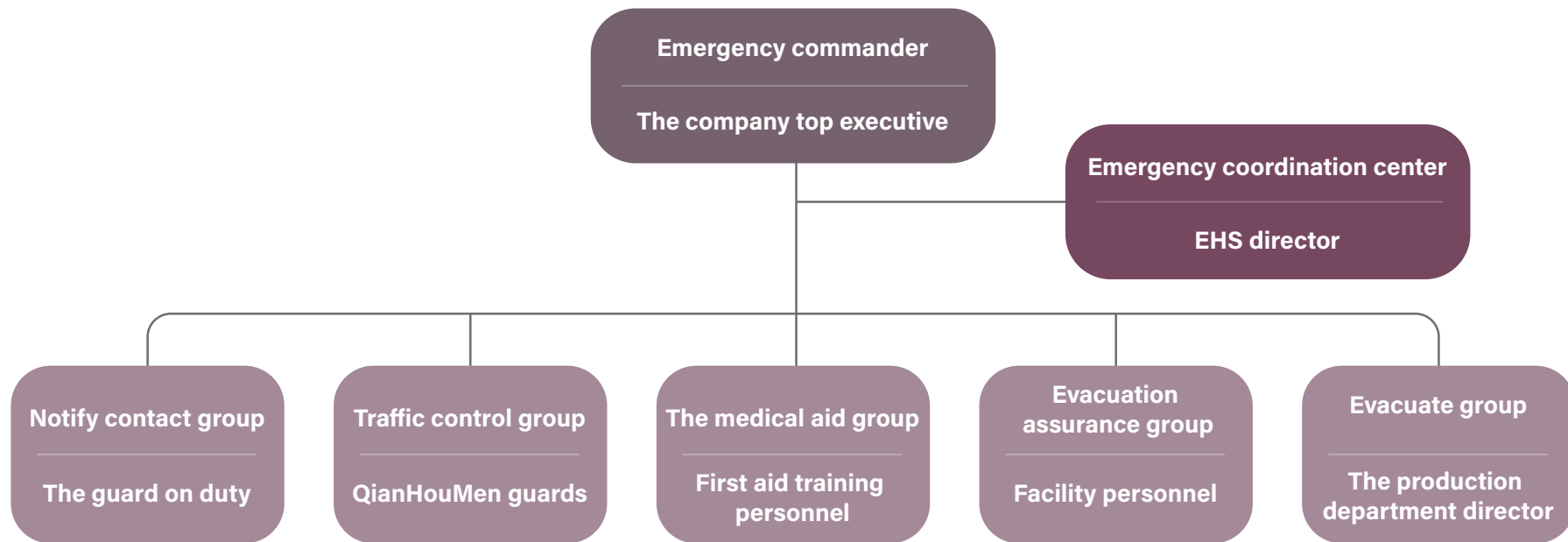
To provide clients with safe products through raw material control and comply with regulatory requirements, we have established a product health and safety management mechanism, and require conformity to our management requirements for hazardous substances from R&D to production, e.g., RoHS, SVHC, TSCA, and other related requirements. Furthermore, we regularly require suppliers to provide material safety datasheets and relevant test reports for review.

Occupational Accident Response and Handling

The Company has established and implemented an Operating Procedure for Emergency Response to ensure that we can quickly establish relevant response measures and conduct effective treatment upon the occurrence of emergencies or major accidents and prevent or lower environmental pollution as well as losses of personnel, equipment, and products.

• Accident Reporting and Procedures





• Accident investigation process

Accident occurrence	A major occupational disaster shall be immediately reported to the Work Safety Office and supervisor. Contractors shall notify the construction supervision unit by telephone within 30 minutes, and inform relevant units, including the fire protection unit and medical unit, for support according to relevant provisions. Major occupational disasters shall be notified to the local labor inspection agency within eight hours.
Tracing the cause of the incident	The Auditing Office shall set up an "Occupational Disaster Investigation and Management Group" after a major occupational disaster. The supervisor or designated personnel of each unit shall serve as the convener, and collaborate with department supervisors to conduct site surveys and audits. After the Accident Prevention Report is sent to the top executive of emergency commanders, a major occupational disaster investigation report review meeting will be convened within one week. The occupational health and safety supervisor serves as the convener, and supervisors of each unit and labor representatives are invited to form the investigation and treatment group. The Auditing Office is responsible for explaining the process and management of major occupational disasters.
Event review and improvement matters	In accordance with the improvements required by the incident investigation and analysis report submitted by the "Occupational Disaster Investigation and Management Group", each unit shall include improvements for management and follow-up control until completion. Each unit shall also comprehensively review and make improvements to prevent the recurrence of similar incidents. On the site of a major occupational disaster, relevant photos shall be taken as evidence and the investigation report submitted to the Work Safety Office as case teaching materials for training purposes to prevent the recurrence of similar incidents.

Statistics and Analysis of Occupational Injury Accidents

In 2023, the total working duration of employees of ShunSin reached 3,358,444 hours, with the daily average working duration of each employee being 9.7 hours, 1.7 hours higher than the working hours stipulated in Labour laws. Relatively high working hours are mainly related to the Company's production features. A working system of six working days and one rest day a week is adopted for most employees on the production line (direct personnel), while a working system of five working days and two rest days is adopted for management personnel (indirect personnel). Therefore, the overall working hours of the Company were relatively high if calculated on the basis of 250 standard working days in 2023.

To compensate employees on the production line for their hard work, ShunSin not only pays overtime according to regulatory provisions, but also regularly arranges health checkups to monitor employees' health every year. A care center has also been established to provide employees with psychological health counseling, difficulty relief, sickness, and complaint handling for employees. We care about employees' physical and mental health. In 2023, there were no occupational injuries at the Zhongshan plant, zero severe occupational injuries, and no deaths resulting from an occupational injury.

Occupational Injury Statistics of Workers in ShunSin in the Past Three Years

Notes:

Year	2021		2022		2023	
Employee category	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees
No. of people	0	0	0	0	0	0
Total working hours	3,480,288	112,256	2,945,688	113,176	3,358,444	142,544
No. of fatalities	0	0	0	0	0	0
Rate of fatalities	0	0	0	0	0	0
Rate of high-consequence work-related injuries	0	0	0	0	0	0
The number and rate of recordable work-related injuries	0	0	0	0	0	0
Recordable injury frequency rate	0	0	0	0	0	0

- Occupational injury refers to accidental injuries caused by workers performing their duties or occurring in the workplace; the statistical basis does not include commuting accidents (if transportation vehicles are arranged by the team, such as official vehicles or special transportation vehicles, then such accidents are included).
- Total working hours: Calculation of total annual working hours of all workers; calculation of total actual working and overtime hours; for those other than employees (contractors and dispatch workers), the annual data is estimated as 8 hours a day $\times$ (No. of employees entering the factory every month $\times$ Monthly working hours).
- Serious occupational injury: Refers to an injury (excluding death) caused by an occupational injury that resulted in a disability or the inability to recover to the same state of health before the injury within six months (according to the GRI definition, "recovery time" is used instead of "work lost time", and workers may return to work or terminate their employment before fully recovering).
- Total working hours mortality rate = No. of deaths caused by occupational injuries $\times$ 1,000,000 $\div$ Total Working Hours
- Serious occupational injury rate = No. of serious occupational injuries $\times$ 1,000,000 $\div$ Total Working Hours
- Total Recordable Injury Frequency Rate (TRIFR) = No. of recordable occupational injuries (including severe occupational injuries, deaths, and other TRIFR) $\times$ 1,000,000 $\div$ Total working hours
- 4 to 6 point ratio calculation method: calculated to 2 decimal places, not rounded to 5.
- A rate based on 1,000,000 hours worked indicates the number of work-related injuries per 500 full-time workers over a one-year timeframe, based on the assumption that one full-time worker works 2,000 hours per year (employ 500 or more employees).

• **Statistics on the Frequency and Severity of Disability Injuries Among Workers in ShunSin in the Past Three Years**

Year	Employee category	No. of working days lost due to disability	Disabling frequency rate (FR)	Disabling severity rate (SR)	Frequency severity indicator (FSI)
2021	Employees	0	0	0	0
	Non-employees	0	0	0	0
2022	Employees	0	0	0	0
	Non-employees	0	0	0	0
2023	Employees	0	0	0	0
	Non-employees	0	0	0	0

Notes:

1. No. of lost working days: No. of days unable to work (rest days). The calculation basis includes occupational accident injury leave, excluding sick leave and menstrual leave.
2. Disabling frequency rate (FR) = times of disabling injury $\times$ 1,000,000/total working hours (calculated to 2 decimal places, not rounded up or down)
3. Disabling severity rate (SR) = (days of disability damage loss $\times$ 1,000,000)/total experienced working hours (rounded to an integer, not rounded up or down)
4. Frequency-severity indicator, $FSI = \sqrt{(FR \times SR) \div 1000}$
5. A rate based on 1,000,000 hours worked indicates the number of work-related injuries per 500 full-time workers over a one-year timeframe, based on the assumption that one full-time worker works 2,000 hours per year (employ 500 or more employees).



:: Workplace Health Services

Occupational Injury and Illness Prevention

ShunSin has been actively promoting and emphasizing health in the workplace for a long time. To protect workers' mental and physical health, the Company regularly handles health examinations, including general health checkups for all employees. Health checkups are conducted once a year or every two years depending on different positions. Furthermore, in accordance with the Law of the People's Republic of China on the Prevention and Control of Occupational Illnesses, we conduct regular special examinations and monitoring of occupational hazards every year, and classify the examination results into three grades: "Normal", "Reexamination", and "Occupational Contraindication". If an "Occupational Contraindication", we communicate with the relevant employee and transfer them to a post away from the hazardous risk to protect their health and safety and avoid occupational illness.

ShunSin provides special health checkup services regularly for working personnel exposed to relevant occupational hazards as stipulated in regulations such as the Technical Code of Occupational Health Monitoring and Code for Health Requirements and Monitoring of Radiation Working Personnel, and other working personnel who are required to undergo mandatory health monitoring due to exposure of occupational hazards in the work environment. Special health checkup items include routine neurology, internal medicine, ophthalmology, blood tests, urine tests, electrocardiograms, liver function tests, and dental and retina examinations. In 2023, through specific health checks, we had a case of a work-related restriction, and have rearranged the affected person's work content to address limitations. In addition to health checkups to regularly monitor employees' health, ShunSin has also adopted new construction methods and techniques, reduced and eliminated occupational hazards in the production process, and employ specific personnel for specific positions to reduce the number of employees exposed to hazards. By taking these methods, we are dedicated to lowering and eliminating occupational injury risks to personnel.

• Health Management Grading of Special Physical Examinations in the ShunSin Zhongshan Factory in the Past Three Years

Unit: No. of people

Year	No. of subjects	Examination results		
		Normal	Reexamination	Occupational contraindication
2021	190	190	0	0
2022	106	106	0	0
2023	107	106	0	1

Notes:

1. Normal: There is no abnormality in health examination results.
2. Re-examination: A re-examination is required to further identify whether health examination results are Category 1, "normal", or Category 3, "occupational contraindications".
3. Should not be employed in the position: Based on the results of health examinations, the employee is not considered suitable for this position, and a discussion will be conducted to transfer the employee to another position.



Occupational Illness Statistics of Workers at ShunSin Over the Past Three Years

Year	Employee category	Total working hours	No. of cases	No. of fatalities	Rate of fatalities	Main types of occupational illness
2021	Employees	3,480,288	0	0	0	None
	Non-employees	112,256	0	0	0	None
2022	Employees	2,945,688	0	0	0	None
	Non-employees	113,176	0	0	0	None
2023	Employees	3,358,444	0	0	0	None
	Non-employees	142,544	0	0	0	None

Notes:

- Occupational illness refers to acute, recurrent, and chronic health problems caused or exacerbated by work, including musculoskeletal diseases, skin, and respiratory diseases, malignant cancers, diseases caused by physical factors (such as hearing loss), and mental health illnesses, etc.
- Total working hours: The total annual working hours of all workers. Employees are calculated based on the actual number of working and overtime hours. A full year data estimation based on non-employees (contractors and dispatched workers) is taken as 8 hours per day × (No. of people entering the factory every month × No. of working days per month).
- Rate of fatalities = No. of fatalities as a result of a work-related injury × 200,000 or 1,000,000 ÷ No. of hours worked (calculated to 2 decimal places). A rate based on 2,000 hours worked indicates the number of work-related injuries per 100 or 500 full-time workers over a one-year timeframe.



Health Promotion

We expect employees to enjoy a balance between work, health and life. We introduced the EAP (Employee Assistance Program) and established a new health center, integrating professional service resources from both internal and external sources, assisting employees to solve problems related to health, family, legal matters and psychology, etc. that affect their work performance, supporting employee physical and mental wellbeing. Moreover, we have 18 drinking fountains and one water dispenser, which is tested every year by independent inspectors to ensure the water is safe to drink. We also host events to help people relax and relieve stress outside of work. In 2023, we organized over 30 fairs, sports games, and afternoon teas to balance work and life.

Drinking Water Quality Test Results

  		报告编号: SZ20232676 Test No.		
广州市微生物研究所集团股份有限公司 Guangzhou Institute of Microbiology Group Co., Ltd.				
检测报告 TEST REPORT				
收样日期: 2023年5月26日 Date Received		检测日期: 2023年5月26-28日 Date Analyzed		
检测结果: Test Results				
样品编号	检测项目	限值	检出值	单项评价
SZ20232676-1	菌落总数, CFU/mL	100	未检出	符合
	总大肠菌群, MPN/100mL	不应检出	未检出	符合
	耐热大肠菌群, MPN/100mL	—	未检出	—
	色度 (铂钴色度单位)	15	<5	符合
	浊度 (散射率速度单位), NTU	1	<0.5	符合
	臭和味	无异臭、异味	无异臭、异味	符合
	肉眼可见物	无	无	符合
	pH	6.5-8.5	6.64	符合
	耗氧量 (COD _{Mn} 法, 以 O ₂ 计), mg/L (高锰酸盐指数)	3	0.20	符合
	氨 (以 N 计), mg/L	0.5	<0.02	符合
	游离余氯, mg/L	≥0.05	0.08	符合
	亚硝酸盐 (以 N 计), mg/L	1	<0.001	符合
报告结束End of report				



• ShunSin Health Promotions

	Service system	Care Center: Psychological health consulting, difficulty relief, sickness assistance, children education assistance, and complaint handling for employees. Emergency Response Center: Handling of emergency health and safety incidents in the plant area for employees.
	Professional assistance	Each new employee joined a mental health talk. Mental health sessions: 11 sessions were held in 2023.
	Consulting channels	Dedicated line for insurance fund consulting of the Company: Internal extension 2705 (ShunSin)/6701 (ShunYun). Workplace unlawful infringement/sexual harassment/dedicated line for providing feedback/RBA response: Internal extension 2718 (ShunSin)/6704 (ShunYun).
	Information sharing	Health updates: Regularly post articles on the bulletin board and the Company's internal website to promote the latest health information.
	Event handling	Annual health checkups, cultural and recreational activities, quizzes, excellence appraisals, lottery draw evening parties, afternoon tea, gourmet garden tours, recognition of senior employees, care for disabled people, and care during festivals.

• 2023 ShunSin's Health-related Events

▪ Fairs



▪ Fishing, badminton, and physical sports



Community Wellbeing and Mutual Support

While pursuing operational performance, we also navigate funds to support people in need. We are frequent participants in public projects and carefully allocate resources to reflect local social responsibility. We are active in public matters. From Company employees to local communities, we expand our focus from employees experiencing hardship to groups in need, as well host projects with regional colleges to give back to society and aiming for the common good.

:: Community Assistance Program

Employees and regional development are as important as corporate growth. Since its founding, ShunSin has been targeting resources to elevating employees and local groups. We take care of our employees' health and provide benefits and recreational activities, ensuring physical and mental wellbeing, and emergency support programs. We also help employees experiencing hardship. There are also hospitalization condolence funds and assistance for immediate family members of employees in need.

Our local activities involve community support for Zhongshan City unions and organizations, serving our role as part of society. In 2023, we showed compassion on (National Disability Day donation) (Heartfelt support for hospitalized trade union members) (Community support, District/City Federation of Trade Unions) and (Spring Festival Support Program and fall study funds) by donating CNY 74,500 (about NTD 330,000). We are continuing through practical action to show care for our employees and local residents, and fulfilling our social responsibility.

• Projects and Funds Support from ShunSin in 2023

Fund support	Beneficiaries	Total fund (CNY)
Hospitalization condolence gifts	14	4,200
Assistance for immediate family members of employees in need	4	35,900
National Disability Day donation	9	1,800
Heartfelt support for hospitalized trade union members	8	3,600
Community support, District/City Federation of Trade Unions	5	15,500
Spring Festival Support Program and fall study funds, District/City Federation of Trade Unions	6	13,500
Total	46	74,500



:: Academic Collaboration

Working with high level education institutes has become part of corporate affairs. Such projects provide early opportunities for students to put theory into practice, and present tables for innovation and economic growth for the nation. As a corporation, it is not only part of CSR, but also crucial for businesses to develop regional future talent and fulfill social responsibility while balancing profits.

ShunSin's technical expertise and robust experience in semiconductor packaging, testing, and optic transceiver module manufacturing have made a name for us in the industry. To continue to maintain our competitive edge in the business, develop extraordinary techniques, and acquire the best talent, we have been on board with regional colleges to provide funds to aid technology projects, boost academic research power, and benefit product quality. Each new project exposes learners to hands-on experience. In 2023, we provided CNY 10 million, for research and development of optical and communication modules with the University of Electronic Science and Technology of China, Zhongshan Institute . While steering the business to increase profits, we can also provide local colleges with industrial experience, driving top results for the industry and academic development.



Appendix 06

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- GRI Standard Index
- SASB Standard Index
- Climate-Related Information of TWSE/TPEX Listed Company
- Sustainability Disclosure Indicator – Semiconductor Sector

GRI Standard Index

Statement of Use	The content of the report period of 1/1/2023 to 31/12/2023 in accordance with the GRI Standards
GRI 1 Application	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

:: General Disclosure

GRI Code	Disclosure Item	Chapter	Page
GRI 2: 2021 General Disclosure			
The Organization and its Reporting Practices			
GRI 2-1	Organizational details	Business scopes	P. 18
GRI 2-2	Entities included in the organization's sustainability reporting	About this Report	P. 05
GRI 2-3	Reporting period, frequency and contact point		P. 05
GRI 2-4	Restatements of information		P. 05
GRI 2-5	External assurance		P. 06
Activities and Workers			
GRI 2-6	Activities, value chain and other business relationships	Sustainable Value Chain	P. 53
GRI 2-7	Employees	Manpower Allocation	P. 84
GRI 2-8	Workers who are not employees		P. 84
Governance			
GRI 2-9	Governance structure and composition	Board of Directors Functional committees	P. 31 P. 37
GRI 2-10	Nomination and selection of the highest governance body	Board of Directors	P. 31

GRI Code	Disclosure Item	Chapter	Page
GRI 2-11	Chair of the highest governance body	Conflict of Interest	P. 33
GRI 2-12	Role of the highest governance unit in overseeing the management of impacts	Functional committees	P. 37
GRI 2-13	Delegation of responsibility for managing impact	Sustainability Committee Risk Management	P. 37 P. 47
GRI 2-14	Role of the highest governance unit in sustainability reporting	About this Report	P. 06
GRI 2-15	Conflicts of interest	Conflict of Interest	P. 33
GRI 2-16	Communication of critical concerns	Board of Directors	P. 31
GRI 2-17	Collective knowledge of the highest governance body	Board' Education	P. 34
GRI 2-18	Evaluation of the performance of the highest governance body	Board performance evaluation	P. 35
GRI 2-19	Remuneration policies	Remuneration policy of directors and managers	P. 35
GRI 2-20	Process to determine remuneration		P. 35
GRI 2-21	Annual total compensation ratio	Confidentiality restriction: Highest remuneration is classified Company information.	—
Strategy, Policies and Practices			
GRI 2-22	Statement on the sustainable development strategy	Letter from the Chairman Letter from the General Manager	P. 03
GRI 2-23	Policy commitments	Policy commitments	P. 29
GRI 2-24	Embedding policy commitments		
GRI 2-25	Processes to remediate negative impacts	Channels for complaint and suggestions	P. 46
GRI 2-26	Mechanisms for seeking advice and raising concerns	Channels for complaint and suggestions	P. 46
GRI 2-27	Compliance with laws and regulations	Regulatory compliance	P. 45
GRI 2-28	Membership to associations	External engagement	P. 27

GRI Code	Disclosure Item	Chapter	Page
Stakeholder Engagement			
GRI 2-29	Approach to stakeholder engagement	Stakeholder Engagement	P. 09
GRI 2-30	Collective bargaining agreements	Human rights and labor rights protection	P. 88

:: GRI 3 Material Topic Disclosure

GRI Code	Disclosure Item	Chapter	Page
GRI 3: Material Topic 2021			
GRI 3-1	Process to determine material topics	Material topic	P. 12
GRI 3-2	List of material topics	Material topic	P. 14

:: Material Topic Disclosure

GRI Code	Disclosure Item	Chapter	Page
Material Topic: Supply Chain Management			
GRI3-3	Management of material topics	Sustainable Value Chain	P. 54
GRI204-1	Proportion of spending on local suppliers	Sustainable Procurement	P. 53
GRI308-1	New suppliers that were screened using environmental criteria	Supplier Risk Assessment	P. 56
GRI414-1	New suppliers that were screened using social criteria		
Material Topic: Employee Welfare			
GRI3-3	Management of material topics	Turnover rate	P. 87
GRI201-3	Defined benefit plan obligations and other retirement plans	Welfaremeasures	P. 91
GRI202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration Level	P. 89

GRI Code	Disclosure Item	Chapter	Page
GRI401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Welfare measures	P. 91
Material Topic: Occupational Health and Safety			
GRI3-3	Management of material topics	Workplace safety	P. 97
GRI403-1	Occupational safety and health management system	Occupational safety and health management system	P. 98
GRI403-2	Hazard identification, risk assessment, and incident investigation	Occupational hazards and risks control	P. 102
GRI403-3	Occupational health services	Occupational injuries and disease preventive management	P. 107
GRI403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety management system	P. 98
GRI403-5	Worker training on occupational health and safety	Occupational safety and health management system	P. 98
GRI403-6	Promotion of worker health	Health promotion and care	P. 108
GRI403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational hazards and risks control	P. 102
GRI403-8	Worker covered by an occupational health and safety management system	Occupational safety and health management system	P. 98
GRI403-9	Work-related injuries	Occupational injuries and disease preventive management	P. 105
GRI403-10	Work-related ill health	Occupational injuries and disease preventive management	P. 108
Material Topic: Employee Training and Education			
GRI3-3	Management of material topics	Human resource development	P. 93
GRI404-1	Average hours of training per year per employee	Multiple Training Channels	P. 94
GRI404-3	Percentage of employees receiving regular performances and career development reviews	Performance and career development	P. 96

GRI Code	Disclosure Item	Chapter	Page
Material Topic: Customer Relationship Management			
GRI3-3	Management of material topics	Customer Service	P. 59
Enhanced Disclosures	Custom theme		P. 59
Material Topic: Climate Change Response			
GRI3-3	Management of material topics	Climate related financial disclosure	P. 63
GRI201-2	Financial implications and other risks and opportunities due to climate change	Impacts of climate related risks and opportunities on finance	P. 65
GRI302-1	Energy consumption within the organization	Energy Management	P. 69.
GRI302-3	Energy intensity		
GRI302-4	Reduction of energy consumption	Energy conservation and carbon reduction	P. 70
GRI305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emission	P. 72
GRI305-2	Energy indirect (Scope 2) GHG emissions		
GRI305-3	Other indirect (Scope 3) GHG emissions		
GRI305-4	GHG emissions intensity		P. 74
GRI305-5	Reduction of GHG emissions	Energy conservation and carbon reduction	P. 70
Material Topic: Economic Performance			
GRI3-3	Management of material topics	Economic Performance	P. 22
GRI201-1	Direct economic value generated and distributed		P. 23
GRI201-4	Financial assistance received from government		P. 24
Material Topic: Ethical Corporate Management			
GRI3-3	Management of material topics	Ethical Corporate Management	P. 42
GRI205-1	Operations assessed for risks related to corruption	Ethical Corporate Management	P. 44

GRI Code	Disclosure Item	Chapter	Page
GRI205-2	Communication and training about anti-corruption policies and procedures	Policy against corruption and bribery	P. 44
GRI205-3	Confirmed incidents of corruption and actions taken	Ethical Corporate Management	P. 44
Material Topic: Employee Diversity and Equality			
GRI3-3	management of material topics	Company manpower overview	P. 82
GRI405-1	Diversity of governance bodies and employees	Manpower allocation Board of Directors	P. 83 P. 31
GRI405-2	Ratio of basic salary and remuneration of women to men	Remuneration Level	P. 89
GRI406-1	Incidents of discrimination and corrective actions taken	Human rights and labor rights protection	P. 88
Material Topic: Water Management			
GRI3-3	Management of material topics	Water Management	P. 75
GRI303-1	Interactions with water as a shared resource		P. 76
GRI303-2	Management of water discharge-related impacts		P. 76
GRI303-3	Water withdrawal		P. 76
GRI303-4	Water discharge		P. 77
GRI303-5	Water consumption		P. 77

:: Disclosures of non-material Topics

GRI Code	Disclosure Item	Chapter	Page
GRI 202: Market Presence 2016			
GRI 202-2	Proportion of senior management hired from the local community	Manpower allocation	P. 83
GRI 207: Tax 2019			
GRI 207-1	Approach to tax	Tax Policy, Governance, and Risk Management	P. 25

GRI Code	Disclosure Item	Chapter	Page
GRI 207-2	Tax governance, control, and risk management	Tax Policy, Governance, and Risk Management	P. 25
GRI 207-3	Stakeholder engagement communication and management of concerns related to tax		P. 26
GRI 306: Waste 2020			
GRI 306-1	Waste generation and significant waste-related impacts	Waste Management	P. 79
GRI 306-2	Management of significant waste-related impacts		P. 79
GRI 306-3	Waste generated		P. 79
GRI 306-4	Waste diverted from disposal		P. 80
GRI 306-5	Waste directed to disposal		P. 80
GRI 402: Labor/Management Relations 2016			
GRI 402-1	Minimum notice periods regarding operational changes	Human rights and labor rights protection	P. 88
GRI 408: Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Human rights and labor rights protection	P. 88

Sustainability Accounting Standards Board Index

:: Semiconductor Accounting Metrics

Topic	SASB Code	Disclosure indicator	Unit	Description / Chapter
Greenhouse Gas Emissions	TC-SC-110a.1	Gross global Scope 1 emissions	Ton CO ₂ e	CH4. Greenhouse Gas Emissions
		Amount of total emissions from perfluorinated compounds (Shown in the equivalence of CO ₂)	Ton CO ₂ e	0% Perfluorinated compounds (PFCs) emission by ShunSin
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, an analysis of performance against those targets	Qualitative Description	CH4 Four Core TCFD Elements
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumed	Gigajoules(GJ)	CH4. Energy Management
		Percentage grid electricity	Percentage (%)	CH4. Energy Management
		Percentage renewable	Percentage (%)	CH4. Energy Management
Water Management	TC-SC-140a.1	Total water withdrawn % of each in regions with High or Extremely High Baseline Water Stress (Aqueduct Water Risk Atlas)	Cubic meters (m ³)	CH4. Water Management
		Total water consumed, % of each in regions with High or Extremely High Baseline Water Stress (Aqueduct Water Risk Atlas)	Cubic meters (m ³)	CH4. Water Management
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing, and percentage recycled	Ton/%	CH4. Waste Management
Employee Health and Safety	TC-SC-320a.1	Description of efforts to assess, monitor and reduce exposure of employees to human health hazards	Qualitative description	CH5. Workplace safety
		Total amount of monetary losses as a result of legal proceeding associated with employee health and safety violations	N/A	CH5. Workplace safety
Recruiting & Managing Global and Skilled Workforce	TC-SC-330a.1	Percentage of employees that are foreign nationals and oversea employees	Percentage (%)	CH5. Manpower allocation

Topic	SASB Code	Disclosure indicator	Unit	Description / Chapter
Product Lifecycle and Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Percentage (%)	0% of ShunSin products by revenue contain IEC 62474 declarable substances.
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Qualitative Description	All required materials are referred to second or third sources to ensure adequate supply and assistance when there are quality-related issues.
IP Protection and Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	N/A	No monetary loss as a result of legal proceedings associated with anticompetitive behavior in 2023.

:: Semiconductor Industry - Activity Metrics

Code	Metric for Disclosure	Unit	Description / Chapter
TC-SC-000.A	Total production	Applicable quantitative unit	993,950,300 pcs
TC-SC-000.B	Percentage of production from owned facilities	%	100%

Climate-Related Information of TWSE/TPEX Listed Company

:: Risks and opportunities posed by climate change to the Company and the relevant measures taken by and relevant countermeasures taken by the company

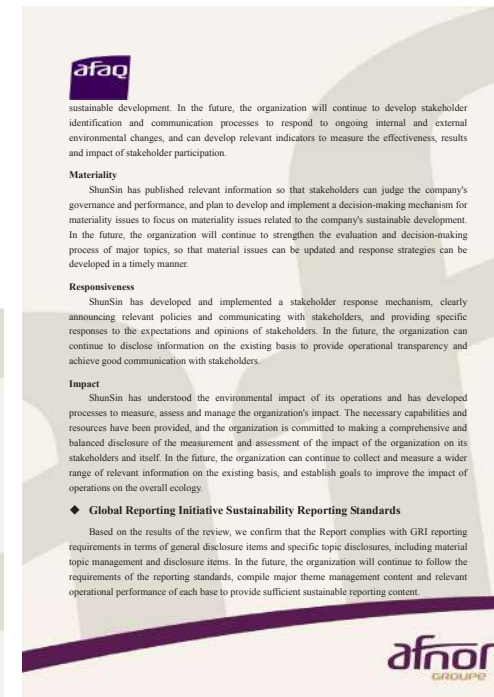
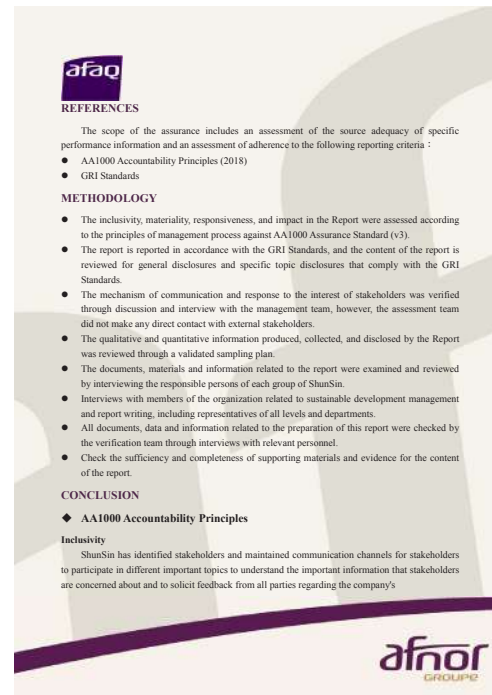
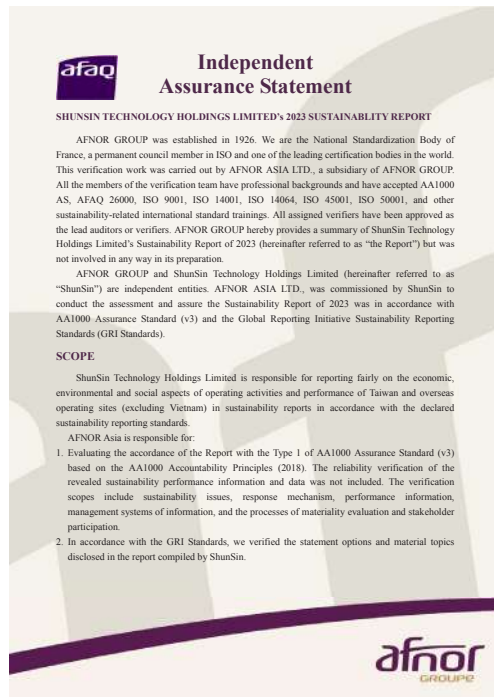
No.	Items	Execution situation
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	See Ch4. Environmental Protection - Climate Related Financial Disclosures
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)	See Ch4. Environmental Protection - Climate Related Financial Disclosures
3	Describe the financial impact of extreme weather events and transformative actions.	See Ch4. Environmental Protection - Climate Related Financial Disclosures
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	See Ch4. Environmental Protection - Climate Related Financial Disclosures
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	ShunSin has not yet adopted scenario analysis and this therefore is not applicable.
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the metric and target used to identify and manage physical risks and transition risks.	ShunSin has not yet adopted a transition plan for managing climate-related risks and this is therefore not applicable.
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated	ShunSin has not yet adopted internal carbon pricing and this is therefore not applicable.
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	ShunSin has not yet set climate-related targets, carbon credits, or renewable energy certificates (RECs) to achieve relevant targets so this is therefore not applicable.
9	Greenhouse gas inventory and assurance status.	See Ch4. Environmental Protection – GHG Emission

Note: See 2023 Annual Report for ShunSin Greenhouse Gas Inventory and Assurance Status and reduction targets for 2023.

Sustainability Disclosure Metrics - Semiconductor Industry

No.	Metric	Category	Annual disclosure	Unit
1	Total energy consumption, percentage of purchased electricity, utilization rate renewable energy	Quantitative	Total volume: 165,743.22GJ percentage purchased electricity: 96% Percentage of renewable energy: 4%	Gigajoules(GJ) Percentage (%)
2	Total water withdrawn and total water consumed	Quantitative	Total water withdrawn: 401.71m ³ Total water consumed: 277.74m ³	Thousand cubic meters (m ³)
3	Total hazardous waste generated and percentage recycled	Quantitative	Total: 54.84t percentage recycled: 99.80%	Ton/% Percentage (%)
4	Description of the types, number of employee and the percentage of occupational hazards.	Quantitative	0	Ratio(%) Quantity
5	Product Lifecycle Management disclosure: weight including scraped products and electric wastes and recovery percentage	Quantitative	ShunSin product waste and recovery data is being established. No data available for this year.	Ton (t) Percentage (%)
6	Description of the management of risks associated with the use of critical materials	Quantitative description	For countermeasure, see Ch2. Risk Management paragraphs.	Not applicable
7	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Quantitative	0	Reporting currency
8	Production volume of the main product under the company's product category	Quantitative	System module packaging Output: 992,975,400 pcs. High speed fiber optic transceiver module 974,900 pcs	Varies by product category

Independent Assurance Statement on Sustainability Report





ShunSin Technology Holdings Limited

