

SUSTAINABILITY REPORT 2023



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Official Website

ESG Section

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Preface

About the report

This is the fourth Sustainability Report published by Gudeng Precision Industry Co., Ltd. (hereafter referred to as "the Company"). It aims to provide stakeholders with a comprehensive understanding of the Company's corporate social responsibility philosophy and initiatives. The report presents the Company's efforts and achievements across Environmental, Social, and Governance (ESG) dimensions. Each section addresses stakeholders' expectations and requirements. The Company continues to gather and respond to stakeholder needs, publishing its Sustainability Report annually as part of its commitment to ESG sustainable development.

Reporting Period

The information disclosed in this report covers the period from January 1, 2023 to December 31, 2023, but some material events are disclosed up to May 24, 2024.

Report Scope

The scope of this report primarily covers Gudeng Precision Industry Co., Ltd. (Tucheng Headquarters, Fuxing Plant, Tainan Tree Valley Plant, and Southern Taiwan Science Park Branch). If the disclosure scope differs from the aforementioned, it will be noted in the respective section; Financial performance data is reported in New Taiwan Dollars, while other environmental, social, and occupational safety-related performances are expressed using internationally recognized indicators. In line with environmental protection, the Company adopts a paperless policy, and both the Chinese and English versions of the report will be published electronically on the ESG sustainability section of the Company's official website.

Previous release: July 2022

Current release: July 2023

Next release: July 2024

Report Editorial Principles

The content structure of this report follows the Global Reporting Initiative (GRI) Standards published in October 2021, along with references to the AA1000 Accountability Principle: 2018, Guidelines for Preparation and Submission of Sustainability Reports for Listed Companies, and Sustainable Development Practice Guidelines for Listed and OTC Companies. The report also incorporates elements from the Sustainability Accounting Standards Board (SASB) disclosure standards for the Semiconductor industry and aligns with the Task Force on Climate-related Financial Disclosures (TCFD) framework. It addresses the four core elements: Governance, Strategy, Risk Management, and Metrics and Targets, to ensure effective management of climate-related risks and opportunities across short, medium, and long-term horizons.

Reporting Standards and Guidelines

- Global Reporting Initiative (GRI) Standards
- Sustainability Accounting Standards Board (SASB) Standards, now part of the IFRS Foundation
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- UN Global Compact (United Nations Global Compact)
- SDGs (United Nations Sustainable Development Goals)
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- Taiwan Stock Exchange Corporation Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
- Corporate Governance 3.0
- Sustainable Development Roadmap for TWSE/TPEX Listed Companies

Note: The content of this report applies the 8 reporting principles of the GRI Universal Standards: Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability.

Contact Information

For continuous improvement of the quality and content of Gudeng Precision's sustainability report and to facilitate communication with stakeholders, suggestions and feedback are welcome through the following contact details:

Headquarters Address: 9F, No. 2, Section 4, Zhongyang Road, Tucheng District, New Taipei City

Company's Official Website: <https://www.gudeng.com/>

ESG Sustainable Section: <https://esg.gudeng.com/>

Contact: Sustainable Planner Pauline Lee

Contact Email: Amber.Lee@gudeng.com

Contact Extension: (02) 2268-9141 Ext.61505

Report Management Process

This report is prepared by the Company's Sustainability Office in accordance with the "Sustainability Report Compilation and Verification Procedures." Following data quality confirmation by relevant department heads, it undergoes third-party verification. The report is then approved by the Sustainable Development Committee and the Board of Directors before publication.

External Assurance

Sustainability Report	Assurance statement obtained from DNV Business Assurance Taiwan Ltd.
Financial Information	Audited by Deloitte & Touche
Governance	IISO 27001:2013 Information Security Management System Certification Taiwan Intellectual Property Management Specification (TIPS) A-Level Verification
Environmental	ISO 50001:2018 Energy Management System Certification ISO 14001:2015 Environmental Management System Certification
Quality	Obtained AS 9100D:2016 Aerospace Quality Management System Certification ISO 9001:2008 International Quality Management Certification
Social Aspects	Obtained ISO 45001:2018 Occupational Health and Safety Management System Certification Obtained the RBA Code of Conduct 200 Platinum Certificate
Third-party Verification Certificate Company Annual Report	

Issuance History

First Edition	June 2021
Previous release	July 2022
Current release	July 2023
Next release	July 2024

Operating Locations

Headquarters	9th Floor, No. 2, Sec. 4, Zhongyang Rd., Tucheng District, New Taipei City, Taiwan
Tainan Tree Valley Plant	No. 17-1, Zilian Rd., Xinshi District, Tainan City, Taiwan
Taipei Fuxing Plant	No. 21, Fuxing St., Tucheng District, New Taipei City, Taiwan
Tainan Science Branch	2F-1, 2F-2, No. 23, Nanke 3rd Rd., Xinyi District, Tainan City, Taiwan



Message from the Chairman

Taiwan's semiconductor industry plays a pivotal role in the global arena. Technological advancements have far-reaching implications across the sector. Beyond self-improvement, close collaboration with international upstream and downstream partners is crucial to propel the entire industry forward. The Company capitalizes on every opportunity to meet customer needs with high quality and flexibility. Despite the semiconductor market slowdown in 2023, the Company upholds its "Co-Creation" philosophy, collaborating closely with customers and suppliers. By integrating our photomask and wafer carrier technologies, we fully realize our smart manufacturing capabilities. We develop solutions that combine quality and competitive advantages, jointly achieving peak group revenues. Our revenue has grown by double digits for three consecutive years, with earnings per share (EPS) exceeding one share capital for two consecutive years.

In the face of global challenges such as extreme weather events, geopolitical conflicts, and pandemics, the Company not only develops its core business but also assumes its responsibility as a global corporate citizen. With net-zero carbon emissions as a global consensus, we continuously improve our carbon management practices and actively promote a green, low-carbon supply chain. In 2022, Gudeng collaborated with 10 local supplier partners to achieve a carbon reduction of 2,846 metric tons. Starting from July 2023, the Low Carbon Supply Chain project was further launched to assist 38 suppliers in low-carbon transformation and establish an industry-specific carbon management platform. The platform is tailored according to industry-specific methodologies, utilizing digital inquiry tools to guide suppliers in accurately reporting GHG emissions. Additionally, during this period until June 2025, Gudeng will implement the ISO 20400 sustainable procurement guidelines, officially incorporating sustainability into the criteria for selecting suppliers.

In the layout of renewable energy sources, Gudeng's Board of Directors decided to invest in renewable energy fields in 2023. With the future rise in electricity prices and the opportunity for renewable energy sources being difficult to obtain, we will prioritize providing clean energy for customers and the supply chain, accelerating the achievement of carbon neutrality and net zero emissions goals together.

In terms of quality and innovation in energy-saving techniques, Gudeng has been actively increasing production efficiency and reducing energy consumption through automated Manufacturing in recent years. We have introduced AI and AOI-related Inspection systems, replaced outdated and energy-consuming equipment, established automated production

lines, and improved processes, achieving a total benefit of NT\$90,030,580 for the entire Year of 2023. To achieve the goal of smart manufacturing, we are gradually introducing more advanced equipment and providing education and training to our members. Meanwhile, to streamline processes, we have set up an Improvement Proposal mechanism and project bonuses to encourage innovation. In 2024, Gudeng has allocated NT\$45 million for project bonuses and R&D bonuses, encouraging all employees to work hard and boldly try new things.

In recent years, the impacts of climate change have been significant. We continue to optimize our response Strategy and are committed to mitigation and adaptation. Gudeng's Board of Directors serves as the highest guiding and supervisory body, actively promoting sustainable development both within the Company and throughout the supply chain with transparency, collaboration, and clear goals. By adopting a sustainable mindset to address potential risks and opportunities, Gudeng aims to achieve sustainable development goals that benefit both the global and semiconductor industries.

*Whatever the heart can imagine,
And believe in,
Will eventually come true.*



Gudeng Precision Industrial Co., LTD. Chairman

邱銘乾

About Gudeng Precision

Gudeng Precision is committed to becoming a sustainable and responsible enterprise. Throughout its journey, Gudeng Precision has adhered to the vision of "becoming the preferred partner for leading global semiconductor companies in critical materials and innovative technology." It continuously fulfills its sustainable mission of "Nurturing employees with knowledge, enhancing the Company through management, impressing customers with services, and contributing to society through effectiveness." In 2023, the consolidated revenue reached NT\$5.08 billion, EPS NT\$10.24, and a gross margin of 48%. Revenue has seen double-digit growth for three consecutive years, and EPS has exceeded one share capital for two consecutive years.

In addition to the active development of its core business, Gudeng has continuously promoted various sustainable action plans in the areas of environment, society, and governance. Long-term and stable development is our commitment to all stakeholders.

Overview

Company Name	Gudeng Precision Industry Co., Ltd.
Establishment Date	1998/3/20
Company Headquarters	236041 9F-5, No. 2, Sec.4, Zhongyang Rd., Tucheng District, New Taipei City, Taiwan
Combined Revenue	5,078,345,000
Number of Employees	650
Gudeng's Vision/Duty	<ul style="list-style-type: none"> Providing global critical materials and innovative technologies The preferred partner for global industry leaders in critical material innovation technologies

Main product

1. Mask Carrier Solutions.
2. Wafer Carrier Solutions.
3. Semiconductor Equipment
4. Other services

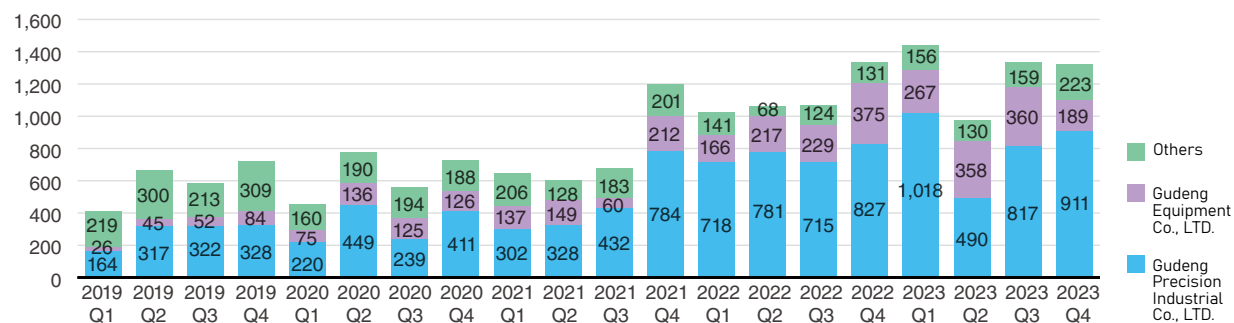
Aerospace Main Product

1. Hydraulic Damping Cylinder
2. High-Pressure Hydraulic Transmission Conduit
3. Dynamic Balance Motor Base
4. Positive and Negative Pressure Heat Conduction Isolator

Gudeng 2023 Finance Transformation Results

1. Revenue: After surpassing NT\$2 billion in 2019, it reached NT\$4.5 billion in 2022, and NT\$5.08 billion in 2023, an increase of 13% compared to the same period last year.
2. Gross Profit Margin: 2018 exceeded 20%, 2022 was 49%, 2023 is 48%
3. Yearly Earnings Per Share (EPS): 2018 was NT\$0.27, 2019 NT\$3.25, 2022 NT\$11.12, 2023 NT\$10.24
4. Market Share: Over 70% global market share for photomask pods, over 85% for EUV photomask pods, and FOUP wafer pods have successively passed certification from major customers, with more than half of Greater China customers using Gudeng as the baseline.

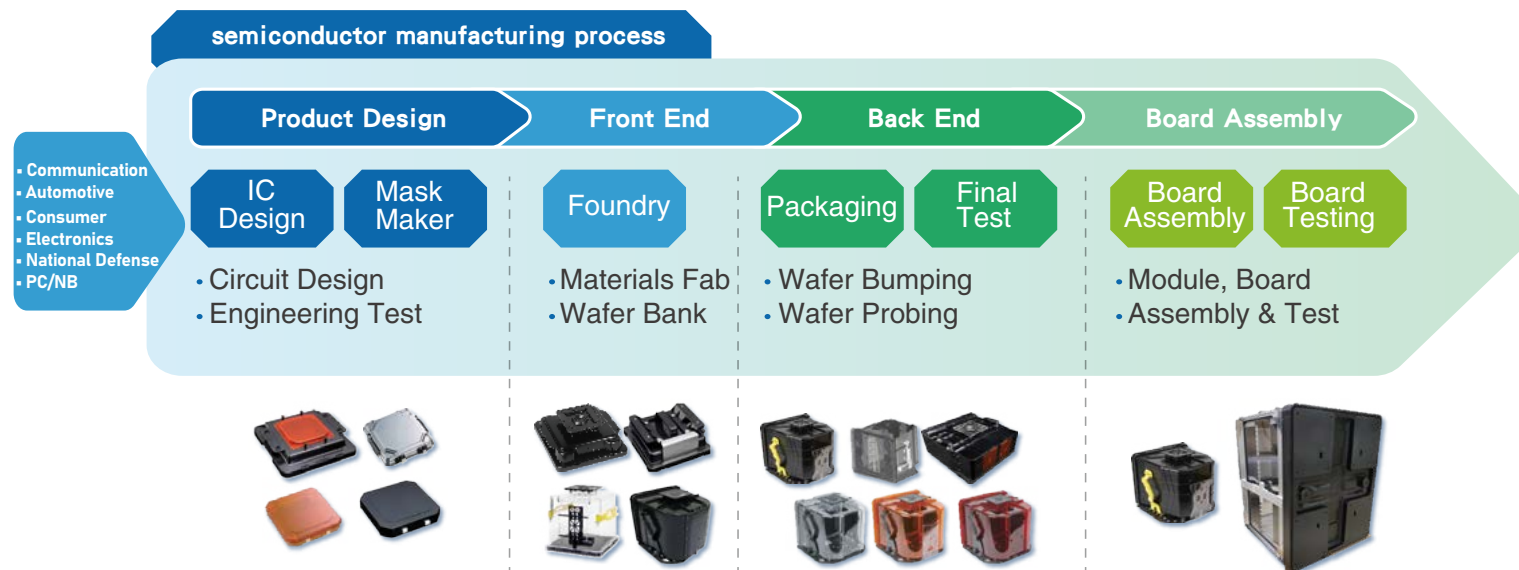
Gudeng Group Revenue (NT\$ million)



Innovative Service Model

Gudeng integrates its own techniques and supplier expertise across multiple domains, offering services in four major areas: Injection Molding, Processing Technologies, Equipment Design, and Material Testing. Under the "Co-Creation" system, it develops solutions that combine quality and advantages.

► [Semiconductor Layout](#) : Gudeng provides a one-stop solution, with four major product lines supplemented with related services, creating high innovation value.



Explanation of Purpose or Function:

Product Category	Important Purpose or Function
Mask Carriers Solutions	Provide optimal protection for masks during production and transportation, reducing electrostatic, micro-contamination, and particle generation: <ol style="list-style-type: none"> 1. Extreme Ultraviolet (EUV) Pod Mask Transfer Box, EUV (RSP 200) Low-Humidity Series 2. Full-size Mask Box Series Low-Humidity Mask Transfer Box Series 3. Standard Mechanical Interface (SMIF) High-End Mask Transfer Box Series 4. LCD 85 Series Large-size Mask Box, OHT MRSP Mask Transfer Box Series
Wafer Carriers Solutions	Ensure wafers are protected from contamination during semiconductor processing and transportation: <ol style="list-style-type: none"> 1. 18-inch Front-Opening Unified Pod (450mm FOUP) 18-inch Multi-Application Carrier (450mm MAC) 2. 12-inch Front-Opening Unified Pod (300mm FOUP) Light Cassette Fully Automatic Carrier PLP300 Fully Automatic Carrier 3. 8-inch Wafer Carrier (Lot Box), 8-inch Wafer Box (Glass Box), 8-inch Wafer Shipper (Cassette), 6-inch Wafer Box (Wafer Box) 4. 2/4/6-inch LED/Solar Wafer Carriers Other Wafer Box Series
Equipment	Provide storage space for clean masks: <ol style="list-style-type: none"> 1. Mask Micro-Contamination Control Nitrogen/Ultra-clean Gas Filling Equipment High-Cleanliness Mask Storage Cabinet 2. Mask Cleaning Machine Gas-Blow Mask Cleaning Machine 3. Inflatable Mask Storage Cabinet Wafer Transport Trolley (PGV)
Other Related services	<ol style="list-style-type: none"> 1. Product recycling, cleaning, and maintenance services for products, sales of fixtures, external purchases, plastic products, molds, spare parts, etc. Additionally, we offer contamination testing, ion testing, and other inspection services. 2. Mask/Wafer Carrier Cleaning Service, Micro-contamination Testing Service, Ion Testing, Precision Component Machining Service (Product Introduction Link)

Continuous Innovation

Technology Development Focus

Prevention of Gaseous Molecular Pollutants, Low Moisture Absorption High Gas Barrier and Transmission, Elimination of Static Electricity (ESD), Storage R&D Technologies

Customer Product Innovation Advantages

With abundant industry experience and R&D talent in micro-pollution prevention, material selection, equipment design, and equipment integration, and possessing numerous self-developed and patented technologies.

- **Aerospace Products:** Power Hydraulic Damping Cylinders, Dynamic Balance Motor Bases, Hydraulic Transmission High-Pressure Conduits, Positive and Negative Pressure Heat Conduction Isolation Sheets

Single Layer Tube



Double Layer Tube



OD: ϕ 0.625"
RM: INCO 625

Machine +Welding



Material: INCO 625

Casting Assembling



Raw Material: INCO 625



Material: INCO 718
Welding: FPI, X-ray, Swab Etch, Leak test



Raw Material: INCO 625

- **Aerospace Business Layout** : Gudeng officially entered the aerospace field in 2020, extending its core precision machining technology. By adhering to semiconductor high-precision standards, the AS 9100 Aerospace Quality Management System, and Nadcap special manufacturing process certification, Gudeng delivers a commitment to superior product quality.



▲ Aerospace certification: AS9100D

Revenue Proportion of Main Products in Gudeng Group

Unit: in thousands NT\$

Product Items	2021		2022		2023	
	Net Operating Revenue	Percentage (%)	Net Operating Revenue	Percentage (%)	Net Operating Revenue	Percentage (%)
Mask Carriers Products	1,454,479	47	2,380,923	53	2,330,972	46%
Wafer Carrier Product	387,866	12	653,771	14	967,118	19%
Equipment for Semiconductor Manufacturing	558,383	18	924,206	21	1,074,060	21%
Vehicles Trading	405,139	13	71,051	2	-	-
Consumables for Semiconductor Manufacturing Raw Materials	61,358	2	46,137	1	94,799	2%
Others ^(Note 1)	253,961	8	417,943	9	611,396	12%
Total	3,121,186	100	4,494,031	100	5,078,345	100%

Note 1: Others mainly comprise maintenance cleaning services, spare parts, etc.

Note 2: The above product category information is provided by our company.

► Main product sales regions :

The main sales (services) regions for the Company's products (services) in 2023: Domestic sales accounted for approximately 61%, while export sales accounted for approximately 39%. Compared to the same period last year, the domestic sales ratio increased by about 5%, mainly due to the large domestic sales to local customers for the EUV POD (Extreme Ultraviolet Photomask) products. Currently, our main customers include major domestic wafer foundries, central processing unit (CPU) manufacturers, semiconductor transfer and storage manufacturers, and mask manufacturers.

Unit: in thousands NT\$

Region/Year	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Domestic sales	1,877,083	60	2,956,077	66	3,105,154	61
Export Sales	1,244,103	40	1,537,954	34	1,973,191	39
Total	3,121,186	100	4,494,031	200	5,078,345	100



2023 Sustainable Key Performance and Award Recognition

E Environmental Sustainability

98

Assist suppliers with energy-saving diagnosis proposals

59 people

Number of Participants Obtained ISO 14064-1 certification

32%

Reduce unit revenue carbon emissions (Category 1, Category 2) by 2023 (with 2021 as the base year)

55%

Reduce unit revenue water consumption by 2023 (with 2021 as the base year)

21%

Unit revenue waste reduced by 2023 (with 2021 as the base year)

S Social Inclusion

39.94 hours

Total Hours of Internal Training Completed by Employees in the Year

NT\$ 16 million

Investment Amount in Social Welfare Activities

21 months

Average annual salary

NT\$ 40 million

Employee Project Bonuses

6%-20%

The 10th Corporate Governance Assessment

G Economic

15.03%

Revenue growth rate, reaching new highs for five consecutive years

10.24

EPS (NT\$)

624

Cumulative Patents until 2023

270 million

Total Amount of R&D Investment

► Company history

1998

- On March 20, Gudeng Precision was founded in Xinzhuang, focusing on plastic shell mold development.
- Initial capital: NT\$5 million.

2000

Entered the semiconductor front-end equipment and parts field, started researching components for photolithography processes.

2001

Achieved ISO 9001:2000 quality.

2005

Received the 13th Small and Medium Enterprise Innovation Research Award.

2005

Received the 11th Small Giant Award.

2009

- Obtained ISO 9001:2008 quality management system certification
- Obtained ISO 14001:2004 environmental management system certification.
- Received Taiwan Intellectual Property Management Standard (TIPS) certification.
- Received the 2009 Industrial Innovation Achievement Award.
- Received the 17th Ministry of Economic Affairs Industry Technology Development Award.



2017

Completion of the Construction of Tainan Tree Valley Plant

2016

Obtained ISO 14001:2015 Environmental Management System Certification

2014

- Received the 22nd Taiwan Excellence Award.
- Obtained company governance system assessment certification.
- Received Taiwan Intellectual Property Management Standard (TIPS) in-depth verification.

2013

Obtained ISO 9001:2008 international quality management certification.

2012

- Obtained OHSAS-18001 occupational safety and health management system certification.
- Received the 20th Taiwan Excellence Award.

2011

- Received the 21st National Quality Award.
- Received the 1st National Industry Innovation Award - Excellent Small and Medium Enterprise Award.
- Received the 18th Industry Innovation Award.



2019

Obtained Taiwan Intellectual Property Management Specification (TIPS) A-Level Verification

2020

- Obtained AS 9100D:2016 Aerospace Quality Management System Certification
- Obtained ISO 45001:2018 Occupational Health and Safety Management System Certification

2021

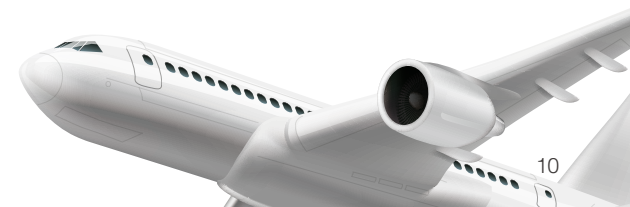
Recipient of the 6th Outstanding Middle-tier Enterprise Award

2022

- Received the 2022 National Talent Development Award.
- Received the 15th TCSA Sustainable Report Gold Award.
- Obtained the RBA Code of Conduct 200 Platinum Certificate.
- Obtained ISO 30401:2018 knowledge management certification.
- Obtained ISO 27001:2013 information security management certification.
- Obtained ISO 50001:2018 energy management system certification.
- Obtained the ISO 14064-1:2018 greenhouse gas inventory statement.

2023

- 16th TCSA Sustainable Report Platinum Award.
- Global Sustainability Citizen Award



Special Report 1

Building a Happy Workplace, Creating Friendly Families

In line with the "International Covenant on Civil and Political Rights" stated by the United Nations, the state should ensure that individuals are not discriminated against or treated differently based on race, color, gender, language, religion, or social status. Gudeng firmly believes that every individual deserves respect and should not be discriminated against for any reason. In addition to preventing malicious acts, Gudeng aims to provide employees with economic and physical and mental security. Director Ming-Chien Chiu also signed the "Diversity and Inclusion Declaration" in 2024, aiming to achieve DEI as the ultimate goal, developing a Friendly Workplace environment that allows the company and its employees to thrive together.



Gudeng Happy Workplace

1 Fair promotions

Gudeng has established the "Talent Promotion Management Measures," publicly providing the promotion points exchange table and the criteria for obtaining promotion qualifications, allowing all employees to fully understand the rules for promotion. In 2023, the promotion rate for biological females was 43.96%, with 100% of female high-level supervisors at the vice president level; approximately 11% of international employees received promotion opportunities. We look forward to having more partners from different countries lead the company forward in the future.

Gender	Gudeng Number of People	Gudeng employee Biological Gender Ratio	2023 Gudeng Number of People Promoted	2023 Gudeng Promotion Ratio
Biological male	383	59%	51	56.04%
Menstruation leave/ Female	267	41%	40	43.96%



2023 Promotion Status of Foreign Employees

Age	Gender	Indonesia	Philippines	Vietnam	Number of Promotions
Below 30 Years	Biological Female	-	1	15	1
	Biological Male	20	-	11	2
30-50 Years	Biological Female	-	18	10	3
	Biological Male	3	-	8	3
Above 50 Years	Biological Female	-	-	-	-
	Biological Male	-	-	-	-
Amount of Employees	Overall Number of People	23	19	44	9

2 Prevention of unlawful infringement in the workplace

Fully comply with the "Occupational Safety and Health Act," "Occupational Safety and Health Facility Regulations," "Sexual Harassment Prevention Act," "Sexual Assault Crime Prevention Act," and other regulations, and based on these, Intermittently promote to all employees through Monthly Meetings, LMS, and other channels. To eliminate any possibility of illegal violations, Gudeng has outlined the procedures for the prevention and disposal of workplace illegal violations in the ISO45001 Management Reports authority approval table. All incidents of violations will be reported to the General Manager, who will oversee and ensure fair handling to prevent exploitation and harassment, thereby safeguarding the physical and mental well-being of all colleagues.

3 Assist the young generation in establishing their homes, providing them with a place to settle

Considering the difficulties faced by the younger generation in establishing their own homes, Chairman Ming-Chien Chiu has decided to construct new houses and sell them at reduced prices to Gudeng employees. Currently, the structures of 14 households in Gudeng Fifth Estate have been completed and are undergoing interior decoration, while the 50 households in Sixth Estate are about to commence construction. The plan is to create a total of 64 Gudeng happy families and provide a housing fund of approximately NT\$2 million (translated to about a 15% discount from the market price for employees). Employees raising more than three children will have priority in purchasing homes. Additionally, the "Dormitory Management Measures" will allow employees who work outside their registered domicile to apply for employee dormitories, with rent set at half the current market price. For the youth group, including reserve cadres and industry-academia students, free dormitory accommodation is provided as an additional incentive.

Special Report 1

4 Encourage employees to have children

In order to ensure that partners can produce and raise offspring with peace of mind, Gudeng fully complies with the "Occupational Health and Safety Act", "Gender Equality in Employment Act", and "Act of Gender Equality in Employment's Implementation Regulations on Unpaid Parental Leave," enabling mothers to give birth and rest with peace of mind, and confidently return to the workplace after childbirth. In 2023, Gudeng also increased the childbirth subsidy to NT\$20,000 per person per occurrence and signed discount agreements with three nearby kindergartens and one childcare center, helping new parents alleviate the burden of parenting. In 2022, Gudeng introduced the Gudeng Baby Award. For parents who met and married while at Gudeng and subsequently had children, these children will be known as Gudeng Babies. The company will present blessing gifts, such as metal ornaments, to these parents at the year-end party. For outstanding employees' children, scholarship programs are also established, and employees' children who are still in school are widely invited to intern at the company.

year	childcare leave count	return to work count	number of "GUGENG babies"
2021	6	3	12
2022	5	3	
2023	5	5	

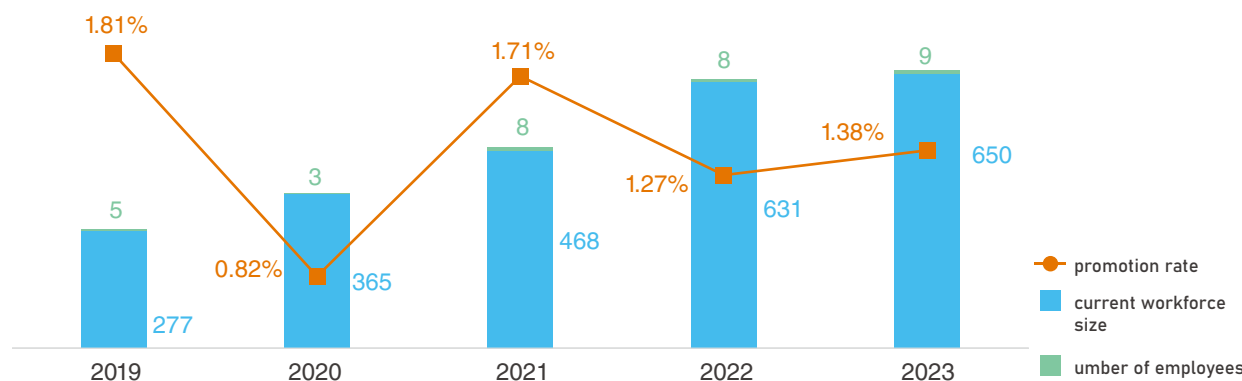
Note: A Gudeng baby is defined as a baby whose parents met and got married after they started working in Gudeng and were born while both parties were working.

5 Friends with disabilities are our important partners.

In the past three years, Gudeng has exceeded regulatory requirements in the employment of disabled partners. Upholding the principle of suitable Use for talents, these partners are equally able to have their own stage.

In addition to arranging work that is suitable for partners with disabilities, we also provide opportunities related to their interests that they can try or learn.

Employment numbers and promotion rates of persons with disabilities over the years.



6 Emergency relief, helping partners in need overcome difficulties

To care for partners experiencing major changes and help them return to normal life as soon as possible, Gudeng has established the "Emergency Assistance Management Measures," providing emergency assistance funds for families, medical emergencies, and other emergencies, allowing colleagues to advance two months' salary.

On the path to building a happy workplace, we have made solid strides, but this is just the beginning. We deeply understand that building a truly inclusive, fair, and loving work environment is a long-term process that requires continuous effort and constant improvement. Just as Gudeng has always upheld, every individual deserves respect and care, and every voice should be heard and valued. In the future, we will continue to move forward together, constantly exploring innovative ways to ensure that every employee finds a sense of belonging, safety, and happiness within Gudeng. At Gudeng, we believe that real success is not only about commercial prosperity but also the flourishing of every individual's spirit.



Special Report 2

Establishment of Green Supply Chain



Initiation Background

Gudeng Precision led 38 suppliers in hosting the **"Supply Chain Low-Carbon Transformation Inauguration Ceremony,"** officially launching the **"Gudeng Precision Supply Chain Low Carbon Transformation Project."** This project was selected by the Industrial Development Bureau of the Ministry of Economic Affairs and is expected to assist Gudeng in building a low-carbon semiconductor supply chain by 2025, moving towards a sustainable future.

Execution Content

The **"Gudeng Precision Supply Chain Low-Carbon Transformation Counseling Program"** will introduce digital carbon inventory and management. Each module incorporates international standard methodologies and databases to automatically calculate carbon emissions, integrate industry value chain data, manage and analyze carbon hotspots automatically, and set emission reduction goals, thereby assisting Gudeng in sustainable supply chain management and the consolidation of relevant product carbon footprint data. In addition, Gudeng assists companies in establishing net-zero talent, including multiple sustainability-related international standard education and training, such as the introduction of ISO 14064-1 organizational greenhouse gas inventory, ISO 20400 sustainable procurement guidelines, and other low carbon transformation management mechanisms; plant energy-saving diagnosis and improvement recommendations, and greenhouse gas verification guidance.



industry-specific carbon platform development

- tailored industrial methodology
- all-in-one carbon platform
- automated report generation



supply chain decarbonization

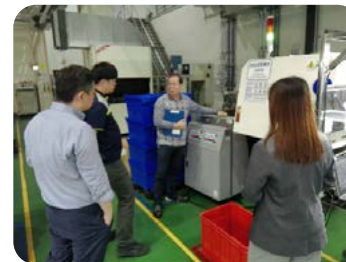
- carbon footprint auditing training
- energy audit by professional technicians
- transmission of Gudeng experience



Establishing sustainable supply chains to enhance industry competitiveness

- ISO20400
- supplier ESG evaluation
- ISO 14064-1 verification resources

Gudeng Precision provides third-party energy-saving technician resources, conducting on-site energy-saving diagnostics at supplier locations. In 2023, a total of 98 energy improvement solutions were proposed, achieving a total reduction benefit of 8,663 metric tons of CO₂e.



Gudeng's industry-specific carbon inventory consists of three major modules: organizational greenhouse gas inventory, product carbon footprint, and sustainable supply chain. Through the establishment of a digital carbon management platform, Gudeng assists downstream suppliers in conducting greenhouse gas inventories and management. This enables Gudeng's suppliers to transfer all carbon data to the dashboard digitally, eliminating the need to use Excel for form creation and saving administrative processing time.

- ★ Automatically identifying carbon emission source data through RPA, and automatically carrying out data processing, analysis, and transformation.
- ★ Carbon Emission Hotspot Analysis
- ★ Auto-generated reports
- ★ Intuitive Operation, One-Stop Solution for Carbon Inventory
- ★ Tailor-Made Industrial Methodology



Special Report 3

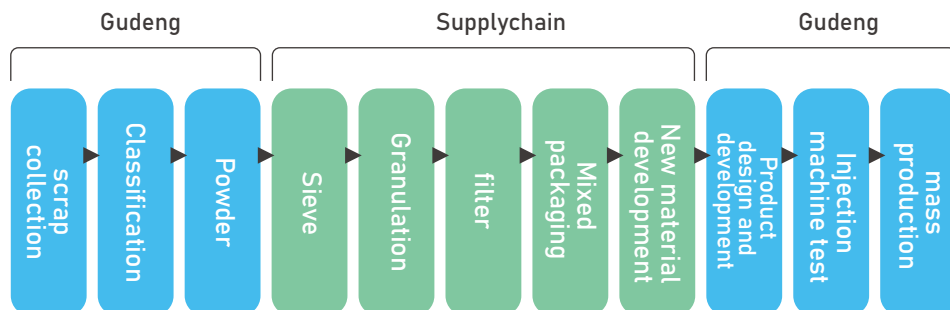
Transforming Waste into Good Material, Creating Circular Economy for Plastic Waste



Gudeng Precision provides professional photomask and wafer carrier manufacturing services with specialized injection molding technique and precision machining technique. However, during the production process, due to the need for pipe cleaning during product line changes, the company incurs significant costs annually by outsourcing waste handling to vendors. Since 2022, the Chairman has personally led the circular economy project, guided by the principles of **"sustainable operation"** and **"environmental love for the Earth."** The project actively plans to reprocess and reclaim these recyclable wastes to achieve resource reuse.

Resource circulation process:

- (1) Reclaim, classify, and crush in-factory production defects, scrap products, and production surplus into reclaimed materials;
- (2) Send reclaimed materials to collaborative developers to be remanufactured into secondary materials, which are then used in production to create recycled products (pallets, ergonomic chairs, logistics boxes);
- (3) Environmentally friendly recycled pallets and logistics boxes can be provided to suppliers for delivery and used for Customers, achieving the Goal of resource sharing and circular use.



Resource Investment

Gudeng Precision invested NT\$ 21 million to purchase a 2,200-ton injection molding machine, which, in addition to producing large-sized products for the company, was also used for producing eco-friendly pallets. Additionally, the mold opening cost for producing eco-friendly pallets was NT\$ 4.18 million. Gudeng Precision invests significant resources in the environmentally friendly pallets project, including the assessment and execution of in-house sub-material and waste recycling, collaboration with partner companies for recycled materials, model design, mold development, mold testing, and mass production of environmentally friendly pallets. Although the Cost of the eco-friendly pallet project far exceeds the operational gains, Gudeng Precision always stays ahead of customers and regulations in energy saving and net-zero carbon emissions. We hope that Gudeng Precision can be the strongest support for customers in Product Quality and energy-saving carbon reduction.



Project Highlights: Aluminum Ingot Becomes "Green" Ingot

Gudeng Precision has been cultivating the semiconductor carriers precision machining field for many years. In recent years, through CNC precision machining techniques, they have entered the aerospace precision components market. To meet customer expectations and reduce product carbon footprints, we continuously refine manufacturing processes to fulfill customer demands. In 2024, Gudeng Precision will introduce a crushing and compression unit to process aluminum shavings generated from the CNC manufacturing processes, significantly reducing the volume of the reclaimed material and consequently decreasing carbon emissions during transportation.



▲ Aluminum Shavings



▲ Chip Compressor



▲ Aluminum ingot



1

Sustainable Business Strategy

- 1.1 Sustainable Development Blueprint
- 1.2 ESG Implementation Framework
- 1.3 Implementation of the United Nations Sustainable Development Goals (SDGs)
- 1.4 Materiality Analysis and Stakeholder Engagement

1.1 Sustainable Business Strategy

1.1 Sustainable Development Blueprint

Providing globally critical materials and innovative technologies Cultivating global professionals in critical material innovation technology Becoming the preferred partner for "leading global semiconductor companies in critical materials and innovative technology"

Gudeng Precision, implying widespread recognition: becoming a world-class enterprise, reaching the pinnacle of success: Possessing world-class technology; the English name "Gudeng" also conveys "long-lasting" in the Minnan dialect, expressing our desire for sustainable operation in Taiwan, where employees can find family happiness and personal growth within the Gudeng Precision family. Additionally, through the efforts of our employees, all stakeholders can enjoy lasting happiness.

1. Implementing Corporate Governance :

In order to uphold the business philosophy of Gudeng and advance towards our mission and vision, we strive to enhance Gudeng Precision's global competitiveness. Our Founder established our core values and principles of "Integrity and Honesty", "Excellence and Innovation", "Proactive Accountability", "Win-Win Partnership", and "Team Collaboration". We are committed to promoting the corporate culture of being a Partner with H.E.A.R.T. (Heartfelt Service), and to Grow with P.A.S.S.I.ON. (Passionate Growth) within Gudeng Precision. This is hoped to become deeply rooted in the hearts of every Gudeng employee, firmly believing that sustainable development of the group requires continuous lifelong learning to gain a macro perspective. This serves as a foundation for innovation, allowing us to proactively meet customer needs. Through selfless experience sharing and the spirit of team collaboration, we collectively support each other to continuously pursue the growth of the Company, customers, suppliers, and other stakeholders, thereby strengthening our Corporate Governance blueprint.

2. Continuous Innovation Promotion :

Gudeng has invested decades of effort in the research and development of key products such as our EUV POD and FOUF, achieving high market share and multiple growth in production. We will continue to innovate technology and optimize system management integration, providing customers with one-stop solutions for high-end photomasks and wafer carriers. We also aim to diversify development into the aerospace industry, with the group's goal of achieving annual revenue of billions in five years.

3. Promoting Environmental Protection:

Gudeng Precision continues the ongoing promotion of a green supply chain, green manufacturing, and circular economy, and actively invests in clean energy. In addition to achieving RE100, EV100, and EP100 themselves, we also plan to share clean energy with upstream and downstream Supply chain partners, working together towards net-zero carbon emissions to form a green semiconductor industry chain.

4. Establishing a Friendly Workplace :

Gudeng Precision regards employees as important assets, providing compensation and benefits superior to industry peers, and is committed to the implementation of human rights, diversity and inclusion, and talent development policies. We aim to become a world-class organization for cultivating global key material innovation technology professionals.

5. Social Engagement:

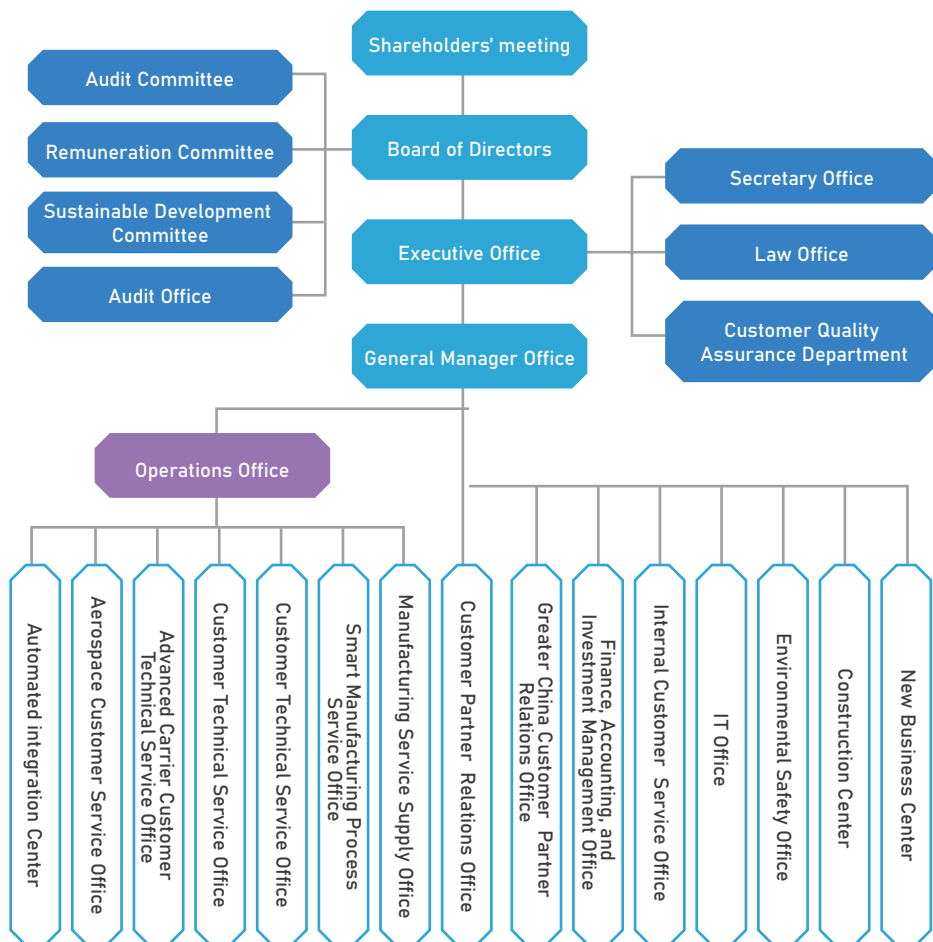
Following Gudeng Precision's core values of "Partner with H.E.A.R.T., grow with P.A.S.S.I.ON." and connecting with the "Sustainable Development Goal (SDGs)," we launch social service initiatives.



1.2 ESG Implementation Framework

Adhering to Gudeng's "Vision" and "Mission", we have established an ESG implementation framework based on the rigorous and disciplined lean production spirit of the manufacturing industry, and the service industry's attitude of partnering with customers and valuing customer needs. Leveraging the SDGs (United Nations Sustainable Development Goals) as a tool, we embark on sustainability, creating value together with stakeholders.












1. Gudeng Precision Organizational Chart:



2. Sustainability roles and corresponding units:

Sustainable role	Coordination Unit	Job Responsibilities
Risk Management	Business Continuity Management Mechanism Committee	Responsible for business operational risks identification, exercise operations planning, and formulating business continuity plans
Foundation for Sustainable Development	Sustainable Development Committee	1. Responsible for the implementation planning and control of sustainability projects 2. Responsible for integrating sustainable development thinking, ESG, and maintaining stakeholder relationships. 3. Propose a net-zero action plan in compliance with laws and regulations and international trends 4. International initiatives, ESG ratings and awards, and maintenance of stakeholder concerns
Corporate Governance	Finance Department	Responsible for the financial governance evaluation required by the Financial Supervisory Commission, enhancing the functions of the Board of Directors, and increasing the value of the Sustainable Corporation.
Information Security Management	Information Security Management Committee	Confirm the implementation of the Information Security Committee to maintain the confidentiality, integrity, and availability of the Company's information assets and protect customer and personal data privacy.
Environmental Management	Environmental Safety Office, Equipment Division	Follow the 2050 net-zero emissions goal, promote Sustainable Environment operations, and manage the environmental impact within the plant.
Social Value	Operations Office, Secretariat	Comply with the United Nations Sustainable Development Goals (SDGs) and promote the development of group social welfare based on the concept of taking from society and giving back to society.
Human Rights Management	Internal Customer Service Office	In accordance with the principles and spirit of the United Nations Universal Declaration of Human Rights, United Nations Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, we promote basic human rights and policies of diversity and inclusion principles.
Value chain management	Internal Customer Service Office	From the perspective of environmental and social responsibility, promote the Company's sustainable procurement Policy to ensure the Company develops a more responsible supply chain.

1.3 Implementation of the United Nations Sustainable Development Goals (SDGs)


















Gudeng ESG Implementation Direction	Corresponding SDGs	2023 Highlights and Performance	Short-term Goals (2024)	Medium-term Goals (2025)	Long-term Goals (2030)
Friendly Workplace	  	<ol style="list-style-type: none"> Total Budget for Employee Training (NT\$) reached \$2,608,035, with 21,794 participants A total of 126 internal trainers have been trained. Total employee training hours for the year reached 38,395 hours. Publicly announced diversity and inclusion declaration The percentage of promotion for biologically female reached 43.96%. The percentage of female high-level supervisors at the Vice President level reached 100%. Employment rate of persons with disabilities reached 1.38% Average training hours per person for safety and health education to reach 5.65 hours Full subsidy for employees' annual health checkup 	<ol style="list-style-type: none"> >90% Talent Cultivation and Retention in key value chain capabilities Regularly train digital lecturers, establish a competency training map The average amount of annual learning hours for employees is 50 hours. Construct a company culture of diversity and inclusion through Training and Education and briefings Continuously promote employees' physical and mental health 	<ol style="list-style-type: none"> Increase employee satisfaction Cultivate talent reserves Ongoing promotion of innovation and enhancing Competitiveness Increase the percentage of diversified recruitment Continue to provide a disability-friendly environment Continuously optimize the diversified and inclusive Policy and processes 	<ol style="list-style-type: none"> Establish internal awards for trainers to encourage knowledge transfer. Initiate succession planning. The average amount of annual learning hours for employees is 80 hours. LMS Provide over 1,000 online courses
Implementation of Corporate governance		<ol style="list-style-type: none"> Consolidated revenue reached NT\$5.08 billion, with an ESP of NT\$10.24 Provide 185 quality job opportunities Employees' annual salary is about 21 months, with an average of 9 months of year-end bonuses. Maintained the ranking of 6% to 20% in corporate governance evaluation 17 courses in total were conducted on the subjects of Trade Secrets, Information Security Promotion and Prevention, Company Management Philosophy, Business Ethics, Management Implications Courses, and TIPS Intellectual Property. 	<ol style="list-style-type: none"> Appoint at least one female director Obtained ISO 22301 business continuity management system certification. Continuously strengthen employees' awareness of Trade Secrets, Information Security pre vention promotion, Company Management Philosophy, Business Ethics, Management Implications, TIPS Intellectual Property, and other aspects. 	<ol style="list-style-type: none"> Continuously enhancing the diversity of the Board of Directors members Maintain the top five in corporate governance evaluation. 	Maintain the top five in corporate governance evaluation.
Participation in Social Activities	 	Participated in 17 Social Welfare Items, with a total benefit amount of NT\$16 million. Supported Items include "Arts and Culture Support," "Community Care," "Support for the Disadvantaged," "Diverse Training," and "Environmental Conservation."	Continuously participate in five major Social Welfare Items	Support various public welfare activities through donations, volunteer Service, or cooperative projects	Actively participate in Social Welfare activities, supporting public welfare undertakings in areas such as Education, health, poverty alleviation, and disaster relief, giving back to society.
Ongoing Promotion of Sustainable Innovation	  	<ol style="list-style-type: none"> Led by the Chairman, the recycling project developed recycled pallets, ergonomic plastic chairs, and logistics boxes. Customer transportation using reusable material packaging for shipments and recycling Investment in renewable energy site (Mailiao Township, Yunlin: 50MW Solar Power Plant), planning for renewable energy use 	<ol style="list-style-type: none"> Increase R&D bonuses, encourage Employees to propose environmental improvement suggestions, promote technology innovation, and reduce environmental impact Continuously optimize recycling and regeneration projects, establishing emerging business models 	Reducing product carbon footprint through equipment renewal and process optimization	Achieve product carbon neutrality goal by reducing GHG emissions, increasing carbon sequestration, etc.
Promoting environmental protection	 	<ol style="list-style-type: none"> Complete the self-assessment of the product carbon footprint of key products. Launch the initiative to promote carbon reduction in the industry, establishing an industry-specific carbon platform Gudeng Precision executed 7 energy-saving projects, saving 748,000 kWh of electricity Provide suppliers with 98 energy improvement solutions, with a projected total reduction benefit of 8,663 metric tons of CO2e. Two sessions of ISO 14064-1 Internal Audit training courses on building supplier carbon inventory capabilities were held, with a total of 59 personnel obtaining international certification. 	<ol style="list-style-type: none"> Expand Scope 3 inventory, assist suppliers in implementing ISO 14064-1, and provide free platform accounts to enhance inventory efficiency and accuracy through digital means. Launch 11 energy-saving initiatives to achieve a carbon reduction goal of over 1,000 tons. 	<ol style="list-style-type: none"> Follow the carbon reduction path set by the SBTi Gudeng and 38 supply chain partners achieved the Goal of reducing carbon emissions by 10,000 tons. Planning to introduce renewable energy source 	<ol style="list-style-type: none"> Obtained SBTi carbon reduction target certification Achieve RE60













1.4 Materiality Analysis and Stakeholder Engagement

Step 1	Identification of Stakeholders	Identify stakeholders using the AA1000 SES (2015) "Stakeholder Engagement Standard" recommended criteria, including five dimensions: dependency, responsibility, tension, influence, and diverse perspectives, with a five-point scoring system as the criterion. This includes employees, customers, shareholders/investors, suppliers, community residents/non-profit organizations, media, and government agencies, totaling seven major stakeholder groups.
Step 2	Identification of Sustainability Themes	To ensure the completeness of the covered issues and fully understand the issues of concern to stakeholders, we refer to international sustainability standards and guidelines (MSCI, SASB, GRI Universal Standards), the United Nations Sustainable Development Goals (SDGs), issues of concern from the previous year, corporate governance assessment requirements, and feedback from stakeholders. Relevant responsible units discuss and identify various issues, summarizing them into 24 issues.
Step 3	Assess Stakeholder Materiality for Internal and External Stakeholders	Using an online questionnaire, we collected the degree of concern on sustainability issues from the key stakeholders defined in Step 1, reclaiming a total of 203 valid questionnaires.
Step 4	Identification of sustainability themes impact	Convened by the Sustainability Office, the relevant departments identify the impact situations and time frames of sustainability issues, and evaluate the Value Chain Impact Boundary and the degree of involvement.
Step 5	Assessing the significance of the impacts of Material topics	By consolidating the analytical results from steps 3 and 4, the Sustainability Office refers to regulatory/legal requirements, management systems, Internal Audit, grievance mechanism opinions, Media reports, and other Information. The evaluation of the significance of the impact on economic, environmental, and human (including human rights) aspects of 11 Material Topics related to operational activities is conducted by scoring "severity" and "frequency" on a scale of 1 to 5.
Step 6	The order of Material Topics and Disclosure Content	Identified by the Sustainable Development Committee based on impact assessment results, there are 11 Material topics for this year. In accordance with the requirements of the GRI Universal Standards, prioritize Material topics and disclose Management and Policies on Material Topics, mechanisms, implementation status, and performance results.

Results of External Survey on Sustainability Issues and Impact Identification

Gudeng Precision uses the "[ESG Sustainability Issues Questionnaire](#)" to understand stakeholder concerns regarding ESG issues. In 2023, a total of 203 valid responses were collected. Analysis shows that the top two issues of concern for internal and external stakeholders are quality management and sustainable supply, followed by technique innovation, climate and energy management, Water Resources and Waste Management, talent attraction and retention, Talent Development, information security, human rights, Occupational Health and Safety, and social inclusion. Additionally, we employed an impact assessment sheet to identify the impact and timeframe of 11 issues and evaluate the impact boundaries and involvement of the value chain.

Importance	Material topics	Stakeholder Materiality (5-point scale)	Importance and Strategies for Gudeng Precision (High/Moderate Relevance)					Value Chain Impact Boundary			Corresponding SDGs Goals	Potential risks	Potential Opportunities	Response Sections in this Report
			Increase Revenue	Operation Risk	R&D Innovation	Customers Satisfaction	employee Cohesion	Upstream Customers	Gudeng Precision	Downstream Supplier				
1	Quality Management	4.82	V		V	V		●	●		 	Product quality failing to meet customer specifications resulted in returns, delayed deliveries, or refunds, leading to a decline in revenue.	Regularly tracking customer satisfaction, adhering to the vision of "the preferred partner for global semiconductor industry leaders in critical material innovation technologies," gaining customers' trust, increasing revenue, and establishing Long-term cooperative relationships.	3.2 Quality Management
2	Sustainable Supply Chain	4.75	V	V				◎	●	●	     	Risk of supply and material shortages leading to a decrease in productivity	Jointly build a close industry chain to increase customer trust and boost order volume.	2.3 Sustainable supply chain
3	Technique Innovation	4.74	V		V	V		●	●		  	Lose market competitiveness	Gudeng prides itself as a manufacturing service company, quickly understanding customer needs and earning customer trust.	3.1 Technology Innovation
4	Climate and Energy Management	4.61	V	V		V		●	●	◎	  	Failure to meet the carbon reduction goal set by stakeholders has led to a decline in the Company's reputation and trust.	With the determination to achieve net-zero emissions by 2050 as the goal, we are actively investing in renewable energy sources to build the Company's competitive advantage.	4.1 Climate and Energy Management
5	Water Resources and Waste Management	4.60		V				●	●	◎	  	Fined by the Supervisory Authority Stakeholders' confidence level decreased	Promote water resource recycling and regeneration projects, produce recycled pallets, logistics boxes, chairs, etc., reduce procurement costs, and achieve regeneration and recycling goals.	4.2 Water Resources and Waste Management

Importance	Material topics	Stakeholder Materiality (5-point scale)	Importance and Strategies for Gudeng Precision (High/Moderate Relevance)					Value Chain Impact Boundary			Corresponding SDGs Goals	Potential risks	Potential Opportunities	Response Sections in this Report
			Increase Revenue	Operation Risk	R&D Innovation	Customers Satisfaction	employee Cohesion	Upstream Customers	Gudeng Precision	Downstream Supplier				
6	Talent Recruitment and Retainment	4.56	V		V		V	◎	●	◎	 	Failure to Meet Recruitment Needs and High Turnover Rate	Enhance employee cohesion, Initiate succession planning to ensure the sustainable transfer of knowledge and experience.	5.2 Human Rights Management
7	Talent Development	4.55	V		V		V		●		 	Employee work efficiency has declined Product technology lost competitiveness	Enhance employees' professional knowledge and construct a knowledge-intensive and differentiated network for the Company	5.3 Talent Development
8	Information Security	4.53		V		V	V	●	●	◎		Compensation and reputational damage caused by the leakage of stakeholder data	Implement ISO 27001 to enhance stakeholder trust and satisfaction	2.2 Information Security
9	human rights	4.21				V	V		●		  	Fines or reputational damage resulting from violations of laws or the Code of Conduct - Responsible Business Alliance	Improved Corporate Image and Meeting Customer Expectations	5.4 Human rights
10	Occupational Health and Safety	4.17		V			V		●		 	Employees or contractors get injured, or accidents cause production interruptions	Maintaining a good corporate social image, providing workers with a safe and stable work environment to achieve high-quality work performance	5.6 Occupational Health and Safety
11	Social Inclusion	4.09					V	◎	●	◎	 	Impact on Corporate Image	Ongoing Promotion of donations and volunteer Service with five main Social Welfare themes to exert corporate influence	6. Social Inclusion

Material Topics Risk and Opportunities

	Material topics	Operational Importance	Key Performance Indicators	2023 Goal Achievement Status	2023 Goal	Short-term goals for 2024-2025	Medium and long-term goals for 2026
1	Quality Management	<ul style="list-style-type: none"> "Quality Technologization, Process Intelligence", enhance Product Quality, and develop competitive Delivery and Service 	<ul style="list-style-type: none"> Annual Customer Satisfaction Survey Customer Complaint Cases 	V V V V V X	<ul style="list-style-type: none"> Strengthen management capacity, with SPC basic data accuracy goal $\geq 100\%$ Establish a robot process RPA project team to optimize daily operation efficiency. Pass the aerospace NADCAP certification Customer satisfaction reaches 85 points After handling customer complaints, issue satisfaction surveys to achieve a satisfaction score of 80 points Fewer than 6 Customer Complaints 	<ul style="list-style-type: none"> Product Complaints by Customers < 6 ESG, RBA material deficiencies count = 0 	<ul style="list-style-type: none"> Introduce intelligent processes, promote process improvement projects, and achieve quality management goals through technologization.
2	Sustainable Supply Chain	<ul style="list-style-type: none"> Follow the RBA policy to communicate with suppliers annually, strive for the implementation of Supplier Management, reduce risk, and establish a stable and Sustainable Development semiconductor alliance strategy partner. 	<ul style="list-style-type: none"> The achievement rate of signing social responsibility commitment statements for new suppliers 	V	<ul style="list-style-type: none"> 100% signing of the Social Responsibility Commitment Letter. 	<ul style="list-style-type: none"> Maintain 100% implementation of all new suppliers signing the Social Responsibility Commitment Letter. 	<ul style="list-style-type: none"> Conduct annual assessments for key suppliers/contractors. If they fail to meet the standards, provide guidance to assist them in improvement and maintain a good partnership. Provide guidance to the supply chain for carbon reduction, introduce a greenhouse gas inventory mechanism, gradually use renewable energy, and set climate change goals in advance to reduce long-term operating costs.
3	Technique Innovation	<ul style="list-style-type: none"> Strengthen research and development capabilities and build a patent map 	<ul style="list-style-type: none"> Number of patent applications 	V V V	<ul style="list-style-type: none"> Apply for 18 patents Continue to invest in R&D Research and develop new technologies 	<ul style="list-style-type: none"> Application for Verification by the New TIPS Management Mechanism Apply for more than 10 patents 	<ul style="list-style-type: none"> Annual routine maintenance of TIPS, continuous enhancement of patent strategy layout, detailed plan can refer to Gudeng
4	Climate and Energy Management	<ul style="list-style-type: none"> Following the TCFD framework, disclose climate governance-related information to increase information transparency. Improve energy resource use efficiency, reduce production carbon emissions, and lower operating impact risks 	<ul style="list-style-type: none"> GHG emissions intensity per unit revenue 	V V V	<ul style="list-style-type: none"> Reduce unit revenue electricity consumption by 4% by 2023 (with 2021 as the base year). Reduce unit revenue carbon emissions by 4% by 2023 (with 2021 as the base year). Promote 8 energy-saving projects with a target saving of 6 million. 	<ul style="list-style-type: none"> Reduce unit revenue carbon emissions by 2%. 	<ul style="list-style-type: none"> Reduce unit revenue carbon emissions by 2% annually.
			<ul style="list-style-type: none"> Identification of Climate Risk and Opportunities (TCFD Framework) 	V	<ul style="list-style-type: none"> Introduced TCFD climate-related financial disclosures with the assistance of external consultants. 	<ul style="list-style-type: none"> Maintain climate risk and opportunity identification (annually) 	<ul style="list-style-type: none"> Maintain climate risk and opportunity identification (annually)
5	Water Resources and Waste Management	<ul style="list-style-type: none"> Through process and equipment improvements, enhance water use efficiency. Improve waste reuse rate, reduce raw materials consumption and environmental emissions, lower Operating Costs and environmental impact 	<ul style="list-style-type: none"> Water Resource Consumption Intensity per Unit Revenue Waste Reuse Rate 	V V V V	<ul style="list-style-type: none"> Increase process water recycling rate to 60% Reduce unit revenue water consumption by 6% by 2023 (with 2021 as the base year) Unit revenue waste reduced by 4% by 2023 (with 2021 as the base year) 	<ul style="list-style-type: none"> Reduce unit revenue water consumption by 3%. Unit revenue waste reduced by 2% 	<ul style="list-style-type: none"> Maintain reducing unit revenue water consumption by 3% annually Maintain an annual 2% reduction in unit revenue waste






	Material topics	Operational Importance	Key Performance Indicators	2023 Goal Achievement Status	2023 Goal	Short-term goals for 2024-2025	Medium and long-term goals for 2026
6	Talent Recruitment and Retainment	<ul style="list-style-type: none"> Talents are key to the Company's global market competitiveness. Green manufacturing processes, Products, and Services all rely on the implementation by excellent talents. 	<ul style="list-style-type: none"> Talent Cultivation and Retainment in Critical value chain Capabilities 	V	<ul style="list-style-type: none"> >90% Talent Cultivation and Retention in key value chain capabilities 	<ul style="list-style-type: none"> Talent Cultivation and Keep for key value chain capability > 90% 	<ul style="list-style-type: none"> >90% Talent Cultivation and Retention in key value chain capabilities
7	Talent Development	<ul style="list-style-type: none"> Build semiconductor professionals, strengthen talent cultivation, and promote the succession system 	<ul style="list-style-type: none"> Number of online courses on LMS Course Satisfaction Average training hours per person 	V V V	<ul style="list-style-type: none"> Awarded the National Talent Development Award Optimize the Semiconductor Professional Program at Gudeng University The average amount of annual learning hours for employees is 50 hours. 	<ul style="list-style-type: none"> Number of online courses on LMS >350 Course satisfaction score > 90 points Average Training Hours per Person > 60 hours 	<ul style="list-style-type: none"> Gudeng originates from the corporate core values of "Partner with H.E.A.R.T., grow with PASSION", and adheres to the principles of ISO 21001, continuously optimizing Talent Development policies.
8	Information Security	<ul style="list-style-type: none"> Build a Traceable and Complete IT System, Implementation of Information Security Risk Management 	<ul style="list-style-type: none"> Number of material Information Security incidents 	V V	<ul style="list-style-type: none"> Promote the hardware service upgrade plan, invest 30 million in building ICT infrastructure, hyper-converged infrastructure, and improve information security protection networks. 	<ul style="list-style-type: none"> Number of material Information Security incidents=0 	<ul style="list-style-type: none"> According to Gudeng achieving "Lean production, Smart manufacturing" Become a vendor that values both speed and security in the eyes of customers and a traceable and complete IT system
9	human rights	<ul style="list-style-type: none"> Elimination of discrimination and equal employment opportunities, In the face of a diverse talent pool and market, create a more equal and inclusive Friendly Workplace environment. 	<ul style="list-style-type: none"> Number of discrimination cases 	V V	<ul style="list-style-type: none"> Cases of discrimination = 0 Completion rate for the Human Rights Policy course for new employees = 100% 	<ul style="list-style-type: none"> Number of discrimination cases = 0 100% completion rate for new employees in Human Rights Policy courses 	<ul style="list-style-type: none"> Gudeng abides by the regulations of all Operating Locations worldwide, endorses and supports the Universal Declaration of Human Rights, and treats all employees, contractors, temporary staff, and interns with dignity and respect. Review the Human Rights Policy annually to strengthen and improve Human Rights Management.
10	Occupational Health and Safety	<ul style="list-style-type: none"> Prioritize employee safety and health, continuously optimize the workplace environment 	<ul style="list-style-type: none"> Number of significant occupational accident incidents Education and Training completion rate 	V V	<ul style="list-style-type: none"> No significant occupational accidents or penalty incidents 100% training completion rate for new employees, and an average of 4.17hours of training per person 	<ul style="list-style-type: none"> Number of significant occupational accidents = 0 100% completion rate for new employee education and training 	<ul style="list-style-type: none"> Regularly conduct occupational safety training, emergency drills, and review hazard identification risk assessments, eliminate medium-to-high-risk factors, and reduce the possibility of their occurrence Maintain employee health by scheduling annual employee health check-ups and intermittently organizing health promotion activities
11	Social Inclusion	<ul style="list-style-type: none"> Utilize corporate resources to continuously drive social progress and build a more inclusive and sustainable society. 	<ul style="list-style-type: none"> Number of Social Welfare Commitments 	V	<ul style="list-style-type: none"> Social Welfare Commitment 17 items 	<ul style="list-style-type: none"> Social Welfare Commitment: 18 cases 	<ul style="list-style-type: none"> We envision establishing a public welfare foundation, systematically expanding the scope of public welfare activities, and effectively evaluating the efficiency of resources invested.



Stakeholder engagement

Considering that any decision made during the Company's operation will affect or be affected by various related stakeholders, Gudeng Precision has formulated a blueprint for sustainable development and corporate social responsibility based on the opinions and feedback of stakeholders, taking into account their concerns and expectations, and establishing effective communication methods as the basis for continuous improvement.

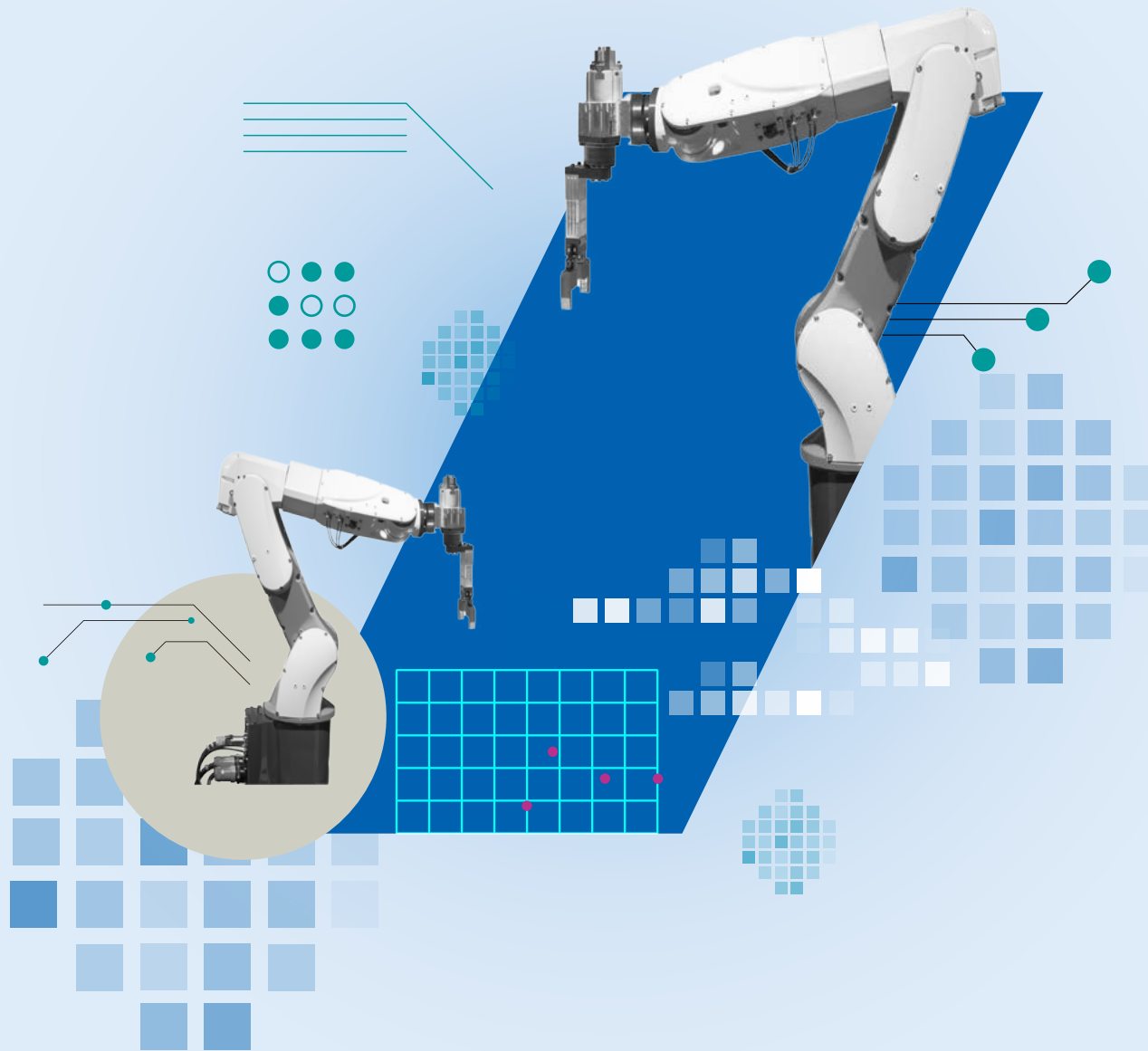
Gudeng Precision identifies stakeholders based on the AA1000 Stakeholder Engagement Standard's five principles: Dependence, Accountability, Influence, Diversity of Perspectives, and Attention. The Company has identified stakeholders for 2023: employees, customers, shareholders and investors, suppliers, community residents/non-profit organizations, media, and government agencies. Gudeng Precision has established diverse and smooth bidirectional communication channels to understand stakeholders' concerns and feedback, providing important references for the Company's long-term future business strategies and goals. In addition to establishing communication channels with stakeholders, Gudeng Precision also discloses ESG sustainability management information on our official website and shares the achievements of the Company's governance, environmental ecology, and social inclusion with stakeholders through annual reports, financial reports, and other public information.

stakeholder	Issues of Concern	Communication Channel	Communication Frequency	2023 Communication Result	Gudeng Precision's Response and Improvement Policies
 Customers	From the customer's perspective, we are committed to providing products and services that satisfy customers and create the greatest value for them.	<ul style="list-style-type: none"> Product and Service Quality Climate Change Response Strategy Development Strategy and Operational Status R&D and Innovation Information Security and Privacy Maintenance 	<ul style="list-style-type: none"> Customer Satisfaction Survey: Annually Business Visits: Anytime Information Security Assessment: Anytime Customer Annual Audit Evaluation Questionnaire: Intermittently Product Development Project Meeting: Weekly, Intermittently 	<ul style="list-style-type: none"> Conduct customer satisfaction surveys once a year Actively participate in CDP questionnaires and be rated as B- Participate in 1 domestic and international semiconductor event 	<ul style="list-style-type: none"> Implement feedback from the Customer Sustainable Self-Assessment Questionnaire, focusing on stakeholder issues, and continuously improving ourselves Strengthen climate change response measures, aiming for a CDP rating of B Customer Service Satisfaction reached 93 points and will continue to improve. R&D and Innovation expenditure accounts for approximately 7% Received National Quality Award Recognition
 employee	Employees are the most valuable asset of Gudeng. In addition to safeguarding employees' rights, we also respect and care for their well-being.	<ul style="list-style-type: none"> Operational Strategy Index Explanation Company Development Strategy and Operational Status Remuneration and Benefits Talent Training and Development Workplace Health and Safety Human Rights Policy 	<ul style="list-style-type: none"> Monthly Meetings: Monthly Employee Welfare Committee: Intermittently Labor/Management Meeting: Quarterly Employee Commitment Survey: Annually Internal Satisfaction Survey: Twice a year Company Intranet, Bulletin Board: Anytime Human Rights Policy: Quarterly Employee Suggestion Box, Confidential Complaint Hotline: Intermittently 	<ul style="list-style-type: none"> Conducted 12 meetings of the Employee Welfare Committee Held labor-management meetings 4 times Held 4 meetings of the Occupational Health, Safety, and Environmental Protection Committee 	<ul style="list-style-type: none"> Quarterly Labor-Management Communication Strengthen education and training regarding job responsibilities. Implementation of talent training plans, recognized by the National Talent Development Award Achieved 38,395 hours of usage on the LMS for digital learning

stakeholder	Issues of Concern	Communication Channel	Communication Frequency	2023 Communication Result	Gudeng Precision's Response and Improvement Policies
 Supply chain partners	<p>Supply chain partners are indispensable. Suppliers or contractors can determine a company's future operation. Therefore, Gudeng Precision establishes its operational foundation through rigorous supplier/contractor management.</p> <ul style="list-style-type: none"> Service Quality, Delivery, and Price Integrity Management and Conflict Minerals Environmental, Health, and Safety Management Development Strategy and Operational Status Labor/Management Relations and Human Rights Net Zero Carbon Emissions and Energy Resource Management 	<p>Supplier Conference</p> <p>Supplier Evaluation System: Questionnaire Survey and Audit Visits</p> <p>Procurement Contracts and Commitments</p>	<p>Annually</p> <p>Annually</p> <p>Annually</p>	<ul style="list-style-type: none"> Hold supplier conferences and evaluations every year to communicate product and service quality requirements, integrity and ethics requirements, and management concepts with suppliers. Collaborated with supply chain partners to purchase eco-friendly recycled pallets for inbound and outbound shipments, reducing environmental impact Conduct questionnaire surveys and audit visits annually Initiated the Scope 3 greenhouse gas inventory plan, and in 2023 guided 59 Number of Participants to obtain ISO 14064-1 Internal Audit certification. Supply chain low carbon transformation, providing Tier 1 suppliers with energy-saving guidance reports and continuously tracking improvement status 	<ul style="list-style-type: none"> Adopt ISO 20400, implementation of sustainable procurement guidelines, and joint sustainable development with suppliers Collaborate with 38 key suppliers from 2023 to 2025 to initiate the Low Carbon Transformation Project
 Shareholders and Investors	<p>Gudeng Precision deeply appreciates the long-term support from its shareholders and investors. As a responsible company, we are committed to transparent and prudent management policies to provide feedback to our shareholders and investors. We will continue to grow steadily and uphold our principles of transparency and autonomy.</p> <ul style="list-style-type: none"> Corporate governance Sustainable Development Strategy Operating Performance Risk management Market effects ESG Performance 	<p>Shareholders' Meeting</p> <p>Financial Annual Report</p> <p>Corporate Briefings</p> <p>Company website - Investment information, investor relations, contact window</p>	<p>Annually</p> <p>Annually</p> <p>Intermittently</p> <p>Intermittently</p>	<ul style="list-style-type: none"> Issue financial reports four times as required Participate in corporate governance assessments conducted by the Securities and Futures Market Development Foundation once Hold one shareholders' meeting Hold five corporate briefings Release material information in Chinese and English on the MOPS 	<ul style="list-style-type: none"> Conduct at least one corporate briefing each quarter to provide shareholders with timely and accurate information Issue English versions of annual reports, financial reports, and other public information for international investors Continuously monitor and improve corporate governance assessment items
 Community Residents/Non-profit Organizations	<p>Gudeng Precision focuses on public welfare feedback based on the SDGs, extending from individuals and families to society. We encourage employees and the public to participate and gradually expand our charitable impact.</p> <ul style="list-style-type: none"> Environmental Management Employment (or Internship) Opportunities Community Feedback and Investment Compliance with laws and regulations 	<p>Building Management Committee</p> <p>Community Activities or Symposia</p> <p>Community Activities or Symposiums</p> <p>Company website - Contact information for various service locations</p>	<p>Intermittently</p> <p>Intermittently</p> <p>Intermittently</p> <p>Intermittently</p>	<ul style="list-style-type: none"> Serves as a member of the Building Management Committee, regularly participates in discussions on environmental-related matters with the committee, and maintains good relationships with other building residents or companies. Industry-Academia Cooperation recruited 25 people Engaged in 17 Social Welfare activities 	<ul style="list-style-type: none"> Company Initiatives, Employee Autonomy, Continued Development of Five Material Social Welfare Themes Continued promotion of Community Activities or Symposia

stakeholder	Issues of Concern	Communication Channel	Communication Frequency	2023 Communication Result	Gudeng Precision's Response and Improvement Policies
 Media	<p>Media serves as an important bridge for Gudeng Precision's external communication. Through media channels, we can timely and accurately deliver company information to various stakeholders, upholding the principles of transparency and autonomy.</p> <ul style="list-style-type: none"> Sustainable Development Strategy Operating Performance Group Operational Strategy Environmental Issues 	<p>Press Release</p> <p>Media dinner</p>	<p>Monthly</p> <p>Intermittently</p>	<ul style="list-style-type: none"> Annual company anniversary celebration Issue 12 press releases Initiate the Company website update plan to design more user-friendly browsing pages and enhance communication with investors 	<ul style="list-style-type: none"> Gudeng has long maintained media relations, with more than 30 long-term contacts in the media and cooperation with more than 20 newspapers and magazines.
 Government Agencies	<p>Compliance with regulations is the fundamental corporate culture of Gudeng Precision. We cooperate with government policies, follow decrees, and create a law-abiding workplace environment, fulfilling our obligations as a company.</p> <ul style="list-style-type: none"> Compliance with Laws and Policies Prevent environmental pollution and conserve energy resources Personnel Safety and Health Corporate Governance Assessment 	<p>Correspondence, significant messages</p> <p>Regulatory Compliance Meetings</p> <p>Symposiums or Workshops</p> <p>MOPS</p>	<p>Intermittently</p> <p>Intermittently</p> <p>Intermittently</p> <p>Intermittently</p>	<ul style="list-style-type: none"> Hold one quarterly Occupational Safety and Health Committee meeting Release material information in Chinese and English on the MOPS 	<ul style="list-style-type: none"> No material violations occurred in 2023 Participate in corporate governance assessments conducted by the Securities and Futures Market Development Foundation once, continuously follow policy requirements to develop sustainable corporation operations.

Note: Significant illegal matters are handled in accordance with the "Verification and Public Disclosure Procedures for Material Information of Listed Companies" of the Taiwan Stock Exchange



2

Sustainable Governance

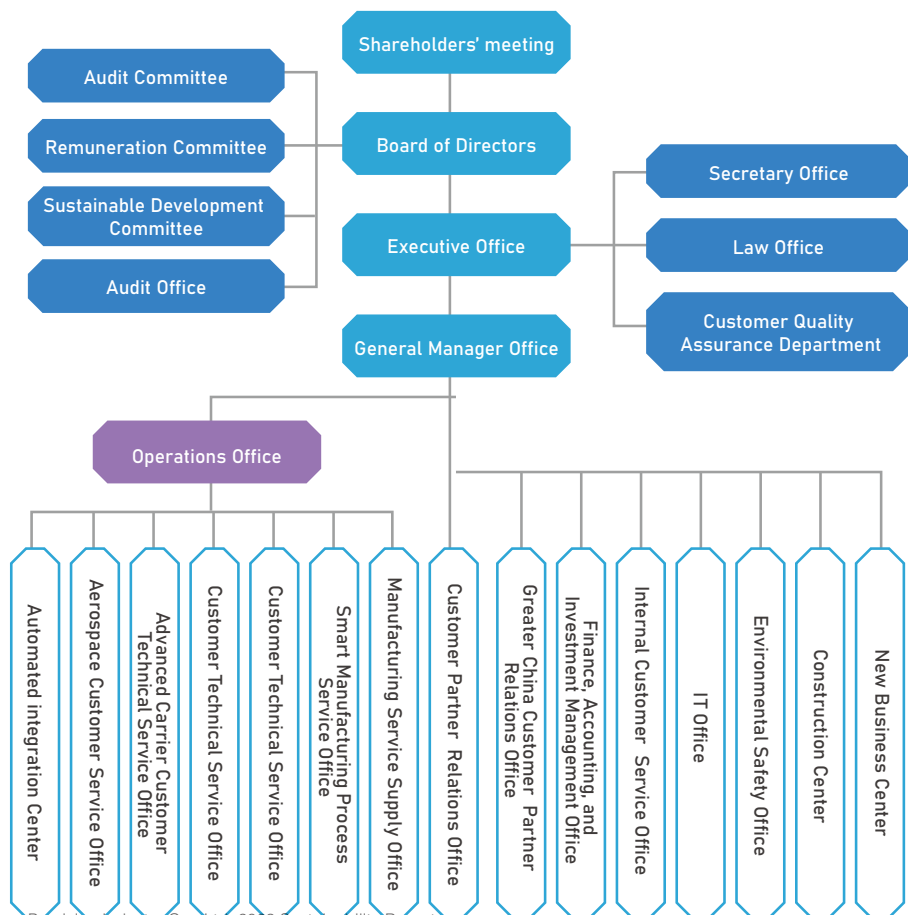
- 2.1 Organization Overview
- 2.2 Information Security
- 2.3 Sustainable supply chain

2.1 Organization Overview

● Corporate Governance Principles

Gudeng Precision is committed to continuously ensuring the legitimate rights and interests of its shareholders while also considering the interests of other stakeholders. Effective corporate governance should enable the Board of Directors and management to achieve operational goals in a manner that aligns with the best interests of the Company and all shareholders. It assists in business management operations and provides an effective supervision mechanism to encourage the optimal use of resources, enhance efficiency, thereby increasing competitiveness, and promoting the social welfare of all.

● Corporate Governance Structure Chart



Gudeng Corporate Governance Principles



Protecting Shareholder Rights



Strengthen the functions of the board of directors



Respect Stakeholder Interests



Enhancing Information Transparency

2.1.1 Financial Performance

In 2023, the group's annual consolidated revenue was NT\$5.078 billion, an increase of 13% compared to the previous year's consolidated revenue of NT\$4.494 billion; the gross margin was 48%, compared to 49% the previous year; net income attributable to the owners of the Company was NT\$905 million, a decrease of 3.01% compared to the previous year's net income of NT\$933 million, and earnings per share were NT\$10.24. The first quarter of 2023 achieved a YOY growth rate of over 40%, demonstrating that Gudeng's operational strategy of focusing on the core semiconductor business over the past two years has received the best feedback and validation. Benefiting from strong business growth, the Company can maintain a stable profit margin even with increases in share capital, demonstrating steady growth in metrics such as net asset value per share, return on equity, and return on assets. This prudent use of shareholder funds meets shareholders' expectations for profit and rewards them with profits. Detailed financial information can be found in Gudeng Precision's financial report:



Unit: in thousand NT\$

Item/Year	2019	2020	2021	2022	2023
Operating Revenue	1,213,811	1,430,164	1,994,676	3,159,978	3,495,633
Gross Profit	602,854	600,622	941,111	1,590,892	1,630,427
Operating Margin	160,639	24,023	338,607	724,886	634,966
Net income	224,155	460,312	336,660	933,071	905,006
Net income	3.25	6.18	4.03	11.12	10.24

Note: Individual financial data from 2019 to 2023

Economic Value Distributed to Stakeholders

Unit: in thousands NT\$

Items	Details	2019	2020	2021	2022	2023
Economic Value Generated	Operating Revenue	1,213,811	1,430,164	1,994,676	3,159,978	3,495,633
Economic Value Distributed	Operating Costs	610,957	829,542	1,053,535	1,569,086	1,865,206
	Employee Salaries and Benefits	312,958	457,138	473,858	763,483	741,109
	Payments to Shareholders	150,616	406,630	234,715	336,998	377,883
	Payments to Governments	47,767	109,045	73,854	135,156	79,741
	Community Investment	509	1,253	5,892	5,480	16,566
Retained Economic Value		403,962	83,694	626,680	1,113,772	416,942

Gudeng Precision's shareholder structure is mainly composed of individuals and non-government organizations, with 13.19% being international institutions. Therefore, the Company also discloses its annual reports, financial reports, and sustainability reports in both Chinese and English versions on its official website and public platforms. Data on shareholding and dividend policies for 2023 are disclosed in the 2023 annual report, please refer to pages 63-65 for details.

Shareholder Structure Amount	Government Institution	Financial Institution	Securities Investment Trust Funds	Company Act Human Resource	Other Corporation	Individuals	International Institutions and International People	Total
Number of People	-	18	77	107	15	14,643	131	14,991
Number of Shares	-	2,245,946	12,398,064	11,422,108	3,537,535	52,255,925	12,437,926	94,297,504
Shareholding (%)	-	2.38	15.33	12.11	3.75	55.42	13.19	100.00

Note: Shareholding structure as of March 26, 2024.

Tax Governance

Gudeng Precision adheres to the corporate culture of integrity and conducts all tax governance in compliance with local tax regulations set by the competent authorities. The Company's operations also conform to local legal regulations to ensure the rights and interests of the Company and relevant stakeholders. To effectively control tax risks, the Company follows tax discipline and requires all employees to comply with it, practicing the spirit of honest operation and striving for sustainable development.

- In accordance with the tax regulations of each country, the Company honestly pays taxes and does not use tax havens or other means to evade taxes.
- The Company considers tax implications for important business decisions and significant transactions.
- Financial reporting information disclosure follows the relevant legal requirements and is audited by third-party accounting firms.
- Maintaining good interactions with tax authorities to ensure timely communication of tax information and issues.
- Ensuring that the Company's financial and tax systems are implemented in accordance with regulatory requirements through internal control mechanisms and risk management.
- Regularly confirming whether local and international tax regulations have been updated to ensure the timely updating of the Company's tax system.

Effective Tax Rate

Unit: in thousand NT\$

Items	2020	2021	2022	2023
Pre-Tax Income	569,357	410,514	1,068,227	984,747
Income Tax Expense	109,045	73,854	135,156	79,741
Effective Tax Rate (%)	19.15%	17.99%	12.65%	8.10%
Tax Payments	24,911	133,660	160,555	192,709
Cash Tax Rate	4.38%	32.56%	15.03%	19.57%

2.1.2 Board of Directors Governance

● Board of Directors Governance

The Gudeng Precision Board of Directors is the Company's highest governance body. The term of the seventh Board of Directors is from July 30, 2021, to May 23, 2024. Based on gender equality, diverse age groups, and professional backgrounds among board members, a full re-election of directors will take place at the end of the term on May 24, 2024. The eighth Board of Directors will consist of nine members, including one female Director. In the future, the diversity of board members will continue to be promoted.

● Corporate governance operations

To ensure effective independent supervision and checks and balances, the Board of Directors holds regular meetings to confirm the Company's operational direction and financial status, provide professional strategies and guidance to the management team, supervise operational performance, and ensure that the Company operates in compliance with the Company's articles of incorporation and relevant laws and regulations. In 2023, the Board of Directors held a total of 10 meetings. For important resolutions of the shareholders' meeting and their implementation, please refer to the [Company's Annual Report on page 52](#).

● Board of Directors Nomination Process

Gudeng Precision has formulated the "Corporate Governance Best Practice Principles" and set diversified policies in the "Enhancing the Function of the Board of Directors" section, requiring board members to be nominated and selected in accordance with the Company's articles of incorporation and adopting the candidate nomination system. The following two aspects are also taken into consideration:

- I. Basic Conditions and Values: Gender, age, nationality, and culture.
- II. Professional Knowledge and Skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

● Diversified Backgrounds and Core Competencies of the Board of Directors

Gudeng Precision, based on the "Corporate Governance Best Practice Principles," requires board members to have expertise in various areas, including operational judgment, accounting and financial analysis, legal affairs, Risk management, Industry Knowledge, Decision-Making Abilities, Crisis Handling, and International Market Perspectives. In recent years, due to the Company's development strategy and changes in internal and external environments, the focus has also been on green energy and environmental protection industry experiences to achieve the goal of balanced governance. To become a global leader in semiconductor key materials, Chairman Chiu, Ming-Chien and Director Tien-Jui Lin have refined mold and CNC injection technologies, which not only contribute to technological technical innovation in existing business areas but also initiate the development of new aerospace businesses. In pursuit of achieving 100% renewable energy usage under the RE100 initiative, the Company has formulated energy resource management strategies and leverages the international market perspective of Independent Director Chia-Hung Chin and the experience in the green energy industry from Director Chih-Fang Wei. In the overall selection process of the Board of Directors, not only are diverse backgrounds, professional skills, and experience considered, but also the individual's reputation in ethical behavior and leadership is highly valued.

● Board Independence and Gender and Age Statistics

In 2023, the seventh Board of Directors consists of 8 directors, with employee directors accounting for 25%, independent directors accounting for 50%. Two directors are aged over 60, six directors are aged between 50-60, and in 2023, the percentage of male directors is 100%. For detailed information on the Board of Directors and Background Information, please refer to the [Company's annual report, P. 18](#).

● Board Performance Evaluation Mechanism

The Company has established measures for evaluating the performance of the Board of Directors and conducts these performance evaluations annually. In addition to the annual self-assessment using questionnaires to evaluate the participation level in company operations, the quality of board decisions, internal relationship management and communication, continuous learning, internal controls, and other performance implementation aspects, the Company conducts an external performance evaluation every three years. This external evaluation provides objective insights for improvement, aiming to seek further optimization measures and achieve sustainable development goals. The evaluation results are also used as references for individual director remuneration and reappointment nominations.

● Director Performance and Compensation System

The Company has established the performance evaluation methods for the Board of Directors and conducts regular annual performance evaluations. These evaluations consider the tenure of individual directors, emphasizing their participation in operations, professional competencies, continuous learning, management of internal and external relationships, understanding of group strategies, and formulation of ESG issues. The individual director performance evaluation results are provided to the Remuneration Committee as references for individual director remuneration and reappointment nominations.

To enhance transparency in corporate governance information, Gudeng plans to establish a reasonable ratio of director-to-employee salaries to share operational achievements. The remuneration of the board members will be disclosed independently. For details, please refer to [page 41 of the Company's annual report](#).

● Avoidance of Conflict of Interest Mechanism for Directors

The Company has established the "Code of Integrity Management", "Code of Ethical Behavior", and "Whistleblower System", which declare the commitment to transparent operation and integrity in fulfilling obligations to shareholders. The directors and managers of the Company are aware of the Company Act, Securities and Exchange Act, relevant regulations for listed and over-the-counter companies, and other relevant laws and regulations. They strictly adhere to the principles of avoiding conflicts of interest and anti-corruption. According to the "Rules of the Board of Directors", when an agenda involves matters on which directors themselves or their representatives, as defined in the above regulations, should avoid due to self-interest that may harm the Company's interests, the directors must voluntarily abstain from participating in the discussion and voting. They are also not allowed to act as proxies for other directors to exercise voting rights. The names of the relevant directors, important explanations, and abstention situations are recorded in the meeting minutes to comply with the best interests of stakeholders. The information on whether the directors of the Company serve in other shareholders' meetings or not has been disclosed in detail in the [18th page of the annual report](#).

2.1.3 Integrity Management

Gudeng Precision is founded on the principles of "integrity and morality", striving to establish a strong culture of integrity within the Company, adhering to Integrity Management, refraining from accepting improper benefits, avoiding conflicts of interest, and protecting business confidentiality.

To promote a culture of integrity in business operations and establish a sound business operation model, Gudeng Precision has formulated our "Code of Ethics", "Code of Conduct", and a "Whistleblower System", declaring a commitment to transparent operations and integrity in business to shareholders.



Compliance:

Gudeng Precision's directors, managers, and employees all adhere to and are aware of the Code of Conduct, Article 4 of which states, "The Company shall comply with the Company Act, Securities Exchange Act, Commercial Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Officials Conflict of Interest Avoidance Act, and other laws and regulations related to business operations, as the basic premise of practicing integrity in business". In addition, an audit office is established under the Board of Directors as a dedicated unit, with sufficient resources and competent personnel, to establish an internal control system according to the guidelines and rules for processing, updating the guidelines and responsibilities for formulating and supervising the implementation of the policy of integrity management and prevention programs, including the scope of laws and regulations such as the Company Act and the Securities Exchange Act. Each unit conducts internal control self-assessment, including compliance with laws and regulations and awareness of ethical norms, and potential risk assessment, adjusts the design and implementation of internal control systems, and sets audit plans to implement a self-monitoring mechanism. The audit results are regularly reported to the Audit Committee and the Board of Directors every quarter; finally, an internal control statement is issued, which is approved by the Audit Committee and the Board of Directors, announced, and reported to the shareholders' meeting.



Zero Tolerance for Corruption:

Through annual internal control self-assessment, Gudeng requires all factories, departments, and subsidiaries to conduct self-inspections of their business affairs, including compliance with the Code of Conduct, RBA Code of Conduct, business ethics, and legal compliance. The Company explicitly prohibits its employees or third parties from providing, promising, requesting, or accepting illegal political donations, bribery, embezzlement, improper charity donations or sponsorships, unreasonable gifts, entertainment, or other improper benefits, and establishes preventive measures and procedures to address such issues. Integrity management courses are also included in the mandatory training for new employees and are periodically conducted to inform and educate employees, managers, and directors about the relevant regulations to enhance their understanding of integrity and self-discipline.



Educational Training and Advocacy Integrity Management (Anti-corruption, Business Ethics, etc.) Status

Gudeng Precision regularly invites internal and external lecturers to conduct educational training and advocacy for employees, managers, directors, and substantial controllers to fully understand the Company's commitment to integrity management, policies, preventive measures, and consequences of violating integrity.

New Employees received training on the Code of Ethics, Integrity Management Code, and Anti-corruption courses, achieving a 100% completion rate in 2023. Additionally, in the November 2023 Monthly Meetings, advocacy on Trade Secrets Law and Code of Ethics topics was conducted for all employees in Taiwan (including Tucheng Headquarters, Fuxing Plant, Tree Valley Plant, and Tainan Branch) for 0.5 hours, with a 98.2% completion rate.



Advocacy to Suppliers and Partners

Gudeng Precision provides the RBA Responsible Business Conduct Guidelines to suppliers, covering topics such as labor, health and safety, environmental protection, ethics, and management systems. Suppliers are required to comply with the Code of Conduct and sign a "Statement of Compliance with Ethical Norms." In 2023, the return signing rate for the "Statement of Compliance with Ethical Norms" was 100%. Advocacy to Suppliers and Partners: Gudeng requires suppliers to comply with the Code of Conduct and RBA Code of Conduct and to sign a "Statement of Compliance with Ethical Norms" through annual audits to ensure that suppliers also adhere to corporate social responsibility.



Whistleblower bounty

The whistleblower reward system has well-established channels, covers reporting on corruption, fraud, and theft of trade secrets, among others. The Company strictly adheres to conflict of interest avoidance and ensures the rights of stakeholders. For daily operations, a risk assessment mechanism is used to identify material risks and related risk departments. Regular audits are conducted, and job rotations are used to actively prevent potential risks.



Gudeng Precision's Whistleblower and Complaint Channel:



Internal and External Complaint Channels: GDaudit@gudeng.com
Internal and External Complaints Phone Number: 02-2268-9141 Ext. 1116

Integrity Management Policy

Gudeng adheres to the principles of integrity, transparency, and responsibility in its management philosophy, follows relevant laws such as the Company Act and corporate governance policies, and formulates policies based on integrity, with timely amendments approved by the Board of Directors, to establish good corporate governance and risk control mechanisms, creating a sustainable business environment.



The Company also discloses the "Code of Conduct" and "Practical Guidelines for Corporate Governance" in the corporate governance section and on the public information website, continuously updating and promoting various governance outcomes.

2.1.4 Risk Management and Internal Control

Risk Management Policy

Gudeng Precision, established for over 20 years, has always adhered to rigorous risk management principles, facing unknown risks and continuously adjusting and improving the best risk management practices to protect the interests of employees, shareholders, partners, and customers.

To respond promptly to the occurrence of risks, a risk reporting mechanism is also established, with channels such as "Employee Suggestion Mailbox", ["Internal and External Whistleblower Mailbox"](#) and ["Stakeholder Contact Zone"](#) to proactively collect potential risk items.

Risk Management Organizational Operation

In June 2022, Gudeng Precision established the Risk Management Committee, with the Board of Directors as the highest governance unit. The CEO serves as the chief executive in charge of risk management. The General Manager, operation manager, and first-line supervisors serve as the frontline risk management personnel. They conduct various risk detection, identification, assessment, and formulate related countermeasures. They regularly review and supervise operational meetings, and establish relevant response teams for different risks and events, assigning responsible supervisors to coordinate responses. In terms of the internal control system, the audit unit is responsible for auditing and implementing all risk assessments, and the results are regularly reported to the Audit Committee and the Board of Directors by the corporate governance supervisor.

- On November 6, 2020, the Board of Directors approved the addition of the "Risk Management Policy".
- On August 5, 2022, the "Risk Management Policy" was revised and approved by the Board of Directors to align with international trends and practice sustainable development.
- On December 21, 2022, the Board of Directors conducted the annual "Risk Management Plan Operation Report" to address risk identification and operational status.
- On June 23, 2022, the Risk Management Committee was established to promote the Group's Business Continuity Management (BCM) for continuous operation.
- In 2023, introduced the ISO 22301 Business Continuity Management System to promote the Group's Business Continuity Management (BCM) for continuous operation.

Business Continuity Management Mechanism

Gudeng Precision adheres to the Business Continuity Plan (BCP), conducting regular reviews and strategic adjustments. Department-level supervisors jointly form the "Operations Continuity Management Committee," which regularly collects internal and external information through various departments to identify and assess potential future risk factors. This strengthens the coordination, evaluation, review, and implementation of emergency response capabilities, discusses significant risk management issues, and ensures the interests of the Company's shareholders and all stakeholders. This approach also aligns with customers' demands for quality and stable production capacity.

Risk Management Scope

Each year, Gudeng Precision's Operational Continuity Management Committee collects risk events, sources, and consequences in the three material areas of economy, environment, and information security. They identify risk items, and the results are then reviewed and assessed in a matrix mode, evaluating internal and external risks, the probability of occurrence, and the severity of their impact on the Company. Risk levels are defined, and contingency measures are formulated according to the risk level.

2.1 Organization Overview

2.2 Information Security

2.3 Sustainable supply chain

Risk Categories	Potential Risks	Contingency Measures and Objectives
Financial Operations	<ul style="list-style-type: none"> International Exchange Risk Interest Rate Risk Capital Utilization Risk Accounts Receivable 	<ul style="list-style-type: none"> To avoid most international exchange risks, the Company uses natural hedging properties by matching sales revenue from overseas products with cash payments for purchasing materials in international currencies. The Company also monitors international exchange market movements and employs financial hedging instruments, such as forward contracts for international exchange, to mitigate related exchange rate risks. The Company maintains a reserve of operating funds for more than six months and maintains close relationships with partner banks, retaining short, medium, and long-term credit lines for operational turnover.
Supply Chain Risks	<ul style="list-style-type: none"> Raw Material Shortages Supplier Management Incoming Quality 	<ul style="list-style-type: none"> Mechanism for safety stock of essential raw materials. Obtain quotes from at least two suppliers for the same material to reduce procurement concentration risk. Forecast Order Management Conduct Tier supply chain investigations Cultivate Local Supply Chain Alliances
R&D and Innovation	<ul style="list-style-type: none"> Intellectual Property and Legal Disputes Risk of Key R&D Personnel Departure Trade Secrets 	<ul style="list-style-type: none"> Strengthen patent protection and management. Implement Taiwan's Intellectual Property Management System (TIPS) to enhance intellectual property protection and database management. Establish a systematic patent knowledge management system, including patent retrieval and related information. Strengthen knowledge management, require research and development personnel to maintain research logs and records, hold regular research design meetings for technical exchanges, and preserve related research documents. Upload all research processes, including model review records and experimental test content, to the PDM system.
Operational Risks	<ul style="list-style-type: none"> Industry Cycles and Macroeconomic Impact Risks Geopolitical Risks Customer Strategy Adjustments Information Security 	<ul style="list-style-type: none"> Maintain robust funds and operations, and closely monitor international development trends. Actively seek new markets and customers to diversify revenue sources and mitigate potential risks. Cultivate partnerships with customers to jointly develop products and proactively grasp market information. Strategic investments and organization of semiconductor local alliances Introduce Information and Communication Technology (ICT) infrastructure service upgrades, including Hyper-Converged Infrastructure. Hyper-Converged Infrastructure
Climate Change	<ul style="list-style-type: none"> Energy rationing in Summer Water scarcity Occupational accidents 	<ul style="list-style-type: none"> Comply with regulatory requirements: Establish the ISO 45001 Occupational Health and Safety Management System, meet or exceed environmental and occupational safety legal requirements, plan and implement four material labor health protection projects, and aim for a "workplace with zero risk" to ensure steady development with safety as a priority. Enhancing Safety Awareness: Fulfilling safety responsibilities at all levels of employees, considering it as a top priority for all supervisors, exerting influence, collectively eliminating hazards, preventing accidents and occupational diseases. This includes conducting on-site hazard identification activities to eliminate workplace risks and enhance safety in the work environment, promoting a positive safety culture. Environmental and Safety Performance Indicators and Statistics: Regularly updating and announcing various safety performance indicators as benchmarks for continuous improvement in environmental and occupational safety management. Additionally, periodic statistics of resource utilization, emissions data, and analysis of incidents are conducted to formulate preventive measures, strengthening self-assessment for achieving outstanding performance.
Human resources	<ul style="list-style-type: none"> Human Rights Due Diligence Talent Resource Gap 	<ul style="list-style-type: none"> Implement "Human Rights Policy", identify human rights issues, and formulate corresponding management measures. Regularly assess effectiveness and adjust management measures to control and mitigate risks, ensuring human rights protection in all company issues. Retention issue: Retain essential technical talents through annual salary adjustment reviews based on market standards. Establish an employee advocacy platform, including complaint hotline, exclusive email for complaints, employee-specific information website, employee discussion forum, labor-management meetings, welfare committee meetings, etc., to provide employees with channels to reflect issues.

2.1.5 Internal Audit

Organization of the Audit Office

The Audit Office is under the jurisdiction of the Board of Directors. It is led by one Audit Manager responsible for the overall internal audit affairs of the Company. The Audit Manager supervises the internal audit operations, and the appointment and dismissal of the Audit Manager require the approval of the Board of Directors. Additionally, an appropriate number of dedicated audit personnel are assigned to handle regular and ad-hoc audits and project-based assessments within the group. Regarding the appointment and dismissal of the Audit Manager, it must be approved by the Board of Directors. The appointment, performance evaluation, and remuneration of other internal audit personnel are signed and reported by the Audit Manager to the Chairman of the Company.

Operation of Internal Audit

- Annual Audit: Develop an audit plan each year based on risk assessment and regulatory requirements, which is approved by the Board of Directors before implementation. Monthly reporting of audit results by the audit manager to the Board of Directors/supervisors, and quarterly routine audit business reports at board meetings.
- Project Audit: Conduct periodic project-based audits based on the operational and management needs of the Board of Directors and senior management. Project Audit: Conduct periodic project-based audits based on the operational and management needs of the Board of Directors and senior management.

Audit Process



2.2 Information Security (Material Topic)

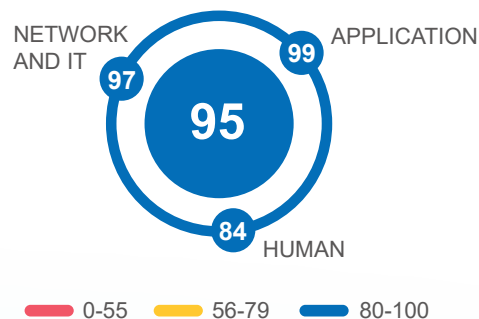
Material topics	Information Security	
Policy	To protect company R&D achievements, trade secrets, compliance with laws and regulations, and contractual requirements, rigorous information security policies are formulated to ensure the protection of company assets and critical information with confidentiality, integrity, and availability.	
2023 Achievements	Short-term goals for 2024	Medium and long-term goals from 2025 to 2030
<ul style="list-style-type: none"> Passed the ISO 27001:2013 Annual Audit, ensuring the continuous implementation and improvement of the Company's information security policy. Upgraded the AD server and Exchange server, established VPN multi-factor authentication to prevent confidential data leakage, and made enterprise forms mobile, maintaining flexibility and efficiency Promote the hardware service upgrade plan, invest 30 million in building ICT infrastructure, hyper-converged infrastructure, and improve information security protection networks. Comply with TSMC-SCSA (Supplier Chain Security Association) cybersecurity guidelines, use third-party information security risk assessment and cooperate with customers to build a resilient information security joint defense. Comply with the Intel Supplier Security Assessment Platform Scorecard to ensure key customer procurement without security concerns. 	<ul style="list-style-type: none"> Implement the new version of ISO/IEC 27001:2022 standard Introducing MDR Service, using AI technology to predict behavior trends and intercept security threat paths, providing enhanced Information Security protection, and thoroughly eliminating external attacks. Enhance real-time monitoring and analysis control equipment for internal users' internet behaviors to prevent information security incidents caused by inappropriate actions of internal users, comprehensively blocking the potential for internal personnel-initiated cyber-attacks. Strengthen the file output tracking mechanism, reducing the risk of improper reuse when sensitive information such as R&D drawings and data are transmitted externally. 	<ul style="list-style-type: none"> To meet the requirements of key customers, we pass third-party information security evaluations every year, such as Scorecard and Panorays. Continuously implement information security operations and monitoring mechanisms, such as intermittently conducting social engineering information security drills, to help cultivate information security awareness among colleagues. Continuously revise and promote information security goals and strategies to align with organizational operation goals and strategies, ensuring consistency between information security and salesperson goals, and providing continuous top-down feedback on the information security governance framework to reduce information security risks.

2.2.1 Year Information Security Strategic Focus: Lean Production, Smart Manufacturing

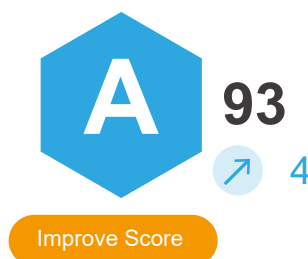
Objective 1: Become a Vendor Valued by Customers for Speed and Security

The Company adopts the information and communication technology security governance framework to guide and control the organization's information security activities. The purpose is to ensure that information security is aligned with organizational objectives and strategies, and to provide continuous feedback on the information and communication technology security governance framework from top to bottom, reducing information security risks and ensuring compliance with the TSMC-SCSA (Supplier Chain Security Association) information security requirements. Throughout the year, the Company undergoes comprehensive assessments by the enterprise information security evaluation service Panorays and the Intel Supplier Security Assessment Platform Scorecard to ensure that key customers' procurement has no information security concerns.

Panorays score on the TSMC-SCSA evaluation



Scorecard score on the Intel supplier cybersecurity evaluation



Note: Third-party organizations Panorays and Scorecard intermittently monitor the network behaviors related to the Company and test the Company's network equipment. If new system vulnerabilities are not promptly patched, Panorays and Scorecard will immediately deduct points, which will be added back only after the Company has addressed the issues. The purpose is to ensure the Company's information security protection meets their standards. Therefore, the Company needs to constantly monitor score changes to maintain the effectiveness of Information Security Measures.

Information Security Governance and Responsibility Framework

Based on risk assessment results and actual needs, and prioritizing risk issues that require improvement, design risk improvement plans,

Management Level

Management should focus on the threats faced by the organization and decide response measures and priorities for existing risks.

Business Level

Identify critical business and systems to ensure that potential risks are effectively controlled.

Operations Level

According to the intentions of the management and the criticality of the business, ensure that important information assets are fully protected.

Objective 2: Achieve a Traceable and Complete IT System

Strengthen internal system service quality and implement continuous operational management planning to avoid risk-triggered interruptions, allowing systems to continue to operate and maintain availability and confidentiality. The Company has planned to invest 30 million in upgrading the ICT infrastructure hardware services to a hyper-converged infrastructure. This will enhance injection molding, CNC, assembly, AOI+AI, and other auxiliary subsystems, optimizing the objectives of lean production and smart manufacturing.

2.2.2 Information Security Management Committee

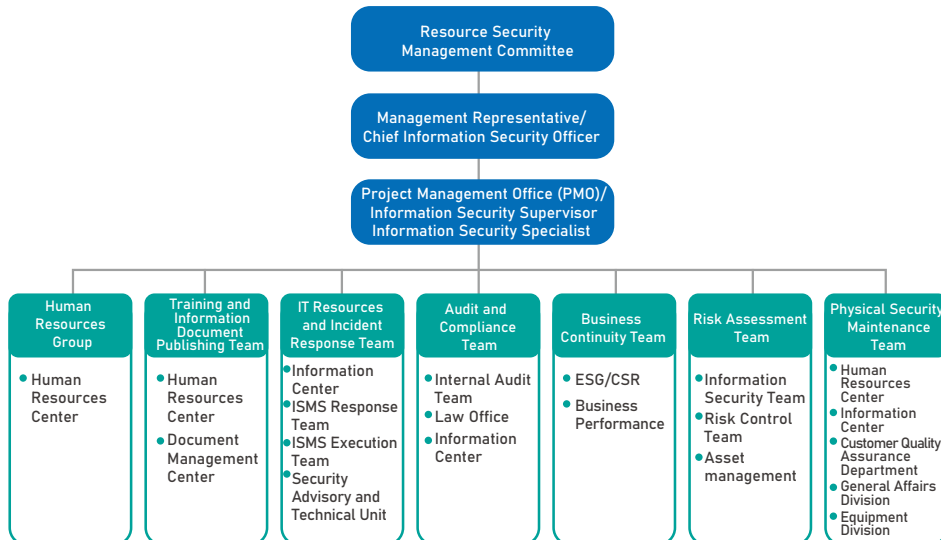
The Information Security Management Committee was established in October 2021 to ensure that the suitability, adequacy, and effectiveness of the operation and management processes are fully understood during the promotion of information security management system-related regulations. This includes broadly understanding the business strategy and stakeholder needs and expectations to define information security policies smoothly. For each identified need and goal of stakeholders related to core business processes and important tasks, a risk analysis is conducted. ISO 27001 information security management system is adopted to develop response and risk management strategies to properly analyze and handle each identified need and goal, and conduct risk management.

Convened at least one Information Security Management Committee meeting annually, and

the Information Technology Director reported on the topics discussed at the management meeting monthly, including:

- (1) Activities since the last management review.
- (2) Changes in internal and external issues that may affect the information and communication technology security management system.
- (3) Feedback on information and communication technology security performance, including non-conformities and corrective activities, monitoring and measurement results of the effectiveness of the information and communication technology security management system implementation, audit results, and information and communication technology security objective achievement.
- (4) Feedback from stakeholders and customer responses.
- (5) Results of risk assessment and the status of risk treatment plans.
- (6) Opportunities for improvement and proposed solutions for the information and communication technology security management system.
- (7) Status of resources, technology, information, and financial estimates and actual conditions.
- (8) Risks related to the operation of the information and communication technology security management system.

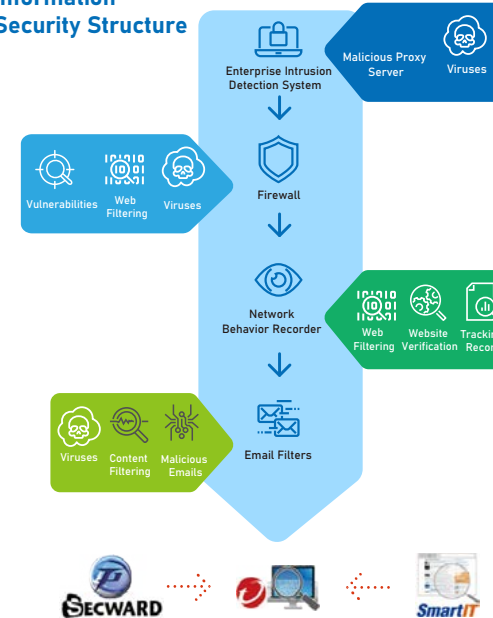
Resource Security Management Committee Organization Chart:



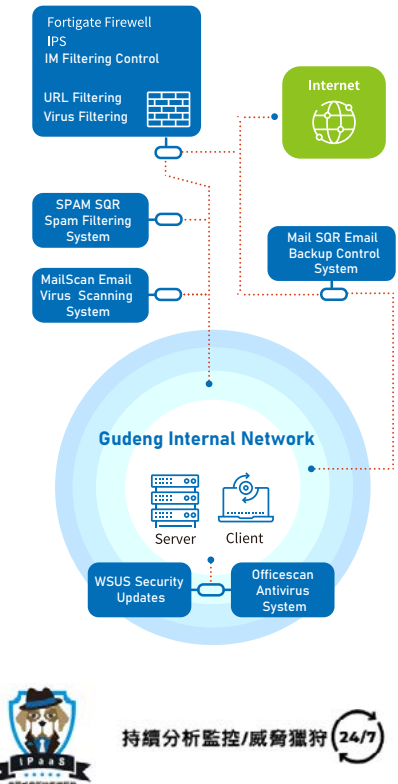
Information Security Measures

Utilizing internal networks and firewalls to construct an information security system, Gudeng Precision ensures compliance with confidentiality, integrity, and availability requirements for company data, protecting customer information from leakage, and preventing business interruptions as a top commitment to its customers. With the increasing importance of information security, Gudeng's important customers' requirements for supplier information security have become more stringent. Regular and ad-hoc information security self-assessments and audits have become the norm. To establish a sound information security system and ensure implementation, Gudeng aims to prevent severe harm to the Company and customers due to information security incidents.

Information Security Structure



Domain Protection Mechanism

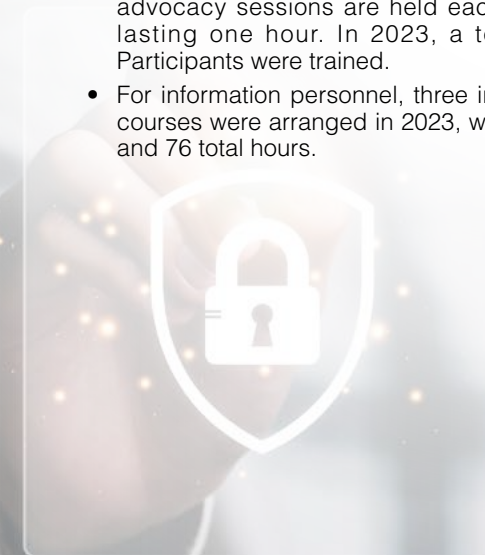


Items	Implementation Details
External Mail Automatic Audit System (MAIL AUDIT)	Email is the primary channel for the organization's external data exchange and also the medium with the highest risk of sensitive data leakage. Gudeng has implemented Mail SQR Expert, a comprehensive email management expert, to review sensitive data emails coming from within the Company, preventing and predicting the potential leakage of sensitive data due to employees' unintentional or intentional actions.
Control of Personal Computer USB Devices and CD Drives within the Company	Gudeng prohibits the use of USB drives, CD drives, and other storage devices by employees and sets procedures for their usage in the "Confidential Information Protection Management Measures". Access to personal computers is controlled through application procedures to enhance the security of sensitive data applications and reduce the risk of information security disasters.
Intrusion Prevention System (IPS)	Gudeng adopts the security team of Chunghwa Telecom, which provides efficient, stable, and excellent defense capabilities to isolate network viruses, block malicious connections, prevent ransomware, mining, spyware, and other malicious programs, achieving real-time protection.
External Network Protection	Gudeng has set up firewalls at the boundaries of the network as a check mechanism for internal and external network communications, controlling intrusion detection, defense, and gateway antivirus. Data transmission via VPN is also encrypted securely, and in the latter half of the year, multi-factor authentication will be implemented for the connection method to significantly enhance the security of remote users accessing the internal network.
Computer Internet Management	Gudeng uses a network content gateway to control employees' behavior when connecting to the Internet, managing and recording various network applications and transmission methods. Improper connection information is also intercepted and protected, reducing high-risk network behaviors and enhancing the organization's network defense.
Document Encryption Management	Gudeng encrypts and controls file documents, leaving operation records for actions such as opening, editing, saving, and printing. Files are further protected and encrypted, enhancing the security coefficient of files within the organization. Sensitive data is safe during file circulation.
MDR Information Security Service	The Company strengthens internal Information Security protection by using Intent-Based Threat Detection Service to timely detect and block potential threats and attacks, breaking through traditional passive defense security concepts. This enhances Information Security defense capabilities and protects the internal information assets and business operations of the organization.

2.2.3 Information Security Education and Training

To enhance all employees' awareness and knowledge of information security, Gudeng regularly conducts education and advocacy on information security risks for employees. New employees receive basic training on information security and confidential data regulations, while regular employees receive information security education at monthly meetings. Information security reminders are sent by email intermittently to reduce the risk of network attacks caused by employees' negligent clicking of malicious emails or visiting unsafe websites, strengthening all employees' awareness of information security and the protection of sensitive data.

- For all employees, at least two information security prevention advocacy sessions are held each year, with each session lasting one hour. In 2023, a total of 1,360 Number of Participants were trained.
- For information personnel, three information security training courses were arranged in 2023, with a total of 52 participants and 76 total hours.



2.3 Sustainable supply chain (Material Topic)

Material topics	Sustainable Supply Chain	
Policy	Complying with the Code of Conduct - Responsible Business Alliance, Creating the Semiconductor Onshore Local Supply Chain Alliance	
2023 Achievements	Short-term goals for 2024	Medium and long-term goals from 2025 to 2030
<ul style="list-style-type: none"> Invited 38 suppliers to participate in Gudeng Precision's carbon reduction program through collaboration, conducted on-site factory visits and guidance, provided suppliers with 98 energy improvement solutions, achieving a total reduction benefit of 8,663 tons/CO₂e. Provide 2 sessions of ISO 14064-1 Internal Audit courses, with a total of 60 supplier personnel obtaining international certification. Proportion of local procurement reached 81%. 100% signing of the Social Responsibility Commitment Letter. 100% completion rate of ESG (RBA) questionnaire survey for Tier 1 suppliers 100% supplier compliance with mineral use Adopt ISO 20400 sustainable procurement guidelines Supply Chain Carbon Reduction Initiative: Demonstration Project for Replacing Disposable Packaging with Tin Boxes 	<ul style="list-style-type: none"> Gudeng Precision's exclusive carbon management platform (GSP) is online, Assisted 38 suppliers in obtaining ISO 14064-1 certification for greenhouse gas inventory. Through data analysis on the platform, identified supplier carbon emission hotspots and provided carbon reduction recommendations. 100% signing of the Social Responsibility Commitment Letter. Proportion of local procurement reached 85% 100% completion rate of ESG (RBA) questionnaire survey for Tier 1 suppliers 100% supplier compliance with mineral use Obtained third-party verification for ISO 20400 sustainable procurement guidelines The Goal of the unit waste reclaimed and reuse is 80% 	<ul style="list-style-type: none"> Continue assisting suppliers to obtain ISO 14064-1 third-party verification Assist high electricity use suppliers to implement ISO 50001 and continue the long-term carbon reduction guidance program. 100% signing of the Social Responsibility Commitment Letter. Proportion of local procurement: 90% 100% completion rate of ESG (RBA) questionnaire survey for Tier 1 suppliers 100% supplier compliance with mineral use Include issues such as Climate Change, water resources, and Waste Management in supplier selection criteria.



Sustainable Supply
Chain Management
Policy QR code



Past Years Gudeng Precision
Leading Small Results
QR code

2.3.1 Sustainable Supplier Management Strategy

Gudeng Precision has the mission and vision of "Supporting Taiwan's Local Suppliers". We are dedicated to promoting the sustainable development of the supply chain, managing issues including the RBA Code of Conduct, ESG policies, supply chain continuity, conflict minerals, and more. Through the Supplier Conference, online questionnaires, and educational training annually, we advocate sustainable ESG concepts to our suppliers. Additionally, we assist suppliers in improving quality, human rights, environment, ethics, and other items through on-site audits, actively promoting the establishment of supplier sustainability capabilities.

In 2023, Gudeng proactively initiated the development of an industry-specific carbon management platform and played a leading role in collaborating with suppliers. They actively assisted small and medium-sized suppliers in building carbon inventory capabilities and shared their own carbon reduction experiences and best practices. Gudeng extended their sustainable development policy to the entire supply chain, sharing resources and experiences with downstream suppliers. Meanwhile, Gudeng Precision also provides professional energy-saving technical support. Third-party professional technicians are brought in for energy-saving diagnostics to ensure that suppliers can effectively improve energy efficiency, reduce production costs, and minimize negative environmental impacts.

2023 Sustainable Supply Chain Action Plan Trilogy



Development of Industry Carbon Management Platform and Establishment of Supplier Carbon Inventory Capability



Third-party energy-saving technician enters the plant for guidance



Following the RBA Platinum Level Certification in 2022, this Year we adopt ISO 20400 sustainable procurement guidelines and further establish sustainable vendor selection standards.

2.3.2 Supplier Overview

Gudeng's suppliers include non-manufacturing materials mainly for general affairs, manufacturing materials related to the supply of raw materials or manufacturing processes in the production of the final product, customer-specified materials provided by suppliers designated by customers for certain materials or manufacturing processes, and project-based materials procured from suppliers according to the needs of end customers. This classification may involve purely providing services or conducting agency sales operations.

Type/Region	Domestic	International
Materials for non-production use	554	9
Production use materials	102	10
Customer-specified	2	0
Special project requirements	8	3
total	666	22

Supplier Management Process

- Sustainable Supplier Evaluation:** In addition to prioritizing technical and quality requirements, all new suppliers must commit to complying with local laws, ethical standards, environmental regulations, and the Responsible Business Alliance (RBA) Code of Conduct, including the non-use of conflict minerals. They must complete the "Supplier Commitment Letter". If a new supplier falls into a high environmental impact category (e.g., electroplating, painting, anodizing), they must additionally provide pollution prevention plans or reports, or obtain approval documents or permits from relevant government agencies to pass the new supplier evaluation.
- Supplier Quality Management Evaluation Process :**



Framework of Supplier Commitment Letter



Labor, Health and Safety, Environmental Protection



Business ethics requirements



Management system



Conflict-free metals



Procurement Policy

Supplier Social Responsibility Requirements	2019	2020	2021	2022	2023
Number of new suppliers	87	151	149	91	138
Percentage of signed social responsibility commitment letters	89%	100%	100%	100%	100%

Note: The statistical scope does not include administrative and expense-type suppliers.

2.3.3 Supplier Risk Assessment and Investigation

Gudeng Precision conducts regular risk assessments on its major direct raw material, outsourced processing, and critical material suppliers each year to confirm the risk level of cooperation with these suppliers. In addition to evaluating aspects such as quality, service, delivery, and price. If the supplier's risk assessment rating is C or D, it will be classified as a "High Risk Item," and the supplier will be notified to make improvements within a set time limit. The suppliers are required to provide improvement plans for abnormal assessment items within one month, and the quality control unit will confirm the progress of improvements; If no improvement is made, the "Supplier Assistance Program" will be initiated, prioritizing assistance for all non-compliant audit items. In the event of a quality abnormality, the on-site SQE personnel will conduct manufacturing process improvements, and verify the qualifications and capabilities of the staff.

Supplier Audit Score	2022	2023
Grade A	28 suppliers	23
Grade B	6	9
Grade C (High Risk)	0	1
Grade D (High Risk)	0	0
Total	34 enterprises	33 enterprises

In 2023, after the assessment results for C-level suppliers were completed, assessment anomaly notifications were sent to suppliers, and they were required to provide improvement feedback for non-conforming items within one month.

Conflict Minerals

Gudeng Precision, based on the practice of Corporate Social Responsibility and international justice, complies with the RBA Code of Conduct and commits to not support or use metals derived from armed conflict, illegal mining, or mining in hazardous working conditions. Since March 2019, suppliers have been required to sign a commitment letter stating that their products do not contain conflict minerals to ensure that the products provided are free from conflict minerals.

Through the CMRT (Conflict Minerals Reporting Template) and EMRT (Extended Minerals Reporting Template) provided by the Responsible Minerals Initiative (RMI) organization, supplier investigations were conducted, and in 2023, all products provided to customers by Gudeng Precision were free of conflict metals.

Restricted Substances

While some of Gudeng Precision's raw materials may contain restricted substances due to product characteristics to meet customer demands, the Company actively develops and researches raw materials without using restricted substances to provide to its customers. Packaging materials provided by suppliers comply with RoHS and Halogen-Free specifications.

Green product procurement standards

Gudeng Precision incorporates environmental protection into its Supplier Management mechanisms, requiring suppliers to guarantee that the primary materials used in their products do not contain Restricted Substances harmful to the environment and to provide RoHS and REACH supporting documentation annually.

2.3.4 2023 Supplier Communication

Supplier Conference

In 2023, Gudeng Precision's supply chain low-carbon transformation promotion plan will focus on advocating and sharing supplier ESG results. By understanding the core content through carbon inventory training courses, selected suppliers will be targeted for field energy-saving diagnostics. Finally, a carbon reduction workshop will be established for practical drills and planning, enabling a deeper embedding of the carbon reduction concept among suppliers and promoting it to even more suppliers. Additionally, suppliers already engaged in ESG operations will be invited to share how they have integrated ESG practices into their daily tasks and processes, such as the reclaimed production of pallets, plastic chairs, and other examples.



▲ Chairman Chiu, Ming-Chien declared and led with sustainable development as the goal, to build a green supply chain



▲ The Supplier Conference event focuses on ESG, instilling the concept of sustainable development in suppliers



▲ Suppliers share their own ESG Performance



▲ Supply Chain Low Carbon Transformation Project Promotion Description



▲ The Supplier Conference presents the Excellence in ESG Award to recognize suppliers for their superior quality and active participation in ESG-related activities of Gudeng Precision.



Large Enterprises Supporting Small Enterprises in Carbon Reduction Initiative Oath Ceremony

Gudeng Precision held a pledge ceremony to promote the "Big leading Small Carbon Reduction Project," officially launching the "Supply Chain Low Carbon Transformation Project," with a total of 80 participants. For detailed content of the Transformation Promotion Plan, please refer to "Special Report II".



Supply Chain Carbon Reduction Initiative: Demonstration Project for Replacing Disposable Packaging with Tin Boxes

Gudeng Precision is committed to the recycling of packaging materials. The packaging design utilizes reusable packaging for transportation and recycling, actively promoting this concept in collaboration with suppliers. In 2023, Gudeng Precision launched the "Metal Box Replacement for Disposable Packaging Demonstration Project" to assist suppliers in shortening manufacturing processes and reducing product carbon footprint.

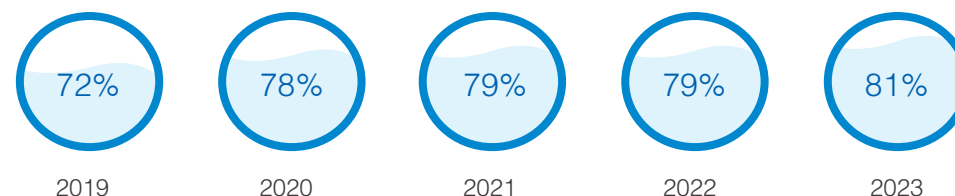


2.3.5 Local Procurement

Gudeng Precision, with the vision of "Fostering Local Suppliers in Taiwan," has invested resources to guide manufacturers in local supply chain strategy models. This approach not only stabilizes and shortens communication time with suppliers but also enhances supply flexibility, accelerates production efficiency, reduces unnecessary air and sea transportation costs, and decreases carbon emissions generated during material transportation. The goal is to promote the coexistence and prosperity of Taiwan's semiconductor industry.

To achieve a high onshore local procurement ratio, Gudeng Precision promotes supplier quality improvement policies by implementing statistical process control (SPC), managing hazardous substances such as RoHS, tracking supplier material quality, analyzing quality characteristics, and discussing optimization strategies with suppliers. Regular assessments and evaluations are carried out to achieve the goal of 100% yield. As of 2023, 236 items have been exempted from inspection, significantly reducing inspection hours.

Proportion of local procurement



Procurement Amount Ratio	2019	2020	2021	2022	2023
Domestic	563,906,550	913,304,309	1,864,805,325	1,553,193,900	2,090,430,305
Overseas	216,443,495	261,424,600	496,022,135	425,040,150	481,256,989
Total Amount	780,350,045	1,174,728,909	2,360,827,460	1,978,234,050	2,571,687,294
Localization Proportion	72%	78%	79%	79%	81%

Procurement Amount Ratio	2019	2020	2021	2022	2023
Number of Domestic manufacturers	380	476	536	622	666
Number of International manufacturers	16	20	21	26	22
Total	396	496	557	648	688
Localization Proportion	96%	96%	96%	96%	97%

2.3.6 Sustainable Supply Chain Transformation Project

Creating the Semiconductor Onshore Local Supply Chain Alliance

Through the "Gudeng Precision Co-Creation Innovation Service Platform," Gudeng Precision collaborates with external supply chain integration of information systems, technical guidance, labor support, and funding to assist several local enterprises in enhancing their technical capabilities through technical integration. By gathering internal R&D, business, and supply chain units, Gudeng establishes an SQM supply commodity quality system with a complete and effective supplier management method and operating model, integrating resources, technical requirements, labor support, and funding to build a solid and complete local supply chain. This helps related equipment manufacturers transform from relying solely on imports to locally producing semiconductor equipment and jointly serving world-class semiconductor customers, providing local suppliers with the opportunity to enter the global semiconductor supply chain and strengthening the leadership position of the semiconductor national team, which is the group's vision.

"Global Integrated Service Provider for Critical Materials and Innovative Technologies"

Building Taiwan's Semiconductor National Team



Localization Supply Chain Cultivation and Improvement Goals

In recent years, through investment, mergers and acquisitions, strategic alliances, and technical collaborations with domestic manufacturers, Gudeng has entered the semiconductor field and integrated new products to improve market share for its cooperation partners. The goal is to promote industrial technology upgrading and establish systems and processes that meet the high specifications required by the semiconductor industry. Gudeng also assists suppliers in developing independent technology and achieving certain improvements, and adapts the approach accordingly.

Category	Number of Suppliers	Issue Description	Improvement Method	2023 Goal	2023 Execution Status
Capacity Setup	3 Injection Manufacturing and Cleaning Suppliers	Risk diversification and quick response to customer demands	Form a project team to provide technical guidance and support to suppliers in building cleanrooms.	Complete the establishment of cleanrooms and related cleaning equipment, successfully adding new cleaning capacity and completing product online certification.	Continuously supply products with a yield of above 98% and have conducted remote capacity setup operations in October 2023
Manufacturing Quality Enhancement	2 Surface Treatment Suppliers	Poor yield resulting in the inability to meet the demand for advanced processes	Form a project team to provide quality guidance, analyze the causes of poor yield and implement process improvement.	Maintain a stable yield of above 90% and assist in building a cleanroom production line. Add new suppliers with surface treatment capabilities in the central and southern regions as remote backup sources.	Successfully added suppliers with surface treatment capabilities in the central and southern regions. Continuously supply products with a stable yield of 98%.
	5 High-Precision Machining Suppliers		Failed to achieve the 70% outsourcing target; form a project team to provide quality guidance, analyze the causes of poor yield, and implement process improvement.	Maintain the goal of achieving a 30% in-house production and 70% outsourcing ratio for Precision Machining.	All precision machining manufacturers adopt automated image measurement technology equipment to assist in stabilizing Manufacturing Processes. Increase the outsourcing ratio to 70%, achieving the 30% in-house production and 70% outsourcing ratio goal, and continuously enhance incoming quality with the introduction of automated image measurement equipment.
Upgrading Local Supply Chain	1 Equipment Supplier	Reliance on imports from international countries due to a lack of critical technology and semiconductor customer channels for domestic manufacturers.	Form a project team to guide local suppliers, provide technical guidance, and define specifications.	Successfully cooperated on four equipment development projects, resulting in a 33% improvement in overall production efficiency compared to international machines.	Successfully developed and optimized in-house equipment, entering the international semiconductor market.
Reducing Carbon Footprint	Two High-end Composite Material Companies	Relying on international imports, domestic suppliers lack semiconductor-related knowledge and access to special materials.	We provide semiconductor-related knowledge, assist in setting up dedicated lines, and offer material supplier sources for three-party cooperation.	We collaborate with local material suppliers to research and produce high-end engineering plastics for semiconductors.	The percentage of international suppliers has decreased from 25% to 20%, significantly increasing the local supply and reducing international shipping carbon emissions.
Development of Innovative Technologies	1 Micro Contamination Control Component Supplier	The content of volatile organic compounds in Key Products needs improvement and optimization.	Form a project team to guide local suppliers, engage in technical exchanges, and define specifications.	Through key component specifications requirements, stabilize the content of volatile organic compounds in the Product.	Provide critical products for semiconductor customers. Due to the advancements in manufacturing processes and techniques applied to these items, the benefits and performance surpass those of international competitors.

3

Sustainable Innovation

3.1 Technological Innovation

3.2 Quality Management

3.3 Customer and Partner Relationships



3.1 Technological Innovation

Material topics	Technique Innovation	
Policy	Strengthen research and development capabilities and build a patent map	
2023 Achievements	Short-term goals for 2024	Medium and long-term goals from 2025 to 2030
<ul style="list-style-type: none"> Cumulative Patents: 624, 2023 Year received 59 patents A total of 15 new product patent portfolios were licensed or jointly developed with strategic partners. Obtained Taiwan Intellectual Property Management Specification (TIPS) A-Level Verification, enhancing the construction of the patent system and the defensive capabilities of the patent portfolio. The 12-inch FOUP (Front-Opening Unified Pod) has entered the global key industrial chain, with rapid mass production and a monthly increase in shipping volume. Currently, Greater China customers have already reserved nearly half of the capacity. 	<ul style="list-style-type: none"> Extend our existing technical experience to solutions for the protection, transport, and storage of other critical and valuable materials, creating cross-industry and cross-domain applications. From the current stage of passive protection design, transitioning to active protection design, enhancing intelligent functions to provide Users with a more user-friendly interface. Enhance the value and scope of patents, strengthen employees' understanding of intellectual property, and improve engineers' expertise in patent drafting. With the goal of developing factory automation technology, we continue to expand "Precision Machinery Technology" and "Automation Control," maximizing the value of the close integration of manufacturing technology and information technology. At the same time, emphasizing the excellent value of comprehensive solutions. 	<ul style="list-style-type: none"> Continuously cultivate automation techniques, strengthen automation capabilities, communication capabilities (SECS), system integration, and train related personnel. Applying the automated photomask management system provides two main functions: real-time microenvironment monitoring and automatic inspection, achieving Equipment Automation and quality control. Analyze competitors' patents, evaluate cross-licensing and selling of patents, and capabilities of counterattacking in patent wars Core technology spread to fields beyond the semiconductor exhibition industry for diversified development. Strategy Layout from Small Consumables to Large Equipment

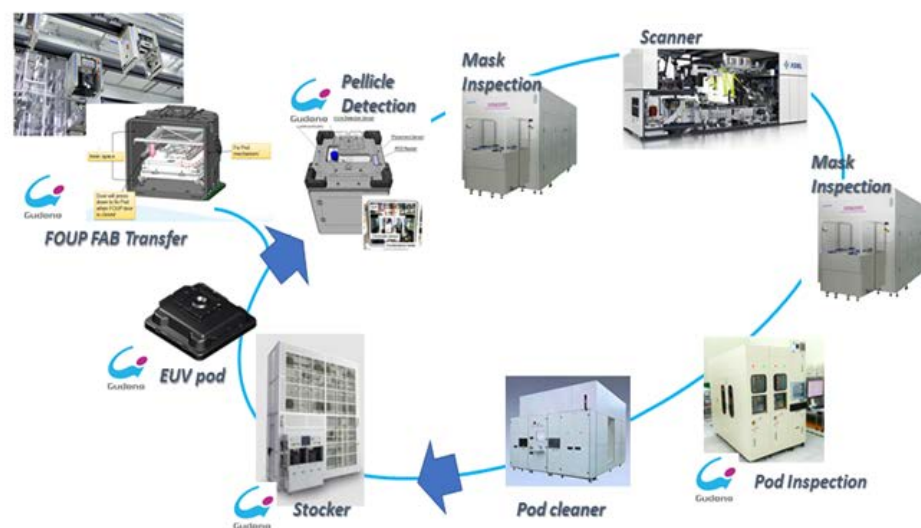
Gudeng Precision plays a crucial role in the IC manufacturing industry, producing products that protect the most core and valuable photomasks and wafers, serving as the frontline defense for quality control. The Company has a deep understanding of its mission and a strong sense of urgency to advance and upgrade its technological capabilities. Thus, since its establishment, Gudeng has been devoted to improving technology and product innovation, advocating service innovation models, and self-identifying as a "manufacturing service industry". The Company provides customers with comprehensive solutions, plans projects according to customer process development schedules, and strives to shorten product development time, offering customized designs, continuously improve processes, and cultivating stable research and development capabilities, comprehensively developing research and innovation strategies. Global Research and Development Center located in Taiwan, close to key customers.

3.1.1 Key Products

After decades of effort, Gudeng developed the world's second and Asia's first EUV Pod, which utilizes top-notch CNC technology, composite material injection technology, and super mirror processing to achieve an exterior design at an exceptionally high level. Gudeng holds a market share of over 80% globally and possesses seven exclusive patents. Among them, the 2009 invention patent for "Extreme Ultraviolet Photomask Container - Moat" is the world's first and enhances exposure efficiency, reduces rework, and improves process yield, becoming a new milestone for the technology transfer in semiconductor processes. In the future, it will be an essential advanced photomask carrier for large-scale production of 3-nanometer chips by international semiconductor giants using extreme ultraviolet (EUV) technology.

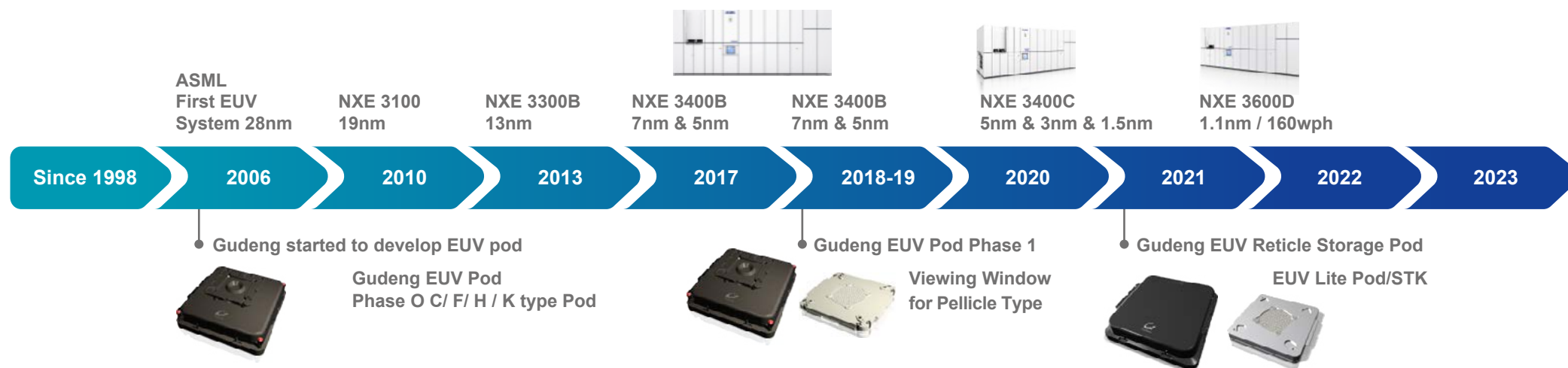
In 2019, the new generation of EUV POD-G/GP Type was certified by ASML, the world's largest semiconductor lithography equipment market manufacturer, making it the first in Asia.

Gudeng Precision's EUV POD Key Leadership Position Explanation Diagram



Gudeng's ability to maintain a leading position in advanced EUV technology mainly stems from its collaborative development of custom products with customers. Through thorough discussions with customers during the initial design phase to meet their needs, Gudeng integrates upstream and downstream customers and suppliers to create a flexible and efficient service platform. Finally, Gudeng introduced high-quality equipment and automation devices to improve production efficiency and actively recruited excellent research and development talents to continue expanding research and development capabilities.

EUV POD Development Progress in the Past Decade



Why did the EUV-Pod have a chance to succeed?

Collaborative Creation

Regular meetings with key customers and factories for ten continuous years.

High Execution Power

Using the strongest execution power to meet customers' most urgent demands.

Integrated Manufacturing

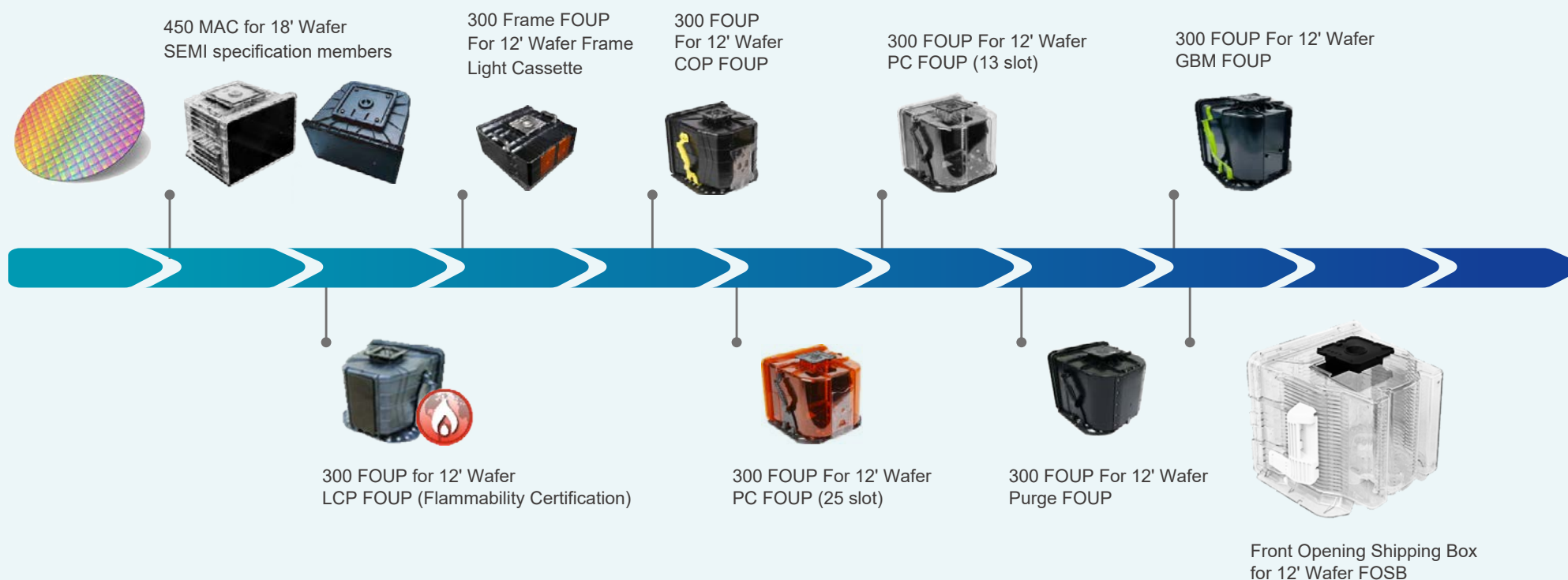
Providing highly flexible production capacity to respond to customers' temporary high demand.

Through CEO's real-time decision-making, customers' needs are met and solved promptly.

Co-Creation

Wafer Carrier Solution:

Front Opening Unified Pod (FOUP) is a container used in semiconductor processes to protect, transport, and store wafers, effectively reducing the risk of wafer contamination by particles. Gudeng Precision has invested years of research and development in FOUP and became the only Taiwanese manufacturer to join SEMI's efforts in formulating the 450mm FOUP specification in 2011. We have successfully increased customer production yield and efficiency and gradually captured domestic and international market share. With the global market size of FOUP and FOSB reaching 724.6 million US dollars, it is expected to reach 1.15 billion US dollars in 2029, with a 7.05% compound annual growth rate in the past five years, providing robust operational momentum and stable revenue growth.



R&D and Innovation Strategy



Research and Development Innovation Process



3.1.2 Investment in Research and Development Innovation Activities

Since its establishment, Gudeng Precision has been aware that investing in research and development is a long-term journey that requires step-by-step progress to bear fruit. Therefore, over the years, it has invested substantial funds to stimulate R&D momentum. Therefore, over the years, the Company has invested significant funds to stimulate research and development momentum. Since the Company's founding, Gudeng has annually invested approximately NT\$100 million in research and development expenses, focusing on the research and innovation of semiconductor wafers and photomask carrier solutions. Over the past decade, the cumulative R&D expenses disclosed in the 2022 Financial Reports amounted to NT\$1.4 billion. In 2023, continuing to align with market and customer demands, Gudeng invested a total of NT\$270 million in R&D, reaching a new high. In 2023, Gudeng did not participate in any major product development projects under government-supported research institutions.

Unit: in thousand NT\$ %

Year	R&D Expenses	Revenue	R&D Expense Proportion
2019	84,189	1,213,810	7%
2020	120,552	1,430,164	8%
2021	146,421	1,994,676	7%
2022	222,723	3,159,978	7%
2023	274,799	3,495,633	8%

Note: Disclosed with individual financial data.

Cumulative Patents

Gudeng Precision understands that a high-integration patent layout is the cornerstone of our technological leadership. By the end of 2023, we have accumulated 624 patents, with an additional 195 applications in progress. In 2023, 62 patents were granted, covering a global scope. In 2009, we introduced Taiwan's intellectual property management regulations, and since 2019, we have obtained TIPS A-level certification. In 2023, we continued to actively plan our intellectual property map, strengthen our patent system establishment, and enhance our defense capabilities, demonstrating our emphasis on intellectual property and continuously expanding and establishing a high-tech industry position that other large companies cannot win solely on scale.

Year	Cumulative Patents
2019	412
2020	442
2021	501
2022	562
2023	624

Research System Education and Training

To lead and manage the research and development of advanced carrier series products, achieve annual product research and development goals, proactively understand domestic and international customer technology needs, establish product and technology blueprints, and strengthen customer trust relationships to quickly meet customer needs. The investment and management of research and innovation stem from the collaboration between industry, academia, and government. Half of the research personnel hold master's degrees or higher, providing continuous support to optimize design and development processes to improve product development efficiency.

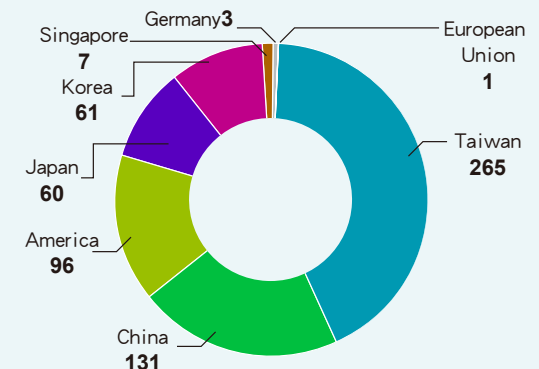
In 2023, a curriculum training system was developed for research and development personnel, incorporating digital learning fields such as SEMI specifications, aerospace product assembly standards, product cleaning, product development, project acceptance and transfer, among others. A total of 10 courses were provided, with accumulated Number of Participants reaching 233 and Total Training Hours amounting to 145.9 hours.

Educational Background Distribution of R&D Personnel

Year	Doctoral	Master's	Bachelor's	Junior college degree and below	Total
2021	1	17	18	4	40
2022	2	31	34	6	73
2023	4	28	29	4	65

Note 1: Personnel data as of December 31, 2023

Note 2: In 2023, due to the organizational adjustment of the R&D unit, some FAE application engineers have been transferred from the R&D department to the Sales Team.



Note: Due to the time lag between patent application submission and issuance, some data from 2019 to 2022 differ from the 2022 sustainability report.

3.1.3 Intellectual Property Management Plan

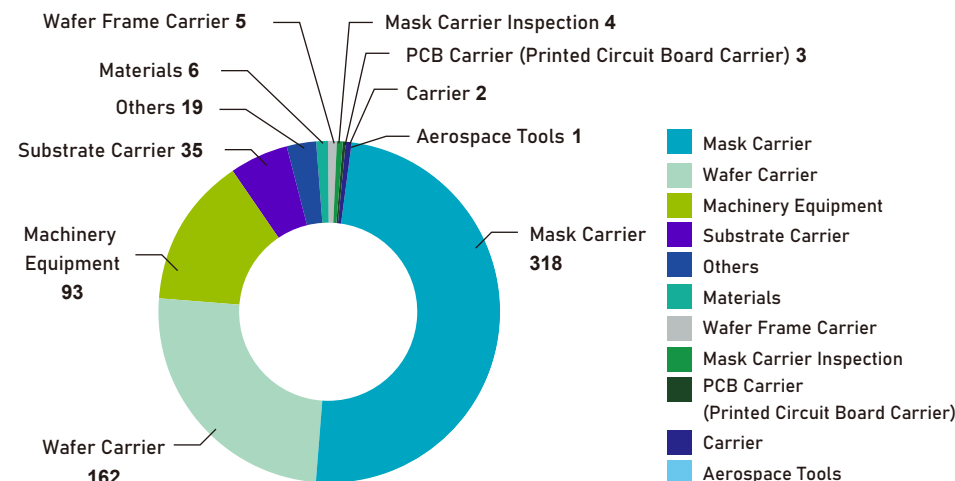
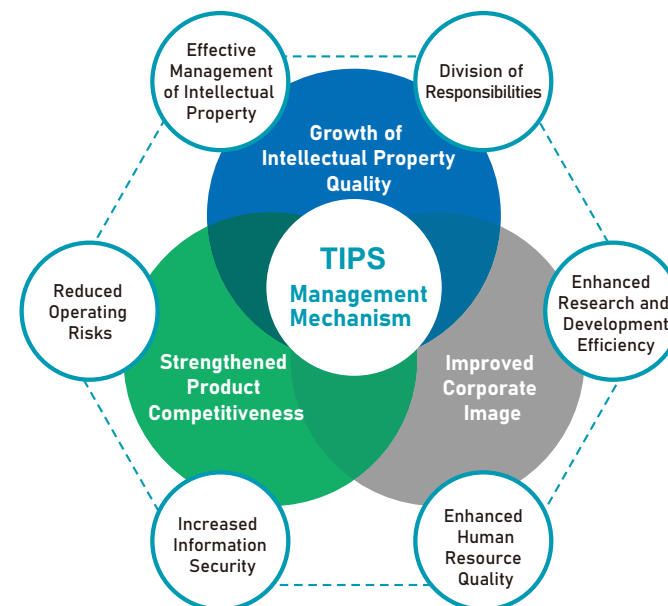
Since 2013, the Company has been establishing a foundational intellectual property management system to ensure that each department has a basic awareness of intellectual property. Colleagues are encouraged to generate useful intellectual property for the Company and to implement internal management measures to accumulate the Company's intellectual property capabilities and enhance corporate governance. Additionally, the intellectual property management plan is recorded in the sustainability report. In recent years, the primary focus has been on strengthening the patent strategy layout of key techniques. Therefore, the Intellectual Property Management Plan for the patent Strategy and Layout can be divided into:

Continued Implementation of the Foundation Intellectual Property Management System

Apply for a lean intellectual property portfolio, expand the scope of patent applications, and assess patent potential. Through the continuous strengthening of internal audit mechanisms and reward systems, as well as the updating and deepening of talent training content, implement rolling improvements and implementation at the implementation level to protect the Company's R&D results and Technological Leadership position.

Formulation and protection of advanced key technology patent layout

Completion of the strategic report on patent landscape deployment, aggressive patent layout, and monitoring of competitors' patent status. By proposing methods for opposition and consolidating Gudeng's own patent layout blueprint, the effectiveness of maintaining Gudeng's leading position in the industry is assured.



Intellectual Property and Corporate Governance

In the high-intensity semiconductor industry, the sustainable operation of a corporation requires the implementation of corporate governance. This involves the use of intellectual property to deepen the Company's technological development and leveraging intellectual property to lead the layout of key technologies. Continuous talent development and ongoing review of patent strategic deployment, along with multifaceted resource integration, allow for the deepening of corporate governance and sustainable operation.

TIPS Management Mechanism (Obtaining TIPS A-level Certification)



TIPS Proposal Incentive Mechanism

According to the Company's "Patent Reward Measures"

- Invention patent: The reward amount is NT\$12,000.
- New patent: The reward amount is NT\$6,000.
- Design Patent: The reward amount is NT\$3,000.

Trade Secrets Management

In recent years, our company has placed greater emphasis on the management of trade secrets. Besides enhancing confidential controls and management, we have also established trade secrets management policies and goals. Through the following measures, we aim to raise employees' awareness of the Company's technical assets. The measures taken include:

Personnel Management

Incorporate trade secret considerations into employment contracts and termination declarations from onboarding to offboarding; implement monitoring, confidentiality, and preservation measures for employees who may have access to trade secret information; and regularly provide case studies and training related to trade secrets to ensure employees understand the importance of protecting trade secrets. Employees should always be vigilant not to disclose company secrets. Additionally, the legal supervisor will reinforce trade secret education and training during the Company's annual monthly meetings and gatherings.

Equipment and Environmental Management

Corresponding monitoring and registration record management, network information security, and password management for electronic systems are in place for the control domain of confidential information, preventing employees from easily distributing confidential information externally.

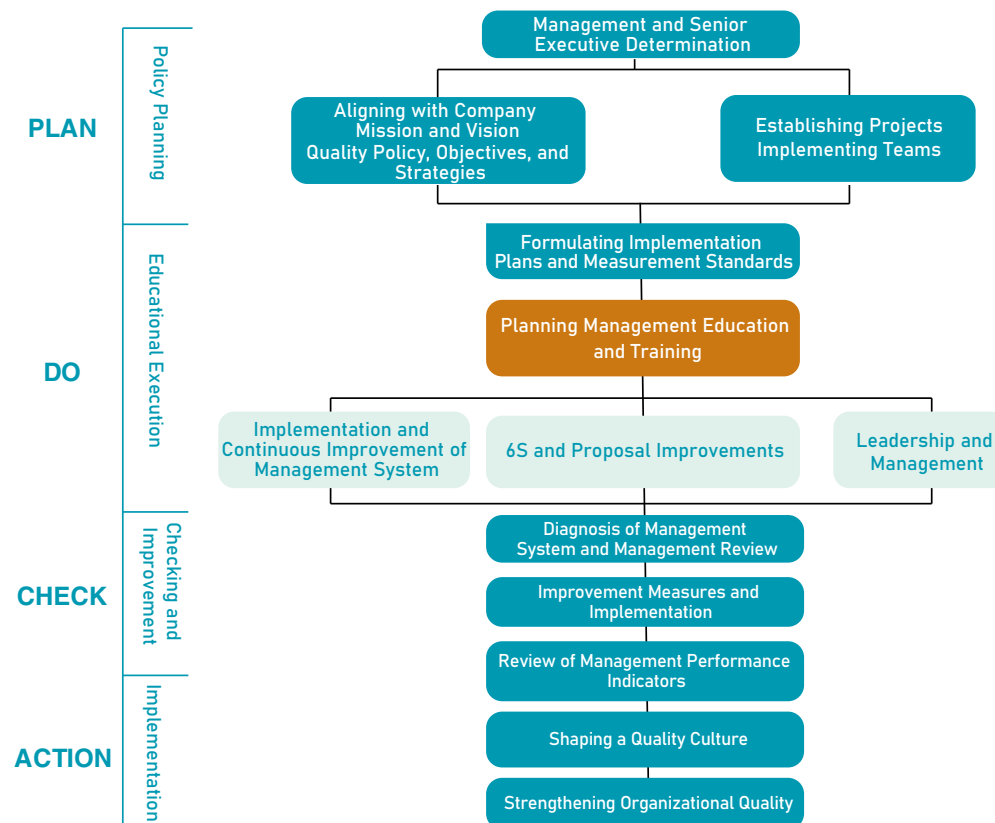
3.2 Quality Management (Material Topic)

Material topics	Quality Management	
Policy	Quality Technology, Intelligent Manufacturing	
2023 Achievements	2024 Goal	Medium and long-term goals from 2025 to 2030
<ul style="list-style-type: none"> Grade A and B Improvement Proposals reached 635, with a total benefit amount exceeding NT\$10 million RBA supplier audit deficiency improvement rate 100% Strengthen management capacity, with SPC basic data accuracy goal $\geq 100\%$ Pass the aerospace NADCAP certification Completed the 2nd DMAIC project, with a proposal benefit of NT\$9.2 million Upgrade the SPC Statistical Process Control System Introduce 24 Robot Process Automation (RPA) robots to optimize daily operation efficiency. 	<ul style="list-style-type: none"> The number of OOS incidents for Grade A products decreased by 20% compared to the previous Year. Initiate the SAP upgrade to HANA version project Implemented ISO 17025 Laboratory Quality Management System 	<ul style="list-style-type: none"> The factory has implemented automated production lines, establishing mechanical automation arms and AMHS (Automated Material Handling Systems), to stabilize product quality and increase productivity.

Note: Grade A Improvement Proposals are for Items with benefits greater than NT\$200,000; Grade B Improvement Proposals are for Items with benefits greater than NT\$50,000.

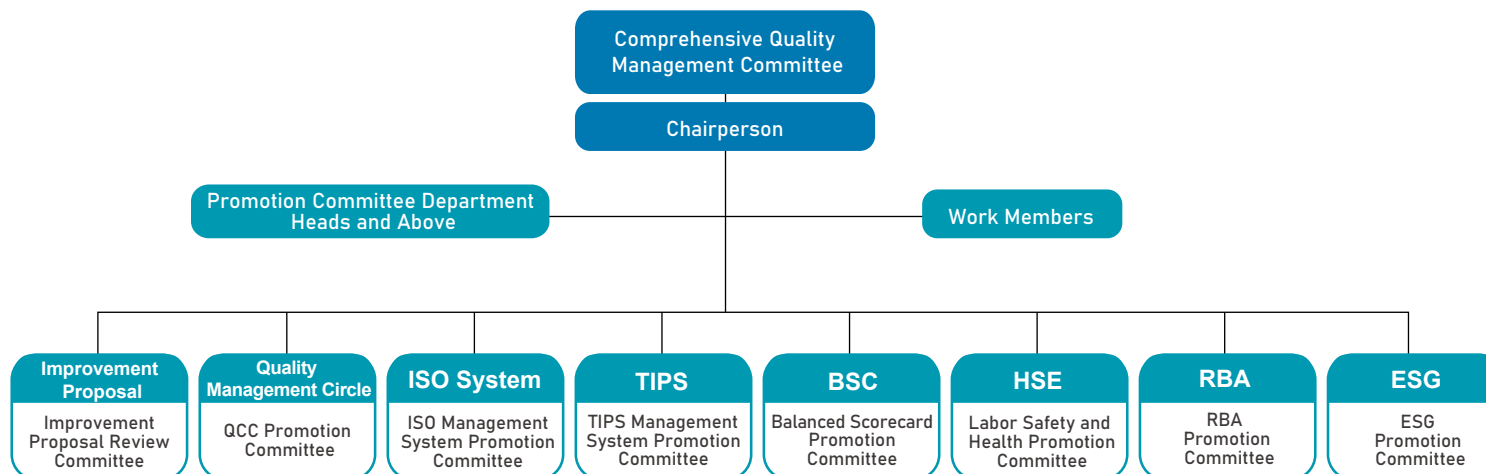
3.2.1 Quality Management Policy

Gudeng Precision's management team attaches great importance to quality issues, and comprehensively manages all stakeholders by developing a quality system blueprint. The Company actively implements the quality concept in all management activities. Mobilizes all staff based on daily item management principles, and implements PDCA to achieve the best management results in terms of quality, quantity, and cost. Starting with quality, efficiency is achieved, followed by the production and sales system, and finally the cost system. Good quality starts from the heart.



Comprehensive Quality Management Committee

Top management at Gudeng is firmly committed to promoting quality. Management have established a Comprehensive Quality Management Committee to coordinate and plan implementation activities. The activities include: Improvement Proposal, Quality Management Circle, ISO Management System, TIPS Management System, Balanced Scorecard, Labor Safety and Health Promotion Committee, and RBA Promotion Committee, aiming for comprehensive quality and full participation by all employees.



Committee Goal

Establish relevant quality activities and push organizational commitment towards customer satisfaction as the top priority. During the organization's growth process, continuously conduct PDCA for gradual improvement and growth. The goal is to become an industry leader by contributing our strengths, promoting industrial coexistence and prosperity, and dedicating efforts to Taiwan's semiconductor industry chain.



3.2.2 The Concept and Culture of Comprehensive Quality Management

● Quality awareness is deeply ingrained in the team

The senior management actively communicates quality awareness through quality issue review meetings, QCC presentation conferences, competency education and training, daily production line meetings, weekly departmental meetings, and weekly supervisor meetings. Values and strategies are conveyed through company-wide monthly meetings, electronic restaurant billboards, bulletin boards, internal website entrance messages from the president, and "Bill's Appointment".

● Total Quality Awareness and Training and Education

Gudeng places great emphasis on every product delivered to customers and the services provided. During monthly meetings, the quality assurance Supervisor often serves as the instructor to promote quality awareness among employees. Regular interactions with departments related to quality are conducted to discuss quality concepts and product standard determinations. This approach ensures that quality awareness and standards are thoroughly integrated into the production line, resulting in stable product quality throughout the manufacturing process.

● Full participation in quality optimization improvement proposals

To ensure that valuable suggestions from colleagues can be implemented, Gudeng has established the "Improvement Proposal Control Procedure," encouraging all employees to propose improvement suggestions in various aspects, such as work environment, company systems, operation processes, cost control, quality improvement, ESG issues, etc. After review by the Improvement Proposal Review Committee, improvements are implemented through cross-departmental cooperation based on the assignment of responsibility units. Depending on the proposal grade and improvement benefits after completion, employees are rewarded with up to NT\$200,000 as an incentive, encouraging them to actively participate in improvement proposals and providing corresponding incentives and rewards.

In 2023, there were 951 improvement proposals, with a total improvement benefit of NT\$12.49 million (only proposals with a recognized benefit of over NT\$5,000 are included), and a total reward of NT\$234,795, including proposal rewards and benefit rewards.

3.2.3 Quality Enhancement Project - DMAIC Competition

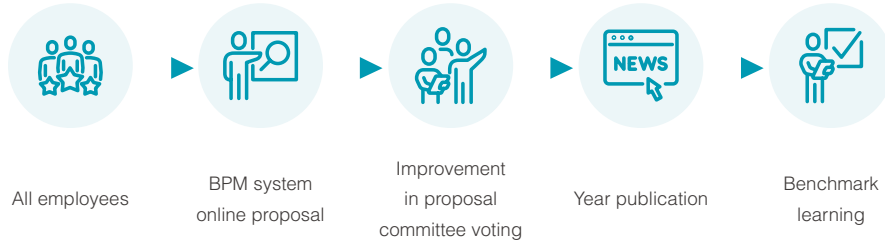
Since 2021, Gudeng Precision has initiated QCC/DMAIC projects, introducing practical analytical tools and applying statistical analysis methods to inspection methods and Design of Experiments (DOE) to determine the optimal parameter conditions for optimizing output and transferring the results to operational standards. In 2023, a total of 41 trainees received DMAIC Green Belt Certification, with project benefits amounting to 9.2 million TWD.

Participation Rates in DMAIC and QCC Activities:

Year	2021 DMAIC	2021 QCC	2022 QCC	2023 DMAIC
Number of Participants	33	62	40	41
Benefit Amount	4,600,000	2,370,000	17,070,000	9,200,000



Theme of Quality Enhancement Project - DMAIC Competition	Total Improvement Cost Benefits
First place RSP150-Reduction of Defective Amounts in Upper Cover Semi-Finished Products	\$1,501,807



Best Proposal of the Year

Improvement Topic	Improvement Proposal Categories	Supervisor Meeting Resolution	Improvement Benefits Amount	Best Proposal of the Year
Inventory Activation	Cost Reduction 10%	Grade A Proposal	\$ 2,349,792	First place
Maintenance fixtures	Cost Reduction 10%	Grade A Proposal	\$ 1,351,761	Second place



2023 Improvement Proposal Case Classification

Category	Amount	Percentage
Process Improvement	264	24%
Quality Improvement	153	14%
Cost Reduction 10%	50	4%
Efficiency Improvement	226	20%
Other	421	38%
Total	1114	100%

Number of Improvement Proposals and Benefits Over the Years

Year	2019	2020	2021	2022	2023
Number of Improvement Proposals Completed	228	280	242	594	951
Total Improvement Benefits (NT\$)	9,526,382	7,922,288	9,296,735	12,400,000	12,491,911

DMAIC Opinion and Review 心得與感言

吳孟誠：此次DMAIC讓我再次學習到解決真因的方式，使用統計學去正確分析問題找出問題並判斷真因。每個方法手法利用完整的D、M、A、I、C各階段一步一步找出真因並解決。一步步解析並得證再確認。身為一個研發，學會這套手法不管在新產品開發或日後現有產品優化，都是一個很棒的經驗累積。

林敬哲：透過這次的DMAIC的導入應用，讓我們學習到如何了解、解決並驗證問題，經過小組不斷實驗、修改、資料收集、驗證、趨勢分析；從最初的KPOV展開到KPIV再進行2次DOE，並將因子收斂，最終我們成功降低不良率，往後在進行實驗與測試時會持續使用這種方式進行檢驗，獲益良多。

透過DMAIC這樣的組織學習活動，認知到工作任何細節都有其改善空間，透過DMAIC課程學習到，面對無論是專案中偏離標準範圍的統計值或是異常現象，無法提升的良率都有其原因，以客觀科學的精神透過DMAIC課程中執行，定義目標，資料收集，假設分析，改善計畫，控制系統五項流程步驟及各種統計分析工具，應用軟體，都可以獲得異想不到甚至超出預期結果許多的改善成果。

李祐龍：在DMAIC此次專案中，由老師每個階段的講解，帶領大家一步步分析解決最後達到持續維持，其中經由大家各部門的專業能力，一同參與問題的討論及實操，身歷其境強化後續解決問題的思考邏輯。

陳玠廷：DMAIC能完整的連貫所有因果關係，有利於專案的推進和規劃，並有系統、有邏輯的制定主題，同時對結構進行解析，再依據組員的專業能力進行團隊分工，達成專案的目標。

DMAIC Opinion and Review 心得與感言

本次訓練收穫良多，老師非常有耐心的教學方式，大家齊聚在一起解決問題，透過個人的知識去分析問題，到展開全面執行，從中學到品質控制和製程改善，感謝團員合作與幫忙。

鄭宇珊：這次有與供應商進行DMAIC這項活動，執行過程中讓供應商了解這活動的目的，也讓供應商知道改善作業並非一個簡單的作業，可以透過很多手法得到數據進行優化改善，得到改善的效果。

周志強：DMAIC課程與專案的結合，讓改善專案變成更為有專業度的挑戰，在日常工作中雖可能會使用到相關的方法及工具，但皆止於附加使用之方法增加數據的可靠性，但此次專案不單單只是問題假設、數據收集、分析及實驗，而是更有計畫性的專案企劃及有效的工具使用，最後進行統合及統計並將成果交付於生產單位有效地執行。雖然DMAIC對於多數團員都是極為陌生的分析工具，但在團隊的討論及合作配合中，難得地在每次段落專案繳交時限前完成。也非常感謝課程講師於每次課程前或課程後的教學及指導，讓此專案的準確度更為完善。

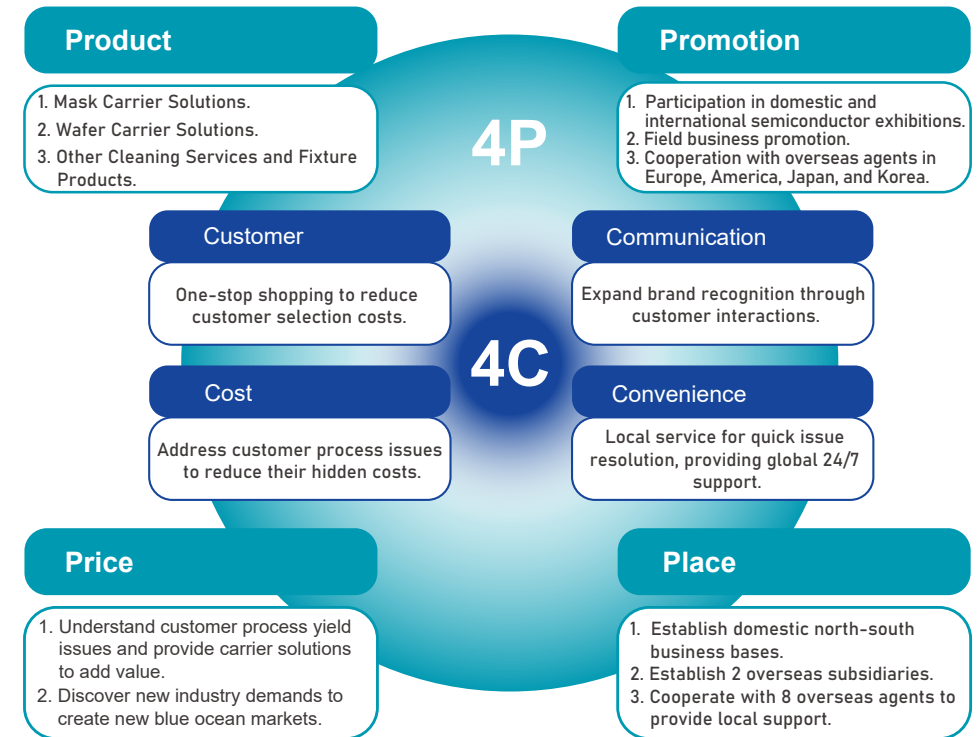
陳啟德：透過DMAIC課程，將專案系統化的拆解，精確的分析各項因果關係，利用數據分析及統計檢定的工具找出其中的Key Point來確立專案的執行方向與專案目標，依據分析結果建立實驗設計及數據蒐集來驗證改善方案假設，並將改善後標準化為正確流程，最後量化成果計算效益。完整的DMAIC利用工具及各種驗證方法，確保專案的各階段執行上都不會出錯，當中也必須經過跨部門的團隊合作，互相經驗分享才能一步步進行，在整個過程中，學習到專業技術的實際應用、數據分析工具的正确使用以及改善手法的模擬實驗才能讓專案順利完成，受益良多。

張祐倫

3.3 Customer and Partner Relationships

Gudeng does not simply sell products but aims to establish partnerships with customers and provide services to solve their problems.

We prioritize resolving urgent customer needs promptly.



Listening to each customer's voice is essential to truly understand their actual requirements. Based on customer feedback, Gudeng takes a responsible approach to address customer concerns, with dedicated teams responsible for handling complaints and analyzing and improving on-time delivery rates and product complaints. This ensures our commitment to customer satisfaction.

Gudeng Precision also proactively implements the 4p4c policy to maintain customer partnerships, even actively identifying yield issues in customers' processes in the PCB industry, providing solutions for large-size carriers to enhance customer process yields and explore new blue ocean markets.

Customer Satisfaction

Gudeng Precision regularly sends questionnaires to customers at the end of each year to conduct satisfaction surveys with key stakeholders. Customer satisfaction is quantified using scale patterns, and the results are fed back to internal departments such as sales, R&D, and quality control for subsequent monitoring and to set the benchmark for improving customer satisfaction in the future.

Through the customer satisfaction questionnaire, we not only identify the services that currently satisfy customers, but also areas that need enhancement and improvement. For customers whose satisfaction scores are below the threshold, responsible business units must complete a "Customer Satisfaction Improvement Action Plan" to address and improve areas of dissatisfaction. Furthermore, the annual satisfaction statistics will be compared and reviewed with historical data. Through each feedback process, Gudeng Precision can continuously improve and provide better-quality services to its customers. Moreover, through satisfaction surveys, we gain insights into customers' future product needs, helping them gain a competitive edge in the rapidly changing market. Regarding specific customer cases, we

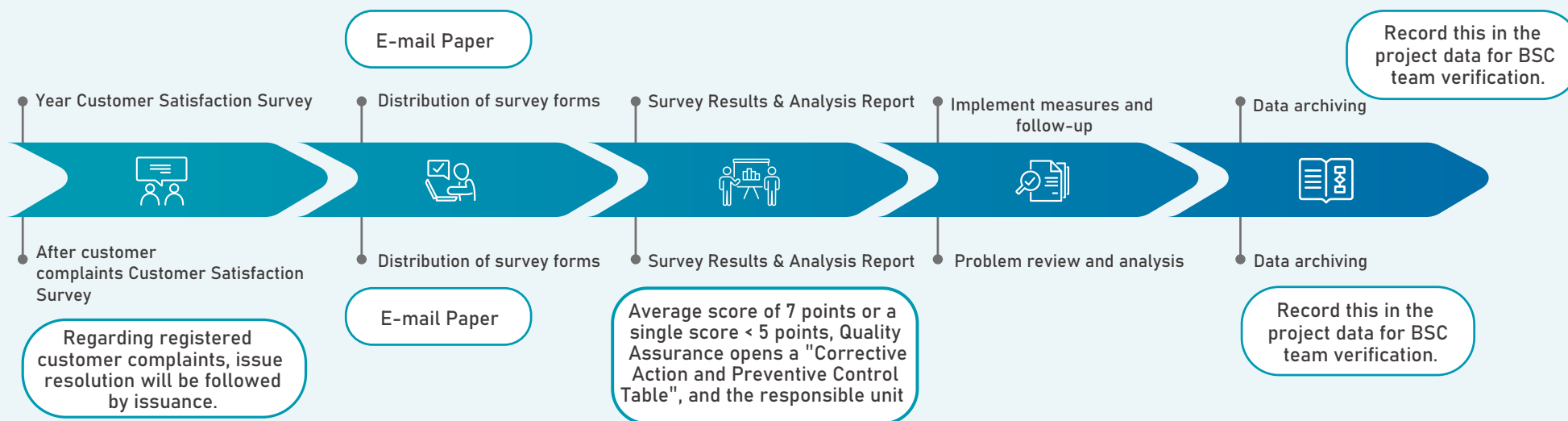
communicate regularly with customers through email, phone meetings, video conferences, and business trips. After integrating customer suggestions, we report to management to ensure that we address customer concerns.

In 2023, a total of 20 questionnaires were issued based on the top 10 key customers and revenue proportion principles, with 19 responses received, resulting in a response rate of 95%.

Key customers rated overall service satisfaction related to quality, technology, and on-time delivery at 93 points.

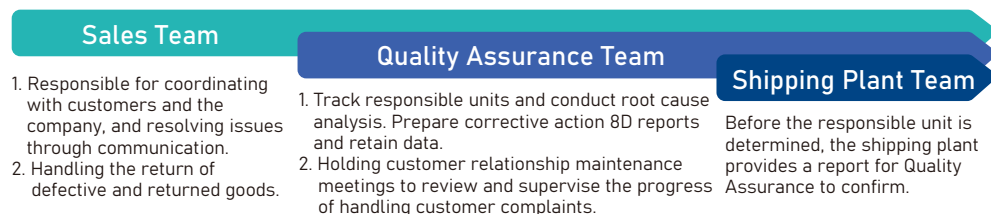
Customer Satisfaction Survey Categories					
Average Customer Satisfaction	Quality	Delivery	Service	Technique	Overall Satisfaction
Satisfaction (%)	91%	94%	96%	91%	93%

Customer Satisfaction Survey Process



On-Time Delivery Rate

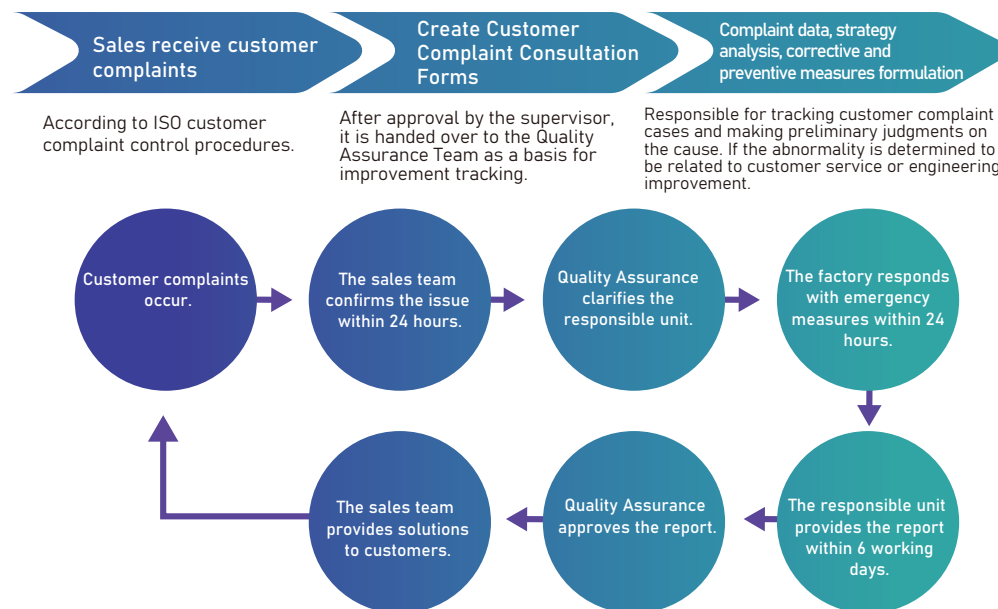
Gudeng Precision values feedback from customers and stakeholders, includes the retrieval of defective products and returns in our satisfaction metrics, and our sales team and customer service department promptly address the root causes and actively resolve issues. The Quality Assurance unit tracks progress, prepares 8D reports for corrective actions, collects data, analyzes information, identifies root causes, and verifies solutions systematically. During customer relationship maintenance meetings, we use clear data evidence instead of relying solely on experience to establish standardized improvement policies, prevent recurrence, and enhance post-sales service satisfaction.



Customer Complaint Handling Process

1. The Sales Team must contact the customer within 24 hours to confirm the actual issue and complete the Customer Complaint Consultation Form to be transmitted to the Quality Assurance Team.
2. The Quality Assurance Team receives the Customer Complaint Consultation Form and tracks the handling progress of the responsible unit, confirming the final report of accountability and saving the data to prevent future occurrences.
3. The Shipping Plant Team must provide an emergency measure response to the Quality Assurance Team within 24 hours. Before the responsible unit is determined, the shipping plant provides a report for Quality Assurance to confirm.
4. The responsible unit must provide an emergency measure within 24 hours and provide emergency measure information within 48 hours.
5. Within 6 working days, cross-unit integration provides Quality Assurance confirmation and, on the 7th working day, provides the final report of Quality Assurance confirmation to the Sales Team.

After the case is closed, the Sales Team provides feedback on customer-side cause analysis to understand the main causes of concern and implement improvements in stakeholder interactions.



- (1) Regularly track product improvement feedback from customers.
- (2) Understand customer needs for future product designs to optimize each product shipped in the future.
- (3) Simultaneously optimize product design and inspect production anomalies.



4

Sustainable Environment

4.1 Climate and Energy Management

4.2 Water Resources and Waste
Management

4.1 Climate and Energy Management (Material Topic)(Renamed)

Material topics	Climate and Energy	
Policy	Improve energy efficiency and effectively utilize energy resources; promote greenhouse gas inventory, disclosure, and reduction to achieve net-zero emissions.	
2023 Achievements	Short-term goals for 2024	Goals for 2025 to 2030
<ul style="list-style-type: none"> Establish an energy-saving project team to promote 7 energy-saving projects with electricity savings of 748,000 kWh. Reduce unit revenue electricity consumption by 30% by 2023 (compared to 2021 baseline). Reduce unit revenue carbon emissions by 33% by 2023 (compared to 2021 baseline). 	<ul style="list-style-type: none"> Continue promotion of energy-saving projects, aiming to finalize them annually. Reduce unit revenue electricity consumption by 2%. Reduce unit revenue carbon emissions by 2%. 	<ul style="list-style-type: none"> Improve energy efficiency and effectively utilize energy resources. Promote greenhouse gas inventory, disclosure, and reduction to achieve net-zero emissions. By 2030, the proportion of renewable energy use shall reach 60% (by 2035, the proportion of renewable energy use shall reach 90%; by 2040, the proportion of renewable energy use shall reach 100%).

Note: Carbon emissions per unit revenue = (Category 1 + Category 2) ÷ million in revenue

4.1.1 Climate Change Governance and Management Strategy

Climate change risk issues have been consecutively ranked as the top global risks for the future by the World Economic Forum (WEF) for several years. To collectively address the impacts of climate change and extreme weather events, the Paris Agreement was adopted at COP21 in 2015. The most recent COP28 further reiterated that global greenhouse gas emissions need to be reduced by 43% and 60% by 2030 and 2035, respectively, in order to limit the temperature increase to within 1.5 degrees Celsius.

As a global leader in photomask transport carriers, the Company deeply recognizes that establishing climate-related risk management mechanisms and enhancing adaptive capabilities are integral to its sustainable operations strategy. Based on the initiative to limit global warming to 1.5 degrees, the Company refers to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to manage climate-related issues. It enhances the management and practical response actions regarding climate-related risks and opportunities through "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

4.1.2 Climate Governance

In promoting climate governance, the Company's Board of Directors serves as the highest supervisory and guiding entity, authorizing the Sustainable Development Committee as the management and decision-making unit. This committee is responsible for corporate sustainability and climate-related strategy development, reporting quarterly to the Board on its activities and major resolutions. These include key climate-related strategy and target formulation, and progress on greenhouse gas reduction, which are disclosed upon the Board's approval.

The implementation of climate risk management and strategy execution is primarily carried out by the Sustainability Office under the Sustainable Development Committee and the Business Continuity Management (BCM) Committee, enhancing mutual supervision across units. The Sustainability Office is responsible for formulating response strategies and supervising the implementation progress based on the results of major climate risk assessments. BCM is responsible for the implementation and promotion of relevant drills, which are then reviewed by the Director members of the Sustainable Development Committee and reported to the Board of Directors.

Climate Governance Framework	Unit Responsibilities and Authorities
Board of Directors	<ul style="list-style-type: none"> Highest Supervisory Body for Climate Risks Supervision and review of climate risk and opportunity analysis results Supervises and approves climate transition plans and esg performance
Sustainable Development Committee	<ul style="list-style-type: none"> Review climate-related resolutions and report to the Board of Directors
Sustainability Office	<ul style="list-style-type: none"> Convene cross-departmental units for TCFD workshops, with the Chief Sustainability Officer serving as the highest management representative Continuously monitor the Financial Supervisory Commission's requirements on climate issues Responsible for integrating the Company's overall sustainable development strategy and climate change response, coordinating climate response resource integration across departments Propose a net-zero action plan in alignment with climate-related regulations, international trends, and internal carbon reduction goals Responsible for strategic planning of climate risk management tasks, monitoring progress of BCM and various departments in executing climate projects and achieving goals
Business Continuity Management Committee (BCM)	<ul style="list-style-type: none"> Regularly gather climate-related issues of concern to internal and external stakeholders, discussing them within the Company's overall risk assessment mechanism Implementation of climate strategy plan execution and initiation of drill measures

Key climate-related decisions ratified by the Board of Directors in the past two years

- 1 Approval of 50 MW solar power plant construction
- 2 Greenhouse gas inventory and verification schedule
- 3 Climate Change Risk and Opportunity Identification Result

Climate Risk Identification and Strategic Response

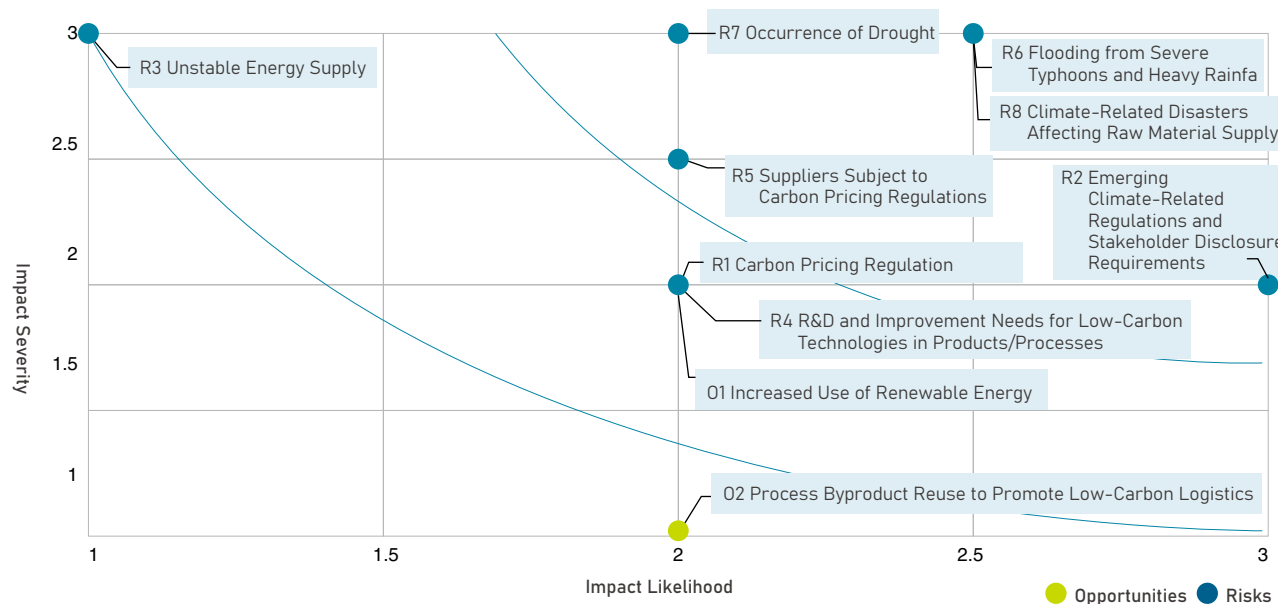
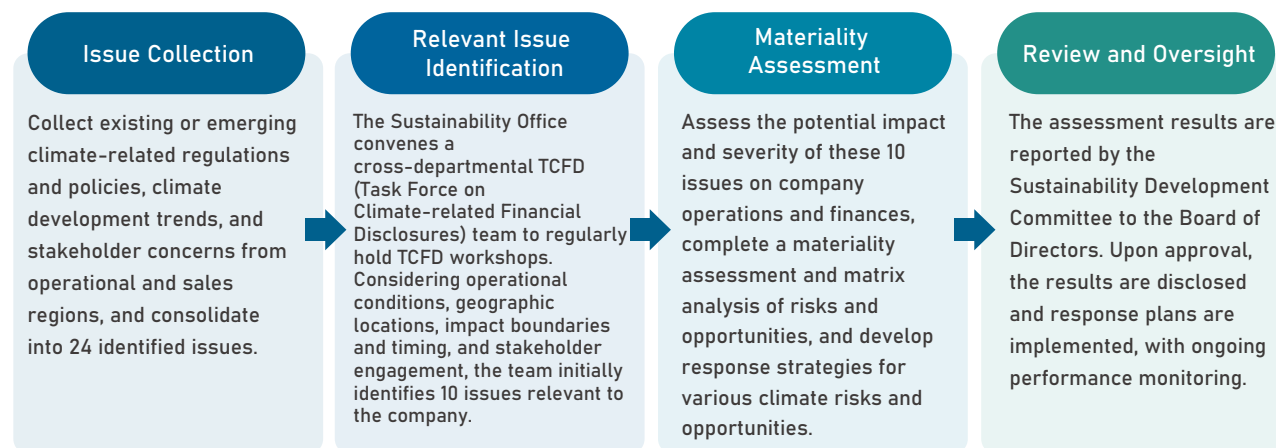
Integrating Climate into Comprehensive Risk Management

Starting from 2023, the Company incorporated "Climate Change" into its Business Continuity Management Mechanism, integrating it with existing risk assessment processes as one of the sources for identifying risk items. The Business Continuity Management Committee (BCM) analyzes the likelihood and severity of impacts and implements contingency measures to enhance the Company's climate resilience. In 2024, the Sustainability Office convened a cross-departmental TCFD team to conduct a more comprehensive materiality analysis on climate transition, physical risks, and opportunities. In the future, the Company plans to integrate the TCFD team's materiality assessment process into the BCM management mechanism.

In addition, the International Organization for Standardization (ISO), in support of the London Climate Change Declaration resolution in 2024, has added provisions requiring organizations to consider the importance of climate change risks, their impact on the organization, and whether stakeholders have raised related demands when maintaining ISO Management Systems. In response, Gudeng has incorporated climate change-related issues into its ISO 14001, ISO 22301, ISO 45001, ISO 50001, ISO 9001, and ISO 27001 management systems as a basis for risk analysis.

Climate Risk and Opportunity Identification

The Company established a cross-departmental TCFD working group to broadly identify climate-related issues and financial impact pathways relevant to the Company based on industry characteristics. The group conducts thorough discussions categorized by operations, products, and physical natural disasters, focusing on high-impact, high-probability issues requiring prioritized management. This enables effective implementation of response plans to enhance the Company's mitigation and adaptation capabilities.



▲ Figure, Gudeng Climate Risk and Opportunity Materiality Matrix

4.1.4 Identification Results and Response Strategies for Climate-Related Risks and Opportunities

The Company defines short-term as within the next 3 years, medium-term as 3 to 10 years, and long-term as 10 to 30 years based on the management timeline of organizational goals, assessing the potential occurrence of various climate issues. Short-term risks primarily include the impact of Taiwan's emerging climate-related regulations and stakeholder demands, as well as extreme weather impacts on energy, raw materials, production, and the supply chain. Opportunities lie in promoting waste plastic reuse for low-carbon logistics. Medium- and long-term risks extend to carbon tariffs and pricing controls globally, affecting both the Company and its suppliers. As investment in low-carbon development increases, product and process R&D may pose risks to operating costs. Opportunities are expected to arise from the Company's renewable energy development progress, bringing advantages to energy management.

Type	Climate-related Risk Items	Potential Risks Faced by Gudeng	Financial impacts	Impact level	Impact boundary	Impact timing	Management and Action Strategy
Transformation risk	Policy and Regulations	R1: Carbon pricing regulations Medium-term Risks: Taiwan's carbon fee collection will begin in 2025. The Company's current emissions are not subject to carbon fees, but with stricter future regulations, phased reduction of management thresholds, and graded adjustments in carbon fee rates, it may be affected within the next 10 years. In addition to the increased operating expenditures on carbon fees, to meet the carbon fee reduction threshold, the implementation of autonomous reduction plans may cause labor and project costs to rise. Long-term Risks: Regions and countries such as the EU with CBAM, the US with CCA, Japan, and Canada are actively formulating carbon tariff systems. Regulated enterprises will be mandated to pay carbon fees on imported goods. Although the Company is not currently in a regulated industry, it has been actively expanding into international markets in recent years. If subjected to carbon tariff regulations, it may increase the cost of the Company's exported products.	1. Increase in Expenditure: Taxes 2. Increase in Operating Costs: Sales, Manpower, and Project Execution	Medium-term	Self-operation	Medium-term/Long-term	<ul style="list-style-type: none"> Annually propose carbon reduction plans to reduce product carbon footprints. Actively invest in renewable energy projects, aiming to achieve RE60 by 2030, RE90 by 2035, and RE100 by 2040. Develop independent reduction plans, regularly track reduction performance, and continuously monitor the development of carbon tariff systems for carbon credit applicability.
	Policy and Regulations / Reputation	R2: Emerging climate-related regulations and stakeholder disclosure requirements The Company is required by regulatory authorities to disclose climate information and also receives annual requests from customers and investors to disclose inventory data, goal commitments, etc., leading to increased manpower and project costs. Failure to respond to these requests may result in fines or damage to the Company's image, potentially causing a decline in stock price.	1. Increased Operating Costs: Manpower and Project Execution 2. Increase in Expenses: Fines 3. Damage to Reputation: Stock Price Decline	High	Self-operation	Short-term	<ul style="list-style-type: none"> Each year, through the implementation and verification of ISO standards, the necessary information is identified and disclosed, while simultaneously considering climate-related regulations and risk impacts within the ISO Management System. Enhance brand value through proactive promotion of ESG.
	Energy acquisition	R3: Unstable Energy Supply Extreme weather events or instability in renewable energy sources, combined with insufficient resilience of power supply facilities, may cause power outages, resulting in equipment malfunction and operational disruptions. If such incidents continue to occur in the future, it may affect product delivery, causing customer concerns or order reductions.	1. Operational Interruption: Production Interruption 2. Increased Operating Costs: Maintenance 3. Reduction in Assets: Equipment Damage 4. Reduction in Revenue: Decrease in Orders	Medium-term	Own Operations, Downstream Customers	Short-term	<ul style="list-style-type: none"> Electricity and water are essential resources for the Company's operations. In the event of a power or water outage, the Facilities Department will immediately activate the Uninterruptible Power Supply (UPS) and water storage systems or transfer production lines to backup sites. In 2023, the Company implemented the ISO 22301 Business Continuity Management System, formulated a comprehensive BCP recovery strategy, ensuring that in the event of extreme natural disasters, recovery plans can be completed within the Recovery Time Objective (RTO) to the Maximum Tolerable Period of Disruption (MTPD) without affecting customer deliveries. Maintain an inventory reserve for 3-6 months and have a backup factory. Branch offices, subsidiaries, and suppliers can also be mobilized to support production, reducing the risk of production interruptions.

4.1 Climate and Energy Management

4.2 Water Resources and Waste Management

Type		Climate-related Risk Items	Potential Risks Faced by Gudeng	Financial impacts	Impact level	Impact boundary	Impact timing	Management and Action Strategy
Transformation risk	Market / Technique	R4: Demand for Research and Development and Improvement of Low-Carbon Technique in Product/ Manufacturing Processes	With the global semiconductor industry's trend towards greening, brand owners' carbon reduction commitments are driving demand for low-carbon products and services within the supply chain, leading to a shift in market demand for green manufacturing processes in the semiconductor industry. The Company needs to meet customers' low-carbon demands and potential regulatory requirements by conducting R&D on low-carbon techniques for products and manufacturing processes; failure to meet these expectations may result in order cancellations. The Company's past experience in developing low-carbon products indicates that the entire R&D process from testing to completion requires significant investment in manpower and R&D costs, and there is also a risk of R&D failure.	<ol style="list-style-type: none"> 1. Increased Operating Costs: Raw Materials, R&D 2. Increased Expenditure: Low-Carbon Equipment Assets 3. Decrease in Revenue: Reduced orders, Loss of Customers 	Medium-term	Own Operations, Downstream Customers	Short-term	<ul style="list-style-type: none"> • Customers have requested the utilization of recycled raw materials and the development of energy-efficient products. The Company is continuously improving product longevity and collaborating with customers to enhance green logistics (e.g., optimizing EIP packaging materials, improving product stacking methods for transportation, and eliminating single-use plastics). • Continuously implement process improvements to enhance manufacturing efficiency and replace energy-intensive equipment to reduce energy consumption per unit of production. Over the past two years, we have completed the replacement of lighting fixtures and obsolete motors. Through the optimization and integration of in-factory equipment, such as implementing group control for air compressors, we have improved the energy efficiency of our operations. • Track R&D expenditure and effectively control R&D costs.
	Policy and Regulations	R5: Supplier under carbon pricing control	Countries are progressively implementing carbon taxation systems, imposing fees on businesses (including raw material manufacturers) based on their operational or product emissions. To comply with international low-carbon trends and regulatory requirements, the Company's suppliers may need to modify or optimize their products and manufacturing processes. If subject to carbon pricing regulations, carbon fees may be imposed, potentially resulting in increased raw material costs.	<ol style="list-style-type: none"> 1. Increased operating costs: Raw materials 	High	Upstream Supplier, own operations	Medium-term	<ul style="list-style-type: none"> • The Company leads suppliers in carbon reduction initiatives through mentorship programs, aiming to manage reduction goals and decrease raw material emissions through the implementation of sustainable supply chain practices and ISO 14064-1 inventories. The development of a carbon management platform assists suppliers in implementing carbon management strategies. Additionally, early payment incentives are offered to encourage suppliers who successfully implement carbon reduction measures. • Establish a Semiconductor Local Supply Chain Alliance to collaborate with suppliers and enhance production capacity and efficiency. Regularly conduct Supplier Conferences to emphasize the importance of ESG development, focusing on suppliers' carbon management practices and carbon pricing strategies.
Physical Risk	Acute	R6: Flooding due to typhoons and heavy rainfall	In recent years, extreme rainfall has occurred frequently. During the summer of 2023, heavy rainfall led to flooding at Gudeng's Tainan factory on a non-working day. If such an event were to occur on a working day, it could be expected to impact production operations. Sudden heavy rain may damage production facilities such as factories and warehouses, and the Tainan factory has a clean room that could be contaminated by flooding, causing severe asset losses. Secondary disasters like power outages and road blockages may also interrupt production, resulting in products not being shipped on time and affecting customer relationships.	<ol style="list-style-type: none"> 1. Increased Operating Costs: Maintenance 2. Reduce Assets: Equipment Damage, Decrease in Asset Value 3. Operational Disruptions: Employees unable to attend, power outage 4. Reputation damage: impacting customer relationships 	High	Own Operations, Downstream Customers	Short-term	<ul style="list-style-type: none"> • Implement ISO 22301 Business Continuity Management System and execute the "Emergency Response Control Procedure" to develop recovery plans for potential climate-induced disruptions, and conduct practical drills. Enhance drainage infrastructure in production areas and surrounding environments to mitigate sudden adverse conditions, minimizing potential negative impacts on operations and customers.
Physical Risk	Chronic	R7: Drought occurrence	In recent years, southern Taiwan has experienced persistent droughts, prompting Taiwan Water Corporation to mandate a 10% reduction in water consumption. Failure to meet this requirement results in the implementation of lead sealing and supply reduction measures. Furthermore, prolonged drought has led to water scarcity, potentially necessitating government-imposed water restrictions that directly reduce the Company's water allocation.	<ol style="list-style-type: none"> 1. Operational Interruption: Water Supply Interruption 2. Increased Expenditure: Purchase of Water 3. Decrease in Revenue: Decline in production capacity, reduced orders, loss of customers 4. Reputation damage: impacting customer relationships 	High	Own Operations, Downstream Customers	Short-term	<ul style="list-style-type: none"> • The Company plans to retrofit existing trucks into water tankers. During severe water shortages, these can be utilized to independently source water from regions with sufficient supply to meet production needs, thereby reducing reliance on external water transportation services. • Implement a mechanism to upgrade from secondary to primary water reclamation systems with automated switching controls to optimize reclaimed water utilization. Enhance reclamation efficiency through pipeline modifications and water flow optimization, utilizing reclaimed process water for non-potable purposes such as flushing.

4.1 Climate and Energy Management

4.2 Water Resources and Waste Management

Type	Climate-related Risk Items	Potential Risks Faced by Gudeng	Financial impacts	Impact level	Impact boundary	Impact timing	Management and Action Strategy
Physical Risk	Acute	R8: The impact of climate disasters on the supply of raw materials Extreme weather events may impact raw material sources, transportation routes, or storage facilities, potentially obstructing supply chains or damaging stored materials and products. In addition to escalating transportation expenses and lead times, natural disasters disrupt supply chain production and distribution, potentially impeding timely raw material procurement and resulting in decreased production capacity. In 2023, drought-induced shipping disruptions in certain regions extended delivery times for imported raw materials to six to twelve months. This necessitated the Company to reallocate materials, incurring additional costs. Such circumstances might necessitate product price adjustments, eroding pricing advantages and challenging the maintenance of long-term customer relationships. Failure to effectively manage raw material logistics may result in late delivery penalties, eroding customer trust and potentially leading to order transfers and other adverse effects, ultimately impacting overall revenue.	1. Operational Interruption: Logistics Traffic Disruption, Supply Chain Disruption 2. Increased Operating Costs: Raw Materials, Sales, And Logistics 3. Increased Expenditure: Fines 4. Reduction in Revenue: Decrease in Production Capacity, Fewer Orders, Loss of Customers	High	Upstream Supplier, own operations, Downstream Supplier, logistics	Short-term	<ul style="list-style-type: none"> Implement ISO 22301 Business Continuity Management System, develop recovery plans for potential climate-related disruptions, and conduct practical drills. The supply chain management procedures are meticulously defined to ensure material availability, and a Business Continuity Management mechanism is established to enable mutual backup of raw materials and production equipment between northern and southern facilities. To mitigate transportation disruptions caused by natural disasters, the Company, in collaboration with the Semiconductor Onshore Local Supply Chain Alliance, is progressively establishing local manufacturing facilities in customer countries to ensure timely delivery and responsiveness to customer demands. Cultivate local suppliers across various manufacturing sites to reduce product carbon footprint and mitigate material shortage risks. Some metal raw materials required for product manufacturing rely on international imports. The Company closely monitors the situation and proactively places advance orders for potentially affected materials. Maintain raw material inventory with a minimum of two suppliers to ensure supply chain resilience.
Opportunities	Market	O1: Increase the use of renewable energy sources Future increases in green electricity demand may constrain renewable energy availability. Providing clean energy solutions for customers and the supply chain to achieve collective net-zero goals can become a significant competitive advantage and opportunity. This not only generates revenue but also enhances corporate image, increases investor appeal, and strengthens customer preference.	1. Increase in Revenue: Income from new renewable energy sources, acquiring customers 2. Value Enhancement: Increased Willingness of Investors to Invest	Medium-term	Upstream supply chain, own operations, downstream customers	Medium-term	<ul style="list-style-type: none"> In 2023, the Board of Directors resolved to invest in renewable energy sites and set renewable energy goals. Secure renewable energy project resources, with commercial operations projected to commence in 2025. A portion of the generated power will be reserved for priority procurement by customers and suppliers. Depending on market conditions, surplus electricity will be sold in bulk to Taiwan Power Company (Taipower) or other semiconductor suppliers and major electricity consumers, ensuring partners collectively progress towards the RE100 goal.
	Resource use efficiency	O2: Promote recycled input material in Manufacturing Processes for Low-carbon logistics The Company's products primarily comprise plastic components. The production process generates injection-molded supports, newly developed non-conforming plastics, and trial production waste. Leveraging proprietary precision technologies, semiconductor reclamation, and manufacturing capabilities, these materials are repurposed into recycled logistics carriers or packaging materials, reducing logistical waste and emissions. Plans to market recycled pallets to suppliers or utilize them as transport mediums for customer product deliveries will enhance resource utilization efficiency, minimize waste management costs, and reduce logistics procurement expenses.	1. Cost Savings: Waste Processing, Logistics 2. Increased Revenue: Recycled Product Sales	Low	Upstream supply chain, own operations, downstream customers	Short-term	<ul style="list-style-type: none"> Initiated a collaborative supply chain carbon reduction project and an R&D initiative for secondary material utilization, contributing to enhanced corporate image and cost optimization. The R&D Project will continuously assess the feasibility of exploring new markets. Current secondary material utilization projects include: compressing aluminum scrap from manufacturing processes for reprocessing into reclaimed materials at recycling facilities. This compression significantly reduces aluminum volume, decreasing transportation frequency and associated emissions. Additional secondary material utilization projects will be progressively implemented.

Climate-related issues impact the Company's financial planning.

Occurrence time	Short-term (<3 years)	Medium-term (3-10 years)	Long-term (>10 years)
Facing Risk Issues	R2: Emerging climate-related regulations and stakeholder disclosure requirements R3: Unstable Energy Supply R4: Demand for Research and Development and Improvement of Low-Carbon Technique in Product/Manufacturing Processes R6: Flooding due to typhoons and heavy rainfall R7: Drought occurrence R8: The impact of climate disasters on the supply of raw materials O2: Promote recycled input material in Manufacturing Processes for Low-carbon logistics	R1: Regulation of carbon pricing R5: Supplier under carbon pricing control O1: Increase the use of renewable energy sources	R1: Regulation of carbon pricing
Investment in the finance cost of the plan	<ul style="list-style-type: none"> Increasing procurement of renewable energy sources and investment in site costs Regular implementation costs for ISO standard verification related to climate issue management Maintenance and inspection costs for existing equipment and facilities regularly Manpower and expenses required for R&D in the use of recycled input materials, energy-saving product development, manufacturing process improvements, and secondary material reuse. Capital Expenditure on upgrading energy-saving equipment Expenses for converting trucks into water transport vehicles 	<ul style="list-style-type: none"> Increase funding for operational carbon reduction and reducing product carbon footprints. Carbon fee expenditure Low-carbon supply chain management fee investment Costs for the execution of supplier carbon inventory Education and Training Renewable energy source procurement and renewable energy project site investment expenditures 	<ul style="list-style-type: none"> Continued investment in low-carbon project costs Manpower cost for carbon tariff declaration and carbon reduction planning

4.1.5 Index and Goals

The Company's climate-related risk and opportunity management indicators include: Greenhouse Gas Management, energy usage management, water stewardship, Product Design and material usage, and Sustainable supply chain. For detailed information on the short-term and medium-term goals of each indicator and the 2023 performance, please refer to the corresponding sections in the Sustainability Report.

Index	Items	Goal Setting	2023 Performance	Sustainability Report Sections
Greenhouse Gas Management	<ul style="list-style-type: none"> GHG emissions Product Carbon Footprint Inventory 	<ul style="list-style-type: none"> Reduce unit revenue carbon emissions by 2% annually Implement carbon footprint tracking for key products evaluation 	<ul style="list-style-type: none"> Unit revenue carbon emissions decreased by 3.1% compared to 2022 Year Complete the independent carbon footprint inventory for key products 	4.1 Climate and Energy Management
Energy Use Management	<ul style="list-style-type: none"> The generation and use of renewable energy source increased Implement energy-saving initiatives 	<ul style="list-style-type: none"> Goal for the Use of renewable energy sources: Achieve RE 60 by 2030, RE 90 by 2035, and RE100 by 2040. Reduce unit revenue electricity consumption by 2% annually (with 2021 as the base year) 	<ul style="list-style-type: none"> Introduction of smart meters throughout the factory to actively monitor energy consumption Investment in renewable energy source sites Implement seven energy-saving projects 	4.1 Climate and Energy Management
water stewardship	<ul style="list-style-type: none"> Improve water recycling rate Installation of water consumption reduction devices 	<ul style="list-style-type: none"> Annual unit revenue water consumption reduction of 3% (with 2021 as the base year)3% 	<ul style="list-style-type: none"> Unit revenue water consumption reduction of 39% compared to 2022 Adopted a secondary to primary water reclamation system mechanism, achieving a water consumption reduction of approximately 25,680 m³ Process water recycling rate of 82% 	4.2 Water Resources and Waste Management
Product Design and Materials Use	<ul style="list-style-type: none"> Process Optimization Reclaimed Waste & Recycling R&D Project Waste Reduction 	<ul style="list-style-type: none"> Achieve 80% unit waste reclaimed Goal in 2024 Unit revenue waste reduced by 2% annually 	<ul style="list-style-type: none"> Unit revenue waste decreased by 22% compared to 2022 Plastic recycling and repurposing, such as developing recycled pallets, plastic chairs, and logistics boxes. Reclaimed aluminum from Manufacturing Processes cuttings for reuse 	4.2 Water Resources and Waste Management
Sustainable Supply Chain	<ul style="list-style-type: none"> Creating the Semiconductor Onshore Local Supply Chain Alliance Establish supplier carbon inventory capabilities 	<ul style="list-style-type: none"> Completion of the Company's dedicated carbon management platform in 2024 Achieve assistance for 38 suppliers in completing greenhouse gas inventory by 2024 	<ul style="list-style-type: none"> Provided 98 energy improvement solutions to suppliers, achieving a total carbon reduction of 8,663 metric tons of CO₂e Initiated a collaborative supply chain carbon reduction project, featuring a pilot program replacing single-use packaging with reusable metal containers Implementation of ISO 20400 Sustainable Procurement Guidelines Provision of two ISO 14064-1 training sessions for suppliers 	2.3 Sustainable supply chain

4.1.6 Greenhouse Gas Inventory

In 2022, the Company implemented ISO 14064 greenhouse gas inventory guidance and third-party verification, established a greenhouse gas inventory management procedure, completed the greenhouse gas inventory and verification process, and obtained a third-party greenhouse gas verification statement. The greenhouse gases inventoried include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). Continuing this inventory standard annually, the 2023 self-conducted inventory results showed total greenhouse gas emissions of 10,565.05 metric tons of CO₂ equivalent, with Scope 1 emissions of 623.30 metric tons of CO₂ equivalent and Scope 2 emissions of 8,132.25 metric tons of CO₂ equivalent. In 2023, there were no biogenic carbon dioxide emissions from biomass combustion or biodegradation.

GHG emissions

Unit: metric tons of CO₂ equivalent

Category	Category Description	2021	2022	2023
Category 1	• Direct greenhouse gas emissions and removal	535.75	584.70	623.30
Category 2	• Indirect greenhouse gas emissions from purchased energy	6,873.31	7,561.37	8132.25
Category 3	• Indirect greenhouse gas emissions from transportation	4.47	11.63	46.39
Category 4	• Indirect Greenhouse Gas Emissions from Products Used by the Organization	1,349.81	1,529.28	1,763.11
Category 5	• Indirect Greenhouse Gas Emissions Associated with the Use of the Organization's Products	-	-	-
Category 6	• Indirect Greenhouse Gas Emissions Generated from Other Sources	-	-	-
Total		8,763.34	9,686.98	10,565.05
Greenhouse gas emission intensity (metric tons of CO ₂ equivalent/per million in revenue)		3.71	2.58	2.50

Note:

- Operating control approach is used.
- Category 3 inventory scope includes emissions from air travel and high-speed rail travel; Category 4 includes emissions from purchased electricity, tap water, and diesel fuel, as well as solid and liquid waste treatment; Categories 5~6 are not included in the inventory scope and are indicated as "-".
- The electricity emission factor in Category 2 is based on the 2021 electricity emission factor published by the Energy Bureau, Ministry of Economic Affairs: 0.509 kg CO₂e/kWh.
The electricity emission factor in Category 2 is based on the 2022 electricity emission factor published by the Energy Bureau, Ministry of Economic Affairs in 2023: 0.495 kg CO₂e/kWh.
The electricity emission factor in Category 2 is based on the 2023 electricity emission factor published by the Energy Bureau, Ministry of Economic Affairs in 2024: 0.494 kg CO₂e/kWh.
- Use global warming potential (GWP) values are referenced from the IPCC 2021 Sixth Assessment Report (AR6).
- Greenhouse gas emission factors: Greenhouse gas emission factors: Environmental Protection Administration, Executive Yuan EPA Greenhouse Gas Emission Factor Management Table 6.0.4
- Inventory scope for 2021: October 2022, Tucheng Headquarters, Tree Valley Factory, Southern Taiwan Science Park Factory.
- Inventory scope for 2022 and 2023: Tucheng Headquarters, Tree Valley Factory, Southern Taiwan Science Park Factory, Fuxing Factory.
- Greenhouse gas emission intensity = (Category 1 + Category 2) ÷ million in revenue

4.1.7 Energy Management

Gudeng Precision aims to actively address global climate change and has formulated an Energy Management Policy.

- Improving energy efficiency and reducing energy usage costs
- Implementing energy-efficient and eco-friendly designs, prioritizing the procurement of energy-saving equipment
- Implementing energy management systems to continuously improve energy performance
- Complying with energy-related regulations and establishing a sustainable green operation
- Encouraging all employees to participate in communication and coordination to achieve energy-saving and carbon-reduction goals



Energy Use

Items	2021	2022	2023
Electricity Consumption (MWh)	13,504	15,275	16,462
Unit Revenue Electricity Consumption (MWh/ per million in revenue))	6.77	4.83	4.71

Energy Usage Unit: GJ

Items	2021	2022	2023
Gasoline	1,186	1,324	1,185
Diesel	3,370	3,629	4,183
Purchased Electricity	48,613	54,992	59,263
Total	53,169	59,945	64,631
Total Energy Intensity (GJ/per million in revenue)	26.66	18.97	18.49

Note: 1,000 kWh of electricity = 3.6 GJ

Note: Energy calorific values are based on the 2022 Energy Statistics Handbook published by the Bureau of Energy, Ministry of Economic Affairs.

4.1.8 Energy Management Implementation Results

1. Implementation of ISO 50001 Energy Management System and Third-Party Certification: In 2022, the Company: Established an energy management team; Conducted energy reviews and regulatory compliance assessments; Implemented action plans and energy-saving diagnostics; Established energy baselines, performance indicators, and monitoring methodologies; Completed internal audits and management reviews; Obtained third-party certification. Through the operation of the energy management system, it has achieved substantial benefits in improving energy efficiency, reducing energy costs, and decreasing greenhouse gas emissions.
2. Installation of Smart Electricity Meters and Monitoring Systems: Due to the increase in factory production capacity in 2022, electricity consumption has continued to grow. A smart energy management system was introduced to integrate existing digital electricity meters and there is a plan to install additional digital electricity meters to monitor major energy-consuming equipment. The establishment of a comprehensive power information system will provide decision-making references for power-saving and improvement performance management policies and provide alerts for abnormal power usage to facilitate energy-saving countermeasures. Additionally, plans are underway to increase carbon emission analysis charts and advanced data displays to facilitate comparisons of carbon emissions during different periods and for various sub-items.
3. Energy-Saving Action Plan Evaluation and Promotion: In 2023, a total of 7 energy-saving action plans were promoted (as shown in the table below). The annual energy-saving amount from these action plans reached 2.44 million kWh, with an energy-saving amount of 748,000 kWh in 2023 and a carbon reduction of 369 tons of CO₂ equivalent. The Tree Valley Factory achieved a 4.7% reduction in electricity consumption in 2023.

Office Energy-saving Measures

To enhance the office's energy-saving habits and implement energy-saving operations comprehensively, promote energy efficiency to reduce environmental pollution, and achieve economic and environmental protection goals. Gudeng Precision is committed to implementing office energy-saving measures, actively seeking employee improvement suggestions, and introducing smart electricity meter modules for real-time monitoring of equipment electricity usage within the factory. Through advocacy, we hope to cultivate the habit of energy-saving among colleagues at all times.



Energy-Saving and Carbon-Reduction Implementation Plan

NO	Action Plan Name	Description of Measures	Annual Energy Saving Amount (kWh)	Completion Date	2023 Energy Saving Amount (kWh)
1	Improvement Proposal for Converting Electric Heating Elements of Injection Barrels to Infrared Heating	Currently, the injection molding machines in the factory use electrical heating. Switching to non-contact infrared heating will not only save more electricity but also heat up faster, with an estimated 35% reduction in electricity consumption.	600,572	2023/6/17	300,286
2	Energy-saving Project for Cleanroom FFU AC to DC Motor Conversion	During the operation of cleanrooms, it is planned to switch FFUs from AC motors to DC motors to reduce energy consumption.	1,061,659	2023/11/8	88,472
3	Adjusting the Cooling Water Flow in Manufacturing Processes, Automatic Adjustment of Injection Cooling Water Supply Based on Demand	30HP manufacturing process cooling water pump runs at full load supply, with the addition of a variable frequency drive to control the water flow through variable flow rate.	24,721	2023/3/3	18,541
4	Improvement Proposal for Packaging Machine by Replacing Vacuum Generator with New Vacuum System Supply	The automatic packaging machine in the Tree Valley Industrial Park uses a CDA system with a vacuum generator to create a vacuum for product packaging. The improvement plan is to use a vacuum pump to directly generate the negative pressure for the packaging machine, reducing the energy consumption in the process of converting positive and negative pressure.	231,115	2023/6/19	115,558
5	Scheduling and variable frequency setup for overall ventilation and exhaust systems in the manufacturing processes area.	The overall air exchange and exhaust system in the cleanroom manufacturing processes area plans to add graphical control to adjust the operation schedule. It is anticipated that stopping operation during holidays can reduce energy use.	37,586	2023/1/31	34,453
6	The supply pressure from the Compressed Air machine was reduced from 8.5kg to 8.0kg, and the special requirement was boosted by a booster pump.	At the Tree Valley Factory, the CDA/XCDA compressed air machines have an overall supply pressure set to 8.5 kg due to the pressure requirements of some equipment. Considering the different pressure requirements of each equipment, a pipeline branching plan has been undertaken to reduce the pressure value of some compressed air equipment to 8 kg.	316,119	2023/8/18	105,373
7	Chilled Water System Improvement Engineering (3F Chilled Water System Supply to 4F 240RT System)	Currently, the air conditioning system for the 4F office area and restaurant is supplied by a 240-ton chiller unit on the rooftop. There is a plan to add support pipelines from the 3F chiller system to the 4F, integrating the entire factory's air conditioning supply through the 3F chiller unit group.	169,920	2023/6/22	84,960
Total			2,441,692		747,642

4.2 Water Resources and Waste Management

Material topics	Water Resources and Waste Management	
Policy	Improve water use efficiency, promote water recycling, and reduce discharge; Waste Reduction and Recycling, Promoting Circular Economy	
2023 Achievements	Short-term goals for 2024	Goals for 2025 to 2030
<ul style="list-style-type: none"> Process water recycling rate of 82% Reduce unit revenue water consumption by 54% by 2023 (with 2021 as the base year). Continue promoting plastic recycling and reuse projects. Unit revenue waste reduced by 21% by 2023 (with 2021 as the base year) 	<ul style="list-style-type: none"> Process water recycling rate of 85% Reduce unit revenue water consumption by 3% Continue promoting plastic recycling and reuse projects. Unit revenue waste reduced by 2% 	<ul style="list-style-type: none"> Improve water use efficiency, promote water recycling, and reduce discharge. Waste Reduction and Recycling, Promoting Circular Economy

4.2.1 Water Resource Management

The Company's water consumption is primarily for production processes and employee domestic use. The facility's water supply is sourced entirely from a third-party provider (Taiwan Water Corporation). No surface freshwater, seawater, or groundwater sources are utilized. A water recycling system is implemented in the usage cycle to reclaim, recirculate, and reuse water, achieving water conservation objectives. Wastewater treatment complies with government regulations and industrial park guidelines. Treated wastewater is discharged into the respective industrial park treatment facilities, meeting all applicable effluent standards. Domestic wastewater from the headquarters is discharged into the municipal sewage system as per regulations. The final discharge from the treatment plants flows into the western coastal areas of Taiwan, including third-party endpoints and marine environments.

Note: Tree Valley Factory adheres to the sewer connection limits established by the Tree Valley Park Service Center, Economic Development Bureau, Tainan City Government.

Note: Fuxing Factory adheres to the sewer connection limits established by the Tucheng Industrial Zone Service Center, Industrial Development Bureau, Ministry of Economic Affairs.

Items	2021	2022	2023
Water Intake	74.78	89.17	57.98
Water discharge	24.47	33.20	18.69
Water Consumption	50.31	55.97	39.29
Unit Water Intake per Million in Revenue (million cubic meters/per million in revenue)	0.037	0.028	0.017

Note: Water intake, wastewater discharge, and water consumption are measured in million cubic meters.

Note: The 2021 statistics include the Operations Headquarters, Tree Valley Factory, and Southern Taiwan Science Park Factory; the 2022, 2023 statistics include Tucheng Headquarters, Tree Valley Factory, Southern Taiwan Science Park Factory and Fuxing Factory.


Note: Operations Headquarters, Fuxing Factory, and Southern Taiwan Science Park Factory have no wastewater flow meters installed, wastewater discharge is estimated at 80% of the water intake.

Note: Water consumption = Water intake - Water discharge

Gudeng Precision utilizes the Aqueduct Water Risk Atlas, developed by the World Resources Institute (WRI), to assess water risks in various factory areas. The assessment results show that all factory areas are located in regions with low water stress (Low < 10%). Gudeng Precision also manages its water usage according to the Water Resources Agency's water situation indicators. In cases of water reduction or zone-based water supply, the Company complies with the regulations set by the competent authorities.

Water situation indicators	Gudeng Precision Response Strategies
● Normal	Normal water supply within the factory
● Slight tightening	Reduce Household Water Use
● Specific Time Lower Pressure Water Supply	Office Air Conditioning Control (Fan Only, No Temperature Control)
● Use of Industrial water reduction supply	Shutting down some non-essential production machines or implementing production cutback measures
● water supply stopped in specific zones at designated times	External water transported by water truck: 25 tons/time

Water Saving Initiatives in 2023

Program Name	Description of Measures	Water Saving Effect
 Secondary reclamation into primary water reclamation system mechanism	Introduce part of the secondary reclaimed water into the primary reclaimed water sump, increasing the reclamation rate and reducing industrial tap water Use.	25,680 m ³

Water Recycling

The construction plan of the factory also includes water resource recycling and reuse systems and continues to optimize the reclaimed water system to promote water resource circulation and reduce emissions. The process water recycling rate reached 82% in 2023.

Note: The process recycling rate is calculated based on the water balance diagram (R9 version).

4.2.2 Waste Management

Gudeng Precision's waste mainly includes domestic waste and general business waste, totaling 310.61 tons in 2023. Gudeng Precision truthfully reports the quantity of waste and entrusts legal vendors for proper handling, ensuring compliance with regulatory reporting procedures during transportation. In addition, the Company also values secondary material usage. As a major supplier of photomask boxes worldwide, Gudeng Precision often generates supports with injection connections, newly developed NG plastics, and trial-produced plastic waste. Most of this waste can be recycled and reused instead of being considered non-recyclable. Emphasizing sustainable environmental principles, Gudeng Precision processes and recycles this reusable waste. Other plastic waste is supplied to recycling factories for classification and subsequent production and reuse by corresponding secondary recycling manufacturers.

Waste Transportation Statistics

Unit: tons

Waste Category	2021	2022	2023
Domestic Waste	35.31	49.51	27.07
General Business Waste	188.92	309.81	283.54
Hazardous Business Waste	0	0	0
Total	224.23	359.32	310.61
Waste Transportation Volume (tons/per million in revenue)	0.112	0.114	0.089

Waste Classification Statistics

Unit: tons

Waste Type Weight (tons)	Domestic Waste	Waste Plastic	Waste Wood	Waste Paper	Waste Aluminum	Waste Hardware	Total
2021	35.31	152.80	15.98	15.75	2.68	1.71	224.23
2022	49.51	239.04	13.33	37.77	9.64	10.03	359.32
2023	27.07	188.62	33.96	30.24	25.55	5.17	310.61

Note: 2021 statistics scope: Tree Valley Plant.

Note: 2022, 2023 statistics scope: Tree Valley Factory, Fuxing Factory.

Environmental Penalty Explanation: In 2023, Gudeng Precision Industrial Co., Ltd., was not fined for violating environmental regulations.

4.2.3 Plastic Recycling Evolution

The Company's products primarily comprise plastic components. The production process often generates injection-molded supports, newly developed non-conforming plastics, and trial production waste. The majority of these plastics are recyclable. Adhering to sustainable environmental principles, the Company implements a comprehensive material recovery policy. Reusable plastics are processed into reclaimed powder materials, which are then recycled and reused. Other plastic waste is supplied to recycling facilities for sorting and subsequent reuse by secondary recycling manufacturers.

In addition to initiatives for activating slow-moving plastic material inventory and reusing reclaimed raw materials, the Company addresses supply chain sustainability through packaging material recycling, utilizing reusable packaging designs for product shipments. The Company promotes environmental protection and resource conservation concepts, such as circular use and recycling, for deliveries to suppliers and customers. Since 2018, seven suppliers have adopted plastic pallets made from recycled materials for bidirectional transportation, achieving a 100% reuse rate. Due to the rapid growth in eco-friendly pallet procurement, the Chairman initiated an R&D project to produce recycled plastic pallets using in-house waste materials. In 2022, two new projects were launched using pulverizing machines to recycle specific waste materials into logistics containers and ergonomic plastic chairs. In 2023, these manufacturing processes were further optimized. (For detailed information, please refer to Special Report Three)



5

Employee - Friendly Workplace

- 5.1 Diversity and Inclusion, Happy Workplace
- 5.2 Talent Attraction and Retention
- 5.3 Talent Development
- 5.4 Human Rights
- 5.5 Unique Gudeng Culture
- 5.6 Occupational Safety and Health

5.1 Diversity and Inclusion, Happy Workplace

Diversity and Inclusion

DEI (Diversity, Equity and Inclusion) is undoubtedly a goal that global partners are working towards together.

Diversity refers to the variety of employee backgrounds and characteristics, including nationality, ethnicity, religion, education, age, gender identity, and physical appearance. Equity refers to each individual within the organization being respected and having fair treatment and opportunities for advancement. Inclusion refers to the Company's commitment to embracing individual differences by providing varied opportunities for appropriate development. It involves respecting diverse viewpoints, integrating different opinions, and creating an inclusive environment without barriers to advancement.

To progressively foster a more inclusive environment, the Company has implemented RBA practices, continuously ensuring safe working conditions throughout the Company and its entire supply chain, and ensuring that every employee is respected and well-treated. After obtaining RBA Platinum Certification, the Company arranges biennial third-party audits to ensure continuous improvement in employee welfare and environmental stewardship.



Employee Structure

As of December 31, 2023, the Company's total workforce had significantly increased to 650 employees. The age distribution shows that 67% of employees are under 40 years old, with an average age of 35.8 years, reflecting the Company's innovative and dynamic workforce. The gender ratio is relatively balanced, with 383 male employees (approximately 59%) and 267 female employees (approximately 41%).

During this period of high operational growth, the management structure comprises 11 senior executives at the division level and above, 26 middle managers at the department level and above, and 45 first-line managers at the section/group level. This management team of 82 individuals represents 13% of the total workforce, with the remaining 568 employees in non-management roles. The Company is committed to workplace diversity and inclusion, employing 96 individuals with disabilities and international employees, which accounts for 15% of the total workforce.

Gender Ratio

Job Grade	Male			Female			Total
	Below 30	30-50	Above 50	Below 30	30-50	Above 50	
High-level Supervisors	0	3	4	0	3	1	11
Middle-level Supervisors	0	16	4	0	4	2	26
Entry-level Supervisors	6	18	3	1	17	0	45
Non-Supervisory Positions	135	179	15	72	159	8	568
Total	141	216	26	73	183	11	650

Note:

- As of December 31, 2023: Managers are defined as individuals holding administrative responsibilities for other employees or organizational units.
- Executive levels are categorized as follows: Senior Executives: Department-level managers and above; Middle Management: Division-level managers; First-line Managers: Team and section-level managers

5.1 Diversity and Inclusion,
Happy Workplace



5.2 Talent Attraction and Retention

5.3 Talent Development

5.4 Human Rights

5.5 Unique Gudeng
Culture

5.6 Occupational
Safety and Health

Category	Gender			Region of Employment		
			Total	Tucheng Headquarters	Tucheng Fuxing Factory	Tainan Tree Valley Factory
Number of Permanent Employees	326	218	544	169	44	331
Number of temporary employees	57	49	106	11	6	89
Number of full-time employees	383	267	650	180	50	420
Number of part-time employees	0	0	0	0	0	0

Note 1: Permanent employee: A full-time or part-time employee with an indefinite-term contract.







Note 2: Temporary employee: An employee with a fixed-term contract. The contract expires at the designated time or upon the completion of a specific task or event with an evaluation schedule.

Note 3: Full-time employee: Employees whose weekly, monthly, or yearly working hours are defined according to the country's laws and practices regarding working hours.







Note 4: Part-time employee: Employees whose weekly, monthly, or annual working hours are less than those of full-time employees.

Note 5: The Company has not employed any non-guaranteed hours employee

Number of Employees by Nationality and Corresponding Gender

Age	Gender	Taiwan	China	Indonesia	Philippines	Vietnam	Korea	Total
Below 30		54	0	0	1	15	0	70
		109	0	20	0	11	0	140
30-50		157	1	0	18	10	0	186
		205	0	3	0	8	1	217
Above 50		11	0	0	0	0	0	11
		26	0	0	0	0	0	26
Amount of Employees	Overall Number of People	562	1	23	19	44	1	650

2023 Employee Educational Background

Age	Gender	High School (inclusive) and below	Junior College	Doctoral	Master's	Bachelor's	Total
Below 30		28	2	1	10	29	70
		53	6	1	31	49	140
30-50		59	29	1	26	71	186
		46	38	4	40	89	217
Above 50		7	0	0	2	2	11
		10	4	2	6	4	26
Amount of Employees	Overall Number of People	203	79	9	115	244	650

Proportion calculation: The number of new hires in each gender and age group divided by the total employee headcount as of year-end 2023.













In 2023, the Company recruited a total of 185 new employees, achieving a new hire retention rate of 74.4%.

Number of employees at the end of 2023	2023 New Employee Numbers	Number of employees at the beginning of 2023	Retention rate
650	185	625	0.744

Proportion calculation: The number of new hires in each gender and age group divided by the total employee headcount as of year-end 2023.

[5.1 Diversity and Inclusion, Happy Workplace](#)
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[5.6 Occupational Safety and Health](#)

Resigned employee numbers and proportions

Age	2022			2023		
	Gender	Number of People	Percentage	Gender	Number of People	Percentage
Below 30		39	7.0%		38	5.8%
		26	4.7%		32	4.9%
	Subtotal	65	11.7%	Subtotal	70	10.7%
30-50		68	12.3%		42	6.5%
		47	8.5%		27	4.2%
	Subtotal	115	20.7%	Subtotal	69	10.7%
Above 50		8	1.4%		10	1.5%
		4	0.7%		2	0.3%
	Subtotal	12	2.2%	Subtotal	12	1.8%

Statistics of Employee Turnover Reasons

Job-Related Issues			Promotions and Benefits			Departmental Problems	
30			4			7	
Inadequate Job Fit	Long Working Hours	Incompatible Working Environment	Promotion Path Factors	Further Education	Salary and Benefits	Supervisor Factors	Colleague Issue
27	0	3	2	0	2	4	3

Factors beyond Control							Retirement
51							2
Health Factors	Family Factors	Layoffs	Dismissal	career Planning	Individuals Factors	Other	Retirement
9	15	9	6	6	5	1	2

5.2 Talent Attraction and Retention

Material topics	Talent Recruitment and Retainment	
Policy	Strive to exceed industry standards, enhance competitiveness in talent attraction, and implement differentiated incentive plans for various job categories.	
2023 Achievements	Short-term goals for 2024	Goals for 2025 to 2030
<ul style="list-style-type: none"> Increase the maternity subsidy to NT\$20,000 per person per occurrence. Allocate NT\$40 million project bonus budget for diverse incentive schemes. 	<ul style="list-style-type: none"> Increase the project bonus budget to a total of 50 million and implement different incentive plans. Implement a minimum 5% salary adjustment in line with operational growth. 	<ul style="list-style-type: none"> Continue to provide industry-leading compensation and benefits, offering comprehensive employee care and support.

1. Consistent Core Values

In pursuit of our mission, we expect consistent behavior from all employees, which is reinforced through various channels including the corporate website, monthly meetings, management meetings, and leadership training programs (BSC courses). During talent acquisition, we employ case study writing and psychometric tests to identify candidates who align with the Company's core values of "Partner with H.E.A.R.T., grow with P.A.S.S.I.O.N." and share our corporate philosophy.

Our Core Values are as follows:

Partner with **H.E.A.R.T.**,
grow with passion

Honesty and Integrity

Apply professional principles and morality, and assign high values to credibility and commitment.

Excellence

Learn and innovate. Keep pursuing growth for Gudeng and your personal development.

Accountability

Adopt the entrepreneurial spirit and think positively when facing challenges. Be responsible for results.

Relationship

Understand a customer's needs and provide the best solution efficiently under Gudeng's disciplines.

Teamwork







Cooperate with others to create synergy within the organization.

2. Talent Criteria

The Company believes that "talent" is the key factor in the successful implementation of our "Excellence and Innovation" strategy. Our continuous ability to attract innovative individuals ensures our long-term sustainability. Our core belief is that the benefits generated from innovation should be shared with key talent who bring value to the Company. Simultaneously, we recognize the importance of fostering a corporate culture of "Partner with H.E.A.R.T., grow with P.A.S.S.I.O.N.," and transmitting this to talent whose values align with our corporate philosophy. By adhering to "Excellence and Innovation," we create value for our customers and deliver sustainable returns to our stakeholders. Therefore, "having common goals and interests" and "diversity and inclusion" are our highest criteria for choosing talent.

To attract trustworthy partners, the Company has implemented an employee referral program, formalized as the "Talent Referral Bonus System." In 2023, a total of NT\$285,000 was disbursed under this program.



Sources of Talent Recruitment

Age	Below 30		30-50		Above 50		Total
Gender							
Job Bank	14	26	17	44	1	6	108
Employee Referral	4	5	16	10			35
Industry-Academia Cooperation	1	4					5
Campus	9	7					16
migrant worker	2	1	4	2			9
Alternative Military Service		1					1
Transferred from Outsourced to Full-time Employee	1	3	2	1			7
Transferred from Dispatched to Full-time Employee	1	1	1				3
Total	32	48	40	57	1	6	184

Note: One newly appointed independent director for the year was recruited through a specialized process and is not included in this table.

3. Substantial Equitable Development Opportunities

At Gudeng, gender is never a barrier to professional development. Within the Company, women constitute 100% of senior executives at the Vice President level. In 2023, the promotion rate for women was 43.96%, while for men it was 56.04%.















Gender	Gudeng Number of People	Gudeng Employee Biological Gender Ratio	2023 Gudeng Number of People Promoted	2023 Gudeng Promotion Ratio
	383	59%	51	56.04%
	267	41%	40	43.96%

- It's not a burden, it's a rewarding responsibility.

To ensure employees can work with peace of mind while raising children, the Company fully complies with the Gender Equality in Employment Act and the Regulations for Implementing Unpaid Parental Leave for Raising Children. Additionally, in 2023, the Company increased the childbirth subsidy to NT\$20,000 per child. The Company also established discount agreements with three nearby kindergartens and one infant care center to help alleviate childcare expenses for new parents.



Statistics of Maternity and Parental Care

Items	Gender	2021	2022	2023
Qualified applicants for parental leave		7	3	10
		3	7	6
	Total	10	10	16
Actual number of employees who applied for parental leave		1	1	2
		6	7	3
	Total	7	8	5
Employees who should return to work		0	1	2
		5	7	7
	Total	5	8	9
Employees who actually returned to work		0	0	1
		4	6	5
	Total	4	6	6
Reinstatement rate		-	0%	50%
		80%	86%	71%
	Total	80%	75%	67%
Number of employees who returned to work and completed one year of service in the same year		0	0	0
		2	2	6
	Total	2	2	6
Retention rate		-	-	-
		100%	50%	100%
	Total	100%	50%	100%

Note:

1. Reinstatement rate = Number of employees who actually returned to work / Number of employees who should return to work x 100%
2. Retention rate = Number of employees who completed one year of service after returning to work in the current year / Number of employees who returned to work in the previous year x 100%
3. Parental leave can be as short as 6 months and as long as 3 years, depending on the employee's needs.

Statistics on Employee Family Care-related Leaves

	2023		
Items	Family Care Leave/Number of employees	Maternity (Paternity) Leave/ Number of employees	Menstruation leave/ Number of employees
Male	11	14	
Female	26	6	174

Employment of Employees with Disabilities

In the past three years, Gudeng has exceeded the legal requirements of the Protection of Rights and Interests of (Physically and Mentally) Disabled Citizens Act in its employment of disabled employees and adhered to the philosophy of appropriate personnel Use, allowing these employees to have their own stage.

Number of People and Promotion Ratio of Employment of Persons with Disabilities Over the Years







Year	Promotion Ratio and Use Percentage	Number of People in Service	Number of People Hired
2019	1.81%	277	5
2020	0.82%	365	3
2021	1.71%	468	8
2022	1.27%	631	8
2023	1.38%	650	9

Assistance Program and Promotion System for International Employees

To enhance the autonomy of international employees, prevent exploitation, and expedite their environmental adaptation, the Company supports a zero-fee recruitment policy for migrant workers. The Company collaborates with employment agencies to provide separate accommodations for migrant workers in Company dormitories, arranged by gender and nationality to ensure their safety. Moreover, multilingual information is provided on SOPs and restroom signage. New employees are assigned dedicated mentors and paired with colleagues who speak their language for hands-on guidance. Colleagues may also assist with translation during the initial period to minimize language barriers and associated anxiety.

On the production line, the Company offers a transparent promotion pathway for dedicated and responsible team members. Regardless of nationality, employees meeting the criteria stipulated in the "Personnel Promotion Management Measures" are eligible for review by the Personnel Evaluation Committee. The Company looks forward to having more employees from diverse nationalities in leadership roles in the future.

2023 Status of International Employee Promotions

Age	Gender	Indonesia	Philippines	Vietnam	Number of Promotions
Below 30		-	1	15	1
		20	-	11	2
30-50		-	18	10	3
		3	-	8	3
Above 50		-	-	-	-
		-	-	-	-
Amount of Employees	Overall Number of People	23	19	44	9

Industry-Academia Cooperation and Internship System

For interns and student interns, Gudeng has established the "Intern Management Regulations" targeting the Company's essential five competencies (Material Selection, Equipment Design, Precision Machining, Injection Molding, Mold Manufacturing). The Company recruits winners of the Golden Finger Award or outstanding students from relevant departments, hoping that industry-academia cooperation can retain the most suitable talents for the Company.

School and Department	Number of People
National Taipei University - Department of Finance and Cooperative Management/Department of Business Management/Department of Applied Foreign Languages	3
Department of East Asian Languages and Literature, National University of Kaohsiung	1
Chung Shan Medical University - Department of Occupational Safety and Health	1
Department of Social Education, National Taiwan Normal University	1
Chung Yuan Christian University - Department of Mechanical Engineering	2
Ming Chi University of Technology - Department of Materials Engineering	9
Nanya Institute of Technology - Department of Vehicle Engineering	2
Kun Shan University - Department of Electrical Engineering/Department of Mechanical Engineering	11
Chihlee University of Technology - Department of Business and Technology	1
Taiwan Steel University of Science and Technology, School of Electrical and Mechanical Engineering, International Program in Intelligent Automation	15
Total	46

Number of Participants in Internships/Industry-Academia Appointments Over the Years

Arrived	Internal Colleagues	Industry-Academia Cooperation Doctorate Students	Industry-Academia Cooperation Students	New Southbound	Total
Year	Recommendation				
2012	1				1
2013	4				4
2014	10				10
2015	1		8		9
2016	2		5		7
2017			3		3
2018			8		8
2019			18		18
2020	2	1	18		21
2021	5	1	15		21
2022			39	16	55
2023		2	29	15	46
Total	35	3	98	17	203

In 2023, 9 students completed their Industry-Academia Cooperation program.

- ▶ 2 individuals returned to academic pursuits or further education
- ▶ 1 individual departed from the program
- ▶ 7 individuals transitioned to full-time employment

Competitive Compensation System



In response to organizational growth and industry changes, the Company implemented a structural salary adjustment in 2022 aligned with market standards. The average annual salary for non-managerial positions increased significantly by 34%, from NT\$760,000 in 2021 to NT\$1,030,000. The median salary grew substantially by 32% to NT\$830,000. For R&D and sales teams, the average annual salary is approximately NT\$1.6 million, demonstrating the Company's commitment to profit-sharing and talent compensation.

In 2023, 100% of employees underwent performance evaluations. By year-end, the average annual compensation package equated to approximately 21 months' salary, including an average year-end bonus of 9 months. For 2024, with projected operational growth and employee goal achievement, the year-end bonus is expected to exceed this year's. Additionally, the Company conducts annual salary reviews, with a planned 5% increase to be implemented in July of this year.

The Company strives to exceed industry standards, enhance competitiveness in talent attraction, and implement differentiated incentive plans for various job categories. We aim to improve our compensation structure, focus reward resources, and provide timely recognition to encourage continuous innovation, retain exceptional talent, and meet the diverse development needs of the Group:

Project bonuses have increased annually from NT\$10 million to NT\$30 million in 2022, with a planned budget of NT\$40 million in 2023, and reaching up to NT\$45 million in 2024.

Number of People Receiving Performance evaluation in 2023

Category			Total
High-level Supervisors	4	4	8
Middle-level Supervisors	26	9	35
Entry-level Supervisors	15	6	21
Non-management Positions (Direct)	197	146	343
Non-management employees (indirect)	109	85	194
Total	351	250	601











Note 1: Performance evaluations are conducted for full-time employees who have completed a minimum of three months of service, including 9 expatriate Taiwanese employees, contract employees, interns, and part-time student workers are exempt from these evaluations.

Note 2: Employees who have tendered their resignations, have been on unpaid leave for six months or more during the current year, or are currently on unpaid leave are excluded from the performance evaluation process.

● Average and Median Annual Salary for Non-Supervisory Positions

Items	2020	2021	2022	2023	Growth Rate
Total Salary Amount for Full-time Non-Managerial Employees	268,219	267,190	457,750	499,037	9%
Number of Full-time Non-Managerial Employees	274	348	443	560	26%
Average Salary for Full-time Non-Managerial Employees	977	768	1,030	891	-13%
Median Salary for Full-time Non-Managerial Employees	666	629	830	774	-7%

● Gender Salary Ratio for Different Job Grades

	2019		2020		2021		2022		2023	
Job Grade										
General Employees	100%	81%	100%	89%	100%	90%	100%	91%	100%	81%
Entry-level Supervisors	100%	170%	100%	187%	100%	120%	100%	98%	100%	95%
Middle-level Supervisors	100%	133%	100%	129%	100%	126%	100%	119%	100%	103%
High-level Supervisors	100%	91%	100%	76%	100%	36%	100%	120%	100%	123%



Note:

1. Male average salary is used as the base for comparison

2. The statistical scope does not include bonuses and Directors' salaries.

● Gender and Local Minimum Wage Ratios for Male and Female Employees in 2023

Unit: NT\$

		
Basic Salary for Entry-level Employees	32,000	32,000
(Mandatory) Minimum Salary for Entry-level Employees	25,250	25,250
Multiple of the Minimum Wage	1.27	1.27
Gender Salary Ratio	1	

● Per Capita Salary and Benefit Expenses

Year	Average Salary and Benefit Expenses per Capita (Thousands)	Note (Calculation Formula)
2021	793	NT\$473,858 thousand (overall) Financial Reports / 597 people
2022	956	NT\$763,483 thousand (Overall) Financial Reports / 798 people
2023	832	741,109 thousand yuan (Overall) Financial Reports / 890 people

● Solid Retirement Pension System and Employee Benefit Plans

To ensure long-term career security for employees, the Company has established a retirement pension system that includes benefit plans under the Labor Standards Act and defined contribution plans under the Labor Pension Act. Under the new labor pension system, the Company contributes 6% of each employee's monthly salary to their retirement account in Taiwan. These contributions are deposited in a designated account at Taiwan Bank under the supervision of the Labor Pension Fund Supervisory Committee. If the estimated balance is insufficient to cover projected retirements in the following year, the shortfall will be contributed by the end of March of that year. In 2023, the Company recognized NT\$21.46 million in expenses for contributions under the new pension system. For the old pension system, the Company contributes 2% of the total payroll in Taiwan to the employee retirement fund monthly.

The Company strives to exceed industry standards, enhance competitiveness in talent attraction, and implement differentiated incentive plans for various job categories. We aim to improve our compensation structure, focus reward resources, and provide timely recognition to encourage continuous innovation, retain exceptional talent, and meet the diverse development needs of the Group:

- Project bonuses have increased annually from NT\$10 million to NT\$30 million in 2022, with a planned budget of NT\$40 million in 2023, and a further planned increase to NT\$50 million in 2024.
- Revenue bonuses are awarded when monthly revenue exceeds historical records, providing prompt rewards to frontline employees.
- The Company periodically grants treasury stock to reward outstanding employees.
- We encourage employee participation in the Employee Stock Ownership Plan, with the Company providing a 100% matching contribution.
- For production line employees, monthly performance bonuses of up to NT\$300,000 are awarded. Employees performing above the median level are eligible for additional bonuses ranging from 3% to 9%, equivalent to an automatic 10% salary increase.
- Additional incentives include improvement proposal rewards, monthly merit bonuses, and employee referral bonuses.



▲ 2024 Year-End Party Special Award Winners

Employee Benefits

- Employee dormitories rented at less than half the market price
- Free self-serve lunch, unlimited coffee and drinks, Monthly Meetings with afternoon tea, department dinners, intermittent dining events
- Fitness rooms and showers, dartboards, employee lounges
- Subsidies for domestic and international travel, Family Day, and other activities



▲ Gudeng 25th Anniversary Celebration in 2023



▲ 2023 Family Day in the Northern Region



▲ 2023 International Employee Trips –
Da Nang, Vietnam



▲ 2023 Mid-Autumn BBQ Event



▲ 2023 Christmas Event



▲ Departmental Gathering

5.3 Talent Development

Material topics	Talent Development	
Policy	Adhering to the principles of ISO 30401, increasing knowledge acquisition through learning, practice, and communication will create opportunities for the professional development of personnel within the organization.	
2023 Achievements	Short-term goals for 2024	Goals for 2025 to 2030
<ul style="list-style-type: none"> Total Budget for Employee Training (NT\$) reached \$2,608,035, with 21,794 participants. Bill's Appointment courses accumulated 1,036 participants and 76,968 total learning hours. A total of 126 internal trainers have been trained Total employee training hours for the year reached 38,395 hours. 	<ul style="list-style-type: none"> Key value chain capability talent cultivation and retention >90%. Regularly cultivate digital instructors. Establish a competency training map and issue internal certifications. The average amount of annual learning hours for employees is 50 hours. 	<ul style="list-style-type: none"> Establish Internal Awards for Trainers to Encourage Knowledge Transfer. Initiate Succession Planning The average amount of annual learning hours for employees is 80 hours. LMS Provide over 1,000 online courses.

Employees are a crucial factor for the growth and prosperity of a company. Therefore, creating a learning organization is a primary mission for the Company. The education and training policies for Gudeng Precision's employees are as follows:

ADD Enhancement of employee productivity	Training and development helps employees cultivate lean competencies. Customized learning and improvement plans are designed for individuals or departments based on their needs, enhancing workflow efficiency and improving employees' capacity for autonomous work.
DELETE Reduce enterprise Cost	When targeted at specific pain points, training can improve work quality, reduce error rates, and decrease organizational costs.
SOCIAL Creating corporate culture identity	Creating corporate cultural identity: Companies that encourage employee learning foster a sense of belonging, providing employees with a sense of fulfillment and achievement through continuous development. Furthermore, a learning organization provides employees with a sense of future orientation, enhancing employer branding and attracting top talent.

Talent Cultivation System

Gudeng Precision prioritizes employee development. Our internal knowledge management system is built in accordance with the ISO 30401 Knowledge Management System standard, aiming to support value creation through effective knowledge utilization.

● Knowledge Management Policy

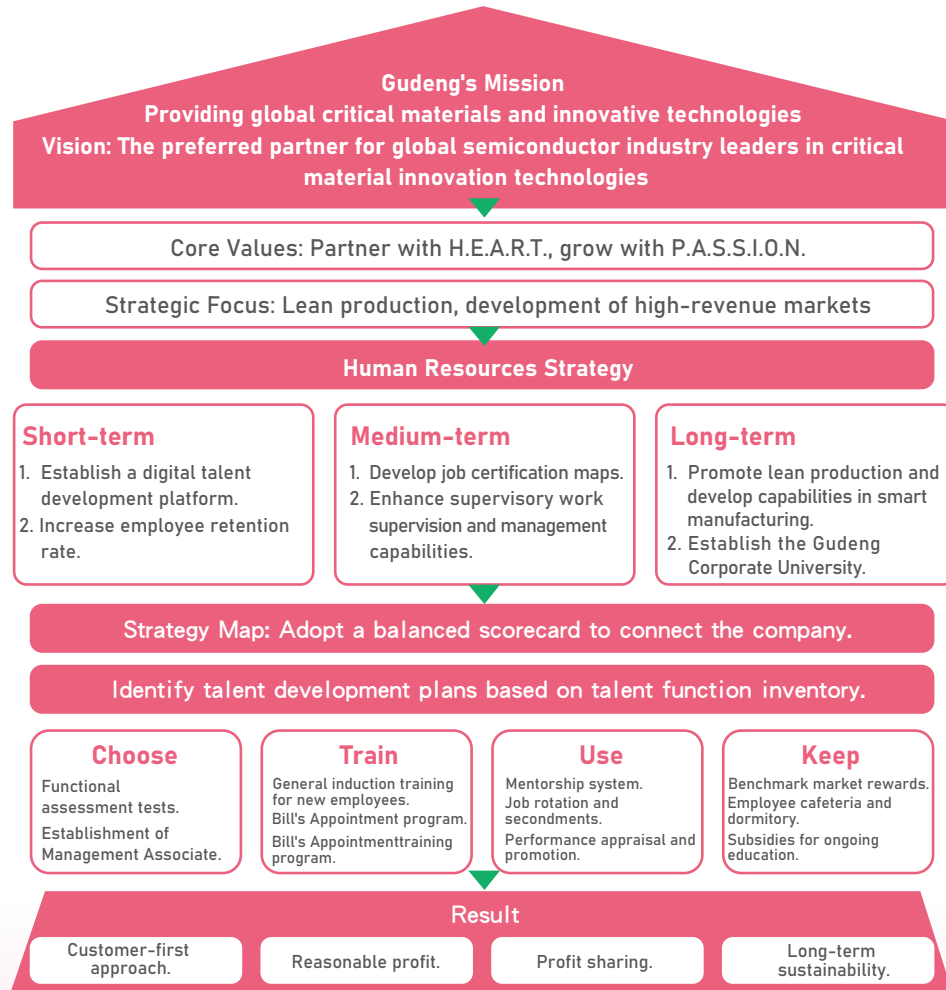
The Knowledge Management Policy stems from our core values: "Partner with H.E.A.R.T., grow with PASSION." Adhering to ISO 30401 principles, we enhance knowledge acquisition through learning, practice, and communication, creating professional development opportunities within the organization.

● Training Blueprint

The Company's training blueprint follows the ISO 21001 Management Systems for Educational Organizations standard to establish a Learning Service Management System. This provides management tools for educational products and services, meeting the needs of learners and other stakeholders.

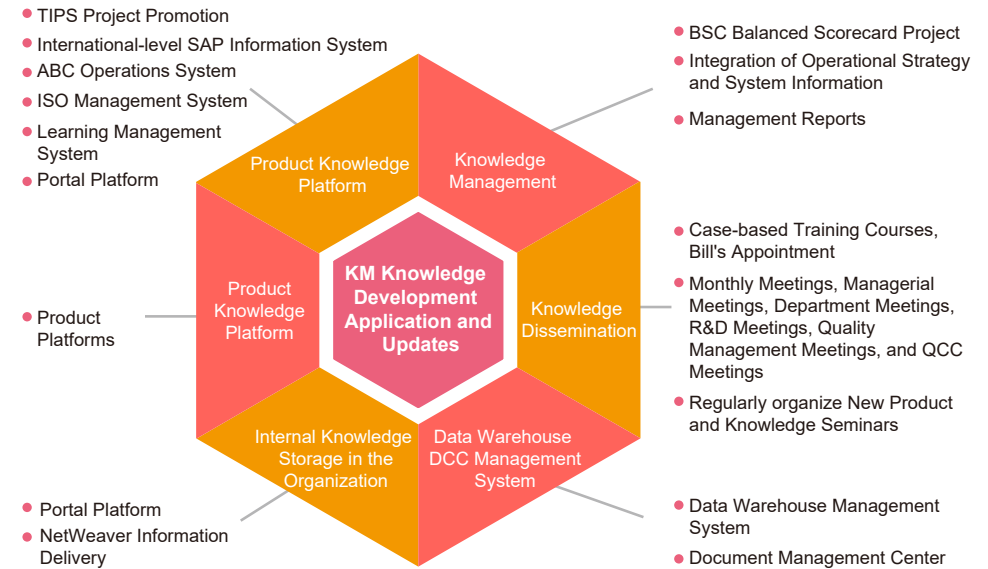
Strategic priorities are determined through regular departmental training needs assessments, competency gap analyses, and the planning of various learning activities and talent development initiatives. These include core competency programs, LMS implementation, AI manufacturing projects, Management Associate training, industry-academia collaborations, DMAIC problem-solving projects with Green Belt certification, and digital instructor development programs.

With a people-centric approach, we cultivate an organizational culture conducive to talent growth and performance. In addition to annual strategies, each department proposes training plans and budgets. We conduct regular internal training sessions and arrange external courses based on skill requirements to enhance employee competencies and competitiveness. Training courses are tailored based on job categories. For on-the-job training, each department arranges appropriate internal courses based on specific needs. This allows employees to continually update their professional skills. Through technical seminars, employees enhance their process and research and development capabilities. The Company also facilitates employee participation in external training programs offered by consulting firms, training institutions, and government or industry organizations to further develop their professional competencies.



Talent Development Plan

To preserve the accumulated knowledge and experience of organizational members over time, facilitate effective knowledge transfer to new employees and cross-functional team members, create value, and mitigate the risk of knowledge loss due to employee turnover, the Company has implemented a Knowledge Management System (KMS) framework. We have developed short-, medium-, and long-term 10-year talent development plans, enabling each unit to formulate tailored knowledge management solutions that reflect their specific needs and circumstances. In 2022, we became the first technology company in Asia to achieve ISO 30401 certification for knowledge management.



Awarded the TTQS Gold Medal and National Talent Development Award.

Deepen the Semiconductor Professional Program at Gudeng University

Cultivate global professionals in critical material innovation technology

Short-term (2022-2023)

- Conduct core competency courses according to company policies.
- Create Digital Learning Platform.
- Establish a mechanism for statutory personnel licenses and retraining.
- Establish assessment mechanisms for employees at various stages.
- Optimize the rewards system for trainers and train internal trainers.
- Provide over 100 online courses.

Medium-term (2024-2025)

- Regularly train digital lecturers.
- Establish a competency training map and issue internal certifications.
- Conduct talent function inventories and individual development plans.
- Establish the Gudeng Outstanding Project Training System.
- Incorporate external training systems to complement learning integrity.
- The average amount of annual learning hours for employees is 50 hours.
- Future talent and Management Associate training.

Long-term (2026-2030)

- Establish awards for trainers to encourage knowledge transfer.
- Initiate succession planning.
- Enhance the international language proficiency of all employees.
- Develop a mobile learning app that allows employees to learn anytime and anywhere.
- The average amount of annual learning hours for employees is 80 hours.
- The internal employee transfer rate for filling vacancies is 20%.
- Provide over 1,000 online courses.

▲ Image Description: Talent Development Plan

● Subsidy for Employees' On-the-Job Continuing Education

"The Regulations for Subsidies for Ongoing Education" provides opportunities for employees' on-the-job continuing education to motivate them towards excellence, innovation, and a willingness to learn. Depending on their job grades, employees are provided with tuition subsidies ranging from 10,500 to NT\$42,000 per semester, along with one day of public holiday per week.

In 2023, approximately 19% of our workforce, comprising over 125 employees, held postgraduate qualifications (Master's or Doctoral degrees). This translates to one in five employees possessing advanced academic credentials. Since the policy's inception, a total of 35 employees have successfully applied for and received educational subsidies, marking a record high. The total subsidy amount reached NT\$410,000, demonstrating the Company's significant investment in and commitment to employee development.

● New Employee Mentoring System

We have formulated the New Employee Mentoring Policy to assign suitable mentors to each new employee. Under the guidance of experienced colleagues, new employees can learn from their work experiences and demonstrate their individual strengths. In 2023, we assigned 121 mentors who mentored 185 new colleagues, resulting in a 96% pass rate and a 74% employee retention rate.

● Digital Learning and Training

Gudeng Precision places significant emphasis on the education and training of new employees. Through the LMS digital learning platform, approximately 26 courses are planned, including essential courses such as ESG courses, environmental safety, Gudeng culture, common system operations, and confidential data protection. In addition, various unit-specific training courses are arranged based on the new employees' roles and unit operations.

General courses include Responsible Business Alliance (RBA) advocacy, TIPS intellectual property courses, and others, such as production line general courses, caliper and height gauge operation, and three-dimensional measurement.

● Number of Participants and Total Hours of Various Internal Trainings at Gudeng

Categories/Years	Number of Participants and Total Hours	2021	2022	2023
New Employee Training	Number of Participants	238	6,783	1,831
	Total Hours	154	4,229	1,678
Specialized Training	Number of Participants	1462	3,756	3,755
	Total Hours	742	8,569	8,597
Management Training	Number of Participants	885	939	313
	Total Hours	24	6,101	1,530
General Course Training	Number of Participants	1568	11,183	15,898
	Total Hours	796	20,970	28,144

Note:

1. In 2022, we introduced an online learning system where employees can participate in training courses on their own.
2. Total hours = Number of participants * Course hours.
3. Starting from 2022, some new employee courses will be converted to General Course Training.

● Average Training Hours per Employee by Job Level

Job Grade	Male	Female	Total Hours	Average Hours
High-level Supervisors	449	246	695	63
Middle-level Supervisors	1,792	244	2,036	78
Entry-level Supervisors	2,694	1,350	4,044	90
General Employee - Indirect Employees	11,620	7,331	18,951	66
General Employees - Direct Employees	7,981	2,519	10,500	29
Total Hours	24,536	11,690	36,226	56
Average Hours	64	44	56	-

● ESG-related Training Data for Key Group Courses TIPS, Business Secrets, and Information Security:

Items	Number of Courses	Total Participants	Course Completion Hours
TIPS Intellectual Property Education and Training	2	139	100
Trade Secret Training	3	1,034	1,034
Information Security Management System and Information Security Awareness	4	1,396	1,401
Prevention of workplace unlawful harm (promotion of sexual harassment prevention, Gender Work Equality Act, prohibition of workplace bullying, human rights)	1	333	333
Management Implications, Company Management Philosophy, Business Ethics, and Other Topics	3	355	2,086

● Training Expenditure and Hours Statistics

In 2022, Gudeng introduced the LMS online learning system, enabling personnel to learn online; building on the foundation of 2022, Gudeng has trained 126 internal instructors by 2023. In 2023, a total of 35 instructors conducted in-person classes, with an average instructor satisfaction score of 4.7 out of 5.

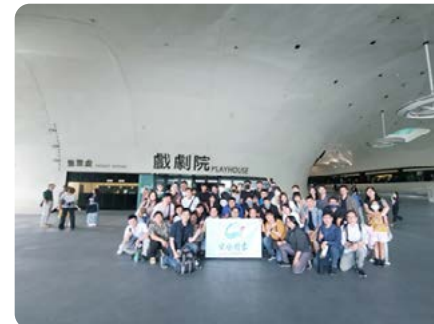
Training Indicators	2019	2020	2021	2022	2023
Employee Training Total Budget for Employee Training (NT\$)	3,174,000	4,392,000	3,924,000	2,551,560	2,608,035
Total Number of Employees Receiving Training	4,216	5,296	3,959	22,661	21,794
Total Training Sessions	223	231	227	287	160



▲ Internal Audit Employee Training Course for ISO 14064-1 (DNV)



▲ Information Security Awareness Enhancement and Promotion



▲ Bill's Appointment program — Art Appreciation (one session each in the north and south)



5.4 Human Rights

Material topics	human rights	
Policy	Provide a safe and healthy work environment, eliminate discrimination and ensure equal job opportunities, with prohibition of child labor, prohibition of forced labor, regularly review and evaluate related systems and practices.	
2023 Achievements	Short-term goals for 2024	Goals for 2025 to 2030
<ul style="list-style-type: none"> RBA "human rights-related Issues of Concern" have all achieved zero deficiency level. 	<ul style="list-style-type: none"> RBA "human rights-related Issues of Concern" have all achieved zero deficiency level. Plan human rights education and training courses and human rights protection programs. 	<ul style="list-style-type: none"> RBA "human rights-related Issues of Concern" have all achieved zero deficiency level. Concrete work plan for continuously optimizing human rights protection.

Gudeng Precision is committed to creating a dignified, safe, equal, and friendly working environment for every employee and intern within the Gudeng family. We follow the RBA (Responsible Business Alliance) Code of Conduct and consider international human rights standards, including the United Nations Universal Declaration of Human Rights, United Nations Global Compact, and International Labour Organization conventions, to formulate a human rights labor policy. We communicate with employees to understand their needs and continuously improve and optimize our policies accordingly.

Gudeng Precision Human Rights Management Standards:

- Employment must be voluntary.

Policy: The Company prohibits forced labor in any form. We adhere to international standards and national labor laws, regularly monitoring employees' physical and mental well-being and workplace adaptation.

Implementation: Establish an employee care system and conduct exit interviews.

- Prohibition of forced labor in any form.

Policy: The Company strictly prohibits coerced labor and fully complies with international standards and national labor laws.

Implementation: Provide an overtime compensation system offering time off in lieu of payment. Allow employees to choose their preferred option. Implement an automated system to notify of attendance irregularities and abnormal working hours.

- Prohibition of child labor

Policy: The Company is committed to protecting children's rights and prohibits the employment of individuals under the age of 16. Prohibition of Child Labor and Remedial Measures in the Recruitment Management Regulations.

Implementation: Clearly stipulate the prohibition of child labor in recruitment management regulations and promote the importance of adhering to ethical standards throughout the supply chain.

- Enhancement of female employees' rights protection.

Policy: Actively promote gender equality and women's rights, provide a gender-friendly environment and comfortable working environment to protect female employees' rights.

Implementation: Establish lactation rooms. Conduct monthly awareness sessions on sexual harassment prevention, anti-discrimination, and anti-harassment. Establish a Gender Equality Committee to protect individual privacy during the complaint process, fostering a friendly work environment.

- Ensuring employee wage levels and benefits.

Policy: The Company ensures wages comply with and exceed statutory requirements, while continuously striving to enhance employee benefits.

Implementation: Conduct market wage surveys, optimize performance evaluation systems, and establish an annual wage adjustment mechanism in July that exceeds market rates.

- Ensuring employee rest rights

Policy: The Company strictly adheres to the one-day-off-per-week policy, with a maximum of 6 consecutive working days, ensuring employees have adequate rest and leave entitlements.

Implementation: Implement a system to manage employee scheduling and automatically notify of attendance irregularities.

● Creating a respectful, safe, and non-harassment workplace environment.

Policy: The Company is committed to fostering a respectful and safe work environment, upholding individual privacy, and eliminating all forms of workplace violence, harassment, and unlawful discrimination. This includes protection against physical abuse, corporal punishment, verbal abuse, and psychological harassment. The Company provides effective and appropriate grievance channels and resolution mechanisms.

Implementation: The Company has established an Occupational Health and Safety Policy and implemented the ISO 45001 Occupational Health and Safety Management System. We employ occupational health professionals and regularly conduct safety, health, and fire safety training programs.

● Elimination of discrimination and equal employment opportunities.

Policy: The Company prohibits discrimination or differential treatment based on race, social class, language, ideology, religion, political affiliation, place of origin, gender, sexual orientation, age, marital status, appearance, physical or mental disability, astrological sign, blood type, past union membership, or any other status protected by applicable laws. The Company provides equal employment and career development opportunities for all employees.

Implementation: The Company promotes gender equality initiatives and utilizes personality assessments as a supplementary factor in the recruitment process to ensure fair treatment, avoiding discrimination based on personal appearance.

1. Internal Service Satisfaction and Work Satisfaction

The Company conducts employee satisfaction surveys bi-annually, at mid-year and year-end, involving all employees. The internal service satisfaction survey assesses employee satisfaction with the Company's support functions, including: Human Resources, Supply Chain Management, Customer Quality Assurance, Finance, Equipment Management, Accounting, Information Technology, Environmental Health and Safety, and General Affairs. This survey evaluates each unit's core service values and departmental professional competencies. The employee job satisfaction survey assesses all employees' satisfaction with their career development, retention intentions, compensation, work environment, and other related aspects. The results of both the internal service satisfaction and employee job satisfaction surveys for 2023 have been compiled and analyzed.

Year	2020	2021	2022	2023
Internal Service Satisfaction	81.50	79.59	83.22	83.3
Work Satisfaction	77.37	80.66	78.08	83.7

2. Labor/Management Meeting

To ensure effective communication of employee opinions, the Company adheres to the Regulations for Implementing Labor-Management Meetings by conducting employee elections for labor representatives and holding labor-management meetings at least quarterly.

Labor/Management Meeting (held quarterly)				
Session Number	Gender	Labor Representative	Capital Side Representative	Total
First term	Biological Female	1	0	1
	Biological Male	3	2	5
	Total	4	2	6
2nd	Biological Female	3	1	4
	Biological Male	3	5	8
	Total	6	6	12
3rd	Biological Female	4	2	6
	Biological Male	5	4	9
	Total	9	6	15
4th	Biological Female	5	2	7
	Biological Male	1	3	4
	Total	6	5	11
5th	Biological Female	3	2	5
	Biological Male	3	4	7
	Total	6	6	12

The Company terminates labor contracts in accordance with the Minimum notice period stipulated by the Labor Standards Act:

- Those who have continued work for more than three months but less than one year should be notified ten days in advance.
- For those who have continued work for one year or more but less than three years, a notice must be given 20 days in advance.
- Employees who have continued work for three years or more should be given notice thirty days in advance.

3. Employee feedback channels and related case handling

The Company has established prevention and resolution procedures in the "Employee Handbook" and the "Workplace Violence Prevention Plan." An employee feedback system has been implemented, accessible both physically and online, providing multiple channels for employee expression. In 2023, the Company received 13 submissions through the employee feedback system, including 1 formal grievance and 2 cases of workplace harassment. All cases were handled confidentially, with investigation teams formed to conduct inquiries, followed by communication meetings with complainants. Other issues, such as work arrangements for interns, shuttle services between facilities and dormitories, language learning resources, and ATM installation at work sites, were evaluated and addressed by relevant departments.

Among them, after the incident investigation, improvement measures and their effectiveness include:

- Set up an Employee Opinion Box to provide immediate feedback channels for personnel at various factories.
- Enhanced direct communication from management at all levels to ensure employees are well-informed about company benefits, policies, and activities. Critical information, including the feedback system, performance indicators, 5S practices, changes in attendance calculation periods, and information security protocols, is disseminated via the Company's mobile BPM platform.
- Monthly meetings engaged 325 participants, with focused sessions on sexual harassment prevention using case studies and behavior pattern analysis. New initiatives were communicated directly to employees in face-to-face discussions.
- In 2023, the Company was found in violation of three labor-related regulations. Proactive measures have been taken to address these issues and safeguard employee compensation, benefits, and rights.

Violations	Response and Improvement Policies
On March 30, 2023, the Company violated Paragraph 2, Article 12 of the Labor Pension Act by failing to provide new system severance pay within 30 days of employment termination as stipulated.	Description: In this occupational injury case, the Company's "original wage" payment regulations failed to include wages due during regular working hours, such as "position allowances, night shift differentials, performance bonuses, and meal allowances for regular hours." This oversight has been acknowledged, and during labor-management mediation, the Company has documented the legal supplementation of these payments. However, there is a dispute between the employer and employee regarding the determination of the occupational accident period. The case has entered legal proceedings, and any agreed payments or reimbursements will be executed based on the court's ruling.
On June 17, 2023, the Company violated Article 24 of the Labor Standards Act by failing to compensate overtime work in accordance with regulations.	Description: Overtime pay was calculated based on base salary rather than the legally defined "wages" (which include meal allowances, attendance bonuses, etc.), resulting in a violation and subsequent penalty. Improvement: To address this issue, all compensation components have been incorporated into the overtime pay calculation basis. This correction has been implemented.
On April 11, 2023, violations of Article 24 of the Labor Standards Act, Paragraph 2 of Article 32 of the Labor Standards Act, and Article 39 of the Labor Standards Act occurred.	Description: The Company failed to provide legally mandated overtime compensation; exceeded legal limits for extended working hours; and did not provide appropriate compensation for work on national holidays as required by law. Improvement: The Company now conducts weekly internal communications displaying cumulative working hours for each employee, reminding supervisors to allocate working hours appropriately and in compliance with regulations.

Complaint Hotline: 02-2268-9141#1010
Employee Complaint Mailbox: hrm@gudeng.com

5.5 Unique Gudeng Culture

1. Gudeng Family Plan Housing Plan (Column)

2023 Highlights

- ★ The structural framework of Gudeng Fifth Estate's 14 households has been completed, and interior decoration is in progress.
- ★ The construction of the 50 households in the Sixth Estate is about to begin, aiming to create a total of 64 happy Gudeng families.
- ★ Planning to provide a housing fund of approximately NT\$2 million (sold to employees at 85-95% of market price) to reduce the burden for first-time homebuyers

● Gudeng Fifth Estate

Gudeng Fifth Estate Located in the Shan Hua district of Tainan, adjacent to the Shu-Gu Plant, the surrounding area offers convenient living conditions. Construction of the seven-story building with one basement floor started in 2021, with two households per floor, totaling 14 households. Each household spans nearly 46 pings and includes 11 ramp flat parking spaces. The structure was completed in 2023. In 2024, interior decoration engineering will be carried out. Currently, 40 families are registered and waiting in line. The Gudeng Partner Housing Plan list is expected to be announced in the third quarter of 2024.



● Gudeng Sixth Estate

Located in the Sanxia district of Taipei, near the Changshoushan MRT station on the Circular Line, and a 10-minute drive from the Tucheng headquarters. The construction land was gradually acquired in 2022, and the project will officially start in May 2024. The building, consisting of ten floors above ground and two basement floors, will have 50 households and 76 car parking spaces. Currently, 29 families are registered in the queue. It is expected to fulfill the dreams of 50 Gudeng employees and their families.



2. Gudeng Core Competency Training Plan

"Partner with H.E.A.R.T., grow with P.A.S.S.I.O.N." is the corporate culture that Gudeng Precision has been promoting since its establishment. We believe that as long as the ideas are aligned, we can pass on our values and allow partners who are passionate about technology and dream of life to grow together courageously. This is the key to sustainable development for enterprises. For semiconductor key suppliers, daring challenges and outstanding innovations are essential to bringing value to customers and providing long-lasting benefits to stakeholders. Therefore, we have established a comprehensive mechanism for talent selection, training, cultivation, and retention. The two founders personally teach industry technology and entrepreneurial experiences. They document the challenges they have faced since the establishment and their practical experiences of solving problems. These records, combined with theoretical frameworks, are written into the Gudeng Precision Management Case Collection. Since 2014, focusing on management, productivity, and service, we have compiled these into four volumes (the third volume is expected to be published in 2024) containing a total of 55 cases, which serve as the primary materials for the Gudeng Core Competency Training Plan.



Upholding the Company's core values of "Partner with H.E.A.R.T., grow with P.A.S.S.I.O.N.", the Chairman and top-level Supervisors conduct internal education and training across Gudeng using self-compiled cases, other management cases, and films as teaching materials. The description is as follows:

Training Courses	Training Content
Bill's Appointment	The Chairman, named Bill in English, has been conducting "Bill's Appointment" courses since 2005, when the Company had only a few dozen employees. The courses encourage employees to freely participate in and gain a closer understanding of grassroots employees, as well as share operational strategies, missions, company culture, and values. Later, top-level executives served as instructors, conducting the "Bill's Appointment" course, which lasted over 70 hours. The course materials included Harvard case studies, Gudeng business case collection, The Art of War, film appreciation, and book sharing sessions, and also involved face-to-face sharing of different occupational field operations with colleagues to reduce the time needed for interdepartmental collaboration and shape the cultural values of Gudeng as a whole. Since its establishment 25 years ago, it is now in its 24th session, with a total of 1,036 participants and 76,968 total learning hours.
ABC and BSC Managerial Class	Gudeng Precision's education philosophy is "cultivating our own talents". The Chairman personally teaches key talents and managers above the class level for 2 hours every Monday morning. The course materials are based on Gudeng case studies (including four revised cases submitted and published in management reviews and Zhongshan Management Review), conveying implicit knowledge, financial costs, and the importance of maintaining customer partnerships. Through discussion and feedback, a consistent language for internal communication is established.

◆ H.E.A.R.T. Course Framework: Partner with H.E.A.R.T.

Honesty and Integrity	Excellence	Accountability	Relationship	Teamwork
<ul style="list-style-type: none"> Origin of Bill's Appointment Self-Introduction Core Values Film Appreciation (YES MAN) 	<ul style="list-style-type: none"> Rich Dad Poor Dad Efficiency and Impact Goal Setting Movie appreciation-Talks about Innovation with The Croods Movie appreciation-Have you found your way in life? 	<ul style="list-style-type: none"> Cheers Accountability Willpower Movie appreciation-Kung Fu Panda Case discussion-Japan NEC Canon Mask Package development case 	<ul style="list-style-type: none"> Negotiation Spread management and analysis/How to understand financial statements? Case discussion-The bird's nest under the eaves is gone Movie appreciation-Seabi scuit 	<ul style="list-style-type: none"> Planet adventure Arctic survival Case discussion-The Story of TA-NIU Movie appreciation-The Blind Side Movie appreciation-Wait 'Til You're Older

◆ PASSION course structure

People Development	Appropriate Decisions	Secure Results
<ul style="list-style-type: none"> Management Power- The Story of the Big Cow. 	<ul style="list-style-type: none"> Productivity - How to handle orders in deficit and ship in surplus. 	<ul style="list-style-type: none"> Should I lower the price to grab Oder Management ? Outsourced Projects for Major Exposure Tool Manufacturers.
Successful team	Inter-Team Communication	ON going Learning
<ul style="list-style-type: none"> Management Competence -Team Dynamics CampEducation and Training. Communication Skills -The Swallow's Nest under the Eaves is Gone. 	<ul style="list-style-type: none"> Service Capability -LCD Large-size Mask Box Development Project. 	<ul style="list-style-type: none"> Rental of factory buildings by Y Company in Japan.

3. Challenge Activities

Gudeng strives for "WORK HARD, PLAY HARDER," connecting colleagues through various leisure activities (year-end banquets/sports games/Mid-Autumn Festival barbecues/departmental gatherings) or challenge activities (conquering The Bai Yue/swimming across Sun Moon Lake/cycling around the island), and encourages each Gudeng member to break through their limits a little bit every day.

The semiconductor industry moves very quickly. To meet customer needs and stay innovative, Gudeng has established "Company Activity Participation" as one of the promotion criteria. We hope that our partners understand how to play, work hard, enjoy life, and are willing to step out of their comfort zones to create the impossible together with the team.

In 2020, the three major self-challenge activities attracted a high of 116 participants, with a participation rate of 20% for the Bai Yue climbing event. In 2021, activities were suspended due to the pandemic. In 2022, the Bai Yue climbing event had 50 participants. In 2023, due to the stabilization of the pandemic situation, additional sessions of the four major challenge activities (cycling around the island, motorcycling around the island, climbing The Bai Yue, and swimming across Sun Moon Lake) were held, with a total of 240 Number of People and 279 Number of Participants.



▲ 2023 Round-the-Island Bike Tour



▲ 2023 Motorcycle tour around the island



▲ 2023 Sun Moon Lake Swimming Carnival



▲ 2023 Climbing Baiyue - Jundashan

4. Management Associate (MA) Program

Training Courses	Training Content
Management Associate Management Associate (MA) Program	<ul style="list-style-type: none"> Embracing Inexperienced Master's Graduates, personally interviewed and hired by the Chairman Following the Chairman and senior executives closely, learning firsthand, and participating in large cross-departmental projects and core meetings (e.g., the 2022-2023 company-wide BPM system implementation project, weekly executive meetings, and Smart Manufacturing meetings) Weekly reflections submitted directly to the Chairman's mailbox, with responses and shared experiences from the Chairman Since its implementation in 2009, the program has guided 61 graduates to develop diverse potentials in their roles. On average, for every 5 retained graduates, one has been promoted to a managerial position, and for every 4 mid-level executives, one has come from this program.

◆ MA Training Plan

0~12 months			
0~6 months	3~6 months	6~12 months	1 year
25%	50%	75%	∞ Endless Possibilities
Grasping the company's context	Hands-on experience in the company's departments	Hands-on experience at production bases	Departmental Assignments
<ul style="list-style-type: none"> Participation and documentation in meetings Project Assistance BSC Index Tracking Participation in Company Challenge Activities 	<ul style="list-style-type: none"> Understanding Company Culture Headquarters Department Rotations Project Implementation Experience 	<ul style="list-style-type: none"> Production Line Experience Department Rotations Familiarity with Production Processes 	<ul style="list-style-type: none"> Departmental Focus on Long-term Development Organizational Operations Innovation and Transformation

The Management Associate system has seen the appointment of 61 Management Associates spread across 9 major career paths. They have made significant contributions to the overall development of the group. Senior elites or managers act as mentors and advisors, providing guidance to help MA members adapt and grow. Among the 31 members who have stayed with the program, six have become unit managers, ranging from section chief to senior manager, showcasing the progressive success of the management associate training program.

◆ Series of the retained Management Associates

Series	Female	Male	Number of supervisors	Overall Number of People
R&D		5	1	5
Salesperson	2	3	1	5
Finance and Investment Control	1	2	1	3
Factory Establishment	1	1		2
Manufacturing engineering	1	1		2
Information		2	1	2
Supply chain	2		1	2
Human Resource	2		1	2
Public relations	1	1		2
Production Management		2		2
Secretary	3	1		4
Total	13	18		31

5. Annual Excellent Employee Selection System

Gudeng Precision values the performance evaluation system and conducts quarterly reviews to assess implementation performance. Employees demonstrating exceptional work results (Excellent) and exceeding expectations (Grade A) are preliminarily selected to participate in the annual excellent employee selection. The selection process involves presenting their annual performance in front of the CEO and top-level executives for evaluation. The final selection is based on the approval of all employees. The winners are then presented with the Annual Excellent Employee Award during the year-end banquet. The first prize winner of the Annual Excellent Employee Selection System in 2023 is the team leader of the production line cleaning section, who was promoted from a grassroots operator and won the top award this year.

Starting from 2021, the number of award recipients will be increased to five. The awards will be given based on ranking and will range from NT\$20,000 to NT\$60,000 in monetary rewards. In addition, each awardee will be granted 5 days of public holidays, a travel subsidy of NT\$70,000, and the benefit of a complimentary company parking space. These incentives aim to encourage colleagues to continue their pursuit of personal growth and development.

Since the implementation of this reward system, more than 50 outstanding employees have been selected, and each candidate has the opportunity to participate in a prize draw with a prize value of nearly NT\$100,000 and receive subsidies for overseas travel.

6. The Most Thankful, Most Praised System

The "Most Thankful, Most Praised" nomination system has been continuously in place since 2009, 15 years. Its purpose is to encourage employees to take responsibility, embrace growth, and support each other.



▲ 2023 Annual Excellent Employee First Place Production Line Team Leader



▲ 2023 Annual Excellent Employee Lottery Motorcycle Winner

- The meaning of "Most Thankful" is to thank others for helping to complete work (even if it is not within the person's job scope, they are willing to assist).
- The meaning of "Most Praised" is to recognize others for helping another person complete work (even if it is not within the person's job scope, they are willing to assist).

Through the nomination of all employees and selection in the management meeting, three employees who are most thankful and most praised are awarded each month, receiving a reward of NT\$6,000, an honorary certificate, and a badge.

The most thankful and most praised individuals are not limited to the number of awards they can receive. We are pleased to see colleagues actively helping others beyond their job responsibilities and they can receive the NT\$6,000 reward for multiple times.

At the end of each year, the overall most thankful and most praised individual is selected, and a reward of NT\$20,000 is presented to each recipient. This system creates a positive cycle and a sustainable cross-departmental interaction and culture.

In 2023, the most thankful and most praised individuals were awarded a total of 66 times, with a total prize money of NT\$468,000.



▲ Most Praised Individual of the Month — November 2023 Winner



▲ The Most Thankful Individual of the Month — Winner for November 2023

5.6 Occupational Safety and Health

Material topics	Occupational Health and Safety	
Policy	Prioritize employee safety and health, continuously optimize the workplace environment	
2023 Achievements	Short-term goals for 2024	Medium and long-term goals from 2025 to 2030
<ul style="list-style-type: none"> Zero major occupational accidents, zero tickets 100% completion rate for new employee education and training Average training hours per person for safety and health education to reach 5.64 hours 	<ul style="list-style-type: none"> Zero major occupational accidents, zero tickets Average training hours per person for safety and health education to be at least 1 hour 	<ul style="list-style-type: none"> Zero major occupational accidents, zero tickets Average training hours per person for safety and health education to be at least 1 hour

Occupational Safety and Health Management

Gudeng Precision upholds the mission of zero-accident safety, committed to establishing a comprehensive safety culture and management strategy. It has implemented the ISO 45001 Occupational Health and Safety Management System based on occupational safety and health management measures. Through clear division of labor across various organizations, continuous promotion of safety, health, and health promotion activities, and regular Occupational Safety and Health Committee meetings, Gudeng collaborates with suppliers and contractors to prevent and reduce the impact of occupational hazards, jointly creating a safe and healthy working environment for the entire industrial chain.

Occupational health and safety management system

Gudeng Precision completed the ISO 45001 Occupational Health and Safety Management System version upgrade certification in 2020. The system is internally audited by qualified personnel every year and undergoes external audits by impartial third-party organizations to maintain its validity. The certification scope includes the headquarters, Shugu Plant, and Fuxing Plant, covering 100% of the workers (employees and non-employees). The establishment of Occupational Health and Safety management personnel in the factory complies with the Occupational Health and Safety Act and related regulations. The heads of each workplace and supervisors at all levels are responsible for commanding and supervising the implementation of safety and health management matters according to their authority and responsibility. All other workers perform their duties in accordance with relevant Occupational Health and Safety management regulations.

Occupational Safety and Health Committee

To ensure workplace safety, Gudeng Precision has established an Occupational Safety and Health Committee and holds regular meetings to coordinate safety and health-related matters for workers, confirm occupational safety-related issues, and set requirements for employees to strictly comply with the Safety and Health Policy. The Occupational Safety and Health Committee tracks the implementation results and project progress of various tasks regularly, preventing occupational accidents and creating a safe and healthy working environment.



Safety and Health Policy:

- Compliance with safety and health laws and regulations, implementing safety and health operation standards
- Promoting safety and health awareness for all employees, striving for zero accidents and disease prevention
- Designing inherently safe products and promoting production safety management mechanisms
- Ensuring employee workplace safety and health, providing safe and healthy facilities and environment
- Establishing an audit and review system for safety and health, committing to continuous improvement activities

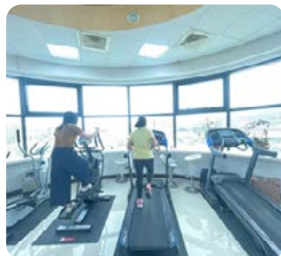


Occupational Health and Safety Activities:

1. Every two years, on-duty employees undergo health checks, and the Company subsidizes the cost. Special operation personnel receive special operation health checks annually.
2. Employment of occupational health protection service nurses to provide on-site health services, implement health education and advocacy, health consultations, and based on the annual health check results, health classification is conducted, and individual health management advice is provided to high-risk groups, with a return-to-work assessment for occupational accident employees.
3. A lactation room is provided for employees, creating a friendly workplace environment.
4. Regular operation environment monitoring and quarterly inspections of drinking water quality are conducted to ensure that there are no health hazards in the work environment.
5. Implement four major plans for promoting and executing prevention of diseases caused by abnormal workloads, prevention of human factor hazards, maternal health protection, and prevention of unlawful violations.
6. Starting from 2022, the Company has fully paid 100% of the physical examination costs for new employees.

Physical and Mental Health Promotion Activities:

1. The Welfare Committee organizes activities such as climbing Bai Yue, swimming in Sun Moon Lake, and cycling around the island every year to encourage employees to get close to nature and challenge themselves during their leisure time.
2. Fitness equipment (including treadmills, exercise bikes, stair climbers, and weight training machines) is installed in the employee restaurant for employee use, aiming to relieve work stress and promote fitness.
3. Organize psychological stress relief seminars to provide new perspectives on understanding stress, enabling employees to self-recognize stress responses, use relaxation methods to appropriately release emotions, and coexist with stress.



Risk Identification and Risk Assessment

The Company formulates risk and opportunity management procedures and hazard identification and risk assessment control procedures based on ISO 45001. Each unit regularly identifies the risk levels of various job positions and operations based on the frequency, probability, and severity of hazards. Measures are proposed for risk improvement, such as engineering controls or operational controls, according to the risk matrix.

Worker participation, consultation and communication on occupational safety and health

Worker participation, consultation and communication on occupational safety and health

1. Regularly hold labor-management meetings and Occupational Safety and Health Committee meetings to review labor-related safety and health issues.
2. New employees must complete occupational safety and health education and training on their first day of employment and be informed of the complaint mechanism during the course.
3. General employee safety and health education and advocacy are conducted annually for on-duty employees.

Safety Education and Training and Advocacy Categories and Hours Statistics

Items	Number of Trainees	Total Training Hours
General Occupational Safety and Health Education and Training for New Employees	170	510
General Occupational Safety Education for On-Duty Employees	684	1,368
General Occupational Safety Education for Safety Committee Members	23	23
General Education and Training on Chemical Hazards	744	1136
Respiratory Protection Training and Fit Testing	24	24
Self-Defense Firefighting Train	127	117
Fire Evacuation and Assembly Drill	625	350.5
Nighttime Evacuation and Assembly Drill	56	28
Dormitory Evacuation and Assembly Drill	15	7.5
Emergency Response Drill	123	69
CPR & AED Operation Education and Training	36	36
Total	2,627	3,669



Emergency Response and Incident Investigation Procedures

To prevent accidents that may cause environmental impact and harm to personnel safety, Gudeng Precision follows the "Emergency Response Control Procedures" to implement contingency measures, safeguarding the rights and interests of employees. When unexpected events such as fires, explosions, chemical leaks, natural disasters, etc., occur, the handling procedures are based on prioritizing personnel safety to properly care for and prevent the spread of disasters. Regular emergency response drills are conducted to familiarize personnel with emergency response and evacuation actions, minimizing the risk of accidents.

To strengthen workers' self-protection awareness, the New Employee Occupational Safety and Health Education and Training includes enhanced advocacy. When there is an immediate danger at the workplace, workers may stop work and retreat to a safe location without endangering the safety of other workers and should promptly report to their immediate Supervisor.

Gudeng Precision's environment, safety, and health department follows the "Emergency Response Procedures" as a preventive management measure to prevent the escalation of incidents. The "Incident Investigation Management Procedures" are used to handle occupational accidents, injuries, disabilities, and fatalities. After determining the type of incident, follow-up notifications are executed, and together with labor representatives, the effectiveness of preventive measures and improvements are monitored. Periodic investigations and follow-ups are conducted in the Occupational Safety and Health Committee to reduce occupational safety and health risks and prevent similar incidents from recurring.

Statistics of Historical Occupational Injury Cases

To ensure the safety and health of workers and prevent occupational accidents, non-employee workers (dispatched employees) providing labor services must complete necessary safety and health education and training. During 2023, there were no legally significant occupational safety incidents reported.

Items	2021	2022	2023
Working Hours (hours)	767,872	1,088,400	1,190,400
Number of Cases of Disability Injury	5	4	3
Total Disability Injury Loss Days	167	16	5
Disability Injury Frequency (FR)	6.51	3.67	2.52
Disability Injury Severity Rate (SR)	217	14	4
Total Injury Severity Index (FSI)	1.18	0.22	0.10

Note 1: When calculating the number and frequency of disability injuries, deaths caused by occupational injuries are included.

Note 2: Disability injury statistics do not include employee commuting traffic accidents.

Note 3: Total working hours calculation: According to the "Occupational Injury Statistics Network Reporting System", the total reported working hours are used.

Note 4: Disability Injury Frequency (FR): Total number of disability injuries/Working hours x 1,000,000 (round to three decimal places)

Note 5: Disability Injury Severity Rate (SR): Total disability injury loss days × 1,000,000 / Total experienced working hours. (rounded to the nearest integer)

Note 6: Total Injury Severity Index (FSI): $\sqrt{((SR \times FR)/1000)}$. (rounded to three decimal places)

Statistics of Occupational Accidents

In 2023, all relevant occupational incidents were handled by the Environment, Safety, and Health department according to the emergency response control procedures and incident investigation management procedures. They implemented environmental improvements and enhanced personnel safety awareness to prevent recurrence.

Items	2021	2022	2023
Caught, Rolled	2	1	1
Fallen, Tumbled	1	0	0
Cut, Slashed, Scraped	1	1	1
Slipped, Tripped	1	1	0
Other	0	1	1
Total	5	4	3

Note: Occupational injury statistics are classified according to the designated reporting system of the Occupational Safety and Health Act.

Contractor Occupational Safety Management

1. Contractors are informed of construction hazards before commencing work, and personnel are required to complete safety and health checks and personal protection before operation to prevent accidents.
2. Supervision and inspection mechanisms are adopted based on the severity or risk level of contracted operations to ensure that contractors comply with relevant safety and health management regulations and prevent disasters.
3. An annual contractor agreement organization meeting is held to coordinate the implementation of construction safety and health, cooperate on matters related to providing contractor labor safety and health regulations, and promote company safety and health regulations, as well as coordinating contractor concerns.
4. An annual safety and health performance assessment is conducted for contractors, evaluating indicators such as compliance, discipline, autonomous management, violations, and RBA Responsible Business Alliance standards as a reference for next year's contractor selection by the procurement unit.





6

Social Inclusion

6.1 Sustainable Care Policies

6.2 Percentage of Types of Charity
Commitment

6.3 Five Major Charity Axes and Benefits

6.1 Sustainable Care Policies

Material topics	Social Inclusion	
Policy	Following Gudeng Precision's core values of "Partner with H.E.A.R.T., grow with P.A.S.S.I.O.N." and aligning with the United Nations Sustainable Development Goals (SDGs), we launch social service initiatives.	
2023 Achievements	2024 Action Plan	Medium and long-term goals from 2025 to 2030
<ul style="list-style-type: none"> Gudeng Precision has participated in 17 Social Welfare actions Focusing on "Art and Culture Support," "Community Care," "Under-represented Social Group Care," "Diverse Cultivation," and "Environmental Conservation," integrating internal and external company resources, striving to become a positive force in society. 	<ul style="list-style-type: none"> Continuing the five main themes of 2023: "Artistic Support," "Community Care," "Support for the Underprivileged," "Diverse Cultivation," and "Environmental Conservation," we join hands with the Company's employees and supply chain partners through donations, volunteer services, and resource investment to actively respond to the SDGs (United Nations Sustainable Development Goals). Combining public welfare and sustainable development, we aim to create positive and impactful influence throughout the entire industry chain. 	<ul style="list-style-type: none"> We envision establishing a public welfare foundation, systematically expanding the scope of public welfare activities, and effectively evaluating the efficiency of resources invested.

6.1 Sustainable Care Policies

Gudeng Precision adheres to the group's core philosophy of "Dedicated Service, Passionate Growth," connecting the "United Nations Sustainable Development Goals (SDGs)" to actively promote social service actions. In 2023, several public welfare activities were initiated under the leadership of the Chairman and Vice Chairman. To effectively assess the resources invested and the associated benefits, we refer to the Business for Societal Impact (B4SI) framework to calculate and analyze the time, money, and goods invested, as well as quantify the benefits and impacts. This allows us to understand the overall effectiveness of resource allocation in various philanthropic activities.



6.2 Percentage of Types of Charity Commitment

Items	Percentage
Community Care	78.7%
Environmental Conservation	6.1%
Care for disadvantaged groups	3.4%
Support for Arts and Diverse Cultivation	2.4%
Diverse Cultivation	9.4%
Total	100%

◆ Charity Commitment Statistics

Items	2021		2022		2023	
	Amount (NT\$)	Percentage	Amount (NT\$)	Percentage	Amount (NT\$)	Percentage
Cash donation	324,000	7.52%	3,000	0.22%	8,204,600	49.60%
Donations of Items	3,982,000	92.48%	1,340,899	99.78%	8,166,705	49.37%
Total Hours Volunteered	-	-	-	-	143,838	0.87%
Manage Cost	-	-	-	-	26,352	0.16%
Total	4,306,000	100.00%	1,343,899	100.00%	16,541,495	100.00%

6.3 Five Major Charity Axes and Benefits

Types of Charity	Assistance Target	Corresponding SDGs	2023 specific actions	Social Benefits
Art and cultural support	<ul style="list-style-type: none"> Taiwan's Arts and Culture Team 	 	<ul style="list-style-type: none"> Story Factory's 73rd transformation: Exclusive corporate booking 	<ul style="list-style-type: none"> Promote Art and Cultural Performances: In 2023, 300 employees and their family members were invited to enjoy cultural activities. Cultivating Arts and Cultural Talent: Supporting the Promotion of Opera Heritage and Various Arts and Cultural Talent Development Gudeng Precision and two local enterprises jointly responded to the art and cultural exclusive event organized by the Local Alliance. The event reached 1,000 Number of Participants, effectively expanding social influence.
Community Care	<ul style="list-style-type: none"> community residents Non-profit Social Welfare Organizations remote community 		<ul style="list-style-type: none"> Donation of LED Billboards for Public Welfare Advertisements at Gas Stations Donation to Sanxia Yuanshan Pavilion Dongqing Pavilion Improvement Project Plan Blood Donation Activity Donation of electric blood donation vehicle Donation of Shenkeng and Shiding Buses Donations of water tankers and stair climbing machines Charity Bazaar for the Sale of Second-Hand Goods Donated a batch of bathing products to the Elderly Welfare and Care Association of the Republic of China 	<ul style="list-style-type: none"> Improving transportation convenience in remote communities to promote tourism and enhance the well-being of local residents Repair community public spaces to enhance the quality of life and safety assurance for local residents
Care for disadvantaged groups	<ul style="list-style-type: none"> Disadvantaged groups Low-income group 		<ul style="list-style-type: none"> Sponsoring the Global Federation of Chinese Business Women (GFCBW) to purchase electric nursing beds for donation to medical institutions Donations to Genesis Social Welfare Foundation and charity sale by employees at the Parent-Child Charity Fair Donating supplies to the Garden of Hope Foundation and Longtan Center for the Mentally and Physically Disabled 	<ul style="list-style-type: none"> Together with employees, actively participate in Social Welfare, and jointly create inclusiveness and shared prosperity.
Diverse Cultivation	<ul style="list-style-type: none"> Students and Professors Remote School 	 	<ul style="list-style-type: none"> New Taipei High School of Industry and Technology Skills Competition Contestant Uniform Sponsorship Donated Scholarship for the Molding Department, 2023, 1st Semester, New Taipei Municipal New Taipei High School of Industrial Vocational. Donated scholarships to Chung Yuan Christian University's Department of Mechanical Engineering for cultivating doctoral R&D talent 	<ul style="list-style-type: none"> Supporting students with corporate power to develop unlimited potential
Environmental Conservation	<ul style="list-style-type: none"> General Public Farmers' group 	  	<ul style="list-style-type: none"> Stop Burning Rice Straw, Improve Air Quality and Cultivate Fertile Fields Project 	<ul style="list-style-type: none"> Providing farmers with decomposing bacteria for 400 hectares of rice straw, using eco-friendly farming methods to replace burning rice straw, thereby avoiding Air Pollution and preventing land degradation.

Art and cultural support

Local Vendors Alliance, Exclusive Cultural and Arts Event

Gudeng Precision, in its ongoing support for the development of art and cultural groups and the promotion of artistic heritage, collaborated with two local companies in Tucheng to sponsor the stage play "The Story Factory: Seventy-Three Changes". On that day, company employees and their families were invited to attend and enjoy the performance for free. This art performance reached approximately 1,000 Number of Participants. In addition to enhancing the artistic literacy of employees, it also connects local enterprises to jointly support art performance groups in Taiwan.



Community Care

Donation of LED Billboards for Public Welfare Advertisements at Gas Stations

To establish the corporate image of Gudeng and fulfill our social responsibility by combining with public welfare organizations to give back to the community, Gudeng has invested in setting up a full-color LED advertising wall beside the San-ying Gas Station along the main road in Sanxia. This wall is used for Innovation video displays by National Taipei University students, municipal policy promotions, and Xing Tian Gong Hospital's epidemic prevention announcements. This bulletin board can convey information to residents digitally and paperless, achieving environmental protection and community integration.



Lanyu Dongqing Pavilion Improvement Project Plan

In October 2023, Typhoon Koinu caused significant damage to Dongqing Pavilion and its surroundings, with many wooden planks dislodged. To ensure the safety of tourists and nearby residents, Gudeng Precision funded and assisted the Lanyu Township Office in improving public facilities, protecting the lives and properties of tourists and local residents.



Donation for Renovation of Yuanshan Pavilion in Sanxia

The Yuanshan Trail in Sanxia District, New Taipei City, boasts an excellent geographical location, offering a bird's-eye view of National Freeway No. 3 from the summit. The trail has a moderate difficulty level, making it suitable for both young and old, attracting many visitors each year. However, due to its mountainous location, maintenance is challenging. Gudeng Precision has thus donated repair materials and funds, and has rallied Employees and their families for a collective hike. Along the way, they enjoy sights such as Yanfeng Pavilion, Lansheng Pavilion, and the Victory Memorial Bell, in response to a charitable family hiking activity and donation ceremony.



▲ Sanxia Yuanshan

● Gudeng Employees Donating Blood!

Each year, Gudeng Precision regularly hosts blood donation events. In addition to putting the slogan "Donate a Bag of Blood, Save a Life" into action, the Company also advocates to employees that blood donation can promote metabolism and help maintain iron balance in the body.

In 2023, Gudeng organized three blood donation events. Employees actively demonstrated their "enthusiasm" by jointly rolling up their sleeves to donate blood. Colleagues interested in participating in the event could take a leave of absence during work hours to donate blood, with the Company providing transportation to and from the donation site.



● "Donate a bag of blood, save a life," sponsor an electric blood donation vehicle

Based on the philosophy of "continuous love and urgent environmental protection," Gudeng Precision and two key suppliers jointly funded the Taipei Blood Center to purchase a large electric blood donation vehicle. By replacing a diesel vehicle with an electric one, there will be no noise or exhaust emissions, reducing carbon emissions and significantly improving the convenience, comfort, and safety of the public during blood donation.



● Donation of New Taipei City New Bus, Enhancing Tourist Capacity in Remote Areas

Due to geographical characteristics, residents of Shenkeng and Shiding districts in New Taipei City mostly rely on private vehicles for transportation. After a field visit to these areas by Gudeng supervisors and colleagues, it was evaluated that sponsoring a new bus would help local residents solve the inconvenience of public transportation. This initiative aims to enhance the daily commute safety and convenience for elderly residents, school children, and those in need, while also addressing the passenger transportation requirements.



● Donation of stair climbers, ensuring the elderly's safety when going up and down stairs

There are many old apartments over 50 years in the Taipei and New Taipei City area. For friends with disabilities who rely on wheelchairs or elderly individuals with weak legs, climbing stairs requires the use of stair climbers. Therefore, Gudeng Precision decided to respond by donating and, together with other companies, jointly donated 30 stair climbers to the New Taipei City Assistive Device Center, offering them for rent to elderly people and patients in need. We hope this donation will bring greater convenience to the citizens;



● Donation of a water tanker truck

To give back to society and enhance fire safety, adhering to the belief of "taken from the public, used for the public," Gudeng Precision donated a small water tank fire truck to the Daguan Branch of the First Disaster Relief and Rescue Brigade of the New Taipei City Fire Department. Equipped with a fire pump and carrying 2 tons of water, it can provide firefighting personnel with initial disaster relief capabilities during fire emergencies. Additionally, the compact size of the truck allows it to maneuver through narrow alleys. Emphasizing a comprehensive enhancement of various active and passive safety features, it combines road safety. Under the new era's focus on driving safety, this vehicle provides firefighting and rescue personnel with a faster and safer means of transport, thus securing the golden rescue time, making New Taipei's firefighting efforts both rapid and safe!



Charity Bazaar Event on December 16

Gudeng Precision participated in the Lions Clubs International Charity Fair. At Banqiao First Stadium, colleagues spontaneously initiated a donation drive, collecting a total of 125 items for the event. Additionally, the Company donated its own products for the charity sale, including Gudeng's recycled integrated plastic chairs, Bisou skincare products, and professional scissors from subsidiary Bertrand Industrial. The total amount raised in three hours reached NT\$47,670.



Care for disadvantaged groups

- Taipei Chinese Women in Management Association of World Chinese Businesswomen Electric Nursing Bed
- Donated a batch of shower products (Sangleaf) to the Association of Elderly Welfare Care of the Republic of China.
- Initiating employee donations to The Garden of Hope Foundation and Longtan Changhua Children's Home



Genesis Social Welfare Foundation Funding Support for Services for People in a Vegetative State

To help raise funds for the Genesis Social Welfare Foundation's long-term Service for vegetative patients, Gudeng Precision leveraged its network to provide more care to those in need. During the "Warm-Hearted Parent-Child Charity Fair," the Company invited its employees to join forces for this charitable cause, encouraging the public to participate and bringing a ray of hope to disadvantaged families with vegetative patients.



Diverse Cultivation

● New Taipei High School of Industry and Technology Skills Competition Contestant Uniform Sponsorship

Gudeng Chairman Chiu, Ming-Chien is also an alumnus of New Taipei Advanced Industry & Commerce High School. He has been consistently concerned with the development of his alma mater's activities. This Year, he specially sponsored the competition uniforms for the skill competition contestants, hoping that through the resources and support of the enterprise, the children's diligent practice would gain more enthusiasm, allowing them to enjoy the competition and grow through it.



- Donated scholarships to Chung Yuan Christian University's Department of Mechanical Engineering for cultivating doctoral R&D talent
- Donated Scholarship for the Molding Department, 2023, 1st Semester, New Taipei Municipal New Taipei High School of Industrial Vocational.

Environmental Conservation

● Stop Burning Rice Straw, Improve Air Quality and Cultivate Fertile Fields Project

Burning rice straw is one of the major causes of air pollution, adversely affecting soil health, fertility, agricultural productivity, and ecosystem balance, including the loss of soil organic matter, degradation of soil structure, and impacts on soil biodiversity.

In 2023, aligned with UN Sustainable Development Goals (SDGs) 11 (Sustainable Cities and Communities), 13 (Climate Action), and 15 (Life on Land), the Company participated in the "Stop Burning Rice Straw, Improve Air Quality and Cultivate Fertile Fields" initiative by the International Native Restoration Association (INRAA). The Company contributed NT\$1,000,000 to provide decomposing microorganisms to farmers and support the initiative across 400 hectares of agricultural land.





Appendix

Comparison Table of GRI
Guidelines

Comparison Table of SASB
Standards

External Assurance – Independent
Assurance statement

significant thematic change

public association

external advocacy

Appendix

Comparison Table of GRI Guidelines

GRI Content Index				
Use of GRI 1 GRI 1: Foundation 2021				
Applicable GRI Industry Standards: No applicable GRI industry standards were released during the reporting period of this report.				
GRI 2: General Disclosures 2021				
Material Topic	Disclosure Item	Disclosure Content	Chapter Topics	Page
Organization Overview and Reporting Practice				
	2-1	Organization Detailed Information	Preface - About Gudeng Precision	6
	2-2	Entities included in the organization's sustainability reporting	Preface - About the Report	3
	2-3	Reporting period, frequency and contact point	Preface - About the report - Contact Information	3
	2-4	Restatements of information	No adjustments	-
	2-5	External assurance	Preface - About the Report Appendix - Verification Statement	3 116
Organization Activities and Workers				
	2-6	Activities, value chain and other business relationships	Preface - About Gudeng Precision 2.3.2 Supplier Overview	6 40
	2-7	employee	5.2 Human Rights Management	76
	2-8	Workers who are not employees	5. Friendly Workplace	72
Governance				
	2-9	Governance structure and composition	2.1 Organization Overview	28
	2-10	Nomination and selection of the highest governance body	2.1.2 Board of Directors Governance	30

Material Topic	Disclosure Item	Disclosure Content	Chapter Topics	Page
	2-11	Chair of the highest governance body	2.1.2 Board of Directors Governance	30
	2-12	Role of the highest governance body in overseeing the impact management	2.1.2 Board of Directors Governance	30
	2-13	Delegation of responsibility for managing impacts	2.1.4 Risk Management and Internal Control	33
	2-14	Role of the highest governance body in sustainability reporting	2.1.2 Board of Directors Governance	30
	2-15	Conflict of interest	2.1.3 Integrity Management	31
	2-16	Communication of critical concerns	2.1.2 Board of Directors Governance	30
	2-17	Collective knowledge of the highest governance body	2.1.2 Board of Directors Governance	30
	2-18	Evaluation of the performance of the highest governance body	2.1.2 Board of Directors Governance	30
	2-19	Remuneration Policy	2.1.2 Board of Directors Governance	30
	2-20	Process to determine remuneration	2.1.2 Board of Directors Governance	30
	2-21	Annual total compensation ratio	5.2 Talent Attraction and Retention	76
Strategy, Policy, and Practice				
	2-22	Statement on sustainable development strategy	Message from the Chairman 1.1 Sustainable Development Blueprint	5 16
	2-23	Policy commitments	1.1 Sustainable Development Blueprint	16
	2-24	Embedding policy commitments	2.1.2 Board of Directors Governance	30
	2-25	Processes to remediate negative impacts	2.1.3 Integrity Management	30
	2-26	Mechanisms for seeking advice and raising concerns	2.1.3 Integrity Management	31
	2-27	Compliance with laws and regulations	5.4 Human rights	87
	2-28	Membership associations	Appendix - Participating in Industry Associations	118

Material Topic	Disclosure Item	Disclosure Content	Chapter Topics	Page
Stakeholder engagement				
	2-29	Approach to stakeholder engagement	1.4 Materiality Analysis and Stakeholder Engagement	19
	2-30	Collective bargaining agreements	The Company hasn't signed the Collective bargaining agreement	
GRI 3: Material Topics 2021				
	3-1	Process to determine Material topics Disclosure	1.4 Materiality Analysis and Stakeholder Engagement	19
	3-2	List of Material topics	1.4 Materiality Analysis and Stakeholder Engagement	19
	3-3	Management of Material topics Glossary	1.4 Materiality Analysis and Stakeholder Engagement	19
GRI 201: Economic Performance 2016				
Specific to Gudeng	201-1	Direct economic value generated and distributed	1.1.2 Financial Performance	-
Climate and Energy Management	201-2	Financial Impacts and Other Risks and Opportunities of Climate Change	4.1 Climate and Energy Management	60
Talent Recruitment and Retainment	201-3	Defined benefit plan obligations and other retirement plans	5.2 Talent Attraction and Retention	76
GRI 202: Market Presence 2016				
Talent Recruitment and Retainment	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Talent Attraction and Retention	76
Talent Recruitment and Retainment	202-2	Proportion of senior management hired from the local community	5.2 Talent Attraction and Retention	76
GRI 203: Indirect Economic Impacts 2016				
Social Inclusion	203-1	Infrastructure investments and services supported development and impact	6.2 Percentage of Types of Charity Commitment	99
			6.3 Five Major Public Welfare Axes and Benefits	100
GRI 204: Procurement Practices 2016				
Sustainable Supply Chain	204-1	Proportion of spending on local suppliers	2.3 Sustainable supply chain	39
GRI 205: Anti-corruption 2016				
Specific to Gudeng	205-2	Communication and training about anti-corruption policies and procedures	2.1.3 Integrity Management - Training and Education and Advocacy	31
Specific to Gudeng	205-3	Confirmed incidents of corruption and actions taken	In 2023, Gudeng Precision had no corruption incidents.	-

Material Topic	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 206: anticompetitive behavior 2016				
Specific to Gudeng	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2023, Gudeng Precision had no anti-competitive behavior, anti-trust, and monopoly practice	-
GRI 302: Energy 2016				
Climate and Energy Management	302-1	Energy consumption within the organization	4.1.7 Energy Management	68
	302-3	Energy intensity	4.1.7 Energy Management	68
	302-4	Reduction of energy consumption	4.1.7 Energy Management	68
GRI 303: Water and Effluents 2018				
Water Resources and Waste Management	303-1	Interactions with water as a shared resource	4.2.1 Water Resource Management	70
	303-2	Management of water discharge-related impacts	4.2.1 Water Resource Management	70
	303-3	Water Intake	4.2.1 Water Resource Management	70
	303-4	Water discharge	4.2.1 Water Resource Management	70
	303-5	Water Consumption	4.2.1 Water Resource Management	70
GRI 305: Emissions 2016				
Climate and Energy Management	305-1	Direct (Scope 1) Greenhouse Gas Emissions	4.1.7 Greenhouse gas inventory	68
	305-2	Indirect (Scope 2) Greenhouse Gas Emissions	4.1.7 Greenhouse gas inventory	68
	305-4	Greenhouse Gas Emissions	4.1.7 Greenhouse gas inventory	68
	305-5	Reduction of GHG emissions	4.1.7 Greenhouse gas inventory	68
GRI 306: waste 2020				
Water Resources and Waste Management	306-1	Waste generation and significant waste-related impacts	4.2 Water Resources and Waste Management	70
	306-2	Waste Management	4.2 Water Resources and Waste Management	70
	306-3	Waste generated	4.2 Water Resources and Waste Management	70

Material Topic	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 308: Supplier Environmental Assessment 2016				
Sustainable Supply Chain	308-1	New suppliers that were screened using environmental criteria	2.3 Sustainable supply chain	39
GRI 400 Social				
GRI 401: Employment 2016				
Talent Recruitment and Retainment	401-1	New and Resigning employees	5.1 Diverse and Inclusive Happy Workplace - New Employee Numbers and Proportions	73
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Talent Recruitment and Retainment - Competitive Performance and Compensation System	76
	401-3	Parental leave	5.2 Talent Recruitment and Retainment - Maternity and Parental Care Statistics	76
GRI 402: Labor/Management Relations 2016				
human rights	402-1	關於營運變化的最短預告期	5.4 Human Rights - Labor/Management Meetings	87
			1.4 Materiality Analysis and Stakeholder Engagement	19
GRI 403: Occupational Health and Safety 2018				
Occupational Health and Safety	403-1	Occupational health and safety management system	5.6 Occupational Health and Safety - Occupational Safety and Health Management	94
	403-2	Hazard identification, risk assessment, and incident investigation	5.6 Occupational Health and Safety - Risk Identification and Risk Assessment	94
	403-3	Occupational Health Services	5.6 Occupational Health and Safety - Occupational Health and Safety Activities	94
	403-4	Worker participation, consultation and communication on occupational safety and health	5.6 Occupational Safety and Health - Worker Participation, Consultation And Communication On Occupational Safety And Health	94
	403-5	Worker training on occupational health and safety	5.6 Occupational Safety and Health - Safety Education and Training and Advocacy Categories and Hours Statistics	94
	403-6	Promotion of worker health	5.6 Occupational Safety and Health - Physical and Mental Health Promotion Activities	94
	403-7	Prevention and mitigation of occupational safety and health impacts directly linked to business relationships	5.6 Occupational Safety and Health - Emergency Response and Incident Investigation Procedures	94
	403-8	Workers covered by an occupational health and safety management system	5.6 Occupational Health and Safety - Occupational Safety and Health Management System	94
	403-9	Work-related injuries	5.6 Occupational Health and Safety - Statistics on the number of occupational accidents over the years	94

Material Topic	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 404: Training and Education 2016				
Talent Development Talent Recruitment and Retainment	404-1	Average hours of training per year per employee	5.3 Talent Development - Average Training Hours per Employee by Job Level	83
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Talent Recruitment and Retainment - Competitive Performance and Compensation System	76
GRI 405: Diversity and Equal Opportunity 2016				
Specific Gudeng	405-1	Diversity of Governance Units and Employees	2. Sustainable Governance - Board of Directors Governance 5.1 Diversity and Inclusion, Happy Workplace - Employee Structure	27 73
Talent Recruitment and Retainment	405-2	Ratio of base salary pay raised for women to men	5.2 Talent Attraction and Retention - Gender Salary Ratio for Different Job Grades	76
GRI 406: Non-discrimination 2016				
human rights	406-1	Incidents of discrimination and corrective actions taken	5.4 Human Rights - Channels for Employee Feedback and Related Case Management	87
GRI 408: Child labor 2016				
human rights	408-1	Operations and suppliers at significant risk for incidents of child labor	Gudeng Precision does not employ child labor or young workers for hazardous work.	-
GRI 414: Supplier Social Assessment 2016				
Sustainable Supply Chain	414-1	New suppliers that were screened using social criteria	2.3 Sustainable supply chain - Supplier Management Process	39
GRI 418: Customer Privacy				
Information Security	418-1	Substantiated complaints regarding breaches of customer privacy or loss of customer data	There were no related incidents in 2023	-
Other Material Topics				
Quality Management	No Corresponding GRI Standards	-	3.2 Quality Management	53
Technique Innovation	No Corresponding GRI Standards	-	3.1 Technology Innovation	46

Material Topics List Sustainability Accounting Standards Board Comparison Table

Gudeng Precision selects the applicable indexes from the 11 sectors and 77 industries in the SASB Materiality Map of the SASB Standards for disclosure:

Sector: Technology & Communications

Industry: Semiconductors

Index code	Indicator	Report Content or Description
Disclosure Topic: Greenhouse gas Emission		
TC-SC-110a.1	(1) Scope 1 Global Total Emissions (2) Total Emissions from Perfluorinated Compounds	1. 623.30 metric tons of CO2e 2. Zero Emissions of Perfluorinated Compounds
TC-SC-110a.2	Regarding Scope 1 greenhouse gas management, we provide a long-term and short-term strategic plan, reduction targets, and progress in emission reduction.	Please refer to 4.1 Climate and Energy Management
Disclosure Topic: Energy Management in Manufacturing		
TC-SC-130a.1	(1) Total Energy Consumption (2) Percentage of externally purchased electricity in total energy consumption (3) Percentage of renewable energy in total energy consumption	1. 64,631GJ 2. 91.7% 3. 0%
Disclosure Topic: Water Resource Management		
TC-SC-140a.1	Located in areas of high or extremely high water stress: (1) Percentage of total water intake (2) Percentage of total water consumption	Total Water Intake: 57.980 million liters Total Water Consumption: 39.294 million liters Gudeng Precision's entire factory area is not located in high-risk water-stressed areas.
Disclosure Topic: Waste Management		
TC-SC-150a.1	Total amount of hazardous waste generated during the manufacturing process and the recycling rate	No hazardous waste was generated in 2023.
Disclosure Topic: Employee Health and Safety		
TC-SC-320a.1	Describe measures taken by the Company to assess, monitor, and reduce employee exposure to harmful environments.	5.6 Occupational Health and Safety

Index code	Indicator	Report Content or Description
TC-SC-320a.2	No monetary losses were incurred due to violations of employee health and safety-related laws.	There were no such incidents in 2023
Disclosure Topic: Recruit and manage global talents		
TC-SC-330a.1	Description of (1) Proportion of international employees and (2) Proportion of overseas employees.	5.1 Diversity and Inclusion, Happy Workplace 1. International employees account for 13.5% 2. Overseas employees account for 1.5%
Disclosure Topic: Product Life Cycle Management		
TC-SC-410a.1	Percentage of product revenue related to IEC 62474 substances	Not applicable
TC-SC-410a.2	Processor's overall system-level energy efficiency: (1) Servers (2) Desktop Computers (3) Laptops	Not applicable
Disclosure Topic: Raw materials procurement		
TC-SC-440a.1	Describe the risk management methods for using Critical Materials.	2.3 Sustainable supply chain
Disclosure Topic: Intellectual Property Protection and Competitive Behavior		
TC-SC-520a.1	No monetary losses were incurred due to violations of competition-related laws.	There were no such incidents in 2023
揭露主題：活動指標		
TC-SC-000.A	Total Productivity	652,278PCS
TC-SC-000.B	Percentage of own plant production	100%

"Regulations Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" - Climate-related Information Disclosure for TPEX Listed Companies

Items	Implementation Status
<ol style="list-style-type: none"> 1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management. 2. Explain how the identified climate risks and opportunities affect the Company's salesperson, strategy, and finance (short-term, medium-term, long-term). 3. Describe the financial impacts of extreme weather events and transition actions. 4. Explain how the identification, assessment, and management processes of climate risks are integrated into the overall Risk management system. 5. If using scenario analysis to evaluate resilience to Climate Change Risk, explain the scenarios, parameters, assumptions, analysis factors, and main financial impacts used. 6. If there are transition plans to manage climate-related risks, please describe the contents of those plans, and the Index and Goals used to identify and manage physical risks and transition risks. 7. If using internal carbon pricing as a planning tool, the foundation for price setting should be explained. 8. If climate-related targets have been set, the covered activities, scope of GHG emissions, planning timeline, and annual progress should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, the sources and amounts of carbon offset or the number of Renewable Energy Certificates (RECs) should be specified. 9. Greenhouse gas inventory and assurance status, reduction targets, Strategy, and specific action plans (also filled out in 1-1 and 1-2). 	<ol style="list-style-type: none"> 1. Gudeng Precision lays a solid foundation for corporate governance through a sound and efficient Board of Directors. In promoting the supervision and governance of climate-related risks and opportunities, the Board of Directors also plays a supervisory and guiding role. It authorizes the subordinate Audit Committee, Remuneration Committee, and Sustainable Development Committee to assist in overseeing Sustainable Corporation and climate change-related management actions. The chairpersons of each committee regularly report their activities and resolutions to the Board of Directors. 2. Gudeng Precision, based on the TCFD framework, invited unit supervisors and senior colleagues to participate in the "TCFD Workshop" in 2024 to jointly assess the Company's short-term, medium-term, and long-term climate change risks and response measures. 3. Gudeng Precision conducts financial impact assessments on the top three transition and physical risks and opportunities based on the TCFD framework. Regarding the estimation of the financial impact of risks related to Climate Change, the focus is on various decarbonization costs related to the market and technology that will arise from the net-zero emissions path for the year 2050, such as expenditures for energy-saving and carbon reduction facilities, and the cost of purchasing carbon credits. The main estimation of physical risks is the high electricity cost due to chronic progressive climate changes caused by future temperature increases. 4. Each year, the Business Continuity Management Task Force and the Sustainable Development Committee choose company-related risks and opportunities based on external trends and internal operational changes. These include, but are not limited to, net zero emissions, operational disruption impacts, shortages or interruptions in energy such as water and electricity, natural disasters, various potential threats, and reputational impacts. 5. Gudeng Precision uses scenario analysis, including the 2° C or more stringent scenario; please refer to the 2023 Year Sustainability Report for the main financial impacts. 6. Gudeng Precision has set indicators and goals for the mitigation of climate change. The content of the transition plan for managing climate-related risks is referenced in the 2023 Sustainability Report. 7. Gudeng Precision's internal carbon pricing is still in the planning stage. 8. The greenhouse gas inventory scope for 2024 includes the Tucheng Headquarters, Tree Valley Factory, Tainan Science Factory, and Fuxing Factory. For detailed coverage of the activities, please refer to the 2023 Sustainability Report.

Verification statement



Independent Assurance Statement

Scope and Approach

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

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

We understand that the reported financial data and information are based on the data from the Company's financial statements on the parent-company-only and consolidated basis as specified in the Report, which are subject to a separate independent audit process. The economic data and information have been obtained from the certified financial statements of the Company and were not in the scope of our assurance, as DNV has relied on relevant information as accurate for the purposes of our scope of work. In addition, the Company's data on greenhouse gas emissions is not substantially included in the current scope of work, as current data is consolidated based on the Company's self-managed inventory and could be subject to change when there are further plans for third-party verification.

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

Responsibilities of Gudeng Precision Industrial Co., Ltd. and the Assurance Provider

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

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

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

Basis of Our Opinion

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

- Review of the current sustainability issues that could affect Gudeng and are of interest to stakeholders.
- Review of Gudeng's stakeholder engagement approach and recent outputs.
- Review of information provided to us by Gudeng on its reporting processes and management relating to the Principles.
- Conducted interview with the executive-level management responsible for the management of sustainability issues and stakeholder relationship to understand the level of commitment and recent stakeholders' feedback.
- Conducted on-site visits to Gudeng's Headquarters in New Taipei, Taiwan and data checks on the Company's main sites of operation in Taiwan (New Taipei and Tainan) to assess the systems and processes for implementing sustainability initiatives and preparing site-level data.
- Review of supporting evidence for key claims and 2023 data in the Report, as reported information beyond 2023 is not within the scope of the current engagement. Our checking processes were prioritised according to the materiality of issues at the consolidated corporate level.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.
- An independent assessment of Gudeng's reporting in accordance with the Global Reporting Initiative (GRI) Standards.
- The verification was conducted based only on the Chinese version Report.



Opinion

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

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

Observations

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

- Continual enhancement of the internal data collection and consolidation protocols will support the Company's sustainability initiatives and further strengthen monitoring and reporting systems.
- We acknowledge the Company's efforts in developing longer-term strategies and encourage ongoing methodological advancements to further strengthen stakeholder engagement and materiality assessment.
- Building on existing policy commitments, we also encourage continued efforts to integrate these commitments throughout the Company's operations and stakeholder communications to maximize positive impacts.

Stakeholder Inclusiveness and Responsiveness

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

Sustainability Context

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

Materiality

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

Completeness

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

Accuracy and Reliability

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

Impact

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

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

Date: 25 June, 2024



Yu Chung Chen
Lead Verifier
Business Assurance
DNV Taiwan



David Hsieh
District Manager
Business Assurance
DNV Taiwan

Statement Number: C690230-2023-AG-TWN-DNV



Changes in Material topics

2022 Material Topics	2023 Material Topics	Changes	Reason Description
Product Quality	Quality Management	Name Change	Product Quality renamed as Quality Management
Operating Performance	-	Not included in the Year	Notable Change
Technique Innovation	Technique Innovation	Maintain	No change in materiality
Climate Change	Climate and Energy Management Water Resources and Waste Management	Separate Chapter Topics	In response to the increased stakeholders materiality, to enhance reporting Quality, split into two Material topics
Supplier Management	Sustainable Supply Chain	Name Change	Modified theme names in response to SASB industry-specific issues
Corporate Governance and Risk Management	-	Delete	Notable Change
Talent Development	Talent Development	Maintain	No change in materiality
Information Security	Information Security	Maintain	No change in materiality
Remuneration and Benefits	Talent Recruitment and Retainment	Name Change	Modified theme names in response to SASB industry-specific issues
Employee Rights	human rights	Name Change	Modified theme names in response to SASB industry-specific issues
Occupational Health and Safety	Occupational Health and Safety	Maintain	No change in materiality
Integrity Management	-	Delete	Notable Change
-	Social Inclusion	Added	Due to increased government and community stakeholders' materiality

Participating in Industry Associations

Gudeng Precision actively participates in relevant Industry Association Organizations, engaging in exchanges with related industries and academia to exchange market information and industry trends, thereby understanding the latest developments in the industry.

Industry Association Organizations	Position
SEMI (Semiconductor Equipment and Materials International)	Member
Science Park Industries Association	Director
Taiwan Semiconductor Industry Association (TSIA)	Member
Taiwan Association of Sustainable Supply Chains (TASS)	Member
Taiwan Aerospace Industry Association	Member
National Youth Entrepreneurship Association	Vice Chairman
National Association of Small and Medium Enterprises	Member
Taiwan Precision Machinery and Mold Strategic Alliance	Member
Corporate Governance Association of the Republic of China	Member
China Productivity Center - National Elite Alliance for Sustainability	Member
New Taipei City Tucheng District Association of Industry and Commerce	Member
Tainan Real Estate Development Business Association	Member
Chinese Excellence Business Association	Member

External Initiatives

Gudeng Precision believes that corporate social responsibility is not static but an evolving dynamic. Therefore, in order to constantly review stakeholder expectations and the management policies and practices related to the sustainable business operations of the Group, it actively responds to international initiatives, pursuing more outstanding goals, and at the same time contributes to the sustainable development of the overall industry environment. The following diagram shows the international standards that Gudeng Precision has advocated or adhered to:



SASB (Sustainability Accounting Standards Board)



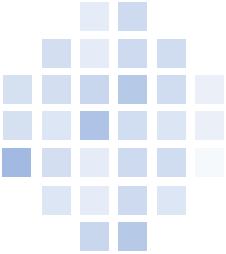
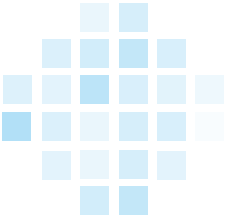
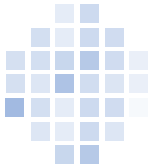
RBA (Responsible Business Alliance)



UN Global Compact (United Nations Global Compact)



SDGs (United Nations Sustainable Development Goals)



Gudeng Precision Industrial Co., LTD. Chairman

Partner with H.E.A.R.T., grow with P.A.S.S.I.O.N.



www.gudeng.com



ESG sustainability
section



Stakeholder
questionnaire

