



**YAGEO 2023**  
**Sustainability Report**

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## About This Report

YAGEO Corporation (hereinafter referred to as YAGEO or the Company) has long focused on corporate sustainability trends and actively implements sustainable practices. Since 2016, YAGEO has published an annual sustainability report, and this year marks the eighth edition. We hope this report will enhance communication with all stakeholders regarding YAGEO's efforts and achievements in corporate sustainability. We also welcome your feedback to help YAGEO continually improve its sustainability practices and better meet stakeholder expectations.

## Reporting Period

This report primarily discloses YAGEO's sustainability commitments and performance for the year 2023 (from January 1, 2023, to December 31, 2023) in the areas of economy, environment, and human rights. To provide a comprehensive view of our sustainability practices, some content is retrospective to 2021.

- Report release period for the current year (2023): August 2024
- Report release period for last year (2022): September 2023
- Expected report release period for next year (2024): August 2024

## Report Scope

This report primarily covers the operational locations of YAGEO in Taiwan and its YAGEO Bermuda subsidiary, including YAGEO (China), YAGEO (Dongguan), YAGEO (Suzhou), Bestbright Electronics and Vitrohm Portuguesa. It does not include information on other subsidiaries in the consolidated financial statements. The section on social engagement also includes information on the YAGEO Foundation and the YAGEO Sports Games Development Association. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, including the General, Industry, and Topic Standards, and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by the TWSE. It also includes disclosures based on the Sustainability Accounting Standards Board (SASB) Standards for the Electronic Manufacturing Services & Original Design Manufacturing Industry. Financial figures are based on the annual consolidated financial report audited by Deloitte & Touche, presented in New Taiwan Dollars (NT\$). Some performance data are limited by the completeness of data collection and are specified in the report regarding their scope of disclosure.

## Preparation Basis

This report has been prepared by the Global Reporting Initiative (GRI) Universal Standards 2021 published by the Global Reporting Initiative (GRI) and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by the TWSE. This report is prepared on the basis of information

provided by the Sustainability Report Task Forces, which are composed of the heads of various responsible units. It is compiled and reviewed by the Marketing Department.

## Information Assurance

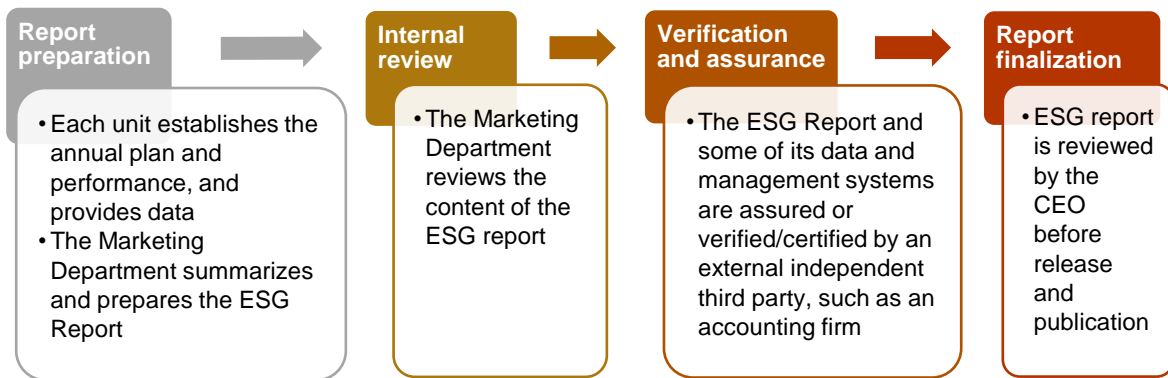
This report has been subjected to an independent limited assurance review by Deloitte Taiwan in accordance with Standard on Assurance Engagement 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting R&D Foundation in Taiwan (which is based on the International Standard on Assurance Engagements (ISAE) 3000 Revised). A limited assurance report was issued. The report complies with the GRI Standards and the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”. Please refer to the Appendix of the Report for the CPA’s Independent Limited Assurance Report.

The compliance standard and inspection/assurance institution for relevant information are as follows:

Type	Compliance standard	Inspection/Assurance institution
Sustainability Information	Standard on Assurance Engagement 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”	Deloitte Taiwan (Deloitte & Touche)
Financial Information	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	Deloitte Taiwan (Deloitte & Touche)
Environmental Data	ISO 14064-1 Greenhouse Gas Inventory Inspection	DNV GL Business Assurance Co., Ltd. (DNV)
	UL2799 - Platinum Zero Waste to Landfill certificate (Dashe Factory)	UL Solutions
Management System	ISO 9001 Quality Management System	DNV GL Business Assurance Co., Ltd. (DNV)
	ISO 14001 Environmental Management System	DNV GL Business Assurance Co., Ltd. (DNV)
	ISO 45001 Occupational Safety and Health Management System	DNV GL Business Assurance Co., Ltd. (DNV)
	IATF 16949 Quality Management System for Organizations in the Automotive Industry	DNV GL Business Assurance Co., Ltd. (DNV)
Others	ISO/IEC 17025 General Requirements for Competence of Testing and Calibration Laboratories	DNV GL Business Assurance Co., Ltd. (DNV)

## Report Preparation and Management Process

This report is prepared on the basis of information provided by the Sustainability Report Task Forces, which are composed of the heads of various responsible units. It is compiled and reviewed by the Marketing Department.



## Contact Details

Should you have any questions about this report or any suggestions about YAGEO, please feel free to contact us with the following methods.

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YAGEO Sustainable  
Development Section



## Message From the CEO

As a leading global supplier of passive components, YAGEO is committed to technological innovation and market expansion, providing customers with high-quality products and solutions. Through years of international mergers and acquisitions, as well as product portfolio optimization, YAGEO has transformed into a comprehensive component service solution provider with strong design capabilities and a broad layout in niche application markets. YAGEO will continue to implement its corporate strategy of “Deeply rooted in Taiwan, implementing business plans globally”. The Company will execute its business transformation goals with high efficiency, focusing on high-end specifications and artificial intelligence (AI) application areas to establish its sustainable business strength.

### **Strategic deployment in AI applications to accelerate innovation**

As the market technology matures, the scope of AI applications has expanded from small tasks to more general models. Applications incorporating AI typically require significant computing power, leading to a corresponding increase in demand for high-end hardware components. This trend has resulted in a significant increase in demand for electronic components, including those manufactured by YAGEO. YAGEO focuses on accelerating design cycles and emphasizes AI innovation. The Company is actively developing products such as high-performance and miniaturized components to meet the demands of enhanced computing capabilities. In the future, YAGEO will continue to collaborate with AI industry leaders and end-users to provide products and solutions that meet the needs of the AI market and work together to accelerate the development of artificial intelligence.

### **Establish a sustainability information platform to help the Group achieve net-zero emissions by 2050**

YAGEO is committed to a business development model that balances environmental considerations. The Company actively implements energy conservation and carbon reduction plans to prevent climate change and protect biodiversity and ecosystems. In response to the Group’s global footprint, in 2023 YAGEO began collecting greenhouse gas emissions data from each site through its self-built sustainability information integration platform and formulated a clear path to net-zero emissions by 2050. Our Company has also consistently taken part in the annual climate change and water questionnaires of the international organization CDP. Since 2022, we have received a B-level rating in the management category for two consecutive years.

### **Deepening talent attraction and training to implement human rights and DEI culture**

As YAGEO rapidly expands globally, it faces increasingly complex cultural and environmental challenges. To address these, the Company has established a six-month executive training program called “Talent Forum,” which allows managers from diverse professional backgrounds to engage in practical case studies and develop leadership skills. In terms of talent recruitment, YAGEO utilizes the “Young Program” talent recruitment initiative to search for outstanding individuals worldwide. The Company also promotes a global perspective among its employees through an overseas rotation program. Employees are the cornerstone of YAGEO’s sustainable operations, enhanced corporate competitiveness, and future development. The

Company values employee feedback and suggestions. To ensure the rights of employees, YAGEO continuously reviews its human rights policy. All factories are required to complete the Responsible Business Alliance (RBA) self-assessment questionnaire to meet the risk assessments related to the RBA Code of Conduct. To continuously promote diversity, equity, and inclusion (DEI), our Company has established an anti-discrimination and human rights declaration in the “Global Code of Conduct.” We also promote DEI concepts annually through physical posters and training courses at our facilities.

### **Integrating art and culture into daily life, and leading the surfing movement to the international stage**

The “YAGEO Foundation” (referred to as the “Foundation”), in keeping with the principle of “Integrating art into living”, utilizes art and culture as a means of diplomacy, and actively promotes “THE ART OF LIVING” aesthetics of life, thus providing the public with more opportunities to engage with the arts. The 2023 major exhibition “Capturing the Moment: A Journey Through Painting and Photography,” co-organized by The Foundation and the U.K.Tate Modern, not only attracted over 300,000 visitors but also promoted cultural exchange between the East-West cultural exchanges and showcased Taiwan’s artistic soft power on the international art stage.

The “YAGEO Professional Games Development Association” focuses on two core areas: the art of surfing and cultural promotion. The association has invested significant resources in the cultivation of Taiwanese surfers. In recent years, these athletes have consistently achieved outstanding results, setting milestones in Taiwanese surfing competitions and enhancing the reputation of the YAGEO SURF team. In 2023, the association achieved outstanding results in major surfing competitions. The O3 Taiwan Surf Festival, organized by the association, was the only corporate surfing competition in Taiwan. The 2023 event also broke the record for the largest number of participants. Through live streaming of the entire competition online, the world was able to witness Taiwan’s surfing culture and passion.

As YAGEO expands its market, it also fosters close cooperation among its various departments. In line with the global trend of integrating sustainability information, our Company will continue to promote organizational transformation and digitalization. Through a data management system, we will integrate Group operations and ESG-related data to more accurately track and analyze YAGEO’s impact on operations, the environment, and society. Through organizational integration and sustainable information integration, our Company is committed to creating a more efficient, transparent, and sustainable business environment. YAGEO will continue to work with global value chain partners to create a sustainable blueprint for the passive component industry.

YAGEO’s CEO  
David D.R. Wang



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## 2023 Sustainability Key Performance

### Economic and Governance Aspects

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• <b>NT\$17.56</b> billion<br/>Net profit after tax (NT\$)</li> <li>• <b>9,000</b> persons-time<br/>Completed the information security education and training</li> <li>• <b>11</b> items<br/>The YAGEO and National Cheng Kung University Joint Research Center have launched multiple research &amp; development projects</li> <li>• <b>7,250</b> participants/times<br/>2023 YAGEO Quality Month activities</li> </ul> | <ul style="list-style-type: none"> <li>• <b>100%</b><br/>New suppliers qualifying for the environmental and social standards screening</li> <li>• <b>NT\$8.6</b> million<br/>Green procurement (NT\$)</li> <li>• <b>NT\$3.06</b> billion<br/>Annual R&amp;D expenses (an increase from <b>8.5%</b> from the previous year)</li> <li>• <b>1,976</b> items<br/>As of the end of 2023, patents have been granted (with <b>501</b> applications still pending)</li> </ul> |
|---|---|

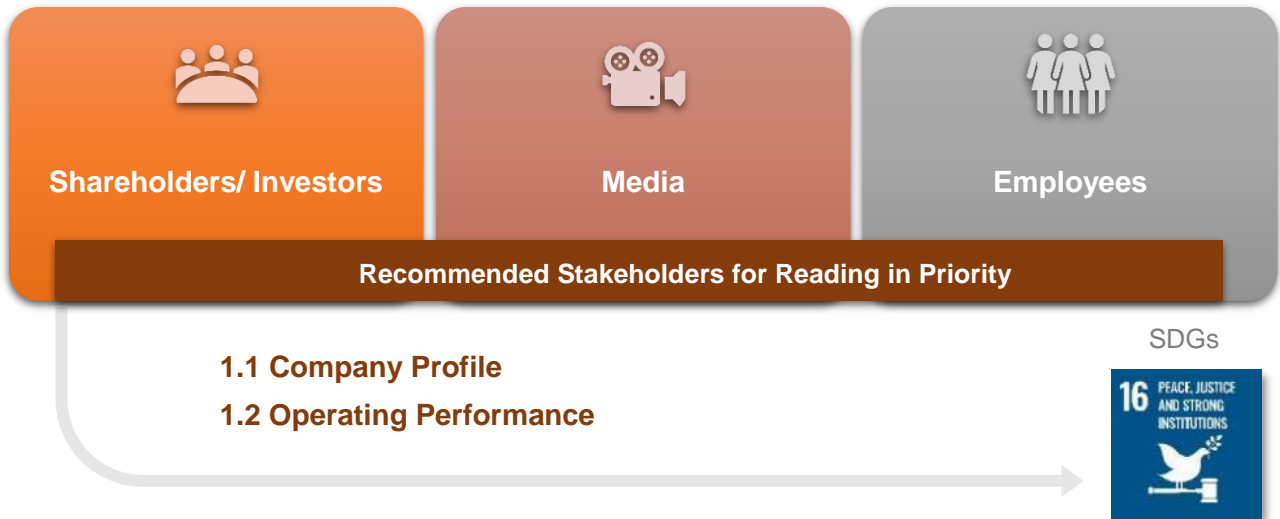
### Environmental Aspect

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• <b>↓18.75%</b><br/>Greenhouse gas emissions (Scope 1 + Scope 2) compared to the previous year</li> <li>• <b>24</b> energy saving projects<br/>(Approximately <b>5.38</b> million kWh of electricity can be saved each year, reducing emissions by <b>2,785</b> metric tons of CO<sub>2</sub>e)</li> <li>• <b>Achieved platinum-level certification</b> for zero waste to landfill certification for <b>five consecutive years.</b><br/>Dashe Factory has received the UL2799 Platinum-level certification since 2019. (The conversion rate for waste burial accounted for over <b>94%</b>; the amount of waste treated by incineration and heat recovery accounted for <b>5%</b>)</li> </ul> | <ul style="list-style-type: none"> <li>• <b>12.37 million</b> kWh<br/><b>External green electricity purchased</b> by the two factories in Suzhou (SZ-R, SZ-C)</li> <li>• <b>1.74 million</b> kWh<br/>Dongguan Factory (DG Backend + TH DG) Annual solar photovoltaic power generation (reduction of approximately <b>995</b> metric tons of CO<sub>2</sub>e)</li> <li>• <b>284 MWh</b><br/>The self-built renewable energy generation equipment at Dafa Plant 3 (YF3) has generated 284,000 kWh of electricity, reducing approximately <b>141</b> metric tons of CO<sub>2</sub>e.</li> <li>• <b>660.92</b> million liters<br/>Annual water resource recovery and reuse volume of six major water-saving projects (Accounting for <b>20.94%</b> of the total water intake)</li> </ul> |
|---|--|

## People (Including Human Rights)

- **7 YOUNG Program's** recruitment of international fresh graduates
- **13** sessions  
Campus recruitment fair (**4** job fairs held)
- **56,731 hours**  
Employee and training program  
(Education and training on human rights policies reached **43,550** hours)
- **4.6** (out of 5)  
Training program satisfaction (**increased by 0.21 points** compared to last year)
- Over **300,000** visitors  
Visitor Count For "*Capturing The Moment: A Journey Through Painting And Photography,*" **A 2023 Exhibition Co-Organized By The Foundation And U.K. Tate Modern**
- **15** trainees participated  
YAGEO Sports Games Development Association organized **1** free **Surf Seed Camp**
- **5,800** views  
Held **1** O3 Taiwan surfing festival, with the event broadcast attracting viewers (in 2023, **36** medals were awarded to surfers in training).

# Chapter 1 Operating Overview



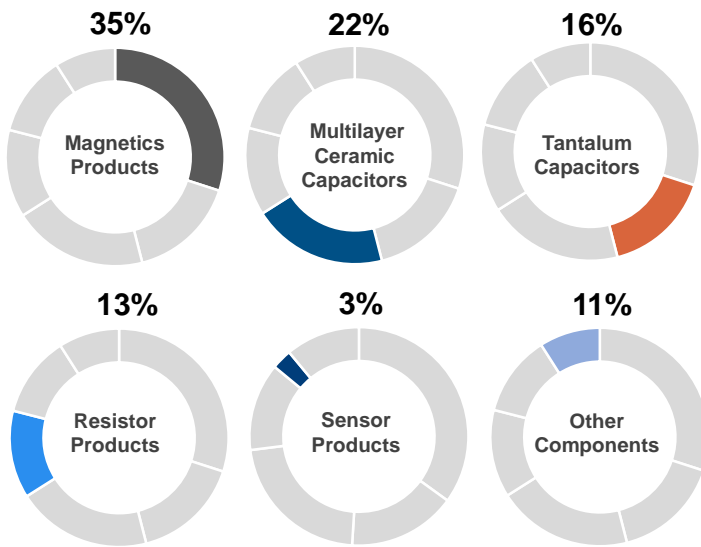
## 1.1 Company Profile

Founded in 1977, YAGEO (Taiwan listed company, stock code: 2327) is a leading global electronic component service provider with capabilities on a global scale, including production and sales facilities in Asia, Europe, and North America. YAGEO provides the “one-stop-shopping service,” offering its passive components including resistors, capacitors, inductors, circuit protection components, magnetic power and wireless components to meet the diverse requirements of customers.

YAGEO is the world’s No. 1 R-Chip manufacturer, No. 1 tantalum capacitor manufacturer, No. 3 MLCC supplier, and No. 3 Inductor supplier. Many of YAGEO’s products target key vertical markets, including automotive, industrial specifications, 5G and IoT, healthcare, aerospace, smartphones, PCs, power management, green power, and more.

YAGEO’s primary brands are YAGEO, KEMET, and PULSE, serving a diverse customer base that includes leading brands, EMS/ODM/OEM companies, and distributors worldwide. Our services are provided in countries or markets including Greater China (47%), other Asia-Pacific regions (15%), Europe (24%), and North America (14%).

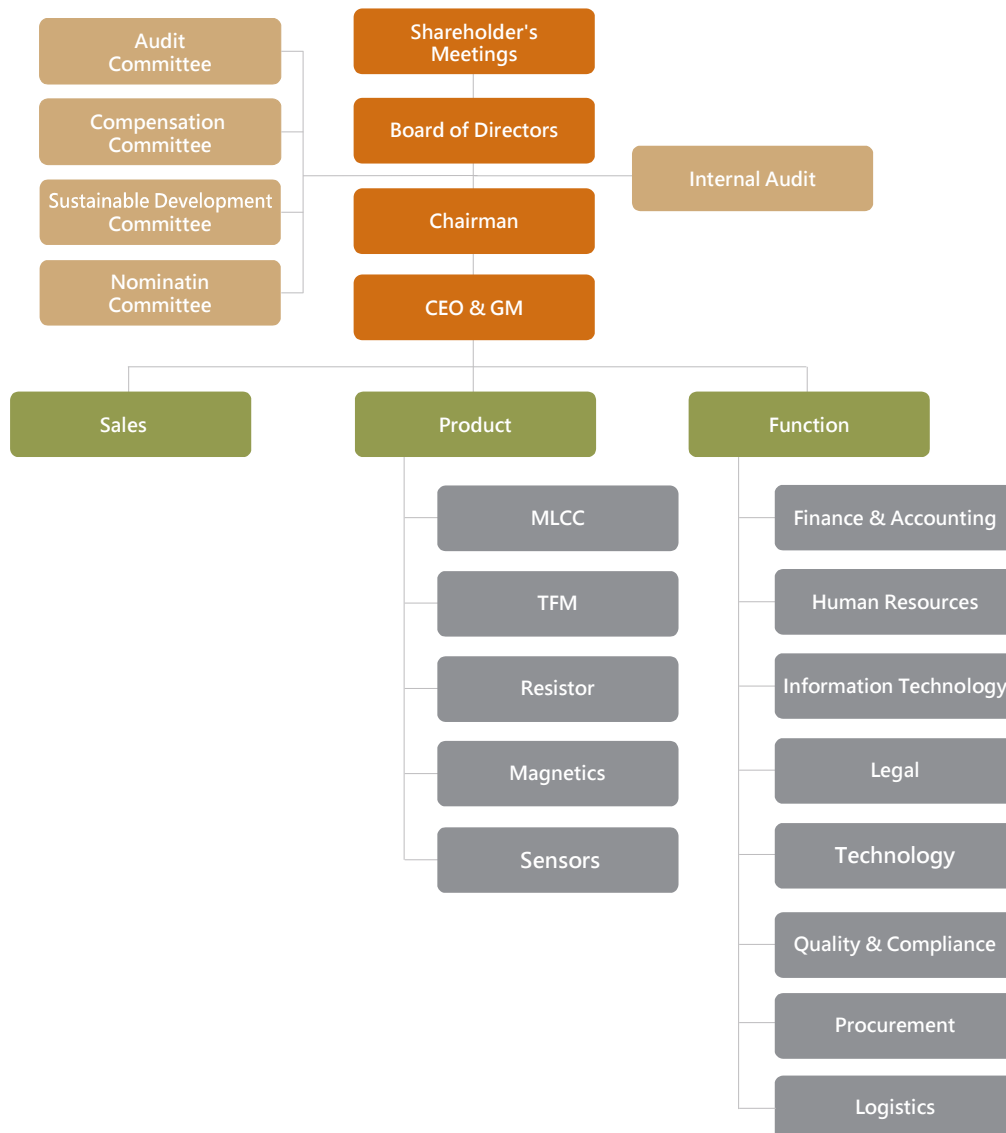
## Revenue distribution of various products in 2023



More Information



## YAGEO's Organizational Chart



## Global locations of YAGEO Group

YAGEO Group has 35 marketing/service locations, 53 production bases and 20 R&D centers around the world. The global service locations cover 32 countries including USA, Germany, Italy, Hungary, Singapore, China, Japan, Korea and Malaysia, et al.

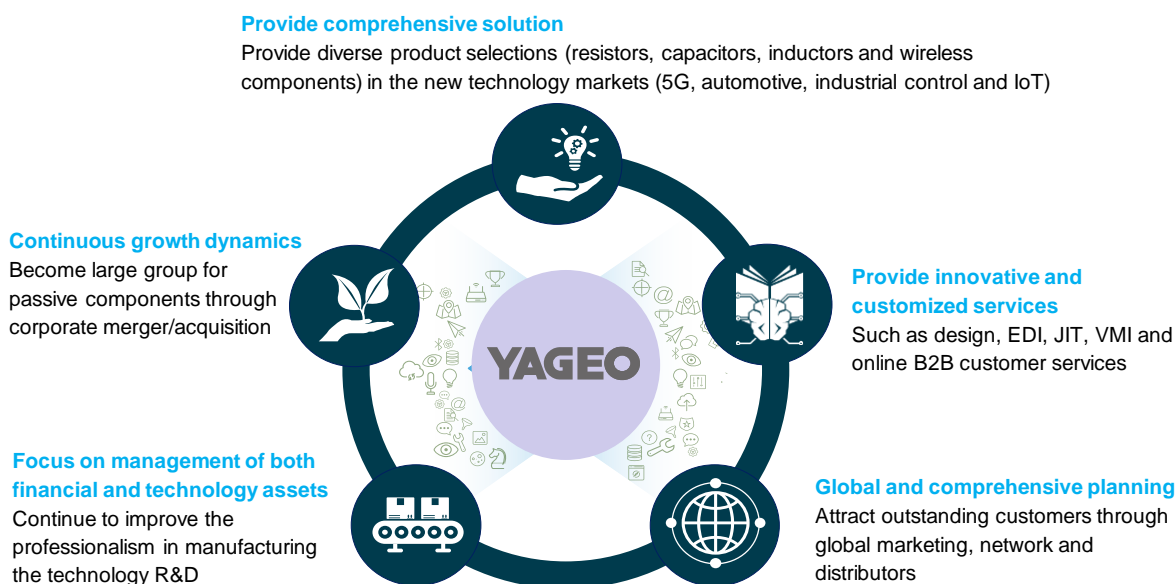


Note: YAGEO completed the acquisition of Heraeus Nexensos GmbH, the high-end temperature sensor division of Heraeus Industrial Group, in April 2023. We also completed the acquisition of the high-end industrial sensor division of Schneider Electric Industries SAS in November 2023. In 2023, Our industry and value chain are largely unchanged from the previous year.

## 1.2 operating Performance

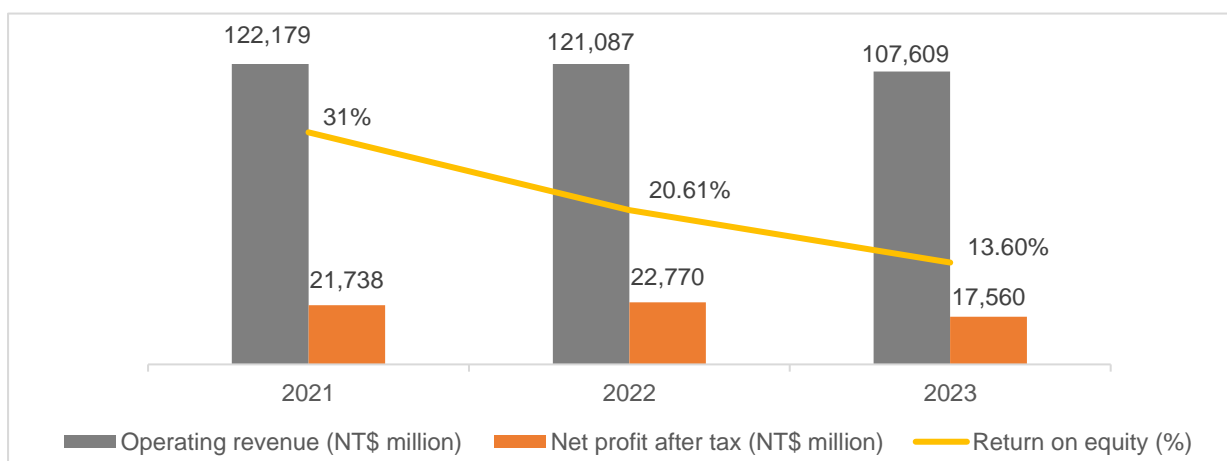
### ■ YAGEO's five major development strategies

YAGEO will practice the following strategies thoroughly, in hopes of continuing to create value for shareholders, customers, and employees.



### ■ Consolidated Financial Performance for the Past Three Years

YAGEO's consolidated revenue for the full year of 2023 was NT\$107.609 billion, a decrease of 11.1% from the same period of the previous year. Consolidated net income after tax was NT\$17.56 billion, with earnings per share after tax of NT\$41.8. While macroeconomic uncertainties remain high, including overall market supply and demand, global inflation, and the international situation, customer inventory adjustments are expected to be completed in the second quarter. Inventory levels within the supply chain are expected to gradually improve. Our Company will closely monitor market conditions and maintain an optimistic outlook on the operational momentum and prospects of AI applications.



(Unit: NT\$ thousand)

Item	2021	2022	2023
Operating Income	122,179,335	121,086,925	107,609,336
Operating Cost	75,561,160	75,068,171	71,583,509
Operating Expenses	17,634,830	17,030,993	15,553,861
Net Operating Income	28,983,345	28,987,761	20,471,966
Non-Operating Revenue/Expenditure	( 279,144 )	2,140,259	3,926,902
Profit Before Tax	28,704,201	31,128,020	24,398,868
Income Tax Expenses	6,965,796	8,358,145	6,838,279
Net Profit of Current Year	21,738,405	22,769,875	17,560,589

For detailed financial data, please refer to the [2023 consolidated financial report](#).

In 2023, a government subsidy of NT\$3,429,829 was received from the Economic Development Bureau of the Kaohsiung City Government for industrial development and investment.

### ■ Participation by industrial associations/unions

So far, YAGEO has not yet executed external initiatives in any form but has already enrolled in several industrial associations/unions. This helps communication between YAGEO and its stakeholders and also control over the development in the same trade.

Enrolled Associations and Trade Unions	Membership
Dafa Industrial Park Association	Member
Friends of the Police Association, Police Station of Dafa Industrial Park	Member
Export Processing Industrial Relations Association	Member
Taiwan Technology Industrial Park Electrical and Electronic Manufacturer's Association	Member
Kaohsiung Chamber of Industry	Member
Passive Components Industry Association	Member
Kaohsiung Nantzeh Technology Industrial Park Occupational Health and Safety Promotion Association	Member
Taiwan Ciaotou Science Park Academia Industry Consortium	Member

## Chapter 2 Sustainability Management



### 2.1 Sustainable Governance and Strategy

To enhance sustainable governance, YAGEO has established the Sustainable Development Committee, and the CEO and two independent directors along with the management representatives recommended by the functional organizations related to finance, economy, environment and corporate governance promote the sustainable development jointly. The Board of Directors plays the role of sustainability reporting and implementing supervision. The Sustainable Development Committee is appointed to promote the sustainable development strategy and relevant matters of YAGEO. And review sustainability progress annually. Updates on sustainable development initiatives were reported to the Board of Directors on April 20, 2023, July 25, 2023, and October 26, 2023 (For detailed information, please refer to the [Corporate Governance section of YAGEO's website](#)).

Members of the Sustainable Development Committee cover all departments, includes responsible departments such as Human Resources, Finance, Internal Audit, Legal, Information Technology, Procurement, Logistics, Sales, Marketing, Public Relations, Manufacturing, Production Control, Environment, Health & Safety, and Quality. To support the Board of Directors' review of the sustainability reporting information process, the annual Sustainability Report is reviewed by the CEO and subsequently published.

The Sustainable Development Committee holds regular meetings to examine the organization's performance on major issues concerned by stakeholders in sustainable development implementation. Based on the principle of materiality, risk assessment of each issue is assessed to further incorporate the sustainable development into the YAGEO's business strategy using purposeful, systematic and organized means to deepen and fulfill the sustainable development. For major annual information about the company, please refer to the Market Observation Post System (MOPS).

As a leader in the global passive component industry, YAGEO aims to become a sustainable enterprise as its vision, identifies the environmental friendliness, excellent operation and social inclusion as its sustainability mission, and develop its corporate sustainability strategy. YAGEO cares various stakeholders' claim against the sustainability and also establishes further corporate sustainability strategies therefor, including cooperation between customers and the supply chain on climate initiatives, such as carbon reduction goals, expansion of innovative product portfolio, maintenance of the fair corporate governance framework and maintenance of the organization's high-efficiency operation, cultivation of talents and promotion of culture and sports, in order to practice YAGEO's corporate sustainability strategy and fulfill its commitment to corporate social responsibility.

YAGEO continuously monitors the needs of its stakeholders, including employees, customers, shareholders, suppliers, government, and society, with the goal of creating a sustainable business environment and generating greater corporate value for all stakeholders.

### Sustainability Mission

- Environmental Friendly
- Excellent Operation
- Social Inclusion



### Sustainability Vision

- Build a sustainable enterprise
- Create higher corporate value

### Sustainability Strategy

- Support The Climate Initiatives
- Expand Innovative Product Portfolio
- Complete Corporate Governance Framework
- Maintenance of the Organization's High-Efficiency Operation
- Cultivation of Talents and Promotion of Culture and Sports

## YAGEO Sustainability Goals

Aspect	Short-term Goals	Mid-term Goals	Long-term Goals	Correspondent topics (*Major issues of the year)	
Economic and Governance	Achieve Board diversity by including at least one female Board member	Strengthen the management of the company's various organizations, improve corporate governance, and achieve corporate sustainability through the Board of Directors and various functional committees		Corporate Governance*	
	Customer satisfaction averages above 8.5	Customer satisfaction averages above 8.5	Customer satisfaction averages above 9	Customer Relationship Management*	
	The target completion time for handling customer complaints (5 business days) was achieved with a 100% success rate				
	No incidents of violations of significant social, environmental, or economic laws and regulations A major violation is defined as a fine of NT\$500,000 or more.			Compliance*	
	100% compliance with the Supplier Code of Conduct			Sustainable Supply Chain*	
	95% pass rate for supplier audits	100% pass rate for supplier audits			
	At least 12 patent proposals per year			Innovative R&D and Green Products*	
	100% compliance with international hazardous substance testing standards				
	No significant information incidents (including personal data) that impact operations, such as leaks, theft or loss of customer data, or cybersecurity events			Information Security*	
	Plan to implement the TISAX® automotive industry trusted information security program across all brands of the YAGEO Group, including preparation for preliminary tasks	Completed the implementation of TISAX® automotive industry information security assessment at the plant and passed the verification	Completed the implementation of TISAX® automotive industry information security assessment for all YAGEO Group and passed the verification		
	Standardized antivirus installations have reached 50% across the Group's brands	Standardized antivirus installations have reached 99% across the Group's brands	This document defines anti-virus protection standards for all Uni-President Group brands, with the goal of reducing incident response time		

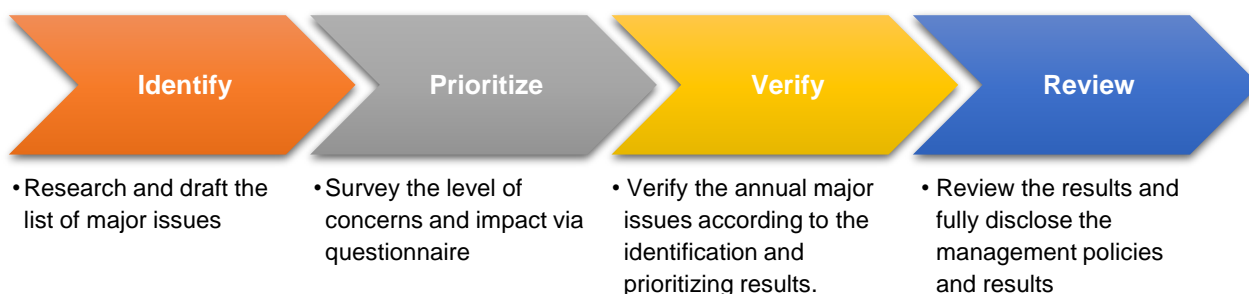
Aspect	Short-term Goals	Mid-term Goals	Long-term Goals	Correspondent topics (*Major issues of the year)
Environmental Aspect	Achieve net-zero emissions by 2050			Energy and GHG Management* Climate Initiatives*
	The water recycling and reuse rate reached 20%	The water recycling and reuse rate reached 40%	The water recycling and reuse rate reached 60%	Water Resource Management
People (Including Human Rights)	Increase the availability of diverse internship positions to provide students from non-engineering and non-science disciplines with opportunities to participate in the program	By 2026, the factory will have 393 students in joint industry-academia programs and 9 industry-academia collaborative projects		Talent Attraction and Retention Employee Training and Development
	Continue to strengthen cooperation with top domestic and international universities, placing outstanding students as a bridge between industry and academia, supporting the advancement of industry-academia research projects and early adaptation to the workplace			
	Implement Manager Onboarding Program leadership development plan	Ongoing implementation of the Manager Onboarding Program, the Emerging Talent Development Program and the Talent Forum Program to cultivate and enhance the capabilities of the mid-to-senior management team		
	Promote the talent succession plan (YAGEO Talent Management and Succession, YTMS)	Continually optimize succession planning (YTMS) by extending it to the third, fourth, and even fifth levels of management below the CEO. Define “key talents” through a systematic approach, select suitable successors for “key positions,” and improve YAGEO’s talent reserve mechanism		

Aspect	Short-term Goals	Mid-term Goals	Long-term Goals	Correspondent topics (*Major issues of the year)
Social Participation	“The exhibition “Capturing the Moment: A Journey Through Painting and Photography,” a collaboration between U.K.Tate Modern and the Kaohsiung Museum of Fine Arts, is expected to attract more than 100,000 visitors.	Publish “The Art of Living”, a series of books covering various aspects such as art, jewelry, culinary culture, interior design and architecture, supplemented by digital image documentation. The book is scheduled for publication, and the video is expected to be released online by the end of 2025	To promote aesthetic education for children, the exhibition will host educational tours and hands-on workshops for children during the exhibition. The program is expected to benefit no less than 1,500 children	Social Participation
	Hold 2 rounds of surfing experience events, inviting both children and adults to participate	Hold 3 rounds of surfing experience events, inviting both children and adults to participate	Hold a fee-based youth summer camp on a regular annual basis	
	Continuously host seed training camps		Seed camp athletes can qualify for the ISA World Junior National Teams	
	Continue to nurture youth training teams	The ISA World Junior Championships aim to secure a top 50 ranking in the world	The ISA World Junior Championships aim to secure a top 32 ranking in the world	
	Continue to support professional athletes in their overseas training	Seek to qualify for the 2026 Asian Games	Seek to qualify for the 2028 Olympic Games	

## 2.2 Materiality Analysis

In order to address the issues of concern to YAGEO's stakeholders, YAGEO conducts a materiality analysis. This process involves surveying stakeholders' concerns on economic, governance, environmental, and social matters through a questionnaire. At the same time, to verify the potential impact of these issues, YAGEO invites its senior management to assess the level of impact each issue may pose. The results of these assessments are compiled into a materiality matrix, showing both the level of concern and impact. Issues that are identified as having high concern and high impact are considered YAGEO's key issues for the year and are addressed in this report.

### Major Issues Identification and Analysis Procedure



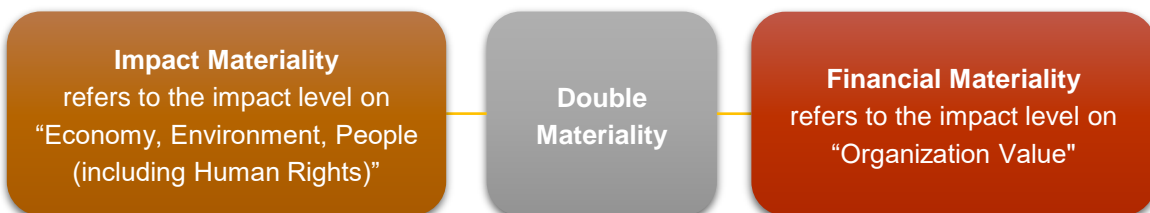
Number of issues under survey	Double Materiality Analysis	Material topics identified
<p><b>21</b> items, including:</p> <ul style="list-style-type: none"> <li><b>11</b> issues on economy and governance</li> <li><b>5</b> issues on environment</li> <li><b>5</b> issues on people (including human rights)</li> </ul> <p>Sustainability topics are identified by referencing international sustainability standards and guidelines (including GRI, SASB, and TCFD), sustainability-related ratings (such as CDP), and regulatory requirements to create a list of sustainability topics for investigation</p>	<p>Stakeholders are invited to assess the impact level of sustainability issues, and the sustainability issues are assessed by the internal team:</p> <ul style="list-style-type: none"> <li>Financial materiality: Impact level on "Organization Value"</li> <li>Impact materiality: Impact level on "Economy, Environment, People (including Human Rights)"</li> </ul>	<p><b>11+3</b> items</p> <ul style="list-style-type: none"> <li>The issues respectively refer to risk management, product quality management, corporate governance, information security, operational performance, sustainable supply chain, customer relationship management, waste and air pollution management, compliance, water resource management, occupational safety and health, talent attraction and retention.</li> <li>The three issues of <b>Energy and GHG Management, climate initiatives and human rights</b> are included, in consideration of YAGEO's valuation on talents and</li> </ul>

	<p><b>Preparation of Double Materiality Matrix</b></p>	<p>response to the stakeholders' expectation.</p> <ul style="list-style-type: none"> <li>• Compared to last year, three new material issues were identified this year: "Integrity Management," "Innovation, R&amp;D, and Green Products," and "Energy and Greenhouse Gas Management," however topics not identified as material this year include "Waste and Air Pollution Management," "Talent Attraction and Retention," and "Water Resource Management"</li> </ul>
	<p>According to the result of the double materiality analysis, the material topics are ranked and a matrix diagram is prepared</p>	

### Double Materiality Analysis and Matrix

YAGEO performs the materiality analysis according to the "Double Materiality" proposed by the European Union (EU) for the current year and also invites internal senior management to assess the actual and potential positive and negative impacts of the sustainability topics in compliance with GRI 3: Material Topics 2021. Finally, according to the assessment result of the sustainability issue impact level of the stakeholders, the internal engages in discussion on the "Impact Materiality" and "Financial Materiality" of the sustainability topics. If a sustainability issue is deemed material in either of these two aspects, it will be identified as a material topic. We will continue to engage with stakeholders through various communication channels to stay informed about YAGEO's positive and negative impacts on material topics and to evaluate the effectiveness of the Company's actions to address these impacts.

We will keep communicating with stakeholders through various channels to stay informed about YAGEO's positive and negative impacts on material topics, as well as to assess stakeholders' evaluation of the effectiveness of the Company's response measures. This ongoing dialog not only helps us to manage YAGEO's sustainable impact better but also ensures that our responses meet the expectations and needs of our stakeholders, thereby driving the Company's sustainable development.



● Economy and Governance   ■ Environment   ▲ People (including Human Rights)



## Ranking of positive and negative impact topics

2023 Sustainability Issue Impact Ranking	
Top 5 Positive Impact Issues	Top 5 Negative Impact Issues
Compliance	Ethical Management
Information Security	Compliance
Customer Relationship Management	Information Security
Ethical Management	Product Quality Management
Risk Management	Customer Relationship Management

## Explanation of the Criteria and Impacts Related to Material Topics

Material topics	Corresponding international standard topic and framework	Explanation of positive and negative impacts	Activities involving negative impact		
			Upstream (suppliers)	Organization operation (YAGEO)	Downstream (customers)
<b>Economic and Governance Aspects</b>					
Risk Management	Self-specified topic	Because of the complexity of the risks involved, YAGEO conducts risk identification for accidents that occur at the plant site and also establishes response procedures to ensure that the company's business can continue to operate in the event of a risk and to reduce the impact of failures or accidents on key processes caused by material risks.	●	●	●
Product quality management	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	The stability and level of product quality can directly affect the overall operation of YAGEO. Accordingly, YAGEO makes every effort to provide customers around the world with the best products and services. It maintains the high quality of the process from accepting orders from customers to delivering products to customers based on perfect quality management policies, and periodically conducts external quality inspections to ensure that product quality is free from any doubt.		●	●
Ethical management	GRI 205: Anti-corruption	YAGEO's reputation is built upon the highest principles and standards of ethical conduct. Therefore, the Company emphasizes the importance of integrity in its Global Code of Conduct and requires all employees to comply with these principles		●	●
Corporate Governance	GRI 405: Diversity and Equal Opportunity	YAGEO understands that the effectiveness and implementation of corporate governance are critical to the company's business. Therefore, YAGEO has established relevant regulations and procedures, and is committed to transparent disclosure of information in order to safeguard the interests and rights of stakeholders		●	
Information Security	GRI 418: Customer Privacy	YAGEO understands the importance of privacy protection. Therefore, it manages customer data under the strictest confidentiality requirements and promotes the policy to its employees to		●	●

Material topics	Corresponding international standard topic and framework	Explanation of positive and negative impacts	Activities involving negative impact		
			Upstream (suppliers)	Organization operation (YAGEO)	Downstream (customers)
		prevent the Company from facing the risk of information equipment failure or loss of customer information			
Compliance	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	With legal compliance as the most fundamental principle, YAGEO is committed to ensuring that violations and sanctions do not occur. In addition, the Company also monitors whether suppliers are involved in potential violations to reduce the operational impact caused by violations		●	
Customer Relationship Management	Self-specified topic	YAGEO is committed to providing customers with the highest quality and most robust services, and will make every effort to examine customers' needs and thoughts in order to further strengthen customer trust and satisfaction		●	●
Innovative R&D and Green Products	Self-specified topic	YAGEO continues to invest in R&D resources by engaging in industry-academic collaborations with leading domestic universities. At the same time, the Company exchanges customized design requirements with customers to expand its innovative and green product portfolio. This approach enables YAGEO to provide customers with new product offerings and implement green innovation		●	●
Sustainable Supply Chain	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment SASB TC-ES Raw Materials Procurement	Suppliers are important partners for YAGEO. In addition, YAGEO is also an important supplier of passive components. YAGEO ensures product quality through supply chain management to reduce operational risk and also works with excellent long-term suppliers as evaluated to set strategies for win-win situations and move toward a sustainable supply chain	●	●	
Operating Performance	GRI 201: Economic Performance	YAGEO continues to develop operating strategies in accordance with the industry and market development trends. In addition, through		●	●

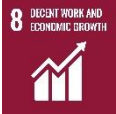
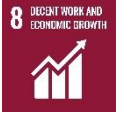


Material topics	Corresponding international standard topic and framework	Explanation of positive and negative impacts	Activities involving negative impact		
			Upstream (suppliers)	Organization operation (YAGEO)	Downstream (customers)
		continuous optimization of the product portfolio, stable growth of the high-end market, and advanced applications, the Company's business growth and shareholder value can be ensured			
<b>Environmental Aspect</b>					
Energy and GHG Management	GRI 302: Energy GRI 305: Emissions	YAGEO recognizes that greenhouse gas emissions pose a threat to the environment. In recent years, the company has actively promoted systematic greenhouse gas emission inventories and registries and established internal documentation and verification procedures. YAGEO aims to achieve its goals of energy conservation, industrial waste reduction, and resource recovery and reuse		●	
Climate Initiatives	Task Force on Climate Related Financial Disclosures (TCFD) Recommendation	As the effects of climate change become more severe, YAGEO conducts assessments of climate change risks and opportunities to formulate strategies and take countermeasures at an early stage, thereby minimizing the loss caused by climate change risk		●	●
<b>People (including Human Rights)</b>					
Occupational Health and Safety	GRI 403 Occupational Health and Safety SASB TC-ES Labor Condition	Employee health and safety are the most important assets of YAGEO. In particular, the concentration of solvent vapors in certain areas of the factory is relatively high, which may affect employee health. Therefore, each factory has established occupational safety and health management measures and policies to protect the health of employees		●	
Human Rights	GRI 406 Non-Discrimination GRI 408 Child Labor SASB TC-ES Labor Condition SASB TC-ES Labor Action	YAGEO values the human rights of each employee and stakeholder and actively creates a diverse, equal, and friendly corporate culture and work environment. In addition, the Company continues to conduct human rights-related surveys to identify, prevent, and mitigate negative impacts on human rights		●	

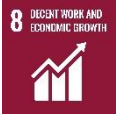



Note: ● Represents hotspots that cause, contribute to, or are directly related to impacts.




## ■ Material Topic Management

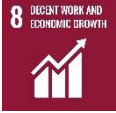


YAGEO has established comprehensive management measures to address the material topics identified.


Through systematic management and performance monitoring, the company responds to stakeholder concerns and mitigates potential negative impacts. Meanwhile, in response to international trends and the UN Sustainable Development Goals (SDGs), YAGEO is also actively integrating it into existing management policies to fulfill its responsibility as an international corporate citizen.

Aspect	Material topics	Management policy statement		Correspondent SDGs	Correspondent chapters
		Strategy and objectives	2023 action and outcomes		
Economy and Governance	Risk Management	<ul style="list-style-type: none"> <li>Procurement management risk of risk identification, measurement, monitoring, reporting and disclosure</li> <li>The site has established the Business Continuity Plan (BCP), the risk of accidents has been identified and the response procedure has been established</li> </ul>	<ul style="list-style-type: none"> <li>Identify operational and emerging risks, as well as the impact of each risk and how to manage it</li> </ul>		3.5 Risk Management
	Product Quality Management	<ul style="list-style-type: none"> <li>Quality Policy - "Quality is the foundation for the future" and the Company will continue to implement policy and product inspection</li> <li>Further refinement of quality management system and product environmental certification</li> </ul>	<ul style="list-style-type: none"> <li>No incidents of non-compliance related to the health and safety impacts of products and services this year</li> <li>100% of products tested for harmful substances meet international standards</li> <li>Continue to organize Quality Month activities to enhance employee awareness</li> </ul>	 	5.2 Product Quality Management
	Ethical Management	<ul style="list-style-type: none"> <li>YAGEO requires all employees and supervisors to strictly adhere to integrity and clearly defined behavioral guidelines. In addition, the Company</li> </ul>	<ul style="list-style-type: none"> <li>No incidents of corruption or significant penalties have occurred</li> <li>The percentage of communication of anti-corruption policies and</li> </ul>		3.2 Ethical Management

Aspect	Material topics	Management policy statement		Correspondent SDGs	Correspondent chapters
		Strategy and objectives	2023 action and outcomes		
		regularly organizes professional development programs for directors to enhance their management skills	<p>procedures in Taiwan is 100%</p> <ul style="list-style-type: none"> <li>The percentage of anti-corruption training completion in Taiwan is 100%</li> </ul>		
	Corporate Governance	<ul style="list-style-type: none"> <li>Election of directors based on diversity, independence and professionalism</li> <li>Establish a variety of regular and flexible measures, including the organization of quarterly investor conferences, participation in global investor conferences on an ad-hoc basis, and an overseas seminar tour</li> </ul>	<ul style="list-style-type: none"> <li>A total of 5 Board meetings were held, covering topics such as the Group's operations, sustainable development, financial reporting and mergers and acquisitions</li> <li>The Board's internal self-assessment score was 4.84 (Excellent) and the Board members' self-assessment score was 4.94 (Excellent)</li> </ul>	 	3.1 Corporate Governance
	Information Security	<ul style="list-style-type: none"> <li>Information security policy is the highest management directive for information security, and the highest repositionable entity is the Board of Directors</li> <li>Continued implementation of ISO 27001 and TISAX system</li> <li>Organize annual information security education and training</li> </ul>	<ul style="list-style-type: none"> <li>No confirmed incidents of data breach, theft, or loss of customer data have occurred</li> <li>A total of 9,000 people completed the information security education and training</li> </ul>		3.6 Information Security
	Compliance	<ul style="list-style-type: none"> <li>Periodically review applicable updated laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>No major violations and no history of anti-competitive practices or antitrust litigation</li> </ul>		3.3 Compliance

Aspect	Material topics	Management policy statement		Correspondent SDGs	Correspondent chapters
		Strategy and objectives	2023 action and outcomes		
		<ul style="list-style-type: none"> <li>• Conduct monitoring of compliance and improvement efforts across all departments on an ad-hoc basis</li> <li>• Establish internal and external complaint channels</li> </ul>			
	Customer Relationship Management	<ul style="list-style-type: none"> <li>• Conduct customer satisfaction surveys on a regular basis</li> <li>• Establish a customer complaint handling process to respond to customer feedback in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>• The overall score of the satisfaction survey reached 8.3 points (out of a possible 10 points)</li> <li>• Customer response time compliance rate of 99.8% or higher</li> </ul>	-	5.3 Customer Relationship Management
	Innovative R&D and Green Products	<ul style="list-style-type: none"> <li>• The Company has established an internal innovation incentive system, cooperates with top domestic universities in industry-academia partnerships, and engages with customers to exchange customized design requirements</li> <li>• Develop low-energy consumption processes and high-power products</li> </ul>	<ul style="list-style-type: none"> <li>• R&amp;D investment accounts for 2.8% of revenue, with a growth rate of 8.6%</li> <li>• As of the end of the year, the number of patents granted is 1,976</li> </ul>		5.1 Innovative R&D and Green Products
	Sustainable Supply Chain	<ul style="list-style-type: none"> <li>• Establish the supplier management policy and supplier evaluation system to conduct reviews on a regular or ad-hoc basis</li> <li>• Ask suppliers to sign the letter of commitment and provide them with the whistleblower hotline and mailbox</li> </ul>	<ul style="list-style-type: none"> <li>• The ratio of procurement from local suppliers was 43%</li> <li>• The supplier qualification rate for environmental and social standards audits was 100%</li> <li>• Percentage of new suppliers screened using environmental</li> </ul>	 	4.1 Supply Chain Composition 4.2 Sustainable Supply Chain


Aspect	Material topics	Management policy statement		Correspondent SDGs	Correspondent chapters
		Strategy and objectives	2023 action and outcomes		
			<ul style="list-style-type: none"> <li>and social criteria was 100%</li> <li>• 100% of suppliers have signed the Letter of Commitment</li> </ul>		
	Operating Performance	<ul style="list-style-type: none"> <li>• The Audit Committee is established under the Board of Directors to oversee the accuracy of financial statements and the effectiveness of internal controls</li> <li>• Consolidated operating and financial information of the Group is announced on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>• In 2023, the operating revenue was NT\$107.61 billion; net profit after tax was NT\$ 17.56 billion, resulting in a return on equity of 13.6%</li> </ul>		1.2 Operating Performance
Environmental Aspect	Energy and GHG Management	<ul style="list-style-type: none"> <li>• Continue to implement energy conservation initiatives, plan for the purchase of renewable energy, and install related equipment</li> <li>• Establish an environmental information collection platform</li> <li>• Conduct annual greenhouse gas inventory</li> </ul>	<ul style="list-style-type: none"> <li>• Green electricity usage in 2023 totaled 14,114,576 kWh</li> <li>• The greenhouse gas emission intensity (market-based) is 6.11 metric tons CO2e/NT\$million</li> </ul>		6.3 Energy and GHG Management
	Climate Initiatives	<ul style="list-style-type: none"> <li>• Identify climate change risks and opportunities and formulate responses</li> <li>• Strengthen suppliers' and customers' climate change strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Full climate change risk and opportunity assessment and scenario analysis</li> <li>• Respond to the CDP questionnaires on climate change and water management</li> </ul>		6.2 Climate Initiatives


Aspect	Material topics	Management policy statement		Correspondent SDGs	Correspondent chapters
		Strategy and objectives	2023 action and outcomes		
People (including Human Rights)	Occupational Safety and Health	<ul style="list-style-type: none"> <li>The Occupational Safety and Health Committee conducts regular safety drills and awareness campaigns</li> <li>Qualified the ISO 45001 Occupational Health and Safety Management Standard certification</li> </ul>	<ul style="list-style-type: none"> <li>Organized employee safety and health training for a total of 39,206.5 hours</li> <li>Organized the contractor occupational safety and health training for 2,212 hours</li> </ul>	 	7.4 Occupational Safety and Health
	Human Rights	<ul style="list-style-type: none"> <li>Support and respect international labor human rights standards</li> <li>Create a diverse and equitable work environment</li> <li>Provide human rights education and training</li> </ul>	<ul style="list-style-type: none"> <li>43,550 hours of human rights education and training</li> <li>No incidents of discrimination occurred</li> </ul>		7.3 Human Rights


## 2.3 Stakeholder Engagement


In the process of promoting sustainable operation, YAGEO attaches great importance to the voice and expectations of stakeholders through internal discussions between the sustainability report preparation team appointed by the highest governance unit and senior management and based on the identification results gathered in the same industry. Then, according to AA 1000 SES (Stakeholder Engagement Standard), the importance and influence rendered by various stakeholders on YAGEO are assessed in terms of five major indicators, namely Dependency, Responsibility, Diverse Perspectives, Influence and Tension. Consequently, it identifies 7 major stakeholder categories, including government agencies, employees, customers, shareholders and investors, suppliers, media and society and also verifies the issues about YAGEO concerned by the stakeholders as the important reference for YAGEO's sustainability and fulfillment of corporate social responsibility. For stakeholders of different nature, YAGEO also adopts diverse communication channels to perform regular or irregular opinions exchange, in order to ensure the effectiveness of the engagement.


### ■ Stakeholder Communication


Stakeholder categories	Significance to YAGEO	
 Government Agencies	Strictly comply with laws and regulations, and maintain fair interactions with local governments within the jurisdictions where various factories of YAGEO make investments to fulfill its responsibility as a corporate citizen	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Information Security</li> <li>• Ethical Management</li> <li>• Talent Attraction and Retention</li> <li>• Employee Cultivation and Development</li> </ul>	<ul style="list-style-type: none"> <li>• Market Observation Post System (MOPS) (information updated as required)</li> <li>• Correspondences (from time to time)</li> <li>• On-site audit by government units (from time to time)</li> </ul>	3.2 Ethical Management 3.3 Compliance 3.6 Information Security 7.1 Talent Attraction and Retention 7.4 Occupational Safety and Health


Stakeholder categories	Significance to YAGEO	
 <p>Employees</p>	<p>YAGEO's growth is boosted by employees' contributions. Therefore, uninterrupted communication channels with employees and fair Employment/Management Relations are considered important factors for YAGEO's stable business growth</p>	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> <li>• Talent Attraction and Retention</li> <li>• Compliance</li> <li>• Waste and Air Pollution Management</li> <li>• Occupational Safety and Health</li> <li>• Ethical Management</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace Health and Safety Committee meeting (once per quarter)</li> <li>• Employee handbook and internal correspondence (from time to time)</li> <li>• Employees' training (from time to time)</li> <li>• President's mailbox/HR Dept.'s open mailbox (from time to time)</li> <li>• Industry-Academia Cooperation Project (from time to time)</li> </ul>	<ul style="list-style-type: none"> <li>3.2 Ethical Management</li> <li>3.3 Compliance</li> <li>6.5 Waste and Air Pollution Management</li> <li>7.1 Talent Attraction and Retention</li> <li>7.4 Occupational Safety and Health</li> </ul>

Stakeholder categories	Significance to YAGEO	
 <p>Customers</p>	<p>YAGEO values customers' needs. When customers are establishing the specifications needed by them, YAGEO expects to provide customers with optimal solutions and high-quality products</p>	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> <li>• Customer Relationship Management</li> <li>• Sustainable Supply Chain</li> <li>• Risk Management</li> <li>• Occupational Safety and Health</li> <li>• Ethical Management</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey (once per year)</li> <li>• Customer feedback review (once per quarter)</li> <li>• Customer visits (from time to time)</li> </ul>	<ul style="list-style-type: none"> <li>3.2 Ethical Management</li> <li>3.5 Risk Management</li> <li>4.1 Supply Chain Composition</li> <li>4.2 Sustainable Supply Chain Management</li> <li>5.3 Customer Relationship Management</li> <li>7.4 Occupational Safety and Health</li> </ul>

Stakeholder categories		Significance to YAGEO	
 Shareholders and Investors	All shareholders and investors have everlasting expectations toward YAGEO. YAGEO also identifies such expectations as the power driving its growth and also the foundation for its growth, and achieves substantial growth as feedback to shareholders and investors		
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics	
<ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Waste and Air Pollution Management</li> <li>• Innovative R&amp;D and Green Products</li> <li>• Sustainable Supply Chain</li> <li>• Customer Relationship Management</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' Meeting (once per year)</li> <li>• Investor Meeting (once per year)</li> <li>• Financial Report (once per quarter)</li> <li>• Company's Website (from time to time)</li> <li>• Material Messages Disclosed on MOPS (from time to time)</li> </ul>	<ul style="list-style-type: none"> <li>4.1 Supply Chain Composition</li> <li>4.2 Sustainable Supply Chain Management</li> <li>5.1 Innovative R&amp;D and Green Products</li> <li>5.3 Customer Relationship Management</li> <li>6.1 Environmental Management</li> <li>6.5 Waste and Air Pollution Management</li> </ul>	

Stakeholder categories		Significance to YAGEO	
 Suppliers	Under a mutually agreed cooperative framework, YAGEO works with suppliers and distributors to establish a complete sustainable value chain		
Top Five Major Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics	
<ul style="list-style-type: none"> <li>• Ethical Management</li> <li>• Compliance</li> <li>• Sustainable Supply Chain</li> <li>• Information Security</li> <li>• Product Quality Management</li> </ul>	<ul style="list-style-type: none"> <li>• Audit/Assessment on suppliers (from time to time)</li> <li>• Letter of undertaking executed by suppliers (to be executed whenever executing a contract with a new supplier)</li> </ul>	<ul style="list-style-type: none"> <li>3.2 Ethical Management</li> <li>3.3 Compliance</li> <li>3.6 Information Security</li> <li>4.1 Supply Chain Composition</li> <li>4.2 Sustainable Supply Chain Management</li> <li>5.2 Product Quality Management</li> </ul>	

Stakeholder Categories		Significance to YAGEO	
 Media	Present YAGEO openly and transparently via the media to have YAGEO realized by the public		
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics	
<ul style="list-style-type: none"> <li>• Water Resource Management</li> <li>• Waste and Air Pollution Management</li> <li>• Product Quality Management</li> <li>• Energy and GHG Management</li> <li>• Innovative R&amp;D and Green Products</li> </ul>	<ul style="list-style-type: none"> <li>• Press Release (from time to time)</li> <li>• Media Interview (from time to time)</li> </ul>	5.1 Innovative R&D And Green Products 5.2 Product Quality Management 6.3 Energy and GHG Management 6.4 Water Resource Management 6.5 Waste and Air Pollution Management	

Stakeholder categories		Significance to YAGEO	
 Society	YAGEO views community care and support for the development of social groups and associations as integral to its corporate citizenship responsibility. The company aims to contribute to society as it grows		
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics	
<ul style="list-style-type: none"> <li>• Product Quality Management</li> <li>• Corporate Governance</li> <li>• Employee Cultivation and Development</li> <li>• Human Rights</li> <li>• Information Security</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with and visit to community residents nearby factory premises (from time to time)</li> <li>• YAGEO foundation's arts &amp; culture exhibitions (from time to time)</li> <li>• YAGEO professional games development association's physical education activities (from time to time)</li> </ul>	3.1 Corporate Governance 3.6 Information Security 5.2 Product Quality Management 7.2 Employee Cultivation and Development 7.3 Human Rights	

## Chapter 3 Accountability Governance



### 3.1 Corporate Governance

YAGEO has grown rapidly over the past decade through successful merger and acquisition and continuous production capacity expansion strategy, and with its outstanding technology, delivery and product portfolio. While upgrading YAGEO's publicity in the global market, YAGEO also complies with higher standards on disclosure of business and financial information. YAGEO believes that practicing of corporate governance should be more important than public relations, and also adheres to the transparency and integrity standards, benefited from more effective risk management, higher efficient organizational operation and better market attraction. Therefore, despite the recent poor economy, investors still have confidence in YAGEO. In the process of pursuing the title as the world top passive component service supplier, YAGEO proves that enhancement of the corporate governance is as important as the effective business model.

YAGEO adopts the strictest business and information disclosure standards internally, and follows the fairness, consistency and timeliness of information disclosure. In order to improve the information transparency, YAGEO has established multiple regular and flexible measures, including organization of institutional investors' conference, regular publication of the information on the Group's consolidated operations and finances on its website, and irregular participation in global institutional investors' conference and overseas tour conferences. Meanwhile, YAGEO voluntarily convenes meetings with securities houses' analysts and juristic person shareholders individually to conduct a two-way communication with the public about the company culture, execution of strategies and financial performance proactively.

## ■ Board of Directors

YAGEO's Board of Directors consists of 9 renowned members who are world-class business leaders or scholars with diverse experience and knowledge from various sectors. Under Chairman Pierre Chen's leadership, YAGEO's Board of Directors members take a straightforward and serious approach to their duties to form a proficient and independent Board. With regard to the election of independent directors of the Company, shareholders holding more than 1% of total number of shares issued submit the director (including independent director) candidate roster to the Company in writing according to Article 192-1 of the Company Act and the candidate roster is reviewed by the Board of Directors of the Company to inspect whether the qualification and relevant supporting documents of each independent director complies with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". For the review operation process of the nominated directors, resolutions are reached during the Board of Directors' meeting.

### Board Members and Resume

Title / Name	Date Elected	Experience (Education)	Other Position
Chairman Tie-Min Chen	2021-7-7	<ul style="list-style-type: none"> <li>Honorary Doctorate in Management, National Sun Yat-sen University</li> <li>BS in Engineering, National Cheng Kung University</li> <li>President of Yageo Corp</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Investment Management Committee of YAGEO Corp.</li> <li>Chairman: TONG HSING ELECTRONIC INDUSTRIES ,LTD., Kuo-Shin Investment Ltd., CHILISIN ELECTRONICS CORP. &amp; Xsemi Corporation</li> </ul>
Director Hsu Chang Investment Ltd Representatives Chin-San Wang	2021-7-7	<ul style="list-style-type: none"> <li>EMBA, National Taiwan University</li> <li>BA in Accounting, Soochow University</li> <li>CEO and Vice Chairman of Deloitte &amp; Touche</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director: Taiwan Cement Corp.,</li> <li>DA-CIN CONSTRUCTION CO.,LTD.,</li> <li>TAIWAN NAVIGATION CO., LTD.,</li> <li>Fulin Plastic Industry (Cayman) Holding Corp.</li> <li>Director: YFY Inc.</li> </ul>
Director Hsu Chang Investment Ltd Representatives Tzong-Yeong Lin	2021-7-7	<ul style="list-style-type: none"> <li>Master of Law, National Taiwan University</li> <li>Bachelor of Law, National Chung-Shing University</li> <li>President of Mega Financial Holding Company</li> </ul>	Advisor of Chunlin Financial Consulting Co. Ltd.
Director Hsu Chang Investment Ltd Representatives Shih-Chien Yang	2021-7-7	<ul style="list-style-type: none"> <li>Ph.D., Electrical Engineering, Northwestern University</li> <li>MS, Electrical Engineering, Northwestern University</li> <li>Deputy Minister , Ministry of Economic Affairs</li> </ul>	<ul style="list-style-type: none"> <li>Chairman: Global Strategic Investment Management Inc.</li> <li>Independent Director: TOPKEY Corp.,</li> <li>WUS Printed Circuit Co., Ltd.,</li> </ul>

Title / Name	Date Elected	Experience (Education)	Other Position
Director Hsu Chang Investment Ltd Representatives Deng-Rue Wang	2021-7-7	<ul style="list-style-type: none"> <li>• EMBA, National Taiwan University</li> <li>• Master in Computer, University of Massachusetts</li> <li>• Chief Operating Officer of Yageo Corp.</li> <li>• Senior Vice President &amp; CFO of Qsida Company</li> </ul>	<ul style="list-style-type: none"> <li>• CEO and GM of YAGEO Corp.</li> <li>• Chairman: CHILISIN ELECTRONICS CORP</li> <li>• Director: Kuo-Shin Investment Ltd.</li> </ul>
Director Hsu Chang Investment Ltd Representatives Ching-Chang Yen	2021-7-7	<ul style="list-style-type: none"> <li>• University of Wisconsin-Madison(SJD)</li> <li>• Master of Laws, University of Michigan</li> <li>• First Ambassador(WTO) Minister of Finance</li> </ul>	Chair Professor of Law, Yan Jiagan Foundation of Soochow University
Independent Director Cheng-Ling Lee	2021-7-7	<ul style="list-style-type: none"> <li>• BA in Accounting, Tam-Kang University</li> <li>• Vice Chairman of YAGEO Corp.</li> <li>• Audit manager of Deloitte &amp; Touche</li> </ul>	None
Independent Director Hong-So Chen	2021-7-7	<ul style="list-style-type: none"> <li>• BS of Transportation Technology and Management, National Chiao Tung University</li> <li>• President and CEO of Systex Corp</li> <li>• General Manager, Yahoo! China &amp; VP of Commercial Ops, Yahoo! North Asia</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman: GuoShi Partners.</li> <li>• Independent Director: GIANT MANUFACTURING CO., LTD., CHINA CHEMICAL &amp; momo.com Inc.</li> </ul>
Independent Director Hsu Tun Son Lin	2021-7-7	<ul style="list-style-type: none"> <li>• King's College London, University of London(PH.D)</li> <li>• Master in Economics, London School of Economics and Political Science</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman and Managing Partner of Whitesun Equity Partners Ltd.</li> <li>• Independent Director: UBRIGHT OPTRONICS Corp.</li> </ul>

Note 1: All of the 9 Board members are male attaining the age of 51 years old or more.

Note 2: A total of 5 Board of Directors' meetings were held in 2023, and the material matters communicated included group operation, sustainable development, financial statements and merger/acquisition cases, etc. For the Board of Directors operation and attendance of directors, please refer to [YAGEO's 2023 Annual Report](#).

Note 3 : For the major information in 2023, please refer to the website of Market Observation Post System (MOPS).

Note 4: For detailed information on the nomination and selection procedures and criteria for the Board of Directors and functional committees, please refer to YAGEO's "Corporate Governance Code" and "Nomination Committee Organizational Rules."

### Director Training Status




YAGEO values directors' expertise, sophistication and experience diversity and believes that the Board members' personal abilities should be considered as the key factor driving upgrading of the organizational competitiveness. Therefore, YAGEO arranges the Board members to attend continuing education courses outside the organization. To strengthen the Board's sustainable governance, all directors participated in training on corporate ESG management and sustainability topics (including TCFD, carbon credits and energy, digital transformation, etc.) in 2023. Each director completed at least 6 hours of training, for a total of 75 hours.

Title / Name	Host by	Training Title	Duration	Total Hours
All directors and independent directors	Accounting Research and Development Foundation	Dual Axis Transformation of Sustainability and Digitalization	3	27
		ESG Megatrend - Corporate Challenges, Responses, and Arrangements	3	27
Independent Director / Hsu Tun Son Lin	Corporation Operation and Sustainable Development Association	Taiwan's business and M&A strategies in light of the global political and economic situation	3	3
		Carbon reduction related issues and their IFRS accounting handling	3	3
Independent Director / Hong-So Chen	Industrial Technology Research Institute	Domestic and International Climate Governance and Corporate Carbon Risks	3	3
Director / Chin-San Wang	Securities and Futures Institute	ChatGPT Technology Development and Application Opportunities for Chat Robots	3	3
	Taiwan Corporate Governance Association	Risk Trends under Climate Change - Nature, Water and Human Rights	3	3
		Compliance - Joint Acts and Related Party Transactions	3	3
	Securities and Futures Institute	2024 Global Economic Outlook	3	3
Total hours of director training				75

### Board Performance Evaluation

The Company established the "Regulations Governing Board of Directors Performance Evaluation" in 2020. When electing or nominating members of the Board of Directors, the Company base its election on the evaluation results of the performance of the Board and base its determination of an individual director's remuneration on the evaluation results of his or her performance. In 2023, the Board's internal self-evaluation score was 4.84 (Excellent), and the self-evaluation by individual Board members was 4.94 (Excellent). For more performance evaluation results, please refer to [YAGEO's 2023 Annual Report](#).

### ■ Functional Committee

Functional Committee	Operational Situation
Audit Committee 	The Audit Committee is made up of 3 independent directors who assist the board in monitoring the quality and integrity of YAGEO's implementation of accounting, auditing, financial reporting process, and financial controls. In 2023, the Audit Committee has convened a total of 6 meetings. The independent directors' attendance rate attained 94%
Remuneration Committee 	The Remuneration Committee consists of 3 independent directors, responsible for adopting the remuneration system, standards and structure.  In 2023, the Remuneration Committee has convened a total of 3 meetings. The independent directors' attendance rate attained 100%
Nomination Committee 	Established in 2020, the nomination committee consists of 3 independent directors, aiming to improve the Board of Directors' performance. In 2023, the Nomination Committee has convened a total of 2 meetings. The independent directors' attendance rate attained 100%

Note : For details, please refer to [YAGEO's 2023 Annual Report](#).

### **Board of Directors and Senior Management Remuneration Policy**

The remuneration of Directors of YAGEO shall properly reflect the individual performance and the long-term business performance of the company and shall also comprehensively consider the operational risk of the Company. For independent directors, reasonable compensation different from general directors may be specified. For the remuneration of directors of the Company, according to Article 16-1 of the Articles of Incorporation, the Board of Directors is authorized to determine the remuneration based on the general standard adopted in the same industry. If the Company has a surplus earning, the remuneration is appropriated not higher than 3% of profit before tax prior to the deduction of the remunerations of employees and directors for the current year according to Article 24.

The compensation for senior management includes the salary and bonus. The salary is paid according to the job duty, professional competence and responsibility. The bonus is paid depending upon the annual business performance, operation status of the Company and personal work performance. The remuneration of employees is appropriated according to the profit status of the current year and the provisions of the Articles of Incorporation. For the retirement pension, an amount equivalent to 6% of monthly salary of employees is appropriated to the Bureau of Labor Insurance. The compensation procedure has considered the future operation performance and development in order to provide reasonable remuneration, such that a balance between the sustainable operation and risk control can be achieved.

### **Annual Total Compensation Ratio**

<b>Item</b>	<b>2023</b>
Total compensation ratio	117.5

Note 1: Annual total compensation ratio = Annual total compensation of the highest-paid individual in the organization / Median annual total compensation of all employees (excluding the highest-paid individual).

Note 2: The annual total compensation change rate is expected to be calculated and reported on a consistent basis in the 2024 Sustainability Report. This is due to the inclusion of a new long-term incentive plan (stock awards) for senior executives in 2023, which resulted in a different compensation calculation basis for the two years.

## 3.2 Ethical Management

YAGEO conducts its business activities based on the principles of fairness, honesty, integrity, and transparency. In order to implement its integrity management policy, YAGEO established the “Procedures for Ethical Management and Guidelines for Conduct” in 2020, which specifically outlines the matters that YAGEO employees should pay attention to when performing their duties. The YAGEO Group has established a “Global Code of Conduct” that requires all employees, supervisors, and managers to strictly adhere to ethical principles and it clearly defines guidelines for employee conduct. This code ensures compliance with legal regulations and strict adherence to discipline in all operational aspects, including business activities and procurement. It explicitly prohibits employees from engaging in any form of bribery or extortion, accepting inappropriate gifts, entertainment, or other improper benefits, making anti-competitive commitments, or engaging in unfair competition. These policies are designed to protect the rights of customers, and prevent loss of company assets, fines, and damage to the company’s reputation. In 2023, YAGEO had no incidents of corruption or fraud that violated integrity management.

### Highlights of the Employees’ Code of Conduct

- Select suppliers based on the principles of good faith and impartiality and select the most competitive products or services as a first priority.
- Do not borrow financial funds or accept any gifts or invitations to parties from suppliers, firms, or customers engaged in trade with the Company, either directly or indirectly, to avoid adversely affecting the Company’s goodwill and routine business.
- Do not accept rebates or other unwarranted benefits from suppliers.
- Employees and their family members are strictly prohibited from accepting gifts, money or anything of value in any form from suppliers.
- Employees are strictly prohibited from seeking unwarranted benefits or engaging in any other form of corruption by taking advantage of their position.
- Employees are strictly prohibited from defrauding, embezzling or stealing from another person or the Company.
- Employees should claim reimbursement for expenses based on actual consumption.
- Any collusion or conspiracy among employees or between employees and business partners is strictly prohibited.

## Communication and Training

Yageo communicates and trains on integrity management and anti-corruption policies to all board members and employees.

Communication and training for anti-corruption policy	Governance unit (Board members)	Employees					
		Taiwan		China		Portugal	
		Managers	Non-managers	Managers	Non-managers	Managers	Non-managers
Number of persons already engaged in the communication for anti-corruption	9	188	4,479	128	5,324	12	59
Percentage of persons already engaged in the communication for anti-	100%	100%	100%	100%	100%	100%	100%
Number of persons already undergoing the anti-corruption training	9	188	4,479	126	4,744	12	-
Percentage of persons already undergoing the anti-corruption training	100%	100%	100%	98%	89%	100%	-

## Internal audit procedure

YAGEO's internal auditors draft the annual audit plan based on the Enforcement Rules for Internal Audit and risk assessment results, in order to check the Company's internal control system. The annual audit plan shall be subject to approval upon resolution by the Board of Directors. The same shall apply where the plan is amended. The internal auditors conduct the audit per the annual audit plan and disclose the findings and extraordinary circumstances in the internal control system found by them during the audit

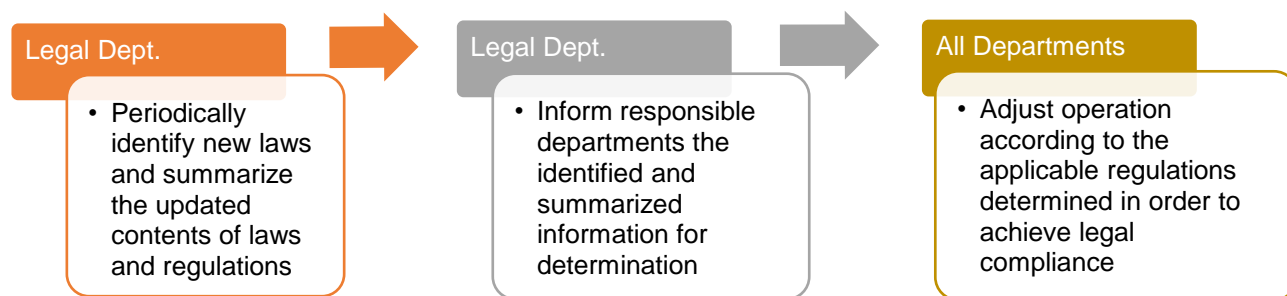
in the audit report honestly. Subject to the approval of the audit report and follow up report, the audit report shall be delivered to independent directors for review by the end of next month after the audit items are completed. After that, the report should be followed up, and a follow-up report is prepared quarterly and submitted to the Board of Directors, until the finding is corrected, in order to ensure that the related unit has taken appropriate corrective actions in a timely manner.



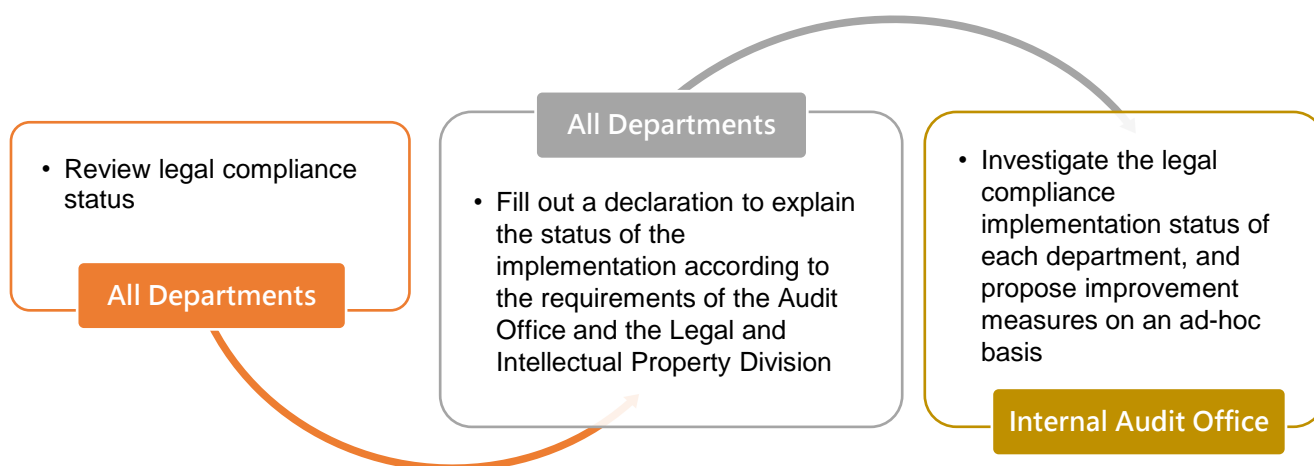
In 2023, no material findings were found during the internal audit, and all findings were tracked and improved. In the future, YAGEO will continue to focus on the internal control and management of the Group, in order to enhance operational efficiency.

### 3.3 Compliance

#### ■ YAGEO’s Regular Legal Compliance Process



#### ■ Implement Legal Compliance of all Departments



In 2023, YAGEO had no litigation cases related to anti-competitive practices or antitrust issues and was not subject to any non-monetary sanctions or major violations involving fines exceeding NT\$500,000. However, there were 3 sanction cases due to violation of relevant environmental regulations and the total fine was NT\$180,000. In addition, all improvement measures were completed in 2023, in order to prevent the re-occurrence of such events.

#### 2023 Violation Incident

In 2023, the Company had 3 cases of violation of environmental regulations, resulting in a total penalty of NT\$180,000 (see Section 6.1 Environmental Management for details).

#### 2022 Violation Incident

In 2022, the Company had 4 cases of violations of environmental regulations, resulting in a total penalty of NT\$379,000. Improvement measures were completed in 2022.

Note: YAGEO’s definition of a major violation refers to a fine of more than NT\$500,000.

## Whistleblowing Mechanism

YAGEO has established several complaint channels in accordance with the Code of Ethical Conduct and the Global Code of Conduct, including the External reporting hotline and the CEO's email address.

- **Internal Reporting Channels**

Ethics Hotline: [YAGEOGroupEthicsHotline.ethix360.com](mailto:YAGEOGroupEthicsHotline.ethix360.com)

Anonymous complaints can be submitted online. These complaints will be received by an external unit and then forwarded to YAGEO for response.

- **External Reporting Channels**

YAGEO's Whistleblowing Hotline: +886-2-6629-9999, CEO Office's

Whistleblowing Email: [ceo.discipline@yageo.com](mailto:ceo.discipline@yageo.com)

## 3.4 Tax Management

### Tax Policy and Commitments

YAGEO has a comprehensive understanding of tax knowledge and is committed to fulfilling its responsibilities for corporate sustainability and information transparency. Its tax management includes the following policies and five major commitments:

#### ■ Tax Policy



Cultivate professional talents and improve the expertise in taxation



Manage and control taxation risk



Comply with any tax laws, regulations and requirements applicable locally



Upgrade the positive corporate value

#### ■ Commitments

1. Perform effective risk assessment and control over taxation risk
2. Establish fair relationship with the tax collection authority
3. Execute any decision per the tax laws and regulations
4. Process financial and tax information per the requirement and guidelines, and make the information transparent.
5. Include tax effects into any of the Company's major business decisions

#### ■ Taxation governance

The Chief Financial Officer (CFO) is the highest authority for YAGEO's tax management and decision-making. Daily tax planning and management are carried out by a professional and experienced tax team, which regularly reports tax planning and related matters to the CFO. YAGEO also engages external professional tax firms to provide services and advice on tax-related issues, enhancing professional knowledge and understanding of tax laws. The tax team actively maintains good communication and responsiveness with tax authorities across all operating locations. YAGEO's Audit Committee conducts an annual review to ensure that financial, accounting, tax, and audit activities are carried out in accordance with relevant policies and regulations. Additionally, the company conducts an annual survey of stakeholders to understand their concerns regarding sustainability issues, including tax perspectives and concerns. To further improve tax governance, YAGEO also plans to publicly engage in tax-related public policy advocacy in the future.

#### ■ Taxation Risk Management

YAGEO operates in various regions around the world, including the Asia-Pacific, the Americas, and Europe, and complies with local tax regulations in each area. Any changes in local tax laws can impact the company's effective tax rate and post-tax profit or loss. Therefore, to effectively manage and mitigate potential tax risks, YAGEO adheres to internal management procedures and engages in discussions with external experts to assess tax risks and implement control measures.

## 3.5 Risk Management

To strengthen corporate governance and reduce potential operational risks, YAGEO has established a risk management mechanism that includes risk identification, assessment, monitoring, and control in accordance with its operational policies. This aims to achieve sustainable and stable operations.

### Risk Management Organizational Framework

#### Board of Directors and Audit Committee

- YAGEO's Board of Directors is the highest unit in charge of its risk management policy. The Board is responsible for approving and reviewing the Company's risk management policy while monitoring the ongoing operation of the risk management mechanism, ensuring that the risk management is effective and complete.

#### Senior managers

- Senior managers review and monitor the ongoing operation of the risk management mechanism as well as assess countermeasures for risks.

#### Internal audit

- Internal audit: YAGEO's Audit Office is responsible for its internal control and internal audit. The Office submits an annual audit plan according to the risk assessment and reports the risk management implementation situation to the Audit Committee.

#### Functional units

- Managers of the functional units are responsible for risk management and analyze and monitor the relevant risks within their units, ensuring that the risk control management mechanism and procedures are effectively implemented.

### Risk Management Procedure

To improve operational risk management, YAGEO verifies the scope of operational risks and takes appropriate actions through risk identification, risk measurement, risk monitoring and reporting, and disclosure procedures, ensuring the management of related operational risks. Meanwhile, YAGEO has established the Business Continuity Planning (BCP) to perform risk identification and adopt responsive procedures to deal with any contingencies at the factory premises, so as to ensure that it may continue managing its business even if any risk arises and also mitigate the effects posed to the critical procedures by failure or disaster resulting from significant risks. YAGEO adopts the risk management procedure and factory's business continuity plan to manage the risk to prevent any risk.

### Risk identification

- Identify the Company's potential risk types in terms of economy, environment and society.

### Risk measurement

- After identifying the possible risk items, each functional unit shall analyze the nature and scale of various business and operating activities, and set forth appropriate measurement methods to evaluate the risk level acceptable by YAGEO.

### Risk monitoring

- Various functional units shall continue to monitor the risk over their business, and propose countermeasures when the risk is almost unacceptable. The risk and countermeasures shall be reported the senior managers.

### Risk report and disclosure

- In order to record the risk management procedure and execution result thereof completely, senior managers shall report the status of risk to the Board of Directors regularly to ensure the normal operation of management framework and risk control functions.

### Risk response

- Each functional unit shall take appropriate responsive actions against the risk encountered by it upon assessment on and summarization of the risk.

## Risk Impact and Management Measures

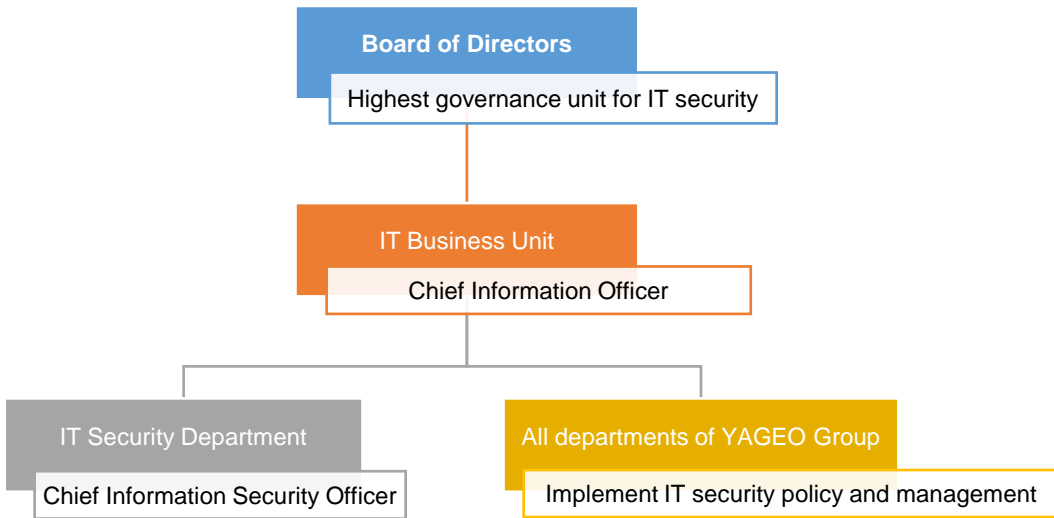
Risk aspects	Risk types	Responsible department	Potential impact	Risk management measures
Economic and Governance	Financial risk	Finance	Impact of interest rates, foreign exchange rates and inflation on the Company's financial condition	<ul style="list-style-type: none"> <li>• Keep bank liabilities low</li> <li>• Foreign exchange hedging</li> <li>• Optimized product portfolio</li> </ul>
	Legal compliance risk	Legal	Impact of changes in domestic or foreign policies and laws on the Company's business and finances, and actions taken in response	<ul style="list-style-type: none"> <li>• Monitor changes in laws, regulations, and policies</li> <li>• All business locations comply with local regulatory requirements</li> </ul>
	Information security risks	Information	Impact of information leakage or loss on the Company's financial operations	<ul style="list-style-type: none"> <li>• Implement information security policy and management</li> <li>• Continue planning for the implementation of an information security management system</li> </ul>

Risk aspects	Risk types	Responsible department	Potential impact	Risk management measures
	Supply chain and raw material risks	Procurement	Impact of supply chain concentration and raw material shortages or price increases on the Company operations and finances	<ul style="list-style-type: none"> <li>• Ensure no concentration of purchasing customers and develop new suppliers</li> <li>• Ensure raw material supply and implement cost control</li> </ul>
Environment	Environmental risks	EHS	The impact of environmental incidents on the Company's reputation and finances	<ul style="list-style-type: none"> <li>• Implement an environmental management system</li> <li>• Practice environmental policies</li> <li>• Equipment capable of improving pollution prevention</li> </ul>
	Climate change risk	EHS	Impact of pollution on the Company's operations and finances	<ul style="list-style-type: none"> <li>• Set targets for reducing greenhouse gas emissions, water consumption, and total waste</li> <li>• Invest in equipment to improve energy efficiency, water conservation, and recycling</li> </ul>
	Energy transition risks	Facilities	The impact of renewable energy use and carbon pricing on the Company's operations and finances	<ul style="list-style-type: none"> <li>• Plan renewable energy purchase budget</li> <li>• Estimate carbon costs and assess the future implementation of internal carbon pricing</li> </ul>
Social Aspect	Talent turnover risk	Human resources	The potential impact of high employee turnover on the company's recruitment costs	<ul style="list-style-type: none"> <li>• Continue to promote employee care and benefits systems</li> <li>• Offer above market salaries based on market salary standards</li> </ul>

### 3.6 Information Security




#### Information Security Management Framework

The unit responsible for information security risk management in our company is the IT Business Unit, with the CIO (Chief Information Officer) serving as the overall information security officer. A dedicated IT Security Department is established under the business unit, headed by the Chief Information Security Officer. This department oversees the YAGEO Group's information security policies, the planning and implementation of information security operations, and the promotion and enforcement of cybersecurity policies. Our Company provides an annual information security management report to the Board of Directors.



#### Information Security Policy

The information security policy serves as the highest guiding principle for YAGEO Group's information security and applies to all YAGEO Group employees, including contract personnel. Relevant units develop and design the necessary management methods and control measures based on three key aspects: People, Process, and Technology, to ensure the achievement of information security objectives. The objective of this policy is to ensure that the Company's information assets are adequately protected and controlled to achieve Confidentiality, Integrity and Availability.

-  YAGEO employees are required to protect the company's business information, including patents, processes, formulas, and other intellectual property. Unauthorized use, disclosure, modification, or destruction is prohibited
-  Employees may not use personal or non-YAGEO-owned computers, access devices and media (such as USB drives, software, hard drives, CD burners, floppy disks, optical disks, and any form of storage device or media) within the company without authorization.
-  All messages received, sent, or stored by YAGEO's computers or network equipment are considered YAGEO's assets

## ■ Information Security Management

In response to the growing demand for electric vehicles, the Company will implement the Trusted Information Security Assessment Exchange (TISAX) certification in 2024. To strengthen overall information security, YAGEO continuously implements various projects and measures to improve information security, including:

Type	Implementation measures
Network security control	<ul style="list-style-type: none"> <li>• Equipped with next-generation firewalls and anti-virus systems</li> <li>• Equipped with intelligent anti-hacking systems, such as Intrusion Prevention Systems (IPS), Anti-Phishing measures, and Endpoint Detection and Response (EDR)</li> <li>• Regularly review network service system logs for abnormal activity.</li> <li>• Enhance the protection of sensitive data transmissions by using advanced encryption technologies, such as certificates or Secure Sockets Layer (SSL).</li> <li>• Conduct regular vulnerability scans of the company's information systems and implement appropriate hardening measures.</li> <li>• Equipped with Managed Detection and Response (MDR) services that monitor network packets and operating system logs to identify malicious activity and intervene in real time. Regularly update anomaly monitoring rules</li> <li>• Join the Taiwan Computer Emergency Response Team (TWCERT) to receive real-time information security intelligence and update the Company's monitoring mechanisms to block the latest attacks</li> </ul>
Data access control	<ul style="list-style-type: none"> <li>• Employing multi-factor authentication (MFA) strengthens identity verification for access to network resources</li> <li>• Computer equipment inventory records shall be maintained by designated personnel, with appropriate access privileges based on their job responsibilities</li> <li>• Thoroughly erase all data before disposing of information equipment</li> <li>• Maintain access logs for critical system data to facilitate auditing and tracking</li> <li>• Implement USB blocking in key manufacturing areas to prevent data leakage and protect production lines</li> </ul>
Incident response and recovery mechanisms	<ul style="list-style-type: none"> <li>• Establish high availability (HA) and disaster recovery (DR) mechanisms for critical systems</li> <li>• Establish a system backup mechanism with dual and offsite backup protection</li> <li>• Develop emergency plans and conduct regular disaster recovery drills</li> </ul>
Promotion and auditing	<ul style="list-style-type: none"> <li>• All new employees are required to sign an information security confidentiality agreement</li> <li>• Conduct regular information security training and awareness programs to enhance employees' information security awareness.</li> <li>• Conduct social engineering drills for current employees</li> </ul>
Password policies and	<ul style="list-style-type: none"> <li>• Our Company's password policy for accounts follows international standards, employing a world-class password policy with regular password changes</li> </ul>

Type	Implementation measures
account management	<ul style="list-style-type: none"> <li>System accounts can only be activated upon formal request; accounts are deactivated and deleted upon employee termination</li> <li>A security monitoring solution with identity verification is in place to monitor for brute force attacks, abnormal logins, and usage patterns</li> </ul>

Under YAGEO’s stringent information security management, no customer data breaches have been reported by external parties or regulatory agencies this year.

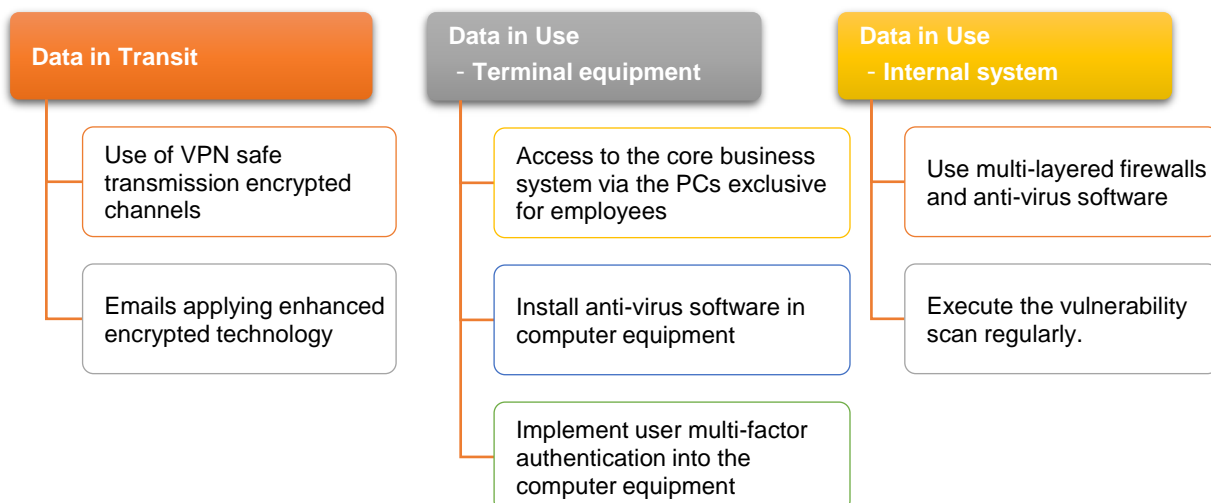
Total number of complaints proven to involve violations of customer’s privacy.	Number of complaints from external parties as proven by the organization	0
	Number of complaints from regulatory agencies	0
Total number of cases involving proven information disclosure or theft or loss of customer data.		0

### Information Security Education and Training

To raise employees’ awareness of information security, YAGEO regularly updates its information security training materials on the Group’s online learning platform. Annual cybersecurity incidents are used as training materials to raise employees’ awareness of information security issues and policies. In addition to strengthening employees’ cybersecurity knowledge and promoting the company’s latest information security regulations, the 2023 course includes a post-course test. Employees who pass the tests will receive a certificate of completion from the platform. A total of 9,000 employees completed the training in 2023.

### Remote Office Information Security Management Measures

YAGEO has established the secure data transmission mechanism to cope with the implementation of work from home. For the employees’ access to and transmission of data, YAGEO implements multiple protection measures subject to the data status, including the use of VPN secure transmission encrypted channels with two stages of authentication (MFA), enhanced encryption technology (e.g. SSL) to protect confidential and sensitive data, and installation of multi-layer firewalls and anti-virus software, in order to enhance the information security mechanism, to prevent information disclosure and to reduce the risk of disclosure of personal data and confidential and sensitive information.



# Chapter 4 Sustainable Supply Chain



## 4.1 Supply Chain Composition

### ■ Supply Chain Management

YAGEO has long attached great importance to supplier management and has established a comprehensive supplier management policy. Suppliers entering the YAGEO supply chain must have robust management systems in place, and all materials must undergo a rigorous inspection process. For key raw material suppliers, YAGEO adopts IATF 16949: 2016 automotive quality management system as the target quality system requirement to develop and improve the quality systems of its suppliers. YAGEO also adopts the latest ISO 14001 environmental management system standard as the target requirement for environmental systems in order to develop the environmental systems of its suppliers. Suppliers other than those providing raw materials will be given priority if they have passed the latest ISO 9001 and ISO 14001 management system certifications.

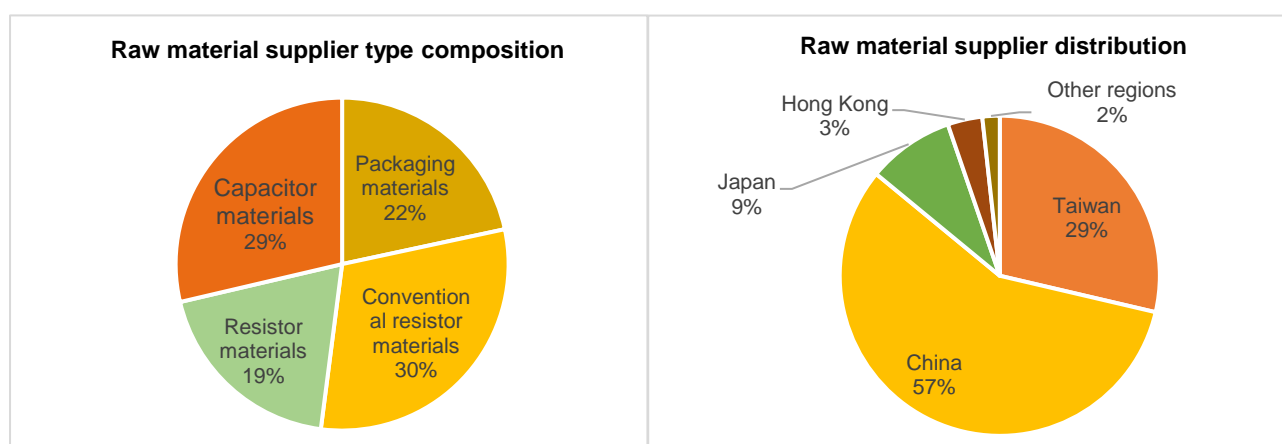
In the daily management and monitoring of suppliers, we conduct monthly evaluations and annual audits and set annual targets to monitor the quality of incoming materials. In addition to incorporating the IATF 16949 standard, the Company's supplier management and auditing processes follow the Responsible Business Alliance (RBA) guidelines. These require suppliers to prohibit the use of conflict minerals and to continuously improve their supplier management systems. Besides this, YAGEO continuously reviews its risk management strategies in response to global challenges such as the pandemic, geopolitical issues, and climate change. The supplier collaboration strategy includes reducing the risk of supply disruption and improving supply chain resilience to maintain the stability and reliability of the supply chain. We are committed to maintaining the continuous and stable operation of our supply chain in the face of a challenging external environment.

YAGEO is in the electronic component industry. The upstream industry mainly refers to component material suppliers, and the downstream mainly refers to the customer application end, including the industries of automotive, industry automation equipment, network communication, smart phones and computers, etc.

Product Type	Upstream Materials	Downstream Customer Application							
		Automotive	Automation Equipment	Network communication and 5G	IOT	VR	Computers	Consumer Electronics	Aerospace/Military
MLCC	Ceramic powder, electrode materials	●	●	●	●	●	●	●	●
Resistors	Substrates, resistive paste, oil ink	●	●	●	●	●	●	●	

In 2023, YAGEO's supply chain included a total of 171 primary raw material suppliers. Two new primary raw material suppliers were added, including 1 Taiwanese supplier and one Mainland Chinese supplier. No outsourcing of manufacturing activities or other significant changes in supply chain structure.

Category	China	Japan	Taiwan	Germany	Korea	Hong Kong	Malaysia	Total
Packaging materials	25	1	10	-	-	1	-	37
Conventional resistor materials	19	7	20	1	-	4	1	52
Resistor materials	10	7	15	-	1	-	-	33
Capacitor materials	44	-	4	-	-	1	-	49
Total	98	15	49	1	1	6	1	171



Note: Other regions refer to Malaysia, Korea and Germany.

## ■ Supplier Conference

Suppliers are critical external resources for Companies, serving as an important source of cost, quality, and risk control. YAGEO understands that the strength of a company's relationship with its suppliers, as well as the quality and capabilities of those suppliers, are key determinants of the company's competitiveness and resilience. YAGEO values its partnership with suppliers and regularly holds supplier conferences to facilitate direct communication between suppliers and YAGEO. The purpose of these conferences is to build crisis awareness, enhance trust, and promote innovation and improvement. The goal is to improve product quality, technology, and corporate social responsibility, while strengthening two-way communication and trust to jointly address market changes. At the same time, it allows you to reach a consensus with your suppliers to create a healthy, long-term, high-quality, sustainable partnership.

The 2023 Supplier Conference was held remotely and suppliers and original equipment manufacturers (OEMs) were invited to participate. The key resolutions and announcements included five major topics: the YAGEO Quality Goal, procurement strategy, incoming material quality specifications and 8D reporting, hazardous substance management requirements, and promotion of the IATF 16949 system. The conference received an enthusiastic response.



## ■ Local Sourcing

YAGEO promises to expand investment in Taiwan as its mid-term and long-term business goals because it acknowledges that the locality cannot be ignored in the globalized market. Given this, YAGEO values the spirit of local sourcing when considering and selecting suppliers and, therefore, would conduct assessment per its needs and also contract local suppliers as the first priority.

### 2023 Local Procurement Amount and Ratio

Local procurement amount (NT\$ million)	Factory sites in Taiwan	Factory sites in China	Total
Local procurement amount	353	1,669	2,023
Total procurement amount	724	3,996	4,720
Local procurement percentage	49%	42%	43%

Note: Important business locations include China (Suzhou, Dongguan) and Taiwan (Kaohsiung). Local suppliers are defined as domestic transactions with domestic invoicing suppliers.

## ■ Green Procurement

To fulfill the commitment to sustainable development of the Company and to reduce the impact of the business process on the environment. YAGEO promotes green procurement by purchasing products that comply with environmental protection, carbon reduction, energy saving labels, and other eco-friendly certifications. In 2023, the total green procurement amount of the Company reached NT\$8.6 million. Additionally, YAGEO will prioritize suppliers who have achieved ISO 14001 certification.

### 2023 Green Procurement Amount Ratio

Green procurement item	Green procurement amount (NT\$ million)	Green procurement item ratio (%)
Carbon reduction mark	0.6	7%
Energy saving mark	1.3	15%
Eco-friendly mark	6.3	73%
Other eco-friendly mark - LED tubes	0.3	4%
Other eco-friendly mark - photocopier rental	0.1	1%
Total	8.6	100%

## 4.2 Sustainable Supply Chain Management

### ■ Execution of Supplier’s Code of Conduct

YAGEO demands that all suppliers should execute the procurement agreement and letter of undertaking for integrity first and then may become the official suppliers having the opportunity to cooperate with YAGEO. In addition to compliance with laws/regulations and ethical transactions, YAGEO has expressly established the regulations governing intellectual property rights, product safety warranty, confidentiality, declaration and letter of the undertaking of integrity, use of forbidden or controlled substances, social and corporate responsibilities, etc. Suppliers shall follow the regulations too. Execution of the following implementation results:

Execution of the Code of Conduct	Suppliers		
	Taiwan	China	Total
Number of suppliers already executing the Code of Conduct	50	121	171
Total number of suppliers	50	121	171
% of the suppliers executing the Code of Conduct	100%	100%	100%

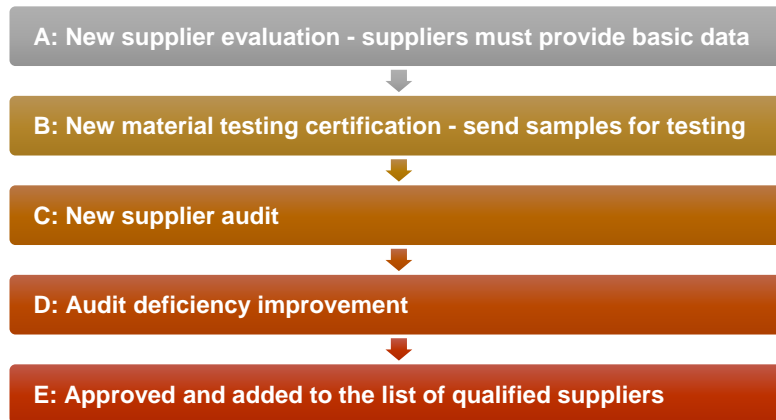
### ■ Commitments in the supplier’s letter of undertaking

Order and delivery, price and payment terms, demand forecast, default liability, QA and warranty liability, intellectual property rights, product safety guaranty, confidentiality, declaration and letter of the undertaking of integrity, use of forbidden or controlled substances, social and corporate responsibilities, et al..

### Criteria for Selection of Suppliers

<b>Operations and Finance</b>	<ul style="list-style-type: none"> <li>• Companies and factories with legal registration certificates</li> <li>• Established for more than 3 years and with stable company revenue</li> <li>• Suppliers of required materials with business experience, substantial production capacity and sound financial status</li> <li>• New suppliers of materials other than raw materials should provide a supplier profile survey, business license, system certifications, qualification certificates, and other relevant information.</li> <li>• If the supplier is an agent, we will assess the financial capacity of the manufacturer and other relevant information</li> </ul>
<b>Integrity and Compliance</b>	<ul style="list-style-type: none"> <li>• Those with well-established systems and reputations</li> <li>• Those who demonstrate good faith and offer favorable terms in their dealings with our Company</li> <li>• Confirm compliance with legal and regulatory requirements</li> </ul>
<b>Environment and Society</b>	<ul style="list-style-type: none"> <li>• For primary raw material suppliers involved in production, our Company adopts the latest version of the ISO 9001 quality management system standard as the minimum requirement for our quality system. Preference will be given to suppliers who have obtained ISO 14001 (latest version) environmental management system certification, and IATF 16949 (latest version) quality management system standard will be adopted as the target requirement for the quality system.</li> <li>• Suppliers other than those providing raw materials will be given priority if they have passed the latest ISO 9001 and ISO 14001 management system certifications.</li> <li>• Suppliers should manage materials for environmental impact</li> <li>• Suppliers should establish an RBA management system and comply with the RBA and its standards. Priority will be given to suppliers who have established a management system based on the latest version of the RBA Code of Conduct.</li> </ul>

## Operating Procedure for Recognition of Suppliers and New Raw Materials/Supplies

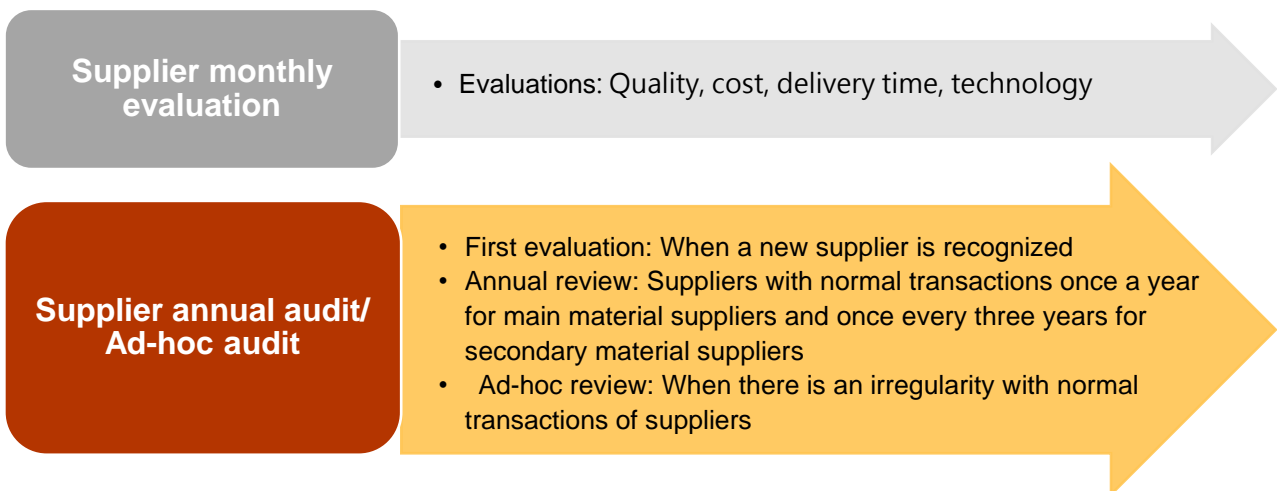


### ■ Supplier Risk Management

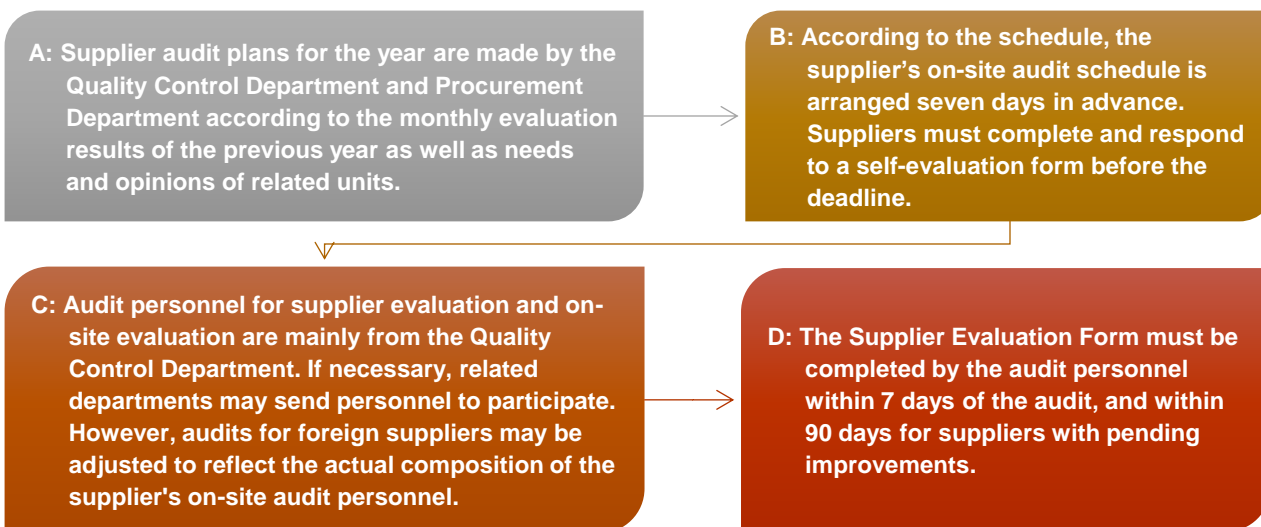
YAGEO conducts an annual assessment of its suppliers across four key areas to identify risk factors and evaluate their severity. Based on these assessments, YAGEO develops mitigation strategies and provides audits and guidance to suppliers identified as high-risk. This approach ensures that risks are effectively controlled and addressed.

Aspect	Evaluation content
Quality	Supplier quality management system, Production status, Change management
Supply Disruption	Supplier risks include raw material shortages, natural disasters, public utility interruptions, infrastructure damage, labor shortages, and failure of critical or other equipment
Delivery Delay	Single suppliers, transportation, supplier capacity, and production conditions
Industry-Related	Suppliers' awareness of the Responsible Business Alliance (RBA) standards

### ■ Supplier Evaluation System



## Evaluation process (written, on-site review)



## ■ Audit Items for Supplier Environmental and Social Standards

Environmental selection criteria	Social selection criteria
<ul style="list-style-type: none"> <li>✓ Sign a certificate of non-use of environmentally related substances</li> <li>✓ Provide hazardous substance testing reports (updated annually)</li> <li>✓ Renewal of EHS system certificate (updated periodically)</li> <li>✓ Environmental system audit pass (&gt; 80 points)</li> <li>✓ Sign the procurement and quality agreement</li> <li>✓ Provide a substance composition analysis table</li> </ul>	<ul style="list-style-type: none"> <li>✓ LABOR</li> <li>✓ HEALTH AND SAFETY</li> <li>✓ ENVIRONMENTAL</li> <li>✓ MANAGEMENT SYSTEMS</li> <li>✓ ETHIC</li> </ul>

In 2023, 171 suppliers were audited on environmental and social criteria, and all passed. On-site audits were conducted at 43 suppliers, with 3 suppliers audited via videoconference and the remaining 125 suppliers audited on paper. No suppliers with significant negative impacts were identified in 2023. In addition, there were a total of 2 new suppliers in 2023, all of whom were screened for environmental and social criteria through YAGEO’s “Procedure for Approval of Suppliers and New Raw Materials.” The rate of new suppliers passing the environmental and social standard screening was 100%.

### Number and proportion of suppliers screened using environmental and social standards

New suppliers screened using environmental and social standards	Total
Suppliers with transaction records in 2023	171
Number of suppliers screened against environmental and social standards	171
The percentage of suppliers that passed the screening based on environmental and social standards	100%
Number of suppliers that have passed environmental and social screening	171
The percentage of suppliers that passed the screening based on environmental and social standards	100%

YAGEO conducts RBA audits for suppliers, evaluating five key areas: labor, health and safety, environmental, ethics, and management systems. The classification standards for findings include major findings, minor findings, and observations. Supplier qualification standards require a total audit score greater than 80, with fewer than two major findings and fewer than ten minor findings in the total audit findings. According to the 2023 audit results, no high-risk suppliers were identified and no first-tier suppliers were found to have critical nonconformities or other levels of findings.

**Percentage of first tier suppliers audited for RBA compliance in 2023.**

	Number of first-tier suppliers	Number of high-risk first-tier suppliers
Supplier audit results	171	0
Total	171	0
Proportion	100%	0%

Note: First tier suppliers are those who work directly with YAGEO to manufacture and provide goods and services.

**■ Supplier Anti-corruption Policy Communication**

To convey YAGEO’s anti-corruption policy to suppliers, suppliers are requested to comply with Article 14 of the procurement agreement, the declaration and letter of the undertaking of integrity. Suppliers are also requested to sign a Supplier’s letter of the undertaking of integrity. A hotline and email for whistleblowers are also available to prevent any improper bribery/solicitation. In 2023, YAGEO’s all suppliers have completed the anti-corruption communication.

Anti-corruption policy communication	Suppliers		
	Taiwan	China	Total
Total number of suppliers already communicated	50	121	171
Total number of suppliers	50	121	171
% for communication	100%	100%	100%

## Chapter 5 Innovative Energy



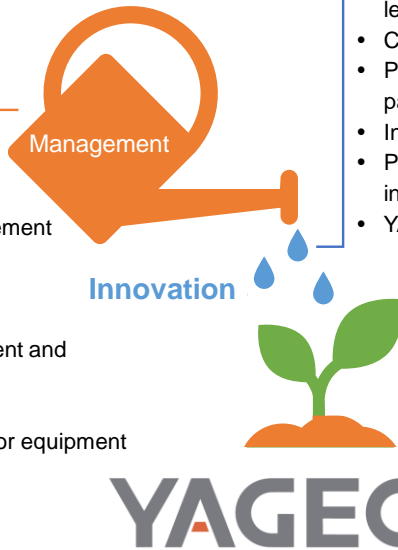
### 5.1 Innovative Research & Development

#### ■ Innovative Management Framework

YAGEO is a leading player in Taiwan's passive component industry and one of the major suppliers in the global market. The Company is built on innovation and continues to invest significant resources in R&D. It has established an internal innovation incentive system to encourage employees to embrace teamwork and implement innovative ideas in their daily work. The Company also emphasizes sustainable development and the practice of a green supply chain. YAGEO actively promotes industry-academia cooperation with leading domestic universities and enhances the combined effects of theory and practice through various programs. The Company also worked closely with customers to facilitate in-depth discussions on customer-specific design requirements. These cross-disciplinary innovation initiatives fostered the development of industry-academic talent and enhanced the Company's product and process technology innovation capabilities. Furthermore, YAGEO is committed to achieving green supply chain innovation and promoting sustainable development. The Company is committed not only to providing innovative products but also to reducing its environmental impact through improvements in manufacturing processes. It ensures that environmental standards are met at every stage of the supply chain, providing customers with products that offer greater environmental value. Through these efforts, YAGEO has not only improved its own competitiveness, but also contributed to global sustainable development.

### Internal Innovation

- Patent application incentive
- Continuous innovation and improvement activities within the factory
  - Product R&D innovation
  - Product and reliability
  - Process technology improvement and innovation
  - Operational efficiency
  - Development of new features for equipment



### External cross-disciplinary innovation collaboration

- Establish research centers in partnership with leading universities
- Collaborate with world-class research institutions
- Participation in innovation activities organized by passive component industry associations
- Industry-academia collaborative research projects
- Provide opportunities for colleagues to participate in industry-academic master's/doctoral programs
- YAGEO master's and doctoral scholarships

### Practicing innovation

- Technological leadership
- Sustainable products
- Industry 4.0 smart manufacturing
- Process energy reduction
- Protecting intellectual property

### Amount of R&D investment, ratio of R&D investment funds to turnover and number of R&D personnel in the past three years:

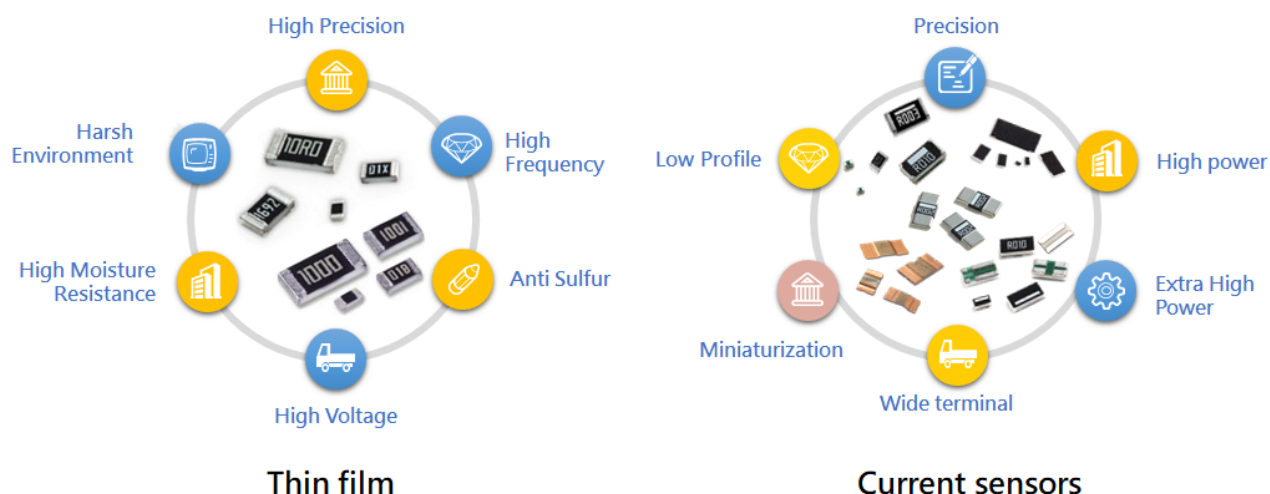
Unit: NT\$ million	2021	2022	2023
Percentage of R&D investment to revenue	2.2%	2.3%	2.8%
Growth rate of R&D investment	46.4%	79.0%	94.5%
Number of R&D personnel (persons)	115	124	128

Note: Operating revenue and R&D investment amount are taken from YAGEO's consolidated financial report for 2023. The growth rate of investment amount is compared to 2020.

### ■ Innovative R&D and Green Process

YAGEO is committed to becoming a sustainable company and market leader that actively responds to changes in industry and market trends. The Company is leveraging its existing products and technologies to invest in the development of adjacent technologies for high-end products, expand its innovative product portfolio and focus on niche products. By expanding the application share of automotive electronics, 5G networks, and power supply products, YAGEO is providing customers with more diverse solutions and contributing to sustainable development. In terms of innovative R&D, YAGEO focuses on two main R&D axes for chip resistors (R-Chip). First, precision thin-film products cover a range of applications, including those requiring extreme environmental resistance, high reliability for automotive use, high pressure, power resistance and miniaturization. These products are designed to meet market demands for high performance and reliability. Second, current sensing resistors include designs that prioritize high performance, reduced thickness and size, and miniaturization. These products are particularly well suited for various applications in electric vehicles and 5G. YAGEO not only focuses on innovative R&D, but also strives for green

manufacturing processes and sustainable development. The Company utilizes environmentally friendly materials and energy-efficient technologies to reduce its carbon footprint during the manufacturing process, and ensures that environmental standards are met at every stage. Through these efforts, YAGEO has enhanced the environmental value and market competitiveness of its products while advancing the global sustainable development process.



### Innovative characteristics of R-Chip

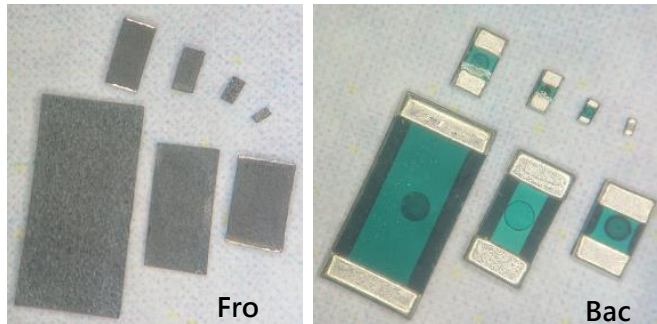
#### The world's smallest current sensing metal plate chip (PA0100)

YAGEO's PA0100, developed in-house, is the world's smallest chip metal plate current sensing resistor, measuring just 0.4mm x 0.2mm. Early current sensing resistors were primarily machined. During the miniaturization process, however, machining proved insufficient to achieve the required precision tolerances. To solve this problem, the PA0100 utilizes a special miniaturization process technology, successfully achieving ultra-low resistance current sensing resistors with values ranging from <math><2\text{m}\Omega</math> to 10m $\Omega$ ~100m $\Omega$ .

PA0100 possesses numerous advantages, including high precision, TCR and thermal EMF. Especially the PA0100 with a resistance of <math><2\text{ m}\Omega</math>, which can also be used as a metal jumper. Additionally, the PA0100 can withstand a current of up to 6 amperes, providing high-performance characteristics. As a result, customers can reduce power consumption and achieve energy savings.

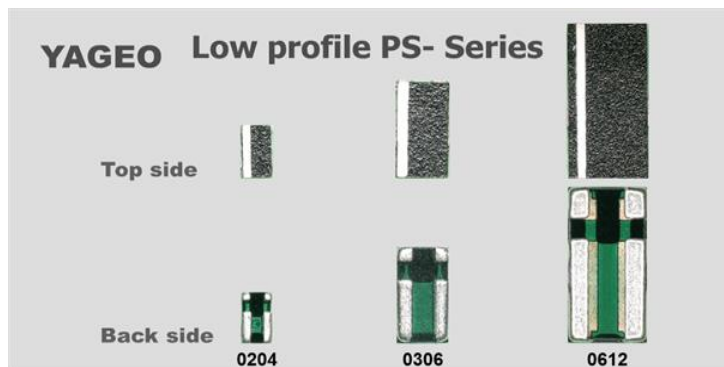
The PA0100/0201 current sensing resistors are primarily used in mobile devices that require compact size, multi-functionality and high-density mounting, such as smart phones, tablet computers, (RF/PA module), battery management systems and wearable devices. YAGEO's PA series current sensing resistors offer a wide range of size options, including 0100, 0201, 0402, 0603, 0805, 1206, 2010, and 2512, comprehensively meeting customers' diverse application needs and achieving high performance and multifunctionality.

## Innovative characteristics of R-Chip



### 4 Terminal Current Sense Resistors

YAGEO's global four-terminal ultra-high current sensing resistors are available in sizes 0612 and 0306, with thicknesses ranging from 0.5mm to 0.75mm. To meet the application requirements for products that are light, thin, short and small, we have adopted a special miniaturization technology process. As a result, we have successfully developed the smallest four-terminal 0204 product with a thickness of less than 0.45mm. The ultra-thin design of these products fully meets customers' requirements for thinness when integrated with other electronic components.



### High-Power Green Vehicle Specification Films

YAGEO has developed a high-performance film suitable for automotive specifications by combining lead-free ink and laser cutting optimization. These products meet the stringent requirements of the automotive industry under both short term high voltage and long term intermittent full load power conditions. They have excellent moisture and sulfur resistance, effectively preventing corrosion from moisture and sulfur intrusion. Additionally, these products provide high power while also utilizing smaller sizes. For example, RP0402 0.125W can replace RP0603 0.1W, RP0603 0.2W can replace 0805 0.125W, and 0805 0.25W can replace 1206 0.25W. This design not only reduces material usage, but also effectively reduces resource consumption, thus achieving the goal of resource conservation.

Product	Maximum Power
RP0402	0.062W → 0.125W
RP0603	0.1W → 0.2W
RP0805	0.125W → 0.25W
RP1206	0.25W → 0.4W

## R-Chip Green Process

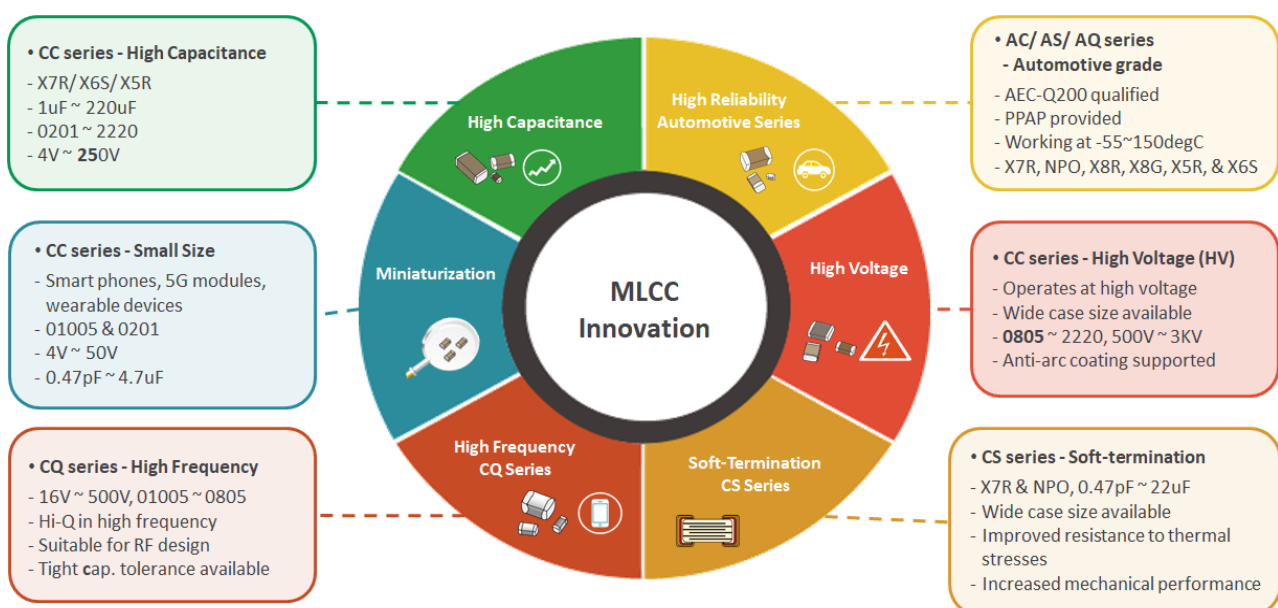
### Upgrade and Optimization of Lead-Free Resistor Products

YAGEO's Suzhou factory (R-Chip) has implemented significant upgrades and optimizations for its SR0805 lead-free resistor product line. While improving performance, we have successfully increased the product's power from 1/3W to 1/4W. In addition, we have reduced the product size by approximately 15%, effectively reducing the raw materials used in the manufacturing process.

This improvement not only enhances product performance, but also demonstrates our commitment to the environment in a number of ways. By reducing the use of raw materials, the Company has reduced resource consumption and carbon footprint in the production process, further promoting green manufacturing and sustainable development. At the same time, the reduction in size increases the flexibility of YAGEO's products in applications, enabling them to better meet customer demands for high-performance and miniaturized electronic components. We are committed to continuous product improvement to provide customers with high quality solutions in a more efficient and environmentally friendly manner. This series of upgrades not only demonstrates YAGEO's relentless efforts in technological innovation, but also reflects our proactive actions to achieve sustainable development goals.

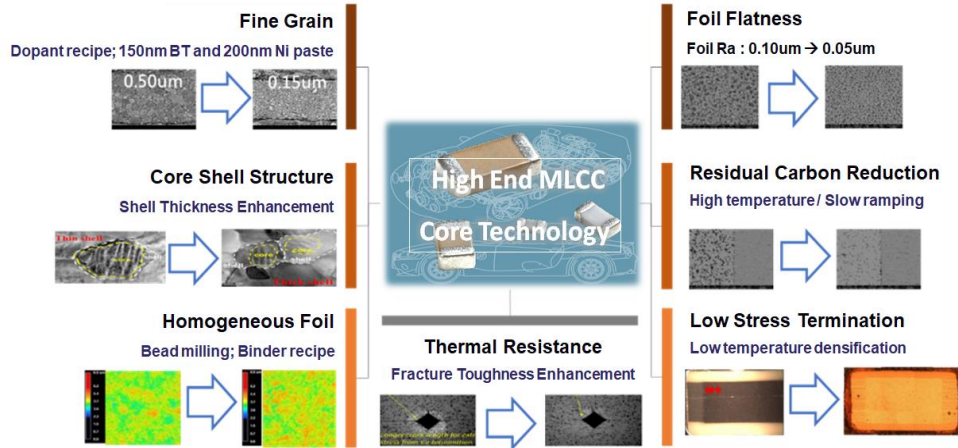
## MLCC

In the field of multilayer ceramic capacitors (MLCCs), demand for products in various fields has increased due to the introduction of electric vehicles and 5G technology. R&D focuses on six key areas: high capacitance, high-reliability automotive series, high voltage, high frequency, flexible terminal electrodes, and miniaturization. In addition, the Company is actively pursuing innovative developments in materials and manufacturing processes to protect the environment and conserve energy.



## Innovative characteristics of MLCC

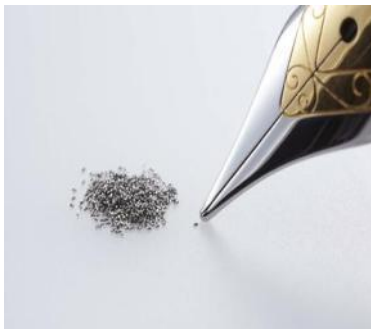
To expand its market share in niche MLCC products, YAGEO has focused its R&D efforts on automotive applications and miniaturization. In recent years, the increasing demand for automotive components and the emergence of ITO technology have driven product trends toward high capacitance, high voltage and high frequency operation to meet high reliability requirements. At the same time, there is a trend toward miniaturization in mobile applications. As a result, YAGEO is committed to improving its miniaturization technology (01005) to meet the demands of high-capacity applications.



The proliferation of self-driving and electric vehicles has significantly increased the demand for MLCCs. These vehicles require 4 to 5 times the number of MLCCs compared to traditional automobiles. To meet this challenge, we are continually improving the reliability requirements of our products. By adopting a new material system and manufacturing process technology, we have successfully developed products with high temperature resistance and high reliability, ensuring stable operation even in extreme environments.

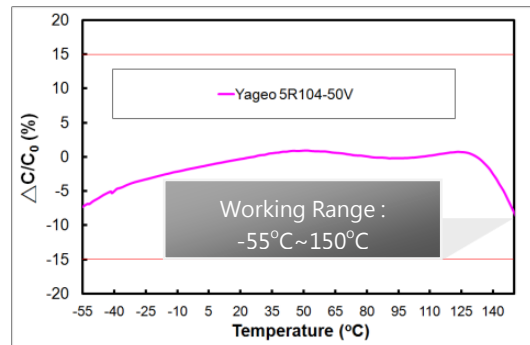
YAGEO will continue to invest in R&D and drive technological innovation to meet the market demand for high-performance, high-reliability MLCC products and maintain its leading position in the global market. These initiatives not only help us achieve our sustainable development goals, but also enable us to provide higher quality solutions to our customers.

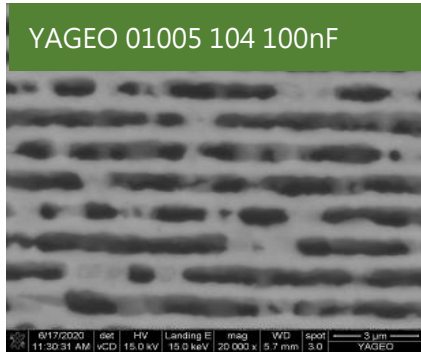
01005 Series



Size :  
0.4mm\*0.2mm

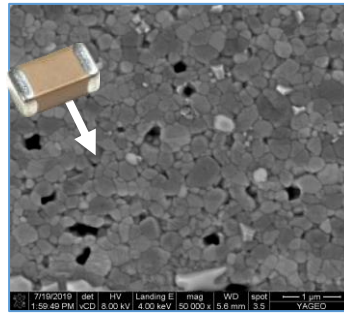
Automotive X8R Series





YAGEO 01005 104 100nF

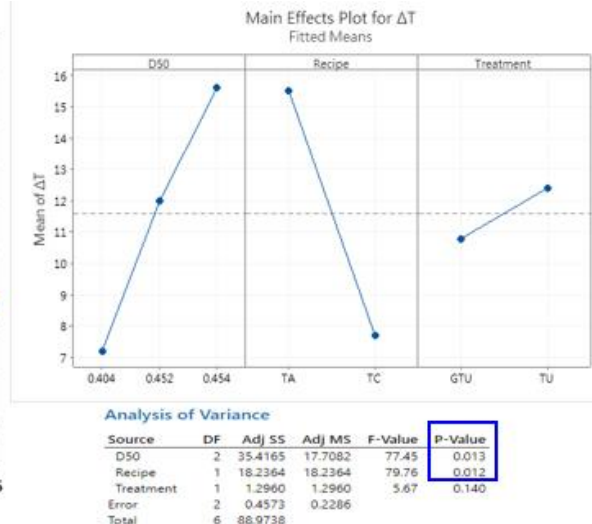
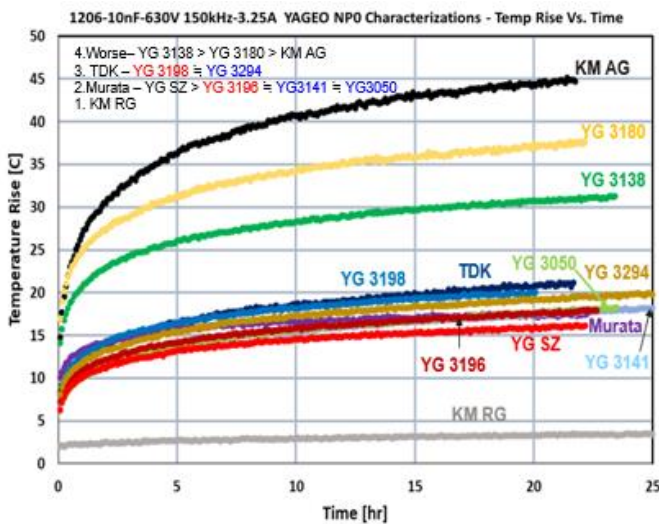
◇ 0.61  $\mu\text{m}$   
(dielectric thickness)  
◇ 0.68  $\mu\text{m}$   
(electrode thickness)



Grain size = 250 nm

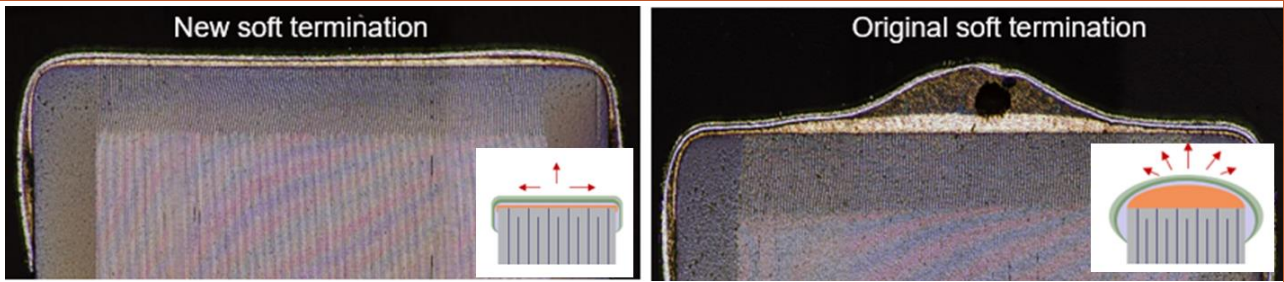
### Develop Low Self-Heating High-Voltage Products

Electric vehicles, their external charging systems and power applications require high voltage products. However, the application frequency is in the medium to low frequency range. In this range, the effects of ripple current are more pronounced than in the high-frequency range, resulting in self-heating. Excessive self-heating increases the thermal stress on the product and reduces its reliability. Therefore, the addition of trace additives and process optimization are used to mitigate self-heating and achieve low thermal stress requirements.



### Develop Soft Terminal Electrode Capacitor Products

YAGEO's CS series soft-terminal electrode capacitors can withstand a minimum of 3 mm of board bending, allowing flexible application in end systems such as headlights, infotainment systems, batteries and chargers, power supplies, and other devices. These flexible electrode capacitors exhibit excellent bending resistance, thermal shock resistance and mechanical vibration resistance in highly stressed flexure circuit boards, power supply switching, and base stations.



### Multi-layer Ceramic Capacitor (MLCC) Green Process

- **Improvement of Nantze factory:**

In the binder removal stage, the Nantze plant successfully reduced nitrogen consumption, shortening the process time by approximately 27.6% and reducing nitrogen consumption by approximately 32%. These improvements not only increase production efficiency but also effectively reduce energy consumption and carbon emissions.

- **Optimization of the Nantze plant:**

The Suzhou plant has reduced the sintering temperature by replacing the ceramic material. This not only reduces energy consumption, but also helps extend the life of the equipment, further enhancing the environmental benefits of the production process.

### Circuit Protection Components

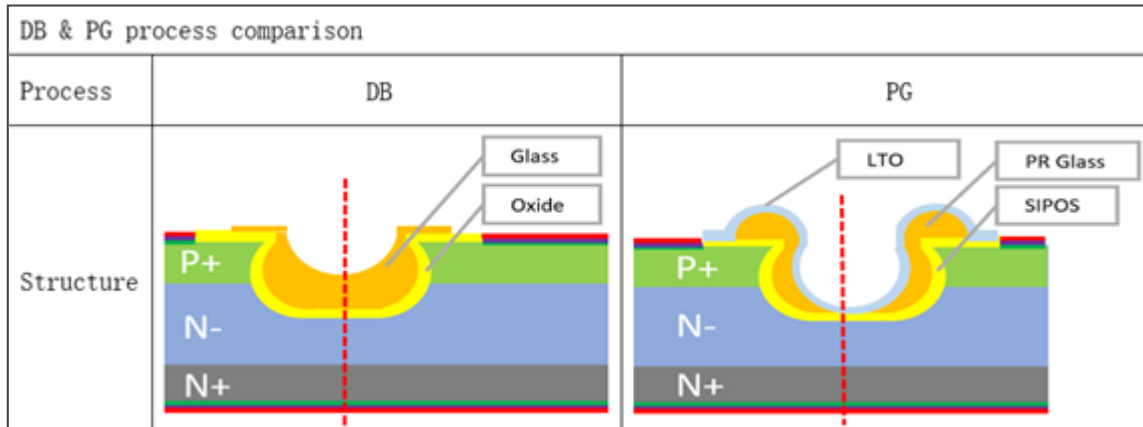
YAGEO offers comprehensive circuit protection solutions that limit voltage to acceptable levels and prevent circuit damage by diverting excessive current to ground. These products can adjust based on temperature fluctuations to ensure circuit safety. YAGEO's circuit protection products are widely used in vehicle, industrial, power supply, communications, and consumer electronics.

In R&D, YAGEO not only improves its manufacturing process technology generations, but also strives to develop products that are thin, light, small, highly efficient, and high performance to meet market demands. YAGEO actively promotes sustainable development by using environmentally friendly materials and energy-efficient technologies to reduce environmental impact. It strives to reduce the energy consumption of its products to promote a sustainable future.

### Green products and processes for protective components

- Suzhou plant improvements: The isopropyl alcohol cleaning step in the welding process will also reduce the use of organic solvents, further promoting green manufacturing and making a positive contribution to environmental protection.
- Dongguan plant improvements: Metal Oxide Varistor (MOV) products are expected to undergo process improvements in 2024, reducing the use of cleaning water and organic solvents. This will reduce environmental pollution and improve the environmental friendliness of the production process.

- The Dongguan factory's transient voltage suppressors (TVS) have achieved high reliability through the introduction of the PG (Photo Glass) process. These TVS devices maintain stable and reliable performance in harsh environments, including extreme temperature ranges, high vibration, high voltage, high humidity, and EMI. They have passed automotive industry quality standards such as the AEC-Q series certifications. The attached figure shows a comparison between traditional DB (knife engraved) and PG (Photo Glass) processes.

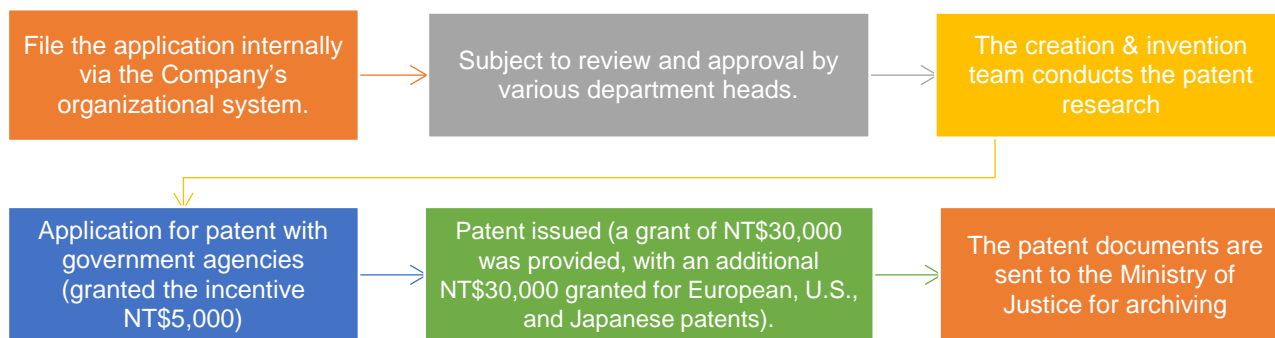


## ■ Innovation Creation and Patent Management

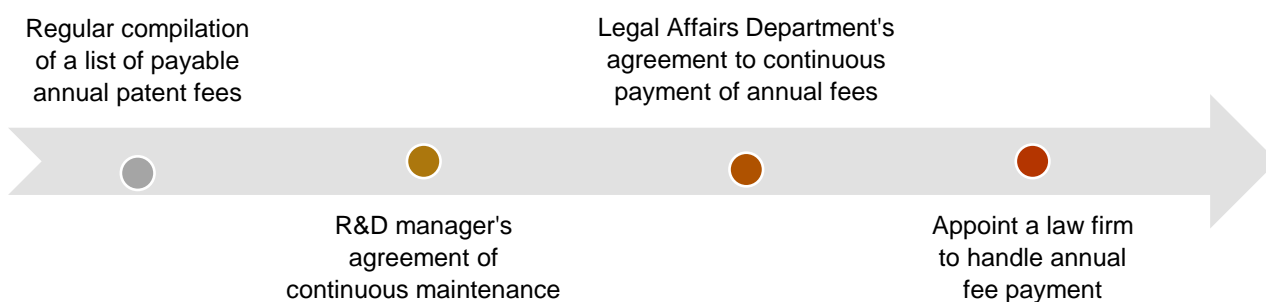
YAGEO has established “Regulations Governing Invention and Creation Incentives” and a “Operating Procedure for Application for and Maintenance of Patents” as its intellectual property management policies for the process of intellectual property creation, proposal review, and rights acquisition. These policies encourage employees within the group to engage in product and technological R&D innovation. For intellectual property management, such as case status and rights protection, the company not only manages it internally, but also entrusts external law firms to manage it, effectively reducing the risk of intellectual property management. A total of 21 patent applications were filed internally in 2023.

The “Regulations Governing Invention and Creation Incentives” are designed to encourage employees to be bold in their creative inventions, thereby promoting technological advancement and ultimately increasing overall productivity. This policy applies to all formal employees of YAGEO who, during the course of their employment, submit inventions or creations related to their job duties or business operations and whose content meets the requirements for filing domestic and international patents.

### Patent Application Process



### Patent Maintenance Process:



### YAGEO's Achievements in Intellectual Property Rights

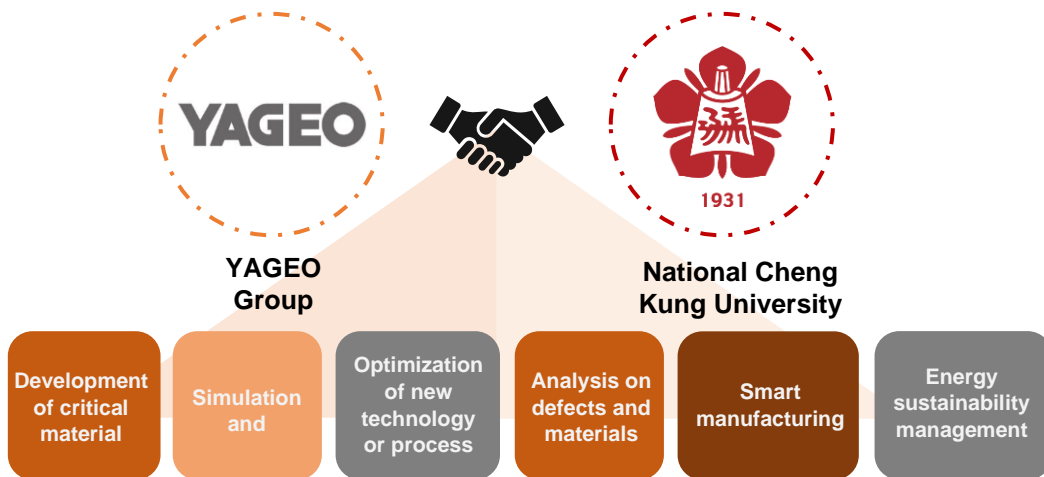
Type	Taiwan			Other Countries/Regions			Total
	Invention	New	Design	Invention	New	Design	
Certified	146	83	9	1,511	214	13	1,976
Pending	29	0	0	464	8	0	501

Note: Data is as of December 31, 2023.

### Industry-Academia Research Collaboration to Stimulate Innovative Energy

For the time being, in addition to the product R&D department at each factory site, there are also R&D and electrode materials, equipment, advanced electroforming, and high-end analysis centers. To enhance YAGEO's passive component technology development capabilities through industry-academia collaboration, the YAGEO-NCKU Joint Research Center was established in 2020. This collaboration with National Cheng Kung University promotes R&D projects in various fields, integrating theory and practice to conduct joint R&D. In 2023, a total of 11 R&D projects were conducted, involving 27 professors and 51 students. In addition to collaborating with overseas business units, the research focuses on four key areas: critical material development, simulation and design, new technology or process optimization, and failure and material analysis. The scope of research has also been expanded to include projects related to smart manufacturing and energy sustainability management.

## Joint R&D Center of YAGEO and National Cheng Kung University



### Anticipated effects of joint research projects

As driven by the projects in various fields, it is expected to improve the income, market share and quality, reduce costs, increase production efficiency, and accelerate some technological breakthrough. Meanwhile, in response to the establishment of the joint research center, YAGEO is eager to recruit R&D-related personnel. The joint research center also recruits talents from diversified channels. For the details about talent recruitment, please refer to Article 7.1 for Diversified Recruitment.



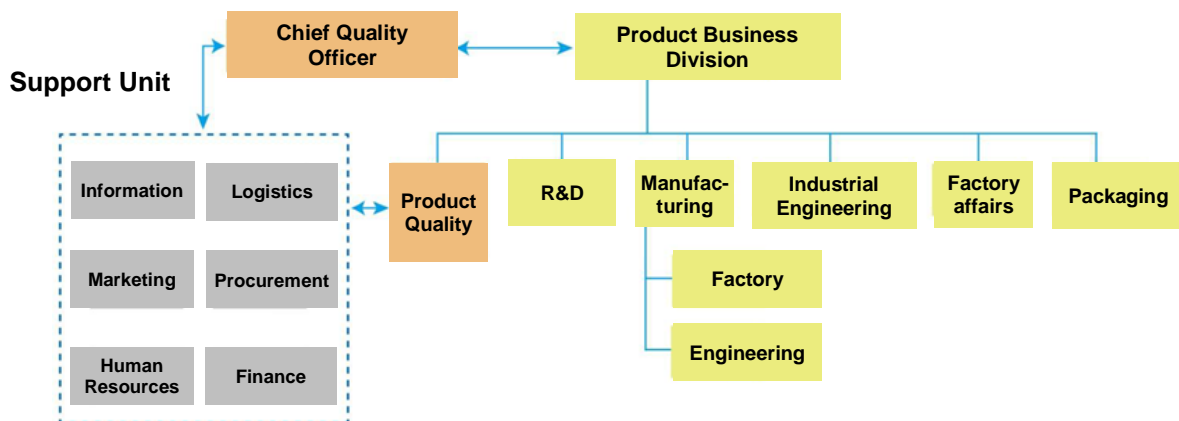
## 5.2 Product Quality Management

YAGEO has implemented ISO 9001 and other quality management systems and received certifications from AIAG, VDA|QMC, and IATF, demonstrating YAGEO's adherence to international quality standards. These recognitions strengthen the credibility and reliability of YAGEO's quality management practices. In 2023, we continued to implement our quality policy, "Quality is the Foundation of the Future," and strengthened our quality management through seven key areas. By integrating Key Performance Indicators (KPIs) for each process into our quality policy, we ensure a close link and continuous monitoring of all customer-facing, management and support processes within YAGEO. This comprehensive approach enables us to consistently deliver products and services that meet customer satisfaction.

"Quality Is the Foundation of the Future" is a commitment to zero defects, emphasizing precision and excellence in every component manufactured. This ensures that every product meets the highest quality standards. Achieving customer satisfaction goes beyond simply meeting expectations; it is about delivering exceptional experiences, fostering loyalty and positive engagement, and ensuring long-term success. Prevention is better than cure, especially when it comes to quality management. By connecting systems and using the right tools, organizations can proactively prevent problems and continuously improve processes before they occur, reducing risk and increasing efficiency. A robust quality culture requires the daily commitment of every employee. This universal, daily commitment to quality fosters a unified effort to maintain high standards and achieve common goals. Valuing people and encouraging their enthusiasm, skills, and commitment are critical to building a high-performing organization. Investing in employee development and recognizing their contributions creates a positive work environment. Environmental and social responsibility goes beyond compliance. Leading companies are actively seeking ways to minimize their environmental impact and make a positive contribution to society. This enhances their reputation and ensures sustainable development and operations. Finally, upholding ethics and integrity by adhering to codes of conduct and courageously doing the right thing is critical to maintaining trust and credibility. This culture of honesty and accountability is the foundation for long-term success.



## ■ Global Quality Management Organizational Chart



YAGEO's quality management organization is divided into corporate and product business units to ensure comprehensive quality control and improvement. The Chief Quality Officer is responsible for overseeing quality management in all product areas. They work with the QC Managers of each product group and the QC Managers of each factory to ensure that the entire production process, from raw material sourcing to finished product inspection, meets quality standards. The monthly Quality Leadership Council (QLC) meeting has become a critical platform for ensuring compliance with quality standards and regulatory requirements. The Chief Quality Officer and representatives from each product area work together to review and address any non-compliance issues.

All YAGEO factories are certified to relevant ISO standards, including ISO 9001, ISO 14001, and ISO 45001. Additionally, some factories that produce automotive products have achieved IATF 16949 certification. The Company continuously updates our quality system in response to regulatory requirements and customer feedback. The Chief Quality Officer is independent of the Product BU, enabling an objective and unbiased review of quality requirements across all product lines. This ensures that quality standards are not compromised.

In addition, YAGEO periodically evaluates the previous year's product quality indicators, such as defect rates, and identifies priority areas for improvement. For each item, a Quality Improvement Team (QIT) is established. The QIT will be composed of cross-departmental professionals based on the item to be improved. The team will regularly review the progress of the improvement and report at the monthly meeting.

YAGEO is committed to providing exceptional products and services to customers worldwide. Through a comprehensive quality management policy, the company ensures that every process, from receiving customer requirements to product delivery, meets the highest quality standards. We conduct regular external quality

inspections to ensure that our products are of the highest quality and to maintain our customers' trust and expectations.

R-chip's SGS Report	MLCC's SGS Report	HSF Quality Report of Circuit Protection Components
 	 	 

**Product and Service Quality Evaluation**

YAGEO has been consistently recognized by customers for the quality of our products and services, and has received many prestigious awards from numerous customers. These evaluation criteria cover many aspects, including raw material quality, customer satisfaction reports, management quality, on-time delivery, and operational and business systems. The award not only recognizes the excellence of YAGEO's products, services, and overall performance, but also underscores the importance of our leadership position in the market and the trust of our customers.

These honors reflect our ongoing efforts and outstanding achievements in quality management, supply chain coordination, and customer satisfaction. YAGEO will continue to strive for continuous improvement in service levels to ensure that customers receive the highest standards of product quality and professional service.

**Product and Service Quality Related Awards Received in 2023**

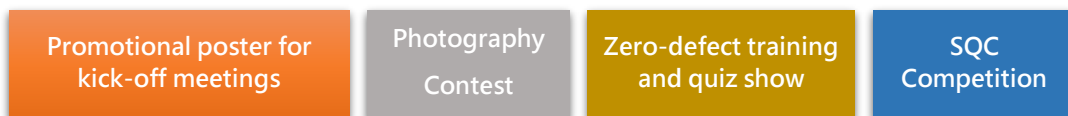
Cisco Systems - "Excellence in Quality Award"	Hon Hai Technology Group - "Best Supplier Award"
	

## ■ Quality Month Activity

In order to implement the quality management policy and strengthen the focus of employees on quality management, YAGEO organizes Quality Month activities every November. The theme for Quality Month 2023 was "Evolving our Zero Defect Mindset." This initiative was formally launched in the second half of the year, following extensive internal preparation and discussion within the Group.

The Quality Month activity launches a series of activities at all sites aimed at raising internal awareness of quality management and working together to achieve the goal of zero defects. Through these activities, we will encourage all employees to further deepen their zero-defect mindset, thereby improving product quality and service levels to meet customer expectations for high-quality products.

The Quality Month activity not only embodies YAGEO's unwavering commitment to quality, but also serves as an important platform for continuous improvement and learning. We expect that these efforts will further solidify our competitive advantage and customer confidence in the marketplace, creating a sustainable win-win situation.



### 1. Promotion and Participation in the Quality Month Activity

The YAGEO Group set annual goals and guidelines, and each factory produced posters and large banners to promote the theme of Quality Month at prominent locations and entrances to the factory grounds. To effectively communicate the message of the Company's quality policy, we produced multilingual promotional videos, taking into account employees of different nationalities.

The Quality Month activity began with a cross-plant meeting on the launch day. High-level executives formally announced the start of the event, fostering a shared commitment to quality and engagement throughout the YAGEO Group. In 2023, the Quality Month activity attracted 7,250 employees, demonstrating widespread participation and support.

In addition, our total investment in Quality Month activities amounted to NT\$639,000. The effective use of these resources not only enhanced the dissemination of quality management principles, but also promoted employee involvement and contributions to quality improvement. Through these efforts, YAGEO will continue to strengthen our quality culture and ensure the continuous improvement of our products and services in order to achieve high recognition from customers and the market.



## 2. Establishment of Quality Awareness and Photography Competition

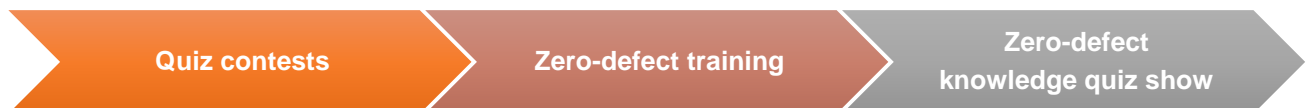
Through a photo contest, YAGEO actively established and conveyed the awareness that “maintaining quality requires attention to every detail, and every employee in every department is crucial”. The Company also promoted the concept of Evolving our Zero Defect Mindset. Each year, our factory holds a short film competition based on the theme of each year encouraging all employees to participate and showcase their creativity.

The 2023 photography competition received enthusiastic participation from all factories, demonstrating widespread employee involvement and a shared commitment to quality management. The selected works will be exhibited at each plant after Quality Month, not only promoting the culture of quality, but also inspiring all employees to actively participate in quality management.

To recognize the creators of outstanding works, YAGEO awarded a total of NT\$50,000 in prizes. These activities serve not only as a motivator for employee engagement, but also as an effective means of fostering a collective effort to continuously improve quality management standards and the overall competitiveness of the Company.



## 3. Zero-defect event and training



During the Quality Month activity, YAGEO designed engaging and easily understandable educational materials centered around the core principle of zero defects. This initiative aimed to strengthen employee understanding and implementation of the company’s core values, including prevention and continuous

improvement, customer satisfaction, environmental and social responsibility, and ethics and integrity. Through a prize-winning quiz competition, we encourage all employees to actively participate during Quality Month. By conducting a series of zero-defect education and training programs, we aim to enhance employees' understanding of how to achieve zero-defect quality and foster related discussions.

We also held a zero-defect knowledge quiz competition based on the content of teaching materials and training programs. These contests not only increased employees' understanding of zero-defect knowledge, but also further strengthened their commitment to the concept of zero-defect quality management. In 2023, our knowledge quiz activity was conducted through an online questionnaire with a total of 4,017 participants. Of the participating factories, 91.54% of employees scored 80 or higher.

These activities not only motivate employees to actively participate in quality management, but also help to establish a "quality first" value system in the corporate culture, ensuring that YAGEO will continue on our path to achieving excellence in quality.



#### 4. Statistical Quality Control (SQC) Competition

This activity of YAGEO is a large-scale project that lasted a year. Team members, under the guidance of their respective team leaders, proposed improvement topics and detailed execution plans according to the improvement schedule. They then completed each project item in turn. Throughout the project, implementation committee members from each group were responsible for helping to resolve issues and ensure smooth progress. The evaluation process included a mid-term written review, a final written review, and a final presentation of results. These stages involved a year of meetings, discussions, and experimental verification.

In 2023, a total of 342 participants engaged in this activity, accumulating 1,965 training hours. Each team presented their project results at the end of the year after completing their project reports. The presentations were supported by



senior management and recognized by the review committee. This initiative not only enhanced each team's ability to improve project management and execution, but also effectively promoted interdepartmental collaboration and knowledge sharing, further advancing YAGEO's continuous improvement and innovation efforts.



### Quality Management and Environmental Certification

YAGEO's various manufacturing sites have obtained multiple quality management system and product environmental certifications, such as IATF 16949: 2016 for automotive quality management systems. All products are regularly inspected and managed for hazardous substances in compliance with EU-RoHS, REACH standards, and California Proposition 65. This year's hazardous substance inspection results showed that 100% of the products meet international standards. Moving forward, we will continue our efforts to maintain 100% compliance with international hazardous substance inspection standards.

During the year, we did not experience any incidents of non-compliance with product information and labeling regulations. Additionally, there were no issues related to health and safety regulations for our products and services. This demonstrates our ongoing commitment to complying with relevant regulatory requirements and ensuring the legality and safety of our products in global markets.

Quality Management System and Certification	MLCC				R-chip		Circuit Protection Components				Testing & Packaging
	Nantze YP	Dafa YF	Dafa YF3	Suzhou SZ-C	Dashe YR	Suzhou SZ-R	Dong-guan CPC	Dong-guan TH DG	Suzhou TH MD	Portugal Vitrohm	Dong-guan Back-end
ISO 9001: 2015 : 2015 Quality Management System	●	●	●	●	●	●	●	●		●	●
ISO/IEC 17025: 2017 Laboratory Quality Management System	●			●	●	●					

Quality Management System and Certification	MLCC				R-chip		Circuit Protection Components				Testing & Packaging
	Nantze YP	Dafa YF	Dafa YF3	Suzhou SZ-C	Dashe YR	Suzhou SZ-R	Dong-guan CPC	Dong-guan TH DG	Suzhou TH MD	Portugal Vitrohm	Dong-guan Back-end
IATF 16949: 2016 Automotive Quality Management System	●	●	●	●	●	●	●	●	●		●
IEQC QC 080000: 2017 Hazardous Substance Process Management System							●		●		
Authorized SONY Green Partner				●	●	●					●
ASUS Green Management System	●				●						
SAMSUNG Eco-Partner	●	●									

### ISO 9001 Certificate

### IATF 16949 Certificate









### ISO 14001 Certificate

### ISO 45001 Certificate



## 5.3 Customer Relationship Management

YAGEO regards each customer as a business partner and aims to establish long-term relationships with all of them. To support this, YAGEO's sales teams regularly visit key customers and partners, and hold quarterly meetings with customers and distributors to discuss services, products, and exchange market insights, ensuring timely feedback to customers. Additionally, the company sets an annual target of at least 20 customer visits per business sector.

-  Annual/quarterly quotations - discussion on issues, such as price negotiation, expansion of business scale, and production capacity.
-  Technical conference - introduce products to customers or update the progress in product development, etc.
-  Institutional investors conference (Road Show)- Present to customers about the update on organization and overview of YAGEO Group's products.
-  Routine visit to customers - Routine daily visits to customers, solicitation for business opportunities and enhancement of relationship with customers, etc.
-  Quality Issues - Discussion on quality issues, including how to improve quality and prevent quality problems.
-  Large customer event (Customer Day) - Organize large event to maintain proper customer relationship and to exchange opinions at the same time

### ■ Response to Sustainable Activities

#### Response to customer's beach cleaning event

YAGEO accepted the invitation from GIGABYTE to participate in the joint coastal beach cleaning event on March 18, 2023. On the day of the event, 210 participants from various suppliers joined together to clean up Pig Nose Beach. Despite strong wind on the day of the event, all participants successfully cleaned up 1,382.3 kg of marine debris with great effort. YAGEO contributes to our ocean by responding to the beach cleaning event and looks forward to working with more customers to expand the impact of sustainability.



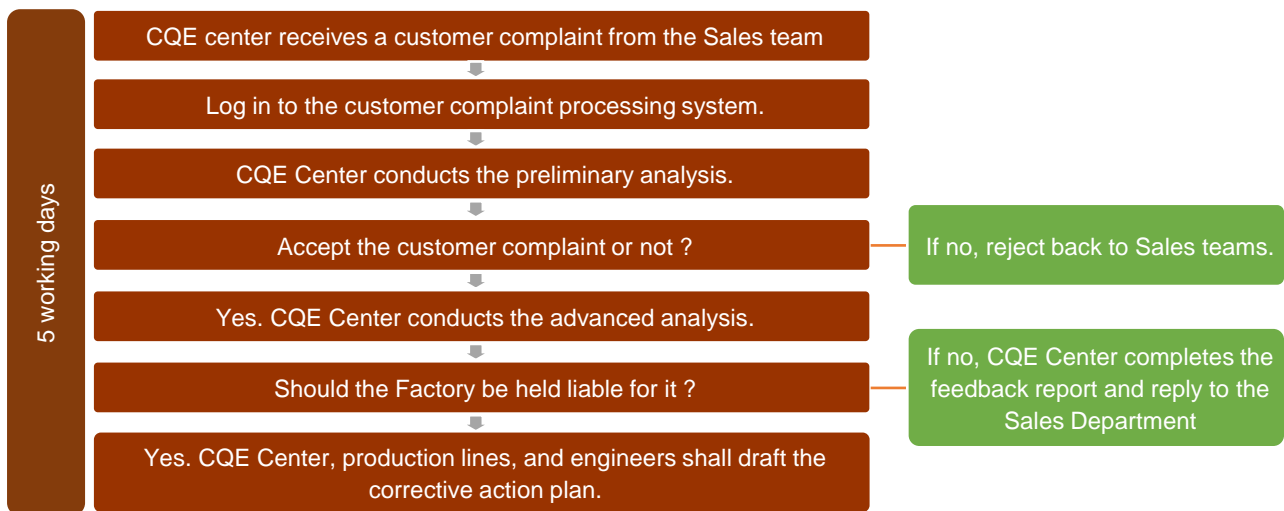
## ■ Customer Feedback

YAGEO values suggestions from each customer. Upon receiving a written opinion from customers, the Sales Department will forward it to the Quality Assurance Department. The QA will fill in the customer complaint processing form to conduct a preliminary analysis and reply to the customer within 24 hours that the complaints are accepted. The root cause analysis, feedback reports and documentation for such complaints will be completed by the Quality Assurance Department within 5 days. YAGEO's factories achieved the target time for customer complaint handling (5 working days). In 2023, with the cooperation of relevant personnel, the actual number of days for handling most customer complaints met the target time. There were no major customer complaint incidents in 2023.

Year of 2023	MLCC				R-chip		Circuit Protection Components				Testing & Packaging
	Nantze YP	Dafa YF	Dafa YF3	Suzhou SZ-C	Nantze YP	Dafa YF	Dong-guan CPC	Dong-guan TH DG	Suzhou TH MD	Portugal Vitrohm	Dong-guan Backend
Customer complaint resolution target completion time (5 business days) achievement rate %	100%	100%	-	100	100%	100%	100%	100%	100%	100%	99.8%

Note: Dafa YF3 started operations in 2023, so there is no full-year statistical data available. Customer complaint handling data will be collected and disclosed from 2024.

### Customer Feedback Process Flow Chart



## ■ Customer Satisfaction

The Sales & Marketing Department maintains close contact with customers, is responsible for organizing the customer visit schedule. This includes verifying the purpose of each visit, identifying customer needs and suggestions, and escalating any issues to a supervisor via email if necessary to develop solutions or corrective actions. The information gathered is used for internal assessments of service quality.

The Sales & Marketing Department also distributes the annual "Customer Satisfaction Survey" in mid-December. The survey covers areas such as software and hardware services, personnel service quality, and other administrative support (see the table below). Each item serves as a criterion for evaluating internal service quality, and the results are shared with the Administration and factories to guide continuous improvement efforts. If a customer's needs or suggestions cannot be fully addressed to their satisfaction, the issue is included in the agenda for the monthly management meeting. In cases where the average score from a customer satisfaction survey is below 7 out of 10, the situation must be documented, and appropriate actions are discussed to meet the customer's needs. If required, a "project" will be established to correct the issue.

In 2023, the overall customer satisfaction score was 8.3. The company's long-term goal is to achieve an average customer satisfaction score of 9.

### Customer Satisfaction Survey Report

Item		
<ul style="list-style-type: none"> <li>• Level of satisfaction with the sales representative</li> <li>• Date of delivery</li> <li>• Customer service worker's response speed</li> <li>• Product logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality control</li> <li>• Environmental quality control over products</li> <li>• Whether the product applies to you in terms of the model and development thereof?</li> <li>• Length of time spent in processing a customer's complaint</li> </ul>	<ul style="list-style-type: none"> <li>• Technological support and exchange</li> <li>• Product catalogue design</li> <li>• Time spent in providing samples</li> <li>• Information on the Company's official website</li> </ul>
Customer Satisfaction	R-Chip	MLCC
Average customers' satisfaction	8.4	8.2
Overall satisfaction	8.3	

# Chapter 6 Green Manufacturing



## 6.1 Environmental Management

### ■ YAGEO’s Environmental Policy

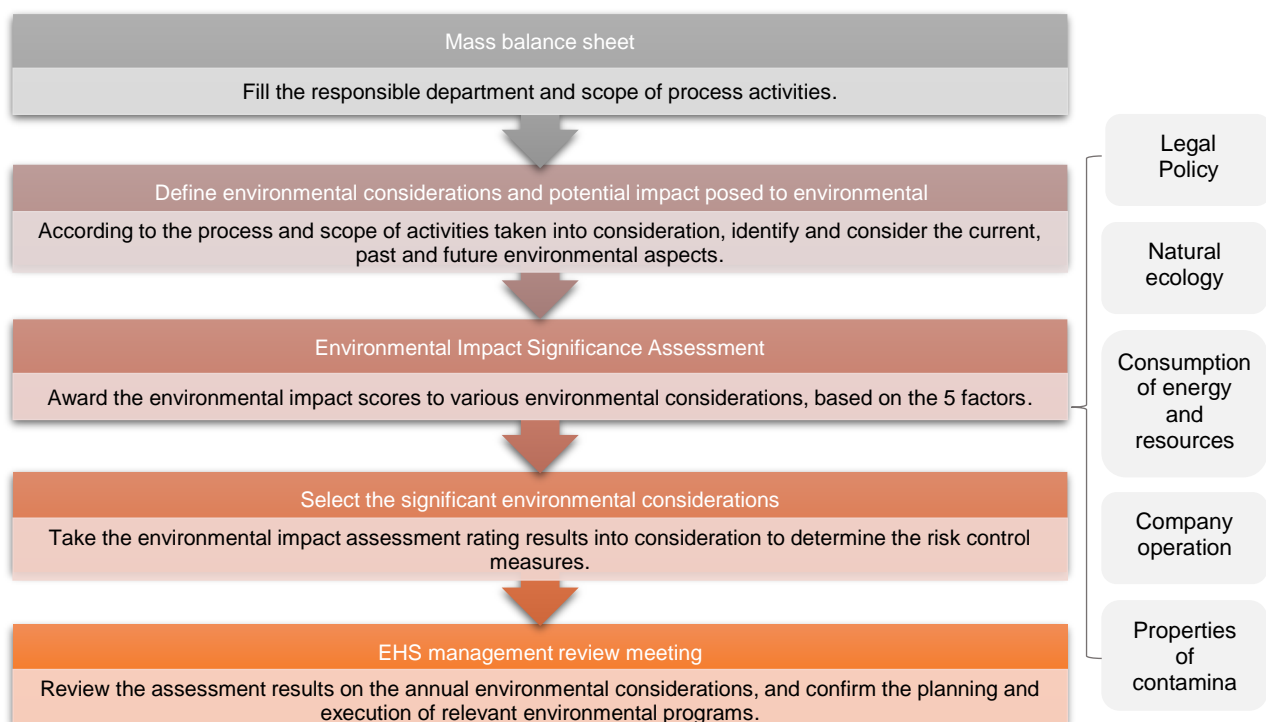
YAGEO adheres to the spirit of “clean production and sustainable environment.” All of its factories have passed ISO 14001 environmental management system certification. YAGEO’s environmental goals are reviewed through regular management reviews, internal and external audits, and quarterly environmental committee meetings. When necessary, environmental management procedures are adjusted on an ongoing basis to ensure that the company actively implements environmental management and that its operations comply with environmental regulations. To this end, environmental complaint channels have been established for all overseas YAGEO factories, and a response procedure, the “Environmental Safety Correction and Prevention Management Procedures,” has been formulated. This procedure ensures that incidents can be reported according to the established process and then handled by the relevant departments. “Internally, suggestions from employees on environmental and safety issues are received via a “communication form.” Training plans are scheduled as needed, or environmental policies are amended or supplemented. In addition, awareness is raised through methods such as the Internet, bulletin boards and e-mail. Finally, relevant review meetings are held to communicate implementation results and conduct reviews.





### ■ Evaluation on impact to the environment

In order to mitigate the environmental impact of operations, each of YAGEO’s factories is supported by the Labor Safety Department and the Environmental Safety Committee, and in accordance with the “Operating Procedure for Evaluation in Terms of the Environment,” each unit is required to evaluate the potential environmental impact of operations before starting operations, and to assess the environmental risk based on the evaluation results. If any significant environmental impact is confirmed by the evaluation, YAGEO will adopt the corresponding environmental plan to make corrections, and will reevaluate the environmental impact upon completion of the environmental program to confirm that the environmental risk has actually been reduced and improved.



**Response to Environmental Impact Significance Rating (e.g. Kaohsiung Nantze Factory and Dafa Factory)**

Prevent and correct environmental incidents			
According to the results of environmental impact significance rating, it can be divided into acceptable and unacceptable risk control measures. However, if it doesn't satisfy the legal requirements, it should be identified as the one to be corrected immediately.			
<b>A (high risk) evaluation score &gt;=400</b> The unacceptable risk, if decided, is subject to submission of an EHS management program	<b>B (Moderate risk) evaluation score 200~399</b> To evaluate and consider the corrective action, admit it as the first priority and submit an EHS management program	<b>C (low risk) evaluation score 100~199</b> To be included into the routine monitoring management, and propose the management method, if necessary	<b>D (Minor risk) evaluation score &lt;99</b> To remain unchanged, and be excluded from the corrective action plan

**■ Prevention and Correction of Environmental Incidents**

**YAGEO Environmental Safety Correction and Prevention Process**



In response to the requirements of environmental regulators, YAGEO has taken an active and cooperative approach to addressing and improving environmental issues. In 2023, there were a total of 3 incidents of non-compliance with environmental regulations, which are detailed as follows:

Site	Date	Penalty amount	Reason	Improvement measures and results
Dafa (YF1)	August 31, 2023	NT\$120,000	The manufacturing process of capacitors (260021) produces waste liquid with a flash point of less than 60°C(excluding alcoholic waste with an ethanol volume concentration of less than 24%) (C-0301). In storage, this waste liquid and the raw material toluene are mixed and stored together, and the production date and quantity are	1. The Company conducted a legal review of the modification and fire safety design of the hazardous materials warehouse at the Dafa Plant. The review resulted in obtaining a fire safety approval letter from the Kaohsiung City Fire Bureau and a building interior renovation certificate from the Public Works Bureau of the Kaohsiung City Government in January 2024.

Site	Date	Penalty amount	Reason	Improvement measures and results
			not marked on each barrel. This is a violation of Article 36, Paragraph 1 of the Waste Disposal Act and Article 7, Paragraph 1, Subparagraphs 1 and 2 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste.	2. Daily environmental and safety inspections are conducted in the waste area to verify the storage status of waste and the completeness of waste labels.
Dafa (YF2)	August 31, 2023	NT\$60,000	The waste liquid with a pH value of $\leq 2.0$ produced by the capacitor manufacturing process (260021) (C-0202) did not have its production date and quantity marked, which is a violation of Article 36, Paragraph 1 of the Waste Disposal Act and Article 7, Subparagraph 1, Item 2 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	<p>1. To enhance management procedures, when the waste nitric acid collection barrel is full, an alarm light will be activated at the manufacturing site and the pipeline will automatically close. The manufacturing equipment liaison will notify the factory service liaison in the public group to replace the barrel. The factory service forklift personnel are responsible for notifying the equipment team of the arrival of the equipment at the scene for barrel replacement. The manufacturing equipment liaison is responsible for affixing waste labels. Both parties must sign the hazardous industrial waste output record form together, confirming that the barrel replacement and labeling are completed before reactivation.</p> <p>2. Daily environmental and safety inspections are conducted in the waste area to verify the storage status of waste and the completeness of waste labels.</p> <p>3. Arrange for the removal of a full barrel of waste nitric acid to reduce storage levels at the facility.</p>

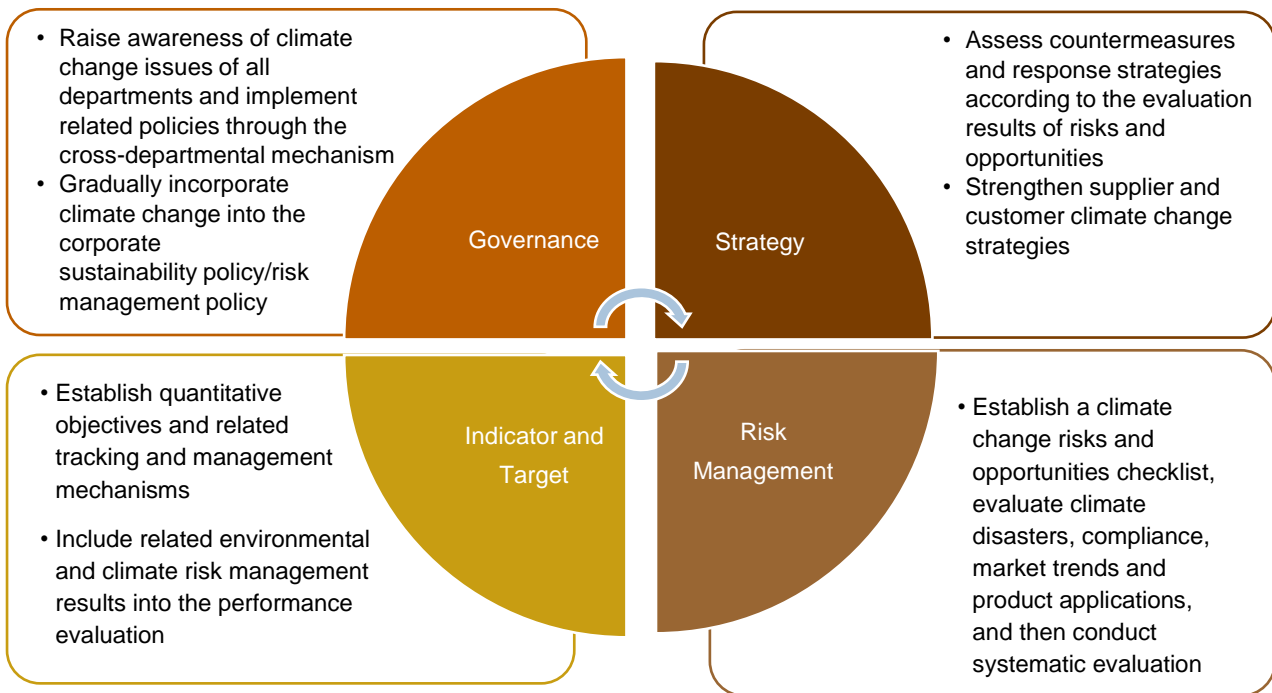
## 6.2 Climate Initiatives

YAGEO adopts the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and constructs the company's management architecture in response to climate risks in terms of the four main aspects of governance, strategy, risk management, indicator, and target. In addition, the company also identifies the potential risks and relevant opportunities associated with climate change in order to assess the material impact of the climate issue on the company's business and its level of impact.

### Climate Governance

YAGEO's climate risk management and assessment are led by the Board of Directors, which is responsible for reviewing and monitoring the environmental sustainability budgets and performance submitted by each business unit. YAGEO established the Sustainable Development Committee (former name: Corporate Social Responsibility Committee) in 2020, which is co-chaired by the CEO and two independent directors, as well as representatives appointed by functional organizations related to finance, economics, environment, and corporate governance. The members are drawn from all departments of the Company. The Sustainable Development Committee conducts risk assessments on climate-related issues based on the principle of materiality and integrates sustainable development into the Company's business strategy. In addition, the Committee reports annually to the Board on the implementation of the climate risks and opportunities strategy to track the progress of each strategy. Furthermore, YAGEO actively participates in the Carbon Disclosure Project (CDP) questionnaire to disclose the Company's management of climate change and water resources and its implementation status.

YAGEO discloses its assessment and management of climate-related risks and opportunities based on the four core elements of the Task Force on Climate-related Financial Disclosures (TCFD). The assessment criteria for strategic and financial planning cover the three aspects of impact: operational, financial and social, and the countermeasures are proposed in relation to the risks and opportunities classified as short, medium and long term. At present, YAGEO's main strategy is to strengthen our R&D capabilities to meet customers' needs for products with lower environmental impact. At the same time, by increasing the utilization rate of renewable energy, YAGEO is setting energy-saving targets for all factories and improving unit production capacity to reduce production energy consumption. In addition, YAGEO is gradually building a renewable energy system in all factories and implementing an ISO 50001 energy management system.



## Climate Risk Management

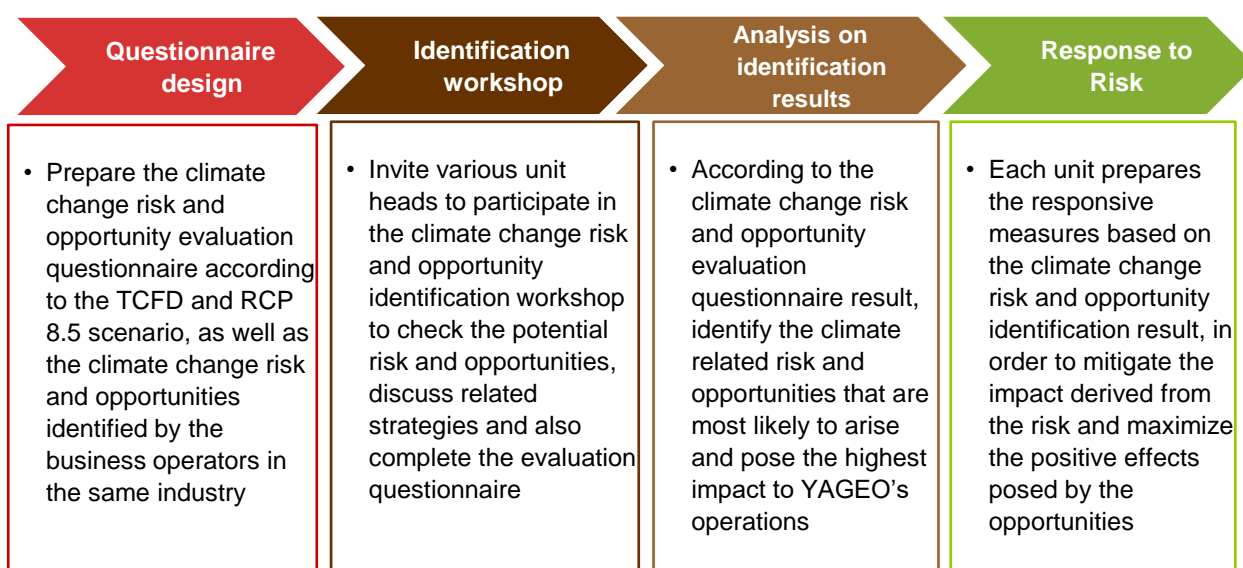
YAGEO established the “Risk Management Policy” in 2020, with the Board of Directors serving as the highest authority responsible for overseeing the Company’s risk management framework. The Board is tasked with approving and reviewing the risk management policy, as well as monitoring the effectiveness and comprehensiveness of the risk management mechanism to ensure it operates effectively. In addition, the internal audit unit has been established to be responsible for internal control and internal audit. The annual audit plan is submitted annually according to the risk assessment, and the status of risk management implementation is also reported to the Audit Committee. To improve operational risk management, the Company defines the scope of operational risks and adopts appropriate measures through risk identification, risk measurement, risk monitoring and reporting, and disclosure procedures, ensuring the management of related operational risks.

In addition, the Company has established Business Continuity Planning (BCP) to identify risks and establish procedures to respond to natural disasters and other emergencies at its plants to ensure that it can continue to manage its business even in the event of a risk, and to mitigate the impact of a failure or disaster caused by significant risks on critical operations. For the operation continuity plan, the Operation Continuity Management Committee has been established, with the Vice President serving as the Chairperson, the Factory Director as the Secretary-General, and department heads as committee members. Additionally, the committee convenes at least once annually to evaluate the adequacy, appropriateness, and effectiveness of the operation continuity management plan. Department heads perform an impact analysis of each risk on YAGEO with

respect to the products or services provided by the Company, and also consider the risk severity and occurrence probability along with the submission of the risk identification and assessment form.

YAGEO referenced the fifth assessment report of the Intergovernmental Panel on Climate Change (IPCC), specifically the RCP 8.5 scenario (a business-as-usual scenario, or BAU), to simulate the potential impact of future climate conditions on the company’s operations. This information was incorporated into the design of the climate change risk and opportunity assessment questionnaire. YAGEO gathered various department heads to participate in the TCFD workshop to discuss and identify climate change risks and opportunities, and the risk and opportunity analysis was conducted using the matrix.

### Risk Identification and Management Flow Chart

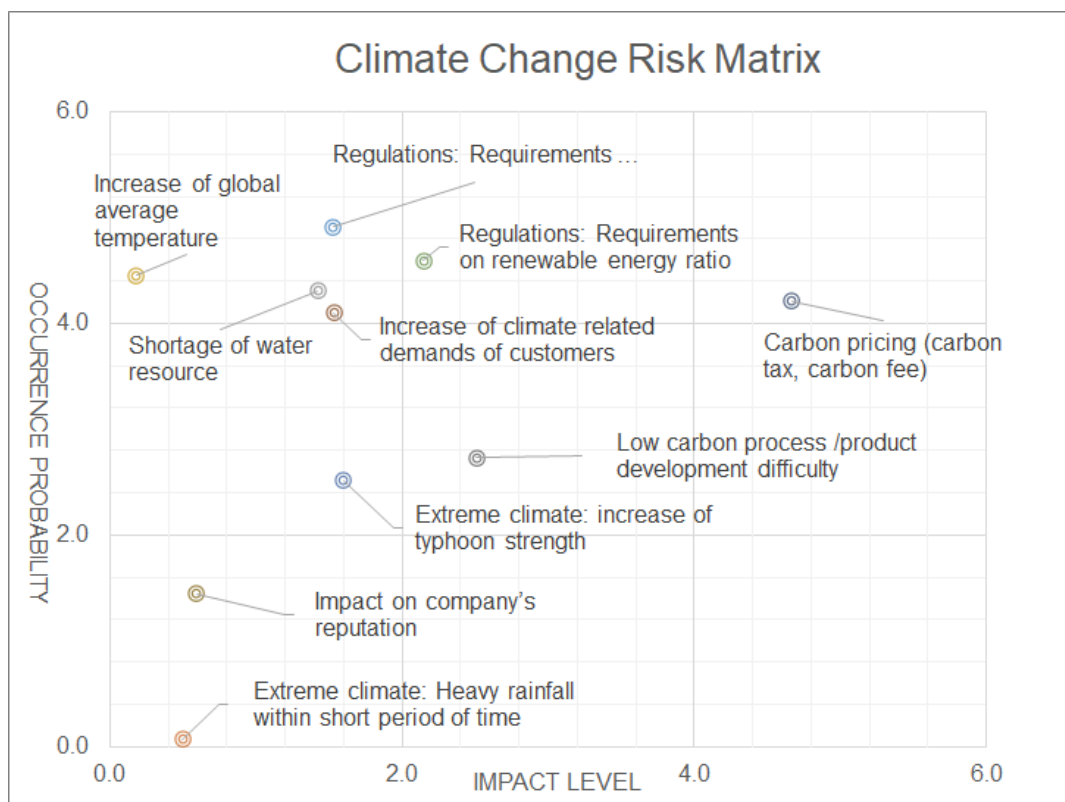


YAGEO has also established the “Emergency Response Management Procedure” so that in the event of a disaster, emergency response will be carried out according to this procedure. In case of interruption of key business processes or operations, the person responsible for the business process shall notify the convener of the business continuity management meeting to convene the meeting, and the Operation Continuity Management Committee shall discuss and activate the business continuity management procedures. The responsible person shall provide a report on the on-site rescue status and estimate of property losses during the review meeting. According to the evaluation result of the review meeting, the responsible person shall prepare the post-disaster loss reduction plan for the business continuity strategy, and its content shall include: resource type, goal/management item, measure content (strategy or recommendation), action plan, and responsible unit. Finally, after the Operation Continuity Management Committee determines that the business process and operation are normal and reports to the Vice President, the recovery plan for the operation continuity management process is then complete.

## Climate Strategy

YAGEO has identified 10 climate risks and 9 climate opportunities after comprehensive consideration of domestic and foreign climate change development trend and the Company's current operation status. Relevant responsible departments of the Company then jointly assess the impact level of climate-related risks and opportunities. According to the impact level on YAGEO and occurrence probability of each risk and opportunity, key climate change related topics requiring response of the Company in priority are identified after internal survey. In addition, strategies and goals are established in order to implement climate change management.

### Climate Risk Identification Result



Note: Horizontal axis-impact level: the most severe impact level on the Company's revenue or operation for a risk item;  
Vertical-axis-occurrence probability: the probability of occurrence of a risk factor having impact on the Company.

## Climate Risk and Response Strategy

NO.	Risk types	Risk item	Potential impact on YAGEO	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
1	Transformation risk-regulations and policies	Carbon pricing (carbon fee)	Governments in various countries have begun to collect carbon-related fees from companies or for products. Currently, YAGEO has been listed as the subject of the 2nd batch of mandatory carbon emission reporting by the Environmental Protection Administration. If the Company does not implement response measures for energy conservation and carbon reduction to reduce the carbon emissions of the Company or products, the operating costs will increase.	Short-Term	V	V	<ul style="list-style-type: none"> <li>This report assesses the potential financial impact on YAGEO under various carbon pricing scenarios. It analyzes the financial impact of two carbon emission control mechanisms: carbon tax collection and carbon penalty under a cap-and-trade system.</li> <li>Under a Business As Usual (BAU) scenario, the financial impact of this risk on the overall climate risks and opportunities of YAGEO in 2030 is estimated to be approximately NT\$147.14 million.</li> <li>Under the NZE (Net Zero Emissions) scenario, the financial impact of this risk on YAGEO's total climate risk is projected to be NT\$705.85 by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>Convene energy-saving meeting monthly to review the promotion status and outcome of energy saving and carbon reduction plans periodically</li> <li>Implement ISO 14064 greenhouse gas inventory, including emissions from Scope 1, Scope 2, and Scope 3</li> </ul>	
2	Transformation risk-regulations and policies	Requirements on renewable energy ratio	The government requires large electricity consumers to either install renewable energy generation facilities or purchase green electricity. By 2025, they must achieve a 10% installation of green electricity. If such requirement is not complied, penalty may be imposed by the competent authority	Short-Term		V	<ul style="list-style-type: none"> <li>Increased capital expenditures due to purchase of green power or installation of renewable energy devices</li> <li>If the requirements of the competent authority are not met, the Company may be subject to a fine</li> </ul>	<ul style="list-style-type: none"> <li>Dafa Factory III has installed the solar power generation equipment and has been activated in June 2023</li> <li>Dashe Factory plan to purchase green electricity in 2025</li> </ul>	

NO.	Risk types	Risk item	Potential impact on YAGEO	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
3	Transformation risk-regulations and policies	Requirements on energy saving of corporates	The Bureau of Energy, Ministry of Economic Affairs "Energy Saving Goal and Implementation Plan Specified for Energy Users" regulates that large industry and business enterprises with the electricity consumption above 800 kW are compulsorily required to save electricity of 1% annually and must continue to invest in energy saving improvement cost. In addition, if the electricity saving fails to satisfy the requirement of 1%, the competent authority may impose penalty	Short-Term		V		<ul style="list-style-type: none"> <li>• Increase of capital expense due to purchase of energy-saving products</li> <li>• If the requirements of the competent authority are not met, the Company may be subject to a fine</li> </ul>	<ul style="list-style-type: none"> <li>• Convene energy-saving meeting monthly to review the promotion status and outcome of energy saving and carbon reduction plans periodically</li> <li>• The goal of annual electricity saving of 1% has been set</li> </ul>
4	Transformation risk-technology	Low carbon process /product development difficulty	To implement sustainable development, the Company must head toward the development of green (low carbon) products and green (low carbon) process improvement, the investment in human resource and R&D time will cause the operating cost to increase	Medium-Term		V		<ul style="list-style-type: none"> <li>• R&amp;D of low carbon process technology requires human resource and R&amp;D time, such that the operating cost is increased</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to develop high end and low energy consumption process technologies and innovative applications</li> </ul>

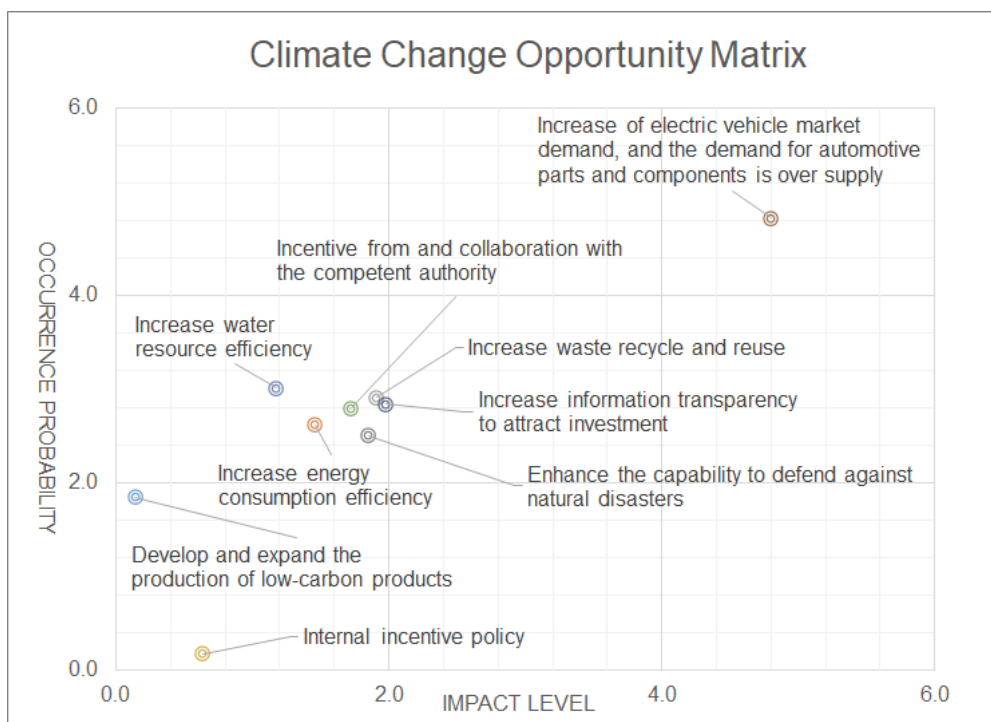
NO.	Risk types	Risk item	Potential impact on YAGEO	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
5	Transformation risk-market	Increase of climate related demands of customers	Customers are asking suppliers to reduce carbon emissions together as they extend carbon reduction to the supply chain. Accordingly, customers may request that YAGEO's products use a certain percentage of renewable energy or respond to international initiatives such as the Paris Agreement and the Carbon Disclosure Project (CDP), etc	Medium-Term		V	V	<ul style="list-style-type: none"> <li>To satisfy customer demands, purchasing green power or implementing renewable energy equipment may increase capital expenses</li> <li>Corresponding international initiatives will lead to an increase in operating costs</li> </ul>	<ul style="list-style-type: none"> <li>To satisfy customer demands, the Company is currently planning to purchase green power and implement renewable energy equipment.</li> <li>Continue to respond to CDP climate change and water safety questionnaires</li> </ul>
6	Physical risk - long-term	Shortage of water resource	Extreme climate causes uneven rainfall, and the water shortage in the southern region of Taiwan is relatively more severe than in the northern region of Taiwan. The situation of a long period of time without rainfall may cause shortage of water resources, and the water restriction policy may result in the interruption of product manufacturing and decrease in production capacity.	Long-Term	V	V		<ul style="list-style-type: none"> <li>To overcome the emergency situation of water shortage, the activation of water truck to transport water can cause the increase of operating cost and result in the increase of product investment cost.</li> <li>In analyzing the financial impact of water scarcity on YAGEO, the projected financial losses under both RCP2.6 and RCP8.5 scenarios in the near future, mid-century, or end-of-century are all expected to exceed NT\$35 million.</li> </ul>	<ul style="list-style-type: none"> <li>The Company has established a Business Continuity Plan to address climate-related scenarios such as floods, rainfall, and droughts. This plan includes identifying the hazard levels, maximum tolerable period of disruption (MTPD), and recovery time objectives (RTO)</li> <li>Water truck for water transportation will be activated in case of emergency</li> </ul>

NO.	Risk types	Risk item	Potential impact on YAGEO	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
7	Physical risk - Immediacy	Increase of typhoon strength	According to the research, the number of typhoons striking Taiwan at the end of 21st century will decrease by 55%; however, the ratio of strong typhoons will increase by 50%. YAGEO may be exposed to typhoon rain and wind hazards, which may cause direct effects of damage to equipment, power outages, and personal injury/death, and may also cause indirect effects of disruption of upstream/downstream supply chain services.	Short-Term	V	V	V	<ul style="list-style-type: none"> <li>Increased operating costs due to overcoming power outages and damage to equipment caused by the typhoon</li> <li>Loss of revenue due to typhoon-related business interruption</li> </ul>	<ul style="list-style-type: none"> <li>The Company has established a Business Continuity Plan to address climate-related scenarios such as floods, rainfall, and droughts. This plan includes identifying the hazard levels, maximum tolerable period of disruption (MTPD), and recovery time objectives (RTO)</li> </ul>
8	Transformation risk - reputation	Impact on the Company's reputation	Due to the increasing environmental awareness of the government, community and various stakeholders, if there is any environmental-related negative news about the Company due to enterprise of large carbon emissions or legal matters, the Company will need to invest in manpower to provide appropriate response in a timely manner. If it fails to meet the expectation, it may affect the reputation of the Company or even the crisis of suspension of operations. In addition, in order to improve its reputation, the Company will also need to publish an ESG report, participate in international evaluations (such as CDP, DJSI, etc.), which will also increase the Company's operating expenses.	Short-Term		V	V	<ul style="list-style-type: none"> <li>Response to stakeholders and relevant international initiatives</li> <li>The willingness of customers to purchase can be adversely affected if the Company fails to meet stakeholder expectations due to a poor brand sustainability image, which may lead to a decrease in revenue</li> </ul>	<ul style="list-style-type: none"> <li>Pollution management to prevent the occurrence of illegal matters</li> <li>Engage with stakeholders across various sectors by participating in international evaluations and releasing an ESG Report, with the aim of enhancing YAGEO's green enterprise image.</li> </ul>

NO.	Risk types	Risk item	Potential impact on YAGEO	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
9	Physical risk-long-term	Increase of global average temperature	The global average temperature continues to increase. According to the analysis of Academia Sinica, the temperature increase speed in Taiwan is faster than the global temperature. Under the most severe situation of global warming, the temperature may increase by 3.4 degrees Celsius by the end of the 21st century.. Under the impact of continuously rising temperatures, the energy consumption of air conditioning and refrigeration systems also increases, resulting in increased costs and expenses.	Long-Term		V		<ul style="list-style-type: none"> <li>Increased operating costs due to increased energy consumption of air conditioning and chiller systems</li> </ul>	<ul style="list-style-type: none"> <li>YAGEO has established the Business Continuity Planning to consider the climate-related situations of flood, rain, and drought for the operation, and to determine the hazard level, maximum tolerable period of disruption (MTPD), and recovery time objective (RTO)</li> </ul>
10	Physical risk - Immediately	Heavy rainfall within short period of time	Climate change may lead to an increase in extreme precipitation events. Academia Sinica predicts that by the end of the 21st century, the one-day heavy rainfall intensity in Taiwan will increase by at least 15.3%. Heavy rainfall within a short period of time may cause flooding at YAGEO's factory sites, resulting in damage to machinery and equipment and the inability of some production lines to operate normally. In addition, the cost of repairing the equipment will increase operating costs.	Short-Term		V		<ul style="list-style-type: none"> <li>Cost incurred from repairing damage to machines and equipment caused by heavy rainfall</li> <li>Loss of revenue due to production lines not operating normally as a result of heavy rains</li> </ul>	<ul style="list-style-type: none"> <li>YAGEO has established the Business Continuity Planning (BCP) to consider the climate-related situations of flood, rain, and drought for the operation, and to determine the hazard level, maximum tolerable period of disruption (MTPD), and recovery time objective (RTO)</li> </ul>

Note: Short-term - 1~3 years; Medium-term - 4~6 years; Long-term - above 7 years (inclusive)

## Climate Opportunity Identification Result



Note: Horizontal axis - impact level: if the opportunity item occurs, the amount of revenue or cost saved to the Company;  
 Vertical axis - occurrence probability: the occurrence probability of the opportunity factor providing benefits to the Company

## Climate Opportunity and Response Strategy

NO.	Type	Opportunity Item	Descriptions of Opportunity	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
1	Market	Increasing demand for electric vehicles, and demand for automotive parts and components exceeds supply	The electric vehicle market trend is clear, such that the demand for automotive components (automotive capacitors, automotive chip resistors) will be driven to grow. Ensure stable product supply by increasing automotive component production to seize opportunities for long-term cooperation with automotive manufacturers.	Short-Term	V	V	V	<ul style="list-style-type: none"> <li>Successful establishment of long-term cooperation with automotive giants will increase the Company's revenue</li> </ul>	<ul style="list-style-type: none"> <li>Continue to track the electric vehicle market development status</li> <li>Actively research and develop relevant products to capture the market trend</li> </ul>

NO.	Type	Opportunity Item	Descriptions of Opportunity	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
2	Market	Increase information transparency to attract investment	Publicly disclose information on the Company's ESG performance/sustainability indicator, etc., and strengthen the Company's management of climate-related risks and opportunities to gain the trust of investors and customers	Medium-Term		V	V	<ul style="list-style-type: none"> <li>Establish a proper sustainability brand image of the Company and a proper relationship with stakeholders, and gain the trust of investors and customers to increase the revenue of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Periodically publish the Chinese and English versions of the ESG report, and improve the transparency and communication of sustainability information disclosure</li> <li>Continue to respond to CDP climate change and water safety questionnaires</li> </ul>
3	Resource efficiency	Increase waste recycling and reuse	Introduce a circular economy model by considering the entire product lifecycle. Recycle and reuse waste liquids and by-products generated from the manufacturing process to minimize the use of new raw materials and reduce waste output. This approach promotes the sustainable use of resources, while also lowering production costs and waste treatment expenses	Medium-Term		V	V	<ul style="list-style-type: none"> <li>Promoting waste recycling and reuse, along with reducing waste output, will help lower waste treatment expenses, thereby reducing the Company's operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with Nan Ya Plastics in the PET film recycling project to increase the rate of waste recycling and reuse</li> <li>Implement technology improvements to reduce waste generation</li> </ul>

NO.	Type	Opportunity Item	Descriptions of Opportunity	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
4	Market	Incentive from and collaboration with the competent authority	Cooperate with the relevant domestic authority to encourage domestic enterprises to invest in renewable energy development. Through the installation of renewable energy peripheral equipment such as solar power, the Company can participate in carbon reduction incentive projects and maintain a stable and proper cooperation relationship with the competent authority	Short-Term		V		<ul style="list-style-type: none"> <li>• Introduce renewable energy device to meet regulatory requirements and reduce operating costs for the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to monitor market trends and requirements of the competent authority</li> <li>• Periodically conduct greenhouse gas inventory inspections and verifications to assess the outcomes of carbon reduction projects</li> </ul>
5	Resilience	Enhance the capability to defend against natural disasters	Develop the ability to adapt to climate change, identify and manage climate change risks early, establish disaster preparedness and emergency response strategy, reduce the financial impact of physical and transformational risks on operations	Medium-Term		V		<ul style="list-style-type: none"> <li>• Reduce the probability of business interruption by establishing disaster preparedness measures and reducing the financial loss to the company due to natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Manage various climate-related risks through BCP management and establish response actions and management strategies</li> <li>• Periodically inspect the safety condition of facilities and structures</li> </ul>

NO.	Type	Opportunity Item	Descriptions of Opportunity	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
6	Resource efficiency	Increase energy consumption efficiency	Through the inspection of the overall operating performance of machinery, equipment and facilities, seek the opportunity to improve the energy use efficiency. In addition to complying with regulations and customer demands for low-carbon products, reduce energy consumption at the same time to reduce operating costs.	Short-Term		V	V	<ul style="list-style-type: none"> <li>Continue to enhance energy efficiency to reduce the Company's electricity consumption, thereby saving on operating costs and increasing production capacity</li> </ul>	<ul style="list-style-type: none"> <li>Convene energy-saving meeting monthly to review the promotion status and outcome of energy saving and carbon reduction plans periodically</li> <li>The goal of annual electricity saving of 1% has been set</li> </ul>
7	Resource efficiency	Increase water resource efficiency	Utilize water resources efficiently, increase the rate of water resource recycling and reuse to reduce dependence on natural water sources, enhance operational resilience against extreme climate conditions, and minimize the likelihood of impacts and losses	Short-Term	V	V		<ul style="list-style-type: none"> <li>Continue to improve efficiency in the use of water resources to reduce the Company's water consumption and thereby reduce operating costs</li> <li>Since water plays an important role in the manufacturing process, reducing reliance on natural water resources can reduce the likelihood of business interruption</li> </ul>	<ul style="list-style-type: none"> <li>Continue to promote process improvements, such as changing the original printing process to electroplating to reduce water consumption</li> <li>Introduce wastewater recycle equipment in order to increase the wastewater reuse ratio</li> </ul>

NO.	Type	Opportunity Item	Descriptions of Opportunity	Possible occurrence of time	Impact scope			Potential impact on operation or finances	Response strategy
					Upstream	Operation	Downstream		
8	Products and services	Develop and expand the production of low-carbon products	To cope with the international trend of carbon reduction, product/raw material carbon footprint has become the key indicator for customers to select suppliers. If low-carbon process technology can be developed, product carbon footprint can be reduced, and the Company is able to seize the low-carbon business opportunities and enhance market competitiveness.	Medium-Term	V	V		<ul style="list-style-type: none"> <li>Developing and expanding the production of low-carbon products will meet future customer demands and improve the company's competitiveness, thereby increasing revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to understand customer demand for low-carbon product transformation trend.</li> </ul>
9	Energy source	Internal incentive policy	Through the setting of climate-related KPI of each department or the organization of energy saving, water saving and waste reduction action proposals and contests, remuneration can be combined or proposal incentives can be provided to attract employees to respond to the climate actions of the Company, in order to improve the overall energy saving and carbon reduction performance of the Company, thereby achieving the goal of decreasing resource usage and reducing the operating cost of the Company.	Short-Term		V		<ul style="list-style-type: none"> <li>The Company's internal incentive policies for energy and water conservation will contribute to reduced operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>Presently, no relevant strategy has been established.</li> </ul>

Note: Short-term - 1~3 years; Medium-term - 4~6 years; Long-term - above 7 years (inclusive).

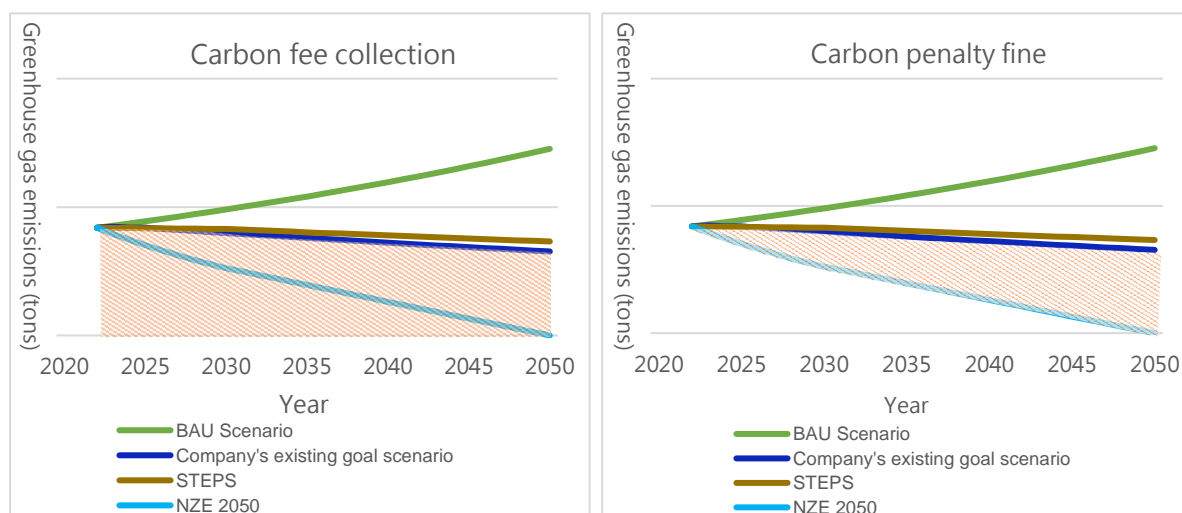
## Scenario Analysis

### Transformation risk: carbon pricing (Carbon Fee)

Net zero emissions by 2050 has become an important goal for climate change. The Taiwanese government has approved the third-reading of “Climate Change Response Act” in 2023, and the Environmental Protection Administration will collect carbon fee from enterprises in stages. To assess the risk associated with the tougher carbon management regulations and carbon pricing, YAGEO has referred to the World Energy Outlook 2021 announced by the International Energy Agency (IEA) and makes assumption based on the two scenarios of “Stated Policies Scenario (STEPS)” and Net Zero Emissions by 2050 Scenario (NZE), with YAGEO’s 2021 greenhouse gas emission condition as the base year, in order to estimate the difference between the carbon reduction goal and actual greenhouse gas emissions under different scenarios. Furthermore, the carbon price of each scenario is also considered, in order to analyze the possible financial impact faced by YAGEO under the two systems of carbon fee collection and carbon penalty fine of total emissions control.

Scenario	Scenario description	Parameter description
Business As Usual (BAU) scenario	YAGEO has not adopted any actions in response to greenhouse gas emissions reduction	Assess the greenhouse gas Scope 1 and Scope 2 growth trend according to the energy and electricity demand growth rate predicted by YAGEO
Stated Policies Scenario (STEPS) scenario	For the development under existing policy, the global average temperature will increase by 2.6°C in 2100 in comparison to the industrialization period	Carbon price: USD 10 in 2030, and USD 53 in 2050 Carbon reduction path: 1.17% in 2030, and 12.72% in 2050
Net Zero Emissions by 2050 (NZE) scenario	Assess the global realization of the goal of 1.5°C and other energy related sustainable development goal progress status	Carbon price: USD 90 in 2030, and USD 200 in 2050 Carbon reduction path: 37.64% in 2030, and 100% in 2050
Company’s existing goal scenario	YAGEO sets the goal of annual electricity saving of 1%	Carbon price: NT\$300 Carbon reduction path: Reduction of 1% annually for Scope 2

Based on the example of the Company’s existing goal scenario, the analysis of the required payment of carbon fee under the carbon fee collection system and the required payment of carbon penalty fine for the total emissions control under the NZE 2050 scenario is as follows:



According to the carbon fee analysis, if YAGEO does not take any measures to reduce greenhouse gas emissions, it could face a carbon fee of NT\$218.01 million by 2050. However, if the Company achieves its existing targets, the carbon fee expenditure could be reduced to NT\$98.11 million. In the IEA STEPS (Stated Policies Scenario) scenario, where the estimated carbon fee for 2050 is higher, YAGEO could incur a carbon fee of more than NT\$500 million.

Carbon fee collection system (unit: NT\$ million)				
Year	BAU scenario	Company's existing goal scenario	STEPS scenario	NZE scenario
2030	147.14	119.64	124.29	705.85
2050	218.01	98.11	581.77	0

Assuming that Taiwan implements a cap-and-trade system and imposes carbon penalties on companies in the future, if the STEPS scenario is used as the cap-and-trade benchmark, YAGEO will not have to pay carbon penalties in 2030 and 2050 if it meets its existing GHG reduction targets because its emissions will be below the cap. However, if the NZE (Net Zero Emissions) scenario is used as the cap-and-trade benchmark, YAGEO may face a carbon penalty of NT\$370.90 million in 2030 due to the higher carbon fees in this scenario. If the company has not achieved net zero emissions by 2050, it would have to pay a carbon penalty of NT\$1,962.16 million. If the existing targets are not met under the BAU (Business As Usual) scenario, YAGEO would face carbon penalties in both the STEPS and NZE scenarios.

Carbon penalty fine (unit: NT\$ million)						
Year	STEPS scenario of total emissions control			NZE scenario of total emissions control		
	Penalty fine generated according to BAU (A)	Penalty fine generated according to the existing goal of the Company (B)	Benefit for implementing the Company's existing goal (A-B)	Penalty fine generated according to BAU (C)	Penalty fine generated according to the Company's existing goal (D)	Benefit for implementing the Company's existing goal (C-D)
2030	22.84	0	22.84	618.39	370.90	247.49
2050	573.66	0	573.66	4,360.11	1,962.16	2,397.95

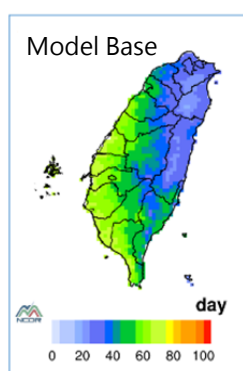
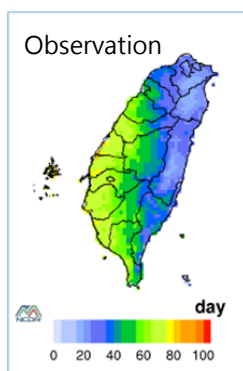
### Physical risk: water resource shortage

The drought report announced by the United Nations Convention to Combat Desertification (UNCCD) in 2022 indicated that due to the increasing severity of climate change, the global drought occurrence frequency and continuation period increased by 29% in comparison to 2000. Extreme climate can cause uneven rainfall, and the rainfall in the southern region of Taiwan continues to reach new record high. Accordingly, water resource shortage will affect the process and product supply of YAGEO.

YAGEO has analyzed past water shortage events and, using data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), has employed the IPCC's Fifth Assessment Report scenarios—RCP2.6 (2°C warming) and RCP8.5 (Business As Usual, BAU)—to estimate water resource shortages. By evaluating changes in key climate indicators, specifically the average number of consecutive days with less than 1 millimeter of rainfall in Kaohsiung City, YAGEO forecasts water scarcity conditions for the

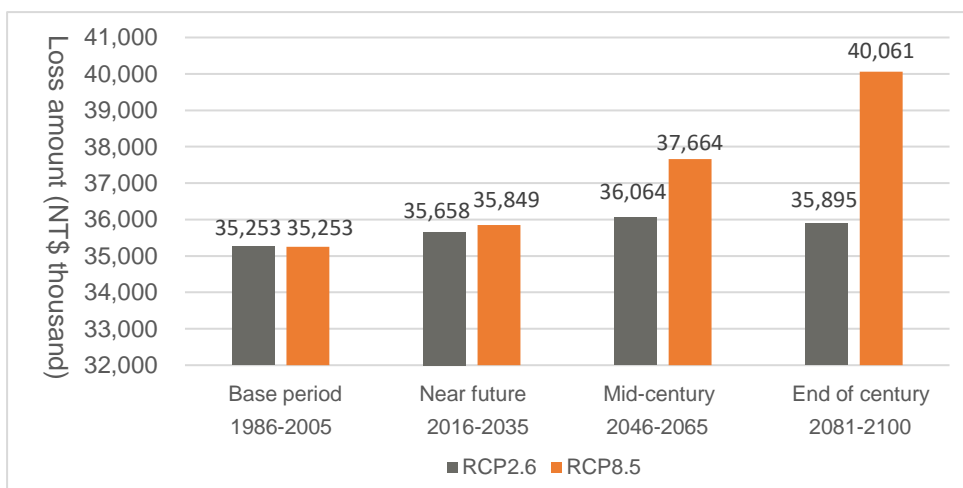
near future (2016-2035), mid-century (2036-2065), and end of the century (2071-2100), and quantifies the potential financial impacts.

Scenario	Scenario description	Parameter description
RCP2.6	At the end of 21st century, the radiation forcing per square meter will be increased by 2.6 W, indicating low radiation forcing mitigation scenario	Average change rate of annual maximum consecutive number of days without rainfall in Kaohsiung City Near future: 1.51 % Mid-century: 2.30 % End of century: 1.82 %
RCP8.5	At the end of 21st century, the radiation forcing per square meter will be increased by 8.5 W, indicating the scenario of high greenhouse gas emissions	Average change rate of annual maximum consecutive number of days without rainfall in Kaohsiung City Near future: 1.69 % Mid-century: 6.84% End of century: 13.64 %



With regard to the analysis of various scenarios of possible occurrence of water resource shortage that may be faced by YAGEO, under the scenario of RCP2.6 in the near future, YAGEO may face the property loss at an amount of NT\$35.66 million; under the scenario of RCP8.5 in the near future, the Company will face the property loss of NT\$35.85 million; under the scenario of RCP2.6 during the mid-century, YAGEO may bear the property loss of NT\$36.064 million; under the scenario of RCP8.5 during the mid-century, YAGEO may face

the property loss of NT\$37.664 million; under the scenario of RCP2.6 at the end of the century, YAGEO may face the property loss of NT\$35.895 million due to water shortage; under the scenario of RCP8.5 at the end of the century, the Company may face the property loss reaching NT\$40.061 million. In view of the above, regardless of the near future, mid-century or end of the century, under the prediction situation of the scenario of RCP2.6 or RCP8.5, the property loss will be greater than NT\$35 million. Accordingly, YAGEO shall develop comprehensive response strategy and measures, in order to reduce the financial impact of water resource shortage to the minimum.



## ■ Indicators and Goals

In order to effectively manage YAGEO's climate change response actions, the Company has established various risk-related indicators to measure the results of climate change actions. Through the TCFD governance framework, the Company implements the climate strategy sequentially and also sets climate-related targets along with flexible adjustments according to the global trend, policies, and regulations. In addition, the Company periodically reviews the status of target achievement and continues to reduce the impact of climate change on the Company while increasing the Company's resilience to climate change in the future.

TCFD disclosure content	Promotion strategy
Organization's indicators for assessing climate related risks and opportunities according to the strategy and risk management process	The greenhouse gas emissions, electricity consumption, renewable energy consumption and water recycle rate have been established as the measurement indicators for climate related risks and opportunities
Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks	YAGEO's factory sites in Taiwan have performed greenhouse gas emissions calculation according to ISO 14064-1 and relevant data has been disclosed. Please refer to <b>6.3 Energy and Greenhouse Gas Management</b> for details
Organization's goal used for managing climate related risks and opportunities and the performance of implementing such goal	Climate related goals has been established, including the aspects of water resource, electricity, renewable energy and greenhouse gas. For relevant data and objective outcome, please refer to <b>6.3 Energy and Greenhouse Gas Management</b> and <b>6.4 Water Resource Management</b> for details

Climate related aspects	Indicator	Target
Water Resource Consumption	Wastewater recycling rate Water consumption per production capacity unit Water consumption	<ul style="list-style-type: none"> <li>Water conservation rate at Dafa Factory III is projected to reach 45% by 2028 (2023 as the base year)</li> <li>Water conservation rate at Nantze Factory is projected to reach 30% by 2028 (2019 as the base year)</li> <li>Water conservation rate at Dashe Factory is projected to reach 5% by 2028 (2021 as the base year)</li> </ul>
Use of Electricity	Total electricity consumption	<ul style="list-style-type: none"> <li>Annual electricity saving of 1%</li> </ul>
Renewable Energy Consumption	Renewable energy consumption ratio	<ul style="list-style-type: none"> <li>Starting January 2025, 20% of the electricity used in the Dashe Plant will be replaced with green energy</li> </ul>
Greenhouse gas Emissions	Greenhouse gas emissions	<ul style="list-style-type: none"> <li>Organization's greenhouse gas emissions reach net zero emissions by 2050 (Scope 1 + Scope 2)</li> </ul>

## 6.3 Energy and GHG Management

In recent years, environmental disasters have occurred around the world as a result of global warming. At YAGEO, we are aware of the damage caused to the environment by greenhouse gas emissions. In light of our commitment to life and society, YAGEO has conducted a systematic inventory of GHG emissions and compiled an inventory. In addition, YAGEO has formulated internal documentation and verification procedures. By achieving energy conservation, industrial waste reduction, resource recovery and reuse, we hope to make efforts toward a low-carbon economy society for the future of Taiwan's industry. To effectively manage the company's energy consumption, eliminate waste and strive for efficiency, each plant sets an annual energy savings target of at least 1% in accordance with government regulations. Most plants undergo third-party verification each year, and the remaining plants are scheduled to complete third-party verification by 2025.

### 2023 Greenhouse Gas Emissions Inventory Inspection and Verification Implementation Status

(●: Implemented ○: Implemented in 2025)

Location	HQ	Dashe YR	Nantze YP	Dafa YF	Dafa YF3	Suzhou SZ-R	Suzhou SZ-C	Suzhou TH MD	Dongguan (DG Backend + TH DG)	Dongguan CPC	Portugal Vitrohm
GHG Emission Inventory	●	●	●	●	●	●	●	○	●	○	○
Greenhouse Gas Emission Verification/ Assurance	●	●	●	●	○	●	●	○	●	○	○

Note 1: In 2023, greenhouse gas inventory and verification were conducted at several locations including the Headquarters, Dashe Factory, Nantze Plant, Dafa Plant, Suzhou Plant (SZ-R, SZ-C), and Dongguan Plant (DG Backend + TH DG). The verification was carried out by various agencies: DNV GL (DNV) verified the Headquarters, Dafa Plant, and Nantze Plant; SGS Taiwan conducted the verification for the Dashe Plant; SGS-CSTC Standards Technical Services verified the Suzhou Plant (SZ-R, SZ-C); and CTI Certification was responsible for the Dongguan Plant (DG Backend + TH DG). All verifications covered both Scope 1 and Scope 2 emissions and were performed at a reasonable assurance level.

Note 2: In 2022, GHG inventory and verification were conducted at several sites, including Dashe Factory, Nantze Factory, Dafa Factory, Suzhou Factory (SZ-R, SZ-C) and Dongguan Factory (DG Backend + TH DG). The verification for the Taiwanese factory was performed by DNV GL (DNV) and covered both Scope 1 and Scope 2 emissions with reasonable assurance. The Suzhou (SZ-R, SZ-C) and Dongguan (DG Backend + TH DG) plants were verified by Deloitte & Touche with limited assurance for Scope 1 and Scope 2 emissions.

Note 3: For detailed information on the greenhouse gas verification and assurance reports, please visit YAGEO's official website.

## ■ Energy Use

Energy type	Unit	2020	2021	2022	2023
Power procured from external sources (general)	Degree	526,559,349	601,649,361	494,317,953	543,798,972
	GJ	1,895,614	2,165,938	1,779,545	1,957,676
Externally purchased electricity (renewable)	GJ	-	-	11,160	44,532
Self-generated electricity (renewable)	GJ	-	-	3,648	6,280
Natural gas (NG)	Cubic meter	468,564	494,083	555,787	653,686
	GJ	15,694	18,699	20,996	24,685
Diesel	liter	16,009	16,508	9,755	25,687
	GJ	563	581	343	915
Gasoline	liter	2,813	3,440	3,491	14,362
	GJ	92	112	114	464
Liquid Petroleum Gas (LPG)	liter	2,429	1,860	1,209	3,896
	GJ	67	52	34	108
Steam	tons	-	-	58,385	53,512
	GJ	-	-	146,807	137,526
Total Energy Consumption	GJ	1,912,030	2,185,382	1,962,646	2,172,187
Turnover	Million NT\$	55,883	68,190	47,446	47,390
Energy Intensity	GJ / Million NT\$	34.21	32.05	41.37	45.84

Note 1: The scope of energy data includes YAGEO's facilities and headquarters in Taiwan, as well as its facilities in China and Portugal.

Note 2: Energy value: Purchased electricity value: 3,600 GJ/million kWh; Taiwan plant uses the coefficient conversion from the "Greenhouse Gas Emission Factor Management Table 6.0.4 Edition" of the Executive Yuan's Environmental Protection Administration. Imported natural gas, gasoline, diesel, and liquefied natural gas use coefficients of 9,000 kcal/m<sup>3</sup>, 7,800 kcal/L, 8,400 kcal/L, and 6,635 kcal/L, respectively; China factory premises refers to the 2019 annual carbon dioxide baseline emission factors for China's regional power grid announced by the Ministry of Ecology and Environment of the People's Republic of China, with natural gas of 38,931 MJ/km<sup>3</sup>, diesel of 42,652 MJ/t, gasoline of 43,070 MJ/t, and steam welding value of 2.75 GJ/t..

Note 3: Calculated at 4.186 kJ per kcal.

Note 4: For the power procured from external sources, the electricity bill shall govern. For the NG and LNG, the payment receipt or procurement details shall apply. For gasoline and diesel, the meter reading or invoice shall serve as the basis for statistics.

Note 5: In 2023, renewable energy use included 12,370,000 kWh (44,532 GJ) of purchased green electricity for the two Suzhou factories (SZ-R and SZ-C). This electricity was unbundled and accounted for 2.27% of the total electricity consumption. Additionally, the Dongguan factory generated 1,744,576 kWh (6,280 GJ) of photovoltaic power, which was not sold, representing 0.32% of the total electricity consumption. Overall, renewable energy constituted 14,114,576 kWh (50,812 GJ), or 2.34% of the total energy consumption in 2023.

Note 6: The total energy consumption in 2023: Headquarters Office Building 7,758 GJ, Dashe Factory (YR) 178,176 GJ, Dafa Factory (YF) 292,771 GJ, Dafa Factory III (YF3) 143,404 GJ, Nantze Factory (YP) 318,194 GJ, the two factories in Suzhou (SZ-R, SZ-C) 1,121,688 GJ, Dongguan Factory (DG Backend + TH DG) 55,712 GJ,

Dongguan Factory (CPC) 45,175 GJ, Suzhou Factory (TH MD) 6,883 GJ, and Portugal Factory (Vtirohm) 2,425 GJ.

Note 7: In 2023, the overall percentage of purchased electricity was 90.12%. The breakdown by factory: Dashe Factory (YR) 99.94%, Dafa Factory (YF) 93.27%, Dafa Factory III (YF3) 97.75%, Nantze Factory (YP) 99.91%, the two factories in Suzhou (SZ-R, SZ-C) 83.57%, Dongguan Factory (DG Backend + TH DG) 88.59%, Dongguan Factory (CPC) 99.96%, Suzhou Factory (TH MD) 100%, and Portugal Factory (Vtirohm) 100%.

Note 8: The significant increase in diesel consumption in 2023 is due to the use of emergency generators at the two Suzhou plants (SZ-R, SZ-C). The significant increase in gasoline consumption is due to the increased use of company cars at the Suzhou plant (SZ-C).

## ■ GHG Emissions

Item	Unit	2020	2021	2022		2023	
				Location-Based	Market-Based	Location-Based	Market-Based
Scope 1 (Direct) GHG emissions	Metric tons of CO <sub>2</sub> e	3,065	4,653	3,915		13,716	
Scope 2 (Indirect) GHG emissions	Metric tons of CO <sub>2</sub> e	354,843	406,429	342,299	339,843	282,811	275,756
Scope 1 + Scope 2 GHG emissions	Metric tons of CO <sub>2</sub> e	357,908	411,082	346,213	343,758	296,527	289,472
Revenue	Million NT\$	55,883	68,190	47,446		47,390	
GHG emissions intensity	Metric tons of CO <sub>2</sub> e/NT\$million	6.40	6.03	7.29	7.24	6.26	6.11
Scope 3 (Other indirect) emissions	Metric tons of CO <sub>2</sub> e	-	33,378	41,396		74,110	

Note 1: This four-year statistical scope includes the headquarters office building, the Taiwan factory, the two factories in Suzhou, China (SZ-R, SZ-C) and the Dongguan factory (DG Backend + TH DG). In 2023, the Taiwan factory and headquarters office building will emit approximately 6,357 metric tons of CO<sub>2</sub>e in Scope 1 and 126,005 metric tons of CO<sub>2</sub>e in Scope 2. The China factory emits approximately 7,359 metric tons of CO<sub>2</sub>e in Scope 1, 156,806 metric tons of CO<sub>2</sub>e in Scope 2 (location-based), and 149,751 metric tons of CO<sub>2</sub>e in Scope 2 (market-based).

Note 2: For Taiwan factories, the emission factors are based on the “Greenhouse Gas Emission Coefficient Management Table 6.0.4 Edition” announced by the Environmental Protection Administration, Executive Yuan. The carbon emission factor for electricity is 0.494 kg CO<sub>2</sub>e/kWh, as announced by the Ministry of Economic Affairs Energy Administration for 2023. For factories in China, the emission factor is based on the 2022 national grid emission factor of 0.5703 tCO<sub>2</sub>/MWh, as announced by the Ministry of Ecology and Environment of the People’s Republic of China. The global warming potential (GWP) values are all based on the 2021 IPCC Sixth Assessment Report. The types of greenhouse gases considered include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, and NF<sub>6</sub>.

Note 3: Greenhouse gas emissions intensity is calculated based on the sum of Scope 1 and Scope 2 emissions. The method used to consolidate Scope 1 and Scope 2 emissions is the operational control approach.

Note 4: In 2023, YAGEO’s Scope 3 greenhouse gas inventory covered the Taiwan sites and the China site (Dongguan Factory DG Backend + TH DG). The emission categories mainly include “purchased products and services,” “fuel and energy related activities,” “upstream transportation and distribution,” “waste generated in operations,” “business travel,” “employee commuting,” “downstream transportation and distribution,” and “processing of sold products.” New categories added in 2023 are “upstream leased assets” and “downstream leased assets.” The increase in

scope 3 emissions in 2023 is due to the inclusion of scope 3 emissions from the Dongguan factory (DG Backend + TH DG).

Note 5: The difference between scope 2 (location-based) and scope 2 (market-based) emissions in 2023 is due to the two factories in Suzhou, China (SZ-R and SZ-C) purchasing 12.37 million kWh of renewable energy (wind power), which corresponds to 7,055 metric tons of CO<sub>2</sub>e.

### ■ Renewal energy construction and consumption planning

In response to the trend of renewable energy, YAGEO has actively planned the purchase of renewable energy and equipment construction in recent years. The plan of each plant are as follows:

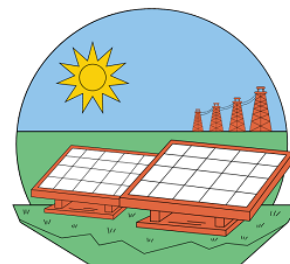
Factory	Renewable energy construction and use planning	Total renewable energy (kWh)	Total carbon reduction (kg CO <sub>2</sub> e)
Dafa (YF3)	As of September 2023, the generation of electricity began (trial operation phase), and by December 2023, a total of 283,646 kWh of green electricity had been produced. This electricity was entirely supplied to Taiwan Power Company for subsequent distribution to other users. The produced green electricity corresponds to a reduction of 140,121 kg CO <sub>2</sub> e in greenhouse gas emissions	283,646	140,121
Dongguan (DG Backend + TH DG)	In 2021 began installing solar photovoltaic equipment with a total installed capacity of 1,700 kilowatts, designed to generate a total annual electricity output of 1.7 million kilowatt-hours. In 2023, the actual total electricity generation was 1,744,576 kilowatt-hours, resulting in a reduction of 994,932 kg CO <sub>2</sub> e in carbon emissions.	1,744,576	994,932
Suzhou (SZ-R, SZ-C)	Purchased 12.37 million kWh of green electricity in 2023, and reducing greenhouse gas emissions by 7,055,000 kg CO <sub>2</sub> e.	12,370,000	7,055,000
Dashe (YR)	Starting in January 2025, 20% of the electricity used at the Dashe factory will be replaced with green energy		

### YAGEO renewable energy summary






**EXPECTED TO GENERATE  
POWER AMOUNT PER YEAR  
14,398,222 kWh**















**EXPECTED TO REDUCE  
CARBON AMOUNT PER YEAR  
8,190,053 kg CO<sub>2</sub>e**



## ■ Key Energy Conservation and Carbon Reduction Projects

Each of YAGEO's factories will identify the projects that may improve energy efficiency, energy conservation and carbon reduction in the environment of factory equipment and production process, and implement the same after setting forth the plans and evaluating the benefits thereof. The main categories of measures implemented in 2023 were equipment replacement, performance enhancement and process improvement. For example, outdated air compressors were replaced with new ones, and variable frequency drives were installed to replace traditional operation and improve efficiency. The implementation measures planned for 2023 are expected to reduce electricity consumption by 5.38 million kWh and 2,785 metric tons of CO<sub>2</sub>e. The key facility measures for each factory are listed in the table below.

 : Equipment replacement       : Equipment efficiency improvement       : Process Improvement

Site / Factory	Type	Item	Estimated electricity-saving benefit (ten thousand kWh/year)	Estimated carbon reduction (tons CO <sub>2</sub> e/year)	Scope of carbon reduction
HQ		Replace old LED T8 tubes on lightweight steel frame with new ones	0.27	1.33	Scope 2
Dashe (YR)		Replacement of air compressor	37.78	186.67	
		Replace T5 tubes with T8 LED energy-saving tubes	13.11	64.77	
Nantze (YP)		Replace old FFU filter boxes in the clean room with new ones, switch from AC to DC	9.20	45.46	
		The compressed air condensate drainage system is equipped with an automatic drain that operates without loss of compressed air.	6.78	33.47	
Dafa (YF )		Centralized activation of air compressors	287.61	1,420.80	
Dafa (YF3)		The operation of the air compressor has been transitioned to a permanent magnet air compressor.	16.36	80.81	
Suzhou (SZ-R 、SZ-C)		Energy-saving improvements to the air conditioning system	52.51	299.44	
		Variable frequency drive (VFD) retrofit for air compressors.	57.06	325.39	
		Use panels to replace chiller unit during winter	11.55	65.89	
Suzhou (TH MD)		Replace LED fixtures	0.10	0.57	
Suzhou (TH DG)		Replacement of air compressor	9.05	51.58	
		Replacement of vacuum pumps	17.28	98.55	
Suzhou (CPC)		Replacement of vacuum pumps	19.34	110.31	

Note: The estimated carbon reduction calculation is based on the electricity emission factors. For the Taiwan plant, the calculation uses the 2023 electricity emission factor of 0.494 kg CO<sub>2</sub>e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs; for the Suzhou plant, the calculation uses the 2022 national grid emission factor of

0.5703 tCO<sub>2</sub>/MWh announced by the Ministry of Ecology and Environment of the People's Republic of China. The main consideration in power emissions is the type of greenhouse gas, including CO<sub>2</sub>.

## 6.4 Water Resource Management

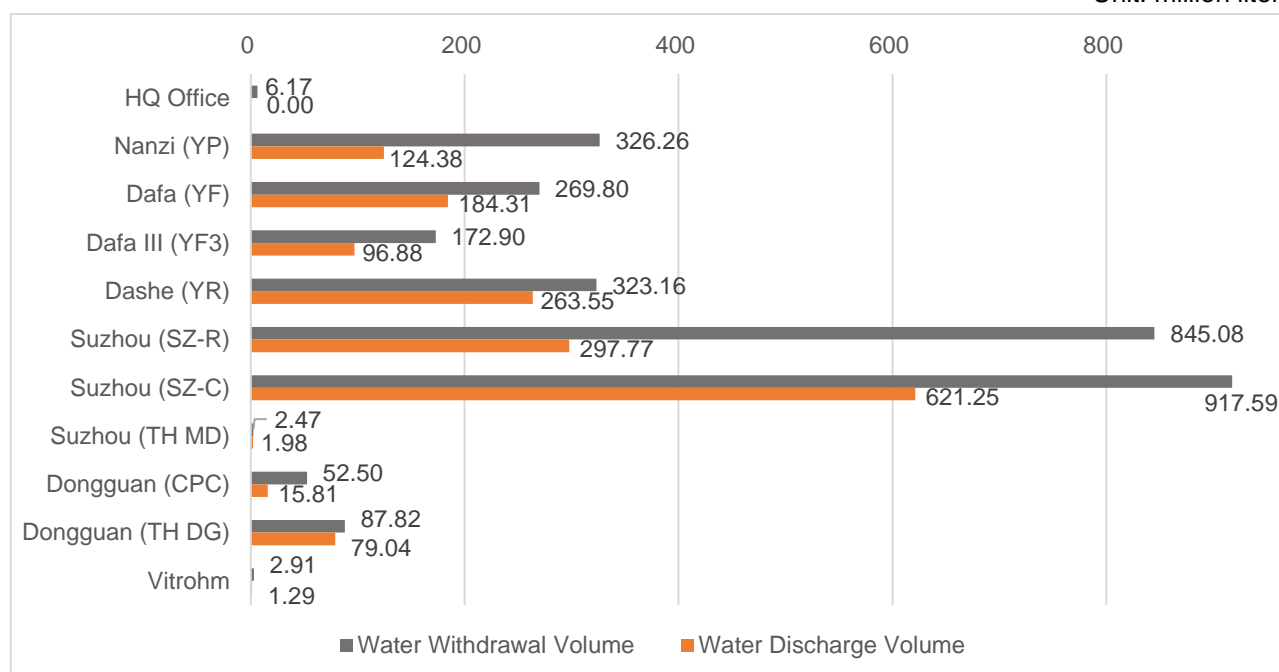
We implement an environmental management system based on the environmental policy of each factory, taking into account their geographical location, climate, air quality, water quality, land use, existing pollutants, availability of natural resources and biodiversity. In an effort to maintain stable water resources necessary for operations while controlling the environmental impact of YAGEO's raw water withdrawals and wastewater discharges, each plant has set a water management target. At the same time that we are conserving water, we are also proactively improving water recycling and water efficiency.

### ■ Total Water Resource Utilization in the Past Four Years

Item (million liters)		2020	2021	2022	2023
Water Withdrawal	Withdrawn from a third party (tap water)	2,821.38	3,557.40	3,028.92	3,001.69
	Taken from groundwater	-	-	-	1.50
	Withdrawn from a third party (water tanker)	3.49	7.70	1.36	3.48
	Total water withdrawal	2,825.29	3,565.09	3,030.29	3,006.67
Water Discharge	Discharged to the surface	313.94	293.89	317.36	264.84
	Discharged to the third party	1,526.08	1,829.66	1,245.89	1,421.42
	Total discharge volume	1,840.02	2,123.56	1,563.26	1,686.26
Water Consumption	Total water consumption	985	1,441.54	1,467.03	1,320.41
Recycled and Reused Water	Water recycled and reused	465.83	714.20	569.95	660.92
	Recycling and reuse ratio	16.49%	20.03%	18.81%	21.98%

### Water withdrawal and discharge volume of each plant in 2023

Unit: million liters



Note 1: The tap water withdrawal is based on the water bill. The water emission is mainly based on the documents submitted to the government.

Note 2: Tap water for the Taiwan headquarters office and factory areas is supplied by Taiwan Water Corporation and Fengshan Reservoir. The Suzhou factory (SZ-R, SZ-C) uses water from Suzhou Gaoxin District Water (Taihu Lake). The Dongguan factory (CPC) obtains its water from the Dongguan City Tangxia Water. The Portugal plant (Vitrohm) uses groundwater and local water company sources. Water trucks are supplied by Dashu Township Spring Water (Dashe Factory YR), Nantze CPC Water (Nantze Factory YP), and Pingtung Tap Water Factory (Dafa Factory YF). The water quality is freshwater ( $\leq 1,000$  mg/L total dissolved solids).

Note 3: According to the water risk map results from the World Resources Institute (WRI), the Portugal factory (Vitrohm) and Dongguan factory are located in areas with medium to high water stress, while the Suzhou factory is in a high water stress area. The remaining factory locations are in low water stress areas. The discharged water is all freshwater ( $\leq 1,000$  mg/L total dissolved solids). The factories in Portugal, Suzhou and Dongguan have not experienced water shortages. Water sources are abundant and water trucks are available as a backup source.

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

## Water Resource Management Goals in 2023

Factory	Target Description	Goal Achievement Situation
Dafa ( YF )	<p>Total water recycling rate for the entire factory is greater than 15%</p> <ul style="list-style-type: none"> <li>Project - (T-03 Recycling System for Cooling Water Tower Discharge), the average water production increased by 5.8% from 2021 to 2022. Cost reduction of NT\$67,000/year</li> <li>Project - (T-04 System - Improving Raw Water Quality to Increase Water Production Efficiency), the average</li> </ul>	<p>The total water recycling rate for the entire factory reached 37.51%</p> <ul style="list-style-type: none"> <li>Project T03 - Actual Water Production Increased by 7%</li> <li>Project T04 - Actual Water Production Increased by 144%</li> </ul>

Factory	Target Description	Goal Achievement Situation
	water production increased by 35% from 2021 to 2022.	
Dafa ( YF3 )	Wastewater recycling reduces emissions, achieving a 65% reduction in wastewater discharge at full capacity	After installation, the full capacity of the recycled water tank is 114 CMH. With a 65% RO system, approximately 53,352 (tons/month) of recycled water can be returned to the process water tank (continuing through 2024)
Nantze ( YP )	Total water recycling rate for the entire factory is greater than 15%.	Total water recycling rate for the entire plant reaches 40%
Dashe ( YR )	Recycling and reusing dicing cleaning water reduces tap water usage by 55,166 tons/year	After filtration, wastewater from the dicing process is recycled and used to supply 55,166 tons of water per year for the cutting process
Suzhou ( SZ-C )	Total water recycling rate for the entire factory is greater than 15%	The overall water recovery rate for the entire plant exceeds 18.7%.
Suzhou ( SZ-R )	Total water recycling rate for the entire factory is greater than 15%	The overall water recovery rate for the entire plant exceeds 20.8%
Suzhou ( TH MD )	No process wastewater	-
Dongguan ( DG Backend + TH DG )	1% water reduction across the entire factory	Plant-wide water consumption decreased by 16%
Dongguan ( CPC )	Achieved 66% water reuse in compliance with environmental impact assessment requirements	Total water recycling rate for the entire factory is greater than 68%

### ■ Main Water-Saving Measures in 2023

Item	Description	Water-saving benefits
Purified water system reclaimed water recycling	Recycling and reuse of RO concentrate effluent and direct reuse of ROR concentrate effluent	At full capacity, Dafa Factory III will reduce wastewater discharge by 53,352 tons/month; Suzhou factory (MLCC) saves 171.706 million liters of water annually; Suzhou factory (R-chip) saves 228.504 million liters of water annually
Purification and recycling of cooling water tower discharge	Install conductivity meters on cooling water towers to reduce wastewater discharge, and return the treated effluent for reuse in the cooling water towers	21.30 million liters per year
Increase process wastewater recycling	Electroplating process: Dafa Factory (MLCC) has added high concentration suspended solids wastewater treatment	Nantze Factory saves 83.789 million liters of water annually

Item	Description	Water-saving benefits
	equipment; Nantze Factory (MLCC) treats electroplating wastewater and returns it for reuse in the production line Edge processing: Dashe Factory (R-chip) recycles wastewater from the dicing process through filtration and then reuses it in the cutting process	Dashe Factory saves 63.27 million liters of water annually
Reduce wastewater discharge	Suzhou Factory (R-Chip) improves the process by increasing the single drum loading from 200 pieces/drum to 300 pieces/drum, reducing the total amount of wastewater discharged from the plating station.	Total monthly wastewater discharge from the electroplating station has decreased by approximately 7.2% compared to the same period last year.
Replace water-saving facilities	Replace water fixtures with water-efficient faucets and valves	0.12 million liters per year

## ■ Effluent Quality Management

All of YAGEO's factories regularly monitor wastewater quality. Each factory defines different water quality standards according to the characteristics of the production process in the passive component industry and local regulatory requirements, and prioritizes the management of discharged substances according to the regulations in force in each region. The water bodies accepted by each factory refer to the discharge destinations approved by the government.

Fatory	Water Quality Management
Dafa (YF) Dafa (YF3)	The discharged water quality automatic monitoring system follows the "Standards for Water Quality of Dafa Industrial Zone Tenants' Waste (Sewage) Water Discharged into Sewage Sewer" to monitor the effluent items including chemical oxygen demand COD (every 4 hours), Ni (every 4 hours), pH (instant), suspended solids SS (instant), daily record showing wastewater discharged from the process and system parameters.
Dashe (YR)	The COD and heavy metals (Ni) of the discharge water are monitored daily, and the pH of the discharge water is monitored in real time. In order to comply with the "Standards for the Land Discharge of the Electroplating Industry", the Environmental Protection Agency commissions the laboratory to sample and analyze the quality of the discharge water every quarter.
Nantze (YP)	For effluent quality, discharge standard is set according to "Water Pollution Control Act", and laboratory is contracted to take samples every morning for analysis and testing to monitor COD (<280 ppm), Ni (<1 ppm), pH (6~9), SS (<30 ppm)
Suzhou (SZ-C) Suzhou (SZ-R)	In accordance with the "Integrated Wastewater Discharge Standard" and "Emission Standard of Pollutants for Electroplating", the nickel content (Ni<0.1mg/L) is

	monitored by an on-line instrument at the outlet of the process wastewater. The test is performed once every 4 hours. Prior to discharge into the municipal pipeline network, on-line detectors are available to detect PH (6~9, real-time monitoring), ammonia nitrogen (<35mg/L, every 2 hours), COD (<400mg/L, every 2 hours), NI (0.1 mg/L < every 4 hours).
Dongguan (CPC) Suzhou (TH MD)	The factory primarily hires a third party to monitor domestic wastewater annually in accordance with the “Wastewater Quality Standards for Discharge to Municipal Sewers” (GB/T 31962).

### Effluent Quality Monitoring

Item	2020	2021	2022	2023
Biochemical oxygen demand BOD (mg/L)	18.83	22.04	3.33	4.33
Chemical Oxygen Demand COD (mg/L)	35.86	42.75	45.97	39.51
Total suspended solids TSS (mg/L)	19.32	8.77	10.96	24.28

Note 1: Only the Nantze and Dongguan factories have tested BOD. Since there are no legal requirements, the other factories do not have any test records.

Note 2: In 2023, the expanded scope of disclosure includes water quality monitoring results for Dafa Factory III (MLCC), Suzhou Factory (CPT) and Dongguan Factory (CPC). The water quality indicators, calculated as a weighted average of the annual values from each mill, are all well below the regulatory discharge limits.

### Wastewater Discharge Destination

Site	Discharge Destination
HQ Office	Jingmei River
Dashe (YR)	Dianbao River
Nantze (YP)	Kaohsiung Nantzeh Technology Industrial Park Pumping Station
Dafa (YF) Dafa (YF3)	Ministry of Economic Affairs Dafa Industrial Park Sewerage System Operations Center
Suzhou (SZ-R, SZ-C)	Suzhou New District Water Purification Co., Ltd. - Shishan Water Purification Plant
Suzhou (TH MD)	Mudu Sewage treatment plant
Dongguan (DG Backend + TH DG, CPC)	DG Backend + TH DG: Lincun Wastewater and Sewage Treatment Station CPC: Songshan Lake Northern Sewage Treatment Plant
Portugal (Vitrohm)	Sewage Treatment Plant Station

## 6.5 Waste and Air Pollution Management

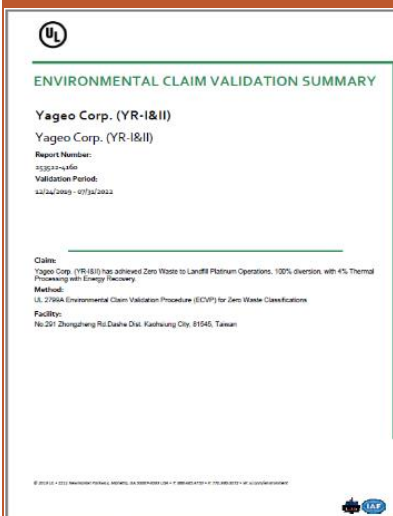
YAGEO actively promotes process improvement and reduces raw material waste. It also collects resources for effective reuse, thereby reducing waste generation and subsequent processing costs. This achieves the goals of reducing waste and reusing resources, fulfilling the Company's environmental responsibilities, and maximizing profits.

Each site establishes operating procedures based on relevant regulations and implements the disposal of general waste, general industrial waste, and hazardous industrial waste in accordance with requirements. At the same time, they promote waste reduction and ensure proper sorting and recycling. Each site is committed to increasing the recycling of transportation packaging and has developed projects to reduce and reuse organic solvent. Since 2023, Dashe Factory has attained the UL2799 - Platinum Zero Waste to Landfill certificate in the past 5 years.

### ■ Waste Management and Reduction Measures

Clean water, glass sand, aluminum sand, and ink are some of the chemical materials needed in the production of passive components. These materials go through sand blasting and plastic burning process to produce resistors. In order to reduce the pollution caused by chemical materials to the environment and human body, we emphasize injury prevention management between the raw material supplier and the working environment. Waste generated primarily includes liquid waste, electronic waste, plastic waste, glass waste and a mixture of brick and tile, all of which are contracted to a qualified vendor or hauler for disposal. We require the vendor to dispose of the waste within 30 days and provide documented evidence of the proper waste disposal method. We also conduct an annual on-site audit of the vendor that disposes of our business waste. All waste must be weighed before it leaves the site to ensure that the amount removed and the method of disposal are reported to the appropriate authorities.

#### UL2799 - Platinum Zero Waste to Landfill certificate (Dashe Factory)



The UL2799 centers on the diversion rate of landfill disposal - waste pending to be buried is converted to energy, recycling compost or reused as a resource. The higher conversion rates suggest more effective recycling.

The UL2799 requires at least 90% of waste to be converted by means other than conversion to energy to achieve zero waste to landfill. The highest grade, platinum, requires 100% zero waste to landfill and incineration without heat recovery must be 0%, while incineration capacity for heat recovery can only be controlled to less than 10%.

At YAGEO's Dashe Factory, pallets are used as boiler fuel, raw material packaging is reused, concrete made of waste blasting reference, process waste and scraps are reused after chemical treatment, and in-plant waste sludge is dried and reduced. After the sludge is treated, it is sold as minerals, increasing the diversion rate to more

than 94%, with incineration treatment and the amount of waste heat recovery controlled at approximately 5% in 2023, Dashe Factory successfully attained the UL2799 platinum certificate again.

### Circular Economy Project - Nanya and YAGEO Reuse Project (Dafa Factory and Nantze Factory)

YAGEO has proactively implemented circular economy measures. In addition to reducing waste, YAGEO also focuses on reusing the waste it generates in 2023, we continued our collaboration with Nanya to implement a recycling and remanufacturing project for waste generated throughout the manufacturing process, such as release films. The Nantze plant has been approved by the Ministry of Economic Affairs for individual reuse of industrial waste, while the Dafa plant is still in the testing phase. Together, the two plants will recycle 87.56 tons of release film in 2023.



Item	Description	Achieved benefits
Recycling of alcohol waste	Dafa Factory and Nantze Factory recycle alcohol waste to replace 95% of current alcohol consumption	The replacement rate reached 20%
Recycled wooden pallets	Dashe Factory recycles and reuses 100% of its waste wooden pallets	In 2023, the total recycling volume amounted to 11.19 metric tons
Resue of empty chemical barrels	The Dashe plant has implemented a recycling program for empty ethyl acetate drums. Similarly, the Suzhou (TH MD) and Dongguan (DG Backend + TH DG) plants have initiated the recycling of alcohol and paint drums	Dashe Factory (R-chip) recycled a total of 1,822 metric tons in 2023; it is expected to recycle 1.9 metric tons in 2024 Suzhou Factory (TH MD) reduced solid waste by 12% in 2023 compared to 2022
Automatic copper paste dispensing	The Suzhou plant (MLCC) will transition from manual paste application to an automated paste supply system.	Monthly reduction in total weight of waste paste compared to manual application is 50%
Change in waste disposal methods	The Dashe plant is projected to transition from incinerating waste vinyl to recycling it. The recycled material will be repurposed into hollow bricks using a remanufacturing process and an adjusted material composition.	It is expected that 100% of waste vinyl will be recycled and reused.

## ■ Total Amount of Waste and Disposal Method

Unit: metric tons

Type		2020	2021	2022	2023	
Output	Non-hazardous waste	2,803.27	4,685.84	3,954.34	3,842.60	
	Hazardous waste	6,038.17	6,664.00	5,143.01	5,639.30	
	Total output	8,841.44	11,349.84	9,097.35	9,481.90	
Transfer	Non-hazardous waste	Preparation for reuse	0.04	0.00	0.00	0.00
		Recycling	251.26	2,550.71	1,967.12	1,827.69
		Other recovery operations	1,455.26	1608.79	1,033.36	1,598.24
	Hazardous waste	Preparation for reuse	0.00	0.00	0.00	58.98
		Recycling	919.41	1,886.52	1,749.14	3,188.21
		Other recovery operations	3,790.79	4,539.00	3,152.21	538.37
	Total transfer		6,416.76	10,585.01	8,122.28	7,211.49
Direct disposal	Non-hazardous waste	Incineration (including energy recovery)	287.74	341.57	280.52	229.92
		Incineration (excluding energy recovery)	3.74	5.18	4.66	12.96
		Landfill	15.95	26.22	22.05	60.28
		Other disposal operations (e.g., heat treatment + physical + chemical + biological treatment)	789.27	26.22	140.32	113.51
	Hazardous waste	Incineration (including energy recovery)	0.00	0.00	0.76	31.15
		Incineration (excluding energy recovery)	0.26	0.12	0.09	630.76
		Landfill	0.00	238.36	242.98	358.27
		Other disposal operations (e.g., heat treatment + physical + chemical + biological treatment)	1,327.71	0.00	0.00	833.57
	Total direct disposal		2,424.67	764.83	695.05	2,270.42

Note 1: The scope of waste data includes YAGEO's facilities and headquarters in Taiwan, as well as its facilities in China and Portugal.

Note 2: All waste is handled by qualified third-party waste disposal contractors.

Note 3: The recycling percentage of hazardous waste generated in 2023 was 67.13%

## ■ Emissions and Air Pollution Reduction

All of YAGEO's factories are in compliance with the relevant emission permit regulations and have implemented voluntary reduction measures. According to the "Total Air Pollutants Quantity Control Plans for Kaohsiung-Pingtung Area," the Company has set a target to reduce emissions by 5% annually. Nantze Factory (W6) has upgraded its negative pressure collection system to prevent the release of air pollutants, implemented best available control technologies, and installed a regenerative thermal oxidizer (RCO). Dafa Factory's air pollution control equipment uses best available control technologies with regenerative thermal oxidation to destroy volatile organic compounds, and continues to participate in the Dafa Industrial Zone Service Center's street tree adoption project, contributing to a better community environment. Dashe Factory participates in the Environmental Protection Bureau's air purification program and sponsors the tree planting initiative at a nearby elementary school. To strengthen management, Dongguan Factory, despite not being government-regulated, continues to maintain the validity of its emission permit to control oil smoke and organic emissions.



### ► Letter of Gratitude for the Road Tree Adoption in Dafa Industrial Zone

## ■ Emissions of Air Pollutants

Unit: kg

Item	2020	2021	2022	2023
Nitric oxide (NOx)	1,633.69	2,666.02	2,774.92	3,361.15
Sulfur oxide (SOx)	0.33	0	0	0
Persistent organic pollutant (POP)	0	0	0	0
Volatile organic compound (VOC)	213,680.91	185,568.73	240,895.59	98,942.24
Hazardous air pollutants (HAP)	0	0	8,563.90	0
Particulate matter (PM)	5,196.00	1,165.00	489.00	4,496.11
Other (particulate matter pollutant)	151.01	538.67	775.33	310.93

Note 1: The above data are based on each factory's regular air pollution inspection results or coefficients suggested by environmental protection authorities. Emissions are estimated quarterly based on production capacity and reported to the EPA. At Dashe Factory, VOCs are monitored; at Nantze Factory, both VOCs and particulate matter are monitored; at Dafa Factory, NOx and VOCs are monitored; at the two Suzhou factories, VOCs and particulate matter are monitored; and at Dongguan Factory, NOx, SOx, and particulate matter are monitored.

Note 2: In 2023, the expanded disclosure scope will include air pollution monitoring results from Dafa Factory III (MLCC), Suzhou Factory (CPT), and Dongguan Factory (CPC) in the calculations.

Note 3: The significant decrease in VOC emissions in 2023 is mainly due to the inclusion of an RCO in the pollution control system at the Nan-tzu plant following the acquisition of a new air pollution operating permit at the end of 2022, as well as a reduction in the use of VOC-containing inks at the Dashe plant. The increase in particulate matter is due to the expansion of the scope of disclosure.

## ■ Primary Air Pollution Management Measures In 2023

Site	Item	Contents	Estimated benefits
Dafa (YF)	<ul style="list-style-type: none"> <li>• RTO parameter adjustment</li> <li>• Added negative pressure collection in the ball mill area</li> </ul>	<ul style="list-style-type: none"> <li>• By adjusting the temperature setting and zeolite runner frequency, it controlled the VOC concentration in the furnace under optimal combustion conditions, reducing natural gas consumption and increasing VOCs</li> <li>• Improve VOCs collection efficiency by increasing the reduction rate, reducing natural gas consumption, and enhancing VOCs reduction efficiency</li> </ul>	VOC reduction rate increased to 93%
Nantze (YP)	Electrostatic Precipitator (EP) System	Use of electrostatic precipitator (ESP) + cleaning tower in combination with additional ozone treatment for BBO burnout and PK sintered waste gas	Reduce odor emissions
	RCO combustion tower	VOCs are effectively treated by the RCO combustion process, which efficiently handles volatile organic compounds	VOCs reduction rate exceeds 90%
Dashe (YR)	Wet cleaning tower	Reduce volatile organic emissions and acid gas emissions	Complies with regulatory standard
Suzhou (TH MD)	Replacement of activated carbon tank	Reduce volatile organic emissions	Waste gas pollutants discharge standards
Suzhou (SZ-R)	Waste gas pollutants discharge standards	Periodic replacement of waste gas treatment tower (energetic ion oxidation filling, spray tower filling) consumables	Waste gas pollutants discharge standards
Suzhou (SZ-C)			
Dongguan (DG Backend +TH DG)			
Dongguan (CPC)			

## Chapter 7 Talent Growth



### 7.1 Talent Attraction and Retention

#### ■ Talent is Our Important Asset

YAGEO emphasizes that “talents” shall be considered as the important foundation of the future development. Each “YAGEO folk” is an important asset of YAGEO. In recent years, YAGEO continued to enhance the strategy of “Talent selection, employment, cultivation and retention” and has also initiated the “cross-border management trainee recruitment and cultivation program” (YOUNG Program), in order to develop YAGEO’s unique corporate DNA (young, active, growth, efficiency and innovation) in the talents of management trainees. Through progressive improvement of talent development strategy, YAGEO’s human capital cultivation can be continued.

#### ■ Diverse Talent Recruitment and Development Channels

With regard to the talent recruitment and cultivation channels of YAGEO, in addition to the Industry-academia cooperation with universities and colleges for joint R&D and cooperative recruitment with neighborhood communities and employment service stations, in 2023, YAGEO expanded the recruitment channel and integrated the Group’s resource, in order to actively enter school campus for recruitment and joint education of talents. In addition to the deployment of “Industry-Academia Collaboration Program” and “YOUNG Program” in various universities and colleges in Kaohsiung, YAGEO has also responded to the government’s policy to collaborate with key national scientific research schools and organized semi-conductor academy with National Cheng Kung University and National Sun Yat-sen University, such that through the combination of school learning with occupational training, students are able to enter the workplace early.

## Talent Management Planning and Target

Short-Term Target - Recruitment	Medium-Term Target - Retention	Long-Term Target - Cultivate
Given the shortage of domestic labors in the local human resource market in the recent years, effective reduction of the dividend in demand for human resource is the short-term recruitment plan and target. YAGEO will implement the enterprise internship system and industry-academia cooperation program, as well as any other industry-academic cooperation projects, by enhancing the relationship with campus	For the human resource recruited based on the human resource recruitment strategy and plan, YAGEO will plan the employee retention incentive system and career development system, with a view to improving the personnel retention rate and train the entry-level employees to be the middle-level management	YAGEO, via the diverse recruitment channels, works with local top universities to organize any research academy, and contribute capital to establish the industry master/doctoral programs to solicit for participation by high-rank talents

## Talent Recruitment

Recruitment	Project description
Industry-Academia collaboration	<ul style="list-style-type: none"> <li>Industry-Academia Collaboration Program: Combining industry resources to achieve school-industry collaboration</li> </ul>
	<ul style="list-style-type: none"> <li>Enterprise Internship: Provides students with early exposure to the workplace and opportunities to apply their academic knowledge and skills in practical settings</li> </ul>
	<ul style="list-style-type: none"> <li>Mid- to Senior-Level Talents: Collaborated with National Cheng Kung University and National Sun Yat-Sen University to establish the College of Smart Semiconductor and Sustainable Manufacturing and the College of Semiconductor and Advanced Technology Research.</li> </ul>
	<ul style="list-style-type: none"> <li>Cross-border management trainee recruitment and cultivation program (YOUNG Program), recruitment of foreign graduates</li> </ul>
	<ul style="list-style-type: none"> <li>Management Trainees' Training: The Suzhou Factory continues to conduct "campus recruitment" for master's and doctoral level management trainees, and also cooperates with universities such as Soochow University</li> </ul>
Community collaboration	<ul style="list-style-type: none"> <li>Career Fair: 4 events in 2023</li> </ul>
Campus recruitment	<ul style="list-style-type: none"> <li>Campus career fair: 13 events in 2023</li> </ul>

### 1. University-Enterprise Collaboration in Industry-Academia Cooperation: A Foundation for National Human Resource Policies

Through collaborations with universities and colleges, YAGEO has been actively recruiting and developing talent for the passive component industry. This partnership between academia and industry is dedicated to advancing Taiwan's standing in the global passive component market. In 2023, the Group continued its collaboration with several universities in southern Taiwan by establishing industry-academia cooperative programs and offering short-term internship opportunities.

For students, industry-academia collaboration programs and internships provide early exposure to the workplace, helping them become familiar with future work environments and aiding in their career decisions. For YAGEO, these programs not only address manpower needs but also facilitate the early cultivation of talent. This reduces the gap between education and employment, contributing to more effective human resource development and planning for the future. Through partnerships with schools and internships, YAGEO proactively recruits and develops future talent.

- **Industry-Academia Cooperation Program**

The industry-academia cooperation program is promoted under the cooperation through the vertical connection between science and technology universities, and by combining the industrial resources to achieve the industry-academic-government cooperation between schools and the industry. The cooperative suppliers offer the job opportunities and salary to promote students' continued education and employment opportunity and also improve the quality and quantity of technical talents needed by the industry.

Students attending the programs may be employed by enterprises as part-time trainees during the programs, and complete their studies at the same time. After they are graduated, YAGEO will plan the complete career development program for them, such as arrangement for a full-time job interview in advance, employment and allocation of retention bonus upon graduation, recognition of the service seniority during the program, and encouragement of continuing education obtaining employment upon graduation, issuing retention bonuses, recognizing seniority during the plan period, and encouraging continuous on-the-job training.

So far, YAGEO has worked with the local colleges/universities in Kaohsiung, including Chen Hsiu University, Shu-Te University and Fooyin University to organize 4 cooperative programs. It is expected to add further 9 cooperative programs in 2026, with an estimated number of 393 students.

- **Enterprise Internship System**

In order to allow students to enter the workplace earlier, and practice the knowledge and skills learned by them in school into physically. YAGEO established the enterprise internship system in 2021, and organized the enterprise internship recruitment presentation meetings at various colleges/universities in Kaohsiung. Students participating in the internship program may freely choose to participate in the internship program during summertime, semester or academic year.

YAGEO provides a range of internship opportunities across fields such as process engineering, equipment, R&D, quality control, production management, human resources, finance and accounting, and information technology. These internships are designed for students from various relevant disciplines who wish to experience YAGEO's corporate culture. A total of 54 students were admitted to the internship program at YAGEO in 2023. As of December 31, 2023, 25 interns had completed their internships, and 9 were offered full-time positions. YAGEO will continue to expand its internship program and increase the number of available opportunities in the future.



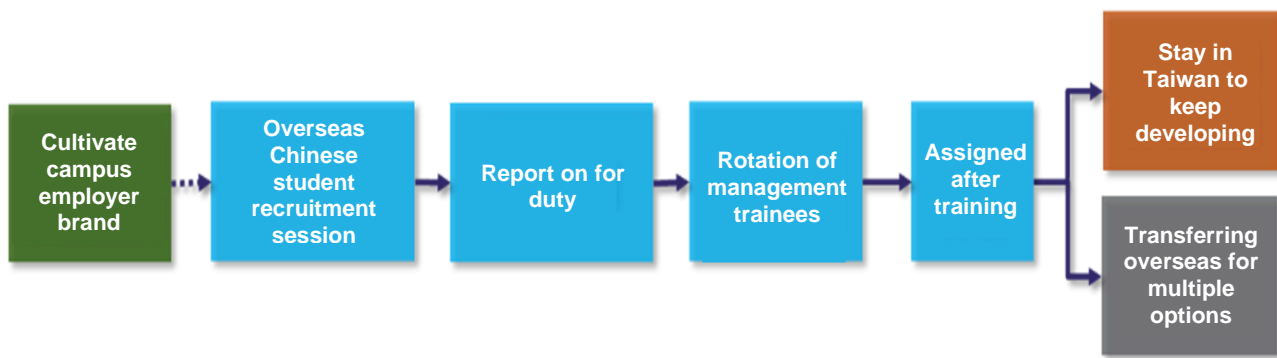
“2023 Enterprise Internship Recruitment Presentation Meeting”

- **Demand For Middle-Level and Senior Talents**

In order to train students to be the professional talents needed by the future industries earlier, YAGEO and other renowned local enterprises, together with National Cheng Kung University and National Sun Yat-Sen University, established the “College of Smart Semiconductor and Sustainable Manufacturing” and “College of Semiconductor and Advanced Technology Research”. Enterprises may arrange industry lecturers to teach students in the Academy, in order to help mitigate the dividend between education and application and also improve the brand awareness of the enterprises in campus. Build the high-tech corridor directing to the future industries, cultivate new-generation talents, drive the sustainable development of Gloria South innovation, and strengthen Taiwan’s role as the leader in the semiconductor, circular economy and smart machinery industries internationally.

- **YOUNG Program**

YAGEO initiates the “cross-border management trainee recruitment and cultivation program” (YOUNG Program) for fresh overseas Chinese graduates domestically. Students participating in the program will receive a two-year training for management trainees in Taiwan. During the training period, they will experience diverse assignments according to the demands of the organization, and such assignments may range from small local assignments to large cross-region assignments in order to help them exercise their expertise and competence thoroughly. Upon expiration of the two-year training period, the program participants may choose to stay in Taiwan or work at any overseas business locations of YAGEO Group. In 2023, a total of 7 employees were hired, bringing the total number of employees to 18 by the end of the year. These new hires were assigned to relevant departments based on their expertise, including R&D, equipment, process manufacturing, information technology, and procurement. During their training period, they undertook cross-departmental projects or international tasks. The goal was for them to acquire professional skills across various job roles during their training, after which they would be assigned to domestic or overseas positions according to YAGEO’s plans.



The Group recognizes the global trend toward talent globalization and will place greater emphasis on cultivating multinational talent. While many companies focus on importing talent from abroad, the Group aims to export exceptional personnel from Taiwan to its overseas branches. YAGEO's future talent development strategy will concentrate on recruitment, retention, and training, enabling individuals to gain experience across various functional roles and maximize their professional skills and capabilities. In the future, foreign reserve cadres sent abroad by YAGEO will act as bridges between domestic and international operations, advancing YAGEO's vision of global expansion.

- **Management Trainees' Training**

The YAGEO Suzhou Factory conducted campus recruitment for master's and doctoral students from the top 30 engineering universities within the national key 985 and 211 projects (985 and 211 are national key construction universities recognized by the Ministry of Education). This initiative aimed to build a talent pool for future senior management positions, supporting our ongoing expansion in the passive component sector. YAGEO offered a three-month professional training program for the recruited students, combining both theoretical and practical elements. Following a final evaluation and assessment, 4 exceptional candidates were added to the talent pool, bringing the total number of reserve personnel to 25 by the end of 2023.



▲ Management trainees' theory courses



▲ Management trainees' hands-on learning in factory

## Industry-academia cooperation performance and goal

Recruitment Plan	Annual Performance	Future Goal
Industry-Academia Cooperation Program	<ul style="list-style-type: none"> <li>On-job industry-academia program students were 83 people at the end of year</li> </ul>	<ul style="list-style-type: none"> <li>By 2026, there will be 9 special classes and 393 students in the factory</li> </ul>
Enterprise Internship System	<ul style="list-style-type: none"> <li>A total of 54 interns were recruited</li> <li>9 interns retained at their job positions, and the retention rate reached 17%</li> </ul>	<ul style="list-style-type: none"> <li>Increase diverse internship vacancies, allowing students other than science and engineering related departments to have the opportunity to participate in the internship program</li> </ul>
Demand for middle-level and senior talents	<ul style="list-style-type: none"> <li>A total of 19 students of College of Semiconductor and Advanced Technology Research of National Sun Yat-sen University were admitted</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen the collaboration with top universities and colleges in the southern Taiwan, and arrange outstanding students to act as the bridge between enterprise and school, in order to assist the promotion of industry-academia research projects and to adopt to the workplace early</li> </ul>
YOUNG Program	<ul style="list-style-type: none"> <li>Recruited and actually employed 7 foreign graduates to full-time positions, with a total of 18 by the end of 2023</li> </ul>	<ul style="list-style-type: none"> <li>Assign to domestic and overseas business locations for service according to YAGEO's planning after the end of training</li> </ul>
Management trainees' training	<ul style="list-style-type: none"> <li>Suzhou factory has added 4 outstanding reserve personnel, bringing the total to 25 by the end of 2023</li> </ul>	<ul style="list-style-type: none"> <li>Dongguan Factory has established the management trainee system</li> </ul>

## 2. Proactively Collaboration with the Committee to Provide Employment Counseling

YAGEO's human resources policy has always been "deepening local roots", which emphasizes working together with communities and recruiting local workers to serve in the vicinity of YAGEO. YAGEO proactively works together with neighborhood/community heads to regularly organize talent recruitment fairs and career guidance. By doing this, it enables the public to better understand our work while also providing advice on individual career choices.



"2023 Vocational Training/High School Vocational Matchmaking Recruitment Fair"

### 3. Cross-Group Collaboration for High-end Technology and R&D Talent Cultivation

YAGEO Group hopes to create a joint research environment of industry-academia collaboration. To achieve this, the Group works side by side with the academia through joint research of forward-looking technology and joint-cultivation of R&D talent to accelerate technological development. This will allow industry research results to be closely aligned with the direction of technological development, enhancing the technology of the passive components industry. As YAGEO's main R&D center is located in Kaohsiung, we continue to invest in high-end products and produce them in Kaohsiung. At the same time, we have also established an R&D center and kept the roots of the development of high-end passive component technologies in Kaohsiung by integrating the high-end passive component technologies of Kemet and Pulse Electronics. YAGEO will root the high-end component technologies. In the future, the Group will continue to invest in the R&D center in Kaohsiung with equipment such as the most advanced high-resolution penetrating electron microscopes and related analysis equipment of nano ceramic power. By integrating the technological capabilities of the Group and strengthening the development of materials and product technologies, the Group's leading position in the global passive components industry will be enhanced.

The YAGEO-NCKU Joint Research Center refers to a long-term joint R&D technology exchange platform created by the companies within YAGEO Group, in order to have YAGEO lead the cooperation with the academic circle, hoping to jointly develop high-end products and technologies and cultivate talents through the industry-academia integration. By working with NCKU to organize passive component-related courses, YAGEO and NCKU cultivate talents together permanently to join the passive components industry, helping improving the positive research and development capabilities of the Group.

Aside from the technological developments, YAGEO also joins hands with companies of YAGEO Group to hold the "YAGEO Day" in NCKU in 2022. We organized YAGEO's prospective passive component topic dissertation contest and industry master seminar, and YAGEO Group's founder and Chairman Tai-Ming Chen was invited to provide speech at the event. Through the collaboration outcome between YAGEO and National Cheng Kung University, the role model for win-win situation of the industry and academic sector can be achieved.



"YAGEO's Day in 2023 - YAGEO's prospective passive component topic dissertation contest and industry master seminar"

Taiwan's passive component production output is ranked No. 2 in the world, and YAGEO is a key manufacturer in the passive component industry in Taiwan. In addition to the collaboration with the National Cheng Kung University, the purpose of the organization of the dissertation contest is to encourage school teachers and students to continue to participate in research and development of passive component related technologies and to contribute effort to relevant industries. In addition to semiconductor industry, Taiwan's electronic component and electronic ceramic industries also demonstrate remarkable development and are of great future outlook. YAGEO expects that all domestic professors, students and business operators of passive components to unite together in order to achieve great outcome in relevant industries.

In addition, to cultivate outstanding talents, YAGEO also organizes the YAGEO's education scholarship system in order to encourage outstanding students to pursue their studies during the school study period without any worries on monetary expenses. In addition, through the event of YAGEO's Day, C.T. Lee, Sr. Technical VP presented the scholarship to 12 students of outstanding academic performance.

In line with the plans of the Ministry of Education, YAGEO worked with NCKU to open a "doctoral program in forward-looking passive components" in 2021. The doctoral program will last 4 years and be taught by a professor from NCKU and technical supervisors from the Group. The first and second years will take place at NCKU, while the third and fourth years will take place at the Group as interns. During this period, we will provide scholarships to students and they are welcome to work for us after graduation. By doing this, we aim to cultivate young talent for the Group.

In 2023, YAGEO Group organized the joint campus recruitment event, and YAGEO entered 13 universities and colleges, including National Cheng Kung University, National Sun Yat-sen University, National Chung Cheng University, National Kaohsiung University of Science and Technology, Cheng Shiu University, and etc., in order to allow fresh graduates of southern schools to understand the industry trend and demands, thereby assisting students to find the correct career direction.



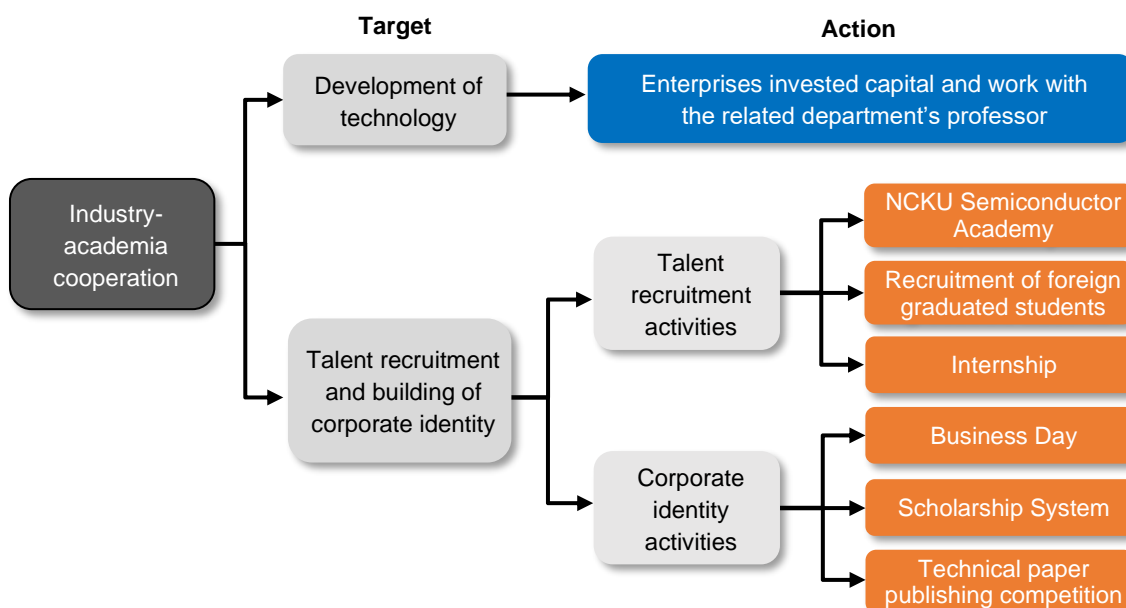
"2023 YAGEO Group Joint Campus Recruitment "

#### 4. Join-set up of the R&D center with National Cheng Kung University (NCKU) through industry-academia collaboration

As YAGEO Group's main R&D center is located in Kaohsiung, it continues to invest in high-end products and produce them in Kaohsiung. At the same time, YAGEO has also established an R&D center and kept the roots of the development of high-end passive component technologies in Kaohsiung by integrating the technologies of the Group. In 2020, YAGEO jointly established the R&D center with NCKU to cultivate talent and reinforce our technology. In the future, the Group will continue to invest in the R&D center in Kaohsiung with equipment such as the most advanced high-resolution penetrating electron microscopes and related analysis equipment of nano ceramic power. By integrating the technological capabilities of the Group and strengthening the development of materials and product technologies, the Group's leading position in the global passive components industry will be enhanced.



In 2023, the YAGEO-NCKU Joint Research Center continued to advance its action plans with two main objectives. In terms of technological R&D, the center will maintain its collaboration with the YAGEO-NCKU Joint Research Center and the Ministry of Science and Technology's Air Center program. Additionally, the center will explore opportunities for joint research and development in sustainable industrial practices and ESG (Environmental, Social, and Governance) issues. To enhance talent recruitment and build brand image, YAGEO will engage in various activities, including setting up academies for key research areas, conducting global reserve cadre recruitment, and organizing campus recruitment events. YAGEO will also host large-scale academic events and establish scholarship programs to boost brand visibility.



## 5. Cross-country Talent Development and Cultivation

### Cross-Cultural Management Model

YAGEO has conducted a number of global mergers and acquisitions over the years. The Group's unique corporate DNA is demonstrated in the integration of various human resources policies and processes after mergers and acquisitions in terms of cross-organizational, cross-regional and cross-cultural management arrangements. Based on different business groups' organizational characteristics and talent capabilities, we arrange suitable organizational and manpower structure and management models, and even cross-country and cross-team talent dispatch.

For the time being, in response to the needs for organizational development, each management team also plans to recruit competent talents for certain human resource required overseas in Taiwan, in order to practice YAGEO Group's goal to stay in Taiwan, and also demonstrate its international management model beyond territories, nationality and race, et al..

As of the end of 2023, the total number of employees at YAGEO was 9,477. YAGEO's robust management model, characterized by "cross-cultural operations management" and "diversity and inclusivity," empowers every "YAGEO employee" with the opportunity to engage with the global market directly. This includes assignments to overseas locations in Europe, America, Japan, and other regions, fostering experiences in diverse cultures. For new and resigned employees, YAGEO experiences a higher turnover rate in China, resulting in relatively high annual overall employment and turnover rates compared to Taiwan, where the rates are more stable.

### Number of new employees in 2023

Territory	Gender	Age				Total	%
		30 years old or below	31-40 years old	41-50 years old	More than 51 years old		
Taiwan	Male	192	98	59	11	360	3.80%
	Female	143	117	80	6	346	3.65%
China	Male	3,662	1,290	89	12	5,053	53.32%
	Female	1,340	696	67	21	2,124	22.41%
Portugal	Male	0	1	0	0	1	0.01%
	Female	0	0	0	0	0	0.00%
Total	Male	3,854	1,389	148	23	5,414	57.13%
	Female	1,483	813	147	27	2,470	26.06%
	Total	5,337	2,202	295	50	7,884	83.19%
%		56.32%	23.23%	3.11%	0.53%	83.19%	

### Number of resigning employees in 2023

Territory	Gender	Age				Total	%
		30 years old or below	31~40 years old	41~50 years old	More than 51 years old		
Taiwan	Male	178	95	59	14	346	3.65%
	Female	154	160	95	22	431	4.55%
China	Male	2,726	910	83	13	3,732	39.38%
	Female	931	463	71	8	1,473	15.54%
Portugal	Male	0	0	1	0	1	0.01%
	Female	1	2	4	0	7	0.07%
Total	Male	2,904	1,005	143	27	4,079	43.04%
	Female	1,086	625	170	30	1,911	20.16%
	Total	3,990	1,630	313	57	5,990	63.20%
%		42.10%	17.20%	3.30%	0.60%	63.20%	

Note : Proportion of new hires and resigned employees = Total number of new hires or resigned employees in 2023 for that category / Total number of employees at the end of 2023 (9,477 employees). The higher proportion in the China region is attributed to some employees being on fixed-term contracts. On a monthly average, the turnover rate across factories in China is approximately 8-10%.

### Total number of employees at the end of 2023

Territory	Gender	Employment contract		Type of employment		Total
		Full-time employees (indefinite contract)	Full-time employees (indefinite contract)	Full-time Employees	Part-time Employees	
Taiwan	Male	1,581	0	1,581	0	1,581
	Female	2,364	1	2,364	1	2,365
China	Male	3,050	0	3,050	0	3,050
	Female	2,409	0	2,049	0	2,409
Portugal	Male	27	0	27	0	27
	Female	44	1	44	1	45
Total	Male	4,658	0	4,658	0	4,658
	Female	4,817	2	4,817	2	4,819
	Total	9,475	2	9,475	2	9,477
%		99.98%	0.02%	99.98%	0.02%	

Note 1: In 2023, YAGEO did not employ any employees without guaranteed working hours

Note 2: In 2023, the non-employee worker categories at YAGEO primarily included contractors, security guards, and cleaning personnel. For detailed information regarding these categories, please refer to Section 7.4, Occupational Health and Safety.

Note 3: The total number of employees at the end of 2023 increased by 863 compared to 2022 (8,614), reflecting the expanded scope of information covered in the 2023 annual report.

## Employee diversity indicator

Territory	Gender	Age				Total	%
		30 years old or below	31~40 years old	41~50 years old	More than 51 years old		
Taiwan	Male	448	530	463	140	1,581	16.68%
	Female	442	722	760	441	2,365	24.96%
China	Male	1,448	1,211	315	76	3,050	32.18%
	Female	718	1,135	478	78	2,409	25.42%
Portugal	Male	1	5	3	18	27	0.29%
	Female	1	3	12	29	45	0.47%
Total	Male	1,897	1,746	781	234	4,658	49.15%
	Female	1,161	1,860	1,250	548	4,819	50.85%
	Total	3,058	3,606	2,031	782	9,477	100%
%		32.27%	38.05%	21.43%	8.25%	100%	

Note : Employee statistics are based on the numbers and related information as of December 31, 2023. The proportions are calculated by dividing each data point by the total number of employees as of December 31, 2023.

## ■ Premium Employee Benefit System

As a worldwide passive components manufacturer, YAGEO always uses the best efforts to cultivate and train employees. In addition to complying with labor laws and regulations, YAGEO also provides employees with a clean, bright and orderly working environment, nutritious and healthy meals, and annual employee health checkups. Meanwhile, by virtue of multiple employee benefits and diversified employee creational activities, YAGEO reimburses a lot of employee clubs at the same time, in order to facilitate the relationship with employees, upgrade culture and humanity quality, and improve employees' productive capacity and morale. This allows our employees to put their expertise to full play and grow on the international stage.

### Summarization of Benefits

Benefit items	Benefit contents	
	Taiwan	China
Life insurance	Managers or above may enroll into the life insurance program.	None
Medical insurance	According to the law, each colleague is insured for labor insurance and national health insurance, also is entitled to group accident and medical insurance. We also provide overseas travel safety insurance for business trips. (Since May 2021, colleagues in the Taiwan region are covered by epidemic prevention insurance to ensure the safety of their work and life.)	All employees are covered with group injury insurance and medical insurance. Employees who need to perform duty out of the office are entitled to the group accidental insurance and medical insurance.
Reimbursement to clubs	Each group is subsidized with NT\$50,000 each year	Each group is subsidized with RMB10,000 each year

Benefit items	Benefit contents	
	Taiwan	China
Health checkup	All direct employees/indirect employees/employees over 40 years old/manager-level employees receive an annual health examination.	Health checkup for the general employees/managerial officers or above
Cash gift for three major festivals	All employees receive money and vouchers for the three major festivals, totaling NT\$40,000,000 per year.	All employees receive money and vouchers for the three major festivals, totaling RMB2,500,000 per year.
Travel allowance	All employees receive travel allowances, totaling NT\$12,000,000 per year.	All employees receive travel allowances, totaling RMB22,000,000 per year.
Leave System	There are 30 days of paid sick leave within a year, which is superior to the leave system under the Labor Standards Law	None
Baby care plan	The childcare center provides employees with preferential plans so that employees can take care of their children without any worries.	None
Other benefits	Cash gift for marriage/maternity/funeral, movie ticket, and coffee coupon	Cash gift for marriage/maternity/funeral, spring part events, a green channel for the first-aid service of occupational injury treatment
Employee stock options	Yes	Yes

Note: Employees at the Portugal plant also receive benefits such as insurance, health examinations, and vacation time. All benefit programs are implemented in accordance with local regulations.

## Other Benefit Plans

### • Post-employment Benefit Plan

YAGEO complies with various applicable local pension laws, regulations and systems, in order to protect employees' retirement interests and rights. YAGEO establishes its employee retirement regulations in accordance with the "Labor Standards Act" and "Labor Pension Act," in order to offer stable pension contribution and benefit and also protect all workers' retirement life. For employees in Taiwan, pension reserve is appropriated for depositing in the statutory account according to the pension system requirements specified in the Labor Standards Act. For employees in China, the endowment Insurance is applied for employees and sufficient amount is appropriated according to the local laws and regulations. The ratio of employees participating in the retirement plan is 100%, in order to secure the future retirement lives of employees. In order to enable the employees who are retired or terminate the employment with YAGEO to seek appropriate aids, YAGEO interviews resigned employees to extend appropriate care and channels to the employees who are going to retire or resign to help them seek appropriate aids successfully.

### • Club Activities

To promote the physical and mental well-being of all employees and enrich their leisure lives, a series of carefully designed initiatives have been implemented. Led by a group of enthusiastic employees, 19 clubs

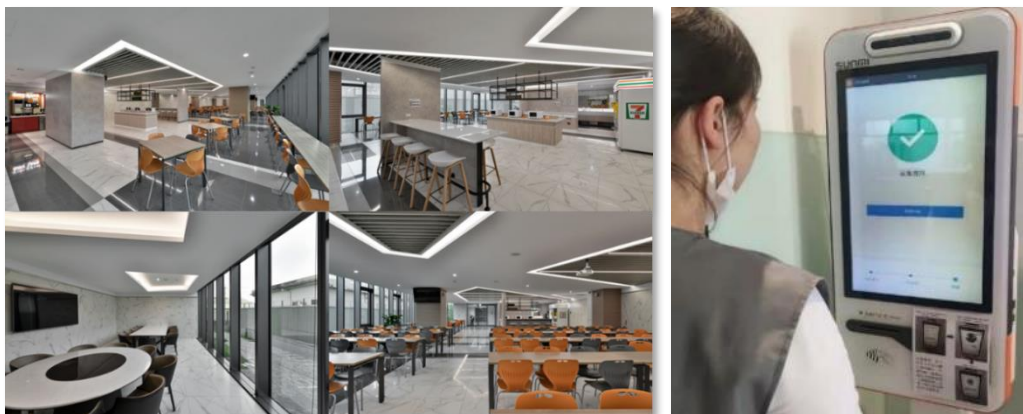
have been established, including hiking, yoga, badminton, PARTY pop dance club, combat aerobics, road running, slow-pitch softball league, cycling, media arts appreciation, camping, and gardening. These clubs offer a wide range of activities to YAGEO employees, actively encouraging participation by both employees and their families. This initiative aims to achieve YAGEO's goal of “work-life balance.”



“2023 Club’s Event Photos”

- **Creating a Welcoming Space for Employees**

To provide YAGEO's employees with a comfortable dining experience, all factories are equipped with a canteen that seats over 100 people. Additionally, each facility includes a rest area, vending machines, and a store. YAGEO Dafa Factory III provides employees with a bright, comfortable, and spacious dining environment. The activation of the facial recognition system at the Suzhou Factory will improve efficiency and convenience in certifying employee attendance and meal access.



**Seniority Reward Event**

In 2023, a seniority reward event was organized before the Labor Day (May 1), in order to confer the reward to a total of 500 employees with the seniority of 5/10/15/20/25/30/35 years, respectively, to extend the appreciation for their contribution and efforts to YAGEO.



## ■ Remuneration Policy

Implemented in accordance with YAGEO's "Wages Management Regulations." YAGEO is deeply convinced that employees are the most important assets of an enterprise. On the condition that the performance of our operation, groups and individual employees is upgraded, YAGEO conducts a survey on wages each year, adopts the remuneration policy most competitive in the market and adjusts workers' wages in a timely manner, in order to solicit for excellent talents to join YAGEO Group and work with YAGEO to achieve the business goals and share the results gathered therefor.

The wages and remuneration to employees are decided based on the employees' academic background and work experience, expertise, seniority, and personal performance, instead of the employees' gender. Meanwhile, the starting basic salary to new employees of the main business locations would not vary depending on race, religion, political standpoint, gender, marital status, or membership of a trade union. YAGEO will check the wages/remuneration via a third party professional consultation company each year, in order to verify the market competition level and trend, and establish the remuneration policy in the following manners:

- Control and comply with related local laws and regulations, and build harmonious employment/management relations to move forward toward business sustainability.
- Establish and adjust the same per the supply and demand in the market and profitability of product lines, in hopes of being competitive in the manpower market.
- Based on the market value of various professional functions and contributions derived from the job duties performed by employees, as well as the performance management system, pay appropriate remuneration to encourage employees.
- The starting basic salary offered by YAGEO to direct labors is held complying with local laws and regulations. Meanwhile, subject to status in the same trade, YAGEO proposes the starting basic salary standards competitive in the market. For the time being, the starting basic salary offered by it to direct labors is about double the statutory minimum wage in the territories of Taiwan, and China, which is identified as a different region, more than the local statutory minimum wage by 1.5%.
- In order to encourage employees, YAGEO allocates performance bonuses, and a year-end bonus based on our overview of operation and individual employee's performance for the employees' contribution and

continuous efforts. The amount of bonus allocable to each employee is decided based on the employee's job duty, contribution, and performance.

- Long-term incentives for senior executives (stock awards)

### Female to Male Remuneration Ratio

Category	Taiwan		China		Portugal	
	Female	Male	Female	Male	Female	Male
Non-Manager	90%	100%	96%	100%	79%	100%
Manager	87%	100%	74%	100%	58%	100%

Note: In Taiwan, "supervisors" refer to those in managerial positions as reported in financial statements, while "non-supervisors" are other employees. In China and Portugal, "supervisors" are defined as managers and above, whereas "non-supervisors" are other employees.

### ■ Parental Leave Policy

YAGEO is committed to boosting the work-life balance. In order to deal with the infant care and breastfeeding problems faced by the employees in Taiwan, it allows the employees to apply for unpaid parental leave upon expiration of six months after they are hired, in accordance with the "Act of Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children." The application may be filed at any time before their youngest child (including adopted child) attains the age of 3 years old, and the claimable time limit shall be no more than two years. Prior to the expiration of the leave, YAGEO contacts the applicant voluntarily with their re

repatriation plan to help us properly arrange the job restart and allow new parents to bridge the family and workplace successfully. In 2023, the retention rate after parental leave reached 58%.



### Statistics About Formal Employees Who Take Parental Leave in Taiwan Region

Item	Female	Male	Total
Number of employees qualified to apply for parental leave in 2023	34	25	59
Number of employees applying for parental leave in 2023	25	5	30
Number of employees to resume posts after parental leave in 2023 (A)	26	4	30
Number of employees to resume posts after parental leave in 2023 and the number of employees who resumed posts physically (B)	14	2	16
Number of employees who resumed posts after parental leave in 2022 (C)	12	7	19
Number of employees who resumed posts after parental leave without pay in 2022 and still served after 12 months (D)	10	1	11
Repatriation rate after parental leave %=B/A	54%	50%	53%
Item	83%	14%	58%

## 7.2 Employee Training and Development

YAGEO's talent development strategy is primarily focused on the Group's vision, mission, and core values. We integrate YAGEO's development strategy and annual implementation guidelines to set training objectives for various categories. In response to the YAGEO Group's global expansion, the "YAGEO Group E-Academy" was launched in 2021. This platform offers all employees a comprehensive training and development resource to enhance their work skills, streamline new employee onboarding and workplace learning, and improve management techniques. It is highly beneficial for the integration and growth of the YAGEO Group.

In addition to the Group's training and development platform, each business unit implements an annual education and training plan tailored to occupational development needs and legal requirements. They offer professional courses as needed and emphasize the development of employees' core management and quality management skills. Employees are expected to excel in both theoretical knowledge and practical application, continually applying and refining their skills in real-world scenarios. Meanwhile, through job rotation and the curriculum planning of internal and external trainers, employees can grow alongside YAGEO. This approach allows for deeper and broader engagement in their roles, supporting comprehensive functional development.

### ■ YAGEO Group E-academy

Since the official launch of the "YAGEO Group E-Academy" in 2021, YAGEO has provided all employees with a comprehensive training and development platform. This initiative aims to enhance employee skills, streamline onboarding and occupational education, and improve management capabilities. The platform ensures that employees learn systematically and effectively, meeting quality and customer requirements while developing their potential to contribute to a high-efficiency organization. Employees can access the online learning platform YAGEO Group E-Academy using desktop computers, laptops, or mobile apps. They can easily begin learning programs, customize their preferences, view upcoming deadlines, track their progress via dashboards, and earn certificates and badges upon completing course requirements.

The YAGEO Academy is divided into the following five parts:

1. Sustainability: Courses related to environmental management system, climate change and carbon management, green products and safe working environment.
2. Leadership Academy: Courses related to leadership and external communication to strengthen the cultivation of management abilities.
3. Sales Academy: Through customer and product line integration, sales personnel are able to respond to customers through the sales model of YAGEO.
4. Product Academy: Introduction to YAGEO Group's main products to enhance colleagues' knowledge and understanding about the products.

Quality and compliance: The introduction to YAGEO Group's global code of conduct includes YAGEO's mission and values, employees and managements' responsibilities, and installation of the ethics hotline. When any employees have questions, or find any violations of laws, company policy or the code, they shall be responsible for speaking up to prevent themselves and YAGEO from any harm. Design related courses to help the employees understand the importance of information security.



### Enhance ESG and AI Smart Course Learning

In 2023, YAGEO organized ESG topic series of courses with respect to the sustainable operation. In addition to the ESG basic concept understanding of all employees, the courses related to the interpretation of GRI Standards and material topic analysis were also included, in order to assist sustainability related implementation units to strengthen the concept of sustainable operation.

In addition, we also planned the courses for smart manufacturing, AI intelligence and industry intelligence, in order to provide preliminary knowledge for digital transformation, thereby increasing factory production efficiency, improving product quality, and satisfying customer demands.

Additionally, YAGEO has designed a training level system for engineers holding key positions in production, R&D, engineering, and quality assurance. According to their knowledge and abilities, these engineers are divided into Junior/Senior/Master levels. A curriculum for the different levels are designed and engineers may move up a training level when all courses are completed. This approach is to avoid personnel of different levels taking the same course, resulting in low learning efficiency and wasted resources. YAGEO provides various practical courses that allow employees of all levels to develop their personal professional capabilities.

### Training Received by Employees in 2023

Employee Categories	Taiwan		China		Portugal		Total		
	Hours of Internal Training	Hours of External Training	Hours of Internal Training	Hours of External Training	Hours of Internal Training	Hours of External Training	Total Training hours	Total number of employees	Average training hours
Female managers	273.5	558	178	251	36	59	1,355.5	103	13.16
Male managers	2,181.5	1,304	318	427	151.5	230	4,612	200	23.06
Female other than female managers	6,490	6,167.5	7,045	462	160	107	20,431.5	4,018	5.08
Male other than male managers	7,734.5	8,375.5	13,464	666	68	24	30,332	3,673	8.26
Total	16,679.5	16,405	21,005	1,806	415.5	420	56,731	7,994	7.10

## Training expenditure (NT\$)

Item		Taiwan	China	Portugal	Total
Training (internal)	Total training expenditure	2,089,880	236,744	39,010.3	2,365,634.3
	Average training expenditure per person	529.6	43.4	541.8	249.6
Training (external)	Total training expenditure	563,950	563,213.9	124,931.3	1,252,095.2
	Average training expenditure per person	142.9	103.2	1,735.2	132.1
Training (total)	Total training expenditure	2,653,830	799,957.9	163,941.6	3,617,729.5
	Average training expenditure per person	672.5	146.5	2,277.0	381.7

## ■ Course satisfaction survey

In 2022, the course satisfaction was divided into four main aspects of administrative operation, instructor professional competence, course content and overall evaluation for tracking, and the quarterly result was compared with one in 2021. The items of relatively lower satisfaction score were further analyzed for the cause and improvement was also implemented.

Course satisfaction survey	2023	2022	Difference
Average satisfaction score (total score of 5 points)	4.60	4.39	Increase by 0.21

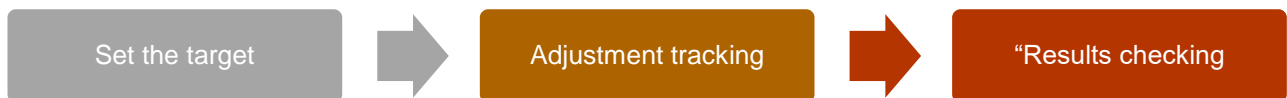
## ■ Employee On-Job Training

### 2023 Employee on-job training program

To enhance the R&D energy of YAGEO and to improve employees' professionalism, in 2022, YAGEO has established the employee on-job training system in order to encourage on-job employees to participate in continuing education of domestic Industry-academia cooperation master's degree and doctoral degree programs, and also supports the cultivation of professional talents in the field of passive components. For employees qualifying the seniority and performance criteria, they are eligible to submit application. During the continuing education period, the tuition fee is paid by YAGEO in full. In addition, we also provide paid leave to employees such that during the school lecture day or thesis discussion, they may apply for official leave and return to the school for study. In 2023, a total of 4 outstanding employees were arranged to participate in the continuing education program, and 3 employees enrolled in the doctoral degree program and 1 employee enrolled in the master's degree program.

## ■ Employee Performance Management

The main objective of performance management is to link company strategies with employee work goals, in order to achieve YAGEO strategic operating target. The personal annual target shall be set at the beginning of the year. The departments and employees shall communicate with each other about the targets. Furthermore, projects are implemented from top to bottom. Each department's main business also has various professional evaluation indicators to fully reflect the efforts and achievements of employees during the evaluation period. The output of employees during the employment is examined through a 3-phase process: objective setting, adjustment tracking and result checking.



During the performance appraisal period, the appraised person shall complete the annual self-assessment, and the immediate supervisor shall conduct the performance interview with employees to enable the employees to understand the supervisor's considerations and opinions, and then give the preliminary performance assessment result. Finally, the business group head adjusts the result according to the near-normal distribution as the standard, based on the assessment on the colleagues of the business group, and subject to the final approval of the CEO. YAGEO carries out evaluations based on each employee's work performances while taking into account the year's operating results. Employees are given appropriate incentives and will not be treated differently or unfairly due to their gender or age. YAGEO has established a sound career development system, including a dual-track promotion system for professional and managerial positions. This system allows employees to put their knowledge into full play in terms of personal expertise or technical fields.

YAGEO's performance appraisal is carried out in November each year, and is not applicable to employees who have taken unpaid leave or started their job after October 1. Those employees who received performance appraisal accounted for 100% of the employees who should be appraised.

## 7.3 Human Rights



### ■ Human Rights Policy

YAGEO supports and respects relevant international labor and human rights standards. In alignment with these principles, YAGEO has established an Employee Code of Conduct to ensure the protection of all employees' labor rights. The company remains dedicated to actively fostering a positive work environment and complies with all applicable employment laws and international standards across our operational regions. New employees at YAGEO are also introduced to the Responsible Business Alliance (RBA) Code of Conduct, with particular emphasis on training courses focused on labor rights, including freedom of association, free choice of employment, the prohibition of child labor, humane treatment, and the avoidance of any form of harassment, abuse, corporal punishment, mental or physical coercion, or verbal abuse of employees. In addition, YAGEO published Global Code of Conduct in 2021 to ensure such abuses do not occur within our supply chain or any aspect of our business operations. We provide employees with fair and competitive compensation and benefits, and we uphold their rights to free association and collective bargaining. To implement and comply with government-mandated gender equality laws, YAGEO has established specific "Gender Equality in Employment" management guidelines to support consistent management practices within the company and for our employees. Employment practices are also governed by YAGEO's "Hiring" management guidelines. YAGEO strictly adheres to all labor regulations, refuses to hire child labor under the age of 15, and prohibits minors under 18 from engaging in hazardous work. Any changes to employment terms follow a legally compliant notification procedure.

- ▶ Promotion: Post public notices for the Company's "Sexual Harassment Prevention Measures, Complaint and Disciplinary Regulations" on the bulletin



To ensure that the fundamental human rights of employees and other stakeholders are safeguarded, YAGEO adheres to internationally recognized human rights standards, including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the UN Global Compact, and International Labour Organization conventions. In alignment with these frameworks, YAGEO has established the 'YAGEO Human Rights Policy,' with a particular focus on training programs addressing labor-related rights. We believe that a commitment to respecting and managing human rights will contribute to the company's success and sustainable development. The scope of our human rights commitment encompasses all workers employed by YAGEO. This year, we conducted our first human rights due diligence process, primarily focusing on employees in Taiwan, with plans to extend the assessment scope to include our facilities in China as well as our upstream and downstream supply chains in the future.

YAGEO Group's Human Rights Policy	Global Code of Conduct of YAGEO Group
<p>The code of conduct is applicable to employees of YAGEO and subsidiaries. To ensure the rights and interests of all employees at work, YAGEO continues to establish proper working environment and actively cares the issues of: anti-discrimination, anti-sexual harassment, forced labor, occupational health and safety, employee physical and mental health, salary and benefits, working hours and assembly freedom, etc.</p> 	<p>The Global Code of Conduct is established according to the Responsible Business Alliance (RBA) Code of Conduct and international human rights standard, and its content includes the elements of employees, health and safety, environment, ethics and management system, etc.</p> 

**Total Human Rights Policy or Procedure-Related Training Hours**

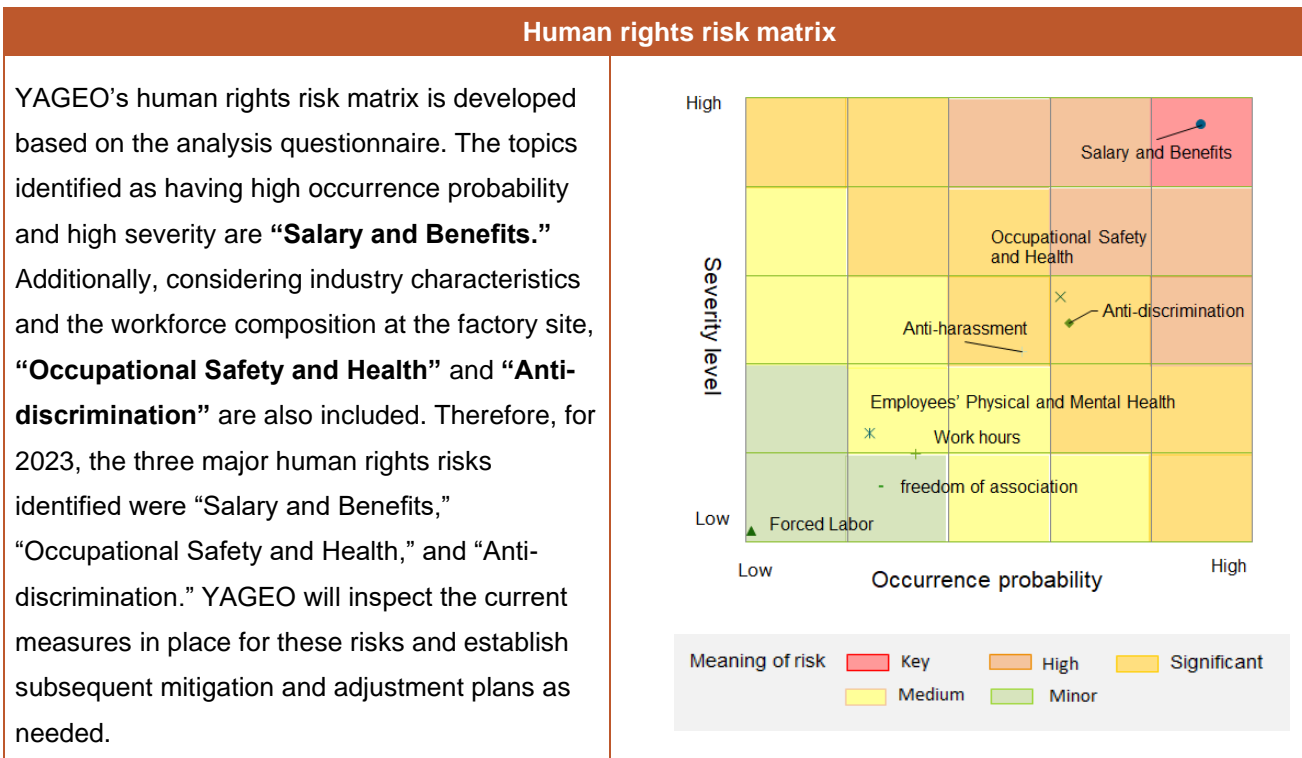
Territory	Total number of employees who received education and training for human rights policy or procedures	Total training hours	Total number of official employees at the end of 2023	Percentage of employees attending the training
Taiwan	4,432	4,432	3,946	112%
China	10,883	39,046	5,459	199%
Portugal	12	72	72	17%
Total	15,327	43,550	9,477	162%

Note 1: The 2023 human rights-related courses include “RBA Employee and Ethics Policy” and “YAGEO’s Global Code of Conduct.”

**Note 2:** Due to the industry’s characteristics and the short-term migration nature of the workforce in China, some regions experience high employee turnover and a large number of new hires each year. YAGEO regularly provides human rights training to every new employee, resulting in the number of employees receiving human rights education and training exceeding the total number of employees at the end of the year. In 2023, the Portugal region focused on delivering the YAGEO Global Code of Conduct training to new employees. Future plans include ongoing development of annual human rights training for all employees.

**■ Human rights due diligence**

To understand the human rights risks associated with our operations, YAGEO began requiring each unit to conduct human rights due diligence starting in 2023. The survey results indicated that each human rights topic within the operational scope was assessed as low risk. YAGEO will further standardize the survey questionnaire results to assess the corresponding risk level for each topic.



**Human Rights Risk Mitigation and Adjustment Measures**

Human Rights Risk	Mitigation Measures	Adjustment (Remedy) Measures
Salary and benefits	<ul style="list-style-type: none"> <li>YAGEO has established the "Salary Management Regulations," and the "Remuneration Committee" holds labor-management meetings every three months to periodically review the remuneration system, standards, and structure</li> <li>Through an annual salary survey, YAGEO ensures that the starting basic salary offered to direct employees</li> </ul>	<ul style="list-style-type: none"> <li>In the event of a labor-management related complaint, employees can file a complaint through various communication channels, including the complaint hotline, the Factory</li> </ul>

Human Rights Risk	Mitigation Measures	Adjustment (Remedy) Measures
	<p>complies with local laws and regulations. We also consider the compensation practices of nearby enterprises to ensure that our starting salary remains competitive in the market. Currently, the starting basic salary for direct labor at YAGEO is approximately double the statutory minimum wage in Taiwan, and in China, it exceeds the local statutory minimum wage by 1.5%</p>	<p>Manager’s Mailbox posted on the factory bulletin board, and the HR mailbox located in the employee cafeteria, among others</p>
Occupational safety and health	<ul style="list-style-type: none"> <li>• YAGEO has achieved ISO 45001: 2018 certification for its Occupational Health and Safety Management System, which helps improve safety and health performance through continuous improvement methods</li> <li>• YAGEO has established an “Occupational Safety and Health Policy” and formed an Occupational Safety Committee. The committee meets quarterly to provide summary reports on the status of occupational safety and health and to review and adjust current measures as necessary</li> <li>• A comprehensive hazard risk identification assessment is conducted annually to identify hazards and establish classification management. Additionally, management and improvement efforts are prioritized for high-risk areas</li> <li>• Occupational hazard factor identification is performed regularly to promptly identify potential factors that may cause occupational diseases. Additionally, general health examinations and specialized health screenings for specific operations are conducted every two years. YAGEO also arranges for stationed nurses, health consultations, physicals, and first-aid staff</li> <li>• In response to the maternal health protection policy, YAGEO has established a maternal health protection plan and conducts maternal health risk assessments and job suitability evaluations. This ensures the physical and mental well-being of female employees during pregnancy, after childbirth, and throughout the breastfeeding period</li> </ul>	<ul style="list-style-type: none"> <li>• Each factory has established its own occupational accident reporting system to ensure timely response to and reporting of accidents, thereby protecting workers’ safety</li> <li>• Employees have the right to remove themselves from work if they believe there is an imminent and serious danger to their life or health. Additionally, arrangements are in place to protect YAGEO employees from any negative consequences resulting from such actions</li> <li>• Employees’ rights to suspend work are explained during new employee orientation and at quarterly Occupational Safety Committee meetings by all participating officers. This ensures that each employee understands how to exercise their right to suspend work</li> </ul>
Anti-discrimination	<ul style="list-style-type: none"> <li>• Labor obligations comply with the “Act of Gender Equality in Employment” and the applicable “Labor Standards Act.” Discrimination based on gender, race, religious belief, age, marital status, disability, or</li> </ul>	<ul style="list-style-type: none"> <li>• A discrimination complaint filing hotline is provided in the new employee handbook</li> <li>• In the event of any instances</li> </ul>

Human Rights Risk	Mitigation Measures	Adjustment (Remedy) Measures
	<p>nationality is strictly prohibited</p> <ul style="list-style-type: none"> <li>• YAGEO has established an “Anti-Discrimination Policy” that explicitly prohibits discrimination based on various identities during job performance</li> <li>• Promotion of anti-discrimination practices is conducted and communicated during new employee orientation</li> </ul>	<p>of discrimination, employees can file a complaint through various communication channels, including the complaint hotline, the Factory Manager’s Mailbox posted on the factory bulletin board, and the HR mailbox located in the employee cafeteria, among others.</p>

### ■ Anti-discrimination Policy

At YAGEO, we avoid discrimination in any form as recognized by laws and regulations, including discrimination of race, religion, skin tone, gender, age, marital status, physical disability, nationality, or veteran status. YAGEO does not tolerate differential treatment in terms of recruitment, selection, screening, employment, assignment, distribution, allocation, performance evaluation or promotion. However, this does not apply to tasks for a specific gender. We do not tolerate differential treatment in terms of gender when organizing or providing education, training or other similar activities. We do not tolerate differential treatment in terms of gender when organizing or providing various benefits. We do not tolerate differential treatment in terms of wages. If an employee’s work or value is the same, equal wages must be provided. However, it does not apply to reasons based on seniority, incentives, performance, or other reasonable causes not attributable to gender. We do not tolerate differential treatment in terms of retirement, redundancy, termination, and dismissal. We promote discrimination prevention and provide a complaint hotline in the handbook for newcomers.

### ■ Recruitment and Counseling of Employees with Mental and Physical Disabilities

YAGEO has actively worked with the government to participate in the employment policy for disabled persons since 1990. YAGEO affirmatively believes that with appropriate aids, employees with disabilities can overcome congenital causes and realize their personal value, and eventually have a stable employment opportunity. In the future, YAGEO will keep committing itself to create a more friendly workplace and improve the job counseling system to derive more diversified employment opportunities and a friendly and comfortable working environment for employees with disabilities. In 2023, YAGEO employed a total of 36 people with physical or mental disability as employees.

## ■ Barrier-free Factory Entrance



## ■ Employment and Communication with Foreign Employees

Implemented in accordance with YAGEO's "Foreign Workers Management Regulations." As of the end of 2023, YAGEO employed 821 foreign nationals, representing a significant portion of our workforce. In addition to creating a welcoming work environment, YAGEO provides multilingual announcements and promotional materials (e.g., in English and Vietnamese) at all of its factories to support foreign employees. YAGEO also covers all expenses related to foreign employees relocating from overseas to Taiwan for employment. YAGEO also regularly communicates with overseas employees in their dormitories. Based on the feedback received, YAGEO makes adjustments and improvements in three key areas: work, living conditions, and dormitory environment. This approach ensures that foreign employees can focus on their career development without worries while working abroad and strengthens their sense of belonging to YAGEO.



## ■ Responsible Business Alliance (RBA)

YAGEO actively adheres to the Responsible Business Alliance (RBA) standards. Each of our manufacturing sites is progressively implementing the RBA-designed Self-Assessment Questionnaire (SAQ) to independently identify risk factors related to social, environmental, and ethical aspects of its business operations. In addition, many international and Taiwanese customers contract a third party institution or appoint their audit departments to conduct annual audits of various YAGEO factories according to RBA's Validated Assessment Program (VAP). YAGEO has always met or exceeded the customers' requirements. In addition, each factory site conducts regular RBA retraining on an annual basis. The training curriculum covers topics such as worker rights, communication channels and ethical standards. In 2023, a total of 8,443 people participated in RBA-related training, for a total of 20,410 hours of training.

## ■ Labor-Management Communication

YAGEO values internal communication channels and listens to employee feedback. At present, YAGEO has not established a labor union or signed any group agreements. In order to enable all employees to communicate with us without interruption and to solve problems effectively, YAGEO regularly convenes a labor-management meeting to receive feedback and provides a channel for our employees to express their opinions. YAGEO's operating status and targets are regularly communicated through a monthly IR email. Additionally, HR periodically announces internal organizational changes to keep employees informed about relevant company policies and updates. Employee perspectives are respected by YAGEO and employee opinions are valued. Through a variety of communication channels, employees are encouraged to provide constructive feedback that drives positive growth for YAGEO.



Labor-Management Communication	Communicative Methods Description
Labor-management meeting	YAGEO holds internal labor-management meetings every three months. These meetings allow employees to participate in our business management, aiming to address labor-management relationships, foster cooperation, and prevent various labor issues
Foreign worker's monthly meeting	YAGEO regularly communicates with foreign employees in the dormitories and collects feedback to make adjustments and improvements in three areas: work, life, and dormitory environment
Email announcement	In the event of any changes in YAGEO's organization or management, company policy or information regarding employee welfare will be communicated to employees via e-mail
Factory manager's mailbox	Set up a physical mailbox on the plant bulletin board for employees to submit feedback to the plant manager.
HR mailbox	Set up a physical mailbox on the factory bulletin board. If employees have any comments, they can send them to the factory manager through the mailbox.
Employee complaint hotline (Ethic Hotline)	The employee complaint hotline has been established on the employee's website. If an employee observes any wrongdoing, such as fraud, waste, abuse, misconduct or violation of company policies or laws or regulations, he or she can complete an online form and submit the complaint anonymously.

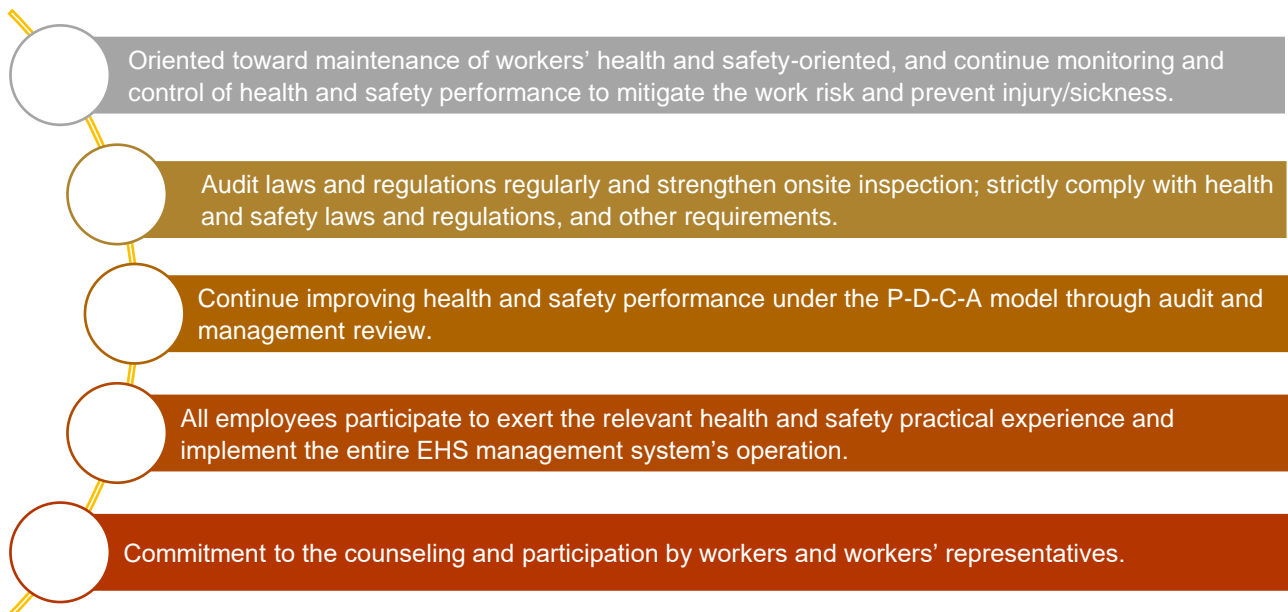
## 7.4 Occupational Health and Safety

### Occupational Health and Safety Management System

According to Article 12-2 of the Occupational Safety and Health Management Rules, all factories have passed the ISO45001:2018 occupational safety and health management system, covering all factory employees as well as relevant vendors. Through continuous improvement approaches, we continue to enhance our performance on health and safety, achieving the protection of workers and company assets.

### Occupational Health and Safety Policy

We have formulated an occupational safety and health policy targeting the goal of “quality work safety and labor safety.” Workers are made aware of the policy via YAGEO website, bulletin board at the entrance of the factory, e-notification and personal cards. The following is the content of the occupational safety and health policy:

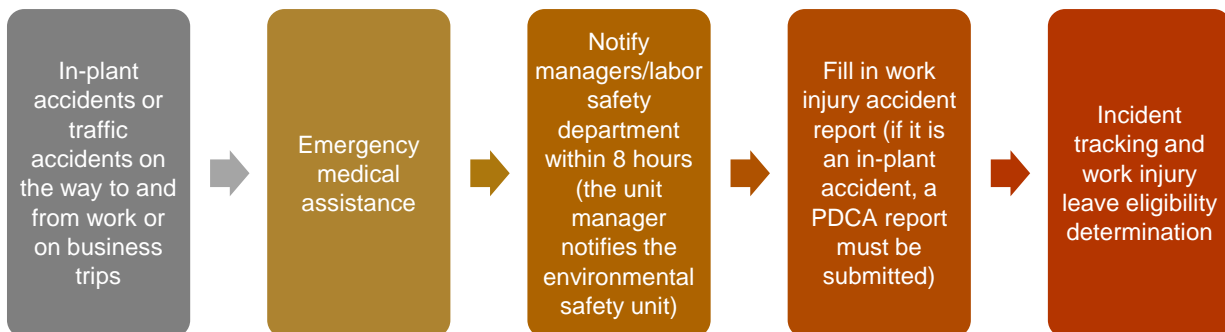


All factories have established an Occupational Safety and Health Committee that meets on a quarterly basis through a meeting. The Committee is responsible for formulating, coordinating and reviewing the implementation of matters related to the promotion of occupational safety and health of all factories. The head of Kaohsiung Dashe Factory, vice president of Kaohsiung Nantze Factory, director of Dafa Factory, as well as president of the Suzhou Factory, and the team leader of Dongguan Factory serve as chairpersons of the Committee for each factory's Occupational Safety and Health Committee. Members include each department's occupational safety and health support units, labor representatives, and occupational safety and health management units. The labor representatives are elected by voting, and the percentage of labor representatives in each factory's Occupational Safety and Health Committee is as the following table:

Site / Factory	Nantze (YP)	Dafa (YF)	Dafa (YF3)	Dashe (YR)	Suzhou (SZ-R)	Suzhou (SZ-C)	Suzhou (TH MD)	Dongguan (DG Backend + TH DG)	Dongguan (CPC)
Percentage of labor representatives	61%	50%	41%	39.5%	40%	40%	3%	42%	3%

Based on related provisions of the Occupational Safety and Health Act, YAGEO’s safety and health management procedures classify and define the degrees of work injuries. Work accidents are mainly divided into fatal accidents, serious accidents, minor accidents, first aid kit accidents and false alarms. There is also a notification process to ensure immediate response and notification in the event of an accident to protect labor safety. In the event of an accident, an analysis must be conducted and the filling in of the “Accidents Investigation Report Form”. The responsible department and personnel must thoroughly implement corrective and preventive measures in the prescribed time. The environmental safety unit assists in guiding the filling of the accident investigation report and improvement tracking, while human resources are responsible for the social protection application for work accidents. The report will be kept by the department where the accident occurred, and human resources and the environmental unit will retain copies. A major occupational disaster must be reported to the labor inspection agency in accordance with the law. The site must not be moved or damaged without permission.

### Occupational Accidents Notification Main Process



At YAGEO, we abide by Article 18 of the Occupational Safety and Health Act that states that employees have the ability to remove themselves from work when they believe there is an imminent and serious danger to their life or health, as well as arrangements to protect them from the consequences of such actions. Employees’ rights to suspend work rights are explained at new employee training and quarterly occupational safety committee meetings by all participating officers. Doing this will ensure that each employee is aware of how to use the rights to suspend work.

In 2023, occupational accidents (exclusive of traffic accidents) in YAGEO were: the improper moving of objects, improper operation of machinery, falling, and cutting. YAGEO will continue to strengthen the promotion and management of operating safety at factory premises to reduce the occurrence of work-related accidents.

Occupational injury statistics	Taiwan	China	Portugal	Total
Total working hours	6,958,721.5	18,008,788.2	117,272	25,039,287.2
Number of recordable occupational injuries	18	17	3	38
Ratio of recordable occupational injuries	0.52	0.19	8.36	0.30
Number of false alarms	6	0	0	6
Rate of false alarm	0.17	0	0	0.05

Note 1: Recordable injury rate = (number of recordable injuries/total hours worked) \* 200,000.

Note 2: There were no work-related fatalities or serious injuries during the year. Definition of severe occupational injury incidents: At the Kaohsiung plant, this includes incidents such as fires, explosions, hazardous material spills that cause public harm, fatalities, disasters involving more than three people, disasters involving one or more people requiring hospitalization, and other disasters designated and announced by central regulatory authorities. In the case of factories in China, such incidents are those that result in the loss of 105 or more working days.

Note 3: There were no occupational injuries involving non-employees during the year.

Note 4: A false alarm event is an event that does not cause injury or property loss, but is likely to do so.

Note 5: Ratio of false alarm events = (Number of false alarm events / Total number of working hours) \* 200,000.

Note 6: No fire-related incidents occurred this year.

## Occupational Hazard Identification and Risk Assessment

To ensure the effectiveness and relevance of risk assessments, each YAGEO facility conducts a comprehensive hazard risk identification and evaluation annually, led by the Safety and Health Management Department. Qualified personnel from each unit carry out hazard risk identification, establishing a graded management system that prioritizes management and improvements in high-risk areas. Monthly environmental, health, and safety (EHS) audits further reinforce the importance of safe operations and environmental considerations among supervisors and employees, fostering collaborative efforts to enhance facility safety and reduce operational risks.

### Risk Level Identification Criteria and Cases

Risk Level	Risk control	Number of cases under pending 2023
Minor risk	Acceptable, no improvement needed	5,561
Low risk	Acceptable, monitored via current approaches	2,766
Moderate risk	There should be control approaches to ensure implementation, but attention must be paid to whether more effective control approaches are available.	273
Medium and high risk	Control method shall be available for implementation properly, and further assessment needs to be performed in order to determine whether improvement is to be made	1
High risk	For uncontrollable risks, the integrity of existing protection measures must be reviewed	0

Note 1: Risk assessment factors: frequency of operation, occurrence rate, severity, and effectiveness of existing controls.

Note 2: The high-risk factor for the second half of 2023 is the rolling mill operation at the Nantze Factory. In 2022, an employee failed to follow operating procedures during shutdown, resulting in a hand injury caused by a rotating machine during cleaning and maintenance. The relevant departments have implemented an improvement project and continue to emphasize the importance of health and environmental safety.

### Improvement Projects for Health and Environmental Safety Risks

Factory / Site	Policy	Target	Actions	Completed progress
Nantze (YP)	Implement pollution control measures to comply with environmental regulations.	Regenerative thermal oxidizer RCO VOCs reduction improvement project	<ol style="list-style-type: none"> <li>1. The pollutants from the original A400 cleaning tower, which were emitted through P004, have been redirected to the newly installed incinerators (AR01/AC01) and are now emitted through P010.</li> <li>2. Application for air pollution permit modification approved</li> </ol>	Done
	Mitigate work risk and prevent injury and sickness	Implementation of Automatic Cleaning Equipment for Nickel-Chromium Mesh	<ol style="list-style-type: none"> <li>1. Use automated cleaning equipment to replace manual brushing, eliminating the need for workers to directly handle chemicals such as nitric acid</li> <li>2. Amend relevant documents</li> <li>3. Cleaning area access control</li> </ol>	Done
Dafa (YF)	Mitigate work risk and prevent injury and sickness	“AI Detection Standards for Personnel Protective Equipment in the Electroplating Station Nitric Acid Work Area”	To prevent personnel from coming into contact with chemicals during operations, an AI mechanism is introduced to detect and ensure that personal protective equipment is worn as required.	Extension
Dafa (YF3)	Monitoring safety and health performance to reduce workplace risks and prevent injuries and illnesses	Improve slip hazard for personnel in the silicone filling area	<ol style="list-style-type: none"> <li>1. Switching to slip resistant safety shoes</li> <li>2. Installation of non slip mats</li> <li>3. Install non slip mats or anti slip tape on the steps of the silicone oil tank</li> </ol>	Done
Dashe (YR)	Mitigate work risk and prevent injury and sickness	Perform thermal imaging assessments of major electrical panels	Perform thermal imaging assessments of major electrical panels, including infrared temperature measurements and fault inspections of electrical equipment throughout the factory	Done
Suzhou (SZ-R)	Mitigate work risk and prevent injury and sickness	Improve the work environment at the workplace	Implement fully automated paste jar cleaning equipment	Done

Factory / Site	Policy	Target	Actions	Completed progress
Suzhou (SZ-C)	Mitigate work risk and prevent injury and sickness	Reduce the occurrence of workplace injuries	Install an RHK cooling chamber to isolate areas prone to crushing and burning	Done
Suzhou (TH MD)	Reduce occupational health and safety risks in the workplace	1. Noise hazards at the workplace comply with occupational health requirements 2. Toxic and harmful gases at the workplace have been further reduced	1. Technical upgrades to noise-producing equipment 2. Adding a secondary activated carbon adsorption stage to painting process	Done
Dongguan (DG Backend + TH DG)	Reduce fire safety risk at the workplace	No fire incidents	E-bike charging area renovation	Done
Dongguan (CPC)	Reduce occupational health and safety risks in the workplace	1. Noise hazards at the workplace comply with occupational health requirements 2. Toxic and harmful gases at the workplace have been further reduced	1. Technical upgrades to noise-producing equipment 2. Increase workshop ventilation rate	Done

## Occupational Health Services

### Health Checkup and Influenza Vaccination

YAGEO's Nantze, Dafa, and Dashe factories each have a medical office staffed with professional nurses and occupational health specialists who provide on-site health counseling services to ensure the well-being of employees in the workplace. YAGEO factories conduct regular health examinations for employees in both special and general operations on an annual basis. Occupational hazard examinations are conducted to assess occupational hazards in the workplace. YAGEO provides health check-ups that exceed legal requirements and a variety of cancer screenings. A high-risk mental and physical health reporting process has been established. For employees whose screening results indicate a high risk, HR will arrange for job reassignment based on physician recommendations and assist with follow-up consultations at the medical room or nearby cooperating hospitals. This enables employees to better understand their health status and allows for continuous monitoring of any health abnormalities to achieve the goal of "early detection and early treatment." The Kaohsiung Dashe Factory also collaborated with the Dashe District Public Health Center to administer influenza vaccinations.



“Annual health check-ups and flu vaccinations (Dashe Factory)”

### 2023 statistics about the number of employees accepting the health checkup

Site	Nantze YP	Dafa YF	Dafa YF3	Dashe YR	Suzhou SZ-R	Suzhou SZ-C	Suzhou TH MD	Dongguan DG Backend + TH DG	Dongguan CPC
Number of employees receiving the general health checkup	1,232	661	100	113	165	169	63	350	0
Number of employees receiving the special health checkup	457	220	0	273	1,200	1,029	51	750	143

Note 1: Occupational hazard examinations are additional health screenings conducted for employees who work in environments with high-risk factors in their work processes, specifically targeting occupational disease hazards.

Note 2: Dafa Factory III was newly completed in 2023, therefore, the occupational hazard examination was conducted in 2024.

Note 3: The Dongguan Factory (CPC) conducts general employee health examinations every two years, so there is no relevant data for 2023.

Note 4: Note 4: The number of health examinations reported this year does not yet include the Portugal factory. Plans are in place to include it in the future.

### Contracted labor health service physician and nurse services

Site / Factory	Contracted service frequency	Number of people/times of service use in 2023
Nantze (YP)	<ul style="list-style-type: none"> <li>Physician 3 times/month</li> <li>Already arranged 2 stationed nurses</li> </ul>	<ul style="list-style-type: none"> <li>Physician service: 292 persons-time</li> <li>Nurse service: Stationed at factory (1918 persons-time)</li> </ul>
Dafa (YF)	<ul style="list-style-type: none"> <li>Physician 1 times/month</li> <li>Already arranged 1 stationed nurse</li> </ul>	<ul style="list-style-type: none"> <li>Physician service: 74 persons-time</li> <li>Nurse service: Stationed at factory (204 persons-time)</li> </ul>
Dafa (YF3)	<ul style="list-style-type: none"> <li>Physician 1 times/month</li> <li>Already arranged 1 stationed nurse</li> </ul>	<ul style="list-style-type: none"> <li>Physician service: 32 persons-time</li> <li>Nurse service: Stationed at factory (194 persons-time)</li> </ul>
Dashe (YR)	<ul style="list-style-type: none"> <li>Physician 2 times/month</li> <li>Already arranged 2 stationed nurses</li> </ul>	<ul style="list-style-type: none"> <li>Physician service: 555 people</li> <li>Nurse service: Stationed at factory (528 persons-time)</li> </ul>

Note: 2023 stationed nurse service included: Occupational medical stationed service, health consultation, annual health examination, new employee orientation, health promotion activity/seminar, screening and testing at outdoor test stations

### Assessment Form for Workplace Occupational Hazards and Potential Occupational Diseases

Dept./Position	Occupational hazardous factors	Occupational disease that might be caused	Engineering protection	Personal protection appliances
Ball milling, roller milling, and sintering	Dust	Pneumoconiosis	Dust collection device	Dustproof face mask
Sandblasting, laser trimming		Cardiovascular disease, chronic obstructive pulmonary disease, chronic bronchitis, and asthma		
Activation of packaging machine, welding shop, electroplating, lithography, middle end and material screening, cleaning and testing, etc	Noise	Occupational deafness	-	Earplugs
Welding, winding, and cutting	Noise, dust	Occupational deafness, pneumoconiosis	Mechanical ventilation, organic gas collection device	Dustproof face mask, earplugs
Cutting workshop, 1st and 2nd breaking, sputtering			Dust collection device	
Printing	Soluble nickel compounds	Occupational positioning, occupational contact dermatitis, occupational asthma	Radiation warning signs and boundaries are posted at entrances and appropriate locations within radiation work areas, and organic gas collection devices are installed	Acid and alkali protective clothes, protective gloves, protective goggles, dome-shape gas mask, canister, activated carbon mask
Electroplating	Soluble nickel compounds, nitric acid	Occupational positioning, occupational contact dermatitis, occupational asthma, occupational skin burn, chemical eye burn, blood diseases, endocrine diseases, mental and neurological disorders, eye-related diseases, malignant tumors		
Paste mixing, coating workshop	Chemicals and chemical organic gases (benzene series)	Occupational chronic benzene poisoning, occupational benzene-induced leukemia	Mechanical ventilation, organic gas collection device	Microparticle masks, protective gloves, and gas masks.

Dept./Position	Occupational hazardous factors	Occupational disease that might be caused	Engineering protection	Personal protection appliances
Measuring plate cleaning, power resistor workshop	Chemicals and chemical organic gases (benzene series, dust, methanol)	Occupational chronic benzene poisoning, occupational benzene-induced leukemia, occupational pneumoconiosis caused by dust exposure		Anti-microvirus and dust masks, and protective goggles

In 2023, there was one occupational disease incident at the YAGEO factory, mainly caused by noise exposure. The HR department assisted in organizing work capacity assessments and compensation measures. YAGEO also strengthened supervision of all departments to ensure that employees wore personal protective equipment and complied to timely job rotation procedures. In 2023, there were no reported fatalities or occupational disease incidents involving non-employees.

### ■ Health Promotion Measures

#### Secure place certification and AED & CPR education and training

To provide employees with a safe working environment, the Kaohsiung Dashe Factory has passed the AED secure place certification. The Nanzi Plant, Dafa Plant, and Dafa Factory III have also conducted workplace AED and CPR first aid training. These courses emphasize practical application to enhance the ability to respond to and manage emergency injuries, thereby improving the health protection of employees.



#### Health Promotion Information

Each YAGEO factory has regularly posted health information on the bulletin board and TV wall to improve employees' correct health knowledge and concepts. In addition, health information is also distributed via internal e-mail to encourage employees to adopt healthy behaviors and lifestyles to prevent the onset of disease and improve the quality of healthy living.



### Tunnel sphygmomanometer installed at the factory premises

Recognizing that cardiovascular disease and diabetes have become formidable threats to the health of our nation's citizens, especially those who lead busy lives, are overweight and inactive, it is critical to monitor blood pressure on a daily basis. This proactive measure can prevent individuals from unknowingly becoming victims of high blood pressure, stroke or heart disease. Dafa Factory has installed automatic sphygmomanometers in the cafeterias and encourages employees to use them regularly to develop a habit of monitoring their blood pressure. Additionally, the blood pressure monitoring office provides health education leaflets and maintains records of the measurements for employees.



### Family Alpine Climbing Hike and Shikeng Hot Springs Health Promotion Activity

Dafa Factory III organized a Family Alpine Climbing Hike and Shikeng Hot Springs Health Promotion Activity. The event aimed to enhance employee mental and physical stress relief, self-discovery, and immersion in nature to absorb phytoncides, promoting a sense of tranquility, spiritual cleansing, stress reduction, and overall well-being.



## Health Promotion Workplace Certification

YAGEO provides comprehensive health resources for individuals, conducts a thorough assessment to improve the physiological and psychosocial work environment, and extends its corporate social responsibility to employees' families and the community. This commitment promotes a healthy workplace and creates a supportive work environment. Furthermore, through the collective efforts of the workplace team, create a supportive health environment and increase the effectiveness of workplace health promotion initiatives. Dafa Factory obtained the health promotion mark of healthy workplace certification in 2023.



## Blood Donation Event

YAGEO organizes annual blood donation events at each of its factories, actively encouraging employees and their families to participate. In 2023, Dafa Factory III collected a total of 91 bags of blood, amounting to approximately 22,750 c.c.



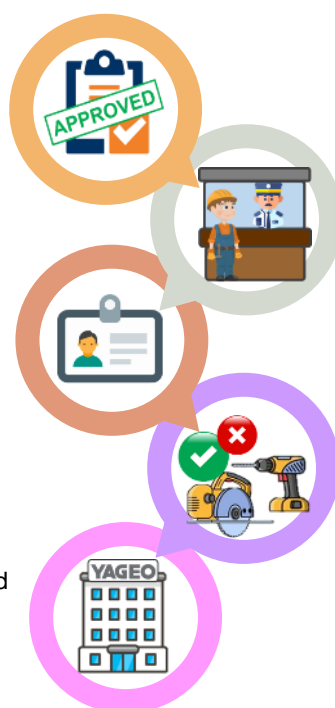
## Contractor Safety and Health Management

YAGEO has established work safety regulations for contractors entering the factory. These regulations require contractors to apply for a work permit for entry inspection, complete a written undertaking by construction personnel, and submit a notice of hazardous factors for the duration of the contract to confirm the existence of relevant insurance and education and training certificates or licenses, in order to ensure the safety of contractors' operations and protect the health and safety of contractors' and YAGEO's employees.



## Application Process for Contractors to Enter the Factory

- Submit an application for factory entry on the electronic sign in system for factory visits three days ago
- Audit: Procurement, Safety Management Department, and the highest ranking executive in the factory area
  - Construction contractors exchange their certification for an education training card
  - The person being visited will accompany the visitor during their entry



- Register at the security office for factory entry
- Sign after thoroughly reading the factory hazard information sheet.
- Inspection of electrical equipment entering the factory
- Stamp a qualified label

## 2023 Contractor Management and Audit

Each factory of YAGEO performs construction site audit on contractors entering the factory site for operation. In 2023, there were a total of 2,510 contractor personnel applied for long-term work permit (not referring to the actual number of contractor personnel entering the factory site in 2023). There were a total 1,051 times of construction site audit being implemented, and all findings have been improved completely.

Site / Factory	Number of construction site audits	Finding improvement status	Safety and health performance evaluation
Nantze (YP)	90	A total of 5 findings and have been improved	In 2023, safety and health performance evaluation were conducted on a total of 245 contractors, and the evaluation result indicated qualification for all contractors
Dafa (YF)	73	A total of 3 findings and have been improved	
Dafa (YF3)	120	A total of 33 findings and have been improved	
Dashe (YR)	240	A total of 2 findings and have been improved	
Suzhou (SZ-R)	240	A total of 15 findings and have been improved	
Suzhou (SZ-C)	240	A total of 10 findings and have been improved	
Suzhou (TH MD)	N/A	N/A	
Dongguan (DG Backend + TH DG)	21	A total of 2 findings and have been improved	
Dongguan (CPC)	27	A total of 33 findings and have been improved	

Note : There's no contractors entering the Suzhou plant (TH MD) for construction in 2023.

## Overview of Non-Employees in 2023

Non-employees item	Taiwan	China	Portugal	Total
Number of security personnel and guards employed at the end of 2023	37	59	2	98
Total annual working hours of security personnel and guards at the end of 2023	105,013	352,737	3,500	461,250
Number of cleaning staff employed at the end of 2023	42	22	3	67
Total annual hours worked by cleaning staff at the end of 2023	91,336	56,688	3,000	151,024
Number of interns/part-time students employed at the end of 2023	0	0	0	0
Total annual working hours of interns/part-time students employed at the end of 2023	0	0	0	0
Number of contractors/entries into the factory in 2023	7,369	9,686	0	17,055
Total contractor hours in 2023	191,964	21,334	0	213,298

Note: The total number of non-employee workers in 2023 showed significant fluctuations compared to 2022 due to the expanded scope of reporting information for the year

## Fire Protection Equipment Management and Emergency Exercises

In order to improve emergency response and fire protection capabilities at the factory site, YAGEO regularly maintains firefighting equipment on a monthly basis. Regular inspection reports and reviews are also conducted in accordance with laws and regulations. A firefighting and emergency response drill is conducted every six months to improve employees' knowledge of response procedures and the operation of response equipment, and to ensure that employees can be effectively evacuated in the



event of a major disaster. Moreover, new employees must complete six hours of safety and health training before entering the workplace. If workers perform operations on machinery, the appropriate training must be provided by the plant department. If special machinery is operated, the employee must obtain the appropriate licenses as required by law.

## Occupational Health and Safety Policy

To enhance employee awareness of occupational health and safety and mitigate risks associated with routine operations, YAGEO's factories have their EHS departments report annual training needs to the HR department. The HR department then assists in planning and publishing the annual training schedule, which includes courses on equipment and machine operation, occupational health and safety awareness, first aid for occupational accidents, and special operating safety training, among other topics.

In addition, before any contractor enters the site for work, the contractor's training shall also be conducted in accordance with the contractor's operational management regulations, including the environment, occupational safety and health policies, factory discipline and factory overview, regional source of hazards, hazardous operational safety regulations, waste disposal, emergency contact person, common sense of fire escape and emergency response, etc. The contractor shall only enter the site after examination and approval. can enter the work area only after examination and approval.

Further, before any contractor enters the site for work, the contractor training shall also be carried out in accordance with the contractor's operating management regulations, including the environment, occupational health and safety policies, factory discipline and overview of the factory, regional source of hazards, hazardous operating safety regulations, waste disposal, emergency contact person, common sense of fire escape and emergency response, etc. , can only enter the operation area after examination and approval.



### ■ Occupational Health and Safety Training in 2023




Site / Factory	Nantze YP	Dafa YF	Dafa YF3	Dashe YR	Suzhou SZ-R	Suzhou SZ-C	Suzhou TH MD	Dong- guan DG BE + TH	Dong- guan CPC	Portugal Vitrohm	Total
Total Training Hours for Employees	2,968	2,530	2,941	6,584	9,996	4,352	220	7,824	1,600	191.5	39,206.5
Total Training Hours for Contractors	182	196	46	660	388	432	12	84	212	0	2,212

# Chapter 8 Social Participation

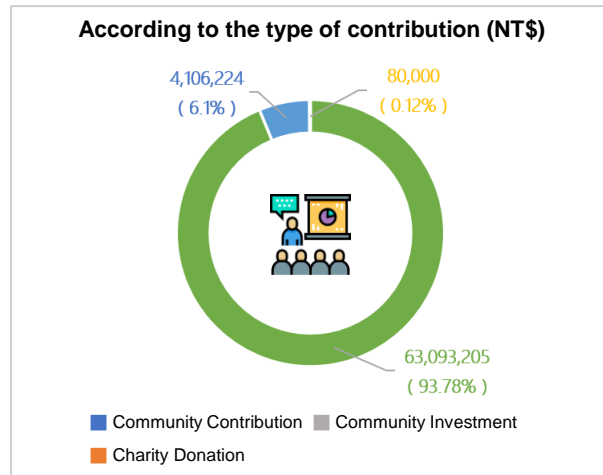
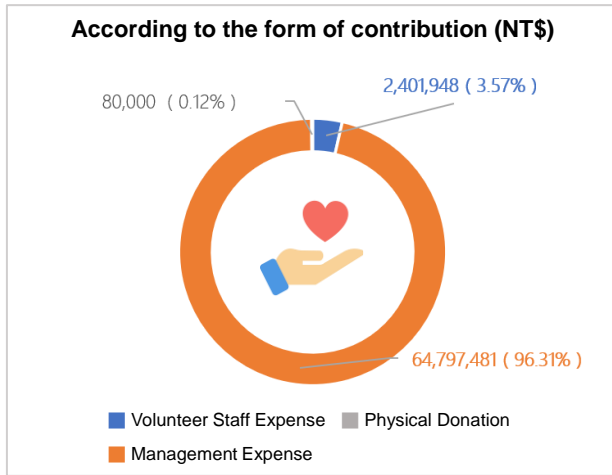


## 8.1 Social Participation and Strategy

Social participation focus	Correspondent SDGs	Business driving force	Business benefits and performance	Social influence	Social and environmental benefits
Arts and culture education”	 	<ul style="list-style-type: none"> <li>The Foundation focuses on Promoting “The Art of Living” and continues to plan exhibitions, audiovisual content, and book publications to share various aspects of the aesthetics of living with the public</li> </ul>	<ul style="list-style-type: none"> <li>The Foundation plans to publish a series of “Art of Living Books” covering various aspects such as art, jewelry, culinary culture, interior design, and architecture.</li> <li>The Foundation often collaborates with other organizations to lend its collection for exhibitions, thereby increasing the visibility of the YAGEO brand. For example, we have loaned items to the Louis Vuitton Foundation’s <i>Mark Rothko</i> exhibition in Paris, which will run from October 18, 2023 to April 2, 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Awaken the public’s appreciation and awareness of aesthetics in daily life, enhance the cultural and artistic literacy of the people in Taiwan, showcase Taiwan’s artistic soft power to the world, and elevate domestic art appreciation.</li> </ul>	<ul style="list-style-type: none"> <li>Exhibitions and cultural events are open to both local and international audiences and are designed to promote aesthetic education and artistic appreciation. For example, the exhibition “<i>Capturing the Moment: A Journey Through Painting and Photography</i>,” co-organized by the Foundation and U.K. Tate Modern, ran from June 14, 2023, to April 28, 2024, and attracted more than 300,000 visitors. The high standard of this exhibition is rare in Asia. In line with the Foundation’s mission to promote art education, the Foundation, U.K. Tate Modern and the Kaohsiung Museum of Fine Arts have entered into a cooperative agreement to bring the exhibition to the Kaohsiung Museum of Fine Arts. The exhibition will run from June 29 to November 17, 2024.</li> </ul>

Social participation focus	Correspondent SDGs	Business driving force	Business benefits and performance	Social influence	Social and environmental benefits
Sports Promotion	  	<ul style="list-style-type: none"> <li>The YAGEO Sports Games Development Association, with the goal of cultivating young Taiwanese surfers, has organized a Seed camp and established a professional surfing team to nurture Taiwanese surfing talent. The goal is to hold more nationwide surfing competitions to ignite public enthusiasm for the sport and raise Taiwan's surfing standards, enabling Taiwan to ride the waves of success in future Olympic Games.</li> </ul>	<ul style="list-style-type: none"> <li>Since 2020, the YAGEO Sports Games Development Association has annually organized the YAGEO SURF Seed camp and training team selection, participated in both domestic and international surfing competitions, and hosted its own events. These activities have led to widespread recognition of the YAGEO brand through camp events, competition broadcasts, athlete achievements, and magazine interviews.</li> <li>One SURF Seed camp was held in 2023</li> <li>In 2023, an O3 Taiwan Surfing Festival was held with over a thousand viewers for the live broadcast and approximately 5,800 views</li> <li>The members of the 2023 SURF Team won a total of 36 medals</li> </ul>	<ul style="list-style-type: none"> <li>Promoting education and cultural development is one of the core principles of the YAGEO Sports Games Development Association. The Association hopes to increase Taiwan's enthusiasm for surfing by organizing surfing events. It also aims to promote the values of ocean and environmental conservation through its annual Seed camp, with the expectation that participants will develop a commitment to ocean conservation from an early age.</li> <li>Sports promotion is another core concept of the YAGEO Sports Games Development Association. The association aims to raise the level of surfing competition in Taiwan through professional coaching, thereby improving the quality of the surfing environment. In addition, the association holds an annual Seed camp to identify promising young surfers. By participating in domestic and international surfing competitions and events, the association aims to increase Taiwan's visibility in the surfing world.</li> </ul>	<ul style="list-style-type: none"> <li>The 2023 SURF Seed camp had a record attendance of 15 students and provided free training in surfing techniques and skills.</li> <li>In 2023, a total of six marine and environmental conservation classes were held. Approximately 20 to 30 people participated in one-hour beach cleanups after each class. Approximately 10 kilograms of beach debris were removed during each cleanup</li> <li>The 2023 O3 Taiwan amateur and professional surfing competition and entertainment event was held, with a total of 134 participants.</li> <li>Long-term sponsorship of 10-15 surfers, actively developing them into professional athletes</li> </ul>

The YAGEO Foundation and the YAGEO Sports Games Development Association, referring to the guidelines of the B4SI (Business for Social Impact) Framework, have disclosed the actual amount of NT\$67.27 million invested in social engagement in 2023, categorized by format and type of activity, to highlight YAGEO's social impact.



## 8.2 Arts and Culture Education







The YAGEO Foundation (hereinafter referred to as the Foundation) is a non-profit organization founded in 1999 by its Chairman, Mr. Pierre Chen. It aims to promote culture and the arts by sponsoring exhibitions, research and educational activities. The Foundation is dedicated to promoting dialogue between Eastern and Western cultures. In addition to regularly lending its collection to renowned museums and cultural institutions around the world, the Foundation has actively collaborated with international museums to co-host exhibitions and build partnerships. Through these efforts, the Foundation aims to promote Taiwan's artistic excellence on the global stage, cultivate expertise and experience in international art exhibitions for Taiwan, and share its valuable cultural resources with the community free of charge. This is in line with the Foundation's commitment to fulfilling its corporate social responsibility for sustainable development.

### Cultural and Artistic Promotion

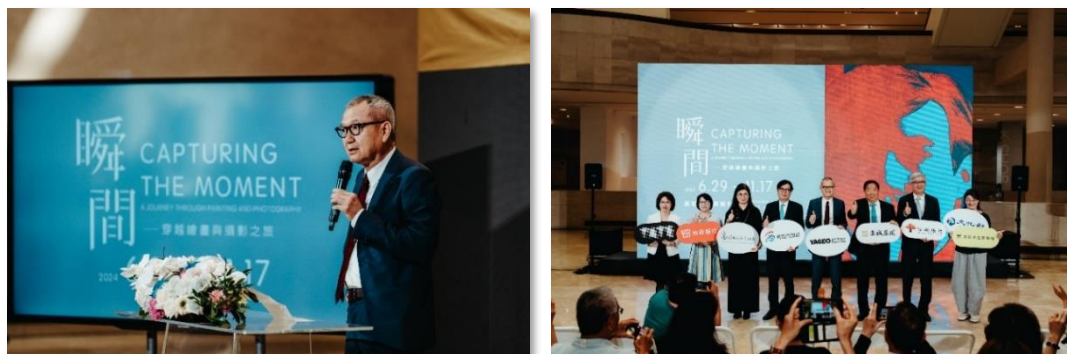
#### 1. Co-hosted the annual major exhibition with the U.K.Tate Modern, titled “Capturing the Moment: A Journey Through Painting and Photography.”

The Foundation, in collaboration with the U.K.Tate Modern, is jointly presenting the annual exhibition titled “*Capturing the Moment: A Journey Through Painting and Photography*.” This exhibition features classic works from both institutions, exploring the intertwined relationship between painting and photography throughout art history and their impact on artistic styles. The exhibition will be on view at U.K. Tate Modern from June 14, 2023, to April 28, 2024. This project, with an investment of approximately NT\$30 million in 2023, will not only enhance the reputation of the Foundation and Taiwan's artistic soft power in the international art community but also promote cultural exchange between east and west. It will also establish an international curatorial experience in Taiwan, thereby improving the quality of exhibitions and art education in Taiwan.

The U.K.Tate Modern in London primarily uses its official website, Twitter, Facebook, Instagram, and Google Display platforms for marketing, along with outdoor advertising like London Underground and street ads. During the 10-month exhibition, over 300,000 visitors attended. The educational program, which includes field trips and specialized guided tours, engaged over 10,000 teachers and students.

Exhibition highlights	Description
<p>On June 14, 2023, the exhibition “Capturing the Moment: A Journey Through Painting and Photography,” organized by the Foundation and U.K.Tate Modern, opened at U.K.Tate Modern.</p>	<p>Curator Gregor Muir is conducting a tour</p>
	
<p>Painted by David Hockney “Portrait of an Artist (Pool with Two Figures)” 1972</p>	<p>In a corner of the exhibition space, works by the Cubist master Pablo Picasso are on display. Pablo Picasso’s work “Buste de Femme” (1938)</p>
	
<p>《Chiesa dei Frari, Venice》 1995 Visitors are viewing the photography works of Thomas Struth’s</p>	<p>The exhibition’s advertisements were displayed not only on the streets, but also inside London Underground stations</p>
	

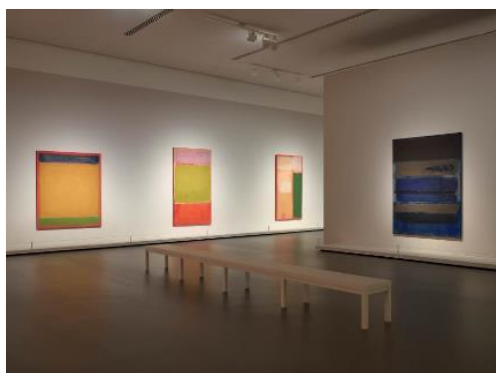
To expand the impact of art education and give back to the community by allowing Taiwanese citizens to view this world-class exhibition, the Foundation has provided both financial and logistical support to facilitate the exhibition's tour to the Kaohsiung Museum of Fine Arts. The exhibition will run from June 29 to November 17, 2024. This initiative not only provides Taiwanese citizens with greater opportunities to experience the works of contemporary art masters firsthand, but also aims to establish international curatorial expertise in Taiwan, thereby enhancing the quality of future exhibitions and art education in the country. In addition, the Foundation will produce a special bilingual (Chinese and English) publication for this exhibition. YAGEO employees will receive a discount on tickets upon presentation of their employee ID card.



▲ Pierre Chen, YAGEO Foundation Chairman hopes to share his passion and collection with the public through the international exhibition “*Capturing the Moment: A Journey Through Painting and Photography*” (pictured left). The pre-exhibition press conference was held at the Kaohsiung Museum of Fine Arts on April 12, 2024 (pictured right).

## 2. Louis Vuitton Foundation - “Mark Rothko” Retrospective Exhibition

In 2023, the Louis Vuitton Foundation in Paris hosted the “*Mark Rothko*” Retrospective Exhibition. The Foundation generously provided two pieces from its collection for the exhibition at no cost. The exhibition was open to the public from October 18, 2023, to April 2, 2024. The exhibition is one of the most popular global exhibitions in recent years, attracting nearly 5,000 visitors daily. The Foundation continues to strengthen its international presence under the name “YAGEO Foundation, Taiwan,” boosting both the brand’s and Taiwan’s global visibility.



▲ The Foundations collection was exhibited in the Louis Vuitton Foundation’s Mark Rothko Retrospective Exhibition, Kate Rothko Prizel 1998 & Christopher Rothko - Adagp, Paris, 2023.

## Art of Living

The Art of Living has always been a core value of the Foundation. The Foundation advocates the integration of artistic thinking and appreciation into daily life, thereby enhancing cultural depth from a lifestyle perspective. While the impact of arts and culture as a form of soft power has historically been difficult to quantify, we firmly believe that the cultivation of arts and culture as a form of cultural capital can foster individual reflection on both the natural environment and human society. Businesses need this kind of thinking to adapt to environmental and societal changes and ultimately achieve sustainable development.

### 1. Art of Living Books and Documentary

To further document and promote this concept, the Foundation plans to launch a series of “Art of Living” books and documentaries beginning in 2021. These publications will explore various aspects of the aesthetics of living, beginning with the Foundation’s collection and extending to art, jewelry, culinary culture, interior design, and architecture. Throughout 2023, we will continue to gather materials and documentation, and engage in discussions with our professional team to compile, outline the book structure, and develop the video framework. We currently expect to complete publication and distribution in 2025.

### 2. YAGEO Office

Numerous works of art are displayed throughout YAGEO’s offices and public spaces. Each piece is carefully considered and arranged to harmonize seamlessly with its surroundings. We firmly believe that the interplay between space and art is an integral part of aesthetic development and serves as a driving force behind the continuous growth and accumulation of the Foundation’s collection. In 2023, we continued to create a friendly and aesthetically enriching learning environment for our employees at YAGEO. This included integrating artworks from the YAGEO Foundation’s collection into our office spaces and providing art books to employees both domestically and internationally to foster cultural exchange.



▲ Photo of company office of YAGEO



▲ Integration of art works with employee dining area at YAGEO

The Foundation, as an important cultural asset of YAGEO, embodies the cultural essence and stature of YAGEO. Therefore, the Foundation must continuously improve itself and grow along with the core business. Internally, we aspire to perfect the operation of the art and culture legal entity, which includes academic research, database construction, exhibition planning, and educational outreach, as well as administrative management, financial planning, and brand marketing (starting in 2021, we will operate social media platforms in the hope of bringing high-level aesthetic education to a wider audience). We aim to address all aspects comprehensively. Externally, we strive to enhance our professionalism. In addition to collaborating with domestic art museums to promote Taiwanese artists, we actively engage with international cultural institutions to build an international reputation and visibility, collectively contributing to the success of the YAGEO brand.

We welcome people to obtain further information for understanding the philosophy of YAGEO Foundation and U.K. Tate Modern Partnership Program!



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## 8.3 Sports Promotion

### Nurturing the Young Generation for the Future

The YAGEO Sports Games Development Association was established in 2018 as a non-profit organization dedicated to the promotion of surfing. The International Olympic Committee announced in 2018 that surfing would be included as an Olympic sport, with the first competition taking place at the 2020 Tokyo Olympics. Surrounded by the sea on all sides, Taiwan has numerous excellent surfing environments, making it an ideal island for the development of the sport. However, surfing started relatively late in Taiwan, resulting in a gap between Taiwan's surfing level and international standards. Talented surfers abroad are trained from an early age. Recognizing Taiwan's surfing potential, YAGEO established the YAGEO Sports Games Development Association to cultivate surfing talent. We will focus on building a strong foundation and nurturing Taiwan's surfing talent from the grassroots level. We hope to utilize our environmental advantages to quickly catch up and ultimately aim to ride the waves to success in the Olympic Games. As surfing gains momentum around the world, we want to enhance Taiwan's competitive position in the sport at this pivotal moment.

### Development Orientation

The Association focuses on two core objectives: educational development and cultural promotion. In terms of educational development, the Association aims to "improve the level of surfing competition and the quality of the surfing environment in Taiwan" through professional teaching. In terms of cultural promotion, the Association hopes to "increase the visibility of surfing in Taiwan" by participating in competitions and events. It is hoped that in the future, Taiwanese athletes will be able to showcase their talents on the international stage. The association aims to hold one advanced competition and one general public surfing competition annually. It also plans to host one SURF Seed training camp and one surfing experience camp, as well as sponsor events that provide surfing experiences in return for vendor support. In the future development process, we hope to spread to coastal communities across Taiwan and bring this movement to the new generation.



<b>Core theme</b>	<ul style="list-style-type: none"><li>• Educational development</li><li>• Cultural promotion</li></ul>
<b>Development target</b>	<ul style="list-style-type: none"><li>• Improve Taiwan's surfing competition level and surfing environment quality</li><li>• Improve the visibility of surfing sports in Taiwan</li></ul>
<b>Strategy &amp; Planning</b>	<ul style="list-style-type: none"><li>• Sponsor elite surfers</li><li>• Introduce foreign surfing skills</li><li>• Promote the basic level sport of surfing</li><li>• Organize domestic surfing games</li></ul>

The YAGEO Professional Games Development Association is a non-profit organization dedicated to the development of surfing in Taiwan. The YAGEO Group not only sponsors athletes to compete in Olympic qualifying events abroad, but also hires Taiwan's top national team members as coaches. In 2023, the YAGEO SURF Team will enter its fifth year, with Taiwanese surfing legend Heng-Liang Kuo and newly appointed Yu-Hao Yang as the main coaches. Both Yang and Kuo are retired professional surfers, making them well equipped to pass on their experience. In addition to coaching young athletes, he also serves as the primary coach for the surf camp training program. In 2023, the SURF Camp will host a Seed camp event, and selected trainees will continue to participate in training activities and youth competitions with professional team members during the second half of the year.

## Athlete Development

### Third Term of YAGEO SURF Seed Camp Training Program

Starting in 2020, YAGEO has initiated a fully sponsored SURF Seed program. The program aims to cultivate young Taiwanese surfers and develop future surfing talent. In 2021, the first term of the Southern District of SURF Seed Camp, featuring Taiwan's top coaches providing professional surfing instruction. This program was designed to cultivate an interest in surfing and a love of the ocean in young participants, with the ultimate goal of developing future Olympic athletes who can excel in international surfing competitions. The Seed Camp training program does not require a registration fee. This year, 15 participants were selected from an initial pool of 18 applicants. The participants, aged between 6 and 13, were chosen based on their abilities.


Eligibility	Training program
<ul style="list-style-type: none"> <li>• To participate in the selection activity, basic surfing skills are required</li> <li>• Maximum number of participants is 14 to 16, and selection will be based on merit</li> <li>• Trainees age ranges from 6 years old to 13 years old</li> </ul>	<ul style="list-style-type: none"> <li>• Land course (physical training, ocean conservation, surfing etiquette and culture, and surf hazard assessment and management)</li> <li>• Ocean course (basic surfing skills and cultivation of techniques)</li> </ul>

The training program is divided into onshore and offshore courses. In addition to developing basic surfing skills and techniques, the curriculum covers surfing etiquette and culture, marine environmental conservation, surf hazard assessment (such as wave and tide analysis), and self-rescue skills. Students are taught to prioritize safety in surfing and to develop a sense of environmental stewardship from an early age. This includes activities like beach clean-ups, using eco-friendly rash guards, and opting for sustainable tableware, instilling an appreciation for resource conservation and environmental protection.

Item	Descriptions and Pictures
<p>Seed Camp</p> <p>Key Program:</p> <p>"Beach Clean-up"</p>	<p>After completing each session in any coastal area, the YAGEO Surfing Seed Camp always holds a beach clean-up activity. While promoting the sport of surfing, it leads participants in caring for and protecting our environment, instilling a deep-rooted sense of sustainable values from an early age. In 2023, a total of 6 marine and environmental conservation sessions were held, with each clean-up involving around 20-30 participants, lasting an hour, and collecting approximately 10 kilograms of beach waste each time.</p> 
<p>Completion of the 3rd YAGEO Surfing Seed Camp</p>	<p>In 2023, a total of 15 participants completed an extensive series of training sessions, gaining a solid understanding of surfing concepts, fundamental skills, and competitive sports etiquette. Each participant completed the program with valuable knowledge and personal insights.</p> 

### The YAGEO Professional Surfing Team

In 2023, the athletes continued to focus on participating in domestic youth open tournaments. They showcased their talents in various competitions and gained valuable experience with each participation. This will increase their competitiveness and prepare them for future international competitions. The YAGEO Sports Games Development Association will continue to provide and sponsor more surfing training and resources for Taiwanese youth, and fully support athletes to develop their interest in surfing as a career. This will enable Taiwanese surfers to shine in both domestic and international competitions.

	Liu Ming-Jang (Juvenile Professional Team)
	You Chia-Chi (Juvenile Professional Team)
	Che-Yao Hou (Juvenile Professional Team)

### Auxiliary Training and Care for YAGEO Surfing Team Players

The YAGEO Surfing Team believes that surfers, like other sports players, need a lot of auxiliary training to improve their specific performance; therefore, YAGEO allows players to accept different training to improve their skills.

<b>Nutritionist Consultation</b>	<ul style="list-style-type: none"> <li>• Hire a nutritionist to customize personal diet for players, and precisely calculate the nutrients and calories to be taken by the players.</li> <li>• Per the needs by body type, adjust the menu to increase the players' muscles and maintain the optimal body shape of a sport player.</li> </ul>
<b>Sports Psychology Teacher Consultation</b>	<ul style="list-style-type: none"> <li>• The player's mental state is usually critical to his performance in a game. A professional team is used to retaining a sports psychology teacher to chat with the player for psychological evaluation, and communicate with the team coaches about the player's condition, in order to help the coaches train the player from the psychological level and better the training quality and effect.</li> </ul>
<b>Yoga class</b>	<ul style="list-style-type: none"> <li>• Flexibility is very important for a surfer. Yoga class may help surfers achieve better body extension and improve their skill performance.</li> </ul>
<b>Physical training</b>	<ul style="list-style-type: none"> <li>• Durable physical strength is considered a basic ability for surfing. The professional team arranges the team players to accept physical training at least once a week, in order to exercise the players' cardiorespiratory ability, muscle strength and explosive power.</li> </ul>
<b>Benefits vested in players</b>	<ul style="list-style-type: none"> <li>• In addition to training resources, athletes with great performance and result in games will also receive monetary prize as encourage for their effort</li> <li>• Athlete's birthday party event and quarterly dinner party for athletes busy for training on a daily basis.</li> </ul>

**The YAGEO Surfing Team Athletes Training and Competing Abroad (Australia and Indonesia)**

In 2023, athletes were sent to Australia and Indonesia for overseas training and participation in international competitions. A new training program, "tube riding," was added. This type of wave condition is not easily encountered in Taiwan and usually only occurs before and after typhoons. Due to Taiwanese legal restrictions, athletes can only be sent to countries with such wave conditions for training, such as Indonesia. In 2023, athlete Chia-Chi You won the Junior Points Championship in the Bingin region of Indonesia.



**Surfing Promotion and Event Organization**

**2023 O3 Taiwan Surfing Festival - National Surfing Competition and Events**

Beginning in 2021, the YAGEO Professional Competition Development Association (YAGEO Surfing Team) began planning O3 Taiwan (hereinafter referred to as O3), a sports competition and entertainment event organization that the public could participate in. The third O3 Surfing Festival, held in November 2023, was an amateur and professional surfing competition and entertainment event that broke the record for the most

participants with a total of 134 competitors. The event was also live-streamed online, making it the only surfing competition in Taiwan currently organized by a company. A professional baseball broadcasting team was hired to livestream the surfing competition, with over a thousand online viewers and approximately 5,800 views. A market (with 21 stalls) was also held during the surfing festival. Local singer Samingad was also invited to set up a stall and personally prepare food. Both the surfing event and the market were well received.



→ Live Video (Day1)



→ Live Video (Day2)

## 2023 YAGEO Surfing Team's Domestic and International Surfing Competition Highlights

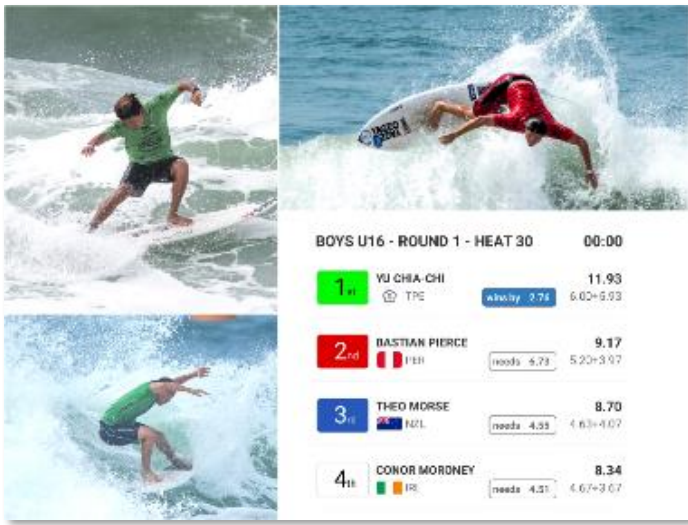

### Total Number of Awards Won by the 2023 YAGEO Surfing Team

Individual athlete competition		
15 championships titles 🏆		
8 runner ups titles 🥈	10 third place titles 🥉	3 fourth place titles 🏅

### Photos of the YAGEO Surfing Team's Participation in Events and Activities in 2023

Item	Events and activities records	QR code
National surfing competition April 1 to April 2, 2023		<p>→ Fan Page</p>

Item	Events and activities records	QR code
<p>2023 ISA World Surfing Game May 30 to June 9, 2023</p>		 → Fan Page
<p>2023 Taiwan International Surfing Open November 6 to November 12, 2023</p>		 → Fan Page   → Fan Page
<p>O3 Taiwan Taitung Surfing Festival November 25 to November 26, 2023</p>		 → Fan Page

Item	Events and activities records	QR code
2023 ISA World Junior Surfing Championships (November 25 to December 4, 2023)		 → Fan Page

### Passing on the Sustainable Surfing Spirit

When seeking partners to collaborate on surfing development, economic benefits are not our primary consideration. Our main requirement is that partners have a genuine passion for the ocean, environmental protection, and surfing, and are committed to joining us in cultivating surfing talent.

#### 1. “VAST” Brand Sponsorship - Eco-Friendly Rash Guard

VAST is a surf product brand based in California. It has developed eco-friendly rash guards made from recycled cotton and PET bottles, and decomposes and spins textile waste and unused cotton fibers and plastics, and reweaves them into textile products. VAST sponsored the eco-friendly rash guard to the YAGEO surfing team to contribute efforts to the environmental sustainability when promoting the sport.

#### 2. “Rising Sun Seedlings” Brand Sponsorship - Eco-friendly Tableware Gift Box for Seed Training Camp Activities

Rising Sun Seedlings produces eco-friendly rice husk tableware and makes every effort to promote such tableware to reduce the use of disposable tableware. In response to the concept of protecting and caring for the environment, it sponsors the YAGEO SURF Seed Camp with the eco-friendly tableware as gifts to support the organization of low-waste camping activities.

#### 3. “QWQ” Flip-Flops (Sponsored Gift for O3 Surf Festival Athletes) - Let’s Wear Our Courage and Embark on Adventures Together

This product is made with carefully selected natural rubber that is sourced sustainably and in harmony with the environment. We traveled all over Taiwan, visited numerous rubber factories and logged tens of thousands of miles of testing to develop the perfect blend for our natural outsole. This outsole is highly

durable, resistant to wear and tear, and has a high slip resistance to prevent slips and falls. Its moderate level of softness and resilience provides optimal comfort and protection for your feet.

**Welcome to YAGEO SURF social media to learn more about the surfing stories and witness the players' growth and moment of glory!**



**YAGEO SURF Instagram fans' page**



**YAGEO SURF FB fans' page**

# APPENDIX

## GRI Standards Content Index Table

YAGEO has complied with the GRI Standards to report the content of period from January 1 to December 31, 2023, and during the reporting period of this Report, there was no announcement of GRI industry standards applicable to YAGEO. In addition, the ESG Report has been prepared in accordance with GRI 1: Foundation 2021.

No.	Scope of Disclosure	Correspondent Chapters	Page No.
GRI 2: General Disclosures 2021			
2-1	Organizational details	About this Report 1.1 Company Profile	4 11
2-2	Entities included in the organization's sustainability reporting	About this Report 1.1 Company Profile	4 11
2-3	Reporting period, frequency and contact point	About this Report	4
2-4	Restatements of information	No restatements in the current year	-
2-5	External assurance	About this Report Appendix CPA's Limited Assurance Report	4 184
2-6	Activities, value chain and other business relationships	1.1 Company Profile 4.1 Supply Chain Composition	11 52
2-7	Employees	7.1 Talent Attraction and Retention	119
2-8	Workers who are not employees	7.1 Talent Attraction and Retention 7.4 Occupational Health and Safety	119 146
2-9	Governance structure and composition	2.1 Sustainable Governance and Strategy 3.1 Corporate Governance (For detailed information, please refer to <a href="#">YAGEO's 2023 Annual Report</a> )	16 36
2-10	Nomination and selection of the highest governance body	3.1 Corporate Governance	36
2-11	Chair of the highest governance body	3.1 Corporate Governance	36
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Sustainable Governance and Strategy	16
2-13	Delegation of responsibility for managing impacts	2.1 Sustainable Governance and Strategy	16
2-14	Role of the highest governance body in sustainability reporting	About this Report 2.1 Sustainable Governance and Strategy	4 16

No.	Scope of Disclosure	Correspondent Chapters	Page No.
		(YAGEO has established a Sustainability Committee to support the Board of Directors in reviewing the sustainability reporting process. The CEO is a core member of the Sustainability Committee, and the annual sustainability report is announced after being reviewed by the CEO.)	
2-15	Conflicts of interest	3.1 Corporate Governance (For detailed information, please refer to <a href="#">YAGEO's 2023 Annual Report</a> )	36
2-16	Communication of critical concerns	2.1 Sustainable Governance and Strategy 3.1 Corporate Governance	16 36
2-17	Collective knowledge of the highest governance body	3.1 Corporate Governance	36
2-18	Evaluation of the performance of the highest governance body	3.1 Corporate Governance	36
2-19	Remuneration Policy	3.1 Corporate Governance (The performance evaluation of Yageo's Board of Directors primarily focuses on economic and governance aspects. For detailed information, please refer to <a href="#">YAGEO's 2023 Annual Report</a> )	36
2-20	Process to determine remuneration	3.1 Corporate Governance	36
2-21	Annual total compensation ratio	3.1 Corporate Governance	36
2-22	Statement on sustainable development strategy	Message from the CEO	7
2-23	Policy commitments	2.1 Sustainable Governance and Strategy 3.2 Ethical Management 3.4 Tax Management 3.5 Risk Management 7.3 Human Rights	16 41 45 46 139
2-24	Embedding policy commitments	2.1 Sustainable Governance and Strategy 3.2 Ethical Management 3.4 Tax Management 3.5 Risk Management 7.3 Human Rights	16 41 45 46 139

No.	Scope of Disclosure	Correspondent Chapters	Page No.
2-25	Processes to remediate negative impacts	2.2 Materiality Analysis 2.3 Stakeholder Engagement 7.3 Human Rights	21 32 139
2-26	Mechanisms for seeking advice and raising concerns	3.3 Compliance 7.3 Human Rights	43 139
2-27	Compliance with laws and regulations	3.3 Compliance 6.1 Environmental Management	43 82
2-28	Membership of associations	1.2 Operating Performance	14
2-29	Approach to stakeholder engagement	2.3 Stakeholder Engagement	32
2-30	Collective bargaining agreements	YAGEO has not established union and has not signed collective bargaining agreements	-
<b>GRI 3 : Material Topics 2021</b>			
3-1	Process to determine material topics	2.2 Materiality Analysis 2.3 Stakeholder Engagement	21 32
3-2	List of material topics	2.2 Materiality Analysis	21
3-3	Management of material topics	2.2 Materiality Analysis 2.3 Stakeholder Engagement	21 32
<b>Material Topics : Risk Management</b>			
3-3	Management of material topics	2.2 Materiality Analysis 3.5 Risk Management	21 46
<b>Material Topics : Product quality management</b>			
3-3	Management of material topics	2.2 Materiality Analysis 5.2 Product quality management	21 71
<b>GRI 416: Customer Health and Safety 2016</b>			
416-1	Assessment of the health and safety impacts of product and service categories	5.2 Product quality management	71
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incident this year	-
<b>GRI 417: Marketing and Labeling 2016</b>			
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident this year	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident this year	-

No.	Scope of Disclosure	Correspondent Chapters	Page No.
<b>Material Topics : Ethical Management</b>			
3-3	Management of material topics	2.2 Materiality Analysis 3.2 Ethical Management	21 41
<b>GRI 205: Anti-corruption 2016</b>			
205-2	Communication and training about anti-corruption policy and procedure	3.2 Ethical Management 4.2 Sustainable supply chain management	41 56
<b>Material Topics : Corporate Governance</b>			
3-3	Management of material topics	2.2 Materiality Analysis 3.1 Corporate Governance	21 36
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	3.1 Corporate Governance 7.1 Talent Attraction and Retention	36 119
<b>Material Topics : Information Security</b>			
3-3	Management of material topics	2.2 Materiality Analysis 3.6 Information Security	21 49
<b>GRI 418: Customer Privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6 Information Security No such incident this year	49
<b>Material Topics : Compliance</b>			
3-3	Management of material topics	2.2 Materiality Analysis 3.3 Compliance	21 43
<b>GRI 416: Customer Health and Safety 2016</b>			
416-1	Assessment of the health and safety impacts of product and service categories	5.2 Product Quality Management	71
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incident this year	-
<b>GRI 417: Marketing and Labeling 2016</b>			
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident this year	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident this year	-
<b>Material Topics : Customer Relationship Management</b>			
3-3	Management of material topics	2.2 Materiality Analysis 5.3 Customer Relationship Management	21 79

No.	Scope of Disclosure	Correspondent Chapters	Page No.
<b>Material Topics : Innovative Research &amp; Development</b>			
3-3	Management of material topics	2.2 Materiality Analysis 5.1 Innovative Research & Development	21 60
<b>Material Topics : Sustainable Supply Chain</b>			
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	4.1 Supply Chain Composition	52
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	4.2 Sustainable supply chain management	56
308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Sustainable supply chain management	56
<b>GRI 414: Supplier Social Assessment 2016</b>			
414-1	New suppliers that were screened using social criteria	4.2 Sustainable supply chain management	56
414-2	Negative social impacts in the Supply Chain and actions taken	4.2 Sustainable supply chain management	56
<b>Material Topics : Operating Performance</b>			
3-3	Management of material topics	1.2 Operating Performance 2.2 Materiality Analysis	14 21
<b>GRI 201: Economic Performance 2016</b>			
201-3	Defined benefit plan obligations and other retirement plans	7.1 Talent Attraction and Retention	119
<b>Material Topics : Energy and GHG Management</b>			
3-3	Management of material topics	2.2 Materiality Analysis 6.3 Energy and GHG Management	21 104
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization	6.3 Energy and GHG management	104
302-3	Energy intensity		
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	6.3 Energy and GHG Management	104
305-2	Indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emission intensity		

No.	Scope of Disclosure	Correspondent Chapters	Page No.
305-7	Nitric oxide (NOx), Sulfur oxide (SOx), and other significant gas emissions	6.5 Waste and Air Pollution Management	114
Material Topics : Climate Initiatives			
3-3	Management of material topics	2.2 Materiality Analysis 6.2 Climate Initiatives	21 86
Material Topics : Occupational Safety and Health			
3-3	Management of material topics	2.2 Materiality Analysis 7.4 Occupational Safety and Health	21 146
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational Health and Safety Management System	7.4 Occupational Safety and Health	146
403-2	Hazard identification, risk assessment, and accident investigation		
403-3	Occupational health services		
403-4	Worker involvement, consultation and communication in relation to occupational safety and health		
403-5	Worker training in relation to occupational safety and health		
403-6	Health promotion on workers		
403-7	Prevent and mitigate occupational safety and health impacts directly related to business relationships		
403-9	Occupational injury		
403-10	Occupational disease		
Material Topics : Human Rights			
3-3	Management of material topics	2.2 Materiality Analysis 7.3 Human Rights	21 139
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	No such incident this year	-
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	7.3 Human Rights No business location or supplier involving significant risk over employment of child labors existed this year	139

No.	Scope of Disclosure	Correspondent Chapters	Page No.
Other Topic Guidelines			
GRI 206: Anti-Competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A this year.	-
GRI 207: Tax 2019			
207-1	Tax policy	3.4 Tax Management	45
207-2	Tax governance, control, and risk management		
207-3	Stakeholder engagement and management of concerns related to tax		
GRI 303: Water and Effluents 2018			
303-2	Management of water discharge-related impacts	6.4 Water Resource Management	109
303-3	Water withdrawal		
303-4	Discharge volume		
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	6.5 Waste and Air Pollution Management	114
306-2	Management of significant waste-related impacts		
306-3	Waste generated		
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	7.1 Talent Attraction and Retention	119
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
401-3	Parental Leave		
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	7.2 Employee Cultivation and Development	135
404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	3.1 Corporate Governance 7.1 Talent Attraction and Retention	36 119

## Taiwan Stock Exchange Corporation “Rules Governing the Preparation and Filing Of Sustainability Reports By TWSE Listed Companies”

Table 1-12 Sustainability Disclosure Indicator - Electronic Component Industry

No.	Indicator	Chapter	Page No.
1	Total energy consumption, externally purchased electricity percentage and renewable energy consumption ratio	6.3 Energy and GHG management	104
2	Total water withdrawal and total water consumption	6.4 Water resource management	109
3	Weight recycle percentage of hazardous wastes generated	6.5 Waste and air pollution management	114
4	Explanation on occupational accident type, number of people and ratio	7.4 Occupational Health and Safety	146
5	Disclosure of product lifecycle management: including the weight and recycle percentage of scrapped products and electronic wastes (Note 1)	YAGEO' main products are not end products; therefore, this does not apply.	-
6	Description on risk manage related to the use of key materials	4.2 Sustainable supply chain management	56
7	Total amount of monetary loss due to lawsuits related to anti-competition laws and regulations	3.2 Ethical Management 3.3 Compliance N/A this year	41 43
8	Production Volume of Main Products According to Product Category	Unit : Million pcs <ul style="list-style-type: none"> <li>• MLCC : 314,808</li> <li>• Tantalum capacitors : 4,981</li> <li>• Chip Resistors : 638,525</li> <li>• Magnetic components : 19,874</li> <li>• Sensors : 47</li> </ul>	-

Note: When it includes the sale of scrap or other recycle treatment, relevant explanation shall be provided.

**Table 2 Climate Related Information of Publicly Listed Companies Risks and Opportunities of Climate Change to YAGEO and Relevant Response Measures Adopted by YAGEO**

No.	Indicator	Chapter	Page No.
1	Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities	6.2 Climate Initiatives	86
2	Describe how the climate risks and opportunities identified affect the business, strategy and finance of YAGEO (short-term, medium-term, long-term)		
3	Describe the impact of extreme climate event and transformation action on the finance		
4	Explain how to integrate the climate risk identification, assessment and management process in the overall risk management system		
5	If scenario analysis is used to assess the resilience against the climate change risk, it is necessary to describe the scenario, parameters, assumptions, analysis factors used and key financial impacts		
6	If there is transformation plan for managing climate-related risks, describe the plan content, and the indicators and goals for identifying and managing physical risks and transformation risks		
7	If the internal carbon pricing is used as the planning tool, it is necessary to describe the price establishment basis		
8	If climate-related goal is established, it is necessary to describe the information of activities covered, greenhouse gas emission scope, plan schedule, annual achievement progress, etc. If carbon offset or renewable energy certificates (RECs) is used to achieve relevant goal, it is necessary to describe the source or quantity for offsetting carbon reduction or the quantity of renewable energy certificates (RECs)	6.2 Climate Initiatives 6.3 Energy and GHG management	86 104
9	Greenhouse Gas Inventory Inspection and Assurance Status , Reduction Targets, Strategies, and Specific Action Plans		

## SASB Sustainability Accounting Standards Indicator Comparison Chart

### Electronic Manufacturing Services & Original Design Manufacturing

No.	Indicator	Chapter	Page No.
Water Resource Management			
TC-ES-140a.1	(1) Total water withdrawal (2) Total water consumption, and percentage of high or extremely high baseline water stress regions	6.4 Water resource management	109
Effluents and Waste			
TC-ES-150a.1	Weight and recycle percentage of hazardous industrial wastes generated from manufacturing process	6.5 Waste and air pollution management	114
Labor Action			
TC-ES-310a.1	(1) Number of times of operation suspension (2) Total number of days delayed	No such incident this year	-
Labor Condition			
TC-ES-320a.1	(1) Total recordable incident rate (TRIR) (2) Near Miss Frequency Rate (NMFR), and classified into (a) direct employees and (b) contract employees	7.4 Occupational Safety and Health	146
Product lifecycle management			
TC-ES-410a.1	Recycle weight and percentage of scrapped products and electronic wastes	YAGEO' main products are not end products; therefore, this does not apply.	-
Raw material purchase			
TC-ES-440a.1	Describe risk management related to use of key materials	4.2 Sustainable supply chain management	56
Activity indicator			
TC-ES-000.A	Production facility site quantity	In 2023, YAGEO Group had a total of 53 production sites and 20 R&D centers	-
TC-ES-000.C	Total number of on-job employees	7.1 Talent Attraction and Retention	119

# CPA'S LIMITED ASSURANCE REPORT



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## INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

YAGEO Corporation

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report (“the Report”) of YAGEO Corporation, (“the Company”) for the year ended December 31, 2023.

### Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company’s selected performance indicators (“the Subject Matter Information”) and applicable criteria.

### Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), SASB Standards published by the Sustainability Accounting Standards Board (SASB), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

### Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the Subject Matter Information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, observation, and analytical procedures to obtain evidence supporting limited assurance.

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### **Inherent Limitations**

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

### **Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### **Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

### **Other Matters**

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Ming-Hsien Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 16, 2024

### Notice to Readers

*For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.*

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APPENDIX 1

## SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports						
1.	<table border="1" data-bbox="261 719 823 772"> <thead> <tr> <th>Energy Type</th> <th>Unit</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Total energy consumption</td> <td>GJ</td> <td>2,172,187</td> </tr> </tbody> </table> <ul data-bbox="261 772 823 1765" style="list-style-type: none"> <li>The scope of energy data includes YAGEO's facilities and headquarters in Taiwan, as well as its facilities in China and Portugal.</li> <li>Energy value: Purchased electricity value: 3,600 GJ/million kWh; Taiwan plant uses the coefficient conversion from the "Greenhouse Gas Emission Factor Management Table 6.0.4 Edition" of the Executive Yuan's Environmental Protection Administration. Imported natural gas, gasoline, diesel, and liquefied natural gas use coefficients of 9,000 kcal/m<sup>3</sup>, 7,800 kcal/L, 8,400 kcal/L, and 6,635 kcal/L, respectively; China factory premises refers to the 2019 annual carbon dioxide baseline emission factors for China's regional power grid announced by the Ministry of Ecology and Environment of the People's Republic of China, with natural gas of 38,931 MJ/km<sup>3</sup>, diesel of 42,652 MJ/t, gasoline of 43,070 MJ/t, and steam welding value of 2.75 GJ/t.</li> <li>Calculated at 4.186 kJ per kcal.</li> <li>For the power procured from external sources, the electricity bill shall govern. For the NG and LNG, the payment receipt or procurement details shall apply. For gasoline and diesel, the meter reading or invoice shall serve as the basis for statistics.</li> <li>In 2023, renewable energy use included 12,370,000 kWh (44,532 GJ) of purchased green electricity for the two Suzhou factories (SZ-R and SZ-C). This electricity was unbundled and accounted for 2.27% of the total electricity consumption. Additionally, the Dongguan factory generated 1,744,576 kWh (6,280 GJ) of photovoltaic power, which was not sold, representing 0.32% of the total electricity consumption. Overall, renewable energy constituted 14,114,576 kWh (50,812 GJ), or 2.34% of the total energy consumption in 2023.</li> <li>The total energy consumption in 2023: Headquarters Office Building 7,758 GJ, Dashe Factory (YR) 178,176 GJ, Dafa Factory (YF) 292,771 GJ, Dafa Factory III (YF3) 143,404 GJ, Nantze Factory (YP) 318,194 GJ, the two factories in Suzhou (SZ-R, SZ-C) 1,121,688 GJ, Dongguan Factory (DG Backend + TH DG) 55,712 GJ, Dongguan Factory (CPC) 45,175 GJ, Suzhou Factory (TH MD) 6,883 GJ, and Portugal Factory (Vitrohm) 2,425 GJ.</li> <li>In 2023, the overall percentage of purchased electricity was 90.12%.</li> </ul>	Energy Type	Unit	2023	Total energy consumption	GJ	2,172,187	6.3 Energy and GHG Management	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy)	Appendix 1-12 No.1
Energy Type	Unit	2023								
Total energy consumption	GJ	2,172,187								

(Continued)

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#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
2.	Item (Million Liters)	2023	GRI 303-4: 2018 Water discharge	NA
3.	Water withdrawal	3,001.69	Total water withdrawn, total water consumption	Appendix 1-12 No.2
	Withdrawn from a third party (tap water)			
	Taken from groundwater	1.50		
	Withdrawn from a third party (water tanker)	3.48		
	Total water withdrawal	3,006.67		
	Water discharge	264.84		
	Discharged to the surface			
	Discharged to the third party	1,421.42		
	Total discharge volume	1,686.26		
	Water consumption	1,320.41		
	<ul style="list-style-type: none"> <li>The tap water withdrawal is based on the water bill. The water emission is mainly based on the documents submitted to the government.</li> <li>Tap water for the Taiwan headquarters office and factory areas is supplied by Taiwan Water Corporation and Fengshan Reservoir. The Suzhou factory (SZ-R, SZ-C) uses water from Suzhou Gaoxin District Water (Taihu Lake). The Dongguan factory (CPC) obtains its water from the Dongguan City Tangxia Water. The Portugal plant (Vitrohm) uses groundwater and local water company sources. Water trucks are supplied by Dashu Township Spring Water (Dashe Factory YR), Nantze CPC Water (Nantze Factory YP), and Pingtung Tap Water Factory (Dafa Factory YF). The water quality is freshwater (<math>\leq 1,000</math> mg/L total dissolved solids).</li> <li>According to the water risk map results from the World Resources Institute (WRI), the Portugal factory (Vitrohm) and Dongguan factory are located in areas with medium to high water stress, while the Suzhou factory is in a high water stress area. The remaining factory locations are in low water stress areas. The discharged water is all freshwater (<math>\leq 1,000</math> mg/L total dissolved solids). The factories in Portugal, Suzhou and Dongguan have not experienced water shortages. Water sources are abundant and water trucks are available as a backup source.</li> <li>Water consumption = Water withdrawal - Water discharge</li> </ul>			
4.	Unit: Metric tons		GRI 306-3: 2020 Waste generated	NA
	Type	2023	Total hazardous waste generated and percentage recycled	Appendix 1-12 No.3
5.	Output	3,842.60		
	Non-hazardous waste	5,639.30		
	Hazardous waste	9,481.90		
	Total output			
	<ul style="list-style-type: none"> <li>The scope of waste data includes YAGEO's facilities and headquarters in Taiwan, as well as its facilities in China and Portugal.</li> <li>All waste is handled by qualified third-party waste disposal contractors.</li> <li>The recycling percentage of hazardous waste generated in 2023 was 67.13%</li> </ul>			

(Concluded)



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