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2022 | Sustainability Report





Cover story :

In 2021, with the theme of "Green Building Headquarters", Gudeng Precision declared its commitment and attention to ESG. Continuing the sustainability concept from 2021, with the core theme based on the SDGs color series and the main focus on Earth's sustainability issues, in 2022 Gudeng Precision was officially launched with the concept of "家" (family) and "登" (revolution or turning point) in mind. We strive for continuous operation, rapid revenue growth, and steady progress in every step. We promote the Housing Plan, significantly enhance salary and benefits, collaborate with the supply chain to reduce carbon emissions, and invest in solar energy plants to ensure the steady growth of every member.

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About the report

This report is Gudeng Precision's third Sustainability Report, aiming to provide stakeholders with a clear understanding of the company's commitment and efforts in corporate social responsibility. It presents Gudeng Precision's achievements regarding environmental, social, and governance issues during the reporting period from January 1, 2022 to December 31, 2022. The report also addresses stakeholders' expectations and needs, and the company will continue to collect and respond to these demands. Gudeng Precision releases its Sustainability Report annually to promote sustainable ESG development.

Report Scope

The information disclosed in this report covers the period from January 1, 2022 to December 31, 2022, and includes Gudeng Precision Industrial Co., Ltd., including the Taipei headquarters, Taipei Fuxing plant, Tainan Shugu plant, and Tainan branch. To ensure completeness and trend comparability, some content includes historical data and information for 2023. Financial performance data is reported in New Taiwan Dollars, while other environmental, social, and occupational safety-related performances are expressed using internationally recognized indicators. In line with environmental protection, the company adopts a paperless policy, and both the Chinese and English versions of the report will be published electronically on the ESG sustainability section of the company's official website.

Previous release: July 2022

Current release: July 2023

Next release: July 2024

Report Editorial Principles

The content structure of this report follows the Global Reporting Initiative (GRI) Standards published in October 2021, along with references to the AA1000 Accountability Principle: 2018, Guidelines for Preparation and Submission of Sustainability Reports for Listed Companies, and Sustainable Development Practice Guidelines for Listed and OTC Companies. Some content also refers to the disclosure standards for the semiconductor industry published by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) framework, specifically in the areas of governance, strategy, risk management, and target setting, to ensure the management of climate change risks and opportunities in the short, medium, and long terms.

Report Review Process

In 2022, the company's external audit passed the ISO 30401 Knowledge Management System, ISO 50001 Energy Management System, and ISO 14064-1 Greenhouse Gas Inventory. Major thematic content and data are reviewed for accuracy and completeness by responsible units such as the Information Security Committee and Energy-Saving Project Team. The Sustainability Office compiles and edits the report, and the final issuance is reviewed by the Sustainability Development Committee under the Board of Directors.

External assurance

This report was verified by the third-party assurance provider, DNV International Assurance, based on GRI Standards (with Universal Standards 2021), AA1000 Assurance Standard V3, SASB Semiconductors Standard, and DNV VeriSustain™ Protocol. The compliance with GRI guidelines is confirmed in the independent assurance statement provided in the report's appendix.

Contact Information

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

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Company's official website: <https://www.gudeng.com/>

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

Contact: Sustainable Office Senior Manager Ya-Ling Chen

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ESG Sustainability Zone

Message from the Chairman

The semiconductor industry is Taiwan's pride, with high barriers to entry and investment costs. People often ask me what the secret behind Gudeng Precision's continuous growth year after year since its establishment is. My answer is simple: "Listen to customers' voices" and "value employee education and training". By staying close to customers and focusing on talent cultivation internally, we grow together with our customers as partners. After 25 years of entrepreneurship, we have broken through barriers repeatedly, with the stock price surpassing NT\$400 and reaching a peak market value. We take responsibility for all stakeholders.

Economic :

In this year's sustainability report, we highlight product innovation to let all stakeholders who care about Gudeng's sustainable development know that Gudeng has spent decades honing its expertise, undergoing numerous transformations to inspire organizational agility and continuous learning. Our capability to develop Asia's only world-class technology, EUV Pod, drives the technology toward quality and intelligence.

If the carrier is a "fresh-keeping box", the functionality of our EUV and FOUF products is to prevent impurities, collisions, or scratches on wafers, effectively helping customers improve yield and leading in the mass production of 7nm, 5nm, and 3nm wafers. We have established long-term and professional relationships with key customers.

We invest over NT\$100 million annually in research and development to continuously improve our core technology in precision CNC machining. By adopting a focused strategy and targeting key opportunities and products, we have gradually built a unique "Innovative Service Business Model" and realized the innovative value of "Co-Creation". We have integrated an inclusive supply platform for advanced industrial processes. In 2022, we began mass production of our Open Front Opening Unified Pod (FOUP) with a significant increase in demand. Additionally, our aerospace products obtained FAA (Federal Aviation Administration) NADCAP certification in 2023 and passed customer validation.

To meet the demands of future rapid growth, reduce supply chain risks, and mitigate the impact of geopolitical factors, we are constructing factories and offices in Tucheng and Sanxia, creating 1,200 to 1,500 job opportunities. We aim to maximize profits with minimal costs, gather local talents and expertise, and develop a pool of semiconductor professionals in Taiwan

Environment:

Our mission is now centered around low-carbon transformation and smart manufacturing. Externally, we are working with ten supply chain partners to devise 85 energy improvement plans, successfully reducing carbon emissions by 1,200 tons. In 2023, we expanded our efforts, guiding 30 supply chain partners in carbon assessment, and setting a two-year target to reduce carbon emissions by 20,000 tons. Internally, we have obtained ISO 50001 and 14064 certifications. We formed a power-saving team within the factory, implementing 12 energy-saving action plans. We made commitments to key clients concerned about climate change, declaring our intentions to achieve RE100 before 2040 and proactively invest in 50MW solar power plants. We strive to achieve 100% renewable energy usage by 2030. We continuously review internal processes and conduct assessments to identify areas where we can further improve and adapt to climate change.

society:

Employee training and welfare, as well as health and safety, are also significant concerns for Gudeng Precision. We implement human rights policies, diversity, and gender equality, which are audited by third-party organizations, earning us a Platinum certification with a score of 200 from the Responsible Business Alliance (RBA). To become a world-class organization in cultivating global key material innovation technology professionals, we have drafted a 10-year talent development plan. We established the "5531 Talent First" learning behavior guidelines and provided continuous employee education and training through the "Bill's Appointment" and "Bill's Appointment Training Program". We enable each department to develop its own knowledge management solutions that address specific needs and situations. We are proud to be the first tech company in Asia to be ISO 30401 certified for knowledge management and to receive the highest honor in the field of human resources – the National Talent Development Award.

Giving back to society has always been our founding mission, with a tradition of actively participating in public welfare for decades. We promote sustainable care policies both company-driven and employee-driven, working together to achieve 15 public welfare projects. Our Chairman has initiated fundraising efforts, collaborating with both supply chain and civil organizations to develop a reconstruction plan for schools in Hualien after the earthquake. We continue to invest in five major public welfare projects. In addition, the MA (Management Association) team bravely established a public welfare group, creating the RE+100 Public Welfare Fund and leading two major public welfare activities. We have accumulated 382 participants who actively contribute to public welfare. However, we recognize that setting up long-term aid plans to care for remote and vulnerable groups' medical quality is a top priority. We envision establishing a public welfare foundation and systematically expanding the scope of public welfare activities, ensuring that the spirit of Gudeng lives on, and continuing our joint efforts.

Looking ahead to the next decade, Gudeng Precision will continue to uphold the highest service quality standards and focus on the growth of three product lines: EUV Mask Carriers, FOUF Wafer Carriers, and aerospace components. Our vision is to "Nurture employees with knowledge, enhance the company through management, impress customers with services, and contribute to society through effectiveness". We aim to be the most reliable partner for leading global semiconductor manufacturers, continuously improving and optimizing ourselves, creating sustainable development, and coexisting and prospering with the land, customers, and employees, walking hand in hand.

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

Chairman :




2022 Sustainable Performance



- Revenue growth of **58%** to NT\$**3.159** billion
- **EPS NT\$11.12**
- Highest Honor in the Human Resources Field – **National Talent Development Award**
- TCSA Sustainability Report – **Gold Award**
- **RBA** Code of Conduct – Platinum Level Certification with a **score of 200**
- Governance Evaluation ranked in the top **5%-20%**
- Ranked 47th in the semiconductor industry in the 2022 CommonWealth Magazine selection
- 57 new patents added, for a total of **558** patents
- R&D expenditure accounts for **7%** of revenue : **220** million
- ISO 27001



- Through collaboration with **10 supply chain partners**, we proposed 85 energy improvement solutions, successfully reduced carbon emissions by **1,160 metric tons**, saved **2.28 million kWh** of electricity.
- Factory electricity saved: **786,438 kWh**
- Factory water saved: **52,436 tons**
- Recycling project for reusable items such as **pallets, transport boxes, and ergonomic chairs**
- ISO 50001
- ISO 14064-1





ESG






- Average annual salary increase for three consecutive years is **9%**, exceeding industry standards
- Donations of **disaster relief vehicles** and **vehicles for diabetes and healthy living**
- Employees independently initiated participation in public welfare activities in the community for a total of **382** times.
- One-stop blood donation channel – **Blood Donation and Hematopoietic Stem Cell Donation Even**
- Adopted **100** hectares of organic rice fields to replace burning rice straw.
- Cooperated with 12 universities for industry-academia collaboration involving **55** participants, accumulating learning hours of **55,840**.
- Awarded scholarships to **651** students.
- **The first tech company in Asia** to obtain ISO 30401 Knowledge Management certification


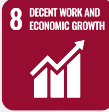











Implementation of SDGs and Vision

SDGs Goals	2022 Results
 <p>Good Health and Well-being</p>	<ul style="list-style-type: none"> • Donation of 20 oxygen generators to the Tainan City Government for post-pandemic service • Donation of disaster relief vehicle "Gudeng No. 3" to the New Taipei City Government • Donating a diabetes and healthy living vehicle • Provided employees with 38,000 medical masks and 2,800 rapid test kits for free to ensure employee health. The company also purchased 4 sets of oxygen production equipment to meet emergency needs. • One-stop blood donation channel for blood and hematopoietic stem cell donation. Raising 162 Bags of Blood: 40,500cc, 31 Doses of 10cc Hematopoietic Stem Cells Testing and Filing
 <p>Quality Education</p>	<ul style="list-style-type: none"> • Received the National Talent Development Award for the year 2022. • TTQS Silver Award • Collaboration with 17 colleges and departments to understand industry technology, 55 students accumulated internship hours of 55,840 hours • Scholarships for 651 students in Chiayi County
 <p>Decent Work and Economic Growth</p>	<ul style="list-style-type: none"> • 2022 revenue and profit amounts were NT\$3.159 billion and NT\$0.933 billion, respectively, with an ESP of NT\$11.12 • Average annual salary increase exceeded 7% for three consecutive years, surpassing the industry standard • Executive Reserve Program extended until the end of 2022, appointing 56 candidates, with one-third of them becoming unit supervisors, ranging from section chiefs to senior managers • Guidance for supply chain low-carbon transformation, reducing costs and improving quality
 <p>Industry Innovation and Infrastructure</p>	<ul style="list-style-type: none"> • New headquarters building in the Tucheng Industrial Zone as a backup production base for photomasks, groundbreaking at the Longfu factory in Sanxia District • Establishing differentiated product advantages and competitive technical thresholds, maintaining a leading position in industry technology, with R&D investment accounting for 7% of total revenue in 2022 • Gudeng Precision has accumulated 558 patents as of 2022 • Implementation of a smart factory architecture, transitioning from manual operations to semi-automated operations, achieving an automated factory with "Lean production, Smart manufacturing".

SDGs Goals	2022 Results
 <p>Responsible Consumption and Production</p>	<ul style="list-style-type: none"> • Gudeng Precision implements waste recycling research projects, launching three recycling projects using in-house waste materials • Customer transportation using reusable material packaging for shipments and recycling
 <p>Climate Action</p>	<ul style="list-style-type: none"> • The plant promoted 12 energy-saving action plans, resulting in approximately 786,000 kWh of electricity savings and about 389 tons of carbon dioxide equivalent reduction in 2022, achieving a 5.32% reduction in electricity consumption. • Commitment to key customers concerned about climate change issues and declarations to achieve RE100 by 2040 • Introduction of smart meters throughout the plant to actively monitor energy consumption • ISO 50001 • ISO 14064-1
 <p>Partnerships for the Goals</p>	<ul style="list-style-type: none"> • Established a semiconductor national team in collaboration with key supply chain partners • 100% of suppliers signed the "Supplier Commitment Agreement", and implemented compliance with RoHS and REACH regulations • Through collaboration with 10 supply chain partners, we proposed 85 energy improvement solutions, successfully reduced carbon emissions by 1,160 metric tons, and saved 2,280,191 kWh of electricity. • Collaborated with local organizations and government agencies to promote public welfare activities and campus rebuilding projects

Corporate Sustainable Short, Medium, and Long-Term Goals

ESG	Strategy Aspects	Sustainable Development Goal (SDGs)	Short-term goals (2023~2024)	Medium, Long-term goals (2025~2030 and beyond)
Economic Governance	Operating Performance	  	Continued growth in revenue and new product revenue	Actively seek excellent investment targets and make strategic investments in response to capacity expansion
			Appointing female directors	Invest NT\$5 billion in local investments over five years, creating 1,200 to 1,500 job opportunities
			TSMC-SCSA (Supplier Chain Security Association) cybersecurity specification score of 90 or above	Ranked in the top tier of the "Listed Company Corporate Governance Evaluation", top 5%
			Annual customer satisfaction rating of 90 or above	Continuously implement and amend related monitoring mechanisms for information security, completing the overall information security system
	Quality Innovation		Accumulate over 600 patents	Introduce smart manufacturing process equipment for process optimization
			Achieve TIPS AA-level certification	Zero customer complaints and set product energy-saving targets
		Obtain aerospace NADCAP certification	Manufacturing products with recyclability, low pollution, and resource conservation	
Environmental Sustainability	Sustainable supply	  	Conduct annual supplier audits, advocate anti-corruption and integrity management	Implement a green product management system
			Achieve a 90% supplier incoming material acceptance rate	Zero non-compliance with product environmental-related substance management
			Assist 30 manufacturers in achieving a 10,000t/CO2e reduction in carbon emissions	Implement a digital carbon management platform project
	Sustainable Environment	 	Reduce unit revenue carbon emissions by 2% annually (with 2021 as the base year), obtain ISO 14067 product carbon footprint certification	Completion of 50MW solar power plant energy storage equipment installation, supplying electricity directly
			Reduce unit revenue water consumption by 3% annually (with 2021 as the base year), implement water resource management systems	Establish carbon reduction targets according to SBTi rules
			Reduce unit revenue electricity consumption by 2% annually (with 2021 as the base year)	Quantify the positive and negative impacts of climate change and publish TCFD reports
			Reduce unit revenue waste by 2% annually (with 2021 as the base year), continue to promote waste recycling projects	Import BS8001 Circular Economy Guidelines

E S G	Strategy Aspects	Sustainable Development Goal (SDGs)	Short-term goals (2023~2024)	Medium, Long-term goals (2025~2030 and beyond)
Social Commitment	Employee Caring		Average annual salary increase of over 8%	Continuously promote the Gudeng Housing Plan
			Completion of the Gudeng Housing Plan	Gold certification of the talent development quality management system
			Introduce adaptive and differentiated employee LMS online education courses based on job function	Establish functional models and hierarchical training courses for each job series
			Design effective retention plans to ensure competitive compensation for key talents in the market	Continuously promote DMAIC projects, with 20% Green Belt certification
			Provide a good workplace environment and Zero major occupational accidents	Obtain the National Health Promotion Mark from the NHI
			Employees' average training hours per person exceed 30 hours	Promote safety and health awareness among all employees, implement zero accidents and disease prevention, optimize maternity leave benefits, implement maternity health protection, human hazard prevention, abnormal workloads, unlawful harm prevention programs, and promote workplace health
	Charity Commitment		Continuously promote community engagement and public welfare activities	Expand the scope of public welfare activities and formulate long-term assistance plans
			Employees' participation in public welfare activities reaches 1,000 hours	Actively undertake public welfare activities for the establishment of local temples and the inheritance of cultural industries, and sponsor relevant education in remote areas
			Cooperate with private and public organizations to respond to Hualien earthquake campus rebuilding	Employees' participation in public welfare activities reaches 5,000 hours
			Continuously increase technical and vocational education-industry cooperation to cultivate students	Establish a charity foundation

Award Recognition

Company history

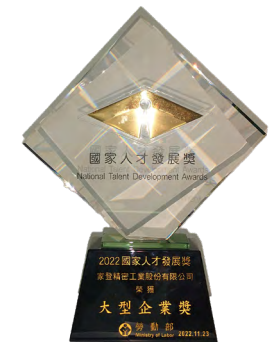
Year	Milestone
1998	<ul style="list-style-type: none"> On March 20, Gudeng Precision was founded in Xinzhuang, focusing on plastic shell mold development. Initial capital: NT\$5 million
2000	<ul style="list-style-type: none"> Entered the semiconductor front-end equipment and parts field, started researching components for photolithography processes.
2001	<ul style="list-style-type: none"> Formally certified by TSMC, becoming the first local supplier of components for photolithography processes in Taiwan. ★ Achieved ISO 9001:2000 quality management system certification.
2003	<ul style="list-style-type: none"> Started mass production of 6-inch photomask boxes for front-end semiconductor parts.
2005	<ul style="list-style-type: none"> Successfully developed photomask cleaning machines, entered the semiconductor front-end equipment manufacturing sector. ★ Received the 13th Small and Medium Enterprise Innovation Research Award
2006	<ul style="list-style-type: none"> Certificate of Appreciation from TSMC for technological recognition.
2007	<ul style="list-style-type: none"> Strategic cooperation with Japanese company Daifuku for equipment development. Implemented the SAP Enterprise Resource Planning (ERP) system. ★ Received Taiwan Ministry of Economic Affairs' electronic enterprise certification. ★ Rewarded the 16th National Stability Award ★ Rewarded the 30th Young Entrepreneurship and Mutual Assistance Award.

Year	Milestone
2008	<ul style="list-style-type: none"> Invested in the development of 18-inch (450mm) wafer carriers, becoming the first and only Taiwanese company involved in international 18-inch semiconductor equipment process development. ★ Received the 11th Small Giant Award.
2009	<ul style="list-style-type: none"> Listed on the OTC stock exchange. 18-inch wafer carriers passed the Ministry of Economic Affairs' leading product development project. ★ Obtained ISO 9001:2008 quality management system certification ★ Obtained ISO 14001:2004 environmental management system certification. ★ Received Taiwan Intellectual Property Management Standard (TIPS) certification. ★ Received the 98th Industrial Innovation Achievement Award. ★ Received the 17th Ministry of Economic Affairs Industry Technology Development Award.
2011	<ul style="list-style-type: none"> Listed on the TPEX stock exchange. Established Gudeng Precision Industrial Co., Ltd. Established Shanghai Gudeng Trading Co., Ltd. ★ Received the 21st National Quality Award. ★ Received the 1st National Industry Innovation Award – Excellent Small and Medium Enterprise Award. ★ Received the 18th Industry Innovation Award.
2012	<ul style="list-style-type: none"> Established the Nanke Branch Office. Merged into Wujiang New Creation Auto Trading Co., Ltd., as a subsidiary. First in the world to develop 450mm FOUP and 450mm MAC products. First in the world to complete an 18-inch wafer transport solution production line. ★ Obtained OHSAS-18001 occupational safety and health management system certification. ★ Received the 20th Taiwan Excellence Award.
2013	<ul style="list-style-type: none"> Obtained ISO 9001:2008 international quality management certification.

Year	Milestone
2014	<ul style="list-style-type: none"> Established SUZHOU KUNJU TRADING CO., LTD Invested in We Solutions Technology Co, Ltd. ★ Received the 22nd Taiwan Excellence Award. ★ Obtained company governance system assessment certification. ★ Received Taiwan Intellectual Property Management Standard (TIPS) in-depth verification.
2015	<ul style="list-style-type: none"> Groundbreaking for Tainan Tree Valley Plant
2016	<ul style="list-style-type: none"> Establishment of Gudeng Automation ★ Recipient of Outstanding Employer for Substitute Military Service ★ Obtained ISO 14001:2015 Environmental Management System Certification
2017	<ul style="list-style-type: none"> Completion of the Construction of Tainan Tree Valley Plant
2018	<ul style="list-style-type: none"> The new generation EUV POD received certification from ASML
2019	<ul style="list-style-type: none"> ★ Obtained Taiwan Intellectual Property Management Specification (TIPS) A-Level Verification Establishment of the subsidiary Gudeng Inc., in California, USA
2020	<ul style="list-style-type: none"> Expansion of Tree Valley Plant Completed ★ Obtained AS 9100D:2016 Aerospace Quality Management System Certification ★ Obtained ISO 45001:2018 Occupational Health and Safety Management System Certification
2021	<ul style="list-style-type: none"> ★ Recipient of the 6th Outstanding Middle-tier Enterprise Award

2022

- Groundbreaking for We Solutions Building
- Established subsidiary Gudeng Inc., in Arizona, USA.
- 👑 Received the 2022 National Talent Development Award.
- 👑 Received the 15th TCSA Sustainable Report Gold Award.
- ★ Obtained the RBA Code of Conduct 200 Platinum Certificate.
- ★ Obtained ISO 30401:2018 knowledge management certification.
- ★ Obtained ISO 27001:2013 information security management certification.
- ★ Obtained ISO 50001:2018 energy management system certification.
- ★ Obtained the ISO 14064-1:2018 greenhouse gas inventory statement.



0.Sustainable Development Blueprint

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

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

Sustainable Corporation

In order to uphold the business philosophy of Gudeng and advance towards our mission and vision, we strive to enhance Gudeng Precision's global competitiveness. Our founder established our core values and principles of "Integrity and Honesty", "Excellence and Innovation", "Proactive Accountability", "Win-Win Partnership", and "Team Collaboration". We are committed to promoting the corporate culture of being a Partner with H.E.A.R.T. (Heartfelt Service), and to Grow with P.A.S.S.I.ON. (Passionate Growth) within Gudeng Precision. This is hoped to become deeply rooted in the hearts of every Gudeng employee, firmly believing that sustainable development of the group requires continuous lifelong learning to gain a macro perspective. With this foundation, we can actively understand customer needs and through selfless experience-sharing and teamwork spirit, support and help each other to have the courage to face changes and innovations. We continuously pursue the growth of the company, customers, suppliers, and all stakeholders, thereby strengthening the company's governance blueprint.

Continuous Innovation

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

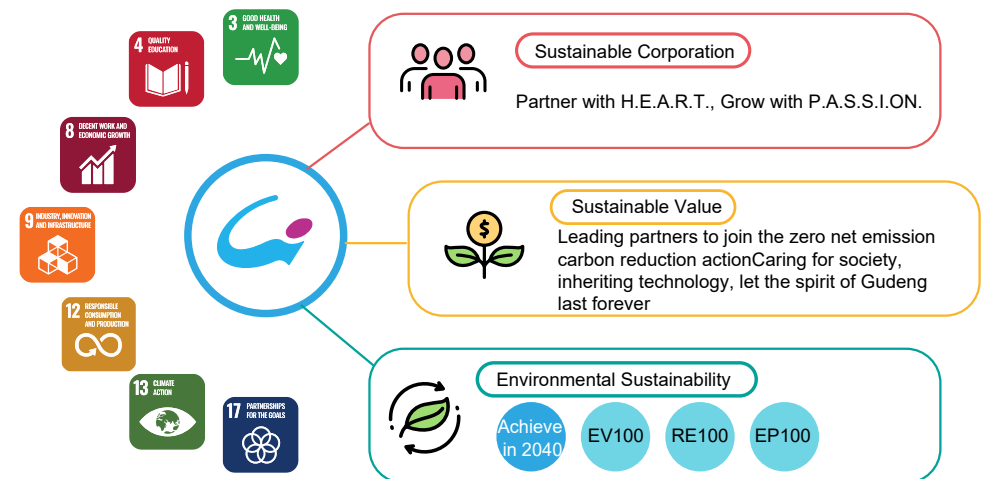
Creating Employment

We are expanding capital expenditures, establishing a new headquarters building in the Tu Cheng Industrial Zone as a backup production base for photomasks, and beginning construction of the Longfu factory in Sanxia District. Specialized product quality control management, combined with automated system management, will reduce error costs, improve yield, efficiency, and production capacity. With the goal of low-carbon transformation and intelligent automated manufacturing plants, we plan to invest NT\$5 billion locally over five years, creating 1,200 to 1,500 job opportunities to develop a talent pool for the semiconductor industry in Taiwan.

Collaborating for Carbon Reduction

In 2022, the Gudeng-led upstream and downstream sustainable supply chain committee set a 2-year target for a 15% reduction in electricity consumption and a 3-year plan to implement a digital carbon management platform. We are guiding 30 companies to take actions for zero net emissions and carbon reduction through greenhouse gas inventory and evaluation of the carbon footprint of key products, aiming to achieve our carbon reduction target.

Leading by Example, Gudeng commits to and declares the implementation of RE100 by 2040 to supply renewable energy. The board of directors also approved investment in solar power plants with energy storage equipment for direct power supply. We are striving to achieve the target ahead of schedule by 2030, contributing to society with renewable energy and dedicating our efforts to the sustainable development of the planet.





Engagement with Stakeholders

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

Gudeng Precision identifies stakeholders based on the AA1000 Stakeholder Engagement Standard's five principles: Dependence, Accountability, Influence, Diversity of Perspectives, and Attention. The company has identified stakeholders for 2022: employees, customers, shareholders and investors, suppliers, community residents/non-

profit organizations, media, and government agencies. Gudeng Precision has established diverse and smooth bidirectional communication channels to understand stakeholders' concerns and feedback, providing important references for the company's long-term future business strategies and goals. In addition to establishing communication channels with stakeholders, Gudeng Precision also discloses ESG sustainability management information on our official website and shares the achievements of the company's governance, environmental ecology, and social inclusion with stakeholders through annual reports, financial reports, and other public information.

Stakeholders	Issues of Concern	Communication Channel	Communication Frequency	2022 Communication Result	Gudeng Precision's Response and Improvement Policies	
Customers	From the customer's perspective, we are committed to providing products and services that satisfy customers and create the greatest value for them.	Product and Service Quality	Customer Satisfaction Survey	Annually	<ul style="list-style-type: none"> Complete 25 Sustainable Business Management Self-Assessment Questionnaires Complete 25 Supplier Environmental Impact Surveys Actively participate in CDP questionnaires and be rated as C. Conduct customer satisfaction surveys once a year Participate in 3 domestic and international semiconductor events 	<ol style="list-style-type: none"> Implement feedback from the Customer Sustainable Self-Assessment Questionnaire, focusing on stakeholder issues, and continuously improving ourselves. Strengthen climate change response measures, aiming for a CDP rating of B. Successfully optimize information security control, with a stable TSMC-SCSA rating of 86 or above.
		Climate Change Response Strategy	Business Visits	Anytime		
		Development Strategy and Operational Status	Information Security Assessment	Anytime		
		R&D and Innovation	Customer Annual Audit Evaluation Questionnaire	Intermittently		
		Information Security and Privacy Maintenance	Product Development Project Meeting	Weekly, Intermittently		
Employees	Employees are the most valuable asset of Gudeng. In addition to safeguarding employees' rights, we also respect and care for their well-being. We view each employee as a family member and work together to create sustainable business for the company.	Operational Strategy	Monthly Meetings	Monthly	<ul style="list-style-type: none"> Hold a Gudeng Housing Plan orientation session Hold labor-management meetings 4 times Hold personnel evaluation meetings 1 time Conducted 12 meetings of the Employee Welfare Committee Held 4 meetings of the Occupational Health, Safety, and Environmental Protection Committee Achieved 50,000 hours of usage on the LMS for digital learning Hold employee health check-ups once Hold monthly meetings to maintain communication with employees regarding the company's operational status, activity promotion, and policy explanation 	<p>Quarterly Labor-Management Communication</p> <ol style="list-style-type: none"> Strengthen education and training regarding job responsibilities. Structural salary adjustment, with the median salary growing significantly from 32% to 830,000. Implementation of talent training plans, recognized by the National Talent Development Award
		Index Explanation	Employee Welfare Committee	Intermittently		
		Company Development Strategy and Operational Status	Labor/Management Meeting	Quarterly		
		Remuneration and Benefits	Employee Commitment Survey	Annually		
		Talent Training and Development	Internal Satisfaction Survey	Twice a year		
		Workplace Health and Safety	Company Intranet, Bulletin Board	Anytime		
		Human Rights Policy	Occupational Safety and Health Committee Meeting	Quarterly		
			Employee Suggestion Box, Confidential Complaint Hotline	Intermittently		



Stakeholders	Issues of Concern	Communication Channel	Communication Frequency	2022 Communication Result	Gudeng Precision's Response and Improvement Policies
Supply chain Supply chain partners are indispensable. Suppliers or contractors can determine a company's future operation. Therefore, Gudeng Precision lays the foundation for its operation through rigorous supplier/contractor management.	Service Quality, Delivery, and Price Integrity Management and Conflict Minerals Environmental, Health, and Safety Management Development Strategy and Operational Status Labor/Management Relations and Human Rights Net Zero Carbon Emissions and Energy Resource Management	Supplier Conference	Annually	<ul style="list-style-type: none"> Hold supplier conferences and evaluations every year to communicate product and service quality requirements, integrity and ethics requirements, and management concepts with suppliers. Collaborated with supply chain partners to purchase eco-friendly recycled pallets for inbound and outbound shipments, reducing environmental impact Conduct questionnaire surveys and audit visits annually Development Strategy and Operational Status Assisted supply chain partners in low-carbon transformation, resulting in a successful reduction of 1,160 metric tons of carbon emissions and saving 2,280,191 kWh of electricity 	4. Promote integrity management and climate change issues and assist 15 to 30 companies in implementing 2 to 3-year low-carbon transformation plans 5. Successfully reduced 1,160 metric tons of carbon emissions and saved 2,280,191 kWh of electricity in 2022
		Supplier Evaluation System: Questionnaire Survey and Audit Visits	Annually		
		Procurement Contracts and Commitments	Intermittently		
Shareholders and Investors Gudeng Precision deeply appreciates the long-term support from its shareholders and investors. As a responsible company, we are committed to transparent and prudent management policies to provide feedback to our shareholders and investors. We will continue to grow steadily and uphold our principles of transparency and autonomy.	Corporate governance Sustainable Development Strategy Operating Performance Risk management Market effects ESG Performance	Shareholders' Meeting	Annually	<ul style="list-style-type: none"> Issue financial reports four times as required Participate in corporate governance assessments conducted by the Securities and Futures Market Development Foundation once Hold one shareholders' meeting Hold two corporate briefings Release significant information on the MOPS 38 times Update the "Investor Relations" and "News Center" sections of the company website 12 times 	1. Conduct at least one corporate briefing each quarter to provide shareholders with timely and accurate information 2. Issue English versions of annual reports, financial reports, and other public information for international investors 3. Continuously monitor and improve corporate governance assessment items
		Financial Annual Report	Annually		
		Corporate Briefings	Intermittently		
		Company website – Investment information, investor relations, contact window	Intermittently		

Stakeholders	Issues of Concern	Communication Channel	Communication Frequency	2022 Communication Result	Gudeng Precision's Response and Improvement Policies
Community Residents/ Non-profit Organizations	Gudeng Precision focuses on public welfare feedback based on the SDGs, extending from individuals and families to society. We encourage employees and the public to participate and gradually expand our charitable impact.	Building Management Committee	Intermittently	<ul style="list-style-type: none"> Organize a one-stop blood donation channel – Blood donation and hematopoietic stem cell donation Donating to Sulin Cisheng Matsu Temple – the Shrine of the Blessed Mother. Recruited 55 interns through industry-academia cooperation, setting a new record for total internship hours – 55,840 hours Serves as a building management committee member, regularly participates in discussions on environmental-related matters, and maintains a good relationship with other building residents or companies 	The company initiated 15 public welfare projects in 2022, and we will continue to develop long-term aid programs to care for medical quality in remote and disadvantaged areas.
		Community Activities or Symposia	Intermittently		
		Company website – Contact information for various service locations	Intermittently		
		Industry-Academia Cooperation Plan	Intermittently		
Media	Media serves as an important bridge for Gudeng Precision's external communication. Through media channels, we can timely and accurately deliver company information to various stakeholders, upholding the principles of transparency and autonomy.	Press Release	Monthly	<ul style="list-style-type: none"> Annual company anniversary celebration Update the "Investor Relations" and "News Center" sections of the company website 12 times Issue 12 press releases Initiate the company website update plan to design more user-friendly browsing pages and enhance communication with investors 	Gudeng has long maintained media relations, with more than 30 long-term contacts in the media and cooperation with more than 20 newspapers and magazines.
		media dinner	Intermittently		
Government Agencies	Compliance with regulations is the fundamental corporate culture of Gudeng Precision. We cooperate with government policies, follow decrees, and create a law-abiding workplace environment, fulfilling our obligations as a company.	Correspondence, significant messages	Intermittently	<ul style="list-style-type: none"> Hold one quarterly Occupational Safety and Health Committee meeting Release significant information on the MOPS 37 times Government correspondence averaged 28 items per month Regulatory compliance meetings averaged 3 items per quarter Symposiums or workshops averaged 11 times per quarter Conduct 6 on-site audits per year Epidemic-related promotions averaged 8 items per year 	<ol style="list-style-type: none"> Provided Tainan City with dozens of epidemic prevention equipment to increase the utilization rate of medical equipment with the assistance of government agencies Donated the third disaster survey vehicle – Gudeng No. 3, to the New Taipei City Government No major violations occurred in 2022, and we will continue to maintain a goal of zero violations
		Regulatory Compliance Meetings	Intermittently		
		Symposiums or Workshops	Intermittently		
		MOPS	Intermittently		

Major Topics Management

Gudeng Precision recognizes that operating performance, product technology, and climate change issues are all highly valued and concerning to stakeholders. To effectively disclose sustainable information, we follow the GRI Sustainability Reporting Standards and the AA1000 SES Stakeholder Engagement Standards. We manage significant sustainability themes and set related objectives. The interests of stakeholders are our top priority. To meet the needs of stakeholders and understand their suggestions and feedback, we use a systematic identification process for significant themes. This process combines internal and external issues that directly or indirectly impact the company's operations, along with the needs and expectations of stakeholders. Through this process, we analyze Major Topics with a higher impact on the company's sustainable operations and incorporate them as the main focus of the sustainability report.

The identification process for Major Topics and stakeholders for Gudeng Precision this year is as follows:

Identification Process

Step 1: Collection and formulation of sustainability themes

We base our sustainability themes on the GRI Sustainability Reporting Standards, SASB (Sustainability Accounting Standards Board), TCFD (Task Force on Climate-related Financial Disclosures), ISO 26000 Social Responsibility Standard Guidelines, UN Global Compact, and domestic and international sustainability assessments, as well as key customer concerns. After considering the themes relevant to stakeholders, we have compiled 24 sustainability themes related to our company's operations.

Step 2: Survey of stakeholder concerns

In 2022, we collected stakeholder concerns on various sustainability themes through electronic questionnaires at monthly meetings, supplier conferences, and the ESG Sustainability Zone. We distributed a total of 658 valid questionnaires and consolidated the statistical data to serve as an important basis for assessing the degree of stakeholder concerns on each theme.

In 2023, we will adjust the questionnaire content based on the results, converging themes and incorporating future development trends to ensure the execution of sustainable objectives.

Step 3: Identification of the impact of significant themes on company operations

After compiling the themes, the Sustainability Office under the Corporate Sustainability Committee will discuss them further and them with senior management. Each sustainability theme is then assessed according to its impact on the company's governance, economy, environment, and society. The impact is rated on a scale of 1 (lowest impact) to 5 (highest impact), based on the average value of the recycling results, to identify the significance of each theme.

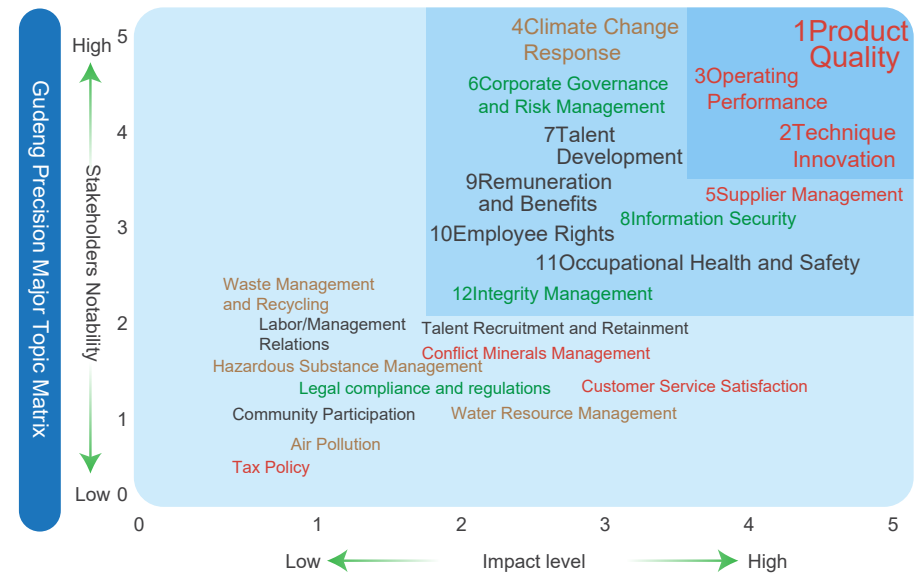
Step 4: Discussion and review

By comprehensively considering the degree of stakeholder concern and the impact on the company's operations, the Sustainability Office consolidates and analyzes the themes using the Significant Theme Matrix, integrating the issues that internal meetings emphasize. As a result, we identify 12 significant themes for this year's report.

Step 5: Setting management objectives










For each significant theme, we establish short, medium, and long-term management objectives, aligning with the United Nations Sustainable Development Goals (SDGs), and conduct annual performance reviews.

Gudeng Precision Major Corporate Governance Issues 4 Items Environmental Aspect Issues 6 Items Economic Aspect Issues 7 Items Social Aspect Issues 7 Items



Significant Topics Identification Results

Importance	Major Topics	Response Sections in this Report	Importance and Strategies for Gudeng Precision	Value Chain Impact Boundary			Corresponding SDGs Goals	Corresponding GRI Standards Topics
				● Direct Impact ◎ Impact Facilitation				
				Upstream Customers	Gudeng Precision	Downstream Supplier		
1	Product Quality	2-1 Technique Innovation 2-2 Quality Management	Since its establishment, Gudeng Precision has been committed to improving product quality, believing that quality is the foundation of efficiency. Strategy: Optimize AI assembly supervision system, promote digital transformation, introduce APS and Big Data AI to address visual inspection issues.	●	●		 	Customized Major Topic
2	Operating Performance	1-1 Organizational Operation	Ensuring sustainable and stable growth of company performance is a critical goal of the company's management. Strategy: Continuously research and develop innovations, strengthen partner relationships to ensure growth momentum.		●			GRI 201 Economic Performance GRI 202 Market Presence
3	Technique Innovation	2-1 Technique Innovation	Gudeng Precision invests 10-16% of its revenue in research and development since its establishment, focusing on shortening product development lead time and providing customized designs to meet key customer demands. Strategy: Continuous investment in R&D, training of professional talents, and building a patent map.	●	●		 	Customized Major Topic
4	Climate change	Carbon Reduction, Energy Saving, and Sustainable Environment 3-3 Low carbon transformation 4-1 Climate Change	Climate change risks and opportunities will impact the global operations and strategic planning of the Gudeng Precision Group. Strategy: Develop corresponding risk management, establish a 50MW solar power plant, and strive to use 100% renewable energy by 2030.	●	●	◎	 	GRI 302 Energy GRI 303 Water and Effluents GRI 305 Emissions GRI 306 Waste
5	Supplier Management	3-1 Responsible Procurement and Compliance 3-2 Local Production, Strategic Alliances 3-3 Low carbon transformation	The supply chain is a collaborative partner, and besides quality, its impact on the environment and society is an important consideration for Gudeng Precision. Strategy: Implement annual assessment, continue to promote supply chain carbon reduction guidance, and establish a three-year plan to reduce carbon emissions.	◎	●	●	 	GRI 204 Procurement Practice GRI 302 Energy GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment
6	Corporate Governance and Risk Management	1-2 Board of Directors Governance 1-3 Integrity Management 1-4 Risk Management and Internal Control	A sound and transparent board structure and operation can effectively enhance corporate governance and establish short, medium, and long-term strategic maps. Strategy: Establish a BCP operation team, construct risk management models, and strengthen risk response capabilities.		●		 	GRI 2 General Disclosure

Importance	Major Topics	Response Sections in this Report	Importance and Strategies for Gudeng Precision	Value Chain Impact Boundary			Corresponding SDGs Goals	Corresponding GRI Standards Topics
				● Direct Impact ◎ Impact Facilitation				
				Upstream Customers	Gudeng Precision	Downstream Supplier		
7	Talent Development	5-1 Unique Gudeng Culture 5-3 Talent Development	Continuous innovation comes from the uninterrupted cultivation of talents. Diverse courses are provided to ensure that every employee can continue to grow and inject a constant stream of vitality into the company. Strategy: Formulate the 5531 Talent-First Learning Behavior Guidelines and improve the usage rate of LMS digital learning.		●		 	GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity
8	Information Security	1-5 Information Security	Gudeng Precision aims to be a vendor that values speed and security in the eyes of its customers. Avoiding customer privacy leaks or theft and destruction of company secrets can prevent damage to business or reputation. Strategy: Construct ICT infrastructure, hyper-converged infrastructure, and improve information security defense networks.	●	●	◎		GRI 418 Customer Privacy
10	Employee Rights	5-2 Friendly Workplace 5-4 Employee Caring 5-5 Labor/Management Communication	To retain outstanding talents, the company plans diverse benefit systems to ensure that compensation and rewards exceed industry standards and that employees' hard work is rewarded accordingly. Strategy: The median salary of grassroots employees reached 830,000 in 2022, a substantial growth of 32%. A 7% budget for salary adjustment will be allocated in 2023 under the salary structure rotation mechanism.		●		  	GRI 401 Employment Relations GRI 402 Labor/Management Relations GRI 405 Diversity and Equal Opportunity GRI 406 Non-discrimination
11	Occupational Health and Safety	5-6 Occupational safety	Creating a friendly workplace, safeguarding the rights of each employee, and ensuring equal treatment of all employees without discrimination are essential for Gudeng Precision. Strategy: Passed RBA 200 certification in 2022 and will continue to ensure the implementation of each policy and regulations.		●		 	GRI 403 Occupational Health and Safety
12	Integrity Management	1-3 Integrity Management	Gudeng Precision operates in compliance with government regulations. All decisions and business actions of the company adhere to the principle of honesty and strictly prohibit any illegal or unethical behaviors. Strategy: Regularly promote anti-corruption and a business code of integrity to employees, supply chain, and external vendors.	◎	●	◎	 	GRI 205 Anti-Corruption

Difference Explanation from Significant Topics in 2021

Materiality	Adjustment Method	Adjustment Description
Technique Innovation	Added Issue	After analyzing the significant topics in this year, this topic is identified as a Materiality.
Talent Cultivation	Name of Adjusted Issue	The original "Talent Cultivation" has been adjusted to "Talent Development".

Management and Policies on Major Topics

Policies, Commitments, Goals, Management, and Evaluation Mechanisms









Importance	Major Topics	Policy and Commitment	Core Goals : achievements : non-achievements	2022 Achievements	Assessment Mechanism	Feedback Mechanism	Impact and Response Strategies
1	Product Quality	Quality Technologization, Process Intelligence	<ul style="list-style-type: none"> 1. Introduce DMAIC projects, integrating lean production with Six Sigma 2. Establish an AI project team and implement intelligent manufacturing management processes, achieving process improvement benefits of 36 million. 	<ul style="list-style-type: none"> 1. 19 colleagues obtained DMAIC Green Belt certificates. 2. Collaborated on 11 cross-departmental process optimization projects, achieving benefits of 36 million. 	Annual Customer Satisfaction Survey Customer Complaint Cases	Customer Feedback Survey External Complaint Channels	<ul style="list-style-type: none"> • Implement DMAIC projects, combining lean production and Six Sigma systems. • Introduce intelligent processes, promote process improvement projects, and achieve quality management goals through technologization. • Collect customer feedback through customer satisfaction surveys and respond promptly for improvement.
2	Operating Performance	Gudeng's Three Arrows, Continual Business Growth 1. Photomask Carriers – EUV 2. Wafer Carriers – FOUF 3. Aerospace Components	<ul style="list-style-type: none"> 1. Continuous Revenue Growth 	Annual revenue growth of 58%, reaching a record high of NT\$3.159 billion (individual). EPS 11.12 (growth of 176%) Net profit after tax of 9.33 billion (growth of 177%)	Company's Key Performance Indicators Achievement	Financial Reports Annual report MOPS Corporate Briefings Shareholders' meeting	Continuous investment in new product research and development to seize opportunities Expand group operating projects for diversified development and risk diversification
3	Technique Innovation	Strengthen research and development capabilities and build a patent map	<ul style="list-style-type: none"> 1. Apply for 50 patents (each R&D unit meets the standard) 2. Continue to invest in R&D 	<ul style="list-style-type: none"> 1. Applied for 57 patents, with a total of 558 accumulated patents 2. R&D expenses accounted for 7% of revenue, reaching 220 million 	R&D Project Kick-off Review Meetings	Technology Forums Annual Report Disclosure of Patent Applications	Increase the number of collaborative projects with academia and participate in technology forums to understand industry trends Establish a comprehensive patent map to avoid patent litigation Climate Change

Importance	Major Topics	Policy and Commitment	Core Goals ✔ : achievements ✘ : non-achievements	2022 Achievements	Assessment Mechanism	Feedback Mechanism	Impact and Response Strategies
4	Climate change	Everyone participates in energy conservation and carbon reduction Improve energy efficiency Introduce energy-saving and environmental-friendly designs Comply with energy-related regulations Build a sustainable green business Commit to achieving RE100 by 2040	<ul style="list-style-type: none"> ✔ 1. Implement ISO 50001 ✔ 2. Implement ISO 14064-1 ✔ 3. Establish a recycled water system to improve water resource efficiency ✔ 4. Plastic recycling and reuse ✔ 5. 100% recycling rate for all waste materials in the plant 	<ol style="list-style-type: none"> 1. Obtained ISO 50001 certification 2. Obtained ISO 14064-1 certification 3. Propose 12 energy-saving action plans, with an expected energy saving of 1.95 million kWh. 4. Saved 9,967 tons of water 5. Process water recycling rate of 56.3% 6. 3 plastic recycling and reuse projects: environmentally friendly pallets, transport boxes, ergonomic chairs 7. 100% recycling rate for all waste materials 	Third-party verification Quarterly tracking by the Sustainability Development Committee	Sustainability report disclosure MOPS	<ul style="list-style-type: none"> • The Gudeng energy-saving team sets various energy resource-saving goals for regular tracking and continuous improvement. • Layout renewable energy utilization plans. • Implement office energy-saving and carbon reduction measures.
5	Supplier Management	Become an outstanding supplier certified by major factories and build a semiconductor national team.	<ul style="list-style-type: none"> ✔ 1. Assist the supply chain in reducing carbon emissions to achieve benefits of over 5%. ✔ 2. 100% signing of the Social Responsibility Commitment Letter. ✘ 3. Localization of suppliers increased to 80%. 	<ol style="list-style-type: none"> 1. Collaborated with 10 supply chain partners, proposed 44 energy improvement plans, successfully reduced carbon emissions by 1,160 tons, and saved 2,280,191 kWh of electricity. 2. All new suppliers signed the Social Responsibility Commitment Letter. 3. Local procurement ratio in 2022 reached 79%. 	Supplier annual assessment Evaluation of new suppliers	Supplier Conference Carbon reduction coaching meeting	Conduct annual assessments for key suppliers/contractors. If they fail to meet the standards, provide guidance to assist them in improvement and maintain a good partnership. Provide guidance to the supply chain for carbon reduction, introduce a greenhouse gas inventory mechanism, gradually use renewable energy, and set climate change goals in advance to reduce long-term operating costs.
6	Corporate Governance and Risk Management	Establish a transparent governance framework and implement risk management responsibility to stakeholders	<ul style="list-style-type: none"> ✘ Ranked top 5% in corporate governance evaluation 	Maintained the ranking of 6% to 20% in corporate governance evaluation	External assessment of board performance Corporate Governance Assessment Continuous operation plan for risk identification	Shareholders' meeting Corporate Briefings Official Website-Corporate Governance Section Review Report Management Internal and external complaint channels Corporate website feedback mailbox	<ul style="list-style-type: none"> • Enhance the quality of information disclosure and report the company's operating results to stakeholders through public platforms on a regular basis. • Strengthen the functions of the board of directors, arrange regular participation of directors in diverse courses to understand potential opportunities. • Conduct annual risk identification, and require the implementation of risk response measures.
7	Talent Development	We aim to become a world-class organization for cultivating global key material innovation technology professionals.	<ul style="list-style-type: none"> ✔ 1. Awarded the National Talent Development Award ✘ 2. Awarded the National Talent Development Award ✔ 3. Each employee is required to take and pass at least one course assessment in the LMS system annually. 	<ol style="list-style-type: none"> 1. Asia's first technology company to achieve ISO 30401 Knowledge Management Certification. 2. TTQS Silver Award 3. Average learning hours per employee reached 58 hours. 	Average training hours per person Number of online courses on LMS	Course satisfaction questionnaire HR dedicated mailbox	Improve the training of various unit functions through Gudeng's unique Bill's Appointment core function training, LMS learning system, and Peak Performance MA (reserve cadre) training project.










Importance	Major Topics	Policy and Commitment	Core Goals : achievements : non-achievements	2022 Achievements	Assessment Mechanism	Feedback Mechanism	Impact and Response Strategies
8	Information Security	Build a traceable and complete IT system Become a vendor that values both speed and security in the eyes of customers	<ul style="list-style-type: none"> ✔ Establish a framework for the ISO27001 Information Security Management System and adopt responsive and risk treatment strategies. 	<ol style="list-style-type: none"> 1. Obtained ISO27001 Information Security Management System certification. 2. Upgraded our AD server and Exchange server, established VPN multi-factor authentication to ensure confidential data is not leaked, and made corporate forms mobile. 	No violation of any information security incidents or customer privacy breaches	Undergo security assessments from key customers	Monitor security assessment scores, improve on missing items, and ensure customer privacy and avoidance of leakage of company confidential information.
9	Remuneration and Benefits	Provide rewards to dreamers who are willing to take on challenges as driving forces for growth	<ul style="list-style-type: none"> ✔ Fixed salary adjustments are made every July and are better than industry standards 	<ol style="list-style-type: none"> 1. Bonuses and employee stock allocations amounted to a cumulative total of NT\$200 million shared among 651 employees. 2. The median salary of frontline employees reached NT\$830,000, a significant growth of 32%. 3. Annual salary adjustments for three consecutive years at 7-9%, outperforming industry standards. 	Performance evaluation	Selection of excellent employees Project bonuses	Continuously optimize the remuneration system, which is diverse and immediate, to attract and retain outstanding talents.
10	Employee Rights	Eliminate Discrimination, Equal Employment Opportunity Employment must be voluntary, any form of forced labor is prohibited.	<ul style="list-style-type: none"> ✔ 1. Achieved RBA Platinum-level certification ✘ 2. Internal service satisfaction score of 80 points ✔ 3. Job satisfaction score of 80 points ✔ 4. No labor disputes 	<ol style="list-style-type: none"> 1. Achieved RBA 200 points, Platinum-level certification 2. Internal service satisfaction score of 83 points 3. Job satisfaction score of 78 points 4. No labor disputes, and no harm to any employee's rights and interests 	Satisfaction Survey Labor-Management Meetings External RBA Audit	Whistleblower Hotline Employee Feedback Helpline Employee Welfare Committee Labor-Management Meetings	<ul style="list-style-type: none"> • Establish norms related to human rights and labor rights to ensure the rights of colleagues and avoid labor disputes. • Conduct regular questionnaire surveys to improve feedback and increase retention rates.
11	Occupational Health and Safety	Prioritize employee safety and health, continuously optimize the workplace environment	<ul style="list-style-type: none"> ✔ 1. Zero occupational accidents ✔ 2. Enhance safety and health awareness 	<ol style="list-style-type: none"> 1. No significant occupational accidents or penalty incidents 2. 100% training completion rate for new employees, and an average of 4.17 hours of training per person 	Hazard Identification Risk Assessment Form Internal Audit Educational Training Assessment	Occupational Safety and Health Committee	Regularly conduct occupational safety training and emergency drills to prevent major work accidents. Regularly review hazard identification risk assessments, eliminate medium-to-high-risk factors, and reduce the possibility of their occurrence Arrange employee health checks and periodically hold health promotion activities
12	Integrity Management	Compliance with laws and zero tolerance for corruption Implement education and advocacy from within the organization	<ul style="list-style-type: none"> ✔ Promote integrity management to all employees and suppliers, disseminate the RBA code of conduct and integrity operation guidelines. 	Implement integrity management advocacy at internal monthly meetings and supplier conferences.	Financial Reports Annual Reports MOPS	Management Review Meetings Internal and External Complaint Channels	<ul style="list-style-type: none"> • Conduct internal and external advocacy on integrity management, business ethics, and legal knowledge to avoid violations. • Implement annual internal control self-assessment to require units to establish self-supervision mechanisms and ensure zero shallow risks.

Major Themes Short, Medium, and Long-Term Goals and SDGs Achievements

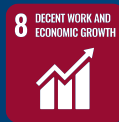
Aspect	Importance	Major Topics	Sustainable Policies and Commitments	Short-term goals from 2023 to 2024	Medium and long-term goals from 2025 to 2030	SDGs Goals
Corporate governance	6	Corporate Governance and Risk Management	Establish a transparent governance framework and implement risk management responsibility to stakeholders	Inclusion in ESG index constituents Continuously improve corporate governance evaluation to reach the top five in the OTC market. Elect female independent directors for diverse governance.	Maintain the top five in corporate governance evaluation. Establish a risk management committee to promote the Group's BCP and obtain ISO 22301 certification.	
	8	Information Security	Build a traceable and complete IT system Become a vendor that values both speed and security in the eyes of customers	Promote the hardware service upgrade plan, invest 30 million in building ICT infrastructure, hyper-converged infrastructure, and improve information security protection networks.	Pass the SMC-SCSA (Supplier Chain Security Association) and Intel Supplier Security Assessment Platform Scorecard, scoring 90 points or above, to ensure key customer procurement without security concerns.	
	12	Integrity Management	Compliance with laws and zero tolerance for corruption Implement education and advocacy from within the organization	Promote integrity management units, and regularly report integrity management policies and measures to the board of directors.	Implement integrity-related education and training to ensure that board members, managers, employees, and our supply chain understand our integrity management policies, with zero corruption and zero violation of laws.	
Economic Aspects	1	Product Quality	Quality Technologization, Process Intelligence	1. Strengthen management capacity, with SPC basic data accuracy goal $\geq 100\%$. 2. Establish a robot process RPA project team to optimize daily operation efficiency.	1. Achieve AI computing for injection parameters. 2. Integrate production manufacturing and operational systems to create intelligent manufacturing Big Data applications.	
	2	Operating Performance	Gudeng's Three Arrows, Continual Business Growth 1. Photomask Carriers – EUV 2. Wafer Carriers – FOUP 3. Aerospace Components	Aerospace quality achieved NADCAP special process certification. Continuous growth in revenue.	Group revenue surpasses 10 billion. Continuous strategic investments.	
	3	Technique Innovation	Strengthen research and development capabilities and build a patent map	1. Apply for 18 patents 2. Continue to invest in research and development 3. Research and develop new technologies	1. Continue to grow the number of patent applications 2. Continue to invest in research and development 3. Obtain TIPS AA certification	
	5	Supplier Management	Become an outstanding supplier certified by major factories and build a semiconductor national team.	1. Adopt ISO 20400 sustainable procurement 2. Adopt digital carbon management platform and guide 30 suppliers, with 700 million kWh/year in electricity savings and 10,000 tons of carbon reduction	Continuously promote green supply chain participation, maintain zero conflict minerals and banned substances, and achieve a 70% outsourcing target for high-precision processing products, creating employment opportunities.	 



Aspect	Importance	Major Topics	Sustainable Policies and Commitments	Short-term goals from 2023 to 2024	Medium and long-term goals from 2025 to 2030	SDGs Goals
Social Aspects	7	Talent Development	We aim to become a world-class organization for cultivating global key material innovation technology professionals.	<ol style="list-style-type: none"> Awarded the TTQS Gold Medal. Optimize the Semiconductor Professional Program at Gudeng University The average amount of annual learning hours for employees is 50 hours. 	The average amount of annual learning hours per employee reaches 80 hours Build 1,000 Gudeng University online courses (covering key five forces, learning five forces, and transformational learning areas)	
	9	Remuneration and Benefits	Provide rewards to dreamers who are willing to take on challenges as driving forces for growth	<ol style="list-style-type: none"> Annual salary increase in July, targeting a 7% raise for engineers. 30 million project bonus distribution Gudeng Housing Plan – Creating 14 large families in Gudeng Fifth Estate 	<ol style="list-style-type: none"> Annual salary increase in July, above market level. Continuous growth in the total amount of project bonuses distributed. Gudeng Housing Plan – Creating 64 large families and planning to provide a housing fund of NT\$2 million to reduce the burden on first-time homebuyers. 	
	10	Employee Rights	Eliminate Discrimination, Equal Employment Opportunity Employment must be voluntary, any form of forced labor is prohibited.	<ol style="list-style-type: none"> Improve employee satisfaction based on survey results to reach 80 points. No labor disputes. 	<ol style="list-style-type: none"> Maintain an RBA of 200 points, Platinum-level certification. Improve employee satisfaction based on survey results to reach 90 points. No labor disputes. 	
	11	Occupational Health and Safety	Prioritize employee safety and health, continuously optimize the workplace environment	<ol style="list-style-type: none"> Zero occupational accidents All employees receive safety and health awareness training for at least 1 hour. Increase the number of training for statutory licenses. 	<ol style="list-style-type: none"> Zero occupational accidents All employees receive safety and health awareness training for at least 1 hour. Increase the number of training for statutory licenses. 	
Environmental Aspects	4	Climate change	<p>Everyone participates in energy conservation and carbon reduction</p> <p>Improve energy usage efficiency Introduce energy-efficient and environmentally friendly designs Comply with energy-related regulations Build a sustainable green operation Commit to achieving RE100 in 2040</p>	<ol style="list-style-type: none"> Establish a power information system to enhance electricity management. Form a power-saving project team to implement 8 energy-saving initiatives with a target savings of 6 million. Increase process water recycling rate to 60%. Reduce unit revenue electricity consumption, carbon emissions, and waste by 4%, and decrease water consumption by 6% (with 2021 as the base year) Continue promoting plastic recycling and reuse projects. 	<ol style="list-style-type: none"> Achieve RE100 before 2040, and EV100, EP100 before 2050. Prepare the Task Force on Climate-related Financial Disclosures (TCFD) report. Implement carbon footprint tracking for key products. Achieve CDP comprehensive questionnaire assessment grade B or higher. 4. Continue reducing unit revenue electricity consumption, carbon emissions, waste, and water consumption (with 2021 as the base year) Officially operate the 50MW solar power plant. 	  

1 Professional Governance and Strategic Layout

- 1-1 Organizational Operations (Major Topic)
- 1-2 Board of Directors Governance (Major Topic)
- 1-3 Integrity Management (Major Topic)
- 1-4 Risk Management and Internal Control
- 1-5 Information Security (Major Topic)



Revenue growth of **58%**
to **NT\$3.159 billion**
ESP NT\$**11.12**



15th TCSA Sustainable
Report **Gold Award**.
Passed the ISO 27001
Verification

Panorays score on the TSMC supplier cybersecurity evaluation platform: 86
Scorecard score on the Intel supplier cybersecurity evaluation platform: 94

1.1 Organization Overview

1.1.1 About Gudeng Precision



Chairman Ming-Chien Chiu and Vice Chairman Tien-Jui Lin.

Establishment Date	March 20, 1998
Founder	Ming-Chien Chiu Chairman and CEO Tien-Jui Lin Vice Chairman and General Manager
Date of Share Capital (July 5, 2022)	NT\$853,689,050
Number of Employees (as of December 2022)	616
2022 Production Quantity of Products (Photomasks, Wafer Carriers, Equipment for Semiconductor Manufacturing, and Semiconductor Manufacturing Raw Materials, etc.)	437,737 PCS

Operating Locations

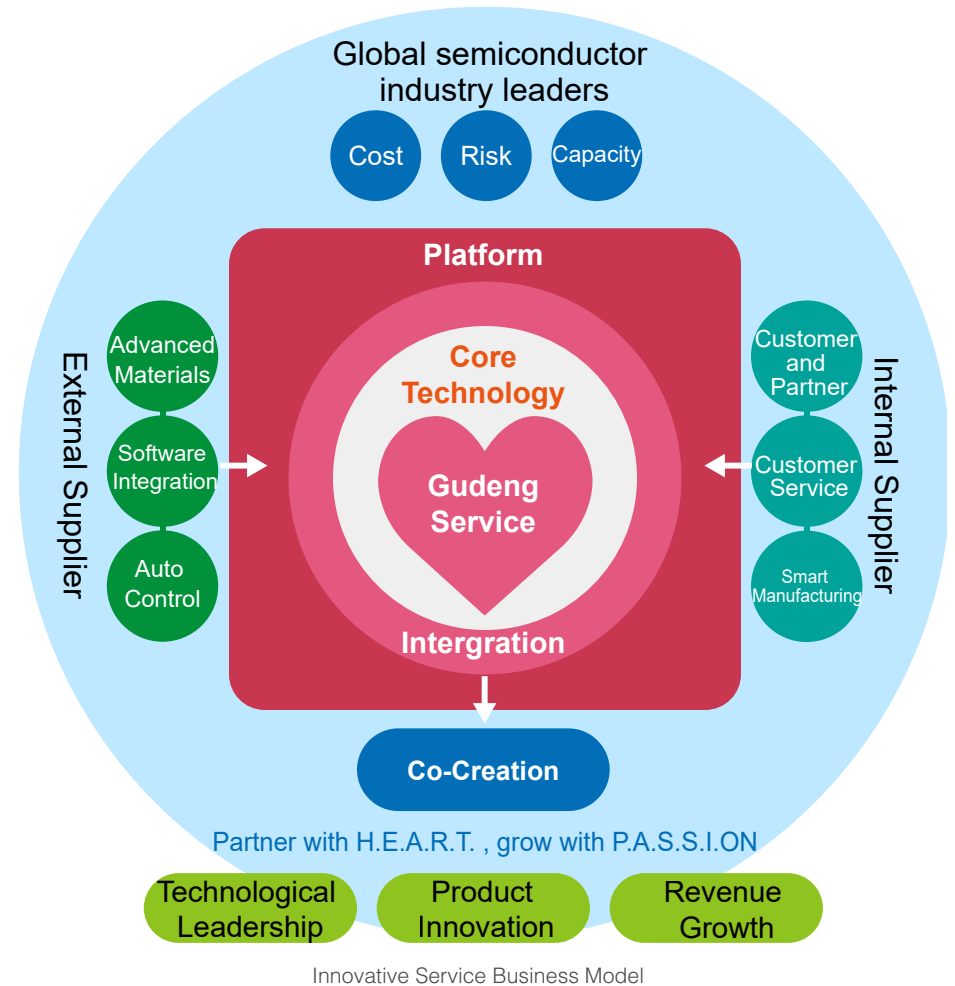
Headquarters: 9th Floor, No. 2, Sec. 4, Zhongyang Rd., Tucheng District, New Taipei City, Taiwan
 Tainan Tree Valley Plant: No. 17-1, Zilian Rd., Xinshi District, Tainan City, Taiwan
 Taipei Fuxing Plant: No. 21, Fuxing St., Tucheng District, New Taipei City, Taiwan
 Tainan Science Branch: 2F-1, 2F-2,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

Mission, Vision, Core Values:

[Mission] Providing global critical materials and innovative technologies

[Vision] The preferred partner for global semiconductor industry leaders in critical material innovation technologies

[Core Values] Partner with H.E.A.R.T. , grow with P.A.S.S.I.ON



【 Core Values 】

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

H 【 Honesty & Integrity 】

We uphold professional ethics and moral standards, value integrity, and fulfill commitments.

E 【 Excellence 】

We embrace learning, embrace change, and pursue continuous growth for the company and ourselves.

A 【 Accountability 】

We embody an entrepreneurial spirit, grounded and optimistic, and take responsibility for challenges and outcomes.

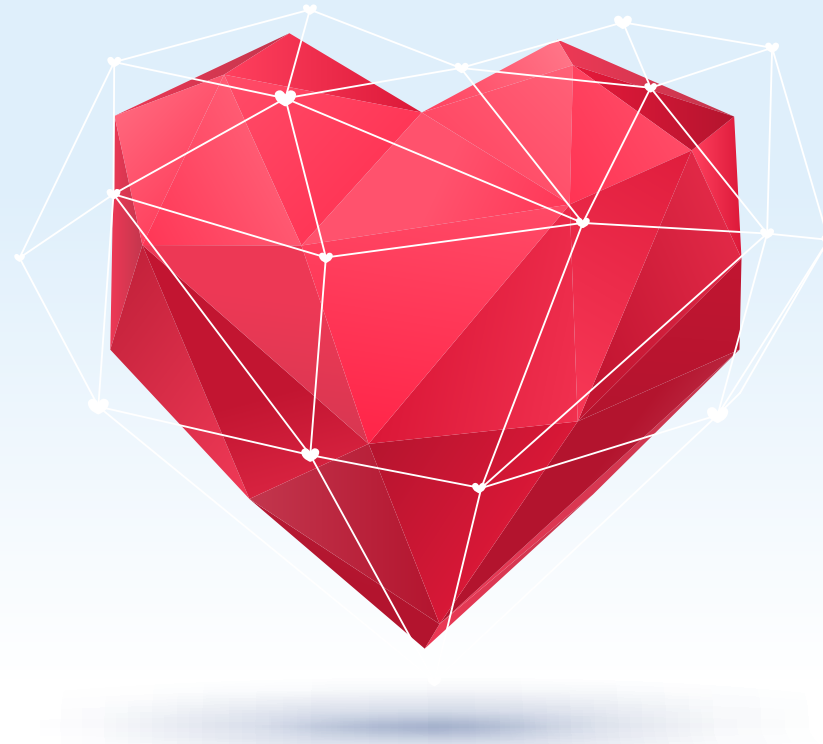
R 【 Relationship 】

We proactively understand customer needs and swiftly provide optimal solutions within the framework of the company's discipline.

T 【 Teamwork 】

We selflessly share experiences, support each other, and maximize team synergy.

【 People Development 】



P We cultivate the proactive development of subordinates' skills and capabilities to meet current and future work challenges.

【 Appropriate Decisions 】

A The company makes effective and timely decisions that are in the best interest of the company and can be put into practice.

【 Secure Results 】

S We set high goals for ourselves and our team, and relentlessly strive to achieve or surpass them.

【 Successful Team 】

S Team Leadership creates a harmonious team to achieve team goals.

【 Inter-Team Communication 】

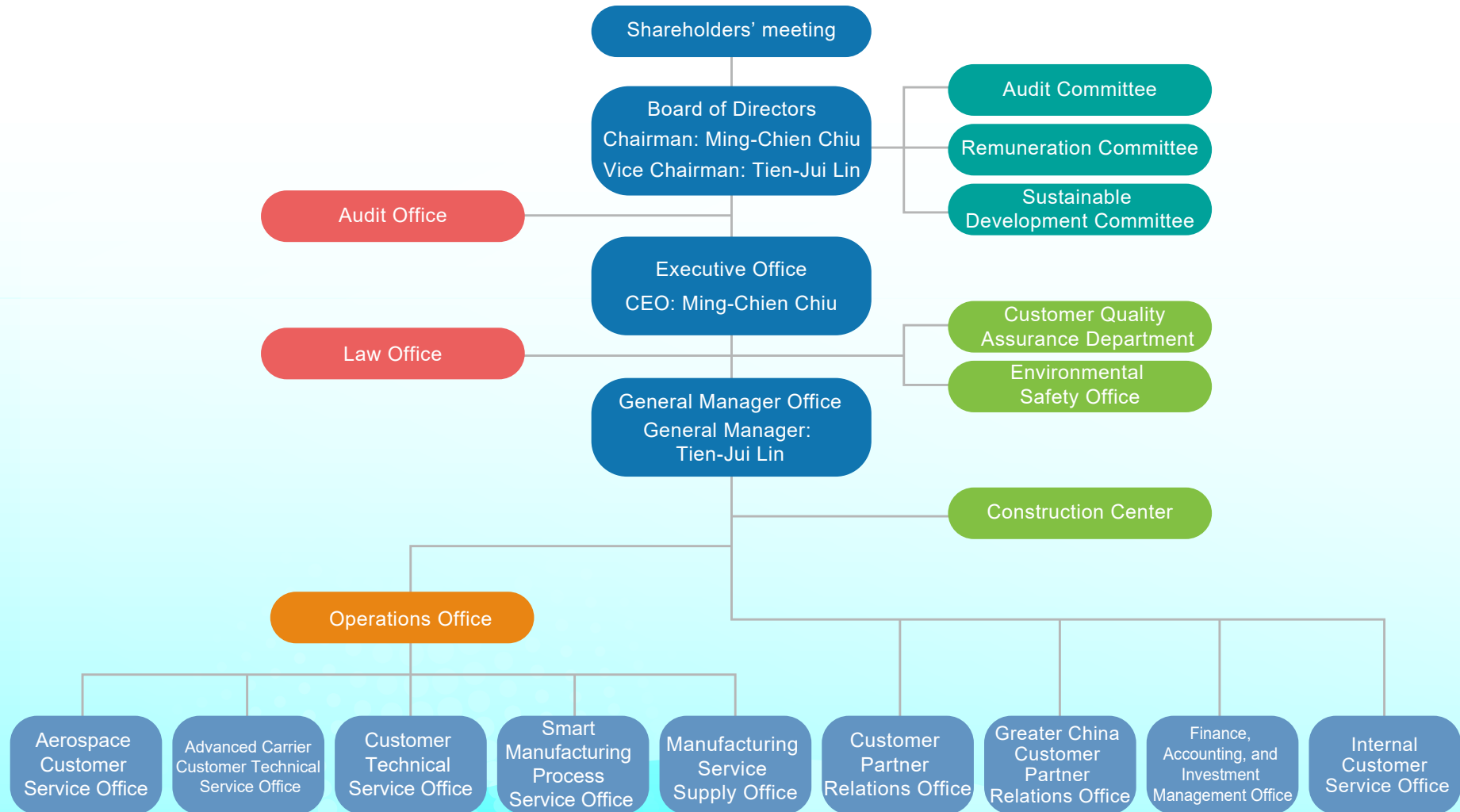
I Cross-team Communication communicates across teams from the perspective of company interests and customer satisfaction to achieve goals.

【 Ongoing Learning 】

ON Proactive Learning continuously seeks learning opportunities and effectively applies them to work



Organizational Chart



Business Overview

Gudeng Precision was established in 1998, initially focused on CNC machining of plastic shell molds. In the second year, we successfully entered the semiconductor front-end photolithography process equipment and parts field, starting the development of photolithography process components and forming close partnerships with customers to provide photomask carrier solution products. To date, Gudeng Precision is the market leader in high-end photomask carrier solutions.

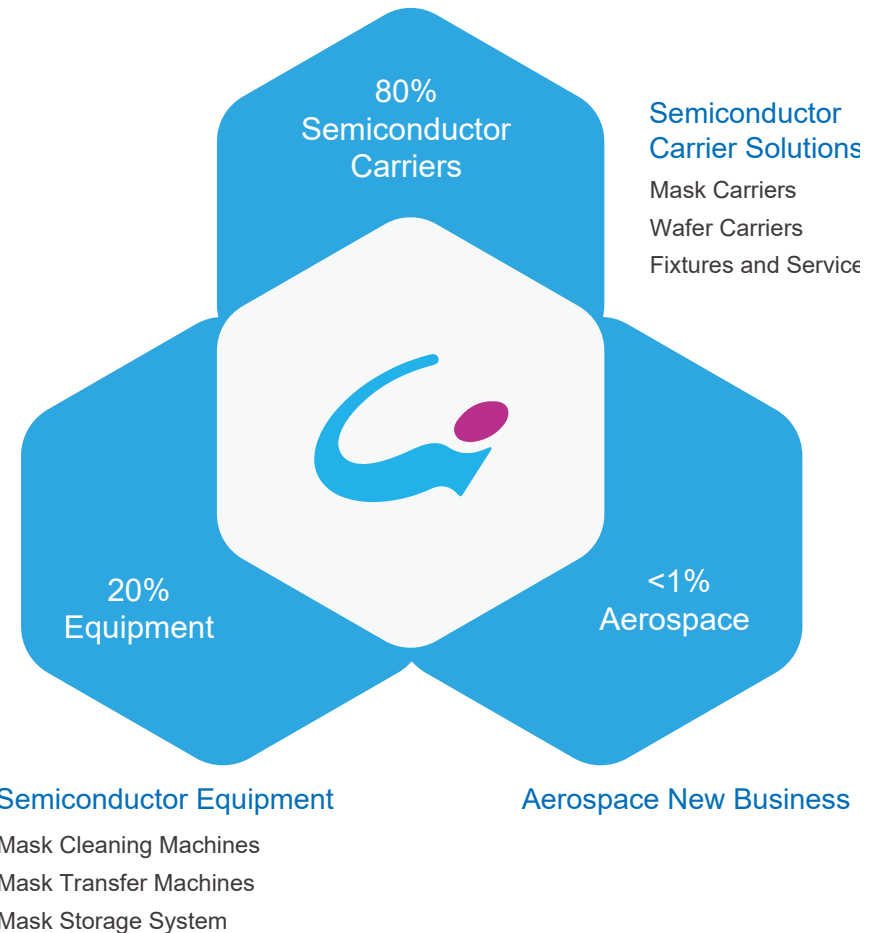
In 2008, we officially entered the wafer carrier solution market, positioning ourselves as the "Integrated Service Provider of Innovative Technology for Critical Materials Worldwide". We became the first and only Taiwanese company to participate in the international 18-inch semiconductor equipment process development, a critical step for the world's semiconductor process to move towards the next generation – 18 inches (450mm) technology. In 2019, our EUV Pod became the first in Asia and one of only two worldwide to be certified as a critical product by ASML, the world's largest semiconductor equipment manufacturer in the photolithography market. With top CNC technology and precise processing capabilities up to mirror level, it has been applied to product appearance, improving exposure efficiency, reducing rework, and enhancing process yield. It has become a new milestone in the transfer of advanced semiconductor process technology, and a necessary advanced photomask carrier for the mass production of 3-nanometer chips using Extreme Ultraviolet (EUV) lithography by international semiconductor giants, transforming Gudeng Precision from a mold manufacturer in the manufacturing industry to a world-class Taiwanese semiconductor company, creating a unique industry position.

Throughout our journey, we have upheld the principles of technological leadership, product innovation, and long-term trust in our customer partnerships. We are committed to focusing on the semiconductor industry as our core development area, with a comprehensive solution-based approach as our main service strategy. Gradually, we have established a unique "Innovative Service Business Model" based on the core values of "Partner with H.E.A.R.T., Grow with P.A.S.S.I.ON". We emphasize the innovation value of "Co-Creation" and build an integrated supply platform for advanced industry processes.

We firmly believe that "listening sincerely to customer needs and consistently creating value beyond their expectations is the origin of all innovation and the starting point for the sustainable operation of Gudeng Precision".

In 2020, Gudeng Precision officially entered the aerospace field, replicating our successful experiences from the semiconductor industry. We applied our core expertise in precision machining technology to critical aerospace components requiring high-precision processing. Successfully, we impressed customers with quick sample delivery, expanding applications, and a global customer base.

- In 2021, we obtained aerospace AS9100D certification.
- In 2023, we received approval from the Federal Aviation Administration (FAA) as an aircraft parts manufacturer.
- **In 2023, we obtained NADCAP special process certification.**



3 key development products

Since its establishment, Gudeng Precision has successfully developed end-to-end services from design to packaging, providing corresponding product solutions for semiconductor processes and enhancing customer service satisfaction.

Semiconductor Processes

- Communication
- Vehicles
- Consumer Electronics
- National Defense



end-to-end services product distribution diagram

Four major product lines are established: Mask Carrier Solutions, Wafer Carrier Solutions, Semiconductor Equipment, and related services to create high-value innovations.

Explanation of Purpose or Function:

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

Market Analysis

In 2022, Gudeng Precision's domestic sales accounted for approximately 66%, and exports accounted for about 34%, showing an increase of approximately 6% compared to the same period last year. This is mainly due to the large domestic sales to local customers for the EUV POD (Extreme Ultraviolet Photomask) products. Currently, our main customers include major domestic wafer foundries, central processing unit (CPU) manufacturers, semiconductor transfer and storage manufacturers, and mask manufacturers.

Market Share:

• Mask Carriers:

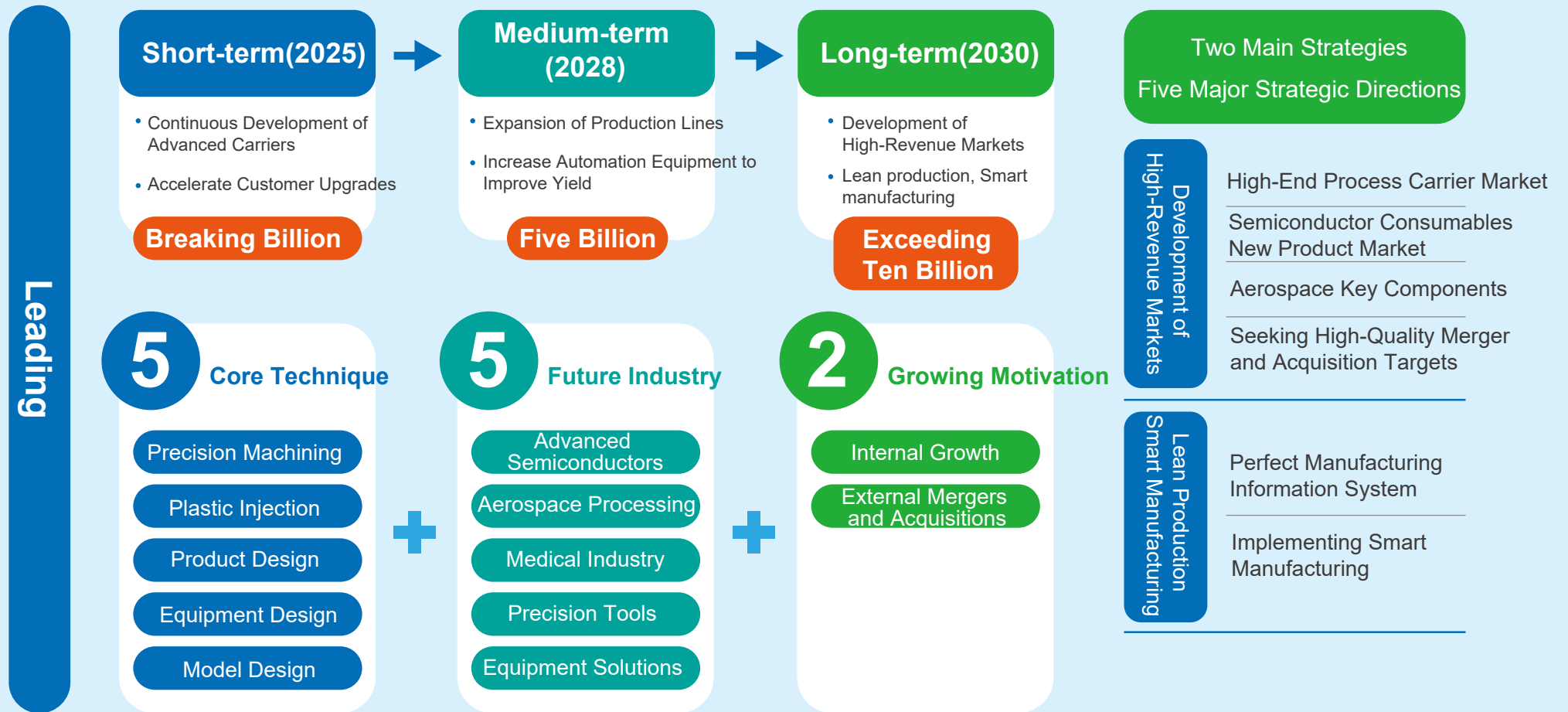
Gudeng Precision has a significant market share in the mask carrier market. Major wafer foundries and some integrated device manufacturers (IDM) are existing customers of Gudeng. On the EUV POD (Extreme Ultraviolet Photomask) market, Gudeng is the only supplier in Asia and one of only two suppliers globally. To closely integrate with global high-end customers in EUV technology development, we use the same inspection and cleaning equipment for critical processes. Gudeng has invested in advanced process carrier standard equipment – the Brooks M1000 cleaning machine – to ensure that the quality and cleanliness of our EUV carriers meet customer requirements consistently. We have become a top-tier production base for EUV PODs, providing global advanced process customers with the best quality assurance. Gudeng's market share in this product is estimated to be the highest globally.

• Wafer Carriers:

Gudeng successfully developed the world's first 18-inch wafer carrier in 2012, gaining approximately 80% market share. Although we entered the market for wafer carriers later due to new design developments in 2013, we overcame various difficulties and have since established a strong presence in the entire Greater China market. The Chinese government's support for new wafer fabs has been a significant boost for Gudeng, resulting in immediate demand. Leveraging language and cultural advantages, we expanded our presence in the Chinese market smoothly, especially with the advantages brought on by the China-US trade war. This has enabled Gudeng to rapidly capture key customers and new fabs in China, establishing good partnerships with customers and potentially achieving over half the market share in the Greater China market this year. Domestically, the advanced and mature 12-inch FOUP (Front-Opening Unified Pod) has passed large customer certification and is in mass production, which has led other semiconductor companies to follow suit. This has brought astounding growth momentum, elevating Gudeng to a leadership position alongside the mask carrier sector and contributing to the group's overall revenue.

Future Aspect:

Short, Medium, Long-term Goals



Participating in Industry Associations

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

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

External Initiatives

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

- 
SASB (Sustainability Accounting Standards Board)
- 
RBA (Responsible Business Alliance)
- 
UN Global Compact (United Nations Global Compact)
- 
SDGs (United Nations Sustainable Development Goals)



1.1.2 Financial Performance

In 2022, with the expansion of the market share of key products, Gudeng Precision's operations experienced explosive growth, and the annual revenue grew by 58% to reach a record high of NT\$3.159 billion. The EPS also increased by nearly 176%, reaching a record high of NT\$11.12, and the after-tax net profit was NT\$933 million, representing a 177% increase compared to the previous year's after-tax net profit of NT\$336 million. Benefiting from strong business growth, the company can maintain a stable profit margin even with increases in share capital, demonstrating steady growth in metrics such as net asset value per share, return on equity, and return on assets. This prudent use of shareholder funds meets shareholders' expectations for profit and rewards them with profits.

Detailed financial information can be found in Gudeng Precision's financial report:



Unit: in thousand NT\$

Item/Year	2019	2020	2021	2022	2022 Growth Rate
Operating Revenue	1,213,811	1,430,164	1,994,676	3,159,978	58%
Gross Profit	602,854	600,622	941,111	1,590,892	69%
Operating Margin	160,639	24,023	338,607	724,886	114%
Net income	224,155	460,312	336,660	933,071	177%
EPS (NT\$)	3.25	6.18	4.03	11.12	176%

Note: Individual financial data from 2019 to 2022

Economic Value Distributed to Stakeholders

Unit: in thousand NT\$

Items	Details	2019	2020	2021	2022	Growth Rate
Economic Value Generated	Operating Revenue	1,213,811	1,430,164	1,994,676	3,159,978	58%
	Operating Costs	610,957	829,542	1,053,535	1,569,086	49%
Economic Value Distributed	Employee Salaries and Benefits	312,958	457,138	473,858	763,483	61%
	Payments to Shareholders	150,616	406,630	234,715	336,998	44%
	Payments to Governments	47,767	109,045	73,854	135,156	83%
	Community Investment	509	1,253	5,892	5,480	-7%
	Retained Economic Value	403,962	83,694	626,680	1,113,772	78%

In 2022, Gudeng Precision's highest stock price was NT\$344.5, the average stock price was NT\$245, and the lowest stock price was NT\$167. The earnings per share were NT\$11.12, and a cash dividend of NT\$8 was distributed to stakeholders, sharing the achievements of revenue with stakeholders.

The shareholder structure is mainly composed of individuals and non-government organizations, with 13% being international institutions. Therefore, the company also discloses its annual reports, financial reports, and sustainability reports in both Chinese and English versions on its official website and public platforms. Data on shareholding and dividend policies for 2022 are disclosed in the 2022 annual report, please refer to pages 63-65 for details.

Shareholder Structure Amount	Government Institution	Financial Institution	Securities Investment Trust Funds	Corporate Investors	Other Corporations	Individuals	International Institutions and International People	Total
Number of People	-	19	64	74	10	9,095	88	9,350
Number of Shares	-	1,381,000	13,272,687	11,735,251	1,307,826	48,061,185	10,830,261	86,588,210
Shareholding (%)	-	1.59	15.33	13.55	1.51	55.51	12.51	100.00

Note: Shareholding structure as of March 20, 2023.

Tax Governance

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

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

Tax Incentives

Gudeng Precision is committed to investing in system upgrades, process innovation improvements, and accelerating the transformation of its operational model to create a smart manufacturing green energy factory. Based on Article 10 of Taiwan's "Industrial Innovation Act", the company applies for a deduction of research and development expenses within a certain limit from the current year's taxable amount. The total deduction amount for research and development investment and intelligent machinery in 2022 was approximately NT\$25.39 million.

Effective Tax Rate

Unit: in thousand NT\$

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

1.2 Board of Directors Autonomy

The Gudeng Precision Board of Directors is the company's highest governing body, and the current term is from July 30, 2021, to July 29, 2023. In response to the rapid expansion of the group's operations, additional independent directors have been appointed to strengthen the decision-making capabilities for diversified development, and this has been approved at the shareholders' meeting.

To ensure effective independent supervision and checks and balances, the Board of Directors holds regular meetings to confirm the company's operational direction and financial status, provide professional strategies and guidance to the management team, supervise operational performance, and ensure that the company operates in compliance with the company's articles of incorporation and relevant laws and regulations.

In 2022, the Board of Directors held a total of 8 meetings with a 100% attendance rate of all directors. Major resolutions of the Board of Directors were also disclosed on the company's website to ensure real-time and transparent information dissemination.

Information on important decisions made by the Board of Directors can be found on the official website:



Board of Directors Nomination Process:

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

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

Diversified Backgrounds and Core Competencies

In 2013, Gudeng Precision passed the "Corporate Governance Guidelines", requiring board members to have expertise in various areas, including operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market perspectives, leadership, and decision-making abilities. In recent years, due to the company's development strategy and changes in internal and external environments, the focus has also been on green energy and environmental protection industry experiences to achieve the goal of balanced governance. To become a global leader in semiconductor key materials, Chairman Ming-Chien Chiu and Director Tien-Jui Lin have refined mold and CNC injection technologies, which not only contribute to technological innovation in existing business areas but also facilitate the development of new aerospace businesses. In pursuit of achieving 100% renewable energy usage under the RE100 initiative, the company has formulated energy resource management strategies and leverages the international market perspective of Independent Director Chia-Hung Chin and the experience in the green energy industry from Director Chih-Fang Wei.

Board Independence and Gender and Age Statistics

Currently, there are 8 directors on the Board of Directors, including 4 independent directors, accounting for 50% of the members. All members are aged above 50, with 29% being executive directors and 71% being non-executive directors. Chairman Chiu Ming-Chien serves as the CEO, and Vice Chairman Lin Tien-Jui serves as the General Manager. The current male-to-female ratio is 100%. To achieve diversified development in corporate governance, the consideration of appointing female directors has been carefully evaluated, and it is expected that female directors will be nominated and appointed at the 2024 shareholders' meeting.

In response to the rapid expansion of the group's operations and the diverse range of issues to be addressed, Independent Director Qin Chia-Hung was appointed at the 2023 shareholders' meeting to enhance the independence of board decision-making and promote sound practices in company management and governance.

Detailed information about the Board of Directors can be found on the official website:





Board of Directors and Background Information

Title	Name	Age	Main Education (Academic) Background	Diversified Backgrounds and Core Competencies of the Board of Directors									
				Operational Judgment	Accounting and Financial Analysis	Management	Crisis Handling	Industry Knowledge	International Market Perspectives	Leadership	Decision-Making Abilities	Green Energy Sustainability	
Chairman	Ming-Chien Chiu	50-60	★ Also serves as CEO of the company Ph.D. in Management Information Systems from National Chengchi University EMBA Master's Degree from Peking University Guanghua School of Management EMBA Master's Degree from Taipei University Chairman of Heng Yang Green Energy Co., Ltd. Chairman of GigaVis Co., Ltd. Chairman of We Solutions Technology Co, Ltd. Chairman of GigaVis construction Co., Ltd. Director of SYMTEK AUTOMATION Co., Ltd.	V	V	V	V	V	V	V	V	V	V
Vice Chairman	Tien-Jui Lin	50-60	★ Also serves as General Manager of the company China Europe International Business School EMBA EMBA Master's Degree from National Chengchi University National Chengchi University Global Entrepreneurship Class Master Director of GigaVis Co., Ltd. Director of We Solutions Technology Co, Ltd. Chairman of Gudeng Venture Capital Co.,Ltd.	V	V	V		V	V	V	V		
Director	Chong-Peng Huang	50-60	Completed studies at the Science and Technology Division of National Chengchi University Director and General Manager of We Solutions Technology Co., Ltd. Principal of Established SUZHOU KUNJU TRADING CO., LTD Supervisor of Gudeng Venture Capital Co., Ltd.	V		V		V			V		
Director	Zhi-Fang Wei	50-60	Japanese Language and Literature, Soochow University Director of Heng Yang Green Energy Co., Ltd. Manager of Bottlemate & BeautyPro INC. Manager of Dafeng Development and Construction Engineering Co., Ltd.	V		V				V			V
Independent director	Hui-Sen Hu	50-60	EMBA, Department of Management Information Systems, National Taiwan University General Manager of Senwei Energy Co., Ltd. Chairman of Foxwell Energy Corporation Ltd. Chairman of Foxwell Power Corporation Ltd. Strategic Consultant, Taiwan Business Association Supervisor, Taiwan Photovoltaic Power Generation System Business Association Standing Supervisor, Taiwan Electrical and Electronic Industry Association	V	V	V	V	V	V	V	V	V	V



Title	Name	Age	Main Education (Academic) Background	Diversified Backgrounds and Core Competencies of the Board of Directors								
				Operational Judgment	Accounting and Financial Analysis	Management	Crisis Handling	Industry Knowledge	International Market Perspectives	Leadership	Decision-Making Abilities	Green Energy Sustainability
Independent director	Wen-Hao Luo	50~60	Master of Business Administration, National Chengchi University Director and General Manager of MAGIC Technology Co., Ltd. Legal Representative of MAGIC WIRELESS TECHNOLOGY CO., LTD. Chairman of Tongshuo Investment Co., Ltd. Director of GLOBAL MAGIC TECHNOLOGY CO., LTD. Director of Donghe Home Appliances Co., Ltd.	V		V	V		V	V	V	
Independent director	Guang-Hui Qiu	60~70	Doctor of Computer Management and Decision Making, National Tsing Hua University Head of the Department of Business Management, National Taipei University Director of the E-Commerce Research Center, National Taipei University Acting Director of the Information Industry Promotion Association Independent Director	V	V	V	V	V	V	V	V	
Independent director	Jia-Hong Qin	80~85	Presidential Advisor Honorary Chairman, Association of Industrial Zone Manufacturers in the Republic of China Chairman of Yico group Chairman of FABU GREENTECH, INC. Director of Coastal Performance International Co., Ltd. Director of Century Wind Power Chairman of Yi Chun Green Technology Co., Ltd.	V		V	V		V	V	V	V

Board Performance Evaluation Mechanism

The company conducts an annual self-assessment using questionnaires to evaluate the participation level in company operations, the quality of board decisions, internal relationship management and communication, continuous learning, internal controls, and other performance execution aspects. Additionally, the company commissions the Taiwan Corporate Governance Association to conduct an external performance evaluation to provide insights for improvement through an objective external review, and to seek further optimization measures to achieve sustainable development goals. The evaluation results are also used as references for individual director remuneration and reappointment nominations.

The 2022 external assessment recommended five directions for improvement: (1) Strengthening the recording of speeches in board meeting minutes, (2) Enhancing the diversity of the board, (3) Encouraging the establishment of a nomination committee, (4) Continuing to strengthen the company's risk management capabilities, and (5) Continuously promoting the goal of sustainable corporate governance.



Performance and Compensation System

The company has established a board performance evaluation method and its evaluation process. It conducts annual performance evaluations, considering individual directors' years of service as directors, and placing emphasis on operational participation, professional capabilities, continuous learning, internal and external relationship management, understanding of group strategies, and formulation of ESG issues. The final evaluation results of individual directors are submitted to the Remuneration Committee as references for individual director remuneration and reappointment.

The remuneration of the company's directors and supervisors is determined according to the company's Articles of Association, authorizing the board to determine their remuneration based on their level of participation in the company's operations, their contribution value, and industry standards, as well as considering future risks. The distribution standards for director and supervisor remuneration from profit distribution are in compliance with the company's Articles of Association and are submitted to the board for resolution and reported to the shareholders' meeting.

To enhance transparency in corporate governance information, the company plans to establish a reasonable ratio of director-to-employee salaries to share operational achievements. The remuneration of the board members will be disclosed independently in the page 26th of the annual report for 2022.

Directors' Remuneration Data



Avoidance of Conflict of Interest Mechanism for Directors

The company has established the "Code of Integrity Management", "Code of Ethical Behavior", and "Whistleblower System", which declare the commitment to transparent operation and integrity in fulfilling obligations to shareholders. The directors and managers of the company are aware of the Company Act, Securities and Exchange Act, relevant regulations for listed and over-the-counter companies, and other relevant laws and regulations. They strictly adhere to the principles of avoiding conflicts of interest and anti-corruption. According to the "Rules of the Board of Directors", when an agenda involves matters on which directors themselves or their representatives, as defined in the above regulations, should avoid due to self-interest that may harm the company's interests, the directors must voluntarily abstain from participating in the discussion and voting. They are also not allowed to act as proxies for other directors to exercise voting rights. The names of the relevant directors, important explanations, and abstention situations are recorded in the meeting minutes to comply with the best interests of stakeholders. The information on whether the directors of the Company serve in other shareholders' meetings or not has been disclosed in detail in the 24th page of the annual report.

Enhancement of Corporate Governance Functions

The Board of Directors of Gudeng Precision approved the establishment of the Corporate Governance Office in November 2020. After a statutory qualification assessment, Lai Bo-an, the Chief Financial Officer of the Financial Control Department, was appointed to oversee corporate governance-related matters, assist in promoting sustainability committee issues, provide the necessary information for board members to carry out their duties, assist board members in complying with relevant laws, handle board and shareholder meeting matters in accordance with the law, and prepare minutes of board and shareholder meetings. The Corporate Governance Office is also responsible for integrating sustainable development thinking and ESG, as well as maintaining relationships with stakeholders.

The Corporate Governance Office's head possesses more than three years of experience in financial and equity management in publicly listed companies. In 2022, the head completed 18 hours of courses related to ESG trends and group strategic development

Training Date	Organizers	Course Title	Training Hours	Total Hours
2022/8/5	Corporate Governance Association of the Republic of China	Legal Due Diligence and Business Contract Introduction for Corporate Mergers and Acquisitions	3	
2022/8/5	Corporate Governance Association of the Republic of China	Strategic Thinking on Group Restructuring (including Mainland IPO)	3	
2022/8/11	Accounting Research and Development Foundation.	How the Board of Directors and Senior Executives Review ESG Sustainability Reports	3	18
2022/8/11	Accounting Research and Development Foundation.	Legal Responsibilities and Case Analysis Related to "Competition for Business Operations"	3	
2022/8/15	Accounting Research and Development Foundation.	Latest Policies and Developments in ESG Sustainability and Self-Compiled Financial Reports and Internal Control Management Practices	6	

In 2022, a total of 72 board business cases were approved. For communication details, please refer to the official website under the Corporate Governance section.



- In 2022, all members of the Board of Directors completed the annual requirement of six hours of professional training in accordance with the "Guidelines for the Continuing Education of Directors and Supervisors of Listed and OTC Companies". The course topics include internal employee shareholding management, legal issues related to stock trading, and understanding related-party transactions and non-conventional transactions through practical cases.
- The Corporate Governance Office also arranged communication meetings with independent directors, internal audit managers, and certified public accountants to facilitate the execution of their duties.
- To comply with the latest laws related to the company's business operations and corporate governance, the Company Charter, Rules, the "Corporate Governance Code", "Acquisition or Disposal of Assets Processing Measures", "Sustainable Development Practice Guidelines", and the "Production Cycle Internal Control System" have been amended, and new articles of the "Information Security Control Guidelines" have been established.
- Group Strategic Mergers and Acquisitions Cases
- Six cases related to corporate sustainability were approved, including the establishment of the Sustainable Development Committee, the 2021 Sustainability Report, the Greenhouse Gas Verification Plan, the expansion project, and the Intellectual Property Management Plan.

Functionality Committee Operations

• Remuneration Committee

The Remuneration Committee was established on August 5, 2011, to strengthen the company's compensation management function. It assists the Board of Directors in formulating the company's overall compensation policy and handling other matters related to compensation evaluation. One member should have an accounting or financial background. The term of this committee is three years, and re-election is allowed. The members evaluate the compensation policies and systems of independent directors and executives from a professional and objective standpoint. They hold meetings at least twice a year and may convene meetings as needed to provide recommendations to the Board of Directors for decision-making.

In 2022, the Remuneration Committee held a total of three meetings, with a 100% attendance rate, and discussed employee compensation, remuneration allocation for directors and supervisors, and employee stock acquisition plans.

• Audit Committee

The first Audit Committee of the company was established on July 30, 2021, consisting of three independent directors. In 2022, it held a total of 8 meetings with a 100% attendance rate. The main issues discussed included the business report, financial statements, consolidated financial statements, dividend distribution, internal control systems, and amendments to articles, totaling 38 cases.

The primary oversight objectives of the Audit Committee are:

- Adequate representation of the company's financial statements.
- Selection (dismissal), independence, and performance of the certifying accountants.
- Effective implementation of the company's internal control system.
- Compliance with relevant laws and regulations.
- Management of existing or potential risks of the company.

• Sustainability Development Committee

In 2020, to ensure the group's compliance with international trends and regulatory changes while promoting the learning and improvement of the company's corporate governance system within the internal organization, the ESG Sustainability Task Force was established to coordinate ESG issues through interdepartmental cooperation. It periodically assesses performance, timely formulates optimization and improvement policies, and implements ESG policies to strengthen corporate governance credibility. The committee also establishes disclosure mechanisms and channels to achieve the vision of sustainable business operations with stakeholders.

To proactively lay out the corporate governance blueprint 3.0 requirements and deepen sustainable development into the core of operations, the company announced the establishment of the "Sustainability Development Committee" on March 7, 2022, through a significant announcement at the Board of Directors meeting. The "Organizational Regulations of the Sustainability Development Committee" were formulated to practice corporate social responsibility, align with international trends, actively respond to risk assessments and countermeasures in various aspects such as the environment, society, and corporate governance, and achieve sustainable management goals.

The first term of the Sustainability Development Committee appointed Mr. Chiu Ming-Chien as Chairman, Mr. Lin Tien-Jui as Vice Chairman, Mr. Chiu Kuang-Hui, Mr. Lo Wen-Hao, and Mr. Hu Hui-Sen as independent directors of the committee. Mr. Chiu Ming-Chien, Chairman, served as the convener, and the term is effective from the date of approval by the Board of Directors until July 29, 2024, coinciding with the current term of the Board of Directors. The Sustainability Development Committee has set up the Sustainability Office, with Director Zhu Hong-Bin appointed by the Board of Directors to



integrate project members from the Financial and Investment Management Department, Information Security Committee, Supply Chain Center, Human Resources Center, Environmental Safety Office, and Customer Quality Assurance Department to establish and review related issues under the framework of the corporate sustainability response policy. Mr. Lai Po-An, Executive Officer of Corporate Governance, will act as the project manager to assist. The Sustainability Development Committee reports regularly to the Board of Directors and is subject to their supervision.

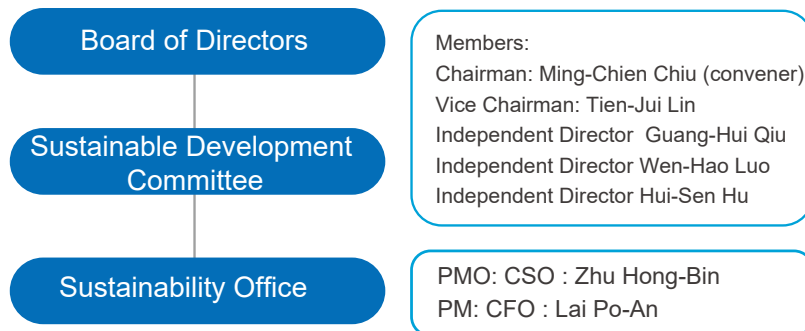
Achievements:

In 2022, the Sustainability Office compiled and published the Sustainability Report based on the sustainability strategy, short-term, medium-term, and long-term goals set by the Sustainability Committee. The company participated in the Corporate Sustainability Awards for the first time and was honored with the Gold Award in the Taiwan Corporate Sustainability Awards (TCSA) Sustainability Report category.

Execution Status

- In 2022, the Sustainability Development Committee reviewed and approved the implementation plan for the company's Intellectual Property Management, the greenhouse gas inventory and verification schedule, and the issuance of the 110th annual sustainability report. In the second half of the year, it also arranged regular discussions on the greenhouse gas inventory and verification schedule for consolidated subsidiaries' financial statements and reported to the Board of Directors.
- The company conducted a greenhouse gas inventory and announced our greenhouse gas emissions and reduction information on our public information website.

Sustainability Development Committee Structure:



Responsible Departments	Job Responsibilities
Sustainability Office – PMO	Responsible for assisting the Sustainability Development Committee in supervising and guiding the Sustainability Office, as well as resolving interdepartmental issues and concerns.
Sustainability Office – PM	<ol style="list-style-type: none"> Responsible for the implementation planning and control of the Sustainability Office's projects, and monitoring the progress of project items. Responsible for integrating sustainable development thinking, ESG, and maintaining stakeholder relationships.
Finance, Accounting, and Investment Management Office	<ol style="list-style-type: none"> Responsible for assisting the Sustainability Development Committee in monitoring and analyzing ESG trend issues to ensure that the company complies with international trends, regulatory changes, and establishes disclosure mechanisms and channels. Responsible for consolidating the group's annual project performance. Responsible for climate-related financial disclosure (TCFD) and other ESG-related tasks. Responsible for the financial governance evaluation required by the Financial Supervisory Commission.
Environmental Safety Office	<ol style="list-style-type: none"> Climate-related financial disclosure (Task Force on Climate-related Financial Disclosures, TCFD). Implement the group's renewable energy and low-carbon strategy and promote various environmental protection projects (ISO 14064-1, ISO 50001), optimize water and energy management, and conduct greenhouse gas inventories.
Human Resources Center	<ol style="list-style-type: none"> Create an inclusive workplace and implement gender equality based on the "United Nations Universal Declaration of Human Rights" and the "United Nations Global Compact". Comply with the United Nations Sustainable Development Goals (SDGs) and promote the development of group social welfare based on the concept of taking from society and giving back to society.
Customer Quality Assurance Department	Evaluate the quality system certification performance of the group and assist in the implementation of stakeholder quality systems.
Supply Chain Center	Confirm the implementation of the sustainable supplier risk management process and assist the supply chain in joining the net-zero emissions and carbon reduction action.
Information Security Management Committee	Confirm the implementation of the Information Security Committee to maintain the confidentiality, integrity, and availability of the company's information assets and protect customer and personal data privacy.

1.3 Integrity Management

Gudeng Precision is founded on the principles of "integrity and morality", striving to establish a strong culture of integrity within the company. It adheres to the principles of integrity in business operations, refuses to accept improper benefits, avoids conflicts of interest, protects business confidentiality, etc. In 2022, there were no violations of laws or regulations in the social and economic fields, nor were there any related anti-competition, anti-trust, or monopolistic behaviors.

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

Compliance

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

every quarter. Finally, an internal control statement is issued, which is approved by the Audit Committee and the Board of Directors, announced, and reported to the shareholders' meeting.

Zero Tolerance for Corruption

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

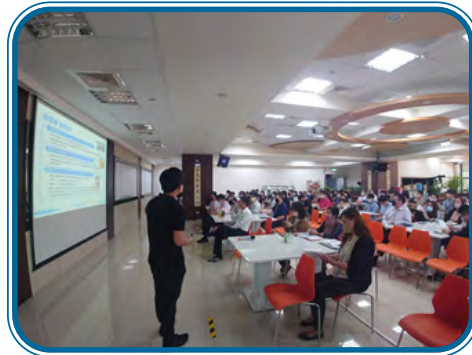
Educational Training and Advocacy

Integrity Management (Anti-corruption, Business Ethics, etc) Execution Status

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

In response to cases of internal employees violating insider trading, the company conducts regular advocacy during monthly meetings and adds integrity management-related courses, covering various management implications, corporate management philosophy, business ethics, and other topics.

Course Topics	Number of Courses	Number of Participants	Course Hours
Confidentiality Advocacy	3	1,011	898
Information Security Management System and Information Security Awareness	8	1,064	1,733
Management Implications, Company Management Philosophy, Business Ethics, and Other Topics	10	362	206



Open courses and implement publicity in monthly meetings

Advocacy to Suppliers and Partners

to sign a "Statement of Compliance with Ethical Norms" through annual audits to ensure that suppliers also adhere to corporate social responsibility. To implement integrity management and ensure "zero occurrence of any improper benefit behaviors", the company actively promotes related advocacy activities. In the 2022 assessment of various operating locations, no significant corruption risks were found.

Whistleblower Reward System

The company has a well-established reporting channel and provides a maximum reward of NT\$300,000 for whistleblowers. This system applies to all departments and subsidiaries and covers reporting on corruption, fraud, and theft of trade secrets, among others. The company strictly adheres to conflict of interest avoidance and ensures the rights of stakeholders. For daily operations, a risk assessment mechanism is used to identify major risks and related risk departments. Regular audits are conducted, and job rotations are used to actively prevent potential risks. In 2022, Gudeng did not receive any fines due to anti-corruption matters or violations related to environment, society, etc.

In 2022, Gudeng did not receive any fines due to anti-corruption matters or violations related to environment, society, etc.

Gudeng Precision's Whistleblower and Complaint Channel:
 Internal and External Complaint Channels: GDaudit@gudeng.com
 Internal and External Complaints Phone Number: 02-2268-9141 Ext. 1116



Integrity Management Policy (Additional Column to Explain the Following Items

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

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



1.4 Risk Management and Internal Control

1.4.1 Risk Management

Risk Management Policy

Gudeng Precision, established for over 20 years, has always adhered to rigorous risk management principles, facing unknown risks and hoping to transform risks into opportunities through appropriate risk assessment and crisis management capabilities to enhance corporate competitiveness. The Group's risk management policy defines various risks according to the overall business policy of the company, establishing an early identification, accurate measurement, effective supervision, and strict control mechanism for risk management. Within the acceptable risk range, it prevents possible losses and continuously adjusts and improves the best risk management practices based on internal and external changes to protect the interests of employees, shareholders, partners, and customers, increase corporate value, and achieve optimal allocation of resources.

To respond promptly to the occurrence of risks, a risk reporting mechanism is also established, with channels such as "Employee Opinion Box", "Internal and External Whistleblower Mailbox", and "Stakeholder Contact Zone" to proactively collect potential risk items and assist in controlling the impact of various internal and external risks.

• Risk Management Organizational Operation:

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

To integrate risk culture into daily operations, the company proactively educates and trains employees to understand risk management, focusing on major risk items (information security, trade secrets) through digital learning courses. The CIO and Legal Counsel conduct advocacy during monthly meetings.

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

Business Continuity Management Mechanism

In the era of globalized industrial international division of labor, to provide customers with seamless and uninterrupted services, Gudeng Precision has further established the Business Continuity Management (BCM) mechanism. This mechanism addresses critical situations such as fires, earthquakes, power outages, supply chain disruptions, information system failures, damages to key equipment, and climate change. It formulates contingency plans, maintains essential operations, and strives for the shortest time to restore normal operations. This approach reduces the impact of disasters and the duration of business interruptions, safeguarding the interests of customers and shareholders, and increasing resilience and competitiveness.

Gudeng Precision adheres to the Business Continuity Plan (BCP), conducting regular reviews and strategic adjustments. In 2023, the CEO took the role of chairman and convened department-level executives to form the "Operations Continuity and Risk Management Task Force". This task force regularly collects internal and external information through various departments to identify and assess future risk factors. It strengthens coordination, evaluation, review, and implementation of emergency response capabilities, discusses significant risk management issues, and strives for clear operational continuity strategies and procedures. The goal is to minimize the impact of future disruptions, optimize contingency plans, backup mechanisms, risk management, and recovery plans, and respond to potential risks. The focus is on enhancing crisis management capabilities and consolidating competitive advantages. It ensures that the company's goals are achieved within a controllable scope while managing potential threats and opportunities for the company's shareholders and all stakeholders. This approach also aligns with customer demands for quality and stable production capacity.



Risk Management Scope

Each year, Gudeng Precision's operational meetings involve various department members (governance, R&D, cybersecurity, quality assurance, sales, environmental health and safety, human resources, supply chain, and manufacturing). They collect risk events, sources, and consequences in the three major areas of economy, environment, and cybersecurity. The discussions and consensus lead to the identification of 21 risk items. The results are then reviewed and assessed in a matrix mode, evaluating internal and external risks, the probability of occurrence, and the severity of their impact on the company. Risk levels are defined, and contingency measures are formulated according to the risk level. Gudeng Precision strengthens its ability to respond to potential risks, ensuring effective and timely functioning of the risk monitoring and management mechanism. The risks considered in 2022 included "climate change", "geopolitics", and "information security", among others, to bolster defense capabilities for continuous operation. This approach showcases the company's resilience and strives for the utmost preparedness, enhancing its ability for sustainable business operations and pursuing the best interests of all stakeholders.

Risk Categories	Potential Risks	Contingency Measures and Objectives
Financial Operations	<ul style="list-style-type: none"> International Exchange Risk Interest Rate Risk Capital Utilization Risk Accounts Receivable 	<ul style="list-style-type: none"> To avoid most international exchange risks, the company uses natural hedging properties by matching sales revenue from overseas products with cash payments for purchasing materials in international currencies. The company also monitors international exchange market movements and employs financial hedging instruments, such as forward contracts for international exchange, to mitigate related exchange rate risks. The company maintains a reserve of operating funds for more than six months and maintains close relationships with partner banks, retaining short, medium, and long-term credit lines for operational turnover.
Supply Chain Risks	<ul style="list-style-type: none"> Raw Material Shortages Supplier Management Incoming Quality 	<ul style="list-style-type: none"> Mechanism for safety stock of essential raw materials. Obtain quotes from at least two suppliers for the same material to reduce procurement concentration risk. Forecast Order Management Conduct Tier supply chain investigations Cultivate Local Supply Chain Alliances
R&D and Innovation	<ul style="list-style-type: none"> Intellectual Property and Legal Disputes Risk of Key R&D Personnel Departure Trade Secrets 	<ul style="list-style-type: none"> Strengthen patent protection and management. Implement Taiwan's Intellectual Property Management System (TIPS) to enhance intellectual property protection and database management. Establish a systematic patent knowledge management system, including patent retrieval and related information. Strengthen knowledge management, require research and development personnel to maintain research logs and records, hold regular research design meetings for technical exchanges, and preserve related research documents. Upload all research processes, including model review records and experimental test content, to the PDM system.

Risk Categories	Potential Risks	Contingency Measures and Objectives
Operational Risks	<ul style="list-style-type: none"> Industry Cycles and Macroeconomic Impact Risks Geopolitical Risks Customer Strategy Adjustments Information Security 	<ul style="list-style-type: none"> Maintain robust funds and operations, and closely monitor international development trends. Actively seek new markets and customers to diversify revenue sources and mitigate potential risks. Cultivate partnerships with customers to jointly develop products and proactively grasp market information. Strategic investments and organization of semiconductor local alliances Introduce Information and Communication Technology (ICT) infrastructure service upgrades, including Hyper-Converged Infrastructure.
Climate change	<ul style="list-style-type: none"> Risks related to fires, floods, wind, chemical and oil spills, power outages, earthquakes, etc. Occupational accidents Energy rationing in Summer Water scarcity 	<ul style="list-style-type: none"> Comply with regulatory requirements: Establish the ISO 45001 Occupational Health and Safety Management System, meet or exceed environmental and occupational safety legal requirements, plan and implement four major labor health protection projects, and aim for a "workplace with zero risk" to ensure steady development with safety as a priority. Enhancing Safety Awareness: Fulfilling safety responsibilities at all levels of employees, considering it as a top priority for all supervisors, exerting influence, collectively eliminating hazards, preventing accidents and occupational diseases. This includes conducting on-site hazard identification activities to eliminate workplace risks and enhance safety in the work environment, promoting a positive safety culture. Environmental and Safety Performance Indicators and Statistics: Regularly updating and announcing various safety performance indicators as benchmarks for continuous improvement in environmental and occupational safety management. Additionally, periodic statistics of resource utilization, emissions data, and analysis of incidents are conducted to formulate preventive measures, strengthening self-assessment for achieving outstanding performance.
Human resources	<ul style="list-style-type: none"> Human Rights Due Diligence Talent Resource Gap 	<ul style="list-style-type: none"> Implement "Human Rights Policy", identify human rights issues, and formulate corresponding management measures. Regularly assess effectiveness and adjust management measures to control and mitigate risks, ensuring human rights protection in all company issues. Retain essential technical talents through annual salary adjustment reviews based on market standards. Establish an employee advocacy platform, including complaint hotline, exclusive email for complaints, employee-specific information website, employee discussion forum, labor-management meetings, welfare committee meetings, etc, to provide employees with channels to reflect issues.

1.4.2 Internal Audit

Responsibilities of the Audit Office:

The responsibilities of the Audit Office are to assist the Board of Directors and senior management in conducting independent and objective evaluations of the completeness, effectiveness, and implementation of Gudeng Precision Group's internal control system. It provides improvement suggestions to ensure the continuous and effective implementation of the internal control system. Moreover, based on the appointment by the Board of Directors and senior management, it provides relevant investigation, evaluation, or consulting services to assist the Board of Directors and senior management in fulfilling their corporate governance responsibilities.

Organization of the Audit Office:

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

Operation of Internal Audit

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

Project Audit: Conduct periodic project-based audits based on the operational and management needs of the Board of Directors and senior management.

In 2022, 78 internal audit tasks were completed without significant deficiencies, and all audit issues were rectified within the specified time, demonstrating the effectiveness and optimization of the internal audit process.

Internal Control Self-assessment

Conduct an internal control self-assessment each year within the company in accordance with the law. Business executives regularly review the reasonableness, implementation, and effectiveness of various operational control items. After review by the Internal Audit Office, it is reported to the Board of Directors as the basis for issuing an internal control statement.

Subsidiary Audits

Based on the annual audit plan or special requirements of the Board of Directors, conduct periodic and intermittent audits of subsidiaries within the group to assess and confirm their operational target achievements, financial report credibility, and appropriateness of internal controls. This helps ensure that subsidiaries within the group enhance operational performance, comply with laws, and improve operational efficiency.

Audit reports and working papers submitted by the Audit Office should include evaluations of internal control system regulations and business processes. This evaluation aims to determine whether the existing legal and procedural controls are appropriate, if units are effectively implementing internal controls based on relevant regulations, and whether the effectiveness is reasonable. The Audit Office should timely propose improvement suggestions and continue to monitor the implementation of these improvements.

Audit Process (Redrawn)



1.5 Information Security

As a significant supplier in the global semiconductor industry, Gudeng Precision formulates rigorous information security policies to protect company assets, research achievements, trade secrets, compliance with laws and regulations, and contractual requirements, as well as addressing the concerns and expectations of stakeholders. The goal is to ensure the protection of company assets and critical information with confidentiality, integrity, and availability.

To maintain the company's market competitiveness and safeguard customer and partner trade secrets, Gudeng Precision has established the Information Security Committee, which includes the Information Security Working Group. The committee regularly reviews and assesses the company's information security management objectives, and provides revision suggestions to be included in the annual strategy map during the BSC team's strategy meeting. This process follows the "Strategy and Objective Planning Management Procedure" to plan and formulate annual information security management objectives and the information and communication technology security framework. In 2022, Gudeng Precision obtained the ISO 27001 Information Security Management System certification.

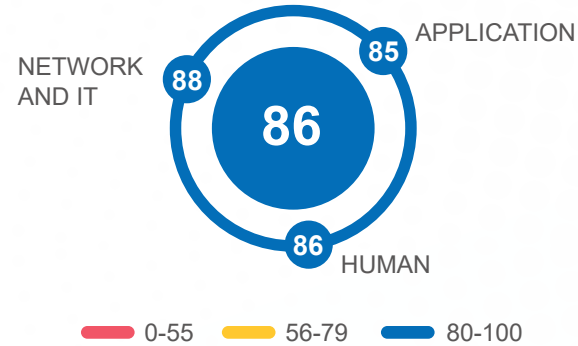
Annual Information Security Objectives:

Strategic Focus: Lean Production, Smart Manufacturing

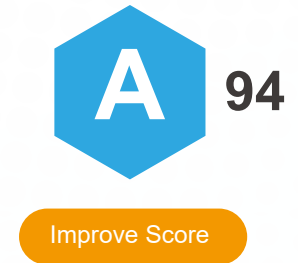
Objective 1: Become a Vendor Valued by Customers for Speed and Security

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

TSMC-SCSA Assessment Results



Intel Supplier Security Assessment



Through internal optimization and external audit, we finally passed the information security certification of important customers (TSMC, INTEL) with high scores

• Information Security Governance and Responsibility Framework

Based on risk assessment results and actual needs, and prioritizing risk issues that require improvement, design risk improvement plans, including organizational structure management and technical systems.

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

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

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



Objective 2: Achieve a Traceable and Complete IT System

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

Information Security Management Committee

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

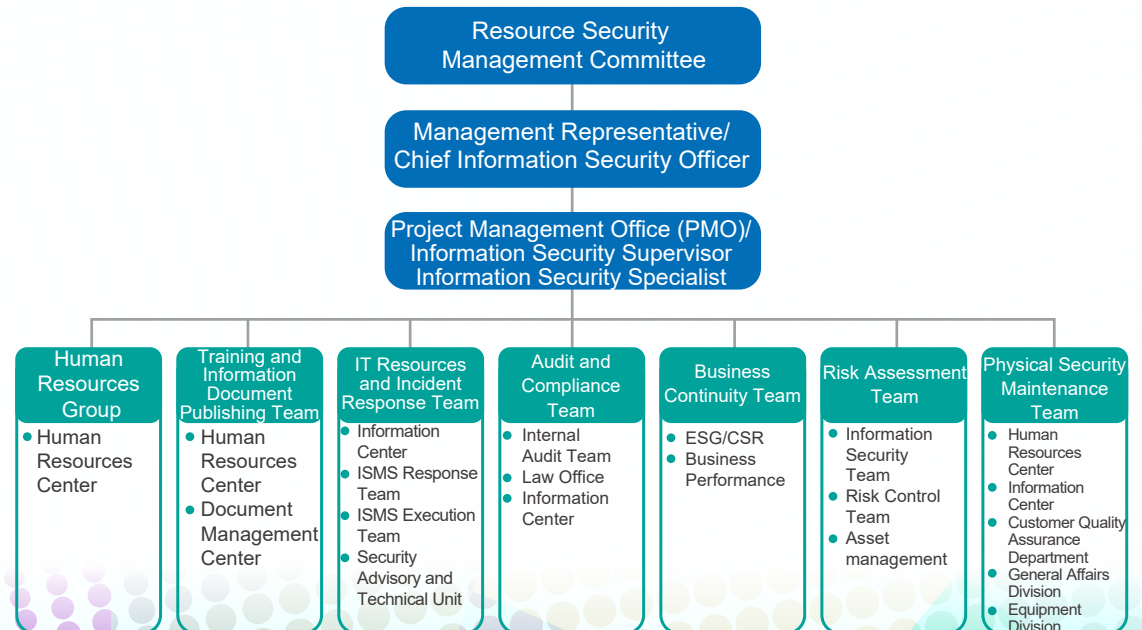
2022 Achievements:

1. Obtained ISO 27001 Information Security Management System certification
2. Implemented production and manufacturing auxiliary subsystems to enhance production efficiency and quality
3. Upgraded the AD server and Exchange server, established VPN multi-factor authentication to prevent confidential data leakage, and made enterprise forms mobile, maintaining flexibility and efficiency
4. Promoted the 2023 hardware service upgrade plan, investing 30 million to build ICT infrastructure and a hyper-converged infrastructure, enhancing information security defense network

Convened at least one Information Security Management Committee meeting annually, and the Information Technology Director reported on the topics discussed at the management meeting monthly, including:

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

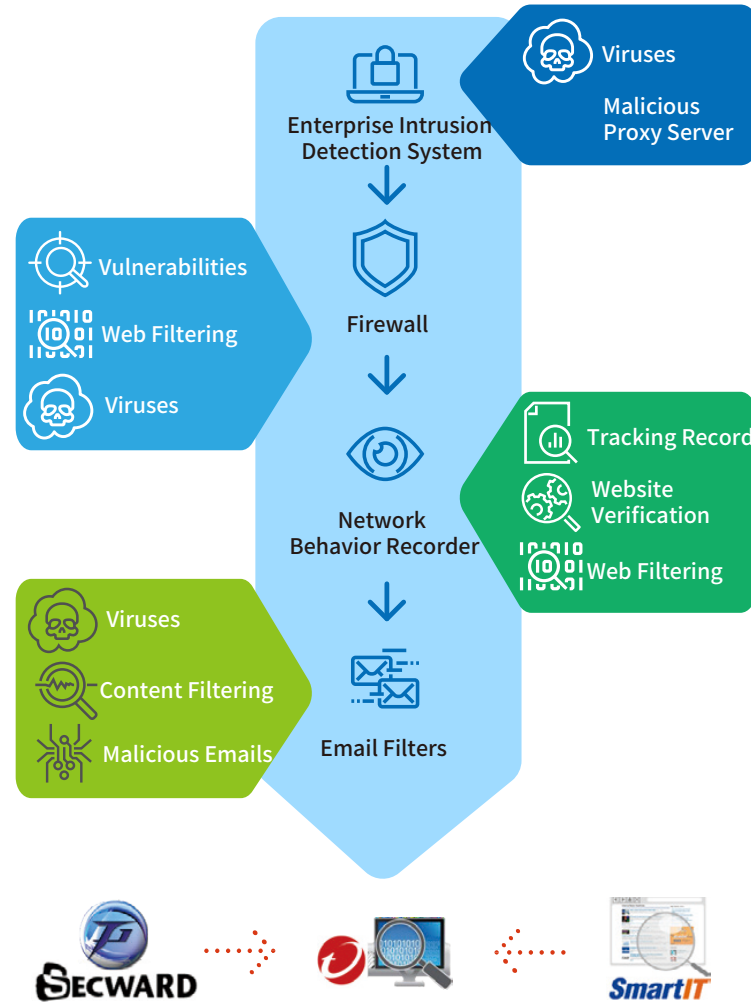
Resource Security Management Committee Organization Chart:



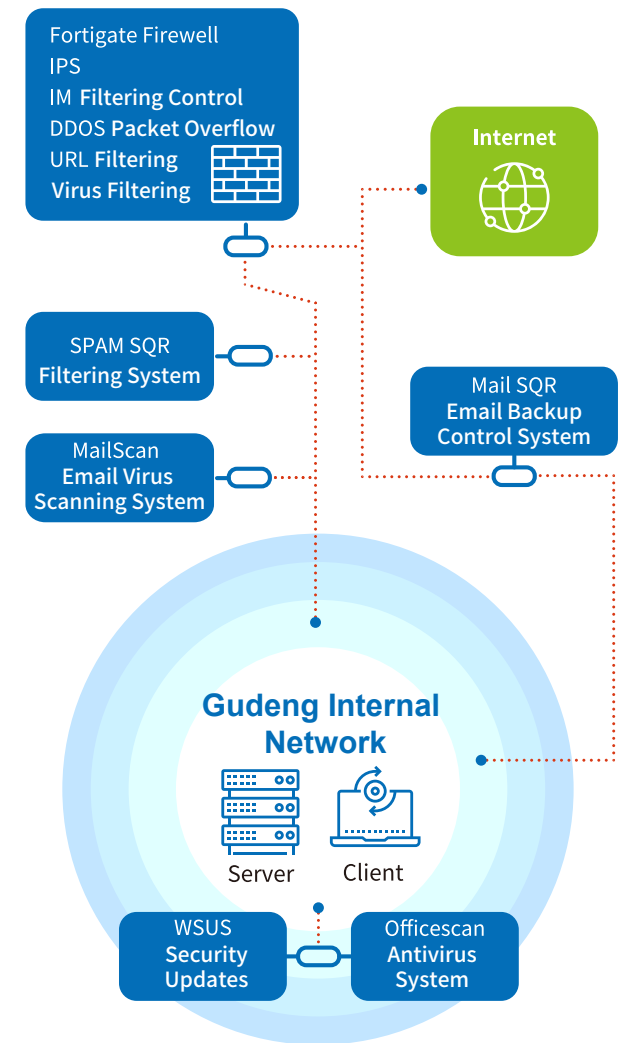
Information Security Measures

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

Information Security Structure



Domain Protection Mechanism



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

Information Security Education and Training

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

- For all employees, at least two information security prevention advocacy sessions are held each year, with each session lasting two hours. In 2022, eight face-to-face courses and ten LMS online courses were conducted, with a total of 483 participants and a passing rate of 98.03%, totaling 1,755 training participants.
- For information personnel, eight information security training courses are arranged, totaling 203 hours.
- PDM (Product Data Management) Product Data Management System, with a total of 81 participants in face-to-face and online training.

2 Innovation Breakthroughs and Value Creation

- 2-1 Technological Innovation (Major Topic)
- 2-2 Quality Management
- 2-3 Customer and Partner Relationships

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS


Performance Highlight

Research and development patent expenses accounted for **7%** of revenue, reaching **220 million**.

558 patents obtained in total.

11 process optimizations resulting in benefits of **36 million**.

2.1 Technique Innovation

Strategic Objectives	Real-time and flexible problem-solving for customers, providing customers with the most advanced processes for future use.		
	2022 Goal	2022 Achievements	2023 Goal
Strengthen research and development capabilities and build a patent map	<ul style="list-style-type: none"> Patent funds reached 146 million, with 55 patent applications. Established a comprehensive intellectual property management system to cultivate intellectual property awareness. 	<ul style="list-style-type: none"> Patent funds surpassed 222 million. 57 patent applications were filed, with a cumulative total of 558 patents. 55 research and development personnel received training totaling 192.5 hours. 	<ul style="list-style-type: none"> 18 patent applications were filed. New product patent portfolios were licensed or jointly developed with strategic partners. Continuously strive to participate in government-assisted leading product development projects conducted by research institutions, to grasp the opportunity for new product research and development.

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

Since its establishment, Gudeng's annual research and development expenses have accounted for 10-16% of revenue. In recent years, due to significant revenue growth, although the proportion of research and development expenses has declined, the annual budget has reached new highs. The company has constructed a core intelligent manufacturing production platform based on the main product patent map, maintaining high-quality, compliant, cost-effective, and high-yield advanced products. The company's technological functions and product quality lead the industry.

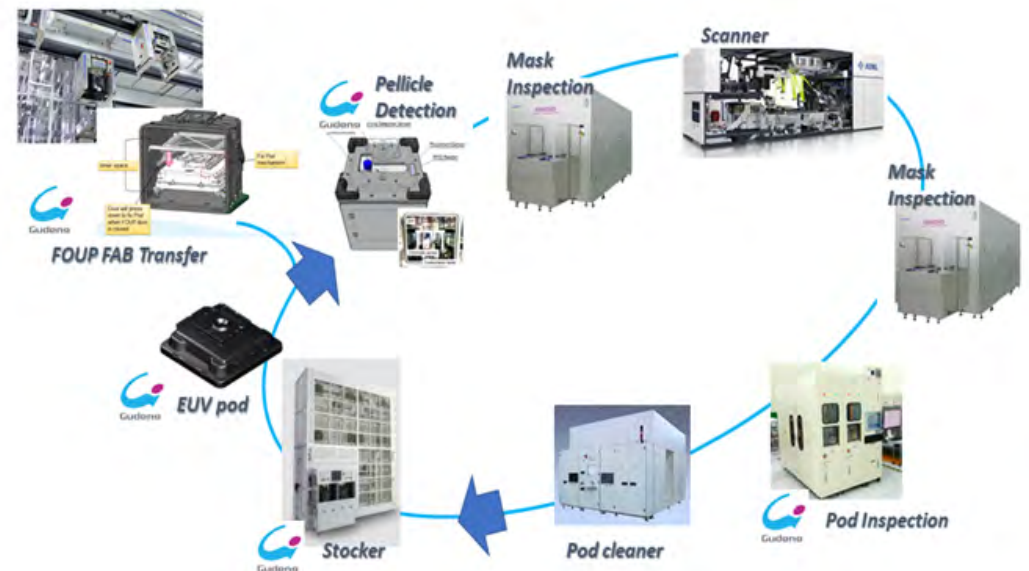
Key Products:

Mask Carrier Solutions

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

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

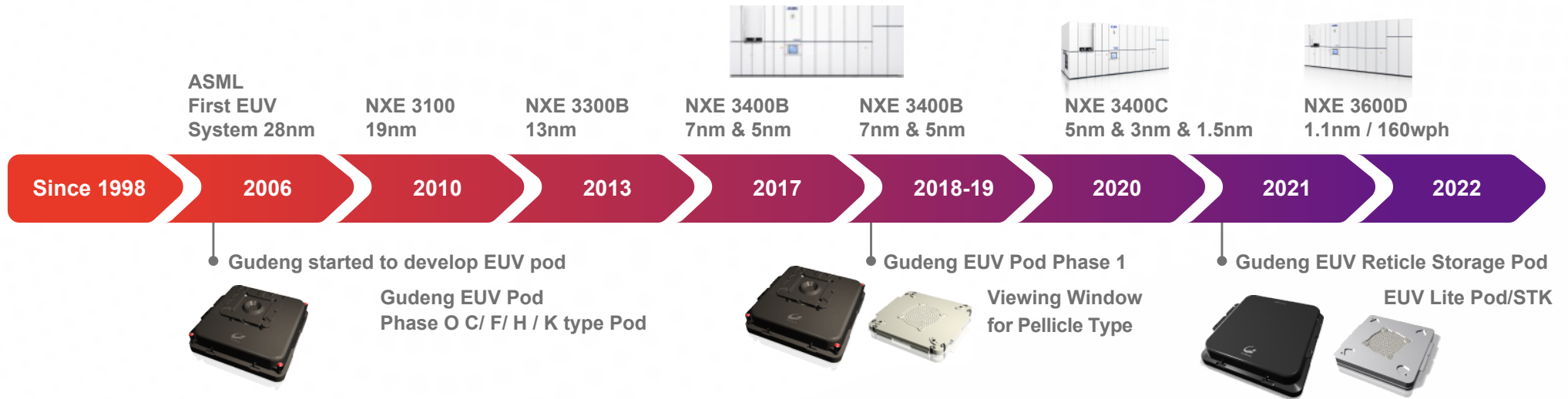
Gudeng Precision's EUV POD Key Leadership Position Explanation Diagram



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

EUV POD Development Progress in the Past Decade:

- In 2019, the new generation of EUV POD-G/GP Type was certified by ASML.
- In 2020, we successfully contributed to enhancing our 7-nanometer process yield and improving production capacity, earning a letter of appreciation from TSMC.
- In 2021, we continued research and development of the new generation of EUV POD.



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

small column

- Collaborative Creation:** Regular meetings with key customers and factories for ten continuous years.
- High Execution Power:** Using the strongest execution power to meet customers' most urgent demands.
- Integrated Manufacturing:** Providing highly flexible production capacity to respond to customers' temporary high demand.

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



Through co-creation of Co-Creation, effectively help improve the yield rate, and get a certificate of appreciation

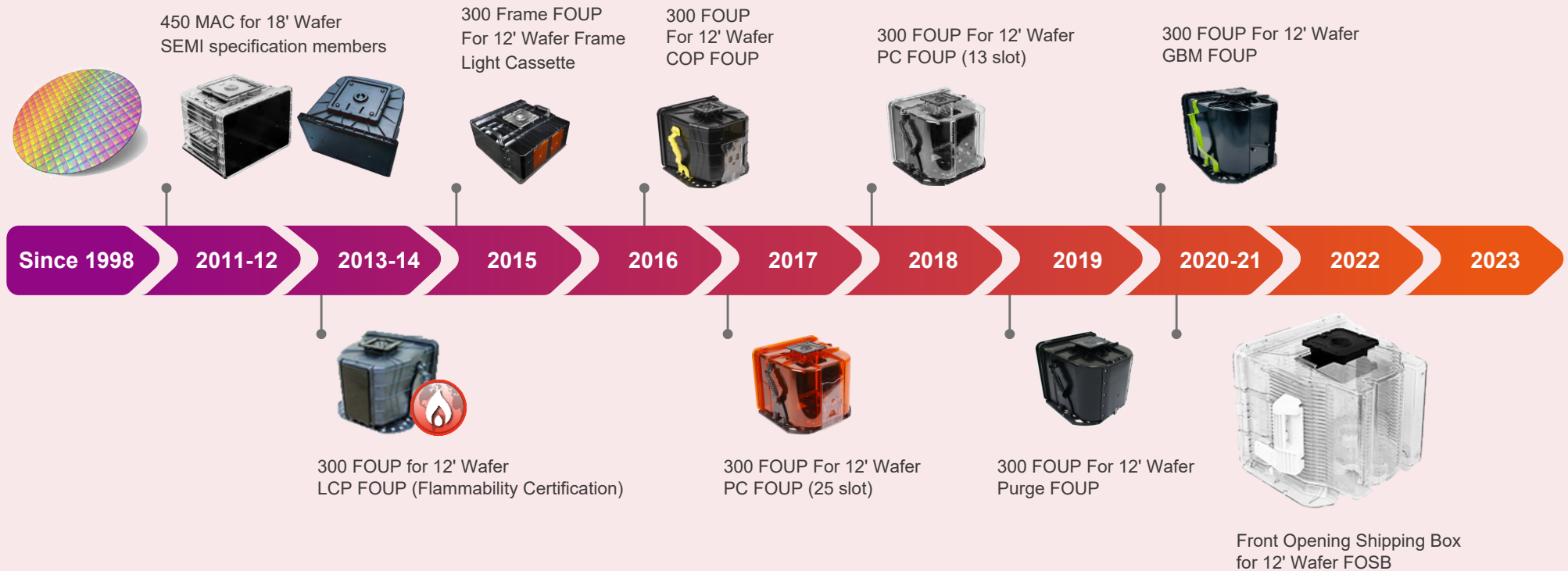
Wafer Carrier Solution:

Front Opening Unified Pod (FOUP) is a container used in semiconductor processes to protect, transport, and store wafers, effectively reducing the risk of wafer contamination by particles. It is a critical production tool in advanced 12-inch wafer fabs. Gudeng Precision has invested years of research and development in FOUP and became the only Taiwanese manufacturer to join SEMI's efforts in formulating the 450mm FOUP specification in 2011. We have successfully increased customer production yield and efficiency and gradually captured domestic and international market share. With the global market size of FOUP and FOSB reaching 724.6 million US dollars, it is expected to

reach 1.15 billion US dollars in 2029, with a 7.05% compound annual growth rate in the past five years, providing robust operational momentum and stable revenue growth.

In 2022, we collaborated with local supply chains to develop low outgassing materials, significantly reducing the release of organic compounds and improving product cleanliness.

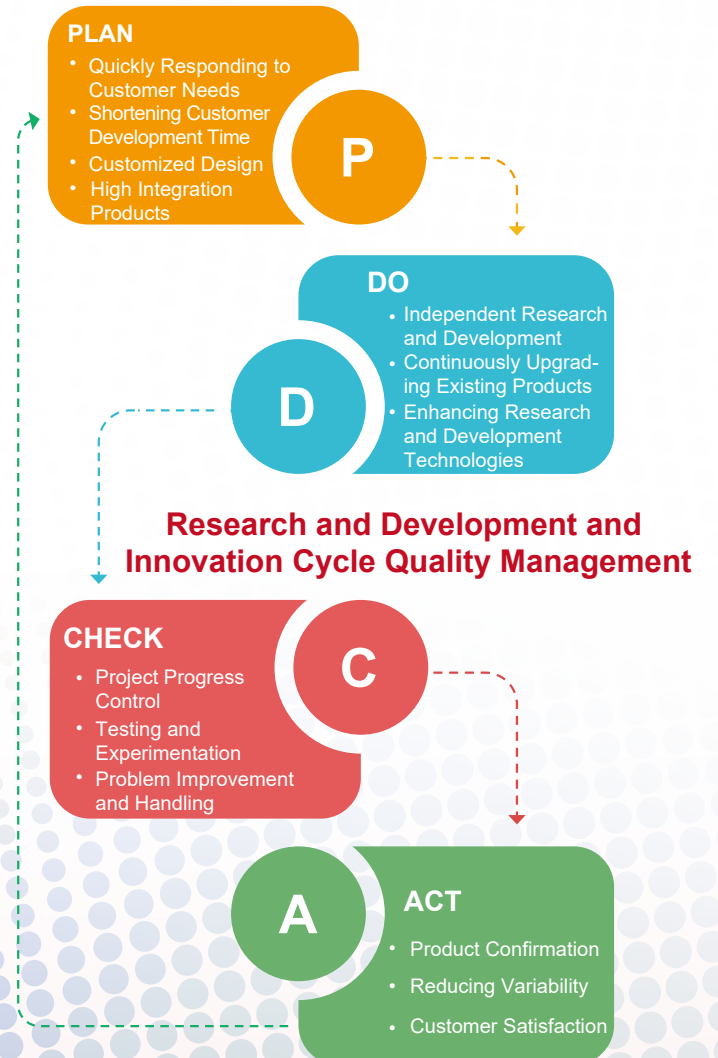
Development history of front opening delivery box (FOUP)



R&D and Innovation Strategy



Research and Development Innovation Process



Investment in Research and Development Innovation Activities

Since its establishment, Gudeng Precision has been aware that investing in research and development is a long-term journey that requires step-by-step progress to bear fruit. Therefore, over the years, the company has invested significant funds to stimulate research and development momentum. Since the company's founding, Gudeng has annually invested approximately 100 million New Taiwan Dollars in research and development expenses, focusing on the research and innovation of semiconductor wafers and photomask carrier solutions. The cumulative research and development expenses disclosed in the financial report up to 2021 have reached **1.2 billion** New Taiwan Dollars, and the expenditure in 2022 has exceeded the average, reaching a record-breaking 222 million. Strict case review and evaluation are conducted to understand the next-generation semiconductor development trends, determine strategies, present market differentiation, and achieve multiple breakthroughs in 2022's group revenue. In addition to earning 660 million in new product revenue from 2020 to 2022, the total revenue also reached a historical high in each quarter.

Unit: in thousand NT\$ %

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

Research System Education and Training

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

In 2022, a curriculum training system was developed for research and development personnel, incorporating digital learning fields such as SEMI specifications, aerospace product assembly standards, product cleaning, product development, and project acceptance and transfer.

A total of 17 courses were offered, with **277** participants and a total training time of **192.5** hours.

R&D Personnel	Doctoral	Master's	Bachelor's	Full-time	Total
2021	1	17	18	4	40
2022	1	25	26	3	55

Industry-Academia Collaboration

To strengthen the proactive research knowledge management database, Gudeng Precision actively participates in the leading domestic industrial bureau's new product program and strives to secure opportunities for technology transfer or joint development abroad, stimulating research and development and technological upgrading. In addition to passing five government projects from 2020 to 2023 (with subsidies totaling 38.1 million), including projects such as automated cleaning systems for photomask carriers, which increased operating efficiency by at least 1.75 times, the estimated benefits in the next three years could reach 875 million. Not only leading in technological fields, but Gudeng Precision also delivered several technical forum speeches, sharing the impact and changes of EUV technology on future technology.

In the past three years, the company invested 30 million in cooperative development projects with academic research institutions, attracting eight doctoral students and mechanical engineering graduates who recognize Gudeng's innovative research and talent training policies and join Gudeng's research and development team.

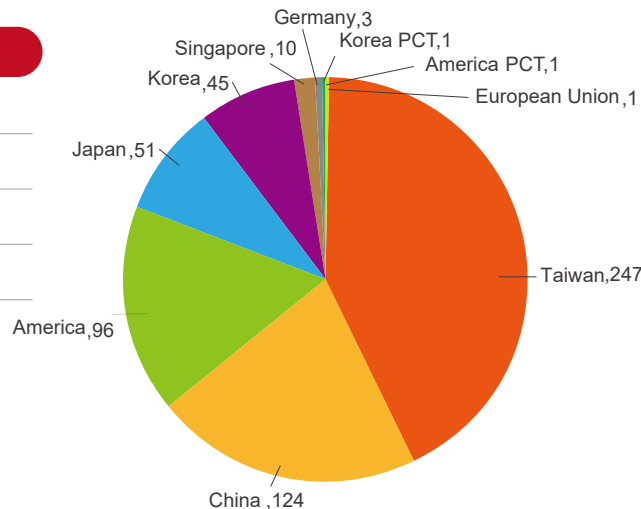
Project Plan	Collaboration Benefits
ESG Project Waste Recycling – LDH 50KG Pilot Production Verification	Cooperating with Chung Yuan Christian University to increase the recycling rate to 15% and enhance plastic electrical resistance and durability.
8092 Gas-assisted Forming Project	Semiconductor carrier weight reduction by 5%, surface smoothness improvement by 5%, and product cycle time optimization by over 10% Wafer carrier cycle improvement by 15%, wafer box energy efficiency improvement by over 20%
Intelligent Molding Temperature Monitoring System	Product Inspection and Stable Quality through SIP, Reducing Production Cycle Time by 5%, and Decreasing Scrap by 5%
Integration of Robotic Arms with Information System	Establishing an Image Database, Installing Sensors, Compiling Programs, and Implementing Security Measures Creating On-site Human-Machine Interface and Establishing a System Management Center
Image Recognition Inspection of EUV Ejected Small Parts	Establishing Deep Learning CNN Models, Training and Testing, Building Semiconductor Carrier Optical Inspection and Image Recognition Inspection of EUV Ejected Parts, Reducing Inspection Time to 30 Seconds

Project Plan	Collaboration Benefits
Paperless Production Record, Integration with the Bo System	Integrating ERP/MES/APS/SPC Systems, System Data Knowledge Management, and Analysis
Chung Yuan Science and Technology Ministry Industry-Academia Project	Third-year Industry-Academia Collaboration Project – Nanoscale Semiconductor Wafers and EUV Photomask Carrier Development Project
National Sun Yat-sen University Industry-Academia Project	Visualization of Internal Flow Analysis of Extreme Ultraviolet Photomask Carriers and Mechanical Stress Calculation Simulation of Photomask Dustproof Film Industry-Academia Collaboration Project

Cumulative Patents

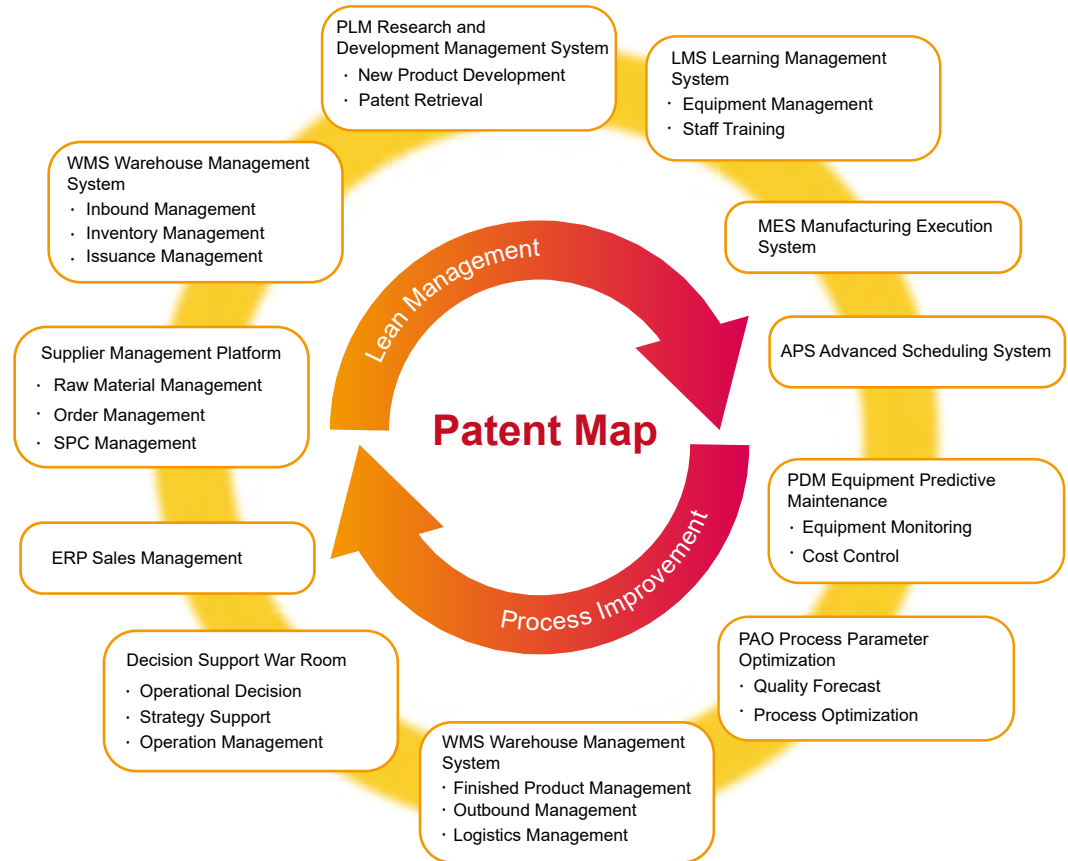
Gudeng Precision understands that a high-integration patent layout is the cornerstone of our technological leadership. To date, we have accumulated 558 patents, with 191 more in continuous application. In 2022, 57 patents were granted, covering the global scope. In 2009, we introduced Taiwan's intellectual property management regulations, and in 2019, we obtained TIPS A-level certification. In 2022, we actively planned our intellectual property map and strengthened the establishment of our patent system and defense capabilities, demonstrating our emphasis on intellectual property and continuously expanding and establishing a high-tech industry position that other large companies cannot win solely on scale.

Year	Cumulative Patents
2019	431
2020	456
2021	511
2022	558



Intellectual Property Management Plan

Gudeng Precision is creating an intelligent manufacturing production platform with a patent map as its core. All information systems such as PLM (Research and Development Management System), LMS (Learning Management System), MES (Manufacturing Execution System), APS (Advanced Scheduling System), PDM (Equipment Predictive Maintenance), PAO (Process Parameter Optimization System), WMS (Warehouse Management System), and ERP (Enterprise Resource Planning System) are interconnected to provide the most real-time and accurate decision support information in the decision room. Gudeng's patent map as the core information system integration platform



Gudeng takes the patent map as the core information system integration platform

TIPS Management Mechanism (Obtaining TIPS A-level Certification) (Revised Chart)TIPS Proposal Incentive Mechanism

According to the company's "Employee Reward and Punishment Management Measures"

- When a design patent is granted, each inventor is rewarded once.
- When a utility model patent is granted, each inventor is rewarded twice.
- When an invention patent is granted, each inventor is rewarded once.

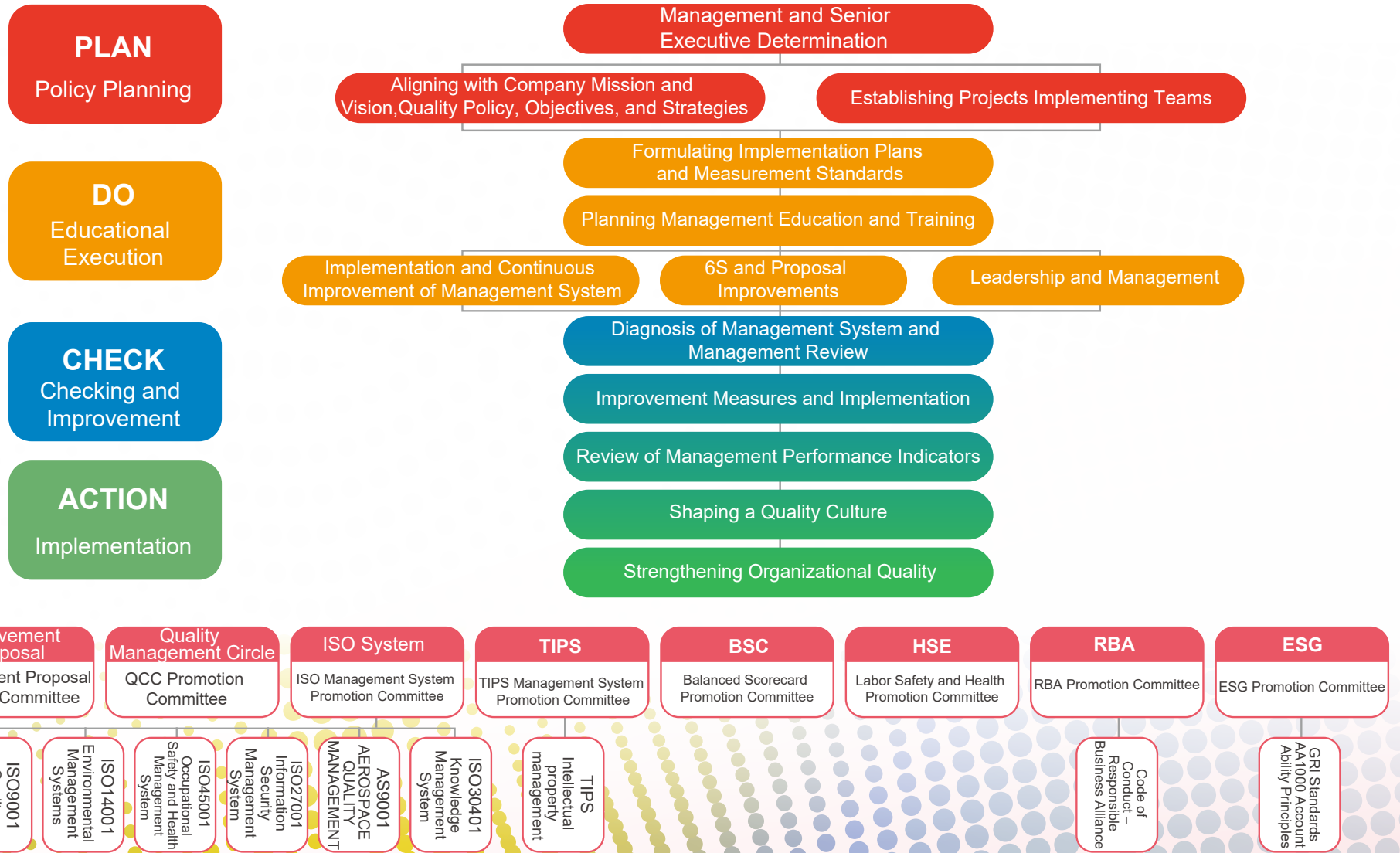


Gudeng precisionManagement Mechanism

2.2 Quality Management

Strategic Objectives	Quality Technology, Intelligent Manufacturing, Digital Transformation		
	2022 Objectives	2022 Achievements	2023 Goal
Quality Management	Implement DMAIC projects, combining lean production with Six Sigma	A total of 19 colleagues obtained Green Belt certification through training and practice, improving production issues such as product design, line efficiency, and product yield, resulting in total benefits of NT\$17 million	Enhance the management system, ensuring the accuracy of SPC basic data Objective >= 100% Pass the aerospace NADCAP certification
Intelligent Process	Establish an AI project team, introduce intelligent manufacturing management processes, and achieve NT\$36 million in process improvement benefits	Complete 11 improvements through cross-unit collaboration, resulting in benefits of NT\$36,005,745	Establish a robotic process automation (RPA) project team to optimize daily operations' efficiency

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



Shaping Quality PDCA Through Total Quality Management Committee

Introduction of Statistical Process Control (SPC) System for Production Manufacturing Parameters, Establishing Production Records, and Product Traceability.

In order to strengthen the company's applications in the Internet of Things (IoT) and Machine Networking, Gudeng Precision prioritizes the implementation of the "Injection Parameter SPC Control System". By collecting each production parameter, it not only synchronously monitors the injection machine conditions and production trends within a fixed time, but also utilizes visualized charts to provide real-time and accurate information to managers at different levels under different injection states. Furthermore, through real-time parameter collection into the database and the generation of system simulation screens, this Cyber-Physical System (CPS) simulation functionality enables novice technicians or engineers to learn and gain experience with different parameter variations, rather than relying on extensive trial and error.

Manufacturing Process

During the trial production and sample stages of new product development, engineering and manufacturing participate in improving production smoothness and reducing defect rates. Production is executed according to SOP specifications, and quality control performs SPC control, jointly ensuring the quality of production. In case of abnormalities during production, review meetings are immediately initiated to ensure that production quality remains within acceptable standards. In pursuit of continuous company growth and customer demand improvements, the top management not only intends to adopt information technology but also continuously plans to introduce intelligent manufacturing process equipment to reduce defects caused by personnel, lower quality inspection costs due to increased production volume, increase operational profits, and provide customers with systematic products, elevating the pursuit of a win-win situation.

Systematic Quality Management

Gudeng Precision utilizes various systems for real-time quality management throughout the entire factory, including SPC, Measurement System Analysis (MSA), and other control systems. When the system alerts for out-of-specification (OOS) inspection results, it automatically sends High-light and Alarm-mail notifications to relevant units, achieving the benefits of Total Quality Management (TQM) for comprehensive quality management process planning.

Quality Enhancement Project – DMAIC Competition

In 2021, the DMAIC project was initiated, conducted by a 30-member team trained and

implemented by SGS Taiwan Inspection Technology Company's 6 Sigma GB. Analytical tools were introduced, and statistical analysis methods were applied to inspection methods and Design of Experiments (DOE) to determine the optimal parameter conditions for optimizing output and transferring results to operational standards. In 2022, a quality management competition was held to improve efficiency, and the best team received an award.

In 2022, 19 students obtained DMAIC Green Belt certification, and during the project period, the benefit amount reached NT\$17.07 million.

• Participation Rates in DMAIC and QCC Activities

	2021 DMAIC	2021 QCC	2022 QCC
Number of Participants	33	62	40
Overall Number of People*	196	196	256
Participation Rates	16.8%	31.6%	15.6%

*Note: Excluded personnel (interns, migrant workers, contract workers, disabled workers, and at the customer site, personnel at vice-managerial level or above).



Improved cross-departmental collaboration and received public recognition

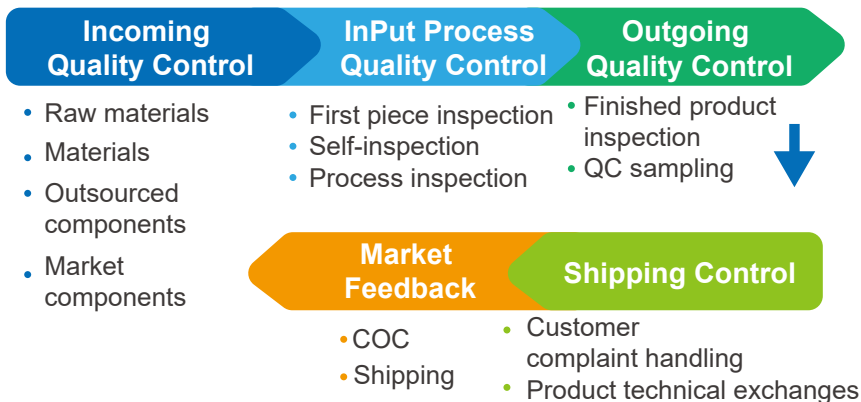
Supplier Quality Management

chain for advanced semiconductor processes. The vision is to become a preferred partner for global semiconductor industry leaders in critical materials and innovative technology. With a focus on serving major semiconductor clients, this supplier role extends to cooperation with partners, aiming to create progressive partnerships based on the concept of quality management.



column

Gudeng proposes the "eCOA" (**Electronic Certificate of Analysis**) policy, where suppliers provide critical shipment inspection parameters in electronic data format, referencing Gudeng's eCOA format. This eCOA format is internally encoded and linked to Gudeng's SPC system, and after data uploading, it becomes a key parameter for Incoming Quality Control (IQC). The statistical and cumulative data analysis allows for quality control and connection with Gudeng's advanced intelligent manufacturing process, extending the core spirit of quality management to suppliers.



Smart Manufacturing

In 2007, Gudeng Precision had revenue of only slightly over NT\$300 million. Fully aware of the mission of serving world-class semiconductor manufacturers and the significance of information technology to organizational entities, the company decisively invested in implementing an Enterprise Resource Planning (ERP) system following semiconductor plant standards, namely SAP, and collaborated with the IT team to plan the information system blueprint.

In 2022, the AI Smart Manufacturing Development Committee was established, organizing cross-departmental meetings weekly to formulate four major strategic axes, continuing to drive digital transformation, and introducing Advanced Planning and Scheduling (APS) and Big Data AI to replace human decision-making. The aim is to accurately predict delivery dates, visualize production capacity status, dynamically allocate production resources, and improve planning efficiency, enabling real-time access to various operational and production-related information to facilitate decision-making and planning.

Four Major Strategic Axes:

AI Computation for Injection Parameters

1. One-click calculation of injection parameters to shorten trial mold time and frequency and enhance trial mold efficiency.
2. Digital preservation of manufacturing experiences.
3. One-click parameter recall on the industrial control platform.

Smart Scheduling with APS

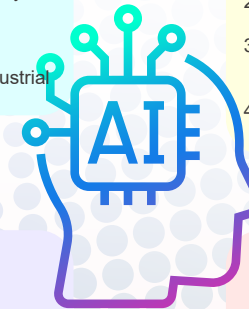
1. AI-driven scheduling replacing human decision-making.
2. Real-time calculation of Key Performance Indicators to grasp production status.
3. Increasing production flexibility through system insertions and material planning scenarios.
4. Visualizing production capacity status and dynamically allocating production resources.

Robot Process Automation (RPA)

1. Releasing human labor from low-value tasks.
2. Improving operation immediacy.
3. Timely processing without omissions.
4. Enhancing efficiency through batch processing.
5. Reducing error rates.

Smart Manufacturing Big Data

Integrating crucial information on production manufacturing and business operations, presenting financial, sales, manufacturing, material, and other key topics on an interactive platform, serving as a decision-making and meeting platform, consolidating consensus and improving execution.



Gudeng prides itself as a manufacturing service company. Therefore, while assisting customers in problem-solving, it constantly transforms research and development technology into productization to meet customer demands. Throughout the digital transformation process, Gudeng generously shares optimized process parameters, customized production equipment, and more with suppliers, actively assisting them in acquiring new equipment, obtaining relevant management system certifications, and implementing new information systems. The success of customers is the success of both Gudeng and its suppliers. For instance, after implementing AOI+AI technology, Gudeng actively guided suppliers in adopting this equipment and technology, helping them increase production quantities and yield. Consequently, Gudeng is more willing to receive additional orders.

During the digital transformation stage, Gudeng gradually develops new business models by introducing advanced automated intelligent manufacturing from the semiconductor industry into traditional factories, becoming a leader in intelligent factory manufacturing.

The journey towards smart manufacturing is still long, but we have already taken the first steps.

Technology-Driven Quality Management

Quality is paramount, as only high-quality products can meet customer expectations and effectively enhance business performance. Through continuous innovation, optimization, and integration of systems, and setting a discipline for execution, the process of technology-driven quality management is achieved.

To continuously improve the efficiency of management mechanisms, we employ technology-driven systems such as SPC and MSA. Additionally, we collaborate with Chung Yuan Christian University for development and research, including literature exploration, project execution, and system implementation. We have also devised AIQ smart quality self-adjusting control parameters, utilizing AI assembly supervision systems, appearance inspection machines, AI assistance, and AOI to achieve our goal of "Lean Production, Smart Manufacturing" in an automated factory.



Introduction of Smart Factory

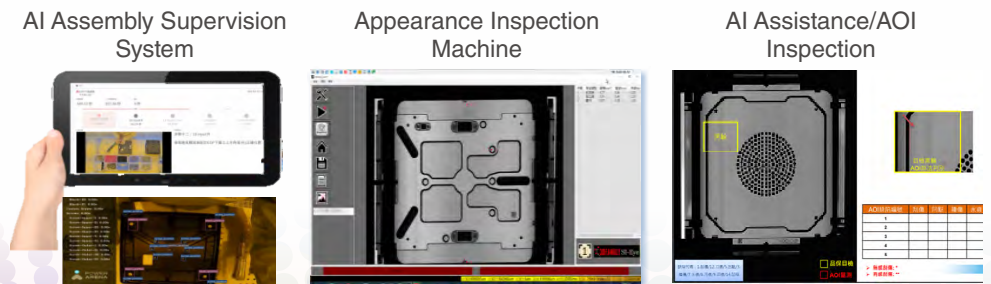
In recent years, we have been continuously improving the production process, transitioning from manual operations to semi-automated operations. We have formulated the Smart Factory framework, introducing relevant automation equipment for cleaning and inspection in the production process. Through intelligent image monitoring and analysis, we can immediately report errors, improve assembly techniques, and enhance efficiency. This will simultaneously reduce human error rates, lower quality inspection costs, increase accuracy, and significantly boost production capacity, resulting in both customer satisfaction and a win-win situation for employees' working environments.

• Intelligent Cleaning

Introducing semi-automated cleaning machines reduces cleaning time by approximately 30 minutes per hour and increases production capacity by 9 units per hour. The fully automated machine does not require personnel to handle the process, minimizing potential sources of contamination. In the future, the automated production line, in conjunction with an automated transport system, will further reduce manual handling and increase production capacity utilization.

• Intelligent Inspection

Introducing automated surface scanning systems and formulating AIQ smart quality self-adjusting control parameters enable AI assembly supervision systems, appearance inspection machines, AI assistance, and AOI to replace human eyes in detecting dimensions, making it an essential inspection process before shipment and reducing the occurrence of shipment defects by 90%.



System Improvement Objectives:

1. AI technology learns **specific features** for **product defect classification** in areas where AOI cannot detect all defects.
2. Assisting quality control personnel in **conducting secondary inspections based on AI-defined defects** (reducing inspection time from 8 minutes to 2.3 minutes, resulting in benefits of NT\$629,280). This reduces the workload on quality control personnel and improves the quality of supplier input materials, leading to **increased production efficiency and product yield**.

• Intelligent Packaging

The current shipping packaging process involves manual labor, time-consuming tasks, and technicians' physical burden. On average, one technician can package approximately 12-15 units per hour. In 2022, we will introduce automated packaging machines to increase the utilization rate of the inspection and packaging processes.

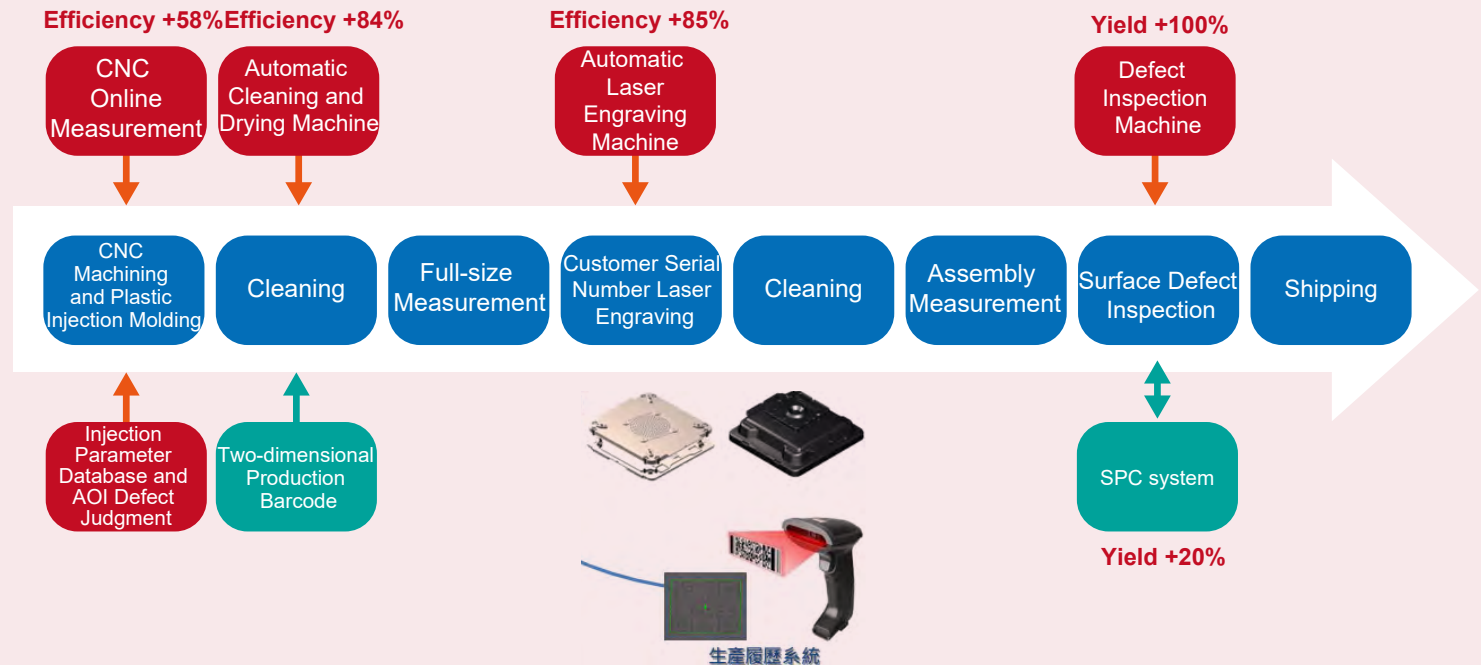
• Information Intelligence

Gudeng incorporates automation concepts and practices in various stages, including design, CNC machining, plastic injection molding, laser engraving of QR codes, cleaning, inspection, and finished product packaging and shipping. This promotes the establishment of a more mature quality system in the entire industry. Furthermore, our close collaboration with major semiconductor manufacturers enables the practical implementation of smart manufacturing in real production scenarios. Rapid problem-solving through this initiative is believed to be a small step towards significant success for the industry.

1. EUV Automation

Achievements

In 2022, we not only introduced automated machinery to improve EUV and FOUNDRY production quality, but we also achieved a process improvement benefit of 36,005,745, surpassing the targeted 3.6 billion as specified in the group's strategy indicators. This was made possible through cross-departmental collaboration, optimizing process management, and strengthening our production and manufacturing capabilities. We provided assessment reports and supporting data such as DMAIC Reports, QCC Reports, and 8D Reports. Additionally, 11 improvement plans were ultimately approved, leading to better-than-expected results, including inventory activation and avoidance of environmental burdens associated with ESG sustainability.



2.FOUP Automation



3.Strategic indicators [Process Improvement]

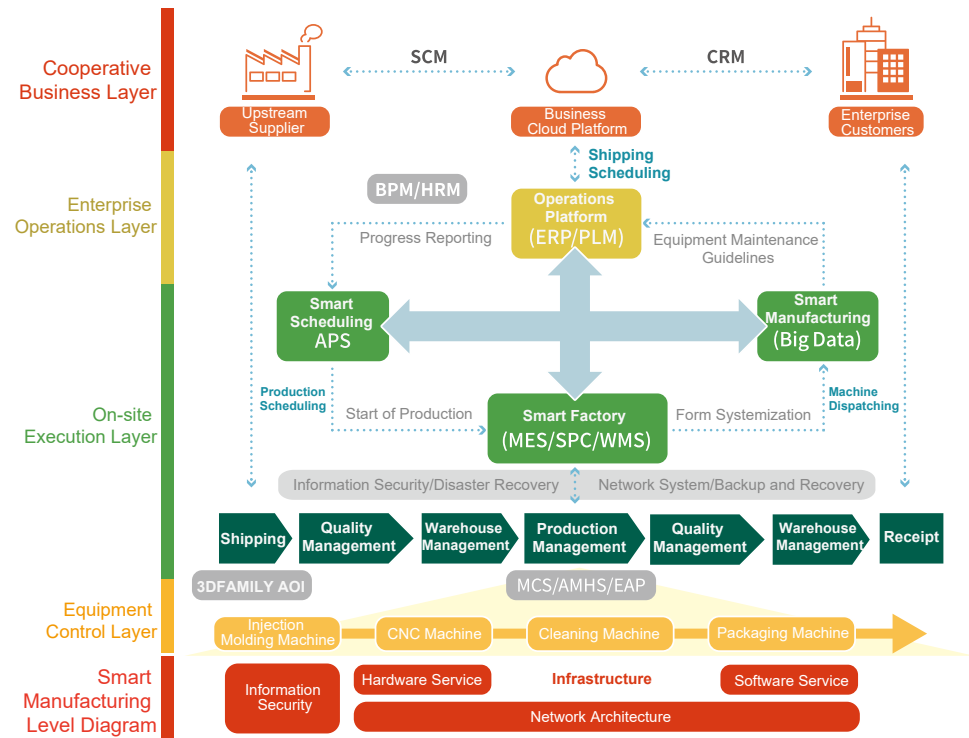
Items	Group Strategy Indicator "Process Improvement"	Improvement Amount	Cross-Unit Collaboration
1	FOUP Assembly Process Improvement	Engineering	3,781,974
2	EUV Program Optimization	Manufacturing	5,474,810
3	CCD AOI BSC Benefit	Finance	2,916,177
4	FOUP Assembly Optimization and Improvement	Manufacturing	3,468,890
5	Tunnel Cleaning Machine Improvement for Collision and Scratches	Engineering	2,881,132
6	A300Three-dimensional Measurement Efficiency	Engineering	897,242
7	RSP150 Snap Spring- Reduction of Labor Costs and Improvement Benefits	Engineering	619,007
8	Inventory Activation of Raw Materials	Finance	4,615,371
9	Tunnel Cleaning Machine to Reduce Manual Cleaning	Manufacturing	3,414,675
10	Increased Machining Thickness to Reduce Scrap	Manufacturing	6,472,672
11	RSP150 Semi-automatic Assembly to Reduce Labor Costs and Improve Efficiency	Engineering	1,463,795
Total			36,005,745

• Smart Manufacturing Blueprint

The Big Data platform is the final puzzle piece in Gudeng Precision's Smart Manufacturing Blueprint, and accurate basic data is crucial to ensure the usefulness of Big Data analysis.

Since 2018, Gudeng Precision has been progressively introducing equipment-machine interconnection, process parameter data in 2019, critical product production history in 2020, and EAP (Enterprise Application Integration) and smart manufacturing subsystems (injection molding, CNC, assembly, AOI+AI) in 2022. The objective is to ensure that production information collection is online and real-time.

In 2023, we will further optimize the MES to integrate the introduced systems, providing accurate raw data for future Big Data platform analysis.



2.3 Customer and Partner Relationships

Strategic Objectives	To be a service provider that customers perceive as fast, high-quality, and safety-oriented.		
	2022 Goal	2022 Achievements and improvement	2023 Goal

Customer Satisfaction	Customer satisfaction reaches 85 points	Exceed the target, reaching 94 points	Customer satisfaction reaches 85 points
On-Time Delivery Rate	Target of 95%	Exceeded the target at 96.50%	After handling customer complaints, issue satisfaction surveys to achieve a satisfaction score of 80 points
Product Complaints	Target of less than 6 cases	Exceeded the target with more than 6 cases, promptly identifying the reasons and providing corrective measures through an 8D Report to prevent recurrence	Target of less than 6 cases

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

We prioritize resolving urgent customer needs promptly.

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

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

To proactively capture potential future customers and gather market intelligence, we design educational training courses to train our sales team. The training content and goals are updated annually, ensuring all team members are knowledgeable about the industry and new products. We conduct work-sharing sessions and introduce key customers, while also engaging in regular newspaper, magazine, and professional journal coverage. We conduct regular customer visits, participate in international semiconductor and mask industry exhibitions, and collaborate with the SEMI Association. Through these efforts, **we successfully developed revenue from 34 new customers in 2022.**



Customer Satisfaction

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

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



In 2022, a total of 22 questionnaires were issued based on the top 10 key customers and revenue proportion principles, with 21 responses received, resulting in a response rate of 95%.

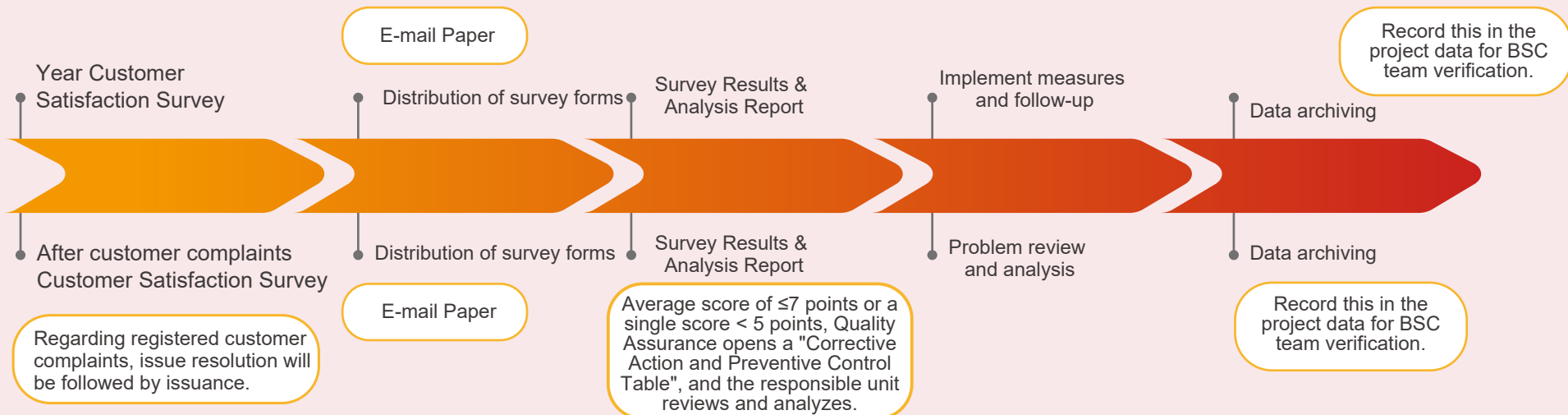


Key customers rated overall service satisfaction related to quality, technology, and on-time delivery at 94 points.

Customer Satisfaction Survey Categories

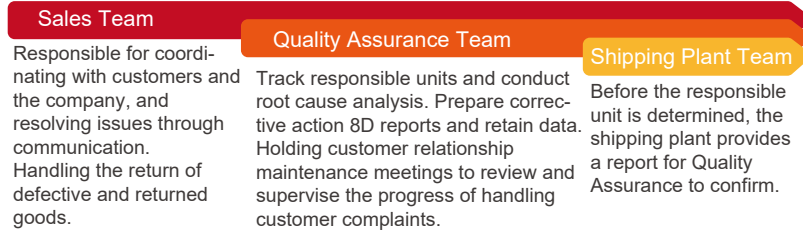
Average Customer Satisfaction	Quality	Delivery	Service	Technique	Overall Satisfaction
Score	9.56	9.29	9.4	9.33	9.4
Satisfaction (%)	96%	93%	94%	93%	94%

Customer Satisfaction Survey Process



On-Time Delivery Rate

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



Customer Complaint Handling Process

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

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

1. Respond to customers promptly within 24 hours



2. Start response process



3. After the business provides a solution, continue to follow up



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

3 Green Alliance for Sustainable Supply

- 3-1 Responsible Procurement and Compliance (Major Topic)
- 3-2 Local Production, Strategic Alliances
- 3-3 Low carbon transformation

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS


Performance Highlight


local procurement : **79%**
Product Packaging Plastic-Free




Leading **8** alliance members to establish an all-in-one service

Collaboration with **10** supply chain partners.
reduce carbon emissions by 1,160 metric tons, save electricity.

Strategic Objectives	Become an outstanding supplier certified by major factories and build a semiconductor national team.		
	2022 Goal	2022 results and improvements	2023 Goal
Environmental Sustainability	Participate in the Industrial Bureau's 2022 "Key Enterprise Smart Machinery Development Plan – Carbon Reduction Guidance Plan" and aim for an average annual electricity savings rate and carbon reduction benefit of over 5%.	Through collaboration with 10 supply chain partners, propose 44 energy improvement solutions, successfully reduce carbon emissions by 1,160 metric tons, save 2,280,191 kWh of electricity.	Introduce a digital carbon management platform, create a green supply chain, and guide 30 suppliers to achieve an annual electricity savings of 7 million kWh and carbon reduction of 20,000 tons.
Localization	Cultivate and integrate local high-end composite material supply chains, develop self-owned material supply lines, and strengthen material control and quality stability.	Promote supplier incoming quality improvement policy and add 207 exempted incoming materials.	Through the Co-Creation Innovation Platform, promote a localization alliance for semiconductors, foster core capabilities of key suppliers, and provide opportunities for local suppliers to enter the global semiconductor supply chain.
Quality	Improve the output and quality of Taiwan's EUV supply chain team, achieve high-precision processing product goals, and reach a 70% outsourcing target. Establish a project team for quality coaching, confirm the root cause analysis of quality defects and process improvements.	Establish a project team for quality coaching, confirm the root cause analysis of quality defects and process improvements, achieve a 70% outsourcing target for high-precision processing products, and coach the supply chain to adopt automated measurement techniques.	Through investments, acquisitions, strategic alliances, and technology collaborations with domestic companies, increase the market share of cooperative partners and achieve the goal of upgrading industry technology.

3.1 Responsible Procurement and Compliance

Benefiting from the cultivation of a local supply chain by Taiwan's leading semiconductor factories, Gudeng Precision follows the same model, with the mission and vision of "Supporting Taiwan's Local Suppliers". At the current stage, the Semiconductor Carrier Business Group has 648 suppliers, with 622 domestic suppliers, accounting for 96%, and 36 international suppliers. Gudeng Precision manages suppliers based on product characteristics and develops its own material supply chain as a strategic objective. It actively cultivates local raw material suppliers and integrates local high-end composite material supply chains. By cooperating with suppliers to develop and produce high-end engineering plastics for semiconductor use, it not only strengthens material control and quality stability, but also mitigates the risk of material shortages during the pandemic. This approach has fostered long-term trust and partnerships.

In 2022, Gudeng leveraged its supply chain influence to provide 15 supply chain partners with free courses, including RBA, carbon reduction, and QCC, to continuously improve supply chain management. It also aimed to help local high-tech industrial process suppliers with strong technical capabilities but weak competitiveness in systems and processes to improve quality control and optimization. Through integration, it aimed to enhance the output and quality of Taiwan's EUV supply chain team, reaching the target of 70% outsourcing, 30% in-house production, and zero defects. It also prioritized resources for R&D and trial production of advanced processes to maximize integration benefits and achieve a win-win-win situation for customers, Gudeng, and supply chain partners.

Supplier Management Strategy

As a leader in advanced process photomasks and wafer carriers, Gudeng Precision is committed to promoting sustainable development in the supply chain. Suppliers are required to comply with conflict minerals regulations, green product procurement standards, and ethical business practices to ensure safe working conditions, dignified labor relations, and compliance with ethical standards in their operations, as well as a commitment to environmental protection. Before cooperating with any new supplier, Gudeng Precision requires them to sign a "Supplier Commitment Letter", ensuring that the supply chain complies with the latest global social responsibility standards issued by governments. The commitment covers labor, health and safety, environmental protection, business ethics, and management systems. It aims to fulfill social responsibility, promote a balance between economy, society, and environmental ecology for sustainable development, and continuously conduct sustainable risk assessments.

Gudeng Precision carry out vertical cooperative carbon reduction guidance with 10 supply chain companies.



1. Responsibility Standards

Gudeng Precision requires all suppliers to sign "Ethical Code of Conduct Compliance Statements", "Conflict Minerals Non-Use Declaration", and "Protection of Company Intellectual Property and Customer Privacy" contracts to prevent any unfair, unjust, or discriminatory behavior in procurement activities. A biannual supplier policy advocacy is conducted to convey our requirements to the supply chain, including compliance with the RBA (Responsible Business Alliance) Business Code of Conduct to ensure labor, health and safety, environmental protection, business ethics, and management system compliance, as well as the company's environmental and safety policies, code of integrity in operations, information security policies, and products' compliance with international environmental standards. We require suppliers to sign confidentiality agreements to establish strict confidentiality measures in every aspect of the supply chain to ensure 100% confidential protection.

2. New Supplier Evaluation Policy:

In addition to assessing technical and quality requirements, all new suppliers (excluding fee-type suppliers) must commit to complying with local laws, ethics, environmental regulations, and not using conflict minerals according to the RBA Responsible Business Alliance Code of Conduct. They must complete the "Supplier Commitment Letter" before receiving orders. If the new supplier belongs to a high environmental impact category (e.g., plating, painting, anodizing), they must provide pollution prevention plans, reports, or approval documents from government agencies to pass the new supplier evaluation. They will also be subject to periodic audits.

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

3. Risk Identification

Gudeng Precision conducts regular risk assessments on its major direct raw material, outsourced processing, and critical material suppliers each year to confirm the risk level of cooperation with these suppliers. In addition to evaluating aspects such as quality, service, delivery, and price, critical suppliers are also required to complete a self-assessment form for environmental health and safety management.

In 2022, 34 suppliers were audited, and the assessment results were as follows: A grade for 28 suppliers, B grade for 6 suppliers, and no C or D grade high-risk suppliers. Suppliers rated as CD grade in the risk assessment are classified as "high-risk projects", and they will be notified to improve within a specified period. The company will continuously support and guide the suppliers in implementing the RBA (Responsible Business Alliance) guidelines based on the audit results. The suppliers will be informed to provide improvement plans for abnormal assessment items within one month, and the Quality Control Unit will confirm the progress of improvements. If no improvement is made, the "Supplier Assistance Program" will be initiated, prioritizing assistance for all non-compliant audit items.

- Due to the shortage of international raw materials caused by the pandemic in 2021, Gudeng Precision managed to meet the expectations of semiconductor customers in critical plastic materials, thanks to the support of A-grade suppliers, ensuring the production capacity as scheduled.

4. Conflict Minerals

Gudeng Precision does not support or use metals derived from conflict minerals, which are sourced from armed conflict, illegal mining, or mining in hazardous working conditions in accordance with the Corporate Social Responsibility and international justice practices, and in response to the Dodd-Frank Act of 2010 (H.R. 4173) passed by the U.S. Congress in July 2010.

Gudeng Precision is committed to conducting detailed investigations into gold (Au), tantalum (Ta), tungsten (W), cobalt (Co), tin (Sn), and other minerals used in its products and production processes. These minerals must not be sourced from conflict regions in the Democratic Republic of the Congo or obtained through illegal smuggling routes. To effectively manage conflict minerals, Gudeng Precision

has required its suppliers to sign a commitment letter stating that their products do not contain conflict minerals since March 2019. In 2021, a total of 392 suppliers signed the commitment.

With business growth in 2022 and an increase in procurement quantities compared to 2021, Gudeng Precision improved its conflict minerals management system. The company rechecked the supply chain raw materials, identified the applicable classification of conflict minerals in its products, and screened suppliers that require further investigation on conflict minerals. Standard investigation tools defined by the Responsible Minerals Initiative (RMI) were used, and all suppliers who passed the conflict minerals investigation were required to provide Conflict Minerals Reporting Template (CMRT) reports. A total of 27 critical suppliers were audited for RMI conflict minerals compliance, ensuring that Gudeng's supply chain does not use conflict minerals in its raw materials.

In 2022, all products supplied by Gudeng Precision were confirmed to be free of conflict minerals.

5. Restricted Substances

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

6. Intermittent Meetings with Critical Suppliers

Gudeng Precision does not demand a bidding process from its EUV (Extreme Ultraviolet) critical supply chain partners. Instead, each supplier is offered a unified and excessive profit based on the proportion of orders determined by quality and delivery. This approach allows suppliers to focus on quality issues, as stable quality leads to stable orders without the need for price competition. Regular meetings are held with EUV critical suppliers to communicate quality deployment and review anomalies to achieve two-way communication and stable quality objectives.

7. Supplier Conference

Every year, Gudeng Precision invites suppliers from around the world to participate in the conference. The conference is opened by the Chairman of Gudeng, encouraging suppliers and Gudeng Precision to jointly commit to the "Net Zero Carbon Emissions" strategy and further understand the Responsible Business Alliance Code of Conduct. The conference advocates supply chain compliance with the highest social, environmental, and ethical standards to ensure that employees and partners are treated well and maintain integrity in operations. The conference covers supply chain goals, quality, and procurement policy advocacy, aiming to achieve direct communication with suppliers and foster a close, trust-based cooperation to continuously improve quality, delivery, cost, and environmental safety, while enhancing supply chain management through technical guidance and face-to-face communication.



3.2 Local Production, Strategic Alliances

• Local procurement

Benefiting from the cultivation of the onshore supply chain by Taiwan's semiconductor giants, Gudeng Precision has risen and followed this model with the vision of "Supporting Taiwan's Onshore Suppliers". This approach not only stabilizes and shortens communication time with suppliers but also enhances supply flexibility, accelerates production efficiency, reduces unnecessary air and sea transportation costs, and decreases carbon emissions generated during material transportation. The goal is to promote the coexistence and prosperity of Taiwan's semiconductor industry.

To achieve a high onshore procurement ratio, Gudeng Precision promotes supplier quality improvement policies by implementing statistical process control (SPC), managing hazardous substances such as RoHS, tracking supplier material quality, analyzing quality characteristics, and discussing optimization strategies with suppliers. Regular assessments and evaluations are carried out to achieve the goal of 100% yield. In 2022, 107 exempt materials were identified, significantly reducing inspection work.

Proportion of local procurement

- 2019 Proportion of local procurement: 72%
- 2020 Proportion of local procurement: 78%
- 2021 Proportion of local procurement: 79%
- 2022 Proportion of local procurement: 79%

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

	2019	2020	2021	2022
Number of Domestic manufacturers	380	476	536	622
Number of International manufacturers	16	20	21	26
Total	396	496	557	648
Localization Proportion	96%	96%	96%	96%

• Creating the Semiconductor Onshore Supply Chain Alliance

Over the past years, globalization has established a comprehensive semiconductor division of labor worldwide, leading to key equipment and materials being controlled by only a few major manufacturers. Without a track record of serving any wafer fab, it is challenging to become a key supply chain member for semiconductor fabs. Gudeng Precision, with 25 years of experience, has been deeply committed to technology and quality, adhering to semiconductor supply guidelines, and has successfully broken into the market to create Asia's only and the world's second Extreme Ultraviolet Photomask Pod (EUV-Pod).

In 2022, Gudeng aimed to share its experience in entering the semiconductor supply chain and cooperate with multiple semiconductor upstream, midstream, and downstream suppliers to build Taiwan's national semiconductor team and strengthen the semiconductor supply chain's resilience. Through the integration of critical global materials and innovative technologies, Gudeng successfully overcame uncertainties caused by industry cycles, economic development, and geopolitical factors during the past year. The company developed next-generation carrier solutions and transportation equipment for customers, successfully integrating four alliance members to establish an all-in-one service for automatic transmission and cleaning of wafer and photomask pods, as well as micro-contamination control of wafer box housings inside semiconductor fabs during the pandemic, driving high operational growth and marking a new milestone for the semiconductor industry.

In terms of semiconductor materials, Gudeng collaborates with material suppliers on advanced composite materials to continuously research and develop materials solutions that offer long-term stability and optimal cleanliness for customers, while enhancing AMC micro-contamination control according to customer specifications.

In the semiconductor equipment segment, Gudeng and its partner manufacturers work closely together to provide comprehensive semiconductor equipment, including cleaning machines and storage cabinets. Additionally, with long-term cooperation with multiple foundry manufacturers, Gudeng gradually established a complete off-site backup mechanism to provide supply assurance to global customers, allowing Taiwan to overcome regional influences and robustly face any potential market risks.

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



Chairman of Gudeng (in the middle) leading four alliance members to establish an all-in-one service which marking a new milestone for the semiconductor industry.

"Global Integrated Service Provider for Critical Materials and Innovative Technologies" Building Taiwan's Semiconductor National Team



Case Sharing of Local Supply Chain Upgrading

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

Category	Number of Suppliers	Issue Description	Improvement Method	2022 Goal	2022 Execution Status
Capacity Setup	2 Injection Manufacturing and Cleaning Suppliers	Risk diversification and quick response to customer demands	Form a project team to provide technical guidance and support to suppliers in building cleanrooms.	Complete the establishment of cleanrooms and related cleaning equipment, successfully adding new cleaning capacity and completing product online certification.	Continuously supply products with a yield increase from 68% to 98%.
Manufacturing Quality Enhancement	1 Surface Treatment Supplier	Poor yield resulting in the inability to meet the demand for advanced processes	Form a project team to provide quality guidance, analyze the causes of poor yield and implement process improvement.	Maintain a stable yield of above 90% and assist in building a cleanroom production line. Add new suppliers with surface treatment capabilities in the central and southern regions as remote backup sources.	Continuously supply products with a stable yield of 90%.
	5 High-Precision Machining Suppliers		Failed to achieve the 70% outsourcing target; form a project team to provide quality guidance, analyze the causes of poor yield, and implement process improvement.	Achieve a 30% in-house production and 70% outsourcing ratio for precision machining.	Establish automated image measurement technology for precision machining parts. Raise the outsourcing ratio to 66%, achieving the 30% in-house production and 70% outsourcing ratio, and continue optimization.
Upgrading Local Supply Chain	1 Equipment Supplier	Reliance on imports from international countries due to a lack of critical technology and semiconductor customer channels for domestic manufacturers.	Form a project team to guide local suppliers, provide technical guidance, and define specifications.	Successfully cooperated on four equipment development projects, resulting in a 33% improvement in overall production efficiency compared to international machines.	Successfully developed and optimized in-house equipment, entering the international semiconductor market.
Reducing Carbon Footprint	Two High-end Composite Material Companies	Relying on international imports, domestic suppliers lack semiconductor-related knowledge and access to special materials.	We provide semiconductor-related knowledge, assist in setting up dedicated lines, and offer material supplier sources for three-party cooperation.	We collaborate with local material suppliers to research and produce high-end engineering plastics for semiconductors.	The percentage of international suppliers has decreased from 49% to 25%, significantly increasing the local supply and reducing international shipping carbon emissions.

3.3 Low carbon transformation

Within 2 years, combine with 10 supply chain companies so that the carbon reduction plan can achieve a reduction of 2,846 metric tons of CO2 equivalent annually.

Supply Chain Carbon Reduction Coaching Program

In response to the international trend of net-zero carbon emissions and the semiconductor customers' demand for sustainability and environmental protection, Gudeng Precision collaborates with the Industrial Development Bureau to carry out vertical cooperative carbon reduction guidance with 10 supply chain companies. The program involves on-site visits to promote energy-saving and carbon reduction projects and aims to improve the overall carbon reduction effect through systematic operation and guidance.

The implementation of the program targets Gudeng Precision and its supply chain companies, forming a system promotion organization. The Industrial Development Bureau guides Gudeng Precision's promotion organization to conduct greenhouse gas inventory checks and key product carbon footprints, combining sustainable and lean management methods. They also assist Gudeng Precision and its supply chain companies in carbon reduction coaching, setting carbon reduction targets, planning carbon reduction paths, and utilizing optimization and feasible carbon reduction technologies to achieve system-wide carbon reduction results.

In 2022, the focus was on six major work items:

- 1. System Carbon Reduction Coaching
- 2. Lean Management Coaching
- 3. Product Carbon Footprint Inventory
- 4. Organizational Greenhouse Gas Check, Certification, Smart Energy Management
- 5. System Implementation, Education and Training
- 6. System Communication Activities

Project Highlights

• Carbon Reduction Achievement:

Based on the carbon reduction plan coaching objectives, the system carbon reduction program can reduce carbon emissions by 2,846 metric tons of CO2e per year from 2022 to 2024.

The carbon reduction achieved in 2022 was 1,160 metric tons of CO2e per year, accounting for 41% of the total carbon reduction.

The projected carbon reduction for the executed program in 2023 is 588 metric tons of CO2e per year, accounting for 21% of the total carbon reduction.

The projected carbon reduction for the executed program in 2024 is 1,098 metric tons of CO2e per year, accounting for 38% of the total carbon reduction.

• Energy-saving Benefit:

In 2022, the power saving benefit of the implemented plan is 2.28 million kWh/year

The planned energy-saving benefit is 5.6 million kWh per year (the total pre-coaching electricity consumption of the system members in 2021 was approximately 37.04 million kWh per year).

• System power saving cost

In 2022, the power saving benefit of the implemented plan is 2.28 million kWh/year

• Sustainability and refinement improve efficiency

Sustainable Lean Improvement Benefit: The central plant, Gudeng Precision, improves product yield and shortens process time, resulting in a carbon reduction of 400 metric tons of CO2e per year.

Note:

- The electricity carbon emission coefficient is based on the Energy Bureau's 2021 announcement of 0.509 kg-CO2e/kWh.
- Energy-saving cost = \sum (average electricity price of each system member in the previous year \times electricity savings of each member).

Starting in mid-2022, regular meetings were held with the 10 supply chain companies, and on-site inspections were conducted to assess energy usage and equipment conditions and explore energy-saving potentials.



System Carbon Reduction Coaching Meeting

In October 2022, an educational training workshop on carbon reduction blueprints was held.

Professional coaching consultants were commissioned to explain global climate change issues, RE100, and net-zero carbon emission trends to participating companies. They shared global benchmark examples of energy-saving and carbon reduction, and conducted open Q&A sessions to encourage diverse feedback.



Carbon Reduction Exchange Activity – Visit to O'right

O'right is the world's first beauty company to achieve zero carbon emissions. It hosts the largest global public welfare carbon reduction event "Earth Hour" in Taiwan every year, and is committed to promoting product recycling. At the end of 2022, Gudeng arranged on-site visits for the top executives of the 10 supply chain companies to explore the zero-carbon promotion process. This visit aimed to reflect on themselves, strengthen the supply chain's understanding of ESG environmental and social responsibility issues, and express Gudeng's concern for climate change issues.



25 supply chain partners visited O'right

End-of-2022 Carbon Reduction Achievement Presentation Event

For the 1-year first-stage coaching plan with the 10 supply chain companies, 44 energy-saving improvement plans were launched in 6 categories. Additionally, the installation of sensors on the overhead lights of processing machines in each plant was promoted to reduce unnecessary energy consumption. Planned production suspension schedules were implemented, and unnecessary compressed air pipelines and fittings were removed to reduce air leakage and electricity wastage, integrating energy-saving and carbon reduction awareness into daily operations.

For 2023, priority assistance will be given to 2 supply chain companies to continuously install solar photovoltaic systems on idle roofs, gradually increasing the proportion of renewable energy use. It is expected to achieve a greenhouse gas reduction of 370 metric tons and an energy-saving of 727,120 kWh by 2024, saving NT\$2.93 million in electricity costs.

Category	Number of Improvement Proposals	Energy-saving Benefits (kWh/year)	Energy-saving Costs (NT\$10,000/year)	Greenhouse Gas Reduction (ton-CO2e/year)
Manufacturing Processes	6	1,044,496	298	532
Compressed Air	21	566,976	187	288
Lighting	6	469,650	124	239
Air Conditioning	7	191,236	52	97
Common Areas	1	7,833	2	4
Electricity	3	0	114	0
Total	44	2,280,191	777	1,160





Year-end carbon reduction results presentation conference

Supply Chain Low Carbon Transformation Project

To accelerate low-carbon transformation, Gudeng Precision plans to introduce a digital carbon management platform, encompassing organizational greenhouse gas management modules, sustainable supply chain management modules, and product carbon footprint management modules, involving the coaching of 30 supply chain companies to comply with ISO 14064-1 and ISO 14067 standards. This will be achieved through data integration, collection, calculation, and quantification methodologies provided by consulting professionals to maintain systematic logic, providing management with directions for carbon reduction and setting supply chain carbon reduction goals.

By the end of 2022, Gudeng will continue to contact the supply chain system, planning to launch the project in 2023. The company will also adopt ISO 20400 sustainable procurement to provide a systematic and more efficient procurement operation while encouraging suppliers to join the sustainable development ranks. It is expected that within two years, the carbon reduction performance will jointly achieve 10,000 tons of CO₂e.

• Recycling Product Packaging

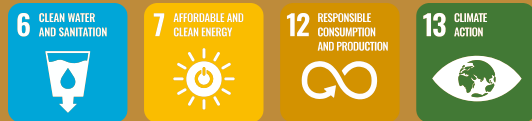
In response to climate change measures between clients, Gudeng Precision will focus on key product packaging designs using reusable materials for shipping and recycling materials for shipments to customers, promoting the concept of environmental protection and conservation. This concept will also be promoted jointly with suppliers, with the plan to extend it to other product applications continuously.

Case Study: Improving EIP's Packaging and Stacking Methods to Achieve "Plastic-Free Three Savings", Space-saving, Time-saving, Labor-saving, and Eliminating Single-use Plastics


<p>Before Improvement</p>	<p>EPE + Plastic Film + Tray Packaging</p>	<p>Stacked in the truck</p>	<p>Suppliers using separate vehicles</p>
<p>After Improvement</p>	<p>Cassette Package</p>	<p>Shelf Storage</p>	<p>Unified receiving time with dedicated transportation</p>
<p>Gudeng and suppliers save 50% of packaging/unpacking time Reduce 17K plastic trays and cushion materials annually</p>		<p>Product protection Use internal transportation to save 50% on freight costs</p>	

4 Carbon Reduction, Energy Saving, and Sustainable Environment

- 4-1 Climate Change (Major Topic)
- 4-2 Energy Management
- 4-3 GHG Management (Major Topic)
- 4-4 Water Resources and Waste Management





Performance Highlight


Implemented smart meters throughout the factory

2040 RE100


ISO 50001
ISO 14064-1


Saved **786,438** kWh of electricity
Saved **52,436** tons of water

4.1 Climate Change

In recent years, climate change has caused significant disasters worldwide, leading to disruptions in business operations and making extreme weather events no longer a distant future scenario. In response to the profound impact of climate change, Gudeng Precision follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) and adopts the TCFD's climate risk disclosure framework as the basis for managing climate-related risks and opportunities.

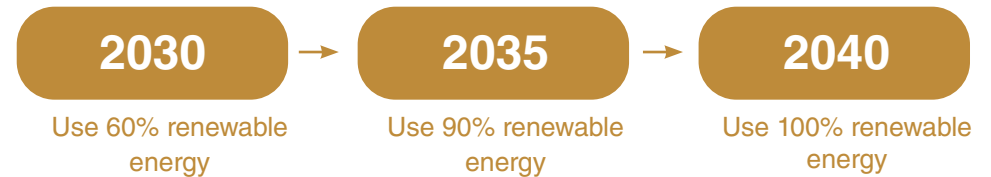
TCFD Climate Risk Disclosure Framework

Governance	Disclose the Board of Directors' and sustainability committee's tracking and management progress on climate-related risks and opportunities.
Strategy	Identify short-term, medium-term, and long-term climate risks and opportunities for operations and finances and develop corresponding response strategies.
Risk management	Identify climate risks, assess and establish risk management systems.
Index and Goals	Disclose plans for addressing climate change risks.

Climate Change Governance and Targets

Climate change is a matter of great concern for stakeholders of Gudeng Precision, and the company actively tracks global policy trends. It has developed a climate change management plan concerning greenhouse gas emissions, energy management, water resources, waste, and renewable energy.

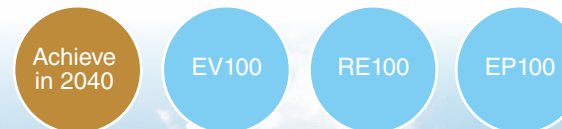
In 2022, we made commitments to key customers concerned about climate change and declared environmental sustainability goals:



To achieve these goals and mitigate the impacts of climate risk, the factory has implemented ISO 14064-1 and ISO 50001 management systems. It conducts data inventory and evaluation and tracks improvement progress through the Operations Continuity and Risk Management Team. The team reports to the Sustainability Committee and the Board of Directors every quarter to discuss response strategies.

Currently, our mission is low-carbon transformation and smart manufacturing. Considering short, medium, and long-term market changes, the Board of Directors approved a 50 MW solar power plant investment project in 2022 and prioritized the development of fish-power symbiosis, direct power supply, and aimed to achieve RE100 before 2030.

• Environmental Sustainability



Climate Change Risk Management and Response Strategies

Main Climate Change Risks		Potential operational and financial impacts	Response Strategies
Market Change Risks	<ul style="list-style-type: none"> Weak demand for low-carbon products in the market, affecting the development schedule or pricing of such products 	<ul style="list-style-type: none"> Long-term – Change in customer demand Short-term – Decreased operational performance Short-term – Increased operating costs 	<ul style="list-style-type: none"> Actively monitor market trends and develop low-carbon products to meet sustainable market demands.
Policy and Legal Risks	<ul style="list-style-type: none"> Increased costs due to national policies on greenhouse gas emissions Increasing demand and regulations related to environmental sustainability 	<ul style="list-style-type: none"> Short-term – Increased research and manufacturing costs 	<ul style="list-style-type: none"> Proactively understand policy trends and international regulations and develop strategies in advance. Product and Process Innovation continue to move toward low-energy consumption and low-pollution directions through continuous product and process innovations.
Acute Extreme Weather Risks	<ul style="list-style-type: none"> Extreme weather may disrupt company operations, cause production plan interruptions, affect employee safety, and damage existing products. 	<ul style="list-style-type: none"> Short-term – Reduced operational performance 	<ul style="list-style-type: none"> Diversify procurement sources for raw materials to reduce risks. Plan remote work options and implement contingency plans for operational interruptions.
Chronic Progressive Climate Risks	<ul style="list-style-type: none"> Gradual changes in climate may affect material resources, requiring adjustments in procurement behaviors. Potential continuous increases in factory air conditioning energy consumption and rising disaster prevention costs 	<ul style="list-style-type: none"> Short-term – Increased operating costs Short-term – Labor safety issues 	<ul style="list-style-type: none"> Enhance employee environmental safety and health education and training. Implement operational interruption recovery management plans.

Climate Change Opportunities and Response Strategies

Main Climate Change Opportunities		Potential operational and financial impacts	Response Strategies
Market Change Opportunities	<ul style="list-style-type: none"> Market or customer acceptance of low-energy consumption and green products has significantly increased, and customers are willing to invest more resources in purchasing. Government provides incentives and subsidies for producing green products. 	<ul style="list-style-type: none"> Long-term – Increased revenue Long-term – Product innovation 	<ul style="list-style-type: none"> Increase market agility to develop low-energy consumption products to meet environmental demands.
Brand Reputation Opportunities	<ul style="list-style-type: none"> The overall society's demand for low-pollution and highly energy-efficient products has increased significantly, enhancing the company's image due to significant investments in producing related green products. 	<ul style="list-style-type: none"> Long-term – Increased revenue Long-term – Brand image building 	<ul style="list-style-type: none"> Continuously invest in R&D and innovation to reduce pollution outputs and promote sustainable production through smart manufacturing.

4.2 Energy management

Policy and Commitment	Energy management Carbon reduction for all employees				
	Policy	2022 Goal	2022 Achievements	2023 Goal	Long-term Goals
Energy management	<ul style="list-style-type: none"> Improve energy efficiency and effectively utilize energy resources. 	<ul style="list-style-type: none"> Implement ISO 50001 Install digital meters and monitoring systems. Implement energy-saving measures. 	Obtain ISO 50001 certification. Establish digital meters and monitoring systems. Propose 12 energy-saving action plans, with an expected energy saving of 1.95 million kWh.	<ol style="list-style-type: none"> Establish an energy-saving project team to promote 8 energy-saving projects with a target saving of 6 million. Reduce unit revenue electricity consumption by 4% by 2023 (with 2021 as the base year). 	Improve energy efficiency and effectively utilize energy resources.
Greenhouse Gas Management	<ul style="list-style-type: none"> Promote greenhouse gas inventory, disclosure, and reduction to achieve net-zero emissions. 	<ul style="list-style-type: none"> Implement ISO 14064-1 and inventory. Implement energy-saving measures. Evaluate and plan carbon reduction pathways and promote product carbon footprints. 	<ul style="list-style-type: none"> Obtain ISO 14064-1 certification. Implement energy-saving measures. Evaluate and plan carbon reduction pathways and promote product carbon footprints. 	<ol style="list-style-type: none"> Reduce unit revenue carbon emissions by 4% by 2023 (with 2021 as the base year). 	Promote greenhouse gas inventory, disclosure, and reduction to achieve net-zero emissions.
Water Resource Management	<ul style="list-style-type: none"> Improve water use efficiency, promote water recycling, and reduce discharge. 	<ul style="list-style-type: none"> Install recycled water systems to enhance water resource efficiency. 	Install recycled water systems to enhance water resource efficiency.	<ol style="list-style-type: none"> Increase process water recycling rate to 60%. Reduce unit revenue water consumption by 6% by 2023 (with 2021 as the base year). 	Improve water use efficiency, promote water recycling, and reduce discharge.
Waste Management	<ul style="list-style-type: none"> Waste Reduction and Recycling, Promoting Circular Economy 	<ul style="list-style-type: none"> Plastic recycling and reuse. 	<ol style="list-style-type: none"> 3 Plastic Recycling and Reuse Projects, Producing Eco-friendly Pallets, Transportation Boxes, and Ergonomic Chairs Total Plastic Recycling Rate: 100% 	<ol style="list-style-type: none"> Continuously Promoting Plastic Recycling and Reuse Projects Unit revenue waste reduced by 4% by 2023 (with 2021 as the base year) 	Waste Reduction and Recycling, Promoting Circular Economy

• Energy management

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

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

• Energy Usage

單位：GJ 吉焦耳

Items	2021	2022
Gasoline	1,186	1,324
Diesel	3,370	3,629
Purchased Electricity	48,613	54,992
Total	53,169	59,945
Total Energy Intensity (GJ/million revenue)	26.66	18.97

Note: 1,000 kWh of electricity = 3.6 GJ

Note: Energy heat value based on the 2022 Energy Statistics Handbook published by the Ministry of Economic Affairs Energy Bureau

• Energy Management Implementation Results

- Implemented ISO 50001 Energy Management System guidance and third-party verification:** Selected by the Ministry of Economic Affairs Industrial Bureau for "Manufacturing Industry Energy Management Demonstration Project", introduced demonstration team guidance, established an energy management team in May 2022, conducted energy audits and energy regulation identification, promoted action plans and implemented energy-saving diagnosis, established baselines and benchmarks, and monitoring methods, completed internal audits and management reviews, and obtained third-party verification in November 2022. Through the operation of the energy management system, it has achieved substantial benefits in improving energy efficiency, reducing energy costs, and decreasing greenhouse gas emissions.
- Installation of Smart Electricity Meters and Monitoring Systems Due to the increase in factory production capacity in 2022,** electricity consumption has continued to grow. A smart energy management system was introduced to integrate existing digital electricity meters and there is a plan to install an additional 230 digital electricity meters to monitor major energy-consuming equipment. The overall construction project is expected to be completed in the second quarter of 2023. The establishment of a comprehensive power information system will provide decision-making references for power-saving and improvement performance management policies and provide alerts for abnormal power usage to facilitate energy-saving countermeasures. Additionally, plans are underway to increase carbon emission analysis charts and advanced data displays to facilitate comparisons of carbon emissions during different periods and for various sub-items.
- Energy-Saving Action Plan Evaluation and Promotion:** In 2022, a total of 12 energy-saving action plans were promoted (as shown in the table below). The annual energy-saving amount from these action plans reached 1.95 million kWh, with an energy-saving amount of approximately 786,438.1 kWh in 2022 and a carbon reduction of approximately 389 tons of CO2 equivalent. The energy-saving rate for the Shugu Plant in 2022 was 5.32%.

Energy-Saving and Carbon-Reduction Implementation Plan

NO	Action Plan Name	Description of Measures	Annual Energy Saving Amount (kWh)	Completion Date	2022 Energy Saving Amount (kWh)
1	Replacement of Energy-saving Lamps in the Office Area	Replace the remaining T5-28W lamps in the office area with LED lamps (quantity: 100).	10,800	2022/11/30	900
2	Energy-saving Improvement of Cleanroom Lighting Fixtures	Adjust the lighting fixtures in the storage area of the cleanroom. Reduce the number of lighting fixtures in the storage area (from 1,805 units to 1,516 units) without affecting the lighting standards required by regulations and the use by personnel.	41,616	2022/6/30	20,808

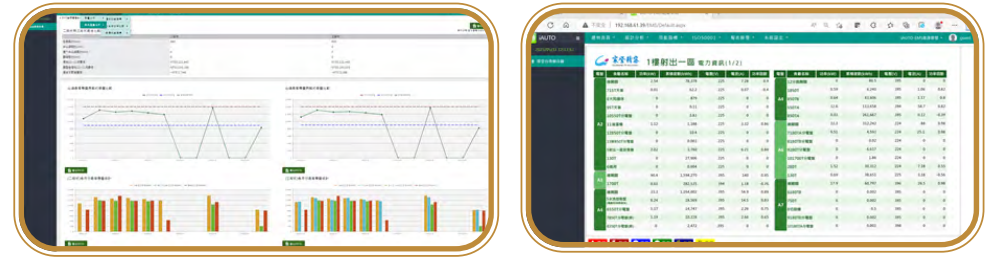
NO	Action Plan Name	Description of Measures	Annual Energy Saving Amount (kWh)	Completion Date	2022 Energy Saving Amount (kWh)
3	Reduction of Cleanroom FFUs	Reduce the operation of FFUs in the cleanroom to lower air conditioning electricity consumption. Reduce 30% (502 units) of the total FFU operating quantity in areas B, C, E, F, and J of the cleanroom, without affecting the cleanroom's design level.	526,257	2022/7/31	219,274
4	Improvement of Condenser Temperature to Reduce Chiller Power Consumption	Clean the condenser and improve the condenser's approach temperature to reduce chiller power consumption.	56,448	2022/6/30	28,224
5	Reduced Mixing Water to Increase the Chilled Water Supply Temperature for Air Conditioning Electricity Savings	Gradually reduce the frequency of the main chilled water pump's pressure control to reduce the mixing of return water.	77,433	2022/6/30	38,717
6	Adjustment of the Compressed Air Machine Pressure Setting to Reduce Compressed Air System Electricity Consumption	Adjust the compressed air machine's pressure setting to reduce pressure drops and decrease compressed air machine power consumption.	120,852	2022/6/30	60,426
7	Air Conditioning Chiller Energy-saving Control	The start-up number of air conditioning chillers is traditionally based on past experience, switching the number of chillers based on the air conditioning load. Now, it has been changed to select the appropriate start-up sequence and number of chillers based on the air conditioning load to reduce air conditioning power consumption.	42,000	2022/9/30	10,500
8	Energy-saving Improvement of Injection Molding Machine Raw Material Dryers	Improve the raw material dryers above 24 injection molding machines by adding insulation to the raw material barrels while introducing waste heat from the lower heating barrels and eliminating electric heating, reducing the electricity consumption of the upper raw material dryers.	225,000	2022/11/30	18,750

NO	Action Plan Name	Description of Measures	Annual Energy Saving Amount (kWh)	Completion Date	2022 Energy Saving Amount (kWh)
9	CNC Air Conditioning Change to Central Air Conditioning Supply for 3F	Adjust the air conditioning supply unit for the 1F CNC production area, update the air conditioning pipeline, and supply it from the 3F production area to improve the efficiency of 3F air conditioning units and reduce the overall number of air conditioning units, achieving energy-saving effects.	294,074	2022/3/31	220,556
10	Lower Pressure for Pure Water Supply to Optimize Electricity Consumption	Adjust the pure water supply pressure from 4.5 kg (motor frequency of 54 Hz) to 3.0 kg (motor frequency of 36 Hz) in the latter stage. This will reduce the operating frequency of the water supply motor (the water supply pump motor is 11 kW, and the booster pump motor is 15 kW), thus reducing energy consumption.	116,521	2022/6/30	58,261
11	Optimization of Chiller Water Pump Motor Frequency Control for the 3F Air Conditioning System	The original setting for the cooling water motor in the 3F air conditioning system was fixed-frequency operation. After discussions with the original manufacturer, it was revised to variable frequency control (cooling water pump motor operating frequency reduced from 60Hz to 45Hz). This adjustment can reduce the operating frequency of the water supply motor and lower energy consumption.	301,414	2022/9/30	75,354
12	Optimization of Chiller Water Pump Motor Frequency Control for the 3F Air Conditioning System	The original setting for the cooling water motor in the 3F air conditioning system was fixed-frequency operation. After discussions with the original manufacturer, it was revised to variable frequency control (cooling water pump motor operating frequency reduced from 52Hz to 40Hz). This adjustment can reduce the operating frequency of the water supply motor and lower energy consumption.	138,683	2022/9/30	34,671
Total			1,951,098		786,441

Note: Energy Saving Amount for the Scheme: The energy-saving amount achievable in one year through this scheme.

Note: 2022 Energy Saving Amount: The actual energy-saving achieved from the completion date of the scheme until December 31, 2022 (calculated according to energy audit reporting rules).

Smart meter system graphic control and monitoring energy usage status screen



Office Energy-saving Measures

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

- Unified setting of air conditioning temperature.
- Automatic sensor lights in the document room and café to promote turning off lights when not in use.
- Digitization of document signing and procurement operations, replacing operational processes and bulletin boards with electronic formats.
- Promoting a paperless project and gradually introducing electronic forms and related systems. Currently, more than 90% of forms are electronic, significantly reducing paper usage.
- Encouraging employees to use stairs for short floor distances to save energy and promote health.
- Using energy-saving photocopying machines that automatically enter power-saving mode when idle.
- Regularly cleaning air conditioner filters to ensure efficient operation.
- Using window curtains in the office to block solar radiation and reduce air conditioning electricity consumption.
- Turning off unnecessary lighting during lunch breaks.

4.3 Greenhouse gas

In 2022, Gudeng Precision introduced ISO14064 greenhouse gas inventory guidance and third-party verification, established a greenhouse gas inventory management procedure, completed the 2021 greenhouse gas inventory and inspection, and obtained a third-party greenhouse gas inspection statement in October 2022. The total greenhouse gas emissions in 2021 were 8,763 metric tons of CO2 equivalent. Category 1 emissions were 535 metric tons of CO2 equivalent, accounting for 6.11% of the total emissions. Category 2 emissions were 6,873 metric tons of CO2 equivalent, accounting for 78.43% of the total emissions.

The greenhouse gas inventory results for 2022 showed a total emission of 9,686 metric tons of CO2 equivalent. Category 1 emissions were 584 metric tons of CO2 equivalent, accounting for 5.9% of the total emissions. Category 2 emissions were 7,561 metric tons of CO2 equivalent, accounting for 8.06% of the total emissions.

Greenhouse gas emissions are as follows:

Unit: metric tons of CO2e
Unit: metric tons of CO2 equivalent

Category	Category Description	2021	2022
Category 1	Direct greenhouse gas emissions and removal	535.75	584.70
Category 2	Indirect greenhouse gas emissions from purchased energy	6,873.31	7,561.37
Category 3	Indirect greenhouse gas emissions from transportation	4.47	11.63
Category 4	Indirect Greenhouse Gas Emissions from Products Used by the Organization	1,349.81	1,529.28
Category 5	Indirect Greenhouse Gas Emissions Associated with the Use of the Organization's Products	-	-
Category 6	Indirect Greenhouse Gas Emissions Generated from Other Sources	-	-
Total		8,763.34	9,686.98
	Greenhouse gas emission intensity (metric tons of CO2 equivalent/million revenue)	3.71	2.58

Note:

1. Operating control approach is used.

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

Greenhouse Gas Improvement Policy

1. Completed ISO14064 greenhouse gas inventory guidance and third-party verification: Gudeng Precision has completed the 2021 greenhouse gas inventory and verification and obtained a third-party verification statement in October 2022. The total emissions were 8,763.344 metric tons of CO2 equivalent, covering Tucheng Headquarters, Shugu Factory, and Nanke Factory. Based on this inventory baseline, continue updating greenhouse gas inventory data in 2023, and add the newly operated Fuxing Factory to the inventory boundary for 2022. The preliminary self-inventory total emissions are 9,686.976 metric tons of CO2 equivalent.
2. Carbon Management Planning: Based on the 2021 inventory data, establish a baseline and develop internal and external issue and risk management measures. By promoting greenhouse gas inventories, disclosure, reduction, and the use of renewable energy, we will plan a carbon reduction path and work in conjunction with the RE100 program as a carbon reduction action plan, ultimately achieving net-zero emissions.

Based on the ISO14067 standard, Gudeng Precision has conducted a carbon footprint inventory of key products, such as Extreme Ultraviolet Photomask (EUV POD).

4.4 Water Resources and Waste Management

Water Resource Management

Gudeng Precision mainly uses water for production processes and daily employee use, and the factory's water source is entirely obtained from third-party sources (Taiwan Water Corporation). No surface fresh water, seawater, or well water is used. Water is recycled and reused through a recycling system to achieve water conservation goals. Wastewater treatment is carried out in accordance with government regulations and follows the guidelines of various industrial parks. The treated wastewater is discharged into the wastewater treatment plants in the respective industrial parks, meeting the discharge standards set by each industrial park. The domestic wastewater from the headquarters is also discharged into the sewage system according to regulations and eventually flows into the coastal areas of western Taiwan, including third-party endpoints and seawater.

Note: Tree Valley Plant complies with the sewage connection limits set by the Tree Valley Park Service Center, Economic Development Bureau, Tainan City Government.

Note: Fuxing Plant complies with the sewage connection limits set by the Tucheng Industrial Zone Service Center, Bureau of Industrial Development, Ministry of Economic Affairs.

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

Items	2021	2022
Water Intake	74.78	89.17
Water Discharge	24.47	33.20
Water Consumption	50.31	55.97
Unit Water Intake per Million in Revenue (million cubic meters per million in revenue)	0.037	0.028

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

Note: The 2021 statistics include the Operations Headquarters, Shugu Plant, and South Science Park Plant. The 2022 statistics include the Operations Headquarters, Tree Valley Plant, Tainan Science Plant, and Fuxing Plant.

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

Note: Water consumption = Water intake – Water Discharge.

Water Saving Initiatives

Program Name	Description of Measures	Water Saving Effect
Installation of Water Recycling System	The RO system's wastewater is recycled and treated in the water recycling system. The treated water is reused in the industrial process, and the water from the recycling system is used for flushing and cooling towers, increasing the water usage frequency, reducing discharge, and improving water resource utilization.	9,967 m ³ /year

• Water Recycling

The construction plan of the plant also includes water resource recycling and reuse systems. The Shugu Plant participates in the Shugang Industrial Park water resource recycling program, coordinated by the park to improve water efficiency, promote water resource circulation, and reduce discharge. The water recycling system was completed by the end of 2021 and started operation in 2022. The new ROR recycling and reuse system recycles the first-stage filtered water from RO reverse osmosis for reuse. The total water recycling volume in the Shugu Plant in 2022 was 52,436 m³, and the process water recycling rate was 56.3%.

Note: The process recycling rate is calculated based on the water balance diagram (R8 version).



• Waste Management

Gudeng Precision's waste mainly includes domestic waste and general business waste, totaling 343.8 tons in 2022. Gudeng Precision truthfully reports the quantity of waste and entrusts legal vendors for proper handling, ensuring compliance with regulatory reporting procedures during transportation. In addition, the company also values secondary material usage. As a major supplier of photomask boxes worldwide, Gudeng Precision often generates supports with injection connections, newly developed NG plastics, and trial-produced plastic waste. Most of this waste can be recycled and reused instead of being considered non-recyclable. Emphasizing sustainable environmental principles, Gudeng Precision processes and recycles this reusable waste. Other plastic waste is supplied to recycling plants for classification and subsequent production and reuse by corresponding secondary recycling manufacturers.

Waste Transportation Statistics

Unit: tons

Waste Category	2021	2022
Domestic Waste	35.31	49.51
General Business Waste	188.92	309.81
Total	224.23	359.32
Waste Transportation Volume (tons per million revenue)	0.112	0.114

Waste Classification Statistics

Waste Type Weight (tons)	Domestic Waste	Waste Plastic	Waste Wood	Waste Paper	Waste Aluminum	Waste Hardware	Total
2021	35.31	152.80	15.98	15.75	2.68	1.71	224.23
2022	49.51	239.04	13.33	37.77	9.64	10.03	359.32

Note: 2021 statistics scope: Tree Valley Plant.

Note: 2022 statistics scope: Tree Valley Plant, Fuxing Plant.

Environmental Penalty Explanation: In 2022, Gudeng Precision Industrial Co., Ltd., was not fined for violating environmental regulations.

Data Source: Transparent Footprint <https://thaubing.gcaa.org.tw/>

• Plastic Recycling Evolution

Plastics are the main component of Gudeng Precision's products. The production process often generates supports with injection connections, newly developed NG plastics, and trial-produced plastic waste. Most of these plastics can be recycled and reused. Emphasizing sustainable environmental principles, the company has a full-time material recycling policy. The reusable plastics are processed into substandard powder materials, which are then recycled and used. Other plastic waste is supplied to recycling plants for classification and production of corresponding materials for reuse.

In addition to promoting projects to activate stocked plastic materials and extract raw materials for reuse, the company also starts from packaging material recycling in the supply chain. The packaging design utilizes reusable packaging for transportation. For shipments to suppliers and customers, the company advocates environmental protection and conservation concepts, such as circular use and recycling. Since 2018, seven suppliers have responded to the use of plastic pallets made from recycled materials. These pallets are used for back-and-forth transportation, achieving a 100% reuse rate. Due to the rapid growth in the procurement of environmental protection pallets in recent years, the chairman initiated the establishment of a research and development project to use internal waste to produce recycled plastic pallets. In 2022, two new projects were launched using powder machines to recycle specific waste materials into logistics recycling boxes and ergonomic plastic chairs.

• Implementation Results:

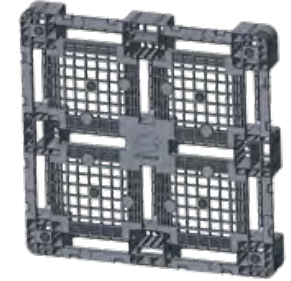
1. Recycling of Plastic to Produce Plastic Pallets
2. Recent Purchase of Environmentally-friendly Pallets:

Year	2018	2019	2020	2021	2022	Total
Amount	270	460	407	1,901	3,960	6,998

3. three projects were launched using powder machines to recycle specific waste materials :

Recycling of Plastic to Produce Plastic Pallets

Based on the selection of raw materials and dosage, successful development achieved a weight of **14.5 kg to 16.8 kg** of recycled materials per environmentally-friendly pallet. Recycled PC+Abs recycled pallet 110cm*110cm



Plastic Recycling Ergonomic Chairs

Each set of plastic chairs is expected to recycle 4.763 kg of PC recycled materials, ABS recycled materials, and PC+ABS recycled materials.



Logistics Boxes for Semi-finished Product Transmission

Each set of logistics boxes is expected to recycle 4.763 kg of PC+ABS recycled materials.



5

Care for Employees and Happy Workplace

- 5-1 Unique Gudeng Culture
- 5-2 Friendly Workplace
- 5-3 Talent Development (Major Topic)
- 5-4 Employee Care (Major Topic)
- 5-5 Labor/Management Communication
- 5-6 Occupational safety (Major Topic)



Performance Highlight



National Talent Development Award

RBA 200 Platinum Certification
Gudeng Family Plan has accumulated **64** households.



Continuous three-year salary adjustment rate **7%~9%**. Significant growth in median salary **32%**.

Outstanding unit for employing alternative military service personnel in research and development. Asia's first technology company to achieve ISO 30401 Knowledge Management Certification.

Average employee training hours reached **58** hours.

5.1 Unique Gudeng Culture

"*Gu*" represents the Chinese character "家" which means "home". It symbolizes the promise to employees that they can achieve wealth under the roof of Gudeng through hard work, just like having "pork" on the table.

"*Deng*" symbolizes encouraging employees to be like "Jack" in the story of "Jack and the Beanstalk". As long as they bravely face challenges, they can continuously grow and climb higher steps.

Gudeng Housing Plan



Column

2022 Highlights

Launched Gudeng Fifth Estate and Sixth Estate, aiming to create 64 Gudeng families and providing a housing fund of NT\$2 million to reduce the burden for first-time homebuyers.

Every setback, every challenge, and every unpleasant experience will bring equal or greater benefits like seeds. Over the years, the efforts of every Gudeng employee have brought remarkable achievements, leading to a continuous increase in revenue. The Chairman and General Manager are grateful for the dedication of all the team members. In 2021, a brand new employee welfare system was introduced, and the Gudeng Family Plan was launched. The plan promises that employees under the roof of Gudeng can achieve wealth through hard work. In recent years, significant investments have been made in Tainan and Taipei to purchase land and plan for improved welfare facilities. Construction projects have been initiated to enable all Gudeng employees to establish families and careers. Qualified Gudeng employees can purchase houses at a price lower than the market value without any upfront payment.

They can pay the construction cost after moving in, creating an opportunity for each Gudeng employee to have their own home and family. This serves as the driving force for them to pursue high rewards and innovative challenges. The benefits generated from these challenges and innovations are shared with key talents who contribute to the company, which is the most crucial belief of Gudeng.

Gudeng Fifth Estate

Located in the Shan Hua district of Tainan, adjacent to the Shu-Gu Plant, the surrounding area offers convenient living conditions. Construction of the seven-story building with one basement floor started in 2021, with two households per floor, totaling 14 households. Each household is approximately 46 ping (152 square meters), and there are 11 underground parking spaces. The project is expected to be completed in 2023. During the monthly meeting in 2022, the CEO personally announced the Gudeng Partner Family Plan and the registration and selection process.



Gudeng Sixth Estate

Located in the Sanxia district of Taipei, near the MRT station, the project started purchasing construction land in 2022. The building, consisting of ten floors and two basement floors, will have 50 households and 69 car parking spaces. It is expected to fulfill the dreams of 50 Gudeng employees and their families. The construction will officially commence in 2023.



Design Preview

Gudeng Core Competency Training Plan

"Heartfelt Service, Enthusiastic Growth" is the corporate culture that Gudeng Precision has been promoting since its establishment. We believe that as long as the ideas are aligned, we can pass on our values and allow partners who are passionate about technology and dream of life to grow together courageously. This is the key to sustainable development for enterprises. For semiconductor key suppliers, daring challenges and outstanding innovations are essential to bringing value to customers and providing long-lasting benefits to stakeholders. Therefore, we have established a comprehensive mechanism for talent selection, training, cultivation, and retention. The two founders personally teach industry technology and entrepreneurial experiences. They document the challenges they have faced since the establishment and their practical experiences of solving problems. These records, combined with theoretical frameworks, are written into the Gudeng Precision Management Case Collection. Since 2014, we have published four volumes, totaling 41 cases, with three major curricula: Management Capability, Productivity, and Service. These cases serve as the main teaching materials for the Gudeng Core Competency Training Plan.



Chairman Ming-Chien Chiu have written totaling 41 cases.

Training Courses	Training Results
<p>Bill's Appointment</p>	<p>The Chairman, named Bill in English, has been conducting "Bill's Appointment" courses since 2005, when the company had only a few dozen employees. The courses encourage employees to freely participate in and gain a closer understanding of grassroots employees, as well as share operational strategies, missions, company culture, and values.</p> <p>Later, top-level executives served as instructors, conducting the "Bill's Appointment" course, which lasted over 70 hours. The course included face-to-face sharing of different occupational field operations, reducing the time needed for interdepartmental collaboration. The course materials included Harvard case studies, Gudeng business case collection, The Art of War, film appreciation, and book sharing sessions, which helped shape the cultural values of Gudeng as a whole.</p> <p>Since its establishment 25 years ago, it is now in its 23rd session, with a total of 956 participants and 74,568 total learning hours. In 2022, the enrollment rate for new employees exceeded 60%.</p>
<p>ABC and BSC Managerial Class</p>	<p>Gudeng Precision's education philosophy is "cultivating our own talents". The Chairman personally teaches key talents and managers above the class level for 2 hours every Monday morning. The course materials are based on Gudeng case studies (including four revised cases submitted and published in management reviews and Zhongshan Management Review). The courses teach implicit knowledge, financial costs, and the importance of maintaining customer partnerships, aiming to establish a common language through discussion and feedback for internal communication.</p>

The Chairman and senior executives serve as instructors for the core competencies in the "Bill's Appointment" course and the ABC and BSC managerial courses. Inheriting the company's core values: "Partner with H.E.A.R.T., grow with P.A.S.S.I.ON."

H

Honesty & Integrity

Origin of Bill's Appointment
Self-Introduction
Core Values
Film Appreciation (YES MAN)

E

Excellence

Rich Dad Poor Dad
Efficiency and Impact
Goal Setting
Movie appreciation- Talks about Innovation with The Croods
Movie appreciation- Have you found your way in life?

A

Accountability

Cheers
Accountability
Willpower
Movie appreciation-Kung Fu Panda
Case discussion-Japan NEC Canon Mask Package development case

R

Relationship

Negotiation
Spread management and analysis/How to understand financial statements?
Case discussion- The bird's nest under the eaves is gone
Movie appreciation- Seabiscuit

T

Teamwork

Planet adventure
Arctic survival
Case discussion-The Story of TA-NIU
Movie appreciation-The Blind Side
Movie appreciation-Wait 'Til You're Older

P

People Development

Management-The Story of TA-NIU

A

Company goes first Appropriate Decisions

Productivity-How to receive orders at a deficit and ship in surplus

S

Secure Results

Should I lower the price to grab the order?
Expose machine plant foundry case

S

Successful team

Management- Team Motivation Camp
Education and Training
Communication- The bird's nest under the eaves is gone

I

Inter-Team Communication

Serving-LCD large-size Mask Package development case

ON

ON going Learning

Japanese company Y plant lease

Founders have written totaling 41 cases, with three major curricula: Management Capability, Productivity, and Service.

Management Associate (MA) Program



Management Associate (MA) Plan

Embracing Inexperienced Master's Graduates, personally interviewed and hired by the Chairman
 Participating in large cross-departmental projects and core meetings
 Weekly reflections submitted directly to the Chairman's mailbox, with responses and shared experiences from the Chairman
 Since its implementation in 2009, the program has guided 56 graduates to develop diverse potentials in their roles. On average, for every 3 retained graduates, one has been promoted to a managerial position, and for every 4 mid-level executives, one has come from this program.

At Gudeng Precision, we believe that the key to successful "Excellence and Innovation" strategy lies in "talent". When we have the right people, everything falls into place. We continuously welcome innovative minds to join our ranks and cultivate a management team with a common language, ensuring "long-term sustainability".

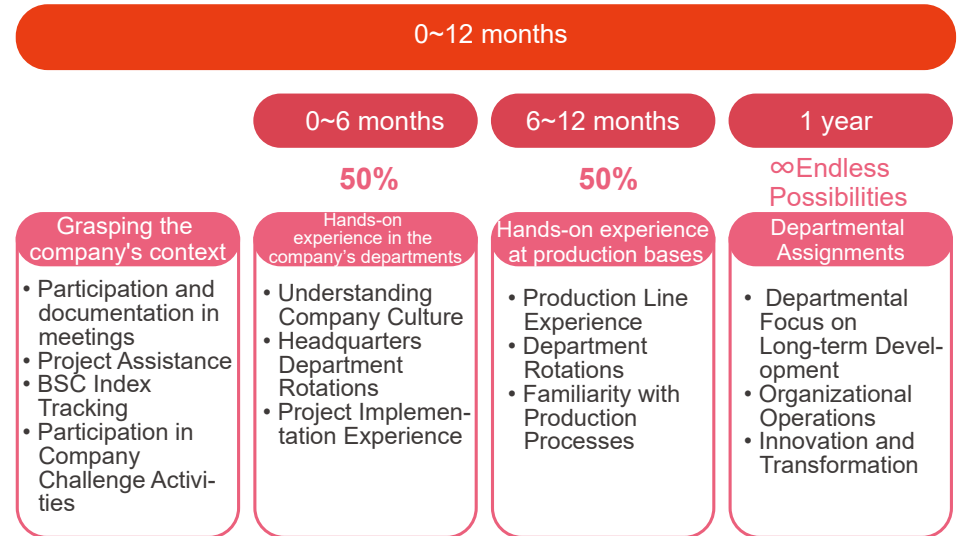
Since 2009, the Management Associate program has embraced inexperienced master's graduates, not solely based on academic credentials, but valuing potential and personality traits that align with Gudeng's core values. Candidates who are enthusiastic about challenging themselves, whether climbing mountains, swimming across lakes, or motorcycling around islands, are our top choice.

Joining the MA family, we assist young talents in their adaptive development through a four-stage training plan, providing a platform for learning from the Chairman and senior executives. This includes participation in executive meetings, joining projects, gaining insights into cross-departmental decision-making, and understanding the core of company operations. We cultivate an entrepreneurial spirit, a positive and optimistic attitude towards challenges, and accountability for outcomes.

MA Personality Traits Inventory



MA Training Plan



The Management Associate system has seen the appointment of 56 Management Associates spread across 9 major career paths. They have made significant contributions to the overall development of the group. Senior elites or managers act as mentors and advisors, providing guidance to help MA members adapt and grow. Among the 25 members who have stayed with the program, six have become unit managers, ranging from section chief to senior manager, showcasing the progressive success of the management associate training program.

Series	Female	Male	Number of supervisors	Overall Number of People
R&D		6	1 supervisor	6
Salesperson	2	3	1 supervisor	5
Finance and Investment Control	1	2	1 supervisor	3
Factory Establishment	1	1		2

Series	Female	Male	Number of supervisors	Overall Number of People
Factory Establishment	1	1		2
Manufacturing engineering		2	1 supervisor	2
Information	2		1 supervisor	2
Supply chain	2		1 supervisor	2
Human Resource	1			1
Public relations	10	15		25



More about MA program

International Assignment



YU, NIEN-YUN

2018 9th MA

National Kaohsiung First University of Science and Technology, Department of Mechanical and Automation Engineering, Industrial Design- Master's Degree

Greater China Customer Partner Relations Department – Specialist

#R&D MA

#R&D Project

#Shanghai Subsidiary

Throughout the MA training process, I encountered customer complaint cases that provided me with the opportunity to understand issues on-site and learn about different departments' managers' problem-solving approaches.

I also participated in numerous research and development projects, starting from understanding customer needs, design and development, to conducting trials and understanding injection and material characteristics, and finally to assembling products on the factory production line. This complete R&D training not only improved my professional skills, but also enhanced my ability to think independently, problem-solve, and communicate across departments.

Gudeng also provided MA with many learning opportunities and paths, which led me to transfer to the Shanghai subsidiary. It was due to the MA training that I could support various projects in the subsidiary through rapid learning and problem-solving abilities, including customs affairs, procurement, warehousing, FAE, and ERP system implementation.

At Gudeng, as long as you have the passion, there will be a stage for you!

R&D and Innovation



LIN, CHIA-CHI

2019 10th MA

National Chung Hsing University

(Power) Graduate Institute of Mechanical Engineering-Master's Degree

Fourth Project Center-Supervisor

#R&D and Process All-in-One

#Grasping the Stage of My Life

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

#Even the A-Po from Kung Fu Panda cannot be practicing Kung Fu forever

From the beginning of joining Gudeng as an MA, it has been filled with challenges. I participate in numerous cross-departmental and even first-level executive meetings, as well as being involved in various situations during grassroots research and development execution, such as product research and design and product development processes.

The MA system allows me to understand the same thing from a management perspective, not only expanding my horizons but also laying a solid foundation. Encountering product abnormalities for major overseas clients that require improvement, I was personally assigned as the project manager under the direct supervision of the CEO. I took charge of everything, from basic data measurement and analysis of product abnormalities to product design, mold development, and process optimization. I reported progress to the CEO weekly. Though the process was filled with sweat and tears, I could clearly feel my professional and integration abilities improving, and my problem-solving skills becoming more well-rounded.

Gudeng provides MA with many opportunities and space for learning and showcasing our abilities. As long as we have the determination to deliver results, there will be a stage for us.

Smart Manufacturing



WANG, YU-JU

2020 11th MA

National Kaohsiung University of Science and Technology, Information Management-Master's Degree

Third Engineering Center – Engineer

#Applying IT to IE

#Deepening in the Factory, Moving Towards Automation

#Creating Maximum Efficiency with Minimal Cost

Within three years at the company, I have gone from the headquarters' operations department to the injection, CNC, cleaning, and quality control departments in the factory, transitioning from operations management to production management. As someone who initially studied business management, I never thought I would have the opportunity to delve into the field of engineering. I have come to realize the importance of being on-site and personally understanding the operations. From being inexperienced to becoming proficient, true problem-solving can only be achieved through genuine observation!

The MA is about learning everything, not limiting oneself to a specific area. Therefore, I applied my IT expertise to IE reports, simultaneously enhancing proficiency in both fields. As the company moves towards "automation", I have been involved in several smart manufacturing projects, starting from raw material procurement, utilizing WMS warehouse management system to control inventory operations, and then supervising the manufacturing process with MES manufacturing execution system, collecting data on personnel work and machine hours.

"Cost minimization and maximize profits". With the smallest cost, achieve the greatest benefit, creating my own "Plan B" and generating true value.

Annual Excellent Employee Selection System

Gudeng Precision values the performance evaluation system, establishing goals at the beginning of the year and assessing the results at the end of the year. Outstanding employees who have exceeded expectations are selected for the annual excellent employee selection. They present their annual performance in front of the CEO and top-level executives for evaluation. The final selection is based on the approval of all employees. The winners are then presented with the Annual Excellent Employee Award during the year-end banquet. Starting from 2021, the number of award recipients will be increased to five. The awards will be given based on ranking and will range from NT\$20,000 to NT\$60,000 in monetary rewards. In addition, each awardee will be granted 5 days of public holidays, a travel subsidy of NT\$70,000, and the benefit of a complimentary parking space. These incentives aim to encourage colleagues to continue their pursuit of personal growth and development. Since the implementation of this reward system, nearly 50 outstanding employees have been selected, and they are spread all over the world. Even those who are not selected as outstanding candidates also have the opportunity to participate in a prize draw with a prize value of nearly NT\$100,000. In 2022, the outstanding employees traveled to Europe, the Netherlands, and other places after the epidemic and shared their travel experiences during the monthly meeting.



The Most Thankful, Most Praised System

The "Most Thankful, Most Praised" nomination system has been continuously in place since 2009, 14 years. Its purpose is to encourage employees to take responsibility, embrace growth, and support each other. It represents two different meanings:

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

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

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

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

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

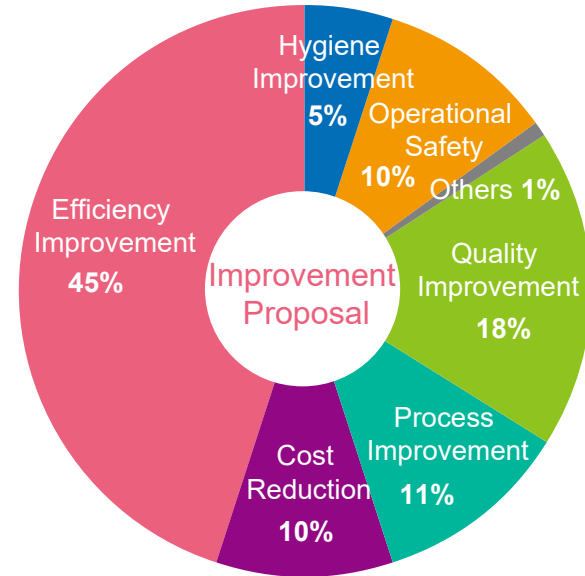
In 2022, the most thankful and most praised individuals were awarded a total of 30 times, with a total prize money of NT\$220,000.



the most thankful of 2022 was awarded



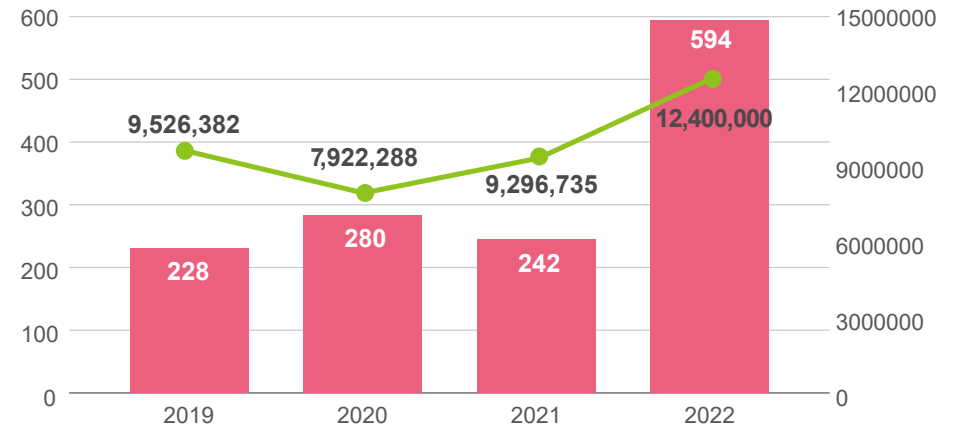
Gudeng Awards every month



Promotion of Improvement Proposal Incentive System

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

In 2022, there were 594 improvement proposals, with a total improvement benefit of NT\$12.39 million, and a total reward of NT\$1.41 million (including proposal rewards and benefit rewards).



Number of Improvement Proposals Completed (Bar) Improvement Benefits (NT\$) (Line)

5.2 Friendly Workplace

Excellent professionals are the most valuable assets of the company, and harmonious labor-management relations are the cornerstone of corporate development. Gudeng Precision maintains a harmonious and stable labor-management relationship, not only by striving to improve employee benefits, remuneration, and working conditions, but also by keeping channels of communication open between labor and management. Through the collective efforts of all colleagues, individual talents are unleashed, fostering the synchronized growth of employees and the company, working together to create a better future.

5.2.1 Employee Structure

By the end of 2022, the total number of employees at Gudeng Precision had significantly increased from 258 to 616. The age distribution of employees shows that up to 65% are below the age of 40, with an average age of only 35.7 years, reflecting the young and enthusiastic mindset of Gudeng employees, with a balanced gender ratio. There are 362 male employees (58%) and 254 female employees (42%). During the period of rapid growth, Gudeng Precision encourages young employees below the age of 40 to challenge themselves, resulting in the promotion of 13 supervisors and employees, with a promotion rate reaching 24%. The high-level managerial positions consist of 38 individuals, while there are 30 employees in supervisory roles, and 548 general employees. Additionally, the company respects and employs persons with disabilities and international employees, with a total of 112 individuals, accounting for 18% of the total workforce.

Gender Ratio

Job Grade	Male			Female			Total
	Below 30 Years	30-50 Years	Above 50 Years	Below 30 Years	30-50 Years	Above 50 Years	
High-level Supervisors	0	3	5	0	1	1	10
Middle-level Supervisors	0	14	5	0	7	2	28
Entry-level Supervisors	3	12	3	1	11	0	30
Non-Supervisory Positions	125	174	18	69	152	10	548
Total	128	203	31	70	171	13	616

Note:

1. As of December 31, 2022, Managers refer to those who hold administrative responsibilities for other employees or units.
2. Top Executives: Department-level managers and above.
3. Middle Management: Division-level managers.
4. Lower Management: Section-level managers.

Classification of Employees by Nationality, Gender, and Employment Contract

Gender and Classification	Full-time Employees			Non-Full-time Employees			Total
	Male	Female	Total	Male	Female	Total	
Region							
Republic of China	297	197	494	7	10	17	511
Vietnam	20	23	43	9	7	16	59
Philippines	0	16	16	0	0	0	16
People's Republic of China	0	1	1	0	0	0	1
Indonesia	28	0	28	0	0	0	28
Malaysia	1	0	1	0	0	0	1

Note: Non-Full-time Employees refer to contract-based employment.

Distribution of Employment Types

	Gender	Number of People	Percentage
Employment of Persons with Disabilities	Male	5	0.8%
	Female	2	0.3%
	Total	7	1.1%
Employment of International Employees	Male	58	9.4%
	Female	47	7.6%
	Total	105	17.0%

Calculation Method: The number of employees of each gender is divided by the total number of employees at the end of 2022.

Employment Situation	Number of People
General Employees	564
Industry-Education Cooperative Employees	38
Dispatched Employees	3
Contract-Based Employees	9
Alternative Military Service Employees	2
Total	616

In 2022, Gudeng Precision has 604 regular employees, of which 12 informal employees are dispatched and contracted.

5.2.2 Talent Recruitment

In the recruitment process, including job fairs and interviews, Gudeng Precision adopts a fair, just, open, and objective attitude. In the recruitment, training, salary and benefits, promotion, termination, or retirement processes for job applicants or employed personnel, Gudeng Precision does not discriminate based on race, social class, nationality, language, ideology, religion, political affiliation, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disabilities, zodiac sign, blood type, labor union representative, or past union membership. Gudeng Precision follows the principles of "matching talents with positions" and "making the best use of talents", supporting and adhering to various international human rights principles. The standard of talent selection is based on the most suitable individuals for each position.

In 2022, due to the rapid growth of the group's operations, the total number of new employees reached 246. Among them, there were 85 female employees (35%) and 161 male employees (65%).

New Employees Numbers and Proportions

2022				
As of December 31, 2022	Age	Gender	Number of People	Percentage
New Employees	Below 30 Years	Male	77	13.9%
		Female	36	6.5%
		Subtotal	113	20.4%
	30-50 Years	Male	74	13.3%
		Female	49	8.8%
		Subtotal	123	22.2%
	Above 50 Years	Male	10	1.8%
		Female	0	0.0%
		Subtotal	10	1.8%

Calculation Method: The number of new employees in each gender and age group is divided by the total number of employees at the end of 2022.

Resigned Employee Numbers and Proportions

2022				
As of December 31, 2022	Age	Gender	Number of People	Percentage
Resigned Employees	Below 30 Years	Male	39	7.0%
		Female	26	4.7%
		Subtotal	65	11.7%
	30-50 Years	Male	68	12.3%
		Female	47	8.5%
		Subtotal	115	20.7%
	Above 50 Years	Male	8	1.4%
		Female	4	0.7%
		Subtotal	12	2.2%

Calculation Method: The number of new employees in each gender and age group is divided by the total number of employees at the end of 2022.

Gudeng Precision values employee relationships and conducts interviews with departing colleagues to explore opportunities for optimization and improvement based on interview data. The main reasons for resignations in 2022 were factors beyond the employees' control. Regarding job-related issues and departmental problems, Gudeng Precision reinforced education and training, improved the completeness of digital learning materials. As for feedback regarding promotions and benefits, subsequent pay raises and year-end bonuses were improved beyond previous standards to enhance the attractiveness and retention rate of key talents.

Main Reasons for Resignations in 2022:

Job-Related Issues			Promotions and Benefits			Departmental Problems		Factors beyond Control			
17%			11%			7%		65%			
Inadequate Job Fit	Long Working Hours	Incompatible Working Environment	Prospects for promotion	Further Education	Salary and Benefits	Supervisor Factors	Counselor/Colleague Issues	Health Factors	Family Factors	Layoffs	Other
14%	1%	2%	3%	2%	6%	4%	3%	6%	14%	1%	44%

Note: Statistical data excludes international workers, contract-based dispatched personnel, industry-education cooperative students, and contract-based employees transferred to regular positions within the group, totaling 139 individuals.

5.2.3 Remuneration

2022 Highlights

Bonuses and employee stock allocations amounted to a cumulative total of NT\$200 million shared among 651 employees.

Frontline outstanding employees received up to 21 months of year-end bonuses.

The median salary of frontline employees reached NT\$830,000, a significant growth of 32%.

The average annual salary for the R&D system and business teams is approximately NT\$1.6 million.

Salary and Remuneration

In 2022, due to the doubling of operational momentum and nearly double revenue growth, with EPS growth reaching NT\$11, surpassing the group's operational targets, Gudeng Precision shared the business performance with every hardworking partner by allocating bonuses and employee stock shares, totaling NT\$200 million annually. As part of the year-end banquet event, Gudeng Precision provided various prizes worth over NT\$4 million, including 2 cars, 4 scooters, iPhones, and cash rewards. During the event, the Chairman announced that employees could take home a substantial year-end bonus, with top-performing employees at the grassroots level receiving up to 21 months' worth of bonus, while managers could receive up to 47 months' worth.



Gudeng Precision has always been committed to rewarding dreamers who embrace challenges and contribute to the growth of the company. Besides offering competitive starting salaries exceeding 95% of the industry standard, the company provides a guaranteed 14-month annual salary and implements annual salary adjustments between 7% to 9% for three consecutive years, outperforming the industry average (3.65%-4.14% for the semiconductor industry).

As the organization grows and the industry evolves, in 2022, Gudeng Precision reevaluated the salary structure based on market standards. The average annual salary for non-supervisory positions increased significantly by 34%, rising from NT\$760,000 in 2021 to NT\$1,030,000. Moreover, the median salary saw a substantial growth of 32%, reaching NT\$830,000. For the R&D system and business teams, the average annual salary is approximately NT\$1.6 million, indicating the company's emphasis on the concept of profit sharing and talent rewards at Gudeng Precision.

Average and Median Annual Salary for Non-Supervisory Positions

Unit: in thousand NT\$

Items	2020	2021	2022	Growth Rate
Total Salary Amount for Full-time Non-Managerial Employees	268,219	267,190	457,750	71%
Number of Full-time Non-Managerial Employees	274	348	443	27%
Average Salary for Full-time Non-Managerial Employees	977	768	1,030	34%
Median Salary for Full-time Non-Managerial Employees	666	629	830	32%

Note:

- The data is sourced from the publicly disclosed information on the MOPS for the year 2022.
- The number of employees and total salary amount are calculated based on the fiscal year, including employees who have completed at least six months of service as of December 31, 2022.

In 2023, we will continue to raise the level of compensation. Under the structured salary adjustment mechanism, a budget of 7% salary increase is allocated to surpass industry standards, enhance competitiveness in talent attraction, and implement different incentive plans for various job categories. We aim to optimize the reward system, allocate resources for rewards, and provide immediate recognition to encourage continuous innovation, retain exceptional talent, and meet the diversified development needs of the company.

Project Bonuses have increased from 10 million to 30 million in 2022, with a planned budget of 40 million in 2023.

Revenue Bonuses are awarded if monthly **revenue exceeds historical** records , providing quick rewards to frontline staff.

Stock Bonuses are intermittently **granted to** reward outstanding employees with treasury stocks.

We encourage employees **to participate in the Employee Stock Trust Program**, where the company provides a 100% subscription subsidy to further incentivize them.

For **production line partners**, monthly bonuses range from NT\$300,000 onwards. Employees who perform above the median level are eligible for additional bonuses ranging from 3% to 9%, equivalent to an automatic 10% salary increase.

Other bonuses include improvement proposal rewards, monthly merit rewards, talent referral bonuses, etc.

Gender and Local Minimum Wage Ratios for Male and Female Employees in 2022

Unit: NT\$

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

Gender Salary Ratio for Different Job Grades

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

Note: Using the average male salary as the denominator

5.3 Talent Development

Strategy Commitment	We aim to become a world-class organization for cultivating global key material innovation technology professionals.		
	2022 Goal	2022 Achievements	2023 Goal
Talent Development Goal	Awarded the TTQS Gold Medal. Awarded the National Talent Development Award	Received the National Talent Development Award for the year 2022. Asia's first technology company to achieve ISO 30401 Knowledge Management Certification. TTQS Silver Award	Awarded the TTQS Gold Medal. Optimize the Semiconductor Professional Program at Gudeng University
Digital Learning	Each employee is required to take and pass at least one course assessment in the LMS system annually.	Goals have been achieved, and each employee has an average learning time of 58 hours.	The average amount of annual learning hours for employees is 50 hours.

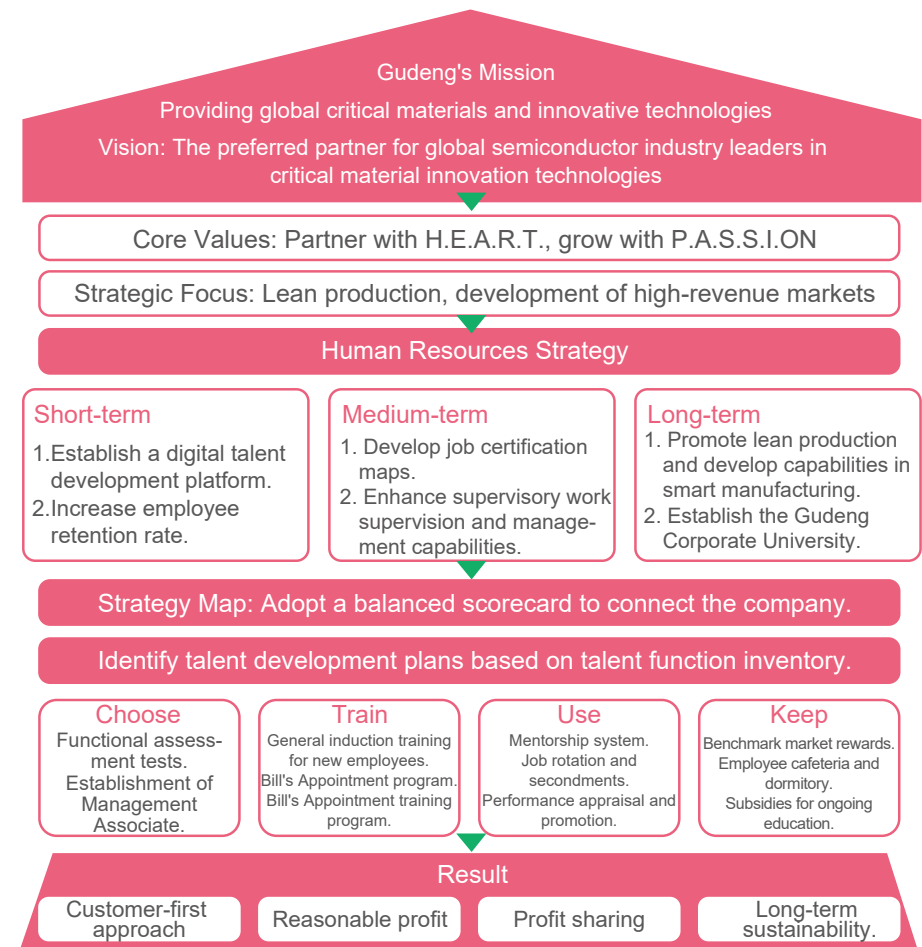
5.3.1 Training and Succession

Gudeng Precision follows the ISO 21001 standard, which is the Management Systems for Educational Organizations, to establish a Learning Service Management System. The purpose is to provide general management tools for the products and services of educational organizations, helping to meet the needs of learners and other beneficiaries.

The formulation of strategic priorities is based on regular departmental training needs surveys, competency gap analysis, and the planning and implementation of various learning activities and talent development projects, such as the Bill's Appointment core competency program, LMS learning system, AI smart manufacturing project, Dianfengzaoji MA (Management Associate) training project, Chung Yuan industry-academia cooperation project, DMAIC problem analysis project and Green Belt certification, and the cultivation of digital lecturers.

With a people-centric approach, we foster an organizational culture of "innovative cultivation" that promotes the growth and development of talents. In addition to annual strategies, each department proposes education and training plans and allocates budgets. In addition to conducting internal training sessions regularly, we arrange external training courses based on the skills needs of employees to enhance their professional skills and competitiveness. Training courses are tailored based on job categories. Regarding on-the-job training for employees, each department arranges appropriate internal training courses based on actual

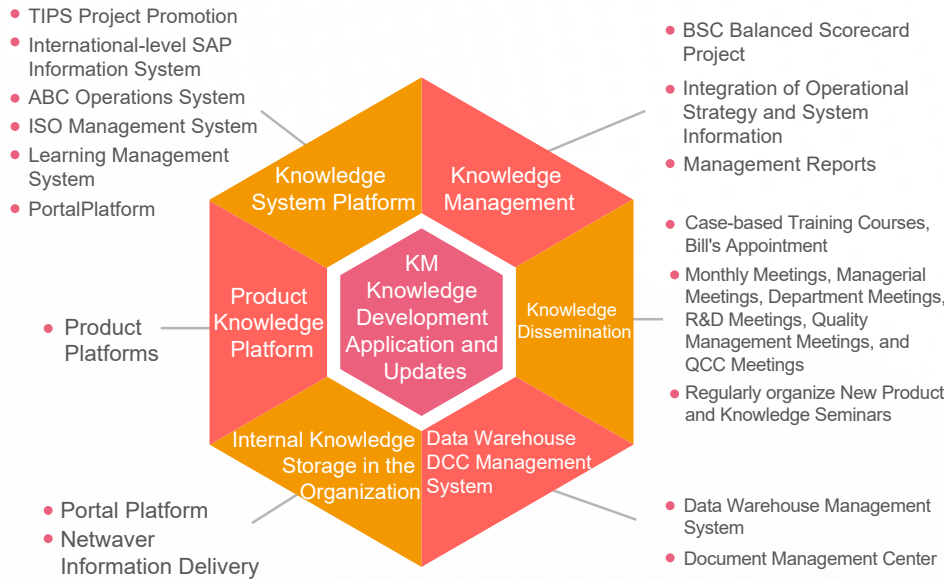
needs. Employees can receive up-to-date information on professional skills and improve their own process and research and development capabilities through technical seminars. The company also arranges employees to participate in training courses organized by consulting firms, training institutions, and government and business organizations based on the professional courses required for each functional role to enhance employees' professional competence.



Talent Development Goal

To retain the accumulated job knowledge and experience of organizational members over time and facilitate effective knowledge transfer for new employees and different team members, Gudeng Precision has implemented a Knowledge Management System (KMS) framework, developed talent development plans, and enabled each unit to formulate its own knowledge management solutions to reflect specific needs and situations. In 2022, we became the first company in Asia to achieve ISO 30401 certification for knowledge management.

Image Description: Knowledge Management Framework Diagram



Talent Development Plan

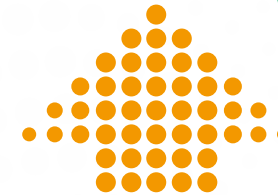
5 Key Forces + 5 Learning Domains
+ 3 Learning Modes + 1 Philosophy :



Cultivate global professionals in critical material innovation technology

Long-term (2026-2030)

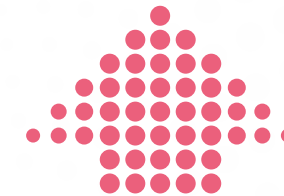
- Establish awards for trainers to encourage knowledge transfer.
- Initiate succession planning.
- Enhance the international language proficiency of all employees.
- Develop a mobile learning app that allows employees to learn anytime and anywhere.
- The average amount of annual learning hours for employees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



Deepen the Semiconductor Professional Program at Gudeng University

Medium-term (2024-2025)

Awarded the TTQS Gold Medal and National Talent Development Award.



Awarded the TTQS Gold Medal and National Talent Development Award.

Short-term(2022-2023)

- Conduct core competency courses according to company policies.
- Create Digital Learning Platform.
- Establish a mechanism for statutory personnel licenses and retraining.
- Establish assessment mechanisms for employees at various stages.
- Optimize the rewards system for trainers and train internal trainers
- Provide over 100 online courses.
- Deepen the Semiconductor Professional Program at Gudeng University.
- Establish a competency training map and issue internal certifications.
- Conduct talent function inventories and individual development plans.
- Establish the Gudeng Outstanding Project Training System.
- Incorporate external training systems to complement learning integrity.
- The average amount of annual learning hours for employees is 50 hours.
- Future talent and Management Associate training.



About the Highest Honor in Human Resources Field - National Talent Development Award



The founders of Gudeng Precision, starting from humble beginnings and with a strong entrepreneurial spirit, have the ability to develop world-class technologies within the organization.

This is primarily attributed to our long-standing commitment to employee education and training programs, known as "Bill's Appointment" and "Bill's Appointment training program".

The founders lead by example and never give up any opportunity for learning and growth. One of them has even obtained a Ph.D. in Information Management from National Chengchi University. Their willingness and attitude to learn from others, coupled with the spirit of continuous learning and embracing change, are the true reasons that enable us to uphold our mission and vision, guiding Gudeng Precision's growth.

Over the past 25 years, as industry trends and global issues have evolved, Gudeng Precision continues to conduct existing education and training courses while incorporating themes of transformative learning. We encourage our talents not to limit themselves and adapt to the changing world.

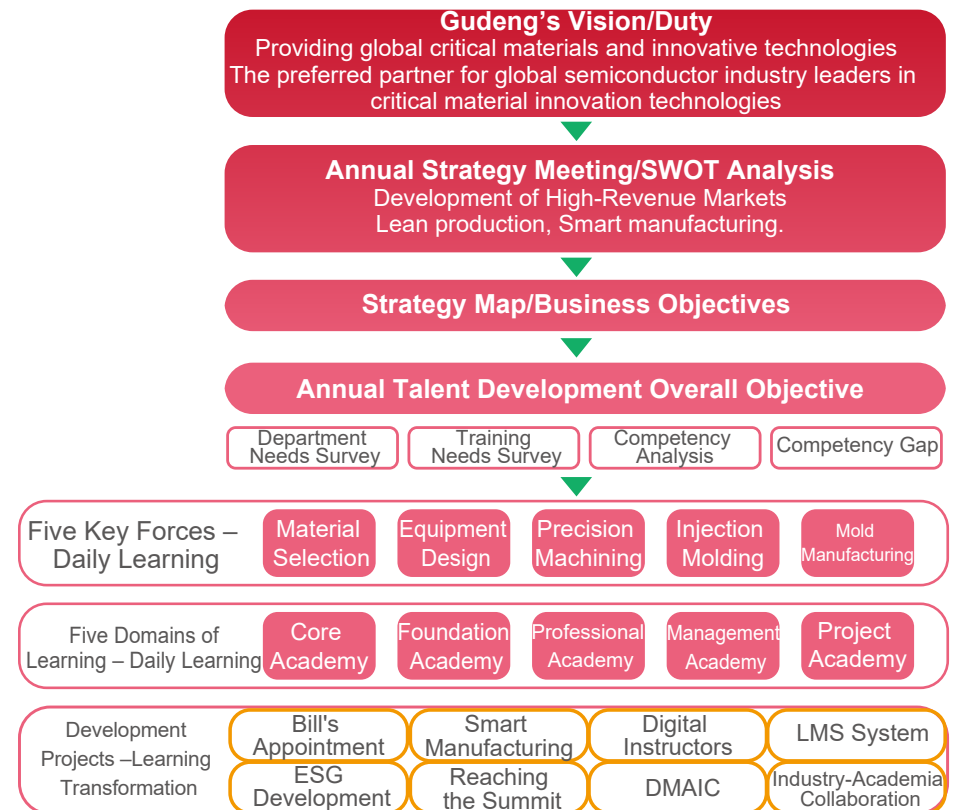
As we embark on new challenges, we have set more ambitious revenue growth targets

and expect our workforce to be several times larger than before. We have formulated the "5531 Talent-First Learning Behavior Guideline", encompassing five key strengths, five learning domains, three learning modes, and one philosophy, aiming to lay a solid foundation for each member of the Gudeng family.

In 2022, Gudeng Precision's talent development strategy was assessed through various layers by the Ministry of Labor and eventually stood out among 126 companies, receiving recognition through the National Talent Development Award.

The total LMS digital learning hours reached 40,906 hours. Going forward, we will continue to optimize course topics to adapt to limitless possibilities.

The 5531 Talent's Learning Code of Conduct: 5 Key Forces + 5 Learning Domains + 3 Learning Modes + 1 Philosophy



Subsidy for Employees' On-the-Job Continuing Education

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

In 2022, approximately 18% of our in-service employees, more than 106 individuals, held master's or doctoral degrees, with one out of every five colleagues having such qualifications. Moreover, 12 in-service employees were granted subsidies, reaching a record high since the initiation of this program. The total subsidy amount provided was NT\$370,000, reflecting the company's commitment to investing in employee training.

New Employee Mentoring System

We have formulated the New Employee Mentoring Policy to assign suitable mentors to each new employee. Under the guidance of experienced colleagues, new employees can learn from their work experiences and demonstrate their individual strengths.

✔ In 2022, we assigned 123 mentors who mentored 238 new colleagues, resulting in an 88% pass rate, 81% employee retention rate, and an overall satisfaction rating of 81%.

Job Rotation System

Gudeng Precision encourages employees to pursue diverse development opportunities. At the end of the probationary period for new employees, we conduct face-to-face interviews to understand their thoughts about the job. In-service colleagues can apply for job rotation and undergo three-stage interviews conducted by unit supervisors, with performance evaluations as the basis for assessment. This process helps us understand each employee's short, medium, and long-term career plans and ideas, providing opportunities for job rotation when necessary.

For interns, we regularly arrange departmental rotations, emphasizing rotations within the R&D and production systems for academic-industry collaboration students to familiarize themselves with manufacturing processes on the production line. As for internal interns, a career aspiration interview is conducted to plan their internship accordingly.

Digital Learning and Training

Gudeng Precision places significant emphasis on the education and training of new employees. Through the LMS digital learning platform, approximately 50 courses are planned, including essential courses such as environmental safety, Gudeng culture, common system operations, and confidential data protection. In addition, various unit-specific training courses are arranged based on the new employees' roles and unit operations.

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

Categories/Years		2021	2022*
New Employee Training	Number of Participants	238	6,783
	Total Hours	154	4,229
Specialized Training	Number of Participants	1,462	3,756
	Total Hours	742	8,569
Management Training	Number of Participants	885	939
	Total Hours	24	6,101
General Course Training	Number of Participants	1,568	11,183
	Total Hours	796	20,970

Note:

1. In 2022, we introduced an online learning system where employees can participate in training courses on their own.
2. Total hours = Number of participants * Course hours.

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

Items	Number of Courses	Total Participants	Course Completion Hours
TIPS Intellectual Property Education and Training	4	356	185
Trade Secret Training	3	1,011	1,032
Information Security Management System and Information Security Awareness	8	1,064	1,733
Management Implications, Company Management Philosophy, Business Ethics, and Other Topics	6	6	21

Note:

1. Course completion hours only list the total hours of personnel who have completed the course.
2. Statistical data includes former employees.

Average Training Hours per Employee by Job Level

Job Grade	Male	Female	Total Hours	Average Hours
High-level Supervisors	464	88	552	55
Middle-level Supervisors	1,811	965	2,776	87
Entry-level Supervisors	2,194	615	2,809	88
General Employees – Indirect Employees	10,632	8,958	19,590	78
General Employee – Direct Employees	9,875	5,046	14,920	39
Total Hours	25,014	15,891	40,906	58
Average Hours	60	55	58	-

Unit: Hours

Note 1: Management Positions (including acting roles): Top management includes department heads and above, middle management includes manager-level and assistant manager-level, frontline management includes team and section-level.

Note 2: General Staff: Classified into indirect employees and direct employees based on job nature.

Note 3: Education and training hours include overseas regions, internal and external training, and employees who have left the company.

Note 4: Course completion hours only list the total hours of personnel who have completed the course.

Training Expenditure and Hours Statistics

In 2022, the introduction of the LMS online learning system allowed personnel to learn online, effectively reducing training costs and increasing the number of training participants.

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

Contractor Training

As of December 2022, Gudeng had contracted with external vendors to provide labor services for a total of 30 personnel. Upon the personnel's arrival, they will receive training and the plant's entry and exit control will be enforced.

5.3.3 Performance Evaluation

Gudeng Precision has established the "Employee Performance Evaluation Measures" using a "Promotion Points" system. This system links annual individual performance results to performance bonuses, providing significantly higher performance bonuses (approximately 2-3 times the average) to outstanding employees who exceed expectations. This differentiates the rewards, motivating all employees to strive for continuous growth.

We provide our employees with a platform to demonstrate their talents, expecting them to display their professional skills, execute company strategies, and influence others. Together, we grow and promote societal development. To achieve this, we conduct annual performance evaluations for employees who have been with the company for more than six months. The completion rate for employee performance evaluations in 2021-2022 was 100%.



Job Grade	Male		Female		Total	
	Number of Employees Under Review	Percentage	Number of Employees Under Review	Percentage	Number of Employees Under Review	Percentage
High-level Supervisors	5	2%	2	1%	7	1%
Middle-level Supervisors	18	6%	9	4%	27	5%
Entry-level Supervisors	18	6%	12	5%	30	6%
Non-Supervisory Positions	279	87%	196	89%	475	88%
Total	320	100%	219	100%	539	100%

Note:

1. Performance appraisal is applicable only to regular employees who have completed at least 3 months of service.
2. Employees on unpaid leave for more than 6 months within the current year are excluded.
3. Employees with imminent departure are not included in the current year's performance appraisal.

Promotion Ratio:

Annual Promotion Data	2019	2020	2021	2022
Number of Management Staff Promotions	7	9	9	3
Number of Non-Management Staff Promotions	22	31	60	70
Total Number of Promotions	29	40	69	73
Promotion Ratio	10.55%	10.99%	27.80%	24%

Calculation: Number of promoted employees divided by the total number of employees assessed in 2022.

5.4 Employee Caring

5.4.1 Human Rights Management

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

Gudeng Precision Human Rights Management Standards:

1. Employment must be voluntary.

Policy : No employees are forced to work against their will. We adhere to international norms and government labor laws, regularly caring for employees' physical, mental, and emotional health and adaptability.

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

2. Prohibition of forced labor in any form

Policy : No employees are coerced into working against their will. We strictly comply with international norms and government labor laws.

Implementation : Provide overtime off instead of overtime pay, offer employees the freedom to choose, and implement a system to automatically notify abnormal attendance and working hours.

3. Prohibition of child labor

Policy : We protect children's rights and prohibit the employment of children under the age of 16. Prohibition of Child Labor and Remedial Measures in the Recruitment Management Regulations.

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

4. Enhancement of female employees' rights protection

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

Implementation : Establish lactation rooms, promote sexual harassment prevention, anti-discrimination, and anti-harassment measures, and set up a gender equality committee to protect individual privacy during the complaint process to create a friendly working environment.

5. Ensuring employee wage levels and benefits

Policy : Strictly implement the 7-day workweek policy, with a maximum of 6 consecutive working days, allowing employees to have a reasonable rest and leave arrangement.

Implementation : Collect market wage levels, optimize the assessment system, and establish a mechanism to adjust wages above market levels in July each year.

6. Ensuring employee rest rights

Policy : Strictly implement the 7-day workweek policy, with a maximum of 6 consecutive working days, allowing employees to have a reasonable rest and leave arrangement.

Implementation : Implement a system to control staff scheduling and automatically send notifications for abnormal attendance.

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

Policy : Gudeng Precision is committed to creating a respectful and safe working environment, respecting individual privacy, eliminating any form of workplace violence, harassment, and illegal discrimination, including physical abuse, corporal punishment, verbal abuse, and mental oppression. We provide effective and appropriate complaint channels and handling mechanisms.

Implementation : Establish occupational health and safety policies, introduce the ISO 45001 occupational health and safety management system, employ health examiners, and regularly conduct safety, health, and fire-related education and training.

8. Elimination of discrimination and equal employment opportunities

Policy : We do not discriminate or treat anyone differently based on race, class, language, ideology, religion, political affiliation, birthplace, gender, sexual orientation, age, marital status, appearance, physical disabilities, zodiac signs, blood types, past union membership, or any other status protected by applicable laws, and provide equal employment and career development opportunities for employees.

Implementation : Promote gender equality issues in recruitment processes, and use sexual orientation test results as weighting factors to avoid any discriminatory treatment based on personal appearance.

Conduct Internal Service Satisfaction and Self-Work Satisfaction Surveys} for all employees mid-year and at the end of the year. The internal service satisfaction survey assesses the satisfaction of all staff with the services provided by various company departments, including HR, supply chain center, customer quality assurance department, finance center, equipment division, accounting center, information center, environment, health and safety office, and general affairs division. The self-work satisfaction survey assesses all employees' satisfaction with their personal work development, job retention willingness, remuneration, and work environment, among other aspects. The satisfaction survey results are as follows:

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

Based on the survey results, improvements were made for any dissatisfied employees:

- Upgraded medium-sized buses used for transportation between north and south to large tour buses based on demand.
- Expanded and renovated dormitory rooms to accommodate more employees, added stress-relief game consoles in common areas.
- Considering the diverse dietary habits of Gudeng employees from different Asian regions, a food committee was established to collect and address feedback, optimize the company's dining services, and make the meals more suitable for all employees.
- Added free drink refrigerators, self-serve ice cream cabinets, and afternoon tea snacks as additional perks.

5.4.2 Employee Benefit

We firmly believe that the foundation for sustainable business lies in employees' wholehearted dedication and efforts. We are committed to providing a stage where employees can achieve wealth and career development under the Gudeng roof. To this end, the company not only focuses on building a competitive salary structure but also diversifies various welfare systems to offer reasonable rewards for employees' hard work and performance, including:

1. Monthly **employee assemblies**, where senior managers personally inform employees of the current month's business performance, important messages, and recognize outstanding contributions, sharing company news with each Gudeng employee.
2. Internal lectures and external education and training, as well as friendly facilities such as a **staff restaurant with free meals, a shuttle bus between factories, a fitness area, and an education and training center designed like a cinema**, providing a warm and secure working environment for all employees.
3. **Maternal care program** with lactation rooms, pregnancy care interviews, exclusive parking spaces for pregnant employees, sit-less toilets, pregnancy identification markers, and sterile suits for pregnant employees, showing our concern for pregnant employees.
4. Providing flexible working hours and family care leave to support employees in the event of family changes.

5. **Regular health check-ups for all employees every two years**, as well as Employee Assistance Program (EAP), resident nurses, and regular care for employees' physical and mental health.
6. Offering nearly **70 employee dormitories for employees** from other counties, with an average of one employee out of five residing in the dormitories, effectively attracting talents from outside the city. Employees from other counties can rent the dormitories at 60% of the market price, while employees from southern Taiwan can stay for free.
7. Providing a competitive **salary structure** and performance bonuses to ensure employees' quality of life. The company purchases treasury stocks as rewards for key talents.
8. A fixed proportion is allocated each month as the **Employee Welfare Fund**, providing benefits such as **holiday bonuses, funeral subsidies, and floral arrangements**.
9. The company fully covers a comprehensive **Employee Group Insurance** plan, including medical insurance, cancer insurance, life insurance, and accident insurance, enhancing employees' multiple protections.
10. Various **diversity activities** are organized, including year-end banquets, Mid-Autumn Festival barbecues, departmental gatherings, and family days.
11. Gudeng Precision conducts annual salary adjustments for employees with excellent performance and promotes the "**Settle Down Project**" to provide subsidies in the form of cash rewards. The company will build apartment buildings in accordance with local government plans to help employees balance work and family.
12. **Employee Stock Trust**: The company allocates monthly rewards to encourage employees to invest in company stocks through regular contributions to the trust. The maximum monthly reward is NT\$10,000.
13. Employees in senior positions of Senior Specialist and above are entitled to additional paid annual leave ranging from 1 to 7 days, exceeding statutory requirements. All employees enjoy paid sick leave benefits exceeding statutory requirements.
14. **Subsidies for domestic and international travel are provided, with a maximum of NT\$25,000 per person.**
15. **Children's Scholarships** are available for employees' children from elementary to high school, with outstanding students receiving up to NT\$5,000 per semester in scholarships.
16. **Gudeng's Traditional Three Major Activities** – Annual swimming across Sun Moon Lake, conquering The Bai Yue, and motorcycle tours around the island – encourage employees to challenge themselves.

**Conquering The Bai Yue –
Mount Dongjiyun, ranked 58th among The Bai Yue.**



Christmas gift exchange party, with mysterious prizes from the company's president.



Family bicycle day, exploring the 32-kilometer challenge route and the 8-kilometer parent-child fun route at Gudeng Sixth Estate.



Employee trips to Kinmen, Penghu, Yilan, and Kenting are subsidized in 2023, with a maximum subsidy of NT\$25,000. Trips to Japan, Vietnam, Thailand, and South Korea will be launched in the second half of the year.



Motorcycle tour around the island.



Gudeng Precision is pleased to see employees forming relationships, getting married, and having children. We implement friendly measures for maternity protection, and after maternity leave, employees can return to their original positions without any disadvantage. We provide training to assist employees on maternity leave with returning to work.

Presented a total of 7 sets of gold jewelry to employees for their newborn babies in 2022.



Maternity and Parental Care

Items	Gender	2020	2021	2022
Qualified applicants for parental leave	Male	13	19	17
	Female	13	16	18
	Total	26	35	35
Actual number of employees who applied for parental leave	Male	0	1	1
	Female	3	6	7
	Total	3	7	8
Employees who should return to work	Male	0	0	1
	Female	0	5	7
	Total	0	5	8
Employees who actually returned to work	Male	0	0	0
	Female	1	4	6
	Total	1	4	6
Reinstate rate	Male	-	-	0%
	Female	-	80%	86%
	Total	-	80%	75%
Number of employees who returned to work and completed one year of service in the same year	Male	0	0	0
	Female	0	4	2
	Total	0	4	2

Items	Gender	2020	2021	2022
Retention rate	Male	-	-	-
	Female	0%	100%	33%
	Total	0%	100%	33%

Note:

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

2022 Statistics on Employee Family Care-related Leaves

Items	Family Care Leave/ Number of employees	Maternity (Paternity) Leave/Number of employees	Menstruation leave/Number of employees
Male	11	11	0
Female	23	7	494

5.4.3 Retirement Planning

To ensure the long-term career of employees, Gudeng Precision has planned a retirement pension system for employees, including benefits under the "Labor Standards Act" and contribution plans under the "Labor Pension Act". Under the new labor pension system, the company contributes 6% of each employee's monthly salary to the retirement pension in Taiwan. The contribution is deposited in a special account under the name of the Labor Pension Supervisory Committee at Taiwan Bank. Before the end of the year, if the estimated balance in the account is not sufficient to pay for employees who are expected to meet the retirement conditions within the next year, the shortfall will be contributed by the end of March of the following year. The amount of retirement pension contributed under the new system in 2022 was NT\$16.66 million. As for the old labor pension system, the company contributes 2% of the total salary of employees in Taiwan to the employee retirement fund each month.

5.5 Labor/Management Communication

Employees are the company's most important asset, and the company attaches great importance to employee opinions and rights. The top management actively constructs a belief system through various communication channels and personally participates in them, such as quality issue review meetings, QCC presentations, functional education and training, production line meetings, department weekly meetings, and supervisor meetings. Values and strategies are conveyed through company-wide monthly meetings, electronic restaurant billboards, bulletin boards, internal website entrance messages from the president, and "Bill's Appointment". Comprehensive issues are discussed through ABC&BSC training sessions and emails to ensure that employees are aligned with the correct direction. In addition, labor-management meetings are held quarterly. In 2022, a total of 4 labor-management meetings were held to provide a platform for communication and coordination between labor and management and promote cooperation between the two sides. It also ensures the rights of workers to voice their opinions by establishing a labor complaint mechanism and setting up complaint mailboxes and email addresses. If employees find violations, unlawful acts, unfair treatment, or have other suggestions, they can communicate and file complaints with the company. If labor complaints are received, the human rights protection process will be followed for resolution.

There were 2 violations on labor issues in 2022 and have been actively improved to ensure employees' wages, benefits and rights.

Violations	Improvement and Response Policy
On November 16, 2022, it violated the Labor Standards Act. The company failed to calculate and give workers special leave and unpaid wages, and failed to give occupational accidents in accordance with regulations. Wage compensation and a fine of NT\$100,000.	<p>(1) In this occupational accident case, our company's "original salary" payment standard does not include the salary due during the original working time, including "position bonus/night shift allowance/work bonus/meal allowance under normal working hours", there was indeed an oversight; therefore, during the labor mediation process, it was recorded that our company made up for it in accordance with the law.</p> <p>(2) However, this occupational accident case involves disputes between employers and employees during the occupational accident period. It has entered into legal procedures and will implement all agreements on payable or refundable amounts according to the court judgment.</p>
On December 12, 2022, the employer violated the Labor Pension Regulations, and failed to verify the declaration and adjust the labor pension contribution wages in accordance with the regulations, and was fined NT\$5,000.	<p>(1) In November 2022, the implementation deficiencies in this insurance adjustment operation have been corrected, and it has been expanded horizontally to the unified adjustment of various insurance levels, and the improvement and implementation have been completed.</p> <p>(2) Improvement implementation completed: adjusted based on average salary from August to October 2022</p> <p>(3) At the same time, the method of long-term improvement is to conduct verification and declaration adjustments every three months. So far, two verification adjustments have been carried out in February and May 2023.</p>

Complaint hotline: 02-2268-9141#1010

Employee complaint mailbox: hrm@gudeng.com

The company respects the power of collective bargaining and employees' participation in gatherings and holds labor-management meetings regularly according to the law. Apart from reporting on business operations to employees, it also invites employees to discuss labor conditions and benefits. The company follows the regulations of the competent authority and provides advance notice based on years of service for cases such as employee resignations, layoffs, and employee retirement. The notice period is generally in accordance with the Labor Standards Act. However, if there are special circumstances, after mutual agreement, the notice period will be implemented based on the results of the negotiation. In addition, if there are significant changes in the company's operations or labor conditions, a labor-management meeting will be convened to communicate and notify employees according to the regulations of the competent authority, ensuring that employee rights are not compromised.

Items	Notice Period
Continued work for more than three months but less than one year	10 days
Continued work for one year or more but less than three years	20 days
Continued work for three years or more	30 days

5.6 Occupational safety

Strategy Commitment	Prioritize employee safety and health, continuously optimize the workplace environment		
	2022 Goal	2022 Achievements	2023 Goal
Zero occupational accidents	Zero major occupational accidents, zero tickets	Zero major occupational accidents, zero penalties	Zero major occupational accidents, zero tickets
Enhance safety and health awareness	Average training hours per person for safety and health education to be at least 1 hour	1. 100% completion rate for new employee education and training 2. Average training hours per person to reach 4.17 hours	Average training hours per person for safety and health education to be at least 1 hour

Safety and Health Policy

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

Occupational safety and health management system

Gudeng Precision values worker safety and health issues, and its environmental safety and health projects are relatively superior to regulatory requirements. In 2014, it obtained the OHSAS 18001 Occupational Safety and Health Management System and ISO 14001:2015 Environmental Management System certification. In 2020, it completed the ISO 45001:2018 Occupational Safety and Health Management System version upgrade certification. The system is internally audited by qualified personnel every year and undergoes external audits by impartial third-party organizations, covering all employees.

Occupational Safety and Health Committee Organization

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



Safety and Health Policy and Implementation Results:



COVID-19 Prevention Measures

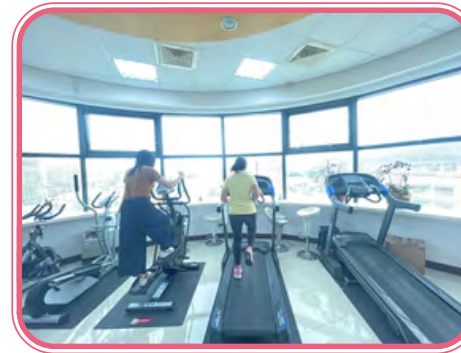
During the COVID-19 pandemic in 2022, Gudeng Precision provided employees with **38,000** medical masks and **2,800** rapid test kits for free to ensure employee health. The company also purchased **4** sets of oxygen production equipment to meet emergency needs.

Occupational Health and Safety Activities

1. Every two years, on-duty employees undergo health checks, and the company subsidizes the cost with NT\$1,000. Special operation personnel receive special operation health checks annually.
2. Employment of occupational health protection service nurses to provide on-site health services, implement health education and advocacy, conduct overburdened work assessments, and assess human factor hazards in the work environment. Based on the annual health check results, health classification is conducted, and individual health management advice is provided to high-risk groups, with a return-to-work assessment for occupational accident employees.
3. A lactation room is provided for employees, creating a friendly workplace environment.
4. Regular operation environment monitoring and quarterly inspections of drinking water quality are conducted to ensure that there are no health hazards in the work environment.
5. Implement four major plans for promoting and executing prevention of diseases caused by abnormal workloads, prevention of human factor hazards, maternal health protection, and prevention of unlawful violations.
6. Starting from 2022, the company has fully paid for the physical examination costs for new employees.

Physical and Mental Health Promotion Activities

1. The Welfare Committee organizes activities such as climbing The Bai Yue, swimming in Sun Moon Lake, and cycling around the island every year to encourage employees to get close to nature and challenge themselves during their leisure time.
2. Fitness equipment (including treadmills, exercise bikes, stair climbers, and weight training machines) is installed in the employee restaurant for employee use, aiming to relieve work stress and promote fitness.



Landscaped fitness rooms, dart leisure cafes

Risk Identification and Risk Assessment

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

Worker participation, consultation and communication on occupational safety and health

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

Safety Education and Training and Advocacy Programs

1. To maintain a safe and healthy working environment for employees, the company has established the "Occupational Safety Management Plan" and "Occupational Safety and Health Work Guidelines".
2. Before daily operations at workplaces and machinery, pre-check operations are conducted, and inspections and maintenance are carried out according to the automatic inspection plan. The MSA system is used to set up automatic reminders, ensuring timely completion of inspection tasks to guarantee the safety of the environment and equipment.
3. Conduct two fire safety lectures and disaster evacuation drills annually.
4. Regularly plan emergency response drills and conduct periodic training and drills in response to social concerns.
5. Supervisors of special hazard operations and operators of dangerous machinery are required to participate in education and training provided by qualified institutions and obtain relevant certifications.
6. New employees receive occupational safety and health education and training upon joining, and regular safety and health seminars are held for on-duty employees.
7. In addition to providing occupational safety and health education and training, a line certification mechanism is established, and only qualified personnel are allowed to operate the machinery on the production line.
8. Each year, online courses are arranged on the LMS education and training platform to provide general employee safety and health education for on-duty employees, allowing employees to arrange training at their convenience.
9. Each year, training and assessment are conducted for internal audit personnel in the Occupational Safety and Health Management System.

Safety Education and Training and Advocacy Categories and Hours Statistics

Items	Class	Number of Trainees	Total Training Hours
New Employee Occupational Safety and Health Education and Training	87	344	1,032
Monthly Health Management Training	2	661	165
General Occupational Safety and Health In-Service Training for On-Duty Em-ployees	1	481	481
Self-Defense and Evacuation (Fuxing)	2	14	7
Self-Defense (Tucheng)	1	17	17
Self-Defense and Evacuation (Tucheng)	2	142	142
Self-Defense (Tree Valley)	2	83	332
Evacuation (Tree Valley)	5	353	353
Dormitory Evacuation (Tucheng)	1	6	3
Dormitory Evacuation (Tree Valley)	1	15	15
General Occupational Safety Education for Safety Committee Members	1	19	19
Total	105	2,135	2,566



Occupational safety and health drills in North and South factories

2022 Statutory License Re-certification Training Hours

Items	Number of Trainees	Total Training Hours
Fixed Crane Operator (Over 3 tons)	2	6
Forklift Operator (Over 1 ton)	4	12
Class A Occupational Safety and Health Business Supervisor	1	6
Fire Manager	1	6
First Aid Personnel	4	12
Dust Operation Supervisor	1	6
Total	13	48

Note: Statistical Period: January 1, 2022, to December 31, 2022.

Emergency Response and Incident Investigation Procedures

To prevent accidents that may cause environmental impact and harm to personnel safety, Gudeng Precision follows the "Emergency Response Control Procedures" to implement contingency measures, safeguarding the rights and interests of employees. When unexpected events such as fires, explosions, chemical leaks, natural disasters, etc. occur, the handling procedures are based on prioritizing personnel safety to properly care for and prevent the spread of disasters. Regular emergency response drills are conducted to familiarize personnel with emergency response and evacuation actions, minimizing the risk of accidents. Gudeng Precision's Environment, Safety, and Health department follows the "Emergency Response Procedures" as a preventive management measure to prevent the escalation of incidents. The "Incident Investigation Management Procedures" are used to handle occupational accidents, injuries, disabilities, and fatalities. After determining the type of incident, follow-up notifications are executed, and together with labor representatives, the effectiveness of preventive measures and improvements are monitored. Periodic investigations and follow-ups are conducted in the Occupational Safety and Health Committee to reduce occupational safety and health risks and prevent similar incidents from recurring.

Historical Occupational Injury Cases

To ensure the safety and health of workers and prevent occupational accidents, non-employee workers (dispatched employees) providing labor services must complete necessary safety and health education and training. During the period of 2022, there were no significant occupational safety incidents reported.

Items	2020	2021	2022
Working Hours (hours)	585,002	767,872	1,088,400
Number of Cases of Disability Injury	1	5	4
Total Disability Injury Loss Days	66	167	16
Disability Injury Frequency (FR)	1.70	6.51	3.67
Disability Injury Severity Rate (SR)	112	217	14
Total Injury Severity Index (FSI)	0.43	1.18	0.22

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

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

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

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

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

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

Occupational Accident Types

In 2022, there were four incidents of general occupational injuries in the factory area. The Environment, Safety, and Health department responded immediately following the emergency response and incident investigation procedures. They implemented environmental improvements to prevent recurrence.

Items	2020	2021	2022
Caught, Rolled	1	2	1
Fallen, Tumbled	0	1	0
Cut, Slashed, Scraped	0	1	1
Slipped, Tripped	0	1	1
Other	0	0	1
Total	1	5	4

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

Contractor Occupational Safety Management

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



6

Social Care and Community Contribution

6-1 Sustainable Care Policies

6-2 RE+100 Charity Fund

6-3 Industry-Academia Cooperation



Performance Highlight



Cooperated with 12 universities for industry-academia collaboration involving **55** participants, accumulating learning hours of **55,840**. Awarded scholarships to **651** students.



One-stop blood donation channel – Blood Donation and Hematopoietic Stem Cell Donation Event Adopted **100** hectares of organic rice fields to replace burning rice straw.



Company and Employee Collaboration to Promote **15** Public Welfare Projects Employees independently initiated participation in public welfare activities in the community for a total of **382** times. Employees established the **RE+100** Public Welfare Fund.

6-1. Sustainable Care Policies




















Strategy Commitment	Establish a long-term aid plan to care for the quality of medical care in remote areas and disadvantaged groups. Establish a public welfare foundation as a vision and systematize the expansion of public welfare activities to ensure the perpetuity of Gudeng's spirit.		
	2022 Goal	2022 Achievements	2023 Goal
Social Welfare	Investing in social welfare for environmental conservation, adopting the farmland program, assisting farmers in promoting "straw decomposition bacteria" to reduce greenhouse gas emissions. Consolidating three major events and Family Day into charity events.	Adopting 100 hectares of farmland, providing guidance to farmers on using "rice straw decomposition bacteria" to reduce greenhouse gas emissions. Employees autonomously formed a charity group to collect 1,334 items and engage the community with 382 participants .	Collaborating with the supply chain and civilian organizations to raise funds for the reconstruction of Dongli Junior High School in Fuli Township, Hualien, reaching NT\$30 million . Participating in environmental conservation charity by adopting 1,000 hectares of rice fields. Engaging the community with 500 participants .
Medical Welfare	Contributing to caring for orphanages and planning to improve rural medical services.	Donating 1 vehicle for diabetes and healthy living. Donating 20 units of oxygen generators. Establishing a one-stop blood donation channel for blood and hematopoietic stem cell donation.	Contributing to caring for orphanages and planning to improve rural medical services. Conducting community and university blood donation activities, raising donations up to 100,000 cc .
Educational Promotion Cultural Heritage	The CEO serves as a mentor at National Chengchi University, sharing industry experiences to enhance industry-academia cooperation for students' internship participation and experience in the industry.	The CEO serves as a mentor for 5 interns from National Chengchi University. The number of interns has grown to 55 individuals , with a total internship time of over 50,000 hours . Awarding scholarships to 651 primary and secondary school students in Chiayi County. Donating to Sulin Cisheng Matsu Temple - the Shrine of the Blessed Mother.	Continuously increasing the number of participants and hours in industry-academia cooperation projects. Promoting Taiwan's traditional opera culture.










Gudeng Precision believes that entrepreneurship is challenging, and today's achievements are the result of support from all sectors and the dedication of our employees. We adhere to the principle of gratitude, and since the founding of Gudeng, our two founders, Chairman Ming-Chien Chiu and Vice Chairman Tien-Jui Lin, have personally led in engaging in caring services at Longtan Rehabilitation Institute. They wholeheartedly contribute to social welfare, both publicly and privately. They have received certificates of gratitude from the Taipei City Government Education Bureau for their enthusiastic educational donations and the Nan Kang High School of Industry for their care in skills competitions and school history room renovations. They have also served as instructors at Nanya Institute of Technology, providing their experiences to students and offering funding for special projects in the Department of Mechanical Engineering at Chung Yuan Christian University. They have collaborated in anti-drug campaigns at Sanxia Junior High School and, in recent years, served as the District Governor of Lions Clubs International 300B2, encouraging colleagues to participate in blood donation activities organized by the Lions Clubs International. They have contributed to the preservation of Taiwan's traditional culture by donating to Sulin Cisheng Matsu Temple – the Shrine of the Blessed Mother, planning temple constructions, and promoting traditional opera culture, with the hope of giving back to society as much as possible.

Continuing the tradition of personally engaging in public welfare that began decades ago, in 2022, MA (Management Associate) members bravely took on the challenge and autonomously established a charity group, proposing the RE+100 Charity Fund and leading two major themed charity events. This revives Gudeng's tradition of actively participating in public welfare, with a total of 382 participants. The company continues to invest in five major areas of public welfare, amounting to NT\$5,480,380. The Chairman has also initiated fundraising efforts and, together with the supply chain and civilian organizations, formulated a reconstruction plan for schools in the aftermath of the Hualien earthquake.

Gudeng's sustainable care policy is driven by the company and its employees, working together to achieve 15 public welfare projects in 2022. The company is committed to creating long-term aid plans to care for the quality of medical services in remote areas and for vulnerable groups, establishing a public welfare foundation as its vision, and systematically expanding the scope of public welfare activities to ensure that the spirit of Gudeng endures and continues to work together!

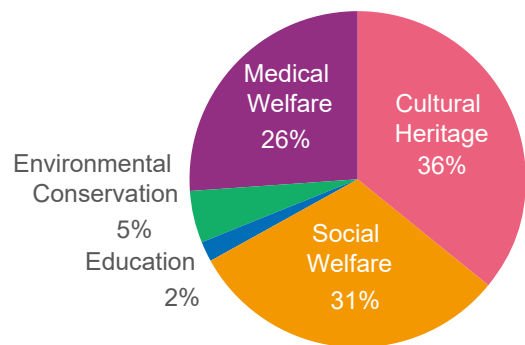


Company Initiatives	Goal	Public Welfare Projects	Investment Amount	SDG Achievement
1	Cultural Heritage	Donating to Sulin Cisheng Matsu Temple – the Shrine of the Blessed Mother.	1,800,000	
2	Cultural Heritage	Donating to Chiayi Fellow Townsmen Association for the cultural construction fund	100,000	
3	Social Welfare	Donated to New Taipei Special Search Brigade Gudeng No.3 rescue vehicle.	1,562,195	 
4	Social Welfare	Donated to National Innovation and Entrepreneurship Association for their director expenses.	40,000	
5	Educational Promotion	Provided scholarships to 651 students in primary and elementary schools in Chiayi County.	100,000	
6	Educational Promotion	Sponsoring the International Manufacturing Engineering Conference and Industry Forum	20,000	
7	Environmental Conservation	Taiwan Good Air Cultivation Futen Project by the Chinese International Native Restoration Association	250,000	   
8	Medical Welfare	Donating a diabetes and healthy living vehicle	1,000,000	
9	Medical Welfare	Donating 10 units of NIDEX Oxygen Generator Nuvo Lite5	266,667	
10	Medical Welfare	Donating 10 units of UP+ 3L Portable Oxygen Generators (UP-305)	247,619	
11	Social Welfare	918 Earthquake Dongli Junior High School Campus Reconstruction Plan	2-3 years	    

Employee Autonomy	Goal	Public Welfare Projects	Investment Amount	SDG Achievement
1	Social Welfare	Donating to the Taiwan Family Care Association to provide diapers and milk powder for the elderly and families in remote areas of Taitung	55,915	 
2	Medical Welfare	Donating medical supplies such as gloves to the Pingtung Christian Bethany Home to assist 127 patients with rare diseases	37,984	 
3	Social Welfare	Collecting 1,334 used items, and the RE+100 Charity Fund was matched by the company with an additional NT\$136,899	Ongoing Promotion	 
4	Medical Welfare	One-stop blood donation channel – Blood Donation and Hematopoietic Stem Cell Donation Event	Ongoing Promotion	  

In 2022, there was an increased emphasis on cultural heritage, accounting for 36% of the overall public welfare investment.

Investment Amount of NT\$ 5.48 million in 2022 for 5 major areas.



Social Welfare Commitment



In Taiwan, old houses are a common problem, and unstable structures and building materials often cause fatal injuries in accidents, leading to avoidable loss of lives. In May 2020, the government announced the Accelerated Reconstruction of Dangerous and Old Urban Buildings Act, aiming to address potential disaster risks by accelerating the reconstruction of dangerous and old buildings within urban planning areas and improving living environments, with the hope of enhancing building safety and the quality of life for citizens. In addition, in the face of unpredictable and unavoidable natural disasters such as typhoons and earthquakes, timely assistance is crucial. In 2022, Gudeng Precision donated the Gudeng No. 3 disaster survey vehicle to the New Taipei City government, with the hope of becoming a reliable partner to the military in disaster relief, jointly safeguarding the lives and properties of the people.



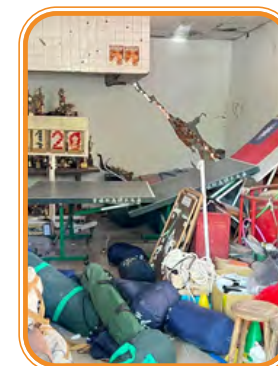
New Taipei City Mayor Hou You-Yi presented a letter of appreciation in recognition of the donation.



The 918 Earthquake severely impacted the junior high and elementary schools in the southern districts of Hualien, with 51 schools reporting disaster damage funds exceeding NT\$84 million. Many classrooms and buildings have been labeled with red tags for demolition. After the disaster, civilian organizations stepped in to assist in the post-disaster restoration efforts. One of the most severely damaged schools, Dongli Junior High School, is located on a hillside. The Chairman of Gudeng Precision remains concerned about the development of Hualien students who are learning remotely without a safe learning environment. By the end of 2022, a campus reconstruction plan was proposed, aiming to construct a safe and green campus to allow 51 low-income, multi-generational families, and single-parent teachers and students to return to school as soon as possible.

Issues that still need improvement include cracked roads at the school gate, raised ground on the playground, broken water pipes and damaged water towers on campus, cracked floors in faculty restrooms, deformed windows, and numerous cracks in office walls.

Rebuilding after a disaster cannot be accomplished by one person alone. Gudeng Precision initiated a fundraising campaign in collaboration with supply chain partners GigaVis and SYMTEK AUTOMATION. They extended the effort to the Lions Club International, raising a total of NT\$30 million. A proposal was submitted to the Hualien County Government to integrate resources and develop a reconstruction plan. The plan is expected to include the construction of two floors with 17 classrooms, 5 staircases, and 2 restrooms in Lots 698, 706, 696, 697, 707, 1014, 1020, 695, 694, and 699 of Xinzhuang Section in Fuli Township. The project is scheduled to take about 2 years, including bidding, contracting, construction, acceptance, and final settlement. The goal is to incorporate local characteristics and culture into the campus space, making it not only a place for education but also an optimized leisure space for over 300 local residents, creating a school with distinctive highlights and sustainable management.





The "Good Air Nurtures Fufu Field" initiative, launched by the Chinese International Native Restoration Association, aims to promote the use of fast-acting decomposing bacteria to decompose rice straw in situ, increase soil organic matter, and reduce air pollution and health hazards caused by burning rice straw. However, burning rice straw directly is still the fastest and most cost-effective method for farmers in Hualien, and the popularity of decomposing bacteria is relatively low. In collaboration with the National Innovation and Entrepreneurship Association, Gudeng Precision launched the "Good Air Nurtures Fufu Field" campaign, hoping to increase the usage rate of decomposing bacteria by fundraising and sponsoring farmers. The goal is to enhance on-site decomposition of agricultural waste rice straw.

This circular regeneration concept aligns with the values of Gudeng Precision, and it contributes to reducing carbon emissions without any harm. In 2022, Gudeng Precision sponsored 100 hectares of paddy fields, encouraging interested farmers to try and understand organic agricultural production for circular benefits. Through on-site investigations and feedback on effectiveness, Gudeng Precision plans to expand its assistance to 1,000 hectares of farmers in 2023, promoting environmental conservation and circular agriculture.



Know more about Circular Agriculture



Through on-site investigations and feedback on effectiveness, Gudeng Precision plans to expand its assistance to 1,000 hectares of farmers in 2023, promoting environmental conservation and circular agriculture.

Medical System Epidemic Prevention Supplies



Since 2021, the COVID-19 pandemic has taken a heavy toll on the healthcare system. To support frontline healthcare professionals, alleviate the burden on hospitals, and accelerate screening progress, Gudeng Precision actively responded to the call from the International Semiconductor Industry Association and TSMC Charity Foundation for the "Zero-Contact Testing Station" fundraising project. Collaborating with semiconductor industry colleagues, Gudeng Precision provided rapid nucleic acid testing machines, high-flow oxygen nasal cannula systems (HFNC), and medical-grade air purifiers to frontline medical units and health clinics. These efforts aimed to enhance monitoring and ensure maximum impact on society in the fight against the pandemic. In 2022, as the pandemic eased, Gudeng Precision continued to donate diabetes and healthy lifestyle vehicles. Considering the ongoing need for medical equipment support for patients, they continued to provide dozens of oxygen generators, portable oxygen generators, and 20 steel bottles of oxygen for patients with impaired cardiopulmonary function who rely on oxygen for survival. Gudeng Precision collaborated with the Tainan City Government to expedite the use of medical equipment for care assistance. In 2023, Gudeng Precision plans to continue providing epidemic prevention supplies to disadvantaged units in remote areas.

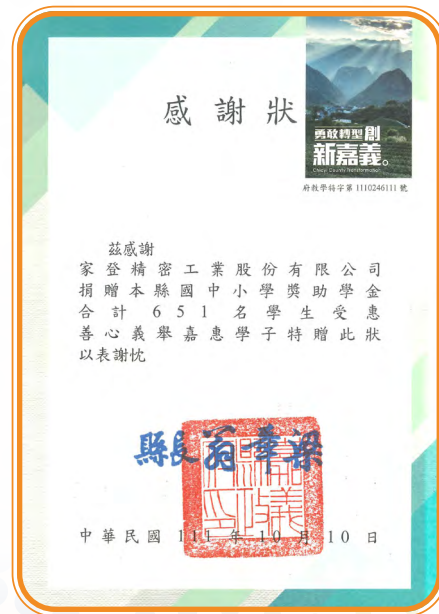
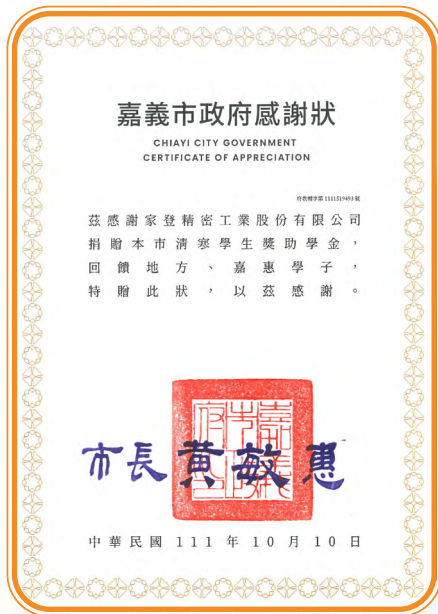


Tainan City Mayor Mr. Huang issued a certificate of thanks

Cultural Heritage

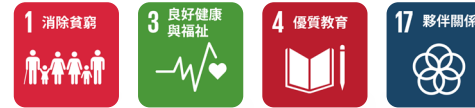


The Cisheng Matsu Temple in Sulin, New Taipei City, has a history of several decades and is highly revered by the local community. To promote traditional Taiwanese culture, Gudeng Precision donated the "Goddess Throne Shrine" to continue the historical legacy and provided cultural construction funds to the Chiayi County Association to sponsor 651 Chiayi County students.



In 2023, Gudeng Precision will further plan to donate land and build a temple to promote Taiwanese opera culture, allowing more young people to experience local culture.

6-2 RE+100 Charity Fund



The RE+100 Charity Fund originated from the employees' initiative

Gudeng Precision encourages its employees to be proactive, creative, and cooperative as part of their DNA and necessary qualities for MA.

In 2022, the MA in the financial and control field took the first step by proactively forming a charity group to create innovative models and increase participation rates. The vision is to diversify charitable activities and restore the tradition of Gudeng employees actively participating in charity.

The first step was to propose the establishment of Gudeng's unique culture, "Gudeng's RE+100", with the concept of "Recycle 1 piece of clothing and the company will donate NT\$100!" The aim was to promote the concept of circular assistance through the company's support. It aimed to inspire employees to participate and achieve 1+1= ∞, an infinite variety of charitable behaviors. The concept received approval and was awarded an additional budget reserve as matching funds.

Event Design, Publicity, Contact, Promotion, charity all be responsible ourselves!

The charity group took charge of event design, promotion, coordination, and outreach. The average age of the group members is only 29, and they are composed of 5 passionate volunteers from the southern and northern regions of Taiwan who have a strong desire to promote charity. They aim to implement action plans for charity activities, encouraging colleagues to participate step by step in social participation activities.

In 2022, they carried out 2 major themed events with 3 waves of activities, attracting a total of 382 participants. For the first one-stop blood donation event, we broke through with over a hundred participants. The community residents came from Sanxia, Shulin, and Zhonghe, and we collected nearly 50,000 cc of blood, surpassing expectations and surprising the blood donation center's medical staff!

In addition to the RE+100 second-hand donations, we also received an additional donation of nearly 100,000 charity funds from the company. We did not casually invest these hard-earned funds into social welfare organizations. Instead, we carefully

selected organizations with lower resources, thoroughly understood their needs, evaluated them cautiously, and established contact. We allocated budgets for the required resources, and in turn, helped hundreds of hemophilia patients, homeless individuals, and nursing homes.

How do we inspire others?

The results of each charity event, the number of beneficiaries, the accumulated amount of charity funds, and their utilization are all announced through the internal network and email to all employees. This allows our colleagues to feel involved. Additionally, we conduct real-time surveys to understand the willingness of Gudeng employees, receive suggestions for improvement, and identify social welfare units that hope for the continuous support and assistance of the charity group. We want more Gudeng partners to understand that even small contributions can be amplified through the power of the organization, helping more people, causes, and things in need.

The efforts of the Love Ambassadors in 2022 were publicly praised and recognized by the company. Looking forward to 2023, in addition to continuing the two major charity activities, we hope to propose different activities and help more resource-poor vulnerable organizations to grow together.

1. Unique Gudeng Culture – Join in Gudeng's RE+100!

#Digitalized statistics save time, effort, and costs #Environmental protection and reuse #Diversity of ethnic groups

RE100 is a global renewable energy initiative jointly launched by The Climate Group and the Carbon Disclosure Project (CDP) in 2014, inviting global companies to publicly commit to the goal of using 100% renewable energy. Although the company's current scale makes it difficult to join the RE100 organization, the sustainability goal can still be deeply ingrained in the hearts of every Gudeng employee. Through another form of charity,

we aim to allow all employees to be familiar with the global renewable energy issue.

In 2022, the charity group organized the first RE+100 donation activity: **Responding to donations of goods to make love last forever, Join in**

Gudeng's RE+100!

Meaning:

Donating Second-Hand Clothing and Goods to Those in Need Monthly

【 REcycle old item generate 100x donation benefit ! 】

Purpose:

Encouraging employees to participate and let them understand that donating one second-hand item can create double charity benefits. The charity group will use the additional charity funds from Gudeng to purchase equivalent items (food for the elderly, diapers, or other charitable donations) and disclose the donation amount, organizations, and projects each month, ensuring transparency and feedback among colleagues.

To optimize the environmental benefits, we also released electronic pamphlets to convey the proper way to donate clean clothes and goods without using plastic bags. Employees need to fold and neatly place them in designated paper boxes and scan the QR code to fill in the donation items and quantities through the survey website. This reduces paper waste and labor and enhances effective communication with stakeholders. Considering the diverse nationalities of employees in the northern and southern factories, the pamphlets were also translated into English and Vietnamese, granting all employees the right to participate in charity work.

In 2022, we conducted 2 waves of RE+100 donation activities, with a total of 226 participants. We collected 1,334 items, and Gudeng's additional charity fund reached NT\$136,899.

Among them, the first wave received an enthusiastic response, with a total of 132 participants and a cumulative collection of 911 pieces of clothing. Gudeng further added 90,899 NTD to the charity fund, once again helping many families and 127 hemophilia patients, as well as elderly individuals and families in Taitung (elderly food, diapers, and festival food) totaling 52,915 NTD, and smart parenting families in Pingtung (medical gloves and supplies, laundry detergent, frozen fish) totaling 37,984 NTD.

In 2023, due to the massive earthquake in Turkey, the charity group decided to donate all remaining funds to disaster relief. Although it may seem insignificant, we still believe that Gudeng Can Help.

We will also strive to launch diverse and innovative charity projects and continue to accumulate the RE+100 charity fund.

Northern old clothes recycling and sorting



Thanks from Taitung social welfare organizations to all employees.

RE+100 funds are reused to purchase baby and elderly supplies.



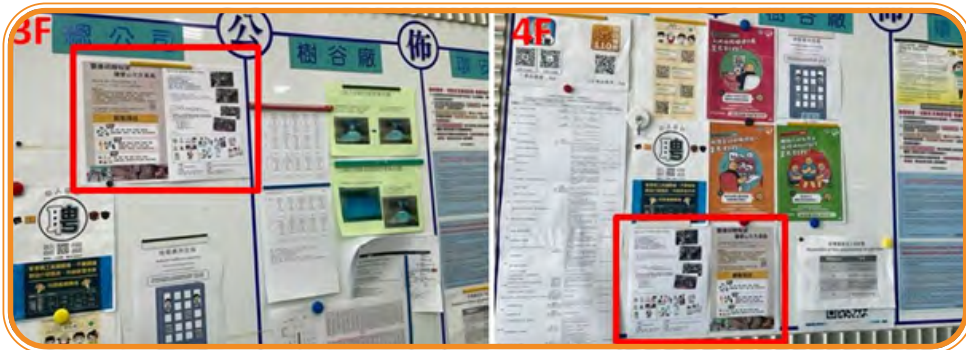
Promotion of event pamphlets in Vietnamese



2. One-stop blood donation channel – Blood Donation and Hematopoietic Stem Cell Donation Event

Even if they are not willing to donate blood (blood test registration), as long as we can change their perception of hematopoietic stem cell testing, it represents the core value of Gudeng Precision, which is courage to change!

Promotion at the southern factory



In 2022, due to frequent news of severe blood shortages in Taiwan, we were originally planning to hold a community blood donation event with the Taipei Blood Center. However, after Gudeng employees actively informed us about the long-term promotion of hematopoietic stem cell donation and testing by Tzu Chi, we had a different idea.

Hematopoietic stem cell donation and testing only require a 10cc blood sample for filing and further matching with leukemia patients. If our company can assist in promoting and recruiting donors, it will significantly increase the chances of matching with leukemia patients. Considering concerns about personal information disclosure and fear of bone marrow donation, the charity group has been in contact with the Tzu Chi Bone Marrow Stem Cell Center during the event preparation process. We have learned about the testing process and matching procedure and discussed it in detail. We found that bone marrow donation technology has significantly advanced and is no longer as invasive as previously perceived, requiring hospitalization and spinal puncture.

To let more people understand the significance of hematopoietic stem cell donation

and testing, we further arranged for the Bone Marrow Stem Cell Center to interview and interact with the chairman of Gudeng Precision. This aimed to convey the positive value of hematopoietic stem cell donation and combine the efforts of the employee community and the chairman's public association to promote the progress of bone marrow donation technology.

1. We established a one-stop blood donation channel, negotiated with the blood donation center and Tzu Chi Stem Cell Center, and ensured that everyone who participates in blood donation can access information about hematopoietic stem cells.
2. We collected information, found explanatory videos, and shared case studies, which were then compiled to design educational posters for dissemination.
3. We contacted each neighborhood chief in Tucheng District and posted the posters in their offices, community buildings, and Facebook groups.
4. We hope to not only attract the enthusiastic participation of young and passionate Gudeng employees but also promote the free participation of community residents.

The enthusiasm on the day of the event exceeded expectations. During the first community blood donation drive, over a hundred participants from the community, passersby, and different residents joined, resulting in the collection of 162 bags of blood, 40,500cc and 31 vials of 10cc hematopoietic stem cell samples. This not only helped healthcare institutions but also increased the number of samples for potential matching with leukemia patients. We thank every enthusiastic partner for their response.

However, due to the unexpectedly high number of participants, healthcare personnel were overwhelmed, causing long waiting times for residents in the building and passing locals. We take all feedback into account and will use it as the primary improvement goal for the next event.

Public Welfare Team (four on the right), successful hematopoietic stem cell matching volunteer (second from the left), Tzu Chi reporter



Gudeng Precision Chairman, and Bone Marrow Stem Cell Center



One-Stop Blood Donation Event Site

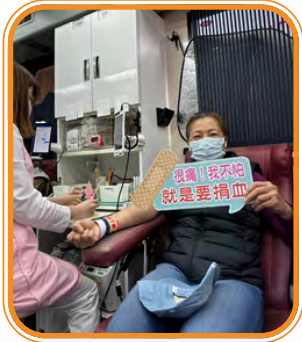


Simultaneous Response: Blood and Stem Cell Donations, Listening to Explanations





Community Residents Responding



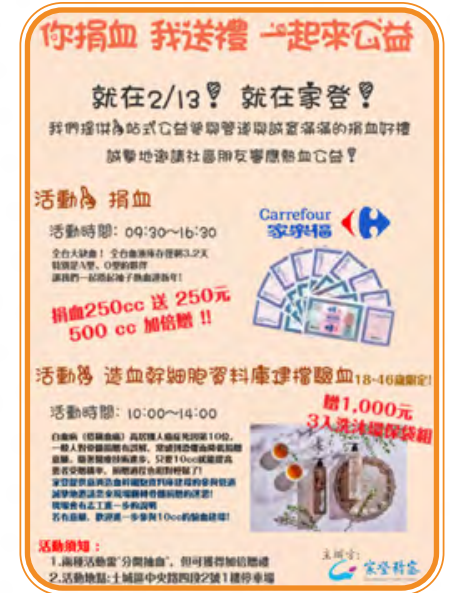
Enthusiastic Gudeng Employees Donating Blood



Tzu Chi Interview Scene



Event Information Pamphlet



About Hematopoietic stem cell donation

Did you know that "donating bone marrow" is now as easy as donating blood?

Is it hopeless to get "leukemia"? Can bone marrow transplant cure blood cancer?



6-3 Industry-Academia Cooperation Plan



For the sustainable development of the industry, "inheritance" is an essential task. Gudeng Precision has been devoted to promoting education and cultivating Taiwan's local technical talents. Since 2015, we have actively participated in various industry-academia cooperation projects with 17 schools and departments, collaborating on project plans with schools to provide students with opportunities to understand industry trends and technological developments at an early stage. We adopt the concept of learning by doing, integrating classroom knowledge into practical workplace operations, and the founder and executives personally share their industry experiences, hoping that future students can build on the past and flourish.

In 2022, the number of recruited industrial-academic students and interns reached a record high of 38. Among the 15 interns who did not pursue further education after their summer internship, 5 of them were converted to regular employees, achieving a retention rate of 70%. Over the past three years, a total of 55 students have participated in various projects, including industry-university master's and doctoral programs, industry-academia dual-track programs, New Southbound projects, summer and winter internships, and internal recommendations. The total internship hours exceeded 50,000, with an investment of millions of dollars. In the future, we will further increase the internship participation hours through project plans, allowing students to gain abundant industry experiences.

In recent years, we have also cooperated with Chung Yuan Christian University's Mold and Forming Technology Research and Development Center on nine technical development research projects.

2022 Participated Industry-Academia Cooperation Projects:

	School	2022	2023	Interview In Progress/Upcoming
1	National Sun Yat-sen University.	1		
2	National Taipei University			1
3	Normal university		2	
4	National University of Tainan	3	3	
5	National University of Kaohsiung	3		1~3

	School	2022	2023	Interview In Progress/Upcoming
6	National Taipei University of Technology	1		
7	Chung Shan Medical University	9	8	3~5
8	Chung Yuan Christian University	5	2	
9	Nanhua University	2		
10	National Kaohsiung University of Science and Technology	1	1	
11	Ming Chi University of Technology			1
12	Kun Shan University	16	15	
13	Far East University	2	1	
14	Nanya Institute of Technology			3
15	Chihlee University of Technology	11	11	
16	Lunghwa University of Science and Technology			1~3
17	Kao Yuan University	1		
Overall Number of People		55	43	Approximately 10-12 people

Note: School names are sorted by Chinese strokes

Gudeng Precision warmly welcomes all students to visit and learn. Regardless of their major or background, we hope that in this short exchange and tour, they can catch a glimpse of the mystery of the semiconductor world. We hope that Chairman and the Chief Operating Officer's personal guidance in the factory and clean room tour can bring fruitful results to each student. We spare no effort in continuing to invest in talent cultivation, starting from the schools.

Every semester, we welcome outstanding students to intern at Gudeng. In addition to Chairman serving as a career mentor, providing guidance and sharing work experience, interns also have the opportunity to learn in departments they are interested in, gaining early insights into the company's operations, and making more contact with the workplace during their student years to accumulate solid practical experience. This allows them to integrate into society more smoothly in the future and become the elites of the new generation!



COO leads the students to visit the clean room operation



CEO and COO lead the students to visit the clean room and injection area

While focusing on operations and rapid growth, Gudeng Precision is also committed to promoting public welfare projects, establishing long-term aid plans to care for related education sponsorships in remote areas, and environmental pollution prevention. We plan to merge the three major events and family day into a public welfare event, contributing to society with all our heart. To preserve national culture and local customs, we actively undertake public welfare activities to promote the construction of local temples and the inheritance of cultural industries. Looking to the future, the founder's vision includes establishing the Gudeng Technical Vocational System College to inherit CNC injection technology and semiconductor key material partnership experience, and setting up a public welfare foundation to systematically expand the scope of public welfare activities, ensuring the enduring spirit of Gudeng.



Comparison Table of GRI Guidelines

GRI Content Index

Used GRI 1 GRI 1: Foundation 2021

Applicable GRI Industry Standards: No applicable GRI industry standards were released during the reporting period of this report.

GRI 2: General Disclosure 2021				
Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
Organization Overview and Reporting Practice				
Corporate Governance and Risk Management	2-1	Organization Detailed Information	1.1 Organization Overview	P.26
	2-2	Operating Locations, Activities, Brands, Products, and Services	About the report	P.4
	2-3	Reporting period, frequency, and contact	About the report	P.4
	2-4	Operating Locations	Not recorded	Not recorded
	2-5	Ownership and Legal Forms	About the report External Assurance – Independent Assurance statement	P.4 P.139
Organization Activities and Workers				
Corporate Governance and Risk Management	2-6	Markets served by our Services	1.1 Organization Overview	P.26
	2-7	Organizational Size	5.2 Friendly Workplace	P.95
	2-8	Information about Employees and Other Workers	5.2 Friendly Workplace	P.95
Governance				
Corporate Governance and Risk Management	2-9	Governance Structure	1.1 Organization Overview 1.2 Board of Directors Governance	P.28 P.36
	2-10	Composition and Diversity of Board of Directors	1.2 Board of Directors Governance	P.36
	2-11	Highest governance body	1.2 Board of Directors Governance	P.36
	2-12	Highest governance body	1.1 Organization Overview	P.36
	2-13	Membership of Association	1.1 Organization Overview	P.36



GRI 2: General Disclosure 2021				
Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
Governance				
Corporate Governance and Risk Management	2-14	Role of the highest governance body in sustainability reporting	1.2 Board of Directors Governance	P.36
	2-15	Conflict of interest	1.2 Board of Directors Governance	P.41
	2-16	Values, Principles, Standards, and Regulations	1.2 Board of Directors Governance	P.39
	2-17	Education background of the Board of Directors	1.2 Board of Directors Governance	P.36
	2-18	External Performance of the highest governance body, Performance Assessment	1.2 Board of Directors Governance	P.38
	2-19	Remuneration Policy	1.2 Board of Directors Governance 5.2.3 Remuneration Remuneration disclosed in 2022 annual report	P.39 P.98
	2-20	Remuneration Deciding	1.2 Board of Directors Governance 5.2.3 Remuneration 5.3.3 Performance Evaluation	P.39 P.98 P.104
	2-21	Annual total compensation ratio	1.2 Board of Directors Governance 5.2.3 Remuneration The annual total compensation ratio in 2022 is 13.63 times <small>(Note: Calculated based on the CEO salary and the median salary of non-executive employees disclosed in the annual report)</small>	P.39 P.98
Strategy, Policy, and Practice				
Corporate Governance and Risk Management	2-22	Statement of Sustainable Development Strategy	Message from the Chairman Sustainable Development Blueprint	P.5 P.13
	2-23	Policy and Commitment	1-3 Integrity Management 1-5 Information Security 3.1 Responsible Procurement and Compliance 4-1 Climate Change 4-2 Energy Management 5-4 Employee Care	P.18~P.24 The implementation status of the latest human rights policy in 2022 is expected to be reported to the Corporate Sustainability Committee in 2023 to further review and improve the policy
	2-24	Included in Policy and Commitment	1-3 Integrity Management 1-5 Information Security 3.1 Responsible Procurement and Compliance 4-1 Climate Change 4-2 Energy Management 5-4 Employee Care	



GRI 2: General Disclosure 2021				
Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
Strategy, Policy, and Practice				
	2-25	Procedures for Remediating Negative Impact	Sustainable Development Blueprint 1.3 Integrity Management	P.13 P.42
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Integrity Management	P.42
	2-27	Compliance	In 2022, there were no major violations of environmental protection regulations, economic matters, or non-monetary penalties. There were 2 violations on labor issues in 2022 and have been actively improved to ensure employees' wages, benefits and rights. 1. Violation of Article 38, paragraph 4, of the Labor Standards Act and Article 59, paragraph 2, of the Labor Standards Act. 2. Violation of Article 15, Item 2 of the Labor Pension Act.	P.111
	2-28	Membership of Association	1.1.1 About Gudeng Precision	p.33
Engagement with Stakeholders				
Corporate Governance and Risk Management	2-29	Policy for Stakeholder Engagement 1.1	0. Engagement with Stakeholders	p.14
	2-30	Collective bargaining agreement	The company has not yet signed a group agreement	
GRI 3: Major Topics 2021				
	3-1	Procedure for Deciding Major Topics	Management and Policies on Key Topics	P.17~P.24
	3-2	Major Topic List	Management and Policies on Key Topics	P.17~P.24
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GRI 201: Economic Performance 2016				
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Climate Change	201-2	Financial Impacts and Other Risks and Opportunities of Climate Change	4-1 Climate Change	P.78
Remuneration and Benefits	201-3	Defined Benefit Pension Plan and other retirement plans	5.4.3 Retirement Planning	P.110



Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 3: Major Topics 2021				
GRI 202: Market Presence 2016				
Remuneration and Benefits	202-1	Ratios of standard entry level wage by gender compared to local minimum wage.	5.2.3 Remuneration	p.99
Remuneration and Benefits	202-2	Taiwanese Employee Structure	5.2.1 Employee Structure	p.95
GRI 204: Procurement Practices 2016				
Supplier Management	204-1	Proportion of spending on local suppliers	3.2 Local Production, Strategic Alliances	p.71
GRI 205: Anti-Corruption 2016				
Integrity Management	205-3	Confirmed incidents of corruption and actions taken	1.3 Integrity Management 3.1 Responsible Procurement and Compliance	P.42 P.69
GRI 206: Anti-competitive 2016				
Integrity Management	206-1	Legal Actions for Anti-Competitive, Antitrust, and Monopoly Practices	1.3 Integrity Management	p.42
GRI 301: Materials 2016				
Climate Change Supplier Management	302-1	Energy consumption within the organization	4.2 Energy Management	P.80
	302-3	Energy Intensity	4.2 Energy Management	P.80
	302-4	Lowering Energy consumption within the organization	3.3 Low carbon transformation 4.2 Energy Management	P.74 P.80
GRI 303: Water and Effluents 2018				
Climate Change	303.1	Water Resources	4.4 Water Resources and Waste Management	P.84~P.85
	303-2	Waste Management	4.4 Water Resources and Waste Management	P.84~P.85
	303-3	Water Intake	4.4 Water Resources and Waste Management	P.84~P.85
	303-4	Water discharge	4.4 Water Resources and Waste Management	P.84~P.85
	303-5	Water Discharge	4.4 Water Resources and Waste Management	P.84~P.85



Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 3: Major Topics 2021				
GRI 305: Emissions 2016				
Climate Change	305-1	Direct (Scope 1) Greenhouse Gas Emissions	3.3 Low carbon transformation 4.3 GHG Management	P.74 P.83
	305-2	Indirect (Scope 2) Greenhouse Gas Emissions	3.3 Low carbon transformation 4.3 GHG Management	P.74 P.83
	305-4	Greenhouse Gas Emissions	3.3 Low carbon transformation 4.3 GHG Management	P.74 P.83
GRI 306: Waste 2020				
Climate Change	306-1	Waste Generation and Impact	4.4 Water Resources and Waste Management	P.85~P.86
	306-2	Waste Management	4.4 Water Resources and Waste Management	P.85~P.86
	306-3	Waste Generation	4.4 Water Resources and Waste Management	P.85~P.86
GRI 306: Waste 2020				
Supplier Management	308-1	New suppliers that were screened using environmental criteria	3.1 Responsible Procurement and Compliance	P.69~P.71
	308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Low carbon transformation	P.74~P.76
GRI 400 Social				
GRI 401: Employment 2016				
Remuneration and Benefits	401-1	New and Resigning employees	5.2.2 Talent Recruitment	P.97
	401-2	Benefits offered to full-time employees	5.1 Unique Gudeng Culture 5.2.3 Remuneration 5.3 Talent Development 5.4 Employee Care	P.88~P.95 P.98~P.100 P.103~P.104 P.105~P.109
	401-3	Parental leave	5.4.2 Employee Benefit	P.109~P.110



Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 400 Social				
GRI 402: Labor/Management Relations 2016				
Employee Rights	402-1	Minimum notice period	5. Labor/Management Communication	p111
GRI 403: Occupational Safety and Health 2018				
Occupational Health and Safety	403-1	Occupational safety and health management system	5.6 Occupational safety	P.112~P.126
	403-2	Hazard identification, risk assessment, and accident investigation	5.6 Occupational safety	P.112~P.126
	403-3	Occupational Health Services	5.6 Occupational safety	P.112~P.126
	403-4	Worker participation, consultation and communication on occupational safety and health	5.6 Occupational safety	P.112~P.126
	403-5	Worker Training on Occupational Safety and Health	5.6 Occupational safety	P.112~P.126
	403-6	Workers' health promotion	5.6 Occupational safety	P.112~P.126
	403-7	Prevention and mitigation of occupational safety and health impacts directly linked to business relationships	5.6 Occupational safety	P.112~P.126
	403-8	Workers covered by the Occupational safety and health management system	5.6 Occupational safety	P.112~P.126
	403-9	Occupational injuries	5.6 Occupational safety	P.112~P.126
GRI 404: Training and education 2016				
Talent Development	404-1	Average hours of training per employee per year	5.3 Talent Development	P.100~P.105
	404-3	Percentage of employees receiving regular performance and career development reviews	5.3 Talent Development	P.100~P.105
GRI 404: Training and education 2016				
Operating Performance Employee Rights	405-1	Average hours of training per employee per year	1.2 Board of Directors Governance 5.2.1 Employee Structure 5.4.1 Human Rights Management	P.36 P.95~P.96 P.106
Remuneration and Benefits	405-2	Percentage of employees receiving regular performance and career development reviews	5.2.3 Remuneration	P.98~P.99



Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 400 Social				
406: Non-discrimination 2016				
Supplier Management Employee Rights	406-1	Discrimination Incidents and actions taken by the organization to improve	3-1 Responsible Procurement and Compliance 5-4 Employee Caring	P.69~P.71 P.105~P.111
407: Freedom of Association and Collective Bargaining 2016				
Supplier Management Employee Rights	407-1	Operations or suppliers that may face risks to freedom of association and collective bargaining	3-1 Responsible Procurement and Compliance 5-4 Employee Caring	P.69~P.71 P.105~P.111
408 : Child labor 016				
Supplier Management Employee Rights	408-1	Significant risks of child labor in operations and suppliers	3-1 Responsible Procurement and Compliance 5-4 Employee Caring	P.69~P.71 P.105~P.111
409: Forced or Compulsory Labor 2016				
Supplier Management Employee Rights	409-1	Operations and suppliers with significant risk of incidents of forced or compulsory labor	3-1 Responsible Procurement and Compliance 5-4 Employee Caring	P.69~P.71 P.105~P.111
GRI 405: Diversity and Equal Opportunity 2016				
Supplier Management	414-1	New suppliers that were screened using social criteria	3-1 Responsible Procurement and Compliance	P.69~P.71
Supplier Management	414-2	Negative social impacts in the supply chain and actions taken	3-1 Responsible Procurement and Compliance	P.69~P.71
415: Public Policy 2016				
	415-1	Political contributions	There were no political contributions in 2022.	-
416: Customer Health and Safety 2016				
	416-1	Assessment of the health and safety impacts of product and service categories	No significant impact on the health and safety of products and services that we provided to customers	-
	416-2	Incidents of violation of health and safety regulations concerning products and services	There were no related incidents in 2022	-

Major Topics	Disclosure Item	Disclosure Content	Chapter Topics	Page
GRI 400 Social				
GRI 418: CUSTOMER PRIVACY				
Information Security	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no such incidents in 2022	-

Sustainability Accounting Standards Board Comparison Table

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

Sector: Technology & Communications

Industry: Semiconductors

Index code	Indicator	Response Description
Disclosure Topic: Greenhouse gas Emission		
TC-SC-110a.1	(1) Scope 1 Global Total Emissions (2) Total Emissions from Perfluorinated Compounds	1. 584.70 tonnes CO ₂ e 2. Zero Emissions of Perfluorinated Compounds
TC-SC-110a.2	Regarding Scope 1 greenhouse gas management, we provide a long-term and short-term strategic plan, reduction targets, and progress in emission reduction.	4.2 Energy management Carbon reduction for all employees Gudeng Precision's manufacturing processes do not emit greenhouse gases. The primary source of Scope 1 emissions is the use of gasoline and diesel in company vehicles. In October 2022, we obtained the ISO 14064 third-party verification statement. In 2023, we will address internal and external issues and implement risk management strategies. By promoting greenhouse gas inventories, disclosure, reduction, and the use of renewable energy, we will plan a carbon reduction path and work in conjunction with the RE100 program as a carbon reduction action plan, ultimately achieving net-zero emissions. We expect a 4% reduction in Scope 1 greenhouse gas emissions in 2023 compared to the baseline year of 2021.



Index code	Indicator	Response Description
Disclosure Topic: Energy Management in Manufacturing		
TC-SC-130a.1	(1) Total Energy Consumption (2) Percentage of externally purchased electricity in total energy consumption (3) Percentage of renewable energy in total energy consumption	1. 59,945GJ 2. 91.7% 3. 0%
Disclosure Topic: Water Resource Management		
TC-SC-140a.1	Located in areas of high or extremely high water stress: (1) Percentage of total water intake (2) Percentage of total water consumption	Total Water Intake: 89.169 million liters Total Water Consumption: 55.969 million liters Gudeng Precision's entire factory area is not located in high-risk water-stressed areas.
Disclosure Topic: Waste Management		
TC-SC-150a.1	Total amount of hazardous waste generated during the manufacturing process and the recycling rate	No hazardous waste was generated in 2022.
Disclosure Topic: Employee Health and Safety		
TC-SC-320a.1	Describe measures taken by the company to assess, monitor, and reduce employee exposure to harmful environments.	5-6 Occupational safety
TC-SC-320a.2	No monetary losses were incurred due to violations of employee health and safety-related laws.	There were no such incidents in 2022
Disclosure Topic: Recruit and manage global talents		
TC-SC-330a.1	Explanation of (1) Proportion of international employees and (2) Proportion of overseas employees.	5-2 Friendly Workplace 1. International employees account for 17% 2. Overseas employees account for 1.5%
Disclosure Topic: Product Life Cycle Management		
TC-SC-410a.1	Percentage of product revenue related to IEC 62474 substances	Not applicable



Index code	Indicator	Response Description
Disclosure Topic: Product Life Cycle Management		
TC-SC-410a.2	Processor's overall system-level energy efficiency: (1) Servers (2) Desktop Computers (3) Laptops	Not applicable
Disclosure Topic: Raw materials procurement		
TC-SC-440a.1	Describe the risk management methods for using Critical Materials.	3-1 Responsible Procurement and Compliance
Disclosure Topic: Intellectual Property Protection and Competitive Behavior		
TC-SC-520a.1	No monetary losses were incurred due to violations of competition-related laws.	There were no such incidents in 2022
Disclosure Topic: Activities Index		
TC-SC-000.A	Total Productivity	437,737PCS
TC-SC-000.B	Percentage of own plant production	100%



External Assurance – Independent Assurance statement



Independent Assurance Statement

Scope and Approach

Gudeng Precision Industrial Co., Ltd. ("Gudeng" or "the Company") commissioned **DNV Business Assurance Co., Ltd.** ("DNV" or "we") to undertake independent assurance over the 2022 Sustainability Report for the year ended 31 December 2022 ("the Report").

We performed our work using DNV's assurance methodology VeriSustain™¹, which is based on our professional experience and international assurance best practices, including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The Report also incorporated disclosures with reference to relevant sustainability reporting guidelines, such as the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for the Semiconductors industry (version 2018-10) and the Recommendations of the Task Force on Climate-related Financial Disclosures.

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

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

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

The Directors of Gudeng have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Gudeng; however, our statement represents our independent opinion and is intended to inform all of Gudeng's stakeholders.

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We have no other contractual relationship with Gudeng that constitutes a conflict of interest against the current assurance engagement.

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of Our Opinion

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

- Review of the current sustainability issues that could affect Gudeng and are of interest to stakeholders.
- Review of Gudeng's stakeholder engagement approach and recent outputs.
- Review of information provided to us by Gudeng on its reporting and management processes relating to the Principles.
- Interviews with Gudeng's chairman and chief sustainability officer responsible for the management of sustainability issues and review of selected evidence to support the issues discussed.
- Site visits to Gudeng's Headquarters in New Taipei City and data checks on the three selected production sites in New Taipei City and Tainan City to assess processes and systems for preparing site-level data and implementing sustainability strategies.
- Review of supporting evidence for key claims and 2022 data in the Report, as reported information beyond 2022 is not within the scope of the current engagement. Our checking processes were prioritised according to materiality, and we based our prioritisation on the materiality of issues at the consolidated corporate level.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where data on financial performance had been checked by other assurance providers or engagements, we tested the transcription from these sources to the Report.
- An independent assessment of Gudeng's reporting according to the Global Reporting Initiative (GRI) Sustainability Reporting Standards, with Universal Standards 2021.
- The verification was conducted based only on the Chinese version Report.

¹ The VeriSustain™ Protocol is available on dnv.com



Opinion

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

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

Observations

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

- We recommend continued efforts in developing material sustainability topic identification methodology and in advancing data collection and quality assurance mechanisms to support more focused and well-grounded sustainability initiatives.
- As the concept of impact has been reaffirmed, we encourage the Company to establish due diligence mechanisms across its material sustainability topics, to provide the basis for a consistent and responsive set of sustainability indicators and targets.
- On the basis of existing policy commitments, we also encourage the Company to further address and integrate these commitments into its extensive operational aspects.

Stakeholder Inclusiveness

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

Sustainability Context

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

Materiality

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

Completeness

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

Accuracy and Reliability

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

Impact

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

For and on behalf of DNV Taiwan

Date: 09 August, 2023



Yu Chung Chen
Lead Verifier
Business Assurance
DNV Taiwan
Statement Number: C608843-2022-AG-TWN-DNV



David Hsieh
District Manager,
Business Assurance
DNV Taiwan



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