

2022 Sustainability Report

CHENBRO



About This Report

Chenbro Micom Co., Ltd. (Chenbro) proudly presents our 2022 Sustainability Report. With integrity and transparency, we address crucial sustainability issues, outlining current and future development goals. Our aim is to achieve a clearer and more determined path towards sustainable development through understanding and commitment. We are committed to providing stakeholders with a comprehensive understanding of our sustainability performance. The report is available in both Chinese and English versions for download from our official website.

Boundary and Coverage of This Report

This year's report includes organizational boundaries, covering the headquarters and main production sites (Chiayi Factory, Chenbro Technology, and Procace Electronic). Chen-Feng Precision Co., Ltd., located in Wugu, is excluded from this report due to its role as an NCT proofing company and joint venture. Currently, other overseas subsidiaries and offices, mainly focusing on marketing and business activities, are not included. However, we are committed to gradually disclosing relevant information in the future. Additionally, any significant amounts exceeding NTD one million related to events, projects, and execution plans mentioned will be disclosed prominently.

Period of Information Disclosure

Chenbro's Sustainability Report has been compiled since 2019 and underwent third-party verification from the 2021 report to enhance credibility. It covers information for the fiscal year 2022, including specific practices and performance data in areas such as corporate governance, commitments, environmental sustainability, and social engagement. Certain information will also be provided retrospectively to 2021 for a comprehensive overview. The previous version was released in June 2022.

Principles of Report Compilation

This report is composed in accordance with the four principles of AA1000, GRI Standards, Sustainability Accounting Standard Board (SASB), and Task Force on Climate related Financial Disclosures (TCFD). It also incorporates our company's annual sustainability goals, actions, and issues of concern to stakeholders. To provide credible public information, this report has been verified by British Standards Institution, and the verification statement is included in the appendix of this report.

Feedback

If you have any questions concerning our 2022 Sustainability Report, please feel free to contact us.

Contact information

Chenbro Micom Co., Ltd.

Tel: +886 8226-5500

E-mail: info@chenbro.com

Address: 19F, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City

Website: <http://www.chenbro.com>

Message From the Chairman

In 2022, amid the ongoing impact of Covid-19 and geopolitical tensions, Chenbro recognized the importance of risk management in sustainability alongside business growth. To address this, we established the Sustainable Development Task Force Structure, focusing on a comprehensive sustainability management framework across Corporate Governance, Enterprise Commitments, Environmental Sustainability, and Social Engagement.

"Connecting for the Common Good" embodies Chenbro's core value, as we consistently implement sustainability. Since 2020, we integrated green building principles into our Chiayi Factory, reducing waste and environmental impact while creating a sustainable space blending environmental protection, technology, and cultural arts. Chenbro's commitment to supporting art development extends to the renowned theater group "Contemporary Legend Theater." Initiating corporate fundraising in 2021, we enabled their transformation of traditional Peking Opera performances into 3D digital format, breaking theatrical boundaries and promoting innovative modes. Additionally, we assisted Contemporary Legend group in obtaining an operation for Banqiao Broadcasting Station Heritage Park in New Taipei City, fostering cultural sharing and equality in preserving traditional arts.

Since 2019, Chenbro has released sustainability reports and formed a Sustainable Development Task Force Structure, aligned with our belief in fulfilling corporate social responsibilities. We persist in implementing responsible actions and engaging with external stakeholders. Feedback and interactions drive continuous improvement, as we strategically promote and learn to fully integrate sustainable development into our daily operations.

From 2023, Chenbro forms a Sustainable Development Committee under the Board of Directors, led by CEO Corona Chen as Chief Sustainability Officer. Our vision is to evolve into an ESG-focused enterprise, guiding all employees in fulfilling corporate social responsibilities. We prioritize expanding connections with supply chain partners and industry peers, leveraging mutual benefit and influence, harnessing collective efforts, and sharing a sustainable and prosperous world.



Maggi Chen
Co-founder and Chairman of Chenbro



Message From the CEO & CSO

Thank you for reading Chenbro's 2022 Sustainability Report. Since our first report in 2019, we have consistently followed and adhered to international sustainability reporting guidelines and standards. In our 2021 report, we initiated third-party verification, aiming to share our commitment and achievements in sustainable operations with utmost integrity and transparency. Throughout our journey, alongside our business focus, we value giving back to society and embracing our mission of coexistence, co-prosperity, and mutual benefit.

Reflecting on 2022, the Collins Dictionary's chosen word of the year, "Permacrisis," highlights the turmoil and challenges the world faced, including Covid-19, Russo-Ukrainian conflict, inflation, global energy concerns, and their wide-ranging impact on logistics, finance, and people's movement. Amid such circumstances, addressing the present challenges and transforming crises into opportunities became paramount. Enhancing our adaptability and sustainability capabilities became Chenbro's top priority. Therefore, in 2023, we formally established the Sustainable Development Committee, with me serving as Chief Sustainability Officer. Guiding the Sustainable Development Task Force Structure with a global perspective, we foster positive cycles across four dimensions: Corporate Governance, Enterprise Commitments, Environmental Sustainability, and Social Participation. Our focus lies in fulfilling corporate social responsibilities, charting the course for the next stage of growth, and continuously progressing through dynamic adjustments. We aim to firmly embed the concept of sustainable development into Chenbro's DNA and daily operations.

With guidance from the Board of Directors and support from all colleagues, Chenbro will continue to optimize our responsibilities internally and externally, establishing progressive and improved sustainable mechanisms. We extend this effort to our supply chain partners and industry peers, co-creating meaningful values for a better future.



Corona Chen
CEO and Chief Sustainability Officer of Chenbro

Honors and Recognition in 2022

Product Awards	Company Awards	Social Contributions	Environmental Sustainability
RM25324 2022 iF Design Award	2022 Taiwan Corporate Sustainability Award - Gender Equality Award	Donation of 15 million NTD to Paul Chiang Art Center	Invitation to stakeholders to participate in tree planting at Chiayi Factory on Arbor Day, with approximately 1,300 species of trees.
RM25324 2022 COMPUTEX Best Choice Award	2022 Excellence in CRS - Medium-sized Enterprise, 8 th place	Donation of 12 million NTD to Contemporary Legend Theater performances and renovation for Banqiao Broadcasting Station	Participation in E.SUN Bank's ESG Sustainable Initiative Action to implement energy-saving and carbon reduction measures.
	2022 PwC's Sustainability Impact Awards - Nominee Award		<ul style="list-style-type: none"> ● RBA certification - Silver Status ● Eco-friendly Restaurant certification from Environmental Protection Administration
	2022 LICC (London International Creative Competition) Award - Official Selection		Product Packaging Reduction Plan: Estimated to reduce carbon emissions by 8% annually
	2023 MUSE Design Award <ul style="list-style-type: none"> – Platinum Winner of Sustainable Living/Green – Golden Winner of Office Building – Golden Winner of Factories & Warehouses 		Completion in 2023: The headquarters and Chiayi Factory finished the greenhouse gas inventory and obtained ISO 14064-1 certification.



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01 About Chenbro

1. Company Profile
2. Corporate Philosophy and Value
3. Operational Performance

1.1 Company Profile

Founded in Taiwan in 1983, Chenbro has transformed from a small trading company to a pioneer in the design and manufacturing of rackmount, tower servers, storage, and PC enclosure solutions. With a robust R&D, manufacturing capabilities, and a professional management team, Chenbro has successfully adapted to the global development trends. Headquartered in Xinzhuang, Taiwan, Chenbro has established seven key sales offices and four major production sites worldwide, enhancing global logistics capabilities, building a comprehensive global distribution network, and providing customers with localized services.

In recent years, the rapid growth of cloud computing has driven a significant increase in global data center demand. Chenbro allocates funds annually for product research and development and has established a forward-looking R&D center at the headquarters to conduct innovative research. Through our strong R&D capabilities and years of production experience, we aim to meet the diverse needs of our customers.

Chenbro's core advantage lies in its R&D, design, and manufacturing capabilities, enabling three distinct business models: proprietary OTS standard products, ODM/JDM, and OEM Plus. This sets us apart from other chassis manufacturers, establishing a competitive edge through industry differentiation. We globally market our brand "CHENBRO" and expand sales through various channels, offering joint development and OEM services. Our focus is on providing optimal customized solutions, enhancing partnerships with other industries, and fostering win-win relationships with customers.

Company's Name	Chenbro Micom Co., Ltd.
Stock Symbol	8210 (TWSE)
Chairman	Maggi Chen
Founding Year	1983
Listing Year	2012
Headquarter	19F, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan
Business Locations	USA : California, New Jersey, Texas Germany : Dusseldorf China : Beijing, Shanghai, Shenzhen
Production Sites	Chiayi Factory (Chiayi) Chen-Feng Precision (Wugu) Chenbro Technology (Kunshan) Procace Electronic (Dongguan)
Capital	NTD 1,206,319,500 (as of March 2023)
Number of Employees	1,903 employees (as of December 31, 2022)
Revenue	NTD 10,557,701,000 (as of 2022)
Participation in External Organizations	Taipei Computer Association, Taiwan Machine Tool & Accessory Builders' Association, Sustain Universal Inc., Gap of Learning & Field.

Diverse Business Models

Chenbro operates with three major business models - OTS, JDM/ODM, and OEM Plus - catering to different customer segments. We offer server products ranging from Level 3 to Level 6, focusing on providing comprehensive product design, assembly, and validation services, creating professional enclosure solutions. Our products and services are characterized by high compatibility and differentiation, empowering customers to choose services that meet their specific application needs in the diverse server industry. This approach allows customers to quickly adopt solutions while relying on Chenbro's expertise in research and development, flexible manufacturing, and quality control processes, ensuring stable product development and quality. Chenbro's value lies in fostering a better and more open ecosystem within the IT, server, and cloud industries. We strive to create a win-win situation for Chenbro, supply chain partners, motherboard manufacturers, system integrators, and end customers.

OTS

Chenbro develops, designs, and manufactures diverse server chassis with a modular concept, offering customers diverse server enclosure solutions that prioritize both high compatibility and high differentiation.

With the company's slogan "Whatever's Inside, CHENBRO Outside," Chenbro emphasizes high compatibility as well as high differentiation characterizing our OTS products.

The OTS standard products have consistently received international acclaim, especially with the RM25324 storage chassis winning both iF Design Award and the Computex Best Choice Award in 2022.



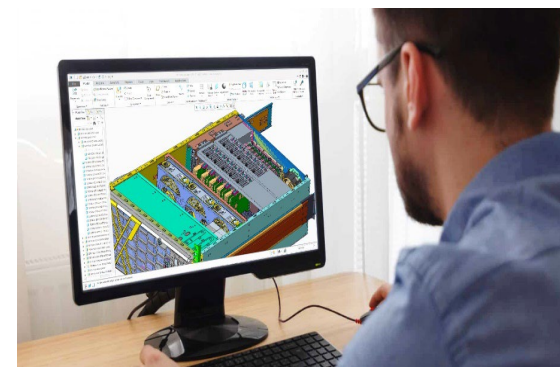
JDM/ODM

Chenbro collaborates with customers in JDM projects, providing professional advice and optimal solutions from design concept to final product (including mechanics and electronics). Our product design concept integrates quality principles into the R&D stage, combining DFM capabilities with inspection mechanisms for a comprehensive quality assurance system.

We utilize software simulation to facilitate collaborative design, quantifying R&D output and transferring valuable design experience. This reduces customer investments and R&D timelines during the sampling stage, enabling faster time-to-market.

OEM Plus

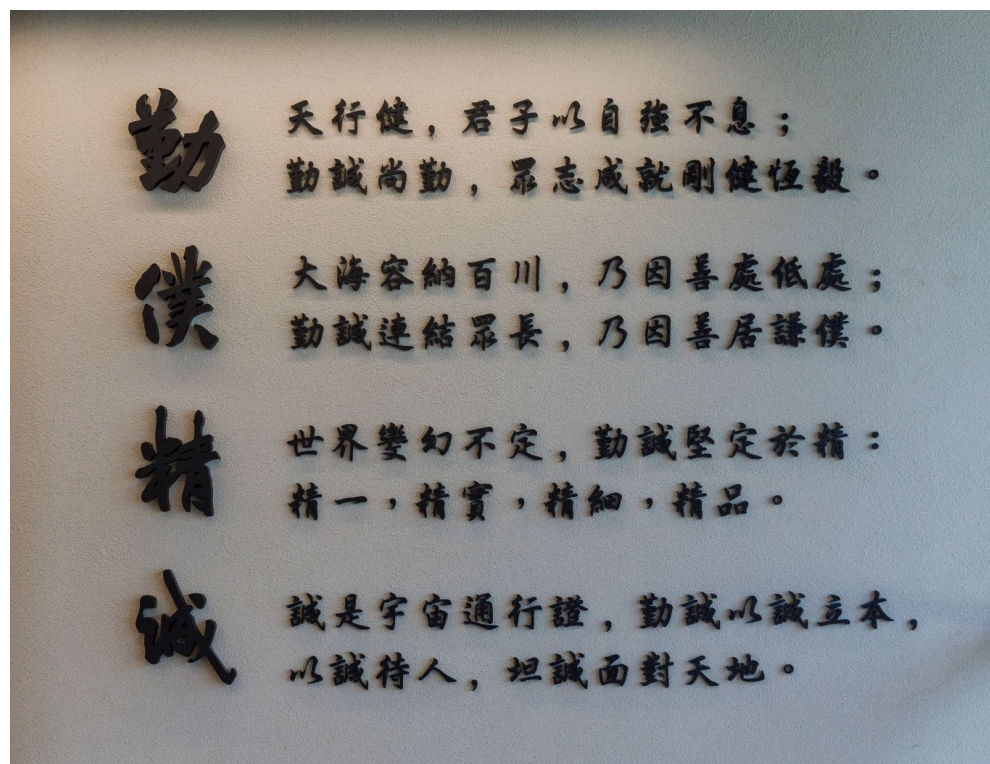
Chenbro's OEM Plus service stands out from other ordinary OEM manufacturing. Leveraging extensive R&D and production experience, we optimize product products and reduce production costs through blueprint reviews. Additionally, we address manufacturing challenges for major brands and manage supply chain issues.



1.2 Corporate Philosophy and Value

Chenbro's corporate culture is defined by "diligence and sincerity", which represents focused commitment to improving core skills and providing better solutions for customers, as well as embodies an altruistic spirit towards others, both within and outside the company. This culture reflects the concept of "Altruism = Self-interest = Mutual Benefit", promoting inclusiveness, connectivity, and co-prosperity.

Chenbro embraces diverse and equal working environment, ensuring employees' happiness and well-being with the 3H (Happy, Hope, Health) workplace approach. Externally, the company's mission of "Connecting for the Common Good" aims to make a positive impact on disadvantaged communities and uphold sustainable corporate social responsibility.



1.3 Operational Performance

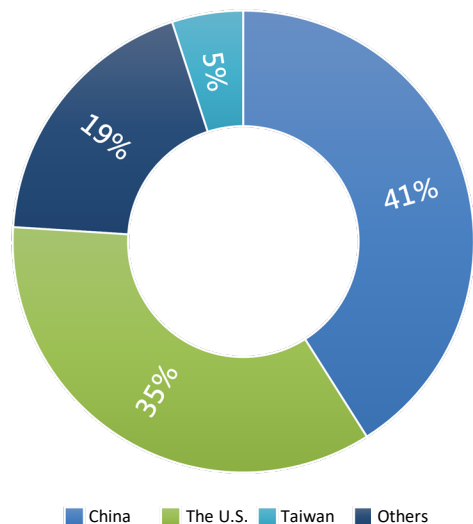
During the COVID-19 pandemic, the world faced immense challenges due to the pandemic, geopolitical conflicts, and volatile international situations, impacting industries and supply chains. Nevertheless, Chenbro achieved remarkable success, with a record-breaking group revenue of 10.5 billion NTD in 2022, showing a 12.02% year-on-year increase. The earnings per share reached 8.32 NTD. As a publicly listed company, Chenbro discloses comprehensive financial and economic performance details in its annual report.

Main Products	Revenue	Business Proportion(%)
Server chassis & peripheral products	10,445,255	99%
Personal computer chassis	112,446	1%
Total	10,557,701	100%

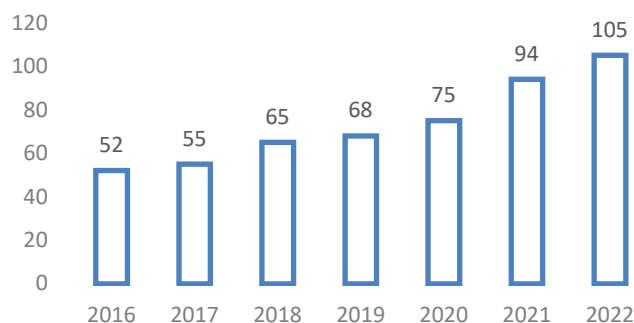
Unit: New Taiwan Dollars (NTD) thousands.

Region	Sales Revenue	Percentage (%)
China	4,303,072	41%
U.S.A	3,736,114	35%
Taiwan	533,521	5%
Others	1,984,994	19%
Total	10,557,701	100%

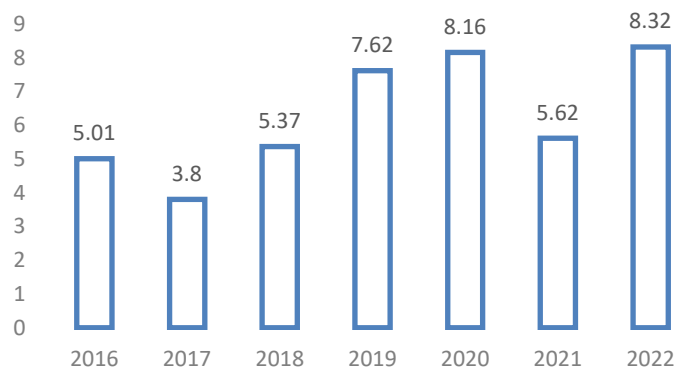
Unit: New Taiwan Dollars (NTD) thousands.



Annual Revenue (Unit: NTD Hundred Million)



Annual Earnings Per Share (Unit: NTD)





02 Corporate Sustainability

1. Sustainable Development Task Force Structure
2. Sustainable Goal
3. Stakeholder Identification and Communication Channels
4. Material Disclosure Issue Identity Process
5. Materiality Matrix
6. Material Issue Management Approach
7. TCFD Disclosure

2.1 Sustainable Development Task Force Structure

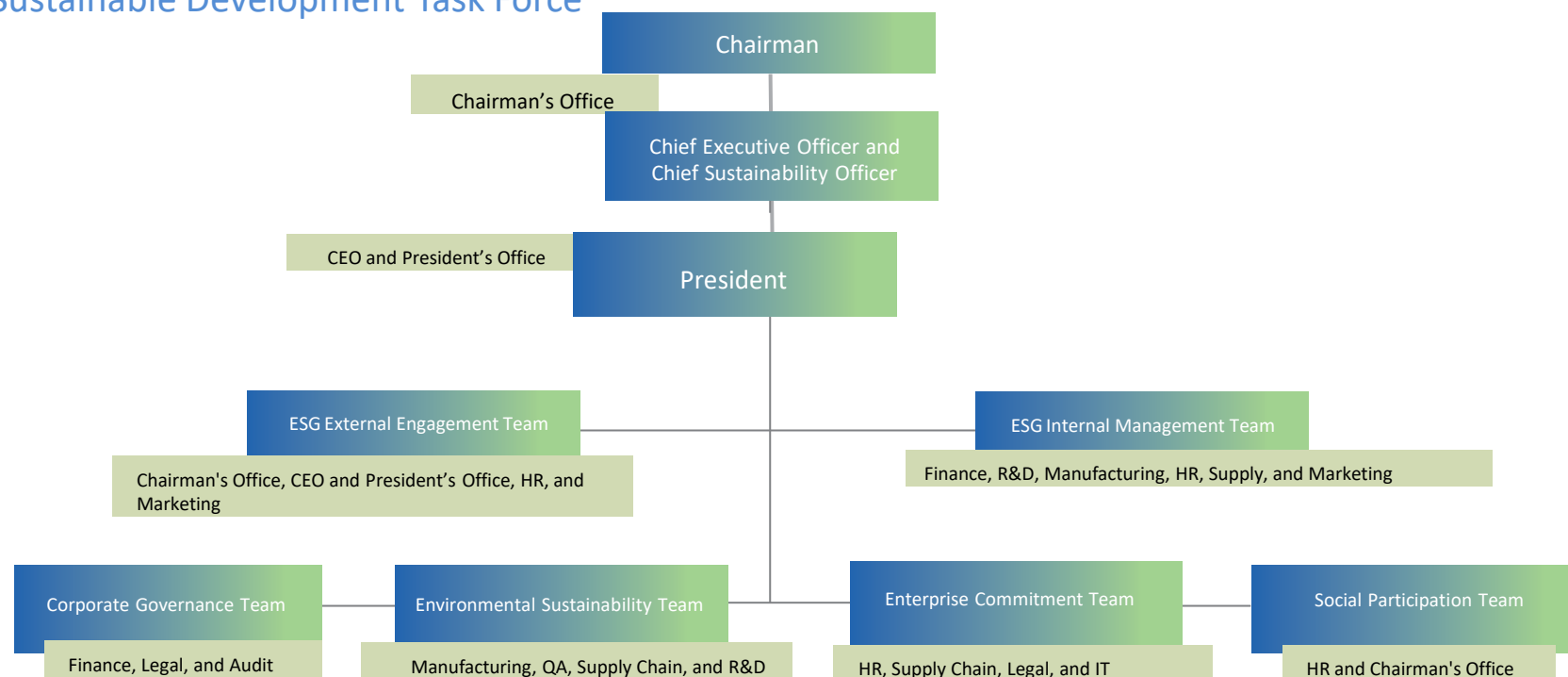
Sustainable Development Task Force

Chenbro defines the responsibility of Sustainable Development Task Force as “to promote sustainable management and corporate social responsibility.” The Chairman and Chief Sustainability Officer jointly lead colleagues to promote related works. The Sustainable Development Task Force is divided into four working groups according to their functions and responsibilities, including Corporate Governance, Enterprise Commitment, Environmental Sustainability and Social Participation, and is divided into external engagement and internal management according to integration and coordination. The members are composed of relevant business units, and the heads of relevant accountability units are jointly responsible for ESG execution.

Sustainable Development Committee

In 2023, Chenbro established a Sustainable Development Committee under the Board of Directors, with the appointment of a Chief Sustainability Officer. The Sustainable Development Committee comprises directors and senior executives of the company, with the Chairman of the Board acting as the convener. The committee holds meetings at least once a year and regularly reports annual progress information to the Board of Directors. Discussions on significant sustainability issues are conducted annually, and dedicated personnel are assigned to facilitate communication channels with stakeholders. The Chairman of the Board and the Chief Executive Officer, as the decision-making and supervisory units for sustainability-related work, lead the Sustainable Development Execution Team in driving sustainability initiatives and projects.

Structure of Sustainable Development Task Force



2.2 Sustainable Goal

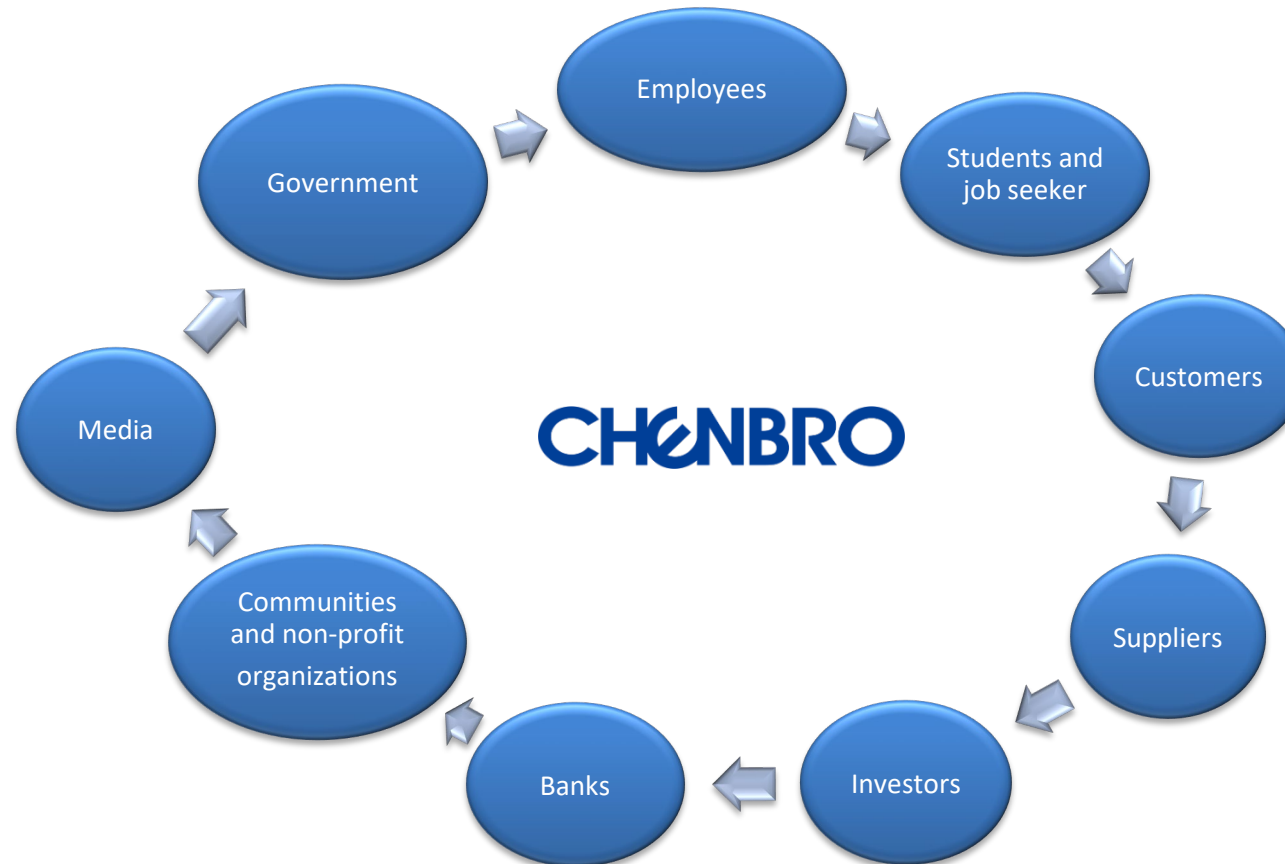
In 2023, Chenbro officially established a Chief Sustainability Officer position and a Sustainable Development Committee within the group to develop a robust sustainability strategy aligned with the United Nations' Sustainable Development Goals (SDGs). Chenbro will continue to strengthen its core business while striving for sustainable business practices, collaborating with all stakeholders to create value. The strategy focuses on four main areas: corporate governance, enterprise commitment, environmental sustainability, and social participation. Chenbro's sustainable goal is to comprehensively address all 17 SDGs, working hand in hand with stakeholders to co-create a sustainable future. The table below illustrates Chenbro's 2022 performance and alignment with SDG indicators across the four main areas:

Sustainability Pillars	Actual Actions and Performance in 2022	SDG Alignment
Corporate Governance	<ul style="list-style-type: none"> Board of Directors: Held six board meetings with an attendance rate of 80%, Sustainability Focus: Established a Sustainable Development Committee and appointed a Chief Sustainability Officer (CSO) Innovation and Intellectual Property: Accumulated 481 patents 	  
Enterprise Commitment	<ul style="list-style-type: none"> Chenbro created a friendly workplace environment, providing equal opportunities for all employees. "Happiness at Chenbro" project focuses on employee well-being and work-life balance. In recognition of their efforts, Chenbro was honored with the TCSA Gender Equality Leadership Award in 2022. 	 
Environmental Sustainability	<ul style="list-style-type: none"> In the 2022 Arbor Day, executives and directors were invited to plant trees at the Chiayi factory, and currently, there are approximately 1,300 trees. Resources are being invested in optimizing product green manufacturing and the use of recycled packaging materials. The product packaging reduction plan aims to reduce carbon emissions by an estimated 8% annually. Chenbro has implemented and obtained ISO 14001 and ISO 14064-1 certifications to manage the group's carbon emissions and gradually establish the Chenbro Net Zero Carbon Emission target. 	  
Social Participation	<ul style="list-style-type: none"> The Rural Education Improvement Project aims to reduce the urban-rural gap and improve education quality. Chenbro collaborates with the Aaeon Foundation for the "Learning Journey" program, organizing four events in 2022. Chenbro sponsors the Art and Culture Inheritance program, supporting the establishment of the Banqiao Broadcasting Station by contemporary theater groups Chenbro promotes two industry-academia collaboration projects: the Smart Robotics Industry-Academia Camp and the Chenbro Lectures at National Chung Cheng University. 	   

2.3 Stakeholder Identification and Communication Channels

Stakeholder Identification

Chenbro continues to engage with stakeholders to establish communication and response mechanisms for sustainability issues. Following the five principles of the AA1000 SES Stakeholder Engagement Standard, including Dependency, Responsibility, Tension, Influence, and Diverse Perspective, the company identifies important stakeholders. In 2022, considering various sustainability actions, and based on the stakeholder relationship analysis from 2021, Chenbro re-evaluated and confirmed the stakeholder scope for 2022 through discussions. The identified stakeholders include employees, students, and job seekers, customers, suppliers, investors, banks, communities and non-profit organizations, media, and government.



The Chenbro Sustainable Development Task Force serves as a communication and response mechanism to identify significant stakeholders and address major issues. It follows the GRI Sustainability Reporting Guidelines, considering and balancing the concerns of various stakeholders regarding sustainability issues. Through the three-step process of Identification, Prioritization, and Validation, the task force conducts a materiality analysis of significant issues, providing a reference for the preparation of the Chenbro Sustainability Report. Transparent and effective communication channels are established with stakeholders, and the report serves as a means to respond to their concerns, gaining trust and support to drive continuous corporate sustainability.

	Communication channels and practices	Frequency	Communication Matters in 2022
Employees	Labor-management meetings	Quarterly	① Dedicated HR mailbox and Chenbro Voice mailbox are set up to listen to colleagues' opinions. ② In 2022, the Employee Welfare Committee organized monthly stress-relief activities to foster good communication and promote the physical and mental well-being of employees. ③ Contact Point: hrp@chenbro.com
	Employee Welfare Committee	Irregularly	
	Chenbro Voice (Employee suggestion and complaint box)		
	Internal newsletter for the group to facilitate information dissemination		
	Regular internal training programs and encouragement for employees to apply for external and on-the-job training		
	On-site professional nursing staff to listen to employees' physical and mental well-being		
	Employee Assistance Program (EAP) counseling program		
Students and job seeker	Campus recruitment	Irregularly	① Participation in 2 campus recruitment events in 2022 ② Organized Chenbro Lectures and Smart Robotics Industry-Academia Camp in 2022 ③ Contact Point: hrp@chenbro.com
	Industry-academia collaboration		
Customers	Regular communication and discussion meetings	Irregularly	① Completed RBA annual audits at Chenbro Technology (Kunshan) and Chiayi factory. ② The Chiayi factory obtained RBA Silver Certification. ③ Received the prestigious "Excellent Supplier Award" from key customer - Inspur. ④ Contact Point: info@chenbro.com
	Instant communication through email		
	Compliance with customer requirements and audits regarding products, environment, responsibility, etc., and collaborating on prevention and continuous improvement		
	Promptly responding to customer-related questionnaires (such as stakeholder sustainability issue questionnaires)		
	Participation in customer-organized supplier conferences		

	Communication channels and practices	Frequency	Communication Matters in 2022
Suppliers	Instant communication through email	Irregularly	① Supplier contact mailbox is established. ② Achieved a 100% response rate for the Supplier Code of Conduct Agreement. ③ Conduct supplier evaluation audits quarterly, with over half of the suppliers rated as Grade A. ④ Contact: scm@chenbro.com
	Supply chain complaint mailbox		
	Conduct quarterly audits on suppliers and provide education and training for non-compliant suppliers	Quarterly	
	Establish and require suppliers to sign the "Supplier Code of Conduct Agreement"	Irregularly	
Investors	Shareholders' meeting	Annually	① Dedicated personnel and mailbox for investor relations are in place. ② Regularly update the latest information such as financial information and shareholder meeting materials on the official website under the Investor Relations section, providing up-to-date and transparent information. ③ Contact: ir@chenbro.com
	Analyst meeting	Regularly	
	Shareholders' hotline/email	Irregularly	
	Public Information Observation System		
Banks	Visiting banks for business dealings	Irregularly	① Finance department conducts irregular visits and business dealings with Bank. ② Participate in sustainability initiative press conferences organized by E.SUN BANK.
Communities and non-profit organizations	Instant communication through email	Irregularly	① Dedicated personnel for social engagement are in place. ② Sponsor rural education projects in Yunlin every year and organize learning journeys to broaden children's horizons. ③ Focus on vulnerable groups in the community and invite stakeholders to join together to achieve the spirit of corporate social responsibility. ④ Contact: csr@chenbro.com
	Internal and external newsletters		
	Participation in community/cultural organizations/rural education projects		
	Promotion and interaction on CSR social media platforms		
Media	Press release	Irregularly	① Dedicated personnel for public relations are in place. ② Hold press conferences or issue press releases irregularly to communicate the latest updates through the media. ③ Contact: ir@chenbro.com
	Press conference		
Government	Official documents	Irregularly	① Dedicated personnel for public relations are in place. ② Company governance supervisor is established to stay updated on the latest regulations and issues. ③ Contact: chenbrolegal@chenbro.com
	Participation in government projects		
	Attending regulatory briefings/seminars		

2.4 Material Disclosure Issue Identity Process

Chenbro adheres to a spirit of transparency and openness, maintaining continuous communication with stakeholders to understand their concerns on sustainability issues and incorporate them into Chenbro's sustainable development blueprint. Following the GRI Sustainability Reporting Guidelines, market trends, and industry characteristics, Chenbro systematically develops sustainability issue survey questionnaires. By distributing and collecting these questionnaires, stakeholders' opinions are collected. The results are then discussed and decided upon by the Sustainable Development Task Force and company executives. The identified sustainability issues are also considered in assessing their impact and risks to the company's operations, serving as the basis for prioritizing and addressing these issues.

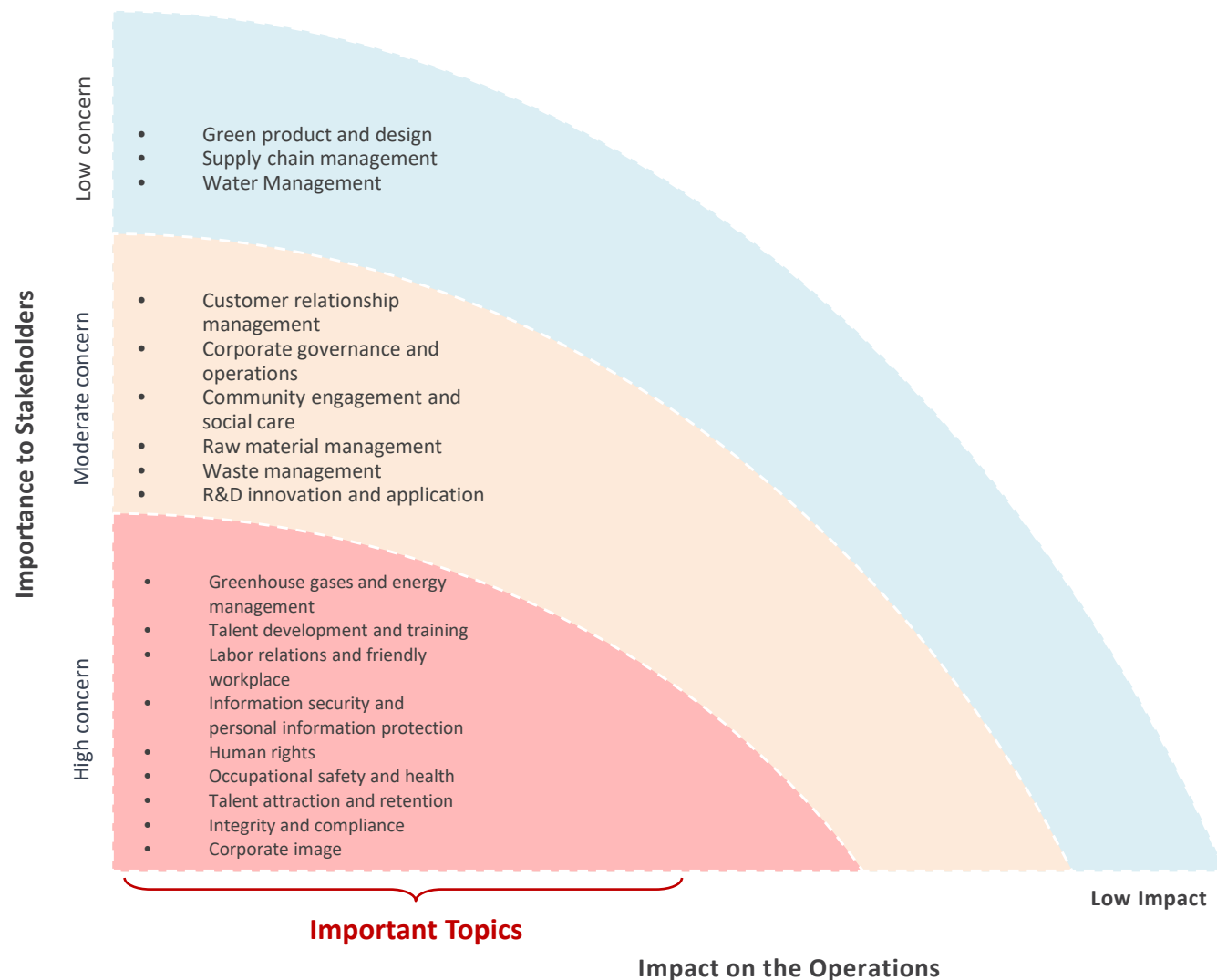
	1	2	3	4	5
Steps	Identify stakeholders	Compile and analyze the issues of concern	Identify material issues	Assess the impact of the issues	Issues review
Action	According to the Chenbro's sustainability blueprint, discussed with senior executives and identified key stakeholders for the year 2022.	Chenbro conducted a survey for the first time to understand stakeholders' concerns and analyzed the level of attention given to each issue.	Based on the sustainability issues of stakeholder concern and their impact on Chenbro, the evaluation results of each issue are plotted on a materiality matrix chart as a reference for determining their significance.	Senior management assesses the operational impact and risk of each sustainability issue, based on which the level of impact on the company is determined.	The identified significant issues are reviewed to ensure alignment with sustainability context and integrity requirements.
performance	Identify 9 categories of stakeholders	Collect 199 valid questionnaires	Identify 9 material issues	Take into account the opinions of senior executives	Ensure that 100% of the issues comply with sustainability and integrity requirements

2.5 Materiality Matrix

Explanation of Changes in the Sustainability Issues List

The sustainable development task force of Chenbro reviews various sustainability issues annually. After considering industry trends, company's goals, and external environment assessments, adjustments were made to the list of significant issues disclosed for this year, removing risk management and product quality and safety:

Sustainability Issues	Explanation of Changes Compared to the 2021 Issue Update
Risk management	Risk management has been moved to the corporate governance section of the sustainability report and removed from the survey. It will be disclosed in the sustainability report under corporate governance.
Product quality and safety	Product quality and safety are now part of the Green Product and Design category. The 2022 sustainability report will have a dedicated section on innovation and research and development, covering Chenbro's efforts in ensuring product quality and safety.



Explanation of Changes in Disclosed Sustainability Issues for the Current Year

The Chenbro Sustainable Development Task Force reviewed the process of analyzing significant issues, taking into account domestic and international industry trends. The team clarified the significance of each sustainability issue and made appropriate adjustments to the scope. After conducting a stakeholder survey this year, the following provides an explanation of the changes in the level of stakeholder concern regarding sustainability issues:

Sustainability Issues for 2022	Level of Issue Concern	Compared to the changes in 2021	Significant Issues for 2022
Corporate image	Increasing	Increased from low concern to high concern	●
Talent development and education training		Increased from moderate concern to high concern	●
Greenhouse gas and energy management		Increased from moderate concern to high concern	●
Social engagement and community care		Increased from low concern to moderate concern	
Raw material management		Increased from low concern to moderate concern	
Supply chain management	Decreasing	Decreased from moderate concern to low concern	
Green product and design		Decreased from moderate concern to low concern	
Labor relations and friendly workplace	Unchanged	Remained at a high level of concern, the same as in 2021	●
Data security and personal data protection		Remained at a high level of concern, the same as in 2021	●
Human rights		Remained at a high level of concern, the same as in 2021	●
Occupational safety and health		Remained at a high level of concern, the same as in 2021	●
Integrity and regulatory compliance		Remained at a high level of concern, the same as in 2021	●
Talent attraction and retention		Remained at a high level of concern, the same as in 2021	●
Customer relationship management		Remained at a moderate level of concern, the same as in 2021	
Corporate governance and operations		Remained at a moderate level of concern, the same as in 2021	
Waste management		Remained at a moderate level of concern, the same as in 2021	
Research and development innovation and application development		Remained at a moderate level of concern, the same as in 2021	
Water resource management		Remained at a low level of concern, the same as in 2021	

2.6 Material Issue Management Approach

Impact Level of Material Issues

Chenbro's sustainable development task force discussed the impact levels of significant sustainability issues with senior management. They considered industry trends, annual performance, development goals, and external assessments to determine the impact level of each issue:

Issue Perspectives	Significant Sustainability Issues	GRI Standards	Impact	Likelihood	Corresponding Chapters
E - Environment	Greenhouse gas and energy management	302 Energy 305 Emissions	Negative	Potential	Environmental Sustainability
S - Social	Talent development and education training	401 Employment	Positive	Potential	Enterprise Commitment
	Labor relations and friendly workplace	401 Employment	Positive	Actual	Enterprise Commitment
	Data security and personal data protection	418 Customer Privacy	Negative	Potential	Enterprise Commitment
	Human rights	401 Employment	Negative	Potential	Enterprise Commitment
	Occupational safety and health	403 Occupational Health and Safety	Negative	Potential	Enterprise Commitment
	Talent attraction and retention	401 Employment 404 Training and Education	Positive	Actual	Enterprise Commitment
G - Governance	Integrity and regulatory compliance	205 Anti-Corruption 206 Anti-Competitive Behavior	Positive	Potential	Enterprise Commitment
	Corporate image	2 General Disclosures	Positive	Actual	About Chenbro

Material Issue	Management Policies
Greenhouse gas and energy management	Greenhouse gas inventories and verification have been completed for headquarters, the Chiayi factory, and the former Chenbro Technology and Procace Electronic. In the future, the company will gradually plan for the completion of greenhouse gas inventories throughout the global group and set targets for net-zero carbon emissions.
Talent development and education training	Set up a comprehensive talent development plan, with semi-annual performance assessments serving as indicators for internal talent development within the group. Employees are encouraged to participate in external conferences and actively share industry knowledge with colleagues. In recent years, collaboration with external consultant company has led to the planning of a series of training courses, providing abundant resources for employees.
Labor relations and friendly workplace	Chenbro ensures an inclusive workplace, offering equal opportunities in employment, pay, training, advancement, retirement, and resource allocation. Discrimination based on various factors is strictly forbidden. Measures include safe environments, social and export clubs, health check-ups, welfare committees, "Chenbro Voice," and external surveys to gauge employee sentiment.
Data security and personal data protection	Adhering to relevant regulations, Chenbro has set up policies, like "Information Security Management Policy," to swiftly address risks on three levels: management, legal compliance, and technology. This fosters stakeholder trust and ensures secure practices. An info security organization, led by officers and senior management, oversees execution. Chenbro will further enhance internal policies, raise awareness, and prevent data breaches to mitigate impacts.
Human rights	Chenbro aligns with local regulations through policies like "Gender Work-Life Balance Act," "Work Rules," "Prevention of Sexual Harassment," and "Recruitment and Employment Management." The RBA framework safeguards employee rights concerning age, work hours, attendance, and gender. Committed to global standards, Chenbro is part of the "Responsible Business Alliance," implementing human rights protection. RBA's regulation is used at the Chiayi factory and extended to suppliers via annual audits for corporate responsibility.
Occupational safety and health	Chenbro follows regulations with policies like "Labor Safety and Health Work Guidelines" and "Occupational Safety and Health Risk and Opportunity Identification Management Procedure." Safety measures span hardware, software, environment, and more, including water quality tests, air ventilation, lighting, and ergonomic furnishings. Regular meetings, accident compensation, and insurance assure safety. Chiayi Factory adopts ISO 45001, education, and training to minimize accidents.
Talent attraction and retention	Following the "Hope, Health, and Happiness" principle, Chenbro provides all employees with a high-quality working environment, competitive remuneration, a learning environment for development, and a safe working condition. In terms of talent recruitment, the company adopts fair and transparent recruitment channels and participates in the Gap of Learning & Field (GOLF) program, which provides internship and training opportunities, actively attracting outstanding talents. Talent management includes new employee training, professional training, work guidance, and internal rotations based on individual job requirements, performance evaluations, and career planning, providing employees with abundant learning resources and development opportunities.
Integrity and regulatory compliance	Internal policies such as the "Employee Code of Conduct" and "Insider Trading Prevention Management Operation Guidelines" have been established in compliance with the "Code of Ethics for Listed and Over-the-Counter Companies" and "Guidelines for Establishing Internal Control Systems for Public Issuing Companies," as well as other relevant regulations. New and current employees receive regular training and seminars to strengthen the culture of integrity and accountability.
Corporate image	In recent years, Chenbro has been promoting its own "CHENBRO" brand worldwide, establishing local and overseas brand images. Collaboration with government agencies, media, industry associations, and private media is pursued to effectively convey the company's advantages through press releases, interviews, and award applications, among other means, to establish the corporate image of Chenbro.

Management and Execution Results of Material Issues

Aspects of Issues	Significant Issues	Strategies	Achievements in 2021	2022 Targets	Achievements in 2022	2023 Targets
Environmental	Greenhouse Gas and Energy Management	<ul style="list-style-type: none"> Conducted carbon inventory for the organization Implemented energy management for carbon reduction 	<ul style="list-style-type: none"> Conducted independent inventory in two Chinese factories Initiated energy-saving and carbon reduction projects 	<ul style="list-style-type: none"> Completed group-wide inventory for greenhouse gases Reduced greenhouse gas emissions and energy consumption in headquarters' office 	<ul style="list-style-type: none"> Obtained ISO 14064-1 verification Implemented energy-saving and carbon reduction projects resulting in a 9% decrease in total electricity consumption compared to 2021 	<ul style="list-style-type: none"> Conducted greenhouse gas inventory in other group locations Calculated product carbon footprint Established group carbon reduction targets
Social	Talent development and education training	<ul style="list-style-type: none"> Employee development and education training Annual performance appraisal system as a basis for salary adjustment and promotion 	<ul style="list-style-type: none"> Collaboration with Taiwan Sustainable Development Business Association for strategic training programs and establishing sustainable business systems 	<ul style="list-style-type: none"> Implemented talent cultivation and succession plans Continued collaboration with Taiwan Sustainable Development Business Association for optimizing projects through training programs 	<ul style="list-style-type: none"> 47 employees participated in annual job rotation, representing a 3.08% increase 7.46% of group employees were promoted in the year, with continued efforts to cultivate talents aligned with sustainable business goals 	<ul style="list-style-type: none"> Employee shareholding trust based on individual performance Provided diverse education and training programs and encouraged participation in external seminars Implemented talent development system through job rotation, secondment, and promotion
Social	Labor Relations and Friendly Workplace	<ul style="list-style-type: none"> Employee care and communication channels Employee health management Providing a quality and safe working environment 	<ul style="list-style-type: none"> Conducted various welfare activities through the Employee Welfare Committee for group employees Conducted employee engagement survey in collaboration with Mercer Taiwan Established "Chenbro Voice" employee feedback platform 	<ul style="list-style-type: none"> Created a friendly workplace environment to support parents with childcare leave 	<ul style="list-style-type: none"> Recognized with TCSA Gender Equality Leadership Award Promoted the "Chenbro Happiness Family Plan" to provide support for female employees. Held quarterly labor-management meetings, encouraged group sport. 	<ul style="list-style-type: none"> Implemented RBA for human rights, introduced ISO 45001 verification for occupational safety and health management system at various locations, enhancing company's environmental safety and health.
Social	Data Security and Personal Data Protection	<ul style="list-style-type: none"> Information security risk management and strengthening measures 	<ul style="list-style-type: none"> Conducted information security education and awareness programs to create a secure information environment Established a comprehensive information security organization to oversee company operations 	<ul style="list-style-type: none"> Strengthened group's information backup strategy and practices to mitigate the impact of system issues or external attacks on business operations 	<ul style="list-style-type: none"> Provided information security training, built monitoring organization. Established comprehensive information security management policies based on guidelines such as ISO 27001 and ISO 27002 	<ul style="list-style-type: none"> Developed company-wide information security management policies and procedures
Social	Human Rights	<ul style="list-style-type: none"> Anti-discrimination policy, no child/forced labor. Ensured employee rights Created a gender-friendly working environment 	<ul style="list-style-type: none"> Conducted HQ human rights audit, reported regularly. Established effective communication for employee rights protection. 	<ul style="list-style-type: none"> Conducted supplier evaluations through supplier assessment forms, with quarterly evaluations and requests for improvement for underperforming suppliers 	<ul style="list-style-type: none"> Implemented RBA verification in the Jiaying plant and obtained Silver Level certification in early 2023 	<ul style="list-style-type: none"> Rolling out RBA system across locations, including suppliers.

Management and Execution Results of Material Issues

Aspects of Issues	Significant Issues	Strategies	Achievements in 2021	2022 Targets	Achievements in 2022	2023 Targets
Social	Occupational Safety and Health	<ul style="list-style-type: none"> Establish occupational safety and health management system Facility environmental and safety monitoring Prevent occupational injuries and occupational diseases 	<ul style="list-style-type: none"> Conduct annual self-monitoring of occupational safety operations to enhance operational safety Regularly conduct environmental and safety awareness campaigns and provide education and training Chenbro Technology (Kunshan) has obtained ISO 45001 certification 	<ul style="list-style-type: none"> Gradually expand ISO 45001 certification to other regional plants 	<ul style="list-style-type: none"> Establish "Occupational Safety and Health Risk and Opportunity Assessment Management Procedures" and establish an occupational safety committee to monitor occupational safety and environmental management at the plant level 	<ul style="list-style-type: none"> Plan to obtain ISO 45001 certification for Chiayi Factory and Chen-Feng plant
Social	Talent Attraction and Retention	<ul style="list-style-type: none"> Employee compensation and benefits policies Industry-academia collaboration 	<ul style="list-style-type: none"> Apply for labor and health insurance for Taiwanese employees and purchase group insurance 	<ul style="list-style-type: none"> Create diverse recruitment channels and strengthen industry-academia collaboration Provide opportunities for cross-disciplinary, cross-border, and diversified work rotations, and comprehensive learning programs to cultivate outstanding talents 	<ul style="list-style-type: none"> Participate campus recruitment in the northern and southern regions Initiate multiple industry-academia collaboration projects: Chung Cheng University Chenbro Lecture, Smart Robotics Industry-Academia Workshop Enhance a comprehensive salary and benefits system, with salary adjustments based on market conditions and employee performance, surpassing industry standards 	<ul style="list-style-type: none"> Strengthen company's employer brand image Deepen industry-academia collaboration projects and invite more universities to join
Governance	Integrity and Regulatory Compliance	<ul style="list-style-type: none"> Implement risk management at all levels of the organization Anti-corruption behavior regulations Educational training to reduce employee corruption risks 	<ul style="list-style-type: none"> Taiwanese employees sign the "Chenbro Group Code of Conduct" Regularly report to the board of directors on the implementation of integrity management policies, anti-corruption efforts, and prevention of dishonest behavior 	<ul style="list-style-type: none"> Adjust the code of conduct to include versions for China and overseas, provide training, and require employee signatures Conduct quarterly audits to ensure that all suppliers comply with ethical business practices 	<ul style="list-style-type: none"> 100% of employees, both existing and new, sign the "Chenbro Group Code of Conduct" Conduct "Integrity Management and Human Rights Education Training" and "Company Policy and Labor Ethics Policy" courses in 2022 to enhance employee awareness of integrity and regulatory compliance 	<ul style="list-style-type: none"> Strengthen internal control systems, reduce internal audit deficiencies Continuously enhance internal audit skills, unify resource, elevate report quality, enhance audit value.
Governance	Corporate Image	<ul style="list-style-type: none"> Issue press releases periodically Media interviews and coverage Revenue press releases Apply for awards 	<ul style="list-style-type: none"> Establish corporate image through press releases and media collaborations 	<ul style="list-style-type: none"> Obtain brand exposure opportunities through award applications, media collaborations, etc Operate social media platforms to enhance multi-channel brand exposure 	<ul style="list-style-type: none"> A total of 8 media interviews, 13 media features, 8 corporate press releases, and 15 revenue press releases in 2022 A total of 6 company and product awards in 2022 	<ul style="list-style-type: none"> Continue to enhance corporate image and employer brand visibility through sustainable award acquisition Arrange senior executives to give external speeches to enhance company image and exposure

2.7 TCFD Disclosure

Climate Action

As a leading cloud industry brand, Chenbro recognizes the importance of climate change response and adaptation. We continuously monitor domestic and international trends related to climate change and incorporate the potential impacts of climate change into our overall operations consideration. We assess risks and develop specific sustainable policies to mitigate the impact of climate risks on our business operations. Since 2019, Chenbro Technology (Kunshan) has taken the lead in conducting greenhouse gas inventory and obtained ISO 14064-1 certification. We have also gradually planned for other factory to undergo greenhouse gas inventory. In 2022, HQ and Chiayi factory initiated the inventory and completed third-party verification. For two consecutive years, Chenbro has joined the "Sustainable Advocacy Action Press Conference" initiated by Yuanta Bank. Apart from implementing various ESG initiatives internally, we collaborate with the government and other enterprises to embrace the challenges of transformation as opportunities and move towards "2050 Net Zero Transition."

2019

Initiated greenhouse gas inventory project for factories
Chenbro Technology (Kunshan) obtained ISO 14064-1 certification

2021

Chiayi Factory received Green Building Bronze Certification
Solar panels on the roof of Chiayi Factory generated 1.45 million kWh of electricity annually
Participated in Yuanta Bank's "Sustainable Advocacy Action Press Conference"
Implemented group-wide energy-saving and carbon reduction initiatives

2022

Launched greenhouse gas inventory project (gradually expanding to headquarters and Chiayi Factory)



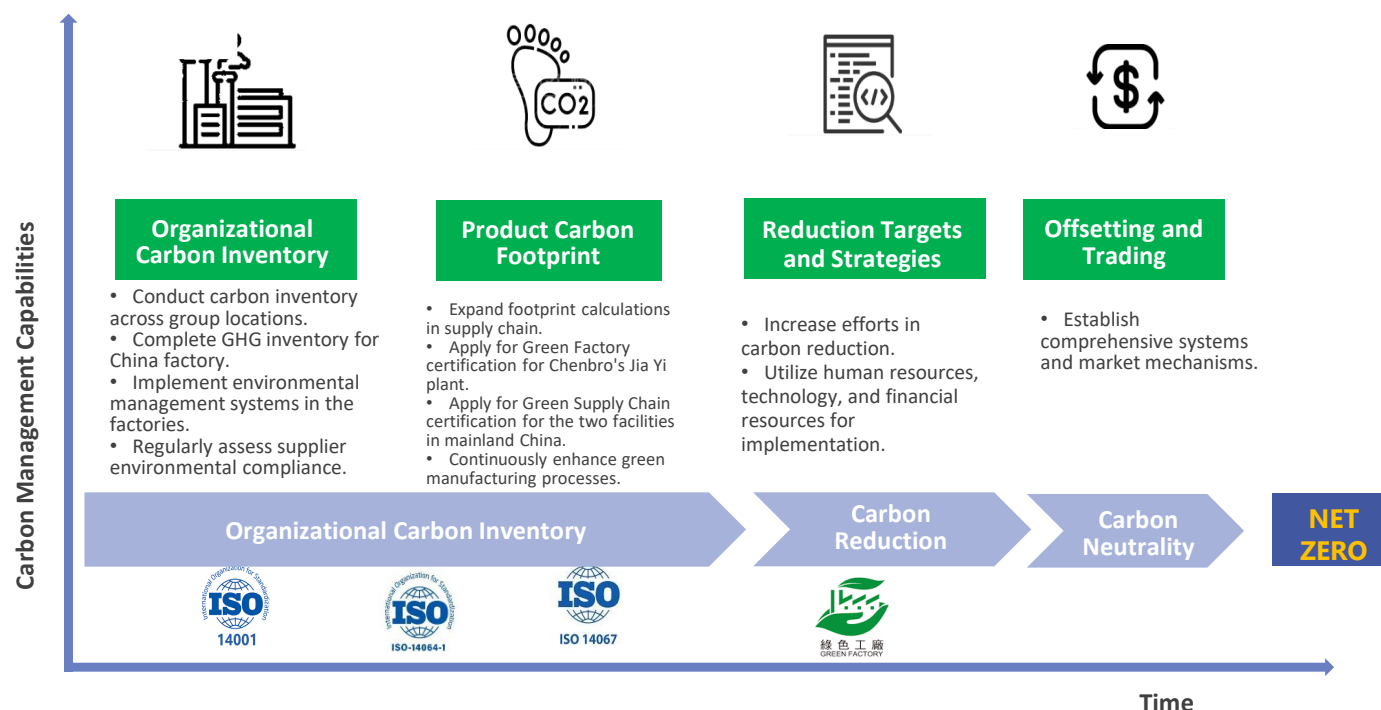
Governance

In 2023, Chenbro formally established the position of Chief Sustainability Officer (CSO), which is concurrently held by the CEO, and formed the "Sustainable Development Committee" under the Board of Directors. This committee will regularly report environmental issues to the board. Chenbro drives sustainable business initiatives through the "Sustainable Operation Promotion Team." Led by the Chairman and CSO, the team is divided into functional responsibilities, including "Corporate Governance," "Environmental Sustainability," "Corporate Commitments," and "Social Engagement." The team comprises members from relevant business units, and the respective department heads share responsibilities for driving these initiatives. The approach is purposeful, systematic, and organized, allowing for long-term cultivation and advancement toward corporate sustainability. (This corresponds to Chapters 2 - Sustainable Strategies and Chapter 3 - Corporate Governance.)

Strategies

Chenbro initiated an organizational carbon inventory as the first step in response to climate change. The year 2022 was set as the benchmark year for carbon reduction, serving as the basis for setting carbon reduction targets. In addition to this, each factory will implement an environmental management system and strictly monitor the product carbon footprint to control the organization's internal carbon emissions.

- Short-term goals: Complete carbon inventory, shift to intelligent manufacturing in factories for lower emissions.
- Medium-term goals: Collaborate with suppliers on a low-carbon management plan, aiming to create a green supply chain. Evaluate the purchase of green energy and other green initiatives.
- Long-term goals: Cultivate a low-carbon corporate culture and encourage employees to practice energy conservation and carbon reduction in their daily lives. In product development, strive for a circular economy, implement product eco-design strategies, and develop high-performance and energy-efficient products. This is the continuous and ongoing effort of Chenbro.



Risk Management

Chenbro follows the principle of significance and conducts risk assessments for operational environmental, social, and corporate governance issues. Relevant risk management strategies and units are established, including direct risk control units (business units/first line of defense), risk audit and control units (second line of defense), and the board of directors and audit office (third line of defense). Comprehensive risk management is carried out from the direct units to the control units, and discussions on risks and opportunities and their impact on the company are held regularly. Based on "likelihood" and "impact," the results are reviewed annually to confirm whether they are current critical issues and ensure that the identified results align with the current situation. °

		Impact Explanation	Potential Financial Impact	Management Action
Climate Risk	Increasing the use of renewable energy leads to higher operational costs	In response to international trends and customer demands, the company aims to reduce carbon emissions by increasing the proportion of renewable energy used within the group	Cost increase	Green production is crucial for maintaining environmental resources and staying competitive in the industry. The newly established Jiayi Plant is a green building equipped with solar panels on the roof, generating 1.45 million kWh of electricity annually. The company prioritizes purchasing energy-efficient and water-saving office equipment as part of its green procurement efforts. The feasibility of purchasing green energy for long-term environmental friendliness is being evaluated.
	Introducing alternative recycled materials increases research and development costs for technological transformation.	To comply with the trend of sustainability and meet customer demands, we continue to research and introduce alternative recycled materials.	Cost increase	Product research and development designs prioritize implementing environmentally friendly strategies, aiming to achieve 3R (Reduce/Reuse/Recycle) environmental principles and incorporating eco-friendly or low-pollution alternative materials.
Climate Opportunity	Taking proactive sustainable actions to gain customer recognition	International trends and customer demands require carbon reduction in supply chain. We're enhancing green R&D and manufacturing to seize business cooperation opportunities.	Cost reduction	International customers are increasingly making carbon reduction commitments and requesting suppliers to align with their strategies. The company's factories focus on lean production, energy management, and minimizing unnecessary waste during the production process. Resources are allocated to the development and design of green products to attract more customers.
	Implementing smart manufacturing processes to enhance production and distribution efficiency, thereby reducing operational costs	Chenbro strives to build low-cost smart manufacturing factories by incorporating automated equipment and production lines, significantly enhancing production efficiency.	Cost reduction	The company has established low-cost intelligent manufacturing factories, integrating automation for higher production efficiency. Chiayi factory, Chenbro Technology, and Procace Electronic have all gradually adopted automated production lines and equipment, enabling real-time monitoring and cost-saving labor costs.

Indicators and Targets

- Research and Innovation: Develop product environmentally friendly strategies with the goal of achieving a comprehensive circular economy and implementing the principles of Reduce, Reuse, and Recycle (3R) in product research and development. Product development will focus on five aspects: materials, processes, packaging, usage, and disposal.
- Improve Energy Efficiency: Implement low-cost smart manufacturing factories with automated equipment and production lines to enhance energy efficiency and achieve carbon emission reduction targets.
- Based on the inventory data: Greenhouse gas emission intensity decreased by 0.08 in 2022 compared to 2021.

	2021			2022		
Locations	Category 1 (tCO2e)	Category 2 (tCO2e)	Total (tCO2e)	Category 1 (tCO2e)	Category 2 (tCO2e)	Total (tCO2e)
HQ Office	14.79	287.37	302.16	39.54	242.18	281.72
Chenbro Chiayi Factory	-	-	-	976.92	944.48	1921.41
Chenbro Technology (Kunshan)	157.89	4,542.59	4,700.48	162.11	3421.46	3583.57
Procace Electronic (Dongguan)	223.76	6,743.48	6,967.24	816.82	5983.57	6800.39
Total Greenhouse Gas Emissions (tCO2e)	396.44	11,573.44	11,969.88	1,995.39	10591.70	12587.09
Emission Intensity (tCO2e/ M TWD)	1.27			1.19		



2019

2020

2021

2022

2023

- **Chenbro Technology** obtained ISO 14064-1 certification for the first time upon completing greenhouse gas inventory.

- **Procace Electronic** achieved ISO 14064-1 certification for the first time after completing greenhouse gas inventory.

- **HQ and Chiayi Factory** obtained ISO 14064-1 certification for the first time after completing greenhouse gas inventory.



03 Corporate Governance

1. Governance Structure and Responsibilities
2. Functions of the Board of Directors
3. Risk Management

3.1 Governance Structure and Responsibilities

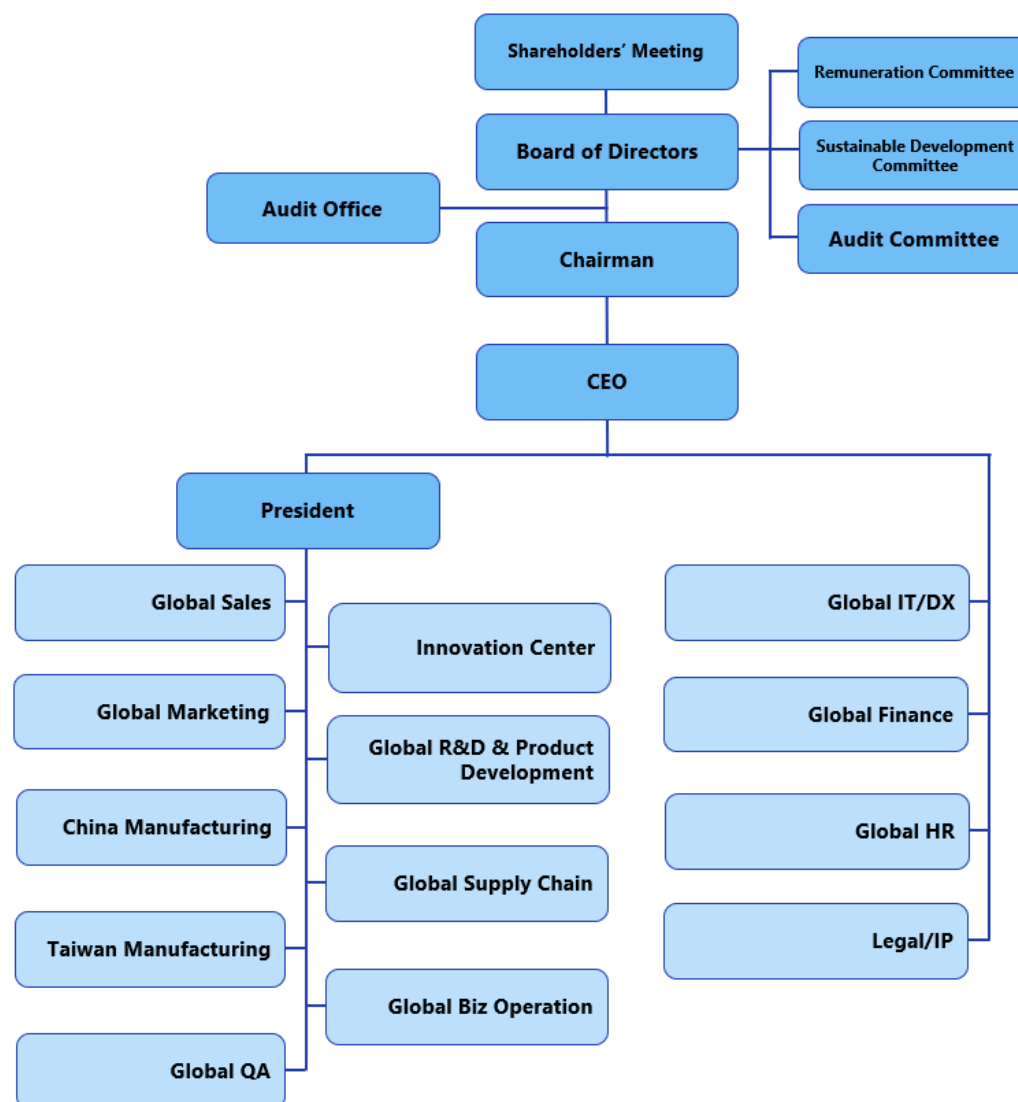
Corporate Governance Best Practice Principles

Chenbro, in accordance with the Company Law of the Republic of China, Securities and Exchange Act, and other relevant regulations, has established "Corporate Governance Best Practice Principles," "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," and "Sustainable Development Best Practice Principles" as the basis for implementing and executing corporate governance.

We enhance corporate governance structure, bolster the Board's role, and prioritize stakeholders right. As a listed company, our annual report contains detailed corporate governance information. (Chapter III of annual report: Corporate Governance Report).

Corporate Governance Framework

According to the Articles of Incorporation, the Board of Directors currently consists of nine directors, including four independent directors, with a term of three years, and they are eligible for re-election. The Chairman of the Board is elected from among the directors. The Chairman represents the company externally and oversees all major affairs of the company. The company also provides directors with liability insurance coverage for their business activities. The term of the 14th Board of Directors is from June 23, 2020, to June 22, 2023. The company's Board of Directors has established the Remuneration Committee in accordance with Article 14-6 of the Securities Exchange Act, the Audit Committee in accordance with Article 14-4 of the Securities Exchange Act, and the Sustainable Development Committee in accordance with Article 27 of the Corporate Governance Best Practice Principles (established in 2023). The Audit Committee and the Remuneration Committee are composed entirely of independent directors, and all directors (including independent directors) are elected by shareholders' votes. Quintessence announced its governance organizational structure in April 2023; please refer to the diagram on the right for details.



Responsibilities of the Board of Directors

The main responsibilities of the Board of Directors include overseeing business performance, preventing conflicts of interest, and ensuring the company's compliance with various laws, financial transparency, and timely disclosure of important information. In order to fulfill its supervisory duties, the Board of Directors of Quintessence has established various committees and channels, such as the Audit Committee, Remuneration Committee, Sustainable Development Committee, and Internal Audit. The company's Board of Directors regularly receives important financial and business reports from the management team, internal audit reports, operational plans, and procedures for significant financial transactions. It also approves the appointment or dismissal of executives, finance, accounting, corporate governance officers, or internal auditors, and other matters required to be resolved by the shareholders' meeting or the Board of Directors, as well as significant matters stipulated by competent authorities or the articles of incorporation. Good communication is maintained between the company's management and the Board of Directors, focusing on executing the Board's instructions and business operations to create maximum value for the shareholders. The integrity and ethical operation of the company are promoted or implemented by the Audit Department, Legal Department, Human Resources Department, Accounting Department, and Office of the Chairman. The Executive Office is responsible for consolidating the execution status and regularly reporting to the Board of Directors on the implementation of integrity policies and the supervision of anti-corruption and anti-unethical behavior. The company's progress in promoting integrity operation in 2022 was reported on January 9, 2023.

Board of Directors' Operation

Board Director Election Information

To ensure a robust and efficient operation of the Board of Directors, we adhere to legal requirements as the foundation of our corporate governance. This ensures that the Board of Directors functions effectively, ultimately safeguarding shareholder rights. All members of Quintessence's Board of Directors are elected through shareholder voting during the shareholders' meeting and may be re-elected. The nomination process for directors follows the provisions outlined in Article 192-1 of the Company Law and is specified in the company's articles of incorporation. The directors, including independent directors, are elected from the list of nominated candidates presented to the shareholders during the meeting.



Conflict of Interest

The company has established "Code of Conduct for Employees," "Rules of Procedures for the Board of Directors," and "Corporate Governance Best Practice Principles," all of which contain provisions to prevent conflicts of interest. Employees can report any potential conflicts of interest through various channels, including their immediate supervisors, the audit department head, human resources department head, legal department head, or through channels like the Whistleblower Hotline and Quintessence Voice – Employee Feedback Platform. External stakeholders can also provide feedback and communicate with management and the legal department through the whistleblower channel available on the company's external website. The company has designated spokespersons, proxy spokespersons, dedicated investor relations personnel, social engagement personnel, and corporate marketing personnel to serve as points of contact for media and public relations. These dedicated personnel ensure real-time communication with stakeholders through various channels such as phone calls, emails, social media, and the company's website. In compliance with the Information Disclosure Rules of the Taiwan Stock Exchange, the company's website (www.chenbro.com) prominently features a "Stakeholder Area" on the homepage, providing stakeholders with quick access to communication channels and timely responses on relevant issues.

According to the company's Rules of Procedures for the Board of Directors and Audit Committee Charter, directors or committee members with a conflict of interest in meeting matters, involving themselves or their represented entities, should disclose the essential details of the conflict at the outset of the meeting. They should abstain from discussion and voting and are not permitted to act as proxies for other directors or committee members in exercising their voting rights.

Recusals of directors from voting due to conflicts of interests:

Date of the Board of Directors	Proposal content	Reasons for recusal and status of participation in voting
2022/03/15 14th term 11th meeting	Removal of the non-compete clause for directors	Director Te-feng Wu is a stakeholder of the proposal and did not participate in the discussion and vote in accordance with Article 206 of the Company Law's conflict of interest avoidance system. The proposal has been unanimously approved.
2023/01/09 14th term 16th meeting	New Chief Strategist	Due to Chairman Mei-chi Chen's status as a stakeholder of the proposal, she is recusing from participating in the discussion and resolution. Independent director Wei-shun Cheng was temporarily appointed as the Chairperson for the proposal, and after consulting with the other attending directors, the proposal has been unanimously approved without objection.
	Appointment of Sustainability Development Committee	Due to Chairman Mei-chi Chen, CEO Ya Nan Chen, independent director Wen cheng Huang, and independent director Chung hsing Huang, being stakeholders of the proposal, independent director Wei-shun Cheng was temporarily appointed as the Chairperson for the proposal, and after consulting with the other attending directors, the proposal has been unanimously approved without objection.

Remuneration Committee

Chenbro established the "Remuneration Committee" on July 11, 2011, to guide compensation policies for directors and executives. Compensation decisions are tied to business performance, following guidelines in our articles and committee rules. Other payouts are based on industry standards, market surveys, and financial factors. The committee, with three independent directors, meets at least biannually. In 2022, three meetings were held, with full attendance.

Executive Compensation Policy of the Top Governance Body

(1) Directors, Supervisors

- A. Honoraria: It is based on the standard in the industry and paid according to the directors' and supervisors' attendance at board meetings, and the payment is NT\$3,000 per attendance.
- B. Remuneration of directors:

It is handled in accordance with Article 24 of the Articles of Incorporation of the Company. If the Company makes a profit at the end of the year, it shall allocate no more than 3% as the remuneration of the directors. The distribution of remuneration to directors shall be reported to the shareholders' meeting. However, when the Company still has accumulated losses, it shall reserve an amount of compensation in advance, and then allocate the remuneration to directors and supervisors in proportion to the percentage in the preceding paragraph. The board of directors shall draft a proposal for the distribution of remuneration to directors and supervisors, and the remuneration to directors and supervisors after the report is submitted to the shareholders' meeting shall be distributed and paid according to their positions and years of service. Remuneration can only be distributed when the Company has a surplus in its final accounts, so it will not cause risks to the Company's future operations. The after-tax net profit of the current period is higher than last year, it is reasonable that the remuneration of directors is higher than last year's amount.

(2) President and Vice Presidents

The Company's remuneration policy is handled in accordance with Article 24 of the Articles of Incorporation of the Company. If the Company makes a profit at the end of the year, 3% to 12% shall be allocated for employee compensation and no more than 3% as the remuneration of the directors. The remuneration of managers is determined based on the scope of authority of the position in the Company and the contribution to the company's operation by the Remuneration Committee with reference to the average salary level of the position in the industry. The procedure for determining remuneration includes not only considering the overall operating performance of the Company but also considering the achievement of individual targets and individual contribution to the Company's performance, so as to provide reasonable remuneration. After review by the Remuneration Committee, it is submitted to the board of directors for resolution.

Audit Committee

The Audit Committee, established in accordance with the Securities and Exchange Act, replaces the supervisor's role and is responsible for overseeing the expression of the company's financial statements, the selection (and dismissal) of auditors, their independence, and performance, the effective implementation of the company's internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks. The first-term Audit Committee's tenure is from June 23, 2020, to June 22, 2023. The objective of the Audit Committee is to assist the Board of Directors in exercising oversight of the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls. Chenbro's Audit Committee comprises all four independent directors. According to its organizational regulations, the Audit Committee convenes regular meetings at least once a quarter and may call additional meetings as needed. In 2022, a total of five Audit Committee meetings were held, with an average attendance rate of 95%.

Evaluation of Board of Directors

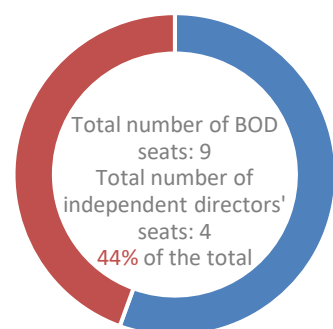
The Board of Directors conducts an annual performance evaluation for the overall Board, individual directors, and functional committees. The evaluation methods include self-assessment by internal Board members, self-assessment by directors, peer evaluations, external assessments conducted by professional organizations or experts, or any other appropriate evaluation methods. The results of the performance evaluation are reported regularly to the Board of Directors. In the year 2022, the performance evaluation of the Board members yielded outstanding results, with all three major evaluation criteria scoring above 4.9 out of 5.0 points.

Scope	Evaluation Content	Evaluation results
Board of Directors	The measurement project should include at least the following five aspects: (1)Degree of participation in the Company's operation. (2)Improvement in the board's decision making quality. (3)Composition and structure of the board. (4)Selection and continuing education of the directors. (5)Internal control.	The overall average score was 4.95 points (out of 5 points), with an excellent evaluation. This demonstrates that the Company's Board of Directors has effectively fulfilled its responsibility to guide and supervise the Company's strategy, major business, and risk management. The overall operation was robust and aligned with the principles of corporate governance, effectively strengthening the Board's functions and safeguarding shareholders' rights.
Individual Director	The measurement project should include at least the following six aspects: (1)Management of the Company's goals and tasks. (2)Perception of the director's R&R (3)Degree of participation in the Company's operation. (4)Management and communication of the internal relations. (5)Expertise and continuing education of the directors. (6)Internal control.	The overall average score was 4.92 points (out of 5 points), with an excellent evaluation. The assessment results indicate that the Company's directors received positive reviews on the efficiency and effectiveness of their operations concerning various evaluation indicators.
Functional Committees	The measurement project should include at least the following five aspects: (1)Degree of participation in the Company's operation. (2)Perception of the functional Committees' roles and responsibilities. (3)Improvement in the functional committees' decision making quality. (4)Composition and selection of functional committees. (5)Internal control	The average score for the committees was 4.93 points (out of 5 points), with an excellent evaluation. The assessment results show that all functional committees diligently fulfilled their responsibilities, and the overall operation was in accordance with the requirements of corporate governance, effectively enhancing the functions of the Board.

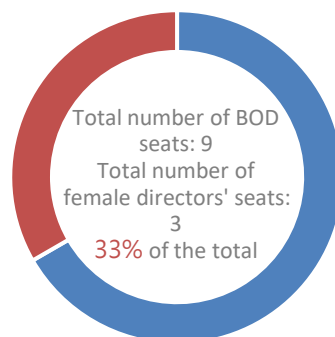
3.2 Functions of the Board of Directors

Board of Directors' Diversity

According to Article 20 of Chenbro's "Corporate Governance Best Practice Principles," the Board of Directors is responsible for guiding the company's strategy, overseeing management, and being accountable to the company and its shareholders. The company's corporate governance system, its various operations, and arrangements should ensure that the Board exercises its powers in accordance with laws, the company's articles of incorporation, or decisions made during shareholders' meetings. All members of Chenbro's Board of Directors possess the necessary expertise in business execution, academic qualifications, legal knowledge, financial acumen, and management capabilities. The company also consistently provides diverse training programs for the Board members to enhance their decision-making quality and fulfill their supervisory responsibilities, thereby strengthening the functions of the Board. The 14th Board of Directors of the company consists of 9 members, including 4 independent directors, accounting for 44% of the Board. In response to the company's operational and developmental needs, the Board members represent diversity, with three female directors making up 33% of the Board. They bring extensive experience in management, along with relevant professional and academic backgrounds, equipped with the essential knowledge, skills, and qualities required to execute their roles effectively.



■ Total number of director seats
■ Total number of Independent director seats



■ Total number of male director seats
■ Total number of female director seats

Name of Director	Basic Composition						Industry Experience				Professional Ability			
	Position	Nationality	Gender	Age		Term of office of Independent Director	Business Management	Business Judgment	Industry Expertise	Risk Management	Global Market Perspective	Information Technology	Accounting and Financial	Law
				51-60	61-70									
Mei-chi Chen	Chairperson	ROC	Female		●	0	●	●	●	●	●	●	●	
Tsun-yen Lee	Director	ROC	Female	●		0	●				●		●	
Yu-ling Tsai	Director	ROC	Female		●	0		●	●	●	●	●		●
Chung-pao Wu	Director	ROC	Male		●	0	●	●	●	●	●	●		●
Te-feng Wu	Director	ROC	Male		●	0		●		●			●	
Chung-hsing Huang	Independent Director	ROC	Male		●	3	●	●	●		●	●		
Wei-shun Cheng	Independent Director	ROC	Male	●		3	●	●		●			●	
Wen-cheng Huang	Independent Director	ROC	Male		●	12	●	●	●	●	●	●	●	●
An-pang Tsao	Independent Director	ROC	Male		●	9	●	●	●	●	●			

Directors' continuing education

The directors' and supervisors' continuing education is conducted in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

Position	Name	Date of Class	Organizer	Class Title	Hours	Total Hours
Chairperson	Mei-chi Chen	2022/03/10	Taiwan Stock Exchange	Discussions on the Independent Director and 2022 Shareholders' Meeting from an International Perspective	1	7
		2022/6/28	Taiwan Institute of Directors	2022 Institute of Director Annual Conference Exploring the Core Competencies of the Next Generation in an Era of Dramatic Changes	3	
		2022/10/5	Securities and Futures Institute	2022 Insider Equity Trading Legal Compliance Seminar	3	
Director	Tsun-yen Lee	2022/10/12	Securities and Futures Institute	2022 Insider Equity Trading Legal Compliance Seminar	3	9
		2022/11/09		Outsourced training by HIM International Music Inc.- Advanced Seminar titled "External Innovation and Sustainable Management" on Practices for Directors, Supervisors (including Independent Ones) and Corporate Governance Officers	3	
		2022/12/12		Outsourced training by HIM International Music Inc.- Advanced Seminar titled "Discussions on Corporate Sustainability Transitions from ESG Management" on Practices for Directors, Supervisors (including Independent Ones) and Corporate Governance Officers	3	
Director	Te-feng Wu	2022/12/20	Taiwan Corporate Governance Association	Preventative measures- the importance of corporate risk management	3	6
		2022/12/22		Strategies for defending against hostile takeovers and the responsibilities of company chairpersons.	3	
Director	Yu-ling Tsai	2022/11/14	Taiwan Stock Exchange	2022 Cathay Pacific Sustainable Finance and Climate Change Summit	6	6
Director	Chung-pao Wu	2022/7/21	Taiwan Institute for Sustainable Energy Research and Taiwan Center for Corporate Sustainability	Trends in Carbon Management and Responses to Move Towards Net Zero	3	6
		2022/10/5	Taiwan Corporate Governance Association	Information Security and Corporate Governance - Formulating Information Security Protection Strategies for Listed Companies.	3	
Independent Director	An-pang Tsao	2022/07/14	Taiwan Academy of Banking and Finance	Information Security and Governance Lecture - Information Security Strategy Thinking and Practices	3	6
		2022/06/28		Corporate Governance Lecture- Directors and Supervisors Responsibility: Starting from trade secrets.	3	
Independent Director	Wei-shun Cheng	2022/3/29	Securities and Futures Institute	The Facts for the Breach of Trust and Special Breach of Trust convicted by Directors and Supervisors.	3	9
		2022/4/13		Discussions on Mergers, Acquisitions and Integration Issues in the Process of Corporate Mergers and Acquisitions	3	
		2022/6/30	Taiwan Corporate Governance Association	Trends in ESG reporting and disclosing information on business implications	3	
Independent Director	Wen-cheng Huang	2022/9/13	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3	6
		2022/10/14	Securities and Futures Institute	2022 Publicity Meeting on Prevention of Insider Trading	3	
Independent Director	Chung-hsing Huang	2022/06/08	Taiwan Corporate Governance Association	Securities Regulations	3	6
		2022/06/09		Risk and financial management issues in Corporate Governance 3.0	3	

3.3 Risk Management

The purpose of risk management is to protect and enhance the company's value, enabling a structured and systematic evaluation of existing and potential risks. Timely decisions are made to align with the company's operational objectives and strategies, leading to continuous improvement. Given the rapid changes in global industries, international situations, digitalization trends, and the operational impact caused by the pandemic, Chenbro follows significant principles to conduct risk assessments related to operational, environmental, social, and corporate governance issues. Relevant risk management strategies and units are established, including Immediate unit of risk control (1st-line mechanism), risk review and control (2nd-line mechanism), and the board of directors & audit office (3rd-line mechanism), ensuring comprehensive risk management from direct units to control units.

Important Risk Assessment Item	Immediate Unit of Risk Control (the Unit in Charge)	Risk Review and Control	The Board of Directors and the Audit Office
	(1st-line mechanism)	(2nd-line mechanism)	(3rd-line mechanism)
I. Interest rates, exchange rates, and financial risks II. High-risk and high-leverage investments, lending of funds to others, derivatives trading, financial and wealth management III. Investments, investment in investees, and M&A benefits	Global Finance	Financial investment review unit (Members: Global Finance, President, CEO, Chairperson)	Board of Directors: (Decision-making and final control of risk assessment and control) Audit Office: (Risk inspection, evaluation, supervision, improvement, tracking, and reporting)
I. R&D plans	Global R&D & Product Development, Innovation Center	R&D review unit (Members: Global R&D & Product Development, Innovation Center, President, CEO, Chairperson)	
I. Changes in policies and laws II. Litigation and non-litigation matters III. Contract formulation and review IV. Examination of patents, trademarks, and other intellectual property rights	Legal/IP	Legal affairs review unit (Members: President, CEO, Chairperson)	
I. Analysis of technological and industrial changes II. Changes in products and corporate image	Global R&D & Product Development, Innovation Center, Global Marketing	Marketing review Unit (Members: Global Marketing, President, CEO, Chairperson)	
I. Production and sales coordination II. Expansion of plants or production III. Centralized purchase or sales	Factory Manufacturing Team, Biz Operation, Global Supply	Production and sales unit (Members: Global Supply Chain, China Manufacturing, Taiwan Manufacturing, Global Sales, President, CEO, Chairperson)	
I. Changes in the equity of directors, supervisors, and major shareholders II. Changes in operating rights	Global Finance – Corporate Governance Group	Operation review unit (Members: Global Finance, President, CEO, Chairperson)	
I. Information security risks	Global IT/DX	Information security review unit (Members: Global IT/DX, President, CEO, Chairperson)	



04 Innovation & Development

1. Innovative Research & Development
2. Intellectual Property
3. Green Manufacturing and Green Product Design
4. Product Design Process

4.1 Innovative Research and Development

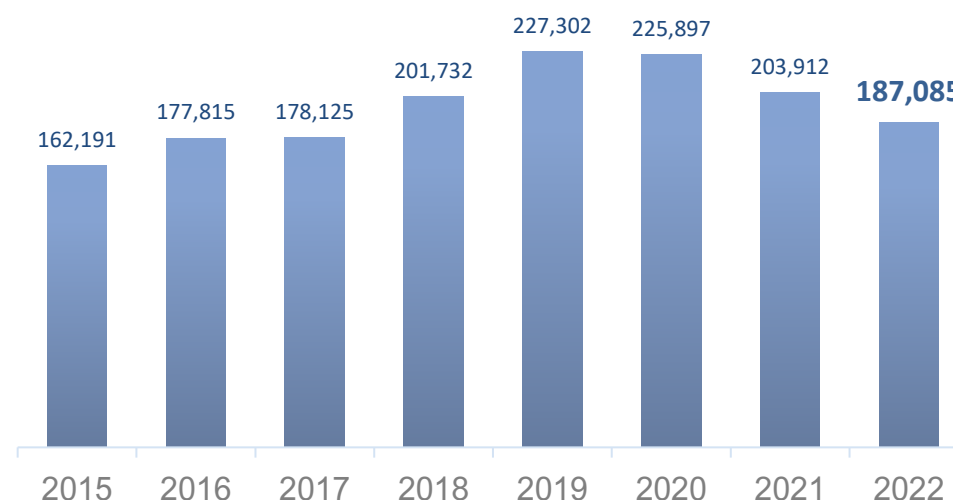
Over the years, Chenbro has consistently invested in Research and Development (R&D) and professional manufacturing, accumulating a wealth of experience. We have allocated a budget for R&D every year and established advanced R&D Center at our headquarters in 2021. The R&D Center conducts preliminary research on advanced technologies such as high-power liquid cooling, outdoor harsh environment applications, and other emerging technologies. It aims to stay ahead of market trends and application demands, accumulate technological capabilities, and enhance the competitiveness of our proprietary products.

We adopt the 6 Sigma approach to drive technological breakthroughs and continuously engage in industry-academia collaborations for prospective study. In terms of new materials, we focus on durable, lightweight, eco-friendly, and rapid prototyping materials of both steel and plastics. This is aimed at enhancing the internal density of our products, reducing the usage of memory on large-scale data centers, and moving towards the development of low-carbon and green product designs. We pay close attention to the changes in server systems brought about by 5G, AI, and edge computing. We strive to maintain our competitive advantage by researching high-performance system architectures, innovative mechanisms, and modular developments.

As a leading supplier of white-box server chassis, Chenbro not only constantly develops new products for customer selection but also invests in R&D to incorporate innovative technologies into our products. We listen to customer feedback, carefully plan our patent layout, and enhance the quality of our own products.

Chenbro's ability to meet customer needs and integrate supplies from multiple sources is closely related to the effectiveness of R&D and technological innovation of the company. In addition to establishing multiple R&D projects and encouraging innovative thinking for employees, we promote the application of concept engineering to identify innovative outcomes that can be commercialized. We have also established a sharing platform to facilitate mutual exchange among R&D engineers. Our server chassis undergo continuous innovation in terms of structure, materials, and manufacturing processes to keep pace with customer R&D. From customer service and ecosystem collaboration to internal R&D, we always uphold the spirit of diverse innovation, joining hands with our suppliers and customers to grow together.

R&D Expenditures (Unit: NTD / Thousand)

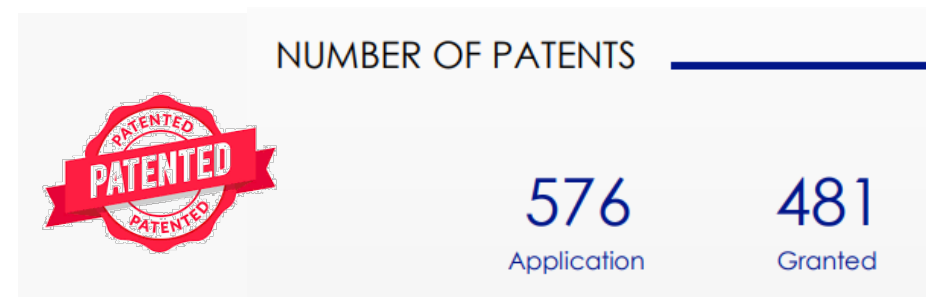


4.2 Intellectual Property

Upholding the spirit of innovation, intellectual property is highly valued by Chenbro. To strengthen its industry leadership position, Chenbro actively encourage innovation and emphasize independent R&D capacity. It aligns with its operational objectives and combines resources from the upstream, midstream, and downstream of the R&D process, and effectively acquires, maintains and utilizes different types of intellectual property rights, such as patents, trademarks, trade secrets, etc., in accordance with the Intellectual Property Management Plan, and continues to accumulate the advantages of various intellectual properties in line with the results of its research and development. These efforts aim to consolidate the hard-earned market competitiveness and to safeguard the rights and interests of Chenbro and its stakeholders. We encourage our employees to actively engage in R&D. We have established a “Patent Application and Incentive Measures” and invested considerable resources in the expectation that the innovation and R&D capabilities of our employees will enhance Chenbro’s competitive advantage in the market. We regularly organize patent education training sessions, occasional patent seminars, and manage R&D journals to enhance employees’ professional knowledge of intellectual property rights. These initiatives are aimed at fostering a deeper understanding and awareness of intellectual property among employees. By doing so, we aim to encourage employees to actively engage in innovation and R&D.

	2018	2019	2020	2021	2022
Patents Granted	28	33	38	56	26

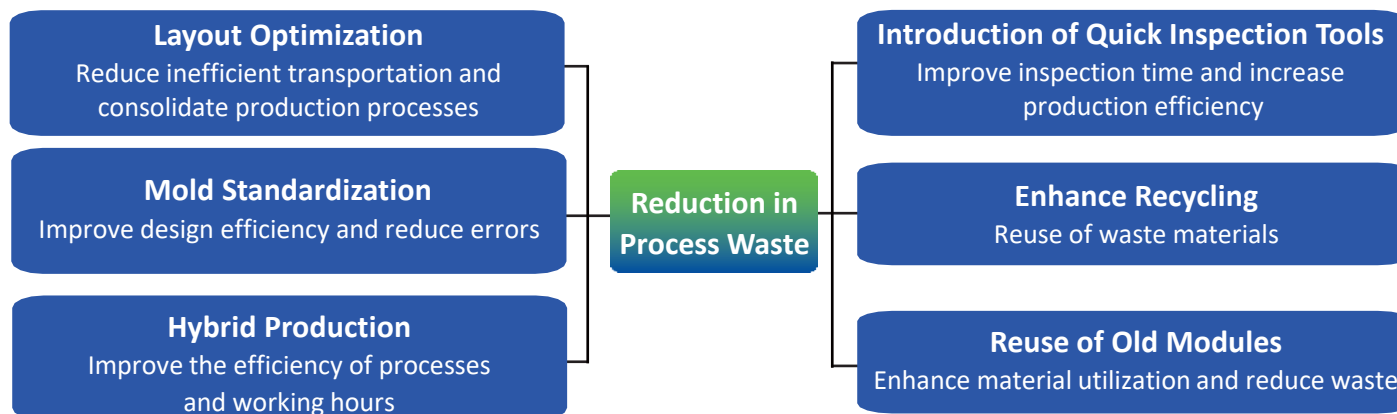
In recent years, in response to the forward-looking demands of the market, we have devoted resources to R&D activities to ensure the connection between business opportunities and product development. Simultaneously, we have implemented measures to protect and manage intellectual property rights within our company, as well as with our vendors and customers. Through the use of intellectual property management systems and tools, we strive to ensure that our R&D results become legally protected intellectual property in an accurate and comprehensive manner. As of 2022, we have filed 576 patent applications worldwide, with 481 patents granted. Intellectual property rights are not only significant achievements of our R&D endeavors but also an integral part of our innovation management. We firmly believe that having excellent intellectual property management is essential to maintaining our position as a leader in innovation. In 2022, a total of 16 new patent applications were filed, covering server cooling design, high-density storage structures, flexible hard disk installation structures, high-performance computing applications, as well as tool-free, load-resistant technologies, and modular system applications.



4.3 Green Manufacturing and Green Product Design

Green Production Process Optimization

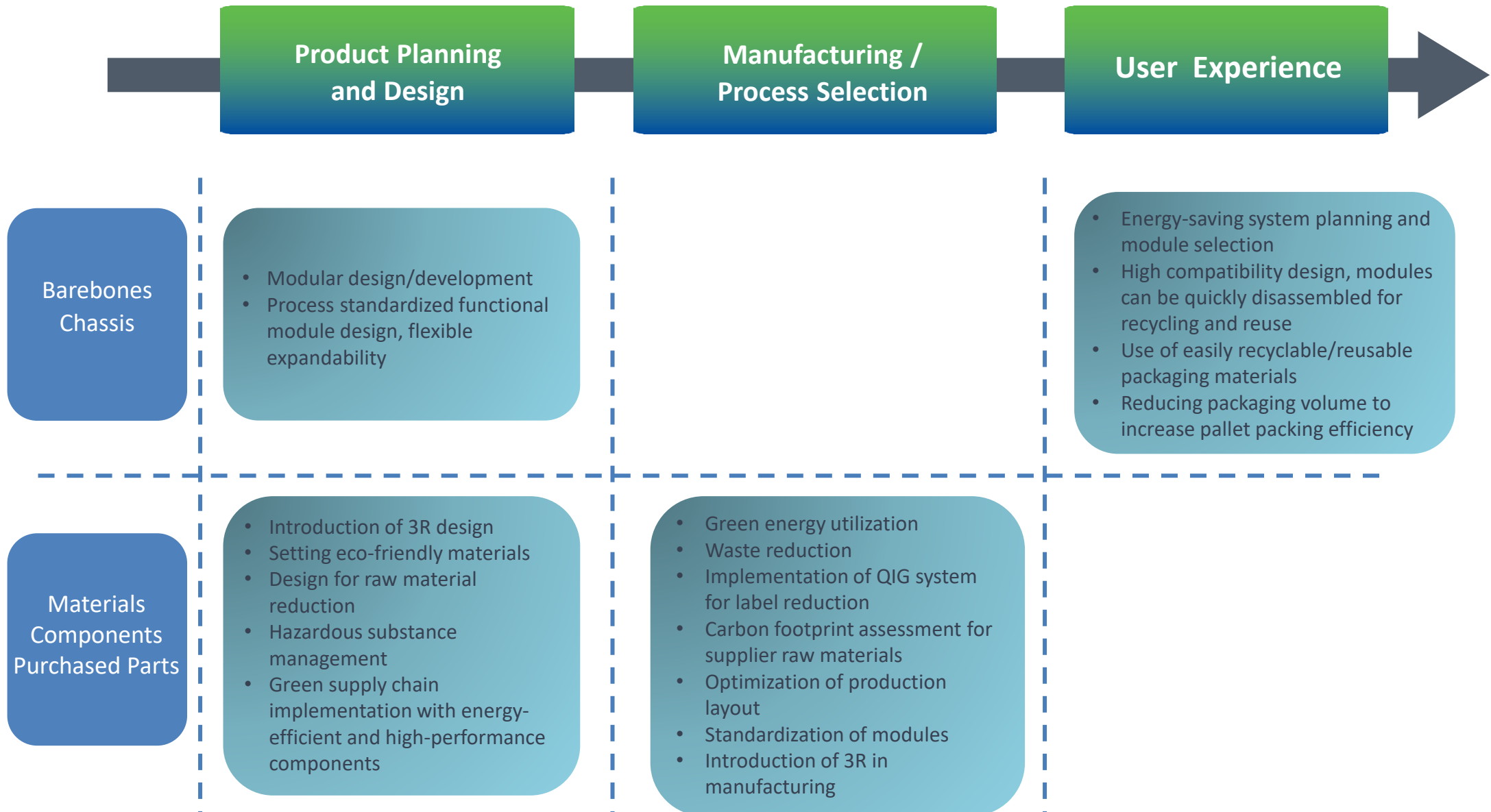
As a corporate citizen, Chenbro strives not only to excel in its core business for achieving good operational performance but also to gradually incorporate the concept of “Corporate Social Responsibility” into its green and sustainable practices. Green production process optimization, combined with Lean manufacturing systems, is being implemented across various manufacturing facilities to eliminate waste and minimize environmental impact. This encompasses aspects ranging from raw materials, product design, manufacturing, to environmental management, in order to minimize process waste and produce eco-friendly products. Additionally, we are actively promoting energy-saving initiatives within the organization to enhance energy efficiency. Through proactive supply chain management and strengthened green product design, we continue to minimize our environmental impact.



Green Product Design

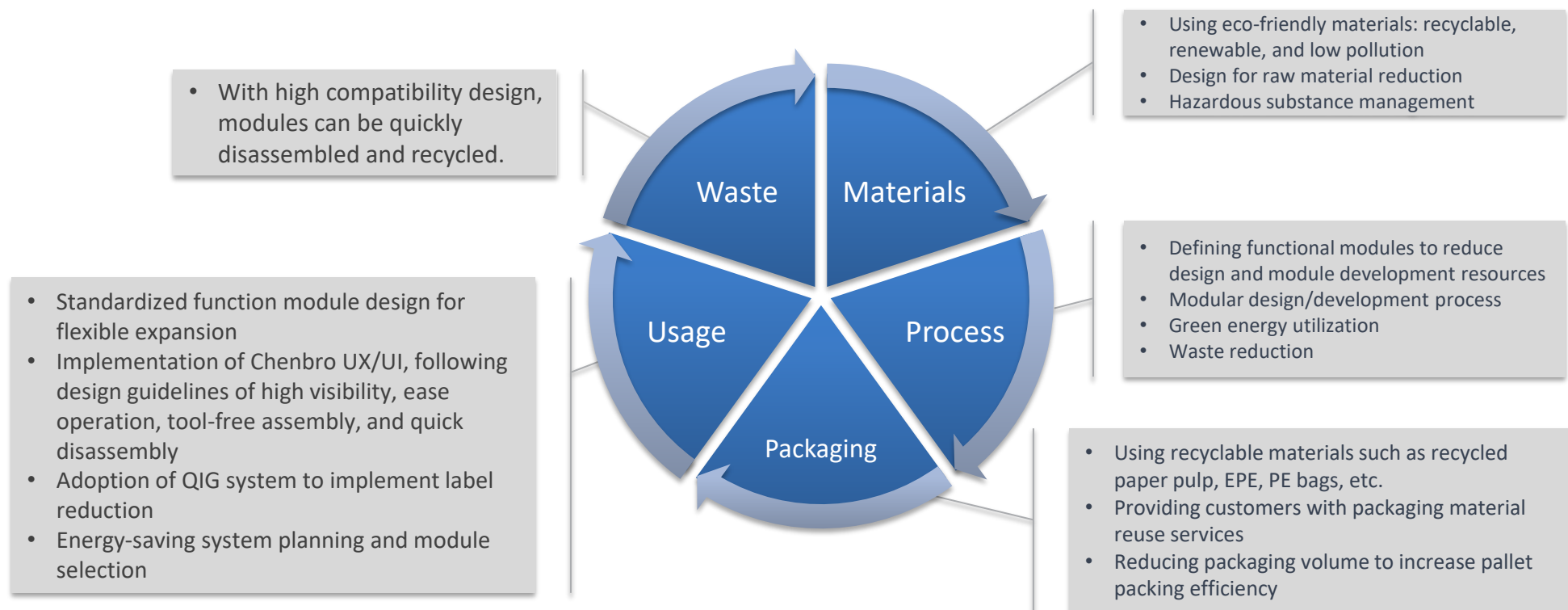
Chenbro products are built on the core values of high compatibility and high differentiation. We adopt a modular concept and flexible design in our manufacturing as a key R&D strategy. By maximizing the shared benefits of various components, we not only reduce customer development costs but also minimize the use of raw materials. We incorporate green design principles into our design guidelines to mitigate environmental hazards, reduce material usage, enhance energy efficiency, and promote easy assembly, disassembly, and recycling. We systemically integrate R&D efforts and collaborate with suppliers to become the best partner in the low-carbon, eco-friendly, and sustainable market for our customers. Our goal is to gradually fulfill Chenbro’s commitment to produce green products.

4.4 Product Design Process



Eco-Friendly Manufacturing Process

- In addition to complying with international laws and regulations, safety standards, and environmental regulations (e.g., RoHS), we also aim to fulfill our customers' needs for environmental protection standards and fulfill our responsibility for green product management.
- In our research and development design, we use environmentally friendly materials that are recyclable and renewable. In addition to implementing the 3R principles (Reduce/Reuse/Recycle) for environmental protection, we are also working towards achieving C2C (Cradle to Cradle) certification, aiming for a circular economy approach.
- We adopt a modular product structure design with high visibility, ease of operation, tool-free assembly, and quick disassembly as design guidelines. The modular design offers high compatibility and flexible expandability, simplifying the manufacturing process and increasing the reusability of modules.
- To minimize the environmental impact during the manufacturing process, we are establishing an environmental production and manufacturing management system. This system will define the operational processes for environmental management to control the generation of waste and the use of energy resources during the manufacturing process.



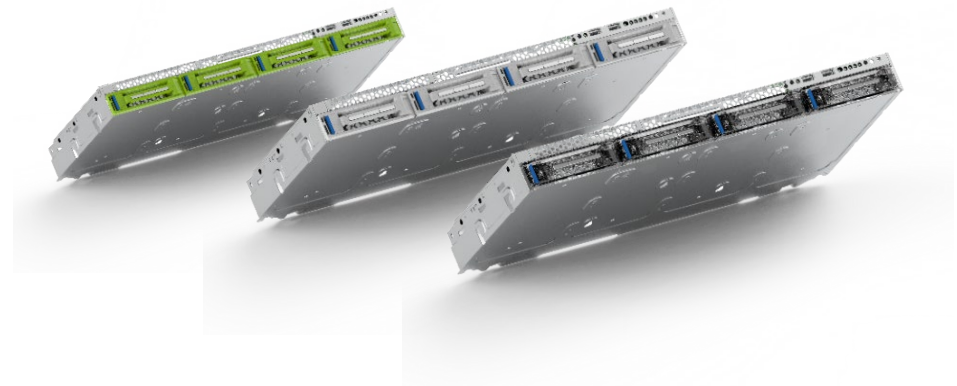
Green Product Design and Development Achievements



- Compliance with European Chemicals Regulation (REACH) and the Restriction of Hazardous Substances (RoHS) for electrical waste and electronic equipment, among other regulations.
- Selecting Halogen-free materials based on customer requirements.
- Establishing restricted substance management standards and strictly controlling supplier compliance with these requirements.
- Full Material Disclosure: Providing complete material disclosure for products according to customer demands and integrating it with the company's restricted substance management standards. This enhances information transparency and improves the completeness of material disclosure information, enabling us to offer reliable material components in blueprint with customer demands for eco-friendly products.



- Comprehensive use of renewable materials for packaging, estimated to reduce carbon emissions by 8% annually.
- Over 70% of product components meet the requirements of WEEE-derived materials.
- Practicing circular economy: Recycling scraps, utilizing waste materials, and incorporating Post-Consumer Recycled (PCR) plastics, with some products containing up to 30%.





05 Enterprise Commitment

1. Code of Ethics and Accountability
2. Internal Control and Internal Auditing
3. Customer Relationship Management
4. Supplier Sustainability Management
5. Information Security Management
6. Manpower Structure
7. Talent Recruitment and Retention
8. Employee Development and Training
9. Workplace Quality and Safety

5.1 Code of Ethics and Accountability

Since its founding, Chenbro has prioritized a culture of integrity and accountability, with a strong commitment to robust corporate governance. We adhere to all applicable laws and regulations and focus on anti-corruption, fraud prevention, and strict discipline, supported by a whistleblower mechanism. Alongside the Corporate Governance Guidelines and Code of Conduct, we have established 15 regulations, backed by education, self-discipline agreements, and accessible whistleblower channels. Specific details are available on the company's official website under Corporate Governance.

Strict Discipline

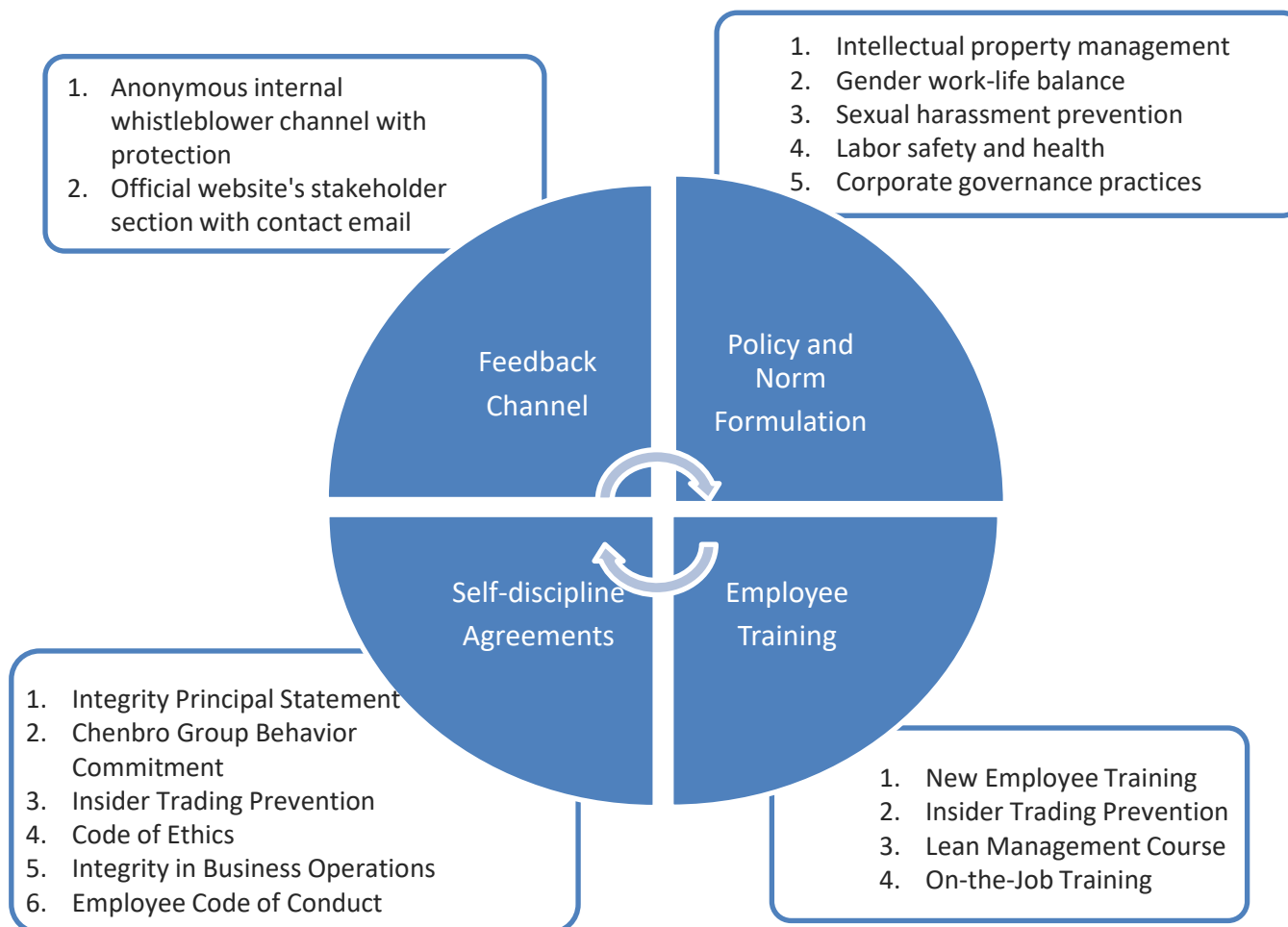
The company has established an employee reward and punishment system. Employees are expected to adhere to various work disciplines, rules, and regulations set by the company. Any violation of these disciplines, rules, or regulations will result in appropriate penalties.

Anti-corruption

Chenbro's Code of Conduct explicitly prohibits the direct or indirect acceptance of any form of improper benefits.

Fraud Prevention

Chenbro has established a hierarchical approval authority table and appropriate job segregation to avoid employees holding incompatible positions, thereby reducing the risk of errors and fraudulent activities.



Implementing Internalized Risk Management at All Levels

Chenbro's approach to enterprise risk management is based on safeguarding the interests of shareholders and stakeholders. We meticulously assess various uncertainties that may arise in our operations and establish appropriate mechanisms for control. This allows us to respond effectively to different situations, encompassing both risks and opportunities, thereby enhancing our ability to create value. Chenbro has formulated the "Prevention of Insider Trading Management" procedures as part of our internal control system and regularly conducts relevant training seminars.

Anti-corruption Code of Conduct

Chenbro established the "Code of Conduct - Chenbro" to prevent corruption incidents in compliance with local regulations in Taiwan. The code governs ethical business activities, including guidelines on gifting, receiving gifts and entertainments, political contributions, involvement in politics, charity donations, conflict of interest, competition restrictions, insider trading prohibitions, and other aspects of integrity in business operations. Through annual education and training, Chenbro mitigates the risk of corruption among employees, requiring all staff to adhere to the anti-corruption policies. Besides the employees, the board members are also required to sign a declaration on ethical principles and participate in relevant trainings. Chenbro ensures that not only internal employees but also suppliers comply with anti-corruption standards, conducting credit assessments for suppliers before establishing trade relationships and conducting audits annually to verify compliance with its standards.

Execution Status

Audit arranges legal compliance audit items in the annual audit plan every year and conducts audits on matters stipulated in the company's internal regulations such as the "Code of Conduct for Integrity in Business Operations," "Code of Ethics," and "Whistleblower Channel and Protection System Operation Procedures" at each location. In 2022, the Audit Department, Legal/Intellectual Property Department, and Global Finance and Accounting Department found zero related corrupt behavior.

Integrity Education and Training and Awareness Campaign in 2022

Item		Taiwan	China	Others
Employee Levels	Management Level	96.0%	100%	8%
	Non-management Level	75%	100%	25%
	Total	78%	100%	20%
Job Category	Manufacturing Staff	67%	100%	43%
	Non-manufacturing Staff	98%	100%	86%
	Total	78%	100%	20%

Note: Integrity training for new employees in Europe and the Americas aligns with the current year's overall training and advocacy ratio

5.2 Internal Control and Auditing

There are two groups to supervise the internal control and auditing, including the Audit Committee and the independent Internal Audit team. The Internal Audit team complete monthly audit reports and present to the Board, and the Audit Committee is set under the Board of Directors to oversee the risk management and deficiency tracking via email for review and follow-ups. We promptly address demands and recommendations from the Independent Directors and Audit Committee. Each year, the Board evaluates the internal control system's effectiveness and issues a statement. The effectiveness assessment for 2022 was approved on March 14, 2023.

In 2022, the approved audit plan applied to 46 aspects, including sales, procurement, production, payroll, asset management, and subsidiary audits. These audits assessed operational effectiveness, reporting reliability, and compliance. Only one deficiency related to the company's self-compiled financial report progress was found, and it was promptly addressed, achieving a 100% improvement rate.

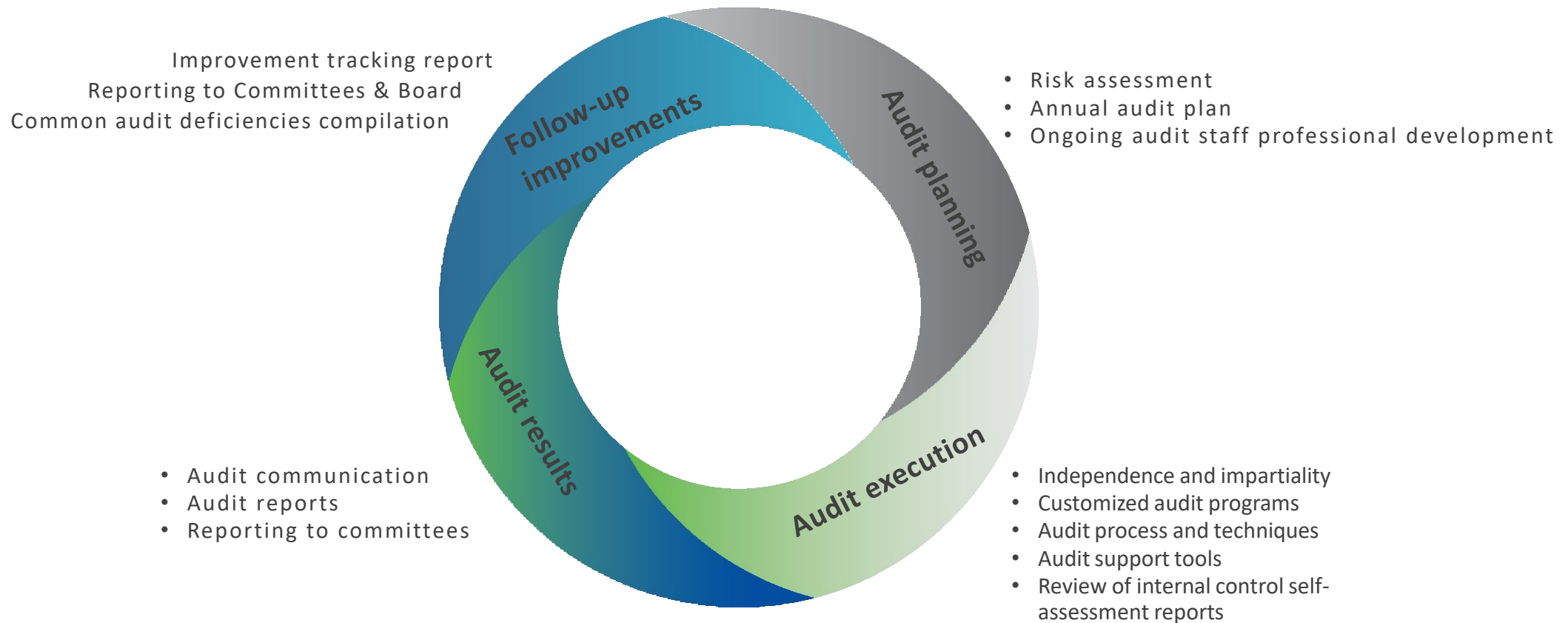
	2019	2020	2021	2022
Audit plan	43 items	45 items	47 items	46 items
Number of identified deficiencies	9 items	2 items	1 items	1 items
Number of improvements completed	9 items	2 items	1 items	1 items
Improvement completion rate	100%	100%	100%	100%

The members of Internal Audit team adhere to regulatory qualifications and enhance audit quality with trainings. The team annually reviews the self-assessment reports on internal controls by the company and its subsidiaries, including improvements for identified deficiencies. This basis evaluates the overall effectiveness of the internal control system and issues the internal control statement. The Internal Audit team is committed to improving professionalism, integrating resources, enhancing report content, and increasing the value of internal audits.

In 2022, audit team participated in professional ESG-related training on:

- ESG risk impact on internal control and response measures
- Enhancing ESG initiatives through internal audit and control functions
- Adapting control systems to new ESG regulations
- Promoting sustainable development through risk management for listed companies
- Compliance, commitments, legal obligations, and international litigation in ESG implementation and reporting

Implementing Comprehensive Risk Management at All Levels within the Organization



5.3 Customer Relationship Management

Chenbro puts much emphasis on establishing positive partnerships with its customers. With dedicated technical support teams and regular visits, we assist our customers in obtaining high-quality and competitive products. Besides, we set the "Support and Services" section on website to offer product information and frequently asked questions(FAQ) to assist customers.

Customer Complaint Handling Process

"Customer Satisfaction, Continuous Improvement." is Chenbro's core value on quality requirement. To understand and promptly address customer feedback, Chenbro has established the "Customer Complaint Handling Procedure" to cope with customer complaints or quality-related improvement needs. Chenbro has defined a customer complaint handling process with responses based on severity and in compliance with specified timelines.



Customer Satisfaction Survey

Chenbro conducts customer satisfaction surveys annually for key customers. Through the distribution of questionnaires or gathering feedback from Quality Performance Review (QPR) and Quality Performance Assessment (QPA) audits, relevant information is analyzed to evaluate customer satisfaction. The survey results indicate a high customer satisfaction rate of 70%, with the highest score reaching 92. Chenbro will continue its efforts to provide reliable products that meet and exceed customer expectations.

Creating Win-Win Partnering Opportunities

Customer patents and intellectual property are highly important confidential assets for us, and "Strict adherence to customer contract agreements and confidentiality commitments" has been Chenbro's long-term commitment to customers. For now, we have implemented strict confidentiality policies and internal control mechanisms, to safeguard the relevant information provided by customers; we also sign confidentiality agreements with customers and suppliers to ensure the security of their proprietary information. Moving forward, we will continuously optimize the company's information security policies to ensure comprehensive and effective control of customer data security, and better enhance customer relationship management and satisfaction.

Besides, Chenbro applies the sales tool "Selling Logics" to systematically identify business opportunities. By analyzing industry trends and understanding customer sales patterns, we systematically identify customer demands and enhance collaboration with customers, achieving mutually beneficial situation.



5.4 Supplier Sustainability Management

Purpose

Chenbro considers suppliers as crucial partners for sustainable growth and strictly adheres to relevant legal obligations in supplier management, focusing on labor rights, environmental protection, safety, and health.

Implementation and Management Strategy

1. Suppliers are required to sign the "Supplier Code of Conduct and Social Responsibility Commitment" pledging compliance with legal regulations, providing labor management standards, reducing environmental pollution, and minimizing potential hazards.
2. We enforce the supply chain management guidelines, including "Vendor Assessment Form" for new suppliers, regular supplier evaluations for all suppliers, and improvement requirements for unsatisfactory evaluations.
3. We strengthen the conflict-free minerals management, ensuring restricted substances are not used in products, and complying with REACH+SVHC substance regulations, establishing an appropriate material procurement process.
4. We prioritize local procurement to promote local economic growth and reduce carbon emissions during transportation. Currently, the headquarters' local procurement rate is reaching 90%.

Supplier Sustainability Management Process

For the supplier management process, Chenbro not only conducts regular market analysis and centralized procurement strategies internally, but also addresses corporate social responsibility clauses in the "Supplier Code of Conduct Agreement." We aim for a 100% signing rate and require suppliers to sign the "Supplier Code of Conduct and Social Responsibility Commitment," "Responsible Minerals Procurement Statement," and "Restricted Substances Compliance Statement" to comply with local regulations on labor rights, health and safety, environment, ethics, etc. Besides, for new suppliers, Chenbro requires "Purchase Contracts" to ensure the delivery, quality, and warranty adherence; while for electronics components, we establish second-source management, and key materials have strategic stock to prevent shortages.

Supplier Sustainability Responsibility Agreement Signing	New Supplier Selection System	Existing Supplier Auditing and Assistance
<ul style="list-style-type: none"> • Responsible business alliance code of conduct • Supplier code of conduct and social responsibility commitment • Responsible minerals procurement statement • Restricted substances compliance statement 	<ul style="list-style-type: none"> • Supplier search and screening • Ensuring delivery, quality, and warranty with purchase contracts • Alternate part management for electronic components • New supplier evaluation: screening and on-site audits 	<ul style="list-style-type: none"> • Annual supplier evaluation • Green product management: environmental criteria assessment with 20 indicators.

Supplier Evaluation

Chenbro conducts quarterly supplier evaluations with supplier evaluation forms, which covers various aspects of procurement, quality management, and technical capabilities to establish sustainable procurement practices. For underperforming suppliers, we will require timely improvement. For new suppliers, we will have extra assessment through the "Supplier Code of Conduct and Social Responsibility Commitment," which covers labor policies, health and safety, environment, ethical standards, anti-terrorism systems.

Regarding green product management, Chenbro adopts environmental criteria assessments for new suppliers, covering 20 evaluation indicators such as GP (Green Partner) management system, hazardous substance management, and green material management. The results of the evaluation reflect the supplier's green product management system, and at the same time, our SQE team has provided guidance for suppliers who received C grade to make improvement.

2022 Supplier Evaluation Results									
2022 Quarter	Number of evaluated suppliers	Number of evaluation levels				Percentage of evaluation levels			
		A	B	C	D	A	B	C	D
Q1	44	32	11	1	0	73%	25%	2%	0%
Q2	43	22	21	0	0	51%	49%	0%	0%
Q3	44	27	17	0	0	61%	39%	0%	0%
Q4	52	33	19	0	0	63%	37%	0%	0%

Localized Supply Chain

Our supply chain management prioritizes local procurement to promote local economic development, improve production efficiency, and reduce carbon emissions during transportation. From 2021 to 2022, the proportion of Taiwan-based suppliers increased from 89% to 90%, and China-based local suppliers increased from 80.5% to 81.5%.

	2021	2022
Proportion of Local Suppliers in Taiwan	89%	90%
Proportion of Local Suppliers in China	80.5%	81.5%
Proportion of Local Procurement Amount in Taiwan	99.2%	98.8%
Proportion of Local Procurement Amount in China	82%	83.5%
Note: Local Supplier Proportion = Number of local transactional suppliers / Total number of transactional suppliers in the year Local Procurement Amount Proportion = Local procurement amount / Total procurement amount in the year		

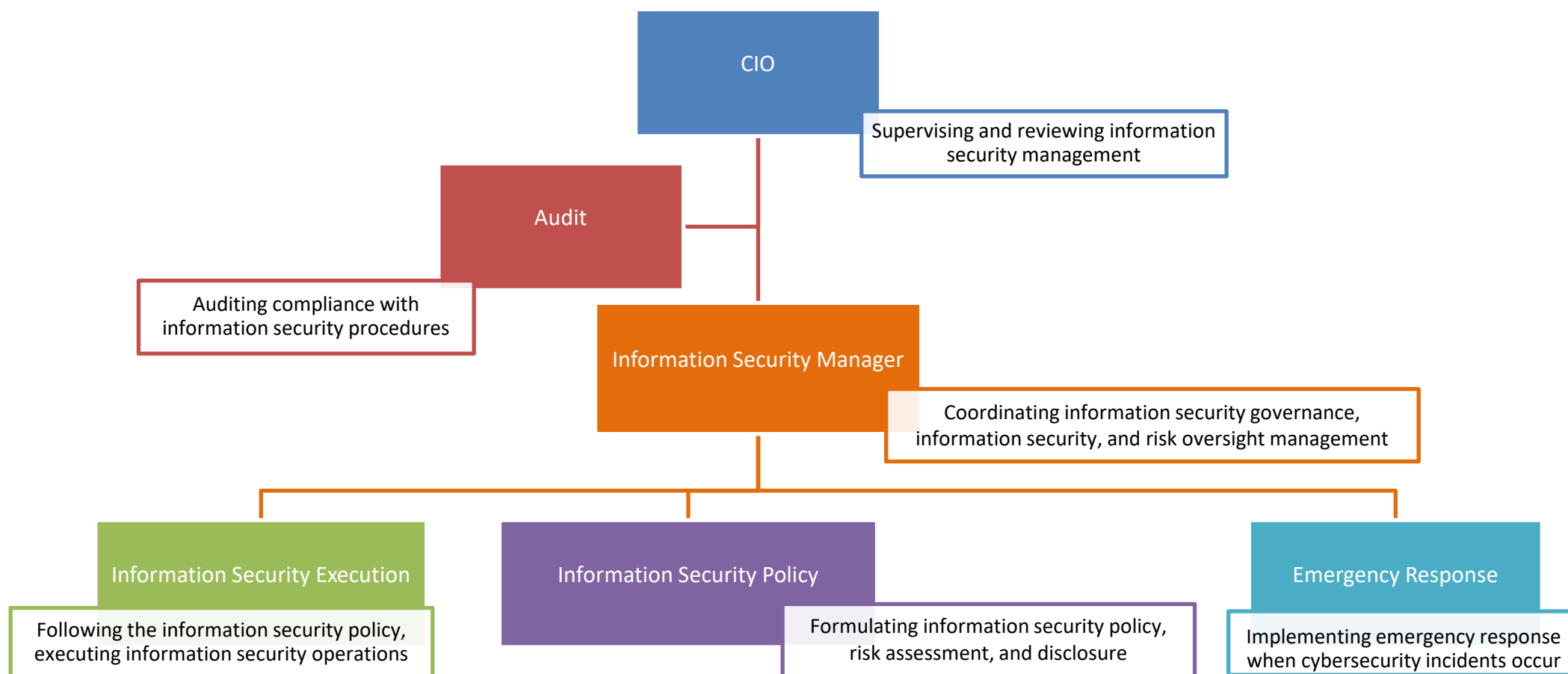
Procurement of Conflict-Free Minerals

Since 2013, Chenbro has examined all product materials to ensure they are free from conflict minerals or used to fund illegal groups in Democratic Republic of Congo and neighboring countries, in response to the "Conflict-Free Smelter (CFS) Project" initiated by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI). Additionally, we engage in responsible procurement practices, collaborating with suppliers to implement Chenbro's "Conflict-Free Minerals Procurement Policy" and adhere to the Restriction of Hazardous Substances (RoHS) direction for green products.

5.5 Information Security Management

Chenbro prioritizes information security and has established policies and procedures to prevent the situations that could disrupt operations or cause significant customer losses. To conduct information security risk management, Chenbro has established an Information Security Department dedicated to managing and controlling information security risks.

Comprehensive Information Security Organization for Supervising Company Operations



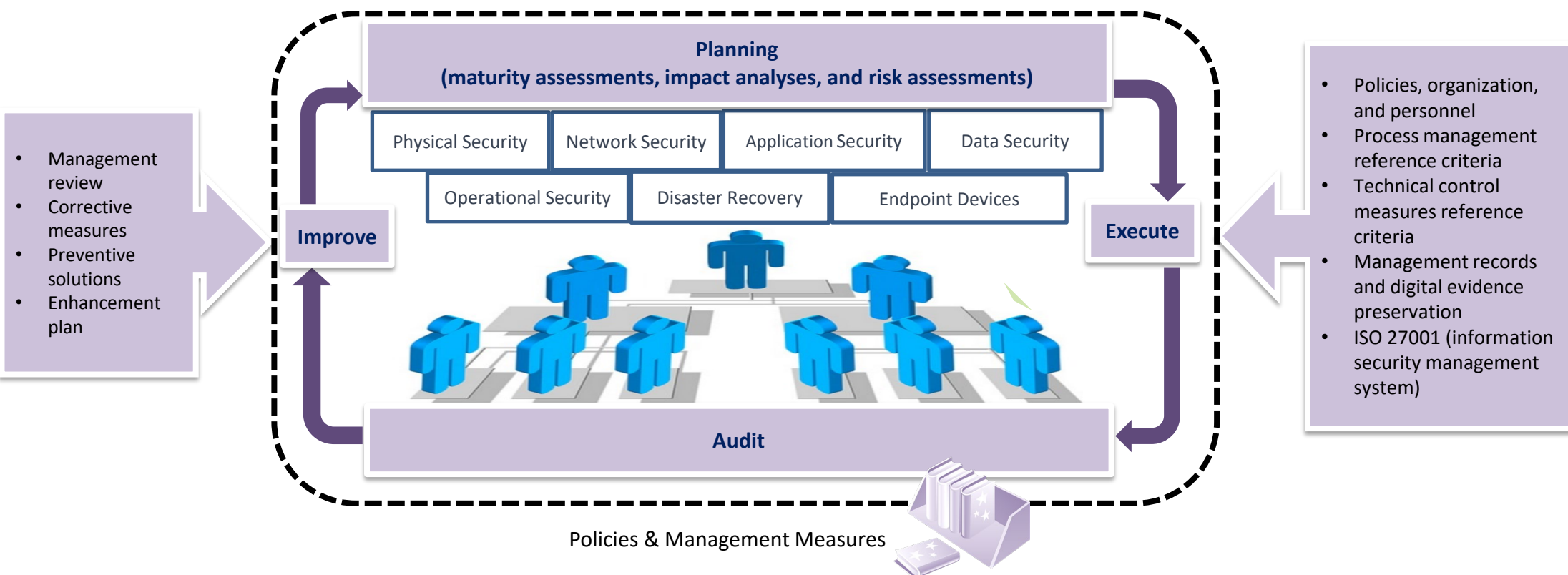
Chenbro Group's Information Security Management Model

To mitigate operational risks and ensure information security, we implement the management model to build customer trust, execute information security policies, and maintain business continuity, providing secure and efficient services.

ISO 27001 (information security management system): 2022
ISO 27002 (practical guidelines for ISO 27001): 2022

Customer
Audit

- Cybersecurity control guidelines for listed and OTC companies
- Inventory based on internal control system guidelines for publicly issued companies

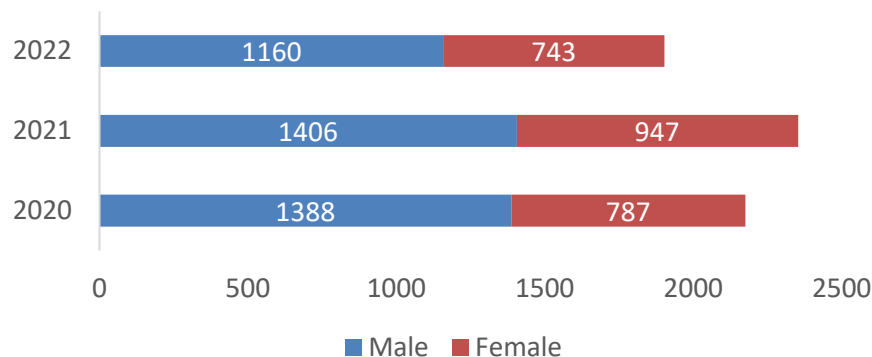


5.6 Manpower Structure

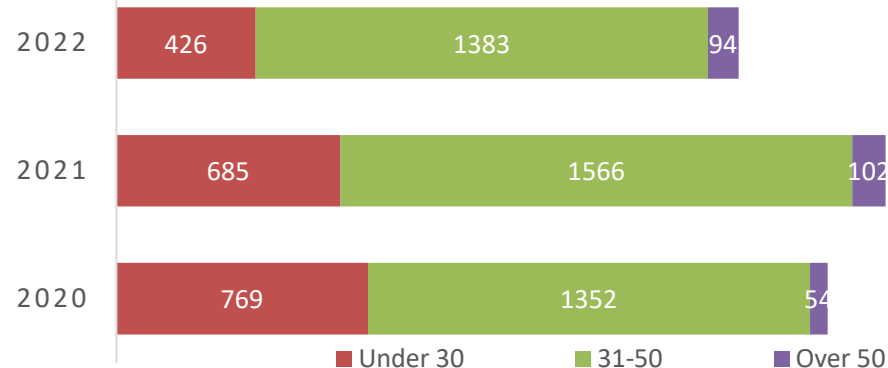
Workplace Diversity

Chenbro puts emphasis on employees and prioritizes a "people-first" concept, adhering to human rights principles and regulations. We embrace the diversity in workplace and join the "Responsible Business Alliance" to ensure human rights.

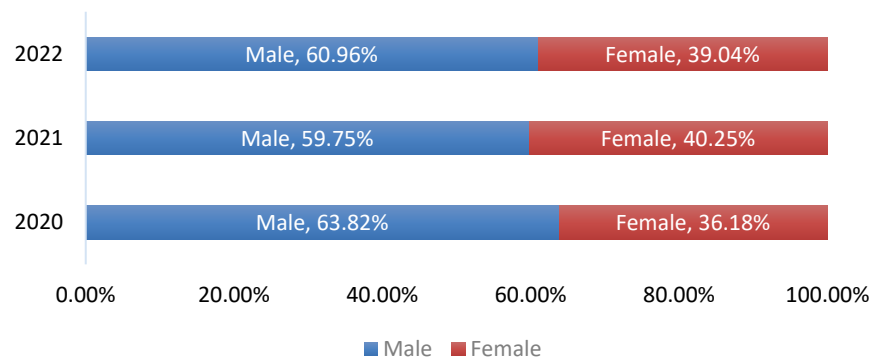
Total Employee Count by Gender
Over the Years



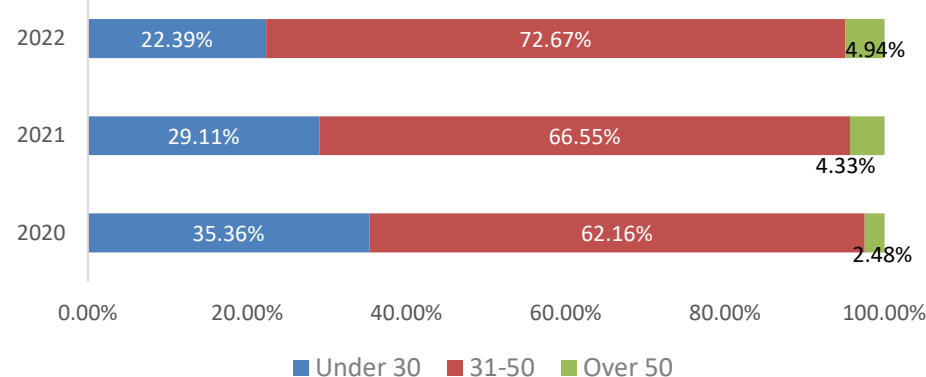
Total Employee Count By Age Group
Over The Years



Total Employee Count Ratio by Gender
Over the Years



Proportion Of Total Employee Count By Age Group
Over The Years



Employee Structure

In 2022, there were 1,903 employees composed of 1,528 regular and 375 non-regular employees in Chenbro. Among the number, the non-regular employees were hired mainly for volatile demands in China, and the total employees decreased by around 400 with the automation of the new factory, besides, Chenbro values equality and hired 3 disabled employees in Taiwan in 2022.

Personnel Gender and Employment Type by Region						
Regional nature/ Male and female headcount	Taiwan		China		Europe and America	
	Male	Female	Male	Female	Male	Female
Temporary employees (Contract employees)	0	0	135	122	0	0
Part-time employees	1	1	0	0	0	5
Dispatched employees	24	25	26	36	0	0
Zero-hour contract employees	0	0	0	0	0	0
Full-time employees	211	152	736	390	27	12
Total	236	178	897	548	27	17
Total number of employees by region	414		1445		44	

Employee Distribution					
Employee distribution		Male		Female	
		Headcount	Percentage	Headcount	Percentage
Management positions/ Non-management positions	Management Positions	146	7.67%	44	2.31%
	Non-management Positions	1014	53.28%	699	36.73%
Job categories	Manufacturing Staff	961	50.50%	569	29.90%
	Non-manufacturing Staff	199	10.46%	174	9.15%
Employment types	Direct Employees	474	24.91%	402	21.12%
	Indirect Employees	686	36.05%	341	17.92%

Equal Opportunity

We promote workforce diversity and equal opportunities for female colleagues. In 2022, females comprised 40% of the general workforce and 23.16% of supervisors.

The Gender Proportion of Each Job Level in the Past Three Years						
	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Regular positions	63.82%	36.18%	59.75%	40.25%	59.19%	40.81%
Management positions	80.08%	19.92%	73.42%	26.58%	76.84%	23.16%

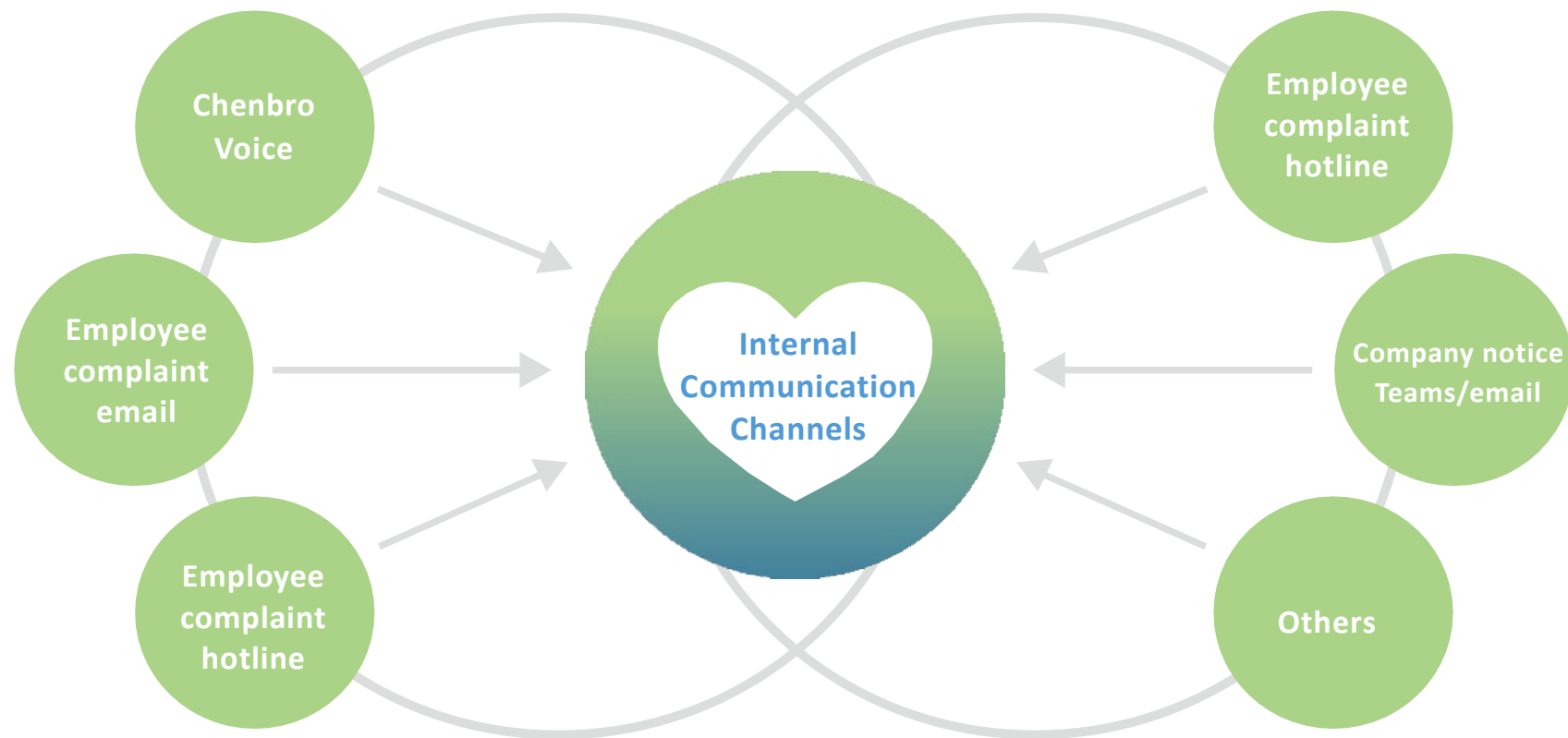
DEI-based Friendly Workplace Environment

Chenbro's promotion of a diverse and equal workplace has been recognized by TCSA (Tawian Corporate Sustainability Awards) Gender Equality Award. This award highlights our commitment to hiring based on talent and skill, regardless of gender, and breaking away from the traditional male-dominated tech industry. Chenbro has become a paradigm of female leadership in governance, demonstrating the influential power of diversity.



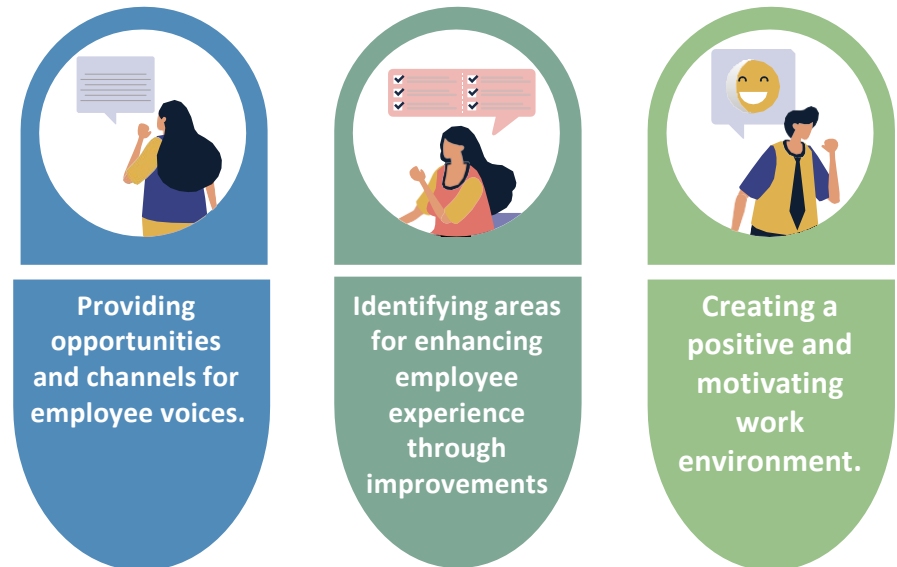
Employee Care and Communication Channels

Chenbro values opinion rights and operates a Whistleblower Protection System aligned with the Code of Business Ethics and Governance Guidelines. Complaints are handled confidentially through dedicated reporting channels such as "Chenbro Voice - Employee Feedback Platform" and Regular Workers Congress to ensure communication with employees.



Chenbro Voice - Employee Feedback Platform

Employees can provide suggestions to the company through the "Chenbro Voice - Employee Feedback Platform," either anonymously or with their names. The head of Human Resources department will review and handle these suggestions promptly and confidentially, aiming to foster an open and transparent communication environment among supervisors, colleagues, and peers. In 2022, the company received 22 employee suggestions, all of which were addressed without any reported cases of discrimination based on factors such as race, religion, ethnicity, nationality, or gender.



The feedback categories through the "Chenbro Voice" platform include but are not limited to:



Human Rights Governance

To address human rights issues in our global factories and operational processes, we conduct risk management at each factory site and report directly to CEO. Human resources departments are responsible for addressing human rights issues related to employees and operations, utilizing the RBA management mechanism for risk management. We comply with regulations concerning employment freedom, humane treatment, prevention of discrimination, and harassment, establishing diverse and effective communication channels to safeguard employee rights and welfare, fulfilling our social responsibilities. Chenbro values human rights training and provides a range of educational courses, including signing a human rights declaration, employee responsibilities & risk assessment training, RBA guidelines training, reporting and complaint policies, labor ethics and company policy training, to enhance employees' understanding of human rights governance. In terms of community and environmental-related human rights issues, we conduct environmental monitoring and collect community feedback at our operational sites to identify human rights risks.

Regarding suppliers, our Supply Chain Management team conducts sustainable risk assessments to identify and address human rights-related risks. Since 2018, Chenbro has been part of the RBA-Online platform, regularly reviewing internal systems for compliance with the latest RBA guidelines. Through the RBA-Online platform's self-assessment questionnaires (SAQs), we evaluate facility risks to prevent potential issues. Furthermore, we provide customers with external audit reports through the RBA-Online platform for reference.

The Results of Human Rights Education and Training in 2022.

	Number of participants	Participation percentage	Total training duration (hour)	Average training hours
Human rights education and training	1,799	94.45%	12,645	6.64

5.7 Talent Recruitment and Retention

Talent Recruitment

Chenbro adopts an open and fair recruitment process through various channels to attract capable and potential talents. External consultants are also engaged to provide training on HR algorithms, enhancing the precision and efficiency of talent recruitment within the group. We actively seek to create a diverse and inclusive workplace environment, adhering to labor laws and international human rights conventions, ensuring equal treatment regardless of gender, race, socio-economic status, age, marital status, or family situation.

In 2022, the group recruited a total of 814 new employees, representing a 25% increase compared to the previous year's total of 650 new hires in 2021. Chenbro employs diverse recruitment channels, including job platforms, participation in talent sustainability initiatives, social media, internships, campus recruitment events, industry-academia collaborations, employee referrals, and recruitment agencies. We also actively participate in job fairs and events held by the Labor Department or employment service stations. All hiring decisions are based on professional abilities and experiences.

Employee Benefits

Chenbro values its employees and treats them like family, striving to create a joyful working environment. We aim to establish a 3H-friendly workplace (Hope, Health, Happy) to foster a vibrant, happy, and warm team - ultimately, a top-notch team.

We organize diverse employee activities, including sports clubs and competitions, benchmark company visits, festive gift exchanges, annual creative contests, and family days during the summer. These events encourage employees to showcase their hidden talents within the team, fostering emotional connections beyond work. It allows employees to know their colleagues from different perspectives and, in turn, better understand themselves.



Compensation and Bonuses

Chenbro's compensation policy, determined by the Compensation Committee, offers competitive pay above market standards based on each role's responsibilities and contributions to the company. The process considers overall company performance and individual achievements, ensuring fair remuneration. In 2022, the highest executive's salary was 25.39 times the median, with a 3.05 adjustment ratio. (Note: Annual salary includes base pay, bonuses, stock trust, and restricted stock units.)

Employee and Director Remuneration

The Board of Directors decides remuneration distribution in the form of stocks or cash for eligible employees, including subsidiaries. The allocation of remuneration to employees and directors is reported to the shareholders' meeting. If the company is profitable, it allocates 3% to 12% as employee remuneration and up to 3% as director remuneration.

Rewards		Assessment
Year-end bonus	Employee compensation (dividends)	Managers: Year-end bonuses/employee compensation (dividends) are awarded based on operational profitability achievements. Regular employees: Conducted twice a year, performance evaluations are used to determine year-end bonuses/employee compensation (dividends) based on individual work performance, considering overall annual operational conditions and departmental factors.
Employee stock trust		Chenbro encourages employee participation in the Employee Stock Trust system, rewarding them based on individual performance. In 2022, almost 90% of Taiwan-based employees took part in the program.
Restricted stock units (rsus) for middle to senior managers		Achieve vested conditions, receive shares without charge, motivate employees, and retain outstanding high-end talents.
Patent bonus		Rewarding colleagues for engaging in creative inventions, proposing patents, or filing related intellectual property applications to strengthen the company's technical capabilities.
Employee referral bonus		Encouraging employees to refer outstanding talents. If the referral is successful, they receive a bonus based on the candidate's position level.
Other bonuses		Occasional activities, such as project bonuses, competition bonuses, etc.
Retirement system	New	Chenbro follows the Labor Standards Act for retirement, allowing employees to retire at 65 or opt for voluntary early retirement. Retirement pensions are divided into two categories, with monthly contributions in compliance with the law. The accumulated Employee Retirement Reserve Fund is NT\$14,650 thousand. Under the new system, 6% is contributed based on the employee's insurance coverage level. In 2022, a total of NT\$9,218 thousand was contributed under the new system.
	Old	

Welfare Policy

Chenbro offers welfare benefits that align with regulations and promotes work-life balance and employees' holistic development. These benefits extend to employees' families as well, contributing to happier family lives. Periodic internal events are organized to foster connections and unity among employees, enhancing team spirit.

Employee Benefits	
Insurance plans	Life insurance, accident insurance, hospitalization insurance, medical insurance, cancer insurance, and occupational accident insurance.
Marriage, funeral, and celebration allowances	Holiday bonuses, wedding bonuses, maternity bonuses, birthday bonuses, funeral consolation money.
Annual health check-up	Annual employee health check-up package and upgraded health check-up plan for managerial staff.
Award employees based on their years of service	Long-term service awards for employees who have served for 5 years, 10 years, 15 years, and so on.
Employee activities	The company allocates funds for welfare activities to encourage employees to cultivate a healthy lifestyle and diverse interests, fostering a sense of camaraderie among employees.

The Implementation of Parental Leave for Childcare

Chenbro follows Taiwan's Gender Equality in Employment Act, allowing employees to apply for parental leave without pay until their child turns three. They can take up to two periods of leave, lasting 30 days to 6 months each. Chenbro provides an 80% salary subsidy (including allowances) during the leave to support work-life balance. In 2022, 4 employees, including one female, applied for parental leave out of 29 eligible employees in Taiwan.

	2022 Maternity Leave Applicants Count	2022 Parental Leave Count	2022 Rejoining Employees Count	2022 Rejoined Employees Count	Reemploy ment rate	2021 Returnees	2021 reemployment 1-year retention	Retention rate
Male	1	24	0	0	0	0	0	-
Female	3	5	3	1	33.33%	0	0	-
Total	4	29	3	1	33.33%	-	-	-

5.8 Employee Development and Training

Employee Education and Training

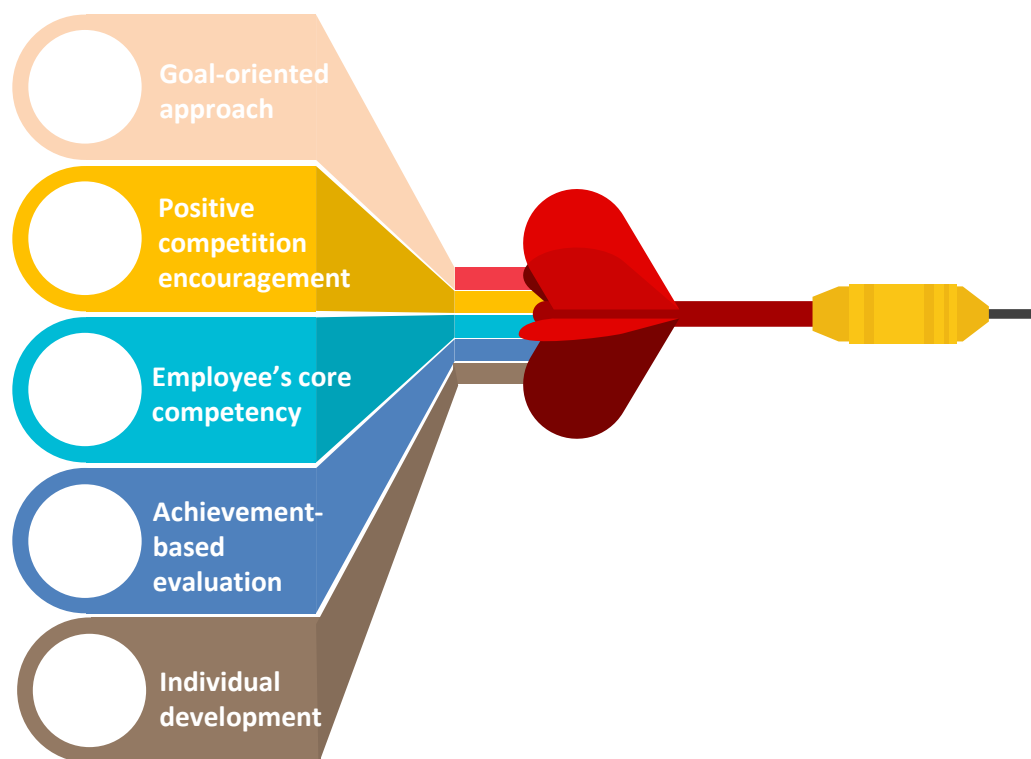
Talent development is vital for Chenbro's sustainable growth. We provide diverse learning resources and pathways based on job requirements, performance evaluations, and career plans. Our programs include new employee training, professional development, job guidance, and internal rotations, enhancing employees' expertise and international competitiveness. Diverse learning programs cater to various levels and functions, empowering employees with real-time knowledge for growth.

In 2022, Chenbro initiated seven training programs aligned with the annual strategy, encompassing strategic planning, lean management, process improvement, and talent management development. Middle and senior-level managers served as mentors, guiding their teams in executing optimization projects. Regular guidance from consultants and instructors was provided, culminating in a year-end presentation competition where lecturers and experts shared project outcomes. This process facilitates continuous improvement and effective application of course knowledge in future work.

Training Types	Training Content
Management training	Entry-level, mid-level, and senior-level management skills training
Strategic functional training	Developing systematic knowledge and skills for key talents in alignment with annual strategy
Professional functional training	Annual education and training plan for each department, continuously nurturing professional competencies
General training	Soft skills, general skills training, quality improvement, and safety and health education training
New hire education and training	Newcomer seminars, S-OJT, departmental OJT, and one-on-one coaching
Self-directed learning resources	Tech Forums, Seminars, E-Learning, Industry News Subscriptions, and Chenbro Library

Talent Development System

Chenbro's talent development system is performance-driven, incorporating rotations and promotions. Individual performance goals are set based on job roles, and regular evaluations determine the corresponding assessments. In 2022, 47 employees participated in rotations, a 3% increase from the previous year. We offer a transparent promotion platform to cultivate future management talents, with a 7% promotion rate in 2022. Our approach fosters sustainable talents, improves the organizational atmosphere, and creates a positive and continually improving work environment.



2022 Performance Evaluation Coverage							
Items		Taiwan		China		Europe & USA	
		Male	Female	Male	Female	Male	Female
Management / Non-management positions	Management positions	100%	100%	100%	100%	100%	100%
	Non-management positions	99%	98%	100%	100%	100%	79%
	Total	99%	98%	100%	100%	100%	82%
Job categories	Management	97%	98%	100%	100%	100%	100%
	Sales	88%	100%	100%	100%	100%	77%
	Manufacturing	100%	98%	100%	100%	100%	100%
	R&D	100%	100%	100%	100%	100%	100%
	Total	99%	98%	100%	100%	100%	82%

Note: Excluding part-time employees and interns, the assessment rate is less than 100% due to their exemption from evaluation.

2022 Training Effectiveness

Strategic Training Program

In 2022, Chenbro partnered with the Taiwan Sustainable Development Business Association to organize an annual strategic training program. It covered strategic planning, lean management, process improvement, and talent management development. Middle and senior managers acted as mentors, leading teams in optimization projects. The program also introduced management system tools and methodologies for sustainability. A presentation competition allowed sharing and learning from project results. Continuous improvement was encouraged for practical application.



Overall Global Employee Training Hours

	Female	Male
Training hours	36,827.19	6,2064.49
Average training hours	49.57	53.50
<ul style="list-style-type: none"> Average training hours for female employees = Total training hours / Total number of female employees Average training hours for male employees = Total training hours / Total number of male employees 		

Training Hours by Job Category (Management/Non-management)

	Total training hours for management staff	Total training hours for non-management staff
Training hours	19,056.69	79834.99
Average training hours	100.30	46.61
<ul style="list-style-type: none"> Training hours / total number of management staff Training hours per total number of non-management staff 		

Training Hours by Job Category (Manufacturing/Non-manufacturing)

	Manufacturing staff	Non-manufacturing staff
Training hours	76,380.94	22,510.74
Average training hours	49.92	60.35
<ul style="list-style-type: none"> Training hours / total headcount in each department 		

Note: Since 2021, Chenbro has been promoting sustainable system tools and digital transformation, primarily involving department heads and logistics units in the training. Trained personnel take the lead in related projects, which is why the average training hours for management and non-production manufacturing employees are higher.

5.9 Workplace Quality and Safety

Employee Health Management

Chenbro prioritizes employee well-being by fostering a health-conscious workplace. We offer regular annual health checkups that encompass a comprehensive range of examinations, such as body composition analysis, eye and hearing tests, tumor screening, and various blood tests. Our commitment goes beyond legal requirements, as we actively encourage employee participation to ensure their overall well-being and promote a healthy work environment.

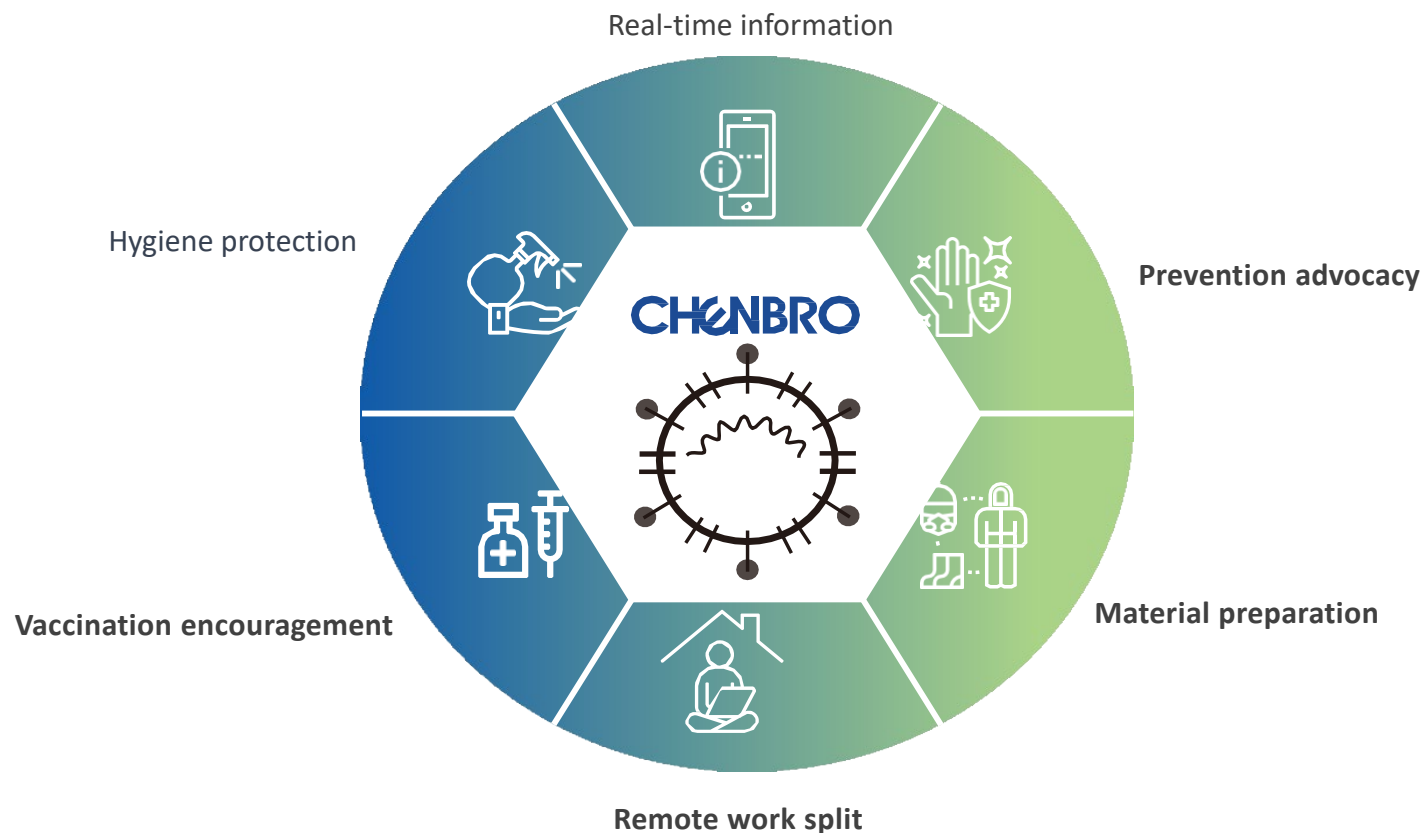
Furthermore, Chenbro promotes a healthy eating culture with a weekly "Healthy Vegetarian Meal Day," where we subsidize half the cost. Fresh lemon water is also provided daily to boost vitamin C intake and support well-being.

Health Management Information in Each Factory Area				
	HQ	Chenbro Technology	Procasa Electronic	Chiayi Factory
Health check completion rate	92%	100%	99.54%	98.4%
Health promotion activities	1	5	1	1



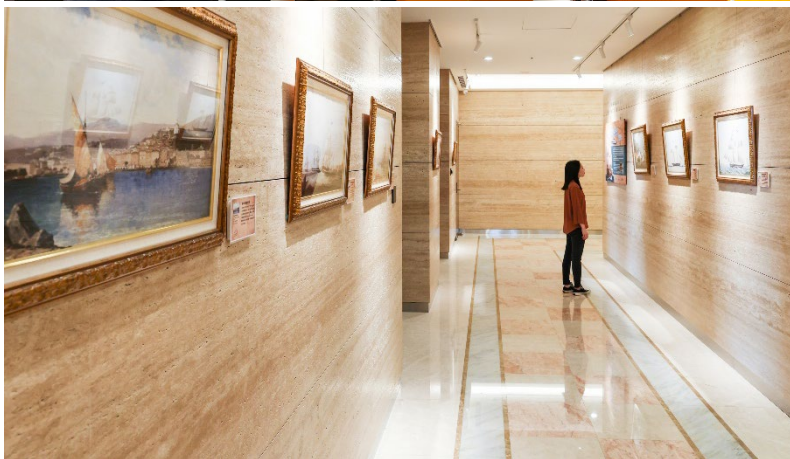
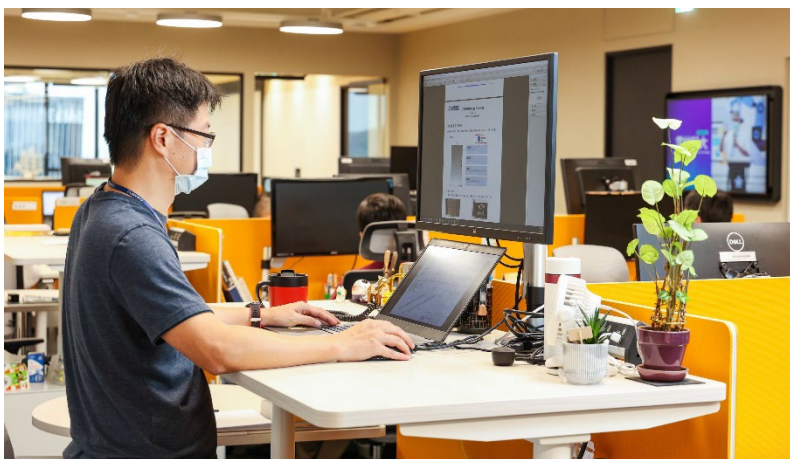
Pandemic Prevention Measures

Since 2020, the spread of Covid-19 has transformed the global workplace landscape. To effectively manage the situation and respond promptly, Chenbro closely monitors the pandemic's developments on a weekly basis. We regularly communicate and supervise the implementation of various preventive measures among employees. In addition to implementing a rotation system and promoting work from home, we encourage vaccination by providing paid leave for vaccination appointments. We conduct regular office disinfection, stock up on pandemic prevention materials, and require employees to undergo rapid antigen testing after long holidays before entering the premises, ensuring the well-being of our colleagues.



A High-quality Working Environment

Chenbro establishes a 3H (Happy, Health, Hope) friendly workplace culture, creating a well-equipped office environment with adjustable desks and ergonomic chairs to alleviate discomfort caused by prolonged sitting. The headquarters has a four-story office layout with interconnected internal staircases, reducing floor barriers to encourage inter-floor communication and promote walking instead of using elevators. Additionally, the office is adorned with an art gallery showcasing various artworks on each floor, providing employees with an artistic ambiance while they work.



Massage and Stress Relief Service

Headquarters office offers massage and aromatherapy services for stress relief. Employees can book appointments with professional therapists for a relaxing experience with soothing music and essential oils, providing multi-sensory relaxation. The service is in high demand among employees.



Promotion of a Fitness Culture

Chenbro actively promotes a sports culture with four sports clubs: Badminton, Yoga, Qigong, and the newly established Running club in the Chiayi factory. The company provides on-site facilities, including a Yoga room and a fitness center, to support the activities of the Yoga and Qigong clubs. Professional coaches are fully sponsored by the company, offering diverse programs for employees to try different sports and incorporate exercise into their daily lives.



In 2022, Chenbro held various sports events, including a Team Building challenge and a cycling event. They also had a points accumulation activity called "Stay Active, Gain Rewards," encouraging employees to participate in sports and earn gift vouchers. Additionally, there were basketball and dodgeball tournaments. Chenbro's sports clubs actively joined public events, with 4,713 participants in total.



Factory Environmental and Safety Monitoring

Chenbro focuses on ensuring employee safety and health through effective management policies and monitoring projects for continuous improvement and accident prevention.

- (1) Work environment monitoring: Noise, dust, harmful gases.
- (2) Water quality testing: Drinking water dispensers, pH value.
- (3) Hazardous waste monitoring.
- (4) Wastewater quality monitoring: Domestic, rainwater.

Chenbro prioritizes system and proactive management for employee safety and health, following the PDCA approach. Regular monitoring and EHS meetings are conducted, and employees receive safety training. ISO 45001:2018 certification has been achieved in the Chenbro Technology, with plans to expand to other locations. Procace Electronic has improved safety independently, and Chiayi factory is implementing ISO 45001.

Occupational Safety and Health Management Information at Each Plant Area				
Categories	HQ	Chenbro Technology	Procace Electronic	Chiayi Factory
Total number of employees	164	572	862	210
Number of males	88	317	575	117
Number of females	76	255	287	93
External accommodation: internal accommodation (percentage %)	-	63.47% : 36.53%	67.66%: 32.34%	-
Employee ethnicity distribution	Han Chinese	Han Chinese, Yi ethnic group, Tibetan ethnic group	Han Chinese, Hui ethnic group, Zhuang ethnic group, Yi ethnic group, Miao ethnic group, Bouyei ethnic group	Han Chinese
Contractors - total number of employees	2(cleaning)	21 (cafeteria) 、 7 (security)		2(catering) 、 6(security) 、 4(cleaning) 、 1(gardening)

Hazard Identification and Risk Assessment

Chenbro puts great emphasis on occupational health and safety, striving for zero accidents and disasters. The company follows legal regulations and has an ISO 45001:2018 certified management system. Regular risk assessments are conducted, and 11 high-risk cases were identified in 2022. Chenbro is committed to enhancing the occupational safety environment across all plants.



Number of High-Risk Occupational Health and Safety Cases in Each Factory in 2022

Item	Headquarters	Chenbro Technology	Procace Electronic	Chiayi Factory
Number of cases	0	5	3	3

Annual Improvement Plan Contracts for Each Factory

Items	Headquarters	Chenbro Technology	Procace Electronic	Chiayi Factory
1	On-site service contract	Waste disposal contract	Waste disposal contract	Business waste removal contract
2	Health checkup contract	Solid waste disposal contract	Industrial solid waste treatment contract	On-site occupational health and safety contract
3	Safety and health consultant contract	Upgraded waste gas treatment	Emission gas testing	On-site contract for medical practitioner
4	Operational environment monitoring service	Intermittent wastewater transfer	Intermittent wastewater transfer	Operational environment monitoring service
5		Waste testing	Workplace occupational disease testing	Air compressor maintenance
6		Workplace occupational disease testing	Hazardous substance worker health check	High voltage substation maintenance
7		Hazardous substance worker health check		

Occupational Safety and Health Management Committee

Chenbro has established environmental and occupational safety and health management organizations in its two factories in China, adhering to ISO 45001 standards. They have management committees and employee representatives overseeing various teams and departments. The occupational safety and health committee conducts annual planning for safety and health management, training, and monitoring fire facilities and hazardous materials. They also investigate and report workplace injuries.

Chenbro Technology High-Tech Industrial Development Zone General Union

Chenbro Technology(Kunshan) established the Chenbro Technology Union in 2022. The union holds at least one member representative meeting annually, and its committee members are elected for a term of three or five years. Employees can voluntarily choose to join the union or not. As of the end of 2022, the participation rate in the union among all Chenbro Technology employees was 100%, and it accounted for 30% of the total company-wide employees.

Benefits of Establishing a Labor Union



Cost reduction



**Labor relation
harmony**



**Team cohesion
enhancement &
turnover reduction**



**Regulation & policies
reinforcement**

Handling and Improvement of Work-related Injuries

Chenbro implements "Work-Related Injury Handling Regulations" to ensure prompt reporting and proper handling of work-related injuries. On-site first aid is provided, and severe cases are sent to designated hospitals. The process is managed by the Occupational Safety and Health Committee, ensuring employee safety and timely response.

Chenbro strictly follows legal regulations and maintains a comprehensive safety system to minimize work-related injuries. They conduct regular hazard handling projects and hold review meetings to improve safety. Specialized training and inspections are conducted to ensure proper equipment usage. While major incidents are prevented, eight minor incidents occurred in 2022.

Workplace Safety Incidents in 2022 Across Chenbro's Factories												
	Headquarters			Chenbro Technology			Procasa Electronic			Chiayi Factory		
	Employee	Dispatch	Contractor	Employee	Dispatch	Contractor	Employee	Dispatch	Contractor	Employee	Dispatch	Contractor
Fatalities	0	0	0	0	0	0	0	0	0	0	0	0
Serious Injuries	0	0	0	0	0	0	0	0	0	0	0	0
Recordable Injuries	0	0	0	3	0	0	3	0	0	0	2	0
Incidence Rate	0		0	0.27		0	0.23		0	1.12		0
Total Work Hours (hrs)	352,648		-	2,199,670		-	2,583,000		-	357,872		-
Note 1: Total work hours include both employees and dispatched workers, contractor work hours have not been included in the statistics and will be disclosed next year. Note 2: The rate is calculated as follows: Number of incidents / Total work hours * 200,000.												

Occupational Health and Safety Training

Chenbro emphasizes workplace safety and provides monthly training on safety, environmental, and occupational health topics for all employees. This includes fire drills, safety production, hazardous substance management, and environmental policies. Specialized training is also offered based on specific needs and work-related injuries. Departments conduct safety education during meetings, and specialized training is given to equipment operators and on-site personnel regarding waste management.

Occupational Injuries and Disease Prevention

Chenbro is devoted to enhancing employee safety and prevention of occupational diseases and accidents. It has a dedicated environmental and safety team, conducts audits, and provides first aid resources. The focus is on safety management and creating a safety culture. No occupational diseases were reported in 2022.



Occupational Safety Measures:

- New employees receive pre-employment disease education.
- Provide proper labor protection equipment.
- Regular medical check-ups for hazardous job roles.
- Pre-employment and post-employment medical check-ups for at-risk employees.
- Enhance employees' occupational health and protection skills.
- Improve accommodation and meals for employees.



06 Environmental Sustainability

1. Energy Conservation Action
2. Energy Management
3. Water Management
4. Greenhouse Gas Management
5. Waste Management



6.1 Energy Conservation Action

As a global citizen, Chenbro actively establishes a low-carbon corporate culture. We have not only taken the first step towards environmental sustainability by constructing our Chenbro Chiayi factory as a green building, installing solar panels on the roof with an annual generating capacity of 1.45 million kWh, and setting up a rainwater recycling system, and a waste recycling center. We promote manufacturing automation through Low-Cost Intelligent Manufacturing (LCIM) and are actively deploying and installing IoT applications to improve the efficiency and utilization of production line.

We advocate energy-saving and carbon reduction efforts, such as turning off lights for one hour at noon daily and implementing intelligent controls on various electrical appliances to automatically enter the power-saving mode when they are not in use. As a result of the following energy-saving measures and actions at the headquarters, the electricity consumption in 2022 was 50,729 kWh, a decrease of 9% compared to the electricity consumption of 56,597 kWh in 2021. In the future, we will continue to promote these successful initiatives to all our factories.

Item	Energy-saving and Carbon Reduction Actions
Educational Promotion	<ul style="list-style-type: none"> Utilizing Teams, newsletters, and office-wide broadcast TV for energy-saving and carbon reduction education
Office Equipment	<ul style="list-style-type: none"> Reducing the number of water dispensers on the same floor to minimize operating time Enabling sleep mode for office machines to reduce operational energy consumption
Air Conditioner	<ul style="list-style-type: none"> Setting the schedule time (on/off time) and adjust it to not turn on for unoccupied or public areas Controlling daily temperature and turn off unnecessary fans Adjusting meeting room windows and curtains during summer/winter seasons Activating the heat exchanger before turning on the air conditioning regularly Replacing the heat-insulating window films in 2022 to effectively reduce indoor temperature in headquarters at a total cost of \$760,000 NTD
Lighting Equipment	<ul style="list-style-type: none"> Setting office/phone booth sensors and timers for automatic switching Setting sensors for hallways and public areas to reduce operational time Turning off aisle lights in unused meeting rooms Turning off power supply in the unused lobby/showroom
Elevator	<ul style="list-style-type: none"> Encouraging employees to use stairs inside the company During peak hours, automatically setting the elevator to standby on the 1st floor
Information Equipment	<ul style="list-style-type: none"> Setting office and meeting room automated environmental control systems Setting switch on/off times for broadcast TV and the 200" LED TV in the lobby

6.2 Energy Management

The corporation's energy management covers its headquarters, Chiayi factory, Chenbro Technology (Kunshan), and Procace Electronic (Dongguan). The company's energy intensity is represented by total energy usage divided by the annual revenue, and in 2022, the energy intensity was 5.77. Both the inventory of total energy usage and energy intensity have shown a year-on-year decrease. Chenbro is committed to creating an eco-friendly office space. Our annual plan includes replacing high-energy-consuming equipment and implementing automation processes in the factories to improve efficiency and reduce energy consumption. In the office, temperature and time control for air-conditioning, energy-saving measures, such as turning off lights during lunch breaks, are implemented to advance business performance in a climate-friendly and cost-effective manner. We procure environmentally certified LED lighting and light sensors, energy-saving variable-frequency air conditioners, and solar power generation. The Chiayi factory has a 9-meter-high ceiling and low radiation glass to reduce the use of air conditioning. An energy-saving air conditioning system is established, utilizing cold storage during off-peak hours to store cooling energy and using it during peak load periods to reduce waste and lower machine instantaneous high loads during peak hours, extending the mechanical lifespan, reducing total contracted capacity, and saving electricity expenses.

Type of energy used		2020	2021	2022	Energy Information in 2022			
					HQ Office	Chiayi Factory	Chenbro Technology	Procace Electronic
Non-Renewable Fuel Consumption	Gasoline (GJ)	1,346	713	488	213	54	110	111
	Diesel (GJ)	179	762	764	-	14	750	-
	Natural gas (GJ)	5,145	5,052	5,705	-	14	-	5691
Purchased Electricity	Purchased Electricity (GJ)	50,938	56,597	50,729	1,713	6,680	15,550	26,786
Consumption of Renewable Fuels	Renewable Energy (GJ)	3,438	3,703	3,267	-	-	3,267	-
Total Corps Energy Consumption	Total Energy Used (GJ)	61,046	66,827	60,953	1,926	6,763	19,677	32,588
	Energy Intensity (GJ/ M TWD)	8.09	7.09	5.77	-	-	-	-

► Note 1: Energy calorific values are referenced as follows

- ◊ Taiwan: gasoline, 0.03265704 GJ/L; diesel fuel, 0.03516912 GJ/L, source: Energy Statistics Handbook 2021, Taiwan Energy Bureau.
- ◊ Taiwan: natural gas, 0.04103064 GJ/m³, source: Taiwan Shin-Chia LPG announcement.
- ◊ China: gasoline, 0.04312400 GJ/kg; diesel, 0.04270500 GJ/kg; Source: China GBT2589-2020 Comprehensive Energy Consumption Calculation General Rules.
- ◊ China: Natural gas, 0.03897900 GJ/m³, source: China GBT2589-2020 Comprehensive Energy Consumption Calculation General Rules.

► Note 2 : 1 MWh = 3.6 GJ.

► Note 3 : Energy Intensity = Total Energy Usage / Annual Revenue. Annual Revenue unit is in millions of New Taiwan Dollars (M TWD).

6.3 Water Management

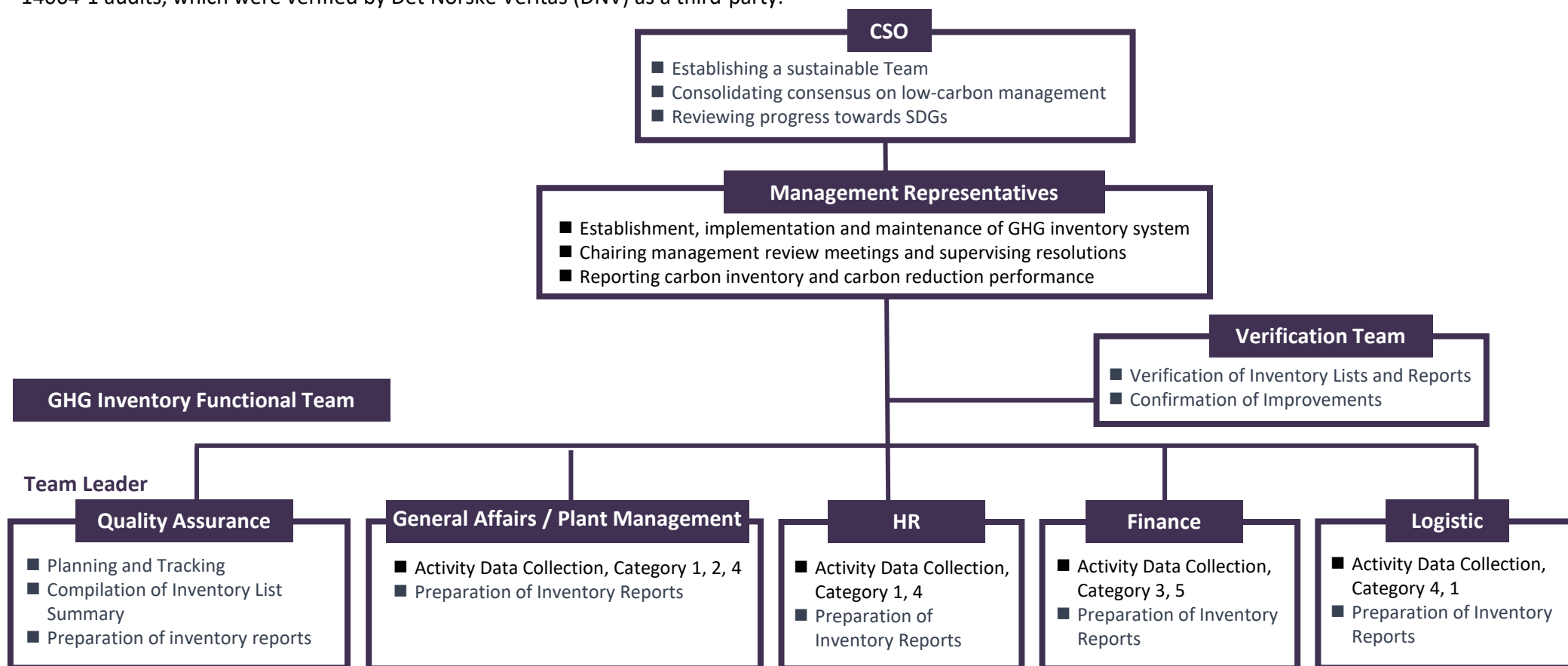
Chenbro's energy management covers the headquarters, Chiayi factory, Chenbro Technology (Kunshan) and Procace Electronic (Dongguan). All office and plants are located in developed industrial areas within urban regions. Water is sourced from third-party providers, and there is no extraction of groundwater or well water. At the headquarters, water usage is mainly for daily life, provided from the Banxin water purification plant, whose water source is supplied by the Shimen Reservoir; water used in Chiayi factory is provided from the Yizhu Service Center, its water source is mainly supplied by the Zengwen Reservoir, the plant is located in the Machouhou Industrial Park, and the wastewater pipeline connected to the disposal of the plant.

In 2022, the total water consumption for Chenbro was 153.757ML. The water intensity is calculated by dividing the total water consumption by the annual revenue. The water intensity for 2022 was 0.014. Even with the inclusion of Chiayi factory within the corporation scope, in line with eco-friendly strategies, Chiayi factory has adopted water-saving sanitary appliances with the water-saving label and set reasonable water pressure in the municipal water system and set water recycling facilities. As a result, the water intensity continues to decrease. Chiayi factory has installed eco-friendly detention ponds and waterways (storage capacity: 111.36 m³), effectively increasing water retention on the premises and serving as temporary flood storage during rainfall. The Plant is equipped with rainwater recycling facilities (capacity: 1060 m³), which collect rainwater from the roof and channel it into the infrastructure. After treatment, the collected rainwater is used for irrigation purposes, and it is complemented by rainwater sensors to conserve irrigation water. These measures contribute to reducing water consumption and enhancing water resource management.

Water Management	2020	2021	2022	Water Information in 2022			
				HQ Office	Chiayi Factory	Chenbro Technology	Procace Electronic
Total Water Consumption (ML)	135.827	153.360	153.757	1.210	22.000	48.637	81.910
Water Intensity (ML/M TWD)	0.018	0.016	0.014	-	-	-	-
▶ Note 1: ML stands for Million Liters ▶ Note 2: Water Intensity = Total Water Consumption / Annual Revenue, Annual Revenue unit is in millions of New Taiwan Dollars (M TWD).							

6.4 Greenhouse Gas Management

In response to the global climate change crisis, many countries around the world have set goals for carbon reduction and energy transition. In 2022, Taiwan's Financial Supervisory Commission issued the "Sustainable Development Roadmap," which established a timetable for greenhouse gas (GHG) inventory disclosure by listed and OTC companies. Through the collaboration of these companies' connection of the supply chain, the goal of corporate carbon reduction is achieved. Chenbro is fully aware of the impact of GHG on global climate change. In order to accelerate and effectively carry out GHG inventory within the company, we have established a GHG inventory team and officially launched a corporate-level GHG inventory project. Each year, Chenbro's factory in China independently conducts their own GHG inventories. In 2019, Chenbro Technology (Kunshan) completed ISO 14064-1 third-party verification, and in 2021, Procace Electronic (Dongguan) achieved the same verification. Furthermore, in 2022, Chenbro's headquarters and Chiayi factory completed greenhouse gas investigation with ISO 14064-1 audits, which were verified by Det Norske Veritas (DNV) as a third-party.



The corporation's carbon report covers its headquarters, Chiayi factory, Chenbro Technology (Kunshan), and Procace Electronic (Dongguan). The inventory scope covers Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions from energy consumption). The GHGs inventoried are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃), measured in tones of carbon dioxide equivalent (tCO₂e); Scope 3 inventory is currently not conducted due to the difficulty in obtaining relevant information. Furthermore, the Chen-Feng factory located in Wugu is a joint venture company. Hence, it was not included in the current inventory scope. Overseas subsidiaries are also temporarily excluded from the inventory. In 2022, Chiayi factory was officially in operation, resulting in higher total GHG emissions compared to 2021. While achieving a record-high revenue, Chenbro made concerted efforts to control the growth of carbon emissions. Measured by emission intensity, the emission intensity for the year 2022 was 1.19. We have set the year 2022 as the baseline year and plans to establish emission intensity reduction targets in the future. We aim to instill the concept of energy conservation in the minds of all employees, making it an essential part of the company's culture.

Our facilities conduct GHG inventory every year. Chenbro Technology completed ISO 14064-1 third-party verification for the year 2019, Procace Electronic completed ISO 14064-1 third-party verification for the year 2021, and both headquarters and Chiayi factory completed ISO 14064-1 third-party verification for the year 2022. The GHG emissions data for each factory and office over the years are as follows:

GHG Emissions	2020	2021	2022
Scope 1 (tCO ₂ e)	425.97	396.44	1,995.39
Scope 2 (tCO ₂ e)	10,404.67	11,573.44	10,591.7
Total GHG Emissions (tCO ₂ e)	10,830.64	11,969.88	12,587.09
Emission Intensity (tCO ₂ e/ M TWD)	1.44	1.27	1.19

Carbon Emissions of Each Facility in 2022				
Facility	HQ Office	Chiayi Factory	Chenbro Technology	Procace Electronic
Scope 1(tCO ₂ e)	39.54	976.92	162.11	816.82
Scope 2 (tCO ₂ e)	242.18	944.48	3,421.46	5,983.57
Total GHG Emissions (tCO ₂ e)	281.72	1921.41	3,583.57	6,800.39
<p>▶ Note 1: Electricity emission factors for 2022 are referenced as follows:</p> <ul style="list-style-type: none"> ◊ Headquarters and Chiayi Factory: 0.509 kgCO₂e/kWh, source from Bureau of Energy, MOEA, R.O.C.'s 2021 Electricity Carbon Emission Coefficients. ◊ Chenbro Technology : 0.7921 kgCO₂e/kWh, source from Ministry of Ecology and Environment of the People's Republic of China, "2019 China Regional Grid Baseline Emission Factors for Reduction Projects", East China Grid Co.,Ltd. ◊ Procace Electronic : 0.8042 kgCO₂e/kWh, source from Ministry of Ecology and Environment of the People's Republic of China, "2019 China Regional Grid Baseline Emission Factors for Reduction Projects", China Southern Power Grid Co.,Ltd. <p>▶ Note 2 : Other emission factors refer to 2006 IPCC Guidelines for National Greenhouse Gas Inventories.</p> <p>▶ Note 3: Global Warming Potential (GWP) refer to the Y2023 IPCC AR6.</p> <p>▶ Note 4 : Emission Intensity = Total GHG Emissions / Annual Revenue, (unit: M TWD).</p>				

6.5 Waste Management

To achieve sustainable resource reuse and reversing the linear economy model of manufacturing, production, and disposal, Chenbro focuses on waste reduction from the source. Only qualified contractors are entrusted with waste recycling and disposal to ensure efficient resource utilization. Each of our facilities adheres to local government regulations and engages legally authorized waste management agencies for proper waste handling. Periodic inspections and on-site verifications of outsourced agencies are also conducted to ensure compliance. Within the factories, regular inspections are carried out using inspection checklists for waste collection and temporary collection areas. Any non-compliance issues must be rectified within the specified time frame. Chenbro has also developed self-assessment forms and conducts audits to establish effective management and evaluation mechanisms. Our plants will be continuous to optimization of the waste management processes to minimize operational impacts. At the headquarters, which is a commercial office building, general waste is managed by the building management and not weighed separately. Our waste is transferred for disposal and entrusted to qualified contractors in accordance with the law. We monitor the contracted waste management agencies annually, and take appropriate measures to dispose of, counsel, or replace them if they violate contracts or government regulations. In 2022, there were no significant breaches or violations by any of our entrusted waste management contractors.

In 2022, Chenbro executed the internal waste disposal and inventory at Chiayi factory, Chenbro Technology (Kunshan), and Procace Electronic (Dongguan). The waste can be classified into general industrial waste and hazardous waste. General industrial waste, such as household waste and industrial garbage, is disposed of through incineration. Recyclable waste, including waste plastics, leftover materials, and packaging materials, is treated through recycling. Hazardous waste includes waste paint residue, ink residue, empty containers, sludge, and waste rags, etc., which are also treated through recycling. We actively promote raw material reduction and other source management measures to reduce waste output, and actively promote waste recycling, such as reuse of packaging materials through recycling, to achieve resource circulation, and reduce the energy consumption and cost of waste disposal. In the future, we will continue to enhance process yield, reduce the generation of electronic waste or leftover materials, and further strive to achieve significant industrial waste reduction.

Waste Categories	Disposal Methods	2020	2021	2022	Waste Information in 2022				
					HQ Office	Chiayi Factory	Chenbro Technology	Procace Electronic	Total
General Industrial Waste	Transfer - Incineration with Energy Recovery (t)	161.03	126.36	233.55	-	49.005	42.76	141.79	2906.88
	Transfer – Recycling (t)	2,307.87	2,071.36	2673.33	0.24	221.05	2069.22	382.82	
Hazardous Waste	Transfer – Recycling (t)	12.55	11.75	12.35	-	-	0.95	11.4	12.35

▶ Note 1: General industrial waste at the headquarters is mostly managed and disposed of by the building management, hence there is no statistical information on incineration disposal.
 ▶ Note 2: In 2022, there was no generation of hazardous waste at the headquarters and Chiayi Factory.



07 Social Participation

1. Educational Innovation
2. Industry-academia Cooperation
3. Promotion of Arts and Culture
4. Social Care

Together, Stronger

Chenbro focuses on rural education and arts and culture promotion, believing in the power of “together, stronger” to bring together non-profit organizations, volunteers, and corporate partners for positive social impact. Chenbro encourages employee participation in volunteer activities and social care projects through a “paid volunteer day” initiative, fostering autonomy and social engagement. The company also sponsors Green Transformation and Taiwan Motor Neuron Disease Association, demonstrating its commitment to social care. Chenbro aims to inspire kindness and create a sense of inspiration within its employees and the wider community.

Categories	Items	Starting Year	Content	Cumulative Investment (NTD)
Educational Innovation	Rural education	2013	<ul style="list-style-type: none"> Promote education projects on art, technology, music, environment, and more in Yunlin County's elementary schools. Hold a three-day study tour on the norther Taiwan after completing their learning. 	17,763,500
		2013	<ul style="list-style-type: none"> Sponsor The Alliance Cultural Foundation — Junyi Education Program 	21,100,000
	Flipped education	2021	<ul style="list-style-type: none"> Sponsor Sharestart Educational Foundation to promote new thinking in education 	2,000,000
	Industry-academia Cooperation	2022	<ul style="list-style-type: none"> Industry-academia cooperation: Smart robot camp 	3,584,582
Social Care	Social Welfare Foundation	2020	<ul style="list-style-type: none"> Sponsor Maria Social Welfare Foundation for the “Maria MAMA Happy Socks” program to help the foundation transform into a social enterprise. 	329,866
	Taiwan Motor Neuron Disease Association	2019	<ul style="list-style-type: none"> Donate books related to Motor Neuron Disease 	1,133,800
	Green transformation	2018	<ul style="list-style-type: none"> Purchase friendly agricultural products through Green Farmers Platform Use these products as gifts for festivals and events, and share healthy food with customers, suppliers, and external partners. Aim to encourage more people to support the transition from conventional farming to friendly cultivation, fair pricing for agricultural products, and the rights of farmers. Promote sustainable production methods in agriculture. 	
Promotion of Arts and Culture	Contemporary Legend Theatre	2016	<ul style="list-style-type: none"> Sponsor the Contemporary Legendary Theatre and Banqiao Broadcasting Station's operational project funds 	12,106,955
	Paul Chiang Art Center	2022	<ul style="list-style-type: none"> Sponsor the establishment of the Paul Chiang Art Center in Taitung Support the construction projects 	15,000,000

7.1 Educational Innovation

Chenbro not only focuses on improving product quality and business development but also actively engages in social welfare activities and environmental concerns. We prioritize rural education and cultural promotion, bringing artistic and educational resources to remote areas. Since 2013, Chenbro has collaborated with various foundations to enhance children's education in Yunlin County. Through three educational programs and "learning journeys," they have enriched the learning experiences of over 184 schools with the help of 580 volunteers, contributing around 4,640 volunteer hours and a total budget of approximately 17,763,500 NTD by the end of 2022.

Yunlin Tech Wonderland

The "Yunlin Tech Wonderland" project, launched in 2018, aims to bridge the urban-rural digital divide through a theme park concept. It brings technology education resources to schools through the "Life Technology School Exhibition Tour," showcasing practical applications in food, clothing, housing, transportation, and the future. Modular digital teaching materials enhance DIY activities and exhibitions. The project also includes "Foundation Science Experience DIY Activities" and the "Taipei Science and Technology Exploration and Learning Tour" to promote science education. Despite pandemic-related cancellations, the "2022 Tech Wonderland Learning Journey" proceeded, allowing children to experience various activities firsthand.



Yunlin Classical Music House

Since 2019, the "Yunlin Classical Music House" has been promoting musical education, focusing on woodwinds, brass, strings, keyboards, and percussion instruments. It offers various activities like music appreciation, flash mobs, music tours, and learning journeys to enhance children's musical knowledge. Due to the pandemic, on-campus visits replaced the planned tours for the first half of the year, providing pre-recorded introduction videos for students to experience the destinations' uniqueness and knowledge.



Environmental Taiwan – Campus Environmental Education Promotion

Chenbro partnered with "Chi Po-lin Foundation" to promote "Environmental Taiwan" together, in response to human-induced environment degradation. We conducted the "Campus Environmental Education Tour" in 2021, integrating five environmental issues with photography works. Using "digital modular teaching materials," we helped promote environmental knowledge in schools. In 2022, the "Environmental Education Exploration Learning Journey" took children from Yunlin to Keelung, fostering natural conservation awareness. In 2023, the "Environmental Education Theme Poster Competition" will turn learnings into a blueprint, creating young environmental defenders.



Being a partner of the Alliance Cultural Foundation

To empower the young generation of the indigenous peoples in East Taiwan to run a business sustainably in their hometown, Chenbro has donated NT\$2 million every year to the Alliance Cultural Foundation since 2013. In response to Stanley Yen's Junyi Academy, Chenbro worked with the Alliance Cultural Foundation to promote the "Employment and Entrepreneurship Plans for Talents Returning to Hometowns" and the "Rural Talent Training Program" based on four action plans (i.e., tourism, industrial counseling, art and culture, and education), hoping to create a solid learning environment that can result in brightening prospects.

Sponsoring the Flipped Learning Program launched by Share start Educational Foundation

Teachers are the promoters of learning. Only by igniting the inner strength of teachers and changing their teaching methods and thinking can they realize flipped learning. In 2022, Chenbro donated NT\$1 million together with AAEON Foundation to Sharestart Educational Foundation, hoping to promote Sharestart Educational Foundation's teaching methods. After learning these methods, teachers are expected to guide students through the cycle of "self-learning, thinking, discussion, expression, and integration" in class in place of cramming, so as to equip students with abilities to face the real world.

7.2 Industry-academic Cooperation

In 2022, Chenbro initiated industry-academic cooperation projects to foster local talents in Taiwan for sustainable business operations. These projects included "Chenbro Lectures" in collaboration with National Chung Cheng University and the Taiwan Women on Boards Association, as well as the "Smart Robotic Camp" with Syntec Technology and three southern universities. The goal is strengthening the cultivation of talents for Taiwan's technology industry.

Chenbro Lectures

Chenbro and National Chung Cheng University jointly organize lectures on management practices and an elective course on Project Execution. Renowned industry leaders are invited to share their career experiences, guiding students to understand and develop expertise in various fields. The establishment of the Chiayi factory in 2022 aims to strengthen local connections and talent cultivation. The collaboration with outstanding individuals from different fields fosters industry-academia exchanges, nurturing young students, and driving Chiayi's industrial development.

The "Chenbro Lectures" cover various topics in business management, including leadership, production operations, lean management, innovation and entrepreneurship, human resources, investment finance, strategic planning, and marketing. Industries such as technology, services, healthcare, and cultural creativity are involved, exposing students to diverse issues and expanding future possibilities. Through industry leaders' insights, students gain an understanding of leadership and management practices, bridging the gap between academic theory and practical application.



Smart Robot Camp

Chenbro and Syntec Technology collaborate to cultivate Taiwan's industry-ready talent. The "Chenbro & Syntec Cup Smart Robotic Camp," a six-week program, helps students build workplace skills, gain practical experience, and stay updated on engineering trends. The camp, led by National Chung Cheng University, National Yunlin University of Science and Technology, and National Formosa University, forms an industry-academia alliance.

Held at Chenbro's Chiayi new factory, the camp integrates Industry 4.0 and smart manufacturing courses in collaboration with Syntec Technology's subsidiaries. Leantec Intelligence and Jumbo Laser Plasma provide equipment like robotic arms and laser marking machines. Industry professionals and professors combine theory and practice, fostering talent in smart manufacturing and automation, bridging academia and industry, and promoting industrial development.



7.3 Promotion of Arts and Culture

Chenbro's social engagement goes beyond education, as it also focuses on cultural promotion. With the spirit of “together, stronger”, we support traditional puppetry, Peking opera, and local artists, blending art with technology to break traditional boundaries. This dynamic synergy of reason and emotion helps artists find bigger stages and enriches the cultural literacy of employees. Chairman Maggi Chen's support in establishing the "Youth Party of the Contemporary Legend Theatre" with the Contemporary Legend Theatre in 2016 reflects Chenbro's commitment to preserving cultural heritage. The company continues to sponsor the project annually, with accumulated sponsorship surpassing 12 million NT dollars as of 2022.

Sponsoring the immersive theater project, "Heroes Tales from Water Margin"

Many performances of Contemporary Legend Theatre were canceled in 2021 due to the COVID-19 pandemic. Recognizing these persevering performers and the power of art and culture to bring comfort to people and urban progress, Chairperson Maggi Chen provided NT\$2 million in sponsorship and called on eight business connections to support the performance of the Water Margin Trilogy—“Conclusion of the Outlaws in the Marsh,” at AMBI SPACE ONE. After a year and a half of hard work, this immersive theater project featuring 3D+4K+5G, "Heroes Tales from Water Margin," held its world premiere on December 17, 2021. Chenbro led in booking a whole venue for two rounds to entertain customers, suppliers, and non-profit organizations and received enthusiastic responses; we also purchased 240 tickets for employees and non-profit organizations. Thanks to word-of-mouth praise, the number of rounds block-booked increased from thirty to fifty, which brought income to the theatre and also attracted attention of art and culture ministries and business circles. Thus, Contemporary Legend Theatre gained in popularity quickly, creating resources and opportunities for young performers.



Sponsoring the Establishment of Paul Chiang Art Center

Chenbro not only transforms its premises into a stage for artists but also envisions Taiwan as a global platform for art. To fulfill painter Paul Chiang's dream of leaving his lifelong works and studio in Taitung, permanently open to the world, Paul Chiang Art Center Foundation was established with support from Stanley Yen, the president of The Alliance Cultural Foundation. Chenbro also sponsors the creation of the Paul Chiang Art Center in Taitung, featuring five buildings, including two exhibition halls inaugurated in September 2022. The center aims to be completed by 2024, inviting artists and writers worldwide to reside and draw inspiration from Taitung's natural beauty, creating more heartwarming wonders for the world.

As longstanding partners of Chenbro, The Alliance Cultural Foundation and AAEON Foundation play crucial roles. Chairman Maggi Chen was invited to serve as the Paul Chiang Art Center Foundation, contributing to the completion of the artistic community in Eastern Taiwan and significantly impacting local culture and tourism. With Chenbro's 15 million NTD contribution, the old studio was transformed into a second exhibition hall. Chairman Maggi Chen emphasizes the importance of collective effort, stating that while Chenbro's influence may be modest, we are committed to making a meaningful difference in society.



Inclusion of Artists in Chiayi

Chenbro embraces art to transform its factory premises into a creative canvas, connecting with artists and fostering a vibrant working environment. Chiayi Factory is now an intelligent facility, blending technology, environment, art, and culture, serving as a key hub for Chenbro's sustainable development efforts. This commitment to ESG continues to flourish at Chiayi Factory.

Chianan Plain Mosaic Wall at Chiayi Factory

The striking mosaic wall at Chiayi factory showcases artwork inspired by the sugarcane fields series by local artist Chuang Yu-Ming. The mosaic was skillfully crafted by another talented artist from Chiayi, Ou-Chih-Cheng. These oil paintings capture the scenic sugarcane fields near the Machouhou Industrial Park, depicting hardworking farmers, gratitude, joy, and abundant harvest. This artwork beautifully reflects Chenbro's core values of diligence, gratitude, and the spirit of "together, stronger" that defines its corporate culture.



The Artist's Blessing, "Entropy"

Spanish artist Salvador Marco's "Entropy" series of artworks is exhibited at Chia-yi Factory. It represents the need for continuous integration of external energy into the company, seeking new balance amidst chaos for enduring prosperity. Marco's creation showcases unique order amid disorder, embodying Chenbro's core values of sincerity, global service, altruism, shared success, and sustainable excellence.



7.4 Social Care

Supporting Maria Youth in Establishing Social Enterprise

Over three years, we continuously supported Maria Youth in their entrepreneurial endeavors. In 2020, we donated 200 boxes of "Maria MAMA Happy Socks" to aid the establishment of Maria Foundation's social enterprise. In April 2021, we organized a charity sale, donating the entire 120,000 NTD proceeds for purchasing pandemic prevention supplies. In December, we gifted happy socks to colleagues and initiated a successful charity Christmas event, with over 600 pairs subscribed, facilitating the foundation's online fundraising. Our efforts were appreciated and shared by Maria Foundation on "Maggi Love Share" Facebook. In 2022, we further supported the opening of the Happy Socks store in Taichung, receiving a certificate of appreciation from the foundation on the store's launch day.

「Culture Creative Competition」 Voices for Motor Neuron Disease

Each year, Chenbro holds an arts and culture creative competition to inspire colleagues to unleash their potential beyond work. Chairman Maggi Chen's encounter with the Taiwan Motor Neuron Disease Association led to the sponsorship to the books published by the Motor Neuron Disease patient to raise awareness and care for such disease. Through this collective reading, empathy towards patients and caregivers grows, fostering care and love for motor neuron disease and vulnerable groups in society.



Appendix 1 : GRI Standards Index

	DISCLOSURE	Corresponding Chapter / in 2022 Sustainable Report		Page
GRI 2021				
Organization	2-1 Organizational details	Chapter 1 About Chenbro	1.1 Company Profile	6
	2-2 Entities included in the organization’s sustainability reporting	About This Report (Chenbro is listed company, completely information on the annual report)		1
	2-3 Reporting period, frequency and contact point	About This Report		1
	2-4 Restatements of information	No Change		
	2-5 External assurance	Appendix 2 SASB Disclosure Indicator		
	2-6 Activities, value chain and other business relationships	Chapter 1 About Chenbro	1.1 Company Profile	7
	2-7 Employees	Chapter 5 Enterprise Commitment	5.6 Manpower Structure	57
	2-8 Workers who are not employees	Chapter 5 Enterprise Commitment	5.6 Manpower Structure	57
Governance	2-9 Governance structure and composition	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-10 Nomination and selection of the highest governance body	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-11 Chair of the highest governance body	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-12 Role of the highest governance body in overseeing the management of impacts	Chapter 2 Corporate Sustainability Chapter 3 Corporate Governance	2.1 Sustainable Development Task Force Structure 3.3 Risk Management	12 36
	2-13 Delegation of responsibility for managing impacts	Chapter 2 Corporate Sustainability	2.1 Sustainable Development Task Force Structure	12
	2-14 Role of the highest governance body in sustainability reporting	Chapter 2 Corporate Sustainability	2.1 Sustainable Development Task Force Structure	12
	2-15 Conflicts of interest	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-16 Communication of critical concerns	Chapter 2 Corporate Sustainability	2.4 Material Disclosure Issue Identity process	17
	2-17 Collective knowledge of the highest governance body	Chapter 3 Corporate Governance	3.2 Functions of the Board of Directors	32
	2-18 Evaluation of the performance of the highest governance body	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-19 Remuneration policies	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-20 Process to determine remuneration	Chapter 3 Corporate Governance	3.1 Governance Structure and Responsibilities	29
	2-21 Annual total compensation ratio	Chapter 3 Corporate Governance	5.7 Talent Recruitment and Retention	63
	Strategy, Policies and Practices	2-22 Statement on sustainable development strategy	Chapter 2 Corporate Sustainability	2.2 Sustainable Goal
2-23 Policy commitments		Chapter 5 Enterprise Commitment	5.1 Code of Ethics and Accountability	45
2-24 Embedding policy commitments		Chapter 5 Enterprise Commitment	5.1 Code of Ethics and Accountability	45
2-25 Processes to remediate negative impacts		Chapter 2 Corporate Sustainability	2.3 Stakeholder Identification and Communication Channels 2.6 Material Issue Management Approach	14 20
2-26 Mechanisms for seeking advice and raising concerns		Chapter 2 Corporate Sustainability	2.3 Stakeholder Identification and Communication Channels	14
2-27 Compliance with laws and regulations		No fines exceeding NTD\$1,000,000 will be received.		
2-28 Membership associations		Chapter 1 About Chenbro	1.1 Company Profile	7
2-29 Approach to stakeholder engagement		Chapter 2 Corporate Sustainability	2.3 Stakeholder Identification and Communication Channels	14
Stakeholder engagement	2-30 Collective bargaining agreements	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
Material Topic	3-1 Process to determine material topics	Chapter 2 Corporate Sustainability	2.4 Material Disclosure Issue Identity process	17
	3-2 List of material topics	Chapter 2 Corporate Sustainability	2.5 Materiality Matrix	18
	3-3 Management of material topics	Chapter 2 Corporate Sustainability	2.6 Material Issue Management Approach	20

Appendix 1 : GRI Standards Index

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201 Economic Performance 2016				
	201-3 Defined benefit plan obligations and other retirement plans	Chapter 5 Enterprise Commitment	5.7 Talent Recruitment and Retention	63
203 Indirect Economic Impacts 2016				
	203-1 Infrastructure investments and services supported	Chapter 7 Social Participation	7.1 Educational Innovation	87
			7.2 Industry-Academia Collaboration	89
			7.3 Promotion of Arts and Culture	91
			7.4 Social Care	92
	203-2 Significant indirect economic impacts	Chapter 7 Social Participation	7.1 Educational Innovation	87
			7.2 Industry-Academia Collaboration	89
			7.3 Promotion of Arts and Culture	91
			7.4 Social Care	92
204 Procurement Practices 2016				
	204-1 Proportion of spending on local suppliers	Chapter 5 Enterprise Commitment	5.4 Supplier Sustainability Management	51
205 Anti-corruption 2016 (*Material Topic)				
	205-1 Operations assessed for risks related to corruption	Chapter 5 Enterprise Commitment	5.1 Code of Ethics and Accountability	45
	205-2 Communication and training about anti-corruption policies and procedures	Chapter 5 Enterprise Commitment	5.1 Code of Ethics and Accountability	45
	205-3 Confirmed incidents of corruption and actions taken	Chapter 5 Enterprise Commitment	5.1 Code of Ethics and Accountability	45
206 Anti-competitive Behavior 2016 (*Material Topic)				
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No anticompetitive behavior lawsuits.		

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302 Energy 2016 (*Material Topic)				
	302-1 Energy consumption within the organization	Chapter 6 Environmental Sustainability	6.2 Energy Management	80
	302-2 Energy consumption outside of the organization	Chapter 6 Environmental Sustainability	6.2 Energy Management	80
	302-3 Energy intensity	Chapter 6 Environmental Sustainability	6.2 Energy Management	80
303 Water and Effluents 2018				
	303-3 Water withdrawal	Chapter 6 Environmental Sustainability	6.3 Water Management	81
305 Emissions 2016 (*Material Topic)				
	305-1 Direct (Scope 1) GHG emissions	Chapter 6 Environmental Sustainability	6.4 Greenhouse Gas Management	82
	305-2 Energy indirect (Scope 2) GHG emissions	Chapter 6 Environmental Sustainability	6.4 Greenhouse Gas Management	82
306 Waste 2020				
	306-3 Waste generated	Chapter 6 Environmental Sustainability	6.5 Waste Management	84
	306-4 Waste diverted from disposal	Chapter 6 Environmental Sustainability	6.5 Waste Management	84
	306-5 Waste directed to disposal	Chapter 6 Environmental Sustainability	6.5 Waste Management	84
308 Supplier Environmental Assessment 2016				
	308-1 New suppliers that were screened using environmental criteria	Chapter 5 Enterprise Commitment	5.4 Supplier Sustainability Management	51
	308-2 Negative environmental impacts in the supply chain and actions taken	Chapter 5 Enterprise Commitment	5.4 Supplier Sustainability Management	51

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401 Employment 2016 (*Material Topic)				
	401-2 New employee hires and employee turnover	Chapter 5 Enterprise Commitment	5.7 Talent Recruitment and Retention	63
	401-3 Parental leave	Chapter 5 Enterprise Commitment	5.7 Talent Recruitment and Retention	63
403 Occupational Health and Safety 2018 (*Material Topic)				
	403-1 Occupational health and safety management system	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-2 Hazard identification, risk assessment, and incident investigation	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-3 Occupational health services	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-5 Worker training on occupational health and safety	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-6 Promotion of worker health	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-8 Workers covered by an occupational health and safety management system	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-9 Work-related injuries	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
	403-10 Work-related ill health	Chapter 5 Enterprise Commitment	5.9 Workplace Quality and Safety	69
404 Training and Education 2016 (*Material Topic)				
	404-1 Average hours of training per year per employee	Chapter 5 Enterprise Commitment	5.8 Employee Development and Training	66
	404-2 Programs for upgrading employee skills and transition assistance programs	Chapter 5 Enterprise Commitment	5.8 Employee Development and Training	66
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter 5 Enterprise Commitment	5.8 Employee Development and Training	66
405 Diversity and Equal Opportunity 2016				
	405-1 Diversity of governance bodies and employees	Chapter 3 Corporate Governance	3.2 Functions of the Board of Directors	22
406 Non-discrimination 2016				
	406-1 Incidents of discrimination and corrective actions taken	No discrimination incidents and harassment complaints.		
408 Child Labor 2016				
	408-1 Operations and suppliers at significant risk for incidents of child labor	No child labor		
414 Supplier Social Assessment 2016				
	414-2 Negative social impacts in the supply chain and actions taken	Chapter 5 Enterprise Commitment	5.4 Supplier Sustainability Management	51
415 Public Policy 2016				
	415-1 Political contributions	No political contributions		
416 Customer Health and Safety 2016				
	416-1 Assessment of the health and safety impacts of product and service categories	No incidents involving health and safety regulations for products and services.		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			
418 Customer Privacy 2016 (*Material Topic)				
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No incidents of customer privacy violation or loss of customer data.		

Appendix 2 : SASB Disclosure Indicator

SASB Disclosure Indicator

Number	Indicator	Description
TC-ES-000.A	Manufacturing site	4
TC-ES-000.B	Area of manufacturing site	201,610m ²
TC-ES-000.C	Total Employee	1903

Number	Indicator	Corresponding Chapter	Responses in 2022	TC-ES-000.C	Total Employee	1903			
Water Management									
TC-ES-140a.1	Total water withdrawn	Chapter 6 Environmental Sustainability	Total water consumption in 2022 was 153.754 million liters.						
Waste Management									
TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Chapter 6 Environmental Sustainability	In 2022, the total amount of general industry waste was 2,906.88 tons, with a remarkable 92% being recyclable. The total quantity of hazardous industry waste was 12.35 tons, all of which is also recyclable.						
Labor Practices									
TC-ES-310a.1	1. Number of work stoppages 2. Total days idle	NA	Due to Covid-19 pandemic, Chenbro Technology (Kunshan) experienced a 25-day shutdown and Procace Electronic had a 2-day shutdown.						
Labor Conditions									
TC-ES-320a.1	1. Total recordable incident rate (TRIR) 2. Near miss frequency rate (NMFR) for (a) direct employees and (b) contract employee	5.9 Workplace Quality and Safety	1. Total recordable incident rate(TRIR) 2. No false alarm incidents occurred.	Total Recordable Incident Rate					
				Employee		Dispatch Employee			
				Chiayi Factory	Chenbro Technology	Procace Electronic	Chiayi Factory	Chenbro Technology	Procace Electronic
				0	0.3	0.94	0.95	0	
TC-ES-320a.2	Percentage of (1) entity’s facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	N/A		Chenbro adheres to RBA guidelines and implements them within the organization. Additionally, we are progressively integrating the RBA mechanism into annual supplier audits.					
TC-ES-320a.3	(1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent (2) Associated corrective action ratenote3 for (a) priority nonconformances and (b) other non-conformances, broken down for (i) the entity’s facilities and (ii) the entity’s Tier 1 supplier Facilities								
Product Lifecycle Management									
TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	N/A	Chenbro is not involved in the post-consumer disposal process and therefore is not applicable.						
Material Sourcing									
TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	5.4 Supplier Sustainability Management	Chenbro has established limited substance management standards to effectively control critical materials such as conflict minerals and hazardous substances, rigorously overseeing the raw materials.						

Appendix 3 : BSI Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

2022 CHENBRO MICOM Sustainability Report

The British Standards Institution is independent to Chenbro Micom Co., Ltd. (hereafter referred to as CHENBRO MICOM in this statement) and has no financial interest in the operation of CHENBRO MICOM other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CHENBRO MICOM only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CHENBRO MICOM. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CHENBRO MICOM only.

Scope

The scope of engagement agreed upon with CHENBRO MICOM includes the following:

1. The assurance scope is consistent with the description of 2022 CHENBRO MICOM Sustainability Report.
2. The evaluation of the nature and extent of the CHENBRO MICOM's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2022 CHENBRO MICOM Sustainability Report provides a fair view of the CHENBRO MICOM sustainability programmes and performances during 2022. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CHENBRO MICOM and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate CHENBRO MICOM's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CHENBRO MICOM's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to CHENBRO MICOM's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 13 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that CHENBRO MICOM has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CHENBRO MICOM's inclusivity issues.

Materiality

CHENBRO MICOM publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of CHENBRO MICOM and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the CHENBRO MICOM's management and performance. In our professional opinion the report covers the CHENBRO MICOM's material issues.

Responsiveness

CHENBRO MICOM has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for CHENBRO MICOM is developed and continually provides the opportunity to further enhance CHENBRO MICOM's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the CHENBRO MICOM's responsiveness issues.

Impact

CHENBRO MICOM has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. CHENBRO MICOM has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the CHENBRO MICOM's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

CHENBRO MICOM provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the CHENBRO MICOM's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the CHENBRO MICOM's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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Statement No: SRA-TW-789729
2023-06-20

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

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Appendix 4 : DNV Independent Assurance Opinion



Independent Assurance Opinion

Verification Opinion No.:
C601934-2022-AG-TWN-DNV

Issued date:
30 May, 2023

Page 1 of 2

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2022) of

Chenbro Micom Co., Ltd.

Scope of Verification

DNV Business Assurance (DNV) has been commissioned by Chenbro Micom Co., Ltd. ('the Organization') to perform a verification of the greenhouse gas statements of Greenhouse Gas Inventory Management Report (2022) (hereafter the "Inventory Report") in Taiwan, ROC with respect to the sites listed in Appendix A.

The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization. The further descriptions for the Reporting Boundary listed in Appendix B.

Verification Criteria and GHG Programme

The verification was performed on the basis of ISO 14064-1:2018 as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting.

The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2020, ISO14064-3:2019.

Verification Opinion

It is DNV's opinion that the Inventory Report (2022), which was published on 9 May, 2023(ver. 1.3), is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches,

- For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2022) were verified with reasonable level of assurance.
- For the other indirect GHG emissions, the involved information was tested using agreed-upon procedures, AUP, defined in Inventory Report.

Also, the GHG information as stated in Appendix B and C has been verified during the process.

Carlos, Yan De Lin
GHG Verifier

Yan De Carlos Lin

Place and date:
Taipei, 30 May, 2023

For the Issuing office:
DNV Business Assurance Co., Ltd.
29FL, No. 293, Sec. 2, Wenhua Rd.,
Bangliao District, New Taipei City 220,
Taiwan

David Lin

Management Representative

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
立思威國際驗證股份有限公司, 新北市板橋區文化路二段293號29樓, TEL: +886-2-82537800, website: www.dnv.com/tw
DNV ZNATW-OP-F50, Rev.10, 2023-2



Verification Opinion No.: C601934-2022-AG-TWN-DNV
Place and date: Taipei, 30 May, 2023

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Supplement to Verification Opinion

Process and Methodology

The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria.

Quantification of Greenhouse Gas Emission

The Inventory Report covering the period 1st January, 2022 to 31st December, 2022, it is DNV's opinion that 100% GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification

☐ Financial Management Control ☒ Operational Management Control ☐ Equity Share

GHGs Verified

☒ CO₂ ☒ CH₄ ☒ N₂O ☒ HFCs ☒ PFCs ☒ SF₆ ☒ NF₃

The Quantification of GHG emissions and removals in Direct and Indirect Emission Source:

Category	Direct and indirect GHG emissions categorization*	Emissions and removals verified, tonnes CO ₂ -e
1	Direct emissions and removals**	1,016.4621
2	Indirect GHG emissions from imported energy	1,186.6684
Total greenhouse gas emissions and removals in Category 1 & 2		2,203.1305
3	Indirect GHG emissions from transportation	4.5091
4	Indirect GHG emissions from products used by the Organization	2,037.6196
5	Indirect GHG emissions associated with the use of products from the Organization	-
Total greenhouse gas emissions and removals in Category 3,4 & 5		2,042.1287

*: Unless other indicated, the Indirect Emissions was calculated based on 2021 electricity emission factor of 0.509 kg CO₂-e/kwh, which was announced by Bureau of Energy, Ministry of Economic Affairs. The Global Warming Potential (GWP) defined in IPCC AR6 (2023) has been choose and correctly referred by the Organization.

**the details subcategory of each category could be refer later in the Report.

Verification Opinion

☒ unmodified
☐ modified
☐ adverse

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
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DNV ZNATW-OP-F50, Rev.10, 2023-2

Appendix 5 : Responsible Business Alliance (RBA)



CHENBRO