

2022 ESG REPORT

永續報告書

PROTECT THE ENVIRONMENT
LOVE OUR PLANET.

2022 ESG Report

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About This Report

Report Guidelines Principles

Highlight Tech Corporation (referred to as "HTC") presents its 2022 Sustainability Report (Environmental, Social & Governance Report, ESG Report). The report was compiled in accordance with the latest sustainability reporting guidelines, the GRI Standards 2021, released by the Global Reporting Initiative (GRI). The Company also discloses information based on the sustainability disclosure indicators for the electronic components industry, following the guidelines set by the Sustainability Accounting Standards Board (SASB) for the industrial machinery and goods sector and the procedures for preparing and reporting sustainability reports for publicly traded companies. For detailed information, please refer to the GRI Content Index, SASB Index, and topic-specific sustainability disclosure provided in the appendices of this report."

Reporting Period and Scope

This report discloses the performance of our company on significant economic, environmental, and social issues from January 1, 2022, to December 31, 2022. All financial figures are presented in New Taiwan Dollars and prepared in accordance with International Financial Reporting Standards (IFRSs) for financial statement preparation. While financial performance encompasses consolidated financial statements, other activities of subsidiaries are not covered. The disclosure primarily pertains to four operational locations in Taiwan, including the Tainan headquarters, Tainan Plant 2, Hsinchu Operations Center, and Taichung Office.

Preparation process of this report

The data and information disclosed in this report are compiled in collaboration with relevant departments within the company. After compilation, review, and revision by the Planning Management Office, and subsequent internal administrative review processes, the finalized report is submitted to the Board of Directors for approval following discussions and resolutions by the Sustainable Development Committee. Financial information is sourced from audited financial statements verified by certified accountants. Environmental management and occupational health and safety management undergo third-party verification through ISO 14001 and ISO 45001 annually, with TUV NORD providing the renewal certification for the year 2022.

Report Publication

First Edition (2021 Sustainability Report) 中文版: Released in August 2022

Current Edition (2022 Sustainability Report): 中文版- Released in August 2023 / English- Released in December 2023

We publish a sustainability report annually. This report is made available on our company's website for public access and download in electronic format. Stakeholders are welcome to review and download the report online. For any corrections or updates to the content, please refer to the electronic files posted on the company's website for the most accurate and current information.

Contact Information

For any suggestions or questions regarding this report, please feel free to contact us using the following information:

Highlight Tech Corporation / ESG Committee

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CEO's Message

Reflecting on the past year, we have encountered a series of challenges, including inflation, the ongoing pandemic, wars, and geopolitical tensions. The environment has been marked by diverse changes and obstacles. Despite these challenges, we have thrived thanks to the collective efforts of our team, the trust of our customers, collaboration with our supply chain partners, and support from our shareholders. Our operational performance has consistently excelled, with revenue and earnings per share continuously growing for seven consecutive years. In 2022, we achieved a new historic high, demonstrating resilience in a demanding business environment. We express our gratitude for the dedication and support of everyone involved in this challenging journey.

"At the core of HTC's sustainable development is a commitment to people, built on trust and partnerships with stakeholders to achieve shared sustainable values. It is a pledge to create mutual benefits and sustainability through trusted relationships."

HTC's business philosophy prioritizes integrity, fostering an honest corporate culture. We believe that sound principles and systems guide a company onto the right path, ensuring a healthy legacy. In an environment of constant change and intense competition, conducting business with integrity and building trusted partnerships is the cornerstone for sustainable development. Establishing consensus and trust with stakeholders requires long-term commitment and the cultivation of enduring relationships. Solid relationships enable collaborative and mutually beneficial outcomes in the face of challenges and shifting circumstances.

Adapting to changes in the business environment, we recognize that strengthening resilience is crucial for the company's long-term sustainability. Resilience means forging ahead regardless of external changes, whether in favorable or challenging conditions.

"We aspire for HTC to build a sustainable foundation with unwavering dedication, achieving continual success day by day. Rooted in continuous improvement, we set sail towards a sustainable future, embarking on a journey of enduring progress."

In recent years, we have confronted various challenges, emphasizing that innovation is the driving force for corporate growth and a key element in enhancing competitiveness. Consistently injecting innovative energy, we aim to elevate competitiveness, create value for stakeholders, and catalyze ongoing corporate growth.

HTC has evolved from supplying vacuum equipment components to developing proprietary branded vacuum components, becoming a problem solver for vacuum-related issues in the semiconductor industry. Our operational activities align with the environmentally friendly sector, characterized by low energy consumption and low pollution in the production process. Product development focuses on high efficiency and low energy consumption. Navigating challenges in an ever-evolving landscape and addressing climate and energy issues will be crucial for sustainability in an infinite game.

In 2021, we received the "Taiwan Mittelstand Award" from the Ministry of Economic Affairs, and in 2022, we were honored with the "Deep Plowing Tainan" trophy by the Tainan City Government. These accolades bring greater responsibility and challenges. We firmly believe in integrating sustainability into our daily operations, diligently performing every task, and accumulating sustained energy with a resolute commitment as we prepare for the future and cultivating the capability for sustainable development.

CEO of Highlight Tech Corporation (HTC)

Kou, Chwung-Shan

July 2023

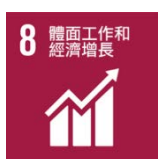
Implementation Status of SDGs

The United Nations released the '2030 Agenda for Sustainable Development' in 2015, outlining 17 global Sustainable Development Goals (SDGs) to serve as guiding principles for international cooperation over the next 15 years (until 2030). The aim is to achieve these common goals through the collective efforts of the global community. This agenda addresses three major dimensions: 'economic growth,' 'environmental protection,' and 'social welfare,' demonstrating a global commitment to sustainable development.

Summary of HTC's Implementation of SDGs in 2022:

Economic Growth

SDGs



Reference Section

- 2.5 Financial Performance
- 3.11 Innovation and Research Development Management
- 3.7 Supply Chain Management



Actions/Achievements in 2022

- In the fiscal year 2022, the consolidated revenue amounted to 3,907,642 KNTD, representing an 18% increase compared to the previous year. The consolidated after-tax net profit reached 566,754 KNTD, reflecting a 33% increase from the previous year.
- The total number of employees stood at 460, with an increase of 46 compared to the previous year. The average salary for non-managerial full-time employees was 975,000 NTD/person, indicating a 6% increase from the previous year and a 35% increase compared to the industry average (OTC-listed companies in the electronic components sector: average of 723,000 NTD/person).
- In 2022, we invested 193,872 KNTD in research and development expenses, accounting for 5% of the total operating expenses. This marked an 88% increase from the previous year. Successful developments in technology and products included:
 - Intelligent Semiconductor Process Exhaust Gas Treatment System
 - Vibration Testing Platform for Wet Cleaning Equipment
 - Semiconductor Wet Cleaning Equipment Development
 - Energy-Saving Materials Development
 - Fork Trap Development Project
 - 50X336 Two-Stage Drive Door Valve Development Project
 - Clock Pendulum Valve Pneumatic Logic Switch Development Project
 - Two-Stage Angle Valve Development Project
 - ISO0500&VF350 Pendulum Development Project
- As of December 31, 2022, HTC's intellectual property includes :
 - 108 granted and valid patents (62 applications in 2022, 29 granted)
 - 25 registered and valid trademarks
- Certified through ISO 9001, ISO 14001, ISO 45001, and other international standard management systems, we have established operational procedures for supplier selection, assessment, and regular audits
- We commit to complying with the RBA regulations on the non-use of conflict minerals.
- we adhere to the EU Restriction of Hazardous Substances Directive (RoHS) to ensure the safety of the raw materials used in our products.

Environmental Protection

SDGs



Reference Section

4.4 Water Resources Management

4.3 Energy Management

4.5 Greenhouse Gas Management

Actions/Achievements in 2022



The total water consumption for tap water was 15,862 M³.

- The water source is tap water, which is used for the production and operation of the factory area. Therefore, it is necessary to pay attention to whether there is any water leakage in the condition of the water equipment. If there is any abnormality, it must be analyzed and improved as soon as possible.
- Utilization of recycled water: recycled air-conditioning condensate and rainwater for use in toilets and irrigation.



The total electricity consumption was 18,176 gigajoules (GJ).

- Continued installation of smart meters for energy consumption monitoring.
- Unit supervisors are required to monitor electricity usage during inspections, and corrective actions should be taken if wasteful situations are identified.
- The power management unit conducts monthly statistics on electricity usage, analyzing and implementing improvements when abnormal usage is detected.



In 2022, environmental protection expenditures amounted to 10,812 KNTD, representing an increase of 8,360 KNTD compared to the previous year. The main factors contributing to this increase include:

- Establishment of the Tainan Shugu Plant with tree planting for carbon reduction, totaling 5,670 KNTD.
- Addition of smart meters for energy consumption monitoring, totaling 1,920 KNTD.
- Charging stations and infrastructure projects: Carbon reduction in transportation, reducing fuel consumption, totaling 1,243 KNTD.

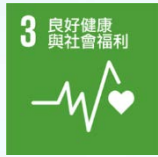


Continued greenhouse gas inventory operations are ongoing.



Social Care

SDGs



Reference Section

- 5.4 Workplace Safety
- 5.2 Employee Welfare
- 5.1 Employee overview



Actions/Achievements in 2022

- The number of employees participating in the stock trust is 279, and the company allocated 8,424 KNTD as stock incentive rewards, an increase of 1,038 KNTD compared to the previous year.
- The average training hours per person is 34.1 hours, representing an increase of 6.2 hours per person from the previous year.
- There were no significant occupational injuries, with 3 commuting accidents, 1 incident of object collapse, 2 incidents of high and low-temperature contact, and 1 incident of improper movement. The health examination participation rate was 100%, and there were no abnormal cases of occupational diseases in the results of special health examinations.
- In terms of workforce structure, there are 329 male employees, accounting for 71.5%, and 131 female employees, accounting for 28.5%. (Due to the nature of the company being primarily engaged in the manufacturing and maintenance of machinery and equipment, physical strength is required for on-site production work, resulting in a higher proportion of male employees compared to females.)

Social Care

SDGs



Reference Section

- 5.3 Human Rights Policy
- 2.4 Market Overview
- 3.7 Supply Chain Management
- 3.9 Customer Relationship Management



Actions/Achievements in 2022

- Support for various international human rights conventions, such as the United Nations Universal Declaration of Human Rights, Global Compact, and International Labor Organization conventions, to eliminate any actions that violate human rights.
- Product sales area (revenue ratio): 79.3% for domestic sales and 20.7% for overseas sales.
- Supplier partners (number proportion): Domestic 90.9%, Overseas 9.1%.
- Certified with ISO 9001 Quality Management System, and through the effective application of the system, customer satisfaction is enhanced.
- Customer satisfaction rates: Technical service business 98.3% (target 96% ↑), Vacuum system business (domestic) 97.5% (target 90% ↑), Vacuum system business (overseas) 93.8% (target 92% ↑).

1 Stakeholders and Material Topics

1.1 Stakeholder Engagement

1.2 Identification of Material Topics

1.3 Promotion of Sustainable Development

1.1 Stakeholder Engagement

Stakeholder identification

In 2022, we established the 'ESG Committee' responsible for promoting the development of Environmental, Social, and Governance (ESG) aspects to ensure the effective implementation and advancement of sustainable development initiatives within the company. The ESG Committee, guided by international trends and industry characteristics, engaged with personnel from various departments and stakeholders. Following discussions within the ESG Committee, stakeholder categories were identified using the AA1000 Stakeholder Engagement Standard. Two principles from this standard, namely 'Influence' and 'Dependency,' were applied. The ESG Committee, along with relevant managers, conducted individual assessments. Subsequently, the ESG Committee discussed and identified six major stakeholder categories: Customers, Employees, Suppliers, Shareholders/Investors, Competitors, and Government Authorities.

The stakeholder identification process

Definition of Stakeholder Categories

Based on international trends and industry characteristics, and through interactions with personnel from various departments and stakeholders, the ESG Committee discussed and identified 10 stakeholder categories. These include Shareholders/Investors, Customers, Suppliers, Employees, Government Authorities, Competitors, Banks/Financial Institutions, Research Institutions, Academic Units, and the Local Community.

Evaluation of Stakeholder Significance

Applying the AA1000 Stakeholder Engagement Standard, two principles, namely Influence and Dependence, were used for individual assessments by the ESG Committee and relevant managers.

■ Influence

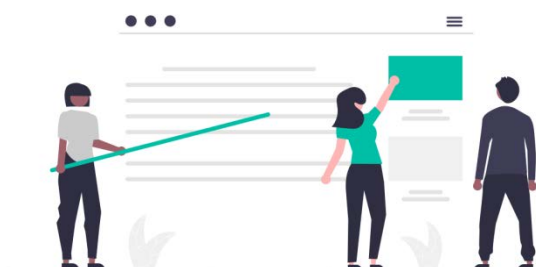
Assessment of stakeholders' influence on the company's decision-making (referring to stakeholders who can exert strategic influence on the organization or have decision-making power).

■ Dependence

Dependence refers to the stakeholders' reliance on the organization's activities, products, services, or related operations, either directly or indirectly.

Identifying key stakeholders

After integrating the assessment results and through discussions within the ESG committee, six main categories of key stakeholders were identified, namely: Customers, Employees, Suppliers, Shareholders/Investors, Competitors, Government agencies.





Communication channels and major concerns

We engage in interactive communication with various relevant stakeholders through communication channels such as surveys, meetings, telephone exchanges, on-site investigations, and more, to gather the needs and suggestions of stakeholders. The communication channels and issues of concern between our company and stakeholders are outlined in the table below:

Stakeholders	Communication Channels and Response Mechanisms	frequency	Topics of Concern
Shareholders / Investors	Market Observation Post System: Discloses company information and significant updates.	Depending on needs	<ul style="list-style-type: none">■ Operating Performance■ Corporate Governance■ Risk Management■ Ethical Corporate Management
	Company Website: Establishes an "Investor Relations" section to facilitate investors in understanding the company's operational status.	Irregularly	
	Shareholders' Meeting: Presents business objectives, listens to shareholder opinions, and publishes annual reports.	1 time/year	
	Corporate Briefing: Provides an overview of operations and engages in interactive communication with investors.	Depending on needs	
	📞 Contact : Investment Management Center/ Sam Chang CFO (spokesman)		
Employees	Comment mailbox : Provides a channel for employees to file complaints and express opinions.	Irregularly	<ul style="list-style-type: none">■ Human Resource Development■ Compensation and Benefits■ Human Rights & Friendly Workplace■ Occupational Health and Safety
	Internal Website Announcement System: Enables real-time dissemination of information.	Depending on needs	
	Monthly Meetings for each Business Unit. Regular monthly meetings for Business Unit Supervisors. Departmental Communication Meetings.	1 time/month	
	Labor-Management Communication Meeting	1 time/quarter	
	Occupational Safety and Health Committee.	1 time/quarter	
	Employee health and medical consultations.	4 times/month	
	Social Media (Facebook) communication and exchange, communication through messaging apps.	Irregularly	
	ISO Certification Audits: ISO 14001/ISO 45001 Certification.	1 time/year	
	Career Development and Job Performance Assessment	1 time/quarter	
	📞 Contact : Operations Management Center/ Shine Wu COO (deputy spokesman)		
Customers	Company Website: Features a "Service Section" and "Contact Us" (Customer Service Email), facilitating customers in understanding product status with designated business contact points.	Irregularly	<ul style="list-style-type: none">■ Quality Management■ R&D / Innovation■ Customer Privacy Protection■ Ethical Corporate Management■ Greenhouse Gas Management
	Privacy Policy Announcement on the company website, with communication channels available for questions or suggestions.	Irregularly	
	Routine telephone communication and correspondence.	Irregularly	
	Customer visits.	Irregularly	
	Customer Satisfaction Surveys: Gathering feedback and opinions from customers.	1 time/quarter	
	On-site audits by customers or evaluations of the company's suppliers by customers.	Depending on needs	
	Participation in exhibitions, advertising campaigns, and distribution of promotional materials (DM).	Irregularly	
	📞 Contact : Business managers (Customer service mailbox)		
Suppliers	Supplier Evaluation	1 time/quarter	<ul style="list-style-type: none">■ Supplier Management■ Ethical Corporate Management
	Supplier Visits	Irregularly	
	Daily Communication with Suppliers: Involves regular procurement, outsourcing, and ensuring timely payment processing.	Irregularly	
	📞 Contact : Material Procurement Department / Joe Chiu Manager		
Competitors	Industry Visits	Irregularly	<ul style="list-style-type: none">■ Operating Performance■ R&D / Innovation■ Quality Management
	Relevant Industry Exhibitions	Irregularly	
	Trade Associations in the Same Industry	Depending on needs	
	📞 Contact : Business managers (Customer service mailbox)		
Government	Participation in seminars, workshops, and conferences organized by regulatory authorities.	Depending on needs	<ul style="list-style-type: none">■ Regulatory Compliance■ Corporate Governance
	Collaboration with regulatory authorities for supervision and audits.	Depending on needs	
	Routine correspondence and telephone communication with regulatory authorities.	Depending on needs	
	📞 Contact : Project Management Office/ Sunny Yang Manager		

1.2 Identification of Material Topics

We collect issues of concern from stakeholders through various communication channels, based on GRI guidelines to summarize key sustainability topics. After discussions in ESG committee meetings, we identified and listed 《20 Sustainability Topics》 for 2022 (consistent with 2021), including 7 economic, 6 environmental, and 7 social topics. Through a questionnaire survey, feedback from our 20 executives was used to identify significant topics, assess stakeholder concern, and evaluate the impact of these issues on the company's operations. Subsequently, a 《Matrix of Topics Impact Assessment》 was created based on “Stakeholders' Concerns on Issues” and “Impact of Issues on the Company”, with topics in the upper right quadrant considered more important in terms of impact on the company's operations and stakeholder concern. According to the Materiality Analysis Matrix, 8 significant topics were identified: Operating Performance, Ethical Corporate Management, Regulatory Compliance, Human Development, Supplier Management, Customer Privacy Protection, Corporate Governance, and Research and Development Innovation. Relevant information will be disclosed in this report according to these Material Topics.



《20 Sustainability Topics》		
Economic / Governance	Environmental	Social
A Operating Performance	H Greenhouse Gas Management	N Human Resource Development
B R&D / Innovation	I Energy Management	O Compensation and Benefits
C Risk Management	J Environmentally Friendly Products	P Human Rights & Friendly Workplace
D Corporate Governance	K Water Resource Management	Q Occupational Health and Safety
E Ethical Corporate Management	L Waste Management	R Social Engagement
F Regulatory Compliance	M Environmental Accounting	S Supplier Management
G Quality Management		T Customer Privacy Protection

《Matrix of Topics Impact Assessment》



List of Material Topics

Rank	ESG Topics		2022 and 2021 ranking changes
	2021	2022	
1	(A) Operating Performance	(A) Operating Performance	--
2	(E) Ethical Corporate Management	(E) Ethical Corporate Management	--
3	(C) Risk Management	(F) Regulatory Compliance	📈 1
4	(F) Regulatory Compliance	(N) Human Resource Development	📈 7
5	(T) Customer Privacy Protection	(S) Supplier Management	📈 3
6	(D) Corporate Governance	(T) Customer Privacy Protection	📉 1
7	(G) Quality Management	(D) Corporate Governance	📉 1
8	(S) Supplier Management	(B) R&D / Innovation	📈 2
9	(O) Compensation and Benefits	(G) Quality Management	📉 2
10	(B) R&D / Innovation	(C) Risk Management	📉 7
11	(N) Human Resource Development	(O) Compensation and Benefits	📉 2
12	(Q) Occupational Health and Safety	(H) Greenhouse Gas Management	📈 5
13	(P) Human Rights & Friendly Workplace	(P) Human Rights & Friendly Workplace	--
14	(I) Energy Management	(Q) Occupational Health and Safety	📉 2
15	(M) Environmental Accounting	(I) Energy Management	📉 1
16	(L) Waste Management	(L) Waste Management	--
17	(H) Greenhouse Gas Management	(J) Environmentally Friendly Products	📈 1
18	(J) Environmentally Friendly Products	(K) Water Resource Management	📈 1
19	(K) Water Resource Management	(M) Environmental Accounting	📉 4
20	(R) Social Engagement	(R) Social Engagement	--

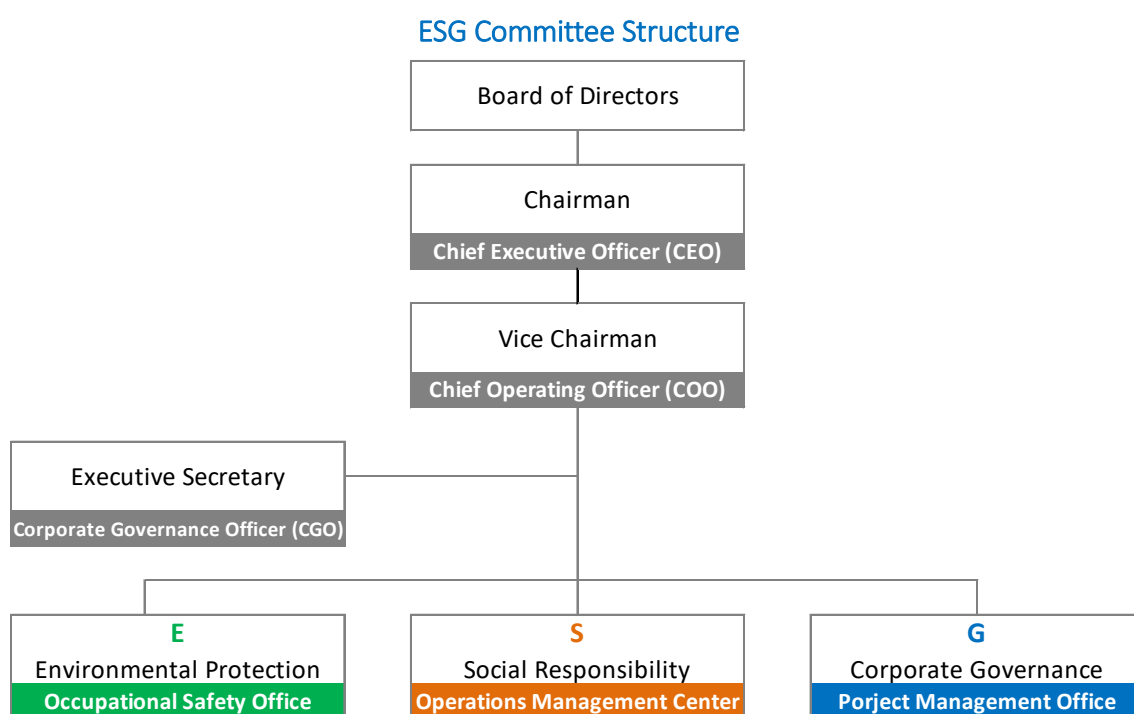


HTC - Board of Directors and Management Team Operation and Development Meeting

1.3 Promotion of Sustainable Development







In May 2022, we initiated ESG sustainable development efforts led by the CEO and established the ESG Committee in June as the dedicated unit for promoting sustainable development. We formulated the 'Organizational Regulations of the ESG Committee' and the 'Practical Guidelines for Sustainable Development,' which were approved by the board on August 4, 2022

The ESG Committee is structured with a minimum of five members, led by the CEO as the Chairman and the COO as the Vice Chairman. Additional members are appointed by the Committee to oversee and drive the development of Environmental, Social, and Governance (ESG) initiatives. This organizational structure ensures a comprehensive and strategic approach to the company's sustainable development efforts.



ESG Committee authority and responsibilities

The ESG Committee, authorized by the Board of Directors, shall exercise due care of a good manager and faithfully perform the following duties :

-  Formulate policies, systems, or related management guidelines for sustainable development.
-  Develop sustainable development goals, review implementation plans, and regularly assess performance.
-  Supervise greenhouse gas inventory and verification planning.
-  Review sustainability reports and disclose relevant information publicly.
-  Report on the execution of responsibilities to the Board regularly (at least once a year).
-  Handle other matters as directed by the Board of Directors.

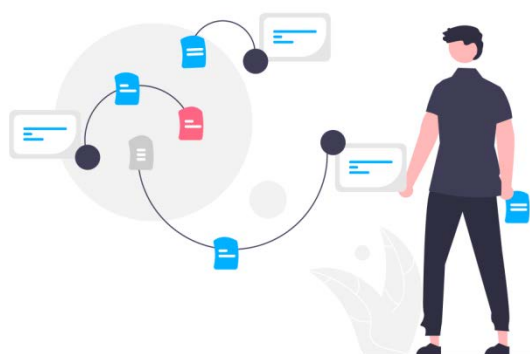
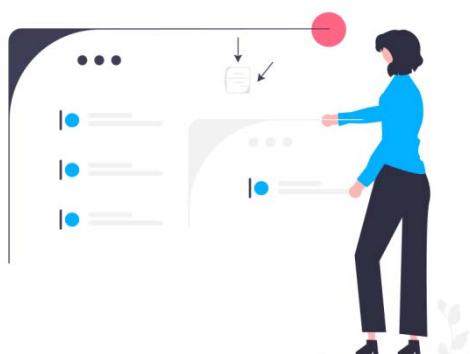
Sustainability commitment

While engaging in business operations, we actively practice sustainable development to align with international trends. Through corporate citizenship, we contribute to the national economy, improve the quality of life for employees, communities, and society, and promote competitive advantages based on sustainability. (As stated in Article 2 of our Sustainability Development Practices Guidelines.)

ESG risk assessment and management policy

We reference the issues listed in the GRI guidelines and collect topics of concern from stakeholders. Based on the evaluation of the "degree of stakeholder concern" and the "impact on the company," we assess the significant ESG issues. The related risk management policies or mechanisms are as follows:

Dimension	Risk Assessment	Management Policy/ Mechanism
Environmental	Greenhouse Gas Management	<ul style="list-style-type: none"> ■ Develop a greenhouse gas inventory plan and report the execution status to the board quarterly. ■ Establish management goals and improvement plans based on the greenhouse gas inventory results.
	Energy Management	<ul style="list-style-type: none"> ■ Plan the implementation of a digital management system to monitor data and improve energy efficiency.
	Environmental Management	<ul style="list-style-type: none"> ■ Obtain ISO 14001 Environmental Management System certification.
Social	Occupational Health and Safety	<ul style="list-style-type: none"> ■ Obtain ISO 45001 Occupational Health and Safety Management System certification, conduct regular fire drills, and provide occupational health and safety education and training annually. ■ Hold quarterly meetings of the Occupational Health and Safety Committee. ■ Implement a human rights policy and management plan.
	Human Resource Development	<ul style="list-style-type: none"> ■ Employees are required to submit individual education and training plans, arranging both internal and external training. ■ Regularly review succession planning, construct and continuously enhance the management team.
	Compensation and Benefits	<ul style="list-style-type: none"> ■ The Compensation Committee reviews remuneration distribution. ■ The Employee Welfare Committee reviews welfare measures.
	Customer Privacy Protection	<ul style="list-style-type: none"> ■ Establish a Non-Disclosure Agreement (NDA) and a mechanism for managing confidential information. ■ Clearly define information security policies.
	Suppliers Management	<ul style="list-style-type: none"> ■ Clearly define supplier management policies.
Economic / Governance	Operating Performance	<ul style="list-style-type: none"> ■ Review operational performance monthly. ■ The board regularly reports business results.
	Ethical Corporate Management	<ul style="list-style-type: none"> ■ Clearly define the Code of Business Integrity, establish operating procedures, and guidelines. ■ Clearly define a whistleblowing procedure.
	Risk Management	<ul style="list-style-type: none"> ■ Clearly define risk management policies in accordance with the Risk Management Practice Guidelines.
	Corporate Governance	<ul style="list-style-type: none"> ■ Adhere to corporate governance practices, the Code of Business Integrity, and the company's ethical guidelines, building an effective governance framework and related ethical standards for sound corporate governance.
	R&D / Innovation	<ul style="list-style-type: none"> ■ The Innovation and R&D Center reviews project execution status weekly.





The operational status of the ESG Committee in 2022

Date	Content
5/27	We convened the management team to jointly express our determination to promote sustainable development. (Communication → Consensus → Commitment)
6/6	Preparing for ESG meetings and initiating operations, concurrently starting the planning for the establishment of the Sustainable Development Committee. 1 st ESG committee meeting: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Drafting the "Practical Guidelines for Sustainable Development." <input checked="" type="checkbox"/> Drafting the "Organizational Regulations of the Sustainable Development Committee." <input checked="" type="checkbox"/> Planning for the "2021 ESG Report."
6/9	ESG Report Reporting Guidelines (Concepts of ESG, CSR, SDGs / Relevant Regulations / GRI, SASB, TCFD).
6/13	Stakeholder and Significant Topics Identification Survey.
6/23	Greenhouse Gas Inventory, Energy and Resource Management Review.
7/15	Completion of inventory of ESG-related activities in each department and compilation of the Sustainability Report (ESG Report). 2 nd ESG committee meeting : <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Identification and communication with stakeholders. <input checked="" type="checkbox"/> Identification of material topics. <input checked="" type="checkbox"/> Schedule planning report for greenhouse gas inventory operations. <input checked="" type="checkbox"/> ESG execution results for 2021 and issuance of sustainability report.
8/4	10 th -9 th Board Meeting <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Report on the progress of sustainable development. <input checked="" type="checkbox"/> Approval of the "Code of Practice for Sustainable Development". <input checked="" type="checkbox"/> Approval of the "Organization Regulations of the Sustainable Development Committee".



The Board of Directors provided oversight on the ESG development



We regularly reported on ESG (Environmental, Social, and Governance) implementation to the Board, at least once a year (as of 2022, the report was presented on 8/4), reviewing the performance and future developments.



Starting from 2022, we commit to issuing an annual sustainability report to enhance information disclosure regarding sustainability development.



On 8/4, the Board approved the "Sustainability Practice Guidelines," establishing management policies that adhere to the following principles: implementing corporate governance, developing sustainable environmental practices, maintaining social welfare, and strengthening information disclosure on corporate sustainability.



The establishment of the ESG Committee was also approved by the Board on 8/4, following the "ESG Committee Organization Regulations," to drive operations related to sustainable development.



Quarterly updates on the progress of the greenhouse gas inventory plan were submitted to the Board, with reports presented on 5/5, 8/4, and 11/10. The Board supervised the company's execution of these plans.



An annual report on corporate governance issues was submitted to the Board at least once a year, with the report for 2022 presented on 11/10. The topics covered included stakeholder communication, intellectual property management, information security, risk management, and integrity in operations. The Board exercised oversight over the company's execution in these areas.



On 11/10, the Board approved the "Risk Management Practice Guidelines," establishing risk management policies and systems. It also set up the Risk Management Committee to supervise the operation of the risk management mechanism.

2 Operational Overview

2.1 Company Profile

2.2 Mission, Philosophy, and Core Values

2.3 Products and Services

2.4 Market Overview

2.5 Financial Performance

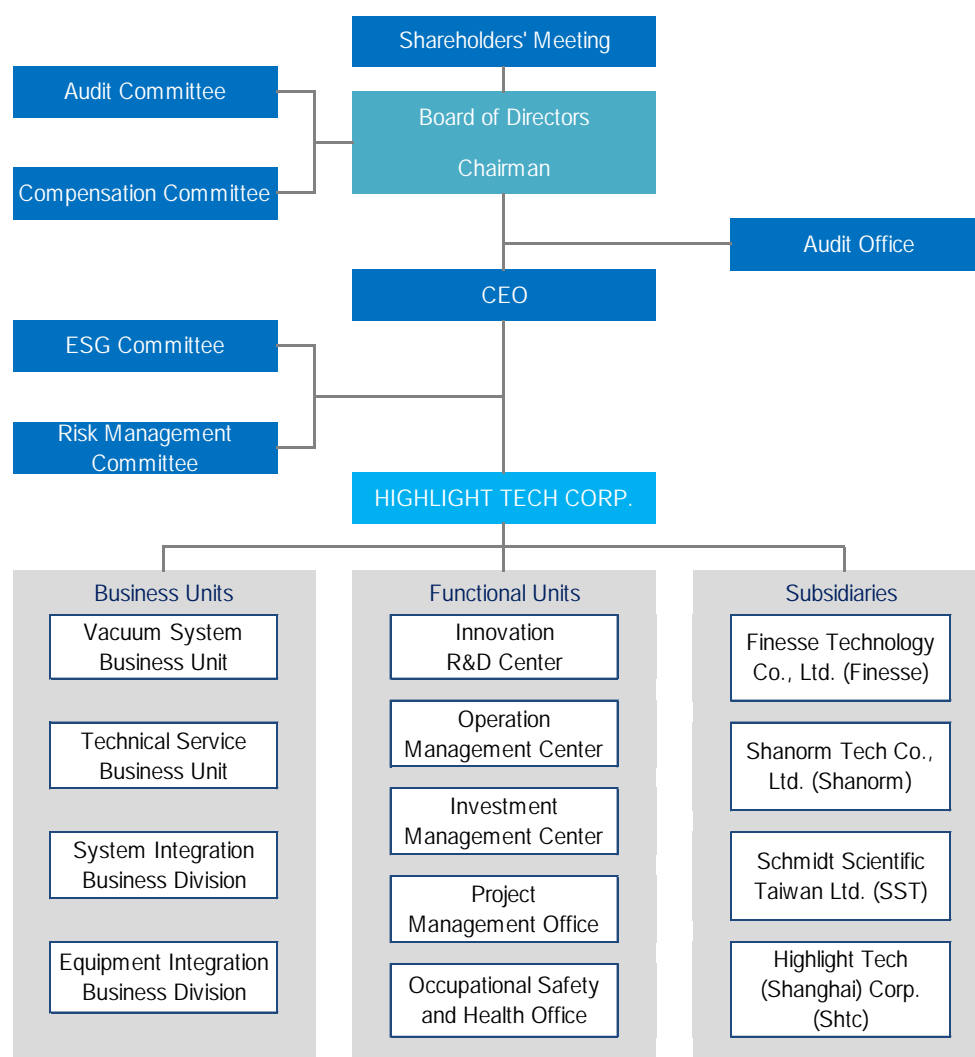
2.1 Company Profile

HTC, established in 1997, is a manufacturer of vacuum technology equipment and a comprehensive service provider in the field of vacuum. The company focuses on applying vacuum coating technology to various industries, including daily life, 3C products, semiconductors, optoelectronics, touch panels, and the solar photovoltaic industry. With its unique capabilities in the integrated design and manufacturing of vacuum systems, HTC offers coating film deposition systems, vacuum coating chambers, large-scale vacuum equipment, and vacuum components, establishing itself as a valued partner in its customers' business ventures.

Company Name	HIGHLIGHT TECH CORP.
Chairman	Wu, Ming-Tian
CEO	Kou, Chung-Shan
Date of establishment	May 29, 1997
Date of OTC	December 23, 2002
Stock code	6208
Capital	1,182,017 KNTD
Number of employees	460 persons



Company Organizational Structure



Company locations



Address



Tainan - Headquarters / Main Plant

No. 8, Huoshui Road, Xinying District, Tainan City, Taiwan.

(The relocation from Annan District, Tainan City to Xinying District, Tainan City is scheduled for 2023.)

Tainan- Main Plan: No. 106, Gongming South 2nd Road, Annan District, Tainan City, Taiwan.(2022)

Tainan - Plant 2: No. 101, Gongming South 1st Road, Budai Village, Annan District, Tainan City, Taiwan. (2022)



Hsinchu - Hukou Plan

No. 32, Guangfu Road, Hukou Township, Hsinchu County, Taiwan.



Taichung - Service Office

No. 958, Zhongke Road, Daya District, Taichung City, Taiwan.



Subsidiaries-Shtc

No. 51, Chengyin Road, Baoshan Urban Industrial Park, Shanghai City, China.

Company history

Year	Month	Milestones
1997	5	<ul style="list-style-type: none"> HIGHLIGHT TECHNOLOGY CORP. was established in Kaohsiung City, with a capital of NT\$5 million. The main products and business are the assembly, manufacture and sales of vacuum gauges and gas mass flow controllers (MFC). The Company successfully developed the first domestic digital vacuum gauge product "PC607"
1998	6	<ul style="list-style-type: none"> Considering the medium and long-term demand for semiconductors and related industries and the trend of increasingly stringent quality requirements, the Company planned to build a new Tainan plant in Zongtouliao Industrial Zone, Tainan City.
	9	<ul style="list-style-type: none"> To expand the operation scale, attract talents, and integrate upstream and downstream technologies and products in the vacuum industry to ensure long-term business goals can be achieved, Htc gathered the talents and technologies in Kaohsiung, Tainan, and Hsinchu and changed to a limited company with a capital increase of NT\$190 million and paid-in capital of NT\$195 million.
1999	7	<ul style="list-style-type: none"> The headquarter was moved to Tainan City.
	10	<ul style="list-style-type: none"> Obtained SGS quality management system (ISO-9001) certification.
2000	3	<ul style="list-style-type: none"> Distributed Tai-ko Dry Vacuum Pump, a well-known Japanese brand, and obtained maintenance authorization and technology transfer from the original manufacturer.
	12	<ul style="list-style-type: none"> Signed a product distribution agreement with SEIKOINS Japan.
2001	1	<ul style="list-style-type: none"> Signed a magnetic shaft seal joint R&D and technology transfer agreement with the NCSIST.
	5	<ul style="list-style-type: none"> Established Highlight Tech International Trade (Shanghai) Co., Ltd. in Shanghai Waigaoqiao Free Trade Zone, China, and set up maintenance centers, bonded warehouses and offices, and completed the dormitory placement for dispatched personnel in Pudong.

Year	Month	Milestones
2002	1	■ Registered as an emerging stock on TPEX.
	12	■ Officially OTC-listed on TPEX.
2003	1	■ Established the cleaning engineering department to provide cleaning services and warranty for various process equipment and components.
	12	■ Signed a product distribution agreement with BOC Edwards Japan Ltd. ■ Highlight Tech International Trade (Shanghai) Co., Ltd. changed its name to Highlight Tech (Shanghai) Corp.
2004	4	■ To meet the demand of Chinese customers on speed, service and production capacity, Highlight Tech (Shanghai) Corp. moved to Shanghai Baoshan City Industrial Park and started a two-year and three-phase plant construction plan to provide vacuum components production, pump maintenance and cleaning services for semiconductor and optoelectronics plant equipment parts. ■ The ability to integrate vacuum systems is recognized, and the customer's PVD coating system has been replaced by the Company's product instead of the original Japanese imported system.
	3	■ The cleaning department was incorporated on Mar. 31 as Htc & Solar Tech Service Limited.
2005	12	■ Established the RF power business department for the marketing, production, and maintenance services of RF power products.
	7	■ The first phase of the Shanghai Baoshan plant was completed.
2006	12	■ Signed a product distribution agreement with BOC Edwards Japan Ltd. ■ To meet the demand of Chinese customers on speed, service and production capacity, Quanyang Electronic Technology (Shanghai) Co., Ltd. was established to provide pump maintenance, RF power supply products and RFID equipment and other services. ■ Tainan Factory II was completed and commenced operation.
	4	■ Obtained SGS OHSAS-18001: 1999 certification.
2007	7	■ The second phase of the Shanghai Baoshan plant was completed.
	8	■ The ability to integrate vacuum systems is recognized, and Htc have successively received orders from Stanley, an international automotive lighting manufacturer, to produce CVD polymerization coating systems for automotive lighting.
2008	1	■ The third phase of the Shanghai Baoshan Plant was completed.
	4	■ Collaborated with Solar Applied Materials Technology Corp. to jointly invest in Htc & Solar Tech Service Limited.
2009	8	■ Successfully developed continuous sputter deposition/coating technology for solar cells.
	10	■ Obtained SGS environmental management system (ISO-14001) certification.
2009	1	■ Successfully sold the "Solar Thin Film Battery Equipment" developed by Htc to a Chinese corporation.
	6	■ Solar Applied Materials Technology Corp. increased its investment with Htc & Solar Tech Service Limited, and the shareholding ratio of both parties was adjusted to 51.04% of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. and 48.96% of Htc.
2009	9	■ Subsidiary Highlight Tech International Corp. (HTI) bought back 1,391,173 shares and 1,391,174 shares of HTI held by overseas investment shareholders in September and November respectively.
	11	■ Awarded the "National Industrial Park Safety Partner Excellence Award" from the Ministry of Labor and the Manufactures United General Association of Industrial Park of R.O.C.
2010	12	■ Signed a product distribution agreement with BOC Edwards Japan Ltd.
	3	■ Increased the capital of the subsidiary Highlight Tech International Corp. (HTI) by US\$5 million, indirectly increasing the shareholding of the subsidiary in Mainland China.
2011	6	■ Increased the capital of the subsidiary Highlight Tech International Corp. (HTI) by US\$2 million, indirectly increasing the shareholding of the subsidiary in Mainland China.
	7	■ Awarded and recognized with the "Excellent Labor Safety and Health Unit" by the Ministry of Labor in 2010.
2011	11	■ Increased the capital of the subsidiary Highlight Tech International Corp. (HTI) by US\$5 million, indirectly increasing the shareholding of the subsidiary in Mainland China.
	2	■ Awarded the "UMC 2011 Excellent Contractor" in safety and health management.
2012	7	■ Awarded and recognized with the "Excellent Labor Safety and Health Unit" by the Ministry of Labor in 2011.
	12	■ Awarded the 2012 "Performance Excellence Award" by the Ministry of Labor in promoting labor safety and health improvement for industrial safety investment units. ■ Signed a product distribution agreement with BOC Edwards Japan Ltd.
2013	7	■ Awarded the Ministry of Labor 2012 "Labor Safety and Health-Excellent Unit" in promoting labor safety and health excellent enterprises in 2013.
	9	■ Awarded the "Labor Safety and Health-Excellent Unit" by the Ministry of Labor for three consecutive years, and was awarded the "Labor Safety and Health-Five Star Award" the same year.
2013	10	■ Awarded the "National Industrial Zone Safety and Health Promotion Association Excellent Manufacturer" by the Ministry of Labor and the Manufactures United General Association of Industrial Park of R.O.C. in 2013.
	12	■ Signed a product distribution agreement with Edwards Japan Ltd.

Year	Month	Milestones
2014	6	■ Signed an Biozone cleaner distribution marketing agreement with VENTU ENTERPRISE CO., LTD. in the United States.
	12	■ Signed a product distribution agreement with Edwards Japan Ltd.
2015	1	■ Purchased land in Tainan Technology Industrial Park.
	12	■ Awarded the 2015 National Occupational Safety and Health Award - Enterprise Benchmark Award issued by the Occupational Safety and Health Administration of the Ministry of Labor. ■ Awarded the 2015 Outstanding Equipment Contractor Award by TSMC and Powerchip.
2016	1	■ Awarded the "Tainan City Government-Labor Affair Bureau Certificate of Merit" by the Tainan City Government's safety and health agency.
	3	■ Awarded TSMC's "0206 Tainan Earthquake Rescue Contribution" and awarded the "TSMC Thank You" medal.
	4	■ Subsidiary Highlight Tech International Corp. (HTI) reduced capital by US\$1,400 thousand in cash, and returned part of the stock payment to the parent company.
	7	■ Won the third place in the Excellent Breastfeeding Room Selection by the Public Health Bureau of Tainan City Government. ■ Received the Excellent Workplace Award from the Healthy Workplace Project by the Public Health Bureau of Tainan City Government.
	9	■ Awarded the Excellent Performance in Safety and Health – Role Model by the Tainan City Government.
	10	■ The cash capital reduction was conducted to return NT\$161,152 thousand to shareholders, and the paid-in capital after capital reduction was NT\$989,936 thousand. ■ Purchased land in Hsinchu Industrial Park.
	11	■ Awarded the Ministry of Health and Welfare, Health Promotion Administration - Badge of Accredited Healthy Workplace.
	12	■ Awarded the 2016 National Health Promotion Award - Health Sail Award by the National Health Administration of the Ministry of Health and Welfare.
	1	■ Awarded the "Tainan City Government-Labor Affair Bureau Certificate of Merit" by the Tainan City Government's safety and health agency.
	5	■ Sold land in Tainan Technology Industrial Park.
	8	■ The groundbreaking ceremony for the new plant in Hsinchu Industrial Park, Hsinchu.
	9	■ Awarded the "Excellence Award" in the Safety and Health Selection by Tainan City.
2017	10	■ Awarded the "Enterprise iSport Award" by the Sports Administration, Ministry of Education.
	11	■ Signed a common stock private placement agreement with SOLAR APPLIED MATERIALS TECHNOLOGY CORP.
	12	■ Awarded "Safety Role Model" by the Ministry of Labor. ■ Awarded "Excellent Contractor of the Year" by Powerchip.
	1	■ Added two controllable subsidiaries - Finesse Technology Co., Ltd. And Highlight Tech System Corp. ■ Awarded the "Tainan City Government-Labor Affair Bureau Certificate of Merit" by the Tainan City Government's safety and health agency.
	6	■ Awarded "Excellent Contractor of the Year" by Powerchip.
	10	■ Awarded the "Excellence Award" in the Safety and Health Selection by Tainan City.
2019	7	■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the third quarter.
	4	■ Awarded the UMC "Excellent Achievement Award".
	10	■ Awarded the "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the fourth quarter. ■ Awarded the "Excellent Manufacturer of the Year" by Micron Technology Taiwan, Inc.
	12	■ Awarded "Excellent Manufacturer of the Year" by Powerchip Semiconductor Manufacturing Corporation.
2020	1	■ Added two controllable subsidiaries - Schmidt Scientific Taiwan Ltd. and Shanorm Tech Co., Ltd. ■ Purchased land in Tree Valley Park, Tainan, and started plant construction. ■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the first quarter.
	3	■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the second quarter.
	6	■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the third quarter.
	8	■ The new plant in Hukou, Hsinchu was completed and commenced operation.
	9	■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the fourth quarter.
	12	■ Awarded the "Excellent Manufacturer of the Year" by Powerchip Semiconductor Manufacturing Corporation. ■ Awarded the "Excellent EHS Management Contractor of the Year" by Micron Technology Taiwan, Inc.
	2	■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the first quarter.
	5	■ Awarded "Excellent EHS Management Contractor" by Micron Technology Taiwan, Inc. in the second quarter.
2021	11	■ Awarded the Ministry of Economic Affairs' 6th Taiwan Mittlestand Award.
	8	■ Awarded the "Taiwan Industry Innovation Platform Program (Thematic R&D Program)" by the Ministry of Economic Affairs.

2.2 Mission, Philosophy, and Core Values

Mission **Become a valuable partner for customers.**

We consider customers as important partners, and our mission is to enhance customer value and become a valuable partner to them. We establish deep and lasting partnerships with customers, aiming to be a trusted and integral long-term partner contributing to their success. Together, we strive to create sustainable value and move towards sustainable operations.

Philosophy **Integrity, Integration, and Innovation, while building a corporate family with a culture.** **【Integrity】**

Integrity is the most fundamental and crucial principle in business operations. We are committed to conducting our business with honesty, integrity, transparency, and accountability, and have established policies based on integrity.

【Innovation】

Innovation is the driving force behind corporate growth. We are dedicated to providing products and services with a competitive edge, fostering a culture of innovation within the company.

【Integration】

We integrate resources to create corporate value, continuously evolving into a comprehensive service provider.

Core Values **Facts, Talent, Excellence**

【Facts】 Not doing things superficially, but focusing on the most valuable tasks.

【Talent】 Creating a corporate culture that encourages colleagues to bravely take on challenges.

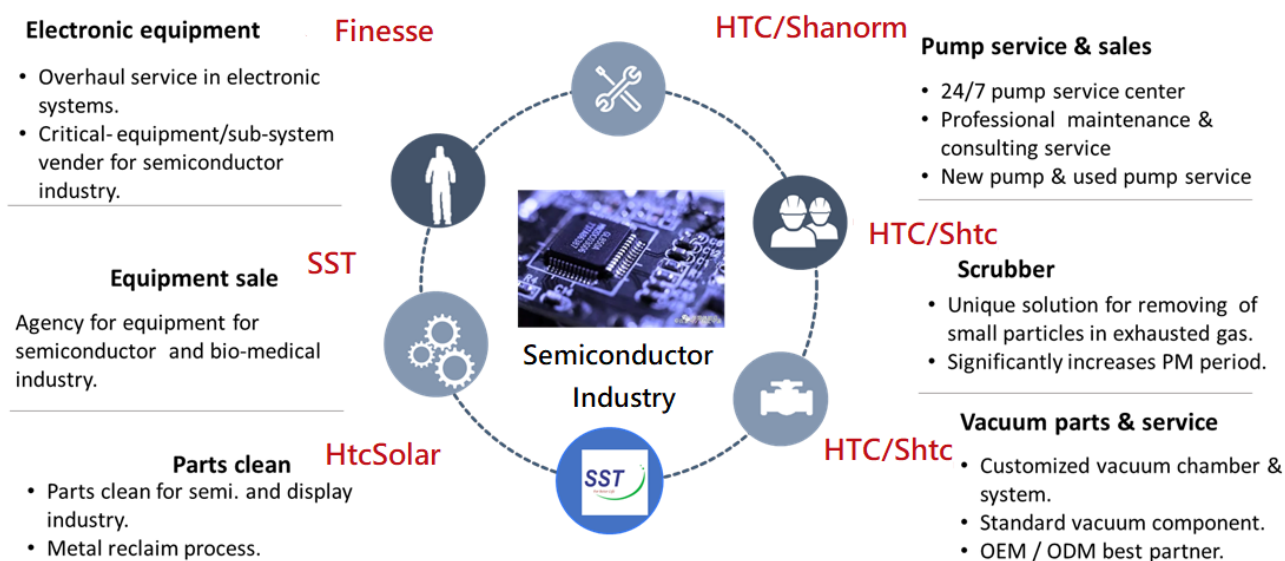
【Excellence】 Continuously surpassing our own and our customers' expectations.



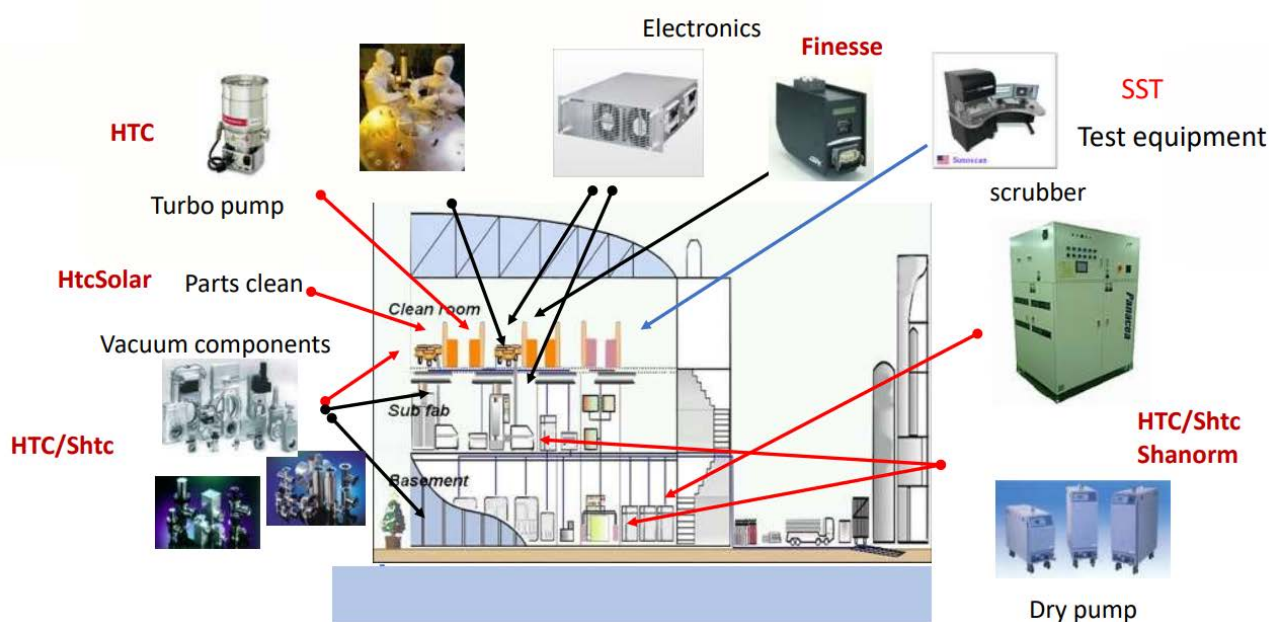
2.3 Products and Services

We specialize in the professional manufacturing of vacuum components, design and manufacture of vacuum valves; sales of new and used vacuum pumps, along with maintenance and pipe modification services; energy-saving and waste-reduction equipment, critical parts, development, manufacturing, sales, and maintenance services for Micro-bubble Wet Scrubbers. Our services cater to high-tech clients in industries such as semiconductor, optoelectronics, biotechnology, medical, food, research, academia, and domestic and international equipment manufacturers. We aim to provide comprehensive technical services, chemical surface treatment, microwave application equipment, maintenance of power sources, monitoring and analysis of microwave systems in plasma processes, and sales and maintenance services for key components of wet scrubbing equipment for gas exhaust.

Development Strategy: Providing Integrated Services with a Focus on the Semiconductor Industry



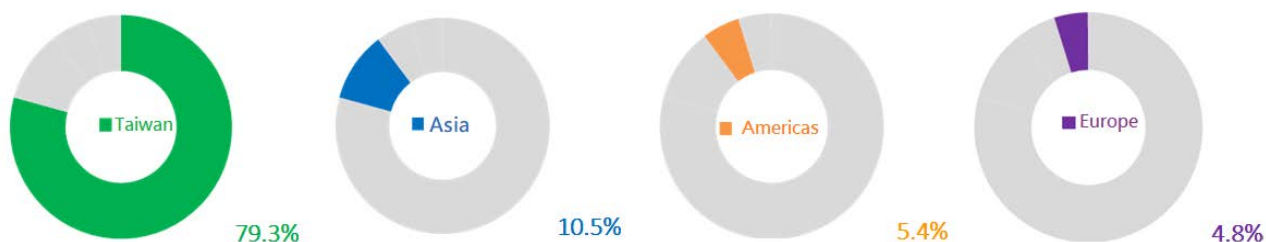
Products and Services Offered by HTC Group in the Semiconductor Manufacturing Sector



All product and service details can be found in the "Products" & "Services" section on the company's website. Please refer to it for a comprehensive overview: <https://www.htcvacuum.com/zh-tw/product/index>

2.4 Market Overview

Our products are primarily sold in the Taiwan region. The sales distribution by region and percentage for 2022 are as follows:



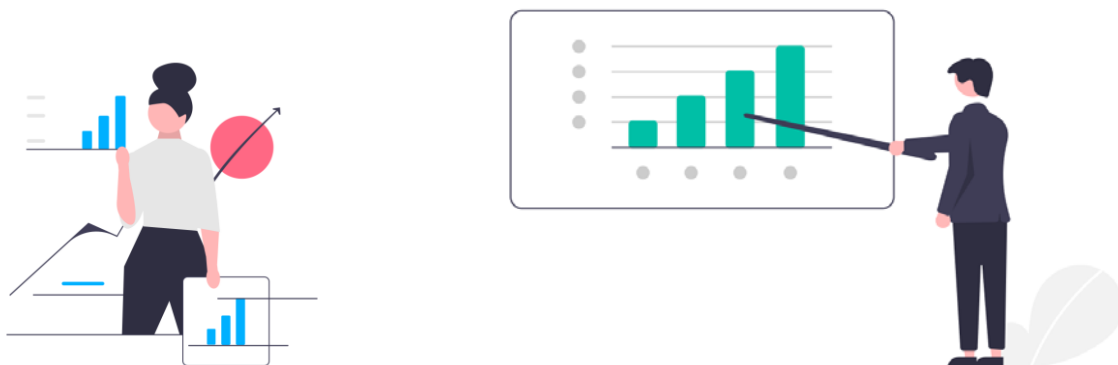
Regional Sales Amount and Percentage

Regional Categories		Domestic	Export					Total
		Taiwan	Asia	Americas	Europe	Others	Subtotal	
Sales	(KNTD)	3,097,286	409,973	211,157	186,194	3,031	810,356	3,907,642
Ratio	(%)	79.3%	10.5%	5.4%	4.8%	0.1%	20.7%	100.0%

Product Domestic and Export Sales Amount and Percentage

Product Categories	Domestic				Export				內外銷比例(%)			
	2021		2022		2021		2022		2021		2022	
	Sales (KNTD)	(%)	Sales (KNTD)	(%)	Sales (KNTD)	(%)	Sales (KNTD)	(%)	Domestic	Export	Domestic	Export
Vacuum components	731,356	28%	783,126	25%	364,406	56%	610,003	75%	67%	33%	56%	44%
Sales and maintenance of vacuum pumps	1,196,833	45%	1,441,516	47%	109,711	17%	149,570	18%	92%	8%	91%	9%
Others	728,564	27%	872,645	28%	176,844	27%	50,782	6%	80%	20%	95%	5%
Total	2,656,753	100%	3,097,287	100%	650,961	100%	810,355	100%	80%	20%	79%	21%

Note: Others include antifreeze, maintenance and business transactions with Shtc, Highlight Tech System Corp., Finesse Technology Co., Ltd. and Schmidt Scientific Taiwan Ltd.



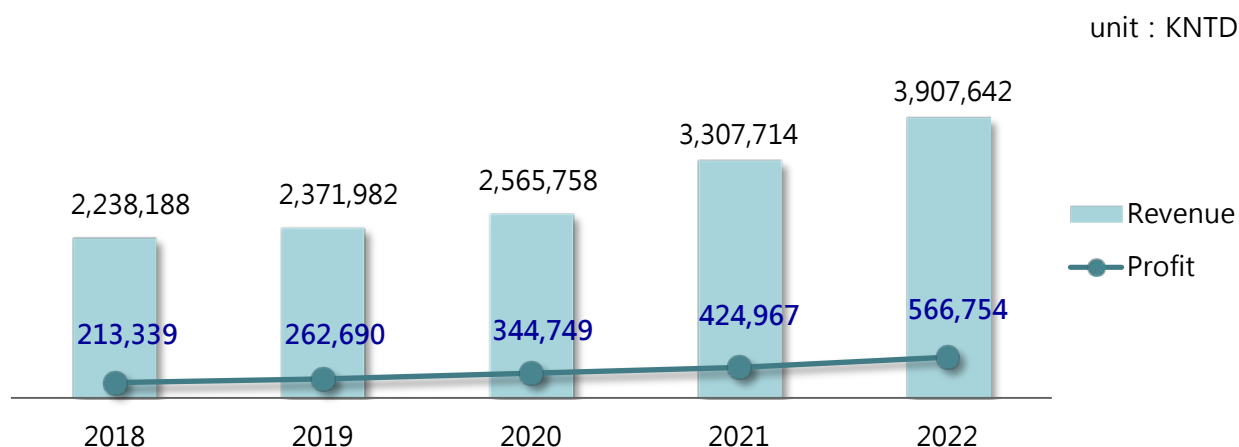
2.5 Financial Performance

For the fiscal year 2022, the consolidated revenue amounted to 3,907,642 KNT dollars, representing an increase of 599,928 KNT dollars or 18.14% compared to the previous year. The consolidated net profit after tax was 566,754 KNT dollars, reflecting an increase of 141,787 KNT dollars or 33.36% compared to the previous year. The financial report indicates strong operational performance for the period.

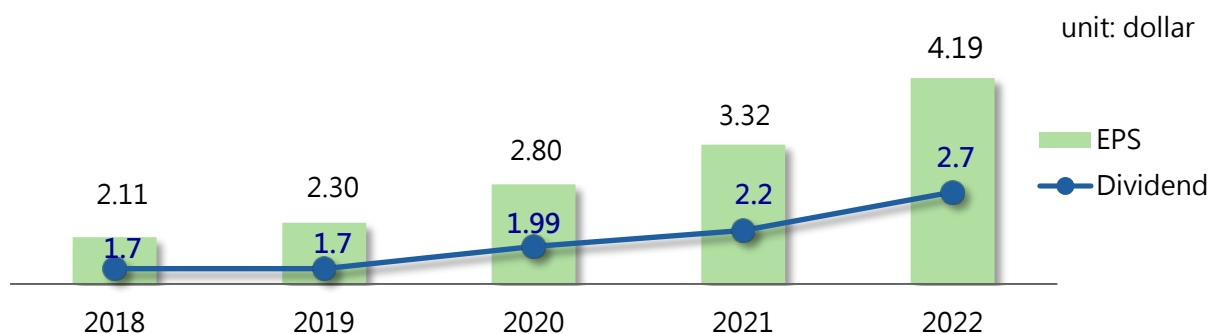
Item \ Year	2020	2021	2022
Revenue (KNTD)	2,565,758	3,307,714	3,907,642
Profit before tax (KNTD)	377,785	494,879	703,435
Profit after tax (KNTD)	344,749	424,967	566,754
EPS (dollar)	2.80	3.32	4.19
Dividend (dollar)	1.99	2.2	2.7



Revenue and Profit



Earnings Per Share (EPS) and Dividend



3 Corporate Governance

3.1 Corporate Governance Structure

3.2 Board of Directors

3.3 Internal Control System

3.4 Risk Management

3.5 Integrity in Operation and Anti-Corruption

3.6 Business Continuity Management

3.7 Supply Chain Management

3.8 Emergency Incident Response Mechanism

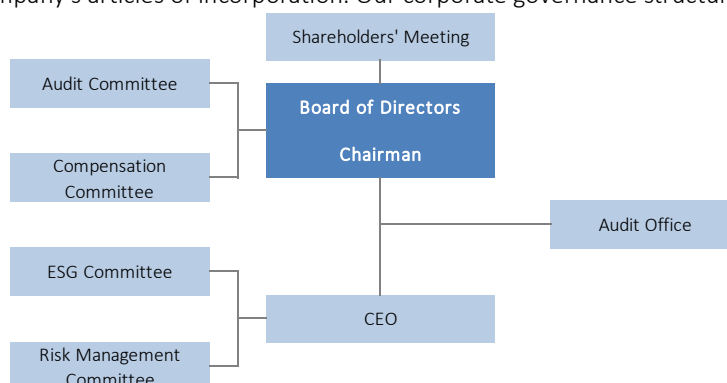
3.9 Customer Relationship Management

3.10 Information Security Management

3.11 Innovation and Research Development Management

3.1 Corporate Governance Structure

The Board of Directors, entrusted by the shareholders, serves as the highest governing body of the company. The appointment process, exercise of powers, and performance evaluation are all carried out in accordance with the relevant laws and the company's articles of incorporation. Our corporate governance structure is as follows:



The Board of Directors plays a supervisory role in the corporate governance in accordance with relevant regulations from the competent authority. We have established an [Audit Committee](#) and a [Compensation Committee](#) in compliance with regulations. These two functional committees assist the Board of Directors in professional governance. The Internal Audit Office, functioning as an independent unit under the Board of Directors, assists in examining and reviewing the deficiencies in the internal control system, measuring operational effectiveness and efficiency, and timely providing improvement suggestions. This ensures the continuous and effective implementation of the internal control system and serves as a basis for reviewing and amending the system.

To promote our ESG sustainable development and sound risk management, the CEO serves as the Chairman and is supported by the management team in forming the [ESG Committee](#) and the [Risk Management Committee](#) according to their responsibilities. This is in line with our commitment to corporate social responsibility, maintaining stable business operations, and realizing the principles of sustainable business practices.

3.2 Board of Directors

The Board of Directors is the highest governing body of the company, chaired by Director [Wu Ming-Tian](#). To ensure clear organizational structure and independence in company operations, the Chairman does not concurrently serve as an executive manager. The company's articles specify a nomination system for director elections, and the election process follows the relevant regulations of the 'Director Election Act.' Considering the overall composition and diversity of the Board, the current (10th) Board consists of 11 directors (including 3 independent directors), nominated by shareholders holding more than 1% of the shares. They were elected at the shareholder meeting on July 23, 2021 (term: July 23, 2021, to July 22, 2024), with the Chairman subsequently elected by the Board of Directors.



The board of directors plays a supervisory role in overseeing the management

The purpose of the Board of Directors	<ul style="list-style-type: none"> •To ensure the transparency of the company's operational information, comply with relevant regulations, guide corporate strategy, supervise management, arrange various operations related to corporate governance systems, and be accountable to the shareholders' meeting. The board exercises its powers in accordance with legal requirements and the company's articles of incorporation.
Sustainable Development Vision	<ul style="list-style-type: none"> •To implement corporate governance, develop a sustainable environment, fulfill social responsibilities, and enhance the disclosure of corporate sustainable development information, aligning with international trends and practicing sustainable development to achieve the vision of sustainable development.
ESG Strategy and Policy	<ul style="list-style-type: none"> •Understand changes in international ESG trends and regulatory requirements from regulatory authorities, lead the company in formulating ESG policies, and oversee the effective implementation of these strategies. •On August 4, 2022, the Board of Directors approved the establishment of the Sustainability Development Committee, authorizing senior management to assess the key concerns of stakeholders and the impact on the company's operations based on materiality principles, and regularly report to the Board of Directors.

Diversity and Independence of Board of Directors

Diversity of Board of Directors

The Company has formulated the "Corporate Governance Best Practice Principles", which clearly stipulates the diversity policy of the Board of Directors in Article 20. The nomination and selection of members of the Board of Directors of the Company follows the provisions of the Articles of Association with a candidate nomination system, and handles it in accordance with the "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the director diversity and independence.

The 10th Board of Directors is composed of 11 directors and the diversity is shown below:

Name of director	Gender	Current positions in our company	Age			Tenure of Independent Director		Profession	Professional knowledge and skills						
			Under 60	61-70	71 or over	Under 3 years	4-6 years		Manufacturing	Finance and accounting	Fuel energy	Information technology	Legal	Medicine	Construction
Ming-Tien, Wu	Male				✓				✓						
Sheng-Hsien, Wu	Male	✓	✓						✓						
Chih-Siang, Wu	Male			✓						✓					
Chien-Yung, Ma	Male			✓					✓						
Cheng-Shih, Lai	Male				✓						✓				
Chun-Yu, Huang	Male			✓						✓					
Pin-Hsiu, Shen	Female			✓											✓
Chun-Hsuan, Lo	Male		✓					Physician					✓	✓	
Ming-Hung, Hsueh (Independent Director)	Male		✓				✓	Lawyer					✓		
Ching-Yi, Lai (Independent Director)	Male		✓				✓	CPA		✓		✓			
Yung-Chang, Huang (Independent Director)	Male			✓		✓				✓					

- One director concurrently serves as an employee of the company, accounting for 9%, which is below one-third of the total board seats.
- Gender diversity is represented by one female director, constituting 9% of the board.
- Age diversity is reflected in the board composition, with 5 directors (45%) below the age of 60, 4 directors (36%) between the ages of 61 and 70, and 2 directors (18%) aged 71 and above.
- Professional knowledge and skills are diversified among board members, encompassing expertise in various fields such as law, accounting, finance, equipment processing and manufacturing, electronic materials, fuel energy, healthcare, construction, management, and more. Thus, the board collectively possesses the necessary knowledge and skills required for executing their duties, along with diverse industry experience.
- The board members exhibit diverse professional capabilities and industry experiences. The overall board is equipped with operational judgment, accounting and financial analysis skills, management capabilities, crisis management abilities, industry knowledge, international market perspectives, leadership skills, and decision-making abilities.

Board Independence

- Our board of directors includes three independent directors, accounting for 27% of the total, with none serving more than two terms. Among them, two have served for 3 to 6 years, and one has served for less than 3 years.
- Our board of directors does not have any situations specified in Article 26-3, Paragraph 3 of the Securities and Exchange Act. There are two directors, Wu Ming-tian and Wu Sheng-xian, who have a kinship relationship within the second degree of consanguinity, accounting for 18% of the total, which does not exceed half of the board seats. Therefore, the overall board maintains its independence.



HTC 10th Board of Directors Members

Front row, from left to right: Director Jian-Yong Ma, Chairman Ming-Tian Wu, Director Cheng-Shi Lai, Independent Director Yong-Chang Huang.
Back row, from left to right: Director Sheng-Xian Wu, Independent Director Jing-Guo Lai, Director Ji-Xiang Wu, Director Pin-Hsiu Shen, Director Jun-Yu Huang, Independent Director Ming-Hung Xue, Director Chun-Hsuan Luo



The implementation of the Board of Directors evaluation

We conduct an annual performance evaluation in accordance with “Rules for Performance Evaluation of Board of Directors.” The results are regularly submitted to the Compensation Committee and the Board of Directors for review.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
At least once every three years	Nov. 1, 2021 to Oct. 31, 2022	Board of Directors and Functional Committees	External Evaluation (Taiwan Corporate Governance Association) 1. Self-evaluation by the Company 2. Initial Review by Association Commissioner 3. Written Review by Evaluation Committee 4. Interview by Evaluation Committee and Association Commissioner	1. Composition of the Board of Directors 2. Guidance of the the Board 3. Authorization of the Board of Directors 4. Supervision of the Board of Directors 5. Communication of the Board of Directors 6. Internal Control and Risk Management 7. Self-discipline of the Board of Directors 8. Others such as Board meetings, support systems, etc.
Evaluation performed once a year	Jan. 1, 2022 to Dec. 31, 2022	Board of directors	Internal self-evaluation (Assessment performed by chairman, functional committee convener)	1. Level of participation in the Company's operations. 2. Improvement of board's/functional committee's decision quality. 3. Board/functional committee composition. 4. Election and ongoing education of directors. 5. Internal Control.
		Individual Board member	Self-assessment (Assessment performed by Board members)	1. Director's awareness toward the Company's goals and missions. 2. Director's awareness to duties. 3. Level of participation in the Company's operations. 4. Management and communication of internal relations. 5. Professionalism and ongoing education of directors. 6. Internal Control.
		Functional Committee	Internal self-evaluation (Assessment performed by independent directors)	1. Level of participation in the Company's operations. 2. Awareness of the duties of functional committee. 3. Improve the quality of functional committees' decision-making. 4. Composition of functional committees and election of members. 5. Internal Control.

External Evaluation

Every three years, we conduct an external assessment, with the most recent one on December 26, 2022, carried out by the external organization “Taiwan Corporate Governance Association.” The assessment was executed through on-site visits and evaluations by independent and experienced members of the executive committee and specialists. The evaluation covered eight major aspects, including board composition, guidance, authorization, supervision, communication, internal control and risk management, self-discipline, and others. Using questionnaires and on-site inspections, the assessment team examined these dimensions.

After reviewing data, conducting on-site visits, and observing interactions, the assessment team compiled and presented a comprehensive evaluation along with recommendations. The “Board Performance Evaluation Report” is available on our company website: <https://www.htcvacuum.com/upload/media/investors/company/board/07-board.pdf>. The findings were presented in the board meeting on January 12, 2023, providing insights for subsequent planning, establishment, and enhancement of the board's functions.

Internal Evaluation

In the fiscal year 2022, the Board of Directors' performance evaluation was planned and proposed by the 5th session of the 5th Compensation Committee. An explanation of the operation content and schedule was presented in the board meeting on January 12, 2023. The evaluation was conducted using internal questionnaires, with relevant assessment forms collected in January 2023. The consolidated results were then presented in the board meeting on February 23, 2023.

- The overall Board of Directors' performance evaluation covered 5 dimensions and 20 indicators, achieving a score of 4.68 out of 5. The overall operational assessment was excellent, receiving positive evaluations. The Board was recognized for its dedicated management and effective communication.
- Individual Director Performance evaluations, based on 6 dimensions and 12 indicators, yielded an overall score of 4.78 out of 5. Individual assessments were excellent, with positive feedback. The Board members were acknowledged for their unity, diverse strengths, and contributions to assisting and overseeing the company's operations.
- Functional committee performance evaluations, including the Compensation Committee and Audit Committee, covered 5 dimensions and 12 indicators, achieving an overall score of 4.97 out of 5. The evaluation results were excellent, receiving positive feedback. The committees were recognized for their diligent oversight and effective provision of insights.



Facts about performance by the board of directors

In 2022, the Board of Directors convened a total of 6 meetings with an overall attendance rate of 98%. For details regarding the operational status of the board and the resolutions adopted, please refer to our company's Annual Report for the year 2022.

The process for avoiding and mitigating conflicts of interest within the Board of Directors

- To prevent conflicts of interest between directors and the company, the board seeks to lift restrictions on competitive activities. According to company law, this requires a proposal and explanation at a shareholders' meeting, and subsequent approval from the shareholders. Regarding directors' avoidance of personal interests, the 'Board Meeting Regulations' explicitly outline the system for directors to recuse themselves in cases of conflicts of interest.
- The Audit Committee and Compensation Committee of the company are composed of independent directors. Independent directors, from an objective and impartial standpoint, provide recommendations based on their expertise and experience. When discussing any agenda item, the Board of Directors takes into full consideration the opinions of independent directors, adhering to principles of conflict avoidance to safeguard the interests of the company.

Information Disclosure

- Details regarding directors abstaining from conflict of interest proposals, directors concurrently serving on other boards and their shareholding status, controlling shareholders (holding shares among the top ten shareholders), and relationships among them, such as being related parties or having familial relationships within the second degree of consanguinity, can be found in our company's Annual Report for the year 2022.
- Information on related-party transactions is reported as required and disclosed on the Public Information Observation Platform.

Compensation Policy

Policy, Standard and Packages of Remuneration

- The Company's directors' remuneration, including remuneration, salaries and fees for services rendered:
① The pay to the chairman and directors in accordance with Article 18 of the Article of Association, shall be determined considering the level of involvement and value of contribution of each director and by reference to the usual level of such pay in the industry.; ② If the final annual accounts of the Company show a net profit for a given year, it shall allocate not more than 2 percent of the net profit as remuneration to directors; ③ Fees for services rendered include travel allowance and various allowances.

The Company regularly conducts performance evaluations in accordance with the "Rules for Performance Evaluation of Board of Directors", and uses the performance evaluation results of individual directors as a reference for determining their individual remuneration.

- The remuneration of the Company's managerial personnel and employees is paid in accordance with the relevant provisions of the "Salary Management Regulation". Among them, the managerial personnel's remuneration is stipulated in accordance with Article 29 of the Articles of Association, and its appointment, dismissal and remuneration are handled in accordance with the provisions of Article 29 of the Company Act. The remuneration are evaluated and determined by the Remuneration Committee and submitted to the Board of Directors for resolution.

The combination of remuneration includes fixed salary and performance remuneration, of which performance remuneration is divided into quarterly performance bonus (based on the achievement rate of operating goals), year-end bonus (based on the achievement rate of profit target) and employee remuneration (according to Article 31 of the Articles of Association, if the Company makes a profit in the year, 10~15% shall be allocated as employee remuneration, and the Board of Directors will determine the distribution in stock or cash).

Procedures for determining remuneration

The Company's directors and managers' remuneration determination and remuneration distribution are handled in accordance with the Articles of Association, and are discussed by the Remuneration Committee and the Board of Directors in accordance with regulations. The Company regularly discusses the performance evaluation of managers every year. The Board of Directors evaluates the following: financial performance, market performance, and non-quantitative performance indicators (including strategic planning, market development, product R&D, and talent cultivation, etc.). The Board of Directors also regularly submit the evaluation performance report every year to the Remuneration Committee and the Board of Directors, and it is submitted the Board of Directors approval after the Remuneration Committee evaluation.

Functional Committees

The Board of Directors has established the Audit Committee and Compensation Committee to assist in fulfilling its oversight responsibilities. The Audit Committee is composed of all independent directors, while members of the Compensation Committee are appointed by the Board of Directors. The composition, functions, and meeting details for these committees in the year 2022 are as follows:

Committee Name	Audit Committee	Compensation Committee
Establishment Date	June 2018	October 2011
Membership	3 Independent Directors	3 Independent Directors
Main Functions	<ul style="list-style-type: none">■ Ensure proper expression of the company's financial statements.■ Selection (dismissal) and independence and performance evaluation of the signing accountant.■ Effective implementation of the company's internal controls.■ Ensure the company's compliance with relevant laws and regulations.■ Control of existing or potential risks.	<ul style="list-style-type: none">■ Evaluate the company's director and executive compensation policies and systems.■ Provide recommendations to the Board of Directors for decision-making reference.
2022 Meeting Details	Conducted a total of 6 meetings with an overall attendance rate of 94%.	Conducted a total of 3 meetings with an overall attendance rate of 89%.

3.3 Internal Control System

Internal Control Operations

We establish our internal control system in accordance with the "Guidelines for Publicly Issued Companies to Establish Internal Control Systems." Annually, we conduct a self-assessment of the internal control system, examining the design and effectiveness of the system. The results of the internal control self-assessment, along with the findings and improvement measures identified by the audit department, are reviewed by the audit department. These serve as the basis for the Audit Committee and the Board of Directors to issue the internal control system statement. The internal control system statement for the year 2022 was approved by the Board of Directors on February 23, 2023.

Internal Audit Operations

The audit department is an independent unit reporting to the Board of Directors, comprising audit managers and auditors. Its primary role is to assist the Board of Directors and management in examining and reviewing deficiencies in the internal control system, measuring operational effectiveness and efficiency, and providing timely improvement suggestions to ensure the reliability of operational effectiveness, financial reporting, and compliance with relevant laws.

The audit department develops an annual audit plan based on risk assessments and legal compliance. It conducts audits, issues audit reports, and continuously monitors improvement progress. The audit manager may report existing deficiencies or potential risks to the Chairman, CEO, and independent directors at any time. In 2022, based on the annual audit plan approved by the Board of Directors, 59 operational audits were conducted, all of which were executed on schedule. Identified deficiencies were regularly tracked, and internal audit business reports were submitted to the Board of Directors quarterly.

3.4 Risk Management

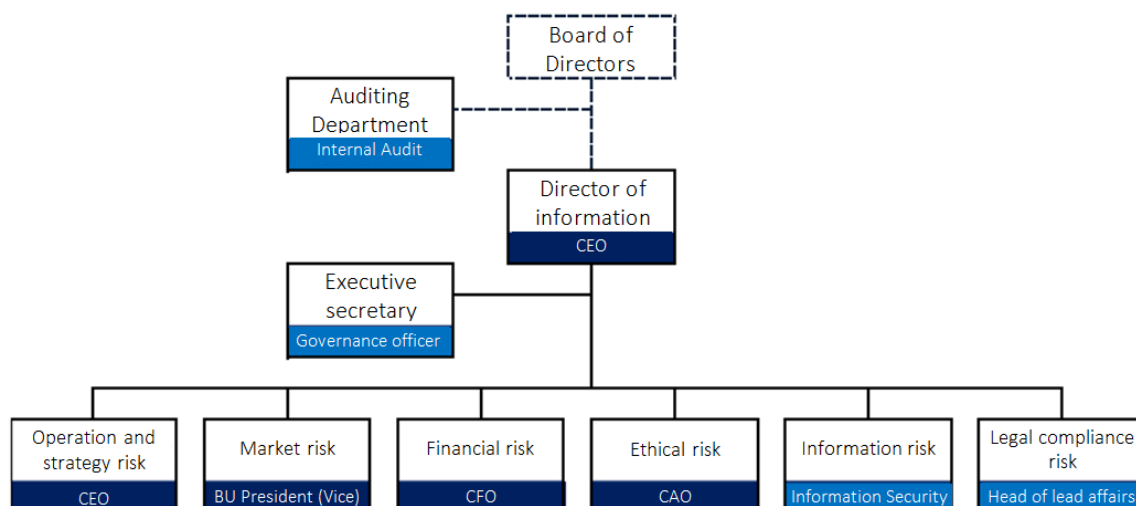
Risk Management Policy and Procedures

We refer to the "Practical Guidelines for Risk Management of Listed and OTC Companies" to formulate the Risk Management Policy and Procedures. After being discussed and approved by the board on November 10, 2022, they were implemented as the guiding principles for our company's risk management

Risk Management Structure and Scope

The board serves as the highest governance unit for risk management. Considering the company's size, business characteristics, nature of risks, and operational activities, a Risk Management Committee is established, with appropriate units assigned to promote and implement risk management.

Risk Management Committee Structure



Risk Management Operation

We continue to pay attention to various risks and takes appropriate control measures. The main risk issues and operational situations in 2022 are as follows:

Item	Risk Issue	Responsible Supervisors	Remarks
1	COVID-19 Response (Responding to the COVID-19 pandemic, including reporting, statistical analysis, attendance management, and care and tracking.)	COO	Regular reports from the epidemic prevention team.
2	Market Positioning in the Semiconductor Equipment Market (Analyzing the semiconductor equipment market through SWOT analysis.)	CEO	Discussed in the April 29, 2022, BU meeting with the management team.
3	Capacity Utilization Survey Report for H2 2022	CEO, BU Managers	Report presented to the board on August 4, 2022.
4	Financial Risk Assessment Report	CFO	Report presented to the board on August 4, 2022.
5	Market Sentiment Assessment and H2 2022 Operating Budget Adjustment	CEO, BU Managers	Discussed in the board meeting on August 4, 2022.
6	Inventory Analysis Report	CFO	Report presented to the board on November 10, 2022.

3.5 Integrity in Operation and Anti-Corruption

Integrity Policy

We are committed to operating with integrity, transparency, and responsibility. Based on these principles, we have formulated an integrity-based policy, which has been approved by the board of directors. We have established a robust corporate governance and risk management mechanism to create a sustainable operating environment.

In the development of our integrity policy, we have referred to the "Integrity Operation Guidelines for Listed and OTC Companies" and the "Operational Procedures and Behavioral Guidelines for Integrity Operation." The integrity policy has been approved by the board of directors.

During the board meeting on November 10, 2022, we established a dedicated unit to promote corporate integrity. The Integrity Risk Team, a subset of the Risk Management Committee, is assigned as the responsible unit, with the Chief Operating Officer serving as the team leader. This unit is responsible for formulating and supervising the execution of integrity operation policies and preventive measures. Periodic reporting to the board of directors is required, with a minimum frequency of at least once a year.

Regulatory Standards

Shared Rules for Compliance

- Ethical Corporate Management Partice Principles: Formulated a Code of Integrity governing directors and executives with substantive control. It explicitly prohibits dishonest conduct, bribery, acceptance of illegal political donations, and other unethical behaviors during commercial activities.
- Corporate Governance Practice Principles: Continuously improving the corporate governance framework. Established a corporate governance supervisor on May 5, 2023, responsible for promoting corporate governance affairs and integrating sustainability issues into corporate governance.
- Sustainable Development Practice Principles: Created sustainable development guidelines, aligning with the "Corporate Governance Practices for Listed and OTC Companies," "Code of Integrity for Listed and OTC Companies," and "Establishment of a Code of Conduct for Listed and OTC Companies." These guidelines aim to build an effective governance structure and ethical standards for comprehensive corporate governance.
- Risk Management Practice Principles: Established risk management guidelines. Regularly review integrity risk issues to prevent or reduce the impact of integrity risk events on operations.

Preventing Conflicts of Interest

- Legal Compliance: Established relevant regulations covering the highest governance unit to avoid and manage conflicts of interest. This includes "Insider Trading Prevention Management Rules" and the "Code of Conduct" (publicly disclosed in the company's website regulations section).
- Major Donations: Major donations to related parties or non-related parties are reported to the board of directors in accordance with the "Board Meeting Regulations" to ensure prior supervision.
- Avoidance Mechanisms: Clearly defined conflict of interest avoidance mechanisms in regulations such as the "Board Meeting Regulations," "Audit Committee Organizational Regulations," "Remuneration Committee Organizational Regulations," "Sustainable Development Committee Organizational Regulations," "Risk Management Committee Organizational Regulations," and the "Whistleblowing Procedure." Directors, committee members, and integrity officers should handle official duties objectively and efficiently, avoiding undue benefits in their positions.
- Employee Contracts: Employee contracts (Article 13) explicitly state that employees should avoid accepting gifts or hospitality, whether related to business relationships or not. Any gifts or hospitality from personnel related to business interests should be reported to the company for appropriate handling.

Whistleblower System

We have established a "Code of Conduct and Behavior Guidelines for Integrity Operation" and a "Whistleblowing Procedure," clearly outlining the whistleblowing process. We strictly adhere to the principles of confidentiality for whistleblowers and their reports, ensuring protection against retaliation. If a violation is substantiated, the company's regulations dictate appropriate disciplinary actions.

We have established and publicized whistleblowing channels on the company's website for internal and external individuals. If any violations of integrity in operations are observed, reports can be made through the following whistleblowing avenues:

- Audit Committee Email: hueh7155@ms27.hinet.net
- Whistleblowing Email: shine@high-light.com.tw
- Whistleblowing Hotline: (03)597-3325 ext. 3188
- Written reports can be sent to the following address:
Mailing Address: No. 32, Guangfu Road, Hukou Township, Hsinchu County
Receiving Unit: Operations Management Center

Educational Outreach

Topic	Conducted by	Date (Duration)	Audience (Number of Participants)
Corporate Governance and Securities Regulations	Taiwan Corporate Governance Association	May 5, 2022 (3 hours)	Directors, executives, and relevant personnel (14 persons)
Workplace Laws You Must Know - Brief on Employee Conduct, Trade Secrets, and Anti-Trust	Legal Department	March 7, 2022 (1 hour)	Personnel from relevant departments (101 persons)
Integrity in Business Operations and Prevention of Insider Trading	Project Management Office	November 10, 2022	Directors, executives, and relevant personnel (14 persons)

Incident Statistics

Incident	Complaints	Whistleblowing Cases	Corruption and Fraud Cases	Violation of Customer Privacy or Complaints about Lost Customer Data	Confidential Data Leakage Cases
Number of Incidents in 2022	0	1	0	0	0

3.6 Business Continuity Management

On August 13, 2012, we established the "Business Continuity Plan Control Procedure," with revisions on November 25, 2020, ensuring the continuous operation of our company. This plan aims to minimize the impact of unavoidable disasters, accidents, and various events that may disrupt ongoing operations. Through the implementation of Business Continuity Management (BCM) and Business Continuity Plans (BCP), along with preventive and recovery control measures and procedures, we strive to reduce operational disruptions to an acceptable level.

3.7 Supply Chain Management

We consider suppliers as partners and are committed to guiding them towards long-term collaboration to jointly establish a stable and sustainable supply chain. In 2022, we had a total of 712 supplier partners, including 647 domestic and 65 international ones. Internally, we have established 'Supplier Management Procedures' and 'Procurement Management Procedures' as the principles for managing suppliers. We have obtained certifications for ISO 9001, ISO 14001, ISO 45001, and other standard management systems.

We have established operational procedures for supplier selection, assessment, and regular audits. Our supplier management encompasses considerations for quality, business ethics, labor rights, environmental protection, occupational health and safety, technology, and supply capability. In 2021, we formulated the 'Supplier Corporate Social Responsibility Code of Conduct' and have been consistently promoting awareness among our suppliers.

Supplier Management Policy

We have formulated a Supplier Management Policy, which is publicly disclosed on the company's website.

Supplier Qualification Assessment

Prior to transactions, suppliers must be carefully selected based on the relevant provisions of our 'Procurement Control Procedures' to ensure compliance with quality/environmental/health and safety requirements. Regular assessments are conducted after transactions to monitor any changes.

Approved Suppliers

Suppliers must pass evaluation criteria and undergo a review process to be listed as qualified suppliers. Additional sampling and testing may be required for certain suppliers, and they are only considered qualified after successful sample submission and testing.

Supplier Performance Evaluation

Supplier performance is assessed according to the 'Procurement Control Procedures,' resulting in ratings of A, B, C, or D. A is for excellent suppliers, B and C are for qualified suppliers, and D is for non-qualified suppliers. Supplier evaluation results are reported during management review meetings.

Ethical Standards

We prioritize the integrity of our suppliers. Before establishing business relationships, an assessment is made regarding their legitimacy, commitment to ethical business practices, and any history of dishonest behavior. A Supplier Integrity Commitment Agreement is signed, and any supplier found engaging in dishonest behavior leads to immediate cessation of business and blacklisting.

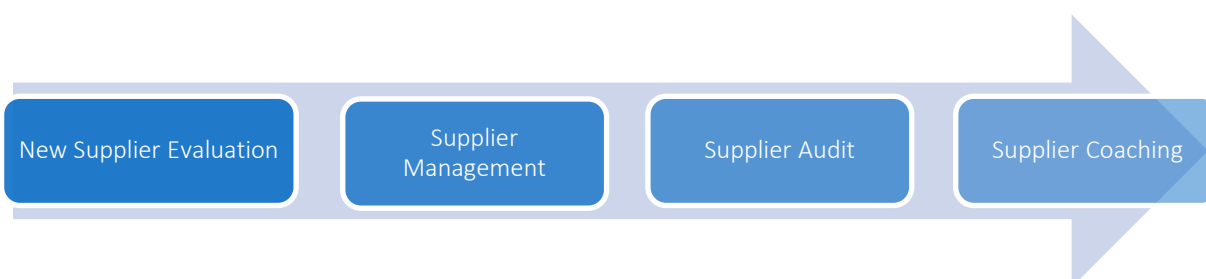
Privacy and Intellectual Property Rights

Suppliers must use appropriate security measures to protect all information, electronic data, intellectual property, or technology belonging to our company. A confidentiality agreement must be signed, allowing suppliers access to confidential information only under the terms of the agreement. Suppliers are not allowed to use our trademarks, images, or other copyrighted materials without explicit authorization.

Supplier Selection

Item		Methods/Implementation of Supplier Management
Supplier Overview	Supplier Selection Mechanism and Supporting Measures	Evaluate key aspects such as product quality, working environment, and technical capabilities for new suppliers to ensure they meet the company's quality requirements and customer needs.
	Supplier Auditing and Evaluation	<ol style="list-style-type: none"> 1. Conduct on-site assessments for new suppliers and periodic audits for existing ones, ensuring the practical execution of qualified suppliers. 2. Conduct semi-annual supplier evaluations based on delivery quality and timelines, offering guidance and assistance to suppliers with scores below standards for continuous improvement. 3. Use evaluation results and improvement efficiency as a basis for future cooperation assessments.
	Supplier Guidance and Training	<p>Provide guidance and periodic training to enhance the overall competitiveness of suppliers and contribute to their sustainable growth.</p> <p>Methods include discussions on incoming/production line complaints, confirming supplier quality levels and development capabilities, ensuring the effective operation of supplier quality systems, confirming production site changes, and communicating future demand and quality requirements.</p>
Supplier Environmental Assessment	Advocacy of Environmental Sustainability and OSH Policy	<p>Introduced the Supply Chain CSR Advocacy Manual in 2020, establishing a supplier ESG self-assessment form.</p> <p>Ensure suppliers:</p> <ol style="list-style-type: none"> 1. Do not use "conflict minerals." 2. Provide products that comply with RoHS green environmental regulations. 3. Preferentially select ISO 14001-certified manufacturers compliant with environmental and hazardous substance management. 4. Provide relevant reports and Safety Data Sheets (SDS) for products that meet environmental regulations and include listed hazardous substances to reduce impact on humans or the environment.
	Paperless System	Implemented EC and BPM electronic signature systems in 2021 to create a paperless environment, operating through ERP & SRM systems for quotes and order issuance, reducing paper usage by approximately 2 tons annually.
Supplier Social Assessment	Integrity Commitment	Since 2020, suppliers are required to sign an "Integrity Commitment," making commitments to integrity, honesty, and ethical conduct in business activities.

Supplier Management Process



Step	Content
New Supplier Evaluation	<ul style="list-style-type: none"> ☑ Written Assessment and On-site Survey <ul style="list-style-type: none"> ■ Conduct a written evaluation and on-site survey for new suppliers. ■ Suppliers who pass the evaluation are included in the Acceptable Quality Level (AQL). ☑ Supplier Delivery Evaluation <ul style="list-style-type: none"> ■ Evaluate suppliers based on the delivery of goods, ensuring compliance with quality, regulations, and relevant health and safety laws. ■ Only suppliers meeting the criteria are considered qualified and accepted.

Supplier Management	<ul style="list-style-type: none"> ✓ Regular Meetings <ul style="list-style-type: none"> ■ Organize periodic meetings for communication and discussions. ■ Facilitate exchange of information and ideas. ✓ Review and Analysis of Quality Issues <ul style="list-style-type: none"> ■ Conduct thorough reviews and analysis of various quality issues. ■ Propose effective solutions for review and improvement. <p>Adherence to Procurement Specifications:</p> <ul style="list-style-type: none"> ■ Strictly adhere to the specifications outlined in the procurement documents. ■ Ensure compliance with established standards and regulations.
Supplier Audit	<ul style="list-style-type: none"> ✓ Tiered Management <ul style="list-style-type: none"> ■ Implement a tiered management system based on service, quality, and delivery performance. ■ Provide regular coaching for suppliers whose performance falls below the standards. ✓ Coaching Review and Freezing <ul style="list-style-type: none"> ■ Conduct coaching and reevaluation for suppliers who still fail to meet standards. ■ If a supplier's score remains below 70 points, consider freezing or disabling their status.
Supplier Coaching	In addition to the existing guidance on quality, environmental safety, and management, it is essential to provide a purchasing manual for interactive management. This manual will serve as the basis for ensuring the highest quality and accuracy of information.



Commitment to Non-Use of Conflict Minerals

In light of the control exerted by local interest groups over mineral trade in the Democratic Republic of the Congo and surrounding regions, which serves as a primary source of revenue for these groups and is often linked to trading arms, perpetuating bloody conflicts with governments and exploiting local civilians for these gains, there has been significant international controversy.

The majority of our finished products do not contain major conflict minerals, including gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) – collectively known as 3TG. Furthermore, our facilities are entirely non-involved in the processing of 3TG metals. However, as members of the international community, we endorse the global resistance to conflict minerals and support the Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173) in the United States. This act aims to prevent the use of metals obtained through illegal mining in product materials and production processes.

Expressing our concern for the issue of conflict minerals, we hereby make the following commitments:

Adherence to RBA Standards: We commit to complying with the Responsible Business Alliance (RBA) policy of not using conflict minerals.

Rejection of Minerals from Conflict Regions: We do not accept raw minerals mined from the Central African region, particularly the Congo and neighboring conflict countries.

Encouraging Supply Chain Compliance: We actively encourage our supply chain partners to refrain from using conflict minerals.

This commitment is a demonstration of our dedication to ethical and responsible business practices, aligning with international efforts to curb the negative impact of conflict minerals on global trade and human rights.



Contractor Management

Prior to the commencement of construction activities for any project, our company's contractors are required to undergo briefings on workplace environments and hazard factors. Furthermore, contractors are provided safety and health education through methods such as training assessments to ensure adequate awareness and knowledge dissemination. This is crucial to prevent occupational injuries among their employees.

Regular educational training sessions and contractor awareness meetings within the contractor agreement group are conducted. These initiatives aim to strengthen the contractor's understanding of our in-house processes, the environmental conditions within the facility, potential hazards associated with specific tasks, and general safety precautions.

In addition, contractors are obliged to sign the "Contractor Agreement Organization & Contractor Safety, Health, and Environmental Protection Commitment Letter." This commitment is essential to ensure that contractors are aware of potential risks and hazards upon entering the premises, minimizing the likelihood of safety incidents resulting from lapses during on-site operations.



Supply Chain Business Continuity Planning (BCP)

Our company has established the "Supply Chain BCP (Business Continuity Planning) Promotion Guidelines." Through promotion efforts, we aim to ensure that our suppliers understand and implement operational continuity management practices to mitigate the risk of disruptions in their operations.

3.8 Emergency Incident Response Mechanism

In anticipation of potential natural disasters, fires, explosions, chemical leaks, personnel injuries, and other unexpected accidents that may result in damages, we have implemented a comprehensive emergency response plan. This plan leverages various disaster relief resources, manpower, and equipment to swiftly manage and contain the situation, preventing the escalation of disasters.

We conduct regular emergency response drills and related educational training to ensure preparedness among our personnel. These exercises are designed to equip our teams with the necessary skills and knowledge to handle emergencies effectively. The goal is to minimize the severity and extent of impact on both the facility and its surroundings, as well as to mitigate losses incurred by personnel and the natural environment.

Through these initiatives, we aim to cultivate a state of readiness, ensuring a prompt and efficient response in the event of a disaster. This proactive approach is intended to reduce the severity and scope of the impact on various levels.



Emergency Response Mechanism for Environmental, Health, and Safety (EHS)

In accordance with the "Emergency Response Management Procedures," we have established a structured system to swiftly and effectively implement appropriate emergency measures in the event of an unforeseen accident. This mechanism aims to provide organized and systematic emergency responses to potential accidents, ensuring that the necessary actions are taken promptly to minimize harm and losses.

We conduct regular drills and reviews, as outlined in our emergency response management procedures, to enhance preparedness and response capabilities. These periodic exercises allow us to evaluate and improve our response strategies, enabling an organized and systematic approach in the event of an accident. The overarching goal is to reduce injuries and losses by having a well-coordinated and practiced response plan in place.



Self-Defense Firefighting Team Training

3.9 Customer Relationship Management



Quality Management

Founded in 1997, our company is dedicated to the mission of "becoming a valuable partner for our customers." In 1999, we obtained ISO 9001 Quality Management System certification, demonstrating our commitment to effective system application, continuous process improvement, and ensuring compliance with customer requirements, applicable laws, and regulatory standards to enhance customer satisfaction.

Quality Policy: Involvement of All, Customer Satisfaction

Through customer-oriented process design, starting from the top management demonstrating a leadership emphasis on customer orientation and commitment, we ensure:

1. The identification, understanding, and consistent fulfillment of customer requirements, as well as compliance with applicable laws and regulations.
2. The determination and handling of risks and opportunities related to the conformity of products and services, with a focus on enhancing customer satisfaction.
3. A dedicated focus on continually improving and maintaining customer satisfaction.



Customer Satisfaction

Customers are the most important stakeholders for our company. To fully understand the quality of various service operations related to our products and assess the satisfaction of customer needs, we conduct surveys to uncover underlying issues and highlight areas for improvement. This serves as a reference point for seeking breakthroughs, and immediate actions are taken to enhance customer satisfaction.

Business unit managers are responsible for setting customer satisfaction goals for the next year during the semi-annual management review meeting. The company will organize and compare data obtained from customer inquiries and follow survey principles to prioritize or schedule survey items, creating a Customer Satisfaction Survey.

The analysis of customer satisfaction for the technical service business unit, domestic vacuum system business unit, and overseas vacuum system business unit in 2022 is as follows:



Technical Service Business Unit

- Surveys were sent to 133 companies, and 133 valid responses were received (100% response rate).
- The survey included 9 items, designed with a 5-point scale to assess customer satisfaction.
- Overall satisfaction reached 98.3% (target: 96%).



Domestic Vacuum System Business Unit

- Surveys were sent to 20 companies, and 18 valid responses were received (90% response rate).
- The survey included 11 items, designed with a 5-point scale to assess customer satisfaction.
- Overall satisfaction reached 97.47% (target: 90%).



Overseas Vacuum System Business Unit

- Surveys were sent to 20 companies, and 16 valid responses were received (80% response rate).
- The survey included 8 items, designed with a 5-point scale to assess customer satisfaction.
- Overall satisfaction reached 93.75% (target: 92%).



Customer Privacy Protection

We respect the privacy rights of our customers and adhere to the "Personal Data Protection Act" and relevant regulations established by the government of the Republic of China (Taiwan) in the collection, processing, and utilization of customer data. Our company explicitly states our privacy policy on the company website, emphasizing that we will not provide, exchange, rent, or sell any personal information to other individuals, groups, private enterprises, or government agencies to protect customer privacy.

We also prioritize the protection of customer confidential information. We enter into confidentiality agreements (non-disclosure agreements) with customers to express our commitment to protecting confidential information. We require all employees to sign a confidentiality and non-competition agreement upon joining the company to ensure that confidential information is adequately protected.

In the year 2022, our company did not experience any complaints related to the violation of customer privacy rights or the loss of customer data.

3.10 Information Security Management



Information Security Management Framework

According to Paragraph 2, Article 9-1 of the Regulations Governing Establishment of Internal Control Systems by Public Companies: A public company shall allocate adequate human resources and equipment for the planning and monitoring of the information security system and the implementation of information security management operations. If certain conditions are met, the FSC may order the company to appoint a person with overall responsibility for the promotion of information security policies and the deployment of related resources to serve on a concurrent basis as chief information security officer, and to establish a dedicated information security unit, chief officer, and other personnel.

Currently, the IT department of the Company is responsible for the promotion of ICT security. The current information management system has established the internal control EDP operation system in accordance with Article 9 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" where various controls are based on ISO 27001, the Enforcement Rules of the Personal Data Protection Act, and the Guidelines for Information and Communication Security Management for Exchange-Listed and OTC-Listed Companies. The information unit is responsible for coordinating information security and related matters according to the responsibilities of the organizational department. It will formulate, promote, and implement information security policies and management methods according to actual management needs. The audit unit conducts internal audits in accordance with internal control policies, and regularly conduct follow ups and improvements to reduce information security risks.

The Board of Directors approved the establishment of a risk management committee on Nov. 10, 2022 with the CEO as the chairman, and established an information risk team as a dedicated information security management unit. It is planned to set up a dedicated information security supervisor and a dedicated information security personnel in accordance with the regulations in 2023, and regularly report the implementation of ICT security management to the Board of Directors at least once a year.



Information Security Policy

To strengthen information security, assure the confidentiality, integrity and availability and personal data requirements of the information assets, provide an information environment for the operation of the Company's information business, comply with the requirements of relevant laws and regulations, and protect the Company from internal and external deliberate or accidental threats, the Company formulated the "Information Security Policy and Management Regulations" on Sep. 12, 2022 for all employees to follow.

To assure the confidentiality, integrity and availability of the Company's information assets, and to protect the security of user data privacy. We expect to achieve the following goals through the joint efforts of all employees in the Company:

1. Protect the Company's operating information from unauthorized access to ensure confidentiality.
2. Protect the Company's operating information from unauthorized modification to ensure its accuracy and completeness.
3. Formulate, promote, implement, evaluate and improve information security management matters to ensure an information environment is provided to the Company's operation.
4. Conduct information security education and training to promote awareness of information security and raise the awareness of related responsibilities.
5. Implement the information security risk assessment mechanism to improve the effectiveness and timeliness of information security management.
6. Implement an information security internal audit policies to ensure the implementation of information security management.
7. Establish the Company's operation plan to ensure the operation of the Company's services.
8. The implementation of various operation of the Company must comply with the requirements of relevant laws or regulations.



Specific management plan

To enhance the Company's information security and stable operation, provide reliable information services, assure the confidentiality, integrity and availability of the information system, increase the user's awareness of information security, and implement various management operations:

Management item	Operation
1. Security Management of Information Assets	<ul style="list-style-type: none"> Regularly review inventory of assets every year. Establish renewal maintenance warranty contract on important assets. Back up important systems and data locally, off-site or in the cloud.
2. Conduct personnel management and education and training.	<ul style="list-style-type: none"> Continue to establish, advocate and promote employees' awareness to improve information security Conduct information security training for new employees. Conduct various of information security promotion from time to time.
3. Physical and Environmental Safety Management	<ul style="list-style-type: none"> The server room security area is equipped with access control to ensure that only authorized personnel are allowed to enter. Information-related equipment should be properly placed, protected, and monitored to reduce damage caused by environmental threats, such as temperature and humidity.
4. Computer System and Network Security Management	<ul style="list-style-type: none"> External and personal computer network equipment shall not be connected to the Company network. The enterprise-level wireless network system can only be connected through system integration verification mechanism. Apply file encryption protection mechanism for important data. Install professional antivirus software with automatic update. Set up a new-generation network firewall and set connection rules to ensure safe use. Establish and perform email antispam, virus protection and vulnerability scanning and major patch updates.
5. System Access Control Security	<ul style="list-style-type: none"> The system authority can only be accessed upon application according to employee's position and function. Conduct periodic access review every year. Set policies such as passwords, locks, and complexity.
6. System Development and Maintenance of Security Management	<ul style="list-style-type: none"> When developing systems independently or outsourcing system development. Security control should be established for the maintenance, update, online implementation, and version control to prevent improper software, trapdoors and computer viruses from damaging the system's security.
7. Sustainable operation	<ul style="list-style-type: none"> Conduct risk assessment and disaster recovery procedures according to the Company's sustainable operation plan every year, and conduct system disaster recovery drills accordingly to ensure the availability of information systems.



Investment in information and communication security management resources and implementation status

At present, the information department has 7 people, responsible for the information management system, the Company's information system, and the establishment of software and hardware.

To enhance the Company's information security and stable operation, provide reliable information services, assure the confidentiality, integrity and availability of the information system, increase the user's awareness of information security, and implement various management operations:

Item	Implementation Status in 2022
Information Security Promotion	Published in the announcement system to promote information security publicity to all employees: Weak Password (May 24, 2022), Social Engineering (Sep. 1 2022)
Information Personnel Training	Completion of Information Security Management and Operation Class (Industrial Bureau, Ministry of Economic Affairs, a total of 24 hours, 1 person) (August 2022) Completion of ISO 27001 Basic Training (SGS, a total of 14 hours, 1 person) (September 2022)
Review work	Information Organization and Responsibilities Review (Jan. 2022)
Information security drill	Backup system recovery drill (at least once a year)
Security organization	Approved as a member of TWCERT Information Security Alliance (Oct. 7, 2022)



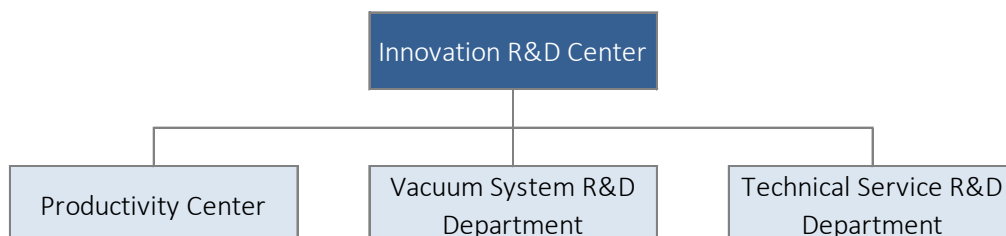
information security incident

Information security indicators	Information security customer complaint	External sabotage, data theft or virus threats	Abnormal information system or equipment Abnormal operation impact incident
2022 (incident)	0	0	0 (note)

[Note] Due to a power outage on Sep. 18, an abnormality was found in the information system, and the backup system was immediately restored without impact to the operation.

3.11 Innovation and Research Development Management

We have integrated the spirit of sustainable development into our daily operations and pursue business growth with innovation as our guiding principle. In January 2021, the company established the "Innovation R&D Center," aiming to integrate group resources and research and development capabilities to create higher added value. The "Innovation R&D Center Laboratory" at the Hukou Plant in Hsinchu enables the transformation of innovative ideas into actual products, allowing for the validation of new product functions and reliability. It also serves as a demonstration area for customers.



Under the integrated business philosophy, the company is implementing a three-in-one strategy that combines intellectual property strategy, research and development strategy, and business strategy. This approach aims to effectively integrate operational resources and intellectual property, concentrating resources, reducing redundant research and development investments, enhancing R&D capabilities, and ultimately improving the overall operational performance of the company.



New products and services under development

- In addition to reliability verification and performance optimization of vacuum valves, Htc will invest in the R&D of valves with low vibration, low dust, high temperature resistance and fast action.
- Develop butterfly valves and pendulum valves with three-position settings and provide equipment manufacturers a selection of valves.
- Develop motor-driven vacuum valves and develop control software for a valve with pressure control functionalities and provide international and domestic equipment manufacturers a selection of valves. Collaborate with sensor design manufacturers to include appropriate sensors in the valve to monitor relevant parameters such as temperature, pressure, vibration, and dust volume, to ensure proper operation of the equipment.
- Establish other supply sources of supporting equipment to sell with its own equipment and use the opportunity to search for other potential product development in the future.
- Develop metal-sealed vacuum valves, which can withstand high temperatures and achieve extremely low pressures for the ultra-high vacuum research application.
- Combine vacuum, microwave, plasma and other technologies and applications to develop and manufacture equipment or products that are environmentally friendly, energy-saving, and waste-reducing for industrial and consumer goods.
- Develop new microwave scrubber to provide customers with the best choice in waste gas treatment with compliance with relevant domestic and foreign regulations.
- Develop the third-generation semiconductor-related process equipment as a market strategy.



Important Research and Development Achievements

In 2022, R&D expenses amounted to 193,872 KNTD, representing an 88% increase compared to 103,162 KNTD in 2021.

Item	2021	2022	Difference	
			KNTD	%
Net operating revenue (KNTD)	3,307,714	3,907,642	599,928	18%
R&D expenditure (KNTD)	103,162	193,872	90,710	88%
R&D expenditure ratio (%)	3%	5%	--	--

Important Research and Development Achievements for the year 2022 :

- ☑ Intelligent Semiconductor Process Exhaust Gas Treatment System
- ☑ Vibration Testing Platform for Wet Cleaning Equipment
- ☑ Semiconductor Wet Cleaning Equipment Development
- ☑ Energy-Saving Materials Development
- ☑ Fork Trap Development Project
- ☑ 50X336 Two-Stage Drive Door Valve Development Project
- ☑ Clock Pendulum Valve Pneumatic Logic Switch Development Project
- ☑ Two-Stage Angle Valve Development Project
- ☑ ISO0500&VF350 Pendulum Development Project



Intellectual Property Management Regulations

The main regulations and systems related to intellectual property in our company are as follows:



Acquisition or Disposal of Assets Processing Procedure

Our company has formulated the "Acquisition or Disposal of Assets Processing Procedure" in accordance with the "Guidelines for Publicly Issued Companies on the Handling of Acquisition or Disposal of Assets." The third article specifies that the scope of assets includes intangible assets such as patent rights, copyrights, trademark rights, and franchise rights.



Internal Control System: Operation of Intellectual Property Acquisition, Maintenance, and Utilization

Based on the "Guidelines for Publicly Issued Companies to Establish Internal Control Systems," our company has established control operations for the "Research and Development Cycle." This includes policies and procedures related to basic research, product design, technical research and development, product prototyping and testing, research record and document storage, acquisition, maintenance, and utilization of intellectual property rights.



Ethical Corporate Management Principles

In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," our company has established the "Ethical Corporate Management Principles," which prohibits the infringement of intellectual property rights. The 12th article explicitly prohibits directors, managers, employees, appointees, and substantial controllers of the company from engaging in acts that violate intellectual property rights without the consent of the intellectual property rights owner.



Corporate Governance Best Practice Principles

Following the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," our company has established the "Corporate Governance Best Practice Principles." In the 37-2nd article, it is stipulated that the board of directors should assess and supervise the operational direction and performance of the company's intellectual property. This is to ensure that the company establishes an intellectual property management system by evaluating and monitoring the following aspects:

1. Formulating policies, goals, and systems related to intellectual property management strategies.
2. Establishing, implementing, and maintaining intellectual property management systems based on scale and type.
3. Deciding and providing resources sufficient for the effective implementation and maintenance of intellectual property management systems.
4. Observing internal and external risks or opportunities related to intellectual property management and taking responsive measures.
5. Planning and implementing continuous improvement mechanisms to ensure that the intellectual property management system operates and performs as expected by the company.

Intellectual Property Layout

Our company has been actively pursuing intellectual property (IP) development over the past five years, resulting in a significant number of granted patents and registered trademarks. As of July 5, 2023, the breakdown of intellectual property assets is as follows:

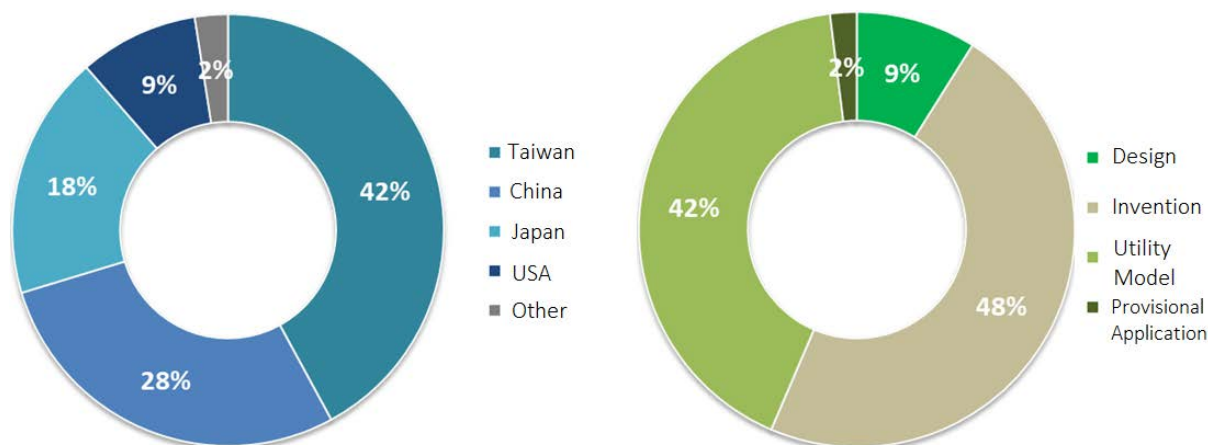
Item	Trademarks	Patents			
		Invention	Utility Model	Design	Total
Number	25	14	26	73	113

Trademarks

Our company currently holds a total of 25 valid registered trademarks. Trademarks play a crucial role in identifying the source of our products or services during business transactions. The relationship between corporate branding and trademarks is inseparable, and in the process of building a brand, the strategic layout of trademarks becomes critically important. These registered trademarks not only distinguish our offerings in the market but also contribute significantly to the overall brand identity of our company.

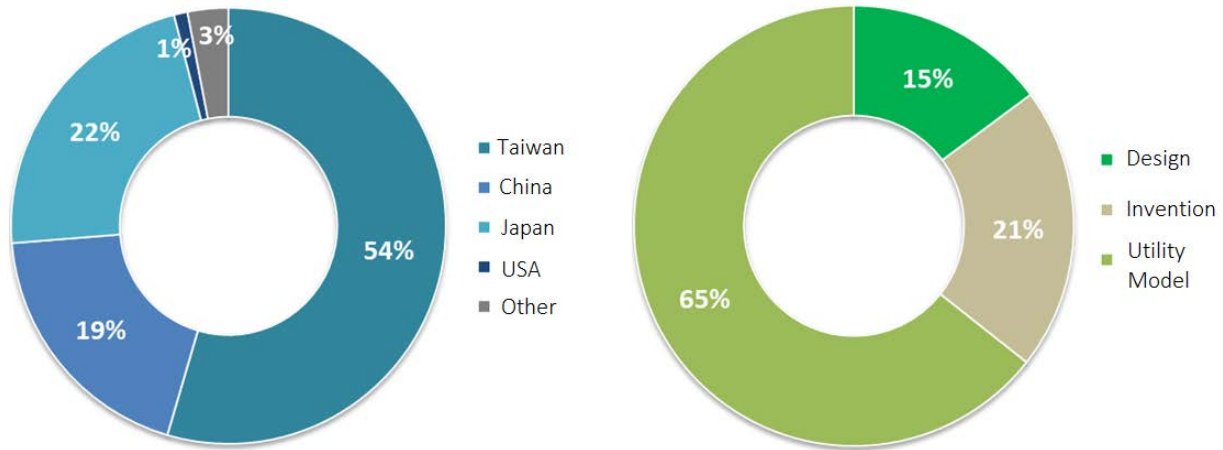
Patents

Patent Application Case Statistics



Item		Patent Application Case Statistics						
		2019 and before	2020	2021	2022	2023	Total	(%)
Country	Taiwan	16	17	19	23	10	85	42%
	China	7	7	15	18	10	57	28%
	Japan	4	7	11	13	2	37	18%
	USA	0	2	6	8	2	18	9%
	Other	0	4	1	0	0	5	2%
Patent Type	Design	1	10	2	5	0	18	9%
	Invention	15	12	25	30	14	96	48%
	Utility Model	11	15	23	25	10	84	42%
	Provisional Application	0	0	2	2	0	4	2%
Total		27	37	52	62	24	202	100%

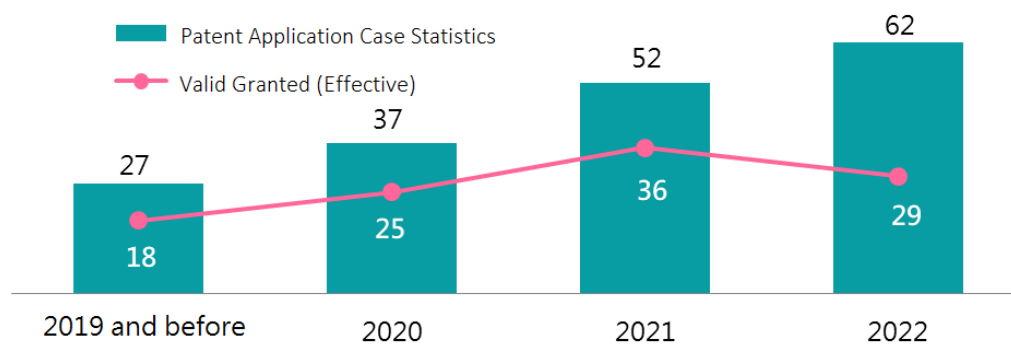
Valid Granted Patents Statistics



Item		Valid Granted (Effective)							Under Examination	Invalid (Note)	Total
		2019 and before	2020	2021	2022	2023	Total	(%)			
Country	Taiwan	12	13	16	14	3	58	54%	19	8	85
	China	4	4	9	7	2	26	19%	24	7	57
	Japan	2	5	9	8	0	24	22%	7	6	37
	USA	0	1	2	0	0	3	1%	12	3	18
	Other	0	2	0	0	0	2	3%	3	0	5
Patent Type	Design	1	9	2	2	0	14	15%	4	0	18
	Invention	8	3	12	3	0	26	21%	54	16	96
	Utility Model	9	13	22	24	5	73	65%	6	5	84
	Provisional Application	0	0	0	0	0	0	0%	1	3	4
Total		18	25	36	29	5	113	100%	65	24	202

(Note) Expired, Not Granted, Revoked

Patent Application and Granted Statistics



4 Environmental Sustainability

4.1 Environmental Management Policy

4.2 Environmental Management Accounting

4.3 Energy Management

4.4 Water Resources Management

4.5 Greenhouse Gas Management

4.6 Waste Management

4.7 Violations of Environmental Laws and Regulation

4.1 Environmental Management Policy

In light of global climate change concerns and the increasing attention to resource utilization and environmental pollution, addressing these issues has become a global priority. In pursuit of sustainable business operations and development, we have obtained ISO 45001:2018 certification. We are committed to the efficient use of natural resources and controlling the reduction of pollutant emissions. In addition to strict compliance with relevant environmental laws and regulations, we aspire to reduce pollutant output by seeking technological resources.

Environmental Protection Policy: Creating a Zero-Pollution Environment

To fulfill our corporate social responsibility and achieve sustainable business goals, we uphold the following principles:

1. Adherence to government environmental protection regulations and fulfillment of self-imposed compliance obligations.
2. Implementation of environmental education to cultivate employees' environmental awareness. Through consensus among all staff members, we aim to enhance autonomous environmental management capabilities.
3. Promotion of an environmental management system to continually improve environmental management performance.
4. Commitment to environmental protection, including pollution prevention and addressing specific environmental protection issues related to our company.
5. Establishment of effective communication channels with suppliers, contractors, and the local community to ensure stakeholders understand our environmental policy and related practices. Through collaborative efforts, we seek to improve collectively.

4.2 Environmental Management Accounting

In 2022, our environmental protection expenditures amounted to 10,812 KNT dollars, an increase of 8,360 KNT dollars compared to the previous year's 2,452 KNT dollars. Unit: KNTD

Item	Expenditure	Content
Direct costs for reducing environmental impact	8,720	1. Pollution Control: Expenses for the treatment of wastewater, waste pallets, waste oil, and waste liquids, totaling 1,807 KNT dollars. 2. Environmental Protection: Planting trees to reduce carbon emissions in the newly built Shuguan Plant in Tainan, totaling 5,670 KNT dollars. 3. Charging stations and configuration projects: Carbon reduction in transportation, reducing fuel consumption, totaling 1,243 KNT dollars.
Indirect costs for reducing environmental impact (environmental management-related expenses)	2,092	1. Installation of smart meters for energy consumption monitoring, totaling 1,920 KNT dollars. 2. Expenses for obtaining environmental management system certification.
Total	10,812	

4.3 Energy Management

We ensure proper control over the use of various energy-consuming facilities and employ rational and effective energy resource management techniques. Our goal is to enhance the environmental performance of the company by utilizing energy resources efficiently and responsibly, reducing costs without wasteful practices.

Energy Conservation Promotion

Item	Advocacy Points
Lighting Facilities	<ul style="list-style-type: none">▶ Maintain appropriate illumination in work areas, utilizing natural light when available. In non-work areas, switches should be turned off in accordance with safety principles without affecting personnel safety. Lights should be turned off by individuals when leaving to conserve energy.▶ We employ energy-efficient lighting fixtures to enhance electrical efficiency.

Item	Advocacy Points
Air Conditioning	<ul style="list-style-type: none"> ▶ Except for clean/dust-free rooms, the temperature in various office/meeting spaces should be controlled between 26 to 28 degrees Celsius. ▶ Doors should be closed when entering or leaving air-conditioned areas. After use, the power should be turned off to prevent the waste of energy resources.
Machine Equipment	<ul style="list-style-type: none"> ▶ When purchasing machine equipment, it should be chosen based on variable frequency, high energy efficiency, or environmentally friendly and energy-saving certifications. ▶ Regular inspection and maintenance of machine equipment are essential to ensure normal operation, increase work efficiency, and consequently reduce energy consumption, leading to savings on electricity costs.

Electricity Consumption

We have summarized the electricity consumption for each of our factories as follows:

Item	Plant	Tainan-Main Plant		Tainan-Plant 2		Hsinchu - Hukou Plant		Total	
		2021	2022	2021	2022	2021	2022	2021	2022
Electricity Consumption (GJ)		5,212.51	5,520.10	6,025.54	6,182.35	6,367.97	6,473.38	17,606.02	18,175.83
Carbon Emissions (Metric Tons)		736.99	780.48	851.94	874.12	900.36	915.26	2,489.30	2,569.86

Monitoring and Inspection

- ▶ During inspections, each unit supervisor should monitor electricity usage, and corrective actions should be taken if instances of waste are identified.
- ▶ Our Power Management unit conducts monthly statistics on electricity usage. In case of abnormal electricity consumption, analysis and improvement measures should be implemented.

4.4 Water Resources Management

Our main water source is municipal water (tap water), used for production and operational purposes in the factory. Therefore, it is crucial to regularly monitor the condition of water-use equipment to promptly address any leaks. In the event of abnormalities, quick analysis and improvement are necessary to effectively reduce the company's operational costs and enhance competitiveness.

Water Supply System

Item	Plant	Tainan-Main Plant		Tainan-Plant 2		Hsinchu - Hukou Plant		Total	
		2021	2022	2021	2022	2021	2022	2021	2022
Number of Individuals		190	260	80	80	100	104	370	444
Tap Water Reservoir		20	20	18	18	200	200	238	238
Recycled Water Reservoir		4	4	0	0	300	300	304	304
Daily Water Consumption		15.6	13.8	14.5	15.7	13.2	13.9	43.3	43.4

unit : M³

Estimation of Municipal Water (Tap Water) Usage: Process water accounts for 70%; Domestic water usage accounts for 30%. Additionally, water recycling is implemented, involving the recovery of air conditioning condensate and rainwater for toilet flushing and irrigation.

Water Usage

Item	Plant	Tainan-Main Plant		Tainan-Plant 2		Hsinchu - Hukou Plant		Total	
		2021	2022	2021	2022	2021	2022	2021	2022
Water Usage (M ³)		4,523	5,045	4,588	5,747	4,012	5,070	13,123	15,862

Unit : M³

4.5 Greenhouse Gas Management



Greenhouse Gas Inventory Schedule Planning

Item	Planned Schedule (Note)
Specification Development	<ul style="list-style-type: none"> ■ 2022: "W7002 Energy Resource Management Regulations" formulated. ■ 2024: Development of Greenhouse Gas Inventory and Verification Procedures.
Education and Training	<ul style="list-style-type: none"> ■ 2023: Personnel training on ISO 14064-1 scheduled. ■ 2023: Personnel from relevant units to undergo Greenhouse Gas Inventory and Verification training.
Greenhouse Gas Inventory	<ul style="list-style-type: none"> ■ 2023~2024: Trial greenhouse gas inventory check
Greenhouse Gas Verification	<ul style="list-style-type: none"> ■ ISO 14064-1 verification in 2026 to obtain certification

(Note) The schedule is subject to dynamic adjustments based on the actual execution, with the deadline determined by the competent authority's requirements.



Greenhouse gas emissions

Unit : tCO₂e

Plant Item	Tainan-Main Plant		Tainan-Plant 2		Hsinchu - Hukou Plant		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
Scope 1	0.75	0.81	0.036	0.32	0.527	0.608	1.318095	1.740375
Scope 2	736.99	774.53	851.94	870.15	900.36	901.38	2,489.30	2,546.06
Total	737.74	775.34	851.97	870.47	900.88	901.99	2,490.6181	2,547.8

Calculation Basis Explanation:



Scope 1

It includes includes septic tanks, fire extinguishers, oxyacetylene cutting torches, emergency generators (diesel), and fire pumps (diesel). Our greenhouse gas inventory for the years 2021 to 2022 is based on septic tanks and fire extinguishers, while the rest are continually being tallied and are expected to be included in the inventory for the year 2023.

* septic tank

Tainan-Main Plant : $212 \times 0.003825 = 0.8109$

Tainan-Plant 2 : $84 \times 0.003825 = 0.3213$

Hsinchu - Hukou Plant : $159 \times 0.003825 = 0.608175$

* fire extinguisher

No replacements were made in the year 2022, and emissions were zero.



Scope 2

purchase electricity from Taiwan Power Company.

4.6 Waste Management

We entrust the disposal and treatment of our business waste output to legally compliant facilities. We employ the most appropriate treatment technologies based on the characteristics of the waste, carefully selecting qualified facilities with the most effective waste treatment capabilities. We conduct periodic inspections to ensure the proper handling of waste. The generation, transportation, and treatment of our waste strictly adhere to the procedures outlined in environmental protection laws and the environmental management system, ensuring proper operation and documentation.

In 2022, we generated a total of 58.97 metric tons of business waste, with 5.42 metric tons classified as hazardous business waste.

Categories	Weight (metric tons)
Non-hazardous Waste	53.55
Hazardous Waste	5.42
Total	58.97

4.7 Violations of Environmental Laws and Regulation

In 2022, we had no violations of environmental regulations.

5 Social Responsibility

5.1 Employee overview

5.2 Employee Welfare

5.3 Human Rights Policy

5.4 Workplace Safety

5.5 Social Engagement

5.6 Participation in Organizational Associations

5.1 Employee overview

As of the end of 2022, our total number of employees is 460 (including 35 foreign employees). Among them, 458 are regular employees, and 2 are contract employees. Given that our company primarily engages in the manufacturing and maintenance of machinery and equipment, on-site production work requires physical strength. As a result, the proportion of male employees is higher than that of female employees. The male count is 329, accounting for 71.5%, while the female count is 131, accounting for 28.5%. When categorized by age, 89.6% of employees are below 50 years old. Regarding educational attainment, 10.9% hold master or doctor degrees, and 60.5% have completed university or vocational education.



Manpower Structure

Category	Group	Male		Female		Total	
		Person	%	Person	%	Person	%
Function	Staff	34	10.3%	80	61.1%	114	24.8%
	Management	69	21.0%	10	7.6%	79	17.2%
	Professional (Production/Technical/Sales)	226	68.7%	41	31.3%	267	58.0%
Age	Below 30 Years Old	77	23.4%	37	28.2%	114	24.8%
	31-50 Years Old	208	63.2%	90	68.7%	298	64.8%
	51 Years Old and Above	44	13.4%	4	3.1%	48	10.4%
Education	Doctor (PhD)	6	1.8%	-	0.0%	6	1.3%
	master	30	9.1%	8	6.1%	38	8.3%
	University / College	199	60.5%	112	85.5%	311	67.6%
	High School and Below	94	28.6%	11	8.4%	105	22.8%
Total		329	71.5%	131	28.5%	460	100.0%



Work Location

Location	Permanent employees		Temporary employees		Total	
	Person	%	Person	%	Person	%
Tainan-Headquarters / Main Plant	212	46.29%	1	50.00%	213	47.60%
Tainan-Plant 2	85	18.56%	-	0.00%	85	18.40%
Taichung - Service Office	16	3.49%	-	0.00%	16	4.10%
Hsinchu - Hukou Plant	105	22.93%	1	50.00%	106	29.20%
Hsinchu - Shanorm Plant	37	8.08%	-	0.00%	37	
Subsidiaries-Shtc	3	0.66%	-	0.00%	3	0.70%
Total	458	100.00%	2	100.00%	460	100.00%



Senior Management Hired from the Local Community

Our corporate implements localized management in the senior management level, promoting outstanding local talents. We also hope to cultivate potential candidates locally and have them join us in expanding and contributing to the company's illustrious journey.

Local Senior Management	All Senior Management	Percentage of Senior Management Positions Held by Local Residents
8 individuals	8 individuals	100%

New Employee Hires in 2022

Age \ Gender	Male		Female		Total	
	Person	%	Person	%	Person	%
Below 30 Years Old	43	41.35%	13	35.14%	56	39.72%
31-50 Years Old	57	54.81%	23	62.16%	80	56.74%
51 Years Old and Above	4	3.85%	1	2.70%	5	3.55%
Total	104	100.00%	37	100.00%	141	100.00%

Employee turnover in 2022

Age \ Gender	Male		Female		Total	
	Person	%	Person	%	Person	%
Below 30 Years Old	21	20.19%	6	16.22%	27	19.15%
31-50 Years Old	52	50.00%	6	16.22%	58	41.13%
51 Years Old and Above	1	0.96%	6	16.22%	7	4.96%
Total	74	71.15%	18	48.65%	92	100.00%

5.2 Employee Welfare

As our company continues to expand and grow, we are actively seeking to attract top talent and retain those who excel in both their work and personal capacities. We aim to provide every colleague with enhanced advantages and opportunities in their respective positions, allowing them to showcase their talents and fulfill their potential. We utilize various communication channels and innovative approaches to instill a deep belief in the core values of the company. Through ongoing communication methods such as internal meetings, department meetings, training sessions, both internal and external, and internal announcements, we ensure that all colleagues fully understand the company's future development vision, business philosophy, and most crucially, its core values. Simultaneously, we consistently reinforce two-way communication and commitment between the company and its colleagues. We aspire to make every colleague aware of the importance of their roles and positions within the company, with the ultimate goal of enhancing overall colleague engagement and job satisfaction.

Employee Compensation

Compensation Management System

We adhere to the Labor Standards Act in formulating the "Work Rules and Salary Management Regulations." The regulations cover various aspects, including salary, bonuses, working hours, leave, attendance assessment, and welfare measures. These are designed to clearly establish the respective rights and obligations of both employers and employees. In accordance with the company's articles of association, a percentage (10-15%) of the annual profit, if any, is allocated for employee remuneration.

Compensation Determination Process

To enhance the soundness of our compensation and performance evaluation, we have established a Compensation Management Committee. The committee conducts regular assessments of the performance of directors and executives, as well as the standards, systems, and structures of salary compensation.

In addition, to attract and retain outstanding colleagues, and to motivate them to achieve better performance and improve work efficiency in their respective positions, we have a highly competitive comprehensive compensation plan.

In accordance with our Salary Management Regulations and related Bonus Management Regulations, in addition to the fixed salary issued monthly, the company also provides performance bonuses, employee remuneration, year-end bonuses, and other incentives. The bonus system is closely linked to the company's revenue and profits, encouraging colleagues to exert their best efforts in their work. This not only allows them to earn more bonuses for themselves but also contributes to the company's generation of more revenue and profits, creating a win-win situation in the employment relationship.

The salary standards for employees are not influenced by gender or any other discriminatory behavior that impairs human rights. The overall compensation structure for all colleagues is planned and implemented based on their professional skills, knowledge, job responsibilities, management roles, and performance achievements.

We regularly review both internal and external salary structures with the aim of maintaining a competitive salary externally and a fair salary structure internally. At appropriate times, we conduct company-wide structural salary adjustments to ensure that our salary competitiveness remains above industry standards.

The salary of full-time employees who are not in a managerial position

The salary of full-time employees not holding supervisory positions is as follows:

Item	2022	2021	Increase	Growth rate
Total amount of employee salary (KNTD)	382,315	286,155	96,160	34%
Number of employees - annual average (person)	392	310	82	26%
Average amount of employee salary (KNTD/ person)	975	923	52	6%
Median amount of employee salary (KNTD/Person)	826	784	42	5%

Ref. Market Observation Post System

Performance Evaluation

We conduct regular performance evaluations for employees each quarter to motivate them to improve work efficiency. This process helps identify areas for improvement and allows for targeted training to enhance job skills. It also facilitates the alignment of individual career development with the company's future growth, fostering mutual success. As of the end of 2022, 100% of all employees subject to evaluation have completed the assessment.

Welfare and Retirement Plans

Diverse and Superior to Regulatory Welfare Measures

In addition to providing legally mandated leaves such as annual leave, personal leave, family care leave, marriage leave, paternity leave, maternity leave, unpaid childcare leave, prenatal examination leave, and menstrual leave, we go beyond legal requirements by offering paid vaccination leave, paid epidemic quarantine leave, and new employee special leave. In cases of major illness, significant changes, or childcare needs, employees can apply for additional unpaid leave to balance work and family demands. In 2022, one female colleague applied for childcare leave, and the return-to-work rate after leave was 100%.

Bonuses and Gifts	Insurance
1. Employee Stock Ownership Trust Subsidy	1. Labor Insurance, Health Insurance, and c pension contributions
2. Year-end bonus	2. Generous and comprehensive employee group insurance and term life insurance
3. Employee bonus	3. Family insurance
4. Performance bonus	4. Accident insurance
5. Sales bonus	5. Occupational accident insurance
6. Proposal improvement bonus	
7. Festival bonus/gifts	
8. Labor Day gifts/gifts	

Retirement Plan

For employees covered by the Labor Pension Act retirement provisions, the company contributes 6% of their monthly salary to the individual retirement accounts, ensuring that employees have financial security after retirement. Additionally, the company goes beyond legal requirements by establishing an Employee Stock Ownership Trust Management Policy to attract top talent, enhance employee loyalty, and provide benefits for their retirement or in times of need.

The summary of employees participating in Employee Stock Ownership Trust is as follows:

Year	2019	2020	2021	2022
The number of employees participating in Employee Stock Ownership Trust	182	234	246	279
Company allocated bonus (KNTD)	5,237	6,272	7,386	8,424

Education and Training

When new employees join the company, necessary training is provided to familiarize them with the company's introduction, core values, vision and development, business philosophy, quality policy, environmental information, human rights policy, corporate social responsibility, company policies, product introduction, employee benefits, information security courses, procurement guidelines, and environmental safety and health. This comprehensive training helps new employees quickly understand the corporate culture and development vision, allowing them to become more familiar with their work environment and enhancing job safety. All policies and training courses are made available on the company's internal website for immediate and easy reference by employees.

When employees need to attend professional training courses, department supervisors can assign their subordinates to participate in external professional training based on the employees' job requirements, competency needs, and future development plans. This helps employees receive comprehensive training in knowledge and skills, aligning their training, learning, and skill growth with the company's external development goals. The company also encourages employees to pursue self-development and improvement. If there is a need for professional development or personal growth in their job responsibilities, employees are encouraged to submit applications for professional further education.

We also cultivates internal professional instructors who effectively pass on knowledge and skills in various competencies, professional techniques, and experiences. This enables employees to make more effective use of the company's internal training resources, enhancing their abilities and improving work efficiency. In 2022, the average training hours per person were 34.1 hours.

Category		person	total training hours	average training hours per person
Gender	Female	131	4,159	31.7
	Male	329	14,374	43.7
Function	Professional(Production/Technical/Sales)	267	11,099	41.6
	Staff	114	3,357	29.4
	Management	79	4,077	51.6
Total		460	18,532	34.1

5.3 Human Rights Policy

In our commitment to safeguarding the basic human rights of our employees, we endorse and support various international human rights conventions, including the United Nations Universal Declaration of Human Rights, Global Compact, and International Labour Organization conventions. We prohibit any actions that infringe upon or violate human rights, emphasizing dignified treatment and respect for current employees, contract and temporary staff, interns, and others.

Support for the International Human Rights Covenant

Regarding Human Rights

We support the principles of the United Nations 《Global Compact》 and respect international human rights, ensuring that our company does not violate human rights internally and does not associate with those who violate human rights.

Regarding Labor

We align with the goals set by the 《Universal Declaration of Human Rights》 and 《International Labour Organization conventions》, prohibiting any form of discrimination, forced labor, and the employment of child labor. We do not hinder employees' freedom to associate.

Regarding the Environment

We are committed to providing a safe and healthy working environment for employees, following relevant regulations to continuously improve workplace safety and health. Our aim is to prevent accidents, reduce occupational hazards, ensure employee safety, and promote physical and mental well-being.

Human Rights Policy Management Program

Policy	Management Program
Respecting Workplace Human Rights	<ol style="list-style-type: none">1. Non-Discrimination: Avoid any discriminatory language, attitude, or behavior based on individual gender, race, socioeconomic status, age, marital status, family status, language, religion, political affiliation, nationality, appearance, features, disabilities, etc.2. Equal Employment Opportunities: Ensure that employment policies are free from discrimination and actively implement fair and unbiased practices in recruitment, compensation and benefits, training, performance evaluation, and promotion opportunities. Provide an effective and appropriate complaint mechanism to prevent and address situations that may harm employees' rights, fostering a work environment free from discrimination and harassment.3. Fair and Just Employment Practices: Implement fair and just employment practices, promoting equal opportunities and diversity. Establish and maintain mechanisms for monitoring and addressing issues related to diversity and inclusion regularly.
Implementing Information Security	To safeguard human rights privacy, we take security measures across various levels, including the development, design, and maintenance of relevant application systems, databases, networks, personal computers, storage media, and more. These measures are implemented to prevent data theft, tampering, damage, loss, or leakage, ensuring the security of information.
Reasonable Working Hours and a Safe Workplace	<ol style="list-style-type: none">1. Ensure that employees are not exposed to the risk of excessive working hours by establishing work regulations and regularly monitoring and managing employee attendance.2. Avoid potential health and safety risks associated with work by conducting regular health check-ups for employees and assessing and implementing improvements.
Contributing to Society through Core Competencies	Integrating resources, actively promoting the training of professional talents, and making efforts for the overall development of the industry, we actively fulfill corporate social responsibility based on the principles of sustainable development, and implement social care initiatives.

5.4 Workplace Safety

Occupational Health and Safety Management System and Policy

In fulfilling corporate responsibilities and commitments to society and pursuing sustainable business goals, our company has obtained ISO 45001:2018 certification. We are also recognized as a core enterprise in occupational safety and health by the Tainan City Government's Department of Labor. We actively promotes occupational safety and health-related initiatives, demonstrating our dedication to environmental protection, social engagement, employee care, and health and safety protection. We strive to be a responsible corporate citizen and move towards sustainable business practices.

Occupational Health and Safety Policy:

Maintain occupational safety, reject workplace bullying, and create a zero-incident environment.

Based on this, we are committed to:

1. Enhancing overall health and safety management performance and continuous improvement.
2. Complying with the provisions of occupational health and safety regulations and other relevant legal requirements.
3. Providing knowledge, work, environment, and equipment related to health and safety.
4. Implementing and promoting various health and safety initiatives and educational training to enhance overall health and safety performance.
5. Providing safe and healthy working conditions to prevent work-related injuries and illnesses.
6. Continuously supporting workers in consulting and participating in occupational health and safety-related issues.



Occupational Health and Safety Committee

In order to achieve effective environmental, health, and safety (EHS) management, we have established an EHS Management Committee. The committee follows international standards ISO 14001 and ISO 45001, with the management representative serving as the chairman and department heads as implementing members. The committee oversees the overall implementation of EHS in the company and conducts regular quarterly meetings to review performance and execution.

The Occupational Safety and Health Office (OSH Office) serves as the dedicated unit for EHS management. It is responsible for planning, supervising, and managing all aspects of EHS within the company. The OSH Office is also responsible for promoting and executing environmental protection activities related to air and water quality, waste management, hazardous substances, etc., within the factory. In addition to strict adherence to routine environmental protection activities, comprehensive reports are submitted to the EHS Management Committee every quarter to enhance environmental awareness and achieve continuous improvement.

The performance of the EHS Committee in 2022 is summarized in the following table:

Date	Meeting	Number of Participants
2022/05/20	2022.Q1-Occupational Safety and Health Committee	31
2022/08/19	2022.Q2-Occupational Safety and Health Committee	31
2022/11/18	2022.Q3-Occupational Safety and Health Committee	31
2023/02/17	2022.Q4-Occupational Safety and Health Committee	31



Promotion of Occupational Safety Culture

Sustainable operation is essential for maintaining stability and improving production efficiency, and a safety culture is one of the crucial factors for maintaining stable production. To implement the occupational safety and health (OSH) policy, we utilize international systematic management systems, safety education and training, and improvements in the workplace environment to create a friendly workplace that changes employees' perceptions, behaviors, and the overall company environment. The goal is to achieve "zero occupational safety and health incidents.

We have a dedicated occupational safety and health management unit responsible for planning, supervising, and promoting OSH-related activities. We have also established the "Occupational Safety and Health Committee," with a management representative serving as the chairperson. The committee includes representatives from the OSH office, department heads, and labor representatives. Regular meetings are held quarterly to review, coordinate, and make recommendations on OSH-related matters. The committee consists of 31 members, including 11 labor representatives, accounting for over one-third of the total.

To implement the OSH policy, we actively promote various management programs through ISO 14001 and ISO 45001 systematic management systems, education and training, and improvements in the workplace environment, striving to achieve the goal of "zero occupational safety and health incidents.



Occupational Safety and Health (OSH) Management System

In 2022, we continued to promote the Occupational Safety and Health (OSH) management system to strengthen the internal OSH management within the company. We conduct internal and external audits annually to ensure the effective operation of the management system. Additionally, the OSH office conducts regular inspections of workplaces, addresses identified deficiencies through corrective actions, and provides recommendations for preventive measures to maintain overall workplace safety and the health of employees. The OSH office also assists on-site supervisors in developing various standard operating procedures, with on-site supervisors conducting education and training to ensure that workers comply with the established norms.

In accordance with the requirements of ISO 45001 Occupational Safety and Health Management System, an annual review of hazard identification and risk assessment is conducted. In the event of accidents, a reevaluation of hazard identification and risk assessment is carried out. Based on the assessment results, preventive measures, improvements, and management actions are implemented to reduce the risk of hazards occurring.



OSH Education and Training

Our company's safety and health education and training programs include internal and external courses, certification evaluations, training courses for new hires and existing employees, etc. Annually, we conduct emergency response drills and evacuation exercises in accordance with fire regulations, establishing the emergency response capabilities of all employees to reduce losses in the event of disasters.

We have established occupational safety and health policies as guidelines for workplace and personnel safety and social responsibility. The Occupational Safety and Health (OSH) office and the Occupational Safety and Health Committee implement the following measures:

1. Implementation of ISO 45001 Occupational Safety and Health Management System.
2. Establishment of a dedicated unit under the employer responsible for planning and promoting the overall quality and environmental management of the company.
3. Planning for OSH personnel to participate in relevant training, promoting the management expertise of occupational safety and health in the workplace.
4. Implementation of "Safety and Health Education and Training."
5. Establishment of a fire disaster prevention and rescue system, conducting regular inspections of fire safety equipment every quarter, and performing "fire safety drills" every six months.
6. Annual organization of "annual employee health examinations."



Hazard identification, risk assessment, and incident investigation



Work Environment Protection

In relation to the work environment, our company actively engages all personnel in safety and environmental management activities through reviews, audits, communication, and education and training. We encourage substantial participation, implement appropriate corrective measures, continuously improve anomalies, and reinforce safety and environmental requirements within the procurement and contracting systems. The ultimate goal is to achieve "zero injuries, zero accidents, zero pollution" to create a sustainable operating environment.

Personnel are required to adhere to various Standard Operating Procedures (SOPs). Equipment and facilities undergo thorough procurement reviews to meet essential safety requirements. For high-risk operations and holiday construction activities, approval is necessary, and stringent controls are in place to ensure the safety of personnel.

We value employee opinions, and "safety" and "care" serve as guiding principles in management. Suggestions related to safety and health management can be promptly and effectively addressed through a responsive communication channel, allowing management to make swift improvements.

A designated healthcare professional is available to provide colleagues with expert health education, counseling, and lectures. New employees with abnormal physical examination results receive specialized health guidance and counseling assistance.

For work environments posing special health hazards, regular external environmental monitoring is conducted. Specialized health checks for operations with potential health hazards are implemented. In 2022, all monitored parameters were within regulatory standards, and there were no abnormalities in specific health assessments.

Occupational Accident Investigation and Statistical Analysis

In the event of an occupational accident, our company prioritizes first aid and rescue, following the procedures outlined in the accident notification and investigation manual for reporting. Subsequently, the Occupational Safety and Health Office, together with the accident investigation team and labor representatives, conducts an investigation and analysis of the accident. The affected unit proposes prevention plans and corrective measures. After the investigation results are confirmed and reported to the Occupational Safety and Health Committee, measures are horizontally implemented to prevent the recurrence of similar accidents.

The statistics for work hour losses in 2022 are as follows:

Category	Number of Employees	Total Working Days	Total Work Hours	Serious Work Injuries	Lost Days	Occupational Diseases	Absenteeism Days
HTC	376	94,902	759,216	0	0	0	0
Contractors	2	450	3,600	0	0	0	0

Category	Frequency Rate (FR)	Severity Rate (SR)	Total Injury Index	Work-Related Fatalities	Absenteeism Rate	Occupational Disease Rate
HTC	1.317	25	0.02	0	0	0
Contractors	0	0	0	0	0	0

We actively implements education and health management to prevent occupational accidents and diseases, successfully achieving the goal of no significant occupational injuries or diseases in the year 2022.

Occupational Accident Summary:

- Commute Accidents: 3 cases
- Falling or collapsing objects: 1 case
- Contact with high or low temperatures: 2 cases
- Improper movements: 1 case

Analysis Results:

Most incidents were due to not following standard operating procedures and inadequate use of personal protective equipment.

Preventive Measures:

Detailed standard operating procedures and education on the proper use of personal protective equipment.

Occupational Health Management:

- Implementation of an annual health checkup and periodic occupational environment measurements as required by regulations.
- Health education and counseling by designated healthcare personnel, providing recommendations on diet, exercise, and medical matters.

Occupational Disease Summary:

No cases of occupational diseases occurred in 2022.



Occupational health services

A lactation room is set up in the factory area to address the challenges faced by breastfeeding employees returning to the workplace.

To implement employee health and safety care, regular general health checks are conducted for all employees each year. Special operation employees undergo specific health checks. For those with abnormal health check reports, individual health guidance is provided through physician interviews. This aims to detect abnormalities early and provide necessary assistance, with follow-ups on return visits. In 2022, general health checks were conducted for 324 individuals, with 39 individuals having undergone health guidance interviews with physicians, and the rest ongoing. Special health checks were conducted 363 times, with a 100% examination rate. There were no abnormal cases of occupational diseases in the results of special health checks in 2022.

5.5 Social Engagement

Community Impact Assessment

We are committed to sustainable development, actively addressing social issues, and embracing corporate responsibility. During significant festive occasions, we deeply understand the needs and concerns of vulnerable groups. Consequently, we actively procure gifts produced by these groups with the aim of assisting children in securing a better future. Through collaboration with these groups, we indirectly provide stable income sources to vulnerable communities while offering educational and developmental opportunities to children. These gifts include handicrafts with artistic value, paintings, and other creative items. Each gift represents the heartfelt efforts and potential of the children, symbolizing their dedication and potential. We deliver these gifts to children in remote areas to assist in the development of vulnerable communities, ensuring that the children feel the care and support of society. Through such a win-win initiative, we hope to collaborate for mutual development and bring more opportunities and hope for the future of these children.

Social Welfare

We have been actively involved in social welfare while pursuing sustainable business growth for many years. We firmly adhere to the principle of "prosperity shared with the community." Encouraging all employees to participate in various activities and programs, we regularly donate essential supplies to disadvantaged groups, orphanages, and care facilities. Through these donation initiatives, our aim is to assist vulnerable individuals within these groups by providing necessary basic living essentials and support, including food, clothing, and everyday items. We believe that such acts of kindness can bring warmth and care to those in need, fostering a more inclusive and equal society. We encourage all employees to join this effort, contributing their compassion to create a more harmonious and caring community.

Major charity activities in 2022: :

- ☒ Donated daily supplies to Long7care



- ☒ Participated in the 1919 Food Bank donation with the Taipei Exchange



- ☑ Employees participated as environmental education volunteers in two campus environmental education charitable events



- ☑ Participated in Children Are Us Foundation 2022 Mid-Autumn Festival Gift Box



- ☑ Hosted 2 blood donation activities (1H: 2022/4/26, 2H: 2022/7/26)



- ☑ Purchased the Lain Shin Yuan Social Welfare Charity Foundation Mid-Autumn Festival Gift Box.

5.6 Participation in Organizational Associations

We actively participate in the following external organizations and associations to stay abreast of market trends through interactions with industry peers, understand the perspectives of relevant stakeholders on various topics, and strive towards our company's sustainable business objectives. The organizations and associations our company is affiliated with include:

- ☑ Tainan City Yizai Association
- ☑ Chinese Excellent Management Association
- ☑ The Allied Association for Science Park Industries
- ☑ Tainan City General Industrial Association
- ☑ Taiwan Corporate Governance Association

Appendix I . GRI Content Index

Statement of use	HTC has reported in accordance with the GRI Standards for the period 2022/01/01 to 2022/12/31
GRI 1 used	Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard / Other Source	Disclosure		Location	
			Report Contents or Explanation	Page
General disclosures				
GRI 2:	The organization and its reporting practices			
General Disclosure 2021	2-1	Organizational Details	2.1 Corporate Profile	16
	2-2	Entities included in the organization's sustainability reporting	About This Report	2
	2-3	Reporting period, frequency and contact point	About This Report	2
	2-4	Restatements of information	About This Report	2
	2-5	External assurance	About This Report	2
	Activities and workers			
	2-6	Activities, value chain and other business relationships	2.3 Products and Services	21
	2-7	Employees	5.1 Employee overview	50
	2-8	Workers who are not employees	5.1 Employee overview	50
	Governance			
	2-9	Governance structure and composition	3.1 Corporate Governance Structure 3.2 Board of Directors	25 25
	2-10	Nomination and selection of the highest governance body	3.2 Board of Directors	25
	2-11	Chair of the highest governance body	3.2 Board of Directors	25
	2-12	Role of the highest governance body in overseeing the management of impacts	1.3 Promotion of Sustainable Development 3.2 Board of Directors	12 25
	2-13	Delegation of responsibility for managing impacts	1.3 Promotion of Sustainable Development 3.2 Board of Directors	12 25
	2-14	Role of the highest governance body in sustainability reporting	About This Report 1.3 Promotion of Sustainable Development	2 12
	2-15	Conflicts of interest	3.2 Board of Directors 3.5 Integrity in Operation and Anti-Corruption	25 31
	2-16	Communication of critical concerns	In addition to regular meetings, the executive management also regularly provides important reports and information to the Board of Directors: (1) Finance Department - Monthly financial information and quarterly financial reports. (2) Audit Office - Quarterly internal audit reports. Furthermore, there is constant and close communication between executives and the Board of Directors. In the event of any significant and critical events.	--

GRI Standard / Other Source	Disclosure		Location	
			Report Contents or Explanation	Page
			communication is maintained promptly. (Refer to our Annual Report for the year 2022, P.24-28).	
	2-17	Collective knowledge of the highest governance body	3.2 Board of Directors	25
	2-18	Evaluation of the performance of the highest governance body	3.2 Board of Directors	25
	2-19	Remuneration policies	3.2 Board of Directors	25
	2-20	Process to determine remuneration	3.2 Board of Directors	25
	2-21	Annual total compensation ratio	5.2 Employee Welfare	51
Strategy, policies and practices				
	2-22	Statement on sustainable development strategy	CEO's Message 1.3 Promotion of Sustainable Development	3 12
	2-23	Policy commitments	1.3 Promotion of Sustainable Development	12
	2-24	Embedding policy commitments	1.3 Promotion of Sustainable Development	12
	2-25	Processes to remediate negative impacts	1.3 Promotion of Sustainable Development	12
	2-26	Mechanisms for seeking advice and raising concerns	3.5 Integrity in Operation and Anti-Corruption	31
	2-27	Compliance with laws and regulations	In 2022, there were no significant legal violations in the environmental, social, or economic domains, and there were no non-monetary penalty cases.	--
	2-28	Membership associations	5.6 Participation in Organizational	59
Stakeholder engagement				
	2-29	Approach to stakeholder engagement	1.1 Stakeholder Engagement	8
	2-30	Collective bargaining agreements	1.1 Stakeholder Engagement (We regularly hold labor-management meetings for communication on a quarterly basis.)	8
Material Topics				
GRI 3: Material Topic Disclosure 2021	3-1	Process to determine material topics	1.2 Identification of Material Topics	10
	3-2	List of material topics	1.2 Identification of Material Topics	10
	3-3	Management of material topics	1.3 Promotion of Sustainable Development	12
Economic / Governance				
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	2.5 Financial Performance	23
	201-2	Financial implications and other risks and opportunities due to climate change	4.5 Greenhouse Gas Management	47
	201-3	Defined benefit plan obligations and other retirement plans	5.2 Employee Welfare	51
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	In the fiscal year 2022, the standard salaries for both male and female employees exceeded the local minimum wage (25,250 NTD).	--

GRI Standard / Other Source	Disclosure		Location	
			Report Contents or Explanation	Page
	202-2	Proportion of senior management hired from the local community	5.1 Employee overview	50
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3.7 Supply Chain Management	33
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	3.5 Integrity in Operation and Anti-Corruption	31
	205-2	Communication and training about anti-corruption policies and procedures	3.5 Integrity in Operation and Anti-Corruption	31
	205-3	Confirmed incidents of corruption and actions taken	In 2022, there were no such occurrences.	--
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2022, there were no such occurrences.	--
Environmental				
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	4.3 Energy Management	45
GRI 303 : Water 2018	303-3	Water withdrawal	4.4 Water Resources Management	46
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.5 Greenhouse Gas Management	47
	305-2	Energy indirect (Scope 2) GHG emissions	4.5 Greenhouse Gas Management	47
GRI 306 : Effluents and Waste 2020	306-1	Waste generation and significant waste-related impacts	4.6 Waste Management	48
	306-2	Management of significant waste-related impacts	4.6 Waste Management	48
	306-3	Waste generated	4.6 Waste Management	48
	306-4	Waste diverted from disposal	4.6 Waste Management	48
	306-5	Waste directed to disposal	4.6 Waste Management	48
GRI 307: Environmental Ccompliance 2016	307-1	Non-compliance with environmental laws and regulations	4.7 Violations of Environmental Laws and Regulations	48
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.7 Supply Chain Management	33
	308-2	Negative environmental impacts in the supply chain and actions taken	3.7 Supply Chain Management	33
Social				
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	5.1 Employee overview	50
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee Welfare	51
	401-3	Parental leave	5.2 Employee Welfare	51
GRI 402 : Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	We regularly hold labor-management meetings for communication every quarter. In the event of significant operational changes that require the termination of employment relationships with some employees, we will provide advance notice in accordance with the legal regulations of each operational location.	--
GRI 403 : Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.4 Workplace Safety	54
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Workplace Safety	54
	403-3	Occupational health services	5.4 Workplace Safety	54
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Workplace Safety	54

GRI Standard / Other Source	Disclosure		Location	
			Report Contents or Explanation	Page
	403-5	Worker training on occupational health and safety	5.4 Workplace Safety	54
	403-6	Promotion of worker health	5.4 Workplace Safety	54
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Workplace Safety	54
	403-8	Workers covered by an occupational health and safety management system	5.4 Workplace Safety	54
	403-9	Work-related injuries	5.4 Workplace Safety	54
	403-10	Work-related ill health	5.4 Workplace Safety	54
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	5.2 Employee Welfare	51
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Employee Welfare	51
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee Welfare	51
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	3.2 Board of Directors	25
			5.1 Employee overview	50
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.3 Human Rights Policy	53
GRI 407 : Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.3 Human Rights Policy	53
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	3.7 Supply Chain Management	33
			5.3 Human Rights Policy	53
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.7 Supply Chain Management	33
			5.3 Human Rights Policy	53
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	5.5 Social Engagement	58
	413-2	Operations with significant actual and potential negative impacts on local communities	In 2022, there were no significant or potential negative impacts on the local community.	--
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.7 Supply Chain Management	33
	414-2	Negative social impacts in the supply chain and actions taken	3.7 Supply Chain Management	33
GRI 416 : Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2022, there were no such occurrences.	--
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	In 2022, there were no such occurrences.	--
	417-3	Incidents of non-compliance concerning marketing communications	In 2022, there were no such occurrences.	--
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2022, there were no such occurrences.	--
GRI 419 : Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	In 2022, there were no such occurrences.	--

Appendix II . SASB Index (INDUSTRIAL MACHINERY & GOODS)

Topic	Code	Accounting Metric	Category	Unit of Measure	Report Contents or Explanation	Page
Table 1. Sustainability Disclosure Topics & Accounting Metrics						
Energy Management	RT-IG-130a.1	(1)Total energy consumed, (2)percentage grid electricity, (3)percentage renewable	Quantitative	GJ %	(1) 4.3 Energy Management (2) The company's electricity is 100% supplied by Taiwan Power Company. (3) The company does not utilize any renewable energy for production	45
Employee Health & Safety	RT-IG-320a.1	(1)Total recordable incident rate (TRIR), (2)fatality rate, and (3)near miss frequency rate (NMFR)	Quantitative	%	5.4 Workplace Safety	54
Fuel Economy Emissions in & Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons/ 1,000 ton-miles	The company's products are non-combustible equipment, so the disclosure of fuel efficiency indicators does not apply.	--
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons/ hour	The company's products are non-combustible equipment, so the disclosure of fuel efficiency indicators does not apply.	--
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts/ gallon	The company's products are non-combustible equipment, so the disclosure of fuel efficiency indicators does not apply.	--
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Quantitative	Grams/ kilowatt-hour	The company's products are non-producers of nitrogen oxides (NOx) and particulate matter (PM), so the disclosure of air pollutant emissions indicators does not apply.	--
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	3.7 Supply Chain Management	33
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	No such income exists.	--
Table 2. Activity Metrics						
Number of units produced by product category	RT-IG-000.A	Revenue percentage of units produced by product category	Quantitative	Number	2.4 Market Overview	22
Number of employees	RT-IG-000.B	The number of employees in the company	Quantitative	Number	5.1 Employee overview	50

Appendix III. Topic-Specific Sustainability Disclosure (Electronic Components Industry)

According to the "Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies " the enhanced disclosure of sustainability indicators by industry is as follows:

No	Indicator	Category	Report Contents or Explanation (Disclosure in 2022)	Unit of Measure	Remarks								
1	Total energy consumed, percentage grid electricity, and percentage renewable	Quantitative	(1) Total energy consumed : 4.3 Energy Management (Page:45) (2) Percentage grid electricity : The company's electricity is 100% supplied by Taiwan Power Company. (3) Percentage renewable : The company does not utilize any renewable energy for production	GJ 、 %	n/a								
2	Total Water Withdrawal and Total Water Consumption	Quantitative	4.4 Water Resources Management(Page: 46)	M³	n/a								
3	Weight of generated hazardous waste and recycling percentage	Quantitative	4.6 Waste Management (Page: 48)	metric ton, percentage (%)	n/a								
4	Description of occupational accident categories, number, and ratio	Quantitative	5.4 Workplace Safety / Occupational Accident Investigation and Statistical Analysis (Page: 57)	Ratio(%), Number	n/a								
5	Disclosure of product life cycle management: including the weight of scrapped products and electronic waste, and the percentage of recycling (Note 1)	Quantitative	4.6 Waste Management (Page: 48)	metric ton, percentage (%)	n/a								
6	Description of risk management related to the use of key materials	Qualitative Description	3.7 Supply Chain Management (Page:33~35)	Not Applicable	n/a								
7	Total monetary losses due to legal litigation related to the Fair Trade Act	Quantitative	In 2022, there were no such occurrences.	Reporting Currency	n/a								
8	Output by Major Product Category	Quantitative	2022 Major Production Output : <table><tr><th>Category</th><th>Production Output (units, sets)</th></tr><tr><td>Vacuum Components</td><td>3,411,966</td></tr><tr><td>Vacuum-related Equipment (Sales and Maintenance)</td><td>21,754</td></tr><tr><td>Others (Note 2)</td><td>153,553</td></tr></table>	Category	Production Output (units, sets)	Vacuum Components	3,411,966	Vacuum-related Equipment (Sales and Maintenance)	21,754	Others (Note 2)	153,553	Measurement units vary by product type	n/a
Category	Production Output (units, sets)												
Vacuum Components	3,411,966												
Vacuum-related Equipment (Sales and Maintenance)	21,754												
Others (Note 2)	153,553												

Note 1: Include explanations for the sale of scrap materials or other recycling processes.

Note 2 : (1)Others include antifreeze, maintenance and business transactions with SHtc, Highlight Tech System Corp., Finesse Technology Co., Ltd. and Schmidt Scientific Taiwan Ltd.

(2)The sales of antifreeze, the sale and maintenance of different brands and functional equipment and machines cannot be calculated in the same unit.