

2023

Corporate Sustainability Report



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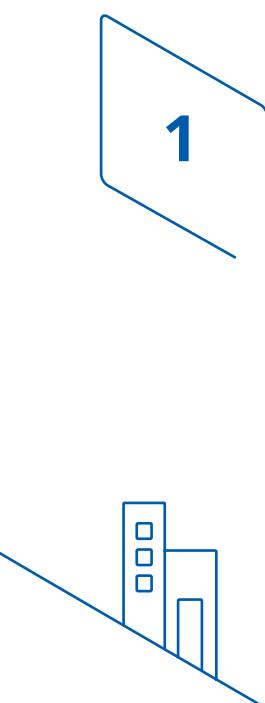
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About the Report

The information disclosures in this report are based on the ESG topics, management strategies, goals, current situation, and future outlook. To enhance the response to the topics of stakeholder concern, Hitron Technologies has particularly disclosed a summary of the achievements in all aspects of sustainable development during the latest year on the official website and published the Corporate Sustainability Report (in both Chinese and English) on the website. You are more than welcome to download it for reference : www.hitrontech.com/esg/



Report Publication Date

This report was published in June 2024.

Hitron Technologies published the first Corporate Sustainability Report in 2022 and has published the report every August since then.

Last issue : June 2023

Latest issue : June 2024

Next issue : August 2025

Report Scope and Boundary

Geographical scope : Hitron Hsinchu Headquarters and the main manufacturing site¹ at Hitron Vietnam². Part of the content covers other Hitron overseas sites, such as Hitron Suzhou, Hitron Americas, and Hitron Europe, which will be indicated in each chapter.

Time Scope : January 1, 2023 through December 31, 2023.

1 Other than the financial financial data, it does not include the data of the subsidiary, Interactive Digital International Co., Ltd., and only includes the relevant data of the headquarters of Hitron Technologies Inc. and overseas companies.

2 The scope of data disclosures in some chapters is subject to the notes of each chapter.

Data collection and calculation

Data collection for the whole year of 2023 is carried out within the above reporting scope. The calculation formulas for the indicators and data have been stated in detail in the chapter notes.

Third-party Verification Policy and Standards

The Human Resources and Administration Division Department is responsible for compiling data and writing this report, and relevant personnel have performed internal audits to ensure the consistency, completeness, and correctness of the data. If any information was missing, they would return it to the head of a given unit for update and confirmation. Externally, we appointed Bureau Veritas Certification Holding S.A.S. (BVC), an independent third-party verification company, to confirm the content of the report and ensure conformity with the GRI Standards and the Moderate Assurance Type II of the AA 1000 AccountAbility

Principles V3, thereby ensuring the quality of the data disclosures through internal and external audit mechanisms.

Moreover, the disclosure of the report is inline with the domestic and international standards, including the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the United Nations Sustainable Development Goals (UN SDGs), the Sustainability Accounting Standards Board (SASB) Standards, and the Task force on Climate-Related Financial Disclosures (TCFD).

Feedback and contact Information

If you have any questions or suggestions, you are welcome to contact us any time.

Hitron Technologies Inc.

Human Resources and Administration Division

Nicole Lin

No. 1-8, Li-Hsin 1st Rd., Hsinchu Science Park, Hsinchu City 300, Taiwan (R.O.C.)

Tel. 03-578-6658 ext. 3321

Fax. 03-577-8856

E-mail: nicole@hitrontech.com

Performance Highlights in 2023

Environment

**31.4 %**

Carbon reduction for Scope 1 & Scope 2

0 piece

NO violation of environmental laws and regulations

↓ 20.7 %

Reduction of water consumption per million USD revenue (2020 as the base year)

↓ 31 %

Reduction of electricity consumption per million USD revenue (2020 as the base year)

71.02 %

Recyclable waste proportion reached

35.6 %

Localized procurement of mechanical and electromechanical materials

Social

**29.35 hrs**

Provided an average hours training per employee

0 piece

No violation of the Labor Standards Act and the Occupational Safety and Health Act

34.4 %

Level A/B suppliers completed an on-site Audit for social responsibility, environmental health and safety

100 %

Employees received code of conduct training

410 hrs

Employees' participation in charity events reached

NTD 2.05 M

Charity donations amount

Governance

**Top 3 DOCSIS**

DOCSIS Product Manufacturer Brand

21 % ~ 35 %

Ranking percentage in corporate governance evaluation

49 M+

Units Shipped Worldwide (Accumulated#)

780 k+

Connected Devices with Hitron Software Solutions.

ESG Awards



Silver Award

TSAA
Taiwan Sustainability
Action Award

SDG12 Develop Green Product by
use PCR plastic materials



Silver Award

TCSA
Corporate Sustainability
Report Award



Bronze Metal

2023 EcoVadis
Bronze Metal



B Management level

2023 CDP climate
change questionnaire

Message from the Chairman

After three years of COVID-19 and yet another material shortage, 2023 will be the year when the market adjusts inventory. As a leading brand in broadband access equipment, Hitron Technologies has benefited from the business opportunities, such as 5G, the U.S. Infrastructure Investment and Jobs Act, and so on advantageous impacts, arising from the booming internet communication industry, but it also faces operational pressures such as inventory adjustments in the overall industry. However, as we always live up to the concept of "pursuing technological advancement on the basis of culture" and firmly believe that sustainable management is the cornerstone of business growth, with the UN SDGs as the benchmark, we continue to pursue the three sustainable goals of corporate governance, workplace of happiness, and environmental friendliness, to facilitate the Company's stable and upward development.

Benefiting from the increasing demand for network communication from the Build Back Better Plan in the United States, Hitron is proactively expanding into new markets and deepening the collaboration with strategic partners, to create a high-quality and innovative broadband experience to customers. Since 2022, we launched e-commerce retail business in North America. In addition to our existing hardware product line, we used our expertise in software and hardware integration to accelerate the promotion of Whole-home solutions. By the end of the 2023, we have over 780,000 devices connected to the HitronCloud platform around the world, assisting customers to adopt smart technology to improve overall network efficiency, reduce operating costs, and improve end-user satisfaction. We aim to expand the layout of fiber optic and wireless networks and low Earth orbit satellites in 2023. Our manufacturing plants were also all transferred to the production site in Vietnam in 2021, and the ratio for localization of component procurement in 2023 accounts for 35.6%, creating greater production capacity to meet order needs around the world. All this is thanks to our employees' collective efforts, customers' trust, and partners and investors' support.

We are clearly aware that employees are our precious assets, so we strive to do our best to take care of employees both physically and mentally. We organize annual health checks, regular consultations with doctors, sports games, club activities, aerobic and yoga courses, and massage sessions, to help employees achieve work-life balance. When there is a blood shortage across Taiwan, employees come together to participate in regular blood donation activities and spare no effort in their donation of care and love. To achieve the goal of "Workplace of Happiness", a fixed contribution KPI bonus system was introduced in 2023 to increase the amount of bonuses; the Company is also proactively taking care of its employees' work-life balance by implementing a more relaxed flexible working hour system in 2023 (8:00 a.m. to 9:30 a.m.) for employees with children to allow them to take their children to school; we introduced a hybrid work model where employees can freely choose to work from home one day a month. This comes together to provide a happy working environment that is highly flexible and full of energy, allowing employees to exert their strengths.

In 2023, the United Nations Climate Change Summit COP28 held in Dubai, United Arab Emirates (UAE), not only focused on the implementation results of the "Paris Agreement" but also focused on the global carbon reduction inventory. It is necessary to achieve the goal of slowing Earth's warming to 1.5°C by 2030 and carbon reduction of 43% by 2030. Taiwan has also amended the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act," and the Executive Yuan has actively promoted related measures of "Net-Zero Emissions by 2050." As a global citizen, Hitron voluntarily takes eco-friendly actions, actively adopted a GPM system, works with supply chain partners to fulfill corporate social responsibilities, and conducts rigorous and effective management of greenhouse gases, emissions of hazardous substances, and conflict minerals, to achieve the SDGs. In 2023, Hitron also set the goal of net zero by 2050, and participated in the implementation of Qisda's "2030 RE60 and 2040 RE100" goals. We also participated in the CDP climate questionnaire

and obtained Level B results. We continue using recycled plastics in product design in Europe and launch green and sustainable products. We have started the implementation of product carbon footprint and obtained the first product ISO14067 certification to continue our efforts in carbon reduction and realize our commitment and care for the environment.

Looking ahead to 2024, Hitron will continue to facilitate corporate transformation and pursue stable growth in performance based on the core values of integrity, innovation, quality, and service first. We will also enhance the concept of sustainability with practical actions and internalize it as part of our business spirit in line with our philosophy of "pursuing technological advancement on the basis of culture". After joining Qisda Group, Hitron will also tap into its power and resources to expand our influence and adopt product optimization and regional layout strategies to achieve our business and ESG goals. In the future, we will be optimistic and more determined to reconnect the beautiful people and moments in our daily lives to achieve a sustainable society of shared prosperity.

Hitron Technologies Inc.
Chairman



Introduction to Hitron Technologies

1. Company Profile

Hitron Technologies is a leading global brand of broadband network equipment with 37 years of extensive experience in broadband access equipment. Living up to the concept of leading in technology and service, we have developed core technologies and operated our own brand. We continue to deepen research and development (R&D) efforts and have launched a series of leading DOCSIS broadband access network products in the industry and sells them all over the world.

At present, we have developed into an all-round network communication brand, with an extensive product mix and complete technical services, from R&D, design, production, quality control, software application to technical support, to provide diverse broadband network products and high-speed, perfect, and stable internet experience for global multiple service operators (MSOs) and network end-users.

Name of the Company	Hitron Technologies Inc.
Date of establishment	1986-03-24
Date of listing on TWSE	2000-09-11
Industry	Communication network industry
Chairman	April Huang
Spokesperson	David Chou ¹
Paid-in-capital amount	NT\$ 3,213,172,290
Address	No. 1-8, Li-hsin 1st Rd., Hsinchu Science Park, Hsinchu City 300

¹Company spokesperson Patrick Chiu resigned on February 29, 2024 and was replaced by David Chou starting from March 1, 2024.



Revenue in 2023

USD 304 M



Employee Worldwide

900 +



Listed on TSE since 2000

Code 2419

TOP 3

DOCSIS Product
Manufacture
Brand by Market
Share

35 +

Years of Access
Experience

11

First-to-Market
Launches with
Cutting-edge
Technologies

7

Business, R&D,
Manufacture Sites
Worldwide

49 M+

Amount units
Shipped Worldwide
(Accumulated#)

780 K+

Connected Devices
with Hitron Software
Solutions



2. Operations highlights

(1) Company development

The Company has accumulated decades of experience, sales channels and research and development of the private brand. The goal of business development remains mainly continuing the development of broadband telecommunication products. Following a substantial increase in the market share in Latin America, the Company shall strengthen its North American market share. For products, in addition to increasing products in the high-value chain in the corporate and commercial service market, and integrating with big data and hardware and software integration as the development direction, the Company shall apply innovative technologies on products to enhance its niche, as well as expanding market share.

In 2017, the company developing Cloud Service Platform and Application to our existing Cable Gateway Products, the application was used by our customers in 2018. In 2019, cloud service platforms were gradually used by our customers. By the end of 2023, there are 780,000 devices connected to HitronCloud, a platform developed by Hitron, which helps users to control the connection quality of internet services at home and reduces the burden of customer repair service from telecom operators. The value-added service of this software service has gradually increased our orders and revenue. We hope that this high-quality, user-friendly, and practical cloud service can enhance our competitive advantage, to increase our customer retention and create business opportunities through cross-selling. Due to the long-term impasse in the US-China trade war, compounded by the increase in orders, the Company is actively seeking to expand production bases outside of China and transferred all production capacity to our Vietnam production site in 2021, so as to stabilize product quality and reduce costs. Our business strategies include:

(1) Providing service package product line on top of existing products. For existing customers and channels, the Company shall provide more auxiliary services, master core integrative technologies, expand operating revenue and reduce costs. In the meantime, the Company shall position itself for a cost-competitive market, as well as the market for high value-added products.

(2) Venturing into the service provider market in North America, increasing market share, strengthening presence among MSOs of an emerging market with flexibility and services. Expanding to the Central and South American and European markets and deepening collaboration with customers.

(3) Creating products with a life cycle of more than 5 years that are in line with the new technological standard of DOCSIS 3.1, DOCSIS4.0 FDX and Wi-Fi 6/6E, and have higher bandwidth.

(4) Developing products that respond timely to market needs, integrating further with customers' processes, providing value-added services to customers with innovation, and pursuing higher quality in products.

(5) Using big data and software integration to enhance product quality and reduce costs, thus increasing profitability.

(6) Collaborating globally with production planning and automation equipment, so as to replicate production processes, reduce costs, and increase profit margin, production effectiveness, and product quality.

(2) Important production and marketing policies

1. Production Policy

(1) Automation in production. Since 2016, the Company has been actively promoting automation, training company engineers to provide maintenance and further developing automation in production. The Company also seeks to make use of existing spaces to increase production capacity utilization. After introducing automation in production, the Company encountered the US-China trade war and was in need to search for other production bases. Incidentally, the automation brought other additional advantages. The replication of production methods no longer relied heavily on trained ground workers, and therefore new factories could go into production faster while maintaining product quality.

(2) Conditions of Supplying main raw materials: Building up Partnerships with upstream manufacturers by maintaining good long-term strategic preparation of raw materials. For the key components, Taiwan Hitron purchase them directly and deliver them to the manufacturing bases. In addition to stabilizing the source of raw material supply and establishing smooth market information notification and communication channels, the ability to perform our manufacturing and delivery contracts is greatly enhanced. On the other hand, to reduce the cost of raw material procurement and integrate and manage the supply chain, we have proactively localized procurement in recent years. In the meantime, the Company makes use of its economies of scale to bargain for competitive prices in contracts with suppliers, ensuring stable prices and supply for components.

2. Marketing policy

The company handles sales and collections in a triangular trade mode where orders are received from the dedicated region and shipped from the global manufacturing base by the United States Branch, Europe Branch and Taiwan separately.

Localization - to increase the support in selling to various places and to shorten the response time; increasing the understanding of the local market trends and the relationship with local customers and partners. We establish the operating correspondence in the main focused market, and establish local sales teams and technical supplier personnel to provide different varieties of product and technical services.

3. Hitron's advantages and achievements



Units Shipped Worldwide
(Accumulated) by 2023

49M+

Top 3

DOCSIS Product
Manufacture Brand
by Market Share



Connected Devices with
Hitron Software Solutions

780K+

Hitron Technologies joined Qisda Group in 2020. As the outlet of the Group's Networking & Communication Business Group, we use our vertically integrated manufacturing advantages and the Group's synergy, innovative product design capabilities, and advanced R&D capabilities, to optimize our product mix and hardware and software integrated solutions, thereby creating more complete and convenient Whole-home network communication products for the market.

In 2021, in addition to stable shipments of the main DOCSIS broadband access equipment, the percentages of Wi-Fi wireless network product and software shipments also increased. We will deepen collaboration with customers in various regions, create customized hardware equipment with the latest technology in the industry, and adopt self-developed value-added software services to reduce operating expenditure and increase the average revenue per user, thereby improving overall customer satisfaction. In addition, to respond to the accelerated digital transformation driven by the pandemic and the strong demand for network equipment, we have begun to develop an e-commerce business model in North America to expand our sales channels and reach more potential customer markets, while developing more accurate business operation and product development strategies through data analysis.

As for future product development, we started to invest in 5G millimeter wave products and backhaul equipment developed in collaboration with the parent company, Alpha Networks, in 2021. With its high speed, low latency, and extensive connection, we can combine such products with well-developed hardware R&D and design technology to meet the ever-growing needs for network applications in the future. Regarding product material selection, we also took the lead in adopting cable modem & gateway casings, 95% to 99% of which were made with post-consumer recycled plastics for the European market in 2022, in line with the concept of green products, and which obtained the ISO 14067 certification for product carbon footprint in 2023.



Annual Report

[Link ↗](#)

Overview of Hitron Technologies's main product lines

Product	Features	Models
	Launched 11 market-leading products in line with the latest technical specifications with our strong R&D and design capabilities and core technologies, such as DOCSIS 3.1 and Wi-Fi 6, to set a benchmark in the industry	<ul style="list-style-type: none"> Wi-Fi 5 & Wi-Fi 6 DOCSIS 3.x Cable Gateway DOCSIS 3.x Cable Modem DOCSIS 3.x cable modem/gateway with voice function (Cable eMTA)
	Integrated 5G mobile network applications, from hybrid fiber coaxial (HFC) network backhauls to indoor access equipment to create comprehensive solutions	<ul style="list-style-type: none"> 5G Small Cell Backhaul 5G Wi-Fi 6 FWA CPE
	Launched high-speed 10G xPON and 2.5G PON fiber optic access equipment that supports DOCSIS DPoE 2.0 technology. Through the interoperability, operators can directly transfer existing DOCSIS settings to fiber optic networks	<ul style="list-style-type: none"> 2.5G PON ONT / ONU 10G PON ONT / ONU
	Created a Mesh Wi-Fi system without interruption and zero dead spots network through Whole-home wireless solution certified by Wi-Fi EasyMesh	<ul style="list-style-type: none"> Wi-Fi 5 Extender with Mesh Wi-Fi 6 Extender with Mesh
	Forming a strategic alliance with Tier 1 operators to develop convenient testing tools and applications for technicians	<ul style="list-style-type: none"> Coaxial Cable Network Testing Tool Coaxial Cable Signal Generator ProMeter APP
	Cloud home network management solutions developed and designed by the Company to manage all wireless devices in the home easily through the integration of platforms and terminal applications	<ul style="list-style-type: none"> HitronCloud Cloud Whole-home Management

Participation in associations

Hitron proactively participates in relevant industry associations at home and abroad, including professional associations in aspects of products and business operation, to understand forward-looking technology trends and industry development trends. We also abide by the requirements of international conventions and organizations and comply with them during operations. Currently, we have not yet joined any external initiatives. The organizations or associations, in which Hitron participated, are listed in the table below.

No.	Name of association/organization
1	The Allied Association for Science Park Industries
2	Taiwan LEO Satellite Industry Alliance
3	Wi-Fi_Contributor Member
4	CableLabs_DPoE Membership
5	GS1 Taiwan
6	EuroDOCSIS
7	DOCSIS CVC



Products information

[Link](#)

Sustainable Development of Hitron Technologies

Sustainable development is the ultimate goal pursued by all countries and enterprises in the world today. Hitron Technologies set up the CSR Committee in 2019 and has since been committed to implementing corporate social responsibility related activities. In 2021, we set up the ESG Committee. Based on the three elements of the economy, society and environment, the environment aspect is divided into "sustainable products," "sustainable operations" and "sustainable supply chain;" the social aspect is about "social responsibility" and the economic aspect is about "corporate governance" (a total of five aspects). With that, we have implemented sustainable development projects and formulated management performance indicators for each aspect; and set 2022 as the first year of ESG.

Hitron ESG Committee

To smoothly implement various sustainable development projects and ensure smooth communication with stakeholders related to the organization's business, Hitron integrated relevant departments and established an ESG Committee in 2021 to systematically pursue sustainable development. President Patrick Chiu serves as the chair of the committee, and the heads of various departments serve as committee members dedicated to different components of ESG. The secretary-general is responsible for coordinating and promoting interdepartmental sustainable development projects, convening regular meetings, and reporting performance indicators and the progress of the corporate social responsibility report, while regularly reporting to the Board of Directors each year on any material issues identified and the management results of the year. On February 23, 2023, we report the implementation status in 2022 to the Board of Directors. The ESG Committee set short-to-medium-term targets and long-term targets for the following five years for five aspects based on the actual situation of the Company in 2021 and took "workplace of happiness centered on people" as the main theme of ESG promotion for the following five years.



Silver Award

TSAA Taiwan Sustainability Action Award

(SDG12 Develop Green Product
by use PCR plastic materials)

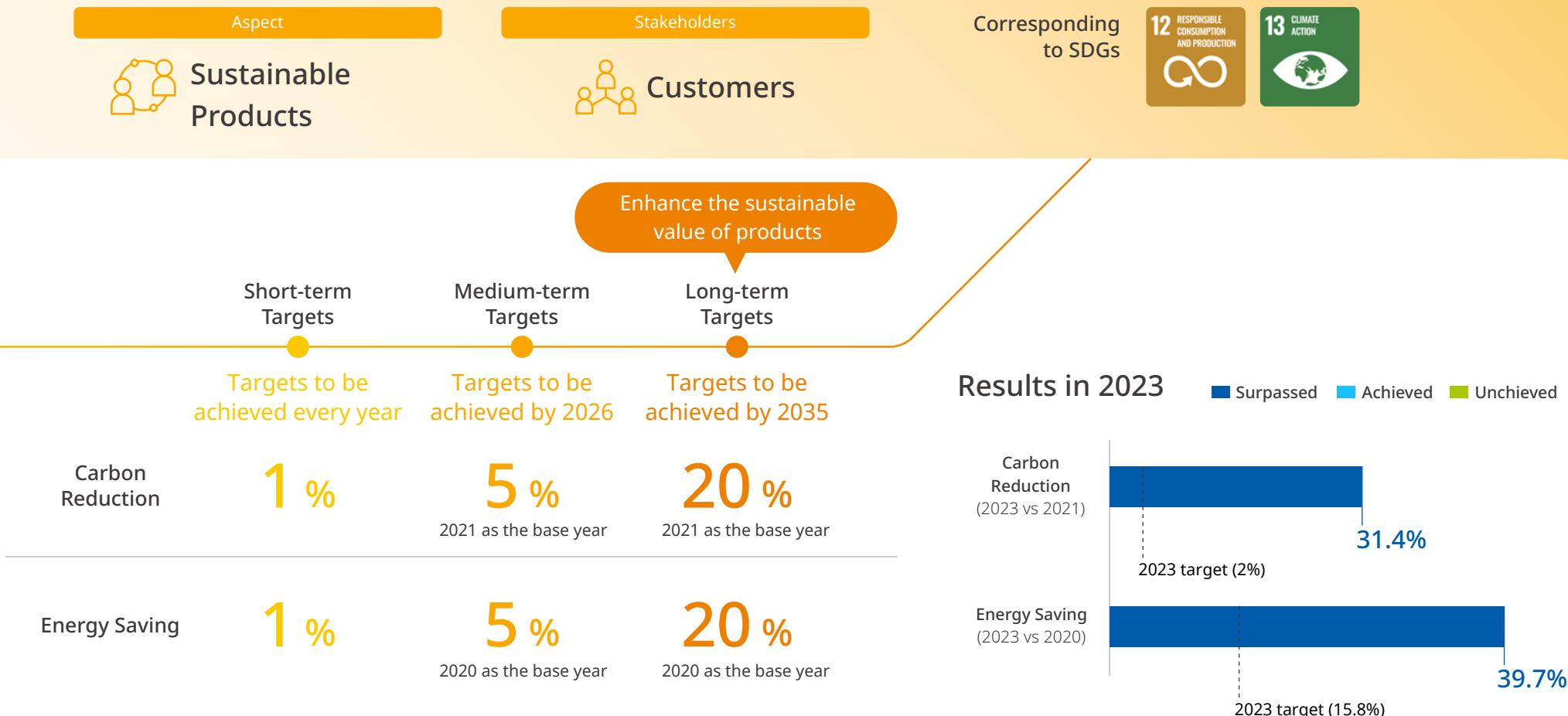
Silver Award

TCSA Corporate Sustainability Report Award



* David Chou was appointed as new Chair from March 1, 2024 after Patrick Chiu resigned

Short-, medium-, and long-term performance indicators of ESG and the results in 2023



Aspect


Sustainable Operations
(energy saving and carbon)

Stakeholders


**Community, Customers,
and Employees**

**Corresponding
to SDGs**

**Short-term
Targets**
**Medium-term
Targets**
**Long-term
Targets**

Continuous improvement to
achieve sustainable operations

Targets to be
achieved every year

Targets to be
achieved by 2026

Targets to be
achieved by 2035

Reduction of water
consumption per
million USD revenue

2 %

10 %

30 %

Reduction of electricity
consumption per
million USD revenue

2 %

10 %

30 %

2020 as the base year

2020 as the base year

Recyclable waste
proportion

80 %

90 %

90 %

Results in 2023

■ Surpassed ■ Achieved ■ Unachieved

Reduction of water
consumption per million
USD revenue (%)
(2023 vs 2020)



20.7%

2023 target (20%)

Reduction of electricity
consumption per million
USD revenue (%)
(2023 vs 2020)



31%

2023 target (30.5%)

Recyclable waste
proportion (%)



71.02%

2023 target (82%)

Improvement action:
Continuously strengthen
waste sorting to increase
the proportion of
recyclable waste

Aspect



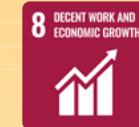
Sustainable Supply Chains

Stakeholders



Suppliers and Customers

Corresponding to SDGs



Short-and Medium-term Targets

Long-term Targets

Targets to be achieved by 2026

Level A/B suppliers completed on-site audit for social responsibility, environmental health and safety (%)

$\geq 50\%$

Localized procurement of Mechanical and Electromechanical materials (%)

$\geq 70\%$

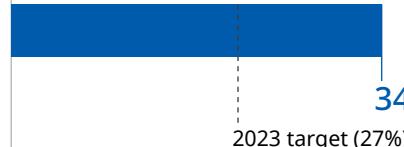


Build a sustainable and win-win supply chain

Results in 2023

■ Surpassed ■ Achieved ■ Unachieved

Level A/B suppliers completed on-site audit for social responsibility, environmental health and safety (%)



Localized procurement of Mechanical and Electromechanical materials (%)



Aspect

Stakeholders

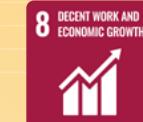
Corresponding to SDGs



Social Responsibility



Community and Employees



Short-and Medium-term Targets

Long-term Targets

Targets to be achieved by 2026

Employees received code of conduct training (%)

100 %

Total hours of employees' participation in charity events

500 hours



Increase employee happiness and recognition
Internalization of DNA of corporate citizen to exert positive influence on society

Results in 2023

■ Surpassed ■ Achieved ■ Unachieved

Employees received code of conduct training (%)



2023 target (100%)

100%

Total hours of employees' participation in charity events



410 hours

2023 target (400 hours)

Aspect

Corporate Governance
Stakeholders

**Shareholders,
Community and Customers**
**Corresponding
to SDGs**

**Short-and Medium-term
Targets**
**Long-term
Targets**
**Targets to be
achieved by 2026**

Annual KRI
execution rate

100 %

Customer satisfaction
score

95 points

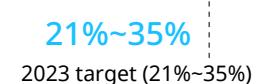
Annual Corporate
Governance Evaluation

21 % ~ 35 %

Results in 2023
■ Surpassed ■ Achieved ■ Unachieved

KRI execution
rate-percentage of
a risk response kit
prepared

Customer
satisfaction score

Corporate Governance
Evaluation (10th)


Hitron's response to the UN SDGs in 2023

Hitron supports the UN's 17 SDGs and follows the UN's SDG Compass, focusing on five SDGs as the Company's key sustainable development endeavors for the future, in order to pursue sustainable development and create value for our stakeholders.

SDGs	Measures	Results in 2023	Corresponding chapter
	We continued to implement water-saving measures, increased water-saving devices (water-saving faucets), and continued to raise employees' awareness of water conservation (such as electronic leaflets or posters).	<ul style="list-style-type: none"> Water consumption was reduced by 12,325 metric tons in 2023 compared to 2022 	Water resource management
	We continued to take measures to increase employee salary and create a workplace of happiness, while proactively promoting local procurement and local economic development.	<ul style="list-style-type: none"> In 2023, we continue to adjust the bonus system In 2023, localized procurement of mechanical and electromechanical materials reached 35.6% 	Workplace of Happiness Supply Chain Management
	We continued to promote green product design, including plastic/packaging reduction and the use of renewable/recyclable materials; We also continued to reduce waste and increase recycling.	<ul style="list-style-type: none"> In 2023, packaging materials reduced by 32.42 metric tons which enabled carbon emissions to be reduced by 66.46 tCO2e Fully introduce recyclable plastic materials In 2023, the recyclable waste proportion accounts for 71.02% 	Sustainable Products Waste Management
	We continued to take measures, such as carbon reduction and energy conservation, to reduce resource consumption to cope with the impact of climate change.	<ul style="list-style-type: none"> In 2023, the water consumption per million USD revenue was reduced by 20.7% compared with 2020 In 2023, the electricity consumption per million USD revenue was reduced by 31% compared with 2020 In 2023, the greenhouse gas emissions scope 1 and 2 were reduced by 31.4% compared with 2021 	Sustainable Operations Greenhouse Gases Inventory
	We continued to work with employees, customers, suppliers, and the Group's foundation to participate in charity events; proactively worked with suppliers to implement sustainable development projects.	<ul style="list-style-type: none"> In 2023, the charity donation expenditure reached NT\$2.05 million Employees' participation in charity events reached 410 hours As high as 34.4% of Level A/B suppliers completed their on-site social responsibility and environmental clean-up 	Social Participation Supply Chain Management

Stakeholder Engagement

When making plans and decisions on sustainable development, we communicate with stakeholders in a timely manner, incorporate the material issues of which stakeholders are concerned into the sustainable development policy, and establish a smooth and transparent response mechanism. Hitron adopted the AA 1000 Accountability Principle Standard (AA 1000APS) in line with the four principles: inclusivity, materiality, responsiveness, and impact to help us identify and respond to

sustainability information and improve the disclosure of sustainability information. In addition to the stakeholders corresponding to each of the five aspects, compliance is an issue of increasing concern to stakeholders. Government agencies, as enforcement agencies of applicable laws and regulations, are also listed as one of the stakeholders.



Stakeholder engagement channels and concerned topics

Stakeholders

Employees

Employees are the cornerstone of the Company's development. If they are not properly managed, trained, and communicated with, we may lose them in the long run and our competitiveness will be undermined.



Current Employees Concerned topics

1. Occupational Safety and Health
2. Work-life balance
3. Learning and development
4. Human rights and benefits
5. Human rights and discrimination
6. Employee rights
7. Employee participation and engagement

Communication channel

Education and training

Irregular

Email

Irregular

HR email / Suggestion box

Irregular

Chairman's mail box

Irregular

All Hands Meeting

Quarterly

Appointment with the President

Quarterly

Labor meetings

Quarterly

Welfare Committee meetings

Quarterly

Health checks

Yearly

Engagement results

1. In 2023, the total employee training hours reached **24,154.75** hours, and the average training hours per employee totaled **29.35** hours.
2. Labor representatives at the labor meetings were re-elected for a term of **2** years.

Refer to the following chapters for more information

2.2 Learning and Development

53

2.4 Workplace of Happiness

56

3.5 Occupational Safety and Health

80

Stakeholders

Customers

Improving customer satisfaction is our top priority. We listen to customers' needs and assist them in solving problems, to create a win-win situation.



Customers Concerned topics

1. Product quality
2. Non-hazardous substance management
3. Human rights and labor rights
4. Customer privacy management
5. Customer commitment and service

Communication channel

Conference call / email

Irregular

Customer service hotline

Irregular

On-site audit of customers and audit
questionnaires

According to customers'
requirements

Customer satisfaction survey

Yearly

Engagement results

1. The average customer satisfaction score in 2023 was **89** points.

Refer to the following chapters for more information

2.3 Human Rights Management

55

3.3 Sustainable Products

70

3.4 Sustainable Operations

75

Stakeholders

Shareholders

Safeguarding shareholders' rights and interests has always been one of the issues to which Hitron has attached great importance. We will take the initiative to disclose the Company's operations and financial position to shareholders.

We are also committed to maximizing shareholder equity.



Shareholders Concerned topics	Communication channel	Communication frequency
1. Company financial information	Official website	Irregular
2. Business performance	Investor relations email	Irregular
3. Corporate governance	Shareholders' meeting	Yearly
	Investor conference	Yearly
	Annual report	Yearly

Engagement results	Refer to the following chapters for more information
1. We disclose financial and business information irregularly in the form of announcements or press releases and on the Company's official website .	1.1 Corporate governance 33
	1.2 Financial Performance 37

Stakeholders

Government Agencies

Compliance with government laws and regulations is the minimum requirement for business operations. We have established a control system and take audit measures to ensure that our business is in line with relevant requirements.



Government agencies Concerned topics

1. Legal Compliance
2. Environmental protection
3. Labor rights
4. Corporate governance

Communication channel

- Random checking
Official letters
On-site visits
Labor inspections

Communication frequency

Irregular
Irregular
Irregular
Irregular

Engagement results

1. We communicate issues, such as environmental safety and health or human resources, about **10** times per year (including random checking, on-site visits, official letters, and labor inspections)

Refer to the following chapters for more information

- | | | |
|-----|-------------------------|----|
| 1.1 | Corporate governance | 33 |
| 1.6 | Legal Compliance | 45 |
| 2.3 | Human Rights Management | 55 |
| 3.4 | Sustainable Operations | 75 |

Stakeholders

Community

In line with the concept of "take from society and give back to society, Hitron is committed to volunteering in the community. We do our best to do meaningful actions for and together with society through employees' collective efforts.



Environmental groups Concerned topics	Communication channel	Communication frequency
1. Social care and charity events	Phone /email Volunteer services	Irregular Irregular
Organizations Concerned topics	Communication channel	Communication frequency
1. Social care and charity events	Official website Volunteer services	Irregular Irregular
The media Concerned topics	Communication channel	Communication frequency
1. Company financial information 2. Business performance 3. Social care and charity	Official website Investor conference Press releases	Irregular Yearly Irregular
Others Concerned topics	Communication channel	Communication frequency
1. Social care and charity events 2. Environmental issues	Official website Press releases	Irregular Irregular

Engagement results	Refer to the following chapters for more information
1. We disclose financial and business information irregularly in the form of announcements or press releases and on the Company's official website .	1.2 Financial Performance 37
2. Employees' participation in charity events in 2023 totaled 410 hours.	2.5 Social Participation 61

Stakeholders

Suppliers

We work with suppliers to establish a supply chain that protects the environment, human rights, safety, and health, and facilitates sustainable development.



Suppliers Concerned topics	Communication channel	Communication frequency
1. Supplier corporate social responsibility	Phone/email	Irregular
2. Conflict minerals	Conflict minerals due diligence	Irregular
3. Ban on hazardous	Green supply chain management system (GPM)	Irregular
	Green supply chain	Yearly

Engagement results	Refer to the following chapters for more information
<ol style="list-style-type: none">By the end of 2023, 60 % of our suppliers signed the "Declaration of Due Diligence for Conflict Minerals."In 2023, as high as 34.4 % of Level-A/B suppliers completed on-site Audit for social responsibility, environmental health and safety.	3.6 Supply Chain Management 83

1. By the end of 2023, **60** % of our suppliers signed the "Declaration of Due Diligence for Conflict Minerals."

2. In 2023, as high as **34.4** % of Level-A/B suppliers completed on-site Audit for social responsibility, environmental health and safety.

Method for determining material topics

Prepare the matrix of material topics with the stakeholders' level of concern as the x-coordinate and the positive and negative impacts as the y-coordinate.

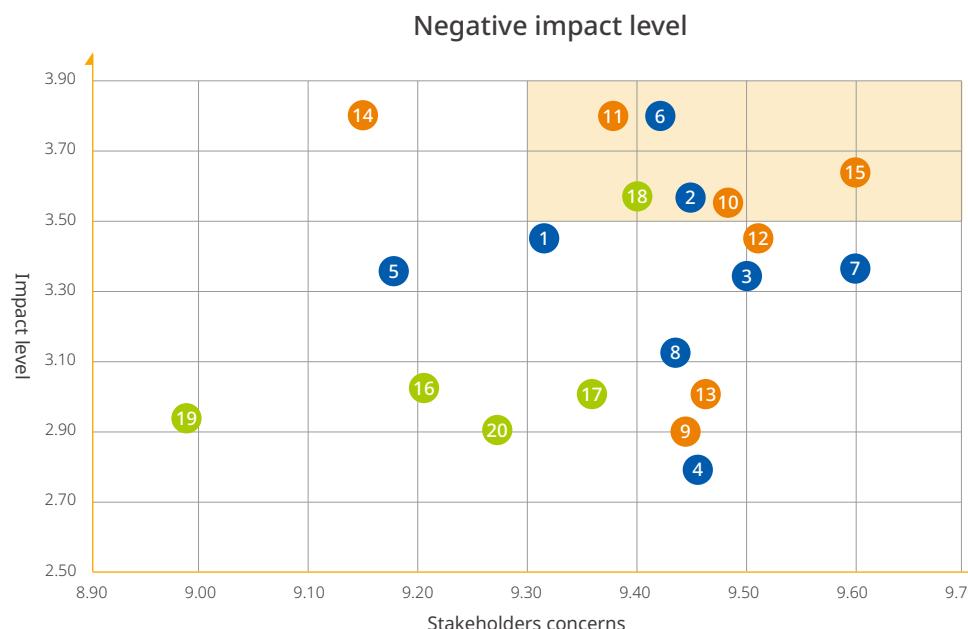
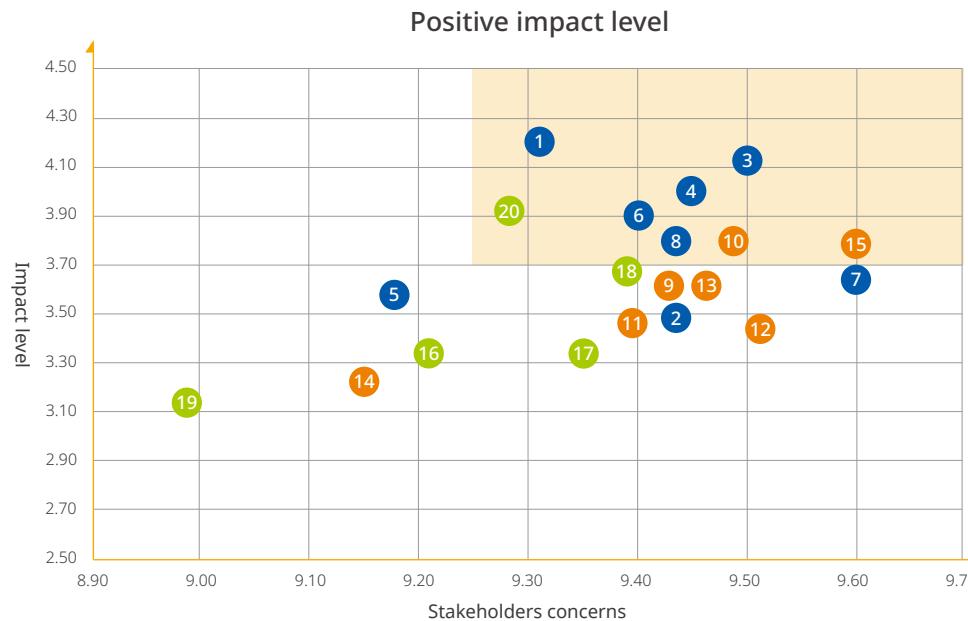
For the level of concern, a total of 231 questionnaires were collected to investigate issues of concern of internal and external stakeholders; the level of positive and negative impact was determined by the opinions of 9 middle and senior executives in the internal survey.

From the positive impact matrix, 8 material topics of high concern and high impact were screened, and from the negative impact matrix, 6 material topics were selected as the key content of the report.

Compared with the previous reporting period, the total number of material topics increased from 8 to 11 (combined positive and negative).

One material topic was added to the environment aspect and one material topic was added to the economic aspect.

Aspect	Changes in material topics from the previous reporting period	
	New Topic	Deleted Topic
Environmental	Biodiversity	—
Social	—	—
Economic/Governance	Innovation management	—



Governance

1. Financial performance
2. Risk management
3. Legal Compliance
4. Business ethics
5. Innovation Management
6. Customer relationship management
7. Product quality
8. Sustainable supplier management

Social

9. Talent development
10. Talent attraction and retention
11. Labor relations
12. Human rights
13. Occupational safety and health
14. Social care
15. Compensation & benefits

Environment

16. Carbon management
17. Water Resource Management
18. Waste Management
19. Biodiversity
20. Green Products

Boundaries of material topic impact and corresponding topics

Category — Economic / Governance

Direct impact

Indirect impact

No.	Material Topics	What it means to Hitron	Scope of value chain impact			Corresponding GRI Standards	Corresponding Chapter of Management Guidelines		
			Internal	External					
				Customer	Supplier				
1	Financial Performance	Financial performance is the foundation for the Company's sustainable development and a core issue in the relationships between shareholders, customers, employees, suppliers, and other stakeholders. Hitron is committed to achieving good financial performance.				201-1	Financial Performance		
2	Risk Management	In the current ever-changing environment, risk identification, response and management are an important part of Hitron's long-term business operation. Hitron established the Risk Management Committee, formulated corresponding policies, and regularly reviewed the Company's risk management operations.				201-2, 207-2, 3-1	Risk Management		
3	Legal Compliance	To ensure that the Company and our employees abide by the laws and regulations of various countries when doing business, we always pay attention to the policies and laws that may affect our business and have formulated compliance regulations to raise employees' awareness.				2-27, 416-2, 417-2, 417-3	Legal Compliance		
4	Business ethics	Compliant business competition behaviors are the foundation for protecting customers' rights and interests. Hitron opposes all unfair competition and follows such compliant practices. We also ensure that employees comply with the regulations on prevention of insider trading when carrying out their duties.			—	2-27, 206-1	Code of Conduct Legal Compliance		
5	Customer Relationship Management	Protecting customer information from disclosure is the foundation for improving customer satisfaction and loyalty, and it is also our commitment to customers.			—	418-1	Information Security Sustainable Operations		
6	Supplier Sustainability Management	Suppliers are important strategic partners of Hitron. Therefore, it is very important to ensure that suppliers are consistent with Hitron's goals in terms of corporate social responsibility and that they also meet the value chain goal of creating a sustainable supply chain.				204-1, 308-1.2 ,414-1.2	Supply Chain Management		

Category — Social

Direct impact

Indirect impact

No.	Material Topics	What it means to Hitron	Scope of value chain impact			Corresponding GRI Standards	Corresponding Chapter of Management Guidelines		
			Internal	External					
				Customer	Supplier				
7	Talent attraction and retention	Employees are an important asset to the development of Hitron. Hitron provides competitive remuneration and a diversified workplace to reduce employee turnover.		—	—	405-1.2	Employee status Workplace of Happiness		
8	Labor relations	To maintain sound labor relations between the Company and its employees, we have established unimpeded communication channels within the Company to keep employees informed of Company information and encourage them to make suggestions for the Company's reference.		—	—	401-1.2.3	Workplace of Happiness		
9	Compensation & benefits	We attach great importance to the happiness of employees and proactively develop a competitive compensation and benefit system to improve their sense of identity with the Company and to take care of their family needs.		—	—	201-3, 202-1, 401-2, 405-2	Workplace of Happiness		

Category — Environment

Direct impact

Indirect impact

No.	Material Topics	What it means to Hitron	Scope of value chain impact			Corresponding GRI Standards	Corresponding Chapter of Management Guidelines		
			Internal	External					
				Customer	Supplier				
10	Waste Management	We adopt the strategy of management from the source to manage waste and continue to save energy, reduce waste, and recycle resources, thereby greatly reducing waste and increasing resources recycled to achieve the goal of waste reduction.				306-1~3.5	Sustainable Operations		
11	Green Product	We require green design thinking at the initial stage of product development to evaluate the impact and risk of the designed products/parts on the environment in each stage of the product life cycle to reduce the impact on the environment from the initial design stage.				417-1	Sustainable Products		

Disclosure of Material Topics and Management Measures

Financial performance		PIC : Finance / Sales	Risk management	PIC : RMC	Legal compliance	PIC : Legal / Internal Audit
Positive Impact	Good financial performance not only helps boost the confidence of shareholders, customers, suppliers and the public in the Company, but also helps give employees a sense of belonging.		Positive Impact	—	Positive Impact	Complying with laws and regulations helps enhance Hitron's corporate image and also increases the confidence of customers and suppliers, thereby increasing revenue.
Negative Impact	Poor financial performance will affect the confidence of shareholders and customers, reducing investment and orders.		Negative Impact	Improper risk management identification and countermeasures could adversely affect the Company's overall operations. Climate-related risks can also impact the Company's operations and revenue.	Negative Impact	In addition to direct financial fines, violations of laws and regulations will also change the confidence of the public and partners in the Company.
Scope of Impact	Hitron, shareholders, customers, suppliers, and employees		Scope of Impact	Hitron, customer	Scope of Impact	Hitron, customers, suppliers, employees
Impact Aspect	Economy, people		Impact Aspect	Environment, Economy	Impact Aspect	Economy
Policy	Improve the Company's financial system and optimize customer structure.		Policy	Implement the Company's risk management system and regularly assess risk response measures.	Policy	Establish a corporate DNA of compliance.
Commitment	Continue to optimize the Company's business structure and increase the group of strategic customers.		Commitment	Regularly hold risk management meetings to identify and control risks.	Commitment	100% compliance with all relevant regulations.
Projects / Actions	Increase A-tier customers and optimize product mix		Projects / Actions	Quarterly risk management meetings	Projects / Actions	Regular compliance audits
Performance Indicator	EPS		Performance Indicator	Risk response preparation rate	Performance Indicator	Legal violations Incidents

Business ethics		PIC : Legal / Internal Audit		Customer relationship management		PIC : Sales		Supplier sustainability management		PIC : SCM	
Positive Impact	Good business ethics can enhance customers' confidence in the Company, thereby increasing revenue.			Positive Impact	Fully understand customer needs and improve product and service quality. Help the company improve its reputation and market share/revenue.			Positive Impact	Through sound sustainable supply chain governance, we reduce the possible potential risks in the supply chain, improve the supply efficiency of suppliers, the Company's reputation, product quality, and reduce operating costs.		
Negative Impact	Poor business ethics will lead to the loss of partners.			Negative Impact	Resulting in a decrease in customer loyalty and satisfaction, a negative impact on business and goodwill, and even possible litigation. Damage the company's reputation, customer churn, market share/revenue decline.			Negative Impact	The supply chain cannot keep up with international work and environmental trends, the employees lack a friendly work environment, and local laws and policies are violated. Deterioration of the Company's international reputation.		
Scope of Impact	Hitron, customers, suppliers			Scope of Impact	Hitron, customer			Scope of Impact	Hitron, customers, suppliers		
Impact Aspect	Economy			Impact Aspect	Economy			Impact Aspect	Economy, environment, people, human rights		
Policy	The Company strictly enforces business ethics.			Policy	Understand customers' needs and expectations of the Company, improve and provide better services based on customer feedback and the results of satisfaction surveys.			Policy	Follow the Hitron Code of Conduct for Suppliers, and audit key suppliers according to the RBA Standards.		
Commitment	The Company does not engage in unfair competition and does not monopolize.			Commitment	Comply with customer requirements and provide better service quality.			Commitment	Conduct RBA audits of key suppliers, assist suppliers in improving ESG governance, and establish partnerships for mutual benefit.		
Projects / Actions	Regular internal audits and advocacy of antitrust laws and regulations.			Projects / Actions	Conduct regular customer satisfaction surveys and meetings to understand customer feedback.			Projects / Actions	New suppliers opt-in to social responsibility compliance and regularly conduct on-site supplier social responsibility audits.		
Performance Indicator	Antitrust violations Incidents			Performance Indicator	Customer Satisfaction Score			Performance Indicator	Percentage of Level A/B suppliers completed on-site audit for their social responsibility and environmental sanitation. Percentage of localized procurement of mechanical and electromechanical materials		

*Please refer to the corresponding chapter for management policies.

Talent Attraction and Retention
PIC : HR
Positive Impact

Employees are the most important asset of Hitron, and the Company's action to attract and cultivate talents is critical to its corporate business strategy and sustainable development; attracting outstanding talents for cultivation and development serves as a reserve for the Company's long-term development.

Negative Impact

If the talent attraction and retention system is not perfect, problems such as talent loss, inability to acquire external talent, and insufficient organizational skills will occur, which will affect the innovation, growth, and operational performance of enterprises.

Scope of Impact

Hitron, employee

Impact Aspect

Economy

Policy

Attract high-quality global talents, cultivate employee development to improve organizational capabilities, and retain key outstanding talents.

Commitment

Creation of a comprehensive talent development mechanism and remuneration system.

Projects / Actions

Regularly conduct employee satisfaction surveys to actively build employer brands.

Performance Indicator

A-level talent retention rate/new employee retention rate

Labor relations
PIC : HR
Positive Impact

A good labor relation is conducive to Hitron attracting outstanding talents, and can also enhance the company's productivity.

Negative Impact

Labor relations affect the stability of the overall organization and indirectly affect the Company's business performance and product quality.

Scope of Impact

Hitron, employee

Impact Aspect

Economy, people, human rights

Policy

Continue to promote labor harmony and establish a smooth communication mechanism.

Commitment

The Company always provides feedback on employees' opinions.

Projects / Actions

Regular employee communication meetings and labor meetings.

Performance Indicator

Labor meeting issues completion rate

Compensation & Benefits
PIC : HR
Positive Impact

We recruit outstanding talents with competitive benefits and salaries, so that they can enjoy their work with a peace of mind and stabilize the Company's business development.

Negative Impact

Salary and benefits affect talent's decision-making when it comes to job hunting. Industry pull also leads to talent drain, lowering the Company's business innovation and competitiveness.

Scope of Impact

Hitron, employee

Impact Aspect

Economy, people

Policy

To attract and retain outstanding talents, we provide employees with competitive remuneration and benefits on the market.

Commitment

Employee salary and benefits better than the industry average.

Projects / Actions

Continue to improve the company's salary and welfare system.

Performance Indicator

Quantile of Employee Overall Compensation in Market

Waste Management	PIC : EHS	Green Products	PIC : RD
Positive Impact	—	Positive Impact	To mitigate climate change, we have begun to introduce green design thinking into the design side to create product value for customers and contribute to net zero carbon emissions.
Negative Impact	Ineffective management of pollutants (waste) may raise operating costs and raise concerns among stakeholders.	Negative Impact	During green product R&D and innovation, patent, prospective development, and R&D, involved personnel may have to work overtime, this increasing product prices. It is also possible that there are difficulties in scouting suitable R&D talents, with the result being uncompetitive products.
Scope of Impact	Hitron	Scope of Impact	Hitron, customers, suppliers
Impact Aspect	Environmental	Impact Aspect	Economy, Environment
Policy	Committed to pollution prevention, waste reduction, energy efficiency improvement, and reduction of greenhouse gas emissions.	Policy	Design and develop products and services with strategic thinking
Commitment	Design from the source to increase the 3R ratio for products and packaging materials; reduce operational waste and increase recycling rate.	Commitment	Examine products' full life cycle carbon emissions and reduction opportunities from a life cycle perspective.
Projects / Actions	Promote environmental awareness and turn waste into resources.	Projects / Actions	Introduce PCR plastic materials in product design, and actively reduce product packaging.
Performance Indicator	Recyclable waste (%)	Performance Indicator	Percentage of plastic products using PCR

*Please refer to the corresponding chapter for management policies.

1

Corporate Governance



1.1 Corporate governance

1.2 Financial Performance

SDG 3 SDG 8

1.3 Code of Conduct

SDG 16

1.4 Risk Management

1.5 Information Security

1.6 Legal Compliance

SDG 5 SDG 16

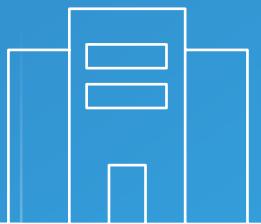
1.1 Corporate Governance

Management focuses in 2023 and plan for 2024

In 2023, Hitron was ranked in

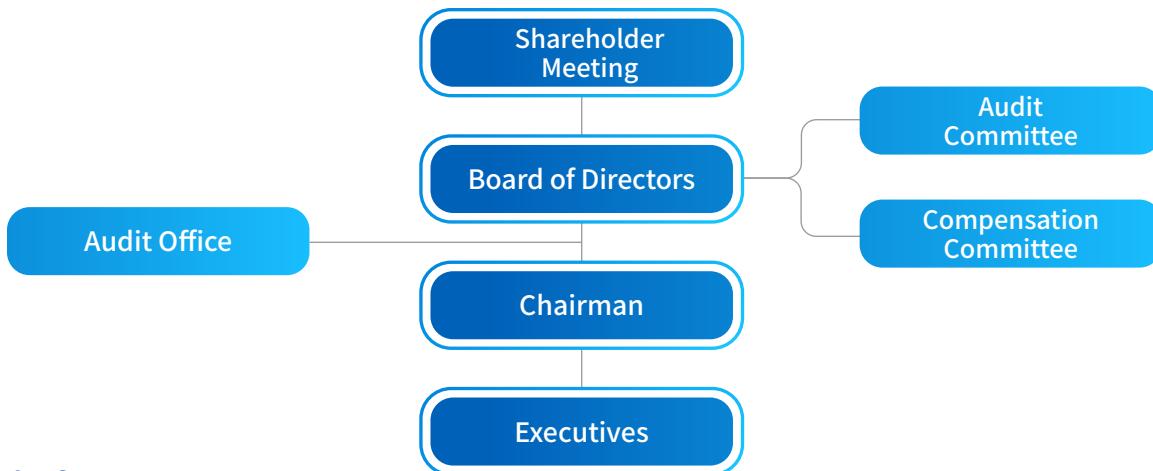
21 % ~ 35 %

in the 10th corporate governance evaluation and will order an external evaluation of the performance of the Board of Directors in 2024. We will continue to pay attention to the relevant indicators of corporate governance and improve our corporate governance system and evaluation results.



Corporate governance structure

Hitron formulated and implemented corporate governance measures and established a transparent corporate governance structure in accordance with the Company Act, the Securities and Exchange Act, and other applicable laws and regulations and actively discloses information on financial performance and board operations to stakeholders to protect their rights.



Board of Directors

The Board of Directors is the highest governing body and the highest decision-making center of the Company.

Directors are elected from a list of candidates at a shareholders' meeting based on a candidate nomination system. The Board of Directors consists of nine directors (including three independent directors) with extensive experience in various professional fields, of which two are female members, enhancing board diversity. In addition, to ensure the independence of independent directors, the three independent directors elected by the Company have not been in office for more than nine years.

Directors perform their duties objectively and independently and formulate corporate governance policies based on high standards, to allow the board to operate effectively, thereby protecting shareholders' rights and interests, enhancing stakeholders' interests, and duly implement business and future development strategies. The President is entrusted by the Board of Directors to be responsible for the implementation of the Company's development strategies in the economic, social, and environmental aspects and the performance thereof.

The Board of Directors discloses material information on the Market Observation Post System (MOPS) in accordance with the requirements of the Financial Supervisory Commission (FSC) and will convene an extraordinary board meeting, if necessary, in accordance with the Articles of Incorporation. In 2023, there was no material information disclosed on the MOPS except the material change in personnel disclosed on the MOPS.

Implementation of board diversity policy

We have formulated the Corporate Governance Best Practice Principles in accordance with the law. The composition of the Board of Directors should be based on the diversity principle. The directors who are also managers of the Company may not account for one-third of all directors; also, an appropriate diversity policy should be based on the operation, model of operation, and development needs and may include but be not limited to the criteria in these two major aspects:

1. Basic criteria and values: Gender and age
2. Professional knowledge and skills: Professional backgrounds, professional skills, and industry experience.

* Please refer to the information on the MOPS for directors' training.

Specific management objectives of the diversity policy and achievement status

Management objective	Achievement status
The number of directors who are also managers of the Company may not account for one-third of all directors.	Achieved
There are at least two female directors on the board.	Achieved
Independent directors shall serve no more than 3 terms.	Achieved

Title	Name	Gender	Working as an employee	Length of service as an independent director			Professional knowledge or skills			Age			Board meeting attendance (times)	Attendance (%)
				Less than 3 years	3–9 years	Over 9 years	Industry	Academic	Financial accounting	41-60	61-80	81 and above		
Chairman	April Huang	Female					●		●				5	100%
Director	Peter Chen	Male					●		●				5	100%
Director	David Chou	Male					●			●			5	100%
Director	Patrick Chiu	Male	●				●			●			5	100%
Director	Adams Lee ²	Male					●			●			4	100%
Director	Amy Liu	Female					●		●		●		5	100%
Independent director	Chen, Lo-Min	Male		●			●		●		●		5	100%
Independent director	Lin, Mao-Chao	Male		●			●	●			●		4	80%
Independent director	Li, Da-Wei	Male		●			●		●		●		3	100%

¹The Company held a re-election of directors on May 25, 2023.

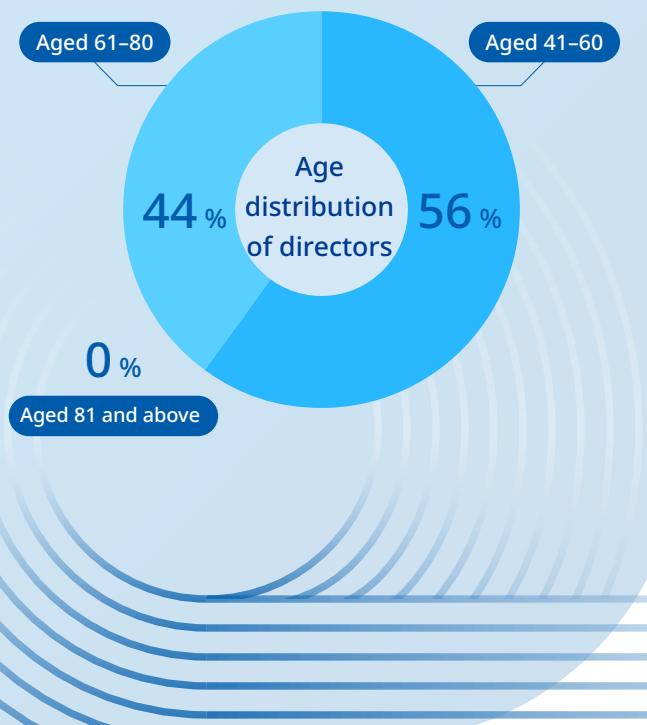
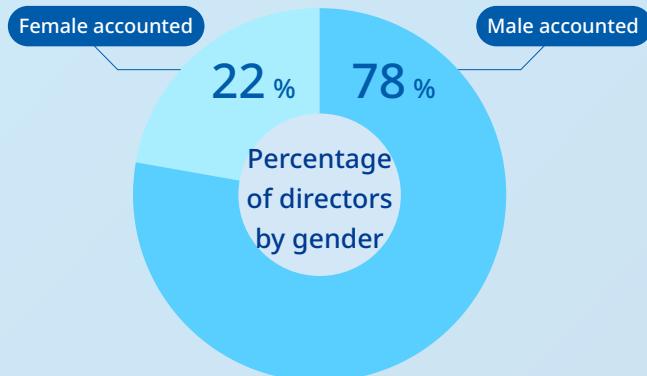
²Adams Lee, representative of corporate director, Alpha Networks, resigned on October 1, 2023.



Annual Report

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Implementation of board diversity policy



Operation of the Board of Directors

The Board of Directors holds at least one meeting per quarter. In 2023, the board held five meetings in total, with the attendance reaching an average of more than 80% and performed its duties in accordance with the Articles of Incorporation, the Rules of the Procedure for Board of Directors Meetings, and applicable laws and regulations.

To implement corporate governance and improve the functions of the board, we adopted the "Self-Evaluation Regulations on the Performance of the Board of Directors" in 2019 to require that the board conduct an internal performance evaluation at least once per year and be subject to an external performance evaluation at least once every three years. The Company's first external performance evaluation was conducted by the Taiwan Corporate Governance Association in 2023, and the evaluation results were OK.

We conduct internal performance evaluations of the Board of Directors, board members, the Audit Committee, and the Remuneration Committee Compensation Committee per year and completed the performance evaluations of the Board of Directors and various functional committees by the end of 2023. The self-assessment results have achieved scores of 97 or above, and the evaluation results are all "excellent," indicating that the operation of the board is excellent, and have been reported to the Board of Directors in the first quarter of 2024.

Directors liability insurance

We have purchased liability insurance for directors and managers; and evaluate the insurance coverage regularly each year and report the directors' liability insurance renewal status to the Board of Directors.

Audit Committee

We set up an Audit Committee in 2017, which is formed by all independent directors. The committee manages and controls the fair expression of the Company's financial statements, the appointment (dismissal) of certified public accountants (CPAs) and their performance and independence and suitability, the effective implementation of the Company's internal control, the Company's compliance with applicable laws and regulations, and the Company's existing or potential risks. Relevant annual major tasks and operations are disclosed in "Operation of the Audit Committee" of the Company's 2023 annual report.

The communication records, matters communicated, and results are disclosed in "Communication between Independent Directors and Chief Internal Auditor/CPAs" of the Company's website

Attendance of committee members

Title	Name	Attendance (times)	Attendance (%)
Convener	Chen, Lo-Min	4	100%
Committeemember	Lin, Mao-Chao	3	75%
Committee member	Li, Da-Wei	3	100%

Compensation Committee

To improve corporate governance and enhance the management of salary and remuneration, the Remuneration Committee was established in 2011 in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. Its duties are to assist the board in formulating and regularly reviewing the Remuneration Committee Charter and making suggestions about amendments; formulating and regularly reviewing the policies, systems, standards, and structures of directors' and managers' performance evaluation and remuneration; and regularly setting directors and managers' remuneration and evaluating their performance; as well as establishing a hierarchy of salary and strategies based on the industry competition, business performance, and market benchmark.

Attendance of committee members

Title	Name	Attendance (times)	Attendance (%)
Convener	Chen, Lo-Min	2	100%
Committee member	Lin, Mao-Chao	1	50%
Committee member	Li, Da-Wei	1	100%

Conflicts of Interest Management

The Rules of Procedure for Board of Directors Meetings and the Audit Committee Charter contain a recusal system for conflicts of interest. For an agenda item of the board meeting in which a director has any conflict of interest, whether personal or related to the juridical person represented, any material information regarding the conflict of interest must be disclosed at the board meeting. If the conflict of interest may damage the Company's interest, the director should recuse themselves from participating in the discussion and voting; and be forbidden to act as a proxy for another director in the voting process.

We set up independent directorships in 2017. The independent directors put forth suggestions in a fair and objective manner based on their expertise and experience. Their opinions are fully considered when the Board of Directors discusses various motions. If they express objection or an opinion, the objection or opinion will be included in the meeting minutes. They also follow the recusal principle in the case of a conflict of interest to effectively protect the Company's interest.

Internal Audit Mechanism

We established an internal audit system in accordance with laws and regulations. The auditors' main responsibilities are to assist the management in establishing an internal control system to reasonably ensure the achievement of the following objectives:

1. Reporting is reliable, timely, transparent, and compliant with applicable regulations.
2. Legal Compliance with applicable laws and regulations.
3. Effectiveness and efficiency of operations. Based on the risk assessment and legal regulations, internal auditors formulate an annual audit plan (including self-assessment) based on risks assessed and according to laws. Through the implementation of the audit plan and self-inspection, they continuously check the risks, provide timely improvement suggestions, and regularly report the results to the Audit Committee and the Board of Directors.

In addition, we assess the internal control risks in and audit all the operating sites in Taiwan, Suzhou, China, Vietnam, the Netherlands, and the United States, including three material issues of financial reporting, procurement, and sales, and no material corruption risks and events have been discovered. In 2023, we enhanced the audit of key laws and regulations to meet the requirements of laws and regulations.

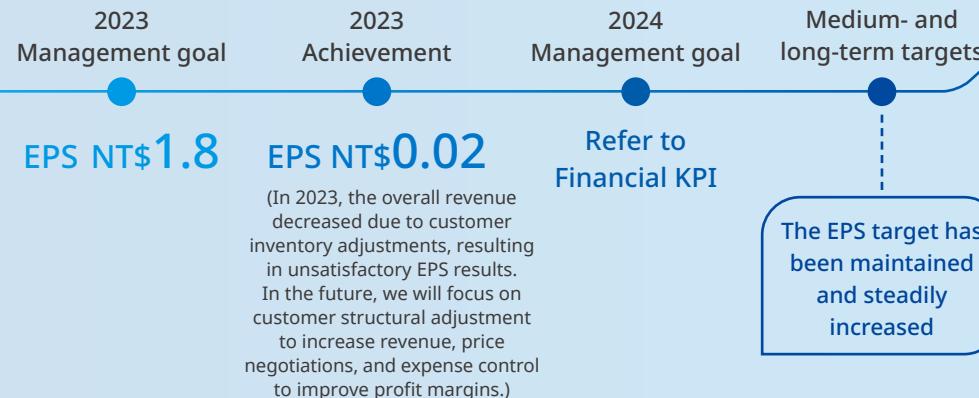
1.2 Financial Performance

Material topic management

Material topics

Financial Performance

Stakeholders

Shareholders, Employees,
and Communities

Financial performance

As per Hitron's 2023 consolidated statement of comprehensive income, operating revenue is NT\$9,403,662 thousand, gross profit is NT\$2,028,151 thousand, gross margin is 22%, operating expense is NT\$1,770,229 thousand, net income after tax is NT\$4,879 thousand, and earnings per share are NT\$0.02.



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Management method

Responsibility

- Finance and Accounting Division, Sales Division

Resources

- Sales team development
- Group synergy



Action

- Continue to enhance the development capabilities of the sales team
- Expand product lines by combining the resources of the Group



Evaluation

- Quarterly report on the achievement of financial performance to the Board of Directors

Unit: NT\$ (thousand)

Item/Year	2021	2022	2023
Operating revenue	9,681,546	12,318,229	9,403,662
Operating margin	1,964,120	2,711,167	2,028,151
Operating expenses	1,668,028	1,913,970	1,770,229
Net operating income	296,092	797,197	257,922
Non-operating income and expenses	12,378	-65,542	-69,208
Net profit before tax	308,470	731,655	188,714
Net income attributable to shareholders of the parent	71,582	482,193	4,879
Earnings per share (EPS)	0.22	1.5	0.02
Gross margin (%)	20.29	22.01	22
Return on equity (%)	1.48	9.65	0.1
ROA (%)	2.09	5.71	2.12

Dividend policy

The Company's industry environment is ever-changing and the Company is in a stable growth stage. Its dividend policy takes into consideration its future capital need and long-term financial planning to pursue a sustainable development strategy.

The Company adopts an excessive dividend policy and its issuance terms, timing and amount are handled according to Article 29-1 of the Articles of Incorporation. The Company establishes plans according to the future capital demands. When there is a surplus earning at the final account of a fiscal year and when the distributable earnings of the current year reach 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount of the cash and share dividends issued in the current year.

Unit: NT\$ (thousand)

Item/Year	2021/ (distribution in 2022)	2022/ (distribution in 2023)	2023/ (distribution in 2024)
	Cash dividends	NT\$0.15/share	NT\$1.5/share
Amount of divi-dend	47,969	481,976	96,395

Government grants and the Company's donations are as follows:

Unit: NT\$ (thousand)

Item/Year	2021	2022	2023
Employee salary and benefits	1,325,824	1,520,365	1,351,146
Amount of government grant	18,033	8,625	4,193
Charity donation	1,746	1,982	2,055

1.3 Code of Conduct

0 corruption event 100 % of the employees received code of conduct training

Management focuses in 2023 and plan for 2024:

100 % of the employees received code of conduct training in 2023.

In 2024, we will continue to offer the training.



Ethical management is an enterprise's most basic social responsibility and is beneficial to the Company's operation and long-term development. Unethical conduct not only causes losses to an enterprise but causes problems, such as employees' low ethical standards or customers or business partners' mistrust, which may lead to involvement in illegal acts, such as lobbying and bribery, undermining the corporate governance mechanism and causing the business environment to deteriorate.

Hitron has been formulating the codes of conduct and measures since 2014 for employees and suppliers to follow, including the Employee Ethical Conduct and the Integrity Commitment, and included relevant regulations in employment contracts and procurement contracts. We also require all suppliers to sign the Integrity Commitment Letter.

Moreover, the Board of Directors supervised the formulation and adopted the Code of Ethical Conduct for Directors and Managers and the Code of Ethical Management by resolution in March 2019, and we amended the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct for Directors and Managers as the basis to regulate all employees' conduct in March 2021. All directors and managers signed the Statement of Compliance with Ethical Management Policy after the relevant provisions were amended in 2021.

Code of conduct training

Hitron's code of conduct is published on the Company's intranet. We raise all new employees' awareness of such conduct on their first day of work and they are required to sign relevant documents. On the eve of major traditional holidays or other important days, we will remind suppliers and employees that the Company does not accept any gifts, to enhance compliance with the code.

We offer physical or online training on the code of conduct each year (including anti-corruption and insider trading), and we offered such training at all sites around the world in 2023. A total of 871 employees will participate in the training (as shown in the table below), and 100% of the employees completed the training. With the code of conduct training and promotion of the code, there was no violation of the principle of good faith in 2023.

Site	Number of shareholders	Completion rate
Hitron Hsinchu	235	100%
Hitron Suzhou	111	100%
Hitron Vietnam	478	100%
Hitron Americas/Europe	47	100%

Report and suggestion communication mechanism

We also specify reporting mechanisms in the code of conduct. Once we discover that someone or something does not conform to the spirit of integrity or is in violation of the Ethical Corporate Management Best Practice Principles, employees can directly report the violation to the Chairman or the Chief Human Resources Officer through the Chairman's or HR email for further handling. Employees and external parties (such as suppliers, customers, or other stakeholders) can also file a report or complaint through the reporting email: whistleblower@hitrontech.com (in Chinese, English, or other local languages). The responsible unit will conduct investigations and make an investigation report. Once the facts are confirmed, it will be handed over to the Human Resource Evaluation meeting.

We will keep each whistleblower's identity confidential to ensure their safety and prevent them from retaliation. In 2023, the Company formulated the "Regulations for Reporting and Complaint Management" to clarify the grievance or reporting mechanism for various types of grievances, and to report the grievance to independent directors at the same time. We did not receive any report in 2023.

*Implementation and Execution Status of Integrity Management please refer to: www.hitrontech.com/zh-tw/integrity-management/

1.4 Risk Management

Material topic management

Material topics

Risk Management

Stakeholders

Shareholders,
Employees, Customers



Management method

Responsibility

- Risk Management Unit (Human Resources and Administration Division)



Resources

- Cooperation with all departments
- Support by senior managers



Action

- Regularly hold RMC meetings and track KRIs



Evaluation

- Report on the implementation of risk management to the Board of Directors every year

Hitron's risk management focuses on the operation of the risk management system. We have formulated clear risk management policies, set management goals, and continue to track performance indicators to effectively manage risks beyond the Company's risk tolerance. We formulated the Risk Management Policies and Procedures in 2020 and the Board of Directors adopted them on November 4, 2020. We set up the Risk Management Committee (RMC) in 2021 to manage the risks in all aspects of the Company's operation and management.

Organization and structure of RMC

Hitron's RMC was established in July 2021. The President serves as the chair of RMC, and the level A supervisors of each unit serve as its members. It is responsible for deciding Hitron's risk management strategies and setting annual goals and risk performance indicators. Also, we designated the Human Resources and Administrative Department to serve as its secretary-general to be responsible for paying attention to internal and external incidents, identifying potential risks, coordinating and holding risk management meetings, following up risk goals and achievement of management plans. Each unit should prepare risk self-assessment reports, identify high risks, and put forth specific risk improvement plans, to effectively monitor risks and

clarify them at RMC's regular meetings. The operation of the RMC is supervised by the Board of Directors, and the Audit Office regularly performs audits of the implementation of risk measures and reports the implementation to the Board of Directors per year.

In 2023, a total of four RMC meetings were held in accordance with the regulations, and overseas sites conducted risk-related management and control on their own. We also conducted risk assessments and responded to specific issues irregularly in line with the group's requirements.



*Div. Head is member of RMC

Operation of risk management

We regularly hold RMC meetings to follow up on the achievement of risk management goals and improve the implementation of the plan.

In 2023, the President determined the Top 3 risks of that year through the risk matrix and the risk examination form and formulated risk management plans and objectives regarding 2023 profitability, an excessive concentration of customers in North America MSO and inventory management. We adopted the Group's key risk indicators (KRIs), accident notification mechanism and principles to manage and control risks related to the Company's operations.

As high as 17% of a risk response kit was prepared in 2023. RMC will continue control KRIs that are not up to standard in 2024 and revise the response guidelines as appropriate to reduce the impact on the Company's operations.



Group defense mechanism

Hitron proactively participates in the risk management system of which Qisda as the core, attends Qisda Group's regular meetings, as well as has established reporting channels and an information exchange platform. We use the Group' resources and participate in training and exercises to build the Company's ability to respond quickly to crises. We use the Group' resources, share information, participate in training and exercises to build the Company's ability to respond quickly to crises. When Taiwan was at a level 3 alert because of the pandemic in 2021, we followed the measures shared by the Group, quickly implemented relevant anti-pandemic measures, such as flexitime/work from home (WFH) to cope with the impact of the pandemic.

Emergency response exercises and training

We set up an emergency response teams for fire, earthquake, and wind/flood, and formulated emergency contingency plans; we also organize exercises annually for specific situations (such as fires) to reduce the damage caused by emergencies. We also continue to formulate business continuity plans (BCP) for specific projects in accordance with the ISO22301 standards, to ensure that the Company can continue to operate in the case of a disaster and maximize the protection of customers' needs from being affected. The Company's Vietnam Factory also obtained ISO 22301:2019 certification.

To enhance employees' emergency response skills, we organize emergency response and fire training each year to ensure personnel safety and reduce disaster losses.



1.5 Information Security

0
Information security incidents

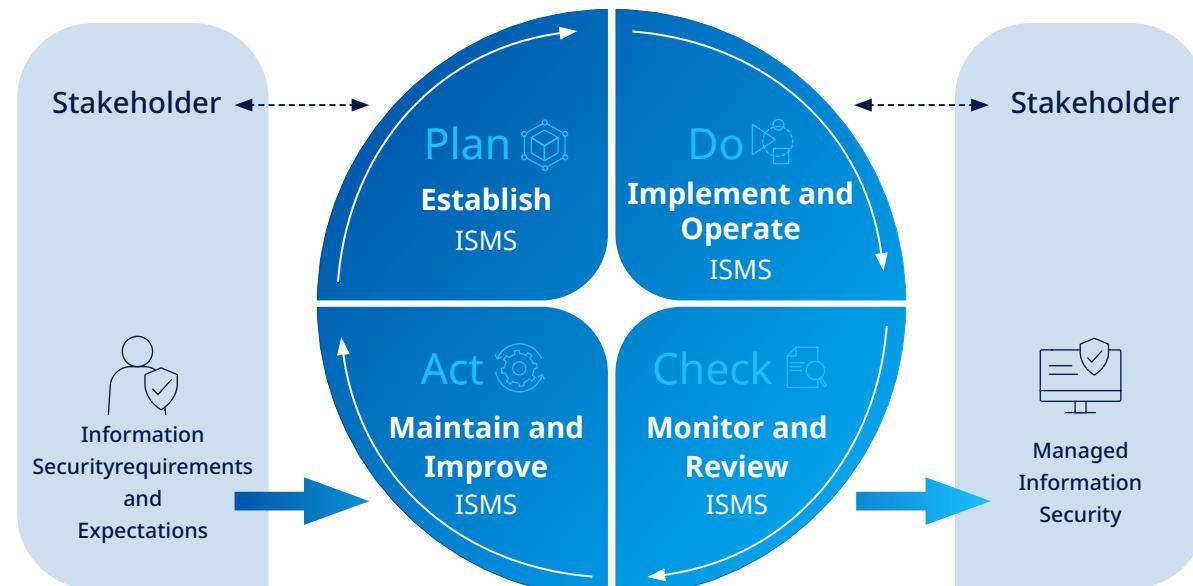


Information security policy

To ensure the confidentiality, integrity, availability, and legality of information assets (hardware, software, data, documents, and personnel related to information processing) and avoid internal and external intentional or accidental threats, we evaluated the Company's business needs and formulated an information security policy in accordance with the ISO 27001 standard and passed to obtain the ISO 27001 certificate in June 2020.

Information security management system (ISMS)

After considering the information security requirements and expectations of all stakeholders in the organization, Hitron established the Information Security Management System Promotion Committee to facilitate information security management matters and raise information security awareness. We have also introduced the PDCA management cycle to create an ISMS responding to internal and external environment changes during the process. Hitron constantly adjusts the management direction, assesses and proposes improvement plans to maintain the effectiveness of the ISMS, and reports the implementation status to the Board of Directors every year.



Based on the information security management framework ISO 27001:2013, the Committee establishes the Company's information security documents, including information security operation forms and records, operating procedures, procedures, and policies, etc. Based on these, we formulate organizational management, information asset protection, and resource allocation and management documents hierarchically and correspond to each aspect of information security.

Information risk management

For risk management, the Company follows the requirements of management system ISO 27001:2013, uses the framework and procedures of ISO 31000 Risk Management Principles and Guidelines. Also, the Company establishes a risk management framework to continuously monitor major risks, in order to achieve the goals of risk management and reduce costs, costs, reputation, etc.

Information security and internet risk assessment

To properly protect the activities within Hitron's information security management system, implement relevant regulations, and execute risk assessment procedures, we determine response measures through risk assessment and internal meetings, to effectively reduce, transfer, and eliminate risks.

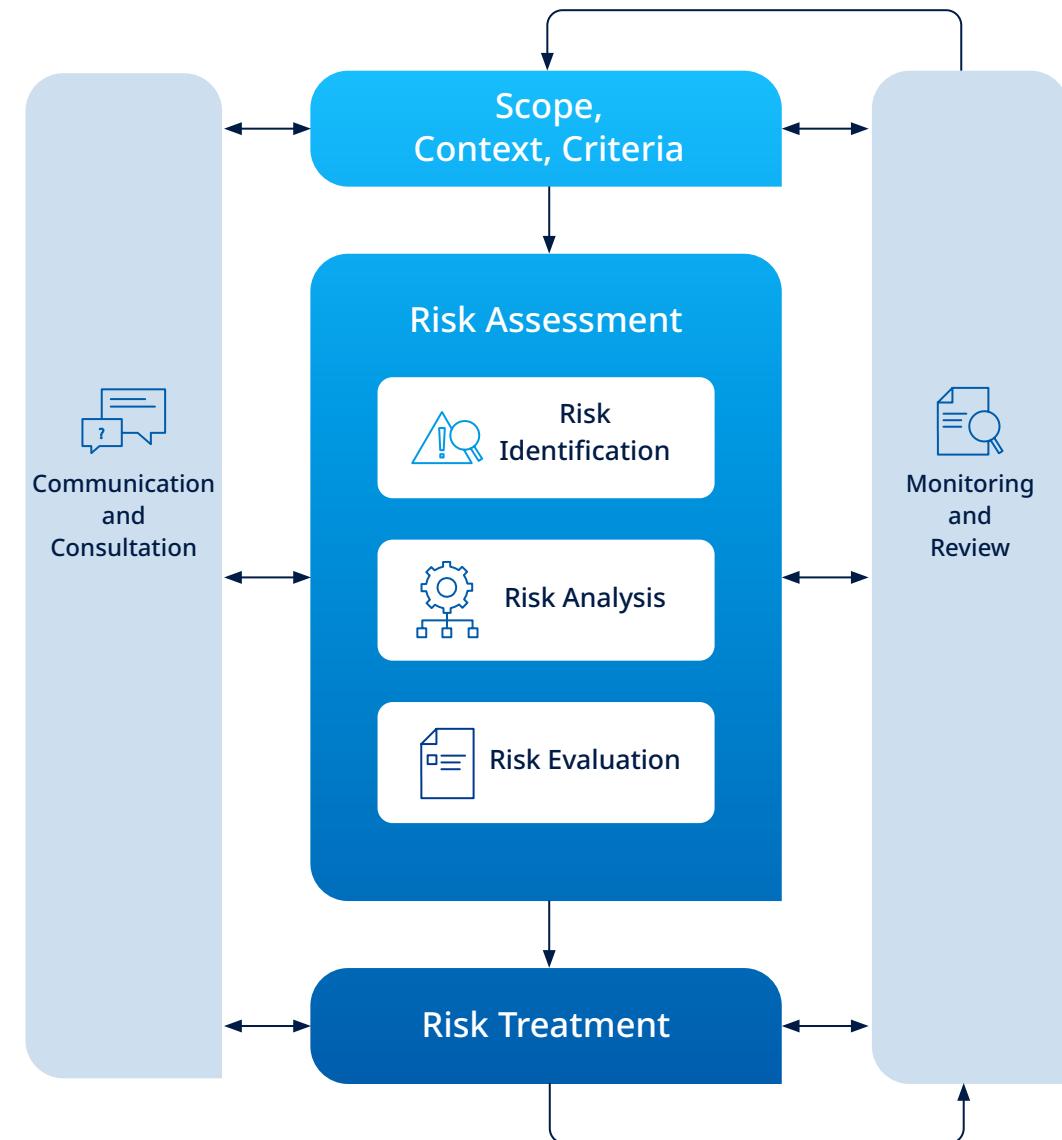
We regularly review various laws and regulations each year and evaluate and amend the Company's internal information security regulations to ensure compliance with laws and regulations and raise employees' awareness of relevant changes. In addition to the basic information security training for new employees, the Company regularly organizes email exercises to enhance employees' knowledge of information security, such as sending and receiving emails, to reduce the risk of employees clicking on malicious emails by accident, while offering online courses on information security for all employees to enhance their information security awareness and ensure that they put into practice information security concepts in daily operations.

In 2023, we held two information security education and training sessions, namely, 3 hours of "You Need to Know - Don't Be a Technology Lamb to be Slaughtered" and 3 hours of "Social Engineering and Information Security Advocacy". A total of 98 people attended the courses, and the total number of hours was 294 hours . We actively take relevant information security measures, such as the establishment of a remote backup mechanism for each plant.

2023 information security education and training sessions

98 people

294 hours



1.6 Legal Compliance

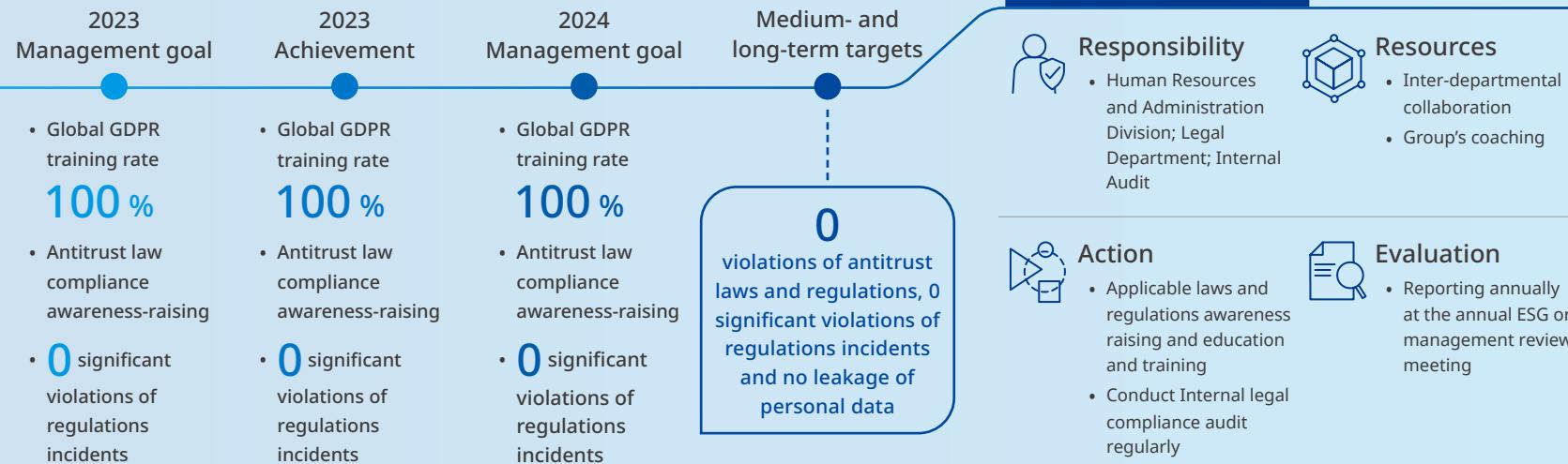
Material topic management

Material topics

Legal Compliance & Business Ethics

Stakeholders

Customers, Suppliers, Community and Governments



*Significant violations of regulations incidents: refer to cases which fines exceed NT\$200,000 or cases get "Stop work" order.

Hitron has operating sites in different countries around the world. To ensure that the Company and employees abide by the laws and regulations of various countries when doing business, we have formulated relevant policies and measures for the laws and regulations of Taiwan and other countries, including personal data protection, confidentiality, anti-bribery, anti-discrimination, environmental protection, intellectual property protection, anti-insider trading, anti-unfair competition, and labor protection regulations. We also work to fulfill our corporate social responsibility.

All our employees follow the compliance policy, and work with other departments to improve compliance performance. Internally, we require our employees to actively maintain integrity and we provide a safe and healthy work environment free of pollution to improve workers' safety.

Throughout the life cycle of products, we proactively reduce the use of substances hazardous to the environment to comply with environmental regulations and continue to reduce the impact on the environment. In 2023, there was no violation of laws and regulations at Hitron (including environmental protection, occupational safety and health, and labor laws and regulations).

Furthermore, in response to the enforcement of the EU General Data Protection Regulation (GDPR) and the Personal Information Protection Law of the People's Republic of China, we have taken measures internally, including education and training and analysis of the impact of such laws and regulations on relevant departments, and the project team has established relevant management procedures or form templates. We continue to follow up and pay attention to the development trends of such laws and regulations on personal data protection in various countries, to fulfill our corporate social responsibility for personal data protection. As high as 100% of the staff received training in 2023.

2023 Law Compliance Performance



0
Violations of regulations incidents



100 %
Employees trained for GDPR

2

Workplace of Happiness



2.1 Employee status

SDG 4

2.2 Learning and Development

SDG 4

2.3 Human Rights Management

SDG 5 SDG 8 SDG 10

2.4 Workplace of Happiness

SDG 5 SDG 8 SDG 10

2.5 Social Participation

SDG 10 SDG 12 SDG 13 SDG 17

2.1 Employee Status

Material topic management

Material topics

Talent Attraction and Retention

Stakeholders

Employees

2023
Management goal

90 %

Level-A talents were retained

2023
Achievement

96 %

Level-A talents were retained

2024
Management goal

90 %

Level-A talents were retained

Medium- and long-term targets

95 %

Level-A talents were retained

85 %

New employees were retained

Management method



Responsibility

- Human Resources and Administration Division and relevant departments



Resources

- Inter-departmental collaboration



Action

- Establishment of competitive compensation
- Continue to build employer brand



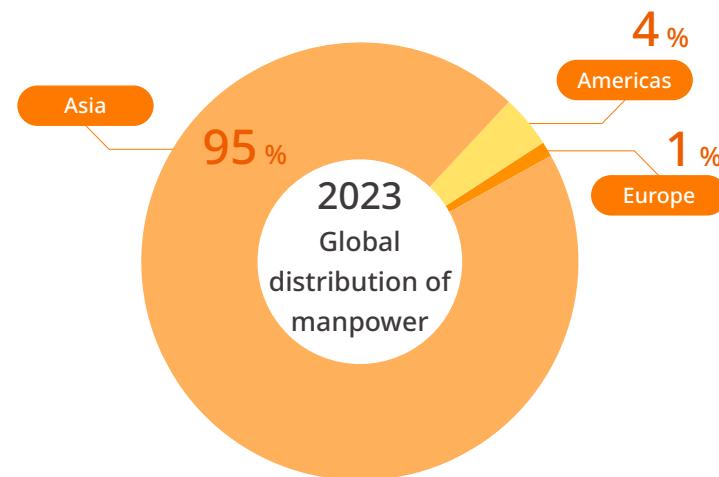
Evaluation

- Report on the achievement of goals at the monthly operations meeting

Composition of employees

Employees are the Company's valuable assets. We attach importance to diversified development, abide by the local laws and regulations where we operate business, provide a safe work environment, prohibit forced labor and child labor, and provide equal job opportunities and equal pay for equal work, regardless of race, gender, sexual orientation, age, nationality, political affiliation, and religion, to attract employees from all over the world to join and allow them to grow together with the Company.

By the end of 2023, the global employees number was 920, including 873 in Asia, 41 in the Americas, and 6 in Europe.



The global distribution of manpower in 2023 is as follows:

Unit: Number of people

Region	Hitron Hsinchu			Hitron Americas			Hitron Europe			Hitron Vietnam			Hitron Suzhou			Total		
Category	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Indirect	143	87	230	31	10	41	5	1	6	119	105	224	61	42	103	359	245	604
Direct	0	0	0	0	0	0	0	0	0	131	134	265	0	0	0	131	134	265
Temp worker (direct)	0	0	0	0	0	0	0	0	0	16	34	50	0	0	0	16	34	50
Contract worker	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Total	143	88	231	31	10	41	5	1	6	266	273	539	61	42	103	506	414	920
People with disabilities	0	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3

¹The number of employees specified in this chapter is based on Hitron's employees (full-time and students in the cooperative education programs) and temp workers (outsourced workers) as of December 31, 2023 (the number of temp workers: 50 in Vietnam and zero at other sites), excluding the number of employees of the subsidiary, Interactive Digital International.

²Employees with disabilities recruited are more than what is required by law.

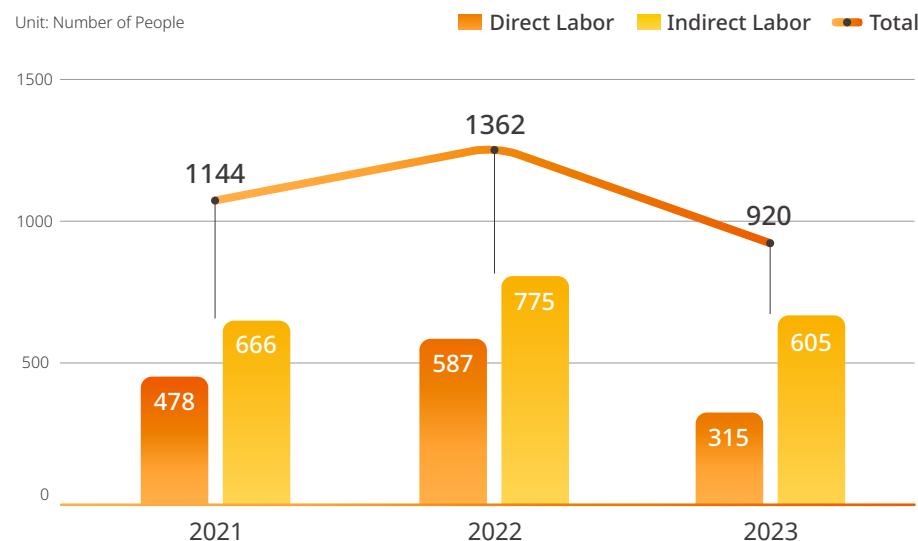
Employee Hiring

The pandemic has affected the global economy and business development strategies. The rising costs and the decentralized global supply chains have led to increasing challenges in the external environment. As for changes in a long-term manpower plan and organizational restructuring, to enhance the Company's competitiveness, we need to restructure the organization and adjust production capacity. Hitron Hsinchu is located in the Hsinchu Science Park and also has a plant in Vietnam. In addition to business teams in Europe and the United States, we have technical and business operation teams. In addition, we have service personnel stationed in Canada and South America.

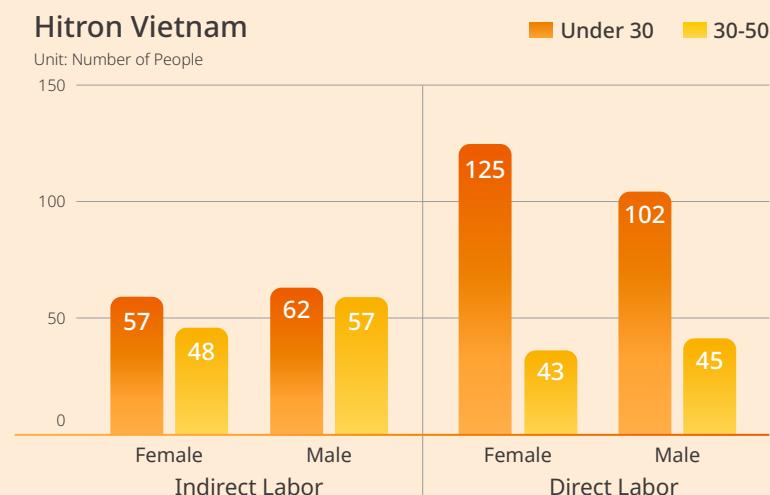
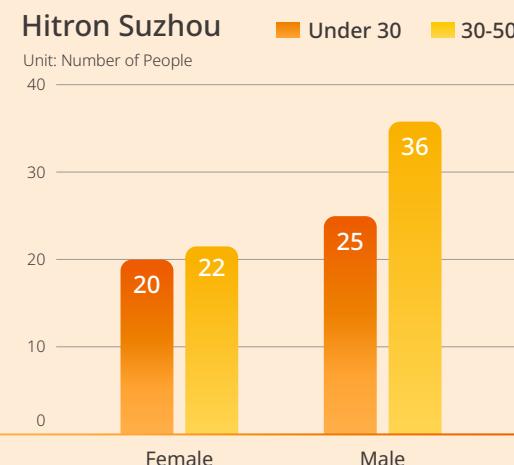
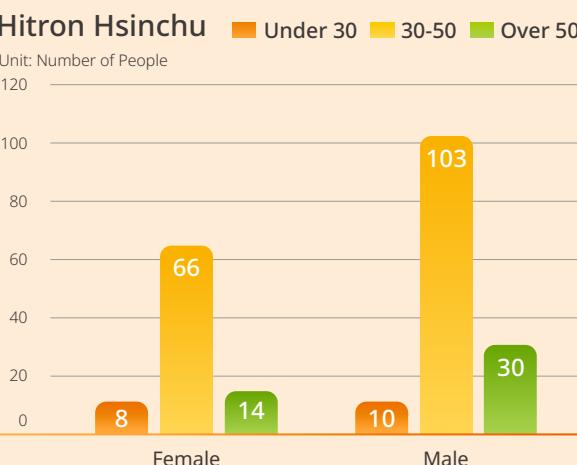
During the outbreak of the pandemic, the Company's ability to respond to the crisis was challenged. We have various anti-pandemic measures in place to respond to the pandemic situation in real time. During the escalation period, we, to ensure safety of employees and maintain productivity, adopted conference calls and video conferences through communication software for remote work and formulated relevant policies on remote work and working from home to strengthen the flexibility of the work environment, in line with the government's anti-pandemic policy.

We attach great importance to the diversity of talents and recruit excellent talents in an open and transparent manner based on their personal professional skills in the recruitment process in compliance with national laws and regulations, including the Labor Standards Act, Employment Service Act, and the Act of Gender Equality in Employment. Every employee can develop their personal skills in this organization through fair appointment, salary, and benefits, education and training, and promotion; they can participate in various company activities and decision-making process, thereby enhancing the Company's competitiveness.

Number of employees in the most recent three years



Distribution of employees by age and gender at each site



New hire / Turnover of Hitron Hsinchu in 2023

Item		Indirect Labor		Direct Staff		Total	
2023	Age	Male	Female	Male	Female	Male	Female
New hire (%)	Under 30	2	3	0	0	2	3
	30-50	3	7	0	0	3	7
	Over 50	1	0	0	0	1	0
Total		6	10	0	0	6	10
Total number		16		0		16	
Turnover	Under 30	5	4	0	0	5	4
	30-50	11	10	0	0	11	10
	Over 50	7	2	0	0	7	2
Total		23	16	0	0	23	16
Total number		39		0		39	

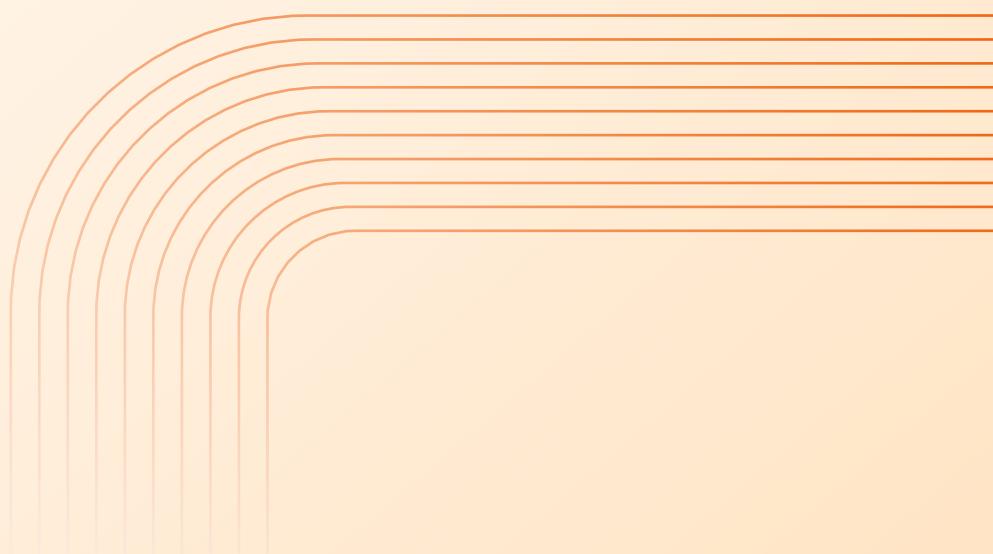
New hire / Turnover of Hitron Vietnam in 2023¹

Item		Indirect Labor		Direct Staff		Total	
2023	Age	Male	Female	Male	Female	Male	Female
New hire (%)	Under 30	11	18	39	50	50	68
	30-50	4	3	11	10	15	13
	Over 50	0	0	0	0	0	0
Total		15	21	50	60	65	81
Total number		36		110		146	
Turnover	Under 30	58	40	190	144	248	184
	30-50	26	13	54	41	80	54
	Over 50	0	0	0	0	0	0
Total		84	53	244	185	328	238
Total number		137		429		566	

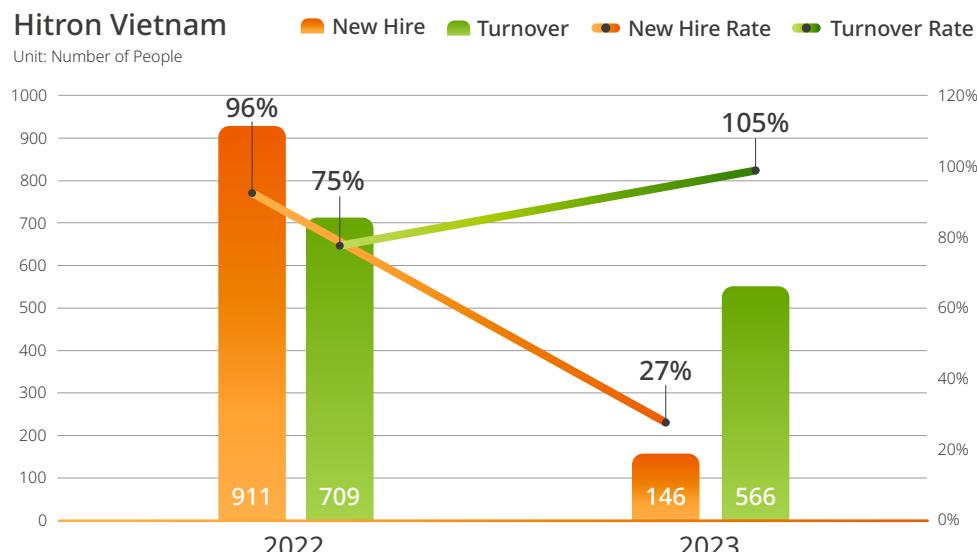
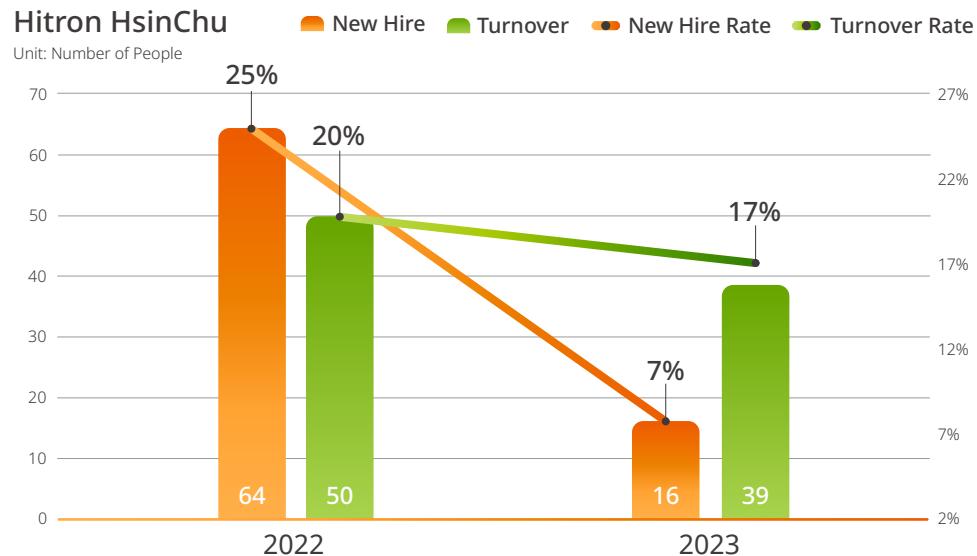
New hire / Turnover of Hitron Suzhou in 2023

Item		Indirect Labor		Direct Staff		Total	
2023	Age	Male	Female	Male	Female	Male	Female
New hire (%)	Under 30	4	1	0	0	4	1
	30-50	0	0	0	0	0	0
	Over 50	0	0	0	0	0	0
Total		4	1	0	0	4	1
Total number		5		0		5	
Turnover	Under 30	7	3	0	0	7	3
	30-50	4	0	0	0	4	0
	Over 50	0	0	0	0	0	0
Total		11	3	0	0	11	3
Total number		14		0		14	

¹It does not include temp workers (outsourced workers) as they are used to meet the manpower demand to process orders during a certain period, and the employment and control rights are owned by the outsourcing company, so they are not included in the new hire/turnover data; but they are included in the subsequent occupational injury data.



New hire and turnover rate in the most recent two years



Localized recruitment

Hitron proactively recruits and cultivates outstanding talents from various countries and continues to take employment of local talents for managerial positions as a key goal and lists it as one of the annual performance evaluation indicators of each plant, to actively put into practice the concept of recruitment of local talents.

In addition to continuously increasing local job opportunities, we offer great salaries to talents and cultivate local talents through education and training on basic job skills and managerial skills.

In 2023, 85% of local talents held managerial positions. The number of local talents holding managerial positions in each region is shown in the table below.

Local managerial talents 2023¹ Employment data table

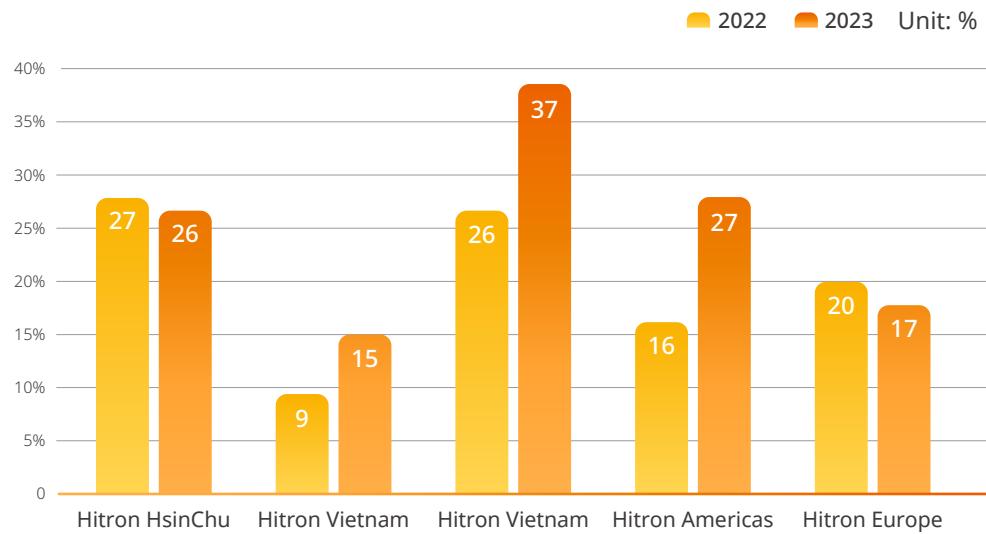
Region	Managerial Staff (%) ²	Local Managerial Staff (%) ³
Hitron Hsinchu	26%	100%
Hitron Vietnam	15%	66%
Hitron Suzhou	37%	97%
Hitron Americas	27%	100%
Hitron Europe	17%	100%

¹Managerial talents refer to staff with management competencies at job level M.

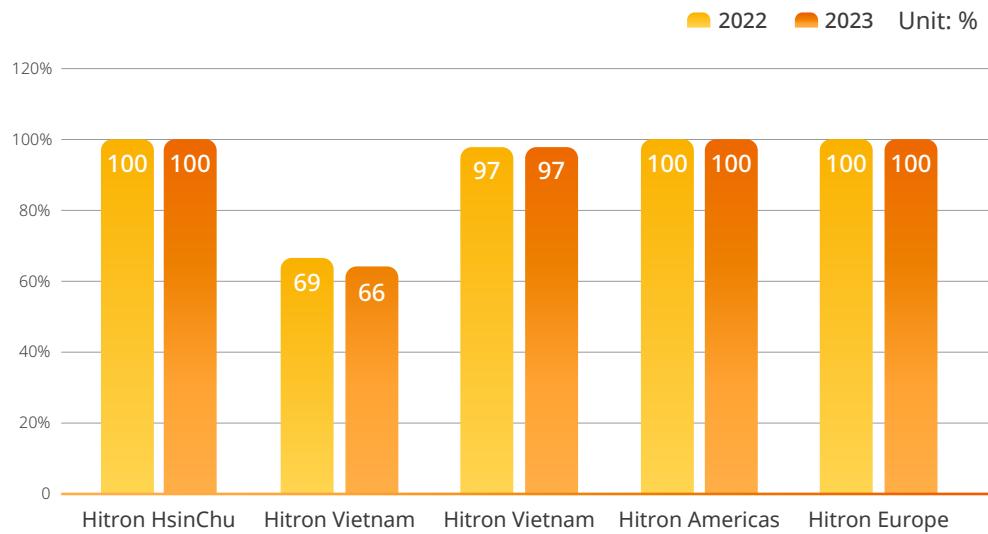
²Calculation formula of percentage of managerial staff: Total number of managerial staff (including expatriates)/ Total number of local employees

³Calculation formula of percentage of local managerial staff: Number of local managerial staff/ Total number of managerial talents (including expatriates)

Managerial staff percentage in recent two years



Local managerial staff percentage in recent two years



Women in Technology

Distribution of Female Employees	Percentage of Female Employees ¹	Percentage of Female supervisors ²	Proportion of Women in R&D ³
Hitron HsinChu	38%	22%	19%
Hitron Suzhou	41%	24%	39%
Hitron Vietnam	51%	38%	0%
Hitron Americas	24%	27%	0%
Hitron Europe	17%	0%	0%

¹Percentage of Female employees=Female employees number/total employees number.

²Percentage of Female supervisors=Female supervisors number/total supervisors number.

³Percentage of women in R&D=Female RD employees numbers/Total RD employees number.



2.2 Learning and Development

Provided an average of
29.35 hours
training per employee in 2023



We attach great importance to the training and development of employees and have developed leadership, professional, and general training programs based on the training development blueprint, allowing them to improve their skills in all aspects.

Leadership training program:

It is divided into business acumen improvement and leadership management. Different courses are on offer depending on needs per year. In 2023, different courses were offered based on the needs of executives at all levels, including "Development of management talent of new executives - smart executives creating team value and super-leadership"; "Strategic Leader Program influence and persuasion"; "VLP business philosophy."

Functional training program:

We plan professional courses and internal professional knowledge sharing courses based on each department's professional fields, enabling each department to continuously enhance and share its professional new knowledge. In 2023, we will focus on R&D patents and ESG-related courses, including "Patent Introduction", "Patent Tips", "Circular Economy Workshop", "Sustainability Report Course", "Carbon Footprint Management Practice Workshop", "Sustainability Management Specialist Certification Training."

Essential training program:

We offered language, document or file software, and legal requirements courses outside the professional fields. Due to the importance attached to health awareness and information security issues in recent years, we also included healthy lifestyles and information security seminars in the courses that must be held per year.

LTP Leadership Training Program

Business Acumen

- Finance & Accounting
- Networking Market Trend
- Networking Technology Trend

Leadership

- Leadership Skills
- Management Skills
- Talent Development Skills

FTP Functional Training Program

- Technical R&D
- Supply Chain Management
- General Management

- Sales & Marketing
- Manufacturing Management
- Quality Management

ETP Essential Training Program

- New Employee Orientation
- Training for improved efficiency

- Training required by legal
- Language Training
- MS-Office

The average training hours of each plant in 2023 are as follows

Unit: Hour

Region	Direct			Indirect		
	Male	Female	Total	Male	Female	Total
Hitron Hsinchu	N/A	N/A	N/A	20.71	20.91	20.78
Hitron Suzhou	N/A	N/A	N/A	3.84	3.62	3.75
Hitron Vietnam	34.22	26.71	30.42	44.09	53.9	48.69
Total	34.22	26.71	30.42	26.14	32.56	28.84

In addition to training courses, the Group assists with the adoption of the continuous improvement program (CIP). Through the CIP, employees are provided with the tools and resources needed to complete their work more efficiently and achieve greater benefits. In 2023, we provided 25 employees with the CIP training and adopted four CIP projects,

covering process improvement, and efficiency improvement. The potential income amounted to US\$1.55 million. Among them, the Software Resource Utilization project was also selected as the best team of the competition in 2023.

Category	CIP Topic
Process Optimization (Product Management)	How to reduce the spec change during product development
Efficiency Improvement (Product Management)	Improve Alpha HW+ Hitron SW project development schedule
Efficiency Improvement (RD)	Call Rate Decrease
Efficiency Improvement (RD)	Software Resource Utilization



2.3 Human Rights Management



The Company conforms to the Universal Declaration of Human Rights, International Labor Organization-Declaration of Fundamental Principles and Rights at Work, International Labour Convention, the Sullivan principles and other human rights standards, as well as adopting standards that are in line with Responsible Business Alliance (RBA), complying with the law and regulations of countries in which each business is located, to protect human rights of employees. Since 2021, Hitron Vietnam has begun to accept external RBA equivalent audits, and the audits results are in compliance with RBA CoC regulations.

As for policies, we have formulated internal management regulations, including employee manual and work rules, on recruitment and appointment, sexual harassment prevention, and anti-bullying in the workplace, Hitron Vietnam has established labor unions and signed a collective labor agreement, to clearly declare that we will protect employees' rights and ensure that they will be properly treated. They mainly include the following human rights protection principles:

1. Freedom of employment and equal job opportunities
2. No unlawful discrimination
3. No child labor
4. No forced labor
5. A safe and healthy work environment
6. Assistance to employees in maintaining their physical and psychological health
7. Attention paid to employees' opinions and effective communication with them
8. Regular review and evaluation of the implementation effectiveness.

We have also formulated the Supplier Code of Conduct and required them to follow it. Hitron began to adopt on-site social responsibility and environmental cleanliness audits in 2021. Up till 2023, we completed the social responsibility and environmental cleanliness on-site audits for 33 level-A/B suppliers, accounting for 34.4%.

The Company began to implement human rights education and training in 2023, starting from Hitron Hsinchu. The content of education and training follows the SA8000 standard and the Company's corresponding response system. A total of 231 people completed education and training, and the total education and training hours were 115.5 hours.

In 2023, all new supplier evaluations included social responsibility requirements, and all 9 new suppliers met the company's relevant requirements.

In 2023, we also conducted human rights due diligence on 16 A/B suppliers (except for one supplier that did not respond, the other 15 responded as required; response rate was 93.75%). Based on our own investigation results, three major human rights risks have been identified as follows, for which the Company also conducted analysis and formulates corresponding plans:

No.	Risk Item	Risk Level	Risk Description	Corrective Action
1	Working overtime	High risk	At present, most manufacturers exceed the local legal upper limit of overtime hours, and some exceed the RBA requirement that the upper limit of overtime hours not exceed 60 hours.	Increase the number of direct labor recruits to reduce the total number of overtime hours.
2	Freedom to join trade unions	Medium risk	A small number of manufacturers do not have trade unions despite having systems in place to manage free association.	Form an independent trade union or a joint trade union organization according to the regulatory requirements.
3	Lack of internal control system for auditing human rights compliance	Low risk	Some suppliers have yet to establish a sound human rights and internal control audit system.	Improvement of human rights-related internal control system. Establish a full-time or part-time audit team to conduct regular audits.

2.4 Workplace of Happiness

Material topic management

Material topics

Compensation & Benefits

Stakeholders

Employees



With the concept of creating a healthy workplace of happiness, we work to plan a variety of employee benefits, enabling all employees to experience a high-quality workplace environment and a corporate culture featuring health and happiness.

Compensation system

We abide by the labor laws of various countries where our major sites are located around the world and offer salary not lower than the minimum wage. There is no preferential treatment or discrimination due to gender, age, religion, race, nationality, and political affiliation. All full-time employees are entitled to the insurance and pension plan stipulated by law. To provide reasonable rewards and attract and retain outstanding talents, we review the Company's internal salary level based on the salary level of the industry and adjust the salary in line with market conditions to ensure fairness. The Company has a comprehensive evaluation and promotion system in place and has annual awards for outstanding employees and excellent teams, and creates employee stock ownership trusts each year. We also establish various reward systems to motivate employees and teams and share profits with them depending on the Company's operating performance for each year by providing performance bonuses and annual employee compensation.

Salary of non-managerial employees in 2023¹

Year	Total salary of non-managerial employees (NT\$ thou-sand)	Average salary of non-managerial employees (NT\$ thou-sand)	Median salary of non-managerial employees (NT\$ thou-sand)
2023	307,550	1,266	1,105
2022	350,325	1,571	1,395

¹Calculated with the formula and requirements under Taiwan Stock Exchange's Taiwan Stock Exchange.

Total salary of non-managerial employees (NT\$ thousand)	Average salary of non-managerial employees (NT\$ thousand)	Median salary of non-managerial employees (NT\$ thousand)
307,550	1,266	1,105

Ratio of the minimum wage standard to the legal minimum wage

Ratio of Hitron's minimum wage standard to legal minimum wage			
Country	Category	Male	Female
Hitron Hsinchu	Indirect labor	1.09	1
Hitron Vietnam	Indirect labor	1.34	1.35
	Direct labor	1.26	1.26

Pension system

We comply with applicable retirement laws and systems around the world to protect employees' retirement rights. The details are as follows:

As per Article 55 of the Labor Standards Act regarding the pension payment standard and Article 56 of the Act regarding a labor retirement reserve fund, the Company contributes to the employee pension fund each month the amounts required by law. The employer makes a monthly contribution for the new and old pension schemes, equal to 6% and 2% of the total monthly salaries, respectively.

Hitron Hsinchu pension contribution percentage 2023

Types of pension plans	Source of contribution	Contribution percentage
Old pension scheme (Labor Standards Act)	Contribution by employer	2%
New pension scheme (Labor Pension Act)	Contribution by employer	6%
	Contribution by employees	Up to 6%

Employee Stock ownership trust

Hitron launched the "Employee Stock Ownership Trust" solution in June 2018 to encourage employees to continuously accumulate funds to acquire and manage the Company's shares, jointly enjoy the company's business outcome and profits.

To encourage more employees to participate in the stock ownership trust, the Articles of Incorporation was revised in May 2022 to increase the conditions for the percentage of public withdrawals. As of the end of 2023, a total of 138 employees had joined the employee stock ownership trust, which represents an increase of 3% compared to 2022.

Participation in the employee stock ownership trust %



Unpaid parental leave

The headquarters of Hitron Hsinchu abides by Taiwan's Gender Equality in Employment Act and Regulations for Implementing Unpaid Parental Leave for Raising Children and provides employees with applications for unpaid parental leave. In 2023, a total of three employees applied (zero male and three females), and two employees (zero male and two females) who should be reinstated were reinstated as scheduled, and the reinstatement rate was 100%. Another employee (one female) will be reinstated in 2024. In 2023, a total of two employees (zero male and two females) were reinstated after one year of unpaid parental leave, and the retention rate was 66.67%.

Item	Male	Female	Total
Number of employees eligible for childcare leave without pay in 2023	17	8	25
Number of employees who actually applied for parental leave in 2023	0	3	3
2023 Unpaid Parental Leave Application Rate	0%	37.5%	12%
Number of people estimated to be reinstated in 2023	0	2	2
Number of people reinstated in 2023	0	2	2
Reinstatement Rate in 2023	N/A	100%	100
Number of employees rein-stated in 2022	1	2	3
Number of people who have been reinstated and worked for one year in 2022	0	2	2
Retention Rate in 2023	0%	100%	66.67%

Employee benefits

Hitron Hsinchu organizes a year-end party each year, holds family days occasionally to thank employees for their efforts, and continues to improve the work environment by having free coffee machines, gyms and basketball courts, free washlets, and roof gardens, enabling employees to take care of their physical and psychological health. We also provide group insurance coverage for employees, including medical, accident, and life insurance. Travel insurance is also provided for employees assigned to overseas locations or on business trips. We have also set up two comfortable breastfeeding rooms in the Company, allowing postpartum employees to breastfeed in a private and comfortable environment. The Company also provides employees with group insurance, including medical, accident, and term life insurance, and provides travel insurance for employees stationed overseas and on business trips.

Hitron Hsinchu not only provides various leaves required by the local labor laws but a paid leave system better than what is required by labor laws. Employees can enjoy seven days of paid leave after their first day of work, get off work early before consecutive holidays, and enjoy flexible working hours and WFH possibilities.

The Employee Welfare Committee of Hitron Hsinchu organizes employee welfare activities occasionally, such as giving out movie tickets, holding birthday parties per quarter, organizing employee travel at home or abroad each year (changed to give out gift certificates due to the pandemic in 2021 and 2022), holding sports games, providing afternoon tea, providing massage services and subsidies, supporting employee club activities, and providing club subsidies. In 2023, employees will be able to choose from a variety of travel destinations and itineraries, both domestically (Yilan and Kenting) and overseas (Japan and Thailand).



Diversified Welfare & Benefits

Hitron encourages employees to maintain the habit of exercising, organizes multiple sports competitions and actively participates in other sports events, and shares sports information from time to time. Besides promoting sports and consolidating physical health, it can also enhance employee friendship and the sense of coherence in the company, such as, holding bowling events and badminton competitions, as well as participating in the Group's badminton exchange tournament. In addition, we began to sponsor the Fubon Titans baseball team on a regular basis in 2017. Hitron expresses its full support for sports in Taiwan.

To respond to the pandemic, our labor safety personnel regularly cared for infected colleagues by phone and provided paid leave or insurance consultation services and assistance. We also purchased vaccine insurance and anti-pandemic insurance for all employees.

The Company's Employee Welfare Committee provides diverse benefit measures, such as marriage, childbirth, and birthday cash gifts, hospitalization condolences, emergency relief, children's education subsidies, and worker training subsidies.



Group Badminton Game

Group Family Day Competition



Enhance Work-Life Balance

We also motivate employees to participate in group activities, such as the Group's badminton exchange tournament, online positivity seminars, online karaoke, and family days, to help them achieve the best balance between work and life.

We conducted employee satisfaction surveys in 2019, 2022, and 2023 to learn about employees' views and continue to improve the Company's internal communication and management quality.



Labor-management communication channels and relations

Material topic management

Material topics

Labor Relations

Stakeholders

Employees



Medium- and long-term targets

Awarded the
**Best Companies to
Work for in Asia**
award for creating
a happy workplace

Management method

Responsibility

- Human Resources and Administration Division

Resources

- Inter-departmental collaboration

Action

- Regularly hold labor meetings
- Regularly hold communication meetings

Evaluation

- Report progress at quarterly labor meetings

To maintain positive labor relations, we have established smooth communication channels, such as business briefings, Employee Welfare Committee meetings, and labor meetings, so that employees can be informed of company information in real time. We encourage everyone to pay attention to the business operation and make development proposals as a reference for our decision-making unit. Complete communication channels not only facilitate labor relations but allow the Company to understand employees' needs and provide an improved work environment.

We established labor meetings or labor unions and employee welfare committees in Hitron Hsinchu, Hitron Suzhou, and Hitron Vietnam in accordance with the labor laws, and elected a certain percentage of labor representatives in accordance with the law to represent all employees. We regularly hold employee welfare committee meetings and labor meetings for communication with the Company's management representatives about salary, benefits, or other related issues. Labor representatives can put forth relevant suggestions about issues, such as labor relations, labor conditions, and employee benefits through quarterly labor meetings, and communicate with management representatives to resolve decisions on labor affairs. After the Company evaluates feasibility, such resolutions will be included in relevant improvements. By 2023, all labor meeting proposals have been tracked and followed up on 100%.

To allow new employees to understand the Company's vision and business and engage in face-to-face communication with the management team, we arrange for the quarterly Appointment with the President, through which they can quickly learn about the Company's outlook and business direction and provide some suggestions for the management team's reference. In addition, we will hold a quarterly business briefing session after the quarterly all hands meeting. The Chairman and the President will explain the performance of the Group and the Company in the current quarter and the outlook for the following quarter. The HR personnel will also announce new policies. At the Q&A session, employees and the management team can discuss company-related issues face-to-face.

2.5 Social Participation

410 hours NT\$ **2.05** million

Employees'
participation in
charity events
reached

We donated to charity
cause in 2023



To put into practice the concept of "giving back to society", Hitron has long sponsored educational, cultural, and sporting events, as well as participated in volunteer activities in the community, and regularly held charity sales. We have striven to do our best to do meaningful things within society with the strengths of our employees for a long time. The data in 2022 only covered Hitron Hsinchu, and we have begun to collect the data from Hitron Suzhou and Hitron Vietnam in this regard and will disclose it in the future reports.

We regularly hold events every year and change details depending on the needs for social participation from 2016. In the regular events every year, we will hold at least two blood donation events and motivate employees to donate blood regularly; also educate the next generation about the meaning of blood donation and encourage them to actively donate blood when they grow up, to pass this event onto the next generation, helping patients who need blood and facilitating self-metabolism and promoting health. The Company has also donated to the Home of Kindness and Love in Hsinchu for 16 years, amounting to nearly NT\$2 million.

In 2016, on the family day in celebration of the 30th anniversary of Hitron, we held a hiking event for charity. The more employees who hiked, the more the Company would donate. At the end of the event, the donation was used to purchase stationery and sporting goods for rural schools in Hsinchu City, to bridge the gap between urban and rural schools in terms of resources.

Hitron has sponsored the Fubon Guardians baseball team since 2017 to demonstrate our full support for sports in Taiwan.

In 2018, we launched the beach cleanup activity entitled Love for Homeland with Care for Culture with nearly 200 participants. More than half of the employees voluntarily responded to this beach cleanup activity and collected a total of 60 kg of waste and 50 kg of recyclables.

In 2020, we launched the beach cleanup activity entitled "Hey! Let's Clean up the Beach," the Chairman led the employees and their

family members to contribute to our homeland and spend the weekend more meaningfully.

In 2021, in addition to holding charity events, we responded to the Group's events and encouraged employees to participate in Friendly Farming, a field adoption activity, and DOC Volunteer Tour to experience agricultural work and be in touch with the land. Employees' participation in charity events in 2021 totaled 126 hours.

Starting from 2022, we have invited employees to participate in various types of volunteer services held by BenQ Foundation. They can also schedule their own time to diversify their holidays with their family and friends. Responding to the Group's call to help farmers, we purchased pineapples and gave them out to employees, promoted May peaches from the Maliguang tribe, supported tribes' friendly farming, and participated in autumn harvest activities, to fulfill our corporate social responsibility.

In 2022, we held a beach cleanup for charity cause again. The company officers led nearly 100 employees and their family members to Hsinchu City's Fortune Sand Bay. Beach cleanup is not only about picking up litter on the beach but about telling everyone not to throw it at will and the importance of waste reduction. To restore the beautiful ocean requires everyone's efforts. Employees' participation in charity events in 2022 totaled 376 hours.



Beach Clean-up Activity

In 2023, we participated in two beach cleanup activities organized by the Qisda Group, including Taoyuan and Taichung, to contribute to Taiwan's beautiful oceans; beach cleanups not only pick up garbage on the beach, but also remind everyone not to litter and the importance of waste disposal and waste reduction. We also participated in the Group's Arbor Day event and planted saplings to contribute to the future development of "sustainable forests".

In recent years, various activities have also been paperless. Tools such as e-check-in and e-QR-code are used to complete the activities. We also encourage employees to bring their own reusable containers, supporting plastic reduction, and we are committed to the goal of net zero carbon emissions, all too take care of the health of the Earth.



Christmas Wishing Gift Donation

In 2023, we organized a Christmas wishing and gift donation event for the Hsinchu Renai Children's Home, during which employees pledged to donate gifts from children's wish lists. A Christmas party was also held for the Hsinchu Renai Children's Home to celebrate the occasion. Employees' participation in charity events in 2023 totaled 410 hours.

410 hours



Employees' participation in
charity events in 2023 totaled



Pledge of Land Kindness / Harvesting Chrysanthemums Activity

In 2023, we participated in the activities of "A Friendly Land Pact - Local Practice of Sustainable Farmland in Xizhou" and "Hand Picking Snowflakes - Harvesting Causeway and Chrysanthemum" for employees to experience different cultural scenes and lifestyles together. We care for society, be friendly to the environment, and promote local development.



Sustainable Environment Development

3

- 
- 3.1 Climate Change Governance (TCFD)
SDG 12 SDG 13
 - 3.2 Greenhouse Gases Inventory
SDG 12 SDG 13
 - 3.3 Sustainable Products
SDG 12 SDG 13 SDG 14
 - 3.4 Sustainable Operations
SDG 6 SDG 8
 - 3.5 Occupational Safety and Health
 - 3.6 Supply Chain Management
SDG 12

3.1 Climate Change Governance (TCFD)

Since the Industrial Revolution, humans have used a large amount of fossil fuels in industrial activities, which have produced a large amount of greenhouse gases, such as carbon dioxide, facilitating the greenhouse effect and leading to rising global temperatures. The rising temperatures have led to sea level rise, changed rainfall patterns, the climate in certain regions, and even entire ecosystems.

The issue of climate change has threatened the living environment of all living things. With the domestic Greenhouse Gas Reduction Act and the international Paris Agreement taking effect, the world will gradually attach greater importance to carbon management issues. Thus, as a member on the earth, we examined the impact of climate change that may face the Company's operations, planned climate strategies, and conducted carbon management to pursue sustainable business development. In 2023, there was no material impact on property due to climate change. We will disclose the risks and financial impacts caused by climate change in future reports.

With reference to the Climate Change Reporting Framework (CDSB) and recommendations & implementation guide of the Task Force on Climate-related Financial Disclosures (TCFD), we considered and identified the opportunities and risks affecting the business.

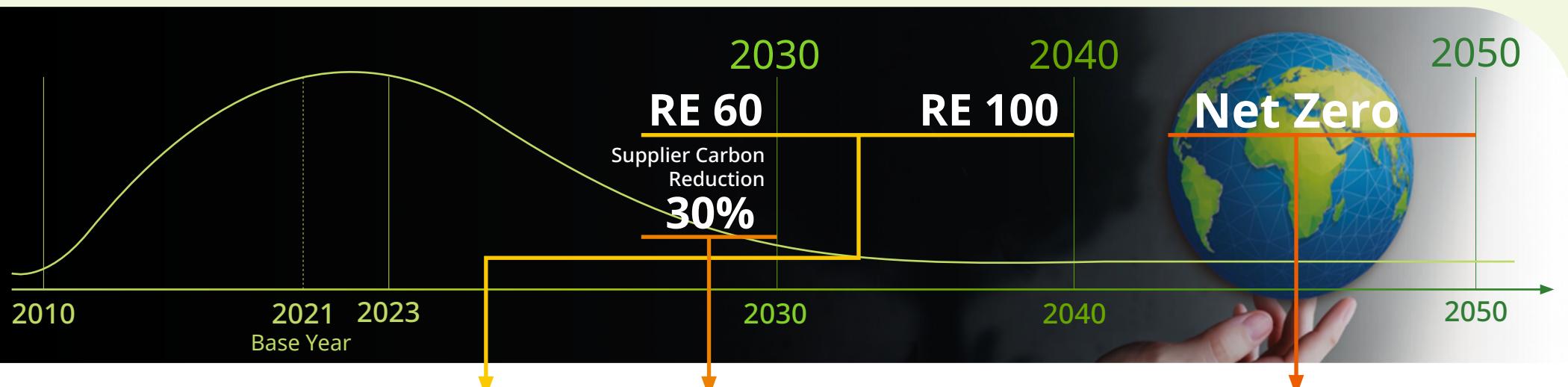


ESG Vision and Strategy

To promote sustainable development, we have divided the environmental aspect into "Sustainable Products", "Sustainable Operations", and "Sustainable Supply Chain", drawn up development strategies and management objectives, managed them with KPIs. Our carbon management is not only focused on organizational greenhouse gas emissions but on the analysis and management of the impact of our products on the environment to be conforming to relevant international standards, such as ISO 14064-1, an international standard for quantifying and reporting greenhouse gas emissions and introduced product carbon footprint (ISO14067).

In response to climate change-related impacts, Hitron has determined the following visions and strategies and reported to the Board of Directors.

ESG Vision



Assessment and response to climate-related risks and opportunities

We evaluated the climate change risks and opportunities based on the Company's internal risk identification process and incorporated the risks and opportunities defined by TCFD; and included climate-related risks and opportunities in the Company's operations and asset management. Hitron's main climate-related risks are as follows:

Type of risk	Time of occurrence	Aspect	Material Topics	Stakeholder	Challenges and risks	Financial impact	Management method	Strategy and Objectives
Transition risks	Short term	Policy and legal risks	Declaration by customers	Hitron, Customers and suppliers	Customer require Hitron's commitment to carbon reduction	Increased operating costs by 0.5%	1. Continue to take carbon reduction measures and gradually extend them to the supply chain 2. Join CDP/SBTi 3. Purchase renewable	1. Increase the proportion of PCR materials used 2. Cooperate with suppliers to reduce the overall negotiation and scheduling Goal: Fulfill SBTi commitment by 2024
	Medium term	Policy and legal risks	Regulatory requirements	Hitron	Carbon tax/fee levied internationally and by Environmental Protection Administration of Taiwan	Operating costs increased by about NTD15M (carbon fee and green power procurement)	1. Continue to pay attention to changes in laws and strive to reduce the carbon footprint of products 2. Disclose product carbon footprint	1. Increase the development of green products 2. Increase the use of green electricity Target: RE10 by 2024; Completed carbon footprint verification for one main product
	Medium term	Technology risk	Low-carbon products	Hitron, Customers and suppliers	Demand for low-carbon products	Increased R&D expenses 1%	Develop low-carbon and energy-saving products	1. Increase the development of green and low-carbon products; Goal: PCR plastic introduced in 35% of products
	Medium term	Market risk	Customer behavior	Hitron and Customers	Market trends continue to change, which let customers add climate-related evaluation indicators to the supply chain (such as green products and services)	Market share decreased by 5% (relative)	1. Develop low-carbon and energy-saving products 2. Provide green services (local repair services)	1. Increase the development of green and low-carbon products; 2. Use low-carbon logistics Goal: PCR plastic introduced in 35% of products
	Medium term	Reputation risk	ESG reputation	Hitron and Customers	When customers choose suppliers, they take ESG into consideration or allocate their orders based on ESG performance.	1. Decreased orders by 1% 2. Increased operating costs by 0.1%	1. Continue to implement ESG-related activities 2. Participate in external ESG ratings and win ESG awards	1. Participation in ESG awards 2. Prepare a budget for ESG promotion Goal: Win 1 ESG award
Acute risk	Short term	Immediacy	Extreme weather events	Hitron and Customers	Flooding may be caused by torrential rains	Production capacity disruption	1. Regularly dredge the drainage system 2. Take measures to prevent flooding (such as raising the foundation or installing flood gates)	Allocation of budget for drainage works improvements Target: 0 production disruption incidents (due to flooding)
	Short term	Immediacy	Extreme weather events	Hitron and Customers	Impact of typhoons, blizzards, and other extreme weather events on cargo transportation (North American, European, and Latin American markets)	Decrease in revenue (approximately NTD 50M for every one week of disruption)	1. Adopt Free On Board (FOB) as the shipment terms 2. Adjust overseas hub warehousing mechanism	Negotiation of transaction terms
	Long term	Long term	Extreme weather events	Hitron and Customers	Water or power shortage due to natural disasters may cause overseas hub warehouses to be unable to ship.	Decrease in revenue (approximately NTD 50M for every one week of disruption)	Remote backup (BCP)	Remote Backup Mechanism Goal: Maintain ISO 22301 certification

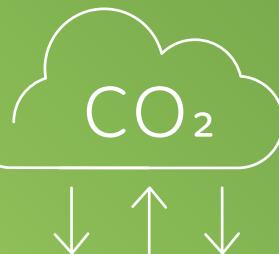
The opportunities from climate change adaptation for organizations include improved resource use efficiency, cost reduction, adoption of low-carbon energy, development of new products and services, entry into new markets, and improved supply chain resilience. Hitron's ESG Committee evaluated climate-related opportunities based on the impact on the Company's operations and the likelihood of occurrence. The details are as follows:

Type of opportunity	Time of occurrence	Material Topics	Stakeholder	Challenges and opportunities	Financial benefit	Management method	Goal
Resource efficiency	Short term	Material recycling and reuse	Hitron, Customers and suppliers	Increased use of recycled materials	Increased market share by 1%	Increased use of recycled materials	PCR plastic introduced in 35% of products
Energy source	Medium term	Use of renewable energy	Hitron and Customers	Reduced organizational carbon emissions	Reduce carbon tax costs by about 5M/year	Purchase of green electricity	Achieve RE10 by 2024
Products/ Services	Medium term	Development of green products (low-carbon products) or services	Hitron and Customers	Keep abreast of the market trends and provide customers with energy-saving products	1.Increase market share by 0.5% 2.Revenue increased by 1%	1.Continue to develop products with low energy consumption 2.Increase the utilization rate of recycled materials	PCR plastic introduced in 35% of products

3.2 Greenhouse Gases Inventory

↓ 31.4 %
The greenhouse gas emissions scope 1 & 2 were reduced

↓ 31 %
reduction of electricity consumption per million USD revenue



Since 1997, in response to the Kyoto Protocol and the Paris Agreement, countries around the world have begun to reduce greenhouse gases. As climate change, social environment, and business philosophy are closely related, Hitron, with the mission of environmental protection and sustainable development, established the ISO 14064-1 greenhouse gas inventory system in 2010 and conducts an annual inventory with energy-saving measures to achieve the goal of greenhouse gas reduction.

Hitron Hsinchu continues to adopt the revised ISO14064-1:2018 standard, and Hitron Vietnam also began to appoint a third-party verification entity to issue a statement of greenhouse gas inventory in 2021.

The greenhouse gas inventory data of Hitron Hsinchu and Hitron Vietnam in 2023 are as follows and was verified by third party. The total emissions of greenhouse gases are 26,323.456 tCO₂e, with 2021 as the base year. The greenhouse gas emissions per million USD revenue were 86.6057 metric tons CO₂e in 2023, with an emission intensity of 10.8% compared to 2022. In 2023, the greenhouse gas emissions of Scope 1 & 2 were reduced by 31.4% compared to the base year.

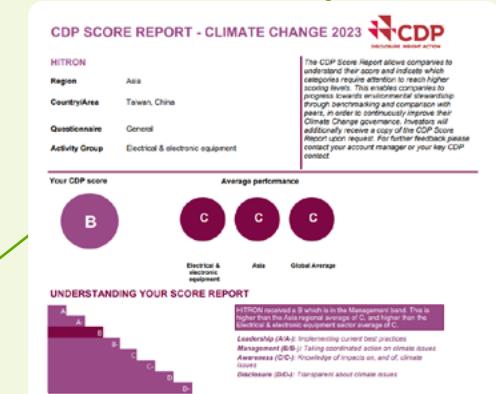
Unit: tCO₂e

Location	Category 1	Category 2	Categories 3-6	Total
Hitron Hsinchu	75.0742	663.2208	142.2111	880.506
Hitron Vietnam	132.81	5,470.89	19,839.25	25,442.95
Total	207.8842	6,134.1108	19,981.4611	26,323.456

Carbon disclosure results

CDP disclosure

We disclose the ESG results and carbon reduction to stakeholders through the ESG Report each year. Hitron has participated in the survey of the Carbon Disclosure Project since 2022 and will continue to participate to demonstrate our commitment to the management of climate change issues. In 2023, when participating in the CDP Climate Change Disclosure Questionnaire, Hitron received a B level management score, which was higher than the regional, industry, and overall average.

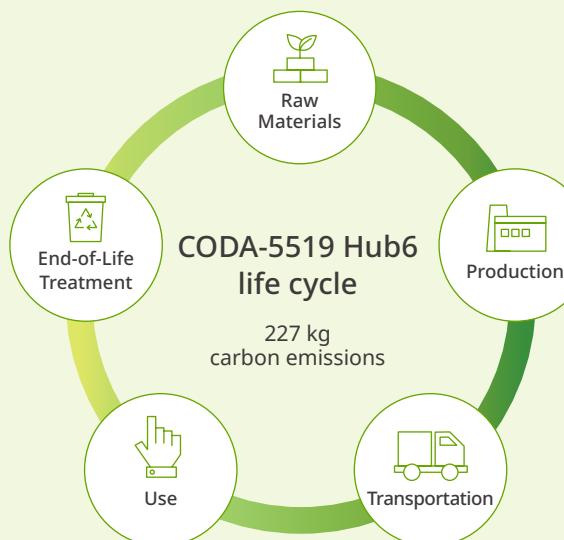


Product carbon footprint

We began to adopt product carbon footprint in 2022 and prepared a carbon footprint of product (from cradle to grave) report (CFP report).

The carbon footprint calculation methodology is aligned with the product carbon footprint (PAS2050 and ISO 14067) standards.

The CODA-5519 HUB6 self-disclosure report, our first product, was completed in 2022, and third-party verification (ISO14067) was completed in 2023. The carbon emissions per Gateway was 227KgCO₂e. Hitron also continues to conduct self-disclosure and third-party verification of the carbon footprint of its products.



Raw Materials	10.28%
Production	1.00%
Transportation	0.52%
Use	88.19%
End-of-Life Treatment	0.01%



Energy management

The energy used within Hitron's organization is mainly purchased electricity. In 2023, the electricity consumption per million USD revenue was 30,083 kWh (at an exchange rate of 1 USD to 30.9386 NTD), which was 3.5% less than in 2022. The electricity consumption within the organization from 2021–2023 is shown in the table below.

Energy	Year	Hitron Hsinchu	Hitron Suzhou ¹	Hitron Vietnam ²	Total	Energy consumption (GJ) ³
Purchased electricity (kWh)	2023	1,339,840	227,273	7,576,366	9,143,479	32,917
	2022	1,311,520	231,669	11,371,154	12,914,343	46,491
	2021	1,327,200	1,840,661	10,229,668	13,397,529	48,231

¹Hitron Suzhou's electricity consumption includes Suzhou R&D center and factory, and the data of factories in 2021 was collected until the closure of the factory in June 2021.

²Hitron Vietnam's 2020 electricity consumption data was collected from May 2020.

³Conversion: 1KWH=0.0036GJ.

Greenhouse gas reduction measures

To reduce the impact of energy consumption on global warming, Hitron is committed to reducing greenhouse gas emissions. To reduce greenhouse gas emissions, we save energy through the following methods:

1. Energy conservation through lights: We gradually replaced traditional lamps with energy-saving LED ones at the plants; adopted smart lights for the parking lots; and we reduced emissions by about 19 tCO₂e a year.
2. Energy conservation through air-conditioning: We improved the efficiency of the main equipment of air conditioners; increased the temperature of water used by air conditioners; we reduced emissions by about 10 tCO₂e a year.
3. Energy conservation awareness raising: On Earth Day on April 22, we turned off the lights for one hour to motivate people to turn off the lights during lunch breaks and when the lights were not being used.

3.3 Sustainable Products

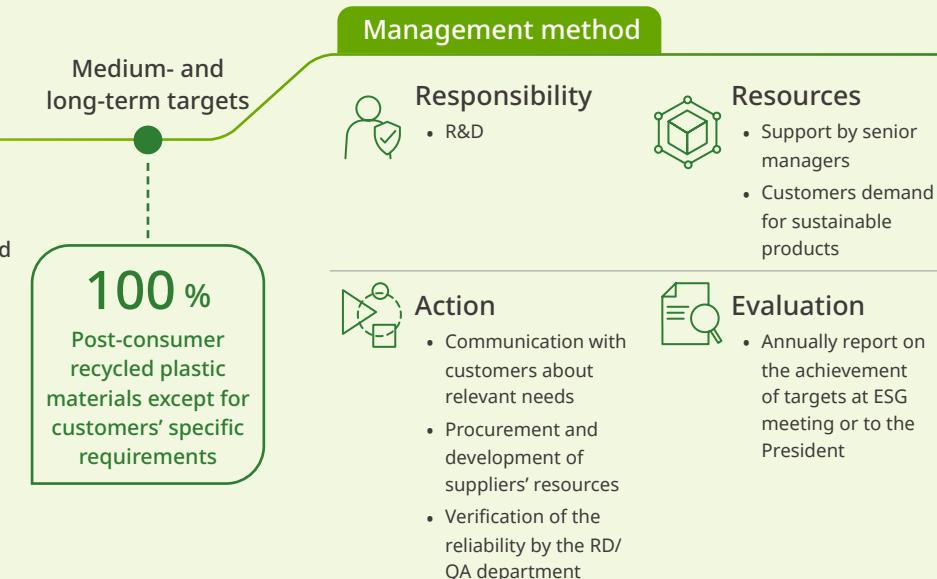
Material topic management

Material topics

Green Products

Stakeholders

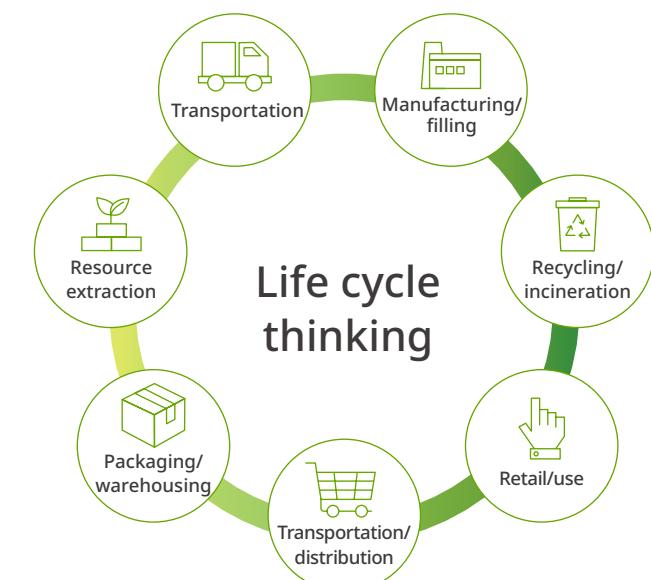
Customers
and Suppliers



In product design, we continue to adopt green design and improve product packaging, energy efficiency, and hazardous substance control, to design products in line with environmental sustainability. In 2021, we set the targets of reducing carbon emissions by 5% and reducing energy consumption by 5% in each year from 2022-2026.. All products comply with relevant product regulatory requirements.

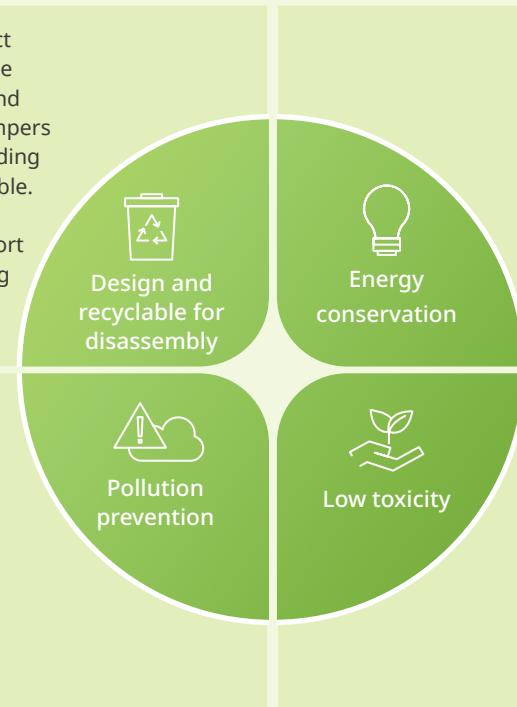
Green design and packaging

All products of Hitron Technologies comply with EU RoHS, WEEE and other directives under strict control, and we continue to promote the improvement of product performance to meet the requirements of EU ErP directive; at the same time, we comply with voluntary agreements to continuously improve the energy efficiency of small network equipment to continue to increase energy efficiency of small network equipment (SNE) used by consumers, such as home broadband network access services. In the early design stage, material selection and design proposal evaluation are considered to comply with voluntary agreement specifications, thereby achieving improvement in energy efficiency and reduction of waste. For the NOVA220X series, in addition to complying with the voluntary agreements for energy efficiency, it saves an additional 38% of standby energy, reducing energy consumption while providing services and while in standby mode. We adopt the Life Cycle Thinking (LCT) concept in the product development stage, gradually include the green design concepts, and make adjustments in line with the updates of international environmental protection laws and regulations at any time.



In accordance with the EU WEEE product design principles, components are made from materials that can be recovered and reused where possible. Design that hampers disassembly such as paint coatings, welding and adhesives are avoided where possible. Technical documents such as product disassembly manuals and WEEE 3R report are also produced. The goal of achieving a high product recycling rate has now been achieved.

LCT is introduced at the product development phase in the hopes of identifying a product's key environmental considerations and minimizing its environmental impact during resource extraction, manufacturing, distribution and sale, use, disposal and recovery.



Product energy efficiency is based on the guidance of the EU ErP, the (EU) 2019/1782 implementing directive for Parliament and of the Council with regard to Ecodesign requirements for standby and off mode electric power consumption of electrical and electronic household and office equipment, and (EC) No.278/2009 implementing directive for external power supplies.

In addition to the introduction of lead-free production processes through the green product management platform and strict internal controls, all parts manufactured by Alpha comply with the requirements of EU RoHS directive and REACH regulations.

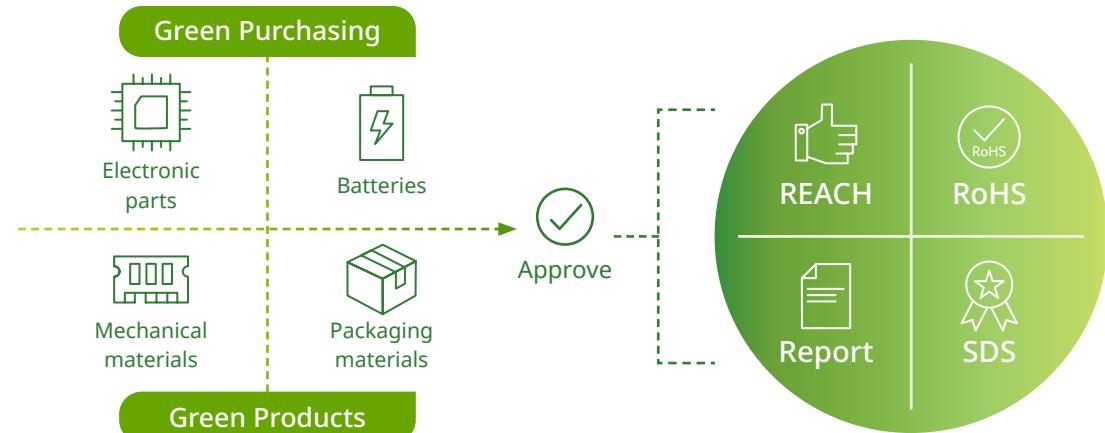
In response to the EU's requirements for eco-friendly product packaging, we replaced all plastic packaging materials with paper materials.

Our packaging design team also continues to improve the packaging design and reduce the packaging volume. In 2023, packaging materials reduced by 32.42 metric tons which enabled carbon emissions to be reduced by 66.46 tCO₂e.

Meanwhile, we took the lead in adopting recycled plastic materials for the main products exported to Europe in 2022 and used 99% post-consumer recycled plastic for the product cases to reduce the carbon emissions from raw materials and product waste. In 2023, we will continue to introduce recycled plastic for use in other regions.

Green Procurement Management Process

To reduce the impact on the environment and ecology and fulfill our responsibility of environmental sustainability, Hitron is committed to green procurement practices, we require suppliers to comply with the requirements of EU's RoHS(Restriction of Hazardous Substances Directive), REACH(Registration, Evaluation, Authorization, and Restriction of Chemicals) regulation, packaging material directives, the Montreal Protocol, and other international laws and regulations. Our products are 100% compliant with RoHS and REACH regulations to promote green products and continuous improvement



Hazardous substance Management

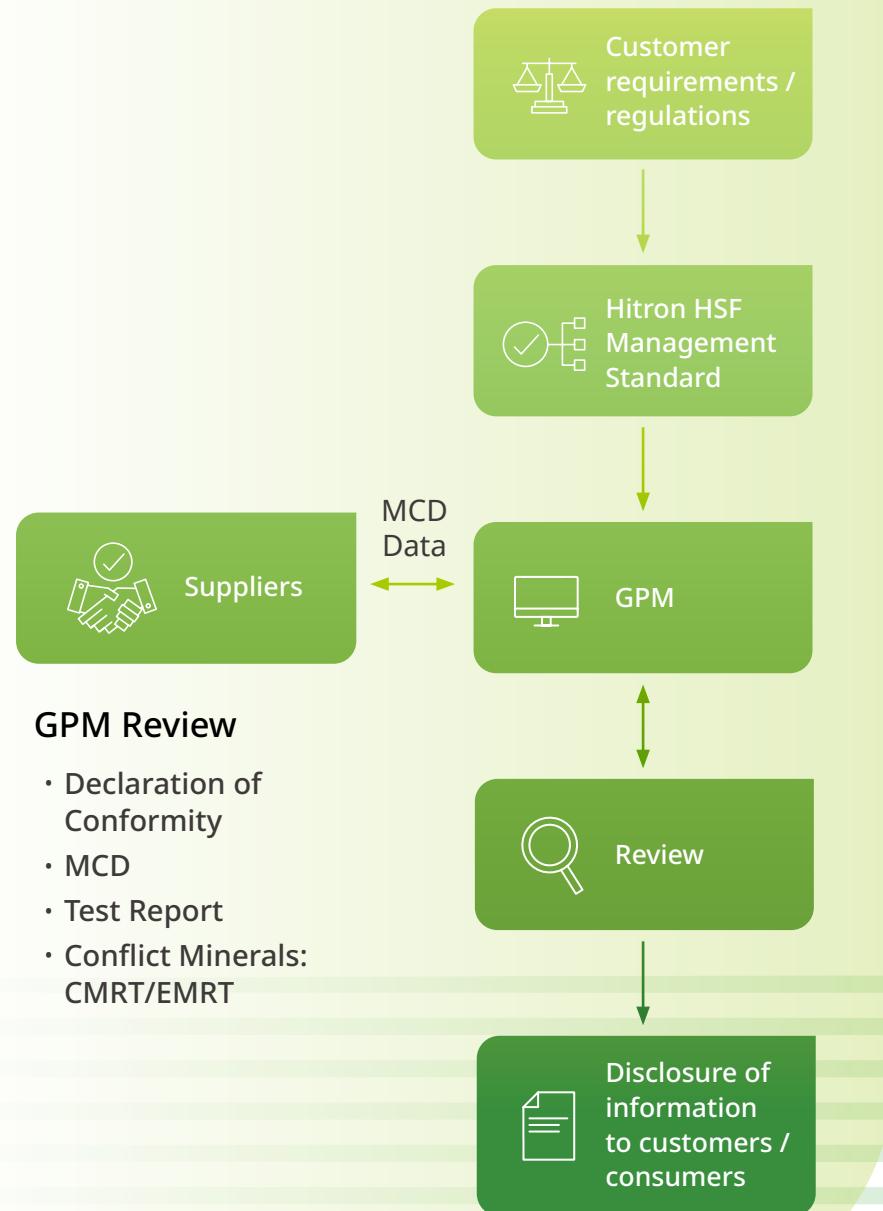
Regulation

Hazardous substance management is a crucial aspect of sustainable manufacturing processes. To meet stakeholder expectations and continuously comply with international regulatory requirements, Hitron has developed the "Hitron Hazardous Substance (HSF) Management Standard" and "Supplier's Environmental Declaration of Conformity", and setup hazardous substance control list, with strict requirements imposed on suppliers to adhere to them. Since 2017, Hitron has implemented and continually optimized the Green Product Management System (GPM) to ensure that the products and components delivered to Hitron (including accessories, packaging materials, and other components delivered with the products) comply with international environmental regulations and customer requirements regarding hazardous substance management. Hitron reviews the status of hazardous substance management based on international regulations, customer requirements, and environmental trends, regularly update the Hitron Green Product Hazardous Substance Management Specification. Meanwhile, Hitron implements hazardous substance management in its own production processes and guides its supply chain partners to fulfill their responsibilities, collectively working to create a green product supply chain.

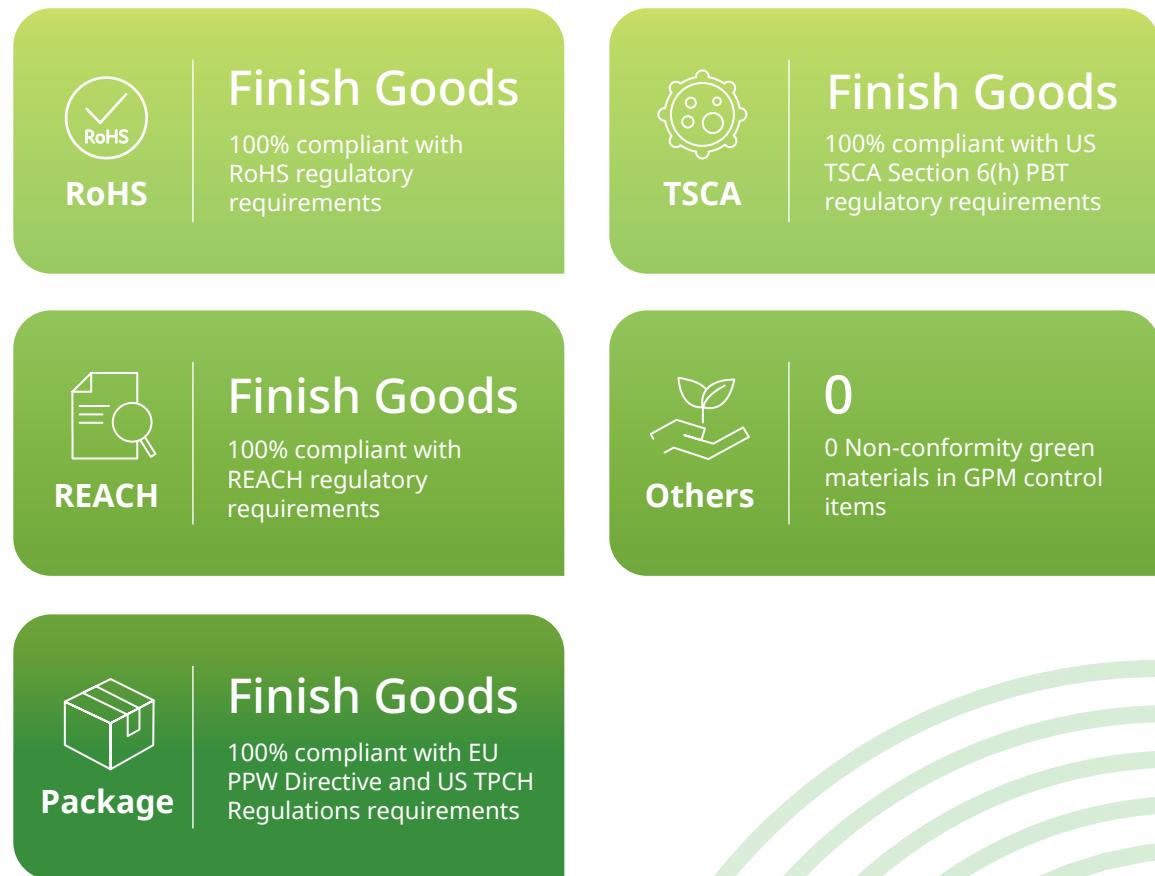
Hitron defines standards for restricting hazardous substances in components, packaging materials, and auxiliary materials used in products. Chemicals used for products are included in the hazardous substance management system, establishing control and monitor item lists, and work with Suppliers to mitigate environmental impacts and safeguard human health.



Hazardous Substance Management Process



Hazardous Substance Management Performance



GPM Review

- Declaration of Conformity
- MCD
- Test Report
- Conflict Minerals: CMRT/EMRT

Establishment of a database of laws

Hitron regularly updates the green product regulations and has set clear standards for the use of hazardous substances in products and environmental protection requirements to ensure that our products are in line with various requirements and fulfill Hitron's commitment to social responsibility. In addition to complying with the existing standards for banned/restricted substances and controlled substances in products, we continue to pay attention to international laws and requirements regarding hazardous substances, including the restriction or prohibition of hazardous substances under regional or national laws. With our commitment to environmental protection, we require suppliers to comply with relevant requirements and regulations and fulfill their responsibility for notification. Therefore, we have strengthened the compliance with applicable laws and regulations, quickly established a database of laws, and enhanced our personnel's compliance with and understanding of laws and regulations.

As for possible banned/restricted substances in the future, we will continue to evaluate, respond, and consider when to update the banned/restricted substances process on the condition that our technology does not affect quality, safety, and reliability of products and impact human health and the environment, while developing alternative materials or improving materials to reduce the impact on the environment. To meet customers' requirements, international, regional, and national green laws and regulations, we have established a "Hitron Technology Knowledge Management Database" for storage and query and effective communication.

Quality management

Each plant of Hitron Technologies proactively has the ISO9001, TL9000, ISO14001, ISO45001, ISO14064-1, ISO22301, ISO27001, and ISO27017 management system verified and continues to make improvements to be in compliance with laws and regulations and improve customer satisfaction. The main verification system is as follows:

System/Site	Hitron Hsinchu	Hitron Vietnam	Hitron Suzhou
ISO9001:2015	●	●	
TL9000 R6.3/R5.7H		●	
ISO14001:2015		●	
ISO45001:2018		●	
ISO14064-1:2018	●	●	
ISO14067:2018	●		
ISO27001:2022	●		●
ISO27017:2015			●
ISO22301:2019		●	
ANSI/ESD S20.20		●	

*Hitron Suzhou's factory was shut down in June 2021.

Product Innovation Management

Management focuses in 2023 and plan for 2024:

2023

8 patents

Obtained

3 patents

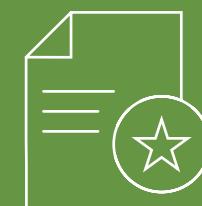
Currently being processed

2024

5 patents

Continued to apply for high-quality patents

Continuous innovation is the foundation for Hitron to maintain its core competitiveness. To motivate employees to actively innovate and provide customers with high-quality and leading technical services and products, we have established an internal patent reward system and included patent applications in the KPI of the head of each R&D department, to promote patent applications in product innovation.



3.4 Sustainable Operations

Sustainable operations is an integral part of Hitron's sustainable development strategy. Environment is the core of sustainable operations and management, and we also promise to further improve the performance of pollution prevention and waste reduction. Meanwhile, we are committed to letting our customers feel the most satisfied, continue to improve quality and services, and protect customers' privacy. Hitron has adopted the ISO 14001 environmental management system and offers relevant training to all employees to ensure that they will consider the impact of operating activities on the environment and potential safety and health risks at work.

Material topic management

- Material topics**
- Waste Management
- Stakeholders**
- Employees and Community



We adopt the strategy of management from the source to manage waste and continue to save energy, reduce waste, and recycle resources, thereby greatly reducing waste and increasing resources recycled to achieve the goal of waste reduction.

The types of waste generated in each plant can be divided into general business waste, non-production waste, and waste electronic components that cannot be classified. We do not produce hazardous waste as defined by the Basel Convention during the operating activities and the production process. Waste is mainly managed by environmental safety personnel, and recyclable waste is placed in the resource recycling area for outsourced companies to collect. We also require suppliers to use recycled materials, prohibit the usage of hazardous substances, and committed to do waste reduction initiatives throughout the production process. We also require suppliers to use recycled materials and ban hazardous substances in the production process, and commit to waste reduction.

Hitron's waste management performance in 2023 is shown in the table below; 71.02% of the waste was recycled.

Location	Non-recyclable waste (metric tons) ¹	Recyclable waste (metric tons) ¹	Total (metric tons)	Percentage of recyclable waste ²	Incineration treatment (including energy recovery) (metric tons)	Incineration (excluding energy recovery) (metric tons)	Landfill (metric tons)
Hitron Hsinchu	20.67	5.224	25.894	20.17%	20.24	0	0.43
Hitron Vietnam	106.604	306.6635	413.2675	74.20%	0	73.762	32.842
Total	127.274	311.8875	439.1615	71.02%	20.24	73.762	33.272

¹We will disclose the weight of preparation for reuse, recycling and other recovery operation waste separately in future reports.

²Percentage of recyclable waste = Total weight of recyclable waste/ Total weight of waste*100.

³Hitron Suzhou's waste is collected and processed by a waste management company, and it is not easy to collect the information, so it is not disclosed.

⁴Hazardous waste refers to non-recyclable waste. For Hitron Hsinchu, it was 20.67 metric tons; for Hitron Vietnam, it was 106.604 metric tons.

Water resource management

20.7 %

Reducing the water
consumption per
million USD revenue



We consider clean production and environmental protection from the very beginning of product design, and when the products are produced by each operating site, no wastewater is generated during the operational process but domestic sewage. In 2023, the total water consumption of Hitron's main global operating sites totaled 30,084 m³; the water used at all plants only comes from the water supplied by the government, and the water consumption of each manufacturing site from 2021 through 2023 is shown in the table:

Year	Hitron Hsinchu	Hitron Suzhou ¹	Hitron Vietnam	Total
2023	5,021	41	25,022	30,084
2022	4,912	50	37,447	42,409
2021	5,556	5,292	36,620	47,468

¹Hitron Suzhou's factory was shut down in June 2021, and only domestic water is used by employees at the R&D center.

To manage water resources, each site proactively pays attention to the use of tap water. In 2023, the water consumption per million USD revenue was 98.98 m³, which was 3.3% lower than that in 2022. In addition, none of Hitron's sites used groundwater for operational purposes.

The sewage discharged from Hitron's various plants is directly discharged to the public sewer system, and the destination of the discharge is a sewer management system, so the sewage will not directly affect the water body and land. Sewage quality tested is up to the management standards of various places, and sewage is not reused by other organizations.

Hitron's plants are all located in industrial zones, and they do not own, lease, or manage any factories located in ecological protection or water resources protection areas, nor do they engage in any activities that will cause a negative impact on biodiversity. In addition, their product manufacturing and service processes do not affect the environment and ecological systems.

Water withdrawal:

unit: megaliters

Water source	All regions	Water-stressed areas	Percentage of water-stressed area
Surface water	30.084	25.063	83.31%
Recycled and reused water	0	0	0
Groundwater	0	0	0

Water discharge and consumption:

unit: megaliters

Item	All regions	Water-stressed areas	Percentage of water-stressed area
Water discharge	30.084	25.063	83.31%
Water consumption	6.017	5.013	83.31%

*According to the Water Risk Atlas by the World Resources Institute Aqueduct, Suzhou, China, and Haiphong, Vietnam are water-stressed areas.

*Water consumption is estimated based on 20% of the total water usage (consider the natural evaporation or air conditioning usage).

Water-saving measures

To reduce the use of water resources, we have adopted corresponding water-saving designs for the toilets and faucets in the plants (installed water-saving devices) and raised employees' awareness of water conservation.

Customer services

Material topic management

Material topics

Customer Relationship Management

Stakeholders

Customer

2023 Management goal 2023 Achievement

92 points

Customer satisfaction score reaches

0

Complaints about data loss

2024 Management goal

89 points

Customer satisfaction score reaches
(Develop improvement plans for items with low customer satisfaction, and regularly track the results)

0

Complaints about data loss

Medium- and long-term targets

93 points

Customer satisfaction score reaches

0

Complaints about data loss

95 points
Customer satisfaction score reaches

0
Complaints about data loss

Management method

Responsibility

- Sales, Quality Assurance, R&D, and MIS



Resources

- Collaboration between departments



Action

- Enhanced customer service and regular feedback
- Improvement to product quality to reduce customer complaints
- Protection of customer information through awareness-raising sessions and internal control mechanisms



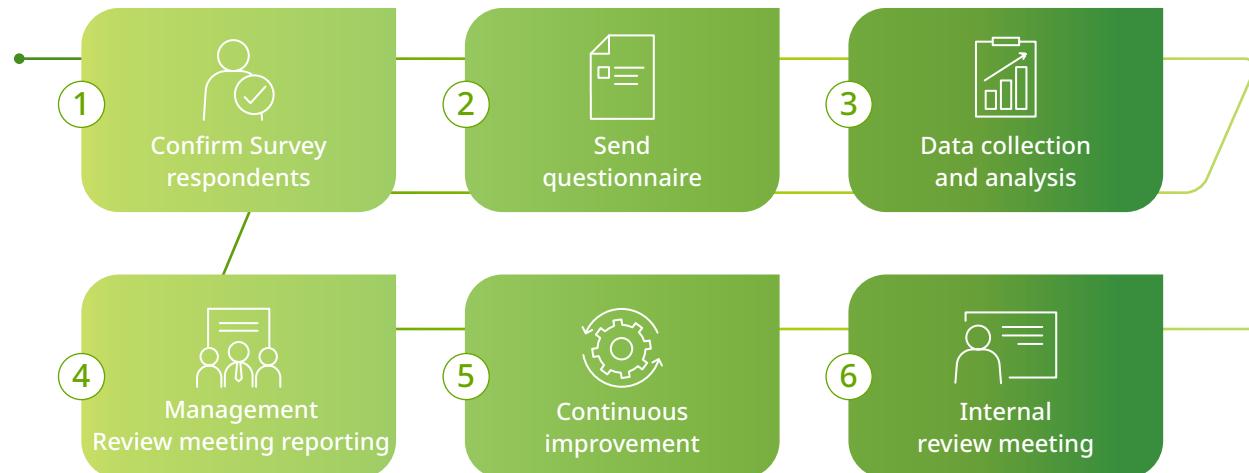
Evaluation

- Annual report on achievement of targets

Customer satisfaction survey

We have established a quality management system designed to meet customers requirements through customer satisfaction questionnaire surveys. We use objective methods to comprehensively evaluate their satisfaction with the Company's products or services to identify the gap between their needs/ expectations and our products/services as a basis for improving the quality management system, to achieve sustainable operations.

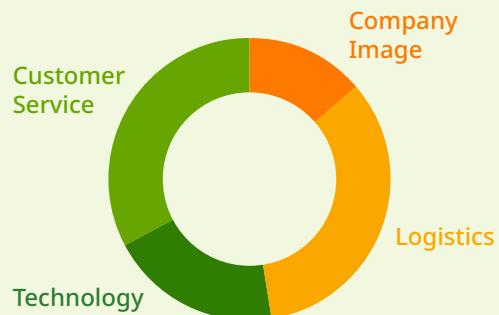
The customer satisfaction questionnaire includes four major aspects: Company Image, Logistics, Technology, and Customer Service, with a total of 21 questions. The questionnaire survey is carried out through sampling. Customers need to answer their degree of satisfaction for each question. After each sub-question is weighted, the highest score is five (Very satisfied), and the lowest one is zero (Very Unsatisfied). Through the questionnaire survey, we want to learn if our products and services have met the needs of different groups of customers as the basis for continuous improvement.



The goals and results of customer satisfaction in 2023 are as follows:

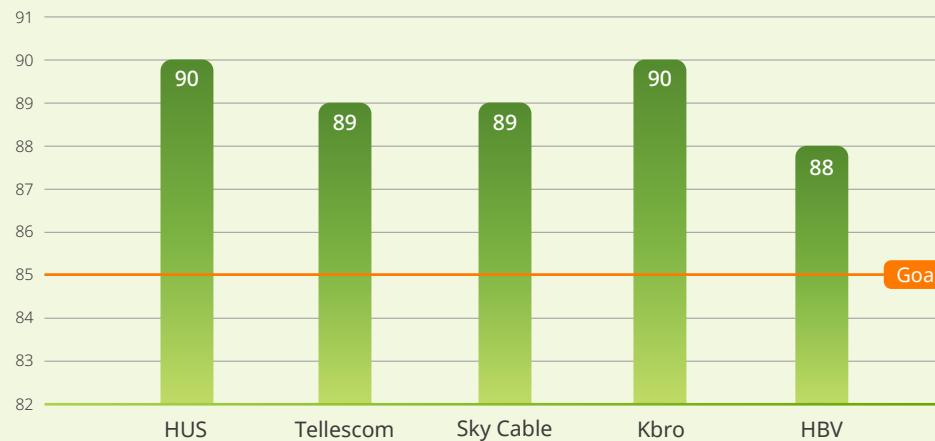
unit: satisfaction (point)

Type	Point	Ratio
Company Image	64	85
Logistics	159	91
Technology	91	91
Customer Service	153	87
Total	467	89



Customer	HUS	Tellescom	Sky Cable	Kbro	HBV
Point	95	93	93	94	92
Ratio	90	89	89	90	88
Target	85	85	85	85	85

unit: satisfaction (point)



Based on the chart, it is clear that the customers were relatively unsatisfied with Company Image in 2023, but the score has reached the target. If there are any indicators in the survey not reaching the target of 85 points, the responsible unit will put forth countermeasures and implement them thoroughly to solve the root cause. Through the customer satisfaction questionnaire survey, we aim to learn if our products and services have met meet the needs of different groups of customers and new customers in an objective manner as the basis for continuous improvement and sustainable operations. The 2023 customer satisfaction survey results show that the average satisfaction score is 89 points.



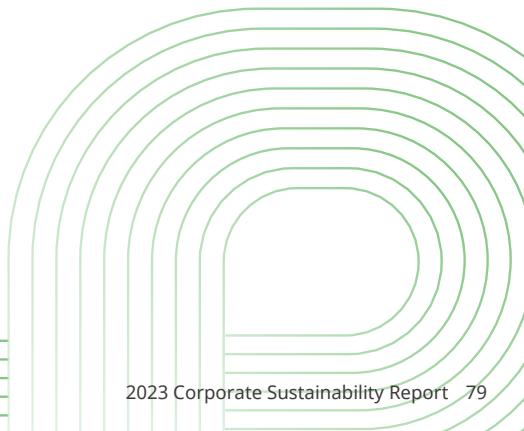
89 points

The 2023 customer average satisfaction

Customer privacy protection

We respect and protect customers' privacy and intellectual property rights when doing business. Hitron will sign a non-disclosure agreement with each customer to protect its confidential information and ensure that relevant employees will keep each detail confidential when engaging in business activities.

We raise employees' awareness of the importance of information security irregularly. In addition, we adopt an assess permission mechanism to protect confidential documents. Except for relevant personnel, anyone not directly related to such documents needs to obtain their immediate supervisor's permission to access such documents as a way to actively prevent data from being improperly copied and leaked. In 2023, we did not receive customer complaints about data loss, leakage, or threats, nor complaints from regulatory authorities.



3.5 Occupational Safety and Health

0

Work-related injury



Hitron's occupational safety and health policy is "to establish a people-oriented workplace and provide a safe and comfortable work environment". Based on the long-term industrial development experience, we have deeply realized that the prevention of accidents and effective production are closely associated. Safety is one of the elements of production. To achieve effective production, we should pay attention to safety all the time, to avoid any loss of human resources, materials, and financial resources.

Employees are our most crucial resource, so we believe that preventing accidents, particularly employees' physical injuries, is an important responsibility.

At Hitron Vietnam, we continue to implement the ISO 45001:2018 occupational safety and health system, conduct hazard identification and risk assessment each year, and continue to verify and expand the system.

A safe and healthy work environment

We continue to improve the safety and health conditions of the work environment, prevent occupational accidents, and ensure workplace safety. No fatality occurred in 2023. According to the GRI Standards, the fatality rate caused by occupational injuries was zero, the severe occupational injury rate was zero, and the recordable occupational injury rate was zero; there was also no occupational disease happening.

2023	Gender	Hitron Hsinchu	Hitron Suzhou	Hitron Vietnam	Total
Rate of fatalities as a result of work-related injury	Male	0	0	0	0
	Female	0	0	0	0
Total		0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	Male	0	0	0	0
	Female	0	0	0	0
Total		0	0	0	0
Rate of recordable work-related injuries	Male	0	0	0	0
	Female	0	0	0	0
Total		0	0	0	0

*Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury/Number of hours worked*200,000.

*Rate of high-consequence work-related injuries (excluding fatalities) = Number of high-consequence work-related injuries (excluding fatalities)/Number of hours worked*200,000.

*Rate of recordable work-related injuries=Number of recordable work-related injuries/Number of hours worked *200,000.

Periodic environment testing

Although we use lead-free tin wires in the labs and during RMA soldering operations, to allow employees to feel assured at work, we ensure that the work environment is safe by testing the environment every six months.

Item monitored	Monitoring method	Monitoring score	Monitoring results	Result judgment	Acceptable standard
Isopropanol	CLA1904	2	<0.172	Passed	400 ppm
Lead	OSHA ID121	2	<0.00334	Passed	0.05 mg/m3
Carbon dioxide	Direct reading	20	473~724	Passed	5000 ppm
Velocity of local exhaust ventilation	Direct reading	2	1.07~2.64	N/A	N/A

In addition to regular tests on special operating environments, we test drinking water per quarter and the water quality is all up to standard. We regularly maintain and inspect relevant facilities (such as elevators, generators, and firefighting facilities) in accordance with laws and regulations and file reports as required.

Occupational accident notification and investigation mechanism

We have a notification and investigation mechanism in place for occupational accidents. Once an occupational accident occurs, we will notify supervisors at different levels depending on the severity and require the unit where the accident occurs to conduct an investigation, analyze the cause, and draw up improvement and preventive measures to reduce the chance of similar accidents occurring again in the future.

Regular safety education and training and exercises

In addition to the relevant occupational safety and health education and training for new employees, we offer labor safety and health training and first-aid training to increase their awareness of hazards and risks.

We also hold fire exercises every six months to enhance employees' emergency response to ensure safety.

Health Management

98.2 %

Company's employees
participated in health checks



We provide regular health checks for employees. As high as 91.6% of the Company's employees participated in health checks in 2019, and the percentage was 88% in 2021 and 95% in 2022, and the health check participation rate in 2023 was 98.2%. We also provide a health check project for senior managers.

Occupational health services

To help employees maintain a healthy body and mind, the Hsinchu plant recruits an on-site doctor/registered nurse to provide comprehensive health consultation services to employees. They provide health consultation services and follow up on employees with unusual health check results (such as overweight, three-hypers, and medical history containing high risks), as well as formulate health promotion programs and prevention programs.

The on-site doctor/registered nurse assists in identifying potential occupational safety hazards and formulating prevention programs, including anthropogenic hazards prevention programs and abnormal workload-induced disease prevention programs. We also have full-time nurses in place at the Vietnam plant to provide employees with comprehensive health services.

During employee health checks, employees should fill out questionnaires to confirm that there are no anthropogenic hazards, such as musculoskeletal diseases caused by the work environment, to screen those at a high risk based on the health data and questionnaires and arrange for doctors to provide professional advice.

Health promotion activities

Hitron Hsinchu holds health and exercise seminars and weight loss and fat loss competitions irregularly.



3.6 Supply Chain Management

Material topic management

Material topics

Supplier Sustainability Management

Stakeholders

Suppliers and Customers

2023 Management goal 2023 Achievement

27 %

Level A/B suppliers completed on-site Audit for social responsibility, environmental health and safety

34.4 %

Level A/B suppliers completed on-site Audit for social responsibility, environmental health and safety

2024 Management goal

40 %

Level A/B suppliers completed on-site Audit for social responsibility, environmental health and safety

Medium- and long-term targets

50 %

Level A/B suppliers completed on-site Audit for social responsibility, environmental health and safety.

70 %

Localized procurement of mechanical and electromechanical materials reached

30 %

Localized procurement of mechanical and electromechanical materials reached

35.6 %

Localized procurement of mechanical and electromechanical materials reached

45.6 %

Localized procurement of mechanical and electromechanical materials reached

Management method

Responsibility

- SCM, Quality Assurance



Resources

- Collaboration between departments



Action

- Strengthening supplier guidance
- Strengthening supplier audits



Evaluation

- Annual report on achievement of targets



As a subsidiary of Qisda Group, Hitron lives up to the concept of leading in technology and service and has developed core technologies and operated a self-owned brand. We continue to deepen research and development (R&D) efforts and launch a series of leading DOCSIS broadband access network products in the industry and sell them all over the world.

Hitron bulid up the Vietnam factory in 2019 and done the pilot run in September 2020. In March 2021, it officially took over products originally produced by the Suzhou plant; the production was officially transferred to Hitron Vietnam.

In 2023, we worked with 333 suppliers around the world, and they are mainly divided into three types of suppliers, namely: raw materials; maintenance, repair, and operations (MRO); and outsourced operations. Among them, there are about 178 raw material suppliers. We are responsible for proactively working with suppliers to establish a supply chain that protects the environment, human rights, safety, health, and sustainable development, and require suppliers not to use child labor and prohibit forced labor. To have closer cooperation with suppliers, Hitron tries its best to implement local procurement to improve the efficiency of material supply and support local economic development. Reviewing the procurement ratio in 2023, the proportion of Hitron's local procurement of packaging materials and electromechanical materials in Vietnam has increased to 35.6%. In 2023, eight local suppliers in Vietnam were added to actively implement local procurement.

Supplier management procedure

Hitron added social responsibility evaluation to the supplier management program in 2023. There are 9 newly introduced raw material suppliers. The evaluation results according to the ten indicators are shown in the figure below.

We investigate if potential suppliers' management systems, such as production capacity, technological innovation capabilities, quality, and services, meet our needs based on the Company's future product manufacturing process, application trend requirements, and procurement strategies as a basis for future selection of suppliers.

When we evaluate a new supplier, we will set up an evaluation team consisting of procurement, quality assurance, R&D, and other units. Suppliers should first submit self-assessment questionnaires about various skills, and then the evaluation team evaluates the suppliers' services, quality system, R&D, and manufacturing, to make the final decision. In the future, we will also pay attention to suppliers' commitments to human rights, safety, health, and the environment. Only those who have passed the supplier selection process can become Hitron's qualified suppliers and then undergo our product verification processes.

Numbers of qualified companies

10. Has the company established procedures for correcting and preventing internal and external defects/incidents?
9. Does the company conduct the EHS related training to all employees?
8. Whether have any fines due to violation of labor laws?
7. Does the company prohibited to employ Child labor and comply with labor laws?
6. Does the company have emergency lights, evacuation maps, fire extinguishers, alarm systems, and first aid kits?
5. Whether have any regulations for the dangerous job protection?
4. Whether are complied with Health & Safety regulations and set up the related procedures?
3. Whether have any hazardous substance control method and didn't use conflict minerals?
2. Whether have any fines due to violation of environmental regulation in the past year?
1. Whether have environment management organization and set up the plan & target?



Supplier evaluation

After becoming a qualified supplier of Hitron, it still needs to take the regular evaluation every six months. In 2023, we conducted on-site evaluation of 34.4% of our suppliers with transactions. To ensure that suppliers value their supply chain management and constrain their suppliers to comply with the code of ethics, the supplier evaluation by Hitron can be divided into four aspects as "Speed/Response, Quality, and Delivery, and Cost". The supplier performance evaluation results will be an important basis for procurement strategies, and we will establish a preferred vendor list (PVL) for key components. Those who are not on the PVL will be on the approved vendor list (AVL). Those on the PVL will be prioritized for collaboration or we will increase purchases from them.

Green Product Management Platform

Electronic products are complex products. To achieve product function, quality, or use safety, various chemical substances will be added. In order to strengthen the management of the restriction of hazardous substances in the materials of Hitron's green products, Hitron has introduced and implemented the Green Product Management System (GPM), which integrates parts recognition and green investigation at the time of customer request or production in conjunction with international environmental protection regulations; it requires suppliers to provide RoHS, REACH and conflict mineral compliance declarations, as well as RoHS regulations. The testing report for the substance is disclosed, and the composition of the product is disclosed in the system. Through systematic management, suppliers can provide declarations and test reports directly through the GPM system to accelerate the compliance review of parts, manage the supply chain in a more efficient way, and keep track of the compliance status of parts with international regulations.

We establish a green part survey through the GPM system, set the standard values of various requirements, and issue the survey request to the relevant suppliers. After receiving the email from the system, the suppliers need to fill in the MCD form and upload the required documents. Internal personnel audits for compliance with the specified specifications, that is, completion of green parts certification, and through the product BOM prepare compliance analysis report to ensure compliance with green product control.



Custom form process (GPM)

- Green investigation process inspection form designed
- Online communication and interaction with suppliers
- Upload of specification documents by suppliers
- Verify compliance with requirements



Green Investigation Process

- Compile materials database
- Version control for specifications and regulation
- Investigation of restricted substances
- Review, verification and audit
- Tracing of green materials and BOM



All Hitron's finished products, semi-finished products, raw materials, packaging materials, and other materials comply with the current EU RoHS and REACH regulations. For the use, restriction, or ban of hazardous substances, the chemical substances used are strictly controlled, and the GPM system is used for investigation and management. Through the system's management mechanism, we ensure that all products meet the requirements and used these materials to certify that our products comply with hazardous substance regulations.

We have gone through the control procedures and requested our suppliers to cooperate by requesting them to sign the Letter of Undertaking/Declaration, submitting the third-party testing report, composition list, and Conflict Mineral Survey Form, as well as filling out the Material Composition Declaration (MCD) and REACH survey form. The questionnaire is used to confirm product compliance with the Controlled Substances List to avoid the impact of hazardous substances, and ensure that the product can comply with the spirit of green environmental protection from development to production.

GPM Survey Management Process



1 Declaration for Green products

The suppliers commit to providing components without harmful substances, in compliance with international regulations.

2 Third-party test report

The components are verified to be without harmful substances based on the data provided in the report.

3 Substance List

Use a single material approach, provide the green data for each component of the part.

4 Conflict Mineral Investigation form

Use CMRT and EMRT released by RMI as template, to disclosure the source of mineral.

Hitron transferred the factory to Vietnam in March of 2021. To implement the local procurement policy, we also planned the GPM system implementation at the Vietnam plant and launched it in May 2021. To enable third-party suppliers to submit correct green MCD, our quality assurance department actively guides and trains suppliers for the GPM platform: filling out and uploading declarations, test reports, and MCDs to allow suppliers to work with Hitron to establish a green product supply chain and meet the requirements of international laws and regulations.

As of the end of December 2023, totally 136 suppliers have launched their GPM platforms and completed 11,689 parts approval documents, and the MCD completion rate has increased from 94.1% to 96.3%, achieved the target 95%. We will continue to promote environmental protection in line with the spirit of environmental protection and continue to increase the MCD completion rate.

Our procurement staff worked with suppliers and R&D staff to complete the carbon footprint calculation for 3 models of our products in 2023, and we used PCR eco-friendly plastic materials for 2 models of our products. The vendors also actively implement carbon reduction policies. Many of them plan to add solar power systems to meet half of the factory's electricity consumption, thereby contributing to the protection of the earth's environment.



Conflict minerals management

According to a research report by an international non-governmental organization, Congo is facing the worst deadly conflict since World War II, and the main reason for the conflict are the rich metal minerals (to be used to make electronic products) in the eastern part of Democratic Republic of the Congo (DRC). If companies that produce electronic products use such metal materials sourced from the conflict mining areas in eastern DRC, they are also contributing to these conflicts.

The armed forces of the Democratic Republic of the Congo and neighboring countries used the extracted minerals as an economic source and turned them into funds for the armed forces, causing major bloodshed in the region. International organizations have developed the Conflict-free Smelter Program (CFSP), which request their members and suppliers to investigate and disclosure the mineral sources of their supply chain minerals such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), and cobalt (Co), to prevent them coming from conflict areas.

Non-Conflict Minerals Policy

To achieve responsible and sustainable procurement, Hitron has formulated the non-conflict minerals policy and required suppliers to provide products which raw materials not from conflicted areas and high-risk regions, in accordance with the codes of conduct set forth by the Organization for Economic Co-operation and Development (OECD) and the Responsible Business Alliance (RBA).

Suppliers' mineral sources are investigated through the Green Product Management System (GPM) and in accordance with the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) released by the Responsible Minerals Initiative (RMI), we also require suppliers to disclosure the source of minerals and sign the " Declaration of Due Diligence for Conflict Minerals " in compliance with our non-conflict minerals policy.

We also implement a systematic management mechanism to investigate the list of supplier smelters/refineries and record tracking to ensure that suppliers' procurement sources do not come from conflict areas and high-risk areas, to meet customer and regulatory requirements. Hitron promises to work with suppliers for coexistence and co-prosperity to achieve a long-term relationship. We will also continue to trace the source of the responsible minerals contained in the raw materials of all products, and avoid the illegal operations which caused labor oppression, physical force, employed child labor, and damage to the ecology.

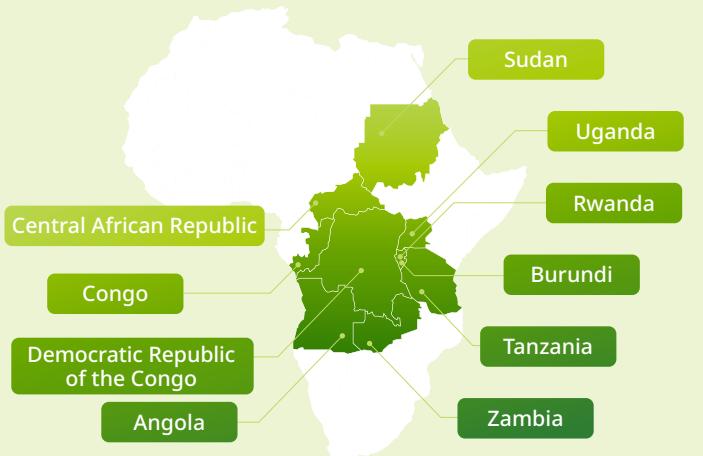
Conflict Minerals Due Diligence Process



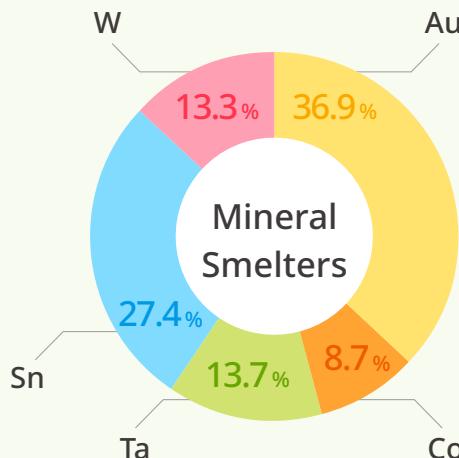
As of the end of December 2023, total 107 suppliers have responded and signed the declaration, accounting for 60% of the total raw material suppliers.

60 %
Percentage of Suppliers who Signed back the Declaration

In 2023, the mineral materials such as tin, tungsten, tantalum, gold, cobalt, and mica used by Hitron came from 241 smelters in 39 countries, and 100% of them used smelters qualified by RMI, and disclosed smelter sources to customers. Currently, no supplier uses mica.

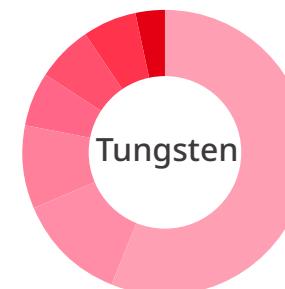
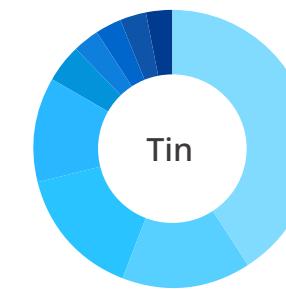
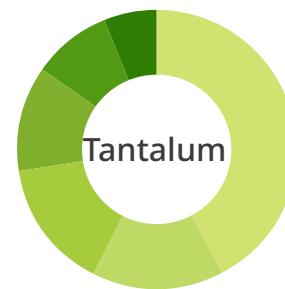
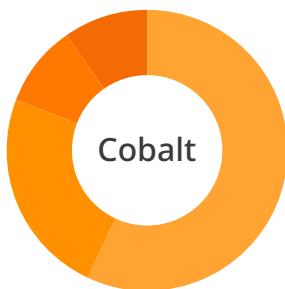


Percentage of mineral smelters for Hitron's products



Item	RMI Qualified Smelters Number					
	Minerals	Au	Co	Ta	Sn	W
Smelters Number	89	21	33	66	32	
Total Smelters Number	241					
Qualified Number	241					
Qualified Rate	100%					

Distribution of the Sources of Mineral Raw Materials for Hitron's Products



● Other	27
● JPN	22
● CHN	10
● KOR	7
● USA	6
● DEU	6
● CHE	5
● ITA	3
● CAN	3

● CHN	12
● Other	5
● FIN	2
● MAR	2

● CHN	14
● USA	5
● Other	5
● JPN	4
● BRA	3
● DEU	2

● IND	27
● CHN	10
● BRA	10
● Other	8
● USA	3
● JPN	2
● BOL	2
● THA	2
● APP	2
● ESP	2
● APP	2

● CHN	18
● USA	4
● Other	3
● JPN	2
● VNM	2
● DEU	2
● BRA	1

4

Appendix



4.1 GRI Standards Index

4.2 SASB Metrics

4.3 Independent Assurance
Statement of the Corporate
Sustainability Report

4.1 GRI Standards Index

General disclosures

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
The organization and its reporting practices	2-1	Organizational details	Introduction to Hitron Technologies	07	—
	2-2	Entities included in the organization's sustainability reporting	About the Report	03	—
	2-3	Reporting period, frequency and contact point	About the Report	03	—
	2-4	Restatements of information	—	—	Information was not restated.
	2-5	External assurance	About the Report	03	—
Activities and workers	2-6	Activities, value chain and other business relationships	Introduction to Hitron Technologies	08	—
	2-7	Employees	Employee status	47-48	—
	2-8	Workers who are not employees	Employee status	48	—
Governance	2-9	Governance structure and composition	Sustainable Development of Hitron Technologies Corporate governance	11 33-36	—
	2-10	Nomination and selection of the highest governance body	Corporate governance	33	—
	2-11	Chair of the highest governance body	Corporate governance	33	—
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance	33-36	—
	2-13	Delegation of responsibility for managing impacts	Corporate governance	33-36	—
	2-14	Role of the highest governance body in sustainability reporting	Sustainable Development of Hitron Technologies	11	—
	2-15	Conflicts of interest	Conflicts of Interest Management	36	—
	2-16	Communication of critical concerns	Corporate governance	33	—
	2-17	Collective knowledge of the highest governance body	Corporate governance	34	—
	2-18	Evaluation of the performance of the highest governance body	Corporate governance	35	—
	2-19	Remuneration policies	Corporate governance	36	—
	2-20	Process to determine remuneration	Corporate governance	36	—
	2-21	Annual total compensation ratio	N/A	N/A	Information unavailable/ incomplete

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Message from the Chairman	06	—
			Sustainable Development of Hitron Technologies	11	—
	2-23	Policy commitments	Message from the Chairman	06	—
			Stakeholder Engagement	18-31	—
	2-24	Embedding policy commitments	Stakeholder Engagement	18-31	—
			Human Rights Management	55	—
	2-25	Processes to remediate negative impacts	Stakeholder Engagement	18-31	—
	2-26	Mechanisms for seeking advice and raising concerns	Corporate governance	35-36	—
Stakeholder engagement	2-27	Compliance with laws and regulations	Legal Compliance	45	—
	2-28	Membership associations	Introduction to Hitron Technologies	10	—
	2-29	Approach to stakeholder engagement	Stakeholder Engagement	18	—
Stakeholder engagement	2-30	Collective bargaining agreements	Workplace of Happiness	60	Employees at the Hsinchu plant did not sign such an agreement but those at the Vietnam plant did. People signing such an agreement accounted for 489/916=53.4%

Material topic

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Material topics	3-1	Process to determine material topics	Stakeholder Engagement	18	—
	3-2	List of material topics	Stakeholder Engagement	25-31	—
	3-3	Management of material topics	Stakeholder Engagement	25-31	—

Economic topics

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Economic Performance	201-1	Direct economic value generated and distributed	Financial Performance	37	—
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Governance (TCFD)	64-67	—
	201-3	Defined benefit plan obligations and other retirement plans	Workplace of Happiness	56-60	—
	201-4	Financial assistance received from government	Financial Performance	38	—
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Workplace of Happiness	57	—
	202-2	Proportion of senior management hired from the local community	Employee status	51-52	—
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Social Participation	61-62	—
	203-2	Significant indirect economic impacts	Social Participation	61-62	—
Procurement Practices	204-1	Proportion of spending on local suppliers	Supply Chain Management	83	Localized procurement of mechanical and electromechanical materials reached 35.6%
Anti-corruption	205-1	Operations assessed for risks related to corruption	Corporate governance	36	—
	205-2	Communication and training about anti corruption policies and procedures	Code of Conduct	39	—
	205-3	Confirmed incidents of corruption and actions taken	Code of Conduct	39	—
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—	—	We did not violate any applicable laws and regulations during 2023.
Tax	207-1	Approach to tax	—	—	The Company conducts tax governance and follows the arm's length principle in accordance with the tax laws and regulations of the countries where our sites are located.
	207-2	Tax governance, control, and risk management	—	—	The Finance Department is responsible for tax governance. The Company's major transactions and decisions are planned in accordance with local tax laws and taxation agreements, and we regularly confirm such laws and agreements by checking with each operating site.
	207-3	Stakeholder engagement and management of concerns related to tax	—	—	The Finance Department communicates with local tax authorities about relevant tax issues.
	207-4	Country-by-country reporting	—	—	We file a report as required at the end of each year.

Social topics

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Employment	401-1	New employee hires and employee turnover	Employee status	50-51	—
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workplace of Happiness	58-59	—
	401-3	Parental leave	Workplace of Happiness	57	—
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	—	—	We will do the notice according to the regulation of the sites
Occupational Safety and Health	403-1	Occupational Occupational Safety and Health management system	Occupational Safety and Health	80	—
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health	81	—
	403-3	Occupational health services	Occupational Safety and Health	82	—
	403-4	Worker participation, consultation, and communication on Occupational Safety and Health	Occupational Safety and Health	82	—
	403-5	Worker training on Occupational Safety and Health	Occupational Safety and Health	81	—
	403-6	Promotion of worker health	Occupational Safety and Health	82	—
	403-7	Prevention and mitigation of Occupational Safety and Health impacts directly linked by business relationships	Occupational Safety and Health	81	—
	403-8	Workers covered by an Occupational Safety and Health management system	Occupational Safety and Health	80	—
	403-9	Work-related injuries	Occupational Safety and Health	80	—
	403-10	Work-related ill health	Occupational Safety and Health	80	—
Training and Education	404-1	Average hours of training each year per employee	Learning and Development	54	—
	404-2	Programs for upgrading employee skills and transition assistance programs	Learning and Development	53	In addition, when employees retired or the employment was terminated, we provide them with pension as required by law and severance pay.
	404-3	Percentage of employees receiving regular performance and career development reviews	—	—	All Hitron's indirect workers will receive performance evaluation each year (100% for both male and female).
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Employee status	47-52	—
	405-2	Ratio of basic salary and remuneration of female to male	Workplace of Happiness	57	—

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Human Rights Management	55	—
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Management	55	—
			Supply Chain Management		
Child Labo	408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights Management	83-84	—
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Management	55	—
			Supply Chain Management	83-84	
Security Practices	410-1	Security personnel trained in human rights managements or procedures	N/A	N/A	Information unavailable / incomplete
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	—	—	No incident of violation involving rights of indigenous peoples occurred during 2023.
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Social Participation	61-62	—
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A	N/A	Information unavailable / incomplete
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	—	—	Total 9 new suppliers; we have added social, human rights, and safety to the new supplier selection criteria.
	414-2	Negative social impacts in the supply chain and actions taken	N/A	N/A	Information unavailable / incomplete
Public Policy	415-1	Political contributions	—	—	We did not make political contributions.
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Sustainable Products	70-74	—
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainable Products	70-74	—
Marketing and Labeling	417-1	Requirements for product and service information and labeling	Sustainable Products	70-74	—
	417-2	Incidents of non-compliance concerning product and service information and labeling	—	—	We did not violate any applicable laws and regulations.
	417-3	Incidents of non-compliance concerning marketing communications	—	—	We did not violate any applicable laws and regulations.
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable Operations	78-79	—

Environment topics

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Materials	301-1	Materials used by weight or volume	N/A	N/A	Information unavailable/ incomplete
	301-2	Recycled input materials used	N/A	N/A	Information unavailable/ incomplete
	301-3	Reclaimed products and their packaging materials	N/A	N/A	Information unavailable/ incomplete
Energy	302-1	Energy consumption within the organization	Greenhouse Gases Inventory	69	—
	302-2	Energy consumption outside of the organization	N/A	N/A	Information unavailable/ incomplete
	302-3	Energy intensity	Greenhouse Gases Inventory	69	—
	302-4	Reduction of energy consumption	Greenhouse Gases Inventory	69	—
	302-5	Reductions in energy requirements of products and services	N/A	N/A	Information unavailable/ incomplete
Water and Effluents	303-1	Interactions with water as a shared resource	Water resource management	76	—
	303-2	Management of water discharge-related impacts	Water resource management	76	—
	303-3	Water withdrawal	Water resource management	77	—
	303-4	Water discharge	Water resource management	77	—
	303-5	Water consumption	Water resource management	77	—
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Water resource management	76	—
	304-2	Significant impacts of activities, products, and services on biodiversity	Water resource management	76	—
	304-3	Habitats protected or restored	Water resource management	76	—
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	N/A	We do not have any operation facilities located within protected habitats.

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Emissions	305-1	Direct (Scope 1) GHG emissions	Greenhouse Gases Inventory	68	—
	305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gases Inventory	68	—
	305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gases Inventory	68	—
	305-4	GHG emissions intensity	Greenhouse Gases Inventory	68	—
	305-5	Reduction of GHG emissions	Greenhouse Gases Inventory	69	—
	305-6	Emissions of ozone-depleting substances (ODS)	N/A	N/A	We have no input or output of ozone-depleting substances (ODS)
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A	N/A	No diesel, heavy oil, and other fuels are used as indirect materials in Hitron's production process but in the emergency generators for commonly used equipment with little impact on the environment, so SOx and NOx were not measured.
Waste	306-1	Waste generation and significant waste-related impacts	Waste Management	75	—
	306-2	Management of significant waste-related impacts	Waste Management	75	—
	306-3	Waste generated	Waste Management	75	—
	306-4	Waste diverted from disposal	N/A	N/A	Information unavailable/ incomplete, we will disclosure this in future
	306-5	Waste directed to disposal	Waste Management	75	—
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	84	Total 9 new suppliers adopted the new standards (including social responsibility)
	308-2	Negative environmental impacts in the supply chain and actions taken	N/A	N/A	Information unavailable/ incomplete

Other Topic

Topic	GRI Standards	Description	Corresponding chapter	Page No.	Remarks
Innovation management	Hitron-1	Investment in product innovation	Sustainable Products	74	—
Product quality	Hitron-2	Customer satisfaction survey	Sustainable Operations	78-79	—

4.2 SASB Metrics

Topic	Code	Description	Results in 2023	Chapter	Page No.
Water Management	TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Total water withdrawn totaled 30,084 m3; 83.31% from water-stressed areas	Water resource management	76-77
Waste Management	TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Hazardous waste totaled 439.1615 metric tons, 71.02% of which was recycled	Waste Management	75
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Conducted product data security risk assessments in accordance with ISO 27001 requirements and get ISO 27001 and ISO 27017 certifications	Information Security	43-44
			No such an accident occurred during 2023	Management	40-42
Labor Practices/ Employee Diversity & Inclusion	TC-ES-310a.1	(1) Number of work stoppages and (2) total days idle	Both of the number of work stoppages and total days idle is 0	SASB Metrics	N/A
	TC-HW-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	Related indicators referred to section 2.1 Employee Status	Employee Status	47-52
	TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	The recordable incident rate is 0 The near miss frequency is 0	Occupational Safety and Health	80
Labor Conditions	TC-ES-320a.2	Percentage of entity's facilities and Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	100% of our plants conducted the RBA VAP equivalent	SASB Metrics	N/A
	TC-HW-430a.1		34.4% (33/96*100%) of level-A/B suppliers were audited on-site		
	TC-ES-320a.3	(1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, broken down for the entity's facilities and the entity's Tier 1 supplier facilities	Non-conformance rate is 0%	SASB Metrics	N/A
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances			
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	The data is still being collected. Disclosure will be made after the collection is complete	SASB Metrics	N/A
	TC-HW-410a.3	Percentage of eligible products, by revenue, certified to an energy efficiency certification			
	TC-ES-410a.1		Our products exported to Europe comply with the local WEEE (Waste Electrical and Electronic Equipment) regulations. In 2023, the quantity of products recycled was 0	SASB Metrics	N/A
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled			
Materials Sourcing	TC-ES-440a.1		The Company requires all suppliers to sign the Declaration of Due Diligence for Conflict Minerals and file it onto the GPM system	Supply Chain Management	85-88
	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials			

4.3 Independent Assurance Statement of the Corporate Sustainability Report



INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of HITRON TECHNOLOGIES INC.

Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by HITRON TECHNOLOGIES INC. to conduct an independent assurance of its HITRON TECHNOLOGIES INC. 2023 Corporate Sustainability Report. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the HITRON TECHNOLOGIES INC. 2023 Corporate Sustainability Report are the sole responsibility of the management of HITRON TECHNOLOGIES INC. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard V3, Type II - AccountAbility Principles and Performance Information engaged. The scope of work included:

- Data and information included in HITRON TECHNOLOGIES INC. 2023 Corporate Sustainability Report for the 1st January, 2023 to 31st December, 2023;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Accountability Principle (2018)¹
 - Inclusivity
 - Materiality
 - Responsiveness
 - Impact
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GRI Corporate Sustainability Reporting Standards.

The levels of assurance have been applied as Moderate assurance.

¹ Published by AccountAbility: The Institute of Social and Ethical Accountability
<http://www.accountability.org>



Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Interviews with relevant personnel of HITRON TECHNOLOGIES INC.;
2. Review of documentary evidence produced by HITRON TECHNOLOGIES INC.;
3. Review performance data listed in report with sampling basis;
4. Visits to 1 site located in Taiwan (Hsinchu City);
5. Review of HITRON TECHNOLOGIES INC. data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Corporate Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in HITRON TECHNOLOGIES INC. 2023 Corporate Sustainability Report are accurate, reliable and free from material mistake or misstatement;
- The Report provides a fair representation of HITRON TECHNOLOGIES INC.'s activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over HITRON TECHNOLOGIES INC.'s performance and status during the 1st January, 2023 to 31st December, 2023;
- The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard V3 principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below;
- HITRON TECHNOLOGIES INC. has established appropriate systems for the collection, aggregation and analysis of relevant information;

Alignment with the principles of AA1000 Accountability Principle (2018)

Inclusivity

HITRON TECHNOLOGIES INC. has processes in place for engaging with key stakeholders including socially responsible investors, clients, employees, supply chain and local community; and has undertaken a number of formal stakeholder engagement activities in 2023 covering a range of material topics such as Economic, Social and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that HITRON TECHNOLOGIES INC. has identified as being of highest material importance. The identification of material topics has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns.



**Responsiveness**

HITRON TECHNOLOGIES INC. is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

Impact

HITRON TECHNOLOGIES INC.'s management system can monitor, measure and be accountable for how their actions affect their broader ecosystems.

Report Structure

HITRON TECHNOLOGIES INC. does fully provide the information to achieve the GRI Standards and SASB in accordance, and the performance indices do correspond and can be cross referenced to the content of relevant GRI Standards and SASB.

Key areas for ongoing development

Based on the work conducted, we recommend **HITRON TECHNOLOGIES INC.** to consider the following:

- Encouraging the organization to communicate with non-important stakeholders can also be included in the survey of sustainability issues, which will help the organization to respond in an integrated manner. (RESPONSIVENESS)
- Responses to each indicator in the GRI standards can be clearer and more coherent(Responsiveness).

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by **HITRON TECHNOLOGIES INC.**) and statements of future commitment.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 195 years history in providing independent assurance services. Bureau Veritas 2023 full year revenues reached 5.7 billion euros. The Group's adjusted net profit for 2023 reached 5.9 billion euros.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.



No member of the assurance team has a business relationship with **HITRON TECHNOLOGIES INC.**, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Corporate Sustainability Reports.

Bureau Veritas Certification Taiwan

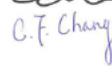
3F-B, No. 16, Nanjing E. Rd., Sec. 4, Songshan District, Taipei 10553 , Taiwan R.O.C.

24 May 2024



 AA1000
Licensed Report
000-76/V3-YFTRC

Technical Reviewer:  Date:2024/5/24

Verifier:  Date:2024/5/24





Hitron Technologies Inc.

No. 1-8, Li-Hsin 1st Rd., Hsinchu Science
Park, Hsinchu City 300, Taiwan (R.O.C.)
TEL: +886-3-5786658
FAX: +886-3-5778856
www.hitrontech.com