



innodisk

2023 SUSTAINABILITY REPORT

Innodisk Corporation

2023 SUSTAINABILITY REPORT

About this report	02
Message from management	03
Sustainable development management	04
Sustainable development management	04
Sustainable development strategies and goals	05
Stakeholder communication mechanism	07
Material topics identification process	08
Material topics management	10

Sustainable Operations

1 About Innodisk	13
1.1 Company Profile	14
1.2 Global Operations Layout	15
1.3 Organizational Structure	17
1.4 Added Value and Reliable Product Technology	18
1.5 Business Layout and Commercial Recognition	24
2 Corporate Governance	26
2.1 Corporate Governance	27
2.2 Financial Information	33
2.3 Operational Continuity and Risk Management	35
2.4 Integrity Management	35
2.5 Value Chain Management	37

Environmental Commitment and Climate Strategy

3 Environmental Commitment	42
3.1 Environmental Commitment (Environment features) Environment and energy sustainability	43
3.2 Hazardous Substances Policy	44
3.3 Waste Management	45
3.4 Air Pollution Management / Water Resource Management	48
4 Climate Strategy	49
4.1 Climate-Related Risks Financial Disclosures	51
4.2 GHG management	52
	54

Social Responsibilities & Social Engagement

5 Human Capital	56
5.1 Human Rights Policy	57
5.2 Workforce Structure	59
5.3 Employee Remuneration Policy	63
5.4 Human Capital Development	66
5.5 Friendly Workplace (Social features) Cultural support and community engagement	73
6 Occupational Safety and Health Management	76
6.1 Occupational Safety and Health Management	78
6.2 Work-Life Balance	81
6.3 Health Promotion	85
7 Social Engagement	88
7.1 Innodisk Education Foundation	89
7.2 Handicraft Value Creation for a Sustainable Future Camp	92
7.3 International Denim Day	95
7.4 2024 surpassing 2023	97
Appendix	98
Appendix 1: GRI CONTENT INDEX	98
Appendix 2: SASB INDEX	100
Appendix 3: Third Party Verification Statement	101



About this report

This is the ninth annual sustainable report of Innodisk Corporation (Hereinafter referred to as the Company or Innodisk). It conveys Innodisk's continuous efforts and achievements in the advancement of the environment, society, and corporate governance. Innodisk always adheres to the principles of being sincere and pragmatic, transparent and open, as well as co-prosperity with stakeholders. The report shall disclose the sustainable development and social responsibility practices in 2023. This report serves as a means of communication with stakeholders.

Scope of the report and data

The financial and governance metrics information in this report covers the entire group. The environmental and social metrics information is mainly based on the operating scope in Taiwan (including the Xizhi headquarters, Xizhi Plant, and Yilan Plant). Some metrics information covers data of related enterprises and overseas subsidiaries. In the future, the Company will continue to expand the reporting scope to more comprehensively disclose its impact and achievements throughout the value chain.

The Company has always been concerned about environmental issues. Since 2012, it has successively introduced and obtained third-party verification of management systems including ISO14001, QC080000, ISO45001, ISO14064-1, and ISO27001. Other sustainability performance metrics are presented according to international standards; any estimates or assumptions will be noted in the relevant sections.

Report guidelines

The information content in this report is mainly from January 1, 2023, to December 31, 2023. To explain the management policies and performance of various sustainability issues, some content also covers information before or after 2023.

This report refers to the "GRI Universal Standards 2021" issued by the Global Reporting Initiative (GRI), the sustainability metrics of the Sustainability Accounting Standards Board (SASB), and the TCFD Climate-related Financial Disclosure Proposal. This report discloses the Company's strategies, goals, and specific actions related to material topics in accordance with the reporting principles. The GRI and SASB content indexes are detailed in Appendix 1 and Appendix 2.

Report review and third-party verification

All business units were gathered to establish a "2023 Sustainability Report Editorial Team" to compile information from each department and respond to the identified sustainability metrics. After the metrics information was initially reviewed by all departmental supervisors, then consolidated and re-examined by the "Sustainable Development Office." After third-party verification, the report was submitted to the Board for final approval and public disclosure.

In order to enhance the reliability of the report information, this report has been verified by SGS, a third-party impartial and independent organization, and complies with the requirements of GRI Standards (2021) and AA1000ASv3 Type 1 moderate assurance level. The verification statement is detailed in the appendix.

Publish time

Innodisk issues sustainability reports periodically every year, and post them on the Innodisk website.

Previous issue: June 2023

Current issue: August 2024

Next issue: Scheduled for June 2025

Contact information

Should you have any questions or suggestions about this report, please contact us.

The contact information is as follows:

Innodisk Co., Ltd.

Address: 5th Floor, No. 237, Section 1, Datong Road, Xizhi District, New Taipei City

Tel: +886-2-7703-3000

E-mail: InnodiskCSR@innodisk.com

<http://www.innodisk.com>



Message from management

In recent years, global economic development has been affected by turmoils such as geopolitics, extreme climate, and inflation. As the global leading brand in terms of industrial-grade storage devices and embedded peripherals, Innodisk also assumes social responsibility. We pursue not only operational efficiency and product innovation, but also the chances to give back to the environment, society, and economy. In response to the ESG sustainability trend, Innodisk takes concrete actions to get rid of the stereotyped cold image of the technology industry. We adhere to the core value of "collaboration with partners" to integrate partners' resources for sustainable development. ESG has been imprinted into Innodisk's DNA to fulfill the commitment to a sustainable environment.

While facing increasingly severe climate issues, Innodisk has aspired to be in line with the international community. Innodisk has responded to the RE100 initiative and promised to achieve net zero emissions by 2050 and reduce carbon emissions (Scope 1 and Scope 2) by 50% by 2030. Innodisk has also Introduced climate-related financial disclosure (TCFD) for net zero emissions. In addition to continuing to expand the purchase of green electricity certificates, Innodisk has begun to install solar panels on the roofs of its own buildings since 2023, and plans to expand the equipment again in phase II of Yilan Plant. We believe that enterprises need to uphold the belief in sustainable management, and fulfill corporate social responsibilities.

Regarding the Company's promotion of public welfare undertakings, at the end of 2022, Innodisk launched a three-year sustainable impact program to promote environmental protection education and household services throughout Taiwan. Innodisk has also been incorporating SDGs into all its activities, bringing positive influences to the employees, upstream and downstream partners, students, and every family that has participated, to offer them chances to apply the skills they've learned to help social welfare organizations and the community to prolong the lifespans of old household appliances. Our goal is to train thousands of volunteers to promote the concept of sustainability and the spirit of service throughout Taiwan.

"Talent" has always been the key to a company's success. Innodisk deems its employees as the company's most important asset and partners. We organize various group activities from time to time to improve interpersonal relationships and organizational cohesion. We continue to take care of the physical and mental health of every employee through the programs for diversified health care, newcomer care, and health promotion. We help

employees pursue work-life balance, good quality of life, and family relationships. We hope Innodisk is the strongest support for our employees.

Despite the pandemic and chaotic international political and economic situations, Innodisk still maintains prudent and steady principles for operation, to respond to external changes and adjust the operating practices timely. As the Company advances in digitalization, to reinforce corporate information security controls, the Company has passed third-party verification of the international information security standard ISO 27001 and the TIPS (Taiwan Intellectual Property Management System), to actively reinforce the prevention mechanism, establish appropriate information security risk monitoring, and ensure that all information security risks are effectively controlled.

On our journey to sustainability, Innodisk actively manages to keep up with international standards, implement sustainability in corporate operations, fulfill the promise of corporate social responsibility, and cooperate with all stakeholders to move towards sustainable development. We hope that you could also join us.

Chairman





Sustainable development management

Sustainable governance framework

To enhance the overall practice of corporate sustainability management, Innodisk has set up its "Sustainable Development Office", and appointed CFO/Vice VP Wang Licheng as the sustainability supervisor. This office is responsible for identifying and managing the impact of organizational operations on the economy, environment, and human rights. It serves as the Company's foundation for promoting environmental sustainability, creating social co-prosperity, and implementing corporate governance. It also deepens negotiations with stakeholders, leading Innodisk to become a benchmark enterprise for sustainability.

The Sustainable Development Office is responsible for coordinating and planning the Company's sustainability goals, identifying and managing organizational risks, and assessing opportunities and impacts regarding ESG (Environmental, Social, Governance). It integrates the Company's sustainability action plans, compiles results and trend information related to sustainability initiatives, and reports to the Board at least once a year to facilitate the Board's role in promoting sustainable governance.

Sustainable Development Office worklist

- Tracking the implementation of sustainability issues across various dimensions and establishing continuous improvement plans
- Identifying and engaging stakeholders
- Integrate and implement cross-departmental sustainability issues
- Identifying sustainability issues and developing management policies
- Conduct sustainability due diligence
- Risk identification and management
- Evaluating sustainability performance

2023 Board oversight on sustainability governance

Meeting date : May 5, 2023

Board meeting report contents :

- 1. Report on the policy objectives, strategies, and action guidelines for promoting sustainable development in 2022.**
- 2. Report on climate-related financial disclosures (TCFD).**





Sustainable development strategies and goals

The Company's sustainable development strategy is planned and developed based on four major aspects: **quality/HSF/environment/information security**.

Quality Policy ISO9001

- Innovative and reliable design
- Professional and attentive service
- Satisfactory and trustworthy quality
- Fast and accurate delivery

HSF Policy/IECQ: QC080000

- Effective monitoring
- Regulatory compliance
- Greening products
- Customer satisfaction

Information Security Policy ISO27001

- Information security: everyone is responsible

Environment/Safety/Health Policy ISO14001+ISO45001+ISO14064-1

- Enhancing environmental education and implementing energy conservation & carbon reduction Sustainable business operations and enhanced safety awareness Promoting employee health and controlling hazard risks Regulatory compliance, continuous improvement Achieving waste reduction and zero disaster goals

Intellectual Property Management Policy TIPS

- Regulatory compliance
- Enhancing intellectual property awareness
- Protecting trade secrets
- Deepening sustainability

ISO9001 × ISO14001 × IECQ QC080000 × ISO45001 × ISO14064-1 × ISO27001

Quality management system × Environmental management system × Hazardous substances process management system
× Occupational safety and health management system × GHG inventory × Information security management system





Sustainable development strategies and goals

UN Sustainable Development Goals (SDGs)

Under Innodisk's core values, the Company aligns with the United Nations Sustainable Development Goals (SDGs), integrating them into daily operations and business plans to demonstrate our commitment to sustainable development.

SDGs Compliance Items	InnodiskEchoes SDGs Practices
 Ending Poverty	▪ Skill training for students from disadvantaged families ▪ Scholarship & aid for talent cultivation
 Health and Well-being	▪ Provision of free safety protection equipment ▪ Employee Assistance Programs (EAPs), on-site nurses, and physician consultations ▪ Monthly childcare subsidies equivalent to 6% of salary (for children aged 0-6) ▪ Health and safety promotion and training ▪ Regular risk assessments to reduce workplace accidents
 Quality Education	▪ Stable education programs for children from disadvantaged families ▪ Company employees serve as mentors, supporting and developing students ▪ Scholarships for employees' children
 Gender Equality	▪ Maternity care programs and commuting subsidies for pregnant employees ▪ Supporting for "International Denim Day" to promote gender equality
 Affordable sustainable energy	▪ The goal of increase renewable energy usage by 5% annually ▪ Self-built solar panels on vacant land at the Innodisk plant (at Yilan)
 Reducing inequality	▪ Charity sales and publicity activities for disadvantaged groups ▪ Innodisk's "3D" Core Culture: "Diversity, Dedication, Driving Change"
 Climate Action	▪ Conducting annual GHG inventory to assess yearly carbon reduction efforts ▪ Identifying climate risks and opportunities based on the TCFD framework, and planning to join CDP (original Carbon Disclosure Project) in 2024 to publicly disclose Innodisk's environmental information
 Fair, Just, and Sound Systems	▪ Ensuring fair trading and anti-corruption, prohibition of the use of conflict minerals



Stakeholder communication mechanism

Target	Communication Issues and Patterns	Communication Channels and Frequency
Client	- Completing annual satisfaction survey in response to customer requirements - Completing the annual conflict minerals source investigation and declaration, meeting the customer requirements of not using conflict minerals - Implementing relevant confidential information protection measures in response to customer requirements - Declaring the prohibition of child labor and providing product origin statements as requested by customers - Customer audits of suppliers - Factory production process tour for customers	- Annual customer satisfaction surveys - Instant meetings for emergencies - Telephone conferences for specific issues - Annual regular customer visits - Quarterly QPR - External communication mailbox - VIP conferences - Customer on-site audit/visit
Employee	- Setting up suggestion boxes in the restaurants for employees to provide opinions at any time - Holding labor-management meetings regularly	- Set up recurrently - Conducting quarterly meetings attended by representatives from both labor and management
Investors and shareholders	- Convening shareholder meetings where the Chairman, directors, and senior managers report financial statements and operational summaries to all shareholders, and recognizing the approval of profit distribution and important resolutions. - Announcing and disclosing company financial statements and significant financial business information on the "Market Observation Post System."	- Holding annual shareholder meetings - Regularly disclosing financial business information - Disclosing significant information on the "Market Observation Post System" irregularly - Establishing a spokesperson system to respond to shareholder questions - Organizing or participating in corporate briefing sessions irregularly
Supplier	- Certifying qualified suppliers - Green supply chain GPM - IQC inspection status	- New product approvals - Related quality document updates - Irregular phone and email communication - On-site audit / half a year - Questionnaire audit / half a year
Government	- Declaration of Work Safety Code and the Occupational Safety and Health Personnel - Submitting waste removal plans	Irregular official documents from the Department of Environmental Protection and the Labor Inspection Office
Local community	- Notification of specific situations such as power outages, construction, equipment room drills, and fire drills - Serving as a committee member of the community management committee, participating in community public affairs	- Irregular phone and email communication - Regular participation in meetings and events
Media	- Product information releases (covering new products and new technologies) - Company information releases (relocation, awards, social welfare, etc.)	- Irregular media interviews and gatherings - Averagely one press release for relevant media per month
School	- Implementation of various projects (scholarships& aid/industry-school cooperation projects, etc.) - Event information release	- Irregular telephone, email, and software group communication - Regular meetings every semester - Regular school visits (organizing events/award ceremonies, etc.)



Material topics identification process

Materiality analysis is an important preparatory task for the annual sustainability report. The Company values engagement with stakeholders, adopting the AA1000 SES five principles to identify stakeholder groups and referencing the GRI Standards (2021) "Material Topics Management" process for identifying material topics. This process helps us recognize Innodisk's impacts (actual and potential, positive and negative on the economy, environment, and people (including their rights), and facilitates disclosure and management.

The following is a systematic explanation of the material topics identification process:



Screening sustainability-related issues

Innodisk views the sustainability report as a vital communication bridge with stakeholders. The Sustainability Development Office references and gathers important sustainability-related issues from GRI, SASB, SDGs, and industry-specific frameworks, and compiled 31 sustainability-related issues in terms of 5 major aspects: risk management, environmental management, corporate governance, social engagement, and operational performance.



Identification of Stakeholders

Based on the five major metrics of necessity, influence, contribution, rationality, and closeness, as well as daily communication with relevant stakeholders, the Company identifies each stakeholder according to the operational types.



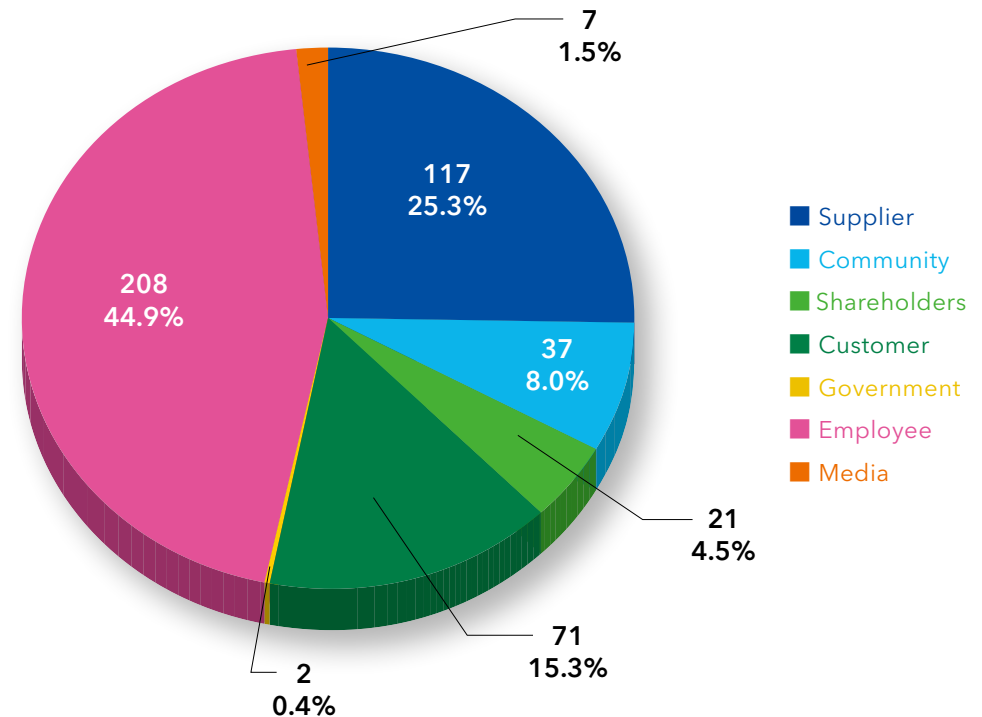
Identifying material sustainability issues

We conducted a broad survey on sustainability-related issues among stakeholders to understand their level of concern. We also distributed surveys to the Company's senior executives to assess the impact of these issues on our operations. After integrating and analyzing the results of both surveys, issues that are of high concern to stakeholders and have a great impact on the Company are listed as major annual material topics.

After discussions with stakeholders and the Company's senior executives' assessment and investigation of the impact of sustainability issues on the Company's operations, a total of 6 material topics were identified for disclosure this year based on the principle of materiality.

Survey results analysis

A total of 463 stakeholder questionnaires were collected this year, and the proportion of stakeholders who filled out the questionnaires is depicted below.





Based on the results of the collected questionnaires and weighted analysis, a material topics matrix was created by ranking the degree of concern of stakeholders and the degree of impact on the Company's operations, and six material topics were identified this year.

There has been an increased willingness among stakeholders to respond to the sustainability identification surveys, with the number of questionnaires collected this year approximately 2.4 times higher than in 2022. Given changes in the market environment, there have been increased concerns about enterprise risk management, resulting in significant differences in the material topics between 2023 and 2022, detailed in the following table:

Material Topics Differences Table

The identical material topics this year as last year

- Product quality/technology R&D
- Sustainability development policy

Material Topics Differences

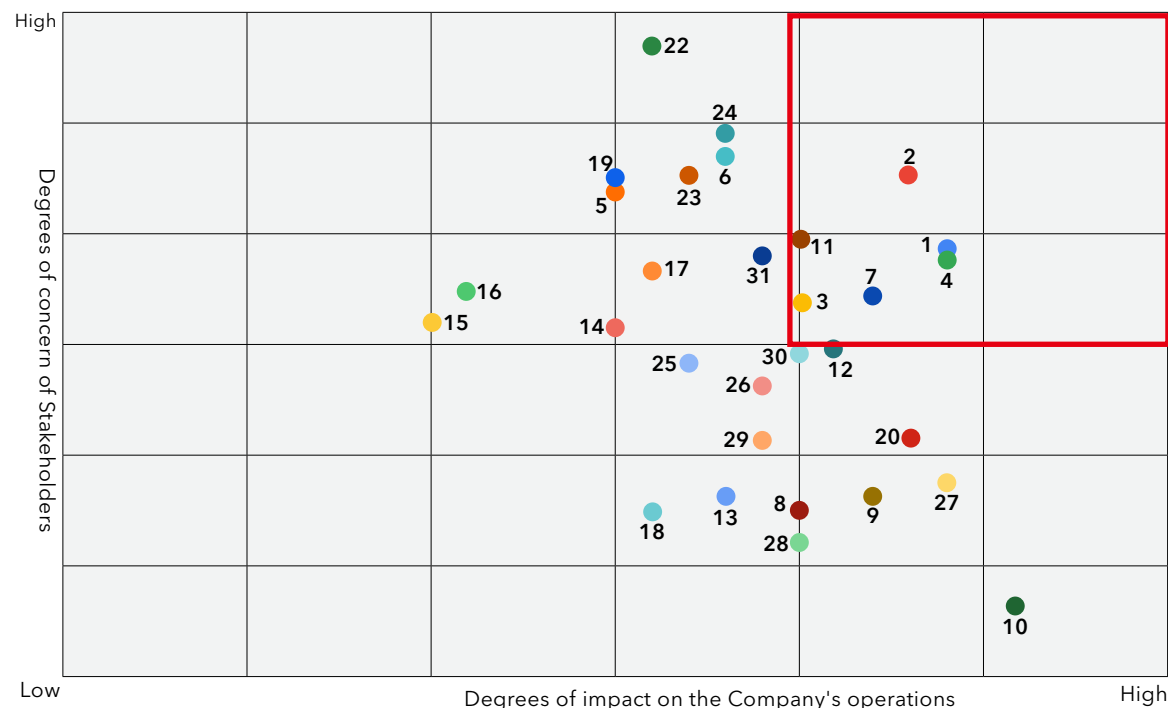
2023

- Corporate governance
- Risk management
- Environmental policy / management system
- Operational & financial performance

2022

- Employee rights
- Talent recruitment and retention
- Employee benefits and salaries

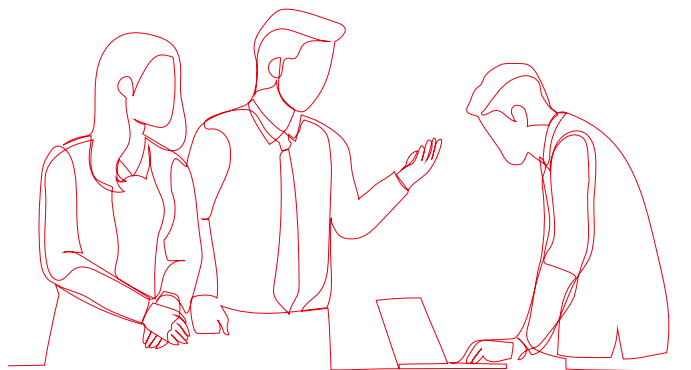
Analysis of Topic Materiality



- Corporate Governance
- Sustainable Development Strategy
- Operating Financial Performance
- Risk Management
- Privacy Policy
- Moral / Ethical Conduct
- Product quality / technical research
- Satisfaction Survey of customers
- Customer Service Management
- Supply Chain Management
- Environmental Policy / Management System
- Greenhouse Gas Emissions

- Product Carbon Footprint
- Energy Management
- Water Use and Waste Water Discharge Control
- Air Pollutant Control
- Waste Management and Recycling
- The use of raw materials and recycled materials
- Hazardous Substance Management
- Green Product / Service Design and Development
- Green Supply Chain Management
- Occupational Safety and Health

- Labor Relationships
- Employees' Rights
- Career Development and Training
- Employee Welfare and Salary
- Recruitment and the Ability to Attract and Keep Outstanding People
- Satisfaction Survey of Employee
- Social Performance Management of Suppliers
- Participation in Community and Society's Activities
- Stakeholders Communication





Material topics management

■ Analysis of material topics impact

Material Topics	Positive Actual/Potential Impacts	Negative Actual/Potential Impacts	Specific Actions	Management Mechanism
Sustainability Development Strategies	Promoting green production, creating an inclusive & friendly workplace, fulfilling human rights due diligence obligations to safeguard human rights	Increasingly stringent domestic and international legal regulations have increased operational costs incurred from communicating with stakeholders and meeting legal requirements.	(1) Continuous enhancement of stakeholder communication (2) Creating a DEI-friendly workplace	(1) Monthly regular meetings to review projects implementation status (2) Reporting to the Board at least once a year to supervise the promotion of sustainable development of the Company
Corporate Governance	Implementing business integrity, establishing a corporate governance culture, understanding corporate goals and missions to stabilize corporate development and enhance competitiveness	Significant events or unethical behavior can affect brand reputation, brand value, and stakeholder interests (including market value impairment and penalty costs)	(1) Ensuring corporate governance evaluation metrics remain at 6~20% (2) Implementing Board and Functional Committee performance evaluation methods	(1) Reviewing the effectiveness of corporate governance through annual evaluations by the competent authorities (2) Establishing a substantive and effective whistleblowing channel for business integrity. (3) Conducting annual performance evaluations of the Board and Functional Committees
Operational & Financial Performance	Positive operational and financial performances can bring benefits to stakeholders	(1) Government tax policies impact corporate profitability (2) Exchange rate fluctuations affect profitability	(1) Developing effective strategies and operational directions in response to market conditions, global exchange rate fluctuations, and extreme climate (2) Actively participating in publicity seminars on tax decrees from the government and professional units to ensure compliance and formulation of regulations	(1) Business units confirm performance target progress in monthly meetings (2) Finance units provide management reports monthly to business and procurement units (3) Legal/finance units regularly confirm any changes in relevant regulations and present them in monthly management meetings. (4) The Company updates its business goals, strategies, and employee benefits on the intranet every month
Environmental Policy/Management System	For climate transition actions, improving energy efficiency and reducing energy consumption, developing supply chain carbon reduction management, and collaborating with the value chain to mitigate environmental impacts of operations	The imposition of future carbon taxes will increase the Company's internal costs or shift production costs to consumers	(1) Implementing organizational annual GHG inventories, aiming for a 5% increase in renewable energy use annually (2) Hazardous substances management and introduction of responsible minerals module	(1) Conducting annual reviews and reports on carbon reduction, energy conservation, renewable energy use, water conservation, and waste reduction goals to senior management (2) Maintaining a good work environment, convening occupational safety meetings regularly (3) Conducting regular environmental monitoring (lighting, carbon dioxide, drinking water, etc.) under legal regulations, then disclosing the findings truthfully (4) Using energy-saving equipment throughout the plants and replacing all lighting with energy-efficient alternatives, introducing automation systems to optimize production processes and reduce carbon emissions
Product Quality/Technology R&D	Providing new technologies and products to meet customer requirements and enhance the Company's competitiveness in the industry	Quality defects and shipment irregularities will affect customer satisfaction	(1) Conducting regular customer satisfaction surveys to understand customer needs (2) Analyzing customer product returns and return rates (3) Participating in industry associations to grasp development trends	(1) Regular quality meetings to review product problems and continue quality improvement (2) Confirming internal improvements through monthly market return analysis/ return rate
Risk Management	Understanding potential risks to business operations and climate challenges to make early preparations for controls or mitigation measures to ensure the enterprise's long-term stable development.	-	(1) Annual regular risk identification and management (2) Introducing TCFD management and identifying climate risks	(1) Evaluating risks based on the "Risk Management Operating Procedures" (2) Financial disclosure of climate risks based on TCFD



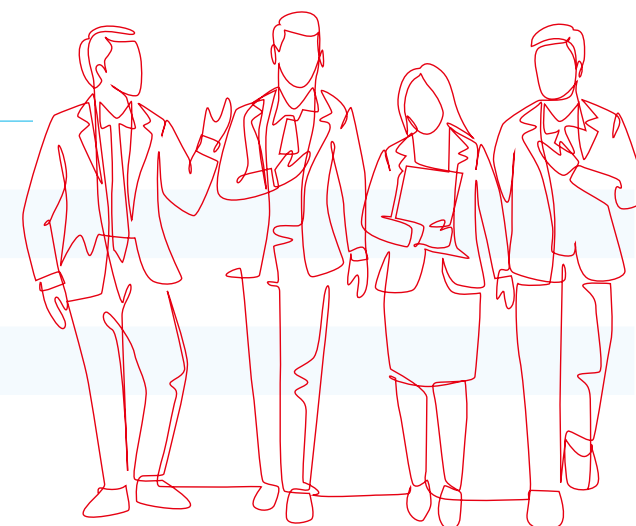
Material Topics Management: Goals and Results

Sustainability Development Strategies

Policies and Commitments	With the spirit of "collaboration with partners", we aim to integrate partners' resources for sustainable development, and imprint ESG into Innodisk's DNA, implementing our commitment to sustainable development step by step.
Complaint/Redressal Mechanism	Negotiating with stakeholders every year to mitigate and adjust the actual/potential, positive/negative impacts caused by the Company's operational activities on stakeholders.
2023 Goals and Performance	- Goal: Continuous improvement, promoting enterprise's sustainable development - Performance: Selected into the OTC ESG 30 Index
Medium to Long-Term Goals	Improving Sustainability Ratings (Ecovadis, FTSE Russell)
Long-Term Goals	Expanding community influence, maintaining and promoting biodiversity where the factory is located.

Corporate Governance

Policies and Commitments	Dedicated to maintaining the highest ethical standards and effective governance mechanisms, providing high-quality products and services to the market, and enhancing corporate value.
Complaint/Redressal Mechanism	A reporting mailbox (inno_supervisor@innodisk.com) is set up on the Company's website, providing a legitimate channel for reporting and complaints.
2023 Goals and Performance	- Goal: No incidents of governance or integrity breaches resulting in penalties - Performance: No penalty incidents occurred, maintaining a governance assessment rating between 6-20%
Medium to Long-Term Goals	- No violations of corporate governance and integrity management regulations - Maintaining corporate governance assessment rating between 6-20%
Long-Term Goals	Corporate governance assessment improved to the top 5%



Operational & Financial Performance

Policies and Commitments	1. Properly taking care of employees and families, while giving back to society and becoming an enterprise of happiness 2. Integrating group resources, enhancing corporate value, and maximizing profits for all shareholders
Complaint/Redressal Mechanism	For product sales issues, please contact the customer service window; For operational and financial issues, inquiries can be directed to the Company spokesperson, who will forward related questions to the finance department to address stakeholders' needs.
2023 Goals and Performance	- Goal: Maintaining stable profitability and maximizing stakeholder benefits - Performance: Maintaining high profitability with annual EPS of TWD 12.98
Medium to Long-Term Goals	Increasing operating revenue and maintaining profitability
Long-Term Goals	Ensuring stable financial development to maximize stakeholder benefits



Environmental Policy/Management System

Policies and Commitments	In addition to remaining committed to product R&D to become a leading manufacturer in the field of industrial control, the Company also regards environmental protection as our greatest responsibility. We adhere to our commitments to achieving sustainable development and caring for the earth in the spirit of continuous improvement.	
Complaint/Redressal Mechanism	- Complaint hotline for local environmental protection authorities (1999), official government website - The Company's website includes a reporting mailbox (inno_supervisor@innodisk.com)	
2023 Goals and Performance	- Goal: Expand the proportion of renewable energy use and produce green products - Performance: (1) Continuously purchasing and using renewable energy, and installing a solar power generation system at the Yilan manufacturing center. (2) Customer HSF satisfaction increased from 4.7 points to 4.8 points (out of 5 points)	
Medium to Long-Term Goals	Scope 1 and 2 GHG emissions in 2030 being reduced by 50% compared with the base year (2020)	The proportion of renewable energy use reaching 50% in 2030
Long-Term Goals	- Achieving "net-zero emissions" by 2050. - Using 100% renewable energy by 2050	

Product Quality / Technology R&D

Policies and Commitments	Good quality comes from strict production specifications. The Company's unwavering commitment is maintaining good quality, from design, development, and manufacturing to shipping services.	
Complaint/Redressal Mechanism	We have established customer complaint channels accessible via phone, email, satisfaction surveys, etc.	
2023 Goals and Performance	- Goal: Maintaining customer satisfaction points above 4.5 - Performance: 2023 customer satisfaction survey reached 4.7 points	
Medium to Long-Term Goals	Continuous improvement to enhance product quality	Maintaining customer satisfaction points above 4.5
Long-Term Goals	- Long-term services to meet customer business needs - Continuously developing services and technologies to provide tailored solutions for diverse customer needs - Increasing customer satisfaction year by year	

Risk Management

Policies and Commitments	Conducting risk assessment and identification in environmental, social, corporate governance, and other aspects based on the principle of materiality, grasping relevant risks that may affect the sustainable development of the enterprise, and minimizing or even eliminating possible risks through risk management strategies and response measures, or even turning risks into opportunities.	
Complaint/Redressal Mechanism	Establishing effective and timely communication channels, and continuously conducting risk identification and communication with internal and external stakeholders to ensure the ongoing application of risk management and reduce the impact.	
2023 Goals and Performance	- Goal: Ensuring no failures in risk management/control to prevent customer privacy breaches, operational disruptions, and financial losses - Performance: No significant risk events resulting in financial losses	
Medium to Long-Term Goals	Effective risk management/control to avoid impacts on customers and stakeholders due to risk events	
Long-Term Goals	Reinforcing operational resilience through continuous risk identification	

Environmental Commitment and Climate Strategy

innodisk



01 About Innodisk

- 1.1 Company Profile
- 1.2 Global Operations Layout
- 1.3 Organizational Structure
- 1.4 Added Value and Reliable Product Technology
- 1.5 Business Layout and Commercial Recognition



1.1 Company Profile

Originally, Innodisk was a company providing industrial control storage products and achieved a leading position in the global market. Later, we recognized opportunities in industry intelligence innovation, therefore, with the vision of "Building an Intelligent World," we started to integrate hardware and software and officially announced the "IoT Innovation, Evolving AI" group strategy in 2022. We've made the best of our advantages: "Ultimate Integration, Deep Application, and Intelligent Empowerment," fully investing in the AIoT applications market, and developing integrated hardware/software product solutions.

With a commitment to ultimate service and integration, we provide global customers with AIoT solutions, industrial embedded storage devices, industrial DRAM modules, embedded peripherals, and software solutions. We aim to drive industrial intelligence transition, accelerating deployment and implementation in global applications regarding smart cities, smart vehicles, smart healthcare, smart retail, smart factories, and energy/infrastructure.

We remain dedicated to the industrial control and AIoT applications industries, continually investing in R&D to maintain our leading position in technology, and continuing to enhance global customer satisfaction by delivering ultimate service value. We prioritize corporate sustainability and ESG management as well as business and profitability growth, and are committed to comprehensively addressing environmental issues, fulfilling social responsibilities, and reinforcing corporate governance.

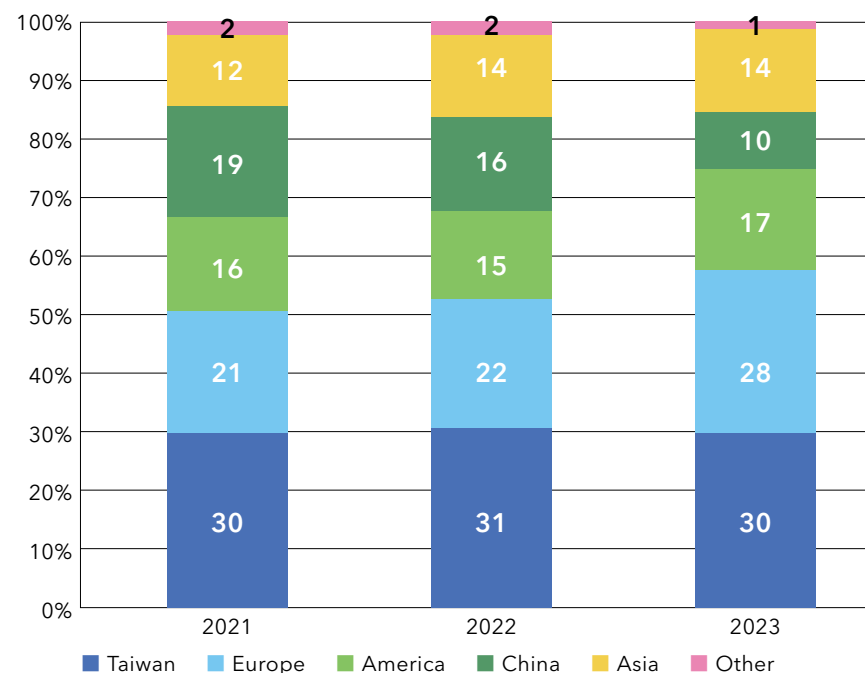
Company Information

Company Name	Innodisk Co., Ltd.
Short Name	Innodisk
Industry	Computer and peripheral equipment
Primary Business	Industrial embedded storage devices
Chairman	Jian Chuansheng
General Manager	Jian Chuansheng
Spokesperson	Wang Licheng
Registered Address	5F, No. 237, Section 1, Datong Road, Xizhi District, New Taipei City, Taiwan
Phone	02-77033000
Website	www.innodisk.com

1.1.1 Innodisk's services

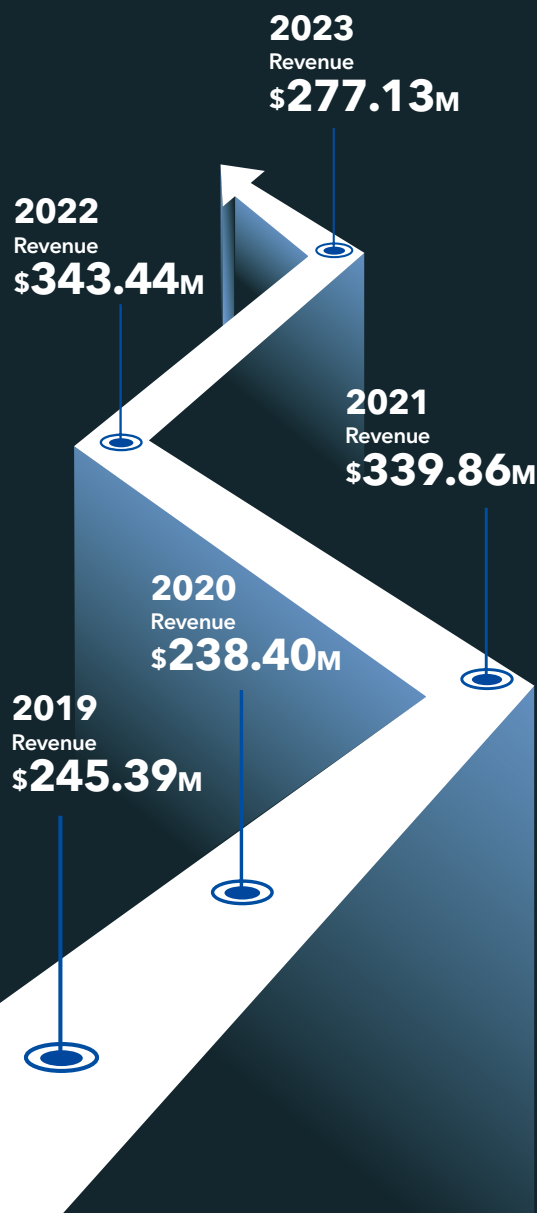
Innodisk is rooted in Taiwan but with a global vision. Our global operations headquarters and R&D and manufacturing centers are all based in Taiwan. Leveraging strong innovation and development capabilities, as well as customized product capabilities, we have successfully expanded our product business worldwide. We've established operational offices in the United States, China, Europe, and Japan, offering meticulous local technical/business support to our global customers.

The following is the change in the Company's revenue share in various regions around the world in the past three years:





1.2 Global Operations Layout



Founded in

2005

Business regions

25

Number of patents

179

Number of global employees

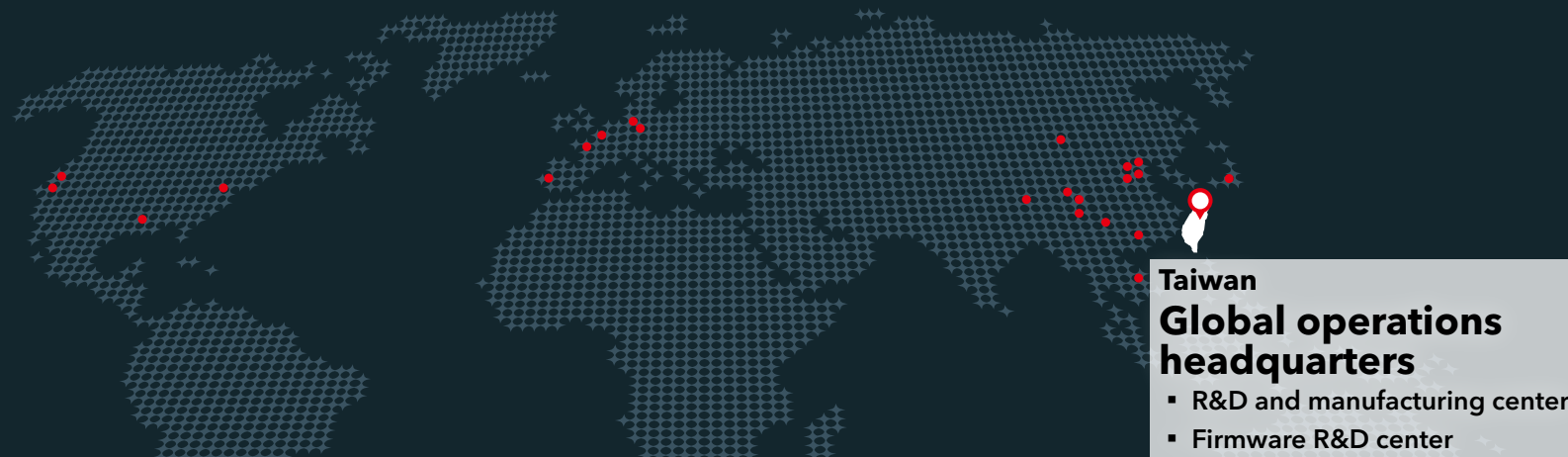
1,000

Capacity (month)

1,350K

Capital (in USD)

29.47M



Global headquarters

Global operations headquarters

221 5th Floor, No. 237, Section 1, Datong Road, Xizhi District, New Taipei City TEL : +886-2-7703-3000 FAX : +886-2-7703-3555
E-mail : sales@innodisk.com

Yilan R&D and manufacturing

Hsinchu R&D Office
Taichung Office

300 17F-6, No. 27, Guanxin Road, Hsinchu City
407 18th Floor-3 No. 660, Section 3, Taiwan Avenue, Xitun District, Taichung City, TEL : +886-4-37023200

Japan

Innodisk Japan Corporation

2F., 1-1-14, Nihonbashi-Ningyocho, Chuo-ku, Tokyo, 103-0013 Japan
TEL: +81-3-6667-0161
FAX: +81-3-6667-0162
E-mail: jpsales@innodisk.com

USA

Innodisk USA Corporation

42996 Osgood Road, Fremont, CA 94539 USA
TEL: +1-510-770-9421
E-mail: usasales@innodisk.com

US Central Office
TEL: +1-510-770-9421

US East Coast Office
336 Raritan Center Pkwy, Edison, NJ 08837 USA
TEL: +1-510-770-9421

China

Shenzhen Innodisk Co., Ltd.

Room 807, Building 206, Nanyou Second Industrial Zone, Dengliang Road, Nanshan Street, Nanshan District, Shenzhen (Block B, Hengyu Center)
TEL : +86-755-2167-3689 / +86-755-2167-3690
FAX : +86-755-2167-3691
E-mail : sales_cn@innodisk.com

Beijing Office

Room 109, JintaiFudi Building, Building 29, No. 9, Anningzhuang West Road, Haidian District, Beijing
TEL : +86-010-82458120 / +86-010-82458130

Shanghai Office

Room 101, Building 3, Hansheng Technology Park, No. 3888 Humin Road, Minhang District, Shanghai
TEL : +86-21-64198038 / +86-21-64195356

Chengdu Office

Room 910, Tower A, Oriental Hope Tianxiang Plaza, Tianfu Avenue, High-tech Zone, Chengdu
TEL : +86-28-67197490

Wuhan Office

Room 715, Building 17, Contemporary International Garden Platinum Mansion, No. 112 Guanggu Avenue, Hongshan District, Wuhan City
TEL : +86-027-81941314

Europe

Innodisk Europe B.V.

Pisanostraat 57, 5623 CB, Eindhoven, The Netherlands
TEL: +31-40-3045-400
FAX: +31-40-3045-419
E-mail: eusales@innodisk.com

Innodisk France

Immeuble Arago 1, 41 boulevard Vauban, 78280 Guyancourt
TEL: +33(0)1-34-89-50-28
E-mail: fr_sales@innodisk.com



1.2.1 Affiliated enterprises

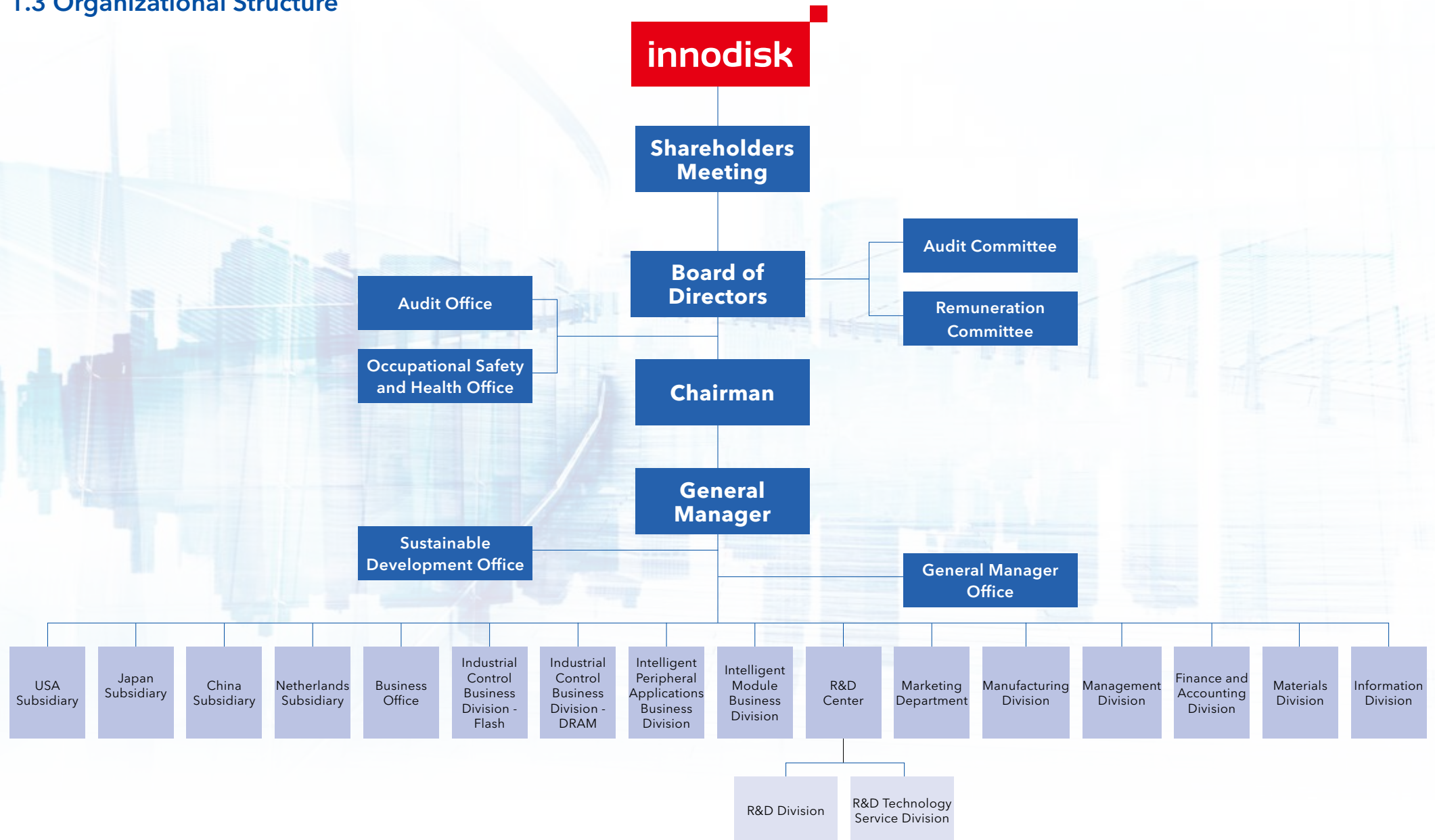
Unit: TWD 1,000

Affiliated Enterprise Name	Relationship with Innodisk	Holding of the Company Share			Company's Holding of Affiliated Enterprise Shares		
		Number of Shares	Shareholding Ratio	Investment Amount	Number of Shares	Shareholding Ratio	Investment Amount
Innodisk Global-M Corporation	Subsidiary	-	-	-	665,000	100.00%	20,154
Innodisk USA Corporation	Subsidiary	-	-	-	2,046,511	100.00%	140,499
Aetina Corporation	Subsidiary	-	-	-	23,884,103	73.67%	24,091
Innodisk Japan Corporation	Subsidiary	-	-	-	196	100.00%	3,533
Innodisk Europe B.V.	Subsidiary	-	-	-	50,000,100	100.00%	17,802
Innodisk France SAS	Sub-subsubsidiary	-	-	-	5,000	100.00%	175
Shenzhen Innodisk Co., Ltd.	Sub-subsubsidiary	-	-	-	Note	100.00%	18,168
Antzer Tech, CO., LTD.	Subsidiary	-	-	-	58,400,000	100.00%	57,133
AETINA USA CORPORATION	Sub-subsubsidiary	-	-	-	200,000	100.00%	6,098
AETING Europe B.V.	Sub-subsubsidiary	-	-	-	100	100.00%	-
Aetina Japan Corporation	Sub-subsubsidiary	-	-	-	500	100.00%	1,087
Aetina (Shenzhen) Artificial Intelligence Co., Ltd.	Sub-subsubsidiary	-	-	-	Note	100.00%	1,360

Note: Number of unissued shares



1.3 Organizational Structure

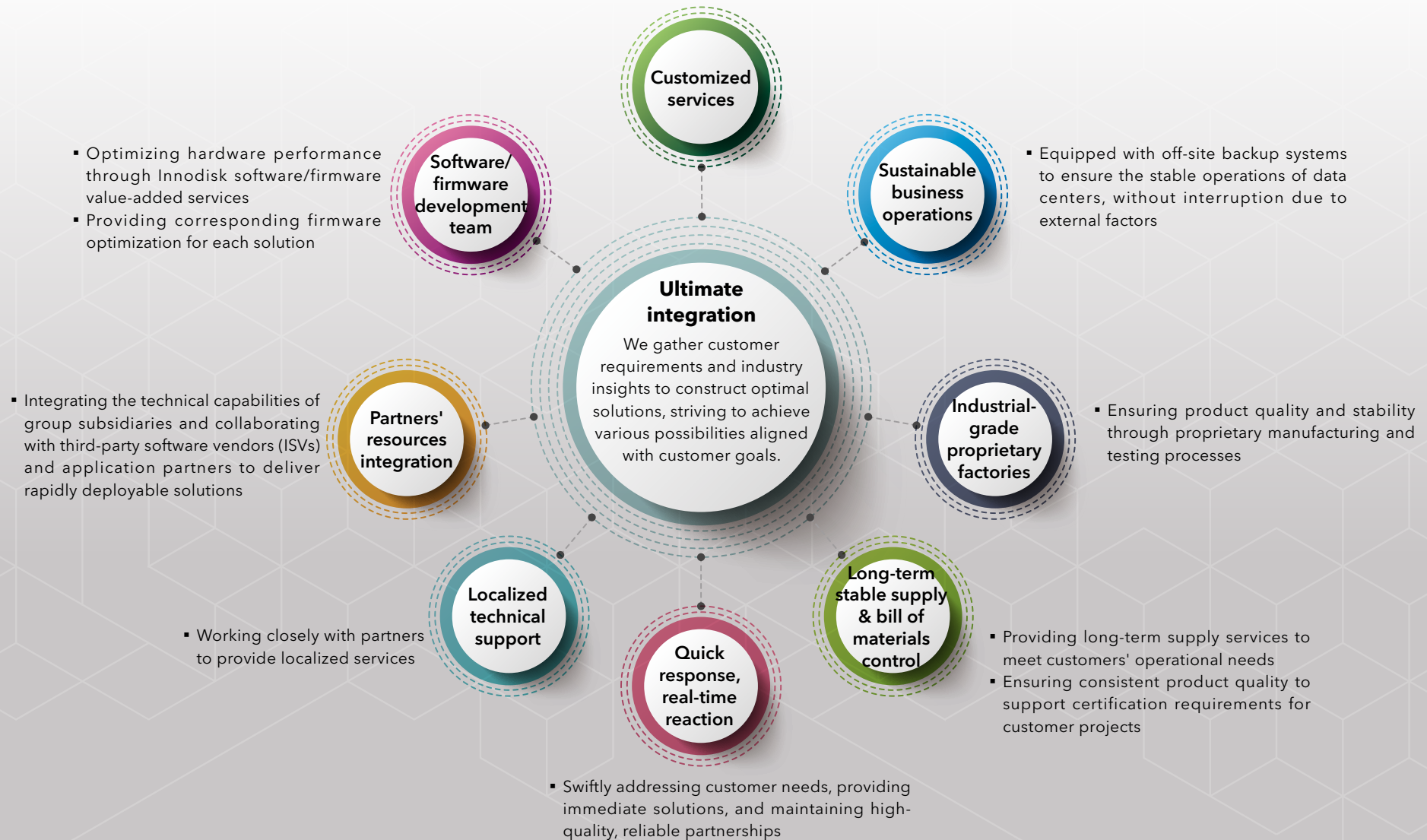




1.4 Added Value and Reliable Product Technology

1.4.1 Service value

- Continuously developing services and technologies to provide tailored solutions for diverse customer needs





1.4.2 R&D investment



*R&D Intensity refers to R&D expenses as a percentage of total revenue



1.4.3 Main products

SENSING INTELLIGENCE Comprehensive Solutions

Camera



Air Sensor



DATA INTELLIGENCE Comprehensive Solutions

DRAM



FLASH





EXTENDED INTELLIGENCE Comprehensive Solutions

Storage



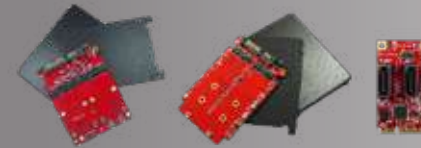
Display



Testing Tool



Disk Array



InnoEx Virtual I/O



COMPUTING INTELLIGENCE Comprehensive Solutions

FPGA / CPU / GPU / ASIC





CONNECTING INTELLIGENCE: Comprehensive Solutions

SERIAL



CANbus & CANFD



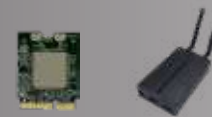
GNSS



LAN



WI-FI

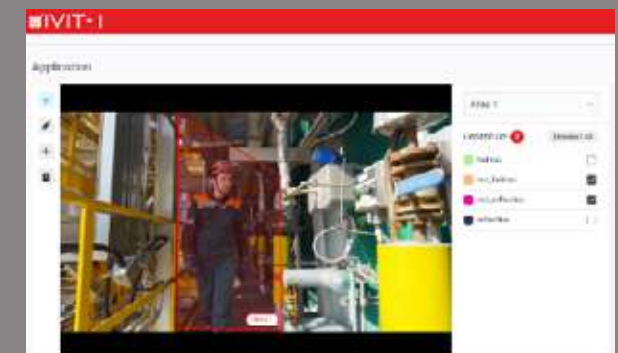


MACHINE-LEARNING INTELLIGENCE: Comprehensive Solutions

Vision AI model training and inference



- Simplifying the two major aspects of AI training and inference
- No-code user interface to lower the AI development threshold
- Comprehensive support for multiple heterogeneous AI accelerator platforms





MANAGEMENT INTELLIGENCE: Comprehensive Solutions

AI Deployment

- AI model library
- AI task monitoring
- AI model deployment

■ AI model deployment



Remote management

- Intelligent devices management
- Remote control
- Out-of-band management



■ iSeries



- SSD and DRAM
- Real-time monitoring and management



- SD cards and USB
- Real-time monitoring and management



- SSD and DRAM
- Autonomous encryption authorization management



- RAID module monitoring



■ InnoAgent



APPLIED INTELLIGENCE Comprehensive Solutions

Highly customized

Innodisk applies integrated technologies to seamlessly connect software, hardware, and firmware, providing customers with tailor-made AI models or solutions, to meet various industry application needs.



Our Advantages

- Diverse selection of AI accelerator cards
- Flexible product design and collaboration methods
- Capabilities for seamless integration





1.5 Business Layout and Commercial Recognition

1.5.1 Business Layout



Communications

78
global partners



Manufacturing



Transportation



Edge Servers



Aerospace

4000+
global customers



Smart Energy



Security Monitoring



Medical



Retail and Logistics



Entertainment



1.5.2 Business affirmations

Global market recognition

Forbes

Top 200 Asian SMEs

Interbrand

2018-2023 Taiwan
International Brand

intel

Intel® IoT Official Partner

Gartner

2018-2023 Global Industrial SSD
Market Leader

TRENDFORCE

2019-2023 Global Top 10 DRAM
Module Suppliers

CFMS

2023 Best AIoT Integration
Service Award

Environmental Commitment and Climate Strategy

innodisk



02 Corporate Governance

- 2.1 Corporate Governance
- 2.2 Financial Information
- 2.3 Operational Continuity and Risk Management
- 2.4 Integrity Management
- 2.5 Value Chain Management



2.1 Corporate Governance

2.1.1 Board of Directors

■ Board members and their duties

Innodisk's Board of Directors is composed of 9 directors (including 4 independent directors) with a three-year term (July 8, 2021 to July 7, 2024). To ensure independence and diversity, the Board members include the chairman, directors, and independent directors consisting of 8 males and 1 female. All Board members faithfully perform their responsibilities and uphold the duty of care, exercising their authority with high self-discipline and prudence. The current chairman also serves as the general manager due to operational needs, but the number of independent directors has been increased to four, and more than half of the Company's directors do not concurrently serve as company managers and employees, allowing the Board to maintain objectivity and supervisory power.

■ Board functions

The Board of Directors operates according to the "Board Meeting Regulations" and "Procedures for Ethical Management and Guidelines for Conduct". Regular Board meetings are held quarterly (in 2023, the Board met 5 times with an attendance rate of 93.33%), please refer to Innodisk's 2023 annual report - the operation of the Board of Directors, and check the website: <http://mops.twse.com.tw/>). For agenda items involving conflicts of interest, the Board follows the Board Meeting Regulations to disclose significant details of these conflicts during the meeting. Board members are to express opinions and inquire about potential harm to company interests, and they must abstain from discussion and voting when necessary to avoid conflicts of interest (for the recusal situation in 2023, please refer to Innodisk's 2023 Annual Report - Operations of the Board of Directors, accessible at <http://mops.twse.com.tw/>). The existing directors faithfully perform their duties, express and consolidate consensus on the Company's operational policies. After the decisions have been made by the Board, they are handed over to the management for execution. And the Board continuously supervises its implementation effectiveness.

■ Director nomination and election

The Company has established "Director Election Procedures," specifying a nomination system for director candidates and the policies and standards for their nomination,

qualification, and evaluation. The nomination of the Company's Board members takes into account the overall composition of the Board and undergoes a rigorous selection process. Factors for nomination consideration include diverse backgrounds, knowledge, skills, qualifications, and the Company's future planning needs. More than half of the Board seats must not be held by individuals who have their spouse or a second-degree relative relationship with another Board member.

■ Independent directors

Since 2012, the Company has appointed independent directors to enhance Board operations. Independent directors possess professional knowledge and are subject to restrictions on shareholding and concurrent positions. They are required to maintain independence within their scope of duties, avoiding direct or indirect conflicts of interest with the Company. This framework enables them to function effectively, increase transparency in financial reporting, safeguard shareholder rights, enhance corporate value, and achieve sustainable management goals.

■ Performance evaluation of the Board and functional committees (audit and remuneration)

In August 2020, the company formulated the "Board Performance Evaluation Procedures" to conduct annual performance evaluations of the Board of Directors as a whole, individual Board members, and functional committees (audit and remuneration), in the form of self-assessment questionnaires. The evaluation results for 2023 were satisfactory and were reported to the Board on February 22, 2024. For detailed annual performance evaluation results, please refer to InnoDisk's 2023 Annual Report (Link: <http://mops.twse.com.tw/>).

■ Board diversity

Article 20 of the Company's "Corporate Governance Practice Code" stipulates that the Board composition diversity should be taken into account. The directors who are also managers of the Company should not exceed one-third of the directors' seats. Additionally, appropriate diversity policies should be formulated based on the Company's operations, business models, and development needs, including but not limited to the following two major aspects:



1.Basic criteria and values: gender, age, nationality, culture, etc.

2.Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.

■ The Board of Directors as a whole should have the following capabilities

Generally, Board members should possess the required knowledge, skills, and personal

cultivation to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors as a whole should have the following capabilities:

- | | |
|--|---------------------------------|
| 1.Operational judgment capability | 5.Industry knowledge |
| 2.Accounting and financial analysis skills | 6.International market insights |
| 3.Operation and management skills | 7. Leadership |
| 4.Crisis management capability | 8.Decision-making capacity |

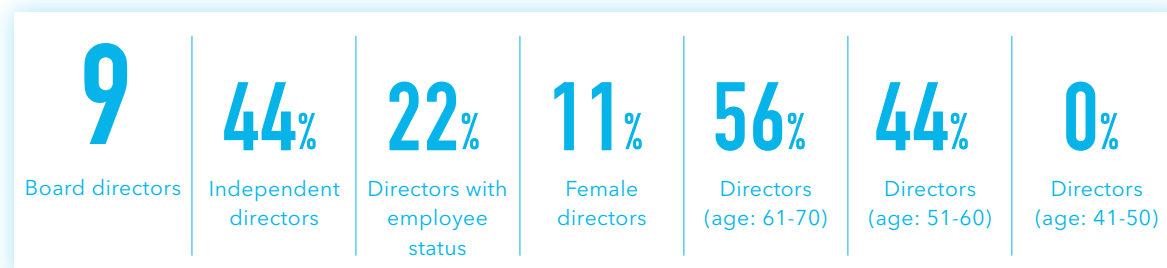
■ Directors' in-service training in 2023:

Job Position	Name	Training Date	Training Organization	Course Title	Training Hours
Chairman	Jian Chuansheng	2023/06/07	Taipei Exchange	2023 Taipei Exchange ESG Elite Exchange Seminar	3.0
		2023/08/09	aiwan Corporate Governance Association	Corporate M&A practice sharing	3.0
Director	Li Zhongliang	2023/11/21	The Institute of Internal Auditors-Chinese Taiwan	Evolution of Practical Standards for Material Financial Misstatements and Identification of Directors' and Supervisors' Responsibilities	3.0
				Legal Liability for Corporate Fraud and Practical Procedures for Investigation and Trial	3.0
Director	Shan-Ke Hsu	2023/07/05	Securities and Futures Institute	The CCP's Political/Economic/International Situations and Cross-strait Relations	3.0
		2023/10/26	Taiwan Corporate Governance Association	Rising Southeast Asia and the Changing New Indo-Pacific: Geopolitical Risks. Regional Economic Resilience	1.5
				Cultural Integration and Social Innovation in Contemporary Architecture; the Development and Implications of the International Carbon Border Adjustment Mechanism	3.0
Director	Radiant Capital Investment Co., Ltd. Representative: Wu Xixi	2023/10/04	Securities and Futures Institute	How Directors and Supervisors with Non-accounting Background Review Financial Reports	3.0
		2023/10/13		Carbon Emission Rights Trading Mechanisms and Applications in Corporate Management	3.0
Director	Zhu Qingzhong	2023/11/22	Accounting Research and Development Foundation	Corporate Governance Literacy and Financial Reporting Risk Assessment Practices for Internal Auditors	6.0
Independent Director	Wang Yintian	2023/08/25	Securities and Futures Institute	Mergers and Acquisitions Integration Issues During the M&A Process	3.0
				From CSR to ESG: Insights into Corporate Management	3.0
Independent Director	Lin Weili	2023/08/09	Securities and Futures Institute	A Discussion on Amendments to Article 14 of the Securities and Exchange Act	3.0
		2023/08/11		Circular Economy: Benefits and Business Models	3.0
Independent Director	Yang Kaichan	2023/01/12	Taiwan Corporate Governance Association	Corporate Ethics and International ESG Forum	6.0
		2023/08/10	Taiwan Institute of Directors	Breaking out of Organizational Frameworks - Organizational Strategy and Key Talent Development	3.0
Independent Director	Luo Shixun	2023/08/09	Securities and Futures Institute	A Discussion on Amendments to Article 14 of the Securities and Exchange Act	3.0
		2023/08/11		Circular Economy: Benefits and Business Models	3.0



2.1.2 Board member

The Company's seventh Board of Directors consists of 9 directors (including 4 independent directors). Each member possesses the necessary knowledge, skills, and qualities to execute their duties effectively, and is capable of making timely suggestions on company decisions. To implement diversity in Board composition, there are four independent directors (44% of the Board), each serving a tenure of less than three years. Directors with employee status account for 22%, and female directors makeup 11%, meeting the goal of having at least one female director. There are five members aged 61 to 70 years old (accounting for 56%), and four members aged 51 to 60 years old (accounting for 44%).



Individual directors diversity:

Type of diversity Core items Name	Nationality	Gender	With employee status	Age			Independent Directors' Tenure			Operational judgment capability	Accounting and financial analysis skills	Operation and management skill	Crisis management capability	Industry knowledge	International market insights	Leadership	Decision-making capacity
				41~50	51~60	61~70	3 years or less	3 to 9 years	9 years or more								
Jian Chuansheng	Republic of China	Male	●		●					●	●	●	●	●	●	●	●
Li Zhongliang	Republic of China	Male				●				●	●	●	●	●	●	●	●
Radiant Capital Investment Co., Ltd. Representative: Wu Xixi	Republic of China	Male	●		●					●		●	●	●	●	●	●
Zhu Qingzhong	Republic of China	Male			●					●	●	●	●		●	●	●
Xu Shanke	Republic of China	Male				●				●	●	●	●	●	●	●	●
Wang Yintian	Republic of China	Male				●	●			●		●	●	●	●	●	●
Lin Weili	Republic of China	Male			●		●			●		●	●	●	●	●	●
Yang Kaichan	Republic of China	Female				●	●			●	●	●	●		●	●	●
Luo Shixun	Republic of China	Male				●	●			●		●	●		●	●	●



▪ Director education experience and main concurrent positions:

Job Position	Name	Academic/Professional Background	Concurrent Positions
Chairman	Jian Chuansheng	Department of Mechanical Engineering, Tamkang University Master of Mechanical Engineering, National Central University National Chengchi University Entrepreneur Program Innodisk Co., Ltd. - General Manager	Innodisk Co., Ltd. - General Manager Shenzhen Innodisk Ltd. - Chairman Innodisk USA Corporation - Director Innodisk Japan Corporation - Representative Director Innodisk Europe B.V. - Director Innodisk France SAS - Director Mauritius Innodisk Global-M - Director Aetina Co., Ltd. - Representative of Juristic Person As Director/Chairman MilliTronic Co., LTD - Representative of Juristic Person As Director Sysinno Technology Inc. - Representative of Juristic Person As Director ANPEC Electronics Co., Ltd. - Independent Director
Director	Li Zhongliang	Department of Management Science, National Jiaotong University Master of Management Science, Tamkang University Power Quotient International Co., Ltd - General Manager	Rui Ding Investment Co., Ltd. - Chairman I-Media Tech Co., Ltd. - Director Aetina Co., Ltd. - Director
Director	Radiant Capital Investment Co., Ltd. Representative: Wu Xixi	Computer Science and Information Engineering, Fu Jen Catholic University Power Quotient International Co., Ltd. - Engineer POWER DIGITAL COMMUNICATIONS CO., LTD. - Engineer	Innodisk Co., Ltd. - Vice president of Industrial control flash division
Director	Zhu Qingzhong	Department of Management Science, National Jiaotong University Master of Department of Management Science, National Jiaotong University Kobayashi Optical Co., Ltd. - General manager	Department of Management Science, National Yang Ming Chiao Tung University - Associate professor Director, Antec International Co., Ltd. Executive Director, ALSME
Director	Xu Shanke	Department of Management Science, National Jiaotong University MBA, National Chengchi University Yu-long Group General Management Office - VP Xinyang Management Consulting Co., Ltd. - Chairman	3R Life Science Co., Ltd. - Chairman Nuvoton Technology Co., Ltd. - Independent Director ACME Electronics Co., Ltd - Representative of Juristic Person As Director Winbond Electronics Co., Ltd. - Independent Director



Job Position	Name	Academic/Professional Background	Concurrent Positions
Independent Director	Wang Yintian	University of Pennsylvania - Ph. D. in Mechanical Engineering Department of Mechanical and Electro-Mechanical Engineering, Tamkang University - Associate professor	Department of Mechanical and Electro-Mechanical Engineering, Tamkang University - Professor Chant Sincere Co., Ltd. - Independent Director
Independent Director	Lin Weili	National Yang Ming Chiao Tung University - Ph. D. Tailyn Technologies, Inc. - CTO Good Way Technology Co., Ltd. - Vice President NEW KINPO GROUP - CTO of R&D General Management Office ZYXEL Group/MitraStar Technology Corp. - VP of Sales Department & Chief Assistant of GM Groundhog Inc. - VP/Executive VP in the Greater China area Asia Pacific Telecom - Assistant Vice President	Lane 55 Slow Workshop - General consultant NUWA Robotics Corp. - Legal Supervisor-Representative Cayman NUWA Robotics Corp. Hong Kong Subsidiary-Taiwan Branch Chief Strategy Officer
Independent Director	Yang Kaichan	MBA, National Chengchi University Kansas State University - MBA National Chengchi University Entrepreneur Program CDIB Capital Group - Senior VP & Head of Entrepreneurship and Industrial Investment Department CDIB Capital Management Corporation&CDIB Venture Capital Corporation - GM	Sinipower Co., Ltd.-Independent Director WPG Holdings Co., Ltd.-Independent Director Young Shine Electric Co., Ltd. - Director
Independent Director	Luo Shixun	School of Medicine, College of Medicine, National Yang Ming Chiao Tung University National Yang Ming Chiao Tung University - Professor of Surgery Taipei Veterans General Hospital - Attending Physician National Yang Ming Chiao Tung University Hospital - Vice Administrator National Yang Ming Chiao Tung University Hospital - Administrator	National Yang Ming Chiao Tung University Hospital - Contract Physician



2.1.3 Implementing integrity management

The rules of procedure for Innodisk's Board Meetings prioritize establishing a sound governance system, improving supervisory functions, and reinforcing management functions. Unless otherwise stipulated by laws/regulations or the articles of association, the Board meeting shall be conducted under the company's "Rules of Procedure for Board Meetings". When the Board of Directors convenes, the agenda working group appointed by the Board shall prepare relevant materials for the directors to consult at any time and may notify the relevant non-director managers to attend the meeting according to the content of the proposals, and invite accountants, lawyers or other professionals to attend the meeting when necessary.

Innodisk's "Procedures for Ethical Management and Guidelines for Conduct" clearly forbids the following misconducts: offering and accepting bribes, providing illegal political contributions, improper charitable donations or sponsorships, offering or accepting unreasonable gifts, entertainment or other improper benefits, infringing trade secrets/trademark rights/patent rights/copyrights/intellectual property rights, acts of unfair competition, or enabling products and services that directly or indirectly damage the rights/health/safety of consumers or other stakeholders during research and development, procurement, manufacturing or sales.

■ The Audit Committee

The Audit Committee was established to assist the Board in performing its supervisory responsibilities, and complying with Company Act, Securities and Exchange Act, and other relevant laws and regulations. Matters to be reviewed include financial statements, auditing and accounting policies/procedures, internal control systems, potential conflicts of interest, material asset or derivative commodity transactions, offering or issuance of securities, appointment/dismissal/remuneration of certified accountants, as well as the appointment and dismissal of financial/accounting/internal audit supervisors, etc. According to the Articles of Association of the Audit Committee, the Audit Committee has the right to conduct any appropriate audits and investigations within the scope of its responsibilities, and to have direct communication channels with the company's internal auditors, certified accountants, and all employees. The Audit Committee also has the right to hire lawyers, accountants, or consultants to assist it in performing its duties. The Audit Committee convenes at least four times a year. (In 2023, the Audit Committee was composed of four independent directors

and convened 5 times. Please refer to Innodisk's 2023 Annual Report - Operations of Audit Committee. Website: <http://mops.twse.com.tw/>).

■ Remuneration Committee

To assist the Board in implementing and evaluating the company's overall remuneration policy, as well as the remuneration of directors and managers. The Innodisk Remuneration Committee convenes at least twice a year. (In 2023, the Remuneration Committee was composed of four independent directors and convened three times with an attendance rate of 100%. Please refer to Innodisk's 2022 Annual Report - Operation of Remuneration Committee. Link: <http://mops.twse.com.tw>).

2.1.4 Governance of Innodisk

The Company is committed to maintaining the highest ethical standards and an effective rights and responsibility mechanism. We believe that decent corporate governance can establish a firm foundation for operational development, provide high-quality products and services to the market, and uplift long-term corporate value. Innodisk's governance policies adhere to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and relevant regulatory requirements, and the relevant measures for corporate governance are formulated as follows:

01	Board Meeting Regulations	10	Audit Committee Organization Regulations
02	Rules of Procedure for Shareholders' Meeting	11	Remuneration Committee Organization Regulations
03	Internal Control System	12	Mutual Financial Transactions Among Affiliated Enterprise Related Operation Procedures
04	Procedures for Acquisition or Disposing of Assets	13	Operating Procedures for Transactions of the Group Enterprises and Specific Company-related Parties
05	Procedures for Lending Funds to Others	14	Rules on the scope of responsibilities of independent directors
06	Endorsement Guarantee Operating Procedures	15	Processing Procedures for Internal Material Information
07	Director Election Procedures	16	Procedures for Applying for Suspension and Resumption of Trading
08	Procedures for Ethical Management and Guidelines for Conduct	17	Standard Operations for Handling Requests from Directors
09	Code of Ethical Conduct	18	Corporate Governance Practice Code

Apart from the Audit Committee's mandated review and tracking of internal controls and auditing execution, the Board and management also annually review the self-assessment results of each unit and the audit reports of the auditing unit, preparing an internal control statement for timely submission to the competent authorities.



2.2 Financial Information

2.2.1 Financial status of Innodisk

In 2023, the Company's operating income was TWD 8,313,778,000, a decrease of 19% compared to the previous year. Net profit attributable to the owners of the parent company was TWD 1,147,616,000, and EPS was TWD 12.98. The Company still maintained robust profitability despite being affected by the post-pandemic environment. As of 2023, accounts receivable amounted to TWD 1,333,627,000, down 6% from the previous year. Operating cost was TWD 5,467,866,000, a decrease of 20% from the previous year. As the Company actively controlled the inventory, it totaled TWD 1,159,248,000, an increase of only TWD 773,000 from the previous year. The debt ratio remained at 23%, indicating a sound financial structure and normal financial performance in terms of revenue and expenditure. For detailed operating performance and financial information, please refer to the Company's 2023 annual report. Link: <http://mops.twse.com.tw/>

▪ Triennial consolidated simplified income statement

2021 **10,195,658** TWD 1000
Operating income (A)

2022 **10,303,229** TWD 1000
Operating income (A)

2023 **8,313,778** TWD 1000
Operating income (A)

Economic value distributed (B)	2021	2022	2023
Operating cost	7,103,440	6,844,611	5,467,866
EPS	18.39	21.04	12.98
Dividends per share	12.00	14.00	10.40
Cash dividend per share	11.70	13.80	10.20
Stock dividend per share	0.30	0.2	0.20
Income tax (Taiwan)	368,508	345,770	285,525
Income tax (Asia)	18,467	34,374	599
Income tax (Europe)	680	1,089	1,173
Income tax (USA)	2,518	3,806	(376)
Employee salaries and benefits	1,169,023	1,349,067	1,395,071
Community investment	4,000	4,000	3,000

Retained economic value (C)	2021	2022	2023
Retained earnings	3,933,627	4,791,798	4,727,670

Unit: TWD 1000 (except earnings/dividends per share are in TWD)

Note: The final values of dividends per share, cash dividends per share, and stock dividends per share are subject to the resolution to be made by the shareholders' meeting in 2024.



2.2.2 Tax governance

■ Tax policy

The Group calculated the current income tax according to the tax rate that has been formulated or substantively formulated on the balance sheet date in the country where the Group operates and thus the taxable income is incurred. Executives periodically assess the income tax filings concerning applicable income tax regulations and, where applicable, estimate income tax liabilities based on the expected tax.

■ Tax governance, control, and risk management

The Board of Directors shall act as the highest decision-making unit of the Company in terms of effective tax risk management mechanisms. The Board, according to the holistic operation strategy and business environment, approves the overall tax governance policy to ensure the effective operation of the tax management mechanism. The accounting department is the Company's tax management unit. The Company and Subsidiaries report tax matters according to hierarchical management. The top-level supervisor of the

■ Effective tax rate

Unit: TWD 1,000

	2022	2023	Average of two periods
Net profit before tax (A)	2,266,327	1,431,088	1,848,708
Income tax (B)	385,039	286,921	335,980
Effective tax rate (B) / (A)	16.99%	20.05%	18.17%
Tax impact of adjustment items (D)	12,700	2,311	7,506
Temporary difference	12,700	2,311	7,506
Other	-	-	-
Adjusted income tax (E) = (B) + (D)	397,739	289,323	343,486
Adjusted effective tax rate (E)/(A)	17.55%	20.21%	18.58%
Income tax paid (F)	483,765	215,395	349,580
Cash tax rate (F)/(A)	21.35%	15.05%	18.91%

financial management department reports to the general manager on the relevant tax implementation status from time to time depending on the significance of the issues, to ensure the effective operation of the tax management mechanism.

The Company's pre-tax net profit and income tax in 2023 decreased compared with the previous year. The general environmental factors affected this period's profitability. Income tax was mainly affected by the recognition of investment losses due to the liquidation of AccelStor Inc. in 2022 (TWD 45,052,000) and the reduction of the previous year's income tax overestimation of NT \$21,188,000, resulting in a relative increase in the effective tax rate in 2023 compared with the previous year. The Company's cash tax rate in 2023 decreased compared with the previous year, mainly due to the 2023 provisional Income tax return under pandemic-related impacts.

■ Stakeholders engagement and management for tax-related issues

The Company proactively communicates with stakeholders through various channels, and practically participates in tax initiatives and other actions to support the implementation of various new tax policies and jointly establish a sound tax environment. Should the Company have doubts about the application of laws and regulations regarding taxation, it will proactively consult the tax collection agency, fully cooperate, and submit relevant documents and explanations when receiving a letter from the taxation administration requesting reminder information.

■ Country reports

The Company and its subsidiaries stick to the principles of Integrity and prudence regarding tax payment, fully understand and abide by the local tax laws and regulations of the business locations, and take into consideration both the literal meanings and the legislative intent when interpreting tax laws and regulations, correctly calculate the tax, declare and pay the tax within the prescribed time limit, fulfill the Company's social responsibility as a taxpayer, do not exploit tax avoidance/evasion measures, conduct tax planning with reasonable commercial purposes, do not conduct transactions without commercial substance or deliberately transfer profits to the non-cooperative tax haven countries (low tax rate countries) blacklisted by OECD and European Commission.



2.3 Operational Continuity and Risk Management

To provide customers with complete and uninterrupted services, Innodisk has established a continuous operation management mechanism to respond to natural/ man-made disasters and information system problems and achieve quick recovery, reducing the impact and protecting the rights and interests of customers and shareholders, while improving competitiveness.

2.3.1 Information security management

We carry out DR backup once every hour and conduct annual off-site backup drills. When the Xizhi plant or Yilan plant fails to continue production, the plant database can be transferred to the off-site plant within one hour to maintain the production line operation and keep accurate records.

We implemented anti-ransomware protection, built multiple defense lines for data, and improved offline backup to reinforce operational security and ensure operational data recoverability.

We entrust external experts (including information security audit organizations and cybersecurity risk assessment agencies) to periodically perform company network and information security assessments and use the objective results derived from the assessments plus the threat information to conduct information security management risk analysis for improvement measures as well as strengthening information security controls.

The off-site core system backup drill for 2023 was completed on August 20, 2023. the data was successfully transferred to the computer room of the Yilan Plant within one hour, then the same data was transferred back to the Xizhi computer room after the drill on that day. We made sure whenever the operation of one of the factories would fail, the data could be

completely transferred within one hour to guarantee uninterrupted production.

he penetration test drill was completed on November 28, 2022. For the selected target system, we conducted the security strength test and simulated hacker intrusion to find out possible intrusion paths and improve the security of the outbound service platform.

In 2023, we planned the introduction of zero-trust network architecture for 2024 to enhance the security of the internal network border, implement the Secure Access Service Edge (SASE) framework for role definition and authority dynamic segmentation, and effectively increase the continuous operational resilience of the network.

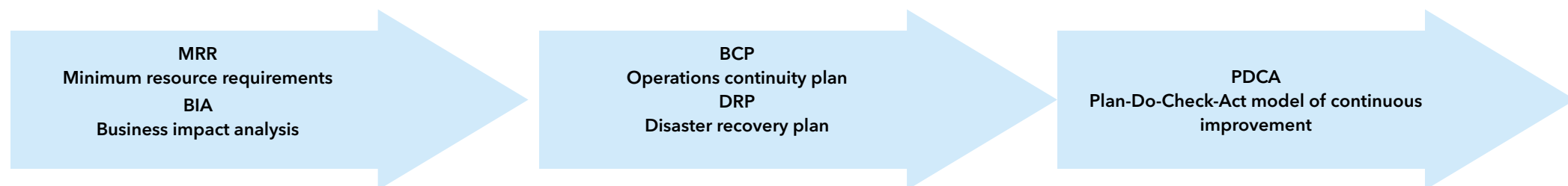
Innodisk's overseas subsidiaries adhere to headquarters' information security standards, implementing various security policies such as complex password requirements, two-step email verification, antivirus software, firewall protection, and third-party security monitoring.

2.4 Integrity Management

■ Integrity management is the Company's highest guiding principle

Business ethics and social responsibilities & sustainability have been constantly spotlighted worldwide. A corporation visioning long-term operation must continue to earn the respect of the public by meeting the expectations. Business ethics reflect the core culture of the enterprise. It is also the most basic requirement for Innodisk to demand from its employees.

Innodisk is committed to the pursuit of business ethics. Integrity management is our highest guiding principle. All employees must abide by the highest standards of integrity. Any form of corruption, extortion, and embezzlement of public property is prohibited. Since 2012, Innodisk has complied with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies", and formulated the "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct". Then we continued to update





the content of the above-mentioned formulations according to laws/regulations and social trends and published the updates after they had been approved by the Board of Directors.

Innodisk has not been involved in any lawsuits and legal actions related to anti-competitive practices, antitrust/monopoly laws, and regulations. The Company has intensified education and training for personnel and has conducted relevant judiciary introductions and case sharing to avoid involvement in the above-mentioned cases.

■ Prevention of malpractice

Innodisk is a company listed in TWSE. Therefore, we have to comply with general company and tax laws and regulations, as well as the Securities and Exchange Act and related corporate governance requirements. Given this, in addition to reinforcing the law-abiding awareness of managers at all levels and employees through education, training, meetings, etc., internal control and audit mechanisms are also implemented to achieve the anti-fraud effect to ensure compliance with laws and regulations.

■ Whistleblowing mechanism

Under the "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct", an anonymous complaint mailbox is set up as follows and announced on the Company's official website.

Company employees, suppliers, customers, and other interested parties, can all report situations that violate human rights or integrity management with their real names. After receiving the report, the Company will investigate and clarify the content of the report in terms of relevant people and events while maintaining confidentiality, and then take various appropriate measures depending on the severity of the circumstances. We will make every effort to protect the whistleblower and employees involved in the investigation process from unjust retaliation or treatment, to allow employees and relevant persons to express their opinions freely under the condition of security and confidentiality, to prevent malpractice, rumors, and smear.

■ Advocacy and Education

We arranged education & training for all employees to clearly understand the Company's integrity management and anti-corruption policies, as well as the whistleblowing mechanism. In 2022, all employees in Taiwan participated in online or physical courses. To ensure that employees have an accurate understanding of the policy during the communication process, in addition to videos or on-site explanations, we also designed relevant Q&A to ensure each employee's cognition is under the Company's policies. In 2023, 2 online courses were conducted, training a total of 190 employees from both the unfinished 2022 cohort and new recruits in 2023, with 177 completing the training, achieving a completion rate of 93.16%.

By the end of the year, out of 789 employees in Taiwan, 766 had completed the training, achieving a completion rate of 97.08%. Online courses will continue to be offered to train employees who have not completed their training and those newly recruited the following year to ensure all employees can receive consistent information.





Personnel	Total number of trainees at year-end	Number of trainees who had completed their training	Completion rate
Direct personnel	307	297	96.74%
Indirect personnel	482	469	97.30%

In 2023, no overseas anti-corruption training was conducted, considering differences in local regulations. Related measures are still under evaluation.

Cases and Handling

There were no corruption complaints in 2023.

Corruption complaints



2.5 Value Chain Management

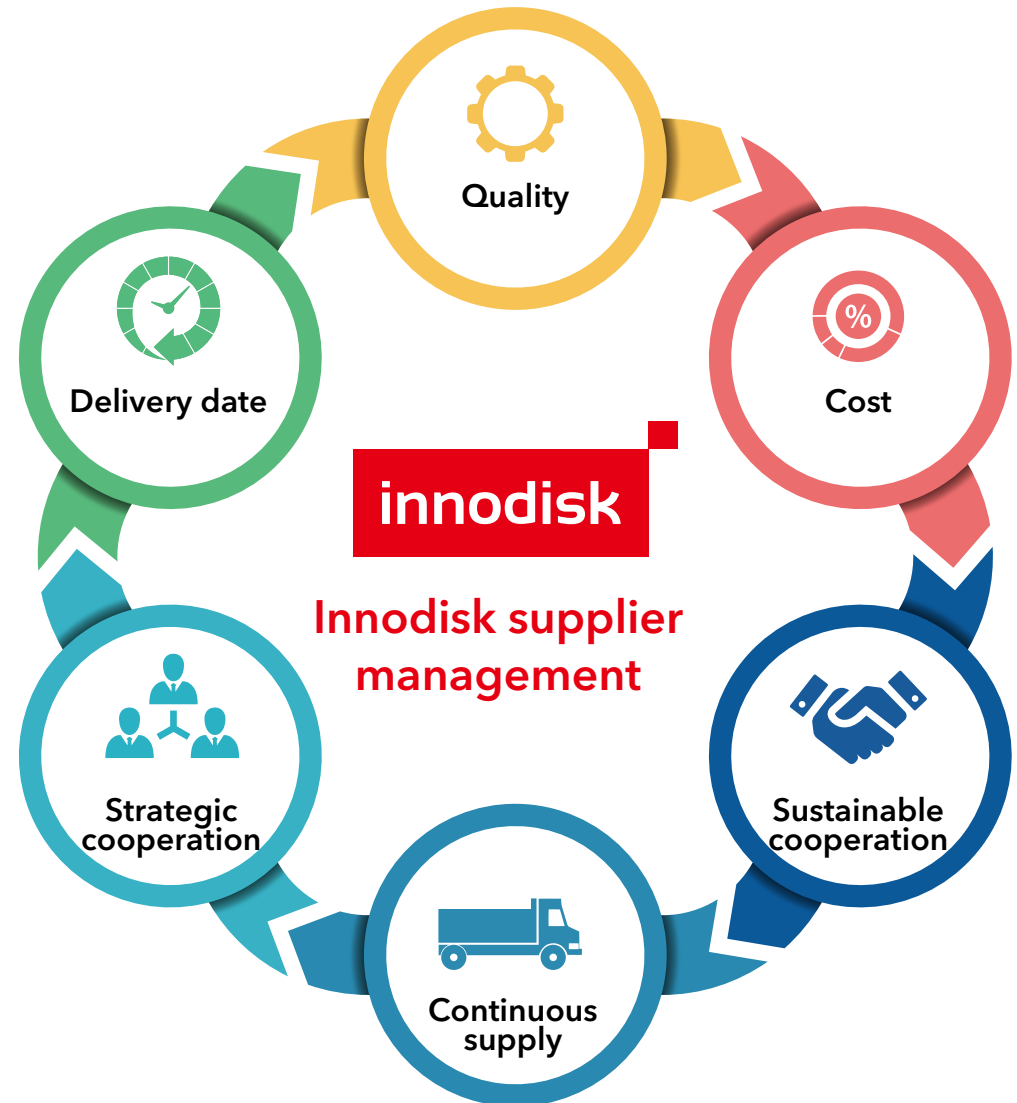
2.5.1 Supplier management

Since the establishment of Innodisk, our basic business strategy, and procurement policy have been: "based in Taiwan and aim for global markets". Given the small batch high mix characteristics of industrial products, we aim to set our production base in Taiwan for a diversified product portfolio and adopt a flexible production strategy to meet the diverse needs of global customers. For this reason, we give priority to the local suppliers registering in Taiwan.

After 19 years of growth and development, Innodisk has become a well-established international manufacturer. Meanwhile, we have also made huge progress by adjusting to meet the strict requirements of various international customers in terms of selecting the supply chain composition.

We've begun to adopt many methods regarding product quality, cost-competitiveness, stable delivery, technical services, supply chain labor rights, environmental protection, as well as safety and health risk controls, to help suppliers improve their management to reduce the operating risks and costs of Innodisk itself and its suppliers to achieve mutual growth. For the selection of all suppliers, Innodisk follows the Company's Supplier Management Regulation. We require suppliers to fully comply with all relevant laws and regulations in Taiwan or the country of registration, concerning the business related to the

Company. Other than that, we also require suppliers to value ESG sustainable management, business ethics, labor rights, working environment, safety and health, etc.





Supplier Management Process

Document review	Supplier preliminary evaluation data sheet: use quality/delivery/price/service as the basis for screening suppliers.
On-site audit	For PCB/institutional manufacturers, quality control/engineering/quality assurance personnel will visit the supplier's factory to conduct document/on-site audits.
Supplier Evaluation	A supplier must go through a written review or on-site audit, and pass the evaluation to become qualified.
Feed Inspection Record	For continuous improvement, accurate records are kept for each feeding inspection status and reported to the suppliers.
Periodic Evaluation	Purchasing and quality control departments evaluate the performance of suppliers during the delivery period to carry out supplier quality improvement measures and assess subsequent procurement operations.



Innodisk's procurement management is based on a green supply chain, which evaluates supplier performance according to the following basic principles, along with quality, cost, delivery date, service, and technical capability:

- Innodisk requires its suppliers to fully comply with relevant local laws and regulations and define their risk management/control mechanisms.
- Innodisk requires its suppliers to establish management systems for the environment, employee health and safety, and excluding hazardous substances.
- Suppliers must promise and guarantee that their products "do not contain prohibited substances for environmental management" and provide the following information:
 - Inspecting and reporting the controlled substances regarding environmental protection.
 - Understanding and collecting components related to materials and parts.
 - Collection of toxicity and prohibition information (Substance Safety Data Sheet) of relevant chemical substances.

- Sign the "Guarantee of non-use of hazardous substance".

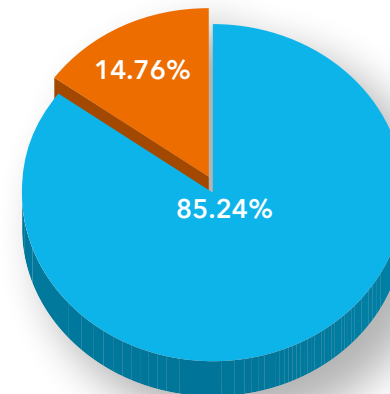
Supply chain composition

As mentioned above, to meet the diverse needs of global customers, Innodisk has a wide range of products. Therefore, we also need quite a few suppliers to assist Innodisk in providing a variety of products. In 2023, a total of 164 suppliers transacted with Innodisk. Innodisk's suppliers are quite diverse, including major internationally renowned electronic component manufacturers and local manufacturers that provide special customized production services.

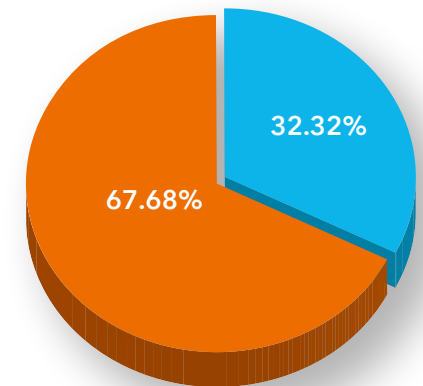
Procurement targets are primarily categorized into two based on their relevance to the produced materials: manufacturers and agents.

- In terms of amount, agents accounted for 85.24%, while material manufacturers accounted for 14.76%.

- In terms of the number of suppliers, agents accounted for 32.32%; manufacturers, 67.68%.



■ Agents
■ Manufacturers



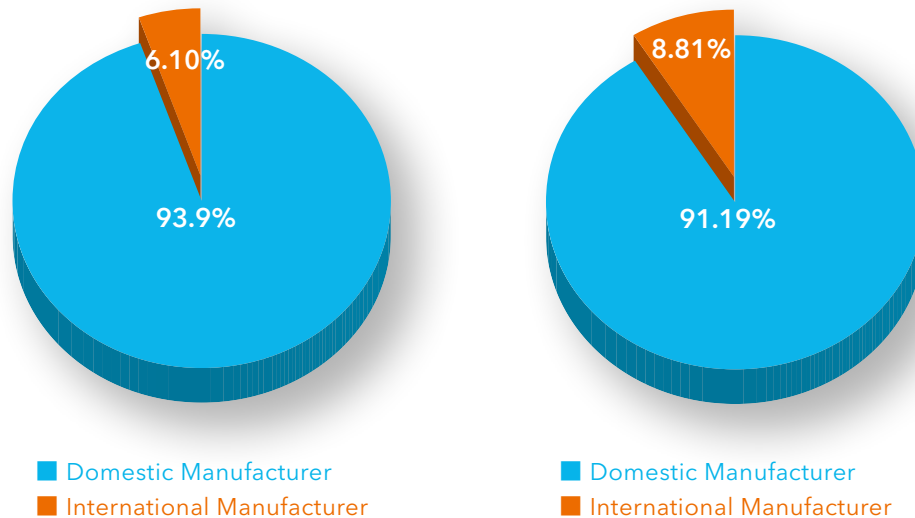
■ Agents
■ Manufacturers



Localized procurement policy

Innodisk has always been dedicated to the principle of setting roots in Taiwan to have prospects worldwide. We give priority to local suppliers to contribute to Taiwan's economy and employment opportunities as well as cutting carbon dioxide emissions generated during production and transportation. In terms of numbers, 154 (or 93.90%) of our suppliers register in Taiwan.

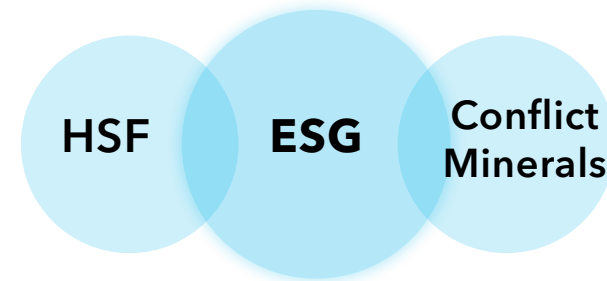
Proportion of purchase amount of domestic and foreign companies



Auditing and counseling regarding supplier social responsibility

- Innodisk has established a supply chain management procedure and has imported RBA (Responsible Business Alliance) into the supply chain to conduct relevant counseling and auditing regarding "human rights, environment, safety, health, and management systems" to supervise our suppliers' environment/safety /health management and practices.
- Innodisk has established a supply chain management procedure and has imported RBA (Responsible Business Alliance) into the supply chain to conduct relevant counseling and auditing regarding "human rights, environment, safety, health, and management

systems" to supervise our suppliers' environment/safety /health management and practices.

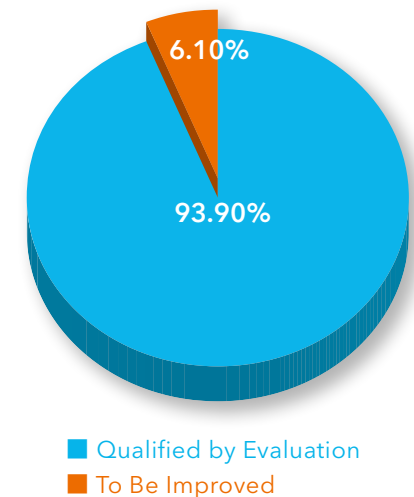


Supplier evaluation

Innodisk has established strict supplier selection criteria and audit management systems. To ensure the selected suppliers meet Innodisk's requirements, Innodisk's quality assurance department will conduct the first on-site audit, or have the candidates conduct a self-assessment. Those who have passed the audits or whose self-assessment results have been accepted will then be evaluated by relevant internal units of Innodisk.

In addition to the strict initial selection, document reviews or on-site audits of key suppliers are conducted every six months. For the suppliers who perform well and have passed the audits, the purchase amount can be increased in due course, allowing them to become long-term partners of Innodisk. The suppliers who score C for two consecutive evaluations can be deemed qualified, but have to provide improvement plans. In 2023, among the 82 suppliers that had been evaluated, only 5 were required to propose improvement plans.

2023 Evaluation





■ Supplier risk management

To ensure the continuous and stable supply of all raw materials, we proactively introduced alternative materials in times of global material shortage from 2020 to 2022. Besides, for the same materials, we tried to find at least two suppliers available. For the specific materials that cannot be replaced and can be provided by only one single supplier, we negotiated with that supplier for a long-term supply guarantee.

According to the supplier's quality assurance contract, suppliers should notify Innodisk six months in advance if there is a change in the material production process or if the material is planned to be discontinued. Innodisk will be entitled to the final purchase decision rights to ensure smooth material conversion.

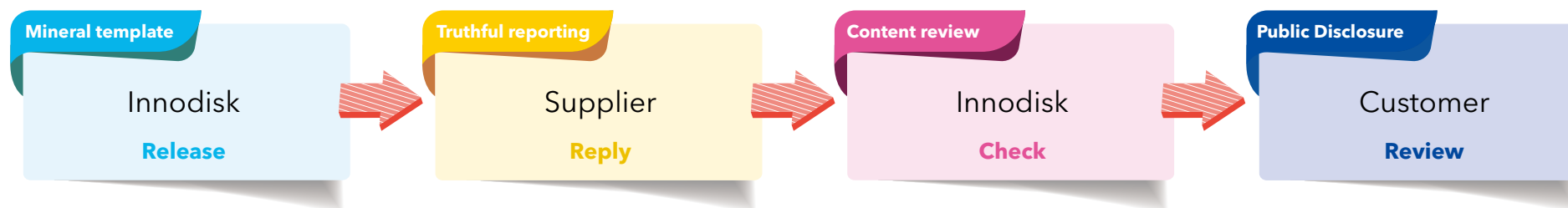
For most of the raw materials, Innodisk's principle is, in case of emergencies such as tight production capacity of suppliers. Innodisk shall ensure an inventory sufficient for 3 months of production and manage to place the orders for one month of production before the arrival of materials to ensure smooth distribution.

■ Code of Ethical Conduct for Procurement and Suppliers

To avoid malpractices, Innodisk has formulated regular job rotations for procurement personnel. They are also strictly prohibited from accepting monetary or material rewards from suppliers and are not allowed to have meal gatherings with suppliers without prior approval from the supervisor.

To avoid leakage of procurement information, the supplier quality assurance contract of Innodisk has stipulated that suppliers are not allowed to disclose relevant information about the materials purchased by Innodisk to other companies and individuals, such as item numbers, amounts, and quantities.

■ Responsible Minerals Management Process



2.5.2 Responsible Minerals Policy

- The illegal trade of tantalum, tin, tungsten, and gold (3TG) in the Democratic Republic of the Congo and its neighboring countries has become the income source for local armed groups. Severe human rights violations are closely related to these armed groups and minerals. Known as conflict minerals, such minerals have been utilized in many consumer products (including electronics) via global supply chains. Mining is an intensive process involving social and environmental risks, so it must be properly managed. The metals involved are not limited to 3TG or materials originating from the Democratic Republic of Congo.
- Other than 3TG, unsafe working conditions and child labor issues due to artisanal cobalt & mica mining have also received increasing attention.
- As a member of the supply chain, Innodisk must also fulfill our obligation to complete related investigations, while the official website and contracts are applied to convey our requirements of not supporting or using conflict minerals to our suppliers. Through conflict mineral investigations and other methods, we hope to collaborate with suppliers to achieve sustainable corporate development and ensure that our products do not contain conflict minerals.
- Problems/Challenges: No mechanisms available for systematic and efficient implementation of regular publication/investigations/traceability of responsible mineral templates.
- To implement responsible mineral investigation and traceability more efficiently, Innodisk has purchased a responsible mineral investigation module in 2023, and will release the survey to the component suppliers in Q1 of 2024.



2.5.3 Customer Satisfaction Level Survey

An annual satisfaction level survey is conducted for customers who have transacted with the Company in that year. The survey questions include product quality, hazardous substance management (HSF), delivery speed, after-sales service, technical services, information circulation, etc., which are based on a 5-point scale. The questionnaires are automatically sent by the system, and customers with annual transaction amounts less than TWD 500,000 are excluded.

For the customers marking survey points lower than 3 (single question or on average), we will discuss with the relevant internal units to find out the improvement measures regarding their dissatisfaction and report to the customers.

In 2023, the number of customers that transacted with Innodisk was 1,289. After excluding the 687 customers whose annual transaction amounts were less than TWD 500,000, the number of valid questionnaire responses was 302, with an average points: 4.7. The item with the highest average points was "overall customer response and reply efficiency" at 4.8 points, and the lowest was "the updated product-related information on the official website" at 4.6 points.

302

Number of valid questionnaires

4.7

Average points

4.8

Highest average points by item

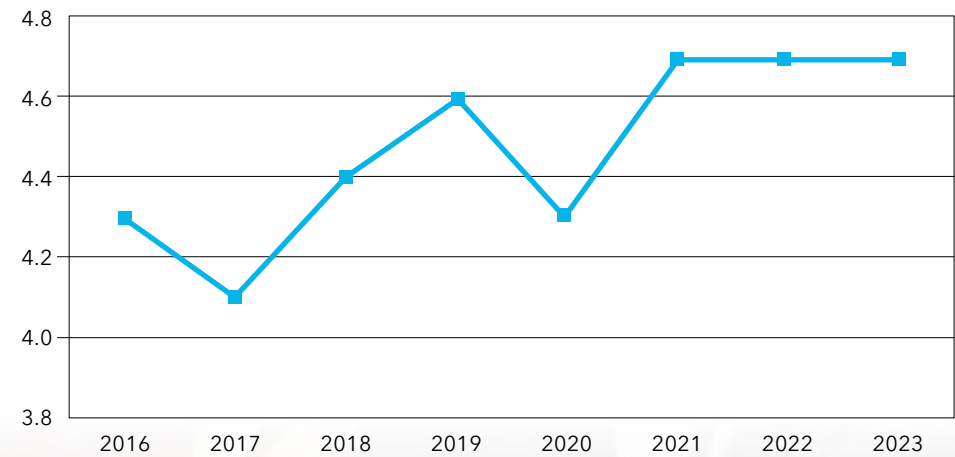
4.6

Lowest average points by item

Customer Privacy (Non-Disclosure Agreement)

It is our basic commitment to strictly abide by the non-disclosure agreement we have signed with customers regarding any customer information that is required to be kept confidential during the cooperation process, from software/hardware technical data to customer information provided by agents, to ensure the customers' demand for information security to be satisfied.

Customer satisfaction score curve chart over the years



QUALITY CONTROL

Environmental Commitment and Climate Strategy

innodisk



03 Environmental Governance

3.1 Environmental Commitment

[Environment features] Environment and energy sustainability

3.2 Hazardous Substances Policy

3.3 Waste Management

3.4 Air Pollution Management / Water Resource Management



3.1 Environmental Commitment

■ ISO certification management

Since its establishment, Innodisk has been aspired to the R&D of products to become the leader in the industrial control field, while valuing environmental protection as the Company's greatest responsibility. Therefore, in 2012, we implemented the ISO 14001 management system and passed the certification in the same year, demonstrating our continuous improvement to fulfill our sustainability commitment.

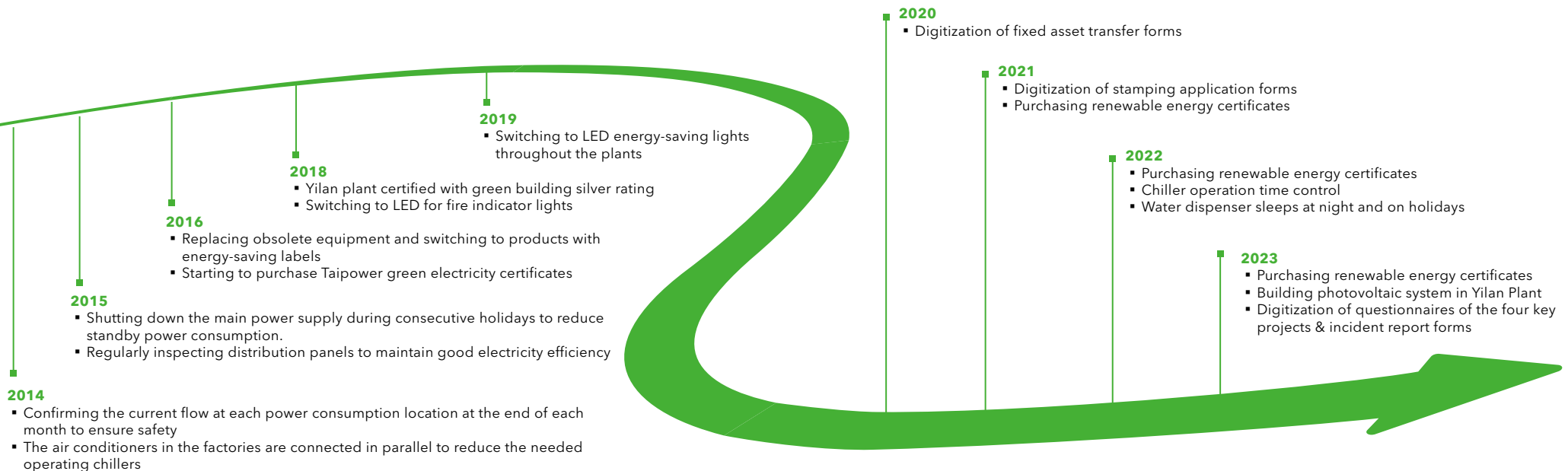
By conducting annual GHG inventories within the organization, we identify potential energy-saving and improvement opportunities to reduce environmental impact and embody our corporate determination for net-zero emissions.

■ Compliance with environmental regulations

In 2023, there were no fines imposed on the Company arising from violations of environmental-related laws and regulations.



We have long advocated and adopted the following energy-saving and carbon-reduction measures:





(Environment features) Environment and energy sustainability

Maintenance of natural habitats

In September 2023, the Company sponsored TWD 100,000 to the Taiwan Geographical Sustainable Regeneration Development Association to obtain the naming rights for hosting the "Inno Beach Cleanup" events to support the maintenance of habitats and environmental ecology, as well as the recycling of marine waste. Approximately 265 employees and their families from the Xizhi and Yilan plants participated in this activity and cleaned up 199 bags of non-natural garbage, about 6,838 kilograms. We successfully combined family time and corporate social responsibility.



Energy/resource-saving and reuse of old material

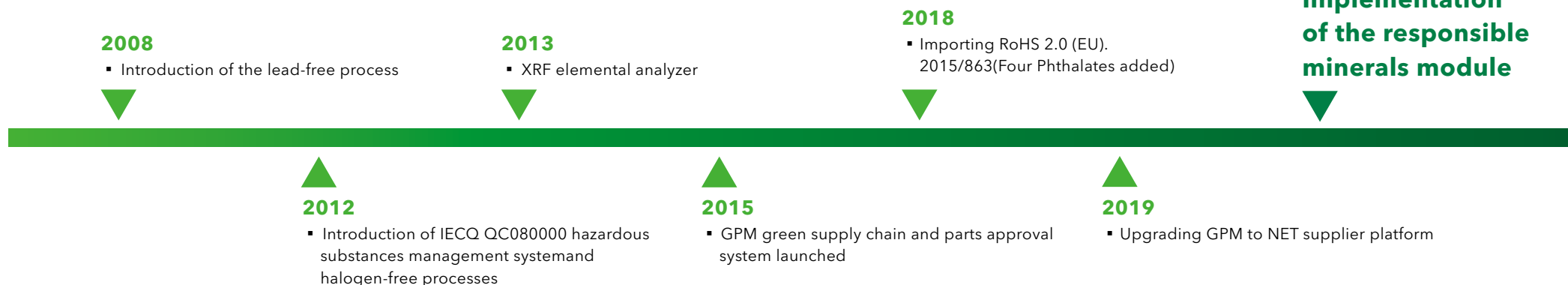
April 22nd is Earth Day, and we held a series of "Cherish the Earth with Environment Sustainability" activities in April, 2023, such as turning off the lights for 1 hour (a total of 849 lights were turned off in Xizhi and Yilan plants), making moss balls, recycling second-hand toys, and turning jeans into cup sleeves, etc. Through these activities, employees could experience the spirit of sustainable environmental protection in their daily lives. A total of 13 crates of toys were recycled (99.75kg), and donated to the Hsinchu City Aiheng Handicap-Care Center (Xizhi) and Yilan County Lan-Shin Women and Children Service Center (Yilan).





3.2 Hazardous Substances Policy

■ Milestones



3.2.1 Green supply chain management



Supplier evaluation

We've developed evaluation standards and conducted document reviews and on-site audits of suppliers. Suppliers are evaluated every six months, and are required to try their best to meet green project requirements. We continue to conduct suppliers' on-site audits and require necessary improvements. Through systematic operation and management, we ensure the provision of high-quality products to Innodisk's customers.



Material approval management (GPM NET)

We've built a systematic database-assisted management system based on the disclosure of materials source information. We've been using this platform to carry out green materials declaration, review and process communication, etc., improve the efficiency of materials approval operations, and effectively utilize product environmental materials information.



Product control specifications

We've formulated HSF product operating standards, including control standards for banned/restricted substances and controlled substances, as well as disclosure requirements for substances of future concern. These standards serve as the direction for green products and materials procurement compliance.

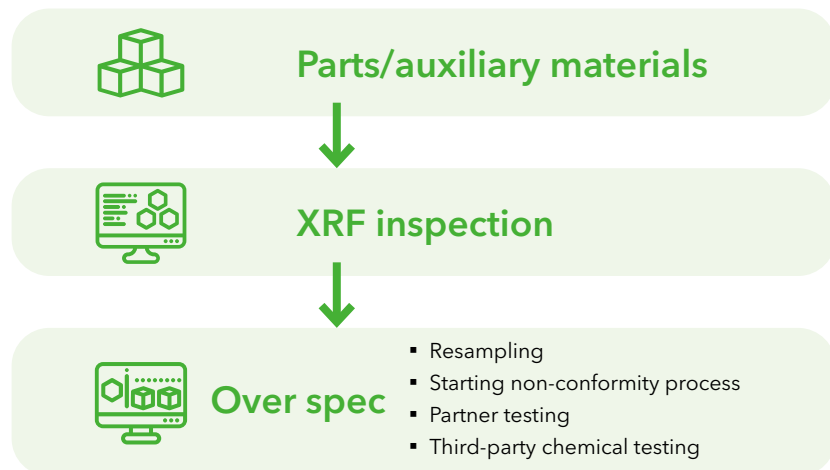


Communication

In addition to regular communication through system platforms, phone calls, and emails/letters, we also host supplier conferences, inviting key supplier partners to attend. During these meetings, we communicate future goals and requirements, including green products and CSR, ensuring that our supplier partners understand Innodisk's strategic direction and are well-prepared to support and cooperate with our future actions.



■ Effective monitoring



■ Non-conformity statistics

Year	Number of Non-conformity	Non-conformity Rate (%)
2019	2	0.0176%
2020	2	0.0191%
2021	4	0.0275%
2022	3	0.0269%
2023	1	0.0068%

■ Total number of non-conformity items in 2019-2023

Part Category	Number	Non-conformity Item
CF CARD FRAME	1	Total bromine (Br) exceeds the standard
PIN HEADER	6	Total bromine (Br) exceeds the standard
Hexagonal copper column	1	Total lead (Pb) exceeds the standard
WIRE TO BOARD	1	Total bromine (Br) exceeds the standard
Mini Jumper	1	Total bromine (Br) exceeds the standard
Fan assembly	1	Total bromine (Br) exceeds the standard
PCIeGen 4	1	Total bromine (Br) exceeds the standard

■ Compliance with regulations





3.2.2 Green Products

Green Design

Increasing the possible recyclability and reusability

Green Procurement

The raw materials provided by suppliers must comply with international laws/regulations and customer requirements

Green Database Management

Effective management & preservation of technical documents

Green Supply Chain

Integrated upstream and downstream processes

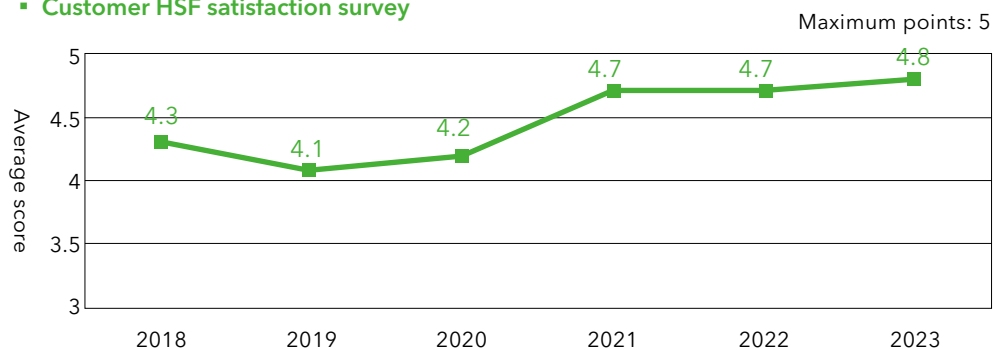
Green Certification

IECQ:
QC080000 / ISO14001

Customer Satisfaction

The Company conducts a customer satisfaction survey in the first quarter of each year to confirm customer satisfaction levels with the Company's products, services, hazardous substance management, marketing, etc. We collect customer feedback on the quality of delivered products and services as a basis for subsequent evaluation or continuous improvement. Ensure that customer needs are well-understood and properly addressed.

Customer HSF satisfaction survey



Establishment of a green product management system

Innodisk has established a Hazardous Substance Free Management System (HSF MS), and introduced the green supply chain platform GPM which integrates materials, international laws/regulations, customer specifications, and suppliers. Suppliers can directly declare green product inspection, current control status, drawing specifications, etc., on the GPM, where the declarations will be subsequently inspected and analyzed by the Innodisk audit unit group to confirm their degree of compliance with the green product specification.

Consequently, by combining the requirements of the green design concept of international major manufacturers, from an external perspective, we can further provide customers with green product management information; from an internal perspective, we can incorporate customers' green policies and product environmental protection requirements into the existing operating management system, and apply them as a reference for the company's daily green product design.

Through the GPM platform, supply chain management can be carried out more efficiently. It's good for screening competent suppliers and continuously providing compliant electronic and mechanical components to produce green products and enhance the satisfaction and trust of international customers. For the management of hazardous substances in products, the "HSF Product Operation Standard" has been formulated, which includes the requirement of the EU Restriction of Hazardous Substances Directive (RoHS), Halogen Free requirement, EU REACH (Registration, Evaluation, Authorization and restriction of Chemicals) regulation, and EU Packaging Regulation (PPW), etc. to ensure that the parts and substances used in products meet the environmental protection requirements of both customers and laws/regulations. For suppliers, the use of hazardous chemicals should be prohibited or restricted in different phases from R&D and design to supply chain management, to reduce environmental and health impacts caused by electronic waste. In 2023, our products had no records of fines or violations of laws and regulations.

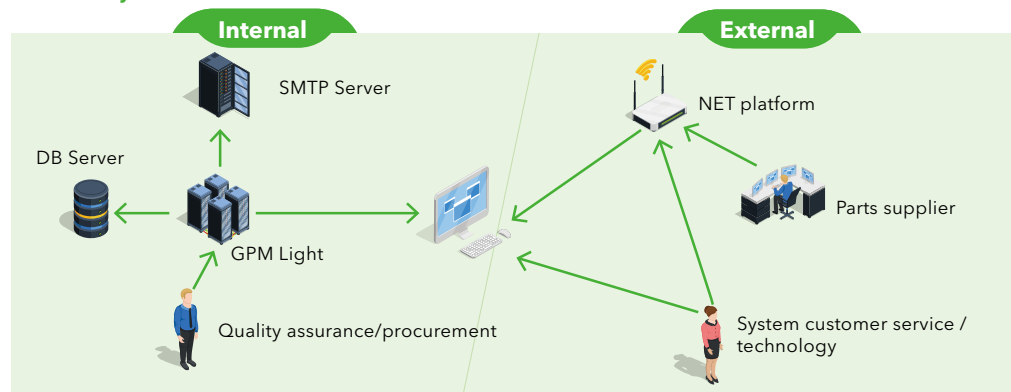
Problems/Challenges: We're trying to replace non-recyclable packaging materials, so PU foam has been replaced by EPE foam. However, the electrostatic bags made of composite materials have moisture-proof effects because they are tightly fit. If those are changed to eco-friendly recyclable bubble wrap or PE bags, they still can provide anti-collision protection yet lack moisture resistance. Thus, we have not yet found an alternative material for this item.



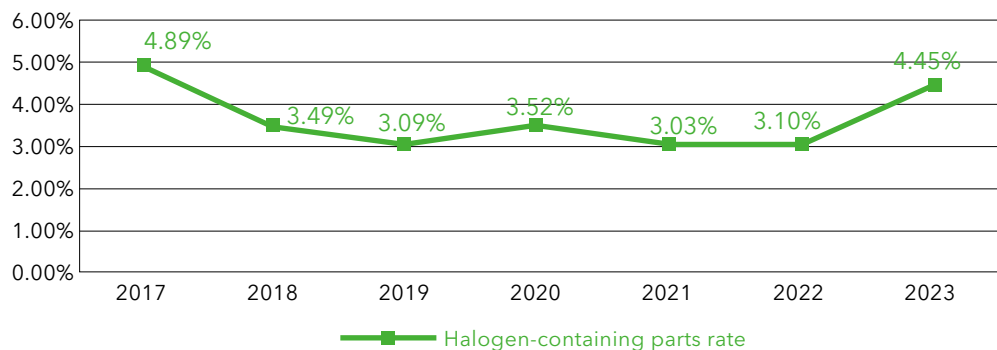
Green supply chain and parts approval system

After the introduction of the GPM at the end of 2015, the original documents for part approval and green supply chain management process have been changed from both paper and digital files to digital files only, which not only reduces paper waste but also provides an interactive platform. We've also been committed to customizing and optimizing our systems, separating part specifications from the green document review process, and streamlining the re-initiating processes after rejection.

- In 2019, GPM was upgraded to the NET supplier platform to be integrated with the cloud system.



Implementing halogen-free materials



Problems/Challenges: It is no easy task to procure halogen-free materials for purchased components and components used by newly established AIOT units. Now we can only temporarily use components that contain halogen. After the product sales amount becomes stable and the MOQ requirement can be met, we'll conduct a running change about halogen-free materials.

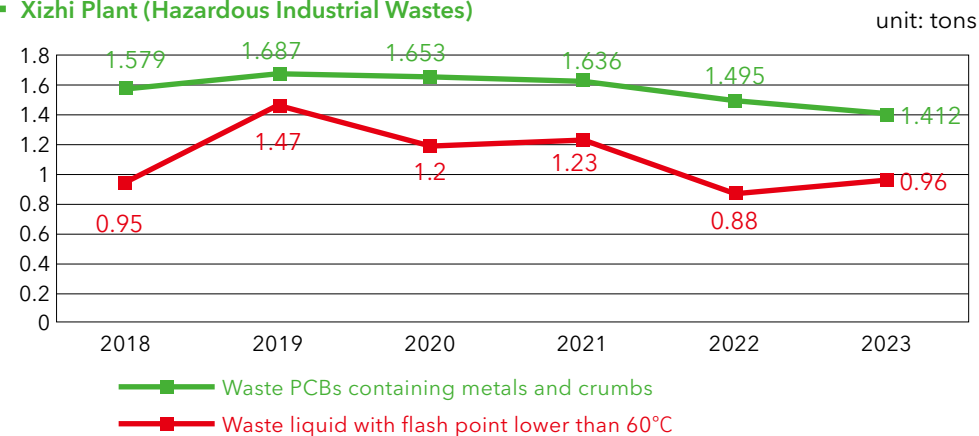
3.3 Waste Management

3.3.1 Waste management

The Company's waste can be categorized into three main types: general business waste, hazardous industrial waste, and recyclables.

General business waste is domestic waste and is uniformly handed over to the park management center, which currently does not have statistics. Hazardous industrial waste is entrusted to qualified disposal contractors. Hazardous industrial waste includes metal-containing printed circuit board waste and its powder and dust, as well as waste liquids with a flashpoint below 60°C. Recyclables include scrap iron& tin and plastic/dry batteries/paper/PET bottles/aluminum foil waste.

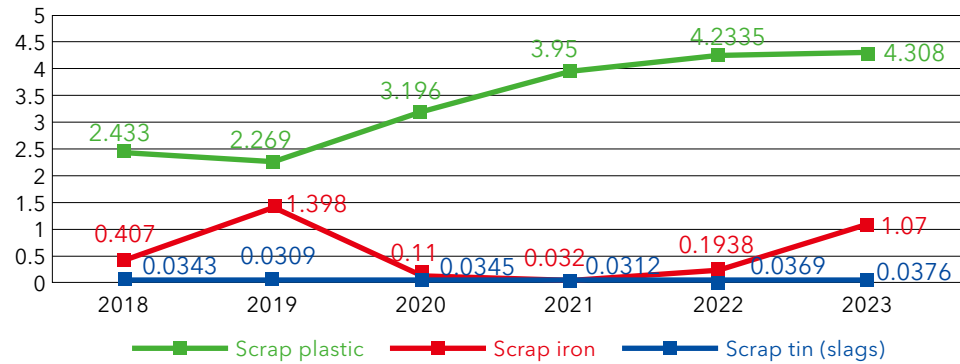
Xizhi Plant (Hazardous Industrial Wastes)





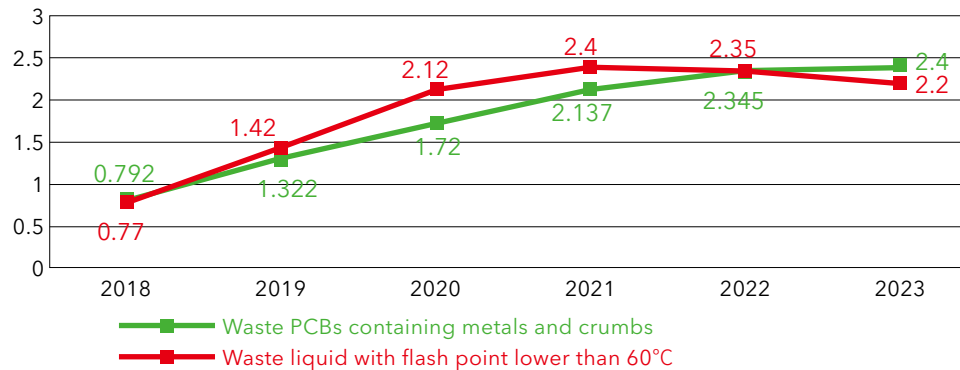
■ Xizhi Plant (Resource Recovery)

unit: tons



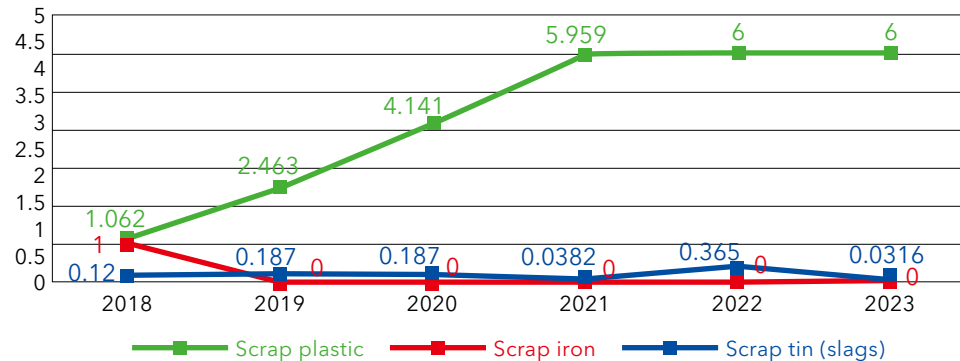
■ Yilan Plant (hazardous industrial wastes)

unit: tons



■ Yilan Plan (Resource Recovery)

unit: tons



3.4 Air Pollution Management / Water Resources Management

3.4.1 Air Pollution Management

Our manufacturing processes do not emit pollutants, and we are not listed as a regulated entity by the Ministry of Environment. In line with our environmental responsibility, we conduct annual emission tests for particulate pollutants through accredited organizations. The results of these tests have always met regulatory emission standards over the years.

Xizhi Plant	2019	2020	2021	2022	2023
TSP($\mu\text{g}/\text{m}^3$) Test Results	37	51	41	44	67
Emission Standards	500	500	500	500	500
Conformity	✓	✓	✓	✓	✓

Yilan Plant	2019	2020	2021	2022	2023
TSP($\mu\text{g}/\text{m}^3$) Test Results	61	25	24	67	97
Emission Standards	500	500	500	500	500
Conformity	✓	✓	✓	✓	✓



3.4.2 Water resources management

Our operations do not generate industrial wastewater. The Company's water consumption is merely for daily domestic use sourced from tap water. At Xizhi Plant, we share tap water with other users in public buildings, nsumption is calculated proportionally.

To conserve water, sensor faucets are installed in the washrooms. Hand dryers are also available to minimize the use of paper towels.

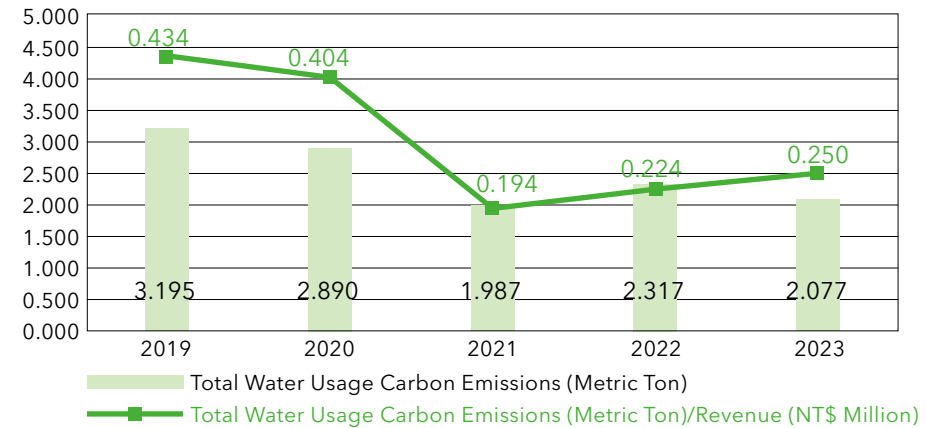
Xizhi Plant	2019	2020	2021	2022	2023
Total consumption (cubic meter)	5,902	4,328	6034	6,581	6,443
Per capita consumption (cubic meter)	13.1	9.6	12.9	12.1	10.5

Note: In 2022, the above data was calculated based on the actual employee number of 540 in December. In 2023, the above data was calculated based on the actual employee number of 613 in December.

Yilan Plant	2019	2020	2021	2022	2023
Total consumption (cubic meter)	5,974	5,338	7,038	7,808	6869
Per capita consumption (cubic meter)	39.8	35.5	36.6	38.8	30.8

Note: In 2022, the above data was calculated based on the actual employee number of 201 in December. In 2023, the above data was calculated based on the actual employee number of 223 in December.

- Our operations do not generate industrial wastewater. Our water consumption is merely for daily domestic use.
- At Xizhi Plant, we share tap water with other users in the Taiwan Science Park building, so the water consumption is calculated proportionally, while the Yilan plant has an independent water meter.



Note: In 2019, the calculation of the total emissions amount was based on 0.150 kg of CO₂ / per cubic meter of water consumption. In 2021, the calculation of the total emissions amount was based on 0.152 kg of CO₂ / per cubic meter of water consumption.

Note: In 2022, the calculation of the total emissions amount was based on 0.161 kg of CO₂ / per cubic meter of water consumption. In 2023, the calculation of the total emissions amount was based on 0.156 kg of CO₂ / per cubic meter of water consumption.

Environmental Commitment and Climate Strategy

innodisk



04 Climate Strategy

4.1 Climate-Related Risks Financial Disclosures

4.2 GHG management



4.1 Climate-Related Risks Financial Disclosures

The Company's risk management system is to identify and analyze the risks challenging the Company; set appropriate risk limits and controls, and monitor them. Through the risk management mechanism, we can explore the Company's potential risks and opportunities, effectively implement risk controls to ensure the Company's normal operations, create value for shareholders, employees, customers, society, etc., and achieve the Company's sustainable management goals.

Aspect	TCFD Recommended Disclosed Items	The Company's Countermeasures		
Governance	Supervision of climate-related risks and opportunities by the Board	The Company has established a Sustainable Development Office since 2022. The chairman of the Board has appointed VP Wang Licheng as the chief sustainability officer. The Sustainable Development Office cooperates with all departments to identify climate risks and opportunities, and reports relevant results to the Board at least once a year, to be the basis for them to conduct climate governance.		
	Role of management in assessing and managing climate-related risks and opportunities	The Sustainability Development Office conducts cross-department communication to assist each unit in identifying the climate risks and opportunities in daily business. Based on these identification results, the office consolidates and coordinates improvement measures and management policies. The Chief Sustainability Officer regularly reports these measures and policies to the Board to mitigate climate risk impacts and capitalize on development opportunities.		
Strategy	Identified short, medium, and long-term climate-related risks and opportunities	Short-Term	Medium-Term	Long-Term
		▪ Transition risk: Uncertainty of laws/ regulations and market changes	▪ Transition Risks: Aggravated emission reporting obligations, increased concerns and negative feedback from stakeholders, as well as the requirements and regulatory oversight of products and services	▪ Transition Risks: The imposition of international or government carbon taxes/ fees, and increased operational environment costs.
		▪ Physical risks: Increased severity of extreme weather events like typhoons and floods. After natural disasters, unstable water resources and power outages pose risks to company operations.	▪ Market opportunities: R&D and innovation of new products and services (for example, AI servers may be the future trend)	▪ Physical risks: If the temperature rises beyond 1.5°C, melting glaciers will cause higher sea levels, and production sites may be flooded.
		▪ Market opportunities: Embracing new technologies and new energy to improve corporate operational efficiency and resilience		▪ Market opportunities: Using more efficient production methods and developing energy-saving and waste-reducing products
	Impacts of climate-related risks and opportunities on business, strategy and financial planning	The Company's primary climate risks arise from the demands of its key stakeholders who require us to reduce GHG emissions and meet product energy efficiency standards. However, climate change also brings opportunities, especially in terms of products and services. The Company is committed to developing product lines that are in line with the sustainable trend, and will also develop energy-saving and waste-reducing products and services to meet market demand and expand to new markets.		



Aspect	TCFD Recommended Disclosed Items	The Company's Countermeasures		
Strategy	Impacts of climate-related risks and opportunities on business, strategy and financial planning	Key Transition Risks	Key Physical Risks	Key Climate Opportunities
		To mitigate risks associated with changes in relevant laws/regulations and green standards, the Company has been actively deploying green R&D. In the process of new product development, with the concerns about sustainability, our designs are mindful of energy saving, green products, packaging material reduction, and other issues.	To reduce the impacts of drought and power shortages, the Company has successively invested in water-saving and energy-saving facilities to enhance water resource recycling, continuing energy-saving and carbon-reducing management, and increasing risk management awareness.	sustainability issues and maintains longstanding trust with its customers. We invest in R&D in response to market demands, thereby continuously striving to provide solutions to customers during the rise of the sustainability trend.
	We pursue strategic resilience and consider different climate-related scenarios.	The Company is not an enterprise subject to the regulation "Entities should inventory, report and verify the emission sources of GHG emissions," but we still actively take relevant measures to comply with the energy conservation and carbon reduction policies promoted by the government, and stay updated on changes in domestic and international regulations and technologies, to fulfill our corporate responsibilities in environmental protection.		
Risk Management	Processes for identifying and assessing climate-related risks	We acknowledge the global climate change and the impact of GHG on business operations, support regulatory efforts towards achieving net-zero carbon emissions by 2050, and align with stakeholder demands for carbon neutrality.		
	Processes for managing climate-related risks	The Sustainable Development Office regularly convenes all units to identify climate risks challenging business operations, formulates corresponding strategies based on the identification results, and reports to the Board of Directors regularly.		
	The methods to integrate the processes of identifying, assessing, and managing climate-related risks into the Company's overall risk management system.	Incorporating climate change into material topics issues and key risk items for corporate sustainable development, and establishing short-, medium-, and long-term countermeasures.		
		Based on medium to long-term goals, establishing a PDCA operational model to continuously improve the integration of environmental climate change risk management and corporate's overall risk management system.		
Metrics and Goals	Illustrating the metrics used by the Company for assessing climate-related risks and opportunities following strategies and risk management processes.	Since 2021, the Company has continuously conducted Scope 1, Scope 2, and Scope 3 GHG inventories and obtained verification from Taiwan SGS. The GHG emissions (metric tons CO ₂ e) for 2023 are as follows:		
	Scope 1-3 GHG emissions and associated risks	Since 2021, the Company has continuously conducted Scope 1, Scope 2, and Scope 3 GHG inventories and obtained verification from Taiwan SGS. The GHG emissions (metric tons CO ₂ e) for 2023 are as follows:		
		Scope 1: 131.2309 t/CO ₂ e	Scope 2: 3262.9266 t/CO ₂ e	Scope 3: 5581.3526 t/CO ₂ e
	Targets for managing climate-related risks and opportunities, and the performance of target achievement.	-	Increasing the proportion of renewable energy use	-
		The Company has no fixed combustion sources or process emissions, as it only has emissions from refrigerants and septic tanks.	The proportion of renewable energy use is increased by 5% annually.	-



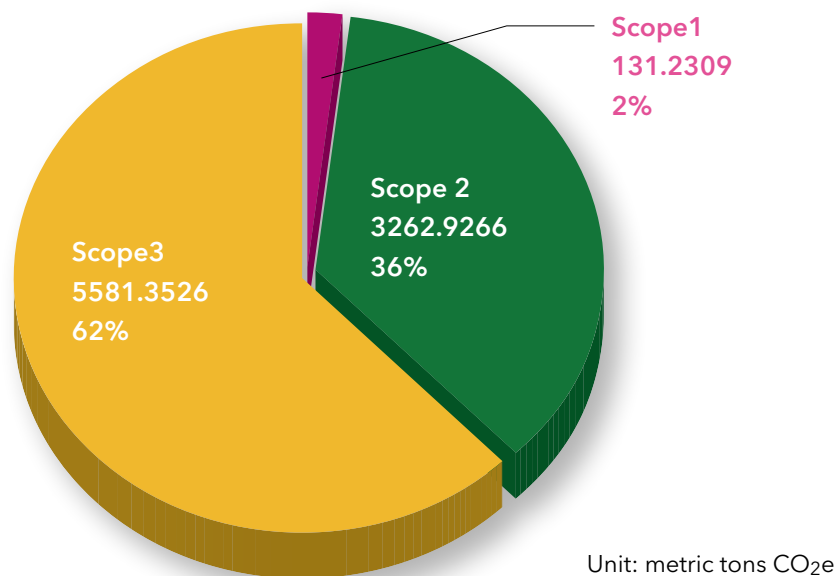
4.2 GHG management

The Company is committed to achieving zero carbon emissions by 2050, and the first step is "carbon inventory." Innodisk conducts GHG inventories every year, covering the Xizhi headquarters and Yilan Plant. The inventory is conducted under the Operation Control Law. Besides, third-party verification is completed annually according to ISO 14064-1:2018.

In 2023, based on market benchmarks, the total GHG emissions of the Company amounted to 8,696.744 metric tons, representing a 2.5% increase compared to the previous year (2022 total emissions: 8,485.896 metric tons). The procurement of raw materials in scope 3 accounted for the greatest difference, for the total volume in 2023 increased by 28.5% compared to last year. The emissions from raw material procurement in 2023 also increased by 665.5795 metric tons compared with the previous year.

The emissions in each category in 2023 are shown in the figure below, with Scope 3 accounting for approximately 61% of the Company's total emissions.

The coefficient sources selected for this year's inventory included the IPCC GHG Emission Coefficient Table Version 6.0.4 announced by the Ministry of Environment, and the Carbon Footprint Information Network. The electricity coefficient was based on the 2023 carbon emission coefficient for electricity announced by the Energy Administration, Ministry of Economic Affairs.



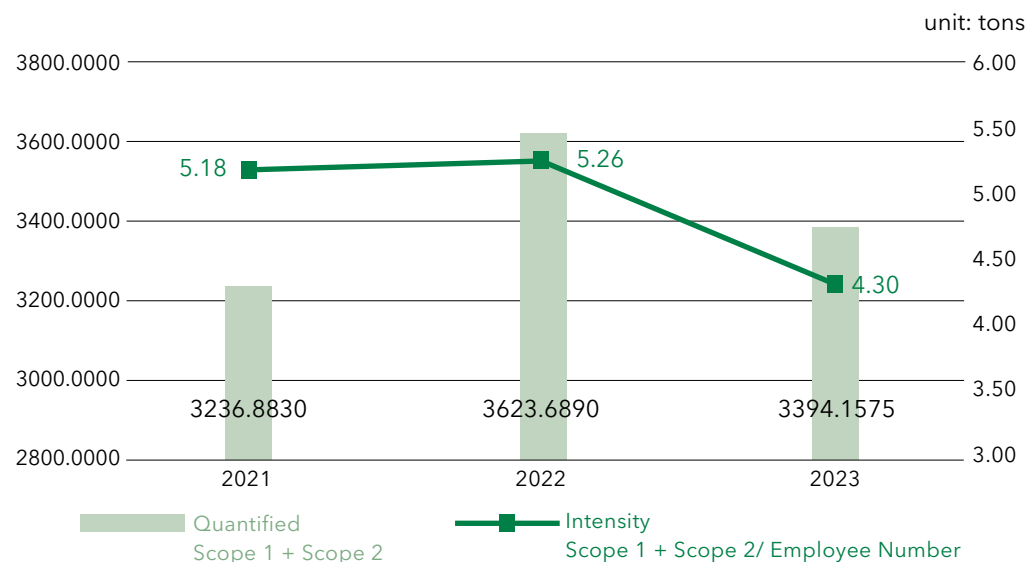
The GHG emissions included in the Company's inventory calculations were CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. The GWP value used was from the 2013 PICC Fifth Assessment Report version. Scope 1 of the 2023 inventory included CO₂, CH₄, N₂O, and HFCs, while Scope 2 included only CO₂.

In 2020, the procurement of raw materials in Scope 3 was included in the inventory, so the base year was set as 2020, and the total emissions in the base year were 8825.465 metric tons of CO₂e.

The Company's total emissions in 2023 increased by 2.5% compared to last year. But in terms of Scope 1 and 2 emissions, the emissions dropped by 14% (508.3107 metric tons of CO₂e) compared to the previous year.

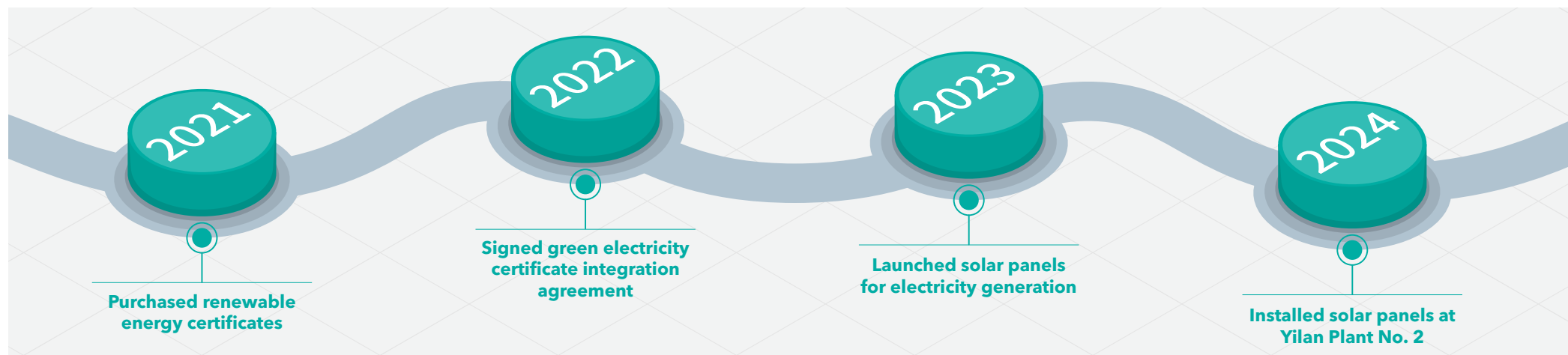
Quantification methods for Scope 1 and Scope 2 are as follows:

Scope 1	Refrigerant equipment	Original refrigerant filling amount × refrigerant leakage rate
	Official Vehicles	Diesel and gasoline consumption based on fuel receipts × emission coefficient × GWP value
Scope 2	Electricity	Electricity consumption degree based on electricity bills × carbon emission coefficient





Besides using energy-efficient equipment and practicing daily energy conservation, the Company began purchasing renewable energy certificates in 2021, and signed an electricity certificate integration agreement with green energy suppliers in 2022. We installed solar panels on the roof of Yilan Plant No. 1 in 2022, and plan to do the same thing for Plant No. 2. Moving towards net-zero emissions, we aim to progressively increase our green electricity usage by 5% every year.



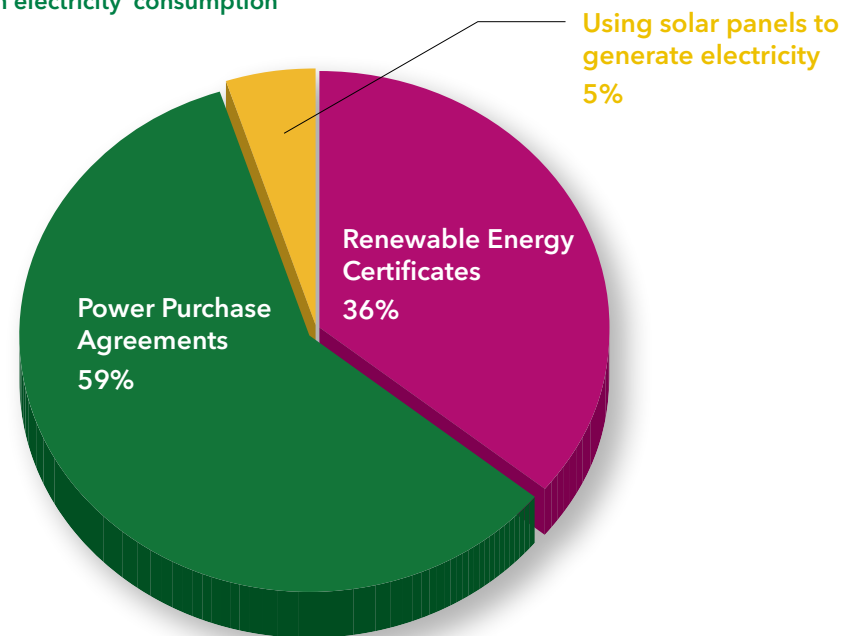
In 2023, the Company used a total of 884,458 degrees of green electricity, accounting for approximately 11.3% of the total electricity consumption.

In 2023, the Company used a total of 884,458 degrees of green electricity, accounting for approximately 12.8% of the total electricity consumption, which can reduce 436.9223 metric tons of CO₂e emissions.

Green electricity usage

Year	Power Consumption Degree	Emissions Offset (metric tons CO ₂ e)	Percentage of Green Power
2021	95,000	48.3550	1.5%
2022	147,000	74.8230	2.1%
2023	884,458	436.9223	11.3%

green electricity consumption



Social Responsibilities & Social Engagement

innodisk



05 Human Capital

- 5.1 Human Rights Policy
- 5.2 Workforce Structure
- 5.3 Employee Remuneration Policy
- 5.4 Human Capital Development
- 5.5 Friendly Workplace
 - (Social features) Cultural support and community engagement



5.1 Human Rights Policy

5.1.1 Human Rights Policy

The Company complies with labor-related laws and regulations in our global operating locations, ensuring the legal rights and interests of our employees. In terms of basic laws and regulations, we adopt an action plan consistent with the RBA, and comply with various international human rights conventions such as "The UN Global Compact", "The UN Universal Declaration of Human Rights" and "The International Labor Organization's Declaration on Fundamental Principles and Rights at Work". We fully respect and protect the human rights of all our employees, including contracted personnel, interns, etc. The implementation guidelines for upholding human rights include "diversity, inclusion, and equal job opportunities", "providing a safe and healthy work environment", "respecting employees' freedom of assembly and association" and "helping employees maintain physical/mental health and work-life balance". The principles and details of our human rights policy are posted on the Company's corporate sustainability website. <https://esg.innodisk.com/zh/about/promise>

■ Diversity, inclusion, and equal job opportunities

We comply with relevant national labor laws and prohibit child labor, human trafficking, forced labor practices, and employment discrimination. We are committed to creating a diverse, open, equal, and harassment-free work environment, and we will never allow any violation of human rights. All employees shall not be subject to any differential treatment or any form of discrimination in terms of gender (including sexual orientation), race, class, age, blood type, marriage, language, religion, political affiliation, place of origin, birthplace, appearance, physical/mental disability, etc. We shall effectively protect labor rights and maintain friendly and harmonious labor-management relations and fairness in employment, remuneration, benefits, training, evaluation, and promotion opportunities while providing effective and appropriate grievance mechanisms to prevent and address violations of employees' rights and interests.

■ Providing a safe and healthy work environment

We provide a safe and healthy work environment as well as necessary health and first-aid facilities, try to eliminate hazardous factors in the work environment that may affect the health and safety of our employees, conduct necessary occupational safety and health education/training tailored to each job function, enhance safety awareness, and reduce the occupational risks.

■ Respecting employees' freedom of assembly and association

We respect employees' fundamental human rights and support their right to organize unions and engage in collective bargaining. We also provide diverse communication mechanisms and platforms to ensure harmonious and win-win labor-management relations.

■ Helping employees maintain physical/mental health and work-life balance

We care for the physical and mental health of employees, in addition to actively organizing health management seminars, we also provide stress-relieving massage services and diversified activities, such as arts and culture, sports, family days, etc. We also enrich interpersonal interactions and cross-department communication through club participation.

Health examinations and health promotion activities are conducted regularly. We also implement employee assistance programs to comprehensively support employees' physical and mental well-being.

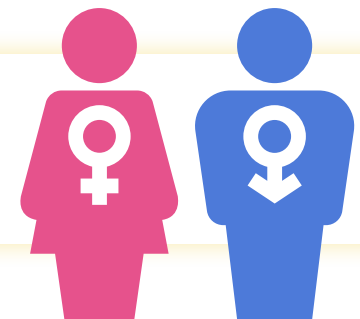
5.1.2 Prevention and treatment of sexual harassment in the workplace

To ensure a work and service environment free from sexual harassment for employees and job seekers, we adopt appropriate preventive, corrective, disciplinary, and remedial measures to defend the rights and privacy of individuals. Therefore, we have formulated management measures following the Gender Equality in Employment Act, the Sexual Harassment Prevention Act, and the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace.

The Company strictly prohibits any form of sexual harassment, and employees can report sexual harassment cases through a dedicated hotline (02-7703-3000#1225) or email (nienying_chen@innodisk.com). Upon becoming aware of any instance of sexual harassment, we'll promptly and effectively take corrective and remedial actions while safeguarding the rights and privacy of the victims. In 2023, there were no reported cases of sexual harassment in our company.

■ Cases and treatment

Sexual Harassment Complaints





InnoDisk - Labor-Management Meetings

- The labor-management meetings aim to coordinate labor-management relations, promote mutual cooperation, and establish a regular communication platform.
- Labor-management meetings are organized by business units, and the participants include representatives from both labor and management to discuss labor conditions, work environment, remuneration and benefits, employee activities, and other related issues.
- The labor-management meetings are conducted regularly with an equal number of representatives from both labor and management. The meeting resolution is made after the proposed agenda has obtained the consent of the majority of representatives, in the hope of creating a win-win vision.

Plant	Number of representatives
Taipei	Labor: 5, Management: 5
Yilan	Labor: 5, Management: 5

Note: Resolutions from labor-management meetings in each plant cover all staff of that plant.

Operation mode and frequency

According to Article 83 of "Labor Standards Act" and "Regulations for Implementing Labor-Management Meeting", labor-management meetings should be convened every three months, and meeting notices and proposal notices should be issued 15 days before the meeting, to facilitate agenda issues collection and listing for both labor and management.

Selection process for labor representatives

- Candidate qualifications: Full-time employees have the right to elect and be elected as labor representatives at labor-management meetings. However, first-level business administrative executives exercising management authority on behalf of the employer cannot serve as labor representatives.
- There are 8 labor representatives to be elected, ranked according to the number of votes they receive, the top 5 are the elected representatives, and the 6th to 8th with the most votes may fill the vacancy, when necessary.



- According to Article 6 of "Regulations for Implementing Labor-Management Meeting", if the number of workers of one gender exceeds half of the total workforce, the number of elected representatives of that gender must not be less than one-third of the total number of labor representatives to be selected.
- The term of office shall commence on the day following the election.
- Online voting is utilized for the election process. All our employees will be notified of the election results via mail.



5.2 Workforce Structure

Workforce structure by gender/job level

Job Level	Gender	2021		2022		2023	
		Taiwan	Overseas	Taiwan	Overseas	Taiwan	Overseas
Entry Level Employee	Male	255	34	295	41	326	39
	Female	307	41	325	44	354	47
Manager & Assistant Manager	Male	28	22	36	23	64	22
	Female	19	5	18	5	19	3
Senior Manager (Including Director)	Male	7	8	10	5	10	6
	Female	0	0	5	0	6	0
Vice President or Above	Male	9	3	10	4	10	4
	Female	0	0	0	0	0	1
Total (persons)		625	113	699	122	789	122

▪ The workforce structure statistics were as of December 31, 2023 (excluding employees on leave without pay and regular outsourced personnel).

Workforce structure by gender/job type

Job Type	Gender	2021(Note 5)		2022		2023	
		Taiwan	Overseas	Taiwan	Overseas	Taiwan	Overseas
Non-temp/ Full-time (Note 1)	Male	-	-	345	72	402	69
	Female	-	-	305	47	318	48
Temporary (Note 2)	Male	-	-	1	0	1	2
	Female	-	-	41	1	59	2
Part-time (Note 3)	Male	-	-	5	0	7	0
	Female	-	-	2	2	2	1
Regularly (Note 4)	Male	-	-	2	0	2	0
	Female	-	-	4	0	3	3
Total (persons)		-	-	705	122	794	125

Note 1: Full-time employees are equal to non-temp employees, who work 8 hours per day, from Monday to Friday.

Note 2: Full-time employees who have signed a fixed-term contract (including interns and foreign employees).

Note 3: Temp/Non-full-time employees who have signed irregular contracts (work-study employees).

Note 4: Non-employees who work regularly within the Company daily (security guards, cleaning staff).

Note 5: Not disclosed due to incomplete information collection across various categories.

911

Global workforce numbers

481

Male employees

430

Female employees

47%

Female employees percentage

20%

Female supervisors percentage



Workforce Structure - Production line employees vs Non-production line employees

Job Type	Gender	2021		2022		2023	
		Taiwan	Overseas	Taiwan	Overseas	Taiwan	Overseas
Direct personnel	Male	101	0	108	0	109	0
	Female	185	0	190	0	198	0
Indirect Personnel	Male	198	67	243	73	301	71
	Female	141	46	158	49	181	51
Total (persons)		625	113	699	122	789	122

Direct personnel refers to production line employees.

Indirect Personnel refers to all office staff.

As of 2023, the total number of employees was 911. The manpower distribution in each region according to business development needs was as follows: :

2023 年						
Area	Global	Taiwan	China	Japan	USA	Netherlands
Number of employees	911	789	56	12	33	21

Note: The workforce structure statistics were as of December 31, 2023 (excluding employees on leave without pay and regular outsourced personnel).

local/international/disabled personnel

As of 2023, the total number of employees was 911:

Total foreign employees: 105, comprising 35 males and 70 females. International employees accounted for 11.53% of the total workforce.

There are a total of 8 employees with disabilities, including 4 males and 4 females. Employees with disabilities accounted for 0.88% of the total workforce.

The Company believes in fairness, embraces ethnic groups from different backgrounds, respects and preserves individual differences, pursues the value brought by personal uniqueness, and ultimately achieves equality in the workplace and a diverse and inclusive workplace environment. International employees in Taiwan were from Hong Kong, Malaysia, Japan, Russia and Vietnam. Overseas employees were from Taiwan, France, Germany,

Netherlands, Romania, Vietnam and Mainland China.

There are a total of 58 Vietnamese employees in Taiwan. The blue-collar international employees received equivalent benefits, care, and attention as native employees did. We hope to enhance international employees' identification and belongingness.

Gender: Male								
Age Range			< 31		31 - 50		> 50	
Category	Area	Total Number	Number	Percentage	Number	Percentage	Number	Percentage
Taiwanese/ Local Employees	Taiwan	402	119	29.60%	260	64.68%	23	5.72%
	Overseas	40	10	25.00%	19	47.50%	11	27.50%
International Employees	Taiwan	4	1	25.00%	2	50.00%	1	25.00%
	Overseas	31	4	12.90%	22	70.97%	5	16.13%
Employees with Disabilities	Taiwan	4	1	25.00%	2	50.00%	1	25.00%
	Overseas	0	0	0.00%	0	0.00%	0	0.00%

Gender: Female								
Age Range			< 31		31 - 50		> 50	
Category	Area	Total Number	Number	Percentage	Number	Percentage	Number	Percentage
Taiwanese/ Local Employees	Taiwan	316	75	23.73%	213	67.41%	28	8.86%
	Overseas	40	9	22.50%	24	60.00%	7	17.50%
International Employees	Taiwan	59	41	69.49%	18	30.51%	0	0.00%
	Overseas	11	3	27.27%	6	54.55%	2	18.18%
Employees with Disabilities	Taiwan	4	0	0.00%	4	100%	0	0.00%
	Overseas	0	0	0.00%	0	0.00%	0	0.00%



■ Recruitment and Hiring

The Company recruits and hires based solely on job requirements, and does not screen talents according to nationality, gender, and other conditions unrelated to job requirements. We strive to achieve workplace equality. Additionally, we comply with all labor laws and regulations, ensuring that any changes in labor conditions are implemented under legal requirements.

Among global senior executives (Associate manager/Director and above), 90.48% of them are local residents with permanent legal residence rights.

■ Prohibition of child labor

The Company explicitly states in its "Work Rules" that individuals under the age of 15 are not permitted to be employed. However, exceptions may be made for graduates of junior high school or those approved by the competent authorities, provided that the nature of the work and the environment do not jeopardize their physical and mental health.

If a child worker under the age of 15 is spotted during onboarding, the child worker will be taken away from the workplace immediately, his/her relevant information will be verified, his/her situation will be thoroughly examined, and he/she will be referred to government agencies for assistance if necessary. Meanwhile, the Company will investigate the recruitment process, take immediate corrective and preventive measures, reinforce internal education and training, and conduct relevant publicity to prevent recurrence.

■ New hire rates for 2023

Taiwan: 26.61%, USA: 20.59%, Netherlands: 41.18%, Japan: 0.00%, Mainland China: 12.07%. Breakdown of new hires by age group:

New Hire Rate					
Area	Annual Total Number	Male		Female	
		Number	Percentage	Number	Percentage
Taiwan	744	107	14.38%	91	12.23%
USA	33	5	15.15%	2	6.06%
Netherlands	20	3	15.00%	4	20.00%
Japan	13	0	0.00%	0	0.00%
China	58	2	3.45%	5	8.62%

- Annual total staff number =(staff number at the beginning of the period + staff number at the end of the period)/2
- New hire rate = number of new hires(male/female) throughout the year/(number at the beginning of the period + staff number at the end of the period)/2

Female						
Area \ Age	< 31	Percentage	31 - 50	Percentage	> 50	Percentage
Taiwan	61	8.20%	30	4.03%	0	0.00%
USA	1	3.03%	0	0.00%	1	3.03%
Netherlands	0	0.00%	4	20.00%	0	0.00%
Japan	0	0.00%	0	0.00%	0	0.00%
China	3	5.17%	2	3.45%	0	0.00%

Male						
Area \ Age	< 31	Percentage	31 - 50	Percentage	> 50	Percentage
Taiwan	68	9.14%	38	5.11%	1	0.13%
USA	4	12.12%	0	0.00%	1	3.03%
Netherlands	1	5.00%	2	10.00%	0	0.00%
Japan	0	0.00%	0	0.00%	0	0.00%
China	1	1.72%	1	1.72%	0	0.00%



2023 Turnover Rate

Taiwan: 14.52%, USA: 17.64%, Netherlands: 15.00%, Japan: 8.33%, Mainland China: 18.97%. Turnover rates by age group are as follows:

Turnover Rate					
Area	Annual Total Number	Male		Female	
		Number	Percentage	Number	Percentage
Taiwan	744	47	6.32%	61	8.20%
USA	33	5	15.15%	1	3.03%
Netherlands	20	1	5.00%	2	10.00%
Japan	13	1	7.69%	0	0.00%
China	58	5	3.45%	6	8.62%

- Annual total staff number =(staff number at the beginning of the period + staff number at the end of the period)/2
- Turnover rate = number of resigned employees(male/female)throughout the year /(number at the beginning of the period + number at the end of the period)/2
- Resigned employees include migrant workers, interns, part-time workers, and employees on leave without pay

Male						
Area \ Age	< 31	Percentage	31 - 50	Percentage	> 50	Percentage
Taiwan	26	3.49%	21	2.82%	0	0.00%
USA	3	9.09%	1	3.03%	1	3.03%
Netherlands	0	0.00%	0	0.00%	1	5.00%
Japan	0	0.00%	0	0.00%	1	7.69%
China	1	1.72%	4	6.90%	0	0.00%

Female						
Area \ Age	< 31	Percentage	31 - 50	Percentage	> 50	Percentage
Taiwan	29	3.90%	27	3.63%	5	0.67%
USA	0	0.00%	1	3.03%	0	0.00%
Netherlands	0	0.00%	2	10.00%	0	0.00%
Japan	0	0.00%	0	0.00%	0	0.00%
China	1	1.72%	5	8.62%	0	0.00%

Taiwan - Analysis of male/female reinstatement and retention after parental leave

According to Taiwanese law & regulations, employees with childcare needs can apply for parental leave, and the HR staff will proactively inquire whether they're willing to reinstate 30 days before the expiration.

- From 2021 to 2023, a total of 37 male employees were eligible to apply for paternity (test) leave; while 26 female employees were eligible to apply for maternity leave.
- From 2021 to 2023, 4 men and 19 women actually applied for unpaid parental leave.
- There were no reinstated male employees from 2020 to 2021, so the retention rate couldn't be calculated.

Year	Number of Applications		Estimated Number of Reinstated Employees		Actual Number of Reinstated Employees		Number of Employees Reinstated Over One Year		Reinstatement Rate		Retention Rate	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2023	2	7	1	5	1	5	1	4	100%	100%	100%	80%
2022	2	9	1	7	1	5	0	1	100%	71%	-	100%
2021	0	3	0	2	0	1	0	1	-	50%	-	33%



5.3 Employee Remuneration Policy

Innodisk - Employee Remuneration

Remuneration and related benefits:

The Company values the welfare of employees. Employees' salaries and remuneration are based on their education and career experiences, professional knowledge and skills, and personal performance. We do not differentiate based on gender, age, region, race, background, social class, lineage, religion, disabilities, sexual orientation, pregnancy, marital status, etc. We consider the concept of total compensation in designing our rewards system, including salary, benefits, bonuses, and remuneration. Innodisk's remuneration policy is formulated based on the following principles:

- We comply with relevant local laws and regulations and aim to create harmonious labor-management relations accordingly, thereby advancing towards sustainable operations.
- For entry-level employees without relevant experience, the starting salary standard complies with the government's minimum wage policy.
- For short-term or part-time employees, starting from their first day of employment, we provide the legally required insurance and benefits.
- We conduct irregular industry salary surveys and adjust salaries annually based on changes in the job market, company operating conditions, and individual performance to ensure that salaries are competitive and fair.
- To boost the Company's operating performance and motivate employees, we've formulated a corresponding performance bonus policy based on the Company's operating conditions and business divisions' goals. Year-end bonuses and employee dividends are distributed depending on the Company's annual surplus. Bonuses allocated to each employee are determined following the Company's operating status, individual position/contribution/performance, without differentiation based on gender or age.

- Employees in overseas areas receive reasonable and competitive salary levels according to local laws/regulations and labor environment conditions. We also provide long and short-term incentive bonuses based on industry practices and operational performance to encourage long-term commitment.
- Social insurance systems for employees in overseas areas are also implemented under local legal requirements.

Remuneration determination process:

To ensure that compensation arrangements help the recruitment, motivation, and retainment of managers, senior management, and other employees, a remuneration committee was established to assist the board of directors professionally and objectively in implementing and evaluating the Company's overall remuneration policy and the remuneration of directors and managers.

1. Directors and Managers: The committee meets at least twice annually and submits recommendations to the Board of Directors for their consideration in decision-making.
 - Regularly reviewing the organizational regulations of the Remuneration Committee and proposing amendments
 - Formulating and regularly reviewing the Company's policies, systems, standards, and structures for performance evaluation and remuneration of directors and managers
 - Regularly evaluating and determining the remuneration of the Company's directors and managers
2. General employees: referring to the market salary level and the salary status of employees; considering external competitiveness and internal fairness, to determine salary.



Following the provisions of Article 19 of the Company's Articles of Association, after deducting taxes and distributing profits to employees and remuneration of directors, any remaining balance in the accounting year, if available, should be allocated to employee remuneration, which should be at least three percent of the said remaining balance, either in the form of stocks or cash as a special resolution by the Board of Directors, with reporting to the shareholders' meeting.

3. The number and average/median salaries of past non-supervisory full-time employees can be queried via the Market Observation Post System website.



Average salary difference ratio

The gender-specific average salary difference ratio between male and female employees in managerial and operational roles is as follows (the scope of the analysis information is the original salary of the Company's regular salary in Taiwan as of December 2023, excluding differences in task allowances due to different assigned stations):

Position / Gender	Male	Female
RD	1.19	1
Sales	1.12	1
MKT / PM	1.14	1
Management Level Supervisor	1.15	1
Logistics	1.14	1
Operator	1.08	1
Technician	0.99	1
Factory/Engineering Manager	1.09	1
Engineering Unit Technicians (PE/DQE)	1.02	1
Manager	There are currently no female managers	

From the above data, it can be observed that the difference in the ratio of men to women in RD positions is relatively significant, which is not caused by gender, but due to the industrial characteristics of the technology industry, since there is a higher proportion of male in supervisory positions in R&D units.



Employee benefits

Innodisk Taiwan - Workplace Benefits and Security

Insurance benefits

For the health care of employees, all employees are insured for group insurance on the day they join the Company, covering group injury medical insurance, cancer medical health insurance, hospitalization medical health insurance, multiple accident insurance occupational disaster insurance, etc. The insurance premium is fully paid by the Company.

According to the needs of daily work, necessary protection is provided to employees in the event of accidents, and insurance agents are arranged to visit the Company every 3 months to half a year for free policy consultation services.

Employee stock option

To motivate and encourage outstanding employees, the Company has formulated an employee stock options plan for selected key employees. This can enhance the cohesion of employees, retain excellent personnel, and achieve a win-win situation.

Other Benefits - wedding gifts, bereavement care

Wedding gifts: For employees who provide marriage registration documents, the Company will present wedding gifts to celebrate the occasion.

bereavement care: For the employees who provide obituary information, the Company will send overhead flower baskets to express condolences.

Wedding gifts

Number of beneficiaries : 5

Funeral flower baskets

Number of beneficiaries : 29

emergency relief funds, children's scholarships & aid

Emergency relief funds - Supporting employees facing major illnesses and emergencies

To encourage the children of employees to pursue education, employees can apply for children's scholarships & aid according to the annual relevant policy set by the Company. We provide TWD 2,000 to TWD 8,000 per academic year from elementary school to graduate school.

Emergency relief fund

Number of beneficiaries : 17
Amount : 277,439

Children's scholarships and aid

Number of beneficiaries : 128
Amount : 431,000

Maternity and infant care

To encourage childraising, we offer commuting subsidies in addition to granting maternity leave as required by law & regulations. Employees who are pregnant can apply for free parking spaces or a commuting allowance of TWD 6,000.

Furthermore, we provide a childbirth subsidy equivalent to 6-10% of the salary, and an additional TWD 30,000 is provided for the second child.



Benefit Type	Number of beneficiaries	Accumulated Amount
Commute Allowance	8	48,000
Free parking space	0	-
Childcare Subsidy	72	2,774,244
Childbirth Subsidy	10	300,000
Total	90	3,122,244



5.4 Human Capital Development

■ InnoPro talent cultivation structure

The Company provides comprehensive education and training programs along with diverse learning channels to cultivate the knowledge, skills, and proactive work attitudes required by supervisors and employees in the workplace.

	General Education Courses	We offer continuous development opportunities and pathways for all employees. New employees will also receive role-specific training courses within their first three months of employment. From time to time, we organize and encourage employees to attend training courses, seminars on industry trends and technological developments as well as soft skills workshops to improve their non-technical or personal skills.
	Technical Academy	For different professional and technical fields, such as production operations, marketing and sales, HR, financial accounting, QA, environmental safety and health, information, etc., the Company organizes internal education and training intermittently, and also facilitates external training opportunities for employees with corresponding training subsidies.
	Management Academy	To meet the organizational development needs of the Company and its departments, we actively cultivate elite cadres and regularly conduct management training tailored to supervisors at all levels. A robust backbone management team can play a critical role in bridging the gap between senior leadership and operational teams for excellent team execution by reinforcing management capabilities.
	Language Academy	To align with international standards and improve the overall language proficiency of our organization, we introduced an online language test platform in 2021, encouraging employees to make the best of internal learning resources and organize English-related activities, aiming to comprehensively improve the English capabilities of our employees.



Internationality Academy

In light of our growing global operations, relevant education and training are arranged every year according to the development needs of organizations worldwide to assist the growth and development of our global employees.

■ Digital learning platform

Our employees can access online courses for reading and learning via computers or smartphones, and sharpen their professional knowledge anytime, anywhere.

To ensure the health and safety of all employees during the pandemic, the Company suspended the implementation of physical courses and accelerated the adoption of digital learning tools. Besides continuously producing exclusive digital learning courses, we also facilitated online synchronous face-to-face classes using communication tools like Teams. Over the past four years, there has been significant sustained growth in terms of overall learning hours and cumulative course attendance.



Online learning platform



Mobile learning platform



■ Regardless of gender/job category, all have equal training opportunities

Human resources are one of the Company's most important assets. Innodisk values the learning and growth of each team member, and thus provides a series of training plans tailored to individual career development and continues to improve the internal training framework and resources. In addition to organizing internal education and training periodically to uplift the professional skills of our employees, we also provide subsidies to encourage our employees to participate in on-the-job training, seminars, and workshops hosted by external certification bodies.

■ Continuing to introduce and deepen the application of online systems

In response to the continuously growing needs of the organization and the post-pandemic era, we are gradually implementing online learning modules and performance modules in overseas subsidiaries. In 2023, we continued to produce online courses so that employees can learn anywhere and anytime. Regarding face-to-face courses, classes are also offered via digital apps instead of paper-based materials. We also adopted paperless QR Code sign-in, reading materials, questionnaires, tests, and subsequent assessments, thus saving at least 3,000 pieces of paper along with related printing and storage space in 2023, and implemented the concept of environmental protection and care for the earth.

Innodisk Global Training Statistics	2021	2022	2023	Growth Rate in 2023
Total Hours of Training	8,209 hrs	10,570 hrs	13,097 hrs	23.91%
Number of trainees	5,469	6,166	7,882	27.83%
Average Training Hours (Based on year-end headcount)	11.15 hrs	12.87 hrs	14.38 hrs	11.73%

Total Training Hours			
Category / Year	External Training Courses	Internal Face-to-Face Training Courses	Internal Digital Training Courses
2023 年	1,163 hrs	7,857 hrs	4,077 hrs
2022 年	1,190 hrs	6,290 hrs	3,090 hrs
2021 年	1,004 hrs	4,561 hrs	2,644 hrs

Training time less than 1 hour will be rounded down.



External training courses



Internal face-to-face training courses



Internal digital training courses

**innodisk****Supervisory training****Trend seminar****New hire education and training**

■ Education and training for new hires in Taiwan

Each new hire must undergo comprehensive training on work systems, receive professional and practical training, and pass the training assessment to ensure personal competence. Moreover, to assist new employees in quickly familiarizing themselves with the Company's products, quality policies, cultural background, and company rules, all new hires are required to complete online basic and advanced courses including "Innodisk Environment Introduction," "Employee Code of Conduct and Benefits," as well as related general courses including "Information Security Regulations" and "Intellectual Property Management Regulations" within three months from the first day of employment.

Title	Session	Total Hours of Courses & Reading in 2023
Newbie tasks	Online One session only	29 hrs
Basic & advanced courses for New hires		882 hrs
Information security regulations		34 hrs
Intellectual property management regulations		301 hrs
RBA obligations and rights of company employees		25 hrs
Green product overview		60 hrs

Training time less than 1 hour will be rounded down.



■ Supervisory training in Taiwan

To assist supervisors at all levels in continuous learning and growth, the company has thoroughly explored their learning needs in leadership and management, and then designed relevant training programs for them to enhance supervisors' leadership and management capabilities, thereby improving the performance and satisfaction levels of our employees. Supervisors can also apply for relevant external training based on their self-development goals to reinforce their specific leadership and management capabilities.



Operations management leadership

- Encouraging pursuing an EMBA degree
- Annual strategy seminars
- Reinforcement of middle and high-level cadres

Team management leadership

- Recruitment/training/performance systems and operations instructions
- Sharing of common difficult cases
 - 1.Managing downwards
 - 2.Leadership exercises
- Recruitment interview skills

Project management leadership

- Cross-departmental collaboration
- Work practices
- Interpersonal communication

Industry management leadership

- Work instructions
- Work relations
- Work relations

Title	Number of Sessions	Total Number of Trainees in 2023	Total Training Hours in 2023
Production line management leadership	14	101	189 hrs
Project management leadership	2	64	754 hrs
Team management leadership	7	91	567 hrs
Operations management leadership	12	129	453 hrs

Training time less than 1 hour will be rounded down.

■ Trend seminar

We invite industry experts to share the latest developments and knowledge regarding industry trends in real-time through physical/online activities, to prepare the employees to respond to possible business opportunities and challenges in the future.

Title	Number of hours	Total Number of Trainees in 2023	Total Training Hours in 2023
Dual-track transformation: The interpretation and practice of Sun Tzu's Art of War in the modern technology industry	2 hrs	216	432 hrs
AI-enabling Technologies and AI-enabled Applications in the Future	2 hrs	65	130 hrs
Generative AI Development and Trends	1.5 hrs	71	106.5 hrs

Training time less than 1 hour will be rounded down.



■ Training: transition to AI

In 2023, for the first time, our company organized the first AI training competition lasting over three months, aiming to help employees grasp Innodisk's AI development strategies and uplift their knowledge and skills in the AI field. This competition attracted participation from various company units, including key R&D teams, as well as logistics operational units (management, finance & accounting, IT, etc.)

Event Overview

Opening event: The opening event was "Introduction to AIoT Product Architecture and AI Training." A total of 301 employees participated in the one-hour product market analysis and AI training tool operation instructions.

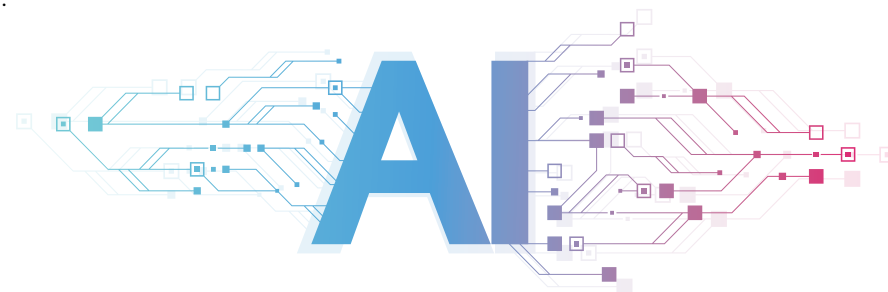
Follow-up training and application: A total of 230 employees signed up to participate in the subsequent market application planning and the design and collection of AI training materials. The relevant materials were used for online AI training. In the end, a total of 31 AI applications in 7 major application markets came into existence.



Achievements, Gains and Outlook

This event gained fruitful achievements, including contribution to our business development and discovering the Company's potential applications and cooperation opportunities in the AI market. More importantly, this event helped company employees better understand the achievements and future development direction in terms of the Company's transition to AI, which can facilitate promising smart solutions.

Employees integrated what they learned from the competition into their own work, aligned with the Company's development direction, and became a driving force. Furthermore, the competition fostered collaboration and communication across departments, and strengthened ties between employees and the Company. The Company will continue to strive to provide employees with more diversified training opportunities to respond to ever-changing market demands and promote the Company's ongoing development and innovation.



301 Employees participated in the introduction to AIoT product architecture and AI training

230 Employees participated in AI training operations and conducted market application presentations

31 groups of achievements reports
7 major application markets and 31 applications

AI successfully became prevalent among the group
PM & Sales employees applied reports to work



Digitization of manufacturing competency certification

Through a complete competency certification architecture, we help production line employees learn systematically, thereby improving their familiarity and proficiency with the work.

Digital tools:

The online HR development system (eHRD), jointly developed by the information unit, is used for certification and can be connected to the internal personnel information system. After the certification is passed, the updated electronic competency card (in the form of a QR Code) can be seen immediately. By scanning with their smartphone, users can find out the workstations they are currently in charge of.

Create eHRD certification:

After the HR department and production line supervisor confirm the workstation that employees need to certify and the corresponding certification conditions, the eHRD system is configured to create the "test paper", "implementation checks-work breakdown checklist," and "Workstation certification" for each workstation.

Development of electronic competency cards:

Jointly developed by the HR team and the information unit, this system can automatically generate a personalized QR Code for each employee, and you can scan it to get the instantly updated certification content of competency sites.



Competency certification check screen



■ Complete factory competency training

Since 2016, in response to the rapid growth of the Company, and to improve and maintain product quality and production line personnel development, a comprehensive "Manufacturing Competency Certification" system has been planned and established. Through this system, we can comprehensively assess and manage talents, quickly identify the current work skills of the employees, increase the number of stations to strengthen multi-skilled capabilities and better allocation. We also regularly conduct production line counselor training to strengthen their teaching capabilities and highlight humane care and interaction to consolidate a friendly and supportive workplace environment.



There are clear training mechanisms for new hires, cross-station learning, and mentor training to ensure that employees have practical work guidelines to follow. The more ambitious and positive employees can also achieve job promotion through their own efforts.

New hires:

For new hires during their probationary periods, they're identified by yellow armbands and must undergo three months of workstation-specific competency training. They can start working independently only after passing the certification.

Incumbent employees :

The "Manufacturing Competency Certification Digitalization" operation is carried out in March every year to swiftly verify the job skills of employees aligned with workstation requirements.

Instructor certification:

This certification is to confirm that employees have obtained a stable foundation for their daily work. The more motivated employees are recommended by supervisors for quarterly internal training to develop the concepts of system tools operations and instruction, enabling them to become workstation instructors for new hires. Annual periodic re-certifications ensure they're qualified instructors.

Cross-station learning:

Each unit has needs for manpower secondment support, if necessary. According to the employees' potential, they will be trained to have multi-tasks and rotation capabilities. Staff can work independently after they have completed 1-3 months of station-specific competency training and passed the online assessment. The trainee must wear a yellow armband for identification during training.

■ Performance appraisal system based on job duties

The Company's performance appraisal system does not differ based on employee gender, age, region, race, background, social class, ancestry, religion, physical disabilities, sexual orientation, pregnancy, marital status, etc. The purpose of performance management and development is to integrate and improve the overall performance of individuals and organizations. It facilitates two-way communication and employee development planning to be the basis for promotions, salary adjustments, bonus distributions, employee development and training needs, etc. In case of employees' incompetency, they will be provided with appropriate counseling programs or be assisted in transferring to a suitable unit. If a balanced relationship between the employee and the Company cannot be achieved, appropriate severance pay and other benefits will be provided in compliance with legal regulations to ensure their work rights.

New hires assessment

Following the laws & regulations of each country, comprehensive training assessment and scoring will be conducted six to ten weeks after employment commencement to confirm the effectiveness of the new hires' training and the quality of their work output. If the new hires fail to meet the required standards, a review is conducted and relevant training methods are rearranged. The alternative "job coaching" may be applied to ensure that new hires fully grasp the job information and can contribute effectively to their roles.

Regular performance evaluation

The Company conducts performance evaluations every six months. The mid-year evaluation targets employees who joined the Company no later than February of that year, while the year-end evaluation targets employees who joined the Company no later than September of that year. In 2023, 100% of incumbent employees and supervisors underwent performance evaluations, regardless of gender or job category. The evaluation criteria include:

1. Achievement of initial (beginning of the year and mid-year) work goals.
2. Job competency performance (such as teamwork, continuous improvement, data analysis, and decision-making).
3. Personal development and improvement plans.

While reviewing the current work performance of employees, we also focus on their career development in the company, helping them to develop their strengths and continue to grow at work, thereby enhancing the overall morale and development of the Company.



Performance rating communication

Based on the performance rating results, improvement directions, and future development plans, supervisors should conduct performance interviews with the staff to improve two-way communication. Before the interviews, employees can evaluate their personal abilities and career development plans, and discuss work planning with their supervisors. Supervisors should provide feedback and suggestions on individual performance, strengths and weaknesses, current departmental and organizational status, and future goals, and provide timely assistance. If employees have concerns about their performance results during the process, they can discuss such issues with their supervisors.

The overall performance system highlights personal value, individual autonomy of employees, support, and tracking to help employees achieve their goals. Based on individual performance results, supervisors can plan overall team development needs, assign tasks for enhancing experiences, and provide employees with internal or external training courses to achieve overall growth for each team member and unit.

5.5 Friendly Workplace

5.5.1 Friendly Workplace

A friendly workplace is an important competitive advantage of the Company. It starts from the perspective of employees' needs and allows employees to balance their work and family responsibilities while maintaining their own physical and mental health.

Through the five major areas concerning employees - "care", "remuneration policy", "benefits", "development" and "communication", employees can feel respected, assured, and secure while working to reflect the Company's exclusively friendly workplace environment and culture.



Employee care at each stage

Adhering to the belief that employees are the most important assets of the Company, we have established a comprehensive employee care system to provide corresponding help and resources at each stage of employment.

We cooperate with external units to promote employee assistance programs (EAPs). If employees have difficulties in disclosing personal privacy issues, they can seek assistance through this channel.

New hires

HR partners will have a relaxed chat with employees after the first month and third month since they joined the Company, to understand their adaptation to work, supervisors, employees, or the Company environment, etc., to help new employees fit in more quickly, and alleviate their hesitation and anxiety.

Incumbent employees

Regular employee satisfaction surveys are conducted to gather feedback and insights from employees across various dimensions. In addition, each unit's dedicated HR partners care for employees from time to time and provide timely assistance, especially for those who have experienced transfers, assignments, suspension of employment, and other related changes.

Resigned employees

When an employee submits a resignation request to the unit supervisor, and after the supervisor and employees decide on the date of resignation, the HR partners will assist the employee in completing necessary procedures, conduct a resignation interview with the employee, and understand the reasons and considerations for leaving. Such interview feedback can help us improve internal operations and policies as needed.





5.5.2 Employee Care

■ Care and support for international workers

Through equal care from supervisors/senior employees/HR partners, open communication channels, and ample resting space, international employees do not need to worry about acclimatization issues. We have created a friendly and safe work environment for them.

■ International employees: Healthcare and management

- Each person is allocated up to 22 square meters of dormitory rooms, which is superior to the government regulations.

- We provide care, consultation, and coaching from time to time to address work-related discomfort in response to the observations from supervisors or intermediaries.
- At the start and end of each shift, headcounts are strictly practiced. A reporting mechanism is triggered when night shift workers leave the sites, to ensure the quality of work and the safety of employees.

- We perform weekly disinfection of dormitories and conduct regular inspections to maintain a clean environment, ensuring the health and well-being of our employees.

- In addition to the physical examination for new arrivals and regular physical examinations, vocational nurses also closely monitor employees, track the physical abnormality data of employees based on the examination results, and provide appropriate health education knowledge.

- If the employees feel unwell on weekdays, we will offer support and send a companion to accompany them to see a doctor, provide medication instructions, and then track and report, so that the unit supervisor can know the health status of employees and ensure their safety.

- For international employees, we assign caregivers with the same nationality to live in the dormitory with them for comprehensive care and counseling, as well as addressing their daily life problems.



■ Unperiodic Care



■ Dormitory cleaning and disinfection



Welfare Management

- We provide safe and spacious parking spaces with rain covers.

- Welfare Committee provides international employees with equal benefits (including activities-participation rights) as local employees have, to achieve work-life balance.

- International employees are encouraged to renew their contracts upon completion of their term, with a renewal bonus.

Communication Management

- We provide effective communication channels for employees, hold monthly meetings, and invite supervisors to conduct two-way communication with all international employees to ensure clear information dissemination.

New Hires Counselling

- We provide Chinese/Vietnamese learning handouts on production line operation procedures and arrange Chinese courses.

- Upon new employees' arrival, international translators provide one week of on-site guidance on the production lines for them. The translators also give translated instructions during their work. The new employees can also receive operational guidance from experienced international employees, facilitating their quick adaptation to the work environment and familiarization with job responsibilities.



■ Monthly Meeting Communication



■ On-site guidance on production line



■ Parking spaces with rain covers



Social features

Cultural support and community engagement

Give back to the local community

The Company set up its R&D center in Yilan in 2018. In 2023, the Company cooperated with National Ilan University to formulate the "National Yilan University - Innodisk Scholarship & Aid Guidelines " to support underprivileged students. In the same year, we also supported the "National Ilan University-Centennial Wings Spreading Project" to help disadvantaged students spread their wings and bravely pursue their dreams.

In 2022, we participated in Yilan County's education iconic event "Primary and Secondary School Science and Technology Application Competition" to help students use the knowledge they have learned to develop problem-solving scientific literacy abilities and creativity. The students in Yilan are expected to have the courage to learn and explore scientific principles in life, stimulate their scientific potential, and broaden their horizons.

Project	Amount
National Ilan University - Innodisk Scholarship & Aid	240,000
National Ilan University - Centennial Wings Spreading Project	200,000
Yilan County - Primary and Secondary School Science and Technology Application Competition	100,000
Total	540,000

Maker education

IEYI (International Exhibition for Young Inventors) is hosted by Professor Hong Rongzhao from the Department of Industrial Education of National Taiwan Normal University and has entered its 20th edition. The Company donated TWD 300,000 in 2023 to encourage outstanding young people around the world to demonstrate their inventions and create a better future world through innovation.

Project	Amount
National Taiwan Normal University - IEYI (International Exhibition for Young Inventors) (International Competition)	300,000

Art enterprise collaboration

Our company's Taipei and Yilan plants have cooperated with AAEON in 2015 and 2018 respectively to set up the "Innodisk Art Corridor", to introduce the works of emerging painters with detailed descriptions, aiming to relieve employees' anxiety and lift their spirits. So far, we've invested nearly TWD 2 million.

Project	Amount
AAEON - Innodisk Art Corridor(Xizhi + Yilan plants)	1,991,500

Social Responsibilities & Social Engagement

innodisk



06 Occupational Safety and Health Management

6.1 Occupational Safety and Health Management

6.2 Work-Life Balance

6.3 Health Promotion Activities



6.1 Occupational Safety and Health Management

■ Compliance with occupational safety and health regulations

In 2023, there were no fines imposed for violations of occupational safety and health regulations.

■ ISO certification management

In 2018, ISO 45001 certification was obtained, work safety and health performance were enhanced, and workplace safety was ensured through risk prevention and continuous improvement.

■ 2023 occupational safety and health-related expenditure table

Occupational safety and health-related expenditures in 2023 totaled TWD 1,111,444, including the increase in monitoring points (such as CO₂, illumination, etc.) during the year to facilitate a healthy and safe work environment, therefore, the Work Environment monitoring items spending has increased.

6.1.1 Occupational safety and health

To prevent occupational injuries, we conducted regular machinery & equipment checks and restricted access to the electric panel by locks to prevent electric shock incidents. We added on-site hazard signs (such as noise area signs, chemical GHS hazard signs, etc.), and firefighting equipment signs. We also provide appropriate free personal protective equipment and periodic inspections and patrols in the factory area to prevent occupational disasters. Furthermore, regular assessments were conducted in terms of drinking water quality, noise levels, organic solvent concentrations, carbon dioxide concentration, temperature, humidity, and illumination, to safeguard employee health, and prevent occupational diseases, ensuring compliance with safety and health standards and legal requirements in the work environment.

	Xizhi Plant					Yilan Plant				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Waste Disposal	222,800	215,950	144,700	154,000	240,450	387,000	520,998	311,850	582,100	613,000
Work Environment Monitoring	32,000	43,545	83,265	67,600	71,327	45,045	43,260	81,025	94,290	97,230
Air Pollutant Inspection+ Perimeter Noise (Yilan)	9,450	9,450	9,450	9,450	8,400	15,000	15,750	15,000	15,750	15,000
Drinking Water Quality Inspection	10,800	10,800	10,800	18,000	15,300	3,600	3,600	3,600	3,600	3,600
Protective Equipment Procurement (including First Aid Kit & Medicines)	24,437	187,497	44,426	50,935	21,638	22,232	19,420	18,122	14,977	18,674
GHS Label Printing	6,000	0	0	3,150	6,825	0	0	0	0	0
Total	305,487	467,242	292,641	303,135	363,940	472,877	603,028	429,597	710,717	747,504





Relevant control measures were established in special job positions (which involve operations such as soldering/operations involving ionizing radiation, use of hazardous chemicals, operations in noisy environments, etc.) while corresponding control plans or improvement measures were developed based on risk assessment results. Hazardous chemicals used in plant processes were managed by trained and qualified personnel (e.g., organic solvent operation supervisors) who oversee the proper receipt, storage, and use of hazardous chemicals. Annual safety and health training plans were implemented to provide operational training, emergency response procedures, and knowledge training. SDS (Safety Data Sheets) were prominently displayed and readily accessible to ensure prompt on-site emergency response procedures when necessary.

To identify non-compliance issues and take timely corrective actions, regular internal audits were conducted annually and were submitted to relevant management units.



■ Developing internal/external safety and health communication, participation/consultation process management

To disseminate information on safety and health laws & regulations, we conducted external communications to protect employees' rights and interests and promote safety. The Occupational Safety and Health Committee was established under the law, with labor representatives comprising at least one-third of the committee members. Meetings were held every three months as stipulated. Committee members could raise occupational safety and health issues or opinions, facilitating direct communication with senior management through the committee.

The resolution matters of the 2023 Occupational Safety and Health Committee meeting



■ Fire safety seminars



■ Fire safety seminars



■ Chemical spill drills



■ Respiratory protection training



included revisions of occupational safety and health policies, regulatory identification and risk assessment content, as well as the annual occupational safety and health management plan, operating environment monitoring plan, and facilities and equipment improvement plans for each workplace, etc.

Apart from commuting accidents, the Company had no occupational accidents in 2023. Beyond occupational safety issues, the Company prioritizes employee health by employing occupational health specialists to provide monthly on-site services, holding quarterly health seminars, and providing employee health examinations, which are more frequent than the once every two years frequency required by the Labor Standards Act. We also organized health promotion activities successively, implemented smoke-free workplace policies, and provided lactation facilities as well as safe and hygienic dining environments.

To enhance employees' awareness of safety and health and prevent occupational hazards, the Company conducted general occupational safety and health education and training each year, in terms of organic solvent spill drills, online courses on earthquake evacuation, traffic safety seminars, respiratory protection training, hearing protection training, basic occupational safety and health training for new hires, fire safety education, self-defense firefighting drills grouping/plant-wide escape drills, and external safety and health training for supervisors. The above efforts aimed to reinforce employees' safety and health awareness and enhance their professional core functions. In 2023, the total internal training time amounted to 787.2 hours, with a total of 523 participants.



■ New hires education and training



■ Hearing protection training

Occupational injury statistics

To uphold higher standards in occupational safety and health management, the Company began to apply for monthly reports of cumulative disaster-free working hours in March 2014. As of December 2023, the cumulative disaster-free hours exceeded 9.16 million hours. In April 2022, we received our sixth disaster-free working hours certificate issued by the Industrial Safety and Health Association of Taiwan. Based on such achievements, our employees would keep pursuing the goal of zero occupational accidents.

There have been no occupational disasters or industrial safety incidents in the factory, so the disabling injuries frequency and disabling injuries and severity rates were both zero. (Note: The 12 employee commuting accidents on the way to work in 2023 were not included.)

Plant	Year	Number of Disability Injuries Cases	Disabling Injuries Days	Total Work hours	Disabling Injuries Frequency FR	Disabling Injuries Severity Rate SR	Aggregated Injuries Index FSR
Xizhi	2019	0	0	954,395	0	0	0
	2020	0	0	909,261	0	0	0
	2021	0	0	941,196	0	0	0
	2022	0	0	1,036,936	0	0	0
	2023	0	0	1,143,552	0	0	0
Yilan	2019	0	0	261,656	0	0	0
	2020	0	0	300,128	0	0	0
	2021	0	0	357,576	0	0	0
	2022	0	0	411,586	0	0	0
	2023	0	0	444,464	0	0	0

Definitions of each item:

$$\text{Total Injury Index (FSI)} = \sqrt{\frac{\text{FR} \times \text{SR}}{1000}}$$

FR = Number of disability injury cases × 1,000,000 work hours/ total work hours

SR = Disability injuries days × 1,000,000 work hours/total work hours



■ Contractor management

To reduce injuries during contract work, the Company has established a "Contractor Management Procedure" to prevent occupational accidents due to inadequate awareness of workplace hazards or negligence in safety and health management by contractors. This procedure also aims to enhance contractors' management of safety, health, and work environment. Before entering the work sites, contractors must implement relevant occupational safety and health measures to ensure and improve operational safety.

In 2023, there were no occupational accidents involving contractors in the Company's construction projects.

■ Graded risk assessment and control

The Company has established the "Hazard Identification and Risk Assessment Management Procedure" as a standard guideline for risk management. Every September, hazard identification and risk assessment operations are conducted to publicize awareness of workplace hazards and preventive measures. Supervisors of each unit have formulated corresponding control measures based on the results of hazard identification and risk/opportunity assessment (risk grades). The Occupational Safety and Health Office also inspect each workplace from time to time to identify potential hazard factors, make recommendations, propose improvement measures, and then consolidate these into the "Hazard Identification Risk Assessment Form."

If the risk assessment identifies unacceptable risks, they will be included in the "Significant Hazard Identification Control" to be managed by the responsible departments.

6.2 Work-Life Balance

Laws & Regulations



Conform to

- Prevention Plan for Occupational Safety and Health Act
- Occupational safety and health education and training
- On-site medical/nursing services
- First aid staff allocation

Health Management



Conform to

- Health consultation
- Health care
- Biennial health checks
- Annual special operations health checks

Friendly Environment



Conform to

- AED installation
- First aid kit installation
- Lactation room
- Employee assistance program
- Art gallery

Health Promotion



Arrange

- Health promotion activities
- Health promotion courses
- InnoLife music events
- Visually impaired masseur



■ Prevention Plan for Occupational Safety and Health Act

	Load Management - Monthly assessment: overtime hours assessment - Assessment form: load scale - Occupational health consultation: cardiovascular disease risk assessment for the next decade, work and personal load assessment - In 2023, the fatigue scale for 768 people was completed for assessment and follow-up care.
	Maternity Protection - HR department provided the maternal protection targets list - Provided health risk/workplace environment/operations assessment - Arranged occupational health consultation - In 2023, there were a total of 13 maternity protection cases; maternity environment assessments, occupational health consultations, and nursing care were completed.
	Human Factors Engineering - Occupational doctor/occupational nursing: worksite visit - Assessment form: musculoskeletal self-evaluation form - In 2023, 768 people completed the musculoskeletal self-evaluation forms. Human factors engineering prevention courses, assessment, and care were arranged
	Workplace Illegality - Assessment form: workplace illegality identification risk assessment form, self-inspection form - In 2023, 768 people completed self-inspections and there were no major illegality.
	Precautions for the Middle-aged And Advanced-aged Workers - Assessment form: workplace illegality identification risk assessment form, self-inspection form - In 2023, 123 workers completed work fitness assessments. Assessments and care for middle-aged and advanced-aged workers were arranged.

■ Special health examination-noise, ionizing radiation

The Company has X-ray equipment, XRF equipment, and vibration chamber routers in the factory, so special health examinations are conducted annually. There are a total of 36 inspectors (23 for ionizing radiation and 13 for noise), all categorized under health management levels 1-2. The number of people is distributed as follows:

- Xizhi Plant — Ionizing radiation: 10 inspectors / Noise: 3 inspectors
- Yilan Plant — Ionizing radiation: 13 inspectors / Noise: 10 inspectors



■ On-site health service by medical staff for laborers

- On-site service Items
 - Employee health consultations, 15-20 minutes per person
 - On-site hazard identification and risk assessment
- Frequency of on-site health service by medical staff for labors
 - Xizhi: Once a month, 3 hours per session
 - Yilan: Once every 2 months, 2 hours per session
- Number of consultations by contracted medical staff: 136



On-site health consultation
15-20
Minutes/person

Number of people receiving consultation
136

■ Occupational disease: Description and prevention

Health promotion seminars/activities and on-site visits/medical assessments are conducted annually. Currently, there is no personnel diagnosed with occupational diseases.

Once /month
Frequency of on-site consultation at Xizhi

Once /2 months
Frequency of on-site consultation at Yilan



3 hours/session
Frequency of on-site consultation at Xizhi

2 hours/session
Frequency of on-site consultation at Yilan



Employee assistance program

- In October 2022, "Employee Assistance Programs (EAPs)" was introduced, aiming to assist employees in identifying and resolving problems with the help of various professionals, to comprehensively take care of employees' physical and mental health, create a healthy and friendly workplace, and enable work-life balance.
- Chinese and Vietnamese versions of pocket cards and posters are available for employees to clearly understand EAPs.
- Monthly newsletters are sent to employees containing articles related to physical and mental health management.
- A platform for physical and mental care is available for employees to make appointments and fill out simple questionnaires. Relevant articles on work, life, and health can also be accessed on the website.
- In 2023, case managers and professional consultants helped a total of 26 employees address their psychological, legal, and management issues.

Massage services for stress relief

- We embraced the concept of "sharing", and created an environment to extend everyone's love to all corners of society. In 2023, we hired an additional visually impaired masseur (two in total) to provide stress-relieving massage for our employees. In that year, a total of 640 employees were served and the donation to the Innodisk Education Foundation reached TWD 69,500 which was used for children's care.
- Our company is dedicated to the manifestation of Innodisk Happiness DNA, including providing art galleries, lactation rooms, stress-relieving environments, sports facilities, and various health promotion seminars and activities, to build a warm, friendly, and healthy work environment.





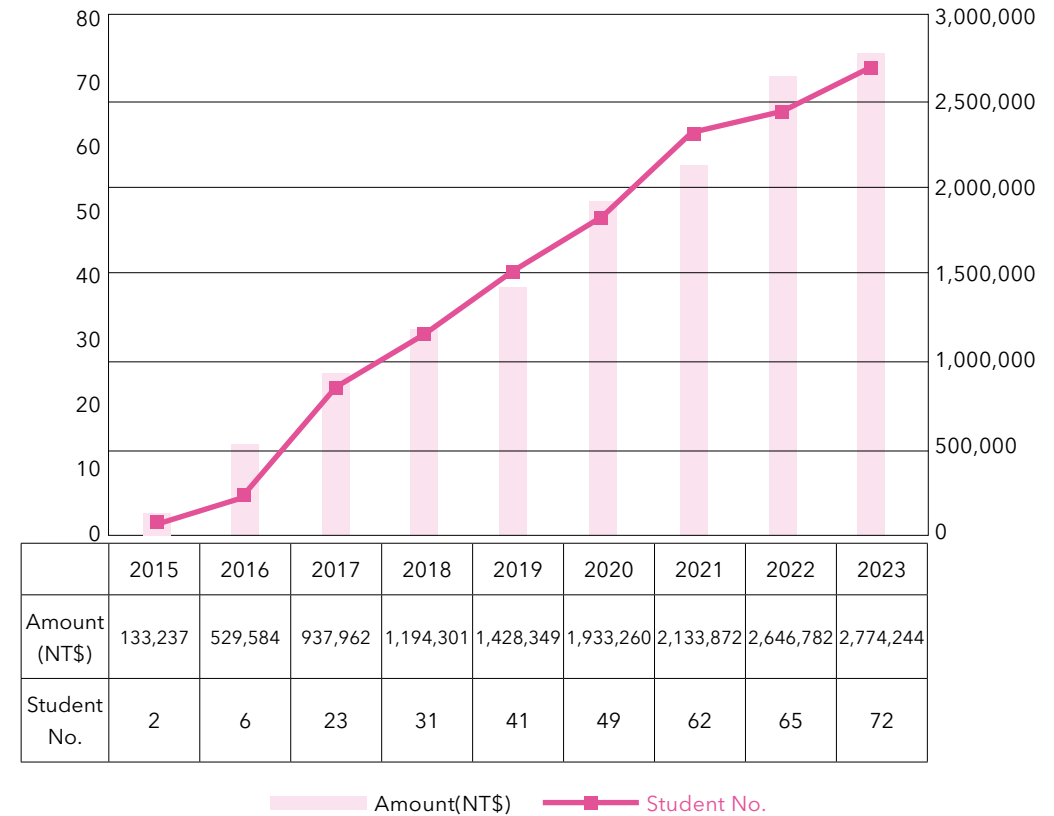
■ Employees childbirth support, the happiness project

Since 2015, the Company has tried to fulfill its corporate social responsibilities by offering supportive welfare measures to encourage childbirth and alleviate the childcare burden of employees.

	Childbirth Subsidies ▪ Cash Gift: TWD 3,000 ▪ If the employee(or spouse) gives birth to the second child (or subsequent children) during his/her employment, he/she will be offered with TWD 30,000 subsidy. ▪ Total subsidies amounted to TWD 960,000 as of 2023. (The subsidy amount in 2023 was TWD 300,000, with 10 applicants)
	Childcare Allowance ▪ If the employee(or spouse) gives birth to a child when he or she works in the Company, the employee will receive a monthly subsidy equal to 6% of his/her salary until the child reaches 7 years old. If the employee (or spouse) gives birth to more than one child during his/her employment period, the monthly subsidy amount will be capped at 10% of salary. ▪ Total subsidies amounted to TWD 13,711,591 as of 2023. (The subsidy amount in 2023 was TWD 2,774,244, with 72 applicants)
	Pregnancy ▪ To take care of the pregnant employees, a new pregnancy transportation subsidy has been put into practice since 2023. For the employees who are 6 months pregnant or over, they will either receive a subsidy of TWD 6,000 or be offered a parking space. ▪ The total subsidy amount in 2023 was TWD 48,000, with 8 applicants.

■ Children's scholarships and aid

- Starting in 2019, a scholarship for employees' children has been put into practice for encouragement.
- Annual scholarship amounts - Elementary school: TWD 1,000; Junior high school: TWD 2,000; Senior high school/Vocational school: TWD 3,000; College/University/Graduate school: TWD 4,000
- Number of applicants - 2019: 59; 2020: 67; 2021: 95; 2022: 115
- Since 2019, the total amount of scholarships has reached TWD 977,500. (The subsidy amount in 2023 was TWD 431,000, with 128 applicants)





6.3 Health Promotion

■ Health promotion activities

Employee health and work-life balance are fundamental principles of our corporate culture. We value and care about the physical, mental, and family life of each employee. In 2023, we organized numerous health promotion activities:

Satisfaction Survey

91.8_{pts}

Number of Participants

216

2023 health promotion activities

NO.	Date	Theme	Satisfaction Survey	Number of Participants
1	3/31	Understanding workplace illegality and the countermeasures	91	13
2	4/28	Let drawing heal your hearts	96.2	20
3	5/24	Love your lungs	92.4	35
4	6/17	Healthy intestines, no colorectal cancer	95.2	19
5	7/21	Stay alert for liver cancer	92.6	15
6	8/18	Medical protection	84.4	21
7	10/19	Protect your kidneys	92	25
8	11/21	Eyes care	93	21
9	11/22	Stress management and relief	85.6	12
10	12/21	Renew your heart for new inspiration	92	20
11	12/8	Embark on a heart Journey	95.5	15





Health management

Environmental safety & health

In 2023, the Occupational Safety Office held comprehensive activities focused on environment, safety, and health to enhance awareness among employees regarding safety, health, green environmental protection, and a sustainable environment. To increase employee engagement, a point-collection game was introduced. We calculated the total number of steps all our employees took in the game, and based on this, the Company donated TWD 120,000 to Tse-Xin Organic Agriculture Foundation for tree planting and forest protection at Jixin and Jibao sections of Wujie Township, Yilan County. It is expected that 240 trees can be planted for coastal afforestation, doubling the carbon reduction effect.





Innodisk Winning in Health!

Innodisk Walks with You

189 participants, achieving a total of 116,173,809 steps, carbon reduction of 16,496.68 kg, and donated NT\$ 120,000 to tree conservation.

Shaking the Fat Off

14-week courses with gym equipment, 47 people participated in aerobic activities, and 38 people trained with gym equipment.

Daily Exercise, One Like at a Time

37 people completed the challenge and uploaded 1,065 photos.



100 Suburban Hills Climbing

49 people uploaded 212 photos, while the record holder climbed 19 suburban hills!

Move it for Health!

171 participants, in just 6 months, shook off **37kg**, and lost **79%** of body fat in total!

HSE Drawing Competition

79 employees and employee family members participated, 198 people voted, 23 people received awards.

Green Activities

135 people joined the vegetarian diet to show more love for the Earth.

Vehicle Tire Tread Inspection

Ensuring car safety for 39 people.

Basic Life Support Techniques_CPR+AED

A total of 10 courses were hosted, and 568 people learned CPR and AED skills.

1,550 Participants in total



Safe workplace certification

Both the Xizhi and Yilan plants are equipped with AEDs. In 2023, the Occupational Safety Office conducted 10 sessions of basic life-saving techniques - practical training on CPR+AED. The number of participants in Xizhi and Yilan was 568, with an average satisfaction rating of 95.78 pts. 70% of all employees completed the training. Both plants obtained safe workplace certification.

Xizhi



Yilan



Social Responsibilities & Social Engagement

innodisk



07 Social Engagement

- 7.1 Innodisk Education Foundation
- 7.2 Handicraft Value Creation for a Sustainable Future Camp
- 7.3 International Denim Day
- 7.4 2024 surpassing 2023



7.1 Innodisk Education Foundation

Based on the concepts of "sharing" and "commitment", Innodisk established the "Innodisk Education Foundation" (hereinafter referred to as "the Foundation") in 2015 to serve as a platform for consolidating devotion and resources, and a system for long-term care. The Foundation focuses primarily on the youth in terms of "stable schooling," "encouraging skills development," and "philanthropic care."

In 2023, aligned with the corporate culture of "innovation, discipline, and sharing," the Foundation reviewed and adjusted its services, including collaboration among shareholders, management, employees, family members, customers, NPOs, and the general public who agree with our vision. In 2023, the Innodisk Education Foundation continued to advance various education-centered community service programs in Xizhi and Yilan, where the company is located, consolidating different public welfare divisions and environmental initiatives in the Greater Taipei and Yilan areas. The Foundation collaborates closely with 15 junior high schools, 8 vocational high schools, and 15 public welfare Institutions in terms of "supporting underprivileged students' education," "basic science and technology education," and "skills learning and practical application."

We also encouraged Innodisk employees to actively participate in different types of

philanthropic care activities, such as blood donation and second-hand items collection (home appliances, denim jeans, items for winter care for migrant fishermen, etc.). We also collaborated with charitable organizations to conduct festival handicraft activities (Poinsettia decorations, Thanksgiving cakes, Earth Day green plant moss balls, etc.), Spring Festival couplets charity sale, and assisted in the marketing of tribal agricultural products, etc. Moreover, Innodisk employees actively engaged in various volunteer activities such as mentoring students, career talks in schools, computer maintenance tutoring, hosting students' visits to Innodisk, etc. We also offered them our generous financial support. In 2023, 114 Innodisk employees devoted themselves to various services of the Foundation, contributing a total of 704 volunteer hours and donating over NT\$ 1.5 million.

"Education" was our core method to lead students to environmental and public welfare awareness; while "public welfare" was our theme to appeal to Innodisk employees, as they devote themselves to education and the environment. We have built Innodisk's unique sustainability framework - "Sustainable Environment, Community and Talent."

School & Industry

Basic science and technology education

1. Electronic Maker project for 7th and 8th-grade students
2. 9th-grade students' future talents dream building project

School & Family Innodisk Education Scholarship & Aid

Innodisk seasonal public welfare projects

- Spring:** heart-warming spring couplets, International Denim Day activities
- Summer:** Mother's Day care series, blood donation, agricultural product cooperative sales
- Autumn:** second-hand home appliances collection, charitable cooperative sales, beach cleaning
- Winter:** Christmas handicrafts, second-hand items collection for a warm Christmas, blood donation

School & Community Ecological environment

1. Handicraft Value Creation for a Sustainable Future Camp
2. Green sustainable living advocacy activities





■ Innodisk Education Foundation Achievements in 2023

Public welfare programs	Achievements
Innodisk Education Scholarship & Aid	"Innodisk Education Scholarship & Aid" program provides scholarships & aid of NT\$ 24,000 per student annually to ensure stable schooling. In 2023, 38 students were supported. The program expenditure was NT\$ 2 million. In addition to financial support, in order to broaden students' horizons and enrich their life experiences, we organize diverse experience activities every quarter, such as a visit to the Taoyuan Airport, financial literacy board games, CSBC Life experience, etc. Such activities promote both learning and sharing and expand students' social networks. A total of 294 students have been supported since 2015, and the total program expenditure has reached NT\$ 9.42 million.
Future Talents Dream Building Program	Since 2016, the Foundation has partnered with Innodisk to implement the "Future Talents Dream Building Program" to deepen the curriculum content of ninth-grade technical education classes. In 2023, the Foundation continued to cooperate with a total of 14 junior high schools in New Taipei and Yilan areas. We organized a launch ceremony and 12 sessions of lectures on adapting to skills learning for the AI generation, 12 sessions of sharing by experts, 7 philanthropic service activities, and 11 industry visits. We also rewarded 66 students from 14 schools for their outstanding performance in technical skill competitions. In 2023, the program expenditure was NT\$4 30,000, and the total investment amount has reached nearly NT\$ 3 million since 2016.
Electronic Maker Club	The Foundation has begun to cooperate with Taiwan Normal University since 2018, and cooperated with 9 schools in 2023, to promote PowerTech bionic robot courses during the club activities of the 7th and 8th-grade students in junior high schools. In 2023, 25 clubs were established, engaging a total of 491 students throughout the year, completing 240 sets of bionic robots. Inter-school competitions were held in New Taipei City and Yilan, with the collaborating schools achieving excellent results at the national competitions. In 2023, the program expenditure was NT\$ 600,000, and the total investment amount has reached NT\$ 3.05 million since 2018.





Public welfare programs	Achievements
Handicraft Value Creation for a Sustainable Future Camp	We collaborated with schools and social welfare units to organize 19 camps, training 448 students and community members in small appliance cleaning and maintenance skills. A total of 20 disadvantaged households, as well as 18 schools and community organizations were guided to clean 467 small household appliances and fully renew 15 of them. Two electrical safety workshops for the elderly were held, offering 90 seniors the basic knowledge of household appliance cleaning and electrical safety through hands-on practice to promote a circular economy. We invited senior retired home appliance experts to transfer their experiences to young trainees, so they could serve seniors' households, allowing the young and old generations to benefit each other as a community. In 2003, the program expenditure was NT\$ 1.3 million, and the total investment amount has reached NT\$ 5.22 million since 2018.
International Denim Day 2023	In response to International Denim Day, Innodisk employees provided over 180 pieces of ill-fitting, faded denim jeans, or just the denim jeans they no longer need. These were entrusted to the Wanhua Disadvantaged Women's Sewing Training Unit in Taipei to be repurposed as 708 denim fabric hand cup sleeves which, accompanied by introductions to Denim Day and sexual assault prevention, were then distributed among Innodisk employees, clients, and the Modern Women's Foundation to raise awareness of the issue. On April 26th, Denim Day, for those who wore denim jeans, the Foundation donated NT\$ 100 respectively on behalf of each of them to the Modern Women's Foundation for the recovery services of sexual assault victims. A total of 300 Innodisk employees participated in this initiative.
Charity Sales for Vulnerable Groups	Five charity events were organized in 2023, inviting various organizations such as the Down Syndrome Foundation, the Libertas Education Foundation, BOZZ- Bread of Your Trust International Foods Co., Ltd., and Rerum Novarum Center to set up booths. The charity sales raised approximately NT\$ 200,000.
Other Charitable Activities	- Two blood donation events were held in the park, with a total of 279 participants donating 433 bags, amounting to 108,250 CC of blood. - At the end of the year, the "Warm Winter" series of activities collected 73.3 kilograms of coats, plush toys, and blankets. Innodisk donated 73 pieces of clothing and 79 hats in total. to foreign fishermen in the northeast and stray animal shelters. - We cooperated with Taoyuan Spinal Cord Potential Development Center and the Taiwan Foundation for Rare Disorders to organize a Christmas handicraft sale to support the operation of charitable organizations.



7.2 Handicraft Value Creation for a Sustainable Future Camp

■ Handicraft Value Creation for a Sustainable Future Camp: Development & Evolution

Since 2018, the Foundation has hosted household appliances repair camps for seven years, with service areas expanded from New Taipei City to Yilan, Taipei City, Taitung, Kaohsiung, etc., and service items including computers, wood, and waste cloth. More than a thousand students have been trained in the camp; the number of recycled and repaired items has exceeded 1,000. With the accumulated experiences from 2018 to the present, the program's effectiveness is reviewed annually. In 2023, adjustments were made based on the following three perspectives:

1. Shift from recycling and repair to cleaning and maintenance

The "3Rs of sustainability" are Reduce, Reuse, and Recycle. The camps held in the past focused more on "Recycle," but ignored "Reduce" and "Reuse" aspects. This leads to confusion after recycling: For the small household appliances barely just scrap, were they suitable for repair and revival? Not everyone is willing to accept appliances made from recycled items, while people tend to purchase new items after donating the old ones, which might indirectly increase waste. From the perspective of the product life cycle, a more proactive approach is to perform regular cleaning and maintenance to extend its life cycle. As for the recycling part, it should focus on the malfunctioning products, ensuring "the identification of items that still can perform well after recycling." We shall implement

"Reducing" and "Recycling" from the beginning to the end through proactive approaches.

2. Shift from recycled products donation to household services

In the past, recycled products were donated directly to public welfare organizations to be transferred to households in need. By doing so, a lot of administrative tasks were spared for the organizers, but on the other hand, the trainees can't interact with the people they aid and the unexpected situations of on-site services which offer stronger experiences. Thus, opportunities for on-site service were added. This shall provide trainees with more down-to-earth experiences.

3. Integrating electrical safety concept promotions into the services

Originally, the camp focused on cleaning, maintenance, and recycling of home appliances. However, during our services, it was found that many disadvantaged families lacked awareness of "electrical safety", which would challenge their economic situations in case of an accident. To prevent undesired accidents, while offering cleaning and maintenance services, we also assisted the households in conducting electrical safety inspections on small household appliances for their home safety.

This time, our ambitious attempt integrated "3Rs of sustainability" with "Electrical Safety" by leading the youth to provide services for disadvantaged/elderly households enabling generations to benefit each other.

■ Service unit expansion in 2023



■ Remote tribes



■ Community bases



■ Elderly families



■ Youth education and training institutions





■ Handicraft Value Creation for a Sustainable Future Camp: The Development Over the Years



■ Program achievements in 2023

The "Handicraft Value Creation for a Sustainable Future Camp" incorporated Innodisk's corporate culture and mottos such as "just do it", "listen and respond", "remain flexible" and "continuous improvement". Service camps tailored for high school and vocational school(or above) students are developed. We planned workshops for professional hands-on practices, sustainable development, recycling, social care actions, self-reflection, as well as achievement presentation and awarding. Let students make good use of their knowledge and abilities to learn more and get closer to real-world practice. In 2023, we continued to extend such concepts to remote tribes and elderly communities, expanding the benefits of environmental sustainability. This program was honored with the 2023 PwC Sustainable Impact Award and elected as one of the Top 100 Educational Innovations by Common Wealth Magazine in 2023.

Main knowledge highlights:

- Learn how to use basic hand tools
- Learn how to disassemble small household appliances
- Learn how to clean small appliances safely and efficiently at home
- Understand electrical safety

Targets of the program :

- Schools: 7 sessions; 172 trainees; benefiting 978 individuals.
- Tribes: 3 sessions, 50 trainees, benefiting 430 individuals.
- Communities: 11 sessions; 316 trainees; benefiting 717 individuals.

Breakthrough in 2023:

- Young and old generations co-prosperity: retired senior experts are hired to teach young students so they can provide services for the elderly households in return.
- Technology examination: the Kahoot online game was designed to enhance student engagement, allowing the students to review and consolidate their knowledge through games.

Invested resources:

- Involving 118 experts and staff; the Total program cost was NT\$ 1.3 million.

**Sustainable Impacts:**

- 467 small household appliances were cleaned and maintained; 15 were repaired and revived. Direct in-home services for 20 households, and direct services for 18 organizations were performed.
- In 2023, Innodisk launched a 3-year sustainable impact program and planned to train one thousand volunteers for home appliance maintenance. 538 volunteers completed the training in the first year.



■ The former female trainees also served as teaching assistants.



■ Used Kahoot games to make course post-learning tests more interesting



■ Provided in-home service to elderly individuals living alone. Performed basic cleaning and maintenance of home appliances



■ Group photos after workshops. Raising awareness of electrical safety through workshops



■ Senior experts instructed students on starting capacitor replacement



■ Used booths to educate the public on fan structures and electrical safety



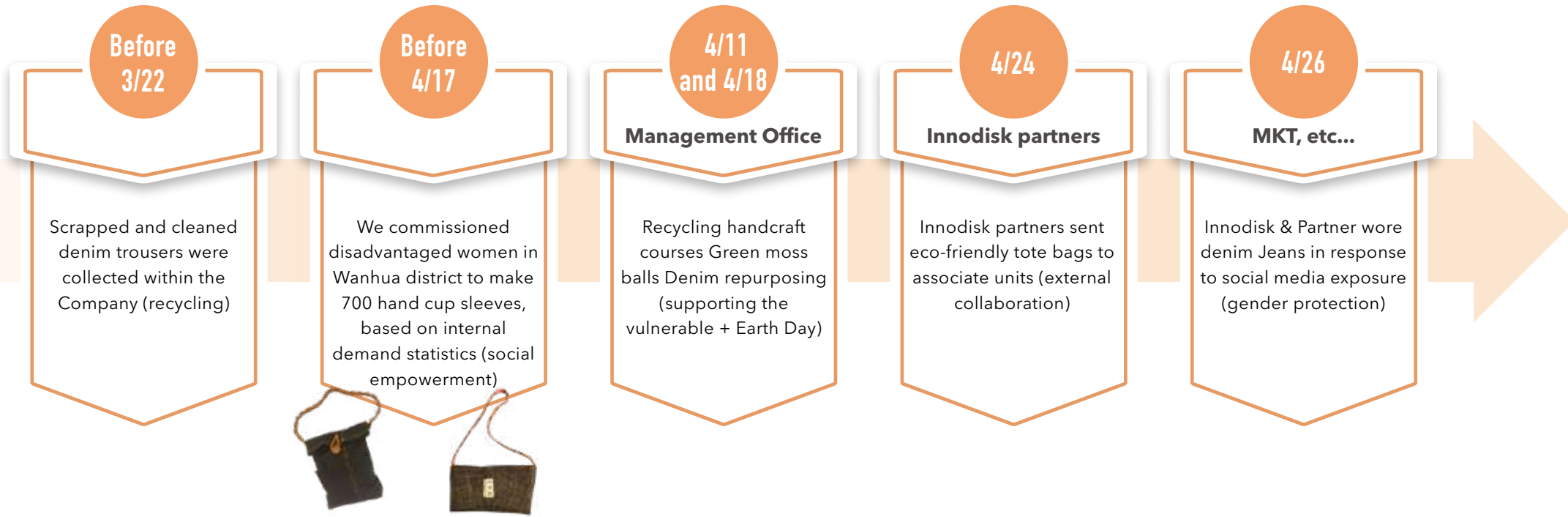
7.3 International Denim Day

■ Origin of the program:

International Denim Day originated from the tragic experience of a young girl in Italy. After she survived a sexual assault, the judge ruled that the perpetrator was not guilty because "she was wearing tight-fitting jeans that were difficult to take off. She must have taken them off voluntarily making it a consensual sexual intercourse." The verdict sparked widespread outrage afterward. To advocate for the concepts of "Safety and care for sexual assault survivors" and "Never blame the victims," the Foundation invited Innodisk employees to wear denim on April 26, 2023, to support International Denim Day and gender equality. On that day, Innodisk Education Foundation further launched a campaign: for every Innodisk employee wearing denim, the Foundation would pledge a corresponding donation to the Modern Women's Foundation - "Heart Mending" project to support sexual assault survivors in their recovery journey. We also invited Innodisk employees to show empathy while providing financial support.

Other than that, to promote the concept of sexual assault prevention and treatment, and in conjunction with the environmental protection concept of Earth Day, we began to collect second-hand denim jeans from employees in March 2023, and commissioned disadvantaged women in Wanhua District to transform them into "denim fabric eco-friendly cup sleeves", and invited the Modern Women's Foundation to provide copywrites on sexual assault prevention and treatment for pamphlets. The pamphlets were integrated into the promotional materials for International Denim Day. Then the caring partners of Innodisk distributed such materials to our business associates, so they could better understand the origin of International Denim Day while those second-hand jeans could be reused.







7.4 2024 surpassing 2023

Looking back on 2023, the Foundation adhered to the spirit of "innovation, discipline, and sharing" and adjusted the existing service plan to be more effective, more in line with needs, and more impactful.

Future Talents Dream Building Program

By introducing the concept of "AI", we expected junior high school students to be prepared as early as possible: to become π -shaped people, be willing to acquire new knowledge, be courageous, be adept at scientific and technological collaboration, and make the best of their potentials to love, communicate and understand other people. We also encouraged them to actively participate in school clubs, camps, and various activities. Cultivating both "hard skills" and "soft skills."

Innodisk's executives also served as instructors in the training courses in the life science and technology classes in junior & senior high schools and vocational schools, sharing insights on the evolution and future development of AI.

From the teachers and students in junior/senior high schools and vocational schools, we've seen their expectations for "AI education". In 2024, we will integrate our corporate resources to bring AI to campus;



Purchase Instead of Donation

Through discussions with charitable organizations, we developed lots of new approaches that could benefit both the charitable units and Innodisk employees. The even more valuable treasures we found were the enlightenment and the emotion that tugged at the heartstrings gained from these interactions. In 2024, we will continue to develop new approaches to let them move on.

We laid a firm foundation in 2023, and in 2024, we will continue our efforts to expand Innodisk's spirit of kindness, thereby enhancing our influence.



Handicraft Value Creation Environmental-Friendly Camp

We brought services to the elderly, disabled, and mobility-challenged households, and assisted schools and community organizations in cleaning and maintaining home appliances because we firmly believed that energy conservation and carbon reduction were the responsibility of every global citizen. The vulnerable groups deserved attention rather than neglect, so we led students and organized retired home appliance technicians to serve in the community together. We cultivated the young and helped the disadvantaged.

In 2023, we trained 538 volunteers, and in 2024, we will continue the plan, aiming to achieve the goal of training 1,000 volunteers soon. We will also innovate in ecological and environmental issues.





Appendix 1: GRI Standards INDEX

▪ **Statement of usage** : Innodisk has referenced GRI Guidelines in reporting information from January 1, 2023, to December 31, 2023, as cited in the GRI Content Index.

▪ **GRI1 usage** : GRI1 : Foundation 2021

▪ **GRI industry guidelines apply** : Not applicable

Index No.	Disclosed items	Report chapters comparison	Reason/explanation for omissions
GRI 2: General Disclosure 2021			
2-1	Organization details	About this report 1.1 Company profile	
2-2	Entities included in the organization's sustainability reporting	About this report 1.2 Global Operations Layout	
2-3	Reporting period, frequency and contact point	About this report	
2-4	Restatements of information	-	▪ Adjusting the calculation method of the total number of new employees and turnover rate in accordance with the guidelines of GRI2-7-c, ▪ In the 2022 Sustainability Report, at P.56, [Environmental Aspects - Medium and Long-term Goals], the base year of greenhouse gas emissions should be "2020", but it is mistakenly inserted as "2021"
2-5	External assurance	About this report	
2-6	Activities, value chains and other business relationships	1.4 Added Value and Reliable Product Technology 2.5 Value Chain Management	
2-7	Employees	5.2 Workforce Structure	
2-8	Non-employee workers	5.2 Workforce Structure	
2-9	Governance structure and composition	1.3 Organizational Structure 2.1 Corporate Governance	
2-10	Nomination and selection of the highest governing body	2.1 Corporate Governance	
2-11	Chairman of the highest governing body	2.1 Corporate Governance	
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable development management	
2-13	Delegation of responsibility for managing impacts	Sustainable development management	
2-14	Role of the highest governance body in sustainability reporting	About this report	
2-15	Conflicts of interest	2.1 Corporate Governance	
2-16	Communication of critical concerns	-	In addition to the routine release of key information communication cases, in 2023, the Company also released the following key information after the approval from the Board of Directors: 1.01/13 Donation to Innodisk Education Foundation 2.05/05 Acquisition of new real estate 3.11/03 Appointment of new CISO
2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	

Index No.	Disclosed items	Report chapters comparison	Reason/explanation for omissions
GRI 2: General Disclosure 2021			
2-19	Remuneration policies	5.3 Employee Remuneration Policy	
2-20	Process to determine remuneration	5.3 Employee Remuneration Policy	
2-21	Annual total remuneration ratio		Non-disclosure of the Company's confidential information due to "confidentiality restrictions."
2-22	Statement on sustainability development strategy	Message from management	
2-23	Policy commitments	Sustainable development management 2.4 Integrity Management 5.1 Human Rights Policy	
2-24	Embedding policy commitments	2.4 Integrity Management 2.5 Value Chain Management 3.1 Environmental Commitments 5.1 Human Rights Policy 6.1 Occupational Safety and Health Management	
2-25	Processes to remediate negative impacts	Stakeholder communication mechanism 2.4 Integrity Management 5.1 Human Rights Policy	
2-26	Mechanisms for seeking advice and raising concerns	2.4 Integrity Management 5.1 Human Rights Policy	
2-27	Compliance with laws and regulations		No penalties records in 2023
2-28	Membership associations	-	General member: ▪ JEDEC ▪ SD Card Association Executive director: ▪ Intelligent Computer & AIoT Association
2-29	Approach to stakeholder engagement	Stakeholder communication mechanism	
2-30	Collective bargaining agreements		The company didn't sign a collective agreement with its employees, but communicated with employees through "labor-management meetings" to understand the employees' needs to achieve labor-management cooperation and create a win-win situation.
GRI 3: Material topics 2021			
3-1	Process to determine material topics	Material topics identification process	
3-2	List of material topics	Material topics identification process	
3-3	Material topics management	Material topics management	



Material topics				Voluntarily Disclosed Topics			
Material topics	Index No./Disclosed Items	Report chapters comparison	Description	Index No.	Disclosed items	Report chapters comparison	Reason/explanation for omission
Sustainability Strategy	3-3 Management of material topics	Material topics management		GRI 202: Market Presence 2016			
	-	Sustainable development management		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.3 Employee Remuneration Policy	
Corporate Governance	3-3 Management of material topics	Material topics management		202-2	Proportion of senior management hired from the local community	5.2 Workforce Structure	
	205-2 Communication and training about anti-corruption policies and procedures	2.4 Integrity Management		GRI 203: Indirect Economic Impacts 2016			
	205-3 Confirmed incidents of corruption and actions taken	2.4 Integrity Management		203-1	Development and impact of infrastructure investment and support services	7. Social Engagement	
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4 Integrity Management		GRI 204: Procurement Practices 2016			
Operating Financial Performance	3-3 Management of material topics	Material topics management		204-1	Proportion of spending on local suppliers	2.5 Value Chain Management	
	201-1 Direct economic value generated and distributed	2.2 Financial Information		GRI 401: Employment 2016			
	207-1 Approach to tax	2.2 Financial Information		401-1	New employee hires and employee turnover	5.2 Workforce Structure	
	207-2 Tax governance, controls, and risk management	2.2 Financial Information		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Employee Remuneration Policy	
	207-3 Stakeholder engagement and management of concerns related to tax	2.2 Financial Information		401-3	Parental leave	5.2 Workforce Structure	
	207-4 Country-by-country reporting	2.2 Financial Information		GRI 403: Occupational Safety and Health 2018			
Environmental Policies / Management Systems	3-3 Management of material topics	Material topics management		403-3	Occupational health services	6.1 Occupational Safety and Health Management	
	305-1 Direct (Scope 1) GHG emissions	4.2 Greenhouse Gas Management		403-6	Promotion of worker health	6.2 Work-Life Balance	
	305-2 Energy indirect (Scope 2) GHG emissions	4.2 Greenhouse Gas Management		GRI 404: Training and Education 2016			
	305-4 GHG emissions intensity	4.2 Greenhouse Gas Management		404-2	Programs for upgrading employee skills and transition assistance programs	5.4 Human Capital Development	
	306-3 Waste generated	3.3 Waste Management		404-3	Percentage of employees receiving regular performance & career development reviews	5.4 Human Capital Development	
	416-1 Assessment of the health and safety impacts of product and service categories	3.2 Hazardous Substances Policy		GRI 405: Employee Diversity and Equal Opportunities 2016			
	-	3.1 Environmental Commitments		405-1	Diversity of governance bodies and employees	2.1 Corporate Governance	
	-	3.4 Air Pollution Management / Water Resource Management		GRI 406: Non-Discrimination 2016			
Product Quality / Technology R & D	3-3 Management of material topics	Material topics management		406-1	Incidents of discrimination and corrective actions taken	5.1 Human Rights Policy	
	-	1.4 Added Value and Reliable Product Technology		GRI 408: Child Labor 2016			
	-	2.5 Value Chain Management [Customer Satisfaction Survey]		408-1	Significant risks related to child labor in operation bases and supply chain	5.2 Workforce Structure	
Risk Management	3-3 Management of material topics	Material topics management					
	-	2.3 Operational Continuity and Risk Management					
	-	4.1 Climate-Related Risks Financial Disclosures					



Appendix 2 Sustainability Accounting Standards Board (SASB) Comparison Table

▪ TECHNOLOGY & COMMUNICATIONS/HARDWARE

Issue	Accounting Indicator	Category	Measurement Unit	Number	Response																		
Product Safety	Description of methods for identifying and addressing product data security risks	Description and analysis	N/A	TC-HW-230a.1	Complying with the "Information Security Policy" procedures, the information security management system will be more complete and comprehensive in terms of product development process security. For detailed information, please refer to the [Company's Information Security Policy].																		
Employee Diversity and Inclusion	Percentage of representation of (1) gender and (2) diversified groups of (a) executive management, (b) non-executive management, (c) technical staff, and (d) all the other employees	Quantitative	Percentage	TC-HW-330a.1	<table><tr><td></td><td>ratio of men</td><td>ratio of women</td></tr><tr><td>executive management</td><td>3.26%</td><td>0.76%</td></tr><tr><td>non-executive</td><td>29.05%</td><td>42.22%</td></tr><tr><td>management</td><td>29.05%</td><td>42.22%</td></tr><tr><td>technical employees</td><td>18.93%</td><td>3.16%</td></tr><tr><td>all other employees</td><td>1.31%</td><td>1.31%</td></tr></table>		ratio of men	ratio of women	executive management	3.26%	0.76%	non-executive	29.05%	42.22%	management	29.05%	42.22%	technical employees	18.93%	3.16%	all other employees	1.31%	1.31%
						ratio of men	ratio of women																
					executive management	3.26%	0.76%																
					non-executive	29.05%	42.22%																
					management	29.05%	42.22%																
					technical employees	18.93%	3.16%																
all other employees	1.31%	1.31%																					
Product Lifecycle	Percentage of products containing IEC 62474 declared substances by revenue	Quantitative	Percentage	TC-HW-410a.1	Besides meeting customer demands for hazardous substance disclosure, Innodisk also refers to the International Electrotechnical Commission's material declarations, ensuring 100% compliance with IEC 62474 requirements. For relevant management policies, please refer to [Establishment of Green Product Management System] and [Hazardous Substance Policy] implementation regulations.																		
	Percentage of eligible products that meet EPEAT registration or equivalent requirements (by revenue)	Quantitative	Percentage(%)	TC-HW-410a.2.	0% Innodisk's non-end products cannot directly obtain the EPEAT label for verification of electronic and electrical end products.																		
	Percentage of products meeting ENERGY STAR® standards (by revenue)	Quantitative	Percentage(%)	TC-HW-410a.3.	0% Innodisk's non-end products cannot directly obtain the Energy Star label for verification of electronic and electrical end products.																		
	Weight of recycled scrapped products and e-waste, recycling percentage	Quantitative	Percentage(%)	TC-HW-410a.4.	It is difficult to collect data related to Innodisk's non-end products.																		
Supply Chain Management	Percentage of categories((a) all suppliers and	Quantitative	Percentage(%)	TC-HW-430a.1	30% of first-tier suppliers have obtained RBA VAP certification. (First-tier suppliers defined as PCB, NAND IC, Controller component manufacturers.)																		
	(1) Non-conformance rate of first-tier suppliers to RBA Validated Audit Process (VAP) or equivalent procedures; and (2) Related improvement rates categorized as (a) Prioritized non-conformities and (b) Other non-conformities	Quantitative	Ratio	TC-HW-430a.2	Innodisk currently doesn't collect or statisticize related information.																		
Raw Material Traceability	Describing the risk management actions for the use of critical disputed raw materials	Description and analysis	N/A	TC-HW-440a.1	Innodisk has formulated due diligence requirements for responsible minerals, requiring suppliers to jointly prioritize and perform relevant duties, provide relevant information, and conduct regular integrated monitoring to ensure the implementation of responsible mineral policies. Please refer to [Responsible Minerals]																		
Activity Indicator	Number of units produced by product category	Quantitative	Quantity	TC-HW-000.A	6,490,151 Pcs																		
	Production facility area	Quantitative	Square feet (ft²)	TC-HW-000.B	Xizhi Plant: 12,966.07 m² Yilan Plant: 12,056.69 m²																		
	% of production in owned facilities	Quantitative	Percentage(%)	TC-HW-000.C	Non-disclosure (for operational considerations)																		



Appendix 3: Third Party Guarantee Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE INNODISK CORPORATION'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Innodisk Corporation (hereinafter referred to as Innodisk) to conduct an independent assurance of the Sustainability Report for 2023 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/4/26–2024/5/31) in INNODISK headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards board(SASB), and non-material topics and the related indicators.

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Innodisk's Stakeholders.

RESPONSIBILITIES

The information in the Innodisk's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Innodisk. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all Innodisk's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1	GRI Standards (Reference)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability Report Working Group members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Total Impact Measurement and Management, and Social Return on Investment assessments (SROI), Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures, and non-material topics and the related indicators has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Innodisk, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

Innodisk has demonstrated practice to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Innodisk may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

Innodisk has established processes for determining issues that are material to the business.

Take into account the evolving sustainability, and regulatory contexts and maturity of topics and concerns, allowing for industry-related, cultural and operational-level differences are to be carried out in the future development of materiality assessment process.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT

Innodisk has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. To present impacts as a qualitative, quantitative or monetised measurement to well demonstrate the impact management status are to be carried out in the future reporting.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Innodisk's Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to Innodisk's contributions to sustainability development. For future reporting, Innodisk is encouraged to conduct due diligence in GRI Standards, to fairly present the capability of identifying the impacts on the economy, environment, and people, and disclosed the measurement and monitoring process of impact identified with responsive indicators based on application of due diligence.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
16 July, 2024
www.sgs.com





innodisk

2023 Innodisk Corporation
Sustainability Rrport