

YAGEO



YAGEO 2022
Sustainability Report

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About This Report

YAGEO Corporation (hereinafter referred to as “YAGEO” or “the Company”) is used to concerning about corporate sustainable development and trends, and actively practicing sustainability. This year is the 7th year in which YAGEO releases its ESG report (referred to as this “Report”) voluntarily. By releasing this report, we hope to communicate with various sectors about the efforts and results achieved by YAGEO in corporate sustainable development. Any comments are also welcomed to help YAGEO keep improving itself and responding to stakeholders’ expectations on corporate sustainable development.

Reporting Period

YAGEO releases its ESG Report annually. This Report primarily discloses YAGEO’s commitments to the governance, environment and people (including human rights), and specific performance thereof, in 2022 (from January 1, 2022 to December 31, 2022). The report period and frequency are consistent with those of the annual financial statements. To maintain the integrity of sustainability information, some content is backdated to 2019.

- Report release period for the current year (2022): August 2023
- Report release period for last year (2021): September 2022
- Expected report release period for next year (2023): September 2024

Report Scope and Preparation Basis

This Report mainly covers the business location of YAGEO in Taiwan and Dongguan and Suzhou branches in China, excluding information of other subsidiaries indicated in the consolidated financial statements. This Report is prepared in accordance with the general standard, industry standard and topic standard announced by the Global Reporting Initiative (GRI) (collectively referred to as GRI Standards) and the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” announced by Taiwan Stock Exchange Corporation, and relevant content is disclosed according to the SASB Standards for Electronic Manufacturing Services & Original Design Manufacturing Industry announced by the Sustainability Accounting Standards Board (SASB). The financial figures are invoked from the annual financial report audited by Deloitte Taiwan, denominated in NTD. Notwithstanding, subject to the completeness of the data statistics, the scope of disclosure by certain performance data has been noted in this report.

Information Assurance

Deloitte Taiwan has been commissioned to conduct a limited assurance and issue the CPAs’ limited assurance report in accordance with the ROC Assurance Standards No. 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, issued by the Accounting Research and Development Foundation (ARDF) based on the International Standard on Assurance Engagements (ISAE)

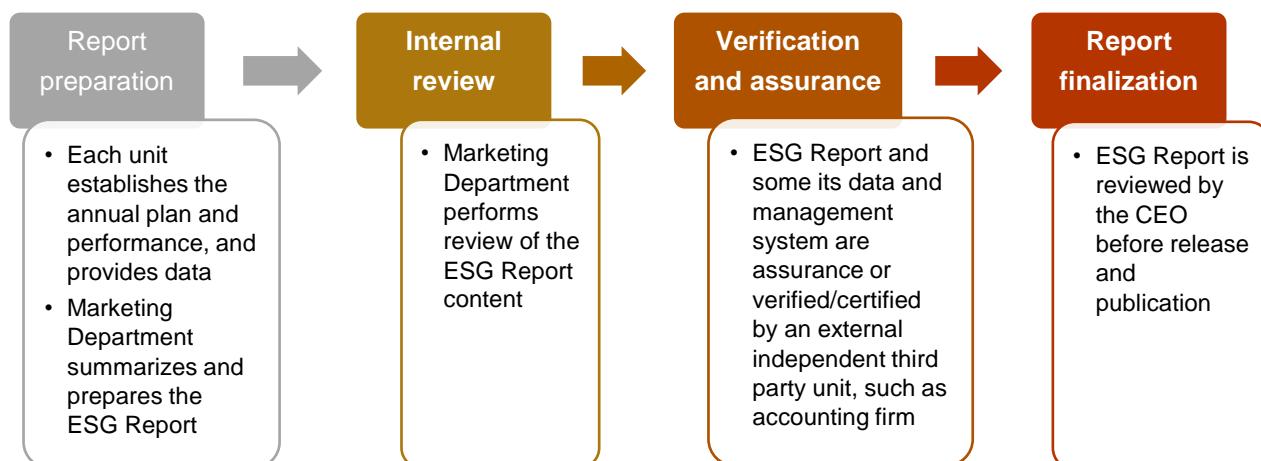
3000 Revised. It has been confirmed that the content disclosed in the Report is in compliance with the GRI Standards and “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.” For the CPAs’ Limited Assurance Report, please refer to the Appendix of this Report.

The compliance standard and inspection/assurance institution for relevant information are as follows:

Information type	Compliance standard	Inspection/Assurance institution
Sustainability Information	Assurance Standards No. 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”	Deloitte Taiwan (Deloitte & Touche)
Financial Information	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	Deloitte Taiwan (Deloitte & Touche)
Environmental Data	ISO 14064-1 Greenhouse Gas Inventory Inspection	DNV GL Business Assurance Co., Ltd. (DNV)
Management System	ISO 9001 Quality Management System	DNV GL Business Assurance Co., Ltd. (DNV)
	ISO 14001 Environmental Management System	DNV GL Business Assurance Co., Ltd. (DNV)
	ISO 45001 Occupational Safety and Health Management System	DNV GL Business Assurance Co., Ltd. (DNV)
	IATF 16949 Quality Management System for Organizations in the Automotive Industry	DNV GL Business Assurance Co., Ltd. (DNV)
Others	ISO/IEC 17025 General Requirements for Competence of Testing and Calibration Laboratories	DNV GL Business Assurance Co., Ltd. (DNV)

Report Preparation and Management Process

This Report is prepared based on the information provided by the task forces dedicated to the preparation of the sustainability report consisting of various responsible unit supervisors and compiled and reviewed by the Marketing Department.



Contact Details

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YAGEO Sustainable
Development Section



Message from the CEO

YAGEO upholds the philosophy of “Deep-rooted in Taiwan, Implement Business Plans Globally”, and the Company has completed numerous international merger and acquisition projects, and continues to develop the passive component industry and to expand the business scale. With continuous optimization of product combination and stable growth of high-end market and advanced application, the Company is committed to provide the “One-stop Service” to customers and supplies comprehensive components of resistors, capacitors, wireless components and protection components, etc., such that the Company is able to achieve and maintain outstanding outcome financially. While vigorously implementing global business plans, YAGEO also actively responds to stakeholders’ requests on sustainability topics. In 2022, YAGEO’s sustainability focus was set to be “Leader in Passive Components, Develop Sustainability Blueprint”. In the future, the Company will also continue to collaborate with stakeholders in various sectors, in order to expand the influential power of YAGEO in the sustainable development of the passive component industry.

Innovation Leader, Outstanding Future Achievement

YAGEO is the only global electronic component supplier equipped with passive component products in the top three leading positions - resistors, capacitors and inductors. In addition, YAGEO also expands the product combination to key components of circuit protection components, wireless components and sensors. After years of operational growth, international merger/acquisition and product combination optimization, YAGEO has transformed into a comprehensive component service solution provider equipped with high design capability. Due to the emerging 5G era, the demand of various types of electronic products and third generation semiconductor materials for passive components in recent years increases rapidly. Accordingly, YAGEO also actively engages in product innovation and development of high frequency, high pressure and compact products. The Company will continue invest in research and development in order to provide solutions with innovative components for greater future achievement and to provide global innovative services.

Green Integration, Environmental Protection

To cope with the global fast planning and expansion, presently, YAGEO is under the process of establishing the global sustainability platform “YAGEO Group - EHS & Sustainability (YES)”. In the future, the greenhouse gas emissions and other sustainability data of the entire group will be integrated through such platform, and the Group’s greenhouse gas emissions baseline and definite carbon reduction path will be established accordingly. In addition, YAGEO continues to participate in the CDP questionnaire survey annually. Each factory has implemented the ISO 14001 environmental management system, and also inspect and manage hazardous substances periodically in accordance with the international standards, such as RoHS and REACH, in order to mitigate the impact and pollution caused by operating activities to the environment.

As the environmental assessment scope expands from climate change to broader natural resources and biodiversity, the use of water resource is also a topic concerned by the Company. To maintain the water

resource necessary for manufacturing and to prevent impact of raw water withdrawal and wastewater discharge on the environment and biology at the same time, each factory of YAGEO has set up the customized water management goal and actively adopts measures to enhance the water recycle, reuse and water consumption efficiency.

Sustainability Training, Implementation of Human Rights

In 2022, YAGEO organized ESG topic series of courses for employees. In addition to the ESG basic concept understanding of all employees, the courses related to the interpretation of GRI Standards and material topic analysis were also included, in order to assist sustainability related implementation units to strengthen the concept of sustainable operation. To strengthen the sustainable operation, in 2023, YAGEO has implemented the YAGEO Long-term Incentive Plan (YLIP) for senior managers. In the future, the Company will head toward the planning of requiring the links with material sustainability topics during the establishment of annual strategy goals. Through the control of annual goal and progress as well as the post-implementation performance assessment during the end of year, the Company is able to ensure that the ESG strategies of YAGEO can be implemented effectively.

“Employees” have always been the essential core to YAGEO’s sustainable operation and corporate competitiveness and the important cornerstone of future development. We value employees’ feedbacks and recommendations. To protect the human rights of employees, the Company updates the human rights policy in order to comply with the international trend, and all factories are required to complete the self-evaluation questionnaires for Responsible Business Alliance, in order to comply with the risk assessment related to the RBA code of conduct. In addition, in this year, YAGEO also conducted the human rights due diligence. In addition to expanding the factory to office employees, the Company further established the mitigation and remedial measures for material human rights risk identified, in order to strengthen the protection of employees’ rights and interests as well as the implementation of human rights equality.

Cultural Promotion, Joint Planning Blueprint

YAGEO is committed to the support of humanities, arts and sports cultural development. For the humanities and arts, the “YAGEO Foundation (referred to as the “Foundation”)” upholds the philosophy of “Integrating arts in the living” and continues to collaborate with domestic and international well-known arts institution in recent years in order to develop diplomatic relationship with art culture and to increase the visibility of Taiwan, as well as to actively promote “The Art of Living”, thereby providing greater opportunities for the general public to access humanities and arts in the living. After several years of preparation and organization, the Foundation and U.K. Tate Modern jointly organize the “Capturing the Moment”, and the exhibition will be held in the U.K. Tate Modern in June 2023, allowing the world to see Taiwan through the strength of art.

Since the establishment of “YAGEO Professional Games Development Association”, the Association has actively promotes the sports of surfing and has also invested great resources in the cultivation of Taiwanese surfers. In recent years, surfers continue to achieve remarkable outcomes and reach the milestone for the

surfing contests in Taiwan while increasing the popularity of YAGEO SURF team. In 2023, among the surfers representing Taiwan to participate in the international surfing fame of International Surfing Association (ISA), there are five surfers under the long-term cultivation by YAGEO or newly enrolled in the team. The Association will continue to support the development of international game experience and overseas training of professional surfers, and will also organize surfing games to promote the surfing sports and development in Taiwan.

The Company's fast global planning and expansion has further enhanced the diversity of YAGEO's sustainability blueprint along with greater challenges. How to integrate the sustainability standards and customer demands of all business locations worldwide is the topic needs to be faced and overcome by YAGEO. We believe that sustainable governance requires organization transformation, and time is also required to promote such transformation. As a leading supplier of passive components, YAGEO will continue to collaborate with global partners in order to establish the sustainable development blueprint for the passive component industry.

YAGEO's CEO
David D.R. Wang



2022 Sustainability Key Performance

Economy and governance

- Net profit after tax was **NT\$22.77 billion**, and **increased** of **105%** from last year.
- Total shareholders return was **20.61%**
- **The green bonds of NT\$1 billion** have been used completely by 2022, in order to reduce the impact of operation among the environment
- The YAGEO and National Cheng Kung University Joint Research Center has launched **11** research & development projects.
- **100%** of new suppliers are selected based on the environmental and social criteria.
- Green procurement amount reaches **NT\$8.8 million**
- World's **No. 1** R-Chip manufacturer
- World's **No. 1** Tantalum Capacitor manufacturer
- World's **No. 3** MLCC manufacturer in the world.
- World's **No. 3** inductors manufacturer
- Annual R&D expenses reached **NT\$2.82 billion**, an **increase** of **122%** from the previous year
- In 2022, the Company was granted a total of **11** patents and filed **32** applications. Accordingly, an accumulative total of **117** patents have been granted.

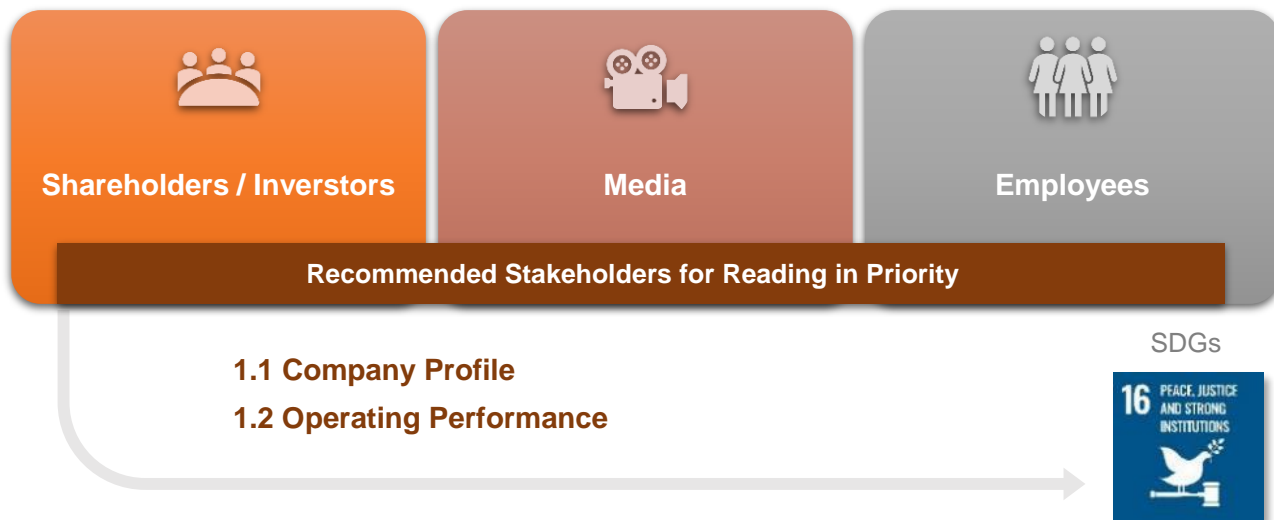
Environmental Side

- All factories have completed the **greenhouse gas inventory inspection** for four consecutive years. In addition, all factories in Taiwan have completed the **third party greenhouse gas emission verification**, and the inspection is also **expanded to Scope 3 Category** in 2022.
- Greenhouse gas emissions was **reduced** by **15.83%** from the previous year.
- Total energy consumption was **reduced** by **17.3 %** from the previous year.
- In 2022, there were a total of **9** energy-saving projects to **save the power by about 3,810,000 kWh** and reduce emissions by **2,355 metric tons** of **CO₂e** each year.
- Two factories in Suzhou **purchased external green electricity of 3,100,000 kWh**
- Dongguan Factory has installed the solar photovoltaic equipment with the capacity of **1,000 kW**. The equipment's power generation capacity in 2022 was **1,008,534 kWh** and reduced approximately **811 metric tons of CO₂e**.
- In 2022, there were a total of **11** water-saving projects. The water resource recycling and reuse totaled **6.24 million liters** annually, accounting for **20.53%** of total water withdrawal.
- Effluent biochemical oxygen demand (BOD) emission was **reduced** by **18.72%** from the previous year.
- Dashe Factory has received the **UL2799 Platinum-level** certification for zero waste to landfill for four consecutive years since 2019. The conversion rate for waste burial accounted for over **94%**; the amount of waste treated by incineration and heat recovery accounted for **5%**.

People (including Human Rights)

- Established the corporate internship system and **admitted** a total of **33** YAGEO interns.
- In 2022, the YOUNG Program recruited **13 international fresh graduates** in National Cheng Kung University (NCKU).
- **Management trainees' training** cultivated a total **16** on-job outstanding manager trainees.
- Diverse working environment is provided with **815** non-Taiwanese colleagues.
- E-academy was launched officially. More than **127.8 thousand hours** was spent in the education and training on employees in total, and the total budget was more than **NT\$4.03 million**.
- A total of approximately **11 thousand hours** was spent in the education and training on human right policies.
- Comprehensive welfare programs are provided, and a total of **NT\$52 million** of welfare was provided in Taiwan and **RMB 23 million** in China respectively.
- YAGEO Foundation lent two classic art works to Maya Ruiz-Picasso, Daughter of Picasso, and the art works was selected to be on the cover page of the exhibition handbook. The exhibition was widely reported by the international media, and more than **290 thousand** people-times visited the exhibition.
- YAGEO Sports Games Development Association promotes the sports of surfing, and organized **12 trainees** to participate in the YAGEO SURF Seed Camp, while the trained surfers have received a total of **33 medals and prizes**.

Chapter 1 Operating Overview



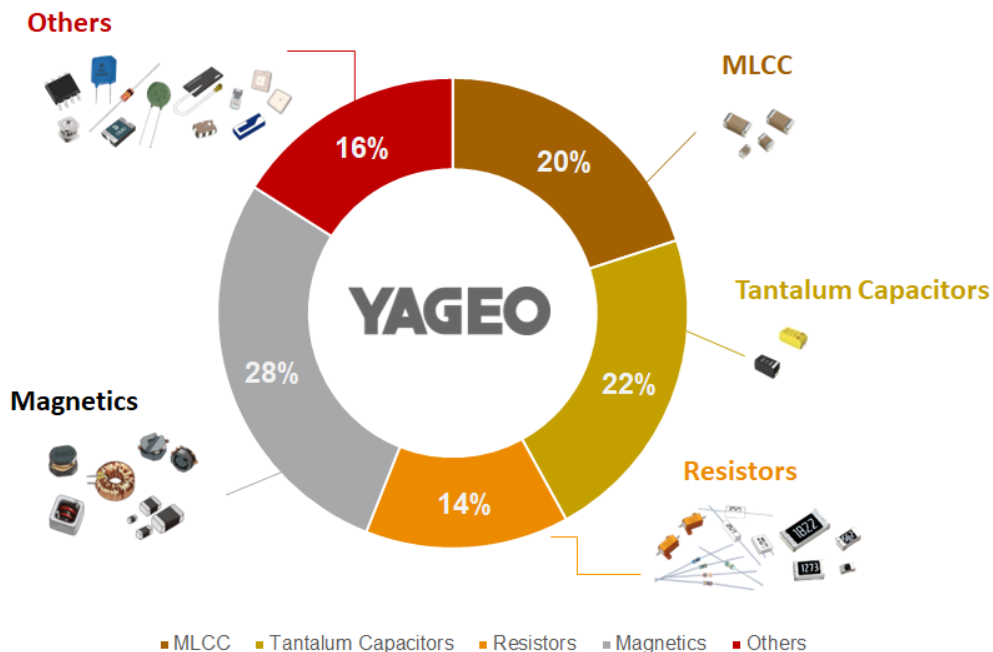
1.1 Company Profile

Founded in 1977, YAGEO is a leading global electronic component service provider with capabilities on a global scale, including production and sales facilities in Asia, Europe, and North America. YAGEO provides the “one-stop-shopping service,” offering its passive components including resistors, capacitors, inductors, circuit protection components, magnetic power and wireless components to meet the diverse requirements of customers.

YAGEO is the world’s No. 1 R-Chip manufacturer, No. 1 tantalum capacitor manufacturer, No. 3 MLCC supplier and No. 3 Inductors supplier. Many of YAGEO’s products target key vertical markets, including segments of automotive, industrial specifications, 5G and IoT, healthcare, aerospace, smart phones, PCs, power management, and green power, et al. .

Our primary brands are YAGEO, KEMET, TOKIN, Vitrohm, Pulse, Chilisin, Egston and BrightKing, and serve diversified customer bases, including the brand customers leading among the others, EMS/ODM/OEM, and distributors in the world. Our services are provided in countries or markets including the Greater China regions (21%), other Asia-Pacific regions (24%), Europe (23%), and North America (32%).

Revenue distribution of various products in 2022



Global locations of YAGEO Group

We have 29 marketing/service locations, 51 production bases and 20 R&D centers around the world. The global service locations cover 25 countries including the USA, Germany, Italy, Hungary, Singapore, China, Japan, Korea and Malaysia, et al.



Description of Recent Major Changes in Business

In October 2022, YAGEO announced to acquire the high-end Temperature Sensor Business Unit of Heraeus Nexensos GmbH in cash and the high-end Telemecanique Sensors of French Schneider Electric. The expected total transaction amount with Heraeus is approximately EUR 79.4 million, equivalent to NT\$2.48 billion, and the total transaction amount with Schneider is approximately EUR 686 million, equivalent to approximately NT\$21.4 billion. The present acquisition is to implement YAGEO Group's operation strategy of continuous focus on the high-end niche field and further expansion of high-end design product combinations, in order to become a leading solution provider in the high-end electronic component sector.

The Temperature Sensor Business Unit of Heraeus Nexensos GmbH is at the global leading position for its high-end platinum film temperature sensors and it has more than a century of history background focusing on the high-end industrial and automotive fields, capable of providing outstanding products of great temperature range (-200 degree Celsius of low temperature to 1,000 degree Celsius of high temperature), high precision measurement and stability. The Temperature Sensor Business Unit of Heraeus Nexensos GmbH provides diverse formats of platinum film temperature sensing components, including lead wire sensors, SMD (surface mount device) sensors and PCB (printed circuit board) sensors, etc., in order to satisfy various design needs of customers. Up to 2021, 60% of the revenue of the Temperature Sensor Business Unit of Heraeus Nexensos GmbH came from the high-end markets of North America and Europe, and 100% of its revenue was from the industrial and automotive customers. Its revenue in 2021 was EUR 78.46 million (equivalent to approximately NT\$2.45 billion).

Telemecanique Sensors of French Schneider Electric is a global leading professional supplier in the design, development and solution of key electrical and electronic sensors. In 2021, its revenue was approximately USD 330 million (equivalent to approximately NT\$10.5 billion), and approximately 70% of its revenue was from the high-end markets of North America and Europe. With more than 90 years of continuous innovation in the sensor field, Telemecanique Sensors of French Schneider Electric has established diverse sensor solution portfolios, including high-end limit switch, proximity sensor and pressure sensor, etc. In addition, its products have been widely used in the fast-growing IoT electronic measures, industry automation and infrastructure fields, which also includes advanced electronic measurement, Industry 4.0 and smart construction applications.

The acquisition of the Temperature Sensor Business Unit of Heraeus Nexensos GmbH in cash and the high-end Telemecanique Sensors of French Schneider Electric will bring the business opportunities and benefits of cross selling. With the remarkable technologies of both companies and the outstanding global distribution channels of YAGEO Group, the Company is able to continue to expand its customer group and to further simplify customer supply chain management process, thereby achieving the win-win value.

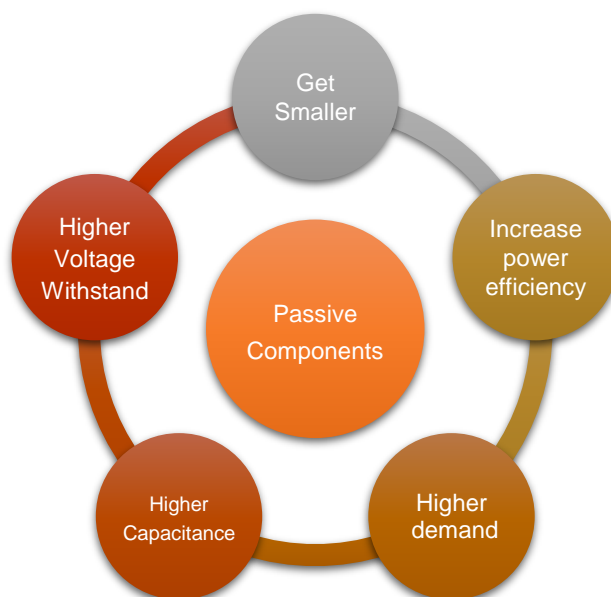
1.2 Operating Performance

■ Overview of Industry and Market

The Russo-Ukrainian War took place in February 2022 has caused high inflation, and the decrease of consumer demands for terminal products also affects the purchasing power of companies. In addition, the long-term impact of the war has caused not only the significant increase of raw materials but also the energy supply in Europe. Accordingly, the green energy and electric vehicle market has been driven to develop rapidly, and the European Parliament has approved the regulation on the complete ban on gasoline vehicles for the European region in 2035. In addition, the U.S. government has also signed the “Inflation Reduction Act” in August 2022, and a tax exemption of USD 7,500 is to be provided for each electric vehicle manufactured in North America. Accordingly, to receive such subsidy, all vehicles must be assembled in the North America, and the sources of batteries and battery raw materials are also highly restricted and regulated. After the Act was announced, all non-U.S. system operators accelerate their investments in the electric vehicle factories in the North America, and the global electric vehicle supply chain is under severe change with the North America as the center.

The quantity of passive components used in electric vehicles is several times greater than the quantity used in traditional gasoline vehicles. In addition, as European countries and the U.S. are promoting electric vehicles through legislative means, the passive component manufacturers will expand their operation to satisfy the demand. KEMET is an important subsidiary of YAGEO Group in the U.S. Accordingly, YAGEO Group has the advantage of providing products and services to the electric vehicle market in the North America.

Development trends in the passive components industry:



- **Market share and future supply & demand and growth of the market**

1. **MLCC**

With respect to MLCC, the Company is especially committed to developing the special application components with high capacitance, high voltage, miniature shape (0201, 01005), and capacity array. Given the growth rate of chip capacitance by 10~15% in the market each year, the Company needs to adjust the output in response to it. For the chip capacitance, the process needs advanced technologies, and the preparation of raw materials is very important. The technological development is oriented toward more miniaturization of spare parts, higher capacitance, and increased voltage load (5KV) to satisfy the demand of markets and customers.

2. **Chip resistors**

Innovative development:

YAGEO upgrades and integrates its technological abilities for chip resistors and is committed to developing a miniaturized (01005), resistant (0201*4), and precision low-resistance current sense resistor. Such new products are growing rapidly among electronic products.

Integrated management:

YAGEO is the largest chip resistor manufacturer in the world. The technology team upholding stability as built with efforts over the years is permanently committed to improving and managing the process.

Deep cultivation in the market

Improve product marketing, strengthen customer service and cooperation with leading manufacturers, and drive stable turnover and profit margin growth.

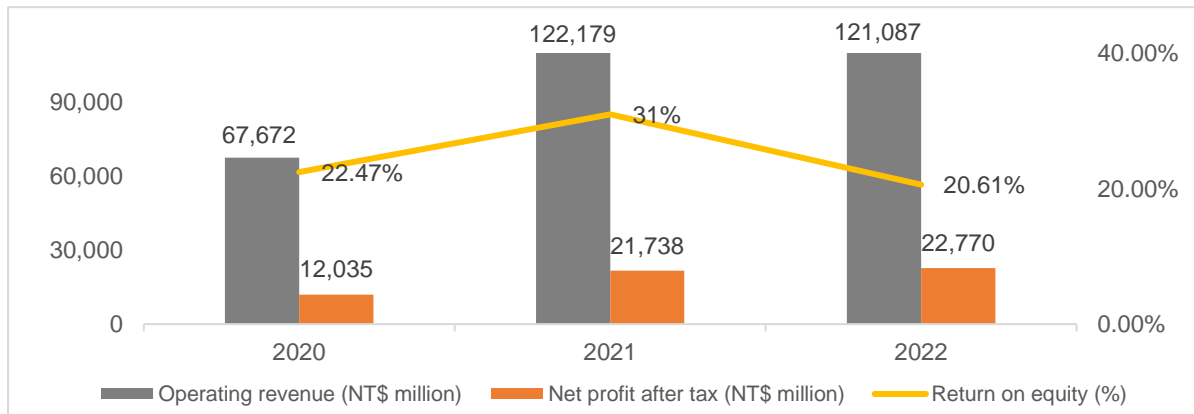
3. **Magnetic materials**

Focus on the high-growth markets, such as 5G, automotive electronics, industrial specifications equipment, cloud data center, network communications, and smartphones; continue to expand the global distribution channels, actively improve the brand competitiveness and marketing ability, and upgrade the production automation technology, cost, and quality control to satisfy the global advanced product customers' needs.

4. **Tantalum capacitor**

With respect to tantalum capacitors, YAGEO is committed to the development of application products with high capacitance, high voltage, high temperature resistance, high humidity resistance, high reliability and long life. With a market share of over 46%, YAGEO is the world's largest tantalum capacitor manufacturer and are in a great development position in the high-end market in terms of automotive, industrial, military, aerospace, medical and high-end computers. As technology is constantly changing and advancing, the demand for high capacity and high voltage also increases. YAGEO will improve and integrate our technical capabilities and reinforce our customer services and work with major manufacturers to maintain our international competitiveness.

■ Economic performance for the past three years



(Unit: NT\$ thousand)

Item	2020	2021	2022
Operating revenue	67,672,108	122,179,335	121,086,925
Operating cost	42,277,052	75,561,160	75,068,171
Operating expenses	9,175,150	17,634,830	17,030,993
Operating income	16,219,906	28,983,345	28,987,761
Non-operating revenue/expenditure	(1,457,023)	(279,144)	2,140,259
Income before tax	14,762,883	28,704,201	31,128,020
Income tax expenses	2,728,041	6,965,796	8,358,145
Net profit in the current year	12,034,842	21,738,405	22,769,875

Note 1: For detailed financial figures, please refer to YAGEO's 2021 consolidated financial statements and annual report.

Note 2: The business locations of the reporting scope in 2022 received no financial aids from the government.

■ Analysis on YAGEO's finance performance

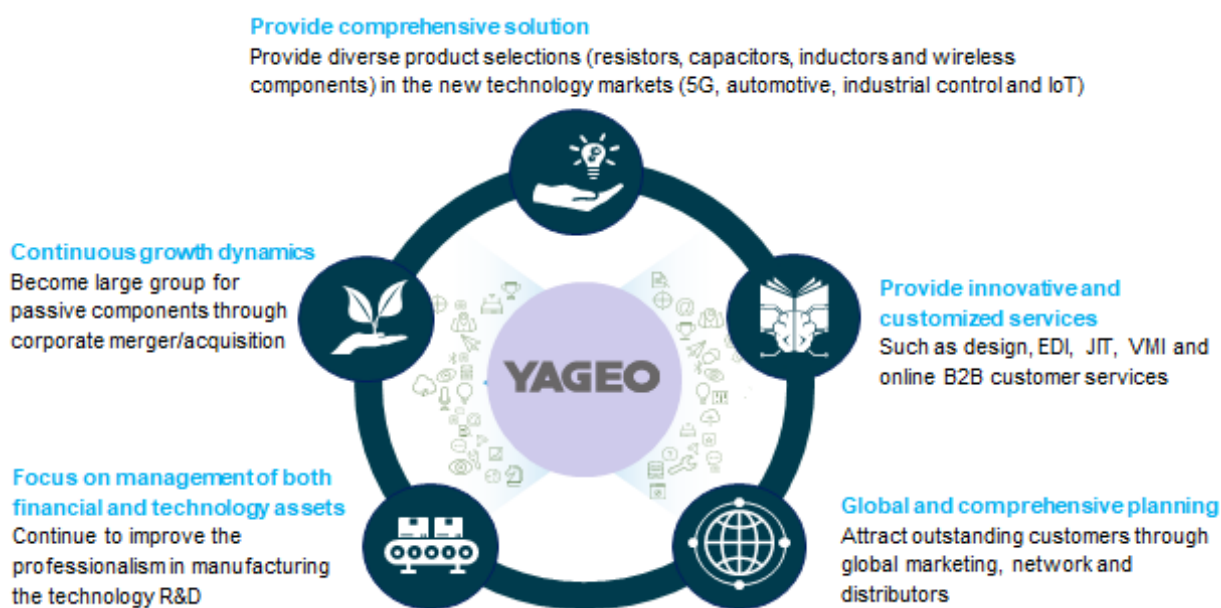
The changes in various financial ratios for the most recent two years are stated as follows. For detailed financial figures, please refer to YAGEO's 2022 annual report:

- The decrease of accounts receivable turnover ratio and increase of average collection days were mainly due to the increase of accounts payable of the acquired subsidiary.
- The decrease of inventory turnover ratio and increase of average days to sell inventory were mainly due to the increase of the inventory from previous period.
- The increase of net profit before tax to paid-in capital ratio was mainly due to the increase of the non-operating revenue such that the net profit before tax of the current year increased, and the capital was decreased in the current year such that the paid-in capital was reduced.

In addition, YAGEO issued the green bonds of NT\$1 billion in 2021. The fund is mainly used in the renewable energy and energy technology development, increase of energy use efficiency, pollution prevention, water resource saving, cleaning, recycle and reuse. Up to the end of 2022, the green bonds of NT\$1 billion issued has been used completely, such that the impact of the YAGEO's operation on the environmental pollution has been reduced effectively, and the water and energy consumption efficiency has also been increased.

■ YAGEO's five major development strategies

YAGEO will practice the following strategies thoroughly, in hopes of continuing to create value for shareholders, customers, and employees.



Participation by industrial associations/unions

So far, YAGEO has not yet executed external initiatives in any form but has already enrolled in several industrial associations/unions. This helps communication between YAGEO and its stakeholders and also control over the development in the same trade. YAGEO organized the Taiwan Passive Components Industry Association in 2021 as a founding member. The Association was established officially in January 2022.

Enrolled Associations and Trade Unions	Membership
Dafa Industrial Park Association	Member
Friends of the Police Association, Police Station of Dafa Industrial Park	Member
Export Processing Industrial Relations Association	Member
Taiwan Technology Industrial Park Electrical and Electronic Manufacturer's Association	Member
Kaohsiung Chamber of Industry	Member
Export Processing Industrial Relations Association	Member
Passive Components Industry Association	Member
Kaohsiung Nanzih Technology Industrial Park Occupational Health and Safety Promotion Association	Member
Taiwan Ciaotou Science Park Academia Industry Consortium	Member

Chapter 2 Sustainability Management



2.1 Sustainable Governance and Strategy

To enhance sustainable governance, YAGEO has established the Sustainable Development Committee, and the CEO and two independent directors along with the management representatives recommended by the functional organizations related to finance, economy, environment and corporate governance promote the sustainable development jointly. The Board of Directors plays the role of sustainability reporting and implementing supervision. The Sustainable Development Committee is appointed to promote the sustainable development strategy and relevant matters of YAGEO.

Members of the Sustainable Development Committee cover all departments, including responsible departments in charge of HR, financial accounting, audit, legal affairs, information, procurement and logistics, business, marketing, public relations, factories, production control, EHS and QC. The Sustainable Development Committee holds regular meetings to examine the organization’s performance on major issues concerned by stakeholders in sustainable development implementation. Based on the principle of materiality, risk assessment of each issue is assessed to further incorporate the sustainable development into the YAGEO’s business strategy using purposeful, systematic and organized means to deepen and fulfill the sustainable development.

Key Material Events Communicated by the Board of Directors	2022
Number of material messages (please refer to the Market Observation Post System (MOPS) website for details)	152

As a leader in the global passive component industry, YAGEO aims to become a sustainable enterprise as its vision, identifies the environmental friendliness, excellent operation and social inclusion as its sustainability mission, and develop its corporate sustainability strategy. YAGEO cares various stakeholders’ claim against the sustainability and also establishes further corporate sustainability strategies therefor, including

cooperation between customers and the supply chain on climate initiatives, such as carbon reduction goals, expansion of innovative product portfolio, maintenance of the fair corporate governance framework and maintenance of the organization's high-efficiency operation, cultivation of talents and promotion of culture and sports, in order to practice YAGEO's corporate sustainability strategy and fulfill its commitment to corporate social responsibility.

YAGEO continues to care the claims of stakeholders including employees, customers, shareholders, suppliers, governments and society, hoping to create the sustainability environment and also higher corporate value for the stakeholders.

Sustainability Mission

- Environmental Friendly
- Excellent Operation
- Social Inclusion

Sustainability Strategy

- Support The Climate Initiatives
- Expand Innovative Product Portfolio
- Complete Corporate Governance Framework
- Maintenance of the Organization's High-Efficiency Operation
- Cultivation of Talents and Promotion of Culture and Sports



Sustainability Vision

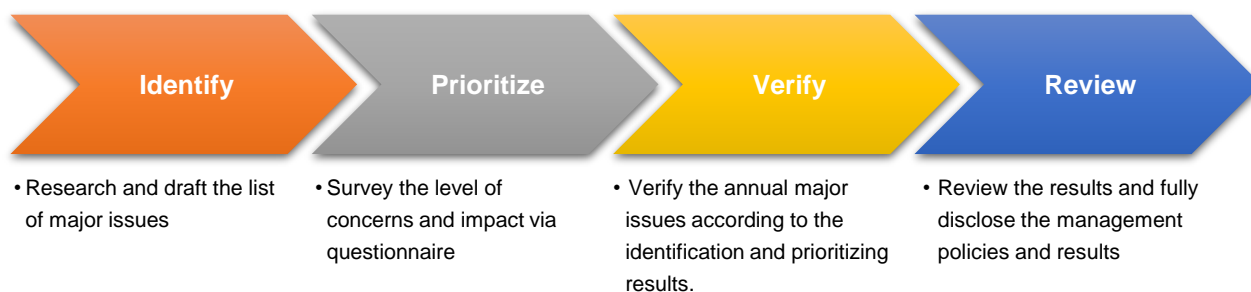
- Build a sustainable enterprise
- Create higher corporate value



2.2 Materiality Analysis

In order to verify the issues about YAGEO concerned by the stakeholders, through major issue analysis procedure, YAGEO surveys the level of concerns from the stakeholders on economy and governance, environment and society matters potentially concerned by the stakeholders, in the form of a questionnaire. Meanwhile, in order to verify the possible impact posed by various issues, YAGEO also invites its senior management to assess the level of impact to be posed by the issues and compiled results of the said assessment on the level of concerns and impact into the major issue identification distribution chart. Further, the issues subject to a higher level of concerns and impact are identified as the major issues of YAGEO this year and responded to in this report.

Major Issues Identification and Analysis Procedure

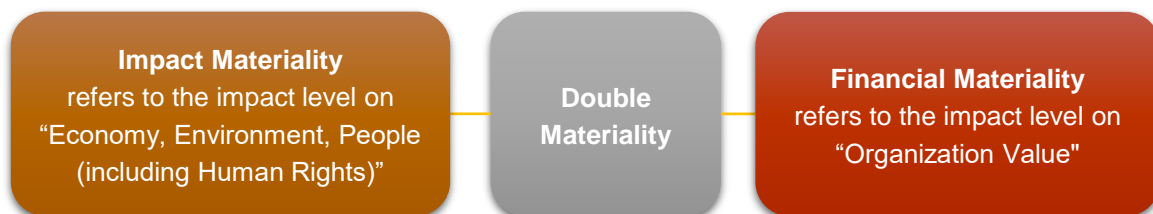


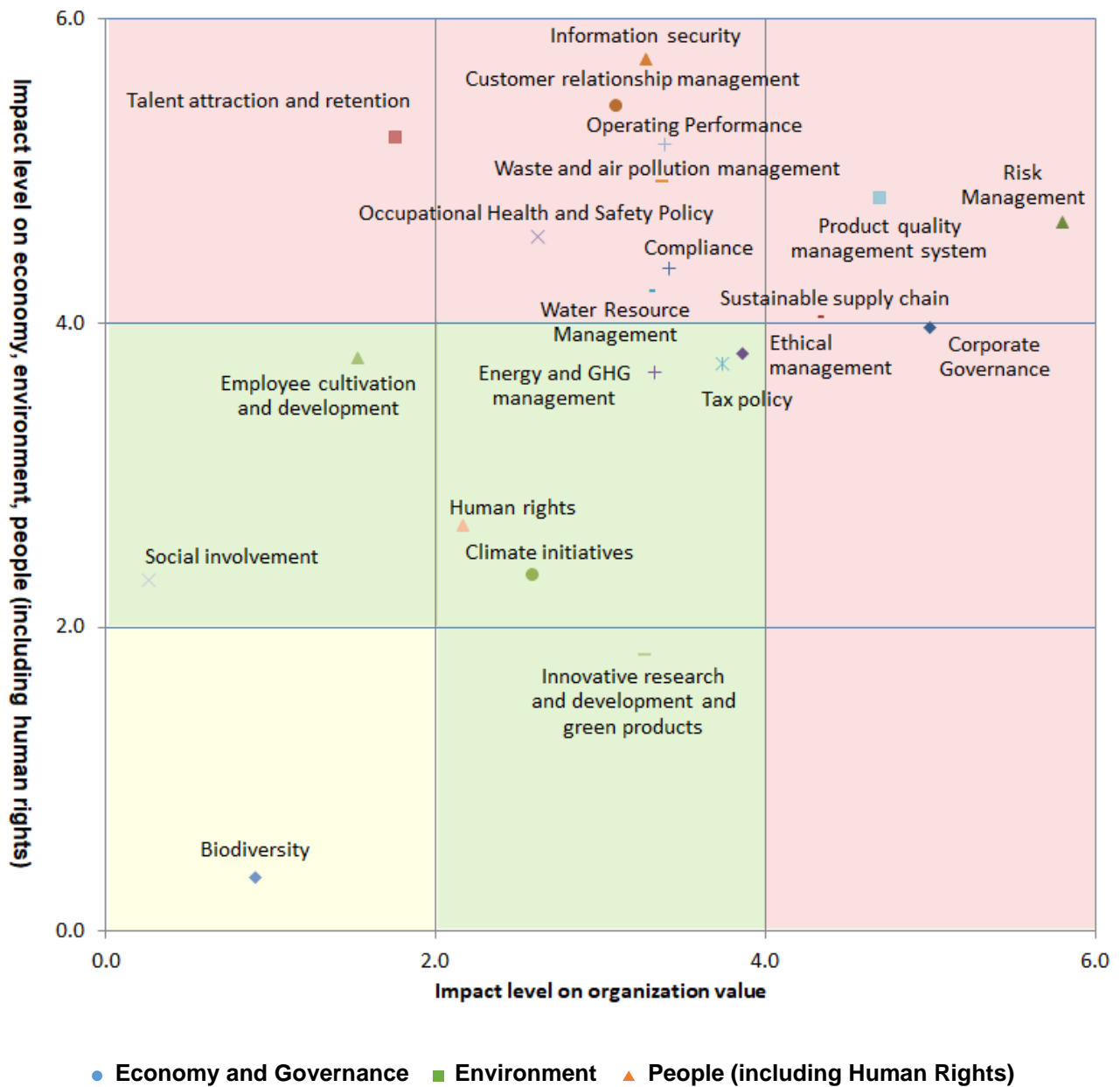
Number of issues under survey	Double Materiality Analysis	Material topics identified
<p>21 items, including:</p> <p>11 issues on economy and governance</p> <p>5 issues on environment</p> <p>5 issues on people (including human rights)</p> <p>*With reference to the international sustainability standards and regulations (including GRI Standards, SASB, SDGs and TCFD), sustainability related evaluation (DJSI, CDP and MSCI) and sustainability issue</p>	<p>Stakeholders are invited to assess the impact level of sustainability issues, and the sustainability issues are assessed by the internal team:</p> <ul style="list-style-type: none"> ● Financial materiality: Impact level on “Organization Value” ● Impact materiality: Impact level on “Economy, Environment, People (including Human Rights)” 	<p>12+2 items</p> <ul style="list-style-type: none"> • The issues respectively refer to risk management, product quality management, corporate governance, information security, operational performance, sustainable supply chain, customer relationship management, waste and air pollution management, compliance, water resource management, occupational safety and health, talent attraction and retention • The two issues of climate initiatives and human rights are included, in consideration of YAGEO’s valuation on talents and response to the stakeholders’ expectation.

<p>survey list established according to the regulations of the competent authority</p>	<p>Preparation of Double Materiality Matrix</p> <p>According to the double materiality analysis result, the material topics are ranked, and a matrix diagram is prepared</p>	<ul style="list-style-type: none"> • In comparison to last year, 5 material topics are further included in the current year: Risk management, product quality management, waste and air pollution management, water resource management, talent attraction and retention; however, the material topics of ethical management, tax policy, innovative research and development and green product, employee cultivation and development are not included in the material topics of the current year
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Double Materiality Analysis and Matrix

YAGEO performs the materiality analysis according to the “Double Materiality” proposed by the European Union (EU) for the current year and also invites internal senior management to assess the actual and potential positive and negative impacts of the sustainability topics in compliance with GRI 3: Material Topics 2021. Finally, according to the assessment result of the sustainability issue impact level of the stakeholders, the internal engages in discussion on the “Impact Materiality” and “Financial Materiality” of the sustainability topics. If a sustainability topic satisfies any one of criteria, it is identified as a material topic. The Company will continuously to communicate with stakeholders through various communication channel, in order to understand YAGEO’s positive and negative impacts caused by each material topic, and to understand the assessment of stakeholders on the effectiveness of actions adopted by the Company to handle the impact.





Ranking of positive and negative impact topics

2022 Sustainability issue impact ranking	
Positive impact	Negative impact
Operating Performance	Information security
Customer relationship management	Waste and air pollution management
Information security	Risk Management
Occupational Health and Safety Policy	Talent attraction and retention
Talent attraction and retention	Product quality management system

Materiality topic corresponding rules and impact explanation

Material topics	Corresponding international standard topic and framework	Positive and negative impact explanation	Activities involving negative impact		
			Upstream (suppliers)	Organization (YAGEO)	Down-stream (customers)
Economy and governance					
Management	Self-specified topic	As the risks encountered are complicated, YAGEO performs risk identification for accidents occurred at the plant site and also establishes response procedures, in order to ensure that the business of the Company is able to operate continuously in case of occurrence of risk, and to reduce the failure or accident impact on key processes caused by material risks.	●	●	●
Product quality management	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	Product quality stability and level are able to affect the overall operation of YAGEO directly. Accordingly, YAGEO adopts the best effort to provide customers with the best products and services all over the world. It maintains the high quality of the process from acceptance of orders placed by customers to supply products to the customers based on perfect quality management policies, and periodically conducts external quality inspections to ensure that the product quality is free from any doubt		●	●
Corporate Governance	GRI 405: Diversity and Equal Opportunity	YAGEO understands that effectiveness and implementation of corporate governance are critical to corporate business. Therefore, it establishes related regulations and procedures, and also commits itself to disclose information transparently, in order to maintain the stakeholders' interests and rights		●	
Information security	GRI 418: Customer Privacy	YAGEO understands the importance of privacy protection. Therefore, it manages customers' data under the strictest confidential requirements and promotes the policy to its employees, in order to prevent the Company's risk of facing information equipment failure or loss of customer information		●	●
Operating Performance	GRI 201: Economic Performance	YAGEO continues to develop operational strategies according to the industry and market development		●	

Material topics	Corresponding international standard topic and framework	Positive and negative impact explanation	Activities involving negative impact		
			Upstream (suppliers)	Organization (YAGEO)	Down-stream (customers)
		trend. In addition, through continuous optimization of product portfolio, stable growth of high-end market and advanced applications, the growth of Company's operation and shareholders' value can be ensured			
Sustainable supply chain	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Suppliers are important partners of YAGEO. In addition, YAGEO is also an important supplier for passive components. YAGEO ensures the product quality through supply chain management in order to reduce operational risk, and also works with excellent long-term suppliers as assessed to set forth strategies for win-win situations and move forward toward the sustainable supply chain	●	●	●
Customer relationship management	Self-specified topic	YAGEO is committed to providing customers with premium quality and robust services and uses its best efforts to verify customers' needs and thoughts, in order to continue strengthening customer trust and satisfaction		●	●
Compliance	307- Environmental Compliance 416- Customer Health and Safety 417- Marketing and labelling 419- Socioeconomic Compliance	With legal compliance as the most basic principle, YAGEO is committed to ensuring that there is no occurrence of violation and sanction. In addition, the Company also monitors whether suppliers engage in any potential violations, in order to reduce operational impact caused by violations	●	●	
Environmental Side					
Waste and air pollution management	GRI 305: Emissions GRI 306: Waste SASB TC-ES Waste Management	Chemical raw materials may cause environmental pollution and human body harms. Accordingly, YAGEO emphasizes the prevention management on raw material suppliers and working environment, and also continues to maintain the validity of fixed pollution source operation permit, in order to control the emissions of air pollutants.		●	


Material topics	Corresponding international standard topic and framework	Positive and negative impact explanation	Activities involving negative impact		
			Upstream (suppliers)	Organization operation (YAGEO)	Down-stream (customers)
Water Resource Management	GRI 303: Water and Effluents SASB TC-ES Water Resource Management	In cases where the water resource withdrawal and effluents are not managed properly, it can cause the impact of water pollution and reduction of biodiversity. Accordingly, YAGEO actively controls the raw water withdrawal and waste water discharge. In addition, during water saving, the Company further actively increases the recycle and reuse of water as well as the water usage benefits		●	
Climate initiatives	Task Force on Climate Related Financial Disclosures (TCFD) Recommendation	As the impact of climate change becomes more severe, YAGEO performs assessment on the climate change risks and opportunities, in order to establish strategies and adopt response measures early, thereby reducing the loss caused by the climate change risk to the minimum	●	●	●
People (including Human Rights)					
Occupational Health and Safety Policy	GRI 403: Occupational Health and Safety SASB TC-ES Labor Conditions	YAGEO values employee health and safety significantly, especially for specific areas of the plant site with relatively higher concentration of volatile solvent in the environment that may cause impact on the health of employees. Accordingly, each plant has established occupational safety and health management measures and polices, in order to protect the health of employees		●	
Talent attraction and retention	GRI 201: Economic Performance GRI 401: Employment GRI 405: Diversity and Equal Opportunity	Employee turnover risk is the main challenge faced by YAGEO in recent years. Accordingly, through the development strategy of continuous enhancement of “Talent Selection, Employment, Cultivation and Retention” and benefit plans, the Company is able to attract and retain outstanding talents		●	
Human rights	GRI 406: Non-discrimination GRI 408: Child Labor	YAGEO values the human rights of each employee and stakeholder, and actively establishes diverse, equal and friendly corporate culture and working environment. In addition, the Company also		●	






Material topics	Corresponding international standard topic and framework	Positive and negative impact explanation	Activities involving negative impact			
			Upstream (suppliers)	Organization operation (YAGEO)	Down-stream (customers)	Down-stream (customers)
	SASB TC-ES Labor Conditions SASB TC-ES Labor Behaviors	continues to implement human rights related survey, in order to identify, prevent, and mitigate the negative impact on human rights				




Note: ● refers to hot spot causing, inducing or being directly related to impact.




■ Material Topic Management




With respect to identified material topics, YAGEO has developed a complete management measure, i.e. responding to the stakeholders' concerns and mitigate potential negative impact via systematic management and follow up on performance. Meanwhile, in response to the international trends and the UN Sustainable Development Goals (SDGs) actively, YAGEO also combines it into the existing management policies to fulfill its responsibility as an international corporate citizen.




Aspect	Material topics	Notes to Management Policy		Correspondent SDGs	Correspondent Chapters
		Strategies and Objectives	2022 Actions and Outcomes		
Economy and governance	Risk Management	<ul style="list-style-type: none"> Procure management risk of risk identification, measurement, supervision, and report and disclosure The plant site has established the Business Continuity Plan (BCP), and risk identification is performed for accidents and response procedure is established 	<ul style="list-style-type: none"> Identify operation and new emerging risks, and identify each risk impact and management measure 		3.5 Risk Management

Aspect	Material topics	Notes to Management Policy		Corre-spondent SGDs	Correspondent Chapters
		Strategies and Objectives	2022 Actions and Outcomes		
	Product quality management	<ul style="list-style-type: none"> Quality policy - “Quality is the foundation for the future,” and the Company continues to implement the policy and product inspection Continue to refine the quality management system and product environmental certification 	<ul style="list-style-type: none"> No incidents of non-compliance concerning the health and safety impacts of products and services arising this year 100% of products tested for harmful substances meet international standards The quality month campaign continued to be organized in 2022 	 	5.2 Product Quality Management
	Corporate Governance	<ul style="list-style-type: none"> Elect directors according to diversity, independence and professionalism Establish numerous regular and flexible measures, including organization of quarterly investor conferences, irregularly participation in global investor conferences and overseas seminar tour 	<ul style="list-style-type: none"> In 2022, a total of 11 Board meetings were held, and the communication topics included group operation, sustainable development, financial report and merger and acquisition, etc. The Board’s internal self-evaluation score was 4.89 (Excellent), and the self-evaluation by individual Board members was 4.93 (Excellent) 	 	3.1 Corporate Governance
	Information security	<ul style="list-style-type: none"> Information security policy is the highest management directive for information security, and the highest repositionable unit is 	<ul style="list-style-type: none"> No proven information disclosure or theft or loss of customer data took place this year 		3.6 Information Security

Aspect	Material topics	Notes to Management Policy		Corre-spondent SGDs	Correspondent Chapters
		Strategies and Objectives	2022 Actions and Outcomes		
		<p>the Board of Directors</p> <ul style="list-style-type: none"> Continue to introduce ISO 27001 and TISAX system Organize information security education and training annually 	<ul style="list-style-type: none"> In 2022, a total of 8,365 persons-time completed the information security education and training 		
	Operating Performance	<ul style="list-style-type: none"> The Audit Committee is set up under the Board of Directors to supervise the accuracy of financial statements and the effectiveness of internal controls Group's consolidated operation and financial information is announced periodically 	<ul style="list-style-type: none"> In 2022, the operating revenue was NT\$121 billion; net profit after tax was NT\$22.8 billion, and the net profit rate was 21% 		1.2 Operating Performance
	Sustainable supply chain	<ul style="list-style-type: none"> Establish the suppliers' management policy and supplier evaluation system to conduct review regularly or irregularly Request suppliers to sign the letter of undertaking and provide suppliers with the whistleblowing hotline and mailbox 	<ul style="list-style-type: none"> The ratio of procurement from local suppliers was 48% in 2022. In 2022, 176 suppliers underwent an environmental and social criteria audit and all passed Percentage of new suppliers that were screened using environmental and social criteria was 100% 100% of the suppliers signed the letter of undertaking 	 	<p>4.1 Supply Chain Composition</p> <p>4.2 Sustainable supply chain management</p>

Aspect	Material topics	Notes to Management Policy		Corre-spondent SGDs	Correspondent Chapters
		Strategies and Objectives	2022 Actions and Outcomes		
	Customer relationship management	<ul style="list-style-type: none"> Conduct the customer satisfaction survey regularly Define the operating procedure for processing customers' complaints and responding to customers' comments immediately 	<ul style="list-style-type: none"> The satisfaction survey result overall score reached 8.5 points (full score of 10 points) 100% of responses to customers are done within the prescribed time limit 	-	5.3 Customer Relationship Management
	Compliance	<ul style="list-style-type: none"> Periodically identify applicable updated laws and regulations Irregularly track the compliance and improvement status of each department Irregularly organize legal compliance promotion 	<ul style="list-style-type: none"> No major violations, and no occurrence of anti-competition practice and anti-trust related litigations in the current year 		3.3 Compliance
Environmental Side	Waste and air pollution management	<ul style="list-style-type: none"> Improve process and reduce raw material consumption, collect effectively reused resources, reduce waste generation and waste and resource recycling and reuse 	<ul style="list-style-type: none"> Dafa Plant, Nanzi Plant: Nanya and YAGEO Reuse Project Two plants in Suzhou: Tin consumption reduced from 0.4kg/mpcs to 0.36kg/ mpcs 		6.5 Waste and air pollution management
	Water Resource Management	<ul style="list-style-type: none"> Set up a wastewater recovery rate target, and commitment in reduction of annual water consumption and unit production capacity water consumption reduction 	<ul style="list-style-type: none"> Dafa Plant, and two plants in Suzhou: Wastewater recovery rate above 15% Nanzi Plant: Water consumption reduced by 3% from the same period of last year 		6.4 Water resource management

Aspect	Material topics	Notes to Management Policy		Correspondent SGDs	Correspondent Chapters
		Strategies and Objectives	2022 Actions and Outcomes		
			<ul style="list-style-type: none"> • Dashe Plant: Water consumption reduced by 4% from the same period of last year • Dongguan Plant: Water consumption per production capacity unit reduced by 1% from last year 		
	Climate initiatives	<ul style="list-style-type: none"> • Identify climate change risks and opportunities and formulate response measures • Strengthen supplier/customer climate change strategies 	<ul style="list-style-type: none"> • Complete climate change risk and opportunity assessment and scenario analysis • Respond to carbon disclosure project questionnaire (CDP) and climate change and water management questionnaire 		6.2 Climate Initiatives
People (including Human Rights)	Occupational Health and Safety Policy	<ul style="list-style-type: none"> • Establish the Occupational Safety and Health Committee • Qualified the ISO 45001 certification • Perform safety drills and promotion regularly 	<ul style="list-style-type: none"> • Organized employee occupational safety and health trainings for a total of 49,318 hours • Organized the contractor occupational safety and health training for 2,944 hours • Contractor construction job site audit was performed for 634 times, and all deficiencies have been improved completely 	 	7.4 Occupational Health and Safety


Aspect	Material topics	Notes to Management Policy		Correspondent SGDs	Correspondent Chapters
		Strategies and Objectives	2022 Actions and Outcomes		
	Talent attraction and retention	<ul style="list-style-type: none"> • “Talent selection, employment, cultivation and retention” • Initiated the “cross-border management trainee recruitment and cultivation program” (YOUNG Program) 	<ul style="list-style-type: none"> • 33 students enrolled in the internship program at YAGEO • 13 foreign graduates of the current year were recruited • Retention rate after parental leave reached 88% 	 	7.1 Talent Attraction and Retention
	Human rights	<ul style="list-style-type: none"> • Support and respect international labor human rights standards • Construct a diverse and equal working environment • Provide human rights education and training 	<ul style="list-style-type: none"> • 11,218 hours of education and training on human rights • Implement human rights due diligence • No discrimination incidents this year 		7.3 Human Rights


2.3 Stakeholder Engagement


In the process of promoting sustainable operation, YAGEO attaches great importance to the voice and expectations of stakeholders through internal discussions between the sustainability report preparation team appointed by the highest governance unit and senior management and based on the identification results gathered in the same industry. Then, according to AA 1000 SES (Stakeholder Engagement Standard), the importance and influence rendered by various stakeholders on YAGEO are assessed in terms of five major indicators, namely Dependency, Responsibility, Diverse Perspectives, Influence and Tension. Consequently, it identifies 7 major stakeholder categories, including shareholders and investors, customers, employees, government agencies, suppliers, society and media, and also verifies the issues about YAGEO concerned by the stakeholders as the important reference for YAGEO's sustainability and fulfillment of corporate social responsibility. For stakeholders of different nature, YAGEO also adopts diverse communication channels to perform regular or irregular opinions exchange, in order to ensure the effectiveness of the engagement.


Stakeholder Communication


Stakeholder categories	Significance to YAGEO	
 Shareholders/ Investors	All shareholders and investors have everlasting expectations toward YAGEO. YAGEO also identifies such expectations as the power driving its growth and also the foundation for its growth, and achieves substantial growth as feedback to shareholders and investors	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> • Operating Performance • Talent attraction and retention • Customer relationship management • Occupational Health and Safety Policy • Tax policy 	Shareholders' Meeting (once per year) Investor Meeting (once per year) Financial Report (once per quarter) Company's Website (from time to time) Material Messages Disclosed on MOPS (from time to time)	1.2 Operating Performance 3.4 Tax Management 5.3 Customer Relationship Management 7.1 Talent Attraction and Retention 7.4 Occupational Safety and Health


Stakeholder categories	Significance to YAGEO	
 Customers	YAGEO values customers' needs. When customers are establishing the specifications needed by them, YAGEO expects to provide customers with optimal solutions and high-quality products	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> • Sustainable supply chain • Customer relationship management • Risk Management • Ethical management • Product quality management 	Customer Satisfaction Survey (once per year) Customer feedback review (once per quarter) Customer visits (from time to time)	1.2 Ethical Management 3.5 Risk Management 4.1 Supply Chain Composition 4.2 Sustainable supply chain management 5.2 Product Quality Management 5.3 Customer Relationship Management

Stakeholder categories	Significance to YAGEO	
 Employees	YAGEO's growth is boosted by employees' contributions. Therefore, uninterrupted communication channels with employees and fair Employment/Management Relations are considered important factors for YAGEO's stable business growth	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> • Talent attraction and retention • Occupational Health and Safety Policy • Product quality management • Employee cultivation and development • Compliance 	Workplace Health and Safety Committee meeting (once per quarter) Employee Handbook and Internal Correspondence (from time to time) Employees' Training (from time to time) President's Mailbox/HR Dept.'s Open Mailbox (from time to time) Industry-Academia Cooperation Project (from time to time)	3.3 Compliance 5.2 Product Quality Management 7.1 Talent Attraction and Retention 7.2 Employee Cultivation and Development 7.4 Occupational Safety and Health

Stakeholder categories	Significance to YAGEO	
 Government Agencies	Strictly comply with laws and regulations, and maintain fair interactions with local governments within the jurisdictions where various factories of YAGEO make investments to fulfill its responsibility as a corporate citizen	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> Waste and air pollution management Information security Compliance Water Resource Management Corporate Governance 	Market Observation Post System (MOPS)(information updated as required) Correspondences (from time to time) On-site audit by government units (from time to time)	3.1 Corporate Governance 3.3 Compliance 3.6 Information Security 6.4 Water resource management 6.5 Waste and air pollution management

Stakeholder categories	Significance to YAGEO	
 Suppliers	Under a mutually agreed cooperative framework, YAGEO works with suppliers and distributors to establish a complete sustainable value chain	
Top Five Major Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> Customer relationship management Ethical management Sustainable supply chain Risk Management Product quality management 	Audit/Assessment on Suppliers (from time to time) Letter of Undertaking Executed by Suppliers (to be executed whenever executing a contract with a new supplier)	3.2 Ethical Management 3.5 Risk Management 4.1 Supply Chain Composition 4.2 Sustainable supply chain management 5.2 Product Quality Management 5.3 Customer Relationship Management

Stakeholder categories	Significance to YAGEO	
 Social Aspect	YAGEO views community care and support for the development of social groups and associations as integral to its corporate citizenship responsibility. The company aims to contribute to society as it grows	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> Water Resource Management Compliance Occupational Health and Safety Policy Ethical management Social participation 	Communication with and Visit to Community Residents Nearby Factory Premises (from time to time) YAGEO Foundation's arts & culture exhibitions (from time to time) YAGEO Professional Games Development Association's physical education activities (from time to time)	3.2 Ethical Management 3.3 Compliance 6.4 Water resource management 7.4 Occupational Safety and Health 8.1 Social Participation and Strategy 8.2 Art and Culture Education 8.3 Sports Promotion

Stakeholder Categories	Significance to YAGEO	
 Media	Present YAGEO openly and transparently via the media to have YAGEO realized by the public	
Top Five Topics of Impact Assessed	Mode and Frequency of Communication	Correspondent Chapters for Concerned Topics
<ul style="list-style-type: none"> • Customer relationship management • Occupational Health and Safety Policy • Operating Performance • Sustainable supply chain • Product quality management 	Press Release (from time to time) Media Interview (from time to time)	1.2 Operating Performance 4.1 Supply Chain Composition 4.2 Sustainable supply chain management 5.2 Product Quality Management 5.3 Customer Relationship Management 7.4 Occupational Safety and Health

Chapter 3 Accountability Governance

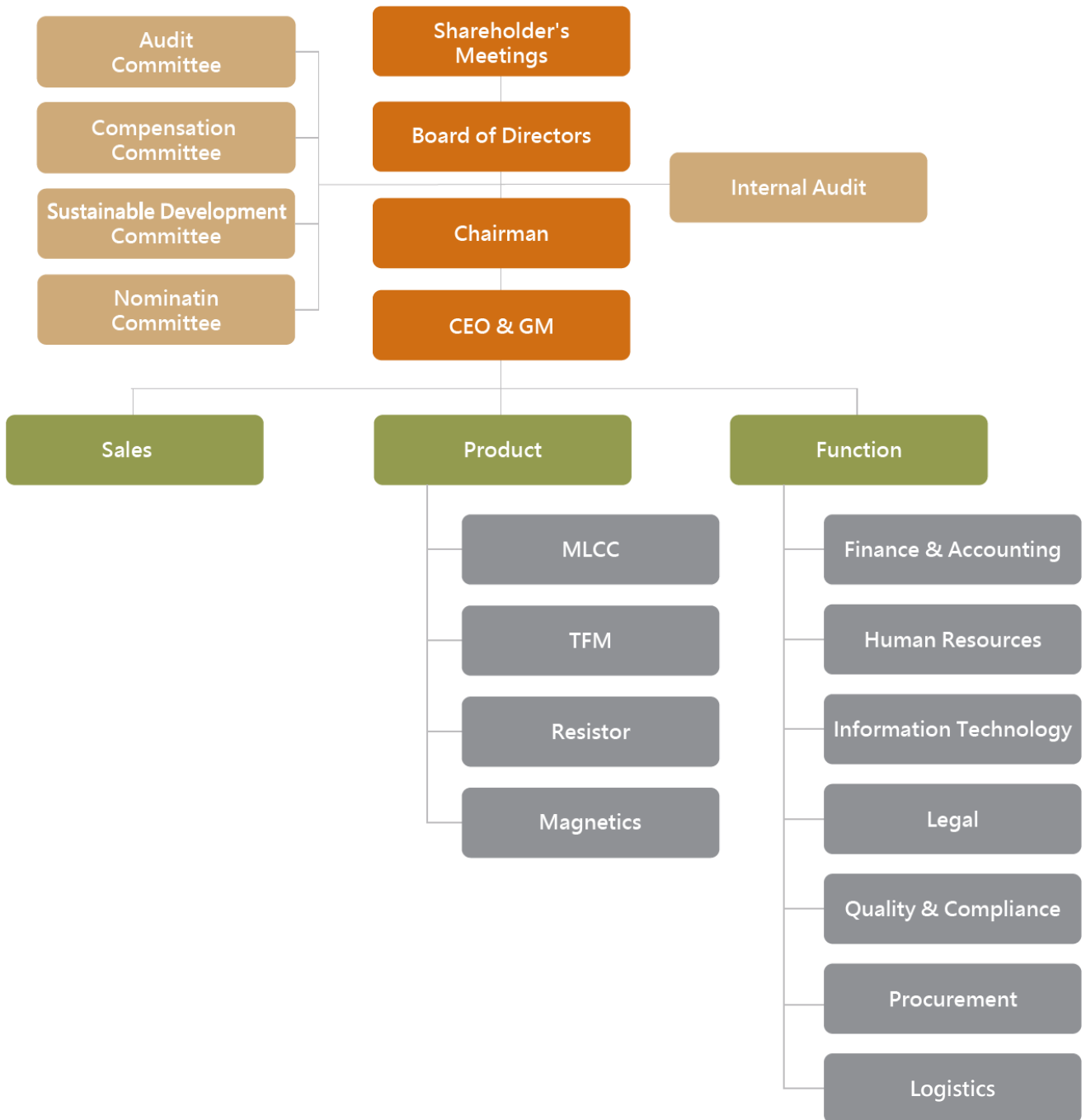


3.1 Corporate Governance

YAGEO has grown rapidly over the past decade through successful merger and acquisition and continuous production capacity expansion strategy, and with its outstanding technology, delivery and product portfolio. While upgrading YAGEO's publicity in the global market, YAGEO also complies with higher standards on disclosure of business and financial information. YAGEO believes that practicing of corporate governance should be more important than public relations, and also adheres to the transparency and integrity standards, benefited from more effective risk management, higher efficient organizational operation and better market attraction. Therefore, despite the recent poor economy, investors still have confidence in YAGEO. In the process of pursuing the title as the world top passive component service supplier, YAGEO proves that enhancement of the corporate governance is as important as the effective business model.

YAGEO adopts the strictest business and information disclosure standards internally, and follows the fairness, consistency and timeliness of information disclosure. In order to improve the information transparency, YAGEO has established multiple regular and flexible measures, including organization of institutional investors' conference, regular publication of the information on the Group's consolidated operations and finances on its website, and irregular participation in global institutional investors' conference and overseas tour conferences. Meanwhile, YAGEO voluntarily convenes meetings with securities houses' analysts and juristic person shareholders individually to conduct a two-way communication with the public about the company culture, execution of strategies and financial performance proactively.

■ YAGEO's Organizational Chart



■ Main Operations by Department

Departments	Functions and Responsibilities
Sales	Sales, market development, customers service and account receivable collection.
Product	R&D, production, quality control and product strategy of company product.
MLCC	R&D, production, quality control and product strategy of MLCC Product.
TFM	R&D, production, quality control and product strategy of Tantalum, Film & Electrolytic and MSA Product.
Resistor	R&D, production, quality control and product strategy of Resistor Product.
Magnetics	R&D, production, quality control and product strategy of Magnetics Product.
Function	Finance & Accounting, Human Resources, Information Technology, Legal, Quality & Compliance, Procurement and Logistics.
Finance & Accounting	Treasury, credit control, accounting, tax and reporting.
Human Resources	Human resource management including recruitment, training and retention and organizational development. Establish performance management and compensation and benefit system to ensure harmonious employee and labor relations.
Information Technology	Integration of the Company's business IT systems and data base, infrastructure development, communication services and assurance of IT security and service quality.
Legal	Corporate legal affairs including commercial transactions and contracts, legal consultation, patents and management of other intellectual properties, litigation, regulatory compliances, etc.
Quality & Compliance	Corporate Quality policy and strategy setting, quality system integration and improvement, quality assurance execution to ensure customer satisfaction.
Procurement	Raw material requirements planning and control, procurement planning, source development, cost reduction and supply chain management.
Logistics	Organize order fulfillment, warehousing, and distribution and transportation of goods.

■ Board of Directors

YAGEO's Board of Directors consists of 9 renowned members who are world-class business leaders or scholars with diverse experience and knowledge from various sectors. Under Chairman Pierre Chen's leadership, YAGEO's Board of Directors members take a straightforward and serious approach to their duties to form a proficient and independent Board. With regard to the election of independent directors of the Company, shareholders holding more than 1% of total number of shares issued submit the director (including independent director) candidate roster to the Company in writing according to Article 192-1 of the Company Act and the candidate roster is reviewed by the Board of Directors of the Company to inspect whether the qualification and relevant supporting documents of each independent director complies with the "Regulations

Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. For the review operation process of the nominated directors, resolutions are reached during the Board of Directors’ meeting.

Board Members and Resume

Title / Name	Date Elected	Experience (Education)	Other Position
Chairman Tie-Min Chen	2021-7-7	<ul style="list-style-type: none"> • BS in Engineering, National Cheng Kung University • President of YAGEO Corp 	<ul style="list-style-type: none"> • Strategic Investment Management Committee of YAGEO Corp. • Chairman: TONG HSING ELECTRONIC INDUSTRIES ,LTD., Kuo-Shin Investment Ltd., CHILISIN ELECTRONICS CORP. & Xsemi Corporation
Director Hsu Chang Investment Ltd Representatives Chin-San Wang	2021-7-7	<ul style="list-style-type: none"> • EMBA, National Taiwan University • BA in Accounting, Soochow University • CEO and Vice Chairman of Deloitte & Touche 	<ul style="list-style-type: none"> • Independent Director: Taiwan Cement Corp., • DA-CIN CONSTRUCTION CO.,LTD., • TAIWAN NAVIGATION CO., LTD., • Fulin Plastic Industry (Cayman) Holding Corp. • Director: YFY Inc.
Director Hsu Chang Investment Ltd Representatives Tzong-Yeong Lin	2021-7-7	<ul style="list-style-type: none"> • Master of Law, National Taiwan University • Bachelor of Law, National Chung-Shing University • President of Mega Financial Holding Company 	Advisor of Chunlin Financial Consulting Co. Ltd.
Director Hsu Chang Investment Ltd Representatives Shih-Chien Yang	2021-7-7	<ul style="list-style-type: none"> • Ph.D., Electrical Engineering, Northwestern University • MS, Electrical Engineering, Northwestern University • Deputy Minister , Ministry of Economic Affairs 	<ul style="list-style-type: none"> • Chairman: Global Strategic Investment Management Inc. • Independent Director: TOPKEY Corp., • WUS Printed Circuit Co., Ltd.,
Director Hsu Chang Investment Ltd Representatives Deng -Rue Wang	2021-7-7	<ul style="list-style-type: none"> • EMBA,National Taiwan University • Master in Computer, University of Massachusetts • Chief Operating Officer of YAGEO Corp. • Senior Vice President and CEO & CFO of Qsida Company 	<ul style="list-style-type: none"> • GM and CEO of YAGEO Corp. • Chairman: CHILISIN ELECTRONICS CORP • Director: Kuo-Shin Investment Ltd.
Director Hsu Chang Investment Ltd Representatives Ching-Chang Yen	2021-7-7	<ul style="list-style-type: none"> • University of Wisconsin-Madison(SJD) • Master of Laws, University of Michigan • First Ambassador(WTO) Minister of Finance 	Chair Professor of Law, Yan Jiagan Foundation of Soochow University

Title / Name	Date Elected	Experience (Education)	Other Position
Independent Director Cheng-Ling Lee	2021-7-7	<ul style="list-style-type: none"> • BA in Accounting, Tam-Kang University • Vice Chairman of YAGEO Corp. • Audit manager of Deloitte & Touche 	None
Independent Director Hong-So Chen	2021-7-7	<ul style="list-style-type: none"> • BS of Transportation Technology and Management, National Chiao Tung University • President and CEO of Systex Corp • General Manager, Yahoo! China & VP of Commercial Ops, Yahoo! North Asia 	<ul style="list-style-type: none"> • Chairman: GuoShi Partners. • Independent Director: GIANT MANUFACTURING CO., LTD., CHINA CHEMICAL & momo.com Inc.
Independent Director Hsu Tun Son Lin	2021-7-7	<ul style="list-style-type: none"> • King's College London, University of London(PH.D) • Master in Economics, London School of Economics and Political Science 	<ul style="list-style-type: none"> • Chairman and Managing Partner of Whitesun Equity Partners Ltd. • Independent Director: UBRIGHT Optronics Corp. • King's College London, University of London (PH.D)

Diversity of Directors

The situation of Directors implementing the Board diversity policy :

Title	Name	Chairman	Director					Independent Director		
		Tie-Min Chen	Chin-San. Wang	Tzong-Yeong Lin	Shih-Chien Yang	Deng-Rue Wang	Ching-Chang Yen	Cheng-Ling Lee	Hong-So Chen	Hsu Tun Son Lin
Professional qualifications and experience	Industry	●	●	●	●	●	●	●	●	●
	Academic						●			
	Law			●			●			
	Accounting & Finance	●	●	●	●	●	●	●	●	●
Capability	Operational Judgment	●	●	●	●	●	●	●	●	●
	Accounting & Finance Analyzing	●	●	●	●	●	●	●	●	●
	Business Operation Management	●	●	●	●	●	●	●	●	●
	Risk Management	●	●	●	●	●	●	●	●	●
	Industry Knowledge	●	●	●	●	●	●	●	●	●
	Global Market Observation	●	●	●	●	●	●	●	●	●
	Leadership	●	●	●	●	●	●	●	●	●
	Decision Making	●	●	●	●	●	●	●	●	●

Note 1: All of the 9 Board members are male attaining the age of 51 years old or more.

Note 2: A total of 11 Board of Directors' meetings were held in 2022, and the material matters communicated included group operation, sustainable development, financial statements and merger/acquisition cases, etc. For the Board of Directors operation and attendance of directors, please refer to [YAGEO's 2022 Annual Report](#).

Director training status

YAGEO values directors' expertise, sophistication and experience diversity and believes that the Board members' personal abilities should be considered as the key factor driving upgrading of the organizational competitiveness. Therefore, YAGEO arranges the Board members to attend continuing education courses outside the organization. In 2022, the course topics included the "Company Insider Securities Trading Precautions", "Corporate Governance and Securities", and the courses further included the topics of corporate governance and sustainable development (TCFD, carbon rights and energy, etc.). In addition, the number of training hours of each director reached 6 hours, and the total number of training hours reached 80 hours.

Name	Job Title	Organizer	Name of Course
Hilo Chen	Independent Director	Corporate Operating and Sustainable Development Association	19th Session of Corporate Governance & Business Sustainability Seminar
		Taiwan Academy of Banking and Finance	Discussion on Taiwanese company management and merger/acquisition strategy from global economic situation and status
Victor Wang	Director	Accounting Research and Development Foundation	ESG of construction industry and TCFD practice analysis
		Taiwan Institute for Sustainable Energy	Corporate net zero sustainability planning and outlook (water resource, carbon rights, energy)

Board performance evaluation

The Company established the Regulations Governing Board of Directors Performance Evaluation in 2020. When electing or nominating members of the Board of Directors, the Company base its election on the evaluation results of the performance of the Board and base its determination of an individual director's remuneration on the evaluation results of his or her performance. In 2022, the Board's internal self-evaluation score was 4.89 (Excellent), and the self-evaluation by individual Board members was 4.93 (Excellent). For more performance evaluation results, please refer to [YAGEO's 2022 Annual Report](#).

■ Audit Committee

Audit Committee duties and responsibilities: The Audit Committee is made up of 3 independent directors who assist the board in monitoring the quality and integrity of YAGEO's implementation of accounting, auditing, financial reporting process, and financial controls.

In 2022, the Audit Committee has convened a total of 13 meetings. The independent directors' attendance rate attained 100%. For details, please refer to [2022 annual report](#).

They mainly review:

- (1) Financial reports
- (2) Internal control systems and including related policies and procedures
- (3) Material asset or derivatives transactions
- (4) Material lending funds, endorsements or guarantees
- (5) Derivatives and cash investments
- (6) Hiring or dismissal of an attesting CPA, or the compensation given thereto
- (7) Appointment or discharge of financial, accounting, or internal auditing officers

■ Remuneration Committee

The Remuneration Committee consists of 3 independent directors, responsible for adopting the remuneration system, standards and structure.

In 2022, the Remuneration Committee has convened a total of 3 meetings. The independent directors' attendance rate attained 100%. For details, please refer to [2022 annual report](#).

■ Nomination Committee

The Company established the Nomination Committee in 2020. The Committee consists of 3 independent directors, aiming to improve the Board of Directors' performance.

In 2022, the Nomination Committee has convened a total of 2 meetings. The independent directors' attendance rate attained 100%. For details, please refer to [2022 annual report](#).

The Nomination Committee's duties are stated as following:

- (1) Formulate the portfolio and criteria for directors and high-ranking managers, as well as their successors.
- (2) Formulate and review the establishment, duties and performance of each sub-committees of the Board of Directors.
- (3) Strengthen corporate governance and practice, and uphold stakeholders' interests and rights.
- (4) Plan and execute the Chairman's continuing education program.
- (5) Matters entrusted to the Committee through the Board's resolutions.

Board of Directors and Senior Management Remuneration Policy

The remuneration of Directors of YAGEO shall properly reflect the individual performance and the long-term business performance of the Company, and shall also comprehensively consider the operational risk of the Company. For independent directors, reasonable compensation different from general directors may be specified. For the remuneration of directors of the Company, according to Article 16-1 of the Articles of Incorporation, the Board of Directors is authorized to determine the remuneration based on the general standard adopted in the same industry. If the Company has a surplus earning, the remuneration is appropriated not higher than 3% of profit before tax prior to the deduction of the remunerations of employees and directors for the current year according to Article 24.

The compensation for senior management includes the salary and bonus. The salary is paid according to the job duty, professional competence and responsibility. The bonus is paid depending upon the annual business performance, operation status of the Company and personal work performance. The remuneration of employees is appropriated according to the profit status of the current year and the provisions of the Articles of Incorporation. For the retirement pension, an amount equivalent to 6% of monthly salary of employees is appropriated to the Bureau of Labor Insurance. The compensation procedure has considered the future operation performance and development in order to provide reasonable remuneration, such that a balance between the sustainable operation and risk control can be achieved.

3.2 Ethical Management

YAGEO engages in business activities based on the principles of fairness, honesty, creditworthiness and transparency. In order to practice the ethical management policy and prevent unethical conduct proactively, in 2020, it adopted the Procedures for Ethical Management and Guidelines for Conduct to specifically define the instructions to be followed by YAGEO's staff when performing their job duties. YAGEO demands that all its employees, officers, and managerial officers strictly comply with ethical disciplines and expressly regulate the employees' code of conduct. Various operations including business activities and procurement practices, should fulfill compliance and strictly comply with disciplines. Specific regulations shall be defined expressly to govern the offering of or solicitation for bribes in any form, and unjustified gifts, treatment, or any other improper advantages, as well as commitments to antitrust and unfair competition, to ensure customers' interest and rights and also prevent YAGEO from damage to assets, fines, and impairment on goodwill. In 2022, YAGEO had no corruption or fraud events violating the ethical management.

Highlights of the employees' code of conduct:

- Select suppliers based on the principles of good faith and impartiality, and choose the most competitive products or services as the first priority.
- Not borrow financial funds, or accept any gift or invitation for a party, from suppliers, firms or customers trading with the Company, directly or indirectly, lest the Company's goodwill and routine business should be affected adversely.
- Not collect rebates or other unjustified benefits from suppliers.
- Employees and their family members are strictly prohibited from accepting gifts, gift money, or valuable things in any form from suppliers.
- Employees are strictly prohibited from seeking unjustified benefits or committing other corruption by taking advantage of their job duties.
- Employees are strictly prohibited from defrauding, embezzling, or stealing another person's or the Company's property.
- Employees shall claim the reimbursement of expenses on an actual consumption basis.
- Any collusion or conspiracy between employees, or employees and business partners, is strictly prohibited.

Communication and Training

YAGEO's business locations in Taiwan and China implemented ethical management anti-corruption policy communication, and the training subjects included all board members and employees.

Communication and training for anti-corruption policy	Governance unit (Board members)	Employees				
		Taiwan		China		Total
		Managers	Non-managers	Managers	Non-managers	
Number of persons already engaged in the communication	9	182	4,892	123	4,742	9,939
Percentage of persons already engaged in the communication	100%	100%	100%	100%	100%	100%
Number of persons already undergoing the anti-corruption	9	182	4,892	123	4,742	9,939
Percentage of persons already undergoing the anti-corruption	100%	100%	100%	100%	100%	100%

Internal audit procedure

YAGEO's internal auditors draft the annual audit plan based on the Enforcement Rules for Internal Audit and risk assessment results, in order to check the Company's internal control system. The annual audit plan shall be subject to approval upon resolution by the Board of Directors. The same shall apply where the plan is amended. The internal auditors conduct the audit per the annual audit plan and disclose the deficiencies and extraordinary circumstances in the internal control system found by them during the audit in the audit report honestly. Subject to the approval of the audit report and follow up report, the

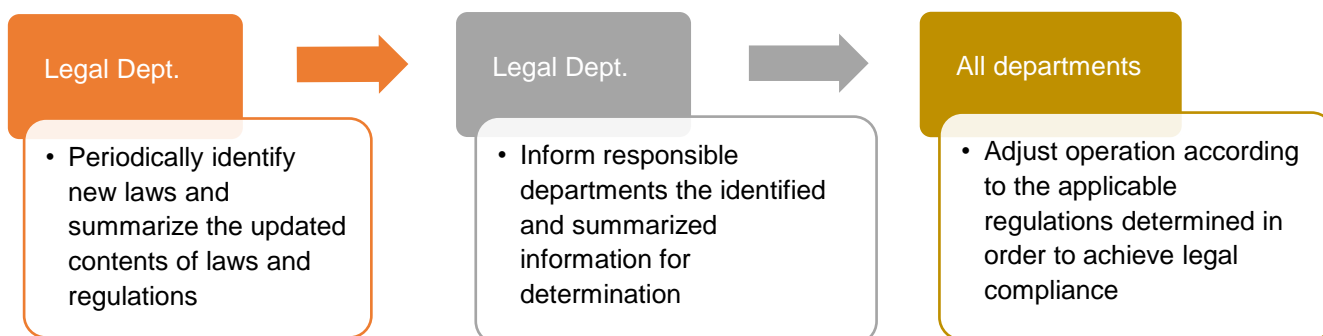


audit report shall be delivered to independent directors for review by the end of next month after the audit items are completed. After that, the report should be followed up, and a follow-up report is prepared quarterly and submitted to the Board of Directors, until the deficiency is corrected, in order to ensure that the related unit has taken appropriate corrective actions in a timely manner.

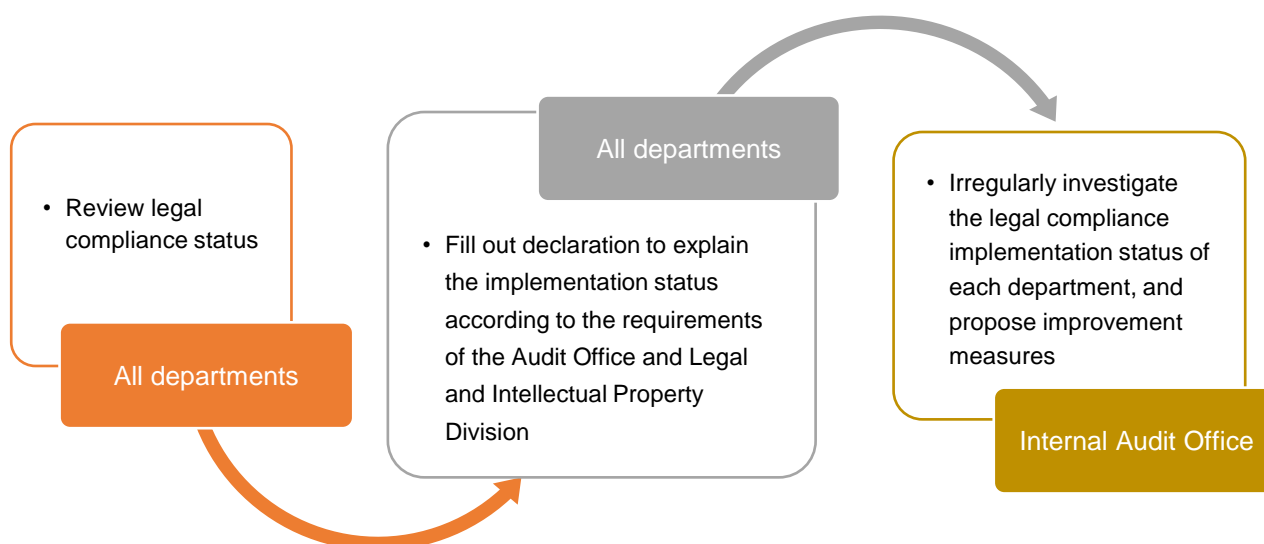
In 2022, no material deficiencies were found during the internal audit, and all deficiencies were tracked and improved. In the future, YAGEO will continue to focus on the internal control and management of the Group, in order to enhance operational efficiency.

3.3 Compliance

■ YAGEO’s Regular Legal Compliance Process



■ Implement legal compliance of all departments



In 2022, YAGEO had no litigation cases related to anti-competition and anti-trust, and was not subject to any non-monetary sanctions and major violation events of fine above NT\$500 thousand. However, there were 4 sanction cases due to violation of relevant environmental regulations and the total of the fine was NT\$379 thousand. In addition, all improvement measures were completed in 2022, in order to prevent re-occurrence of such events.

Note: YAGEO’s definition of major violation refers to a punitive fine at an amount above NT\$500 thousand.

Whistleblowing mechanism and Ethics Hotline

YAGEO set up the several complaining channels in accordance with the Code of Ethical Conduct and [Global code of conduct](#), including the Ethics Hotline and CEO office’s whistleblowing hotline.

Ethics Hotline : Taiwan 00801-85-6740 ; China 400-120-0383.

CEO office’s whistleblowing hotline : +886-2-6629-9999 CEO Office ; ceo.discipline@yageo.com

3.4 Tax Management

■ Tax Policy

YAGEO has full knowledge of taxation and operations thereof, and uses the best effort to perform its duties about corporate sustainability and information transparency. The taxation management includes the following policies:

1. Cultivate professional talents and improve the expertise in taxation
2. Manage and control taxation risk
3. Comply with any tax laws, regulations and requirements applicable locally
4. Upgrade the positive corporate value

■ Commitments

1. Perform effective risk assessment and control over taxation risk
2. Establish fair relationship with the tax collection authority
3. Execute any decision per the tax laws and regulations
4. Process financial and tax information per the requirement and guidelines, and make the information transparent.
5. Include tax effects into any of the Company's major business decisions

■ Taxation governance

The supreme manager in charge of YAGEO's taxation and decision making is the CFO. The routine taxation planning and management are executed by the professional and experienced taxation team. The taxation planning and report will also be submitted to the CFO periodically. YAGEO also contracts certain external taxation advisors to provide professional services and suggestions on taxation issues, in order to improve its professional knowledge and understanding about the tax laws. Meanwhile, the taxation team also maintains fair communication with and response to the tax collection authority within the jurisdiction where each business location is situated. The Audit Committee of YAGEO conducts an annual review to assess whether financial, accounting, tax, and auditing matters are executed in accordance with relevant policies and regulations. Meanwhile, YAGEO will try to understand the stakeholders' views and concerns about taxation through investigation on the sustainability issues concerned by the stakeholders. In order to improve the taxation governance, YAGEO also plans to participate in the public policy initiatives on taxation.

■ Taxation Risk Management

YAGEO manages its business has operations and businesses all over the world, including Asia Pacific, America and Europe, and handles its taxation in accordance with the tax laws applicable locally. Any changes in tax laws applicable within various jurisdictions would pose effects to YAGEO's effective tax rate and income after tax. Therefore, in order to manage the potential taxation risk effectively, YAGEO followed the internal management regulations, and also discussed with external experts to evaluate the taxation risk and control the potential taxation risk.

3.5 Risk Management

In a bid to strengthen our corporate governance and reduce possible risks, we have built a risk management mechanism to identify, measure, monitor and control risks based on YAGEO's business policies to achieve the objective of sustainable and stable operations.

Risk Management Organizational Framework

Board of Directors and Audit Committee

- Yageo's Board of Directors is the highest unit in charge of its risk management policy. The Board is responsible for approving and reviewing the Company's risk management policy while monitoring the ongoing operation of the risk management mechanism, ensuring that the risk management is effective and complete.

Senior managers

- Senior managers review and monitor the ongoing operation of the risk management mechanism as well as assess countermeasures for risks.

Internal audit

- Internal audit: Yageo's Audit Office is responsible for its internal control and internal audit. The Office submits an annual audit plan according to the risk assessment and reports the risk management implementation situation to the Audit Committee.

Functional units

- Managers of the functional units are responsible for risk management and analyze and monitor the relevant risks within their units, ensuring that the risk control management mechanism and procedures are effectively implemented.

Risk management procedure

To improve operational risk management, YAGEO verifies the scope of operational risks and takes appropriate actions through risk identification, risk measurement, risk monitoring and reporting, and disclosure procedures, ensuring the management of related operational risks. Meanwhile, YAGEO has established the Business Continuity Planning (BCP) to perform risk identification and adopt responsive procedures to deal with any contingencies at the factory premises, so as to ensure that it may continue managing its business even if any risk arises and also mitigate the effects posed to the critical procedures by failure or disaster resulting from significant risks. YAGEO adopts the risk management procedure and factory's business continuity plan to manage the risk to prevent any risk.

Risk identification

- Identify the Company's potential risk types in terms of economy, environment and society.

Risk measurement

- After identifying the possible risk items, each functional unit shall analyze the nature and scale of various business and operating activities, and set forth appropriate measurement methods to evaluate the risk level acceptable by YAGEO.

Risk monitoring

- Various functional units shall continue to monitor the risk over their business, and propose countermeasures when the risk is almost unacceptable. The risk and countermeasures shall be reported the senior managers.

Risk report and disclosure

- In order to record the risk management procedure and execution result thereof completely, senior managers shall report the status of risk to the Board of Directors regularly to ensure the normal operation of management framework and risk control functions.

Risk response

- Each functional unit shall take appropriate responsive actions against the risk encountered by it upon assessment on and summarization of the risk.

Risk Impact and Management Measures

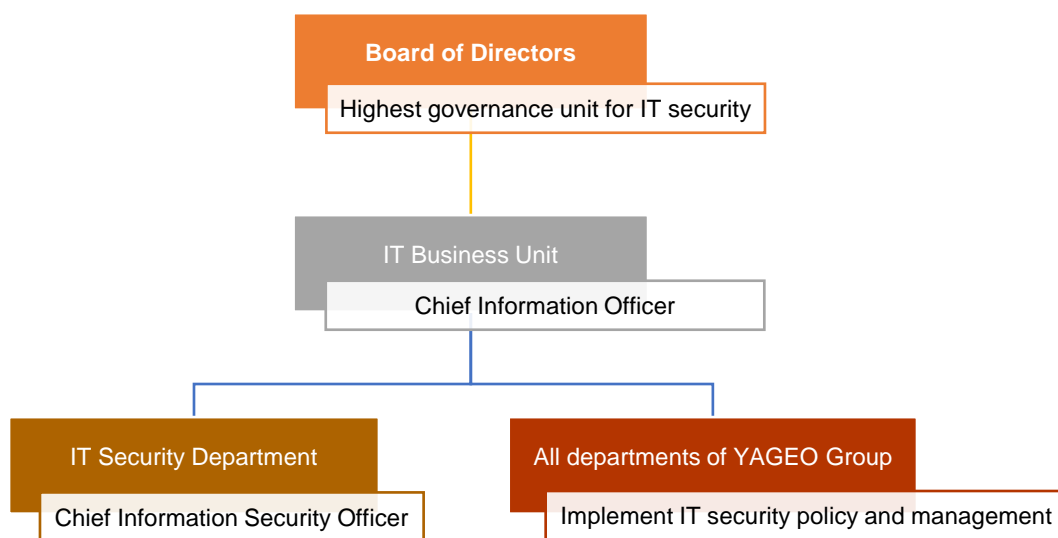
Risk aspect	Risk type	Responsible department	Risk impact	Risk management measures
Governance and economy	Financial risk	Finance	Impact of interest rate, exchange rate fluctuations and inflation on the Company's financial condition	<ul style="list-style-type: none"> • Keep low bank liabilities • Foreign exchange hedging • Optimized product portfolio
	Regulatory compliance risks	Legal	Effect to the Company's business and finance posed by changes in domestic or foreign policies and laws, and responsive measures	<ul style="list-style-type: none"> • Pay attention to changes in any laws, regulations, and policies • All business locations comply with the local regulatory requirements
	Information security risks	Information	Impact of information leakage or loss on the Company's financial operations	<ul style="list-style-type: none"> • Implement information security policy and management • Continue to plan the introduction of information security management system

Risk aspect	Risk type	Responsible department	Risk impact	Risk management measures
	Risk over supply chains and raw materials/supplies	Procurement	Impact of supply chain concentration and raw material shortage or price increases on the Company's operations and finances	<ul style="list-style-type: none"> • Ensure no concentration of purchase customers and develop new suppliers • Ensure raw material supplies and implement cost control
Environment	Environmental risk	EHS	Impact of environmental pollution on the Company's operations and finances	<ul style="list-style-type: none"> • Establishment and implementation of environmental management systems • Practice environmental policies • Equipment capable of improving pollution prevention
	Climate change risk	EHS	Impact of environmental pollution on the Company's operations and finances	<ul style="list-style-type: none"> • Set up the goal for reduction of greenhouse gas emissions, water consumption, and total waste volume • Issue green bonds to raise fund in order to introduce equipment capable of improving energy efficiency, water resource saving, recycle and reuse under the current condition of climate change
	Energy transition risks	Factory affairs	Impact of renewable energy use on the Company's operations and finances	<ul style="list-style-type: none"> • Promote use efficiency of renewable energy • Plan the budget for purchase of renewable energy

3.6 Information Security

Information Security Management Framework

The responsible unit of YAGEO for the information security risk management is the IT Business Unit, and the CIO acts as the information security general representative. The IT Security Department is established under the business unit, and the head is the Chief Information Security Officer, which is responsible for the establishment of the information security policy, planning and execution of information security operation as well as the promotion and implementation of information security policy.



Information Security Policy

The information security policy refers to YAGEO's supreme guidelines for information security. Given this, related units aim at the three major aspects, People, Process and Technology, to develop and design the management regulations and control measures as required, in order to ensure achievement of the information security target. The policy is intended to ensure that YAGEO's information assets may achieve Confidentiality, Integrity, and Availability, under appropriate protection and controls. Ultimate goal of this policy is to ensure the achievement of the sustainable operation and business targets of the Company, and to enhance competitiveness and reduce operational risk through the implementation of information security system. All employees protect the business information (including patents, processes, formulas and intellectual properties) of the Company and information personal and transaction data according to the information security policy announced by the Company. For any employee violating the policy, he or she may be discharged, and the Company also reserves the rights to claim damages.

Confidentiality

- Only authorized personnel may access and use the information needed by them.

Integrity

- Computers or related equipment may save, process and report information correctly and thoroughly.

Availability

- Any information or service may be accessed in a timely manner whenever it is needed.

YAGEO follows the internal control system regulations and compiles the user login name and access authority management system into the procedure applicable throughout YAGEO. The system authority adopts the principle of least privilege in order to design the system access control list (ACL) for regulating the system authority. When an employee adds a new account, it is necessary to obtain the approval of the supervisor of the use unit, and the authority of role corresponding to the user is determined, followed by the information unit verifying that there is no violation of job conflict, in order to set up the account authority. The Company inspects all accounts and authorities annually. For the current business units, different authorities are set according to the role and responsible area during the system authority management.

Information Security Management System

In 2022, YAGEO was still under the process of implementation and certification of ISO 27001. In addition, to cope with the electric vehicle market demand, the Trusted Information Security Assessment Exchange (TISAX) certification was also introduced. The certification scope includes the operation core system of the Company, including order management system, production line management system and finance related system. The certification scope is for the production sites in the U.S. and Mexico. YAGEO performs vulnerability scan monthly. The vulnerabilities identified are ranked according to the information value and risk level, in order to complete the enhancement and improvement. Social engineering drill is implemented on all employees semi-annually. In addition, online education and training is also implemented for employees failing to qualify the drill, in order to enhance the information security knowledge. Furthermore, YAGEO has established the key system high availability and disaster recovery mechanism, and has also constructed the system backup mechanism to implement dual and remote backup protection. In addition, emergency response plan is established and system recovery is rehearsed periodically, in order to ensure that the Company is able to maintain its operation in case of emergency, and to reduce loss to the minimum.

Under YAGEO's strict information security management, none of any external or regulatory agencies has complained any case involving violations of customer's privacy.

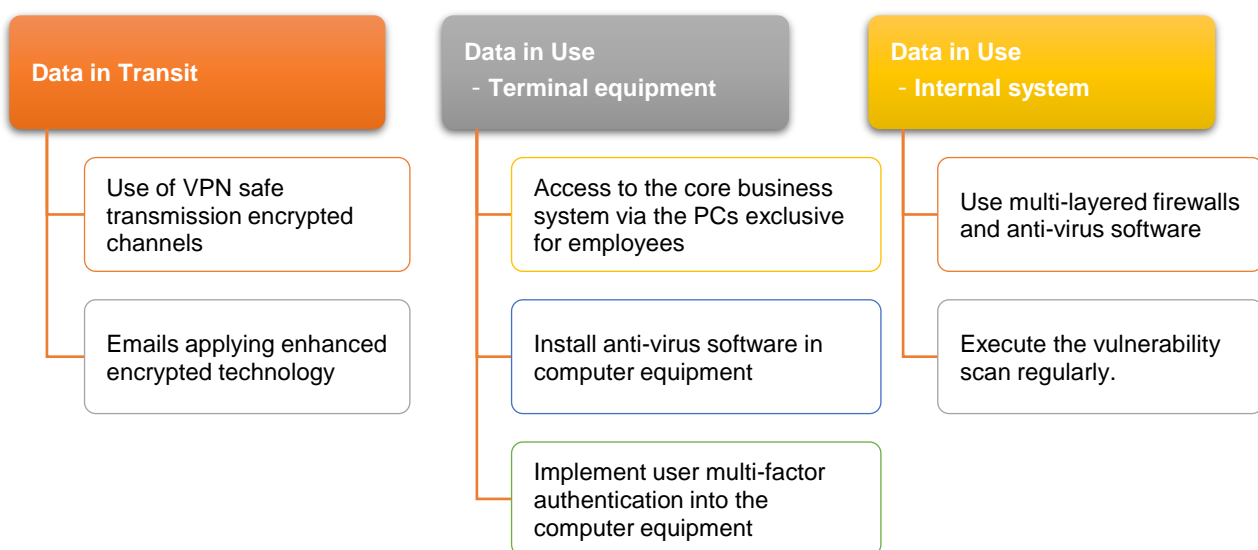
Total number of complaints proven to involve violations of customer's privacy.	Number of complaints from external parties as proven by the organization	0
	Number of complaints from regulatory agencies	0
Total number of cases involving proven information disclosure or theft or loss of customer data.		0

Information security education and training

Group's information security training is implemented through the Company's online learning platform (E-Academy). In 2022, course content was to enhance the information security knowledge of employees and to also convey the latest information security regulations of the Company. In addition, employees must qualified the post-class examination in order to complete the course and to ensure that each employee is equipped with the required knowledge. In 2022, there were a total of 8,365 people-times completed the training. In the future, YAGEO will design the promotional materials in line with the Company's requirements according to the information security incidents of each year, in order to improve employees' awareness on the information security issues and policies.

WFH information security management measures

YAGEO has established the secure data transmission mechanism to cope with the implementation of work from home. For the employees' access to and transmission of data, YAGEO implements multiple protection measures subject to the data status, including the use of VPN secure transmission encrypted channels with two stages of authentication (MFA), enhanced encryption technology (e.g. SSL) to protect confidential and sensitive data, and installation of multi-layer firewalls and anti-virus software, in order to enhance the information security mechanism, to prevent information disclosure and to reduce the risk of disclosure of personal data and confidential and sensitive information.



Chapter 4 Sustainable Supply Chain



4.1 Supply Chain Composition

■ Supply Chain Management

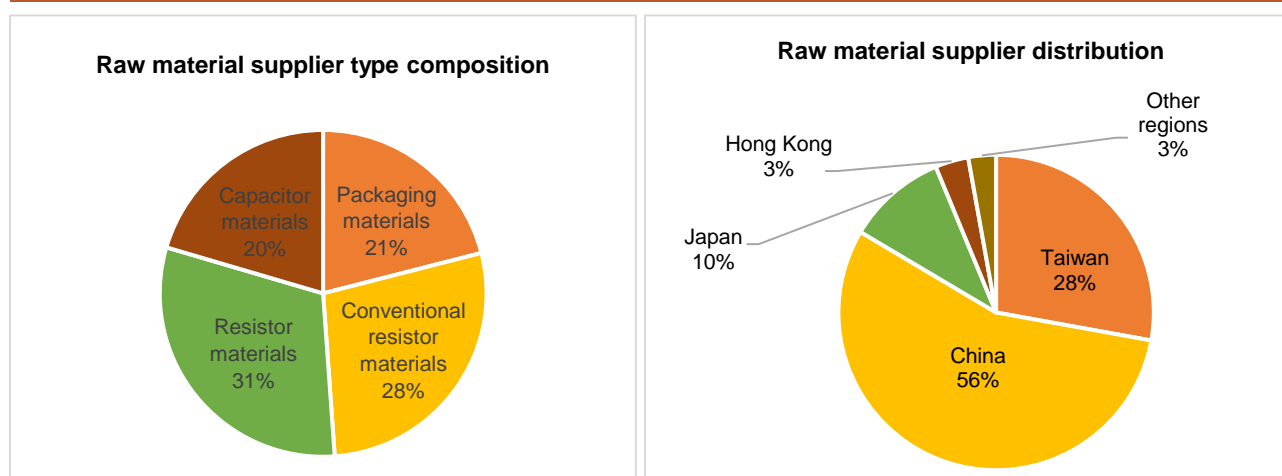
YAGEO has always valued the supplier management and also adopted the supplier management policies, implemented the Responsible Business Alliance (RBA) requirements to manage and audit suppliers, and review whether conflict minerals are used. Meanwhile, in order to deal with the challenges, such as global epidemic, geopolitics and climate changes, YAGEO's supplier partnership strategy takes into consideration the mitigation of risk over lack of materials and enhancement of the supply chain resilience, in order to maintain the stability of the supply chain.

YAGEO is in the electronic component industry. The upstream industry mainly refers to component material suppliers, and the downstream mainly refers to the customer application end, including the industries of automotive, industry automation equipment, network communication, smart phones and computers, etc.

Product type	Upstream materials	Downstream customer application						
		Auto industry	Automation equipment	Network communication and 5G	IOT	VR	Computers	Smart phones
MLCC	Ceramic powder, electrode materials	●	●	●	●	●	●	●
Tantalum capacitor	Tantalum powder, electrode materials	●	●	●			●	
Resistors	Substrates, resistive paste, oil ink	●	●	●	●	●	●	●
Magnetic components	Annular core, mechanical components, electronic materials	●	●	●	●	●	●	●

In 2022, there were 176 main raw material suppliers in YAGEO's supply chain. There were 2 new main raw material suppliers, including 1 Japanese supplier and 1 Chinese supplier. There were no outsourcing production activities or significant changes to the supply chain structure.

Type	China	Japan	Taiwan	U.S.A.	Hong Kong	Malaysia	Netherlands	Germany	Korea	Total
Packaging materials	24	2	10		1					37
Conventional resistor materials	44		4		1					49
Resistor materials	20	8	20		4	1		1		54
Capacitor materials	10	8	15	1			1		1	36
Total	98	18	49	1	6	1	1	1	1	176



Note: Other regions refer to U.S., Malaysia, Korea, Netherlands and Germany.

■ Local Sourcing

YAGEO promises to expand investment in Taiwan as its mid-term and long-term business goals because it acknowledges that the locality cannot be ignored in the globalized market. Given this, YAGEO values the spirit of local sourcing when considering and selecting suppliers and, therefore, would conduct assessment per its needs and also contract local suppliers as the first priority.

2022 Local Procurement Amount Ratio

Local procurement amount (NT\$ million)	Factory sites in Taiwan	Factory sites in China	Total
Local procurement amount	752	2,087	2,838
Total procurement amount	1,489	4,431	5,919
Local procurement percentage	50%	47%	48%

Note: Important business locations include China (Suzhou, Dongguan) and Taiwan (Kaohsiung). Local suppliers are defined as domestic transactions with domestic invoicing suppliers.

■ Green Procurement

To fulfill the commitment in corporate sustainable development, and to reduce impact of operation process on the environment. YAGEO promotes green procurement through purchase of products complying with the environmental protection, carbon reduction, energy-saving marks and other eco-friendly certifications. In 2022, the total green procurement amount of the Company reached NT\$8.8 million. In the future, YAGEO will further promote continuous supply chain, in order to achieve greater sustainability goal.

2022 Green Procurement Amount Ratio

Green Procurement Item	Green procurement amount (NT\$ million)	Green procurement item ratio (%)
Eco-Friendly Mark	7.9	90%
Carbon Reduction Mark	0.1	1%
Energy-Saving Mark	0.7	8%
Forest Stewardship Council (FSC) Certification	0.1	1%
Total	8.8	100%

4.2 Sustainable Supply Chain Management

■ Execution of Supplier's Code of Conduct

YAGEO demands that all suppliers should execute the procurement agreement and letter of undertaking for integrity first and then may become the official suppliers having the opportunity to cooperate with YAGEO. In addition to compliance with laws/regulations and ethical transactions, YAGEO has expressly established the regulations governing intellectual property rights, product safety warranty, confidentiality, declaration and letter of the undertaking of integrity, use of forbidden or controlled substances, social and corporate responsibilities, etc. . Suppliers shall follow the regulations too. Execution of the following implementation results:

Execution of the Code of Conduct	Suppliers		
	Taiwan	Taiwan	Taiwan
Number of suppliers already executing the Code of Conduct	54	122	176
Total number of suppliers	54	122	176
% of the suppliers executing the Code of Conduct	100%	100%	100%

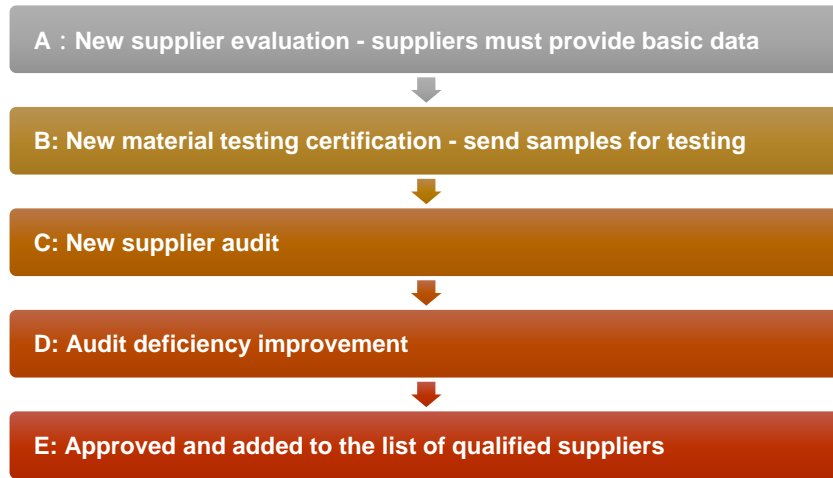
■ Commitments in the supplier's letter of undertaking

Order and delivery, price and payment terms, demand forecast, default liability, QA and warranty liability, intellectual property rights, product safety guaranty, confidentiality, declaration and letter of the undertaking of integrity, use of forbidden or controlled substances, social and corporate responsibilities, et al..

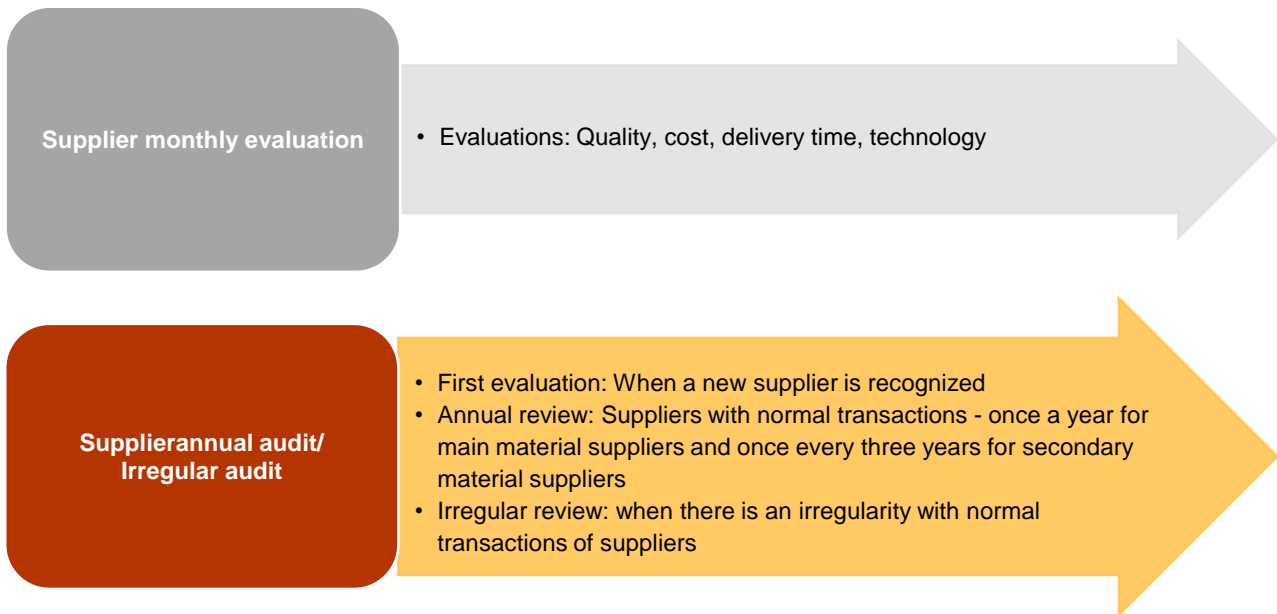
Criteria for Selection of Suppliers

- A : Must have a profit-seeking business registration certificate and valid factory registration.
- B : The raw materials/supplies primarily applied to production must be recognized through the operating procedure for the recognition of raw materials.
- C : Must have a robust system and fair goodwill.
- D : Must deal with the Company in good faith.
- E : Have sales experience in the processing of supplies needed by the Company and production equipment.
- F : The main supplier must have ISO 9001 quality management system or IATF 16949 car industry quality management system certification. The other procurement staff will consider the suppliers who satisfy HSF (SS00259, et al.) , or already acquire ISO 9001 quality management system/ISO 14001 environmental management system/IATF 16949 car industry quality management system, or already execute the letter of the undertaking of environmental protection as the first priority.

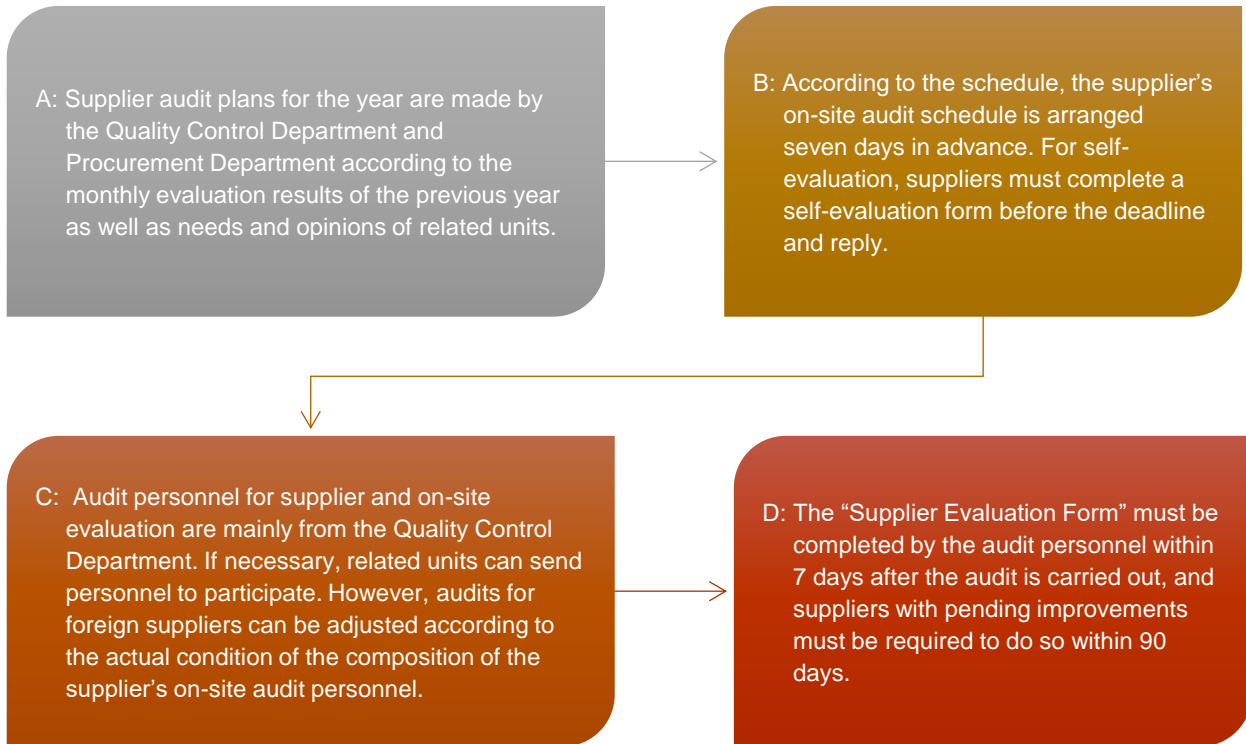
■ **Operating Procedure for Recognition of Suppliers and New Raw Materials/Supplies**



■ **Supplier Evaluation System**



• **Evaluation process (written, on-site review)**



■ **Audit Items for Supplier Environmental and Social Standards**

Selection Criteria in Terms of the Environmental Side	Selection Criteria in Terms of the Social Side
<ul style="list-style-type: none"> ✓ A guarantee not to use environment-related substances ✓ The hazardous substance test report (updated annually) ✓ Renew of the EHS system certificate (updated periodically) ✓ Environmental system audit > 80 points is pass ✓ Procurement agreement and quality agreement ✓ The substance composition analysis table 	<ul style="list-style-type: none"> ✓ Labor ✓ Health And Safety ✓ Environmental ✓ Management Systems ✓ Code Of Ethics (ETHIC)

In 2022, 176 suppliers underwent an environmental and social criteria audit and all passed. On-site audits were carried out on 30 suppliers with 21 suppliers audited through video conference and the rest of 125 suppliers were audited on paper. In 2022, no suppliers with significant negative impacts were identified. Furthermore, there were a total of 2 new suppliers in 2022, all of which were screened using environmental and social criteria through YAGEO's "Procedure for Approval of Suppliers and New Raw Materials". The ratio of new suppliers qualifying the environmental and social standard screening was 100%.

New suppliers that were screened using environmental and social criteria	Taiwan	China	Total
New suppliers with a trading record in 2022	0	2	2
Number of new suppliers that were screened using environmental criteria	0	2	2
Number of new suppliers that were screened using social criteria	0	2	2
Percentage of new suppliers that were screened using environmental criteria	0%	100%	100%
Percentage of new suppliers that were screened using social criteria	0%	100%	100%

■ Supplier Anti-corruption Policy Communication

To convey YAGEO's anti-corruption policy to suppliers, suppliers are requested to comply with Article 14 of the procurement agreement, the declaration and letter of the undertaking of integrity. Suppliers are also requested to sign a Supplier's letter of the undertaking of integrity. A hotline and email for whistleblowers are also available to prevent any improper bribery/solicitation. **In 2022, YAGEO's all suppliers have completed the anti-corruption communication.**

Anti-corruption policy communication	Suppliers		
	Taiwan	Taiwan	Taiwan
Total number of suppliers already communicated	54	122	176
Total number of suppliers	54	122	176
% for communication	100%	100%	100%

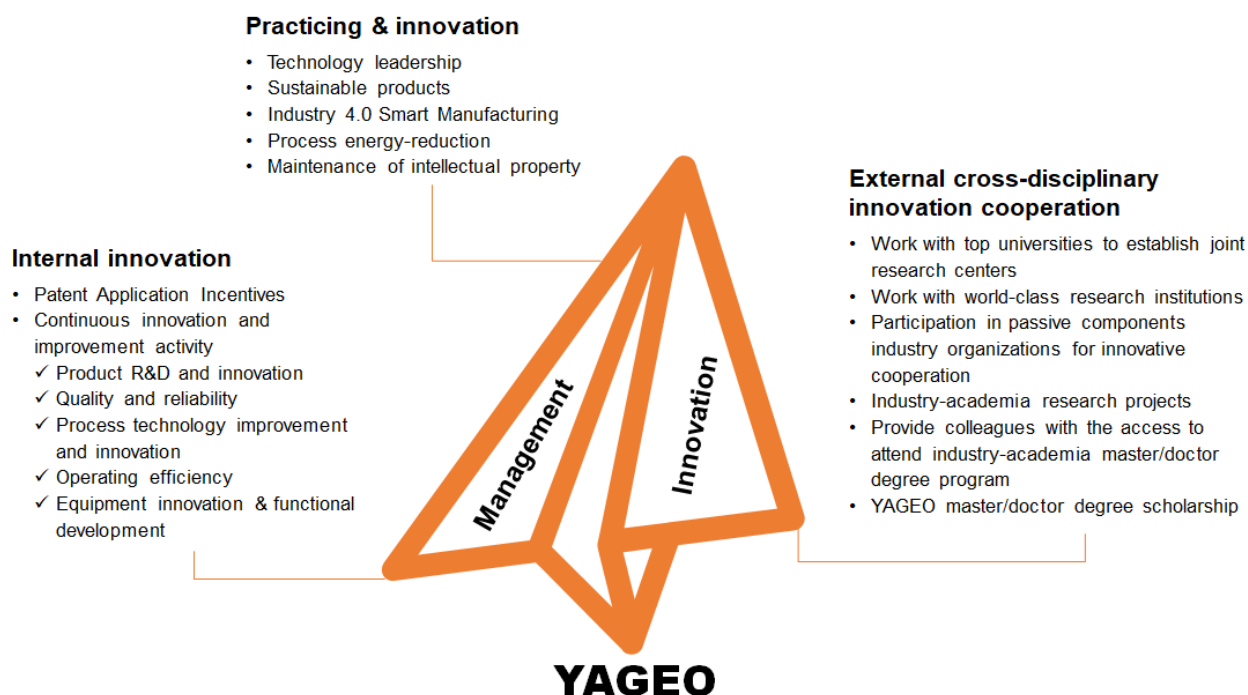
Chapter 5 Innovative Energy



5.1 Innovative Research & Development

■ Innovative management framework

As the leader of passive components in the domestic market and also a world-class manufacturer, YAGEO, based on innovation, continues to invest in R&D resources. YAGEO has set up the internal innovative reward system to encourage colleagues to uphold the spirit of teamwork to continue practicing their innovative ideas. Externally, YAGEO engages in the industry-academia cooperation with top local universities to improve the consolidated effects of theories and practices through implementation of various projects. Meanwhile, YAGEO communicates with customers about the customized design needs, and engages in interdisciplinary innovation in three steps, in order to improve the industry-academia talents' training and innovation of products and production process & technology proactively, provide customers with innovative products and practice the green supply chain innovation.



Amount of R&D investment, ratio of R&D investment funds to turnover and number of R&D personnel in the past three years:

Unit: NT\$ million	2020	2021	2022
Turnover	67,672	106,539	121,087
Investment in R&D	1,575	2,306	2,820
Ratio of R&D investment funds to turnover	2.3%	2.2%	2.3%
Number of R&D personnel (persons)	-	115	124

Note 1: R&D investment expense includes Pulse and KEMET.

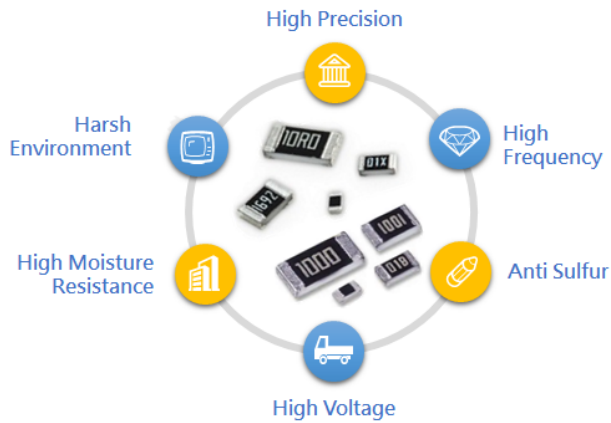
Note 2: The number of R&D personnel was calculated starting in 2021.

■ Innovative R&D and Green Process

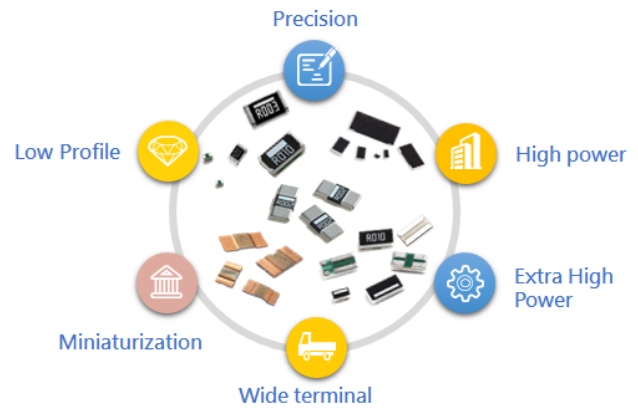
In order to move forward toward a sustainable enterprise and become a pioneer in the market, in 2021, in response to the changes in industrial and market trends, YAGEO invested capital in the development of proximity technology for high-end products based on existing products and technologies to develop innovative product portfolios, and focuses on niche products and expands the proportions of application of the products including automotive electronics, 5G, and power supplies to provide customers with more diversified solutions.

Chip Resistors (R-Chip)

For the time being, the R-Chip R&D is oriented toward two major products, namely precision thin film products (critical environment resistance, high reliability automotive series, high voltage, high frequency and miniaturization) and current sensing resistors (covering high power, reduced thickness and size, and miniaturization) to meet various applications by electric vehicles and 5G.



Thin film

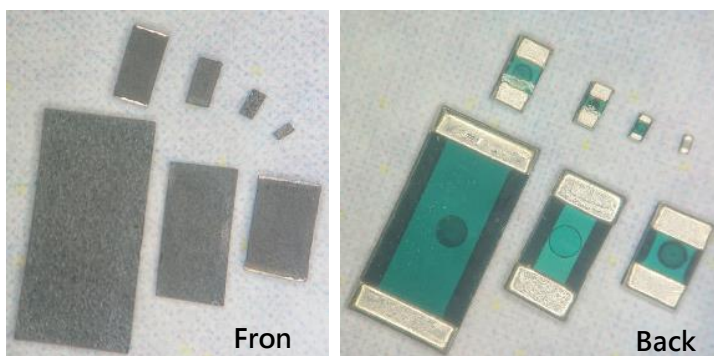


Current sensors

Innovative characteristics of R-Chip

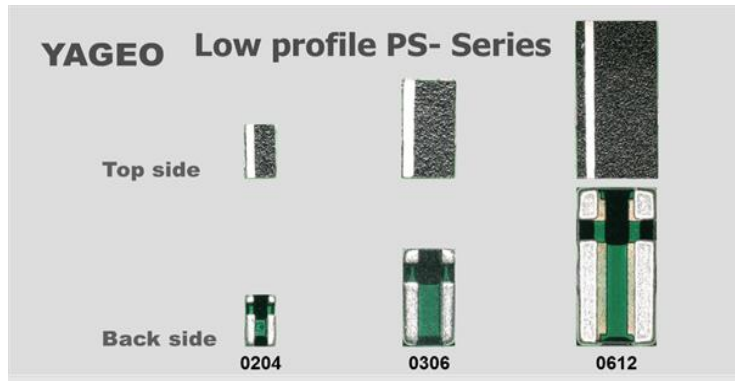
Miniaturization of Current Sensor

The world's smallest current sensing metal plate chip is called PA0100 (size 0.4mm x 0.2mm). In the early stage of research and development, current sensors were mainly made by mechanical processing. During the process of the miniaturization challenge, it was found that it was difficult to achieve small size precision tolerance through mechanical processing. Based on this, PA0100 uses a special micro-technology process to achieve ultra-low resistance range of $<2\text{m}\Omega$ and $10\text{m}\Omega\sim 20\text{m}\Omega$, and has the advantages of high accuracy, low temperature coefficient of resistance (TCR), low thermal EMF, and the resistance value of $<2\text{m}\Omega$ PA0100 can be used as a metal jumper. At the same time, it can withstand current up to 6 Amp, high power, reduce the customer's electricity consumption, achieving energy saving. PA0100/0201 is mainly applicable to light, thin, short, multi-functional, and high-density mounting mobile devices, such as smartphones, pads, RF/PA modules, battery management system, and wearable devices. YAGEO's current sensor PA series offers a variety of sizes - including 0100, 0201, 0402, 0603, 0805, 1206, 2010 and 2512, fully meeting customers' specific application requirements, achieving the purpose of high efficiency and multi-function.



4 Terminal Current Sense Resistors

The thickness of the global 4 terminal current sense resistors - 0612 and 0306 range around 0.5mm-0.75mm. To achieve lighter, thinner, shorter and smaller applications, the same special micronization process is used to develop the 4 terminal 0204 products. The thickness of these 3 products is less than 0.45mm, meeting the application requirements of customers with other electronic components.



Product Structure Design

Combine high-thermal conductivity substrate and Pattern design to design a special heat dissipation module via which the heat may be dissipated substantially in a short term of high current or a long term of indirect full-loaded current without accumulating heat, so that a high-power product feature is developed and the product's power resistance may be amplified by 3 times.

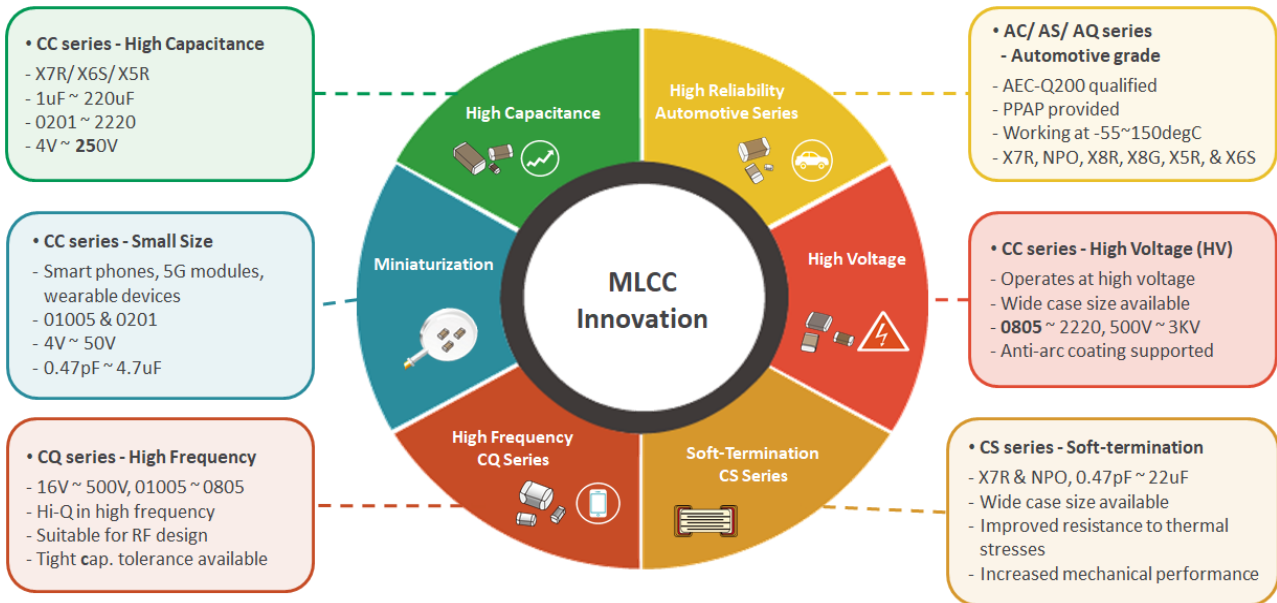
Product	Maximum power tolerated
1206 Series	1.0W -> 1.5W
2010 Series	1.0W -> 3.0W
2512 Series	2.0W -> 5.0W
2817 Series	2.5W -> 7.0W

R-Chip Green Process

- Kaohsiung Factory and Suzhou Factory release the lead-free products for R-Chip, and increase the area of use through cutting technology and mesh, such that the corner and edge scraps during the process is reduced
- During the printing process, Kaohsiung Factory does not apply the lithography process for automotive film products, in order to reduce electroplating and water consumption

MLCC

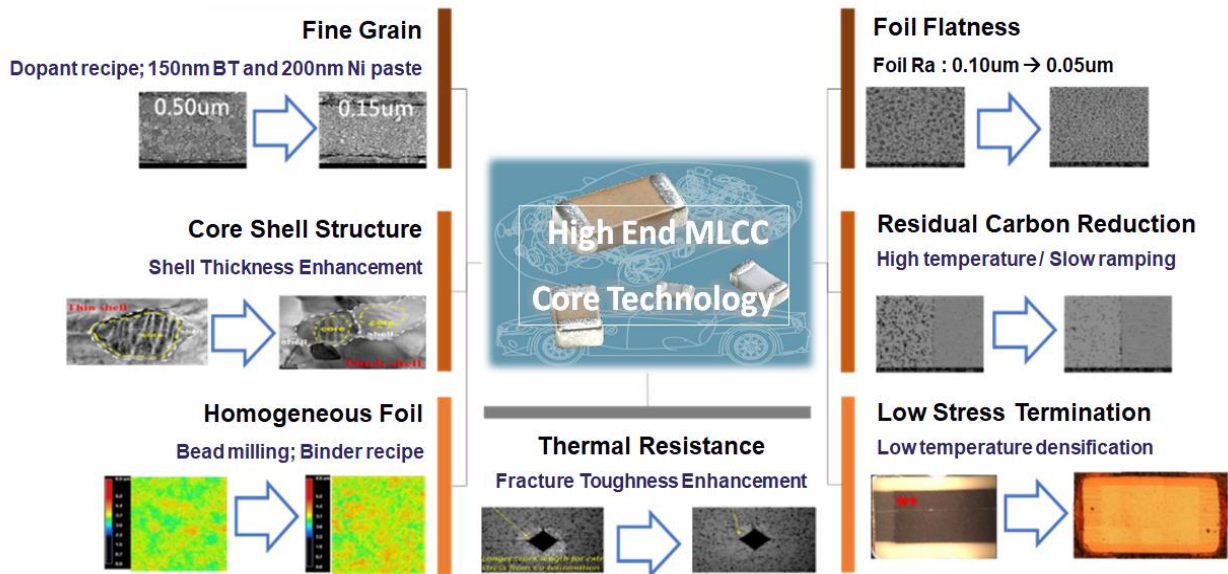
For MLCC, with the application of electric vehicles and 5G, the demand for products in various fields is growing. The R&D mainly covers six areas: high-capacity, high-reliability automotive series, high-voltage, high frequency, soft end electrodes and miniaturization. In addition, in order to deal with the issue about carbon reduction, innovative development is also being carried out in materials and processes.


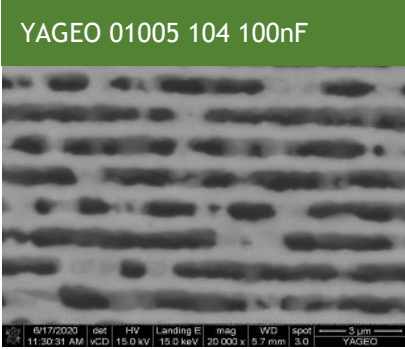
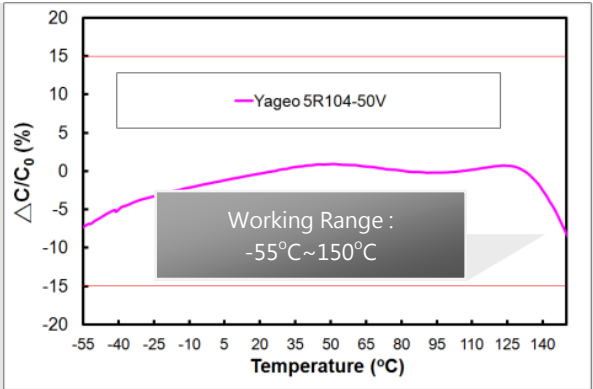
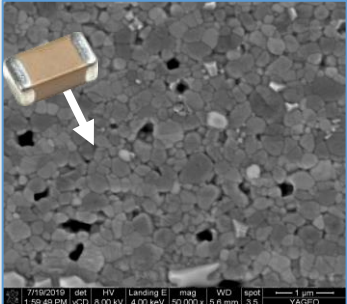


Innovative characteristics of MLCC

In a bid to expand the market share of MLCC niche-type products, YAGEO is centering on research and development of in-vehicle materials and miniaturization applications. In order to deal with the expansion of automotive components and emerging ITO in the most recent two years, product trends will be oriented towards high capacitance, high rated voltage and high frequency to meet high reliability. Applications for mobile phones are also developing towards a miniaturization trend, and YAGEO is dedicated to the improvement of the miniaturization technology (01005) to satisfy the high-capacity applications.

The increasing prevalence of self-driving and electric vehicles drives the upgrading demand for MLCC (4~5 times that of the general vehicles). Given this, the demand for reliability needs to be improved relatively. Therefore, new material systems and processes are improved to develop high-temperature-resistant and high-reliability products.



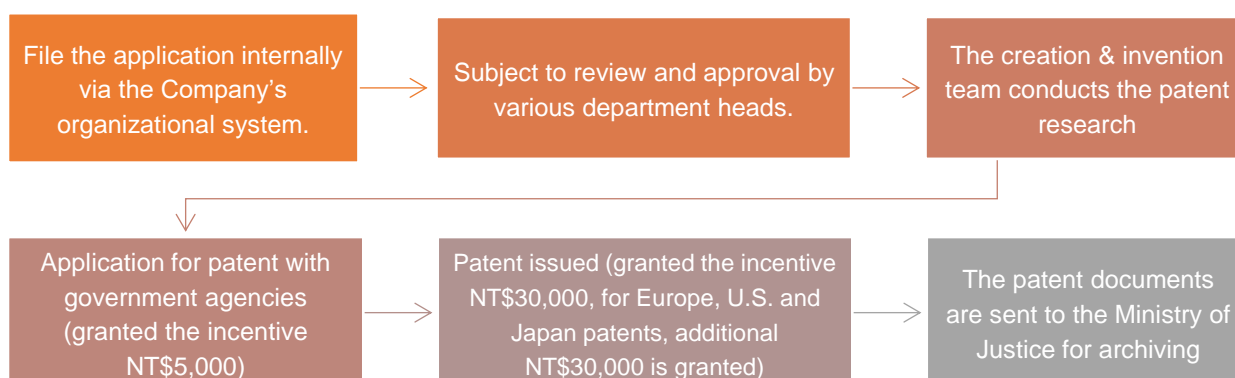
01005 Series	Automotive X8R Series
 <p>Size : 0.4mm*0.2mm</p>  <p>YAGEO 01005 104 100nF</p> <ul style="list-style-type: none"> 0.61 μm (dielectric thickness) 0.68 μm (electrode thickness) 	 <p>Working Range : -55°C~150°C</p>  <p>Grain size = 250 nm</p>
<p>Multi-layer Ceramic Capacitor (MLCC) Green Process</p>	
<ul style="list-style-type: none"> • For MLCC, Suzhou Factory changes some of the oil series of products to water series of products, and also uses low-temperature sintered material, in order to reduce electricity consumption • Kaohsiung plant develops the 3D Dipping equipment and process, in order to reduce material consumption • Kaohsiung plant develops new glue removal equipment in order to reduce the process time, and to reduce the gas usage and electricity consumption 	

■ Creation and Invention & Patent Management

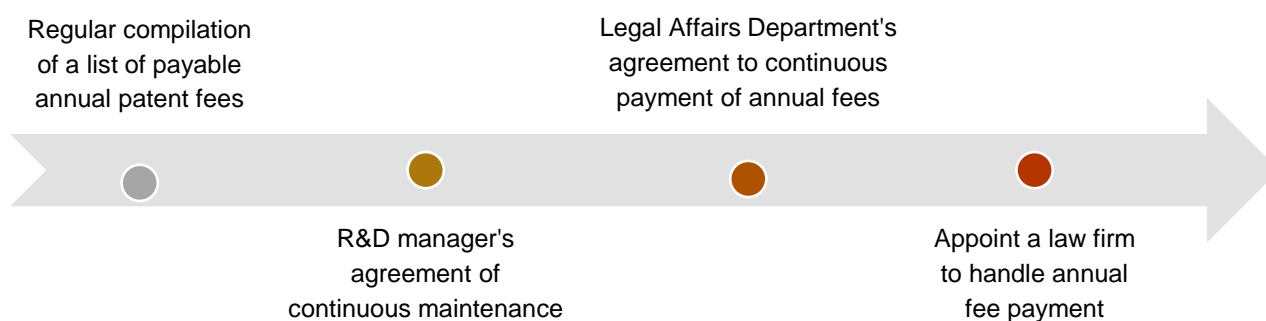
YAGEO has established the “Regulations Governing Invention and Creation Incentives” and “Operating Procedure for Application for and Maintenance of Patents” as the intellectual property management policies to be followed by YAGEO with respect to creation and application for review and patent rights of any intellectual property. The Group’s in-house staff are encouraged to work on R&D and innovation of products and technologies. For intellectual property management such as case status and rights protection, YAGEO will control the intellectual property management operations, such as status and maintenance of the right, voluntarily. In the meantime, YAGEO also appoints external attorney offices to control the same in order to mitigate the intellectual property right management risk effectively.

The purpose of “Creation and invention incentive”: To encourage our employees to be brave in creation and invention in order to prompt technological improvement, further increasing overall productivity. Applicable subjects include any creation or invention which is completed or made for hire by any formal employee of YAGEO when the employee is working for YAGEO and can be used to apply for a patent domestically or overseas in terms of its contents. With regard to the R&D goal, YAGEO aims to submit at least 12 patent proposals. In the future, the Company also plans to organize innovative R&D contests, in order to encourage employees to continue to invest in R&D innovation.

Patent Application Process



Patent Maintenance Process:



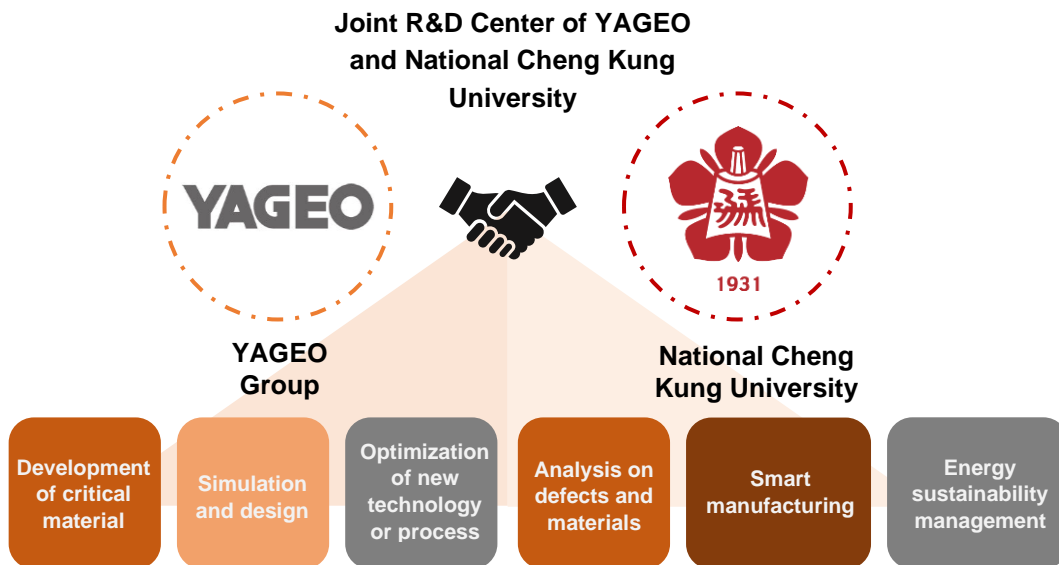
Number of patents acquired by the Group in the most recent three years

Item	2020	2021	2022
Quantity of patent applications	1	25	32
Quantity of patents acquired	7	6	11
Quantity of patents acquired cumulatively	100	106	117
Brief descriptions of key patents	Ceramic sintered body and passive components contained therein	Shunt resistors and manufacturing method thereof	Igniter resistors and manufacturing method thereof

■ Industry-academia joint research to stimulate the energy of innovation

For the time being, in addition to the product R&D department at each factory premises, there are also R&D units, such as the ceramics and electrode materials, equipment, advanced electroforming and high-end analysis centers. In order to improve the development energy of passive component technology between YAGEO and the academic circle, the YAGEO - NCKU joint research center was established in 2020 to help YAGEO cooperate with National Cheng Kung University to promote R&D projects in various fields, and integrate theories and practices to engage in the industry-academia cooperation of R&D.

In 2022, the number of R&D projects increased from 10 projects in 2021 to 11 projects, and the Company also collaborated with overseas business unit. In addition to the four main aspects of development of key materials, simulation and design, new technology or process optimization, flow and material analysis, the Company also increases relevant R&D projects of smart manufacturing and energy sustainability management, etc.



Anticipated effects of joint research projects

As driven by the projects in various fields, it is expected to improve the income, market share and quality, reduce costs, increase production efficiency, and accelerate some technological breakthrough. Meanwhile, in response to the establishment of the joint research center, YAGEO is eager to recruit R&D-related personnel. The joint research center also recruits talents from diversified channels. For the details about talent recruitment, please refer to Article 7.1 for Diversified Recruitment.

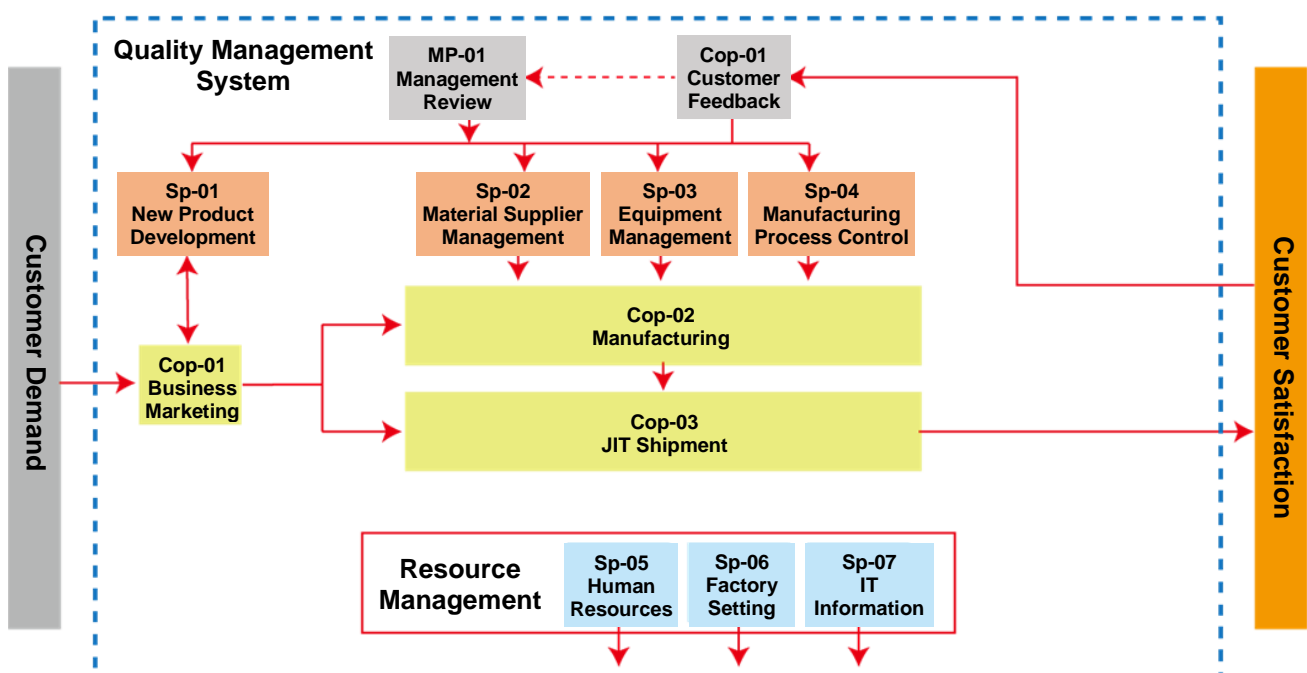
5.2 Product Quality Management

■ Quality Management Policy

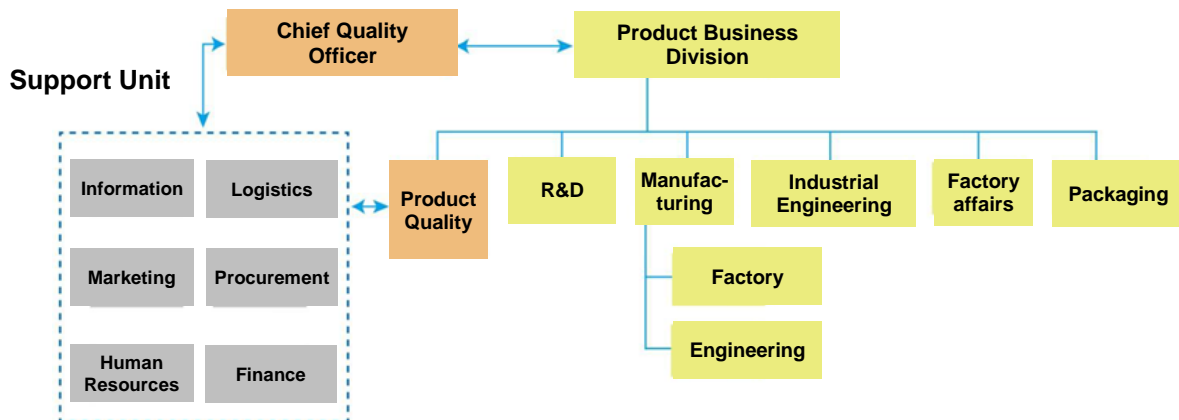
YAGEO has implemented the ISO9001 and IATF16949 quality management system, etc.. In 2022, YAGEO continuously implement the quality policies, "Quality is a foundation of the future," to strengthen YAGEO's quality management based on seven major themes. The KPI control and quality policy over various processes are connected closely and monitored constantly via YAGEO's internal customer-oriented process, management process, and supporting process, in order to provide products and services to customers' satisfaction.



■ Quality Management System



■ Global Quality Management Organizational Chart





Production Volume of Main Products According to Product Category

Main product type	2022 production volume (unit: million pieces)
Chip resistors	637,720
MLCC	274,136
Magnetic components	24,354
Tantalum capacitor	4,367
Total	940,577

YAGEO's quality management organization consists of the business end and product end. The Chief Quality Officer directs the QC managers of various Product BU departments. Each Product BU department is assigned a dedicated QC manager to supervise whether each product line satisfies the relevant requirements about the procurement of raw materials and materials for R&D from upstream suppliers, and factory end, inspection on finished goods and packaging procedure. The QC manager also meets with the Chief Quality Officer at the Quality Leadership Council (QLC) meeting monthly to verify whether related departments have satisfied regulatory standards or not. The non-conformity, if any, shall be discussed with the special team formed by the Product BU department members immediately. Presently, all of YAGEO's factories are held satisfying the ISO & IATF requirements and keep feeding back to customers the requirements about the update of the quality systems pursuant to laws and regulations. The Chief Quality Officer, acting independently of various Product BU departments, can inspect the quality requirements to be satisfied by various product lines from the point of view of the enterprise as a whole for the avoidance of any abuse.

Each of YAGEO's factories will regularly identify the defects to be corrected as the first priority, based on the product quality indicators in the previous year (e.g. defect rate), each year, and establish the Quality Improvement Team (QIT) corresponding to each project to carry out the corrective action plan. The Quality Improvement Team (QIT) consists of inter-departmental professionals, subject to the defects to be corrected, and also regularly checks the improvement progress and reports the progress at meeting on a monthly basis.

YAGEO is committed to provide customers the best products and services all over the world. It maintains the high quality of the process from acceptance of orders placed by customers to supply of products to the customers based on perfect quality management policies, and periodically conducts external quality inspections to ensure that the product quality is free from any doubt.

YAGEO R-Chip product inspection SGS report	YAGEO MLCC product inspection SGS report
	

For the product and service quality evaluation, in 2022, the Company received honorable recognitions from numerous customers, such as: Inventec EBG, Vivo, Sunwoda, Quanta and Qisda, with award presentation. The evaluation items include: material purchase, customer report, management quality, delivery on time, operation and sales system, etc. The receipt of such honors indicates that the logistics, products/services, supplier quality and various aspects of YAGEO have demonstrated outstanding performance.

Product and Service Quality Related Awards Received in 2022

Inventec EBG "Supplier Outstanding Contribution and Performance Award"	
	
Quanta "2022 Best Partner Award"	SUNWODA "2022 Outstanding Quality Award"
 	



■ **Quality Month Activity**



Quality Month 2022

QUALITY STARTS WITH ME.







QUALITY POLICY :
QUALITY IS THE FOUNDATION OF THE FUTURE

QUALITY OBJECTIVES :

-  Zero Defects
-  Customer Satisfaction
-  Prevention and Continuous Improvement
-  Quality Culture
-  People Value
-  Environmental and Social Responsibility
-  Ethics and Integrity

To implement quality management policy and to strengthen colleagues' awareness on quality management, YAGEO organizes the quality month activity in November of each year. The quality month theme in 2022 was “Quality Starts with Me”. Through the intensive preparation work and discussions at meetings, the plan was officially launched during the second half of the year. In addition, a series of activities were organized in each factory site, in order to convey the quality awareness of the Group and to achieve the quality goal of zero defects.

- | | | | | |
|--|---------------------|------------------------------------|-----------------|--|
| Promotional poster for kick-off meetings | Photography contest | Zero-defect training and quiz show | SQC Competition | Zero defect concept-based design competition |
|--|---------------------|------------------------------------|-----------------|--|

1. Kick-off meeting and poster promotion in the quality month

The Group sets annual goals and policies, and allows each factory to produce posters and large-scale banners which should be installed at prominent locations at the factory premises and at the entry/exit to promote the theme of Quality Month. Meanwhile, for the employees of different nationalities, it also broadcasts promotional videos in different languages to communicate YAGEO's quality policy message, and convenes the cross-plant meeting on the starting day of the quality month to allow the senior management to announce the opening of activity and build a consensus.



2. Photography contest

Through the photography contest event, the awareness of “to maintain quality, it is important for all employees of different departments to pay attention to each stage and detail”, in order to establish the concept of “Quality Starts with Me”. In 2022, the organization of the photography contest included the Nanzi Factory, Dafa Factory and Suzhou Factory with a total participants of 478 people, and the monetary prizes presented were NT\$18 thousand and RMB 8.5 thousand respectively.



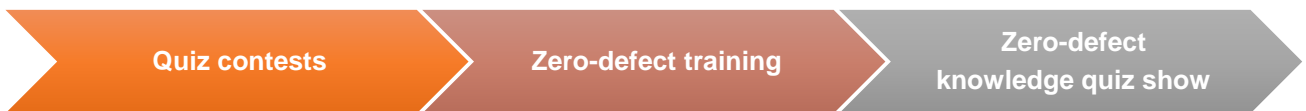
3. Zero-defect training and quiz show

Design interesting and understandable teaching materials to be broadcast in the quality month activities, identify zero-defect as the core spirit, and strengthen the personnel value, prevention and continuous improvement, customer satisfaction, environmental and social responsibility, and ethics and integrity. Encourage all employees to participate in the quality month activities actively through quiz contests, and plan a series of zero-defect education and training, in order to enable employees to have in-depth knowledge about how to achieve the zero-



defect goals and facilitate discussions. Meanwhile, based on the contents of teaching materials and education & training as the theme, YAGEO organizes the zero-defect knowledge quiz contest to enable employees to inspect their knowledge about zero-defect in the contest and also strengthen their common sense and understanding about zero-defect in the quality management.

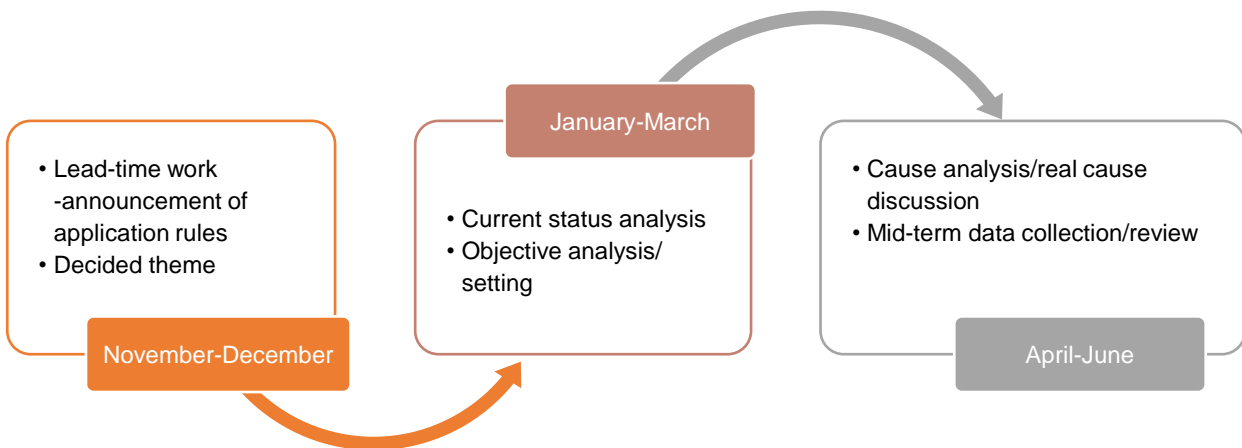
In 2022, the knowledge quiz event was organized online, and a total of 2,445 people participated in the event. For factory sites with the organization of the quiz event, the ratio of people receiving a score above 80 points (inclusive) exceeded 85%.

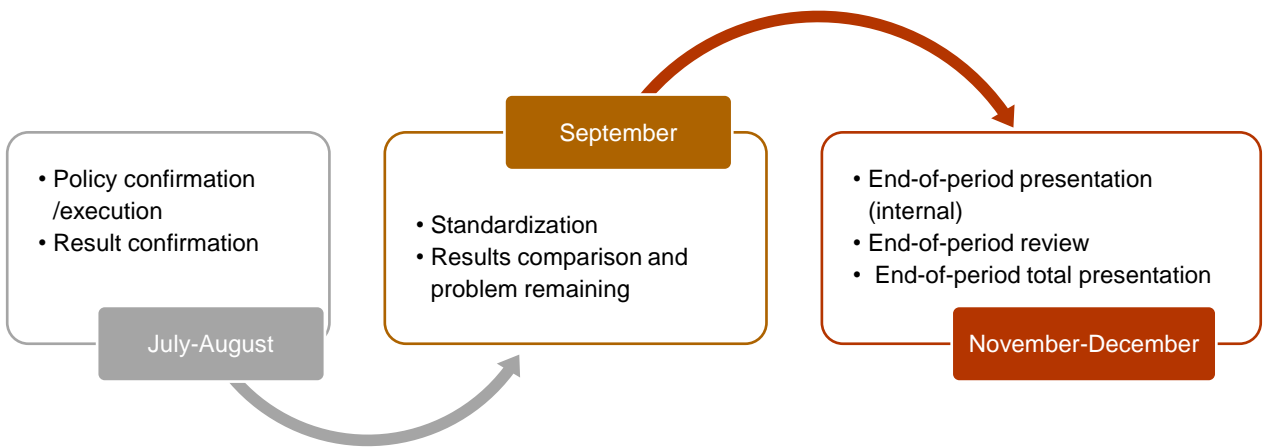


4. SQC (Statistical Quality Control) Competition

This competition is a large-scale event that runs throughout the year. According to the timeline for improvement, colleagues of each team must have their leaders propose any questions and enforcement rules, and also complete the items of the project in order. In the event of any questions during the competition, the implementation committee of each team will provide guidelines. The evaluation results are divided into mid-term documentary review, final documentary review and presentation of final results. After a year of discussions and experimental verification, the project report of each team is completed. The results will be presented at the end of the year. The presentation is also supported by senior managers who also serve as judges at the end of the period.

For quality improvement SQC course, in 2022, the number of trainees was 715 person-times, and the total number of training hours reached 5139 hours. The trainees organized the SQC improvement project outcome presentation conference in November 2022, and there were a total of 11 participating teams presenting their outcomes at the conference. The whole-year improvement outcome was able to save cost of approximately NT\$12.87 million.





Agenda



Opening Speech



Discussion with team members



Results Presentation



5. Zero defect concept-based design competition

The factories in the cross-strait three regions organized the zero-defect concept-based design competition every year, and utilized the video conference to enable colleagues from different factories to observe each team's project report and learn the methods by which statistical data were generated and also presentation skills. They made all colleagues brainstorm any problems or performance in the current production process or the possibility in improving the yield rate and also provide solutions and corrective action plans. Through SQC activities, YAGEO improved the product quality, reduced customer complaints, and increased the yield rate and stability. Winners will be awarded prizes by the senior managers, in order to encourage the winners for their honors.







All factory sites of YAGEO have received numerous quality management system and product environment certifications, and for all products, hazardous substances are periodically inspected and managed according to the requirements of the EU-RoHS/Reach Standard and the U.S. California Proposition 65. For the present year, the hazardous substance inspection result indicates 100% compliance with the international standard. The Company will continue to maintain the goal of 100% international hazardous substance inspection standard. There were no incidents in violation of any regulations related to product information and labelling and health and safety regulations for products and services arising this year.

Quality management system and certification	Dashe Factory (R-Chip)	Nanzi Factory (MLCC)	Dafa Factory (MLCC)	Suzhou Factory (R-Chip)	Suzhou Factory (MLCC)	Dongguan Factory (Trial Packaging)
ISO 9001 Quality Management System	●	●	●	●	●	●
ISO 14001 Environmental Management System	●	●	●	●	●	●
ISO 17025 Laboratory Quality Management System	●	●		●	●	
IATF 16949 Quality Management System for Organizations in the Automotive Industry	●	●	●	●	●	●
Authorized SONY Green Partner	●			●	●	●
ASUS Green Management System	●	●				
SAMSUNG Eco-Partner		●	●			

5.3 Customer Relationship Management

YAGEO identifies each customer as its business partner and hopes to maintain a long-term partnership with all customers. Therefore, YAGEO's sales teams would visit key customers and business partners regularly, and hold the meeting with customers and distributors quarterly to discuss services and products and exchange the market intelligence, in order to feed back to customers immediately. In addition, the Company sets the goal of at least 20 times of customer visits for each business sector annually.

-  Annual/quarterly quotations - discussion on issues, such as price negotiation, expansion of business scale, and production capacity.
-  Technical conference - introduce products to customers or update the progress in product development, etc.
-  Institutional investors conference (Road Show)- Present to customers about the update on organization and overview of YAGEO Group's products.
-  Routine visit to customers - Routine daily visits to customers, solicitation for business opportunities and enhancement of relationship with customers, etc.
-  Quality Issues - Discussion on quality issues, including how to improve quality and prevent quality problems.
-  Large customer event (Customer Day) - Organize large event to maintain proper customer relationship and to exchange opinions at the same time

■ Response to sustainable activities

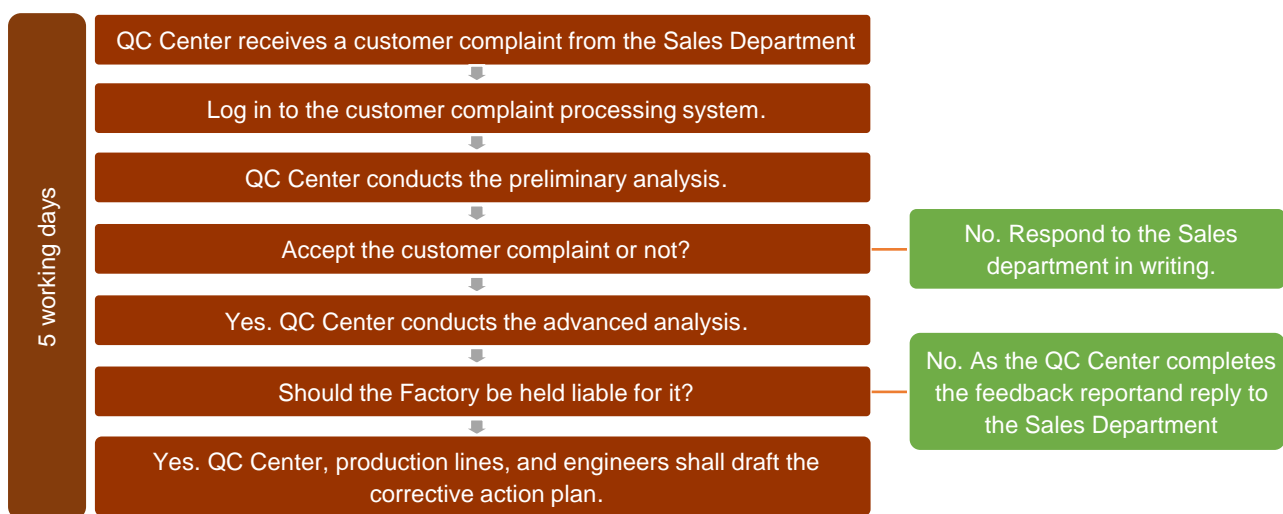
Response to customer's beach cleaning event

To implement sustainable engagement with customers, YAGEO accepted the invitation of GIGABYTE to participate in the coast joint beach cleaning event on March 18, 2023. On the event day, nearly two hundred participants from various suppliers participated in the cleaning of Pig Nose Beach jointly. Despite the strong wind on the event day, all participants successfully cleaned ocean wastes reaching 1,382.3kg with great efforts. YAGEO contributes effort to our ocean through the response to beach cleaning event, and looks forward to cooperate with greater customers in order to expand the influence of sustainability.



YAGEO values suggestions from each customer. Upon receiving any written opinion from customers, the Sales department will refer it to the Quality Assurance Center. The Center would log into the customer complaint processing form to conduct a preliminary analysis and respond to customers that the complaints are accepted within 24 hours. The analysis of causes, feedback reports, and documentation for such complaints will be completed within 5 days by the Quality Assurance Center. Each factory of YAGEO prescribed the time limit for the processing of customers' complaints independently (5 working days). With the support from related units' co-workers, in 2022, each factory processed the customers' complaints within the prescribed time limit. Each factory's achievement rate was 100%. No significant customer's complaint was received in 2022.

Customer Feedback Process Flow Chart



■ Customer Satisfaction

Market Department, which keeps in close touch with customers, is responsible for setting forth the customer visit schedule to verify the purpose of visit to customers, as well as customers' needs and suggestions, and escalate questions to its supervisor via email, if necessary, to work out the solution or corrective action. The information will be provided as a reference for internal assessment on service quality. Marketing Dept. releases the "Customer Satisfaction Survey Questionnaire" in mid of December, for once per year. Customer Satisfaction Survey Report, covering the items including software and hardware service, personnel service quality, and other administrative support quality (please refer to the following table). Each item is identified as the criterion for internal assessment on service quality, and the survey results shall be fed back to the Administration and factory as the reference for ongoing improvement. When it is impossible to respond to any customer's need or suggestion to the customer's satisfaction, the same shall be included in the agenda to be discussed at the monthly management meeting. If the total average scores of the customer's satisfaction survey are less than 7 points (out of 10 points), it is necessary to document the case and discuss what action shall be taken to satisfy the customer's needs. If necessary, a "project" shall be established to correct the

situation. In 2022, the overall customer satisfaction was 8.5 points. For the long-term goal, the Company expects to achieve the average customer satisfaction of 9 points.

Customer Satisfaction Survey Report

Item		
<ul style="list-style-type: none"> • Level of satisfaction with the sales representative • Date of delivery • Customer service worker's response speed • Product logistics 	<ul style="list-style-type: none"> • Product quality control • Environmental quality control over products • Whether the product applies to you in terms of the model and development thereof? • Length of time spent in processing a customer's complaint 	<ul style="list-style-type: none"> • Technological support and exchange • Product catalogue design • Time spent in providing samples • Information on the Company's official website
Customer Satisfaction	R-Chip	MLCC
Average customers' satisfaction	8.5	8.4
Overall satisfaction	8.5	

Chapter 6 Green Manufacturing



6.1 Environmental Management

■ YAGEO’s Environmental Policy

YAGEO adheres to the spirit of “clean production and sustainable environment,” and all factories are ISO14001 environmental management system certification. Our environmental objectives are reviewed through regular management reviews, internal and external audits, and quarterly environmental committee meetings. Moreover, management procedures for pollution prevention are revised on a rolling basis if necessary to ensure that the Company is proactively implementing environmental management and that all operations meet the requirements of environmental protection laws and regulations.

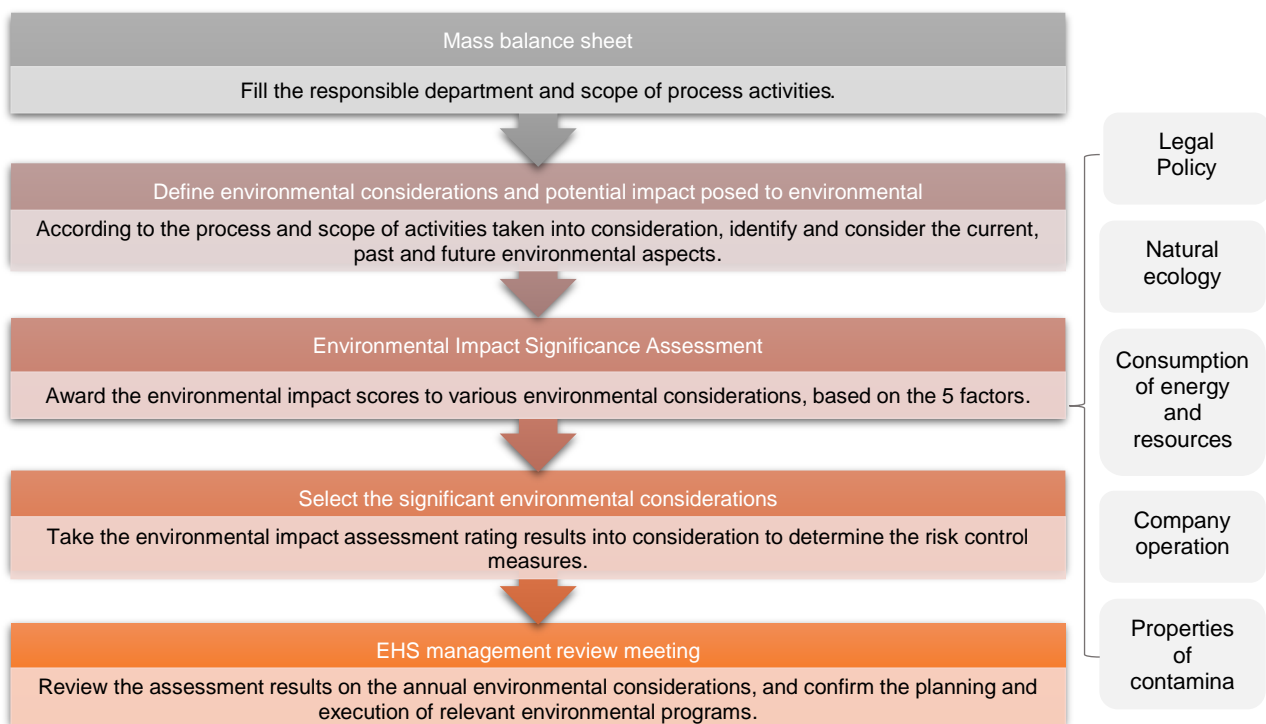


Externally, all our factories have set up an environmental complaint outlet, while also formulating a corresponding process “Environmental Safety Correction and Prevention Management Procedures” so that the correct unit can handle incidents in accordance with the procedures. Internally, through the “Communication Form”, we accept suggestions made by employees regarding environmental safety issues. Depending on the needs, training plans are arranged or environmental policies revised. Related improvements will be made through the internet, bulletin boards, and emails and review meetings held to convey the implementation results.



■ Evaluation on impact to the environment

In order to mitigate the impact posed by the operating procedures to environment, each of of YAGEO's factories will have the labor safety department and environmental safety committee provide assistance, and, in accordance with the "Operating Procedure for Evaluation in Terms of Environment," demand that each unit should evaluate the potential environmental impact in the operating procedures before starting the operation, and rate the environmental risk based on the evaluation results. Where any significant environmental impact is confirmed by the evaluation, YAGEO will adopt the corresponding environmental plan to make correction, and evaluate the environmental impact again upon completion of the environmental program to confirm that the environmental risk is indeed mitigated and improved.



Responsive measures against environmental impact significance rating (e.g. Kaohsiung Nanzi Factory and Dafa Factory)

Environmental Impact Significance Risk Level List According to the results of environmental impact significance rating, it can be divided into acceptable and unacceptable risk control measures. However, if it doesn't satisfy the legal requirements, it should be identified as the one to be corrected immediately.			
A (high risk) evaluation score ≥ 400	B (Moderate risk) evaluation score 200~399	C (low risk) evaluation score 100~199	D (Minor risk) evaluation score < 99
The unacceptable risk, if decided, is subject to submission of an EHS management program	To evaluate and consider the corrective action, admit it as the first priority and submit an EHS management program	To be included into the routine monitoring management, and propose the management method, if necessary	To remain unchanged, and be excluded from the corrective action plan

■ Prevention and correction of environmental incidents

YAGEO Environmental Safety Correction and Prevention Process



6.2 Climate Initiatives

YAGEO introduces the Task Force on Climate-related Financial Disclosures (TCFD) Framework, and constructs the management architecture of the Company in response to the climate risks with respect to the four main aspects of governance, strategy, risk management, indicator and goal. In addition, the Company also identifies the potential risk and relevant opportunity topics associated with the climate change, in order to assess the substantial impact of climate topic on the business of the Company and its impact level.

Climate Governance

The Board of Directors of YAGEO is the key unit for the climate risk management and assessment, and it is also responsible for the review and supervision of the environmental sustainability related budget and implementation outcome submitted by each business department. YAGEO established the Sustainable Development Committee in 2020 (former name of Corporate Social Responsibility Committee) which is jointly promoted by the CEO and two independent directors and representatives appointed by functional organizations of relation to finance, economics, environment, and corporate governance. The team members are from all departments of the Company. The Sustainable Development Committee performs risk assessment on climate related topics according to the materiality principle, and the sustainable development is included in the business strategy of the Company. In addition, the Committee also reports the climate risk and opportunity strategy implementation to the Board of Directors annually, in order to track the implementation progress of each strategy. Furthermore, YAGEO also actively participates in the Carbon Disclosure Project (CDP) questionnaire to disclose the Company's management of climate change and water resources, and implementation status thereof.

YAGEO discloses its assessment and management of climate-related risks and opportunities based on the four core elements under the Task Force on Climate-related Financial Disclosures (TCFD). The assessment criteria for strategic and financial planning cover the three impact aspects in terms of operation, finance and society, and the countermeasures are proposed with respect to the risk and opportunities that are classified as short-term, mid-term and long-term. At present, YAGEO's main strategy is to reinforce our R&D capabilities so as to meet customers' needs for products that pose lower environmental impact. At the same time, by increasing the utilization rate of renewable energy, YAGEO sets energy-saving goals for all factories and improve unit production capacity to reduce production energy consumption. Furthermore, YAGEO is also gradually building a renewable energy system in all factories and implementing ISO 50001 energy management system.



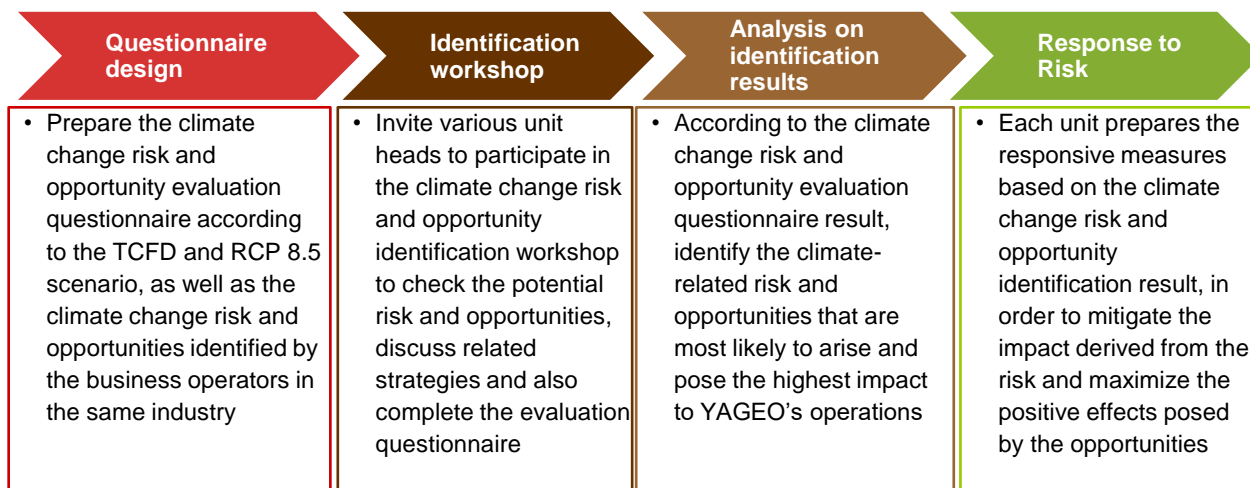
Climate Risk Management

YAGEO established the “Risk Management Policy” in 2020, and the Board of Directors is the highest unit in charge of its risk management policy. The Board is responsible for approving and reviewing the Company’s risk management policy while monitoring the ongoing operation of the risk management mechanism, ensuring that the risk management is effective and complete. In addition, the internal audit unit has also been established, to be in charge of the internal control and internal audit. The annual audit plan is submitted annually according to the risk assessment, and the risk management implementation status is also reported to the Audit Committee. To improve operational risk management, the Company defines the scope of operational risks and adopts appropriate measures through risk identification, risk measurement, risk monitoring and reporting, and disclosure procedures, ensuring the management of related operational risks.

Furthermore, the Company has established the Business Continuity Planning (BCP) to perform risk identification and adopt responsive procedures to deal with natural disasters and any contingencies at the factory sites, in order to ensure that it may continue managing its business even if any risk arises and also mitigate the effects posed to the critical procedures by failure or disaster resulting from significant risks. For the operation continuity plan, the Operation Continuity Management Committee has been established, with the Vice President acting as the chairperson, the Factory Director as the Secretary-General and department heads as the committee members. In addition, at least one meeting is convened annually to assess the sufficiency, appropriateness and effectiveness of the operation continuity management plan. Department heads perform an impact analysis of each risk on YAGEO with respect to the products or services provided by the Company, and also consider the risk severity and occurrence probability along with the submission of the risk identification and assessment form.

In 2022, YAGEO incorporated the potential impact posed to the Company’s operations by the future climate conditions simulated under the RCP 8.5 scenario of high GHG emissions into the design of climate change risk and opportunity assessment questionnaire, in reference to the fifth assessment report of Intergovernmental Panel on Climate Change (IPCC). YAGEO gathered various unit heads to participate in the TCFD workshop to discuss and identify the climate change risks and opportunities, and the risk and opportunity analysis was conducted with the matrix.

Risk Identification and Management Flow Chart



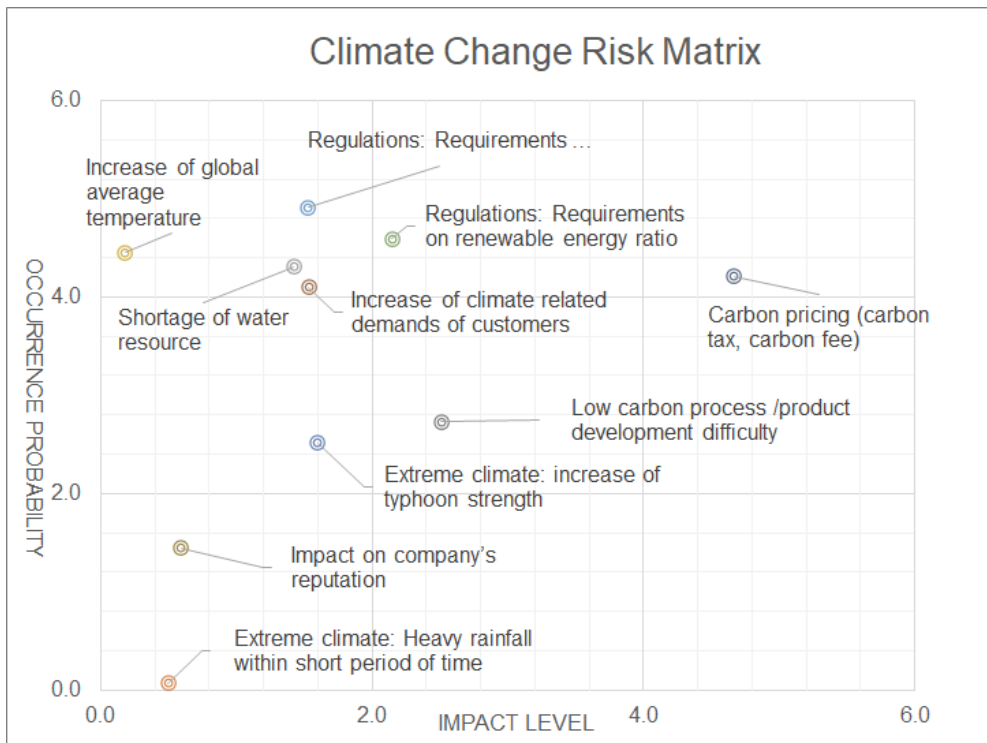
YAGEO has also established the “Emergency Response Management Procedure”, such that emergency response is implemented according to this procedure in case of occurrence of disaster. In the event of interruption of key business process or operation, the business process responsible person is required to inform the convener of the operation continuity management meeting to convene meeting, and the Operation Continuity Management Committee shall discuss and activate the operation continuity management procedure related affairs. The responsible person shall report the on-site rescue status and property loss estimation during the review meeting. According to the review meeting assessment result, the responsible person shall establish the post-disaster loss reduction plan for the operation continuity strategy, and its content shall include: resource type, goal/management item, measure content (strategy or recommendation), action plan and responsible unit. Finally, after the Operation Continuity Management Committee determines that the business process and operation are normal and reports to the Vice President, the recovery plan for the operation continuity management process is then complete.

Climate Strategy

YAGEO has identified 10 climate risks and 9 climate opportunities after comprehensive consideration of domestic and foreign climate change development trend and the Company’s current operation status. Relevant responsible departments of the Company then jointly assess the impact level of climate-related risks and opportunities. According to the impact level on YAGEO and occurrence probability of each risk and opportunity, key climate change related topics requiring response of the Company in priority are identified

after internal survey. In addition, strategies and goals are established in order to implement climate change management.

Climate Risk Identification Result



Note: Horizontal axis-impact level: the most severe impact level on the Company's revenue or operation for a risk item;
 Vertical-axis-occurrence probability: the probability of occurrence of a risk factor having impact on the Company.

Climate Risk and Response Strategy

No	Risk Type	Risk Item	Potential Impact on YAGEO	Possible Occurrence Time	Impact Scope			Potential Impact on Operation or Finance	Response Strategy
					Upstream	Operation	Downstream		
1	Transformation risk - regulations and policies	Carbon pricing (carbon fee)	Governments of various countries have started to collect carbon related fees from enterprises or for products consecutively. Presently, YAGEO has been listed as the subject for the 2nd batch of compulsory declaration of carbon emissions by the Environmental Protection Administration. If the Company does not implement response	Short-Term	V	V		Increase of operating cost due to payment of carbon fee	Convene energy-saving meeting monthly to review the promotion status and outcome of energy saving and carbon reduction plans periodically Nanzi Factory, Dafa Factory and Dashe Factory have implemented the

No	Risk Type	Risk Item	Potential Impact on YAGEO	Possible Occurrence Time	Impact Scope			Potential Impact on Operation or Finance	Response Strategy
					Upstream	Operation	Downstream		
			actions for energy saving and carbon reduction to reduce the carbon emissions of the Company or products, the operating expense will be increased.						ISO 14064 greenhouse gas inventory inspection, including the calculation of emissions of Scopes 1, 2 and 3
2	Transformation risk - regulations and policies	Requirements on renewable energy ratio	The government requires large electricity consumption users to install renewable energy power generation facility or purchase of green electricity. It is necessary to complete the installation of 10% of green electricity by 2025. If such requirement is not complied, penalty may be imposed by the competent authority	Short-Term		V		Increase of capital expense due to purchase of green electricity or installation of renewable energy device If the requirements of the competent authority are not met, the Company may face penalty fine	Dafa Factory III has installed the solar power generation equipment and has been activated in June 2023 Nanzi Factory, Dafa Factory and Dashe Factory plan to purchase green electricity in 2025
3	Transformation risk - regulations and policies	Requirements on energy saving of enterprises	The Bureau of Energy, Ministry of Economic Affairs "Energy Saving Goal and Implementation Plan Specified for Energy Users" regulates that large industry and business enterprises with the electricity consumption above 800 kW are compulsorily required to save electricity of 1% annually and must continue to invest in energy saving improvement cost. In addition, if the electricity saving fails to satisfy the requirement of 1%, the competent authority may impose penalty.	Short-Term		V		Increase of capital expense due to purchase of energy-saving products If the requirements of the competent authority are not met, the Company may face penalty fine	Convene energy-saving meeting monthly to review the promotion status and outcome of energy saving and carbon reduction plans periodically The goal of annual electricity saving of 1% has been set

No	Risk Type	Risk Item	Potential Impact on YAGEO	Possible Occurrence Time	Impact Scope			Potential Impact on Operation or Finance	Response Strategy
					Upstream	Operation	Downstream		
4	Transformation risk - technology	Low carbon process /product development difficulty	To implement sustainable development, the Company must head toward the development of green (low carbon) products and green (low carbon) process improvement, the investment in human resource and R&D time will cause the operating cost to increase	Medium-Term		V		R&D of low carbon process technology requires human resource and R&D time, such that the operating cost is increased	Continue to develop high end and low energy consumption process technologies and innovative applications
5	Transformation risk - market	Increase of climate related demands of customers	Customers request suppliers to also reduce carbon emissions jointly as they expand the carbon reduction to the supply chain. Accordingly, customers may request the products of YAGEO to use a certain ratio of renewable energy or to respond to the international initiatives, such as Paris Agreement and Carbon Disclosure Project (CDP), etc.	Medium-Term		V	V	To satisfy customer demands, the purchase of green electricity or implementation of renewable energy device can cause increase of the capital expense Corresponding international initiatives will cause increase of the operating cost	To satisfy customer demands, presently, the Company has planned to purchase green electricity and to implement renewable energy equipment Continue to respond to CDP climate change and water safety questionnaires

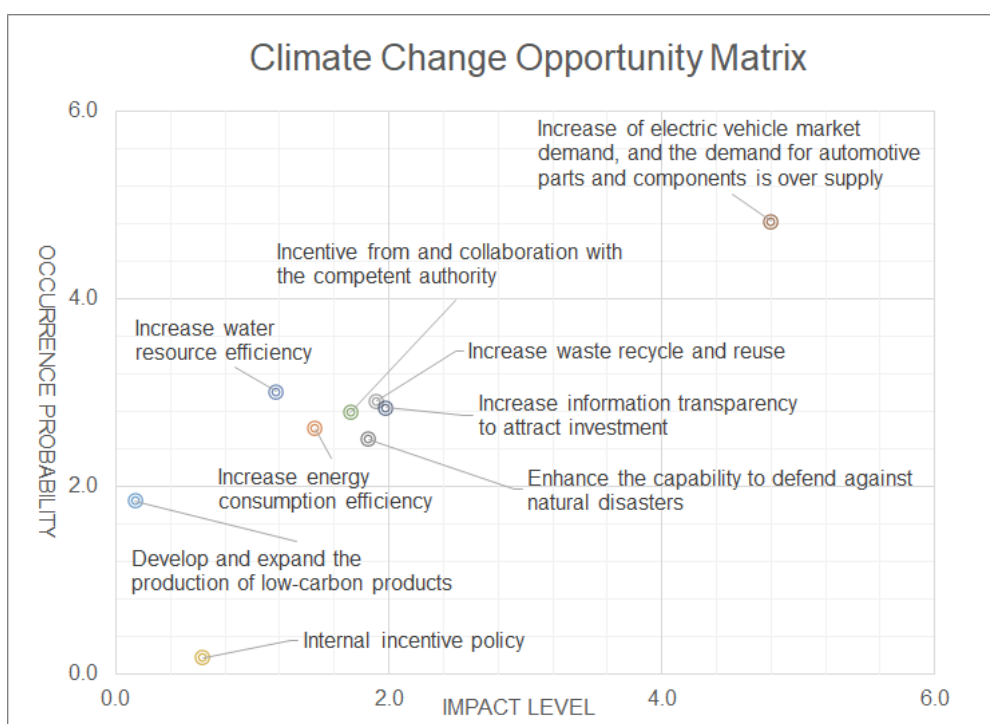
No	Risk Type	Risk Item	Potential Impact on YAGEO	Possible Occurrence Time	Impact Scope			Potential Impact on Operation or Finance	Response Strategy
					Upstream	Operation	Downstream		
6	Physical risk - long-term	Shortage of water resource	Extreme climate causes uneven rainfall, and the water shortage in the southern region of Taiwan is relatively more severe than the northern region of Taiwan. The situation of long period of time without rainfall can cause shortage of water resource, and water restriction policy can result in the interruption of product manufacturing and decrease of production capacity	Long-Term	V	V		To overcome the emergency situation of water shortage, the activation of water truck to transport water can cause increase of the operating cost and result in the increase of product investment cost	The Company has established the Business Continuity Planning in order to consider climate related situations of flood, rainfall and drought for the operation, and to identify the hazard level, maximum tolerable period of disruption (MTPD) and recovery time objective (RTO) Water truck for water transportation will be activated in case of emergency
7	Physical risk - Immediacy	Increase of typhoon strength	According to the research, the number of typhoons striking Taiwan at the end of 21st century will decrease by 55%; however, the ratio of strong typhoons will increase by 50%. YAGEO may face the typhoon rainfall and wind hazard that can cause direct impacts of damage of operating equipment, power interruption and personnel injury/death, and may also cause indirect impacts of upstream/downstream supply chain service interruption	Short-Term	V	V	V	Increase of operating cost due to overcoming the power interruption and the damage of operating equipment caused by typhoon Decrease of revenue due to operation interruption caused by typhoon	The Company has established the Business Continuity Planning in order to consider climate related situations of flood, rainfall and drought for the operation, and to identify the hazard level, maximum tolerable period of disruption (MTPD) and recovery time objective (RTO)
8	Transformation risk - reputation	Impact on company	Due to the increasing environmental awareness of the government,	Short-Term		V	V	Increase of operating cost due to	Implement wastewater, waste and air

No	Risk Type	Risk Item	Potential Impact on YAGEO	Possible Occurrence Time	Impact Scope			Potential Impact on Operation or Finance	Response Strategy
					Upstream	Operation	Downstream		
		y's reputation	community and various stakeholders, if there is any environmental-related negative news on the Company due to enterprise of large carbon emissions or legal matters, the Company will need to invest in manpower to provide appropriate response timely. If it fails to meet the expectation, it can affect the reputation of the Company or even the crisis of suspension of operation. In addition, to improve the reputation, the Company will also need to publish ESG Report, participate in the international evaluations (such as CDP, DJSI, etc.) such that the operating expense of the Company will also be increased.					response to stakeholders and corresponding international initiatives Purchase willingness of customers can be affected due to the failure in meeting the expectation of stakeholders due to poor brand sustainability image, resulting in decrease of revenue	pollution management, in order to prevent occurrence of illegal matters Respond stakeholders in various sectors through participation in international evaluation and release of ESG Report, in order to improve the green enterprise image of YAGEO
9	Physical risk - long-term	Increase of global average temperature	Global average temperature continues to rise. According to the analysis of Academia Sinica, the temperature increase speed in Taiwan is faster than the global temperature. Under the most severe situation of the global warming, the temperature may increase by 3.4 degree Celsius by the end of 21st century. Under the impact of continuous increasing temperature, the energy consumption of the air conditioning and chiller unit systems also increase, resulting in increase of cost and expense	Long-Term		V		Increase of operating cost due to increase of energy consumption of the air conditioning and chiller unit systems	YAGEO has established the Business Continuity Planning in order to consider climate related situations of flood, rainfall and drought for the operation, and to identify the hazard level, maximum tolerable period of disruption (MTPD) and recovery time objective (RTO)
10	Physical risk - Immediacy	Heavy rainfall	Climate change can cause the increase of	Short-Term		V		Increase of operating	YAGEO has established the

No	Risk Type	Risk Item	Potential Impact on YAGEO	Possible Occurrence Time	Impact Scope			Potential Impact on Operation or Finance	Response Strategy
					Upstream	Operation	Downstream		
		within short period of time	extreme rainfall events. Academia Sinica predicts that by the end of the 21st century, the single-day heavy rainfall strength in Taiwan will increase by at least 15.3%. Heavy rainfall within a short period of time can cause flooding at YAGEO's factory sites, such that machines and equipment may be damaged, and some of the production lines will not be able to operate normally. In addition, the equipment repair expense will cause the operating cost to increase				cost due to overcoming the damages of machines and equipment caused by heavy rainfall Decrease of revenue due to production lines' failure to operate normally caused by heavy rainfall	Business Continuity Planning in order to consider climate related situations of flood, rainfall and drought for the operation, and to identify the hazard level, maximum tolerable period of disruption (MTPD) and recovery time objective (RTO)	

Note: Short-term - 1~3 years; Medium-term - 4~6 years; Long-term - above 7 years (inclusive).

Climate Opportunity Identification Result



Note: Horizontal axis - impact level: if the opportunity item occurs, the amount of revenue or cost saved to the Company; Vertical axis - occurrence probability: the occurrence probability of the opportunity factor providing benefits to the Company

Climate Opportunity and Response Strategy

No	Type	Opportunity item	Descriptions of opportunity	Possible occurrence time	Impact scope			Potential impact on operation or finance	Response strategy
					Upstream	Operation	Downstream		
1	Market	Increase of electric vehicle market demand, and the demand for automotive parts and components is over supply	The electric vehicle market trend is clear, such that the demand for automotive components (automotive capacitors, automotive chip resistors) will be driven to grow. Ensure stable supply of products through the increase of automotive component production, in order to seize opportunities to engage in long-term cooperation with automotive giant manufacturers	Short-term	V	V	V	Successfully establishment of long-term cooperation with automotive giant manufacturers will increase the revenue of the Company	<ul style="list-style-type: none"> • Continue to track the electric vehicle market development status • Actively research and develop relevant products in order to seize the market trend
2	Market	Increase information transparency to attract	Publicly disclose information of the Company's ESG performance/sustainability	Medium-term		V	V	Establish proper sustainability brand image of the Company and proper	<ul style="list-style-type: none"> • Periodically release the Chinese and English versions

No	Type	Opportunity item	Descriptions of opportunity	Possible occurrence time	Impact scope			Potential impact on operation or finance	Response strategy
					Upstream	Operation	Downstre		
		investment	indicator, etc., strengthen the Company's management on the climate-related risks and opportunities, in order to gain the trust of investors and customers					relationship with stakeholders, and gain the trust of investors and customers, in order to increase the revenue of the Company	<p>of ESG Report, and improve the transparency and communication of sustainability information disclosure</p> <ul style="list-style-type: none"> • Continue to respond to CDP climate change and water safety questionnaires
3	Resource efficiency	Increase waste recycle and reuse	Introduce circular economy model based the consideration of product lifecycle. Recycle and reuse waste liquids and wastes generated from the manufacturing process, in order to reduce the use of new raw materials and output of wastes, thereby promoting sustainable use of resources as well as reducing production cost and waste treatment expense	Medium-term		V	V	Promotion of waste recycle and reuse and reduction of waste output will be able to reduce the waste treatment expense, such that the operating cost of the Company is reduced	<ul style="list-style-type: none"> • Collaborate with Nan Ya Plastics in the PET film recycle project, in order to increase the waste recycle and reuse rate • Implement technology improvement to reduce waste generation
4	Market	Incentive from and collaboration with the competent authority	Cooperate with the domestic competent authority encouraging domestic enterprises to invest in renewable energy development. Through the installation of renewable energy peripheral equipment, such as solar power, the Company is able to participate in the carbon reduction incentive projects and to maintain stable and proper cooperation relationship with the competent authority	Short-term			V	Introduce renewable energy device to comply with the requirements of the competent authority and to reduce operating cost of the Company	<ul style="list-style-type: none"> • Continue to monitor market trend and requirements of the competent authority • Periodically perform greenhouse gas inventory inspection and verification, in order to review the carbon reduction project execution outcome

No	Type	Opportunity item	Descriptions of opportunity	Possible occurrence time	Impact scope			Potential impact on operation or finance	Response strategy
					Upstream	Operation	Downstre		
5	Resilienc e	Enhance the capability to defend against natural disasters	Develop the adaptive capability to climate change, identify and manage climate change related risks early, establish disaster protection measures and emergency response strategy, reduce financial impact of physical and transformative risks on the operation	Medium-term		V		Reduce the probability of operation interruption through establishment of disaster preventive measures and reduce financial loss of the Company due to natural disaster	<ul style="list-style-type: none"> • Manage various climate related risks through BCP management, and establish response measures and management strategies • Periodically inspect the safety condition of facilities and structures
6	Resource efficiency	Increase energy consumption efficiency	Through the inspection of the overall operation performance of the machines, equipment and facilities, seek the opportunity for improving the energy use efficiency. In addition to the compliance with the regulations and customers' requirements for low-carbon products, reduce energy consumption at the same time in order to reduce operating costs	Short-term		V	V	Continue to improve energy use efficiency in order to reduce the electricity consumption of the Company, thus save operating cost and increase production capacity	<ul style="list-style-type: none"> • Convene energy-saving meeting monthly to review the promotion status and outcome of energy saving and carbon reduction plans periodically • The goal of annual electricity saving of 1% has been set
7	Resource efficiency	Increase water resource efficiency	Use water resource sufficiently, increase water resource recycle and reuse rate in order to reduce the reliance on natural water resource, and enhance the operational resilience against extreme climate, as well as reduce the probability of impact and loss	Short-term	V	V		<ul style="list-style-type: none"> • Continue to improve water resource use efficiency in order to reduce the water consumption of the Company, thus save operating cost • Since water plays an important role in the manufacturing process, the reduction of reliance on natural water resource is able to reduce the probability of operation interruption 	<ul style="list-style-type: none"> • Continue to promote process improvement, such as change the original printing process to electroplating printing, in order to reduce water consumption • Introduce wastewater recycle equipment in order to increase the wastewater reuse ratio

No	Type	Opportunity item	Descriptions of opportunity	Possible occurrence time	Impact scope			Potential impact on operation or finance	Response strategy
					Upstream	Operation	Downstre		
8	Products and services	Develop and expand the production of low-carbon products	To cope with the international trend of carbon reduction, product/raw material carbon footprint has become the key indicator for customers to select suppliers. If low-carbon process technology can be developed, product carbon footprint can be reduced, and the Company is able to seize the low-carbon business opportunities and to increase the market competitiveness.	Medium-term	V	V		Develop and expand the production of low-carbon products will satisfy future customer demands, and the Company's competitiveness is improved such that the revenue is also increased.	Continue to understand customers' demand for low-carbon product transformation trend.
9	Energy source	Internal incentive policy	Through the setting of climate-related KPI of each department or the organization of energy saving, water saving and waste reduction action proposals and contests, remuneration can be combined or proposal incentives can be provided to attract employees to respond to the climate actions of the Company, in order to improve the overall energy saving and carbon reduction performance of the Company, thereby achieving the goal of decreasing resource usage and reducing the operating cost of the Company.	Short-term		V		The actions of energy saving and water saving of the Company through internal incentive policy will be able to save the operating cost of the Company.	Presently, no relevant strategy has been established.

Note: Short-term - 1~3 years; Medium-term - 4~6 years; Long-term - above 7 years (inclusive).

Scenario Analysis

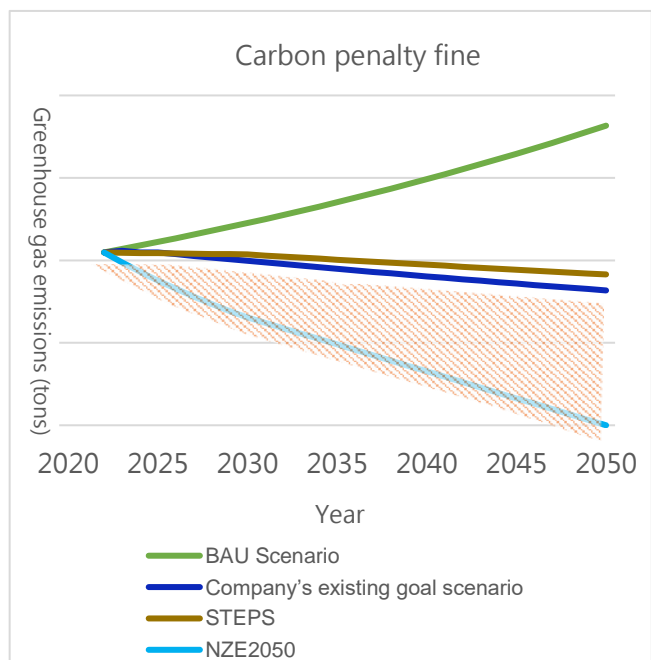
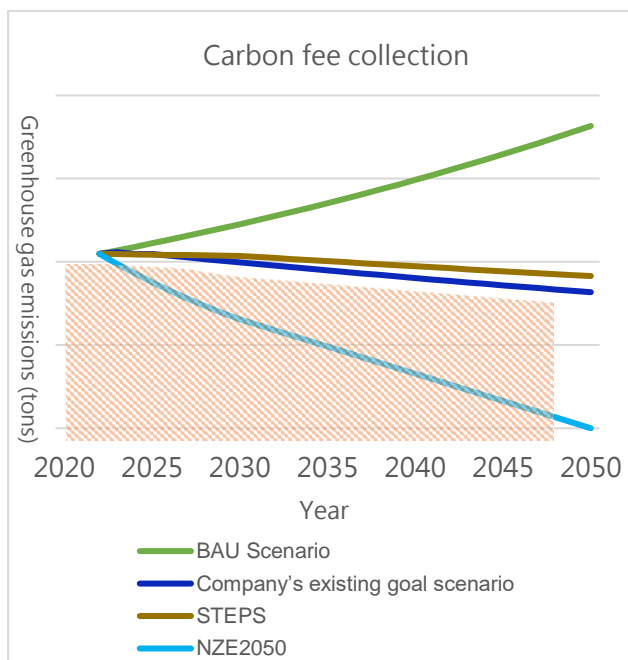
Transformation risk: carbon pricing (carbon fee)

Net zero emissions by 2050 has become an important goal for climate change. The Taiwanese government has approved the third-reading of "Climate Change Response Act" in 2023, and the Environmental Protection Administration will collect carbon fee from enterprises in stages. To assess the risk associated with the tougher carbon management regulations and carbon pricing, YAGEO has referred to the World Energy Outlook 2021 announced by the International Energy Agency (IEA) and makes assumption based on the two

scenarios of “Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 Scenario (NZE), with YAGEO’s 2021 greenhouse gas emission condition as the base year, in order to estimate the difference between the carbon reduction goal and actual greenhouse gas emissions under different scenarios. Furthermore, the carbon price of each scenario is also considered, in order to analyze the possible financial impact faced by YAGEO under the two systems of carbon fee collection and carbon penalty fine of total emissions control.

Scenario	Scenario description	Parameter description
Business As Usual (BAU) scenario	YAGEO has not adopted any actions in response to greenhouse gas emissions reduction	Assess the greenhouse gas Scope 1 and Scope 2 growth trend according to the energy and electricity demand growth rate predicted by YAGEO
Stated Policies Scenario (STEPS) scenario	For the development under existing policy, the global average temperature will increase by 2.6°C in 2100 in comparison to the industrialization period	Carbon price: USD 10 in 2030, and USD 53 in 2050 Carbon reduction path: 1.17% in 2030, and 12.72% in 2050
Net Zero Emissions by 2050 (NZE) scenario	Assess the global realization of the goal of 1.5°C and other energy related sustainable development goal progress status	Carbon price: USD 90 in 2030, and USD 200 in 2050 Carbon reduction path: 37.64% in 2030, and 100% in 2050
Company’s existing goal scenario	YAGEO sets the goal of annual electricity saving of 1%	Carbon price: NT\$300 Carbon reduction path: Reduction of 1% annually for Scope 2

Based on the example of the Company’s existing goal scenario, the analysis of the required payment of carbon fee under the carbon fee collection system and the required payment of carbon penalty fine for the total emissions control under the NZE 2050 scenario is as follows:



From the analysis of the carbon fee collection system, it can be understood that if YAGEO adopts no action to reduce the greenhouse gas emissions, the Company may face the carbon fee of NT\$218.01 million. Under the condition where the existing goal is achieved, the carbon fee expense can be reduced to NT\$98.11 million. For the carbon reduction path and carbon fee under the STEPS scenario set by IEA, the 2050 carbon fee estimated under such scenario is relatively higher, and YAGEO may face the carbon fee exceeding NT\$500 million.

Carbon fee collection system (unit: NT\$ million)				
Year	BAU scenario	Company's existing goal scenario	STEPS scenario	NZE scenario
2030	147.14	119.64	124.29	705.85
2050	218.01	98.11	581.77	0

Assuming that in the future, Taiwan adopts the total emissions control system and imposes carbon penalty fine on enterprises, if the STEPS scenario is used as the total emissions control standard, when YAGEO implements the existing greenhouse gas reduction goal, the emissions of the Company in 2030 and 2050 will be lower than the total emissions control, such that the Company will not be required to pay penalty fine. If the NZE scenario is used as the total emissions control standard, when YAGEO implements the existing greenhouse gas reduction goal, by 2030, since the scenario is of higher carbon fee, the Company may face the carbon penalty fine of NT\$370.9 million, and as for 2050, since the existing goal has not achieved the net zero emissions, the Company will be required to pay the carbon penalty fine of NT\$1.96216 billion. If the existing goal cannot be achieved, based on the BAU status for estimation, under the two scenarios of STEPS and NZE, the Company will face carbon penalty fines.

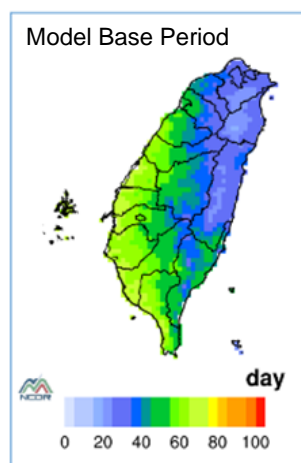
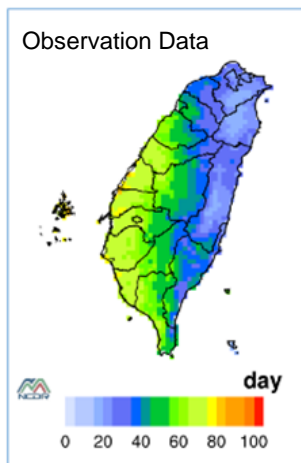
Carbon penalty fine (unit: NT\$ million)						
Year	STPES scenario of total emissions control			NZE scenario of total emissions control		
	Penalty fine generated according to BAU (A)	Penalty fine generated according to the existing goal of the Company (B)	Benefit for implementing the Company's existing goal (A-B)	Penalty fine generated according to BAU (C)	Penalty fine generated according to the Company's existing goal (D)	Benefit for implementing the Company's existing goal (C-D)
2030	22.84	0	22.84	618.39	370.90	247.49
2050	573.66	0	573.66	4,360.11	1,962.16	2,397.95

Physical risk: water resource shortage

The drought report announced by the United Nations Convention to Combat Desertification (UNCCD) in 2022 indicated that due to the increasing severity of climate change, the global drought occurrence frequency and continuation period increased by 29% in comparison to 2000. Extreme climate can cause uneven rainfall, and the rainfall in the southern region of Taiwan continues to reach new record high. Accordingly, water resource shortage will affect the process and product supply of YAGEO.

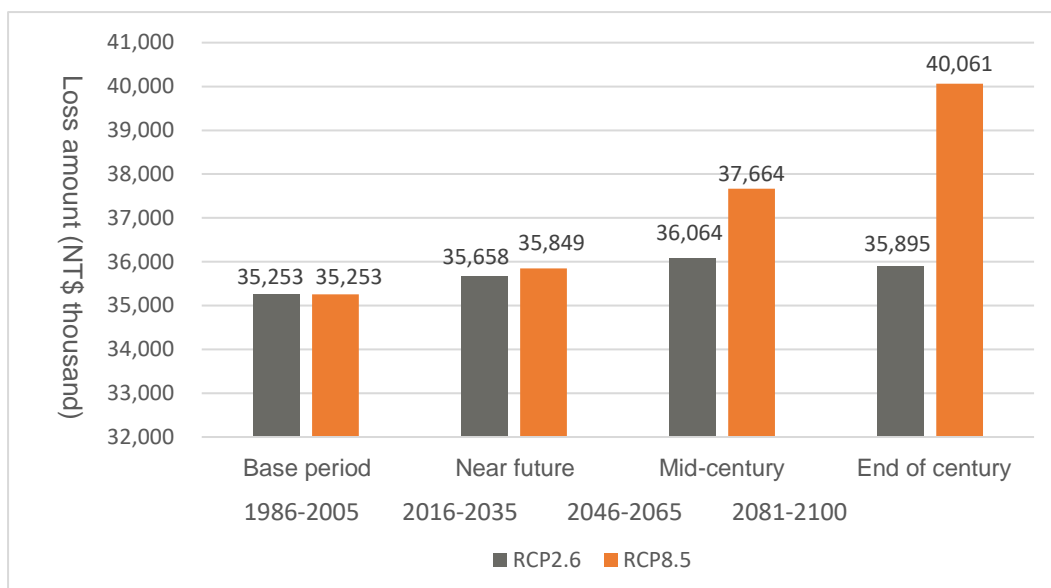
YAGEO has statistically analyzed the water shortage amount of water restriction events occurred in the past and has also considered the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) along with the use of the RCP2.6 and RCP8.5 scenarios of the IPCC 5th assessment report and the climate key indicator -maximum number of consecutive days without rainfall in Kaohsiung City (i.e., the number of consecutive days with maximum single-day accumulated rainfall less than 1mm) average change rate, in order to estimate the water resource shortage status of YAGEO in the near future (2016-2035), during the middle of 21st century (2036-2065) and the end of 21st century (2071-2100), and to quantitatively analyze possible financial impact.

Scenario	Scenario description	Parameter description
RCP2.6	At the end of 21st century, the radiation forcing per square meter will be increased by 2.6 W, indicating low radiation forcing mitigation scenario	Average change rate of annual maximum consecutive number of days without rainfall in Kaohsiung City Near future: 1.51 % Mid-century: 2.30 % End of century: 1.82 %
RCP8.5	At the end of 21st century, the radiation forcing per square meter will be increased by 8.5 W, indicating the scenario of high greenhouse gas emissions	Average change rate of annual maximum consecutive number of days without rainfall in Kaohsiung City Near future: 1.69 % Mid-century: 6.84 % End of century: 13.64 %



With regard to the analysis of various scenarios of possible occurrence of water resource shortage that may be faced by YAGEO, under the scenario of RCP2.6 in the near future, YAGEO may face the property loss at an amount of NT\$35.66 million; under the scenario of RCP8.5 in the near future, the Company will face the property loss of NT\$35.85 million; under the scenario of RCP2.6 during the mid-century, YAGEO may bear the property loss of NT\$36.06 million; under the scenario of RCP8.5 during the mid-century,

YAGEO may face the property loss of NT\$37.66 million; under the scenario of RCP2.6 at the end of the century, YAGEO may face the property loss of NT\$35.9 million due to water shortage; under the scenario of RCP8.5 at the end of the century, the Company may face the property loss reaching NT\$40.06 million. In view of the above, regardless of the near future, mid-century or end of the century, under the prediction situation of the scenario of RCP2.6 or RCP8.5, the property loss will be greater than NT\$35 million. Accordingly, YAGEO shall develop comprehensive response strategy and measures, in order to reduce the financial impact of water resource shortage to the minimum.



Indicators and Goals

To effectively manage the response actions of YAGEO for climate change, the Company has established various risk related indicators in order to measure the outcome of climate actions. Through the TCFD governance framework, the Company implements climate strategy one after another and also established climate related goals along with flexible adjustments according to the global trend, policies and regulations. In addition, the Company periodically reviews the goal achievement status, and continues to reduce the impact of climate change on the Company while increasing the Company's resilience against climate change in the future.

TCFD disclosure content	Promotion strategy
Organization's indicators for assessing climate related risks and opportunities according to the strategy and risk management process	The greenhouse gas emissions, electricity consumption, renewable energy consumption and water recycle rate have been established as the measurement indicators for climate related risks and opportunities
Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks	YAGEO's factory sites in Taiwan have performed greenhouse gas emissions calculation according to ISO 14064-1 and relevant data has been disclosed. Please refer to 6.3 Energy and Greenhouse Gas Management for details
Organization's goal used for managing climate related risks and opportunities and the performance of implementing such goal	Climate related goals has been established, including the aspects of water resource, electricity, renewable energy and greenhouse gas. For relevant data and objective outcome, please refer to 6.3 Energy and Greenhouse Gas Management and 6.4 Water Resource Management for details

Climate Related Aspect	Indicator	Target
Water Resource Consumption	<ul style="list-style-type: none"> • Wastewater recycling rate • Water consumption per production capacity unit • Water consumption 	<ul style="list-style-type: none"> • Dafa Factory wastewater recycling rate reached 15% • Dongguan Factory's water consumption per production capacity unit reduced by 1% • Nanzi Factory's water consumption reduced by 3%
Use Of Electricity	Total electricity consumption	Annual electricity saving of 1%
Renewable Energy Consumption	Renewable energy consumption ratio	Kaohsiung Dashe Factory will change 30% of the facility electricity consumption to green electricity before December 2024
Greenhouse Gas Emissions	Greenhouse gas emissions	Organization's greenhouse gas emissions reach net zero emissions by 2050 (Scope 1+Scope 2)

6.3 Energy and GHG Management

In recent years, environmental disasters around the world have been a result of global warming. At YAGEO, we are aware of the damage GHG emissions pose to the environment. Given our dedication to life and society, YAGEO has established a systematic inventory for GHG emissions and made an inventory. Moreover, YAGEO also formulated internal documentation and verification procedures. By achieving energy conservation, industrial waste reduction, resource recovery and reuse, we hope to make an effort towards a low-carbon economy society for the future of Taiwan's industry. In an effort to effectively manage YAGEO's energy use and prevent waste of resources and energy while also seeking to improve the efficiency of utilization, all factories have set a goal to save energy by 1% or more each year in response to the government's regulations on energy conservation. Also, an annual GHG inventory is performed. The factory premises in Taiwan is verified by a third party each year, while the factory premises in China is under planning.

In 2022, all factories of YAGEO continued to implement energy saving plan and to improve energy efficiency. The implementation outcome, in comparison to the previous year, indicated a reduction of energy consumption by 17.3% and a reduction of greenhouse gas emissions by 15.8%. The indicators of energy and carbon emissions demonstrate outstanding performance in comparison to the past. In the future, YAGEO will continue to plan energy saving and carbon reduction measures, in order to make greater contribution to the environmental protection and to implement sustainable development.

2022 Greenhouse Gas Emissions Inventory Inspection and Verification Implementation Status

(●: Implemented ○: Not yet implemented)

Factory premises	Taipei Hq (Xindian)	Kaohsiung Dashe Factory (R-Chip)	Kaohsiung Nanzi Factory (MLCC)	Kaohsiung Dafa Factory (MLCC)	Suzhou Factory (R-Chip)	Suzhou Factory (MLCC)	Dongguan Factory (Trial Packaging)
GHG Emission Inventory	●	●	●	●	●	●	●
Greenhouse Gas Emission Verification/Assurance	●	●	●	●	●	●	●

Note : In 2022, for the assurance of Scope 1 and Scope 2 of Suzhou Factory and Dongguan Factory, Deloitte & Touche was entrusted to perform third party limited assurance on the GRI 305-1: 2016 Direct (Scope 1) GHG emissions and GRI 305-2: 2016 Energy indirect (Scope 2) GHG emissions according to the Assurance Standards No. 3000.

Energy Use

Energy type	Unit	2019	2020	2021	2022
Power procured from external sources (general)	Degree	425,889,346	526,559,349	601,649,361	494,317,953
	GJ	1,478,427	1,895,614	2,165,938	1,779,545
Externally purchased electricity (renewable)	GJ	-	-	-	11,160
Self-generated electricity (renewable)	GJ	-	-	-	3,648

Energy type	Unit	2019	2020	2021	2022
Natural gas (NG)	Cubic meter	418,986	468,564	494,083	555,787
	GJ	15,777	15,694	18,699	20,996
Diesel	liter	11,346	16,009	16,508	9,755
	GJ	399	563	581	343
Gasoline	liter	2,033	2,813	3,440	3,491
	GJ	66	92	112	114
Liquid Petroleum Gas (LPG)	liter	2,117	2,429	1,860	1,209
	GJ	59	67	52	34
Steam	tons	-	-	-	53,385
	GJ	-	-	-	146,807
Total Energy Consumption	GJ	1,549,503	1,912,030	2,185,382	1,962,646
Turnover	\$Thousand	39,267,888	55,882,811	68,189,953	47,446,409
Energy Intensity	GJ/\$ Thousand	0.039	0.034	0.032	0.041

Note 1: The energy data only cover YAGEO's factory premises and Headquarters in Taiwan, and factory premises in China. In addition, the calculation of Suzhou Factory's externally purchased electricity steam was further added in 2022.

Note 2: Energy calorific value: The calorific value of power procured from external sources: 3,600 GJ/million kWh. For the factory premises in Taiwan, based on the Environmental Protection Administration's "Greenhouse Gas Emission Coefficient Management Table Version 6.0.4," the imported natural gas, automotive gasoline, diesel and liquefied petroleum gas adopt the coefficients, 9,000 kcal/m³, 7,800 kcal/L, 8,400 kcal/L and 6,635 kcal/L, respectively. For the factory premises in China, based on the 2019 China regional power grid carbon dioxide baseline emission factors published by the Ministry of Ecology and Environment of the People's Republic of China, the natural gas adopt the coefficient of 38,931MJ /km³, the coefficient of 42,652MJ/t for diesel, 43,070MJ/t for gasoline, and 2.75GJ/t for steam enthalpy.

Note 3: Calculated at 4.186 J per cal.

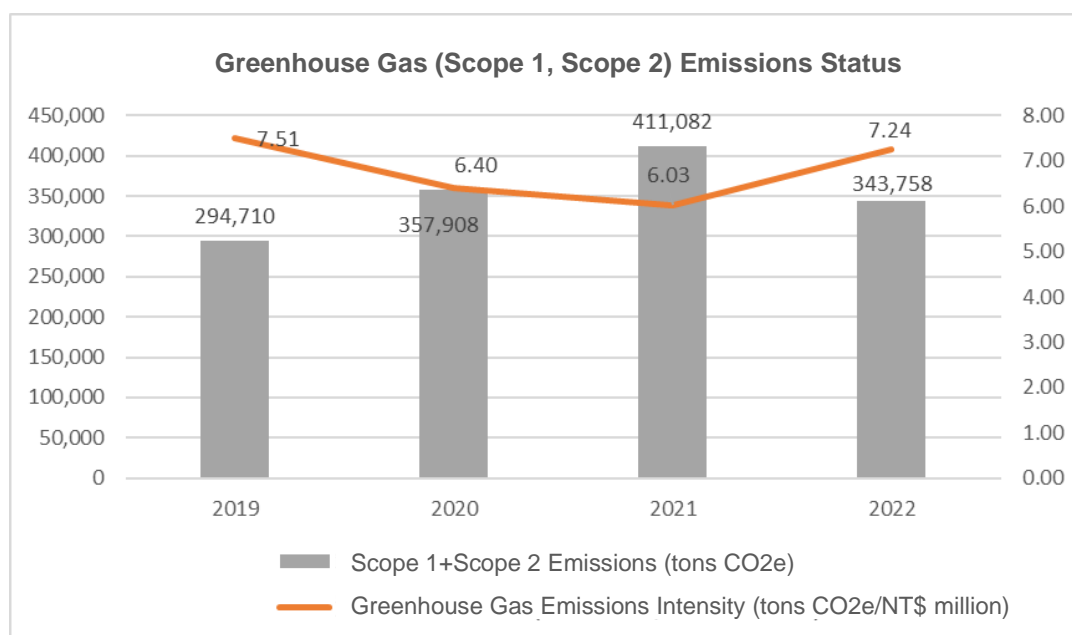
Note 4: For the power procured from external sources, the electricity bill shall govern. For the NG and LNG, the payment receipt or procurement details shall apply. For gasoline and diesel, the meter reading or invoice shall serve as the basis for statistics.

Note 5: In 2022, for the renewable energy consumption status, the two factories in Suzhou's externally purchased green electricity totaled 3,100,000 kWh (11,160 GJ), and the Unbundled RECs was adopted, accounted for 1.05% of the total electricity consumption. Dongguan Factory self-generated photovoltaic power for a total of 1,013,334 kWh (3,648 GJ) without sale to others, accounted for 6.85% of the total electricity consumption. Accordingly, the total electricity consumption was 4,113,334 kWh (14,808GJ).

Note 6: The total energy consumption in 2022: Headquarters Office Building of 6,265 GJ, Kaohsiung Dashe Factory of 212,524 GJ, Kaohsiung Dafa Factory of 295,973 GJ, Kaohsiung Nanzi Factory of 329,621 GJ, two factories in Suzhou of 1,062,862 GJ, and Dongguan Factory of 53,266 GJ.

Note 7: in 2022, the percentages of externally purchased electricity were: Kaohsiung Dashe Factory of 99.95%, Kaohsiung Dafa Factory of 94.20%, Kaohsiung Nanzi Factory of 99.92%, two factories in Suzhou of 86.02%, and Dongguan Factory of 93.15%.

■ GHG Emissions



Item	Unit	2019	2020	2021	2022	
					Location-Based	Market-Based
Scope 1 (Direct) GHG emissions	Metric tons of CO ₂ e	3,075	3,065	4,653	3,915	
Scope 2 (Indirect) GHG emissions	Metric tons of CO ₂ e	291,635	354,843	406,429	342,299	339,843
Scope 1 + Scope 2 GHG emissions	Metric tons of CO ₂ e	294,710	357,908	411,082	346,213	343,758
Turnover	NT\$million	39,268	55,883	68,190	47,446	
GHG emissions intensity	Metric tons of CO ₂ e/NT\$million	7.51	6.40	6.03	7.29	7.24
Scope 3 (Other indirect) emissions	Metric tons of CO ₂ e	-	-	33,378	41,396	

Note 1: The statistical scopes for the four years cover the factory premises in Taiwan and China, and the Headquarters. In 2022, the Scope 1 emissions of the factory sites and headquarters office building in Taiwan was 7 tons CO₂e, and the Scope 2 emissions was 858 tons CO₂e. For Dongguan Factory, the Scope 1 emissions was approximately 60 tons CO₂e (septic tank only) and the Scope 2 emissions was 11,084 tons CO₂e (externally purchased electricity only). For the two factories in Suzhou, the Scope 1 emissions was approximately 101 tons CO₂e (natural gas and gasoline only), and the Scope 2 emissions calculated based on the location was 217,312 tons CO₂e (covering the externally purchased electricity and steam only), and the Scope 2 emissions of the two factories in Suzhou calculated based on the market was 214,856 tons CO₂e.

Note 2: The emission coefficient of the factory sites in Taiwan used the "Greenhouse Gas Emission Coefficient Management Table 6.0.4 Edition" announced by the Environmental Protection Administration, Executive Yuan. The electricity carbon emission coefficient used the 2022 electricity carbon emission coefficient of 0.495 kg CO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs.

Note 3: Suzhou Factory in China used 2019 Huadong grid emission factor of 0.7921 tCO₂/MWh announced by the Ministry of Ecology and Environment of the People’s Republic of China, and the natural gas heating value was 38,931 KJ/m³, gasoline heating value was 43,070 KJ/kg, and steam was 2.75GJ/t. The global warming potential value (GWP) used the 2013 IPCC 5th assessment report. Dongguan Factory in China used the 2019 southern power grid emission factor of 0.8042tCO₂/MWh announced by the Ministry of Ecology and Environment of the People’s Republic of China. The global warming potential value (GWP) used the 2017 IPCC 4th assessment report. The types of greenhouse gas considered included CO₂, CH₄, N₂O, HFCs, NF₆.

Note 4: The greenhouse gas emission intensity is calculated based on the total emissions under Scope 1 and Scope 2. GHG emissions under Scope 1 and Scope 2 are aggregated under the operational control method.

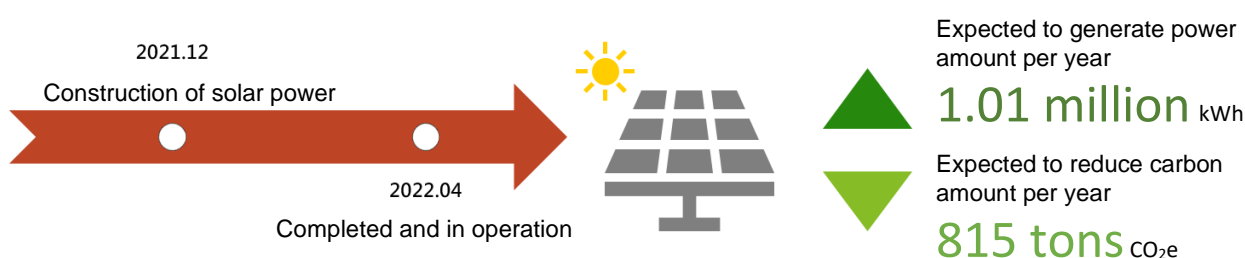
Note 5: The identification of the greenhouse gas emissions for the headquarters office building did not include air conditioning refrigerant.

Note 6: The total emissions under Scope 3 in 2021 and 2020 have not been counted. The statistical data under Scope 3 in 2022 covered the factory sites in Taiwan and the headquarters office building, but the factory sites in China were excluded. The emission categories mainly include "purchased products and services," "activities related to fuel and energy," "upstream transportation and distribution," "waste generated during operations," "business travel," "employees’ commuting," "downstream transportation and distribution" and "processing of products sold." In 2022, the statistical scope of Scope 3 was the same as that of 2021, and the emission category further included "Upstream lease assets", "Use of products sold", "Final disposal of products sold", "Downstream lease assets", "franchise operation", "Investment", Others (upstream)" and "Others (downstream)".

■ Renewal energy construction and consumption planning

In response to the renewable energy trend, YAGEO has been planning the renewal energy procurement and equipment construction in the recent year. With regard to the utilization rate of renewable energy, Kaohsiung Dashe Factory is expected to convert 30% of the Factory’s electricity consumption to green power before December 2024, and it is expected to purchase 1.2 million kWh of green electricity. The two factories in Suzhou, China plans to purchase 15 million kWh of green electricity between Q4 of 2022 and Q3 of 2023. Dongguan Factory in China has started the construction of solar photovoltaic equipment in 2021, and the installation capacity is 1,000 kW, which has been completed and in operation in April 2022. The actual solar power generation capacity in 2022 reached 1,013,334 kWh, and such electricity was supplied to the packaging factory for use completely. It is expected to reduce approximately 814,923 kg CO_{2e}.

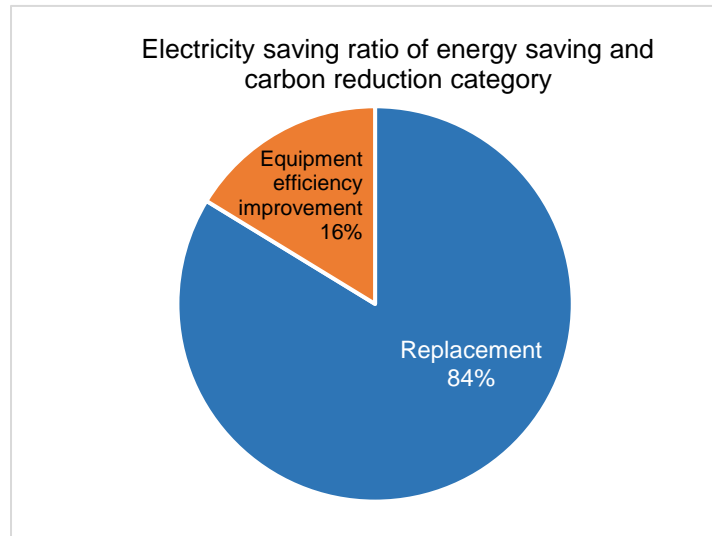
Construction of solar power equipment at Dongguan Factory in China



Note: In order to calculate the estimated carbon reduction volume, Dongguan Factory in China adopted the 2019 southern power grid emission factor published by the Ministry of Ecology and Environment of the People’s Republic of China, namely 0.8042 tCO₂/MWh.

■ Key Energy Conservation and Carbon Reduction Projects

Each of YAGEO's factories will identify the projects that may improve energy efficiency, energy conservation and carbon reduction in the environment of factory equipment and production process, and implement the same after setting forth the plans and evaluating the benefits thereof. The main measures implemented in 2022 primarily cover the categories including replacement of equipment, improvement of equipment performance and improvement of production process, e.g. air compressor waste heat recovery project (use of air compressor waste heat recovery for electroplating equipment hot water tank instead of electroplating equipment water heater), and improve the operating efficiency of air-conditioning box by 15% under the air-conditioning replacement project.



◆ : Equipment replacement ↗ : Equipment efficiency improvement

Factory premises	Type	Item	Estimated electricity-saving benefit (ten thousand kWh/year)	Estimated carbon reduction (tons CO ₂ e/year)	Scope of carbon reduction
Dashe Factory	◆	Replaced T5 lighting 28W with LED light tubes	47	233	Scope 2
	↗	Engineering work of additional installation of variable frequency control for air conditioner cooling water motors	52	257	
Nanzi Factory	◆	500RT chiller unit replacement	107	531	
	◆	Replacement of air compressor	19	93	
	↗	Change of AC FFU of cleanroom environment area to DC FFU filter	10	51	
Suzhou Factory	◆	Use panels to replace chiller unit during winter	68	539	

Factory premises	Type	Item	Estimated electricity-saving benefit (ten thousand kWh/year)	Estimated carbon reduction (tons CO ₂ e/year)	Scope of carbon reduction
	◆◆	Replacement of the lighting in the public area of the facility with LED energy-conservation type	14	113	
Dongguan Factory	◆◆	Replacement of vacuum pumps	38	302	
	◆◆	Replacement of air compressor	26	203	
Total			381	2,321	

Note 1: Since the six energy-conservation and carbon-reduction plans were primarily implemented in 2022 as annual plans, 2021 was identified as the base year (before the improvement) for the calculation of the estimated benefit.

Note 2: For the calculation of carbon reduction volume, the factory sites in Taiwan adopted the 2022 electricity carbon emission coefficient of 0.495 kg CO₂e/kWh announced by Bureau of Energy, Ministry of Economic Affairs. For the factory sites in China, the 2019 Huadong power grid emission factor of 0.7921 tCO₂/MWh announced by the Ministry of Ecology and Environment of the People's Republic of China was used. The power carbon emission primarily considers the GHG types including CO₂.

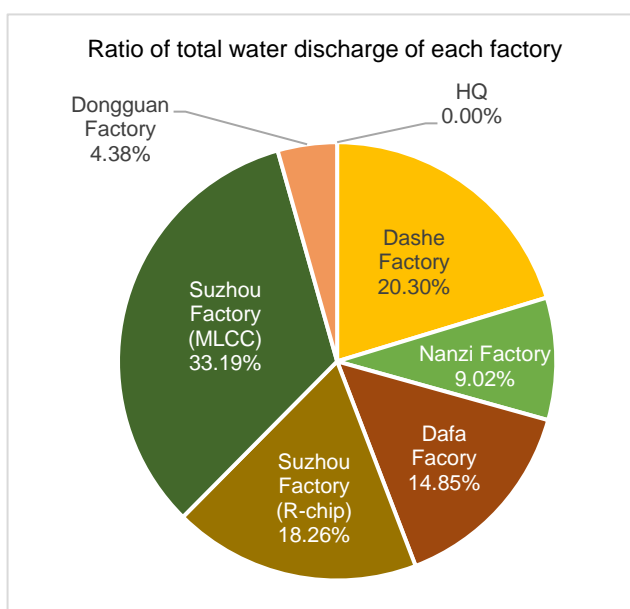
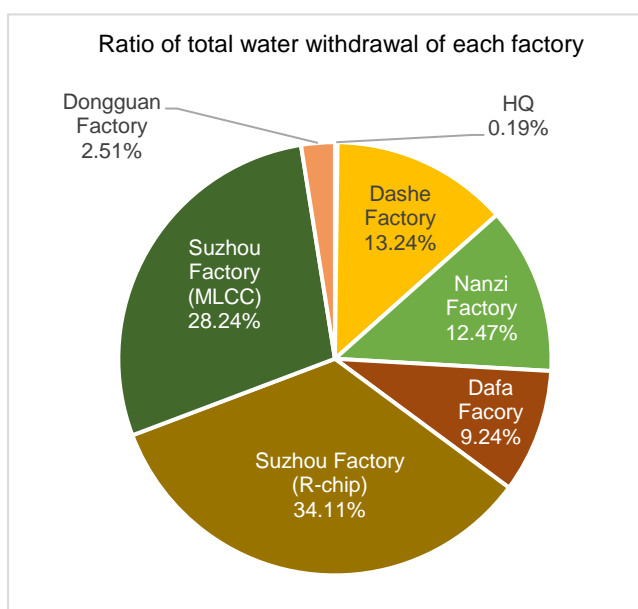
6.4 Water Resource Management

We implement an environmental management system based on the environmental policy of each factory by taking into account their geographical location, climate, air quality, water quality, land use, existing pollutants, availability of natural resources, and biodiversity. In an attempt to maintain the stable water resources necessary for operations while controlling the impact of YAGEO's raw water withdrawals and wastewater discharge posed on the environment, each factory has set a water management goal. At the same time that we are saving water, we are also proactively enhancing water recycling and water efficiency.

■ Total Water Resources Used in the Past Four Years

Item (million liters)		2019	2020	2021	2022
Water withdrawal	Withdrawn from a third party (tap water)	2,351.54	2,821.38	3,557.40	3,028.92
	Withdrawn from a third party (water tanker)	1.625	3.49	7.70	1.36
	Total water withdrawal	2,353.16	2,825.29	3,565.09	3,030.29
Discharge volume	Discharged to the surface	245.38	313.94	293.89	317.36
	Discharged to the third party	1,352.06	1,526.08	1,829.66	1,245.89
	Total discharge volume	1,597.44	1,840.02	2,123.56	1,563.26
Water consumption	Total water consumption	756	985	1,441.54	1,467.03
Water recycled and reused	Water recycled and reused	264.48	465.83	714.20	569.95
	Recycling and reuse ratio	11.24%	16.49%	20.03%	18.81%

Note: Total water consumption = Total water withdrawal - Total water discharge.



Note 1: For the tap water withdrawal, the water bill shall apply. The water emission shall be primarily based on the documents submitted to the government.

Note 2: The tap water of the headquarters office building and factory sites in Taiwan comes from Taiwan Water and Fengshan Reservoir, and the tap water of the Suzhou Factory comes from Suzhou Gaoxin District Water (Taihu

Lake). In contrast, the tap water of the Dongguan Factory comes from Dongguan City Tangxia Water. Water tankers were obtained from the mountain spring water in Gaoshu Township (Dashe Factory), Nanzi CPC Water (Nanzi Factory) and Pingtung Tap Water Factory (Dafa Factory), and the water quality is freshwater ($\leq 1,000$ mg/L total dissolved solids).

Note 3: According to the World Resources Institute (WRI) water risk atlas, the two factories in Suzhou are located in high water stress areas, and Dongguan Factory is located at the medium and high water stress area while the rest of factories are all located in medium and low water stress areas, and the water being discharged is all freshwater ($\leq 1,000$ mg/L total dissolved solids). Since operations began, Suzhou Factory and Dongguan Factory have not experienced any water scarcity. The water source is sufficient and there are water tankers in place as a backup source.

■ 2022 Water resource management target

Factory premises	Descriptions about the target	Achievement of target
Dafa Factory	Wastewater recycling rate more than 15%	✓
Nanzi Factory	Water consumption reduced by 3% from the same period of the previous year.	✓
Dashe Factory	Water consumption reduced by 4% from the same period of the previous year.	✓
Suzhou Factory (MLCC)	Wastewater recycling rate more than 15%	✓
Suzhou Factory (R-chip)	Wastewater recycling rate more than 15%	✓
Dongguan Factory	Water consumption per production capacity unit reduced by 1% from the previous year	✓

Note: Wastewater recycling volume (Controlled wastewater discharge volume+Wastewater recycling volume).

■ 2022 Key Water-Saving Measures

Factory premises	Item	Contents	Estimated benefit of water conservation
Nanzi Factory	Electroplating process water recycling	The electroplating wastewater is reused by the production line after it is treated	56.903 million liters per year
	Cooling water recycling	The water discharged from the cooling water tower is treated and then returned to the cooling water tower for reuse	21.299 million liters per year
Dashe Factory	Dicing cleaning water is recovered and reused	Dicing process wastewater is recycled and filtered to be used by the dicing process	By recycling and reusing, 76.789 million liters of water are saved each year
Dafa Factory	Process wastewater recycling	Recycle process wastewater for reuse after treatment and water purification system condensed drainage with recycle and reuse	62.803 million liters per year
	RO condensed drainage with reuse		
	Installation of new ROR condensed drainage recycle system		

Factory premises	Item	Contents	Estimated benefit of water conservation
Dongguan Factory	Domestic wastewater reuse	The domestic wastewater treated at the factory is used for greening irrigation in order to replace the use of tap water	3 million liters per year
	Replace water-conservation facilities	When maintaining and repairing water appliances, replace them with water-conservation faucets and valves	0.12 million liters per year
Suzhou Factory (R-chip)	Process wastewater recycling	Recycle process wastewater for reuse after treatment and water purification system condensed drainage with recycle and reuse, and secondary condensed drainage being used for roof waste gas spray	249.347 million liters per year
	RO condensed drainage with reuse		
Suzhou Factory (MLCC)	Installation of new ROR condensed drainage recycle system		153.461 million liters per year

■ Effluent Quality Management

All of YAGEO's factories will periodically monitor the effluent quality. Each factory defines different water quality standards subject to the characteristics of the production process in the passive component industry and the local regulatory requirements, and prioritize the management of discharged substances in accordance with the regulations applicable in each region. The waterbodies accepted by each factory refer to the discharge destinations approved by the government.

Factory premises	Water Quality Management
Kaohsiung Dafa Factory	The discharged water quality automatic monitoring system follows the "Standards for Water Quality of Dafa Industrial Zone Tenants' Waste (Sewage) Water Discharged into Sewage Sewer" to monitor the effluent items including chemical oxygen demand COD (every 4 hours), Ni (every 4 hours), pH (instant), suspended solids SS (instant), daily record showing wastewater discharged from the process and system parameters
Kaohsiung Dashe Factory	The COD and heavy metals (Ni) of the discharge water are monitored daily, and the pH value of the discharge water is monitored in real time. In order to comply with the "Standards for the Land Discharge of the Electroplating Industry", the Environmental Protection Agency is entrusted to the laboratory to sample and analyze the quality of the discharge water every quarter
Kaohsiung Nanzi Factory	For the effluent quality, discharge standard is established according to the "Water Pollution Control Act," and laboratory is contracted to take samples every morning to conduct analysis and tests in order to monitor COD (<280 mg/L), Ni (<1 mg/L), pH (6~9), SS (<100 mg/L).
Tow factories in Suzhou, China	In accordance with the "Integrated wastewater discharge Standard" and "Emission Standard of Pollutants for Electroplating," the nickel contents (Ni<0.1mg/L) is monitored by an on-line instrument at the discharge outlet of the process wastewater.

Factory premises	Water Quality Management
	The test is conducted for once per 4 hours. Before being discharged to the municipal pipeline network, online detectors are available to detect PH (6~9, real-time monitoring), ammonia nitrogen (<35mg/L, every 2 hours), COD (<400mg/L, every 2 hours), NI (0.1mg/L), every 4 hours)
China Dongguan Factory	No process wastewater is generated, but the Factory primarily contracts a third party to monitor the domestic wastewater in accordance with the “Wastewater Quality Standards for Discharge to Municipal Sewers” (GB/T 31962) each year.

Effluent Quality Monitoring

Item	2019	2020	2021	2022	Compared to last year
Biochemical oxygen demand BOD (mg/L)	25.62	18.83	22.04	3.33	Reduced by 18.72%
Chemical Oxygen Demand COD (mg/L)	44.04	35.86	42.75	45.97	Increased by 3.22%
Total suspended solids TSS (mg/L)	25.54	19.32	8.77	10.96	Increased by 2.19%

Note 1: Only the Nanzi factory and Dongguan Factory tested the BOD value. As there are no compulsory requirements imposed by laws, the other factories have no related testing records.

Note 2: The water quality indicators are obtained from the weighted average of the annual average of each factory, and these are far below the regulated emission limits.

Note 3: Since the factory sites in Taiwan activated the new wastewater plant in 2022 and the general water discharge outlet of the two factories in Suzhou referred to the mixed discharge of domestic and industrial wastewater, the irregular discharge volume at different periods caused relatively greater fluctuation in the water quality test for some of the months. Consequently, some of the items indicated relatively higher value than the past year. However, all of the values were within the regulatory standard value, such that improvement was not necessary.

Wastewater Discharge Destination

Base	Discharge destination
Taipei headquarters	Jingmei River
Kaohsiung Dashe Factory (YR)	Dianbao River
Kaohsiung Nanzi Factory (YP)	Kaohsiung Nanzih Technology Industrial Park Pumping Station
Dafa Factory (YF)	Dafa Sewage Plant
Suzhou Factory (R-chip)	Suzhou New District Water Purification Co., Ltd. - Shishan Water Purification Plant
Suzhou Factory (MLCC)	Suzhou New District Water Purification Co., Ltd. - Shishan Water Purification Plant
Dongguan Factory	Lincun Wastewater and Sewage Treatment Station

6.5 Waste and Air Pollution Management

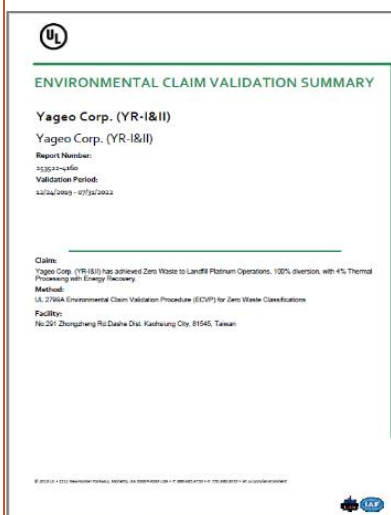
YAGEO promotes process improvement and reduce the consumption of raw materials, while also collecting resources for effective reuse, further reducing the generation of waste as well as the cost of subsequent treatment. By doing so, we can achieve the goals of waste reduction and resource reuse to fulfill the corporate responsibility of environmental protection and maximize profit for the Company.

Each factory has established its in-factory operating procures in accordance with the relevant laws and regulations. General waste, general business waste, and hazardous business waste are disposed of in accordance with the regulations, while at the same time promoting waste reduction and implementing classified recycling. Each factory was committed to increasing the recycling amount of packaging materials and reducing and reusing projects to use organic solvents. Dashe Factory has attained the UL2799 - Platinum Zero Waste to Landfill certificate in past 4 years.

■ Waste Management and Reduction Measures

Clean water, glass sand, aluminum sand, and ink are among the chemical materials needed in producing passive components. These materials will go through sandblasting and plastic burning process to produce resistors. To reduce the pollution posed on the environment and human body caused by chemical materials, we emphasize the injury prevention management between the raw material supplier and working environment. The waste generated primarily includes liquid waste, waste electronic components, waste plastic, waste glass and a mixture of bricks and tiles, all of which are contracted to a qualified vendor or removal entity for disposal. We require the vendor to dispose of waste within 30 days and provide recorded documents of the proper waste disposal method. We also carry out an annual on-site audit at the vendor that disposes of our business waste. All waste must be weighed prior to leaving the site to ensure the removal volume and disposal method to be reported to the competent authority.

UL2799 - Platinum Zero Waste to Landfill certificate (Dashe Factory)



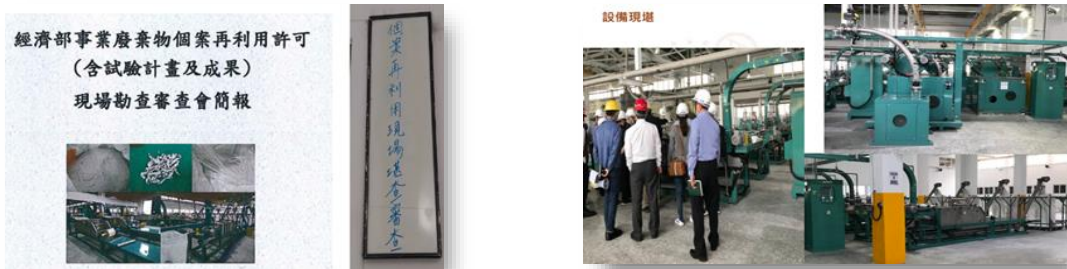
The UL2799 centers on the diversion rate of landfill disposal - waste pending to be buried is converted to energy, recycling compost or reused as a resource. The higher conversion rates suggest more effective recycling.

The UL2799 requires at least 90% of waste to be converted by means other than conversion to energy to achieve zero waste to landfill. The highest grade, platinum, requires 100% zero waste to landfill and incineration without heat recovery must be 0%, while incineration capacity for heat recovery can only be controlled to less than 10%.

At YAGEO's Dashe Factory, pallets are used as boiler fuel, raw material packaging is reused, concrete made of waste blasting reference, process waste and scraps are reused after chemical treatment, and in-plant waste sludge is dried and reduced. After the sludge is treated, it is sold as minerals, increasing the diversion rate to more than 94%, with incineration treatment and the amount of waste heat recovery controlled at approximately 5%. At the end of July 2022, Dashe Factory successfully attained the UL2799 platinum certificate again.

Circular Economy Project - Nanya and YAGEO Reuse Project (Dafa Factory and Nanzi Factory)

For the waste management, YAGEO has started the circular economy-related measures proactively. When reducing the waste, YAGEO also engages in reuse of the waste generated by it. In 2021, Nanya worked with YAGEO to carry out the recycling project for the waste generated in the whole process (for example, release film). Nanzi Factory's application for reuse of the industrial waste was approved by the Ministry of Economic Affairs. It started to provide related plastic materials as of 2022. Dafa Factory is still under testing, and will use the best effort to launch the recycling project with Nanya after the trial production is completed.



Increase raw material use, and reduce generation of wastes (Suzhou Factory)

To increase production capability, in 2022, Suzhou MLCC Factory reduced the tin consumption from 0.4kg/mpcs to 0.36kg/ mpcs. To reduce machine checklist consumption, Suzhou R-Chip Factory expects to introduce electronic forms in 2023, in order to reduce 1% of paper scraps.

2022 Outstanding recycling award (Nanzi Factory)



Serving as the leader of the southern branch of the Cross-Regional Toxic Chemical Substance Joint Prevention Organization (Nanzi Plant)



School campus greening and beautification project (Nanzi Factory)

In 2022, the Company invested NT\$20,000 of adoption budget for the improvement and greening of the green and beautification area of Kaohsiung Jiachang Elementary School, and the goal was to establish a healthy and clean environment as well as to provide a place for learning and exercise suitable to people. The greening of ecological pool with surrounding environmental improvement and beautification was able to improve the local water quality and to provide an eco-friendly environment.



Air quality purification area adoption (Dashe Factory)

Dashe Factory participated in the 2022 Kaohsiung City air quality purification area management plan, and the purpose was to improve the city's overall air quality and environmental protection level, in order to achieve sustainable development and to fulfill corporate social responsibility. In 2022, Dashe Factory invested a total of NT\$120,000 to adopt the green wall plants of Guanyin Elementary School and Nanzi Elementary School. The Company provided necessary fund and resource for the beautification and protection of the green walls of these schools. The green wall plans are able to improve the appearance of the school environment and to provide additional oxygen and air purification effect, such that the surrounding air quality can be improved.



■ Total Amount of Waste and Disposal Method

Unit: metric tons

Type		2019	2020	2021	2022	
Output	Non-hazardous waste	2,218.11	2,803.27	4,685.84	3954.34	
	Hazardous waste	3,388.18	6,038.17	6,664.00	5143.01	
	Total output	5,606.29	8,841.44	11,349.84	9097.35	
Transfer	Non-hazardous waste	Preparation for reuse	0.19	0.04	0.00	0.00
		Recycling	386.39	251.26	2181.41	1967.12
		Other recovery operations	1,082.34	1,455.26	1041.69	1033.36
	Hazardous waste	Preparation for reuse	0.00	0.00	0.00	0.00
		Recycling	541.62	919.41	1746.98	1749.14
		Other recovery operations	2,186.54	3,790.79	3152.21	3152.21
Total transfer	4,197.08	6,416.76	10,585.01	8122.28		
Direct disposal	Non-hazardous waste	Incineration (including energy recovery)	228.69	287.74	283.78	280.52
		Incineration (excluding energy recovery)	10.13	3.74	4.81	4.66
		Landfill	13.44	15.95	22.05	22.05
		Other disposal operations (e.g., heat treatment + physical + chemical + biological treatment)	496.93	789.27	140.58	140.32
	Hazardous waste	Incineration (including energy recovery)	0.00	0.00	0.76	0.76
		Incineration (excluding energy recovery)	0.03	0.26	0.09	0.09
		Landfill	0.00	0.00	242.98	242.98
		Other disposal operations (e.g., heat treatment + physical + chemical + biological treatment)	659.99	1,327.71	0.00	0.00
	Total direct disposal	1,409.21	2,424.67	764.83	695.05	

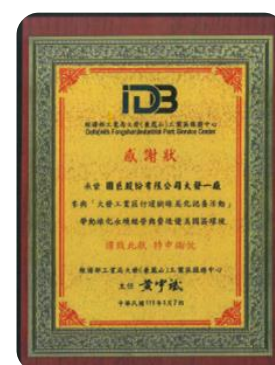
Note: Waste is disposed of by a qualified third party removal entity.

Clean water, glass sand, aluminum sand, and ink are among the chemical materials needed in producing passive components. These materials will go through sandblasting and plastic burning process to produce resistors. To reduce the pollution posed on the environment and human body caused by chemical materials, we emphasize the injury prevention management between the raw material supplier and working environment. The waste generated primarily includes liquid waste, waste electronic components, waste plastic, waste glass and a mixture of bricks and tiles, all of which are contracted to a qualified vendor or removal entity for disposal. We require the vendor to dispose of waste within 30 days and provide recorded documents of the proper waste disposal method. We also carry out an annual on-site audit at the vendor that disposes of our business waste. All waste must be weighed prior to leaving the site to ensure the removal volume and disposal method to be reported to the competent authority.

■ Emissions and Air Pollution Reduction

The waste gas emissions of each of YAGEO's factories comply with the requirements defined in the relevant permits. Meanwhile, these factories execute the reduction measures voluntarily. They set the annual reduction target as 5%, in accordance with the "Total Air Pollutants Quantity Control Plans for Kaohsiung-Pingtung Area." Nanzi Factory (W6) upgrades the negative pressure collection system to prevent air pollutants from spreading. It also implemented the most optimal and feasible control technology in 2022, and the regenerative catalytic oxidizer (RCO equipment was also constructed. Dafa Factory's air pollutant treatment equipment has adopted the best available control technology, using the regenerative incineration control technology to burn to destroy volatile organic substances. In 2022, it continued to participate in the Dafa Industrial Zone Service Center's road tree adoption project in 2022 to create a better environment together with the community. Dashe Factory participated in the environmental protection bureau's air quality purification plan, and sponsored the elementary schools' tree planting projects nearby. To strengthen management, although Dongguan Factory is not controlled by the government, it continues to maintain the validity of the emission permit to control emissions of oil smoke and organic emissions.

► Letter of Gratitude for the road tree adoption in Dafa Industrial Zone in 2021



■ Emissions of Air Pollutants

Unit: kg

Item	2019	2020	2021	2022
Nitric oxide (NOx)	377.29	1,633.69	2,666.02	2,774.92
Sulfur oxide (SOx)	0.27	0.33	0	0
Persistent organic pollutant (POP)	0	0	0	0
Volatile organic compound (VOC)	219,423.43	213,680.91	185,568.73	240,895.59
Hazardous air pollutants (HAP)	0	0	0	8,563.90
Particulate matter (PM)	2,662.00	5,196.00	1,165.00	489.00
Other (particulate matter pollutant)	374.63	151.01	538.67	775.33

Note 1: The above items are calculated based on each factory's regular air pollution inspection data, or the coefficient suggested by the environmental protection authority. The production capacity is used to estimate emissions of each quarter which is then reported to the EPA. At Dashe Factory, VOC is monitored; at Nanzi Factory, VOC and particulate matter pollutants are monitored; at Dafa Factory, NOx and VOC are monitored; at the 2 Suzhou factories, VOC and particulate matters are monitored, while at Dongguan Factory, NOx, SOx and particulate matters are monitored.

Note 2: Nanzi Factory newly added the disclosure of Hazardous air pollutants (HAP) in 2022.

■ Primary air pollution management measures in 2022

Factory premises	Item	Contents	Estimated benefits
Dafa Factory	RTO parameter adjustment	By adjusting the temperature setting and zeolite runner frequency, it controlled the VOC concentration in the furnace under the optimal combustion conditions. As a result, the NG consumption was reduced, while the VOC reduction rate improved accordingly	VOC reduction rate increased to 93%
Dongguan Factory	Waste gas pollutants discharge standards	Regular replacement of waste gas treatment tower (UV + activated carbon) consumables	Waste gas pollutants discharge standards
Nanzi Factory	Electrostatic Precipitator (EP) System	Use of electrostatic precipitator (EP) + Cleaning tower in combination with added ozone treatment for BBO burn out and PK sintered waste gas	Reduce odor emission
Dashe Factory	Wet cleaning tower	Reduce volatile organic emissions and reduce acid gas emission	Comply with regulatory standard
Suzhou Factory (R-Chip)	Waste gas pollutants discharge standards	Periodic replacement of waste gas treatment tower (energetic ion oxidation filling, spray tower filling) consumables	Waste gas pollutants discharge standards
Suzhou Factory (MLCC)	Waste gas pollutants discharge standards	Periodic replacement of waste gas treatment tower (activated carbon filling, energetic ion oxidation filling, spray tower filling) consumables	Waste gas pollutants discharge standards

Chapter 7 Talent Growth



7.1 Talent Attraction and Retention

■ Talent is the Company's Important Asset

YAGEO emphasizes that “talents” shall be considered as the important foundation of the future development. Each “YAGEO folk” is an important asset of YAGEO. In recent years, the Company continued to enhance the strategy of “Talent selection, employment, cultivation and retention” and has also initiated the “cross-border management trainee recruitment and cultivation program” (YOUNG Program), in order to develop YAGEO’s unique corporate DNA (young, active, growth, efficiency and innovation) in the talents of management trainees. Through progressive improvement of talent development strategy, YAGEO’s human capital cultivation can be continued.

■ Diverse Talent Recruitment and Development Channels

With regard to the talent recruitment and cultivation channels of YAGEO, in addition to the Industry-academia cooperation with universities and colleges for joint R&D and cooperative recruitment with neighborhood communities and employment service stations, in 2022, YAGEO expanded the recruitment channel and integrated the Group’s resource, in order to actively enter school campus for recruitment and joint education of talents. In addition to the deployment of “Industry-Academia Collaboration Program” and “YOUNG Program” in various universities and colleges in Kaohsiung, the Company has also responded to the government’s policy to collaborate with key national scientific research schools and organized semi-conductor academy with National Cheng Kung University and National Sun Yat-sen University, such that through the combination of school learning with occupational training, students are able to enter the workplace early.

Talent management planning and target

Short-term target - Recruitment	Medium-term target - Retention	Long-term target - Cultivate
<p>Given the shortage of domestic labors in the local human resource market in the recent years, effective reduction of the dividend in demand for human resource is the short-term recruitment plan and target. YAGEO will implement the enterprise internship system and industry-academia cooperation program, as well as any other industry-academic cooperation projects, by enhancing the relationship with campus</p>	<p>For the human resource recruited based on the human resource recruitment strategy and plan, YAGEO will plan the employee retention incentive system and career development system, with a view to improving the personnel retention rate and train the entry-level employees to be the middle-level management</p>	<p>YAGEO, via the diverse recruitment channels, works with local top universities to organize any research academy, and contribute capital to establish the industry master/doctoral programs to solicit for participation by high-rank talents</p>

1. Industry-Academia Collaboration - Human Resources Policy Targets Young Talented People

YAGEO has long been recruiting and nurturing talent in the passive components industry through industry-academia collaboration with universities and colleges. With this investment, schools and the industry can together improve the status of the domestic passive components industry and put Taiwan firmly on the map. YAGEO Group linked numerous universities and colleges in southern Taiwan in 2022. Via the "Gloria South Scientific Research Industrialization Platform," enterprises are able to match suitable talents, organize the industry-academia programs and also provide short-term internship opportunities.

For students, the industry-academia cooperation programs or internship program cooperation may help them to enter the workplace early, so that they may become familiar with the future workplace earlier and also choose their future career with the aid. As far as YAGEO is concerned, participation by students may help satisfy YAGEO's demand for human resource, and also cultivate talents needed by the enterprise earlier, reduce the divide between learning and application after they are hired, and help the future human resource development planning. Recruit and cultivate reserve talents in advance via the industry-academia cooperation and internship practices.

● Industry-Academia Cooperation Program

The industry-academia cooperation program is promoted under the cooperation through the vertical connection between science and technology universities, and by combining the industrial resources to achieve the industry-academic-government cooperation between schools and the industry. The cooperative

suppliers offer the job opportunities and salary to promote students' continued education and employment opportunity and also improve the quality and quantity of technical talents needed by the industry.

Students attending the programs may be employed by enterprises as part-time trainees during the programs, and complete their studies at the same time. After they are graduated, the company will plan the complete career development program for them, such as arrangement for a full-time job interview in advance, employment and allocation of retention bonus upon graduation, recognition of the service seniority during the program, and encouragement of continuing education obtaining employment upon graduation, issuing retention bonuses, recognizing seniority during the plan period, and encouraging continuous on-the-job training.

So far, YAGEO has worked with the local colleges/universities in Kaohsiung, including Chen Hsiu University, Shu-Te University and Fooyin University to organize 4 cooperative programs. It is expected to add further 8 cooperative programs in 2025. Then, the Company's industry-academia cooperation program students will attain 300 persons.

● Enterprise Internship System

In order to allow students to enter the workplace earlier, and practice the knowledge and skills learned by them in school into physically. YAGEO established the enterprise internship system in 2021, and organized the enterprise internship recruitment presentation meetings at various colleges/universities in Kaohsiung. Students participating in the internship program may freely choose to participate in the internship program during summertime, semester or academic year.

YAGEO has offered multiple internship job vacancies in process, equipment, research and development, quality control, production management, human resources, financial accounting and information, etc. , available to students majored in relevant departments to help them join YAGEO to experience the workplace culture. In 2022, a total of 33 students were admitted to enroll in the YAGEO's internship. In addition to science and engineering departments, the Company also opened other internship vacancies (marketing, human resource and procurement). YAGEO will continue to expand the internship fields and vacancies in the future.



“2022 Enterprise Internship Recruitment Presentation Meeting”

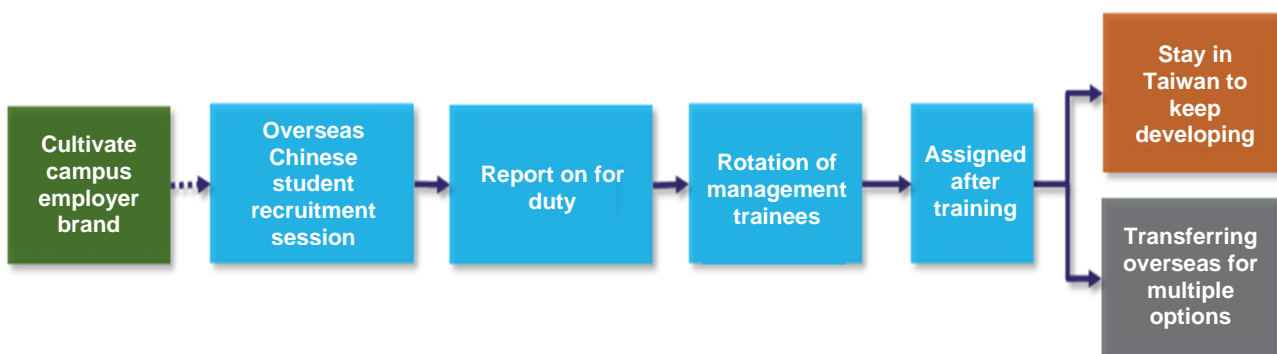
● Demand for middle-level and senior talents

In order to train students to be the professional talents needed by the future industries earlier, YAGEO and other renowned local enterprises, together with National Cheng Kung University and National Sun Yat-Sen University, established the “College of Smart Semiconductor and Sustainable Manufacturing” and “College of Semiconductor and Advanced Technology Research”

Enterprises may arrange industry lecturers to teach students in the Academy, in order to help mitigate the dividend between education and application and also improve the brand awareness of the enterprises in campus. Build the high-tech corridor directing to the future industries, cultivate new-generation talents, drive the sustainable development of Gloria South innovation, and strengthen Taiwan's role as the leader in the semiconductor, circular economy and smart machinery industries internationally.

● YOUNG Program

YAGEO initiates the “cross-border management trainee recruitment and cultivation program” (YOUNG Program) for fresh overseas Chinese graduates domestically. Students participating in the program will receive a two-year training for management trainees in Taiwan. During the training period, they will experience diverse assignments according to the demands of the organization, and such assignments may range from small local assignments to large cross-region assignments in order to help them exercise their expertise and competence thoroughly. Upon expiration of the two-year training period, the program participants may choose to stay in Taiwan or work at any overseas business locations of YAGEO Group. In the year 2022, National Cheng Kung University welcomed 13 international recent graduates. These individuals were strategically placed in various units, such as R&D, equipment, process, information, and procurement, based on their respective areas of expertise. During the training period, they were arranged to work on cross-department project or cross-border assignments, such that they were able to learn the profession of each job position during the training period, followed by assuming job positions at domestic or overseas branches according to the arrangement and planning of the Company. In 2023, the Company plans to expand the recruitment target to all top universities in Taiwan.



● **Management trainees' training**

YAGEO Suzhou Factory selected Top 30 ones from 985 and 211 engineering universities (985 and 211 refer to the national key universities recognized by the Ministry of Education) in the “campus recruitment” project for master and doctoral program students as the management trainees, in order to reserve the senior management talents for the passive component business domain expanded by the Company continuously. Meanwhile, it performed 3-month “theory+practicing” professional training on the national excellent university student management trainees as recruited and finally decided to cultivate 16 excellent management trainees through appraisal and evaluation.



- ▲ Management trainees' theory courses
- ▶ Management trainees' hands-on learning in factory

In the age when the Internet develops rapidly, YAGEO Suzhou Factory keeps trying to introduce required talents via new models in the environment full of fierce competition throughout the nation, including promotion of the job vacancies to recruit excellent talents throughout the nation via online live streaming. YAGEO helps the public know about YAGEO Group and the descriptions of various job vacancies via the high-speed communication on the Internet.

Industry-academia cooperation performance and goal

Recruitment Plan	Annual Performance	Future Goal
Industry-Academia Cooperation Program	On-job industry-academia program students were 62 people at the end of year	Recruit 300 program students working in the plant by 2025
Enterprise Internship System	<ul style="list-style-type: none"> • A total of 33 interns were recruited • 7 interns retained at their job positions, and the retention rate reached 21% 	Increase diverse internship vacancies, allowing students other than science and engineering related departments to have the opportunity to participate in the internship program

Recruitment Plan	Annual Performance	Future Goal
Demand for middle-level and senior talents	<ul style="list-style-type: none"> A total of 19 students of College of Semiconductor and Advanced Technology Research of National Sun Yat-sen University were admitted A total of 29 students applied for Passive Component Credit Course of National Kaohsiung University of Science and Technology 	Continue to strength the collaboration with top universities and colleges in the southern Taiwan, and arrange outstanding students to act as the bridge between enterprise and school, in order to assist the promotion of industry-academia research projects and to adopt to the workplace early
YOUNG Program	Recruited and actually employed 13 foreign graduates	Assign to domestic and overseas business locations for service according to the Company's planning after the end of training
Management trainees' training	Cultivated 16 outstanding management trainees	Dongguan Factory has established the management trainee system

2. Proactively Collaboration with the Committee to Provide Employment Counseling

YAGEO's human resources policy has always been "deepening local roots", which emphasizes working together with communities and recruiting local workers to serve in the vicinity of YAGEO. YAGEO proactively works together with neighborhood/community heads to regularly organize talent recruitment fairs and career guidance. By doing this, it enables the public to better understand our work while also providing advice on individual career choices.



"2022 Kaohsiung Employment Service Station Special Recruitment Meeting"

3. Cross-Group Collaboration for High-end Technology and R&D Talent Cultivation

YAGEO Group hopes to create a joint research environment of industry-academia collaboration. To achieve this, the Group works side by side with the academia through joint research of forward-looking technology and joint-cultivation of R&D talent to accelerate technological development. This will allow industry research results to be closely aligned with the direction of technological development, enhancing the technology of the

passive components industry. As YAGEO's main R&D center is located in Kaohsiung, we continue to invest in high-end products and produce them in Kaohsiung. At the same time, we have also established an R&D center and kept the roots of the development of high-end passive component technologies in Kaohsiung by integrating the high-end passive component technologies of Kemet and Pulse Electronics. YAGEO will root the high-end component technologies. In the future, the Group will continue to invest in the R&D center in Kaohsiung with equipment such as the most advanced high-resolution penetrating electron microscopes and related analysis equipment of nano ceramic power. By integrating the technological capabilities of the Group and strengthening the development of materials and product technologies, the Group's leading position in the global passive components industry will be enhanced.

The YAGEO-NCKU Joint Research Center refers to a long-term joint R&D technology exchange platform created by the companies within YAGEO Group, in order to have YAGEO lead the cooperation with the academic circle, hoping to jointly develop high-end products and technologies and cultivate talents through the industry-academia integration. By working with NCKU to organize passive component-related courses, YAGEO and NCKU cultivate talents together permanently to join the passive components industry, helping improving the positive research and development capabilities of the Group.

Aside from the technological developments, YAGEO also joins hands with companies of YAGEO Group to hold the “YAGEO Day” in NCKU in 2022. The Company organized YAGEO's prospective passive component topic dissertation contest and industry master seminar, and YAGEO Group's founder and Chairman Tai-Ming Chen was invited to provide speech at the event. Through the collaboration outcome between YAGEO and National Cheng Kung University, the role model for win-win situation of the industry and academic sector can be achieved.



“YAGEO's Day - YAGEO's prospective passive component topic dissertation contest and industry master seminar”

Taiwan's passive component production output is ranked No. 2 in the world, and YAGEO is a key manufacturer in the passive component industry in Taiwan. In addition to the collaboration with the National Cheng Kung University, the purpose of the organization of the dissertation contest is to encourage school teachers and students to continue to participate in research and development of passive component related

technologies and to contribute effort to relevant industries. In addition to semiconductor industry, Taiwan's electronic component and electronic ceramic industries also demonstrate remarkable development and are of great future outlook. The Company expects that all domestic professors, students and business operators of passive components to unite together in order to achieve great outcome in relevant industries.

In addition, to cultivate outstanding talents, YAGEO also organizes the YAGEO's education scholarship system in order to encourage outstanding students to pursue their studies during the school study period without any worries on monetary expenses. In addition, through the event of YAGEO's Day, Chairman Tai-Ming Chen, an outstanding alumni of National Cheng Kung University presented the scholarship to 15 students of outstanding academic performance.

In line with the plans of the Ministry of Education, YAGEO worked with NCKU to open a "doctoral program in forward-looking passive components" in 2021. The doctoral program will last 4 years and be taught by a professor from NCKU and technical supervisors from the Group. The first and second years will take place at NCKU, while the third and fourth years will take place at the Group as interns. During this period, we will provide scholarships to students and they are welcome to work for us after graduation. By doing this, we aim to cultivate young talent for the Group.

In 2022, YAGEO Group organized the joint campus recruitment event, and YAGEO entered 11 universities and colleges, including National Cheng Kung University, National Sun Yat-sen University, National Kaohsiung University of Science and Technology, Cheng Shiu University, and National Yunlin University of Science and Technology, in order to allow fresh graduates of southern schools to understand the industry trend and demands, thereby assisting students to find the correct career direction.



"2022 YAGEO Group Joint Campus Recruitment "

4. Join-set up of the R&D center with National Cheng Kung University (NCKU) through industry-academia collaboration

As YAGEO Group's main R&D center is located in Kaohsiung, it continues to invest in high-end products and produce them in Kaohsiung. At the same time, YAGEO has also established an R&D center and kept the roots of the development of high-end passive component technologies in Kaohsiung by integrating the technologies of the Group. In 2020, YAGEO jointly established the R&D center with NCKU to cultivate talent and reinforce our technology. In the future, the Group will continue to invest in the R&D center in Kaohsiung with equipment such as the most advanced high-resolution penetrating electron microscopes and related analysis equipment of nano ceramic power. By integrating the technological capabilities of the Group and strengthening the development of materials and product technologies, the Group's leading position in the global passive components industry will be enhanced.



Development Focus of the Joint R&D Center

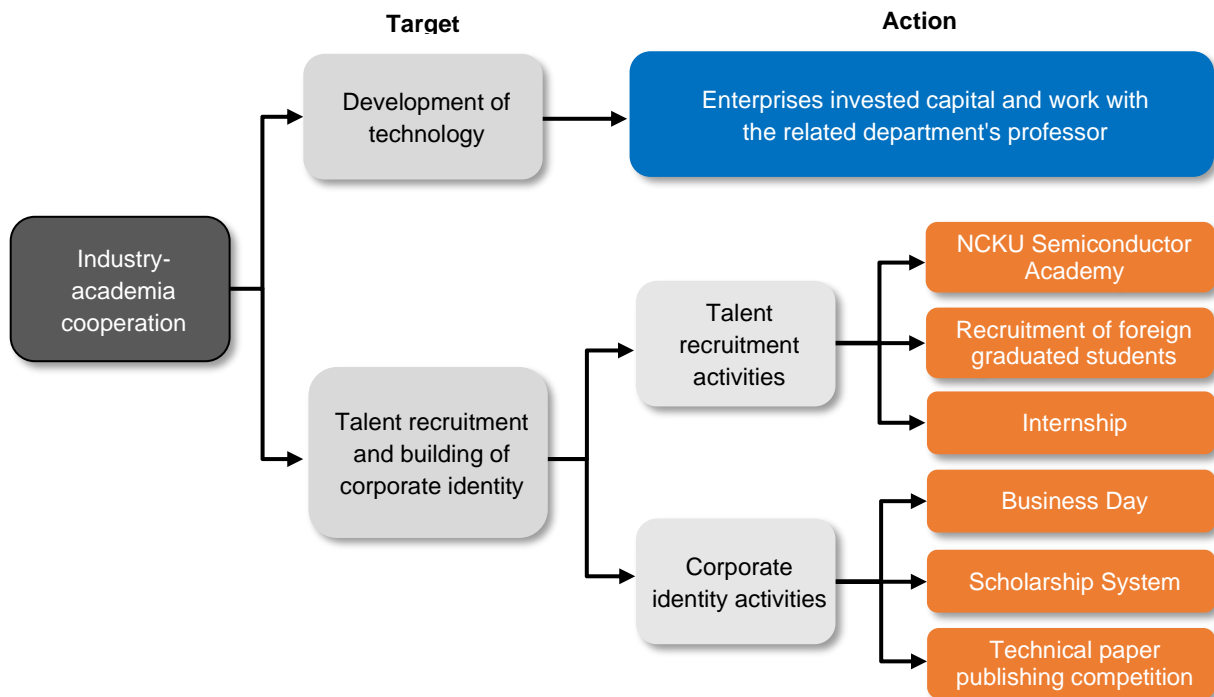
- The joint R&D center is a technical platform for production lines of Pan-YAGEO Group jointly set up with NCKU. The long-term efforts of joint research and development aim to strengthen collaboration between academia and industry.
- YAGEO and NCKU's joint R&D center for passive components invest in the technical development of passive components in conjunction with the Air Center program of the Ministry of Science and Technology. Dual research center system - a research center is set up each in our Nanzi Factory and NCKU to meet the development requirements of new products and technologies.
- Passive component-related courses are offered in the research center to jointly cultivate talent. These courses also serve as encouragement for talent to join the passive components industry in order to enhance the overall R&D capabilities of the Group.
- Development objective and expected benefits
 - ✓ NCKU has become YAGEO Group's external R&D center to elevate R&D energy.

- ✓ The innovative model of the YAGEO - NCKU joint research center allows research talent to carry out technical exchanges and discussions at the dual R&D site, alongside the industrial field research and development implemented through industry-academic collaboration.
 - ✓ Through industry-academia collaboration, YAGEO Group has long been recruiting and nurturing talent in the passive component industry. Through this investment, schools and the industry can jointly improve the status of the domestic passive component industry and put Taiwan firmly on the map.
- Joint research center to innovate and research technologies

We hope to create a joint research environment of industry-academia collaboration. To achieve this, the Group works side by side with the resources of the academia to accelerate technology development. This will allow industry research results to be closely aligned with the direction of the technological development, enhancing the technology of the passive component industry.

- ✓ Through the joint research center platform, the MLCC technology for automotive and 5G applications are developed, enhancing YAGEO's special MLCC product specifications and market share while enhancing the niche of our product portfolio. YAGEO Group provides ceramic nano power technology and high-end material analysis equipment as well as highly reliable structure design and application environment simulation technology. NCKU, on the other hand, provides precision measurement technology - material property calculation and AI production technology management.
- ✓ Through collaboration, the Group and NCKU have developed LTCC (low temperature co-fired ceramics) design and 60GHz high-frequency measurement technology and have launched millimeter-wave antenna and filter communication components for 5G applications, to seize the vast 5G market opportunities.
- ✓ YAGEO Group and NCKU have developed a new generation of RF component circuits and electrode materials. The introduction of new conductive materials previously used in precision instruments into passive components can improve product characteristics and reliability, strengthening the technology and competitiveness of the Group in high-frequency components.
- ✓ YAGEO supports the application of electric vehicle power systems through joint research and development of material customization and layout of ceramic substrates for high power SiC and GaN packaging.

In 2022, YAGEO-NCKU Joint Research Center wishes to develop the action planning toward two major targets. In terms of R&D of technology, it will continue to carry out the ten cooperative projects between YAGEO-NCKU Joint Research Center and the Air Center program of the Ministry of Science and Technology, and also seek the opportunities for co-research and development on the issues such as sustainable development and ESG. Meanwhile, YAGEO also set the targets for talent recruitment and brand identity, and completed the exposure of brand identity through diverse recruitment activities (establishment of key research academy, global management trainees' recruitment and campus recruitment) and organization of large-scale corporate academic activities, and establishment of the scholarship system.



5. Cross-country Talent Development and Cultivation

Cross-Cultural Management Model

YAGEO has conducted a number of global mergers and acquisitions over the years. The Group's unique corporate DNA is demonstrated in the integration of various human resources policies and processes after mergers and acquisitions in terms of cross-organizational, cross-regional and cross-cultural management arrangements. Based on different business groups' organizational characteristics and talent capabilities, we arrange suitable organizational and manpower structure and management models, and even cross-country and cross-team talent dispatch.

For the time being, in response to the needs for organizational development, each management team also plans to recruit competent talents for certain human resource required overseas in Taiwan, in order to practice YAGEO Group's goal to stay in Taiwan, and also demonstrate its international management model beyond territories, nationality and race, et al..

Multinational Talent Reserve Program

YAGEO understands the global trend for talents well, and focuses more on the cultivation of multinational talents. It plans to work with renowned colleges/universities in Taiwan to initiate the "YOUNG Program" for overseas Chinese students. Most of companies are used to introducing excellent talents from overseas. Instead, YAGEO Group hopes to export excellent talents to its overseas branches from Taiwan. Its future talent development strategy aims to apply the recruitment, retention and cultivation to help talents experience different functional positions and exercise their expertise and competence thoroughly. In the future, the foreign management trainees sent by YAGEO to develop overseas will play the role responsible for communication between the overseas and domestic companies to help achieve YAGEO's global layout vision.

As of the end of 2022, YAGEO Group had a total of 8,614 official employees in China and Taiwan, including 258 employees holding management positions and 8,356 employees holding non-management positions. The total number of official employees decreases by 751 people in comparison to 2021 (9,365 people). YAGEO has a robust management model centering on “cross-cultural operations management” and “diversity and inclusive”. By relocating our employees to overseas bases such as Europe, the U.S., Japan and China, each “YAGEO employee” enjoys an immediate international connection. For new and resigned employees, given the higher turnover rate of workers in China, the Company's annual overall employment rate and turnover rate are relatively high, while the rates are more stable in Taiwan.

Number of new employees

Territory	Gender	Age				Total	%
		30 years old or below	31~40 years old	41~50 years old	More than 51 years old		
Taiwan	Male	228	149	55	6	438	5.1%
	Female	229	184	91	3	507	5.9%
China	Male	2,175	903	44	4	3,126	36.3%
	Female	866	458	53	1	1,378	16.0%
Total	Male	2,403	1,052	99	10	3,564	41.4%
	Female	1,095	642	144	4	1,885	21.9%
	Total	3,498	1,694	243	14	5,449	63.3%
%		40.6%	19.7%	2.8%	0.2%	63.3%	

Number of resigning employees

Territory	Gender	Age				Total	%
		30 years old or below	31~40 years old	41~50 years old	More than 51 years old		
Taiwan	Male	267	187	63	12	529	6.1%
	Female	216	223	120	25	584	6.8%
China	Male	2,586	1,223	73	12	3,894	45.2%
	Female	1,149	709	87	12	1,957	22.7%
Total	Male	2,853	1,410	136	24	4,423	51.3%
	Female	1,365	932	207	37	2,541	29.5%
	Total	4,218	2,342	343	61	6,964	80.8%
%		49.0%	27.1%	4.0%	0.7%	80.8%	

Total number of employees at the end of 2022

Territory	Gender	Employment contract		Type of employment		Total
		Full-time employees (indefinite contract)	Temporary employees (term contract)	Full-time Employees	Part-time Employees	
Taiwan	Male	1,555	0	1,555	0	1,555
	Female	2,464	0	2,464	0	2,464
China	Male	2,305	0	2,305	0	2,305
	Female	2,290	0	2,290	0	2,290
Total	Male	3,860	0	3,860	0	3,860
	Female	4,754	0	4,754	0	4,754
	Total	8,614	0	8,614	0	8,614
%		100%	0%	100%	0%	

Note 1: At the end of 2022, there were a total of 20 on-job interns in Taiwan (13 male interns and 7 female interns, not included in the total number of employees), an increase of 20 interns in comparison to 2021. In 2022, YAGEO did not employ any non-guaranteed hours employees.

Note 2: In 2022, the categories of non-employee workers of YAGEO mainly included interns, contractors, securities and cleaning personnel. Please refer to 7.4 Occupational Health and Safety for details of contractors, securities and cleaning personnel.

Employee diversity indicator

Territory	Gender	Age				Total	%
		30 years old or below	31~40 years old	41~50 years old	More than 51 years old		
Taiwan	Male	428	520	461	146	1,555	18.1%
	Female	443	771	786	464	2,464	28.5%
China	Male	786	1,062	354	103	2,305	26.8%
	Female	497	1,160	563	70	2,290	26.6%
Total	Male	1,214	1,582	815	249	3,860	44.8%
	Female	940	1,931	1,349	534	4,754	55.2%
	Total	2,154	3,513	2,164	783	8,614	100%
%		25.0%	40.8%	25.1%	9.1%	100%	

*Note: The statistical methods of the number of employees are based on the number of employees and related information available on December 31, 2022. The percentage refers to the data divided by the number of active employees on December 31, 2022.

■ Premium Employee Benefit System

As a worldwide passive components manufacturer, YAGEO always uses the best efforts to cultivate and train employees. In addition to complying with labor laws and regulations, YAGEO also provides employees with a clean, bright and orderly working environment, nutritious and healthy meals, and annual employee health checkups. Meanwhile, by virtue of multiple employee benefits and diversified employee creational activities, YAGEO reimburses a lot of employee clubs at the same time, in order to facilitate the relationship with

employees, upgrade culture and humanity quality, and improve employees' productive capacity and morale. This allows our employees to put their expertise to full play and grow on the international stage.

Summarization of Benefits

Benefit items	Benefit contents	
	Taiwan	China
Life insurance	Managers or above may enroll into the life insurance program.	None
Medical insurance	According to the law, each colleague is insured for labor insurance and national health insurance, also is entitled to group accident and medical insurance. We also provide overseas travel safety insurance for business trips. (Since May 2021, colleagues in the Taiwan region are covered by epidemic prevention insurance to ensure the safety of their work and life.)	All employees are covered with group injury insurance and medical insurance. Employees who need to perform duty out of the office are entitled to the group accidental insurance and medical insurance.
Reimbursement to clubs	Each group is subsidized with NT\$50,000 each year	Each group is subsidized with RMB10,000 each year
Health checkup	All direct employees/indirect employees/employees over 40 years old/manager-level employees receive an annual health examination.	Health checkup for the general employees/managerial officers or above
Cash gift for three major festivals	All employees receive money and vouchers for the three major festivals, totaling NT\$40,000,000 per year.	All employees receive money and vouchers for the three major festivals, totaling RMB2,500,000 per year.
Travel allowance	All employees receive travel allowances, totaling NT\$12,000,000 per year.	All employees receive travel allowances, totaling RMB2,200,000 per year.
Leave System	There are 30 days of paid sick leave within a year, which is superior to the leave system under the Labor Standards Law	None
Baby care plan	The child care center provides employees with preferential plans so that employees can take care of their children without any worries.	None
Other benefits	Cash gift for marriage/maternity/funeral, movie ticket, and coffee coupon	Cash gift for marriage/maternity/funeral, spring part events, a green channel for the first-aid service of occupational injury treatment
Employee stock options	Yes	Yes

Other Benefit Plans

- **Post-employment Benefit Plan**

YAGEO complies with various applicable local pension laws, regulations and systems, in order to protect employees' retirement interests and rights. YAGEO establishes its employee retirement regulations in accordance with the "Labor Standards Act" and "Labor Pension Act," in order to offer stable pension contribution and benefit and also protect all workers' retirement life. For employees in Taiwan, pension reserve is appropriated for depositing in the statutory account according to the pension system requirements specified in the Labor Standards Act. For employees in China, the endowment Insurance is applied for employees and sufficient amount is appropriated according to the local laws and regulations. The ratio of employees participating in the retirement plan is 100%, in order to secure the future retirement lives of employees. In order to enable the employees who are retired or terminate the employment with YAGEO to seek appropriate aids, YAGEO interviews resigned employees to extend appropriate care and channels to the employees who are going to retire or resign to help them seek appropriate aids successfully.

- **Club Activities**

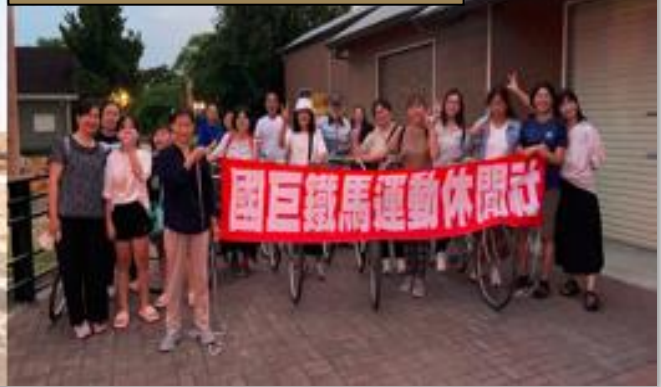
In an attempt to improve the physical and mental health of our employees as well as enrich their leisure life, 12 clubs have been set up and run by a group of passionate employees - fitness, yoga, boxing aerobics, physical running, slow softball league, cycling, mountain climbing, communication arts appreciation, camping, gardening. We provide diverse club activities and proactively encourage the participation of employees and their family members, achieving the objective of "work and life balance".



Mountain climbing club

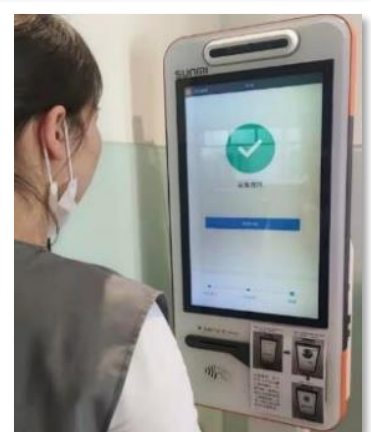


Cycling Sports and Leisure Club



- **Create Employee Friendly Space**

To provide YAGEO's employees with a comfortable eating place, all factories are equipped with a canteen that seats over 100 people. There is also an employee resting area in place, as well as vending machines and a store.



- ▶ YAGEO Suzhou Factory renovated its canteen to provide its employees with comfortable and pleasant dining environment. The activation of the face recognition system will improve the efficiency and convenience in certification of the employees' performance of job duty and catering.

- **Seniority Reward Event**

In 2022, a seniority reward event was organized before the Labor Day (May 1), in order to confer the reward to a total of 275 employees with the seniority of 5/10/15/20 years, respectively, to extend the appreciation for their contribution and efforts to the Company.



■ Remuneration Policy

Implemented in accordance with YAGEO's "Wages Management Regulations." YAGEO is deeply convinced that employees are the most important assets of an enterprise. On the condition that the performance of the Company's operation, groups and individual employees is upgraded, YAGEO conducts a survey on wages each year, adopts the remuneration policy most competitive in the market and adjusts workers' wages in a timely manner, in order to solicit for excellent talents to join YAGEO Group and work with YAGEO to achieve the business goals and share the results gathered therefor.

The wages and remuneration to employees are decided based on the employees' academic background and work experience, expertise, seniority, and personal performance, instead of the employees' gender. Meanwhile, the starting basic salary to new employees of the main business locations would not vary depending on race, religion, political standpoint, gender, marital status, or membership of a trade union. YAGEO will check the wages/remuneration via a third party professional consultation company each year, in order to verify the market competition level and trend, and establish the remuneration policy in the following manners:

- Control and comply with related local laws and regulations, and build harmonious employment/management relations to move forward toward business sustainability.
- Establish and adjust the same per the supply and demand in the market and profitability of product lines, in hopes of being competitive in the manpower market.
- Based on the market value of various professional functions and contributions derived from the job duties performed by employees, as well as the performance management system, pay appropriate remuneration to encourage employees.
- The starting basic salary offered by YAGEO to direct labors is held complying with local laws and regulations. Meanwhile, subject to status in the same trade, YAGEO proposes the starting basic salary standards competitive in the market. For the time being, the starting basic salary offered by it to direct

labors is about double the statutory minimum wage in the territories of Taiwan, and China, which is identified as a different region, more than the local statutory minimum wage by 1.5%.

- In order to encourage employees, YAGEO allocates performance bonuses, and a year-end bonus based on the Company's overview of operation and individual employee's performance for the employees' contribution and continuous efforts. The amount of bonus allocable to each employee is decided based on the employee's job duty, contribution, and performance.

■ Parental Leave Policy

YAGEO is committed to boosting the work-life balance. In order to deal with the infant care and breastfeeding problems faced by the employees in Taiwan, it allows the employees to apply for unpaid parental leave upon expiration of six months after they are hired, in accordance with the "Act of Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children." The application may be filed at any time before their youngest child (including adopted child) attains the age of 3 years old, and the claimable time limit shall be no more than two years. Prior to the expiration of the leave, the Company will contact the applicant voluntarily with his/her repatriation plan to help the Company properly arrange the job restart and allow new parents to bridge the family and workplace successfully.

In 2022, except that some of the employees were not able to retain at their job positions for one full year after the parental leave without pay, the rest of employees were able to adopt to their jobs after returning to the workplace, and the retention rate after parental leave reached 88%.



Statistics About Formal Employees Who Take Parental Leave in Taiwan Region

Item	Female	Male	Total
Number of employees qualified to apply for parental leave in 2022	32	24	56
Number of employees applying for parental leave in 2022	26	4	30
Number of employees to resume posts after parental leave in 2022 (A)	23	6	29
Number of employees to resume posts after parental leave in 2022 and the number of employees who resumed posts physically (B)	14	5	19
Number of employees who resumed posts after parental leave in 2021 (C)	16	1	17
Number of employees who resumed posts after parental leave without pay in 2021 and still served after 12 months (D)	15	0	15
Repatriation rate after parental leave %=B/A	61%	83%	66%
Survival rate after parental leave %=D/C	94%	0%	88%

7.2 Employee Training and Development

Talent development and cultivation are vital for innovative development and sustainable operations. Based on this, YAGEO continues to provide the best education and training resources to meet the practical needs of internal employees. Further achieving the effectiveness of training and elevating the performance of employees. YAGEO is dedicated to talent cultivation and believes that by growing together with its employees, it can improve the team's competitiveness to create sustainable value.

YAGEO's talent cultivation strategy centers on its vision and core values, combined with development strategies and annual implementation policies to carry out various training objectives. In response to the global layout of YAGEO Group, the "YAGEO Group E-academy" was launched officially in 2021. Via such mechanism, YAGEO provides all colleagues with a training and development platform to improve the employees' skills, streamline new employees' training and occupational education, and improve the management skills, thus benefiting the Group's integration and development significantly. All colleagues may log into the E-academy via their desktops, laptops or mobile apps, and start their study plans easily, customize their personal preferences, view the programs to be expired, track learning progress through the dashboard, and obtain certificates and awards upon completion of the course requirements.

YAGEO Group E-academy aims to start transforming the learning model to improve skills and develop knowledge, and also unite YAGEO Group's employees altogether. So that, they may become the employees with professional knowledge, good leaders, top sales and excellent technicians within the Group. We will continue to cultivate employees, develop talents, and develop corporate culture to practice the target as ONE YAGEO Group and promote the development of corporate culture oriented toward a learning organization.

In addition to the Group's training and development platform, each business unit adopts the annual education and training plan subject to the need for occupational development and according to laws and regulations. It organizes professional courses if necessary, and cultivate the employees' core management ability and quality management ability at the same time. All colleagues are expected to be good at theories and practices, and keep applying and improving them in practices. Meanwhile, through job rotation and internal and external trainers' curriculum planning, the employees can grow together with the Company, and work may be expanded in depth and width so as to achieve the functional cultivation.

■ YAGEO Group E-academy

Since the "YAGEO Group E-academy" was launched officially in 2021, via such mechanism, YAGEO has provided all colleagues with a training and development platform to improve the employees' skills, streamline new employees' training and occupational education, improve the management skills, and enable all colleagues to learn in a systematic and targeted manner, ensuring that the colleagues may satisfy the quality requirements and customers' requirement for knowledge and skill, and develop their potential to make a high-efficiency organization, after receiving adequate training.

The YAGEO Academy is divided into the following five parts:

1. Sustainability: Courses related to environmental management system, climate change and carbon management, green products and safe working environment.
2. Leadership Academy: Courses related to leadership and external communication to strengthen the cultivation of management abilities.
3. Sales Academy: Through customer and product line integration, sales personnel are able to respond to customers through the sales model of YAGEO.
4. Product Academy: Introduction to YAGEO Group's main products to enhance colleagues' knowledge and understanding about the products.
5. Quality and compliance: The introduction to YAGEO Group's global code of conduct includes the Company's mission and values, employees and managements' responsibilities, and installation of the ethics hotline. When any employees have questions, or find any violations of laws, company policy or the code, they shall be responsible for speaking up to prevent themselves and the Company from any harm. Design related courses to help the employees understand the importance of information security.



Enhance ESG and AI smart course learning

In 2022, YAGEO organized ESG topic series of courses with respect to the sustainable operation. In addition to the ESG basic concept understanding of all employees, the courses related to the interpretation of GRI Standards and material topic analysis were also included, in order to assist sustainability related implementation units to strengthen the concept of sustainable operation.

In addition, the Company also planned the courses for smart manufacturing, AI intelligence and industry intelligence, in order to provide preliminary knowledge for digital transformation, thereby increasing factory production efficiency, improving product quality, and satisfying customer demands.

Additionally, YAGEO has designed a training level system for engineers holding key positions in production, R&D, engineering, and quality assurance. According to their knowledge and abilities, these engineers are divided into Junior/Senior/Master levels. A curriculum for the different levels are designed and engineers may move up a training level when all courses are completed. This approach is to avoid personnel of different levels taking the same course, resulting in low learning efficiency and wasted resources. YAGEO provides various practical courses that allow employees of all levels to develop their personal professional capabilities.

Training Received by Employees in 2022

Employee Categories	Taiwan		China		Total		
	Hours of Internal Training	Hours of External Training	Hours of Internal Training	Hours Of Internal Training	Hours Of External Training	Hours Of Internal Training	Hours Of Internal Training
Female managers	323	37	204	1,459	2,022.5	113	17.90
Male managers	1,970	123	400	2,511	5,003	225	22.24
Female other than female managers	4,491	648	29,321	8,744	43,203.5	4,641	9.31
Male other than male managers	6,580	1,123	62,218	7,698	77,618	3,635	21.35
Total	13,364	1,931	92,142	20,412	127,847	8,614	14.84

Training expenditure (NT\$)

Item		Taiwan	China	Total
Training (internal)	Total training expenditure	1,762,175	454,759	2,216,934
	Average training expenditure per person	438	99	257
Training (external)	Total training expenditure	315,900	1,495,755	1,811,655
	Average training expenditure per person	79	326	210
Training (total)	Total training expenditure	2,078,075	1,950,514	4,028,589
	Average training expenditure per person	517	424	468

■ Course satisfaction survey

In 2022, the course satisfaction was divided into four main aspects of administrative operation, instructor professional competence, course content and overall evaluation for tracking, and the quarterly result was compared with one in 2021. The items of relatively lower satisfaction score were further analyzed for the cause and improvement was also implemented.

Course satisfaction survey	2022	2021	Difference
Average satisfaction score (total score of 5 points)	4.39	4.36	Increase by 0.03%
2022 Improvement items		Corrective Action	
The place of training changed from internal classroom to externally leased classroom, and the quality of such places was not consistent		For place leasing in the future, the space, hardware facility, traffic and parking aspects will be assessed before leasing the place for training	
Online course used Teams meeting for live broadcast; however, the instructor's network was unstable and the course was affected		After communication and adjustment, instructors will be changed to use relatively fixed cable network for connection, in order to reduce the probability of lag or disconnection significantly	

■ Employee on-job training

2022 Industry-academia collaboration migrant worker program

To encourage the Company's internal outstanding migrant workers to continue education, YAGEO and Cheng Shiu University has jointly opened the foreign migrant worker program, and the Company arranges training site to overcome the inconvenience of transportation between the Company and the school for migrant workers. For migrant workers participating in the continuing education, YAGEO pays the tuition fee for the four-year university study period in full. After graduation and obtaining degree in Taiwan, the Company will assist them to obtain work permits, such that they are able to retain at YAGEO for service continuously without the restrictive working period of migrant workers in the future. The Company hopes to assist migrant workers to apply their knowledge and expertise gained during the continuing education period in order to develop their career plans in YAGEO. For the first year of the program, there were a total of 24 migrant workers participated in the program.

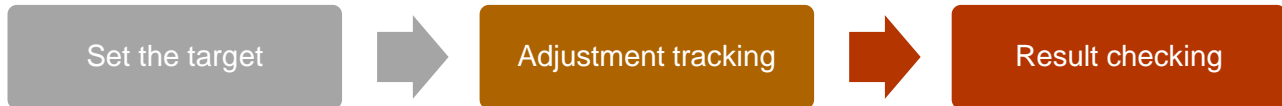


2022 Employee on-job training program

To enhance the R&D energy of YAGEO and to improve employees' professionalism, in 2022, the Company has established the employee on-job training system in order to encourage on-job employees to participate in continuing education of domestic Industry-academia cooperation master's degree and doctoral degree programs, and also supports the cultivation of professional talents in the field of passive components. For employees qualifying the seniority and performance criteria, they are eligible to submit application. During the continuing education period, the tuition fee is paid by the Company in full. In addition, the Company also provides paid leave to employees such that during the school lecture day or thesis discussion, they may apply for official leave and return to the school for study. In 2022, a total of 4 outstanding employees were arranged to participate in the continuing education program, and 3 employees enrolled in the doctoral degree program and 1 employee enrolled in the master degree program.

■ Employee Performance Management

The main objective of performance management is to link company strategies with employee work goals, in order to achieve the company strategic operating target. The personal annual target shall be set at the beginning of the year. The departments and employees shall communicate with each other about the targets. Furthermore, projects are implemented from top to bottom. Each department's main business also has various professional evaluation indicators to fully reflect the efforts and achievements of employees during the



evaluation period. The output of employees during the employment is examined through a 3-phase process: objective setting, adjustment tracking and result checking.

During the performance appraisal period, the appraised person shall complete the annual self-assessment, and the immediate supervisor shall conduct the performance interview with employees to enable the employees to understand the supervisor's considerations and opinions, and then give the preliminary performance assessment result. Finally, the business group head adjusts the result according to the near-normal distribution as the standard, based on the assessment on the colleagues of the business group, and subject to the final approval of the CEO. YAGEO carries out evaluations based on each employee's work performances while taking into account the year's operating results. Employees are given appropriate incentives and will not be treated differently or unfairly due to their gender or age. YAGEO has established a sound career development system, including a dual-track promotion system for professional and managerial positions. This system allows employees to put their knowledge into full play in terms of personal expertise or technical fields.

YAGEO's performance appraisal is carried out in November each year, and is not applicable to employees who have taken unpaid leave or started their job after October 1. Those employees who received performance appraisal accounted for 100% of the employees who should be appraised.

7.3 Human Rights

■ Human Rights Policy


YAGEO supports and respects international norms and regulations related to laborers' human rights, and establishes YAGEO's Employee Code of Conduct in the spirit of the norms and regulations. In order to ensure whole employees' interest and right in work, form a fair working environment on an on-going basis and actively, and comply with employment laws applicable in the territories where YAGEO is operating and international standards, all of the new employees of YAGEO will receive the "Responsible Business Alliance, RBA" Code of Conduct, particularly the training courses related to laborers' interest and right, including freedom of association, free choice of occupation, the prohibition of child labor employment, humane treatment, and prohibition of any sexual harassment, sexual abuse, corporal punishment, mental or physical threat, or verbal abuse toward employees, et al. . Further, YAGEO issued YAGEO's Global Code of Conduct in 2021 to ensure that said circumstances will not exist in its supply chain or business operations. YAGEO provides its employees with fair and competitive remuneration and benefits, and also respects the employees' freedom of association and make any collective bargaining agreement. In order to implement and practice the Gender Employment Equality Act enacted by the government, YAGEO establishes the management regulations governing "gender employment equality" as the basis of management followed by YAGEO and its employees. Meanwhile, according to "YAGEO Regulations Governing Employment", YAGEO strictly complies with various labor laws and regulations, rejects to employ child laborers less than 15 years old and prohibits minor employees less than 18 years old from performing any dangerous job duties. The Company notifies any changes in the employment terms and conditions in the manner required by laws.

- ▶ Promotion: Post public notices for the Company's "Sexual Harassment Prevention Measures, Complaint and Disciplinary Regulations" on the bulletin



To ensure that the basic human rights of employees and other stakeholders are protected, the Company complies with the internationally accepted human rights standards, including the international human rights framework of the United Nation Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the UN Global Compact, and the International Labor Organization, and the "YAGEO's Human Rights Policy" has been established. The Company particularly focuses on the training courses of employee related rights and interests. Through the emphasis and management on human rights, the Company expects to achieve beneficial result in the success and sustainable development of the Company. The human rights commitment scope includes all of the workers employed by YAGEO, and the human rights due diligence is also performed for the first time in the current year with "Employees in Taiwan"

as the main survey subjects. In the future, the Company will further plan and expand the survey scope to the factory sites in China and the upstream/downstream supply chain.

YAGEO Group's Human Rights Policy	Global Code of Conduct of YAGEO Group
<p>The code of conduct is applicable to employees of YAGEO and subsidiaries. To ensure the rights and interests of all employees at work, the Company continues to establish proper working environment and actively cares the issues of: anti-discrimination, anti-sexual harassment, forced labor, occupational health and safety, employee physical and mental health, salary and benefits, working hours and assembly freedom, etc.</p>	<p>The Global Code of Conduct is established according to the Responsible Business Alliance (RBA) Code of Conduct and international human rights standard, and its content includes the elements of employees, health and safety, environment, ethics and management system, etc.</p> 

Total Human Rights Policy or Procedure-Related Training Hours

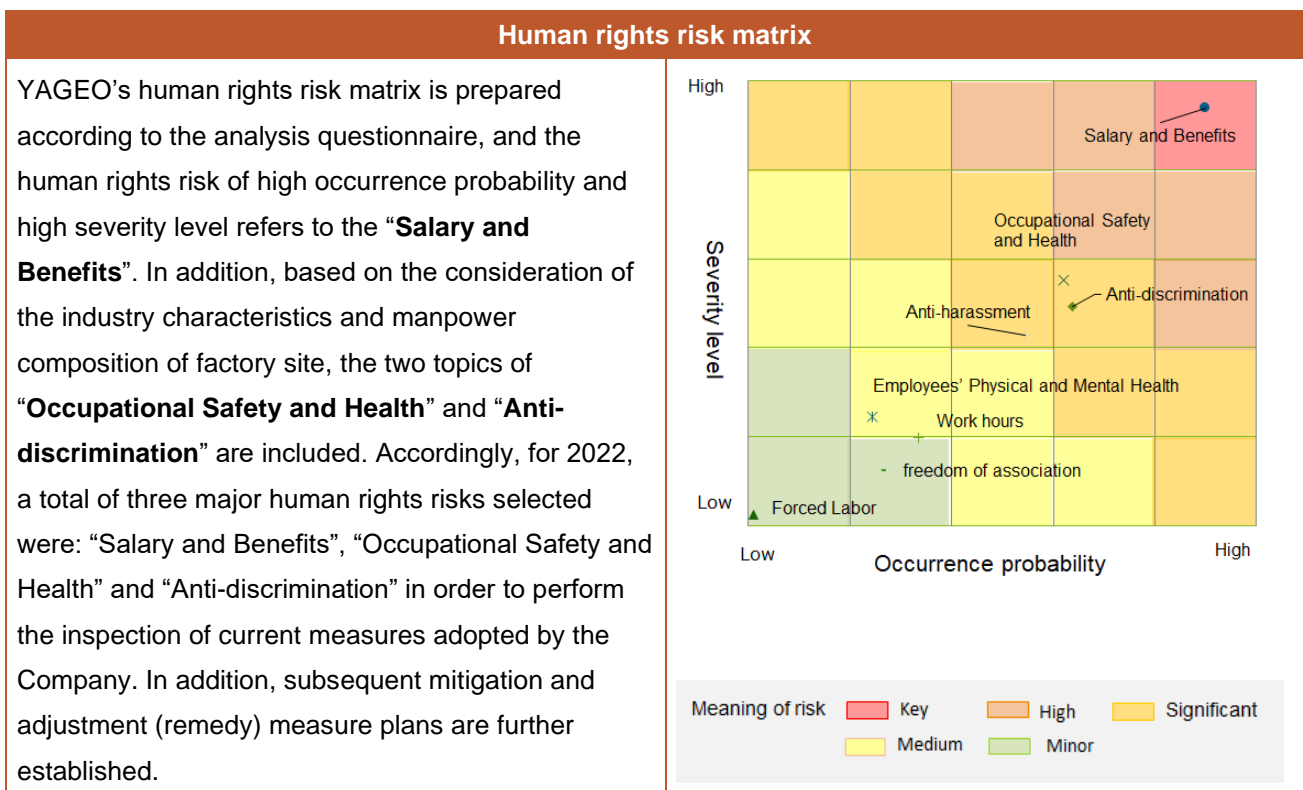
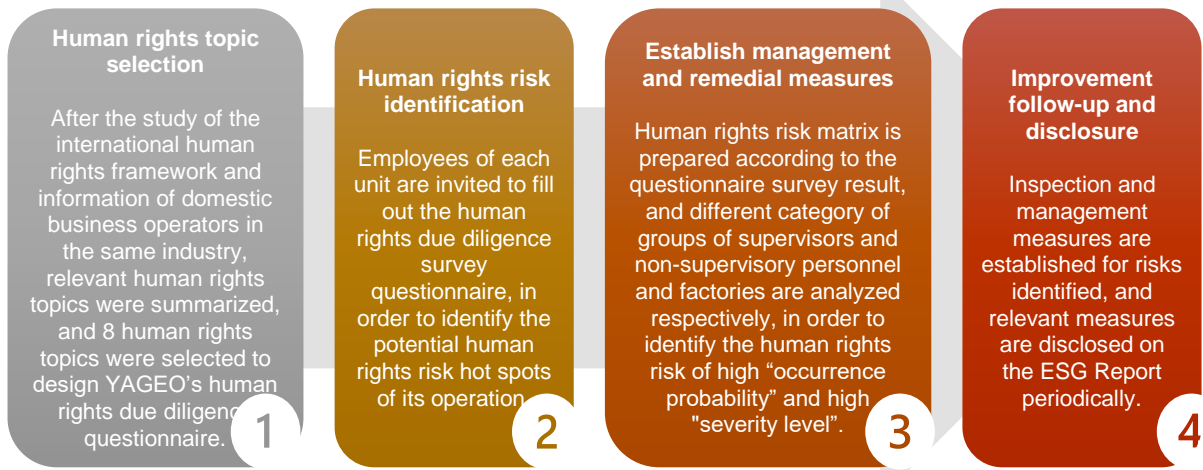
Territory	Total number of employees who received education and training for human rights policy or procedures	Total training hours	Total number of official employees at the end of 2022	Percentage of employees attending the training
Taiwan	4,845	4,845	4,019	121%
China	4,967	6,373	4,595	108%
Total	9,812	11,218	8,614	114%

Note 1: In 2022, the human rights related courses included "RBA Employee and Ethics Policy", "YAGEO's Code of Business Conduct" and "Global code of Conduct".

Note 2: In response to the industry and the population's characteristics in leaving hometown for short-term work in China, the turnover rate of employees in China is high and a large number of new employees are hired each year. YAGEO provides each colleague with the training on human right issues periodically. Therefore, the number of employees who receive the human right training exceeds the number of active employees at the end of each year.

■ Human rights due diligence

To understand the human rights risk of the Company's operation, starting in 2022, YAGEO has requested each unit to perform human rights due diligence. The survey result indicated that each human rights topic within its operation scope was at low risk. The Company will further standardize the survey questionnaire result in order to review the corresponding risk level of each topic.



Human rights risk mitigation and adjustment (remedy) measures

Human rights risk	Mitigation measure	Adjustment (remedy) measure
Salary and Benefits	<ul style="list-style-type: none"> The Company has established the "Salary Management Regulations", and the "Remuneration Committee" convenes one time of labor-management meeting every three months, in order to periodically review the remuneration system, standard and structure. 	<ul style="list-style-type: none"> In case of any occurrence of labor-management related complaint case, employees may file complaint via diverse communication channels of the complaint hotline, Factory Manager's Mailbox set up on the

Human rights risk	Mitigation measure	Adjustment (remedy) measure
	<ul style="list-style-type: none"> Through the salary survey conducted annually, the starting basic salary offered by YAGEO to direct employees comply with local laws and regulations. In addition, the Company also considers the status of nearby enterprises in order to provide starting basic salary standard competitive in the market. For the time being, the starting basic salary offered by it to direct labors is about double the statutory minimum wage in the territories of Taiwan, and China, which is identified as a different region, more than the local statutory minimum wage by 1.5% 	<p>factory bulletin board, and the HR mailbox set up at the employee cafeteria, etc. to seek assistance.</p>
Occupational Safety and Health	<ul style="list-style-type: none"> The Company has qualified ISO 45001: 2018 Occupational Health and Safety Management System, such that safety and health performance is improved through continuous improvement methods. The Company has established the “Occupational Safety and Health Policy” and has also set up the Occupational Safety Committee. Meetings are convened quarterly according to the regulations in order to provide summarization report on the occupational safety and health status and to review whether there is any need for adjustment of the current measures timely. Comprehensive hazard risk identification assessment is implemented annually in order to perform hazard risk identification and to set up classification management. In addition, management and improvement are implemented for the high risk areas in priority Occupational hazard factor identification is performed periodically in order to find possible factors that may cause occupational disease timely. In addition, general employee health examination and special operation health examination are performed once every two years. Furthermore, stationed nurses and health consultation physicals as well as first-aid staff are arranged and provided 	<ul style="list-style-type: none"> Each factory has established its own occupational accident reporting system to ensure the real-time response to and reporting of accidents and protect workers’ safety Employees have the ability to remove themselves from work when they believe that there is an imminent and serious danger to their life or health, as well as arrangements to protect employees of YAGEO from the consequences of such actions Employees’ rights to suspend work are explained at new employee orientation and quarterly Occupational Safety Committee meetings by all participating officers. Doing this will ensure that each employee is aware of how to use the rights to suspend work

Human rights risk	Mitigation measure	Adjustment (remedy) measure
	<ul style="list-style-type: none"> In response to the maternal health protection policy, the Company has established the maternal health protection plan and implements maternal health risk assessment and job suitability assessment, in order ensure the physical and mental health of female employees during pregnancy, after giving birth and during breastfeeding stages. 	
Anti-discrimination	<ul style="list-style-type: none"> Labor obligation requirements complying with the “Act of Gender Equality in Employment” and applicable “Labor Standards Act”; any discrimination due to gender, race, religious belief, age, marriage status, disability and nationality is prohibited The Company has established the “Anti-discrimination Policy” to explicitly prohibit any discrimination due to various identities during the performance of jobs Promotion for prevention of discrimination is performed and conveyed during the new employee orientation 	<ul style="list-style-type: none"> Discrimination complaint filing hotline is provided in the new employee handbook In case of any occurrence of discrimination related complaint case, employees may file complaint via diverse communication channels of the complaint hotline, Factory Manager’s Mailbox set up on the factory bulletin board, and the HR mailbox set up at the employee cafeteria, etc. to seek assistance

■ Anti-discrimination Policy

At YAGEO, we avoid discrimination in any form as recognized by laws and regulations, including discrimination of race, religion, skin color, gender, age, marital status, physical disability, nationality, or veteran status. YAGEO does not tolerate differential treatment in terms of recruitment, selection, screening, employment, assignment, distribution, allocation, performance evaluation or promotion. However, this does not apply to tasks for a specific gender. We do not tolerate differential treatment in terms of gender when organizing or providing education, training or other similar activities. We do not tolerate differential treatment in terms of gender when organizing or providing various benefits. We do not tolerate differential treatment in terms of wages. If an employee’s work or value is the same, equal wages must be provided. However, it does not apply to reasons based on seniority, incentives, performance, or other reasonable causes not attributable to gender. We do not tolerate differential treatment in terms of retirement, redundancy, termination, and dismissal. We promote discrimination prevention and provide a complaint hotline in the handbook for newcomers.

■ Recruitment and Counseling of Employees with Mental and Physical Disabilities

YAGEO has actively worked with the government to participate in the employment policy for disabled persons since 1990. YAGEO affirmatively believes that with appropriate aids, employees with disabilities can overcome congenital causes and realize their personal value, and eventually have a stable employment opportunity. In the future, YAGEO will keep committing itself to create a more friendly workplace and improve the job counseling system to derive more diversified employment opportunities and a friendly and comfortable working environment for employees with disabilities. In 2022, YAGEO employed a total of 3 people with physical or mental disability as employees.

■ Barrier-free Factory Entrance



■ Employment of and Communication with Foreign Employees

Implemented in accordance with the Company's "Foreign Workers Management Regulations". As of 2022, 815 non-Taiwanese employees were working at YAGEO as its important partners. Therefore, YAGEO builds a friendly working environment and covers all expenses to be incurred by non-native workers seeking employment by YAGEO in Taiwan from foreign countries, and also communicates with the colleagues at the foreign employees' dormitory periodically, and collect their opinions to adjust and improve the three aspects including work, life and dormitory's environment, so that the non-native workers may choose multi-national employment without worry and be concentrated on practicing their own occupational career. This also further solidifies their sense of belonging to the enterprise.



Multi-language Propaganda



Responsible Business Alliance (RBA)

YAGEO follow the Responsible Business Alliance (RBA) proactively. In order to ensure that YAGEO acts in line with or superior than the RBA Code of Conduct, YAGEO's factories would implement the standard Self-Assessment Questionnaire (SAQ) designed by RBA step by step, in order to identify the risk coefficient in society, environment and ethics voluntarily. In addition, a lot of international and Taiwanese customers contract a third party institution or appoint their own audit departments to conduct audits on various factories of YAGEO annually according to the "Validated Assessment Program (VAP)" of RBA. YAGEO has always satisfied the customers' requirements, or meets the requirements beyond the customers' expectation. In addition, each factory site implements RBA re-training courses annually, and the course content includes employees' human rights, communication channel and ethics, etc. In 2022, a total of 4,845 persons-time participated in the RBA training, and the total number of training hours was 4,845 hours.

RBA Assessment and Audit

Factory premises	Dashe Factory	Nanzi Factory	Dafa Factory	Suzhou Factories (MLCC+Rchip)	Dongguan Factory
SAQ assessment scores	94.7	91.5	91.3	87.7	93.6
Whether it is a high risk factory site (SAQ score lower than 65 points)	No (low risk)	No (low risk)	No (low risk)	No (low risk)	No (low risk)

Labor-Management Communications

YAGEO attaches great importance to internal communication channels as it would like to hear the thoughts of its employees. At present, YAGEO has not established any labor union or signed any group agreements. In order to enable all employees to communicate with it uninterruptedly and effectively solve issues, it convenes a labor-management meeting regularly to hear their feedback and provides our employees with a channel to present their opinions.

YAGEO's operational status and goals are sent through the IR email regularly and changes in the related internal organization will also be announced by HR irregularly. By taking this approach, employees are aware of related company policies and internal organizational changes. Employees' view is respected by YAGEO, and so is their opinion. YAGEO encourages employees to express constructive opinions via various communication channels, to bring positive strength for growth to the enterprise.



Reporting through Ethics Hotline Service

SPEAKING UP!!

There are two ways to submit a concern:

- Report a Concern by calling the toll-free number or by going to the Company's designated URL that can be found on Company website
- Acknowledge that the report is not an emergency

Call Toll-Free: 1-833-603-6004

Go To:
YAGEOGroupEthicsHotline.
ethix360.com

Labor-Management Communications	Descriptions about communication method
Labor-management meeting	YAGEO convenes a labor-management meeting internally per three months. Labors are allowed to participate in the Company's business management via the meeting, so as to achieve the purposes, such as settlement of the labor-management relationship, contribution to the labor-management cooperation, and prevention of various labor problems.
Foreign Workers' Monthly Meeting	The company regularly engages in communication with foreign employees at the dormitories, gathering feedback to make adjustments and improvements in three aspects: work, life, and dormitory environment.
Public notice via email	In the case any changes in YAGEO's organization or senior managers, the company policy or information about employees' welfare will be communicated to employees via email.
Factory Manager's Mailbox	Set up a tangible mailbox on the factory's bulletin board. If employees have any comments, they may feed the same back to the factory manager via the mailbox.
HR mailbox	Set up a tangible mailbox at the staff canteen. If employees have any comments, they may feed the same back to the HR via the mailbox.
Employee Complaining Hotline (Ethic Hotline)	The employee complaining hotline is set up on the employees' website. Where any employee find any misconduct, such as fraud, waste, abuse, misconduct or violation of organizational policies or laws or regulations, he/she may complete an online form file the complaint anonymously.

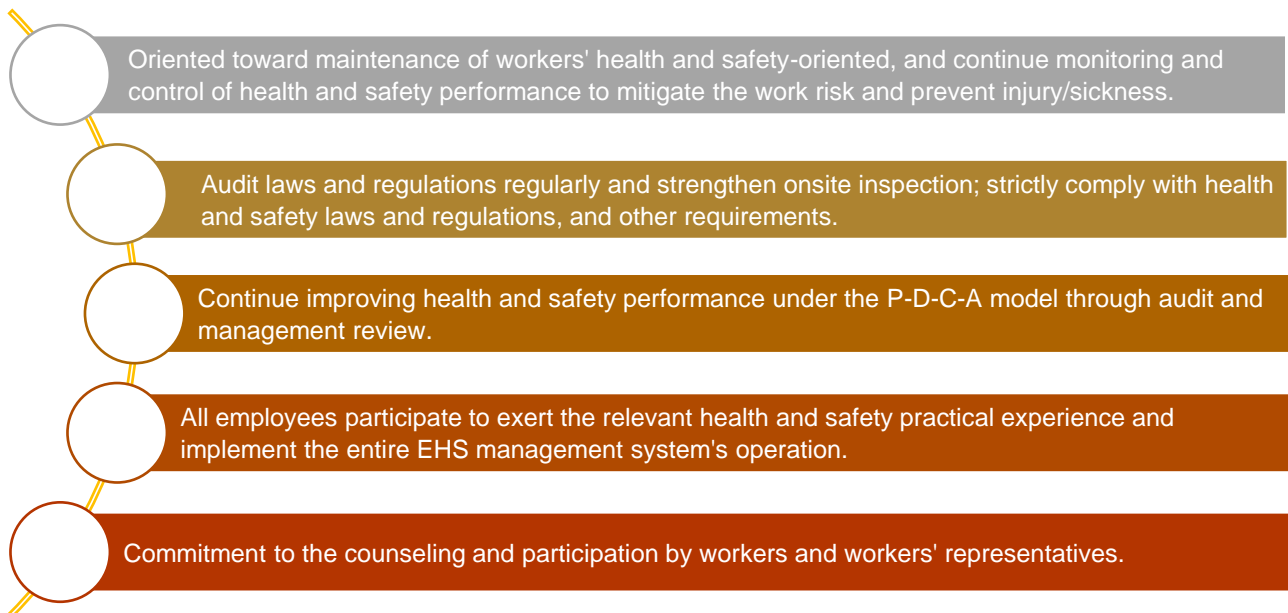
7.4 Occupational Health and Safety

■ Occupational Health and Safety Management System

According to Article 12-2 of the Occupational Safety and Health Management Rules, all factories have passed the ISO45001:2018 occupational safety and health management system, covering all factory employees as well as relevant vendors. Through continuous improvement approaches, we continue to enhance our performance on health and safety, achieving the protection of workers and company assets.

■ Occupational Health and Safety Policy

We have formulated an occupational safety and health policy targeting the goal of “quality work safety and labor safety.” Workers are made aware of the policy via the company website, bulletin board at the entrance of the factory, e-notification and personal cards. The following is the content of the occupational safety and health policy:

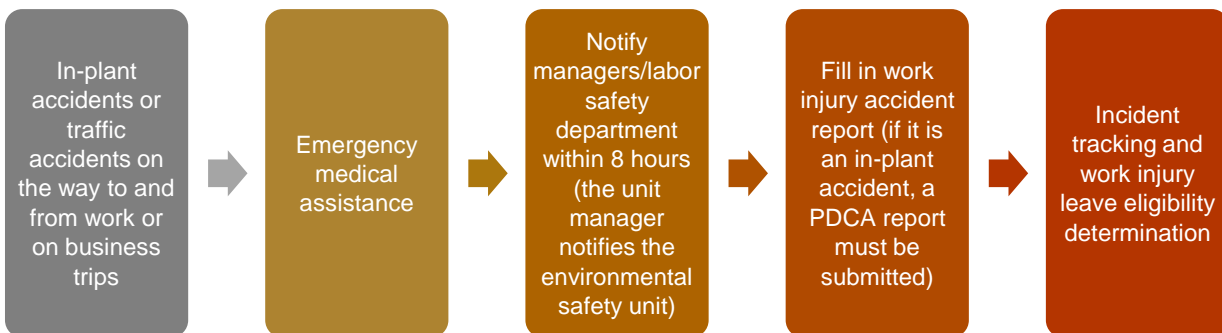


All factories have established an Occupational Safety and Health Committee that meets on a quarterly basis through a meeting. The Committee is responsible for formulating, coordinating and reviewing the implementation of matters related to the promotion of occupational safety and health of all factories. The head of Kaohsiung Dashe Factory, the vice president of Kaohsiung Nanzi Factory, the senior manager of Dafa Factory, as well as the president of the Suzhou Factory, and the team leader of Dongguan Factory serve as chairpersons of the Committee for each factory's Occupational Safety and Health Committee. Members include each department's occupational safety and health support units, labor representatives, and occupational safety and health management units. The labor representatives are elected by voting, and the percentage of labor representatives in each factory's Occupational Safety and Health Committee is as the following table:

Factory Premises	Dashe Factory (R-Chip)	Nanzi Factory (MLCC)	Dafa Factory (MLCC)	Suzhou Factory (R-Chip, MLCC)	Dongguan Factory (Trial Packaging)
Percentage of labor representatives	37.5%	45%	52.9%	33.3%	38%

Based on related provisions of the Occupational Safety and Health Act, YAGEO’s safety and health management procedures classify and define the degrees of work injuries. Work accidents are mainly divided into fatal accidents, serious accidents, minor accidents, first aid kit accidents and false alarms. There is also a notification process to ensure immediate response and notification in the event of an accident to protect labor safety. In the event of an accident, an analysis must be conducted and the filling in of the “Accidents Investigation Report Form”. The responsible department and personnel must thoroughly implement corrective and preventive measures in the prescribed time. The environmental safety unit assists in guiding the filling of the accident investigation report and improvement tracking, while human resources are responsible for the social protection application for work accidents. The report will be kept by the department where the accident occurred, and human resources and the environmental unit will retain copies. A major occupational disaster must be reported to the labor inspection agency in accordance with the law. The site must not be moved or damaged without permission.

■ Occupational Disaster Notification Main Process



At YAGEO, we abide by Article 18 of the Occupational Safety and Health Act that states that employees have the ability to remove themselves from work when they believe there is an imminent and serious danger to their life or health, as well as arrangements to protect them from the consequences of such actions. Employees’ rights to suspend work rights are explained at new employee training and quarterly occupational safety committee meetings by all participating officers. Doing this will ensure that each employee is aware of how to use the rights to suspend work.

In 2022, occupational accidents (exclusive of traffic accidents) in YAGEO were: the improper moving of objects, improper operation of machinery, falling, and cutting. YAGEO will continue to strengthen the promotion and management of operating safety at factory premises to reduce the occurrence of work-related accidents.

Occupational injury statistics	Taiwan	China	Total
Total working hours	7,861,572	7,778,972	15,640,544
Number of recordable occupational injuries	8	15	23
Ratio of recordable occupational injuries	0.2	0.39	0.29
Number of false alarms	3	0	3
Number of false alarms	0.08	0	0.08

Note 1: Ratio of recordable occupational injury = (Number of recordable occupational injuries/Total working hours) * 200,000.

Note 2: There were no death incidents caused by occupational injuries or severe occupational injury incidents in the current year. The serious occupational injury incidents, in the case of Kaohsiung Factory, include fire, explosion, leakage of hazardous substance, public hazard, fatal disaster, disaster causing 3 or more victims, disaster causing 1 or more victims who need hospitalization for treatment, and any other disaster announced by the central competent authority. In the case of the factories in China, such incidents refer to those causing loss of 105 or more working days.

Note 3: There were no occupational injury incidents caused by contractors in the current year.

Note 4: A false alarm event is an event that does not cause any casualty and loss of property, but is likely to do so.

Note 5: Ratio of false alarm events = (Number of false alarm events / Total number of working hours) * 200,000.

■ Occupational Hazard Identification and Risk Assessment

To ensure the effectiveness and applicability of the risk assessment, each factory, implements comprehensive hazard risk identification assessment regularly each year. The assessment is led by the safety and health management department, while a qualified personnel from each unit carries out hazard risk identification. A hierarchy of management will be established and management and improvement of high-risk areas prioritized. YAGEO also promotes the importance of EHS to managers and colleagues through the monthly EHS audit, making an effort to improve factory safety while at the same time reducing operational risks.

Risk Level Identification Criteria and Cases

Risk Level	Risk control	Number of cases under pending 2022
Minor risk	Acceptable, no improvement needed	4,515
Low risk	Acceptable, monitored via current approaches	2,789
Moderate risk	There should be control approaches to ensure implementation, but attention must be paid to whether more effective control approaches are available.	220
Medium and high risk	Control method shall be available for implementation properly, and further assessment needs to be performed in order to determine whether improvement is to be made	1
High risk	For uncontrollable risks, the integrity of existing protection measures must be reviewed	0

Note 1: Risk assessment factors: frequency of operation, occurrence rate, severity, and effectiveness of existing controls.

Note 2: Medium and high risk level classification is applicable to Kaohsiung Dafa Factory and Nanzi Factory.

Note 3: In 2022, the medium and high risk event referred to the abrasion operation in Nanzi Factory, and the operator failed to comply with the operation requirements, such that there was a probability of serious injury of hand jamming or machine trapping. Relevant unit has implemented improvement measures and continues to promote proper compliance with the requirements.

Improvement Projects for Health and Environmental Safety Risks

Factory premises	Policy	Target	Actions	Completed progress
Dashe Factory	Reduce work risks to achieve injury and illness prevention	Wastewater and exhaust master switch with attachment of labels	<ul style="list-style-type: none"> For main water and gas discharge/exhaust pipelines with the leakage or explosion hazard or operational risk, factories have set up switch and attached labels to improve personnel's emergency response ability. 	Done
Nanzi Factory	Reduce work risks to achieve injury and illness prevention	Introduce of nichrome mesh automatic cleaning machine	<ul style="list-style-type: none"> Use of automatic cleaning equipment to replace the manual washing process, in order to prevent operators from direct contact with chemicals of nitric acid Correct relevant documents Set up access control for the cleaning area 	Done
Dafa Factory	Reduce work risks to achieve injury and illness prevention	Factory II sintering furnace exhaust pipe renewal project	<ul style="list-style-type: none"> Sintering furnace exhaust pipes with 10 abnormal pipes, and improve the corrosion, clogging and leakage of Factory II sintering furnace exhaust pipes 	Done
		Ball milling and defoaming area operating environment improvement project	<ul style="list-style-type: none"> Ball milling and defoaming area's Toluene concentration decreases from 212ppm to below 100ppm 	Done
		Prevent chemical contact operation hazard, and introduce automatic plating cage cleaning machine	<ul style="list-style-type: none"> Introduce machine automatic cleaning to increase the plating cage cleanness Introduce machine automatic cleaning to reduce personnel's contact with chemicals 	Done
		Powder material feeding method	<ul style="list-style-type: none"> Improve powder feeding operation to reduce the discomfort of personnel's hands and legs 	Extension
Suzhou Factory (R-chip)	Reduce work risks to achieve injury and illness prevention	Improve the operating environment for printing job positions	<ul style="list-style-type: none"> Install VOC exhaust protection shield for the printing head 	Done

Factory premises	Policy	Target	Actions	Completed progress
Suzhou Factory (MLCC)	Reduce work risks to achieve injury and illness prevention	Reduce machine injury risk for job positions of hydraulic press	<ul style="list-style-type: none"> Install mechanical fall-prevention device for hydraulic press, in order to prevent personnel injury incidents 	Done
Dongguan Factory	Reduce work risks to achieve injury and illness prevention	Improve the transport mechanism of electroplating cable rack of electroplating	<ul style="list-style-type: none"> Introduce auxiliary transport mechanism to help move and prevent work injuries 	Done

■ Occupational health services

Health Checkup and Influenza Vaccination

YAGEO Dashe Factory, Nanzi Factory and Dafa Factory are equipped with a clinic where professional nurses and medical specialists provide medical services and professional real-time health counseling service on the site to care for workers' health in the workplace. Each of YAGEO's factories would conduct health checkup for employees engaged in special and general operations. The special health checkup check the occupational hazardous factors in the workplace, provide the health checkup items superior than those provided under laws and regulations, as well as various cancer screening tests, and establish the reporting procedure for high-risk physical and mental health conditions. For employees who are found high-risk based on the check results, the HR Committee will arrange the post transfer per the doctor's recommendation and help the employees seek follow-up consultation in the infirmary, or partner hospitals nearby, so that colleagues can better understand their own health status. It will also continue to follow up various abnormal health conditions, in order to achieve "early detection and early treatment". Also, Kaohsiung Dashe Factory works with Dashe District Public Health Center for influenza vaccination. Dafa and Nanzi Factories also invited medical team to proceed to its factory site to assist with the administration of COVID-19 vaccination.

▼ Annual Health Examination



▼ Influenza Vaccination



▼ COVID-19 Vaccination



2022 statistics about the number of employees accepting the health checkup

Factory Premises	Dashe Factory (R-Chip)	Nanzi Factory (MLCC)	Dafa Factory (MLCC)	Suzhou Factory (R-Chip)	Suzhou Factory (MLCC)	Dongguan Factory (Trial Packaging)
Number of employees receiving the general health checkup	992	1,162	804	0	0	418
Number of employees receiving the special health checkup	285	378	229	1118	884	198

Note 1: The special health checkup is intended for the employees working in the environment full of the high-risk factors in the operating procedure, as an additional health checkup for occupational disease hazardous factors.

Note 2: The health examination for general employees in Suzhou Factory is performed every two years, so there is no relevant data in 2022.

Contracted labor health service physician and nurse services

Factory premises	Contracted service frequency	Number of people/times of service use in 2022
Dashe Factory (R-chip)	<ul style="list-style-type: none"> Physician 2 times/month Already arranged 2 stationed nurses 	<ul style="list-style-type: none"> Physician service: 333 people Nurse service: Stationed at factory
Nanzi Factory (MLCC)	<ul style="list-style-type: none"> Physician 3 times/month Already arranged 2 stationed nurses 	<ul style="list-style-type: none"> Physician service: 298 persons-time Nurse service: Stationed at factory
Dafa Factory (MLCC)	<ul style="list-style-type: none"> Physician 3 times/month Already arranged 1 stationed nurse 	<ul style="list-style-type: none"> Physician service: 264 persons-time Nurse service: Stationed at factory

Note: 2022 stationed nurse service included: Occupational medical stationed service, health consultation, annual health examination, new employee orientation, health promotion activity and seminar, screening and testing at outdoor test stations

Assessment Form for Workplace Occupational Hazardous Factors and Possible Occupational Diseases

Dept./Post	Occupational hazardous factors	Occupational disease that might be caused	Engineering protection	Personal protection appliances
Activation of packing machine, welding workshop, electroplating, lithography, mid-section and material screening, cleaning and testing, etc.	Noise	Occupational deafness	- -	Earplugs

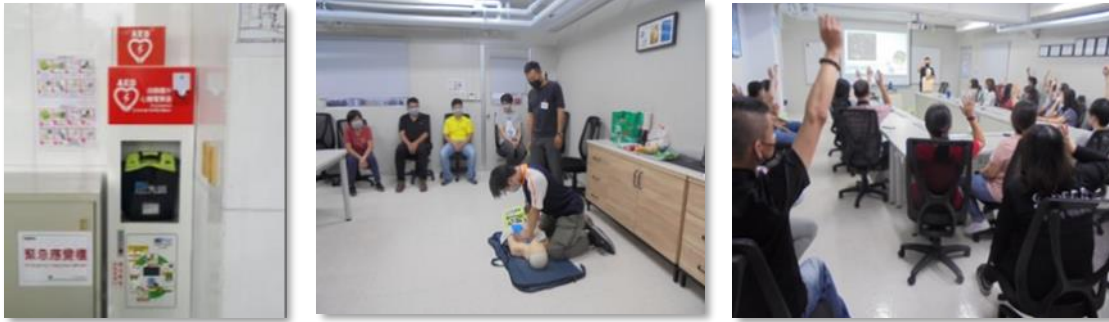
Dept./Post	Occupational hazardous factors	Occupational disease that might be caused	Engineering protection	Personal protection appliances
Cutting workshop, granulation, splice, vacuum plating	Noise and dust	Occupational deafness and pneumoconiosis	Dust collection device	Earplugs/dust mask
Printing	Soluble nickel compounds	Occupational positioning, occupational contact dermatitis, occupational asthma	Gas collection device	Acid and alkali protective clothes, protective gloves, protective goggles, dome-shape gas mask, canister, activated carbon mask
Electroplating	Soluble nickel compounds, nitric acid	Occupational positioning, occupational contact dermatitis, occupational asthma, occupational skin burn, chemical eye burn		
Ink mixing, coating workshop	Chemicals and Chemical organic gases (benzene series)	Occupational chronic benzene poisoning, occupational benzene-induced leukemia	Organic gases collection device	Anti-microvirus mask, protective gloves
Test tray cleaning, power resistor workshop	Chemicals and Chemical organic gases (benzene series, dust and methanol)	Occupational chronic benzene poisoning, occupational benzene-induced leukemia, and pneumoconiosis caused by occupational dust	Organic gases collection device	Anti-microvirus and dust masks, and protective goggles

In 2021, Kaohsiung Dafa Factory performed the nickel operation special hazard health examination. In 2022, factory contracted physician performed further project research on the health examination abnormality, and the determination result indicated that the health hazard was not caused by the operating environment. In 2022, YAGEO's factory sites had a total of 1 occupational disease incident, and it was mainly caused by noise hazard. The human resource unit has assisted the arrangement of labor competence identification and remedial measures, and employees of each department are requested to wear protection equipment and to implement work shift procedure. Furthermore, the factory site occupational disease rate was 0.01, and there was no death incident due to occupational disease of contractors.

Health Promotion Measures

Secure place certification and AED & CPR education and training

In order to provide employees with safe workplaces, Kaohsiung Dashe Factory has passed AED secure place certification. Dafa Factory and Nanzi Factory have also implemented AED-related education and training courses. In 2022, there were a total of 170 people participated in the training, in order to enhance the initial response and handling capabilities for emergency inquired victims.



Health Promotion Information

Each factory of YAGEO has posted health information on the bulletin board and TV wall irregularly to improve the employees' correct health knowledge and concepts. In addition, health information is also distributed via internal e-mails, in order to promote employees to act healthily and to establish healthy lifestyle, in order to prevent the attack of any disease and improve the healthy life quality.



Tunnel sphygmomanometer installed at the factory premises

Considering that cardiovascular disease and diabetes have become scary killers threatening the nationals' health, especially those who are busy in work and overweight and seldom take exercise, who shall measure the blood pressure every day, lest they should become the victims of high pressure, brain stroke and heart diseases unknowingly. In order to care the employees' health, YAGEO Dafa Factory particularly installs the automatic measuring tunnel sphygmomanometers at restaurants and urge the employees to make



use of them frequently to develop a good habit for regular blood pressure measurement periodically. The blood pressure measurement office has made available the health education leaflets and measurement record available to the employees.

Maternity Protection Measures and Breastfeeding Room


According to the maternity protection measures under the Occupational Safety and Health Act, YAGEO has established the maternity health protection plan and performs the maternity health risk assessment and job suitability assessment, in order to ensure the physical and mental health of female employees who are pregnant, in labor, and breastfeeding, and to achieve the purpose of maternity protection. Additionally, it installs the signs prohibiting the subjects of maternity protection objects from operating priority chemicals and provides pregnant employees with different colored hats for identification criteria to prevent others from collisions with the pregnant employees.




YAGEO also installs the breastfeeding room to allow mothers to work without worry. In 2022, Nanzi Factory replaced the equipment of breastfeeding room by changing chairs to small sofa with back pillows in order to provide comfortable equipment and environment to breastfeeding female employees.



Healthy Workplace Certification and Health Promotion Seminar

All factories of YAGEO are committed to implement tobacco prevention and health promotion, measures of tobacco-free and health promotion in the workplace have been implemented to establish a quality working place. Dafa Factory and Nanzi Factory have obtained the health promotion mark of healthy workplace certification after evaluation.

Seminar name	Number Of Session / Total Number of Participants/Times	Seminar Photo
Aromatherapy seminar (Nanzi)	2 sessions / 41 people	


Seminar name	Number Of Session / Total Number of Participants/Times	Seminar Photo
AED&CPR training course (Nanzi)	2 sessions / 62 people	
Prevention of ergonomic injury health seminar (Nanzi)	2 sessions / 52 people	
Emerging sports nutrition professional seminars (Dafa)	1 session / 30 people	


Healthy Diet

To look after the health of our employees, YAGEO contracts SGS to conduct the random check on the meals provided by the canteen of the factories in Taiwan, and healthy meals arranged by qualified nutritionists based on daily dietary recommendations are provided at the canteen of the factories in Taiwan. Additionally, each factory has the catering committee consisting of the general affairs unit and labors' representatives at the labor-management meeting to discuss the menu on a weekly basis, and inspect the sanitation of the food service on a quarterly basis, including the inspection on sanitation status of the central kitchen and sampling inspection on each factory's meals.




Blood Donation Event





2022 04 14



Contractor Health and Safety Management

YAGEO has established the operating safety regulations governing contractors' entry to the factory. They provide that contractors must apply for a work permit for the entry review, complete construction personnel's written undertaking, and provide the notice of hazardous factors in the duration of the contract to confirm there are related insurance and education and training certificates or licenses, to ensure contractors' operating safety and protect health and safety of contractors' and YAGEO's employees.



Application Process for Contractors to Enter the Factory

- Submit an application for factory entry on the electronic sign-in system for factory visits three days ago
- Audit: Procurement, Safety Management Department, and the highest-ranking executive in the factory area.
- Construction contractors exchange the certification with education training card.
- The person being visited will accompany the entry.



- Register at the security office for factory entry.
- Sign after thoroughly reading the factory hazard information sheet.
- Inspection of electrical equipment entering the factory
- Post a qualified label

2022 Contractor Management and Audit

Each factory of YAGEO performs construction site audit on contractors entering the factory site for operation. In 2022, there were a total of 1,967 contractor personnel applied for long-term work permit (not referring to the actual number of contractor personnel entering the factory site in 2022). There were a total 634 times of construction site audit being implemented, and all deficiencies have been improved completely.

Factory premises	Number of construction site audits	Deficiency improvement status	Safety and health performance evaluation
Dashe Factory (R-chip)	88	No deficiency	In 2022, safety and health performance
Nanzi Factory (MLCC)	104	Improvement completed	

Factory premises	Number of construction site audits	Deficiency improvement status	Safety and health performance evaluation
Dafa Factory (MLCC)	84	Improvement completed	evaluation was conducted on a total of 35 contractors, and the evaluation result indicated qualification for all contractors
Suzhou Factory (R-chip)	122	Improvement completed	
Suzhou Factory (MLCC)	116	Improvement completed	
Dongguan Factory (Trial Packaging)	120	Improvement completed	

Note 1: In 2022, the average numbers of contractor personnel in the factory sites in Taiwan were: 30 people at Dashe Factory, 67 people at Nanzi factory, and 336 people at Dafa Factory.

Note 2: In 2022, the total number of working hours of contractors at the factory sites in Taiwan were: 72,000 hours for Dashe Factory, 134,656 hours for Nanzi Factory, and 32,296 hours for Dafa Factory.

Number of securities, guards and cleaning personnel at factory sites at the end of 2022

Type	Dashe Factory (R-chip)	Nanzi Factory (MLCC)	Dafa Factory (MLCC)	Suzhou Factories (R-chip & MLCC)	Dongguan Factory (Trial Packaging)
Securities, Guards	12	11	6	13	17
Cleaning personnel	12	16	6	8	8

Fire Protection Equipment Management and Emergency Exercises

In order to improve the response to emergencies and fire protection ability at factory premises, YAGEO maintains the fire-fighting equipment regularly on a monthly basis. Regular inspection reports and reviews are also performed as required by the laws and regulations. A fire-fighting and emergency response drill is performed every 6 months to improve workers' knowledge about response procedures and operation of response facilities and ensure that workers may be evacuated effectively in the case of any major disaster. Moreover, new employees must undergo six-hour safety and health-related training prior to entering the workplace. Where workers perform operations on machinery, related training must be provided by the Works Department. If special machines are operated, the worker must obtain related licenses as required by law.





■ Occupational Health and Safety Policy

In order to improve the employees' awareness toward occupational health and safety and reduce the possibility of risks arising from routine operations, YAGEO's factories have the EHS department report the occupational health and safety training needs to the human resource department each year, and has the human resource department assist in planning and publishing the annual training plan, in order to perform occupational safety-related education and training. The courses cover operation of equipment and machine, awareness toward occupational health and safety, first aid for occupational disasters and special operating safety training, etc..

Further, before any contractor enters the site for work, the contractor training shall also be carried out in accordance with the contractor's operating management regulations, including the environment, occupational health and safety policies, factory discipline and overview of the factory, regional source of hazards, hazardous operating safety regulations, waste disposal, emergency contact person, common sense of fire escape and emergency response, etc. , can only enter the operation area after examination and approval.

Occupational Health and Safety Training

Type	Dashe Factory (R-Chip)	Nanzi Factory (MLCC)	Dafa Factory (MLCC)	Suzhou Factory (R-Chip、MLCC)	Dongguan Factory (Trial Packaging)	Total
Total Training Hours for Employees	6,932	3,336	2,954	34,120	1,976	49,318
Total Training Hours for Contractors	348	182	588	1,796	30	2,944

■ Responsive actions against the COVID-19 epidemic

As the outbreak continues to spread in 2022, all factories continue to implement various pandemic prevention measures to protect the health of our employees.

• Employee Protection and Health Management

- ✓ Daily autonomous health monitoring and tracking of the health conditions of monitored colleagues

- ✓ Management and facilities for sufficient pandemic prevention supplies
- ✓ Irregular pandemic prevention promotion and announcement to remind our colleagues to properly wear a mask and wash hands, as well as keeping a social distance
- ✓ Pandemic prevention measures including separate dining areas/offices
- ✓ Cooperated with the Department of Health to administer COVID-19 vaccination in order to improve the self-protection of personnel and to prevent severe complications

- **Avoid Physical Contact**

- ✓ A real-name system is adopted for cross-departmental entries and hand sanitizers are in place at all entrances
- ✓ Real meetings are replaced with telephone or video meetings
- ✓ For external personnel (vendors or visitors) - aside from body temperature checks, vendors and visitors must also wear a mask during the entire visit in accordance with the pandemic prevention rules. They must also fill in the “Visitor and Vendor Autonomous Health Statement” and provide a negative test certificate from a test station approved by the government.
- ✓ For long-term stationed or regular construction staff and agency staff (including Taiwanese and foreigners), a monthly-updated negative test certificate must be provided
- ✓ Monthly rapid lateral flow test: Dafa Factory and Nanzi Factory conduct the rapid lateral flow test against migrant workers or high-risk workers on a monthly basis. The application shall be submitted to the department of economic development for approval. They also worked with Chien-Yu Hospital, which would complete the test at the factory premises.
- ✓ Set up outdoor test stations: Dashe Factory and Nanzi Factory set up the outdoor test stations in order to perform outdoor screening space for personnel with doubts of infection



- **Daily Epidemic Notification Management and Care for Confirmed Cases**

- ✓ Establish the voluntary reporting system for colleagues and persons having close contacts with confirmed cases.
- ✓ Establish employee care mechanism and care package
- ✓ Provide the antigen rapid test kit to employees in need (who can not go out during home isolation or have contact with confirmed cases in the workplace).

- ▶ Pandemic prevention measures including hand sanitizers at all entrances of workplaces and meeting rooms, and body temperature measurement stations



▼ Social distance indication line



▼ Install partitions



▼ Teach how to use the rapid test kit






▼ Urge employees to undergo the test at a hospital



Chapter 8 Social Participation

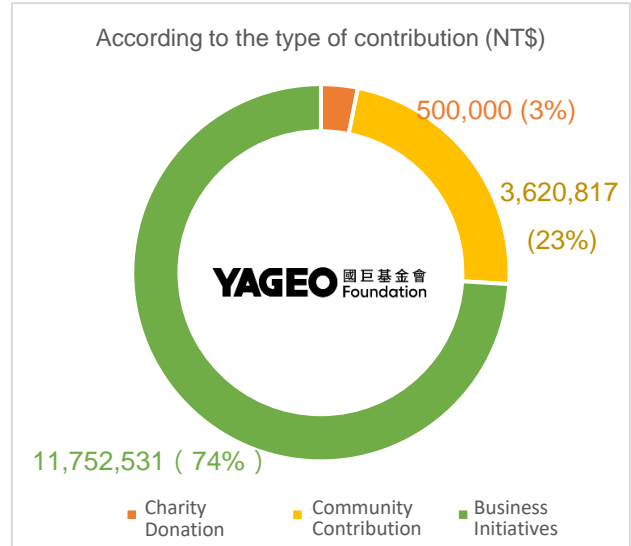
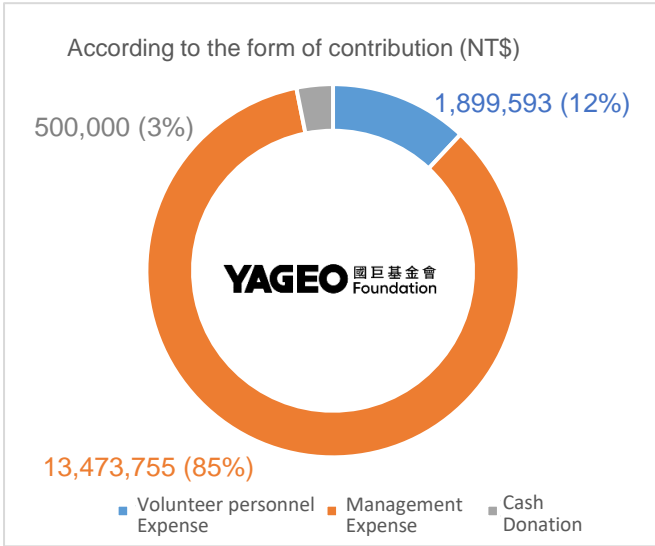


8.1 Social Participation and Strategy

Social participation focus	Correspondent SGDs	Business driving force	Business benefit and performance	Social influence	Social and environmental benefits
Art and culture education	  	<p>YAGEO Foundation continues to plan exhibition events and to share all aspects of the art of living through media and book publication to the general public based on the promotion core of "The Art of Living". YAGEO Sports Games Development Association promotes the ocean and environmental protection philosophy through seed camp.</p>	<ul style="list-style-type: none"> YAGEO Foundation expects to publish a series of "Art of Living Books" covering various aspects of art, jewelry, dining culture, interior design and architecture, etc., and also engages in collaboration with other institutions to lend collections to the external for exhibition, thereby expanding the brand exposure of YAGEO: 2022 "Maya Ruiz-Picasso, Daughter of Picasso", and the YAGEO's brand exposure reached 286,534 times Since 2020, YAGEO Sports Games Development Association has organized surfing seed camp annually. In 	<ul style="list-style-type: none"> To arouse the general public's aesthetic sensation and thinking in daily lives, to improve people's art and culture quality, to demonstrate the strength of Taiwan in arts, and to improve the art perception of domestic citizens Educational development and cultural promotion is one of the core concept of YAGEO Sports Games Development Association. Through the organization of surfing events, the Association looks forward to improve the passion in surfing of people in Taiwan. In addition, through the annual organization of seed camp, the value of ocean and environmental protection 	<ul style="list-style-type: none"> Promote domestic and foreign people to participate in exhibition and art and culture events, in order to improve the quality of aesthetic education and art appreciation. In 2022, for the surfing seed camp organized, a total of 12 trainees participated in the event. Lessons on surfing skills and abilities were provided to trainees free of charge, and the concepts of ocean and environmental protection were also taught. After the course, 16 people participated in the beach cleaning

Social participation focus	Correspondent SGDs	Business driving force	Business benefit and performance	Social influence	Social and environmental benefits
			2022, a total of 1 session of surfing seed camp was organized.	can be promoted, in order to allow trainees to cultivate the concept of ocean protection at young ages.	activity for a total of 3 hours, and a total of 8kg of beach waste was removed.
Sports Promotion		<p>YAGEO Sports Games Development Association organizes seed camp based on the philosophy of cultivating surfers in Taiwan, and has also established a professional surfing team in order to train surfing talents in Taiwan. Through the organization of sports game for the general public, the Association aims to stimulate the general public's passion in surfing and to improve the surfing level in Taiwan, thereby allowing Taiwan to excel further at Olympic Games in the future.</p>	<ul style="list-style-type: none"> • Since 2020, YAGEO Sports Games Development Association has organized the YAGEO SURF seed camp and training team election annually. In addition, through the participation in domestic and foreign surfing games and self-organized games, the brand of YAGEO is able to achieve brand recognition and popularity through camp organization, game event broadcast, prize winning by surfers and magazine interviews. • In 2022, 1 session of surfing seed camp was organized • In 2022, one session of O3 Taiwan surfing festival was organized, and the number of views of the game event broadcast reached more than 4,500 views • In 2022, surfers of the surfing team won a total of 33 medals • Honorably published on content story of "SURFIN' LIFE" of March 2023 Edition 	<ul style="list-style-type: none"> • Sports promotion is another core philosophy of YAGEO Sports Games Development Association. Through professional teaching, the Association looks forward to improve the surfing game level of Taiwan and to improve the surfing environment quality. In addition, by organizing seed camp annually, the Association is able to select potential surfers. Furthermore, through the participation in domestic and foreign surfing games and events, the visibility of surfing sports in Taiwan can be improved. 	<ul style="list-style-type: none"> • For the surfing seed camp organized in 2022, a total of 12 trainees participated in the camp, and the surfing skills and abilities were taught at free of charge to trainees • O3 Taiwan general public amateur and professional contest entertainment surfing event was organized, and the total number of participants was approximately 80 to 100 people • Long-term sponsorship for 4 professional surfers to develop their interest in surfing into professional career

YAGEO Foundation follows the guidance of B4S framework (Business for Social Impact Framework). The amount of NT\$15.87 million of social participation contributed by YAGEO Foundation in 2022 was divided into the contribution amount according to the form of contribution and event type of contribution, in order to demonstrate YAGEO's social influence.



8.2 Art and Culture Education

YAGEO Foundation (hereinafter referred to as the “Foundation”) is a non-profit seeking organization founded by the Chairman, Mr. Pierre Chen, in 1999. The Foundation is dedicated to promoting art and culture through the sponsorship of exhibitions, research, and educational programs. YAGEO Foundation is dedicated to promoting the dialogue between Chinese and Western culture. In addition to the regular loaning of its collections to well-known museums and cultural institutions around the world for exhibitions, the Foundation has also been proactively involved in joint exhibitions with international museums to establish partnerships. By doing this, the Foundation is at the same time promoting Taiwan's culture internationally, hoping to cultivate professional talent and gain international experience for Taiwan.

In 2022, the contribution amount made by YAGEO Foundation was approximately NT\$9.89 million. The Foundation continues to organize the “U.K. Tate Modern Partnership Program” collaborated with the U.K. Tate Modern in order to gather the classic works of present and contemporary masters collected by both parties for the planning of the annual exhibition of “Capturing the Moment”. The drawing and photography works of art historical development are discussed and exchanged mutually along with the impacts of their creation style. The expected exhibition period is June 13, 2023 to January 28, 2024, and it will be the 2023 annual exhibition for Tate Modern. The exhibition will also demonstrate the art strength of YAGEO Foundation and Taiwan in the international art field, thereby promoting the exchange and dialogue between eastern and western culture. In addition, the international exhibition planning experience can be deep-rooted in Taiwan, in order to improve the quality of exhibition and art education of Taiwan in the future.

During the period of 2022, YAGEO Foundation invested in approximately NT\$4.13 million in the repair and management of classic art works and also lent numerous collections of excellent quality to the external domestic and foreign well-known art institutions for exhibition. The exhibition of “A Song of Seas and Power: The Flow of Labor, Goods and Currents” exhibited at National Taiwan Museum of Fine Arts, and the exhibition period was from December 11, 2022 to April 10, 2023. The exhibition focuses on the global economy, political and capitalism trend and impact associated with ocean and islands of Taiwan, in order to present the history and culture perceived with great educational meaning. YAGEO Foundation organized the exhibition of master piece of Taiwan artist Mao-Lin Yang, “Zeelandia Memorandum XL9302”, the painting was at a length reaching three meters and was one of the representative works for the exhibition. Mao-Lin Yang started the creation of the series of “Zeelandia Memorandum” since 1992. Through paintings, he recorded and illustrated how colonizers in Taiwan engaged in relationship with people on this land with force, trade and plutocracy.



▲ Master piece of Mao-Lin Yang “Zeelandia Memorandum XL9302” at the exhibition



▲ Photo of exhibition of “A Song of Seas and Power: The Flow of Labor, Goods and Currents”

The “Maya Ruiz-Picasso, Daughter of Picasso” exhibited at Musée national Picasso – Paris in 2022 was also a large art work lent by the YAGEO Foundation for display, and the exhibition period was April 16 to December 31, 2022. Musée national Picasso – Paris is a national art museum in France, and it is also one of the global authority in the study of Picasso. The exhibition was organized with Picasso’s granddaughter Diana Widmaier-Ruiz-Picasso acting as the curator in person, and the care and love between father and daughter of Picasso and his daughter Maya was presented in the exhibition. With such remarkable art work, the number of visitors of the exhibition reached 286,534 persons-times. The two paintings lent to the external by the Foundation were both fine art works, and the Musée national Picasso selected such art works for the

exhibition painting album cover, such that it was widely reported by the international media. YAGEO Foundation continues to enhance the international exposure with “YAGEO Foundation Taiwan”, thereby improving the international visibility of the brand and Taiwan.



▲ The painting of “Maya Ruiz-Picasso, Daughter of Picasso” lent to the external by YAGEO Foundation was selected by Musée national Picasso for the exhibition painting album and reported by the international media

“Living with Art” has always been the core value of YAGEO Foundation, and the Foundation promotes the integration of art thinking and feeling in daily lives, in order to improve cultural quality in the living aspect. YAGEO’s company office and public area display a lot of art works, and the display of each art work has been carefully planned and arranged, in order to achieve harmonic integration with the surrounding environment. We deeply believe that the interaction between space and art is part of the development of aesthetics, which is also a vital philosophy and driving force for continuous accumulation of YAGEO Foundation’s collection. Meanwhile, in order to further record and promote this concept, the Foundation, since 2021, has planned to use the collections as the starting point and promote the multi-faceted aesthetics of life. The Foundation expects to publish a series of multi-faceted books and documentaries of “Life Aesthetics”. In 2022, the Foundation continued to perform collection and recording of materials on hand, and also engaged in discussion and planning with professional teams.

With the rapid internationalization, improvement in all aspects of operations, and becoming a leader in the industry all over the world, YAGEO Foundation, as an important cultural capital of YAGEO, represents the cultural connotation and height of YAGEO, and It is also dedicated to improving itself and aims to grow with the enterprise’s core. Internally, the Foundation expects to achieve robust business management as an art and cultural corporation, including academic research, construction of database, exhibition planning,

educational promotion, etc., as well as administrative management, financial planning, brand marketing, etc. (it has managed the social media since 2021, hoping to bring the high-level aesthetic education to a wider range of audiences), in order to become more perfect. Externally, the Foundation uses the best effort to improve its expertise. In addition to working with domestic art museums to promote Taiwanese artists and contribute to connections at home and abroad, the Foundation also actively cooperates with foreign cultural Institutions to build its international reputation and visibility, keep pace with the international enterprise, YAGEO, and complement with each other, to achieve all purposes required by YAGEO's brands.

As a soft power, it has been always difficult to quantify the arts and cultures. However, the Foundation insists on that arts and cultures, as cultural capital, can bring individuals to retrospect the natural environment and humanity society, and an enterprise just needs such kind of thinking to face the transformation of environment and society, in order to achieve the goal of sustainability. In 2022, the Foundation continued to bring a friendly aesthetic learning environment for YAGEO employees, including integration of the Foundation's artwork collection into the office space, provision of art books to domestic and foreign employees to promote cultural exchanges, etc.. Meanwhile, the Foundation also continue to lend artworks to foreign or domestic exhibition units, or co-organize exhibitions, share precious cultural resources with the public, and improve the responsibility for sustainable development.



▲ Photo of company office of YAGEO



▲ Integration of art works with employee dining area at YAGEO

We welcome people to obtain further information for understanding the philosophy of YAGEO Foundation and U.K. Tate Modern Partnership Program!



Follow YAGEO Foundation on Instagram



Follow YAGEO Foundation on Website

8.3 SPORTS PROMOTION

■ Nurturing the Young Generation for the Future

YAGEO Professional Games Development Association was founded in 2018, a non-profit seeking organization dedicated to promoting surfing. In 2018, the International Olympic Committee announced that it would be including surfing as one of its competing sports for the first time at the 2020 Tokyo Olympics. Surrounded by the sea, Taiwan has many excellent spots for surfing, making it ideal for promoting the sport. However, as the sport is relatively new in Taiwan, resulting in a large gulf in the competitive standard in Taiwan and internationally, where surfers tend to start from a young age. YAGEO established the YAGEO Professional Games Development Association to nurture young surfing talent thanks to Taiwan's surfing advantages. By discovering more young talent, we make every effort to train Taiwan's future talented surfers, hoping to catch up with international surfers as well as the waves at the Olympics. While surfing is an emerging sport worldwide, we hope to elevate the competitiveness of Taiwan's surfers.

■ Development Orientation

The Association identifies educational development and cultural promotion as two major cores for its development. For educational development, the Association hopes to upgrade the surfing competition level in Taiwan through professional instruction and thereby improve the surfing environmental quality. For cultural promotion, the Association hopes to upgrade the presence of Taiwan's surfing by participating in the relevant games and activities. The Association hopes to see that Taiwan's surfing players can make their mark on the international stage someday. In the process of development, the Association also hopes to visit various coastal communities throughout Taiwan and introduce the sport to the new generation.

The goal of the Foundation is to organize one session of advanced contest and general public's surfing game, and to also organize one session of each of surfing seed training camp and surfing experience camp. In the process of development, the Association also hopes to visit various coastal communities throughout Taiwan and introduce the sport to the new generation.



YAGEO Professional Games Development Association's passion for surfer cultivation is not based on making a profit; the sole purpose is to promote surfing in Taiwan. YAGEO Group not only sponsors athletes to

participate in the Olympic trials overseas but also employs the best national athletes in Taiwan to coach the surfers. 2022 was the fourth year of establishment of YAGEO SURF team, and the main coaches included Taiwan surfing legend Heng-Liang Kuo and Hou-Hsun Chen with extensive teaching experience. In addition to training young surfers, the coaches also serve as the main trainers of the surfing camp training program. The surfing camp training program organized one session of seed camp event in 2022. The selected training team players and professional team players will continue to participate in the young surfer game trainings in the second half of the year.



▲ Taiwan surfing legend and coach - Heng-Liang Kuo



▲ Coach - Hou-Hsun Chen with extensive teaching experience

Second Term of YAGEO SURF Seed Camp Training Program

In 2020, YAGEO began to plan the Surf Seed Camp to cultivate young talented surfers in Taiwan to cultivate surfing talents for Taiwan. The first term of the Southern District of Surf Seed Camp was convened in 2021. The top coaches in Taiwan provided the professional surfing guidance and enabled the trainees to learn surfing since childhood and feel interested in surfing and love the ocean. YAGEO looks forward to cultivating Olympic players for Taiwan and making these players shine in the international surfing games. The seed training camp shall consist of no more than 12 persons. The number of applicants shall be no more than 16 persons from the beginning. After screening, 12 trainees are selected and allowed to participate in the seed training camp. The trainees' age shall be 14 years old or less, i. e. 6~13 years old.



The training content is divided into the land and sea courses. The course content includes not only surfing basic skills and technique training but also surfing etiquette and culture, ocean environmental protection, surfing hazard evaluation (such as wave and tide determination) and self-rescue skills, etc. Students must ensure the safety during surfing. In addition, through the methods of beach cleaning, use of eco-friendly rash guard and eco-friendly tableware, etc., trainees are able to develop the concept of environmental protection and treasuring resources starting at their early stage.

Qualifications	Training Program
<ul style="list-style-type: none"> • Participate in selection • No more 12 trainees per term • The trainees' age ranges from 6 years old to 13 years old. 	<ul style="list-style-type: none"> • Land course (physical training, ocean environmental protection, surfing etiquette and culture, and surfing hazard evaluation and handling) • Sea course (basic surfing skills and cultivation of techniques)

Outstanding trainees from the first term of YAGEO SURF Seed Camp in 2021 started to participate in surfing competitions in 2022, and they also achieved great results in the competitions. Among the trainees, Hou Che-Yao further obtained the qualification of Taiwan surfing national athlete. In 2022, Hou Che-Yao also represented Taiwan to participate in international surfing games, and achieve great outcome on the international surfing stage.

Introduction of the national star athlete of first term of YAGEO SURF Seed Camp - Hou Che-Yao (Jack)

Age: 15 years old

Years of surfing: 1.5 year

Surfing location: Tainan Yuguang Island

Surfing achievements:

- Champion of YAGEO SURF Seed Camp Selection
- Champion of Taiwan International Surfing Open Super Men and Women U15 Group

Fourth Place of Jialeshuei Surfing Carnival U18 Group



1st-stage training period: May 2022

Important course of seed training camp - “Beach cleaning”

After the end of training course at any sea area, YAGEO SURF Seed Camp always perform the beach cleaning activity. During the promotion of the sports of surfing, the camp leads trainees to participate in the protection and care of our environment, and to develop sustainable environment value starting at early stage. In 2022, a total of 16 people of all athletes and seed camp trainees of YAGEO SURF team completed 3 hours of beach cleaning activity and removed beach wastes of 8kg, in order to contribute effort to the environmental cleanness.



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2nd-stage activity period: July 2022

YAGEO SURF Training Team had 4 new members joined the team in 2022, and they all demonstrated their outstanding surfing skills during the training in Tainan.



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Completion of training: The 2nd term of YAGEO SURF Seed Camp training team selection contest completed successfully in 2022

In 2022, there were 12 trainees completed a series of courses and trainings. Each trainee was able to learn the surfing concept, basic skills and sports athlete etiquette for sports games. The trainees completed the training with contentment and satisfaction.

2nd Term Seed Training Camp Outstanding Performance	
Men's group	Women's group
🏆 Le-Hai Huang (from Fulong)	🏆 Wan-Yu Chen (from Hualien)
🥈 Po-Yu Chen (from Hualien)	🥈 Pei-Ni Tsai (from Shuangshi)
🥉 Chueh-Mi Hou (from Tainan)	🥉 Chiao-Yu Chou (from Taipei)
🏅 Jung-Hsiu Kuo (from Fulong)	



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Introduction to YAGEO Professional Surfing Team

In 2022, after the domestic and foreign epidemic control policies were relaxed gradually, YAGEO professional surfing team arranged athletes to travel to Australia to participate in surfing training and games. The surfing

seed camp continued to organized the second term of training in order to cultivate greater young surfers to develop their interest and passion in surfing into professional career. In 2022, surfers focused on the participation of domestic young surfer open games, and they also demonstrated outstanding result in all games. In addition, through the accumulation of experience from each game, surfers are able to improve their own competitiveness and to be ready for international games in the future. YAGEO Sports Games Development Association will continue to support and sponsor young athletes in Taiwan to receive greater surfing trainings and resources, and will also support athletes to develop their interest in surfing into profession, thereby allowing Taiwan surfers to excel further in domestic and overseas games.

YAGEO's occupational surfer



Chung Yun-Jung (occupational)

Liu Ming-Jang Juvenile professional team

You Chia-Chi Juvenile professional team

Che-Yao Hou Juvenile professional team

Auxiliary training and care for YAGEO surfing team players

YAGEO Surfing Team believes that surfers, like other sport players, need a lot of auxiliary training to improve their special performance; therefore, YAGEO allows the players to accept different training to improve their ability.

Nutritionist Consultation	<ul style="list-style-type: none"> Hire a nutritionist to customize personal diet for players, and precisely calculate the nutrients and calories to be taken by the players. Per the needs by body type, adjust the menu to increase the players' muscles and maintain the optimal body shape of a sport player.
Sports Psychology Teacher Consultation	<ul style="list-style-type: none"> The player's mental state is usually critical to his performance in a game. A professional team is used to retaining a sports psychology teacher to chat with the player for psychological evaluation, and communicate with the team coaches about the player's condition, in order to help the coaches train the player from the psychological level and better the training quality and effect.
Yoga class	<ul style="list-style-type: none"> Flexibility is very important for a surfer. Yoga class may help surfers achieve better body extension and improve their skill performance.
Physical training	<ul style="list-style-type: none"> Durable physical strength is considered a basic ability for surfing. The professional team arranges the team players to accept physical training at least once a week, in order to exercise the players' cardiorespiratory ability, muscle strength and explosive power.
Benefits vested in players	<ul style="list-style-type: none"> In addition to training resources, athletes with great performance and result in games will also receive monetary prize as encourage for their effort Athlete's birthday party event and quarterly dinner party for athletes busy for training on a daily basis.

Overseas training and game participation in Australia

During the first two years, due to the COVID-19 pandemic impact, the overseas training for athletes were suspended. It was until June 2022 that athletes had the opportunity to travel to Australia for training for a period of 23 days. In addition to the training at the Australia Olympics certified surfing training center, athletes also participated in several local surfing games. After two days of training in Australia, YAGEO SURF team participate in the Byron Bay local youth surfing game, and four surfers achieved great results, making great impression of YAGEO SURF team to local Australian players.



Australia surfing game	
Chueh-Yu U12 Champion	🏆
Ming-Jang U16 Champion	🏆
Che-Yao U16 Second Place	🥈
Sheng-Yang U12 Fourth Place	🥉

Although surfers did not advanced to final in some games at the end, all athletes gained and accumulated great international game experience through the participation on international youth games as the driving force for their future games.



■ 2022 Moment of glory of YAGEO SURF team athletes in domestic and overseas surfing games

2022 Total number of medals won by the YAGEO SURF Team

Athlete's Personal Games		
Champion with a total of 16 medals 🏆		
2nd Place with a total of 8 medals 🥈	3rd Place with a total of 4 medals 🥉	4th Place with a total of 5 medals 🥉

CTSA Surfing Championship

Event Date: March 26 to March 27, 2022

Open Shortboard Competition	Youth Men's Group U16	Youth Men's Group U18
Women's Group, Yun-Jung Chung 🏆	Ming-Jang Liu, Champion 🏆	Ming-Jang Liu, Champion 🏆
Men's Group, Chia-Chi You, 3rd Place 🥉	Chia-Chi You, 2nd Place 🥈	Chia-Chi You, 2nd Place 🥈
Men's Group, Che-Yao Hou, Quarter-Finalist	Che-Yuao Hou, 3rd Place 🥉	Hou Che-Yuao 2nd runner-up 🥈
	Hou Chueh-Yu, 4th Place 🥉	



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O3 Taiwan Taitung Surfing Festival

Event Date: April 3 to April 4, 2022

Shortboard Group of Prize Winning Challenges	Men's Youth U18 Group of Prize Winning Challenges	Youth U16 Group of Ocean Rhythm Open
Men's Group, Chia-Chi You, Champion 🏆	You Chia-Chi Champion 🏆	Men's Group, Che-Yao Hou, Champion 🏆
Female, Chung Yun-Jung - Champion 🏆	Ming-Jang Liu, 3rd Place 🥉	Men's Group, Chueh-Yu Hou, 2nd Place 🥈
		Women's Group, En-Ni Liu, 2nd Place 🥈



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First Term of 2022 Rising Star Surfing Game

Event Date: April 30, 2022

Youth U12 A Group	Youth U16 A Group
Women's Group, En-Ni Liu, Champion 🏆	Women's Group, En-Ni Liu, Champion 🏆
Men's Group, Sheng-Yang Chen, 2nd Place 🥈	Men's Group, Chia-Chi You, Champion 🏆
	Men's Group, Sheng-Yang Chen, 4th Place 🥉
	Men's Group, Ming-Jang Liu, 2nd Place 🥈
	Men's Group, Che-Yao Hou, 3rd Place 🥉



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2022 Pingtung Jialeshui International Surfing Carnival

Event Date: September 30 to October 2, 2022

Open Shortboard Group	Youth Group
Men's Group A, Ming-Jang Liu, Champion 🏆	U18 Years-Old Group, Ming-Jang Liu, Champion 🏆
Men's Group B, Cheuh-Yu Hou, Champion 🏆	U12 Years-Old Group, Sheng-Yang Chen, Champion 🏆
Women's Group B, Wan-Yu Chen, Champion 🏆	

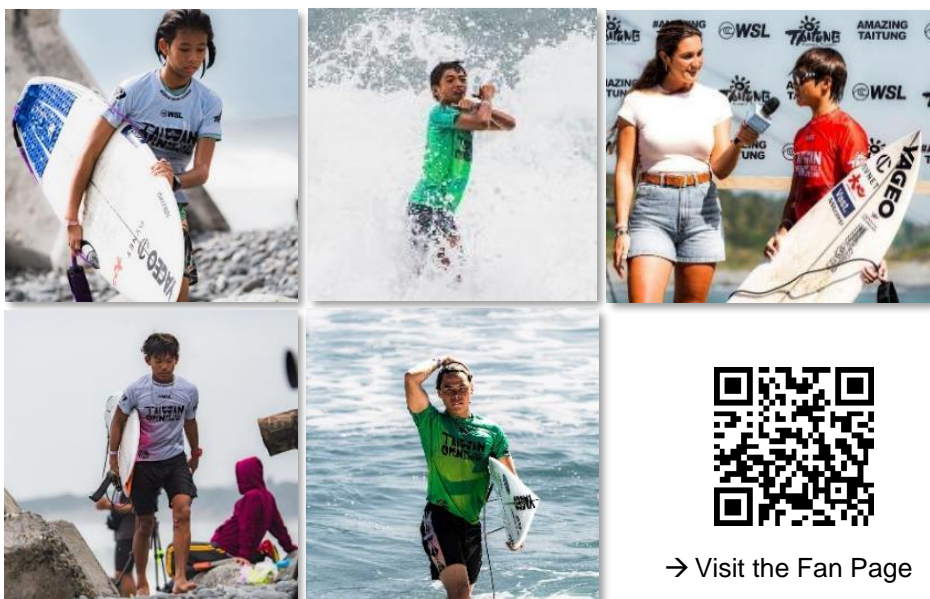


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2022 Taiwan Open of Surfing

Event Date: November 12 to November 20, 2022

WSL World Surfing Professional League QS Score Contest	
WQS5000 "Women's 5000 points"	MQS3000 "Men's 3000 points"
En-Ni Liu	Chueh-Yu Hou, Che-Yao Hou, Ming-Jang Liu, Chia-Chi You



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2022 ISA Youth Surfing Game (International Game)

Event Date: May 28, 2022 to June 3, 2022



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ISA World Surfing Game (International Game)

Event Date: September 17 to September 19, 2022



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For the aforementioned two international games, although the athletes of YAGEO SURF team did not receive any title, all players demonstrated the sportsmanship during the game participation and great skills in the game. They have presented the best surfing attitude and performance to all international surfers and the media, allowing the world to see the power and beauty of Taiwan.

■ Honor and Recognition

In 2022, YAGEO Sports Games Development Association received great recognition and feedbacks. In addition to the positive feedbacks from athletes, Japan magazine “SURFIN’ LIFE” also traveled to Taiwan to interview YAGEO SURF Team at the end of 2022 and published the introduction, spirit and story of the surfing team on its March 2023 Edition of the magazine.



◀ Honorably published of story of YAGEO SURF Team on March 2023 Edition of “SURFIN’ LIFE” magazine

■ Passing on the sustainable surfing spirit ♻️

While we recruit partners to work with us in surfer cultivation, we are not thinking of any economic benefits. For anyone wishing to join in the training of talented surfers, our primary requirement is that they must have a genuine passion for the ocean, the environment, and surfing.

VAST is a surfing product brand in California. It has developed eco-friendly rash guard made of recycled cotton and PET bottles, and decomposes and spins textile waste and unused cotton fibers and plastics, and re-weave them into textile products. VAST sponsored the eco-friendly rash guard to the YAGEO surfing team to contribute efforts to the environmental sustainability when promoting the sport.

"Rising Sun Seedlings" Brand Sponsorship - Eco-friendly Tableware Gift Box for Seed Training Camp Activities

Rising Sun Seedlings makes eco-friendly tableware with rice husks, and uses the best effort to promote such tableware to reduce the consumption of disposable tableware. In response to the concept about environmental protection and caring for the environment, it sponsors the YAGEO Surfing Seed Training Camp the eco-friendly tableware as gifts to assist in organizing low-waste camping activities.

■ O3 Taiwan—National Surfing Competition and Activity Organization

From 2021, YAGEO Professional Competition Development Association (YAGEO Surfing Team) has begun to organize the sport games and entertainment activities available to the public, namely O3 Taiwan (hereinafter referred to as O3), and has held two amateur and professional surfing competitions in December 2021 and April 2022. The number of participants was about 80 to 100 persons, and the competition was streamed live on the Internet. It

is also the only one surfing competition held by Taiwanese enterprise. The professional baseball broadcast professional team was invited to live stream the games with more than 4,500 views and was widely received.



2022 台東O3衝浪祭 4/3 Day1賽事直播



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Welcome to YAGEO SURF social media to learn more about the surfing stories and witness the players' growth and moment of glory!



YAGEO SURF Instagram fans' page



YAGEO SURF FB fans' page

APPENDIX

GRI Standards CONTENT INDEX TABLE

YAGEO has complied with the GRI Standards to report the content of period from January 1 to December 31, 2022, and during the reporting period of this Report, there was no announcement of GRI industry standards applicable to the Company. In addition, the ESG Report has been prepared in accordance with GRI 1: Foundation 2021.

No.	Scope of Disclosure	Correspondent Chapters	Page No.
GRI 2: General Disclosures 2021			
2-1	Organizational details	About this Report 1.1 Company Profile	4 12
2-2	Entities included in the organization's sustainability reporting	About this Report 1.1 Company Profile	4 12
2-3	Reporting period, frequency and contact point	About this Report	4
2-4	Restatements of information	No restatements in the current year	-
2-5	External assurance	About this Report Appendix CPA's Limited Assurance Report	4 193
2-6	Activities, value chain and other business relationships	1.1 Company Profile 4.1 Supply Chain Composition	12 55
2-7	Employees	7.1 Talent Attraction and Retention	116
2-8	Workers who are not employees	7.1 Talent Attraction and Retention 7.4 Occupational Health and Safety	116 147
2-9	Governance structure and composition	3.1 Corporate Governance	31
2-10	Nomination and selection of the highest governance body	3.1 Corporate Governance Please refer to P.9 of 2022 Annual Report for details	31
2-11	Chair of the highest governance body	3.1 Corporate Governance	31
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Sustainable Governance and Strategy	19
2-13	Delegation of responsibility for managing impacts	2.1 Sustainable Governance and Strategy	19
2-14	Role of the highest governance body in sustainability reporting	2.1 Sustainable Governance and Strategy	19

No.	Scope of Disclosure	Correspondent Chapters	Page No.
2-15	Conflicts of interest	3.1 Corporate Governance Please refer to P.27 of 2022 Annual Report for details	31
2-16	Communication of critical concerns	2.1 Sustainable Governance and Strategy 3.1 Corporate Governance	19 31
2-17	Collective knowledge of the highest governance body	3.1 Corporate Governance	31
2-18	Evaluation of the performance of the highest governance body	2.1 Sustainable Governance and Strategy	19
2-19	Remuneration Policy	3.1 Corporate Governance Please refer to P.12-14 of 2022 Annual Report for details	31
2-20	Process to determine remuneration	3.1 Corporate Governance	31
2-21	Annual total compensation ratio	Since compensation refers to confidential information of the Company, disclosure thereof is omitted	-
2-22	Statement on sustainable development strategy	Message from the CEO	7
2-23	Policy commitments	2.1 Sustainable Governance and Strategy 3.2 Ethical Management 3.4 Tax Management 3.5 Risk Management 7.3 Human Rights	19 45 48 49 140
2-24	Embedding policy commitments	2.1 Sustainable Governance and Strategy 3.2 Ethical Management 3.4 Tax Management 3.5 Risk Management 7.3 Human Rights	19 45 48 49 140
2-25	Processes to remediate negative impacts	2.2 Materiality Analysis 2.3 Stakeholder Engagement 7.3 Human Rights	20 33 140
2-26	Mechanisms for seeking advice and raising concerns	3.3 Compliance 7.3 Human Rights	47 140
2-27	Compliance with laws and regulations	3.3 Compliance	47
2-28	Membership of associations	1.2 Operating Performance	15
2-29	Approach to stakeholder engagement	2.3 Stakeholder Engagement	33
2-30	Collective bargaining agreements	YAGEO has not established union and has not signed collective bargaining agreements	-

No.	Scope of Disclosure	Correspondent Chapters	Page No.
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	2.2 Materiality Analysis	21
3-2	List of material topics	2.2 Materiality Analysis	21
3-3	Management of material topics	2.2 Materiality Analysis 7.3 Human Rights	21 140
Product quality management			
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	5.2 Product Quality Management	70
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A this year.	-
GRI 417: Marketing and Labeling 2016			
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident this year	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident this year	-
Corporate Governance			
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	3.1 Corporate Governance 7.1 Talent Attraction and Retention	37 117
Information security			
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6 Information Security N/A this year.	52
Operating Performance			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.2 Operating Performance	15
201-3	Defined benefit plan obligations and other retirement plans	7.1 Talent Attraction and Retention	116
Sustainable supply chain			
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.1 Supply Chain Composition	55
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.2 Sustainable Supply Chain Management	58
308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Sustainable Supply Chain Management	58

No.	Scope of Disclosure	Correspondent Chapters	Page No.
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	4.2 Sustainable Supply Chain Management	58
414-2	Negative social impacts in the Supply Chain and actions taken	4.2 Sustainable Supply Chain Management	58
Waste and air pollution management			
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	6.3 Energy and GHG Management	102
305-2	Indirect (Scope 2) GHG emissions	6.3 Energy and GHG Management	102
305-3	Other indirect (Scope 3) GHG emissions	6.3 Energy and GHG Management	102
305-4	GHG emission intensity	6.3 Energy and GHG Management	102
305-5	Reduction of GHG emissions	6.3 Energy and GHG Management	102
305-7	Nitric oxide (NOx), Sulfur oxide (SOx), and other significant gas emissions	6.5 Waste and Air Pollution Management	112
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	6.5 Waste and Air Pollution Management	112
306-2	Management of significant waste-related impacts	6.5 Waste and Air Pollution Management	112
306-3	Waste generated	6.5 Waste and Air Pollution Management	112
Compliance			
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	5.2 Product Quality Management	70
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A this year.	-
GRI 417: Marketing and Labeling 2016			
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident this year	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident this year	-
Water Resource Management			
GRI 303: Water and Effluents 2018			

No.	Scope of Disclosure	Correspondent Chapters	Page No.
303-2	Management of water discharge-related impacts	6.4 Water resource management	108
303-3	Water withdrawal	6.4 Water resource management	108
303-4	Discharge volume	6.4 Water resource management	108
Occupational Health and Safety Policy			
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational Health and Safety Management System	7.4 Occupational Health and Safety	148
403-2	Hazard identification, risk assessment, and accident investigation		
403-3	Occupational health services		
403-4	Worker involvement, consultation and communication in relation to occupational safety and health		
403-5	Worker training in relation to occupational safety and health		
403-6	Health promotion on workers		
403-7	Prevent and mitigate occupational safety and health impacts directly related to business relationships		
403-9	Occupational injury		
403-10	Occupational disease		
Talent attraction and retention			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.2 Operating Performance	15
201-3	Defined benefit plan obligations and other retirement plans	7.1 Talent Attraction and Retention	117
201-4	Financial assistance received from government	The business locations of the reporting scope in 2022 received no financial assistance from the government	-
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	7.1 Talent Attraction and Retention	117
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
401-3	Parental Leave		
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	3.1 Corporate Governance 7.1 Talent Attraction and Retention	31 117

No.	Scope of Disclosure	Correspondent Chapters	Page No.
Human Rights			
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	N/A this year. No such incident this year	-
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	7.3 Human Rights No business location or supplier involving significant risk over employment of child labors existed this year	140
GRI 200: Economic Series			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.2 Operating Performance	15
201-3	Defined benefit plan obligations and other retirement plans	7.1 Talent Attraction and Retention	117
201-4	Financial assistance received from government	The business locations of the reporting scope in 2022 received no financial assistance from the government	-
GRI 203: : Indirect Economic Impacts 2016			
203-2	Significant Indirect economic impact	8.2 Art and Culture Education 8.3 Sports Promotion	166 170
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.1 Supply Chain Composition	55
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policy and procedure	3.2 Ethical Management 4.2 Sustainable supply chain management	45 58
205-3	Communication and training about anti-corruption policies and procedures	N/A this year.	-
GRI 206: Anti-Competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A this year.	-
GRI 207: Tax 2019			
207-1	Tax policy	3.4 Tax Management	48
207-2	Tax governance, control, and risk management		
207-3	Stakeholder engagement and management of concerns related to tax		

No.	Scope of Disclosure	Correspondent Chapters	Page No.
207-4	Country-by-country reporting	The country-by-country reporting system of the OECD provides the tax collection authority with reference information in their audit and selection process. This report information will be retained by the tax professional institutions to assess the relevant sensitive information about the business. Subject to the entities covered by this report, YAGEO will provide the required information to the country-by-country reporting system to have the information maintained by the government tax collection agency.	-
GRI 300: Environmental Standards			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	6.3 Energy and GHG management	102
302-3	Energy intensity		
GRI 303: Water and Effluents 2018			
303-2	Management of water discharge-related impacts	6.4 Water Resource Management	108
303-3	Water withdrawal		
303-4	Discharge volume		
GRI 305 : 排放 2016 GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	6.3 Energy and GHG Management	102
305-2	Indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emission intensity		
305-5	Reduction of GHG emissions		
305-7	Nitric oxide (NOx), Sulfur oxide (SOx), and other significant gas emissions	6.5 Waste and Air Pollution Management	112
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	6.5 Waste and Air Pollution Management	112
306-2	Management of significant waste-related impacts		
306-3	Waste generated		

No.	Scope of Disclosure	Correspondent Chapters	Page No.
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.2 Sustainable supply chain management	58
308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Sustainable supply chain management	58
GRI 400: Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	7.1 Talent Attraction and Retention	117
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
401-3	Parental Leave		
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational Health and Safety Management System	7.4 Occupational Health and Safety	148
403-2	Hazard identification, risk assessment, and accident investigation		
403-3	Occupational health services		
403-4	Worker involvement, consultation and communication in relation to occupational safety and health		
403-5	Worker training in relation to occupational safety and health		
403-6	Health promotion on workers		
403-7	Prevent and mitigate occupational safety and health impacts directly related to business relationships		
403-9	Occupational injury		
403-10	Occupational disease		
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	7.2 Employee Cultivation and Development	135
404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	3.1 Corporate Governance 7.1 Talent Attraction and Retention	31 116
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	N/A this year No such incident this year	-
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	7.3 Human Rights No business location or supplier involving significant	139

No.	Scope of Disclosure	Correspondent Chapters	Page No.
		risk over employment of child labors existed this year	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	4.2 Sustainable supply chain management	58
414-2	Negative social impacts in the Supply Chain and actions taken	4.2 Sustainable supply chain management	58
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	5.2 Product Quality Management	70
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A this year	-
GRI 417: Marketing and Labeling 2016			
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident this year	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident this year	-
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6 Information Security N/A this year.	52

Taiwan Stock Exchange Corporation “Rules Governing The Preparation And Filing Of Sustainability Reports By TWSE Listed Companies”

Table 1-12 Sustainability Disclosure Indicator - Electronic Component Industry

No.	Indicator	Chapter	頁碼 Page No.
1	Total energy consumption, externally purchased electricity percentage and renewable energy consumption ratio	6.3 Energy and GHG management	102
2	Total water withdrawal and total water consumption	6.4 Water resource management	108
3	Weight recycle percentage of hazardous wastes generated	6.5 Waste and air pollution management	112
4	Explanation on occupational accident type, number of people and ratio	7.4 Occupational Health and Safety	148
5	Disclosure of product lifecycle management: including the weight and recycle percentage of scrapped products and electronic wastes (Note 1)	The main products of YAGEO are not terminal products, and presently, such information has not yet be statistically calculated.	-
6	Description on risk manage related to the use of key materials	4.2 Sustainable supply chain management	58
7	Total amount of monetary loss due to lawsuits related to anti-competition laws and regulations	3.2 Ethical Management N/A this year	45
8	Production Volume of Main Products According to Product Category	5.2 Product Quality Management	70

Note 1: When it includes the sale of scrap or other recycle treatment, relevant explanation shall be provided.

**Table 2 Climate Related Information of Publicly Listed Companies
Risks and Opportunities of Climate Change to the Company and Relevant Response Measures
Adopted by the Company**

No.	Indicator	Chapter	Page No.
1	Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities	6.2 Climate Initiatives	84
2	Describe how the climate risks and opportunities identified affect the business, strategy and finance of the Company (short-term, medium-term, long-term)		
3	Describe the impact of extreme climate event and transformation action on the finance		
4	Explain how to integrate the climate risk identification, assessment and management process in the overall risk management system		
5	If scenario analysis is used to assess the resilience against the climate change risk, it is necessary to describe the scenario, parameters, assumptions, analysis factors used and key financial impacts		
6	If there is transformation plan for managing climate-related risks, describe the plan content, and the indicators and goals for identifying and managing physical risks and transformation risks		
7	If the internal carbon pricing is used as the planning tool, it is necessary to describe the price establishment basis		
8	If climate-related goal is established, it is necessary to describe the information of activities covered, greenhouse gas emission scope, plan schedule, annual achievement progress, etc. If carbon offset or renewable energy certificates (RECs) is used to achieve relevant goal, it is necessary to describe the source or quantity for offsetting carbon reduction or the quantity of renewable energy certificates (RECs)	6.3 Energy and GHG management	102
9	Greenhouse Gas Inventory Inspection and Assurance Status		191

2022 Greenhouse Gas Inventory Inspection and Assurance Status

Item	YAGEO
Scope 1: Direct greenhouse gas emissions (tons CO ₂ e)	3,915
Scope 1 emissions intensity (tons CO ₂ e/NT\$ thousand of net profit)	0.000083
Scope 2: Energy indirect greenhouse gas emissions (tons CO ₂ e)	342,299
Scope 2 emissions intensity (tons CO ₂ e/NT\$ thousand of net income)	0.0072

Note 1: The verification institution for factories in Taiwan is SGS Taiwan Ltd.

Note 2: The scope of this Report does not include subsidiaries. The aforementioned scope includes YAGEO headquarters office building, Nanzi Factory, Dashe Factory, Dafa Factory, two factories in Suzhou and Dongguan Factory.

Note 3: In 2022, Suzhou and Dongguan Factories implemented greenhouse gas autonomous inventory inspection: Dongguan Factory inspected the septic tank emissions source of Scope 1 and the externally purchased electricity of Scope 2. Suzhou Factory inspected the natural gas and gasoline of Scope 1 and the externally purchased electricity and steam of Scope 2. The aforementioned emissions sources of the two factories were used as the disclosure information of GRI 305-1: 2016 Direct (Scope 1) GHG emissions and GRI 305-2: Energy indirect (Scope 2) GHG emissions, and were also listed as assurance indicators. Deloitte & Touche was retained to complete the limited assurance according to the Assurance Standards No. 3000.

Note 4: YAGEO's 2022 net income was NT\$47,446,000 thousand. The Scope 2 emissions calculated based on the location was 342,299 tons CO₂e, and for calculation based on market, it was 339,843 tons CO₂e.

SASB Sustainability Accounting Standards Indicator Comparison Chart

Electronic Manufacturing Services & Original Design Manufacturing

No.	Indicator	Chapter	Page No.
Water Resource Management			
TC-ES-140a.1	(1) Total water withdrawal (2) Total water consumption, and percentage of high or extremely high baseline water stress regions	6.4 Water resource management	108
Effluents and Waste			
TC-ES-150a.1	Weight and recycle percentage of hazardous industrial wastes generated from manufacturing process	6.5 Waste and air pollution management	112
Labor action			
TC-ES-310a.1	(1) Number of times of operation suspension (2) Total number of days delayed	7.4 Occupational Safety and Health	148
Labor condition			
TC-ES-320a.1	(1) Total recordable incident rate (TRIR) (2) Near Miss Frequency Rate (NMFR), and classified into (a) direct employees and (b) contract employees	7.4 Occupational Safety and Health	148
Product lifecycle management			
TC-ES-410a.1	Recycle weight and percentage of scrapped products and electronic wastes	6.5 Waste and air pollution management	112
Raw material purchase			
TC-ES-440a.1	Describe risk management related to use of key materials	4.2 Sustainable supply chain management	58
Activity indicator			
TC-ES-000.A	Production facility site quantity	A total of 6 factories, including Nanzi Factory (MLCC), Dafa Factory (MLCC), Dashe Factory (R-Chip), Suzhou Factory (MLCC), Suzhou Factory (R-chip), Dongguan Factory (trial packaging)	-
TC-ES-000.B	Production facility site area	165,000 square meters	-
TC-ES-000.C	Total number of on-job employees	7.1 Talent Attraction and Retention	

CPA'S LIMITED ASSURANCE REPORT



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
YAGEO Corporation

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report (“the Report”) of YAGEO Corporation (“the Company”) for the year ended December 31, 2022.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We planned and conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the Statements of Assurance Engagements Standards No. 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on the preparation, with no material misstatement in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

CPA'S LIMITED ASSURANCE REPORT

Inherent Limitations

The subject information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Quality Management Standard 1 “Quality Management for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report is, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the limited assurance report is Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 24, 2023

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

CPA'S LIMITED ASSURANCE REPORT

APPENDIX

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendices 1-12, No. 1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy)	6.3 Energy and GHG management	Total energy consumption within the organization, including natural gas, diesel, gasoline, liquid petroleum gas, steam, and purchased electricity, percentage of purchased electricity, utilization rate (renewable energy) in Taiwan Dashe Factory, Nanzi Factory, Dafa Factory, China Dongguan Factory, and 2 factories in Suzhou, China.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendices 1-12, No. 2	Total water withdrawn, total water consumption	6.4 Water resource management	Total volume of water withdrawn and water consumption calculated by source (third party water) in Taiwan Dashe Factory, Nanzi Factory, Dafa Factory, China Dongguan Factory, and 2 factories in Suzhou, China.
3.	GRI 303-4: 2018	Water discharge	6.4 Water resource management	Total volume of water discharge calculated by source (surface water, third party water) in Taiwan Dashe Factory, Nanzi Factory, Dafa Factory, China Dongguan Factory, and 2 factories in Suzhou, China.
4.	GRI 305-1: 2016	Direct (Scope 1) GHG emissions	6.3 Energy and GHG management	Total direct (Scope 1) GHG emissions calculated by source (gasoline, natural gas, and septic tank) in China Dongguan Factory, and 2 factories in Suzhou, China.
5.	GRI 305-2: 2016	Energy indirect (Scope 2) GHG emissions	6.3 Energy and GHG management	Total energy indirect (Scope 2) GHG emissions calculated by source (steam and purchased electricity) in China Dongguan Factory, and 2 factories in Suzhou, China.

YAGEO

Group

