

# 2022 Sustainability Report



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## About the Report

Chunghwa Precision Test Tech. Co., Ltd. (CHPT) has regularly issued sustainability reports every year since 2020. The voluntary preparation of sustainability reports reveals the Company's sustainable development promotion goals, strategies, and achievements to the outside world, attaches great importance to the interaction and communication with stakeholders, and proactively responds to sustainable issues of concern to stakeholders.

### Report Boundary

The information disclosed in the report covers the actions and performance information of CHPT on various major topics such as corporate governance, environmental sustainability and social commitment from January 1, 2022 to December 31, 2022, including various stakeholders' feedback on concerning issues. The report boundary is set with CHPT as the main body (including eight locations of operations such as Taiwan, the United States, the mainland China, and Japan), and excluding companies with less than 100% shareholding. The report boundary of the report accounts for the overall revenue of the consolidated financial statements is 99.99%. The source of financial data is consistent with the financial report data after being audited by CPAs. Any adjustments to the data category will be explained in the notes to the report. The financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS to the extent endorsed, issued, and taken effect by the Financial Supervisory Commission. The financial report, calculated in New Taiwan Dollars, has been audited by the CPA (Deloitte & Touche).

### Report Compilation Principle

The Report was prepared in accordance with the GRI Standards 2021 published by Global Reporting Initiative (GRI). The report information is also consistent with the standards at home and abroad, such as Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, United Nations Sustainable Development Goals (SDGs), Task Force on Climate-Related Financial Disclosures (TCFD) Framework, and Sustainability Accounting Standards Board (SASB).

### Report Review Approach

The information content of the report is collected and prepared by the sustainable development team, and the heads of various departments review and confirm the accuracy of the information and data. After proofreading and review, it is submitted to the Office of the President for review and verification. The report is finally issued and submitted to the Board of Directors in the fourth quarter of each year.

## Review and Verification

The report refers to the GRI Sustainability Reporting Standards and four principles of materiality, inclusivity, responsiveness, and impact of Accountability principles of AA1000 2018. The report, verified under Type 1 moderate-level assurance grade of AA1000 Assurance Standard v3, is in line with the core option of disclosure items of the GRI Standards after verification.

To provide readers with reliable public information, the report has been verified operated by AFNOR ASIA LTD., the third independent institution, which is consistent with the requirements of Type 1 moderate-level assurance of AA1000 AS v3 verification standard. The Assurance Statement is attached to the appendix of the report.

## Publication Date of the Report

Last publication version	The report publication version	Predict next publication version
published in September 2022	published in June 2023	will be published in June 2024

## Contact Information

To continue to improve the quality and content of the CHPT Sustainability Report and to facilitate communication with stakeholders, if you have any suggestions or concerns for the Report, please contact us through the CHPT window.

**Headquarters address** | No.12, Gongye 3rd Road, Pingzhen District, Taoyuan City

**Headquarters website** | <https://www.chpt.com/>

**Contact person** | Sustainable Development Panel

**Contact person email** | [ESG@chpt.com](mailto:ESG@chpt.com)

## Message from the President

2022 was the year when the novel coronavirus (COVID-19) would come to an end. After nearly three years of the epidemic, CHPT has continued to improve technology, improve process capabilities, and quality, and is also committed to actively participating in ESG-related activities, adhering to the concept of "It is more blessed to give than to receive", fulfilling the responsibility of community care, participating in the warming activity in cold winter organized by the Industrial Development Bureau, Ministry Of Economic Affairs, providing livelihood materials for disadvantaged people in the neighborhood and elders living alone, nursery homes and children's homes, and through the strategy of combining corporate professional skills and social welfare, participate in industry-university cooperation, and provide students with comprehensive work experience and professional knowledge sharing.

As the world pays more and more attention to energy conservation, carbon reduction and environmental protection issues, CHPT independently introduced greenhouse gas inventory operations in 2022. In addition to calculating the total carbon consumption, we also understand how to save energy and find alternative energy sources, and promote various environmental protection, energy conservation and carbon reduction measures, reduction of greenhouse gas emissions, etc., in order to slow down and adapt to the operational impact of climate change. In terms of environmental performance, improve process and equipment for energy conservation through environmental objectives and improvement programs. In 2022, 484,000 kwh of electricity was saved, 246.6 tons of CO<sub>2</sub>e of carbon emissions were reduced, and about 115 thousand tons of water were saved. In addition, continuous efforts were made to save 1% of electricity annually, while maintaining the average utilization rate of reclaimed water at more than 50%; In terms of overall waste recycling, the recycling rate of waste produced in the factory has reached 67% with legal and proper treatment, and in 2022, we have won the top 10% Excellent Enterprise Award in the safety and health evaluation; In terms of supplier management, procurement actively cooperates with suppliers. We were awarded the Excellent Green Procurement Enterprise from the Taoyuan City Government in 2022.

In pursuit of sustainable economic development, CHPT provides a happy and inclusive working environment, shapes a people-oriented core culture, respects employees, establishes a friendly workplace, and provides job opportunities for disadvantaged groups with physical and mental disabilities through practical actions, and has won the Gold Award of "2022 Happy Enterprise" from 1111 Job Bank for two consecutive years. In terms of social responsibility, CHPT abides by relevant laws and regulations and international human rights conventions, and continues to create a friendly, equal, and free working environment. We spare no effort to improve the well-being of employees, and organizes family activities irregularly and rewards employees welfare such as colleagues for marriage, childbirth, and travel allowances.

In terms of corporate governance and operational performance, CHPT has been ranked in the top 5% at the Corporate Governance Evaluation for two consecutive years, and has been awarded the top 5% in TWSE Listed Companies corporate governance evaluation in 2022. We adhere to the principle of integrity, regularly promote and educate and train legal knowledge such as insider trading, honesty and integrity, and ensure that employees of the Company abide by the implementation of Principles of Ethical Corporate Management. CHPT focuses on its business operations and pursues revenue and profit growth while managing operational risks. 2022 operating revenue was NT\$ 4.389 billion, at a record high. In times of industry changes, CHPT has undergone digital transformation and implemented smart design and manufacturing. With a wide-ranged customer base, and a global presence, the Company achieved a strong year of revenue growth despite these challenges in the whole year. The Company continues to adjust its operational strategy on a rolling basis to lay a good foundation facing future challenges and long-term development.

Looking forward to the future, CHPT has been focusing on semiconductor testing interface technology for many years, and its research and development blueprint is developing towards the path of "5G as the base and AI as the application". Today, 5G is the mainstream specification in the smartphone market and is rapidly extending to the energy-saving electric vehicle market. Relying on the complete service strength of All In House, CHPT provides a complete testing interface solution for the key chips required for the various related systems in energy-saving electric vehicles. Together with semiconductor customers to advance the transformation and transformation of the industry and fulfill its corporate social responsibility for a sustainable and low-carbon environment.

President  
Shui-Ke Huang

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## 2022 Performance Highlights

### Economic performance:

- Net profit attributable to parent company was **NT\$771 million**
- Earnings per share after tax was **NT\$23.5**
- Total revenues were **NT\$4.389 billion**
- Ranked top 5% at corporate governance evaluation

### Environmental performance:

- Electricity conservation was **484,511.8 kWh**
- Water conservation was **115 thousand tons**
- Green procurement was **NT\$10,003,225**
- Overall waste recycling rate reached **67%**.
- **98.8%** of major suppliers signed back the "Commitment of Supplier for Corporate Social Responsibility"

### Social performance:

- The amount of employee welfare subsidies in 2022 was **NT\$827,000**
- In 2022, cooperated with 7 universities in **multiple types of industry-university projects**
- In 2022, employee salaries and benefits were **NT\$1.57 billion**
- 2022 Average employee training for **21.5 hours**
- The **Gold Award of "2022 Happy Enterprise"** from 1111 Job Bank

## Awards and Recognition



- Awarded as one of the 2019 **TOP 5000 Companies with Outstanding Performance** by China Credit Information Service, and one of the Top 2000 Enterprises in 2019 by Common Wealth Magazine in 2019
- Awarded as a 2020 **Asia-Pacific High-Growth Company** by Financial Times, **Top 2000 Enterprises** by Common Wealth Magazine, and "**Technology Management Award**" from the Chinese Society for Management of Technology, and 2020 **ERSO Award** in 2020
- The **Gold Award of "2021 Happy Enterprise"** from 1111 Job Bank in 2021
- Ranked Top 10% at the Safety and Health Evaluation and Awarded the "**Excellent Enterprise Award**" from the Ministry of Labor in 2022
- **Awarded the "Excellent Green Procurement Enterprise"** from the Taoyuan City Government in 2022
- **Awarded Top 5% among TPEX Listed Companies** at the Corporate Governance Evaluation in 2022
- The **Gold Award of "2022 Happy Enterprise"** from 1111 Job Bank in 2022

# Stakeholder Engagement and Material Topic Analysis

## Stakeholder identification and communication channels

CHPT puts sustainable development and the practice of social responsibility in the first place. Since the issues concerned by stakeholders have a great relationship with the direction of the Company's operation and decision-making, the Company accepts opinions and feedback from all stakeholders. Based on the concerns, needs and expectations of all stakeholders, formulate effective communication channels and communication mechanisms as a method for continuous improvement of the Company.


The sustainable development team gathers the practical experience of each department, and according to the different attributes of each unit, the main contact stakeholders of each department are preliminarily organized as follows:




1. **Office of the President:** media, institutional investors, etc.
2. **Management units:** communities, governments, non-government/non-profit organizations (environmental protection groups, trade unions), contractors, etc.
3. **Environmental Protection/Safety and Health Center:** environmental protection, safety and health units of government institutions, etc.
4. **Sales unit:** clients, strategy partners, etc.




5. **Procurement unit:** suppliers, outsourcers, etc.
6. **Quality assurance unit:** clients, verification units, etc.
7. **Human resources unit:** employee, labor Inspection unit of government institutions, etc.
8. **Finance unit:** bank, shareholders/investors, etc.

CHPT defined seven main categories of stakeholders, including clients, investors/shareholders, media, government institutions, suppliers/outsourcers/contractors, employees, and society as per the international standard AA1000 SES (AA1000 Stakeholder Engagement Standards, AA1000 SES for short).

CHPT discloses public information such as annual reports, financial reports and ESG sustainable management indicators on the official website to share the Company's actual actions in corporate governance, environmental sustainability and social welfare. CHPT has established diversified and efficient communication channels to understand the feedback provided by various stakeholders on issues of concern, as an important reference for the Company's operational strategy and goals.

Stakeholder	Significance to CHPT	Item of concern	Communication	2022 Implementation status
 <b>Clients</b>	Starting from the perspective of customer, CHPT is committed to providing products and services that satisfy customers, and strives to create maximum value for customers.	Product quality and services New technology ability Customer satisfaction management	Business personnel visits to customer (monthly) Customer satisfaction surveys (annually) Marketing surveys (irregular basis)	Business visits to customers average 4~5 times per month Sustainable operation management self-evaluation questionnaire, average 3 questionnaires per year Suppliers environmental impact surveys average 3 pieces per year Customer satisfaction surveys 1 time per year Participate in large-scale industrial exhibitions domestic and foreign 3 times per year

Stakeholder	Significance to CHPT	Item of concern	Communication	2022 Implementation status
<p><b>Shareholders/ Investors</b></p> 	<p>Shareholders and investors have supported the Company for a long time. CHPT will shoulder the responsibility of supervision and continue to reward shareholders and investors with the management policy of steady growth and transparency and autonomy.</p>	<ul style="list-style-type: none"> <li>Operating status and financial performance</li> <li>Transparency of information disclosure</li> <li>Dividend distribution</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance evaluation (annually)</li> <li>Market Observation Post System (issued by regulations)</li> <li>Release annual report (annually)</li> <li>Release financial reports (issued by regulations)</li> <li>Annual Shareholders' Meeting (annually)</li> <li>Contact information of spokesperson (irregular basis)</li> <li>Investors Section on company website (irregular basis)</li> <li>Investors relations contact person email (irregular basis)</li> <li>Operating conference (quarterly)</li> <li>Exchange meeting of domestic and foreign investment institutions (irregular basis)</li> </ul>	<ul style="list-style-type: none"> <li>Financial reports 4 times per year, annual report 1 copy per year</li> <li>Corporate governance evaluation 1 copy per year</li> <li>Annual Shareholders' Meeting 1 time per year</li> <li>Convene operating conference 4 times per year</li> <li>Published major information in Market Observation Post System 42 times in accordance with regulations</li> <li>Investors Section on company website at least 1 time per month</li> <li>25 large-scale seminars, face-to-face and telephone communication meetings for domestic and foreign investment institutions per year</li> </ul>
<p><b>Media</b></p> 	<p>The media is an important bridge for CHPT to communicate with the outside world. Through the media, the Company's information can be transmitted to all stakeholders in a timely, rapid, and accurate manner, and the Company's concept of transparency and autonomy can be maintained.</p>	<ul style="list-style-type: none"> <li>Transparency of information disclosure</li> <li>Operational performance</li> </ul>	<ul style="list-style-type: none"> <li>News &amp; Events information on company website (irregular basis)</li> <li>Contact information of spokesperson (irregular basis)</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of corporate public financial and operating information 27 times per year</li> <li>Held public financial and operating press conferences 6 times per year</li> <li>Update News &amp; Events section on company website 27 times per year</li> </ul>
<p><b>Government Institutions</b></p> 	<p>Compliance with legal requirements is the most basic corporate culture of CHPT. It is the Company's duty to cooperate with government policy requirements, follow government orders and promotion, create a law-abiding workplace environment.</p>	<ul style="list-style-type: none"> <li>Compliance laws and regulations, and policies</li> <li>Cooperate with legal promotion and activities</li> <li>Preventing environmental pollution and conserving energy resources</li> <li>Personnel safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Official correspondences, material messages (irregular basis)</li> <li>Laws and regulations promotion conference (irregular basis)</li> <li>Symposiums or seminars (irregular basis)</li> <li>On-site inspection (irregular basis)</li> <li>Market Observation Post System (irregular basis)</li> <li>Follow up government institution information (irregular basis)</li> </ul>	<ul style="list-style-type: none"> <li>Convene Occupational Safety and Health and Environmental Protection Committee meetings 4 times per year</li> <li>Government official correspondences average 5 to 10 pieces per month</li> <li>Laws and regulations promotion conference average 2 to 3 times per quarter</li> <li>Symposiums or seminars average 1 to 2 times per quarter</li> <li>On-site inspection average 4 to 6 times per year</li> </ul>

Stakeholder	Significance to CHPT	Item of concern	Communication	2022 Implementation status
<p><b>Suppliers/ Outsourcers/ Contractors</b></p> 	<p>CHPT regards the entire supply chain as one, and the quality of suppliers/contractors can determine the future of a Company's operations. Therefore, CHPT lays the foundation for operations through strict suppliers/contractor management.</p>	<p>Supplier Management Occupational safety and health Abnormal discharge of wastewater</p>	<p>Contractor safety agreement communication before construction (irregular basis) Supplier questionnaire surveys (annually) Face-to-face review meeting (according to product category) Procurement personnel visit (irregular basis) Procurement meetings (irregular basis) Audit sampling (irregular basis)</p>	<p>Supplier policies promotion and questionnaire surveys 2 times per year Procurement personnel visit average 1 time per quarter Convene Occupational Safety and Health and Environmental Protection Committee meetings 4 times per year</p>
<p><b>Employee</b></p> 	<p>The employees are the most valuable assets of CHPT. In addition to protecting the rights and interests of employees, we also respect and care for employees. The Company regards each employee as part of our own family and strives together to co-create a sustainable operation.</p>	<p>Employee salary, benefits, and rights Talent training and education and training Work environment and safety Employee communication channel Meet the requirements of laws and regulations</p>	<p>Performance assessment and interview (annually) Labor-Management meetings (quarterly) Personnel evaluation meetings (quarterly) Employee welfare committee (quarterly) Employee health examination (biennially) Education and training (irregular basis)</p>	<p>Performance evaluation and interview 2 times per year Convene labor-management meetings 4 times per year Convene personnel evaluation meetings 4 times per year Employee welfare committee meetings 4 times per year Convene Occupational Safety and Health and Environmental Protection Committee meetings 4 times per year Conduct internal and external training of employees 170-200 classes per quarter Employee health examination biennially</p>
<p><b>Society</b></p> 	<p>CHPT actively participates in public associations, government and surrounding units and other public departments, industry-university alliances, and public welfare cultural and educational organizations activities, and is committed to promoting industry and public welfare activities to achieve the common good of the society.</p>	<p>Social welfare ESG performance</p>	<p>Sponsor and participate in social public relations activities of related organizations (irregular basis) Reply to questionnaires and provide constructive comments (irregular basis) Public information disclosure (irregular basis)</p>	<p>Participate in and sponsor industry, government, academic and research social contribution activities 6~10 times per year Participate in public welfare activities 6 times per year</p>



## Material topics management

In addition to continuing routine communication with stakeholders, CHPT also follows the GRI Standard and Stakeholder Engagement Standard, establishes a materiality analysis process. Through collection and inspection, sorting, identification, and confirmation procedures, major topics with high attention and high impact correspond to specific topics in the GRI Standard, ensuring that the content of the sustainability report complies with the principles of inclusiveness, materiality, and integrity of stakeholders, and serves as an important basis for overall inspection and continuous improvement of sustainability management and performance. CHPT stakeholder and material issues identification procedure is as follows:

### Identification Procedure

#### 1. stakeholder identification

The report identified seven stakeholders, namely clients, investors/shareholders, media, government institutions, suppliers/outsourcers/contractors, employees, and society groups, according to different practical considerations of each division and as per the five principles of the AA1000 Stakeholder Engagement Standards (SES): dependency, responsibility, influence, tension, and diverse perspectives.

#### 2. collect sustainability issues

Combining the internal and external issues related to the Company's operation of the 25 items of concern to stakeholders, and considering the risks and impacts which they bring, they are identified and integrated in the business plan after the Company's internal integration. Among them, the categories of internal and external issues are described as follows:

External Issues: Examine the opportunities and threats of the Company through issues arising from international, national, and regional legal, political, technological, competitive, market, cultural, social, and economic environments

Internal Issues: Based on issues arising from the Company's value, culture, knowledge, and performance, examine the Company's internal strengths and weaknesses.

In addition, internally, the Company also refers to environmental, social, and economic topics such as GRI sustainability reporting standard, Responsible Business Alliance, United Nations Sustainable Development Goals (SDGs), industry trends, and international issues related to sustainable development. Afterwards, 21 "sustainable issues" that can be implemented were concluded through internal discussions, and the major topics of this sustainability report were selected based on these 21 sustainable issues.

#### 3. sustainability issues materiality analysis

Sustainable development team members and managers at all levels evaluate various major issues based on the impact of internal operations and external economy, environment, and people. The sustainable development team sends out a "Sustainable Issue Impact Assessment Form" for each item that includes an analysis of the actual and potential impact on the Company's business activities. The internal department heads are asked to think about the positive and negative impacts of various issues on the Company, and score 21 sustainable issues. Finally, a total of 12 valid questionnaires were collected.

The impact score of each major issue needs to consider the actual and potential positive and negative impacts and give a rating based on the "influence" and "possibility" of each issue's impact. Among these, the influence degree of the impact is based on the scale, scope, reversibility, and influence on human rights to score. The scoring of each major issue needs to add up the positive and negative impact scores, and finally sort order according to the impact and impact scores.

#### 4. material topics confirmation

In the end, the order of impact influence degree will be used as the benchmark for ranking major issues. After final confirmation by members of the sustainable development team and managerial supervisors, 13 major issues for 2022 were determined. CHPT regards these 13 major topics as the major issues of communication with stakeholders in the report, and discloses specific actions such as management policies and annual achievements for each issue, so as to respond to the needs and expectations of various stakeholders.

### Material topic impact influence ranking



### Material Topics Response

● Direct impacts  
 ◎ Contribute to the impacts

Corresponding chapters/ sections of the report	Material topics	Significance to CHPT	Value chain impact boundary			Corresponding to SDGs goals (Art editor creates corresponding diagrams)	Multiple specific topics corresponding to GRI
			Upstream	CHPT	Downstream		
1. Professional Governance and Strategic Layout	<b>Corporate Governance</b>	Transparent, robust corporate governance facilitates sustainable development and maximizes the rights and interests of stakeholders.		●	◎		Customized material topics
1.2 Ethical Management	<b>Ethical Management</b>	Since CHPT was established, CHPT has been conducting business based on the integrity corporate culture. CHPT also strongly requests employees to maintain legal compliance and enforce ethical management in all business activities.	◎	●	◎		205: Anti-corruption
1.1.2 Innovation and R&D	<b>Operational Performance</b>	Given that steady growth in operational performance is key to sustainable development, CHPT is committed to making better profit performance to repay stakeholders including shareholders and investors.		●	◎		201: Economic performance
2.1 Technological Innovation	<b>Innovation and R&amp;D</b>	Technology R&D and innovation are the foundation for CHPT to establish industrial competitiveness. Through constant resource investments, CHPT maintains industry leadership in technology to fulfill customer demands.		●	◎		Customized material topics

● Direct impacts








◎ Contribute to the impacts




Value chain impact boundary

Upstream CHPT Downstream

Corresponding to SDGs goals (Art editor creates corresponding diagrams)

Multiple specific topics corresponding to GRI

Corresponding chapters/ sections of the report	Material topics	Significance to CHPT	Upstream	CHPT	Downstream	Corresponding to SDGs goals (Art editor creates corresponding diagrams)	Multiple specific topics corresponding to GRI
2.2 Quality Management	<b>Quality Management</b>	Inculcate quality control in all CHPT employees to effectively reduce defect rate and unnecessary expenses through high quality control awareness and thereby improve operational performance.	◎	●	◎		Customized material topics
2.3 Customers Value	<b>Customer Relationship</b>	While customer satisfaction is key to sustainable operations, CHPT fulfills customer demands with quality excellence and innovative technology and enhance customer satisfaction with excellent services develop from the customer's point of view.		●	◎		Customized material topics
1.5 Sustainable Supply Chain	<b>Supplier Management</b>	Recognizing that suppliers and contractors are important strategic partners, CHPT maintains good interaction with them to realize sustainable supply chain management and achieve mutual prosperity and common good.	●	●			308: Supplier Environmental Assessment 414: Supplier Social Assessment
4.1.2 Energy Management	<b>Energy Management</b>	To mitigate the environmental and ecological impacts of climate change, CHPT implements carbon reduction through energy control and practice the circular economy through equipment upgrading, energy and resource recycling, and awareness education on energy conservation for employees.		●			302: Energy
4.1.3 Water Management	<b>Water Resource Cycle</b>	Increase the unit consumption of reclaimed water through improvement action plans to reduce water use, lower water consumption, and realize the common good with the environment to achieve business sustainability.	◎	●		  	303: Water and Effluents 306: Wastewater and Waste

Corresponding chapters/ sections of the report	Material topics	Significance to CHPT	Value chain impact boundary			Corresponding to SDGs goals (Art editor creates corresponding diagrams)	Multiple specific topics corresponding to GRI
			Upstream	CHPT	Downstream		
3.4 Talents Development	<b>Talent Development</b> Constantly maintain an innovative and growing workplace environment for employees to make continual self-improvement in competencies in order to bring nonstop growth momentum to the Company.			●			401: Employers-employee relations 404: Training and Education
3. Love in CHPT, Happiness and Inclusiveness	<b>Employee Rights and Interests</b> Value employee rights, interests, and benefits to ensure fair workplace treatment. CHPT is committed to building a friendly workplace environment to boost the organizational commitment of employees.			●		 	402: Labor-management relations 405: Employee diversity and equal opportunities
3.3 Workplace Safety	<b>Occupational Safety</b> Zero workplace accident is one of CHPT goals and establish a safe work environment is its responsibility. A safety workplace is built through occupational safety management, education and training, and policy publicization to ensure the health and safety of employees.		◎	●		 	403: Occupational safety and health
1.6 Information Security	<b>Information Security</b> Establish a complete information security management system to ensure that company confidential information, customer business confidential information, and personal information are not improperly disclosed.			●	◎		Customized material topics

**Differences in major topics before and after the year:** Compared with 2021, the major issues of 2022 has added the major issues of information security. The main reason is that information security is a very important topic in today's business activities, which is important to the Company's business and customer confidentiality. If there is a slight carelessness in information security control, resulting in vulnerabilities, its impact level is very huge, which will cause serious impact such as property damage, goodwill impact, customer distrust, etc. Therefore, this year, information security control is specially included in the major issues to explain to stakeholders the current Company management actions and responses.

## Material topics management guidelines—Policy, commitment, goals, management and assessment mechanisms

Material topics	Policy/Commitment	Core goals	Performance outcome	Action Plans	Assessment mechanisms	Feedback mechanisms	2023 Goals
<b>Corporate Governance</b>	Adhering to the business philosophy of long-term, stability, development, innovation, and internationalization, the spirit of corporate governance is realized through a sound and transparent governance structure and rules and regulations.	Ranked top 5% among TPEX Listed Companies at the Corporate Governance Evaluation	Ranked top 5% among TPEX Listed Companies at the Corporate Governance Evaluation in 2022	<ul style="list-style-type: none"> <li>Improve the quality of information disclosure by periodically reporting to stakeholders the Company's accomplishment, outlook, actual governance achievement over the open platform.</li> <li>Hold Board Meetings periodically to optimize governance-related regulations of the Company.</li> <li>Strengthen the Board's competence by arranging governance-related courses for directors regularly.</li> </ul>	Board performance evaluation Corporate Governance Evaluation	Shareholders' Meeting Board of Directors Internal and external complaint channels Company website online suggestion box	Maintain ranked top 5% among TPEX Listed Companies at the Corporate Governance Evaluation
<b>Ethical Management</b>	Shaping the organizational culture of corporate honesty and integrity, ensuring the implementation of the Principles of Ethical Corporate Management.	There is no violation of any ethical operation.	There is no violation of ethical operation.	<ul style="list-style-type: none"> <li>Training of new employees - promotion of legal knowledge including insider trading.</li> <li>Quarterly e-bulletins - promotion of confidentiality, intellectual property rights compliance, and conducts of integrity.</li> <li>Company website - Principles of Ethical Corporate Management and Business Integrity Code of Conduct for Employees.</li> <li>Organize the yearly online test on the Principles of Ethical Corporate Management and Guidelines for Conduct for all employees.</li> </ul>	Internal audits Assessment mechanisms after education training courses External review	Management review meeting Internal and external complaint channels Audit report	There is no violation of any ethical operation.
<b>Operational Performance</b>	CHPT adopts solid financial strategies. It focuses on its business operations and pursues revenue and profit growth while managing operational risks.	Implement according to the Company's annual business plan to achieve the overall operational targets.	Consolidated revenues were NT\$4.389 billion Net profit attributable to parent company was NT\$771 million Earnings per share after tax was NT\$23.5	<ul style="list-style-type: none"> <li>Constantly engage in technology innovation and pursue industry leadership to acquire long-lasting profit and steady growth.</li> <li>Increase product value and provide customers with satisfactory service quality.</li> <li>Maintain sound investor relationships and strengthen corporate governance.</li> </ul>	Financial reports and annual report Market Observation Post System	Shareholders' Meeting Department meeting	Constantly engage in technology innovation, and implement according to the Company's annual business plan to achieve the overall operational targets.

Material topics	Policy/Commitment	Core goals	Performance outcome	Action Plans	Assessment mechanisms	Feedback mechanisms	2023 Goals
<b>Innovation and R&amp;D</b>	With the spirit of constant innovation and improvements, the word "Innovation" is engraved in CHPT's DNA, the Company persists and strives to move forward in the advanced technology development.	Establish CHPT's leadership in industrial technology	Successfully developed a total of 15 items of technologies or products in 2022	<ul style="list-style-type: none"> <li>Maintain constant R&amp;D of visionary technologies and innovative applications and enforce product design, R&amp;D, and system management.</li> <li>Engage in active cultivation of R&amp;D talent and reward outstanding R&amp;D talents for excellent performance to ensure the continuation of corporate culture and</li> <li>Maintain constant R&amp;D of visionary technologies and innovative applications and enforce product design, R&amp;D, and system management.</li> <li>Engage in active cultivation of R&amp;D talent and reward outstanding R&amp;D talents for excellent performance to ensure the continuation of corporate culture and professional knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>Project technology discussion meeting</li> <li>R&amp;D review meeting</li> <li>Project management</li> </ul>	Technical exchange meeting Memorandum of understanding Seminars Market message	Research and development pilot, independent research and development of key technologies, and establish leadership in industrial technology
<b>Quality Management</b>	Full participation, continuous improvement, satisfying customers	Continue to maintain the ISO 9001 quality management system. To meet customer needs as the goal.	Achieve annual various quality goals	<ul style="list-style-type: none"> <li>Engage in continual process improvement and establish total quality management.</li> <li>Ensure the effective implementation of the quality management system, make continual improvement from problems, and establish the quality cycle.</li> <li>Arrange regular education and training on quality management every year to ensure the inculcation of quality awareness in employees.</li> </ul>	<ul style="list-style-type: none"> <li>Internal audits</li> <li>Third-party assurance unit</li> <li>Management review meeting</li> </ul>	QTR meeting regular/irregular customer feedback	In line with the spirit of ISO 9001 management system, continuous improvement.
<b>Customer Relationship</b>	Increase customer satisfaction by enhancing various services provided for the customer.	Customer satisfaction surveys reached over 85%	Customer satisfaction surveys reached 85.27%	<ul style="list-style-type: none"> <li>Maintain constant communication with customers in each project to eliminate communication barriers and thereby provide customers with the most satisfactory products.</li> <li>Capture project timeframe and efficiently provide customers with quality products.</li> <li>Gather customer feedback with customer satisfaction surveys and make timely response and improvement to their feedback to constantly improve customer satisfaction.</li> </ul>	Customer Satisfaction QTR meeting report	Customer feedback suggestion Customer satisfaction surveys Annual bargaining meeting External appeal tunnel	Customer satisfaction surveys reached over 85%

Material topics	Policy/Commitment	Core goals	Performance outcome	Action Plans	Assessment mechanisms	Feedback mechanisms	2023 Goals
<b>Supplier Management</b>	Taking sustainable development as the core concept to establish long-term and stable partnerships with suppliers.	100% of the main suppliers sign the Statement of the Code of Ethics and Business Conduct	98.8% of the main suppliers sign the Statement of the Code of Ethics and Business Conduct	<ul style="list-style-type: none"> <li>New suppliers are introduced to sign the Statement of the Code of Ethics and Business Conduct and Social Responsibility Risk Assessment</li> <li>The risk assessment of major suppliers includes social responsibility risks.</li> <li>Publicize corporate social responsibility to the suppliers and request them to sign the Statement of the Code of Ethics and Business Conduct and comply with the Cod of Ethics and Business Conduct.</li> </ul>	New supplier assessment Supplier risk assessment form Supplier self-assessment form Internal audits	Supplier questionnaire surveys External appeal tunnel	In 2023, new suppliers should be joined supplier social responsibility risk assessment, regular evaluation of key manufacturers and annual on-site audit and questionnaire assessment operation.
<b>Energy Management</b>	Through the Company's energy conservation and carbon reduction measures, the environmental friendly goals of reducing energy consumption and carbon emissions are achieved.	Annual average electricity saving rate of 1%	Headquarters 2022 annual electricity saving rate of 0.63% Plant 1 2022 annual electricity saving rate of 2.1%	<ul style="list-style-type: none"> <li>Improve process and equipment for energy conservation through environmental objectives and improvement programs.</li> <li>Set, periodically review, and make continual improvement of energy conservation KPIs.</li> <li>Arrange awareness education on energy conservation and carbon reduction for employees.</li> </ul>	Environmental management objective plan Internal audits Third-party verification unit	Management review meeting Internal and external auditing report	Continue to save electricity by 1% per year
<b>Water Resource Cycle</b>	Through water resource cycle to reduce water use	The average utilization rate of reclaimed water in production units is 50%	The average utilization rate of reclaimed water in 2022 is 63%	<ul style="list-style-type: none"> <li>Increase the unit consumption of reclaimed water through environmental objective improvement plans to reduce water use and lower water consumption.</li> <li>Set, periodically review, and make continual improvement of energy conservation KPIs.</li> </ul>	Environmental management objective plan	Occupational Safety and Health and Environmental Protection Committee Internal and external auditing report	Maintain utilization rate of reclaimed water by over 50%
<b>Talent Development</b>	Actively cultivate outstanding talents, provide comprehensive education and training, and improve employee competence.	Employee average education training for 15 hours The total number of digital courses recorded was 24.	Employee average education training for 21.5 hours The total number of digital courses recorded was 28.	<ul style="list-style-type: none"> <li>Establish the annual training plan and unfold a diversified education and training system for employees to receive education and training plan with more resources.</li> <li>Arrange competency-specific training and practice the job transfer and promotion system.</li> </ul>	Education training implement rate After course performance tracking Education training satisfaction surveys	After course questionnaire surveys Labor-management meetings Occupational Safety and Health and Environmental Protection Committee	Employee average education training for 15 hours

Material topics	Policy/Commitment	Core goals	Performance outcome	Action Plans	Assessment mechanisms	Feedback mechanisms	2023 Goals
<b>Employee Rights and Interests</b>	Create a people-oriented core culture, respect employees, and build a friendly workplace.	There is no violation of labor rights and no employee complaints	4 labor disputes	<ul style="list-style-type: none"> <li>Hold periodical labor-management meetings, encourage employees to express their opinions, and establish protection regulations without fear of being treated unfavorably.</li> <li>Establish sound regulations to protect the rights and interests of employees and actively address employee feedback.</li> </ul>	Labor-management meetings Appeal incidents	Labor-management meetings Employee welfare committee Appeal box and email	There is no violation of labor rights.
<b>Occupational Safety</b>	Create a healthy working environment that complies with laws and regulations, so that colleagues can have a safe working environment.	In-factory control and protection specifications are more complete. Reduced incidence of occupational accidents, effectively improving operational safety	Hearing protection plan and noise operation control, reduction of loss recurrence rate, improvement of personnel safety in the working environment, improvement of emergency response capabilities, COVID-19 epidemic prevention management, and sequence plan for safe handling of materials in the factory	<ul style="list-style-type: none"> <li>Inventory process noise measurement of each process within the plant every six months.</li> <li>Arrange special health checkup every year.</li> <li>Implement operation environment monitoring every six months.</li> <li>Implement radiation film monitoring each month.</li> <li>Arrange self-inspection audit every week.</li> <li>Identify legal and regulatory change each month.</li> <li>Hold Occupational Safety and Health and Environmental Protection Committee meeting quarterly.</li> <li>Education and training for emergency response personnel each year.</li> <li>At least one plant evaluation drill each year.</li> <li>Establish the Information Security Management Committee convened by the chief information security office.</li> <li>Implemented the information security management system (ISMS).</li> <li>Hold management review meeting regularly to conduct management review of the effectiveness of ISMS implementation.</li> </ul>	Monitoring and evaluation team, process operation supervisor, health inspection report, telephone, mail, etc. Occupational Safety and Health and Environmental Protection Committee	Labor-management meetings Occupational Safety and Health and Environmental Protection Committee Appeal mailbox	Establish and introduce plans for equipment safety specifications, and formulate and standardize equipment safety standards
<b>Information Security</b>	Establish a safe and reliable information-based operating environment to ensure the security of data, systems, equipment, networks, and information business services to guarantee continuous business operations.	Build a safe and reliable information operation environment, maintain business continuity, reduce information operation risks, and protect the rights and interests of information service users	Implemented the information security management system (ISMS) and obtained the ISO27001 certificate in August 2022.	<ul style="list-style-type: none"> <li>Establish the Information Security Management Committee convened by the chief information security office.</li> <li>Implemented the information security management system (ISMS).</li> <li>Hold management review meeting regularly to conduct management review of the effectiveness of ISMS implementation.</li> </ul>	Information Security Management Committee management review Internal audits Third-party verification unit	Information Security Management Committee management review Internal audits Third-party verification unit	Continuously improve information security mechanisms and operations, build a safe and reliable information operation environment, maintain business continuity, reduce information operation risks, and protect the rights and interests of information service users



# 1. Ethical, Transparent, Responsible Governance

## 1.1 Organizational Profile

### About CHPT

Chunghwa Precision Test Tech. Co., Ltd. is the only "All In House" testing interface service provider in the global semiconductor industry chain. We are committed to breaking through the traditional framework and together with customers to jointly develop advanced semiconductor testing interface technology, bringing together M (mechanical), E (electrical), C (Chemistry), O (Optics) and other fields of talents and environment, construct a complete All In House business model, help customers quickly introduce new ones in the ever-changing semiconductor industry, and create a win-win situation.

Adhering to the business philosophy of "Leading Technology, Satisfying Customers, Creating Profit, and Taking Care of Employees", CHPT maintains leadership in semiconductor testing interface services, accurately masters the needs of new-generation products, and invests R&D resources in advance to ensure leading advantages to implement the Company's management policy of "long-term, stability, development, innovation, and internationalization" and create more value for shareholders.

### Company basic information

<b>Name of the Company</b>	Chunghwa Precision Test Tech. Co., Ltd. (Code: 6510)		
<b>Date of establishment</b>	2005/08/26	<b>Headquarters address</b>	No. 12, Gongye 3rd Road, Pingzhen District, Taoyuan City
<b>Chairman</b>	Hong-Chan Ma	<b>Paid-in capital</b>	NT\$327,890,220
<b>President</b>	Shui-Ke Huang	<b>Number of people in the Company (end of December 2022)</b>	1289 people
<b>Primary Products and Services</b>	Probe Cards / Load Board / Technology service and others		

[Note]

1. Chairman Kuo-Feng Lin officially handed over the position to Chairman Hong-Chan Ma on June 30, 2022.

### Location of operations



#### Taiwan

**Taoyuan** No. 12 and No. 15, Gongye 3rd Road, Pingzhen District, Taoyuan City

**Hsinchu** Room. C8, 3F., No.1, Lixing 1st Rd., Hsinchu City

**Taichung** 1F., No.356, Fuya Rd., Xitun Dist., Taichung City

**Kaohsiung** No.195, Tuku 1st Rd., Nanzi District, Kaohsiung City

#### USA

**North America** 2047 Zanker Road, Suite 10, San Jose, 95131, USA

#### Mainland China

**Shanghai** Room 802B, No.1000, Jinhai Rd., Building 16, Pudong New Area, Shanghai

**Suzhou** Bld.12 A, No.200, Xingpu Road, Industrial Park, Suzhou, Jiangsu

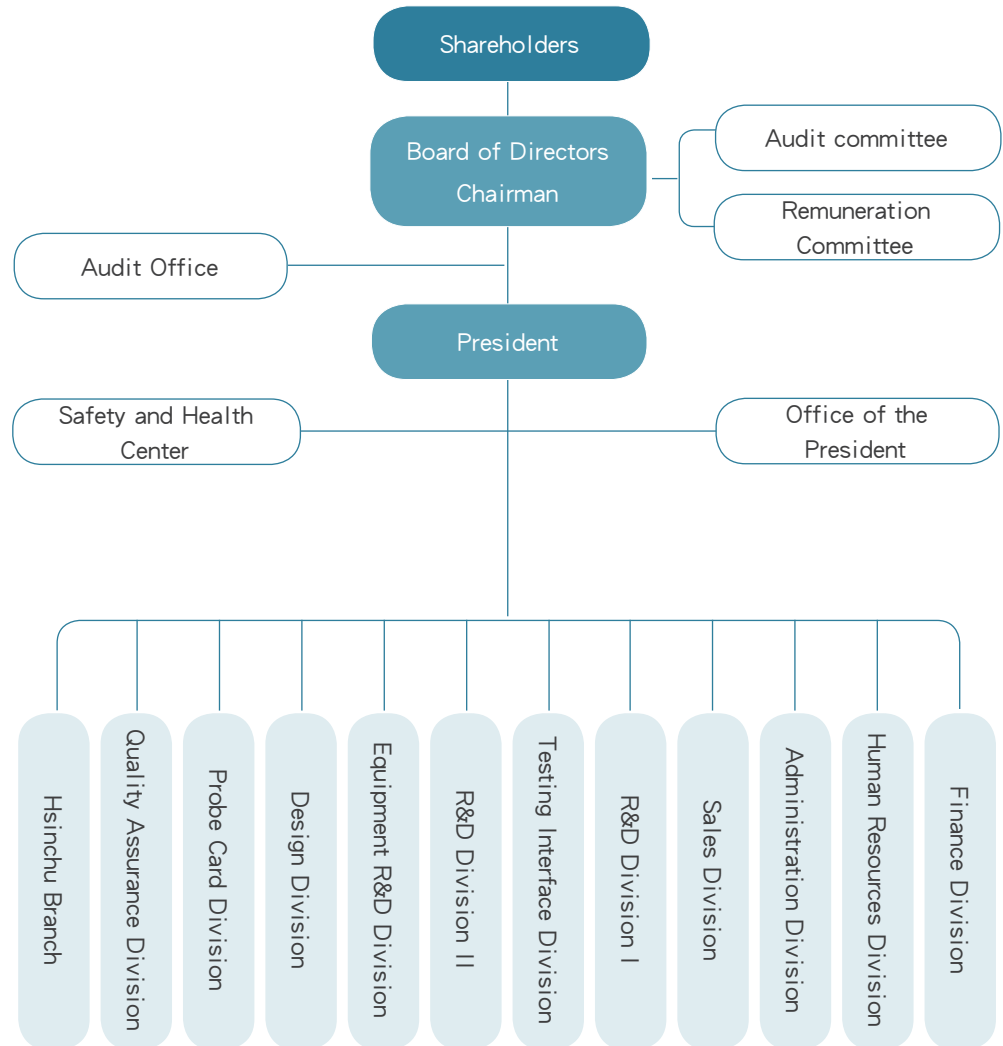
#### Japan

**Tokyo** Asakawa Building 5th Floor, 2-1-17 Shiba Daimon, Minato-Ku, Tokyo 105-0012

## Vision, Mission, Core Values and Business Philosophy



## Organization chart



## Department business introduction

Department	Responsibilities
Board of Directors Chairman	Supervises operations of the Company. Convenes Board of Directors meetings.
President	Responsible for the Company's operating guidelines, mid-term/long-term strategies, business promotion, interdepartmental coordination, and reporting to the Board of Directors.
Audit Committee	Assists the Board of Directors in decision-making. Enhances the internal control system of the Company and improves corporate governance performance.
Remuneration Committee	Stipulates and regularly reviews the remuneration policies, systems, standards and structures, and performance of directors and managers.
Audit Office	Responsible for the auditing, maintenance, and improvement of the internal control system. Makes suggestions and assists various departments in solving problems, improving processes, and raising work efficiency.
Office of the President	Responsible for legal, IR, and PR affairs, assists the President with operational planning and execution.
Safety and Health Center	Plan, supervise, and implement occupational safety and health management and instruct the relevant departments to implement and amend procedures relating to occupational safety and health activities.
Finance Division	Responsible for financial, accounting, share administration and taxation affairs within the Company. Prepares financial statements and manages information and plans for working capital and long-term financing.
Human Resources Division	Planning and implementing human resource strategies, systems and procedures; being responsible for the business related to the Remuneration Committee; promoting and maintaining labor-management harmony, balancing and protecting the rights and interests of both labor and management; deepening the high-quality culture of honesty and integrity.

Department	Responsibilities
Administration Division	Domestic and foreign procurement and warehousing management of equipment, construction and renovation projects, general affairs and raw materials, maintenance operations of factory affairs, environmental protection systems and mechanical equipment, and administration general affairs management.
Sales Division	Market research, industry analysis, and product marketing.
R&D Division I	Responsible for the research and development of raw materials, key components, production technology, telecommunication R&D and simulation equipment, new process development and process capabilities, product quality improvement, etc.
Testing Interface Division	Production and manufacturing of testing interface products and management and continual improvement of jigs (tools).
R&D Division II	Overall IT development and information security maintenance within the Company.
Equipment R&D Division	Enhancement of the self-production rate of key equipment and automation efficiency and improvement of product quality.
Design Division	Design specification preparations and management, customer case design.
Probe Card Division	Manufacturing, production, engineering analysis, and continual improvement of probe card products.
Quality Assurance Division	Responsible for implementation and maintenance of quality assurance practices, corrective and preventive measures, and after-sales service and product maintenance for various quality issues.
Hsinchu Branch	Responsible for domestic business development, product design, and after-sales verification/repair.

## Corporate history

Date	Major events
August 2005	Chunghwa Precision Test Tech. Co., Ltd. was founded with a paid-in capital of NT\$25,000,000
May 2006	Produced products such as Load Board/Probe PCB/Substrate and provided assembly and related service capabilities
July 2006	Developed the capacity to perform “Aspect Ratio” of 22
January 2007	Passed ISO 9001 certification
July 2007	Developed the capacity to perform “Aspect Ratio” of 26
April 2008	Developed the capacity to perform 4-layer Blind via
April 2008	Provided Multi-Layer Organic (MLO) for the Vertical Probe Cards (VPCs)
March 2009	Developed the capacity to perform 5-layer Blind via
March 2009	Passed UL certification
June 2009	Passed ISO 14001 certification
January 2011	Researched and developed C4 Bumping technology
September 2011	Developed the capacity for the SAP Manufacturing Process
December 2012	Supplied thin-film MLO (TF-MLO) for use with the probe card
March 2014	Purchased land and facilities of the leased Pingzhen Plant
October 2014	Registered as a public company with the approval of Financial Supervisory Commission
December 2014	Developed the capacity to perform “Aspect Ratio” of 40
January 2015	Listed for trade on the Emerging Stock Market with consent sought from Taipei Exchange

Date	Major events
November 2015	Approval sought from the Board of Directors of the Taipei Exchange to list for public trading on TPEX
January 2016	Hsinchu Branch passed ISO 9001 certification
March 2016	Approval sought from the Taipei Exchange for public listing on TPEX
May 2018	Completed the large-size satellite communication production lines for engineering verification use
August 2018	Developed the capacity to perform PCB multi-layer boards with 100 layers and an “Aspect Ratio” of 50
August 2018	Developed the capacity to perform fully self-made probe card total solutions
July 2019	Passed ISO 45001 certification
October 2019	Opening of the R&D operations headquarters
December 2019	Awarded as one of the TOP 5000 Companies with Outstanding Performance in 2019 by China Credit Information Service, and one of the Top 2000 Enterprises in 2019 by Common Wealth Magazine
December 2020	Awarded as a 2020 Asia-Pacific High-Growth Company by Financial Times, 2020 Top 2000 Enterprises by Common Wealth Magazine, and “Technology Management Award” from the Chinese Society for Management of Technology
January 2021	The Board of Directors made a resolution to purchase land located at Shanziding Section, Pingzhen District, Taoyuan City
July 2021	Ranked the world’s 3rd in non-memory MEMS probe cards
December 2021	Awarded 2021 Top 2000 Enterprises by Common Wealth Magazine
April 2022	Ranked top 5% among TPEX Listed Companies at the Corporate Governance Evaluation
March and May 2022	Founded the domestic subsidiary - “TestPro Investment Co., Ltd.”, founded the domestic subsidiary - “NavCore Tech. Co., Ltd.”
August 2022	Passed ISO 27001 certification

## Business Profile

### In-house probe and probe card

CHPT is one of the few semiconductor testing interface factories in the world that both develops and manufactures wafer-level test probes. In addition to self-developed probe production equipment, we also master the key technologies of probe materials, potions, and synthetic metals. In the research and development of fully self-made probes, CHPT starts from the research of the metal composition and basic material properties of the probes, masters the material properties, and uses special potions and micro-electromechanical methods. According to the testing needs of customers, we produce and manufacture various types of customized probe needles, and conduct 2 million high and low-temperature pressure cycle tests for each probe to ensure that the probe can operate perfectly and continue testing under extreme test environments.

After five years, CHPT completed the design of introducing AI algorithm into the probe card, and through big data analysis, completed the mechanism optimization of the probe card before the manufacturing. Therefore, we can produce high-performance, high-reliability, and long-life probe cards for customers, provide excellent signal transmission quality, and greatly improve production efficiency.

### In-house IC Special for Testing PCB and ST

CHPT has high-speed PCB and ST design experience. Through 3D signal and power integrity simulation analysis and optimization, and measurement verification comparison, we establish the best design criteria for high frequency and high speed, and effectively ensures the integrity of testing interface signal transmission.

CHPT started with research and development, pioneered in the industry, and developed the most advanced AI production technology independently. The AI intelligent production line is specially designed for PCB and ST for semiconductor testing. The various processes of this production line are lamination, etching, electroplating, etc., all are monitored by a strict AI return control system, so we can produce high-quality, high-reliability PCBs and STs.

## Market Analysis

### Sales regions of major products:





Sales Percentage (%)		2020	2021	2022
Export sales	Asia	9.71	13.13	13.53
	America	9.16	7.00	18.93
	Europe	0.14	0.24	0.30
	Sub-total	19.01	20.37	32.76
Domestic sales		80.99	79.63	67.24
Total		100	100	100

### Market share:

Since entering the probe card industry in 2015, the Company providing total solutions to customers, including R&D, design, manufacturing, and after-sales in recent years. According to Yole Intelligence's survey, CHPT's probe card revenue accounted for about 1.5% of the global probe card revenue in 2022.

## Participation in Associations

In order to keep in line with domestic and foreign industrial trends, CHPT has joined the public associations to communicate with relevant industrial and academic communities, exchange business experience and market information, so as to understand the latest developments and future trends of the industry.

Organization	Role
 Taiwan Semiconductor Industry Association (TSIA)	Member
 Taiwan Semiconductor Association (SEMI TW)	Member
 Taiwan Printed Circuit Association (TPCA)	Member
 Taoyuan City Industrial Association	Member
 Wireless Communication Measurement Alliance, Yuan Ze University	Member
 Taiwan Electronic Equipment Industry Association	Member
 IPC International, Inc.(IPC)	Member
 Taiwan Artificial Intelligence Association	Member

## Financial performance

CHPT adopts solid financial strategies. It focuses on its business operations, pursues revenue and profit growth while manages operational risks. 2022 net revenues was NT\$ 4.389 billion, with a 3.5% increase from the previous year, and the gross profit margin slightly reduced to 52%. The semiconductor industry has been impacted by global macroeconomic factors including geopolitical issues, high inflation, and inventory adjustment. In times of industry changes, CHPT has undergone digital transformation and implemented smart design and manufacturing. With diversified product portfolio, a wide-ranged customer base, and a global presence, the Company achieved a strong year of revenue growth despite these challenges in the whole year. However, the Company's gross margin was impacted by increased resources required for the early development and verification of its diversified products and improving the yield rates. EPS thus reduced to NT\$23.50. The adjustment of the operational strategy will be helpful for the Company to overcome future challenges and thereby establish a solid foundation for long-term development.

NTD thousands

Item	2020	2021	2022
Operating revenue	4,207,935	4,240,874	4,388,507
Gross profit	2,278,561	2,291,214	2,287,696
Income from operations	1,186,431	1,080,838	866,335
Net income	933,693	891,760	756,566
Net income attributable to shareholders of the parent company	933,693	891,760	770,620
EPS (\$)	28.48	27.20	23.50

## Economic value distributed to stakeholders

NT\$: Thousands

	2020	2021	2022
<b>Direct economic value generated</b>			
Operating revenue	4,207,935	4,240,874	4,388,507
<b>Economic value distributed</b>			
Operating costs	3,013,745	3,160,573	3,522,172
Employee salaries and benefits <sup>(Note 1)</sup>	1,301,403	1,406,634	1,565,888
Payments to providers of capital	329,158	394,432	447,548
Payments to government	163,573	226,512	185,455
Community investments	754	539	597
<b>Economic value retained <sup>(Note 2)</sup></b>			
	700,705	458,818	232,735

Note 1: Included in operating costs

Note 2: Economic value retained = Operating revenue - Operating costs- cash dividends - Income tax paid - Community investment

## Tax Governance

In 2022, the effective tax rate of the consolidated income tax of CHPT was about 16.9%, which was lower than the statutory tax rate of 20% for profit-seeking enterprise income tax in Taiwan. This was mainly due to the fact that the income tax settlement report of profit-seeking enterprises in the previous year was approved in the current year and the income tax expenses were reversed. CHPT also enjoys the tax deduction legally obtained by investing in research and development expenditures, smart machinery and 5G investment, and real investment of undistributed surplus as stipulated in Taiwan's Statute for Industrial Innovation.

## Tax Commitment

Item of Commitment	Key points of Commitment
Compliance law and regulations	<ul style="list-style-type: none"> <li>All operations are handled by relevant tax laws and regulations.</li> <li>Transactions between affiliates are based on the principle of routine transactions and follow the internationally recognized transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD)</li> </ul>
Transparency of information	<ul style="list-style-type: none"> <li>Financial report information is transparent, and tax disclosure is handled in accordance with relevant regulations and standards</li> </ul>
Economic substance	<ul style="list-style-type: none"> <li>Do not use tax havens or tax planning for tax avoidance purposes</li> <li>No transfer of profits generated by the Company to countries with low tax rates</li> </ul>
Honest communication	<ul style="list-style-type: none"> <li>Based on mutual trust and information transparency, establish a relationship of mutual respect with tax authorities in each operating region</li> </ul>
Risks control and management	<ul style="list-style-type: none"> <li>The Company takes into account the impact of taxation for all important decisions</li> <li>Analyze the operating environment and use the management mechanism to assess tax risks</li> </ul>

## Tax Risk Management

CHPT operates and expands business around the world, and at the same time abides by the tax laws and regulations of the countries where each operating area belongs. The Company's major policies are all subject to a professional internal team with appropriate qualifications and experience and external experts to participate in the tax assessment. In order to effectively manage tax risks, CHPT follows internal procedures to identify, assess and manage tax risks arising from changes in regulations and its operating activities, and properly measure, manage and control risks.

- Analyze the operating environment and change risks in each region, and use the management mechanism to assess tax risks
- Transparent financial reporting information, all comply with relevant laws and regulations to disclose relevant tax information
- All operations are handled in accordance with the tax laws and regulations of each region
- Actively participate in information seminars on major issues related to taxation in various countries to keep abreast of the latest status

## 1.2 Board of Directors Autonomy

The "Board of Directors" of CHPT is the highest governance unit of the Company. It convenes regular meetings to confirm the Company's operating strategy and financial stability, supervise operational performance, and ensure that the Company follows the Articles of Incorporation and does not violate government orders and regulations. CHPT adopts a candidate nomination system for elections of directors and they are elected by voting at the shareholders' meeting. The term of each director is three years. The current board members have professional backgrounds and industrial experience in business management, finance and accounting, law and semiconductors. Furthermore, the Company emphasizes the gender equality of the constitution of board members. There are currently 7 seats for directors, among which are 2 female directors, accounting for 29% of the total seats. The Company has achieved the goal of having at least 1 female director. The number of Independent Directors accounts for 43% of all directors, and 3 seats of the Independent Directors have tenures shorter than 9 years. 14% of the Company's directors concurrently hold a position as an employee. Our objective is to have Directors at least one seat shall have accounting or financial expertise; and directors concurrently serving as company officers not exceed one-third of the total number of the board members; and have at least 1 seat with a female director. In 2022, all directors of CHPT completed the goal of at least six hours of training each year in accordance with the "Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The topics of the courses include corporate governance themes, corporate transformation and upgrading, information security, and ethical management. The Company also has corporate governance personnel who are responsible for corporate governance-related matters, assisting directors to ensure that Board of Directors procedures and all applicable laws and rules are complied with, and ensuring good information communication between members of the Board of Directors and between directors and managers. In 2022, the Board of Directors convened a total of 7 meetings. All directors were required to attend a total of 49 times, and actually attended a total of 49 times, with an attendance rate of 100%.

### Board of Directors Nomination and Election

In accordance with the Articles of Incorporation, the Company may appoint five to nine directors to organize the Board of Directors, of which, appoint independent directors, not less than two in number and not less than one-fifth of the total number of directors, who shall serve a term of three years and shall be re-eligible. The candidates nomination system is adopted for election of the directors, independent directors and non-independent directors shall be elected together, and the number of elected directors shall be calculated separately. The Company's Board of Directors has a chairman elected by the Board of Directors, who internally serves as the chairman of both the Shareholders' Meeting and the Board of Directors and also represents the Company externally. °

For details of the CHPT "Director Election Policy", please refer to Company website: [Home > Investors > Corporate Governance > Important Rules of the Company](#)



### Directors of diversity

Name of director	Gender	Age	Independent Director Tenure (years)	An employee/management of the Company	Industry Knowledge/Professional Competency				
					Business administration	Leadership and decision making	Knowledge of the industry	Finance and Accounting	Legal knowledge
Chairman Hong-Chan Ma	Male	61~70			●	●	●		
Director Chau-Young Lin	Male	51~60			●	●	●		
Director Shui-Ke Huang	Male	51~60		●	●	●	●		
Director Heng-Chen Chen	Female	51~60			●	●	●	●	
Independent Director Chung-Fern Wu	Female	61~70	3-6		●	●		●	
Independent Director Huang-Chuan Chiu	Male	61~70	3-6		●	●			●
Independent Director Wen-Nan Tsan	Male	51~60	6-9		●	●	●		



## Members of Board Tenure

Job Title	Name	Date of election	Current term of tenure	Date of first election
Director	Chunghwa Investment Holding Company	2020/6/3	2020/6/3~112/6/2	2005/8/26
Chairman	Representative of Chunghwa Investment Holding Company: Hong-Chan Ma	2022/6/30	2022/6/30~2023/6/2	2022/06/30
Director	Representative of Chunghwa Investment Holding Company: Chau-Young Lin	2020/6/3	2020/6/3~112/6/2	2020/6/3
Director	Shui-Ke Huang	2020/6/3	2020/6/3~112/6/2	2005/11/30
Director	MediaTek Capital Co.	2020/6/3	2020/6/3~112/6/2	2015/5/6
Director	Representative of MediaTek Capital Co.: Heng-Chen Chen	2020/6/3	2020/6/3~112/6/2	2015/5/6 2020/6/3 (Note)
Independent director	Chung-Fern Wu	2020/6/3	2020/6/3~112/6/2	2017/6/8
Independent director	Huang-Chuan Chiu	2020/6/3	2020/6/3~112/6/2	2017/6/8
Independent director	Wen-Nan Tsan	2020/6/3	2020/6/3~112/6/2	2015/5/6

Note: Ms. Heng-Chen Chen was appointed as the representative of MediaTek Capital Co. on June 3, 2020.

## Board of Directors Meeting Attendance Statistics

Job Title	Name	Number of times to attend (A)	Actual attendance (B)	Actual attendance rate (%) (B/A)	Note
Chairman of the Board	Representative of Chunghwa Investment Holding Company: Kuo-Feng Lin	3	3	100.00	Retired on June 30, 2022
Chairman	Representative of Chunghwa Investment Holding Company: Hong-Chan Ma	4	4	100.00	New on board on June 30, 2022
Director	Representative of Chunghwa Investment Holding Company: Chau-Young Lin	7	7	100.00	-
Director	Shui-Ke Huang	7	7	100.00	-
Director	Representative of MediaTek Capital Co.: Heng-Chen Chen	7	7	100.00	-
Independent director	Wen-Nan Tsan	7	7	100.00	-
Independent director	Chung-Fern Wu	7	7	100.00	-
Independent director	Huang-Chuan Chiu	7	7	100.00	-

## Members of the Board of Directors training hours

In order to encourage all directors to continuously improve their ability to accurately judge industry changes, the Board of Directors of CHPT arranges more than 6 hours of advanced training courses every year to assist directors to acquire new knowledge of the industry, keep pace with the times, and familiarize themselves with their functions and roles in the Board of Directors, effectively to implement the corporate governance system, which is conducive to the continuous optimization of the Board of Directors and the sustainable operation of the Company.

Job Title	Name	Organizer	continuing education	Training hours (hour)	2022 Training hours
(hour)	Representative of Chunghwa Investment Holding Company: Hong-Chan Ma	Taiwan Corporate Governance Association	Digital Transformation and Risk Management of Businesses	3	12
		Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	
		Taiwan Corporate Governance Association	Taiwan's Key 5G Technology and Market Application Strategy	6	
Director	Shui-Ke Huang	Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	6
		Securities and Futures Institute	Aspects of ESG Governance: From Knowing to Doing	3	
Director	Representative of Chunghwa Investment Holding Company: Chau-Young Lin	Taiwan Corporate Governance Association	Digital Transformation and Risk Management of Businesses	3	12
		Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	
		Securities and Futures Institute	Aspects of ESG Governance: From Knowing to Doing	3	
		Taiwan Corporate Governance Association	Taiwan's Key 5G Technology and Market Application Strategy	3	
Director	Representative of MediaTek Capital Co., Heng-Chen Chen	Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	6
		Securities and Futures Institute	Aspects of ESG Governance: From Knowing to Doing	3	
Independent director	Chung-Fern Wu	Securities and Futures Institute	Analysis of Foci of Corporate Governance Evaluation Required for Directors and Supervisors	3	9
		Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	
		Securities and Futures Institute	Aspects of ESG Governance: From Knowing to Doing	3	

Job Title	Name	Organizer	continuing education	Training hours (hour)	2022 Training hours
Independent director	Huang-Chuan Chiu	Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	12
		Securities and Futures Institute	Corporate Governance and Securities Laws and Regulations	3	
		Securities and Futures Institute	Aspects of ESG Governance: From Knowing to Doing	3	
		Securities and Futures Institute	External Innovation and Sustainable Operations	3	
Independent director	Wen-Nan Tsan	Securities and Futures Institute	Digital Technology Innovation and Competitive Advantages	3	6
		Securities and Futures Institute	Aspects of ESG Governance: From Knowing to Doing	3	

## Board of Directors' Performance Evaluation

The performance evaluation of the Board of Directors is carried out once a year. The evaluation scope includes the performance evaluation of the Board of Directors, individual director members, and functional committees. In addition to the internal self-evaluation of the Board of Directors and the self-evaluation of directors, an external professional organization is appointed every three years to ensure its fairness. The Board of Directors' performance evaluation content can be divided into three aspects:

- **Performance evaluation of the Board performance evaluation:** including the professional functions of the Board of Directors, the decision-making effectiveness of the Board of Directors, the emphasis degree and supervision of the Board of Directors on internal control, and the attitude of the Board of Directors on corporate social responsibility, etc.
- **Performance evaluation of individual directors:** Includes the Company's objectives and tasks, Directors' understanding of responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous training of directors, internal control, etc.
- **Performance evaluation of the functional committee (audit committee and remuneration committee):** the degree of participation in the Company's operation, the functional committee members' understanding in their responsibilities, improves the quality of the functional committee's decision-making, the composition of the functional committee, the selection of members, and internal control.

For details of the CHPT "Board of Directors Performance Evaluation", please refer to Company website:  
[Home > Investors > Corporate Governance > Board of Directors Performance Evaluation](#)



## Board of Directors Remuneration Policies

Rules concerning the payment of directors' compensation have been outlined in the Company's Articles of Incorporation. If the Company has profits, it shall set aside not more than 1% as remuneration for the directors, which shall be resolved by the Board of Directors and paid in cash. Individual directors are rewarded by the Board of Directors based on their involvement in and contribution to the Company's business operations. Independent directors are not included in the Company's annual earnings distribution. In addition to performance-based profit-sharing with directors and employees in the form of remuneration, the Company also has a compensation policy for the general manager and deputy general manager, which has a positive correlation with operational performance, and the amount of payment is disclosed in accordance with the law, and future risk should be limited. The assessment for procedure of formulating compensation is based on the Company's "Director Remuneration Management Measure", "Rules for Performance Evaluations of the Board of Directors", and "Senior Manager Remuneration Measure". The assessment is not only based on the Company's overall operational performance, industry future business risks and development trends, but also examines the individual's performance achievement rate and contribution to the Company's performance including the realization of the Company's core value and operational management capability, financial indicators (e.g., the achievement rate of revenues, net income before tax, and net income after tax), the accomplishment regarding the business operations performance indicators and integrated management indicators, and involvement in sustainable development. Additionally, other special contributions or material negative incidents are also included in the performance assessment and remuneration measurement to facilitate the provision of reasonable remuneration. Performance assessment and the reasonableness of remuneration both have been reviewed by the Remuneration Committee and the Board of Directors. The compensation system is reviewed at any time based on actual business conditions and related laws to seek a balance between the Company's sustainable operation and risk control.



## Critical concerns engagement and responses

The Company handles and discloses material inside information in accordance with relevant laws, orders, regulations of the Taiwan Stock Exchange or the Taipei Exchange, and Procedures for Handling Material Inside Information.

The scope of Material Inside Information referred to by CHPT is as follows:

- I. The Taiwan Stock Exchange or the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, or the material information determined by the Procedures for Press Conferences Concerning Material Information, etc.
- II. Article 36-1 of the Securities and Exchange Act authorizes the formulation of matters that shall be announced or reported under relevant sub-acts.
- III. Matters stipulated in Article 7 of the Securities and Exchange Act Enforcement Rules
- IV. Material news as defined in Article 157-1, Subparagraph 4 of the Securities and Exchange Act, the scope of material news and the regulations governing the method of disclosure.

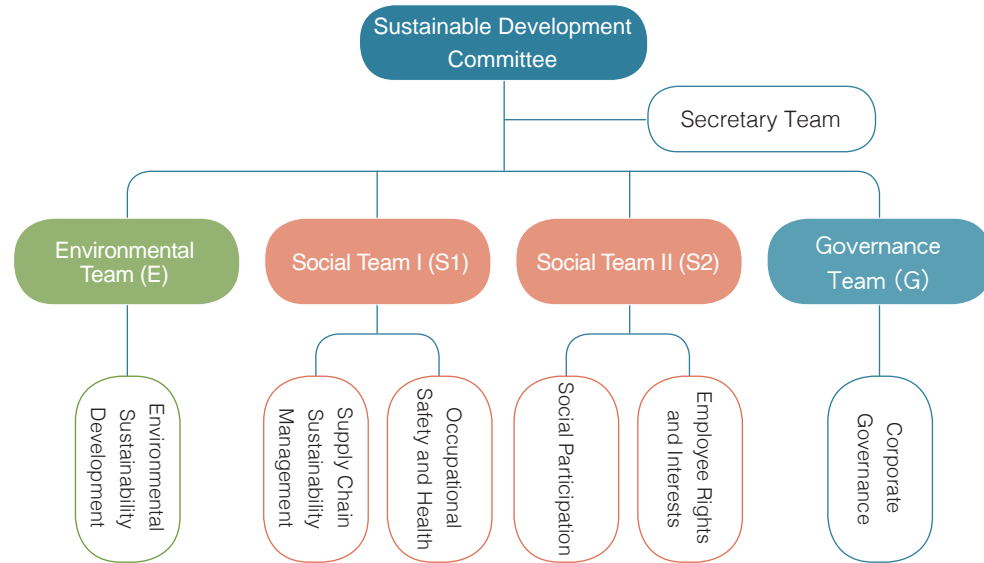
### Evaluation and approval procedures for material inside information disclosure within CHPT

The major decisions made by the Company or the occurrence of important events conform to the regulations of the Taipei Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities. The "Material Information Release Application Form" and the "Material Information Evaluation Checklist" should be filled in and signed by the head of the financial and accounting department. It shall then be sent to the spokesman of the Company for review, and material information shall be released after being signed and approved by the president before the time limit prescribed by the law. The Company's major decisions or the occurrence of important events are in compliance with the requirements of the Taipei Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, or after further evaluation of the materiality, the decision or event has a significant impact on the Company's finances, business, shareholders' equity, or securities prices, the material information shall be released as soon as possible within the time limit specified by the law and in accordance with the preceding paragraph. If the content reported by the media is inconsistent with the content disclosed by the Company, the Company should immediately clarify at the Market Observation Post System and request the media to make corrections. Published major information in Market Observation Post System 42 times in accordance with regulations in 2022.

## Sustainable Development Committee

The Company established the “Sustainable Development Best Practice Principles” on February 9, 2022 and established the Sustainable Development Committee chaired by the chairperson of the Board, the President to act as vice-chairperson, and the representatives from each unit forming various working groups. Besides proposing the visions, policies, and management guidelines for sustainable development, the Sustainable Development Committee supervises and traces the effectiveness of implementation, while each working group implement respective sustainable development tasks.

### The Organization of the Sustainable Development Committee:



Sustainable Development Committee reports to the Board each year of the achievements of implementation and the annual strategies and targets of the next year. The Board gives advice to the annual strategies and targets and urges the Company to implement such strategies as necessary to ensure that the strategies for sustainable development are fully implemented in operational activities. Regularly report to the Board of Directors on the planning and implementation of greenhouse gas inventory every quarter. In 2022, a total of 3 reports were completed, and the Board of Directors gave suggestions on the Company's planning and implementation.

For details of the CHPT “Sustainable Development Best Practice Principles”, please refer to Company website: [Home > Investors > Corporate Governance > Important Rules of the Company](#)



## Audit Committee

CHPT established an Audit Committee approved by the Board of Directors on May 6, 2015, replacing the former supervisory duties and comprises of all independent directors. Audit Committee responsibilities include:

- Adopt or amend internal control systems in accordance to Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- Adopt or amend, pursuant to Article 36-1 of the Securities and Exchange Act, procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees of others.
- Matters relating to the director's own interests.
- A material asset or derivatives transaction.
- A material monetary loan, endorsement, or provision of guarantee.
- The offering, issuance, or private placement of any equity-type securities.
- The hiring or dismissal of a CPA, or the compensation given thereto.
- The appointment or discharge of a financial, accounting, or internal auditing supervisor.
- Annual financial report and second quarter financial reports.

Audit Committee convened a total of 5 meetings in 2022 and all actual attendance rate was 100%.

## Remuneration Committee

To improve corporate governance, Company directors, and managers' remuneration system, the Company established a Remuneration Management Committee, which is composed of three independent directors, and selected one as the convener; with a professional and objective position, it evaluates the Company's directors and managers' remuneration policies and systems, and makes recommendations to the Board of Directors for reference in its decision-making.

The professionalism and independence of each committee member comply with the provisions of Articles 5 and 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

Stakeholders of the Company can submit their opinions through the stakeholder questionnaire on the official website; managers discuss remuneration-related issues through the personnel review committee held quarterly and submit them to the Remuneration Management Committee for resolution when necessary.

Remuneration Committee responsibilities include:

- Stipulates and regularly reviews the remuneration policies, systems, standards and structures, and performance of directors and managers.
- Regularly evaluate and formulates the directors' and managers' remuneration.

When the Remuneration Committee performs its functions and powers, it shall abide by the following principles:

- The performance evaluation and remuneration of directors, supervisors, and managers should refer to the normal payment situation of the industry, and consider the rationality of the relationship with individual performance, Company operational performance, and future risks.
- Directors and managers should not be led to engage in behaviors that exceed the Company's risk tolerance in pursuit of remuneration.
- The ratio of dividends for the short-term performance of directors and senior managers and the timing of payment of part of variable remuneration should be determined by taking into account the industry characteristics and the nature of the Company's business.

Remuneration Committee convened a total of 3 meetings in 2022 and all actual attendance rate was 100%.

## 1.3 Ethical Management

On the basis of "integrity and morality", CHPT will improve and develop the corporate culture of ethical management; abide by ethical management and not accept improper benefits; advocate and promote norms such as integrity behavior, interests recusal, and business confidentiality protection; and regularly organize "integrity management" education and training, such as relevant internal and external laws and regulations on employee professional ethics and integrity principles. 100% of the employees sign the labor contract, which includes integrity and the prohibition of accepting benefits. There is no violation of laws and regulations in the social and economic fields, no related anti-competition, anti-trust, and monopoly behaviors, and no corruption incidents

### Comply with the Code of Ethics and Business Conduct and Personal Integrity

CHPT has established the "Principles of Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" approved by the Board of Directors, and stipulated in the "Work Rules". All employees should uphold the spirit of honesty, rigor, and dedication, and abide by the statement of the Code of Ethics and Business Conduct and the principle of personal integrity to perform duties.

### Perfect Punishment and Appeal System for Violations

CHPT has established a comprehensive punishment and appeal system for violations to ensure that whistleblowers will not be mistreated due to reporting, and has set up a special page for "Inappropriate Behavior Reporting" on the Company website. In charge of work, assist the Board of Directors and management to formulate and supervise the implementation of ethical management policies and behavior guidelines, implement the Principles of Ethical Corporate Management, and report the implementation status to the Board of Directors regularly every year since 2019. 2022 Implementation status is as follows:

1. Company website - Principles of Ethical Corporate Management and Business Integrity Code of Conduct for Employees.
2. Occasional seminar - "Non-integrity conducts", including
  - Information security management policy
  - Insider trading and short-swing trading

- Prohibition of external disclosure regarding Company's internal information
  - Prohibition of infringement of intellectual property rights
  - Prohibition of giving and receiving bribes
  - Inappropriate donations or sponsorships
  - Interests recusal
3. Training of new employees - promotion of legal knowledge including insider trading.
  4. Quarterly e-bulletins - promotion of confidentiality, intellectual property rights compliance, and conducts of integrity.

## Relevant Interests Recusal

CHPT takes ethical management as the primary principle. If a decision or transaction involves a conflict of interest, directors and managers are not allowed to participate in voting based on the principle of interests recusal.

Please refer to the Chapter of 2022 Annual Report of CHPT \_ The important resolutions of the Board of Directors.

## “Prevention of Insider Trading” and “Anti-corruption”

1. CHPT has formulated the "Management for the Prevention of Insider Trading", which prohibits insiders such as directors or employees from using unpublished information in the market to profit from trading securities.
2. Promote on the Company's official website "Prevention of Insider Trading", "Implementation of Ethical Management Policy", "Employee Integrity Code" and "Inappropriate Behavior Reporting".
3. Quarterly internal announcements on "Insider Trading and Short-Term Trading Regulations", "Prohibition of Employees from Disclosing Material Inside Information of the Company without Authorization", "Promotion of Confidentiality" and "Promotion of Conducts of Integrity".
4. Periodically implement “New Employees Training” and “Current Employees Training”.

## New Employees Training:

New recruits must complete the "New Recruits Training Course \_ Legal Knowledge Promotion" course within three months of their report to duty, which includes insider trading and honesty and integrity promotion.

## Current Employees Training:

In order to prevent the risk of illegal insider trading caused by the Company or insiders who are not familiar with the laws and regulations, the Company specially formulated the "Management for the Prevention of Insider Trading" in accordance with the Securities and Exchange Act and related laws and regulations, and the handling guidelines for the internal control system of public companies, all employees are prohibited from using unpublished information on the market to profit from trading securities. The following are the actual actions of the Company to promote the prevention of insider trading:

1. The Company's official website discloses promotion on preventing insider trading.
2. Quarterly e-bulletins of promotion of confidentiality, and conducts of integrity, etc.
3. Every year, insiders are prohibited from trading their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.
4. Every year, online courses of compulsory training on "Prevention of Insider Trading" and "Confidentiality, honesty and integrity" are held for all employees. Each course study includes a test for about 1 hour, and the test score must reach 100 points. Starting from 2020, all employees are required to undergo compulsory training on "Preventing Insider Trading" and "Promoting Confidentiality, Integrity, and Honesty" regularly every two years regularly. The content of the course includes explaining the constituent elements of insider trading, the penalties for violating insider trading, how to avoid false insider trading, and the promotion of confidentiality, honesty and integrity, and so on. From 2022, these two courses have been relisted as annual compulsory courses.

### The training hours of the 2022 Promotion of Confidentiality and Honesty and Integrity Course for each location of operations

Issues promoted or discussed in the course	Name of Course (a)	Taiwan			Chinese mainland			USA			Japan		
		Number of Trainees (b)	Hours of Course (c)	Total Training Duration	Number of Trainees (b)	Hours of Course (c)	Total Training Duration	Number of Trainees (b)	Hours of Course (c)	Total Training Duration	Number of Trainees (b)	Hours of Course (c)	Total Training Duration
Employee integrity	Promotion of confidentiality and honesty and integrity	997	0.5	498.5	51	0.5	25.5	13	0.5	6.5	1	0.5	0.5
	Training for new recruits Promotion of legal knowledge (Personal confidentiality obligations, personal data protection, insider trading, technical protection, and honesty and integrity)	260	0.5	130	12	0.5	6	3	0.5	1.5	0	0.5	0

Trainees	2020		2021		2022	
	New employees	Current employees	New employees	Current employees	New employees	Current employees
The number of employees to be received anti-corruption policy training	160	786	261	1062	275	1062
Number of employees who actually received anti-corruption policy training	160	786	261	1062	275	1062
Training completion rate	100%	100%	100%	100%	100%	100%

In 2022, the number of new recruits training courses and on-the-job training completed: a total of 1,337 people, with a training completion rate of 100%. Among them, there were 275 new recruits (260 from Taiwan, 12 from the Chinese mainland, 3 from the United States) and 1,062 on-the-job training (997 from Taiwan, 51 from the Chinese mainland, 13 from the United States, and 1 from Japan). The number of trainees above did not include migrant workers.

### The total number of sites where the Company conducts corruption risk evaluation

	2020	2021	2022
The number of evaluated	8	8	8
Total number of Company bases	8	8	8
Percentage	100%	100%	100%

[Note] In 2020-2022, CHPT conducted integrity training for employees in 8 location of operations in Taiwan (Taoyuan, Hsinchu, Taichung, Kaohsiung), the Chinese mainland (Shanghai, Suzhou), the United States (California), and Japan (Tokyo).






## 1.4 Risks Internal Control




### Risk Management

Every year, CHPT regularly collects relevant market information and evaluates possible risk events through dedicated units, and formulates countermeasures for major risk management issues, so that it can be deployed in advance within the controllable range and respond to possible major risks in the future, reducing the impact on the Company, or access to priority business opportunities.

### Risk Management Scope

CHPT uses a matrix model to analyze the probability of risk occurrence and the severity degree of the impact on the Company, define the risk level, and formulate contingency countermeasures according to the risk level. Risk source management includes "labor safety risk", "supply chain risk", "environmental protection risk", "information system risk", "financial risk" and "operational risk".

Risks Sources	Risks Description	Correspond Method
 <p>Labor safety risks</p>	<ol style="list-style-type: none"> <li>The operations that employees are engaged in may have potential hazards that may result in injury to employees.</li> <li>If the way of operating activities is changed without complete risk evaluation and education and training, new hazard risks may be derived, resulting in injury to employees.</li> </ol>	<p>Use the "Hazard Identification Risk Assessment Management Procedure" to continuously identify hazards, assess risks, and determine necessary control measures during the Company's activities and operations.</p>
 <p>Supply chain risks</p>	<p>At the end of each year, conduct risk factor assessments for major raw material manufacturers, including supply quality, supply delivery risk, lack of alternative sources risk, financial risk, natural disaster risk, political risk, information security risk and supply chain risk assessment</p>	<p>Regularly conduct supplier risk evaluation in accordance with the "Supplier Management Procedures".</p>
 <p>Environmental protection risks</p>	<p>If an environmental pollution incident occurs, we may be fined, and in severe cases, we could face suspension.</p>	<p>ISO 14001, "Environmental Considerations Identification Management Procedures"</p>

Risks Sources	Risks Description	Correspond Method
 <p><b>Information system risks</b></p>	<p>As the Company's operations are gradually computerized, informatized and networked, the Company's competitiveness has been enhanced, but threats from the network environment and challenges to equipment management quality have also increased. The main risks include: hacker intrusion , computer viruses and malicious software damage the system, data leakage or loss, system failure, etc.</p>	<ol style="list-style-type: none"> <li>1. To build a safe and reliable information operating environment for the Company, reduce information operation risks, and establish an information security management system, the "Information Security Management Procedure" is specially standardized as the highest guideline to achieve the goal of information security management. Included items are: information computer room management, network security management, system development and program modification operations, data security management, information confidentiality principles, intellectual property rights principles, and information outsourcing principles.</li> <li>2. Begin to introduce the ISO 27001 information security management system. Through the introduction of this system, we will strengthen risk evaluation, processing, safety goals and planning for their achievement.</li> </ol>
 <p><b>Financial risks</b></p>	<ol style="list-style-type: none"> <li>1. Engaging in high-risk, high-leverage investments, loan funds to others, endorsement guarantees, derivative trading, etc., may cause financial losses in the event of default.</li> <li>2. Changes in interest rates and exchange rates will have an impact on financial profit or loss.</li> </ol>	<p>The Company focuses primarily on core business activities; it did not engage in any high-risk or highly leveraged investments or transactions such as loans to third parties, endorsements, and guarantees. Adhering to the prudent and conservative principle of financial management, the derivatives trades that CHPT engages in are mainly risk-avoiding operations, and pay close attention to changes in market interest rates and exchange rates, and keep abreast of potential risks to operations and profits, so as to ensure the operational performance and stable profitability of the industry.</p>
 <p><b>Operational risks</b></p>	<p>In order to protect the rights and interests of customers and maintain the normal production and supply of products, as well as the normal operation of the Company's various business activities, to avoid the impact of unexpected events in the normal operating environment causing interruption of the Company's operation.</p>	<p>Follow the "Business Continuity Management Procedure" from risk identification, impact analysis to business continuity plan (BCP) countermeasures</p>

## Internal Audits

CHPT has set up an internal audit unit affiliated to the Board of Directors. According to the "Corporate Governance Code of Conduct" and the "Board of Directors and Management Department Responsibilities Table", the appointment and removal, evaluation, and remuneration of auditors must be signed and approved by the chairman of the Board of Directors, and the appointment and removal of the internal audit supervisor must be submitted to the Board of Directors for approval. The internal audit conducts various audits in accordance with the annual audit plan approved by the Board of Directors, and regularly reports the audit results and improvement results to the Audit Committee and the Board of Directors to ensure the reliability, timeliness and transparency of the Company's financial, operational, and management information, as well as relevant laws and regulations follow.

The internal audit unit has relevant internal audit rules and regulations, reviews whether the internal control system is appropriate, whether the general operation is implemented, and conducts continuous and special inspections. The audit scope covers all internal operations of the Company. The internal audit unit formulates the annual audit plan based on risk assessment results, which should be approved by the Board of Directors and implemented accordingly. The monthly audit report must be audited by the Audit Committee, and the deficiencies in the audit should be continuously tracked until the improvement is completed. The supervisor of the internal audit unit must attend the Audit Committee and the Board of Directors to report audit findings every quarter. After the actual implementation of the internal control system, CHPT has not found any lack of internal controls in 2022.

## 1.5 Climate Change Management

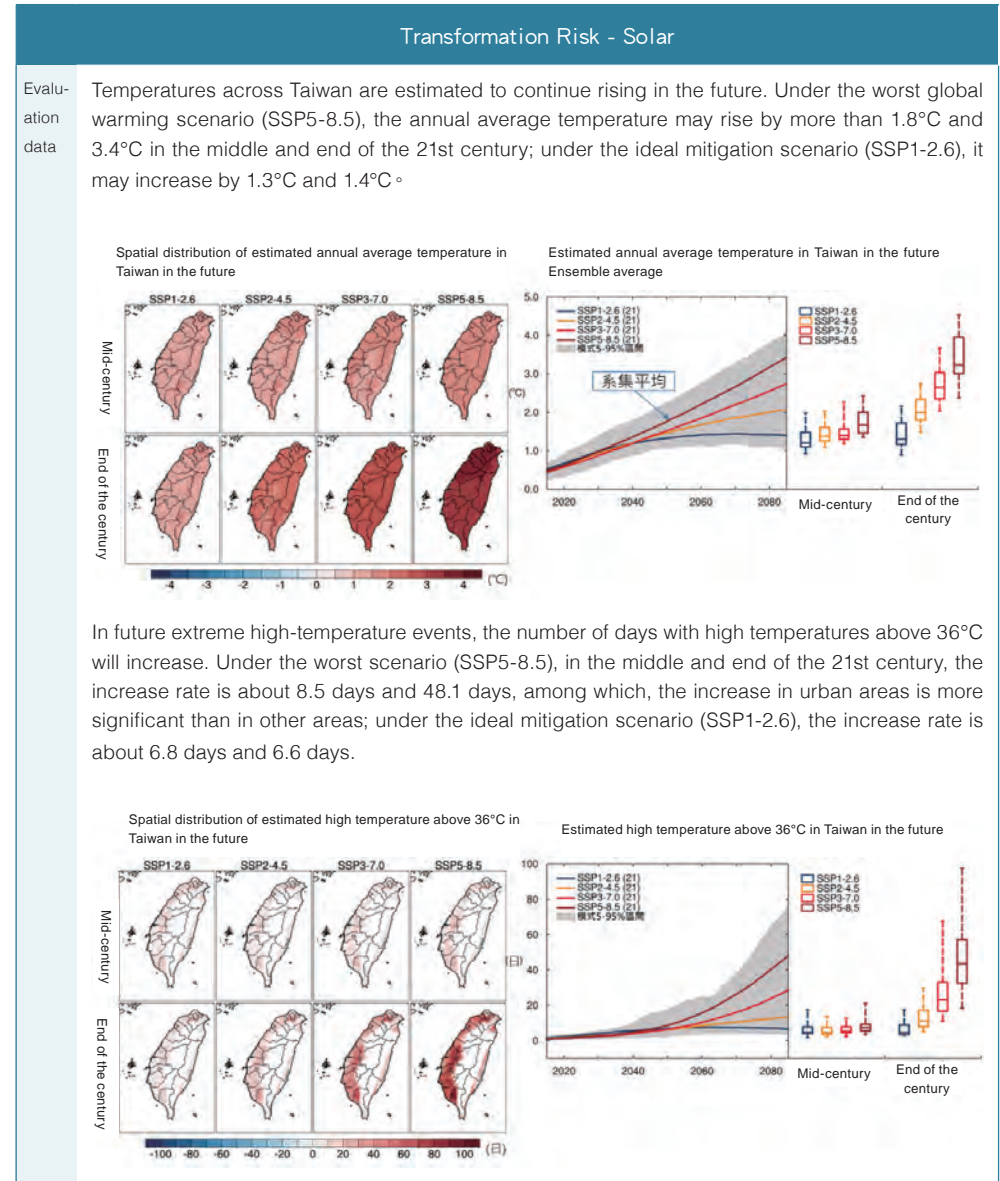
In 2022, CHPT adopted the framework of "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" issued by the Financial Stability Board (FSB) to disclose the governance, strategy, risk management and indicators and targets.

### Governance

The chairman as the top executive of in charging of issues related to the sustainable development of CHPT, including the verification of climate change response strategies. Promote climate action issues and target management, and report to the Board of Directors regularly every year. The Board of Directors is the highest supervisory unit of climate change management, responsible for reviewing annual risk management reports, implementation reports and audit reports to ensure the effective implementation of climate-related risk management systems. The Board of Directors meeting convenes at least once a quarter on average, to review business performance and discuss important strategic issues and key major events, including economic, environmental and social impacts, risks and opportunities, etc. Every year, the Sustainability Committee will report climate-related operating results to the Board of Directors, and regularly review ESG impact, performance and strategic goals

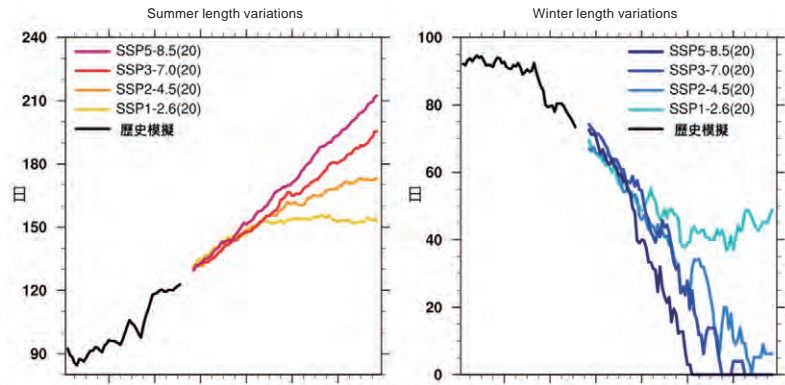
### Scenario analysis (including 2° C or harsher scenarios)

Climate change has affected the occurrence of many extreme weather and climate events around the world. It is expected that various regions will experience more frequent climate shocks and compound changes. In order to understand the impact on operations, according to the guidelines suggested by TCFD and three types of BAU, NDC, and 2°C scenarios, CHPT assess the impact of different greenhouse gas emission controls, and adopts the latest Taiwan climate change estimation results released by the Taiwan Adaptation Platform (TAP) for impact assessment, To understand the possible impact on the Company's operations in the future, and use appropriate mitigation and adaptation strategies to formulate countermeasures.



### Transformation Risk - Solar

Evaluation data In the future, it is estimated that Taiwan's summer length will increase from about 130 days to 155~210 days, and the winter length will decrease from about 70 days to 0~50 days. The change is obvious in the worst case, and the change in the ideal mitigation scenario is relatively moderate.



#### Business as Usual (BAU)

Assess the overall environment without actively taking climate change response measures, CHPT will face the impact of operational and other possible real risks.

1. Operating costs increased.
2. Greenhouse gas emissions increased.
3. Loss of assets due to damage to plant and equipment (increase in premium)
4. Extreme climate has increased the risk of supply chain disruption.
5. Production revenue decreased.

#### Nationally Determined Contributions (NDC)

CHPT has not yet been regulated by the Greenhouse Gas Reduction and Management Act, but the impact of climate change and the risk of affecting the Company's operations are assessed in advance and response to the increasingly stringent regulations on greenhouse gas emissions in the future.

1. Operating costs increased due to law compliance.
2. Failure to meet legal compliance requirements will increase operating costs and risks.
3. Impact on corporate reputation.

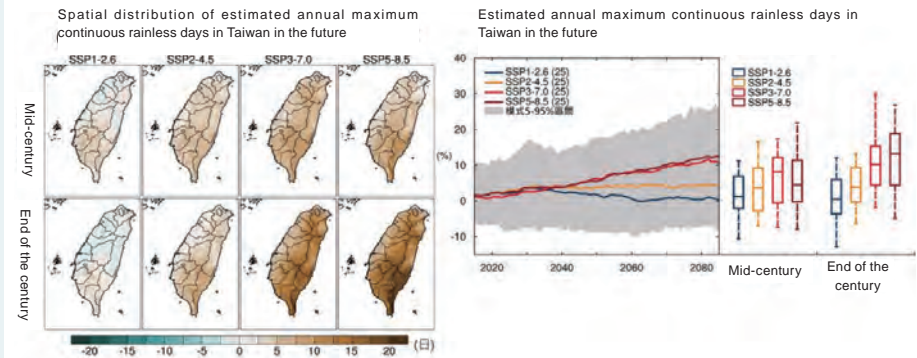
#### Active Mitigation Scenario (2°C Scenario)

CHPT cooperates with national development policies and international trends, actively participates in greenhouse gas reduction activities, and evaluates the financial and non-financial impacts that will be faced if the global temperature rise does not exceed 2°C.

1. The investment cost of low-carbon and energy transformation has increased.
2. Enhancement, improvement or replacement of old and new equipment with optimal performance.
3. Save electricity and save costs.
4. Power consumption planning and efficiency management.
5. The new plant is designed with green building energy conservation design to reduce energy consumption.

### Physical Risk - Drought

Evaluation data Estimated on the future climate trend of the Taiwan area, the maximum number of continuous rainless days in a year tends to increase in various regions. Under the worst scenario (SSP5-8.5), the average increase rate is about 5.5% and 12.4% in the middle and end of the 21st century; Under the scenario (SSP1-2.6), the reduction rate is about 1.8% and 0.4% in the middle and end of the 21st century



#### Business as Usual (BAU)

Assess the overall environment without actively taking climate change response measures, CHPT will face the impact of operational and other possible real risks.

1. Operating costs increased.
2. Greenhouse gas emissions increased.
3. Damage to water equipment results in an increase in maintenance costs.
4. Extreme climate has increased the risk of supply chain disruption.
5. Production revenue decreased.

#### Nationally Determined Contributions (NDC)

CHPT has not yet been regulated by the Greenhouse Gas Reduction and Management Act, but the impact of climate change and the risk of affecting the Company's operations are assessed in advance and response to the increasingly stringent regulations on greenhouse gas emissions in the future.

1. Operating costs increased due to law compliance.
2. Failure to meet legal compliance requirements will increase operating costs and risks.
3. Impact on corporate reputation.

#### Active Mitigation Scenario (2°C Scenario)

CHPT cooperates with national development policies and international trends, actively participates in greenhouse gas reduction activities, and evaluates the financial and non-financial impacts that will be faced if the global temperature rise does not exceed 2°C.

1. The investment cost of low-carbon and energy transformation has increased.
2. Enhancement, improvement or replacement of old and new equipment with optimal performance.
3. Establish and improve the water regime monitoring mechanism and emergency response procedures.
4. Water consumption planning and efficiency management.
5. The new factory building is designed with green building energy conservation and incorporates the design of water resource recycling and reuse.

Data source: Citing information from the Taiwan Adaptation Platform (TAP).

Identification of risks and opportunities arising from climate change

Risks/ Opportunities	Aspects	Scenario Status	Possible financial impact on the Company	Identification and Assessment				Risk Grade	Respond actions
				Time of occurrence (Short, medium and long)	Severity (1-5)	Likelihood (1-5)	Risks Index (1-25)		
Opportunities	Resource efficiency	The Company building adopts green building/smart building design	The use of energy in buildings and the decline in building maintenance costs	Medium	4	3	12	Medium	<ol style="list-style-type: none"> <li>1. Obtained by lowering the green building level.</li> <li>2. Green buildings are designed with green energy conditions such as natural ventilation and lighting to reduce the use of building equipment.</li> </ol>
Opportunities	Resource efficiency	The Company building adopts green building/smart building design	The use of energy in buildings and the decline in building maintenance costs	Medium	2	3	6	Medium	<ol style="list-style-type: none"> <li>1. The low-energy consumption design of green buildings is adopted to effectively reduce the use of energy resources and maintenance costs.</li> <li>2. Use environmentally friendly and recycled building materials.</li> </ol>
Opportunities	Resource efficiency	Process improvement reduces overall carbon emissions	Operating costs decreased Increase revenue	Medium	3	3	9	Medium	<p>Carry out intelligent process upgrade</p> <p>Add energy conservation function requirements for newly purchased equipment</p>
Opportunities	Resource efficiency	Using recycled/green materials	Enhance reputation and influence Increase customers and revenue	Long	1	1	1	Low	<p>When introducing new materials, give priority to evaluating environmentally friendly materials</p> <p>Ask suppliers to provide the same level of environmentally friendly materials for evaluation</p>
Opportunities	Resource efficiency	Jointly reduce carbon with suppliers, and use manufacturers with low-carbon products and services in the factory. These manufacturers effectively manage and meet RBA requirements	Improve the Company's image, increase popularity, so as to increase product orders, and reduce carbon emissions in the Company's production	Medium	2	3	6	Medium	<ol style="list-style-type: none"> <li>1. New suppliers conduct supplier social responsibility risk assessment</li> <li>2. Regular evaluation: key/important manufacturers conduct supplier risk assessment, and high-risk manufacturers conduct on-site evaluation</li> <li>3. Research and development assist manufacturers of low-carbon and green raw materials, and cooperate with manufacturers to jointly develop low-carbon products</li> </ol>
Opportunities	Energy sources	Adopt renewable energy	Expenses for purchasing green electricity increased by 20 million	Medium	4	3	12	Medium	Increase the use of green electricity and reduce carbon emissions.
Opportunities	Energy sources	Adopt renewable energy	Reduce purchased energy and lower costs	Medium	3	5	15	High	Build a renewable energy system (solar energy) to increase the use of green electricity and reduce carbon emissions.
Opportunities	Resilience	Enhancing physical risk response - drought	Reduce outsourcing water resources and reduce costs	Medium	1	5	5	Medium	<ol style="list-style-type: none"> <li>1. Improve the efficiency and diversification of water resources use.</li> <li>2. Monitor water regime information to enhance natural disaster resistance and ability to respond</li> <li>3. Evaluate the use of low water consumption equipment.</li> </ol>
Opportunities	Market	Participate in the sustainable evaluation and be selected for the relevant index	Through the ESG evaluation by an impartial organization, in order to meet the requirements of laws and regulations and the supply chain requirements of major international manufacturers, investors and partners will have more trust in the Company's operating capabilities, and increase turnover and corporate popularity.	Short	2	3	6	Medium	<p>Improve economic, environmental, and governance management</p> <p>Strengthen energy conservation and carbon reduction, sustainable operation, and environmental protection strategies</p> <p>Strengthen supply chain and human rights management</p> <p>Cooperate with government policies to formulate and implement phased plans</p>

## Strategy

operational strategy planning and decision-making process to respond to the government and support the energy transformation of enterprises, and promote various environmental protection, energy conservation, and carbon reduction measures to reduce greenhouse gases emissions, promotion of green financial services, etc., to mitigate and adapt to the operational impact of climate change. Through the participation of various business units in the discussion and identification, CHPT assesses the impact of climate change-related projects on the Company's operations, and the relevant countermeasures are as follows:

### Climate Change Risk Response

Major Risks Arising From Climate Change		Potential Operational and Financial Impact	CHPT will continue to respond to the strategic direction in the future
Extreme Climate Disaster	<ol style="list-style-type: none"> <li>1. Typhoons, heavy rains, flooding, and various extreme climates have affected the interruption of overall supply chain, raw materials cannot be shipped, or have an impact on the operation of the Company's semiconductor testing process, resulting in the Company's inability to operate normally or causing delays in delivery.</li> <li>2. The temperature keeps rising, causing power shortage in summer, and the Company cannot operate normally, affecting product production and increasing operating costs</li> <li>3. Drought and water shortage affect the unit cost of process water, and the cost of water resources management also increases relatively.</li> </ol>	<ul style="list-style-type: none"> <li>• Operational performance decreased</li> <li>• Delays in delivery lead to decreased customer satisfaction</li> <li>• Operating management costs increased (Electricity, water charges, etc.)</li> <li>• Operational performance decreased</li> <li>• Cost of preventing heavy rain and flooding damage increased</li> </ul>	<ol style="list-style-type: none"> <li>1. Formulate disaster prevention and management measures, take preventive measures and restore operations</li> <li>2. Promote measures of energy conservation and carbon reduction</li> <li>3. Strengthen measures for recycling of water resources</li> <li>4. Diversified sources of raw materials to reduce risk</li> </ol>
Technology Risks	Carbon reduction issues and technologies are increasing day by day. Customers may request IC testing process improvement. Setting carbon reduction related goals and marking is the carbon footprint. If we cannot meet customers' requirements, related orders may be affected.	<ul style="list-style-type: none"> <li>• Operating costs increased</li> <li>• R&amp;D costs increased</li> <li>• Manufacturing costs increased</li> </ul>	<ol style="list-style-type: none"> <li>1. Develop the concept technology of sustainable IC test process, meet the product technology related to carbon reduction, and drive the transformation</li> <li>2. Develop a sustainable supply chain through overall carbon reduction of raw materials</li> </ol>
Market Risks	Compared with the carbon reduction process, consumers have a stronger awareness of environmental protection. They pay attention to environmentally friendly materials and sustainable renewable manufacturing of related products. If they do not grasp the market trend and demand, they may miss business opportunities.	<ul style="list-style-type: none"> <li>• Market trend change</li> <li>• Material costs increased</li> </ul>	Observe market trends, continue to develop sustainable related technology products, and reduce the risk of market trend changes
Policy and Legal Risk	National policies gradually limit greenhouse gas emissions. From 2023, the Financial Supervisory Commission will gradually require all industries to check the relevant greenhouse gas emissions in the system, and then plan to formulate relevant carbon charging standards	<ul style="list-style-type: none"> <li>• Operating costs increased</li> </ul>	Set annual greenhouse gas emission reduction goals and implement the plan according to the goals

## Response to Opportunities Arising from Climate Change

Major Opportunities Arising from Climate Change		Challenges and Opportunities	CHPT Respond to the Strategic Direction
Changing Market Opportunities	Customers have great demand for products with low energy consumption and low environmental burden, and the development of low-carbon semiconductor test process meets market demand	<ul style="list-style-type: none"> <li>Increase revenue</li> <li>Process innovation</li> </ul>	Actively invest in the development of low-carbon IC testing
New Style Product	Changing customer needs and preferences	<ul style="list-style-type: none"> <li>New product line</li> <li>Green sustainable semiconductor IC test process</li> </ul>	<ol style="list-style-type: none"> <li>Monitor energy consumption of equipment and formulate plans for replacement</li> <li>Formulate/implement an electricity saving plan</li> </ol>
Changes in Policy and Legislation	Government incentives to promote the use of alternative energy sources or related transformation processes	<ul style="list-style-type: none"> <li>Operating transformation costs subsidies</li> </ul>	Participate in the government's green energy net zero emission policy incentive plan
Resource Utilization Efficiency	Replace energy-consuming equipment, improve resource utilization efficiency, and reduce environmental impact	<ul style="list-style-type: none"> <li>Establishment of corporate image</li> <li>Product cost reduction</li> </ul>	<ol style="list-style-type: none"> <li>Formulate a plan to replace old equipment with new ones</li> <li>Formulate/execute electricity saving and carbon reduction related plans</li> </ol>

## Risk Management

**Identification and evaluation:** In response to various climate-related physical risks and transformation risks in the operation process, CHPT expects to re-identify and evaluate the impact and influence of climate-related risks every year, review business opportunities and discuss corresponding countermeasures and response actions. Incorporate systematic methods into annual plan to execute tasks.

**Management mechanism:** The Board of Directors lists the impact of climate change as one of the Company's major risks. The committee formulates strategies and implements management for climate-related issues, systematically manages climate-related issues through greenhouse gas inventory and third-party external verification, and regularly reports management results.

**Integration with the organization's overall risk management system:** CHPT integrates climate risks and various operational risks into the overall risk management system, and regularly identifies, evaluates, and manages them through standardized processes. All departments identify relevant risks and review them at annual planning and quarterly review meetings.

## Goals Set

To respond to the climate change challenges and transformation opportunities posed by the "Climate Emergency" implement concrete practices and smoothly move towards sustainable development, CHPT actively promotes relevant measures, formulates green management strategic goals, carries out various projects, and implements green management and benefit evaluation, regular review results and performance, and voluntary participated in greenhouse gas inventory operations in 2022, based on the results of the inventory, follow-up emission reduction and priority formulation to reduce climate impact and achieve the goal of protecting the earth's environment.

Name of Plan	Description of Plan	Expected benefit
Improvement of public system energy conservation	Replaced old equipment with new ones and added one new magnetic levitation chiller to adjust the plant equipment operation configuration.	About emissions reduction <b>87.8 tons</b>
Reuse of waste resources	The urea board is treated by the current incineration method and replaced by the reuse method as auxiliary fuel.	About emissions reduction <b>20 tons</b>

## 1.6 Information security

### Information Security Management

#### No information security-related accidents have occurred in CHPT in 2022

To build a safe and reliable information operation environment for CHPT, maintain business continuity, reduce information operation risks, protect the rights and interests of information service users, and establish an information security management system, the "Information Security Management Procedure" is especially standardized as the highest guidance policies to achieve the goals of information security management. Included items are: information computer room management, network security management, system development and program modification operations, data security management, information confidentiality principles, intellectual property rights principles, and information outsourcing principles to prevent information systems from being improperly used by internal and external personnel or being deliberate sabotage, or improper use and other emergencies, the Company can respond quickly and restore to normal operation in the shortest possible time, reducing the possible economic damage and operational interruption caused by the accident, and achieving the goal of information security management. No information security-related accidents have occurred in CHPT in 2022, and no complaints lodged regarding violation of customer privacy or loss of customer data.

In addition, the Company introduced an information security management system and passed the ISO 27001 certification in August 2022, thereby strengthening risk evaluation, processing, security goals, and the planning and execution of their achievement.

### Specific Management Methods

In recent years, CHPT has been actively strengthening the Company's overall information framework, imported ISO 27001 information security management system, formulated enterprise information security policies, and continuously implement a number of information security operations, including:



#### Strengthening intranet and extranet security

- (1) Implement segment segregation and protection with the next-generation firewalls from first-line brands.
- (2) Constant loophole surveillance with external information security monitoring systems.
- (3) Strengthen external network device monitoring with the IP/MAC management system.
- (4) Scan and patch intranet vulnerabilities every six months.
- (5) Set the multi-factor authentication VPN to service to strengthen the security of work from anywhere.



#### Strengthening endpoint security

- (1) Periodic update of Windows.
- (2) Implement endpoint control system management.
- (3) Deploy famous anti-virus software.



#### Data breach protection

- (1) Establish the e-document encryption mechanism.
- (2) Control USB storage devices.
- (3) User privilege classification.
- (4) Control personal mobile devices and cameras.
- (5) In 2022, a total of 330 new recruits signed three documents on their first day of duty, the "Significant Information Confidentiality Agreement", the "Use Of Electronic Devices Affidavit", and the "Compliance With The Company's Personal Computer Software Use Policy Statement", and the signing rate was 100%.



#### Mail security

- (1) Block spam, viruses, or phishing mails.
- (2) Establish the mail backup mechanism.



#### Strengthening IT infrastructure

- (1) Establish the offsite backup mechanism and conduct disaster recovery drills for critical systems every six months.
- (2) Establish the server and network cluster architecture.



#### Enhancing employee security awareness

- (1) Perform periodic social engineering drills quarterly.
- (2) Periodically publicize information security policies at the employee portal.
- (3) Discuss security incidents with IT staff every month.



# 1.7 Sustainable Supply Chain

## Supplier Management

CHPT mainly provides solutions for semiconductor testing interfaces; from R&D, design, manufacturing, assembly, on-board verification, debugging and after-sales service, we are a comprehensive "highly integrated, deeply customized" and professional Company. Our supply chain includes raw materials, packaging materials, technologies, products, components and services from all over the world. Our goal is to promote the stability of the supply chain while providing our customers with high-quality products and services, with sustainable development as the core, and establish long-term partnerships with suppliers. At the same time, we also expect suppliers to follow the procurement principles and related policies, and encourage suppliers to require their downstream suppliers, contractors and service providers to recognize and abide by them.



### Localized Procurement

Internally establish and improve the basic information system of suppliers, and conduct investigations on suppliers' supply sources. Based on the principle of local supply, actively develop local suppliers and implement localized procurement to achieve timely and appropriate procurement, reduce transportation costs and greenhouse gas emissions during transportation, to achieve sustainable development, and create local employment opportunities and economic development.

2022 (Equipment + raw materials) - procurement amount

Unit: NT\$	Domestic	Overseas	Total Amount
Amount	\$701,166,826	\$637,874,612	\$1,339,041,438
Percentage	52.4%	47.6%	100.0%

### Green procurement

CHPT focuses on issues such as global warming, environmental pollution, and climate change, and actively promotes "Green Procurement". The Company's green procurement focuses on general hardware and 3C products, giving priority to products with energy conservation and environmental protection labels. In 2022, green procurement accounted for 56.9%, and awarded the "Excellent Green Procurement Enterprise" from the Taoyuan City Government in 2022.

2022 Green procurement percentage

Unit: NT\$	Green	Non Green	Total Amount
Amount	\$10,003,225	\$7,588,820	\$17,592,045
Percentage	56.9%	43.1%	100.0%

### Electronic Invoice Promotion

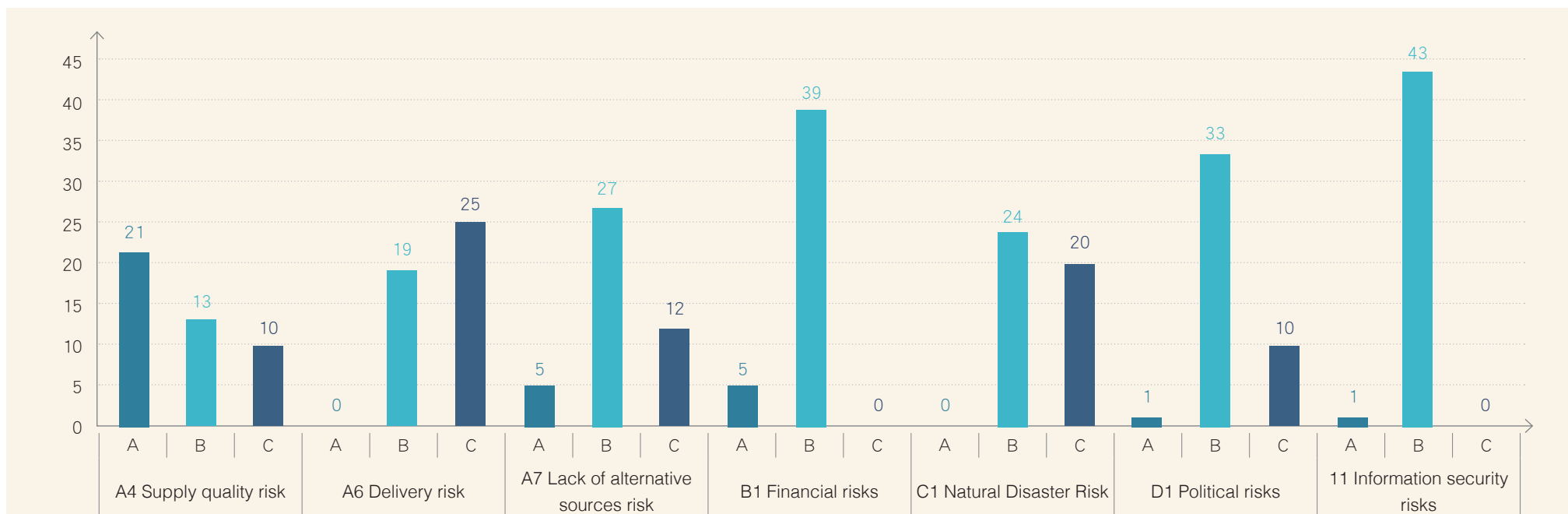
CHPT is committed to promoting electronic invoices to replace traditional paper invoices. In addition to saving the cost of invoicing, it can also improve the management efficiency of checking data and requesting data. In August 2020, electronic invoices were officially introduced, and at the initial stage of the introduction, the supplier meeting was held to encourage and promote suppliers to respond to the social responsibility of energy conservation and carbon reduction. In 2022, a total of 300 suppliers introduced electronic invoices, saving a total of 5,573 sheets of paper, and the paper usage rate was 62.0%.

Unit: NT\$	2020	2021	2022
The number of suppliers who issued invoices in Formosa Technology Corporation e-Commerce/involved in invoice exchange	170	264	300
Total number of payment invoices	8,557	9,957	8,990
Total number of issuing invoices in Formosa Technology Corporation e-Commerce/involved in invoice exchange	1,676	6,362	5,573

### Supplier Risk Identification

CHPT regularly conducts risk assessment on raw material suppliers every year to confirm the risk level of cooperative suppliers. In addition to factors such as quality, delivery date, and information security, the assessment items also include sustainability issues to assess the risk level of each supplier. If the supplier's risk assessment level is D-level, it is listed as a "high-risk project", and corresponding measures must be taken and tracked and controlled until the risk factor level falls to C-level acceptable risk. Suppliers with a risk assessment grade of E are listed as "key risk project", and annual on-site evaluation or submissions to management review meetings are required for follow-up control and review.

In 2022, no supplier were listed above the D and E high risk levels.

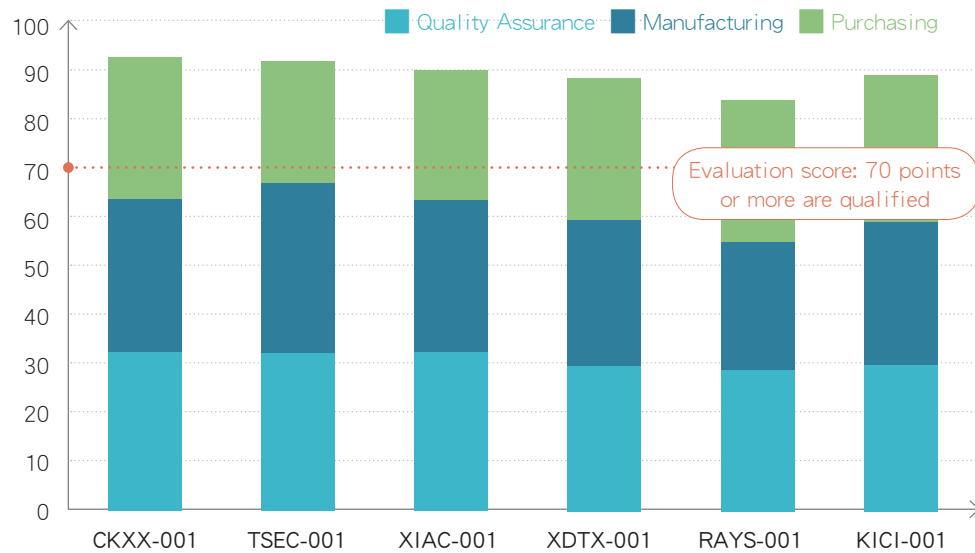


### Evaluation Management

- Introduce new suppliers

When developing new suppliers, new supplier surveys will be conducted, including review of written materials or on-site machine inspections, to understand the supplier's operating conditions and compliance with "Environmental Standards" and "Social Standards". In 2022, a total of 6 new suppliers were introduced, and the 6 manufacturers were met the "Environmental Standards" and "Social Standards" in written documents or on-site machine inspections.

2022 New Supplier Scoring Chart



- Periodic evaluation:

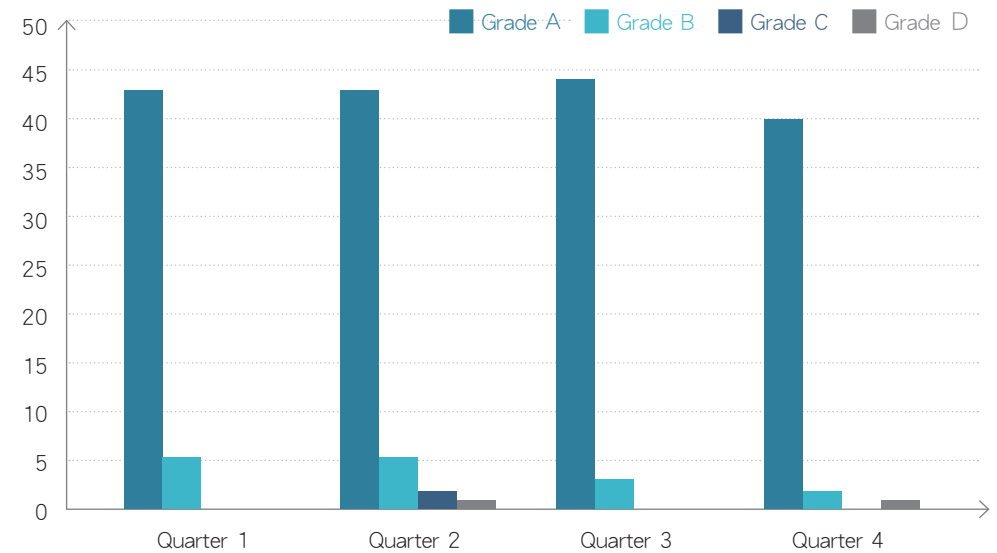
Quality, cost, delivery, service, and management are evaluated quarterly for the main raw material suppliers to ensure that all items can meet the needs of the plant.

On-site audits are carried out every quarter. In 2022, a total of 6 on-site assessments were conducted, and all 6 manufacturers met the "Environmental Standards" and "Social Standards" in written documents or on-site machine inspections.

- Awards/Punishment

Suppliers with excellent performance will be publicly commended at the contractor meeting and listed as priority procurement targets. After regular evaluation and counseling, if they are still high-risk suppliers, and if they fail to improve within the time limit, the transaction frequency or amount will be reduced.

2022 Supplier Scoring Chart



## Supplier Social Responsibility Requirements

All suppliers are required to sign the "Statement of the Code of Ethics and Business Conduct", and investigate the manufacturers of 3TG (Tantalum, Tin, Tungsten and Gold) used in the raw materials and production process of the products, so as to prevent any unfairness, injustice, and acts of discrimination in the procurement activities. And conduct supplier policy promotion every six months to convey to suppliers our requirements related to the supply chain. The contents of the promotion include the need to comply with the Responsible Business Alliance (RBA) and require to ensure their labor, health and safety, environment, business ethics and management system and other aspects of business conduct, as well as the Company's environmental and safety policies, Principles of Ethical Corporate Management, Information Security Policy, related products comply with international environmental protection regulations, etc..

### The Statement of the Code of Ethics and Business Conduct signing status

CHPT requires suppliers to meet sustainable standards through the "Statement of the Code of Ethics and Business Conduct", which includes non-use of child labor, non-discrimination or non-forced labor, and ethical management. According to statistics, in 2022, a total of 126 major raw material manufacturers signed the "Statement of the Code of Ethics and Business Conduct", and a total of 125 major equipment suppliers signed the "Statement of the Code of Ethics and Business Conduct".

2022 the Statement of the Code of Ethics and Business Conduct (Signed) Statistics

Supplier Category	Number of Suppliers	Number of Signatories	Percentage of Signatories' Completion
Major Raw Materials Supply	126	126	100%
Major Equipment Supplier	128	125	97.7%

## Conflict Minerals

- In 2022, all products provided by CHPT to customers were metal conflict-free products

CHPT will commit to a detailed investigation and promise not to directly or indirectly purchase "Conflict Minerals (3TG)" that bring benefits to armed groups in the Democratic Republic of Congo and adjacent areas. Only purchases from internationally recognized independent third-party audits or conform to the conflict-free smelter/refinery list announced by RMI/RJC/LBMA, to avoid direct or indirect funding of armed conflict groups or mining areas that violate human rights. In 2022, we confirmed that 19 raw materials containing gold, tin, or tantalum were used in manufacturing and production. And we have conducted inquiries and investigations on the suppliers who provided these raw materials, and all suppliers have completed the CMRT questionnaire to prove that the gold, tin, and tantalum contained in the raw materials we purchase and use for production come from the list of conflict-free smelters/refineries that have passed the RMAP audit, and there were no suppliers who have violated and disqualified in 2022.

Purchasing units carry out "Sustainable Procurement Policy", "Supplier Code of Conduct", "Principles of Ethical Corporate Management", "Information Security Policy Publicity", "Non-Use of Conflict Minerals", "Compliance with International Rohs Environmental Protection Standards", "About Reporting" and various international social responsibility standards through questionnaire surveys, Company official website or supplier meeting every six months. In 2022, a total of 1,065 questionnaires were collected, and the policy promotion was 100%.

	Number of reclaimed	Policy 1: Policy advocacy	Policy 2: Comply with RBA	Policy 3: Ethical management	Policy 4: Information security policy	Policy 5: Non-use of conflict minerals	Policy 6: Comply with international RoHS	Policy 7: About reporting
Policy promotion content in the first half of 2022	516	516	516	516	516	516	516	516
Policy promotion content in the second half of 2022	549	549	549	549	549	549	549	549



### Prohibited Substances

- In 2022, CHPT introduced halogen-free raw materials for customers to choose and use

Part of the raw materials of CHPT uses materials containing banned substances because the product characteristics still need to meet the needs of customers in the plant. However, due to the current environmental awareness and the global commitment to sustainable development, we are actively developing and researching raw materials that do not use banned substances. CHPT introduced the SCM supplier basic information platform in 2022. When a new supplier enters the basic information, the purchasing unit must implement RoHS and Halogen Free (Halogen Free) hazardous substance management for direct raw materials, and require suppliers before placing an order. Provide the relevant test certificate report, and confirm that the content of the report and the validity period are verified to meet the requirements, and the relevant green product test report is included in the supplier's basic information platform system for management.



## 2. Innovative Breakthrough, Brand Value

### 2.1 Technological Innovation

CHPT continues to actively invest in research and development, refine manufacturing processes and component technology, and develop new customers and plans to introduce more diversified product portfolios to meet customer needs and continue to improve shareholders' equity. In the future, the Company will continue to invest in innovative research and development and patent layout, strengthening intellectual property strength. In the future, CHPT will maintain constant R&D of visionary technologies and innovative applications and enforce product design, R&D, and system management, to continue to deepen. CHPT established the Probe Card technology and intelligent manufacturing technology of high temperature, high speed, high pin count, and fine pitch, which can rapidly achieve mass production capacity with high reliability in the shortest time to meet the testing needs of customers for wafers or ICs after assembly. In the future, CHPT will maintain constant R&D of visionary technologies and innovative applications and enforce product design, R&D, and system management, to continue to deepen.

The development of major innovative technologies is explained as follows:

Innovative technology	Technology description	Outcome benefits
CHPT mixed needle architecture is widely used in probe card design.	It can effectively solve customers' high-speed, high-frequency or high-current test requirements in the CP stage.	The chip design is more complex and requires multi-segment CP testing, and multiple probe cards are used. The mixed needle design probe card can integrate multiple functions to solve the shortcoming of the existing probe card with single function.
CHPT new VCI architecture development	Integrate existing technologies to develop shorter VCI components with better contact effect and reliability, and use them in the testing interface PCB board process.	Components are developed independently, and the size can be adjusted according to the needs of the project, so as to improve the production yield and PI requirements.
Peripheral probe card architecture development TDDI and other customer needs.	Integrate the system with its own laser technology and testing interface, and develop peripheral probe cards to meet customer needs such as memory, CIS, and TDDI.	Successfully developed peripheral probe cards to increase the breadth of CHPT products and meet various testing needs.

Innovative technology	Technology description	Outcome benefits
Fine pitch probe card architecture development	The probe card architecture with a pitch below 40um has challenged the material limit, and the existing PH configuration cannot meet the probe specifications. The intelligent mechanism design process of CHPT is used to calculate the configuration of each PH component and the size of the probe.	The design configuration has been calculated and the probe specifications can be achieved in practice.
Establishment of high-frequency probe matching method	In response to the increasing demand for test applications of 5G, mobile communications and automotive chips, the integrity of high-frequency signal transmission has become a more important test point	Make high-frequency signal transmission achieve signal integrity
Establishment of simulation method for probe electrothermal integration	Use the simulation software to perform an electrothermal simulation to observe the changes in the probe under the high-temperature test environment	Effectively evaluate the simulation software to predict the changing state of the probe in the high-current and high-temperature test environment in the high-temperature test environment
Establishment of High Loss TRL design method	Digital transmission signals have distance requirements due to different test methods, so it is necessary to establish different transmission path lengths for different test environments	Shorten design time and predict transmission path length

## Investment in R&D and innovation activities

CHPT gradually compiles the investing amount of research and development expenses according to the development progress of new products and new technologies. In 2022, the investment in research and development expenses was NT\$954,442,000, accounting for 22% of operating income, and we will increase year by year depending on the operating status. In addition, we will increase production capacity and continue research and development new technologies and new manufacturing processes. CHPT prepares an appropriate capital expenditure budget every year for the purchase of machinery and equipment to enhance the our market competitiveness.

## Proprietary Accumulation

CHPT continuously encourages colleagues dare to innovate research and development, optimize product quality, and invest in patent layout to strengthen intellectual property strength. We provide different proposal channels and attach importance to education and training related to colleagues' intellectual rights, so that colleagues can actively submit invention applications and ensure the competitive advantage of CHPT. The Company's patent deployment focuses on patent quality, mainly in Taiwan, the United States, China, etc. In 2022, 44 patents were approved in the world. By the end of 2022, the number of approved patents has accumulated to about 356.

## Performance in R&D and innovation activities

Name of proprietary	Taiwan patent certificate number
Probe matching components and its carrier board	1785797
Structure of cantilever probes	1783744
Probe matching components and its carrier board	1785797
Probe card device and transmission structure	1777698
Probe card device with multi-armed probe	1771214
Board connectors and wafer test components	1759937

## Intellectual Property Management Plan

CHPT attaches great importance to intellectual property rights, and spares no effort in protecting product patent rights to defend independent research and development intellectual property. Through the intellectual property management plan, enhance research and development capabilities, launch high value-added new products and technical services with innovative functions, improve manufacturing efficiency and quality, establish, accumulate, maintain and manage more perfect and future-oriented products and through risk control to empower the Company to build competitive strength and increase profitability.

### I. Enforcement of patent

1. The Company organizes a dedicated unit responsible for patent-related matters.
2. The Company has a patent incentive measure to encourage colleagues to work hard, devote themselves, and invest strongly in the research and development of patented technologies.
3. Both the patent application and maintenance procedures are reviewed by a group of professional supervisors, seeking refinement rather than quantity, and focusing on quality rather than quantity.
4. The market layout of each patent is based on the new technology itself as the benchmark for precise strikes.
5. The content of the patent application has been brainstormed by the agent, the inventor, and the Company's undertaker. The inventor invented a single technology, and the protection degree is amplified through the rules of the patent game, and even multiple cases are derived to expand the coverage and prevent others from avoiding the patent.

### II. Status of trademark implementation

1. Trademarks are the characterization of the Company's image, goodwill and brand. For the trademarks mainly used by CHPT, we have applied for important countries or market regions in the world to properly layout trademarks.
2. The customers of CHPT are not ordinary consumers, so the layout of the trademark focuses on the recognition of the Company's image.

### III. Enforcement of copyright

1. Copyrights are different from patents and trademarks, and do not obtain rights through the registration mechanism. Therefore, the Company has clearly stipulated in the labor contract that the copyrights of employees' works on duty belong to the Company.

- The Company's external press releases are all in charge of colleagues with senior news backgrounds, seeking accurate information expression.
- The Company has a special person responsible for external publicity, including written and film and television.

#### IV. Enforcement of trade secrets

- The Company has established trade secret management measures. For many technical trade secrets that are more valuable than patents, measures are taken to only specific people know and protect and control.
- To comply with the Personal Data Protection Act at the same time, the Company controls personal information with economic value to avoid improper disclosure.
- All important meetings of the Company have limited participants, and unrelated people cannot participate in the meeting.
- The Company stipulates in the labor contract that colleagues are not allowed to bring other people's confidential information into the Company, and are not allowed to disclose Company secrets, including being bound after resignation. And we will promote once a quarter.
- Trade secrets such as the Company's finances, business, and personnel are also restricted from access and handling by specific people.



## 2.2 Quality management

CHPT is very strict in quality control. To enhance customers' trust in products, since CHPT obtained ISO 9001 certification and other related certifications in January 2007. Through the establishment of the ISO 9001 quality management system, supplemented by an intelligent production management model, we continuously strive to improve and optimize product quality. CHPT sets stringent self-requirements in terms of quality, ensuring that we only deliver products of the highest quality to our customers.



### Quality Principle

- It should meet the needs of the Company and customers.
- There should be the spirit of pursuing continuous improvement and meeting various needs.
- Can be expanded by quality objectives.
- In line with continuous refinement and improvement.



## Quality Policy

Formulate the quality policy of "full participation, continuous improvement, and customer satisfaction", and through education and training, the concept of quality management is deeply rooted in the foundation of the employees.



Employees are the important core assets of the Company, and product quality is the lifeblood of the Company. Both are indispensable. Establish a complete education and training system, enable employees learn various types of courses, and incorporate the importance of quality management into employees' daily work.



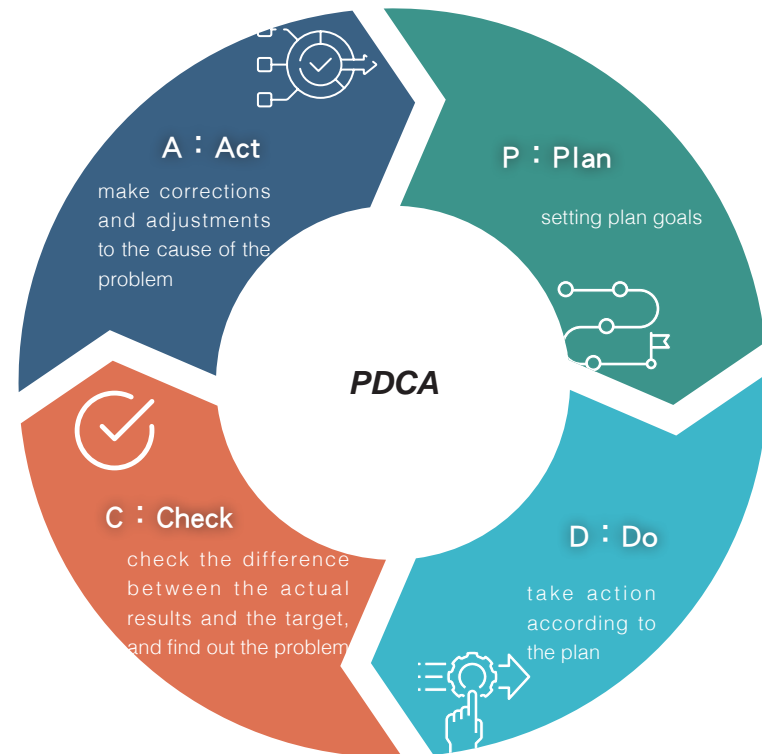
Through the implementation of quality activities, intelligent production technology to improve and enhance product quality.



Guided by providing excellent product quality, and constantly improving and refining process technology to meet the different needs of customers.

## Quality Management Recycle

CHPT attaches great importance to the quality of products and services provided to customers. It follows the basic framework of the ISO 9001 quality management system in the process of incoming material control, process management, finished product control and inspection. All maintenance activities or improvement activities must fully implement the PDCA cycle to achieve the purpose of preventing bad quality.



## 2.3 Customers Value

### Customer Relationship Maintenance

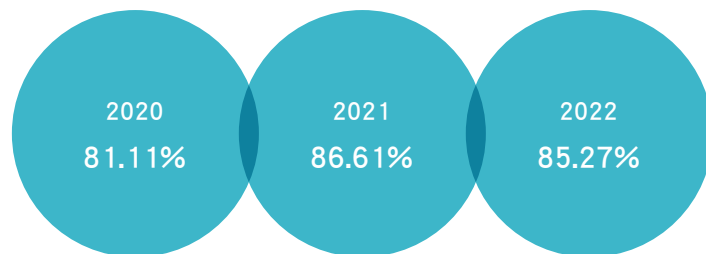
CHPT attaches great importance to customer rights and feedback. We collect customer suggestions for the Company through various approaches, and internally optimize the opinions provided by customers. At the same time, we also maintain good interaction with customers, listen to customer needs, and optimize product quality. Continuously improve service quality and efficiency, improve communication with customers, get closer to the needs of customers, and regard customer needs as the driving force for the Company's progress.

### Customer Satisfaction

Formulate the "Customer Satisfaction Survey Operation Measure" to understand customers' evaluation of various indicators of CHPT, and to strengthen various services provided to customers. Through the analysis of survey data, improvement countermeasures are formulated to improve customer satisfaction. CHPT conducts customer satisfaction questionnaire surveys every year. The 2022 customer satisfaction survey consisted of 5 key indicators, with an average satisfaction rate of over 85.27%.

In the process of providing products and services, we understand the needs of customers through various communication methods and frequencies. Through the "Customer Satisfaction Survey Operation Measure", we conduct customer satisfaction questionnaire surveys every year, and continue to improve the relevant results, actively respond to customer needs to improve customer satisfaction.

Customer satisfaction score in the past three years:

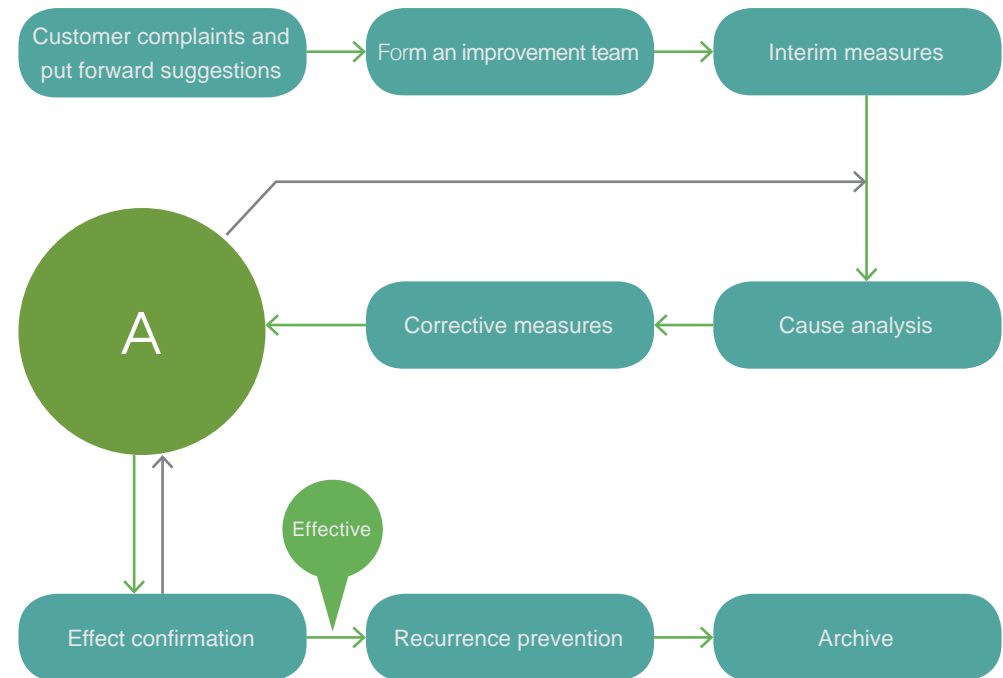


Note: The slight decreased in satisfaction in 2022 was due to insufficient production capacity affected by the epidemic, which affects delivery

### Customers Appeal Handling

We attach great importance to customer feedback. When a customer complaint occurs, we will immediately start the customer complaint handling procedure. According to the prescribed processing schedule, we will establish a project review to analyze the cause, formulate corrective and preventive countermeasures, and confirm the effectiveness of the problem. Solve and give back to customers to meet customers' needs to understand customers' real needs and really listen to customers' voices, and strengthen management and control to achieve the highest customer satisfaction.

Flowchart for handling customer complaints and feedback



## 3 Careful, Friendly and Diverse Workplace

### 3.1 Friendly Workplace

Employees are the most important assets of the Company. CHPT follows laws and policies and treats every employee fairly, regardless of race, gender, age, religion, nationality or political party. Talents are employed on a merit basis and there is no employment discrimination. The Company's promotion system is perfect, so that every employee can get professional promotion and salary in a good workplace environment, create a friendly workplace environment for employees, provide a safe and secure working environment, and construct a variety of training courses to work together with employees growing up.

#### 3.1.1 Employee Structure

As of December 31, 2022, the total number of employees of CHPT was 1,289, including 165 managers and 1,124 regular rank employees; Based on the characteristics of science and technology industry and the employment market and other factors, most of the managerial, professional and technical personnel of CHPT are men. In terms of gender distribution, the proportion of men in management positions was 83%, and that of women was 17%; the proportion of men in regular rank employees was 66.4%, and that of women was 33.6%; In terms of age distribution, colleagues aged between 30 and 50 accounted for 72.1% of all employees.

CHPT is committed to creating a diverse and inclusive working environment, providing job opportunities for disadvantaged groups with physical and mental disabilities with practical actions. By the end of 2022, a total of 6 employees with disabilities were employed.

Note 1: In addition, under the policy of globalization and transnational operation, foreign employees account for 13%, including 168 diverse employees from the United States, India, Malaysia, the Philippines, Vietnam, and the Chinese mainland.

Note 2: Despite having insufficient disability points for the required quota of employment, the overpayment deduction of the difference subsidy has been completed in January 2023.

#### Gender ratio

As of December 31, 2022	Age	Gender	Number of People	Ratio
Management level employee	Under 30 years old	Male	4	2.4%
		Female	0	0.0%
		Sub-total	4	2.4%
	30-50	Male	118	71.5%
		Female	24	14.5%
		Sub-total	142	86.1%
	Over 50 years old	Male	15	9.1%
		Female	4	2.4%
		Sub-total	19	11.5%
General employee	Under 30 years old	Male	224	19.9%
		Female	102	9.1%
		Sub-total	326	29.0%
	30-50	Male	515	45.8%
		Female	272	24.2%
		Sub-total	787	70.0%
	Over 50 years old	Male	7	0.6%
		Female	4	0.4%
		Sub-total	11	1.0%

### Employment distribution





age	sex(M/F)	Number of People
Disability employment	Male	5
	Female	1
	Total	6
Employment of foreign personnel	Male	108
	Female	60
	Total	168

### Total number of employees classified by gender and nationality

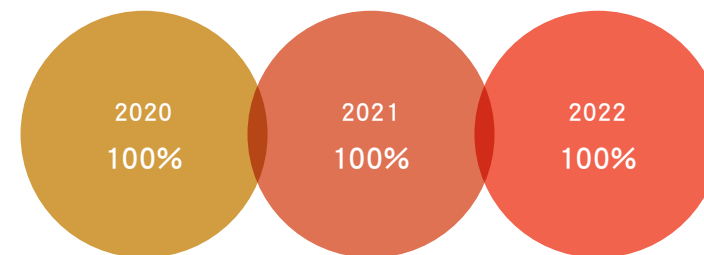
	Taiwan			Overseas (the Chinese mainland and other regions)		
	Male	Female	Total	Male	Female	Total
Total Number of Employees	775	346	1121	108	60	168
Permanently Hired Employees	745	342	1087	23	16	39
Temporary Employees	30	4	34	85	44	129
Employees Without Guaranteed Hours	0	0	0	0	0	0
Full-Time Employees	775	346	1121	23	16	39
Part-time Employees	0	0	0	0	0	0

Definition of temporary employees: Those who sign immigrant labor contracts and school contracts are temporary employees

### Workers not hired by the Company

Category	Service scope (Work type)	Number of People	Contract conditions
 Labor agency	Dormitory administrator	1	Signed by a labor agency
 Group meal	The headquarters and Plant 1 on-site catering	10	Group meal service contract
 Cleaning	The headquarters and Plant 1 environment cleaning	11	Cleaning service contract
 Security guard	The headquarters and Plant 1 resident security guard	7	Security guard service contract

### Proportion of senior management hired from the local community



[Note]

1. Definition of managerial supervisor: the same as the information disclosed in the 2022 Annual Report of the supervisors of various departments and branches, including the president, chief technical officer, deputy president, and financial and accounting vice president, a total of 6 persons.
2. All six managerial supervisors have the nationality of the Republic of China
3. The report reveals that its important location of operations is mainly in Taiwan

## 3.1.2 Talent Recruitment

### Recruit talents

In addition to employees in Taiwan, CHPT mainly recruits foreign talents in various regions, and at the same time evaluates the possible risks of hiring foreign employees. In the Mainland, employment management measures that comply with local laws and regulations have been formulated, such as "Shanghai Taihua Electronics Recruitment Operation Management Measures", "Shanghai Taihua Electronics Resignation Operation Management Measures", "Suzhou Precision Test Recruitment Management Measures" and "Suzhou Precision Test Resignation Operation Management Measures", etc. All related operations are in charge of special personnel. At the same time, a management and control mechanism is set up to pay attention to changes in various government policies and regulations, and update them at any time to ensure that the Company and employees comply with government regulations and avoid risks.

### The number and proportion of new recruits in 2022

As of December 31, 2022	Age	Gender	Number of People	Ratio
New recruits	Under 30 years old	Male	110	17.4%
		Female	45	15.2%
		Sub-total	155	16.7%
	30-50	Male	138	60.5%
		Female	35	34.3%
		Sub-total	173	52.4%
	Over 50 years old	Male	1	4.5%
		Female	1	12.5%
		Sub-total	2	6.7%

Note: The percentages in the above table represent new recruits of different ages and genders as the numerator, while the current employees of different ages and genders serve as the denominator for calculating the proportion

### Diverse channels

By 2022, the number of multiple sources of recruitment channels, such as 104 Job Bank, employee introductions, industry-education training, etc., increased to 14, and the number of channels increased by 16%. A total of 330 new recruits have been hired globally, and the total number of employees has grown by 8.9%. Among them, new recruits under the age of 30 account for 16.6% of the same age group.

### The number and proportion of employee turnover (including transfer to affiliates) in 2022

As of December 31, 2022	Age	Gender	Number of People	Ratio
employee turnover	Under 30 years old	Male	121	19.1%
		Female	40	13.5%
		Sub-total	161	17.3%
	30-50	Male	40	17.5%
		Female	19	18.6%
		Sub-total	59	17.9%
	Over 50 years old	Male	3	13.6%
		Female	0	0.0%
		Sub-total	3	10%

Note: The percentages in the above table represent employee turnover of different ages and genders as the numerator, while the current employees of different ages and genders serve as the denominator for calculating the proportion

### 3.1.3 Remuneration and Benefits

#### Comparing salary with market standard

Attract outstanding talents to join the CHPT team and give them a stage to show their talents. At the same time, reward colleagues to continue to create performance. The Company measures the salary level and structure of the same industry through industry salary surveys every year and keeps an eye on the local economic development and price index to make appropriate adjustments. We strategically increase the proportion of fixed salary in its annual salary structure, making our salary structure more competitive to attract and retain relevant talents. The average salary of non-executive staff in 2022 was NT\$1,002 thousand. In the past four years, growth rate reached 3.62% (calculated based on the average salary of non-supervisory employees in 2019, which was NT\$967 thousand as the base).

CHPT provides a salary level that is better than the industry standard, and the average basic salary of entry level employees (including foreigners) is better than the law. Among them, the entry-level salary of men is 1.26 times the basic salary, and the entry-level salary of women is 1.25 times the basic salary. In 2022, the average salary of full-time employees in non-supervisory positions in the Company reached NT\$1 million, providing 12 months of salary and festive bonuses, performance bonuses and employee remuneration, etc. The current salary ratio of entry-level employees between men and women is 1:0.99. The Company eliminates discrimination and unequal pay for equal work. There is no gender difference in personnel appraisal, and all employers are treated equally.

#### Salary System Planning

To recruit external talents and retain outstanding talents, and effectively motivate colleagues to improve work efficiency and performance, a competitive salary and bonus system is planned. In addition to the monthly fixed salary, performance bonuses, employee remuneration, and festive bonuses are also issued. Closely link the Company's bonus system with profit, encourage colleagues to focus on their jobs, and work hard to create a win-win advantage of Company profit and personal salary growth. The Company's entire remuneration structure for employees is based on the overall planning of employees' job duties, professional ability, knowledge, skills, and performance, and is not affected by gender or other discriminatory acts that impede human rights. And check the salary level irregularly to achieve the salary level of internal fairness and external competitiveness.

#### Ratio of Gender to Local Basic Salary in 2022

Unit: NT\$

	Male	Female
Entry level basic salary	29,000	29,000
(Statutory) Minimum wage for entry level	25,250	25,250
More than a multiple of statutory minimum wage	1.15	1.15
Gender wage ratio	1	

Rank	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
General employee	1	0.92	1	0.92	1	0.97
Entry-level supervisor	1	0.92	1	0.93	1	0.95
Middle-level supervisor	1	0.93	1	0.91	1	0.88
Managerial supervisor	1	0.87	1	0.87	1	0.87

[Note]

1. Among general employees and entry-level managers, the salary ratio of women to men has been increasing year by year.
2. The Company hires based on talents and abilities, and gender does not affect their promotion and salary adjustments. However, among middle-level and managerial supervisors, the proportion of women is low, so the change in salary ratio tends to decline slightly.
3. Basic salary of entry-level employee: This is for local employees, excluding blue-collar foreign colleagues

#### The average and median annual salary of non-management positions

Unit: NT\$ thousand

	2020	2021	2022
Total salary of full-time non-managerial employees	939,538	1,004,424	1,053,752
Number of full-time non-managerial employees	928	998	1052
"Average Salary" of full-time non-managerial employees	1,012	1,006	1,002
"Median Salary" of full-time non-managerial employees	917	934	917

## Annual total compensation ratio

The ratio of the annual total income of the highest-paid individual of Chungghwa Precision Test Tech. Co., Ltd. to the median annual total income of other employees (excluding the highest-paid individual) (referred to as the median ratio) is 12.98:1.

The ratio of the percentage increase in the annual total income of the highest-paid individual in 2022 compared to the previous year's 2021 total income, to the median annual percentage increase in the total income of other employees (excluding the highest-paid individual) (referred to as median increase ratio) was 0.61:1.

### Statutory benefits items

- . Labor insurance, health insurance and 6% are allocated to the labor pension account on a monthly basis according to the contribution grade table
- a. Annual free professional health checkups for employees
- b. Types of leave in compliance with laws and regulations

### Basic benefits items

- |  |  |
|--|--|
| a. Marriage, childbirth, and funeral allowances for the Company and the Employee welfare committee                   | k. Exclusive and comfortable employee rest space                               |
| b. Travel grant  | l. Hanging garden and green leisure garden                                     |
| c. Birthday gift certificate   | m. Borrow books, newspapers, and magazines for free                            |
| d. Free employee relationship activities and annual plant celebration and family day activities                      | n. Professional plant medical consultation and assistance                      |
| e. Zero-burden group insurance, including life insurance, accident insurance, medical insurance and cancer insurance | o. Free car and motorcycle parking spot (Pingzhen plant)                       |
| f. Optional family insurance   | p. Free uniform  |
| g. Overseas travel insurance and local employee insurance  | q. Chungghwa Telecom employee discount plan                                    |
| h. Free varied premium meals   | r. Specialized stores and discounted movie tickets                             |
| i. Double benefits for meals and group wellness fee  | s. Free consultation of financial and insurance companies on-site in the plant |
| j. The year-end banquet and the lottery of high prizes   | t. Mortgage and car discounts  |
|  | u. Retirement farewell party with selected souvenirs                           |

## 3.1.4 Employee Benefits

While pursuing sustainable economic development, CHPT provides a happy, friendly and inclusive working environment, cares for employees' physical and mental health and quality of life, and enables employees to achieve a balance between work and life, which is our development goal of great importance.

In addition to providing statutory and basic benefits, CHPT has also formulates a number of employee welfare policies to meet the physical and mental health care of employees:

### Diverse benefits policies

- |   |   |
|---|---|
| a. Provide regular health checkups and multiple legal leave types to protect the physical and mental health of employees, and further plan the pension system to protect the rights and interests of employees to claim pensions in the future, including the welfare plan stipulated in accordance with the "Labor Standards Act" and the pension allocation plan stipulated by "Labor Pension Act". | d. Provide departmental public funds to each unit, hold meals, group wellness activities or order afternoon tea, gather the solidarity of employees, and boost the sense of happiness.  |
| b. Provide professional plant medical consultation and free group insurance, pension, emergency relief, marriage and childbirth gifts, funeral subsidies, special store discounts, etc., to motivate employees to go all out for the long-term development of the Company.  | e. Organize plant celebration and family day activities to promote the physical and mental health of employees.   |
| c. The Outstanding Contribution Award is set up to encourage employees with excellent performance. Seniority service rewards are also offered and retirement farewell activities are held to thank employees for their long-term trust and contribution to the Company.   | f. Plan a diverse bonus system, such as: the annual festive bonuses include Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival for a total of 2 months; allocate 20~30% of the earnings to distribute employee compensation and share the Company's operating results with employees. |
|   | g. Irregularly distribute gifts or gift certificates on special festivals, such as Labor Day, Christmas, etc.   |

## Relevant welfare/subsidy results in 2022

Unit: NT\$

	Benefits provider	Subsidy amount	Benefits payment amount	Number of Trainees	Proportion of project subsidy
Childbirth allowance	Employee welfare committee	3,000	99,000	33	37%
	Company	5,000	190,000	38	63%
Funeral allowance	Employee welfare committee	2,100	35,700	17	41%
	Company	3,000	60,000	20	59%
Marriage allowance	Employee welfare committee	2,600	80,600	31	21%
	Company	10,000	360,000	36	79%
Injury condolences- Employee welfare committee	Employee welfare committee	1,000	2,000	2	100%
Total Amount		827,300	Number of applications	177	

## 2022 Employee and community activities

Activity Item	Number of employee participants	Number of family members of employee participants	Ministry of Labor's subsidy
Baking DIY activities (Pingzhen)	57	57	\$32,109 元
Baking DIY activities (Hsinchu)	12	12	\$8,991 元

[Note]

This activity was subsidized the handling costs of the activity by the Ministry of Labor's "2022 Promotion of Work-Life Balance Subsidy Plan".

## Family Cooking - Baking DIY (Pingzhen)

Date : October 15, 2022, October 23

Venue : DIY baking classroom

Object : All employees

**Benefits :** Promote the balance of employees' family life and mutual communication and interaction, and enjoy parent-child fun and family leisure life outside of busy work. During shared experiences, it can effectively enhance the bond among family members. The support and recognition of family members, in addition to enabling employees to continue to create excellent performance at work, can also enhance employees' solidarity with the Company.

**Number of participants/hours/beneficiaries :** 114 people (three sessions)/12H (three sessions)/employees and their families

Invest resources : Funding and Manpower





### Family Cooking - Baking DIY (Hsinchu)

**Date** : October 15, 2022

**Venue** : DIY baking classroom

**Object** : All employees

**Benefits** : Promote the balance of employees' family life and mutual communication and interaction, and enjoy parent-child fun and family leisure life outside of busy work. During shared experiences, it can effectively enhance the bond among family members. The support and recognition of family members, in addition to enabling employees to continue to create excellent performance at work, can also enhance employees' solidarity with the Company..

**Number of participants/hours/beneficiaries** : 24 people (one session)/3H (one session)/employees and their families

**Invest resources** : Funding and Manpower



### CHPT 17th Anniversary Plant Celebration Activities

**Activity description** : As the epidemic slows down, provide colleagues with energetic health exercises to limber up, enjoying pop music performances that travel through ancient and modern times, as well as interesting and exciting obstacle course mini-games, and vibrant orchestra performances.

- Number of participants/hours/beneficiaries : 723 people
- Invest resources : \$800,000



## Marriage and childbirth care

CHPT attaches great importance to the employee welfare system, and concerning and caring for employees is the Company's primary responsibility. To allow employees to live and work in peace and contentment while taking into account work development and quality of life, in addition to complying with the "Act of Gender Equality in Employment" by laws and regulations, Taiwanese employees who have worked for more than half a year, if they need to take care of their children under the age of 3, can apply for unpaid parental leave for raising children. The Employee welfare committee not only grants the right to unpaid parental leave for employees to raise their children but also establishes special contracts with childcare centers and kindergartens in the areas where the plants are located. Additionally, it implements a comprehensive leave management system that enables employees to use their leave flexibly for child-rearing and taking care of their children. In case of long-term leave due to military service or serious injury or illness, you can also apply for job-protected leave, and apply for reinstatement after the period expires. In addition, the Company has launched maternity protection management for pregnant employees, such as: providing complete prenatal education, adjusting shifts to avoid night work, and setting up exclusive parking spots and breastfeeding rooms. In terms of parental leave, in 2022, a total of 9 Taiwanese employees (3 males and 6 females) of CHPT applied for unpaid parental leave for raising children. The actual number of reinstatement in 2022 was 5 (5 females), and the number of employees who should be reinstated was 8, with a return rate of 63%.

In terms of parental leave, in 2022, a total of 9 colleagues (3 males, 6 females) of CHPT applied for unpaid parental leave for raising children. The actual number of reinstatement in 2022 was 5 (0 male, 5 female), and the number of people who should be reinstated was 8, with a return rate of 63%.

## 2022 Employee family care-related leave statistic

	Family care leave/ number of individuals	Maternity (paternity) leave/number of individuals	Menstrual leave/number of individuals
Male	55	25	0
Female	54	15	480

The number of people eligible to apply for parental leave and the number of people reinstatement over the years

Item	Gender	2020	2021	2022
The number of people eligible to apply for parental leave	Male	33	30	25
	Female	13	11	15
	Total	46	41	40
Actual number of eligible applicants	Male	3	2	3
	Female	3	7	6
	Total	6	9	9
Number of people to be reinstated	Male	0	3	2
	Female	6	4	6
	Total	6	7	8
Number of people actually reinstated	Male	0	1	0
	Female	6	3	5
	Total	6	4	5
Return to work rate	Male	0%	33%	0%
	Female	100%	75%	83%
	Total	100%	57%	63%
Number of people who have been reinstated for one year during the current year	Male	0	0	0
	Female	2	5	2
	Total	2	5	2
Retention rate	Male	0%	0%	0%
	Female	100%	83%	67%
	Total	100%	83%	50%

[Note]

1. Reinstatement rate = actual number of reinstated people ÷ number of people to be reinstated × 100%
2. Retention rate = number of people who have been reinstated for one year during the current year ÷ number of people reinstated in the previous year × 100%

### Pension planning

To ensure that colleagues have a long-term career, CHPT has designed a pension system for colleagues. Includes benefit plans established under the Labor Standards Act and allocation plans established under the Labor Pension Act.

In terms of the new labor retirement system, the Taiwan region will allocate 6% of the employee's salary for retirement every month. The amount recognized as an expense in 2022 was NT\$ 41,269,778. The retirement pension system of overseas subsidiaries is in accordance with the regulations of the local government, and various social security funds, pensions and medical insurance funds are paid every month.

Retirement plan	Plan content (laws, systems, management guidelines)	Employee participants ratio
New policy	According to the employee retirement measures stipulated in the "Labor Standards Act" and "Labor Pension Act" in Taiwan, the pension is allocated to the personal account of the Bureau of Labor Insurance	Taiwan region allocates pensions based on 6% of employees' monthly salary, and the allocated pensions amount of NT\$ 41,269,778 were recognized as expenses in 2022.



## 3.2 Talents Development

### 3.2.1 Training and continuation

Through the integration and utilization of various resources, CHPT implements talent development and education and training, provides employees with a good learning environment, and allows each employee to have diverse development opportunities. Learning, growth and experience continuation cultivating outstanding talents in various fields is the core value that the Company attaches great importance to. In 2022, with the efforts of everyone to prevent the epidemic, we actively developed the construction of digital courses and provided diverse learning channels for the team, so that learning was not delayed due to the epidemic and time restricted, this year integrated online training and offline learning and development activities, with a total of more than 30,000 training hours, and an average of about 21.5 training hours per employee.

#### Cultivation of new employees and experience continuation

The course design for new employees includes three major items: company profile, occupational safety and environmental protection and legal knowledge, and quality and information security promotion. In 2022, the number of participants in new employees course training was a total of 993, with a total of 3,354.5 hours and an average of 3.4 hours per person, which showed that the Company attached great importance to basic training for new recruits. Because of the cornerstone of good new employees training, is regarded as the first step in talent cultivation.



### Promotion of physical + digital learning course

It is divided into five items: new recruits training courses, professional category training, quality category training, law and regulations training (external training) and other categories. A total of 18,061 participants took part in the training, accumulating a total of 30,623.5 training hours. The online course offered 3 major courses, including compulsory training, optional training, and learning resources, along with 28 courses under 9 categories. The number of registrations for the optional training reached 1,095, and the learning resource views reached 1,668.

In 2022, the number of participants and hours of training increased significantly, the number of course participants increased by 5,393, and the total training hours correspondingly increased by 9,930.6 hours.

### Number of internal and external training courses for employees (quarterly)

170-200 times per quarter for internal and external training of employee

### Key training program

Taking continuation as the main axis, make good use of internal human capital to develop knowledge management expertise and share experience

1. Promoting design, undertaking projects, simulating manpower development, continuing and optimizing employment efficiency projects, digitizing teaching materials and designing communication-related operating software and professional knowledge courses.
2. Organize internal lecturer awarding activities to enable internal lecturers to understand the value of education and training, enhance their self-confidence and strengthen their sense of mission, and expect internal lecturers to maximize the benefits of experience continuation
3. Continue to 2021, and continued to provide education and training for entry-level supervisors in 2022 to improve the management ability of entry-level supervisors and strengthen their understanding of the human resources system
4. Beginning in 2021, regularly submit education and training investment and efficiency analysis, improvement countermeasures and implementation results reports.



### CHPT complete training architecture

#### Physical + digital course training overview

Course type	Course item	Accumulated number personnel trained/ hours
Physical + digital course	New recruits training course	A total of 993 trainees, totaling 3,354.5 hours
	Professional category training	A total of 6,610 trainees, totaling 11,251 hours
	Quality category training	A total of 1,785 trainees, totaling 1,911.2 hours
	Law and regulation training (external training)	A total of 137 trainees, totaling 1,322 hours
	Other category training	A total of 8,536 trainees, totaling 12,784.8 hours

#### Digital course training overview

Course type	Course item	Course category	Accumulated number of registrations/views
Digital course	Optional courses	Professional category	The number of registrations reached 1,095
		Quality category	
		Management and general category	
	Learning resources	Insurance and financial management	Views reached 1,668
		Experience sharing	
		Learning sharing	
		Operation manual	
	Occupational safety		

### Total average employee training hours in 2022

Rank	Average male training hours	Average female training hours	Total average training hours
Management	33.2	38.3	34.0 Unit: hour
Non-management roles	19.5	20.4	19.8
<b>Total</b>	<b>21.5</b>	<b>21.4</b>	<b>21.5</b>

Note 1: Management position: supervisor (including a proxy) at the group level (including) or above

Note 2: Education and training hours include overseas regions, internal training, and external training

### Training hours and trainees by category

Category		2020	2021	2022
New employees training	Total hours	1786.6	2741.3	3354.5
	Total trainees	200	785	993
	Average training hours	8.9	3.5	3.4
Professional category training	Total hours	9798.0	9239.0	11251
	Total trainees	6527	5584	6610
	Average training hours	1.5	1.7	1.7
Quality category training	Total hours	3483.7	2035.6	1911.2
	Total trainees	2104	1657	1785
	Average training hours	1.7	1.2	1.1
Law and regulation training (external training)	Total hours	896.5	561.5	1322
	Total trainees	94	81	137
	Average training hours	9.5	6.9	9.6
Other category training	Total hours	6838.4	6115.46	12784.8
	Total trainees	6792	4561.00	8536.0
	Average training hours	1.0	1.3	1.5

Note: New employees training includes general occupational safety and health courses, new recruits hazard general education courses and new recruits training courses

### Employee training amount and hours statistics

Training indicators	2020	2021	2022
Total employee training amount (NT\$)	982,018	414,864	663,130
Total employee training hours (hours)	22,803.2	20,692.9	30,623.5
Employee training amount/ Total numbers of employees (NT\$/ person)	909.3	350.7	514.5

Note:

Number of Employees in 2020: 1,080

Number of Employees in 2021: 1,183

Number of Employees in 2022: 1,289



### 3.2.2 Performance assessment

CHPT provides a platform for employees to give full play to their professional functions, expecting to achieve the Company's strategic goals and further have a positive impact on social development. The Company's talent cultivation policy takes function as the training goal, follows the "Employee Performance Assessment Measures", and conducts annual performance assessment for all employees every year. In 2022, the completion rate of employee performance assessment was 100%, including 799 males, accounting for 68.5% of the total number of inspections, 367 females, accounting for 31.5% of all inspections, and 163 supervisors, accounting for 14% of all inspections, 1003 non-supervisory employees, accounting for 86% of the total number of inspections. Every employee is a valuable asset and an indispensable member of CHPT. The assessment mechanism is not to evaluate the quality of employees, but through a diverse and multi-faceted evaluation mechanism, employees and managers at all levels can fully understand their own work goals and the blueprint for the future development of the organization, and serve as the basis for determining salary and bonuses, and position adjustments. If employees have doubts about the assessment results, they can file an appeal, and their line supervisor will respond to the appeal. At the same time, CHPT designed the "Employee Performance Coaching Improvement Plan" to assist supervisors to formulate coaching improvement countermeasures for employees with poor performance, so that these employees have the opportunity to increase their value.

Item	Total	Male		Female	
	Number of People	Number of People	Percentage	Number of People	Percentage
Managerial roles	163	135	82.8%	28	17.2%
Non-managerial roles	1003	664	66.2%	339	33.8%
Sub-total	1166	799	68.5%	367	31.5%

Note:

1. The number of inspections received does not include the chairman, migrant workers, and new recruits who have been employed for less than 3 months
2. Those who participated in more than one performance assessment (inclusive one) will be included in the calculation of the number of persons subject to inspection, excluding independent subsidiaries in 2022

## 3.3 Employee Communication

### Communication Channel

CHPT attaches great importance to the opinions and ideas of employees, establishes a diverse and smooth channel for employees to express their opinions, and provides a two-way open communication environment to enhance the harmonious relationship between labor and management. Therefore, the Company established a "Labor Management Committee" to hold a labor-management meeting every quarter to provide a platform for communication between labor and management to coordinate labor-management relations and promote labor-management harmony. In addition, it also protects the rights and interests of labors to speak out, formulates a labor appeal mechanism, and has an appeal mailbox, E-mail, etc. If employees find violations, illegal situations, unfair treatment, etc., they can communicate and appeal to the Company.

All reported cases are promptly and appropriately handled by the relevant units with the highest confidentiality principle, and a "special case team" is established to track and manage the cases until they are closed. All appeal channels are explained and promoted on the Company's internal website and new recruits training materials to ensure that all employees know about it, including the establishment of an appeal hotline, employee suggestion box and employee appeal mailbox (free\_talk\_hq@chpt.com).

#### Actual effectiveness of communication in 2022

- A total of 4 labor-management meetings were held, with 7 representatives from both sides, including other participants, about 18 people attended each time.
- A total of 6 echelons of monthly foreign employee meetings were held, with a total of 772 participants
- In 2022, the Company was involved in 4 penalties. The "Government Labor Inspection Letter No. 1110065004 on March 21, 2022" ruled that the employer did not include performance bonuses into the calculation basis for overtime pay, which violated Article 24, Paragraph 1 of the Labor Standards Act, was fined NT\$50,000; and "Government Labor Inspection Letter No. 1110360364 on December 29, 2022", "Government Labor Inspection Letter No. 11103603641 on December 29, 2022", "Government Labor Inspection Letter No. 11103603642 on December 29, 2022", ruled that the employer did not include performance bonuses in the calculation of overtime pay, the monthly overtime hours exceeded 46 hours, and the daily working hours

exceeded 12 hours, which violated Article 24, Paragraph 1, Paragraph 2, and Article 32, Paragraph 2 of the Labor Standards Act, and fined NT\$100,000, NT\$50,000, and NT\$50,000, respectively, totaling NT\$200,000. The Company has announced on December 19, 2022 the revised employee performance bonus distribution specifications, and at the same time re-examined the labor attendance system and adjusted it.

### Collective bargaining

The Company attaches great importance to the rights and interests of employees and respects the rights of employees to collective negotiation and assembly. The Company regularly holds labor-management meetings, reports the Company's operations to employees in accordance with laws and regulations, and invites employees to participate in discussions on issues such as labor conditions and benefits. The Company has formulated a series of internal management measures, including "Work Rules", "Resignation Operation Management Measures", "Employee Retirement Operation Management Measures" and "Employee Severance Operation Management Measures", etc. These management measures clearly stipulate the notice period in case of employee resignation, severance and retirement, etc., which are adjusted according to the employee's seniority. The Company also attaches great importance to the results of the negotiation between the two parties. If there are special circumstances, it will be implemented after negotiation. In addition, if changes in the Company's operations or working conditions affect the rights and interests of employees, the Company will hold labor-management meetings for negotiation and communication, and notify employees of a notice period in accordance with the regulations of the competent authority to ensure that the rights and interests of employees will not be damaged.

The content of the group agreement covers a variety of issues, such as wages, working hours, allowances, bonuses, transfers, severance, retirement, occupational accident compensation and indemnity, and other labor-related matters, and can also include other issues of the Company such as safety and health, workplace environment optimization, employee welfare systems, etc., as matters to be negotiated collectively between labor and management, the two parties. Collective bargaining helps to protect the labor rights and interests of employees, improve working conditions, and also facilitates maintain stable labor-management relations. It can be regarded as a benign system that creates a win-win situation for labor and management.

Item	Notice period
Continue to work for more than three months but less than one year	10 Days
Continue to work for more than one year but less than three years	20 Days
Continue to work for more than three years	30 Days

## 3.4 Workplace Safety

### 3.4.1 Safe workplace

In accordance with the ISO45001 occupational health and safety management system, CHPT has set up a Safety and Health Committee and established a "safety and health policy" to maintain the work safety and health of employees, suppliers, contractors and other employees in the plant, and continuously improve the working environment, enhance the awareness of safety culture, strengthen self-inspection, and aim at zero workplace safety incidents and zero injuries.

CHPT attaches great importance to the safety of employees' workplaces. In order to create a safe workplace environment, it has been committed to safety and health related issues for a long time, and insists on regarding safety and health as equally important issues as industrial development. Since 2018, CHPT has established an ISO 45001 system and passed the system verification in 2019. The system covers all personnel within the plant, such as suppliers and contractors, in addition to the internal employees of CHPT. In response to matters such as the expansion of production lines and the establishment of the headquarters, as many as 268 contractors have cooperated with CHPT. The Company has established a professional and dedicated executive unit and implemented the Company's safety and health management mechanism through an institutionalized, systematic, and top-down approach to ensure the safety of products, employees, contractors, plants, and communities. Maintaining employee health and safety and community safety is a corporate social responsibility and an important indicator of corporate competitiveness.

CHPT will formulate contractor management system standards and systematization, establish contractor management procedures, carry out hazard identification and risk assessment for operation projects undertaken by professionals, formulate corresponding safety management projects, and work with contractors to control predictable risks and reduce the possibility of disasters. At the same time, the Company also standardizes the automatic inspection of machinery and equipment and develops the habit of employees to conduct self-inspection before operation, to prevent occupational accidents caused by abnormal machinery and equipment.

#### CHPT's four concepts of safety and health policy



#### Environmental Safety and Health Policy

CHPT's environmental safety and health policy emphasizes the appeal of safety with the participation of all employees, actively establishes good interactions with stakeholders, and is committed to achieving the goal of "zero accidents in safety and sustainable environmental development", and promises to continue to carry out various improvements of environmental safety and health. We promise to:

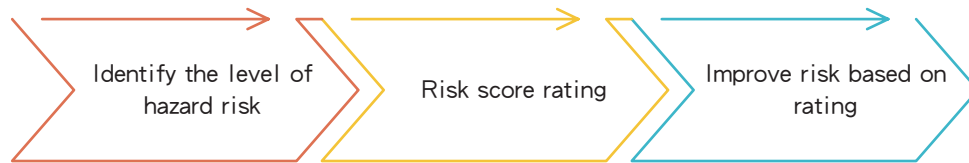
1. Comply with local safety, health and environmental protection regulations, and continue to pay attention to international safety, health and environmental issues.
2. Promote occupational safety, health, and environmental management systems, implement relevant risk assessments, review improvement results, and continually improve management performance.
3. Actively improve the manufacturing process, control pollution sources, promote waste reduction and energy conservation in the manufacturing process, and reduce environmental impact and risks.
4. Implement safety, health and environmental protection education, establish employee prevention concepts, and avoid disasters and pollution.
5. Establish a safe and healthy workplace environment, implement health management and promotion activities, and improve the physical and mental health of employees.
6. Support employees to consult and participate in safety, health, environmental protection and other related issues, and encourage all employees to discover hazards, risks and improvement opportunities, and receive appropriate responses and protections.
7. Establish good communication between suppliers, outsourcers and other stakeholders, and communicate company policies for the purpose of sustainable operation.



### Identify operating environment risks and preventive actions

Each plant area has set up a workplace safety and health organization to coordinate the management and promotion of the environmental safety and health work at the plant[Note 1], and abide by relevant laws and regulations on workplace safety, fire protection, and health. To prevent mechanical equipment from causing harm to personnel, the Company standardizes automatic inspection and fosters employees' habit of self-inspection before operation, to prevent occupational disasters caused by abnormal mechanical equipment.

Note 1: Coverage: Taiwan plants area (excluding the Hsinchu branch)



### Hazard identification and risk assessment

1. The personnel who perform hazard identification must first complete the hazard identification risk assessment training before they can operate, and the personnel who perform hazard identification are all the entry-level supervisors in the Company (the section manager or the proxy). When identifying hazards, it is necessary to identify potential or past hazards from various operating behaviors, working environments, machinery, tools, and chemical substances in the unit, and classify the hazard items in terms of severity, operation time, and hazard occurrence possibility. The possibility of risk is calculated by multiplying the product, and the score will have five intervals (1~100), which are divided into risk levels of A~E according to the interval from high to low. Internally, the Company lists hazards with risk scores higher than 46 points as items that must be improved (according to the resolution of the Occupational Safety, Health and Environmental Protection Committee, it may be listed as an annual target), and after the improvement is completed, re-evaluation is required to reduce the hazards to below 46 points. For hazards with a score lower than 46 points, it is necessary to propose improvement suggestions for safety optimization as much as possible.
2. In 2022, a total of 2,228 hazard identifications were completed, including 0 necessary improvement items and 40 safety optimization improvement items.

3. According to the degree of risk, in 2022, there were high-risk hazard items: 0%, medium-risk hazard items: 0.5%, and low-risk hazard items: 99.5%.

Risk Grade	Score	Explanation of Risks	Countermeasures	Opportunity planning for control measures or improvements
E	1~15	Acceptable risks	Light risks	Improving is not currently being considered, maintaining existing measures
D	16~30		Low risks	Adding additional control measures is not currently being considered, but under the condition of not increasing the cost, it is advisable to consider the improvement method that can boost the control effect
C	31~45		Moderate risks	There is no need to add additional control measures currently, but after weighing the required cost and technology-related factors, control measures to reduce risks can be adopted
B	46~70	Unacceptable risks	High risk	Listed as an improvement item, control measures to reduce risks should be taken within a certain period of time
A	71~100		Significant risks	Before the risk is reduced, it cannot be operated, and it is listed as the primary improvement item, and risk reduction measures should be carried out as soon as possible
				1. Suggestions for control measures or improvement opportunities should be put forward when the risk level is A or B 2. Suggestions on control measures or improvement opportunities may be proposed when there are different and better solutions than existing measures  Suggestions for control measures or opportunities for improvement to be proposed

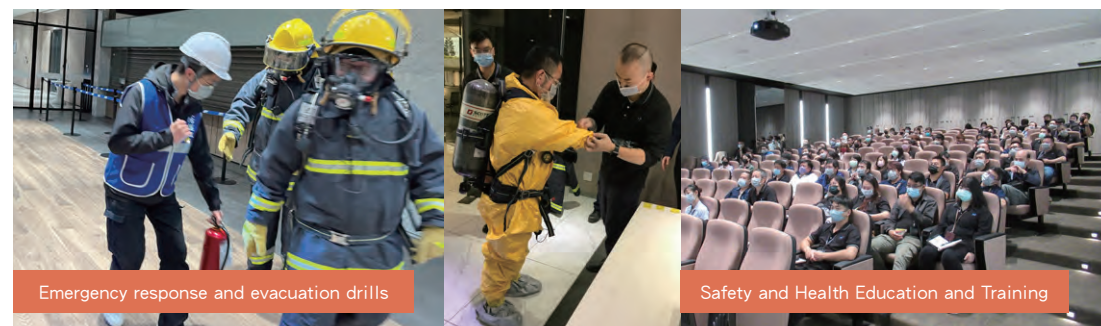
### Work environment and employee safety

Perform item	Perform method
Plant security	The plant has access control set up at all entrances and exits. The gate has add more security guards stationed 24 hours a day and the entire plant area is covered by a surveillance system. The stationed guards patrol the plant site every 2 hours at night. A 24-hour emergency reporting hotline – 1999 - has been set up to prevent failure and delay in reporting emergency events.
Emergency response training	The Company hires external professional instructors to conduct fire safety training and drills every six months. Based on risk assessments, the Company has highlighted ten major emergency responses and designed drills for different floors and areas within the plant, which are conducted every two months to improve employees' responses and reduce the risk of hazards.
Implementation of workplace safety and health system	<p>a. Implement a workplace safety and health system. The Safety and Health Center has been assigned to perform daily inspections of the workplace, and conduct inspections on contractors' safety and health, the standard manufacturing procedures, equipment operation/maintenance policy, and chemicals management, and other related operations, and make timely improvements.</p> <p>b. Each year, the Audit Center conducts 1 to 2 audits on the workplace safety and health system. In doing so, we hope to develop a habit of ongoing improvement and self-management among employees, and raise their awareness towards safety and health that would lead to the creation of a safe and comfortable work environment.</p>

- Mechanical equipment safety education and training: For employees of units that operate or introduce new mechanical equipment, receive at least one hour of hazard knowledge training on mechanical equipment operations every year.
- Radiation protection personnel education and training: For personnel who operate radiation equipment in the Company, external training is arranged according to the validity period of the operating certificate.
- Emergency response education and training: Arrange training related to emergency response tasks for personnel in the Company who have a response task group.
- Self-defense fire brigade education and training: For the fire brigade personnel in the Company, the training is arranged, which is divided into the first and second half of each year.
- Education and training for first-aid personnel (including internal training \_ AED operation education and training): For the first-aid personnel in the Company, in addition to arranging external training according to the validity period of the certificate, AED operation training and other relevant first-aid knowledge training are added internally.
- Hazardous operation supervisor education and training: For units in the Company that perform or are likely to perform hazardous operations, the hazardous work supervisors set up external training shall be arranged according to the validity period of the certificate.
- Hazard identification risk assessment education and training: For executives and reviewers in the Company, conduct and review training at least once a year.
- Personnel of Safety and Health Center apply for external education and training (including retraining and new training hours): For the personnel of the safety and health management unit in the Company, external training shall be arranged according to the requirements of laws and regulations.

### Safety and health education and training and promotion item

- General labor safety and health on-the-job education and training: According to the Company's regulations, all employees of CHPT are required to receive training for one hour every year. However, we were subject to the impact of the epidemic in 2021, no class has been held, and the one-hour course is listed as 1.5 hours each in 2022 and 2023. In 2022, 6 echelons of general labor safety and health on-the-job education and training courses have been completed, and a total of 768 participants have completed the training.
- Hazardous chemicals education and training: Employees of units that use chemicals must receive at least one hour of chemical hazard knowledge training every year.



Emergency response and evacuation drills

Safety and Health Education and Training

## Hours of safety education and training categories statistics

Training type	Shift	Number of trainees	Total training hours
General employees and supervisors safety and health education and training	7	831	1341.0
Mechanical equipment and hazardous chemicals education and training	115	1117	1737.0
Radiation protection personnel education and training (including retraining)	31	53	385.0
Emergency response education and training	12	157	361.0
Self-defense fire brigade education and training	2	50	200.0
First aid personnel education and training (including internal training _ AED operation education and training)	4	25	33.0
Hazardous operation supervisor education and training (organic solvents, specific chemical substances, lead operation, dust operation, high-pressure gas supply and consumption operation, oxygen-deficient operation supervisor)	29	38	360.0
Hazard identification risk assessment education and training	6	137	208.0
Personnel of Safety and Health Center apply for external education and training (including retraining and new training hours)	6	6	38.0

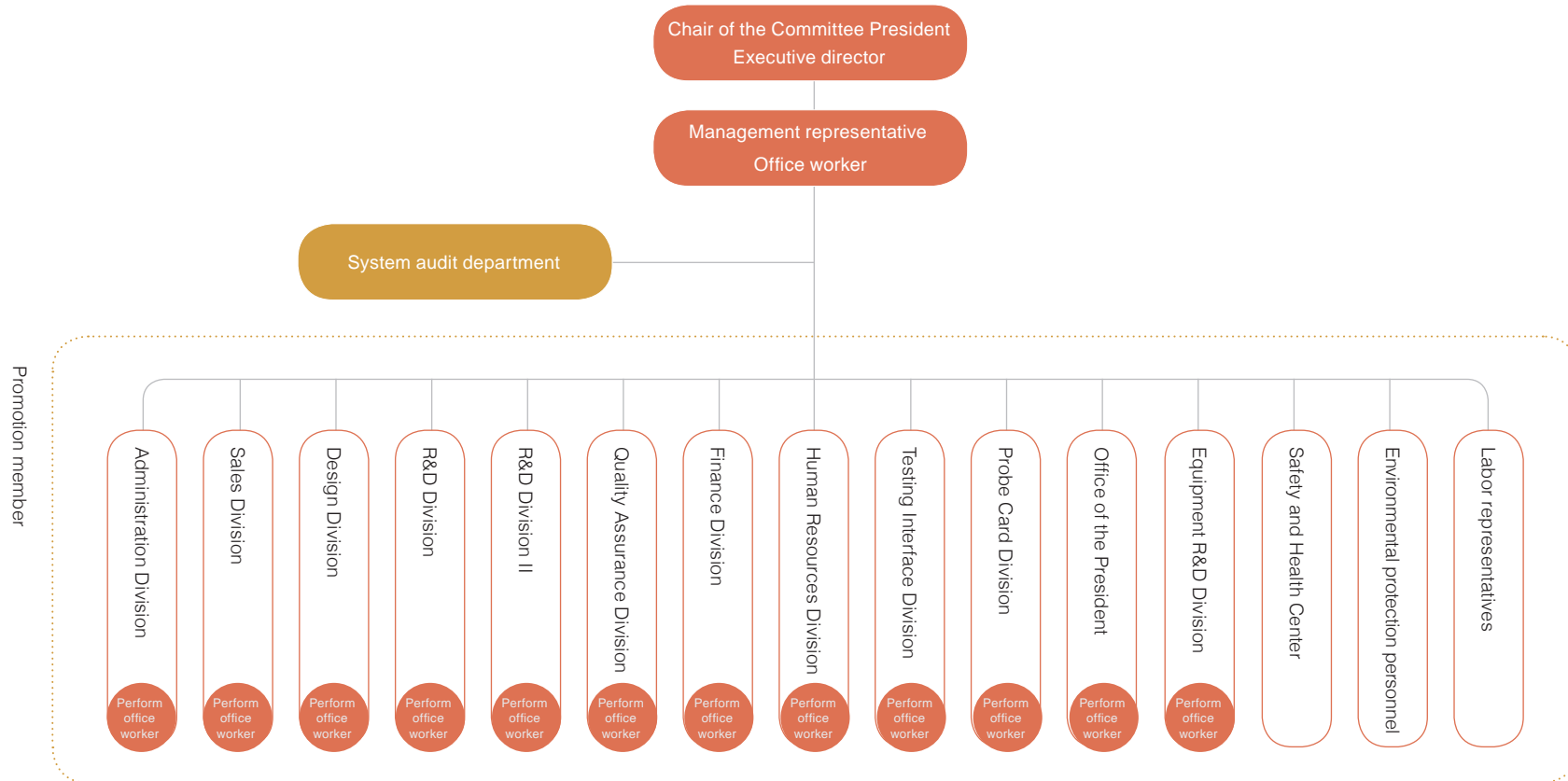
## Security protection

Protection item	Protection measures
Provision of personal protective equipment	According to the hazard level of the on-site operation environment, provide the required safety protective equipment, such as activated carbon masks, N95 masks, soundproof protective equipment (earplugs or earmuffs), etc.
Right to refuse unsafe work	Provide and ensure a safe working environment through the regular patrols of the guards, irregular inspections of the Safety and Health Center, and the implementation of illegal environmental assessments
Arranging regular health checkups for labors	Special health checkups: every year General health checkups: every two years, managerial supervisors health checkups: every three years In 2022, the number of general health checkups: 879, the number of special health checkups: 319, the number of managerial supervisors health checkups: 54, and the checkups rate was 100%.
Clear health and safety goals	Relevant management procedures are clearly stipulated, and health grading management is carried out according to the health checkups results of employees in the plant, to identify personnel with high-risk hazards, carry out risk hazard notification, improve the working environment, limit working hours, and use protective equipment.
Comply with the International Labor Organization	Comply with the regulations of the International Labor Organization, prohibit child labor, avoid overtime work, eliminate discrimination and forced labor.

### Worker participation, consultation, and communication on occupational health and safety

A meeting of the Occupational Safety, Health and Environmental Protection Committee is held every quarter, and is convened by the plant's top supervisor. The committee members are composed of head of division, safety and health management personnel, medical staff and labor representatives, and labor representatives must account for more than one-third of the total number of members in the meeting. During the meeting, the committee members will discuss all safety and health activities in the plant area and make recommendations on the plans and implementation results. If there is a disaster of personnel or equipment, the unit supervisor needs to explain and propose improvement measures to achieve the goal of review and improvement and prevent the problem from happening again. In addition, internal employees of the Company can provide occupational safety and health related suggestions to safety and health personnel or labor representatives through telephone, email, etc. at any time, and relevant safety and health personnel will communicate and discuss immediately. The Safety and Health Center or labor representatives will also bring up the situation or discuss unresolved occupational safety and health recommendations in the committee.

#### 1. Occupational Safety and Health and Environmental Protection Committee Organization



## 2. Occupational Safety and Health and Environmental Protection Committee responsibility

Committee organization	Responsibility
Committee (labor representatives account for more than one-third of the members)	<ol style="list-style-type: none"> <li>1. Responsible for the promotion of environmental safety and health policy.</li> <li>2. Coordinate and recommend occupational safety and health management plan.</li> <li>3. Review occupational safety and health education training and implementation plan.</li> <li>4. Discuss the resolution of occupational safety and health, environmental protection and other requirements management, and conduct a review of implementation deviations.</li> <li>5. Assess the audit items of the management system and implement performance tracking.</li> <li>6. Review hazard identification and risk assessment, identification results of environmental factors.</li> <li>7. Review management of occupational safety and health, environmental protection and other requirements, proposal planning, implementation and tracking.</li> <li>8. Review the planning and promotion of the Company's internal/external emergency response plan.</li> <li>9. Review various sources of pollution, operation environment inspection plans, results, and measures adopted.</li> <li>10. Review the investigation report on occupational safety and health and environmental incidents.</li> <li>11. Analysis and tracking of employee health protection and promotion implementation results and monitoring results.</li> <li>12. Other improvement suggestions or extemporary motions.</li> </ol>
Chair of the Committee	<ol style="list-style-type: none"> <li>1. Approve policies, goals and objectives.</li> <li>2. Supervise management system operation.</li> <li>3. Review management system promotion performance</li> <li>4. Require managers at all levels and management, command, and supervision related personnel to implement relevant occupational safety and health, environmental protection, and other requirements.</li> </ol>
Executive director	<ol style="list-style-type: none"> <li>1. Confirm that the requirements of the management system are established, implemented and maintained in accordance with this standard.</li> <li>2. Report the performance of the management system to managerial supervisor for review and as a basis for system improvement.</li> <li>3. Responsible for convening meetings and supervising the implementation of resolutions and evaluating the effectiveness of resolutions.</li> </ol>
Promotion member	<ol style="list-style-type: none"> <li>1. Responsible for the implementation of the work assigned by each unit and the confirmation of the effect.</li> <li>2. Responsible for reporting the work implementation status and performance of the unit at the committee meeting.</li> <li>3. Responsible for supervising subordinate personnel to promote various improvement work.</li> </ol>

## Number of work-related injuries over the years

Item	2020	2021	2022
Number of work hours	2,750,915	3,139,936	3,187,640
Number of fatalities as a result of work-related injury	0	0	0
Number of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injury	0	0	0
Ratio of high-consequence work-related injury	0	0	0
Number of recordable work-related injury	5	3	4
Ratio of recordable work-related injury	1.81	0.95	1.25

Note 1: When calculating the number and ratio of high-consequence work-related injuries, exclude the number of deaths

Note 2: When calculating the number and rate of recordable work-related injuries, include the number of deaths caused by work-related injury and calculate the rate in millions of hours worked

Note 3: Main types of recordable work-related injury in 2022: 1 injury from cutting, 1 injury from handling materials, 2 injuries from falls

Note 4: High-consequence work-related injury means failure to return to pre-injury health over six months

Note 5: Only injuries caused by commuting accidents, which occur while using transportation arranged by the organization, can be counted as work-related injuries, and employee commuting to and from work is not included

Note 6: Calculation of total working hours: employee swiping card data (including overtime hours) + contractor's monthly swiping card entry times\*8hr

Calculation of total working hours in 2021 and 2022: employee card information (including overtime hours) + contractors entering the plant \* 120 days \* 8hr (the construction personnel entering the plant will enter the plant for 10 days in a month, 12 months a year, so calculated for 10\*12=120 working days)

### Disabling severity rate calculation

Items	2020	2021	2022
Total number of injuries and losses	5	3	4
Total number of work days lost	1	28	174
Disabling frequency rate	1.81	0.95	1.25
Disabling severity rate calculation	0	8	54

Note 1: Disabling frequency rate: (total number of injuries and losses\*10^6)/total working hours

Note 2: Calculate disabling severity rate = (total number of work days lost \*10^6)/total working hours

Note 3: The type of injury in 2022 was post surgical rehabilitation or fall fracture, which will require longer days of recuperation and rehabilitation, resulting in a much higher value in 2022 than in previous years.

### 2022 Work-related injuries accident improvement response plan

Work-related injuries incidents	Number of People	Improvement methods
Commuting to and from work	12 incidents	Continue to promote the concept of safe driving
Injury caused by handling raw materials	1 incident	Started the investigation of the handling plan, purchased auxiliary equipment for medium and high-risk units, and produced educational and training materials
Injured fingers when operating the machine	1 incident	Install a two-handed start switch, and investigate whether there are risks of the same nature in the same type of equipment in the classroom
Fracture caused by ankle sprain while walking	2 incidents	In-class promotion, posting warning signs in the stairway

Note: Commuting to and from work is not included in the calculation of work-related injuries in the plant



### 3.4.2 Employee health management

#### Maintain the concept of employee health

We care about the health of our employees, promote their physical and mental health, provide employees with a safe, healthy and friendly working environment, promote health promotion activities and employee assistance programs, encourage employees to participate, and create a shared goal of a healthy workplace. We set up full-time occupational health nurses and hire qualified occupational medicine specialists and trained labor health service physicians to serve at the plant to ensure that every employee can work in a workplace environment under the utmost care.

#### Actions related to physical and mental health promotion and disease prevention

Perform item	Perform outcome
Arranging regular health checkups for labors	<ul style="list-style-type: none"> <li>a. Provide health care that is superior to the laws and regulations, and employees' family members can participate in health checkups activities according to the employee's health checkups items and amount.</li> <li>b. Publish health education, epidemic prevention information and other information every month, and publish them simultaneously in the "EIP Safety and Health Bulletin" so that personnel in all districts can know the latest safety and health issues, correct health care and disease prevention concepts in the first place.</li> <li>c. Special health checkups: every year, general health checkups: every two years, managerial supervisors health checkups: every three years.</li> <li>d. In 2022, the number of general health checkups: 879, the number of special health checkups: 319, the number of managerial supervisors health checkups: 54, and the checkups rate was 100%.</li> <li>e. Analyze, evaluate and manage employee health checkups and special health checkups records, and take the initiative to care for them according to their graded management. When necessary, arrange doctors to conduct interviews and provide health guidance and care.</li> </ul>
For employees working in special places, special operation health checkups are provided	For employees working in special places, provide corresponding health checkups for special operations (such as noise, dust, ionizing radiation inspections, etc.). Work especially hazardous to health: superior to full-frequency audiometry: 135 people, ionizing radiation operation: 118 people, lead operation: 64 people, n-hexane operation: 8 people, manganese and its compounds operation: 136 people, dust operation: 59 people, chromic acid and its salts or dichromic acid and its salts operation: 8 people, nickel and its compounds operation: 136 people, formaldehyde operation: 72 people.

Perform item	Perform outcome
Improve work environment	<ul style="list-style-type: none"> <li>a. Operating environment related to chemical factors: According to the results of operating environment monitoring, when the exposure concentration is higher than 1/2 of the allowable concentration, the process improvement will be implemented; the monitoring results in 2022 was lower than 1/2.</li> <li>b. Operating environment (noise) related to physical factors: According to the results of the monitoring of the operating environment, when the number of decibels is higher than the statutory requirements, the process improvement will be implemented; the monitoring results in 2022 were all lower than the statutory requirements.</li> </ul>
Promoting smoke-free workplaces or tobacco hazard prevention actions	Comply with the regulations on smoking prevention and control, and smoking is prohibited in the Company.
Arrange stress relief lectures, health lectures, human hazard prevention lectures or on-site guidance	Due to the severity of the COVID-19 epidemic, there were no physical health lecture courses held in 2022. Instead, more emphasis will be placed on addressing personal health issues through on-site medical services: Safe material handling plan human-induced hazard prevention, cardiovascular disease-related health education, postoperative return to work assessment and care, pregnant colleagues' physical and mental care and work environment assessment. And record cardiovascular disease health lecture course allows colleagues to understand the pre-symptoms, emergency treatment, and prevention of cardiovascular diseases through the course.
Advocating for health promotion activities	Due to the impact of the epidemic, in 2022, more online announcements were made to implement health and education leaflets for promotion. In 2022, a total of 283 copies were issued, including 4 copies of health promotion documents, 28 copies of epidemic prevention promotion documents, and in-plant epidemic announcements: 238 copies, safety and health promotion documents: 13 copies.

#### Prevention of occupational diseases and related hazards

By using relevant assessment tools such as Framingham risk score and overload questionnaire, musculoskeletal questionnaire, job site hazard identification, environmental risk assessment, etc., to carry out related assessments such as overload, musculoskeletal, and illegal infringement workplace, there were no occupational diseases cases in 2022.

### 3.4.3 Contractor safety and health management

CHPT has long regarded contractors and collaborative partners as part of ourselves. CHPT attaches great importance to the safety and health of contractors and collaborative partner, so we strictly implement relevant management regulations. To effectively implement the safety and health management work, CHPT has formulated a safety and health policy. Convey or announce policies to employees, contractors, customers, suppliers, and other stakeholders publicly (e.g., community residents). The headquarters, as the general supervisor of the implementation outcome of each plant, regularly report the implementation outcome of the safety and health improvement plans of each plant, including the follow-up and preventive measures for accidents and violations, to review the status and continue to improve, to achieve the goal of creating the best health workplace.

In order to prevent disasters or work-related injuries incidents, we will assess the risk comprehensively of the operating environment in the construction area before contracting. When signing the contract, we require contractors and collaborative partners to abide by the current laws and regulations related to safety, health and environmental protection. At present, we are cooperating with 268 contractors. The Company has standardized and systematized the contractor management system and established contractor management procedures. Professionals conduct risk assessments on contract operations, identify potential dangers, and formulate corresponding safety management projects. Work with contractors to control predictable risks and reduce the possibility of disasters, implement contractor safety and health management, and ensure that all personnel entering the plant can work safely.

#### Safety management criteria for undertaking safety and health construction

1. Before the construction of the contracted project, the undertaker of the project contracting must hold a "job safety analysis meeting" together with the contractor's project leader and security personnel. The contractor will propose various possible hazards one by one for the various operations of the project, and propose preventive measures for these hazards.
2. At the beginning of the project, a "toolbox meeting" must be held every day, and the possible hazards caused by the operations performed on that day must be explained to the construction personnel one by one.

In 2022, there were 665 projects and 3123 construction applications, among which the applications for special operations are as follows:

- Elevated operations: 807 pieces
- Hot operations: 644 pieces
- Crane operations: 35 pieces
- Chemical pipeline operations: 17 pieces
- Organic solvent operations: 391 pieces
- Confinement/hypoxic operations: 1 piece
- Roof operations: 6 pieces





## 3.5 Diverse and inclusive

CHPT adhering to the commitment of "people-oriented, treating with heart", we are committed to providing every employee with a dignified, safe and healthy working environment. The Company abides by the local laws and regulations of each location of operations around the world, and refers to the International Labor Office Tripartite Declaration of Principles, the UN Universal Declaration of Human Rights, and the UN Global Compact and other related conventions to promote internal human rights policies and measures, and continue to create a friendly, equal, and free workplace, facilitate the happy work and growth of employees. Advocating gender equality, respecting freedom of association, caring for disadvantaged groups, prohibiting child labor, eliminating all forms of forced labor or illegal discrimination, and ensuring equal distribution of job opportunities.

### Human Rights Provision

#### Emphasize the promotion of labor and business ethics policies

CHPT attaches great importance to the promotion of labor and business ethics policies and strives in every detail to allow employees to work and grow in a friendly and equal environment. The Company strictly prohibits inhumane treatment of employees, including any form of sexual harassment, violence, corporal punishment, mental or physical oppression, or verbal insults and discrimination, the Company promotes relevant laws and regulations on human rights protection through platforms such as work rules, document management systems, and bulletin systems to improve employees' human rights awareness and ensure that every employee is treated with respectful and fair humane treatment.

- Regularly promote the prevention mechanism of workplace bullying internally: assist employees to understand workplace bullying, know how to avoid bullying behavior, and jointly create a friendly working environment that is willing to communicate and open management. In 2022, the Company did not have any bullying incidents. In addition, the Company has established "Sexual Harassment Prevention Operation Management Measures", "Human-Induced Hazard Prevention Measures", "Abnormal Workload Triggers Disease Prevention Measures", "Health Checkups Operation Management Measures", and "Duty Execution Measures for Illegal Infringement Prevention Measures", and other measures. These measures are reviewed irregularly to comply with laws and regulations. At the same time, "procedures and measures for handling and investigating incidents of illegal infringement in the performance of duties" are set up to protect the rights and interests of all colleagues and create a friendly workplace environment.
- Online courses on sexual harassment prevention for new recruits: Help colleagues understand the concept of sexual harassment, sexual harassment prevention, and how the Company handles sexual harassment incidents. In 2022, there were no sexual harassment complaints and the Company accepted 4 customer RBA audits or questionnaire surveys, all of which were in compliance with the regulations and there were no sexual harassment, bullying and other illegal workplace cases.

### Sexual Harassment Prevention and Related Practices

1. Establishing norms: CHPT absolutely attaches great importance to the equal rights of men and women, and has established "Sexual Harassment Prevention Operation Management Measures", and regularly review the measures to comply with legal norms. There were no sexual harassment complaints in 2022.
2. Complaint channel: The Company has a dedicated complaint line and employee suggestion boxes (1st, 2nd, 3rd, 4th, 8th, 9th, and 10th floors of the headquarters, 2nd and 5th floors of the Plant 1; Hsinchu office). Employee Complaint Mailbox (free\_talk\_hq@chpt.com).
3. Tracking and managing: The feedback channel accepts anonymous and named complaints from colleagues to the employee suggestion mailbox, and absolutely attaches importance to the employee's response to the problem. The suggestions through the response will be tracked and managed by the "special case team" until the cases are closed.
4. To prevent sexual harassment and illegal infringement in the workplace, in addition to formulating management measures in accordance with laws and regulations, we also set up sexual harassment complaint hotlines and mailboxes, organize illegal infringement in the workplace and sexual harassment prevention education and training, and formulate handling and investigation procedures for illegal infringement in the performance of duties to create a friendly workplace.

### Diverse appointments, non-discrimination, anti-bullying

1. Diverse appointments and non-discrimination. In order to prevent the occurrence of discrimination cases, the Company clearly stipulates the "Prohibition of Discrimination Policy" in the Recruitment and Appointment Management Measures, including age, gender, religion, blood type, constellation, sexual orientation, etc., and promotes the diverse employment of people from different ethnic groups in each unit. Provide equal job opportunities.
2. Pay attention to equal pay for equal work, and regularly review the salary system to ensure internal fairness and external competitiveness.
3. The "Employee Recruitment Operation Management Measures" clearly stipulates that the Company shall appoint employees without differences due to race, place of birth, or religious belief.
4. The Company is required by law to employ a total of 6 employees with disabilities. In addition to enjoying relevant rights and interests according to law, the Company has set up special elevators and parking spots for people without disabilities to protect the rights and needs of employees with disabilities.
5. Indigenous Peoples Protection: The Company complies with the Labor Standards Act. If an employee is indigenous people and needs to ask for leave and it meets the facts, the Company may give the indigenous people a leave of absence for festivals and ceremonies.

## Prohibit child labor

1. Through the "Responsible Business Alliance Code of Conduct", CHPT requires suppliers to meet sustainable standards, including the issue of not using child labor, and the signed back rate of the affidavit is 100%.
2. The Company follows the "Employee Recruitment Operation Management Measures", and any behavior that may cause the employment of child labor is not allowed. We also follow the "Guidelines for the Adoption of Codes of Ethical Conduct", care for and respect all employees, protect the legitimate rights and interests of employees, and then stimulate employees to be creativity and enthusiasm to the Company.

## Prohibition of forced labor

1. When the employment relationship is established, the labor contract is signed according to the law. The contract states that the employment relationship is established based on mutual agreement. When adjusting the positions of colleagues in response to the Company's business needs, we also follow the "Employee Job Transfer Operation Management Measures" to seek employees' consent before proceeding with the operation.
2. In accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct", the Company cares for and respects all employees, and protects the legitimate rights and interests of employees, to enhance employees' sense of identity and solidarity with the Company.
3. Standardize the protection measures for female workers in accordance with the "Work Rules", especially the protection measures for pregnant female workers: including not working at night and not engaging in dangerous work, etc., and protecting the safety of female workers working at night.
4. During the period of employment (including the probatio), employees who feel that they are not suitable for the position or have incompatible interests may ask for resignation and will not be forced to work.
5. According to the [CHPT Human Rights Policy], when the employment relationship is established, a labor contract is signed according to the law. The contract states that the employment relationship is established based on mutual agreement. When adjusting the positions of colleagues in response to the Company's business needs, we also follow the "Employee Job Transfer Operation Management Measures" to seek employees' consent before proceeding with the operation, and will not force them to work.
6. Formulate the [Employee Overtime Operation Management Measures] in compliance with the law. The extension of working hours requires the unanimous consent of both the supervisor and the colleagues. Colleagues can choose to apply for overtime pay or compensatory leave based on their preferences. The Company clearly stipulates in the [Work Rules] that the daily working hours shall not exceed 12 hours, and the weekly working hours shall not exceed 7 days. The monthly overtime limit is 46 hours, and the relevant norms are regularly promoted in labor-management meetings.
7. Set up a reminder function for colleagues to declare overtime in the attendance system, and review and remind colleagues monthly to avoid overtime.

## Employee training on human rights policies or procedures

1. In 2022, a series of occupational safety training courses were offered, with a total of 420 courses and a total of 4,031 trainees, covering "legal knowledge promotion (personal confidentiality obligations, personal data protection, insider trading, technical protection, honesty and integrity)" and "human resources system and sexual harassment prevention promotion" and other categories.
2. Every two years, CHPT organizes online courses [Note 1] of compulsory training "Preventing Insider Trading" and "Confidentiality, Honesty and Integrity" for all employees. Each course study includes a test for about 1 hour, (0.5 hours of course hours and 0.5 hours of test hours), the test scores need to reach 100 points to pass.

Note 1: The content of the course includes explaining the constituent elements of insider trading, the penalties for violating insider trading, how to avoid false insider trading, and the promotion of confidentiality, honesty and integrity, and so on.

- "Prevent Insider Trading" online course: 1063 trainees completed the training, with a total of 531.5 training hours. The next training time is scheduled for 2023.
- "Confidentiality, Honesty and Integrity" online course: 1062 trainees completed the training, with a total of 531 training hours. The next training time is scheduled for 2023.



## Overview of human rights issues assessment and mitigation measures

Object	Affected Object	Human Rights Issue	Assessment/ Communication Channel	Mitigation Measures
Employee	All employees	Anti-discrimination, child labor, working hours and salaries, prohibition of forced labor, freedom of expression, religion, and association.	Labor-management meetings Complaint hotline Employee suggestion box Employee complaint mailbox	Work rules Recruitment and Appointment Management Measures Employee Overtime Operation Management Measures
Employee	indigenous peoples	Indigenous peoples' protection		In accordance with the Labor Standard Act, the indigenous peoples are entitled to seasonal ritual leave.
Employee	Disabled	Work environment safety		There are special elevators and special parking spots for the disabled employees
Employee	Pregnancy and breastfeeding colleagues	Health (pregnancy and breastfeeding)	Pregnancy and one year after pregnancy	Planning and execution of maternity health protection program
Employee	All employees	Health	Bad health checkups result	Manage regular health checkups Health checkups reminder and promotion Manage health promotion movement On-site doctor's health consultation clinic
Suppliers/ contractors	Contractors employees	Privacy rights (Supply chain management)	Supplier meetings Manufacturer self-evaluation Plant visit audit	Supplier management procedure
Clients	Owner employees	Privacy rights	Owners meeting	Confidentiality commitment

### External initiatives

CHPT follows the RBA Code of Conduct in four categories of requirements and guidelines, including labor rights, occupational safety, environmental protection, and business ethics, to ensure that all rights and interests of stakeholders such as colleagues, customers, suppliers, and contractors will not be damaged, and CHPT requires all relevant suppliers/contractors to sign the "Statement of the Code of Ethics and Business Conduct" and "Declaration of Non-Use of Conflict Minerals" in the process of providing CHPT products or services and other related contracts, to eliminate any unfair, unfair and discriminatory behaviors in procurement activities. In 2022, CHPT had no human rights issues, including discrimination, child labor, forced labor, and violation of freedom of assembly and association.

## 4 Low-carbon Cycle Mitigate Impact

### 4.1 Energy resource management

Environmental target KPI implementation in the past three years

Year	Goals	Description	Perform plan	Invest resources	Achievement
2020	Reuse of resources (reuse of wastewater from public systems)	Cooling water drainage and ROR wastewater drainage are reused as a secondary water	Configure pipelines and tanks to collect the water that was originally discharged into the wastewater for use in other units.	700 thousand	Water conservation was 50,100 thousand tons per year
2021	Reuse reclaimed water	Expanded reclaimed water collection and use unit	Assess the water quality status and needs of each unit	1.462 million	Water conservation increased from 72,682 tons per year to 96,651 tons per year
2022	System energy conservation	Building a magnetic levitation chiller to reduce energy consumption	Install 300RT chiller to replace the existing 2 sets of 200RT chiller, and install energy conservation magnetic levitation chiller	7.07 million	From August to December in 2022, electricity consumption was saved by 338,000 kWh compared with 2021, and carbon emissions were reduced by 172 metric tons of CO <sub>2</sub> e

### 4.1.1 Raw Material Management

The top five raw materials used in the production of CHPT are substrates, adhesive films, potassium gold cyanide, sodium sulfite gold, and sealing adhesive. All of them are 100% virgin materials, and no renewable materials are used. At the same time, for some customers, the packaging is changed to aluminum boxes, and the aluminum boxes can be reused by customers after they are shipped to the client.

#### Annual usage weight of raw materials in 2022 (non-renewable)

Item	Unit	Quantity
CCL copper foil substrate	sheet	43,083
	pcs	112,493
Adhesive films	roll	165
	pcs	114,908
Potassium gold cyanide	g	14,700
Sodium gold sulfite	lit	268
Sealing adhesive	kg	620



### 4.1.2 Energy management

The main energy use of CHPT is purchased electricity, natural gas and gasoline. The scope of energy use inventory in 2022 included CHPT Taiwan plants, and its coverage rate reached 100%.

Unit: GJ Gigajoule

	2020	2021	2022
Item	578	481	487
gasoline	0	0	40
diesel	668	767	584
gas extraction	92,881	97,028	107,905
Purchased electricity	94,127	98,276	109,016
Total energy use	22.37	23.17	24.84
Total energy use intensity (GJ/million revenue)			

Electricity consumption in 2022 (Pingzhen 29,920,694 + Hsinchu Office 153,130 + Taichung Office 2,439 + Kaohsiung Office 26,386) \* 3.6 million joules \* 10<sup>-9</sup> (GJ) = 107,905 (GJ) energy

Natural gas 9000kcal/m<sup>3</sup>, 1kcal=4.1868\*10<sup>-6</sup>  
2022 used (17430m<sup>3</sup>+ Kaohsiung 0m<sup>3</sup>) \*8,000kcal\*4.1868\*10<sup>-6</sup>=584(GJ)

Gasoline 7800kcal/L, 1kcal=4.1868\*10<sup>-6</sup>  
2022 used 14919.74L\*7,800kcal\*4.1868\*10<sup>-6</sup>=487(GJ)

Diesel 8400kcal/L, 1kcal=4.1868\*10<sup>-6</sup>  
2022 used 1,150L\*8,400kcal\*4.1868\*10<sup>-6</sup>=40(GJ)

[Note]

- 1 kWh = consumes 3.6 million joules (J) of energy
2. The Company has not used renewable energy until 2022.
3. The Company's products have no external energy consumption.

### Electricity Saving Management

Energy management has been carried out since 2015, and the electricity saving and average electricity saving rate in the past three years are as follows:

Year	2020	2021	2022
Electricity saving (kWh)	90,983	438,542	484,511.8

Statistical year (Headquarters)	2018-2020	2018-2021	2018-2022
Average electricity saving rate	0.13 %	0.76 %	0.7 %

Statistical year (Plant 1)	2016-2020	2016-2021	2016-2022
Average electricity saving rate	1.03 %	1.16 %	1.31%

### Practical electricity savings actions in 2022

Year	The energy conservation and carbon emissions reduction measures description	Energy saving performance (unit: kWh)	Carbon reduction performance (Unit: tons CO2e)
2022	Headquarters 1. Lighting improvement projects. 2. Headquarters 4F process exhaust adjustment and energy conservation improvement.	484,511.8	246.62
	Plant 1 1. RF ice water system energy conservation improvement project. 2. Plant 1 - Compression cooling tower energy conservation improvement project. 3. 300RT magnetic levitation chiller addition project. 4. Sputtering machine cooling water system modification pipeline addition project.		

- [Note] 1. Energy conservation performance: each measure improves the benefit of the year (kilowatt-hour)\* the proportion of recognized months = energy conservation (kilowatt-hour)
2. Formula source: conservation audit technology information service of Bureau of Energy, Ministry of Economic Affairs
3. Carbon reduction performance: electricity saving \* 2022 electricity carbon emission coefficient (0.509)
4. Electricity carbon emission coefficient: Ministry of Economic Affairs website

### 2021 (December) ~ 2022 (November) energy conservation improvement

- Name of plan:** Headquarters lighting energy conservation improvement project
- Description of program measures:** For the public area lighting system in the plant area, install induction sensors and change the lamp connection in the corridor lighting.
- Invest resources:** The project amount is NT\$389,700.
- Energy conservation effect:** 2022 electricity savings kWh: 32,966.208 kWh per year



### 2022 (July) ~ 2023 (June) energy conservation improvement

- Name of plan:** Headquarters 4F process exhaust adjustment and energy conservation improvement.
- Description of program measures:** Adjusting the exhaust air volume without affecting the process production can reduce the air conditioner in the clean room, which can relatively reduce the operating frequency of the air conditioner.
- Invest resources:** The project amount is NT\$0.
- Energy conservation effect:** 2022 electricity savings kWh: 34,181.96 kilowatt-hour per year



### 2021 (February) ~ 2022 (January) energy conservation improvement

- **Name of plan:** Plant 1-RF ice water system energy saving improvement project-Add frequency conversion system to ice water pump
- **Description of program measures:** For the planning of improving the performance of the ice water system in the plant area, the ice water pump of the ice water system on the top floor is controlled by a frequency converter to optimize the operation performance of the chiller.
- **Invest resources:** The project amount is NT\$500,000.
- **Energy conservation effect:** 2022 electricity savings kWh: 15,517.287 kilowatt-hour per year



### 2022 (August) ~ 2023 (July) energy conservation improvement

- **Name of plan:** Plant 1 - 300RT magnetic levitation chiller addition project. - Add chiller with low power consumption
- **Description of program measures:** For the purpose of adding a magnetic levitation chiller with lower power consumption to replace the existing chiller system in the plant.
- **Invest resources:** The project amount is NT\$5,672,000.
- **Energy conservation effect:** 2022 electricity savings kWh: 338,644.6 kilowatt-hour per year



### 2022 (April) ~ 2023 (March) energy conservation improvement

- **Name of plan:** Plant 1 - Compression cooling tower energy conservation improvement-Integrated replacement of cooling water towers.
- **Description of program measures:** For the cooling water towers of the two sets of compress equipment in the Plant 1, replace them and use larger tons of cooling towers to supply the compress equipment, and use frequency conversion cooling water fans with temperature control to improve energy conservation.
- **Invest resources:** The project amount is NT\$1,566,000.
- **Energy conservation effect:** 2022 electricity savings kWh: 51,932.8 kWh per year



### 2022 (November) ~ 2023 (October) energy conservation improvement

- **Name of plan:** Plant 1 - Sputtering machine cooling water system modification pipeline addition project- Modify the cooling water system pipeline of the sputtering machine to the cooling water system in the plant  
Reduce the power of equipment cooling tower fans and circulating pumps.
- **Description of program measures:** For the modification of the cooling water system pipeline of the sputtering machine to the cooling water in the plant  
The system reduces the power of cooling water tower fans and circulation pumps.
- **Invest resources:** The project amount is NT\$500,000.
- **Energy conservation effect:** 2022 electricity savings kWh: 11,269 kilowatt-hour per year



### Office energy conservation measures

CHPT promotes the implementation of office energy conservation measures and plans. Through the promotion of energy conservation methods, office colleagues can cultivate good habits of energy conservation. Sustainable goals. Through the cultivation of the habit of energy conservation at work on weekdays, the efficiency of energy use is improved, environmental pollution is reduced, and the goal of environmental sustainability is achieved.

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Air conditioner temperature setting.



The lighting fixtures are equipped with drawstrings to remind employees to turn off the lights.



The document approval operations, procurement operations, and other operational operation processes and the announcement column are digitized.



Encourage employees to use stairs for short floor-to-floor movement to save energy and promote health.



Use photocopiers with power-saving functions, which can automatically enter the power-saving state when they are not in use.



Regularly clean the air conditioner filter to ensure the efficiency of the air conditioner.



Windows in the office use curtains to block solar radiation heat and reduce air-conditioning power consumption.

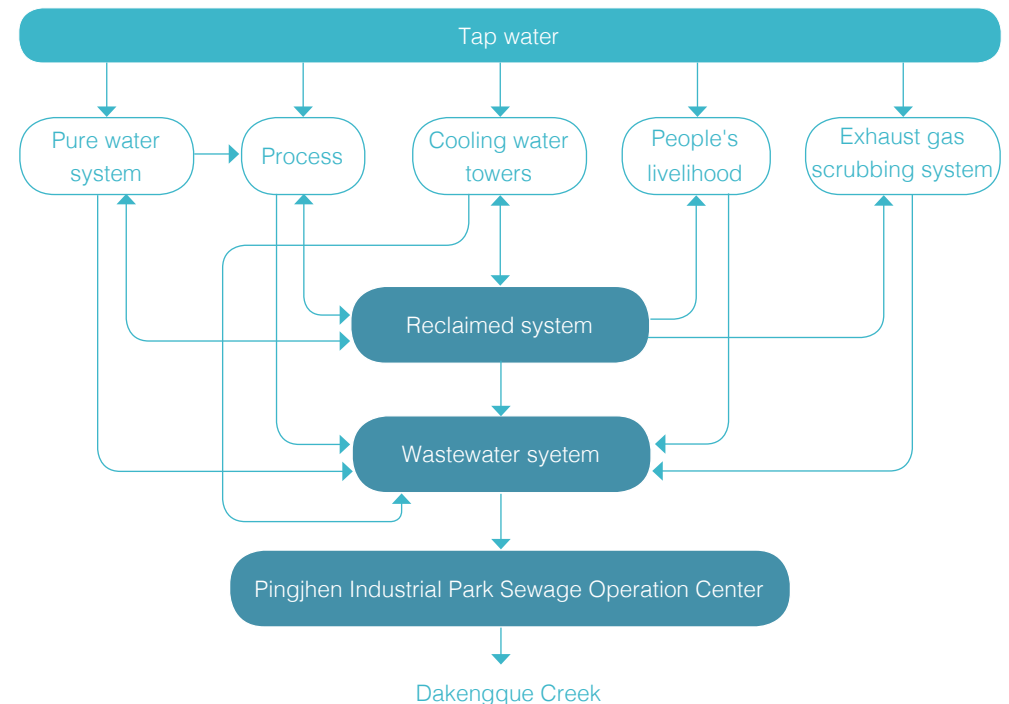


Turn off unnecessary lighting during the lunch break at noon.

### 4.1.3 Water Management

In terms of water use, 100% of the water used by CHPT comes from the Taiwan Water Corporation, and non-using well water, groundwater, rainwater, and other water sources. In the use of water resources, due to the nature of the business of CHPT, the plant is not a water-intensive industry, and the rest of the locations of operations are mainly office-type, and they are not large water users. Considering that the distribution of rainfall in Taiwan is extremely uneven in regions and seasons, it is easy to cause regional and seasonal droughts. To avoid the risk of water shortage, the Company installed 1.2 million liters of underground water tanks when the headquarters was built. The Company continues to promote water-saving measures and is committed to reusing reclaimed water.

#### Relationship between water use at the headquarters and the upstream and downstream environments





## Tap water volume

Water withdrawal unit: megaliters

Tap water volume	2020	2021	2022
Headquarters	45.5	37	44
Plant 1	174.8	181.5	179.1
Hsinchu Office	-	-	1.5
Taichung Office	-	0	-
Kaohsiung Office	-	0.127	0.206
Total	220.3	219.99	224.8

[Note]

- The tap water is recorded and counted by the general meter of the Water Corporation
- Since the Hsinchu office has no water meter statistics, the water withdrawal, discharge, and water consumption of the plant are amortized based on the plant area; the Taichung office has no water-related documents because the water fee is included in the rent.

## The volume of reused reclaimed water

Water withdrawal unit: megaliters

	2020	2021	2022
The volume of reused reclaimed water	72.7	96.7	115.1

## Water discharge

Water withdrawal unit: megaliters

	2020	2021	2022
Headquarters	29.5	14.3	17.8
Plant 1	119.4	114.4	137.3
Total	148.9	129.8	155.1

## Water discharge

Water withdrawal unit: megaliters

	2020	2021	2022
Headquarters	16	22.7	26.1
Plant 1	55.5	67.1	41.9
Total	148.9	129.8	68

\* Water consumption is water withdrawal minus discharge

## Utilization course of reclaimed water

Process reclaimed water recycling: In 2016, a process reclaimed water recycling system was established, and the best operating conditions of the system were continuously optimized to manage process wastewater at different levels. Low-pollution wastewater was incorporated into the reclaimed water recycling system to produce primary process and secondary systems water.

Recycling of process wastewater: Process wastewater is classified and managed, and a filtration system is built to use it as secondary systems water.

Recycle the wastewater from the cooling water system and use it as the third-level systems water and toilet flushing water. Collect the wastewater from the pure water system and build a ROR system to purify the wastewater into RO-grade primary process water and put it back into the process for reuse. Concentrated discharged wastewater is used as secondary systems water.

The recycling status of the wastewater reuse system is as follows:

Year	2020	2021	2022
Tap water consumption	174.8	181.5	179.1
Reclaimed water consumption	72.7	96.7	115.1
Recycling and reuse rate	42%	54%	64%

Note:

- Only calculate the plant side
- Reclaimed water consumption/(tap water consumption)

#### 4.1.4 Greenhouse Gas Management

CHPT has always been committed to practicing the concept of sustainable development and incorporating it into the Company's business strategy. To promote sustainable development more effectively, CHPT follows the "Sustainable Development Roadmap for TWSE/GTSM Listed Companies" formulated by the competent authority, and voluntarily plans to carry out the work of greenhouse gas inventory. The inspection of greenhouse gas emissions in the plant area and verification related operations by CHPT are carried out in accordance with the specifications of ISO 14064-1, and passed greenhouse gas inventory verification by the third-party verification unit AFNOR ASIA LTD. in March 2023, obtained ISO 14064-1:2018 verification statement.

The results of the 2022 greenhouse gas inventory of CHPT emissions totaled 24,829.945 metric tons of carbon dioxide equivalents (CO<sub>2</sub>e) for the whole year, and the category 1 emissions totaled about 4,052.679 metric tons of carbon dioxide equivalents (CO<sub>2</sub>e), accounting for 16% of the Company's total emissions; the category 2 emissions totaled about 15,322.249 metric tons of carbon dioxide equivalents (Co<sub>2</sub>e), accounting for 62% of the total emissions; category 3 emissions totaled about 330.212 metric tons (CO<sub>2</sub>e), accounting for 1% of the total emissions, category 4 emissions totaled about 5,124.805 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e), accounting for 21% of the total emissions.

2022 Greenhouse gas emissions were as follows:

Emission equivalent (Ton CO <sub>2</sub> e/Year)	Taoyuan	Hsinchu	Taichung	Kaohsiung	No partition	Total	Percentage
Category 1	4,028.471	21.744	0.200	2.265	-	4,052.679	16%
Category 2	15,229.633	77.943	1.242	13.430	-	15,322.249	62%
Category 3	-	-	-	-	330.212	330.212	1%
Category 4	5,108.349	13.866	0.215	2.375	-	5,124.805	21%
Total	24,366.453	113.552	1.657	18.071	330.212	24,829.945	
Percentage	98.13%	0.46%	0.01%	0.07%	1.33%		100%

Note

- The Company's types of greenhouse gases inventory include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), nitrogen trifluoride (NF<sub>3</sub>), sulfur hexafluoride (SF<sub>6</sub>) and other appropriate groups of greenhouse gases [hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), etc.]
  - Category 1 direct greenhouse gas emissions: including direct emissions from stationary combustion sources (natural gas, diesel), direct emissions from mobile combustion sources (gasoline), direct emissions from manufacturing processes (acetylene, carbon tetrafluoride), direct emissions from direct fugitive emissions (refrigerants, methane)
  - Category 2 Indirect greenhouse gas emissions from input energy sources: purchased electricity
  - Category 3 indirect greenhouse gas emissions from transportation: including upstream and downstream transportation and distribution of goods and employee travel
  - Category 4 indirect greenhouse gas emissions from products used by the organization: including indirect emissions from purchased goods (main materials), energy use, water, wastewater, and waste
- Global Warming Potential (GWP) refers to the Global Warming Potential value of the IPCC 2021 Sixth Assessment Report.
- Category 1 direct greenhouse gas emissions: Management Table 6.0.4 of Greenhouse Gas Emission Coefficients of the Environmental Protection Agency, Executive Yuan.
- The category 2 electricity emission reference coefficient refers to the electricity emission coefficient announced by the Bureau of Energy, Ministry of Economic Affairs in 2022: 0.509 kg of carbon dioxide equivalents.
- The category 3 upstream and downstream transportation and distribution of goods (transportation and distribution of materials, auxiliary materials, and energy) coefficient are selected from the Carbon Footprint Database of the Environmental Protection Administration's Carbon Footprint Information Platform according to the vehicle.
- Category 4 purchases transportation of goods, waste disposal and waste (sewage) water treatment services and vehicle emission coefficients are all adopted from the Carbon Footprint Database of the Environmental Protection Administration's Carbon Footprint Information Platform.

## 4.2 Pollution Prevention

### 4.2.1 Treatment of wastewater

The Company's water is divided into three major areas: process water, public water and employee domestic water. After the domestic sewage is treated by the sewage facilities, the process wastewater and public water are treated by the waste water plant, and are treated legally through the sewage system, and the discharged water is regularly tested to ensure that the water quality meets the standards. There was no illegal pollution in 2022, and there was no significant impact on environmental water sources. The wastewater in the plant is mainly classified into general washing, acid-base waste liquid, nickel-containing waste liquid, chelated copper waste liquid, and outsourced treatment waste liquid. To enhance the wastewater treatment efficiency, the high-concentration waste liquid is treated by the wastewater pre-treatment system, and then the supernatant liquid is collected into the wastewater post-treatment system for further treatment. The wastewater system will be introduced into the plant monitoring system to ensure that the water quality meets the discharge standards and finally be brought into the Pingzhen Sewage Operation Center. To maintain the best treatment status of the equipment for regular maintenance and inspection, the external inspection data of the discharge water in 2022 are as follows:

Pollutants	Unit	The quality of water released from the Plant 1	The quality of water released from the Headquarters	Pingzhen Sewage Operation Center management limit	Surface water discharge standards
Water temperature	° C	28.6	22.2	<45	32-42
Hydrogen ion concentration	NA	7.6	7.8	5-9	6-9
Biochemical oxygen demand	mg/L	27.5	19.7	240	15
Chemical oxygen demand	mg/L	73.4	36.6	400	80
Suspended solids	mg/L	8.4	5.4	160	25

Pollutants	Unit	The quality of water released from the Plant 1	The quality of water released from the Headquarters	Pingzhen Sewage Operation Center management limit	Surface water discharge standards
Cyanide	mg/L	<0.01	<0.01	1	1
Cadmium	mg/L	ND	ND	0.02	0.02
Lead	mg/L	ND	ND	0.5	0.5
HG	mg/L	ND	ND	0.005	0.005
Hexavalent chromium	mg/L	ND	ND	0.35	0.35
Arsenic	mg/L	ND	0.0005	0.35	0.35
Nickel	mg/L	0.015	0.003	0.7	0.7
Copper	mg/L	0.193	0.021	1.5	1.5
Total chromium	mg/L	0.004	ND	1.5	1.5
Zinc	mg/L	0.023	0.009	3.5	3.5
Nitrate nitrogen	mg/L	1.46	0.33	50	50
Fluoride	mg/L	0.55	0.12	15	15
boron	mg/L	0.37	0.06	5	5
tin	mg/L	ND	ND	2	2
Molybdenum	mg/L	0.002	0.001	0.6	0.6

[Note]

1. Except for the biochemical oxygen demand of the Taoyuan plant area which is higher than the surface water discharge standards, the rest are lower than the surface water standard.
2. Taoyuan plant area release water standard according to the Pingjhen Industrial Park waste (sewage) water discharge into the sewage treatment plant limit table - released in 2019.
3. The Hsinchu office is located in the joint office of Hsinchu Science Park Si-Soft. The domestic sewage is treated by the Si-Soft and then discharged. The Taichung and Kaohsiung offices are general residential areas, which are collected and treated by the public sewage system before being discharged.

## 4.2.2 Waste Management Measure

CHPT promotes waste management measures, strengthens waste management, increases the proportion of resource recycling and resource sharing. Reduce the waste generated during the operation process from the source, and use recycled materials in the product packaging process to achieve waste reduction and recycling use. In accordance with the circular economy model, wastes are effectively reused and wastes are turned into resources.

### Status of Discharge of Waste

Unit: ton

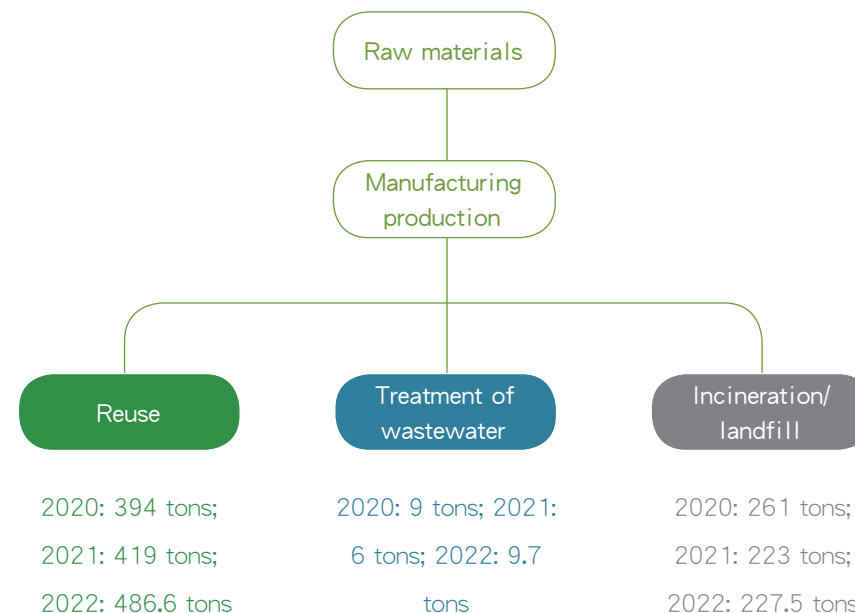
	2020	2021	2022
Domestic waste	117	129	140.1
General industrial waste	70	45	57.7
Hazardous industrial waste	83	55	39.4
Reuse waste	394	419	486.6
Sub-total	664	648	723.8

Note: Only the plant side is counted

### Disposal of waste

The output department temporarily stores and classifies the waste according to the waste list and regularly moves the waste to the waste storage area for centralized management, and audits the waste cleaner irregularly [Note 1, Note 2] whether the waste cleanup operation is carried out in accordance with the relevant laws and regulations on waste cleanup to ensure its legality and properly handle the waste produced in the plant to avoid impact on the environment. In 2022, all hazardous industrial waste produced were entrusted to the domestic qualified cleaning manufacturers, 67% of which are finally disposed of for reuse. Compared with 2021, the difference in waste was mainly due to the increase in the number of employees and production capacity resulting in an increase in the amount of domestic waste and general waste.

### Waste Disposal Procedure



Note 1: Before signing the contract with the manufacturer, the Company will conduct an audit and evaluation operation of waste cleaners to ensure that the manufacturer complies with the requirements of environmental protection laws and regulations.

Note 2: Audit and evaluation operations of waste cleaners, the Global Positioning System (GPS) tracking, proper handling of documents

Note 3: Priority is given to reuse of Company waste

### Waste Disposal Status

Unit: Metric Ton

Disposal Method		2020	2021	2022
Hazardous industrial waste	Treatment of wastewater	9	6	9.7
	Landfill	74	49	29.7
	Reuse	255	274	332.3
General industrial waste	Incineration	27	0	0
	Landfill	160	174	197.8
	Reuse	139	145	154.3
Sub-total		727	713	723.8

### Reuse of waste

In 2019, electrolysis equipment was built to recycle the high-copper waste liquid in the plant by electrolysis. The waste acid produced was treated with wastewater, and the waste copper was entrusted to recyclers for resource reuse. The output of electrolytic copper is as follows:

Unit: kilogram

Year	2020	2021	2022
Output	3,360	3,286	1,011

### Air Pollution Management

The main air pollutants in the plant are acid, alkali, granular matter and organic waste gas. All air pollutants are treated with air pollution prevention equipment that meets legal standards, including acid and alkali waste gas scrubbers, activated carbon adsorption towers, and dust collectors. Tests have proved that the discharged pollutants are in compliance with the pollutant discharge standards stipulated in environmental protection laws. To maintain the best processing capacity of the treatment equipment, all equipments are regularly maintained and inspected to maintain normal system parameters to ensure that the gas emissions will not cause environmental pollution.

### Type of pollutant

Type of pollutant	2020	2021	2022	Types of prevention equipment
VOC	0.04	0.04	0.04	Activated carbon adsorption tower
Granular matter	0.05	0.05	0.05	Dust collector, washing tower
Total	0.09	0.09	0.09	

Note: The law amends the electroplating tank to be classified as particulate pollutants, so the emission of particulate matter increases from 2020



# 5 Local Care for Youth Cultivation

## 5.1 Community Welfare

The headquarters of CHPT is located in Pingjhen Industrial Park, Taoyuan City. In 2022, it fulfilled its responsibility of community care and adhere to the concept of "It is more blessed to give than to receive". The Pingjhen Industrial Development Association and Park Service Center launched a warm winter event, and joined hands with neighbors in the industrial zone, including 14 park enterprises such as TXC Corporation, Mortech Corporation, Tstbio, KO DA Pharmaceutical, Liberty and Jyh Shuen Enterprises, donated resources and jointly raised a number of people's livelihood materials, including toilet paper, rice, noodles and other living materials and the Company's own livelihood products, which were provided to the disadvantaged people and elders living alone in the 4 neighborhoods around the Pingjhen Industrial Park, as well as the Lohas Preschool, Yu-de Children's Home felt full of warmth in the cold winter at the end of the year!

In addition, Director Hsiao-Ling Chang (In the middle of the picture) of Pingjhen Industrial Park Service Center called on community enterprises to jointly face the environmental responsibility of net zero carbon emissions, and promoted and responded to the carpenter's home care association in Pingjhen Industrial Park, advocating "Rest and Learning for People, Repair for Items, and Cherish Resources", the concept of circular economy, collecting second-hand furniture and other materials from enterprises in the Pingjhen Industrial Park for the association to recycle and design, so that the items can be renewed and cherished again.

### Donated Bee Proof Cloth to the Fourth Brigade of Bee and Snake Hunting of the Agricultural Bureau

The CHPT sympathizes the fourth brigade of bee and snake hunting limited equipment due to limited funds, so it was impossible to distribute equipment to each person. It was hard for everyone to share the bee proof cloth. In addition to being unhygienic, the clothes were moldy and smelly due to drenching sweats, making the duty personnel reluctant to wear that will directly endanger their safety. CHPT donated five sets of bee proof cloth to protect the safety of personnel on duty.



2022.12.22  
Sending warmth in the cold winter and reusing resources

### On March 1, 2022

when the adjacent plant area caught fire, we responded to the care and concern of the neighbors and communities by providing an open space for on-site personnel to park for disaster relief. Additionally, we supplied the materials and resources to support the on-site disaster relief personnel.



## 5.2 Industry-University Cooperation

Through the strategy of combining the core professional skills of the enterprise with social welfare, we provide students with comprehensive work experience. Each location of operations cooperates with the school to hire relevant manpower. In the internship program, through on-the-spot work experience, we bring young students workplace experience and sharing of professional knowledge, cultivate students to make good use of the professional ability to execute judgment and teamwork spirit, and complete work efficiently and independently. We uphold the original intention of "people-oriented", integrate the resources of the industry and academia to maximize the benefits, and jointly create competitiveness for the next generation.

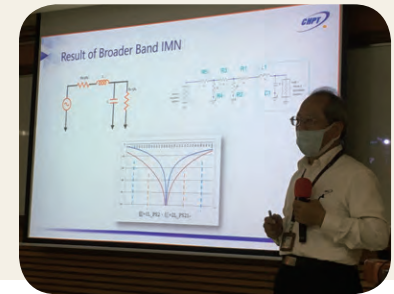
In 2022, we cooperated with 7 universities in various types of industry-university projects, totaling 895 participants; including: 22 industry-university activities, with 863 participants; 8 student matchmaking sessions, with 32 people hired; continue to provide awards and internship opportunities for various schools and institutes. We are committed to providing young students with safe study and employment opportunities, hoping to give back to the society in the care and cultivation of future talents with the spirit of cherishing and loving talents and "people-oriented".

The relevant instructions are as follows:

- 1. Industry-University Cooperation:** Through special lectures and other activities by the mentors, students can understand industry trends and technological developments, and at the same time communicate with mentors to increase the success rate of interviews, shorten the gap between learning and practice, and enhance social benefits.
- 2. Visiting and exchange:** help students prepare by observing the work site and experiencing the working atmosphere first-hand.
- 3. Student matchmaking:** Actively provide high-quality job opportunities, attract fresh graduates, give young students a stage to play, feed back the Company to create growth momentum, and help the society to be useful, ensure stability, and reduce youth unemployment rate to achieve a win-win situation.
- 4. Promoting growth:** providing scholarships for various schools and institutes, so that young students can study with peace of mind and focus on improving their majors without distraction; also provide internship opportunities to help students experience working situations. In addition to giving opportunities for trial and error, it also helps to adjust jobs flexibly career direction. The salary and benefits of the interns can also be compared with the regular employees of the Company, and the favorable internship conditions are given.

### A university keynote speech

- **Date:** November 23, 2022
- **Venue:** A University
- **Theme:** Industry Technology and Experience Sharing
- **Benefits:** Mentors share and understand industry trends and technology development, helping to shorten the gap between learning and application.
- **Effectiveness and outcomes:** 150 people
- **Invest resources:** Funding and Manpower



### Visit B University

- **Date:** November 17, 2022
- **Venue:** Company
- **Theme of the event:** Corporate Outlook, Company and Product Introduction, Alumni Sharing
- **Benefits:** Through visiting activities, students and teachers can better understand the Company, and make connections between academics and the industry stronger.
- **Effectiveness and outcomes:** 35 people
- **Invest resources:** Funding and Manpower



### C University industry-university exchange

- **Date:** December 02, 2022
- **Venue:** C University
- **Theme:** Industry-University Cooperation Program Exchange
- **Benefits:** Improve the consistency of industry-university cooperation goals between industry and academia
- **Effectiveness and outcomes :** 5 people
- **Invest resources :** Manpower



The theme of the 2022 Conference of the Chinese Society for Management of Technology was "Smart Innovation Technology, Cross-domain Sustainable Management", CHPT supported society's conference affairs and participated in the 32nd Academician Forum of the year.

### CHPT sponsored the 2022 Conference of the Chinese Society for Management of Technology

CHPT implements the United Nations Sustainable Development Goals, SDGs, to ensure non-discriminatory, fair, and high-quality education, and to promote lifelong learning, CHPT has supported the promotion of the Chinese Society for Management of Technology year after year, including the "Chinese Society for Management of Technology Seminar", "Technology Management Award", "Fellow" to recognize outstanding contributions or outstanding performance in technology management, the establishment of "Ph.D. and Master's Dissertation Award" and the "EMBA Dissertation Award", to encourage students to strengthen their research on technology management, and the "Journal of Technology Management" is published four times a year.

The 2022 Chinese Society for Management of Technology Seminar was held at National Care Taiwan University from December 1 (Thursday) to December 2 (Friday) 2022, led by Wen-Nan Tsan, an independent director of CHPT and CEO of TPIDC of National Taiwan University, served as the executive director of the preparations, and the theme was "Smart Innovation Technology, Cross-domain Sustainable Management".

Under the trend of global sustainable development and intelligent innovation, the 2022 Conference of the Chinese Society for Management of Technology invited advanced people from all walks of life to discuss the theme of "Smart Innovation Technology, Cross-domain Sustainable Management" and set 17 sub-themes. It was hoped that through this seminar, people from all walks of life in the industry, government, academia, and research would brainstorm and discuss how to plan and promote scientific and technological innovation and cross-domain sustainable development, helped domestic industry development and transformation and upgrading, strengthen enterprise management and development capabilities, and enhanced Taiwan's industry competitiveness in international sustainable development and jointly faced current global trends and challenges.





## CHPT sponsored the 1st member and member representative meeting of the 57th session of the Chinese Institute of Electrical Engineering in 2022

The 2022 member and member representative meeting of the Chinese Institute of Electrical Engineering was held on December 16, 2022, and ended successfully. On that day, Chairman Chi-Mao Hsieh (in the middle of the picture, the then chairman of Chunghwa Telecom) and Chairman Shui-I Kuo (right in the picture, the then president of Chunghwa Telecom) Manager) issued the 2022 "Fellowship" certificate, "Electrical Engineering Medal", "Ctci Foundation Electrical Engineering Academic Award", "Outstanding Electrical Engineering Professor Award", "Outstanding Electrical Engineer Award", "Excellent Young Electrical Engineer Award" and "Youth Paper Award". To ensure non-discriminatory, fair, and high-quality education, promote lifelong learning, and implement the SDGs sustainable development goals of the United Nations, CHPT sponsored the conference affairs of the institute in 2022. Chairman Hong-Chan Ma also went to



the 2022 member and member representative meeting of the Chinese Institute of Electrical Engineering in person to support the tasks of the assembly with actions.

The 2022 member and member representative meeting of the Chinese Institute of Electrical Engineering, the annual theme focuses on the discussion on the development of forward-looking technology applications such as virtual augmented reality and quantum computers, etc. During the meeting, CHPT Chairman Hong-Chan Ma (the second person from the right in the picture) was the guests of honor in attendance, together with the host Yao-Wen Chang (the second person from the left in the picture), Dean of the College of Electrical Engineering and Computer Science, National Taiwan University, the keynote speaker Po-Sung Liang, Senior Head of Division of MediaTek (the third person from the left in the picture), and National Taiwan University Professor Yi-Ping Hung (the third person from the right in the picture), engaged in technology exchange for Taiwan's long-term scientific and technological development and challenges.

## Appendix - GRI Content Index

Statement of use : CHPT has followed the GRI Standard to report the content from January 1 to December 31, 2022.

GRI 1 in use GRI 1: Foundation 2021

Applicable GRI Industry Standard None

Disclosure Items & Disclosure Items		Chapter topic or description	Page Number	Description of omission
<b>GRI 2: General Disclosures 2021</b>				
2-1	Organization Details	1.1 Organizational Profile	16	
2-2	Entities Included in Organizational Sustainability Reports	About the Report	2	
2-3	Reporting period, reporting frequency, and contact person	About the Report	2	
2-4	Restatements of information	No restatements of information		
2-5	External assurance	About the Report	3	
2-6	Activities, value chains and other business relationships	1.1 Organizational Profile	20	
		1.7 Sustainable Supply chain	40	
2-7	Employee	3.1 Friendly Workplace	51	
2-8	Workers not hired by the Company	3.1 Friendly Workplace	51	
2-9	Governance structure and composition	1.2 Board of Directors Self-Governance	23	
2-10	Nominating and selecting the highest governance body	1.2 Board of Directors Self-Governance	23	
2-11	Chair of the highest governance body	1.2 Board of Directors Self-Governance	23	
2-12	Highest governance body's role in supervising impact management	1.2 Board of Directors Self-Governance	23	
2-13	Head of impact management	1.2 Board of Directors Self-Governance	23	
2-14	Highest governance body's role in sustainability reporting	1.2 Board of Directors Self-Governance	28	
2-15	Conflict of interest	1.3 Ethical Management	30	
2-16	Communicating critical concerns	1.2 Board of Directors Self-Governance	27	

Disclosure Items & Disclosure Items		Chapter topic or description	Page Number	Description of omission
2-17	Collective knowledge of highest governance body	1.2 Board of Directors Self-Governance	25	
2-18	Evaluating the highest governance body's performance	1.2 Board of Directors Self-Governance	26	
2-19	Remuneration policies	1.2 Board of Directors Self-Governance	27	
2-20	Process for determining remuneration	1.2 Board of Directors Self-Governance	27	
2-21	Annual total compensation ratio	3.1.3 Remuneration and Benefits	54	
2-22	Statement of Sustainability Development Strategy	Message from the President	3	
2-23	Policy Commitment	3.5 Diverse and Inclusive	72	
2-24	Incorporate policy commitments	3.5 Diverse and Inclusive	72	
2-25	Procedures for remedying negative impacts	1.3 Ethical Management	29	
		3.3 Employee Communication	62	
2-26	Mechanisms for seeking advice and raising concerns	1.3 Ethical Management	29	
		3.3 Employee Communication	62	
		3.5 Diverse and Inclusive	72	
2-27	Compliance	3.3 Employee Communication	62	
2-28	Membership of associations	1.1 Organizational Profile	21	
2-29	Stakeholder engagement guidelines	Stakeholder identification and communication channels	5	
2-30	Collective bargaining	3.3 Employee Communication	62	
<b>GRI 3 : Material Topics 2021</b>				
3-1	Process for determining material topics	Material topics management	8	
3-2	Material topic list	Material topics management	9	
3-3	Material topics management	Material topics management	12	

## Material Topics GRI Response

GRI Standard	Material topics	Chapter topics	Page Number	Description of omission
GRI 3 : Material Topics 2021				
3-3 Material Topic Management	Corporate governance	Material topics management	12	
	Innovation and R&D	Material topics management	13	
	Quality management	Material topics management	13	
	Customer Relationship	Material topics management	13	
	Information security	Material topics management	15	

### Material Topics: Operational Performance

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
GRI 3: Material Topics 2021			
3-3 Material Topic Management	Material topics management guidelines	12	
201 Economic Performance 2016			
201-1 Direct economic value generated and distributed by organization	1.1 Organizational Profile	21	
201-2 Financial implications and other risks and opportunities due to climate change	1.5 Climate Risk Management	34	
201-3 Defined benefit plan obligations and other retirement plans	3.1.4 Employee Benefits	54	
201-4 Financial assistance received from government	1.1 Organizational Profile	22	

### Material topics: Ethical Management

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
GRI 3: Material Topics 2021			
3-3 Material Topic Management	Material topics management guidelines	12	
205 Anti-corruption 2016			
205-1 Location of operations have been assessed for corruption risks	-		In 2022, CHPT did not implement the corruption risk assessment in its locations of operations.
205-2 Communication and training about anti-corruption policies and procedures	1.3 Ethical Management	31	
205-3 Confirmed incidents of corruption and actions taken	1.3 Ethical Management	29	

### Material topics: Energy Management

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
GRI 3: Material Topics 2021			
3-3 Material Topic Management	Material topics management guidelines	14	
302 Energy 2016			
302-1 Energy consumption within the organization	4.1.2 Energy management	76	
302-2 Energy consumption outside of the organization	-		In 2024, it is planned to estimate energy consumption based on external organizations' transport distance and payload.
302-3 Energy intensity	4.1.2 Energy management	76	
302-4 Reduction of energy consumption	4.1.2 Energy management	77	
302-5 Reductions in energy requirements of products and services	4.1.2 Energy management	77	

### Material Topics: Water Resource Cycle

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
<b>GRI3 : Material Topics 2021</b>			
3-3 Material Topic Management	Material topics management guidelines	14	
<b>303 Water and Effluents 2018</b>			
303-1 Interactions with sharing water resources	4.1.3 Water Management	79	
303-2 Management of water discharge-related impacts	4.2.1 Treatment of wastewater	82	
303-3 Water withdrawal	4.1.3 Water Management	80	
303-4 Water discharge	4.1.3 Water Management	80	
303-5 Water consumption	4.1.3 Water Management	80	

### Material Topics: Supplier Management

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
<b>GRI3 : Material Topics 2021</b>			
3-3 Material Topic Management	Material topics management guidelines	14	
<b>308 Supplier Environmental Assessment 2016</b>			
308-1 New suppliers screened based on environmental criteria	1.7 Sustainable Supply Chain	42	
308-2 Negative environmental impacts in the supply chain and actions taken	1.7 Sustainable Supply Chain	41	
<b>414 Supplier Social Assessment 2016</b>			
414-1 New suppliers screened based on social criteria	1.7 Sustainable Supply Chain	42	
414-2 Negative social impacts in the supply chain and actions taken	1.7 Sustainable Supply Chain	41	

### Material Topics: Employee Rights and Interests

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
<b>GRI3 : Material Topics 2021</b>			
3-3 Material Topic Management	Material topics management guidelines	15	
<b>402 Labor-management Relations 2016</b>			
402-1 Minimum notice periods regarding operational changes	3.3 Employee Communication	62	
<b>405 Employee Diversity and Equal Opportunity 2016</b>			
405-1 Diversity of governance bodies and employees	3.1.1 Employee Structure	50	
405-2 Ratio of basic salary and remuneration of women to men	3.1.3 Remuneration and Benefits	53	

### Material Topics: Occupational Safety

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
<b>GRI3 : Material Topics 2021</b>			
3-3 Material Topic Management	Material topics management guidelines	15	
<b>403 Occupational health and safety 2018</b>			
403-1 Occupational Safety and Health Management System	3.4.1 Safe Workplace	63	
403-2 Hazard identification, risk assessment, and incident investigation	3.4.1 Safe Workplace	64	
403-3 Occupational health services	3.4.2 Employee Health Management	70	
403-4 Worker participation, consultation, and communication on occupational health and safety	3.4.1 Safe Workplace	67	
403-5 Worker training on occupational health and safety	3.4.1 Safe Workplace	65	
403-6 Promotion of worker health	3.4.2 Employee Health Management	70	
403-7 Prevention and mitigation of occupational health and safety impacts directly associated with business relationships	3.4.3 Contracting manufacturer safety and health management	71	
403-8 Workers covered by an occupational health and safety management system	3.4.1 Safe Workplace	63	

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
403-9 Work-related injuries	3.4.1 Safe Workplace	68	
403-10 Occupational disease	3.4.2 Employee Health Management	70	

Material Topics: Talent Development

Correspondence to GRI and disclosed content	Related chapters	Page Number	Description of omission/supplement
GRI3 : Material Topics 2021			
3-3 Material Topic Management	Material topics management guidelines	14	
404 Training and Education 2016			
404-1 Average hours of training per year per employee	3.2.1 Training and continuation	60	
404-2 Programs for upgrading employee competence and transition assistance programs	3.2.1 Training and continuation	58	
404-3 Percentage of employees receiving regular performance and career development reviews	3.2.2 Performance assessment	61	

## Appendix - Sustainability Accounting Standards Board (SASB) Comparison Table

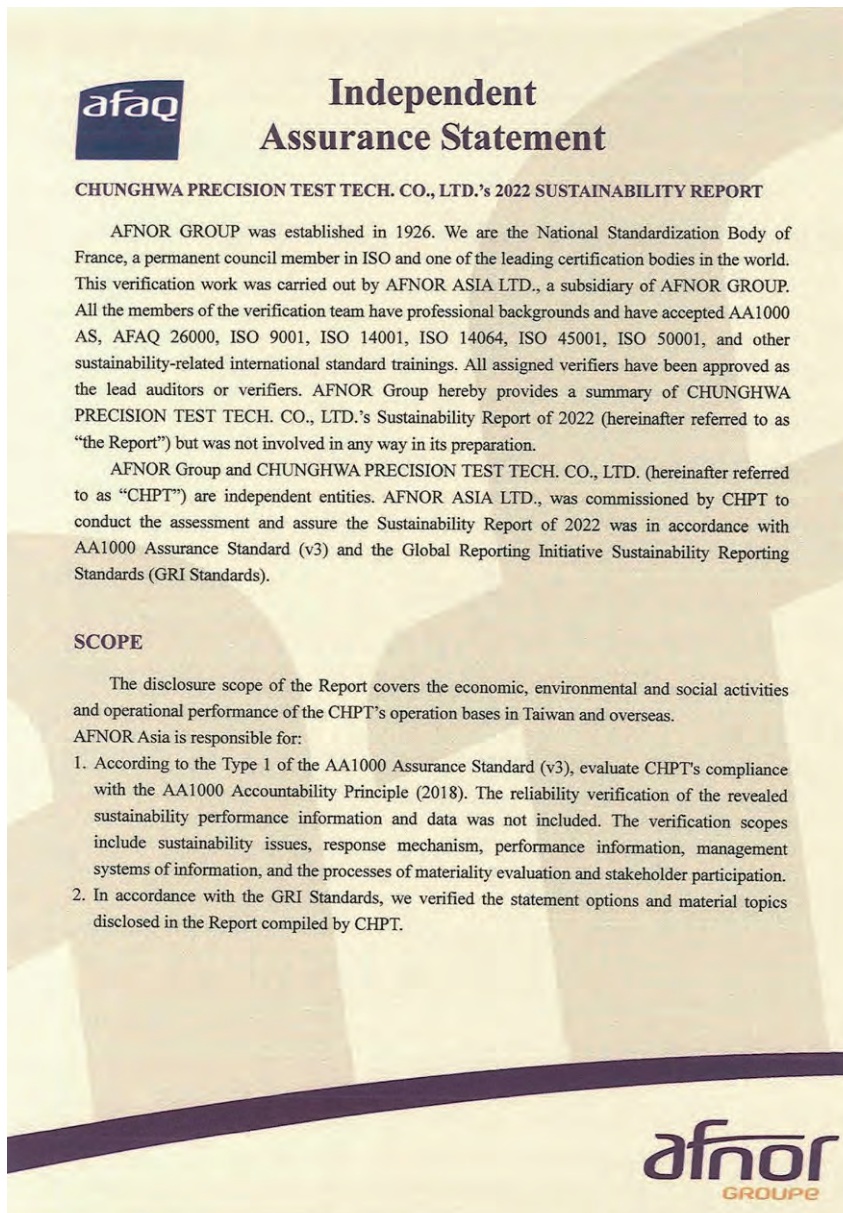
Indicator code	Measuring indicators	Corresponding Chapters/Explanation
Disclosure Topic: Product Safety		
TC-HW-230a.1	Explain the risk identification and management methods of product information security	2.1 Technological Innovation 2.2 Quality Management
Disclosure Topic: Employee Diverse and Inclusive		
TC-HW-330a.1	Gender Percentage of Global Employees (1) Management (2) Technicians (3) All employees	3.5.1 Employee Structure

Indicator code	Measuring indicators	Corresponding Chapters/Explanation												
Disclosure Topic: Product Lifecycle Management														
TC-HW-410a.1	The annual revenue percentage of products that comply with IEC62474 declarable controlled substances	Not applicable												
TC-HW-410a.2	Percentage of annual revenue from products that meet the EPEAT label or equivalent	Not applicable												
TC-HW-410a.3	Percentage of annual revenue for products that qualify for Energy Star or equivalent	Not applicable												
TC-HW-410a.4	The weight percentage of the total recycled weight of global waste products and the recycled weight of the total sales products	CHPT products belong to B to B, and there is no recall of sold products, so this indicator is not applicable												
Disclosure Topic: Supply Chain Management														
TC-HW-430a.1	Percentage of supplier categories with the first-tier suppliers performing RBA VAP (Validated Audit Process) or equivalent audits (a) All suppliers (b) High risks suppliers	2022 the Statement of the Code of Ethics and Business Conduct (Signed) Statistics <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Supplier Category</th> <th>Total Number of Companies</th> <th>Total Signed Companies</th> <th>Percentage of Signed Companies</th> </tr> </thead> <tbody> <tr> <td>Major Raw Materials Supply</td> <td>126</td> <td>126</td> <td>100%</td> </tr> <tr> <td>Major Equipment Supplier</td> <td>128</td> <td>125</td> <td>98%</td> </tr> </tbody> </table>	Supplier Category	Total Number of Companies	Total Signed Companies	Percentage of Signed Companies	Major Raw Materials Supply	126	126	100%	Major Equipment Supplier	128	125	98%
Supplier Category	Total Number of Companies	Total Signed Companies	Percentage of Signed Companies											
Major Raw Materials Supply	126	126	100%											
Major Equipment Supplier	128	125	98%											
TC-HW-430a.2	The first-tier suppliers (1) Percentage of audited manufacturers that failed the RBA VAP or equivalent audit, and (2) improvement rate of audit results for (a) major deficiencies and (b) other deficiencies	In 2022, the first-tier major equipment suppliers signed up to 98% of the RBA guidelines, and no major deficiencies were found.												
Disclosure Topic: Material Procurement														
TC-HW-440a.1	Explain the risk management of using critical materials	1.3.1 Risk Management 1.5 Sustainable Supply Chain												
Disclosure Topic: Activity Indicators														
TC-HW-000.A	Output by product category	2.1 Technological Inn												
TC-HW-000.B	Plant acreage	Plant 1: 8,182m2 Headquarters: 15,287m2												
TC-HW-000.C	Percentage of production in own facilities	100%												

## Appendix - TCFD Recommendation Disclosure Comparison Table

Aspects	TCFD Recommendation Disclosure Items	Corresponding Chapters/ Sections	Page Number
Governance	Describe the Board of Directors' oversight of climate-related risks and opportunities.	1.2 Board of Directors Self-Governance	13
		1.5 Climate Risk Management	34
	Describe management's role in assessing and managing climate-related risks and opportunities.	1.2 Board of Directors Self-Governance	13
		1.5 Climate Risk Management	34
Strategy	Describe the short-, medium- and long-term climate-related risks and opportunities identified by the organization.	1.5 Climate Risk Management	36
	Describe the impact of climate-related risks and opportunities on an organization's business, strategy, and financial planning.	1.5 Climate Risk Management	37
	Describe the organization's strategic resilience, taking into account different climate-related scenarios (including 2°C or harsher scenarios).	1.5 Climate Risk Management	34
Risk Management	Describe the organization's process for identifying and assessing climate-related risks.	1.5 Climate Risk Management	38
	Describe the organization's processes for managing climate-related risks.	1.5 Climate Risk Management	38
	Describe how the process of identifying, assessing and managing climate-related risks is integrated into the organization's overall risk management system.	1.5 Climate Risk Management	38
Indicators and Goals	Disclose the indicators that organizations use to assess climate-related risks and opportunities, following their strategy and risk management processes.	1.5 Climate Risk Management	38
	Disclose Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and associated risks.	4.1.4 Greenhouse Gas Management	81
	Describe the goals used by the organization to manage climate-related risks and opportunities, and the performance against those goals.	1.5 Climate Risk Management	38

## Appendix - Sustainability Report Assurance Statement



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### Independent Assurance Statement

CHUNGHWA PRECISION TEST TECH. CO., LTD.'s 2022 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of CHUNGHWA PRECISION TEST TECH. CO., LTD.'s Sustainability Report of 2022 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

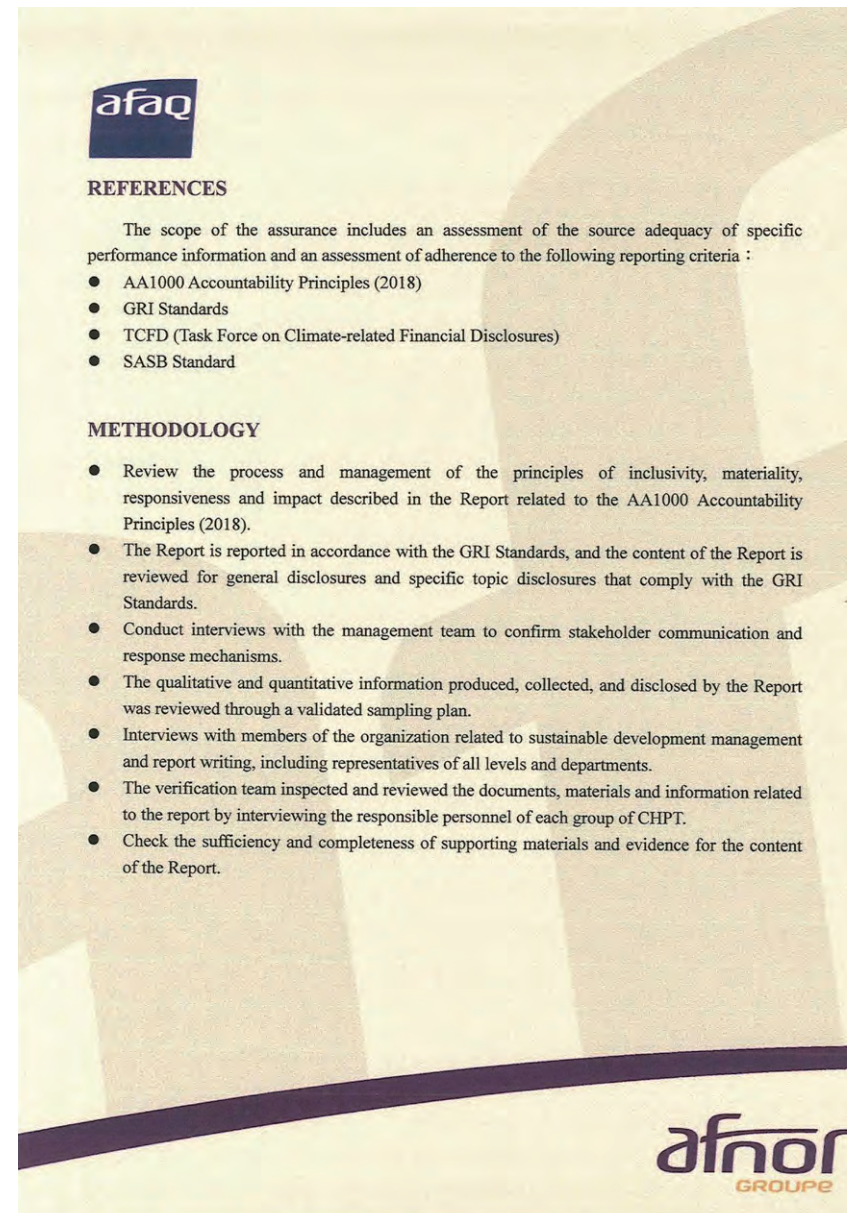
AFNOR Group and CHUNGHWA PRECISION TEST TECH. CO., LTD. (hereinafter referred to as "CHPT") are independent entities. AFNOR ASIA LTD., was commissioned by CHPT to conduct the assessment and assure the Sustainability Report of 2022 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

#### SCOPE

The disclosure scope of the Report covers the economic, environmental and social activities and operational performance of the CHPT's operation bases in Taiwan and overseas. AFNOR Asia is responsible for:

1. According to the Type 1 of the AA1000 Assurance Standard (v3), evaluate CHPT's compliance with the AA1000 Accountability Principle (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the Report compiled by CHPT.

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#### REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards
- TCFD (Task Force on Climate-related Financial Disclosures)
- SASB Standard

#### METHODOLOGY

- Review the process and management of the principles of inclusivity, materiality, responsiveness and impact described in the Report related to the AA1000 Accountability Principles (2018).
- The Report is reported in accordance with the GRI Standards, and the content of the Report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- Conduct interviews with the management team to confirm stakeholder communication and response mechanisms.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- The verification team inspected and reviewed the documents, materials and information related to the report by interviewing the responsible personnel of each group of CHPT.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the Report.

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**CONCLUSION**

**◆ AA1000 Accountability Principles**

**Inclusivity**

CHPT has continued to implement a wide range of stakeholder engagement programs to identify and understand the important information generated by issues of concern to stakeholders. The report has fairly reported and disclosed economic, environmental and social information, which is sufficient to support appropriate plans and goals. In the future, the organization can continue to strengthen the stakeholder identification process to cope with continuous internal and external environmental changes, and stakeholders related to sustainable development can be regularly identified and evaluated.

**Materiality**

CHPT has released relevant information on sustainable management to enable stakeholders to judge the company's management and performance, and develop and implement a decision-making mechanism for material issues to accommodate issues from all parties. In the future, the organization can strengthen the decision-making process of material themes and incorporate them into the company's management operations, so that material issues can be updated in a timely manner and develop corresponding strategies, and spread to various regional departments for performance monitoring and response.

**Responsiveness**

CHPT has developed and implemented a stakeholder response mechanism, clearly declaring relevant policies and communicating with stakeholders, and responding to expectations and opinions from stakeholders. In the future, on the basis of the headquarters, the organization can strengthen the communication and planning of the various regions within the group, and further improve the collection of information related to sustainable management, so as to strengthen the depth, breadth, and context of the disclosed information to respond to stakeholders.



**ASSURANCE OPINION**

In our opinion, the information and data presented in the Report by CHPT provides a fair and balanced representation. We believe the focuses on economic, environmental, and social aspects of CHPT in 2022 are well represented.

Afnor Group has developed a set of process for the Assurance of Sustainability Reports based on current practice guidance provided in the AA1000 Assurance Standard (v3) and GRI Standards. We believe that the evidence collected by onsite assessment has exhibited that CHPT did follow the guidance of AA1000 Assurance Standard (v3) and GRI Standards, and their self-declaration in response to the Global Reporting Initiative.

**ASSURANCE LEVEL**

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

**LIABILITY**

This assurance statement is intended for the use of CHUNGHWA PRECISION TEST TECH. CO., LTD. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :

Trevor Wilmer  
The Director for Certification and Assessment  
May.24.2023




**AA1000**  
Licensed Report  
000-84/V3-ZOB8Z

AFNOR Asia Ltd.—20F-2, No. 102, Chung Ping Rd., Taoyuan, Taiwan  
Tel. : +886 3 2200066, Fax : +886 3 2207889, <http://www.asia.afnor.org>





# Appendix - ISO 14064-1 Greenhouse Gas Inventory Statement



# Certificate

Certificat

Report no. : (TH06-162 / version 1)

## Greenhouse Gas Verification Report Opinion

THGHG06162-01

**Verification Scope:** Chungwa Precision Test Tech. Co., Ltd. No.12, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan, R.O.C.  
 The information of other sites are listed on the subsequent page. -

**Verification Criteria:** ISO 14064-1 : 2018

**Verification Objectives :** According to ISO 14064-3:2019, AFNOR Asia Ltd. (AFNOR ASIA) confirms that the GHG statement (GHG inventory report) of the above-mentioned organization(s) is reported in accordance with the verification criteria agreed by both parties. AFNOR performs the verification with an objective and fair position and principle (relevant, complete, consistent, accurate, and transparent).

**Data Period :** 2022/1/1 – 2022/12/31 ( historical data viewed )

**Verification Data :**  
 Direct GHG emissions (category 1): 4052.6793 tons CO<sub>2</sub>e  
 Energy indirect GHG emissions (category 2): 15322.2485 tons CO<sub>2</sub>e  
 Indirect GHG emissions (category 3-6): 5455.0169 tons CO<sub>2</sub>e

**Global Warming Potential (GWP) :** refer to IPCC 2021 Year, the sixth assessment report


**Statement Basis :** This statement must be interpreted as a whole with the following.  
 GHG Inventory report (version : A : Date : 2023/03/29 )  
 GHG Inventory (version : A : Date : 2023/03/29 )

**Materiality :** 5% (category 1 and category 2 )

**Type of Opinion :**  unqualified  qualified (see the subsequent page )  disclaim the issuance


**Verification Conclusion:** Confirm that the organization submits a GHG statement in accordance with the requirements of the verification criteria agreed by both parties, and fairly presents the GHG data and related information, which is consistent with the verification scope, objectives and criteria agreed by both parties.  
 Declares that the reasonable assurance level of the inventory data is category 1 and category 2.

**Date of Issuance:** 2023/5/25




Signature of the representative : \_\_\_\_\_ Job position : President

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# Certificate

Certificat

Report no. : (TH06-162 / version 1)

**The Geographical Location of Multiple Sites :**


Site	Address
Headquarters	No.12, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan, R.O.C.
Taoyuan Plant	No.15, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City 324, Taiwan, R.O.C.
Hsinchu Branch	Rm. 3C8 , 3F., No.1, Lixing 1st Rd., Hsinchu City 300, Taiwan, R.O.C.
Taichung Office	1F., No. 356, Fuya Rd., Xitun Dist., Taichung City 407 , Taiwan (R.O.C.)
Kaohsiung Office	No. 195, Tuku 1st Rd., Nanzi Dist., Kaohsiung City 811, Taiwan (R.O.C.)
	1F.,No. 189, Tuku 1st Rd., Nanzi Dist., Kaohsiung City 811, Taiwan (R.O.C.)

**Emissions Data for Each Category :**

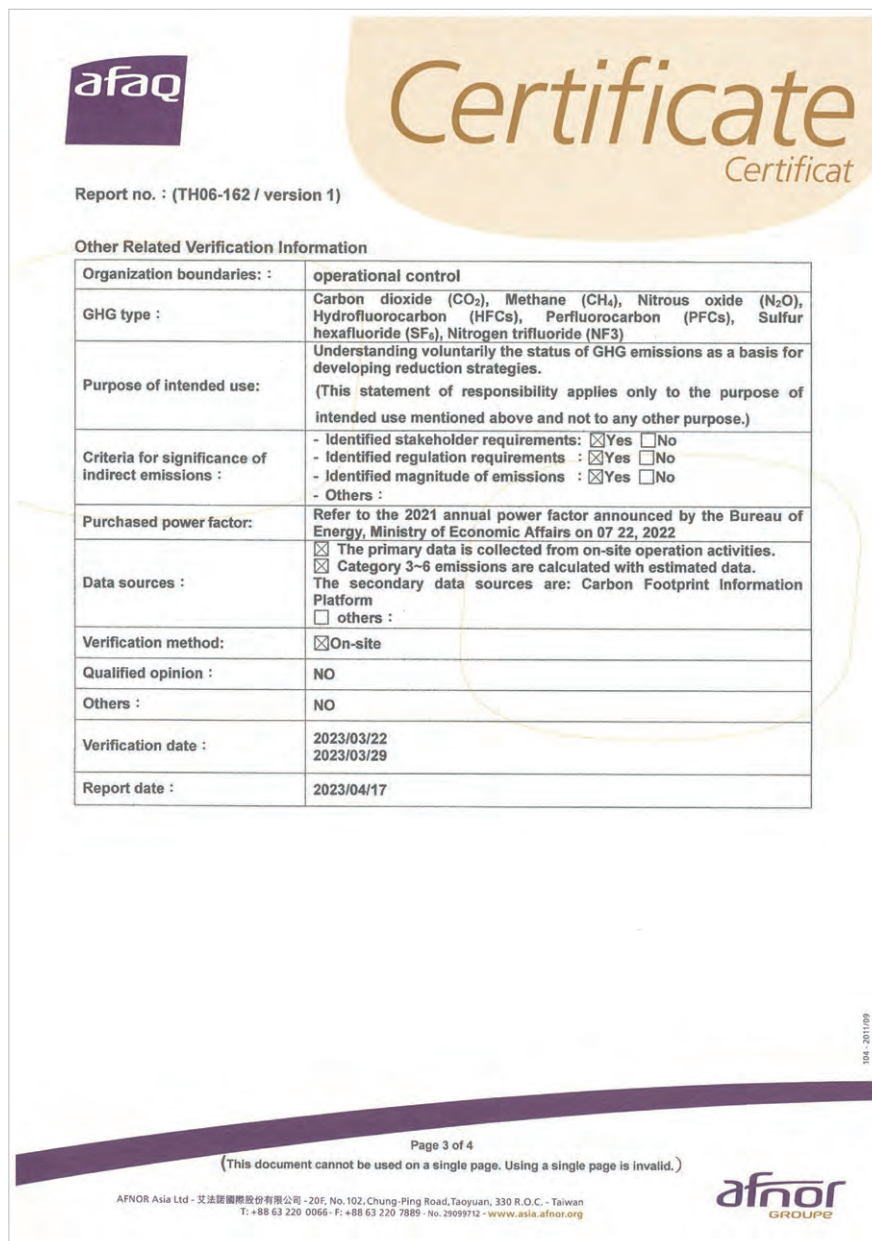
Category	Description of content	GHG emissions (tons CO <sub>2</sub> e)	Note
(Category 1) Direct GHG emissions	Stationary sources Mobile sources Process emissions Fugitive emissions	4052.6793	
(Category 2) Indirect GHG emissions from imported energy	Indirect emissions from purchased electricity	15322.2485	local standard
(Category 3) Indirect GHG emissions from transportation	Downstream logistics Upstream logistics Business travel	330.2119	
(Category 4) Indirect GHG emissions from products used by organization	Purchased goods Waste treatment	5124.8050	
(Category 5) Indirect GHG emissions associated with the use of products from the organization	NA	NA	
(Category 6) Indirect GHG emissions from other sources	NA	NA	

**Biomass burning emission :** 0.0000 tons CO<sub>2</sub>e

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Report no. : (TH06-162 / version 1)

**Other Related Verification Information**

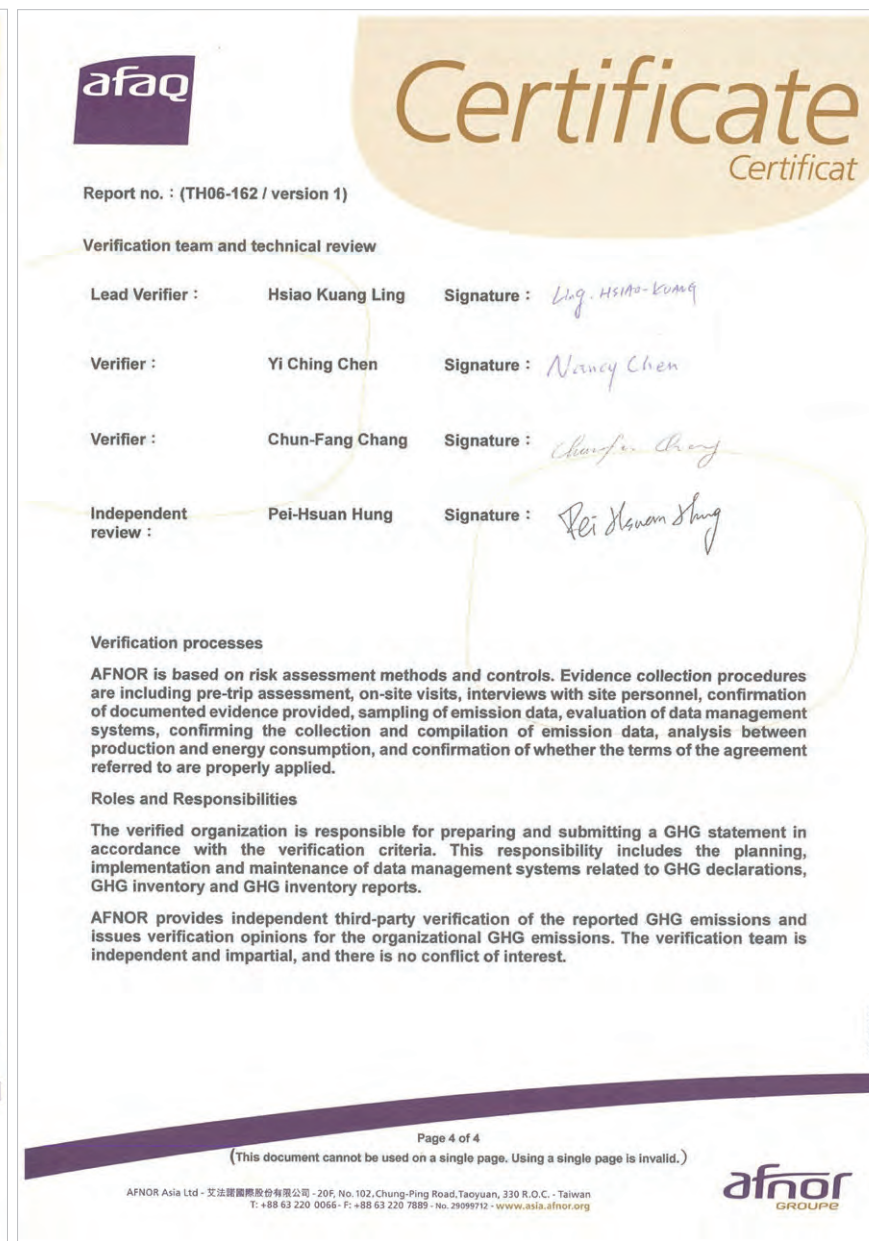
Organization boundaries :	operational control
GHG type :	Carbon dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous oxide (N <sub>2</sub> O), Hydrofluorocarbon (HFCs), Perfluorocarbon (PFCs), Sulfur hexafluoride (SF <sub>6</sub> ), Nitrogen trifluoride (NF <sub>3</sub> )
Purpose of intended use:	Understanding voluntarily the status of GHG emissions as a basis for developing reduction strategies. (This statement of responsibility applies only to the purpose of intended use mentioned above and not to any other purpose.)
Criteria for significance of indirect emissions :	- Identified stakeholder requirements : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Identified regulation requirements : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Identified magnitude of emissions : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Others :
Purchased power factor:	Refer to the 2021 annual power factor announced by the Bureau of Energy, Ministry of Economic Affairs on 07 22, 2022
Data sources :	<input checked="" type="checkbox"/> The primary data is collected from on-site operation activities. <input checked="" type="checkbox"/> Category 3~6 emissions are calculated with estimated data. The secondary data sources are: Carbon Footprint Information Platform <input type="checkbox"/> others :
Verification method:	<input checked="" type="checkbox"/> On-site
Qualified opinion :	NO
Others :	NO
Verification date :	2023/03/22 2023/03/29
Report date :	2023/04/17

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Report no. : (TH06-162 / version 1)

**Verification team and technical review**

Lead Verifier : Hsiao Kuang Ling Signature : *Ling Hsiao-Kuang*

Verifier : Yi Ching Chen Signature : *Nancy Chen*

Verifier : Chun-Fang Chang Signature : *Chun-Fang Chang*

Independent review : Pei-Hsuan Hung Signature : *Pei Hsuan Hung*

**Verification processes**

AFNOR is based on risk assessment methods and controls. Evidence collection procedures are including pre-trip assessment, on-site visits, interviews with site personnel, confirmation of documented evidence provided, sampling of emission data, evaluation of data management systems, confirming the collection and compilation of emission data, analysis between production and energy consumption, and confirmation of whether the terms of the agreement referred to are properly applied.

**Roles and Responsibilities**

The verified organization is responsible for preparing and submitting a GHG statement in accordance with the verification criteria. This responsibility includes the planning, implementation and maintenance of data management systems related to GHG declarations, GHG inventory and GHG inventory reports.

AFNOR provides independent third-party verification of the reported GHG emissions and issues verification opinions for the organizational GHG emissions. The verification team is independent and impartial, and there is no conflict of interest.

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