

INC

ESG

Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec.

InnoCare Optoelectronics Corp. ESG Report



# CONTENT

0

## Foreword

- 0.1 About this Report
- 0.2 A Message from the Chairman
- 0.3 Company Overview
- 0.4 Honors and Affirmations in 2023

1

## A Focus on Creating Sustainable Value

- 1.1 Sustainability Management
- 1.2 Stakeholder Communication and Material Topics
- 1.3 Sustainable Development Blueprint

2

## A Win-Win Situation for Corporate Governance and Integrity

- 2.1 Governing Body
- 2.2 Risk Management
- 2.3 Integrity Management and Legal Compliance
- 2.4 Financial Performance and Tax Governance

3

## Innovative Transformation and Coordinated Procurement

- 3.1 R&D Innovation
- 3.2 Client Relationship
- 3.3 Supply Chain Management

4

## A Harmonious Workplace and a Prosperous Society

- 4.1 Talent Recruitment and Retention
- 4.2 Talent Cultivation and Development
- 4.3 Labor Rights and Relations
- 4.4 Safety and Protection
- 4.5 Working for the Common Good of Society

5

## Green Transformation and Environmental Co-Prosperity

- 5.1 Green Manufacturing
- 5.2 Climate Change Governance
- 5.3 Natural Resource Management
- 5.4 Pollution Management
- 5.5 Green Circulation

6

## Appendix

- 6.1 GRI Standards
- 6.2 Sustainability Accounting Standards Board (SASB)
- 6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies



# 0

## Foreword

---

- 0.1 About this Report 04
- 0.2 A Message from the Chairman 05
- 0.3 Company Overview 07
- 0.4 Honors and Affirmations in 2023 10

# 0.1 About this report

This is the first ESG Report published by InnoCare, it covers governance as well as our social and environmental goals and achievements. For presenting our performance, managerial approach, material topics to our stakeholders, this report is compiled with the comprehensive option of the 2021 GRI Sustainability Reporting Standards released by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) Standards, and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

## Scope of the Report

The information disclosed in this report covers the period from January 1 to December 31, 2023. With the exception of financial performance provided in the scope of consolidated financial statements, the environmental information data is disclosed within the scope of the Taiwan plant, and other contents are based on significant topic identification to determine the impact boundaries within and outside the organization:

- Within the organization: the Taiwan plant (InnoCare Optoelectronics Corp.) and the main operating production sites of the Ningbo factory in China (Ningbo Innolux Electronics Ltd.).
- Outside the organization: customers, suppliers, local communities, etc.

## Report Assurance

The data or information disclosed in this report is provided by the editorial team composed of various departments responsible for the content, including Human Resources Administration, Legal and Intellectual Property, Equity, Finance and Accounting, Factory Management, Occupational Safety and Health, Research and Development, Procurement, Logistics, Information Technology, Quality Assurance, Sales, Public Relations, and Sustainability Development. The content's authenticity and completeness were reviewed and approved by the responsible supervisors. The completed report was issued after approval by the company's board of directors.

- Greenhouse gas inventory data has been verified by third-party verification according to ISO 14064-1:2018.
- The cost and accounting information cited in the annual report have been verified by accountants.

## Issue Dates

This sustainability report will be issued annually, and the Chinese version of the report will be available for download on the InnoCare website.

Current version: released in August 2024 (first edition)

Next version: scheduled to be released in August 2025

## Contact Us

If you have any questions about the contents of this report, please contact us. Contact information is as follows:

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ESG Report download area



InnoCare official website

# 0.2 A Message from the Chairman

## AI, Caring, Green: InnoCare's Committed to three core pillars- Care for All, Changing the World

In the post-pandemic era, global AI and other digital innovations are driving healthcare towards a smart model. InnoCare became a publicly listed company in March 2023, actively promoting key technologies such as AI and big data to enhance automated manufacturing and provide customized solutions. By integrating hardware and software solutions, InnoCare expands applications in diverse fields like smart precision healthcare and industrial smart inspection. Adhering to the three pillars of sustainable action - AI, Caring, Green - InnoCare is committed to "Caring for All" and plays a crucial role in transforming the world, safeguarding the health and well-being of humans and animals, and fulfilling its promises.

### Power of AI: Leading AI Medical Solutions and Building a Smart Healthcare Ecosystem

For a long time, InnoCare has been actively deploying in the smart precision healthcare field with comprehensive AI hardware and software integration technology, an animal healthcare ecosystem, and diverse innovative applications such as advanced X-ray flat panel detectors. The company provides human medical, mobile medical, and pet medical solutions, enhancing the implementation of field applications and striving to build a complete smart healthcare ecosystem. Leveraging advanced R&D capabilities, InnoCare has won the "2023 SDIA (Smart Display Industrial Alliance)" and the "Sylvia Dynamic X-Ray Flat Panel Detector" awards, showcasing its outstanding R&D capabilities. InnoCare has also collaborated with National Pingtung University of Science and Technology to establish a "Veterinary AI Image Database," collecting over 15,000 animal X-ray images for analysis. The company has completed the "Animal X-Ray Positioning Guide," published on the "Vetie Veterinary Community Cloud Platform," and integrates equipment and systems to develop AI-assisted diagnostics, enhancing application efficiency. InnoCare will continue to leverage X-ray fluoroscopy technology not only in human radiology but also in various medical departments and manufacturing fields, making healthcare and manufacturing smarter, more precise, and more efficient, ushering in a new era of AI living.

### Power of Caring: Fulfilling the Mission of Precision Healthcare and Creating New Health Guardianship

InnoCare's mission is to "Delivering Trusted, Comprehensive X-ray Imaging Solutions." The company is dedicated to the enterprise and the higher cause of "Perceiving the Unseen, to Enrich the Visible Segmented Health and Safety through AI-Powered Insights." Internally, InnoCare applies advanced three-layer dual-energy X-ray detection technology to employee lung examinations, setting a precedent in the tech health check industry. Externally, InnoCare participated in the 2022 Yunlin, Chiayi, and Taitung 10,000-Person Action "Early Lung Cancer Screening" X-Ray event, collaborating with National Cheng Kung University Hospital and Rotary International for the "Early Lung Cancer Screening - X-Ray Remote Township General Screening Mobile Vehicle Project," helping promptly detect and further examine abnormalities. InnoCare supports the Ministry of Health and Welfare's "Mobile Healthcare" and "Remote Area Healthcare" policies, leveraging its expertise to participate in the "2021 Year Indigenous and Outlying Islands Area Health Center Medical Equipment Replacement Plan," completing medical equipment replacements in 11 remote areas. InnoCare works with partners to care for rural residents in Taiwan, contributing to public health.

# 0.2 A Message from the Chairman

## AI, Caring, Green: InnoCare's Committed to three core pillars- Care for All, Changing the World

### Power of Green: Advancing Environmental Sustainability and Promoting Green Living

Recognizing that sustainable development is one of the world's most pressing concerns, InnoCare is deeply committed to environmental sustainability, embedding it as a core part of our company culture. Based on our 2021 greenhouse gas inventory for scopes 1 and 2, InnoCare aims to achieve a 25% absolute reduction in carbon emissions by 2030 as a mid-to-long-term goal. We are implementing "transformation strategies" through technological and managerial approaches to reduce financial impacts, enhance energy efficiency in major power-consuming equipment, and take concrete actions to transition our energy use and mitigate the energy crisis.

Furthermore, InnoCare participates in "Net Zero Carbon Emission" environmental education courses and volunteer initiatives organized by Innolux and the Innolux Education Foundation. Through scenario-based learning and interactive games, the program teaches students about climate change and global warming, introducing net-zero carbon concepts into schools, cultivating environmental education from the ground up, and expanding our social influence through educational empowerment.

Looking ahead, InnoCare will continue driving sustainable action with the mission of "Care for All," collaborating with strategic partners to align with international standards and build a smart precision healthcare ecosystem, creating a trusted healthcare brand for Taiwan. We will leverage our core competencies to achieve a "virtuous economy" and create a "virtuous cycle," undertaking the mission of promoting and safeguarding the health and wellbeing of humans and animals, and fulfilling our ESG sustainability commitments.

James Yang, Chairman



# 0.3 Company Overview

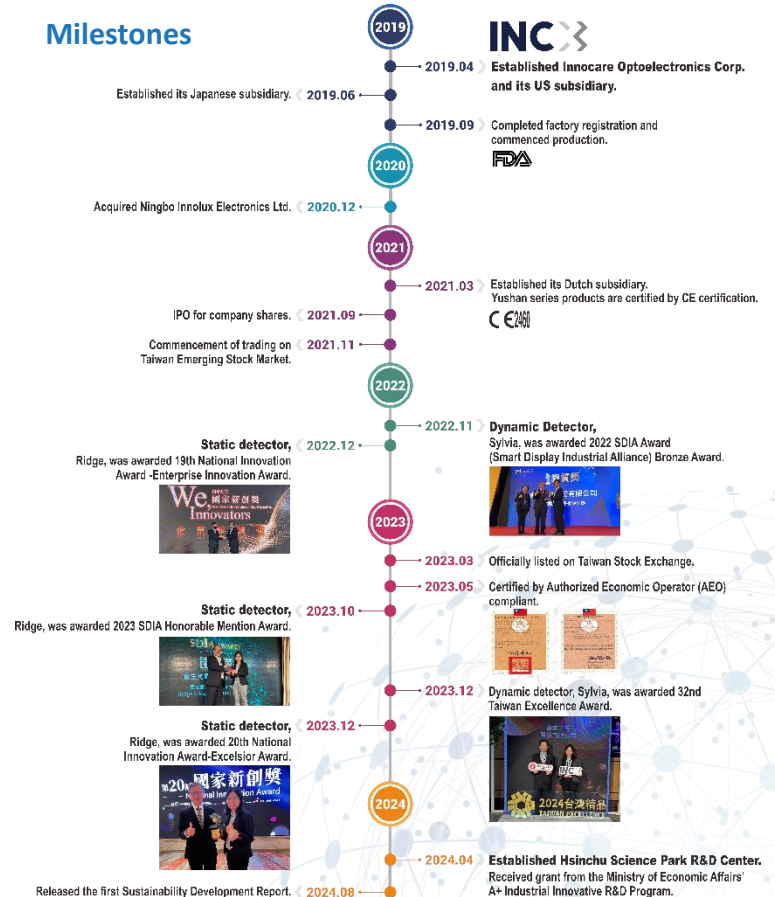
## InnoCare Care for All

InnoCare was established in April 2019, with its headquarters in Taiwan. The company has manufacturing facilities in Taiwan and Ningbo, China, and service locations in Japan, the Netherlands, and the United States to meet the needs of global customers. As a company specializing in the production of X-ray flat panel sensors and modules, focusing on the independent design, research, development, and sales of X-ray sensor products, InnoCare is committed to providing comprehensive and reliable X-ray imaging sensor solutions to meet the needs of medical examinations and industrial non-destructive testing fields.

InnoCare's mission is to become the global leader in X-ray sensing technology, manufacturing, and services, creating a globally leading one-stop X-ray sensor service. The vision is to "Perceiving the Unseen to Enrich the Visible Safeguarding Health and Safety through AI-Powered Insights." The company continuously invests in the research and development of new-generation IGZO structures, high pixel fill factor component designs, and scintillator key processes to establish competitive advantages in technology and products. Expanding the product line of medical X-ray sensor modules and industrial non-destructive testing equipment, while investing in the development of AI image analysis technology to meet customers' demands for high-quality and high-performance products. By integrating the global supply chain, InnoCare forms a strong team in the global medical device industry in the field of smart healthcare, creating a new era of smart healthcare and precision testing.

InnoCare also upholds the values of respecting customers, employees, society, and nature, continuously focusing on corporate social responsibility issues. Through the power of the enterprise and the advantages of technology, the company aims to make due contributions to society and the environment.

## Milestones



# 0.3 Company Overview

## Company Profile

InnoCare Optoelectronics Corp.	
Date of Establishment	April 2019
Stock symbol	6861
Capital	NT\$ 402 million
Chairman	Chu-Hsiang (James) Yang
Number of Employees	365 employees globally
Headquarters	Room B, No.2, Sec.2, Huansi Rd., Tainan City, Southern Taiwan Science Park, 74144, Taiwan (R.O.C.)
Main Products	X-ray Flat Panel Detectors and related products
Production Capacity	47,000 units of X-ray flat panel sensor device 7,000 units of X-ray flat panel sensor module
2023 Revenue	NT\$ 1.837 billion

## INCX Global Presence



## Applications

### Medical



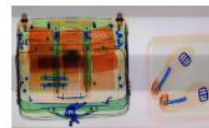
The medical line of x-ray detectors are specifically engineered for all general radiographic procedures.

### Vet



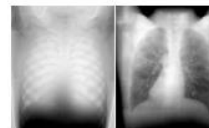
The veterinary line of x-ray detectors focus on high quality imaging. They are intended for all general radiographic procedures for animals.

### NDT



Innocare industrial detectors are suitable for incoming and outgoing inspection for manufacturers and assembly plants.

### Dual Energy



Dual-Energy detectors specialize in differentiating bone and soft tissue under a single exposure.

# 0.3 Company Overview

## Participation in Organizations

InnoCare participates in various industry associations and non-profit organizations to enhance industry experience and share opinions. The company continuously focuses on important issues such as corporate governance, technological innovation, environmental sustainability, supply chain management, and human rights. All participation processes strictly adhere to Article 4 of the "InnoCare Code of Conduct Implementation Regulations": the company prohibits the use of political donations to obtain commercial interests or transaction advantages and avoids improper charitable donations that result in disguised bribery. In 2023, the company spent approximately NT\$90,000 on participation in industry associations and other non-profit organizations.

Organization	Participation in 2023		Amount Invested in Recent Years (in TWD)
	Member	Project/Committee	2023
THE ASSOCIATION OF ALLIED INDUSTRIES IN SCIENCE-BASED INDUSTRIAL PARK	V	V	90,000
TWCERTCC (Taiwan Computer Emergency Response Team / Coordination Center)	V	-	-
SP-ISAC (Science Park Information Sharing and Analysis Center)	V	-	-
Taiwan Chief Information Security Officer Alliance	V	-	-
Taiwan Science and Industrial Park Association-Southern District Water and Electricity Committee	V	-	-
Total			90,000

# 0.4 Honors and Affirmations in 2023

## 20th National Innovation Award

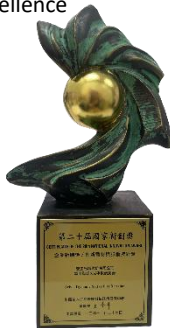
- Awarded Item: "Sylvia X-ray Flat Panel Detector"
- Presented by: Research Center for Biotechnology and Medicine Policy
- Award Category: Corporate Innovation Award/Innovative Medical Materials and Diagnostic Technology

## 32nd Taiwan Excellence Award

- Awarded Item: "Sylvia X-ray Flat Panel Detector"
- Presented by: Ministry of Economic Affairs, R.O.C.
- Award Category: Health & Precision Instruments Excellence

## 2023 SDIA Award

- Awarded Item: "Ridge X-ray Flat Panel Detector"
- Presented by: Industrial Development Administration, Ministry of Economic Affairs, Smart Display Industrial Alliance, SDIA.
- Award Category: 2023 SDIA Award for Forward-Looking Display Excellence Honorable Mention



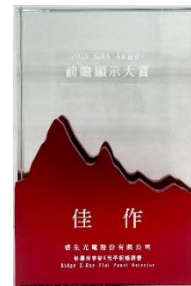
## Badge of Accredited Healthy Workplace

- Awarded Item: Badge of Accredited Healthy Workplace Smokefree & health promotion.
- Presented by: Health Promotion Administration, Ministry of Health and Welfare (HPA)



## "Healthy Micro Actions - Workplace Heart Project" Online Health Promotion Activity

- Awarded Item: Second Place in the 2023 Healthy Micro Actions Workplace Heart Project
- Presented by: Health Promotion Administration, Ministry of Health and Welfare (HPA)



# 01

## A Focus on Creating Sustainable Value

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- 1.1 Sustainability Management 12
- 1.2 Stakeholder Communication and Material Topics 13
- 1.3 Sustainable Development Blueprint 20

# 1.1 Sustainability Management

## 1.1.1 Sustainable Development Policies

InnoCare incorporates environmental, social, and corporate governance (ESG) considerations into its operational strategies to implement sustainable development. We have also followed the Responsible Business Alliance (RBA) Code of Conduct to form the basis of InnoCare. These policies cover five major areas: "corporate governance," "environmental protection," "employee care," "supply chain social and environmental responsibility management," and "community involvement." This approach aims to shape the company's sustainable competitiveness and strengthen communication with stakeholders. By understanding and fully responding to stakeholders' concerns, these issues serve as an important basis for setting sustainable development goals. Additionally, InnoCare's "Sustainable Development Practice Guidelines" are based on four main principles: "implementing corporate governance," "developing a sustainable environment," "maintaining social welfare," and "enhancing corporate sustainability information disclosure." These principles guide InnoCare's efforts in promoting sustainable development.

## 1.1.2 Sustainable Development Promotion Organization

The company's Finance & Accounting & Business Management & HR Division Group serves as the dedicated organization for promoting corporate sustainable development. In 2021, the Board of Directors established the company's Sustainable Development Practice Guidelines, authorizing the Chairman or a designated person to be responsible for the execution of sustainable development policy systems, related management guidelines, and specific promotion plans. Following the principle of materiality, the company conducts risk assessments of ESG issues related to its operations and sets sustainable development goals to implement corporate sustainable development. Moreover, the execution results for the year 2023 will be reported to the Board of Directors in July 2024. Through the Board's supervision and assistance, the management team is encouraged to practice corporate social responsibility.

# 1.2 Stakeholder Communication and Material Topics

InnoCare refers to the GRI Universal Standards 2021 and AA 1000 SES Stakeholder Engagement Standards (SES) to regularly engage in communication and dialogue with stakeholders. This approach helps the company understand and respond to stakeholders' concerns regarding ESG issues and disclose the management of significant issues in the sustainability report, allowing stakeholders to understand InnoCare's sustainability performance. Additionally, InnoCare will report the stakeholder communication and materiality analysis results to the Board of Directors annually, integrating them into the risk management process as a reference for developing future sustainability strategies.

## 1.2.1 Stakeholder Communication

InnoCare follows the AA1000SES (Stakeholder Engagement Standards, SES) to identify the six major stakeholders with the highest relevance to its operations as the primary communication targets. These include employees, customers, shareholders/investors, suppliers/contractors, government/industry associations, and society (schools, communities, media, hospitals, non-governmental organizations). Through diverse communication channels, InnoCare understands the issues of concern to various stakeholders and fully responds to these concerns by disclosing the company's efforts in various ESG aspects.

The table below illustrates the issues of concern to each stakeholder and the communication response mechanisms:

**[ The table below illustrates the issues of concern to each stakeholder and the communication response mechanisms: ]**

Stakeholder	Topics of concern	Method and frequency	Tangible results in 2023
<b>Employees</b>	<ul style="list-style-type: none"> <li>Talent recruitment and retention</li> <li>Human rights</li> <li>Talent development and training</li> <li>Diversity and equality</li> <li>Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly employer-employee meetings</li> <li>Irregular department meetings</li> <li>Employee welfare hotline and mailbox</li> <li>Regular/Irregular employee satisfaction surveys</li> <li>Mobile app: Employee Assistance Programs (EAPs)</li> </ul>	<ul style="list-style-type: none"> <li>4 Labor-Management Communication Meetings</li> <li>4 Employee Welfare Committee Meetings</li> <li>4 Responsibility Commitment Sessions</li> <li>5 Direct Staff Forums</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>Innovation in product and technology R&amp;D</li> <li>Financial performance</li> <li>Supply chain management</li> <li>ESG risk management</li> </ul>	<ul style="list-style-type: none"> <li>Irregular client meetings</li> <li>Irregular customer complaint review meetings</li> <li>“Voice of Clients” (VoC)</li> <li>Annual customer satisfaction surveys</li> <li>Irregular customer relation audits</li> </ul>	<ul style="list-style-type: none"> <li>product quality review meetings</li> <li>client interactions</li> </ul>
<b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Corporate governance</li> <li>Energy management</li> <li>GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Annual shareholder meetings</li> <li>Annual Institutional Investor Conferences</li> <li>2 to 3 Institutional Investor Meetings Annually</li> <li>Annual reports and sustainability reports</li> <li>Irregular investor-analyst engagement Meetings</li> <li>Investor hotline and mailbox</li> </ul>	<ul style="list-style-type: none"> <li>1 annual shareholder meeting</li> <li>1 Institutional Investor Conference</li> <li>3 Institutional Investor Meetings</li> <li>&gt;24 cases received and responded to through investor hotline/mailbox</li> </ul>

# 1.2 Stakeholder Communication and Material Topics

Stakeholder	Topics of concern	Method and frequency	Tangible results in 2023
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Talent recruitment and retention</li> <li>• Occupational safety and health</li> <li>• Diversity and equality</li> <li>• Human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Regular Supplier Communication Meetings/Biweekly/Monthly/Quarterly</li> <li>• Annual supplier self-evaluation surveys</li> <li>• Anticorruption report mailbox</li> <li>• Irregular on-site audits</li> </ul>	<ul style="list-style-type: none"> <li>• supplier communication meetings</li> </ul>
<b>Government and public associations</b>	<ul style="list-style-type: none"> <li>• Air pollution control</li> <li>• Water management</li> <li>• GHG emissions</li> <li>• Waste management and circular economy</li> <li>• Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>• Irregular meetings (seminars, conferences, hearings, and workshops)</li> <li>• Irregular communications through official letters</li> </ul>	<ul style="list-style-type: none"> <li>• 4 government-related experience sharing workshops</li> <li>• 6 government meetings</li> </ul>
<b>Society</b> (communities, media, nongovernmental organizations)	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• GHG emissions</li> <li>• Social engagement and welfare</li> <li>• Talent recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>• Irregular press releases, interviews, and conferences</li> <li>• Irregular project-based collaborations and visits</li> <li>• Irregular interaction with community members</li> <li>• Irregular campaigns and forums</li> <li>• Dedicated hotline and mailbox</li> <li>• Irregular Domestic exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• 2 net zero environmental protection education campaigns</li> <li>• 6 press releases</li> <li>• 3 Domestic exhibitions</li> </ul>

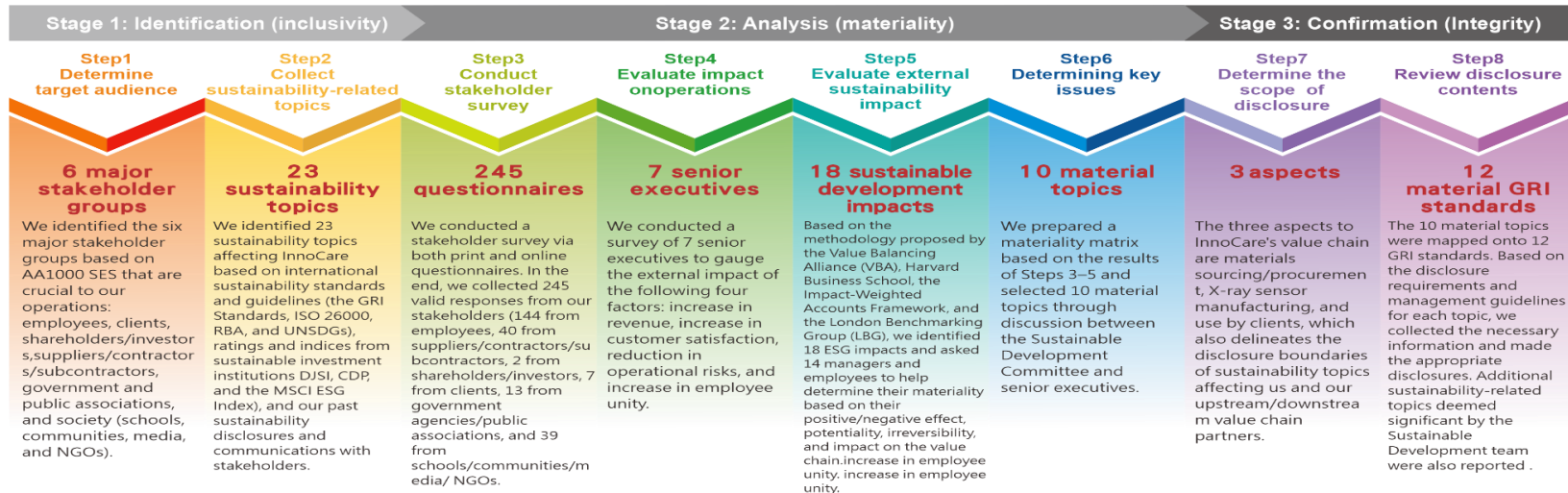
# 1.2 Stakeholder Communication and Material Topics

## 1.2.2 Materiality Analysis

InnoCare follows the GRI Universal Standards and the AA1000 SES Stakeholder Engagement Standards to establish a materiality analysis process based on inclusivity, materiality, and responsiveness. By incorporating the concept of double materiality, the process involves three stages: identification, analysis, and confirmation. This helps identify InnoCare's significant issues and determine the boundaries and scope of sustainability information disclosure, serving as a foundation for setting long-term sustainability goals.

InnoCare conducts materiality issue analysis based on three main principles: "stakeholder concern," "impact on operations," and "external sustainability impact." For "stakeholder concern," we use principles of interactivity, importance, and influence to determine the survey targets, aiming to collect representative samples. In addition to considering "stakeholder concern," the principle of double materiality is also incorporated, analyzing materiality from two perspectives: "impact on operations" and "external sustainability impact." This helps identify significant material issues related to InnoCare's economic, environmental, and social (including human rights) impacts. Based on the evaluation results, we finalize 10 significant material issues through internal discussions and confirmation.

For each of the identified 10 significant sustainability issues, InnoCare assesses their impact on the upstream, company operations, and downstream boundaries of the value chain. Simultaneously, we align with the GRI Standards to disclose the topics significant to InnoCare. During the collection of internal information, data, and management guidelines, we adhere to the reporting requirements.



# 1.2 Stakeholder Communication and Material Topics

## Sustainability Impact Evaluation

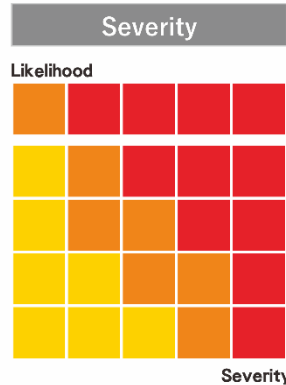
### Positive and negative impacts

18 Impact Factors		
Aspect	Positive	Negative
Economy	4	1
Environment	2	3
Humanity / Human Rights	6	2

#### Sources:

- (1) VBA: Value Balance Alliance
- (2) HBS Impact-Weighted Accounts
- (3) LBG: London Benchmarking Group
- (4) InnoCare Optoelectronics Corp.

### Significant impact analysis



Severity = (1) + (2) + (3)

- (1) Extent of impact
- (2) Scope of impact
- (3) Recoverability

#### 4 Significant Impacts

+ Development of industrial technologies

- Resource consumption

- Extreme weather

- Human rights risks

Economic Impact

Environmental Impact

Humanity/Human Rights Impact

- + Positive impact
- Negative impact

### Sustainability issues with significant impact

Impact	Sustainability Issues
Extremely high	<ul style="list-style-type: none"> <li>Innovation in product and technology R&amp;D</li> <li>Green product management</li> <li>Client relations</li> <li>Biodiversity</li> <li>Greenhouse gas emissions</li> <li>Regulatory compliance</li> </ul>
High	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Air pollution prevention</li> <li>Energy management</li> <li>Waste reduction and circular economy</li> <li>Innovation in product and technology R&amp;D</li> <li>Client relations</li> </ul>
Significant	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>ESG risk management</li> <li>Occupational health and safety</li> <li>Supply chain management</li> <li>Financial performance</li> <li>Water resource management</li> <li>Social engagement and welfare</li> </ul>

# 1.2 Stakeholder Communication and Material Topics

## Ranking material topics by significance

InnoCare conducts a material sustainability issues analysis and prioritization based on three main principles: "Stakeholder Concern," "Impact on Operations," and "External Sustainability Impact." For each material sustainability issue, the company defines its commitments, strategies, targets, and impacts. Additionally, InnoCare tracks the progress of annual target outcomes to meet stakeholder expectations.

Material topic	Impact on operations	Importance to stakeholders	External sustainability impact	Rank
Supply chain management	***	***	*	1
Innovation in product and technology R&D	**	***	*	2
Client relations	**	***	*	2
Occupational health and safety	**	*	*	4
Financial performance	*	**	*	4
Energy management		**	*	6
Waste management and circular economy		**	*	7
Talent recruitment and retention	**	*		7
Talent development and training	**	*		7
GHG emissions		*	*	10

# 1.2 Stakeholder Communication and Material Topics

## Relationship between material topics and our value chain

Aspect	Material topic	GRI standard(s)	Impact on operations				Impact on sustainability				Corresponding chapters/ sections in this report
			Increased revenue	Client satisfaction	Operational risk	Employee unity	Procurement	Manufacturing	Client	society	
Economy	Innovation in product and technology R&D	Innovation in product and technology R&D <sup>NOTE</sup>	○	○				●	◎		3.1 R&D Innovation
	Client relations	Customer privacy(GRI418)	○	○					◎		3.2 Client Relationship
	Supply chain management	Procurement practices(GRI 204) Supplier environmental assessment (GRI 308) Supplier social assessment (GRI 414)		○	○		◎				3.3 Supply Chain Management
	Financial performance	Economic Performance(GRI 201)	○					●		○	2.4 Financial Performance and Tax Governance
Environment	Energy management	Energy(GRI 302)			○		◎	●	◎		5.2.3 Energy Management
	GHG emissions	Emissions(GRI 305)			○			●		○	5.2.2 Greenhouse Gas Management
	Waste management and circular economy	Waste(GRI 306) · Materials (GRI 301)			○			●			5.5 Green Circulation
Society	Talent recruitment and retention	Employment (GRI 401)				○		●		○	4.1 Talent Recruitment and Retention
	Talent development and training	Training and Education(GRI 404)				○		●			4.1.2 Diversity, Equity, and Inclusion 4.2 Talent Cultivation and Development
	Occupational health and safety	Occupational health and safety(GRI 403)			○	○	◎	●			4.4 Safety and Protection

● : Direct impact ; ○ : Indirect/potential impact ; ◎ : Impact on business partners

NOTE : InnoCare custom theme

# 1.2 Stakeholder Communication and Material Topics

## Impact on the economy, environment, and humanity (human rights)

Aspect	Material topic	Impact on operations (financial significance)				Impact on sustainability (materiality)			
		Increased revenue	Client satisfaction	Operational risk	Employee unity	Industrial technology development	Resource consumption	Extreme weather	Human rights risks
Economy	Innovation in product and technology R&D	○	○			○			
	Client relations	○	○			○			
	Supply chain management		○	○		○			
	Financial performance	○	○						
Environment	Energy management			○			○	○	
	GHG emissions			○			○	○	
	Waste management and circular economy			○					
Society	Talent recruitment and retention				○				
	Talent development and training				○				
	Occupational health and safety			○	○				○

# 1.3 Sustainable Development Blueprint

InnoCare recognizes that sustainable governance is one of the key indicators for maintaining business operations. By referencing the United Nations Sustainable Development Goals (SDGs) and the company's sustainability development strategy, InnoCare incorporates the SDGs into its organizational culture and daily operations. Based on its core competencies, the company integrates its sustainability strategy with international benchmark cases and addresses significant issues of concern to stakeholders. After internal deliberations, InnoCare focuses on 9 core SDG goals, implementing them through cross-organizational collaboration and regularly reviewing the achievement of these goals, with the aim of co-creating a sustainable world.

## 【9 Key SDGs for InnoCare】



Material topic	Energy management GHG emissions	Talent recruitment and retention Talent development and training	Innovation in product and technology R&D Client relations
	Waste management and circular economy	Occupational safety and health	Supply chain management Financial performance

### SDG7 Affordable and clean energy

- To reduce energy consumption, implement office electricity reduction measures and replace energy-saving lighting.

### SDG12 Responsible consumption and production

- Establish ISO 14001 management programs to increase the waste recycling and reuse rate to 43.5%.
- Zero major violations.

### SDG13 Climate action

- Conduct greenhouse gas inventory operations ahead of the Financial Supervisory Commission's requirements, exceeding regulatory expectations.
- Collaborate with value chain partners to implement packaging and logistics recycling, thereby reducing carbon emissions.

### SDG3 Good health and well-being

- Organize health promotion activities, with 4 sessions and approximately 134 participants.
- The frequency of disabling injuries is 0, significantly better than the industry average of 0.85.
- Zero occupational accidents for 51 consecutive months since the company's establishment, far exceeding the industry average.

### SDG4 Quality Education

- Conducted 103 occupational safety and health training sessions, with a total of 3,463 trainees.
- Participate in the group's talent cultivation program at Innolux University, engaging in three academies and one center curriculum in 2023.

### SDG5 Gender Equality

- Female employees in managerial positions account for 13.04%.
- The promotion rate for women is 16.5%, higher than 13.9% for men, showing no gender-based limitations.

### SDG8 Decent work and economic growth

- NT\$ 18.37 billion in revenue · EPS is NT\$3.00
- The employment ratio of people with disabilities at the Taiwan plant is 1.22%, exceeding regulatory requirements.

### SDG9 Industry, innovation, and infrastructure

- 51 new patents worldwide (total active patents >159)
- NT\$2.2 billion in R&D investment (12.4% of total revenue)

### SDG16 Peace, justice, and strong institutions

- Trade secret, personal information regulation, anticorruption, and insider trading regulation training completion rate 99.5%
- No penalties received due to anti-corruption reports.
- No complaints received regarding privacy violations or confidential data leaks, and no fines incurred.

# 02

## A Win-Win Situation for Corporate Governance and Integrity

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- 2.1 Governing Body 23
- 2.2 Risk Management 30
- 2.3 Integrity Management and Legal Compliance 39
- 2.4 Financial Performance and Tax Governance 42

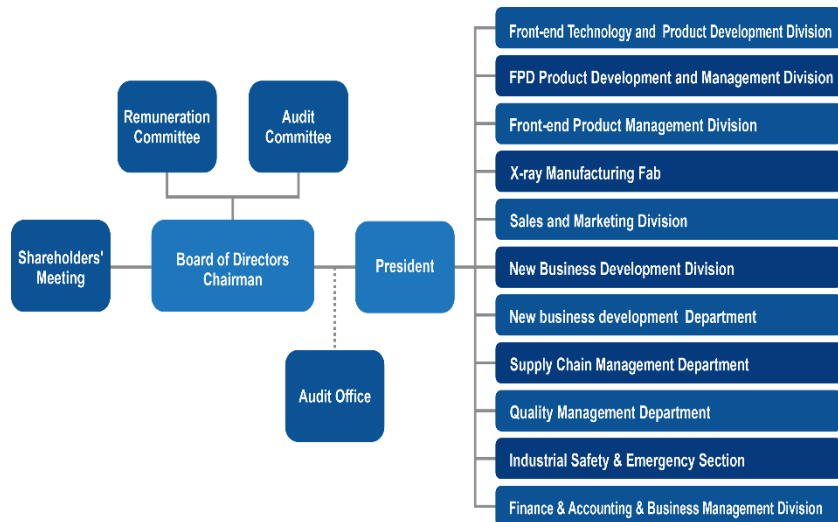
# Management Guidelines

Materiality	2023 Strategy	2023 Result	2024 Target	Medium- to Long-Term Goals (2030)
<b>Financial performance</b>	<ul style="list-style-type: none"><li>Enhance cost and operational planning, and build a robust financial cash flow framework</li></ul>	<ul style="list-style-type: none"><li>In 2023 was NT\$1 billion an EPS of NT\$3.00. A cash dividend of NT\$1.3 per share was distributed in 2023.</li></ul>	<ul style="list-style-type: none"><li>Revenue and profitability continue to improve.</li></ul>	<ul style="list-style-type: none"><li>Create economic value and give back to stakeholders, including shareholders, investors, employees, customers, suppliers, the government, and society.</li></ul>

# 2.1 Governing Body

As a leader in corporate governance, InnoCare has built an effective corporate governance culture in accordance with the Financial Supervisory Commission's Corporate Governance 3.0—Sustainable Development Blueprint, the OECD's Principles of Corporate Governance, as well as the Company Act, the Securities Exchange Act, and other applicable regulations. We are committed to achieving corporate sustainability by protecting our shareholders' rights and interests, strengthening the role played by the Board of Directors, addressing stakeholders' concerns, promoting information transparency, and continuing to improve business resilience and market competitiveness. please refer to the InnoCare 2023 Annual Report.

## 【Corporate governance structure】



## 2.1.1 Board of Directors and Its Operations

InnoCare's Board of Directors is accountable to the Company and its shareholders and is responsible for overseeing corporate strategies, supervising senior executives, planning and implementing the corporate governance system, maximizing value for shareholders, and exercising its duties and authority in accordance with the applicable laws, company regulations, and shareholder resolutions. The company has established the Rules and Procedures for Meetings of the Board of Directors, which stipulate a recusal system in the event of a conflict of interest so as to build a sound governance system for the Board, enhance its supervisory role, and strengthen its management. To safeguard Company interests, board members are required to recuse themselves from matters involving their personal interest. The Board convenes at least once every quarter, and interim meetings can be held at any time if an emergency arises. In 2023, a total of 4 board meetings, which had an average attendance rate of 97.22%.

# 2.1 Governing Body

## 【Board of Directors meeting attendance record】

Board member	Number of meetings		Attendance rate
	Attendance required	Attended	
CHU-HSIANG(JAMES) YANG	5	5	100.00%
TIEN-JEN LIN	5	5	100.00%
JYH-CHAU WANG	5	5	100.00%
DA-LUN HUANG	5	5	100.00%
HONG-JI LI	5	4	80.00%
CHI-TSUNG HUANG	5	5	100.00%
I-HUNG CHOU	5	5	100.00%

## Nominations and Appointments

InnoCare's Articles of Incorporation stipulate that directors (including independent directors) be appointed through a candidate nomination system. The professional qualifications, shareholding, concurrent service restrictions, and nomination and appointment procedures for independent director candidates are subject to the Company Act, the Securities and Exchange Act, and other applicable laws and regulations. The board of directors has a term of three years. The current directors were re-election on November 5, 2021. The proportion of independent directors on the board is 42.86%, and all independent directors have not served more than three consecutive terms. The composition of the board of directors complies with the "Corporate Governance 3.0 - Sustainable Development Blueprint" and the governance code requirements.

# 2.1 Governing Body

## Diversity and Independence

For strong corporate governance and a robust Board structure, Article 20, Paragraph 3 of InnoCare's Corporate Governance Principles outlines the following policy on diversity: The composition of the Board of Directors shall be determined with diversity taken into consideration. It is advisable that directors concurrently serving as company managerial officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the two following general standards:

1. Basic requirements and values: Gender, age, nationality and culture (including race and ethnicity, etc.)
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, [or] technology), professional skills, and industry experience.

The current Board of Director is composed of 7 members—4 non-independent directors and 3 independent directors—whose qualifications are consistent with the Company's operational needs and Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. All directors possess expertise in finance, business, industry, and/or international trade, as well as capabilities in leadership, business operations, administration, and/or crisis management (including risk management). Members with employee status account for 0% of the board, while independent directors and female directors account for 42.86% and 0% of the Board respectively. Three independent directors have served on the board for less than three years. The age distribution of the board members is as follows: two director aged 50-59 years, four aged 60~69, and one aged 70~79.

### 【 Board members 】

Name	Gender	Years of service as independent director			Functional committee		Professional knowledge and skills			Age (years)			InnoCare employee?	
		<3	3-9	>9	Audit Committee	Remuneration Committee	Leadership 、 Administration 、 Industry 、 Finance / Accounting 、 Crisis Management 、 Global Markets	Operations	Business Economics	50-59	60-69	70-79		
<b>Chairman : Representative of Innolux Corporation</b>														
CHU-HSIANG YANG	M							V	V	V	V			
<b>Directors of a Juridical Person: Representative of Innolux Corporation</b>														
TIEN-JEN LIN	M							V	V	V	V			
<b>Director</b>														
JYH-CHAU WANG	M							V	V	V	V			
DA-LUN HUANG	M							V	V	V	V			
<b>Independent Director</b>														
HONG-JI LI	M	V			V Convener	V Convener		V	V	V	V			
CHI-TSUNG HUANG	M	V			V	V		V	V	V	V			
I-HUNG CHOU	M	V			V	V		V					V	

# 2.1 Governing Body

## Board of Directors Performance Evaluation

On September, 2021, the Board of Directors adopted the Rules for Evaluating Board of Directors and Functional Committee Performance, which require that the performance of the Board as a whole, individual directors, and functional committees be reviewed annually. Furthermore, external performance reviews must be conducted by professional and independent organizations, experts, and scholars at least every 3 years. At the end of each year, a performance evaluation is carried out based on the aforementioned reviews.

The Board of Directors performance evaluation encompasses five major aspects of board performance: involvement in company operations, improvement of board decision-making quality, board membership and composition, board member selection and continuing education, and internal control. Performance evaluations of individual board members include their understanding of company goals and tasks, understanding of board responsibilities, involvement in company operations, internal relations management and communication, professionalism and continuing education, and internal control. Evaluations of functional committees also encompass five aspects: involvement in company operations, understanding of committee responsibilities, improvement of committee decision-making quality, committee composition and membership selection, and internal control.

In 2023, we conducted performance reviews of the Board of Directors, individual board members, the Audit Committee, and the Remuneration Committee using a five-point scale (“extremely poor/strongly disagree”, “poor/ disagree”, “fair/neutral”, “good/agree”, and “excellent/strongly agree”). Final results for the four reviews were “good”, “good”, “excellent”, and “excellent” respectively, suggesting that the Company’s Board of Directors and functional committees are highly effective.

In 2023, our company commissioned the Taiwan Institute of Ethical Business (TIEB) to conduct an external board performance evaluation. The evaluation focused on four major aspects of the board: professional competencies, decision-making effectiveness, emphasis on and supervision of internal controls, and the board’s attitude towards sustainable operations. The evaluation was carried out through questionnaire responses, document reviews, and on-site interviews.

The summary of the overall evaluation is as follows: Our independent directors have backgrounds in accounting, medicine, and medical devices, providing diversified perspectives from different angles. The board members are deeply involved in company operations, fully utilizing decision-making effectiveness.

The main recommendations are:

1. Enhance the diversity of the board composition.
2. Continuously review the appropriateness of talent performance evaluation standards.
3. Increase discussions on sustainable development issues in board meetings.

# 2.1 Governing Body

In response to these recommendations, our company will develop action plans, including:

1. During future board re-elections, carefully evaluating the list of director candidates, incorporating gender factors into the assessment, to promote a more diverse board composition and introduce different value perspectives, thereby strengthening the diversity of board members.
2. Regularly reviewing performance evaluation standards and increasing relevant discussions in board meetings to make them more aligned with the actual needs of the enterprise, and developing more detailed and clear operational standards for the evaluation criteria.
3. Seeking advice from external consultants to provide diversified talent development perspectives and formulate appropriate development plans, compensation systems, or performance evaluation standards.

The aforementioned results were reported to the Board of Directors in Q1 2024 to serve as a reference for decisions involving remuneration and reappointment of board and functional committee members.

## Enhancement of Professional Competencies

InnoCare organizes a minimum of 6 hours of continuing training courses for board members each year to improve their professional competencies and knowledge, keep them up to date on international sustainability trends, and enhance risk management. In 2023, the directors received an average of 6 hours of training on a variety of topics such as “Sustainable Corporate Governance—Gender Equality and Diversity,” “Measures for Trade Secret Protection and Insider Trading Prevention,” that covered concepts such as corporate governance, risk management, information security, and sustainable development. Training courses like these ensure board members are familiar with Company operations while ensuring that they are equipped with the capabilities needed to manage sustainable development goals. Please refer to page 56 of the 2023 InnoCare Annual Report for information on continuing education for board members.

# 2.1 Governing Body

## 2.1.2 Structure and Operations of Functional Committees

To complement the Board of Directors, InnoCare established two functional committees under the board, the Remuneration Committee and the Audit Committee, to exercise the duties and powers stipulated in InnoCare's Articles of Incorporation, the Company's shareholder resolutions, and the applicable laws and regulations. All functional committees are composed of independent directors to ensure effective oversight of Company operations, enhance board functions, advance stakeholders' interests and corporate value, and guarantee the independence, professionalism, and objectivity of committee decisions and proposals.

### Audit Committee

In November 2021, InnoCare established the Audit Committee to exercise legally mandated duties and powers stipulated in the Securities Exchange Act, the Company Act, and other applicable laws and regulations. The Audit Committee is responsible for assisting the Board of Directors in overseeing and strengthening internal control mechanisms, ensuring adequate disclosure of financial statements, handling the appointment/dismissal and remuneration of CPAs, and seeing to the effective implementation of internal control, regulatory compliance, and management of current and potential risks.

The Audit Committee is composed exclusively of independent directors serving 3-year terms. Independent director HONG-JI LI is the current convener, elected by fellow members. The Audit Committee convenes at least once per quarter. In 2023, a total of 5 committee meetings were held with an average attendance rate of 93.33%. Please refer to the Market Observation Post System (MOPS) or page 30 of the 2023 InnoCare Annual Report for more information on the Audit Committee's operations.

Member	Number of meetings		Attendance rate
	Attendance required	Attended	
HONG-JI LI(Convener)	5	4	80.00%
I-HUNG CHOU	5	5	100.00%
CHI-TSUNG HUANG	5	5	100.00%

### Remuneration Committee

In September 2021, InnoCare established the Remuneration Committee, whose mandate is to formulate and regularly review performance evaluations of directors and senior executives as well as the policies, systems, standards, and organizational structures pertaining to employee remuneration and compensation. The Board of Directors appoints three independent directors to the committee in accordance with the Remuneration Committee Organizational

Independent director HONG-JI LI was elected by fellow members to serve as current convener. The committee is required to convene at least twice each year. In 2023, a total of 3 meetings were held with a perfect attendance rate of 89%. Please refer to MOPS or page 42 of the 2023 InnoCare Annual Report for more information on the Remuneration Committee's operations.

Member	Number of meetings		Attendance rate
	Attendance required	Attended	
HONG-JI LI(Convener)	3	2	67%
CHI-TSUNG HUANG	3	3	100%
I-HUNG CHOU	3	3	100%

# 2.1 Governing Body

## 2.1.3 Internal Audits

### Operation of Internal Control Functions

In order to effectively implement the internal control system, InnoCare has established a Audit Office that reports directly to the Board of Directors. The office is staffed with full-time internal auditors who meet the qualifications set by the competent authorities and have obtained relevant professional certifications. These auditors engage in continuous professional development each year to enhance audit quality and capability. They perform internal audits with objectivity, impartiality, and rigor. In addition to assisting the Board of Directors and management in inspecting and evaluating the effectiveness of the internal control system, they also measure the effectiveness and efficiency of the company's operations (including profitability, performance, and asset security). This reliability, timeliness, transparency, and compliance of reports with relevant norms and regulations. Auditors also provide timely improvement suggestions to ensure the internal control system can be continuously and effectively implemented.

### Internal Audit Operations

To ensure the appropriateness and effectiveness of the internal control system, the Audit Office of InnoCare conducts on-site and document-based audits of each operational cycle in accordance with the audit plan approved by the Board of Directors. These audits cover aspects such as compliance with laws and regulations, process design, system adherence, financial report accuracy, and operational effectiveness and efficiency. Based on these audits, various improvement suggestions are provided, and the audit results are regularly reported to the Audit Committee and the Board of Directors. This assists the Board and management in reasonably ensuring the implementation of the internal control system. Additionally, to implement the company's self-monitoring mechanism, the Audit Office is responsible for overseeing the management's internal control self-assessment operations each year. This includes reviewing the improvement of internal control deficiencies and irregularities, which serves as the basis for the Board of Directors and the General Manager to evaluate the overall effectiveness of the internal control system and issue the internal control system statement.

## 2.1.4 Senior Executive Remuneration and Sustainability-Linked Performance

In accordance with InnoCare's remuneration policy for board members and senior executives, the Remuneration Committee examines corporate operational performance, individual performance and duties, industry trends, and the standard remuneration for comparable positions in the industry before submitting a proposal for amounts and forms of remuneration for final approval by the Board of Directors.

The senior executives' performance evaluations encompass both financial and non-financial aspects of their service. The financial aspect of the performance evaluation consists of key indices such as operating revenue and EPS, whereas the non-financial aspect covers environmental, social, and governance (ESG) results with each index and award accounting for 0% to 5% of the final score. Thanks to this comprehensive evaluation system, we are able to formulate a competitive remuneration system that is linked to our operating performance. Please refer to MOPS or page 42 of the 2023 InnoCare Annual Report for more information on the Remuneration Committee's operations.

# 2.2 Risk Management

In recent years, faced with the impacts of global pandemics, geopolitical conflicts, and intensified extreme climate changes, InnoCare has approached these challenges from three major dimensions: economic, environmental, and social. Through risk strategies and management procedures, the company priorities and levels of risk control, and adopts corresponding risk management measures. This is done to establish a comprehensive risk management mechanism, ensuring a for sustainable corporate development.

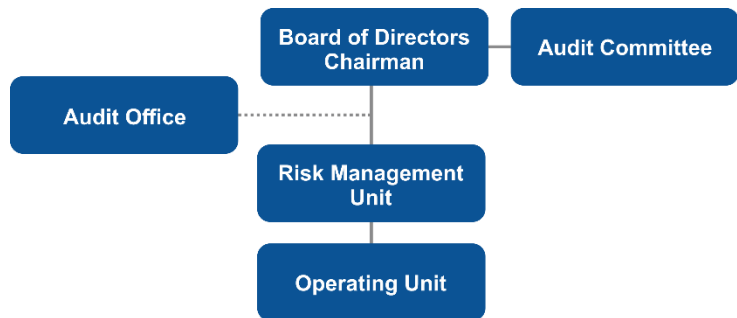
## 2.2.1 Risk Management Policy and Procedures

In order to establish an effective risk management mechanism, InnoCare has formulated the "Risk Management Policy and Procedures". The Board of Directors acts as the highest decision-making body for risk management, responsible for approving overall risk management policies and significant decisions, with the aim of ensuring prudent operations and sustainable development. The risk management organization of InnoCare consists of the Board, the Audit Committee, the Audit Office, various risk management units, individual departments, and subsidiaries.

The structure functions as follows: The Board of Directors approves the overall risk management policies and significant decisions.

- The Audit Committee reviews the effectiveness of the company's internal control system.
- Each risk management unit understands the risks faced by their respective business areas and incorporates risk management mechanisms into operational management regulations.
- Individual departments and subsidiaries clearly identify various risks, execute necessary operations and risk management to ensure that risks are controlled within acceptable limits.
- The Audit Office audits the company's risk management and provides timely information to the management about existing or potential risk issues related to internal control, ensuring compliance with established regulations and control procedures.

### 【 Risk management structure 】

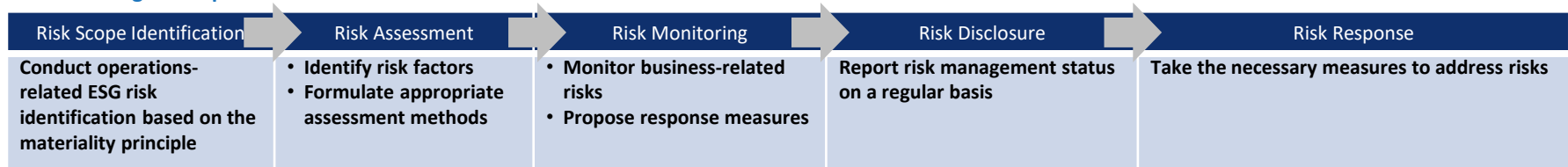


organize	Content
Audit Committee	The Audit Committee reviews the assessment of the effectiveness of the company's internal control system.
Board of Directors	The Board of Directors approves the overall risk management policies and significant decisions.
Audit Office	Audit the company's risk management, assist the management in grasping risk issues, and ensure compliance with established regulations and control procedures.
Risk management unit	Understands the risks faced by their respective business areas and incorporates risk management mechanisms into operational management regulations.
Operating Unit (Each department and subsidiary)	Clearly identifies various risks, executes necessary operations and risk management to ensure that risks are controlled within acceptable limits.

# 2.2 Risk Management

The company's risk management policy is defined based on the company's operational guidelines to identify various risks. It establishes a risk management mechanism that enables early identification, accurate measurement, effective supervision, and strict control. The policy is continuously adjusted and improved in response to internal and external environmental changes, adopting corresponding risk management measures to protect the interests of employees, shareholders, partners, and customers. This approach aims to increase the company's value and achieve the principle of optimal resource allocation.

## 【 Risk management procedures 】



To ensure the effectiveness of risk management, the company has established the "Three Lines of Defense in Risk Management", clearly defining the organization, responsibilities, and functions of each line of defense. Through a risk management mechanism that enables early identification, accurate measurement, and strict control, the company continually adjusts and improves best risk management practices in response to internal and external environmental changes. It adopts corresponding risk management measures to reduce or avoid operational impacts caused by risks.

## 【 Three Lines of Defense in Risk Management 】



# 2.2 Risk Management

## 2.2.2 Risk Identification and Management

In response to changes in the global political and economic environment, InnoCare integrates its sustainable business strategy and significant issues, referencing the Global Risk Report published by the World Economic Forum (WEF). The company identifies operational risks, financial risks, geopolitical risks, and key personnel risks pertinent to InnoCare. Relevant departments take early action to address these risks, monitor the associated risks, and propose mitigation measures and response strategies.

Risk Issue	potential impact	Overview of coping mechanisms
Operational Risks	<ul style="list-style-type: none"> <li>• Risk of Competition and Elimination of Major Products and Technologies: InnoCare holds a customer advantage and technological leadership in the field of X-ray sensors. However, in recent years, with the entry of various manufacturers, market competition has become increasingly fierce. The continuous introduction of new technologies and products and the accelerated transition to mainstream products may impact the sales of the company's existing products, potentially leading to negative effects on financial operations.</li> <li>• Risk of Supply Chain Supply and Concentration of Procurement: The company primarily engages in the design, manufacturing, and sales of X-ray flat panel sensors. During product development and manufacturing processes, maintaining collaborations with suppliers is essential to complete product production through specialized divisions of labor. Since the products are extensively used in the medical diagnostics field, they involve numerous items and have high requirements for technical levels and supply stability. The selection of suppliers requires comprehensive consideration of factors such as process technology, quality yield, production capacity, delivery time, and geopolitical relationships, leading to a concentration of procurement sources for some raw materials.</li> </ul>	<p>Facing the Risk of Competition and Elimination of Major Products and Technologies: In addition to continuously investing in the development of new technologies and products in the core sensor product field, the company strengthens its response in various ways. These include "closely communicating with major international customers regarding product and technology directions," "actively participating in exhibitions and academic seminars," "regularly monitoring the latest publications in academic journals," and "diversifying business attempts based on core competencies." Additionally, the company explores new services and product lines, such as automated industrial inspection equipment, to diversify revenue sources and reduce operational fluctuations. Furthermore, through collaborations and alliances with startups and emerging businesses, the company strategically positions itself in new application areas.</p> <p>Facing the Risk of Supply Chain Supply and Concentration of Procurement: For key components, the company strives to choose more than one supplier whenever possible or mitigates the risk of supply concentration through contracts and establishing safety stocks.</p>
Geopolitical Factors	<ul style="list-style-type: none"> <li>• The year 2024 is a global election year, with many countries welcoming new leaders and political landscapes. The US-China relationship remains unimproved, the tech war continues, and cross-strait tensions persist. The Russia-Ukraine war and the newly erupted Israeli-Palestinian conflict have intensified geopolitical tensions. These factors profoundly impact the supply chain arrangements across various industries and elevate shipping costs, leading to significant implications.</li> </ul>	<p>The company has customers across major global regions, diversifying revenue sources to mitigate the impact of political fluctuations in any single area. The company continuously monitors international developments, maintains friendly and strategic relationships with suppliers and customers, and actively develops new suppliers and customers to reduce related operational risks.</p>

# 2.2 Risk Management

Risk Issue	potential impact	Overview of coping mechanisms
Financial Risks	<p>Pandemic and the Russia-Ukraine war have brought global inflation, prompting central banks in major countries to respond with significant interest rate hikes. The differences in interest rates and economic environments across countries affect exchange rates and capital flows. The company has operational bases in the Americas, Europe, and Asia, with customers worldwide. Global operations face the following financial risks:</p> <ul style="list-style-type: none"> <li>• Capital Allocation and Turnover Risk</li> <li>• Interest Rate Risk</li> <li>• Exchange Rate Fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>• The company plans appropriate levels of domestic and foreign currency cash based on operational revenue and expenditure needs. It signs long-term and short-term credit agreements with financial institutions and utilizes borrowing limits according to operational conditions to support cash payments and turnovers. The company maintains sufficient cash levels, thus facing no turnover risks.</li> <li>• The company continuously monitors changes in financial market interest rates and their impact on its funds, maintaining good relationships with banks to evaluate the costs of various funding sources. It selects appropriate financing methods to support company growth, and interest rate changes have not significantly affected the company's profit and loss.</li> <li>• Facing Exchange Rate Fluctuations:             <ul style="list-style-type: none"> <li>• The finance department evaluates exchange rate fluctuation risks, formulates strategies, and assesses whether to execute hedging transactions. Since the company's accounts receivable and payable are primarily in foreign currencies, it currently adopts natural hedging, and exchange rate fluctuations have not significantly impacted the company's profit and loss.</li> <li>• The company's main transaction currencies are the US dollar and the Japanese yen, and it primarily adopts natural hedging methods. Additionally, it evaluates the exchange rate risks arising from major substantial positions to plan hedging transaction strategies, selecting well-established and reputable financial institutions as the main counterparts.</li> </ul> </li> </ul>
key talent	<ul style="list-style-type: none"> <li>• Intense Competition for R&amp;D Talent in Taiwan with Numerous External Incentives.</li> <li>• Decreasing Number of Graduates in Taiwan and High-Salary Poaching by Domestic and Foreign Companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Global Collaboration with Innolux Group for Recruitment and International Integration: In collaboration with Innolux Group, the company is expanding its global recruitment strategy and aligning with international standards. The recruitment scope has been extended to Southeast Asian countries, offering overseas talents benefits programs and attractive salaries to come to Taiwan, preparing for the organization's international layout.</li> <li>• Strengthening Campus Recruitment Programs in 2024: In 2024, the company will continue to enhance its campus recruitment programs by securing talent before graduation. Through the Campus International Mentorship Program and collaboration with international industry-academia alliances, the company aims to recruit international students from campuses and retain them in Taiwan.</li> </ul>

# 2.2 Risk Management

## 2.2.3 Financial Risk

In response to the rapid changes in the industry market, InnoCare regularly evaluates and analyzes financial risks through its finance department to effectively reduce operational risks. These financial risks include external factors such as global economic conditions and financial market changes, as well as internal factors such as the company's operational status and strategic development directions.

The finance department formulates risk management strategies based on these evaluations and executes foreign exchange transactions according to authorized decision-making powers. It also plans and allocates revolving credit limits from financial institutions to meet both short-term and long-term operational needs. During this period, the Audit Office continuously supervises internal controls, compliance with regulations, and ensures that announcements are made in accordance with regulatory requirements.

### 【Financial Risk Management Process】



# 2.2 Risk Management

## Key Financial Risks and Controls

InnoCare classifies financial risks into market risk, credit risk, and liquidity risk. The potential impacts and response measures for each type of risk are explained as follows.

Type	Risk Item	Potential Impacts	Response Measures
Short Term (2024)	<b>Market Risk (Interest Rate, Exchange Rate)</b>	<ul style="list-style-type: none"> <li>Fluctuations due to rising or falling interest rates could lead to increases or decreases in income or expenses.</li> <li>Since revenue is mainly derived from USD and JPY, and the demand for foreign currency funds for manufacturing costs and operating capital is also in USD and JPY, significant exchange rate fluctuations will impact financial gains or losses.</li> </ul>	<ul style="list-style-type: none"> <li>Establish good credit relationships with banks to secure more favorable interest rates for financing or fixed deposits, thereby reducing financial costs or increasing income.</li> <li>Adjust the levels of foreign currency funds using natural hedging for the company's main trading currencies, USD and JPY. In the future, for net foreign currency asset positions, evaluate holding positions through forward foreign exchange transactions to mitigate exchange rate fluctuation risks.</li> </ul>
	<b>Credit</b>	<ul style="list-style-type: none"> <li>High uncertainty in the overall economic environment, geopolitical risks, and financial market turmoil can cause financial turnover risks for SMEs with weaker operational structures, affecting their ability to make regular payments for goods.</li> </ul>	<ul style="list-style-type: none"> <li>According to the customer credit management policy, evaluate customers' credit trading methods and transaction limits, continuously monitor accounts receivable recovery status, and execute collection operations after the transaction.</li> <li>Regularly assess the financial risks of customers who have obtained credit transactions and review the usage of their credit limits, making timely adjustments to reduce the company's operational risks.</li> <li>For customers in high credit risk areas, mitigate related operational risks by purchasing third-party credit insurance (from institutions specializing in credit risk underwriting).</li> </ul>
	<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Changes in global economic conditions and geopolitical risk factors may cause a domino effect, leading to systemic liquidity risks.</li> </ul>	<ul style="list-style-type: none"> <li>In response to the uncertainties in the 2024 economic outlook, allocate funds based on the principles of stability and liquidity. Continuously expand both short-term and long-term financing channels to ensure adequate sources of funds and avoid systemic liquidity risks caused by external factors. Utilize capital markets for fundraising at appropriate times to strengthen the capital structure and enhance operational capabilities.</li> </ul>
Long Term (3~5 Year)	<b>Market</b>	<ul style="list-style-type: none"> <li>The expectations regarding the U.S. Federal Reserve's interest rate hikes or cuts will affect not only domestic interest rates but also the exchange rate fluctuations of various currencies against the U.S. dollar.</li> </ul>	<ul style="list-style-type: none"> <li>Adhering to a prudent management philosophy, we do not engage in high-risk, high-leverage investment products. If necessary, we use forward foreign exchange contracts and other methods for hedging.</li> </ul>
	<b>Credit</b>	<ul style="list-style-type: none"> <li>Unfavorable overall economic conditions, geopolitical risks, and financial market volatility can cause financial turnover risks for small and medium-sized enterprises (SMEs) with weaker operational structures, thereby affecting their ability to make timely payments.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing customer credit management and monitoring the recovery of customer accounts receivable, along with follow-ups. The company also continuously expands orders from different industries and clients to diversify revenue sources, thereby reducing operational risks.</li> </ul>
	<b>Corporate Investment</b>	<ul style="list-style-type: none"> <li>Investments in businesses within similar industry environments are subject to operational and financial risks arising from political and geopolitical factors, supply chain adjustments, inflation, and interest rate hikes.</li> </ul>	<ul style="list-style-type: none"> <li>The company will continuously monitor the operations of investment targets to ensure alignment with the company's strategic goals. For new investments, the company will carefully evaluate the timing of entry and enhance the synergy of investment production and sales strategies to aid in industry development.</li> </ul>

# 2.2 Risk Management

## 2.2.4 Information Security Management

InnoCare is committed to protecting the confidential information and intellectual property that provide competitive advantages to the company, employees, customers, and suppliers. The company is dedicated to enhancing information and communication security protections and management mechanisms. This includes controlling information assets such as server hosts, database systems, application software systems, personal computers, operational information, and personal privacy information in accordance with the principles of the Information Security Management System (ISMS) to ensure the confidentiality, integrity, and availability of information.

Additionally, InnoCare has established regulations for information software operating systems and disaster recovery mechanisms for information security. These measures create a secure and reliable electronic information operating environment, ensuring that the company's information systems and operational data can quickly report and respond to information security incidents. The goal is to restore normal operations in the shortest possible time, thereby ensuring the continuity of the company's information security operations.

### Enhancing Information Security Measures

1	Promotion of ISO 27001 Certification	<ul style="list-style-type: none"><li>Initiate the certification process in 2024, with the goal of obtaining certification by the end of December.</li></ul>
2	Email Social Engineering Protection	<ul style="list-style-type: none"><li>Plan internal email social engineering drills to raise employee awareness of information security.</li></ul>
3	Strengthening Information Security	<ul style="list-style-type: none"><li>Network Security Control: Deploy firewalls for external defense and regularly update Indicators of Compromise (IOCs) to prevent internal malicious connections.</li><li>Information Asset Management: Establish an information security inventory management system, implement sensitive data destruction mechanisms, and establish electronic document loss prevention mechanisms.</li><li>System Access Security Protection: Update original security patches and identify the latest virus attack modes to block attacks and prevent their spread immediately.</li><li>Endpoint Security Protection: Deploy endpoint protection software and next-generation antivirus software on computer systems, and use multi-factor authentication for remote office login systems.</li><li>Physical and Environmental Security: Control access to server rooms or sensitive areas using access control systems, and manage login systems with password controls and regular password updates.</li><li>Supply Chain Information Security Protection: Require suppliers to sign confidentiality agreements and comply with regulations and entry standards. Equipment entering the facility must pass information security checks, and personnel must undergo information equipment inspections at security workstations to prevent information leakage.</li><li>Compliance with Laws and Regulations: Adhere to government guidelines for establishing internal control systems for publicly traded companies. Set up a dedicated information security unit (including dedicated information security officers and personnel) to enhance information security protection. Annually review information security measures and regulations in line with relevant provisions of the information security control guidelines for listed and OTC companies.</li></ul>
4	Expansion of Backup Hardware and Software	<ul style="list-style-type: none"><li>To prevent ransomware threats, expand the range of backup equipment and strengthen backup operation management mechanisms.</li></ul>
5	Endpoint Detection and Defense	<ul style="list-style-type: none"><li>Plan endpoint detection and defense mechanisms for critical equipment in internal server rooms to prevent zero-day attacks.</li></ul>
6	Development Plan for Sustainable Operation of Key Equipment Information Security	<ul style="list-style-type: none"><li>Information security monitors technical mechanisms such as key asset management and availability maintenance of the production line, strengthens the information security protection capabilities of key machines, such as network security protection, repairs key machines with weak vulnerabilities, and carries out active information security protection mechanisms such as virtual patching, and Centralize information security protection and maintenance mechanisms in the information security situation room to solve the problem of information security protection for old computers.</li></ul>
7	Corporate Cyber Insurance	<ul style="list-style-type: none"><li>Obtain cyber insurance to prevent financial losses caused by major information security incidents and protect the interests of customers and investors.</li></ul>

# 2.2 Risk Management

## Information Security Education

To effectively defend against information security risks and prevent security incidents, InnoCare holds an annual Information Security Month educational event. This event ensures that all employees complete the designated "IT Security Awareness and Advocacy Online Course," achieving a 100% training completion rate. Additionally, unscheduled social engineering drills are conducted to enhance overall employee awareness of information security. To continually advance the expertise of information security personnel, InnoCare regularly participates in external professional information security training sessions, such as SP-ISAC (Science Park Information Sharing and Analysis Center) intelligence sharing and training programs. The company also encourages employees to obtain information security certifications, aiming to bring the latest defense concepts back to the company and dynamically adjust security defense strategies in response to evolving hacking trends.

### **【Aspects of Information Security Education】**

- Conduct the InnoCare Information Security Month activities to raise employee awareness of information security.
- Regularly use platforms such as "Boot-Up Advocacy Platform," "Screen Savers," "Online Learning Platform," and "Internal Announcement Emails" to educate employees on information security concepts.
- Implement "Email Source Verification Mechanism" to reduce the risk of phishing emails.
- Become a member of the TWCERT Information Security Alliance to exchange security intelligence with alliance members.
- Join the Taiwan Information Security Managers Alliance to share security intelligence with alliance members.

## Information Security Maturity

In the face of industry competition, enterprises are constantly subjected to various cybersecurity threats. Information security management has become one of the key issues for corporate sustainability. InnoCare places great importance on information security management by identifying both internal and external cybersecurity risks and formulating corresponding strategies. Starting in 2023, the company has been conducting the Industrial Technology Research Institute's SECPAAS cybersecurity maturity assessment. This ongoing effort aims to enhance different aspects of cybersecurity and overall maturity through network security planning and improvement projects in both domestic and international plants, thereby preventing and mitigating the impact of cybersecurity incidents. The current cybersecurity maturity assessment score is 72, with a target to reach above 80 by Q4 2024. At the same time, through the implementation of security education and training for all employees, we will enhance employee security awareness and avoid major information security incidents. We hope to continuously strengthen the resilience of corporate operations, increase the confidence and satisfaction of stakeholders, and achieve the goal of sustainable operations.

# 2.2 Risk Management

## Cybersecurity Incident Risk Management

To enhance its overall cybersecurity response capabilities and improve incident response measures, InnoCare proactively collaborates with domestic cybersecurity organizations. Domestically, the company has joined TWCERT/CC (Taiwan Computer Emergency Response Team/Coordination Center) and ISAC-SPISAC (Science Park Information Sharing and Analysis Center) to exchange and acquire the latest intrusion threat indicators. These efforts are complemented by a global cybersecurity threat information protection network for interactive detection and defense. Additionally, to ensure uninterrupted continuous operations, InnoCare has established comprehensive management procedures, such as the "Information Security Incident Management Control Guidelines" and the "Information Security Disaster Recovery Handling Mechanism Guidelines." The company has also implemented an automatic alert mechanism for cybersecurity incidents, conducting annual tests and review drills.

## Supply Chain Cybersecurity Management

To effectively strengthen supply chain cybersecurity management, InnoCare enhances its protective resilience through four major protective measures:

- Suppliers are required to sign confidentiality agreements and comply with regulations and entry standards.
- Equipment entering the plant must pass information security checks.
- Personnel entering the plant must undergo information equipment inspections at security workstations to prevent information leakage.
- The MDM (Mobile Device Management) system rigorously controls the implementation and inspection mechanisms for mobile information devices.

# 2.3 Integrity Management and Legal Compliance

**For business integrity, regulatory compliance, and sustainable corporate operations, InnoCare maintains corporate governance regulations and protocols that specify requirements for integrity management and legal compliance in accordance with the applicable domestic and international laws and policies.**

## 2.3.1 Integrity Management

To ensure business integrity and ethical corporate development, InnoCare formulated the Ethical Corporate Management Best Practice Principles for InnoCare Corporation, the Code of Ethics for Directors and Officers, and the Code of Conduct for Employees in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Responsible Business Alliance (RBA) Code of Conduct. To ensure that the corporate integrity policy is fully implemented by its employees and suppliers, the company requires new hires to sign the Service Agreement, Integrity and Honesty and Intellectual Property Rights Agreement, while suppliers must adhere to the Supplier Corporation Social Responsibility Code of Conduct Operation Standard and sign the Supplier's Undertakings.

### Anti-Corruption Policy

InnoCare adopts a zero-tolerance policy towards unethical business conduct, maintaining principles of integrity and fairness in business activities. The anti-corruption policy is clearly stipulated in the "Ethical Corporate Management Best Practice Principles," the "Procedures for Ethical Management and Guidelines for Conduct," and the "Code of Ethical Conduct," all of which have been approved by the board of directors. These policies and practices are explicitly stated in various internal and external documents such as the Employee Code of Conduct and the Supplier Corporate Social Responsibility Code of Conduct Operational Guidelines, strictly requiring adherence from employees and suppliers. To ensure the effective implementation of the anti-corruption policy, new employees must sign the "Service Agreement, Integrity and Honesty and Intellectual Property Rights Agreement" upon onboarding. InnoCare also conducts annual digital anti-corruption training courses for all employees to raise awareness, achieving a 99.5% completion rate for the 2023 courses.

Beyond internal management measures, InnoCare extends its anti-corruption policies to suppliers, requiring global suppliers to comply with the "Supplier Corporate Social Responsibility Code of Conduct Operational Guidelines" and sign a "Supplier's Undertakings," as well as fill out an anti-corruption questionnaire to assess related risks. The company tracks and manages supplier commitments and promptly addresses any irregularities. InnoCare will continue to advocate these policies to suppliers and employees, thereby promoting the company's culture of integrity and monitoring for any non-compliant behaviors.

### Anti-Corruption Education and Training

InnoCare promotes legal compliance and training through various channels such as online courses, the company website, and boot-up screens to enhance employees' legal awareness. Training courses on key topics like anti-corruption, personal data protection, trade secret protection, antitrust, and insider trading prevention are provided, with a 99.5% completion rate for the 2023 courses.

# 2.3 Integrity Management and Legal Compliance

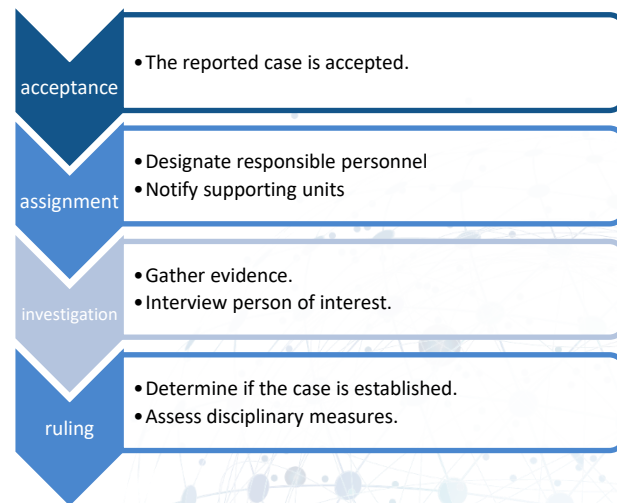
## 【Training completion rate in 2023】

Target	Metrics	Trade secret, personal data protection, anti-corruption, and insider trading prevention	Anti-trust regulations
Employees	Enrolled	205	57
	Completed	204	57
	Completion rate	99.5%	100%
	Target	98%	98%
	Target reached?	√	√

## Anti-corruption Management

To achieve effective management and prevent corruption, InnoCare distributes the "Employee Code of Conduct | Anti-Corruption Questionnaire" to all employees to expand and deepen the implementation of the anti-corruption policy. This initiative not only periodically reminds employees to comply with InnoCare's anti-corruption policy but also investigates and understands the implementation status of the anti-corruption policy to prevent potential corruption incidents. Additionally, to reduce the risk of corruption, InnoCare uses an anti-corruption reporting mailbox (speak-up@innocare-x.com) to provide whistleblowers with a channel for reporting. This reporting channel is promoted on the company website and in the Supplier's Undertakings. If any violations are found, both internal and external personnel can report illegal activities through this channel. For reported cases, InnoCare has formulated the "Procedures for Investigating and Managing Corruption Incidents," which details the standard operating procedures and confidentiality mechanisms for handling reports. A cross departmental investigation team, consisting of the legal, HR, and Audit office, conducts intensive and prudent investigations based on the "Procedures for Investigating and Managing Corruption Incidents." If a case is confirmed to be true, subsequent measures are taken according to internal regulations, depending on the severity of the involvement of suppliers and employees. If criminal liability is involved, the case will be referred to judicial authorities for investigation. In 2023 no reports were received. InnoCare continues to strengthen company management processes and internal control procedures, and educates all employees to prevent disciplinary incidents.

## 【Procedures for corruption reporting and complains】



# 2.3 Integrity Management and Legal Compliance

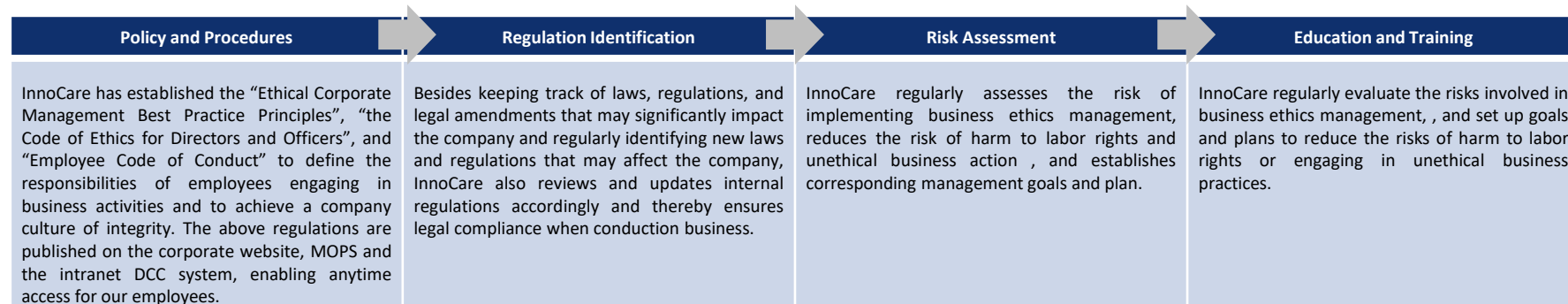
## Confidential Information and Privacy Protection

Recognizing the importance of confidential information and privacy protection for customers, suppliers, and the company, InnoCare has announced the "Privacy Protection Policy" on the company website and has established the "Employee Code of Conduct," "InnoCare Corporate Social Responsibility Practice Code," and "Supplier Corporate Social Responsibility Code of Conduct Operating Procedures" to ensure compliance from internal operations to the value chain, fully implementing confidential information and privacy protection. InnoCare understands the importance of employees protecting the company's trade secrets and requires all indirect employees to participate in trade secret protection training. The company continuously promotes this through screen savers and boot screens. Any violations of trade secret protection will be handled according to the specific circumstances and reward and punishment regulations, and legal action will be pursued.

## 2.3.2 Legal Compliance

InnoCare's operations comply with domestic and international laws and industry standards. Relevant units implement regulatory compliance policies. In 2023, InnoCare did not receive any penalties related to anti-corruption, personal data protection, trade secret protection, or antitrust laws.

### 【 Risk Management Process 】



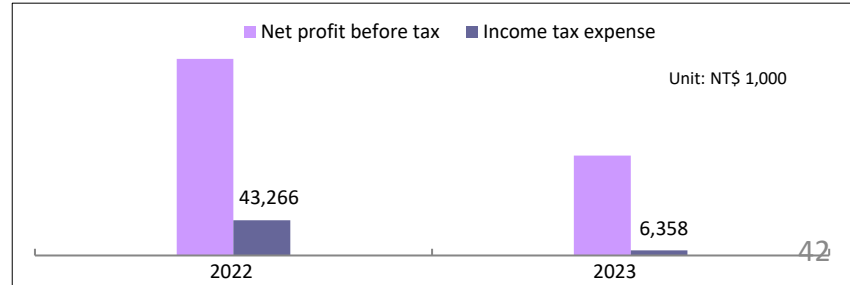
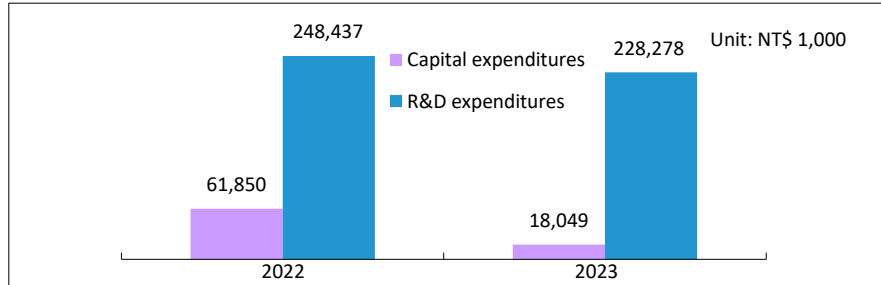
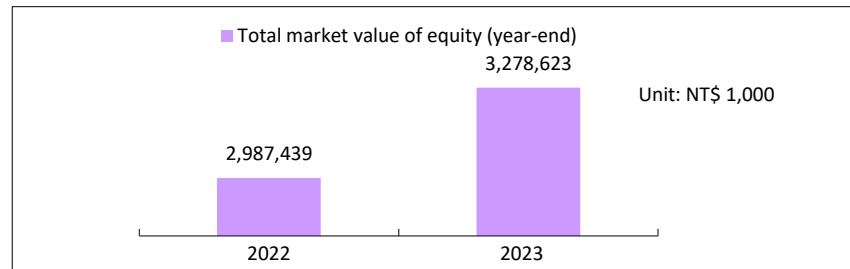
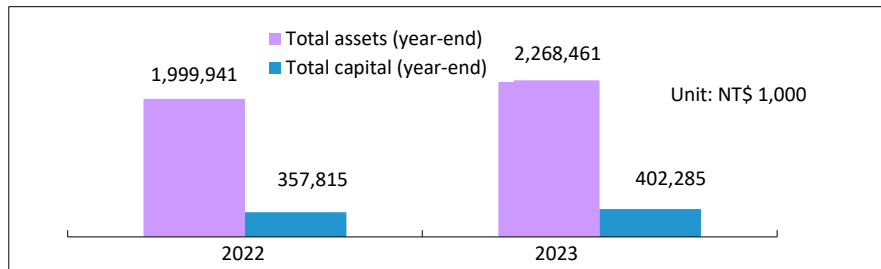
# 2.4 Financial Performance and Tax Governance

InnoCare believes that sound financial performance is the foundation of sustainable business operations. InnoCare is committed to building robust operational plans and fund management. By regularly disclosing financial performance, InnoCare ensures the transparency and timeliness of financial information, aiming to create long-term stable economic value for various stakeholders. This, in turn, strengthens stakeholders' confidence in long-term investments in InnoCare.

## 2.4.1 Financial Performance

Consolidated Revenue NT\$ <b>1.8 B</b>	Gross profit NT\$ <b>0.5 B</b>	Gross Profit Margin <b>28 %</b>	Operating income NT\$ <b>30M</b>	Operating Profit Margin <b>2%</b>	Income After Tax NT\$ <b>120M</b>	EPS NT\$ <b>3.00</b>
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### Operating outcomes, 2022-2023



# 2.4 Financial Performance and Tax Governance

## Consolidated Financial Report

Unit: NT\$ 1,000

項目	Y2022	Y2023
OPERATING REVENUE	1,886,619	1,837,116
GROSS PROFIT	583,212	502,669
OPERATING INCOME	86,281	31,169
NON-OPERATING INCOME	155,702	91,725
NET INCOME (LOSSES)	198,717	122,894
EARNINGS PER SHARE	5.62	3.00
INCOME TAX EXPENSE	43,266	6,236
CAPITAL EXPENDITURE	61,850	18,049
EMPLOYEE COMPENSATION	4,791	2,722
RESEARCH AND DEVELOPMENT EXPENDITURES	248,437	228,278
TOTAL ASSETS (YEAR-END)	1,999,941	2,268,461
TOTAL CAPITAL (YEAR-END)	357,815	402,285
TOTAL MARKET VALUE OF EQUITY (YEAR-END)	2,987,439	3,278,623
GOVERNMENT GRANTS	18,165	6,184
PENSION	20,577	19,828
INCOME TAXES PAID	39,227	23,228

### 2.4.2 Tax Governance

To respond to international trends in tax governance, InnoCare follows the "Group Tax Policy and Management Guidelines" to ensure compliance with tax regulations. Upholding the principles of integrity and honesty in its operations, InnoCare ensures the effective operation of its tax governance mechanisms.

### 【Group Tax Policy and Management Guidelines】

#### • Compliance

We are committed to complying with the spirit of international tax regulations as well as the letter of the tax laws and regulations of each jurisdiction in which we operate, including:

- preparing transfer pricing documentation to comply with the applicable transfer pricing regulations;
- not utilizing tax havens or engaging in tax planning specifically for the purpose of tax avoidance;
- not manipulating any profits to a foreign country or territory with low tax burden as defined under the R.O.C. Income Tax Act; and
- comprehensively understand and comply with local tax regulation and related spirit, suitable reporting of income and proper payment of tax to perform the social responsibility as a tax payer in good faith.

#### • Information transparency

Tax disclosure measures are implemented in compliance with the relevant regulations and guidelines. We regularly disclose tax information to stakeholders in financial statements, annual reports, and sustainability reports through public channel to ensure information transparency.

#### • Mutual trust and communication

We establish relationships of mutual trust and communication with the tax authorities, discussing and clarifying any tax issues in a timely manner and maintaining a harmonious and cordial relationship with the tax authorities.

#### • Risk controls

We assess tax-related risks and implications of major transactions and decisions prudently and implement effective risk controls through proper management mechanisms.

#### • Enhancing tax training and education

We have built the capability to assess the impact of changes in relevant tax laws and regulations and make quick decisions in response thereto. We provide comprehensive on-the-job training for professional tax expertise of tax talent.

# 03

## Innovative Transformation and Coordinated Procurement

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- 3.1 R&D Innovation 46
- 3.2 Client Relationship 50
- 3.3 Supply Chain Management 52

# Management Guidelines

Materiality	2023 Strategy	2023 Result	2024 Target	Medium- to Long-Term Goals (2030)
<b>Product and Technology R&amp;D Innovation</b>	<ul style="list-style-type: none"> <li>Construction and optimization of a full range of dynamic and static technologies and product lines.</li> </ul>	<ul style="list-style-type: none"> <li>Product health checks and enhancements.</li> <li>Mass production of the next-generation products.</li> <li>Simplified assembly and testing time.</li> <li>Introduction of 2nd source key parts.</li> <li>Appropriate simplification of the product development process.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to complete the dynamic and static product lines, and upgrade existing products to enhance competitiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Aim for carbon reduction and avoidance of harmful materials.</li> <li>Utilize AI image processing technology to assist healthcare professionals in efficient and precise inspection operations.</li> </ul>
<b>Customer Relationship Management</b>	<ul style="list-style-type: none"> <li>Define product positioning and customer value.</li> <li>Understand customer experience and pain points.</li> </ul>	<ul style="list-style-type: none"> <li>Organizational adjustments and training of IT talents.</li> <li>Collect customer information and conduct detailed analysis of customer characteristics.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a customer database.</li> <li>Establish a customer interaction/feedback information system.</li> <li>Develop a customer loyalty program to improve customer loyalty and provide better service.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a customer management system to understand customer needs and provide better service.</li> <li>Meet customer expectations and achieve corporate profitability.</li> </ul>
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>Control the source of incoming materials, and ensure sustainable environmental operations.</li> <li>Conduct a comprehensive conflict minerals survey of suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Total of 54 suppliers, with a response rate of 66.7%.</li> <li>High-risk 19 suppliers with a response rate of 57.9%, medium-risk 8 suppliers with a response rate of 75.0%, low-risk 27 suppliers with a response rate of 70.4%.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve an annual response rate of 85.0% for the conflict minerals survey of high-risk suppliers or the public conflict minerals policy of the company.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve an annual response rate of 95.0% for the conflict minerals survey of high-risk suppliers or the public conflict minerals policy of the company.</li> </ul>

# 3.1 R&D Innovation

InnoCare is committed to becoming a global leader in X-ray sensing products, offering comprehensive X-ray sensor services. The company continues to invest in R&D, focusing on new generation IGZO structures, high pixel fill factor device design, and key scintillator processes. It also expands its product line of medical X-ray sensor modules and industrial non-destructive testing equipment. Furthermore, InnoCare is developing AI image analysis technology to create multiple high-performance products, continuously advancing technological innovation and new product deployment to enhance competitiveness.

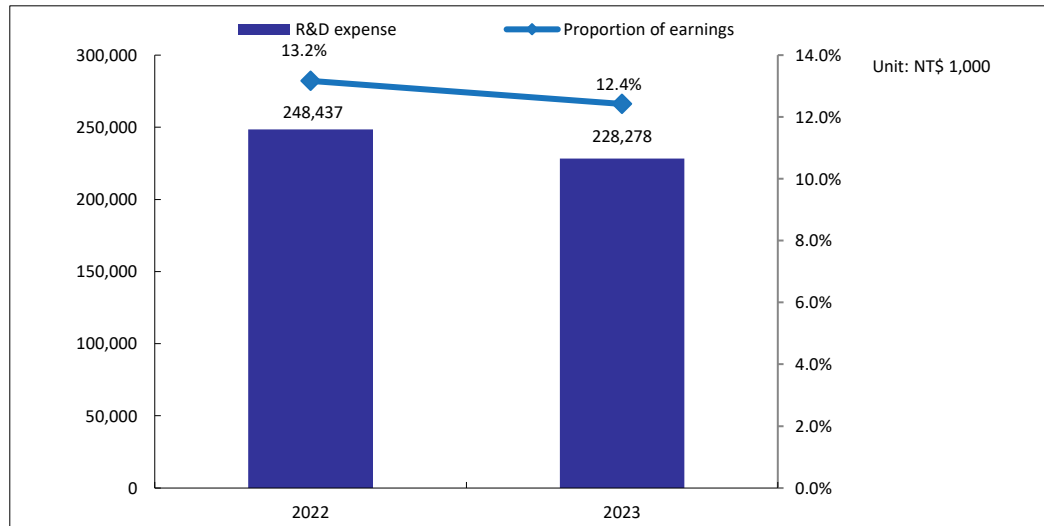
## 3.1.1 Technological Innovations and Breakthroughs

InnoCare is committed to developing new technologies and exploring new fields, leveraging its strong R&D capabilities to create new-generation display technologies and high-value products.

2023 R&D Investment:

- R&D Expenditure: NT\$220 million, accounting for 12.4% of total revenue.
- R&D Personnel: 114 employees, accounting for 31.23% of the total workforce.

### [ R&D expenditures in recent years ]



# 3.1 R&D Innovation

## Cross-Industry Collaboration

Project Name	Technical Highlights
Perovskite Development	As the application of perovskite in solar energy matures, research has found that its properties also make it a potential scintillator for X-ray detection. InnoCare is collaborating with the Industrial Technology Research Institute (ITRI) on this project, which began in Q4 2023 and is expected to take 1.5 years. Currently, the project is in the initial film quality adjustment phase.
Establishing a Dual-Energy Chest X-ray Image Deep Learning Model to Assist in Clinical Diagnosis of Pulmonary Lesions	Through a project involving a mobile health screening vehicle from the Rotary Club in Yunlin, Chiayi, and Tainan, InnoCare has established connections with National Cheng Kung University Hospital and the Chest Hospital. Together, they applied for the 2023 Southern Taiwan Science Park (STSP) Emerging Project. The mobile health screening project aims to collect 10,000 imaging cases. High-quality images will be labeled by physicians and provided to InnoCare for AI model development. The project has successfully passed the mid-term review for 2023 and received funding of NT\$3 million, with the final review expected to be completed by mid-2024.
Using Dual-Energy Chest X-ray AI to Assess Cardiovascular Calcification Index	Through the STSP Emerging Project, funding of NT\$1.3 million was secured. NTUH Hsin-Chu Branch completed an IRB trial involving 200 cases of cardiovascular calcification dual-energy imaging. An AI model for assessing the cardiovascular calcification index was developed by National Taiwan University. This model will be used in the mobile health screening vehicle. The project concluded successfully in 2023 with a total funding of NT\$1 million.

## Product Market Share

InnoCare's products are primarily used in the medical field. According to the market research report "X-Ray Detectors Market- By Detector Type, Application, End-use - Global Forecasts to 2030" by Global Market Insights, the global market value for X-ray detectors in medical applications was approximately USD 1.3 billion in 2022, with an annual growth rate of about 5-6%. InnoCare's revenue for 2023 was NT\$1.84 billion, accounting for approximately 3.5-4% of the industry's market share.

According to 2023 market research, the global total volume of Flat Panel Detectors (FPD) was 174,000 units, including categories such as Fixed General Radiography, Fluoroscopy, Interventional, Mammography, Mobile C-arm Mobile General Radiography, Retrofit Fixed Retrofit Mobile, and Veterinary. There are about 35 global FPD brand manufacturers.

Product (by application)	Market Share	Ranking
X-Ray Flat Panel Detector Device	> 30%	top 3
X-Ray Flat Panel Detector Module	6%	28

# 3.1 R&D Innovation

## 2023 Sales Regions for Major Products

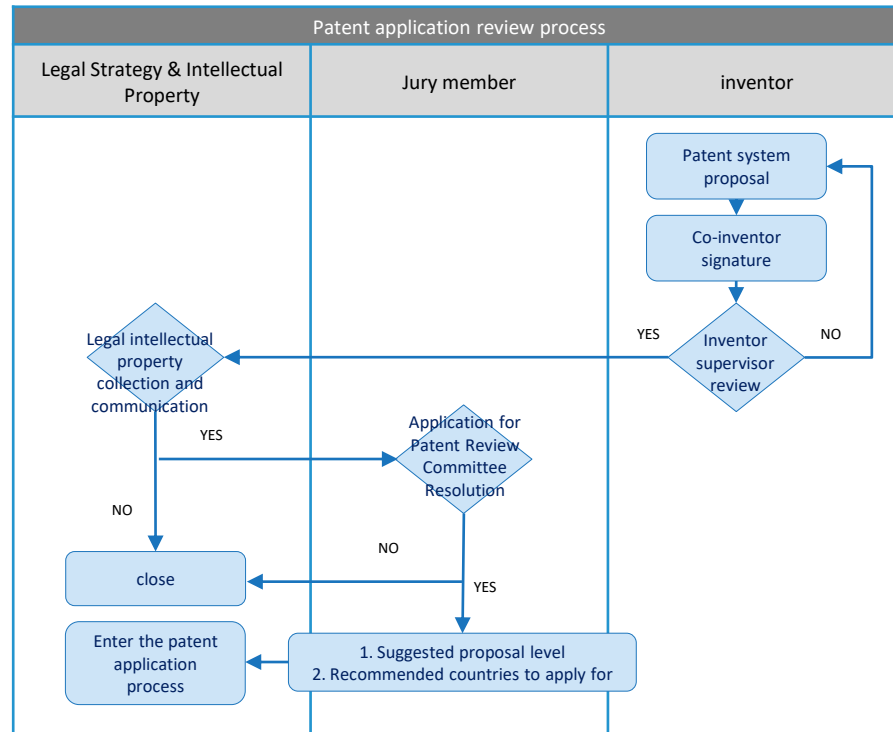
Unit: NT\$ 1,000;%

Area		Amount of Sales 2023	%
Domestic sales	Taiwan	30,502	1.66%
	Asia	1,314,952	71.58%
Export sales	America	368,571	20.06%
	Europe	115,695	6.30%
	Africa and other	7,396	0.40%
	Subtotal	1,806,614	98.34%
Total		1,837,116	100.00%

### 3.1.2 Intellectual Property Management

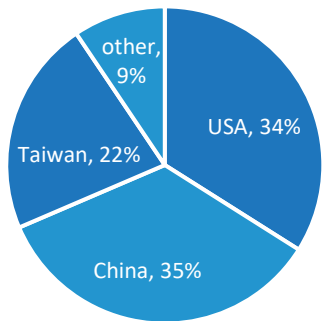
To enhance its intellectual capital, InnoCare continuously invests in R&D innovation and patent development. The Intellectual Property (IP) and R&D departments collaborate closely to conduct early patent layout for potential technologies, building a robust IP barrier. InnoCare's global patent cases (approved and pending) increased from 108 in 2022 to 159 in 2023, covering 63% of both its own and competitors' products. Looking forward, InnoCare aims to increase the quality of its patents to raise technological barriers for competitors. The company plans to grow its patents to 200 by 2024, covering over 50% of its own and competitors' products, and to 250 by 2030, covering over 45%, thereby strengthening its industrial advantage and technological leadership through intellectual property rights.

### 【 Patent application review process 】



# 3.1 R&D Innovation

【Number of Patents in 2023】



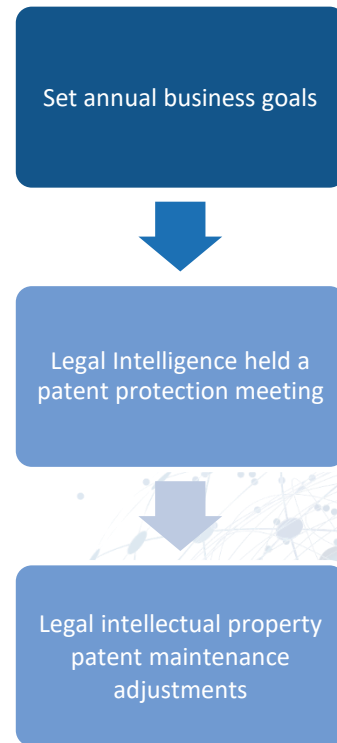
Area	USA	China	Taiwan	Other	Total
2022	31	42	22	13	108
2023	23	13	13	2	51
Number of Patents	54	55	35	15	159
%	34%	35%	22%	9%	100%

## Intellectual Property Management

InnoCare actively encourages innovation and independent research and development, establishing a dedicated unit to assist in the promotion of intellectual property management affairs, effectively protecting the company's research and development results. To enhance the effectiveness of the company's intellectual property management, stimulate InnoCare's research and development energy, and improve patent quality, InnoCare has formulated the "InnoCare Optoelectronics Patent Management Measures." These measures encourage researchers to engage in forward-looking innovative research and effectively protect the company's research and development results.

The Legal Strategy & Intellectual Property Section adjusts the number of patents maintained each year based on InnoCare's operational goals and convenes relevant department personnel to discuss the necessity of continuing maintenance. The annual inventory results should be submitted to the Legal Strategy & Intellectual Property Section as the basis for maintaining various patents. The Legal Strategy & Intellectual Property Section updates the company's "Intellectual Property Rights List" monthly to implement compliance with corporate governance regulations.

【Schematic diagram of IP operations】

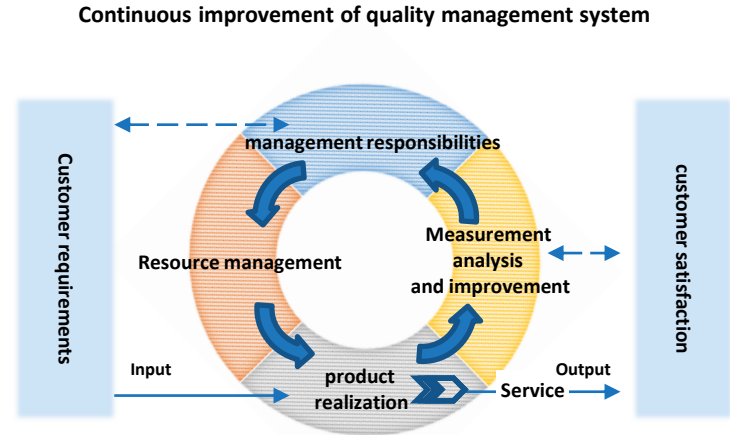


# 3.2 Client Relationship

## 3.2.1 Customer Quality Management

InnoCare's customers are spread across Europe, America, Japan, China, and South Korea, with the highest operational aim being to achieve customer satisfaction. To promptly meet the needs of global customers, InnoCare maintains close contact through local sales and technical personnel, holding regular or occasional customer meetings and gathering customer feedback through annual customer satisfaction surveys. This deepens the understanding of customer needs, optimizes service processes, and ensures the delivery of excellent products and services, thereby increasing customer trust.

InnoCare takes continuous quality improvement and customer satisfaction as the long-term sustainable operational objective. The company establishes good communication channels, from improving customer complaint cases, product services, technical consultations, to developing new field applications, providing timely and flexible global services and comprehensive solutions. By continuously improving the quality management system to meet customer requirements, customer satisfaction is enhanced, deepening customer trust in InnoCare, and establishing long-term stable partnerships.



### 【 Management Systems and Certifications 】

Management System	Certification Body	Certified Sites
		Tainan
ISO 9001 Quality Management Systems	DNV	●
ISO 13485 Medical Devices Quality Management Systems	DNV	●
QMS Medical Device Quality Management System	Taiwan Food and Drug Administration	●

# 3.2 Client Relationship

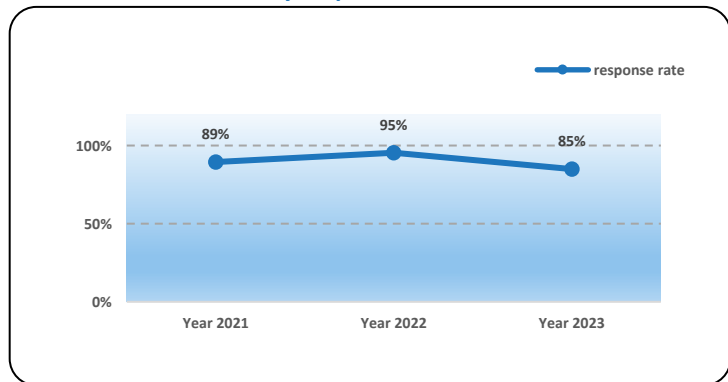
## 3.2.2 Client Service

InnoCare firmly believes that the highest quality products and services are key to consolidating customer satisfaction. The company continuously promotes improvement projects, integrates cross-departmental resources, enhances quality and service performance, and effectively responds to customer feedback, demonstrating a commitment to improving customer satisfaction.

### Client Satisfaction Survey

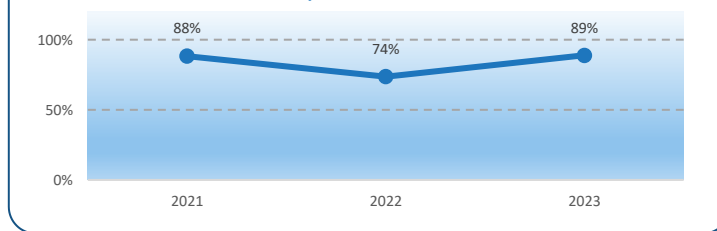
InnoCare conducts an annual "Customer Satisfaction Analysis" survey to understand and meet customer needs and expectations. The target primarily focuses on key brands and major shipping volume customers, with regular evaluations to include customers with development potential or those with leading positions and indicators in their application fields. The company uses core issues of customer concern, such as "Quality and Customer Service" and "Product Innovation and Competitiveness," as the driving force for growth with customers. Through annual surveys, improvement goals and development directions are set each year.

#### 【Client satisfaction survey response rate】

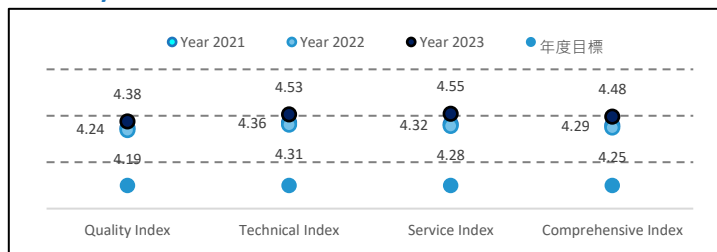


In 2023, two new customers were added, bringing the total to 20 customers surveyed, with a response rate of 85%. Overall customer satisfaction for InnoCare in 2023 was 89.69%, an increase of 4.51% compared to 85.18% in 2022. Analysis of customer satisfaction surveys shows that comprehensive, quality, technical, and service indicators in 2023 were all higher than in 2022. The main reason was the active maintenance of close online meetings with customers despite the pandemic, achieving good results. Customers generally gave positive evaluations of InnoCare, with continuous improvement in quality, leading technology, and responsive service. InnoCare regularly reviews customer feedback and opinions, proposing corresponding improvement plans to continuously refine the highest quality products and services.

#### 【Client satisfaction rates,】



#### 【Analysis of client satisfaction rates】



# 3.3 Supply Chain Management

InnoCare implements sustainable supply chain management responsibilities, emphasizing not only product quality, delivery time, and price but also collaborating with supplier partners to address social and environmental issues, protecting human rights, achieving mutual prosperity, and creating sustainable value together.

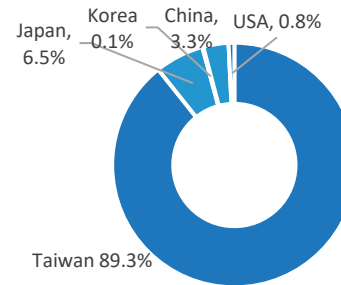
## 3.3.1 Procurement Management

InnoCare's suppliers are mainly categorized into four groups: optical components, electronic components, mechanical components, and others. The suppliers are distributed across Taiwan, mainland China, the United States, Japan, and South Korea, with the primary production sites concentrated in Taiwan and mainland China. To effectively manage supply chain procurement, InnoCare addresses operational risks caused by material shortages and increased raw material costs by introducing a second source for key components. One of these suppliers is chosen from local suppliers to ensure the company can respond quickly. Additionally, a cross-functional quarterly material evaluation mechanism is in place to consider quality and technical aspects, selecting suitable suppliers.

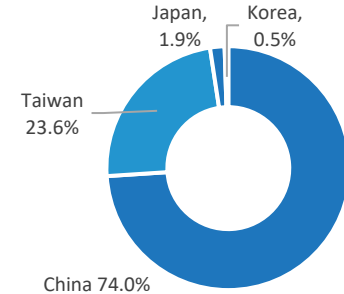
### Local Procurement Note

InnoCare actively promotes industrial clustering and implements the localization of material production and supply, effectively boosting local economic development. This also helps reduce transportation costs and carbon emissions generated during transportation, balancing cost reduction with environmental protection responsibilities. On average, the proportion of local procurement in the Taiwan plant is about 89.3%, and in the mainland China plant, it is about 74%. In the future, InnoCare will continue to promote the localization of its supply chain, enhancing the proportion of local procurement through cooperation with local supplier partners and building a green supply chain.

【Taiwan site】



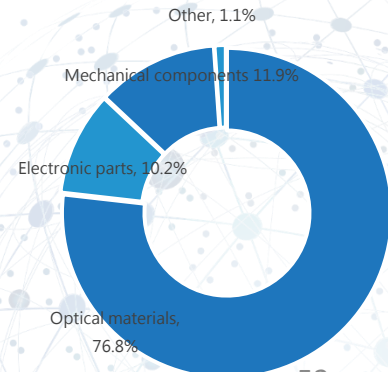
【China site】



Note: Proportional analysis of purchase amount is based on localization.

## Analysis of Essential Component Procurement

The analysis of the procurement proportion of key components is as follows : The top 90% of raw material manufacturers in terms of annual purchase amount, based on the proportion of raw material categories (%).



# 3.3 Supply Chain Management

## 3.3.2 Sustainable Supply Chain

Effective management of the supply chain is a crucial part of enhancing operational competitiveness. In addition to quality and cost, InnoCare is also committed to the sustainable development of its supply chain. InnoCare follows the Responsible Business Alliance (RBA) Code of Conduct and has established the "Supplier Corporate Social Responsibility Code of Conduct Operating Procedures." All supplier partners are required to commit to these operating procedures, jointly implementing business ethics, labor and human rights, health and safety, environmental, and management system standards. This enhances the effectiveness of sustainable management and operational risk control, thereby establishing a mutually beneficial partnership.

## Supply Chain Risk Management

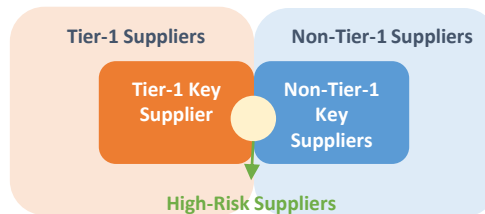
InnoCare has proposed corresponding measures to address the risk of "supply chain disruption" as follows:

Risk Description	Over the past two years, due to supply chain imbalances and the impact of the Russia-Ukraine war, inflation has remained high, and changes in economic, geopolitical, and ecological fields have been continuous and intense. This may directly or indirectly affect the interruption of raw material production lines in the supply chain, sudden surges in material demand, and increased transportation costs.
Potential Impact	Affects revenue, costs, delivery times, and reputation. <ul style="list-style-type: none"> <li>Increased overall operational costs for InnoCare due to surges in material demand and transportation costs.</li> <li>Inability to deliver on time due to interruptions in the supply chain raw material production lines, thereby impacting InnoCare's revenue and reputation.</li> </ul>
Risk Response	<ul style="list-style-type: none"> <li>Operational Risks (Material Shortages, Increased Raw Material Costs): Introduce a second source for key components, prioritizing local suppliers among them.</li> <li>Advancing ESG: Implement sustainable supply chain practices.</li> <li>Localization of Procurement: Actively promote industrial clustering and the localization of material production and supply. This reduces additional transportation costs and carbon emissions generated during transportation, thereby lowering procurement costs and fulfilling environmental protection responsibilities while also promoting local economic development.</li> <li>Supplier Selection and Evaluation Mechanism: Through quarterly material evaluations, consider and assess various aspects of quality and technology to select suitable suppliers.</li> </ul>

## Supplier Classification

Tier-1 Suppliers	Suppliers who directly transact with InnoCare (87 suppliers in 2023)
Tier-1 Key Suppliers	Suppliers who i) are irreplaceable, ii) are chosen by our clients, or iii) rank in the top 90% in terms of raw materials procurement volume (7 suppliers in 2023)
Non-Tier-1 Key Suppliers	Distributor-designated suppliers or upstream vendors (4 suppliers in 2023)

**[ Schematic diagram of supplier categories ]**



# 3.3 Supply Chain Management

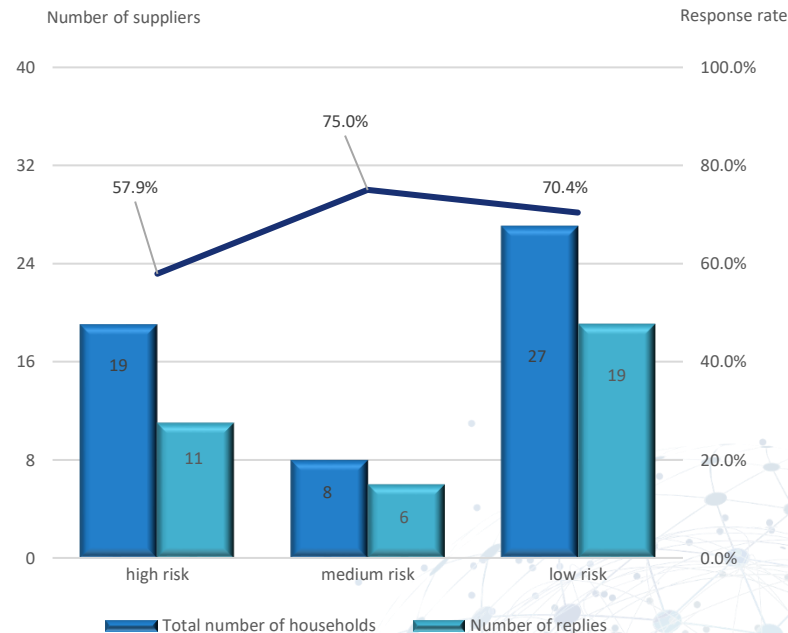
## Supplier Selection

InnoCare follows a group-wide supplier selection mechanism. Before introducing new suppliers, they are required to comply with the "Supplier Corporate Social Responsibility Code of Conduct Operating Procedures" and sign a "Supplier's Undertakings." Only after the company's Legal Strategy & Intellectual Property Section reviews and approves these documents can the supplier become an accredited supplier for InnoCare. In 2023, the retrieval rate of signed Supplier's Undertakings was 76.27%.

## Conflict Minerals Management

InnoCare responds to the international resistance against the illegal mining of minerals and supports responsible procurement by committing not to use any conflict minerals obtained through illegal activities. For conflict minerals management, please refer to InnoCare's official website. From 2020 to 2022, InnoCare conducted Conflict Minerals Reporting Template (CMRT) surveys on high-risk suppliers for certain products. In 2023, the scope of management was expanded to include all suppliers with orders placed that year, requiring them to complete the Conflict Minerals and Extended Minerals survey and sign the agreement of non-use of Conflict Minerals. InnoCare will continue to improve the annual survey response rate from suppliers to encourage them to use smelters certified by the Responsible Minerals Initiative (RMI), thereby achieving the declaration of not using conflict minerals through responsible supply chain management.

### 【 Conflict Minerals Risk Management 】



<b>2023 Achievements</b>	<ol style="list-style-type: none"> <li>1. Conducted a comprehensive supplier survey for the first time, with a total of 54 suppliers surveyed, achieving a response rate of 66.7%.</li> <li>2. High-risk suppliers: 19 suppliers, with a response rate of 57.9%.</li> <li>3. Medium-risk suppliers: 8 suppliers, with a response rate of 75.0%.</li> <li>4. Low-risk suppliers: 27 suppliers, with a response rate of 70.4%.</li> </ol>
<b>2024 Goal</b>	<ol style="list-style-type: none"> <li>1. Achieve an annual high-risk supplier conflict minerals survey response rate or public conflict minerals policy of 85.0%.</li> </ol>
<b>2030 Development Commitment</b>	<ol style="list-style-type: none"> <li>1. Continue to strive for responsible procurement and diligently conduct due diligence to ensure products meet conflict-free mineral requirements.</li> <li>2. Achieve an annual high-risk supplier conflict minerals survey response rate or public conflict minerals policy of 95.0%.</li> </ol>

# 3.3 Supply Chain Management

## 3.3.3 Supply Chain Quality Management

InnoCare places great emphasis on sustainable operation and management, believing that a robust supply system is a crucial cornerstone for sustainability. In the management process of raw material suppliers, InnoCare evaluates new suppliers from multiple perspectives to ensure their legality and compliance. For existing partners, InnoCare maintains positive communication to jointly face the challenges of a changing environment, and conducts regular evaluations to identify suppliers with poor management quality, offering improvement suggestions or adjusting cooperation strategies.

### Selection and Management of New Suppliers

InnoCare's raw material development system ties each material category with corresponding capable manufacturers. Whether it is a new supplier for the first collaboration or an existing partner looking to develop different material categories, comprehensive evaluation and control are required to ensure efficient source management. During the introduction review of new raw material suppliers, InnoCare evaluates not only their technical, procurement, and quality systems but also considers their green products, environmentally friendly processes, labor safety, and emergency response capabilities. Under a framework of legality and compliance, InnoCare takes each step towards sustainable collaboration with its suppliers.

### Supplier Quality Evaluation and Guidance

Supplier management is not a one-time assessment but a continuous and comprehensive management process. For accredited suppliers, InnoCare conducts raw material supplier evaluations every six months, assessing indicators such as delivery quality, response to anomalies, and cooperation levels to assign evaluation grades. Suppliers with poor evaluations are guided to improve their weaknesses, adhering to the spirit of mutual prosperity and growth. In 2023, InnoCare evaluated a total of 134 suppliers, introducing 11 new suppliers and discontinuing 3 non-applicable suppliers, who were then added to the non-adoption list.

Years	Number of new additions	Number of deactivations	description
2019	70	0	InnoCare was established and continued to use the qualified suppliers of the parent company
2020	24	0	Adjust supplier management mechanism to control basic risks
2021	16	0	Establish a new supplier audit checklist to clarify the evaluation criteria for quality and green product management
2022	16	0	New supplier audits include environmental, safety and health management issues
2023	11	3	Deactivate non-applicable suppliers.
Total			134

Data statistics are as of 2023/12/31

# 04

## A Harmonious Workplace and a Prosperous Society

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- 4.1 Talent Recruitment and Retention 58
- 4.2 Talent Cultivation and Development 73
- 4.3 Labor Rights and Relations 75
- 4.4 Safety and Protection 79
- 4.5 Working for the Common Good of Society 90

# Management Guidelines

Materiality	2023 Strategy	2023 Result	2024 Target	Medium- to Long-Term Goals (2030)
<b>Talent Recruitment and Retention</b>	<ul style="list-style-type: none"> <li>In line with the operational strategy, we plan to offer diverse learning resources. Through a variety of courses and learning channels, we aim to help our colleagues build their thinking and skillsets, adding value to our talent pool to achieve the goals of the company, departments, and corporate sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Focusing on "medical device regulatory requirements" and incorporating "cognitive education" thinking, we launched corresponding "general education" training programs. The total number of completed training sessions was approximately 1,313.</li> </ul>	<ul style="list-style-type: none"> <li>Promote sustainable development education and training resources, and push forward DEI (Diversity, Equity, and Inclusion) initiatives to foster the goal of shared prosperity in society.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a 90% completion rate for the 2025 training plan.</li> </ul>
<b>Occupational Health and Safety</b>	<ul style="list-style-type: none"> <li>Pursue zero occupational hazards</li> <li>Implement and construct a commitment to a healthy and safe workplace</li> </ul>	<ul style="list-style-type: none"> <li>FR (Frequency Rate) of disabling injuries: 0</li> <li>SR (Severity Rate) of disabling injuries: 0</li> <li>Achieved the goal of zero occupational hazards</li> </ul>	<ul style="list-style-type: none"> <li>FR (Frequency Rate) of disabling injuries <math>\leq 1.63</math></li> </ul>	<ul style="list-style-type: none"> <li>FR (Frequency Rate) of disabling injuries <math>\leq 1.63</math></li> </ul>
<b>Talent Development and Training</b>	<ul style="list-style-type: none"> <li>Participate in the group's "Innox University" to plan diverse learning resources, actively promoting the goals of talent upgrading and cross-disciplinary learning.</li> </ul>	<ul style="list-style-type: none"> <li>The proportion of managerial positions filled by internal promotions: 71%</li> <li>In 2023, the promotion rate for women was 16.5%, higher than 13.9% for men, showing no gender limitations.</li> </ul>	<ul style="list-style-type: none"> <li>The proportion of managerial positions filled by internal promotions: 80%</li> </ul>	<ul style="list-style-type: none"> <li>Continue to offer internal transfer and rotation opportunities, encouraging colleagues to develop in diverse ways and promoting internal talent mobility.</li> </ul>

# 4.1 Talent Recruitment and Retention

InnoCare firmly believes Talent is the cornerstone of corporate sustainable development. Recognizing that only by actively recruiting and retaining talent, enhancing R&D and manufacturing capabilities, and through a comprehensive talent development and training system, can the organization ensure that talents are placed in the right positions. This is essential to maintain long-term competitive advantage in the face of global competition challenges.

## 4.1.1 Talent Deployment

InnoCare is a professional manufacturer of digital X-ray flat panel detector products, primarily producing X-ray flat panel sensing components and modules. The company has service locations in Taiwan, China, Japan, the Netherlands, and the United States, with a global workforce of 365 employees. InnoCare's recruitment policy is diverse and inclusive, with no discrimination based on gender, age, race, nationality, religion, political stance, or sexual orientation.

Additionally, InnoCare formulates recruitment strategies based on the local conditions, culture, and job characteristics of each global site. By leveraging diverse recruitment marketing channels, including physical recruitment activities and online job banks and social media, the company breaks through time and geographical limitations to enhance the breadth of recruitment. In 2023, a total of 39 people were recruited.

### 【2023 Employee Distribution Across the Globe】

Area	Taiwan	China	Other Locations	Total
Number of Employees	328	20	17	365

### 【New Employees in 2023】

Site	Number of new employees
Taiwan	35
China	2
Other locations	2
Total	39

### 【Composition of New Employees in 2023】

Gender	Age	Taiwan		China		Other locations		Total	
		Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees
Female	<30 Years Old	5	35.7%	2	50%	0	0.0%	7	38.9%
	30-50 Years Old	10	6.6%	0	0.0%	1	20.0%	11	6.9%
	>50 Years Old	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Male	<30 Years Old	3	37.5%	0	0.0%	0	0.0%	3	33.3%
	30-50 Years Old	15	11.6%	0	0.0%	0	0.0%	15	10.6%
	>50 Years Old	2	7.4%	0	0.0%	1	25.0%	3	9.7%
Total		35	10.4%	2	13.3%	2	13.3%	39	10.7%

Notes:

1. The above data are established based on the incumbent employees on December 31, 2023.

2. The percentage of new employees (total number of new employees ÷ total number of employees at the end of the year) x 100%.

# 4.1 Talent Recruitment and Retention

## [ Composition of Employees in 2023 <sup>Notes1</sup> ]

Site <sup>Notes2</sup>	Item		Management <sup>Notes3</sup>			Specialists <sup>Notes3</sup>	Administrative Personnel <sup>Notes3</sup>	Technicians <sup>Notes3</sup>	Total
			Low-level managers	Middle managers	Executives				
Taiwan	<30 years old	Female	-	-	-	9	1	4	14
		Male	-	-	-	3	-	5	8
	30-50 years old	Female	5	-	-	30	33	82	150
		Male	22	2	-	66	2	34	126
	>50 years old	Female	-	-	-	1	1	3	5
		Male	7	3	2	10	-	3	25
	Total			17	22	2	119	37	131
Percentage			10.37%	1.52%	0.61%	36.28%	11.28%	39.94%	100.00%
China	<30 years old	Female	-	-	-	1	3	-	4
		Male	-	-	-	-	-	1	1
	30-50 years old	Female	1	-	-	1	-	2	4
		Male	1	-	-	7	-	1	9
	>50 years old	Female	-	-	-	-	-	-	-
		Male	1	-	-	1	-	-	2
	Total			3	0	0	10	3	4
Percentage			15.00%	0.00%	0.00%	50.00%	15.00%	20.00%	100.00%
Other locations	<30 years old	Female	-	-	-	-	-	-	-
		Male	-	-	-	-	-	-	-
	30-50 years old	Female	-	-	-	3	3	-	6
		Male	-	-	-	5	1	-	6
	>50 years old	Female	-	-	-	-	1	-	1
		Male	-	3	-	1	-	-	4
	Total			0	3	0	9	5	0
Percentage			0.00%	17.65%	0.00%	52.94%	29.41%	0.00%	100.00%

Notes:

1. The above data are established based on the incumbent employees on December 31, 2023.

2. Local managers of Taiwan sites" refers to managers of Taiwanese nationality; "local managers in China sites" refers to managers of Chinese nationality; "local managers in other location sites" refers to non-Taiwanese managers.

3. Definition of personnel: Low-level managers are assistant managers or managers; middle managers are site directors; and executives are personnel of managerial and higher positions at the head office; specialists are engineering and technical personnel; administrative personnel are administrative affairs personnel; technicians are direct production staff.

# 4.1 Talent Recruitment and Retention

## Zero Carbon Recruitment

InnoCare participated in the InnoLux group's campus recruitment activities, visiting career fairs at multiple universities such as NTU, NTHU, NYCU, and NCKU to massively recruit outstanding talents from departments related to electrical engineering, electronics, computer science, and optoelectronics. Differing from traditional paper-based resume submissions and interviews, in 2023, InnoCare teamed up with the Innolux Group to launch the nation's first "Zero-Carbon Recruitment" model. This recruitment process, from resume submission to interviews, invited job seekers to jointly respond to the spirit of "sustainability," including "smart paperless interviews," "video interviews," and "green shuttle buses," achieving paperless and energy-saving benefits. This initiative had a response rate of tens of thousands of people. Additionally, InnoCare initiated a campus deep cultivation plan to strengthen campus cooperation relationships, build the corporate brand image, and actively cultivate students through industry-academia cooperation and campus special lectures, achieving a win-win outcome for both industry and academia.

## Internal Talent Circulation

Additionally, InnoCare promotes internal cross-disciplinary transfer mechanisms to enhance internal talent circulation, utilizing a functional orientation that fits talents to appropriate positions. Through the internal job vacancy platform, real-time job vacancy information is announced, matching internal talents according to job expertise, quickly solving unit staffing needs, and increasing colleagues' willingness to stay.

## 4.1.2 Diversity, Equity, and Inclusion

For employees from around the world, InnoCare adheres to local regulations, the InnoCare Code of Conduct, and the Responsible Business Alliance (RBA) Code of Conduct to protect and respect human rights. The company does not employ child labor or forced labor and requires labor brokers not to charge foreign workers placement fees, striving to create a respectful and friendly work environment that embraces diverse ethnic groups, integrates multiple cultures, and promotes exchanges among employees from various backgrounds.

## Equal Employment for People with Disabilities

InnoCare referencing Innolux Group's experience, has introduced "job redesign" into the technology industry, implementing the principle of "leveraging strengths and compensating for weaknesses." The company has completed an analysis of workplace suitability, considering different physical conditions to arrange appropriate jobs, allowing colleagues with disabilities to work in cleanrooms, utilize their strengths, integrate into society, and create value. In 2023, the number of employees with disabilities hired in Taiwan's plants was 4, accounting for 1.22% of the workforce, which is better than the government-regulated ratio for the employment of people with disabilities.

# 4.1 Talent Recruitment and Retention

## Career Paths and Multifaceted Care Programs for Female Employees

InnoCare follows the principle of "equal treatment" in recruiting employees, respecting diversity and differences among employees. Employment, remuneration, and promotion opportunities are not affected by gender, race, nationality, religion, age, physical disability, political stance, marital status, or union membership. The company respects gender career development and takes practical actions to create a friendly workplace, such as providing diverse and accessible grievance channels, sexual harassment prevention measures, and comprehensive maternity care plans, enabling female employees to balance work and life. In 2023, the proportion of female employees in managerial positions was 13.04%.

### 【 Ratio of female employees 】

Item <sup>Note 1</sup>	2023
All employees	50.41%
STEM positions <sup>Note2</sup>	33.61%
All management Positions	13.04%
Senior management Positions	0.00%
Entry-level management Positions	22.22%
Sales-related management positions	0.00%

#### Notes:

1. Includes all female employees at Taiwan and China sites.
2. "All employees": all female employees; "all management positions": all female managers; "entry-level management positions": all entry-level female managers; "senior management positions": female executives who are within two levels of command of the Chairman; "sales-related management positions": female sales department managers at all levels.
3. STEM (Science, technology, engineering, and mathematics) positions: chief engineers, senior engineers, engineers, and associate engineers.

# 4.1 Talent Recruitment and Retention

## Protecting and Retaining Foreign Workers

InnoCare adheres to the InnoLux group's RBA (Responsible Business Alliance) policy and has fully implemented the "zero fee" policy since 2021. This effort aligns with international labor conventions and RBA-related regulations. To ensure that foreign migrant workers can work in Taiwan with peace of mind, InnoCare, in collaboration with the Innolux Group and intermediary partners, organizes activities such as the "Cultural Integration Month" for worker exchanges. Additionally, recognizing the importance of migrant workers' health and traffic safety awareness, the company has introduced nursing positions and completed the first traffic safety test, with a pass rate of 82%. Health education is provided to address any health check abnormalities among migrant workers to ensure comprehensive physical and mental care.

## Human and Labor Rights Safeguards

- No employment fee : InnoCare covers all agency fees, service fees, medical examination fees, and visa application fees associated with international and domestic recruitment.
- Free return ticket: InnoCare pays for immigrant workers' return flights when their contract expires.
- Enhanced Domestic Transfer Pandemic Prevention: Zero-contact video interviews.

## Workplace DEI

InnoCare is committed to promoting DEI (Diversity, Equity, and Inclusion). In 2023, the company launched its first "Diversity and Inclusion Month" to encourage participation from both local and foreign employees, sharing knowledge of different cultures and creating a new workplace culture of diversity, equity, and inclusion. The event, in collaboration with the Innolux Group, saw participation from as many as 2,500 employees. This initiative aims to establish a workplace culture of diversity, equity, and inclusion (DEI). In 2024, the company plans to continue and expand friendly workplace measures to enhance all employees' understanding and awareness of DEI.

## 2023 Employee Diversity Analysis

### 【 Diversity 】

	Item	Number of people	percentage
Taiwan	Disabled	4	1.22%
	Migrant workers <sup>Note 1</sup>	29	8.84%
China	Disabled <sup>Note 2</sup>	0	0.00%
	Minority <sup>Note 3</sup>	1	5.00%
	Migrant workers <sup>Note 4</sup>	0	0.00%

Notes:

1. 'Foreign worker' refers to full-time, non-Taiwanese workers in Taiwan.
2. Number of the disabled is calculated after adding moderate to heavy weights.
3. Minority refers to non-Han ethnic groups from China.
4. Migrant workers refer to full-time non-Han workers in China..

### 【 Nationality 】

Site	Percentage of employee <sup>Note 1</sup>	Percentage of managers <sup>Note 2</sup>
Taiwanese	84.93%	93.62%
Chinese	4.11%	2.13%
Other Nationalities <sup>Note 3</sup>	10.96%	4.26%

Includes all employees based in Taiwan, China, and other overseas sites

Notes:

1. Calculated as the number of employees with the specified nationality divided by all employees.
2. Calculated as the number of managers (including entry-level, middle, and senior managers) with the specified nationality divided by all managers.
3. Employees who are neither Taiwanese nor mainland Chinese.

### 【 Gender and ethnicity 】

Employee type	Gender		Ethnicity <sup>Note</sup>	
	Female	Male	Asian	Others
Middle management and above	0	10	10	0
Technical staff	91	44	135	0
Other	93	127	216	4
Total	184	181	361	4
Percentage	50.41%	49.59%	98.90%	1.10%

Note: Employees are categorized by nationality due to the difficulty of obtaining statistics on their ethnicity. "Other" indicates employees of non-Asian ethnicity.

# 4.1 Talent Recruitment and Retention

## 【Workforce overview for Taiwan sites】

Item	Permanent employees		Contract employees <sup>Note 1</sup>		Interns		Temps		Contractors <sup>Note 2</sup>		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
<b>Number of employees</b>	152	149	17	10	0	0	0	0	0	0	328
<b>Total</b>	301		27		0		0		0		328
<b>Percentage</b>	91.77%		8.23%		0.00%		0.00%		0.00%		100%

Based on employee data as of December 31, 2023

Notes:

1. Includes immigrant workers and industry-academia collaboration project participants
2. Includes contracted security, cleaning, and kitchen staff

## 【Workforce overview for China sites】

Item	Permanent Employees		Contract employees <sup>Note 1</sup>		Interns		派遣		Contractors <sup>Note 2</sup>		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
<b>Number of Employees</b>	8	12	0	0	0	0	0	0	0	0	20
<b>Total</b>	20		0		0		0		0		20
<b>Percentage</b>	100%		0.00%		0.00%		0.00%		0.00%		100%

Based on employee data as of December 31, 2023

Notes:

1. Includes migrant workers and industry-academia collaboration project participants
2. Includes contracted security, cleaning, and kitchen staff

## 【Percentage of local managers】

Site	Local Manager <sup>Note</sup>	Non-local Manager	Percentage of local Managers
<b>Taiwan</b>	43	43	100%
<b>China</b>	1	0	100%

Based on employee data as of December 31, 2023

Notes: Includes assistant managers and above of Taiwanese nationality in Taiwan, and entry-level managers and above of Chinese nationality in China

# 4.1 Talent Recruitment and Retention

## 4.1.3 Remuneration and Benefits

InnoCare's compensation and benefits system takes into account industry competitiveness, macroeconomic conditions, and corporate sustainability. It also conducts local salary market surveys, assessing the salary structures within the electronics industry, to provide a competitive compensation system that attracts and retains competitive talent.

InnoCare is committed to establishing an internally rational and externally competitive compensation system. In addition to a fixed 12-month salary, InnoCare provides festival bonuses, learning and travel funds, and emphasizes long-term incentive planning for outstanding employees. Bonuses are provided based on company operations and individual performance, regardless of gender, to reward excellent performance and make top employees a long-term competitive advantage for the company. In 2023, the average salary for full-time non-supervisory employees at the Taiwan plant was NT\$1,003,000, with a median salary of NT\$854,000. The highest salary to median salary ratio was 5.4 times at the Taiwan plant and 2.39 times at the China plant.

### 【 Full-time nonmanagerial employee income 】

Region	Item	2023
Taiwan	Total number of full-time nonmanagerial employees	314
	Full-time nonmanagerial employee average income (NT\$ thousands)	1,003
	Full-time nonmanagerial employee median income (NT\$ thousands)	854
China	Total number of full-time nonmanagerial employees	15
	Full-time nonmanagerial employee average income (NT\$ thousands)	97
	Full-time nonmanagerial employee median income (NT\$ thousands)	87

The scope of disclosure stipulated by the competent authority was adopted with accrual basis accounting to calculate regular earnings including base salary, monthly meal allowance, and shift allowance as well as non-regular earnings including OT pay, non-monthly rewards, and employee bonuses based on corporate profits in the given year as per Article 235-1, paragraph 4 of the InnoCare Act and our Articles of Incorporation.

Note: Since 2023 is the first year of disclosure, the change rate cannot be calculated with the previous year.

### 【 Pay disparity analysis 】

Region	Max-to-median income ratio
Taiwan	5.4
China	2.39

Note: Since 2023 is the first year of disclosure, the salary change cannot be calculated from the previous year.

As shown in the table below, employees' remuneration is not affected by gender. For all other positions, this ratio fell between 0.70–1.10.

### 【 Female–Male Employee Compensation Ratio 】

Site	Position <sup>Note 1</sup>	Female	Male	
Taiwan	Indirect Employees	Executive	-	-
		Manager	0.99	1.00
		Specialist	0.82	1.00
		Assistant	-	-
	Direct Employees	Technical	0.95	1.00
China <sup>Note 2</sup>	Indirect Employees	Manager	0.70	1.00
		Specialist	0.30	1.00
		Assistant	1.10	1.00
	Direct Employees	Technical	0.82	1.00

Notes:

- Senior management includes managers who are within two levels of command of the Chairman. Management positions include all entry-level managers and above. Technical staff refers to technicians with Taiwanese or mainland Chinese nationality.
- There are no senior management positions in the China sites.

### 【 Standard salary to minimum wage ratio for entry-level positions 】

Gender	Taiwan	China
Female	1.39	2.50
Male	1.38	2.25

Note: Standard compensation for assembly line workers includes base salary, food allowance, and shift allowance.

# 4.1 Talent Recruitment and Retention

## Talent Retention

In mid-2023, we increased the remuneration of our direct and indirect employees by more than 4% to reflect external market standards and macroeconomic conditions. We will continue to provide employee benefits that are better than regulatory requirements and salary levels that are competitive in order to retain talent and create a happy workplace. Remuneration and benefits package:

- Fixed salary, traditional holiday bonuses, performance bonuses, education subsidies, and travel subsidies.
- Group insurance, social insurance, and housing provident fund contributions.
- Talent retention bonus, long-term service bonus, and other bonuses linked to company profitability and employee performance.

### [ Analysis of Overall Employee Separation Rate in 2023 ]

Gender	Age	Taiwan		China		Other Locations		Total	
		Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates
Female	<30 years-old	2	13.8%	1	28.6%	0	0.0%	3	16.7%
	30–50 years-old	10	6.4%	0	0.0%	0	0.0%	10	6.1%
	>50 years-old	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Male	<30 years-old	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	30–50 years-old	2	1.6%	0	0.0%	1	18.0%	3	2.1%
	>50 years-old	1	3.5%	0	0.0%	0	0.0%	1	3.1%
<b>Total</b>		15	4.4%	1	6.9%	1	7%	17	4.6%

Note: Employee separation rate = { Number of employees leaving the company in 2023 / [ (Number of employees at the start of 2023 + Number of employees at the end of 2023 ) / 2 ] } × 100%.

### [ Analysis of Voluntary Separation Rate in 2023 ]

Gender	age	Taiwan		China		Other Locations		Total	
		Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates
Female	<30 years-old	2	13.8%	1	28.6%	0	0%	3	16.7%
	30–50 years-old	9	11.8%	0	0.0%	0	0%	9	55%
	>50 years-old	0	0.0%	0	0.0%	0	0%	0	0.0%
Male	<30 years-old	0	0.0%	0	0.0%	0	0%	0	0.0%
	30–50 years-old	2	1.6%	0	0.0%	1	18%	3	2.1%
	>50 years-old	1	3.5%	0	0.0%	0	0%	1	3.1%
<b>Total</b>		14	4.1%	1	6.9%	1	6.9%	16	4.3%

Note: Employee separation rate = { Number of employees leaving the company in 2023 / [ (Number of employees at the start of 2023 + Number of employees at the end of 2023 ) / 2 ] } × 100%.

# 4.1 Talent Recruitment and Retention

## Paid time off for a better work-life balance

InnoCare is committed to creating a quality workplace that allows employees to strike a balance between work and leisure. In addition to legally mandated annual leave, marriage leave, bereavement leave, and maternity/paternity leave, we offer employees 1 day of child companionship leave (taken when enrolling children in a new school or attending a parent-teacher conference, for example), 2 days of pregnancy checkup accompaniment leave (over and above the 7 days required by law), and 1 day of filial piety leave per year, affording employees the flexibility to plan their family time. In addition, employees at our Taiwan sites are immediately entitled to paid time off upon hiring, without being limited by the minimum service period set forth in the Labor Standards Act. Our China plants also offer paid time off in accordance with local regulations. Employees can request leave in accordance with their personal plans, allowing them to truly strike a work-life balance.

### [ Benefits that exceed regulatory requirements ]

Item	Statutory Standards	Benefits that are Superior to Statutory Requirements
Flex place	None	Employees may apply to work wherever for 10 days per year that suits the nature of work and personal needs.
Flex time	None	Employees may apply to work whenever in the event of emergencies that require care for immediate family or spouse.
Parental care leave	None	Employees with parents aged 75 years or older are entitled to 1 day of parental care leave to make arrangements and spend more time with parents.
Prenatal check-up accompaniment leave	None	Employees with pregnant spouses are entitled to 2 days of leave for prenatal check-ups to ease their concerns and welcome the birth of their baby.
Child companionship leave	None	Employees are entitled to 1 day of leave, which is better than statutory requirements, to accompany their child on the first day of kindergarten or elementary school to ease anxiety in the new environment and create fond memories.
National Judges Act	Employees shall be granted leave for statutory reasons for duties as a citizen judge. We determine eligibility for those who need to attend a regional citizen judge mock trials during transition before the enforcement of a new law.	While it is not stipulated by law, we still grant employees leaves to attend citizen judge mock trials for them to actively participate in local affairs and contribute to the society.
Insurance	Employees are enrolled in labor insurance, NHI, and labor pension system on their starting date.	1.1Employees are enrolled in social and group (life, accident, health, cancer, and overseas business travel) insurance with special premium rates for spouses. 2.Group insurance will remain effective even during unpaid leaves for injury or illness to protect medical rights.
Annual leave	Employees are granted annual paid leaves after reaching a certain level of seniority.	On the starting date, new employees are granted the same amount of annual leave as those who have worked for 6 months; then the same as those who have worked for a year after 6 months, and so forth.

Note: Employees with injuries or physical or mental illnesses that require outpatient treatment or rest may request up to 30 days of sick leave per year while still being entitled to half of their regular pay.

# 4.1 Talent Recruitment and Retention

## All-inclusive insurance and retirement scheme

We provide employees with social insurance coverage consistent with local regulations to safeguard their fundamental rights and interests. For employees at our Taiwan sites, group insurance (covering death, major illnesses, medical expenses, accidents, and cancer) and overseas travel insurance are provided in addition to the mandatory labor, employment, and health insurance. We also extended group insurance coverage to employees' family members so that our employees can enjoy peace of mind at work and at home. As for retirement planning, pension contributions are made monthly to designated accounts managed by Taiwan Bank and the Bureau of Labor Insurance. Employees who meet the retirement criteria and apply for it will be eligible for these benefits.

## Retirement Reserve Funds withdrawal practices and preparations

Site	Taiwan	China
<b>Pension Contribution Practices</b>	For the old pension system, in accordance with the "Labor Standards Act," 2% of the total monthly salary is allocated to a "Labor Retirement Reserve Fund Account" managed by the Bank of Taiwan. For the new pension system, in accordance with the "Labor Pension Act," 6% of the insured monthly salary is contributed to an individual account established by the Bureau of Labor Insurance, allowing the accumulation of pension funds to be portable.	In accordance with the "Social Insurance Law of the People's Republic of China" and regulations announced by local governments where each plant is located, a monthly contribution of 14% to 16% of employee income is paid towards the endowment insurance pension.  Starting from November 2022, in addition to the existing social insurance, employees can voluntarily participate in a government-supported individual pension scheme as per the "Implementation Measures for Individual Pensions" (Human Resources and Social Security Ministry Document [2022] No. 70).  Besides the statutory endowment insurance pension, the company also implements an annuity fixed deposit plan (savings trust). Employees can freely choose the contribution level up to the individual level, with both the employee and the company contributing. Each year, the company prepares a pension equivalent to approximately one month's salary for the employee, which is provided upon retirement.
<b>Pension Fund Preparedness</b>	In compliance with International Accounting Standard 19 (IAS 19R), an actuary conducts an annual pension valuation and provides an assessment report. Additionally, before the end of each year, the balance of the labor retirement fund account is estimated. If the balance is insufficient to cover the estimated retirement payouts for employees eligible to retire in the following year, the shortfall is made up with a one-time contribution, ensuring that employees' pension entitlements are fully secured.	In addition to the statutory social insurance, the company has set up an annuity fixed deposit plan to proactively plan for employees' retirement financial security.

# 4.1 Talent Recruitment and Retention

## 【 The ratio of pension provision in local social insurance in 2023 】

Site	Company Provision Rate	Employee promotion rate
Taiwan	6%	0~6%
China	14%	8%

Note: Taiwan factories make contributions in accordance with the relevant provisions of the Labor Standards Act and the Labor Pension Ordinance.

Note: In accordance with the "Social Insurance Law of the People's Republic of China" and the "Implementation Opinions of the People's Government of Zhejiang Province on Regulating the Provincial Coordination System of Basic Pension Insurance for Enterprise Employees", social insurance is handled and paid for employees.

## Encouraging and Supporting Childbirth

InnoCare is dedicated to promoting a family-friendly workplace and supports employees in applying for parental leave. To support employees who are planning to start a family, we offer parental leave in accordance with the Gender Equality in Employment Act and the Regulations for Implementing Unpaid Parental Leave for Raising Children to employees who have been with the Company for at least six months. In 2023, a total of 2 employees at the Taiwan plant applied for parental leave, with 1 employee actually returning to work, achieving a 100% return rate. Among those who returned to work in 2022, 1 employee remained in employment for more than one year, achieving a 100% retention rate. This demonstrates the company's effective support in helping employees return to their positions after parental leave.

## 【 Statistics on unpaid parental leave 】

Taiwan Sites	Female	Male	Total
Employees eligible for leave in 2023	7	9	16
Employees who applied in 2023	2	0	2
A: Expected reinstatements in 2023	1	0	2
B: Reinstatements in 2023	1	0	1
C: Employees who continued working for a year after reinstatement in 2022	1	0	1
D: Reinstatements in 2022	1	0	1
Reinstatement rate (%) = B/A	100%	0%	100%
Retention rate (%) = C/D	100%	0%	100%

Note: Employees eligible for maternity/paternity leave was calculated based on those eligible in 2023 among applicants from 2021 to 2023.

## 【 Care Packages and Child Care Assistance for Mothers 】

During pregnancy	<ul style="list-style-type: none"> <li>We formulated maternal healthcare and assessment measures in accordance with the Maternal Healthcare Guidelines for Female Employees and the applicable supporting directives.</li> <li>We provide parents with priority parking, priority meal pick-up reminder service, priority seating, and priority elevators.</li> <li>We provide pregnancy checkup leave for mothers and accompaniment leave for their significant others.</li> <li>The Ningbo Site provides 158 days of maternity leave for employees in accordance with the latest laws of Ningbo City, Zhejiang Province.</li> </ul>
After return to work	<ul style="list-style-type: none"> <li>We introduced lactation rooms, childcare services, parent-child activities, a nursery, and parenting workshops across all our sites.</li> <li>We introduced child companionship leave (taken when enrolling children in a new school or attending a parent-teacher conference, for example).</li> </ul>
Contracted kindergartens	<ul style="list-style-type: none"> <li>We contracted with kindergartens to provide company-to-school shuttle services so that employees don't have to worry about driving their children to school.</li> </ul>
Nurseries	<ul style="list-style-type: none"> <li>At the end of the school day, our school-to-company shuttle service transports children back to the Company, where they can spend time in the nursery while waiting for their parents to finish work.</li> </ul>
Unpaid parental leave	<ul style="list-style-type: none"> <li>Before their parental leave concludes, we reach out to employees to discuss their plans to return to the workplace. Based on their needs, we can assign them to a suitable position or adjust their work schedule to ensure a smooth transition process.</li> <li>The employee retention rate after parental leave reached 100% (based on the number employees who remain with the Company for one year after returning to work). A total of 2 employees requested unpaid parental leave in 2023.</li> </ul>
Maternity subsidies	<ul style="list-style-type: none"> <li>We welcomed 5 newborns in 2023 with NT\$10,000 in maternity subsidies.</li> </ul>

# 4.1 Talent Recruitment and Retention

## 4.1.4 Performance Management and Development (PMD)

InnoCare's performance management system integrates six core competencies into the evaluation planning, aiming to link end-of-year evaluations with daily management and actively promote diverse talent development. The performance management and development cycle consists of initial goal setting, mid-term goal review, and year-end performance evaluation, complemented by daily management.

- Initial Goal Setting: This phase requires goals to be closely aligned with the company's, department's, and individual's annual objectives, ensuring that the goals are clear, specific, measurable, achievable, time-bound, and adhere to the SMART principles.
- Mid-term Goal Review: During this phase, the status of the goals is reviewed at mid-year and adjusted as necessary.
- Year-end Performance Evaluation: At the end of the year, supervisors review employees' goal attainment, providing objective evaluations and positive incentives.

In 2023, InnoCare implemented segmented performance evaluations to enhance the accuracy of performance assessments and reduce errors caused by unimplemented segmentation. To ensure fairness and justice in performance evaluations, the completion rate of performance evaluations for global regular employees was 100%.

### 【Performance evaluation framework】

項目	説明
Annual goals	<ul style="list-style-type: none"><li>• Describe the completion rate of annual goals established at the beginning of the year.</li><li>• Add a link to the employee's performance report to demonstrate his/her performance.</li></ul>
Indicators of competence behavior	<ul style="list-style-type: none"><li>• Description of competence behavior.</li></ul>
Individual development projects	<ul style="list-style-type: none"><li>• Based on the results of performance evaluation, we establish individual development projects that correspond to the ability of the employee and meet the needs of the Company</li></ul>

# 4.1 Talent Recruitment and Retention

## 【Employee evaluation methods】

Method	Target(s)	Coverage	Frequency	Description
Goal-oriented assessment	Employees	100%	Annual	The three categories of the assessment include annual targets, professional competency indicators, and personal development. Annual targets are set for individual employees at the start of each year and reviewed at the end of the year.
Multifaceted Review	Employees	100%	Annual	Employees are asked to perform a self-evaluation before a secondary review by their superiors. Compared to traditional one-way evaluations, this multifaceted review method improves the validity of the assessment process.
Assessment and grading	Employees	100%	Annual	Employees are assigned one of four grades by their superiors based on their evaluation results for the given year.

Dual-Track System for Career Development	Promoting Talent Development and Job Rotation	Ensuring Equal Workplace and Implementing Gender Equality
<ul style="list-style-type: none"> <li>Combining organizational tasks with employee career development, InnoCare offers employees the option to choose between management or professional in-depth development. This dual-track development path is designed to cultivate future management successors and key technical talents.</li> <li>This approach allows managers in the management track to focus on specific areas where they can fully utilize their strengths, while also bringing in experts from different fields to inspire team learning and growth.</li> </ul>	<ul style="list-style-type: none"> <li>InnoCare encourages employees to apply for transfers and rotations to gain diverse experiences, creating new opportunities for talent transformation and accelerating organizational talent flow.</li> <li>Experiences gained from job rotations are incorporated into promotion evaluation factors, enhancing employees' motivation to accept cross-domain challenges and supporting their career development.</li> <li>The company's internal learning platform offers a variety of interdisciplinary courses, allowing employees to choose courses based on their needs, thereby broadening and deepening their career development and enriching their professional skills.</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, a total of 358 employees participated in the performance evaluation process. Among the top 50% performers, 91 were men, making up approximately 52% of the male participants, and 92 were women, making up about 50% of the female participants. This indicates that InnoCare sets consistent evaluation standards for both men and women, demonstrating objectivity and fairness in performance appraisal and gender equality.</li> <li>Despite the male-dominated nature of the tech industry and employment market trends, the promotion rate for women in 2023 was 16.5%, higher than the 13.9% for men. This shows that outstanding employees are promoted based on merit, without gender-based limitations on their development.</li> </ul>

### 【Job promotion rate】

Gender	Male	Female
Promotion rate	13.9%	16.5%

Note: Promotion rate = Number of promoted employees / Number of employees eligible for promotion.



# 4.1 Talent Recruitment and Retention

## 【Employee Evaluation Coverage】

Item	Female	Male	Total	Coverage
Senior executives	0	2	2	100%
Middle management	0	8	8	100%
Entry-level managers	6	30	36	100%
Technical staff	42	90	132	100%
Others	136	45	181	100%
<b>Total</b>	<b>184</b>	<b>175</b>	<b>359</b>	<b>100%</b>

Note: Employees who were hired within the past 4 months or who were on leave for more than 240 days in 2023 were excluded.

### 4.1.5 A Warm and Welcoming Workplace

InnoCare strives to foster a happy workplace that is conducive to the collective good of the Company without compromising employees' individual values. We organize recreational events, employee club activities, and benefits that encompass dining, housing, transportation, education, and leisure to create the ultimate work-life balance for our employees

### Quality Work Environment

<b>Meatless Mondays (no red meat)</b>	InnoCare in the Innolux Group's "Meatless Monday" initiative, which promotes avoiding red meat (pork and beef) on Mondays to reduce the carbon footprint associated with meat production. This initiative aims to achieve environmental, health, and carbon reduction benefits. In 2023, the collective effort of the group resulted in a reduction of 28.4 tons of pork and 4.3 tons of beef consumption, with an estimated of 460 metric tons per year.
<b>Pheasant-tailed jacana-friendly rice</b>	To foster ecological sustainability, safeguard employee health, and protect the local population of endangered pheasant-tailed jacanas, our employee cafeterias exclusively use organic rice grown without any pesticides, insecticides, or chemical fertilizers.
<b>Organic vegetables</b>	InnoCare in alignment with the Innolux Group, supports local farmers in Tainan by purchasing organic vegetables for the employee cafeteria on a monthly basis. This initiative not only reduces the carbon footprint associated with the transportation of food ingredients but also ensures that employees can enjoy healthy and safe meals. In 2023, the combined efforts of the group resulted in the use of 58,543 kg of organic vegetables.
<b>EV-only parking</b>	According to the draft management guidelines, InnoCare will establish dedicated markings for charging spots and set up informational signs to promote a low-carbon and sustainable lifestyle. These green energy parking spaces will include charging facilities for both cars and motorcycles, encouraging employees to use new energy vehicles, thereby reducing carbon emissions and fostering environmental awareness.

# 4.1 Talent Recruitment and Retention

## A Healthy and Sustainable Workplace

InnoCare is dedicated to creating a family-friendly workplace environment by providing comprehensive health care and fostering employees' awareness of health autonomy. The company promotes activities that balance healthy living and work, such as sports competitions, parent-child experiences, movie screenings, and team-building activities, enabling employees to achieve a balance between work and life.

In response to the global trend of a equitable, and inclusive (DEI) workplace culture, InnoCare organizes various DEI activities to promote interaction among international employees. These activities include international cuisine lunches, cultural experience events, dormitory barbecue events, and Dragon Boat Festival sachet DIY workshops, which help break cultural barriers and make employees feel accepted, cared for, and supported, thus creating a friendly workplace that embraces cultural diversity. Additionally, in collaboration with the group, the company launched the "My New Life in Retirement" lecture series, which attracted hundreds of participants, generating enthusiastic discussions and feedback and gradually building an age-friendly workplace environment.

## Employee Clubs

InnoCare supports employees in establishing and participating in various club activities. Through participation in group club activities, employees achieve exercise, stress relief, and interest exchange, creating a workplace environment full of vitality, creativity, love, and joy. For instance, the jogging club actively promotes jogging exercises, encouraging employees to develop regular training habits to enhance physical and mental health. In 2023, the club actively participated in marathon events such as Tainan Half Marathon, Zeng Wen Reservoir Marathon, etc. Currently, the Taiwan site combined with the Innolux group, has a total of 37 clubs, while the Ningbo plant has 6 clubs, including football and basketball clubs.



# 4.2 Talent Cultivation and Development

InnoCare firmly believes that talent is crucial to the productivity and competitiveness of the company. In response to the Innolux Group's "Innolux University" talent cultivation platform, the company adheres to a long-term talent training philosophy, promoting two core talent cultivation programs focused on "digital" and "cross-disciplinary" skills. According to the "Employee Space-Time Development Concept Diagram," the company adopts a structured talent development strategy. From the moment employees join the company, customized and systematic talent development learning plans are provided based on their tenure, position, and career development needs, including new employee training, on-the-job training, and self-directed learning. This approach aims to achieve a win-win situation where individual career growth aligns with the company's development.

We encourages employees to pursue internal job transfers and rotations. Through job rotations, employees can accumulate management competencies and promote internal talent flow and knowledge continuity. In 2023, 71% of managerial positions were filled by internal promotions, with a target to increase this proportion to 80% in 2024. This systematic cultivation mechanism enables employees to continuously leverage their strengths, further driving the company's growth.

## Training Statistics for 2023

### 【 By employee category 】

Average training (hours)	Management (Section Chiefs and above)		Indirect Labor		Direct Labor	
	Female	Male	Female	Male	Female	Male
Taiwan sites	21.9	24.7	23.7	24.7	2.5	4.7
China sites	27.5	0.0	10.8	24.2	30.0	16.0

Note: Average training hours = Total training hours / Number of employees.

### 【 By training hours between men and women 】

2023 Course	Taiwan		China		Total
	Female	Male	Female	Male	
total training hours	2,155	3,209	131	177	5,672
total number of people	171	164	7	8	350
hours per capita	13	20	19	22	73
Total training cost	59,912		-	-	59,912

### 【 By types of courses 】

Number of trainees	Taiwan sites	China sites
New recruit training	400	28
management training	71	14
Instructor training	6	-
Production line supervisor training	44	-
General courses	1,967	41
Legal studies	130	6
Quality training	1,539	18
Sales and marketing	8	-
Advocacy course	329	8
Other training	871	194

### 【 By Training hours and age 】

2023 Course	Taiwan			China		
	<30 years-old	30-50 years-old	>50 years-old	<30 years-old	30-50 years-old	>50 years-old
Number of people	22	281	32	5	10	-
Total training hours	512	4,248	603	87	221	-
average training hours	23	15	19	17	22	-

# 4.2 Talent Cultivation and Development

## Innolux University

In response to the talent cultivation concept of "Innolux University", InnoCare participated in the three colleges and one center established . With the Company's talent cultivation needs and provide an opportunity for managers and employees to learn about digital transformation, management competencies, professional skills, and foreign languages.

College	course	describe	Results
Frontier College	Artificial intelligence (AI) program Business intelligence (BI) program Digital transformation lecture series	In keeping with our continued push for digital transformation, we compiled a team of experts to optimize training courses in AI/BI knowledge and tools, strategic thinking for digital transformation, and digital business models, with the aim of cultivating a new generation of digital talent. We hope to realize smart manufacturing and smart operations throughout the organization in order to achieve greater flexibility in decision-making and organizational transformation. At the individual level, we hope that every employee will jump on the transformation bandwagon by improving their personal value and seeking diverse opportunities. Our AI/BI programs are aimed at helping the organization achieve flexible decision-making and sustainable development. In addition to course topics developed for managers, digital researchers, and field experts, we included ESG issues in the courses.	2,062 employees trained
College of Management	Empowerment Program	The College of Management launched the Empowerment Program in 2022 with the Stress Relief and Management course. In 2023, it added the Emotional Self-Regulation and Relationship Restoration course to help employees practice positive thinking, regulate their emotions, and develop the resilience to care for themselves emotionally under high stress situations.	6 employees trained
Frontier College & College of Management	E+/D+ Talent Enhancement Project	the E+ Talent Enhancement Project encouraged in-house employees to enroll in EMBA at a top-rated university or obtain a relevant degree; the D+Talent Program to foster diverse talents. An EMBA or relevant degree coupled with interdisciplinary thinking skills will foster strategic partners who can help achieve goals for digital transformation and incubate entrepreneurship. Potential candidates are currently taking their entrance exams.	2 colleagues obtained qualifications and entered middle school
College of Management	Talent Cultivation Program	Also launched in 2023, the Talent Cultivation Program is the answer to how to align corporate goals with employee career development goals. It creates a comprehensive human resources system for talent selection, leadership assessment, and career development. In addition to internal performance evaluations, the program has also introduced external leadership assessment tools to seek out potential talent for the senior management level and formulate the corresponding training plans. Furthermore, the program helps optimize our talent bank and resume management system, improve upward mobility, and boost overall talent competitiveness.	
Sustainability lecture series	To foster a culture of sustainable thinking in line with international ESG standards and SDGs	To fulfill our corporate social responsibility, align the Company with international ESG standards and SDGs (particularly in the areas of workplace DEI, gender equality, and biodiversity), and promote a culture of sustainable thinking and awareness of sustainability issues among senior executives and the entire Company.	we organized two sustainability lectures in 2023: "Corporate sustainability governance—Gender Equality and DEI Strategies" and "Our Impact and Dependence on Biodiversity under the TNFD Framework". In total, 30 employees completed the course.

# 4.3 Labor Rights and Relations

## 4.3.1 Respect for Human Rights

### Human Rights and DEI Policy

At InnoCare, we attach great importance to human rights issues. We strive to safeguard the rights and interests of employees, contract/part-time workers, clients, suppliers, and the general public by complying with the Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPR), the Responsible Business Alliance (RBA) Code of Conduct, the International Labor Organization (ILO) Code of Conduct, and local regulations. We formulated the InnoCare Human Rights & Diversity, Equity and Inclusion Policy to ensure that our daily operations and business activities meet the applicable requirements for fair treatment of and respect for individual differences. The policy applies globally to our employees, contract workers, clients, and suppliers. We hope to work with our stakeholders towards a better world in which every human being is respected.

In addition, the InnoCare Code of Conduct, Employee Handbook, Work Rules, Recruitment/Employment Rules, Code of Practice for Complaints Management and Sexual Harassment Prevention Measures, Principles for the Prevention of Wrongful Harm During the Performance of Duties, and Greater China Code of Practice for Employee Care and Assistance, among others, all clearly state our commitment to protecting employee rights as stipulated by law, including freedom of employment, humane treatment, protection from discrimination and harassment, and employee complaint channels. As part of our human resources management action plan, we formulated the InnoCare Supplier Corporate Social Responsibility Code of Conduct for materials suppliers and service providers.

### Implementation Guidelines

- Equal employment opportunities and treatment, no discrimination or differences due to factors such as race, ethnicity, skin color, national origin, gender, sexual orientation, religion, etc. to practice the workplace value of diversity, equity and inclusion.
- Forced labor, child labor, and human trafficking are prohibited in business activities or supply chains.
- Comply with all applicable wage, benefit and working hours regulations, and ensure freely chosen employment.
- Provide a safe, healthy, humane treatment and non-harassment and bullying working environment, and assist employees to maintain work-life balance.
- Respect the rights of employees to have the freedom of association and join various social organizations.
- Maintain positive labor relations and provide multiple communication platforms.
- Respect and protect the collection and use of personal data to act in compliance with legal requirements.
- Adhere to the principles of integrity and honesty, abide by the anti-corruption act of the country where the business is located, and prohibit any form of improper advantages.
- Implement responsible procurement and production ensure an adequate and effective conflict minerals and illegal logging supplier chain to create a sustainable supplier chain management system.
- Regularly identify and assess human rights-related risks, formulate mitigation and remedial measures, and provide multiple grievance channels.

# 4.3 Labor Rights and Relations

## Human Rights Management Results in 2023

InnoCare follows the "RBA Code of Conduct." New employees receive onboarding training upon arrival to understand the behavior standards related to human rights, environmental, and ethical practices within the global electronics supply chain.

Employee Orientation	Workplace Antiharassment and Antibullying Awareness Campaign	Audits
9 hours	94 hours	1 internal audits

## Workplace Assault and Sexual Harassment Prevention

InnoCare is committed to ensuring that our employees are never subject to any form of workplace discrimination, sexual harassment, or bullying, and we have a comprehensive training and management system for this purpose.

item	management mechanism								
<b>Regulatory basis</b>	Sexual Harassment Prevention Measures and Complaints and Management Guidelines								
<b>Training</b>	Education in the zero tolerance policy for workplace discrimination, bullying, and sexual harassment at new employee orientation and line/unit manager training; maintaining complaint channels.	【 Statistics on workplace bullying and sexual harassment training 】							
		<table border="1"> <thead> <tr> <th>Sessions</th> <th>Attendees</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>188</td> <td>94</td> </tr> </tbody> </table>	Sessions	Attendees	Total hours	1	188	94	
Sessions	Attendees	Total hours							
1	188	94							
<b>Promotion measures</b>	Posters and computer boot screens that promote antidiscrimination, antibullying, and sexual harassment Prevention.								
<b>Complaint channels</b>	Employee hotline #67885 / Employee mailbox / WingHR app / WeChat								
<b>Response measures</b>	<ol style="list-style-type: none"> <li>1. We established a dedicated unit to receive complaints and oversee the competent unit(s) in implementing improvement plans.</li> <li>2. We require absolute confidentiality by all relevant units to protect the identity of victim(s) or whistleblower(s); investigative results are reported to the Sexual Harassment Complaint Committee for resolution.</li> <li>3. Upon becoming aware of an (alleged) sexual harassment incident, the Sexual Harassment Complaint Committee must convene to review the case. The Committee is composed of 5–7 members, at least half of whom must be female. Conflict of interest recusal rules apply.</li> <li>4. Allegations found to be true are handled in accordance with the Innolux Commendation and Discipline Guidelines.</li> </ol>								
<b>Corrective measures</b>	<ol style="list-style-type: none"> <li>1. Tangible measures: Reassignment of work positions, locations, or shifts.</li> <li>2. Emotional support: Provision of counseling resources.</li> </ol>								

# 4.3 Labor Rights and Relations

## 4.3.2 No Gap in Communication with Employees

InnoCare values harmonious labor relations and has established comprehensive communication channels, actively promoting workplace equality. Both local and foreign employees can report issues related to human rights, labor relations, and sexual harassment, either by name or anonymously, through 24-hour hotlines, care mailboxes, and complaint submission systems. This helps employees resolve matters concerning personal rights or unfair treatment. Employees are not subjected to unfair treatment or retaliation for reporting or filing complaints. The company has dedicated units to handle complaints, responsible for supervising the relevant departments to process them in a timely manner and propose improvement plans, ensuring the protection of employee rights. There was a total of 1 employee complaint case with an average resolution time of 3.1 days. There were no cases related to labor conditions or sexual harassment, and no other discrimination complaints were filed. All reported cases were promptly addressed and appropriate corrective measures were taken, with quarterly announcements and promotions of the complaint status being made in a timely manner.

## Employee Assistance Programs (EAPs)

InnoCare's Taiwan plant participates in the group's Employee Assistance Programs (EAPs), collaborating with external professional EAP teams to provide employees with unlimited 24-hour bilingual (Chinese and English) consultation services. All local and foreign employees can apply for free one-on-one real-time psychological counseling and legal consultation services. Through professional employee interviews, solutions are provided with the aim of stabilizing employee performance and creating a healthy working environment. Additionally, in response to occupational accidents, major injuries, illnesses, and significant natural disasters, the company not only assists with labor, health, and group insurance applications but also initiates a care and concern mechanism for colleagues and their families. The Ningbo plant shows employee care and concern for direct labor (DL) through measures such as seminars and the distribution of care packages. In 2023, the employee satisfaction rate was 100%, and the proportion of external complaints remained at 0%.

### 【 Complaint Handling Procedure 】

General Cases	We register received complaints in the Employee Care System for processing by the responsible unit, who may interview individuals involved as necessary to better understand the case and respond if not filed anonymously.
Sexual Harassment	We register received complaints in the Employee Care System. The HR department is responsible for managing and submitting it to the investigating committee to review evidence, interview parties involved and witnesses, collect information, then schedule a meeting to verify the case and decide on disciplinary measures and other conditions.

## Prevention of Wrongful Harm in the Workplace

In 2023, InnoCare continued to the program for Prevention of Wrongful Harm in the Workplace. The results of the prevention plan were reported to the Occupational Safety and Health Committee. The company conducted identification and investigation of potential workplace harassment risks and completed the control and improvement of potential risk factors. Annual workplace anti-harassment advocacy and educational training were executed, achieving a 100% completion rate in 2023.

Efforts were made to cultivate awareness and frequency of frontline supervisors and employees, strengthening effective communication in frontline areas. Mid-level management communication and education training were deepened, with priority training for mid-level supervisors who received complaints, enhancing team management techniques. The company remains committed to creating a zero-tolerance safe workplace environment for unlawful harassment.

# 4.3 Labor Rights and Relations

## Labor-Management Communication

### 【Face-to-Face Communication】

Taiwan	Conference name	Labor Management MeetingsNote1	Employee Welfare Committee	Appointments with Management
	Number of sessions	4	4	4
China	Conference name	Direct Labor Seminars	Appointments with Management	
	Number of sessions	5	4	

Notes:

1. Labor management meetings are convened quarterly. Issues are compiled one month before each quarterly meeting for discussion, and meeting minutes are published. Employees are informed of trade union representative elections, and labor representatives are elected through online voting.

2. In accordance with Responsible Business Alliance (RBA) policy, employees are entitled to the freedom to organize trade unions. In 2023, no employees organized a trade union at Taiwan and China.

## Employee Engagement

In order to deeply uncover management issues, explore organizational atmosphere, and listen to the true voices and expectations of employees, InnoCare conducted an employee engagement survey in 2023. The survey focused on six major aspects: personnel, work, quality of life, opportunities, rewards, and policies. The questionnaire included employees' intrinsic and extrinsic motivations and personal feelings about their work, such as job satisfaction, sense of purpose, happiness, and stress levels, to identify gaps between company strategies and employees' actual experiences.

In the Greater China region's IDL survey, the effective response rate reached 81.1%. Among the respondents, the recognition rate for the statement "I am willing to give my all to improve the company" was 95.7% (with 95.7% of respondents providing positive feedback of 4 or above on a 5-point scale). The statement "I have the willingness to continue working for the company" had a recognition rate of 84.7% (with 84.7% of respondents providing positive feedback of 4 or above on a 5-point scale). Based on the results of the engagement survey, InnoCare formulated improvement action plans to ensure continuous progress through a positive cycle within the management system.

The target action plan for the 2024 employee engagement survey results includes:

- Corporate Health Check: Identifying gaps between company strategies and current employee actual experiences.
- Management Improvement: Implementing targeted improvement action plans and optimally allocating limited resources.
- Embodying Spirit: Valuing employee voices to improve retention rates and reduce the costs associated with workforce replacement.
- Maximizing Performance: Enhancing employee engagement and fostering a positive and sustainable management cycle.

# 4.4 Safety and Protection

InnoCare is committed to creating a healthy and safe working environment for its employees, aiming for zero accidents and zero occupational diseases. The company has formulated the "Environmental Safety and Health Policy" to ensure that the working environment meets safety standards and that personnel are protected from harm or injury during work. Through dynamic and static multimedia promotional activities, the company enhances employees' awareness of occupational health and safety, demonstrating its determination to safeguard employees' physical and mental health, fulfilling the company's commitment to creating a safe and healthy workplace, and moving towards alignment with the United Nations Sustainable Development Goals (SDGs).

## Occupational Safety and Health Management System

In 2023, InnoCare's Taiwan plant achieved 100% certification of the ISO 45001 Occupational Health and Safety Management System, covering all workers involved in research and development, design, raw material procurement, production, waste disposal, and transportation stages, with employees accounting for 100% of this scope. The production site in the Taiwan plant also achieved 100% certification of the TOSHMS Taiwan Occupational Safety and Health Management System. Additionally, InnoCare holds annual training for internal auditors and lead auditors of the Environment, Safety, and Health Management System to cultivate employees' professional competencies. In 2023, a total of 11 employees passed the internal auditor training, and 2 employees passed the lead auditor training. The company adheres to the PDCA (Plan-Do-Check-Act) principle of the ISO 45001 management system. By regularly conducting hazard identification and risk assessment, irregular safety observations, and job safety analysis results, the company identifies and eliminates potential hazards in operational activities, thereby enhancing workplace safety and health and ensuring worker safety.

## Environmental Safety and Health (ESH) Committee

InnoCare places great importance on worker safety and health issues. In addition to maintaining open communication channels with workers, the company holds a quarterly "Safety, Health, and Environmental Protection Committee" meeting. The committee is chaired by the highest-ranking company executive and includes representatives from various responsible units and labor representatives. They regularly discuss and deliberate on occupational safety and health issues and report on the progress of safety, health, and environmental protection concerns.

### 【 ESH Committee Meetings 】

Taiwan Sites	China Sites
36 labor representatives, accounting for 57% of all attendees required to be present	1 labor representatives, accounting for 100% of all attendees required to be present

### 【 Issues of Concern During Committee Meetings 】

Meeting	Frequency	Participants	Issues of Concern
ESH Committee	Quarterly	Responsible departments, labor representatives	ESH policies ISO 14001 · ISO 45001 include TOSHMS

# 4.4 Safety and Protection

## Communicating Health and Safety Issues

InnoCare encourages employees to actively participate in environmental, safety, and health improvement activities. Through the internal communication system, employees can report operational and environmental hazards, which are then included as positive performance indicators for the plant's environmental, safety, and health metrics. In 2023, a total of one case was completed, achieving a closure rate of 100%.

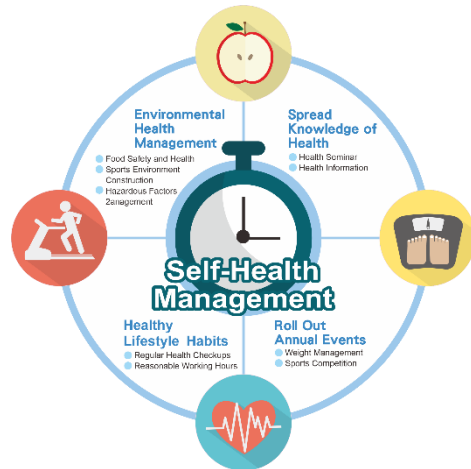
### 【Communicating Health and Safety Issues】

program	Target	state
Material and personnel flow planning	There were 0 industrial safety incidents caused by materials and moving lines	close

### 4.4.1 Health Care

InnoCare utilizes an e-health management system and professional occupational health care to cultivate employees' self-awareness of health. Each year, the company plans activities such as physical and mental health promotion, health check-ups, and educational training to enhance comprehensive health management for employees, striving towards the vision of balancing work and life.

### 【InnoCare's Health-Promotion Strategies】



## Occupational Health Risk Management

InnoCare bases its management on the ISO 45001 and TOSHMS management systems to identify all potential occupational disease risks comprehensively. Risk assessments are conducted based on the characteristics of the hazards, and risks are classified according to the severity, frequency, and probability of incidents. Control measures are then formulated according to the risk content, which includes pre-employment and on-the-job training, operational observations, workplace environment monitoring/measurement, health examinations, and implementing hazard prevention and control to reduce operational risks. Employees at the InnoCare Taiwan plant can use the group's H2U Health Bank cloud platform and its APP version for health management. This platform integrates IoT to record daily life activities, health check reports, and health risk assessments, providing personalized health information, real-time health knowledge, and personalized self-management recommendations, offering more immediate, convenient, and comprehensive self-health management. InnoCare adheres to the Personal Data Protection Act, ensuring that personal health data collected, processed, or utilized during health management operations are used only with the employee's signed authorization consent form.

## Health Management

To prevent occupational diseases and major illnesses, InnoCare conducts regular health check-ups, abnormal consultation services, and health guidance annually, ensuring the implementation of employee health management. In 2023, there were no cases of occupational diseases caused by work, resulting in an occupational disease rate (ODR) of 0. All workers within the InnoCare plant (including employees and non-employees) with health care or breastfeeding needs can utilize the health facilities and services within the plant.

# 4.4 Safety and Protection

## Health Examinations and Health Care

Measure	Description	Results
General medical exam	Regular employee health examinations are scheduled each year to care for employees' health and prevent major illnesses.	<ul style="list-style-type: none"> <li>Taiwan sites added a thyroid test to the health checkup.</li> <li>232 employees were eligible for the general health checkup and 232 employees underwent a general health checkup, for a participation rate of 100%.</li> </ul>
Value-added health services	Value-added cancer screening services as well as health consultations and education are provided during health examination periods.	<ul style="list-style-type: none"> <li>7 cancer screening services were provided to a total of 265 employees.</li> </ul>
On-site services by health professionals	Health tips and consultations for those with abnormal test results.	<ul style="list-style-type: none"> <li>On-Site Physician: 1 physician, stationed 12 times</li> <li>Occupational Health Service Nurse: 1 nurse</li> </ul>
Cerebral and cardiovascular disease management	In accordance with Guidelines for the Prevention of Diseases Resulting from Abnormal Workloads under the Occupational Safety and Health Act, health management is provided to high-risk groups (those who work in shifts, work at night, or have long working hours) who are at Level 2 or higher risk of developing work-related cerebral or cardiovascular diseases.	<ul style="list-style-type: none"> <li>Total Personnel: 85 individuals. High-Risk Group: 1 individual (shift work, night work, long hours), health management completed</li> </ul>
Occupational musculoskeletal disease prevention	Risk for musculoskeletal disease is assessed to identify those who are at risk or suspected of showing symptoms; health education and appropriate positions at work are subsequently provided.	<ul style="list-style-type: none"> <li>Total Respondents: 299 individuals.</li> <li>Individuals with Suspected Symptoms: 6 individuals, all of whom have been provided with health education to improve their discomfort symptoms.</li> </ul>
Maternal health protection	This measure involves conducting risk assessment and classification for female employees who report a pregnancy and those who have given birth in the past year.	<ul style="list-style-type: none"> <li>Total Reported: 1 individual</li> <li>Management Rate: 100%</li> </ul>
Care for elderly employees	This measure applies to middle-aged and elderly employees; it involves hazard identification, risk assessment, and job suitability assessment to ensure that older employees are physically able to handle the job they are hired to perform.	<ul style="list-style-type: none"> <li>106 employees were subject to job suitability assessments; 57 were assessed as "physically weak". We will continue to arrange medical consultations for these employees and provide health-related assistance.</li> <li>0 employees required work adjustments.</li> </ul>

# 4.4 Safety and Protection

## 【Employee Health Examination Statistics】

Site	Total Number of Participants			Number of People with Abnormal Health Exam Results							
	Recommended to participate	Participated	Participation Rate	Minor		Moderate		Serious		Follow-up from Nurse	Consultation with Doctors
				Follow-up Recommended	Completed	Follow-up Recommended	Completed	Follow-up Recommended	Completed		
Taiwan	301	301	100%	179	179	36	36	14	14	20	67
China	3	3	100%	3	3	0	0	0	0	0	0
Total	304	304	100%	182	182	36	36	14	14	20	67

Note: We abide by legal stipulations requiring annual health checkups; if an employee who reaches the re-examination year does not get a health checkup, the employee's supervisor will urge the employee to get a checkup and keep a record of the request. There are no health checkup regulations for employees in China.

# 4.4 Safety and Protection

## 【Cancer Screening】

Screening Item	Legal Requirements		Taiwan (No. of Participants)	Resident/Supervisor	China (No. of Participants)	Total (No. of Participants)
	Taiwan	China				
Cervical cancer: Pap smear	Stipulated by law	Not stipulated by law	10	0	NA	10
Breast cancer: Breast ultrasound/mammogram	Stipulated by law	Not stipulated by law	15	0	NA	15
Colon cancer: Fecal occult blood test	Stipulated by law	Not stipulated by law	196	4	NA	200
Liver cancer: Abdominal ultrasound	Not stipulated by law	Not stipulated by law	9	0	NA	9
Thyroid ultrasound	Not stipulated by law	Not stipulated by law	15	4	NA	19
Malignant tumor marker test	Not stipulated by law	Not stipulated by law	NA	12	NA	12
<b>Total</b>			245	20	NA	265

Note: Cancer screenings may be individually organized at the discretion of the manufacturing site or provided as part of the health examination. Tumor marker test screens include but are not limited to AFP (liver cancer), EVB-igA (nasopharyngeal cancer), PSA (prostate cancer), and CA-125 (ovarian cancer). Screening items are determined at the site's discretion. Total number of participants is calculated for all items.

Note: NA Indicates items not planned for inspection in the year 2023.

**Employee Cancer Screening Campaign**



**Employee Cancer Screening Campaign**



# 4.4 Safety and Protection

## Mental Health

We have established a mental health management system based on the “5 levels in 3 stages” of illness prevention.

Management System	Description	Management results in 2023
Primary	Lectures and activities that help learn about mental health and achieve well-being.	4 organized and attended by 134.
Secondary	Distribution of health surveys to understand stress levels, identify high risks, assign professional and establish suicide/crisis lifelines.	Annual survey conducted with 0 of 289 at moderate/high risk with 100% completion rate of counseling and follow-ups.
Tertiary	Following up on, identifying, and assisting those at high risk of mental health issues or suffering from mental illnesses.	No high risk or disease cases.

In addition, InnoCare has set two health management indicators in 2023, and both indicators have met the standards. It will continue to develop and add management indicators in other aspects to strengthen employee health management.

health management indicators		Taiwan	China
item	target		
Annual employee mental health care rate <sup>Note 1</sup>	95%	100%	100%
Annual voluntary health examination and care rate for employees <sup>Note 2&amp;3</sup>	80%	100%	100%

Note 1: Mental health care rate = number of people who completed the annual physical and mental health questionnaire/number of all employees during the period when the physical and mental health questionnaire was administered.

Note 2: Autonomous health examination care rate = the number of people who have completed the annual independent health examination/the number of employees in the company who are qualified for the annual health examination; where the independent health examination refers to annual health examinations that are not carried out according to laws and regulations (such as annual physical examinations in mainland China and those that are carried out outside the legal limit in Taiwan). annual physical examination).

Note 3: China's employees' annual independent health examination is in line with Ningbo Innolux's annual independent health examination schedule.

## Health Promotion

InnoCare promotes a healthy work environment by organizing various health promotion activities to raise employees' awareness of physical and mental health management. In 2023, a total of 4 health promotion activities were conducted, with approximately 134 participants, achieving a satisfaction rate of 100%.

The Taiwan plant organized an "18 Ketones Weight Loss and Fat Reduction Competition," helping 10 employees successfully lose a total of 192 kilograms through healthy eating and lifestyle improvements. Additionally, to encourage employees to engage in regular exercise, 3 group marathon events were held in 2023, with a total of 115 participants. The goal is to participate in at least 2 large-scale marathon events as a group each year.

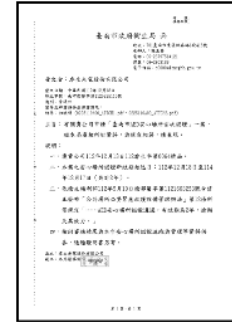
### 【Number of Health-Promotion Activity Participants by Category in 2023】

Activity	Number of people
18 keto weight loss and fat loss competition	10
CPR fun competition	15
Understanding of illegal laws and communication skills elements	32
Practical exercises on communication mentality and skills	20

# 4.4 Safety and Protection

## [2023 Honors and Recognitions]

- Awarded second place in the "Healthy Micro Actions. Workplace Heart Plan" online health promotion activity competition by the Health Promotion Administration, Ministry of Health and Welfare.
- Installed AEDs (Automated External Defibrillators) in the workplace, implementing CPR (Cardiopulmonary Cerebral Resuscitation) emergency skills and AED equipment operation training for all employees to enhance workplace emergency response capabilities. Received the "Secure Workplace Certification" from the Ministry of Health and Welfare, increasing employees' sense of security in their work environment.
- Actively implemented a smoke-free workplace and obtained the "Healthy Workplace Promotion Certification" from the Health Promotion Administration, Ministry of Health and Welfare for the Taiwan plant.



## [Health Promotion in 2023]

### CPR fun competition



### Practical exercises on communication mentality and skills



# 4.4 Safety and Protection

## 4.4.2 Occupational Safety Management

InnoCare strives for a vision of zero accidents and zero occupational diseases, ensuring that the work environment meets safety standards and that personnel are not harmed or injured during work processes. The company is committed to building a safe and healthy workplace and aligning with the United Nations Sustainable Development Goals.

### Occupational Safety and Health Risk Management

To effectively prevent occupational accidents, InnoCare has established procedures for hazard identification, opportunity and risk assessment. For all routine and non-routine activities that could potentially cause injury or accidents, each department conducts regular annual reviews of their operations, services, and activities, performing comprehensive hazard identification and risk assessment checks. The Environmental, Safety, and Health (ESH) identification and assessment forms are appropriately revised.

When dealing with accidental incidents, the use of new materials/chemicals or machinery, changes in operational environmental conditions (such as new regulations, organizational changes, and activities related to the plant), assessments should be conducted before or after the occurrence. Risks are classified based on the severity, frequency, and probability of hazard events, and risk management measures are formulated accordingly to control and manage these risks.



In 2023, InnoCare identified and assessed the top three health and safety hazard risks through hazard identification and risk assessment. By implementing measures and administrative management, the company reduced the risk levels to a controllable range.

#### 【 Top 3 health and safety hazards or risks 】

Health Hazards		Safety Hazards	
Type	% of All	Type	% of All
Workload	41%	Drawing-in, entanglement	29%
Musculoskeletal disorders	19%	Injuries caused by contact , puncture, cut, scratches	27%
Long-term exposure to Chemicals	15%	Contact with high/low temperatures	7%

# 4.4 Safety and Protection

## Operational Safety Management

InnoCare implements management processes targeting processes, chemicals, machinery, and area configurations to reduce operational environment safety risks. According to the "Environmental, Safety, and Health Change Management Procedures," comprehensive assessments are conducted to identify unacceptable and significant safety, health, and environmental impact risks. Based on assessment results, improvement control measures and educational training are formulated to prevent hazards caused by changes.

Item	Management Approach
Chemical Safety	<ul style="list-style-type: none"> <li>When InnoCare procures chemicals, environmental safety personnel perform source control to verify whether the chemical components to be introduced contain any company self-regulated prohibited or restricted substances (such as IARC Group 1 &amp; 2A substances) or items regulated by competent authorities. This facilitates the execution of subsequent related occupational safety and health management tasks.</li> </ul>
Equipment Management	<ul style="list-style-type: none"> <li>In the plant area of InnoCare, all equipment and machinery must adhere to plant equipment safety procurement specifications lock bypass management procedures during design evaluation, installation, and before operation. This is to prevent risks of injury to personnel or property damage caused by equipment operation.</li> </ul>
Contractor Management	<p>In compliance with legal requirements and InnoCare's contractor management regulations:</p> <ul style="list-style-type: none"> <li>Before Entering the Plant for Work: Contractors must complete the process of joining the plant's agreement organization, explaining related contractor management tasks.</li> <li>During Plant Work: Contractors must present their daily work order to enter the plant. Security personnel at various plant gates and the contractor access control system will verify the work information. Only after confirmation can the contractor proceed with the work. For high-risk tasks, safety inspections must be completed before operations can commence.</li> <li>Upon Completion of Leaving the Plant: Contractors must return the daily work order and complete the exit process to prevent risks associated with personnel remaining in the plant.</li> </ul>

## Occupational Safety and Health Training

To foster employee safety and health awareness and strengthen identification ability, we organizes various courses based on department and job nature. These courses include general safety and health common knowledge, professional skills training, and emergency response After the courses, tests or practical drills are conducted to confirm the conformity and effectiveness of the training. Through diverse and comprehensive courses, the company aims to ensure employees' safety in daily work and emergency situations. In 2023, a total of 103 occupational safety and health training sessions were held, with 3,553 participants receiving training.

In addition to fostering employee safety awareness, to ensure stable operations and production, the company has set up a comprehensive plant safety monitoring system and a well-trained Emergency Response Team (ERT) with daily schedules. In 2023, more than 6 emergency drills were conducted, involving over 762 ERT personnel in preparedness activities.

### 【Annual Training】

Annual Training	Taiwan	China	Total
Sessions	101	2	103
Participants	3,549	4	3,553
Hours	4,367	12	4,379

# 4.4 Safety and Protection

## Accidental Incident Management

Our Electronic Accident Management System classifies and incident as majors, general, minor, or near-miss. In 2023, there were zero accidents and zero near misses reported.

## Occupational Injury Management

In 2023, InnoCare achieved a disabling injury frequency rate (FR) and a disabling injury severity rate (SR) of zero. From the company's establishment to the present, it has consecutively achieved the zero occupational injury target for 51 months. The company's disabling injury frequency rate is significantly lower than the 0.85 reported by the Occupational Safety and Health Administration for the "Electronic Components Manufacturing Industry" in 2022. There have been no instances of fines for violations of the Occupational Safety and Health Act.

### Notes:

1. Scope of statistics included all (contract)employees.
2. FR: disabling events per one million work hours. Formula: disabling events x one million hours / total hours; decimals are rounded off to the nearest hundredth.
3. SR: days of disabling event. Formula: days of disabling event x one million hours / total hours; decimals are rounded off to the nearest unit.
4. IR: accidents per 200,000 hours. Formula: (lost workday events + restrictive events) x 200,000 hours / total hours; decimals are rounded off to the nearest hundredth.
5. LDR: days lost to disabling event per 200,000 hours. Formula: days lost to disabling event x 200,000 hours / total hours; decimals are rounded off to the nearest unit.

## 【 Occupational Injury Statistics 】

Item		2023		
		Taiwan	China	Company
Lost Time Injury Frequency Rate (FR)	Female	0	0	0
	Male	0	0	0
Total		0	0	0
SR	Female	0	0	0
	Male	0	0	0
Total		0	0	0
Injury Rate (IR)	Female	0	0	0
	Male	0	0	0
Total		0	0	0
Lost Workday (LDR)	Female	0	0	0
	Male	0	0	0
Total		0	0	0
Occupational accidents per 1,000	Female	0	0	0
	Male	0	0	0
Total		0	0	0
Working Hours		625,894	35,992	661,886
Workers		78,237	4,202	82,439

# 4.4 Safety and Protection

## Contractor Management

Contractors at InnoCare must adhere to the "Contractor Management Operation Procedures." Before commencing work, contractors are required to join the plant's agreement organization process and complete contractor safety and health education training, as well as hazard notification of the work site. Management of construction applications, verification of construction information, and return of work orders upon leaving the site is conducted through the contractor website to ensure the safety of the operational environment and construction personnel.

For high-risk tasks, InnoCare collaborates with contractors to complete hazard identification, risk assessment, and establish emergency response plans to minimize the probability of abnormal events. In 2023, the disabling injury frequency rate (FR), injury rate (IR), and lost day rate (LDR) for contractors at InnoCare were all zero, with no contractor occupational fatality incidents occurring.

## 【Contractor -related Occupational Injury Statistics】

Item	2023	
	Taiwan	China
Number of incapacitating injuries	0	0
Lost Time Injury Frequency Rate (LTIFR)	0	0
Injury Rate (IR)	0	0
Lost Workday Rate (LDR)	0	0
Death Rate	0	0
Number of Contractor Staff Entering Our Sites	541	0
Total Contractor Work Hours	4,328	0

Notes:

1. Contractors refer to businesses that sign contracts with InnoCare to work on-site, including outsourced workers.
2. Injury rate of contractors=injuries sustained by contractors x 1,000,000/total hours; decimals are rounded down to 2 places; includes work-related and injuries inflicted when moving.
3. IR: refers to injuries per 200,000 work hours. Formula: (lost workday events + restricted events) x 200,000 hours / total hours; decimals are rounded to the nearest hundredth.
4. Death rate= contractor-related deaths x 200,000 / total hours.
5. Lost workdays calculated with calendar days excluding the day of event and return to work.

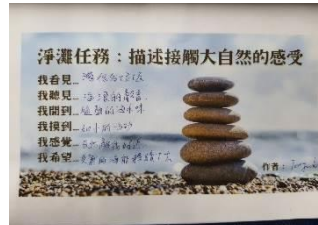
# 4.5 Working for the Common Good of Society

InnoCare firmly believes that for a company to achieve sustainable operations, it must also co-prosper with society. To fulfill its corporate social responsibility and exert a positive impact on the environment and people, in 2023, InnoCare employees led by example, participating in environmental education activities with their families. InnoCare has ingrained the concept of environmental sustainability into its corporate culture, encouraging employees to actively practice environmental conservation in their daily lives, thus demonstrating their commitment to environmental protection.

## 【2023 Environmental Education Activities】

### Chiayi Aogu Wetland Family Environmental Education Activity

Through direct engagement with the wetland ecosystem, employees and their families learned about the importance of wetland conservation and bird-related knowledge, enhancing interactions between colleagues and their families.



### Beimen Shuangchun Beach Cleanup Activity

Employees and their families participated in the educational and entertaining "Beimen Shuangchun Beach Cleanup Activity," which aimed to enhance their environmental knowledge on marine conservation and environmental protection. Participants received a total of 380,000 Green Points for their involvement.

Furthermore, InnoCare is actively involved in social welfare activities. Since last year, InnoCare has partnered with the National Cheng Kung of Medicine to launch the "Yunlin-Chiayi-Tainan Ten Thousand People Action X-ray Early Lung Cancer Screening Project," which continues into this year. Utilizing its core business, the company employs its dual-energy X-ray flat panel sensor modules in mobile X-ray vehicles to conduct early lung cancer screenings in various townships and cities, thereby contributing to public health promotion.

# 05

## Green Transformation and Environmental Co-Prosperity

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- 5.1 Green Manufacturing 93
- 5.2 Climate Change Governance 95
- 5.3 Natural Resource Management 100
- 5.4 Pollution Management 103
- 5.5 Green Circulation 104

# Management Guidelines

Materiality	2023 Strategy	2023 Result	2024 Target	Medium- to Long-Term Goals (2030)
<b>GHG Emissions</b>	<ul style="list-style-type: none"> <li>Conduct greenhouse gas inventory to understand carbon emission characteristics.</li> <li>Optimize transportation management to reduce logistics carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Passed ISO 14064-1:2018 verification by a third-party organization and obtained statement.</li> </ul>	<ul style="list-style-type: none"> <li>Continue and verify ISO 14064-1:2018 greenhouse gas inventory to understand greenhouse gas emission characteristics, facilitating carbon reduction planning and achieving greenhouse gas reduction targets.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to achieve a 25% reduction in greenhouse gas emissions (Scope 1 and Scope 2) by 2030 (compared to 2021), to realize the vision of mitigating climate change impacts.</li> </ul>
<b>Energy Management</b>	<ul style="list-style-type: none"> <li>Plan and promote energy-saving performance business, energy-saving project promotion, energy-saving performance technical evaluation, and system establishment.</li> </ul>	<ul style="list-style-type: none"> <li>Implement measures to reduce electricity consumption per unit area in office areas, turn off unused power sources, set air-conditioning temperature controls to 26 degrees in meeting rooms and office areas to save power, and replace office fluorescent tubes with LED energy-saving tubes.</li> </ul>	<ul style="list-style-type: none"> <li>Plan and evaluate the introduction of the ISO 50001 system.</li> </ul>	<ul style="list-style-type: none"> <li>Plan and evaluate the introduction of the ISO 50001 system.</li> </ul>
<b>Waste and Circular Economy</b>	<ul style="list-style-type: none"> <li>Plan for the recycling and reuse of industrial waste to increase the recycling rate.</li> </ul>	<ul style="list-style-type: none"> <li>Formulated ISO 14001 management plan to increase the recycling and reuse rate of industrial waste to 43.5%, mainly including waste plastics and waste paper.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the recycling and reuse rate of waste to 45%.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to increase the recycling and reuse rate of waste to 55%.</li> </ul>

# 5.1 Green Manufacturing

In recent years, environmental issues have received great attention, and green manufacturing has become a mainstream trend. Based on the group's sustainable development strategy, InnoCare continuously deepens green management through digitalization and systematization, focusing on water-saving, energy-saving, carbon reduction, waste reduction, and other related issues. The company strives to enhance its capabilities in climate change management, water resource management, pollution prevention, waste management, and biodiversity management, achieving harmony with the environment.

## 5.1.1 Management System

InnoCare seeks a balanced development between environment, society, and economy, and established sustainable development goals with a focus on the environmental aspect. Since 2020, 100% of the company's plants have passed ISO 14001 and ISO 14064-1 certifications, committed to reducing the environmental impact of production and manufacturing activities. Additionally, InnoCare participates in the group's Sustainable Development Committee annually for cross-organizational collaboration and review. Simultaneously, in the Safety, Health, and Environmental Protection Committee meetings held quarterly, various projects are tracked and planned. In 2023, the proposal for the ISO 14001 Environmental Management System achieved a 100% completion rate. In the future, InnoCare will continue to advance in environmental sustainability, embedding sustainable DNA into the corporate culture.

### 【Environmental, Safety and Health Policy】

InnoCare promises to the current and future operation :

- Meet all government environmental protection, safety, and health regulations and strive to comply with international environmental protection, safety and health standards.
- In response to global climate change, international environmental protection trends and meeting customer requirements, we are committed to promoting the "green vision", strengthening green product design, manufacturing and delivery, and cooperating with value chain partners to implement resource saving, energy saving, low carbon, emission reduction, waste reduction, and recycling the economy, greening , biodiversity are considered to reduce the impact of products and processes on the environment.
- Root the culture of corporate risk management, and develop and promote the integrated framework of risk management.
- With the goal of zero accident, zero pollution, and zero occupational diseases, implement hazard and environmental impact identification and risk assessment, prevent work hazards, reduce health impacts, and environmental pollution to effectively reduce the risks of employees, customers, contractors, suppliers, and stakeholders. Jointly improve the environmental protection, safety and health performance of the value chain.
- Everyone shall fulfill the duty, form the culture, and implement the discipline of occupational safety.
- Promote healthy activities to improve the well being of employees.
- Provide education and training as well as communications channels to increase employees' environmental protection, safety and health awareness, and encourage all employees to participate in the environmental, safety and health management.
- Refining emergency response preparations, developing business continuity plan, identifying risks and opportunities, and reducing business impacts.

# 5.1 Green Manufacturing

## 5.1.2 Environmental Accounting

In compliance with the environmental accounting guidelines issued by the Environmental Protection Agency, InnoCare has combined the procurement mechanism and its accounting system to create an independent Environmental Account that manages and identifies the Company's expenditures related to environmental issues. In 2023, InnoCare continued to promote various environmental management systems and pollution prevention measures, and invested in resource recycling and reuse, with a total environmental expenditure of approximately NTD 417,000.

### 【Environmental Protection Expenditures】

Category	Expenditure Item	NTD
Corporate Management	Pollution control	215,000
	Global environmental protection	0
	Recycling and reuse	0
Management	Environmental education and Training/Acquisition of licenses and Certificates/Environmental monitoring/Organization of related activities/Environmental management systems maintenance	202,000
Research and Development	End-of-pipe treatment research/Process pollution reduction Research/Marketing for pollution reduction research	0
Up- and Down-stream Relations	Green procurement/Product recycling/Packaging material recycling/ Individual customer requirements	0
Social Activities	Public relations activities/Corporate image promotion/Other social activities	0
Losses and Compensation	Pollution remediation/Pollution litigation and compensation/Other Losses and Compensation	0
Total		417,000

Note: For the first time, only Taiwan factory data is disclosed.

### Following Environmental Protection Regulations

InnoCare's production sites include two operational locations: Tainan, Taiwan, and China. To ensure that the company's production and operational activities fully comply with relevant environmental regulations of Taiwan and China, and adhere to the environmental standards of the Responsible Business Alliance (RBA), the Environmental and Safety Department continuously identifies various domestic, international regulations, and standards. During the 2023 operational period, InnoCare was not penalized for any violations of environmental regulations. We will continue to make efforts to ensure the company's excellent performance in environmental management and sustainable development.

# 5.2 Climate Change Governance

## 5.2.1 Climate Change Adaptation- Task Force on Climate-Related Financial Disclosures (TCFD)

The impact of climate change has led companies to face the challenge of transitioning to net zero. InnoCare responded to the International Sustainability Standards Board (ISSB) by adopting the framework for sustainability information disclosure issued in 2023, focusing primarily on ISSB S2 "Climate-Related Disclosures." Following the 2017 recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), InnoCare adheres to the four main frameworks of "Governance, Strategy, Risk Management, Metrics and Targets" to help decision-makers and investors effectively focus on relevant issues.

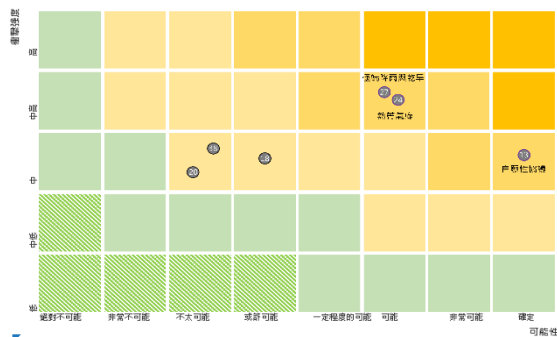
<b>Governance</b>	<ul style="list-style-type: none"> <li>• <b>Board Supervision:</b> The InnoCare Sustainability Development Team reports various results and vision goals to the Board of Directors annually and reviews climate-related risks and opportunities. Major climate-related decisions are addressed through the quarterly Safety, Health, and Environmental Committee to develop response plans.</li> <li>• <b>Management Responsibilities:</b> The Safety, Health, and Environmental Committee is the main organization driving climate change responses for InnoCare actively exploring various carbon reduction possibilities.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• <b>Identifying Risks and Opportunities:</b> Referring to the TCFD framework, cross-departmental discussions are held to identify significant risks and opportunities at short, medium, and long-term time points.</li> <li>• <b>Assessing Major Impacts:</b> Evaluating the financial impacts of significant transition and physical risks and opportunities.</li> <li>• <b>Conflict Impact Simulation:</b> Conducting simulations for significant physical risks under different scenarios using historical and forward-looking considerations.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• <b>Risk and Opportunity Identification Process:</b> (1) Integrating information from domestic and international market trends, research literature, evaluation indicators, and industry reports, following the recommended framework to summarize 58 potential risks and opportunities based on four major transition risks (policy and regulation, technology, market, reputation), two major physical risks (immediate, long-term), and five major opportunities (resource efficiency, energy sources, products/services, markets, resilience). (2) Periodically convening relevant department heads to jointly review and evaluate significant impacts, quantifying "probability of occurrence" and "impact degree," and transforming "assets and liabilities" as well as "capital and financing" into eight aspects: revenue, direct costs, indirect costs, capital expenditures, capital acquisition, asset value, premiums, and liabilities, using a two-dimensional matrix to identify significant transition and physical risks and opportunities.</li> <li>• <b>Conflict Impact Simulation Process:</b> Estimating internal company data and climate-related external data, combining them with the IPCC assessment reports' "Shared Socioeconomic Pathway (SSP)" and "Representative Concentration Pathway (RCP)" to simulate physical risks and comprehensively review the simulation results.</li> <li>• <b>Integration into Corporate Risk Management:</b> (1) Incorporating climate change into the "Risk Management Policy and Procedures" with the Board of Directors at the highest management level. (2) Developing an information management platform to foster "digital governance."</li> </ul>
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>• <b>Strategy and Commitments:</b> (1) Including climate performance indicators in compensation policies, (2) Green supply chain management.</li> <li>• <b>Climate Actions:</b> Aligning with the group's net-zero strategy, aiming for a 25% absolute reduction in greenhouse gas Scope 1+Scope 2 emissions and achieving 20% renewable energy usage (RE20) by 2030.</li> <li>• <b>Carbon Inventory:</b> Conducting greenhouse gas inventory according to ISO 14064-1:2018 and completing external verification.</li> </ul>

# 5.2 Climate Change Governance

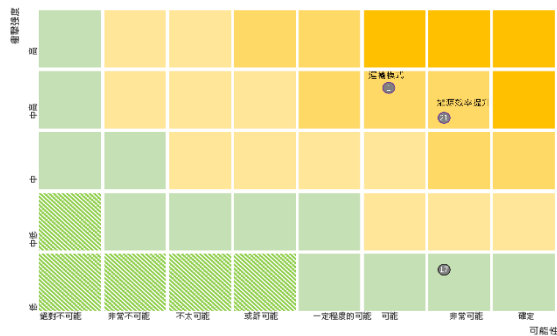
## 1. Identification and Assessment of Climate Impact

The impact of climate change on businesses is extensive, causing both direct and indirect effects. The issues are complex, varying in temporal and spatial scales, and have dynamic characteristics, making it difficult to isolate and quantify financial impacts. InnoCare convenes relevant department heads to jointly evaluate these impacts, with the results of the discussions shown in the charts below.

【Climate Change Risk Matrix】



【Climate Change Opportunity Matrix】



【Significant Climate Change Risks and Opportunities - Financial Impact】

Type	Material Impact	Scope	Immediacy	Vulnerable Financial Aspects					
				Revenue	Costs	Expenses	Assets	Insurance	Liability
<b>Transformational risk (regulatory)</b>	13-Voluntary Agreement	self	Short- to medium- term		0	0			
<b>Tangible risk (Acute)</b>	24-tropical cyclone	Upstream, self, downstream	Short-, medium-, and long-term	0	0	0	0	0	0
<b>Tangible risk (Acute)</b>	27-Extreme rainfall and drought	Upstream, self	Short-, medium-, and long-term	0	0	0	0	0	0
<b>Opportunity</b>	21-Energy efficiency improvements	self	Medium-term	0	0				
	1-transportation mode	Upstream	long-term		0				

# 5.2 Climate Change Governance

## 2. Climate Impact Scenario Analysis

Referring to the TCFD Knowledge Hub, InnoCare conducted matrix combination simulations based on significant physical impacts identified, using the "Representative Concentration Pathway (RCP)" and "Shared Socioeconomic Pathways (SSP)" from the sixth assessment report (AR6) released by the IPCC in 2021. Simultaneously, external database data was utilized to analyze and present multiple scenarios, including the most optimistic (OPT), the most pessimistic (PES), and the worst-case scenarios.

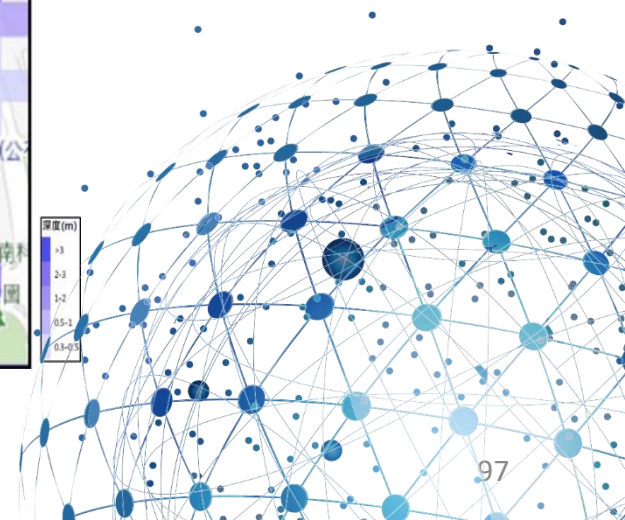
Impact	Tangible
Pathway	SSP1-RCP2.6、SSP2-RCP4.5、SSP3-RCP7.0、SSP5-RCP8.5
Immediacy	2021-2100 (From short-term to long-term)
Region	Taiwan
Type	Acute
Scope	Self

For physical impacts of climate change, InnoCare considered extreme rainfall as the "Hazard"; flooding, landslides, and debris flows triggered by it as "Vulnerability"; and the locations of their sites as "Exposure." These were categorized into four risk levels: no risk, low risk, medium risk, and high risk, to assess their sites. The analysis results showed that the overall impact on the sites was not significant in terms of time and scenarios, with the comprehensive risk being moderate, mainly due to flooding hazards. Continuous in-depth analysis of each factor and rolling tracking adjustments will be carried out.

### 【Climate Change Scenario Simulation Risk Levels】

period	Short-term			Medium term			Medium- to long-term			Long-term		
SSP1-RCP2.6	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
SSP2-RCP4.5	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
SSP3-RCP7.0	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
SSP5-RCP8.5	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate

### 【Baseline Flood Potential】



# 5.2 Climate Change Governance

## 5.2.2 Greenhouse Gas Management

InnoCare conducts annual greenhouse gas (GHG) inventories in accordance with ISO 14064-1:2018 and obtains verification statements through third-party verification. This helps understand the characteristics of GHG emissions during the company's production, manufacturing, and service provision processes, serving as a basis for setting carbon reduction targets. Additionally, the company plans to use related monitoring and energy-saving technologies to understand the electricity usage characteristics in these processes. Future plans include upgrading equipment to improve energy efficiency and conserve energy, thereby reducing GHG emissions. InnoCare aims to use 2021 GHG inventory data for Scope 1 and Scope 2 emissions as a baseline, challenging a 25% absolute reduction in carbon emissions by 2030 as a mid-to-long-term GHG reduction goal.

### Greenhouse Gas Inventory

InnoCare uses the ISO 14064-1:2018 standard to conduct GHG inventories at its facilities. This includes direct GHG emissions and energy indirect GHG emissions, and progressively includes upstream transportation and distribution, business travel, employee commuting, and procurement of goods (fuel energy) as part of the indirect GHG inventory to provide foundational data for future GHG reduction management. The 2023 GHG inventory results showed a total emission of 4,627.9721 tons of CO<sub>2</sub>e. Scope 1 (Category) emissions were 9.8578 tons of CO<sub>2</sub>e, accounting 0.21%; Scope 2 (Category 2) emissions were 3,667.6623 tons of CO<sub>2</sub>e, originating from indirect GHG emissions from imported energy, accounting for 79.25%; and Scope 3 (Categories 3~4) emissions were 950.4519 tons of CO<sub>2</sub>e, accounting for 20.54%. Detailed emissions for Scope 1 (Category 1), Scope 2 (Category 2), and Scope 3 (Categories 3~6) are shown in the [Detailed Emissions Table for Categories 1 to 6]

Item	Category	Emission (million t CO <sub>2</sub> e)	Percentage (%)
Category1. Direct GHG emissions		9.8578	0.21
Category2. Indirect GHG emissions from imported energy		3667.6623	79.25
Category3. Indirect GHG emissions from transportation	Upstream transportation and delivery	2.0774	0.05
	Employee commuting and Business travel (employee business travel)	225.664	4.88
	Total volume	227.7414	4.93
Category4. Indirect GHG emissions from products used by the organization	Procured products and services (raw materials)	720.9364	15.57
	Waste generated in operations	1.7741	0.04
	Total volume	722.7105	15.61
Total volume		4627.9721	100

### 【 Volume of GHG emissions in 2023 】

Unit: million tCO <sub>2</sub> e	Volume	Percentage (%)
Scope1	9.8578	0.21%
Scope2	3,667.6623	79.25%
Scope3	950.4519	20.54%
總計	4,627.9721	100%

# 5.2 Climate Change Governance

## 5.2.3 Energy Management

Based on the assessment results from the TCFD framework, InnoCare has implemented a "Transition Strategy" to reduce financial impacts through technical and managerial means. According to the 2023 GHG inventory results, energy indirect emissions accounted for 79.25% of total emissions, making it the primary source of CO2 emissions. Therefore, future plans include evaluating the adoption of the ISO 50001 Energy Management System to understand significant power-consuming equipment within the company, improve energy efficiency, and achieve energy-saving and carbon reduction goals. We aim to mitigate the energy crisis and align with international trends through concrete actions in energy transition.

### Energy Crisis

InnoCare primarily uses electricity as its energy resource and does not use other energy resources such as natural gas or diesel. The electricity consumption in 2023 was 7.409 GW, a 13% increase compared to the 6.527 GW consumed in 2022. The main reasons for this increase were changes in the allocation method for plant rental electricity consumption and the promotion of production capacity and process automation, which led to an increase in equipment and overall electricity consumption.

# 5.3 Natural Resource Management

In recent years, sustainable development has become one of the most important global issues. Besides focusing on the mitigation and adaptation to climate change, people are increasingly valuing natural resources. Fidelity International points out that climate change is closely related to biodiversity, being one of the reasons for biodiversity loss. Achieving net-zero emissions requires protecting natural resources while addressing climate change to mitigate threats to biodiversity. InnoCare along with its parent company, Innolux Corporation, is committed to natural resource conservation and pledges to protect biodiversity-deforestation.

## 5.3.1 Biodiversity

According to the "Global Risks Report 2024" released by the World Economic Forum (WEF), "Biodiversity Loss and Ecosystem Collapse" and "Natural Resource Crises" have risen to the third and fourth top risks over the next decade, highlighting the unignorable importance of biodiversity issues. InnoCare follows the "Biodiversity and Zero Deforestation Policy" established by Innolux Corporation, declaring their commitment to protecting natural resources according to the guidelines.

### Biodiversity and Zero Deforestation Policy

The "Biodiversity and Zero Deforestation Policy" established by Innolux Corporation applies to its subsidiaries and all manufacturing sites. InnoCare also encourages first-tier, non-first-tier suppliers, and all value chain partners involved in business operations and relationships with the company to adhere to this policy.

#### **[ Commitment and regulations of Biodiversity and Zero Deforestation Policy ]**

1. Respond to global natural goals and initiatives related to biodiversity conservation, zero deforestation, and indigenous rights.
2. Avoid developing operational bases in global or national protected, or high-value areas and nearby of biodiversity and forestry species when adding or changing construction projects, and comply with international and local regulations.
3. Analysis of natural resources dependencies and impacts among the value chain, monitoring zero deforestation and inventory of biodiversity, implementing biodiversity risk assessments, and building up action baselines.
4. Adopt the concept of Nature-based Solutions, when developing biodiversity action plans, practicing the mitigation hierarchy structure that considers the four steps of avoidance, minimization, restoration, and offsetting, to the greatest extent possible in achieving the goals of NNL and NPI.
5. Support the concept of a circular economy in designing products or packaging to reduce reliance on ecosystem services, reduce the loss of natural capital, and end all deforestation (No Gross Deforestation).
6. Implement responsible procurement by prioritizing suppliers who emphasize sustainability and strictly prohibit cooperation with suppliers engaged in illegal logging or the destruction of ecology.
7. Require value chain partners to follow the policy, seek opportunities for cooperation with external partners, jointly maintain biodiversity, and expect compensate with future reforestation and habitat creation to coexist harmoniously with nature.

# 5.3 Natural Resource Management

## Ecological Risk Assessment

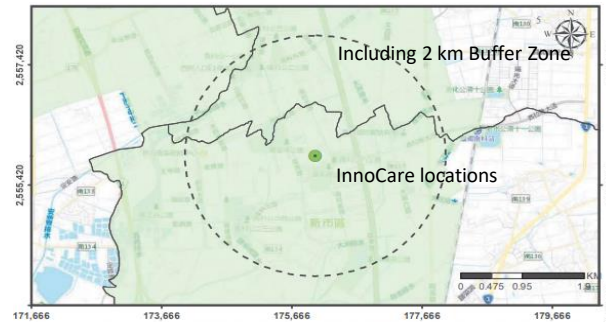
InnoCare referenced the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) V1.0, released in 2023, to examine the relationship between their Taiwan manufacturing site operations and relevant protected areas within a 2km radius, both domestically and internationally. The results indicated that there were no intersections with seven regulatory-related analysis maps. However, there was some overlap with certain non-regulatory conservation corridors.

In the future, the company plans to conduct further analysis on other operational sites and the overall value chain. This will involve inventorying ecologically sensitive areas at different levels and appropriately refining the TNFD framework content to implement more reasonable responses and potential compensatory measures.

【 Map of InnoCare Taiwan Sites and Nature Reserves - 1 】

	Regulatory Basis	Type	IUCN Classification	located	legend
Statutory	Cultural Heritage Preservation Act	Nature Reserve	Ia-Strict Nature Reserve	No	
	National Park Law	National Park	II-National Park	N	
	Forestry Act	Nature Refuge	III-Natural Monument/ Feature	N	
	Wetland Conservation Act	Major Wetland	IV-Habitat / Species Management Area	N	
	Wildlife Conservation Act	Wildlife Reserve		N	
	Wildlife Conservation Act	Major Habitat		N	
	Coastal Zone Management Act	Coastal Reserve	V-Protected Landscape or Seascape	N	
Non-Statutory	Ecological Corridor		-	Yes	
	Key Biodiversity Habitat		-	N	

【 Map of InnoCare Taiwan Sites and Nature Reserves - 2 】



# 5.3 Natural Resource Management

## 5.3.2 Water Resource Management

Extreme climate changes are causing rapid environmental changes globally. The World Meteorological Organization (WMO) pointed out in its "State of Global Water Resources" report that the impacts of climate change on water resources include frequent droughts, extreme floods, seasonal rainfall instability, and rapid glacier melting. In response to global climate actions and water scarcity crises faced by its operational regions, InnoCare aims to continuously enhance the value of water resources.

### Water Risk Assessment

InnoCare referred to the water risk assessment tool Aqueduct 4.0 developed by the World Resources Institute (WRI) for analysis to examine indicators such as water stress and water consumption at its sites, summarizing them into a. By using three climate change scenarios (BAU, OPT, PES) and combining them with Shared Socioeconomic Pathways (SSP3-RCP7.0, SSP1-RCP2.6, SSP5-RCP8.5) across different time scales (short-term [2015-2045], mid-term [2035-2065], long-term [2065-2085]), InnoCare examined changes in water stress indicators. The results showed that future scenarios and projected timelines did not impact its water stress, with overall risk remaining at a low to moderate level.

Scenario	2030	2050
BAU	Low to moderate	Low to moderate
OPT	Low to moderate	Low to moderate
PES	Low to moderate	Low to moderate



### Water Resource Usage and Effectiveness

InnoCare's production water source is 100% tap water. In 2023, the process water usage was approximately 228 cubic meters, with the same amount of discharge at 228 cubic meters. The water usage and discharge increased by about 58% compared to 2022, primarily due to increased production capacity, resulting in overall higher water consumption.

# 5.4 Pollution Management

InnoCare collaborates with multiple departments, including safety, facility management, and factory operations, to proactively assess potential environmental impact risks and opportunities during its operations. The aim is to ensure regulatory compliance while balancing economic benefits and environmental performance. During its 2023 operations, InnoCare did not receive any penalties for environmental pollution related to air pollution, wastewater, or waste management, in violation of environmental regulations.

## 5.4.1 Water Pollution Control

InnoCare entrusts the wastewater treatment to Innolux Corporation's FAB2 facility. The operations are conducted in accordance with the requirements of local regulatory authorities and environmental permits. Regular reporting and wastewater testing are performed, and in 2023, the wastewater discharge met regulatory standards.

### Water Status Analysis at Plant Sites

Item	Taiwan	China
	Tainan	Ningbo
Water Source	Nanhua Reservoir and Zengwen Reservoir	Ninghai Baixi Reservoir
Discharge Point to Sewer System	Southern Taiwan Science Park Bureau (Tainan Science Park Sewer System);	Yandong Sewage Treatment Plant, Beilun District, Ningbo City
Discharge/Sewage Standards	Wastewater quality and fee standards for Southern Taiwan Science Park	Sewage standards of Yandong Sewage Treatment Plant
Receiving Water	Yanshuei River, Agongdian River	East China Sea
Wastewater Discharge Volume(m <sup>3</sup> /年)	228	0

## 5.4.2 Air Pollution Control

The main air pollutants from InnoCare are volatile organic compounds (VOCs). The company has installed air pollution control equipment to treat these pollutants. The operation and maintenance of this equipment are managed by Innolux Corporation's FAB2 facility to ensure effective operation. InnoCare with local conducting regular reporting and air pollutant testing. In 2023, the air pollutant emissions met regulatory standards.

### 【 Air Pollution Volume 】

Unit: tons	2023	
Volatile Organic Compounds (VOCs)	0.0876	103

# 5.5 Green Circulation

In response to the impacts of climate change, establishing an efficient "green circulation" system is one of the pathways for corporate climate action. InnoCare utilizes digital platforms for transparent management, enabling the recycling and reuse of resources, aiming to become a green factory with low environmental impact and high recycling efficiency.

## 5.5.1 Waste Output

InnoCare adheres to the environmental regulations set by local authorities at its operational sites. To monthly reporting on the storage and generation of waste within the factory to ensure compliance with regulatory standards, the company also plans annual audits of waste management vendors. These audits cover multiple aspects, including waste removal, processing, and recycling, as well as environmental safety and health (EH&S) measures, such as access control, waste storage area management, the operation of environmental treatment and pollution prevention equipment, on-site safety management, and operational status. This comprehensive audit process ensures responsible waste management, with the results serving as a reference for future cooperation evaluations. For new vendor selection, criteria include financial stability, relevant permits, and historical compliance records to ensure the quality of waste management services meets regulatory standards.

In 2023, InnoCare generated a total of 13.1 metric tons of waste. Hazardous industrial waste accounted for 0.2 metric tons, or 1.5% of the total, while general industrial waste 12.9 metric tons, or 98.5%. Among the general waste, 5.7 metric tons were recycled and reused, achieving a recycling rate of 44.5%. The overall recycling and reuse rate for both hazardous and general industrial waste was 43.8%, primarily involving the recycling of plastics, metal scraps, and paper.

# 5.5 Green Circulation

## 【Waste Disposal Volume in 2023 (in Metric Tons)】

Item	Treatment	Waste composition	Volume	
Hazardous waste	Chemical treatment	Copper waste, waste pickling solution	0.2	
	Physical treatment	Mercury-containing lamps/bulbs, optoelectronic components, metal circuit boards, etc.	0	
	Cleaning	Organic solvents (liquid waste)	0	
	Landfill	Waste sludge	0	
	Incineration	Corrosive liquids, oil, ink	With energy recovery	0
			Without energy recovery	0
	Thermal treatment	Copper waste	0	
	Reuse	Copper waste, waste pickling solution, organic solvents, etc.	0	
Treatment overseas	Cadmium-containing batteries, Waste glass containing liquid crystal	0		
<b>Total hazardous waste disposal volume</b>			<b>0.2</b>	
<b>Hazardous waste disposal reuse rate (%)</b>			<b>0%</b>	
General waste	Chemical treatment	Ion exchange resin	0	
	Physical Treatment	Plastic, glass, lubricating oil, metal, ash form dust collection system, inorganic sludge, etc.	0.6	
	Landfill	Ion exchange resin, plastic, organic/inorganic sludge, glass, ash from dust collection system, etc.	4.4	
	Incineration	Plastic, cloth, general waste, organic liquids, wood, oil, paper, etc.	With energy recovery	0
			Without energy recovery	2.2
	Thermal treatment	Inorganic/organic sludge, waste oil, etc.	0	
	stabilizing treatment	Inorganic sludge	0	
	Reuse	Plastic, glass, metal tailings, waste information equipment, and activated Carbon	5.7	
Self-handled	Waste (sewage) water, waste LCD glass	0		
<b>Total general waste disposal volume</b>			<b>12.9</b>	
<b>General waste disposal reuse rate (%)</b>			<b>44.2%</b>	
<b>Total waste disposal volume</b>			<b>13.1</b>	
<b>Total waste reuse rate (%)</b>			<b>43.5%</b>	

Notes: The source of information for the amount of waste disposal includes the declaration data of waste collection and transportation manifest and the aggregated data of resource recovery volume.

# 5.5 Green Circulation

## 5.5.2 Green Logistics

To implement the spirit of green logistics, InnoCare manages low-carbon transportation through suppliers and freight forwarders, extending these efforts to customers as well. The company also improves product packaging to increase loading rates, thereby reducing packaging material waste and enhancing shipping efficiency.

Due to the nature and benefits of their products, 51% of InnoCare's transportation is by land. The company fully adopts environmentally friendly transportation vehicles, integrating greenhouse gas reduction into supply chain management. Through policy guidance, suppliers are encouraged to balance delivery quality with environmental protection, including phasing out vehicles older than 10 years to reduce carbon emissions and air pollution. Priority is given to using certified eco-friendly vehicles, working together with suppliers to shoulder environmental responsibility. Additionally, air freight accounts for 46% of exports. To effectively reduce carbon emissions during transportation, InnoCare continuously employs strategies such as switching from air. The company also evaluates the use of Sustainable Aviation Fuel (SAF), which can reduce carbon dioxide emissions by about 30% per trip, and collaborates with low-carbon flight freight forwarders. By combining air and truck transport for destinations near airports, InnoCare achieves both cost reduction and carbon reduction in logistics.

Pursuing the goal of "zero waste," InnoCare integrates upstream and downstream industry chain partners to promote the recycling and reuse of packaging materials such as trays, cushioning materials, inner boxes, and cartons. This not only reduces operational costs but also lessens environmental impact. In 2023, the overall packaging material recycling rate was approximately 10.3%. Additionally, to comply with the EU Packaging and Packaging Waste Directive, InnoCare promotes a packaging plastic reduction policy, redesigning customer product packaging to replace most plastic materials with paper, except for functionalities that cannot be replaced. For example, the original packaging material for a full box weighed 3.5 kg (61.4% plastic). After adjustments, the plastic weight was reduced to 0.8 kg (10.2% plastic), cutting 2.7 kg of plastic, a 75% reduction. This is estimated to reduce plastic use by 250 kg annually for a single customer

### 【Packaging Materials Recycling Rate in 2023】

Tray	buffer packing materials	inner box	carton
18.3%	17.5%	100%	10.1%

# 5.5 Green Circulation

## 【Material Flow in 2023】

### Input

Main Material	Unit: tons
Glass	43.5
Acetone	0.01
Panel special glue	0.02
TiO2	0.03

Energy Consumption	Unit: GJ
Purchased electricity	2,667

Water Consumption	Unit: tons
Municipal water	228

### Output

Air-Pollutant Emissions	Unit: tons
VOCs	0.0876

Wastewater Discharge	Unit: tons
Wastewater Volume	228
COD*	0.021
BOD*	0.172
SS*	0.004

Process Water Reclamation	Unit: tons
Reclamation Volume	0.2
Reclamation Rate	12.8

GHG Emissions	Unit: tCO2e
Scope 1	9.8578
Scope 2	3667.6623

- Notes:
1. The Taiwan sites use the conversion coefficients in the Energy Statistics Handbook released by the Bureau of Energy in 2022: power heating value = 860 kcal/kWh
  2. The volume of VOCs was converted from actual test results to emissions intensity.
  3. The figures for COD, BOD, and SS were converted from the actual test results.
  4. The data scope covers Taiwan only.

# 5.5 Green Circulation

## 5.5.3 Green Products

### Product Compliance

InnoCare is committed to designing and producing high-quality medical products to create a healthy quality of life and a friendly environment. To ensure that products comply with regulations and customer requirements, InnoCare has established relevant management processes to implement the requirements of RoHS and REACH regulations:

1. Design Control Process: During the product design phase, InnoCare confirms the presence of hazardous substances in components and requires suppliers to provide relevant third-party test reports, declarations of non-use and of full material to implement hazardous substance management in products.
2. Supplier Management Process: When introducing new suppliers, InnoCare requires them to sign a "Supplier's Undertakings". We also put relevant terms in purchase orders requiring suppliers to deliver only compliant components. InnoCare notifies and provides existing suppliers with updated annual specification documents, achieving a 100% notification and response rate for new specification documents in 2023.
3. Hazardous Substance Regulation Identification and Management Process: InnoCare has established a hazardous substance management organization and formulated the "InnoCare Hazardous Substance Management Specification." The company continuously updates its processes in response to changes in hazardous substance regulations and customer requirements, establishing a comprehensive product risk assessment process to fully grasp related risks and ensure compliance with regulations and customer requirements.

### Control of Prohibited/Limited Chemical Substances in 2023

InnoCare follows international environmental regulations, industry standards, and customer requirements for the prohibition/restriction of hazardous substances, formulating the "Restricted Substances Specification" as a standard for managing prohibited/restricted chemical substances in the supply chain. This ensures strict control over all products, components, and materials to comply with international and customer trends in hazardous substance (HS) management.

InnoCare will continue to follow existing international laws and newly established legal requirements, identifying the risks of hazardous substances in products. This includes compliance with regulations and customer requirements, as well as supplier investigation and confirmation, such as the U.S. Toxic Substances Control Act (TSCA) and the Toxics in Packing Cleaning house (TPCH) requirements.

Based on the review and risk assessment of the current hazardous substance management situation, InnoCare will timely update its hazardous substance management specifications to minimize the impact on the ecosystem and protect the natural environment and biodiversity.





# 06

## Appendix

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6.1 GRI Standards

6.2 Sustainability Accounting Standards Board (SASB) Content Index

6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

# 6.1 GRI Standards

Statement of use	The InnoCare ESG report is with reference to the GRI standard. The disclosure period is from January 1 to December 31, 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	-

GRI Standards	Disclosure	Chapter	Page	Remark
GRI 2: General Disclosures 2021	2-1 Organizational details	• 0.3 Company Overview	<u>7</u>	
	2-2 Entities included in the organization's sustainability reporting	• 0.1 About this Report	<u>4</u>	
	2-3 Reporting period, frequency and contact point	• 0.1 About this Report	<u>4</u>	
	2-4 Restatements of information		-	First compilation without restated information
	2-5 External assurance		-	No third-party verification
	2-6 Activities, value chain and other business relationships	• 0.3 Company Overview • 3.1.1 Technological Innovations and Breakthroughs • 3.3 Supply Chain Management	<u>7</u> <u>46</u> <u>52</u>	
	2-7 Employees	• 4.1 Talent Recruitment and Retention	<u>58</u>	No part-time, temporary, or employees without guaranteed minimum working hours.
	2-8 Workers who are not employees	• 4.1 Talent Recruitment and Retention	<u>58</u>	
	2-9 Governance structure and composition	• 1.1.2 Sustainable Development Promotion Organization • 2.1 Governing Body	<u>12</u> <u>23</u>	
	2-10 Nomination and selection of the highest governance body	• 2.1 Governing Body	<u>23</u>	
	2-11 Chair of the highest governance body	• 2.1 Governing Body	<u>23</u>	
	2-12 Role of the highest governance body in overseeing the management of impacts	• 1.1 Sustainability Management • 2.1 Governing Body	<u>12</u> <u>23</u>	
	2-13 Delegation of responsibility for managing impacts	• 1.1.2 Sustainable Development Promotion Organization	<u>12</u>	
	2-14 Role of the highest governance body in sustainability reporting	• 1.1.2 Sustainable Development Promotion Organization	<u>12</u>	
	2-15 Conflicts of interest	• 2.1 Governing Body	<u>23</u>	
	2-16 Communication of critical concerns	• 1.1 Sustainability Management • 2.1 Governing Body	<u>12</u> <u>23</u>	

# 6.1 GRI Standards

GRI Standards	Disclosure	Chapter	Page	Remark	
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>• 2.1 Governing Body</li> </ul>	<u>23</u>		
	2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> <li>• 2.1 Governing Body</li> </ul>	<u>23</u>		
	2-19 Remuneration policies	<ul style="list-style-type: none"> <li>• 2.1 Governing Body</li> </ul>	<u>23</u>		
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> <li>• 2.1 Governing Body</li> </ul>	<u>23</u>		
	2-21 Annual total compensation ratio	<ul style="list-style-type: none"> <li>• 4.1.3 Remuneration and Benefits</li> </ul>	<u>64</u>		
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>• 0.2 A Message from the Chairman</li> </ul>	<u>5</u>		
	2-23 Policy commitments		<ul style="list-style-type: none"> <li>• 1.1 Sustainability Management</li> </ul>	<u>12</u>	
			<ul style="list-style-type: none"> <li>• 2.2 Risk Management</li> </ul>	<u>30</u>	
			<ul style="list-style-type: none"> <li>• 2.3 Integrity Management and Legal Compliance</li> </ul>	<u>39</u>	
			<ul style="list-style-type: none"> <li>• 2.4.2 Tax Governance</li> </ul>	<u>43</u>	
			<ul style="list-style-type: none"> <li>• 3.1.2 Intellectual Property Management</li> </ul>	<u>48</u>	
<ul style="list-style-type: none"> <li>• 3.3.2 Sustainable Supply Chain</li> </ul>			<u>53</u>		
<ul style="list-style-type: none"> <li>• 4.3.1 Respect for Human Rights</li> </ul>			<u>75</u>		
2-24 Embedding policy commitments		<ul style="list-style-type: none"> <li>• 5.2.2 Greenhouse Gas Management</li> </ul>	<u>98</u>		
		<ul style="list-style-type: none"> <li>• 5.3.1 Biodiversity</li> </ul>	<u>90</u>		
		<ul style="list-style-type: none"> <li>• 1.1 Sustainability Management</li> </ul>	<u>12</u>		
		<ul style="list-style-type: none"> <li>• 2.2 Risk Management</li> </ul>	<u>30</u>		
		<ul style="list-style-type: none"> <li>• 2.3 Integrity Management and Legal Compliance</li> </ul>	<u>39</u>		
		<ul style="list-style-type: none"> <li>• 2.4.2 Tax Governance</li> </ul>	<u>43</u>		
		<ul style="list-style-type: none"> <li>• 3.1.2 Intellectual Property Management</li> </ul>	<u>48</u>		
<ul style="list-style-type: none"> <li>• 3.3.2 Sustainable Supply Chain</li> </ul>	<u>53</u>				
<ul style="list-style-type: none"> <li>• 4.3.1 Respect for Human Rights</li> </ul>	<u>75</u>				
<ul style="list-style-type: none"> <li>• 5.2.1 Climate Change Adaptation</li> </ul>	<u>95</u>				
<ul style="list-style-type: none"> <li>• 5.3.1 Biodiversity</li> </ul>	<u>100</u>				

# 6.1 GRI Standards

GRI Standards	Disclosure	Chapter	Page	Remark
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	• 1.1 Sustainability Management	<u>12</u>	
		• 2.2 Risk Management	<u>30</u>	
		• 2.3 Integrity Management and Legal Compliance	<u>39</u>	
		• 2.4.2 Tax Governance	<u>43</u>	
		• 3.1.2 Intellectual Property Management	<u>48</u>	
		• 3.3.2 Sustainable Supply Chain	<u>53</u>	
2-26 Mechanisms for seeking advice and raising concerns	• 4.3.1 Respect for Human Rights	<u>75</u>		
	• 5.2.1 Climate Change Adaptation	<u>95</u>		
2-27 Compliance with laws and regulations	• 5.3.1 Biodiversity	<u>100</u>		
	• 1.2.1 Stakeholder Communication	<u>13</u>		
2-28 Membership associations	• 4.3.2 No Gap in Communication with Employees	<u>77</u>		
	• 2.3 Integrity Management and Legal Compliance	<u>39</u>		
2-29 Approach to stakeholder engagement	• 4.4.2 Occupational Safety Management	<u>86</u>		
	• 5.1.2 Environmental Accounting	<u>94</u>		
2-30 Collective bargaining agreements	• 0.3 Company Overview	<u>7</u>		
GRI 3: Material Topics 2021	2-30 Collective bargaining agreements	• 1.2 Stakeholder Communication and Material Topics	<u>13</u>	InnoCare has not established a labor union and has no collective agreement.
	3-1 Process to determine material topics	• 1.2 Stakeholder Communication and Material Topics	<u>13</u>	
	3-2 List of material topics	• 1.2 Stakeholder Communication and Material Topics	<u>13</u>	
	3-3 Management of material topics	• 1.2 Stakeholder Communication and Material Topics	<u>13</u>	

# 6.1 GRI Standards

GRI Standards	Disclosure	Chapter	Page	Remark
GRI 201*: Economic Performance 2016	201-1 Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>• 2.4 Financial Performance and Tax Governance</li> <li>• For details, please refer to page 64 of "Capital and Share Issuance Situation" in the 112 Annual Report.</li> </ul>	<u>42</u>	
	201-2 Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> <li>• 5.2.1 Climate Change Adaptation</li> </ul>	<u>95</u>	
	201-3 Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> <li>• 4.1.3 Remuneration and Benefits</li> </ul>	<u>64</u>	
	201-4 Financial assistance received from government	<ul style="list-style-type: none"> <li>• 2.4 Financial Performance and Tax Governance</li> </ul>	<u>42</u>	
GRI 202*: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<ul style="list-style-type: none"> <li>• 4.1.3 Remuneration and Benefits</li> </ul>	<u>64</u>	
	202-2 Proportion of senior management hired from the local community	<ul style="list-style-type: none"> <li>• 4.1.2 Diversity, Equity, and Inclusion</li> </ul>	<u>60</u>	
GRI 203*: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services provided supported	-	-	No investment in infrastructure-related business activities or donations in 2023
	203-2 Significant indirect economic impacts	<ul style="list-style-type: none"> <li>• 2.2 Risk Management</li> <li>• 2.4 Financial Performance and Tax Governance</li> <li>• 3.3 Supply Chain Management</li> <li>• 4.1 Talent Recruitment and Retention</li> </ul>	<u>30</u> <u>42</u> <u>52</u> <u>58</u>	
GRI 204*: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>• 3.3.1 Procurement Management</li> </ul>	<u>52</u>	
GRI 205*: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>• 2.3 Integrity Management and Legal Compliance</li> </ul>	<u>39</u>	
	205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> <li>• 2.3 Integrity Management and Legal Compliance</li> </ul>	<u>39</u>	
	205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>• 2.3 Integrity Management and Legal Compliance</li> </ul>	<u>39</u>	

NOTES: " \* " Note: Refers to voluntarily disclosed non-material issues.

# 6.1 GRI Standards

GRI Standards	Disclosure	Chapter	Page	Remark
GRI 301*: Materials 2016	301-1 Materials used by weight or volume	• 5.5.2 Green Logistics (Material Flow in 2023)	<u>106</u>	The total weight of "non-renewable" raw materials used by InnoCare is 43.56 metric tons. InnoCare does not use renewable raw materials.
	301-2 Recycled input materials used	-	-	
	301-3 Reclaimed products and their packaging materials	• 5.5.2 Green Logistics	<u>106</u>	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	• 5.2.3 Energy Management • 5.5.2 Green Logistics (Material Flow in 2023)	<u>99</u> <u>106</u>	Energy consumption outside the organization has not yet been quantified.
	302-2 Energy consumption outside of the organization	-	-	
	302-3 Energy intensity	• 5.2.3 Energy Management	<u>99</u>	
	302-4 Reduction of energy consumption	• 5.2.3 Energy Management	<u>99</u>	
	302-5 Reductions in energy requirements of products and services	• 5.5.3 Green Product	<u>108</u>	
GRI 303*: Water and Effluents 2018	303-1 Interactions with water as a shared resource	• 5.3.2 Water Resource Management	<u>102</u>	No such product.
	303-2 Management of water discharge-related impacts	• 5.3.2 Water Resource Management	<u>102</u>	
	303-3 Water withdrawal	• 5.3.2 Water Resource Management	<u>102</u>	
	303-4 Water discharge	• 5.3.2 Water Resource Management	<u>102</u>	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	• 5.2.2 Greenhouse Gas Management	<u>98</u>	6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
	305-2 Energy indirect (Scope 2) GHG emissions	• 5.2.2 Greenhouse Gas Management	<u>98</u>	
	305-3 Other indirect (Scope 3) GHG emissions	• 5.2.2 Greenhouse Gas Management	<u>98</u>	
	305-4 GHG emissions intensity	• 6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	<u>119</u>	
	305-5 Reduction of GHG emissions	• 5.2.2 Greenhouse Gas Management	<u>98</u>	

NOTES: " \* " Note: Refers to voluntarily disclosed non-material issues.

# 6.1 GRI Standards

GRI Standards	Disclosure	Chapter	Page	Remark
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	<ul style="list-style-type: none"> <li>• 5.5.1 Waste Output</li> <li>• 5.5.2 Green Logistics</li> </ul>	<a href="#">104</a> <a href="#">106</a>	
	306-2 Management of significant waste-related impacts	<ul style="list-style-type: none"> <li>• 5.5.1 Waste Output</li> <li>• 5.5.2 Green Logistics</li> </ul>	<a href="#">104</a> <a href="#">106</a>	
	306-3 Waste generated	<ul style="list-style-type: none"> <li>• 5.5.1 Waste Output</li> </ul>	<a href="#">104</a>	
	306-4 Waste diverted from disposal	<ul style="list-style-type: none"> <li>• 5.5.1 Waste Output</li> </ul>	<a href="#">104</a>	
	306-5 Waste directed to disposal	<ul style="list-style-type: none"> <li>• 5.5.1 Waste Output</li> </ul>	<a href="#">104</a>	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> <li>• 3.3.2 Sustainable Supply Chain</li> </ul>	<a href="#">53</a>	
	308-2 Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>• 3.3 Supply Chain Management</li> </ul>	<a href="#">52</a>	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<ul style="list-style-type: none"> <li>• 4.1.1 Talent Deployment</li> <li>• 4.1.3 Remuneration and Benefits</li> </ul>	<a href="#">58</a> <a href="#">64</a>	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> <li>• 4.1.3 Remuneration and Benefits</li> </ul>	<a href="#">64</a>	There is almost no difference in benefits provided to formal and informal employees.
	401-3 Parental leave	<ul style="list-style-type: none"> <li>• 4.1.3 Remuneration and Benefits</li> </ul>	<a href="#">64</a>	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	<ul style="list-style-type: none"> <li>• 4.4 Safety and Protection</li> </ul>	<a href="#">79</a>	
	403-2 Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"> <li>• 4.4 Safety and Protection</li> </ul>	<a href="#">79</a>	
	403-3 Occupational health services	<ul style="list-style-type: none"> <li>• 4.4.1 Health Care</li> </ul>	<a href="#">80</a>	
	403-4 Worker participation, consultation, and communication on occupational	<ul style="list-style-type: none"> <li>• 4.4 Safety and Protection</li> </ul>	<a href="#">79</a>	
	403-5 Worker training on occupational health and safety	<ul style="list-style-type: none"> <li>• 4.4.2 Occupational Safety Management</li> </ul>	<a href="#">86</a>	
	403-6 Promotion of worker health	<ul style="list-style-type: none"> <li>• 4.4.1 Health Care</li> </ul>	<a href="#">80</a>	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business operations	<ul style="list-style-type: none"> <li>• 2.2 Risk Management</li> <li>• 4.4 Safety and Protection</li> <li>• 5.5.3 Green Product</li> </ul>	<a href="#">30</a> <a href="#">79</a> <a href="#">108</a>	
	403-8 Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> <li>• 4.4 Safety and Protection</li> </ul>	<a href="#">79</a>	
	403-9 Work-related injuries	<ul style="list-style-type: none"> <li>• 4.4 Safety and Protection</li> </ul>	<a href="#">79</a>	
	403-10 Work-related ill health	<ul style="list-style-type: none"> <li>• 4.4.1 Health Care</li> </ul>	<a href="#">80</a>	

NOTES: " \* " Note: Refers to voluntarily disclosed non-material issues.

# 6.1 GRI Standards

GRI Standards	Disclosure	Chapter	Page	Remark
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	• 4.2 Talent Cultivation and Development	<u>73</u>	
	404-2 Programs for upgrading employee skills and transition assistance programs	• 4.2 Talent Cultivation and Development	<u>73</u>	
	404-3 Percentage of employees receiving regular performance and career development reviews	• 4.1.4 Performance Management and Development (PMD)	<u>69</u>	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• 2.1.1 Board of Directors and Its Operations • 4.1.2 Diversity, Equity, and Inclusion	<u>23</u> <u>60</u>	
	405-2 Ratio of basic salary and remuneration of women to men	• 4.1.3 Remuneration and Benefits	<u>64</u>	
GRI 406*: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	• 4.3 Labor Rights and Relations	<u>75</u>	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	• 3.3.3 Supply Chain Quality Management	<u>55</u>	
	414-2 Negative social impacts in the supply chain and actions taken	• 3.3.3 Supply Chain Quality Management	<u>55</u>	
GRI 416*: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	• 5.5.3 Green Product	<u>108</u>	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	In 2023, InnoCare's products and services had no violations of health and safety regulations.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	• 2.3.1 Integrity Management	<u>39</u>	

NOTES: " \* " Note: Refers to voluntarily disclosed non-material issues.

# 6.2 Sustainability Accounting Standards Board (SASB)<sup>Note</sup>

Topic/CODE	Accounting Metric	Chapter	PAGE	Comments
<b>Greenhouse Gas Emissions</b>				
TC-SC-110a.1	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds	5.2.2 Greenhouse Gas Management	<u>98</u>	(1) 9.8578 metric tons CO2e (2) No PFC emissions
TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	5.2.2 Greenhouse Gas Management	<u>98</u>	
<b>Energy Management in Manufacturing</b>				
TC-SC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	5.2.3 Energy Management	<u>99</u>	(1) 7.409 GW (2,667 GJ) (2) 2,667 GJ (3) Renewable energy has not yet been adopted
<b>Waste Management</b>				
TC-SC-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	5.3.2 Water Resource Management	<u>102</u>	(1) 228m3 does not belong to high water pressure areas (2) 0, no high water pressure area
<b>Waste Management</b>				
TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	5.5.1 Waste Output	<u>104</u>	0.2 metric tons of hazardous waste, recycling rate 0%
<b>Employee Health &amp; Safety</b>				
TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards.	4.4 Safety and Protection	<u>79</u>	
TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations.	4.4.2 Occupational Safety Management	<u>86</u>	There was no violation in 2023.

# 6.2 Sustainability Accounting Standards Board (SASB)<sup>Note</sup>

Topic/CODE	Accounting Metric	Chapter	PAGE	Comments
<b>Recruiting &amp; Managing a Global &amp; Skilled Workforce</b>				
TC-SC-330a.1	Percentage of employees that are(1) foreign nationals and (2) located offshore.	4.1.1 Talent Deployment	<u>58</u>	
<b>Product Lifecycle Management</b>				
TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	5.5.3 Green Product	<u>108</u>	InnoCare products all comply with RoHS/REACH requirements and currently do not implement the IEC62474 management system.
TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	-	-	No production of servers, desktop and laptop products
<b>Materials Sourcing</b>				
TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	3.3.2 Sustainable Supply Chain	<u>53</u>	
<b>Intellectual Property Protection &amp; Competitive Behavior</b>				
TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti- competitive behavior regulations	2.3.2 Legal Compliance	<u>41</u>	There was no violation in 2023
<b>Activity Metric</b>				
TC-SC-000.A	Total production	0.3 Company Overview	<u>7</u>	It is difficult to estimate the actual production volume, so actual shipments are used for disclosure.
TC-SC-000.B	Percentage of production from owned facilities	-	-	100% of products come from owned facilities.

Note: According to the Semiconductors Sustainability Accounting Standard 2023 of the SASB index

## 6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

### Implementation of Climate-Related Information

No.	Item	Implementation Status
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The company has established risk management policies and procedures, with the Board of Directors approving the overall risk management policy and major decisions. The dedicated organization for promoting corporate sustainability development is expected to report climate risks and opportunities to the Board of Directors in the 113th fiscal and to review relevant sustainability vision goals and outcomes, making rolling adjustments as needed.
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	
3	Describe the financial impact of extreme weather events and transformative actions.	InnoCare refers to the TCFD's recommended reporting framework, summarizing potential financial impact risks in eight aspects: "Revenue," "Direct Costs," "Indirect Costs," "Capital Expenditures," "Capital Acquisition," "Asset Value," "Insurance Premiums," and "Liabilities." The major transformational action in 2023 under the category of "voluntary agreements" may affect the company's costs and expenditures. Significant physical extreme weather events include "tropical cyclones" and "extreme rainfall and drought," which not only impact costs and expenditures but are also related to revenue, assets, insurance premiums, and debts.
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	InnoCare's "Risk Management Policies and Procedures" are based on the "Three Lines of Defense" principle. The business execution units are responsible for identifying and controlling risks. The risk management unit ensures compliance with laws and regulations and manages risk objectives. The audit department independently carries out audit tasks to ensure the effective operation of the internal control system.
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	To effectively respond to climate impacts and future uncertainties, InnoCare adopts climate scenario analysis. Referencing the 2021 IPCC Sixth Assessment Report (AR6), the company uses "Representative Concentration Pathways (RCP)" and "Shared Socioeconomic Pathways (SSP)" to conduct matrix combination simulations over different time scales. Analysis and presentations are conducted under multiple scenarios including SSP1-RCP2.6, SSP2-RCP4.5, SSP3-RCP7.0, and SSP5-RCP8.5.

## 6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

### Implementation of Climate-Related Information

No.	Item	Implementation Status
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to climate change, InnoCare has formulated a "Transformation Plan" to reduce financial impacts through technological and managerial means. The overall direction is to achieve an absolute reduction of 25% in Scope 1 + Scope 2 greenhouse gas emissions and a 20% share of renewable energy (RE20) by 2030.
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The company has not yet adopted internal carbon pricing as a planning tool but will continue to evaluate its implementation.
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>InnoCare references the United Nations Sustainable Development Goals (SDGs), incorporating them into the organizational culture and daily operations. Based on its core capabilities, the company integrates its sustainability strategy with international benchmark cases. The mid-to-long-term goal for greenhouse gas reduction is set to challenge a 25% absolute reduction in carbon emissions by 2030, based on the 2021 greenhouse gas inventory for Scope 1 and Scope 2 emissions. Related actions include:</p> <ul style="list-style-type: none"> <li>• SDG7 Affordable and Clean Energy: Implementing office electricity reduction and replacing energy-saving lighting.</li> <li>• SDG12 Responsible Consumption and Production: Formulating an ISO 14001 management plan to increase the waste recycling and reuse rate to 43.5%.</li> <li>• SDG13 Climate Action: Collaborating with value chain partners to recycle packaging materials and logistics, reducing carbon emissions.</li> </ul>
9	Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Please see the table below for details

# 6.3 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

## 1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

### 1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

1. In 2021, InnoCare's greenhouse gas emissions amounted to 4112.66 metric tons of CO<sub>2</sub>e, with an intensity of 2.12 metric tons CO<sub>2</sub>e per million NT\$ revenue. These emissions primarily came from Scope 2 indirect electricity emissions, accounting for 79.67% of the total, followed by Scope 3 emissions from purchased electricity, which accounted for 14.65% of the total. The data covers the Taiwan plant of InnoCare (excluding overseas subsidiaries and offices), including Scope 1, Scope 2, and Scope 3 emissions.
2. In 2022, greenhouse gas emissions increased to 4602.9229 metric tons of CO<sub>2</sub>e, with an intensity of 2.44 metric tons CO<sub>2</sub>e per million NT\$ revenue. Scope 2 indirect electricity emissions remained the primary source, accounting for 80.49% of the total, followed by Scope 3 emissions from purchased electricity, which accounted for 95% of data scope same, covering InnoCare including Scope 1, Scope 2, and Scope 3 emissions.

### 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

1. The assurance date for 2021 is June 21, 2022. The assurance scope includes Scope 1, Scope 2, and Scope 3 emissions for the Taiwan plant of InnoCare (excluding overseas subsidiaries and offices). The assurance body is DNV (Det Norske Veritas), and the assurance standard is ISO 14064-1:2018. The assurance statement opinion is that the greenhouse gas emissions are real, transparent, and measurable.
2. The assurance date for 2022 is May 3, 2023. The assurance scope includes Scope 1, Scope 2, and Scope 3 emissions for the Taiwan plant of InnoCare (excluding overseas subsidiaries and offices). The assurance body is DNV (Det Norske Veritas), and the assurance standard is ISO 14064-1:2018. The assurance statement opinion is that the greenhouse gas emissions are real, transparent, and measurable.

### 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

1. In accordance with the timeline specified in Article 10, Paragraph 2 of the Regulations Governing the Annual Report of Public Companies and the Sustainable Development Roadmap for Listed Companies, the company has no specific reduction data for 2022.
2. For 2023, the company's greenhouse gas reduction strategy and specific actions, along with reduction targets, are currently being planned. The evaluation includes the implementation of the ISO 50001 Energy Management System to identify major sources of electricity consumption within the company. This will serve as a reference for establishing concrete action plans and targets in the future.



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