# Coretronic

# 2022
# ESG INSIGHT REPORT

# OVERVIEW

## ▶ Sustainability Initiatives

**CDP**

**Supplier Engagement Rating** : Leadership level **A-**

**Climate Change Evaluation** : Management level **B**

**Water Security Evaluation** : Management level **B**

Received higher than industry average for all surveys.

**TCFD**

Adopted and signed TCFD in 2020 and assessed climate change impacts on finance risks and opportunities based on framework.

**SCIENCE BASED TARGETS**
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
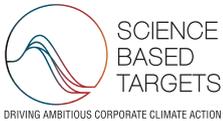
Submitted a commitment letter based on a 1.5°C scenario, aiming to achieve **50%** reduction in 2032, and net-zero emissions by 2050 (base year 2020). Anticipate target validation in 2024.

**TANZE 台灣淨零行動聯盟**
Taiwan Alliance for Net Zero Emissions

Taiwan Alliance for Net Zero Emissions awarded the Net-Zero Certificate in 2022, demonstrating our commitment and actions towards becoming a net-zero enterprise through commitment and action.

**TCP Taiwan Climate Partnership 台灣氣候聯盟**

Joined Taiwan Climate Partnership in 2022.

## ▶ Third Party Verification Overview

| | Reporting Standards | Accreditation Body | Region |
|---|---|---|---|
| Sustainability Report | AA1000AS v3 Type 2 high-level assurance | SGS Taiwan Ltd. | Taiwan, China |
| | GRI Standards | | |
| | SASB Standards | | |
| Environmental Certifications | ISO 14001 | SGS | Taiwan, China |
| | ISO 14064-1 | | Taiwan, China |
| | ISO 50001 | | Taiwan |
| Occupational Health and Safety | ISO 45001 | SGS | Taiwan, China |
| | CNS 45001 | | Taiwan |
| Quality Management | ISO 9001 | SGS | Taiwan, China |
| Information Security | ISO 27001 | SGS | Taiwan |
| Product Carbon Footprint | ISO 14067 | TÜV Rheinland Taiwan Ltd. | Taiwan |

# ENVIRONMENTAL

## ▶ Environmental Goals

| Goals | Plant [1] | 2022 (Goal vs Actual) | Short-term 2023-2025 | Mid-term 2026-2028 | Long-term 2029-2031 |
|---|---|---|---|---|---|
| GHG Emissions Intensity Reduction (Category 1+2) | Taiwan | 6% vs **49%** | 10% | 14% | 17% |
| | China | - | 4% | 8% | 11% |
| Renewable Energy | Taiwan | 1% vs 1% | 5% | 6% | 8% |
| | China | Actual 14.5% | 13% | 15% | 17% |
| Electricity Consumption Intensity Reduction | Taiwan | 13% vs **47%** | 17% | 20% | 23% |
| | China | - | 4% | 7% | 10% |
| Waste Intensity Reduction | Taiwan | 5% vs **66%** | 9% | 12% | 15% |
| | China | - | 4% | 7% | 10% |
| Water Consumption Reduction | Taiwan | 8.4% vs **15%** | 12% | 15% | 16.5% |
| | China | - | 4% | 7% | 8.5% |

*Note1: Taiwan base year 2019, China base year 2022*



tonCO$_2$e

- Net-Zero commitment
- Initial reduction (-25%)
- Emissions reduced by half (-50%)
- Net-Zero (-100%)
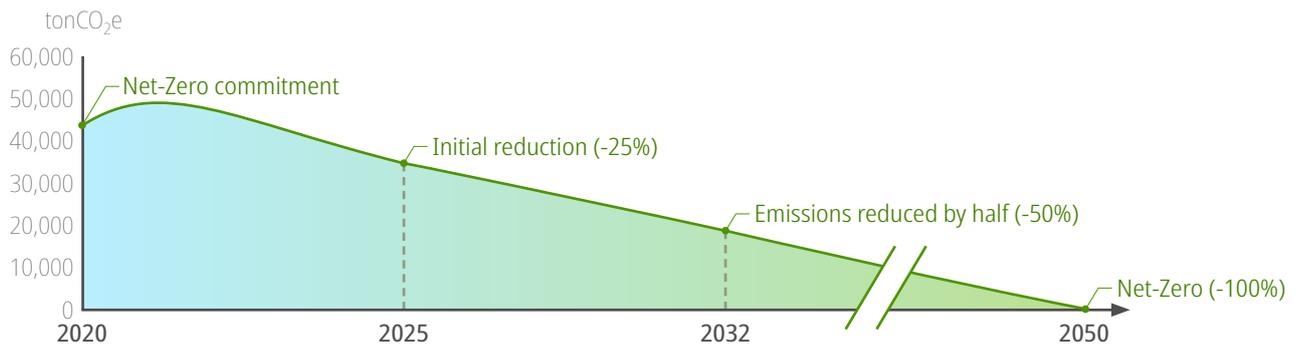
2020   2025   2032   2050

**2020-2032 Reduction of carbon by 50%**
- Replacement with LED light tubes   (8%)
- Energy-saving chillers/ air conditioners   (15%)
- Solar power and green power   (10%)
- New clean energy solutions   (17%)

**2032-2050 Reduction of carbon by 100%**
- Alternative energy (hydroelectric /wind/ hydrogen energy)
- Green buildings and net-zero buildings
- Green-energy vehicles and transportation
- Low-carbon products and services/clean supply chains
- Carbon fixation/carbon capture/carbon conversion

## ▶ Environmental Management System

The Environmental Protection Committee and its Sustainable Energy Committee are responsible for setting short-, medium-, and long-term environmental goals and strengthening the implementation of strategies in accordance with the ISO 14064-1 GHG inventory standard, ISO 14001 environmental management system, and ISO 50001 energy management system.



**Environmental Investments (NT$1,000)**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Equipment maintenance costs | 32,181 | 34,510 | 112,639 |
| Environmental- related personnel costs | 6,225 | 7,429 | 13,244 |
| Environmental management activity costs | 3,506 | 4,006 | 4,598 |

*2022 ESG INSIGHT REPORT*   Coretronic
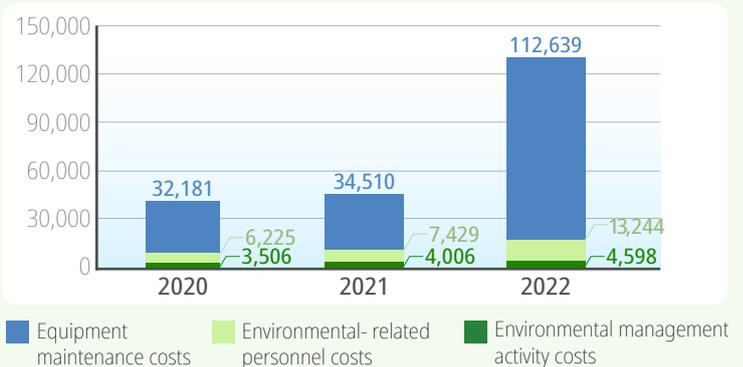
## ▶ Environmental Awareness

Initiated Green Lifestyle Programs and invited stakeholders to participate in "Green Earth, Green Actions, and Green Knowledge" activities which also raise employee awareness of environmental sustainability. Beginning in 2022, internal online environmental education courses are also posted on the Coretronic APP. Please refer to Chapter 4.5 of 2022 ESG report for more details regarding environmental awareness and education initiatives.

| Results | 2020 | 2021 | 2022 |
|---|---|---|---|
| Green Activities (Participants) | 2,584 | 4,471 | 21,446 |
| Environmental Education (Person-hours) | 6,912 | 7,526 | 4,589 |
| Green Points Collected (Points) | 2,921 | 2,943 | 4,174 |
| Environmental Charity Sponsorships (NT$) | $37,100 | $579,200 | $549,000 |

## ▶ Climate Change Management

### ▬ TCFD

In 2021, we conducted a climate change risks and opportunities assessment and impact analysis based on the TCFD framework. We identified 10 risks and 4 opportunities.

Coping strategies for high-impact and short-term climate risks and opportunities:

**Transition risks:**
"Low-carbon product standards and labels"

**Opportunities:**
"Promotion of low-carbon green production" and "Use of recycled materials."

Together with our subsidiary, Optoma, we assessed the environmental impacts caused by our mainstream product, the EX1 laser projectors (EX1-1, EX1-2, and EX1-3), at each stage of their product life cycle. We also conducted a carbon footprint analysis of the product based on ISO 14067. Please refer to Chapter 4.4 of 2022 ESG report for details. To better understand the environmental footprint of other projector series at each stage of their life cycle, we will establish a carbon footprint calculator database, which will serve as a reference for future sustainable product design.

**Physical risks:**
"Rising temperature"

In response to temperature changes, which directly impact the energy consumption of the HVAC equipment in our plants, we have devised strategies to improve energy efficiency, upgrade energy-saving equipment, develop renewable energy sources, and conserve energy and resources to mitigate and adapt to the impacts of rising temperatures and drastic fluctuations.

## ▶ GHG Management

At Coretronic, purchased electricity is the main source of GHG emissions. Hence, we set the renewable energy consumption target at 1% in 2020 and began to purchase the renewable energy certificate. As of 2022, the Taiwan plants have achieved this target for three consecutive years. In the future, we will continue to install solar equipment in our plants, purchase more renewable energy wheeling, and obtain renewable energy certificates to further increase the use of renewable energy.

### ▬ Implementation of GHG Systematic Management

**2009**
We established an internal management mechanism to independently inventory the GHG emissions in Taiwan plants.

**2016 ~ 2018**
Plants in Taiwan entrusts a third-party to conduct ISO 14064-1 GHG verification.

**2019**
Added independent inventory of GHG Category 3~6 of plants in Taiwan and GHG Category 1~2 in Coretronic Display (Suzhou) and Coretronic Optotech (Suzhou).

**2020**
Taiwan plants added Category 3~6 to the ISO 14064-1 GHG verification.

**2021**
- Tainan Plant 2 began to accept ISO 14604-1 GHG verification.
- Added independent inventory of GHG Category 1~2 in Coretronic Optics (Suzhou), Coretronic Projection (Kunshan), and Coretronic Optics (Kunshan).

**2022**
- The Taiwan plants passed the ISO 14064-1 GHG verification for five consecutive years.
- The China plants passed the ISO 14064-1 GHG verification for the first time.

| Area | Taiwan | | | China [1] | | |
|---|---|---|---|---|---|---|
| Plant | Headquarters, Chunan Plant, Tainan Plant 1 | Headquarters, Chunan Plant, Tainan Plant 1 and 2 | | Wujiang Plants | Wujiang and Kunshan Plants | |
| Indicator/Year | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Direct Emissions—Category 1 (tCO₂e) | 246.1 | 223.1 | 246.1 | 552.6 | 678.8 | 1,655.5 |
| Indirect Emissions—Category 2 (tCO₂e) | 7,465.8 | 7,985.1 | 7,726.6 | 16,377.7 | 38,858.2 | 20,382.9 |
| Total GHG Emissions—Category 1+2 (tCO₂e) | 7,711.9 | 8,208.2 | 7,972.7 | 16,930.3 | 39,537.0 | 22,038.4 |
| GHG Emissions Intensity—Category 1+2 (tCO₂e/NTD100m) [2] | 43.6 | 30.5 | 23.9 | 167.6 | 99.1 | 50.5 |
| Indirect Emissions—Category 3 (tCO₂e) [5] | 1,647.1 | 1,493.1 | 1,307.7 | - | - | 59,964.2 |
| Indirect Emissions—Category 4 (tCO₂e) [5] | 7,699.7 | 6,158.6 | 41,511.1 | - | - | 563,858.6 |
| Total GHG Emissions—Category 1-6 (tCO₂e) | 17,058.7 | 15,859.8 | 50,791.5 | - | - | 645,861.1 |
| GHG Emissions Intensity—Category 1-6 (tCO₂e/NTD100m) [2] | 96.4 | 59.0 | 152.5 | - | - | 1,481.3 |

*Note1: The category of GHG emissions calculation of the China plants: 2020: Coretronic Display (Suzhou) and Coretronic Optotech (Suzhou); 2021-2022: Coretronic Display (Suzhou), Coretronic Optotech (Suzhou), Coretronic Optics (Suzhou), Coretronic Projection (Kunshan), and Coretronic Optics (Kunshan)*

*Note2: The scope of revenue by year*

*2020: Taiwan plants—Coretronic, Young Green Energy, uCare Medical Electronics, Champ Vision Display, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, Innospectra, Coretronic MEMS, and Coretronic Reality; China plants—Coretronic Display (Suzhou) and Coretronic Optotech (Suzhou)*

*2021-2022: Taiwan plants—Coretronic, Young Green Energy, uCare Medical Electronics, Champ Vision Display, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, Innospectra, Coretronic MEMS, Coretronic Reality, and Coretronic Intelligent Logistic Solutions; China plants— Coretronic Display (Suzhou), Coretronic Optotech (Suzhou), Coretronic Optics (Suzhou), Coretronic Projection (Kunshan), and Coretronic Optics (Kunshan)*

*Note3: Since 2020, the Taiwan plants have conducted GHG inventory and verification based on ISO 14064-1:2018. The China plants conducted a self-imposed GHG inventory based on ISO 14064-1:2006 for 2020-2021. Since 2022, the China plants have conducted GHG inventory and verification based on ISO 14064-1:2018, where Category 1 = Scope 1, Category 2 = Scope 2, and Categories 3-6 = Scope 3.*

*Note4: The coefficient of Taiwan plants' carbon emissions in 2022 refers to the carbon emissions data of the Bureau of Energy in 2022, where 1 kWh = 0.509 kgCO2e. The coefficient of China plants' carbon emissions refers to the "Notice on Doing a Good Job in the Reporting and Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025," where 1 kWh = 0.5703 kgCO2e. The GWP values refers to the GWP of the IPCC 2021 Sixth Assessment Report, and the scope of the inventory is based on the Operational Control Law.*

*Note5: Category 3 inventory items include upstream transportation and distribution, downstream transportation and distribution, employee commuting, and business travel. Category 4 inventory items include purchased goods, solid and liquid waste disposal, and asset use.*

## ▶ Energy Management

| Area | | Taiwan | | | China | | |
|---|---|---|---|---|---|---|---|
| Item/Year | Type | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Direct Energy — Renewable Energy [2] (MWh) [3] | Renewable | 0 | 0 | 96 | 0 | 0 | 5,171 |
| Direct Energy — Purchased Electricity (MWh) | Non-renewable | 14,413 | 15,907 | 15,105 | 31,113 | 49,016 | 35,741 |
| Indirect Energy — Liquefied Petroleum Gas (MWh) | Non-renewable | 0 | 0 | 0 | 0 | 0 | 0 |
| Indirect Energy — Natural Gas (MWh) | Non-renewable | 262 | 233 | 245 | 897 | 1,234 | 2,198 |
| Indirect Energy — Diesel (MWh) | Non-renewable | 15 | 30 | 32 | 24 | 310 | 184 |
| Indirect Energy — Gasoline (MWh) | Non-renewable | 130 | 104 | 123 | 87 | 1,057 | 648 |
| Total Energy Consumption (MWh) | | 14,820 | 16,274 | 15,601 | 32,121 | 51,617 | 43,942 |
| Total Intensity of Energy Consumption (1MWh/NTD100m) [1] | | 83.7 | 60.5 | 46.8 | 117.7 | 129.4 | 100.8 |

*Note1: The scope of revenue by year*

*2020: Taiwan plants—Coretronic, Young Green Energy, uCare Medical Electronics, Champ Vision Display, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, Innospectra,Coretronic MEMS, and Coretronic Reality; China plants—Coretronic Display (Suzhou), Coretronic Optotech (Suzhou), Coretronic Projection (Kunshan), and Coretronic Optics (Kunshan)*

*2021-2022: Taiwan plants—Coretronic, Young Green Energy, uCare Medical Electronics, Champ Vision Display, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, Innospectra, Coretronic MEMS, Coretronic Reality, and Coretronic Intelligent Logistic Solutions; China plants—Coretronic Display (Suzhou), Coretronic Optotech (Suzhou), Coretronic Optics (Suzhou), Coretronic Projection (Kunshan), and Coretronic Optics (Kunshan)*

*Note2: Includes electricity consumption from solar self-consumption and green electricity wheeling.*

*Note3: 1 MWh = 0.0000036 GJ*

## The Percentage of Energy Consumption in Taiwan

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Indirect Energy | 2.7% | 2.3% | 2.6% |
| Direct Energy-Purchased Electricity | 97.3% | 97.7% | 96.8% |
| Direct Energy-Renewable Energy | 0.0% | 0.0% | 0.6% |

## The Percentage of Energy Consumption in China

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Indirect Energy | 3.1% | 5.0% | 6.9% |
| Direct Energy-Purchased Electricity | 96.9% | 95.0% | 81.3% |
| Direct Energy-Renewable Energy | 0.0% | 0.0% | 11.8% |
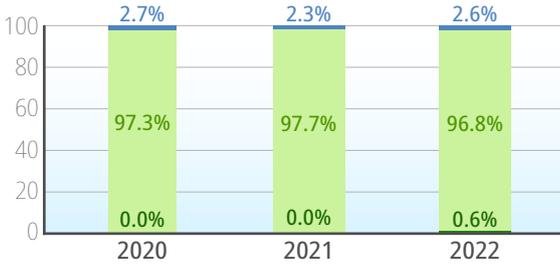
Legend: ■ Indirect Energy-Natural Gas, Diesel, Gasoline ■ Direct Energy-Purchased Electricity ■ Direct Energy-Renewable Energy

## ▶ Waste Management

The waste produced by Coretronic's operational activities is mostly non-hazardous. However, hazardous industrial waste, such as flammable mixtures and electronic components, is produced during the R&D test process, which is incinerated and physically treated. We manage hazardous waste through output control and the categorization of scrap materials to reduce the amount of hazardous industrial waste. We also require suppliers to control waste disposal processes, fulfilling our commitment to environmentally friendly practices.

In 2022, Taiwan and China plants audited 36 waste disposal contractors, with a 100% audit completion rate and did not show any nonconformities.

### Waste Output Status in Taiwan

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Total Waste Output (ton) | 558.9 | 436.4 | 495.7 |
| Waste Intensity (ton/NTD 100m) | 3.4 | 1.7 | 1.6 |
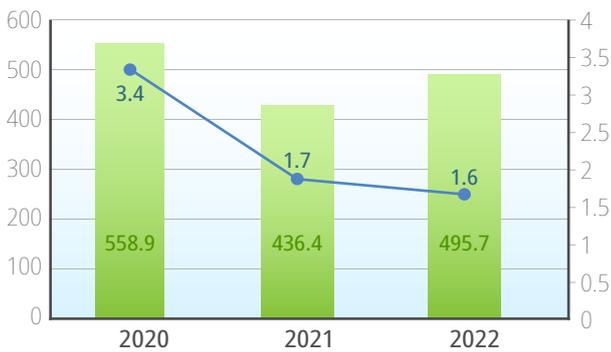
Legend: ■ Total Waste Output (ton) ●— Waste Intensity (ton/NTD 100m)

### 2022 Waste Output Status
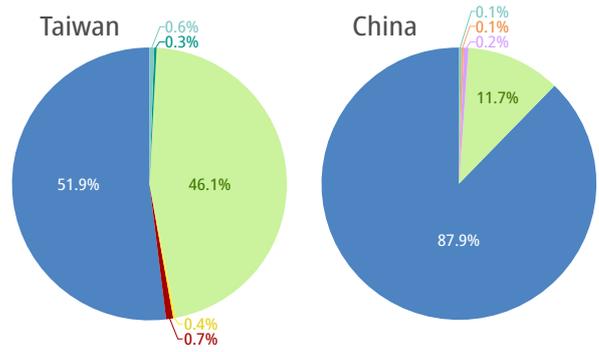
**Taiwan**
- 0.6%
- 0.3%
- 51.9%
- 46.1%
- 0.4%
- 0.7%

**China**
- 0.1%
- 0.1%
- 0.2%
- 11.7%
- 87.9%

**Hazardous Waste**
- ■ Direct Disposal: Incineration
- ■ Direct Disposal: Other methods
- ■ Recycle: Reuse for original purpose
- ■ Recycle: Regeneration

**Non-Hazardous Waste**
- ■ Direct Disposal: Incineration
- ■ Direct Disposal: Other methods
- ■ Recycle: Reuse for original purpose
- ■ Recycle: Regeneration

## ▶ Water Management

The manufacturing process does not require water, the impact on the environment is not significant. However, considering that water resource is the major international sustainability issue, we have adopted recycling and water conservation measures to reduce the impact, and at the same time, we have strengthened disseminating the messages on water conservation to prevent the crisis of water shortage in the dry season in advance.

### Water Use in Taiwan (ton)

| 2020 | 2021 | 2022 |
|---|---|---|
| 81,052 | 74,171 | 75,562 |
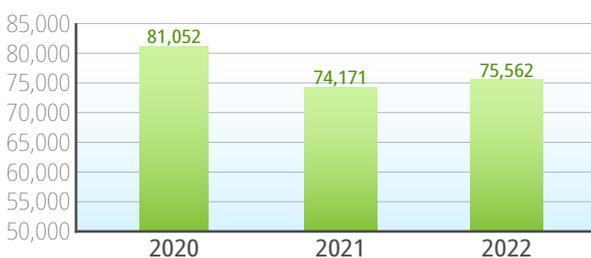
### Water Use in China (ton)

| 2021 | 2022 |
|---|---|
| 515,854 | 427,073 |
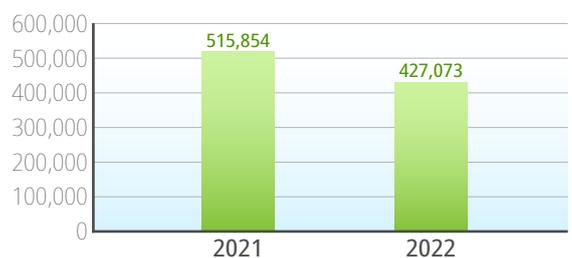
## ► Green Solutions

Established Product Carbon Footprint Project Team and Green Product R&D Team to reduce raw material consumption and implement a circular economy.

### Product Carbon Footprint Inventory

ISO 14067: Select 3 mainstream models of the EX1 laser projectors to undergo the ISO 14067 Product Carbon Footprint B2B inventory and verification.

Based on the inventory results, the stage with the highest carbon footprint is the B2B "Raw Material Acquisition."

### Product Carbon Inventory Platform

In 2023, we plan to develop a carbon inventory platform to identify the carbon emission hot spots of the products and effectively manage product carbon emissions.

### R&D Patent:

By integrating green thinking into technology development, we actively apply for R&D patents to design eco-friendly products to successfully help customers conserve energy and reduce carbon emissions. In 2022, 62% of the Taiwan plants' proposals were related to energy saving and carbon reduction, 11% more than 2021.

### Expected R&D expenses:

The Company incurred approximately NT$1.45 billion of R&D expense in 2022, representing 4.76% of net sales. R&D expenses for 2023 are estimated at NT$1.53 billion, up about 5.5% from the year before.

### Additional Green Solutions Performance:

Over the longer term (2023-2031), Coretronic will continue to use recyclable packaging materials and environmentally friendly design, improve and enhance product performance, inventory product carbon footprint, establish coefficient databases, and use recycled materials.

- EX1 laser projector can **save 45% in energy use** compared with projectors with similar bulbs.

- Enhanced volume design of the EX1 laser projector, increasing the loading rate of sea transportation by 16.6%. **(Estimated savings of 3 kgCO$_2$e per unit and 5.3% of carbon emissions).**

- LGP process improvements **reducing 607.6 kWh of electricity (0.3 tonCO$_2$e).**

- Enhanced the optical brightness technology of BLM, reducing the lighting power consumption by 37%. **(Estimated 8,278 kWh of electricity savings, and 4.2 tonCO$_2$e annually).**

- Size reduction and slim design of BLM and optical film reduced the weight by **280.7 tons and 578.2 tonCO$_2$e.**

- Continual optimization of projector photoelectric design will result in an estimated **saving of 17.34 GWh of electricity annually (8,824 tonCO$_2$e reduction).**

- Packaging material **molded pulp for fixed paper stands increased to 86%.**

- Recycled and remanufactured 5,957 scrap trays, **reducing 0.3 tons of waste and 0.6 tonCO$_2$e.**

- The purchase of **green raw materials accounts for 87% of the total purchase** of raw materials.

### The amount of green material procurement (NT$ Million)

| Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|------|------|------|------|------|------|
| Amount | 13,503 | 12,472 | 15,367 | 23,100 | 21,353 |
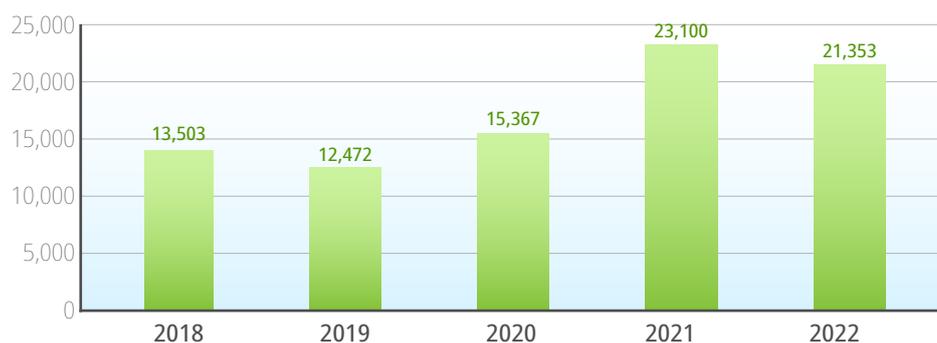
# SOCIAL

## ▶ Human Rights

Coretronic is committed to fair and equal treatment and respect for workers while abiding by the relevant laws and regulations promulgated by the government and our Human Rights Policies as below:

- **International human rights conventions:**
  Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization.

- **Ensure Diversity, Inclusion and Equal Opportunities**

- **Prohibit child labor**

- **Compliance with Minimum Wages**

- **Reasonable Working Hours**

- **Freedom of Association**

- **Collective Bargaining**

"Human Rights Policy Course" at plants in Taiwan was completed by 99% of employees and signed the "Statement of Human Rights Principles."

## ▶ Labor and Ethics Management Review

In an effort to implement the spirit of the RBA, we established the labor and ethics management system and convened the first labor and ethics management review meeting to complete the audit of the management review, evaluation, and management procedures, as well as objectives and management plans in 2022. We are scheduled to implement labor and ethics management by objectives and risk assessments starting in 2023.

## ▶ Workforce Overview

| Region | Employees/Workers | Male | Female | Total |
|--------|-------------------|------|--------|-------|
| Taiwan | Employees | 948 | 705 | 1,653 |
| | Workers – Dispatched | 3 | 14 | 17 |
| | Workers – Others | 108 | 101 | 209 |
| China | Employees | 2,209 | 1,456 | 3,665 |
| | Workers – Dispatched | 357 | 210 | 567 |
| | Workers – Others | 158 | 124 | 282 |
| Total Employees | | 3,157 (59%) | 2,161 (41%) | 5,318 |
| Total Workers | | 629 (58%) | 463 (42%) | 1,092 |

**Employees include:** Direct and indirect personnel, consultants, contracted personnel, interns, and students receiving cooperative education.
**Workers:** dispatched include production line personnel and hourly workers, resident/non-resident staff and contractors.

## ▶ Gender Pay Equality

Reflecting nearly equal pay for both male and female employees, M:F pay ratio across all employee categories in 2022 was:

**Taiwan** 1: 0.973    **Kunshan** 1: 0.919    **Wujiang** 1: 0.974

## ▶ Employee Salary

Annual pay adjustments were implemented once at a rate of 3% to 5% in Taiwan and 5% to 7% in China in 2022. Profit and achievement sharing bonuses are applicable to full-time employees based on operational and individual performance. Employee stock ownership in Taiwan is implemented whenever appropriate.

### 2020~2022 Turnover Rate in Taiwan

| Year | New-hired rate | Turnover rate |
|------|----------------|---------------|
| 2020 | 4.8% | 18.4% |
| 2021 | 12.9% | 15.6% |
| 2022 | 13.1% | 10.3% |

## ▶ Labor Union

100% of employees in these China plants are covered in the following Collective Agreements:

| Company Name / Item | Date of Establishment | Collective Agreement Signed with Labor Union |
|---|---|---|
| Coretronic Projection (Kunshan) | July 2014 | • Collective Agreements<br>• Collective Agreements on Wages |
| Coretronic Optics (Kunshan) | December 2020 | |
| Coretronic Display (Suzhou) | July 2015 | • Collective Agreements<br>• Collective Agreements on Wages<br>• Collective Agreements on Labor Safety and Health<br>• Collective Agreements on Special Protection for Female Employees |
| Coretronic Optotech (Suzhou) | June 2019 | |
| Coretronic Optics (Suzhou) | May 2021 | |

## ▶ Labor-Management Communication

At Coretronic, we have established and arranged comprehensive communication channels, such as the 8585 hotline and mailbox, physical suggestion box, free service hotline, EIP employee website, employee forum, Coretronic APP, annual employee satisfaction survey, quarterly labor-management meeting, quarterly employee welfare committee meeting, department communication meeting, quarterly newcomer's forum, newcomer connection program, annual/BU communication meeting, and communication platform on LINE to publicize organizational policies, systems, benefits, and activities, and enable employees to fully express their opinions. All opinions will be gathered by related units to make timely response to employees or offer them support.

| 2022 Communication Highlights | Taiwan | Kunshan | Wujiang |
|---|---|---|---|
| Labor-Management Meetings | 16 | 15 | - |
| Employee Welfare Meetings | | 15 | |
| Employee complaints (closure rate•) | 3 (100%) | 68 (100%) | 84 (100%) |
| Annual employee opinion survey participation rate | 88% | - | Direct employees 79%<br>Indirect employees 100% |
| Annual Meetings | Visual Solutions BG: 2 | - | - |
| BU Communication Meeting | Energy Saving BG: 3 | - | - |

• Closure rate: complaints must be closed within one month after they are filed

## ▶ Parental Benefits

**Distribution of Childbirth Allowance in Taiwan from 2020 to 2022**
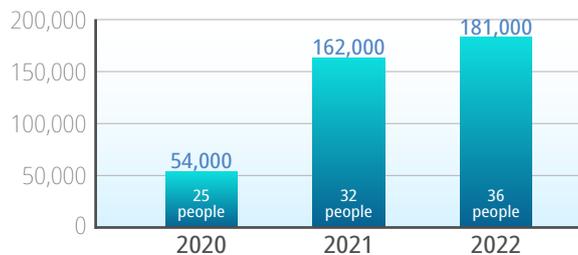


Amount of childbirth allowance distributed (NT$)

2020: 54,000 — 25 people
2021: 162,000 — 32 people
2022: 181,000 — 36 people

**Parental Leave in Taiwan from 2020 to 2022**
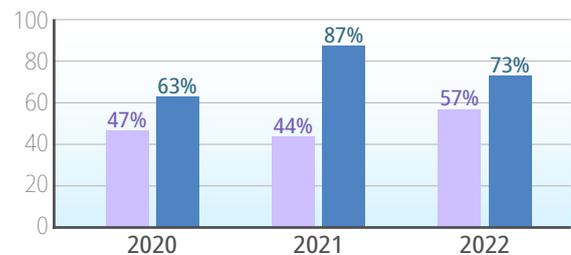


Reinstatement rate / Retention rate

2020: 47% / 63%
2021: 44% / 87%
2022: 57% / 73%

## ▶ Training and Development

We offer systematic training courses to employees based on their career planning and learning roadmap to develop their expertise in management or other professions. Based on the course category, internal and external instructors are hired to share knowledge, experience, and skills to improve the competencies and career development of employees. We also support innovation learning and are devoted to creating a sustainable learning workplace environment. Through a job-oriented learning development system, e-learning, and vivid practical training, as well as combining regional job rotation and foreign language learning.

| Training | Person-hours | Average hours per person | Performance evaluation carried out twice a year |
|---|---|---|---|
| Taiwan | 21,114 | 12.8 hrs | 94% |
| China | 29,794 | 8.1 hrs | 86% |

### Coretronic won the HR Asia "Best Companies to Work for in Asia 2022."

◼ Notable courses and programs

- **Core Competency Academy:**
  Conducted eight courses including "Optical, Mechanical, and Electronic Training" and "Comprehensive Mentoring Skills." (382 participants)

- **New Manager Training Program:**
  Assisted newly appointed department heads in mastering their roles and positions in the operations of the organization, and helped them quickly get on track with their roles. 44% increase in skills performance during post-training evaluation. (164 participants)

- **Leadership Study Group:**
  Developed middle and senior management's leadership skills and formulated seven action plans to be continuously implemented at various business units.

- **Comprehensive Mentoring Skills Program:**
  Mentors were guided to implement different mentoring methods according to newcomers' stages of adaptation. This program trained a total of 32 mentors, who produced 19 newcomer lesson plans after completing this program as internal teaching SOP at their respective departments.

- **International Talent Development Program:**
  The TOEIC 700 Intensive Course was conducted, where 50% of the participants in this course successfully reached the English proficiency threshold for promotion.

- **Youth Empowerment:**
  Selection of programs including collaboration with schools and universities, summer internships and MOE Industry-Academia Cooperative PhD Project.

## ▶ Occupational Health and Safety

Plants in Taiwan and China have established their own occupational safety and health units to plan, supervise, and carry out labor safety and health-related work. In 2022, a total of 24 occupational safety and health committee meetings and 62 contractor coordination meetings were convened by plants in Taiwan and China. Items discussed and negotiated:

- Continuous promotion of a safe workplace and occupational disaster prevention

- Continuous promotion of energy saving, carbon reduction, and industrial waste reduction at plants

- Regular training to raise employees' safety and health awareness

- Continuous rollout of ESH audit

- Management review to ensure the effective operation of the ESH management system

### No work safety-related disputes were reported in 2022.

### ▬ Workplace Injury

| Work-related Injury Rates for Employees | | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Fatalities Rate due to work-related injuries** [1] | | | | | |
| Taiwan [5] | Employee [4] | 0 | 0 | 0 | 0 |
| | Worker [4] | 0 | 0 | 0 | 0 |
| China [5] | Employee [4] | - | - | 0 | 0 |
| | Worker [4] | - | - | 0 | 0 |
| **High-consequence work-related injuries (excluding fatalities) Rate** [2] | | | | | |
| Taiwan [5] | Employee [4] | 1.09 | 0.99 | 0 | 0 |
| | Worker [4] | 0 | 0 | 0 | 0 |
| China [5] | Employee [4] | - | - | 1.6 | 0 |
| | Worker [4] | - | - | 0 | 0 |
| **Recordable work-related injuries Rate** [3] | | | | | |
| Taiwan [5] | Employee [4] | 1.09 | 0.99 | 0 | 0.3 |
| | Worker [4] | 0 | 0 | 0 | 0 |
| China [5] | Employee [4] | - | - | 1.6 | 1.2 |
| | Worker [4] | - | - | 0 | 0 |

Note1: Number of fatalities as a result of work-related injury / number of hours worked x 1,000,000.

Note2: Number of high-consequence work-related injuries (excluding fatalities) / number of hours worked x 1,000,000. The number of high-consequence work-related injuries refers to the number of people who were medically diagnosed with a serious injury or illness as a result of an occupational disaster.

Note3: Number of recordable work-related injuries / number of hours worked x 1,000,000. The number of recordable work-related injuries at plants in Taiwan refers to the number of occupational injuries that should be reported as required by the Occupational Safety and Health Administration, whereas the number of documentable occupational injuries at plants in China refers to the number of occupational injuries recorded in accordance with our company's rules and regulations.

Note4: Employees and workers: Figures for plants in Taiwan are calculated based on the statistics on occupational injuries reported from January to December 2022, whereas figures for plants in China are calculated based on the data provided in the human resource system.

Note5: Plants in Taiwan include Headquarters, Chunan Plant, Tainan Plant 1, and Tainan Plant 2, whereas plants in China include Kunshan plants (Coretronic Projection (Kunshan) and Coretronic Optics (Kunshan)) and Wujiang plants (Coretronic Display (Suzhou), Coretronic Optotech (Suzhou), and Coretronic Optics (Suzhou)).

### ▬ Contractor Management

With the implementation of contractor safety and health management, no contractor accidents in Taiwan and China in 2022.

| | | |
|---|---|---|
| **1** | Announcement of ESH Policies and Notification of Hazards | Set out these items in the contract so that suppliers and contractors understand Coretronic's ESH philosophy and perform selfassessment of operating risks. |
| **2** | ESH Assessment for Suppliers and Contractors | Conduct ESG performance evaluation on contractors on a quarterly basis to bolster the selection and management of suppliers and contractors at Coretronic. |
| **3** | Environmental Considerations, Risk Assessment, and Hazard Identification for Suppliers and Contractors | Include the operating activities of suppliers' and contractors' workers in environmental considerations, risk assessment, and hazard identification. |

## ▶ Supply Chain Management

Coretronic developed the "Sustainable Supplier Management Regulations" for production material suppliers. We require our suppliers to adhere to the regulations, conduct risk assessments and audits, provide training and guidance, and at the annual supplier conference, we acknowledge outstanding suppliers and discuss sustainability trends to ensure the sustainable operation of our suppliers. In addition, we have established the "RBA Code of Conduct Management Handbook" to manage our suppliers.

## 96% suppliers signed the "Supplier and Contractor Sustainability Commitment Statement."

This commitment statement is based on the RBA Code of Conduct, ensuring compliance with:

- RBA 7.0

- Green Product Warranty (guaranteeing their products meet the "Green Product Procurement Specifications" and providing RoHS tests and lab reports certified by a third party, environmentally hazardous substance questionnaire, lead-free component reliability report, SDS, COA, and comprehensive test reports)

- Responsible Minerals Procurement Policy

- Declaration on Non-Use of Conflict Mineral

- Integrity Commitment

- Environmental Sustainability and Occupational Safety and Health Policy

### Conflict Minerals

Coretronic does not accept gold, tantalum, tin, tungsten, cobalt, and mica illegally mined from the Democratic Republic of the Congo and neighboring conflict regions. We announced conflict mineral control requirements to suppliers at the annual supplier conference. Relevant policies and investigation results are published on our website.

| Conflict Material Questionnaire | RMI CMRT 6.22 | EMRT 1.11 |
|---|---|---|
| Visual Solutions Business Group | 94% | 91% |
| Energy Saving Business Group | 100% | 100%[1] |

*Note1: Includes EMRT 1.02 questionnaires*

### Online Sustainability Questionnaire Platform

We plan to establish an "Online Sustainability Questionnaire Platform" in the "Online Green Supply Chain Platform" by 2025. Based on their self-assessment results, we can evaluate suppliers' awareness and level of sustainability management to plan appropriate improvement measures for suppliers. Since 2022, we have also discussed with third-party verification agencies to explore more efficient, comprehensive, and credible ways to assess and investigate suppliers' sustainability risks.

### Supplier Audit – 100% Pass Rate

- **RBA Questionnaire and On-site Audit:**
  61 suppliers audited

- **Annual Audit:**
  161 suppliers audited

- **Quarterly Audit:**
  445 suppliers audited

### Green Alliance

To continuously strengthen supply chain resilience and improve adaptability, we organized two online sustainability supplier conferences in 2022, with 112 participants. The topics discussed include sustainability trends, climate change impacts on operations, net-zero targets, green supply chain initiatives, green manufacture, product concepts, and future plans.

## Coretronic 2022 CDP Supplier Engagement Rating "A-"
### (higher than industry, Asian, and global average scores (C))

# GOVERNANCE

```
Shareholders' Meeting
Board of Directors
Chairman

Audit Committee
Compensation Committee
Nomination Committee

Organization and Composition of the Audit Office
1 chief auditor
2-5 auditor

ESG Committee

Environmental Protection Committee
Safety and Environment Division

Display Business Group    CFO Office    CTO Office    CIMO Office

Energy Saving Business Group    Visual Solutions Business Group    Creative Reality Business Group
```

**Term of office:** June 10, 2022 to June 9, 2025

**43%** independent board

**14%** female board representation

**7** board meetings in 2022

**100%** average attendance

## ▶ Board of Directors

| Title | Name/Representative | Gender | Age | First Elected Date | Attendance (%) |
|---|---|---|---|---|---|
| Chairman | Wade Chang | M | 61~70 | 1998.06.12 | 100% |
| Director | Hsun Chieh Investment Ltd. Representative: Tai-Shung Ho | M | 61~70 | 2007.06.15 | 100% |
| Director | Hanns Prosper Investment Corp. Representative: Yu-Chi Chiao | M | 51~60 | 2022.06.10 | 100% |
| Director | Han-Ping D. Shieh | M | 61~70 | 2022.06.10 | 100% |
| Independent Director | Hsing-Yi Chow | M | 61~70 | 2019.06.13 | 100% |
| Independent Director | Audrey Tseng | F | 61~70 | 2022.06.10 | 100% |
| Independent Director | Hung-Pin Ku | M | 41~50 | 2022.06.10 | 100% |

## ▶ Functional Committees

Attendance rate for all Audit, Compensation and Nomination Committees were 100% for 2022.

| Board Title | Name | Audit Committee | Compensation Committee | Nomination Committee |
|---|---|---|---|---|
| Year Established | | 2010 | 2012 | 2020 |
| Number of Meetings in 2022 | | 5 | 3 | 2 |
| Independent Director | Hsing-Yi, Chow | Convener | Convener | Convener |
| | Audrey Tseng [1] | Member | Member | Member |
| | Hung-Pin Ku [1] | Member | Member | Member |

*Note1: Replaces previous term independent directors who retired at AGM on June 10, 2022 were Houn-Gee Chen, Chien Yao.*

### ▬ ESG Committee

According to "Sustainable Development Guidelines" approved by BoD, the committee is chaired by the Chairman of Coretronic, with presidents and the CFO as members and the spokesperson as the management representative.

Currently, the ESG Committee is an independently operated unit and the management team regularly reports the implementation of ESG to the Board of Directors every year. The management team makes plans and sets goals for ESG, and regularly reviews the performance. The Board of Directors also regularly reviews and supervises the implementation of sustainable development, and urges the management team to improve when it is necessary.

**■ Risk Management Team**

The "Risk Management Team" integrates various risk management units and reports to the ESG Committee. It is led by the CFO and operates according to the risk management policy which was approved by the Board of Directors in 2020.

**ESG Committee**

**ESG Chairman Chairman**

**Management Representative Spokesperson**

**Risk Management Team CFO**

**Member President**

**Member CFO**

**Executive Representative Head of Integrated Business Source Center**

**Executive Representative CFO**

**ESG Team**
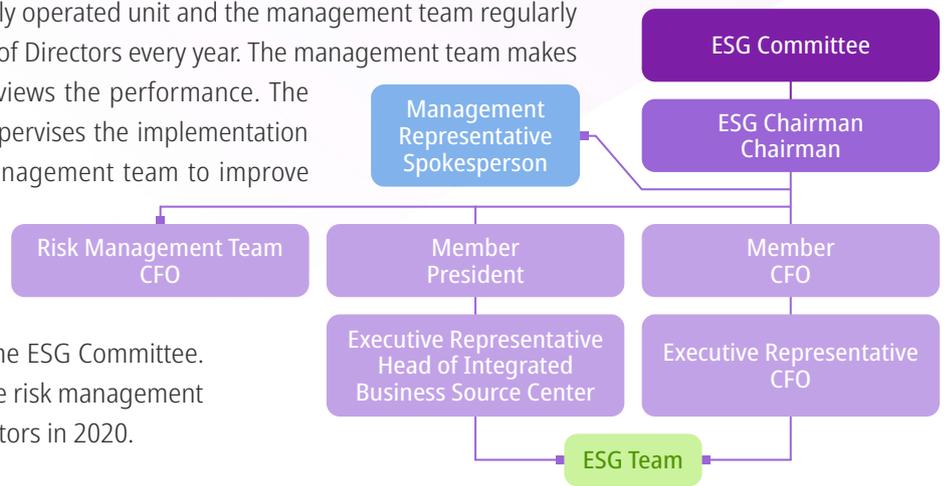
## ▶ Information Security

To ensure sustainable development and safeguard the company's confidential data and customer privacy, Coretronic established the "Information Security Management Committee" in 2012. This committee is responsible for implementing information security policies and establishing communication mechanisms to effectively prevent information theft, tampering, loss, or leakage. In addition to ensuring the confidentiality, integrity, and availability of information, our efforts also align with ISO 27001 standards and relevant cybersecurity regulations.

Vulnerability Scanning: To address evolving hacking techniques, we regularly conduct vulnerability scans on systems that provide services. In 2022, a total of 57 system vulnerabilities were identified, and all of them were fixed within three months.

### 2023 Targets

- Obtain ISO 27001 certification and expand the scope of validation to enhance information security protection.
- Expand the implementation of vulnerability scanning to cover all company's host systems and service platforms.
- Regularly hold social engineering exercises and cybersecurity training.

## ▶ Anti-Corruption Reporting Mailbox

Coretronic has established the "Complaint Channel for Stakeholders and Employees' Violations of Professional Ethics." Employees of Coretronic and external individuals can use the email address and complaint hotline to seek advice on matters related to the company's integrity-related affairs, report any violations of ethical behavior, and request an independent investigation by the company's internal audit unit conducted in a confidential manner. The investigation report will be submitted to the management level for decision making, and the handling of reported cases will be subject to internal disciplinary measures or legal actions, depending on the disciplinary measures deemed appropriate.

***The identity of the whistleblower will be strictly protected.***

## ▶ Integrity Management

The Board of Directors has approved the "Ethical Corporate Management Best Practice Principles" and assigned the Human Resources department to develop and implement integrity policies and preventive measures, implementation results are reported to the Board of Directors on an annual basis.

We strictly prohibit any behavior that may result in undue benefits (including improper entertainment, commissions, bribery, hospitality, etc.) obtained through the convenience of one's position, or any actions that could potentially impact the company's reputation and competitiveness.

### 2022 Employee Ethics and Integrity Training

| Plants | Mandatory Ethics and Integrity courses | Trainee | Completion rate |
|---|---|---|---|
| Taiwan | ● Awareness on Business Integrity Course ● Prevention of Insider Trading Training | All employees | 99% |
| Kunshan Wujiang | ● RBA Knowledge Awareness ● Integrity Management - Employee Ethics | Indirect employees | 99% |

In 2022, the signing rate of the Integrity Commitment by suppliers reached 99%.

**Email address:** *8215@coretronic.com*

**Dedicated complaint hotline:**

- Taiwan: +886-37-777000, ext. 8215
- China (Kunshan): +86-512-5736 0000, ext. 2199
- China (Wujiang): +86-512-6335 8838, ext. 6220

| 2022 Reports | Taiwan Plants | China Plants |
|---|---|---|
| Complaint Cases | 0 | 1 |
| Results | - | Thoroughly investigated and found to have no violation of company regulations. |