

2023

SIMPLO Sustainability Report





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About the Report

The 2023 Sustainability Report is prepared with reference to the GRI Standards and the hardware industry indicators issued by the Sustainability Accounting Standards Board (SASB) to disclose and present the environment, social, and governance three major aspects of strategies and actions to stakeholders. The company adheres to a transparent, honest and objective stance, continues to communicate with stakeholders, and implements the company's sustainable development goals.





Reporting Period and Boundary

The disclosure period of this report is from January 2023 to December 2023, including some information before and after this period. The boundary of disclosure mainly includes the headquarters of Simplo Technology Co., Ltd. in Taiwan ("Simplo (Taiwan)"), and the production sites in China, namely Simplo Technology (Chongqing) Inc. ("Simplo (Chongqing)"), Simplo Technology (Changshu) Inc. ("Simplo (Changshu)" ^{Note 1}), Huapu Technology (Changshu) Inc. ("Huapu" ^{Note 1}). The scope of disclosure accounts for 90% of Simplo Group's consolidated net income, and the other 10% is its subsidiary AES, which will release a separate sustainability report.

Note 1: All the figures of Simplo (Changshu) in the Report include Huapu. Therefore, the presentation is "Simplo (Changshu) (including Huapu)". For any exceptions, additional explanations will be made.

Note 2: "Simplo" referred in the Report includes information related to Simplo (Taiwan), Simplo (Chongqing), Simplo (Changshu) (including Huapu). Where Trend Power, Trend Energy and Trend Power (Changshu) are involved, additional explanations will be made.

Reporting Basis

The financial data in this report are the Simplo Group's consolidated financial statements published in the 2023 Simplo Annual Report, which has been audited and certified by Deloitte Touche Tohmatsu Limited.

The management systems obtained by our company are all verified by third-party entities:

- Simplo (Taiwan): ISO 14001, ISO 45001, ISO 27001
- China Factories: ISO 14001, ISO 45001, ISO 50001 and IECQ QC 080000



SMP
BESS

Report Principles

This report is prepared in accordance with the GRI General Standards and refers to the hardware industry indicators issued by the SASB Sustainability Accounting Standards Board and the "Operation Methods for Preparing and Submitting Sustainability Reports for Listed Companies" to explain to stakeholders the company's economic and environmental performance, the strategies and actions of the three major aspects of society, and reveal management policies and performance results.

External Assurance

This report has commissioned SGS Taiwan Co., Ltd., to provide assurance according to the requirements of Type 1, moderate level of assurance, under AA 1000 ASv3. The assurance covers the GRI Standards referencing options, and the assurance statement is included in [Appendix 7](#) of this report.

Contact Us

This report is published on the official website of Simplo. If you have any comments or suggestions about the contents of this report, please contact us at the following information.

Official Website



Message from the Chairman



Chairman of Simplo Group

Raymond Sung

A handwritten signature in black ink, appearing to read 'R. Sung'.

In 2023, Simplo navigated a challenging landscape marked by post-pandemic interest rate hikes, and inflation which significantly impacted the global economy and put significant inventory pressures in the supply chain. Despite these challenges, we successfully reinforced our leadership position in the global market for notebook computer battery modules, thanks to our robust R&D capabilities and manufacturing prowess. Our continued profitability is a testament to our team's dedication and the unwavering support of our value chain partners. We extend our sincere gratitude to all who have contributed to our success.

As the world confronts the reality of climate change, the shift toward a net-zero future has become a defining strategy. With a forward-looking approach, Simplo is seizing to align with this trend by expanding our global footprint and adapting to evolving customer needs. We are reinforcing the integrity of our supply chain and optimizing production allocation to enhance the resilience of our operations.

Building on our core strengths, we are extending our focus into the green energy sector. This includes initiatives in light electric vehicles (LEV), battery backup units (BBU) for large data centers, and energy storage systems – key areas that represent our future growth engines.

Since 2021, we have been reshaping our corporate ESG (Environmental, Social, and Governance) culture, significantly increasing engagement from all executives and colleagues. This cultural shift has led to notable milestones in our sustainability performance, earning consistent recognition from external evaluations. Over the past year, we have made significant strides in carbon reduction, adopting Science-Based Targets Initiative (SBTi) goals with a commitment to limit global temperature rise to 1.5 °C and achieve 100% renewable energy use by 2040. We are also collaborating closely with our supply chain partners on carbon reduction initiatives, aiming to drive sustainable management across our entire network.

Looking ahead, we will continue to integrate ESG practices into our core business operations, strengthening our corporate resilience and enhancing our competitive edge. By forging long-term strategic relationships and leveraging our industry influence, we are committed to creating greater value for stakeholders and achieving sustainable corporate growth.



Message from the Executive Vice President



Executive Vice President of Simplo Group

Adams Lee

As the world grapples with severe climate threats, the focus on sustainability has intensified, making ESG (Environmental, Social, And Governance) a critical factor in evaluating corporate resilience and competitiveness. At Simplo, sustainable development has long been a priority. Through this report, we are excited to share our efforts and accomplishments promoting sustainability, as well our future goals for improvement. We welcome feedback from our stakeholders to help us continue growing and thriving together.

Over the past year, Simplo has actively pursued a range of sustainability projects, and the success of these efforts has been widely recognized. We participated in Taiwan Corporate Sustainability Awards for the first time, earning the Silver Award in the "Corporate Sustainability Reporting" category. Our performance in the Corporate Governance Evaluation has improved, placing us in the top 6%–20%. We have reached new milestones in carbon management by not only aligning with international Science-Based Targets Initiative (SBTi) but also joining RE100, committing to 100% renewable energy usage by 2040.

In our commitment to the circular economy, we have developed post-consumer recycled (PCR) solutions, achieving over 90% recycling of plastic and packaging materials. We continue to innovate and explore new possibilities. On the social front, we have collaborated with National Taiwan University Hospital Hsinchu Branch on the "Telehealth and Healthy Community" project, sponsoring digital medical smart bedside cards to enhance care efficiency and patient satisfaction. Additionally, we have participated in the "Coastal Tree Planting and Adoption" initiative for two consecutive years.

To deepen our sustainable supply chain management, Simplo has actively engaged with our suppliers. In 2023, we introduced the Simplo Sustainable Supply Chain Management Policy under the theme "Sustainable Core, Partner Prosperity." This policy outlines our four major strategies and three-phase targets for supply chain management, aiming to address climate change collaboratively.

Looking ahead, Simplo will maintain a proactive approach with the belief of "starting with the end in mind." We will anticipate future challenges, continuously enhance our ESG practices, and respond to external expectations. Our goal is to progress towards becoming a model and benchmark in the corporate world, setting standards for sustainability and resilience.

Annual Achievements



Governance

6~20%

10th Corporate Governance Evaluation

Operating revenue NT\$ **84.8** billion

Gross operating profit NT\$ **8.41** billion

EPS NT\$ **31**

NO.1 Laptop battery module market share nearly 40%

Silver Award

2023 Taiwan Corporate Sustainability Awards



Environmental

SBTi

Approved the near-term emissions reduction targets

Joined **RE100** initiative

B Rating

CDP climate change questionnaire rating

A- Rating

CDP supplier engagement rating

10.8MW

Solar PV system capacity



Social

NT\$ **10** million

Donate to medical equipment

NT\$ **4.4** million

Early childhood education grant (2019-2023)

415 people

Early childhood education grant (2019-2023)

NT\$ **2.39** million

Scholarships* (2019-2023)

1,442 people

Scholarships* (2019-2023)

*Scholarships include employees and their children

International Initiatives



SCIENCE
BASED
TARGETS

GHG reduction target approved by Science-Based Targets initiatives (SBTi)



Submits CDP climate change and water security questionnaires



Respond to SDGs

RBA

Joined RBA membership



Joined RMI membership

CLIMATE GROUP
RE100

Joined RE100 initiative

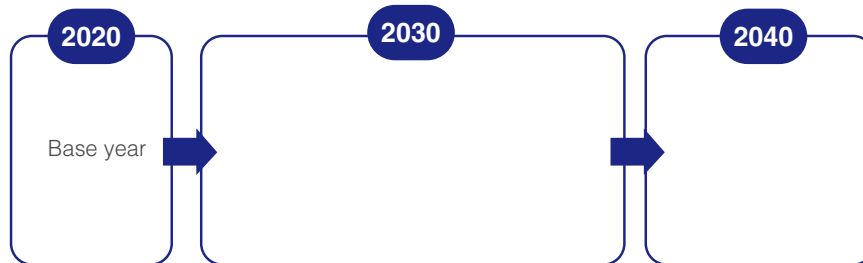


Themed report

Report 1: SBT Certification Improves Climate Resilience

Simplo Group actively aligns with international initiatives by setting near-term targets in line with a 1.5 °C reduction pathway. The Company has undergone a target validation review by the Science-Based Targets initiative (SBTi) to ensure compliance. Additionally, Simplo has joined the global Renewable Energy 100 (RE100) initiative and integrated SDG13 Climate Action into its operational strategies, thereby enhancing climate resilience.

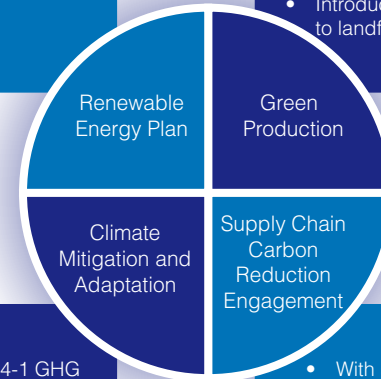
© Medium- term and long-term goals



© Take Action

- Implement independent energy conservation
- Install rooftop solar photovoltaic systems
- Purchase Renewable Energy Certificates (RECs)
- Sign the Power Purchase Agreement (PPA)

- Introduced the ISO 50001 energy management system
- Reducing raw material consumption at the source, Simplo utilizes 90% PCR plastic pallets and ensures that PET films are made from 100% recycled PET materials
- Recycling and reuse of tray packaging materials
- Introduced UL2799 zero waste to landfill certification



- Completed ISO 14064-1 GHG inventory and verification
- Completed ISO 14067 product carbon footprint inventory and verification
- GHG reduction target approved by Science-Based Targets initiatives (SBTi)
- Join RE100 Initiative

- With sustainability as its core and aiming for mutual prosperity with partners, Simplo announced the Simplo Sustainable Supply Chain Management Policy
- Organizing a sustainable supply chain communication conference, focusing on carbon reduction
- Develop four strategies and three-stage goals for supply chain management

Report 2: Building a Sustainable Supply Chain Ecosystem

◎ Implementing management systems in accordance with the ISO 20400 sustainable procurement guidelines

In 2023, Simplo Technology launched a series of supply chain management actions to establish a supply chain sustainable management system in refer to the ISO 20400 sustainable procurement guidelines and optimizing supplier classification method. In phase one, we conducted senior management interviews. In phase two, we hold a workshops to assess the current situation. This included identifying stakeholders in procurement activities, analyzing sustainability risks and opportunities in the supply chain, and establishing a sustainable procurement strategy.

◎ Results from the project

Major Sustainability Issues and Procurement Stakeholder Workshops

Through the workshop, identify:
Material sustainability topics that should be addressed by each procurement category. Stakeholders that Simplo should respond to and the benefits they bring.

Supplier Classification

Align with international benchmarks, Simplo will redefine supplier criteria and classification conditions to restructure supplier categorization.

Adjustment of Audit Documents

Understanding the differences in the implementation details of the RBA audits across Taiwan, China, and Hong Kong, we will integrate audit management details. This includes team member roles and responsibilities, audit frequency, and process planning.



▲ Senior management interviews



▲ Major sustainability issues and procurement stakeholder workshops



▲ Launching ceremony

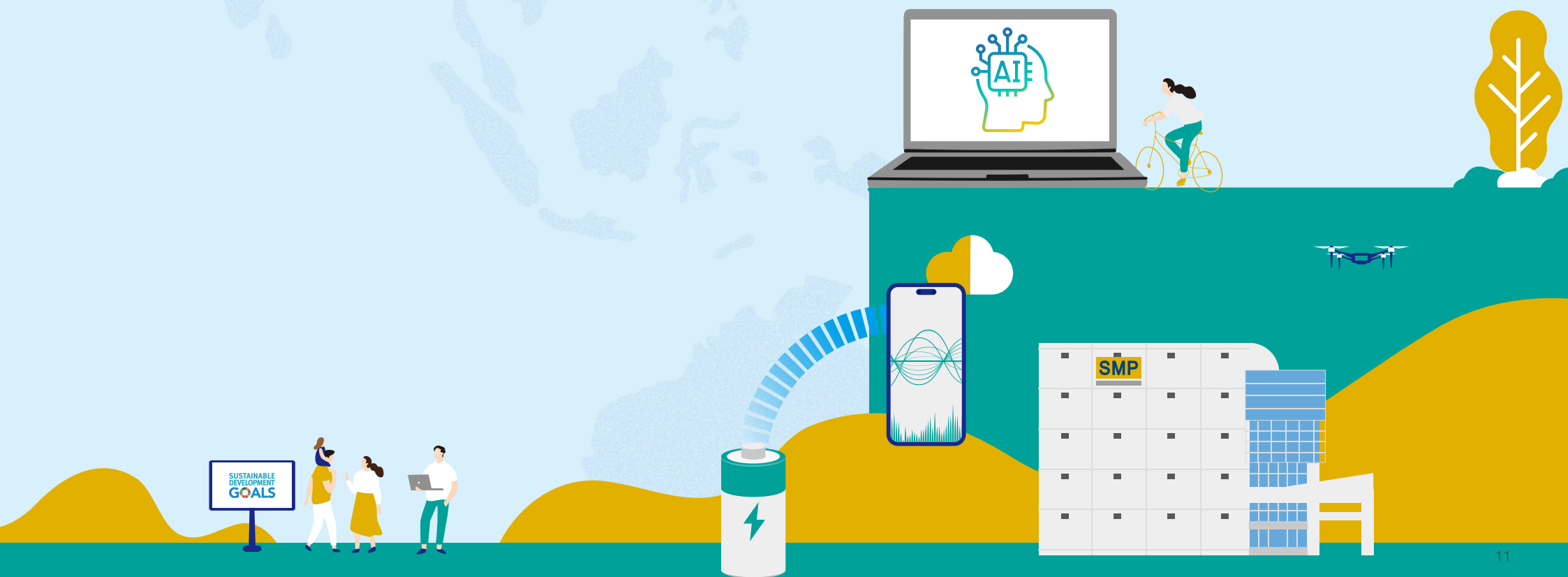


▲ Executive commitment

To establish communication channels with suppliers, the second phase involves organizing a Sustainable Supply Chain Communication Meeting. The theme of the meeting will be "SMP² ∞ sustainability core, partner prosperity", where Simplo will unveil the Simplo Sustainable Supply Chain Management Policy, as well as explaining Simplo Group's four major supply chain management strategies and three-phase targets. For details, see Section [3.1 Supply Chain Management](#)



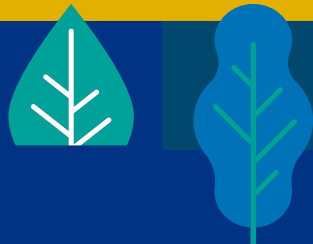
Be Your Best Battery Solution Provider



1

Sustainability Management

- 1.1 Company Profile
- 1.2 Sustainability Strategy
- 1.3 Communication with Stakeholders
- 1.4 Material Topics Analysis





1.1 Company Profile

About Simplo

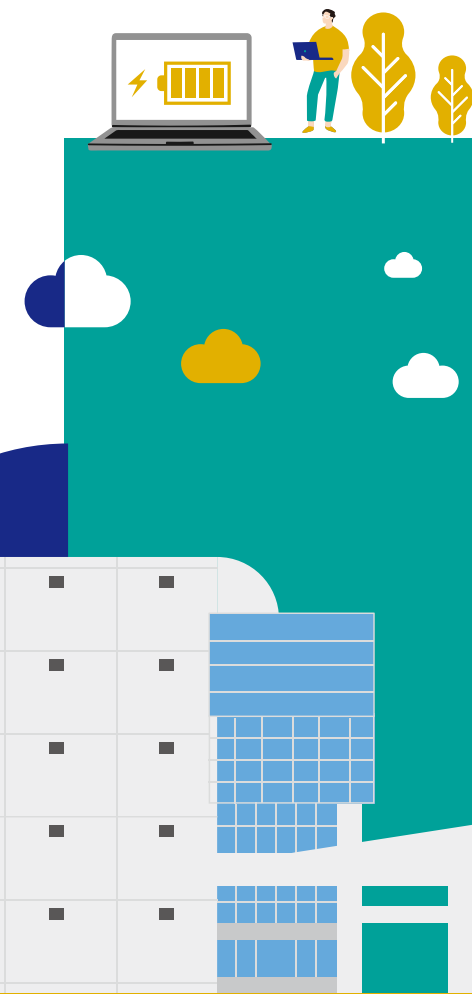
Company name	Simplo Technology Co., Ltd.
Date of establishment	April 16, 1992
Share capital	NT\$1.85 billion
Product and service	Battery manufacturing, battery pack assembly, storage system battery module development and sales
Chairman	Sung, Fu-Hsiang
Headquarters address	No. 471, Sec. 2, Bade Rd., Hukou Township, Hsinchu County, Taiwan (R.O.C.)
Industry	TPEX Listed Company Computer & Peripheral Equipment (Stock number 6121)

Since its inception in 1992, Simplo Technology has remained steadfast in its commitment to researching, designing and manufacturing of lithium battery modules, embodying a professional, specialized and dedicated ethos. Simplo Technology is a strategic partner to many global brands, and continues to dominate the global market for notebook battery packs, supplying over 200 million battery packs annually, with one in every three notebook battery packs globally originating from a Simplo plant.

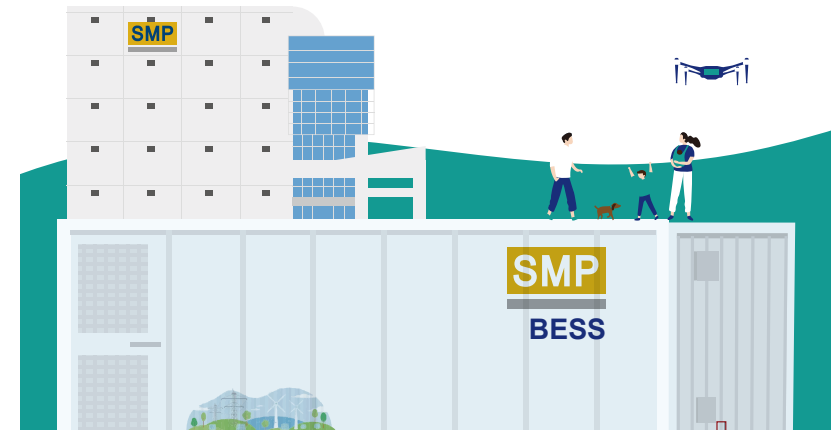
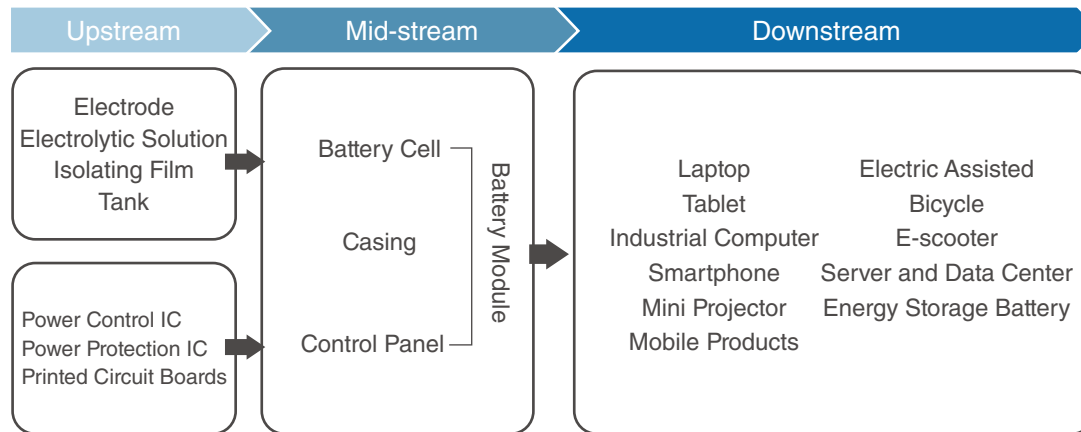
Energy plays a crucial role in daily life and serves as a vital resource for societal development. Over the years, Simplo Technology has achieved significant success in the field of batteries for 3C information products, accumulating solid R&D and production capabilities. Ours is a world of continuous improvement, utilizing the collective wealth of broad market/application expertise, technology agnostic approach, global manufacturing footprint and vertical integration allow us to continuously innovate and expand into new fields such as Battery Energy Storage Systems (BESS), batteries

for industrial mobile devices, and a wide range of mission critical stored energy solutions to meet the growing demand for energy efficiency, reliability and sustainability.

In response to corporate sustainability challenges, Simplo Technology actively aligns with the United Nations Sustainable Development Goals (SDGs), integrating environmental, social, and corporate governance (ESG) into core business practices while pursuing operational growth. The company is committed to carbon reduction efforts, aiming to achieve the RE100 goal by 2040 and aligning with the Science-Based Targets initiative (SBTi) to respond to the development of a low-carbon economy. By fostering a value chain of shared prosperity, Simplo Technology continues to contribute to global environmental sustainability.



© Relationship between Upstream, Mid-stream and Downstream Companies



Products Applications



Major products

- Laptop Battery Module
- Tablet Battery Module
- Smartphone Battery Module
- Portable Electronic Product Battery Module
- Industrial Computer Battery Module
- Lightweight Power-type Battery
- Mobile Power Bank
- Power and Electric Energy System Integration Service
- Enterprise-type Server Battery Module
- Consumer Home Appliances Battery Module
- Indoor/outdoor Mobile Equipment Battery Module
- Storage System Battery Module for Mid and Large Scale Industries



New products under planning

- Removable display battery module
- Wearable/Medical Devices
- Network communication and access control management backup battery module
- Battery modules for robot-related peripheral application devices
- Drone related battery modules
- Electric handling forklift battery module
- Power tool battery module
- Energy storage battery module
- Battery modules related to storage equipment
- Electric vehicle related battery modules



Energy storage system (ESS)

Energy storage systems are crucial among various net-zero solutions as they stabilize renewable energy generation. They not only facilitate the integration of renewable energy but also bolster grid resilience and ensure stable power supply. Moreover, they gradually introduce user-side energy management and can be used for self-consumption and backup during peak demand. Batteries are critical hardware equipment in energy storage systems. Not only do they account for a large portion of the costs, their performance and safety also directly and indirectly affect the reliability of the power grid and project sites. Simplo Technology actively invests resources and works closely with upstream and downstream strategic partners to create end-to-end services from battery cells to energy storage systems.

© Value proposition

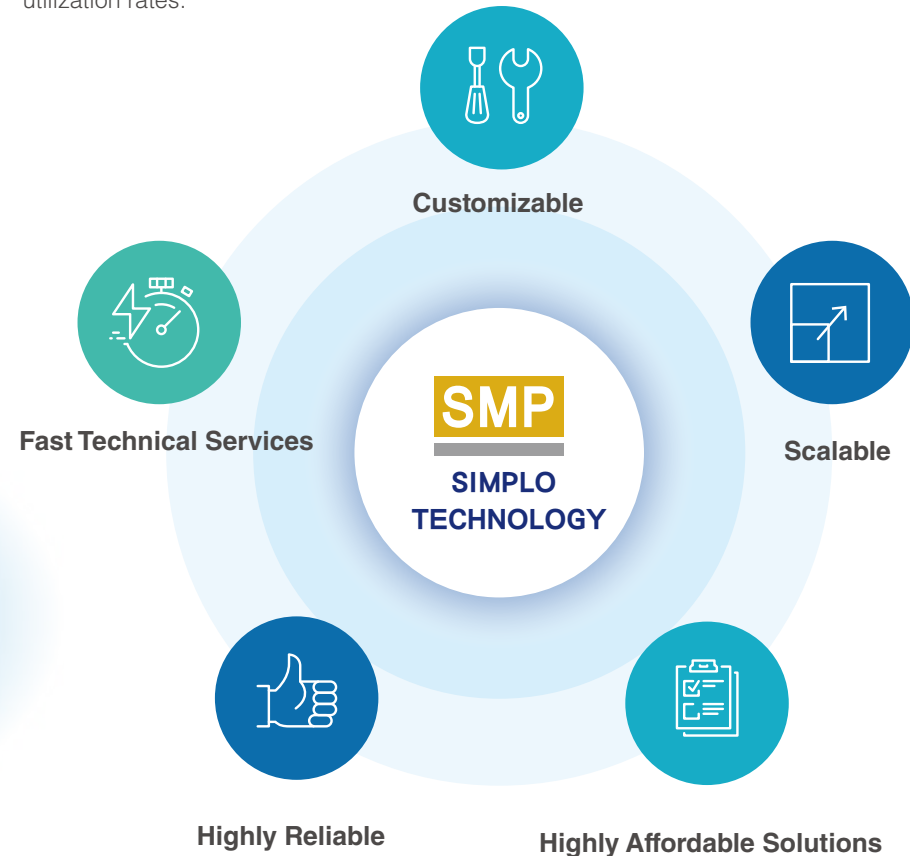
Simplo Technology has long been committed to developing lithium battery modules, researching on cell characteristics, and customizing battery management systems. The Company also possess a nation-level battery testing laboratory. In the past, we have collaborated with ITRI on large-scale energy storage system technology development, participating in numerous energy storage demonstration projects. We are capable of providing customized applications according to system requirements.

The decentralized energy network of the future.



© Professional advantages

Simplo Technology has over 30 years of dedicated expertise in lithium battery technology and management systems. The Company maintains comprehensive quality control across all aspects, including cell manufacturing, battery system software and hardware design, and lifecycle management. This includes in-depth development of technical details such as cell characteristics and lifespan assessment, battery balancing technology development, and safety protection mechanisms. This also encompasses the development and maintenance of communication protocols and maintenance mechanisms within the scope of development. AI algorithm can more accurately predict the battery lifespan, thereby extending usage duration and enhancing customer asset utilization rates.



◎ Application scenarios

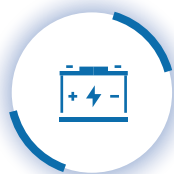
Simplo Technology's value proposition lies in integrating partners along the value chain to provide highly customized energy storage solutions. These solutions are scalable to meet diverse application scenarios, including peak shaving, load shifting, renewable energy smoothing, grid frequency regulations, standby power, and auxiliary power, catering to various customer needs.



Peak Shaving



Load Shifting



Backup Power



Renewable Energy
Output Smoothing



Frequency Regulation



Demand Response



Micro-Grid



Buffer Storage for
Renewables



Supplemental Power

◎ Product mix

Simplo Technology officially participated in the electricity trading day-ahead ancillary services market in 2023. The Company is progressively involved in planning and constructing other energy storage projects, with additional projects scheduled to be grid-connected in 2024. Furthermore, other energy storage applications such as peak shaving and load shifting projects are slated to be completed by the end of the year. In the future, Simplo will continue to develop a diverse range of battery energy storage product combinations using modular design. The Company will focus on providing highly customized and scalable services to meet varying customer demands.

◎ High-voltage energy storage cabinets that can be used with mainstream high-voltage PCS.



40' Air Cooling Battery Container

- 2.96 MWh
- 1076V~1469V
- LFP cell



20' Air Cooling Battery Container

- 3.72 MWh
- 1082V~1476V
- LFP cell



Associations

	Association Name	Title
1	Hsinchu County Industrial Association	Member
2	Hsinchu County Nurses Association	Member
3	Taiwan Battery Association (TBA)	Member
4	Taiwan Climate Partnership (TCP)	Member
5	Business Council for Sustainable Development of the Republic of China (BCSD-Taiwan)	Member
6	The Electrochemical Society of Taiwan	Member
7	Taiwan Electrical and Electronic Manufacturers' Association	Member

© Sales regions of major products in 2023

Unit: NT\$ Thousand

Area	Amount	%
Taiwan	8,727,322	10.29
Asia	28,050,047	33.08
America	43,127,472	50.85
Europe	4,720,727	5.57
Australia	159,277	0.19
Africa	20,994	0.02
Net revenue	84,805,839	100

Source: 2023 Annual Report, Simplo Technology Co., Ltd.

Simple Technology's response to COP28

The Taiwan Climate Partnerships (TCP) collaborated with international organizations to establish the "Digital x Green Pavilion" in the COP28 blue zone. As a member of the TCP, Simplo Technology's logo appeared alongside other member companies at COP28, collectively responding to this international event.

Note: COP is the abbreviation of Conference of the Parties.



© Product sales in 2023

Unit: Thousand Sets; NT\$ Thousand

Major Product	Domestic Sales		Export Sales	
	Quantity	Amount	Quantity	Amount
Lithium Battery Module	10,113	8,629,084	165,095	75,718,340
Others	-	98,238	-	360,177
Total	10,113	8,727,322	165,095	76,078,517

Source: 2023 Annual Report, Simplo Technology Co., Ltd.

Customer relationship

Quality Policy



Specialization

Focusing on the research and development and manufacturing of lithium-ion battery modules, we have built up our core competitiveness to become the best in our field of expertise.



Attentiveness

Consolidate professional standards, strive for excellence, and consistently pursue skill excellence.



Commitment

Passionate in our work and a dedication to achieving our mission.

Quality Commitment



Creativity

Continuous development of new technology and system to improve product design and quality.



Technology

Using leading-edge technology to increase efficiency and give better technical support to customers.



Quality

Implementing TQM (Total Quality Management) and ISO 9001.



Service

Assure competitive price, quality, and reliability of products. Keep on time delivery.

Simple attaches great importance to customer satisfaction. In addition to frequent daily contact, we survey customer feedback and problem communication through regular formal meetings to analyze customer satisfaction in terms of delivery, quality, service, technology, cost, ESG, etc. This forms the key basis for the subsequent and continuous product and service improvement.

To understand the needs of customers in real time, Simple actively responds to customers via diverse communication channels, covering communication at each level, regular and irregular meetings, quarterly business review meetings etc., which help to get closer to the needs of customers.

(For details on customer communication frequency, see [1.3 Communication with Stakeholders](#).)

© Diverse communication channels



Communication at the operation level

From real-time phone calls to regular weekly meetings, each customer is responded to by dedicated personnel in real-time.



Communication at the management level

Communicate overall business status through Quarterly Business Review (QBR) meeting, including sustainable orientation and carbon reduction target requirements.



Communication at the executive level

Communicate and make decisions through Executive Business Review (EBR) meeting.



Monthly meeting (MBR)

Receive regularly, focus on customer needs, and respond quickly and correctly.





1.2 Sustainability Strategy

© Simplo's sustainability strategy blueprint



- Adopting renewable energy
- Implementing carbon reduction
- Technology innovation



- Responsible production
- Develop and implement sustainability goals
- Practicing circular economy



- Design for environmental, recycled plastics, and low-carbon packages
- Providing optimized energy and battery modules total solutions



- Building a friendly workplace and sustainability culture
- Promote community health care by telemedicine



- Develop employee careers
- Promoting gender equality
- Building an inclusive workplace
- Improving the training quality



- Executing company risk and opportunity
- Set Science Based Targets of carbon reduction

CSR committee

© CSR committee organization



Item	Mode of Operation	Reporting Frequency
Board of Directors	Guide sustainable development implementation results	The CSR office reports to the Board of Directors at least once a year.
CSR Committee	Analysis international sustainability trends, formulate medium and longterm goals, review goal achievement	The CSR office reports to the Chairman every six months.
CSR Committee Task Forces	Execute sustainable proposals and review results	Meetings are held quarterly or as appropriate.

© Responding to the United Nations Sustainable Development Goals

SDG	Value Connection	Actions	Response Chapter
	Providing a comprehensive welfare system and ensuring a safe working environment to protect employee health	• Third-party certification for ISO 45001 • Establishment of the "Occupational Health and Safety Committee" • Employees receive regular free health checkups every year. In 2023, a total of 1,976 employees participated in the health checkups	5.3 Safety and Health
	Creating a friendly workplace environment to help employees achieve a healthy balance between work and life	• Establishing human rights policies to eliminate all violations of human rights • Providing employees with the option to apply for unpaid parental leave based on their family needs • Setting up breastfeeding rooms in each plant area • Conducting human rights-related training through employee training courses, with 46,679 participants and a 99.9% participation rate	6.2 Human Rights Management
	Improving energy efficiency and increasing the utilization rate of renewable energy	• Positioned the new business of energy storage • Install rooftop solar photovoltaic systems • Signed green power contract • Introduced the ISO 50001 energy management system	1.1 Company Profile 4.3 Energy Management
	Dedicated to helping customers produce environmentally friendly products, introducing eco-design, and committed to the R&D of green innovative products	• Held the "New Green Innovation Sparks Sustainability" • Continuous circular economy solution for PCR plastic and packaging material recycling • Established green product information, completed two product carbon footprint surveys and passed third-party ISO 14067 verification	CH.5 Green Products and Innovation
	Worked with partners in the value chain to protect the environment, uphold human rights, and comply with ethical standards to enhance sustainable competitiveness	• Promulgation of the sustainable supply chain management policies • Signed the Supplier Commitment to the Code of Conduct • Conducted ESG and human rights risk investigations across the supply chain	CH.3 Sustainable supply chain
	Identifying climate change risks and opportunities, devising mitigation and adaptation actions, and implementing comprehensive carbon management actions	• SBTi target validated: Absolute GHG emissions for Scope 1 and 2 reduced by 51% compared to the 2020 base year by 2030. Absolute GHG emissions for Scope 3 "purchased goods and services" reduced by 25% • Joining RE100 and commits to using 100% renewable energy by 2040	4.1 Climate Change Strategy 4.2 GHG Inventory
	Establishing sustainable partnerships centering on mutual prosperity	• Responded to international initiatives • Held a sustainable supply chain conference with 83 suppliers participating • Publishing 10 CPO letters to communicate ESG expectations to key suppliers	1.1 Company Profile 3.3 Supplier Engagement



1.3 Communication with Stakeholders

Stakeholder interaction

Simplo Technology identifies five major categories of stakeholders based on reference to stakeholder engagement standards, including: Customers, suppliers, employees, shareholders/investors, and government agencies. Further adjustments will be made as necessary following the annual review of stakeholder classification and their relevant concerns and issues. The implementation status in 2023 are as follows:

Stakeholders	Significance to the Company	Issues of concern	Communication frequency and method		Implementations in 2023
 Customers	Earn the trust of customers through innovative technology, high-quality products, and services. Customer feedback is invaluable to us as it guides our continuous improvement efforts.	- Supply chain sustainability management - Product quality and service - Green products, product carbon footprint - Green production - Climate change response - Customer privacy and information security	[Regular]	Technical/business meetings (QTR/QBR/MBR)	1. Daily emails and customer visits 2. Participated in 45 QBR/QTR/MBR meetings 3. Responded to 36 customer questionnaires (10 online questionnaires) 4. Occasional customer sustainability issue exchange
 Suppliers	We aim for mutual growth with suppliers, partnering together to fulfill corporate social responsibilities hand in hand.	- Responsible procurement - Hazardous substance management - Conflict mineral management - Supplier sustainability rating/audit	[Regular]	Supplier evaluation	1. One sustainable supply chain communication conference, attended by 83 suppliers online 2. 33 suppliers received ESG evaluations 3. RBA audited 27 companies 4. The "Supplier Code of Conduct Commitment" signing rate was 95%. 5. Sustainability management objectives communication (10 CPO letters)
 Shareholders/investors	Upholding the spirit of ethical corporate management, ensuring transparency of operational information, establishing a good interactive relationship with shareholders and investors, and maintaining a sound supervisory mechanism to protect shareholders' interests.	- Operational performance - Dividend policy and payment - Management policy - Information transparency - Investment plan - Ethical management	[Regular]	Shareholders meeting Annual report Investor conference	1. One shareholders' meeting held 2. Two investor conferences held 3. Publication of the Annual Report for the 2023 Shareholders' Meeting 4. 3 questionnaires for investors 5. Invited to share 1 session of the sustainable investment forum

Stakeholders	Significance to the Company	Issues of concern	Communication frequency and method		Implementations in 2023
 Employees	Committed to caring for employees, providing competitive remuneration and benefits, and nurturing outstanding talent to enhance the Company's operational performance and efficiency.	• Occupational health and safety • Employee benefits • Professional skills education and training • Labor-management communication • Green life	[Regular] [Occasionally]	Employee health checkup, Labor-management meetings, Welfare Committee meeting Internal email, website bulletin board, Education and training, Company website	1. One annual employee health checkup, four labor-management meetings, and four Welfare Committee meetings. 2. 5 employee activity registration forms and 1 group meal satisfaction survey 3. A total of 24 issues of e-newsletter have been distributed, 45 issues of the ESG news report, and the issue if the Group's e-newsletter
 Government agencies	Complying with laws and regulations, establishing a good corporate reputation, and fulfilling corporate sustainability and global citizenship responsibilities.	• Corporate governance • Risk management • Occupational health and safety • Legal compliance • Energy management	[Occasionally]	Official documents Email Briefings MOPS	1. Filing on the MOPS 2. Participate in government briefings

Simple held a face-to-face engagement with investors

In 2023, Simple Technology was invited to participate in the MSCI Investment Forum of Cathay Life Insurance to share its ESG achievements. Simple Technology's MSCI rating has grown significantly over the past three years, from B in 2021 to BB in 2022, and was rated BBB in 2023. This forum was the first time that Simple Technology held ESG engagement face-to-face with investors, promoting diverse channels of external communication.





1.4 Material Topics Analysis

Process to Identify Material Topics

In 2023, the materiality identification results conducted in 2022 were continued as the basis for information disclosure in the report.

© Materiality identification process

01

Collect and summarize sustainability issues

The task force of Simplo Technology's CSR Sustainability Committee refers to the Global Reporting Initiative Standards (GRI Standards), the Responsible Business Alliance's (RBA) Code of Conduct, the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), the Corporate Governance Indicators of the Taiwan Stock Exchange, and the Company's sustainability goals to aggregate 24 sustainability issues.

02

Investigation of material issues

The questionnaire was used to quantify the significance of impacts. The survey content are as follows:

1. 2022 Material Issues Level of Concern Questionnaire

A survey was conducted to assess the level of concern of 5 key stakeholders on 24 sustainability issues, receiving a total of 158 valid feedbacks.

2. Impact Assessment Questionnaire

Through the impact assessment questionnaire, the CSR Sustainability Committee further evaluated the degree and probability of "actual", "potential", "positive" and "negative" impacts on the external economy, environment, human rights, Simplo Technology's own operations, as well as the individuals or groups that will (or may) be affected if each topic has a positive or negative impact.

03

Identification of material topics

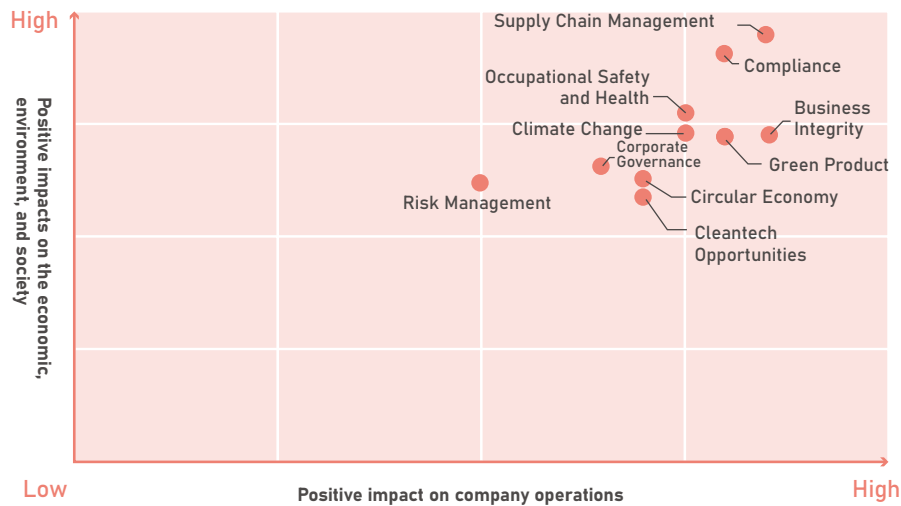
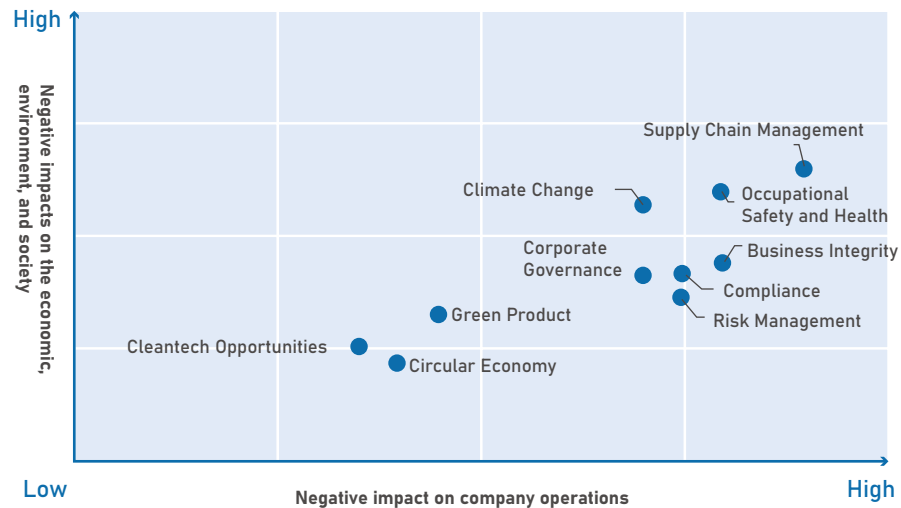
After consolidating the survey results, impact assessments were ranked, utilizing the dual materiality principles from the Draft European Sustainability Reporting Standards (ESRS). The X-axis measured the positive impact on company operations, while the Y-axis assessed the positive impact on the economy, environment, and society. A materiality matrix was then plotted to identify 10 material issues, reviewed by the internal sustainability team in alignment with international trends.

04

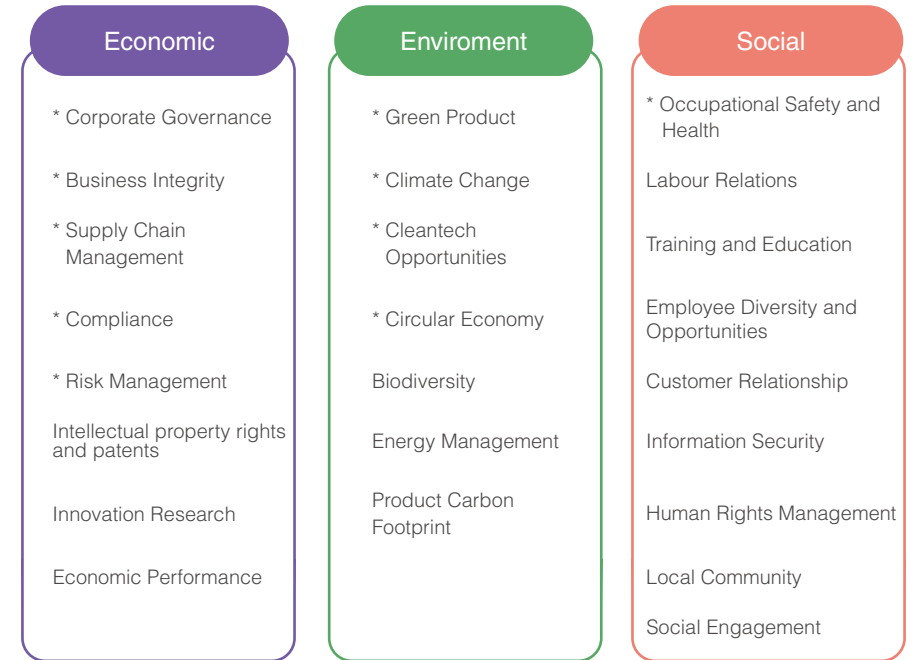
Material issue target setting and management

Based on the results identification results, material issue management guidelines and objectives are established and reported to the CSR Sustainability Committee and the Board of Directors. The management policies and objectives for future material issues will undergo annual review. The identification process for material issues will assess execution frequency based on circumstances, to evaluate the extent of positive and negative impacts of these issues. This approach allows the management team to allocate resources effectively and provides stakeholders with a review of operational effectiveness.

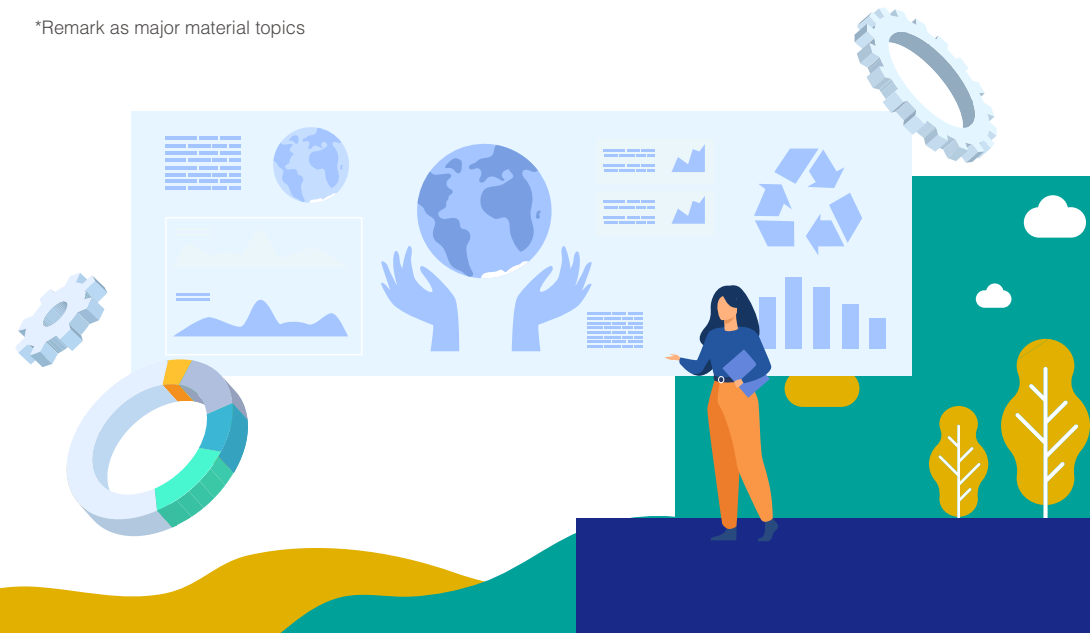
Material Topics Matrix



Material Topics



*Remark as major material topics





Value chain impact description

○ Indirect impact ● Direct impact

Material topics	Impact on the value chain	Corresponding to GRI	Impact on the value chain			
			Upstream	Operation		Downstream
			Supplier	Headquarter	Factory	Client
Economic						
Compliance	Simplo complies with ESG and product-related laws and regulations to reduce the risk of penalties or impact on reputation.	416-2, 417-2	○	●	●	○
Risk Management	Simplo has established risk management mechanism to minimize the risks that may affect the company's operations.	201-2	○	●	●	○
Business Integrity	Simplo commits integrity management and implements relevant education, training and management mechanisms.	205-1, 205-3, 206-1	○	●	●	○
Supply Chain Management	Simplo establishes a sustainable supply chain management system, and integrates the ESG assessment of suppliers into the procurement decisionmaking process to reduce impacts.	204-1, 308-1, 308-2, 414-1, 414-2	●	●	●	○
Corporate Governance	Simplo strengthens the functions of the board of directors, and enhances sustainable governance responsibilities.	201-1, 201-3	○	●	●	○
Enviroment						
Climate Change	Simplo identifies climate change risks and opportunities, and implements energy-saving and emission-reduction actions.	305-1~305-5	●	●	●	○
Cleantech Opportunities	Simplo creates opportunities to enter new markets.	302-1~302-4	○	●	●	○
Material Circular Economy	Simplo has introduced a recycling mechanism for raw materials and package to increase the recycling rate of waste.	301-1	●	●	●	○
Green Product	Simplo integrates product life cycle thinking into product design and implements product carbon footprint projects.	416-1	●	●	●	●
Society						
Occupational Safety and Health	Simplo strengthens OSH management to reduce occupational accidents, occupational diseases, and industrial safety accidents.	403-1~403-9	●	●	●	○

Material topic objectives and performances

Material topic	Actions	Achievements in 2023	2026 objectives	Responding section
Compliance	Regularly collect regulatory trends and review regulatory changes related to operations	Compliance with regulatory requirements, with no occurrence of major violations.	1. Regulatory identification 100%. 2. No major violations.	2.2 Business Integrity
Risk Management	1. Release "Risk Management Policies and Procedures" 2. Establish a risk management team 3. Execute enterprise risk assessment questionnaire	Report to the Board of Directors to set up a risk working group to regularly review risks and countermeasures.	Zero major information security incidents affecting corporate operations.	2.4 Risk Management
Business Integrity	1. Enhance Code of Conduct and Business Integrity 2. Organize employee education and training	5,806 employees participated in 10,726 hours of anti-corruption education and training and 6,743 participated in RBA education and training.	No violations of ethical corporate management or anti-corruption incidents occurred.	2.2 Business Integrity
Supply Chain Management	Hold a sustainable supply chain communication conference and invite 83 suppliers and nearly 200 partners to participate	1. Conducted the sustainability management questionnaire survey for 33 suppliers 2. Executed supplier RBA audits of 27 suppliers 3. Rated "A-" in the Supplier Engagement Rating (SER) by CDP 4. Send a letter from CPO	13% reduction in GHG emissions from Scope 3 purchased goods and services.	3.1 Supply Chain Management
Corporate Governance	1. Participate in Corporate Governance Evaluation 2. Enhance information transparency	Ranked in 6% to 20% of the 10th Corporate Governance Evaluation.	1. Ranked in the top 5% of the Corporate Governance Evaluation. 2. Increase at least one the ratio of female directors.	2.1 Governance Operation



Material topic	Actions	Achievements in 2023	2026 objectives	Responding section
Climate Change	1. ISO 14064-1 GHG verification 2. SBTi carbon reduction targets 3. CDP climate questionnaire 4. RE100 5. TCFD	1. Passed the SBTi target review. 2. Joined RE100 initiative. 3. CDP climate change assessment received "B" management grade.	1. Compared to the base year of 2020, there has been a 51% reduction in Scope 1 and 2 GHG emissions and 25% reduction in Scope 3 GHG emissions from purchased goods and services. 2. RE80	4.1 Climate Change Strategy
Cleantech Opportunities	1. Install own solar photovoltaic systems 2. Positioned the new business of energy storage	1. Cumulative capacity of solar photovoltaic systems is 10.8 MW. 2. New energy storage production line.	1. Strengthen the integrity of the supply chain and optimize production configuration to increase the resilience of corporate operations. 2. Continue existing core advantages and extend into the field of green energy, including: LEV, BBU and large data centers, and explore growing markets such as energy storage systems.	4.3 Energy Management
Material Circular Economy	Continue to increase the recycling rate of PCR plastics and packaging materials to reduce resource consumption.	1. Plastic uses PCR 90% plastic pellets. 2. PET film is made of 100% PET recycled material.	Continuously increase the recycling rate of PCR plastics and packaging materials to reduce resource consumption.	5.1 Green Design
Green Product	1. Design for Product Environment (DfE) 2. IECQ QC 080000 Management System 3. Conduct conflict minerals survey 4. Implement product carbon footprint projects	1. Introduce Design for Environment. 2. Completed 2 product carbon footprint surveys and passed ISO 14067 third-party verification.	In response to standards trends, establish a systematic carbon footprint calculation platform.	5.2 Product Carbon Footprint
Occupational Safety and Health	1. Continuous improve ISO 45001 2. Identification of risks and hazards 3. Enterprise risk management	No major safety accidents.	No major safety accidents.	6.3 Safety and Health

2 Corporate Governance

- 2.1 Governance Operation
- 2.2 Business Integrity
- 2.3 Economic Performance
- 2.4 Risk Management
- 2.5 Information Security





2.1 Governance Operation

Operation of the board of directors

The Board of Directors of Simplo Technology consists of seven directors, including three directors and four independent directors (more than half of the total number of directors). Directors are nominated through a candidate nomination system, and they are elected by shareholders at the shareholders' meeting through voting according to the Procedures of Director Election.

Simplo Technology respects the diversity policy of directors, and appoints directors based on meritocracy. The Board of Directors comprises individuals with diverse and complementary capabilities across various industries, including professionals with qualifications and work experience in management, legal affairs, industry sectors, and accounting. Each director serves a three-year term.

The Board of Directors convenes at least one meeting every quarter, totaling ten meetings in 2023, with an overall attendance rate of 92.86%. In 2023, the shareholders' meeting conducted a comprehensive election of directors, adding two new independent directors and reducing the number of independent directors serving more than three consecutive terms. This initiative aimed to continually strengthen the structure and operations of the Board of Directors.

Management objectives	Achievement status
More than half of the total number of independent directors	Achieved
There shall not be less than one director of different gender	Not yet achieved ^{Note}
Directors who also serve as company managers should not exceed one-third of the total board seats	Achieved

Note: Increase the proportion of female directors as term expire

Pursuant to the Rules of Procedure of the Board of Directors and the Audit Committee Charter, directors or committee members who have any interest themselves or on behalf of the corporation they represent in the agenda of the meeting shall explain the important content of their interests on site, recuse themselves from discussion and voting, and may not exercise voting rights on behalf of other directors or committee members.

All four independent directors of Simplo Technology meet the requirements of independence. In addition, one of the directors serves as a manager of the Company to support business development and operational needs. The Company has formulated the Rules Governing the Scope of Powers of Independent Directors, specifying that "when an independent director objects to or expresses reservations about any matters, it shall be recorded in the minutes of the board meeting," "the Company or the board may not obstruct, refuse, or evade the actions of independent directors in business execution," and "where independent directors deem it necessary for business execution, independent directors may request the board to appoint relevant personnel or may themselves hire professionals for assistance." This ensures that independent directors can fulfill their duties and effectively enhance the operation of the board and the Company's operating performance.

Board of Directors	Audit Committee	Remuneration Committee
7 members	4 members	3 members
10 meetings were held	8 meetings were held	4 meetings were held



Diversity of the board of directors

Names of directors	Basic composition							Industry experience				Professional capabilities	
	Nationality	Gender	Holding employee position	Age				Battery module industry	Management and decision-making skills	Marketing and business promotion	Financial management	Lawyer	Accountant
				41 to 50 years old	51 to 60 years old	61 to 70 years old	71 to 80 years old						
Sung, Fu-Hsiang	R.O.C.	Male	V				V	V	V	V	V		
Bon Shin International Investment Co., Ltd. Representative: Wu, Yi-Zuo	R.O.C.	Male			V			V	V	V	V		
Chen, Tai-Ming	R.O.C.	Male			V			V	V	V	V	V	
Independent Director Wang, Chen-Wei	R.O.C.	Male				V		V	V	V	V		
Independent Director Lin, Pi-Jung	R.O.C.	Male				V		V	V	V	V		V
Independent Director Chiu, Kuan-Hsun	R.O.C.	Male		V				V	V	V	V		
Independent Director Chu, Chih-Hao	R.O.C.	Male			V			V	V	V	V		



Functional Committees

◎ Remuneration Committee

Simplo Technology has established the "Remuneration Committee" in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". Members of the Committee are appointed by the Board of Directors. With Independent Director Chiu Kuan-Hsun as the convener, and independent directors Wang Chen-Wei and Lin Pi-Jung as committee members, four meetings were convened in 2023, with an overall attendance rate of 91.67%.

Members of the Remuneration Committee shall, with a duty of care, faithfully perform the following powers and submit their recommendations to the board for discussion:

1. Regularly review the Remuneration Committee Organizational Charter and propose amendments as necessary.
2. Set and regularly review the annual and long-term performance targets, and the policies, systems, standards and structures of the remuneration of the Company's directors, supervisors and managerial officers.
3. Regularly review the achievement of performance targets of the Company's directors, supervisors and managerial officers and determine the content and amount of their individual remuneration.

◎ Remuneration policy

According to Simplo Technology's "Remuneration Management Regulations", aligning with corporate governance and sustainable business development, a reasonable remuneration framework is established. This includes the "Procedures of Manager Performance Evaluation", which effectively assess the manager performance, enhance operational efficiency, strengthen responsible management, and serve as a basis for remuneration, promotion incentives, and career development.

1. Purpose of the procedures : To incentivize managers to achieve and exceed company goals, create profits, enhance operational performance, and consider the reasonable correlation with future risks. Regular evaluations of manager remuneration are conducted in accordance with these goals.
2. Review process: The management procedures, systems, standards, and structures of remuneration are deliberated by the Remuneration Committee and subsequently submitted to the Board of Directors for approval. The Remuneration Committee consists of three independent directors and does not engage additional remuneration consultants.



3. Salary structure:

- (1) Remuneration includes cash remuneration, stock options, dividends and stock ownership, retirement benefits or severance pay, various allowances, and other substantial incentive measures.
- (2) Year-end bonus: Distributed annually based on the Company's operating performance and with reference to the industry standard.
- (3) Employee remuneration: The manager's remuneration will be paid after a comprehensive evaluation is conducted based on the overall performance within the scope of the manager's duties and the achievement of individual work goals.

Simplo Technology has established the Audit Committee in accordance with the Securities and Exchange Act. The Audit Committee shall consist of all independent directors and shall be responsible for executing the duties specified in the Company Act, the Securities and Exchange Act, and other laws and regulations. With independent Director Chiu Kuan-Hsun as the convener, and independent directors Wang Chen-Wei, Lin Pi-Jung, and Chu Chih-Hao as committee members. All four independent directors meet the qualifications stipulated, including professional qualifications, work experience, independence, and limits on the number of concurrent independent directors' positions. The Committee convenes at least once a quarter and may hold a meeting at any time as needed. A total of eight meetings were convened in 2023, with a total attendance rate of 96.88%.



For relevant information, please refer to the 2023 annual shareholders' report of Simplo Technology

Continuing education for directors

In 2023, Simplo Technology's Board of Directors consisted of seven members, who collectively attended 45 hours of training. The training hours for all directors complied with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". For further details, please refer to page 32 of the 2023 annual shareholders meeting report.

Performance evaluation

To enhance the functionality and operational efficiency of Simplo Technology's Board of Directors, the "Board of Directors Performance Evaluation Procedures" were established in 2020. Annual performance evaluations are conducted for the entire Board of Directors, individual directors, and each functional committee. The evaluation methods include internal self-assessments by the Board of Directors, directors, and members of functional committees. The results of these evaluations serve as reference for individual director remuneration and reappointment. The "Board of Directors Performance Evaluation Results" are disclosed on the Company's website. The comprehensive performance evaluation results for the Board of Directors in 2023 were all rated as "excellent" and were reported to the Board of Directors on March 13, 2024. For more information and results of the board performance evaluation, please refer to the 2023 shareholders meeting annual report and the Company's website.

2.2 Business Integrity

Simplo adheres to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and related ethical guidelines. The Company has established the "Simplo Technology's Procedures of Ethical Corporate Management Best Practice Principles and Code of Conduct", which employees are required to follow. Every employee of the Company is required to sign a commitment to protect intellectual property rights, maintain business information confidentiality, and adhere to the integrity and honesty policy. This measure aims to prevent dishonest behavior such as bribery, acceptance of bribes, improper political contributions, and inappropriate charitable donations or sponsorships. Regularly reports to the Board of Directors on the implementation of the ethical corporate management policy and the prevention of dishonest behavior. Additionally, it conducts educational training and internal advocacy. In 2023, the Company did not experience any bribery or corruption incidents.

Internal audit system

Simplo Technology conducts internal audits in accordance with the "Internal Control System" and other relevant regulations. In accordance with the annual audit plan approved by the Board of Directors, audits are conducted monthly on various operational aspects of the Company. Audit results are reported monthly to the independent directors (Audit Committee members) and quarterly by the Head of Audit to the Audit Committee and the Board of Directors. If necessary, the audit unit will request relevant departments to propose improvement measures and track their implementation.

Business integrity education and training

Simplo Technology follows the "Ethical Corporate Management Guidelines" and the "Procedures of Ethical Corporate Management Best Practice Principles and Code of Conduct", requiring employees to strictly adhere. The Company maintains zero tolerance for corruption, prohibiting any actions that sacrifice corporate interests for personal gain, as well as the acceptance of bribery, fraud, misuse, waste, or misappropriation of company assets. On the day new employees join the Company, they undergo

education and training that emphasizes the importance of ethical corporate management and integrity in operations. They also sign a "Commitment to Integrity and Honesty Policy" as part of the communication and training on anti-corruption policies and procedures.

In the China plant, annual anti-corruption training is provided to all employees, including "RBA Introduction Training" and "Code of Ethics Training". The "RBA Training" is part of the onboarding training for new employees, while "Code of Ethics Training" is a mandatory annual training for departments, with a training coverage rate of 100%.

© Anti-Corruption training in 2023

Site	Number of trainees	Proportion of trained employees
Simplo (Taiwan)	33	9%
Simplo (Chongqing)	2,263	100%
Simplo (Changshu) (including Huapu)	3,072	100%

Note: Percentage of trained employees = number of trainees ÷ total number of employees at the end of the year

Whistleblowing and appeal channels

Simplo Technology has established a dedicated grievance channels, including grievance hotline, e-mail, official Line@ account, new employee return visit, employee suggestion box, and WeChat public platform. These channels facilitate immediate and convenient communication and complaints, aiming to uphold employee rights and promote harmonious development. In 2023, the Company did not receive any complaints or whistleblowing cases related to business ethics or human rights.

The Company has established a whistleblower protection mechanism aimed at ensuring the confidentiality and anonymity of whistleblowers and their reported information. Employees can anonymously or openly report through various grievance channels. Upon verifying the allegations, if found true, immediate actions will be taken to cease the reported behavior and implement appropriate measures. If necessary, legal procedures may be pursued to seek compensation for damages, with reports also provided to the Board of Directors.

Sexual harassment grievance mechanism

Simplo Technology has established the "Sexual Harassment Prevention Measures and Complaint Disciplinary Measures" to maintain gender equality in the workplace. We take appropriate preventive, corrective, disciplinary, and handling measures to ensure the confidentiality of parties involved. We also provide diverse and smooth grievance channels to establish mechanisms for both prevention and post-incident response, thereby protecting the rights of our employees. After investigation, if the sexual harassment is substantiated, appropriate disciplinary or corrective actions will be taken against the accused, depending on the severity of the incident. If the individuals involved require counseling or medical assistance, the Company will refer them to professional counseling or medical institutions for support. There were no complaints related to sexual harassment in 2023.

Compliance

Simplo Technology complies with the relevant laws and regulations of the local government and regularly identifies and audits regulations every six months to ensure compliance. For updates related to financial or tax regulations, the Company consults with Deloitte Taiwan and participates in regulatory update seminars organized by the TPEX to stay informed about the latest standards.

Simplo Technology has established an environmental, safety, health, and sustainability management system to ensure prevention and control of environmental considerations, impacts, and potential risks associated with the Company's activities, products, and service processes. In 2023, there were no incidents of non-compliance with any environmental or labor-related laws.



2.3 Economic Performance

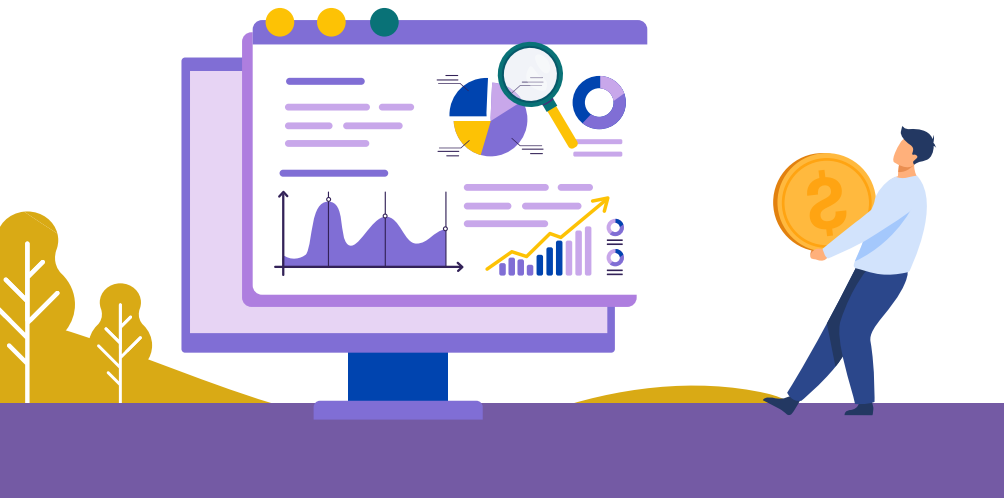
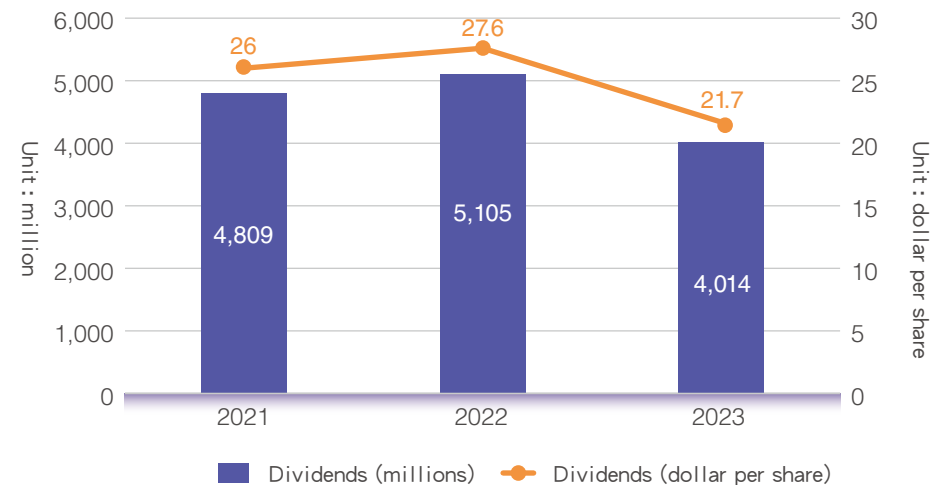
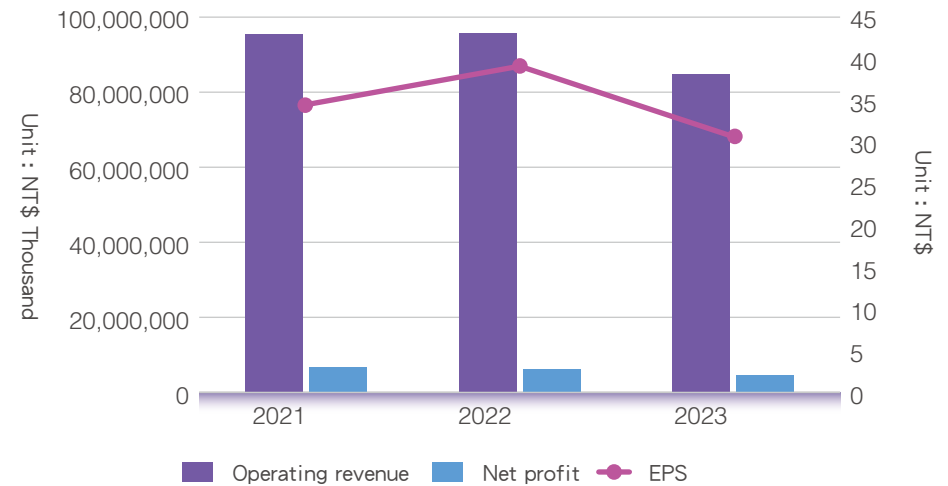
Financial information

Unit: NT\$ Thousand; EPS: NT\$

Year	2021	2022	2023
Operating revenue	95,573,150	95,624,139	84,805,839
Employee salary and benefits	6,675,941	6,152,531	4,670,416
Dividends to shareholders	4,809,233	5,105,187	4,013,860
Government taxes	2,864,706	3,380,576	1,851,182
EPS	34.50	39.12	30.67

Note: 1. The table above is of the data from the consolidated condensed statements of comprehensive income, including subsidiaries of the Group.

2. Source: 2023 Annual Report of Simplo Technology Co., Ltd.

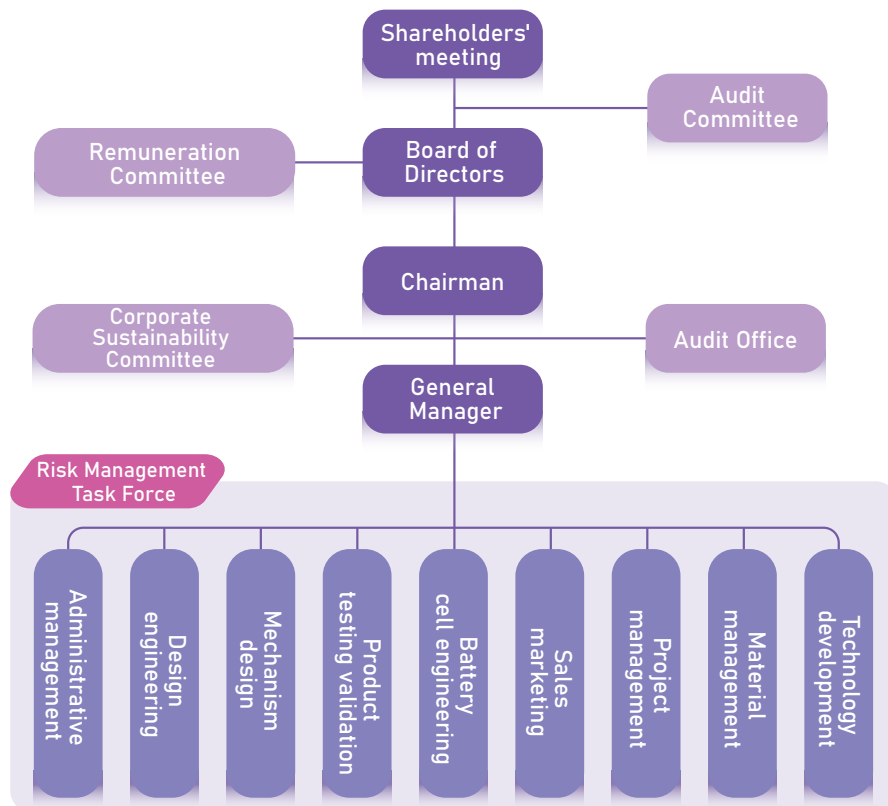


2.4 Risk Management

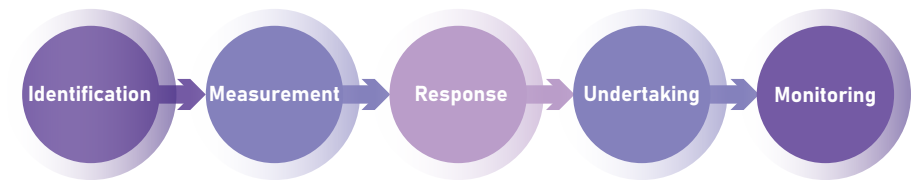
© Risk policy and organization

The risk governance organization of Simplo Technology, with the Board of Directors as the highest management unit, approved the "Risk Management Policy and Procedures" in 2021.

To strengthen corporate risk management capabilities, build corporate resilience, and move towards the goal of sustainable operations, reference ISO 31000 for systematic implementation of risk management, and establish a "Risk Management Task Force" (as shown in the diagram below).



© Risk identification and operation



To strengthen the "Risk Management Task Force's" understanding of risk management, a risk management education and training was held in March 2024. Participants included 55 individuals, such as members of the Sustainability Committee and various department heads. The course content includes: Global risk trends, international risk management standards, FSC's guidelines on risk management for listed companies, and practical aspects of corporate risk management. Conduct risk questionnaires after class and develop countermeasures.

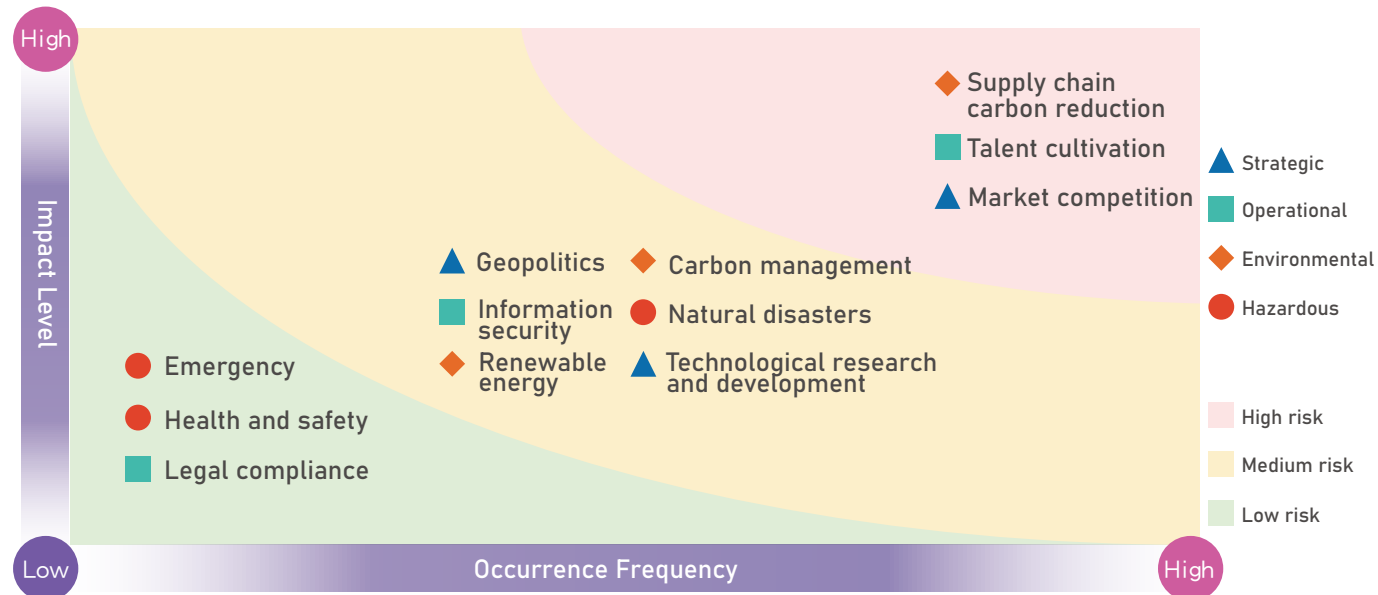




The questionnaire content is based on international trends, customer requirements, regulations, and industry information to identify four major categories of risks, including "Strategic", "Operational", "Environmental", and "Hazardous", which further elaborates on 12 specific risk issues within these categories.

Risk category	Strategic aspect	Operational aspect	Environmental aspect	Hazardous aspect
Issue	Geopolitics	Information security	Carbon management	Emergency
	Market competition	Legal compliance	Renewable energy	Natural disasters
	Technological research and development	Talent cultivation	Supply chain carbon reduction	Health and safety

© Risk Assessment Matrix



Risk response

1. Supply chain carbon reduction
(Refer to: 3.1 Supply Chain Management)

2. Talent cultivation
(Refer to: 6.4 Talent and Education)

3. Market competition
(Refer to: 1.1 Company Profile)



2.5 Information Security

Passed ISO 27001 certification

Simplo (Taiwan) achieved ISO 27001 certification for information security management system in 2023. The scope of certification includes information service infrastructure and information management operational processes. By implementing the information security management system, the Company not only enhances its information security protection but also protects the interests of both the Company and its customers.



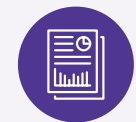
Information security management policy

To protect Simplo Technology's information assets from intentional or accidental damage and to ensure the sustainable corporate operation, information security policy has been formulated to confirm the security of the Company's key information assets, including:



Confidentiality

Ensuring that only legally authorized users can access information.



Integrity

Ensuring the correctness and integrity of information and information processing methods.



Availability

Ensuring that authorized users have access to information and related assets whenever needed.



Compliance

All personnel must comply with relevant laws (such as the Trade Secrets Act, Copyright Act, and Personal Data Protection Act).



Information security management framework

Simplo Technology holds monthly information security meetings to review the implementation status of information management plans and regularly discusses information security-related issues. The Audit Office serves as the auditing unit for overseeing information security, conducting annual audits on internal control systems to assess the effectiveness of the Company's information operational control.

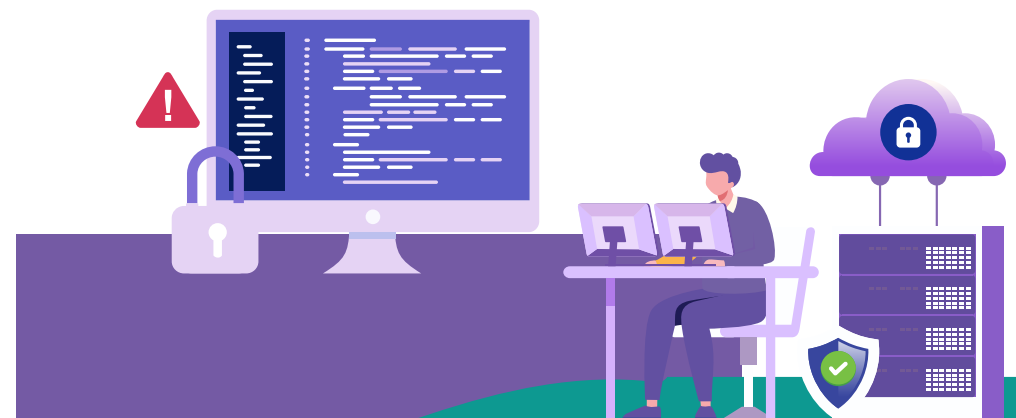
Specific management plan for information security

Simplo Technology ensures the confidentiality, integrity, and availability of company information data through the following measures:

Use of computer system resources	Regulate the use of computer system resources required by colleagues for work purposes.
Data backup and disaster recovery	Regulate control requirements for information data backup operations, assign responsibilities to relevant units, and require management personnel to conduct regular (occasionally during a six-month period) disaster recovery tests.
Computer virus management	Regulate the Company's practices for preventing computer viruses.
Email management	Regulate email usage rules.
Internet access management	Regulate internet usage to require application and approval.
Remote access management	Regulate that company employees requiring access to internal services from remote locations due to business trips or other official needs must use VPN for security purposes over external networks.
Data center management	Regulate that the data center must implement access control measures, manage access permissions for personnel without specific data center entry rights, and conduct routine management operations such as monitoring temperature and humidity, UPS uninterruptible power systems, and operational status of data center environment and equipment.

Information security training and promotion

New employees of the Company will receive basic information security education and training upon joining. In addition, the IT Department conducts information security awareness campaigns occasionally for current employees through the Company's internal portal or email. The topics of awareness include information security policies, secure email usage regulations, internet usage safety regulations, remote secure operational procedures, and general information security (including: trends in information security, social engineering awareness, and OA information security management).



3 Sustainable Supply Chain

3.1 Supply Chain Management

3.2 Supply Chain ESG Risk Assessment

3.3 Supplier Engagement





3.1 Supply Chain Management

Sustainable supply chain management

Global ESG sustainability issues continue to receive significant attention. Countries and companies are actively initiating carbon reduction actions in response to climate change, with many committing to net-zero emissions targets. The scope of carbon reduction efforts is also expanding to include supply chains. Simplo Technology promotes a sustainable supply chain policy. Suppliers are selected according to the "Supplier Management/Evaluation and Assessment Procedures". Regular audits of suppliers are conducted to ensure compliance with evaluation procedures, and ESG surveys are sent out to understand supply chain risks.

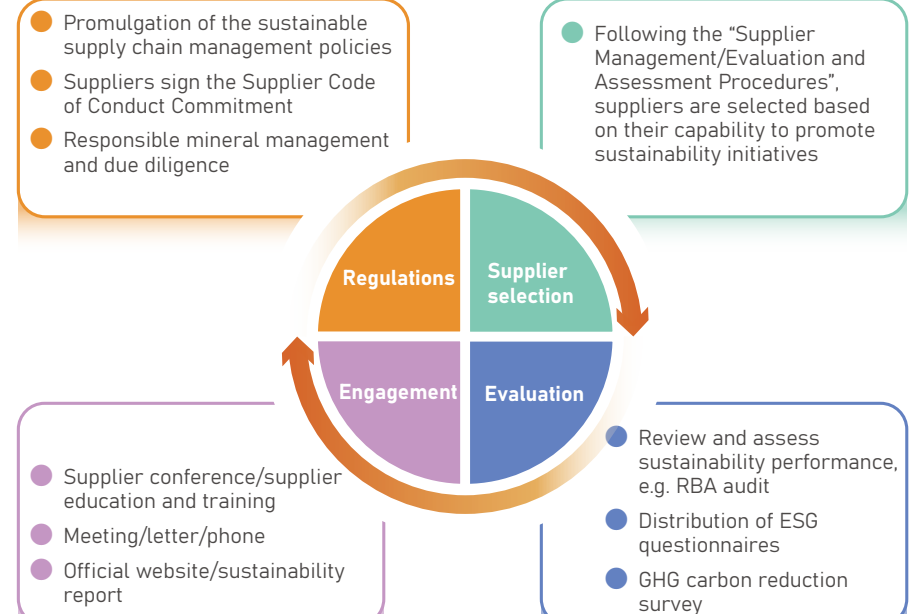
Sustainable Supply Chain Policy

The supply chain is an important partner for the sustainable development of Simplo Technology. We take quality, cost, technology, service, and delivery into account, while cooperating with supply chain partners to implement the sustainable development of ESG to protect the environment, safeguard human rights and comply with ethical codes, realize our sustainable vision, and enhance sustainable competitiveness.



◎ Implement a sustainable procurement strategy based on the ISO 20400 sustainable procurement guidelines

Simplo Technology utilizes the ISO 20400 sustainable procurement guidelines to assess sustainability risks, organizational needs, and market potential in procurement activities. This establishes a distinctive sustainable procurement strategy tailored to the Company's characteristics, serving as the initial step in promoting ESG management across the supply chain.

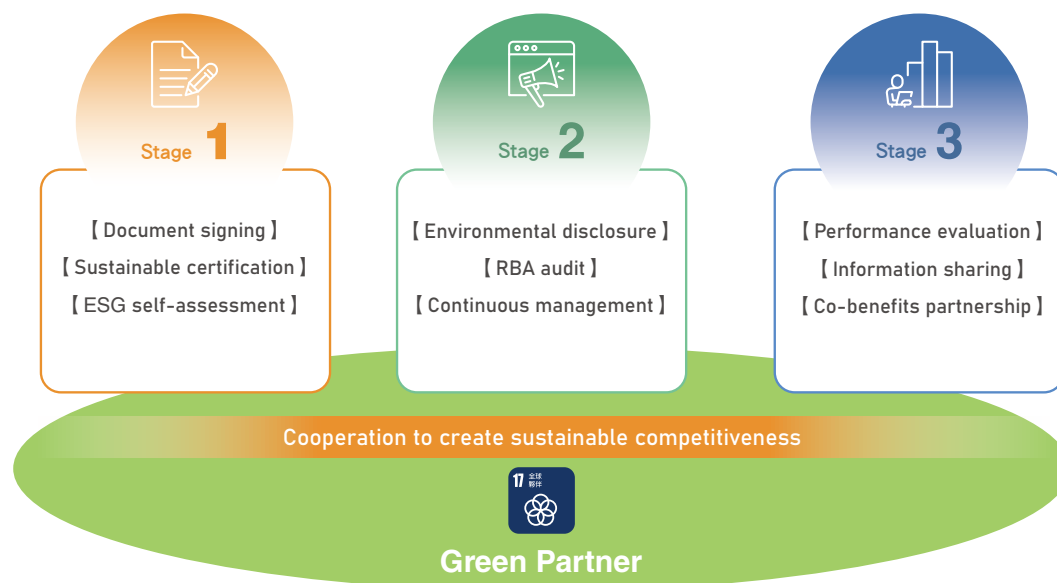


Four major strategies of supply chain management

Simple Technology aims to deepen sustainable supply chain management by developing four major management strategies tailored to industry characteristics, including: Climate action, environmental sustainability, partnership for prosperity, and risk management. Additionally, we have established a three-stage promotion goals.



Three-stage promotion goals



Supply chain overview

To ensure supply stability, Simple Technology carefully selects new suppliers and is committed to cultivating long-term partnerships. Together, we aim to establish a stable and sustainable supply chain, thus achieving the Company's sustainability goals.

◎ Procurement amount in 2023

Type	Procurement region	Percentage of procurement amount (%)
Raw materials	Local procurement in Taiwan	96%
	Local procurement in China	95%

Note:

- Simple Technology's main production locations are located in China and Taiwan. Local means suppliers in China and Taiwan, while non-local suppliers are not located in China or Taiwan.
- Procurement regions are determined based on the location of invoices for procurement.

◎ Weight of raw materials in 2023

Material item	Weight (kg)
Battery cell	19,436,003.42
IC chip	2,883.32
Plastic	664,715

Note:

- Battery cells are estimated by weight based on their average capacity conversion.
- IC chip is the weight of the total parts.
- Plastic is the total weight of the parts.



3.2 Supply Chain ESG Risk Assessment

Selection of new suppliers

Simple Technology evaluates new suppliers based on sustainability, quality, delivery, schedule, price, engineering and technical capabilities, and other criteria. Suppliers with good market reputation and environmental management systems can be directly included as qualified suppliers. Suppliers who do not meet the criteria must make improvements within a specified period before they can be formally included as qualified suppliers. In 2023, all 23 new suppliers were selected following the "Supplier Management/Evaluation and Assessment Procedures" in their entirety.

Supplier code of conduct

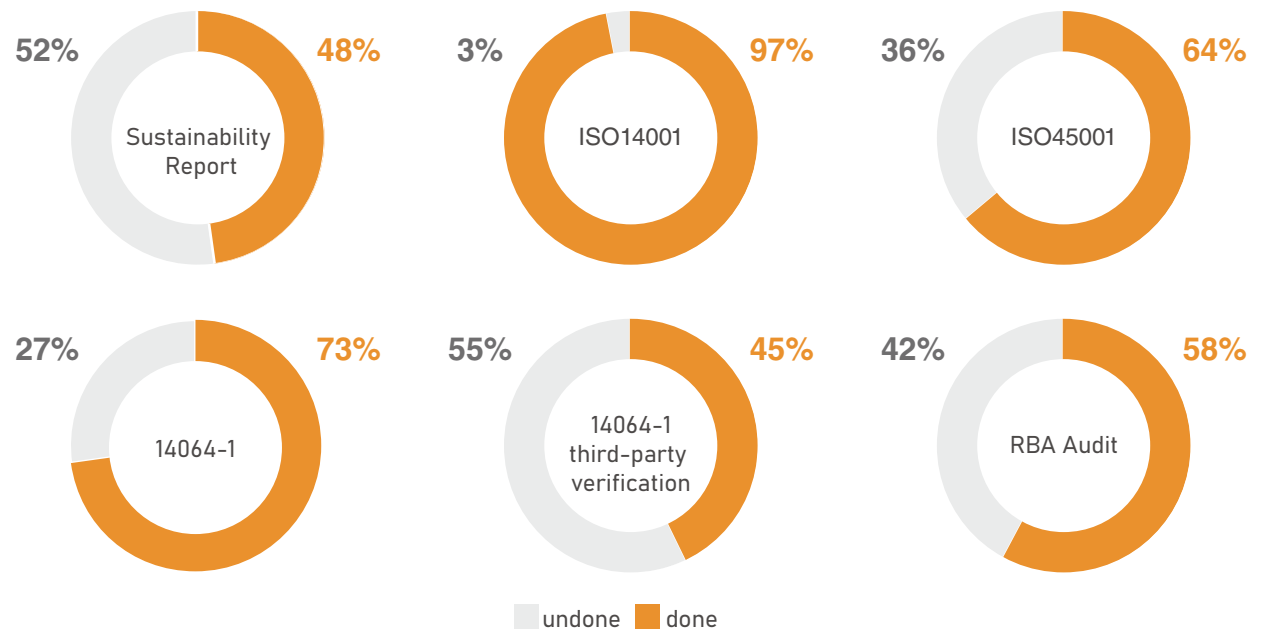
Simple Technology views suppliers as important partners and extends the principles of sustainable business into supply chain management. Specific methods and goals for sustainable supplier management have been established accordingly. Simple Technology has adopted the RBA Code of Conduct as a reference and formulated the "Simple Technology Supplier Code of Conduct Commitment". For suppliers who have transactions with the

Company, they must sign the Code of Conduct Commitment, declaring their commitment to business integrity and compliance with environmental, economic, and human rights standards. Since 2022, suppliers have been required to sign the "Supplier Code of Conduct Commitment". As of 2023, a total suppliers have signed this commitment, achieving a signing rate of 95%.

Supplier sustainability management survey

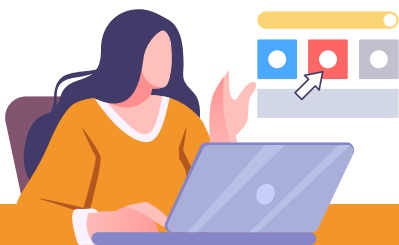
In 2023, questionnaires were distributed to suppliers accounting for 85% or more of the procurement amount, totaling 33 suppliers. These include 5 battery cell suppliers, 20 electronics manufacturers, and 8 institutions, respectively.

According to the results of this questionnaire survey, 16 suppliers (48%) have issued sustainability reports, 32 suppliers (97%) have obtained ISO 14001 certification, and 21 suppliers (64%) have obtained ISO 45001 certification; they have implemented carbon A total of 24 suppliers (73%) were inspected, of which 13 (45%) had undergone external verification; 19 suppliers (58%) had undergone RBA audits.



Supplier RBA management

Simple Technology has become a member of the Responsible Business Alliance (RBA) since 2021. In addition to its own compliance with the RBA Code of Conduct, it also promotes the sustainable management of the supply chain. It has promoted the RBA requirement at the 2023 Sustainable Supply Chain Communication Conference.



2023 RBA audit results

Simple Technology conducts annual audits for the top 70% of suppliers by procurement amount. The audit team is composed of departments such as management, EHS, and sustainability. Audit methods include on-site inspections or remote document reviews. The RBA audit implementation principle prioritizes on-site audits for suppliers with manufacturing plants located in China. For suppliers located outside China and IC design firms not directly involved in production, remote audits are conducted.

Simple Technology conducted a total of 27 supplier audits in 2023. According to the audit results, they were divided into three levels of red, yellow, and green, and they were managed according to different levels. In the 2023 audit results, there were no red-light disqualified manufacturers. There were a total of 205 non-compliant issues identified, with the highest proportions found in the "labor" and "health and safety" aspects. These issues included overtime work violations, incorrect calculation or deduction of wages, emergency drill plans not covering all employees, and blocked emergency exits or evacuation routes. Regarding the non-compliant issues, suppliers

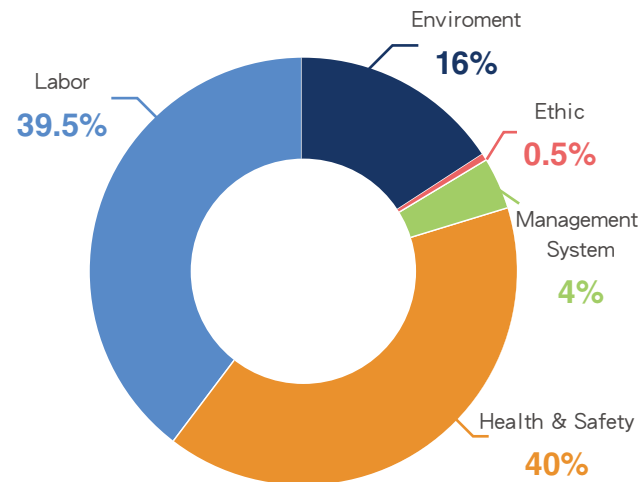
have been requested to provide improvement plans and their implementation is being monitored to ensure all deficiencies are effectively addressed. In response to common deficiencies among suppliers, we have planned to conduct relevant courses to provide guidance and assistance for their improvement. This initiative aims to foster shared resources and mutual growth.

Supplier classification assessment

(green light - compliant, yellow light - observational, red light - non-compliant)

© Supplier audit findings in 2023

Category	Items	%
Labor	81	39.5
Health & Safety	82	40
Enviroment	33	16
Ethic	1	0.5
Management System	8	4



Responsible mineral management and due diligence

Simple Technology implemented the Responsible Business Alliance (RBA) Responsible Minerals Initiative (RMI) program to conduct RCOI to identify smelters/refiners. All records were maintained in the system database. Long-term relationships with most suppliers are established for leverage and compliance. The Company has not purchased virgin refined ore from the Democratic Republic of the Congo (DRC), Covered Countries (CC), or any other country/area.

Suppliers are required to sign the "Conflict Minerals Declaration". The Company declares and requires suppliers that all 3TGs, cobalt and mica contained in products must be conflict-free minerals that have been reviewed and certified by the approved RMI (Responsible Minerals Initiative, former Conflict-Free Sourcing Initiative) recognized by specific third-party



international organizations such as the Responsible Business Alliance (RBA). This requirement has been incorporated into the Regulations of Hazardous Substances Management. As of 2023, the signing rate of the Conflict Minerals Declaration by key suppliers was 92.39%.

Simplo Technology adopts guidelines from the Organization for Economic Co-operation and Development (OECD) and implements measures including establishing management systems, identifying and assessing risks, and designing/implementing response strategies. In accordance with the OECD guidelines, due diligence is conducted on the procurement of all conflict minerals including Tantalum, Tin, Tungsten, Gold (collectively known as 3TGs), as well as Cobalt, and Mica. This process applies to all minerals present in the Company's products sourced from the supply chain. In 2023, due diligence was conducted on 184 direct suppliers, achieving a 100% response rate. The management and due diligence results of conflict minerals in the supply chain have identified 223 3TGs smelters, 50 cobalt mines, and 2 mica smelters. The smelter/refinery list announced by the RMI is subject to change, with entities sometimes being removed from the qualified list. Therefore, we have introduced RPA automation to regularly monitor the latest smelter information published on the RMI's official website. This ensures that our system maintains the most complete and up-to-date first-hand information. We also employ rolling automation management to restart the supplier survey for those that no longer meet the criteria, ensuring that the submitted data from vendors complies with the latest regulations and customer requirements. Together, we uphold corporate responsibility to prevent inhumane and human rights-violating incidents, thereby creating a sustainable enterprise.



3.3 Supplier Engagement

Sustainable Supply Chain Conference

In June 2023, Simplo Technology held a Sustainable Supply Chain Communication Conference, themed "sustainability core, partners co-prosperity". The conference unveiled Simplo Technology's Sustainable Supply Chain Management Policy and conducted a signing ceremony to kick off the sustainable supply chain initiatives, witnessed by supplier partners. A total of 83 suppliers and nearly 200 participants attended the event online. This conference also provides RBA education and training for suppliers to explain the relevant requirements of five major aspects: labor, health and safety, environment, ethics, and supply chain management.



Definition of Key Suppliers

Based on 1. procurement volume, 2. key components, and 3. irreplaceability, the selection criteria for key suppliers define three main categories: battery cells, electronics, and mechanical components.

Key supplier management

According to the definition of key suppliers, 4 battery cell suppliers, 5 electronics suppliers, and 1 mechanical components supplier were selected, making a total of 10 suppliers. The CPO sent "Simplo Technology's expectations for suppliers on ESG to key suppliers", outlining sustainability goals for 2024 to 2026.

Simplo Technology will continue conducting sustainability surveys of its suppliers, implementing selection, evaluation, and engagement process. We following the ISO 20400 sustainable procurement principles, conducting regular audits to promptly assess supply chain risk conditions. Through communication, guidance, and training, we aim to collaborate with supply chain partners to enhance operational resilience together.



4 Environmental Sustainability

- 4.1 Climate Change Strategy
- 4.2 GHG Inventory
- 4.3 Energy Management
- 4.4 Pollution Prevention

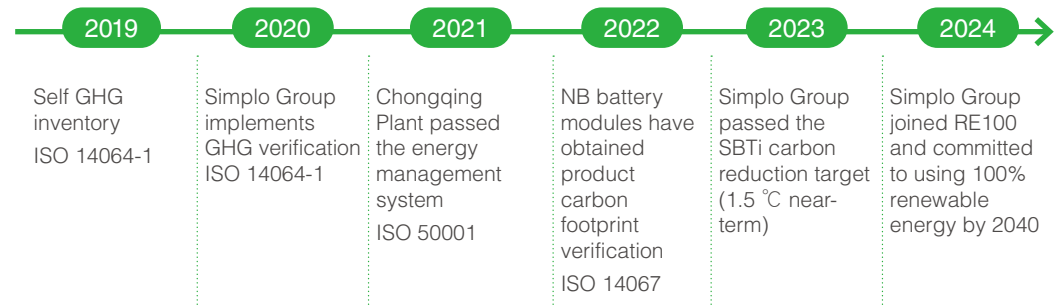




4.1 Climate Change Strategy

Climate change adaptation

© Carbon management history



Task Force on Climate-Related Financial Disclosures (TCFD)

Simplo Group references the core elements of TCFD for disclosing information related to "climate governance, strategy, risk management, and goals". This helps assess climate-related risks and opportunities affecting business operations, formulate strategies and actions to address climate change, enhance transparency in disclosure, and implement corporate climate governance effectively.

© I. Governance_Disclose the organization's governance status of climate-related risks and opportunities

Item	Description
a) Board of directors supervision methods b) Management roles	1. Regularly report on the results to the Board of Directors The Board of Directors serves as the highest decision-making body for climate risk management, supervising and guiding the Company's climate strategy and the progress of climate-related objectives. 2. Material issue management The management regularly reviews climate risk issues, incorporating them into material issue management through the operation of the CSR Sustainability Committee.

© II. Strategy_ For material disclosures, reveal the potential and actual impacts of climate-related risks and opportunities on the organization's operations, strategies, and financial planning

Item	Description
a) Climate-related risks and opportunities b) Impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning c) Climate scenario analysis	1. According to the internal risk control and management timeline, short-term is defined as 1 to 3 years, mid-term as 3 to 5 years, and long-term as 5 to 10 years. Collect stakeholder needs and climate change issues accordingly. 2. Assess climate change scenarios and evaluate related risks and opportunities based on the TCFD framework.

© III. Risk management_ Disclose how the organization identifies, assesses, and manages climate-related risks

Item	Description
a) Evaluation process b) Management process c) Risk management system	- Referencing ISO 31000 risk management guidelines, establish a quantitative risk assessment method. Utilize the operation of a risk working group to conduct risk assessments, enabling risk monitoring and management - Risk identification process - Establish a risk working group composed of managers and above from various departments. This group will report its operations to the Board of Directors. - Conduct inventory and verification of Scope 1, 2, and 3 GHG every year - Launch product lifecycle inventory and improvement of critical areas

© IV. Indicators and targets - For material information, disclose indicators and targets for assessing and managing climate-related risks and opportunities

Item	Description
a) Indicators for assessing climate-related risks and opportunities b) GHG emission volume Goal implementation review	- Passed the review of the SBTi (1.5 °C near-term) target, using 2020 as the base year, aim to reduce absolute Scope 1 and 2 GHG emissions by 51% by 2030. Additionally, reduce absolute Scope 3 emissions related to "purchased goods and services" by 25%. - Joining RE100 and committing to use 100% renewable energy in global operations of Simplo Group by 2040. - Conduct annual organizational ISO 14064-1 GHG inventory and verification to review progress towards carbon reduction targets. - Continuously engage with suppliers to achieve supply chain management goals.(refer to 3.1 Supply Chain Management)

Addressing climate risks and opportunities

© Financial impacts and response to climate-related risks

Type	Climate-related risks	Potential financial impact	Response actions
Transformation risk	Policies and regulations - Carbon pricing: Carbon fees/taxes - GHG - Electricity conservation requirements for large consumers	Responding to regulatory requirements leading to increased operational costs.	- Energy conservation and carbon reduction solutions - ISO 50001 continuous improvement - Installation of renewable energy (PV) in the plant - Purchase renewable energy certificates
	Technology - Investment in new technology - Costs of low-carbon transformation	- Customers request the use of renewable energy - The increased cost of developing low-carbon products - Costs incurred from new process development	- Low-carbon technology transformation and introduction of low-carbon processes - Management of circular resource use and reuse - Responding to international ecolabelling requirements
	Market - Changes in customer behavior - Market information uncertainty - Increased raw material costs	- Customer and market demand changes affecting orders - Uncertainties such as green inflation	- Assessing new markets for green transformation - Developing energy storage business to meet market demand
	Reputation Impact on the Company's image	Inability to meet customer or stakeholder expectations leading to revenue decline.	- Increase stakeholder trust - Enhancing transparency of disclosure of sustainability information - Engaging deeply in external communication with stakeholders - Strengthening external ESG performance evaluations



Type	Climate-related risks	Potential financial impact	Response actions
Physical risk	Immediateness Extreme weather led to an increase in abnormal rainfall and droughts	1. Decreased production capacity or disruptions (e.g. shutdowns, transportation difficulties, supply chain interruptions) 2. Impact on the workforce (e.g. health and safety, absenteeism)	• Enhance emergency response capabilities • Ensuring safety inventory in the supply chain to avoid supply chain disruptions
	Long-term Extreme variability in climate patterns	Chronic climate change (e.g. average temperature rise/sea level rise)	• Enhance emergency response capabilities • Ensuring safety inventory in the supply chain to avoid supply chain disruptions



© Financial impacts and response to climate-related opportunities

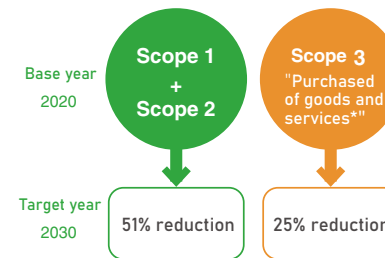
Type	Climate-related opportunities	Potential financial impact	Response actions
Resource efficiency	Improve operational management efficiency	1. Enhance resource usage efficiency 2. Increase production capacity and increase revenue	• Introducing post-consumer recyclable plastic materials (PCR) and reusable packaging materials (Tray)
Energy sources	Using low-carbon energy and evaluate participation in the carbon trading markets	1. Reduce the risk of GHG emissions 2. Increased investor confidence, enhanced reputation, and higher demand for products and services	• Energy conservation and carbon reduction solutions • ISO 50001 continuous improvement • Installation of renewable energy (PV) in the plant • Purchase renewable energy certificates
Products and services	1. Increasing opportunities for low-carbon products and services 2. Enhancing R&D and innovation through a low-carbon economy 3. Diversification of business activities	Harnessing the advantages of new technologies to enhance the performance of various products and achieve market-leading energy efficiency	• Meeting climate adaptation needs through innovative solutions to increase revenue
Resilience	1. Improve the adaptability and resilience of business operations 2. Use high-efficiency raw materials to reduce costs	1. Assess supply chain operational capabilities 2. Develop new products and services to increase revenue	• Increase R&D capacity and continuous innovation • Develop energy storage market

Science-Based Targets initiative (SBTi)

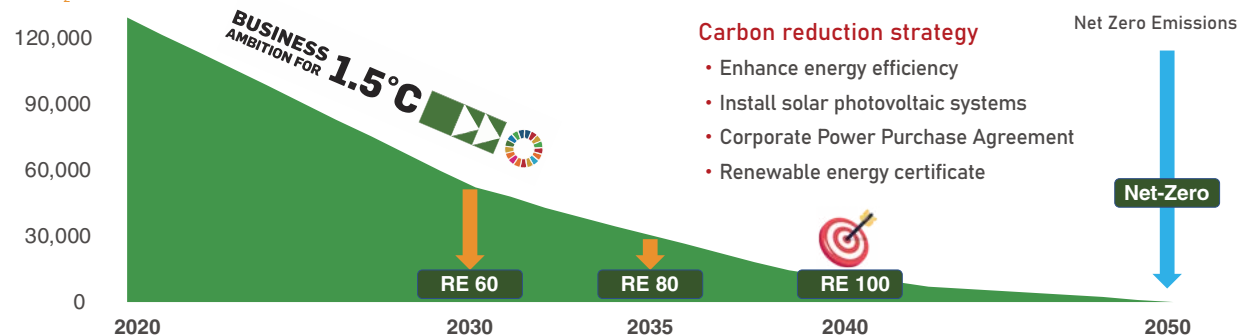
In May 2023, Simplo Group passed a near-term target review ^(Note 1), becoming the first company in the global battery modules manufacturing industry to do so. The goal is to reduce absolute GHG emissions by 51% in Scope 1 and 2 compared to the 2020 base year by 2030, and to reduce Scope 3 emissions for purchased goods and services by 25%. In addition, Simplo Group joined the RE100 initiative in 2024, with the goal of achieving 100% use of renewable energy in operational sites by 2040, and moving towards the goal of achieving Net Zero Emissions by 2050.



Carbon reduction roadmap of Simplo Group



Global carbon emissions
(ton CO₂e)



Note:

1. The data coverage of Simplo Group includes the headquarters and subsidiaries of the consolidated financial statements.

2. *Purchasing goods and services classified according to the GHG protocol.

Internal Carbon Pricing (ICP) Strategy

Facing the generation of low-carbon emission or zero-carbon emission, the international community has promoted carbon fees and Carbon Border Adjustment Mechanism (CBAM), which will increase the carbon cost burden of the industry. Carbon risk management has become an important topic for companies, and companies are also aware of the profound impact of carbon risks on operations, thus launching the ICP mechanism. Simplo Group is committed to implementing the sustainable strategy blueprint, moving towards the goal of low carbon emissions or even net zero carbon emissions.

In order to accelerate the group's carbon reduction actions, Simplo Group actively develops an ICP mechanism and tracks the international carbon trading market as reference for internalize external costs. Valuation of carbon emissions promotes the reduction of carbon emissions in the group's internal activities. In addition to developing low-carbon processes in the manufacturing process, it can also encourage employees to implement energy conservation and carbon reduction in their work, and strengthen the company's low-carbon culture.



Carbon Disclosure Project (CDP)

In 2023, Simplo Group was awarded a "B" rating by CDP. According to the CDP guidelines, a B rating indicates that a company is showing some evidence of managing its environmental impact. At the same time, CDP announced the results of the 2023 Supplier Engagement Rating (SER), and Simplo Group was rated "A-", which shows that our carbon reduction management efforts and action results are both affirmed by international evaluations.

Commitment to biodiversity conservation

In 2021, the UN and international organizations collaborated to launch the Taskforce on Nature-related Financial Disclosures (TNFD) initiative. The goal is to increase the transparency of nature-related financial risks and integrate nature into financial and business decision-making. The TNFD report framework was released in September 2023.

Simplo Group reviewed its operational sites and their surrounding areas, confirming that they are not located in natural ecological protection zones or environmentally sensitive areas. Therefore, there is no significant direct or indirect impact on biodiversity.

Simplo Group grasps the international sustainability trend and continues environmental management in its operations to reduce the impact on the natural ecosystem. Established the "Simplo Group Biodiversity and Forest Conservation Commitment". This commitment is promoted to all employees through the internal sustainability newsletter to emphasize the importance of biodiversity conservation. Additionally, communication with suppliers is planned to raise awareness of ecological conservation.



Simplo Group's Biodiversity and Forest Conservation Commitment

Biodiversity has long provided essential resources for human survival, and maintaining biodiversity is fundamental to sustainable human development. In order to mitigate the impact of organizational operations on biodiversity and forest conservation, we commit to:

- Ensure our operations comply with biodiversity-related laws or specific regulations, and support biodiversity and forest conservation-related initiatives.
- Commit to no deforestation and adhere to international and site-specific laws or regulations.
- Evaluate the use of renewable materials to minimize environmental impact as much as possible, and implement the principles of circular economy.
- Effectively use international biodiversity risk evaluation tools to understand the risks at operational sites.
- Promote biodiversity awareness to enhance ecological conservation among employees, supply chain, and other stakeholders.

Please refer to the official website

https://www.simplo.com.tw/article_d.php?lang=tw&tb=9&id=1075



4.2 GHG Inventory

Simplo Group refers to ISO 14064-1:2018 GHG inventory standards and guidelines such as the Greenhouse Gas Protocol published by the World Resources Institute (WRI) to establish a GHG inventory mechanism. Since 2019, annual GHG inventory have been conducted at each plant to comprehensively understand GHG usage and emissions. Starting from 2021, these data have been verified by third parties.

Direct and energy indirect GHG emissions (Scope 1 and Scope 2)

Simplo Group's 2023 Scope 1 emissions totaled 1,949 metric tons of CO₂e, while Scope 2 emissions totaled 26,179 metric tons of CO₂e. The main source was purchased electricity. The combined total emissions for Scope 1 and 2 amounted to 28,128 metric tons of CO₂e. with a carbon intensity of 0.33 metric tons of CO₂e NTD per million of revenue. The absolute amount of Scope 1 and Scope 2 carbon emissions in 2023 will be reduced by 78% compared with the 2020 base year.

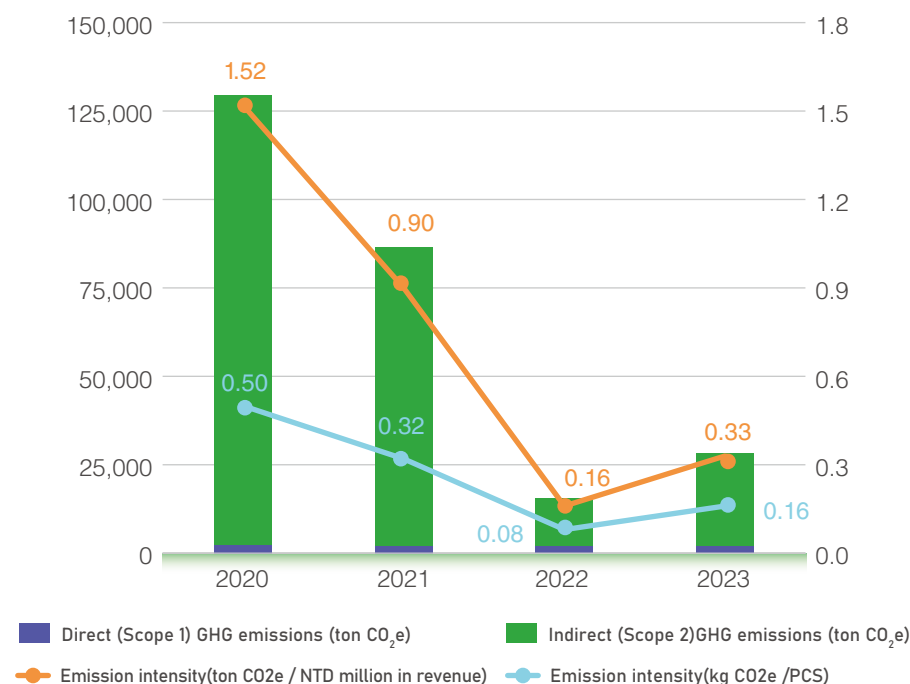
In 2023, the significant increase in Scope 2 emissions from purchased electricity was due to adjustments in hydroelectric power contracts at the China plant, which were not internationally recognized as renewable energy sources. Additionally, the electricity emission factor increased from 0.5703 kg CO₂e/kWh to 0.5942 kg CO₂e/kWh. Furthermore, the slowdown in demand from the NB market in 2023 led to a decrease in revenue and production volumes, resulting in an increase in carbon intensity.

GHG Emissions

Item	Unit	2020	2021	2022	2023
Direct (Scope 1) GHG emissions	ton CO ₂ e	2,355	1,997	1,911	1,949
Indirect (Scope 2)	ton CO ₂ e	127,178	84,391	13,568	26,179
GHG emissions	ton CO ₂ e	129,533	86,388	15,479	28,128
Emission intensity	ton CO ₂ e / NTD million in revenue	1.52	0.90	0.16	0.33
Emission intensity	kg CO ₂ e /PCS	0.50	0.32	0.08	0.16

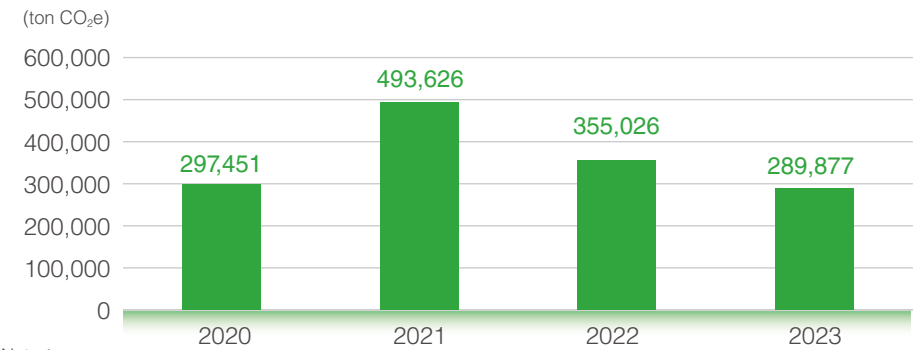
Note 1. The disclosure scope of the data in the above table is the parent and subsidiary companies of Simplo Group's consolidated financial statements.

2. The inventory is done with the operation control. The figures of the GHG inventory are certified by third-party.



Other indirect GHG emissions (Scope 3)

Simplo Group has established a GHG inventory and assesses the significance of the items in the C1-C15 categories by GHG protocol. Based on the significance of the analysis results,seven categories were included in the inventory items, and verified by a third party in accordance with ISO 14064-1. The item with the highest emissions is the purchased goods and services, accounting for 90%, which is a key item for the subsequent reduction.



Note :

1. The disclosure scope of the data in the above table is the parent and subsidiary companies of Simplo Group's consolidated financial statements.
2. Including GHG protocol categories 1, 3, 4, 5, 6, 7, 9.

Scope3 Category	2023 carbon emissions (ton CO ₂ e)
(C1) Purchased Goods and Services	261,635
(C3) Fuel- and Energy-Related Activities (Not Included in Scope 1 or Scope 2)	11,840
(C4) Upstream Transportation and Distribution	5,559
(C5) Waste Generated in Operations	70
(C6) Business Travel	816
(C7) Employee Commuting	1,000
(C9) Downstream Transportation and Distribution	8,957

4.3 Energy Management

© Energy Management Policy

1 Compliance with energy laws and regulations

2 Enhancement of all employees' communication mechanisms

3 Implementation of the energy management system

4 Continuous improvement of energy performance

Simplo Group is a professional lithium-ion battery module manufacturer, and the main energy used is purchased power, followed by the utilization of diesel and gasoline. Total energy consumption in 2023 is decreased, compared to the previous year, whileenergy intensity increased by 12% compared with 2022. The impact is due to the reduction of production process requirements in line with customer needs, the construction of high-efficiency automated processes, and the addition of unmanned workshops and automated production line equipment. However, this is affected by the decline in output. impact, causing energy intensity to increase. Simplo Chongqing has introduced the ISO 50001 energy management system in 2022 and obtained third-party verification. In the future, it will continue to monitor and develop energy-saving measures to improve electricity efficiency and achieve energy conservation and carbon reduction.

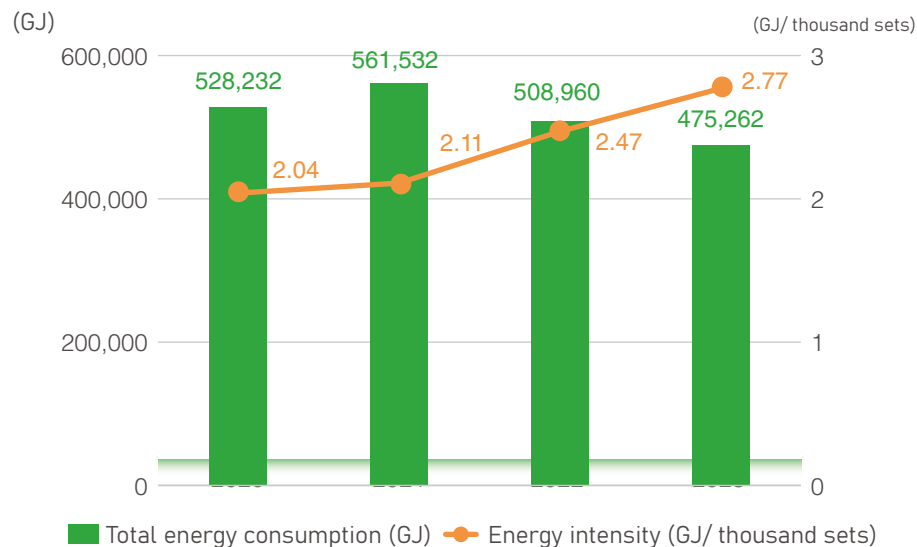


Energy Efficient

Year	Diesel fuel (GJ)	Gasoline (GJ)	Electricity -non-renewable energy (GJ)	Electricity -renewable energy (GJ)	Total energy consumption (GJ)	Output (thousand set)	Energy intensity (GJ/ thousand sets)
2021	626	1,887	400,363	158,656	561,532	266,600	2.11
2022	444	1,343	90,966	416,206	508,960	206,250	2.47
2023	438	1,661	167,058	306,105	475,262	171,300	2.77

Note:

1. Electricity conversion factor: 1 kWh=0.0036 GJ.
2. Heat conversion factors: diesel- Taiwan =0.035169 GJ/L, China= 0.042652 GJ/kg; gasoline- Taiwan = 0.032657GJ/L, China= 0.043070 GJ/kg.
3. Energy intensity formula: energy consumption (GJ)/ thousand sets of battery modules.
4. The disclosure scope of the data in the above table is the parent and subsidiary companies of Simplo Group's consolidated financial statements.



Energy Conservation

Simplo Group is not high energy consuming industry, we committed to enhancing the energy utilization efficiency. For the energy saving, include the lighting, air-compression, chiller and other energy saving apply to effectively lower energy consumption.

Energy saving plans and carbon reduction amount in 2023

Solution	Energy saving measures	Energy saving volume (GJ)	Carbon reduction volume (ton CO ₂ e)
Lighting system	1. Warehouse lighting with infrared light control 2. Replacing office LED tubes with inefficient light decay 3. Reduce the number of lights in non-production areas	1,387	203
Air compression system	1. Reduce air compressor outlet pressure by 1kg 2. Constant air pressure operation in the plant 3. Replacing high-energy-consuming air compressors	7,085	1,167
Chiller system	1. Increase the outlet water temperature of the chiller by 1°C. 2. Installing permanent magnet pumps to replace old fixed-spaced pumps 3. Integrating chillers to reduce the number of units in operation and improve equipment utilization	2,886	465
Total		11,358	1,835

- Note 1. The disclosure scope of the data in the above table is the parent and subsidiary companies of Simplo Group's consolidated financial statements.
2. Electricity carbon emission factor: Taiwan: 0.494 kg-CO₂e/kWh; China: 0.5942 kg-CO₂e/kWh. Source: Bureau of Energy, Taiwan; Ministry of Ecology and Environment, China.

Usage of renewable energy



Simplo Taiwan



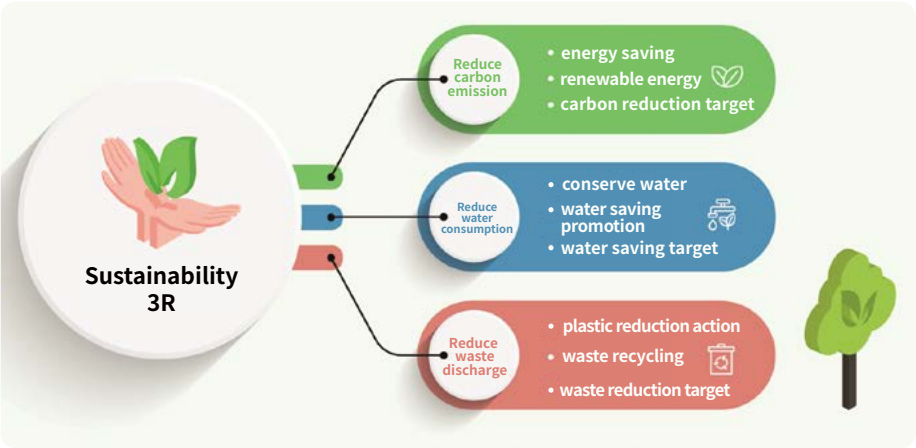
Factory in China

4.4 Pollution Prevention

© Simplo Group's 2030 environmental goals

Classification	Objectives
Waste reduction	Reduce non-hazardous waste ^(Note) intensity by 10% by 2030 from a 2023 base year.
Water resource management	Reduce water consumption intensity by 20% by 2030 from a 2021 base year.

Note: Non-hazardous waste is defined as domestic waste, kitchen waste, iron, paper, plastic, etc.



Water Resource Management

Simplo Group does not use water for manufacturing, but mainly for the domestic use of employees in the factory. Water withdrawals and discharge are following local government regulations, and all waste water is piped and discharged into the sewer system designated by the municipal government for treatment. There is no interaction of shared water resources. The company regularly tracks water consumption, and regularly entrusts testing units to monitor the discharge of water bodies in the factory area, all of which compliance with local discharge standards and have no impact on the local environment.

© Water Sourcing of Operating Site

Unit: million liters

Site	Year	2021	2022	2023
Simplo (Taiwan)	Water withdrawal	18	19	17
	Water discharge	1	1	2
	Water consumption	16	17	14
	Water recycling	NA	NA	NA
	Water recycling rate (%)	NA	NA	NA
Simplo (Chongqing)	Water withdrawal	65	53	47
	Water discharge	59	47	43
	Water consumption	7	5	5
	Water recycling	13	13	12
	Water recycling rate (%)	17%	19%	21%
Simplo (Changshu) and Huapu	Water withdrawal	440	411	322
	Water discharge	308	287	225
	Water consumption	132	124	97
	Water recycling	39	31	26
	Water recycling rate (%)	8%	7%	7%
Water intensity (million liters/ employees)		0.055	0.076	0.068

Note :

1. The data includes Simplo (Taiwan), Simplo (Chongqing), Simplo (Changshu), and Huapu.
2. Since the first plant of Simplo (Taiwan) has not installed a flow meter for environmental declaration, only the discharge of the second plant is included.
3. Water withdrawal = water discharge + water consumption
4. Water recycling rate = water recycling / (water withdrawal + water recycling) * 100%
5. Water intensity = water withdrawal / number of employees at the end of 2023.

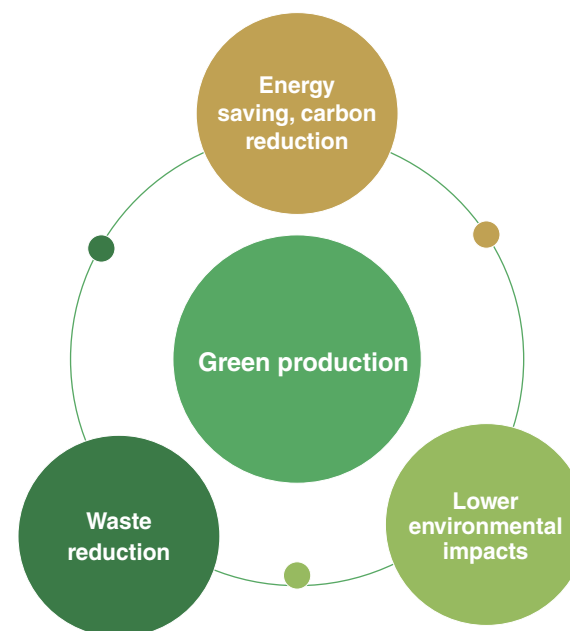
Waste management

Simplo Technology formulates waste-related management specifications in accordance with local regulations to ensure compliance with regulatory requirements. At the same time, it adheres to the concept of "source reduction and waste resource utilization" to achieve waste reduction and resource utilization as the basis for waste management. Simplo Chongqing has introduced UL2799 zero landfill certification and is expected to obtain the certification in 2024.

Waste generated during operations process includes hazardous waste and nonhazardous waste, all of which are managed and qualified local contractors for

cleanup. Recyclable and household waste are sorted and then handed over to qualified contractors for cleanup and recycling. Waste management focuses on recycling and reuse. Waste that cannot be recycled is incinerated for energy recovery, and finally, any remaining waste will be disposed of in landfills.

In 2023, the amount of waste generated will be 7,401 metric tons, of which 7,380 metric tons can be recycled and reused, and 21 metric tons cannot be recycled and reused. In addition to continuing to promote source reduction and in-factory waste recycling and reuse, we will continue to promote production to reduce the environmental load on the environment.





◎ Waste generation

Unit : ton

Year	2021					2022				2023		
Site	Category	Incineration (with energy recovery)	Incineration (without energy recovery)	Others	Recycle	Incineration (with energy recovery)	Incineration (without energy recovery)	Others	Recycle	Incineration (with energy recovery)	Others	Recycle
Simplo (Taiwan)	Hazardous waste	-	6	18	-	-	-	29	-	-	21	-
	General waste	29	-	-	-	34	-	1	10	49	-	6
Simplo (Chongqing)	Hazardous waste	38	-	-	167	44	-	-	179	34	-	168
	General waste	390	-	-	3,068	298	-	-	2,572	272	-	3,288
Simplo (Changshu) and Huapu	Hazardous waste	-	92	-	31	-	70	-	40	69	-	32
	General waste	-	1,512	-	1,827	-	1,008	-	1,886	282	-	3,181

Note: Description of other disposal: for Simplo (Taiwan), it is disposed of outside the borders of Taiwan ; Simplo (Changshu) and Huapu have changed their waste treatment providers starting in 2023, and their waste incineration treatment equipment uses waste heat recovery.

5 Green Products and Innovation

5.1 Green Design

5.2 Product Carbon Footprint

5.3 Circular Economy

5.4 Chemicals and Hazardous Substance



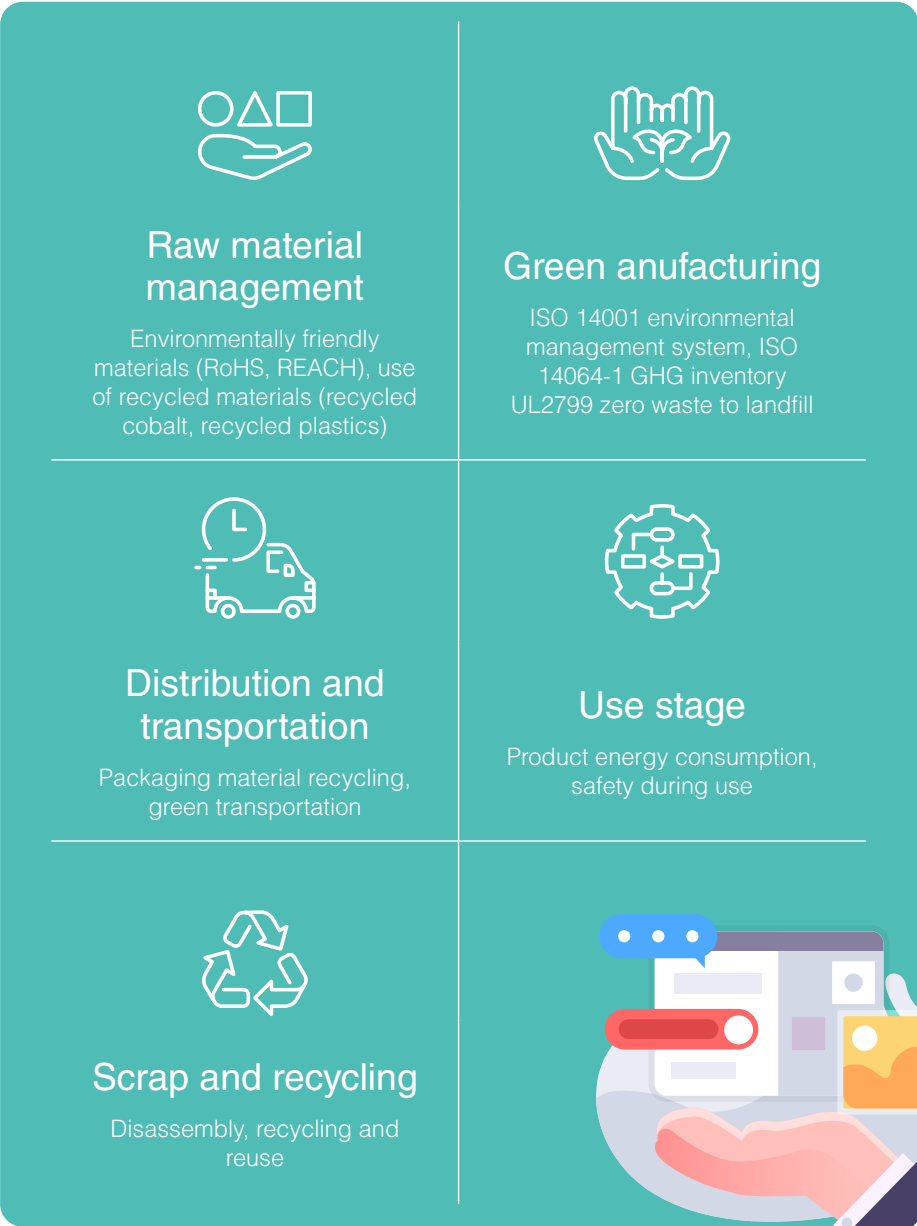
Simplo Technology complies with international norms and meets customer green product requirements. We are fully committed to manufacturing products that meet environmental standards and reduce greenhouse gas and wastewater emissions, waste generation and chemical use to improve our ecological benefits and protect the environment. Simplo Technology's R&D expenditure in 2023 is 1,946,085 thousand yuan, accounting for 2.29% of revenue, an increase of 35% compared to 2021.

© **R&D expenditure and results over the past three years**

Source: 2023 Annual Report, Simplo Technology Co., Ltd.

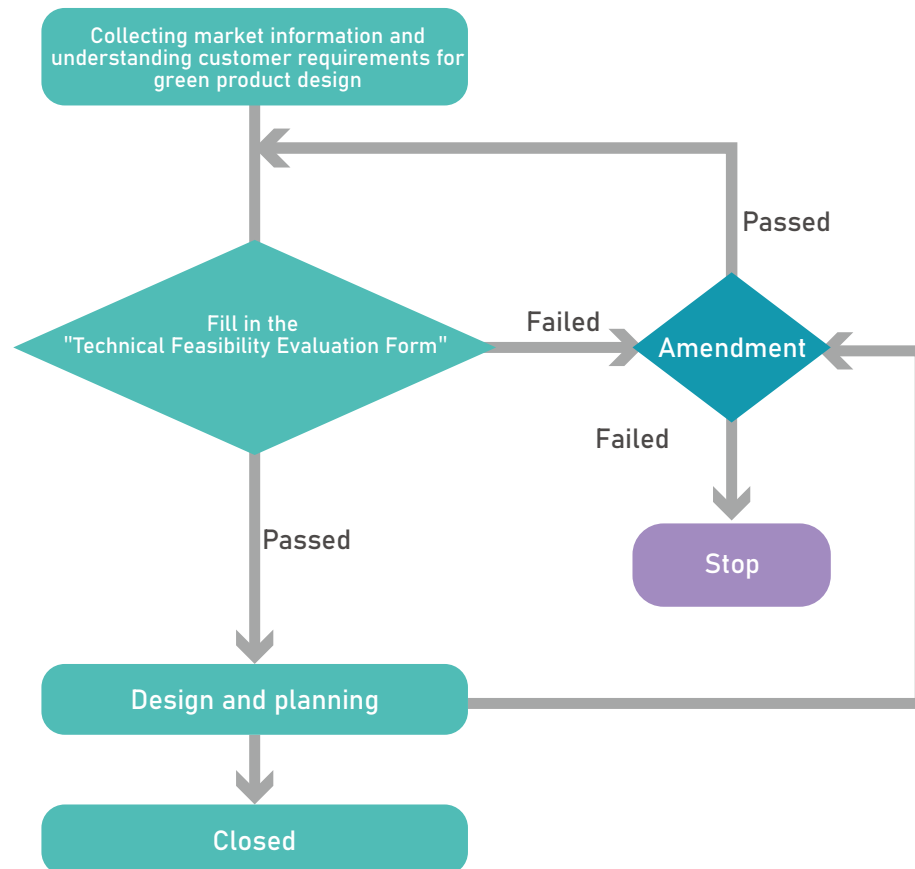
5.1 Green Design

Definition of "Design for Environment (DfE)": "Systematically considering the design performance in environmental, health, and safety objectives throughout the entire product and process lifecycle". Also known as green design and environmental design, Simplo Technology employs product lifecycle thinking to constantly enhance product value during the R&D phase. Simultaneously aiming to reduce resource waste and environmental impact, the Company enhances green competitiveness through the development of green products.



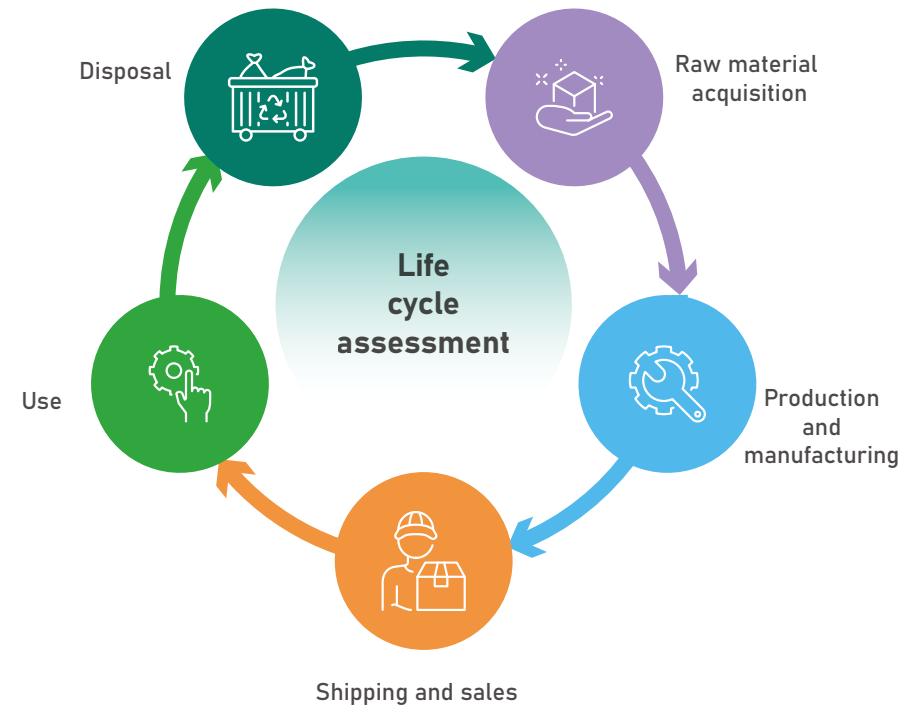
Standardized process

Simplo Technology introduces the concept of environmental design into its "New Product Development Management Procedure", evaluating the potential environmental impacts of designs at each stage of the lifecycle and proactively addressing them. During the product development process, minimizing negative environmental impacts, continuously researching and incorporating environmentally friendly materials, and innovating to develop low-carbon products, aiming to create products that meet environmental standards.



5.2 Product Carbon Footprint

Life cycle assessment (LCA) describes the environmental considerations and potential impacts throughout the entire lifecycle of a product or service, from raw material acquisition to production, use, scrap handling including disposal, recycling, and final disposal (from cradle to grave). This includes aspects such as energy use, resource consumption, and pollution.



Simplo Technology completed the carbon footprint verification of two NB battery modules in 2022 following the ISO 14067 standards. The quantified results from carbon footprint not only provide customers with product carbon footprint information but also help assess and implement reduction measures across various stages of the product lifecycle to minimize environmental impacts.



Product carbon footprint

Carbon footprint verification statement



Carbon footprint refers to the direct and indirect GHG emissions generated throughout the lifecycle of a product or service (functional unit).

Quantification

Calculate the carbon footprint of each stage to identify emission hot spots

Reduction

Establish hotspot carbon reduction plans and set goals

Communication

Information disclosure
Meet customer requirements

Introduce a systematic carbon footprint management system

Based on the experience of implementing product carbon footprint ISO 14067 in the past, Simplo Technology has developed its own Product Carbon Footprint System (PCF System). The purpose is to achieve systematic management for disclosing and monitoring the effectiveness of carbon footprint reduction. This system serves as a reference for future reduction efforts and identifies hot spots for reduction.



Simplo PCF tool

one product

three steps

five checks

calculation completed

Synergistic effect

Simplo Technology utilized its self-developed PCF system to calculate the carbon footprints (cradle to gate) of 6 products. Depending on the Bill of Materials (BOM) variations among the products, the carbon footprints ranged approximately from 4 to 7 kg CO₂e. Analyzing product emission hotspots, the raw material stage accounts for the majority of carbon emissions. The main sources of emissions are PCBs, battery cells, and ICs, which are the top three contributors to total carbon emissions. The carbon emissions are also significantly influenced by difference in PCB weight.

In order to continuously reduce the carbon footprints of our products, Simplo Technology integrates environmental design thinking into the product R&D stage, using environmentally friendly materials, improving energy efficiency, and extending the lifecycle, aiming for the development of low-carbon products. (Refer to [5.1 Green Design](#) for details)

Green transportation

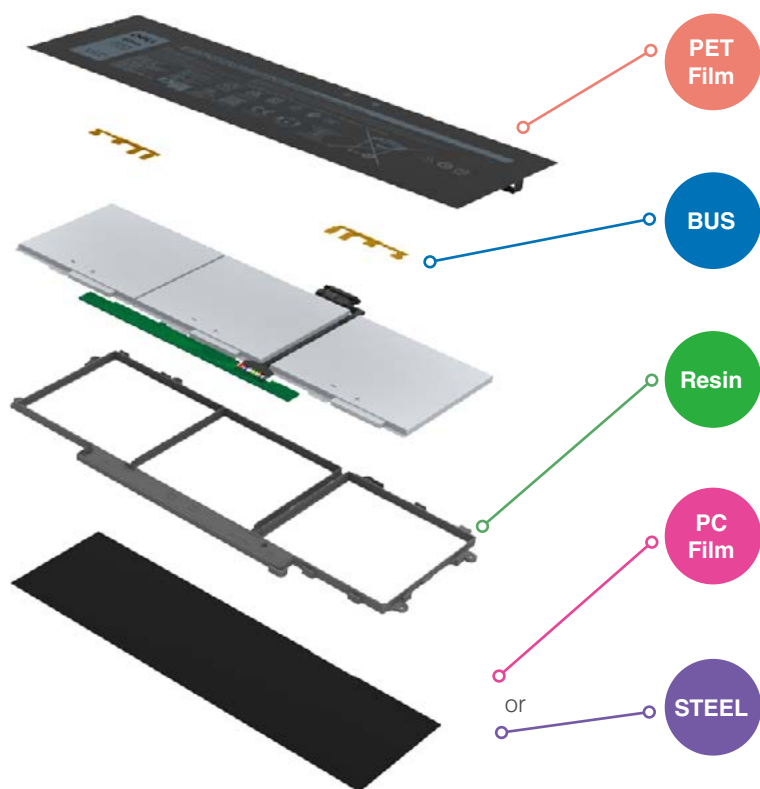
Simplo's current transportation modes include land, air, and sea, among which land transportation accounts for the largest volume. To improve the efficiency of land transportation and reduce transportation carbon emissions, the delivery time has been adjusted based on the production schedules and customer needs, increasing the load factor for long-distance transportation. For smaller shipments, products are consolidated with those from other industries. The load factor for land transportation increased from an average of 78% in 2018 to an average of 96% in 2023.

5.3 Circular Economy

Introduce recycled plastic

In the past three years, Simplo Technology has collaborated with suppliers on recycled plastics, verifying post-consumer recycle material (PCR) from as many as 14 suppliers. The products have UL yellow card flame retardant certification and international authoritative recycled material content certification to ensure the quality and reliability of the plastic materials. In 2023, the number of battery modules containing PCR materials was 21,521,866 pcs, accounting for 13% of the total shipment volume. Subsequently, the carbon reduction benefits will be quantified in collaboration with suppliers.

According to the life-cycle assessment (LCA) data provided by suppliers in 2023, using 90 to 98% PCR plastic pellets is expected to reduce 49 to 90% of carbon emissions compared to using non-recycled plastic materials. Using recycled materials not only decreases the consumption of natural resources but also brings significant environmental benefits and contributes to the circular economy.



▶ For the use of PET film in batteries, the material recycling ratio is 100%. All verifications have been successfully passed, and it has been mass-produced and incorporated into customer products.

▶ For the use of copper pole pieces in batteries, due to the conductivity requirements, the purity of the copper pole pieces used must be high (over 99.9%). Currently, the supplier's electrolytic equipment has been upgraded in 2023 and can provide materials with a 100% recycling rate.

▶ Using PCR plastic pellets at 90 to 98%, compared to non-recycled plastics, is expected to reduce carbon emissions by 49 to 90%. This has been introduced in mass production and integrated into customer products.

▶ For the use of PC film in batteries, current industry technological capabilities for material recycling range from 30 to 90%. Recently, 60% of products have been mass-produced and integrated into customer products. Future products aim to achieve higher recycling rates, targeting 90%.

▶ For stainless steel use, the material recycling ratio is 90%. All verifications have been successfully passed, and the product has been certified by the Science Certified System Global Services (SCS) to ensure the quality and reliability of recycled materials.

Tray recycling

In order to reduce the amount of waste produced during the manufacturing process, we start from Tray recycling, including Pack and Frame Tray recycling. Battery modules are provided to customers in Pack Tray. After receiving the battery module, the customer recycles the battery Tray to the entrusted recycling plant; the recycling plant inspects the recycled Pack Tray and then transports the reusable battery Tray. Simplo Technology put 28,524,870 PCS into recycling in 2021, 22,441,060 PCS in 2022, and 17,058,550 PCS in 2023. When the Pack Tray is inspected at the recycling plant and does not meet the usage requirements, it is entrusted to the recycling plant for scrapping and use as secondary materials.

After the upstream supply chain receives the Frame, it recycles the Frame Tray and sells it to a recycling plant; after the recycling plant inspects the recycled Frame Tray, the supplier purchases reusable Frame Tray packaging products and ships them for recycling. In 2023, a total of 12,000 PCS have been put into recycling, gradually implementing circular economy.

Amount of Pack Tray recycling

Year	PCS
2021	28,524,870
2022	22,441,060
2023	17,058,550

Note: Data covers Simplo (Chongqing) and Simplo (Changshu)



Pack Tray



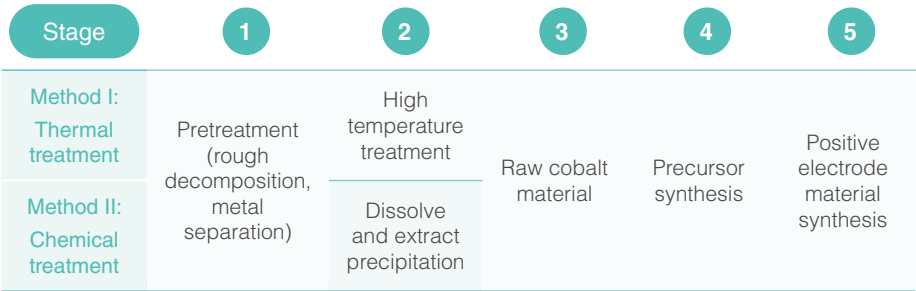
Frame Tray

Cobalt recycling

Cobalt is one of the elements used as a positive electrode material in lithium-ion batteries, accounting for approximately a quarter of the total battery cell weight (varying depending on the specific positive electrode materials). Simplo Technology considers cobalt recycling as a long-term plan, with most customers viewing it as an important issue. Cobalt is sourced not only from mining but also partly from recycling. Current recycling technologies can achieve approximately 90% efficiency in cobalt recovery.

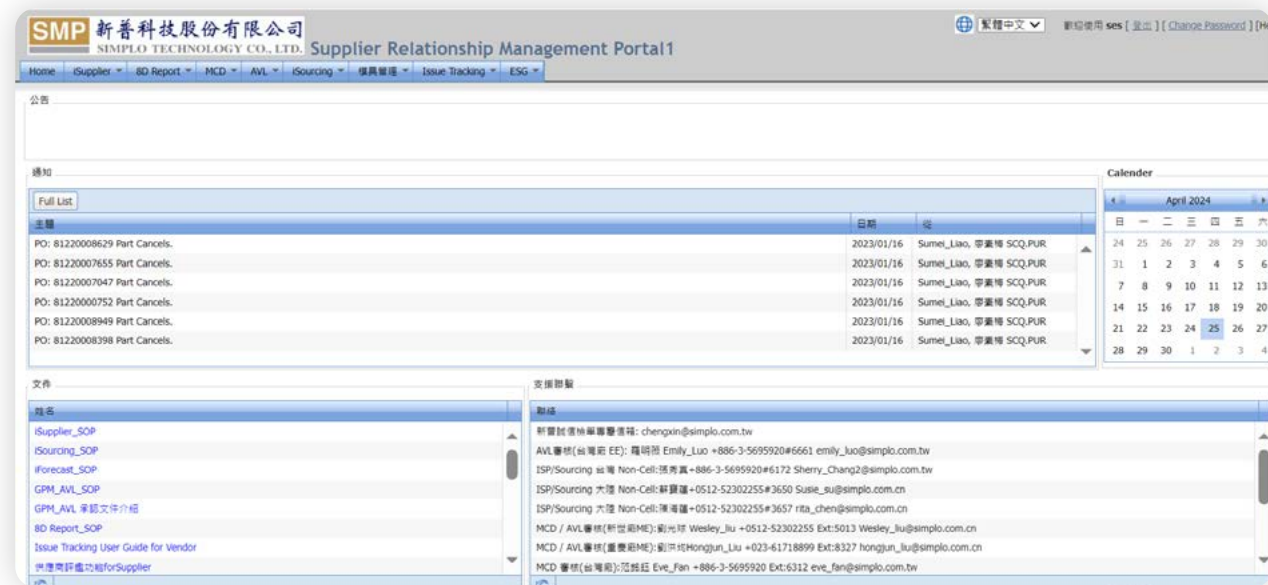
In 2023, Simplo Technology collaborated with 3 battery cell suppliers to pass the UL 2809 Environmental Claim Validation Procedure (ECVP) for Recycled Content. They verified that battery cells contained 50% and 100% post-consumer recycled cobalt content, used in laptop battery products, demonstrating commitment to the circular economy. In 2023, a total of 446,520 PCS battery modules containing recycled cobalt were shipped, using a total of 10,834 kg of recycled cobalt.

The main sources of recycled cobalt currently include production waste and market-recycled batteries. There are primarily two methods (thermal treatment and chemical treatment) to extract cobalt compounds from these sources, which are them reused in positive electrode materials.



5.4 Chemicals and Hazardous Substance

Simplo Technology has established a Green Supplier Relationship Management (SRM) platform to implement the source management of raw materials in the supply chain, and integrated the ERP Portal to form a complete management information system.



Simplo Technology has established management and control procedures, conducted supply chain risk assessment, and participated in supplier conferences organized by customers to ensure that the flow of value chain information meets relevant requirements.

EU RoHS Directive

Simplo Technology's main manufacturing plant has implemented the IECQ QC080000 hazardous substance process management system since 2012 and obtained international certification. In addition to controlling raw material input according to RoHS processes, we occasionally conduct RoHS compliance testing on finished products. All products meet RoHS directive requirements, and to date, there have been no RoHS violations or customer complaints.

Per/Poly fluoro alkyl substances (PFAS)

In response to the US "Per/Poly Fluoro Alkyl Substances (PFAS) Management Action Plan" and the EU REACH-related requirements, Simplo Technology has incorporated these regulations into the Hazardous Substance Management Regulations for material control. Regarding the PFAS-related information of our products, we also work with manufacturers to seek fluorine-free alternative materials or improve process technology, striving to achieve green products with consistent regulations and quality, and reduce risks to the environment and human health.

Full Material Disclosure (FMD)

Since 2016, Simplo Technology has been moving towards proactive material management and adopting the Full Material Disclosure (FMD) action. FMD helps to build trust, promote industry standards, and address consumer concerns about sustainability and health issues, which are part of corporate social responsibility and sustainable development.

EU Chemical Policy (REACH)

REACH stands for Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH). As the name suggests, this directive requires chemical products entering the European market need to undergo registration, evaluation, authorization, and restriction based on their import status.



Product safety

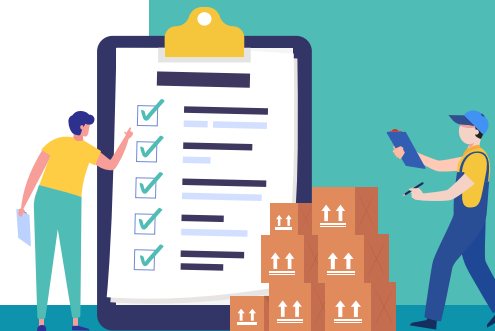
All products of Simplo Technology have been certified according to the mandatory or voluntary safety regulations of various countries and have undergone multiple safety tests and verifications before they are put on the market. The safety verifications include:

- International safety regulations (e.g. IEC 62133-2, IEC 62619, ISO 6469-1).
- European safety regulations such as EN 62133-2, 2014/35/EU LVD Directive, (EU) 2023/988 General Product Safety Regulation (GPSR), EN 62619.
- Important safety regulations of the U.S. and Canada (e.g. UL 2054, UL 62133-2, ANSI/CAN/UL 1973, ANSI/CAN/UL 9540(A)).
- China safety regulations (such as CNCA, GB, GBT, CQC, CCC).
- The safety regulations of Taiwan, Japan, Korea, India and the ASEAN countries, and
- International transport regulations UN 38.3, etc.

Simplo Technology has a dedicated safety regulatory compliance department and a laboratory that has passed the ISO/IEC 17025 (CNS 17025) certification of the Taiwan Accreditation Foundation (TAF). We plan to gradually increase our verification capabilities and expand our certification scope in the future to enhance product safety.

- Assessment of the impact of battery regulations

The EU Battery Regulation (EU) 2023/1542 was published in July 2023 to replace the original battery directive 2006/66/EC. Introducing new requirements for the sustainability and safety of batteries, including hazardous substances, QR codes, and design for removable batteries. The design of batteries in electronic products should be easy for end users to disassemble and replace, impacting Simplo's product verification process. Verification will shift from component-level (Recognized) to product-level (Listed), increasing the number of verification items and enhancing consumer safety.



6 Inclusive Workplace

6.1 Employee Overview

6.2 Human Rights
Management

6.3 Safety and Health

6.4 Talent and Education

6.5 Social Engagement





6.1 Employee Overview

Human resources

As of the end of 2023, Simplo employs a global workforce of 5,722 full-time employees with no part-time, temporary, or non-hours guaranteed employees. Among them, 39% of the employees are female, and 61% are male. Approximately 93% of the main human resources are distributed in China's major operational sites. In 2023, the proportion of women in supervisory positions was 29%, an increase of 2% compared to 2022.

Gender	Male						Female						Total
Site	Indefinite contract			Fixed-term contract			Indefinite contract			Fixed-term contract			
	Under 30	Between 30-50	Over 51	Under 30	Between 30-50	Over 51	Under 30	Between 30-50	Over 51	Under 30	Between 30-50	Over 51	
Simplo (Taiwan)	44	160	36	0	0	0	32	91	24	0	0	0	387
Simplo (Chongqing)	40	140	7	754	400	4	21	108	1	417	370	1	2,263
Simplo (Changshu) &Huapu	0	0	0	807	1,079	25	0	0	0	412	745	4	3,072
Total	84	300	43	1,561	1,479	29	53	199	25	829	1,115	5	5,722

Note :

1. Based on active employees at the end of 2023, without any assumptions about the data.
2. Simplo (Taiwan) are all permanent employees with indefinite contracts. For the first time in China, the principal employees are on fixed-term contracts, and the subsequent contracts are indefinite contracts.

© Executive / Non- executive in 2023

Category	Executive		Non- executive		Total
Site	Male	Female	Male	Female	
Simplo (Taiwan)	89	34	151	113	387
Simplo (Chongqing)	39	13	1,306	905	2,263
Simplo (Changshu) & Huapu	108	49	1,803	1,112	3,072
Total	236	96	3,260	2,130	5,722
%	71%	29%	60%	40%	-

Note: Executive refers to assistant managers (including) and above, excluding non- executive such as senior engineers.



Diverse employment

New recruitment rate in 2023														
Age/ Gender	Under 30				Between 30-50				Over 51				Total	
	Male		Female		Male		Female		Male		Female			
Site	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Simplo (Taiwan)	10	23%	9	28%	11	7%	3	3%	0	0%	0	0%	33	10%
Simplo (Chongqing)	342	43%	240	55%	115	21%	98	21%	0	0%	1	50%	796	35%
Simplo (Changshu) &Huapu	671	81%	416	98%	483	46%	535	73%	2	8%	0	0%	2,107	69%

- Note :
1. The new recruitment rate of male (female) employees in the age group at each site = the number of new male (female) employees in the age group at each site in 2023/the total number of male (female) employees in the age group at each site at the end of 2023, including employees who have been suspended without pay or have applied for reinstatement.
 2. The calculation is based on the full-time employees at each site.
 3. The factory in China considers the employee turnover rate, so the table excludes employees who resign within four months.

Turnover rate in 2023														
Age/ Gender	Under 30				Between 30-50				Over 51				Total	
	Male		Female		Male		Female		Male		Female			
Site	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Simplo (Taiwan)	13	30%	6	19%	26	16%	7	8%	4	11%	1	4%	57	8%
Simplo (Chongqing)	295	37%	217	50%	94	17%	108	23%	1	9%	0	0%	715	32%
Simplo (Changshu) &Huapu	1,058	85%	582	46%	668	37%	578	32%	1	4%	0	0%	2,887	94%

- Note :
1. The turnover rate of male (female) employees in the age group at each site = the number of male (female) employees in the age group at each site in 2023/the total number of male (female) employees in the age group at each site at the end of 2023.
 2. The factory in China considers the employee turnover rate, so the table excludes employees who resign within four months.
 3. Turnover employees include those who left the company voluntarily or due to dismissal or retirement.
 4. The calculation is based on the full-time employees at each site.



Simplo adopts a policy of non-discrimination in the recruitment of talents and abides by laws and regulations. When hiring employees, they will not be based on race, social status, nationality, class, language, ideology, religion, party affiliation, place of origin, gender, marital status, sexual orientation, discrimination due to appearance, facial features, disability or former trade union membership, and one of the executives is a minority.

Minority employees														
Age/ Gender	Under 30				Between 30-50				Over 51				Total	
	Male		Female		Male		Female		Male		Female			
Site	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Simplo (Taiwan)	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Simplo (Chongqing)	82	10%	40	9%	20	4%	27	6%	0	0%	0	0%	169	7%
Simplo (Changshu) &Huapu	92	11%	52	12%	98	9%	40	5%	0	0%	0	0%	282	9%
Total	174	11%	92	10%	118	7%	67	5%	0	0%	0	0%	451	8%

Disabled employees														
Age/ Gender	Under 30				Between 30-50				Over 51				Total	
	Male		Female		Male		Female		Male		Female			
Site	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Simplo (Taiwan)	0	0%	0	0%	0	0%	0	0%	0	0%	1	0%	1	0%
Simplo (Chongqing)	33	4%	24	5%	37	7%	16	3%	1	9%	0	0%	111	5%
Simplo (Changshu) &Huapu	3	0%	0	0%	4	0%	2	0%	0	0%	0	0%	9	0%
Total	36	2%	24	3%	41	2%	18	1%	1	1%	1	3%	121	2%

Note :

1. Male (Female) gender of minority employees in the age group at each site = Male (Female) gender number of minority employees in the age group at each site / total number of GenderAge group in each site at the end of the year.
2. Male (Female) sex of employees with disabilities in the age group at each site = Male (Female) sex number of employees with disabilities in the age group at each site / Total number of gender age groups at each site at the end of the year.
3. Minorities employees: Mainly the minorities known locally at each site.
4. Employees with disabilities: Simplo (Taiwan) refers to employees with disabilities, Simplo (Chongqing) and Simplo (Changshu) & Huapu refer to employees with disabilities.
5. Employees with disabilities in Taiwan whose Number is insufficient shall pay the difference subsidy on a monthly basis.
6. The above information is calculated by the human resources system based on the employees in service on December 31, 2023, without any data assumptions.

◎ Number of non-workers in 2023

Site	Outsourced worker	Temporary worker	Contractor	Total
Simplo (Taiwan)	19	0	48	0
Simplo (Chongqing)	67	0	0	67
Simplo (Changshu) & Huapu	134	441	1,203	1,778

Note: Outsourced workers refer to security, cleaning and catering staff; dispatched workers refer to Temporary worker employees in proofing rooms or DQA and other units; the number of contractors refers to the number of people entering contract cases for project needs.

Quality employee remuneration

Simplo Technology's salary policy adheres to the principle of equal pay for equal work, ensuring that the salaries of new employees are higher than the local minimum wage and avoiding differences due to region or gender. The company evaluates salaries based on the internal salary structure corresponding to the job grade, as well as factors such as education, experience, and professional ability, in order to avoid gender discrimination.

Well-established welfare system

Provide a comprehensive welfare system and a good working environment to promote the career development and life balance of employees. The Employee Welfare Committee regularly handles various welfare measures and plans annual welfare activities to create a friendly working atmosphere, allowing employees to achieve a healthy balance between work and life.

◎ Welfare measures

- Employee travel allowance
- Scholarship for children
- Gift vouchers for three major festivals and the International Worker's Day
- Complimentary lunch/dinner provided
- Employee family day
- Early childhood education allowance
- Employee group insurance
- Gym/Aerobics classroom/ Comprehensive stadium

Rich employee activities



New Green Innovation Sparks Sustainability

To promote the concept of environmental sustainability, the Sustainability Office organized a fundraising event for environmental protection and carbon reduction to collect innovative ideas from colleagues of the Company for reducing the Company's 3Rs (carbon reduction, water reduction, and waste reduction), collecting a total of 48 creative proposals. To expand the promotional benefits, a checkpoint activity was designed, incorporating the results of the carbon reduction proposal collection into the event. Through engaging interactive segments, the promotional goal was achieved, attracting over 100 colleagues to participate.



Happy Mid-Autumn Festival Party

The Mid-Autumn Festival party was held in September 2023. This year's theme was "Simple Mobilization", which attracted a total of 317 employees and their families to participate. The event venue was prepared with a variety of games suitable for the whole family to enjoy together. Additionally, over 30 food stalls were available, allowing participants to replenish their energy with delicious food while participating in entertainment activities. The evening culminated in an exciting raffle with generous prizes, bringing the event to a climax. All employees participated enthusiastically and left with joyful memories.



Employee family day

The Welfare Committee carefully plans one-day trip itineraries, arranging for employees to enjoy gourmet feasts and cultural trips on weekends, providing a therapeutic and relaxing break from work. We provided a diverse itinerary for the Employee Family Day in 2023 for employees to choose their favorite itineraries. A total of 194 colleagues signed up to participate.



Harmonious labor relations

Robust pension system

Parental leave

6.2 Human Rights Management

◎ Parental leave statistics of Simplo (Taiwan) in the past three years

Year	2021			2022			2023		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees eligible for parental leave (A)	8	7	15	7	3	10	10	8	18
Actual number of applicants for parental leave in the year (B)	0	1	1	0	2	2	0	0	0
Number of employees who should be reinstated after parental leave in the year (C)	0	0	0	0	3	3	0	0	0
Actual number of people reinstated after parental leave in the year (D)	0	0	0	0	3	3	0	0	0
Actual number of employees reinstated after parental leave in the previous year (E)	0	0	0	0	0	0	0	3	0
Number of employees who have continued to work for one year after reinstatement after parental leave in the previous year (F)	0	0	0	0	0	0	0	3	3
Reinstatement rate of parental leave in the current year (D/C)	NA	NA	NA	NA	100%	100%	NA	NA	NA
Retention rate for reinstatement after parental leave in the current year (F/E)	NA	NA	NA	NA	NA	NA	NA	100%	100%

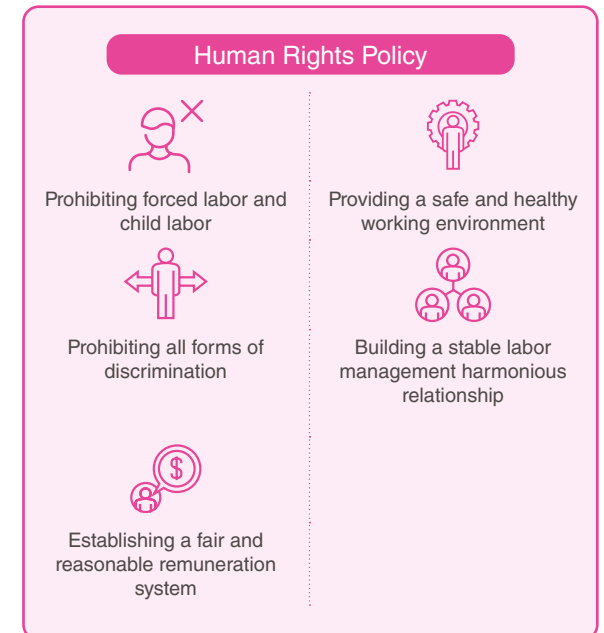
Note :

1. Eligibility for unpaid parental leave is defined as employees who have applied for maternity leave or paternity leave in the past three years.
2. There is no statutory maternity leave in factories in China, and the above form only displays Simplo (Taiwan) maternity leave information.



Human rights policy

Simplo supports and complies with the principles and spirits of related international regulations such as the "Universal Declaration of Human Rights," the "United Nations Global Compact," the International Labor Organization Tripartite Declaration of Principles," the "Responsible Business Alliance Code of Conduct," and the "OECD Guidelines for Multinational Enterprises," as well as the local laws and regulations of various countries. Simplo has established the "Human Right Policy Statement of Simplo Co., Ltd. and Group Affiliates" for common compliance, in order to eliminate any violation and infringement of human rights, so that the rights and interests of stakeholders are protected.



Human rights due diligence

Simplo Group has formulated the human rights policy and conducted due diligence on human rights at the operational sites and subsidiaries through questionnaires. Formulate improvement plans and preventive measures by reviewing the status of human rights management and assessing risk factors.

Simplo Group considered the characteristics of its own industry, and referred to the GRI Standards, RBA, the United Nations Global Compact, and ISO 26000 to design surveys. These surveys help identify human rights risks, categorizing issues into labor, occupational health and safety, environment, and ethical categories, totaling 17 issues.

Labor	Occupational and safety	Environment	Ethics
- Human trafficking - Compulsory or forced labor - Child Labor - Working hours - Salary and Benefits - Diversity	- Health and safety - Emergency preparedness - Occupational injuries and occupational diseases - Machine safety protection	- Pollution control and waste management - Climate change mitigation and adaptation	- Anti-corruption - Identity protection and protection against retaliation - Personal data and privacy protection - Value chain engagement - Responsible mineral procurement

Through the questionnaire, ratings from 1 to 5 points are given according to the actual "probability" and "severity" to assess the potential impact.

Probability



◎ Severity

Level	Level of classification	Description
1	Very slight	No violation of local laws and regulations and no negative impact on stakeholders (government, employees, customers, suppliers, shareholders/investment institutions)
2	Minor	No violation of local laws and regulations, but may cause impact on certain stakeholders (2 or more categories)
3	Medium	No violation of local laws and regulations, but impacts the majority of stakeholders (3 or more categories)
4	Major	Violation of local laws and regulations, affecting the majority of stakeholder groups (4 or more categories)
5	Very severe	Violation of local laws and regulations, affecting all stakeholder groups

Assessment results and countermeasures

The assessment is conducted by each plant's management department based on current conditions, including customer requirements, RBA VAP results, labor-related regulations, and Ethical Corporate Management principles. The assessment results indicate that "working hours" is identified as a high-risk issue, while other issues are considered low-risk.

To mitigate these issues, measures include regularly reviewing employee attendance, enhancing working hours management mechanisms, setting up overtime alerts in the attendance and overtime management system, and continually promoting adherence to regulations regarding working hours.

Simplo Technology reports the results of human rights due diligence to management, diverse mitigation and remedial measure for effective control, evaluates the effectiveness of corrections made, and implements human rights management mechanisms effectively.



Risk assessment and management for human rights

Simplo Technology has been a member of the Responsible Business Alliance (RBA) since 2021, committed to complying with the RBA Code of Conduct. Simplo Technology fills out the RBA Self-Assessment Questionnaire (SAQ) every year to identify the risks related to labor, health and safety, environment, ethical codes and management system in operations.

In addition, in response to customer demands, Simplo Technology conducts third-party certification agency audits by following the RBA Validated Audit Process (VAP) to identify the implementation of sustainable management in each plant regarding the environmental and social aspects, including the implementation of management mechanisms and the performance thereof. The audits serve as a basis for subsequent improvements.

To enable employees to understand the Responsible Business Alliance, online courses are recorded to train employees with tests (passing score ≥ 80 points, the course can only be included in the personal learning record after passing). Simplo Taiwan, Simplo Chongqing, Simplo Changshu (including Huapu), had a total of 7,089 participants, and the passage rate (80 points or higher) of the course was 100%.

◎ 2023 Human rights review

Operating bases	Number of audits	Audit form	Audit results
Simplo Chongqing	Customer audit: 1 time Internal audit: 2 times	On-site & remote On-site	Passed, no major defects Passed, no major defects
Simplo Changshu (including Huapu)	Customer audit: 6 times Internal audit: 1 time	On-site & remote On-site	Passed, no major defects Passed, no major defects

Human rights education and training

Simplo Technology has established a human rights policy. Related information are promoted to employees throughout the Company via pre-employment training for new recruits, and e-learning online courses for legal compliance. In 2023, Simplo Chongqing and Simplo Changshu (including Huapu) conducted human rights training through employee ethics courses. The total number of participants was 46,679, with a participation rate of 99.9%. Some employees who joined at the end of December attended training in early January of the following year, while others who were stationed abroad for extended periods did not receive training. The plant zones did not experience any incidents of discrimination, child labor, forced labor, or other human rights violations.



6.3 Safety and Health

Safety and health management system

Simplo Technology's main operational sites have all been certified to ISO 45001:2018 by third-party verification. The Company maintains a long-term goal of "zero health and safety incidents", continually ensuring and developing a safe and comfortable workplace environment. The OHS management system, including internal and external audits, covers both employees and non-employees, with a comprehensive coverage rate of 100%.

Site	ISO 45001 OSH Management Systems
Simplo (Taiwan)	2025/08/12
Simplo (Chongqing)	2025/04/05
Simplo (Changshu)	2025/03/19
Huapu	2024/12/09

Note: There are worker representative conferences in both Simplo Chongqing and Changshu.

Occupational safety and health management

Simplo (Taiwan) has established the "Occupational Safety and Health Committee". It is responsible for planning, supervising and promoting occupational safety and health related business. The top manager of the factory serves as the chairman of the committee. In compliance with local regulations, it is composed of designated occupational safety and health managers, department heads, dedicated nurses and labor representatives. The committee convenes quarterly and reviews performance through the occupational safety and health management system to continuously improve.

Simplo (Chongqing) has a "Production Safety Committee", which is composed of the general manager, department heads and safety officers. It meets every two months. It also has an "Employee Representative Conference" which meets once a year, including labor representatives. % accounts for 39%. Simplo (Changshu) also has a "Production Safety Committee" that holds weekly meetings with first-level supervisors to discuss occupational safety and health issues, in which labor representatives account for 19%.

◎ Occupational safety and health management organization

Site	Organization	Number of member	Number of labor representatives	Labor representation ratio	Meeting frequency
Simplo (Taiwan)	Occupational Safety and Health Committee	28	13	46%	Quarterly
Simplo (Chongqing)	worker representative conferences	176	69	39%	Quarterly
Simplo (Changshu) & Huapu	Production Safety Committee	49	9	19%	weekly

Hazard identification and risk assessment

Incident prevention, investigation and reporting

Occupational disasters statistics



Occupational disaster in 2023

Site	Fatalities as a result of work-related injury	High-consequence work-related injuries	Recordable work-related injuries
Simplo (Taiwan)	0	0	0
Simplo (Chongqing)	0	0	21
Simplo (Changshu) & Huapu	0	0	9

Note: High-consequence work-related injuries means work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.



OSH performance in 2023 - Employee

Site	Total working hours		Rate of fatalities as a result of work-related injury		Rate of high-consequence work-related injuries		Rate of recordable work-related injuries	
	Male	Female	Male	Female	Male	Female	Male	Female
Simplo (Taiwan)	487,552	286,280	0	0	0	0	0	0
Simplo (Chongqing)	3,346,063	2,438,601	0	0	0	0	4.48	2.46
Simplo (Changshu) & Huapu	6,076,911	3,602,212	0	0	0	0	8.5	2.99

OSH performance in 2023 - Non-employee worker

Site	Total working hours		Rate of fatalities as a result of work-related injury		Rate of high-consequence work-related injuries		Rate of recordable work-related injuries	
	Male	Female	Male	Female	Male	Female	Male	Female
Simplo (Taiwan)	3,968	5,952	0	0	0	0	0	0
Simplo (Chongqing)	72,128	92,384	0	0	0	0	0	0
Simplo (Changshu) & Huapu	941,508	334,060	0	0	0	0	0	0

Note :

1. The total working hours of employees and non-employees in Taiwan are based on the statutory filing data of each plant. Working hours of employees in Simplo Chongqing and Changshu are the system data; the working hours of non-employees are mainly provided by suppliers.
2. Rate of fatalities as a result of work-related injury = number of fatalities as a result of work-related injury / total working hours * 1,000,000.
3. Rate of high-consequence work-related injuries = number of high-consequence work-related injuries (excluding fatalities) / total working hours * 1,000,000.
4. High-consequence work-related injuries means work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.
5. Rate of recordable work-related injuries = Number of recordable work-related injuries (including fatalities as a result of work-related injury and high-consequence work-related injuries) / total working hours * 1,000,000.



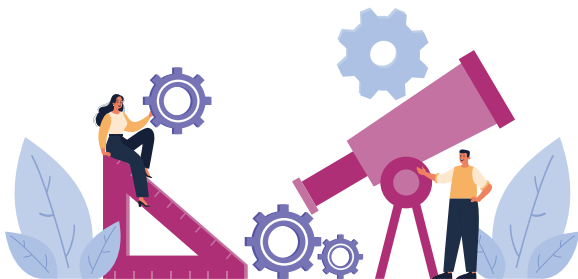
© Types of occupational injuries in 2023

Site	Mechanical damage (pinching, fracturing, crushing)	Blunt force (smashing)	Fall from height (falling)	Others (falling, bruising, kicking, spraining)	Total
Simplo (Taiwan)	0	0	0	0	0
Simplo (Chongqing)	3	1	0	17	21
Simplo (Changshu) & Huapu	6	0	0	3	9
Total	9	1	0	20	30
%%	30	3	0	67	100

Accident correction actions

After an employee accident at Simplo Chongqing, the accident unit is required to complete an investigation within 48 hours and fill out an "employee injury accident report". This report includes accident description, reasons for the accident, responsible personnel, corrective actions, completion time, summary of events, etc. During the industrial safety meeting, supervisors vote to assess the effectiveness and feasibility of the corrective actions, Improvements are approved and closed upon feasibility.

Simplo (Changshu) has improved equipment to achieve inherent safety against mechanical injuries, conducted warning and training for personnel regarding object impact (injuries), and enhanced procedural documents and SOPs to ensure compliance with actual conditions.



Safety and health education and training

Simplo complies with the local laws and internal management measures of each operating site, continuously implements occupational safety and health education and training, establishes comprehensive employee safety training strategies, and provides employees with the safety and health education and training required for work and disaster prevention.

© OSH training courses in 2023

Site	Total trainees	Total hours
Simplo (Taiwan)	845	3,480
Simplo (Chongqing)	33,573	153,073
Simplo (Changshu) & Huapu	13,637	13770
Total	48,055	170,323

© Training items for professional certification in each plant area

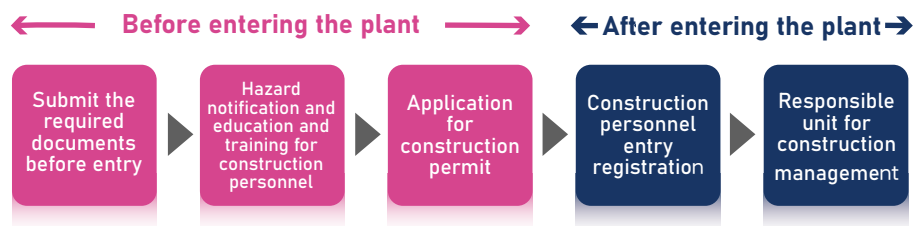
Site	Professional certification training items
Simplo (Taiwan)	Occupational safety and health operations supervisors, occupational safety and health management specialists, organic solvent operations supervisors, occupational safety and health management personnel, first aid personnel, forklift operators with a load of more than one metric ton, labor health service nurses, radiation safety training, fire management personnel, and crane operators engaged in lifting operations.
Simplo (Chongqing)	First aid personnel, forklift operators, electricians, pressure vessel operators, chemical safety operators, chemical management personnel, fire safety facility operators, safety management personnel, occupational health and safety personnel.
Simplo (Changshu) & Huapu	Safety production management personnel, occupational health management personnel, radiation equipment operators, high and low voltage electrician operators, elevator management personnel, special equipment management personnel, forklift drivers, chemical management personnel, and fire room control system operators.

◎ OSH education system

1. New recruits : General education on occupational safety and health before entering the workplace.
2. On-the-job employee safety and health training : Strengthen training and publicize relevant occupational safety and health education.
3. Management system training : Implement the management system cycle (PDCA) through training programs to build a complete and systematic occupational safety and health management system.

Contractor management

Simplo Technology has established contractor management procedures for contractors entering the plant zones. In addition to complying with local regulations at each operational site, contractors must apply for entry before entering the plant zones. They are required to undergo hazard notification and education and training. Entry into the plant zones is granted only after obtaining construction permits. After entering the plant, contractors must abide by the Safety and Health Work Regulations of Simplo Technology's contractors and related regulations.



Employee health care

Simplo Technology promotes a comprehensive health care program and hires dedicated nurses to be responsible for the implementation of health promotion-related businesses, including health care, employee assistance, health promotion, and occupational disease warning. They exceed legal requirements by offering annual free health checkups for employees, regular first aid training, and facilities including lactation rooms, medical rooms, and AED installations on site. Simplo (Taiwan) invites contracted medical personnel monthly to provide free health counseling at the plant, totaling 139 sessions from 2020 to 2023, enhancing employee health care.

◎ Healthcare services

1. Health checkup: Physical examination for new employees, annual health checkup for general employees, and health checkup for special operations. The special health checkup items include ionizing radiation, n-hexane, noise, dust, forklift truck driving, ionizing radiation, and other chemically harmful factors.
2. Health promotion: Health lectures, physical fitness competitions, sports environment, and promotion of sports clubs.
3. Health management: Tracking of abnormalities in the health checkup report, care for medium and high-risk individuals, maternity protection plan, and on-site medical consultation services.
4. In the health column of the infirmary, regular features on health convenience stations are published, providing employees with information on health management. In 2023, a total of 8 special features were published.

◎ Number of health examination (2023)

Site	General health examination	Special health examination
Simplo (Taiwan)	363	11
Simplo (Chongqing)	463	774
Simplo (Changshu) & Huapu	1,150	1,574
Total	1,976	2,359



6.4 Talent and Education

Learning and development

Simple Technology enhances employee sustainable competitiveness by providing comprehensive learning opportunities through various channels such as internal and external training, an online language learning platform, job rotations, and overseas study programs. We have established a robust learning system and offers abundant resources to support continuous employee development. The company continues to identify and cultivate key talent, while consistently enriching and diversifying training programs. We expected that the overall annual training budget will increase by 25% in the short-term (within 3 years), 50% in the mid-term (within 5 years), and 100% in the long-term (within 10 years). This ensures continuous learning for colleagues, fostering their growth alongside the Company.

Each year, we conduct PDCA evaluations to assess the effectiveness of talent development and training management. This approach aims to foster growth for both the Company and employees, embodying the business philosophy of creating a win-win situation.

© Training System



Orientation
training



Professional
functions



Management
functions



Quality
management



Safety and health
training

© Education and training in 2023

Site	Simple (Taiwan)				Simple (Chongqing)				Simple (Changshu) &Huapu				Total	
Category	Executive		Non- executive		Executive		Non- executive		Executive		Non- executive		Executive	Non- executive
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
Number of employees	53	20	133	77	39	13	1,306	905	108	48	2,119	1,237	281	5,777
Training hours	520	242	1,789	876	998	447	52,312	37,555	2,543	1,228	33,351	16,094	5,977	141,975
Average training hours	9.81	12.10	13.45	11.37	25.58	34.38	40.06	41.50	23.5	25.6	15.7	13.0	21.27	24.58

Note :

1. The data includes full-time employees, and excludes non-workers.
2. Average training hours = total training hours of male (female) employees by job at each site / total number of male (female) employees by job at each site at the end of year.
3. Executive refers to assistant managers (including) and above, excluding non- executive such as senior engineers.

Performance appraisal

Simplo is committed to establishing a forward-looking performance appraisal and remuneration system. Performance appraisal is conducted across the aspects of work performance, attendance status, competency and development potential, and teamwork. All permanent employees in Simplo (Taiwan), Simplo (Chongqing), Simplo (Changshu) & Huapu are entitled to participate in performance appraisal. Simplo (Taiwan)、Simplo (Chongqing). Employees who have been employed for less than three months, Simplo (Changshu) & Huapu colleagues stationed in Taiwan, and employees who have been employed for less than six months will not be subject to performance appraisals. Other employees will be subject to performance appraisals in accordance with regulations.

Site	Male	Female	Reason for being excluded from the appraisal
Simplo (Taiwan)	94%	93%	New recruits onboard less than three months
Simplo (Chongqing)	73%	82%	New recruits onboard less than three months
Simplo (Changshu) & Huapu	52%	44%	Stationed Taiwanese employees and employees onboard less than six months

Note :

1. Ratio of the appraised employees = actual number of male (female) employees appraised / total number of male (female) employees at the end of the year.
2. Simplo (Changshu) requires a long time of 6 months to be included in the assessment, and the turnover rate of front-line employees is relatively high, resulting in a low %



6.5 Social Engagement

Simplo gives back to society with the sustainability spirit of corporate operation and cares for disadvantaged groups in society and communities that require assistance. In addition to sponsoring relevant funds and equipment, Simplo encourages all employees to devote themselves to public welfare and community activities, seeking to promote local economic development and cultural activities through their own influence and create shared social values.

© Sponsored NTU fitness center venue renovation funds



© Continuous promotion of the Remote e-Therapy, Healthy Township project

As a local enterprise in Hsinchu, Simplo has jointly promoted the Remote e-Therapy, Healthy Township project with the Hsinchu Branch of NTU Hospital since 2021. By donating portable medical devices and communication diagnostic equipment, the medical team of the Hsinchu Branch of NTU Hospital can enter communities to provide more accessible medical services and continuous care services for the public. This realizes the goals of local clinic visits, local treatment and local aging. In 2023, a further donation of NT\$ 5 million of Digital Medical Smart Bedside Card equipment was made. Compared to the traditional approach of recording the patient's treatment status on paper, the digital medical smart bedside card displays the medical records on electronic paper, enabling medical staff to obtain the latest medical information in real time, improving care efficiency and patient satisfaction.





◎ Organizing public welfare blood donation events

"Donate a bag of blood to save multiple lives." To show the spirit of great love and establish a good image of public welfare, Simplo continued to cooperate with a blood donation center in 2023 to hold a blood donation event in the plant, inviting all employees to roll up their sleeves and donate blood. A total of 132 people participated in the blood donation public welfare event during 2021-2023.

◎ Care for local disadvantaged groups

Simplo Technology continues to care for the underprivileged, doing its part to support local related organizations. Together with all colleagues, we encourage participation in charitable donation activities. In 2023, an "in-kind donation - a batch of toilet paper and coats" was made to the Hsaingyuan Memorial House of Correction, supporting local underprivileged care institution.



◎ Sustainable environment, coastal tree adoption public welfare event

Facing the impact of climate change, countries have taken carbon reduction actions to make efforts for the environment. In 2022, Simplo began to participate in tree planting and forest protection activities. By planting native coastal afforestation tree species that can stabilize sandbars, land erosion can be prevented and biodiversity can be maintained to protect ecosystems and wildlife survival. In 2022, the Company sponsored Tse-Xin Organic Agriculture Foundation for the Public Welfare Coastal Tree Planting Adoption Event. The Company participated in the Public Welfare Coastal Tree Planting Event in Houlong Township, Miaoli County. After eight months of planting, the overall survival rate is currently 82%. In 2023, Simplo's employees continued to participate in the Public Welfare Tree Planting Event on New Moon Beach, Zhubei City, Hsinchu County. A total of 87 employees planted 200 trees together!



Appendix I : Report Quality Management Process





Appendix II : GRI Index

GRI 2: General Disclosures 2021

Topic	Disclosure	Page
The organization and its reporting practices		
2-1 Organizational details	1.1 Company Profile	13
2-2 Entities included in the organization's sustainability reporting	About the Report	4
2-3 Reporting period, frequency and contact point	About the Report	4
2-4 Restatements of information	no restatement of information	-
2-5 External assurance	About the Report	4
Activities and workers		
2-6 Activities, value chain and other business relationships	1.1 Company Profile	13
2-7 Employees	6.1 Employee Overview	65
2-8 Workers who are not employees	6.1 Employee Overview	68
Governance		
2-9 Governance structure and composition	2.1 Governance Operation	29
2-10 Nomination and selection of the highest governance body	2.1 Governance Operation	29
2-11 Chair of the highest governance body	2.1 Governance Operation	29
2-12 Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Strategy	29
2-13 Delegation of responsibility for managing impacts	1.2 Sustainability Strategy	34
2-14 Role of the highest governance body in sustainability reporting	1.2 Sustainability Strategy	19

Topic	Disclosure	Page
2-17 Collective knowledge of the highest governance body	2.1 Governance Operation	29
2-18 Evaluation of the performance of the highest governance body	2.1 Governance Operation	29
2-19 Remuneration policies	2.1 Governance Operation	31
2-20 Process to determine remuneration	2.1 Governance Operation	31
Strategy, policies and practices		
2-22 Statement on sustainable development strategy	Message from the Chairman & Executive Vice President	6
		7
2-23 Policy commitments	2.2 Business Integrity	19
	3.1 Supply Chain Management	39
	6.2 Human Rights Management	70
2-24 Embedding policy commitments	2.2 Business Integrity	19
	3.1 Supply Chain Management	39
	6.2 Human Rights Management	70
2-26 Mechanisms for seeking advice and raising concerns	2.2 Business Integrity	32
2-27 Compliance with laws and regulations	2.2 Business Integrity	32
2-28 Membership associations	1.1 Company Profile	17
Stakeholder engagement		
2-29 Approach to stakeholder engagement	1.3 Communication with Stakeholders	21
2-30 Collective bargaining agreements	No external initiative was signed	-



GRI 3 : Material Topics 2021

Topic	GRI Standards	Disclosure		Page
Compliance	3-3 Management of material topics			23
	GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	32
	GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	32
Risk Management	3-3 Management of material topics			23
	GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	34
Business Integrity	3-3 Management of material topics			23
	GRI 205: Anti-corruption 2016	205-2	Communication and training aboutanti-corruption policies and procedures	32
	GRI 206 : Anti-competitive Behavior2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	32
Supply Chain Management	3-3 Management of material topics			23
	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	40
	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	41
		308-2	Negative environmental impacts in the supply chain and actions taken	42
	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	41
		414-2	Negative social impacts in the supply chain and actions taken	42
	Corporate Governance	3-3 Management of material topics		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	33	
	201-3	Defined benefit plan obligations and other retirement plans	69	

Topic	GRI Standards	Disclosure	Page
Climate Change	3-3 Management of material topics		23
	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	50
		305-2 Energy indirect (Scope 2) GHG emissions	50
		305-3 Other indirect (Scope 3) GHG emissions	51
		305-4 GHG emissions intensity	50
		305-5 Reduction of GHG emissions	50
Cleantech Opportunities	3-3 Management of material topics		23
	GRI 302: Energy 2016	302-1 Energy consumption within the organization	52
		302-3 Energy intensity	52
		302-4 Reduction of energy consumption	52
Material Circular Economy	3-3 Management of material topics		23
	GRI 301: Materials 2016	301-1 Materials used by weight or volume	60
Green Product	3-3 Management of material topics		23
	GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	62
Occupational Safety and Health	3-3 Management of material topics		23
	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	73
		403-2 Hazard identification, risk assessment, and incident investigation	73
		403-3 Occupational health services	76
		403-4 Worker participation, consultation, and communication on occupational health and safety	76
		403-5 Worker training on occupational health and safety	75
		403-6 Promotion of worker health	76
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73
		403-8 Workers covered by an occupational health and safety management system	73
		403-9 Work-related injuries	74



GRI Topic-specific Disclosures: Voluntary Disclosure Indicator

GRI Standards	Disclosure		Page
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	54
	303-4	Water discharge	54
	303-5	Water consumption	54
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	55
	306-3	Waste generated	55
	306-4	Waste diverted from disposal	55
	306-5	Waste directed to disposal	55
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	69
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	66
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	32
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	67
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	70
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews	71
Financial Supervisory Commission	Describe the corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, identify, assess and manage climate-related risks, and use indicators and targets for assessing and managing climate-related issues.		45

Appendix III : SASB Index

Code	Topic	Description												
Security														
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Simplo passed the ISO 27001 information security management system certification in 2023. Products of Simplo passed verification pursuant to the mandatory or voluntary safety regulations of various countries, are required to be labeled with danger and explosion warnings on the outside. For the implementation details, please refer to 2.5 Information Security, 5.4 Chemicals and Hazardous Substance.												
Employee Diversity & Inclusion														
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employeesFor the implementation details, please refer to 6.1 Employee Overview °	<table><tr><th>Gender</th><th>male</th><th>female</th></tr><tr><td>management</td><td>9%</td><td>7%</td></tr><tr><td>technical staff</td><td>27%</td><td>12%</td></tr><tr><td>all other employees</td><td>64%</td><td>81%</td></tr></table>	Gender	male	female	management	9%	7%	technical staff	27%	12%	all other employees	64%	81%
		Gender	male	female										
		management	9%	7%										
		technical staff	27%	12%										
		all other employees	64%	81%										
The full-time employees of the company are all Asians.														
Product Lifecycle Management														
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The product hazardous substance management regulations are regularly updated in accordance with banned substances regulations. For details on implementation, please refer to 5.4 Chemicals and Hazardous Substances.												
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	As all of Simplo's products are in the B2B category, it is difficult to collect such information currently.												
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	As all of Simplo's products are in the B2B category, it is difficult to collect such information currently.												
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	As all of Simplo's products are in the B2B category, it is difficult to collect such information currently.												



Code	Topic	Description
Supply Chain Management		
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	(a) In 2023, there are 5 suppliers passed the RBA VAP and 28 suppliers passed the equivalent audit. A total of 33 suppliers had audited, with a total implementation rate of 11.8%; (b) The audit rate of high-risk factories is 80%.
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	(1) The non-conformance rate of RBA VAP/CMA is 9.9%; (2) The associated corrective action rate for priority non-conformances and other non-conformances are >90%.
Materials Sourcing		
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Simplo requires suppliers to sign the Conflict Mineral Declaration and perform due diligence of conflict minerals in the supply chain to ensure that the products do not use minerals from conflict areas. For the implementation details, please refer to 3.2 Sustainable Supply Chain Management: Responsible Mineral Management and Due Diligence.
TC-HW-000.A	Number of units produced by product category	175,208 thousand sets
TC-HW-000.B	Area of manufacturing facilities	1,569,545 ft ²
TC-HW-000.C	Percentage of production from owned facilities	100%

Appendix IV : United Nation Global Compact

Category	Topics	Response Chapter
Human Rights	Initiatives to promote more environmentally responsible practices	6.2 Human Rights Management
	Encourage the development of environmentally friendly technologies	3.2 Supply Chain ESG Risk Assessment
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	6.2 Human Rights Management
	The elimination of all forms of forced and compulsory labor	6.2 Human Rights Management
	The effective abolition of child labor	6.2 Human Rights Management
	The elimination of discrimination in respect of employment and occupation	6.2 Human Rights Management
Environment	Businesses should support a precautionary approach to environmental challenges	4.1 Climate Change Strategy 4.2 GHG inventory
	Initiatives to promote more environmentally responsible practices	4.3 Energy Management 4.4 Pollution Prevention
	Encourage the development and promotion of environmentally friendly technologies	CH.5 Green Products and Innovation
Anti- Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	2.2 Business Integrity



Appendix V : ISO 26000 Comparison Table

Topic	Issues	Response Chapter
Organizational governance	Decision-making processes and structures	1.2 Sustainability Strategy 1.4 Material Topics Analysis
Human rights	(1) Due diligence	6.2 Human Rights Management
	(2) Human rights risk situations	6.2 Human Rights Management
	(3) Avoidance of complicity	2.2 Business Integrity
	(4) Resolving grievances	2.2 Business Integrity
	(5) Discrimination and Disadvantaged	6.2 Human Rights Management
	(6) Civil and political rights	6.2 Human Rights Management
	(7) Economic, social and cultural rights	6.1 Employee Overview
	(8) Fundamental principles and rights at work	6.1 Employee Overview
Labor practices	(1) Employment and employment relationships	6.1 Employee Overview
	(2) Conditions of work and social protection	6.5 Social Engagement
	(3) Social dialogue	1.3 Communication with Stakeholders
	(4) Health and safety at work	6.3 Safety and Health
	(5) Human development and training in the workplace	6.4 Talent and Education

Topic	Issues	Response Chapter
The environment	(1) Prevention of pollution	4.2 GHG inventory 4.3 Energy Management
	(2) Sustainable resource use	4.4 Pollution Prevention 5.3 Circular Economy
	(3) Climate change mitigation and adaptation	4.1 Climate Change Strategy
	(4) Protection of the environment, biodiversity and restoration of natural habitats	No participation in the reporting year
Fair operating practices	(1) Anti-corruption	2.2 Business Integrity
	(2) Responsible political involvement	No participation in the reporting year
	(3) Fair competition	2.2 Business Integrity
	(4) Promoting social responsibility in the value chain	3.2 Supply Chain ESG Risk Assessment
	(5) Respect for property rights	2.2 Business Integrity
Consumer issues	(1) Fair marketing, factual and unbiased information and fair contractual practices	1.1 Company Profile
	(2) Protecting consumers' Health and safety	5.4 Chemicals and Hazardous Substance
	(3) Sustainable consumption	5.3 Circular Economy
	(4) Consumer service, support, and complaint and dispute resolution	1.1 Company Profile
	(5) Consumer data protection and privacy	2.2 Business Integrity
	(6) Access to essential services	1.1 Company Profile
	(7) Education and awareness	5.3 Circular Economy



Topic	Issues	Response Chapter
Community involvement and development	(1) Community involvement	6.5 Social Engagement
	(2) Education and culture	6.5 Social Engagement
	(3) Employment creation and skills development	6.1 Employee Overview
	(4) Technology development and access	6.5 Social Engagement
	(5) Wealth and income creation	6.5 Social Engagement
	(6) Health	6.5 Social Engagement
	(7) Social investment	6.5 Social Engagement

Appendix VI : TWSE-required Disclosure of Indicators

Status	Response Chapter
1. Describe board and management oversight and governance of climate-related risks and opportunities.	2.1
2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term).	4.1
3. Describe the financial impact of extreme climate events and transition actions.	4.1
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	4.1
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.	4.1
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	4.1
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	4.2
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs).	4.3
9. GHG inventory and verification.	4.2



Appendix VII : Independent Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SIMPLO TECHNOLOGY CO., LTD.'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by SIMPLO TECHNOLOGY CO., LTD. (hereinafter referred to as SIMPLO TECHNOLOGY) to conduct an independent assurance of the Sustainability Report for 2023 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance 2024/5/17–2024/6/27 in SIMPLO TECHNOLOGY headquarter. The boundary of this report includes SIMPLO TECHNOLOGY Taiwan and overseas operational and production or service sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. Sustainability Accounting Standards (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) were not included in this assurance process. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

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

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

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

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

Assurance Standard Options and Level of Assurance

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

SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

Reporting Criteria Options

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

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

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

ASSURANCE / VERIFICATION OPINION

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

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

SIMPLO TECHNOLOGY has demonstrated its commitment to stakeholder inclusivity through formalised commitment from the highest governing body. A variety of engagement efforts such as questionnaire and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

MATERIALITY

SIMPLO TECHNOLOGY has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It's recommended to use appropriate quantitative and thresholds to determine the significance, likelihood, and present and expected future impact of identified material sustainability topics.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Communications with stakeholders on an ongoing and timely manner are recommended to be delivered reasonable and viable responses.

IMPACT

SIMPLO TECHNOLOGY has performed processes to recognize and manage the organisation's impacts that are applied across the organisation under the governance of senior management. In the future, it can be considered to defined methodology with the quantitative criteria or monetization to present the intensity of impact and prioritization.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SIMPLO TECHNOLOGY's Sustainability Report of 2023, is reporting with reference to the GRI Standards and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to SIMPLO TECHNOLOGY's contributions to sustainability development. In the future, it can be considered to enhance the disclosure about implementation of due diligence through which SIMPLO TECHNOLOGY identifies, prevents, mitigates, and accounts for how it addresses its actual and potential negative impacts on the economy, environment, and people, including impacts on their human rights.

Signed:

For and on behalf of SGS Taiwan Ltd.

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



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