

1 Sustainability Management

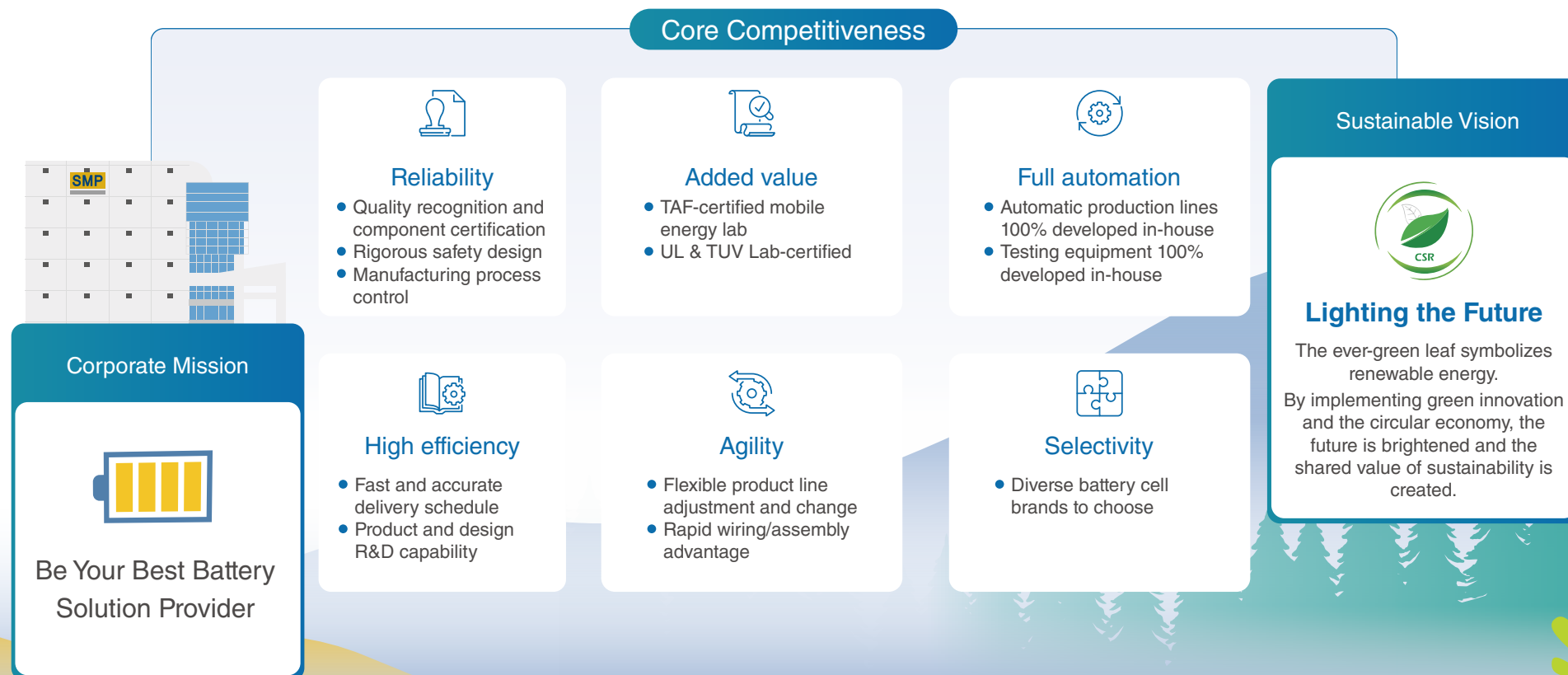
- 1.1 Company Profile
- 1.2 Sustainability Strategy
- 1.3 Communication with Stakeholders
- 1.4 Material Topics Analysis



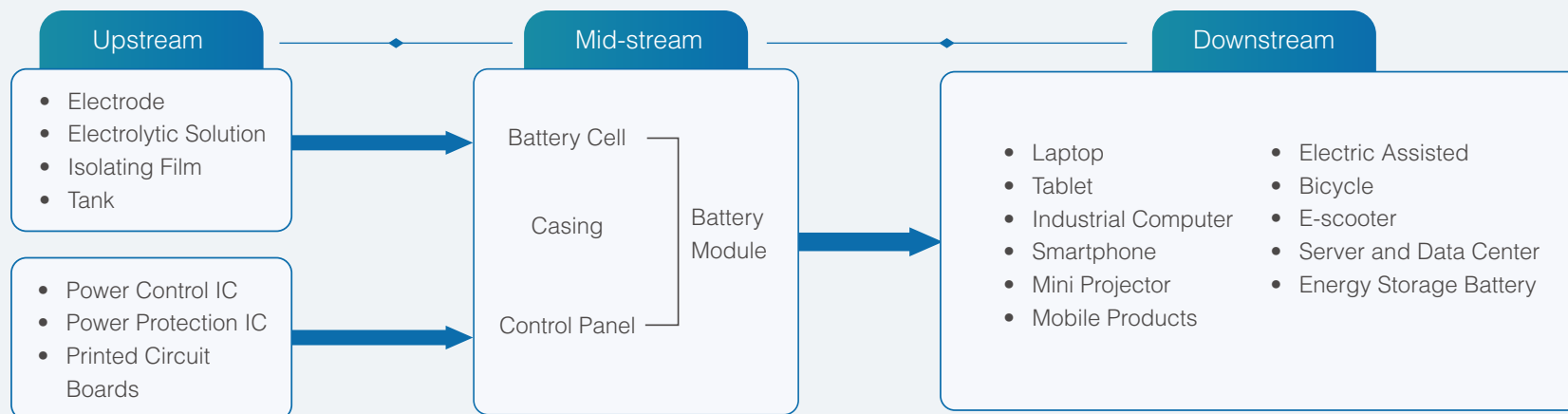
1.1 Company Profile

Simple Group has been deeply involved in lithium battery modules for many years and is a leader in providing battery modules for laptops, tablets, and smartphones. The company maintains stable profits and continues to accelerate its transformation into new businesses and overseas expansion, maintaining stable profits and growth through diversified product development and operations. Corporate sustainability is a crucial issue that enterprises must actively address. Simple Group aligns with the United Nations Sustainable Development Goals (SDGs) and implements ESG practices in its core business. While pursuing operational growth, the company also considers the three dimensions of Environmental, Social, and Governance (ESG) to strengthen corporate competitiveness.

Corporate Mission



Relationship between Upstream, Mid-stream and Downstream Companies



Corporate development future strategy



- 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
- Battery Module for Commercial and Industrial Energy Storage Systems
- Drone-related battery module



Design, production, and sales of high-power lithium battery modules for electric bicycles



Increasing need for the replacement of lead-acid batteries with lithium batteries in large data centers



Design, production, and sales of high-power lithium battery modules for electric motorcycles



Established close communication and collaboration with leading international brand customers

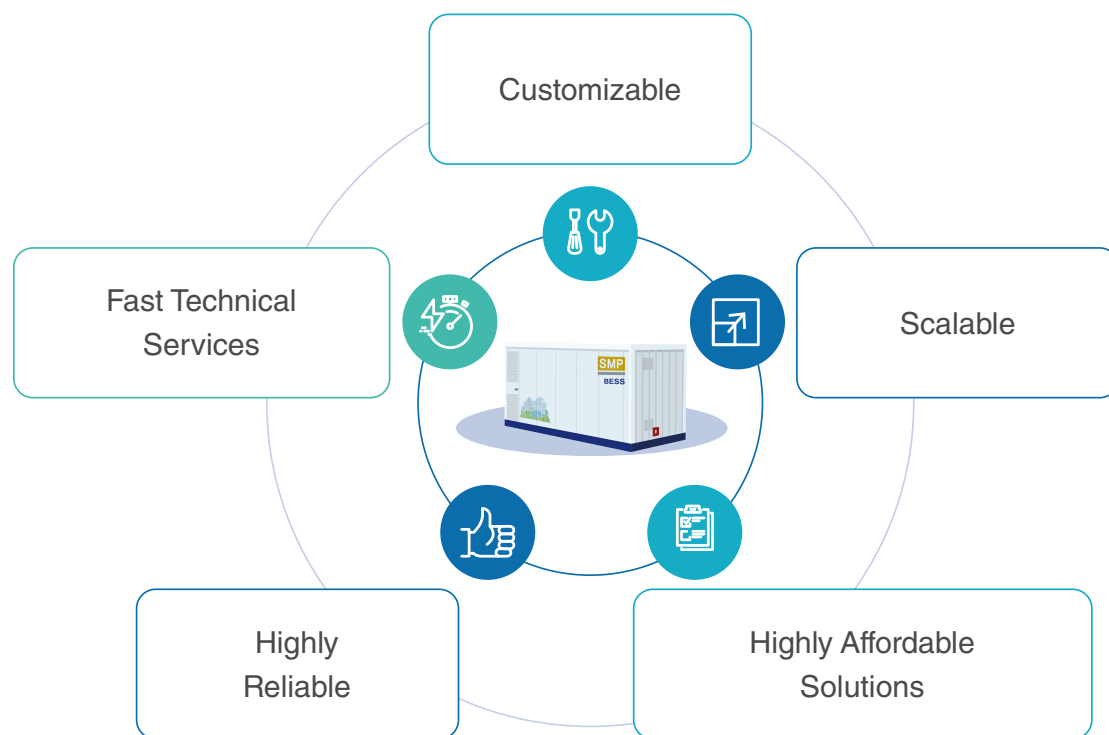


The market share of two-wheeled electric vehicles is steadily growing

Energy Storage System (ESS)

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.



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.



Associations

Item	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 Photovoltaic Industry Association (TPVIA)	Member
8	Advanced Battery Materials Industry Alliance	Member

Sales regions of major products in 2024

Unit: NT\$ Thousand

Area	Amount	Percentage
Taiwan	9,844,385	12.30
Asia	26,455,554	33.06
America	40,154,636	50.17
Europe	2,706,377	3.38
Oceania	853,540	1.07
Africa	16,696	0.02
Net revenue	80,031,188	100

Source: 2024 Annual Report, Simplo TecSology Co., Ltd.

Product sales in 2024

Unit: NT\$ Thousand

Product Category	Amount	Percentage
Lithium Battery Module	78,974,230	98.68%
Others Sales	1,056,958	1.32%
Total Operating Revenue	80,031,188	100.0%

Source: 2024 Annual Report, Simplo TecSology Co., Ltd.

Customer relationship

Quality management strategy

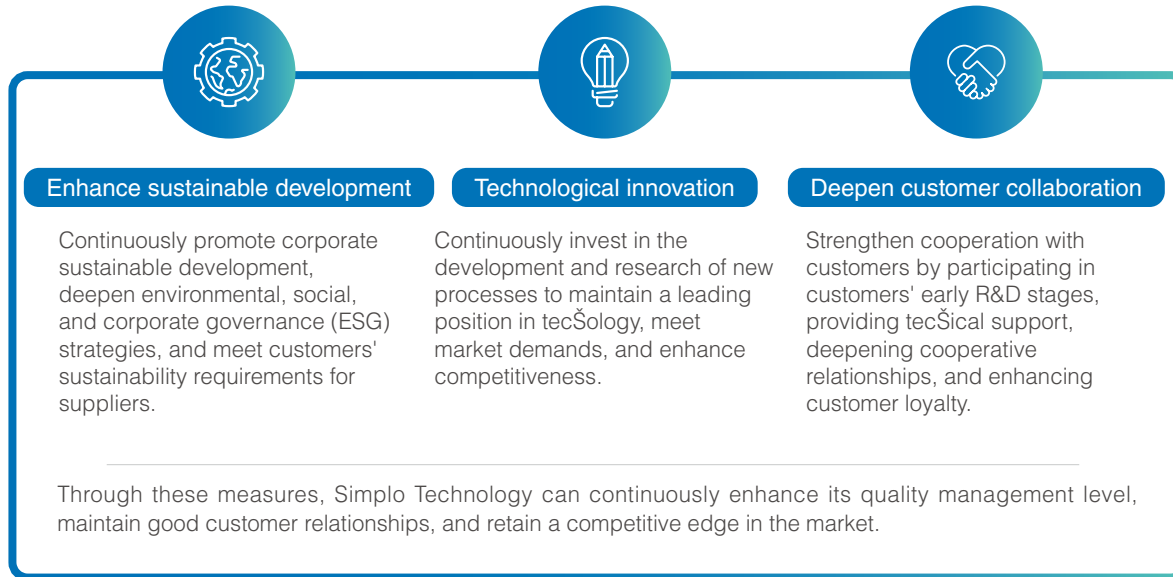
Simplo attaches great importance to customer satisfaction. In addition to frequent daily contact, we survey customer feedback and problem communication through regular formal meetings to analyze customer satisfaction in terms of delivery, quality, service, tecSology, cost, ESG, etc. This forms the key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

To understand the needs of customers in real time, Simplo 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.)



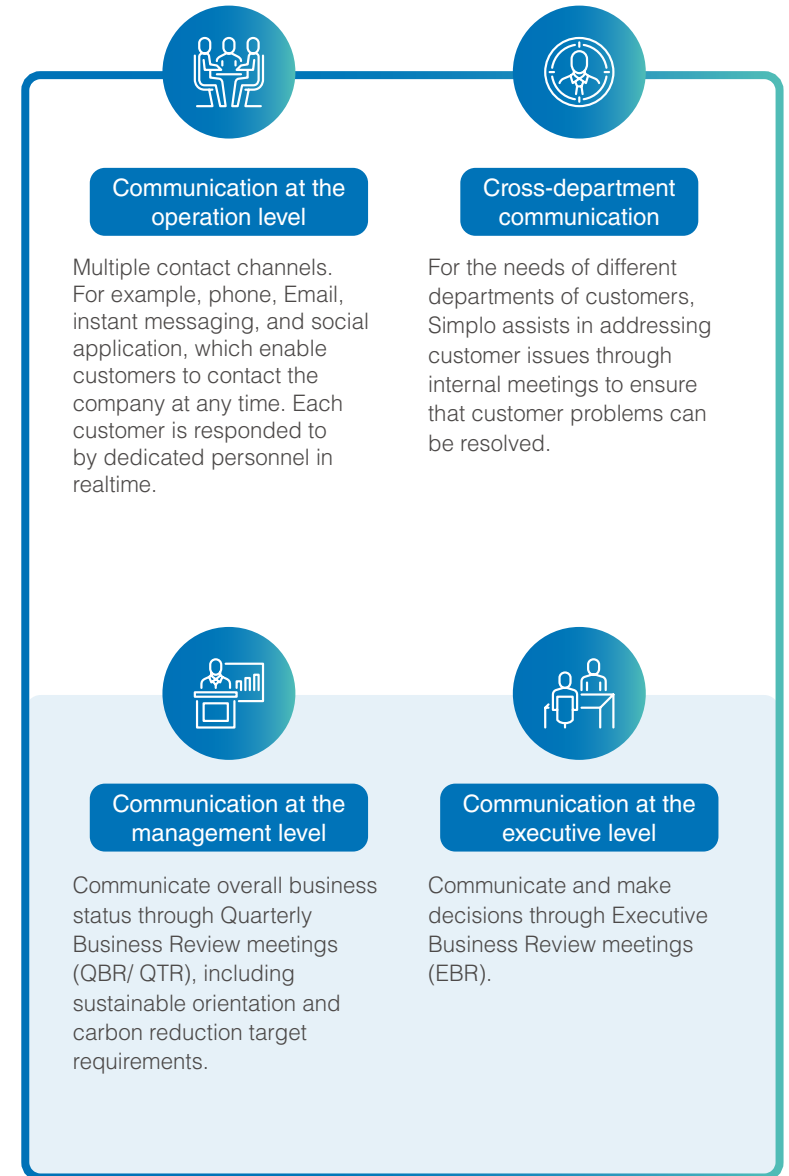
Customer relationship maintenance strategies



Customer relationship maintenance methods



Diverse communication channels



1.2 Sustainability Strategy

Simplo Group's Sustainability Strategy and Blueprint

Environmental Sustainability



E - ENVIRONMENT

Low-carbon Manufacturing
Circular Economy

Focusing on low-carbon development and practicing circular economy, committed to lowering environmental impacts.



Inclusive Grows



S - SOCIAL

Human Resources Development
Social Care

Adopting a people-oriented approach, emphasizing human resources and social engagement, and creating inclusive value.



Sustainable Governance



G - GOVERNANCE

Business Integrity
Green Innovation

Based on integrity and sound operations, we promote green innovation.



Sustainable Goals

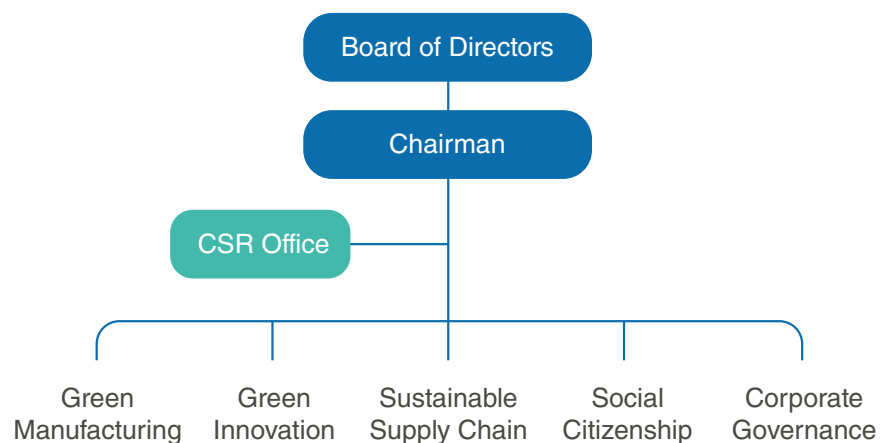
Sustainable Actions

2030 Sustainable Goals and Actions

Aspect	Material Topics	Action	Current Situation	2030 Objectives	Sustainable Development Goals
Sustainable Governance	Business Integrity	- Enhance Code of Conduct and business integrity. - Organize employee education and training on integrity.	- No major violations. - A total of 4,870 people received anti-corruption education and training, with a coverage rate of 99.5%.	0 penalty cases for violations of the ethical corporate management policy. - Completion rate of integrity policy advocacy and training is 100%.	
	Risk Management	Execute enterprise risk assessment questionnaire to regularly review risks and countermeasures.	- A risk management training was held in 2024, with a total of 53 participants. - Identify 12 risk issues across four major risk categories.	Regularly report risk assessment and response measures to management.	
	Supply Chain Management	- Sustainable supply chain risk questionnaire. evaluation - Organize a sustainable supply chain communication conference.	- Complete the key supplier management target setting. - Held one supplier communication conference.	The proportion of key suppliers completing the sustainable supply chain risk questionnaire is 100%.	
	Product Quality and Responsibility	- Establish a dedicated department for quality improvement. - Develop customer relationship strategies.	The submission rate of due diligence reports by key suppliers is 100%.	Achieve 100% of customer QBR requirements.	
	Information Security	- Passed the ISO 27001 information management system. - Established an Information Security Committee.	- Zero major information security incidents. 12 information security meetings were held.	No incidents of customer privacy leakage.	
Environmental Sustainability	Climate Action	Regularly review the achievement rate and actions for SBT carbon reduction targets and 2040 RE100 objectives.	Implement eight actions to save 12,860 GJ, equivalent to reducing 2,348.3 tons of CO₂e.	Achieve SBT Scopes 1, 2, and 3 carbon reduction targets.	
	Circular Economy	Setting of energy saving management targets and regular review of imported plastics PCR.	- The material recycling rate for PET film usage is 100%. - PC Film introduces 90% recycled materials. - Introduce 100% recycled plastic materials (specific models).	Achieve 100% recycled material use for PCR and cobalt in specific models.	
	GHG	Conduct annual ISO 14064-1 inventory and verification.	Verification of 8 operating bases is done.	100% verification coverage of ISO 14064-1. - Usage of renewable energy RE80.	
	Product Carbon Footprint	Established an ISO 14067 carbon footprint calculation center.	Completed 10 product carbon footprint lifecycle surveys.	Establish a carbon calculation sustainability platform.	
Communion Grows	Training and Development	Establish an "Education and Training Plan" to systematically integrate internal and external resources.	- Complete the general, professional and management functions training map. - Average training hours for executives is 111.9 hours, and for non-executives is 133.5 hours.	Implementation of learning platform, Individual Development Plans (IDP) for key talent.	

CSR committee

CSR committee organization



Responsibilities and authorities of promotion groups

Groups	Responsible Executive	Responsibilities
Green Manufacturing	General manager of the manufacturing site	Enhance energy usage efficiency, GHG Inventory, environmental and ecological conservation, chemical management
Green Innovation	R&D, project management, first-tier quality supervisors	Environmental design, evaluation of recycled materials, hazardous substance management
Sustainable Supply Chain	First-tier material management supervisor	Supply chain partner prosperity, supplier sustainability management, green sustainability, due diligence
Social Citizenship	First-tier administrative management supervisor	Promote employee benefits, protect human rights, occupational health and safety, social care, and labor-management communication
Corporate Governance	First-tier financial supervisor	Implement ethical management, improve the internal control system, manage sustainability risks, and protect shareholder rights

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 at least once a year.
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 2024, a total of 2,123 employees participated in the health checkups	6.3 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 17,144 participants and a 99.7% 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, solar PV cumulative electricity generated 10,184 MWh - Signed green power contract	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 "SMP Environmental Protection Week" - Continuous circular economy solution for PCR plastic and packaging material recycling - Established green product information and complete customer-specified carbon footprint surveys	5.2 Product Carbon Footprint
	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 - Conducted ESG and human rights risk investigations across the supply chain 2024 Simpo Group ESG Sustainable Supply Chain Seminar, with nearly 200 supply chain partners participating online	3.1 Supply Chain Management Strategy 3.2 Supply Chain ESG Risk Assessment
	Identifying climate change risks and opportunities, devising mitigation and adaptation actions, and implementing comprehensive carbon management actions	- Passed SBTi near-term target and committed to long-term target - Joining RE100 and commits to using 100% renewable energy by 2040 - ISO 50001 energy management system	4.1 Net Zero Strategy 4.2 GHG Inventory
	Establishing sustainable partnerships centering on mutual prosperity	Responding to international initiatives: RBA, RMI, SBTi, RE100	1.1 Company Profile 3.3 Supplier Engagement

1.3 Communication with Stakeholders

Stakeholder interaction

Simplo TecŠology adheres to the principles of honest and transparent communication and responsible corporate governance. Following the Global Reporting Initiative (GRI) Standards and the AA1000 Stakeholder Engagement Standard, we have established a systematic stakeholder identification and management mechanism. The company has identified five core stakeholder categories: customers, suppliers, employees, shareholders/investors, and government agencies. These serve as the basis for sustainable communication and strategic responses. The implementation status for 2024 is as follows:

Stakeholders	Signi–cance to the Company	Issues of concern	Communication frequency and method	Implementations in 2024
 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] • TecŠical/business meetings (QTR/ QBR/MBR) [Occasionally] • Email • Company website • Customer Audit	1. Daily emails and customer visits 2. Participated in 45 QBR/QTR/MBR meetings 3. Responded to 36 customer questionnaires (7 online questionnaires) 4. Occasional customer sustainability issue exchange
 Suppliers	Collaborating with the supply chain to enhance supply chain resilience and build a coprosperity ecosystem	• Responsible procurement • Hazardous substance management • Conflict mineral management • Supplier sustainability rating/audit	[Regular] • Supplier evaluation [Occasionally] • Supplier RBA audit • Supplier conference • Supplier questionnaire	1. One sustainable supply chain communication conference, attended by 85 suppliers online 2. 17 suppliers received ESG evaluations 3. RBA audited 28 companies 4. Signature of " Supplier Code of Conduct Commitment"
 Shareholders/investors	To protect shareholders' rights and interests by upholding the integrity of management and the transparency of operating information	• Operational performance • Dividend policy and payment • Management policy • Information transparency • Investment plan • Ethical management	[Regular] • Annual shareholders meeting report and financial statements • Investor conference [Occasionally] • Company website • Email	1. One shareholders' meeting held 2. One investor conferences held 3. Publication of the Annual Report for the 2024 Shareholders' Meeting 4. 5 questionnaires from investment organizations

Stakeholders	Signi-cance to the Company	Issues of concern	Communication frequency and method	Implementations in 2024
Employees	A well-established welfare system and a safe working environment, as well as the cultivation of excellent talents 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] - Employee health checkup - Labor-management meetings - Welfare Committee meeting [Occasionally] - Internal email, website bulletin board - Education and training - Company website	- One annual employee health checkup, four labor-management meetings, and twelve Welfare Committee meetings. 3 employee activity registration forms and 2 group meal satisfaction survey - Portal Announcements 29 issues of CSR e-newsletter, 45 issues of ESG e-newsletter, 2 issues of Group e-newsletter. - Simplo TecSology Environmental Protection Week
Government agencies	Compliance with laws and regulations to build a good corporate reputation	- Corporate governance - Risk management - Occupational health and safety - Legal compliance - Energy management	[Occasionally] - Official documents - Email - Briefings - MOPS	- MOPS reporting - Participate in governmental briefing sessions. - Regular checking of regulations - Announcement of monthly revenue to the MOPS and the Company's official website

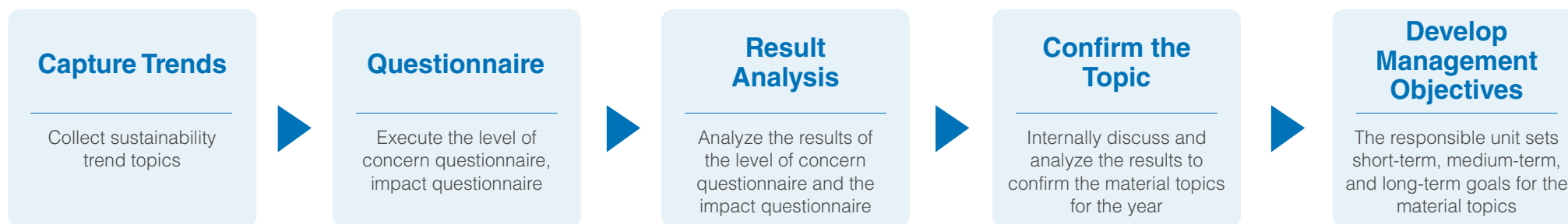
▪ ESG communication four-part series



1.4 Material Topics Analysis

Process to identify material topics

In order to ensure that this report meets the needs of stakeholders, the report identifies material sustainability issues through the "Stakeholder Survey" and is prepared with reference to the eight principles defined in the GRI Standards (2021). It provides an in-depth analysis of the issues of concern to stakeholders and their positive and negative impacts. Issues are ranked based on their level of concern and impact level to effectively respond to stakeholders' expectations and needs.



Step One: Collect Sustainability Trend Topics

Simplo TecSology refers to sustainability standards and regulations (GRI, SASB, TCFD), international ESG evaluation agencies (DJSI, MSCI, CDP), the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, stakeholder issues of concern, industry characteristics, and related regulations to aggregate 16 sustainability issues.

Step Two: Questionnaire

- 1. Material Issues Level of Concern Questionnaire**
A survey was conducted to assess the level of concern of 5 major key stakeholders on 16 sustainability issues. The survey evaluated the "positive" and "negative" impact levels these issues have on economic, environmental, and social (people) sustainable development, receiving a total of 90 valid feedback.
- 2. Internal Impact Assessment Questionnaire**
Through the assessment questionnaire, we evaluated the degree of potential impact of sustainability issues on Simplo TecSology's own operations.

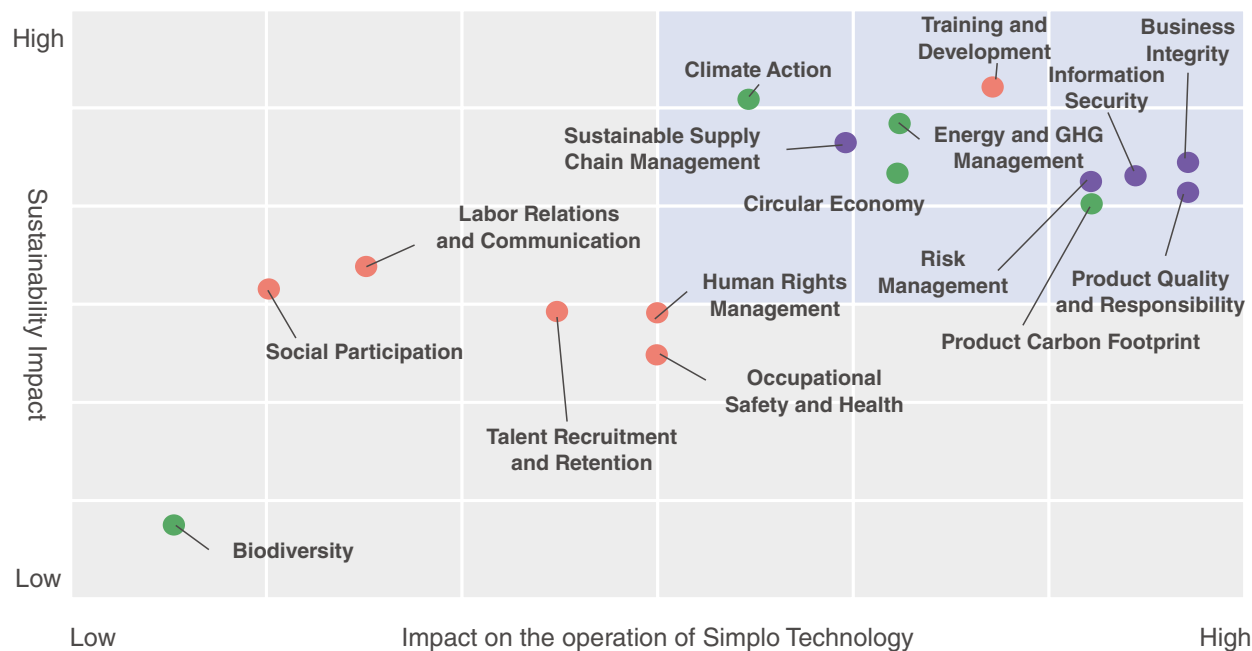
Step Three: Result Analysis/Confirm the Topic

After consolidating the survey results, impact assessments were ranked. The CSR Office comprehensively considered the impact scores of various ESG issues, selected 10 material topics, and plotted a matrix.

Step Four: Target Setting and Management

The responsible unit sets short, medium-term, and long-term goals and strategies for the material topics. The CSR Committee regularly reviews and makes necessary adjustments, and reports the implementation progress to the Board of Directors.

Material Topics Matrix



Explanation of material topics differences

A total of 10 material topics have been identified for 2024, including five economic, three environmental, and two human (including human rights) issues. New topics include product quality and responsibility, and training and development, compared to 2023.

Comparison with prior year's variance

	2023	2024
Economic	Corporate Governance	Business Integrity
	Business Integrity	Risk Management
	Supply Chain Management	Supply Chain Management
	Compliance	Product Quality and Responsibility
	Risk Management	Information Security
Environment	Green Product	Product Carbon Footprint
	Climate Change	Climate Action
	Cleantech Opportunities	GHG
	Material Circular Economy	Circular Economy
Social	Occupational Safety and Health	Training and Development

Material Topics

Economic-5items	Environment-5items	Social-6items
* Business Integrity * Risk Management * Sustainable Supply Chain Management * Product Quality and Responsibility * Information Security	* Climate Action * Circular Economy * Energy and GHG Management * Product Carbon Footprint - Biodiversity	- Occupational Safety and Health - Talent Recruitment and Retention * Training and Development - Labor Relations and Communication - Human Rights Management - Social Participation

*Remark as major material topics

Value chain impact description

Material topics	Impact on the value chain (Positive Impact/ Negative Impact)	Corresponding to GRI	Impact on the value chain			
			○ Indirect impact ● Direct impact			
			upstream	Operation	downstream	
			Supplier	Headquarter	Factory	Client
Economic						
Business Integrity	- Positive Impact: (e.g., Reduces legal and financial risks, increases transparency and credibility.) - Negative Impact: (e.g., High implementation costs, inadequate supervision may lead to formalism.)	205-2	●	●	●	●
Risk Management	- Positive Impact: (e.g., Implementing risk management minimizes losses and improves crisis response.) - Negative Impact: (e.g., Ignoring risk management exposes hidden risks.)	Custom Theme	○	●	●	○
Supply Chain Management	- Positive Impact: (e.g., Enhances supply chain stability, reduces environmental and social impacts.) - Negative Impact: (e.g., Poor supply chain management may cause pollution and human rights violations.)	204-1, 308-1, 308-2, 414-1, 414-2	●	●	●	●
Product Quality and Responsibility	- Positive Impact: (e.g., Emphasizing product responsibility minimizes negative health and environmental impacts.) - Negative Impact: (e.g., Neglecting responsibility increases risks to health and the environment.)	416-1, 416-2	●	●	●	●
Information Security	- Positive Impact: (e.g., Proper implementation reduces risks of data breaches.) - Negative Impact: (e.g., System failures may threaten personal safety and societal stability.)	418-1	●	●	●	●
Environment						
Product Carbon Footprint	- Positive Impact: (e.g., Evaluating the carbon footprint increases transparency of a product's environmental impact.) - Negative Impact: (e.g., Ignoring carbon footprint assessments might overlook lifecycle environmental impacts.)	Custom Theme	●	●	●	●
Circular Economy	- Positive Impact (e.g., Reducing waste and minimizing the environmental and ecological damage caused by resource extraction.) - Negative Impact: (e.g., Resource depletion, improper waste treatment leading to secondary pollution.)	301-2	●	●	●	○
GHG	- Positive Impact: (e.g., Reducing greenhouse gas emissions, contributing to the global goal of limiting warming to 1.5°C.) - Negative Impact (e.g., Extensive land use for renewable energy facilities might damage and reduce farmland and habitats, impacting natural ecosystems.)	302-1, 302-3, 305-1~305-5	○	●	●	●
Climate Action	- Positive Impact: (e.g., Mitigating climate change, reducing threats from extreme weather on ecosystems and humans.) - Negative Impact: (e.g., If climate action fails, climate change may exacerbate ecological and environmental risks.)	201-2	●	●	●	○
Society						
Training and Development	- Positive Impact (e.g., Enhancing employees' professional skills and competitiveness.) - Negative Impact (e.g., Poor planning of employee training and career development may impact the company's competitiveness.)	404-1, 404-3	○	●	●	○