

tsti 2023 ESG Report Highlights and Summary



Sustainable Development

Corporate Sustainability, Materiality Analysis, and Stakeholder Engagement

2023 Sustainable Development Highlights:

- Transparent disclosure of sustainability information with the first ESG sustainability report published in September 2023.
- A dedicated section on the official website to announce the results of ESG-related corporate sustainability activities.
- Completion of the 2022 internal greenhouse gas inventory and the first greenhouse gas inventory report.
- Held 5 ESG sustainability development meetings throughout the year.
- Participated in ESG surveys from 17 clients.
- Conducted due diligence on 4 companies, covering assessments of environmental, social, governance, human rights, and information security issues.

Corporate Governance (ESG)

Corporate Structure and Governance,
Business Scope and Performance,
Business Continuity and Risk Management,
Information Security and Privacy Protection,
Ethical Management and Legal Compliance

Corporate Governance

Corporate Governance (ESG)

Corporate Structure and Governance, Business Scope and Performance, Business Continuity and Risk Management, Information Security and Privacy Protection, Ethical Management and Legal Compliance

2023 Corporate Governance Highlights:

- Chairman Brian Shen received the "Outstanding ICT Elite Award" at the 2023 ICT Month.
- Assistant Vice President Brad Yu was recognized as one of the "100 MVP Managers" by Manager Today in 2023.
- The annual gross profit margin reached 22.19%, an increase of more than 3.99% compared with the same period last year; and operating profit increased by 9.20% compared with the same period last year.
- Held the annual shareholders' meeting, published the annual report, and hosted investor' conference; important information such as corporate governance, key business developments, and operational performance was disclosed in real-time through the Market Observation Post System for shareholders and investors.
- Legal compliance governance and policy revisions were completed and promulgated.
- Successfully renewed ISO 20000 and ISO 27001 certifications.

Pursuing Happiness in the Workplace

Creating a Friendly Workplace,
Diverse Talent Development,
Zero Occupational Accidents in
Health and Safety

Pursuing Happiness in the Workplace

Creating a Friendly Workplace, Diverse Talent Development, Zero Occupational Accidents in Health and Safety

2023 Happy Workplace Highlights:

- In 2023, full-time non-supervisory employees' salaries increased by 3.89% compared to 2022. Technical service team leaders were included in the SIP performance incentive program, driving a 109% increase in the company's gross profit.
- Continued to develop employee functions, training and education, organizing 494 training courses with 8,466 participants, participants and a total of 18,219 hours, a significant increase compared with 2022.
- Promote the new system for work plan and performance target assessment, implement 1-on-1 performance interviews with direct supervisors, and promote functional development planning and career development communication.
- ISO 45001 certification renewal, continuous review and improvement of the office environment, providing a safe and healthy working environment for employees.
- Participating in the Common Health Magazine CHR healthy corporate citizenship activities, and providing health inspection services that are better than regulations.



Sustainable Partnerships

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Sustainable Value Chain—Recognition from Business Partners, Customer Relationship and Service Quality, Sustainable Supply Chain

Sustainable Partnerships

Sustainable Value Chain—Recognition from Business Partners, Customer Relationship and Service Quality, Sustainable Supply Chain

2023 Sustainable Partnership Highlights:

- Received over 25 awards and recognitions from business partners.
- Registered under the Digital Industry Agency of the Ministry of Digital Affairs for "Information Technology Services" and "Software Products" in the category of information service providers.
- Participated in ESG surveys from 17 clients.
- Conducted ESG on-site inspections for 3 suppliers, integrating environmental, social, and governance (ESG) issues into supplier management guidelines.
- Focused on customer experience, promoting TSTI's OneService for excellence in service. Organized 24 seminars and exhibitions, 10 online seminars, issued 9 press releases, 5 topic interviews, and held 1 press conference.

Environmental Sustainability

Climate Change Governance,
Environmental Sustainability Policy,
Carbon Emissions Disclosure,
Green Initiatives and Actions

Environmental Sustainability

Climate Change Governance, Environmental Sustainability Policy, Carbon Emissions Disclosure, Green Initiatives and Actions

2023 Environmental Sustainability Highlights:

- We were invited to share at client's supplier conferences and set carbon emission reduction targets with reference to the Science-Based Targets initiative (SBTi), with the goal of reducing emissions by 20% by 2030.
- Completed the 2022 greenhouse gas inventories and produced the first greenhouse gas inventory report in 2023.
- Evaluate the introduction of the ISO14064-1 organizational greenhouse gas management information inventory system. It is expected to introduce consultant guidance in 2024 and pass the verification of a third-party organization in Q3 of 2024.
- Achieved NT\$1,621,838 in green procurement for the year.
- In 2023, the company's ESG AIoT management system will be introduced.
- Annual office energy saving and carbon reduction (replacement of energy-saving LED light panels in the office areas on the 2nd and 5th floors).
- Participate in environmental initiatives such as turning off the lights for one hour for Earth Day and "Do Something for Tamsui River".
- Cooperating with original manufacturers, we provide clients with environmentally friendly and efficient commercial computers, as well as ESG solutions such as ESG AIoT management system and Energy management systems to help clients cope with sustainable net-zero and low-carbon transformation.

A colorful graphic featuring a stylized city skyline with various buildings in shades of blue, green, and orange. A blue robot head icon is positioned above the city. A winding path leads through the city. The background is a mix of light pink and yellow. The text 'Social Responsibility' is written in a large, bold, red font. The logo 'tsti 大世科' is in the top right corner. The words 'Social Responsibility' are also written in a large, light blue, semi-transparent font across the bottom of the graphic.

Social Responsibility

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**Social Welfare Engagement,
Core Innovation Technologies and
Sustainable Development Collaboration**

Social Responsibility

Social Welfare Engagement, Core Innovation Technologies and Sustainable Development Collaboration

2023 Social Good Highlights:

- Promoted technological advancements under the ACE SI (AI, Cloud, ESG) by driving the AIoT battle management system solution.
- Sponsored the 2023 Taiwan Mobile Ladies' s Golf Open.
- Continued support for remote and isolated areas, providing educational assistance to remote indigenous students.
- Participated in two annual local community health association events and organized one corporate visit for students.
- Engaged in long-term social welfare and community care, sponsoring education for underprivileged students in rural areas through World Vision Taiwan and Chinese Fund for Children and Families/Taiwan, as well as participating in related activities.
- Published information on media platforms periodically, including 24 seminars and exhibitions, 10 online seminars, 9 press releases, 5 topic interviews, and 1 press conference throughout the year.

Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviations

| Implementation Item | Implementation status |
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| | Summary |
| I. Does the Company have a governance structure that promotes sustainable development, and have a special unit or designate an existing unit for the task of sustainable development promotion? Does the Board of Directors of the Company authorize the management to handle relevant matters? How does the Board of Directors conduct supervision? | <p>1. In accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and related laws and regulations, the Company formulated the “Corporate Social Responsibility Best Practice Principles” in 2014 and revised its name to the “Corporate Sustainable Development Best Practice Principles” in 2022 to promote the vision and mission of ESG policies. These Principles shall be enacted after review by the Audit Committee and approval by the Board of Directors, and submitted to the shareholders' meeting. The same applies to amendments. and published on the official website of the Company.</p> <p>2. The Company has established the "Sustainable Development Promotion Team" to promote sustainable development. The Chairman and Chief Executive Officer are the convener and vice convener respectively, and the Chief Financial Officer and Corporate Governance Officer are the chairperson to promote sustainable development through quarterly meetings and issue-based task groups.</p> <p>2.1. Sustainable Environment Group - Responsible for promoting sustainable environment and sustainable supply, promoting sustainable development through green procurement and reducing the impact of transportation on the environment;</p> <p>2.2. Corporate Governance Group: Responsible for promoting the ethical corporate management and administering Board of Directors affairs, and regularly promoting and establishing rules and regulations to drive employees to follow the system;</p> <p>2.3. Social Responsibility Group - Responsible for promoting employee care and social concern, promoting a happy workplace, employee engagement in sustainable development and social welfare activities.</p> <p>2.4. Business Continuity Group: Responsible for administering risk management, information security, and other business continuity issues.</p> <p>● For details of the annual implementation status, please refer to point 7 for other important information that is helpful for understanding the implementation of sustainable development.</p> <p>3. The Company's Board of Directors receives quarterly reports from the management team. Management is required to propose corporate strategies to the Board of Directors. The Board of Directors shall evaluate the likelihood of success of these strategies and shall review the progress of the strategies from time to time, and shall request the</p> |

| Implementation Item | Implementation status | | | | | | | | |
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| | management team to make adjustments as necessary. After approval by the Board of Directors, a report shall be submitted to the shareholders' meeting as necessary. When shareholder raise a proposal related to the corporate sustainability, the Board of Directors shall take it into account and incorporate it as a proposal of the shareholders' meeting. | | | | | | | | |
| II. Does the Company conduct risk assessment for environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? | <div>1. The disclosure covers the Company's performance in key locations for the period January 2023 to December 2023. The risk assessment boundary is limited to the Company and includes domestic 100%-owned subsidiaries based on their relevance to the core businesses and the extent of their impact of material topics.</div> <div>2. The Company provides internal and external communication channels for stakeholders (shareholders, employees, suppliers, and customers) to ask questions and express their opinions, and, with respect to the corporate sustainability topics, conducts questionnaire surveys to identify the issues on the sustainable development of the environment, society, and corporate governance based on the materiality principle. As for the analysis of materiality principle issues, the Company has established relevant risk management policies and strategies with reference to the GRI (Global Reporting Initiative), the considerations in the GRI Standards, the characteristics under the industry standards (Software & IT Services) of the Sustainability Accounting Standards Board (SASB), and the UN SDGs to effectively identify, measure, evaluate and control risk management policies and specific action plans to reduce the impact of relevant risks.</div> <div>3. Based on the assessed risks, relevant risk management policies or strategies are formulated as follows:</div> <table><tr><th>Material topic:</th><th>Risk assessment item</th><th>Description</th></tr><tr><td>Environment</td><td>Environmental impact and management</td><td><div>1. We are an information service company with no factories or related manufacturing machinery, and our main carbon and water footprints and waste are generated from general office activities. In response to environmental impacts, the Company promulgated the Tsti Environmental Policy in 2022 and</div></td></tr></table> | | | Material topic: | Risk assessment item | Description | Environment | Environmental impact and management | <div>1. We are an information service company with no factories or related manufacturing machinery, and our main carbon and water footprints and waste are generated from general office activities. In response to environmental impacts, the Company promulgated the Tsti Environmental Policy in 2022 and</div> |
| Material topic: | Risk assessment item | Description | | | | | | | |
| Environment | Environmental impact and management | <div>1. We are an information service company with no factories or related manufacturing machinery, and our main carbon and water footprints and waste are generated from general office activities. In response to environmental impacts, the Company promulgated the Tsti Environmental Policy in 2022 and</div> | | | | | | | |

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| | | | <p>will continue to promote sustainable environmental protection among employees and suppliers.</p> <p>2. Regularly review our greenhouse gas emissions plan to examine the impact of our operations. Based on the results, continue to implement carbon reduction measures to reduce the risk of carbon emissions from business vehicles in Scope I and indirect greenhouse gas emissions from electricity use in Scope II.</p> <p>3. Byreferring to the results of the TCFD framework for identifying climate risks and opportunities, integrate our core competencies to drive a new business model for ESG sustainability, the ESG AIoT Carbon Management System.</p> |
| | Society | Occupational safety | <p>1. All employees are insured by group insurance and free health checkups are arranged regularly; ISO 45001 certification was successfully implemented in December 2023.</p> <p>2. The on-site medical doctor, occupational nurse and occupational safety and health staff regularly conduct various health management activities, health promotion seminars and public security fire inspections to ensure employee safety and strengthen safety awareness, continuously optimize internal and external occupational safety of the Company and reduce related hazards.</p> |

| Implementation Item | Implementation status | | |
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| | | | <p>3. In response to the COVID-19 pandemic in 2020, to protect the health of employees and reduce the risk of infection, we implemented online digital health management, with immediate notification of temperature reports, tracking and screening.</p> <p>4. Regular fire drills and industrial safety education training are held every year to develop employees' emergency response and self-safety management skills.</p> |
| | | Service quality and safety | <p>1. We have passed the CMMI certification for software quality, ISO 27001 certification for information security management system, and ISO 20000 certification for information service management system to establish a more complete information service system and help corporate users to build a highly competitive information environment.</p> <p>2. We have set up a hotline and a consultation email box for the questions that customers have on our products. We provide attentive aftersales services by setting up a 0800 customer service hotline and an online repair reporting and query website.</p> |
| | Corporate governance | Socio-economic and legal compliance | Through the establishment of a governance organization and the implementation of internal control mechanisms, ensure that all employees and operations of the Company comply with the relevant laws and regulations. |

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| | Summary | | |
| | | Strengthen the functions of directors | <ol style="list-style-type: none"> 1. Plan for the relevant trainings for directors and provide them with annual updates on regulations, institutional developments and policies. 2. Provide directors with liability insurance to protect them from potential litigation and claims, and help strengthen corporate governance. |
| | | Stakeholder communication | <ol style="list-style-type: none"> 1. Analyze important issues of concern to stakeholders to avoid misunderstandings that may lead to operational or litigation risks if stakeholders have different positions from the Company. 2. Establish various communication channels and actively communicate to reduce confrontation and misunderstanding. Set up a mailbox for investors, with a spokesperson to handle and respond to them. |
| <p>III. Environmental issues</p> <p>(1) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?</p> <p>(2) Is the Company dedicated to enhancing energy efficiency and using recycled materials with</p> | <p>(1) The Company is located in the Group's factory and the Group has implemented the ISO 14001 environmental management system at the Group level since 1996 to improve the environmental performance on an ongoing basis. The Company is in the information service industry and has no environmental pollution from manufacturing plants. We implement internal energy saving and carbon reduction policies as well electronic documentation control and approval. The Company also assist customers in the implementation of energy saving plans, and externally promote the “ESG AIoT Carbon Management System” solution to make a contribution to the energy saving and carbon reduction with our professional information service knowledge.</p> <p>Starting in 2023, we will report quarterly to the Board of Directors on the schedule and progress of greenhouse gas inventory and verification, and start internal greenhouse gas inventory operations in the first quarter of 2023 in accordance with ISO 14064-1 verification standards. To thoroughly understand the company's greenhouse gas emissions, our company sent personnel to participate in the ISO 14064-1 Greenhouse</p> | | |

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| low impact on the environment? | Gas Internal Verification Training Course. The aim is to cultivate personnel in various units of the company as greenhouse gas inventory auditors, in order to comprehensively promote the implementation of greenhouse gas information management systems that comply with ISO14064-1 requirements in affiliated offices and subsidiaries. Based on this, emission inventory work will be conducted. It is expected to pass the ISO 14064-1 verification in 2024, which will enhance the company's greenhouse gas inventory capabilities. Currently, the company schedules quarterly progress reports on greenhouse gas projects at board meetings. In the future, we will conduct annual greenhouse gas inventory to track the effectiveness of emission reduction and public disclosure. |
| (3) Does the Company assess the current and future risks and opportunities which climate change potentially brings to the Company? Does the Company take measures in response to climate-related issues? | (2) The Company is actively promoting various energy reduction measures and using continuous electronic document approval optimization to reduce paper costs and reduce environmental impact: The Company has implemented electronic document approval and human resources operating systems. Traditional paper is replaced with transmission of electronic files to reduce the paper at the office. Resource recovery and waste sorting facilities are available on each floor in the office building. Information equipment supplies are recycled, effectively sorted and reused to improve energy efficiency. We implement recovery of waste computers and toner cartridges. The personal data in the media (e.g. hard disks) are deleted and the media are destroyed physical before they are scrapped to ensure compliance with the Personal Data Protection Act and the resource regeneration principle in favor of the environment. In August 2022, we established a cross-unit green procurement team to purchase nationally certified environmental protection products and passed the Green Office certification of the Environmental Protection Administration. This actively promote green procurement in the Company. In 2023, green procurement amounted to \$1,621,838. Simultaneously, concerning the products we represent, our company includes energy-efficient electronic equipment from the original manufacturers in the sales list, encouraging manufacturers to strengthen the development of energy-saving and carbon-reducing products, thereby jointly committing to corporate social responsibility. Some of the information technology products we sell have already obtained the Taiwan Energy Label. |
| (4) Does the Company make statistics of the greenhouse gas emissions, water consumption and total waste weight in the past two years? Does the Company have policies for reduction of greenhouse gas emissions, reduction of water consumption or other waste management policies? | (3) After reviewing the risks, the company analyzed the impact of climate change on its financial condition and formulated annual adjustment and response strategies, disclosing tables on "climate-related risks and financial impacts" and "climate-related |

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| | opportunities and financial impacts". Meanwhile, leveraging its core capabilities, the company is committed to promoting ESG sustainable new business models and has launched solutions to assist customers in reducing carbon emissions, including the ESG AIoT Carbon Management System, tiCare Smart Healthcare / Telehealth, AIoT Smart Restroom, and more. To cope with the risk of the climate change to the Company, we have established emergency response management regulations, conducted different emergency response activities and performed public safety and fire service inspections to ensure the safety of the employees and uninterrupted serviced in the emergency. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (4) We support the environmental protection polices of the government and are dedicated to the implementation of the energy saving and carbon reduction strategies. The air conditioners were cleaned in May and October 2023 to improve their efficiency and reduce the load to the equipment effectively. In 2023, the renovation of the second-floor office in Taipei was completed. Also, we will replace the LED tube lighting with LED flat panel lighting to save energy. We hope to create the highest benefit in energy saving and carbon reduction this way. Our overall carbon decreased by 77.79 tons of CO2 emissions in 2023 compared to 2022. The Company will continue to strive to fulfill its corporate social responsibility and sustainable management by conducting greenhouse gas inventories, identifying major CO2 emission sources, and promoting and implementing effective emission reduction measures. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><th colspan="5">tsti Carbon Emissions Statistics</th></tr><tr><td colspan="5">Disclosure date: 03.03.2024</td></tr><tr><td>Main GHG emissions sources</td><td>2021</td><td>2022</td><td>2023</td><td>Energy saving rate in current year</td></tr><tr><td colspan="5">Scope 1</td></tr><tr><td>Company car (gasoline/KG)</td><td>84,562.48</td><td>82,150.09</td><td>73.3555</td><td>-10.71%</td></tr><tr><td colspan="5">Scope 2</td></tr><tr><td>Power consumption (kWh)</td><td>694,777.54</td><td>758,722.53</td><td>729.9676</td><td>-3.79%</td></tr><tr><td colspan="5">Scope 3</td></tr><tr><td>Transport car (diesel/KG)</td><td>194,646.24</td><td>171,063.45</td><td>130.8250</td><td>-23.52%</td></tr><tr><td>Total</td><td>973,986.26</td><td>1,011,936.07</td><td>934.1480</td><td>-7.69%</td></tr></table> | tsti Carbon Emissions Statistics | | | | | Disclosure date: 03.03.2024 | | | | | Main GHG emissions sources | 2021 | 2022 | 2023 | Energy saving rate in current year | Scope 1 | | | | | Company car (gasoline/KG) | 84,562.48 | 82,150.09 | 73.3555 | -10.71% | Scope 2 | | | | | Power consumption (kWh) | 694,777.54 | 758,722.53 | 729.9676 | -3.79% | Scope 3 | | | | | Transport car (diesel/KG) | 194,646.24 | 171,063.45 | 130.8250 | -23.52% | Total | 973,986.26 | 1,011,936.07 | 934.1480 | -7.69% |
| | tsti Carbon Emissions Statistics | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Disclosure date: 03.03.2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Main GHG emissions sources | 2021 | 2022 | 2023 | Energy saving rate in current year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Scope 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Company car (gasoline/KG) | 84,562.48 | 82,150.09 | 73.3555 | -10.71% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Scope 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Power consumption (kWh) | 694,777.54 | 758,722.53 | 729.9676 | -3.79% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Scope 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Transport car (diesel/KG) | 194,646.24 | 171,063.45 | 130.8250 | -23.52% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 973,986.26 | 1,011,936.07 | 934.1480 | -7.69% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Summary |
| | <p>(2) Water consumption: The water used for general office activities is not yet included in the inventory, and no data is available for the time being. The water sources we use are all tap water, primarily for the daily life needs of the office. Water is a precious shared resource, and we actively manage it in our daily operations. We also continuously promote water conservation, choose water-saving devices with water-saving labels, use sensor taps, regularly maintain and repair water storage facilities, to prevent wastage of water resources. Our aim is to integrate the concept of water conservation into the daily lives of our colleagues.</p> <p>(3) Waste: As for the old, damaged and unusable IT equipment, we have removed usable components and resold scrapped equipment and parts to recycle service providers in the hope of achieving the greatest benefit of energy saving and carbon reduction. A qualified waste disposal company registered with the government will be hired by the Tatung Company at the factory site to handle subsequent recycling and sorting work, reducing harm to the environment. To actively prevent pollution and potential data breaches, we track and manage the flow of waste in coordination with the waste disposal company's on-board measures. In our supplier ESG visit meetings, we also exchange information on the selection, tracking management, and on-board measures of waste disposal companies, collectively promoting a more environmentally friendly approach and the reuse of packaging materials. The Company will continue taking the fulfillment of the corporate social responsibility and the sustainable operations as the goal in the future.</p> <p>2. Greenhouse gas reduction, water consumption reduction or other waste management policies</p> <p>In accordance with regulations and in cooperation with Tatung Company, the Company is required to complete third-party greenhouse gas inventory verification by 2025. Currently, the Company schedules quarterly greenhouse gas special progress reports to the Board of Directors and plans to complete internal greenhouse gas inventory and external verification in accordance with ISO 14064-1 by 2024.</p> <p>3. The relevant greenhouse gas emissions, water consumption and waste data are based on our own inventory and we have not yet implemented the system verification. In 2023, the internal greenhouse gas inventory operations will be conducted and external</p> |

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| | Summary |
| | <p>verification completed in accordance with the ISO 14064-1 verification standard. Moving forward, annual greenhouse gas inventories and verifications will be conducted each year to track the effectiveness of emission reduction and public disclosure.</p> |
| <p>IV. Social issues</p> <p>(1) Does the Company have management policies and procedures in accordance with relevant regulations and international human rights conventions?</p> <p>(2) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave and other benefits)? Is the operating performance or results properly reflected in the remuneration for employees?</p> | <p>(1) The Company has established and announced our human rights policy, formulated related labor management regulations in line with relevant laws and regulations, and observed the basic principles of labor rights specified in the international human rights conventions to protect the basic rights of the employees. In addition, the Company does not adopt discriminatory treatment in our employment policy and disseminates relevant labor regulations irregularly. A labor-management meeting is available to coordinate the labor-management relationship, promote labor-management cooperation, and facilitate harmony between the employees and the management. The Company has established an employee welfare committee to provide subsidies and organize events for the employees.</p> <p>(2) Employee remuneration</p> <p>The Company regards human resources as a source of competitiveness and differentiation, and a highly valued asset of the Company. Therefore, the Company continues to provide each talented employee with favorable wages and benefits. We uphold the idea of sharing the profits with employees to attract, cultivate, develop and encourage talents in all fields. In order to attract talented employees, we provide a year-end bonus equivalent to one month salary and a total of 0.5 month as Dragon Boat Festival and Mid-Autumn Festival bonus. Depending on the specific contribution and performance appraisal of the employees, we provide performance bonuses to employees with good performance. Employees who have been employed for 2 years or more can participate in the Company's profit-sharing remuneration for employees to encourage all employees to work together for the Company's goals. In 2023, non-managerial full-time employees experienced a salary growth of 3.89%. First-year supervisors leading technical services teams were included in the SIP performance rewards scheme. We also implemented the new Job Plan & Review system, ensuring one-on-one performance reviews with immediate supervisors and conducting employee satisfaction evaluations.</p> <p>Employee welfare measures</p> <p>The Company has established an Employee Welfare Committee, and each year the Company appropriates more than NT\$3 million as employee welfare funds, planning</p> |

| Implementation Item | Implementation status |
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| | Summary |
| (3) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly? | <p>and providing quality benefits for employees, such as: employee travel subsidies, subsidies for further education and training courses, birthday gift certificates, wedding allowances, childbirth allowances, and wedding and funeral subsidies.</p> <p>In terms of attendance and leave system, the Company adopts the APP sign-in and sign-out system and provides one hour of flexible working hours per day. In addition to the two rest days per week, employees who have been employed for one year are given 10 days of special leave per year. In the event of childcare, material injury, illness or accident, employees can apply for leave without pay in order to address their personal and family needs. In 2023, we implemented the "Work-Life Balance Special Leave Incentive Program" for the first time. This program encourages employees to utilize their special leave by offering incentives, in addition to recognizing their hard work. It aims to enrich employees' leisure time while enhancing the company's operational resilience. Furthermore, we promoted employee participation in charitable activities and provided volunteer leave rewards.</p> <p>Workplace diversity and equality</p> <p>We respect the uniqueness of each employee and strive to create a diverse and inclusive workplace environment. We embrace and respect colleagues from diverse backgrounds and take women seriously to create a more friendly work environment and provide a comfortable breastfeeding room. We strive to achieve equal pay for equal work and equal opportunity for advancement for both men and women. In 2023, the average percentage of female employees was 30.8%, and the percentage of female senior leaders reached 21.5%.</p> <p>The Company attaches importance to employee rights and interests and maintains a good working environment, including physical and mental care: (1) The ratio of employees with physical disabilities is in line with government regulations; (2) 100% of injured employees discuss with the occupational medical doctor, and appropriate rehabilitation care and return-to-work plans are formulated; (3) Foreign employees are treated fairly in terms of appointment/development/employment/retention, cultural integration and health and safety compared to their national counterparts; (4) Continue to implement a happy workplace, through the colleagues independent APP environment optimization notification, and jointly optimize the office environment to work at ease.</p> <p>Operating performance is reflected in employee salaries</p> <p>The Company participates in annual market salary surveys and adjusts salaries according to market salary levels, economic trends and individual performance in order to maintain overall salary competitiveness. In order to reflect the operating</p> |
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| Implementation Item | Implementation status |
|---|--|
| | Summary |
| (4) Does the Company have effective programs for development and training regarding employees' career skills? | <p>results in employee salaries, the Company allocates 5% to 15% of the annual profit as profit-sharing remuneration for employees in accordance with Article 31 of the Company's Articles of Incorporation. The Company has established employee welfare measures (including remuneration, leave and other benefits), and reflected the business performance or result appropriately in the remuneration to the employees. In addition to distributing profit-sharing remuneration for employees depending on the business performance every year and enabling them to share the operating results with the Company, we implement the Employee Stock Ownership Plan (ESOP) and provide subsidies for the employees to subscribe the shares and share the operating results. We implement the volunteer bonus leave to encourage employees to participate in volunteer services and make contributions to the society.</p> |
| (5) Does the Company conform to the relevant regulations and international standards with respect to customer health and safety, customer privacy, marketing, labeling for products and services and other issues? Does your company establish the relevant consumer or customer rights protection policies and complaint procedures? | <p>(3) Occupational safety and health policy</p> <p>To protect the personal safety of the employees, the Company has taken out group insurance for them and arranged free health checkups on a regular basis. We implemented the ISO 45001 certification successfully in December 2020. Since then, The on-site physician, occupational health nurse, and the personnel in charge of OSH matters arrange various health management activities, health promotion lectures, and public safety and fire inspections irregularly to ensure the safety of the employees and enhance their awareness of safety. We continue optimizing internal and external occupational safety and reducing related hazards. To build a more friendly environment, a breastfeeding room is available to enable female employees to feed their babies after birth and work without concerns. To cope with COVID-19, the Company has implemented online digital health management, reporting and follow-up of body temperature, and instant reporting of testing results since 2020 to protect the health of the employees and reduce the risk of infection. The Company was selected by Common Health Magazine as a Corporate Health Responsibility (CHR) company in 2021. We are committed to implementing employee health promotion activities in the four aspects of awareness, exercise, food, and assistance. The Company was also certificated by the Sports Administration, Ministry of Education, as a Sports Enterprise in 2023 and received the Badge of Accredited Healthy Workplace from the Health Promotion Administration in the same year to demonstrate the fulfillment of the corporate social responsibility, build a health workplace together with the employees, and establish a healthy supportive environment. Continue to implement and optimize real-time reporting through the APP; complete the ISO 45001 recertification in 2023. We continuously review, improve, and enhance the workplace</p> |

| Implementation Item | Implementation status |
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| | Summary |
| (6) Does the Company have a supplier management policy that requires suppliers to comply with the regulations concerning environmental protection, occupational safety and health or labor rights? What's the status of its implementation? | <p>environment to provide employees with a safe and healthy working environment.</p> <p>(4) The Company places much importance on the training of the employees and believes that the power of differentiation comes from the increase of the human capital. Each of the more than 40 professional functions has 5 to 6 professional competences. The analysis of the competences is conducted to identify the strengths and weaknesses of the employees in their competence and establish more premium talent development strategies. In addition, the Company has established a career development and talent retention plan and encouraged employees to improve their professional capability continuously and create a win-win situation for their personal competency and growth. The communication and learning competences are added to the four core competences of innovation, service, team, integrity to enhance the learning organization and culture continuously. In 2023, a total of 8,467 employees participated in the Company's 494 training courses, totaling 18,595 hours.</p> <p>(5) 1. In addition to passing the software quality CMMI ML3 certification, ISO 27001 Information Security Management System certification, and ISO 20000 IT Service Management System certification, the Company is recognized by the Industrial Development Bureau, Ministry of Economic Affairs, as a technology service information organization – IT service organization, an information security service organization in the IS category, and a AI service organization in the AI category to build a more complete information service system and assist corporate clients in building an information environment of high competitive strength jointly.</p> <p>2. The Company has set up a hotline and a consultation email box for the questions that customers have on our products. We provide attentive aftersales services by setting up a 0800 customer service hotline and an online repair reporting and query website.</p> <p>(6) We incorporate the energy-saving electronic products sold by the suppliers in the product line and urge manufacturers to enhance their R&D in the products favorable for energy saving and carbon reduction in order to fulfill the corporate social responsibility. We take purchase of the products with the Green Mark as the first priority. The amount of green procurement in 2023 reached \$1,621,838. Some of the information equipment products we sold have been attached with Taiwan Energy Label.</p> <p>In addition to having our suppliers to sign relevant contracts, we also invite them to</p> |

| Implementation Item | Implementation status |
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| | Summary |
| | <p>sign a "Supplier Commitment" that includes compliance with environmental protection, labor, occupational safety and health, information security, and other important issues, and plan to conduct supplier site visits in the hope of mutual learning and growth through exchanges. 704 suppliers are promoted annually, and 164 new suppliers are introduced in 2023. All of them signed the "Supplier Commitment Letter (Integrity and Integrity Management)" and responded to the "Supplier Corporate Social Responsibility Self-Assessment Form"; in 2023, the "ESG Enterprise Permanence" implemented for the first time. Continuing the investigation, we conducted written surveys (12 suppliers) and on-site visits to 3 suppliers. The implementation rate was 100%.</p> |
| <p>V. Does the Company use internationally accepted standards or guidelines as a reference for preparation of reports, compilation of the corporate sustainability report, and other reports disclosing non-financial information of the Company? Are assurance or guarantee opinions from any third-party verifying agent acquired for the aforementioned reports?</p> | <p>The Company only makes reference to relevant internationally prepared standards and guidelines such as the GRI: Core Option of the Global Reporting Initiative (GRI), the considerations in the GRI Standards, the characteristics under the industry standards (Software & IT Services) of the Sustainability Accounting Standards Board (SASB) with self-disclosure of relevant non-financial information but the Company has not formally implemented the verification system.</p> <p>The company plans to obtain a verification statement for the “2023 Sustainability Report”, verified by a third-party verification unit, in 2024.</p> |

GRI content index

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| Statement of use | Tatung System Technologies Inc. has reported in accordance with the GRI Standards for the period 2023/01/01 to 2023/12/31. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not applicable |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | Report Contents or Explanation | Page |
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| General disclosures | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | Corporate Governance > Corporate Structure and Governance Appendix > tsti Office Locations | P.22 P.98 |
| | 2-2 Entities included in the organization's sustainability reporting | About tsti ESG Report > Reporting Period and Scope | P.02 |
| | 2-3 Reporting period, frequency and contact point | About tsti ESG Report > Reporting Period and Scope · Feedback | P.02 |
| | 2-4 Restatements of information | About tsti ESG Report > Reporting Period and Scope | P.02 |
| | 2-5 External assurance | About tsti ESG Report > Report Compiling and Quality Management Process | P.02 |
| | 2-6 Activities, value chain and other business relationships | Corporate Governance > Business Scope and Operational Performance Sustainable Partnerships > Affirmation from business partners | P.30 P.56 |
| | 2-7 Employees | Pursuing Happiness in the Workplace > Diverse Talent Development > Diversity and Abundance of Employment Opportunities | P.41 |
| | 2-8 Workers who are not employees | Pursuing Happiness in the Workplace > Diverse Talent Development > Diversity and Abundance of Employment Opportunities | P.41 |
| | 2-9 Governance structure and composition | Corporate Governance > Corporate Structure and Governance > Organizational Structure > Diverse Board of Directors Corporate Governance > Corporate Structure and Governance > Functional Committees | P.23-24 P.26 |
| | 2-10 Nomination and selection of the highest governance body | Corporate Governance > Corporate Structure and Governance > Organizational Structure > Diverse Board of Directors | P.23-24 |
| | 2-11 Chair of the highest governance body | Corporate Governance > Corporate Structure and Governance > Ethical Management > Conflict of Interest Avoidance | P.29 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance > Corporate Structure and Governance > Functional Committees | P.26-27 |
| | 2-13 Delegation of responsibility for managing impacts | Corporate Governance > Business Continuity and Risk Management > Risk Management Organization and Responsibilities | P.32 |
| | 2-14 Role of the highest governance body in sustainability reporting | About tsti ESG Report > Report Compiling and Quality Management Process | P.02 |
| | 2-15 Conflicts of interest | Corporate Governance > Corporate Structure and Governance > Ethical Management > Conflict of Interest Avoidance | P.29 |
| | 2-16 Communication of critical concerns | Corporate Governance > Corporate Structure and Governance > Organizational Structure > Diverse Board of Directors · Major Incident Communication | P.23-25 |
| | 2-17 Collective knowledge of the highest governance body | Corporate Governance > Corporate Structure and Governance > Organizational Structure > Board Members' Continuing Education Status | P.25 |
| | 2-18 Evaluation of the performance of the highest governance body | Corporate Governance > Corporate Structure and Governance > Functional Committees > Performance Evaluation of the Board of Directors and Functional Committees | P.27 |
| | 2-19 Remuneration policies | Corporate Governance > Corporate Structure and Governance > Functional Committees > Compensation Policy for Directors and Executives Corporate Governance > Corporate Structure and Governance > Ethical Management > Clawback Policy | P.27-28 |
| | 2-20 Process to determine remuneration | Corporate Governance > Corporate Structure and Governance > Functional Committees > Compensation Policy for Directors and Executives | P.27 |
| | 2-21 Annual total compensation ratio | Pursuing Happiness in the Workplace > Diverse Talent Development > Salary and Benefits | P.44 |
| | 2-22 Statement on sustainable development strategy | Letter from tsti Chairman : Sustainable Governance and Fulfilling Global Citizen Responsibilities | P.03 |

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| | 2-23 Policy commitments | Sustainable Development > Materiality Analysis and Stakeholder Engagement > Management of Material Topics "Risk Management Policies and Procedures" : Corporate Governance > Business Continuity and Risk Management "Human Rights Policy", "Diversity and Inclusion Workplace Policy" : Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Employee Rights "Occupational Health and Safety Policy" : Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety "Environmental Policy" : Environmental Policy > Environmental Sustainability Policy | P.17-20 P.32 P.40 P.51 P.66 |
| | 2-24 Embedding policy commitments | Sustainable Development > Materiality Analysis and Stakeholder Engagement > Management of Material Topics | P.17-20 |
| | 2-25 Processes to remediate negative impacts | Sustainable Development > Materiality Analysis and Stakeholder Engagement > Communication Channels Corporate Governance > Corporate Structure and Governance > Ethical Management > Reporting and Suggestion Channels Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Employee Rights | P.10 P.29 P.40 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Sustainable Development > Materiality Analysis and Stakeholder Engagement > Communication Channels | P.10 |
| | 2-27 Compliance with laws and regulations | No disciplinary actions or fines imposed : Corporate Governance > Corporate Structure and Governance > Ethical Management > Regulatory Compliance and Training Three consecutive years without workplace accidents : Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety No environmental-related penalties : Environmental Sustainability | P.29 P.51 P.66 |
| | 2-28 Membership associations | Appendix > Participation in Industry Associations | P.98 |
| | 2-29 Approach to stakeholder engagement | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-13 |
| | 2-30 Collective bargaining agreements | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Employee Rights | P.40 |

| Material topics | | | |
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| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| | 3-2 List of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| Business performance | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Corporate Governance > Corporate Structure and Governance > Business Scope and Operational Performance > Business Performance | P.30 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Environmental Sustainability > Climate Change Governance > Climate Risks and Opportunities Defined | P.64-65 |
| | 201-3 Defined benefit plan obligations and other retirement plans | Pursuing Happiness in the Workplace > Diverse Talent Development > Salary and Benefits Pursuing Happiness in the Workplace > Diverse Talent Development > Benefits System > Pension Plan | P.44 P.47 |
| | 201-4 Financial assistance received from government | Corporate Governance > Business Scope and Operational Performance > Government Subsidies | P.31 |
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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | Sustainable Development > Materiality Analysis and Stakeholder Engagement > Identification and Prioritization of Material Topics > ▼ Management of Material Topics Corporate Governance > Corporate Structure and Governance > Ethical Management | P.17 P.28-29 |
| | 205-2 Communication and training about anti-corruption policies and procedures | | |
| | 205-3 Confirmed incidents of corruption and actions taken | | |
| Data/customer privacy | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Corporate Governance > Information Security and Privacy Protection No confirmed incidents of data breaches have occurred, nor have there been any complaints regarding violations of customer privacy or loss of customer data. | P.33 P.36 |
| Data security | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| Emission of greenhouse gases | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Environmental Sustainability Policy > Carbon Emissions Disclosure > Greenhouse Gas Emissions | P.70 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | | |
| | 305-4 GHG emissions intensity | | |
| Compliance with environmental laws and regulations | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| Labor relations | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Pursuing Happiness in the Workplace > Diverse Talent Development > New Employees 、 Departing Employees | P.43 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Pursuing Happiness in the Workplace > Diverse Talent Development > Benefits System | P.45-47 |
| | 401-3 Parental leave | Pursuing Happiness in the Workplace > Diverse Talent Development > Benefits System > Parental Leave | P.47 |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Employee Rights | P.40 |

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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety | P.51 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Hazards and Risk Control | P.53 |
| | 403-3 Occupational health services | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Injury and Illness Prevention Management | P.54 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Safety and Health Organization | P.51 |
| | 403-5 Worker training on occupational health and safety | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Safety Education and Training, and Disaster Drills | P.52 |
| | 403-6 Promotion of worker health | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Health Promotion | P.38-39 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Health Promotion Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Hazards and Risk Control | P.38-39 P.53 |
| | 403-8 Workers covered by an occupational health and safety management system | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety | P.51 |
| | 403-9 Work-related injuries | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Injury Statistics and Analysis | P.54 |
| | 403-10 Work-related ill health | Pursuing Happiness in the Workplace > Zero Occupational Accidents in Health and Safety > Occupational Injury and Illness Prevention Management | P.54 |
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| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development > Materiality Analysis and Stakeholder Engagement | P.10-20 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Pursuing Happiness in the Workplace > Diverse Talent Development > Talent Development System | P.48-49 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Pursuing Happiness in the Workplace > Diverse Talent Development > Employee Turnover and Retention · Pension Plan · Talent Development System | P.43 P.47 P.48-50 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Pursuing Happiness in the Workplace > Diverse Talent Development > Career Development Performance | P.50 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Corporate Governance > Corporate Structure and Governance > Organizational Structure > Diverse Board of Directors Pursuing Happiness in the Workplace > Diverse Talent Development > Diversity and Abundance of Employment Opportunities | P.23-24 P.41-42 |
| | 405-2 Ratio of basic salary and remuneration of women to men | Pursuing Happiness in the Workplace > Diverse Talent Development > Salary and Benefits | P.44 |

| Topics in the applicable GRI Sector Standards determined as not material | | | |
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| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | Report Contents or Explanation | Page |
| Market Presence | | | |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | Pursuing Happiness in the Workplace > Diverse Talent Development > Salary and Benefits | P.44 |
| | 202-2 Proportion of senior management hired from the local community | TSTI Technologies (Shanghai) has one General Manager, holding 100% of the management position. | - |
| Indirect economic impacts | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Social Responsibility | P.74-79 |
| | 203-2 Significant indirect economic impacts | Social Responsibility > Core Innovation Technologies and Sustainable Development Collaboration | P.78-79 |
| Procurement practices | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Environmental Sustainability > Environmental Sustainability Policy > Green Procurement and Procurement Practices Local procurement amount as a percentage of total procurement amount : 97.22% | P.68 |
| Energy | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Environmental Sustainability > Environmental Sustainability Policy > Green Emission Reduction > Energy Efficiency | P.69 |
| | 302-3 Energy intensity | | |
| Non-discrimination | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Human Rights Risk Management Indicators and Policies | P.40 |
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| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Human Rights Risk Management Indicators and Policies | P.40 |
| Forced or compulsory labor | | | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Pursuing Happiness in the Workplace > Creating a Friendly Workplace > Human Rights Risk Management Indicators and Policies | P.40 |