



HY Electronic  
(Cayman) Limited

# ESG 2023

Environmental Social Governance Report

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## About this report

HY ELECTRONIC (CAYMAN) LIMITED (hereafter abbreviated as HY ELECTRONIC (CAYMAN) LIMITED) has its main business in the design, R&D, manufacturing and sale of semiconductor rectifying power discrete component.

We have started to issue sustainable report since 2018, through the annual issuance of the report, we can show our long-term concern on topics related to corporate governance, environmental sustainability and social inclusion; we continue the enhancement of fulfillment performance, and we also respond aggressively to the sustainable development topics that the stakeholders care; moreover, we have disclosed publicly and transparently the strategy, management guideline and fulfillment results related to corporate governance, environmental and social (human right) perspective as well as the future progress direction expected.

This report was issued on July 2024, which was prepared mainly based on regulations of “operation method for the preparation and reporting of sustainable report made by listed companies” of Taiwan Stock Exchange and sustainable indexes (Industry type: electronic component industry) that should be disclosed as required by Financial Supervisory Commission for specific industries; and the architecture is mainly written based on GRI Standards issued by Global Sustainability Standards Board (GSSB) in 2021; and GRI content index will be provided in appendix.

**Reporting period and disclosure scope:** The boundary covered by information and data of this report is mainly based on the organization scope of HY ELECTRONIC (CAYMAN) LIMITED in Taiwan and Mainland area. The data period for the disclosure report was from January 01, 2023 to December 31, 2023.

Issuance time of this report: July 2024

The disclosure time period of information and data in this report was from January 01, 2023 to December 31, 2023.

The issuance time for next report: It is expected to be issued on July, 2025.

### Information disclosure

Financial data was certified by KPMG in Taiwan, and it is calculated based on NTD (New Taiwan Dollars).

### Opinion feedback

If you have any question or suggestion of the content or activity of this report, do not hesitate to contact us.

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HY ELECTRONIC (CAYMAN) LIMITED will issue corporate social responsibility report on regular basis; meanwhile, electronic file will be available in corporate official website for downloading and browsing.

The web address link for electronic file of this report

<http://www.hygroup.com.tw/tw-ww/csr/report.aspx>

## Sustainability disclosure index — Electronic component industry

No.	Index	Index type	Annual disclosure situation	Unit
1	Total energy consumed, percentage of externally purchased electricity and utilization rate of renewable energy.	Quantification	5.26 × 104 GJ, externally purchased electricity is about 94%, and utilization rate of renewable energy is 90%	Gigajoules (GJ), percentage (%)
2	Total water intake and total water consumption	Quantification	Total water intake: 273,224m <sup>3</sup>	Thousand cubic meters (m <sup>3</sup> )
3	Weight and percentage of recycling of generated hazardous waste.	Quantification	Weight of hazardous waste: 662.7 tons, percentage of recycling: 100%	Tons (t), percentage (%)
4	Description of type, headcount and percentage of occupational disaster	Quantification	0	Percentage (%), quantity
5	Disclosure of product's life cycle management: Including the weight of scrapped product and electronic waste and percentage of recycling (Note 1)	Quantification	Total weight of waste is 690.21 tons, and total weight of resource recycling and reuse is 64.84 tons.	Tons (t), percentage (%)
6	Description of risk management related to key materials used.	Qualitative description	Conformity to requirements from RoHS, REACH and regulations.	Not applicable
7	Total money loss caused by lawsuits related to Anti-competitive Conduct Act.	Quantification	0	Reporting currency
8	Output of main product according to product type	Quantification	700KK	It is different depending on product type.

## Words from President

**Environment, Society and Corporate Governance (ESG) is global trend and enterprise development trend, and it is also important index to be followed for corporate sustainable development.**

HY ELECTRONIC (CAYMAN) LIMITED has its goal as “world-class R&D, design, manufacturing and sales company of power semiconductor”; meanwhile, it also takes itself as the leader of this industry, in addition to aggressive development of cutting edge technology, during the development process, it also puts continuous efforts on the enhancement and breakthrough of energy utilization efficiency; therefore, HY ELECTRONIC (CAYMAN) LIMITED is devoted to the development of high power discrete semiconductor components, for example, Bridge Rectifier, Metal-Oxide-Semiconductor Field-Effect Transistor (MOSFET) and Schottky Diode Rectifier are products that are presently under development and sales; among them, we have seized and self-developed the core technology of trench Schottky diode, and a patent was granted in 2018; with such breakthrough, HY ELECTRONIC (CAYMAN) LIMITED is able to use lower impedance and thinner raw material (epitaxial layer) to achieve customer’s demand; meanwhile, the corporate concept of sustainable energy development can be achieved.

In order to promote more effectively the implementation of sustainable development, to strengthen governance and to monitor the effectiveness of sustainable development, HY ELECTRONIC (CAYMAN) LIMITED, starting from 2023, has prepared sustainable strategy regarding environmental perspective, social (human right) perspective and governance perspective; meanwhile, sustainable development committee was also formed to be the highest level organization for the implementation of sustainable development in this company; all the employees put their efforts in the accelerating promotion of the sustainable development, in the meantime, “UN’s Sustainable Development Goal (SDGs)” was continuously followed, and corporate social responsibility was fulfilled in order to be connected to global society.

In addition, as the net zero emission goal set up by the Paris Agreement for 2050, all the countries and enterprises in the world have adopted aggressive actions, hopefully, through accumulated efforts year after year, the goal can be expectedly achieved; meanwhile, Taiwan government and its organizations have also announced formally “Taiwan’s 2050 net zero emission road map” to be connected to international society; HY ELECTRONIC (CAYMAN) LIMITED has finished greenhouse gas inventories in 2023 and has prepared greenhouse reduction goal and has expanded all kinds of energy saving projects; meanwhile, carbon reduction action for all employees is also held so as to reduce carbon emission in office and to fulfill the goal of low carbon operation.

We stand at Taiwan and deploy for global business operation, and we also are devoted to give back to our society; in all our plants around the world, we have put corporate resource synchronously to promote social inclusion; in addition, all the employees in different plants of HY ELECTRONIC (CAYMAN) LIMITED have participated aggressively social charitable activities to help the disadvantaged group in local communities; through the enthusiasm and active participation from each voluntary worker employee, warm resources were gathered to be injected into local communities, hopefully, we can contribute more influences to the world.

Today’s achievement of HY ELECTRONIC (CAYMAN) LIMITED can be attributed to the efforts from all employees and long term trust and support from customers. In the future, we hope to grow continuously and to provide higher added value services to satisfy customer’s requirements; meanwhile, HY ELECTRONIC (CAYMAN) LIMITED will fulfill the spirit of ESG continuously in the operation process and keep in mind the principle of “Treat customer with integrity and keep our promises” to gain more customers and trust and support from international society. The final goal of HY ELECTRONIC (CAYMAN) LIMITED is to become international enterprise focused on global market.



HY ELECTRONIC (CAYMAN) LIMITED  
President Jane Kao



# Sustainable Development

## 1.1 Vision, mission and strategy of corporate sustainable development

HY ELECTRONIC (CAYMAN) LIMITED has included sustainable development into its core business strategies. It has gathered corporate core value and culture, focused on domestic and foreign economic, environmental and social (human right) issues, implemented strictly corporate governance, fulfilled corporate commitment, environmental sustainability and social participation and created long-term influence, enhanced brand value; meanwhile, it believed that only an enterprise insisting on taking diversified responsibility on the society can acquire the recognition from all stakeholders and its sustainable development.

As a domestic enterprise of Taiwan, HY ELECTRONIC (CAYMAN) LIMITED has responsibility to fulfill social responsibility policy of a good enterprise; while pursuing corporate sustainable operation and profit, this company has also focused on the right of all stakeholders, environmental protection and maintaining of social benefits; moreover, this company also puts great care on the fulfillment of corporate social responsibility.

### ► Sustainable strategy of HY ELECTRONIC (CAYMAN) LIMITED

Sustainable development focus	Strategy
Environmental perspective	Sustainable product and environmental protection
Social (human right) perspective	Employee care and human right policy, social participation and feedback
Governance perspective	Fulfillment of employment morality

HY ELECTRONIC (CAYMAN) LIMITED, through the sustainable strategy in environmental perspective, social (human right) perspective and governance perspective, has expanded its preparation of action goals and special projects to be fulfilled in daily operation content, and it has also made continuous efforts in deep cultivation of sustainable operation, hopefully, it can fulfill its responsibility as a corporate citizen.

## 1.2 Sustainable development committee and sustainable development promotion group

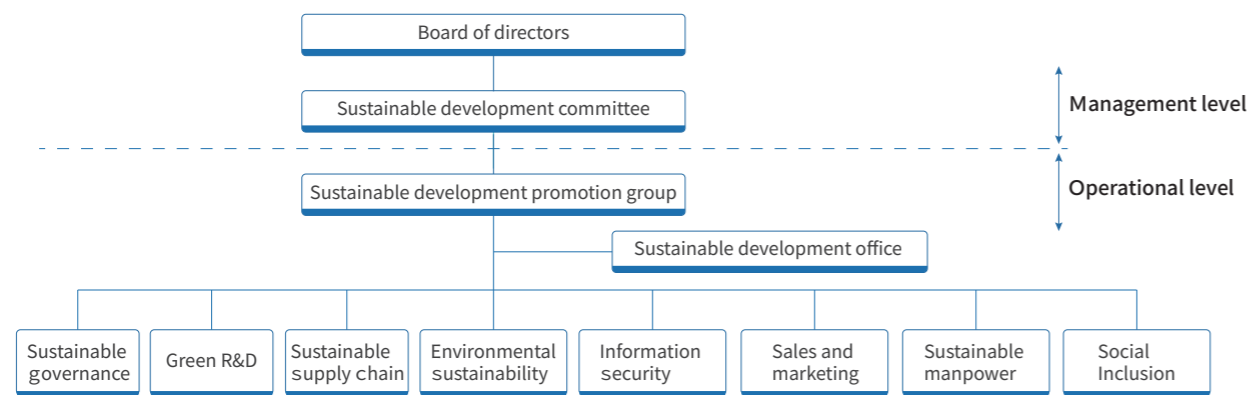
It is formed in order to enhance the fulfillment of corporate sustainable responsibility and to conform to the expectations from stakeholders on corporate governance, environmental sustainability and social care in order to achieve the goal of sustainable development.

HY ELECTRONIC (CAYMAN) LIMITED has set up functional committee (Sustainable Development Committee) as the highest level organization of this company for implementing sustainable development. This committee was set up based on corporate operation to implement the monitoring on sustainable work progress of groups such as product sustainability, green manufacturing, corporate care, corporate governance, supply chain, project and related parties and risk management; meanwhile, it makes at least two reports each year to the board of directors for implementation project and result so as to make full strengthening on the policy and implementation performance of corporate social responsibility.

Sustainable Development Committee will follow the sustainable development direction of this company and consider the entire environment, major topics that the stakeholders care and industrial development trend to prepare corporate sustainable development policy and goal; meanwhile, this company will make strategic and long term actions, and it will also make periodical inspection on achievement status and performance of the goal; moreover, it will gradually enhance and fulfill the level of corporate sustainable development, hopefully, the influence of ESG can achieve its breadth and depth; eventually, all the stakeholders of related parties such as investor (shareholder), employee, customer, supplier and the society can have full satisfaction.

For 2023 ESG report, it was presently prepared by sustainability office, and it will be approved by sustainable officer and reported to directors in the meeting of board of directors; meanwhile, the sustainability implementation results will be reported to board of directors at least two times a year.

► Sustainable development committee



### 1.3 Stakeholder identification and communication

**[Stakeholder identification]**

HY ELECTRONIC (CAYMAN) LIMITED pays great attention to the expectation and demand from stakeholder. It has followed corporate operation situation, referred to annual international sustainable trend, corporate self-operation-and-development and sustainable development progress from competitors and past sustainable report basis to invite directors from key departments to conduct stakeholder identification, and it has also referred to AA1000 SES (Stakeholder Engagement Standard) principle to identify communication target and to consider adjustment principle. And major stakeholder includes six main categories, namely, employee, investor, customer, supplier, media and government and supervisory organization.

We interact with stakeholders through many kinds of channels, including telephone communication, real and online meeting / forum, activity satisfaction survey, customer satisfaction survey, customer’s visit, supplier audit and participation in initiatives proposed by different associations, corporate social responsibility mail box (hytech@hygroup.com.tw) and special area in official website of CSR; the responsible colleagues in different departments will respond respectively to the demands made by stakeholders.

► Communication channel and engagement effectiveness of employees in

HY ELECTRONIC (CAYMAN) LIMITED

Stakeholder	Focused topics	Communication path and frequency	Abstract of result
Employee	<ul style="list-style-type: none"> <li>Salary</li> <li>Welfare and care</li> <li>Labor rights</li> <li>Occupational health and safety</li> <li>Career development</li> </ul>	Labor-employer meeting (Each season) Employee welfare committee (irregular) Occupational safety and health seminar (irregular) Employee’s educational training (irregular) Email : hy.tp@hygroup.com.tw	<ul style="list-style-type: none"> <li>Hold domestic tour and Christmas dining party</li> <li>Employee’s health check was made on January 2023</li> <li>Four labor-employer meetings were held in 2023.</li> <li>Three welfare committee meetings were held in 2023.</li> <li>In 2023, it has participation of 514 person-time in labor safety seminar, and total hours are 655 hours.</li> <li>In 2023, ISO 45001 occupation health and safety management certification was acquired.</li> </ul>
Investor	Operation performance Compliance to applicable laws and regulations Data transparency Risk management	General shareholder meeting (annual) Corporate briefing session (at least twice a year) Financial report (each quarter and each year) Email : hytech@hygroup.com.tw	<ul style="list-style-type: none"> <li>In 2023, domestic corporat briefing session is participated.</li> <li>Irregular reply to investor was made to enhance the salary transparency.</li> <li>General shareholder meeting was held on June 22.</li> <li>Financial report was periodically updated in corporate website.</li> </ul>
Customer	Business secret Innovation and development of product quality management , supply chain management and hazardous substance management.	Telephone/video conference (irregular) Visit to customer (irregular) Customer’s audit to the plant (irregular) Customer satisfaction survey (annual) Participation in domestic and foreign exhibition and visit to customer Email : hytech@hygroup.com.tw	<ul style="list-style-type: none"> <li>Finish customer’s routine audit</li> <li>Constant update of corporate product information in corporate website</li> <li>Participation in domestic and foreign exhibition and visit to customer</li> </ul>

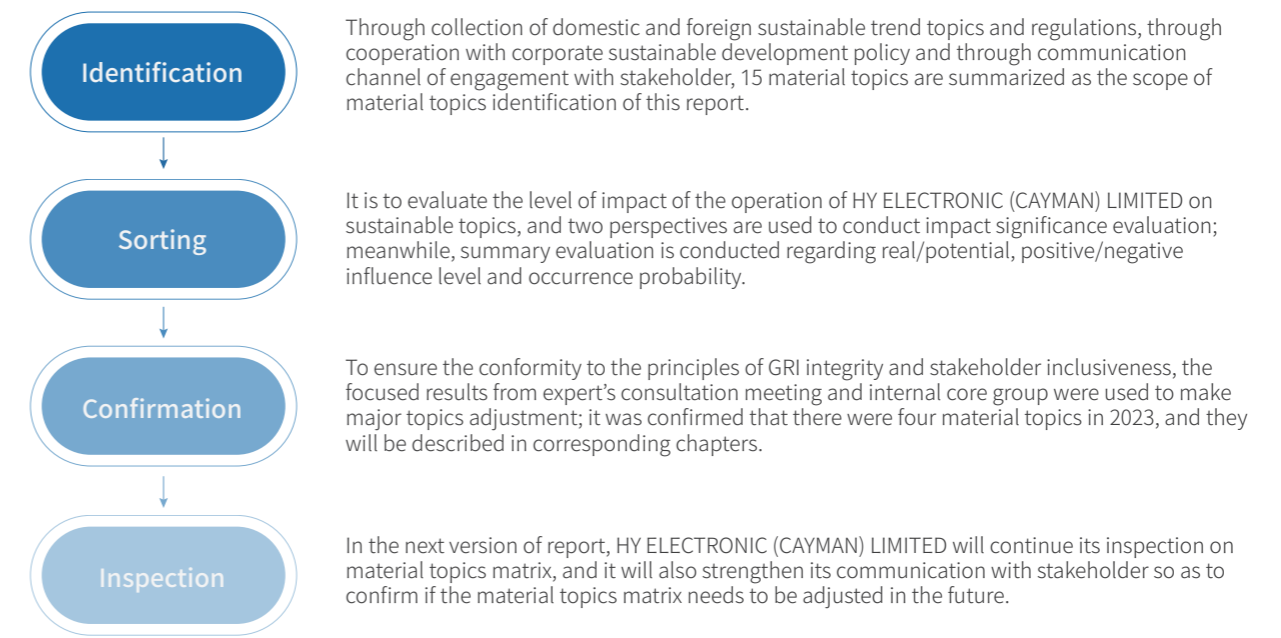
Stakeholder	Focused topics	Communication path and frequency	Abstract of result
Supplier	Supplier management Product quality and safety Operation situation	Supplier's audit and review, consultation and continuous follow-up and improvement Quality agreement (irregular) Email : hytech@hygroup.com.tw	<ul style="list-style-type: none"> <li>Monthly and continuous follow-up of product delivery situation and quality improvement situation.</li> <li>Finish supplier's routine audit.</li> <li>Constant update of corporate product information in corporate website</li> </ul>
Media	Operation performance Industry information	Irregular announcement of news	<ul style="list-style-type: none"> <li>Corporate briefing session was held on May 2023 and December 2023.</li> <li>Corporate quarterly financial report and annual shareholder meeting report.</li> <li>Constant update of corporate product information in corporate website</li> </ul>
Government and supervisory organization	Compliance to laws and regulations Labor-employer relationship Environmental protection topics	Transfer of official documents (irregular) Corporate governance evaluation (annual) Announcement information for Market Observation Post System (irregular) Forum and announcement meeting made by supervisory organization (irregular) Questionnaire survey (irregular)	<ul style="list-style-type: none"> <li>The ranking span of corporate governance evaluation in 2023 66%~80%.</li> <li>All items reported to supervisory organization were finished within deadline.</li> <li>Not receiving fine due to violations of laws or regulations.</li> </ul>

## 1-4 Material topics identification

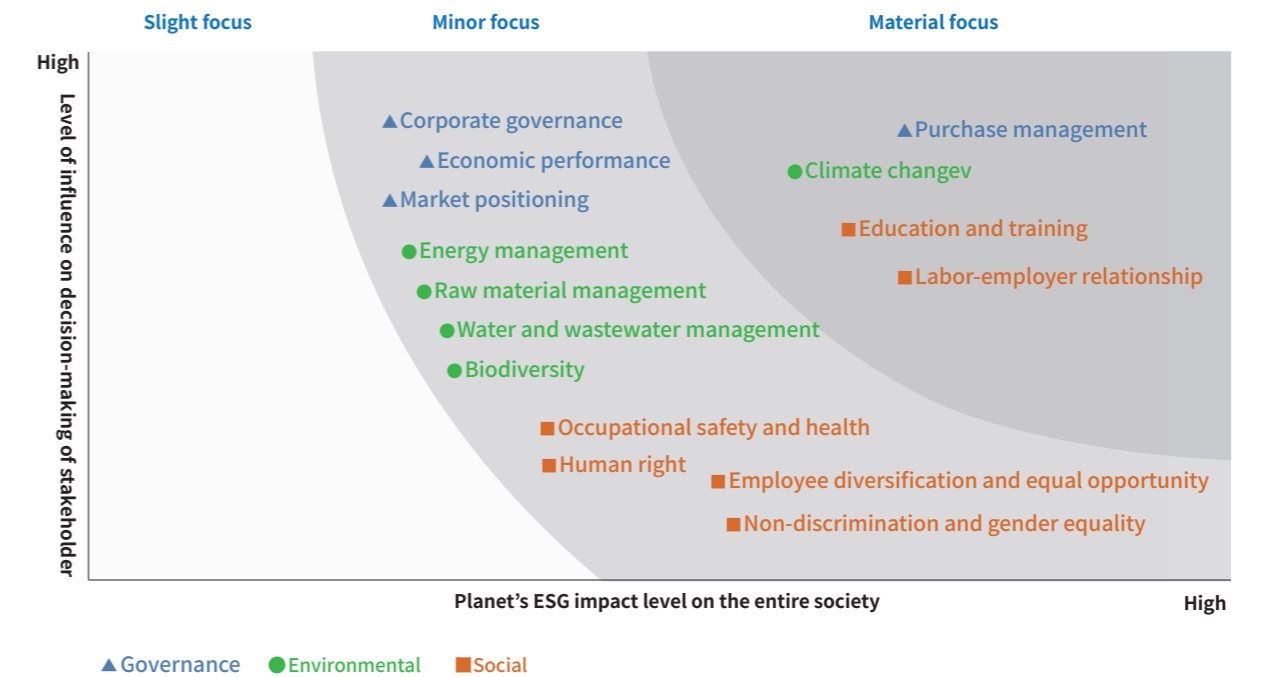
HY ELECTRONIC (CAYMAN) LIMITED will follow the identification result of stakeholder and follow GRI 3 and double materiality analysis spirit to conduct material topics identification, and HY ELECTRONIC (CAYMAN) LIMITED will also make annual inspection on the impact brought about by its operation on Environment, Society and Governance (ESG), as well as the topics and feedback that stakeholders care. Moreover, HY ELECTRONIC (CAYMAN) LIMITED will follow the analysis result to set up long term and sustainable goals, and will also conduct continuous and effective communication with its stakeholders.

After evaluating its future vision, sustainable strategy, influence on the value chain and topics that domestic and foreign competitors care as well as its present situation, HY ELECTRONIC (CAYMAN) LIMITED has sorted out topics of three major perspectives.

### ► Material topics identification process



### ► Perspective and material topics



Note: In addition to four material topics (V), other non-materiality disclosure scope will still be explained and disclosed appropriately in this report.

Identification results for 2023 were summarized into four items and were included as annual material topics, and management guidelines and goals were also prepared.

► Material topics and boundary

Material topics	Topic boundary			Corresponding GRI standards	Analysis of impact perspective	Description of materiality
	Company	Supplier	Customer			

Purchase management

■	■	●
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204 Practice of purchase

Positive influence – environmental perspective, governance perspective and social perspective.

Supplier is important partner of this company, and it is important to set up supplier's sustainable (environment, governance and human right) evaluation and audit system; meanwhile, we hope to fulfill supplier's evaluation mechanism and to have sustainable growth together with supplier.

Climate change	■	●	■	305 release	Negative impact – environmental perspective	<p>How to cope with climate change and greenhouse gas has become important topic among international society and enterprise. Our government has raised gradually the price of electricity, therefore, if effective energy management cannot be adopted in time, it will increase the operation cost.</p> <p>In addition, customer has gradually required our greenhouse gas management, and the major greenhouse gas source of this company is the usage of energy and power, therefore, if aggressive energy management is not taken and if greenhouse gas release cannot be reduced gradually, it might not be able to conform to customer's requirement on greenhouse gas; consequently, it might affect business received by our sales personnel.</p>
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Material topics	Topic boundary			Corresponding GRI standards	Analysis of impact perspective	Description of materiality
	Company	Supplier	Customer			

Labor-employer relationship

■		●
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401 Labor-employer relationship

Positive influence –Social perspective

Employee is the most important asset of this company, therefore, it is important to set up complete communication channel and to follow international standards regarding human right; it is also important to fulfill diversified employment and non-discrimination policy, to enhance employee's trust on this company and to grow together with employees.

Education and training	■		●	404 Education and training	Positive influence –Social perspective	<p>Talents is the cornerstone and key index of corporate sustainable development, and it is also the basis of corporate competitiveness; therefore, it is important to set up perfect employee's occupation competence training, career development and performance evaluation; hopefully, a great team can be set up to pursue growth together.</p>
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Note: Describe whether it is direct ■ and indirect ●

# 02

## Sustainable Governance

### 2-1 Company profile and overview – We are expert of rectification related total solution

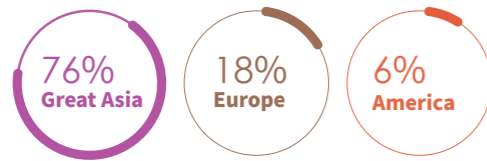
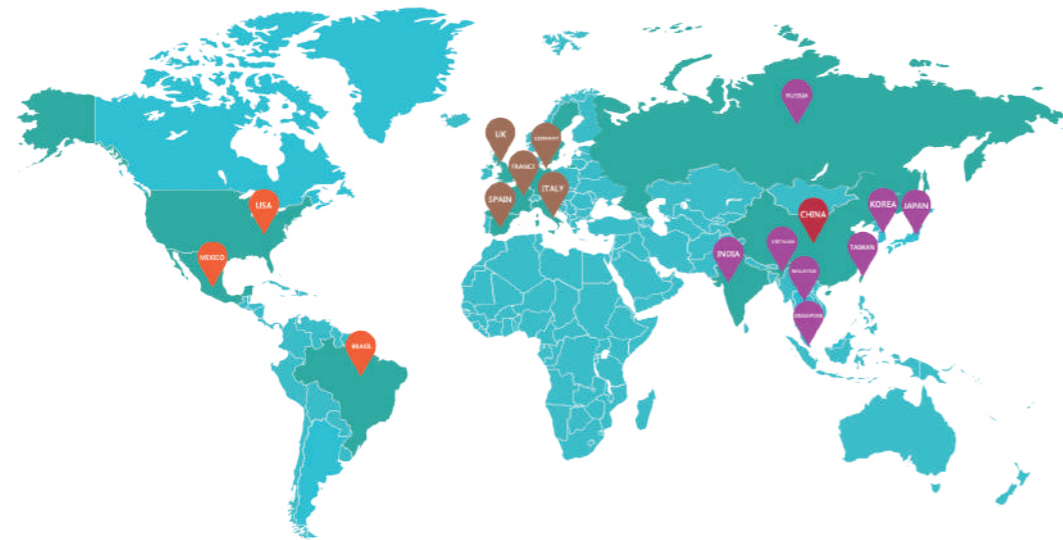
HY ELECTRONIC (CAYMAN) LIMITED has set up its manufacturing site in Yangzhou in 1992, and in 2009, HY ELECTRONIC (CAYMAN) LIMITED was set up in British Cayman Islands; ever since its foundation, it has been devoted to the R&D, manufacturing and sales of rectifier diode and bridge rectifier; they are mainly Open Junction rectifying chip, Glass-Passivated rectifying chip, Trench Schottky chip, bridge rectifying device, axial rectifier diode, surface mount rectifier diode, automotive rectifier diode and photovoltaic bypass diode; our goal is to become the world class semiconductor rectifying power discrete device supplier, and to become the most energy-saving and most environmental protection power supply design device supplier in the industry too.

Until the end of 2023, the total headcount of employees in this company was 329, and our products were sold to everywhere in the world; HY ELECTRONIC (CAYMAN) LIMITED has the most complete power rectifier diode product portfolio, therefore, it can provide the most timely total solution to customer; for many years, new product has been launched one after another, therefore, it has played an important role in the rectifying power device industry.

Finally, HY ELECTRONIC (CAYMAN) LIMITED hopes that it can use its complete product portfolio to provide a total solution to its customer.

Full name of the company	HY ELECTRONIC (CAYMAN) LIMITED
President	Kuei-Chen Kao
Capital	804,993,450
Date of foundation	December 11, 2009
Headquarters	4F, No. 207-5, Section 3, Bei-Xin Road, Xin-Dian District, New Taipei City
Plant area	No. 5, Cangchai Avenue, Huaisi Township, Hanjiang District, Yangzhou City, JiangSu Province
Global business sites	Taiwan and Mainland China
Total employee headcount	329
Major products and technologies	Design, R&D, manufacturing and sale of semiconductor rectifying power discrete device
2023 revenue	\$1,220,492 thousand NT dollars

## [Global business deployment]



Marketing network is around the world

Self-brand **70%** | OEM **30%**

## [Corporate mission, goal and operation concept]

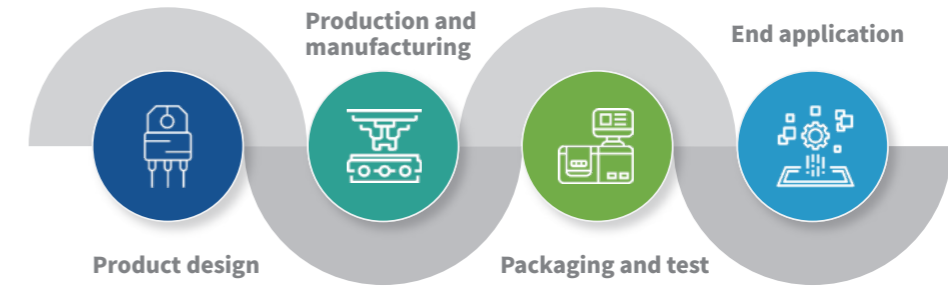
Mission	To satisfy customer, to provide more added value, to let employee be able to learn and grow and to let the enterprise be able to operate on sustainable basis.
Goal	To become world class enterprise in the R&D, design, manufacturing and sale of power semiconductor.
Operation concept	Excellent quality, reasonable cost, excellent service, flexible operation and the spirit of innovation.
Management principle	Customer orientation, team work, fast response and doing it right at one time.
Value orientation	Respect: Recognize employee's efforts and values and take customer's constructive suggestions extensively. Innovation: It includes management innovation, technical innovation, product innovation and business operation concept innovation. Quality: Continuous improvement. Learning: Build a learning type organization. Integrity: Treat customer with integrity and care about commitment greatly.

## [Business operation strategy]

HY ELECTRONIC (CAYMAN) LIMITED has its main business on the design, R&D and sale of semiconductor rectifying power discrete device. We have the excellent R&D team of the industry, the newest fully automatic equipment and the strictest quality control mechanism to provide you with the best product.

HY ELECTRONIC (CAYMAN) LIMITED has the most complete rectifying power diode product portfolio; its main business operation is based on the integration of design and production, it can control its quality strictly through

the independent control of technologies from chip manufacturing, packaging, test to final product; we can provide customer with one-stop service and the most immediate total solution.



## [Short, medium and long term sustainable governance goal]

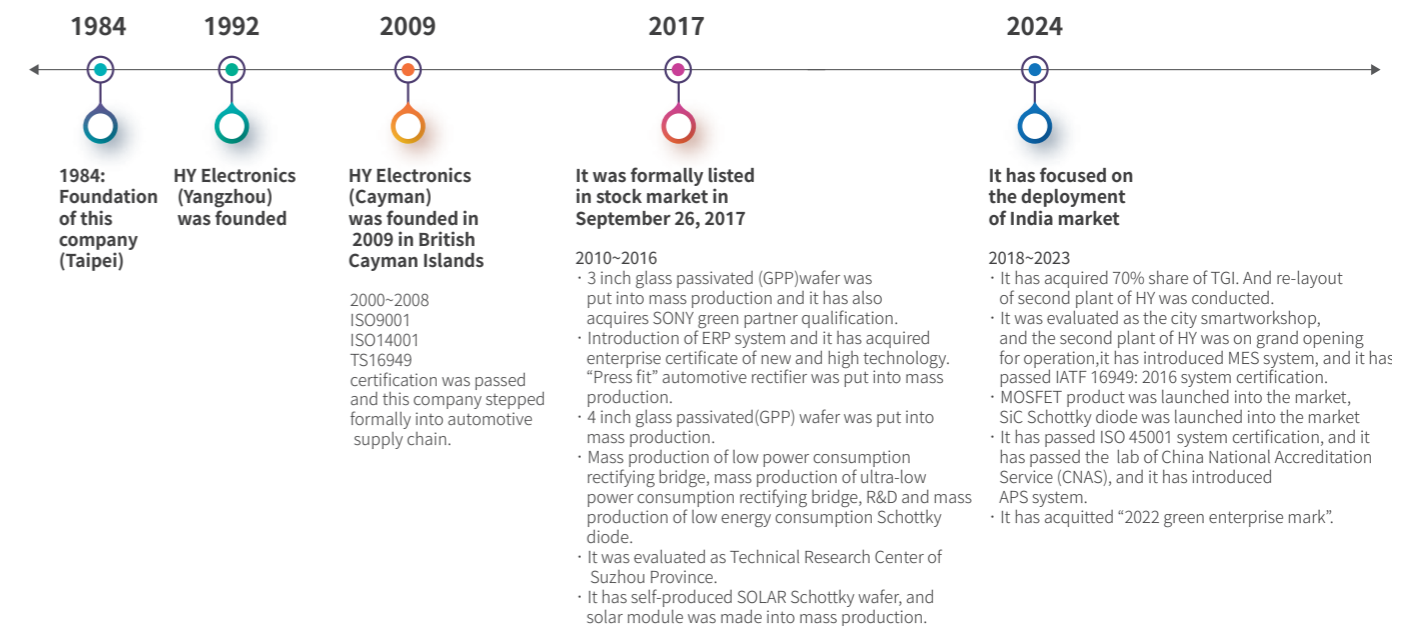
HY ELECTRONIC (CAYMAN) LIMITED has strengthened its sustainable governance organization and mechanism, enhanced its risk management capability, fulfilled its business operation based on integrity and consolidate corporate sustainable development.

Short term 2020-2023	Medium term 2024-2026	Long term 2027~2030
<ul style="list-style-type: none"> <li>Corporate governance 3.0</li> <li>Performance evaluation of board of directors</li> <li>Strengthen stakeholder communication</li> </ul>	<ul style="list-style-type: none"> <li>TCFD Climate-related financial disclosure</li> <li>ISO 14067 carbon footprint</li> <li>Optimize energy management</li> <li>Strengthen sustainable risk control</li> </ul>	<ul style="list-style-type: none"> <li>Promote the fulfillment of low carbon and net zero policy.</li> <li>Reinforce supply chain resilience and communication</li> <li>Create green and low carbon supply chain</li> </ul>

## [Description of corporate trademark]

The concept of corporate trademark design originates from "flying geese paradigm", which emphasizes on the contents of team work, alternated leading, encouragement of partners and mutual support.

## [Corporate history]

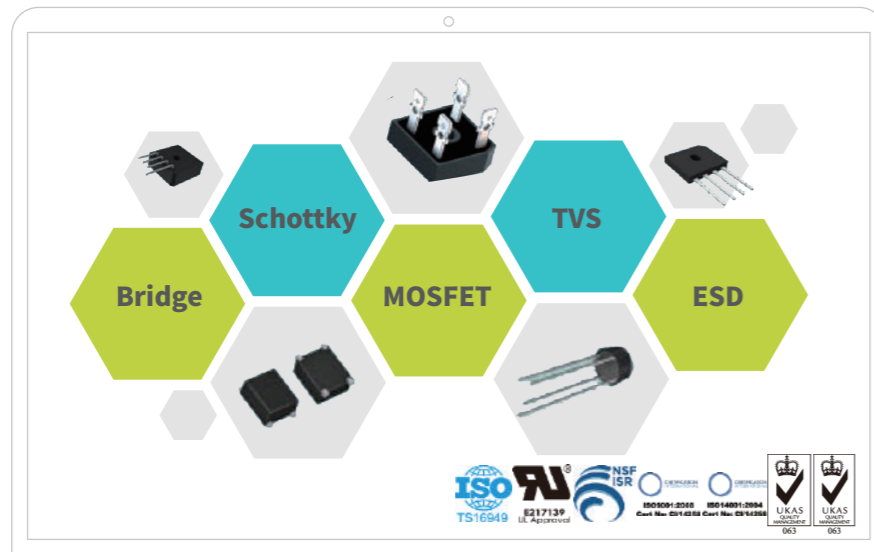


### [Major products and service items]

HY ELECTRONIC (CAYMAN) LIMITED has always kept in mind the concept of continuous innovation and pursuit for excellence to provide the most valuable product and excellent service. It has headed towards continuously the development of an enterprise of world class semiconductor rectifying power discrete device, and its goal is to become the most energy-saving and most environmental protection power supply design device supplier of the industry.

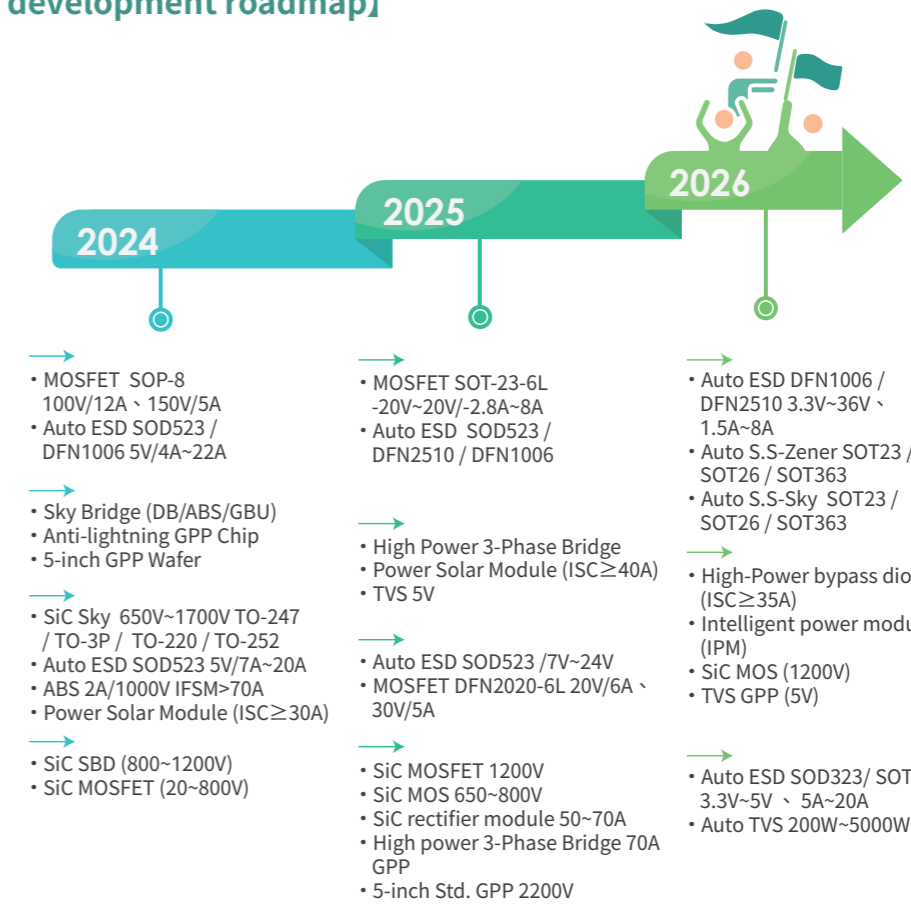
In the product R&D aspect, its present product structure mainly includes CELL and GPP. In product packaging aspect, it has headed from discrete SIP/DIP towards short and mini SMD direction. Products of HY ELECTRONIC (CAYMAN) LIMITED were extensively used in industrial fields such as computer, communication, automotive and consumer product, etc.; meanwhile, it has participated aggressively in the development of new products related to green energy industry, which were applied in LED lighting industry, solar energy industry and automotive energy saving industry, etc. HY ELECTRONIC (CAYMAN) LIMITED has adopted humanized management model, and it has used strategies such as quality first, technological innovation, customer orientation and quality policy based on continuous improvement to control the entire operation system of the company. It has passed successfully system certification such as ISO 9001 / ISO 14001 / TS 16949 and product certification such as UL/SGS.

### [Product Introduction]

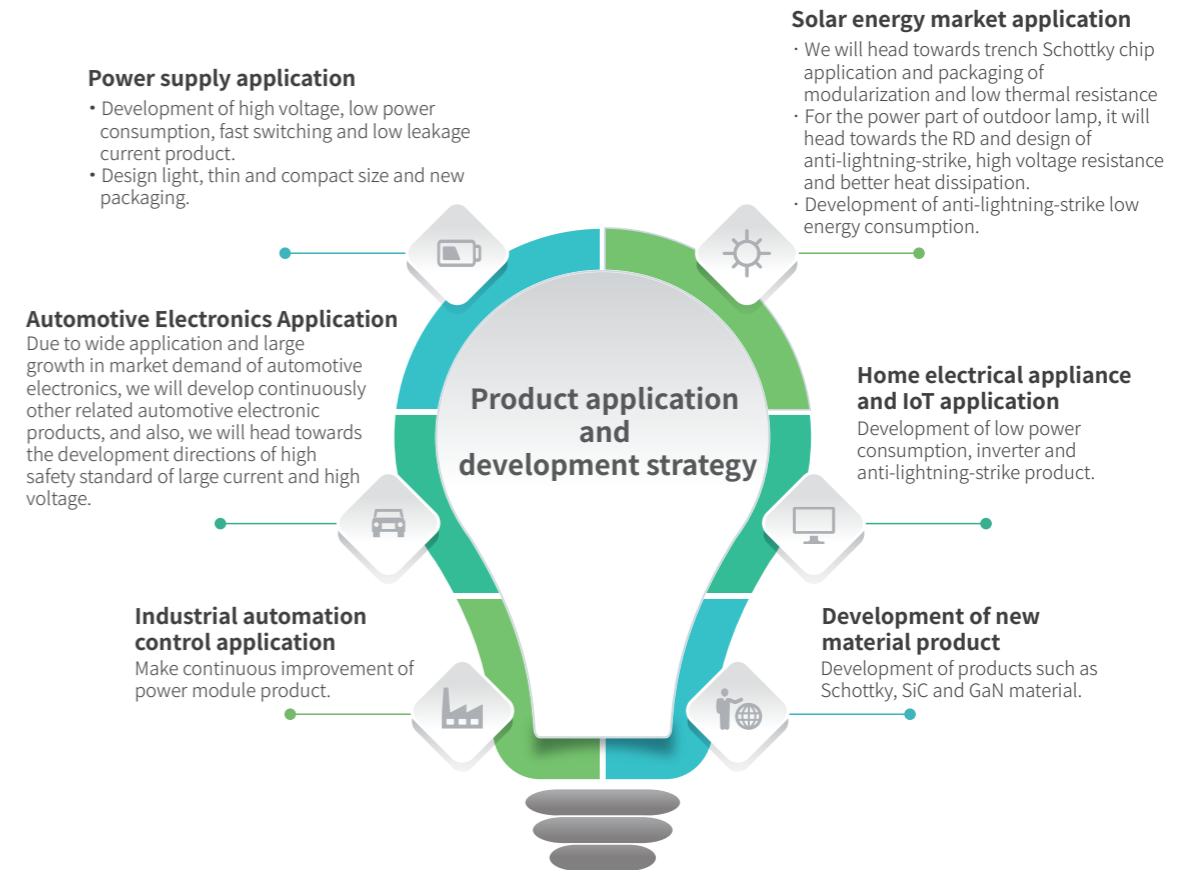


Rectifying diode	MOSFET (Metal Oxide Semiconductor Field Effect Transistor)	Small signal device	Bridge rectifier	Automotive grade electronic device	Protection type device	Regulator diode
General diode, fast recovery rectifying diode, high efficiency/ultra-fast recovery diode, ultra-fast recovery rectifying diode, Schottky diode, ultra-low forward voltage Schottky diode, high-voltage diode, solar energy Schottky rectifier, silicon carbide Schottky diode.	Synchronous rectifying MOSFET, super junction MOSFET and wide energy gap semiconductor or	Schottky diode, switching diode, Zener diode, static protection device and triode.	Surface mount bridge rectifier, general single phase lead series bridge rectifier, general single phase frame series bridge rectifier, high power table top three phases bridge rectifier, high power frame three phases bridge rectifier.	General diode, Schottky diode, high efficiency/ultra-fast recovery diode, ultra-fast recovery rectifying diode, bridge rectifier and surge suppressor.	Surge suppressor, Zener diode and static protection device.	Regulator diode

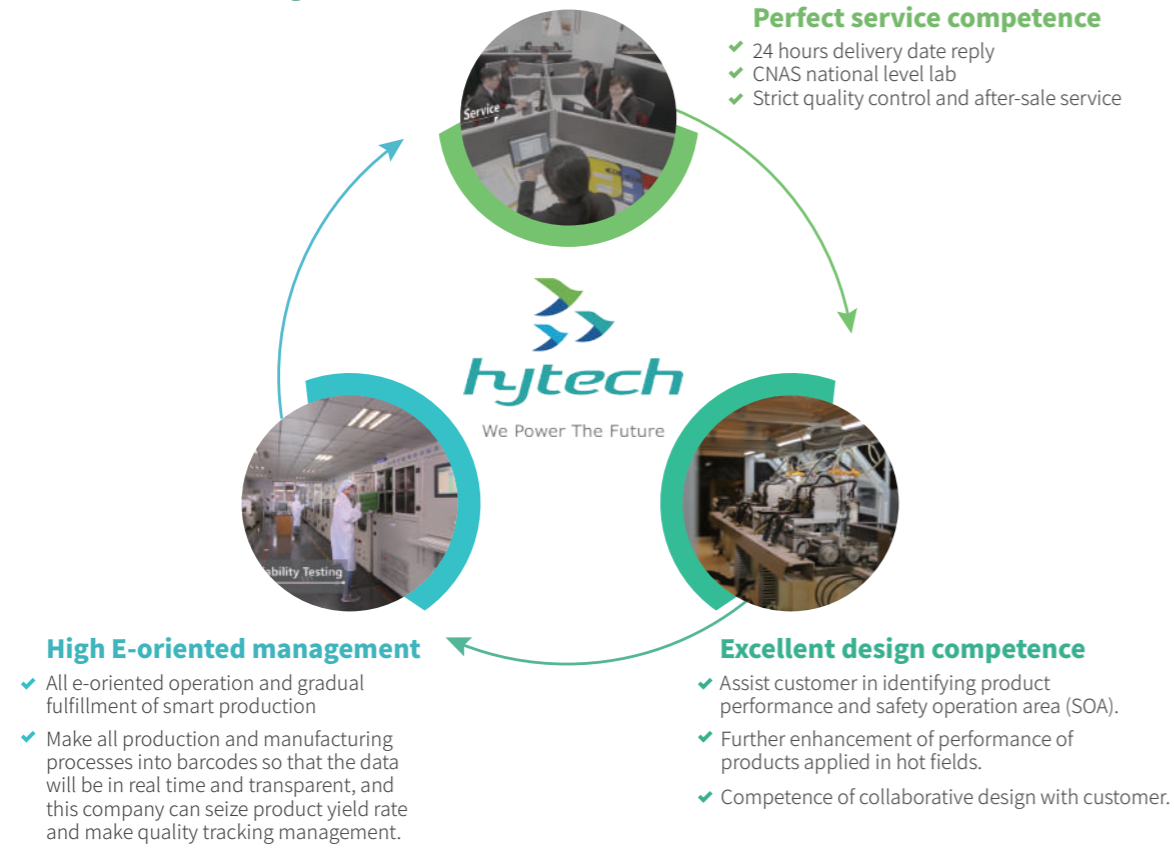
### [Product development roadmap]



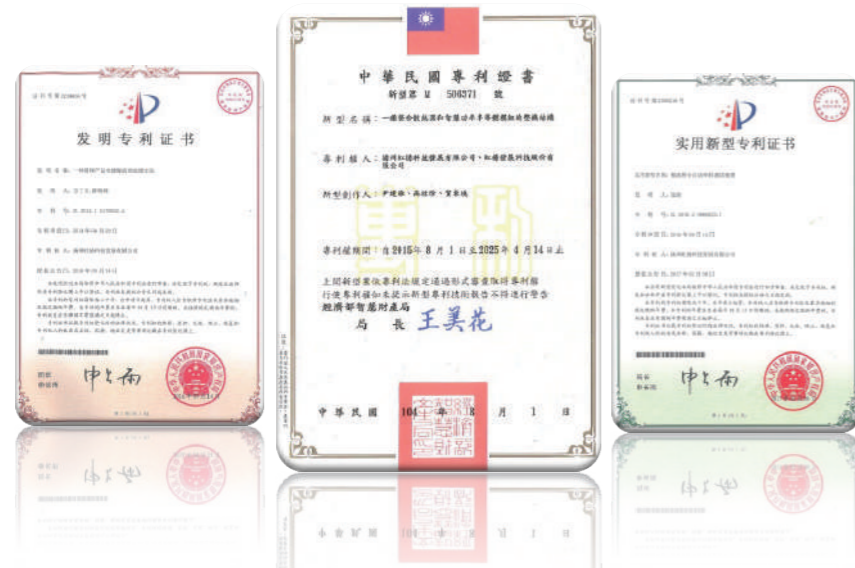
### [Product application and development strategy]



**[Competitive advantages]**



**[Innovative patent technology]**



We have accumulated a total of 141 patents.

- ✓ In 2023, 34 new patents have been added, 5 of them are invention patent, 29 of them are utility patents.
- ✓ Starting from 2012 until now, effective patents across Taiwan Strait were accumulated to 141, and our company has continued its RD and innovation.

**► Product sale**

In 2023, the product sale of HY ELECTRONIC (CAYMAN) LIMITED has reached a total of 941,071 (K), among them, bridge rectifier and photovoltaic diode has the highest sale value, which occupies above about 78.85%.

Major products	2023		
	Unit of sale value (Thousand NT dollars)	%	Product sale (K)
Diode	168,518	14.31%	413,771
Bridge rectifier	448,589	38.10%	153,700
Photovoltaic diode	479,868	40.75%	95,367
Others	80,479	6.84%	278,233
<b>Total</b>	<b>1,177,454</b>	<b>100.00%</b>	<b>941,071</b>

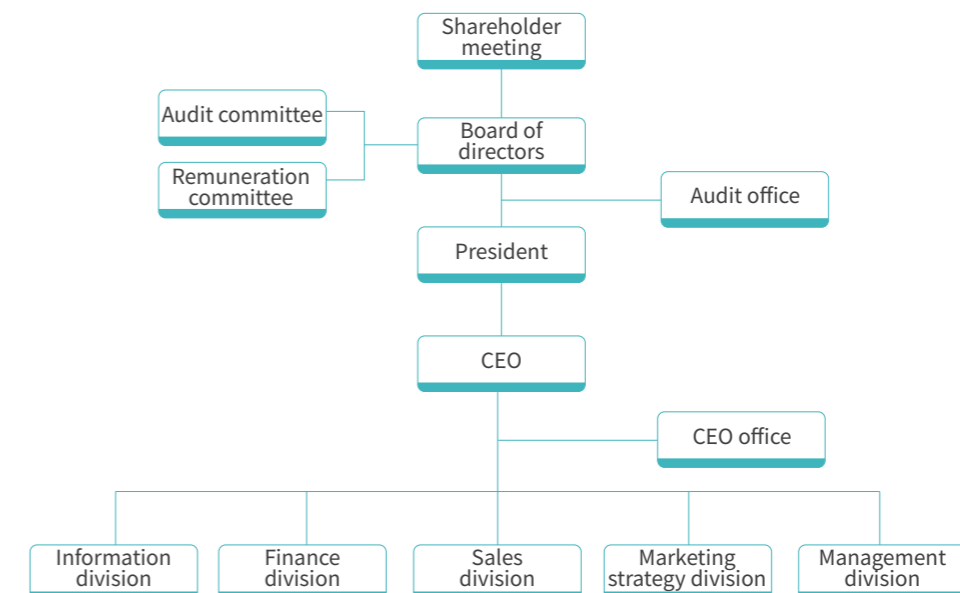
**2-2 Operation organization**

HY ELECTRONIC (CAYMAN) LIMITED has fulfilled corporate governance, and management level has paid great attention to the setup of and active implementation of governance culture; meanwhile, this company has also followed the “corporate governance 3.0 sustainable development blueprint” issued by Financial Supervisory Commission in order to enhance corporate sustainable development and to strengthen its international competitiveness in the market, hopefully, our company can be developed as an excellent enterprise with sustainable operation.

HY ELECTRONIC (CAYMAN) LIMITED has followed “corporate governance practice guideline for listed and OTC companies” to prepare “corporate governance practice guidelines” and to fulfill the implementation of the following items.

<ul style="list-style-type: none"> <li>• Strengthen the competence of board of directors</li> <li>• Guarantee shareholder's equity</li> <li>• Emphasize on operation integrity and transparency</li> </ul>	<ul style="list-style-type: none"> <li>◆ Set up effective corporate governance structure</li> <li>◆ Exploit the function of review commissioner</li> <li>◆ Respect the equity of stakeholder</li> <li>◆ Enhance information transparency</li> </ul>	<ul style="list-style-type: none"> <li>◆ Prepare things related to meeting of board of directors and shareholder meeting.</li> <li>◆ Provide data to directors for implementing business.</li> <li>◆ Collect the development of newest regulations related to corporate operation.</li> <li>◆ Assist the inauguration and continuing education of directors.</li> </ul>
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**► Operation organization of HY ELECTRONIC (CAYMAN) LIMITED**



(President and CEO are not of the same person)

The responsibility scope and implementation situation of corporate governance director should be publicly disclosed in official website of HY ELECTRONIC (CAYMAN) LIMITED, and the web address is: [https://www.hygroup.com.tw/index\\_tw.aspx](https://www.hygroup.com.tw/index_tw.aspx)

### 【Operation of board of directors】

The operation of board of directors, audit committee and remuneration committee of HY ELECTRONIC (CAYMAN) LIMITED should follow respectively “procedural regulations of board of directors”, “Organizational charter of audit committee” and “regulations of remuneration committee” for implementation.

The election of directors (including independent director) of this company should take candidate nomination system of “director’s election method”, and term of office of each board of directors is three years. The fifth board of directors, until the end of December 2023, has an average term of office of 6 years. The election of fifth board of directors was finished on June 21, 2023 in the general shareholder’s meeting, and it was formed by 7 directors, among them there were 4 independent directors, which occupy about 57% of all directors; and the number acting as part-time directors for four independent directors is zero.

All members of board of directors have kept in mind the high self-discipline spirit to avoid conflict of interest, which was clearly defined in “procedural regulations of board of directors”. When director or manager, for himself/herself or others, conducts behavior falling within corporate business scope, director or manager should acquire the approval from shareholder meeting according to laws and regulations.

In addition, HY ELECTRONIC (CAYMAN) LIMITED has made “code of ethics for director and manager” to avoid the acquiring of inappropriate benefits by managers and directors (including independent director) due to convenience of duty. Directors (including independent director) of this company do not have cross-shareholding with suppliers or other stakeholders.

► In 2023, the fulfillment of diversification in the members of directors and supervisors in this company is as follows: In order to make the structure of board of directors robust, during the selection of members of board of directors, this company has considered the professional competence, sustainable competence, assessment competence of material topics and gender equality factor of individual director, in other words, members of directors and supervisors are diversified.

Diversification item	Basic composition							Industrial experience							Professional competence				
	Nationality	Gender(M/F)	Possessing employee identity	Age			Term of office and years of experience of independent director	Aviation	Transportation	Professional service and marketing	Finance and banking	Architecture and engineering	Bank and insurance and real estate	Commerce and supply	Information and technology	Metals and machinery	Laws	Accounting	Risk management
				Below 50 years old	51-60	61-70													
Name of director																			
Kuei-Chen Kao	ROC (Taiwan)	F	◆		◆					◆	◆			◆				◆	◆
Hsin-Yi Fang	ROC (Taiwan)	F	◆	◆						◆	◆			◆				◆	◆
Wen-Chieh Fang	ROC (Taiwan)	M	◆	◆						◆	◆			◆					◆
Ming-Hsiang Yang (Independent director)	ROC (Taiwan)	M		◆						◆	◆			◆	◆			◆	◆
Chia-Ying Chien (Independent director)	ROC (Taiwan)	F		◆						◆				◆				◆	◆
Chi-Fu Hsu (Independent director)	ROC (Taiwan)	M			◆					◆	◆		◆	◆				◆	◆
Kuang-Hua Tseng (Independent director)	ROC (Taiwan)	M			◆					◆	◆			◆				◆	◆
Ting-Yu Fang (Note)	ROC (Taiwan)	M			◆					◆			◆	◆					◆
Chung-Chi Lin (Note)	ROC (Taiwan)	M			◆					◆									◆
Chun-Fu Lo (Note)	ROC (Taiwan)	M				◆				◆	◆								◆
Shu-Chin Kuo (Note) (Independent director)	ROC (Taiwan)	F				◆					◆	◆							◆
Yung-Tao Hsu (Note) (Independent director)	ROC (Taiwan)	M				◆	◆			◆									◆

► **Member qualification and attendance situation**

Job title	Name	Actual attendance times	Consigning attendance times	Actual attendance rate (%)	Remark
Independent director	Ming-Hsiang Yang	7	0	100	
Independent director	Chia-Ying Chien	7	0	100	
Independent director	Chi-Fu Hsu	5	0	100	2023/6/21 inauguration
Independent director	Kuang-Hua Tseng	5	0	100	2023/6/21 inauguration
Independent director	Shu-Chin Kuo	2	0	100	2023/6/21 inauguration
Independent director	Yung-Tao Hsu	2	0	100	2023/6/21 inauguration

Specific management goal and achievement situation of diversification policy: Presently, the performance evaluation of members of board of directors was not included into sustainable impact management competence.

**[Internal performance evaluation of board of directors and functional committee]**

In order to fulfill corporate governance and to enhance the functions of board of directors and functional committee, this company has followed “performance evaluation method of board of directors” to implement performance evaluation of board of directors and functional committee; meanwhile, at the end of December 2022, board of directors and functional committee and procedure unit of board of directors have conducted internal performance evaluation regarding “board of directors”, “audit committee” and “remuneration committee”.

◆ The performance evaluation content of board of directors includes five perspectives: Level of participation on corporate operation, enhancement of decision-making quality of board of directors, composition and structure of board of directors, selection of directors and continuing education and internal control, which come to a total of 45 evaluation indexes; the performance evaluation content of audit committee and remuneration committee also includes five major perspectives: Level of participation to corporate operation, recognition on responsibility of functional committee, enhancement of decision making quality of functional committee, composition of functional committee and member selection and internal control, which come to a total of 24 evaluation indexes. Meanwhile, performance evaluation was conducted respectively on “board of directors” and “functional (including audit and remuneration) committee”, and the evaluation results can be divided into three grades: Excellent, good and to be improved.

◆ In 2023, the self-evaluation result of “board of directors” and “functional (including audit and remuneration) committee” of this company was respectively excellent and good, wherein “participation level to the corporate operation ” has larger difference, the major reason is because that in the preparation of meeting agenda of this company, directors sometimes cannot attend due to other important business; generally speaking, the operation of board of directors was pretty good, and continuous strengthening will be conducted based on the evaluation result this time in order to enhance the effectiveness of corporate governance; the evaluation result will be reported to directors of board of directors on March 24, 2024.

◆ As mentioned above, there was larger difference in “level of participation to corporate operation ” item, therefore, in order to have good communication with business operation team, irregular meeting will be held constantly in order to provide related operation indexes of this company; meanwhile, important announced data of this company will be provided synchronously so that directors can have better understanding on operation direction of this company and can propose certain suggestions; generally speaking, board of directors and functional committee operate very well, and this evaluation result will be followed to strengthen continuously and to enhance the effectiveness of corporate governance.

► **Implementation situation of evaluation of board of directors**

Evaluation period	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once each year	2023/1/1~2023/12/31	Performance evaluation of board of directors	Internal self-evaluation of board of directors and “performance evaluation and self-evaluation questionnaire of board of directors”	The evaluation content of “performance evaluation questionnaire of board of directors” includes level of participation on corporate operation, enhancement of decision making quality of board of directors, composition and structure of board of directors, selection and continuing education of directors and internal control.
Implemented once a year	2023/1/1~2023/12/31	Performance evaluation of individual director member	Member self-evaluation of board of directors and “member evaluation and self-evaluation questionnaire of board of directors”	The evaluation content of “evaluation and self-evaluation questionnaire of board of directors” includes the seizing of corporate goal and mission, the recognition of responsibility of directors, level of participation on corporate operation, internal relationship operation and communication, expertise and continuing education of directors and internal control, etc.
Implemented once a year	2023/1/1~2023/12/31	Performance evaluation of functional committee	Internal self-evaluation of board of directors and “performance evaluation questionnaire of functional committee”	The evaluation content of “performance evaluation questionnaire of functional committee” includes level of participation on corporate operation, recognition of responsibility of functional committee, decision making quality of functional committee, functional committee structure and member selection and internal control, etc.

**[Salary policy of directors and managers]**

The salary of directors and high level personnel were all proposed by remuneration committee and approved by board of directors; the remuneration committee will consider the operation situation of this company, personal performance and future risk proposal, and for the performance of future directors and high level directors, sustainable linking performance factors will be added.

(1)Salary policy of directors

The salary of directors of this company should follow article 19-1 of articles of incorporation: “If there is annual profit in this company, an amount of less than 2% as salary for directors should be withheld. However, if this company still has accumulated losses, an amount for compensating the loss should be reserved first”; the actual withholding percentage each year was 1.5%.

(2)Salary of managers

The salary of managers includes monthly issued wages, bonuses for three festivals, bonus for performance, and

reasonable reward issued by considering corporate operation performance of that year, personal contribution from the job; for the salary amount given to each manager, in addition to referring to the general level of salary and welfare in the same industry, it was also reviewed by remuneration committee and sent to board of directors for approval.

(3)Correlation among salary, operation performance and future risk

Director performance evaluation will be conducted by this company each year, and regulations in performance evaluation method for board of directors will be followed to submit evaluation result to board of directors of next year for reporting, and the result will be used as reference for review and improvement; meanwhile, external third party will also be used to evaluate the performance of board of directors to be used as basis for nominating directors or for evaluating salary and reward.

The salary of director, general manager and vice general manager has considered fully their professional competence and corporate operation and financial situation, evaluated their other special contribution to this company, and linked to corporate performance and personal performance; all the above mentioned things were considered as calculation basis for their salary. Our company will inspect at any time future operation risk and corporate social responsibility, review salary system in appropriate time and keep the balance between sustainable operation and risk management of this company.

**[Continuing education of board of directors]**

Directors of this company have participated in different corporate governance related courses and even share their experiences in corporate governance.

The major courses/lecture for 2023 is as follows, and the attendance rate of directors was 100%:

Job title	Name	Date of continuing education	Unit	Courses	Hours
President	Kuei-Chen Kao	2023/6/7	Securities and Futures Institute	2023/2050 green industrial revolution	3
		2023/6/8		Global economy and industrial technology development trend	3
Director	Hsin-Yi Fang	2023/5/11		Challenge and chance for sustainable development paths and introduction of greenhouse gas inventories check	3
		2023/6/8		Global economy and industrial technology development trend	3
Director	Wen-Chieh Fang	2023/9/26-27		Full courses for first inauguration of director	12
Independent director	Ming-Hsiang Yang	2023/9/15		Discussion on newly emerging financial technological crime and anti-money laundering based on corporate view point	3
				How to enhance the credibility of corporate sustainable report	3
Independent director	Chia-Ying Chien	2023/7/14		Discussion on corporate governance blueprint 3.0 and responsibility of directors	3
		2023/9/22		2023/2050 green industrial revolution	3
Independent director	Chi-Fu Hsu	2023/8/29-30		Full courses for first inauguration of director	12
Independent director	Kuang-Hua Tseng	2023/8/29-30		Full courses for first inauguration of director	12

**2-3 Operation performance**

HY ELECTRONIC (CAYMAN) LIMITED works hard on maintaining the transparency of corporate operation; in addition to monthly issuance of revenue report and quarterly issuance of quarterly report to directors, shareholder meeting will also be held once each year.

In addition, specific responsible department for investors relationship and stock affairs was also set up in this company to be responsible for communicating corporate information of this company to investors in order to ensure that investors can have full understanding on corporate operation guidelines of this company. Shareholder can, according to the regulations of Company Act, make written proposal each year to this company in the shareholder meeting. If shareholders and investors have related questions and suggestions, they can use mail box (hy@hygroup.com.tw) or telephone to contact this company. Specific person will be assigned to handle all kinds of needs, and reply will be given in shortest time. Moreover, shareholder interaction and exchange will be conducted through shareholder meeting on annual basis in order to set up good interactive relationship.

In addition, in the official website of HY ELECTRONIC (CAYMAN) LIMITED, specific investors' area will be set up (Website: <https://www.hygroup.com.tw/tw-ww/investors/overview.aspx>), and financial information and corporate briefing session data will be constantly updated to be referred by the investors; meanwhile, important information of this company will also be disclosed on the market observation post system of Taiwan Stock Exchange. Through the providing of real time information, shareholder and investor can update synchronously corporate operation status.

The operation performance of HY ELECTRONIC (CAYMAN) LIMITED for the period 2021-2023 is as shown in the following table.

◆ Table Operation performance of 2021-2023

Unit: Thousand NT dollars

Item	2021年	2022年	2023年
Revenue	2,097,165	1,220,492	1,177,454
Earnings per share (EPS)	-1.93	-2.59	-2.91
Cash dividend of each share	-	-	-
Dividend payout ratio	-	-	-
Dividend yield	-	-	-
Cash dividend yield	-	-	-
Shareholder bonus distributed from annual surplus (one hundred million)	-	-	-
Return on equity ROE	-14.34	-22.25	-28.96

Note 1: Market Observation Post System, Note 2: It was calculated based on adopting financial information after IFRSs

Each year, KPMG in Taiwan was consigned to implement annual financial review operation of this company, and there were no abnormal situations found in the period 2020~2023.

## 2-4 Operation by integrity and professional ethics

HY ELECTRONIC (CAYMAN) LIMITED has followed the principles of fairness, integrity, trustworthiness and transparency and professional ethics to conduct commercial activities; in addition to following Company Act, Securities and Exchange Act and Business Entity Accounting Law, this company has also kept in mind the corporate values of “respect, innovation, quality, learning and integrity” to prepare and fulfill all kinds of professional ethics and policies; meanwhile, it has also set up good corporate governance and risk control mechanism in order to move forwards for sustainable development.

Directors (including independent director), managers (including general manager and personnel of the similar level, vice general manager and personnel of the similar level, assistant vice president and personnel of similar level, director of financial department, director of accounting department, and all personnel who have managed affairs for this company and have rights to sign), employees or personnel with actual controlling power in this company are strictly prohibited to provide, commit, request or receive any unjust benefit in direct or indirect way, or to do anything violating integrity, anything illegal or any dishonest behavior that violates the consigned responsibility; related operation by integrity and professional ethics and behavior standards are described as follows:

HY ELECTRONIC (CAYMAN) LIMITED has followed related laws and regulations to prepare “corporate guideline for operation by integrity”, “operation procedure and behavioral guideline for operation by integrity” and “moral behavioral standard” to be followed.

In addition, this company has set up strict behavioral standard and code of ethics to prohibit strictly directors and employees of this company to use corporate assets, unpublished information or job affairs and information to acquire illegal benefits; this is to ensure that employees do not have behavior such as fraud, bad conduct and leak or lie; moreover, employees are requested not to accept dinner party and property gift from supplier’s invitation.

The employees of HY ELECTRONIC (CAYMAN) LIMITED should follow strictly behavioral standard of interest out principle and should report actively any item with ethical suspicion and interest conflict; in addition, non-compete clause related articles are made to avoid conflict of interest.

In addition, integrity survey will be conducted on stakeholders such as customers and suppliers to avoid the occurrence of dishonest behavior, which might harm the benefit of this company; moreover, we hope that all stakeholders can understand and respect the operation by integrity and code of ethical conduct of this company.

HY ELECTRONIC (CAYMAN) LIMITED has used general manager office as its responsible implementation unit of operation by integrity of this company; each month, the internal audit report will be sent to audit committee for review, and report will be made to board of directors at least once a year; date of the nearest report was March 24, 2023, and the related documents were as shown in official website of this company.

### **[Internal audit]- Internal audit organization of HY ELECTRONIC (CAYMAN) LIMITED and its operation**

The internal audit of HY ELECTRONIC (CAYMAN) LIMITED is an independent department, which belongs directly to board of directors; in addition to making routine report in the meeting of board of directors, if necessary,

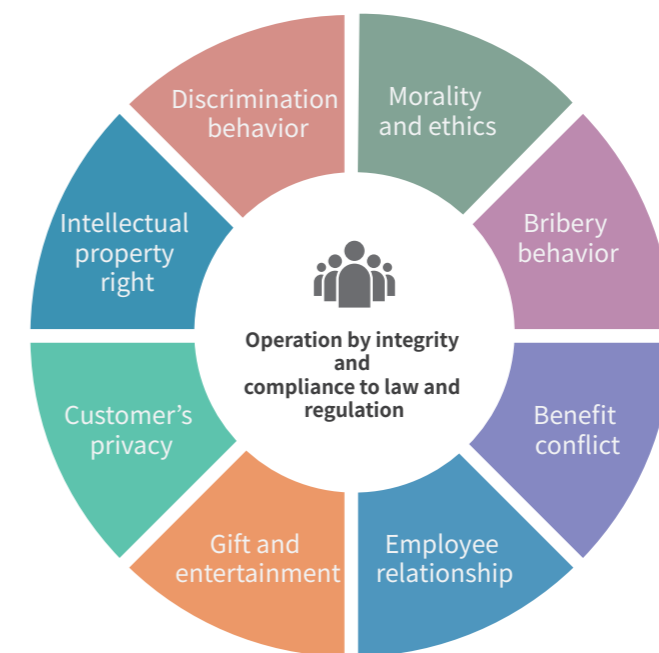
it should report immediately to audit committee and the president in order to fulfill the spirit of corporate governance.

The implementation details of internal audit of this company has clearly specified internal control of internal audit reply operation procedure; meanwhile, whether the design and practice of such control is appropriate should be reported in order to achieve the objective of internal control system; moreover, internal control system and audit scope includes all operations and subsidiary of this company.

The audit work is mainly implemented according to the audit plan approved by board of directors, and audit plan is prepared according to identified risk; in addition, special project audit should be implemented according to the need. To sum up, it is clear that the implementation of general audit and special project audit can provide internal control function and operation situation to management level; meanwhile, it can provide in-time another channel to management level to understand existed or potential way to control internal defect. For internal audit, after implementing the checking operation of audit plan, written audit report and follow-up report should be issued and should be given periodically to audit committee for review.

Internal audit should review the self-evaluation operation of internal control system implemented by each department, including checking of whether the operation is implemented or not and reviewing of documents to ensure the implementation quality; meanwhile, self-evaluation result together with internal control defect and abnormality item improvement situations found by audit department will be used as basis for suggesting board of directors of this company to issue internal control statement.

The internal audit department of this company is assigned with specific audit personnel, and they are responsible for implementing audit business of monitoring of mother-company and subsidiary company according to the law. This company, according to the regulation of practical rule of corporate governance, the appointment and removal, assessment and salary and reward of internal audit personnel should be agreed by audit director and reported to president for approval; the practical rule of corporate governance has been disclosed in specific area of corporate governance of official website of this company.



## 2-5 Human right policy of HY ELECTRONIC (CAYMAN) LIMITED

HY ELECTRONIC (CAYMAN) LIMITED, in order to fulfill its corporate social responsibility and to guarantee basic human right of all employees, has supported and followed internationally recognized human right standards such as “Universal Declaration of Human Rights of UN”, “The United Nations Global Compact”, “United Nations Guiding Principles on Business and Human Rights” and “International Labor Organization of UN” to treat and respect all employees fairly, reasonably and friendly; meanwhile, it has followed local labor regulations to refuse any behavior of violating human right, and such spirit was promoted to its cooperation partners.

### [Human right management]

In order to let employees understand their own rights and the implementation policy and action of this company in social responsibility, in internal documents and methods of “work rules” and “sexual harassment prevention method”, it was clearly announced that the human rights of employees will be protected, including the basic obedience to the regulatory requirement, freedom of employment, humane treatment and prohibition of inappropriate discrimination and sexual harassment; meanwhile, this company has set up diversified and effective communication mechanism, made robust salary and welfare, provided diversified training and development chance and rich training course selection and promoted freedom of employment; all jobs are voluntary, and there is no slavery and human trafficking things. Employees will not be discriminated due to race, religion, skin color, nationality and gender, and tangible or intangible behavior is strictly prohibited; in addition to making related regulations, there is also sexual harassment prevention hot line and E-Mail account set up for employees to complain.

#### 1. Human right

1.1. The relationship between this company and employee has followed labor related laws and regulations such as Labor Standards Law, in addition, there is “work rule” made, and labor-employer meeting is also held regularly.

1.2. New employees, after reporting for the first day, should be conducted with new employee educational training; it can let new employees understand the present work standard in order to protect employee’s right. This company has followed the work requirement and career planning of employees to provide management training and training courses such as professional technologies and self-development; hopefully, employee can be given with sufficient educational training.

1.3. This company, during the new employees recruitment process, has just considered their personality and expertise to see if they can meet the requirements; no consideration will be put on their gender, age and group, etc. This company takes great care on weak group such as disabled person, it tries to protect the benefit and rights of all personnel, it has made sexual harassment prevention management regulation and set up handling committee to ensure that employees can be free from harassment and discrimination.

### [Human right risk mitigation measures]

In order to mitigate human right risk, HY ELECTRONIC (CAYMAN) LIMITED has followed strictly local government’s labor law and conduct aggressively specific improvement plan to create excellent work environment; and the following actions will be taken:

#### 2. Human right due diligence procedure

According to industrial characteristic and operation development strategy, this company will conduct risk evaluation on human right topics periodically, and it will also include external expectation and stakeholder communication in order to identify important human right topics and high risk group.



#### 3. Human right protection training action

Provide related regulation compliance announcement in new employee training	Its content includes: Prohibit forced labor, prohibit child labor, anti-discrimination, anti-harassment and protect humane treatment and provide healthy and safe environment.
Provide sexual harassment prevention course	It includes: Understanding of the concept of sexual harassment, prevention of sexual harassment and handling method for sexual harassment event.
Implementation of announcement for prevention of workplace bullying	Through assistance provided to employees, they can understand what is workplace bullying and know how to avoid bullying behavior so that they can create together a friendly work environment with zero workplace bullying.
We provide complete occupational safety series training	It includes: Fire-fighting training, emergency response course, rescue personnel training, general safety and health educational training and safety training for newly promoted directors.

#### 4. Legal employment

HY ELECTRONIC (CAYMAN) LIMITED has followed local labor regulation and standard to clearly specify the prohibition of use of child labor in the human resource policy. Any hired employee should provide ID proof to for verification to ensure that there is nothing missing.

In addition to policy announcement, in the internal management method of this company, there is also clear article to describe it.

Summarizing the audit statistics in 2023, no matter internal or external audit, it was found that there is no use of child labor in this company.

#### 5. Management index of human right policy

Item	Content	Goal	Result
Non-discrimination	Total count of discrimination dispute	No discrimination event	No discrimination event occurs
Freedom of association	Identify if there is critical risk operation endangering the right of freedom of association and collective bargaining.	No prohibition on freedom of association	No prohibition on freedom of association occurs.
Child labor	Identify operation that might have crucial risk in triggering child labor dispute and action that is helpful in deleting child labor.	No employment of child labor	No cases of employment of child labor occur

<b>Forced labor</b>	Identify operation that might trigger the forced labor or compulsory labor dispute, and action that is helpful to the deletion of forced labor and compulsory labor.	No forced or compulsory labor.	There is no forced and compulsory labor occurs.
<b>Work time, rest and holiday</b>	Identify operation that might have critical risk on labor's work time, rest and holiday, and action that is helpful to the obedience of labor act.	No violation of work time and rest labor act.	No case of receiving fine from supervisory organization due to violation of labor act standard such as work time and rest.

## 2-6 Regulation compliance

HY ELECTRONIC (CAYMAN) LIMITED has followed strictly domestic and foreign regulation and standard; and it has implemented all kinds of operation contents in an attitude superior to the regulatory standard to fulfill its corporate social responsibility.

<b>Environment type regulation compliance</b>	For environmental protection related regulation, this company will implement periodically regulation identification operation on quarterly basis; it will inspect if corporate operation and newly added processes have violated any regulation. In 2023, there is no case of receiving fine related to violation of environmental protection regulation, in the future, continuous strengthening of control will be applied, and the basic goal is zero violation of regulation.
<b>Occupational safety and health and fire-fighting regulation compliance</b>	For occupational safety and health and fire-fighting regulation compliance, there was no violation of occupational safety and health regulation and there was no fine case due to violation of fire-fighting regulation in 2023, in the future, continuous strengthening of control will be conducted, and the basic goal will be zero violation of regulation.
<b>Social type regulation compliance</b>	For the social type regulation compliance, in 2023, there was no violation and no occurrence of gender discrimination case, no sexual harassment case, there was no unlawful infringement due to execution of job, there was no regulation and standard and complaint case such as employment of child labor and corruption, in the future, continuous strengthening of control will be conducted, and the basic goal will be zero violation of regulation.
<b>Customer privacy protection</b>	In 2023, there were no complaints regarding infringement of customer's privacy or customer's information leak, in the future, continuous strengthening of control will be conducted, and the basic goal will be zero violation of regulation.

## 2-7 Sustainable supply chain management

In corporate social responsibility, focus will be on responsibility and sustainable development, HY ELECTRONIC (CAYMAN) LIMITED will fulfill these keys on the promotion of sustainable supply chain management, in addition

to enhancing supply chain value and creating green supply chain upgrading, we care more about the creation of positive influence; we will accelerate the endurance of sustainable supply chain management.

Material topics	Management objective	Management guideline	Key topics	Promotional organization	Goal promotion		
					2023 implementation result	2024 goal	Medium and long term goal for 2030
Purchase management	In order to set up sustainable supply chain, for key important partners, risk management and evaluation system will be set up.	1. Set up supplier evaluation and audit system and strengthen risk management mechanism.  2. Make periodical communication with supplier, then fulfill practice share and exchange activity.	Optimize supply chain sustainable (ESG) evaluation system.	Management division	Finish addition of environment/society (human right) ESG sustainable development and list it as key supplier evaluation standard. *Make conflict metal/hazardous substance survey on supplier, and it should be 100% conforming to the need.	Fulfill annual supplier evaluation to ensure supply quality, and delivery, service and environmental safety and health can conform to ESG spirit; enhance supplier's quality to achieve the objective of cyclic sustainable development.	*For key suppliers, they should be 100% introduced into supplier sustainable evaluation mechanism.  *Make commitment to maintain zero conflict mineral and zero hazardous substance purchase.
			Optimize supplier management audit system.	Management division	Finish new addition of ESG items to audit items.	For annual audit, implement ESG audit item  *Each year, finish the implementation of on-site audit of shipping key suppliers.  *Key suppliers not achieving monthly shipping frequency have been arranged for implementation, and one annual audit should be implemented at least for three years.	For annual audit, ESG has a percentage of 100%.

**【Sustainable strategy of HY ELECTRONIC (CAYMAN) LIMITED】-HY ELECTRONIC (CAYMAN) LIMITED has its goal on the achievement of sustainable development; this company has collaborate with suppliers to make continuous improvement in perspectives such as quality improvement, environmental protection, compliance to social regulation and standard, respect of human right and fulfillment of corporate social responsibility.**

**【Supplier management】**

High quality not only comes from the persistence and effort of HY ELECTRONIC (CAYMAN) LIMITED, the assistance from suppliers also plays an important role; ever since the foundation of HY ELECTRONIC (CAYMAN) LIMITED, its relationship with supplier has far exceeded the cooperative relationship; in the road towards excellence and globalization, we are partners with mutual support, and such business operation concept has created closer and long term relationship between HY ELECTRONIC (CAYMAN) LIMITED and suppliers. Therefore, in the process of setting up relationship, HY ELECTRONIC (CAYMAN) LIMITED has set up a series of evaluation processes, and evaluation has been made on suppliers regarding indexes such as quality, delivery date and quality, etc.; in addition to that, HY ELECTRONIC (CAYMAN) LIMITED has also encouraged the supplier to cooperate with the purchase strategy of this company to make periodical (at least once a year) audit on supplier to ensure that all indexes can conform to the requirements of this company; however, if the supplier has difficulty, HY ELECTRONIC (CAYMAN) LIMITED will also provide assistance or technical support in appropriate time, finally, suppliers evaluated as qualified by HY ELECTRONIC (CAYMAN) LIMITED can be included into the cooperation supplier list of this company. After evaluation, it was found that all the suppliers can conform to the evaluation standards in 2023.

**► Evaluation content**

Step	Content	Basis of the content
1	Purchase division, administrative management division, RD division and marketing division should co-develop new supplier sources.	◆Supplier management method ◆Quality inspection standard
2	Convene audit group to follow quality, technology, price, delivery date and service to conduct evaluation (following the situation to decide if on-site evaluation is to be conducted or not); after finishing it, please register it in “supplier evaluation table”.	◆Purchase management method ◆Incoming material inspection management method ◆Nonconforming product control operation management method
3	Suppliers evaluated as A, B and C levels can then be registered in the system.	◆Supplier’s new product introduction management method.
4	If critical quality abnormality does not occur, basically, the audit should be conducted once a year in order to maintain the overall advantages of the product of HY ELECTRONIC (CAYMAN) LIMITED.	◆Outsourcing processing management method

**► Purchase overview**

Company	Purchase value in local Taiwan	Total value of incoming products in 2023	%	Main purchases
TW	7,046,996	7,046,996	100%	Chip, diffused wafer, TVS diode, product.
TGI	1,510,846	2,858,408	52.86%	Chip, diffused water and product.
Total	8,557,842	9,905,404	86.40%	

**【Supplier partner relationship】**

Integrity and honesty are the first important conditions for HY ELECTRONIC (CAYMAN) LIMITED to select new suppliers, and we build partner relationship with suppliers; our company has smooth communication channel with all suppliers, and business implementation situation is pretty good. Facing with future environmental protection trend, we like to cooperate with chip plant with energy saving design; in addition, we have signed up “Declaration of Conformity of code of conduct of supply chain” with suppliers (except spot dealers) to be used as guarantee of green environmental protection product.

In 2023, the signature of Declaration of Conformity of code of conduct of supply chain has reached an achievement rate of 100%.

The signing content of Declaration of Conformity of code of conduct of supply chain includes “code of conduct of supply chain”, “green product environmental protection standard” and “responsible mineral purchase policy”.

- (1) The product does not use hazardous substance.
- (2) The product is conforming to RoHS, REACH, WEEE, EuP command of EU.
- (3) The work field of outsourced processing plant should conform to safety standard.
- (4) The supplier does not use any illegal labor (protecting legal labor) and child labor.
- (5) The supplier’s raw material will not be conflict minerals from the peripheral countries of the Democratic Republic of the Congo.

For the social, economic and technological background the customer stays, conduct product conformance design to ensure that the products of this company can conform to the requirements of environmental protection and energy saving, in other words, hopefully, from raw material to product output, it can have least impact on environment; conduct ESG sustainable audit and consultation periodically on major cooperation partners to ensure that responsible supply chain can operate perfectly. Products in the full production line have used energy saving chips and can conform to switching power supply of “energy star” standard and safety standard certification; meanwhile, the product is produced in full lead-free processes; meanwhile, the minimal size, lightest weight and recyclable packaging material was used to package, therefore, it can conform to WEEE standard.

**[Responsible supply chain]**

HY ELECTRONIC (CAYMAN) LIMITED pays great attention to corporate social responsibility and environmental protection concept, and it also sees it as one of the most important policies of this company; in addition, climate change in recent years has impacted severely the global environment and ecology, and HY ELECTRONIC (CAYMAN) LIMITED knows well that in addition to continuous efforts in energy saving and carbon reduction, it should also let others know the urgent needs of energy saving and carbon reduction; it should make these efforts more specific and apparent and even exploit its influential power to the competitors to build even the industrial standards. Therefore, HY ELECTRONIC (CAYMAN) LIMITED has worked hard to put its concept into the production processes; it has optimize the processes from the raw material acquisition, design, manufacturing, transportation, delivery, usage, scrapping and final disposal in order to reduce their impacts on the environment; all these long term efforts let HY ELECTRONIC (CAYMAN) LIMITED be able to acquire ISO14001 environment management system certification in 2006, and in 2012, it has become one member of SONY Green Partners, and it also has passed the re-certification again with the result maintained until now. It shows that the continuous investments and effectiveness from HY ELECTRONIC (CAYMAN) LIMITED on environmental management and hazardous substance management have acquired recognition from people in different industries.

In addition to environmental protection, HY ELECTRONIC (CAYMAN) LIMITED has also fulfilled responsible supply chain management to ask aggressively the supplier of specific raw material to sign “Declaration of Metal Conflict-Free” to avoid the purchase of conflict metals such as gold, tin, tantalum and tungsten from mining areas of conflict areas such as anarchy military group, illegal path and the Democratic Republic of the Congo; we promote humanitarian spirit and fulfill social ethics standard for human dignity, and we also encourage our suppliers to co-participate in the promotion of such concept.

**2-8 Operation risk management**

Due to high and fast variance of global economy and politics and increasingly severe situation of climate change, enterprise operation has to face risk factors such as environment, society and management. To make corporate governance robust and to fulfill risk management in the business operation process of an enterprise, HY ELECTRONIC (CAYMAN) LIMITED has followed “ISO 31000 risk management system principles and guidelines” and “risk management best practice principles for listed and OTC companies” from Financial Supervisory Commission to set up perfect “risk management policy and process”; and the procedure has been passed for implementation on November 2022 by board of directors. Through the inclusion of risk management into business operation activity and daily management process, goals such as fulfillment of corporate goal, enhancement of management performance, providing of reliable information and effective distribution of resources can be achieved.

**[Risk management organization]**

Board of directors is the highest governance department of risk management, and it supervises the overall risk management mechanism and passes the method updating. Pan-strategy risk topic was mainly reported and followed up in board of directors, sustainable development committee and remuneration committee; and pan-operation risk was mainly supervised by audit committee.

Risk management group is the highest management department of risk management, and it is responsible for the implementation of risk management process; it reviews risk follow-up and implementation situation status on quarterly basis, and the responsible director should be responsible for preparing the coping action for risk item to implement actually. Internal audit has the responsibility to monitor closely or to assist in the promotion of risk management process and to provide opinion; and depending on the need, it should conduct the audits of all kinds of risk topics, basically, if the major risk does not have good implementation effectiveness, it will be included into special project audit of that year. The evolutionary proposal of risk management mechanism should be co-discussed between risk management group and internal audit and then proposed. To cope with fast environmental change, risk management group and management unit should observe flexibly at any time and propose all kinds of risk change situations that need to be emphasize, in addition, it will add new or adjust related coping projects; meanwhile, it will be included into quarterly risk management meeting or daily management meeting for discussion and follow-up.

**[Risk management process]**

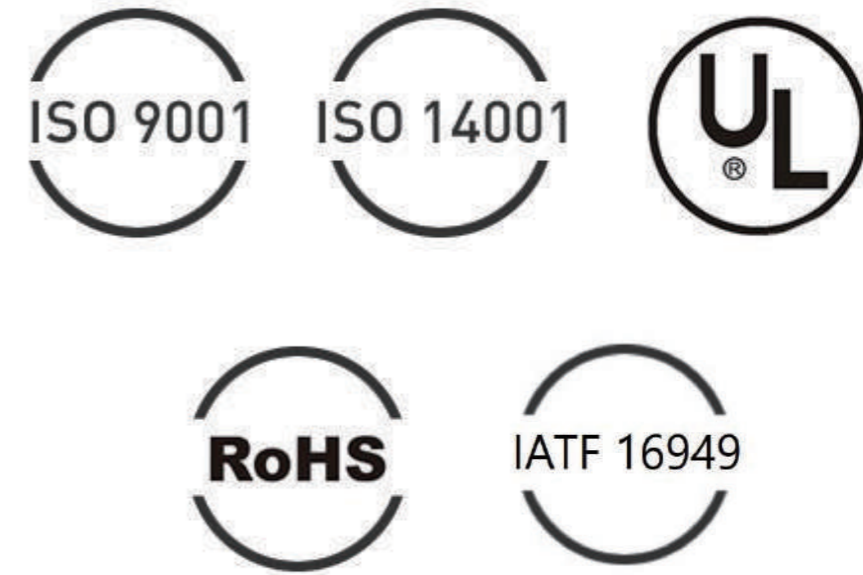
The risk management method of HY ELECTRONIC (CAYMAN) LIMITED has adopted hierarchical derivation of five major steps to develop complete risk coping mechanism in order to ensure that in the risk identification process, it can include all kinds of risk items; meanwhile, it has followed the correlation and sensitivity of each type of risk item on the enterprise to evaluate key and critical risk factor. Therefore, HY ELECTRONIC (CAYMAN) LIMITED can further adopt coping actions for reduction, transfer and avoidance; meanwhile, this company has make periodical and cyclic inspection and management to make continuous and effective improvement and seizing of all kinds of risk factors, hopefully, it can reduce the loss, probability and level for the occurrence of risk; the key and critical risk items identified by HY ELECTRONIC (CAYMAN) LIMITED in 2023 are as follows:

**► Risk management of hierarchical derivation**



► Risk identification and coping mechanism

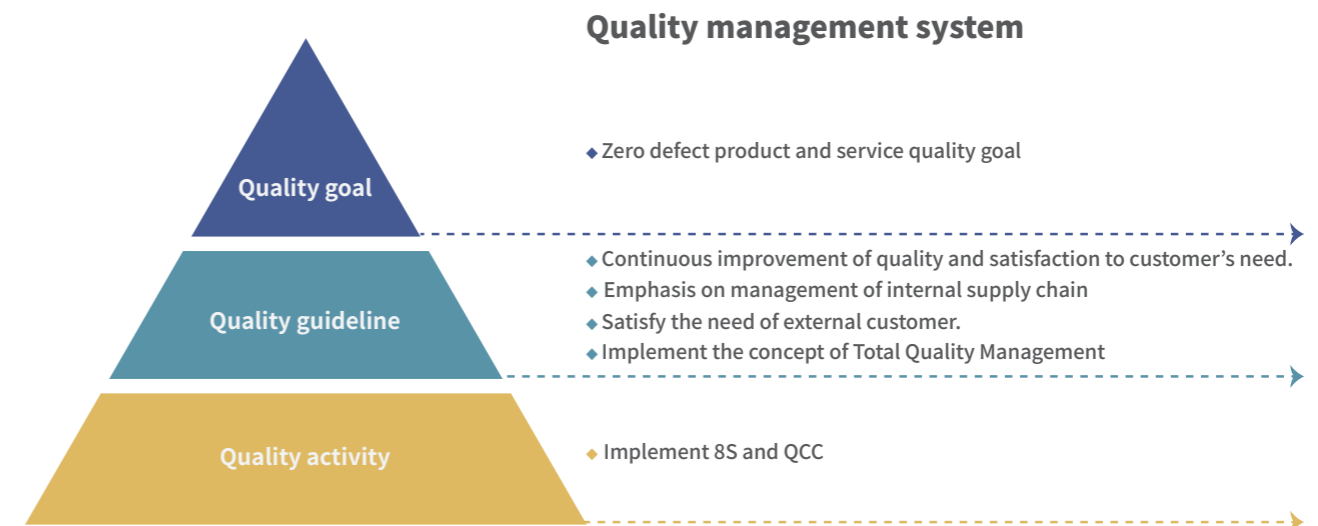
Type	Scope	Corresponding control / response
Operation risk	1. Operation management 2. Legal affairs 3. Supply chain management 4. Human capital 5. Information security 6. Finance	1. Make ethical standards and related professional ethics and standards 2. Ensure that the products do not come from conflict minerals. 3. Make supplier management method 4. Make periodically information security and internal audit. 5. Make periodically manpower inventory check and auditing. 6. Follow the laws and regulations to submit and disclose financial checking report
Environmental risk	1. Climate change 2. Regulations and standards	1. Conduct process optimization based on friendly environment. 2. Energy usage inventory check and energy management 3. Implement energy saving and carbon reduction project. 4. Make periodical inspection of conformity to environmental protection regulation.
Strategic risk	1. Market 2. RD	1. Make periodical inspection of conformity to environmental protection regulation. 2. Accelerate diversification deployment to reduce single industry risk.



2-9 Quality certification and self-persistence

HY ELECTRONIC (CAYMAN) LIMITED focused on autonomous seizing of technology in product strategy perspective, and it considered the integration of design and manufacturing; it has integrated from chip manufacturing to packaging, test and product, therefore, it can control the quality strictly. Its main products include: Rectifier diode, bridge rectifier, Schottky diode, field effect diode, planar structure fast recovery diode, LED driving optical source and IGBT module, etc. Hopefully, using its complete product portfolio, it can provide customer with total solution service.

The products of HY ELECTRONIC (CAYMAN) LIMITED were extensively used in industrial fields such as computer, communication, automotive and consumer products, etc.; meanwhile, this company has participated in aggressively the new product development in green energy industry, and such products were applied in LED lighting industry, solar energy industry and automotive and energy saving industry, etc. HY ELECTRONIC (CAYMAN) LIMITED has adopted humanized management model, and it has controlled the entire operation system of this company based on quality first, technological innovation, customer orientation and quality policy of continuous improvement. For quality certification perspectives, it has passed already ISO9001/ISO14001 / IATF 16949 system certification and UL product certification.



# 03

## Environmental Sustainable Management

Material topics	Management objectives	Management guidelines	Action direction	Goal promotion		
				Implementation description for 2023	2024 goal	2030 middle and long-term goal
Climate change	Implement greenhouse gas inventories and use it to prepare the goal for reduction, then fulfill greenhouse gas management	We have promoted aggressively all kinds of greenhouse gas reduction projects to achieve the goal of reduction of greenhouse gas.	1.Implement greenhouse gas inventories. 2.Prepare goal of reduction. 3.Implement greenhouse gas reduction project.	We have finished greenhouse gas inventories and set it as basis year.	We have referred to SBTi standard to prepare greenhouse gas reduction goal.	We have followed prepared greenhouse gas reduction goal to implement all kinds of greenhouse gas reduction goals, and we also make periodical performance review.

### ► Highlights and effectiveness



### 3-1 Environmental management system

HY ELECTRONIC (CAYMAN) LIMITED is an expert of total solution provider for rectification related projects. It is devoted to the development of cutting edge technologies and the supply of revolutionary product. In order to create friendly environment, to do energy saving and carbon reduction and to fulfill environmental sustainable commitment, we have made strategies, management goals and quantified performance indexes for sustainable topics (such as environmental protection, climate change, water resource, waste and energy consumption) aggressively through the setup of “environmental management policy” commitment; meanwhile, we have used appropriate system, method and tool to conduct appropriate management, and we have proposed projects to be fulfilled in daily operation controls such as organizational operation and production in order to achieve important goals such as cleaner production and waste reduction, climate change mitigation and adaptation and energy saving and energy creation; moreover, communication and engagement with stakeholders was done through periodical disclosure of environmental management effectiveness.

**[Promotional organization structure]**

HY ELECTRONIC (CAYMAN) LIMITED has set up environmental management system promotion committee; meanwhile, environment and energy saving promotional group is set up in different plant areas to be responsible for the implementation of environment and energy saving items, department communication and coordination and management items and engagement items in meetings with public departments and associations. In addition, HY ELECTRONIC (CAYMAN) LIMITED has also enhanced “environment management policy” to be approved and monitored by board of directors in order to strengthen its governance level.

**[Promotional organization structure]**

HY ELECTRONIC (CAYMAN) LIMITED has passed gradually all kinds of international environmental management system in order to set up systematic procedure; meanwhile, Plan, Do, Check, Action (PDCA) cyclic mechanism was used to make continuous improvement in environmental management and effectiveness.

**► ISO 14001:2015 Environmental management system certificate**



**3-2 Climate change and energy management**

The whole world is heading towards the direction of net zero carbon emission, and the impact of climate change is gradually shown as non-negligible and important topic; therefore, HY ELECTRONIC (CAYMAN) LIMITED, based on industrial characteristic and operation condition, has planned a climate strategy blueprint; moreover, through carbon management model, the importance and coping strategy on global climate change and carbon topic from the entire company is sketched.

The stakeholders of HY ELECTRONIC (CAYMAN) LIMITED care our actions and effectiveness in “climate change” and “energy management” perspectives in a long term basis; meanwhile, we have also used continuously the leading from high management level and cross-department collaborative operation to achieve the expectation of value chain and low carbon transformation on HY ELECTRONIC (CAYMAN) LIMITED from different industries.

**[climate change management]**

HY ELECTRONIC (CAYMAN) LIMITED has referred to the architecture of Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risk and opportunity and to prepare coping actions.

In addition, through sustainable meeting, high level directors and members of corporate sustainable committee have studied the applicability of related contents; if necessary, adjustment and revision will be conducted to adapt to risk effectively.

Climate related risk/chance		Potential financial influence	Coping actions
Risk	The rise of temperature has led to the increase of extreme climate and natural disaster, which in turn leads to the damage in plant area.	Operation cost rise Operation income falling	1.TCFD task force reviews and implements identification operation of climate change related risk and chance, as well as financial influence evaluation of transformation risk and real risk and chance. 2.Prepare short, middle and long-term goals and action plans of several climate change related sustainable strategic blueprints. 3.Using “risk management policy and procedure” to set up effective risk management mechanism and to strengthen risk coping and management capability of this company.
	The rise of temperature has led to the increase of extreme climate and natural disaster as well as rise of cost of raw material or reduction or interruption of production capacity of supplier.	Operation cost rise Operation income falling	
	Customer or regulatory standard.	Operation cost rise	
	Rise of utilization cost of energy	Operation cost rise	
Chance	Enhance product competitiveness and reduce product’s carbon emission.	Operation cost rise	

**[Greenhouse gas inventories]**

Reduction of greenhouse gas emission has become important environmental protection trend around the world; therefore, in order to conduct greenhouse gas management, it is needed to understand first the greenhouse gas emission quantity of this company, and the most basic work of implementing greenhouse gas inventories is to distinguish and calculate the emission quantity of greenhouse gas.

HY ELECTRONIC (CAYMAN) LIMITED, starting from 2023, has followed the requirements of ISO 14064-1:2018 standard to implement greenhouse gas inventories operation and to set up greenhouse gas inventories management procedure and greenhouse gas inventories list and to prepare greenhouse gas inventories report; therefore, the emission source and emission quantity of greenhouse gas of each plant area can be seized, and the result can be used to prepare the goal of reduction of greenhouse gas in the future.

### Type 1 and type 2 greenhouse gas emission

Year		2023
Fixed emission	1.9159	1.9159
	Process emission	2.2572
	Mobile emission	27.297
	Fugitive emission	49.4802
Type 2		6,826,743
Total emission quantity of type 1 and type 2 (tons CO2e)		6,826,824

Cited from electricity emission factor announced by Energy Administration-2022 Taiwan's electricity emission factor is 0.495 Kg CO2e/KWH

### Type 1 Emission species of greenhouse gas (tons CO2e)

Greenhouse gas	Carbon dioxide (CO2)	Methane (CH4)	Nitrous oxide (N2O)	Fluoro-hydro-carbon (HFCs)	Perfluorinated chemicals (PFCs)	sulfur(VI) fluoride (SF6)	Nitrogen trifluoride (NF3)	Total (tons CO2e)
Total emission equivalent (tons CO2e/year)	41.3851	94.4391	1.0925	0	0	0	0	136.9167
Gas type percentage (%)	30.23%	68.98%	0.80%	0.00%	0.00%	0.00%	0.00%	100.00%

### Type 3 Greenhouse gas emission

Type	Emission quantity (tons CO2e)	Percentage (%)
Transportation and distribution in upstream	1.6303	1.90%
Business trip	19.1194	22.32%
Employee's commuting	20.1890	23.56%

### [Energy management]

To cope with national energy policy, this company has reviewed its internal energy utilization aggressively and continued the promotion of energy saving management plan in order to reduce energy waste. Currently, the energy used is mainly externally purchased electricity; in 2023, it was calculated to be 13,791,400 kWh. From the statistical data, the externally purchased electricity for 2021~2023 is as in the following table:

Energy type	Unit	Year		
		2021	2022	2023
Electricity	kWh	18,330,000	13,222,300	13,791,400

HY ELECTRONIC (CAYMAN) LIMITED, in addition to enhancing its product design aggressively and energy utilization efficiency in RD and production process, the concept of energy saving and carbon reduction was also fulfilled in the work environment; we have changed old lamps in the office area to energy saving LED lamps as

lighting source aggressively, and we also launched the concept of turn-off-power-when-leaving and installed timer switch to avoid unnecessary waste.

In the future, we have evaluated in initial stage to change old electrical fans in office area into energy-saving fans for air circulation, and to install timer for drinking water machine, through actual actions, we can achieve the goal of energy saving to save our earth.

## 3-3 Water resource management

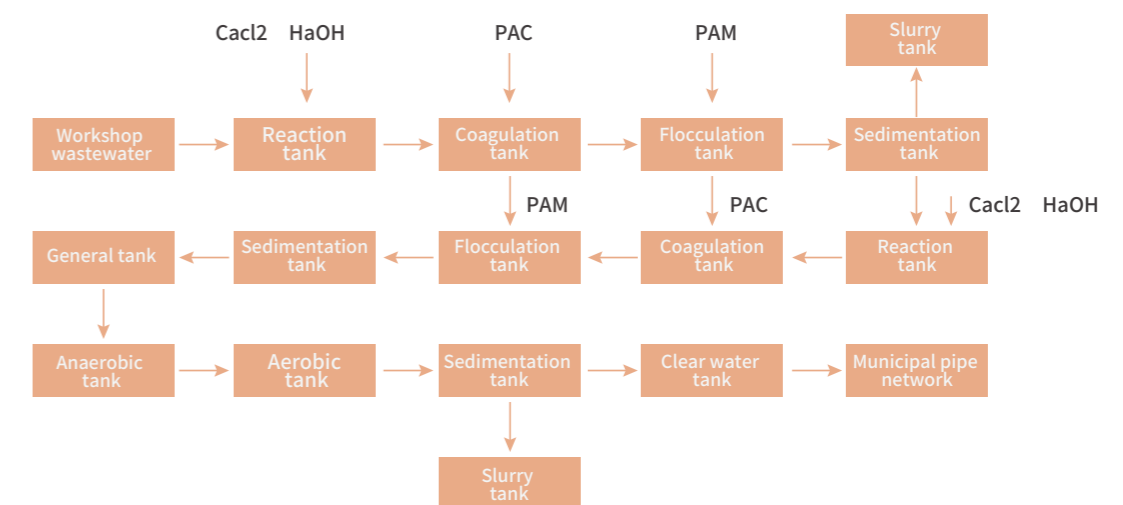
HY ELECTRONIC (CAYMAN) LIMITED has continued its efforts in practice and in continuous optimization in water resource management, through the goal-targeting and precise operation from our project teams in association with digital tool element, we can upgrade the efficiency of water utilization department and make water resource risk control mechanism perfect to ensure the safety of water utilization. We always keep in mind the spirit of cherishing natural resource and do our best to reduce our reliance on natural water and to enhance the recycling rate of process water in order to ensure that water is used in the optimized way.

The following table shows the water utilization quantity in the period 2021~2023.

Type	Annual water utilization quantity m <sup>3</sup>		
	2021	2022	2023
Tap water	101,326	134,958	158,374
well water	170,258	112,710	114,850

### [Description of wastewater treatment]

HY ELECTRONIC (CAYMAN) LIMITED has maintained aggressively its wastewater treatment operation; the wastewater was mainly released to town sewage network and to TanWan wastewater treatment plant, and related wastewater treatment process is as follows. In the future, we will enhance wastewater system operation and maintenance to more mature level and to achieve the goal of cycling and reuse within the plant and reduction of wastewater processing quantity.



### [Water saving action and announcement]

In recent year, climate change has led to frequent occurrence of extreme weather. Both Taiwan’s plant area and Mainland’s plant area have frequent occurrence of drought or flood disaster, therefore, water resource management has become important topics to be faced for corporate operation.

HY ELECTRONIC (CAYMAN) LIMITED usually keeps in mind the spirit of “always think of water shortage when water is sufficient”, therefore, it continues the promotion of all kinds of water saving actions in water resource usage in order to contribute itself in water saving activity. In addition, several water saving posters were posted in the bulletin board to enhance colleague’s water saving concept.



### 3-4 Material management- restricted substance management

HY ELECTRONIC (CAYMAN) LIMITED has followed “RoHS policy” and “REACH policy”, and during the new component development process for a product, it has requested that all raw materials provided by supplier should conform to product’s environmental quality policy requirement; meanwhile, all the restricted substance requirements from customers were reviewed and included into the control substance list of HY ELECTRONIC (CAYMAN) LIMITED, and they must conform to standards such as RoHS, REACH and non-halogen of EU.

In addition, in order to fulfill enterprise’s responsibility on environmental sustainability, earth protection, reduction of influence on ecological environment and biological health, HY ELECTRONIC (CAYMAN) LIMITED, in addition to continuing its conformity the international regulation control, has also updated customer’s requirements based on international regulations on annual basis, has made periodical update on hazardous substance control items of technological green product developed by HY ELECTRONIC (CAYMAN) LIMITED, and it has also managed and surveyed the supply chain as resource management way to ensure that hazardous substance can conform to the present situation; meanwhile, it has also provided consultation to supplier for survey and work together with supplier to create a green product supply chain, hopefully, the core concept of GUNGHU can be achieved.

Presently, all raw materials provided by suppliers are all conforming products. In addition, package box printed with RoHS label was used to transport conforming product for identification purpose.

In addition to international standard, HY ELECTRONIC (CAYMAN) LIMITED has acquired the position of excellent cooperation company by Sony GP evaluation after acquiring the Sony GP certification for several years (as shown in the following figure).

#### ► Sony GP certification

ファクトリーコード	マニファクチャラー名称 (英文)	工場名称 (英文)	監査期限
FC013145	Yangzhou HY Technology Development Co., Ltd.	FC Name	2025/9/30

#### ► Reach Test

CTI Sample ID	Final Product Name(s)	Sample Name(s)
001		Molding Compound, Black Epoxy, Case, Cathode, Ink
002		Lead, Lead Frame, Metal Lead
003	Bridge Rectifier, Diode,	GPF Disc
004	Transistor, Module	Disc
005		High Temperature Solder
006		Glass Packaging Diode

### 3-5 conflict minerals management

Conflict minerals mean minerals mined under situations of armed conflict and violations of human right, especially those from the Democratic Republic of the Congo of Central Africa and its neighboring countries; four metals such as Tantalum, Tin, Tungsten and Gold were acquired through illegal mining.

HY ELECTRONIC (CAYMAN) LIMITED has continued its care about conflict minerals topics during its technological development process, and it has also acquired the newest Conflict Mineral Reporting Template (CMRT) in order to seize in time the conforming status of smelter and to make periodical report of due diligence on supply chain; therefore, this company can ensure that for metals such as Tantalum, Tin, Tungsten and Gold in the raw materials used do not come from the conflict minerals area.

### 3-6 Waste management

HY ELECTRONIC (CAYMAN) LIMITED has followed two directions of cyclic economy and risk control in waste management; in the cyclic economy perspective, we have the thinking of full process management of waste, and in different stages of RD, manufacturing and waste, we are always based on the concept of 3R “Reduce from

the source, Reuse in the process and Recycle into resourced by-product”, and incineration or burying paths are always the final consideration.

In addition, the major consideration in waste management is to conform to regulation and to reduce its impact to the environment. For the waste in the plant area, the first priority is to recycle and reuse it, but if it cannot be recycled, it should be stored for incineration treatment, but if it still cannot be incinerated, it will finally be treated with burying.

It is important to ensure the effective use of environmental resource. In the risk control perspective, HY ELECTRONIC (CAYMAN) LIMITED has followed “environmental consideration perspective identification process” to conduct environmental consideration perspective and environmental impact identification evaluation on annual basis; meanwhile, waste management full process platform was used to conduct risk monitoring to ensure that waste won’t be disposed maliciously by environmental subcontractor (including treatment, reuse and cleaning, etc.); this is to reduce its impact on local community and environment.

► **The output of 2023 business waste:**

Plant type	No.	Waste type	Name of waste	Waste output (tons/year)	Total weight of waste (tons/year)
Yangzhou plant	01	General business waste	Waste paper box (paper waste)	21.16	723.52
	02		Thin film	5.21	
	03		Plastic material	1.14	
	04		Nickel-plating waste solution	34.62	
	05	Hazardous business waste	Waste ammonia solution	49.85	
	06		Waste packaging material	9.43	
	07		Waste acetone	26.15	
	08		Waste electronic device	3.77	
	09		Waste etching solution and developer solution	3.59	
	10		Waste active carbon	6.41	
	11		Waste cleaning agent	1.55	
	12		Waste detergent	4.52	
	13		Wastewater treated slurry	236.02	
	14		Waste acid	274.8	
	15		Waste propanol	5.01	
	16		Waste nickel-plating solution	34.62	
	17		Filter element	0.67	
	18		Ni-containing slurry	5	

Remark: For general business waste, it comes to a total of 62.13 tons/year, for hazardous waste, it comes to a total of 661.39 tons/year.

### 3-7 Air pollution management

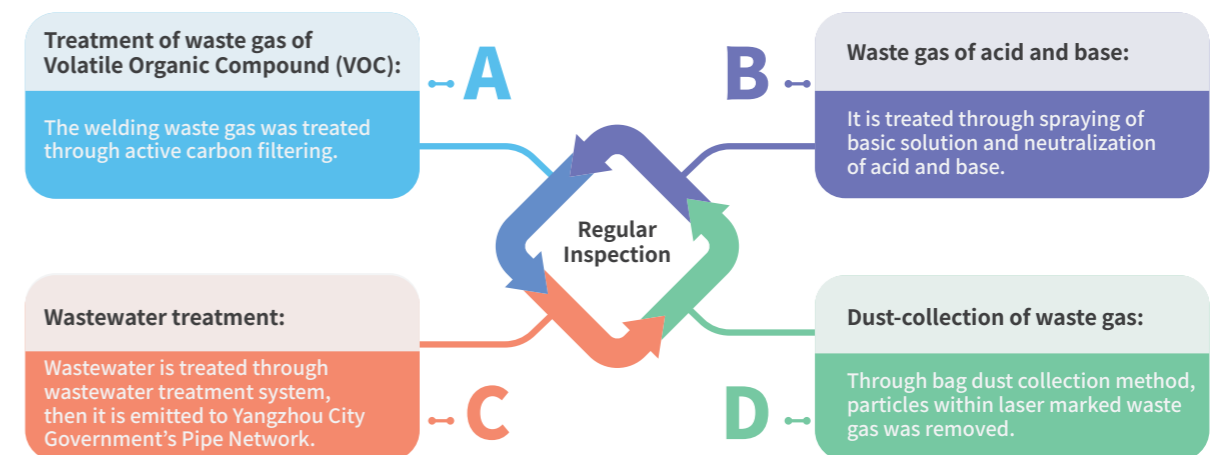
HY ELECTRONIC (CAYMAN) LIMITED has fulfilled air pollution control and continued its enhancement of pollutant handling efficiency, and it heads towards a requirement better than that of regulation. In each plant, it is installed with real-time monitoring system and alarm notice, and the status of preventive equipment is monitored at any time, and all pollutants were well treated.

In addition, to cope with gradual stricter environmental protection regulations, we have used high efficiency pollution prevention equipment, and we have also put lots of resources for improvement; through operation environment monitoring and operation patrol, we can ensure normal and stable operation of environmental protection equipment, and we can also reduce the pollution emission and reduce its impact on the environment.

In the future, we will evaluate the investment of resource for optimizing the preventive facility; meanwhile, for the past experiences, through machine learning, smart equipment operation management will be implemented gradually.

In 2023 and in all the plant areas of HY ELECTRONIC (CAYMAN) LIMITED, the setup, operation, emission concentration and total output of the air pollution prevention equipment can all conform to standards of local supervisory organization and regulations.

► **HY ELECTRONIC (CAYMAN) LIMITED has made periodical tests of the following items within the plant on quarterly basis:**



# 04

## Social Inclusion and Growth

Material Topics	Management objective	Management guideline	Direction of action	Promotional organization	Goal promotion		
					Achievement in 2023	2024 goal	Middle and long term goal -2030
Educational training	Cultivate professional talents to dedicate to the promotion and inheritance of education, learning and development system of HY ELECTRONIC (CAYMAN) LIMITED as an technological development enterprise	Set up learning system for HY ELECTRONIC (CAYMAN) LIMITED in order to cultivate special talents in different fields.	Set up learning and development system to enhance continuously the satisfaction of training course.	Training development committee	The achievement rate of annual training plan is 70%	The achievement rate of annual training plan is 80%	The achievement rate of annual training plan is 85%
				Training development committee	Satisfaction of training course is in an average score of 9.31	Satisfaction of training course is in an average score of 9.4	Satisfaction of training course is in an average score of above 9.5
Labor-employer relationship	It conforms to or is superior to requirements from related regulation, and it dedicates to the promotion of harmonious growth of labor-employer relationship.	1.Superior to corporate management system 2.Promoting corporate culture	Continue the promotion of annual employee satisfaction investigation	Operation team	2023 employee satisfaction has a score of 3.98	2024 employee satisfaction has a score of 4	Employee satisfaction has a score of 4

HY ELECTRONIC (CAYMAN) LIMITED sees talents as the most important resource of a company and cornerstone of sustainable development; it has created for employee “the right person for the right place” and friendly occupational environment. In order to provide perfect and appropriate employee salary and welfare system, each year, through questionnaire survey and labor-employer communication mechanism, this company tries to understand employee’s demand and make in-time adjustment. In addition, through the setup of “talent development blueprint”, complete talent cultivation system is planned to help colleagues to exploit their expertise in the work.

HY ELECTRONIC (CAYMAN) LIMITED, in order to guard the health and safety of employee, has introduced safety culture, set up and promote safety and health promotional activity, hopefully, it can create a comfortable occupational environment so that the physiological and psychological health of all employees can be well taken care.

In addition, HY ELECTRONIC (CAYMAN) LIMITED persists its dedication the safeguarding of human right and equality and the prevention of forced labor, and it was seen as one of its core values. Our company never allows any form of human right violation and forced labor. In the corporate culture of HY ELECTRONIC (CAYMAN) LIMITED, each employee should be treated fairly and with respect, no matter what race, gender, religion, age or background factor; this is to ensure that all employees can have fair management and promotional chance. HY ELECTRONIC (CAYMAN) LIMITED has also prepared “code of conduct for prohibition of forced labor”, through educational training for new employees, recognition and understanding of team member on this topic can be continuously enhanced, which can ensure that our behavior can always conform to the highest moral and legal standards.

## 4-1 Team overview

Strategic human resource management is one of the key factors to create competitive advantage of an enterprise, through the promotion of internal related human resource development strategy, excellent talents can be cultivated, and excellent talents are seen as valuable assets of an enterprise.

### 【Sustainable goal of manpower】

To cope with the labor shortage issue brought about by geopolitics and post pandemic era, HY ELECTRONIC (CAYMAN) LIMITED has listed digital transformation and sustainability transition as its development keys in human resource sustainability; our company has set up stage manpower sustainable goal in order to set up succession and inheritance for key talents, to make deep cultivation on corporate sustainable culture, to strengthen organization's attraction on talents and to provide more diversified, happy and healthy welfare policy for occupational site.

### 【Manpower distribution】

Until 2023, the headcount of employee of HY ELECTRONIC (CAYMAN) LIMITED was about 329, among them, 145 was direct personnel, 184 was indirect personnel. In employee's gender aspect, the ratio between Male and Female was about 1:2; all employees of this company were all formally employed. In the work area distribution, All employees of this company belong to main business site Taiwan; in the age distribution, employees aged between 30 years old and 50 years old occupy a percentage of 72% to all employees, and the overall average age was about 28 years old. This company does not have non-employee worker.

### ► Manpower architecture analysis

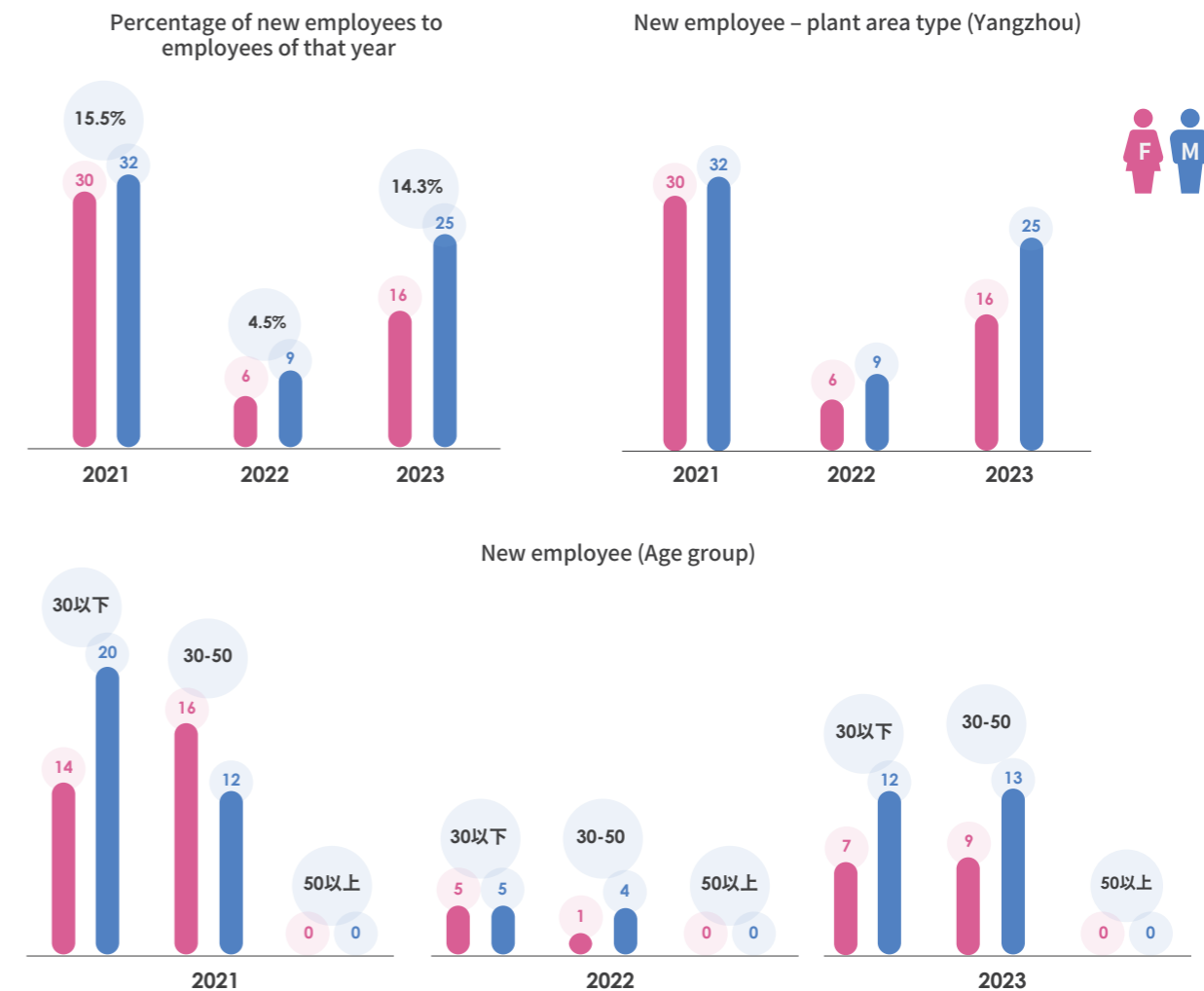
Type	Group	Male		Female		Group subtotal and percentage	
		Headcount	Percentage to that group (%)	Headcount	Percentage to that group (%)	Headcount	Percentage to that group (%)
Job	Direct personnel	8	8.4%	75	39%	83	28.9%
	Indirect personnel	87	91.6%	117	61%	204	71.1%
Age	Below 30 years old	15	15.8%	15	7.8%	30	10.5%
	30 years old – 50 years old	55	57.9%	158	82.3%	205	71.4%
	Above 50 years old	25	26.3%	19	9.9%	52	18.1%
Nationality	China	38	82.6%	189	98.4%	276	96.2%
	Taiwan	8	17.4%	3	1.6%	11	3.8%
Educational background	Below senior high school	30	33.7%	106	55.5%	134	5.6%
	College	23	25.8%	55	28.8%	50	20%
	Bachelor degree	36	40.4%	30	15.7%	66	26.4%
	Above master degree	6	6.3%	1	0.5%	7	2.7%

### ► Labor-employer contract type

Labor-employer contract type		2021	2022	2023
Fixed term contract (Foreign/intern)	Female	0	0	0
	Male	0	0	0
	Subtotal	0	0	0
Indefinite contract	Female	0	0	0
	Male	0	0	1
	Subtotal	0	0	1
Total		0	0	1

HY ELECTRONIC (CAYMAN) LIMITED has recruited 41 employees in 2023, and its distribution is as follows.

### ► New employee



HY ELECTRONIC (CAYMAN) LIMITED has an average turnover rate of about 12.25% in 2021~2023.

► Turnover rate

Departed employee - gender	Gender	Headcount	Percentage occupied by departed employees to employees of that year
2021	Male	30	7.5%
	Female	62	15.5%
2022	Male	32	9.6%
	Female	33	9.9%
2023	Male	40	13.9%
	Female	49	17.1%

## 4-2 Manpower cultivation

HY ELECTRONIC (CAYMAN) LIMITED keeps in mind business philosophy that talents are the most precious resource of an enterprise to recruit, cultivate and encourage excellent talents. We believe that continuous innovation and development can be fulfilled only through the owning of excellent team.

In the talent recruitment aspect, we have pursued diversity and we welcome people of different backgrounds to join our team. We value professional knowledge and potential, and we provide very good development chance. Through an internal cultivation process, we encourage our employees to search development in different fields and departments in order to fulfill personal career goal. In the salary and reward aspect, we insist on a reasonable and fair principle. We consider market condition, position requirement and personal contribution to ensure that each employee can get fair return. We also provide competitive welfare and encouragement plan to encourage the continuous efforts from our employees, and we also adopt corresponding team member recruitment, cultivation and reward strategy so that we can build an energetic and innovative team, in the meantime, enterprise and employee can grow together. We commit to each employee to provide an environment filled with challenges and chances to create a better future together.

### 【Talent cultivation】

Excellent talent is the cornerstone for the success of an organization and is also the key for the competitive advantage of a company; HY ELECTRONIC (CAYMAN) LIMITED has planned and promoted aggressively rich and diversified training courses for all employees, and we encourage employees to enhance their own professional knowledge through self-learning and external training ways in order to excite employee’s potential and to deepen human capital; consequently, we can enhance team performance and organization operation in order to achieve the vision of corporate sustainable operation and development.

### Training development committee

HY ELECTRONIC (CAYMAN) LIMITED expects that all employees can possess the DNA of “accountability, team work spirit and innovation”, we match employee’s competence with work content, and we use organization vision, value and operation concept to develop in-depth six core competences; we help employees to cultivate competences needed for fulfilling core value, and we help employees to associate such competences with operation concept, goal and strategy of this company.

In order to expand and fulfill the educational training guidelines effectively, “training development committee” was formed by training director of each department, and in accordance with annual development strategic goal of this company, training demand survey for the entire company was implemented each year, and annual training plan preparation was made based on competence demand analysis of director and colleagues.

### Training result

In 2023, HY ELECTRONIC (CAYMAN) LIMITED has provided 11 external training courses for colleagues, and total training hours have reached **1,181** hours with accumulated **101** person-time.

In 2023, HY ELECTRONIC (CAYMAN) LIMITED has employee headcount of 287, and total training hours in entire year were **7,226** hours, on the average, each person has received training hours of 25 hours (including skill training for direct personnel).

► Employee’s cultivation result

Year	2021	2022	2023
Total training person-time	461	355	317
Total training hours	8187	6509	7226
Total training fee (NT dollars)	153363	805038	871968
Per capita cost (NT dollars)	332	2267	2750

## 4-3 Welfare and rights

HY ELECTRONIC (CAYMAN) LIMITED always keeps in mind fair salary principle and makes periodical inspection on market information to prepare salary level with competitiveness, which will not be different regarding gender, race, religion and level. In addition to be compliant to regulations and industrial standards in salary and welfare, we will not deduct employee’s salary for punishment purpose.

While conforming to labor related laws, we respect the rights for all employees to participate and join labor-employer’s meeting. When there is critical operation change in this company which might affect the employees, through labor-employer meeting constantly held, employee’s right can be ensured; meanwhile, we also enhance labor-employer relationship effectively, and also we ensure that employee can implement the rights of freedom of association and collective bargaining.

HY ELECTRONIC (CAYMAN) LIMITED follows the laws to sign labor contract with employee, and it will be stated in the contract that the employment relationship is established under both parties’ agreement, and no forced

labor will be allowed; in addition to object illegal human trafficking and slavery system, we also prohibit the occurrence of compulsory or forced labor.

We prohibit the occurrence of the following tangible or intangible behaviors in the workplace, for example, discrimination behavior such as sexual harassment, workplace violence, abuse, physical punishment, spiritual or physical oppression and verbal abuse; meanwhile, we have set up a complaint hotline and email box for sexual harassment prevention/workplace violence, and the complaining person will be protected in the complaint mechanism. HY ELECTRONIC (CAYMAN) LIMITED, for the change of all kinds of labor conditions, has followed the laws and regulations to complete the notification procedure; meanwhile, we will use channels such as internal website, internal mails and bulletin board of this company to send the messages to all colleagues in time.

### 【Gender equality and parental leave without pay】

HY ELECTRONIC (CAYMAN) LIMITED gives great care to female employee; for pregnant employees, infirmary will be notified immediately for listed control, meanwhile, personnel will go together with employee's director to check employee's work situation, and considering female employee's physical change due to pregnancy, it should be evaluated if work items should be adjusted. In addition, for the application of parental leave without pay, it will not be different due to gender, anyone conforming to the standards of law and regulation can apply for it.

In 2023, for male, reinstatement rate is 0% and retention rate is 0%, for female, reinstatement rate is 100% and retention rate is 67%.

	Male	Female	Total
Headcount (A) with application qualification for parental leave without pay in 2023	0	3	3
Actual headcount (B) applying for parental leave without pay in 2023	0	3	3
Headcount (C) expected to apply for parental leave without pay in 2023	0	3	3
Headcount (D) actually applying for parental leave without pay and returning to the job in 2023	0	3	3
Headcount (E) returning to the job for parental leave in 2022	0	3	3
Headcount (F) returning to the job for parental leave and continuing the job for more than one year in 2022	0	2	2
Reinstatement rate (D / C)	NA	100%	100%
Retention rate (F / E)	NA	67%	67%

Note 1. Headcount (A) with application qualification for parental leave without pay in 2023 in Taiwan area: It was recognized as employees who have applied for maternity leave for more than 56 days and paternity leave for more than one day within three years from 2021/1/1 to 2023/12/31.

Note 2 Headcount (F) with continuing work of more than one year after parental leave and reinstatement in Taiwan area in 2022: It is calculated as headcount for continuing work of more than one year in 2022 after parental leave and reinstatement.

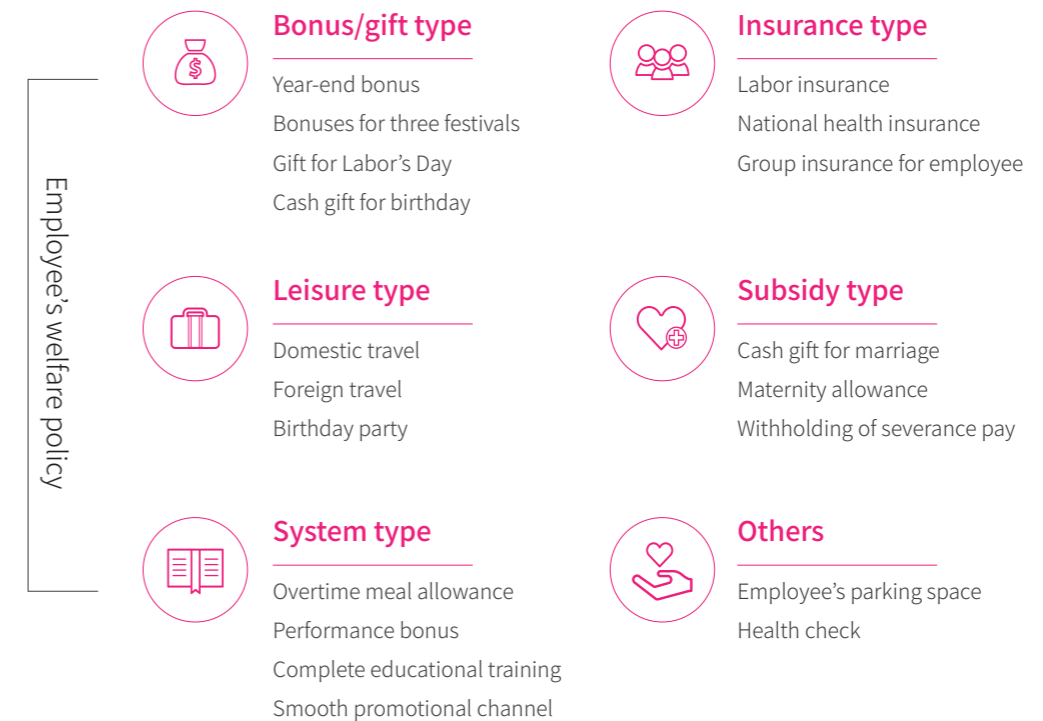
### 【Salary and insurance (Salary/labor, national health and group insurance)】

Not only the product market has very severe competition, the talent's market has also very severe competition; HY ELECTRONIC (CAYMAN) LIMITED, in order to attract and retain excellent and potential talents, has provided very competitive overall salary; meanwhile, in the preparation of policy for salary, our company has followed strictly the labor related regulations in all business sites around the world; meanwhile, we have also consulted and surveyed the global salary information to ensure that the overall salary is sufficiently competitive in the local human resource market and does not show any differences regarding race, gender, age, religion, nationality or political party; in addition to fixed salary, HY ELECTRONIC (CAYMAN) LIMITED also provides many kinds of bonus systems to recognize and encourage employee to have better work performance; meanwhile, we have also followed the achievement rate of operation goal, achievement rate of department goal, corporate profit and loss situation and colleague's personal work performance within this company to issue the bonus.

In addition, HY ELECTRONIC (CAYMAN) LIMITED has provided complete career development channel, each year, all employees will be conducted with one performance evaluation to be used as basis for rewarding and promotion. Based on the law, labor-employer meeting will be held periodically to coordinate for work and living topics; meanwhile, employee welfare committee has been set up and periodical meeting was held too so that employees can have diversified channels to propose suggestions to this company and to participate and give feedback to the management system.

In 2023, the comparison between the median of overall salary (not including pension and welfare) of HY ELECTRONIC (CAYMAN) LIMITED and the highest personal overall salary is 6.5:1; and the comparison between the median of percentage of increase of employee's annual average overall salary and percentage of increase of the highest annual personal overall salary was 1:1.

### ► Employee's welfare policy



## 4-4 Employee communication

HY ELECTRONIC (CAYMAN) LIMITED strongly believe that centripetal force and recognition of an organization comes from effective two-ways communication,; through the setup of different communication channels and encouragement of opinion exchange between colleagues and management level, all colleagues can grow and develop under organization culture with respect and care, consequently, win-win situation between labor and employer can be created. Therefore, for operation management, work environment and employee's right perspective within this company, in addition to the setup of employee opinion box, HY ELECTRONIC (CAYMAN) LIMITED has also held periodically employee meeting in order to listen to colleague's feedback. In addition, HY ELECTRONIC (CAYMAN) LIMITED will never allow any discrimination, inequality and sexual harassment behaviors in the workplace, therefore, complaint channel is specifically set up; meanwhile, sexual harassment prevention action and punishment management method for sexual harassment was also made to ensure workplace safety and health for the colleagues.

### ► Internal communication, suggestion and proposal channels

Communication channel	Description	Target
Labor-employer meeting	Labor-employer meeting is set up in order to coordinate labor-employer relationship and to promote labor-employer cooperation and harmonious relation.	Select and assign representatives for both labor and employer
Complaint email box	It is set up in order to solve major events such as violation of laws and disciplines or inappropriate behavior of the employee in order to ensure solidarity and harmonious relation and to guarantee the rights of employee and the team.	All employees
Sexual harassment prevention	Announce sexual harassment preventive action and corresponding complaint channel, and hold irregular sexual harassment preventive education forum to ensure that all colleagues understand related standards.	All employees

HY ELECTRONIC (CAYMAN) LIMITED has made all-round and in-depth understanding of the needs of all colleagues, and it has also listened to all the colleagues, in addition, it has conducted employee satisfaction survey on different perspectives of corporate governance on annual basis; moreover, the survey was conducted in anonymous way, and voices from colleagues were obtained in objective, fair and impartial way; meanwhile, the employee satisfaction survey results were followed to ask related departments to give actions and improvement plans; through investigation, in 2023, the average employee satisfaction score was 3.98 (full score is 5).

In the future, HY ELECTRONIC (CAYMAN) LIMITED will continue to hear the voices from employees and try to understand employee's demand and thinking through communication, hopefully, continuous improvement can be made.

## 4-5 Health and safety in workplace



### ► Implementation performance of environmental safety and health in 2023

- 1.Number of cases of occupational disaster in 2023: 0 cases, if there is any, please provide root cause and improvement action.
- 2.HY ELECTRONIC (CAYMAN) LIMITED has 0 occupational disaster case in supplier side in 2023, in addition, if contractor and re-contractor has employed respectively labor to make collaborative operation, coordination organization should be set up to hold safety and health meeting regularly to prevent the occurrence of occupational disaster.

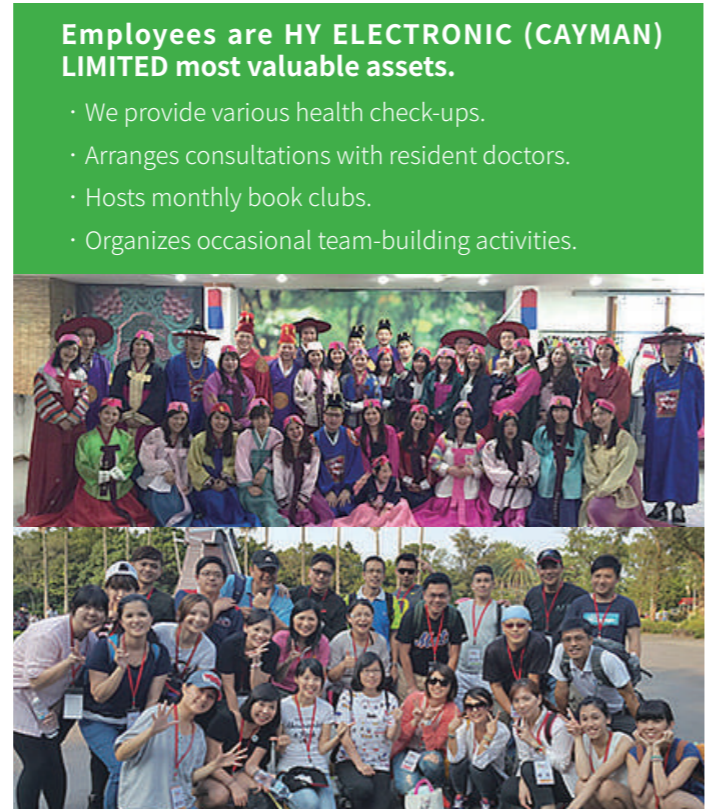
HY ELECTRONIC (CAYMAN) LIMITED has done its best to create excellent work environment, and it has followed occupational safety and health related regulations and standards to provide all-round health care service in both physical and psychological perspective for employee; meanwhile, high standard goal was used for self-requirement and corresponding action was fulfilled to guarantee the health and safety of employee.

HY ELECTRONIC (CAYMAN) LIMITED hopes that all employees can grow under safe work environment; our company has fulfilled the maintaining and monitoring of occupational safety and health in plant area and office, while recruiting new employee, our company has made pre-job health check and occupational safety and health educational training; meanwhile, on-job employees were implemented with health check each year, and health check of specific items was conducted on employee conducting special hazardous work, in the meantime, appropriate safety protection tool was provided and health management was implemented; this company holds related fire-fighting rehearsal each year to enhance necessary fire-fighting concept of employee on annual basis.

HY ELECTRONIC (CAYMAN) LIMITED has done its best to create excellent work environment, and it has followed occupational safety and health related regulations and standards to provide all-round health care services for physical and psychological perspectives of employees; meanwhile, high standard goal was used for self-requirement and corresponding action was fulfilled to guarantee the health and safety of employee, hopefully, we can create work environment of “zero occupational disaster in workplace”.

We have acquired occupational health and safety management certificate ISO45001:2018 (which will be valid until March 2026); meanwhile, systematic P-D-C-A spirit was used to implement occupational safety and health management work and to fulfill the implementation of risk identification, to prepare all kinds of safety and health action projects and to prepare all kinds of standard operation procedure and operation instructions; hopefully, safety and health management can be implemented effectively in order to guarantee employee's safety.

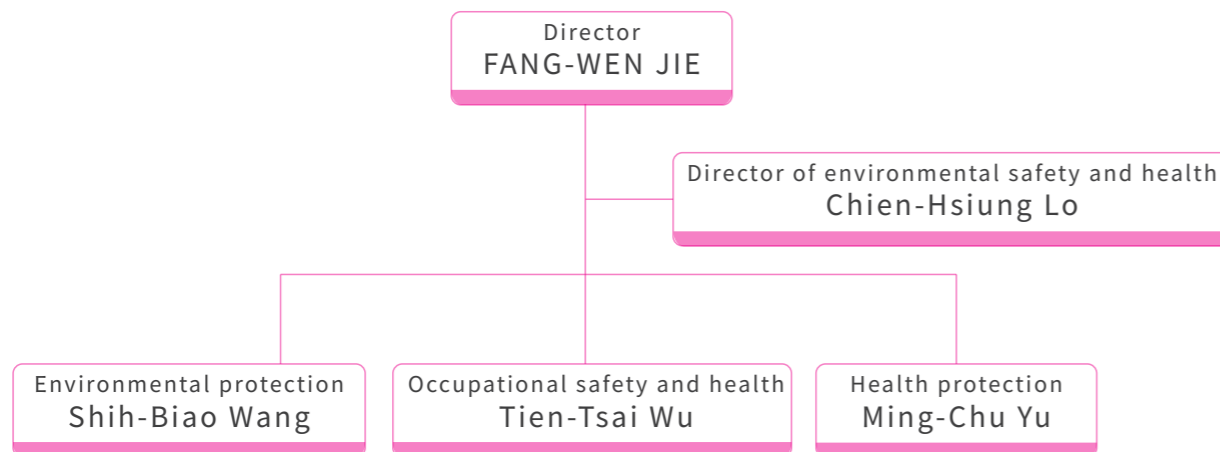
► ISO 45001 certificate



Employees are HY ELECTRONIC (CAYMAN) LIMITED most valuable assets.

- We provide various health check-ups.
- Arranges consultations with resident doctors.
- Hosts monthly book clubs.
- Organizes occasional team-building activities.

► Environmental safety and health organization



► Department function description

Department name	Functional description
Environmental protection	<ol style="list-style-type: none"> <li>1. Study environmental protection policy and integrate management mechanism.</li> <li>2. Transfer the waste safely and legally.</li> <li>3. Promote reduction of emission in three wastes and all kinds of energy saving actions.</li> </ol>
Occupational safety and health	<ol style="list-style-type: none"> <li>1. Study occupational safety and health policy and integrate management mechanism.</li> <li>2. Review and correct the performance index of occupational safety and health.</li> <li>3. Promote occupational disaster preventive and responding rehearsal and all kinds of occupational safety projects.</li> </ol>
Health protection	<ol style="list-style-type: none"> <li>1. Study environmental protection policy and integrate management mechanism.</li> <li>2. Review and correct the performance index of occupational health protection.</li> <li>3. Promote occupational health management and all kinds of health protection projects.</li> </ol>

Note: Environmental safety and health organization of YangZhou HY ELECTRONIC (CAYMAN) LIMITED

【Educational training for occupational safety and health】

Based on the corporate sustainable operation concept and conformity to the standards of occupational safety regulations and standards, and to ensure the validation of certificates of implementation personnel of environmental safety and health management system, each plant area should make internal environmental safety and health educational training for new employees and on-job employees on planned and annual basis; moreover, the content of courses should include organic solvent, machine and equipment operation, 6S and fire-fighting rehearsal.

【Hazard identification and risk evaluation】

HY ELECTRONIC (CAYMAN) LIMITED has referred to “hazard identification, risk evaluation and environmental consideration perspective identification procedure” made by ISO 45001 occupational safety and health management system; using hazard identification and risk evaluation table, risks existed in process of each department were identified; then they were either listed as acceptable risk or unacceptable risk based on scoring results, and priority of improvement was decided based on risk level; moreover, control action was either listed into management project for improvement or into document for daily management.

For unacceptable risk and high risk, control and subsequent management project preparation was made; consequently, the objectives of reducing hazard and reducing risk can be achieved.

To ensure the quality of hazard identification and risk evaluation, we have specified that personnel for implementing hazard identification and risk evaluation should be trained and should pass the assessment to become seed personnel; meanwhile, the identified high risk operation in the supervisory area will be conducted with safety analysis on monthly basis through work team.

HY ELECTRONIC (CAYMAN) LIMITED pays great attention to the level of fulfillment on safety management from

directors in work site; meanwhile, directors are encouraged, during the daily patrol check, to observe the work disciplines and potential hazards of colleagues in work site in order to find problems continuously; moreover, engineering improvement or effective management projects were proposed based on observation results to reduce the possible hazards generated from high risk operation.

In addition, the safety culture announcement of HY ELECTRONIC (CAYMAN) LIMITED will be mainly based on “positive safety culture”, hopefully, directors and colleagues can make active observation and proposal, then find the potential problems in advance and make related preparation in advance too.

**[Automatic check]**

We have followed strictly occupational safety and health related regulations, and fulfilled the automatic check plan of all operation environments such as machines and equipment; meanwhile, we have made periodical maintenance and repair on machines and implemented related educational training in order to keep safety and health conditions of operation environments and to reduce the occurrence of accidental events; meanwhile, for newly purchased production machine or equipment, in addition to following acceptance inspection process, ISO 45001 related supplier plant-incoming control operation and environmental safety and health change management method will also be obeyed, and strict implementation will be done together with occupational safety and health personnel to ensure that the equipment function can conform to the production requirement of this company and the occupational health and safety for the worker.

**[Prevention of occupational disease and related hazard]**

In order to construct high quality health care environment for workplace, HY ELECTRONIC (CAYMAN) LIMITED has gradually enhanced its health care service standard for its employees, and it has also made its care service demand more diversified and professional, hopefully, through systematic control, the health risk of work environment can be reduced, and the physical and psychological health of employee can be guarded; hopefully, all the employees can have the concept of preventive medicine, and correct health message can be transferred; moreover, health concept can be brought into the family to affect family members, consequently, balance between work and life can be achieved, and health promotional effectiveness can be expanded.

HY ELECTRONIC (CAYMAN) LIMITED strongly believes that employee’s health is one important ring of corporate responsibility, and employee’s health will be integrated into personal habit and attitude and internalized into the organization culture; meanwhile, employee health is not limited to diet, sports, diversified health promotion; interpersonal relationship, psychological health, toughness or even things after aging society, for example, employee’s demand to take care of elderly people in the home and community care will all fall in the scope of workplace health.

**[Safety and health performance index]**

In order to implement safety and health implementation project effectively, safety and health performance index is set up to track the implementation situation. The headquarters will, through occupational safety and health committee, report the progress and performance management items of safety and health implementation items to high level director or each factory chief, occupational safety and health related personnel and labor representative; consequently, horizontal and internal communication objective can be achieved.

Through annual internal audit and procedure document control and periodical tracking management,

environmental safety and health system can be checked in rolling way, and employee’s safety concept can be strengthened, meanwhile, the safety concept of first priority is to respect life; moreover, we do our best to contribute all our efforts to the environmental safety and health sustainable management; meanwhile, we also request suppliers/ contractors to fulfill right and responsibility regarding environment, health and safety, to obey occupational safety and health law, environment protection law and its related regulations; moreover, we also ask suppliers to sign agreement for code of conduct, and we also make periodical supplier evaluation to ensure that supplier can conform to environmental safety and health standard to guarantee the safety of all personnel within the work area.

**4-6 Social inclusion concept**

HY ELECTRONIC (CAYMAN) LIMITED has used the social inclusion vision of “local care in association with its main business core” to be connected to the resources of internal side of an enterprise and ecological circle partner to give feedback to our society; moreover, it has connected itself to three strategies of Sustainable Development Goals (SDGs) of United Nations in order to promote three guidelines such as educational cooperation, social benefit and environmental conservation.

Based on the concept of “taking from the society and using it for the society”, HY ELECTRONIC (CAYMAN) LIMITED has conducted social benefit activities continuously based on the spirit of feedback. It has accumulated stepwise from small things to create strong force of social care.

In order to fulfill continuously corporate sustainability and social responsibility, HY ELECTRONIC (CAYMAN) LIMITED has called irregularly its colleagues to do social participation and feedback in their leisure time; hopefully, through specific management activity, it can show to the society that it is a safe and healthy green enterprise. In addition, through semi-annual review meeting, the implementation effectiveness will be inspected and tracked, and continuous improvement will be made too, hopefully, we can give actual help, and our long-term influential power can be exploited too.

**► 2023 social public welfare**



# Appendix

## GRI content index in accordance

### GRI content index

Statement of use	HY ELECTRONIC (CAYMAN) LIMITED has followed GRI standards to publish 2023 sustainable report, and the interval of the data and information is from January 01, 2023 to December 31, 2023.
GRI 1 usage version	GRI 1: Foundation 2021
GRI industrial standard application	None

GRI 2: General disclosure 2021				
Index	Index requirement	Chapters and descriptions of the report	Descriptions of omissions	Page no.
<b>Organization and reporting</b>				
2-1	Detailed information of organization	2.1 Company profile and overview		17
2-2	Entities included in sustainable report of the organization	2.1 Company profile and overview		17
2-3	Report interval, frequency and contact person	About this report		4
2-4	Information re-editing	No information re-editing		
2-5	External guarantee/Confirmation	None		
<b>Activities and workers</b>				
2-6	Activity, value chain and other commercial relationship	2.1 Company profile and overview		17
2-7	Employees	4.1 Team overview		54
2-8	Non-employee worker	4.1 Team overview		54
2-9	Governance structure and composition	1.1 Vision, mission and strategy of corporate sustainable development		9
2-10	Nomination and selection of the highest governance unit	2.2 Operation organization		23
2-11	Chairman of the highest governance unit	2.2 Operation organization		23
2-12	The role of highest governance unit in monitoring impact management	1.2 Sustainable development committee and sustainable development promotion group		9
2-13	Responsible person of impact management	1.2 Sustainable development committee and sustainable development promotion group		9
2-14	The role of the highest governance unit in sustainable reporting	About this report		4
2-15	Conflict of interest	2.2 Operation organization		23
2-16	Communication keys of major events	2.2 Operation organization		23
2-17	The collective intelligence of the highest governance unit	2.2 Operation organization		23
2-18	Performance evaluation of the highest governance unit	2.2 Operation organization		23

2-19	Salary policy	2.2 Operation organization		23
2-20	Salary decision process	2.2 Operation organization		23
2-21	Annual overall salary percentage	4.3 Welfare and right		57
<b>Strategy, policies and practice</b>				
2-22	Statement of sustainable development strategy	1.1 Vision, mission and strategy of corporate sustainable development		9
2-23	Policy commitment	1.1 Vision, mission and strategy of corporate sustainable development		9
		2.7 Supplier management		34
		4.3 Welfare and rights		57
2-24	Inclusion of policy commitment	1.1 Vision, mission and strategy of corporate sustainable development		9
2-25	Procedure for remedy negative impact	3.2 Climate change and energy management 3.6 Waste management 3.7 Air pollution management		44-51
2-26	Mechanism for searching for suggestion and proposing suspicion	1.3 Stakeholder identification and communication		10
2-27	Compliance to laws and regulations	2-6 Compliance to laws and regulations		34
2-28	Membership qualification of association	None		
<b>Stakeholder engagement</b>				
2-29	Stakeholder engagement guideline	1.3 Stakeholder identification and communication		11
2-30	Group agreement	This company does not sign group agreement or organize association.		
<b>GRI 3 : Material topics 2021</b>				
3-1	Process for deciding material topics	1.4 Material topics identification		12
3-2	Material topics listing	1.4 Material topics identification		12
3-3	Material topics management	1.4 Material topics identification		12

### Material topics disclosure

Index item	Index description	Chapters and descriptions	Page no.
<b>Material topics: Purchase management</b>			
204 Purchase practice -2016	204-1Purchase expense percentage from local suppliers	2.7 Sustainable supply chain management	34
<b>Material topics: Significant energy</b>			
302 Energy 2016	302-1 Energy consumption within organization	3.2 Climate change and energy management This company does not use renewable energy	44

305: Emission 2016	305-1 Direct (Scope 1) Greenhouse gas emission	3.2 Climate change and energy management	44
	305-2 Indirect energy (scope 2) Greenhouse gas emission	3.2 Climate change and energy management	44
	305-3 Other indirect (scope 3) greenhouse gas emission	3.2 Climate change and energy management	44
<b>Material topics: Labor-employer relationship</b>			
401: Labor-employer relationship 2016	401-1 New employee and resigned employee	4.2 Talent cultivation	56
	401-2 Welfare provided to full-time employee (not including temporary or part-time employee)	4.3 Welfare and right	57
	401-3 Parental leave	4.3 Welfare and right	57
<b>Material topics: Education and training</b>			
404: Training and education 2016	404-1 Average hours received for training by each employee in each year	4.2 Talent cultivation	56

