

—— 台灣櫻花 2023 年 ——

# 永續報告書

Taiwan Sakura Corporation 2023 ESG Annual Report

## A! KITCHEN

突破未來格局 開啟廚房智高點





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## Message from the Chairman



**Yung-Chieh Chang, Chairman of Taiwan Sakura Group**

In the face of the overall economic environment affected by inflation and high interest rates, sluggish end consumer demand, and the macro environment unfavorable to enterprises' operations, in 2023, Taiwan Sakura generated the operating revenue amounting to NT\$8.3 billion and the operating profit NT\$1.2 billion, with the profit growing by 11%, breaking through a new high. Notwithstanding, as the era we are living in is changing rapidly, the outbreak of the pandemic in 2020, rapid rise of the AI technology, and focus on the new generation digital consumers as the mainstream consumers have brought the great challenges to enterprises' operations. Despite the changes and uncertainties in the market environment, Taiwan Sakura still achieved excellent results every year. Because of the Group's consistent goals, clear strategic guidelines and strong executive teams in each unit, Taiwan Sakura can stand firm in the volatile market and feel more confident to continue moving toward our vision about "sustainable management and a century-old business."

This resonates with the significance and purpose of the Group's vision about being a "creator of a beautiful life at home."

Therefore, with the Group's vision and mission as the core values, Taiwan Sakura combines the management strength accumulated in the brand, channel and service in the past to strengthen our resilience in sustainable development and sustainable management. In 2023, Taiwan Sakura developed its own sustainability vision and strategic roadmap. Through our sustainable governance organization, and also based on the results of communication with Taiwan Sakura's stakeholders and materiality analysis, we have established our sustainable development goals and policies to promote our sustainability operations and formulate relevant sustainable performance management. As a result, stakeholders can better understand our commitment to sustainable responsibility, and more importantly, Taiwan Sakura can have a longer expectation toward the road to sustainability in the future.

Meanwhile, we deeply feel that extreme weather and natural disasters are imminent issues, and will undoubtedly pose irreversible impacts and risks to our living environment and surrounding natural resources. Therefore, Taiwan Sakura always acts with caution and an open mind and starts from promotion of its own sustainability operations to keep seeking the optimum solutions for the situation we are in. We believe that this will be a long road without end. Notwithstanding, in consideration of Taiwan Sakura's original aspiration and commitment to more than 7 million families in Taiwan, it will insist on continuing to promote various ESG efforts to respond to our stakeholders constantly and keep a close eye on global developments and changes, in order to stand firm, stabilize and maintain the balance of internal operations, and continue to create sustainable value.

**Chairman of Taiwan Sakura Group**

A handwritten signature in black ink, consisting of stylized Chinese characters, likely reading 'Yung-Chieh Chang'.



# Company Profile



consumer service experience and listen to the needs of consumers more closely. We already achieved good results in customer service satisfaction and operational process.

We will continue to make full use of our core competencies and advantages to effectively integrate various corporate resources, so that Sakura is not just a provider of products and services. In the future, Sakura can make it easy for everyone to realize a better life, as it expects to bring benefits to the society and a more comfortable and happier home life for consumers.

| Location of headquarters | Date of establishment | Paid-in capital | Total number of employees |
|--------------------------|-----------------------|-----------------|---------------------------|
| Taichung                 | 1978                  | NT\$2.2 billion | 1,066 employees           |

Taiwan Sakura looks forward to "deep cultivation in Taiwan, focus on China and expansion into Asia" and develop into a "smart enterprise." In terms of products, we pro-actively develop various AI smart kitchen and bathroom electrical products, such as turbine AI risk control proximity range hood, AI smart control dual-dazzling fire precision control stove, AI under-kitchen RO dual-temperature hot drink purifier, etc...

In terms of the brand, we communicate with consumers about the convenience and comfort brought by Sakura's smart products through the concept about "enjoy intelligence and enjoy life." Internally, we develop the transformation of various smart processes, such as intelligent services and intelligent marketplace management, in order to continue to optimize the





# Global Business Layout

Headquartered in Taiwan, Taiwan Sakura has expanded its operations around the world. For the time being, it has sales locations in China, Hong Kong, the United States, Canada, Vietnam, Myanmar and other countries. In addition to setting up subsidiaries to operate in the local market, it also manages the international market in diversified manners, such as brand agency or ODM. It continues to market and manage products under international brands, pro-actively develop the business opportunities for cooperation with major international manufacturers and promote the sales growth in overseas markets.

## China

- Two major production bases
- Jiangsu, Zhejiang, Shanghai, Sichuan and Guangdong are identified as the main sales areas.
- Operations in 11 major areas
- Over 10,000 sales locations



Sakura Shunde Bathroom & Kitchen



Sakura China Bathroom & Kitchen

## Taiwan

- R&D and Design Center
- Four production bases
- Over 3,500 sales locations



Sakura Headquarters



Shengang Plant



Wuri Plant



Qingshui Plant (Bath Module)

## ASEAN

- Deployment of production bases in ASEAN
- Sprout of kitchen appliance market in Vietnam



Binh Duong Plant, Vietnam

## Brand Business Structure

As the quality of life of domestic consumers has improved, Taiwan Sakura has established a multi-brand and multi-product business model to meet the needs of different consumer groups. We will gradually transform our manufacturing mindset to "servitization of manufacturing," based on the powerful deployment of "brand power," "sales power" and "service power" and by focusing on the management of own brands with the Group's resources or managing other markets in the manners including brand agency and ODM, in order to enhance the overall industry value and consolidate our market leadership.



櫻花集團  
SAKURA GROUP

Water Heater  
Kitchen Appliance

1978


**SAKURA**  
享受智能 » 樂在生活

2008

莊頭北  
topax  
百年堅持 一如初心

Kitchen  
Solution

1989

 櫻花整體廚房

 櫻花廚藝  
kitchen life 生活館

TLK  
KITCHENS

Bath  
Module

1989

**PUDA** 卜大整體浴室

Import  
Kitchen Appliances

2008

台灣廚電代理  
**svago**

2023

**TEKA**

House  
Deco

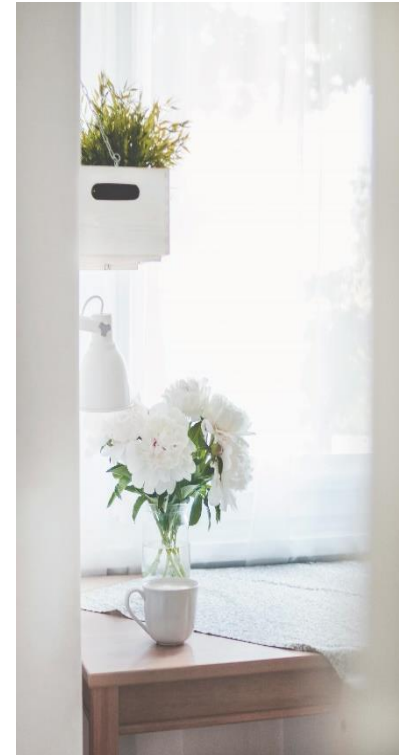
2020

 櫻花家居



# Vision ■ Mission ■ Core Value

|  |  |
|--|--|
| <p><b>Vision</b><br/><b>The creator of a wonderful home life</b></p>                                   | <p>Sakura is more than just a provider of products and services. We believe that in the future, Sakura will make it easy for everyone to realize a better life and continue to create new possibilities for a happy family.</p>  |
| <p><b>Mission</b><br/><b>Create high quality family life wholeheartedly with overall solutions</b></p> | <p>In order to achieve a better life for every family, we have started from the service spirit that we are proud of, and began to imagine everything needed for family life to provide better, more convenient and smarter one-stop solutions and also provide and create better life options for every family.</p>  |
| <p><b>Core Value</b><br/><b>Integrity, Prospect, Enthusiasm, Professionalism and Sharing</b></p>       | <p>The six core values upheld by Sakura constitute the foundation of what Sakura people do. We encourage every employee of Sakura to continue learning as the nourishment for continuous growth, and also continue to accumulate the capacity for innovation to face the unknown in the future without fear of difficulties and challenges. With Sakura's vision and mission, we will work together, take responsibility and share with each other to shape Sakura from the inside out, making our services more humane and more understandable.</p> |



# Honor & Recognition



2023年  
獲頒**WILD**設計大獎  
SHORTLIST優選獎



2022年  
法國創新設計大獎  
Novum Design  
Award (NDA)銀獎



2022年  
美國**MUSE**設計獎  
Muse Design  
Awards銀獎



2022年  
歐洲產品設計獎  
European Product  
Design Award榮譽  
獎



台灣精品  
TAIWAN EXCELLENCE  
2004~2023年  
連續**20**年台灣精品獎



2021年  
連續**36**年管理雜誌  
「理想品牌」第一名



2021年  
獲頒**金點**設計獎



2019年  
連續**5**年幸福空間  
「趨勢品牌」第一名



2019年  
獲頒傑出大陸台商獎



2018年  
獲頒精品成就獎



2018年  
獲頒勞動部  
人才發展品質管理  
系統金牌獎



2018年  
連續**10**年漂亮家居  
「理想品牌」第一名



2011年  
獲頒建國百年  
台灣百大品牌



2011年  
獲頒讀者文摘  
信譽品牌獎



2011年  
獲頒經濟部  
台灣商業服務業優  
良品牌獎



2004、05、06、09年  
獲頒外貿協會  
台灣優良品牌



# ESG Highlights 2023

| Environmental  | Social   | Governance  |
|--|--|---|
| <div>3,637.6585 Mt CO2e</div> <div>Total GHG emissions</div>       | <div>1,066 employees</div> <div>Total number of employees</div>                            | <div>NT\$8.272 billion</div> <div>The Group's consolidated revenue</div>  |
| <div>3,043.1378 kWh</div> <div>Total electricity consumption</div> | <div>21 persons</div> <div>Female managers</div>   | <div>14.9%</div> <div>Operating profit margin</div>   |
| <div>11,634.3379 kWh</div> <div>Total amount of intake water</div> | <div>0.34</div> <div>Lost-Time Injury Rate (LTIR)</div>                                    | <div>NT\$4.90</div> <div>Earnings per share</div>   |
| <div>1,859.0000 metric tons</div> <div>Total Waste Disposal</div>  | <div>2.01</div> <div>Percentage of lost days</div>   | <div>11%</div> <div>Percentage of female directors</div>  |
|  | <div>1.37 million persons</div> <div>Total number of consumers receiving the service</div> | <div>168 cases</div> <div>Number of valid patents <sup>(Note 1)</sup></div>   |
|  | <div>NT\$11,267,239</div> <div>Amount spent in public interest and social care</div>       | <div>0 case</div> <div>Information security incidents (personal information disclosure and hacking incidents)</div> |

Note 1: Statistical data available until December 2023.

## About The Report

Taiwan Sakura Corporation (hereinafter referred to as "Taiwan Sakura or the Company" (2023 ESG Report (hereinafter referred to as the "Report"))) upholds the principles of openness, transparency, integrity and completeness to present Sakura's stakeholder engagement and involvement in ESG issues in 2023 to the public honestly. Through the Report, we hope to explain the results of the Company's efforts in ESG, namely Environmental, Social and Governance, and to facilitate stakeholders' understanding about Taiwan Sakura's vision and philosophy and also determination to move towards sustainable development. We also work with consumers to build a happier and better home life for the society and environment.

- **Report Preparation Principles**

The Report has been prepared in accordance with the "TWSE Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE-Listed Companies" and in reference to the Global Reporting Initiative (GRI) promulgated by the Global Sustainability Standards Board (GSSB) and also disclosed the ESG information related to stakeholders in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) and indicators about electronic products manufacturing released by the Sustainability Accounting Standards Board (SASB). For details, please refer to the GRI Indicator Comparison Table and SASB Sector Standards Index attached to the Report. The financial data in the Report are based on the annual financial report certified by EY Taiwan.

- **Scope of the Report**

Scope of information disclosure: The disclosure focuses on the Taiwan headquarters and manufacturing sites. Certain information covers the consolidated subsidiaries of Taiwan Sakura. If any areas not included in said descriptions are involved, they will be marked and explained in the Report.

Information disclosure period: January 1, 2023 to December 31, 2023

Issue date: Issued in August 2024/Previous version: Issued in June 2023.

Once a year.

- **Report Management Principles**

The information contained in the Report is provided by the responsible departments of Taiwan Sakura. The Business Planning Office is responsible for compiling the contents of the Report, and submits the same to various units for proofreading the of completeness and corrections, if necessary, in line with the "TWSE Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE-Listed Companies" and "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies."

- **Contact information**

If you have any comments or questions about the contents of Taiwan Sakura's ESG Report, you are welcome to submit your valuable suggestions. The contact information is stated as follows:

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TEL: 04-2566-6016 E-mail: [service@sakura.com.tw](mailto:service@sakura.com.tw)





Sustainable Vision and Practice

CHAPTER 1

|  |  |
|--|--|
| 1.1__Sustainable Vision and Strategic Roadmap        | 1.4__Sustainable Development Goals & Policy Promotion and Performance Management |
| 1.2__Sustainable Governance Organization             | 1.5__Sustainable Value Chain and Impact  |
| 1.3__Stakeholder Engagement and Materiality Analysis |  |



# 1.1 Sustainable Vision and Strategic Roadmap

Taiwan Sakura believes that the beautiful home life that every family and everyone long for should be a real and realized process of creating a beautiful life and viewed with an easy, happy and expectant attitude. The Company offers diversified brand options, ranging from single products to house space planning and design, to fully meet the needs of various families, in order to achieve the mission of "Creator of Wonderful Home Life." In 2023, we drew up our sustainable vision roadmap, formulated three major sustainability strategies, namely "Environmental Sustainability, Social Inclusion, and Corporate Governance" to create sustainable value, and also set the 2050 goals. By setting and tracking the achievement of quantitative indicators, we demonstrate our action to fulfil the commitment to sustainability.

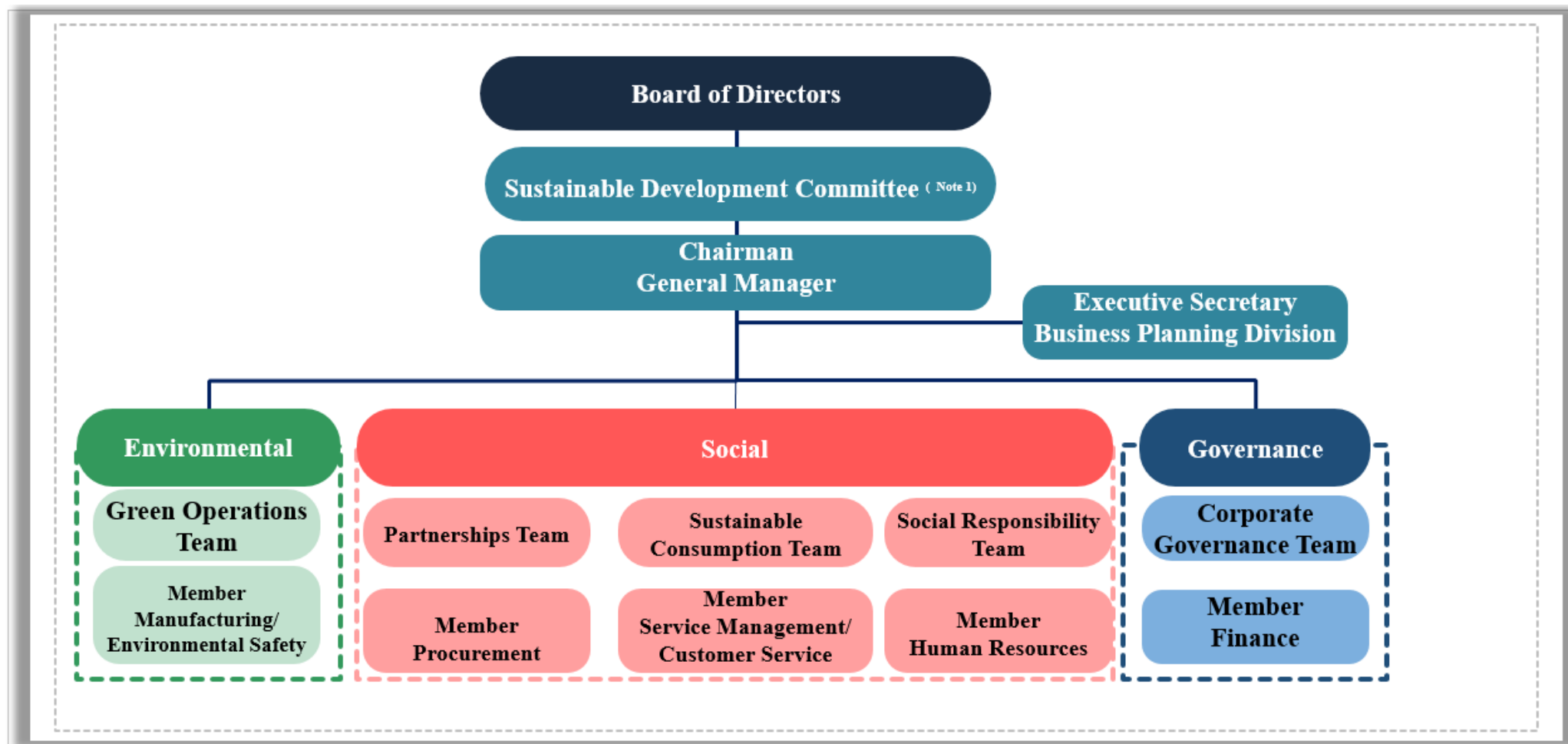
**Corporate Vision: Creator of Wonderful Home Life**

**Corporate mission: Recreation of quality family life with total solutions**





## 1.2 Sustainable Governance Organization



Taiwan Sakura has the Board of Directors serve as the highest guiding unit for sustainable governance and strategic planning. The General Manager serves as the unit's chairman. The Business Planning Division <sup>(Note 1)</sup> integrates the resources of various departments within the Group and external expert teams to formulate the Group's sustainable governance strategies, promotes strategies in terms of the three major aspects including E (environmental), S (social), and G (governance) in a horizontal direction, and collects issue indicators. It will also discuss the issues cared by stakeholders from time to time, review the progress of the implementation of the short-term, mid-term and long-term SGD's to ensure the implementation of the internal sustainability governance.

Note 1: Sustainable Development Committee: Currently, the Business Planning Division (concurrently) promotes the Company's ESG governance and development affairs.

# 1.3 Stakeholder Engagement and Materiality Analysis

## 1.3.1 Stakeholder engagement

Taiwan Sakura recognizes the importance and forward-looking nature of corporate sustainable responsibilities. To pursue corporate sustainable management, Taiwan Sakura values and listens carefully to the voices of stakeholders. The 7 major stakeholders as identified include investors, employees, consumers, suppliers, local communities and non-profit-seeking organizations, government agencies and competitors in the same trade. Meanwhile, we collect and gain insight into the needs of various stakeholders from time to time. After internal assessment and prudential confirmation, we conclude the material issues that require attention to plan communication channels with various stakeholders, maintain good and unobstructed communication, and review the issues and make adjustment subject to the actual situation from time to time. Furthermore, Taiwan Sakura assumes the responsibilities of all stakeholders. We listen, understand and respond to the needs of stakeholders via diversified channels (mechanisms), including the Company’s official website, business report (meetings), investors conference (3 conferences completed in 2023), shareholders’ meeting (one shareholders’ meeting completed in 2023) and annual reports and ESG reports (to be issued annually), etc., in order to understand the issues that are important to stakeholders, select material issues for appropriate disclosure and build long-term mutual trust, interactive mode and continuous communication and engagement to create mutual benefits and trust. Various major issues of concern are also graded into high, medium, and low, subject to the “stakeholders’ concern,” “impact on organization and management” and “impact on sustainable development” and also prioritize the issues after compilation of the relevant contents to complete the “material issue matrix” to identify items disclosed in the Report and also take them into consideration in the planning of operating activities of the Company in a timely manner.



| Methodology for the Construction of Taiwan Sakura’s Sustainability Strategy                                  |                             |                                   |                        |  |
|--|-----------------------------|-----------------------------------|------------------------|--|
| Three aspects of sustainability  |                             | Three main axes of sustainability |                        | Materiality analysis                               |
| E  |                             | Environmental sustainability      |                        | Stakeholders' concern                              |
| S  |                             | Social Inclusion                  |                        | Impact on organization and management              |
| G  |                             | Corporate Governance              |                        | Sustainable Development Impact                     |
| Taiwan Sakura’s Sustainable Strategy Roadmap 9 Sustainable Strategy Topics and 12 Sustainable Strategy Goals |                             |                                   |                        | Goals at various stages                            |
| Environmental sustainability   |                             | Social Inclusion                  | Corporate Governance   | Short-term 2023<br>Mid-term 2025<br>Long-term 2030 |
| Climate change   | Environmental Opportunities | Human Resources                   | Sustainable Governance |  |
| Natural Resources  | Product Liability           | Human Right (Employee) Care       |                        |  |
| Pollution and Waste  |                             | Social Opportunities              |                        |  |

## 1.3.2 Procedures for stakeholders' assessment on material issues

| Steps   | Contents  |
|---|---|
| Assessment on sustainability issues           | <b>Collection and identification of issues</b><br>In 2023, based on the analysis on international standards (GRI and SASB, etc.) and Taiwan Sakura's Sustainable Strategy Roadmap, we also interacted with stakeholders through the daily operation process to understand the issues of their concern. Meanwhile, we also evaluate the international sustainability rating organizations (Sustainalytics and FTSE, etc.), international industry trends and benchmarking companies, etc. to include them into the issues comprehensively. |
|   | <b>Identification of potential issues</b><br>Establish 26 sustainability issues: environmental (9 issues), governance (8 issues), and social (9 issues).  |
| Evaluation on significance impact             | <b>Impact posed by sustainability issue development</b><br>The Business Planning Division assesses the issues and evaluates the probability and scale of positive and negative impacts on the internal and external economic, environmental and human rights (ESG) impacts of various sustainability issues in reference to the Taiwan Sakura's Sustainability Strategy Roadmap.  |
|   | <b>Ranking of Sustainability Issues</b><br>The Business Planning Division, senior managers, and ESG taskforce engage in professional discussion about the issues and analyze the results in terms of the three major aspects including stakeholders' concern about the issues, impact on organization and management and impact on sustainable development to prioritize the sustainability issues.   |
| Verification of material issues               | <b>Definition and ranking of material issues</b><br>Based on said results, the Business Planning Division compiles the assessment and impact results, further evaluate Taiwan Sakura's Sustainability Strategy Roadmap and views of senior managers and the ESG Taskforce and confirm and prioritize 24 material sustainability issues.   |
| Disclosure and Supervision of Material Issues | <b>Setting of sustainability goals</b><br>The Business Planning Division formulates management policies and sets short-, mid- and long-term goals for material issues in reference to the GRI. The achievement status is reviewed regularly every year.   |



### 1.3.3 Significance impact on sustainability issues

Taiwan Sakura already identified 26 sustainability issues in 2023 and analyzed the level of impact on the value chain and scope in terms of "target of impact," "degree of impact and likelihood of occurrence" and "aspect of impact" (Note 1) and "scope of impact:"

Level of impact: ● Direct impact ○ Indirect impact

| Sustainability Issues<br>Value Chain and Scope | Targets of Impact |           |           |                        |   |                                  |           | Degree of Impact and<br>Likelihood of Occurrence |              | Impact Aspect |         |                 | Scope of Impact              |                     |                 |
|--|-------------------|-----------|-----------|------------------------|---|----------------------------------|-----------|--|--------------|---------------|---------|-----------------|------------------------------|---------------------|-----------------|
|  | Employees         | Consumers | Investors | Government<br>agencies | Local communities,<br>non-profit-seeking<br>organizations | Competitors in<br>the same trade | Suppliers | Positive (+)                                     | Negative (-) | Environment   | Society | Human<br>Rights | Organizational<br>Operations | Product/<br>Service | Supply<br>chain |
| Business performance                           | ●                 |           | ●         |                        |   |                                  |           | +  |              |               |         | ●               | ●                            |                     |                 |
| Greenhouse Gas Management                      |                   |           |           | ●                      |   |                                  | ○         |  | -            | ●             |         |                 | ●                            | ●                   | ○               |
| Customer Relationship<br>Management            |                   | ●         |           |                        | ●   |                                  |           | +  |              |               | ●       |                 |                              | ●                   |                 |
| Climate Change Risk<br>Management              |                   |           |           | ●                      |   |                                  |           |  | -            | ●             |         |                 | ●                            | ●                   |                 |
| Green Products and Consumption                 |                   | ●         |           |                        | ●   | ○                                | ○         | +  |              | ●             |         |                 | ●                            | ●                   | ○               |
| Environmental protection and<br>opportunities  |                   |           |           |                        | ●   |                                  |           | +  |              | ●             |         |                 | ●                            |                     |                 |
| Product Safety and Quality                     | ●                 | ●         |           |                        | ●   |                                  |           | +  |              | ●             |         |                 | ●                            | ●                   |                 |
| Talent Attraction and Retention                | ●                 |           |           |                        |   |                                  |           | +  |              |               | ●       |                 | ●                            |                     |                 |
| Talent and skill development                   | ●                 |           |           |                        |   |                                  |           | +  |              |               | ●       |                 | ●                            |                     |                 |
| Service Quality                                |                   | ●         |           |                        | ●   |                                  |           | +  |              |               | ●       |                 |                              | ●                   | ○               |
| Energy Management                              |                   |           |           |                        | ○   |                                  | ○         | +  |              | ●             | ●       |                 | ●                            | ●                   | ○               |
| Information security                           |                   | ●         | ●         | ●                      |   |                                  | ●         | +  |              |               |         | ●               | ●                            |                     | ●               |
| Legal Compliance                               |                   | ○         | ●         | ●                      |   |                                  |           | +  |              |               |         | ●               | ●                            |                     |                 |
| Financial performance                          | ●                 |           | ●         |                        |   |                                  |           | +  |              |               |         | ●               | ●                            |                     |                 |
| Social welfare                                 |                   |           |           |                        | ●   |                                  |           | +  |              |               | ●       |                 | ●                            | ●                   |                 |
| Water resource management                      |                   |           |           | ○                      | ●   |                                  |           |  | -            | ●             |         |                 | ●                            |                     |                 |
| Waste Management                               |                   |           |           | ○                      | ●   |                                  |           |  | -            | ●             |         |                 | ●                            |                     |                 |
| Supply Chain Policy and<br>Management          |                   |           |           |                        |   |                                  | ●         | +  |              |               |         | ●               | ●                            |                     | ●               |
| Stakeholder Policy and<br>Management           | ● ○               | ● ○       | ● ○       | ● ○                    | ● ○   | ● ○                              | ● ○       | +  |              |               |         | ●               | ●                            |                     |                 |
| Diversity and Tolerance in the<br>Workplace    | ●                 |           |           |                        |   |                                  |           | +  |              |               | ●       |                 | ●                            |                     |                 |
| Distribution partners                          |                   |           |           |                        | ●   |                                  |           | +  |              |               | ●       |                 | ●                            |                     |                 |
| Communication channel                          | ●                 | ●         | ●         | ●                      | ●   | ●                                | ●         | +  |              |               | ●       |                 | ●                            |                     | ●               |
| Corporate Governance                           |                   |           | ●         | ●                      |   |                                  |           | +  |              |               |         | ●               | ●                            |                     |                 |
| Employee Health and Welfare                    | ●                 |           |           |                        |   |                                  |           | +  |              |               | ●       |                 | ●                            |                     |                 |
| Fulfill tax obligations                        |                   |           |           | ●                      |   |                                  |           | +  |              |               |         | ●               | ●                            |                     |                 |
| Policy compliance                              |                   |           |           | ●                      |   |                                  |           | +  |              |               |         | ●               | ●                            |                     |                 |

Note 1: According to the 2021 GRI, the impact assessment shows that the impacts may be divided into positive and negative impacts. Positive impacts are assessed in terms of the probability of occurrence and the scale and scope of impact, while negative impacts are assessed in terms of the probability and severity of occurrence.



## 1.3.4 Stakeholders' Concern, Impact on Organization and Management and Impact on Sustainable Development of Sustainability Issues

Taiwan Sakura further considers its corporate sustainability strategy based on the results of the identification and impact assessment. Meanwhile, upon discussion between the Business Planning Division and senior managers and ESG Taskforce, 24 material sustainability issues are confirmed in terms of the “impact posed by sustainability issues on enterprises,” “stakeholders’ concern about issues” and “impact posed by sustainable development” and also prioritized subject to their materiality.



| Sustainability Issues    |  | Stakeholders' concern |        |      | Impact on organization and management |        |      | Impact on sustainable development |        |      |
|--------------------------|--|-----------------------|--------|------|---------------------------------------|--------|------|-----------------------------------|--------|------|
|                          |  | Low                   | Medium | High | Low                                   | Medium | High | Low                               | Medium | High |
| Environmental aspect (E) | Greenhouse Gas Management                  |                       | ●      |      |                                       | ●      |      |                                   |        | ●    |
|                          | Climate Change Risk Management             |                       | ●      |      | ●                                     |        |      |                                   |        | ●    |
|                          | Water resource management                  | ●                     |        |      | ●                                     |        |      |                                   | ●      |      |
|                          | Green Products and Consumption             | ●                     |        |      |                                       | ●      |      |                                   |        | ●    |
|                          | Waste Management                           | ●                     |        |      | ●                                     |        |      |                                   | ●      |      |
|                          | Energy Management                          |                       | ●      |      | ●                                     |        |      |                                   | ●      |      |
|                          | Environmental protection and opportunities | ●                     |        |      |                                       | ●      |      |                                   |        | ●    |
|                          | Product Safety and Quality                 |                       | ●      |      |                                       |        | ●    | ●                                 |        |      |
| Social Aspect (S)        | Diversity and Tolerance in the Workplace   |                       | ●      |      | ●                                     |        |      | ●                                 |        |      |
|                          | Talent Attraction and Retention            |                       | ●      |      |                                       | ●      |      |                                   | ●      |      |
|                          | Talent and skill development               |                       | ●      |      |                                       | ●      |      |                                   | ●      |      |
|                          | Employee Health and Welfare                | ●                     |        |      | ●                                     |        |      | ●                                 |        |      |
|                          | Distribution partners                      | ●                     |        |      |                                       | ●      |      | ●                                 |        |      |
|                          | Communication channel                      |                       | ●      |      | ●                                     |        |      | ●                                 |        |      |
|                          | Social welfare                             |                       | ●      |      | ●                                     |        |      |                                   | ●      |      |
|                          | Service Quality                            |                       | ●      |      |                                       | ●      |      |                                   | ●      |      |
|                          | Customer Relationship Management           |                       | ●      |      |                                       |        | ●    |                                   | ●      |      |
| Governance Aspect (G)    | Business performance                       |                       |        | ●    |                                       |        | ●    |                                   | ●      |      |
|                          | Corporate Governance                       | ●                     |        |      | ●                                     |        |      | ●                                 |        |      |
|                          | Information security                       |                       |        | ●    |                                       | ●      |      |                                   |        |      |
|                          | Legal Compliance                           |                       |        | ●    |                                       | ●      |      |                                   |        |      |
|                          | Fulfill tax obligations                    | ●                     |        |      | ●                                     |        |      |                                   |        |      |
|                          | Policy compliance                          | ●                     |        |      | ●                                     |        |      |                                   |        |      |
|                          | Supply Chain Policy and Management         | ●                     |        |      |                                       | ●      |      | ●                                 |        |      |
|                          | Financial performance                      |                       | ●      |      |                                       | ●      |      | ●                                 |        |      |
|                          | Stakeholder Policy and Management          |                       | ●      |      | ●                                     |        |      | ●                                 |        |      |




| Sustainability aspect | Material Issues                            | Prioritization |
|-----------------------|--|----------------|
| ● (G) Governance      | Business performance                       | 1              |
| ● (E) Environment     | Greenhouse Gas Management                  | 2              |
| ● (S) Society         | Customer Relationship Management           | 2              |
| ● (E) Environment     | Climate Change Risk Management             | 4              |
| ● (E) Environment     | Green Products and Consumption             | 4              |
| ● (E) Environment     | Environmental protection and opportunities | 4              |
| ● (E) Environment     | Product Safety and Quality                 | 4              |
| ● (S) Society         | Talent Attraction and Retention            | 4              |
| ● (S) Society         | Talent and skill development               | 4              |
| ● (S) Society         | Service Quality                            | 4              |
| ● (E) Environment     | Energy Management                          | 11             |
| ● (G) Governance      | Information security                       | 11             |
| ● (G) Governance      | Legal Compliance                           | 11             |
| ● (G) Governance      | Financial performance                      | 11             |
| ● (S) Society         | Social welfare                             | 11             |
| ● (E) Environment     | Water resource management                  | 16             |
| ● (E) Environment     | Waste Management                           | 16             |
| ● (G) Governance      | Supply Chain Policy and Management         | 16             |
| ● (G) Governance      | Stakeholder Policy and Management          | 16             |
| ● (S) Society         | Diversity and Tolerance in the Workplace   | 16             |
| ● (S) Society         | Distribution partners                      | 16             |
| ● (S) Society         | Communication channel                      | 16             |
| ● (G) Governance      | Corporate Governance                       | 23             |
| ● (S) Society         | Employee Health and Welfare                | 23             |

### 1.3.5 Summarization of stakeholder communication mechanism and issues of concern:

| Stakeholders  | Importance of Communication   | Material Issues  | Communication practices and channels  | Frequency of communication | Disclosure chapters              |
|---|---|--|---------------------------------------|----------------------------|----------------------------------|
| <br>Consumers  | With consumer service as the core of its management philosophy, Taiwan Sakura continues to understand consumers' needs and keep improving itself to create a better quality life for consumers.                     | 1. Customer Relationship Management<br>2. Green Products and Consumption<br>3. Product Safety and Quality<br>4. Service Quality<br>5. Information security<br>6. Communication channel | Customer Service Center               | Open all year round        |                                  |
|   |   |  | Media promotion, e-news               | Irregularly                | CH1.3<br>CH2.6<br>CH3.5<br>CH4.5 |
|   |   |  | Consumer Satisfaction Survey          | Year                       |                                  |
|   |   |  | Third-party audit                     | Irregularly                |                                  |
|   |   |  |                                       |                            |                                  |
| <br>Employees | Sakura Taiwan regards its employees as the Company's assets and really understands that only through the continuous innovation and efforts of its employees can Sakura continue to gain a foothold in the industry. | 1. Talent deployment and structure<br>2. Talent development and cultivation<br>3. Friendly and safe workplace<br>4. Diverse communication channels                                     | Employee feedback mailbox             | Irregularly                |                                  |
|   |   |  | Monthly employee mobilization meeting | Monthly                    |                                  |
|   |   |  | Employee Welfare Committee meeting    | Quarterly                  |                                  |
|   |   |  | Internal announcements and e-news     | Irregularly                | CH1.3<br>CH4.3<br>CH4.4<br>CH4.6 |
|   |   |  | Improvement Proposal Mailbox          | Irregularly                |                                  |
|   |   |  | Sexual Harassment Complaint Mailbox   | Irregularly                |                                  |
|   |   |  | Departmental meeting                  | Monthly                    |                                  |
|   |   |  | Occupational Safety Committee         | Quarterly                  |                                  |



| Stakeholders  | Importance of Communication   | Material Issues   | Communication practices and channels                                      | Frequency of communication | Disclosure chapters              |
|---|---|---|---|----------------------------|----------------------------------|
| <br>Investors            | Taiwan Sakura values the communication with investors, and actively explains the business results and performance, in order to maximize the rights and interests of investors.  | <ol style="list-style-type: none"> <li>1. Business performance</li> <li>2. Financial performance</li> <li>3. Corporate Governance</li> <li>4. Information security</li> <li>5. Legal Compliance</li> <li>6. Communication channel</li> </ol>  | Shareholders' meeting   | Year                       | CH1.3<br>CH2.2<br>CH2.5<br>CH2.6 |
|   |   |   | Annual report   | Year                       |                                  |
|   |   |   | Quarterly report  | Quarterly                  |                                  |
|   |   |   | Disclosure of financial information on the Company's website and the MOPS | Irregularly                |                                  |
|   |   |   | Spokesperson Mechanism  | Irregularly                |                                  |
|   |   |   | Investor conference   | At least twice a year      |                                  |
| <br>Government agencies | Taiwan Sakura identifies ethical management as the core foundation of its employees' code of conduct, and has established the legal affairs department to continue to work with government agencies to contribute to the sustainable development of Taiwan. | <ol style="list-style-type: none"> <li>1. Greenhouse Gas Management</li> <li>2. Climate Change Risk Management</li> <li>3. Energy Management</li> <li>4. Information security</li> <li>5. Legal Compliance</li> <li>6. Water resource management</li> <li>7. Waste Management</li> <li>8. Corporate Governance</li> <li>9. Communication channel</li> </ol> | Cooperate with the competent authority in supervision and audit           | Irregularly                | CH1.3<br>CH2                     |
|   |   |   | Comply with the policies of the competent authorities                     | Irregularly                |                                  |
|   |   |   | Education and training on relevant laws and regulations                   | Irregularly                |                                  |
|   |   |   |   |                            |                                  |



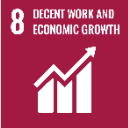


| Stakeholders  | Importance of Communication  | Material Issues  | Communication practices and channels  | Frequency of communication   | Disclosure chapters   |
|---|--|--|---|--|---|
|  <p>local communities,<br/>Non-profit-seeking<br/>organization</p> | Adhering to the spirit of taken from the community, giving back to society, Taiwan Sakura has cared the disadvantaged groups in society permanently and worked with the local community to fulfill its social responsibilities as a citizen. | <ol style="list-style-type: none"> <li>1. Customer Relationship Management</li> <li>2. Green Products and Consumption</li> <li>3. Environmental protection and opportunities</li> <li>4. Social welfare</li> <li>5. Distribution partners</li> <li>6. Communication channel</li> </ol> | <p>Official website as an online communication platform</p> <p>Participation in and sponsorship of public welfare activities</p> <p>Student Internships and Visits</p> <p>Uplifting Relatives and Good Neighborhood Activities</p> <p>Talent Cultivation - SAKURA AWARD</p> | <p>Irregularly</p> <p>Irregularly</p> <p>Irregularly</p> <p>Irregularly</p> <p>Year</p>        | <p>CH1.3</p> <p>CH3.5</p> <p>CH3.6</p> <p>CH4.2</p> <p>CH4.5</p> <p>CH5.1</p> |
|  <p>Competitors in the<br/>same trade</p>                          | Taiwan Sakura joins the industry association in the hope of establishing a market environment of healthy competition and enhancing consumers' awareness toward usage.  | <ol style="list-style-type: none"> <li>1. Green Products and Consumption</li> <li>2. Communication channel</li> </ol>  | <p>Join relevant associations</p> <p>Market survey</p> <p>Communication via telephone</p> <p>Industry Exchange</p> <p>Compliance with the Code of Conduct</p>   | <p>Irregularly</p> <p>Irregularly</p> <p>Irregularly</p> <p>Irregularly</p> <p>Irregularly</p> | <p>CH1.3</p> <p>CH3.5</p>   |
|  <p>Suppliers</p>  | Suppliers are important partners of Taiwan Sakura. We have established a relationship of mutual trust and mutual assistance with suppliers to provide consumers with better quality products.  | <ol style="list-style-type: none"> <li>1. Greenhouse Gas Management</li> <li>2. Green Products and Consumption</li> <li>3. Supply Chain Policy and Management</li> <li>4. Information security</li> <li>5. Communication channel</li> </ol>  | <p>Business meetings</p> <p>Supplier Evaluation</p> <p>Education and training</p> <p>Fair and impartial procurement process and expressly defined procurement operation management procedures.</p>  | <p>Irregularly</p> <p>Quarterly</p> <p>Irregularly</p> <p>Irregularly</p>                      | <p>CH1.3</p> <p>CH2.6</p> <p>CH2.7</p> <p>CH3.5</p>                           |



# 1.4 Sustainable Development Goals and Policy Promotion and Performance Management

Sakura has set long- and mid-term goals for sustainable development and will continue to take an inventory of and invest in resources to adjust the long-term goals and corresponding action plans accordingly.

| Sustainability Strategy  | Strategic Aspect            | Issues                            | KPIs   | 2023 Goals   | Target Achievement Status  | 2024 Goals   | 2025 Goals  | 2030 Goals   |
|--|-----------------------------|-----------------------------------|--|--|--|--|---|--|
| <div>Promotion of the green and sustainable value chain</div> <div>Environmental Protection (E)</div> <div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div></div><div>13 CLIMATE ACTION</div><div></div><div>6 CLEAN WATER AND SANITATION</div><div></div></div> | Climate Strategy            | Greenhouse Gas Management         | Group Carbon Reduction Goals                               | Complete the voluntary inventory of greenhouse gases organized by the headquarters in Taiwan.  | Completed  | Set the Group's carbon reduction goal  | Plan the implementation of the Group's 2050 Carbon Neutrality (Net Zero) Goal             |  |
|  |                             | Climate Change Risk Management    | Task Force on Climate-Related Financial Disclosures (TCFD) | 1. Complete the rolling assessment on climate change risks and opportunities<br>2. Complete the assessment on significant climate change risks | Completed  | Identify significant climate change risks, complete RCP scenario simulation for physical risks and formulate transition risks based on the target scenario simulation results. | Taiwan Headquarters conducted the operations at the second stage of TCFD (risk response). | Review the Group's climate change risks and opportunities on a rolling basis and respond to the risks. |
|  | Natural Resources           | Green consumption                 | Compliance with energy product certification               | Compliance with energy product certification   | Completed  | Continue to obtain and comply with energy product certification.   |   |  |
|  | Environmental Opportunities | Environmental Management Measures | Environmental management system certification              | Continue to pass ISO14001 Environmental management system certification under the international standards                                      | Completed  | Continue to pass ISO14001 Environmental management system certification under the international standards  |   |  |
|  |                             |                                   |  | Plan the ISO 14064-1:2018 Greenhouse Gas Inventory Management System   | Already planned and implemented in 2024  | Implement the ISO 14064-1:2018 Greenhouse Gas Inventory Management System  | Pass the third-party certification for ISO 14064-1:2018 greenhouse gas inventory in 2026  |  |
|  |                             |                                   | Water pollution prevention inspection                      | Continue water quality testing to ensure compliance with environmental protection laws and regulations   | There was no loss or disposal due to wastewater pollution in the current year. | 0 case: There was no loss or disposal due to wastewater pollution.   |   |  |
|  | Product Liability           | Safety and Quality                | Quality management system certification                    | Continue to pass the ISO9001 quality management system international standard certification  | Completed  | Continue to pass ISO9001 Quality management system international standard certification  |   |  |



| Sustainability Strategy  | Strategic Aspect | Issues                     | KPIs  | 2023 Goals  | Target Achievement Status   | 2024 Goals   | 2025 Goals | 2030 Goals |
|--|------------------|----------------------------|---|---|---|--|------------|------------|
| Build a Positive Inclusive Society Social Responsibility (S)<br><br><br><br><br><br><br><br><br><br> | Human Resources  | Labor-management relations | Employee communication coverage rate                    | 100%  | 100%  | 100%   | 100%       | 100%       |
|  |                  | Employee development       | Promote employee development-related policies and plans | Promote and implement employee development-related policies and plans | 1. The course "Explanation of Employee Functions" is implemented throughout the Company at the monthly meeting in April to enable the employees to understand how well their majors match the needs of their jobs and also the "TMO Plan" course to enable the employees to understand how well their majors match the needs of their jobs.<br>2. The course "Explanation of Employee Rotation Mechanism" is implemented throughout the Company at the monthly meeting in October to enable the employees to continuously enhance and improve their own expertise through the rotation across departments or positions. | Continue to promote and implement employee development-related policies and plans.                       |            |            |
|  |                  |                            | Establish the Group's ESG culture.                      | Disclose the Group's annual ESG information to all employees.         | 1. Complete the Group's annual ESG information disclosure through the internal channel of the HR quarterly e-publication.<br>2. Promote the "ESG River Cleaning and Plastic Reduction Activity" at the monthly meeting in March to encourage employees to actively participate in Earth Day.  | Continue to complete the Group's annual ESG information disclosure through the Group's internal channel. |            |            |
|  |                  | Employee health and safety | Healthy lifestyle                                       | Health promotion activities and care coverage rate                    | 1. The course "Health Seminar_Metabolic Syndrome" is implemented throughout the Company at the monthly meeting in December to enable employees to understand the knowledge and methods about routine health management.<br>2. Promote various health precautions and management methods through the internal disclosure channels, such as "Sakura Line" and "Letters."<br>3. Promotional activities and care coverage rate of 100%.   | Health promotion activities and care coverage rate of 100%   |            |            |
|  |                  |                            |   |   |   |  |            |            |

| Sustainability Strategy  | Strategic Aspect       | Issues                              | KPIs   | 2023 Goals  | Target Achievement Status   | 2024 Goals                                       | 2025 Goals   | 2030 Goals |
|--|------------------------|-------------------------------------|--|---|---|--|--|------------|
| Build a Positive Inclusive Society Social Responsibility (S)   | Human Resources        | Employee health and safety          | Annual employee health management completion rate                                  | 100%  | 100%  | 100%   |  |            |
|  |                        | Friendly Workplace                  | Maintain a low LTIR  | 100%  | 100%  | 100%   |  |            |
|  |                        |                                     | ISO 45001 Certification  | Pass ISO 45001 certification                      | Completed   | Continue to pass ISO 45001 certification         |  |            |
|  | Social Opportunities   | Customers (& consumers) Equity      | Increase consumer satisfaction by over 90%   | Consumer satisfaction above 90%                   | 94 points   | Consumer satisfaction above 90%                  |  |            |
|  |                        |                                     |  |   |   |  |  |            |
| Strengthen the control over environmental impact governance Corporate Governance (G) <div></div> <div></div> | Sustainable Governance | Operation of the Board of Directors | Improve the diversity of the Board of Directors                                    | Implement the ESG courses                         | All directors have completed the courses.   | Establish the Sustainable Development Committee  | Increase the number of members of the Board of Directors with diverse experience |            |
|  |                        | Legal compliance                    | Number of cases involving major violations   | Number of cases involving no major violations     | 100%  | 100%   |  |            |
|  |                        |                                     | Continue to promote the ethical management culture                                 | Implement ethical management courses              | The "Ethical Management Promotion" course is implemented throughout the Company at the monthly meeting in September.  | Continue to implement ethical management courses |  |            |
|  |                        | Information security                | Number of cases involving personal data breach                                     | Number of cases involving no personal data breach | 100%  | 100%   |  |            |
|  |                        |                                     | Conduct the information security education and training seminars for all employees | 1 session   | 1. The “personal data promotion” course is implemented throughout the Company at the monthly meeting in May, and the “information security promotion” course throughout the Company at the monthly meeting in November.<br>2. The “information security promotion” course is implemented throughout the Company during the orientation training sessions in April, July and December.<br>3. 5 Employee Information Security Education and Training Seminars | 1 session  |  |            |
|  |                        |                                     |  |   |   |  |  |            |

## 1.5 Sustainable Value Chain and Impact

In 2023, Taiwan Sakura launched its "Sustainable Vision and Strategic Roadmap," set short-, mid- and long-term goals for the three major axes, E, S and G for 2023-2030, and proactively responded to the goals related to Taiwan Sakura's core business and able to exert influence among the 17 United Nations Sustainable Development Goals (SDGs). We are committed to making Taiwan Sakura contribute to the environment, society and economy to the greatest extent possible, in order to achieve the vision roadmap for "promotion of green and sustainable value chain, proactive building of a positive inclusive society and strengthening of the control over environmental impact governance," to become a trustworthy sustainable partner for all stakeholders of Taiwan Sakura.

Environmental

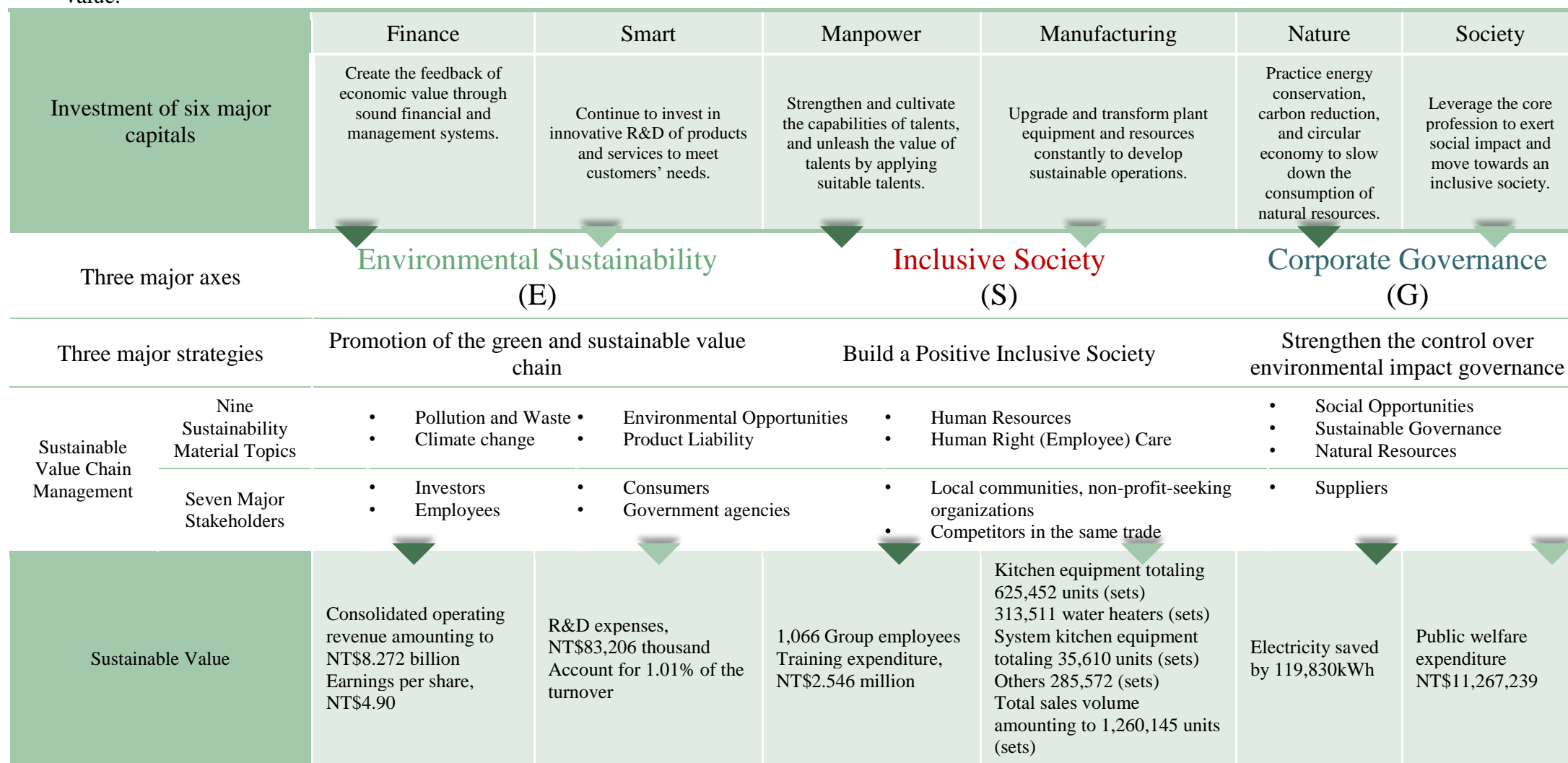
Social

Governance

| Three main axes of sustainability |            | Environmental Sustainability   | Inclusive Society  | Corporate Governance   |
|-----------------------------------|------------|--|--|--|
| Strategy and SDGs                 |            | Promotion of the green and sustainable value chain                                 | Build a Positive Inclusive Society   | Strengthen the control over environmental impact governance                          |
|                                   |            |  |  |  |
| Social impact                     | Internally | Promote low-carbon and sustainable transformation of the value chain               | Build a friendly, healthy, diverse and inclusive happy workplace                     | Mitigate the impact on business operations and enhance the Company's competitiveness |
|                                   | Externally | Achieve Net Zero Emissions throughout the Company by 2050                          | Exert positive impact mobility   | Practice the forward-looking and control over diversified environmental impacts      |



Taiwan Sakura is committed to creating a wonderful and high-quality experience for consumers. Through the investment of six major capitals and connecting of the three major axes and strategies, E, S and G, we proactively promote the sustainable value chain management mechanism to evaluate and manage the value created by the Company's overall value chain for stakeholders, hoping to maximize the output benefits and jointly enhance the corporate sustainable value.





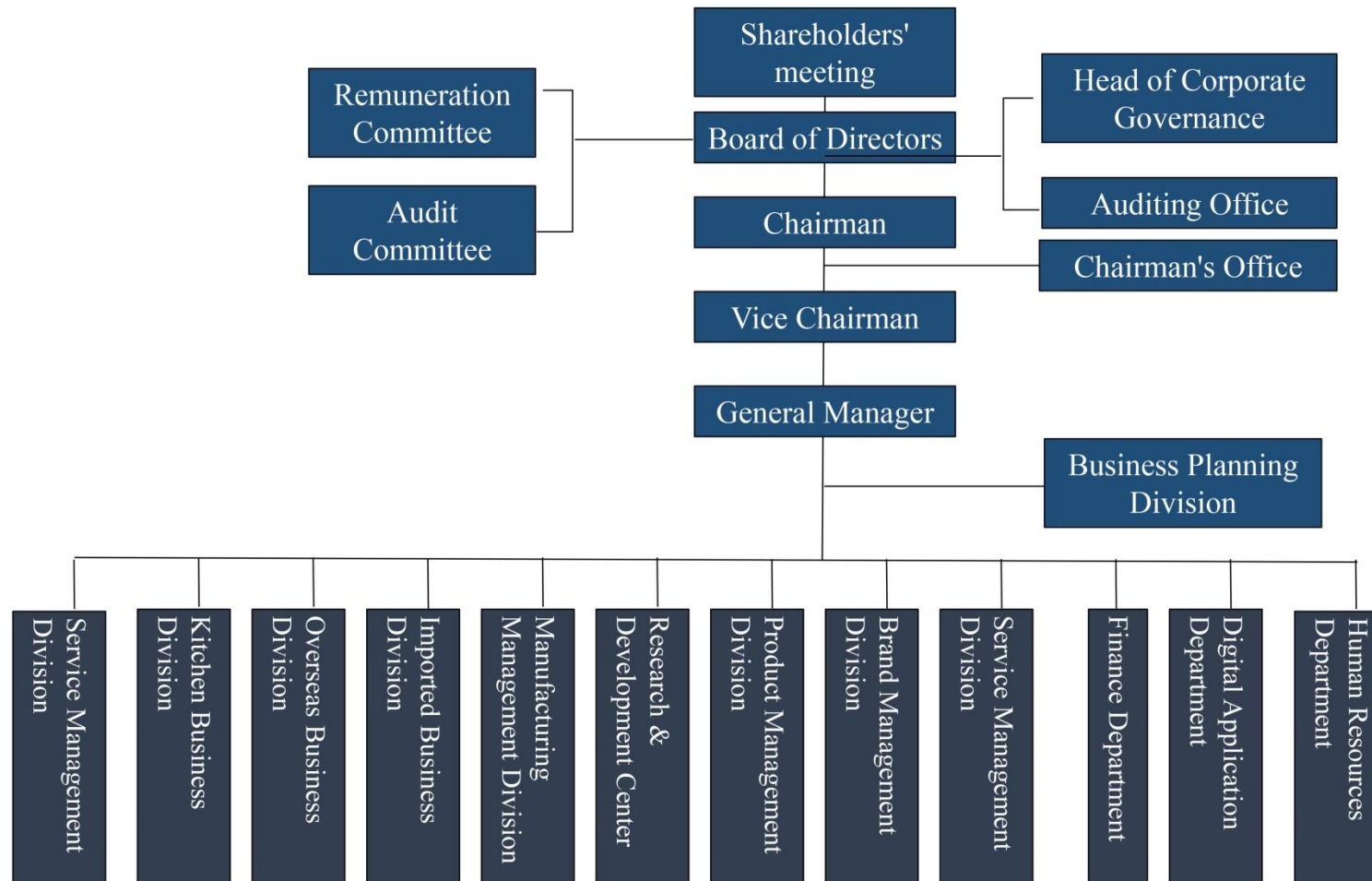
Corporate Governance

CHAPTER 2

|  |   |
|--|---|
| 2.1__Corporate Governance Organization       | 2.5__Risk Management and Internal Control Mechanism |
| 2.2__Financial Performance                   | 2.6__Information Security                           |
| 2.3 __Ethical Management and Compliance      | 2.7__Sustainable Supply Chain                       |
| 2.4__Intellectual Property Management System |   |

## 2.1 Corporate Governance Organization

Taiwan Sakura's Board of Directors is the highest governance body of the Company and is responsible for appointing and supervising the management team, supervising business performance, preventing conflicts of interest, and ensuring the Company's compliance with various laws and regulations and the Company's Articles of Incorporation. In order to implement the organizational management effectively, two functional committees are established under Board of Directors, namely, the "Audit Committee" and "Remuneration Committee," which regularly report their activities and resolutions to the Board of Directors. The organizational structure of Taiwan Sakura is subdivided into different business groups from the General Manager to ensure corporate governance and improve business quality.





## 2.1.1 Composition and operation of the Board of Directors

Taiwan Sakura's "Regulations for Election of Directors" expressly provide that the cumulative voting system and the candidate nomination system shall be adopted by the election of directors and independent directors. Shareholders who hold a certain number of shares or more may propose a list of candidates. The process for acceptance of the nomination shall be fair and transparent enough to increase the opportunities for various shareholders to participate in the election to protect the rights and interests of investor and to prevent the right to nominate candidates from being monopolized or abused. Meanwhile, the Company's Board of Directors emphasizes the functions, such as independent operation and transparency. Directors and independent directors are independent entities that can exercise their due powers independently. The shareholding ratio of directors, restrictions on share transfer, and creation of pledge rights are also fully disclosed on the MOPS for the investors' reference.

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, Taiwan Sakura amended its "Corporate Governance Best Practice Principles" in 2022. The composition of the Board of Directors shall take diversity into consideration, and an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated. Meanwhile, it is advised to evaluate various aspects of diversity.

Taiwan Sakura's Board of Directors consists of 9 members (including 3 independent directors). It operates in accordance with the "Rules of Procedure for Board of Directors Meetings" and convenes at least one meeting per quarter. In 2023, a total of 6 meetings have been convened. The average attendance rate of the existing 9 members (including 3 independent directors) was 98.15% in 2023, and 100% if the attendance by proxy is included. Important resolutions rendered by the Board of Directors of Taiwan Sakura are immediately announced on the MOPS for accurate disclosure.

### Board members and structure

| Job Title<br>Distribution | 2022                   |      | 2023                   |      |
|---------------------------|------------------------|------|------------------------|------|
|                           | Number<br>of<br>people | %    | Number<br>of<br>people | %    |
| Director                  | 6                      | 67%  | 6                      | 67%  |
| Independent<br>director   | 3                      | 33%  | 3                      | 33%  |
| Total                     | 9                      | 100% | 9                      | 100% |

| Gender<br>Distribution | 2022                   |      | 2023                   |      |
|------------------------|------------------------|------|------------------------|------|
|                        | Number<br>of<br>people | %    | Number<br>of<br>people | %    |
| Male                   | 8                      | 89%  | 8                      | 89%  |
| Female                 | 1                      | 11%  | 1                      | 11%  |
| Total                  | 9                      | 100% | 9                      | 100% |

| Age<br>distribution | 2022                |      | 2023                |      |
|---------------------|---------------------|------|---------------------|------|
|                     | Number of<br>people | %    | Number of<br>people | %    |
| Aged<br>41~50       | 2                   | 22%  | 2                   | 22%  |
| Aged<br>51~60       | 2                   | 22%  | 2                   | 22%  |
| Aged<br>61~70       | 5                   | 56%  | 5                   | 56%  |
| Total               | 9                   | 100% | 9                   | 100% |

## 2.1.2 Director nomination system and recusal from conflict of interest

The nomination and selection of members of the Board of Directors of Taiwan Sakura follow the Company's Articles of Incorporation and also adopt the candidate nomination system. The Board of Directors members, with a high degree of self-discipline, explained their interests to the Board of Directors on any matters discussed at the meeting involving themselves or the legal entity they represent, and recused themselves from voting.

## 2.1.3 Continuing Education Programs for the Board of Directors

The main continuing education programs available to Taiwan Sakura's directors include: (1) The head of corporate governance shall arrange political, economic, or law-related continuing education courses for directors. (2) At least once every six months, the Audit Committee shall have the external auditor report on any changes in laws and regulations and the Company's compliance with laws and regulations. (3) Each director may participate in external training courses as needed. Therefore, in 2023, Taiwan Sakura's directors have attended the training related to corporate governance and corporate sustainability governance for 57 hours averagely. The hours of continuing education courses attended by Taiwan Sakura's directors 100% match the directives for continuing education in the current year.

| Course name  | Training hours | Number of participants |
|--|----------------|------------------------|
| 2023 KPMG Business Leader Academy Forum  | 3              | 1                      |
| 2023 Cathay Sustainable Finance and Climate Change Summit  | 6              | 1                      |
| Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under Esg Trends and Post Covid Environment | 3              | 1                      |
| Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention                                   | 18             | 6                      |
| The Group's Corporate Governance   | 24             | 8                      |
| The Advanced Seminar for Directors, Supervisors (including Independent Supervisors), and corporate Governance Practitioners          | 3              | 1                      |

## 2.1.4 Implementation of the Board diversity

The composition of Taiwan Sakura's Board of Directors takes diversity into consideration and also meets the Company's development needs. Each of the directors and independent directors has comprehensive and rich academic background and experience, which drive the Company's Board of Directors to exert its functions in management decision-making and leadership supervision. The existing 9 directors (including 3 independent directors) possess the capabilities in business judgment, leadership decision-making, business management, international market perspective and crisis management, as well as industrial experience and expertise. Among them, Chairman Yung-Chieh Chang, Director Yu-Tu Lin, Director Hui-Hsun Li, Director Wen-Shu Tsai and Director Ching-Wen Chang are specialized in professional services and marketing. Independent directors have expertise in financial accounting, finance, and corporate governance. Independent Director Chi-Jen Chen serves as the convener of the Audit Committee, who has the practical management experience for more than three decades, and high professional skills in corporate governance, management practices, financial information analysis and application. He has rich experience and professional capabilities in strategic planning in the industry, and also provides forward-looking insights and analysis on the development of the industry. Independent Director Yu-Cheng Chen is also the convener of the Company's Remuneration Committee. He is currently a professor at the Department of Finance, National Chung Hsing University, specializing in accounting and financial analysis, finance and banking. He has extensive professional knowledge in remuneration performance management, corporate growth, and related investment, which is very helpful to the Company's future operational layout and financial planning. Independent Director Ming-Yuan Cheng is also a member of the Company's Remuneration Committee. He used to be a lecturer at the Department of Finance and Insurance, Shu-Te University. Currently, he is an Assistant Professor at the Department of Accounting, Feng Chia University, with the expertise in financial accounting, remuneration performance management, corporate governance and financial insurance, high professionalism and knowledge in business practices. He also puts forward insightful opinions and suggestions on the Company's financial planning and future development.

| Job Title            | Name             | Nationality           | Age range  | Gender | Date of election (appointment) | Term of office and service seniority as a director |     |    | Core items of diversity (5 most important ones) |                     |                     |                   |                                   |                     |                   |                    |                                  |                            |
|----------------------|------------------|-----------------------|------------|--------|--------------------------------|--|-----|----|---|---------------------|---------------------|-------------------|-----------------------------------|---------------------|-------------------|--------------------|----------------------------------|----------------------------|
|                      |                  |                       |            |        |                                | <3   | 3-6 | >6 | Professional service and marketing              | Finance and banking | Commerce and supply | Business judgment | Accounting and financial analysis | Business management | Crisis management | Industry knowledge | International market perspective | Leadership decision-making |
| Chairman             | Yung-Chieh Chang | the Republic of China | Aged 41~50 | Male   | 2022.06.17                     |  |     | V  | V   | V                   | V                   |                   | V                                 | V                   | V                 | V                  | V                                |                            |
| Vice Chairman        | Yu-Tu Lin        | the Republic of China | Aged 61~70 | Male   | 2022.06.17                     |  |     | V  | V   | V                   | V                   |                   | V                                 | V                   | V                 |                    | V                                |                            |
| Director             | Ken-Cheng Wu     | the Republic of China | Aged 61~70 | Male   | 2022.06.17                     |  | V   |    |   |                     |                     |                   | V                                 | V                   |                   |                    | V                                |                            |
| Director             | Hui-Hsun Li      | the Republic of China | Aged 51~60 | Male   | 2022.06.17                     |  | V   |    | V   | V                   | V                   |                   | V                                 | V                   | V                 |                    | V                                |                            |
| Director             | Wen-Shu Tsai     | the Republic of China | Aged 61~70 | Male   | 2022.06.17                     |  |     | V  |   | V                   | V                   |                   | V                                 | V                   | V                 |                    | V                                |                            |
| Director             | Ching-Wen Chang  | the Republic of China | Aged 41~50 | Female | 2022.06.17                     | V  |     |    | V   |                     |                     |                   | V                                 |                     | V                 | V                  |                                  |                            |
| Independent director | Chi-Jen Chen     | the Republic of China | Aged 61~70 | Male   | 2022.06.17                     |  |     | V  | V   | V                   | V                   | V                 | V                                 |                     |                   | V                  |                                  |                            |
| Independent director | Yu-Cheng Chen    | the Republic of China | Aged 61~70 | Male   | 2022.06.17                     |  |     | V  | V   |                     |                     | V                 | V                                 |                     |                   |                    |                                  |                            |
| Independent director | Ming-Yuan Cheng  | the Republic of China | Aged 51~60 | Male   | 2022.06.17                     |  | V   |    | V   |                     |                     | V                 | V                                 |                     |                   |                    |                                  |                            |



## 2.1.5 Functional Committees

In order to strengthen corporate governance operations, continue to enhance corporate governance, and align with international standards, Taiwan Sakura has established the Remuneration Committee and Audit Committee in accordance with the relevant laws and regulations of the competent authority.

| Name of Committee      | Operation status  | Operation status in 2023   | Reference information   |
|------------------------|---|--|---|
| Audit Committee        | <ol style="list-style-type: none"> <li>The Company established the Audit Committee in 2019. The Committee meets at least once a quarter.</li> <li>The Company's Audit Committee consists of three independent directors and is responsible for: <ol style="list-style-type: none"> <li>Ensuring appropriate financial reporting.</li> <li>Selecting (appointing) and evaluating auditors' independence and performance.</li> <li>Overseeing the effective implementation of internal controls.</li> <li>Ensuring compliance with relevant laws and regulations,.</li> <li>Managing existing or potential risks.</li> </ol> </li> </ol>  | The Company's Audit Committee convened 6 meetings in 2023, with the members' attendance rate of 100%.        | Please refer to the annual report or the Company's website for the details about the implementation status. |
| Remuneration Committee | <ol style="list-style-type: none"> <li>The Company established the Remuneration Committee in 2011 to review the Company's overall remuneration policies and plans. The Committee convenes at least two meetings a year.</li> <li>The Company's Remuneration Committee consists of 3 members. Two of the Committee members are served by independent directors to maintain the independence, professionalism, and impartiality of the Remuneration Committee and avoid the risk over conflict of interest between the Committee members and the Company. They are also responsible for formulating and periodically reviewing the following: <ol style="list-style-type: none"> <li>Policies, systems, standards, and structures related to the annual and long-term performance goals and remuneration of directors and managerial personnel. The committee regularly evaluates the achievement of performance goals by directors and managerial personnel and determines the content and amount of individual remuneration. With a professional and objective position, the committee assesses matters related to remuneration of directors and managerial person-nel and provides recommendations to the Board of Directors for decision-making purposes..</li> </ol> </li> </ol> | The Company's Remuneration Committee convened 6 meetings in 2023, with the members' attendance rate of 100%. | Please refer to the annual report or the Company's website for the details about the implementation status. |

## 2.1.6 Performance evaluation on the Board of Directors and functional committees

Taiwan Sakura has established the "Regulations Governing Self-Evaluation or Peer Evaluation of the Board of Directors." The performance evaluation on the Board of Directors is conducted once a year and completed before the end of Q1 of next year. The scope of the evaluation includes the performance evaluation on the entire Board of Directors, individual directors, and each functional committee. The evaluation is commissioned every three years to an external professional institution or a team of external experts and scholars. The results of the performance evaluation will be used as the reference for the future selection or nomination of directors and the determination of their individual remuneration.

| Assessment cycle | Assessment period  | Assessment scope  | Assessment method  | Assessment contents   |
|------------------|--|---|--|---|
| Once annually    | From 1 January 2023 to 31 December 2023  | The Board of Directors' performance evaluation  | The Board of Directors' performance evaluation is conducted through an internal questionnaire for self-assessment within the Board of Directors. | 1. Level of participation in company operations<br>2. Enhancing the quality of Board decision-making<br>3. Composition and structure of the Board of Directors<br>4. Director appointment and continuous education<br>5. Internal controls  |
|                  |  | Individual director performance evaluation  | The Board of Directors' performance evaluation is conducted through an internal questionnaire for self-assessment within the Board of Directors. | 1. Understanding of company goals and missions<br>2. Awareness of director responsibilities<br>3. Level of participation in company operations<br>4. Internal relationship management and communication<br>5. Director's expertise and continuous education<br>6. Internal controls |
|                  |  | Performance evaluation of functional committees (such as the Audit Committee or Remuneration Committee) | The Board of Directors' performance evaluation is conducted through an internal questionnaire for self-assessment within the Board of Directors. | 1. Level of participation in company operations<br>2. Awareness of functional committee responsibilities<br>3. Enhancing the quality of functional committee decision-making<br>4. Composition and appointment of functional committee members<br>5. Internal controls              |
| Result           | The performance evaluation results of the Board of Directors, individual directors, Audit Committee, and Remuneration Committee for the year 2023 were all excellent. The evaluation results have been submitted to the respective entities, with the Board of Directors on 13 March 2024, the Audit Committee on 13 March 2024, and the Remuneration Committee on 13 March 2024. These evaluation results have also been disclosed on the company's website for reference by investors. |   |  |   |

## 2.1.7 Remuneration policy

Correlation between the policy, standard and combination of remuneration payment, the procedure for determining remuneration, and operating performance and future risks of Taiwan Sakura:

- (1) For the Company's remuneration to directors, except the payment of the transportation allowance to the Board of Directors which follows Article 17 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to directors based on the pay level among peer companies. The remuneration to the Chairman shall be paid at 1.5 times that to the General Manager. The remuneration to the Vice Chairman shall be equivalent to that paid to the General Manager. The remuneration to the other directors shall be equivalent to that paid to managerial officers. Meanwhile, according to Article 20 of the Company's Articles of Incorporation, the Company shall appropriate no more than 5% of profit as the directors' remuneration if there is any profit gained in the year. The remuneration distributed to directors is determined after taking into consideration the level of supervision, management and participation of directors in the Company's operations, as well as the risks assumed and contributions to the Company, and is submitted to the Remuneration Committee for review.
- (2) For the remuneration to the Company's managers, the various work allowances and bonuses are expressly defined under the Salary Management Regulations. Meanwhile, according to Article 20 of the Company's Articles of Incorporation, the Company shall appropriate 2%~8% of profit as the directors' remuneration if there is any profit gained in the year. The distribution of remuneration to employees is based on the employee's seniority, job rank and performance evaluation, etc.. Bonuses are distributed based on the Company's annual operating performance, operating conditions, achievement of business division performance, achievement of personal performance, and the results of personal performance evaluation. The performance of managers and the reasonableness of their remuneration are reported to the Remuneration Committee for review regularly each year.
- (3) Relevance to business performance and future risks: The Company's remuneration to directors and managers shall be determined by the Remuneration Committee based on their academic background, contribution to the Company, business performance, and in reference to the industry standards and business risk, trading risk and financial risk that the Company may face in the future. Meanwhile, the relevant management regulations shall apply. The Remuneration Committee convenes a meeting at least once a year to review the performance evaluation of directors and managers and the remuneration policy, system, standard and structure, evaluate and determine the remuneration to directors and managers, make recommendations based on the evaluation results, and submit them to the Board of Directors for discussion. Therefore, no significant risks will arise in the future.

The percentage of remuneration paid to the Company's directors, general manager, and deputy general managers to the net income after tax of Taiwan Sakura for the last two years:

| Item                                   | The Company  |                                    |              |                                    | All Companies in the Consolidated Financial Statements |                                    |              |                                    |
|--|--------------|------------------------------------|--------------|------------------------------------|--|------------------------------------|--------------|------------------------------------|
|  | 2022         |                                    | 2023         |                                    | 2022   |                                    | 2023         |                                    |
|  | total amount | proportion of net profit after tax | total amount | proportion of net profit after tax | total amount   | proportion of net profit after tax | total amount | proportion of net profit after tax |
| Directors' remuneration                | 43,045       | 4.22%                              | 42,205       | 3.94%                              | 43,045   | 4.22%                              | 42,205       | 3.94%                              |
| General manager's and vice presidents' | 47,268       | 4.64%                              | 54,311       | 5.07%                              | 48,770   | 4.79%                              | 55,918       | 5.22%                              |



## 2.1.8 Succession planning for the key management

The selection and cultivation of successors is critical to an enterprise's sustainable management. The succession plan is to undertake the enterprise's operations to keep up with the times, while ensuring the depth of the management, and providing the manpower requirements for the sustainable operation of the enterprise. In the succession planning, the Company particularly emphasizes that in addition to outstanding ability of execution, the successors must uphold the values and personality that meet the Company's expectations, including ethical management, innovation, and customer satisfaction. The adaptability and outstanding performance of fine-quality employees are tested constantly through the rotation to different entities, regions and functional organizations. We are also making comprehensive arrangements for all levels of talent succession experience.

### ① Senior management talent development project:

The Company arranges physical courses for the senior management in a purposeful, systematic, and organized way based on the three main themes, namely "learning courses," "strategic planning" and "action projects" to elevate the vision and attitude of leaders and foster excellence of leadership. The training mode of the project is divided into leadership development, strategic innovation, organizational integration, and cultural value shaping modules. Through the action learning the teams consisting of business entities and functional units, we build team revolutionary emotions and a common management language to shape a quality organizational culture as the foundation for sprouting sustainable management.

### ② Goal-oriented periodic evaluation:

When it comes to the businesses that they are responsible for, the senior management need to assume the function of strategic business thinking. In order to make them accountable and effectively deliver operational results, the senior management meet and exchange opinions with the Company's supreme leaders and management team to set annual goals and annual plans and organize talent development strategies. employees and the operation team to meet to exchange opinions and also review the business performance on a monthly basis and on a quarterly basis. Further, the succession team convenes the in-depth meetings with the Company's senior management regularly to in-depth guide the senior management to make breakthroughs and inspire the establishment of outstanding goals. Meanwhile, the successors with quality and potential are selected by the senior leader group.

### ③ Development of talents through job rotation:

To enable the Company's successors to expand their management dimensions, increase their international experience, and take on important responsibilities in the future, strategic positions have been created for the functional units of the headquarters, business units, and overseas operating bases. The Company also adopts the rotation of functions for talents, hoping to train the full business management perspective, respond to the constant changes in the business environment, accumulate practical experience in business management, and improve the strategic thinking and globalized ability of the successors.

## 2.2 Financial Performance

In 2023, the overall economic environment was affected by inflation and high interest rates, thereby resulting in sluggish consumer demand. Despite the unfavorable market environment for corporate operations, Taiwan Sakura was able to maintain the record of revenue growth for 13 consecutive years, and the credit should be given to all employees and the results of the continuous operation of the three major strategic frameworks, namely "stable growth of existing businesses," "future layout of new businesses" and "core construction of sustainable development," in the recent years. In the face of rising operating costs and uncertainties in the consumer market in the future, the Company will respond to it with a more cautious attitude in operations.

For more financial information, please refer to the MOPS or the investors section of the official website ( <https://www.sakura.com.tw/company/finance> ).

Unit: NTD million

| Item  | 2019     | 2020     | 2021     | 2022     | 2023     |
|---|----------|----------|----------|----------|----------|
| Operating revenue                                     | 6,299    | 6,628    | 7,569    | 8,213    | 8,272    |
| Operating income                                      | 958      | 1,065    | 1,160    | 1,112    | 1,230    |
| Net income  | 889      | 893      | 1,008    | 1,009    | 1,069    |
| Net income margin                                     | 14.1%    | 13.5%    | 13.3%    | 12.3%    | 12.9%    |
| Net income attributable to shareholders of the parent | 889      | 893      | 1,010    | 1,019    | 1,072    |
| Earnings per share(NT\$)                              | NT\$4.06 | NT\$4.08 | NT\$4.62 | NT\$4.66 | NT\$4.90 |

## 2.2.1 Tax policy and governance

Taiwan Sakura upholds “ethical management” as its core value. The Board of Directors is the tax management and supervision unit, and the Company's Finance Department is the tax management unit, aiming to ensure honest tax return, information transparency, mutual trust, and prudent assessment on tax risks and impacts, pay taxes according to the local tax laws and regulations, contribute to the promotion of corporate innovation and sustainable economic and social development, and fulfill corporate social sustainable responsibilities. Income tax-related information of Sakura Taiwan in the past two years, and the tax policies and codes of conduct that Taiwan Sakura has adhered to are as follows:

| Information on Income Tax       | 2022  | 2023  |
|---------------------------------|-------|-------|
| Income before tax (A)           | 1,274 | 1,365 |
| Income tax expense (B)          | 264   | 296   |
| Effective tax rate (B)/(A)      | 20.7% | 21.7% |
| Income tax paid (C)             | 251   | 261   |
| Cash effective tax rate (C)/(A) | 19.7% | 19.1% |

### 1. Legal Compliance

We promise to comply with the tax laws and regulations applicable within each operating regions and international tax standards, calculate taxes correctly, and declare various taxes by the deadlines according to the law to fulfill our obligation as a taxpayer.

### 2. Information transparency

Disclose tax information to stakeholders through open channels to enhance information transparency.

### 3. Risk control

We establish a solid tax risk control framework and corporate culture. When making and implementing tax decisions, we should evaluate the optimization of the overall tax burden of the Company and the impact on the reputation, risk control and sustainable value of the global operations in various countries and also tax risks and appropriate strategies.

### 4. Economic substance

Adopt legal and transparent tax incentive policies, and avoid saving tax in the manner against the spirit of the law.

### 5. Ethical Communication

Establish mutual trust and honest communication with the tax authorities in each operating region, provide industry practical perspectives and professional insights, and help improve the tax environment and system.



## 2.3 Ethical Management and Legal Compliance

### 2.3.1 Ethical management

Taiwan Sakura upholds the core values including "ethical management," "forward-looking," "enthusiasm," "expertise," and "sharing," particularly "ethical management." In order to strengthen corporate governance and improve corporate risk control, we have formulated the "Ethical Corporate Management Best Practice Principles," "Corporate Governance Best Practice Principles," "Opportunity and Risk Management Regulations" and "Crisis Management Regulations," which were also passed by the Board of Directors, in order to establish a risk management mechanism featuring early identification, accurate measurement, effective supervision, and strict control, and prevent potential losses within the scope of risks acceptable by the Company. Subject to the changes in internal and external environments, we continue to adjust and improve the optimal risk management practices to protect the interests of employees, shareholders, partners, and customers, increase corporate value, and achieve the principle of optimal resource allocation to deepen ethical management and ethical values in the Company's business strategy.

#### 2.3.1.1 Establishment of policies and systems

"Honesty and integrity" are the most important core values in Taiwan Sakura Culture. The dedicated unit, the Business Planning Division, regularly reviews and revises the "Ethical Corporate Management Best Practice Principles," submits the same to the Audit Committee for approval, implements them upon the Board's approval, and report the implementation to the shareholders' meeting. The Human Resources Department is responsible for the formulation, distribution and implementation of ethical corporate management policies and preventive measures, and reporting to the Board of Directors once a year. Taiwan Sakura upholds consistent ethical standards in all business activities. We have also established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and the Shareholders' Meeting and posted the same on the Company's intranet. We strictly require every employee to implement the ethical management policy. Additionally, the code of business ethics refers to the core guide for Taiwan Sakura to practice its values. It not only requires all employees of the Company but also members of subsidiaries to follow the high ethical standards, protect the Company's goodwill, and take the important responsibility under laws and regulations. In addition to posting the "Ethical Corporate Management Best Practice Principles" and "Regulations Governing Management of Employees' Business Ethics" on the Company's internal website for employees to refer to at any time, the Company also disseminates the Company's core values to employees via various channels, such as education and training courses and emails. The Company also provides a variety of whistleblowing channels for unethical conducts, and violators are subject to strict disciplinary measures and legal action in a timely manner. Therefore, under the framework of the code of business ethics, Taiwan Sakura formulates relevant regulations governing the preparation of financial statements, insider trading, protection of intellectual property rights, protection of confidential information, protection of personal data, and preservation and destruction of documents. In order to ensure the accuracy, reliability, and timeliness of financial, management, and business information, internal audits are conducted in accordance with the annual audit plan approved by the Board of Directors, and the audit results and followup improvement plans are reported to the Board of Directors and the management to ensure the effectiveness of the audits.

#### 2.3.1.2 Commitment mechanism

By stipulating various management regulations that employees should follow, including the "Ethical Corporate Management Best Practice Principles," "Regulations Governing Management of Employees' Business Ethics," "Insider Trading Prevention Regulations," and "Regulations Governing Management of

Whistleblowing of Corruption and Protection System," we expect that all internal and external stakeholders may abide by the laws and work together for corporate sustainability. The Company's ethical management philosophy is publicly disclosed on the Company's website and in the employee NOTES section.

Declaration to the public: Before purchasing, Taiwan Sakura has to conduct relevant assessments on the trading counterparts to confirm whether they are qualified or not, and stipulate the penalties to be imposed for breach of contract in the contract. The Company also communicates the Company's ethical standards to customers through various customer audit activities from time to time, and exchanges related issues.

#### Internal Commitment:

The Company clearly communicates the benefits and systems that it has established over the years to every employee through the Company's internal website. All employees are required to abide by government regulations and the Company's established rules and procedures. The honesty and integrity are the most important core values between the Company's organizational executives and employees, and also the Company's highest code of ethical conduct (the Employee Code of Conduct and Ethics). The Company's "Regulations Governing Management of Employees' Business Ethics" specify the code of conduct that all employees shall abide by, which is specified as following:

1. Carry out all operations ethically and faithfully record all transactions.
2. When carrying out any mission, it is necessary to ensure the confidentiality of business information and maintain complete business and operational records to respect the business assets, intellectual property and personal data of the Company, customers and partners.
3. All employees are obliged to report any misconduct or suspected violation of the Code to the management, if any.
4. Each employee shall endeavor to treat the Company's customers, suppliers, competitors, and other employees fairly and impartially. No employee may manipulate, conceal or abuse proprietary information, misstate material facts, or engage in other unfair trade practices.
5. All the employees are prohibited from accepting or giving kickbacks or other illegitimate benefits to customers, suppliers, or other business-related personnel.
6. All employees are strictly prohibited from accepting any cash or other goods in disguised form, such as gift certificates, checks, shares or other negotiable securities.
7. All employees are prohibited from accepting entertainment and treatment.
8. All employees must sign the Employee Service Consent Form when they join the Company and promise to abide by the relevant ethical management regulations.

### 2.3.1.3 Education and training and implementation status thereof

Taiwan Sakura has included the "Ethical Corporate Management Best Practice Principles" as a compulsory course for the orientation training. Meanwhile, the Company also promotes ethical corporate management regulations throughout the Company via regular monthly meetings. The implementation status of the Company's Code of Conduct is as follows:

1. Orientation training: Taiwan Sakura organized four sessions of the orientation training in 2023, attended by a total of 110 trainees. The training aims to explicitly advise them of the Company's ethical management and regulatory requirements, enable them to understand Sakura's core values, "ethical management, forward-looking, enthusiasm, expertise, and sharing, and implant the ethical management DNA.
2. Promotion throughout the Company at monthly meetings: In 2023, the Company convened three ethical corporate management policy promotional monthly meetings, attended by a total of 396 participants, in order to promote the prohibition of unethical conduct, acceptance of bribe and unjustified enrichment and inappropriate gifts and hospitality, and whistleblowing channels, etc..
3. In 2023, we did not receive any reports on financial or accounting violations, nor were there any major violations (with fines exceeding NT\$1 million), or on the Audit Committee's whistleblowing system, employee complaint/whistleblowing system, or business ethics violation whistleblowing system.

2023.09.04



Internal Trainer - Ethical Corporate  
Management Best Practice Principles

**78 participants**

2023.09.05



Internal Trainer - Ethical Corporate  
Management Best Practice Principles

**112 participants**

2023.09.06



Internal Trainer - Ethical Corporate  
Management Best Practice Principles

**206 participants**



### 2.3.1.4 Whistleblowing mechanism

Taiwan Sakura's "Regulations Governing Management of Employees' Business Ethics" have established the whistleblowing channels exclusive for employees. Any violation of the ethical corporate management regulations may be reported to managers, chief internal auditors, or other supervisors. Upon receipt of the information from any whistleblower, the relevant personnel shall report the same to the Auditing Office. The Company may report violations of ethical management or fraud through the following grievance or whistleblowing methods and channels.

Email: t0509@sakura.com.tw

Tel. No.: (04)25666106 ext. 827

Head of HR Department: (04)25666106 ext. 665

### 2.3.1.5 Whistleblower protection mechanism

Taiwan Sakura has designated personnel dedicated to handling complaints or reports to ensure that whistleblowers are protected during the whistleblowing process and free from being penalized for whistleblowing.

### 2.3.1.6 Information disclosure

In the information disclosure section on Taiwan Sakura's website, there is a "Corporate Governance Section - Articles of Incorporation and Regulations" for inquiry and download of relevant regulations, including the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles" and "Regulations Governing Management of Employees' Business Ethics." The URL is <https://www.sakura.com.tw/Constitution>.



### 2.3.2 Legal compliance

Taiwan Sakura has always been committed to maximizing its stakeholders' interests. For legal compliance, the Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations related to TWSE/TPEX listing, or other laws and regulations related to commercial activities, in order to deepen the corporate culture for integrity and respect. Taiwan Sakura did not suffer any monetary losses caused by legal proceedings related to any acts on anti-competitive behaviors in that year.

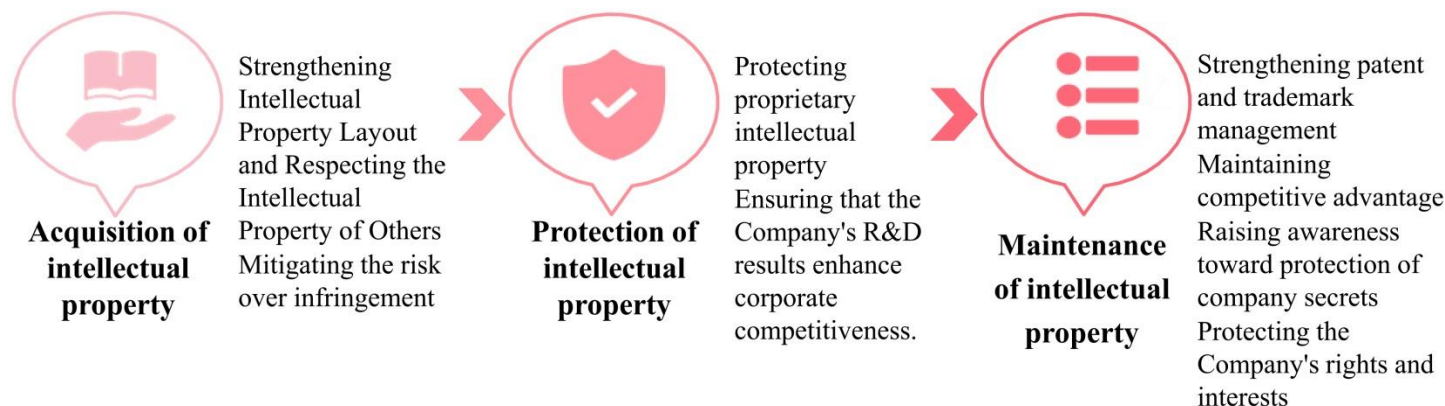
#### Compliance Management System



## 2.4 Intellectual Property Management System

Taiwan Sakura adheres to the business philosophy of "innovation, quality, and service", values the needs of consumers, and is committed to creating various customer services. In order to protect the achievements of advanced R&D technology, maintain the power of innovation, optimize the competitive advantage, increase corporate profits, achieve operational goals, and ensure the sustainable operation of the Company, protect own rights and interests, avoid infringing upon another person's rights, and enable all personnel of the Company to manage intellectual property based on correct understanding and emphasis on R&D innovation, we formulate the intellectual property management plan that combines the Company's operational goals and R&D resources. The intellectual property management plan and implementation status thereof were reported to the Board of Directors on November 8, 2023 <sup>(Note 1)</sup>.

### Intellectual Property Management Strategy



### Intellectual Property Management System

| Trademark Management  | Patent management  | Trade Secrets  |
|---|--|--|
| The "Trademark Management Regulations" have been formulated to regulate the application, extension, maintenance, protection, authorization, and related procedures of the Company's domestic and foreign trademarks, and the "Brand Management Regulations" have been formulated to regulate the use of trademarks. | Formulate the "Patent Management Regulations" through incentive measures and incentives for the R&D department to cultivate talents, explore ideas, and build the foundation for technology accumulation and sustainable development. Meanwhile, the Research & Development Center continues to monitor the development of competing products, including the monitoring of patents of peers in the same trade, and collection and analysis of new products of peers in the same trade. | The importance of protecting the Company's trade secrets and information security is promoted to colleagues through internal announcements or monthly meetings from time to time to raise their awareness toward protection of the Company's confidential information. |

Note 1: Please refer to the Intellectual Property Management Plan section on the official website of Taiwan Sakura for details.

## Implementation status of intellectual property management

1. Since 2004, the intellectual property management system has been gradually implemented, and refined and revised from time to time as applicable. The implementation status is as follows:

### A. Regulations & Systems - Trademark

- Since 2013, all subsidiaries and business divisions have successively formulated brand management regulations to implement logo management and make consumers have a consistent impression about the Company and the brand at all contact points.
- Since 2014, the Trademark Management Regulations have been formulated for trademark management affairs.

### B. Regulations & Systems - Patents

- Since 2004, in order to protect and manage R&D achievements, the patent award regulations have been formulated, which were officially changed to the Patent Administration Regulations in 2012.

### C. Regulations & Systems - Business Secrets

- The Employee Ethical Management and Assurance Management Regulations have been formulated since 2006.
- The Code of Business Ethics was established in 2008 and officially changed to the Regulations Governing Management of Employees' Business Ethics in 2015.
- The Regulations for the Protection of Drawings and Confidentiality of Technical Documents were formulated in 2005, which were officially changed to the Specifications for Protection of Drawings and Confidentiality of Technical Documents in 2010.

### D. Promotion and Training

- The Company promotes the protection of the Company's business secrets and information security to colleagues through internal announcements or monthly meetings from time to time.
- Patent-related education and training is organized from time to time.

## Achievements of intellectual property obtained by Taiwan Sakura and its subsidiaries (Note 2)

### Trademark layout achievements

There are a total of 208 valid trademarks in Taiwan.

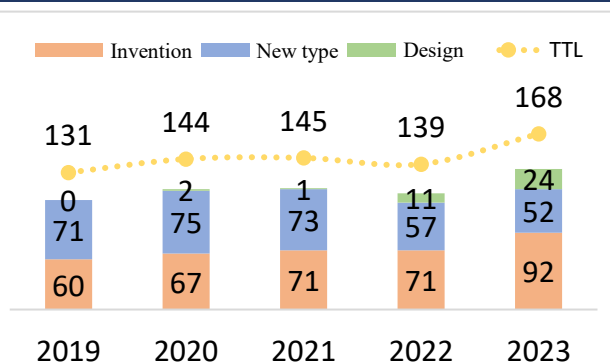
A total of 98 valid foreign trademarks

1. China: 22 cases

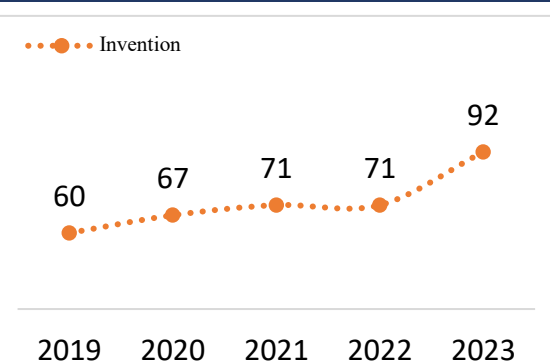
2. Other countries/regions: 76 cases

### Patent layout achievements

#### Number of valid patents



#### Number of valid invention patents



In 2023, 31 applications for new patents were filed, and 10 patents were approved.

Note 2: The statistical data are available until December 2023.



## 2.5 Risk Management and Internal Control Mechanism

Taiwan Sakura's Board of Directors is the highest decision-making unit for risk management. It is responsible for approving the Company's risk management policy and structure and supervising the effective operation of the mechanism. It adopts an integrated corporate risk management framework and preventive measures for the risks faced during the operation process. It has also formulated the “Opportunity and Risk Management Regulations” to practice the risk management. Furthermore, the scope of risk management includes business management risks, market risks, financial risks, operational risks, information risks, emerging risks, ESG and climate risks, etc. We also pay attention to the changes in the global environment and the industry in order to respond to, effectively manage and mitigate the impact posed by risks at any time.

Based on the principle of mitigation of losses caused by risks, Taiwan Sakura regularly identifies, evaluates, handles, and monitors potential risks that may affect the Company's achievement of goals, and regularly tracks and incorporates them into the routine operations of each unit. The Company has established a sound internal control system in accordance with the relevant laws and regulations and implemented it effectively. Meanwhile, the Company has also conducted appropriate risk assessments on major correspondent banks, customers and suppliers to mitigate credit risks. The risk operation has also integrated the implemented ISO 9001, ISO 14001, ISO 45001 and other management systems, and through annual internal audits and external audits of each system, the existing or potential risks of each operation are rechecked to confirm the effectiveness of risk management and control measures and to formulate the annual risk-oriented audit plan.

### 2.5.1 Systemic risk management measures


Taiwan Sakura has always been committed to maximizing of the interests of shareholders and employees, and complies with the relevant regulations of listing on the TWSE/TPEX list or other laws and regulations related to commercial activities, such as the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act and Act on Recusal of Public Servants Due to Conflicts of Interest. In addition to deepening the corporate culture of ethical management, the Company also adopts correspondent management measures with respect to identified systemic risks, such as finance and accounting, management, legal affairs, audits, human resources, emerging risks, ESG and climate risks, etc., and also formulates the Opportunity and Risk Management Regulations. The Company did not suffer from any major risk events this year.

| Risk Category       | Corresponding management practices  |
|---------------------|---|
| Funds               | <ol style="list-style-type: none"> <li>1. Regularly take an inventory of cash and marketable securities, track abnormalities, increase capital income, increase profitability, and prevent corporate assets from shrinking due to external crises.</li> <li>2. The level of authority is granted according to the relevant SOPs. Payment is made through electronic banking after encryption in the ERP system to enhance the payment security.</li> <li>3. Regularly review the optimal cash and capital structure, and carry out capital planning to achieve the optimal cash scale.</li> </ol> |
| Currency exchange   | <ol style="list-style-type: none"> <li>1. Monitor foreign currency positions, revenue achievement rate and changes in inventory a daily basis.</li> <li>2. Create foreign exchange position forecasts for hedging.</li> <li>3. Monitor the net amount of foreign currency assets offset against liabilities to mitigate operational risks caused by fluctuations in foreign exchange rate.</li> </ol>   |
| Property            | <ol style="list-style-type: none"> <li>1. The Company shall purchase appropriate insurance for its property and pass on the risk to the insurance company.</li> <li>2. For property risk, cargo transportation, product liability and other risk controls, risk courses are organized regularly to ensure that the relevant departments and factories are fully aware of the sources of risks and eliminate risks as soon as possible to reduce possible losses.</li> <li>3. Conduct regular surveys on cargo transportation, product liability and safety at the factory premises.</li> </ol>    |
| Credit              | <ol style="list-style-type: none"> <li>1. Conduct credit investigation on customers, understand the characteristics of customer industries, and implement credit rating management.</li> <li>2. Regularly review customer credit lines and payment terms, reduce risk exposure, and optimize payment schedule.</li> <li>3. Regularly organize credit risk education and training courses to strengthen the risk management awareness toward sales colleagues.</li> </ol>  |
| Business management | Assist the operating units in planning long-term and annual goals according to the Group's overall development strategy, and build an internal business management information system to help the management effectively verify the key factors and possible risks affecting business performance, and to perform appropriate resource allocation and control to optimize the overall business results of the Group.  |
| Legal affairs       | Through the contract review process, we identify contractual risks and propose control measures; provide legal advice and handling suggestions on matters, such as internal systems, legal compliance, disputes, mergers and acquisitions, and intellectual property management, in order to mitigate the Company's overall legal risks.  |

| Risk Category         | Corresponding management practices  |
|-----------------------|---|
| Audit                 | Formulate and execute the annual audit plan based on the risk assessment results, assess the effectiveness of the design and implementation of the internal control system, and assist the risk management organization and operating units to design the risk management-based control operations.   |
| Human Resources       | Responsible for human resource management and development, planning and implementation of human resource policies, regular inventory and inspection of manpower, planning and implementation of employee education, training and development plans, design of competitive compensation and employee welfare measures, and comprehensive training and talent development plans and employees' personal data protection and control, in order to mitigate various human resources risks that may cause harm to the Company. |
| Information           | Ensure the Company's information system security, implement network and system information security control and protection measures, formulate relevant regulations and systems, and apply the enactment of technology and data security standards to protect the privacy protection and information security during the business contacts with suppliers and customers, improve the quality of decision-making, and also mitigate the Company's operational and information security risks.                              |
| Emerging              | As the global financial and operating environment becomes increasingly complicated, and various issues, such as technological development and population aging, are increasing and their occurrence probability is rising, the Company regularly identifies and measures the material risks to be faced by it in next 3-5 years, and plans risk response and control methods.   |
| ESG and climate risks | In order to implement the Sustainable Development Best Practice Principles and respond to the possible significant impact of extreme weather on business development, we have verified relevant ESG risks based on internal and external information and formulated supporting policies on a rolling basis. Meanwhile, we follow the TCFD framework to evaluate the financial impact posed by the climate change on the Company.  |

## 2.5.2 Robust risk management culture

Taiwan Sakura builds the risk awareness and culture through diverse mechanisms to help colleagues have risk awareness and implement it in routine operations, in order to ensure continuous and stable operations. The systemic risk management is carried out under the Plan → Do → Check → Action (PDCA) framework, in the following manners primarily:

| Mechanism  | Implementation Method  |  |  |
|--|--|--|--|
| Risk Management Framework                                      | <div> <p><b>1. Risk identification</b><br/>All units shall continue to monitor changes in the internal and external environments and consider the impact on stakeholders to identify sources and issues of the risk.</p> <p><b>4. Supervision and review</b><br/>Each unit shall establish risk monitoring procedures, continuously observe and submit risk monitoring reports periodically for review and improvement.</p> </div> <div>  <p>Risk Management Process and Operations</p> </div> <div> <p><b>2. Risk analysis</b><br/>The identified risks are analyzed in terms of threat, possibility of occurrence and impact. Evaluate and prioritize risks based on the business nature, scale, complexity, and opportunity cost of risks based on the analysis results.</p> <p><b>3. Risk management</b><br/>Each unit shall take appropriate countermeasures and control actions based on the risk assessment results and priority order to control and eliminate risks in the most appropriate manner.</p> </div> |  |  |
| Lines of defense for risk management                           | In order to implement risk management and internal control, the following three lines of defense will apply:   |  |  |
|  | the first line of defense  | the second line of defense   | the third line of defense  |
|  | Business operation and management unit   | Risk Management, Compliance, and Information Security Units                          | Audit unit   |
|  | Identify and manage its business risks to ensure effective control over and timely response to operational risks.  | Establish risk system planning, and conduct risk assessment, advice, and management. | Check the compliance and implementation of the internal control process of each unit, and track the subsequent improvement of each unit. |
| Internal self-assessment                                       | Each unit is required to conduct a risk self-assessment and self-inspection on a regular basis to identify potential risks and confirm that all businesses are carried out in compliance with the relevant systems.  |  |  |
| Education, training and promotion                              | <p>1. The Company provides education training or courses on diversified risks subject to the attributes of the Company's business. The Board of Directors and management are required to attend courses on corporate governance or risk management. Meanwhile, all employees are required to attend the general education courses on risk management. In 2023, a total of 2 risk management promotion courses were organized, with an attendance rate of nearly 100%.</p> <p>2. The topics, including but not limited to, legal compliance, risk management, information security and audit, are shared through monthly meetings with all employees.</p>   |  |  |
| Evaluation on the effectiveness of the internal control system | The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including control measures for sales, procurement, production, personnel, finance, information security and legal compliance, etc.), and supervises the operation of the Company's internal audit unit and reviews the internal control evaluation results. The Audit Committee believes that the Company's internal control system should be effective.  |  |  |



### 2.5.3 Internal control system and audit system

- The internal audit unit of Taiwan Sakura is an independent unit directly subordinated to the Board of Directors. In addition to reporting to the Board of Directors, it also immediately reports to the Audit Committee and Chairman of the Board, when necessary, in order to implement the spirit of corporate governance.
- The Enforcement Rules of Internal Audit of Taiwan Sakura expressly state the internal control over internal audit and review on the Company's operating procedures, and report on whether the design of such control and routine practical operations are appropriate to achieve the purpose of the internal control system, the scope of the internal control system and audit includes the Company's all operations and subsidiaries.
- The audit is conducted primarily according to the audit plan approved by the Board of Directors. The audit plan is formulated based on the identified risks. Meanwhile, project audits or reviews are conducted as necessary. Combine said general audits and project audits, provide the operation status of the internal control function of the management, and also enable the management to verify the existing or potential defects in the internal control in a timely manner. The internal audit unit issues a written audit report and follow-up report after implementing the audit plan, and submits it to the Audit Committee for review.
- The internal auditors review the self-assessment on the internal control system performed by each unit, including checking whether or not the operation is implemented and reviewing documents to ensure the quality of implementation and conclude the self-assessment results which, together with the improvement of defects in internal control and abnormalities, serve as the basis for recommending the Board of Directors to issue the Statement of Internal Control.
- Taiwan Sakura's internal audit unit is assigned one internal audit officer and an appropriate number of full-time internal auditors to perform internal audit work independently, objectively and impartially. The eligibility requirements of internal auditors comply with the regulations of the competent authority. Meanwhile, the internal auditors attend continuing education programs every year to improve their audit quality and capability.

## 2.6 Information Security

Taiwan Sakura regards customers' personal information as one of the most important assets among its most important service customers. The information security targets include employees, customers, suppliers and shareholders, as well as operation-related information software and hardware. Meanwhile, the scope thereof ensures the Company's information system security, execution of network and system information security control and protection measures, formulation of internal information security management policies and plans, and promotion and implementation of information security policies, and regular inspection and review of the implementation of internal information security. Upon discovery of any defects, the Company will Immediately require the inspected unit to propose relevant improvement plans and specific actions, and the improvement results will be regularly tracked to mitigate internal information security risks and also protect the privacy and information security maintenance of employees, suppliers and customers during business contacts, improve the quality of decision-making and mitigate the Company's operational and information security risks.

By establishing a comprehensive information security management strategy, Taiwan Sakura has launched corresponding measures to maintain a customer data maintenance rate of 100% in 2023, and the access to data is limited to the departments dedicated to customer services. In 2023, there were no internal or external information security incidents. In response to the increasingly rampant attacks and intrusions around the world, Taiwan Sakura has made various information security adjustments and optimizations with respect to the systems that are open to the outside world. We upgrade the passive man-made defense to intelligent active joint defense. As a result, the external attacks to the system for more than 3,000 times averagely each month were further reduced to more than 1,000 times each month, and the MDR service is implemented to cope with unknown attacks that anti-virus software cannot defend against.

Taiwan Sakura's Information Security Strategy Implementation Framework:

1. Organizational operation model: Adopt PDCA (Plan-Do-Check-Act) circular management to ensure the achievement of reliability goals and continuous improvement.
2. Digital Application Department: The department responsible for information security of the Company. The Department appoints one supervisor and several professional IT personnel responsible for formulating internal information security management policies, and planning and executing information security operations, and promotion and implementation of information security policies.
3. Auditing Office: The unit supervising the Company's information security. The Office appoints one internal audit office and several dedicated internal auditors to supervise the implementation of internal information security and regularly report the Company's information security inspection to the Audit Committee. Upon discovery of any defects, it will Immediately require the inspected unit to propose relevant improvement plans and specific actions, and the improvement results will be regularly tracked to mitigate internal information security risks.

## 2.6.1 Information security policy

| Taiwan Sakura's Information Security Strategy Implementation Framework: |   |   |   |                                 |
|---|---|---|---|---------------------------------|
| Education, training and promotion                                       | Enterprise network layer                | USB device management and scanning                                | Anti-virus/anti-hack mechanism                                    | Information security monitoring |
|   |   | Enhancement of external networks at all levels<br>Network control | Logs and Audit Mechanism  |                                 |
|   | Control and management                  | Information security defense software                             | Operating system control and execution<br>Program whitelist       |                                 |
|   |   | Software/firmware security update mechanism                       | Program Code and Configuration Files<br>Regular backup            |                                 |
|   | Other information security requirements | Application Information Security Regulations                      | Standards for impact on monitoring system<br>information security |                                 |
|   |   | Sensitive data management   | Establish a cryptography library mechanism                        |                                 |

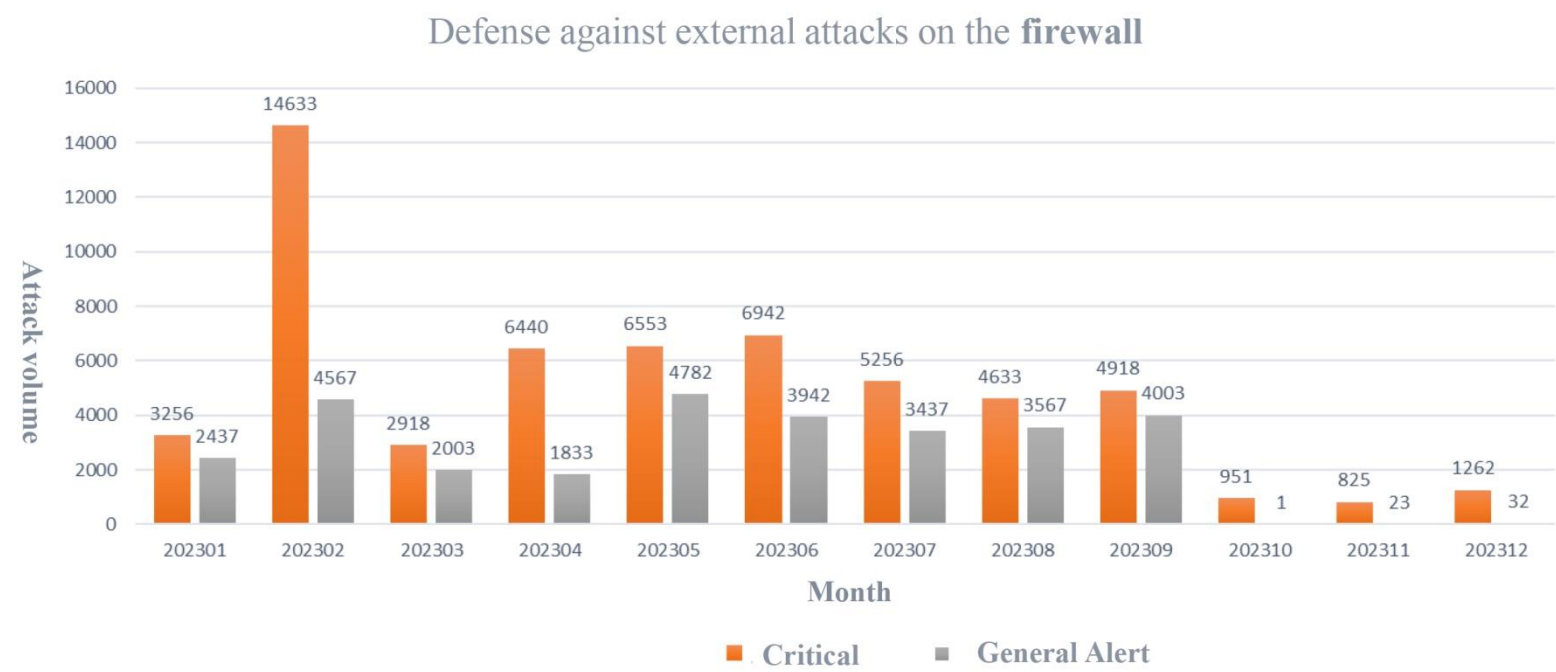
## 2.6.2 Information security education and training

Taiwan Sakura's employees and officers receive online information security courses and tests every year, and information security training courses different in nature are planned for different roles and functional personnel from time to time. The implementation status of Taiwan Sakura's information security education and training in 2023 is specified as following:

| Date  | Course name   | Hours | Number of Participants |
|-------|---|-------|------------------------|
| 04.07 | Orientation Training_Access to the Company Information and Information Security Promotion | 1     | 24                     |
| 07.20 | Orientation Training_Access to the Company Information and Information Security Promotion | 1     | 11                     |
| 11.01 | Information security promotion  | 1     | 390                    |
| 12.20 | Orientation Training_Access to the Company Information and Information Security Promotion | 1     | 25                     |

2.6.3 Major cybersecurity incidents

With the rapid advancement of technology, information security protection has become increasingly important. However, Taiwan Sakura has a complete information security strategy execution framework and has been effectively implementing information security policies for a long time. In September 2023, it implemented the joint defense system to integrate firewalls for the joint defense to block the IP addresses of attacks automatically. Accordingly, the number of attacks has been greatly reduced. In the most recent year and up to the date of publication of the annual report, there were no major information security incidents or related losses. The external information security risks of Taiwan Sakura in 2023 is specified as following:





## 2.7 Sustainable Supply Chain

### 2.7.1 Supply chain management policy

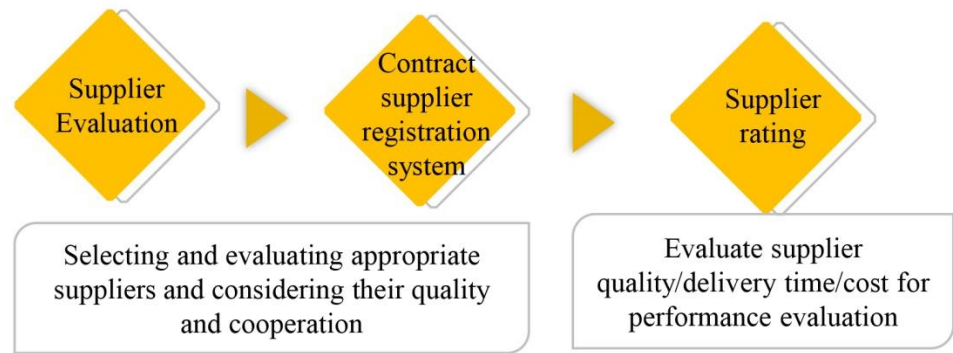
Taiwan Sakura encourages and urges its suppliers to fulfill corporate social responsibility jointly. Suppliers are important partners during the continuous growth of Taiwan Sakura. Therefore, fulfilling the supply chain management, including compliance with national or local environmental laws and regulations, emphasis on labors' human rights, and improvement of the workplace environment, provision of adequate and good employment environment, prohibition of conflict minerals in products and raw materials, and strict compliance with business ethics and ethical management, etc., is helpful for Taiwan Sakura to mitigate operational risks and ensure suppliers' stability and improvement of quality, cost, delivery time, service (degree of cooperation), environmental protection, occupational safety and health, production and ESG, etc., to jointly create added value to maintain the relationship between the supply chain and customers, and work together to achieve a sustainable supply chain system and positive development.

### 2.7.2 Supply Chain Development Strategy

Taiwan Sakura adheres to the principle of prudence, fairness and openness in procurement, pro-actively develops high-quality suppliers, second-source suppliers, processing and contractors, etc. and conducts investigations and evaluations in accordance with the relevant evaluation methods under the Taiwan Sakura's "Supplier Management Regulations." We have established a supplier hierarchical management mechanism to ensure the stability of the supply chain. In the event of a major incident with a supplier, Taiwan Sakura will immediately re-open the investigation and evaluation. Furthermore, in response to international trends and industry developments, Taiwan Sakura follows the six major management strategies and four major principles of supply chain to strengthen the supply chain risk management.

### 2.7.3 Supply Chain Sustainable Management Mechanism

Taiwan Sakura has established the "Supplier Management Regulations," "Procurement Management Regulations" and "Procurement Safety and Health Assessment Management Regulations" to regularly evaluate suppliers' quality, cost, delivery time, service (degree of cooperation), environmental protection and occupational safety and health. The assessment results are divided into three levels: A, B and C. According to the different levels, we require suppliers to take corresponding improvement measures or determine whether or not the replaced suppliers shall be included.



Taiwan Sakura values the sustainable operations of suppliers, and focuses on the requirements of suppliers in three aspects: environmental, social, and corporate governance. Therefore, in Q3 2023, a total of 255 suppliers were included in the reinsurance spare parts and indicative transactions. The ESG assessment survey was performed against suppliers in the form of questionnaires, and suppliers are divided according to their nature, operations, and governance measures, in order to enable any suppliers expected to work with Taiwan Sakura to implement the sustainable operation of supply chain and sustainability of operations. Meanwhile, Taiwan Sakura also includes the ESG dimension as one of the supplier evaluation indicators, which are divided into "Environmental Management," "Greenhouse Gas Emissions," "Social Participation/Labor Rights" and "Corporate Governance" to build a sustainable supply chain ecosystem.

In 2023, Taiwan Sakura has a total of 255 major suppliers working with it steadily, including raw materials and suppliers, manufacturing processes and processing, etc. The difference in the performance of key supply chain assessments in the past two years results from the inclusion of the ESG dimensions. The audits conducted by the Company on suppliers accounted for 95.50% in the current year.

| Major suppliers working with us stably in 2023 |                     | Results of critical supply chain assessments in the past two years |  | 2022 <sup>(Note 1)</sup> |      | 2023 <sup>(Note 2)</sup> |      |
|--|---------------------|--|--|--------------------------|------|--------------------------|------|
| Classification                                 | Number of suppliers |  |  | Number of suppliers      | %    | Number of suppliers      | %    |
| General  | 156                 | A  | Shortened usance of payment for suppliers on the preferred procurement list  | 187                      | 75%  | 80                       | 31%  |
| Reinsurance                                    | 73                  | B  | Continue to follow up and observe, request suppliers to improve and provide counseling about upgrade to Grade A                          | 64                       | 25%  | 166                      | 65%  |
| Services                                       | 26                  | C  | Suppliers which fail to make improvement within three months upon receipt of the counseling shall be included into the replacement list. | -                        | -    | 9                        | 4%   |
| Total  | 255                 | TTL  |  | 251                      | 100% | 255                      | 100% |

Note 1: In Q4 2022, the Company had 261 suppliers, dividend into the general, reinsurance and service suppliers. Among the other things, 10 suppliers who didn't deliver goods in the current quarter were excluded from the assessment.

Note 2: In Q4 2023, the Company had 267 suppliers, dividend into the general, reinsurance and service suppliers. Among the other things, 12 suppliers who didn't deliver goods in the current quarter were excluded from the assessment.

## 2.7.4 Supply chain management objectives and implementation progress

|                   |  |  |  |                   |  |
|-------------------|--|--|--|-------------------|--|
| <b>2023 Goals</b> | (1) The general and reinsurance supplier evaluation indicators include the ESG dimension.<br>(2) Questionnaire for ESG dimension of the general and reinsurance suppliers. | <b>Implementation progress in 2023</b> | (1) Amend the Company's "Supplier Management Regulations" and officially include it as one of the evaluation indicators.<br>(2) A total of 229 suppliers were included in the ESG dimension evaluation <sup>(Note 1)</sup> . | <b>2024 Goals</b> | Continue to optimize the supply chain management mechanism |
|-------------------|--|--|--|-------------------|--|

## 2.7.5 Types and exchange of supply chain

According to Taiwan Sakura's "Internal and External Communication Management Regulations," procurement and related units shall request suppliers, subcontractors and contractors (such as waste disposal service suppliers, environmental safety and health testing companies, and mechanical equipment safety inspection companies, etc.) to comply with related regulations and obligatory requirements (e.g., provision of material safety data sheets, permits, and personnel qualification certificates, in the case of chemicals) and satisfy the Company's environmental safety and health management requirements (e.g., safety and health management regulations and product environmental protection specifications), as the basis for procurement of products or acceptance of service certification. Where the supplier violates any policies and thereby pose certain impact on the environment and society, the Company may rescind or terminate the contract at any time.

| Main products     | Name of main raw materials  | Primary source           | Status of supply |
|-------------------|---|--------------------------|------------------|
| Water heater      | Water tank, exhaust pipe, switch and burner, etc.                                   | Taiwan and China         | Good             |
| Kitchen equipment | Steel plates, motors, fan blades and machine plates, etc.                           |                          |                  |
| Kitchen Solution  | Stone materials, plate materials, aluminum materials and hardware accessories, etc. | Taiwan, China and Europe |                  |

Note 1: The ESG dimension evaluation is conducted against the general and reinsurance suppliers as the first priority.





Environmental Protection and  
Green Sustainability

CHAPTER 3

3.1\_\_Climate Strategy

3.2\_\_Environmental and Energy  
Management

3.3\_\_Water Resource Management

3.4\_\_Circular Economy and Waste  
Management

3.5 \_\_Sustainable Products

3.6 \_\_Environmental Sustainability  
Culture Sprout



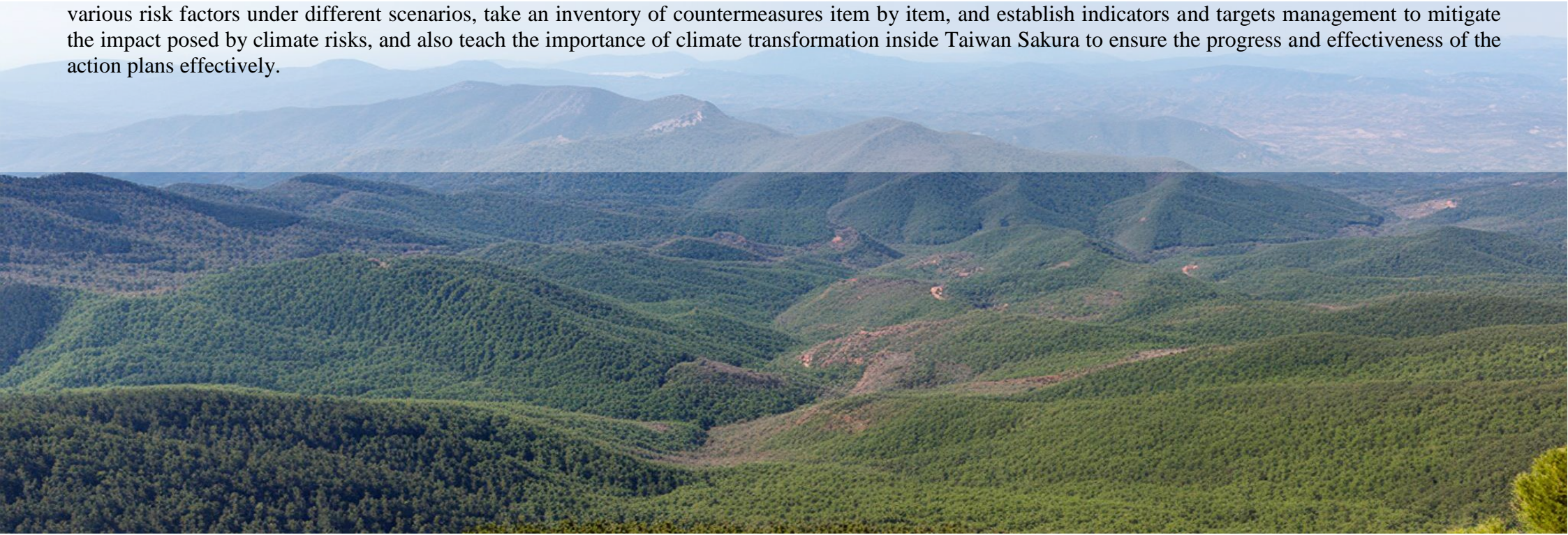
## 3.1 Climate Strategy

As the global warming has increasingly impacted the global economy, climate change has become a global risk. Considering that the extreme climate change has become a major strategic issue at the national development level, and countries around the world have also adopted response strategies and actions, committing to move towards net zero by 2050, in response to the global trend of net zero.

With home life as its core value, Taiwan Sakura offers consumers with diversified brand options, ranging from single products to house space planning and design, to fully meet the needs of various families, in order to achieve the mission of "Creator of Wonderful Home Life." From single products to whole-house space planning and design, we can fully meet the needs of various families, covering kitchen and bathroom appliances and kitchen solution and home design. As the citizens of the Earth and leaders in the kitchen and bathroom appliance industry, Taiwan Sakura is obligated to reduce greenhouse gas emissions proactively, mitigate the impact posed by climate change, continue to provide products and services with positive benefits to the environment and society, play a key role in promoting low-carbon transformation of enterprises, and also arouse the public awareness toward climate change.

### 3.1.1 TCFD climate strategy and climate-related financial disclosures

Taiwan Sakura proactively implemented the TCFD (Task Force on Climate-Related Financial Disclosures) framework in 2022, in order to release the TCFD Recommendations on Financial Disclosures (TCFD Recommendations) chapter in the ESG report of Taiwan Sakura, implement climate risk management in four aspects, including "governance," "strategy," "risk management" and "indicators and targets," formulate strategies and actions in response to climate change, assess the risks and opportunities with potential material impact on climate of the value chain, evaluate the financial impact path and impact scale for various risk factors under different scenarios, take an inventory of countermeasures item by item, and establish indicators and targets management to mitigate the impact posed by climate risks, and also teach the importance of climate transformation inside Taiwan Sakura to ensure the progress and effectiveness of the action plans effectively.



3.1.1.1 Governance

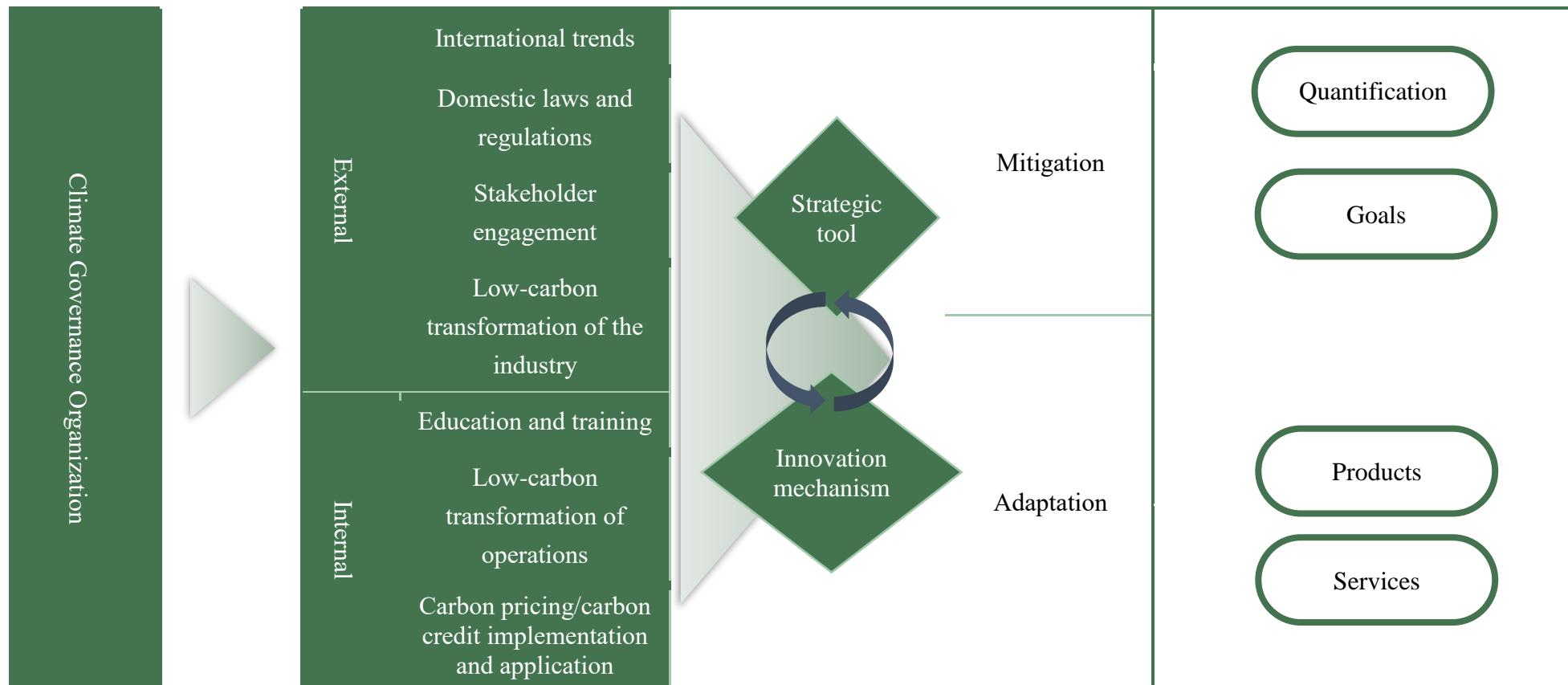
| Item                                  | Direction of implementation  |
|---------------------------------------|--|
| Supervision by the Board of Directors | The Board of Directors is the highest-level ESG and climate risk and opportunity organization within Taiwan Sakura to supervise the management of ESG and climate change risks and opportunities of Taiwan Sakura in practice. Meanwhile, the "Business Planning Division" regularly reports the progress of ESG practices and climate risks and opportunities to the Board of Directors.  |
| Management Responsibilities           | The Business Planning Division formulates Taiwan Sakura's short-, mid- and long-term sustainable development goals and is responsible for integrating the Company's cross-departmental resources, identifying ESG and climate issues relevant to the Company's operations, formulating corresponding strategies, tracking the status of goal achievement, and regularly reporting ESG to Taiwan Sakura's Board of Directors. The Board of Directors oversees the Company's sustainability management strategies and practices. |





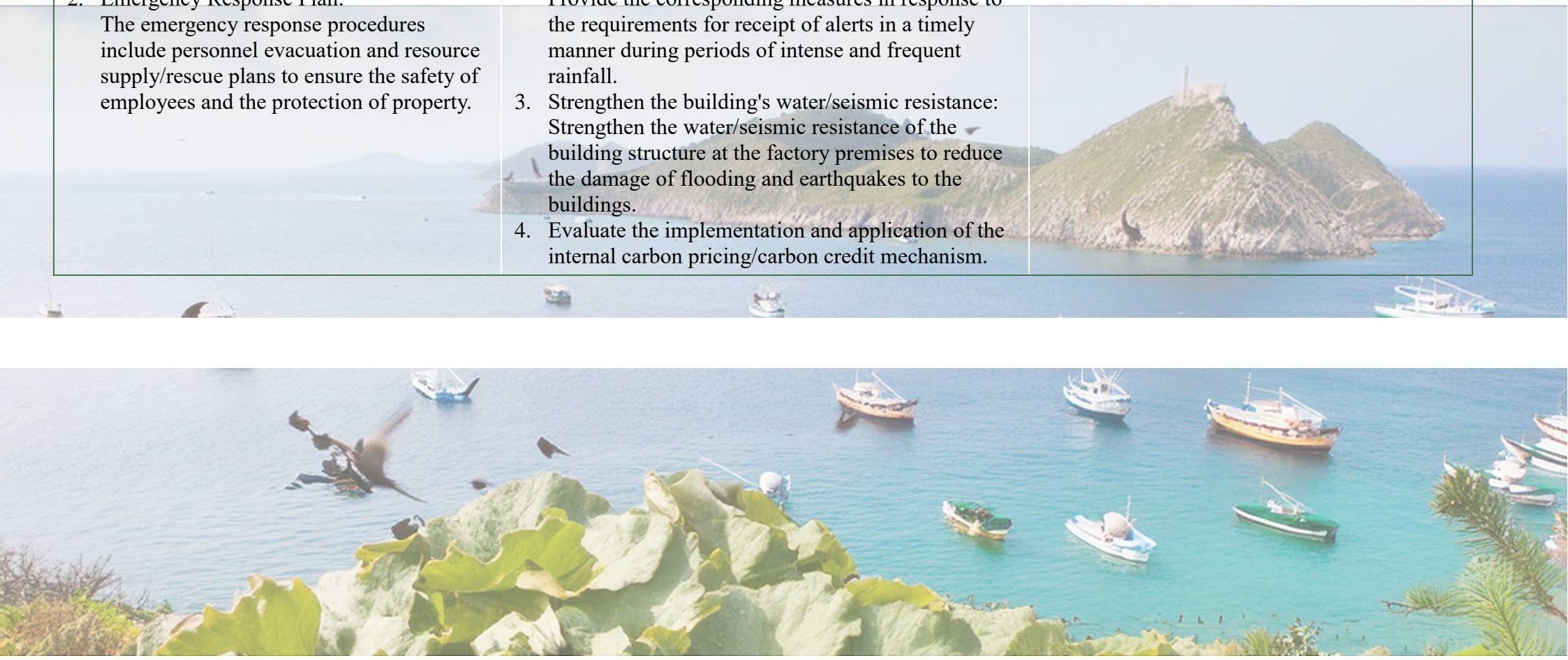
### 3.1.1.2 Strategy

As the challenge of climate change becomes more and more severe, countries around the world are accelerating various adaptation and mitigation measures. By virtue of the sound climate governance and organization, Taiwan Sakura is committed to mitigating the impact posed on its own operations based on the rolling energy-saving and carbon reduction plans and measures. Meanwhile, we set forth the climate-related performance indicators, proactively take concrete actions to fulfill our sustainability commitments, and boost the industry's low-carbon transformation. Analyze climate-related risks and opportunities for corporate operations in accordance with the latest laws and regulations at home and abroad, scenario analysis and strategies, gradually connect to "supply chain carbon reduction," provide customers/consumers with "eco-friendly and low-carbon products and services" to cope with climate change, increase the resilience in dealing with climate risks and move toward the path of net zero transformation.



Under the supervision and empowerment of the Taiwan Sakura Climate Governance Organization, after formulating strategies, we applied the rolling development, amendment and adjustment measures to respond to potential climate scenario resiliently. For the term of goals set by the Business Planning Division, the short-term refers to 3 years, the mid-term 5-10 years and the long-term more than 10 years. Meanwhile, with reference to the possible practices of the industry, government and academia sectors and by combining our own strategic and operational needs, we are advised to plan an adaptation and mitigation plan suitable for the physical risks which Taiwan Sakura face.

| Short-term (1-3 years)  | Mid-term (4-10 years)  | Long-term (10 years ▲)  |
|---|--|---|
| <ol style="list-style-type: none"> <li>1. View on a rolling basis:<br/>Conduct climate (disaster) change physical/transition risk assessments for self-owned operating assets to achieve the risk management goals.</li> <li>2. Emergency Response Plan:<br/>The emergency response procedures include personnel evacuation and resource supply/rescue plans to ensure the safety of employees and the protection of property.</li> </ol> | <ol style="list-style-type: none"> <li>1. Analyze the transition risks of climate (disaster) change according to the IEA's Energy Transition and Carbon Reduction Pathway to set mid-term goals.</li> <li>2. Establish a risk warning system:<br/>Provide the corresponding measures in response to the requirements for receipt of alerts in a timely manner during periods of intense and frequent rainfall.</li> <li>3. Strengthen the building's water/seismic resistance:<br/>Strengthen the water/seismic resistance of the building structure at the factory premises to reduce the damage of flooding and earthquakes to the buildings.</li> <li>4. Evaluate the implementation and application of the internal carbon pricing/carbon credit mechanism.</li> </ol> | <p>In response to international trends and the Taiwan government's goal, we set the goal aiming to achieve net zero carbon emissions by 2050.</p> |





### 3.1.1.3 Risk management

Taiwan Sakura has integrated the identification of risks and opportunities for climate issues with the ISO process to effectively integrate the management mechanism. Through regular internal and external environmental issues, management procedures, such as risk identification, assessment, control, supervision, and communication, are carried out to clearly understand the scope of climate change risks. Each department of Taiwan Sakura reviews and evaluates the relevance and risk level of each issue and the Company's operational risks. The assessment method refers to the TCFD framework for risk scenario analysis, which is divided into transitional risks and physical risks, and analyzes the impact posed by policies and regulations, technology, markets, goodwill, and acute and chronic climate events.

#### Climate Risk Identification and Assessment Process

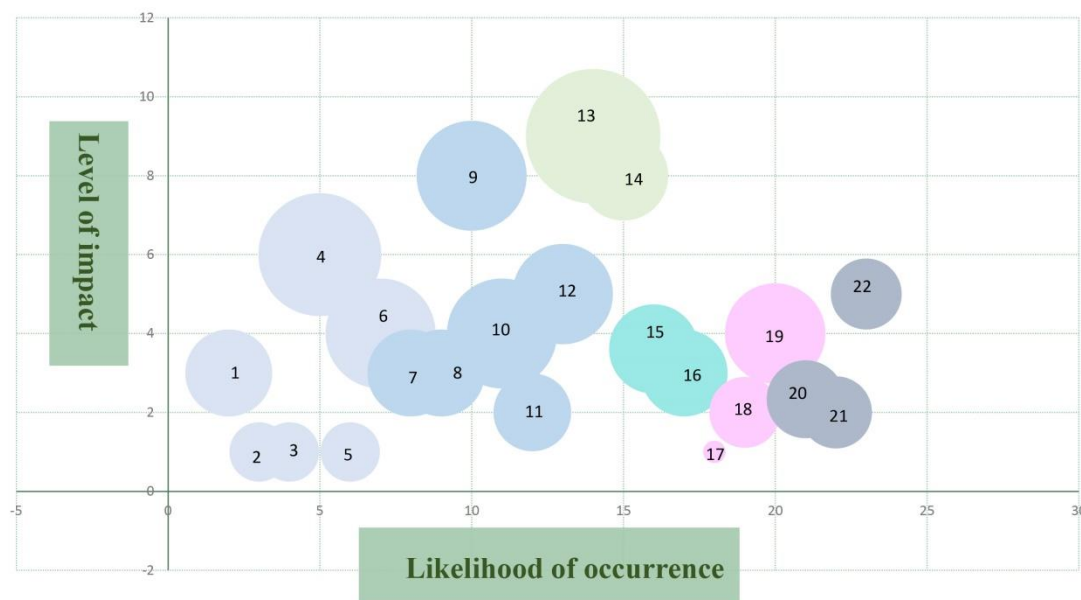
| Risk identification  | Risk assessment   | Risk response   |
|--|---|---|
| Transitional risks, such as policies and regulations, technology, market, goodwill, as well as immediate and long-term physical risks. | Based on the likelihood, impact level, financial impact level, risk readiness and risk management in principle.                     | <ol style="list-style-type: none"> <li>1. Prioritize the climate risk items of high concern based on the comprehensive risk assessment score, and formulate a corresponding management plan.</li> <li>2. Continuously and on a rolling basis clarify the management and response measures for different climate risk types and response levels, and establish SOPs when appropriate.</li> </ol> |
| Types of climate-related risks covered   | Current physical/transitional risks related to policies and regulations, technology, market, goodwill, and immediate and long-term. |   |
| Scope of value chain covered   | Upstream, own operations, downstream, or customers/consumers.   |   |



## Significant Risk Management

In the event of a major risk event determined by Taiwan Sakura, a corresponding management plan or solution must be discussed to reduce the extended losses derived from the risk. Taiwan Sakura will analyze all possible management plans or solutions and formulate indicators/targets to eliminate, mitigate and diversify risks, and the final implementation plan that can be adopted may be resolved by the meeting. Meanwhile, the discussed management plans or solutions must include regular supervision or be integrated the multi-faceted risk management of the Company in conjunction with the ISO management approach.

### Matrix for climate risk identification and analysis of Taiwan Sakura



|                   | Policies and Regulations  | Market   | Technology   |
|-------------------|---|--|--|
| Transitional risk | ①Autonomous regulations   | ⑧The Company's lack of contribution to climate change affects the willingness of investors to invest | ⑭ Products and services are replaced by other low-carbon products and services |
|                   | ②Climate policies and regulations                               |  | ⑮ Cost of transformation to low-carbon technology manufacturing process        |
|                   | ③Legal action   | ⑨Increase in production cost   | Reputation   |
|                   | ④Net-zero emissions target requirements at home and abroad      | ⑩Customers change the supply chain cooperation guidelines.   |  |
|                   | ⑤Mandatory laws and regulations governing products and services | ⑪ Customer sustainability/environmental protection/low-carbon product demand                         |  |
|                   | ⑥Carbon tax collection and related laws and regulations         | ⑫ Consumers are turning to eco-friendly and low-carbon products.                                     |  |
|                   | ⑦Renewable energy laws and regulations                          | ⑬ GHG reduction requirements for suppliers   |  |

|                                     |  |             |
|-------------------------------------|--|-------------|
| Transitional risk                   | Immediacy  |             |
|                                     | ⑮ Acute weather events (earthquakes)                           | Opportunity |
|                                     | ⑰Acute weather events (power shortage)                         |             |
|                                     | ⑲ Acute weather events (flooding, typhoons)                    |             |
|                                     | Long-term  |             |
|                                     | ⑳Changes in weather patterns (increase in average temperature) |             |
|                                     | ㉑ Changes in weather patterns (water scarcity)                 |             |
| ㉒Severe changes in weather patterns |  |             |

- ①Resource utilization efficiency
- ②Energy management program
- ③Smart manufacturing at the factory premises
- ④Environmental and low-carbon products
- ⑤Supply chain adaptability and integration capabilities

## Climate Risks and Countermeasures

The scope of climate risks and opportunities identified by Taiwan Sakura covers products, services, supply chain, R&D, finance, investment, and operations. The probability of occurrence and level of impact are assessed according to each risk and opportunity. Meanwhile, based on the understanding about the situation, the financial aspect of the possible impact on the organization is further analyzed, in order to help formulate the countermeasures.

| Risk type         | Risk Category            | Climate risk issues  | Financial aspects likely to be affected |                      |                             |                         |                     |                   | Point of time for the risk impact | Countermeasures   |
|-------------------|--------------------------|--|---|----------------------|-----------------------------|-------------------------|---------------------|-------------------|-----------------------------------|---|
|                   |                          |  | Decrease in operating revenue           | Increase in expenses | Assets affected or scrapped | Increase in liabilities | Decrease in capital | Financing setback |                                   |   |
| Transitional risk | Policies and Regulations | Net-zero emissions target requirements at home and abroad                    | v                                       | v                    | v                           | v                       | v                   | v                 | Short-term                        | 1. Install renewable energy equipment together with the contractor.   |
|                   |                          | Mandatory laws and regulations for products and services                     | v                                       | v                    | v                           |                         | v                   | v                 | Short-term                        | 2. Continue to reduce and optimize the manufacturing process.   |
|                   |                          | Carbon Tax Collection and Related Laws and Regulations                       | v                                       | v                    | v                           |                         |                     |                   | Short-term                        | 3. Continue to improve energy efficiency.   |
|                   |                          | Renewable Energy Laws and Regulations  | v                                       | v                    | v                           | v                       |                     | v                 | Short-term                        | 4. Promote energy conservation and emission reduction plans, set mid-term and long-term reduction goals and transformation plans. |
|                   |                          | Autonomous regulations   |   | v                    | v                           |                         |                     |                   | mid-term                          | 5. Energy Independence Program (Looking for Renewable Energy Installation Opportunities).   |
|                   |                          | Climate policies, laws and regulations                                       | v                                       | v                    | v                           | v                       |                     |                   | mid-term                          | 6. Evaluate the implementation of an internal carbon pricing mechanism and strengthen internal carbon reduction actions.          |
|                   |                          | Legal actions  | v                                       | v                    |                             |                         |                     |                   | Long-term                         | 7. Continue to monitor the evolution of laws and regulations in various countries.  |
|                   | Technology               | Products and services are replaced by other low-carbon products and services | v                                       | v                    | v                           |                         | v                   | v                 | mid-term                          | 8. Strengthen cooperation opportunities for supplier sustainability management.   |
|                   |                          | Cost for transformation to low-carbon technology processes.                  | v                                       | v                    | v                           |                         |                     |                   | mid-term                          | 1. Strengthen standardized processes to improve quality.  |
|                   |                          |  |   |                      |                             |                         |                     |                   |                                   | 2. Look for opportunities to install renewable energy (solar energy).   |
|                   |                          |  |   |                      |                             |                         |                     |                   |                                   | 3. Research and develop eco-friendly recyclable products and low-carbon processes.  |
|                   |                          |  |   |                      |                             |                         |                     |                   |                                   | 4. Deepen the cultivation and retention of R&D talents.   |
|                   |                          |  |   |                      |                             |                         |                     |                   |                                   | 5. Continue to develop circular economy and low-carbon manufacturing processes.   |

| Risk type         | Risk Category | Climate risk issues   | Financial aspects likely to be affected |                      |                             |                         |                     |                   | Point of time for the risk impact | Countermeasures   |
|-------------------|---------------|---|---|----------------------|-----------------------------|-------------------------|---------------------|-------------------|-----------------------------------|---|
|                   |               |   | Decrease in operating revenue           | Increase in expenses | Assets affected or scrapped | Increase in liabilities | Decrease in capital | Financing setback |                                   |   |
| Transitional risk | Market        | Customers change the supply chain cooperation guidelines.                                     | v                                       | v                    | v                           | v                       | v                   |                   | Short-term                        | <ol style="list-style-type: none"> <li>1. Develop new customers, improve equipment, or optimize manufacturing processes.</li> <li>2. Establish long-term contract strategies with customers to mitigate risks.</li> <li>3. Continue to invest in the R&amp;D of smart/eco-friendly products.</li> <li>4. Formulate the net-zero strategy, pathway and goals, and continue to manage carbon reduction performance.</li> <li>5. Pay attention to customer sustainability trends, incorporate Taiwan Sakura products into the R&amp;D strategy, and respond to customers' demand proactively.</li> </ol> |
|                   |               | The Company's lack of contribution to climate change affects investors' willingness to invest | v                                       |                      |                             |                         | v                   | v                 | Long-term                         | <ol style="list-style-type: none"> <li>1. Strengthen supplier sustainability management and upstream and downstream cooperation</li> <li>2. Formulate net-zero strategies, pathways, and goals, and continuously manage carbon reduction performance.</li> </ol>  |
|                   |               | Increase in production costs  | v                                       |                      | v                           | v                       |                     |                   | mid-term                          | <ol style="list-style-type: none"> <li>1. Establish long-term contract strategies with suppliers to mitigate risks.</li> <li>2. Decentralized supply of raw materials.</li> <li>3. Strengthen cooperation opportunities for supplier sustainability management.</li> </ol>  |
|                   |               | Customer sustainability /eco-friendly/ low-carbon product demand                              | v                                       | v                    | v                           | v                       |                     |                   | mid-term                          | <ol style="list-style-type: none"> <li>1. Research and develop eco-friendly recyclable products and low-carbon processes.</li> <li>2. Obtain more energy-efficient product certifications.</li> </ol>   |
|                   |               | Consumers are turning to eco-friendly and low-carbon products.                                | v                                       | v                    | v                           |                         |                     |                   | mid-term                          |   |
|                   |               | GHG reduction requirements for the supply chain   |   | v                    |                             |                         |                     |                   | mid-term                          | <ol style="list-style-type: none"> <li>1. Strengthen cooperation opportunities for supplier sustainability management.</li> <li>2. Formulate net-zero strategies, pathways, and goals, and continuously manage carbon reduction goals.</li> </ol>   |

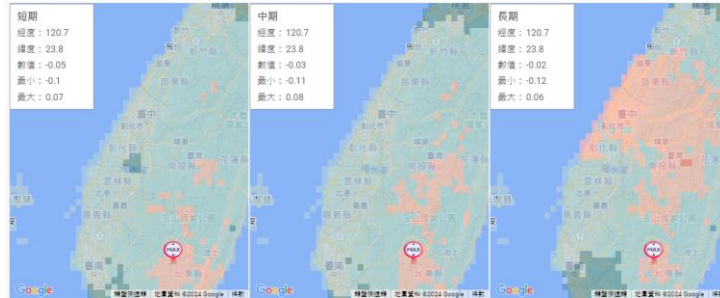
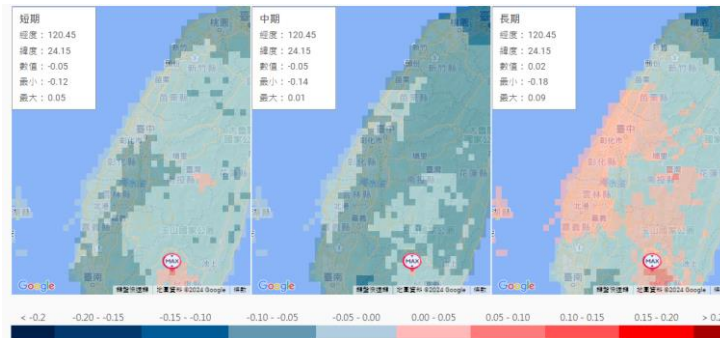


| Risk type         | Risk Category | Climate risk issues   | Financial aspects likely to be affected |                      |                             |                         |                     |                   | Point of time for the risk impact | Countermeasures   |
|-------------------|---------------|---|---|----------------------|-----------------------------|-------------------------|---------------------|-------------------|-----------------------------------|---|
|                   |               |   | Decrease in operating revenue           | Increase in expenses | Assets affected or scrapped | Increase in liabilities | Decrease in capital | Financing setback |                                   |   |
| Transitional risk | Reputation    | Negative corporate identity caused by climate issues  | v                                       |                      |                             | v                       | v                   | v                 | Long-term                         | <ol style="list-style-type: none"> <li>1. Continue to invest in the R&amp;D of smart/eco-friendly products.</li> <li>2. Develop diversified energy-saving/eco-friendly/green products.</li> <li>3. Formulate various on-site tasks and standard operating procedures for emergency response, and conduct regular drills.</li> </ol>   |
|                   |               | Industry stigma   | v                                       |                      |                             |                         | v                   | v                 | Long-term                         |   |
| Physical risk     | Immediacy     | Acute weather events (earthquakes)  | v                                       | v                    | v                           | v                       |                     |                   | Short-term                        | <ol style="list-style-type: none"> <li>1. Strengthen emergency response measures and mass production in different shifts and lines.</li> <li>2. Regular inspection/cleaning of the drainage system.</li> <li>3. Formulate a water preparation plan.</li> </ol>  |
|                   |               | Acute weather events (power shortage)   | v                                       | v                    | v                           | v                       |                     |                   | Short-term                        |   |
|                   |               | Acute weather events (flooding, typhoons)   | v                                       | v                    | v                           | v                       |                     |                   | Short-term                        |   |
|                   | Long-term     | Severe changes in weather patterns (drought, increase in the number of consecutive days without rainfall) | v                                       | v                    | v                           | v                       |                     |                   | mid-term                          | <ol style="list-style-type: none"> <li>1. Evaluate and implement rainwater harvesting systems.</li> <li>2. Formulate a water preparation plan.</li> <li>3. Continue to develop temperature control products.</li> <li>4. Continue to improve energy efficiency and strengthen energy management mechanisms.</li> <li>5. Inspect the building structure at the factory premises and conduct the equipment stress test, formulate the SOPs for emergency response, and conduct regular drills.</li> </ol> |
|                   |               | Changes in weather patterns (water scarcity)  | v                                       | v                    | v                           | v                       |                     |                   | mid-term                          |   |
|                   |               | Changes in weather patterns (increase in average temperature)   | v                                       | v                    | v                           | v                       |                     |                   | Long-term                         |   |

| Risk type   |                                 | Climate risk issues  | Financial aspects likely to be affected |                      |                             |                         |                     |                   | Point of time for the risk impact | Countermeasures  |
|-------------|---------------------------------|--|---|----------------------|-----------------------------|-------------------------|---------------------|-------------------|-----------------------------------|--|
|             |                                 |  | Decrease in operating revenue           | Increase in expenses | Assets affected or scrapped | Increase in liabilities | Decrease in capital | Financing setback |                                   |  |
| Opportunity | Resource utilization efficiency | Energy management program                                    |   | v                    | v                           | v                       |                     |                   | mid-term                          | 1. Implement energy-saving opportunities and monitor effectiveness.<br>2. Implement energy-saving/waste reduction/water-saving activities and improve the efficiency of waste disposal.            |
|             |                                 | Smart manufacturing at the factory premises                  |   | v                    | v                           | v                       |                     |                   | mid-term                          | Utilize AI big data to optimize manufacturing processes and improve equipment to enhance performance.  |
|             |                                 | Rainwater harvesting systems.                                |   | v                    |                             |                         |                     |                   | Long-term                         | Evaluate and invest in rainwater harvesting systems to reduce the dependence on water.   |
|             | Products and Services           | Eco-friendly and low-carbon products and packaging materials |   | v                    |                             |                         |                     |                   | mid-term                          | 1. Business opportunities and market layout of energy-saving products.<br>2. Develop process carbon reduction technologies to reduce product carbon footprint and improve product competitiveness. |
|             | Market                          | Opportunities to increase the use of electricity products    |   | v                    |                             |                         |                     |                   | mid-term                          | Provide customers with innovative energy-saving solutions and services   |
|             | Resilience                      | Supply chain adaptability and integration capabilities       |   | v                    |                             |                         |                     |                   | Long-term                         | Continue to strengthen the supply chain's ability to cope with climate change and mitigate the risk over business interruption.  |

## Climate scenario simulation

Taiwan Sakura uses corporate strategies, climate risk big data, various research reports, and external evaluation indicators to identify risks and opportunities, screen key targets, and apply climate scenarios to analyze the impact on market scale, operating costs and overall strategies. For the transition and physical risks that are of most concern to us, we select climate scenarios to analyze, and include quantitative factors, and the analysis results are incorporated into internal decision-making. Taiwan Sakura uses the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and adopts the combination of scenarios under Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs) to divide the GHG emissions from low to very high levels into SSP1-2.6 (low emissions), SSP2-4.5 (medium emissions), SSP3-7.0 (high emissions), SSP5-8.5 (very high emissions), based on the different GHG emissions caused by future socioeconomic assumptions, degree of emission reduction and aerosol pollutants. Meanwhile, the most serious situation caused by changes in temperature and rainfall under the two scenarios of SSP1-2.6 and SSP5-8.5 are also stimulated online.

| Item                           | Descriptions   |   |
|--------------------------------|--|---|
| Scope and scenario assumptions | <p>The extreme climate risk assessment under the SSP5-8.5 scenario is adopted to estimate the day-night temperature difference (temperature) at different times in the future, and simulate the risk estimation map of key regions and cities.</p> <p>Remarks: The annual average of the difference between the daily maximum high temperature and the daily minimum low temperature in a year adopts °C as the estimate unit.</p> |   |
| Simulation results             | <p>SSP1-2.6 (low emissions)</p> <p>In the short to medium term, the impact posed on Taiwan Sakura by the risk over day-night temperature difference is not obvious. Notwithstanding, signs of expected high temperature or long warm days in the Central and West Taiwan will be observed in the long run.</p>   |   |
|                                | <p>SSP 5-8.5 (Very High Emissions)</p> <p>In the short to medium term, the impact posed on Taiwan Sakura by the risk over day-night temperature difference is low. Notwithstanding, the changes are obvious until the medium term. Signs of expected high temperature or long warm days in the Central and West Taiwan will be observed in the long run.</p>   |  |

| Item                           | Descriptions   |  |  |
|--------------------------------|--|--|--|
| Scope and scenario assumptions | The extreme climate risk assessment under the SSP5-8.5 scenario is adopted to estimate the number of rainfall days (rainy days) at different times in the future, and simulate the risk estimation map of key regions and cities.<br>Note: The total number of days in a year when the daily rainfall is more than 1 mm, the unit shall adopt “day.” |  |  |
| Simulation results             | SSP1-2.6 (low emissions)<br>In the short to medium term, the impact posed on Taiwan Sakura by the risk over day-night extreme temperature difference is not obvious. Notwithstanding, signs of expected high temperature or long warm days in the Central and West Taiwan will be observed in the long run.  |  |  |
|                                | SSP 5-8.5 (Very High Emissions)<br>Based on long-term observations, the factory premises of Taiwan Sakura are at risk of a decrease in the number of rainfall days (rainy days).   |  |  |



## Climate risk mitigation and adaptation

In terms of the "mitigation" and "adaptation" management of climate risk response, Taiwan Sakura continues to clarify the management and response methods for different climate risk types and response levels, and establish SOPs in a timely manner.

### Mitigation management strategy

Improve GHG management approaches and reduce GHG emissions proactively.

#### Actions taken

|   |   |
|---|---|
| Apply the simulation and analysis of climate scenarios  | Low-carbon transformation   |
| Continue to use climate scenario simulation to analyze the risk changes in the future under the impact posed by extreme climate change. | Promote and support energy conservation, water conservation, waste reduction, carbon reduction projects, and investment in renewable energy to encourage, track, and promote related resource management and process improvement to achieve low-carbon innovation and transformation. |

### Adaptation management strategy

In order to mitigate the impact posed by extreme climate risks on the factory premises, we have implemented an energy management system to effectively optimize the use of internal energy, and we have begun to analyze the impact posed by climate changes to formulate relevant operation/business strategies.

#### Actions taken

|  |   |
|--|---|
| Energy Management System   | Operational contingency measures  |
| Promote energy conservation and carbon reduction measures and eco-friendly green buildings, and purchase related equipment with green labels, etc., to gradually improve energy efficiency to reduce GHG emissions and dependence on energy. | In the face of climate change-related disasters, Taiwan Sakura has formulated operational response measures for climate risk issues at different impact points in time. |

### 3.1.1.4 Indicators and targets

| Risk type         |                             | Indicator                      | Short-term goals   | Mid-term goals  | Long-term goals  | Achievement Status  |
|-------------------|-----------------------------|--------------------------------|--|---|--|---|
| Transitional risk | Policies and Regulations    | Carbon management              | <ol style="list-style-type: none"> <li>1. Complete the voluntary inventory of greenhouse gases organized by the headquarters in Taiwan.</li> <li>2. Set the Group's carbon reduction goal.</li> </ol>    | Plan the implementation of the Group's 2050 Carbon Neutrality (Net Zero) Goal.            |  | Complete the voluntary inventory of greenhouse gases organized by the headquarters in Taiwan in 2023.                           |
| Physical risk     | Changes in weather patterns | Climate Change Risk Management | <ol style="list-style-type: none"> <li>1. Complete the rolling assessment on climate change risks and opportunities.</li> <li>2. Complete the assessment on significant climate change risks.</li> </ol> | Taiwan Headquarters conducted the operations at the second stage of TCFD (risk response). | Review the Group's climate change risks and opportunities on a rolling basis and respond to the risks. | Complete the assessment on climate change risks and opportunities and the identification of major climate change risks in 2023. |

## Greenhouse Gas Management

Taiwan Sakura's total GHG emissions in 2023 totaled 3,637.6585 mt CO<sub>2</sub>e. The main source of emissions came from Scope 2 (purchased electricity), accounting for 81.31%. The total emissions and per capita emission intensity were slightly lower than those in 2022, but not declined naturally. The decrease in Scope 1 was due to the difference in the testing of butane-based gases and liquefied petroleum gas used in the products of Ta Ya Plants 1 and 2. Due to product differences in 2023, the testing and use of such gases decreased accordingly. The decrease in Scope 2 was due to the implementation of the ISO 14064-1 management system in 2024. Its emission coefficient is calibrated to the latest 2023 electricity coefficient announced by the Energy Administration in 2024, as a result of the combination of said effects. Taiwan Sakura will also continue to strengthen its carbon management capabilities, prioritizing the inventory of total GHG emissions before setting targets, in line with the government's plan to promote ESG or SBTi (Science Based Targets) framework in a progressive manner. We will also formulate relevant budgets and plans for the 2050 (net zero) goal, and review, revise and strengthen them on a rolling basis.

Emission unit: CO<sub>2</sub>e (mt CO<sub>2</sub>e)

|   |         | 2021       | 2022 <sup>(Note 2)</sup> | 2023       |
|---|---------|------------|--------------------------|------------|
| Direct emissions  | Scope 1 | 337.8000   | 975.2919                 | 679.7335   |
| Indirect emissions  | Scope 2 | 2,926.8000 | 3,155.8044               | 2,957.9250 |
|   | Scope 3 | -          | -                        | -          |
| Total emissions <sup>(Note 1)</sup>   |         | 3,264.6000 | 4,131.0923               | 3,637.6585 |
| Emission intensity 1 (mt CO <sub>2</sub> e/number of employees)               |         | 3.0567     | 3.8899                   | 3.4124     |
| Emission intensity 2 (mt CO <sub>2</sub> e/million NTD for operating revenue) |         | 0.4430     | 0.5030                   | 0.4398     |

Note 1: The boundary of the inventory is Taiwan Sakura's factory premises.

Note 2: The triennial inventory is currently based on Scope 1 and Scope 2 data disclosure. Among them, only electricity, natural gas, gasoline and diesel items were included in 2021. The data for 2022 is based on the improvement of Scope 1 process emission sources (liquefied petroleum gas, alkane gas) and fugitive emission sources (refrigerant, septic tank, fire extinguisher), etc., so there is difference from the 2021 data. Scope 3 is planned to be included in the implementation scope of the Taiwan Sakura Greenhouse Gas Management Plan in 2024 in conjunction with the implementation of the ISO 14064-1 management system.

## 3.2 Environmental and Energy Management

### 3.2.1 Environmental Management System

Taiwan Sakura has long implemented the ISO 14001 <sup>(Note 1)</sup> environmental management system, and employees are committed to various environmental pollution prevention and control efforts to prevent air pollution from affecting the health of employees and residents around the factory premises, maintain the ambient air quality around the factory premises, work hard to control air pollution discharge, and continue to optimize the environmental management system. We have confirmed that the Company has a sound environmental protection management mechanism to protect the safety and health of employees and the completeness of the environmental (occupational) safety and health management system. Notwithstanding, the Company has followed and implemented the environmental manual management rules and regulations, including detailed rules, standards and specifications. Meanwhile, the Company regularly inspects the internal environmental operation management specifications, and accepts ISO external audit verification to check the effectiveness of implementation. Since September 2011, the Company has passed the ISO14001 environmental management system certification. The environmental management system complies with international standards to enable the sustainable implementation of the environmental management system and improve environmental sustainability performance. Meanwhile, the achievement of environmental goals is measured through the processes of supervision, measurement, and audit. Corrective and preventive actions shall be taken against any non-conformance matters.

#### Air Pollution Control

1. Taiwan Sakura generates dust during the coating stage in some of its manufacturing processes. The dust will be collected through dust collection equipment, recycled and packaged in boxes, and then transported by a qualified waste disposal company.
2. Taiwan Sakura (Taya and Shengang Plants) declares air pollution prevention expenses and air pollutant emissions on a quarterly basis in accordance with laws and regulations.
3. Every year, a qualified inspection unit is appointed to perform air pollutant emission sampling inspection. No air pollution losses or penalties occurred this year.

#### Hazardous Substance Management

1. Suppliers are required to provide data on the use and storage of hazardous substances, verify the precautions and compliance matters required for inspection, and register the data in the Hazardous Substances Inventory (Hazardous Substances Inventory) according to the hazard communication rules. The data are updated at least once a year.
2. All locations where hazardous substances are stored or containers containing hazardous substances shall be clearly labeled. Meanwhile, the used empty containers shall be stored in a centralized manner and regularly recycled and disposed of by qualified hazardous substance suppliers.

Note 1: The Company has passed the ISO14001 environmental management system certification since September 2011, and its environmental management system complies with international standards. ISO 14001 environmental management system certification (valid from August 15, 2023 to July 16, 2026).



## Environmental Protection Policy

**Environmental  
Friendliness**

**Laws and regulations**

**Goals and Objectives**

**Environment, Health and  
Safety Management  
Solution**



**Rectification of various  
deficiencies**

**Management review**



**Monitoring and  
Measurement**

**Corrective and  
Preventive Actions**

**Environmental  
Management System**

**Audit and Records**



**Structure and  
Responsibilities**

**Awareness and Training**

**Systematized  
environmental  
management**

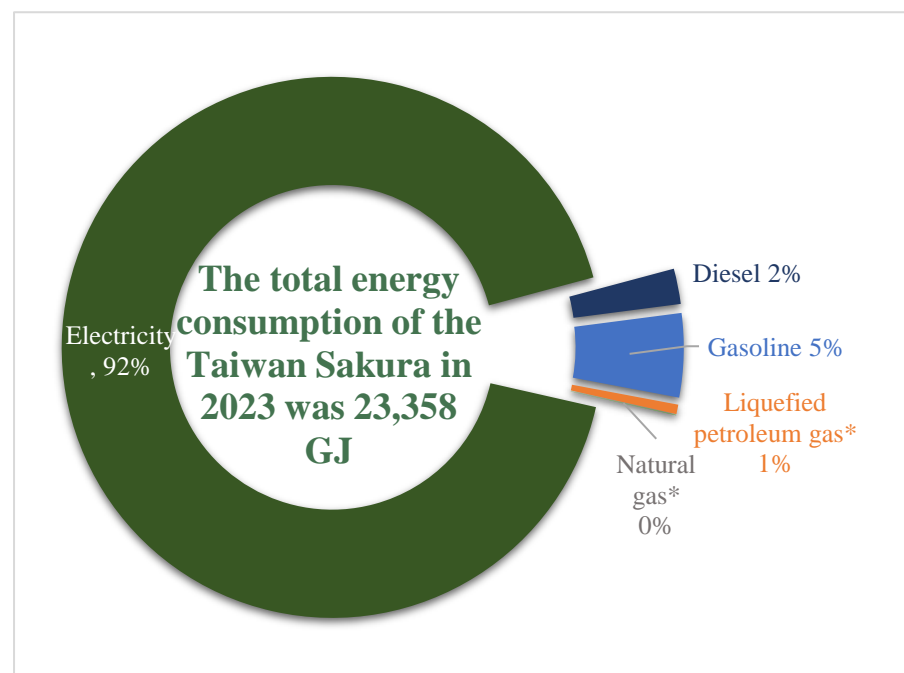
**Emergency and Response**



### 3.2.2 Energy Management System

In order to increase industrial production capacity, increase the Company's output value, and reduce energy consumption during production to improve economic benefits, Taiwan Sakura has continued to proactively promote energy-saving and carbon reduction measures. We adopt a multifaceted approach to planning, efficiency, energy consumption analysis, and equipment management. We propose and implement improvement plans based on the attributes of work, verify the status of energy consumption and analyze load characteristics to immediately improve and optimize equipment operation and increase energy efficiency. We also analyze the current energy consumption of each system as the basis for evaluating the effect of energy-saving improvements to precisely control energy costs. We also communicate with benchmarking companies through on-site verification to ensure the implementation of improvement plans and effectively improve energy efficiency.

The energy consumption of Taiwan Sakura mainly consists of electricity, natural gas, liquefied petroleum gas, automotive gasoline and diesel. Among the other things, the electricity accounted for about 92%. Analysis on the proportion of major energy sources in 2023:



| Type of energy consumption  | Energy consumption <sup>(Note 1)</sup> <sup>(Note 3)</sup> |
|---|--|
| Direct energy consumption <sup>(Note 2)</sup><br>(gasoline, diesel and gas cylinders) | 1,802.1952 GJ<br>500.6102 Mwh                              |
| Indirect energy consumption (electricity)   | 21,555.7287 GJ<br>5,987.7072 Mwh                           |

Note 1: The calorific value is based on the latest unit calorific value table of energy products announced on the website of the Energy Administration, MOEA. Energy consumption is calculated by multiplying the unit calorific value by the energy consumption and converting it to gigajoules (GJ).

Note 2: Methane, propane and butane for mixers (for gas distribution) are not included. They are used only for testing products after mixing gas in the manufacturing process, and not for any other purposes.

Note 3: 1 Giga-Joule (GJ) = 0.277778 MWh.

## Energy consumption in the last three years

The energy consumption of Taiwan Sakura mainly consists of electricity, natural gas, liquefied petroleum gas, automotive gasoline and diesel. In 2023, the total energy consumption was 23,357.9239 GJ, and the energy intensity was 2.8237 GJ/million. The energy intensity in 2023 decreased by 10.39% compared to 2022, which is an unnatural decrease, mainly due to the difference in production products in 2023, which reduced the use of gases used for testing, and the implementation of the ISO 14064-1 management system in 2024. Its emission coefficient is calibrated to the latest 2023 electricity coefficient announced by the Energy Administration in 2024, as a result of the combination of said effects.

| Quantitative indicators                                  | 2021       | 2022       | 2023       | Unit | 2021        | 2022        | 2023        | Calorific value unit |
|--|------------|------------|------------|------|-------------|-------------|-------------|----------------------|
| Electricity from non-renewable energy sources ( Note 1 ) | 5,830.0000 | 6,388.2600 | 5,979.9800 | Mwh  | 20,988.0000 | 22,997.7360 | 21,555.7287 | GJ                   |
| Automotive gasoline ( Note 2 )                           | 1.9200     | 32.2865    | 35.8542    | KL   | 62.6596     | 1,053.6753  | 1,170.1088  | GJ                   |
| Diesel ( Note 3 )  | 13.2500    | 43.0600    | 14.0407    | KL   | 465.6792    | 1,513.3695  | 493.4686    | GJ                   |
| Liquefied petroleum gas ( Note 4 ) ( Note 7 )            | -          | 11.1625    | 4.7500     | KL   | 0.0000      | 309.8804    | 131.8640    | GJ                   |
| Natural gas ( Note 5 ) ( Note 7 )                        | -          | 162.8470   | 179.3540   | Mwh  | 0.0000      | 6.1322      | 6.7538      | GJ                   |
| Mixer (for gas distribution) ( Note 6 )                  | 0          | 102.5300   | 14.0625    | KL   | -           | -           | -           |                      |
| Total energy consumption ( Note 8 )                      | -          | -          | -          |      | 21,516.3388 | 25,880.7934 | 23,357.9239 | GJ                   |
| Operating revenue  | -          | -          | -          |      | 7,370       | 8,213       | 8,272       | NTD million          |
| Energy Intensity   | -          | -          | -          |      | 2.9194      | 3.1512      | 2.8237      | (GJ/NTD million)     |

Note 1: The calorific value of electricity is converted into 1kWh = 3,600 KJ/1,000,000 (KJ/GJ)

Note 2: Automotive gasoline calorific value = 7800 kcal/L, (data sourced from Greenhouse Gas Emission Factor Management Table Version 6.0.4); heat generated per liter of automotive gasoline (GJ) = 7800 (kcal/L)\*4.184 (KJ/kcal)/1,000,000 (KJ/GJ).

Note 3: Diesel calorific value = 8400 kcal/L, (data sourced from Greenhouse Gas Emission Factor Management Table Version 6.0.4); heat generated per liter of diesel (GJ) = 8400 (kcal/L)\*4.184 (KJ/kcal)/1,000,000 (KJ/GJ).

Note 4: LPG calorific value = 6635 kcal/L, (data sourced from Greenhouse Gas Emission Factor Management Table Version 6.0.4); heat generated per liter of LPG (GJ) = 6635 (kcal/L)\*4.184 (KJ/kcal)/1,000,000 (KJ/GJ).

Note 5: Natural gas calorific value= 9,000kcal/m3; heat generated per cubic meter of natural gas (GJ) = 9,000 (kcal/m3)\*4.184(KJ/kcal)/1,000,000(KJ/GJ).

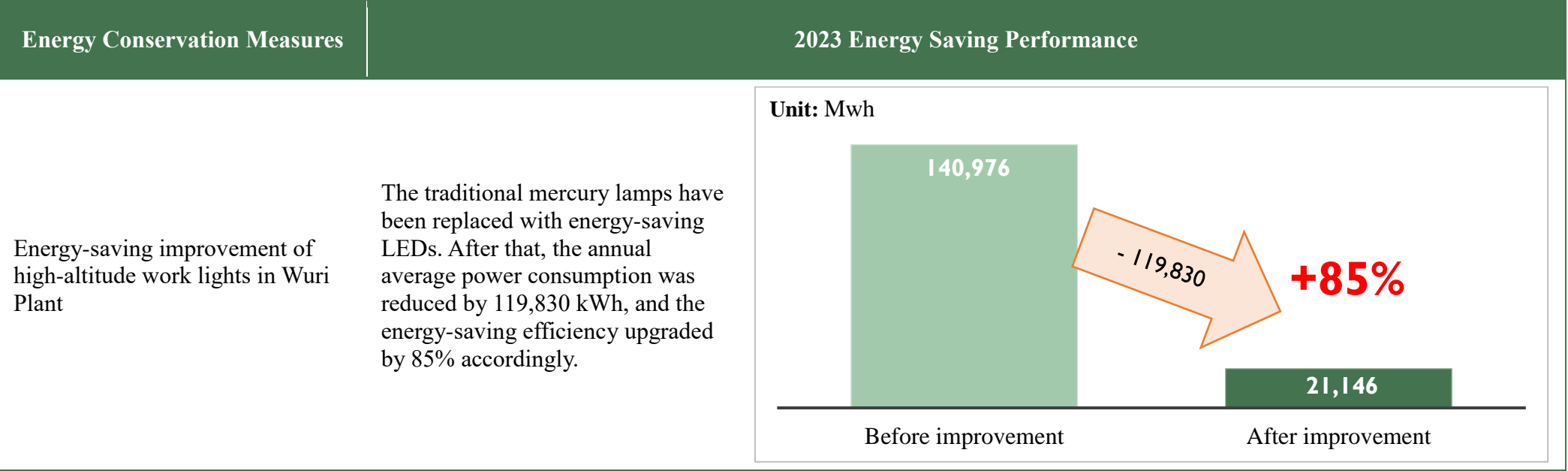
Note 6: Methane, propane and butane for mixers (for gas distribution) are not included. They are used only for testing products after mixing gas in the manufacturing process, and not for any other purposes.

Note 7: Liquefied petroleum gas and natural gas are used for testing products in the manufacturing process.

Note 8: In 2021, only electricity, natural gas, gasoline and diesel items were included.

Energy-Saving Measures and Performance

Every year, Taiwan Sakura evaluates and launch energy management improvement measures based on the operating conditions of the plants, and conducts improvement and energy-saving education and promotion for different items, and has been committed to the efficacy of energy conservation and carbon reduction for a long time. In recent years, Taiwan Sakura has continued to replace or replace its internal equipment with low-energy consumption equipment, or maintain equipment to maintain electricity efficiency. For example, since 2023, the entire plant has gradually replaced T5 lamps and lanterns every year. It is expected that switching to LED lamps will save energy by 5,500kWh of electricity each year. In the Wuri Plant, the overhead work lights have been changed from traditional mercury lamps to energy-saving LEDs. After that, the annual average power consumption is expected to be reduced by 119,830 kWh, and the energy-saving efficiency upgraded by 85% accordingly. Meanwhile, in the future, we will continue to replace or update it with the equipment requiring low energy consumption to maximize our potential for energy saving, reduce operating costs and carbon emissions, and maximize the use of resources.





# 3.3 Water Resource Management

## 3.3.1 Protection of Water Resources

Taiwan Sakura deeply understands that water security is closely related to people's livelihood and industry, and the issues involved have extended from the environment to human rights and economic development. Among the 17 Sustainable Development Goals of the United Nations, SDG 6 "clean water and sanitation" aims to ensure clean water and sanitation for everyone and its sustainable management.



|                     |   |
|---------------------|---|
| Clean Water         | Each plant has commissioned qualified inspection institutions to conduct water quality testing for the livelihood water from time to time to ensure that the output water meets the drinking water quality standards stipulated by local laws.  |
| Pollution Reduction | In order to effectively reduce the negative impact on the environment and ecology from the sewage treatment and discharge of wastewater in the plant, we regularly commission a third party to implement wastewater (sewage) testing to ensure that there is no significant impact on the environmental load of surrounding water bodies. |
| Control Measures    | Water meters are installed at the factory premises and business locations, and the information is promoted to employees from time to time to persuade them to cherish and control water resources to reduce unnecessary waste.  |

Taiwan Sakura had no potential or negative impact on the community environment where the plant is located. In the face of the impact of climate change on water resources, we plan water restriction measures, promote the recycling and reuse of water resources, evaluate the implementation of manufacturing processes and waste (rainwater) water recycling and reuse systems, monitor water consumption, adopt the sound water resource management, expand the diversified utilization rate of water resources, implement strict prevention and management, comprehensively increase the utilization rate of water resources through circulation, recycling and reuse, and continue to introduce innovative water-saving solutions to maximize the benefits of every drop of water to ensure that the annual water reduction goal is achieved. In 2023, the water consumption was 11,634 degrees, a decrease by 13.37% compared to the previous year, the per-capita water consumption was 10.91 degrees, a decrease by 18.73% compared to the previous year, and the water consumption intensity was 1.41 degrees/million revenue (NTD) compared to the previous year, decreasing by 13.99% unnaturally, mainly due to the implementation of the ISO 14064-1 management system in 2024. The scope of its activity data inventory was re-identified and corrected after inventory.

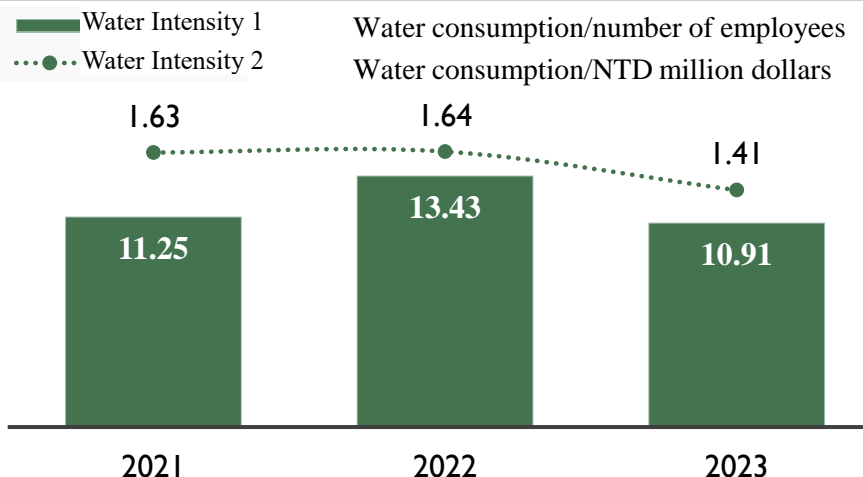
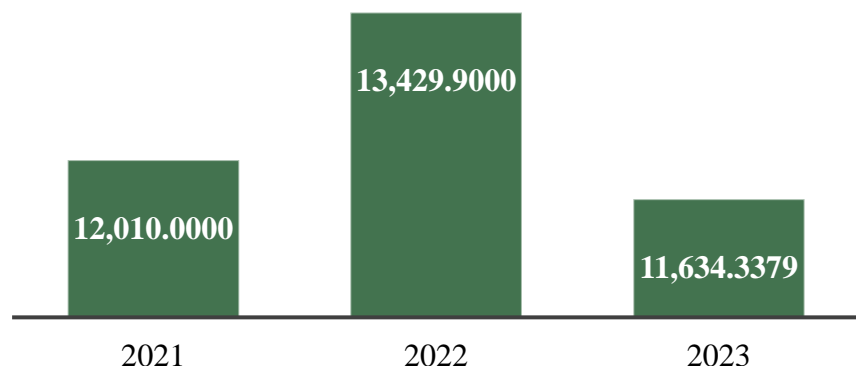
#### Water resource utilization and management strategies

##### Water resource utilization and management strategies

Five management strategies: 1. Overview of water resources. 2. Water management. 3. Water-saving measures. 4. Compliance with the effluent regulations. 5. Continuous improvement.  
3 management pathways:  
1. Process water: Promote wastewater recycling and reuse or install rainwater harvesting systems and other facilities.  
2. Domestic water consumption: Promote water conservation, adopt products with water-saving labels, install water-saving, automatic sensor faucets, and replace old flush toilets, accessories and facilities.  
3. Install smart water meters and integrate the signage information system for water resource management.

##### Water resource utilization in the last 3 years

Total water intake/degree



##### Management by Objectives

1. Set water-saving goals and plan action plans to ensure the achievement of goals, and remind employees to follow water-saving policies in their routine work through various promotional channels to reduce per-capita water consumption.
2. Conduct ISO 14064 Water Footprint Inventory every year to track the effectiveness of water resource management.
3. Compliance with the effluent regulations.
4. We plan to continue to promote water resource management strategies and implement various action plans with an annual reduction of 1%.

3.3.2 Water pollution control

Taiwan Sakura has installed the wastewater treatment system. The main source of operating wastewater is the coating process. We have set up wastewater treatment facilities in accordance with regulations and obtained a water pollution prevention and control measure installation permit issued by the competent authority, and dedicated pipelines in each process area are unified and converged. Wastewater is discharged from the factory through a dedicated pipeline after being treated to meet environmental protection regulations and standards at a wastewater treatment facility. There was no loss or disposal due to wastewater pollution in the current year.

| Management requirements   | As an illustration   |
|---|--|
| Environmental sanitation requirements for manufacturing processes | <div>1. For water pollution prevention and management, in addition to complying with laws and regulations, we also aim at water-saving planning and management.</div> <div>2. Strengthen wastewater management, continuously monitor effluent quality, and strictly implement water quality testing to make it higher than the frequency of water quality testing required by laws and regulations, and ensure that effluent quality meets regulatory standards.</div> |
| Execute preventive maintenance work                               | In addition to replacing outdated equipment and pipelines from time to time, Taiwan Sakura adopts preventive maintenance methods and regular internal water quality testing to ensure that the effluents meet the standards, thereby improving the quality of the friendly environment.  |
| Implementation of monitoring and inspection operations            | Every six months, we contract an external qualified inspection institution to conduct water quality testing of raw wastewater and effluents, and a qualified inspection institution to perform water quality inspection on domestic sewage at each factory premises from time to time.   |

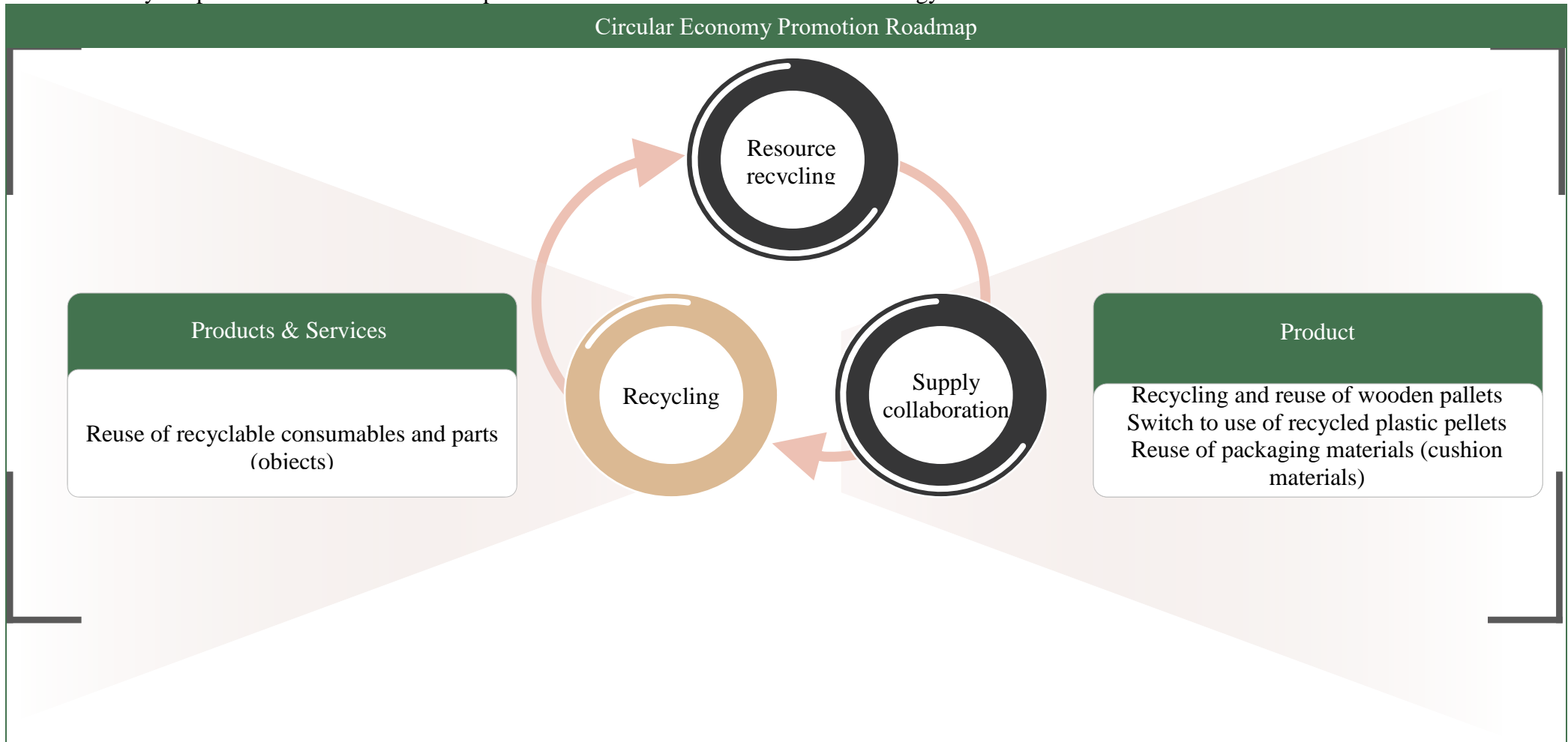


## 3.4 Circular Economy and Waste Management

### 3.4.1 Circular economy

Taiwan Sakura uses the circular economy model to improve the waste of resources and environmental pollution generated by the current economy. In order to maintain the eco-friendly and green sustainability business model, we spare no effort to formulate the circular economy roadmap and goals. Meanwhile, we formulate a resource recycling and reuse plan. In the stages of manufacturing process, domestic waste, and recycling, we promote the positive (and active) cycle of raw materials and production, and jointly move towards the goal of turning waste into resources. We will implement the circular economy model at the headquarters and factory premises, and introduce more feasible approaches to turn waste into resources for reference in the industry, in order to promote more cross-industry cooperation and increase the independence of Taiwan Sakura's renewable energy.

#### Circular Economy Promotion Roadmap





### 3.4.2 Waste management

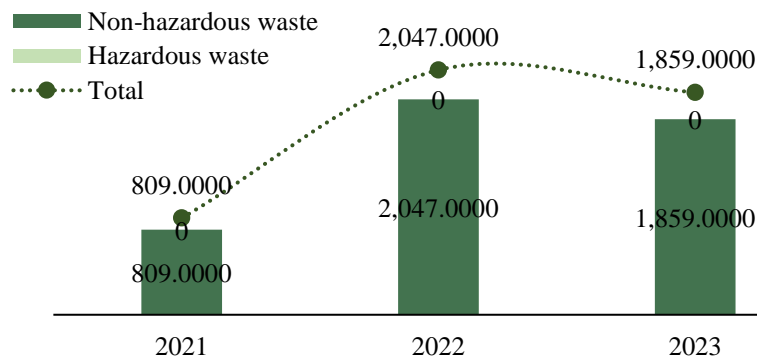
In order to effectively control industrial waste and achieve the goals of waste reduction, recycling and reuse, and effective resource utilization, Taiwan Sakura implements waste classification, collection, storage, management, and disposal to effectively manage waste effectively, and complete the waste removal, disposal and reuse in accordance with environmental protection laws and regulations. We also formulate the waste management procedures and waste management regulations and include them into the ISO 14001 environmental management system for control. Furthermore, the types of waste only include municipal waste and general resource recyclables, but exclude hazardous waste. In accordance with the laws and regulations, Taiwan Sakura will properly classify and handle waste. The waste generated by the current operations is general industrial waste, and there is no hazardous industrial waste. The waste used in 2023 totaled 1,859 metric tons, a decrease by 9.18% compared to the previous year. The per-capita waste volume was 1.74 metric tons, a decrease by 9.52% compared to the previous year. The waste intensity was 0.22 metric tons/million revenue (NTD), a decrease by 9.83% compared to the previous year.

#### Waste utilization and management strategies

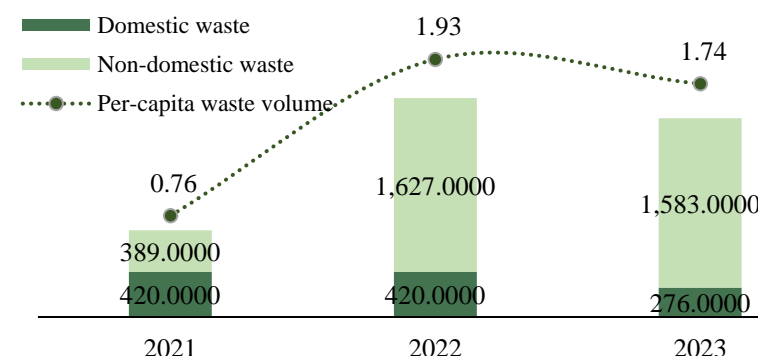
|   |  |
|---|--|
| Waste utilization and management strategies | <p>Four management strategies: 1. Reduction at the source. 2. Reuse. 3. Resource recycling. 4. Implement flow-direction management.</p> <p>Five management measures:</p> <ol style="list-style-type: none"> <li>1. Through proper management and classification, we can increase the reduction and reuse rate of waste. The waste generated from the manufacturing process is contracted to domestic resource recycling companies for recycling.</li> <li>2. Waste disposal operations are carried out in accordance with environmental protection laws and regulations. All of the waste are cleared domestically, and no cross-border disposal is carried out.</li> <li>3. We implement the environmental management system strictly, execute waste management operations in accordance with the requirements of the ISO 14001 environmental management system and the management regulations.</li> <li>4. We have entered into the waste disposal contract to entrust the waste disposal contractors permitted by the competent authority for the disposal and to handle related disposal operations.</li> <li>5. The waste removal and transportation and operations thereof are declared in accordance with laws and regulations. The final waste disposal and follow-up confirmation are completed within the specified time limit.</li> </ol> |
|---|--|

#### Waste utilization in the last 3 years

Waste utilization/mt



Waste utilization/mt



Waste utilization and management strategies

Management  
by  
Objectives

1. Set management goals and plan implementation programs.
2. Plan to evaluate waste resource recycling and regeneration programs.
3. Conduct ISO 14064 waste inventory every year and track the management results.
4. Remind employees to implement sorting and re-use of resources through various promotional channels, reduce the amount of waste per person, avoid the use of disposable tableware, call for bringing their own re-usable cups (bags) and tableware for beverages or eating out, hoping to raise the employees' awareness and actions for waste reduction and plastic reduction via various communication channels.



# 3.5 Sustainable Products

## 3.5.1 Circular economy

In response to the zero-carbon plastic reduction consumption trend, Taiwan Sakura, as a leading brand of kitchen and bathroom appliances, is committed to developing a circular economy and sustainable business model and focusing on the development of eco-friendly and sustainable products and services. Meanwhile, we continue to refine our processes, implement smart and automated equipment and enhance product quality and carbon reduction benefits. Therefore, Taiwan Sakura will also focus more on green sustainability and the development of niche products, as well as the refinement and improvement of manufacturing processes and the implementation of digital intelligence to improve production efficiency, energy conservation and carbon reduction, and proactively respond to global trends and consumer demand for sustainable products.

Meanwhile, through the environmental certification system for products and raw materials, Taiwan Sakura is committed to environmental protection with the value supply chain and providing products and services that meet customer needs. Therefore, Taiwan Sakura has implemented ISO 9001 <sup>(Note 1)</sup> Quality management system throughout its factory premises, and continues the refinement and improvement to enhance product quality and customer service satisfaction.

In 2023, Taiwan Sakura's gas water heaters, gas stoves, and warm water dispensers were primarily those achieving Level 2 energy efficiency, while gas stoves and warm water dispensers have been gradually improved for Level 1 energy efficiency. Notwithstanding, the reserve electric water heaters still remain at the fourth level energy efficiency standards.

### Sustainable product utilization and management strategies

|   |   |
|---|---|
| Sustainable product utilization and management strategies | 3R principle management strategy: Reduce, reuse, and recycle. |
|---|---|

Note 1: ISO 9001 quality management system certification (valid from August 11, 2021 to August 3, 2024).

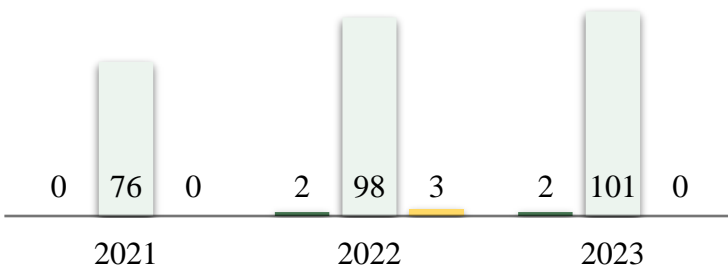


Sustainable product utilization and management strategies

Development  
of  
sustainable  
products in  
the last 3  
years

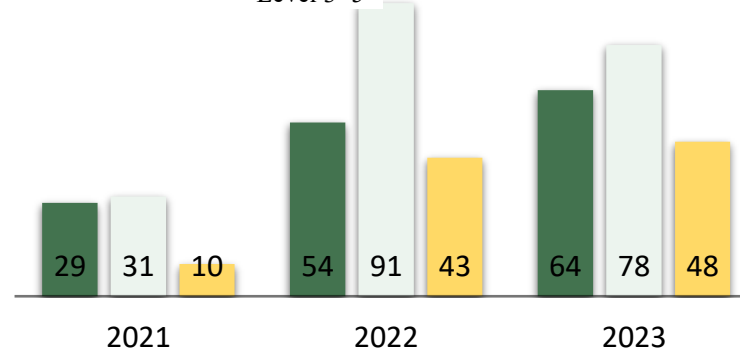
Quantity of gas water heaters/products

■ Level 1 ■ Level 2 ■ Level 3~5



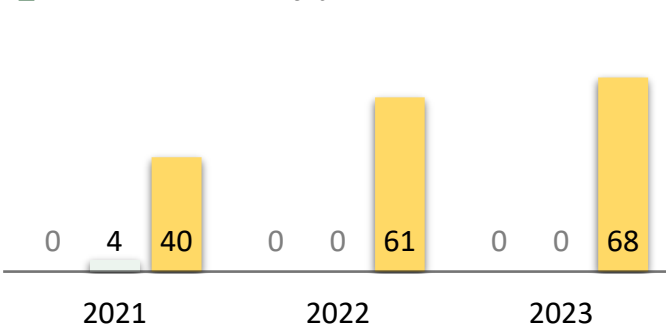
Quantity of gas stoves/products

■ Level 1 ■ Level 2 ■ Level 3~5



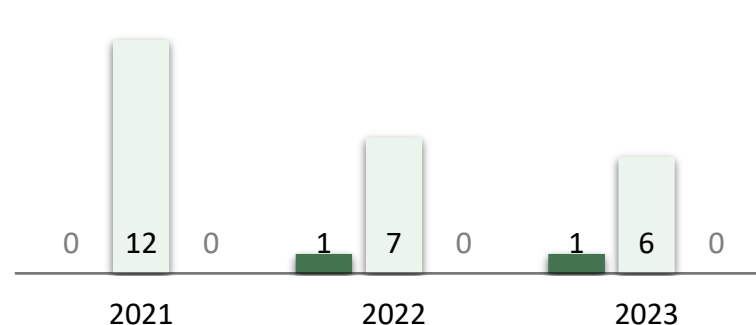
Reserve type electric water heater

■ Level 1 ■ Level 2 ■ Level 3~5



Warm water dispenser

■ Level 1 ■ Level 2 ■ Level 3~5



Management  
by  
Objectives

1. Continue to increase the quantity of products meeting energy efficiency standards at all levels.
2. Product carton packaging resources are reduced, and the ratio of recycled pulp is increased, without compromising the protective power of packaging materials, and can be directly recycled after use to improve the efficiency of recycling.



### Case 1 Clean and healthy water purifier

Taiwan Sakura is committed to developing water purifiers which may adapt to the changing water quality in Taiwan. All water purifier products have passed the international SGS test and meet the national drinking water standards to provide consumers with clean and healthy drinking water. Meanwhile, the modern appearance of the Taiwan Sakura water purifier conforms to the spatial planning of family kitchens and is beautiful to match. The exclusive SAKURA iCare permanent free water health check is to ensure that the whole family can drink high-quality water, while the water purification housekeeper controls the filter replacement cycle for consumers, so that consumers can drink good water every day and enjoy safe and healthy water.

The RO water purifiers hit the market in recent years have added the zero-stale water function and optimized the wastewater ratio. The traditional high wastewater ratio of 1:3 is optimized to 1:0.5, saving the wastewater by about 600L every month, equivalent to 1000 bottles of commercially available bottled water, contributing to sustainable environmental protection.



P0585



P0230A



XP0232



P0233A



P0235A



XP0236

## Case 2 Smart Thermostat Water Heater

In order to take into account the quality of life, consumer needs, and product sustainability, Taiwan Sakura continues to develop better quality products. Therefore, in 2023, Taiwan Sakura optimized 3 smart thermostat water heater models. Through the overall design, not only the appearance by the size but also the entire process were optimized. In terms of quality of life, the microcomputer automatically detects the water temperature and adjusts the number of fires to provide the water temperature demanded as the first priority. The water temperature can be adjusted according to the climate changes in different seasons. The smart thermostat design allows consumers to shower comfortably while accurately controlling the temperature, more energy-efficient. Secondly, in response to consumers' demand for safety, the product is equipped with eight safety protection designs and low operating noise improvement to ensure consumers' safety and comfort at home. Thirdly, the volume is optimized and the space utilization rate in the home environment increased accordingly.



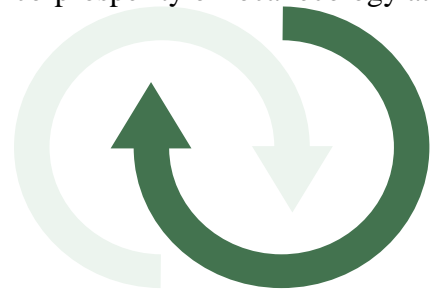
## 3.6 Environmental Sustainability Culture Sprout

Taiwan Sakura promotes environmental sustainability and protection policies through the Company's internal public channels (such as the Sakura folk line, monthly company meetings, HR e-quarterly, etc.) from time to time, in order to sprout the environmental protection awareness and culture in the enterprise, and to continue to practice it into various processes including product development and design, raw materials & supplies control and GHG emission, hoping to communicate Taiwan Sakura's sustainability and green concept toward the environment and achieve the goal for corporate sustainable management.

| Item                                 | Issues   | Target             | Cycle       |
|--------------------------------------|--|--------------------|-------------|
| ESG Trend Introduction and Promotion | Global and Taiwan ESG and Climate Issues Status  | All employees      | Irregularly |
| Organizational GHG Inventory         | Collection, quantification, and review of GHG inventory data   | GHG Inventory Team | Every year  |
| Information and energy management    | Promote knowledge of energy conservation, water conservation, carbon reduction, and resource recycling | All employees      | Irregularly |
| Ecological Conservation Activities   | Organize and participate in local eco-friendly and ecological conservation activities                  | All employees      | Irregularly |

### Clean Creek to Protect Taichung and Build Comfortable Green Creek

Taiwan Sakura proactively promotes sustainable environmental management and emphasizes local ecological conservation to make all of the people feel that the environment sustainability and net-zero carbon reduction actions and results are not just observations about data, but sensible common good with the environment. To fulfill the corporate social responsibility as a leading brand, through the "One Day Creek Cleanup" event organized by the Taiwan Sakura Welfare Committee and the Society of Wilderness, we called on nearly 200 employees and their family members to work together to remove the garbage totaling 291KG from the Taiwan Boulevard section of the Fazi River in Taichung, and to maintain the environment nearby and also promote the co-prosperity of local ecology at the same time.





# Diverse, Inclusive, and Happy Workplace

## CHAPTER 4

|  |   |
|--|---|
| 4.1 __Talent Deployment and Structure                  | 4.4 __Friendly and Safe Workplace                               |
| 4.2 __Talent Development and Cultivation               | 4.5 __Human Right Protection and Diverse Communication Channels |
| 4.3 __ Rights and Remuneration & Benefits of Employees | 4.6 __Customer Relationship Management                          |



## 4.1 Talent Deployment and Structure

Taiwan Sakura values its commitment to its employees, and maintains an attitude of respect, tolerance, multi-party communication, open-mindedness, and embrace of new thinking to create a challenging, sustainable learning, safe, and fun workplace environment. We also provide fine-quality remuneration and benefits, co-build a highly efficient and collaborative environment for the organization, create a diverse, inclusive, happy, and friendly workplace, and strive to become a company that employees are proud of.

### 4.1.1 Diverse recruitment channels

Talent is an important foundation for the sustainable operation of an enterprise. Taiwan Sakura adheres to the recruitment process of fairness, openness, and mutual respect, and establishes the recruitment, selection and appointment management regulations and standard operating procedures. The recruitment and selection are carried out per the requesting unit's needs and employment conditions. In 2023, we implemented the recruitment management system to integrate the cross-platform recruitment processes and thereby not only shortened the administrative recruitment process, but also optimized the external recruitment platform for external applicants to have a friendlier recruitment experience in Taiwan Sakura. Furthermore, Taiwan Sakura proactively cultivates future sustainable talents by deepening campus communication, strengthening industry-academia cooperation, recruiting and cultivating outstanding local young students, and also through internal transfer mechanisms.

### 4.1.2 Equality and fairness in employment

Taiwan Sakura complies with the "labor laws and regulations" and the "Employment Service Act," as well as the "People with Disabilities Rights Protection Act" and relevant "international human rights standards," protects the rights and interests of all employees, and values and protects equal employment opportunities among the disadvantaged and related groups. In 2023, we employed a total of 9 employees with physical or mental disabilities, accounting for 1% of our total workforce. This complies with the Quota Employment system under the "People with Disabilities Rights Protection Act" to create a diverse and inclusive workplace ecosystem. We also provide any necessary assistance needed by the employees with physical or mental disabilities after they enter the workplace, and treat employees in a friendly manner and promote a diverse, inclusive and dignified work environment at the workplace. Meanwhile, Taiwan Sakura supports the UN SDGs on gender equality and is committed to equal treatment of men and women in recruitment, hiring, training, and promotion. At the end of 2023, female employees of Taiwan Sakura accounted for 36.0% of the whole employees, and female supervisors accounted for 26.9%.

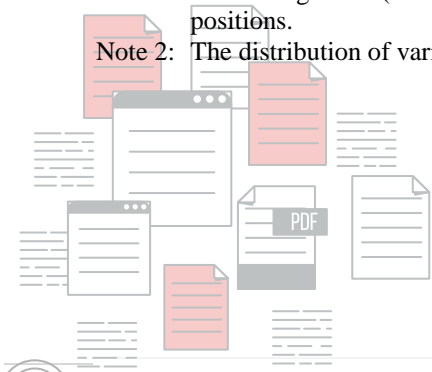
### 4.1.3 Composition of employees

Taiwan Sakura identifies Taiwan as its main business location and employs nearly 100% of its employees from Taiwan. Due to the nature of the manufacturing industry, the proportion of male employees is higher than that of female employees in the Company. By the end of 2023, the Company has a total of 1,059 full-time employees and 7 part-time employees. Meanwhile, we have complied with the "Regulations on the Permission and Administration of the Employment of Foreign Workers" and hired 250 foreigners from 2 countries to proactively help foreign employees adapt to the workplace. Taiwan Sakura treats employees of all ages with mutual respect. About 44.56% of employees are aged 41 or older, laying the important foundation for supporting the Company's operational growth momentum and experience inheritance. Taiwan Sakura will continue to promote and enhance a diverse, equal and inclusive environment for employees.

| Employee distribution in 2023 |               | Managerial positions<br><small>(Note 1)</small> |                | Non-managerial positions |                |                  |                |                                |                | Total number of employees <small>(Note 2)</small> |                |         |
|-------------------------------|---------------|---|----------------|--------------------------|----------------|------------------|----------------|--------------------------------|----------------|---|----------------|---------|
|                               |               |   |                | Indirect personnel       |                | Direct personnel |                | Cooperative Education Students |                |   |                |         |
|                               |               | Number of people                                | Percentage (%) | Number of people         | Percentage (%) | Number of people | Percentage (%) | Number of people               | Percentage (%) | Number of people                                  | Percentage (%) | YoY     |
| Male                          | ≤30 years old | 2   | 2.56%          | 32                       | 5.60%          | 149              | 35.73%         | -                              | -              | 183   | 17.17%         | -2.14%  |
|                               | Aged 31~40    | 6   | 7.69%          | 103                      | 18.04%         | 116              | 27.82%         | -                              | -              | 225   | 21.11%         | 7.66%   |
|                               | Aged 41~50    | 27  | 34.62%         | 94                       | 16.46%         | 48               | 11.51%         | -                              | -              | 169   | 15.85%         | -2.31%  |
|                               | Aged 50 ≥     | 22  | 28.21%         | 44                       | 7.71%          | 39               | 9.35%          | -                              | -              | 105   | 9.85%          | 0.96%   |
|                               | Subtotal      | 57  | 73.08%         | 273                      | 47.81%         | 352              | 84.41%         | -                              | -              | 682   | 63.98%         | 1.34%   |
| Female                        | ≤30 years old | 1   | 1.28%          | 57                       | 9.98%          | 8                | 1.92%          | -                              | -              | 66  | 6.19%          | 10.00%  |
|                               | Aged 31~40    | 1   | 1.28%          | 98                       | 17.16%         | 18               | 4.32%          | -                              | -              | 117   | 10.98%         | -12.03% |
|                               | Aged 41~50    | 12  | 15.38%         | 99                       | 17.34%         | 18               | 4.32%          | -                              | -              | 129   | 12.10%         | 3.20%   |
|                               | Aged 50 ≥     | 7   | 8.97%          | 44                       | 7.71%          | 21               | 5.04%          | -                              | -              | 72  | 6.75%          | 1.41%   |
|                               | Subtotal      | 21  | 26.92%         | 298                      | 52.19%         | 65               | 15.59%         | -                              | -              | 384   | 36.02%         | -1.29%  |
| Total                         |               | 78  |                | 571                      |                | 417              |                | -                              |                | 1,066   |                | +0.38%  |

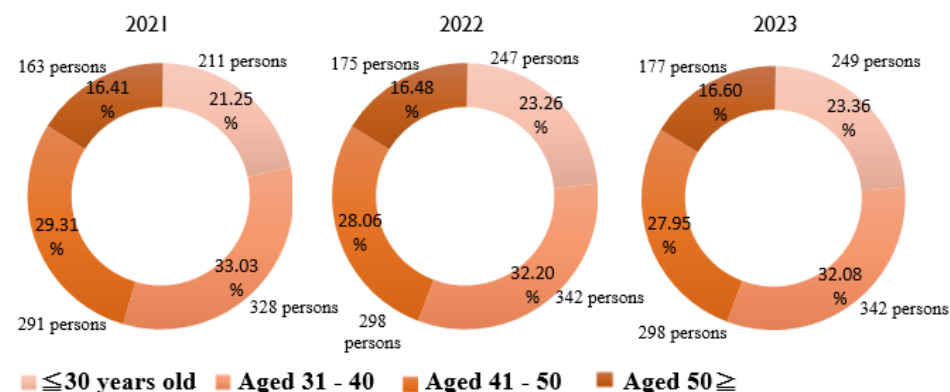
Note 1: The management (with the title of supervisor, team leader or above), while the direct personnel, indirect personnel and cooperative education students assume the non-managerial positions.

Note 2: The distribution of various types of employees is based on the total number of employees at the end of the year, and the denominator is 1,066.



## Age distribution of Taiwan Sakura's employees in the last three years

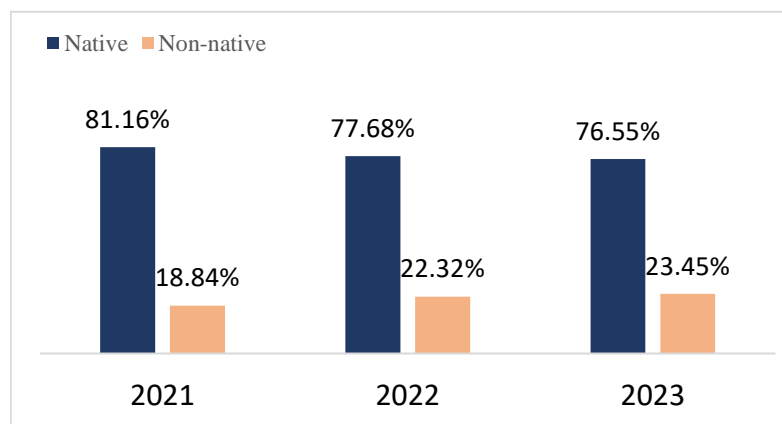
| Hierarchical  | 2021 |        | 2022  |        | 2023  |        |
|---------------|------|--------|-------|--------|-------|--------|
|               | Male | Female | Male  | Female | Male  | Female |
| ≤30 years old | 157  | 54     | 187   | 60     | 183   | 66     |
| Aged 31~40    | 199  | 129    | 209   | 133    | 225   | 117    |
| Aged 41~50    | 173  | 118    | 173   | 125    | 169   | 129    |
| Aged 50≥      | 92   | 71     | 104   | 71     | 105   | 72     |
| Total         | 993  |        | 1,062 |        | 1,066 |        |



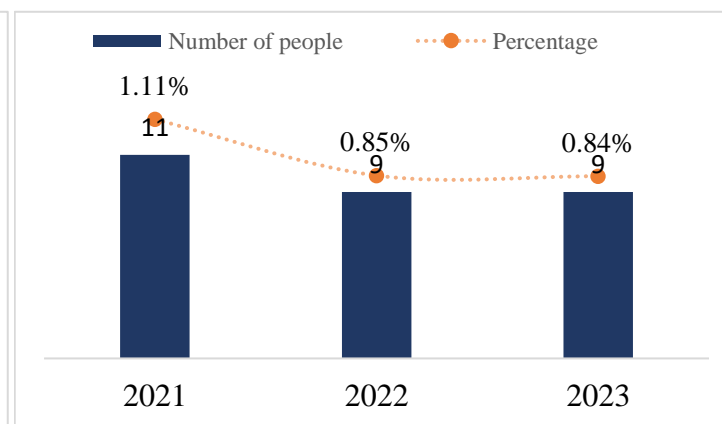
## Diversified employment status of Taiwan Sakura in the last three years

### (Non-) native employees (Note 1)

|           | 2021 | 2022 | 2023 |
|-----------|------|------|------|
| Taiwan    | 797  | 818  | 816  |
| Indonesia | 148  | 208  | 230  |
| Thailand  | 37   | 27   | 20   |



### Employees with disabilities (Note 2)

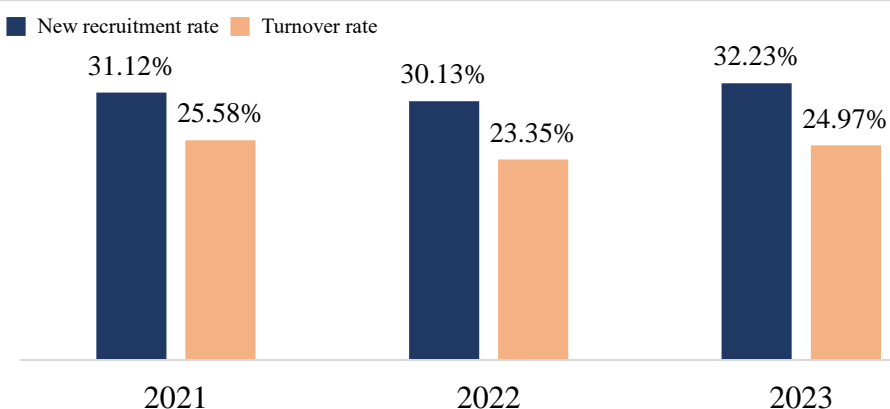


Note 1: Native employees="Total number of (non-) native employees in the current year" / "Total number of employees at the end of the current year"

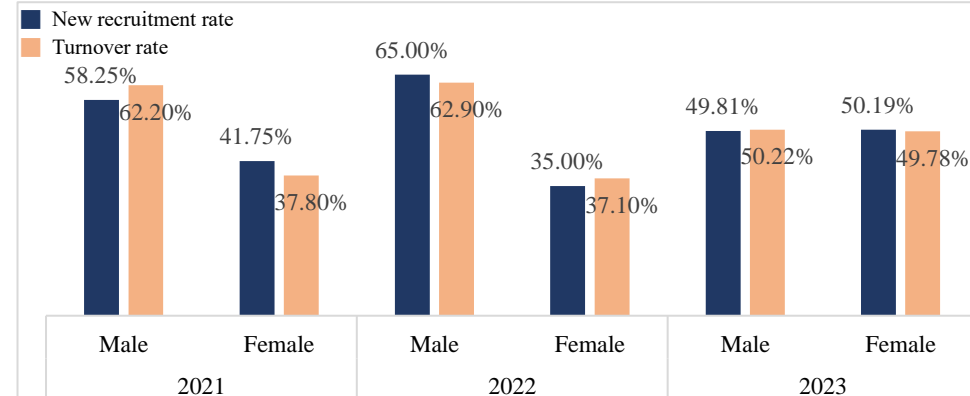
Note 2: Employees with disabilities = "Total number of employees with disabilities in the current year" / "Total number of employees with disabilities at the end of the current year".

Taiwan Sakura values the sustainable development of the Company, and is committed to creating a workplace environment for long-term talent retention. We provide a competitive compensation system to attract and retain outstanding talents to grow with the Company, and also provide employees with safety, assurance and heartwarming career protection to become a happy enterprise for the employees and encourage employees to achieve the Company's operational goals. Meanwhile, Taiwan Sakura has also adopted a positive attitude towards the turnover rate as the direction for continuous improvement in the future. In 2023, a total of 261 new employees (annual employment rate were 32.23%), including 112 employees under the age of 30, 85 employees aged of 31~40, 48 employees aged of 31~40, and 16 employees aged more than 50. In 2023, a total of 229 employees resigned (annual resignation rate 24.97%), of which 81 employees were under the age of 30, 81 employees aged of 31~40, 58 employees aged of 30~40, and 9 employees aged more than 50.

Distribution of new and resigned employees of Taiwan Sakura in the last three years



Ratio of new and resigned employees of Taiwan Sakura by gender in the past three years



Distribution of new employees of Taiwan Sakura in the last three years ( Note 1) (Note 2)

| Hierarchical   | 2021 |        | 2022 |        | 2023 |        |
|----------------|------|--------|------|--------|------|--------|
|                | Male | Female | Male | Female | Male | Female |
| ≤ 30 years old | 77   | 40     | 108  | 46     | 58   | 54     |
| Aged 31~40     | 72   | 45     | 69   | 37     | 48   | 37     |
| Aged 41~50     | 27   | 24     | 26   | 23     | 21   | 27     |
| Aged 50≥       | 4    | 20     | 5    | 6      | 3    | 13     |
| Subtotal       | 180  | 129    | 208  | 112    | 130  | 131    |
| Total          | 309  |        | 320  |        | 261  |        |

| 2021    |        | 2022    |        | 2023    |        |
|---------|--------|---------|--------|---------|--------|
| Male    | Female | Male    | Female | Male    | Female |
| 24.92%  | 12.94% | 33.75%  | 14.38% | 22.22%  | 20.69% |
| 23.30%  | 14.56% | 21.56%  | 11.56% | 18.39%  | 14.18% |
| 8.74%   | 7.77%  | 8.13%   | 7.19%  | 8.05%   | 10.34% |
| 1.29%   | 6.47%  | 1.56%   | 1.88%  | 1.15%   | 4.98%  |
| 58.25%  | 41.75% | 65.00%  | 35.00% | 49.81%  | 50.19% |
| 100.00% |        | 100.00% |        | 100.00% |        |



## Distribution of resigned employees of Taiwan Sakura in the last three years ( Note 1) (Note 2)

| Hierarchical  | 2021 |        | 2022 |        | 2023 |        |
|---------------|------|--------|------|--------|------|--------|
|               | Male | Female | Male | Female | Male | Female |
| ≤30 years old | 43   | 29     | 53   | 30     | 40   | 41     |
| Aged 31~40    | 74   | 37     | 63   | 29     | 37   | 44     |
| Aged 41~50    | 34   | 21     | 30   | 25     | 31   | 27     |
| Aged 50≥      | 7    | 9      | 10   | 8      | 7    | 2      |
| Subtotal      | 158  | 96     | 156  | 92     | 115  | 114    |
| Total         | 254  |        | 248  |        | 229  |        |

| 2021    |        | 2022    |        | 2023    |        |
|---------|--------|---------|--------|---------|--------|
| Male    | Female | Male    | Female | Male    | Female |
| 16.93%  | 11.42% | 21.37%  | 12.10% | 17.47%  | 17.90% |
| 29.13%  | 14.57% | 25.40%  | 11.69% | 16.16%  | 19.21% |
| 13.39%  | 8.27%  | 12.10%  | 10.08% | 13.54%  | 11.79% |
| 2.76%   | 3.54%  | 4.03%   | 3.23%  | 3.06%   | 0.87%  |
| 62.20%  | 37.80% | 62.90%  | 37.10% | 50.22%  | 49.78% |
| 100.00% |        | 100.00% |        | 100.00% |        |

Note 1: New employment rate = "Total number of new employees in the current year" / "Total number of employees at the end of the current year"; turnover rate "Total number of employees resigned in the current year" / "Total employees at the end of the current year."

Note 2: New employment rate = "Total number of new employees recruited in the current year by gender" / "Total number of new recruits in the current year"; turnover rate "Total number of new employees recruited in the current year by gender" / "Total number of new recruits in the current year".

## 4.2 Talent Development and Cultivation

Taiwan Sakura is well aware that talents are the greatest growth momentum and the key to core competitiveness of an enterprise, and that talent development and cultivation are an important way to ensure the sustainability and value-added of human capital. Through the PDCA talent training quality system, we have established a human resource management system based on the capability development and performance management, adopted the regular performance management and diversified ability training programs to continue improving human resource quality, and reviewed personal performance and ability to determine future development and remuneration. Taiwan Sakura is deeply aware that employees gain and accumulate professional experience at work and expand their diverse horizons through interaction. We also proactively create an environment and resources for continuous learning and development for employees, and encourages employees to participate in training organized by external organizations to help them continue to improve to create value for themselves and feed it back to the Company. Meanwhile, in 2023, Taiwan Sakura gathered external environmental information to grasp the trends and changes, combined with the development strategies of the Company's business divisions and the integration needs of various group project and further explored internal short-, mid- and long-term talent issues in order to continue to reserve future talent resources for Taiwan Sakura.

### External environment● Important trends

Trend of laws and regulations,  
legal costs

Manpower shortage, low birth rate,  
aging population

Digital transformation

Workers of different generations

### Key Development Strategies of All Business Divisions●

Development of existing and new  
businesses

Integration of various projects  
within the Group

Group-based management model

### Issues Discussed Internally●

Employee recruitment, employee  
experience

Digital AI, automation, process  
optimization

Corporate culture, talent  
management

Organizational development,  
employment policy

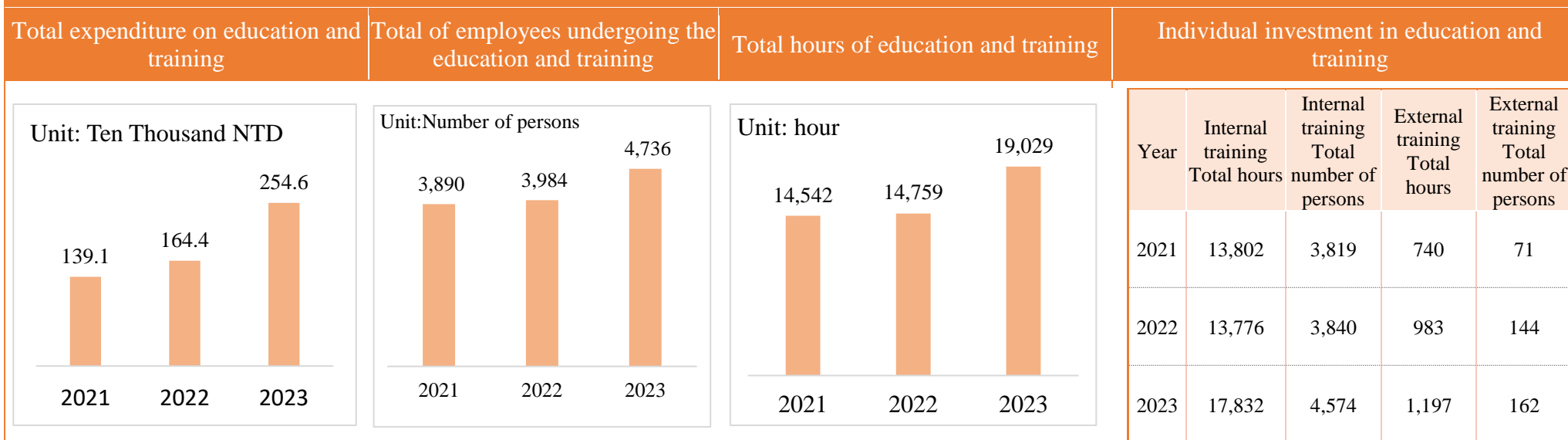
#### 4.2.1 Complete and diverse talent cultivation channels

Taiwan Sakura has long been committed to sprouting and diligently cultivating talents to provide in-service new employees and reserved personnel with multiple learning channels and abundant learning resources, such as professional, general and project-based department rotation and job function management, etc., in order to encourage them to continue to improve their skills required for their work and also their self-management capabilities. Meanwhile, we proactively create a suitable learning and development environment for employees, constantly strengthen employees' professional skills, and encourage employees to pursue growth and explore any possibility, and then apply what they have learned in work and even in life.

| Talent Cultivation Channels |   |  |  |   |  |   |  |
|-----------------------------|---|--|--|---|--|---|--|
| Type                        | On-the-job and systematic knowledge management training   |  |  |   | Project-based management training  |   |  |
| Channel                     | New Employee Course   | Management Skills Course   | Professional Ability Course  | ISO and Occupational Safety Course  | General Education and Self-Development Courses   | Departmental Rotational Course  | Individual Development Plan (IDP)  |
| Definitions                 | In order to enable new employees to fully understand the Company's overview and rules and regulations and also familiarize themselves with work knowledge and skills after joining the Company, the orientation training is conducted uniformly, including the introduction to the Company and the Group, environmental safety and health policies, brand stories, etc.. They are expected to be adapted to the environment as soon as possible, exert their work performance and work as a team. | Based on the Company's current talent resources, we select the backbone or elite personnel from each department for planned and systematic training to build a talent pool and track their after-school results and performance. | Professional and management courses are arranged for supervisors or employees to participate in based on individual expertise, job functions, and job needs, as well as in line with the Company's strategy and development needs. | Theme-based courses on ISO and occupational safety are arranged for new employees, manufacturing-related units, and safety and health employees from time to time.    | Theme-based courses on competency are arranged from time to time to encourage employees to go beyond their work attitudes and concepts through a positive cycle, thereby influencing their behaviors (motivation) and execution ability. | Create a culture of innovation and change for the enterprise, allowing employees to get away from their comfort zone at work, developing high-potential talents, and encouraging employees to develop diverse capabilities. | Emphasize the development of key talent functions, and cultivate the succession echelon and key talents of the Company through a systematic development system.                            |
| Training courses            | Orientation training<br>Vision Communication Meeting  | Courses for senior managers<br>Courses for mid-level managers<br>Courses for junior managers<br>Talent pool courses  | 8D analysis, stamping process and product design and development, mold manufacturing process and product design and development courses  | Fire protection education, training and drills<br>First aid training and drills<br>Hazard education and training<br>ISO quality, environmental education and training | Forums and lectures<br>Digital AI Application Course   | If any supervisor remains vacant, internal rotation takes priority.<br>Rotation mechanism proposed by employees voluntarily<br>Department rotation plan   | Take an inventory of the employee's competency gaps, design a personal development plan, and complete the aspect of personal development through project experience and the mentor system. |
| Target                      | New recruited   | Determined subject to the needs of the department<br>Junior, mid-level and senior managers   | Determined subject to the needs of the department  | New recruited<br>General<br>Determined subject to the needs of the department   | New recruited<br>General<br>Junior, mid-level and senior managers  | General<br>Senior manager<br>Project target   | Succession Echelon<br>Key Talents  |

## 4.2.2 Talent Cultivation and Development

### Training achievements of Taiwan Sakura in the past three years



### Training achievements of (non-)managerial positions by gender at Taiwan Sakura in the last three years

| Hierarchical                 |                          | 2021  |        | 2022  |        | 2023   |        |
|------------------------------|--------------------------|-------|--------|-------|--------|--------|--------|
|                              |                          | Male  | Female | Male  | Female | Male   | Female |
| Total training hours         | Managerial position      | 1,228 | 510    | 1,280 | 535    | 1,650  | 690    |
|                              | Non-managerial positions | 8,451 | 4,353  | 8,629 | 4,315  | 11,126 | 5,563  |
| Average total training hours | Managerial position      | 21.93 | 30.00  | 22.90 | 31.50  | 24.30  | 27.60  |
|                              | Non-managerial positions | 14.96 | 12.26  | 15.30 | 12.20  | 15.90  | 13.90  |



Group orientation training  
X  
Vision Communication Meeting



Headquarters ▲



North District ▲



Southern District ▲  
Taoyuan District ▼

Group Forward-Looking Seminar



Mid-level Manager Training



ISO Internal Auditor Training



AI Image Generation Application Workshop





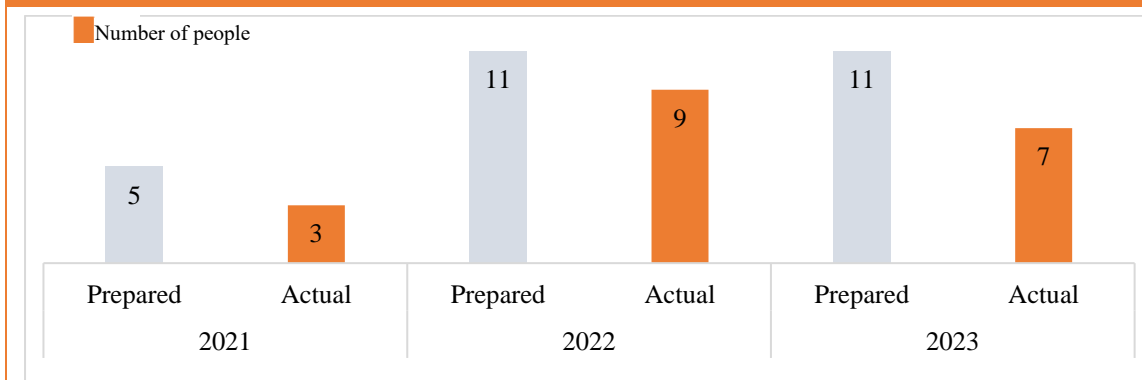
### 4.2.3 Talent Cultivation Program

In terms of talent cultivation, in addition to providing students with a stage for theory and practice through industry-academia collaboration, including the summer internship opportunity for "SAKURA AWARDS" winning students, and long-term industry-academia and off-campus internship cooperation with National Chin-Yi University of Technology and National Formosa University, allowing students to attend to their coursework and work at the same time during their study period in universities. Meanwhile, we have also provided the summer internship program to juniors and seniors of National Taichung University of Education for a long term. Meanwhile, in order to encourage employees to be brave to break away from the existing organizational framework and put customers at the core, Taiwan Sakura launched the TMO project in 2023 as an incubation center for new cross-organizational issues and also for laying the foundation for future talent development. The TMO team, consisting of over 35 employees across departments, upholds the four major themes, namely "Business Innovation, Consumer Journey, Data Governance, and Employee Experience," to explore more possibilities for future development based on their core topics.

#### Taiwan Sakura TMO Transformation Office Project Implementation Status in 2023



### Status of industry-academia collaboration of Taiwan Sakura in the last three years



In the face of the continuous growth and expansion of Taiwan Sakura, there is still a comprehensive and sound distribution system as the strong backing to achieve the annual goal. Through the Company's nearly 4,000 distribution locations and business offices across Taiwan, as well as the diversified sales and service channels, such as the 100 exclusive outlets for the Kitchen Solution, "Sakura Cuisine & Living," the Sakura Outlet of the department store, and the Sakura shop-in-shop of mass retailers, we are continuously undergoing channel deployment and establishment of new sales models. The development of professionalism and enhancement of business in the distribution system are indispensable elements for the continuous improvement of the overall distribution system. We have also become a close partner with dealers to solve operational pain points and challenges, so that we can face the ever-changing consumer market without worry and consolidate our market position. In 2023, according to the statistics, the training courses attended by the distributors have been organized for a total of 185 sessions and attended by 3,295 participants, which were different from the data for 2022, primarily due to the 7 competitions and new product launches were organized throughout Taiwan in September 2023. The latest products were presented on the site with detailed and professional explanations by product managers. The event was attended by 2,330 participants.

### Distribution and cooperation of Taiwan Sakura in the last three years

| Year              | 2021(Note 1) | 2022  | 2023  |
|-------------------|--------------|-------|-------|
| Session           | 79           | 202   | 185   |
| Number of persons | 1,410        | 4,506 | 3,295 |



Note 1: The original 2022 ESG Report disclosed a total of 9 sessions in 2021, attended by 125 persons. As of 2022, the statistical method was adjusted and based on the training courses attended by all distributors for the consistency of expression.

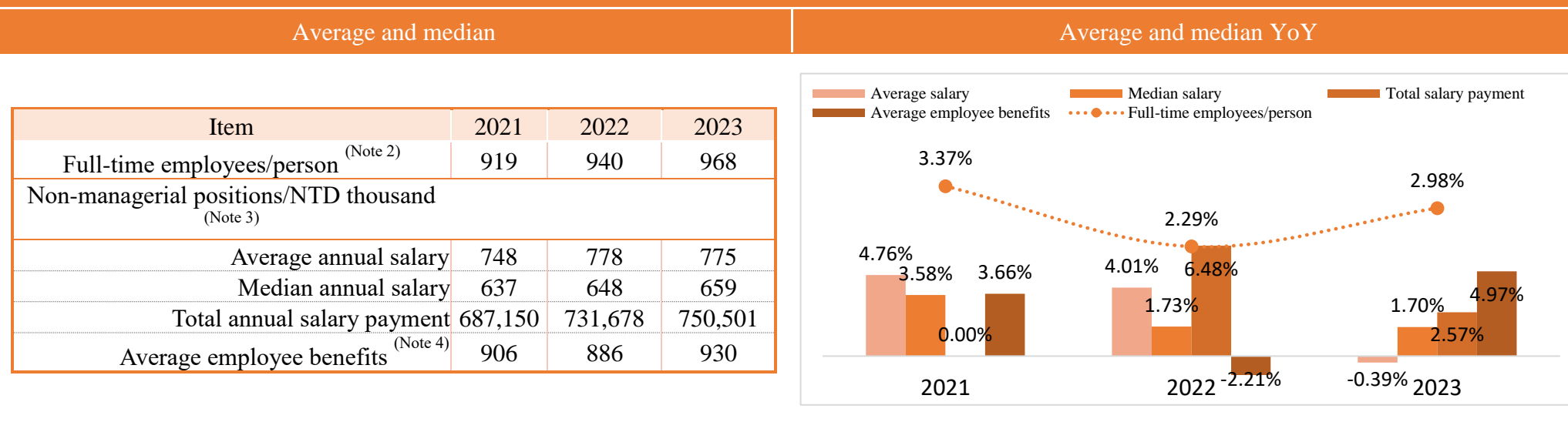
## 4.3 Rights and Remuneration & Benefits of Employees

### 4.3.1 Remuneration system

On the premise of taking into account the external business environment and internal fairness and reasonableness, Taiwan Sakura has a comprehensive remuneration policy, welfare measures, and performance management system, as well as a leave system that is better than that defined under the law, in order to attract, retain, develop and encourage talents. Through the performance appraisal and interview conducted for twice per year, we understand employees' personal performance and ability performance and also the employees' demonstration of their own value, in order to feed the business performance back to the remuneration to employees appropriately. Meanwhile, the Company adjusts the pay level from time to time, in order to provide the remuneration competitive in the market. Meanwhile, the raise will be granted subject to the Company's operations, price index, economic growth rates and personal performance. Meanwhile, according to the Company's Articles of Incorporation, if there is a profit in the year, 2%~8% of the profit shall be set aside as employee remuneration, and the payment is made on the eve of the Mid-Autumn Festival regularly every year to enable the employees to share the business results together.

Meanwhile, in accordance with the requirements, Taiwan Sakura regularly reports the number of full-time employees holding non-managerial positions, average and median salaries, and then calculates the remuneration ratio of male and female employees. In 2023, the total number of full-time employees holding non-managerial positions was 968 persons. The difference in the changes of the "average salary" and "median salary" in the past two years primarily due to the fact that the new manpower, primarily the migrant workers for production lines, resulted in the decrease in average salary. However, due to the average salary increase by about 3% in July 2023, the median salary has increased and thereby the salary of male employees became higher, while the average/median bonus is higher in the case of female employees.

The average and median salary of full-time employees of Taiwan Sakura in the last three years (Note 1)



Note 1: The ratio of remuneration to employees is calculated based on the total number of employees at the end of the year.

Note 2: The Company's employees from 2021 to 2023 are all full-time employees.

Note 3: Managerial positions (with the title of supervisor, team leader or above), while the direct personnel and indirect personnel assume the non-managerial positions.

Note 4: Expenses of employee benefits and salaries.



## Gender pay gap

The salary offered by Taiwan Sakura is higher than the local basic salary, and bonuses and allowances are given in line with market conditions, so that colleagues need not to worry about their economic condition. Meanwhile, we also continue to enhance the concept of gender-friendliness to promote equality in the workplace and pursuit of excellence.

| Item <sup>(Note 1)</sup>               | 2021  |        | 2022  |        | 2023  |        |
|--|-------|--------|-------|--------|-------|--------|
|  | Male  | Female | Male  | Female | Male  | Female |
| Compensation ratio <sup>(Note 2)</sup> | 1.99% | 1.00%  | 2.05% | 1.00%  | 2.01% | 1.00%  |
| Remuneration ratio                     | 1.84% | 1.00%  | 1.90% | 1.00%  | 1.87% | 1.00%  |

## 4.3.2 Improvement of the welfare mechanism

|                                 |  |
|---------------------------------|--|
| Employee Welfare Committee      | In order to effectively boost the employee welfare measures and promote the needs of employees in terms of work, life, safety, and health, we have established the Employee Welfare Committee to proactively promote club activities and various employee welfare measures, provide the gift money for two major festivals and birthday, subsidy for marriage and funeral, housewarming and childbirth, consolation money for hospitalization, and exclusive discounts offered by merchants. In addition to withholding tax from the employees' monthly salary and allowances, the Company shall first appropriate 2%~8% of the annual profit as employee remuneration, so that the management and labors can share the benefits of business operations jointly. Taiwan Sakura and the Committee organize employee welfare-related activities and measures from time to time, aiming to seek the best employee welfare and promote the employees' physical and mental health and life balance. |
| Employee Insurance System       | In order to ensure that the employees enjoy comprehensive protection, in addition to labor insurance and national health insurance, Taiwan Sakura enrolled each employee to the group insurance program. The insurance premium is borne by the Company in full. Colleagues who take business trips overseas are also covered by travel insurance for enhancement of employees' protection.   |
| Employee Stock Ownership System | In order to enhance employees' loyalty, strengthen the retention of outstanding talents, seek and create employee benefits, help employees save and accumulate wealth over the long term to ensure a stable life in the future, the employees within the Company's official personnel organization who have served for at least six months may apply for participation with the Company voluntarily. The specific fund is allocated from the employees' salary on a monthly basis, plus 200% of the equivalent amount contributed by the Company, which will be coordinated via the Conference of Share Holding Employees.   |
| Employee retirement system      | In order to protect the future and retirement rights and interests of employees, a retirement system has been established in accordance with the Labor Standards Act. The labor retirement reserve fund is allocated at 6% of their monthly gross salary. The Labor Retirement Reserve Fund Supervisory Committee has been established to manage, supervise and utilize the fund. Employees who have served in the Company for at least 15 years and are at least 55 years old, or who have served for 25 years, can apply for voluntary retirement.   |
| Diverse Club Activities         | <b>Yoga, badminton, table tennis</b>   |
| Other activities                | Special discount merchants, employee shopping discounts, parking lots exclusive for employees, Sakura Family Day, other periodic group meal parties and outings, etc.  |

Note 1: The female ratio is identified as 1.

Note 2: The remuneration refers to monthly salary, including monthly salary and various bonuses (performance and year-end bonuses).

Taiwan Sakura Spring Feast



Taiwan Sakura Yoga Club





## Taiwan Sakura Christmas Dinner Party



## Taiwan Sakura Charity Parent-Child Carnival

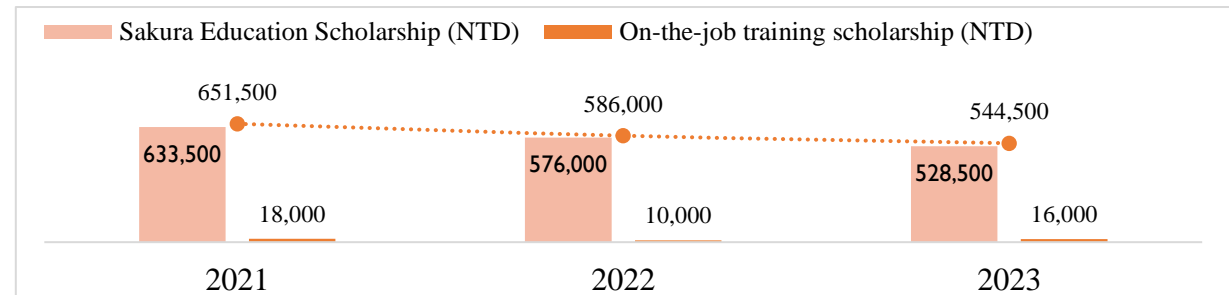


Taiwan Sakura values and encourages students excellent in both character and learning to continue their studies, never give up, and create unlimited possibilities for development. By upholding the sustainable management philosophy “taken from society, give back to society” and making contribution to the society, the Company hopes to work with businesses and individuals from all walks of life to realize the importance of education and contribute to the upbringing and education of employees' children by virtue of the "Sakura Education Scholarship."

Meanwhile, in order to strengthen the interaction between Taiwan Sakura and its affiliated companies to enhance employees' motivation, achievement, and loyalty toward the Company, we also reward employees for on-the-job training and provide learning support for their children. Both employees of Taiwan Sakura and its major affiliated companies, and their children, are eligible to apply for it.

#### Expenditures of Sakura Education Scholarships in the last 3 years

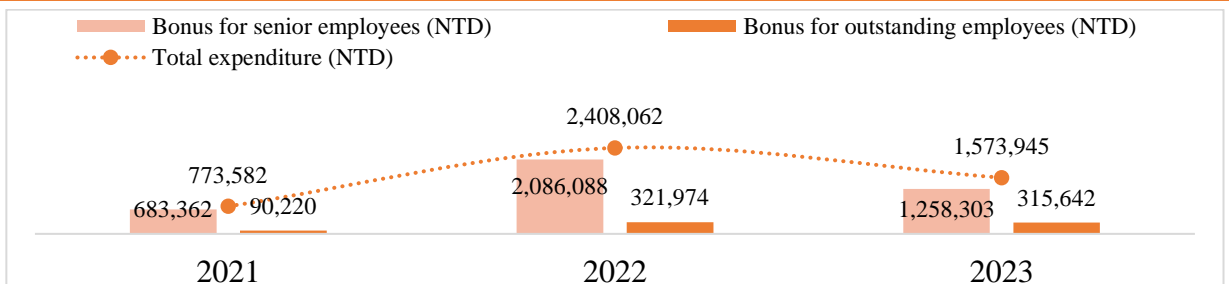
| Item                                   | 2021 | 2022 | 2023 |
|--|------|------|------|
| Sakura Education Scholarship/person    | 244  | 235  | 247  |
| On-the-job training scholarship/person | 4    | 2    | 3    |



Every year, Taiwan Sakura selects senior and outstanding employees and publicly commends them in the Spring Feast Gala for the current year. Senior employees include all active employees of affiliated companies. The outstanding employees are defined as those who have outstanding and concrete achievements in work and business performance, have a proactive work attitude, have a customer service-oriented spirit, have a sense of improvement, take the initiative to change the operating procedure to improve the rating about work efficiency or cost reduction, who shall be selected by the Human Resources Evaluation Committee.

#### Praise for senior/outstanding employees in the past three years (Note 1)

| Item                                   | 2021 | 2022 | 2023 |
|--|------|------|------|
| Bonus for senior employees/person      | 31   | 45   | 39   |
| Bonus for outstanding employees/person | 26   | 29   | 31   |



Note 1: Senior employees refer to those with the service seniority of 10/20/30/40 years. Outstanding employees are evaluated according to the Company's performance evaluation criteria, who are proposed by various departments and resolved by the Human Resources Evaluation Committee.

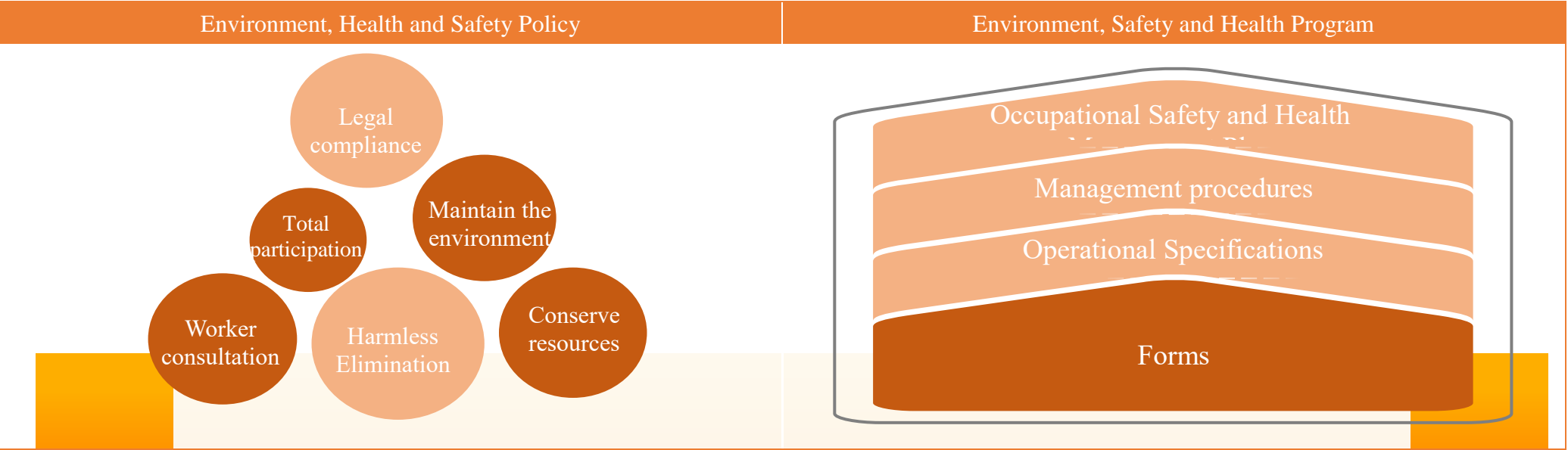


# 4.4 Friendly and Safe Workplace

## 4.4.1 Occupational safety and health management system

Taiwan Sakura is committed to fulfilling its corporate social responsibility for sustainability. In the face of increasingly serious industrial safety and environmental issues, Taiwan Sakura has strictly complied with the circular management framework mechanism of the "PDCA" under the ISO 45001 <sup>(Note 1)</sup> Occupational Safety and Health Management System Framework, in order to make the production operations successful, and maintain the safety and health of whole employees and stakeholders, reduces the risks to employees, machinery and equipment, and the environment. We also emphasize damage prevention and promote employees' physical and mental health, strictly comply with occupational safety and health laws and related requirements, provide all employees with a safe and healthy workplace environment, eliminate hazards, and mitigate occupational safety and health risks to ensure that internal operations meet the occupational safety and health policies and regulations. Furthermore, Taiwan Sakura continues to promote and implement an occupational safety and health management system and also formulate management guidelines, including environment, safety and health policies and plans, and follow them to prevent hazards and reduce work-related injuries.

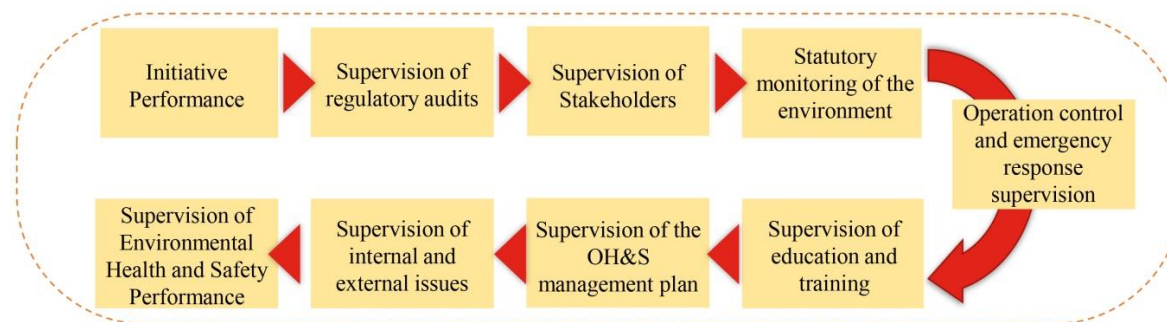
In accordance with Article 23 of the Occupational Safety and Health Act, Taiwan Sakura also plans and formulates occupational safety and health management plans, which are also the Level 1 occupational safety and health work documents. The various management procedures derived from them are the Level 2 documents, and then the various management procedures develop the relevant operating regulations and related forms, which are Level 3 and Level 4 documents, in order to systematically manage the planning and operation of various projects to prevent occupational accidents, protect the safety and health of employees, promote the Company's colleagues to enhance safety, health and environmental protection awareness and practice related management works. We work with employees to maintain a zero-accident and zero-disaster workplace environment.



Note 1: ISO 45001 occupational safety and health management system (valid from December 25, 2021 to December 24, 2024).

#### 4.4.2 Occupational safety and health supervision and measurement management

In order to establish and implement environment, safety and health performance indicators, in line with the spirit of continuous improvement of the environment, safety and health management system, and to specifically present environment, safety and health performance, Taiwan Sakura regularly monitors and measures operations and activities that may have significant environmental impacts and risks on the Company's internal units, in order to manage them effectively.



##### Emergency Response Plan

- 1) In order to activate the response procedures in the shortest time at the early stage of an accident and reduce personnel, property, and production losses, we have established immediate and effective emergency accident handling regulations to improve the emergency response capabilities of departments and personnel and prevent the disaster from expanding as to cause the loss of life and property. Therefore, Taiwan Sakura has clearly established emergency response management regulations and various accident prevention measures, as well as the corresponding emergency notification system.
- 2) Each factory premises has established an emergency response team to implement the response mechanism immediately, assess the possible frequency of different types of disasters, and conduct emergency response training (drills). Notwithstanding, in order to ensure the smooth operations of the emergency response plan and the effectiveness of emergency accidents, the factory premises conducts disaster prevention training (drills) in different disaster scenarios every year to review the emergency response teams' and employees' response in the event of an accident, and disposal ability, skills and familiarity in the use of various protective equipment.

##### Inspection system

- 1) Environmental safety and health laws and regulations: Enforce and improve various environment, safety and health laws and regulations, conduct legal inspections, and control non-conformities.
- 2) Operating environment monitoring: Establish environment, safety and health supervision and measurement management regulations, and implement environmental monitoring. In February and August each year, we contract a professional institution to perform environmental monitoring of the operation site, including organic solvents, dust, and noise. After that, the monitoring results are disclosed to the public. Control measures, such as engineering improvement or administrative management, are implemented in the areas beyond the regulatory standards, in order to maintain the employees' health.
- 3) Automatic inspection plan: All equipment, machinery, vehicles and other equipment of the Company shall be automatically inspected by the supervisors and personnel of relevant units, in accordance with the automatic inspection plan included in the occupational safety and health management project. Regular inspections, key inspections, operational inspections, and maintenance conducted by each unit shall record the inspection time, methods, results, and improvement measures to be taken, and such records shall be retained for future reference.
- 4) Fire equipment maintenance: Formulate a fire protection plan, and appoint a fire equipment engineer to inspect the fire equipment throughout the entire factory premises on a regular basis.
- 5) Employee health checkup: Plan the employee health checkup, and identify and evaluate the health management that should be implemented for employees based on the data.

#### 4.4.3 Occupational Safety and Health Management Organization

Taiwan Sakura has established an Occupational Safety and Health Committee, which is responsible for formulating an occupational safety and health management plan and guiding relevant units to implement it. It is also responsible for making recommendations and improvement measures for the safety and health policy of the workplace, coordination of safety and health-related countermeasures. Meanwhile, each department head shall be responsible for preventive education on the prevention of accidents. The safety and health management unit shall assist each department head in monitoring and preventing the possibility of accidents.

#### 4.4.4 Education and training, communication and promotion

Taiwan Sakura strongly believes that employees are important assets to the Company and that the physical and mental health of employees is one of the goals of building a happy enterprise. Therefore, we continue to improve the occupational safety and health management functions and disaster response abilities of the environment, safety and health personnel, and work hard to verify the trend of related laws and regulations. Each plant of Taiwan Sakura has established the occupational safety and health education and training program. In addition to complying with laws and regulations and operational needs, we invite the colleagues or external experts familiar with occupational safety laws and regulations and with practical experience to hold relevant occupational safety and health education and training courses, presentations and lectures, and share the operational behaviors for safety and hazard and guiding cases about safety management skills, in order to help employees understand the laws and regulations and key implementation points. Meanwhile, the Company will post promotional materials via email or in public zones, or organize knowledge lectures, or push notice via the Sakura folk line@, etc., to increase colleagues' ability to recognize the hazards in the workplace and the safety and health knowledge and concepts needed to prevent disasters, strengthen their awareness toward the hazard in the workplace, and do their best to protect the health and safety of workers in the workplace and prevent occupational disasters.

#### Occupational Safety and Health Education and Training

Occupational safety  
education and training

Other relevant education  
and training  
(dust, noise, and first aid)

Fire protection  
education, training and  
drills

General education and  
training on hazardous  
substances



Taiwan Sakura's occupational accident statistics in 2023 showed a total of 3 occupational accidents, 2 male and 1 female. In order to provide employees with the access to work in a workplace without worry, Taiwan Sakura continues to provide education and training through various professional courses and on-site operation hazard factors to identify and enhance safety awareness and prevent occupational disasters.

### Statistics About Occupational Accidents of Taiwan Sakura in the Last 3 Years

| Statistics about Occupational Accidents          | 2021 |        |       | 2022 |        |       | 2023 |        |       |
|--|------|--------|-------|------|--------|-------|------|--------|-------|
|  | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Number of cases of occupational sickness leave   | 5    | 0      | 5     | 6    | 0      | 6     | 2    | 1      | 3     |
| Number of days of occupational sickness leave    | 17   | 0      | 17    | 102  | 0      | 102   | 15.5 | 2.0    | 17.5  |
| Lost-Time Injury Rate (LTIR) <sup>(Note 1)</sup> | 0.62 | 0      | 0.62  | 0.69 | 0      | 0.69  | 0.23 | 0.11   | 0.34  |
| Percentage of lost time <sup>(Note 2)</sup>      | 2.07 | 0      | 2.07  | 12   | 0      | 12    | 1.78 | 0.23   | 2.01  |

### Health promotion activities

We help employees eliminate work and life stress and have a healthy body and mind and good interpersonal relationships. Through continuous communication and the promotion of health knowledge and care activities, employees are encouraged to maintain a good routine, exercise habits, and correct knowledge of health maintenance and care to improve employees' health knowledge and care awareness and help them manage their health well. Every year, Taiwan Sakura organizes regular employee health checkups and implements various health promotion activities, such as blood donation activities and lectures on improvement of self-health awareness. Upon the colleagues' completion of the health checkup, correspondent follow-up and guidance measures are taken subject to the degree of deviation from the standards. If the colleagues want to know more about the health checkup results, they can also directly consult the doctor who conducted the health checkup, so that they may have a better understanding of their health status and manage their health status more comprehensively.

1. Annual health checkup: Arrange annual health checkups in accordance with the Occupational Safety and Health Act. Health checkups for the general workers are the main items. We also provide special operators with health checkups for special hazards. In 2023, the number of participants reached 817 persons, with a participation rate of 94.0%.
2. No-smoking workplace: The Company has implemented the "no smoking" regulations. In addition to installing the no-smoking signs extensively, we have proactively promoted the concept of workplace smoking hazard prevention to support the "no-smoking workplace" work environment. Notwithstanding, outdoor smoking areas are still made available and smokers are also encouraged to join the quit smoking procession.
3. Health promotion clubs: We subsidize employees' self-organized sports clubs with the operating budget to encourage employees to develop healthy exercise habits after work and maintain a good balance between work and life.



Note 1: Lost-Time Injury Rate (LTIR)=(Total work-related injuries (cases) / Total working hours)\*200,000.

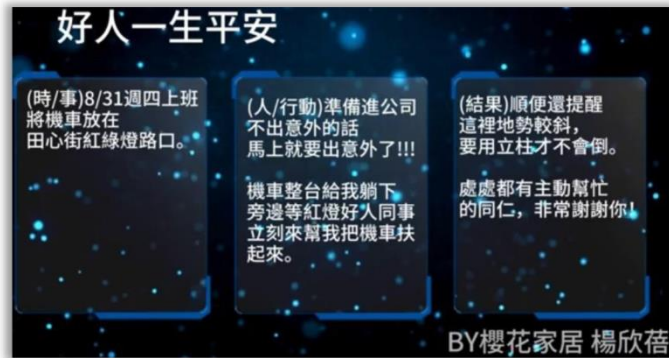
Note 2: Lost days ratio (LDR) = (Total days lost due to disabling injuries/Total working hours) x 200,000.

Note 3: The 200,000 in the above formula is calculated based on 50 weeks per year, 40 working hours per week, and per 100 employees.



#### 4.4.5 Friendly Workplace

Taiwan Sakura believes that a friendly workplace is critical to enhancement of job satisfaction, creation of a positive atmosphere, and promotion of employees' growth and development. In 2023, Taiwan Sakura launched the vision culture project, "Meet My Small Wonders," to encourage employees to discover the small wonders that exist everywhere at work. Through the employees and unique insight and careful observation, employees are brave and pleased to share these beautiful things, in an attempt to wake up each partner around them to recognize the value of their work, and further make these small beauties more significant. During the three-month period for the event, a total of 178 partners shared and provided 189 beautiful stories.



Furthermore, Taiwan Sakura has provided the first-aid equipment at the factory premises to respond to various emergencies, and a breast-feeding room has also been set up to ensure that female employees have a healthy and safe working environment and may work without worry after giving birth. The Company continues to strive to create a safe and friendly workplace for employees. In December 2023, the Company launched the "Manufacturing Environment Safety Optimization Project." Through the internal agile taskforce's joint promotion, certain staged achievements have been received within one month, such as diverse and friendly rest rooms (female-only and Muslim-friendly, etc.), improvement of ambient lighting and optimization of parking lot pavement, etc., starting from the needs of different employees, while gradually enhancing employees' thinking of diversity, equality, and inclusion. Taiwan Sakura is recognized by internal employees as it cultivates a workplace that is diverse and inclusive and upholds equal rights.



## 4.5 Human Right Protection and Diverse Communication Channels

### 4.5.1 Human rights protection

#### Labor-Management Policy

Taiwan Sakura values the rights and interests of employees, labor and work and complies with the provisions of the International Labor Organization conventions. There is no forced or compulsory labor in any form. If there are major changes in operations that may affect the rights and interests of workers, we will send a prior notice pursuant to the Labor Standards Act, in order to protect the rights and interests of employees to work. When any employee's rights are impaired or infringed, he/she may raise questions and seek assistance through the internal grievance channel. Furthermore, through fair and open recruitment channels, employees are treated equally regardless of gender, race, or nationality, and enjoy the same rights and various benefits. We are committed to protecting fundamental human rights, and we convene labor-management meetings to promote harmonious labor-management relations. Meanwhile, we provide smooth communication channels. Also, we are committed to the protection of human rights, anti-discrimination, support for two-way communication between labors and management, and protection of employees' rights and interests, in order to create a win-win situation and harmonious relationship between labors and management. In 2023, no employee complaints have been received by Taiwan Sakura and no violations of relevant laws, strikes or work stoppages occurred.

#### Right and interest of labors and management, and diverse communication channels

In order to promote harmonious relations with employees and smooth communication between labors and management, Taiwan Sakura has established multiple channels for regular communication and dialogue with employees. Through the complete two-way dialogue mechanism, we can fully communicate and improve various problems between labors and management, so that employees can fully understand the Company's operating activities and business planning to get the opportunities to access information and express opinions and create co-prosperity between the Company and its employees. Meanwhile, Taiwan Sakura also identifies laws and regulations and seeks advice from competent authorities or experts from time to time, in order to optimize our labor-management and employee protection system and organizes labor-management training programs from time to time to increase the workers' awareness toward their own rights and interests. Employees may raise any difficulties or suggestions encountered by them via multiple communication channels. Meanwhile, in order to protect employees' rights and interests, the anonymous function is adopted. When the dedicated contact person receives the questions or suggestions, the shall transfer cases to the responsible unit for evaluation and timely response, follow-up and improvement, to ensure that the issues raised by employees can be properly and effectively resolved.

| Type   | Implementation status of Taiwan Sakura in 2023                 |
|--|--|
| Monthly mobilization meeting <sup>(Note 1)</sup> | A total of 11 mobilizations were held this year.               |
| Employee feedback mailbox                        | No significant employee feedback was received during the year. |
| Electronic publications                          | A total of 4 HR e-quarterly newsletters were issued this year. |

Note 1: There was no mobilization in February as the Lunar New Year holidays fell within the month.

#### 4.5.2 Human rights policy (Note 1)

Taiwan Sakura recognizes and adheres to the "International Human Rights Code," "United Nations Global Compact," "UN Guiding Principles on Business and Human Rights," "International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work," "Organization for Economic Co-operation and Development Responsibility (OECD) Guidelines for Multinational Enterprises," "OECD Due Diligence Guidelines for Business Conduct" and other international human rights conventions. Meanwhile, we strictly comply with the labor laws and regulations applicable within the jurisdictions where the Company is operating, stop any activities infringing and violating human rights, and treat all employees, customers and stakeholders with dignity.

Taiwan Sakura's "Sustainable Development Best Practice Principles" expressly stipulates that we shall comply with relevant labor laws and regulations, and abide by international human rights conventions, such as gender equality, the right to work, and non-discrimination, as well as the Company's human rights policy implementation guidelines. The Company shall also comply with internationally recognized labor human rights, such as freedom of association, right to collective bargaining, care for the disadvantaged group, prohibition of child labor, elimination of all forms of forced labor, elimination of employment and discrimination in the workplace, etc. The Company also confirms that the human resources policy involves no discrimination based on gender, race, socioeconomic status, age, marital and family status, etc., in order to implement equality in employment, employment conditions, compensation, benefits, training, evaluation and promotion opportunities. For situations that impair labor rights, an effective and appropriate grievance mechanism shall be provided to ensure the fairness and transparency of the grievance process. The Company has also established various human rights policies, including the "Sexual Harassment Prevention and Management Regulations," "Regulations for the Prevention of Infringement upon the Performance of Duties," "Regulations for Whistleblowing of Fraud and Protection System," and "Regulations for the Management of Temporary Employees and Workers by Contract." Meanwhile, the human rights policy is included in the education and training courses for new employees, and human rights-related promotions are held in the Company's monthly meetings from time to time. In 2023, the Company did not infringe upon or violate any human rights.

Note 1: Please refer to the Company's 2022 ESG Report for details.



## 4.6 Customer Relationship Management

### 4.6.1 Customer policy and rights maintenance

Taiwan Sakura values the rights and interests of consumers very much. In addition to establishing the Service Management Division, we also set up the "Product Introduction," "Promotional Activities" and "SAKURA Blog" pages on the Company's website, in order to provide consumers with information about the Company's products, ensure the right to information of consumers and customers, and continue to implement and improve customer policies. Meanwhile, Taiwan Sakura is open 365 days a year for Spring Festival to continue to serve consumers. Allowing everyone to create rituals in life and enjoy a better life is the belief upheld by Taiwan Sakura. While creating products, we also think about how to make the beauty and eternity stay in our routine life forever and not fade over time. The commitment to eternity after-sales service is the strongest warranty toward a better life.

### Diverse service channels for consumers

Taiwan Sakura offers diverse service channels. In addition to the customer service hotline, we also provide services such as mailing, official website, fax and email, in order to provide consumers with transparent and effective communication channels.

### Consumer Rights Policy and Complaint Procedure

Taiwan Sakura values customer satisfaction with various services and recognition of corporate identity, brand value, and service quality, and is committed to providing comprehensive product solutions and provision of various innovative products. In product development and design, production, transportation, or maintenance services, there are dedicated responsible units to provide services at soonest. Should consumers have opinions on the functions, quality, and maintenance services of the Company's products, the Company has set up a toll-free service hotline 0800-021-818 as the complaint channel to handle consumers' questions or opinions about products or services in a timely and proper manner. The Company respects the privacy of consumers and properly handles the personal data provided by consumers, in accordance with relevant laws and regulations on data protection. We have established an overall service policy to protect the rights and interests of consumers.

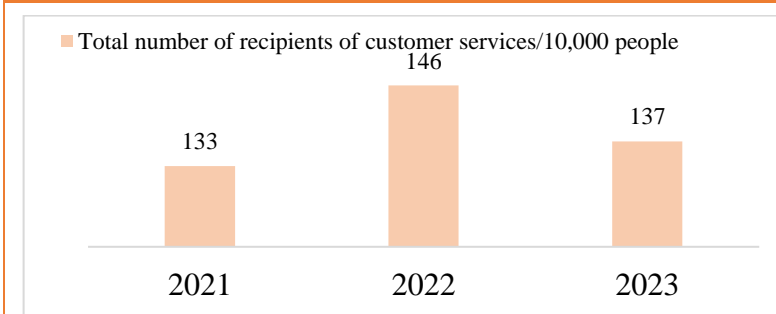
### Enhance consumers' service experience

With the increase in the type and quantity of sales, the total number of consumers served by Taiwan Sakura reached 1.37 million in 2023, a decrease by 6% from the previous year <sup>(Note 1)</sup>. The Company insists on providing consumers and customers with better consumption experience and, by changes driven by technology, upgrades and innovates Taiwan Sakura's services. In 2023, 31% of consumers used self-service, an increase by about 0.2% from the previous year.

Note 1: The total number of people served decreased in 2023, primarily due to the government's implementation of the stimulus vouchers from January to March 2022, Taiwan Sakura's promotion of the stimulus voucher plus activities, and the consumers' inquiries about the projects executed by the Company via call from February to June 2022.



Total number of recipients of customer services in the past three years





## 4.6.2 Customer service and innovation

Deal with the challenges of the global economy and the rapidly changing market, in order to respond to customer needs in a timely manner and ensure that customers have a fine-quality product experience. Taiwan Sakura is constantly changing with the times and rethinking its ability to continuously bring innovative and impressive services to customers. Proactively promote contact points with different customer groups and deepen operations, and strive to make adjustments on a rolling basis to provide our customers with more diversified, innovative and convenient service quality.

### SAKURA iCare

"SAKURA iCare" launched by Taiwan Sakura is not just a simple after-sales service, but also a gentle and firm declaration to consumers that since 1978, Taiwan Sakura has provided "permanent" and "free" services because we always care about you. In the past 45 years, Taiwan Sakura has insisted on the creation of the everlasting guard for consumers' life.

1. Permanent free Water heater safety inspection provided to ensure that Sakura water heaters operate healthily and keep operating.
2. Permanent free Oil filter mesh delivery to your doorstep to ensure the strong suction power of the Sakura range hood.
3. Permanent free Kitchen Health inspection allows Kitchen Solution to continue creating a safe and delicious life.
4. Permanent free Water purifier health inspection makes it possible to maintain high-standard water filtration quality, so that you can drink purified water all the time.
5. Permanent free Space health inspection Renovation and planning allows the Sakura Home to upgrade to a better life.



In order to insist on the constant guard, Taiwan Sakura proactively embraces change and comprehensively upgrades its service system. By scanning the QR Code on the machine body and one-click login, you may immediately enter "SAKURA iCare" - the new CRM system, which may create an exclusive resume and insight into needs in advance. The UCC platform allows us to listen to you without missing out on important information. The precise GPS system allows us to act in a timely manner to meet your needs. "SAKURA iCare" enables consumers to enjoy a better life with innovative and smart services.

Meanwhile, Taiwan Sakura understands the public's emphasis on food safety. In addition to continuing to promote diverse and abundant water purification products, in order to cater for the needs of consumers more closely, in 2021, Taiwan Sakura launched the "Water Purification Butler" service, which combines the information about tap water plants throughout Taiwan to estimate according to the number of people in the households and frequency of cooking to help consumers quickly understand the quality of water around their home. The information covers total dissolved solids (TDS), tap water hardness, residual filter and turbidity, etc.. In combination with water purifier products, the life of the filter is automatically notified, and the filter is replaced regularly to prevent secondary pollution. You can also use the water purifier LINE official account to make an appointment for at-home filter replacement with one click.

## SAKURA Home in O.N.E



beauty shower water heater that combines water purification technology to create a brand-new bathing experience. In the home kitchen appliance, we are proactively developing water purification products and exclusive patented hot drink purification products. The dual needs of consumers for purified water and heated drinks may be met with only one single machine.

Last year, Taiwan Sakura redefined the group's new vision as "Creator of Wonderful Home Life." Through the establishment of the Neihu Brand Pavilion and the accumulated business strength in the past, the concept of "HOME in O.N.E" was proposed as a major innovation. It is believed that this proposition should be able to bring brand new changes to the market.

In the face of changes in consumption trends driving major brands to deploy their physical channels, the service trend to enhance consumers' offline experience is sweeping. In 2023, Taiwan Sakura established a brand pavilion in Neihu, Taipei, and launched the innovative service concept of "HOME in O.N.E." The space requirements are divided into "kitchen and living space" and "home space" to fully demonstrate the concept of family space and design aesthetics, and provide "one-stop service," "numerous product options," and "easy ownership" overall solutions to meet the needs of various families with innovative one-stop services.

In response to the low birth rate, small and mid-sized housing under construction has become the mainstream in recent years. To maximize space utilization and meet the needs of living functions, Sakura advocates an open design concept and uses smart and efficient kitchen and bathroom electrical equipment to create high-quality life experience. Additionally, Sakura also believes that the design of each space in the family should be unique and shared, allowing family members to live and interact freely. It will not be changed by the number of family members or the size of the family space. Each space is the core living circle of a family.

The people-oriented experience is integrated into the overall spatial design to create a complete family life field, where the daily interaction and interaction between family members can be reflected in the home space. The spatial atmosphere is based on the "six senses experience," and experiencing life is like a feast for the art of the senses. In order to enhance the aesthetics of the home, we have also launched a close-absorbing hidden range hood in the stand-alone part and the

O stands for the "One-stop" service.

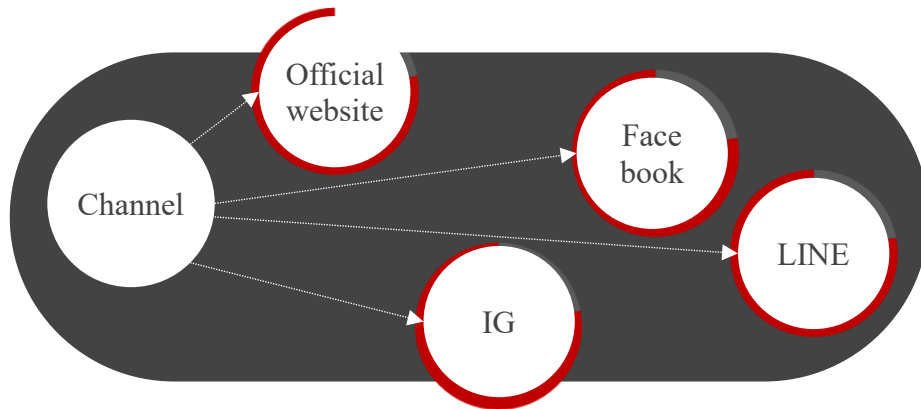
N stands for "Numerous" for numerous product options.

E stands for "Efficient" for consumers to own easily.

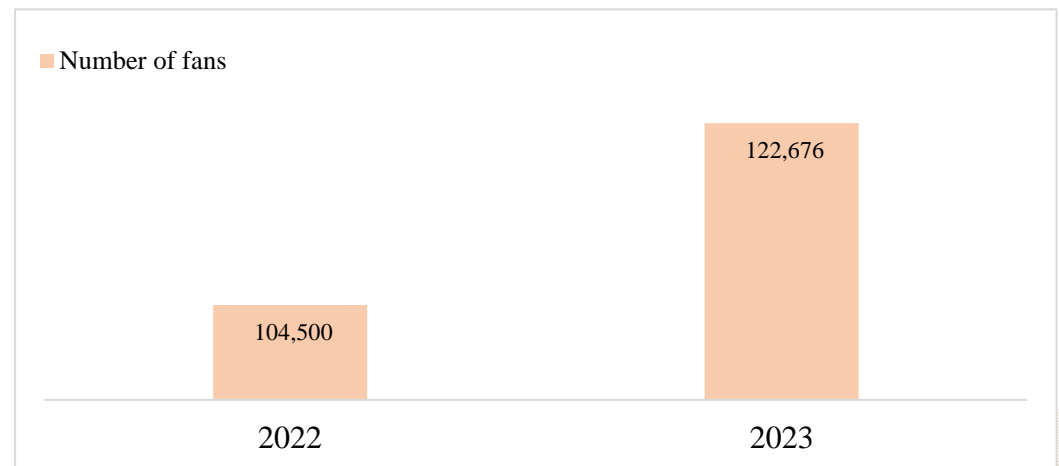
## Digital Management/Precision Marketing

In an era of rapid changes in customer needs and consumption behaviors, Taiwan Sakura has continuously provided customers with diverse channels and innovative and convenient service experience, i.e. interaction with customers in a more convenient and intuitive manner. The two-way communication helps us not only listen to our customers' voices, but also achieve the purpose of precision marketing and fully satisfy customers' needs. Therefore, we aim to improve our "service efficiency" and "high-quality and positive service experience" to serve our customers, as one of the main axes of innovation.

Taiwan Sakura has transformed from a single-product water purification butler to a full-service management model. In 2023, the Company has officially activated the digital business channels such as IG and LINE to strengthen service processes and expand touchpoints to continuously meet consumers' needs in a timely manner and exert the power to stabilize the society. Meanwhile, Taiwan Sakura continues to strengthen its platform positioning to provide digital contacts.



Digital Business Performance of Taiwan Sakura in the Past Two Years







## Common Good and Charity Engagement

### CHAPTER 5

5.1\_\_Charity and Social  
Engagement

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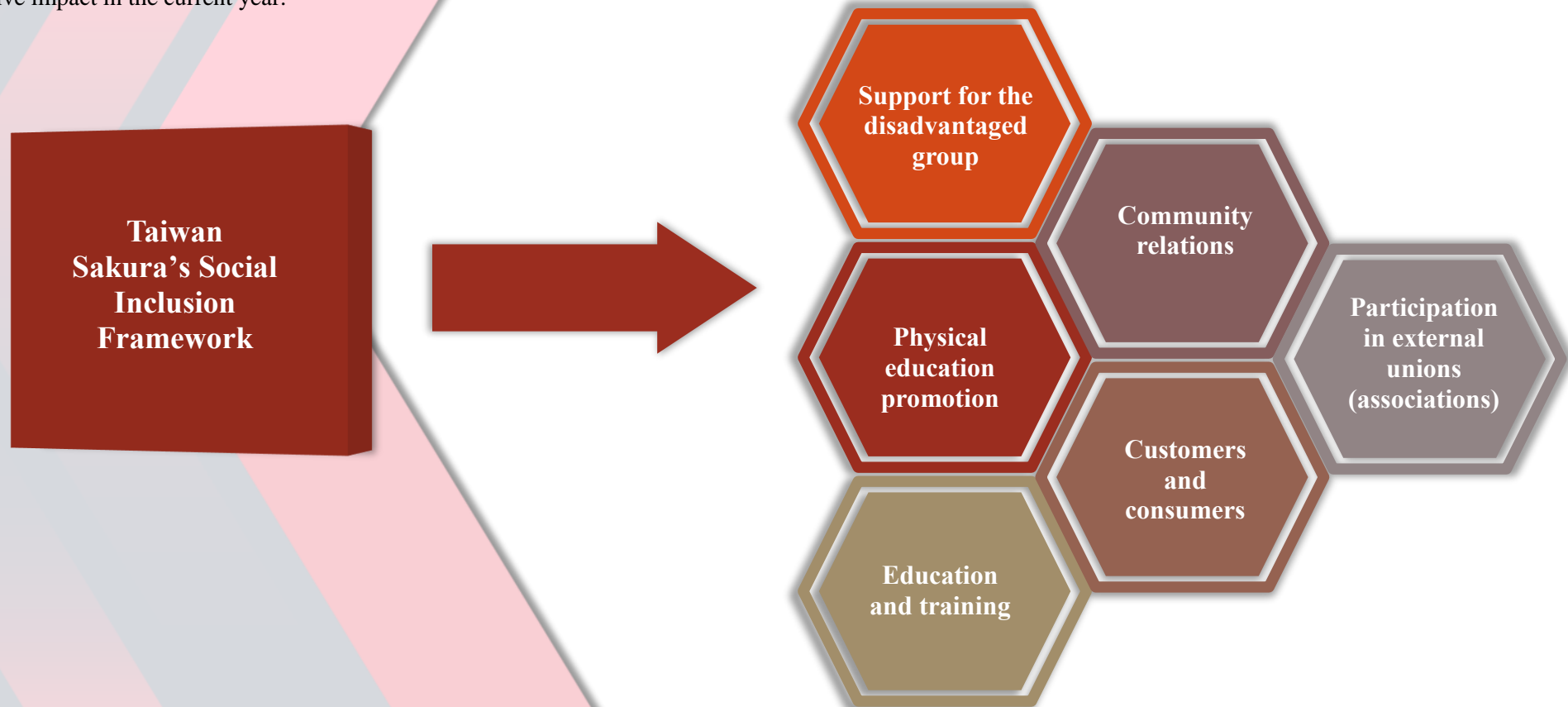
5.2\_\_Product Life Cycle &  
Environmental Impact and Safety  
of Product Quality (SASB)

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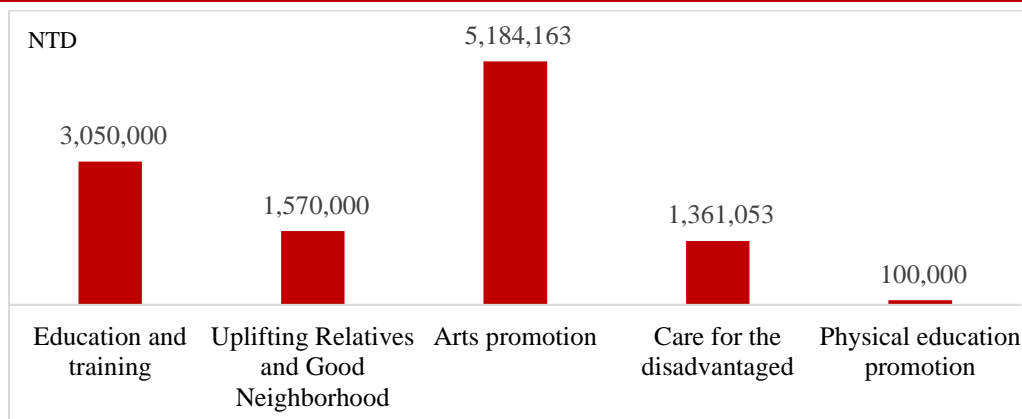
## 5.1 Charity and Social Engagement

In Taiwan Sakura's ESG Roadmap, we uphold the spirit of "take what is obtained from society and give back to society," and deeply perceive and practice the spirit of social care, hoping to build the "common good" relationship with the society and local communities, and add interaction, mutual assistance and mutual benefit therefor. By bringing together the power of enterprises and the community, we can solve social problems together and create unlimited possibilities for sustainability. Notwithstanding, in order to maintain the common good relationship between Taiwan Sakura and the local community, each factory premises has established good and close connections with the communities, schools and local or regional social welfare groups nearby to work together to understand the problems and impacts faced by the local communities. By extending the sincere care and engaging in long-term investment, we accumulate trust and affection, and make full use of corporate resources to deepen the cultivation of hunger eradication, education quality, environmental protection, health and well-being and urban and rural sustainability. We work with various stakeholders to promote the social welfare and co-create the common good, symbiosis, and inclusiveness for the local communities; therefore, Taiwan Sakura's significant practical contributions to the local community include the investment of various resources in the different aspects including the support for the disadvantaged group, physical education promotion, community relations, customers and consumers and participation in external unions (associations). The Company had no operating activities that would pose potential negative impact in the current year.

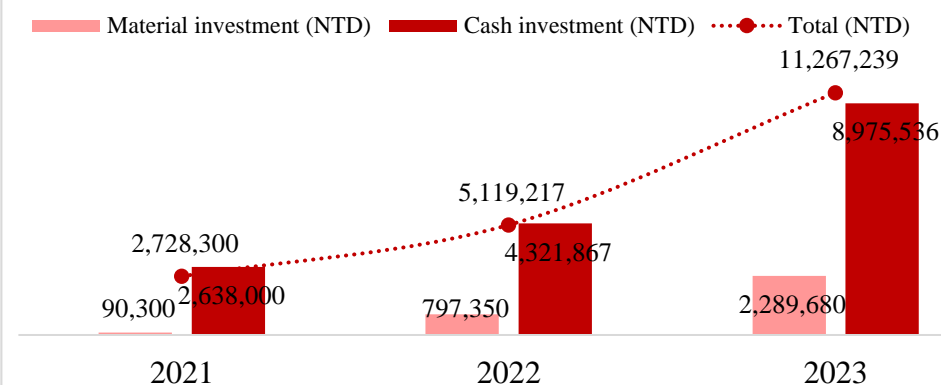


## 5.1.1 Public welfare participation

Types of public welfare investments made by Taiwan Sakura in 2023



Ways of Participation in Social Welfare in the Past Three Years



## 5.1.2 Support for the disadvantaged group

In order to enhance the team's loyalty and identify with the Company to upgrade the corporate identity, Taiwan Sakura also encourages and encourages employees and their families to participate in individual or company-sponsored public welfare activities. In August 2023, Taiwan Sakura organized a parent-child carnival. In addition to inviting the local social welfare groups in Taichung to participate in the charity booths, we also donated the proceeds from the sale of charity bags on that day to the Hui-Ming School for Blind Children in Taichung. Meanwhile, Taiwan Sakura, yielding to none, donated thermal storage electric water heaters to the Changhua County Erlin Happy Christian Home in the same year.

Public welfare parent-child carnival and donation to Hui-Ming School for Blind Children

Donation of thermal storage electric water heaters to the Changhua County Erlin Happy Christian Home



### 5.1.3 Physical education promotion

Taiwan Sakura proactively supports the development and prosperity of sports in Taiwan. Meanwhile, we support social welfare activities and fulfill our corporate social responsibilities. For example, we sponsored the World Baseball Classic in 2023, the Jing-Du Have-Love Charity Cup Golf Tournament and the U-12 Baseball World Cup, and responded to the charitable events such as the Run for Marie Clair Taiwan Charity, in order to demonstrate the spirit of dedication and give back to society.





### 5.1.4 Education and training

Taiwan Sakura makes donations to the "Sakura Cultural Foundation" throughout the year to assist it in promoting various cultural and educational public welfare activities and cultivating outstanding students and medical talents. In 2023, a total of NT\$3 million was donated. In its 35th year, the "Sakura Education Scholarship" has benefited nearly 9,000 students. The "Sakura Medical Talent Development Program" has sponsored 148 active physicians from 2022 to 2023, and 76 physicians were sponsored in the year to attend the training programs at home and abroad to improve their medical expertise.

Taiwan Sakura always values the academic and moral education of schoolchildren. Based on the management philosophy of "take what is obtained from society and give back to society" and the original aspiration of giving back to society, we aim to raise the emphasis on the importance of education among people from all walks of life and make some contribution to the growth and education of employees' children. We hope that the establishment of the scholarship can closely integrate school education and social education closely, so that education can break away

from the traditional framework of the past and cultivate talents with an international perspective and a global vision from their childhood. Education is the foundation of everything and also the driving force behind social progress and development. This year, when entering its 35th year, the Taiwan Sakura Scholarship is expected to get the ball rolling. Inject a breath of freshness, health, and positivity into society. At the same time, Taiwan Sakura also donated scholarships to the Hui-Ming School for Blind Children, so that disadvantaged students can study with worry, and students with outstanding academic performance or special academic skills can also be encouraged to continue learning.





## 5.1.5 Community Relations

Through the opportunities for enterprises (industry), schools, consumers and the government to visit Sakura, we can effectively convey our corporate governance philosophy, vision and mission, and play a role in the establishment and maintenance of the relationship between the Company and the local and neighboring communities.





### 5.1.6 Customers and consumers

Everyone's dream for home is not just about a house, but also about a beautiful home life that they longer for in his/her mind. Therefore, Taiwan Sakura considers itself not only a provider of products and services, but also a creator of wonderful home life. The Neihu Brand Pavilion showcased the design aesthetics and practical strength of the kitchen and living space to provide consumers with convenience and comfort in their lives, and proposed the overall solution, "HOME in O.N.E," to integrate the Group's brand groups to create an innovative one-stop service to meet various families' needs and provide consumers with a better user experience.

Please refer to 4.6.2 Customer service and innovation for details.



In 2023, when a gas explosion occurred in Zhubei City, Hsinchu County, Taiwan Sakura launched a special Water heater safety inspection provided service project in Zhubei, providing consumers with free home water heater safety inspection services by professional service personnel to ensure that the use of gas water heaters is correct, so that consumers can use them without worry and the safety of the whole family can be guaranteed. We work with consumers to protect the safety of each family. This reflects Taiwan Sakura's insistence on the "always care and protect forever" brand for consumers, in order to protect the safety of each family together.





Taiwan Sakura believes that "home" is not just a house, but symbolizes everyone's imagination about a wonderful home life. In order to fulfill the dream for home, aiming to be a creator of wonderful home life as the corporate vision, Taiwan Sakura integrates the Group's resources to provide various innovative kitchen and bathroom products and kitchen to overall home space planning services, by claiming the services including "meet various families' needs," "one-stop service" and "own easily." No matter whether it is traditional whole house planning or the current mainstream small house space, Sakura can create a wonderful home life in each consumer's mind together with the customer.

Therefore, In addition to the absolute persistence and hard work in meeting the needs of consumers, Taiwan Sakura also spares no effort in promoting design expertise for students and cultivating young culinary space design talents, hoping to take on the responsibility of educating talents for this industry and giving back to society.



In order to continue to encourage outstanding students to show their design creativity and train new culinary space design talents, the Company has held the "SAKURA AWARDS" Kitchen Solution design competition for 11 consecutive years, except in 2020 due to the COVID-19 pandemic. In 2023, we also added a new home space design category to allow students to combine their creativity and knowledge and enable their works to reflect the good life more comprehensively. This year, a total of 557 applications were submitted, and the granted scholarships amounted to NT\$399,000. Since then, more than 4,500 works from students have participated in the competition, and the granted scholarships amounted to about NT\$4 million cumulatively.

Also, in addition to receiving generous scholarships, the winners are also entitled to the summer paid internship opportunities offered by Taiwan Sakura also provides summer paid internship. Taiwan Sakura also sponsors and participates in international competitions organized by D&AD in the UK, in order to enable students' outstanding works to be promoted internationally and connect with international standards as soon as possible.



### 5.1.7 Participation in External Unions (Associations)

Sakura Taiwan actively participates in the affairs of relevant industry unions and associations, continues to deepen the link with the industry, and learns from the forward-looking trends and dynamics of sustainable management in the industry (academia), in order to jointly pursue the development of sustainability. The current ESG strategy roadmap aims to integrate (combine) the advanced capabilities of the peers in the same trade. We will work together to create more excellent industrial conditions, so that we can continue to provide consumers with better and innovative products, and create a friendly and sustainable green social environment.

|    | Name of the union/association                                       | At-Large Members | Director/Supervisor |
|----|---|------------------|---------------------|
| 1  | Taiwan Gas Appliance Manufacturers Association                      | ●                | ●                   |
| 2  | Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) | ●                |                     |
| 3  | CNS Certification Mark Association, R. O. C. (CCA)                  | ●                |                     |
| 4  | Kitchen and Cabinet Association Union of Republic of China          | ●                |                     |
| 5  | Taiwan Solar Thermal Energy Association                             | ●                |                     |
| 6  | Gas Association of the Republic of China                            | ●                |                     |
| 7  | Taiwan Chamber of Commerce & Industry                               | ●                |                     |
| 8  | Taiwan Chain Store and Franchise Association                        | ●                |                     |
| 9  | Taiwan Smart Energy Industry Association                            | ●                |                     |
| 10 | Chinese Professional Management Association                         | ●                |                     |
| 11 | Chinese Professional Management Association of Taichung City        | ●                |                     |
| 12 | Taichung Kitchen and Cabinet Association                            | ●                |                     |
| 13 | Taichung City General Industrial Association                        | ●                |                     |



## 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality (SASB)

| Topic  | Accounting indicators  | Category                | Unit Measures             | Code         | Reply  |  |
|--|--|-------------------------|---------------------------|--------------|--|--|
| Product Safety                                 | (1) the issued/recalled quantity (2) the total recalled quantity   | Quantitative            | Numbers                   | CG-AM-250a.1 | (1) 0 voluntary recall in 2023.<br>(2) No involuntary recall occurred.   |  |
|  | Discuss the process of identifying and managing security risks associated with the use of its products   | Discussion and analysis | Not applicable            | CG-AM-250a.2 | All of the Company's products are designed in compliance with the CNS safety regulations of BSMI (Bureau of Standards, Metrology and Inspection), Ministry of Economic Affairs, to ensure the safety of product use.   |  |
|  | Total monetary losses resulting from legal proceedings related to product safety   | Quantitative            | Reporting currency        | CG-AM-250a.3 | In 2023, the Company did not incur any monetary losses caused by legal proceedings.  |  |
| Product Life Cycle<br>Environmental<br>Impacts | Percentage of Energy Star-certified products calculated by revenue   | Quantitative            | Percentage of revenue (%) | CG-AM-410a.1 | 0%, as the Company primarily engages in domestic marketing, and customers have no such demand. If there are project needs in the future, we will re-evaluate and implement it.   |  |
|  | Percentage of products certified to meet the Association of Home Appliance Manufacturers' (AHAM) sustainability standards, calculated by revenue | Quantitative            | Percentage of revenue (%) | CG-AM-410a.2 | 0%, as the Company primarily engages in domestic marketing, and customers have no such demand. If there are project needs in the future, we will re-evaluate and implement it.   |  |
|  | Description of efforts to manage the impact of product obsolescence  | Discussion and analysis | Not applicable            | CG-AM-410a.3 | Most of the Company's products are made of recyclable materials to avoid use of disposable materials. Help recycle and scrap the old products replaced by consumers after new products are installed, and have them dismantled, recycled and reused by professional contractors. |  |
| Activity Indicator                             | Annual production volume   | Quantitative            | Quantity                  | CG-AM-000.A  |  |  |
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**Note 1: The products including kitchen equipment refer to the range hood, gas stove, dish dryer and water purifier. The others refer to purchased electrical appliances and water purifier filters. For the system kitchenware, only the quantity of sets is listed.**



## Appendix

Appendix I \_\_ GRI Index

Appendix II \_\_ SASB Index

Appendix III \_\_ Summary of Errata of the 2022  
Taiwan Sakura ESG Report

# Appendix I GRI Index

| GRI                                      | Disclosure item                      |   | Corresponding chapter   | Page No.              | Notes  |
|--|--------------------------------------|---|---|-----------------------|--|
| GRI 2:<br>General<br>Disclosures<br>2021 | Organization and Reporting Practices |   |   |                       |  |
|  | 2-1                                  | Details about the organizational                                    | Company Profile<br>About our report   | 2<br>8                |  |
|  | 2-2                                  | Entities Included in the Organization's ESG Report                  | About our report  | 8                     |  |
|  | 2-3                                  | Reporting period, frequency, and contact person                     | About our report  | 8                     |  |
|  | 2-4                                  | Restated information  | -   | -                     | No restatement of information during the reporting period                          |
|  | 2-5                                  | External guarantee/assurance  | -   | -                     | The 2023 Report has not been guaranteed/assured externally, except financial data. |
|  | Activities and Workers               |   |   |                       |  |
|  | 2-6                                  | Activities, value chain and other business relationships            | Company Profile<br>2.7 Sustainable Supply Chain<br>3.5 Sustainable Products                       | 5-6<br>49-51<br>79-83 |  |
|  | 2-7                                  | Employees   | Company Profile<br>4.1 Talent deployment and structure  | 2<br>85-89            |  |
|  | 2-8                                  | Workers who are not employees                                       | 4.1 Talent deployment and structure   | 85-89                 |  |
|  | Governance                           |   |   |                       |  |
|  | 2-9                                  | Governance structure and composition                                | 1.2 Sustainability Governance Organization<br>2.1 Corporate Governance Organization               | 11<br>25              |  |
|  | 2-10                                 | Nomination and election of the highest governance body              | 2.1 Corporate Governance Organization   | 26-32                 |  |
|  | 2-11                                 | Chairperson of the highest governance body                          | 2.1 Corporate Governance Organization   | 26-32                 |  |
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-12                                 | Role of the highest governance body in overseeing impact management | 1.2 Sustainability Governance Organization<br>1.3 Stakeholder Engagement and Materiality Analysis | 11<br>12-18           |  |

| GRI | Disclosure item                           |   | Corresponding chapter   | Page No.          | Notes |
|-----|---|---|---|-------------------|-------|
|     |   |   | 2.1 Corporate Governance Organization   | 26-32             |       |
|     | 2-13                                      | Person in charge of impact management                           | 1.2 Sustainability Governance Organization  | 11                |       |
|     | 2-14                                      | Role of the highest governance body in sustainability reporting | 1.2 Sustainability Governance Organization<br>1.3 Stakeholder Engagement and Materiality Analysis       | 11<br>12-18       |       |
|     | 2-15                                      | Conflicts of Interest   | 1.2 Sustainability Governance Organization<br>1.3 Stakeholder Engagement and Materiality Analysis       | 11<br>12-18       |       |
|     | 2-16                                      | Communication of key material events                            | 1.3 Stakeholder Engagement and Materiality Analysis   | 12-18             |       |
|     | 2-17                                      | The collective knowledge of the highest governance body         | 2.1.1 Composition and operation of the Board of Directors   | 26                |       |
|     | 2-18                                      | Performance evaluation on the highest governance body           | 2.1.7 Performance evaluation on the Board of Directors and functional committees                        | 31                |       |
|     | 2-19                                      | Remuneration policy   | 2.1 Corporate Governance Organization<br>2.1.8 Remuneration payment policy                              | 25<br>32          |       |
|     | 2-20                                      | Process for determining the remuneration                        | 2.1 Corporate Governance Organization<br>2.1.8 Remuneration payment policy<br>4.3.1 Remuneration system | 25<br>32<br>96-97 |       |
|     | 2-21                                      | Annual total compensation ratio                                 | 4.3.1 Remuneration system   | 96-97             |       |
|     | <b>Strategies, policies and practices</b> |   |   |                   |       |
|     | 2-22                                      | Statement of Sustainable Development Strategy                   | Message from the Chairman<br>1.1 Sustainable Vision and Strategic Roadmap                               | 1<br>10           |       |



| GRI                                      | Disclosure item | Corresponding chapter                              | Page No.   | Notes   |  |
|--|-----------------|--|--|---------|--|
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-23            | Policy Commitments                                 | 1.1 Sustainable Vision and Strategic Roadmap                                     | 10      |  |
|  |                 |  | 1.3.5 Summarization of stakeholder communication mechanism and issues of concern | 16-18   |  |
|  |                 |  | 2.3.1 Ethical management   | 35-38   |  |
|  |                 |  | 2.7 Sustainable Supply Chain   | 49-51   |  |
|  |                 |  | 4.5.1 Human rights protection  | 106-107 |  |
|  | 2-24            | Include policy commitments                         | 1.1 Sustainable Vision and Strategic Roadmap                                     | 10      |  |
|  |                 |  | 2.3.1 Ethical management   | 35-38   |  |
|  |                 |  | 2.7 Sustainable Supply Chain   | 49-51   |  |
|  | 2-25            | Procedures for remediating negative impacts        | 4.5.1 Human rights protection  | 106-107 |  |
|  |                 |  | 4.6 Customer Relationship Management   | 108-112 |  |
|  | 2-26            | Mechanisms for seeking advice and raising concerns | 2.3.1 Ethical management   | 35-38   |  |
|  |                 |  | 4.5.1 Human rights protection  | 106-107 |  |
|  | 2-27            | Legal compliance                                   | 2.3.2 Legal compliance   | 39      |  |
|  |                 |  | 2.4 Intellectual Property Management System                                      | 40      |  |
|  |                 |  | 2.5 Risk management and internal control mechanism                               | 41-45   |  |
|  |                 |  | 2.6 Information security   | 46-48   |  |
|  | 2-28            | Membership in the Unions/Associations              | 5.1.7 Participation in External Unions (Associations)                            | 121     |  |

| GRI                                      | Disclosure item        |  | Corresponding chapter   | Page No.                | Notes   |
|--|------------------------|--|---|-------------------------|---|
| GRI 2:<br>General<br>Disclosures<br>2021 | Stakeholder engagement |  |   |                         |   |
|  | 2-29                   | Stakeholder Engagement Policy  | 1.3 Stakeholder Engagement and Materiality Analysis                               | 12-18                   |   |
|  | 2-30                   | Collective bargaining agreements   | 4.5.1 Human rights protection   | 106                     |   |
| GRI 3:<br>Material Topics<br>2021        | Material Topics        |  |   |                         |   |
|  | 3-1                    | Process for determining material topics  | 1.3 Stakeholder Engagement and Materiality Analysis                               | 12-18                   |   |
|  | 3-2                    | List of Material Topics  | 1.3 Stakeholder Engagement and Materiality Analysis                               | 12-18                   |   |
|  | 3-3                    | Material topic management  | 1.3 Stakeholder Engagement and Materiality Analysis                               | 12-18                   |   |
| GRI 201:<br>2016                         | Economic benefits      |  |   |                         |   |
|  | 201-1                  | Direct economic value generated and distributed by the organization                          | 2.2 Financial performance   | 33                      |   |
|  | 201-2                  | Financial impacts and other risks and opportunities arising from climate change              | 3.1 Climate strategy<br>3.1.1.3 Risk management<br>3.1.1.4 Indicators and targets | 53-67<br>57-65<br>66-67 |   |
|  | 201-3                  | Defined benefit plan obligations and other retirement plans                                  | 4.3 Rights and remuneration & benefits of employees                               | 96-100                  |   |
|  | 201-4                  | Financial aid received from the government   | -   | -                       | No financial aid was received from the government in 2023.          |
| GRI 202:<br>2016                         | Market position        |  |   |                         |   |
|  | 202-1                  | Ratio of the standard salary for entry-level employees by gender to the local minimum salary | 4.3 Rights and remuneration & benefits of employees                               | 96-100                  | In 2023, the Company's salary was better than the statutory salary. |
|  | 202-2                  | Proportion of senior management hired from the local community                               | 4.1 Talent deployment and structure   | 85-89                   | In 2023, all management of the Company were Taiwanese.              |

| GRI                               | Disclosure item           |   | Corresponding chapter                              | Page No. | Notes                                  |
|-----------------------------------|---------------------------|---|--|----------|--|
| GRI 203:<br>2016                  | Indirect economic impacts |   |  |          |  |
|                                   | 203-1                     | Development and impact of investment in infrastructure and support services | 3.5 Sustainable Products                           | 79-83    |  |
|                                   |                           |   | 4.6 Customer Relationship Management               | 108-112  |  |
|                                   |                           |   | 5.1 Charity and social engagement                  | 114-120  |  |
|                                   | 203-2                     | Significant indirect economic impacts                                       | 3.5 Sustainable Products                           | 79-83    |  |
|                                   |                           |   | 4.6 Customer Relationship Management               | 108-112  |  |
| 5.1 Charity and social engagement |                           |   | 114-120  |          |  |
| GRI 204<br>2016                   | Procurement Practices     |   |  |          |  |
|                                   | 204-1                     | Proportion of purchase expenditure from local suppliers                     | 2.7 Sustainable Supply Chain                       | 49-51    |  |
| GRI 205:<br>2016                  | Anti-corruption           |   |  |          |  |
|                                   | 205-1                     | Business locations that have conducted corruption risk assessments          | 2.3.1 Ethical management                           | 35-38    | No related incidents occurred in 2023. |
|                                   | 205-2                     | Communication and training on anti-corruption policies and procedures       | 2.3.1 Ethical management                           | 35-38    |  |
|                                   | 205-3                     | Confirmed incidents of corruption and actions taken                         | 2.3.1 Ethical management                           | 35-38    |  |
|                                   |                           |   | 2.5 Risk management and internal control mechanism | 41-45    |  |
| GRI 206:<br>2016                  | Anti-competition behavior |   |  |          |  |
|                                   | 206-1                     | Legal actions against anti-competition, anti-trust and monopoly             | 2.5 Risk management and internal control mechanism | 41-45    | No related incidents occurred in 2023. |
| GRI 302:<br>2016                  | Energy                    |   |  |          |  |
|                                   | 302-1                     | Energy consumption within the organization                                  | 3.2.2 Energy Management System                     | 70-72    |  |
|                                   | 302-2                     | Energy consumption outside the organization                                 |  |          |  |
|                                   | 302-3                     | Energy intensity  | 3.2.2 Energy Management System                     | 70-72    |  |
|                                   | 302-4                     | Reduce energy consumption   | 3.2.2 Energy Management System                     | 70-72    |  |
|                                   | 302-5                     | Reduce the energy demand of products and services                           | 3.5 Sustainable Products                           | 79-83    |  |

| GRI              | Disclosure item     |   | Corresponding chapter          | Page No. | Notes   |
|------------------|---------------------|---|--------------------------------|----------|---|
| GRI 303:<br>2016 | Water and Effluents |   |                                |          |   |
|                  | 303-1               | Mutual influence of shared water resources    | 3.3 Water resource management  | 73-75    |   |
|                  | 303-2               | Management of water discharge-related impacts | 3.3 Water resource management  | 73-75    |   |
|                  | 303-3               | Water intake                                  | 3.3 Water resource management  | 73-75    |   |
|                  | 303-4               | Water discharge                               | 3.3 Water resource management  | 73-75    |   |
|                  | 303-5               | Water consumption                             | 3.3 Water resource management  | 73-75    |   |
| GRI 305:<br>2016 | Emissions           |   |                                |          |   |
|                  | 305-1               | Direct (Scope 1) GHG emissions                | 3.1.1.4 Indicators and targets | 66-67    |   |
|                  | 305-2               | Energy Indirect (Scope 2) GHG Emissions       | 3.1.1.4 Indicators and targets | 66-67    |   |
|                  | 305-4               | GHG emission intensity                        | 3.1.1.4 Indicators and targets | 66-67    |   |
|                  | 305-5               | Reduction of greenhouse gas emissions         | 3.1.1.4 Indicators and targets | 66-67    |   |
|                  | 305-6               | Emissions of Ozone Depleting Substances (ODS) | -                              | -        | The Company focuses on the assembly process, and no diesel is used in the process. It is only used in the forklifts at the factory premises and, therefore, poses small impact on the environment. So, no measurement is performed. |
|                  | 305-7               | SOx, NOx and important gas emissions          | -                              | -        | The Company focuses on the assembly process, and no diesel is used in the process. It is only used in the forklifts at the factory premises and, therefore, poses small impact on the environment. So, no measurement is performed. |
|                  |                     |   |                                |          |   |



| GRI              | Disclosure item                   |   | Corresponding chapter  | Page No.                  | Notes                                   |
|------------------|-----------------------------------|---|--|---------------------------|---|
| GRI 306:<br>2016 | Waste                             |   |  |                           |   |
|                  | 306-2                             | Management of significant waste-related impacts                                       | 3.4 Circular Economy and Waste Management  | 76-78                     |   |
|                  | 306-3                             | Generation of waste   | 3.4 Circular Economy and Waste Management  | 76-78                     |   |
|                  | 306-4                             | Disposal and transfer of waste  | 3.4 Circular Economy and Waste Management  | 76-78                     |   |
| GRI 308:<br>2016 | Supplier Environmental Assessment |   |  |                           |   |
|                  | 308-1                             | Screen new suppliers using environmental criteria                                     | 2.7 Sustainable Supply Chain   | 49-51                     |   |
|                  | 308-2                             | Negative environmental impacts in the supply chain and actions taken                  | 2.7 Sustainable Supply Chain   | 49-51                     |   |
| GRI 401:<br>2016 | Employee Employment               |   |  |                           |   |
|                  | 401-1                             | New Employees and Resigned Employees  | 4.1 Talent deployment and structure  | 85-89                     |   |
|                  | 401-2                             | Benefits provided to full-time employees (excluding temporary or part-time employees) | 4.1 Talent deployment and structure<br>4.3 Rights and remuneration & benefits of employees                                     | 85-89<br>96-100           |   |
|                  | 401-3                             | Parental leave  | 4.3 Rights and remuneration & benefits of employees  | 96-100                    |   |
| GRI 402:<br>2016 | Labor-management relations        |   |  |                           |   |
|                  | 402-1                             | Minimum notice period for operational changes   | 4.5.1 Human rights protection  | 106                       | No significant change occurred in 2023. |
| GRI 403:<br>2016 | Occupational Safety and Health    |   |  |                           |   |
|                  | 403-1                             | Occupational Safety and Health Management System                                      | 3.2.1 Environmental Management System  | 68-69                     |   |
|                  |                                   |   | 4.4 Friendly and safe workplace  | 101-105                   |   |
|                  | 403-2                             | Hazard identification, risk assessment, and accident investigation                    | 2.5 Risk management and internal control mechanism<br>3.2.1 Environmental Management System<br>4.4 Friendly and safe workplace | 41-45<br>68-69<br>101-105 |   |

| GRI              | Disclosure item                |   | Corresponding chapter  | Page No.               | Notes |
|------------------|--------------------------------|---|--|------------------------|-------|
| GRI 403:<br>2016 | Occupational Safety and Health |   |  |                        |       |
|                  | 403-3                          | Occupational Health Service   | 3.2.1 Environmental Management System<br>4.4 Friendly and safe workplace   | 68-69<br>101-105       |       |
|                  | 403-4                          | Workers' participation, consultation, and communication on occupational safety and health                     | 3.2.1 Environmental Management System<br>4.4 Friendly and safe workplace   | 68-69<br>101-105       |       |
|                  | 403-5                          | Workers' training on occupational safety and health   | 3.2.1 Environmental Management System<br>4.2.1 Complete and diverse talent cultivation channels<br>4.4 Friendly and safe workplace | 68-69<br>91<br>101-105 |       |
|                  | 403-6                          | Workers' health promotion   | 2.5 Risk management and internal control mechanism<br>4.4 Friendly and safe workplace  | 41-45<br>101-105       |       |
|                  | 403-7                          | Prevention and mitigation of occupational safety and health impacts directly linked to business relationships | 3.2.1 Environmental Management System<br>4.2.1 Complete and diverse talent cultivation channels<br>4.4 Friendly and safe workplace | 68-69<br>91<br>101-105 |       |
|                  | 403-8                          | Workers covered by the occupational safety and health management system                                       | 3.2.1 Environmental Management System  | 68-69                  |       |
|                  | 403-9                          | Occupational injury   | 3.2.1 Environmental Management System<br>4.4 Friendly and safe workplace   | 68-69<br>101-105       |       |
|                  | 403-10                         | Occupational disease  | 3.2.1 Environmental Management System<br>4.4 Friendly and safe workplace   | 68-69<br>101-105       |       |

| GRI              | Disclosure item                          |  | Corresponding chapter   | Page No.         | Notes                                |
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| GRI 404:<br>2016 | Education and training                   |  |   |                  |                                      |
|                  | 404-1                                    | Average hours of training per year per employee  | 4.2.1 Complete and diverse talent cultivation channels  | 91               |                                      |
|                  | 404-2                                    | Employee competency upgrade and transitional assistance programs   | 4.2.1 Complete and diverse talent cultivation channels  | 91               |                                      |
|                  | 404-3                                    | Percentage of employees receiving regular performance and career development reviews                         | 4.4 Friendly and safe workplace<br>4.2.1 Complete and diverse talent cultivation channels     | 101-105<br>91    |                                      |
| GRI 405:<br>2016 | Employee Diversity and Equal Opportunity |  |   |                  |                                      |
|                  | 405-1                                    | Diversity of governance units and employees  | 4.1 Talent deployment and structure<br>4.2.1 Complete and diverse talent cultivation channels | 85-89<br>91      |                                      |
|                  | 405-2                                    | Ratio of basic salary and remuneration of women to men   | 4.3 Rights and remuneration & benefits of employees   | 96-100           |                                      |
| GRI 406:<br>2016 | Non-discrimination                       |  |   |                  |                                      |
|                  | 406-1                                    | Incidents of discrimination and corrective actions taken by the organization                                 | 4.5.1 Human rights protection   | 106              | No related cases were found in 2023. |
| GRI 411:<br>2016 | Rights of Indigenous Peoples             |  |   |                  |                                      |
|                  | 411-1                                    | Incidents involving infringement upon the rights of indigenous peoples                                       | 4.5.1 Human rights protection   | 106              | No related cases were found in 2023. |
| GRI 413:<br>2016 | Local Communities                        |  |   |                  |                                      |
|                  | 413-1                                    | Percentage of activities that implement local community engagement, impact assessment, and development plans | 5.1 Charity and social engagement   | 114-120          |                                      |
| GRI 418:<br>2016 | Customer Privacy                         |  |   |                  |                                      |
|                  | 418-1                                    | Substantiated complaints about breaches of customer privacy or loss of customer data                         | 2.6 Information security<br>4.6 Customer Relationship Management                              | 46-48<br>108-112 |                                      |

## Appendix II SASB Index (Home Appliance Manufacturers)

| Code         | Accounting indicators  | Corresponding chapter   | Page No. |
|--------------|--|---|----------|
| CG-AM-250a.1 | (1) Second high recalled quantity, and (2) Total recalled units.                                       | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |
| CG-AM-250a.2 | Discuss the process of identifying and managing security risks associated with the use of its products | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |
| CG-AM-250a.3 | Total monetary losses resulting from legal proceedings related to product safety                       | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |
| CG-AM-410a.1 | Percentage of qualified products meeting the ENERGY STAR program                                       | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |
| CG-AM-410a.2 | Percentage of qualified products certified to meet AHAM sustainability standards                       | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |
| CG-AM-410a.3 | Description of efforts to manage the impact of product obsolescence                                    | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |
| CG-AM-000.A  | Annual production volume   | 5.2 Product Life Cycle & Environmental Impact and Safety of Product Quality | 122      |



# Appendix III\_\_Summary of Errata of the 2022 Taiwan Sakura ESG Report

| Chapter                         | Page No. | Explanation of correction   |
|---------------------------------|----------|---|
| 1.5 Financial performance       | 18       | <p>In the "Financial Performance" table, the differences resulted from the rounding applied to the formulas.</p> <ol style="list-style-type: none"> <li>1. The net profit margin (%) after tax in 2017 was 12.7% before the change and 12.8% after the change.</li> <li>2. 2022 operating profit (NTD million) before change 1,111, after change 1,112.</li> </ol> <p>Please refer to Page 33 of the Report.</p>  |
| 2.3.1 Greenhouse gas management | 30       | <p>In the "2022 Greenhouse Gas Management" table, the coefficient of Scope 2 electricity emissions equivalent is 0.509 kg CO<sub>2</sub>e/kWh, while the latest coefficient of 0.495 kg CO<sub>2</sub>e/kWh announced in 2022 was not applied. 3,251.6243 (CO<sub>2</sub>e/year) before the change, and 3,155.8044 (CO<sub>2</sub>e/year) after the change.</p> <p>Please refer to Page 68 of the Report.</p>   |
| 3.6 Employee welfare system     | 54       | <p>“The average and median salary of full-time employees of Taiwan Sakura” Form</p> <ol style="list-style-type: none"> <li>1. The average salary and median salary were incorrectly placed in two decimal places, but the correct one was NT\$100,000.</li> <li>2. The average employee benefits was originally calculated based on the average employee salary. Then, it was revised after the Company's annual report was calibrated. Please refer to the table "The average and median salary of full-time employees of Taiwan Sakura in the last three years" form on page 97 of The Report.</li> </ol> |

