SUNON®
建準電機工業股份有限公司
SUNONWEALTH Electric Machine Industry Co., Ltd.

2024
永續報告書

CORPORATE SUSTAINABILITY REPORT

Table of Content

1 Basic Information

1.1 About This Report 5
- 1.1.1 Reporting Period 5
- 1.1.2 Reporting Guidelines 5
- 1.1.3 Reporting Boundaries 5
- 1.1.4 Information Restatements 6
- 1.1.5 Internal Controls 7
- 1.1.6 External Assurance 7
- 1.1.7 Contact Information 7

1.2 Sustainability Strategy and Performance 8
- 1.2.1 Message from the Chairman 8
- 1.2.2 Sustainability Performance 9

1.3 Stakeholder Engagement 10
- 1.3.1 Identification of Stakeholders 10
- 1.3.2 Stakeholder Communication 10

1.4 Management of Material Topics 13
- 1.4.1 Material Topic Assessment Process 13
- 1.4.2 Impact Management of Material Topics 15

2 Sustainable Corporate Governance

2.1 Organizational Overview 17
- 2.1.1 Basic Information 17

2.2 Governance Structure 21
- 2.2.1 Governance Structure 21
- 2.2.2 Functional Committees 25

2.3 Operational Performance 27
- 2.3.1 Economic Value 27

2.4 Responsible Business Conduct 29
- 2.4.1 Ethical Management 29
- 2.4.2 Human Rights Policy 31
- 2.4.3 Legal Compliance 32

2.5 Climate Change Risks and Opportunities 33
- 2.5.1 Climate Governance 33
- 2.5.2 Identification and Assessment of Climate Risks and Opportunities 34

2.6 Information Security 36
- 2.6.1 Information Security Management Policy 36

2.7 Risk Management 39
- 2.7.1 Risk Identification and Mitigation Measures 39

3 Innovative R&D and Sustainable Products

3.1 Products and Services 42
- 3.1.1 Introduction of Products and Services 42
- 3.1.2 Green Product R&D 45

3.2 Product Health and Safety 47
- 3.2.1 Product Quality Management 47

4 Sustainable Supply Chain Management

4.1 Industry Supply Chain 49
- 4.1.1 Industry's Status Quo and Development 49
- 4.1.2 Supply Chain Structure 51

4.2 Supply Chain Management 52
- 4.2.1 Supply Chain Management Policy 52
- 4.2.2 Supply Chain Audit Performance 53

5 Environmentally Friendly and Sustainable Future

5.1 Material Management 55
- 5.1.1 Material Management Policy 55
- 5.1.2 Material Procurement 56
- 5.1.3 Raw Material Carbon Footprint 56
- 5.1.4 Packaging Material Recycling and Reuse 56

5.2 Energy Management 57
- 5.2.1 Energy Management 57
- 5.2.2 Energy Consumption 58

5.3 Emissions Monitoring 60
- 5.3.1 Greenhouse Gas Inventory 60
- 5.3.2 Other Air Pollutants Emissions 62

5.4 Water Resource Management 63
- 5.4.1 Water Withdrawal and Consumption 63

5.5 Waste Management 64
- 5.5.1 Waste Impact Assessment 64
- 5.5.2 Waste Management Policy 65
- 5.5.3 Waste Clearance and Disposal 66

6 Caring for Employees and Sustainable Workplace

6.1 Talent Attraction and Retention 68
- 6.1.1 Human Resource Management 68
- 6.1.2 Talent Recruitment 68
- 6.1.3 Labor-Management Agreement 73

6.2 Compensation and Benefits 74
- 6.2.1 Equal and Competitive Compensation 74
- 6.2.2 Comprehensive Benefits 76
- 6.2.3 Family-Friendly Workplace 77

6.3 Diverse Development 78
- 6.3.1 Training and Development 78
- 6.3.2 Performance Evaluation 80

6.4 Workplace Safety 81
- 6.4.1 Occupational Safety and Health Management 81
- 6.4.2 Occupational Injuries and Diseases 85

7 Social Engagement and Sustainable Society

7.1 Social Participation 88
- 7.1.1 Fulfilling Corporate Social Responsibility 88
- 7.1.2 Social Engagement Outcomes 89

8 Appendix

8.1 Information of Operating Locations 93

8.2 GRI Standards Content Index 94
- Material Topics Disclosure 97
- Specific Topic Disclosure 98

8.3 SASB Standards Content Index 101

8.4 Enhance Disclosures of Sustainability Indicators 103

8.5 Climate-Related Information 104

8.6 Independent Third Party Assurance Statement 106

Chapter 1

Basic Information

1.1 About This Report
1.2 Sustainability Strategy and Performance
1.3 Stakeholder Engagement
1.4 Management of Material Topics

1.1 About This Report

1.1.1 Reporting Period GRI 2-3

This report is the sustainability report (hereinafter referred to as "this report") of SUNONWEALTH Electric Machine Industry Co., Ltd (hereinafter referred to as "Sunon", "the Company", or "We"). It discloses Sunon's performance, management policies and objectives in the five major aspects of governance, products, supply chain, environment and society in 2024 (from January 1 to December 31, 2024). Sunon publishes its sustainability report regularly every year and publishes it on the Company's website.

Current report release date:
June 2025

Previous report release date:
June 2024

Next report expected release date:
June 2026

This report aligns its reporting period with the Company's consolidated financial statements. To ensure completeness and comparability, some sections may include information prior to January 1, 2024, or after December 31, 2024, which will be annotated accordingly in the respective sections.

1.1.2 Reporting Guidelines

The report has been prepared in accordance with the GRI Standards published by the Global Sustainability Standards Board (GSSB), the sector standard "Resource Transformation – Electrical & Electronic Equipment" published by the Sustainability Accounting Standards Board (SASB Code RT-EE), and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB).

1.1.3 Reporting Boundaries GRI 2-2

The information disclosure scope of this report includes the following operating locations in Taiwan, China and the Philippines:

Region	Operating Location	Type
Taiwan	Kaohsiung Headquarters and Factory (hereinafter referred to as Kaohsiung Headquarters)	Manufacturing Factory (Kaohsiung Factory) Office and Laboratory (headquarters and other offices)
	Taipei Office	Office and Laboratory
China	Sunon Electronics (Kunshan) Co.,Ltd(hereinafter referred to as Kunshan Guangxing Factory)	Manufacturing Factory
	Sunon Electronics (Beihai) Co., Ltd. (hereinafter referred to as Beihai Sunon Factory)	
	Beihai Lizhun Electronics Co., Ltd. (hereinafter referred to as Beihai Lizhun Factory)	
Philippines	Sunon Electronics Philippines Corp. (hereinafter referred to as Philippines Sunon Factory)	Manufacturing Factory

Note 1: The term "important operating locations" in this report refers to all the above locations; production sites exclude office locations.

Note 2: The sustainability performance of some entities in the consolidated financial statements has not been included in this report, mainly because some subsidiaries have not started collecting sustainability data or are only holding companies.
For all entities in the consolidated financial statements, please refer to https://www.sunon.com/inv2_2.aspx
The data for energy consumption data in Chapter 5.2, greenhouse gas emissions in Chapter 5.3, and water withdrawal in Chapter 5.4 also includes overseas locations such as Sunon Inc. (the subsidiary in the United States), Sunon SAS (the subsidiary in Europe), and Sunon Electronics India Private Limited (the subsidiary in India);

If there are any variations in the scope of disclosure in other chapters, supplementary explanations will be provided within each respective chapter. The calculation basis for various statistical data in the report is as follows:

Financial Data	Environmental Data	Other Data
The economic income distribution table adopts the consolidated financial report data verified by an accountant. Unless otherwise specified, the financial data is presented in New Taiwan Dollars (NT$).	The inventory of statistical data on greenhouse gas emissions, water resources, and waste is prepared in accordance with ISO 14064-1:2018 and has been verified by independent third parties.	Aggregated self-reported data from each operating location.

1.1.4 Information Restatements GRI 2-4

If any previous data has been restated in this report, the reasons for restatement will be specified in the respective sections. The key restatements for this year include:

Restated Information	Reason for Restatement	Impact	Section
2023 Energy consumption data	Correction of unit conversion error for the fuel related unit	Updated 2023 figures	5.2.2 Energy Consumption
2022 Water Withdrawal Data	Correction of unit conversion error for the U.S. subsidiary's water usage	Updated 2022 figures	5.4.1 Water Withdrawal and Consumption
2022 & 2023 Waste Disposal Volume	Expanded scope to include all disposal methods (direct disposal, transferred disposal, resale for reuse)	Updated 2022 & 2023 figures	5.5.3 Waste Clearance and Disposal
2023 production data	Production quantity of main product in 2023 mistakenly used the production capacity instead.	Updated Production quantity of main product in 2023: AC fans: 2,722,000 pcs DC fans: 113,441,000 pcs	8.3 SASB Standards Content Index 8.4 Enhance Disclosures of Sustainability Indicators

1.1.5 Internal Controls

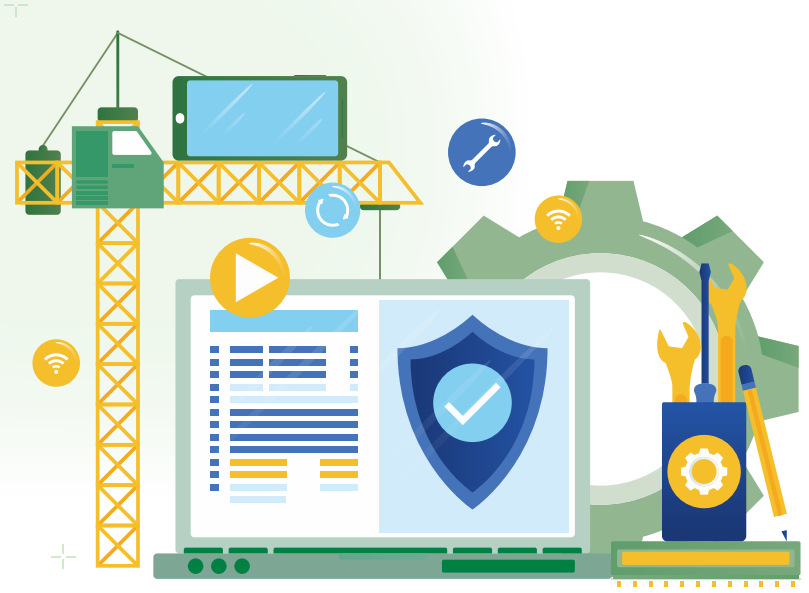
The Sustainable Development Committee of the Company is responsible for the overall planning and communication integration of the annual sustainability report. Each year, the Sustainable Development Committee is responsible for compiling the necessary information and preparing the content of the report. After the completion of the annual sustainability report, it is submitted to the executive secretary of the Sustainable Development Committee for initial review and then finalized and approved by the chairperson of the Sustainable Development Committee.

1.1.6 External Assurance GRI 2-5

Once finalized, the report is verified by an independent third-party assurance provider to ensure compliance with GRI and SASB standards. For this year, we engaged Crowe Taiwan CPAs to perform a limited assurance engagement in accordance with Taiwan Standards on Assurance Engagements No. 3000 (TWSAE 3000) – “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, which is based on the International Standard on Assurance Engagements (ISAE) 3000.
Further details on the assurance methodology and results can be found in the Appendix.

1.1.7 Contact Information GRI 2-3

Contact Department: Sustainable Development Committee of Sunonwealth Electric Machine Industry Co., Ltd.
Contact Person: Pan Hsiao-Yi
Tel: 07-8135888 #1583
E-mail: SunonESG@sunon.com
Website: www.sunon.com
Address: No. 30, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City 806034, Taiwan



1.2 Sustainability Strategy and Performance

1.2.1 Message from the Chairman GRI 2-22

Dear esteemed shareholders, partners, colleagues and the general public,

I'm honored and grateful to present Sunon's achievements over the past year and share our vision for the future. In today's rapidly evolving world, filled with both challenges and opportunities, businesses are not only part of the economy but also key drivers of social progress. As we navigate issues such as climate change, resource scarcity, and increasing pressures on globalization, we fully recognize the responsibilities we bear. With confidence and commitment, we embrace these challenges and eagerly seek future opportunities.

From the beginning of the year, we remains committed to the core principle of sustainable development, striving to create economic value while promoting environmental protection and social responsibility. We firmly believe that the growth of businesses and the future of our planet are deeply intertwined. Only by embracing innovation while upholding our responsibilities can we truly leave behind a better world for future generations. Over the past year, we have made remarkable progress on our path toward sustainable transformation—an achievement made possible through the collective efforts of our supporters, partners, and colleagues. We extend our heartfelt gratitude to everyone who has chosen to walk this journey with us. Your support is what enables us to stay steadfast in our pursuit of sustainability and continue moving forward.

As of 2024, we continue to collaborate with our value chain partners to implement the "Large Leading Small Low-Carbon Transformation Program" initiated by Ministry of Economic Affairs. Our efforts have yielded outstanding results, exceeding the original target of reducing 440tCO_2e annually by 18 times. Additionally, our Scope 1 and Scope 2 emissions have been reduced by 9,037 tCO_2e compared to the 2022 baseline—an achievement that marks a significant milestone in our sustainability journey. To reach our long-term goal of net-zero emissions by 2050, we have adopted a range of innovative green strategies, including introducing internal carbon pricing, deploying heat pump systems, and significantly increasing our procurement of renewable energy. In September 2024, our energy management system was certified under ISO 50001, further solidifying our leadership in energy efficiency and sustainability.

By the end of 2024, we are proud to be listed in "Business Weekly 2024 Carbon Competitiveness Top 100"–a prestigious recognition of our strong business performance and a testament to our commitment to social responsibility, carbon reduction, and environmental protection. At the same time, we have also advanced to the next phase of SBTi target, submitting our targets validation one year ahead of schedule.

Our green technology and innovative products are making a strong impact in the market. Our HVLS Fan Series 10 Industrial Energy-Saving Ceiling Fan has been honored with the 2025 Taiwan Excellence Award, recognizing its outstanding performance and energy efficiency. Through our R&D efforts, our energy-efficient product designs have collectively saved 7.62 billion kilowatt-hours of electricity, reducing 370,000 tCO_2e. These remarkable achievements not only affirm our technological capabilities but also reflect our steadfast commitment to supporting global energy conservation and carbon reduction.

These achievements would not have been possible without the dedication and hard work of our colleagues. We are committed to investing more resources in internal management and talent development to foster a diverse, inclusive, and harmonious workplace. We firmly believe that our employees are our most valuable asset, and that only by ensuring every team member feels respected and fulfilled in their work can we sustain the company's vitality and growth. As a company with a deep sense of social responsibility, we actively engage in public welfare initiatives, support underprivileged communities, and contribute to social progress.

This Sustainability Report highlights our efforts in environmental protection, social responsibility, and corporate governance over the past year and serves as a guiding framework for deepening our ESG strategies in the future. With steadfast progress toward our net-zero emissions goal, we firmly believe that true sustainability and shared prosperity can only be achieved through collaboration with all stakeholders. Our goal is not only to create value for our shareholders but also to act as a catalyst for social progress, leaving behind a greener, more prosperous planet for future generations.

Last but not least, I would like to express my deepest gratitude to each of our supporting shareholders, partners, and colleagues. With a solid foundation built on responsibility and bold wings forged by our innovative spirit, let us move forward together toward a brighter and more prosperous future.

Chairman and President /
Ching-Shen Hong

洪慶昇

1.2.2 Sustainability Performance

Governance

- Net profit after tax of 14.92 billion, an increase of 11.86% compared to 2023.
- 0 corruption incidents.
- 6,440 hours of business integrity education and training.
- 22% of board members are women.
- Certified under the ISO 27001 Information Security Management System.

Products

- Product R&D energy saving performance totaled 762 million kWh. Reduced 3.7million tons of carbon dioxide equivalent.
- 100% pass rate for product hazardous substance inspection from 2011 to 2024 for 14 consecutive years.
- Cumulative number of patents granted reaches 3,429.

Environment

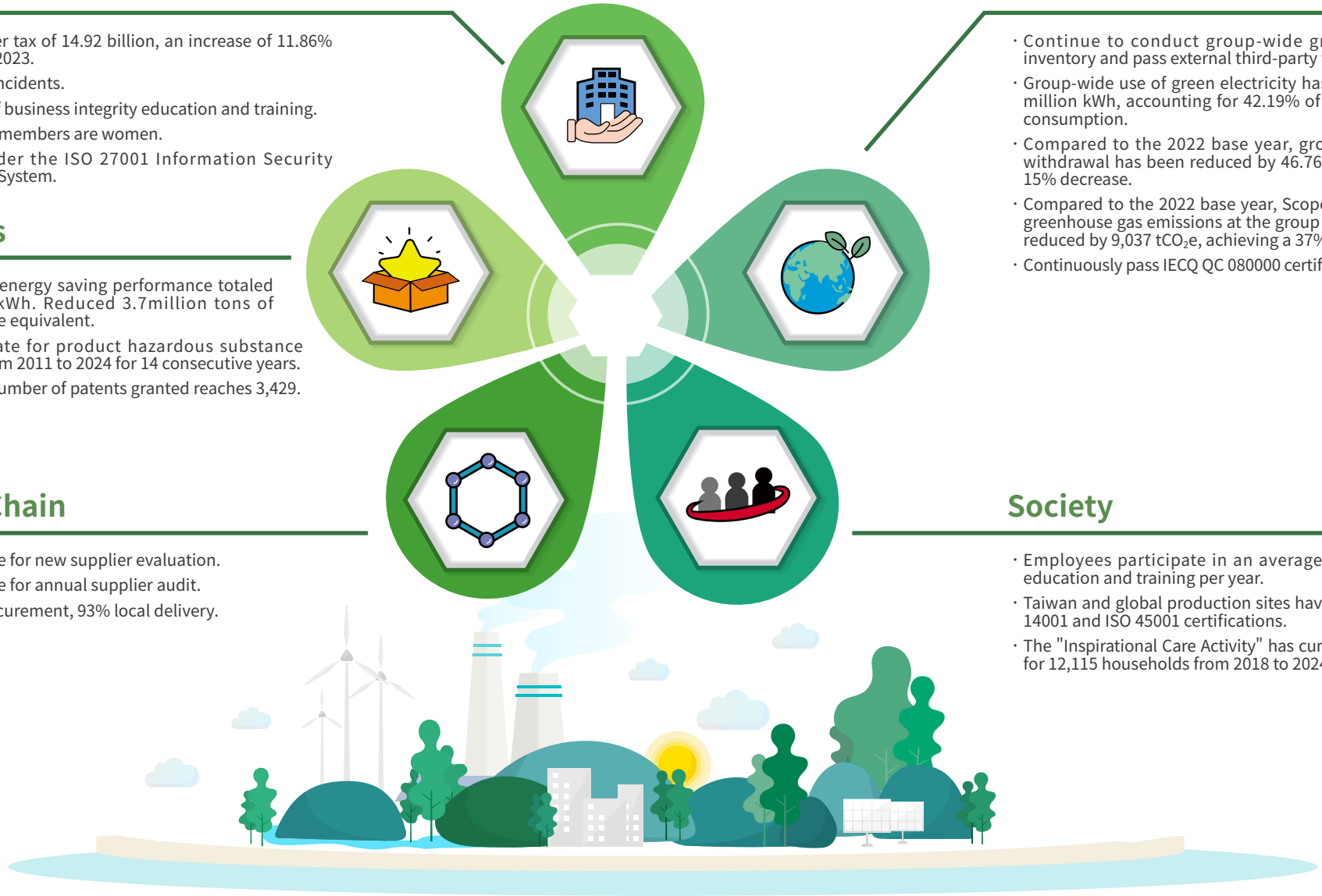
- Continue to conduct group-wide greenhouse gas inventory and pass external third-party verification.
- Group-wide use of green electricity has reached 17.55 million kWh, accounting for 42.19% of total electricity consumption.
- Compared to the 2022 base year, group-wide water withdrawal has been reduced by 46.76 million liters, a 15% decrease.
- Compared to the 2022 base year, Scope 1 and Scope 2 greenhouse gas emissions at the group level have been reduced by 9,037 tCO_2e, achieving a 37% reduction.
- Continuously pass IECQ QC 080000 certification.

Supply Chain

- 100% pass rate for new supplier evaluation.
- 100% pass rate for annual supplier audit.
- 72% local procurement, 93% local delivery.

Society

- Employees participate in an average of 67 hours of education and training per year.
- Taiwan and global production sites have all passed ISO 14001 and ISO 45001 certifications.
- The "Inspirational Care Activity" has cumulatively cared for 12,115 households from 2018 to 2024.



1.3 Stakeholder Engagement

1.3.1 Identification of Stakeholders GRI 2-29

Considering the Company's industry attributes and business model, Sunon's Sustainable Development Committee refers to the five principles of AA1000 SES (Stakeholder Engagement Standard, 2015): Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, to identify groups or organizations that have an impact on Sunon or are affected by Sunon. A total of eight types of stakeholders directly related to Sunon are identified, including employees, investors (shareholders), customers, suppliers, community residents and groups, contractors, government agencies and non-profit organizations, and electronics industry peers.

1.3.2 Stakeholder Communication GRI 2-29

In order to understand and respond to the issues of concern to stakeholders, we provide various communication channels to regularly communicate and engage with stakeholders, so that stakeholders can express their opinions at any time, to understand the sustainable development issues that different stakeholders care about, and to give responses or strategies to address related issues. The communication channels and issues of concern for each stakeholder in 2024 are as follows:

◎ Sunon Stakeholder Communication Mechanisms and Management Procedures

Order	Communication Procedure	Description
1	Stakeholder and Issue Identification	Each team under the Sustainable Development Committee is responsible for collecting issues of concern from relevant stakeholders.
2	Relevant Responsible Departments	Feedback from stakeholders is given to relevant responsible units, and the responsible units formulate measures to address the issues of concern.
3	Sustainable Development Committee	Each issue's responsible unit regularly reports to the Sustainable Development Committee, and the Sustainable Development Committee integrates the engagement results.
4	Board of Directors	・Engagement results are regularly reported to the Board of Directors, and issues that cannot be resolved by the responsible units are directly resolved by the Board of Directors. ・The Board of Directors is responsible for reviewing communication effectiveness.
5	External Disclosure	Results of stakeholder engagement are disclosed in the annual sustainability report.

◎ Sunon's Main Stakeholders and Communication Results

Stakeholder	Relationship Description	Communication Method/Frequency	Main Issues of Concern	Responsible Department	Communication Results
Employees	Employees have always been Sunon's most important asset since its founding. Sunon invests sufficient resources to cultivate talent, regularly holds meetings to listen to the voices of employees and employee representative meetings, and provides timely feedback to ensure that the concept of the Sunon family can be sustainably passed on.	Interactive meetings (employee representative meetings)/monthly Employee complaint mailbox/irregularly Regulation and system announcements/irregularly Employee Welfare Committee/monthly Occupational Safety and Health Committee/quarterly Labor Retirement Reserve Supervisory Committee/irregularly Sexual Harassment Complaint Committee/irregularly	Employee benefits and compensation Occupational Safety and Health Career development and training Talent recruitment and retention Workplace employee rights	Global Human Resources Division Occupational Safety team Each factory's management department	Regarding employee benefits and compensation, the Company has established the most open and transparent promotion regulations and evaluation mechanisms, with promotion condition reviews twice a year, doing its best to meet employees' expectations for compensation; Regarding occupational safety and health, the Company conducts annual audits of the environment, safety, and health of each factory, and has various channels for employees to reflect and complain; Regarding career development and training, the Company has a complete new employee training program and professional training maps for each function, to enhance employees' skills and build human capital.
Investors (Shareholders)	Shareholders' recognition and support are the key driving force for a company's sustainable operation. Sunon will maintain good communication with shareholders and maintain stable growth momentum through the management philosophy of responsible self-governance by the Board of Directors.	Shareholders' meeting/annually Board meeting/quarterly Company annual report issuance/annually Sustainability report issuance/annually Financial reports audited by CPA/quarterly Announcement of material information on Sunon's website/irregularly Announcement of material information on Market Observation Post System/irregularly Handling announcements or filings as required by competent authorities/irregularly	Operating and financial performance Corporate governance Product quality/technology R&D Compliance with laws and regulations Code of ethical conduct Risk Management	Secretariat of the Board Sustainable Development Committee Finance Department	The company holds an annual shareholders' meeting to listen to the suggestions of all shareholders, and holds quarterly board meetings to regularly report the Company's governance policies and indicators to all directors; It also announces the Company's annual report and financial report in accordance with the law, and voluntarily issues a sustainability report to disclose sustainability performance and policies.
Customers	Sunon understands market trends and customer needs through various channels, takes a customer-oriented approach, actively meets customer expectations, and strives to maximize customer value.	Product/Technology seminars/annually Supplier conference/annually Website product introduction and description/irregularly, product catalogs/irregularly Recurring customer interviews and visits/irregularly Customer satisfaction survey/annually Social media platform (Sunon Green Life News)/irregularly YouTube channel (SUNON Green Life; Sunonwealth)/irregularly	Product quality/technology R&D Customer service satisfaction Green product/service design and development Raw material and hazardous substance management Compliance with laws and regulations	R&D department Quality assurance department Global Business Center Global Sales Department Other relevant Departments	The overall satisfaction score of the annual customer satisfaction survey has reached the target.
Suppliers	As one of the important partners, suppliers are the solid backbone of Sunon's various product lines, responsible for supplying the main raw materials and key components of each product. Growing together with suppliers to create higher industry value chain.	Public tendering and bidding operations/irregularly Contract terms and relevant regulations/irregularly Supplier system/daily Supplier meetings (seminars)/irregularly Supplier quality evaluation/monthly Supplier cost, technology, service evaluation/quarterly Supplier audit/every two years	Raw material and hazardous substance management Supply Chain Management Supplier ESG performance management Conflict minerals management Contractor management	Quality assurance department Strategic Purchasing Department	In response to economic fluctuations and market demand, the Company irregularly discusses raw material specifications, procurement terms and prices with suppliers, and also exchanges and explores various market information in the industry with each other.

Stakeholder	Relationship Description	Communication Method/Frequency	Main Issues of Concern	Responsible Department	Communication Results
Community Residents and Groups	In order to fulfill corporate social responsibility, Sunon gives back to the local community and cares for society through its business, assisting those in need, so that love can fill the entire society.	Sunon Charity Foundation Social media platforms (Sunon Happy Planet Sunon Green Life News Sunon Charity Foundation/irregularly Inspirational Care Activity/irregularly Blood donation activity/irregularly Management committee of commercial building complex/monthly Organizing factory visit activities/irregularly Recruitment activities or job fairs in nearby areas/irregularly	Community participation Air pollutant control Water resource and wastewater management Waste management and recycling	Secretariat of the Board Occupational Safety team Planning Department Global Human Resources Division Each factory's management department Other relevant Departments	The company irregularly holds charity activities, invests more care and concern to the general public, and has also established multiple social media platforms to open up communication channels with the general public.
Contractors	Contractors are regarded as one of Sunon's important partners. Through a model of mutual trust and cooperation, we work together to meet customers' expectations.	Contractor evaluation/annually Communication and on-site inspection/irregularly Conducting work safety education and training/irregularly Safety inspection operations/irregularly Engineering contracting agreement/irregularly Occupational safety and health	Occupational Safety and Health Supply Chain Management Supplier ESG performance management Contractor management	Global Human Resources Division Strategic Purchasing Department Quality assurance department Occupational Safety team	The company irregularly holds contractor communication meetings to discuss not only contract outsourcing prices and common terms amendments, but also actively communicates and promotes work safety and contractor management related matters.
Government Agencies and Non-Profit Organizations	Sunon complies with government laws and regulations, abides by the law, actively cooperates with government activities, and fulfills civic duties. Sunon will also absorb and adopt the relevant needs and suggestions of non-profit organizations as the direction for future business improvement.	Handling and reporting of EIA to competent authorities for reference/irregularly Interaction and exchange with competent authorities on relevant business/irregularly Data reporting and tax payment operations/irregularly Inspection by government agencies/irregularly Seminars and forums/irregularly Communication and interaction with experts and scholars/irregularly Participating in government policy advocacy/regulatory seminars/irregularly	Occupational Safety and Health Compliance with laws and regulations Tax policy Energy Management Greenhouse gas emissions Air pollutant control Water resource and wastewater management Waste management and recycling	Secretariat of the Board President Office Global Human Resources Division Finance Department Occupational Safety team	The company assigns relevant units to regularly participate in government agency meetings to discuss relevant policies and regulations, and provide suggestions on implementation content.
Electronics Industry Peers	As a core role in the industry chain, Sunon enhances its industry competitiveness through participation in associations and benchmarking with industry peers.	Release of information on association and society activities/irregularly	As a core role in the industry chain, Sunon enhances its industry competitiveness through participation in associations and benchmarking with industry peers.	Release of information on association and society activities/irregularly	Sunon maintains long-term, positive interactions with industry peers and actively participates in various industry-academia associations. Through ongoing communication and collaboration within these institutes, the company gains access to the latest developments in industry technology and policies, laying a solid foundation for business expansion and strategic partnerships.

Note: This table only briefly describes the issues of concern to stakeholders. For detailed response measures, please refer to the relevant chapters of this report.

1.4 Management of Material Topics

1.4.1 Material Topic Assessment Process

Material Topic Assessment Process

GRI 2-12、2-13、2-14、3-1、3-2

Sunon's Sustainable Development Committee, based on the Company's operating activities, industry type, and impact generated by the value chain, identifies sustainability topics that have a significant impact on stakeholders through stakeholder engagement and expert consultant consultation every year, in accordance with the materiality principle in the 2021 version of GRI 3. The chairman of the Sustainable Development Committee decides on the key sustainable topics for the period and reports the aforementioned material topic identification results to the Board of Directors. The detailed assessment process is as follows:

Step 1. Identify key risks and opportunities

(1) Summarize industry attributes: Inventory the Company's business items, business model, product or service type, industry type, worker type, etc., and analyze all industry attributes related to the Company.
(2) Identify sustainable topics: In addition to incorporating actual major positive and negative events that have occurred in the past, the Company also considers potential risks or opportunities through stakeholder communication feedback, global norms and standards (Global Risk Report, United Nations Sustainable Development Goals, TCFD and SASB, etc.), industry norms and standards, and peer benchmarking companies, in order to fully inventory sustainable topics related to the Company. A total of 25 sustainability risks and opportunities were identified during this reporting period.

Step 2. Determine material topics

(1) Stakeholder feedback:We use questionnaires to engage with the Company's senior executives, Sustainable Development Committee, experts and external stakeholders to comprehensively evaluate the "impact degree" and "likelihood of occurrence" of each sustainability risk and opportunity. In 2023, a total of 333 questionnaires were collected; among them, 308 valid questionnaires were included in the calculation, with 26 and 282 internal and external questionnaires respectively.
(2) Assess impact degree:Assessed and calculated based on the three aspects of the severity of the event, the scope of the impact, and reversibility of negative impact.
(3) Assess likelihood of occurrence:Calculated based on the probability of the impact occurring.
(4) Rank and determine material topics:After calculating the impact degree and likelihood of occurrence of each risk and opportunity, the teams under the Sustainable Development Committee jointly set the materiality threshold scores for these two indicators, screen the material topics for the period, and report to the chairman of the Sustainable Development Committee for discussion and resolution of the material analysis results.

The threshold for impact degree and likelihood of occurrence this year is 2.8 points, so there are 8 material risks and opportunities this year, corresponding to individual ESG material topics.

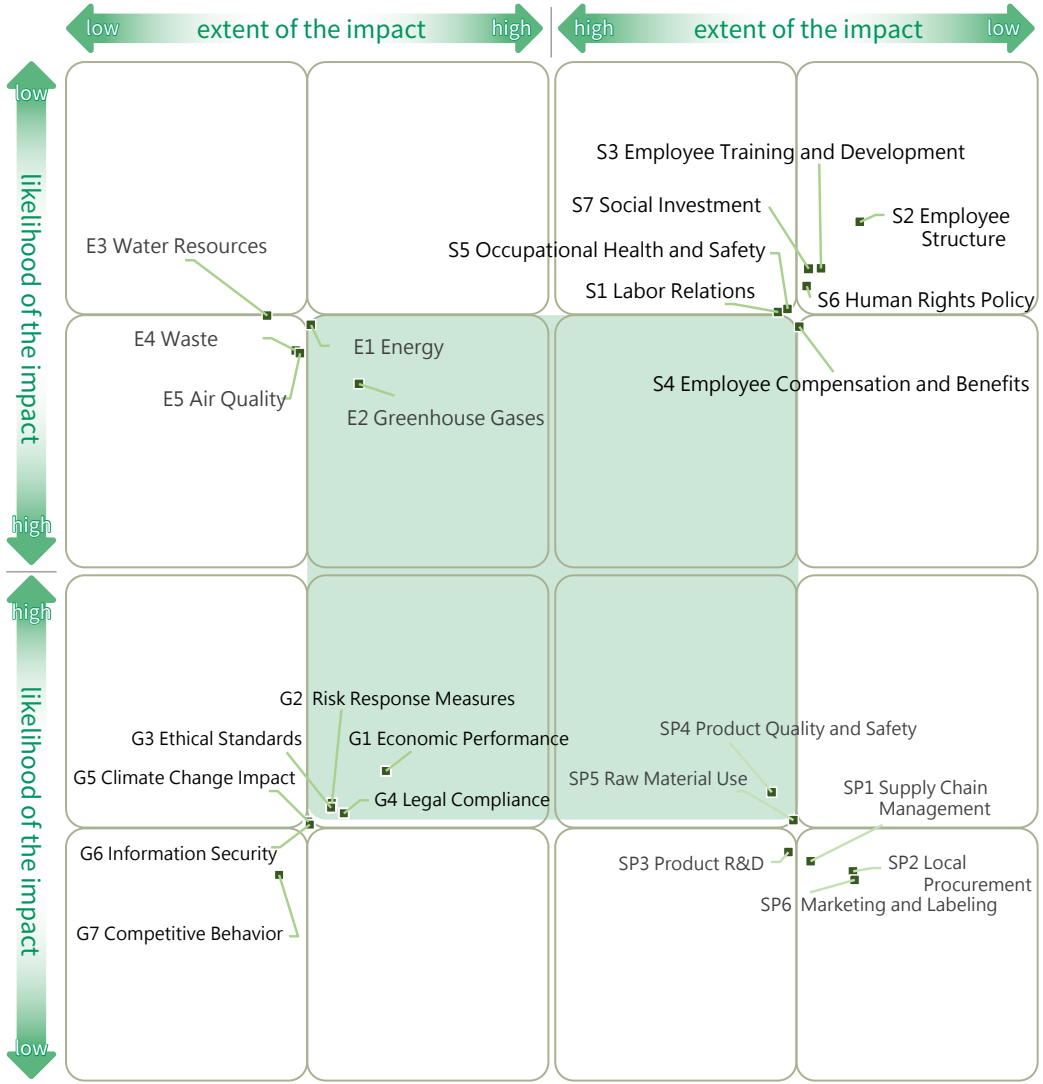
Step 3. Material topic information reporting

The executive secretary of the Sustainable Development Committee determines the international standards corresponding to the material topics, reviews the management policies and objectives of the material topics, collects annual data, and ensures that all important sustainability information is fully disclosed in this report to fully respond to the topics of concern to stakeholders. After the annual sustainability report is completed, the chairman of the Sustainable Development Committee reviews the report content again and finalizes it to ensure that there are no concerns about inappropriate or untrue statements in the disclosed information.

Step 4. Continuous review

Regularly review the implementation of material topic policies and target achievement rate every year to optimize internal management guidelines and qualitative and quantitative targets; and compare the topic differences between the previous and current periods after the material topic identification of the next period, investigate the reasons for the differences, and report them in the report.

ESG impact event (risk opportunity) matrix and corresponding material topics



Note: Impact degree refers to the degree of impact of the impact event on Sunon and on stakeholders; likelihood of occurrence refers to the probability of the impact event occurring.

Impact Event (Risk/Opportunity Item)	Corresponding Material topic	Corresponding Chapter in Report
Greenhouse Gases	Greenhouse Gas Emissions	4.3 Emissions Monitoring
Energy	Energy Management	4.2 Energy Management
Raw Material Use	Raw Material Management	4.1 Material Management
Product Quality and Safety	Product Quality and Safety	3.2 Product Health and Safety
Economic Performance	Economic Performance	2.3 Operational Performance
Risk Response Measures	Risk Response Measures	2.7 Risk Management
Ethical Standards	Ethical Standards	2.4.1 Ethical Management
Legal Compliance	Legal Compliance	2.4.3 Legal Compliance

Compared with the results of the previous material topic identification, this year there is a significant increase in governance topics (economic performance, risk response measures, ethical standards, legal compliance); Product quality and safety is also a new material topic this year, which was included in the material topics in 2021; As for the previous green product development, green procurement, climate change, talent recruitment and retention, career development and training, and waste, they are not included in the material topics this year, but the existing management procedures will be maintained, and the business strategies will be optimized regularly according to the actual business situation and international trends.

1.4.2 Impact Management of Material Topics

GRI 2-12、2-13、2-14、3-1、3-2

Sunon's Board of Directors is the highest decision-making and supervisory department for material topic management, assigning the Sustainable Development Committee to be responsible for sustainable material topic management items, including inventorying and reviewing material topic management guidelines, proposing optimization and improvement suggestions; establishing diverse stakeholder communication channels, regularly integrating stakeholder suggestions, judging their opinion types and impact, formulating response measures or response guidelines, and reporting to the Board of Directors. The Board of Directors meets with the Sustainable Development Committee at least once a year to jointly discuss the material topic management situation and formulate the sustainable development direction and strategic objectives for the new year.

Boundaries of Material Topic Impact

Material Topic	Corresponding GRI Topic	Impact[Note1]		Main Management Guidelines[Note2]	Impact Scope (Boundary)			KPIs and Targets			Management Evaluation Mechanism	Corresponding Chapter in Report
		Positive Impact	Negative impact		Upstream	Company Operations	Downstream	Short-term Goals 2025	Mid-term Goals 2030	Long-term Goals 2050		
Greenhouse Gas Emissions	GRI 305-1~305-5	-	●	Implement greenhouse gas inventory, find carbon reduction hotspots, establish internal carbon emission data management mechanism, disclose according to regulations, and regularly report to the Board of Directors	✓	✓		Establish group greenhouse gas inventory procedures, gradually increase the inventory scope of category 3, and accurately calculate the group's carbon emissions	Compared to the 2022 base year, reduce category 1 and category 2 carbon emissions by 50% by 2030	Net zero emissions by 2050	Implement annual greenhouse gas inventory and compare with base year emissions	5.3 Emissions Monitoring
Energy Management	GRI 302-1、302-3、302-5	-	●	Energy saving, energy purchasing, energy creation - three arrows in the same direction		✓		1. Increase the proportion of renewable energy use by 7.2% every year 2. Introduce EnMS energy management system 3. Continue to replace high energy-consuming equipment	1. Increase the proportion of renewable energy use by 7.2% every year 2. Circular energy planning 3. Continue to replace high energy-consuming equipment	1. Increase the proportion of renewable energy use by 7.2% every year 2. Purchase green electricity certificates 3. Grid-connected renewable energy (solar power)	Disclose the proportion of renewable energy use in the sustainability report every year	5.2 Energy Management 3.1.2 Green Product R&D
Raw Material Management	GRI 301-1	▲	●	Promote suppliers to conduct greenhouse gas inventory, so that the carbon footprint of raw materials can be quantified and calculated	✓	✓		1. 70% recycling rate of raw material supply packaging 2. First stage raw material carbon footprint data collectionRaw Material Carbon Footprint	1. 80% recycling rate of raw material supply packaging 2. Second stage raw material carbon footprint data collection	1. 85% recycling rate of raw material supply packaging 2. Third stage raw material carbon footprint data collection	Internal KPI control	5.1 Material Management
Product Quality and Safety	GRI 416-2	▲	●	Committed to implementing quality policies and measures, aiming to provide customers with high service and high quality		✓	✓	Continue to improve customer satisfaction and develop a sound quality policy			Internal KPI control	3.2 Product Health and Safety
Economic Performance	GRI 201-1、201-4	-	●	Achieve economic benefits in corporate operations while maximizing the promotion of social equity, environmental protection and corporate ethics		✓		Set annual business and performance targets according to domestic and international trends, regularly confirm the expected target achievement, and make rolling adjustments and revisions when necessary			Quarterly financial statements Annual report for shareholders Sustainability report	2.3 Operational Performance
Risk Response Measures	-	-	●	Complete internal risk issue identification and assessment according to the scope of risk management policies and procedures, and implement risk issue mitigation measures	✓	✓	✓	Regularly review and revise risk issue mitigation measures to reduce losses caused by risk occurrence			Annual report for shareholders Sustainability report	2.7 Risk Management
Ethical Standards	GRI 2-23~2-26、205-3、206-1	-	●	We stay the corporate culture spirit of "ethical management", with integrity, responsibility, fairness and transparency as the Company's highest guiding principles	✓	✓	✓	Ensure that there are no significant risk or non-compliance incidents within the group			Annual report for shareholders Sustainability report	2.4.1 Ethical Management
Legal Compliance	GRI 2-27	-	●	Comply with the laws and regulations of each operating location, taking compliance as the basic requirement	✓	✓	✓	Ensure that there are no major violations within the group			Annual report for shareholders Sustainability report	2.4.3 Legal Compliance

Note 1: ● Represents actual impact (actual risk or opportunity) ▲ Represents potential impact (potential risk or opportunity).
Note 2:This management guidelines list only outlines key policies or strategies and management objectives. For detailed management guidelines, please refer to the description in each chapter.

Chapter 2

Sustainable Corporate Governance

2.1 Organizational Overview
2.2 Governance Structure
2.3 Operational Performance
2.4 Responsible Business Conduct
2.5 Climate Change Risks and Opportunities
2.6 Information Security
2.7 Risk Management

2.1 Organizational Overview

2.1.1 Basic Information

GRI 2-1、2-28

Sunon was founded in 1980 and has been focusing on the invention and innovation of energy-saving motor core technology for more than 40 years. In the fields of motors, fans, cooling modules, ventilation and air purification solutions, Sunon continuously innovates and leads the industry's product development trends. With years of rich motor core technology, it has developed the world's first MagLev (magnetic levitation) fan, the world's smallest and thinnest millimeter-sized micro fan and other products, which are not only highly praised in the industry, but also widely used in 5G equipment, AIoT, servers, data centers, medical, home appliances, e-sports, automobiles, industrial, refrigeration equipment, monitoring services, portable products and green building ventilation and other industries, successfully becoming the designated product for many international brand manufacturers and customers' best design partner for thermal solutions.

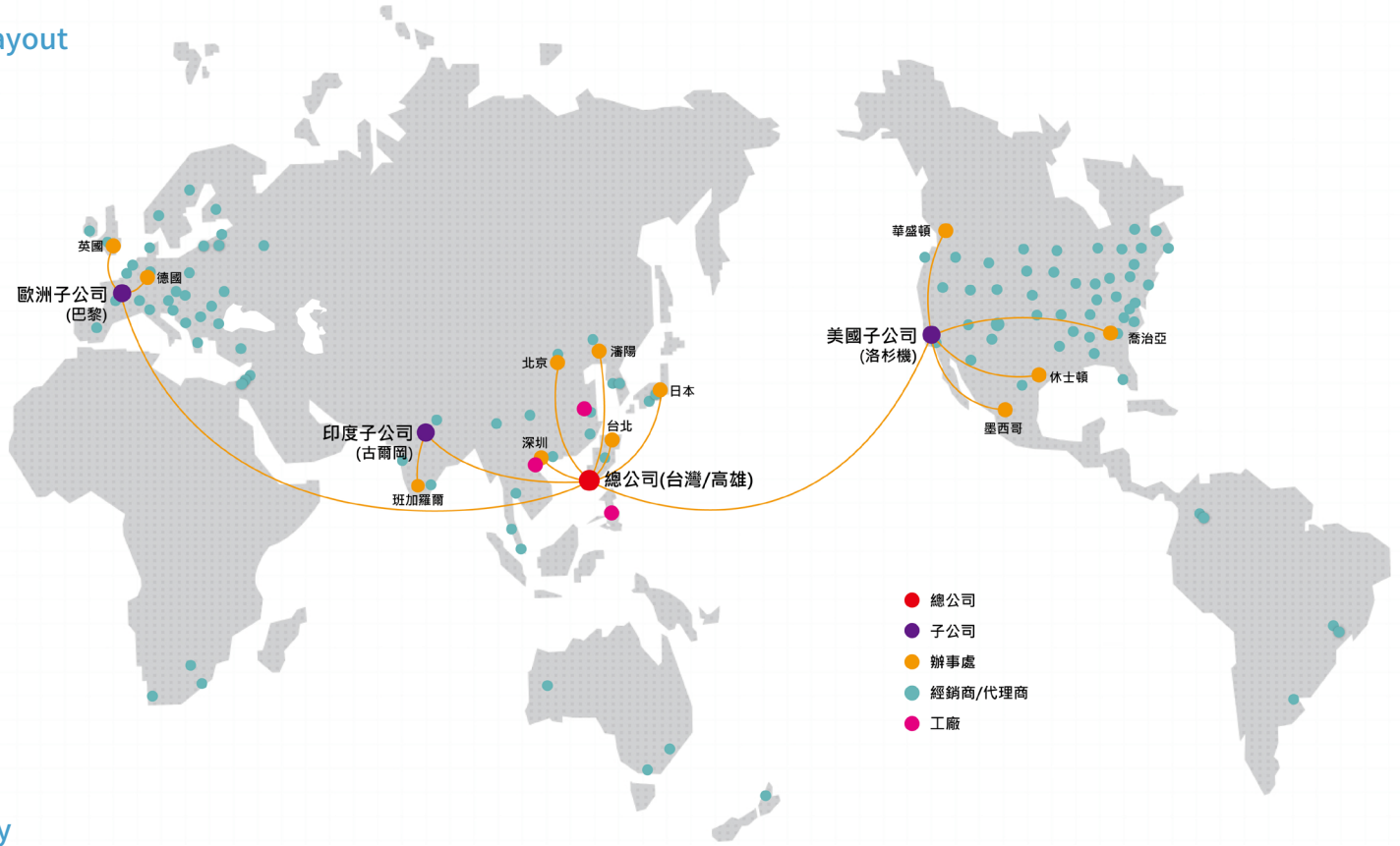
Sunon Group's corporate headquarters is located in Kaohsiung City, Taiwan. Combined with subsidiaries and offices in Europe, the United States, China and other regions, there are more than 120 global distributors and over 1,000 sales and service locations, forming a customer service and technical support network that spans five continents globally, able to respond to customer needs in a timely and rapid manner.

In response to the demand for large-scale mass production, Sunon has four well-equipped professional manufacturing factorys in Kaohsiung, Taiwan, Kunshan, Jiangsu and Beihai, Guangxi in China, and Bataan, Philippines, producing a full range of fans, motors, various cooling modules, ventilation fans, and ceiling fan products. Through ERP and MES system management, it meets customers' real-time and flexible needs, and has the industry-leading production capacity with high quality control.

To protect investors' rights and interests, an investor relations communication platform is set up on the company website, regularly updating business information and transparently disclosing Sunon's operating conditions, forming a long-term, stable, and harmonious interactive friendly relationship between the Company and investors.

Company Name	Sunonwealth Electric Machine Industry Co., Ltd
Company Type	Listed company
Establishment Date	October 25, 1980
Headquarters Location	No. 30, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City 806034 , Taiwan
Industry Category	Electronic Components and Product Manufacturing
Main Products or Services	Fans, Air-Cooling Modules, Liquid-Cooling Modules, Motors, Water Pumps, Ventilation Fans, Fresh Air Systems, Ceiling Fans
Paid-in Capital	NT$ 2.7 billion
Net Sales	NT$ 14,623,817,000
Main Products Produced	AC Fan: 2,492,344 PCS DCFan: 118,099,572 PCS
Number of Employees	7,334

◎ Global Operation Layout



◎ Business Philosophy

Brand

Insist on maintaining the brand with quality. The Sunon brand represents high-quality, high-tech, and forward-looking excellent products in the market.

Innovation

Sunon was founded on invention and innovation, and regards invention and innovation as the only path to maintain its leading position in the industry.

Value

Sunon's value comes from the R&D intelligence and achievements accumulated beyond the product itself.

In order to meet customer needs with the best design flexibility, Sunon is backed by a strong R&D team, combined with service marketing business units and production support business units, to innovate with customers towards new generation products. We hope that through service, customers can personally experience the true meaning of Sunon's business philosophy of "Brand, Innovation, Value", hoping that " "Because of Sunon, customers can enjoy peace of mind.", "Because of Sunon, systems become more compact and user-friendly.", "Because of Sunon, society is filled with hope and a brighter future."

◎ Development History

Sunon's History

Year	Description
1980	Sunon was established with a capital of 1 million NT$, specializing in the R&D, manufacture and sales of high-precision small motors and cooling fans.
1981	Obtained the SUNON trademark certificate issued by the Central Standards Bureau; Taipei factory was established.
1983	Obtained the U.S. UL mark; Changed the organization to a company limited by shares.
1984	Established Kaohsiung headquarters.
1987	Obtained the first patent license.
1989	Established charity group, SYCP Center to serve children with multiple disabilities and fulfill social responsibility.
1990	Gangshan factory construction completed.
1991	Mass production of self-developed successful brushless DC cooling fans.
1995	Passed ISO 9002 certification; Established Hong Kong and Taipei offices; Launched ultra-small and ultra-thin cooling fans.
1996	Obtained ISO 9001 quality assurance certification; Established Singapore and European offices; Collaborated with ITRI Optoelectronics Department to develop "high-speed CD-ROM drive spindle motor".
1997	Set up Nanhai factory and officially started overseas production and manufacturing; Established U.S. office.
1998	Passed ISO 14001 certification.
1999	New GM and GB series products were officially launched; Established U.S. subsidiary; Invested in Youzhong Technology to specialize in the R&D and manufacturing of DVD spindle motors and modules; Launched maglev fan series products.
2000	Listed on the stock market in September; Established French and Japanese subsidiaries.
2001	Established Sunon Invention and Innovation Center in Kaohsiung, Taiwan; Launched the world's first brushless DC vibration motor; Kunshan factory in China was established.
2002	Established global operations headquarters in Kaohsiung, Taiwan; Launched the world's smallest 8*8*5 mm millimeter micro fan.
2003	Collaborated with National Sun Yat-Sen University to establish "National Sun Yat-sen University Sunon R&D Center".
2004	Launched new maglev AC fan product.
2005	Fully provided products compliant with RoHS directive; Passed OHSAS18001 certification.
2006	Passed ISO/ TS16949 certification.
2007	Launched the world's smallest 8mm, thinnest 3mm millimeter micro fans, blower fans and module products; Foshan Sunon Electronics Co., Ltd. relocation and production line expansion completed.
2008	Launched super quiet fan series products; Passed IECQ QC080000 certification; Launched new generation maglev fan ME series; Released LED indoor lighting bulb heat dissipation module.
2009	Launched green energy fan (Super Green Fan); Launched DR MagLev Fan (dust-resistant maglevitation fan).
2010	Launched positive and negative rotation smart dust removal fan technology; Since 2010, GHG inventory has been carried out regularly every year and SGS third-party verification certificate has been obtained; Launched LED lighting heat dissipation module series products.
2011	Established Guangxi Beihai factory in China.
2012	Launched IP Rated series fans.
2013	Launched Ultra Micro Cooling Device series products.
2014	Launched 400W high-power LED lighting heat dissipation solution; Launched ECO DC inverter ventilation fan series products; Launched smart phone heat dissipation protective case.
2015	Launched super energy-saving DC motor ventilation fan; Millimeter fan series products are widely used in stick PC, drones, electronic masks and virtual reality wearables.
2016	Launched dual-flow fresh air system; Launched super energy-saving EC axial fan; Launched ATEX explosion-proof series fans.
2017	Launched commercial large side-suction filter ventilation fan; Launched VF high-efficiency series fans.
2018	Launched DC Axial Fan VF series dual fan; Passed IATF16949 certification.
2019	Launched Green Space dual-flow fresh air system; Launched HVLS super energy-saving large ceiling fan; DC Axial Fan XF full series models; Established Indian subsidiary; Invested in Philippine subsidiary.
2020	Launched silent ventilation fan (direct exhaust type); Launched Modern HVLS household ceiling fan; Launched dual-flow fresh air system (air intake type); Launched AF automotive seat ventilation blower fan.
2021	Launched 1000W high-power embedded tube liquid cold plate heat sink; Launched Intel Whitley Platform high-performance CPU cooler; Launched vibration-damping fan series; Ranked 245th in Taiwan's Top 2000 Manufacturing Industry and 28th in Computer Peripherals and Components by CommonWealth Magazine in 2021; Sunon's silent ventilation fan (direct exhaust type) awarded 2021 Taiwan Excellence Award.
2022	Launched the new generation Intel server platform Eagle Stream CPU Cooler and obtained certification; Launched next-gen ECO EC axial fan series; Launched DC Axial Fan XG fan; Established Beihai Lizhun factory in China; Philippines Sunon factory officially started mass production and shipment.
2023	Launched AMD EPYC ™ 9004 series 4th generation server processor Genoa CPU Cooler; Launched AF 40x10mm axial fan for automotive multimedia entertainment system; Launched night black MODERN contemporary classic ceiling fan; Passed ISO 27001 information security certification; Bionic tail turbofan won the 2023 National Brand Yushan Award for Best Product and First Prize recognition.
2024	Launched direct liquid-cooling module; Launched water pump product lineup; Launched self-circulated phase change liquid-cooling product; Launched AALC Sidecar product; Launched 2M energy-saving large industrial wall-mounted fan; Launched smart heater fan; Awarded SGS 2024 ISO Plus Award for QMS Operation Process Management; Recognized as one of "2024 Business Weekly Carbon Competitiveness Top 100" enterprise; Certified with ISO 50001 Energy Management System; Started new Philippine factory construction.

◎ Honors and Achievements

Year	Award Description
2018	Won the 2018 Taiwan Excellence Award (side-suction filter ventilation fan)
	Awarded the 2018 Advanced Unit for Enterprises Implementing the Main Responsibility of Work Safety Production
	Won the Gold Award (2017 Best Growth Award) of the Zhonghe Award
	Won the Kunshan City Harmonious Labor Relations Enterprise award
	Won the Kunshan Economic and Technological Development Zone Harmonious Labor Relations Enterprise award
	Won the 2018 Kunshan City Model Workers' Home award
	Awarded the Foshan City Work Safety Standardization Level 3 Enterprise
2019	Won the Talent Quality-management System (TTQS) Gold Medal
	Won the Healthy Workplace Certification - Health Promotion Label
	Won the 2019 Taiwan Excellence Award (Powerful HVLS Fan Series 1 energy-saving high-volume ceiling fan)
	Awarded the 2019 Guangdong Province Health Promotion Enterprise
	Awarded the 2019 Advanced Unit for Enterprises Implementing the Main Responsibility of Work Safety Production
2020	Won the 2020 Taiwan Excellence Award (Modern HVLS Fan ceiling fan)
	Won the 2020 Taiwan Excellence Award (Green Space dual-flow fresh air system)
2021	Won the 2021 Taiwan Excellence Award (Silent (direct discharge) ventilation fan)
2022	Won the Talent Quality-management System (TTQS) Gold Medal
	Won the 1111 Job Bank "Happy Enterprise" Silver Award
	Won the 2022 Golden Pin Design Award (Green Space dual-flow fresh air system)
2023	Won the 2023 National Brand Yushan Award for Best Product and First Prize (Bionic tail turbofan)
2024	Awarded SGS 2024 ISO Plus Award for QMS Operation Process Management
	Recognized as one of "2024 Business Weekly Carbon Competitiveness Top 100" enterprise

◎ Association Memberships

Sunon continues to maintain good cooperative relationships with industry associations such as the Taiwan Electrical and Electronic Manufacturers' Association, the Taipei Computer Association, and the Taiwan Excellent Brand Association. It also sends personnel to participate in the Thermal Management Association to further understand the new development trends of the electronics industry and the forward-looking practices of international major manufacturers actively investing in R&D of new technologies through such industry-university-research communication and exchange platforms, promoting interaction and knowledge and skill exchange opportunities among manufacturers, and enhancing potential business cooperation opportunities; it is also expected to maintain information exchange or experience sharing through professional associations and guilds, in order to jointly seek response plans when facing major regulatory policy promotion or revision, obtain positive results and create a win-win situation.

In 2024, the Company joined 9 associations and organizations, listed as follows:

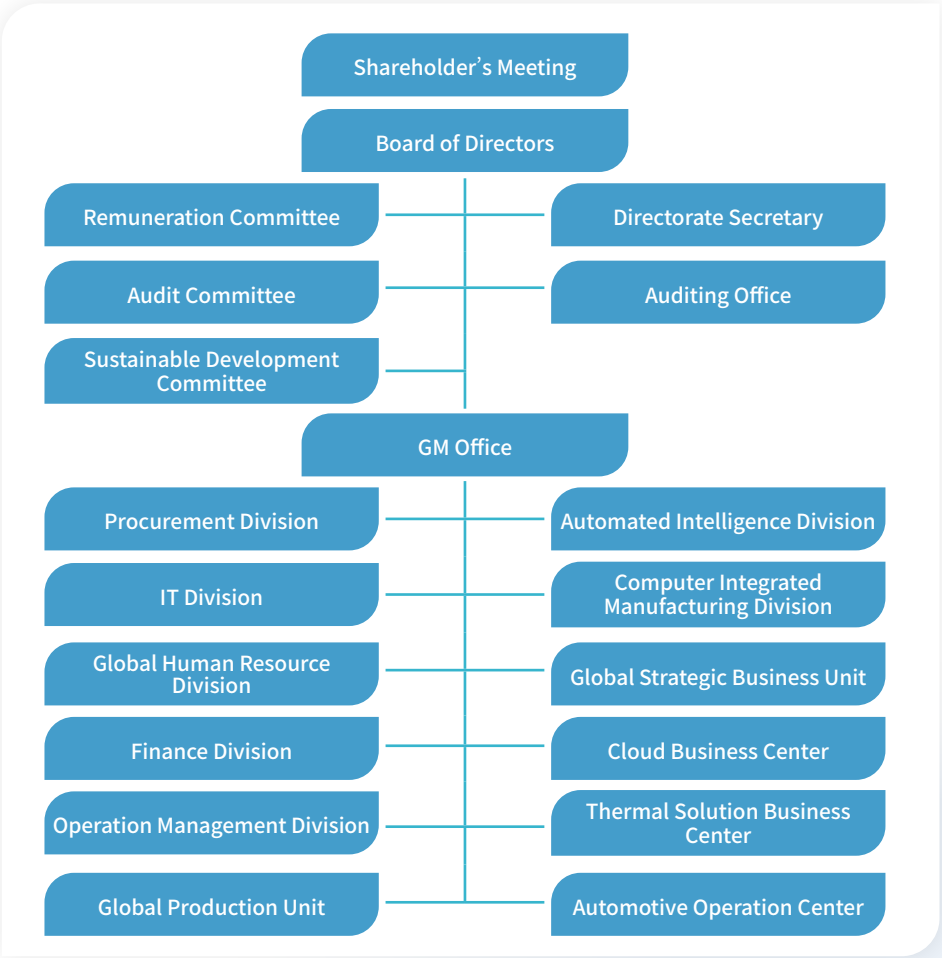
Association/Organization	Membership
Taiwan Cold Chain Association	General Member
Taiwan Society of Tribology Technology	General Member
Taiwan Climate Partnership	General Member
Taipei Computer Association	General Member
Taiwan Excellent Brand Association	General Member
Taiwan Thermal Management Association	General Member
Kaohsiung Chamber Of Industry	Executive Director, General Member
Taiwan Electrical and Electronic Manufacturers' Association	General Member
TWCERT/CSIRT Alliance	General Member

2.2 Governance Structure

2.2.1 Governance Structure

GRI 2-9、2-10、2-11、2-15、2-16、2-17、2-18、2-19、405-1

The highest authority of the Company is the shareholders' meeting, and the directors are elected by the shareholders to form the Board of Directors, which is the Company's highest governance body, responsible for the Company's overall business decisions. The Remuneration Committee, Audit Committee and Sustainable Development Committee are set up under the board to supervise the directors' remuneration, the Company's financial statements, and sustainable development key performance targets respectively. In addition, an Audit Office is set up to supervise the effectiveness of the Company's internal control system, and each committee is required to report its implementation results and resolutions to the Board of Directors regularly to protect the rights and interests of the Company and its stakeholders.



◎ Board Operations and Composition

The Board of Directors acts as a balance and supervisory role between the Company's owners and operators. It exercises the rights and obligations granted by shareholders, formulates business policies based on the rights and interests of stakeholders; it decides on the Company's management, supervises the Company's operations, resolves sustainable development related strategies and tracks implementation effectiveness.

The company's directors are elected by the shareholders' meeting from the list of candidates under the candidate nomination system. Nine directors (including 4 independent directors) are elected, and the directors' term of office is three years, and they may be re-elected. The nomination and selection criteria are the independence and professional background of the candidates and their relevance to the Company's business development, taking into account the diversity of the board composition. The current Board of Directors consists of 9 directors (including 4 independent directors), with a male-to-female ratio of 7:2, and their term of office is from July 1, 2024 to June 30, 2027.

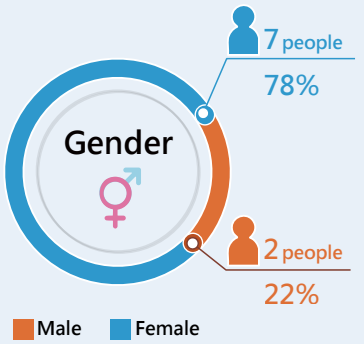
In principle, Sunon holds a board meeting once every quarter. In 2024, a total of five regular board meetings and one interim board meeting were held. Of these, three meetings were conducted during the term of the 16th Board of Directors and three during the term of the 17th Board of Directors, with an attendance rate of 100% for all meetings.

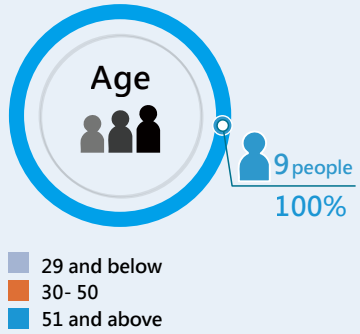
◎ Composition of Governance Body

Sunon Director Information (Current Board Term: July 1, 2024 to June 30, 2027)

Title	Term	Name	Gender	Age	Current Position in the Company	Concurrent Important Positions in Other Companies	Functional Committees		
							Audit Committee	Remuneration Committee	ESG Committee
Chairman	3	Ching-Shen, Hong	Male	51 and above	Serves as the Company's President	President, Sunonwealth Electric Machine Industry Co., Ltd. Chairman, Sunon Electronics (KunShan) Co., Ltd. Chairman, Sunon Electronics (FoShan) Co., Ltd. Chairman, Sunon Electronics (Beihai) Co., Ltd. Chairman, Beihai Lizhun Electronics Co., Ltd. Chairman, Sunon Inc. Chairman, Sunon SAS Director, Sunon Corporation Chairman, Sunon Electronics India Private Limited Director, Sunon Properties Philippines Corp. Director, Sunon Electronics Philippines Corp. Director, Suzhou Shengyixing Heat Transfer Technology Co., Ltd. Chairman, You Yuan Investment Co., Ltd.			✓
Director	3	Li-Ju, Chen	Female	51 and above	Serves as the Company's Director of Strategic Purchasing Department / Head of IT Division	Director of the Strategic Purchasing Department/IT Division, Sunonwealth Electric Machine Industry Co., Ltd. Director, Sunon Electronics (KunShan) Co., Ltd. Director, Sunon Electronics (FoShan) Co., Ltd. Director, Sunon Electronics (Beihai) Co., Ltd. Director, Sunon Corporation Director, Sunon Electronics India Private Limited Director, Sunon Properties Philippines Corp. Director, Sunon Electronics Philippines Corp. Director, Sunon Inc. Director, Sunon HK			✓
Director	3	Ling-Wen, Huang	Female	51 and above	Serves as the Company's Senior Special Assistant of the Secretariat's Office	Senior Special Assistant, Sunonwealth Electric Machine Industry Co., Ltd. Supervisor, You Yuan Investment Co., Ltd. Supervisor, Guang Sheng Investment Corp.			
Director	3	Fu-Sheng, Huang	Male	51 and above	-				
Director	3	Ching-Liang, Chen	Male	51 and above	-	President, Nice Enterprise Co., Ltd. Supervisor, Taiwan First Biotechnology Corp. Chairman, Taiwan Food Industry Co., Ltd. Chairman, Ho Ding International Development Co., Ltd			
Independent Director	3	Chi-Shan, Hung	Male	51 and above	-	Independent Director, Hua Yu Lien Development Co., Ltd. Independent Director, Ping Ho Environmental Technology Co., Ltd. Independent Director, Nanliu Enterprise Co., Ltd. Corporate Director Representative, Flexium Interconnect Inc.	✓	✓	
Independent Director	3	Chin-Cheng, Kao	Male	51 and above	-	-	✓	✓	
Independent Director	3	Kuang-Chih, Huang	Male	51 and above	-	Lifetime Honorary President, National Kinmen University Honorary Professor, National Kaohsiung University of Science and Technology Honorary Chair Professor, Cheng Shiu University	✓		
Independent Director	3	Te-Tsai, Lu	Male	51 and above	-	Professor and Director of the Department of Business Administration, Kunshan University	✓	✓	

Director Gender and Age Distribution Chart



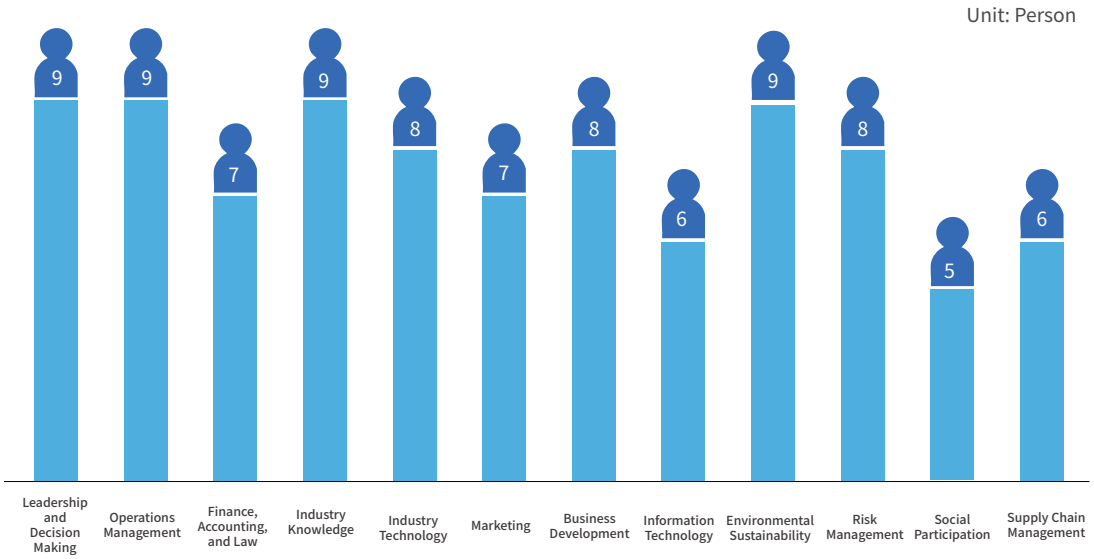


◎ Director Professional Abilities and Experience Distribution Excellent

Title	Name	Director Professional Abilities and Experience Distribution Excellent											
		Leadership and Decision Making	Operations Management	Finance, Accounting, and Law	Industry Knowledge	Industry Technology	Marketing	Business Development	Information Technology	Environmental Sustainability	Risk Management	Social Participation	Supply Chain Management
Chairman	Ching-Shen, Hong	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Li-Ju, Chen	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓
Director	Ling-Wen, Huang	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓
Director	Fu-Sheng, Huang	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
Director	Ching-Liang, Chen	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
Independent Director	Chi-Shan, Hung	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓
Independent Director	Chin-Cheng, Kao	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
Independent Director	Kuang-Chih, Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Independent Director	Te-Tsai, Lu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Note: Although the Chairman and President of the Company are the same person, the Company's operations all comply with relevant laws and regulations and systems, and the duties and responsibilities of the Chairman and President are also clearly divided. The Company has an Audit Committee and an Audit Office to supervise the Company's financial supervision, internal control supervision, independent audit supervision, and risk management. If there is a "conflict of interest" in the resolutions of the Board of Directors, the interested party will not participate in the voting.

Director Professional Abilities and Experience



◎ Director Training

Sunon arranges directors to participate in training courses annually, forums and meetings on professional skills and knowledge as well as sustainable development related topics to enhance directors' professional capabilities to respond to operational impacts. In 2024, a total of 90 hours were spent participating in training programs, courses and major issue forum meetings.

◎ Remuneration Structure of Directors and Senior Executives

The remuneration of Sunon's directors includes compensation (A), retirement pension (B), director's remuneration (C), business execution expenses (D), and the percentage of the total of A, B, C and D to net profit after tax. The Remuneration Committee refers to industry standards and individual director performance as the basis for adjusting individual remuneration. Except the fixed salary and retirement pension, performance bonuses are calculated based on the achievement of various performance indicators.

The remuneration system for Sunon's senior management is proposed by the Remuneration Committee and approved by the Board of Directors. Except the fixed salary and retirement pension, performance bonuses are calculated based on the achievement of various performance indicators. The retirement system for senior management is the same as that for other employees.

◎ Resignation and Retirement Policy for Directors and Senior Management

The notice period for the resignation of Sunon's directors and senior management is determined in accordance with local government regulations, and the number of days' notice and method of calculating severance pay are the same as those for other employees. In addition to severance pay, no other payments or benefits in kind will be paid to resigning directors and senior management.

◎ Linkage of Remuneration of Directors and Senior Management to Sustainability Performance

The remuneration of directors and senior management is not yet linked to sustainability performance. Relevant systems will be formulated in the future to gradually introduce sustainability performance indicators, linking their remuneration to their degree of participation in sustainability issues and the achievement of sustainability goals, strengthening directors' and senior management's accountability for the Company's sustainability vision.

◎ Clawback Mechanism

To ensure the Company's sustainability and integrity management, if there is a major risk event sufficient to affect the Company's reputation, or a major internal management failure event, according to the Company's business ethics management procedures, if any director or employee is punished due to misconduct, the originally approved remuneration or rewards shall be canceled and the bonus already received shall be recovered in accordance with relevant regulations.

◎ Board Performance Evaluation

To further enhance the effectiveness of the Board's operations and strengthen corporate governance, the Company conducts an annual self-performance evaluation of individual directors in principle, measuring six aspects:

1. Grasp of the Company's goals and tasks
2. Awareness of directors' responsibilities
3. Participation in the Company's operations
4. Internal relationship management and communication
5. Directors' professionalism and continuous training
6. Internal Controls

◎ 2024 Performance Evaluation Results:

Sunon's internal evaluation results this year are excellent, with an average evaluation score of 4.97 points (out of 5 points); The rating is excellent (the highest rating is superior), indicating that the operation of the Board of Directors is sound and meets the requirements of corporate governance. The Company has submitted the report results to the Board of Directors.

Board Evaluation Implementation

Evaluation Cycle	Once a year
Evaluation Date	July 1, 2024 to December 31, 2024
Evaluation Method	Internal self-evaluation
Evaluation Scope	Individual board members
Evaluation Results	Average 4.97 points; Excellent rating (out of 5 points; highest superior rating)

◎ Conflict of Interest Management

The rules of procedure for Sunon's board meetings, the organizational charters of the Remuneration Committee, Audit Committee, and Sustainable Development Committee all have provisions for conflict of interest avoidance. If a director's motion involves his/her own, spouse's, and second-degree blood relatives' interests or the interests of a company over which the director has a controlling subordinate relationship, he/she shall explain his/her interest at the current board meeting. If there is a concern of harm to the Company's interests, he/she shall not participate in the discussion and voting, and shall recuse himself/herself from the discussion and voting, and shall not exercise the voting rights of other directors on their behalf; The names of relevant directors, important content descriptions and recusal situations are all recorded in the meeting minutes. Directors and managers are also required to complete an annual related party transaction declaration, and report the results to the Audit Committee.

Besides, the Company has also established codes of conduct for different levels of personnel, such as the Code of Integrity for Directors and Managers and the Code of Ethics for Employees, which are supervised by the corporate governance unit to ensure the implementation of the codes of conduct, and regularly report the implementation results to the Board of Directors.

As of the end of 2024, Sunon has not had any significant incidents of conflict of interest.

2.2.2 Functional Committees

GRI 2-9、2-12、2-13、2-14、2-16、2-19、2-20

◎ Sustainable Development Committee

Sunon established the Sustainable Development Committee in 2022 as the highest-level dedicated unit for sustainable development within the Company. The chairman of the Sustainable Development Committee is the chairman of the board, and the vice president serves as the chief of the Sustainable Development Committee and appoints an executive secretary.

The main responsibilities of the Sustainable Development Committee are to manage, resolve and supervise the Company's governance strategies, policy implementation effectiveness and target achievement related to major sustainable development issues, and regularly report the implementation results to the Board of Directors every quarter.

Under the committee, four executive teams are established according to functional responsibilities: Environmental Sustainability Team, Supply Chain Management Team, Human Resources and Social Team, Corporate Governance Team. The chief coordinates the four executive teams to fulfill the spirit of sustainable management.

The executive teams are responsible for identifying major sustainable development issues related to the Company's operations, formulating management strategies and targets, and preparing the annual sustainability report. The chief regularly reviews the performance and target achievement of the executive teams and regularly reports to the chairman of the Sustainable Development Committee.

◎ Organizational Chart of the Sustainable Development Committee

◎ Implementation of the Sustainable Development Committee

In 2024, Sunon Electric Machine Industry Co., Ltd.'s Sustainable Development Committee regularly reported to the Board of Directors a total of four times, mainly reporting on the schedule planning and implementation of annual projects.

Reporting Matters of the Sustainable Development Committee to the Board of Directors in 2024

Reporting Date	March 7, 2024	May 3, 2024	August 8, 2024	November 11, 2024
Major Matters Reported to the Board of Directors	Review and improvement on the internet security indicent	Schedule planning and implementation of annual projects	Proposals and decisions of "Sustainable Development Committee Charter"	Certified with ISO 50001 Energy Management System; Key reports of Sustainable Development Committee annual meeting

◎ Remuneration Committee

The members of the Remuneration Committee are appointed by resolution of the Board of Directors. The term of office of the members of the Remuneration Committee is the same as that of the appointing Board of Directors. The current Remuneration Committee has three members, all of whom are independent directors, meeting the independence requirements of the regulations.

Five meetings were held in 2024, with a 100% attendance rate of members.

The Company has established the Remuneration Committee Charter, and the responsibilities of the Remuneration Committee are as follows:

1. Establish and regularly review the policies, systems, standards and structure of directors' and managers' performance evaluation and remuneration.
2. Regularly evaluate and determine the remuneration of directors and managers.

The employee and director bonuses distributed each year are approved by the Remuneration Committee and then resolved by the Board of Directors and reported to the shareholders' meeting. The distribution of employee and director bonuses in 2024 was reported at the Company's shareholders' meeting on June 19, 2024.

◎ Audit Committee

The Company's Audit Committee is composed of four independent directors, with a term of office the same as that of the current Board of Directors. Its responsibilities include reviewing the Company's financial statements, supervising the selection and independence of certified public accountants, establishing or amending internal control systems, and supervising the Company's compliance with internal regulations and relevant laws.

In principle, four meetings are held each year, and department heads, internal auditors, accountants, legal advisors, etc. are appointed to attend the discussions when necessary. Five meetings were held in 2024, with a 100% attendance rate of members.

2.3 Operational Performance

2.3.1 Economic Value GRI 201-1

Sunon holds a company business planning meeting every fourth quarter, and each department prepares a budget for the following year. According to domestic and international trends, the business targets for the next year and the performance targets of each department are set. The Operations Management Department consolidates the budgets or targets for sales, production, procurement, and salary expenses, etc., and the Finance Department prepares the estimated income statement, balance sheet, and cash flow statement, which are submitted to the Chairman for review, and then reported by the Chairman or the Chairman's designated representative at the first Board meeting of the following year, and resolved by the Board of Directors.
Every quarter, the Finance Department compiles the financial statements for the period and compares them with the budget and the previous period's operating conditions. At the quarterly business performance meeting, the operating conditions of the past quarter are discussed and the expected target achievement is confirmed, so that the Company's business policy can be adjusted at any time.
Sunon's quarterly consolidated financial reports, annual consolidated financial reports and individual financial reports are all announced on the Company's official website.

Revenue Report
https://www.sunon.com/inv2_1.aspx

Financial Report
https://www.sunon.com/inv2_2.aspx

Annual Report
https://www.sunon.com/inv2_3.aspx

Sunon's total revenue in 2024 was NT$14.623 billion, with a net profit after tax of NT$1.492 billion and earnings per share of NT$5.46.

Sunon's Operating Revenue, Net Profit and Earnings in Recent Three Years (Unit: thousand NT$)

Year	2022	2023	2024
Net Operating Revenue	14,063,308	12,914,685	14,623,817
Net Profit Before Tax (thousand NT$)	1,425,877	1,751,588	1,981,734
Net Profit After Tax (thousand NT$)	1,089,095	1,333,934	1,492,093
Earnings Per Share (NT$)	4.34	5.16	5.46
Cash Dividends (NT$)	2.6	3.50	3.70

Note: Cash dividends are the amount of dividends resolved to be distributed from the earnings of each reporting year (the distribution amount for 2024 was approved by the Board of Directors on March 6, 2025.)

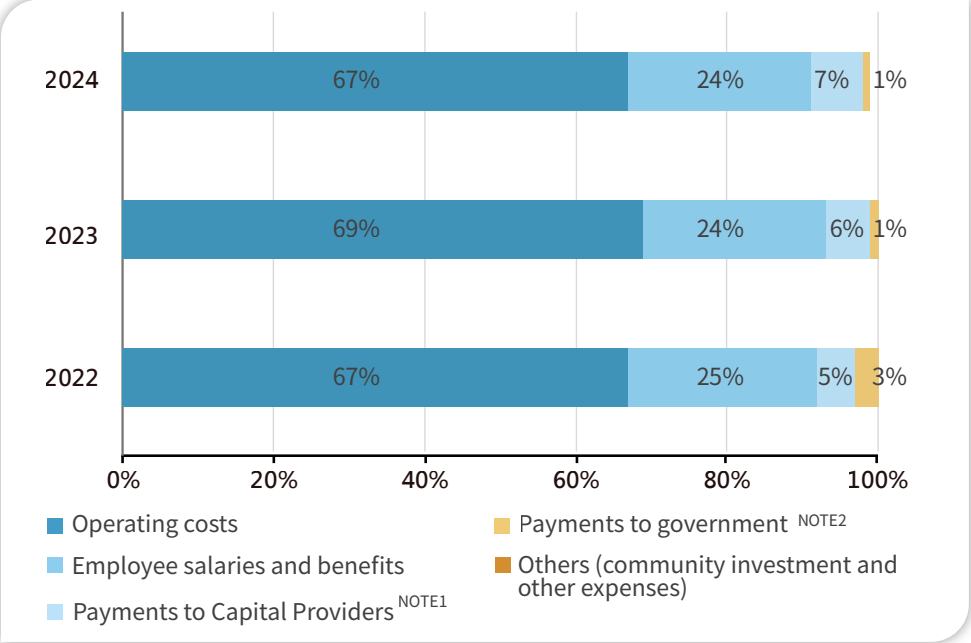
The Company analyzes the consolidated financial position from the perspective of GRI's stakeholder economic distribution. This year, the total direct economic income generated (operating income and non-operating income) totaled 15,021,115 thousand NT$, and the total amount distributed was 13,996,434 thousand NT$. The top three economic distribution items were operating costs (67.5%), employee salaries and benefits (23.7%), and payments to capital providers (7.1%).

Sunon's Economic Income Distribution Table for the Past Three Years (Unit: thousand NT$)

Economic Value	Item/Subject	2022	2023	2024
Direct Economic Income	Net Operating Revenue	14,063,308	12,914,685	14,623,817
	Financial Investment Income	19,075	107,784	147,183
	Income from Sale of Assets	114	67	0
	Royalty Income	0	0	0
	Government Grants Received	34,063	36,834	15,103
	Other Income	298,737	172,928	235,012
Direct Economic Value Generated		14,415,297	13,232,298	15,021,115
Economic Distribution	Operating Costs	9,292,834	8,318,941	9,444,848
	Employee Salaries and Benefits	3,560,055	2,911,814	3,310,755
	Payments to Capital Providers Note 1	696,817	699,412	994,370
	Payments to Government Note 2	425,248	153,555	191,543
	Community Investment	69	0	0
	Other Expenses	3,596	49,405	54,918
Economic Value Distributed		13,978,619	12,133,127	13,996,434
Economic Value Retained Note 3		436,678	1,099,171	1,024,681

Note 1: Includes financial costs and cash dividends resolved to be distributed in the current year's earnings distribution plan.
Note 2: Taxes and fees paid to the government, including current year income tax expense.
Note 3: Economic value retained = Direct economic value generated - Economic value distributed.

Percentage breakdown of economic distribution items for each year



Note: Community investment and other expenses are not shown in this chart because their percentages are less than 0.1%.

2.4 Responsible Business Conduct

2.4.1 Ethical Management

GRI 2-23、2-24、2-25、2-26、205-3、206-1

The Company has formulated the ethical management policy regulations in accordance with the Responsible Business Alliance (RBA) regulations, identifying the possible adverse impacts on different stakeholders in the Company's business relationships, and formulating relevant preventive measures and post-remediation systems for specific risks. An independent supervisory unit is also set up to follow up on the handling of incidents, dynamically improve and optimize the Company's responsible business conduct commitments, to ensure that the Company can meet the requirements and objectives of ethical management standards.

The Company's responsible business conduct policy commitments are as follows, and are also disclosed in the Company's annual report and website.

Approval Department	Executive Department	Policy Regulations	References (Government Official Documents, Standards, Initiatives, etc.)
Board of Directors	Relevant Departments	Ethical Corporate Management Best Practice Principles	Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies
Board of Directors	Relevant Departments	Procedures for Ethical Management and Guidelines for Conduct	Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies
Board of Directors	Directors / Managerial officer	Codes of Ethical Conduct	-

Ethical Corporate Management Best Practice Principles
https://www.sunon.com/download/investor/03/03-3/d03-3-5.pdf

Procedures for Ethical Management and Guidelines for Conduct
https://www.sunon.com/download/investor/03/03-3/d03-3-6.pdf

Codes of Ethical Conduct
https://www.sunon.com/download/investor/03/03-3/d03-3-7.pdf

To guide and implement the members of each operating location and the Company's stakeholders to understand the Company's ethical management policy, the Company implements a series of measures and management mechanisms, including signing relevant documents and holding education and training from time to time to continue promoting.

At the same time, due diligence investigations are conducted on suppliers for review and screening.

Identity		Timing	Documents to be Signed	Signing Percentage
Workers	New Employees	Upon Joining	Labor Contract	100%
	Current Employees	When undertaking specific projects	Project Confidentiality Clauses	100%
		When special work needs arise	Personal Information Confidentiality Commitment	100%
			Commitment Letter	100%
Business Partners	New Suppliers	Before Signing Contract	Vendor Questionnaire Survey	100%
	Existing Suppliers	Upon Signing Contract Upon Joining	Social Responsibility Policy and Commitment Statement	100%
			Declaration of Non-Use of Conflict Minerals	100%
			Integrity Commitment	100%
			Quality Commitment	100%
		When undertaking specific projects	Non-Disclosure Agreement (NDA)	100%

Note: Project confidentiality clauses, personal information confidentiality commitments, and commitment letters are only stipulated for specific personnel, and all of those specific personnel have completed signing.

The Company holds training courses related to ethical management and anit-corruption training, explaining the prohibited conduct in the Company's business operations, including the code of business ethics, to prevent the occurrence of unethical behavior.

The statistics of employees who received ethical management training courses by employee type in 2024 are as follows:

《Participation in Anti-Corruption Training - By Level》

Region		Level				Total Number of Employees
		Senior Executives	Middle Management	Junior Management	Entry-level Employees	
China	Number of Trainees	5	48	188	1,887	2,128
	Number of Employees should be training	5	52	323	3,056	3,436
	Training Rate	100%	92%	58%	62%	62%
Philippines	Number of Trainees	2	8	7	21	38
	Number of Employees should be training	2	8	8	29	47
	Training Rate	100%	100%	88%	72%	81%
Taiwan	Number of Trainees	13	40	26	458	537
	Number of Employees should be training	14	42	26	507	589
	Training Rate	93%	95%	100%	90%	91%
Total	Total Number of Trainees	20	96	221	2,366	2,703
	Total number of Employees should be training	21	102	357	3,592	4,072
	Total Training Rate	95%	94%	62%	66%	66%

《Participation in Anti-Corruption Training - By Function》

Region		Function					Total Number of Employees
		Administration	Technical	Sales	Staff	Management	
China	Number of Trainees	198	1,537	23	6	364	2,128
	Number of Employees should be training	210	2,686	28	7	505	3,436
	Training Rate	94%	57%	82%	86%	72%	62%
Philippines	Number of Trainees	8	12	1	0	17	38
	Number of Employees should be training	8	17	4	0	18	47
	Training Rate	100%	71%	25%	0%	94%	81%
Taiwan	Number of Trainees	63	290	86	19	79	537
	Number of Employees should be training	68	320	98	21	82	589
	Training Rate	93%	91%	88%	90%	96%	91%
Total	Total Number of Trainees	269	1,839	110	25	460	2,703
	Total number of Employees should be training	286	3,023	130	28	605	4,072
	Total Training Rate	94%	61%	85%	89%	76%	66%

《Reporting and Complaint Mechanism》

To mitigate the impact caused by any violations of ethical management and codes of conduct, employees at Sunon's locations can report through the internal whistleblower reporting procedures, while suppliers and stakeholders can report any illegal or unethical conduct through external reporting and complaint channels.

Reporting can be made through the reporting mailbox and hotline set up on the Company's internal and external websites, and will be received by the Human Resources Department. The Human Resources Department will investigate the reported content and relevant evidence. If the reported matter involves directors or managers, it shall be reported to the independent directors. If violations, unethical conduct or misconduct are verified and the circumstances are serious, the offender will be dismissed to ensure Sunon's culture of integrity and clean management.

In addition to reviewing violation cases and proposing improvement suggestions to improve the Company's management processes and internal control procedures, the Audit Office also analyzes the risk categories of violation cases (such as corruption, unfair competition, violations of regulations, etc.). If the violation event is actually decided and fined by relevant units, and the fine amount exceeds one million NT$ according to the regulations of the Taiwan Stock Exchange, it is considered a significant risk or violation.

In 2024, the Company did not have any incidents related to violations of ethical management and competitive behavior.

* Reporting Unethical Conduct:https://www.sunon.com/CSRDetail.aspx?id=9AF723F62937C974

2.4.2 Human Rights Policy

GRI 2-23、2-24、2-25、2-26、406-1、407-1、408-1、409-1

The Company refers to the Universal Declaration of Human Rights; the UN Guiding Principles on Business and Human Rights; and the International Labor Organization Declaration of Fundamental Principles and Rights at Work and other international human rights conventions to implement the Code of Conduct of the Responsible Business Alliance (RBA), formulating various human rights policies such as non-discrimination, freedom of association for employees, prohibition of child labor, and no forced labor to protect the basic rights of employees and stakeholders.

To ensure that suppliers and contractors who dispatch external workers also implement the Company's human rights protection policies, human rights clauses are added to the Corporate Social Responsibility Policy and Commitment Statement, requiring the above suppliers and contractors to sign and comply with the regulations. The Company also conducts regular audits every year to ensure the implementation of human rights policies.

The Company assesses subjects with human rights risks through human rights issue identification, evaluation of applicable targets, and different due diligence methods, and then formulates human rights policies, risk mitigation measures and compensation systems.

In 2024, the human rights issues identified as having potential risks include non-discrimination, freedom of association for employees, child labor, young workers, forced labor, etc. Please see the table below for details:

Corporate Social Responsibility Policy and Commitment Statement
https://www.sunon.com/eu/MANAGE/Docs/WEBCONT/Files/2739/en.pdf

Human Rights Issue	Non-discrimination	Freedom of Association	Child Labor	Young Workers	Forced Labor
Management Procedure	Anti-discrimination and Anti-harassment Management Procedure	Freedom of Association Management Procedure	Prohibition of Child Labor and Remedial Procedure	Young Workers, Students, Interns and Part-time Workers Management Procedure	Anti-punishment, Forced Labor, Prison Labor Management Procedure
Approval Level	Chairman	Chairman	Chairman	Chairman	Chairman
Supervisory Department	Global Human Resources Division	Global Human Resources Division	Global Human Resources Division	Global Human Resources Division	Global Human Resources Division
Audit Frequency	Once a year	Once a year	Once a year	Once a year	Once a year
Due Diligence Method	None	None	Entry Check	Entry Check	Human Resources Department tracks employee working hours monthly
Risk Assessment Method	Number of Cases	Number of Cases	Number of Cases	Number of Cases	Monthly Overtime Hours
Risk Level	Low	Low	Low	Low	Low
Preventive Measures	In matters such as hiring, training, remuneration, promotion, salary adjustment, dismissal or retirement, there shall be no difference due to gender, nationality, religion, health status, etc.	Without violating laws and regulations, employees can organize employee representative meetings and various club activities on their own, and the Company shall not restrict them.	The Global Human Resources Division identifies the age during recruitment to ensure that the age is over 16.	Assess the working conditions and potential risks of young workers, provide necessary safety education and training and labor protection equipment, and young workers shall not engage in dangerous or harmful work.	The Global Human Resources Division compiles employee working hours every month, and supervisors appropriately allocate employees' workload to avoid problems such as excessive overtime hours or insufficient rest time, which affect employees' physical and mental health.
Remedial Measures	Employees can file complaints through various complaint management channels. Once verified, they will be punished by the Company, and in serious cases, they will be reported to the competent government authorities for handling.	Handle subsequent matters in accordance with internal reporting/ external competent authority complaint channels.	If it is found that an employee under the age of 16 is hired by mistake, their work will be immediately stopped, all their salaries will be settled, and remedial measures will be taken.	Regularly assess the physical and mental health of young workers. If they have any questions about the working conditions and management measures, they can report to the internal complaint channel.	Employees can complain directly to the Global Human Resources Division / Management Department or the General Manager orally or in writing, or submit a complaint letter to the suggestion box. The Global Human Resources Department/Management Department will investigate within one week of receiving the suggestion or complaint and provide a response.

Note: The human rights management procedures in this table are internal documents and contain some confidential information, so they are not intended to be disclosed.

To implement various human rights policies and let employees, workers and suppliers understand Sunon's human rights policies, the Company regularly reviews and announces the policies to relevant personnel, and adopts public activities, courses or lectures to educate and promote. The Company also simultaneously translates the procedural documents related to human rights policies into simplified Chinese and English for foreign employees and suppliers to understand the Company's human rights policies.

The Company has set up an employee opinion reflection platform and colleague suggestion mailbox. If employees have questions or concerns about human rights policies, they can raise them for discussion; External workers and suppliers can reflect to the corresponding dedicated unit (such as the Global Human Resources Division, Strategic Procurement Department, etc.) to ensure smooth communication for all workers and suppliers regarding human rights incidents. In order to maintain the fair investigation and review procedures for reported cases, the Global Human Resources Division forms a cross-departmental team responsible for investigating and reviewing reports and formulating improvement measures. Moreover, the Company arranges labor rights education courses for new employees upon arrival to ensure that new employees are clear about their own rights related to human rights.

The Company did not have any incidents of discrimination, child labor, forced labor or other human rights violations in 2024. To maintain this environment, the Company will continue to improve relevant training courses and other supporting measures.

Employee Feedback Channels

https://www.sunon.com/CSRDetail.aspx?id=9AF723F62937C974

2.4.3 Legal Compliance

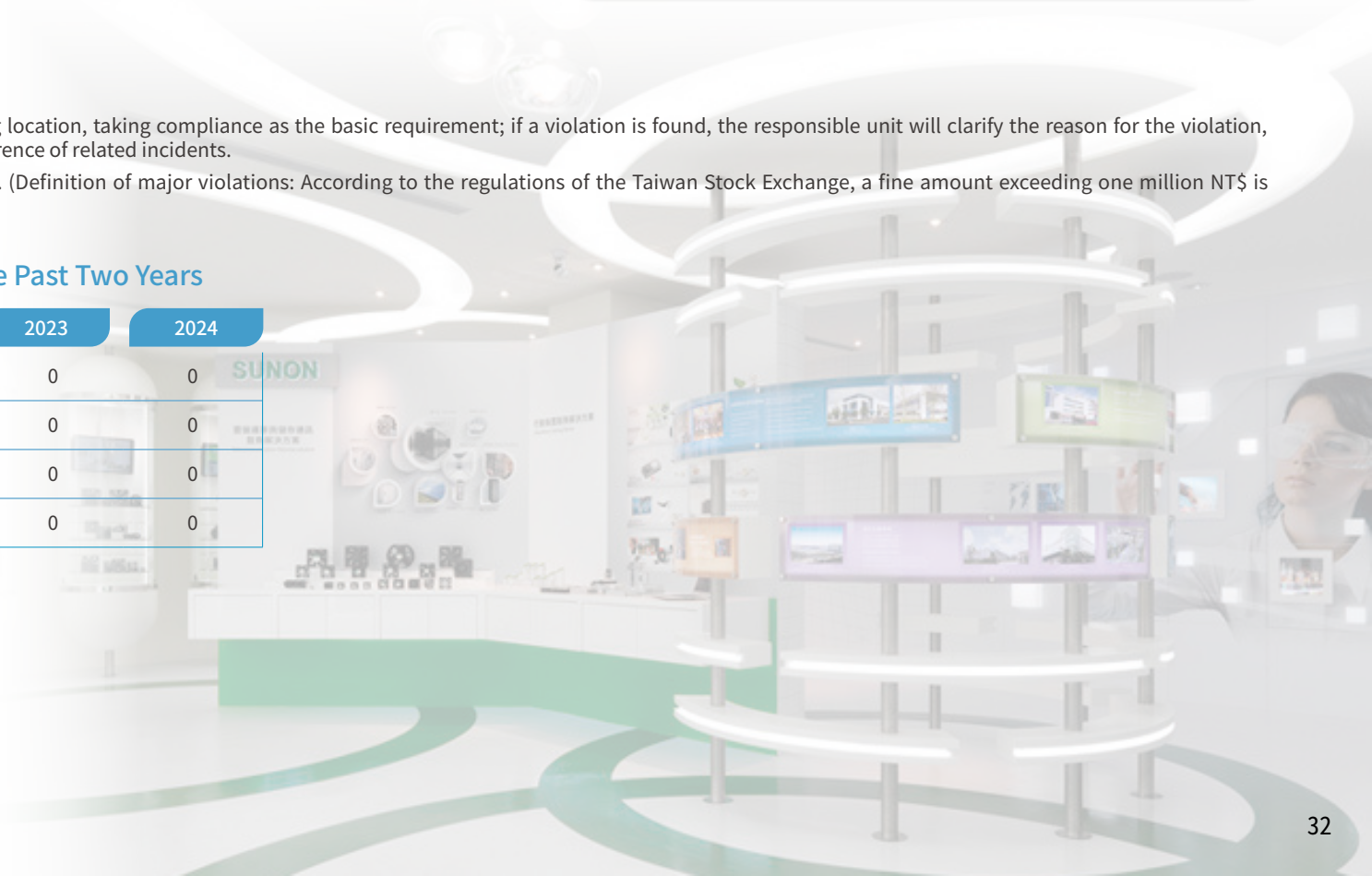
GRI 2-27

Sunon complies with the laws and regulations of each operating location, taking compliance as the basic requirement; if a violation is found, the responsible unit will clarify the reason for the violation, discuss and formulate improvement measures to avoid the recurrence of related incidents.

In 2024, there were no major violations of laws and regulations. (Definition of major violations: According to the regulations of the Taiwan Stock Exchange, a fine amount exceeding one million NT$ is considered a major violation)

▼ Records of Fine and Penalty Payments in the Past Two Years

Year	2023	2024
Number of fines and penalties issued in the current year	0	0
Amount of fines and penalties paid for the current year	0	0
Number of fines and penalties issued prior to the current year	0	0
Amount of fines and penalties paid prior to the current year	0	0



2.5 Climate Change Risks and Opportunities

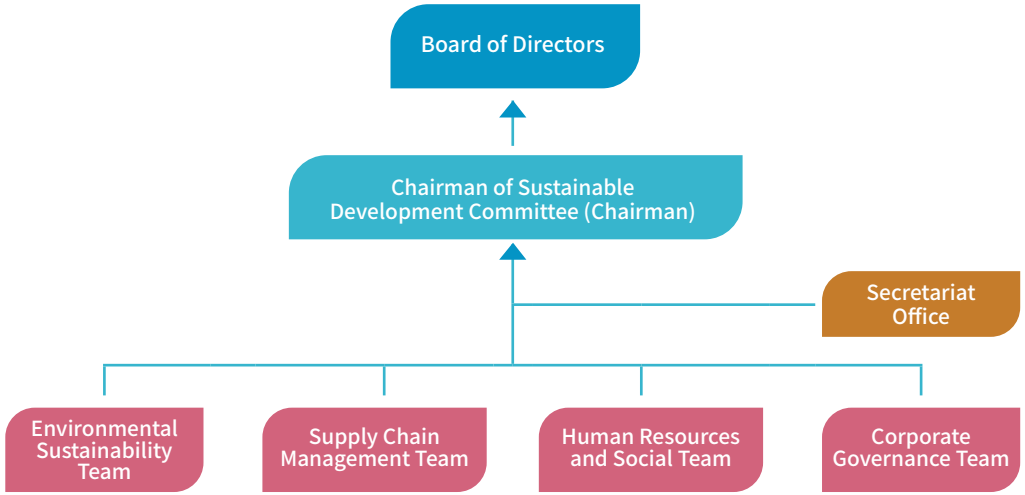
2.5.1 Climate Governance

The Board of Directors, as the highest governing body of the Company, integrates climate-related issues into corporate governance and operational strategies. Furthermore, it incorporates climate risk and opportunity management into policymaking by continuously overseeing the implementation of various risk management mechanisms. The Board of Directors is committed to demonstrating its dedication to climate governance by enforcing relevant climate change management measures while ensuring sustainable economic growth.

◎ Responsibilities on the Management Level

The Sustainability Development Committee, established under the Board of Directors, is chaired by the Chairman, with the Vice President serving as the Chief. The Committee periodically reviews climate change risks and opportunities, sustainability management strategies, and related plans.

Under the Committee, four executive teams are organized based on functional responsibilities. These teams identify, evaluate, and manage climate-related risks and opportunities by utilizing literature reviews, expert consultations, climate risk scenario analysis tools, industry case studies, and empirical rules. They also formulate targets and strategies for ongoing analysis and management, aiming to develop strategic plans for sustainable climate policies and ensure effective implementation of actions. The Committee reports its execution progress to the Chairman and Chief on a regular basis and submits an annual report to the Board of Directors.



◎ Panel of Environment Sustainability: with the highest supervisor of the work safety department serving as the convener, to promote greenhouse gas reduction and improve environmental management performance and environmental risk control.

◎ Panel of Green Supply Chain and Risk Management: with the highest supervisor of the procurement department serving as the convener, to find sustainable strategic partners to create the greatest supply chain value and respond to uncertain market risks.

◎ Panel of Employee relations and Social Engagement: with the highest supervisor of the human resources department serving as the convener, mainly to understand the climate risk issues of concern to stakeholders and identify changes in climate risks to the Company's reputation.

◎ Panel of Corporate Governance: with the Vice President serving as the convener, mainly to identify climate risks and assess and respond to climate impacts and environmental issues within their respective jurisdictions. ◦

◎ Integrated risk management mechanisms

The Company has established comprehensive risk management mechanisms, policies, and guidelines. The identified risks may include, but are not limited to, operational risks, financial risks, and compliance risks. The Company implements risk management through various procedures, such as risk identification and evaluation, impact assessment, adaptation measures, and monitoring reports.To ensure effective risk management, the Sustainable Development Committee provides quarterly reports to the Board of Directors on the implementation of corporate sustainability initiatives. These reports cover material topics related to environmental, social, and corporate governance (ESG) aspects of the Company's operations, as well as the associated risk management strategies and plans. Additionally, given the materiality and significance of climate change, the Committee periodically submits proposals to the Board regarding climate-related matters, including environmental performance, climate change response, and management strategies. This approach enables the Company to respond more swiftly to climate-related risks and opportunities.

2.5.2 Identification and Assessment of Climate Risks and Opportunities

GRI 201-2

TCFD Recommended Disclosure Items	Sunon's Response Measures		
	Sunon has identified significant climate change risks and opportunities, including		
	Short-term	Mid-term	Long-term
Short-, medium-, and long-term climate-related risks and opportunities identified by Sunon	· Transition Risks: <Market> Energy price fluctuations, supply chain disruption <Technology> Energy transition (such as renewable energy investment)	· Transition Risks: <Policy and Regulation> Greenhouse gas emissions control, greenhouse gas reduction targets <Technology> Energy transition (such as renewable energy investment), low-carbon technology development, carbon price fluctuations	· Transition Risks: <Policy and Regulation> Increase in the price of greenhouse gas emissions (cap and trade/carbon tax/energy tax)
	· Physical Risks: Increased severity of extreme weather events such as typhoons and floods		· Physical Risks: Rising average temperatures
	· Market Opportunities: Demand for low-carbon products and services, policy incentives		· Market Opportunities: Supply chain low-carbon transition

<table>
<tr><th>TCFD Recommended Disclosure Items</th><th>Sunon's Response Measures</th></tr>
<tr><td rowspan="2">The impact of climate-related risks or opportunities on Sunon's business, strategy and financial planning, and the management system for Sunon to respond to the impact</td><td>
The major climate risks faced by Sunon mainly come from important stakeholders such as customers and investors' requirements for corporate greenhouse gas reduction and product energy efficiency standards;
It also includes the inevitable geographical climate risks after the internationalization of production bases;
Furthermore, the pressure of international carbon tariffs and the consequential demands for product carbon footprint, coupled with the requirements for upstream supply chain carbon reduction, may lead to green inflation, which is also a potential risk under climate change;
The opportunities brought by climate change mainly appear in products and services. Under the trend of energy saving, environmental protection and low carbon, it will create more application product and market business opportunities.
<table>
<tr><th>Main Transition Risks</th><th>Main Physical Risks:</th><th>Main Climate Opportunities</th></tr>
<tr><td>
Operational or financial impact:
Work stoppages lead to decreased revenue, energy price fluctuations increase operating costs, and energy transition needs increase capital expenditures.

Response strategy:
1. To reduce greenhouse gas emissions and prevent power shortage crises that may be caused during the energy transition of various countries, strategies to reduce carbon footprint and reduce other environmental impacts will be gradually introduced in each factory, such as energy efficiency improvement, establishment of green energy autonomy with solar panels, introduction of energy storage equipment, and increase of green electricity use to reduce energy loss.
2. Investing in carbon offset projects, purchasing carbon emission allowances, etc., to compensate for unavoidable carbon emissions and achieve the net zero emission target.
3. Actively applying for government-subsidized programs to invest in energy transition-related equipment, aiming to alleviate financial pressure.
</td><td>
Operational or financial impact:
Increased operating costs or maintenance costs, and typhoons or floods may also affect factory operations, leading to production line stoppages and resulting in decreased revenue.

Response strategy:
Establish a climate risk management system and integrate it into the corporate risk management framework. Allocate budgets for climate risk responses to mitigate potential losses caused by natural disasters. Additionally, incorporate insurance costs into financial planning to offset the financial impact of natural disasters on the Company's operations.
</td><td>
Operational or financial impact:
Increase the revenue share of green products and enhance product competitiveness, which may increase development costs.

Response strategy:
1. Continue to develop high-efficiency and low-energy-consumption fan products/cooling modules and low-power-consumption ceiling fans that meet green building standards.
2. Long-term planning and cooperation with the supply chain to establish low-carbon/low-energy-consumption/recyclable and reusable product and service solutions, moving towards sustainable management and mutual benefit with customers.
3. Strengthen communication with the government and stakeholders, participate in the formulation and implementation of relevant policies, and seek government support and encouragement, such as providing tax incentives and subsidies, to promote low-carbon transition, and to reduce transition costs.
</td></tr>
</table>
</td></tr>
<tr><td>Sunon's resilience in strategy, considering different climate-related scenarios</td><td>
Sunon joined the Science Based Targets initiative (SBTi) in 2023, setting reduction targets under the 1.5° C pathway. The company aims to achieve a 6.25% annual reduction in Scope 1 direct emissions and Scope 2 indirect emissions from energy use. Sunon is committed to reducing carbon emissions by 50% by 2030 and achieving net-zero carbon emissions by 2050.
To reach net-zero emissions by 2050, Sunon has developed the following low-carbon transition plans:
1. Actively engaging in voluntary carbon reduction by continuously developing energy-saving processes and equipment to enhance energy productivity and efficiency.
2. Gradually increasing the use of renewable energy each year and encouraging supply chain partners to participate in and support energy transition efforts.
3. Investing in zero-emission technologies and participating in carbon offset programs to mitigate residual emissions that are currently unavoidable due to technological limitations.
4. Incorporating recycled and low-carbon materials while continuously investing in research and development to improve motor efficiency and energy-saving capabilities.
As of 2024, Sunon has focused on replacing major energy-consuming equipment and increasing the use of renewable energy. Compared to the 2022 baseline, the company has already achieved a 37% reduction in carbon emissions, surpassing the reduction targets set by SBTi.
</td></tr>
</table>

2.6 Information Security

2.6.1 Information Security Management Policy

GRI 418-1

With the advancement of technology, various information security incidents emerge, such as customer personal data leakage, ransomware attacks, malware, etc. Information security and customer privacy protection have become important objectives of information security management for enterprises.

The Company attaches importance to customer information security and customer privacy, formulates information security management policies and frameworks in accordance with ISO 27001, joins the TWCERT/CSIRT Alliance to establish a joint defense mechanism, establishes an internal information security management system, and forms “Information Security Management Committee” to strengthen the Company's overall information security defense and response capabilities, aiming to provide customers with a secure and reliable digital environment.

< Information Security Policy >

1. Ensure the sustainability of business operations and the stability of information services.
2. Ensure the security, integrity, and availability of the Company's information assets.

< Information Security Management Committee Structure >

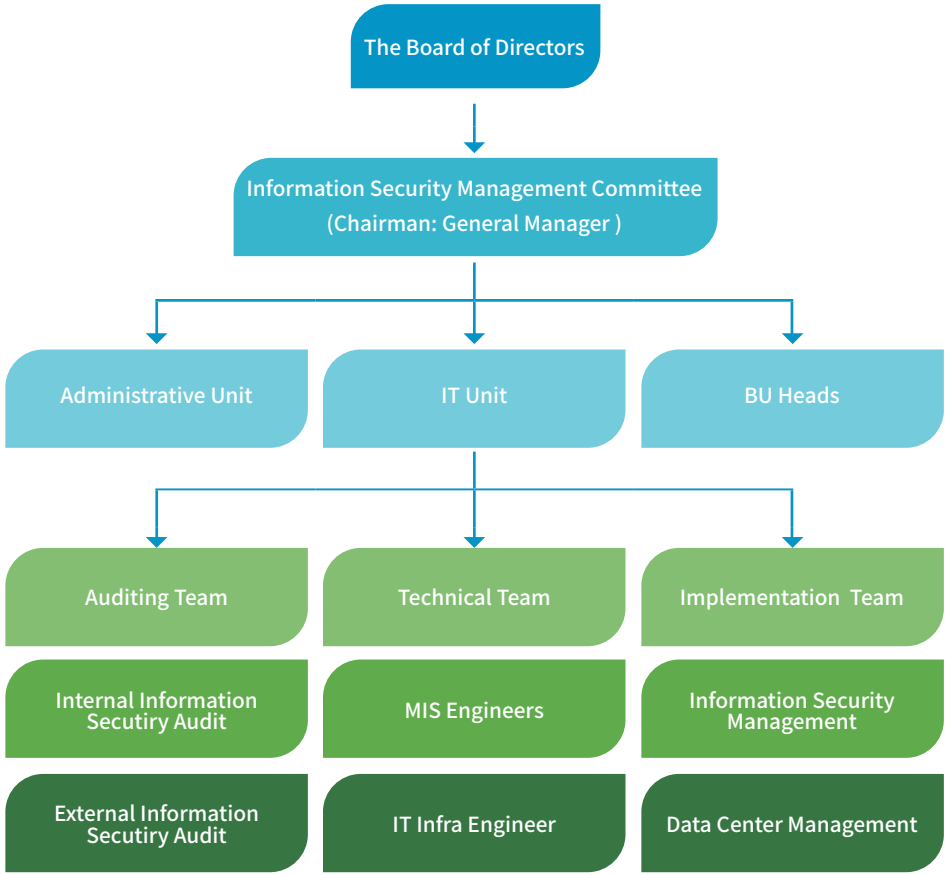
Chaired by the President, Sunon’s Information Security Management Committee is led by the IT Unit and is responsible for overseeing the Company’s information security management practices.

Based on their specific roles and functions, the IT staff is organized into three task groups: the Information Security Implementation Team, the Information Security Technical Team, and the Information Security Auditing Team. These teams are respectively responsible for: (1) formulating and implementing security policies; (2) executing protection measures and managing technical security; and (3) overseeing risk management, conducting compliance checks, and performing audits.

Additionally, the Administration Unit and Business Unit (BU) heads serve as committee members to review and make decisions on information security and protection policies, ensuring the effectiveness of management measures.

The Committee Convener regularly holds information security management review meetings, evaluates implementation effectiveness, and reports review findings and improvements to the Board of Directors.

The Information Security Management Committee Structure is as follows:



< Information Security Management Mechanism >

To ensure the effectiveness of its information security and customer privacy management mechanisms, the Company follows the requirements of ISO 27001 certification, the Personal Information Protection Act, the Enforcement Rules of the Personal Information Protection Act, and other applicable regulations. These efforts guide the establishment of information security management processes applicable to all departments of the Company.

In response to evolving and increasingly severe external threats, Sunon implements a multi-layered, coordinated defense mechanism to enhance cloud login controls and comprehensively strengthen information security and privacy protection measures. This proactive approach helps prevent major incidents, fines, and penalties, thereby safeguarding the Company's integrity and reputation.

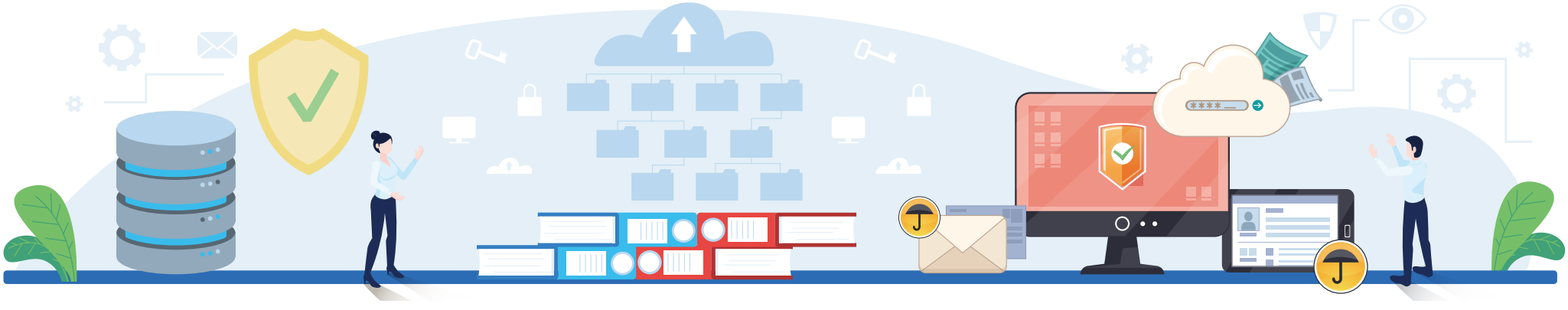
Through internal and external third-party audits, as well as information security management review meetings, the effectiveness of the Company's information security policies is regularly evaluated and assessed. Follow-up and improvement action plans are then provided to the Information Security Committee for further tracking and refinement.

In addition, the Company periodically conducts information security awareness campaigns, social engineering drills, and information security management training. It also requires its information service providers to sign non-disclosure agreements and codes of conduct to ensure that both employees and service providers fully understand the importance of information security and work together to protect the Company's information assets.

Information Security Risk Management
https://www.sunon.com/CSRDetail.aspx?id=772E93B11ADF8653

Sunon's information security and privacy protection advocacy and training content, frequency and results

Information Security Advocacy and Training	Advocacy and Training Target	Frequency	Advocacy and Training Content	2024 Implementation Results
Information security agreement signing and new employee information security training for new employees	New Employees	When new employees report for duty	New employees are required to sign when reporting for duty, and the human resources department explains the Company's information security policy during new employee training.	All new employees have completed the signing of the information security agreement and received information security training.
Employee information system security advocacy	All current employees	Monthly	Information security email advocacy	All employees will receive the advocacy email
Information service supplier signing confidentiality commitment and information security compliance agreement	Information service supplier	When signing the service contract	Information security compliance matters Confidentiality commitment	ERP system maintenance vendor Hardware and software service suppliers



ISO 27001 Information Security Management Systems

The Company's information security operation procedures not only comply with local government laws and regulations but also aim to align with international standards to enhance protection measures and stay in line with global best practices.

As of 2024, Sunon's headquarters, Kunshan Plant, and Beihai Plant have been certified under the ISO/IEC 27001:2022 Information Security Management System. Sunon will continue to strengthen its management mechanisms and protective capabilities, uphold corporate governance and social responsibility in good faith, and enhance global customers' trust in its information security practices.

TÜVNORD

Certificate

Management system as per
ISO/IEC 27001:2022

The Certification Body TÜV NORD CERT GmbH hereby confirms as a result of the audit, assessment and certification decision according to ISO/IEC 27006:2015/Amd.1:2020, that the organization

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
No. 30, Ln. 296, Xinya Rd., Qianzhen Dist.,
Kaohsiung City 806

with the locations according to the annex

operates a management system in accordance with the requirements of ISO/IEC 27001: 2022 and will be assessed for conformity within the 3-year term of validity of the certificate.

Scope

System Maintenance Department of IT Division for ERP system, hardware maintenance and Server Room maintenance and management.
As per the Statement of Applicability of 2023-10-16, version 2

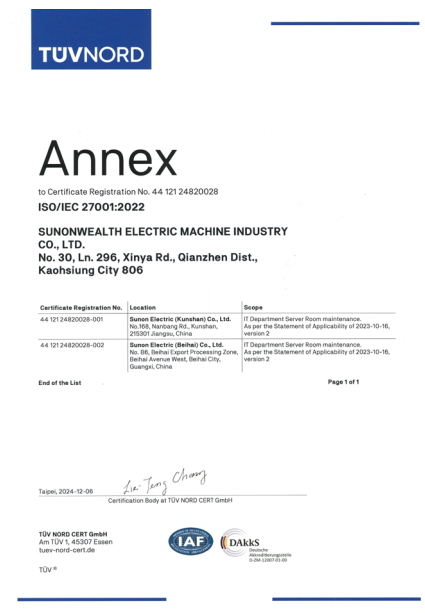
Certificate Registration No. 44 121 24820028
Audit Report No. IT-405

Valid from 2023-11-06
Valid until 2026-11-05
Initial certification 2023-11-06

Taipei, 2024-12-06
Certification Body at TÜV NORD CERT GmbH

TÜV NORD CERT GmbH
Am TÜV 1, 45307 Essen
tuev-nord-cert.de

TÜV ®



TÜVNORD

Annex

to Certificate Registration No. 44 121 24820028
ISO/IEC 27001:2022

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
No. 30, Ln. 296, Xinya Rd., Qianzhen Dist.,
Kaohsiung City 806

Certificate Registration No.	Location	Scope
44 121 24820028-001	**Sunon Electric (Kunshan) Co., Ltd.** No.168, Nanbang Rd., Kunshan, 215301 Jiangsu, China	IT Department Server Room maintenance. As per the Statement of Applicability of 2023-10-16, version 2
44 121 24820028-002	**Sunon Electric (Beihai) Co., Ltd.** No. 88, Beihai Export Processing Zone, Beihai Avenue West, Beihai City, Guangxi, China	IT Department Server Room maintenance. As per the Statement of Applicability of 2023-10-16, version 2

End of the List

Page 1 of 1

Taipei, 2024-12-06
Certification Body at TÜV NORD CERT GmbH

TÜV NORD CERT GmbH
Am TÜV 1, 45307 Essen
tuev-nord-cert.de

TÜV ®

Information Security Incidents

For the response to and handling of information security incidents, the Company has established the "Security Incident Management Procedure", and if an information security incident occurs, it should be reported by the information security committee as the reporting window within the target handling time, and the information security incident should be eliminated and resolved within the target handling time. After the incident is handled, a review and analysis should be conducted and corrective measures should be proposed to prevent the recurrence of the incident.

In 2024, Sunon encountered an encryption ransomware attack. On the day of the incident, the Company immediately activated all relevant protection mechanisms and data recovery measures, while also engaging technical consultants from external information security firms for a joint response. The incident did not result in any confirmed data leaks and had no significant impact on the Company's operations.

Although neither customer nor Company data was compromised in this incident, the management of personal information and security protection mechanisms remains a top priority. Therefore, the Company will continue to enhance employee training and conduct regular audits and monitoring of internal information security policies to mitigate potential cybersecurity risks.

As of 2024, no claims have been filed by regulatory authorities or third parties regarding any data leakage incident.

2.7 Risk Management

2.7.1 Risk Identification and Mitigation Measures

To protect the best interests of the Company, employees, shareholders and various stakeholders, Sunon has established risk management procedures to implement risk assessment and identification.

By assessing the likelihood of occurrence, impact, control effectiveness and other aspects, various types of risks are identified, and corresponding practices and handling procedures are formulated to reduce the possible risks to an acceptable range.

Sunon avoids potential crises and possible losses through the following risk control measures.

Risk Type	Response Approach	Risk Management and Monitoring Department
Work Safety Risk	· Establish an ISO 45001 system internal audit team to complete annual audits according to the plan, report to senior executives at the management review meeting, and track subsequent improvements. · Formulate contractor management procedures, conduct relevant operational hazard notifications, and control operational risks and hazards in advance within the scope. · Install safety protection devices on production equipment to avoid personnel misoperation and harm. · Conduct regular work environment assessments to protect the health of workers. · Conduct regular on-site inspections in the factory to identify potential risks and make relevant improvements. · Conduct monthly identification of environmental, safety and health laws and regulations, and make compliance judgments to ensure that the Company's operations comply with relevant legal requirements.	Occupational Safety Team / Management Division
Materials Sourcing Risk	· Carefully select excellent suppliers and establish long-term partnerships. · Establish more than 2 suppliers to share the risk of unstable supply for critical materials. Note1, Note2 · In response to market shortages, the corresponding strategy is to place orders 2-3 months in advance and continue to urge suppliers to deliver on time.	Strategic Purchasing Division
Transportation Risk	· For fragile and easily damaged materials, require solid carton packaging and board protection to avoid the risk of collision and movement during transportation. · Sign a logistics agreement and act according to the agreement, specifying relevant regulations and penalties. · Select qualified and highly rated logistics companies for product transportation, and evaluate logistics companies from time to time to ensure product transportation safety and reduce risks.	Strategic Purchasing Division/ Global Production Unit
Equipment Risk	· Strengthen equipment inspection and testing to maintain good usability of equipment. · Oil and gas equipment and power supply equipment are inspected by professional units to maintain equipment stability and reliability. · Establish digital meters and introduce an energy management system to accurately control the power consumption of equipment; if there is abnormal power consumption, it can be immediately repaired and improved to effectively reduce the waste of energy resources.	Administration Department / Management Division/ Global Production Unit
Market Risk	· Actively expand into emerging markets, expand distributor sales channels, increase business revenue sources, and increase overall sales. · To improve customer satisfaction with product quality, add product quality insurance to protect customers' product purchase rights. · Maintain a two-week inventory at each production site to avoid insufficient production capacity and ensure the quantity of customer orders. · Based on business operation considerations, add credit insurance to ensure customer credit, and both parties can cooperate smoothly.	Global Business Center

Risk Type	Response Approach	Risk Management and Monitoring Department
Environmental Risk	· Establish an ISO 14001 system internal audit team to complete annual audits according to the plan, report to senior executives at the management review meeting, and track subsequent improvements. · Continue to advocate and remind employees to implement energy saving and carbon reduction, and convey the concept of climate change related risks. · Implement waste recycling and reuse, and comply with regulations to clear and dispose of industrial and general waste. · Install air pollution control facilities on the production line, maintain normal and compliant operation, and conduct regular inspections in accordance with regulations. · Conduct monthly identification of environmental, safety and health laws and regulations, and make compliance judgments to ensure that the Company's operations comply with relevant legal requirements.	Occupational Safety Team / Management Division
Information Security Risk	· Complete information asset inventory, conduct information asset risk assessment and risk improvement plan. · Conduct monthly information security email advocacy to strengthen employees' information security awareness. · Conduct monthly backup and recovery drills to ensure the availability of the backup mechanism. · Conduct account clearing and important equipment configuration setting maintenance every six months. · Hold an information security committee meeting at least once a year to review information security management related matters. · Strictly prohibit employees' personal information devices from connecting to the Company network and host system	IT Division
Financial Risk	· To reduce exchange rate fluctuation risk, natural hedging policy is the priority consideration. · Use borrowings in different currencies such as NT$, USD and EUR to reduce interest rates and avoid significant impact of interest rate fluctuations on profit and loss. · Continue to pay attention to the phenomenon of inflation such as consumer prices and raw material prices, and timely evaluate the impact on the Company's operations and profit and loss.	Financial Management Division
Human Resource Risk	· Continue to expand domestic and foreign recruitment channels to attract diverse professional talents. · Promote industry-academia cooperation projects to reserve future talents in advance. · Optimize the remuneration and reward system to increase employee retention and attract excellent talents to join. · Cultivate high-quality talents, stimulate employees' potential, strengthen employees' sense of identity and cohesion, and maintain the stability of human resources. · Comply with labor laws, establish diverse and smooth labor-management communication channels, promote harmonious labor relations, and avoid labor disputes.	Global Human Resources Division

Note 1: The Company's critical materials includes plastics, electronic components, bearings, and enameled wires.
Note 2: This does not apply to materials with low demand or those that are highly specialized. However, if there is a risk that a single supply source may be unable to meet demand, a second supplier will be promptly established.

For the response to and handling of risk management, the Company has established the "Corporate Social Responsibility Risk Management Procedure" and "Risk Assessment Form" to regularly convene the heads of each unit to conduct risk assessments to identify unacceptable risks and continuously improve and manage related items.

The Company did not have any major risk events in 2024.

Chapter 3

Innovative R&D and Sustainable Products

3.1 Products and Services

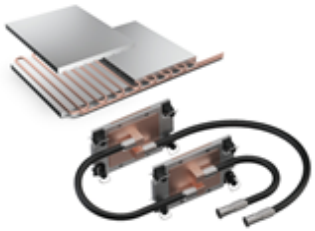
3.2 Product Health and Safety

3.1 Products and Services

3.1.1 Introduction of Products and Services GRI 2-6

For more than 40 years, Sunon has been continuously developing energy-saving motor technology. Through product technology innovation, it is committed to continuously improving product energy efficiency and providing complete cooling and ventilation solutions and services for environmentally sustainable related industries. Sunon's main products are divided into three categories: air-cooling, liquid-cooling, architectural ventilation. The products are widely used in data centers, 5G equipment, AIoT, automobiles, energy, industrial, medical, and home appliances, portable products and green building ventilation and other industrial fields. Sunon has accumulated years of industry heat dissipation processing experience and provides a one-stop CMSEM (Co-design, Model building, Simulation and optimization, Estimation and validation, and Mass production) service process to collaboratively design cooling solutions that meet customer system requirements with global customers, accelerating industry technology and product upgrades, gathering industry forces to jointly realize a more comfortable, convenient, healthy, energy-saving, and low-carbon social vision. To protect investors' rights and interests, an investor relations communication platform is set up on the Company website, regularly updating business information and transparently disclosing Sunon's operating conditions, forming a long-term, stable, and harmonious interactive friendly relationship between the Company and investors.

Sunon's Main Product Categories and Use Cases

	Air Cooling		Liquid Cooling	
	Air-cooling fans	Air-cooling modules	Liquid-cooling modules	Liquid-cooling server sidecars
Product Category				
Product Introduction	With core expertise in energy-saving motor technology, Sunon has developed a series of micro cooling fans ranging from 8mm to 250mm. Through continuous innovation and dedication, Sunon provides the industry with cooling solutions that are more energy-efficient, quieter, smarter, and longer-lasting.	Sunon's flexible cooling modules offer customers highly customizable thermal solutions, integrating various components such as active and passive cooling elements, fans, heat sinks, vapor chambers, 3D vapor chambers, high-power heat pipes, and heat plates to deliver optimized thermal management for their systems.	To help customers achieve their sustainability goals, Sunon provides the industry with a diverse range of high-performance liquid-cooling solutions that integrate energy-efficient technologies. These include direct liquid-cooling components, immersion cooling components, liquid-cooling plates, water pumps, boiling plates, and self-circulated phase-change liquid cooling solutions.	Sunon's air-assisted liquid-cooling server sidecars integrate air-cooling design with liquid-cooling solutions, featuring a direct liquid-cooling unit, heat rejection unit (HRU), fan wall, and reservoir and pumping unit (RPU). This innovative system provides an energy-efficient thermal solution for next-generation data centers.
Use Case Description	Applications in 5G infrastructure, IoT, servers, automotive electronics, energy, industrial, medical, home appliances, portable devices, and other industries.	Applications in notebooks, personal computers, servers, industrial computer, automotive electronics, energy, and other industries.	Used in servers, AI edge computing, HPC, workstations, IPC, and other computing intensive applications.	Used in data centers, AI servers.

Building Ventilation		
	Industrial cooling fans	Home ventilation fans/breeze air systems
Product Category		
Product Introduction	Sunon provides one-stop ventilation solutions for customers seeking industrial cooling. Our high-efficiency BLDC motors and patented winglet blade design effectively reduce aerodynamic resistance and noise while achieving high-volume, low-speed (HVLS) airflow. This ensures an ideal, energy-efficient cooling solution for large industrial and commercial spaces. To meet diverse environmental needs, Sunon offers customizable energy-saving ventilation solutions, including large ceiling fans, standing fans, wall-mounted fans, and negative pressure fans, delivering comprehensive planning and tailored solutions for optimal airflow management.	Sunon's home ventilation fan lineup includes bathroom ventilation fans, bathroom heater fans, and breeze air systems. Equipped with the latest energy-saving motor technology and advanced acoustic engineering, these next-generation green building ventilation products offer energy efficiency, ultra-quiet operation, and clean, refreshing air. Inspired by German craftsmanship and minimalistic design aesthetics, Sunon integrates precision manufacturing with elegant simplicity to create superior air quality and an aesthetically pleasing user experience.
Use Case Description	Ideal for use in factories, ranches, greenhouses, hangars, gymnasiums, mega logistics hubs, wholesale markets, supermarkets, exhibition centers, and more.	Idea for residential areas, hotels, restaurants, offices, postpartum centers, nursing homes, hospitals, kindergartens, and more.

Introduction of New Products Launched in 2024

Open Loop Direct Liquid Cooling Module

Sunon's Open-Loop Direct Liquid Cooling Module is designed for the dual-core Intel Eagle Stream (socket LGA 4677) platform, effectively enhancing cooling performance in server systems.

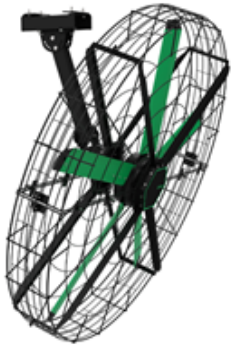
To meet the evolving needs of data centers, Sunon provides customizable AI x HPC liquid-cooling design services, tailoring solutions based on cooling configurations and server density. With its compact size and high integration capability, this liquid-cooling module ensures superior thermal performance, high TPU efficiency, and exceptional reliability for next-generation server infrastructures.

Self-Circulated Phase Change Liquid-Cooling Technology

Sunon's self-circulated phase-change liquid cooling technology leverages pressure and density differences created during phase transitions to generate fluid convection. This allows heat generated by CPUs, GPUs, and DCUs to be efficiently transferred vertically to the radiator. A high-efficiency cooling fan then rapidly cools the high-temperature liquid, condenses the vapor back into liquid form, and circulates it back to the starting point—all without the need for a water pump. This innovative pump-free system enhances reliability, serviceability, and energy efficiency while significantly reducing costs, noise, and vibration, making it an ideal solution for high-performance AI workstations.

Air-Assisted Liquid-Cooling Server Sidecars

Sunon's Air-Assisted Liquid-Cooling (AALC) server sidecar integrates air-cooling and liquid-cooling technologies, featuring a direct liquid-cooling unit, heat rejection unit (HRU), fan wall, and reservoir and pumping unit (RPU). AALC rapidly transfers heat from CPUs and GPUs via cold plates to the hot side of the system. The heated liquid is then directed through rack manifolds or pipelines to the RPU beneath the hot side. Inside the RPU, a high-performance water pump drives the liquid through the cooling waterway near the HRU and fan wall for forced cooling. Once cooled, the liquid is recirculated back to the cold plates on CPUs and GPUs via manifolds or pipelines, ensuring a fast and efficient cooling cycle. Sunon's AALC solution delivers top-tier thermal performance, with a Thermal Design Power (TDP) of 60 to 80 kW, making it ideal for high-performance computing (HPC), supercomputing, generative AI, and other compute-intensive applications.

2M Energy-Saving Large Industrial Wall-Mounted Fan	Smart Heater Fan
	
Sunon's Energy-Saving Large Industrial Wall-Mounted Fan is a fixed-directional fan designed specifically for factories with limited floor space or insufficient ceiling height. Its flexible installation options allow users to mount it wherever needed, ensuring precise cooling and ventilation for specific areas. With its large 2-meter blades, the airflow can reach up to 36 meters—equivalent to one-third the length of a football field. Equipped with a BLDC motor, this fan delivers outstanding energy efficiency, powerful airflow, and quiet operation, making it the ideal ventilation solution for crowded workspaces.	Sunon's Smart Heater Fan embodies the company's sophisticated engineering and minimalist design philosophy. Featuring a new heating function and an LED display, it not only ensures superior air quality for modern bathrooms but also provides a warm and comfortable environment during winter, delivering a whole new shower experience.

3.1.2 Green Product R&D

GRI 302-5

Adhering to the Environmentally Caring green R&D concept, Sunon relies on its excellent R&D capabilities to invest in low energy consumption, long life, low noise, reduced parts and simplified manufacturing environmental design, and continues to launch high-performance and environmentally friendly green products.

R&D Concept and Strategy

R&D innovation is a strong driving force that stimulates the sustainable development of enterprises. Sunon has always adhered to the business philosophy of brand, innovation, and value, becoming a leading manufacturer of precision motors, micro fans and cooling modules globally step by step.

From 2018 to 2024, Sunon allocated at least 6% of its annual revenue to R&D expenses every year, actively investing a large amount of manpower, financial resources and time in innovation and invention, insisting on the invention of intelligent micro motors, and continuing to cultivate high-tech talents. It is believed that this will not only enable the sustainable development of the enterprise, but also strengthen Sunon's competitive advantage in R&D and innovation.

Thanks to the continuous R&D and innovation efforts of Sunon's R&D team, new products are launched every year. So far, it has won the Taiwan Excellence Award for 24 consecutive years, and has also won many international awards such as the Golden Pin Design Award and the German iF Product Design Award.

For Sunon's important R&D results so far, please refer to https://www.sunon.com/proApp.aspx

Product Energy-saving and Environmental Performance

Sunon has always been committed to product R&D, believing that improving R&D technology can bring more convenience to humans and reduce the burden on the environment. As a member who cares about the earth, in addition to implementing environmental awareness of energy saving and carbon reduction within the Company, promoting various carbon reduction measures, protecting the earth's resources, and reducing harm to the earth, Sunon also continues to invest in product efficiency improvement R&D to achieve energy saving and electricity saving effects, hoping that the general public and consumers can feel Sunon's actual actions and contributions to being environmentally friendly and loving the earth.

Many of Sunon's products have undergone efficiency improvements and have been widely used in industries such as LED, industrial/medical, mobile devices, automotive, home appliances, channel customers, cloud networking, computers, office equipment, and head-mounted devices. In 2024, the revenue from the Company's energy efficiency related products was NT$12.452 billion, saving 762.46 million kWh of electricity for global customers. The environmental performance of product energy saving and carbon reduction is as follows:

Sunon's Product R&D Energy Saving Performance in 2024

Energy Saving	762.46 million kWh = 2,744.9 million MJ (megajoules)
Carbon Emission Reduction	376,700 metric tons

Note 1: Calculated using the electricity emission factor of 0.494 announced by the Bureau of Energy, Ministry of Economic Affairs (2023).

Note 2: Sunon's new generation models all adopt new motor technology and circuit design. According to actual tests, compared with the old motor and circuit design of the previous models, the new models can reduce power consumption by more than 10% on average. Therefore, we calculate the "annual shipment of energy-saving products x 10% of power consumption x actual operating time" based on the actual operating time determined by the product application to obtain the result.

Product Safety Certification and Energy-saving Label Declaration

Sunon conducts product electrical characteristics, safety and other tests through international standard certification bodies (such as UL, TUV Rheinland, etc.) according to customers' requirements for various product safety regulations. After meeting the safety standards preset by international standard certification bodies or the government, it successfully obtains safety compliance certificates.

To meet the specific product safety requirements of the Bureau of Standards, Metrology and Inspection (BSMI) of the Ministry of Economic Affairs, so far, in addition to meeting the safety requirements approved by BSMI and obtaining safety compliance certificates to ensure product safety, Sunon's products also comply with Taiwan's energy-saving label regulations and have successfully obtained energy-saving labels. In 2024, there were no incidents of violations related to products, services and marketing promotion.

The company's products are mainly B2B, and B2C products account for 0.65% of total revenue, of which ventilation fan products have successfully obtained energy-saving labels, accounting for 0.13% of total revenue.

Patent Management

To enhance Sunon's R&D and innovation capabilities in products, technologies, processes or equipment, and to encourage employees to engage in more R&D and innovation, thereby accumulating abundant intellectual assets and extending continuous R&D and creative capabilities. Employees can submit patent applications through the internally established "Patent Proposal Application System". Moreover, receiving bonuses and rewards in accordance with the "Measures for Encouraging Employee Invention and Creation" after the proposal is approved, the top three outstanding employees in annual innovation R&D patent applications are also publicly commended in the year-end interview before the Lunar New Year, actively encouraging employees to create valuable assets with their professional R&D and innovation capabilities.

Besides, the "Intellectual Property Area" is set up on the Company's intranet, and the Company's patent technology is built into the "Intellectual Property Area" for relevant internal colleagues to understand the scope and application of the Company's patent technology. Competitors' patent technology information is also built into the Company's intranet "Intelligent Collaborative Patent Value-added System" for employees to understand the current technology trends and direction of peers from competitors' technology distribution, thereby stimulating employees' R&D and innovation ideas.

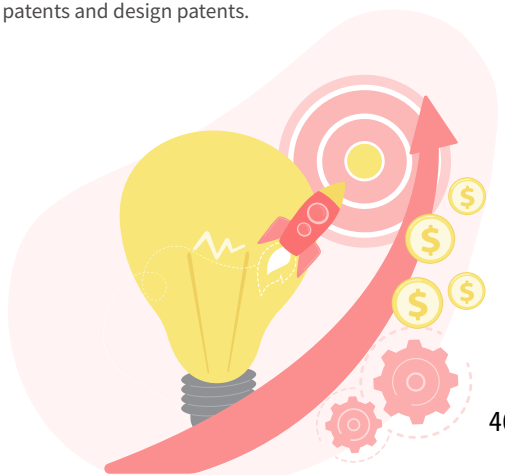
As of 2024, Sunon's patents have accumulated 3,429 granted patents, showing Sunon's emphasis on patent rights and high expectations for self-R&D and innovation.

Patent Results

Cumulative Number of Granted Patents (Cumulative over the years))

2021	2022	2023	2024
3,250	3,332	3,394	3,429

Note: The statistics include invention patents, utility model patents and design patents.



3.2 Product Health and Safety

3.2.1 Product Quality Management

GRI 416-2

Sunon is committed to implementing quality policies and measures, aiming to provide customers with high service and high quality. To continuously improve customer satisfaction, quality policies are formulated to make Sunon the most trusted quality representative in customers' minds.

According to Sunon's business philosophy and customer requirements for quality and hazardous substance management, after appropriate review and evaluation, it is confirmed that customers can be provided with quality, delivery, complete service and hazardous substance management to achieve the goal of customer satisfaction. Based on this goal, the quality and hazardous substance management concepts of various operations are improved, and high production and operation capabilities are used to improve the quality standards of various fan finished products and services produced and sold, so that they can be widely used in related high-tech industry products; At the same time, it complies with relevant laws and regulations and customer requirements to effectively control hazardous substances in products, and aims to achieve the goal of full hazardous substance-free product quality, moving towards the goal of continuous improvement to pursue the realm of perfection, so that the "Sunon" brand becomes synonymous with excellent quality and service. In 2024, the Company did not have any major product recall incidents.

Quality Management System Performance from 2022 to 2024

KPI Item (Year)	2022	2023	2024
Customer Satisfaction Index (out of 7 points)	5.4 Points	5.8 Points	5.8 Points
Environmental Hazardous Substance Defect - Incoming Material Hazardous Substance Exceeding Standard	0 Case	0 Case	0 Case
Environmental Hazardous Substance Defect - Customer Complaint Hazardous Substance Exceeding Standard	0 Case	0 Case	0 Case
Products Pass Rate	97.1%	98.3%	98.7%

Note: The customer satisfaction index measurement items include product quality, product delivery, service quality of sales personnel, customer complaint response speed, customer complaint handling professionalism, etc.

Quality Management System Certification

Sunon is committed to improving product quality. In order to comply with international regulations and customer requirements, the quality management system has been gradually introduced since 1995, and ISO 9001 certification was passed in 1996. Currently, all production sites, including Beihai Sunon Factory, Beihai Lizhun Factory, Kunshan Guangxing Factory, Philippines Sunon Factory, Kaohsiung Headquarters, etc. have passed certification.

To enter the automotive market and comply with international regulations, ISO/TS 16949 management system was gradually introduced in 2005, and ISO/TS 16949 certification was passed in 2006. Currently, Kunshan Guangxing Factory, Beihai Sunon Factory, and Yuntong Factory of Kaohsiung Headquarters have passed relevant certifications according to the nature of their respective production lines, and are regularly audited by third-party notary agencies every year to maintain the validity of the certificate.

Sunon's quality management system is planned in accordance with the international standards of ISO 9001, IATF 16949, and IECQ QC 080000, and through quality management and quality assurance activities, it is ensured that products comply with customer needs and laws and regulations, demonstrating the ability to continuously meet customer and applicable regulatory requirements and product safety, and through the effective operation of the quality management system (including customer orientation and continuous improvement of each process, risk management, etc.), the risk of the management system is reduced, customer satisfaction is achieved, and the expectations of product safety and interested groups are met.

In 2024, the Company did not have any incidents of violations of product quality, health and safety regulations.

Sunon's quality management system is established with reference to the management principles of the international standards ISO 9001, IATF 16949, and IECQ QC 080000:

1. Comply with customer requirements and drive to exceed customer expectations
2. The management establishes the purpose, direction, and participation consistency, creating an environment where employees are committed to achieving quality goals
3. All personnel are competent in their work, authorized to enhance their ability to create value
4. Organizational performance is optimized through process management
5. Maintain a high level of performance, respond to changes in internal and external environments, and create new opportunities
6. Decision-making is guided more objectively and confidently based on data and information analysis
7. Optimizing supplier and customer relationship management to achieve sustainable success

Chapter 4

Sustainable Supply Chain Management

4.1 Industry Supply Chain

4.2 Supply Chain Management

4.1 Industry Supply Chain

4.1.1 Industry's Status Quo and Development GRI 2-6

With the continuous enhancement of computing and networking functions of electronic, communication and portable products, the temperature during use is constantly increasing; and under the guidance of fashion trends, products are becoming increasingly lighter, thinner, shorter and smaller, and must have powerful image processing capabilities. These consumer demands and product development trends constitute the biggest development opportunity for the thermal solution industry.

Over the past two years, the rise of large language models, particularly ChatGPT, has sparked a surge of interest in generative AI. According to projections by research firm TrendForce, global AI server shipments are expected to grow by 42% in 2024, driven by strong demand for AI infrastructure. By 2025, fueled by increasing demand from cloud service providers (CSPs) and sovereign cloud operators, AI server shipments are projected to continue growing by approximately 28%, with AI servers accounting for nearly 15% of the overall server market. As AI chips continue to advance in computing power, their Thermal Design Power (TDP) is also rising, creating significant opportunities in the cooling market. This trend is further accelerating the development of liquid-cooling technology.

Thermal solutions typically consist of hardware components such as cooling fans, heat sinks, heat pipes, and heat plates. These solutions have a wide range of applications, including computers, servers, telecommunications, consumer electronics, automotive electronics, industrial equipment, and photovoltaic devices. Among these, the computer industry has the highest demand for thermal solutions. Taiwanese manufacturers, having secured the majority of global production orders for computers and electronic devices, provide a competitive advantage in the thermal industry. As a result, Taiwan has become both the largest consumer and supplier of thermal solutions.

With the continuous launch of new electronic products, the growth momentum of thermal solution products continues to come from 3C industries such as computers, communications, servers and consumer electronics, and has also expanded to other new applications such as automotive electronics, handheld electronic products, virtual reality, Internet of Things, artificial intelligence and high-performance computing. Therefore, it prompts various heat dissipation component manufacturers to actively increase production scale to expand market share; besides, the thermal solution demand arising from the continuous improvement of speed and performance of electronic products also makes various manufacturers continuously strengthen R&D capabilities to launch high-end thermal solution products to meet the functional requirements of new application products, and strive to develop niche products to improve profitability.

Relevance of Upstream, Midstream and Downstream Industries

Sunon's major products include cooling fans and cooling modules, the latter being an assembly of a cooling fan and a heat sink.

The upstream industries related to cooling fans primarily involve bearings, ICs, copper materials, metal stamping, plastic injection molding, and printed circuit boards (PCBs). For heat sinks, the key upstream components include heat pipes, copper/aluminum heat sinks, and thermal pads. A thermal module is an assembly of one or more cooling units and heat sinks.

The downstream applications span a wide range of industries, including information technology, high-performance computing, cloud data centers, telecommunications, 5G base stations, new energy vehicles (NEVs), automotive electronics, EV charging stations, energy storage systems, industrial and commercial equipment, as well as home appliances and entertainment systems.

Various Development Trends of Products

A. Continuous Extension of Application Fields

In the early stage of the thermal solution market, it was mainly used in personal computers (including desktop and notebook computers) and network communication equipment. With the rapid development of technology, new electronic products are constantly emerging, and the application has expanded to consumer electronics such as pico projectors, tablets, virtual reality devices, etc. In the application of automotive electronics, it has penetrated from the cooling demand of car audio and entertainment systems to the cooling demand of automobile cockpits, power systems, headlights, wireless charging boards, and ECUs for ADAS/AD. Recently, with the update of building regulations and the gradual attention paid to air quality issues in China and neighboring regions, it has been applied to green buildings and air purification related products.

As AI technology continues to mature, its applications will expand rapidly across various industries, including manufacturing, retail, and healthcare. This growth will drive a surge in computing demand for data centers, leading to a proliferation of high-performance computing solutions worldwide.

B. Enhanced Functionality and High Heat Dissipation Efficiency

With the accelerating alternation of CPU generations, heat dissipation component manufacturers must continuously develop thermal solutions with high thermal design power, fast heat dissipation speed, high efficiency, long life, low noise, low vibration, low power consumption, low start-up voltage, high torque, high temperature resistance, and dust resistance through design improvement and material R&D to solve the heat dissipation problems of application products.

C. Slim and Lightweight Appearance

The product design in each application field of heat dissipation components is constantly pursuing "lightweight, slim, thin, and small", and the thickness of mainstream specifications is constantly developing towards thinness. For example, the thickness of laptop's cooling fans has developed from 10mm to 5.2mm, and new models have even required 3mm, continuously launching more lightweight and slim cooling components.

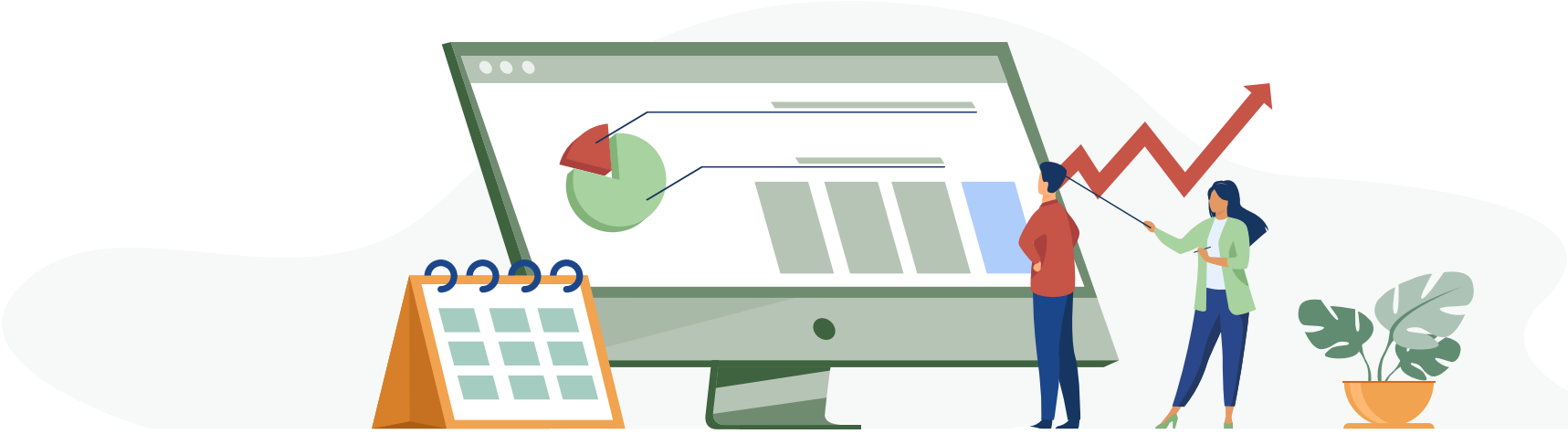
D. Environmental Protection and Energy Saving

The growing emphasis on environmental protection has become a key trend in product development. Not only must materials comply with global environmental regulations and chemical substance management requirements—such as EU RoHS, EU REACH, and California Proposition 65—but an increasing number of customers are also advocating for the use of recycled materials. By incorporating sustainable materials, products and their components can have extended lifespans, helping to reduce electronic waste and contribute to a circular economy.

Additionally, power consumption and performance will be key focuses in future product design. Under the guiding principles of environmental protection, products must align with the trends of high efficiency, energy savings, and carbon reduction. With increasingly strict environmental regulations, as well as the global push toward net-zero emissions and energy conservation, customers will be driven to adopt more energy-efficient components. This shift is expected to provide new growth momentum for the company.

Product Competition

The competition of cooling components in various application industries is divided into two competitive situations: standard products and customized products. For the competition of standard products, "reliability", "price" and "channel penetration" are the highest guiding principles. There is no significant difference in the performance of standard products. Customers choose suitable products according to their demand for product price and reliability. The company has a good brand image and product reliability, and is usually the most designated product by customers. In terms of channel management, the Company has more than one thousand business representatives and distribution outlets worldwide, with the highest market penetration. In the customized products, "collaborative design capability", "technology depth" and "customer satisfaction" are the highest guiding principles. The company must collaborate with customers to design solutions at the early stage of customer product design. Usually, the thermal solution requirements and technical requirements faced at that time are unprecedented specifications. Therefore, design capabilities and technology depth are the best competitive weapons. After the product passes customer certification, the key to winning the competition depends on the Company's production and operation capabilities, mass production scale, cost reduction capabilities, and customer service capabilities.



4.1.2 Supply Chain Structure

GRI 2-6、204-1

Sunon is an electronic component manufacturer. Among the main components of motorized fan products, bearings and silicon steel sheets are the most important, and printed circuit boards and resistors and capacitors are also its main components. Therefore, the quality requirements for the "steel rolling and extruding industry, bearing, gear and power transmission device manufacturing and repair industry, passive electronic component manufacturing industry, and printed circuit board manufacturing industry" are higher, while other suppliers are mostly labor-intensive traditional industries, with price as the main consideration, lower entry barriers, and fierce market competition.

As a high-quality enterprise with deep roots in Taiwan, Sunon not only sources necessary raw materials from local suppliers in Taiwan but also procures materials from local suppliers abroad to meet the production needs of its overseas factories. The company consistently upholds the spirit of localization by strongly supporting local procurement, increasing the proportion of local supply, and reducing the risks associated with long-distance deliveries and dependence on foreign suppliers—ultimately meeting customer expectations for delivery timelines and service quality.

In 2024, Sunon's suppliers in Taiwan and China totaled 474, with 462 suppliers delivering goods to the location of Sunon's incoming material factories, with an overall local delivery ratio of 93%.

If the ratio of local procurement amount is calculated based on the location of Sunon's purchase order placement, Sunon's overall local procurement ratio in 2024 was 72%.

Country/Region	Local Procurement Rate	Local Shipment Rate
Taiwan	18%	87%
China	76%	96%
Philippines	53%	30%
Total	72%	93%

Note: The establishment of the Philippines Factory dates back to 2022. The evaluation and selection of local suppliers are still in progress, which has resulted in lower rates of both local procurement and local shipments.

As of the end of 2024, the types and countries of Sunon's suppliers are as follows:

Supplier Type	Number of Suppliers	Country/Region	Industry Characteristic
Screw, nut and rivet manufacturing industry	16	Taiwan, China	Capital-intensive
Wire and wiring device manufacturing industry	29	Taiwan, China	Capital-intensive
Synthetic resin and plastic manufacturing industry	13	Taiwan, China	Capital-intensive
Rubber product manufacturing industry	21	Taiwan, China, United States	Capital-intensive
Copper manufacturing industry	36	Taiwan, China, Japan	Capital-intensive
Metal manufacturing industry	114	Taiwan, China, Japan	Capital-intensive
Industrial plastic injection product manufacturing industry	72	Taiwan, China	Capital-intensive
Electronic component manufacturing industry	53	Taiwan, China	Capital-intensive
Printed circuit board (PCB) manufacturing industry	8	Taiwan, China	Capital-intensive
Chemicals/packaging materials/ other manufacturing industies	99	Taiwan, China	Capital-intensive

Note: Important operating locations are Kaohsiung Headquarters, Taipei Office, Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory. However, the Philippines Sunon Factory started factory preparation in 2022 and is still in the process of evaluating and finding suitable local suppliers, so the production materials of the factory are procured by the Beihai Lizhun Factory.

4.2 Supply Chain Management

4.2.1 Supply Chain Management Policy

GRI 308-1、414-1

Sustainable supply chain management practice is a series of actions in the traditional supply chain that incorporate environmental protection, social contribution and maintaining organizational economy, including the Company's internal and external practices, and can achieve true sustainability of the supply chain from the environmental, social and economic aspects. The scope of implementation of sustainable supply chain management practices ranges from green procurement to product life cycle management supply chain, from suppliers all the way to manufacturers and customers, strengthening the relationship between partners, including the flow of goods, information flow and sustainable practices.

According to the latest survey of global CEOs by PwC, supply chain disruption is one of the top 10 threats to enterprises, and more than 50% of CEOs have begun to adjust their supply chain management and procurement strategies. Sustainable supply chain has become an important link for enterprises to practice continuous operation. Procurement management is a key mechanism for enterprises to demonstrate social responsibility and drive the supply chain to achieve sustainable goals. The National Institute of Standards and Technology (NIST 800-161) supply chain risk management practice also lists sustainability as a key issue in risk management.

The Company divides sustainable supply chain management into three main aspects: Sustainable norms, risk identification and management mechanisms. After the Company sets the basic sustainable norms for suppliers to follow, it uses risk identification tools to find high-risk factors and supplier industries, and then uses various management mechanisms to improve supply chain management.

Sustainable Supply Chain Norms

The Company refers to the Code of Conduct of the Responsible Business Alliance (RBA), the "UN Guiding Principles on Business and Human Rights", the "Declaration on Fundamental Principles and Rights at Work" and the "Universal Declaration of Human Rights" of the International Labor Organization and other international norms to formulate supply chain management procedures, requiring all suppliers to ensure that their business conduct in labor rights, health and safety, environment, business ethics and management systems complies with the Company's standards and commitment letters, and fully complies with the laws and regulations of the region where they operate.

The Company expands its determination and mission to implement corporate social responsibility to suppliers who work closely with the business. We gradually incorporate corporate social responsibility clauses into supplier contracts, with the long-term goal of requiring 100% of suppliers to fulfill ESG clauses. If suppliers violate the regulations of the clauses, we will require them to make improvements within a time limit, and those who seriously violate the regulations may have their cooperation terminated and cancelled. We continue to communicate and convey social responsibility related information to suppliers, encouraging suppliers to develop materials that reduce environmental impact or carry out energy saving and carbon reduction from the process or equipment to create a win-win partnership.

The Company’s procurement personnel will conduct evaluations on new suppliers according to the new supplier evaluation form, including audits of suppliers' social, environmental and governance performance. New suppliers must pass the evaluation and be approved by the unit supervisor before procurement personnel can register them in the "Qualified Supplier List". For existing suppliers, the Company distributes supplier audit questionnaires once a year to review and evaluate suppliers' corporate social responsibility performance and confirm that suppliers comply with the Company's supply chain norms and can be the object of continued cooperation.

4.2.2 Supply Chain Audit Performance

GRI 308-1、308-2、414-1、414-2

New Supplier Audit

This year, there were 14 new suppliers, all of which passed the approval of the unit supervisor and were registered in the Company's qualified supplier list.

Annual Supplier Audit

According to Sunon's internal definition: The targets of the annual supplier corporate social responsibility evaluation are determined by the annual transaction quantity of suppliers (excluding agents).

Suppliers with an annual delivery quantity of more than 200,000 need to conduct a corporate social responsibility risk assessment self-evaluation; Suppliers with an annual delivery quantity among the top 20 of the group are important suppliers of the group and need to undergo on-site audits.

This year, all suppliers that underwent the RBA audit passed the Company's audit requirements, and no major actual or potential negative environmental, social or governance impacts were identified.

Annual Supplier Audit Results (Unit: Number of Suppliers)

Supplier RBA Self-evaluation				Sunon On-site Audit			
Number of Suppliers	Number Completed	Completion Rate	Pass Rate	Number of Suppliers	Number Completed	Completion Rate	Pass Rate
176	176	100%	100%	35	35	100%	100%

Audit Aspect	Environmental	Social	Governance
Audit elements	1. The factory has legal environmental protection permits, approvals, licenses, and registrations. 2. Environmental pollution prevention and control 3. Rainwater and wastewater management	1. Emphasis on employee health and safety 2. Comprehensive labor rights 3. Elimination of forced labor 4. Maintaining an equal working environment	1. Internal control 2. Protecting whistleblower interests 3. Maintaining business ethics
Number of suppliers with significant actual or potential negative impacts	0	0	0

Note: Judgment of having significant actual or potential negative impacts: Audit result is "high risk".

Chapter 5

Environmentally Friendly and Sustainable Future

5.1 Material Management
5.2 Energy Management
5.3 Emissions Monitoring
5.4 Water Resource Management
5.5 Waste Management

5.1 Material Management

5.1.1 Material Management Policy

Sunon has long paid attention to the development of international environmental protection trends, keeping abreast of international environmental protection regulations and requirements for the management of chemicals in products (such as: EU RoHS, EU REACH, California Proposition 65, etc.), closely monitoring hazardous substances that have a significant impact on the environment, and identifying and planning controls for them to ensure that products comply with international environmental protection regulations and meet customer requirements for green products, achieving the goal of Hazardous Substance Free products.

As of today, Sunon's production sites have all introduced IECQ QC 080000.

The company's substance management policies are described as follows:

The Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS)

The hazardous substances regulated by the EU include lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr VI), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP). All of the Company's products comply with the RoHS limit values, and there were no violations in 2024.

Registration, Evaluation and Authorization of Chemicals (REACH)

The company regularly tracks the substances of very high concern and hazardous substances list regulated by the EU, and revises the Company's substance management strategies and guidelines according to the latest EU regulations. At the same time, the Company conducts annual supplier audits, requiring suppliers to disclose the hazardous substances used and formulate reduction plans to control the use of restricted hazardous substances.

Conflict Minerals

Minerals such as tin, gold, tungsten, cobalt, and tantalum are essential raw materials for consumer electronics industries such as mobile phones and computers. Among them, minerals from Congo, Uganda, Rwanda and other places are called "conflict minerals" because they involve armed violence. The company is committed to complying with the conflict minerals policy formulated by the Responsible Business Alliance (RBA), and in addition to complying with and committing not to accept or use minerals from conflict regions, it also requires suppliers to jointly comply with this policy. According to the requirements of the Responsible Minerals Initiative (RMI), the Company uses the Conflict Minerals Reporting Template (CMRT) to investigate the sources of minerals such as tin, gold, tungsten, cobalt, and tantalum used by suppliers. In 2024, none of Sunon's suppliers used conflict minerals.

IECQ QC 080000 Hazardous Substance Process Management System

The company has introduced the IECQ QC 080000 hazardous substance process management system certification to ensure that all raw materials and products in the factory's production process comply with hazardous substance use regulations and laws.

5.1.2 Material Procurement

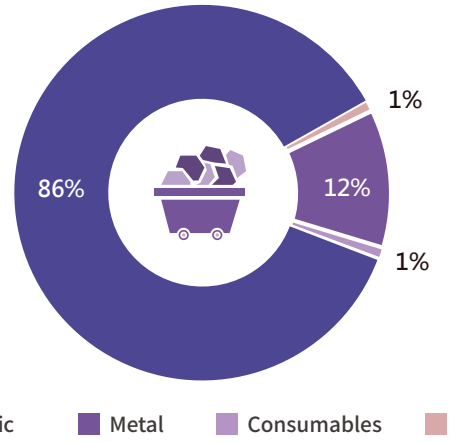
GRI 301-1

Sunon's product materials and packaging materials are all purchased from external suppliers. The main product materials are plastic raw materials, metal parts, injection parts, electronic components, magnets, wires, consumables, etc., which are all non-renewable materials.

The current procurement method is that Sunon first signs a procurement contract with qualified suppliers, and then exports the materials to the factory for production and delivery to the customer.

In 2024, the total usage of raw materials was 4,403,187 metric tons, with plastics and metal parts accounting for the majority.

Raw Materials Usage Mix



Note 1: The calculation scope is production sites, including: Kaohsiung Headquarters, Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory.

Note 2: Since the weight of all raw materials is not currently counted, the average weight of the same category of raw materials is used for calculation this year.

Note 3: Categories such as injection parts, electronic components, magnets, wires, and packaging materails are not shown in the chart because their usage percentage is less than 1%.

5.1.3 Raw Material Carbon Footprint

Carbon Footprint is the amount of greenhouse gas emissions generated throughout the entire life cycle from raw material acquisition, production and manufacturing, distribution and sales, purchase and use to final disposal and recycling.

Countries have developed carbon footprint management to reduce carbon emissions, and product carbon footprint has become an important tool for achieving carbon reduction targets.

In response to overseas customers' inventory of the product carbon footprint of the supply chain, Sunon has also introduced a product carbon footprint system to collect and calculate relevant data.

The company's raw material carbon footprint data collection is mainly divided into three stages, gradually collecting raw material carbon footprint related information and guiding suppliers to conduct carbon inventory, and finally completing raw material carbon footprint data collection.

	First Stage Short-term Goal (2025)	Second Stage Mid-term Goal (2030)	Third Stage Long-term Goal (2050)
Raw Material Carbon Footprint Data Collection and Systematization	Collection of material weight, composition, ingredients, density... and other information	Collection of supplier carbon inventory data	Raw Material Carbon Footprint Data Collection and Systematization

Note: Sunon has completed the first stage, and already kicks off plans for the second stage.

5.1.4 Packaging Material Recycling and Reuse

Sunon is a B2B company, the end-of-life treatment and recycling of sold products are conducted by the downstream customers. It is more difficult to recycle and reuse products after they are sold therefore Sunon does not conduct the disposal or recycling. However, in order to effectively utilize resources and reduce resource waste and demand for natural resources, the Company voluntarily recycles reusable packaging materials and sends them back to suppliers for raw material packaging use according to the nature and condition of the packaging materials.

Recycled Packaging Material Percentage

	2023	2024
Purchased quantity	1,078,346	2,646,284
Recycled quantity	965,955	2,403,874
Recycled percentage	89.6%	90.8%

Note: The recycled package material percentage only accounts for Beihai Sunon Factory, Beihai Lizhun Factory, and Kunshan Guangxing Factory.

5.2 Energy Management

5.2.1 Energy Management

Energy shortage, global warming and climate change are becoming increasingly serious. Energy management and energy transition are one of the important items of international energy policy. The choice and consumption of energy are closely related to the Company's cost, environment, safety and other issues. Improving energy utilization efficiency and reducing energy consumption will help save costs and mitigate the impact of climate change.

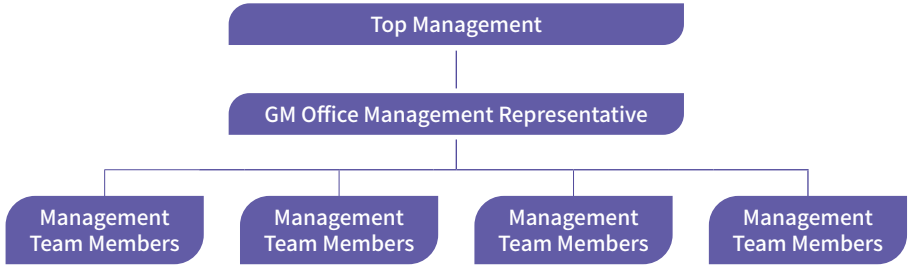
To layout a sound plan to increase the energy efficiency, Sunon started the implementation of ISO 50001 Energy Management System (EMS) and installed digital meters on major intense energy consumed equipment. This allows Sunon to effectively monitor the energy usages and utlize the data aggregated by the EMS and have a better insight on the energy footprint of our operating locations.

Sunon also form the Energy Management Panel in charge of integrating the energy usage of each operating location, understanding the major energy types of each site, and formulating energy-saving improvement plans and short-, medium- and long-term goals; the Energy Management Panel regularly supervises the implementation of energy policies every year and adjusts energy plans in a timely manner to ensure the achievement of energy-saving goals.

In 2024, Sunon's headquarters had passed the third-party validation and acquired the ISO 50001 certificate. The Company aims to implement the ISO 50001 EMS across its operating locations in the future.

The Company also strengthens the promotion of the Company's energy-saving policies and organizes related advocacy activities and education and training courses to enhance colleagues' awareness of energy saving and carbon reduction.

Organizational Chart of the Energy Management Team



Roles and Responsibilities of the Energy Management Team

Roles	Responsibilities
Top Management	1.1 Identify the scope and boundaries of the energy management system, and formulate energy management policies.
	1.2 Appoint management representatives and approve the formation of the energy management team.
	1.3 Provide necessary resources to establish, implement, maintain, and improve the energy management system, and consider energy performance in the process.
	1.4 Ensure performance indicators are appropriate, and take energy performance into account during long-term planning.
	1.5 Chair the management review meetings and oversee the review tasks.
GM Office Management Representative	2.1 Ensure the energy management system is established, implemented, maintained, and continually improved in accordance with ISO 50001.
	2.2 Regularly convene management review meetings, track progress, and ensure preparations are in place.
	2.3 Implement energy management policies set by top management.
	2.4 Supervise the achievement of energy management goals.
Management Team Members	3.1 Assist in promoting and implementing energy management policies.
	3.2 Conduct departmental research on energy management topics and propose improvement plans.
	3.3 Attend energy management review meetings and assist with execution or follow-up of resolutions.

5.2.2 Energy Consumption

GRI 302-1、302-3

The types of energy used by Sunon vary depending on the nature of each factory or office and include purchased electricity, photovoltaic power, diesel, gasoline, compressed natural gas, liquefied petroleum gas, and self-generated solar energy. Among these, purchased electricity is the primary source, accounting for approximately 55.47% of total energy consumption, followed by purchased photovoltaic power, which makes up around 40.64%.

In 2024, Sunon's total energy consumption reached 149,801.945 GJ, with an energy intensity of 10.244 GJ per million NT dollars of revenue.

Although the Company's energy intensity slightly decreased in 2024 compared to the previous year due to increased annual revenue, it remained higher than the levels of the previous two years. This was mainly because, with the easing of the COVID-19 pandemic, employees made more frequent business trips using company vehicles, leading to higher consumption of gasoline and diesel.

To address this, Sunon is considering the adoption of alternative energy vehicles when replacing company cars, in an effort to reduce reliance on gasoline and diesel fuels.

Sunon Energy Consumption Analysis Table (Unit: GJ)

Energy Consumption Item		Energy Consumption[NOTE1]			Energy Consumption Percentage		
		2022	2023	2024	2022	2023	2024
Purchased Non-renewable Energy	Purchased Electricity	140,619.291	127,121.665	83,087.850	97.33%	88.29%	55.47%
	Gasoline	1,326.554	1,510.254	2,048.066	0.92%	1.05%	1.37%
	Diesel	866.059	1,148.299	1,382.978	0.60%	0.80%	0.92%
	Compressed Natural Gas	0	6.882	41.352	0.00%	0.00%	0.03%
	Liquefied Petroleum Gas	24.542	45.624	42.446	0.02%	0.03%	0.03%
Purchased Renewable Energy	Photovoltaic	0	11,692.990	60,882.665	0.00%	8.12%	40.64%
Self-produced Renewable Energy	Photovoltaic	1,638.607	2,464.790	2,316.588	1.13%	1.71%	1.55%
Total Energy Consumption (GJ)		144,475.053	143,990.503	149,801.945			
Energy Intensity(GJ/Million NT$ Revenue) [NOTE2]		10.273	11.149	10.244			

Note 1: Except for the calorific value of gasoline, diesel, and liquefied petroleum gas used in China factories, which adopts the calorific value announced locally in China, other energy uses the calorific value announced by Bureau of Energy, Ministry of Economic Affairs of Taiwan. Energy consumption is calculated by coverting energy usage x unit calorific value x 4.187 ÷ 1,000,000 into gigajoules (GJ).

Note 2: The company's sites are mostly manufacturing factorys, so each million revenue is selected as the energy intensity denominator.

Note 3: The 2023 data has been revised due to errors in the conversion values for purchased non-renewable energy sources (gasoline, diesel, compressed natural gas, and liquefied petroleum gas). As a result, the energy intensity and energy consumption percentages for that year have been adjusted accordingly.

Energy Saving Measures

With the steep rise in energy costs, how the company implements effective energy management and reduces energy expenses will be a critical issue in the years ahead.

In recent years, Sunon has launched several energy-saving initiatives. These include upgrading or replacing high energy-consuming equipment with newer, energy-efficient technologies, introducing energy-saving air compressors, and installing heat pump systems in burn-in chambers used for thermal cycling tests, which require continuous high-temperature operation.

All operating locations are actively implementing comprehensive energy management measures. Notably, in 2024, the Kaohsiung headquarters became the first site to adopt the ISO 50001 Energy Management System, which was successfully certified by an independent third-party verification provider.

Looking ahead, Sunon plans to gradually roll out the ISO 50001 Energy Management System across all operational sites. This will enable more precise monitoring and control of energy usage, strengthening the company's overall energy management capabilities.

Energy Saving Promotion

The Company actively promotes energy conservation in its office spaces through a variety of initiatives. These include turning off non-essential lights for one hour during lunch breaks, maintaining air conditioning at optimal temperatures, and encouraging the use of LED lighting and energy-efficient equipment. Employees are regularly reminded to switch off unnecessary devices—such as lights, air conditioning, and copiers—when leaving the office. Through these practical energy-saving actions, unnecessary energy consumption is reduced, and employees gradually develop long-term habits of energy-conscious behavior.

Every year, on the last Saturday of March, Sunon's headquarters leads the participation of its global offices and factories in the "Earth Hour" event. From 8:30 PM to 9:30 PM, all non-essential power is turned off as part of a worldwide initiative to protect the planet. Employees, along with their families and friends, are encouraged to join this meaningful event to take action for the Earth and our shared home.

Renewable Energy Usage

Kunshan Guangxing Factory built a solar power generation system in 2013, effectively reducing the use of general electricity and reducing carbon dioxide emissions; Beihai Sunon Factory and Beihai Lizhun Factory also started purchasing renewable energy from 2023.

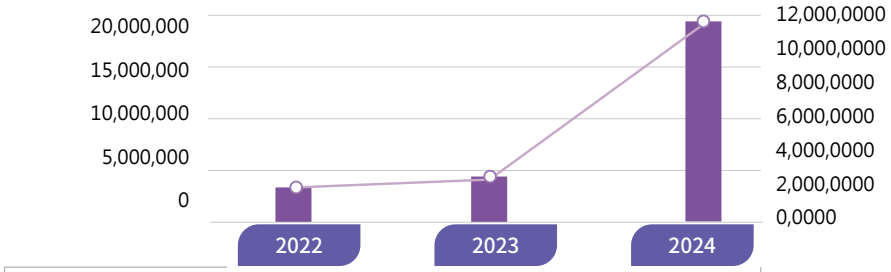
In this year, Sunon's total renewable energy—both self-generated and purchased—reached 17,551,350 kWh, accounting for 43.21% of the Group's total electricity consumption. This amount of renewable energy usage is estimated to reduce approximately 10,278.0706 tCO_2e.

Looking ahead, Sunon remains committed to continuously increasing its use of renewable energy.

Note: Carbon reduction benefit = Total renewable energy production (kWh) x China's average carbon dioxide emission factor for electricity in 2022 (excluding non-fossil energy electricity from market-based transactions) 0.5856 ÷ 1,000

Factory	Renewable Energy Item	2022 Generation/ Purchase Amount (kWh)	2022 Reduced Carbon Emission (tCO_2e)	2023 Generation/ Purchase Amount (kWh)	2023 Reduced Carbon Emission (tCO_2e)	2024 Generation/ Purchase Amount (kWh)	2024 Reduced Carbon Emission (tCO_2e)
Kunshan Guangxing Factory	Self-produced Photovoltaics	455,065	270.3996	684,508	406.7347	643,350	376.7458
Beihai Sunon Factory	Purchased Photovoltaics	0	0	2,345,423	1,393.6503	12,344,000	7,228.6464
Beihai Lizhun Factory	Purchased Photovoltaics	0	0	901,890	535.9030	4,564,000	2,672.6784
Total		455,065	270.3996	3,931,821	2,336.2880	17,551,350	10,278.0706

Renewable Energy Usage Overview



	2022	2023	2024
Generation / Purchase Amount (kWh)	455,065	3,931,821	17,551,350
Reduced Carbon Emission (tCO_2e)	270.3996	2,336,2880	10,278,0706

Note 1: In 2022, the self-produced solar photovoltaic power generation was relatively low, mainly because in May and June, the main board of the solar photovoltaic system was under maintenance and power generation was suspended.

Note 2: In 2023, the self-produced solar photovoltaic power generation was higher than in 2021 and 2022 due to more sufficient sunlight.

5.3 Emissions Monitoring

5.3.1 Greenhouse Gas Inventory

GRI 305-1、305-2、305-3、305-4、305-5

Inventory Methodology

Sunon follows the ISO 14064-1:2018 greenhouse gas inventory standard, adopts the operational control approach to set the organizational boundary, and refers to the significance of indirect emission sources based on external disclosure requirements, the degree of controllability by the Company, the data quantification method, and the availability of coefficients to determine whether categories 2 to 6 should be included in the inventory. The inventory is verified by an external third party. Since 2022, the Company conducts an annual greenhouse gas inventory to regularly assess and control the organization's greenhouse gas emissions.

This year, the organizational boundary includes all sites, and the reporting boundary includes category 1 (stationary combustion, mobile combustion, fugitive emissions, process emissions), category 2 (purchased electricity), category 3 (upstream transportation, business travel), and category 4 (product procurement, purchased fuels and energy resources, waste treatment and transportation). Categories 5 and 6 were identified as non-significant emission sources through the significance assessment criteria of the greenhouse gas inventory, so they were not included in this year's inventory. Greenhouse gas types include carbon dioxide (CO_2), methane (CH_2), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3), a total of 7 greenhouse gases.

We mainly adopt the emission factor approach for calculation, multiplying activity data by the emission factor and global warming potential (GWP) to convert it into carbon dioxide equivalent (CO_2e) in metric tons (tCO_2e). We also select the appropriate emission factor source according to the emission type, including the latest "Greenhouse Gas Emission Factor Management Table" (Version 6.0.4) announced by the Ministry of Environment of the Executive Yuan, the latest annual electricity carbon emission factor announced by local governments, the emission factor announced by the IPCC, etc.; The GWP value is based on the value announced by the IPCC (IPCC 6th Assessment Report).

Inventory Results

In 2024, Sunon's total greenhouse gas emissions were 138,440.784 tCO_2e. Using total revenue (million NT$) as the intensity conversion unit, the emission intensity of Category 1 and Category 2 was 1.053 (tCO_2e/million NT$), and the emission intensity of Category 3 and Category 4 was 8.414 (tCO_2e/million NT$).

From the emission percentage of each category, Category 4 is the Company's main emission source (87.2%), originating from the indirect greenhouse gas emissions caused by the activities of purchasing raw materials. Therefore, in the future, the emissions of purchased raw materials will be assessed and other low-carbon procurement methods will be found to achieve greenhouse gas reduction.

The second largest emission source is Category 2 purchased electricity (9.5%). To reduce electricity consumption, in addition to advocating energy-saving policies in offices and factorys, the main energy-consuming equipment will be replaced or undergo energy-saving technological transformation; At the same time, the annual purchase amount of renewable energy (photovoltaics) for production use will be gradually increased.

Compared to the base year of 2022, this year's greenhouse gas emissions were reduced by 24.4%. The emission intensity of Category 1 and Category 2 decreased by 39%, while the emission intensity of Category 3 and Category 4 decreased by 25%.

These reductions were mainly achieved through the replacement or upgrade of major energy-consuming equipment with more energy-efficient technologies, as well as an increased use of renewable energy.

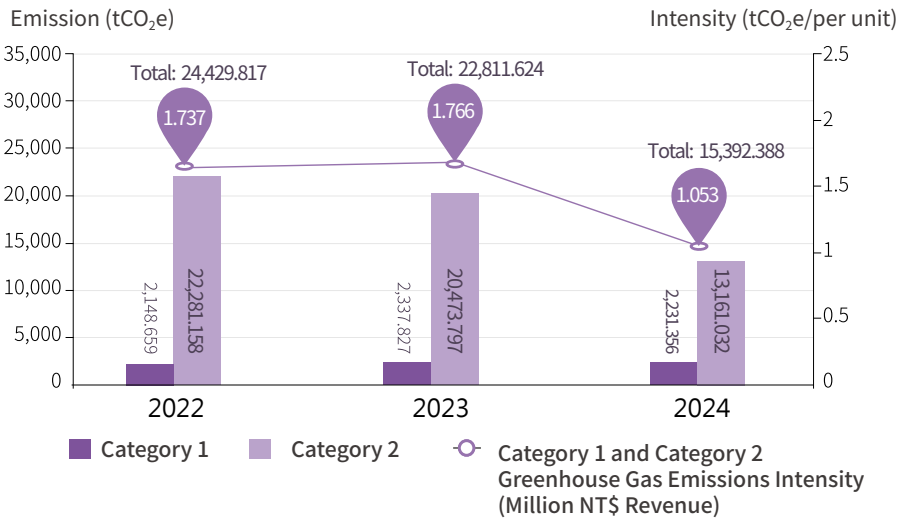
Greenhouse Gas Emissions Analysis Table (Unit: tCO_2e)

Greenhouse Gas Emissions	2022	2023	2024
Category 1	2,148.659	2,337.827	2,231.356
Ratio (%)	1.2	0.9	1.6
Category 2	22,281.158	20,473.797	13,161.032
Ratio (%)	12.2	8.1	9.5
Category 3	1,830.377	1,249.719	2,331.507
Ratio (%)	1.0	0.5	1.7
Category 4	156,843.387	228,971.163	120,716.889
Ratio (%)	85.6	90.5	87.2
Total Greenhouse Gas Emissions	183,103.581	253,032.506	138,440.784
Category 1 and Category 2 Emission Intensity (tCO_2e/Million NT$ Revenue)	1.737	1.766	1.053
Category 3 and Category 4 Emission Intensity (tCO_2e/Million NT$ Revenue)	11.283	17.826	8.414

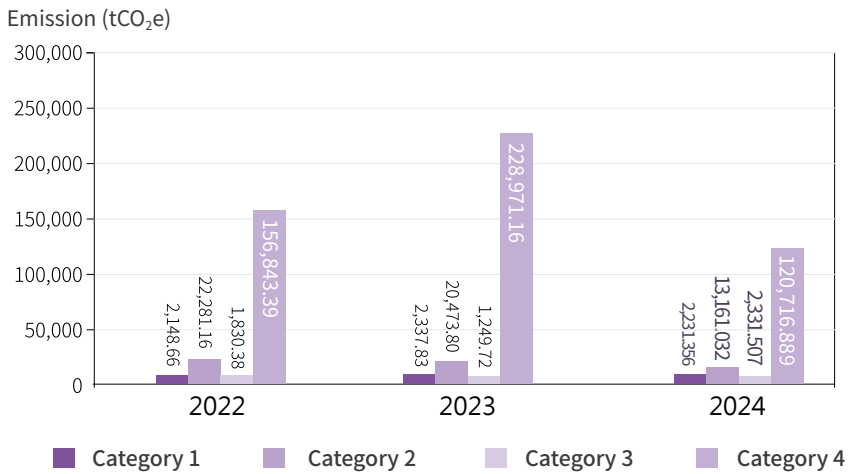
Note 1: The inventory scope of Category 3 includes upstream raw material transportation (production sites) and business travel; the inventory scope of Category 4 includes product procurement and waste disposal and transportation (production sites).

Note 2: Category 5 and category 6 were not included in the inventory because they were identified as non-significant, so they are not shown in the above table.

Greenhouse gas emission and emission intensity of Category 1 and Category 2



Greenhouse gas emission emission of Category 1 to Category 4



Reduction Actions

In 2023, Sunon submitted a commitment letter to the Science Based Targets initiative (SBTi), pledging to follow the 1.5° C reduction pathway. The company has set an annual reduction target of 6.25% for direct emissions from operations and indirect emissions from energy use, aiming to cut carbon emissions by 50% by 2030 and achieve net-zero emissions by 2050.

Compared to the base year of 2022, Sunon has reduced Category 1 and Category 2 emissions by a total of 9,037.426 tCO_2e this year, representing a 37% reduction. This achievement was made possible through the replacement of major energy-consuming equipment and the increased procurement of renewable energy.

Looking ahead, Sunon will continue to focus on its own carbon reduction efforts while also extending these initiatives across the supply chain—actively engaging, communicating with, and encouraging supply chain partners to reduce emissions together and move collectively toward net-zero carbon emissions.

Internal Carbon Pricing

To achieve net-zero emissions by 2050, Sunon has developed a range of low-carbon transition plans. In formulating its internal carbon pricing mechanism, the company takes into account global carbon market prices, carbon fees and taxes imposed by greenhouse gas-related regulations, as well as the internal cost of carbon reduction.

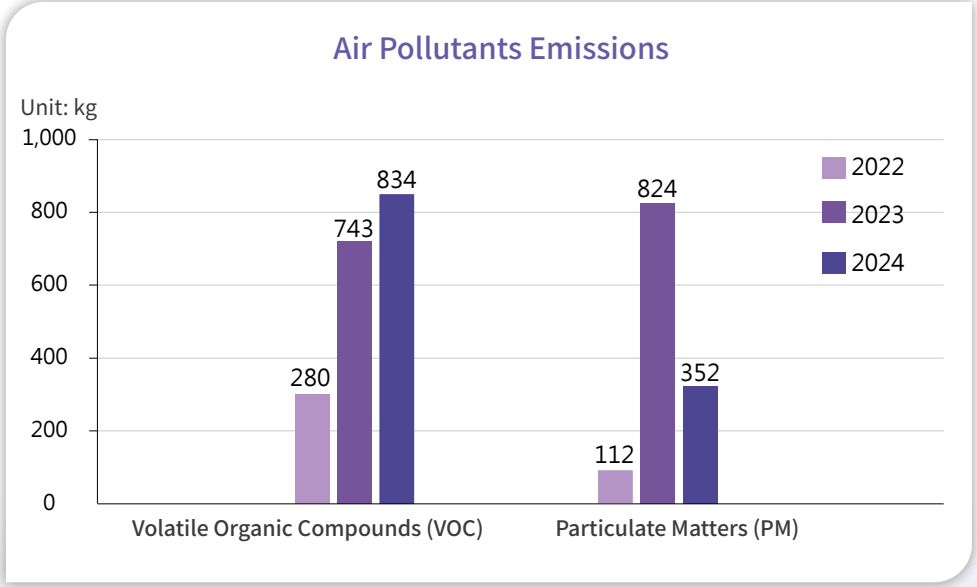
This internal carbon pricing tool is integrated into the assessment process for new equipment procurement. It considers the projected energy consumption over the equipment's expected lifespan, as well as potential fugitive emissions from built-in refrigerants. By quantifying the carbon emission cost associated with each piece of equipment, the company can make more informed and rigorous investment decisions. This approach supports Sunon's efforts to effectively reduce greenhouse gas emissions through smarter procurement and planning.

5.3.2 Other Air Pollutants Emissions

GRI 305-7

The primary air pollutants generated by Sunon include volatile organic compounds (VOC), particulate matters (PM), and tin and its compounds, which are produced during the impregnation, granulation, soldering, and injection molding processes. To monitor and control air pollutant emissions within the factory, the Company not only installs relevant prevention and control equipment but also engages a third-party testing agency to conduct emissions testing at discharge outlets within the plant every six months to one year. This ensures that all emitted air pollutants comply with or exceed government regulatory standards.

In 2024, the Company's nitrogen oxide (NOx) emissions were 0 kg, sulfur oxide (SOx) emissions were 0 kg, persistent organic pollutants (POP) emissions were 0 kg, volatile organic compounds (VOC) emissions were 834 kg, hazardous air pollutants (HAP) emissions were 0 kg, particulate matters (PM) emissions were 352 kg, and other significant air emissions were 1 kg. Among these, VOC emissions showed a slight increase compared to 2023. This was mainly due to an increase in the annual working hours from 20 to 24 hours, as reflected in the environmental assessment report for the Kunshan Guangxing Factory, resulting in a minor rise in VOC emissions.



Annual Air Pollutant Emissions (Unit: kg)

Item	2022	2023	2024
Nitrogen Oxides (NOx)	0	0	0
Sulfur Oxides (SOx)	0	0	0
Persistent Organic Pollutants (POP)	0	0	0
Volatile Organic Compounds (VOC)	280	743	834
Hazardous Air Pollutants (HAP)	0	0	0
Particulate Matters (PM)	112	824	352
Other Significant Air Emissions	0	1	0

Note 1: Scope of emissions data:
(1) 2022: Kunshan Guangxing Factory and Beihai Sunon Factory
(2) 2023 and 2024: Kunshan Guangxing Factory, Beihai Sunon Factory, and Beihai Lizhun Factory
(3) In compliance with local environmental laws and regulations, emission monitoring is not required for the Headquarters in Kaohsiung and the Philippines Sunon Factory.

Note 2: In 2022, emission data were calculated using the following formula: Test value (emission rate, kg/hr) × 300 working days/year × 24 operation hours/day.

Note 3: In 2023, emission data were calculated as follows:
(1) Kunshan Guangxing Factory: Test value × 300 working days/year × 20 operation hours/day
(2) Beihai Sunon Factory: Test value × 360 working days/year × 24 operation hours/day
(3) Beihai Lizhun Factory: Test value × 300 working days/year × 16 operation hours/day

Note 4: In 2024, the data sources were calculated as follows:
(1) Kunshan Guangxing Factory: Test value × 300 working days/year × 24 operation hours/day
(2) Beihai Sunon Factory and Beihai Lizhun Factory: Same calculation method as used in 2023.

Note 5: Emission factor source: Emission factors are based on the most stringent standards selected from all applicable national or local government regulations in China for each type of pollutant.

Note 6: Other siginificant air emissions include tin and its compounds. In 2024, emissions were below 0.5 kg and therefore rounded down to 0.

Note 7: The increase in volatile organic compound (VOC) emissions in 2023 was due to:
(1) The inclusion of emission data from Beihai Lizhun Factory.
(2) Beihai Sunon Factory discontinued the use of negative pressure fans and instead connected previously unorganized multi-port emission ducts to a centralized main emission outlet for organized emissions. This change increased the number of emission sources and, consequently, total emissions.

5.4 Water Resource Management

5.4.1 Water Withdrawal and Consumption GRI 303-3

To meet customer requirements, all of Sunon's production facilities use 100% tap water as their source, with a total water withdrawal of 265.044 million liters in 2024. Due to the nature of the production processes, no industrial wastewater is generated—only domestic wastewater is discharged, which does not negatively impact the environment or cause water pollution.

Despite this, Sunon has proactively implemented several water-saving measures, including the installation of automatic sensor water dispensers, water-saving faucets, low-flow toilets, and adjustments to toilet tank fill volume. The company also continuously promotes water conservation awareness among employees.

As a result, compared to the base year of 2022, total water withdrawal across the group has been reduced by approximately 15%. Moving forward, Sunon will continue to comply with relevant local government regulations, subject itself to strict oversight, and fully embrace the environmental protection principles of sustainable water resource management.

2022-2024 Water Withdrawal Statistics (Unit: million liters)

Water Source Category	Water Quality Indicator	Water Withdrawal					
		2022		2023		2024	
		All Regions	Water-stressed Regions	All Regions	Water-stressed Regions	All Regions	Water-stressed Regions
Third-party Water	Freshwater	311.807	168.632	299.535	166.260	265.044	174.982
	Other Water	0	0	0	0	0	0

Note 1: The disclosure scope was all sites in this report and U.S. subsidiary and European subsidiary. However, the Indian subsidiary was not included in the inventory because it is a leased office and unable to obtain water consumption information.

Note 2: Identification method for water-stressed regions: Using the WRI (World Resources Institute) Water Risk Atlas mapping tool, if the water stress of the region is identified as medium-high or above, it is considered a water-stressed region. This year's assessment of water-stressed regions includes Kunshan Guangxing Factory and U.S. subsidiary.

2022-2024 Water Withdrawal of Sunon's operation sites

		2022	2023	2024
	Other oversea sites	1.05	10.1	2.34
	Philippines	3.39	7.58	15.51
	China	296.44	270.04	236.23
	Taiwan	10.93	11.82	10.96

5.5 Waste Management

5.5.1 Waste Impact Assessment GRI 306-1、306-2

The Company refers to domestic and international environmental impact reports and considers the life cycle stages (raw material extraction, production and manufacturing, sales and distribution, product use and waste disposal stages) to identify the waste generated by the Company's internal operations and upstream and downstream of the value chain, and assesses the potential impact of waste on the environment and society, based on which the Company's value chain and waste impact context diagram is drawn.

The waste generated by the Company includes hazardous and non-hazardous business waste, with office daily waste, defective product scrap, waste plastics, waste hardware, etc. being the majority. We formulate corresponding management measures in response to the potential impact of each type of waste, which are regularly supervised and evaluated by the waste management unit for implementation effectiveness to mitigate or avoid negative impacts on the internal or external environment of the organization.

Sunon's Value Chain and Potential Impact Context Diagram

Value Chain Stage	Activity Item	Waste Type	Waste Category	Disposal Method	Disposal Department	Potential Impact	Response Measure
Own Operating Activities	Office Daily Wast	General Waste	Non-hazardous Business Waste	Landfill/ Incineration	External Third Party	Regular clearance is conducted in accordance with local government policies, with no potential impact on the general environment.	Clearance and disposal are carried out by certified agencies.
Own Operating Activities	Office Daily Wast	Recyclable Waste	Non-hazardous Business Waste	Preparing for Reuse/Recycling	External Third Party	Regular clearance is conducted in accordance with local government policies, with no potential impact on the general environment.	Clearance and disposal are carried out by certified agencies.
Own Operating Activities	Production Process (Disassembly)	Rotor, Stator, Blades, Frame	Hazardous Business Waste	Physical treatement/ Incineration/ Landfill	External Third Party	If third-party agencies fail to dispose of business waste in compliance with local laws and regulations, it may result in pollution or health hazards to the general environment. Therefore, proper supervision is essential.	During the disposal or treatment of business waste, Sunon personnel should accompany the transportation process to ensure that the waste is delivered to and processed at a legally compliant facility.
Own Operating Activities	Production Process (Impregnation)	Impregnation Waste Solutions	Hazardous Business Waste	Incineration	External Third Party	If third-party agencies fail to dispose of business waste in compliance with local laws and regulations, it may result in pollution or health hazards to the general environment. Therefore, proper supervision is essential.	During the disposal or treatment of business waste, Sunon personnel should accompany the transportation process to ensure that the waste is delivered to and processed at a legally compliant facility.
Own Operating Activities	Raw Material Packaging	Cartons	Non-hazardous Business Waste	Recycling	External Third Party	As the used packaging materials are recycled and reused, they pose no potential threat to the general environment.	Used packaging materials should be sorted and stored in a designated location to prevent accidental or improper disposal.
Downstream	Defective Product Scrap	Defective Finished Products, Semi-finished Products	Hazardous Business Waste	Physical treatement / Incineration	External Third Party	If third-party agencies fail to dispose of business waste in compliance with local laws and regulations, it may result in pollution or health hazards to the general environment. Therefore, proper supervision is essential.	During the disposal or treatment of business waste, Sunon personnel should accompany the transportation process to ensure that the waste is delivered to and processed at a legally compliant facility.

5.5.2 Waste Management Policy GRI 306-2

The Company has set up a responsible unit to control, dispose of and report the business waste generated from the Company's operations, and disposes of waste in accordance with the local waste regulations of each site. The waste disposal methods are all implemented in accordance with local laws and regulations.

The waste management responsible departments of Sunon are:

- Waste Classification: Each department
- Waste Storage: Occupational Safety Team, Administration Department, Management Department of each factory
- Waste Data Collection: Occupational Safety Team, Administration Department, Management Department of each factory
- Waste Reporting: Occupational Safety Team, Management Department of each factory
- Waste Treatment - Self-treatment: Each department
- Waste Treatment - Outsourced Treatment: Occupational Safety Team, Administration Department, Management Department of each factory

The Company records the types, quantities and tracks the flow of hazardous business waste through paper forms, and measures the amount of waste generated by production capacity estimation and actual measurement. Hazardous business waste cannot be self-disposed in the factory due to technical or regulatory requirements, so it is entrusted to qualified external companies for transportation and disposal. For outsourced waste, after obtaining the documents issued by the external transportation company, the consistency with the measurement weight in the factory must be checked, and the tracking system in accordance with local government regulations must be followed to ensure that the transportation and disposal company disposes of the business waste according to the Company's requirements.

Sunon's Waste Management Strategy and Objectives

Management Strategy	Base Year Index	Management Objectives			Improvement Measures
		Short-term	Mid-term	Long-term	Effective Waste Sorting
Effective Waste Management and Disposal	0.037	Reduce Waste Generation Index by 0.5%.	Reduce Waste Generation Index by 1.9%.	Reduce Waste Generation Index by 7.4%.	Precision Management of Waste Volume and Treatment Methods Use of Recyclable or Reusable Materials During Product R&D Phase

Note 1: Definitions of short-, medium-, and long-term goals:
Short-term refers to 2025, medium-term to 2030, and long-term to 2050.

Note 2: The base year is 2023.
Waste Generation Index = Total weight of group-generated waste / Total gross weight of inventoried products.

Other waste, such as employee domestic waste, is cleared and disposed of by qualified clearance and disposal agencies.

5.5.3 Waste Clearance and Disposal

GRI 2-25、306-3、306-4、306-5

In 2024, the total amount of waste generated by the Company was 1,645.378 metric tons, including 92.354 metric tons of hazardous business waste, accounting for 5.61%, and 1,553.024 metric tons of non-hazardous business waste, accounting for 94.39%.

The increase in waste generation compared to the previous year was primarily due to large-scale scrapping of inventory from discontinued product models at the factories during the year.

In addition to efforts to reduce waste at the source, Sunon is committed to enhancing the resource value of existing waste. Under the premise of complying with local regulations and utilizing feasible technologies, the Company actively adopts recycling and reuse methods to maximize the effective use of waste materials.

In 2024, 19.36% of the hazardous business waste was processed through recycling, accounting for 1.09% of the Company's total annual waste.

Total Table of Business Waste Generation, Disposal Transfer and Direct Disposal (Unit: metric tons)

Year	Item	Generated Amount	Disposal Transfer Amount	Direct Disposal Amount
2024	Hazardous Business Waste	92.354	17.878	74.476
	Non-hazardous Business Waste	1,553.024	1,356.780	196.244
	Total	1,645.378	1,374.658	270.720
2023	Hazardous Business Waste	148.448	16.189	132.259
	Non-hazardous Business Waste	897.154	681.833	215.321
	Total	1,045.602	698.022	347.580
2022	Hazardous Business Waste	110.684	93.505	17.179
	Non-hazardous Business Waste	1,112.728	873.637	239.091
	Total	1,223.412	967.142	256.270

Note 1: The disclosure scope of this table is Kaohsiung Headquarters (manufacturing factory), Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory.

Note 2: All waste treatment is outsourced (off-site treatment).

Note 3: The disposal transfer method is recycling, and the direct disposal methods are landfill, incineration and physical treatment.

Note 4: The disposal amounts for 2022 and 2023 have been revised to include all forms of waste disposal, including direct disposal, transferred disposal, and waste sold for reuse.

Business Waste Disposal Detailed Classification

Disposal Type	Waste Type	Direct Disposal Method	2022	2023	2024
Disposal Transfer	Hazardous	Other Recycling Operations	93.505	16.189	17.878
	Non-Hazardous	Other Recycling Operations	873.637	681.833	1,356.780
Total Disposal Transfer Amount			967.142	698.022	1,374.658
Direct Disposal	Hazardous	Landfill	0	0	0.004
		Incineration (excluding energy recover)	17.179	126.439	74.472
		Othe direct treatment	0	5.820	0
		Total	17.179	132.259	74.476
	Non-Hazardous	Landfill	1.401	21.951	24.704
		Incineration (excluding energy recover)	237.690	190.860	158.540
		Othe direct treatment	0	2.510	13.000
		Total	239.091	215.321	196.244
Total Direct Disposal Amount			256.270	347.580	270.720

Note 1: Other direct treatment methods are physical treatment.

Note 2: The disposal amounts for 2022 and 2023 have been revised to include all forms of waste disposal, including direct disposal, transferred disposal, and waste sold for reuse.

Environmental Issue Reporting Mechanism

The Company has an independent reporting mechanism. If there are environment-related issues, they can be reported through a dedicated mailbox 0800employee@sunon.com, and will be received and investigated by relevant units.

Chapter 6

Caring for Employees and Sustainable Workplace

6.1 Talent Attraction and Retention

6.2 Compensation and Benefits

6.3 Diverse Development

6.4 Workplace Safety

6.1 Talent Attraction and Retention

6.1.1 Human Resource Management

Sunon regards employees as the Company's most important asset, so we use the labor regulations of the Company's operating locations as the basis to formulate human resource management operating procedures, reward mechanisms and work rules, and regularly review the latest regulatory requirements to protect employees' labor rights. Furthermore, the Company explicitly prohibits the employment of child labor, workplace discrimination and sexual harassment, forced labor and other incidents, and establishes independent complaint channels to provide employees with a safe, equal and free working environment.

The Company emphasizes academic background, professional skills, integrity and enthusiasm in its recruitment, and employs persons with disabilities in accordance with the law to protect their right to work. Employees at the same level (ability) enjoy the same welfare measures, salary standards and education and training system, regardless of gender, age, nationality and other factors. Performance appraisal is conducted regularly every year as the basis for employee retention, promotion, salary adjustment or bonus distribution.

6.1.2 Talent Recruitment

GRI 2-7、2-8、202-2、401-1、405-1

As of the end of 2024, Sunon had a total of 7,334 employees, including 7,005 regular employees and 329 temporary employees; by employment type, there were 7,334 full-time employees, 0 part-time employees, and 0 non-guaranteed hours employees. The Company mainly employs local employees, with 100% of senior management being local residents. There have been no significant changes in the number of employees hired in the past three years.

Note 1: The number of employees includes general employees and dispatch personnel.
Note 2: Senior management is defined as manager level and above.
Note 3: Local is defined as employees holding the nationality of the place of work.

Employee Structure at the End of 2024 (Unit: persons)

Employment Type	Gender	Region			Total
		China	Philippines	Taiwan	
All Employees	Male	3,072	114	340	3,526
	Female	3,217	328	263	3,808
	Subtotal	6,289	442	603	7,334
Regular Employees	Male	3,072	44	332	3,448
	Female	3,216	84	257	3,557
	Subtotal	6,288	128	589	7,005
Temporary Employees	Male	0	70	8	78
	Female	1	244	6	251
	Subtotal	1	314	14	329
Full-time Employees	Male	3,072	114	340	3,526
	Female	3,217	328	263	3,808
	Subtotal	6,289	442	603	7,334
Part-time Employees	Male	0	0	0	0
	Female	0	0	0	0
	Subtotal	0	0	0	0
Non-guaranteed Hours Employees	Male	0	0	0	0
	Female	0	0	0	0
	Subtotal	0	0	0	0

Definition：
- Regular Employees: Labor contract is indefinite (non-fixed-term contract).
- Temporary Employees: Labor contract is fixed-term (fixed-term contract).
- Full-time Employees: Employees' weekly working hours reach the definition of full-time employees' weekly working hours in local regulations.
- Part-time Employees: Employees' weekly working hours do not reach the definition of full-time employees' weekly working hours in local regulations.
- Non-guaranteed Hours Employees: Employees with non-fixed weekly working hours, such as on-call employees.

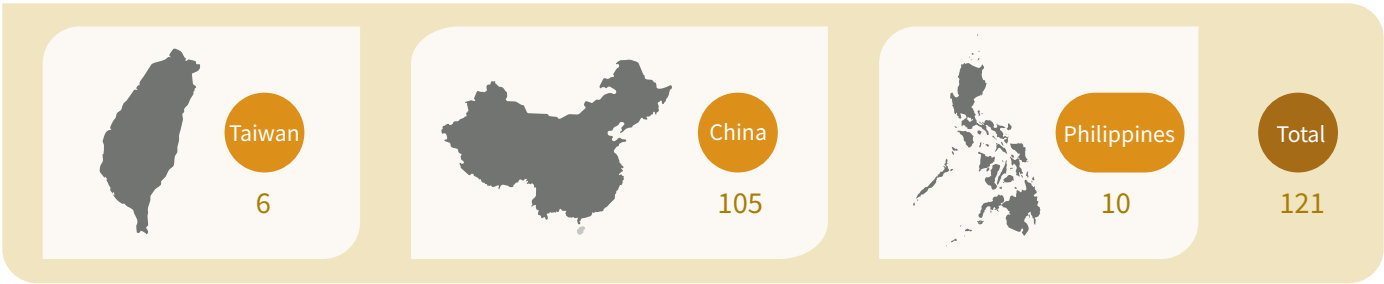
Number of Employees in Recent Three Years (Unit: persons)

Year	End of 2022	End of 2023	End of 2024
Number of Male Employees	3,159	3,082	3,526
Number of Female Employees	3,709	3,301	3,808
Total Number of Employees	6,868	6,383	7,334

Note: Due to new product development and expanded production capacity, the total number of employees in 2024 is higher than in the previous two years.

Some of Sunon's affairs are entrusted to contractors, such as office and factory security, cleaning personnel, employee cafeteria contractors, employee dormitory managers, transportation drivers, etc. At the end of 2024, the number of the above external workers totaled 121.

Number of External Workers at the End of 2024 (Unit: persons)



Employee Diversity Structure

The Company's male to female employee ratio is 48% and 52% respectively, with employees aged 30-50 accounting for the majority, 61% of the total. The Company does not use child labor, and the young workers employed do not engage in hazardous or harmful work. In accordance with the law, 8 persons with disabilities are employed, and to implement the Company's concept of diversity and equality, 2 persons with indigenous backgrounds are also employed.

Number and Percentage of Employees by Level and Diversity Indicator

		Senior Executives	Middle Management	Junior Management	Entry-level Employees	Total
Total Number of Employees at Each Level		21	102	376	6,835	7,334
Percentage of Total Number of Employees at Each Level (%)		0%	1%	5%	93%	100%
Diversity Indicator						
Gender	Male	18	77	201	3,230	3,526
	Female	3	25	175	3,605	3,808
Age	29 and below	0	0	72	2,660	2,732
	30- 50	12	79	295	4,098	4,484
	51 and above	9	23	9	77	118
Indigenous Identity		0	0	1	1	2
Disability Status		0	0	0	8	8

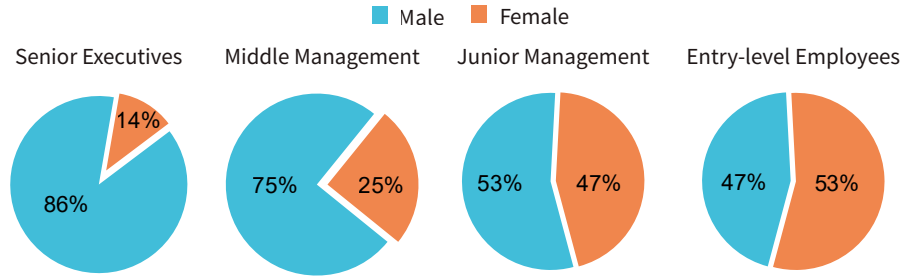
Note: Senior Executives account for 0.29% of all employees, which is shown as 0 as it is less than 1.

Number and Percentage of Employees by Level and Diversity Indicator

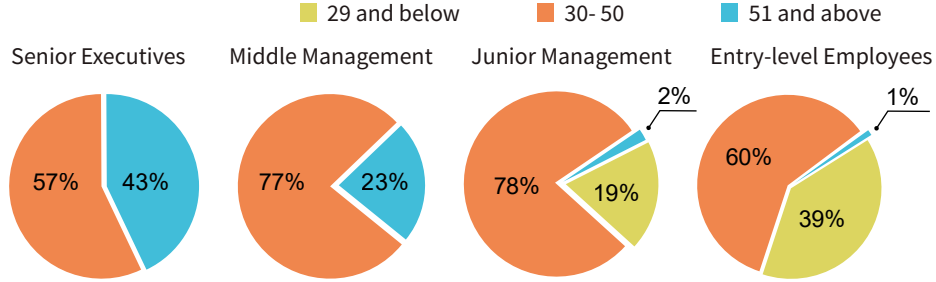
		Senior Executives	Middle Management	Junior Management	Entry-level Employees	Total
Gender	Male	86%	75%	53%	47%	48%
	Female	14%	25%	47%	53%	52%
Age	29 and below	0%	0%	19%	39%	37%
	30- 50	57%	77%	78%	60%	61%
	51 and above	43%	23%	2%	1%	2%
Indigenous Identity		0%	0%	0%	0%	0%
Disability Status		0%	0%	0%	0%	0%

Note: There is 1 Junior Management employee of indigenous identity, accounting for 0.27% of entry-level employees, which is shown as 0 because it is less than 1; there is 1 entry-level employee of indigenous identity, accounting for 0.01% of entry-level employees, which is shown as 0 because it is less than 1; there are 8 entry-level employees with disabilities, accounting for 0.12% of entry-level employees, which is shown as 0 because it is less than 1.

Gender Distribution by Job Level



Age Distribution by Job Level



Number and Percentage of Employees by Function and Diversity Indicator

		Adminstration	Technical	Sales	Staff	Management	Total
Total Number of Employees in Each Function		321	6,233	132	29	619	7,334
Percentage of Total Number of Employees in Each Function (%)		4%	85%	2%	0%	8%	100%
Diversity Indicator							
Gender	Male	23	3,103	45	14	341	3,526
	Female	298	3,130	87	15	278	3,808
Age	29 and below	77	2,550	18	0	87	2,732
	30- 50	235	3,633	109	16	491	4,484
	51 and above	9	50	5	13	41	118
Indigenous Identity		0	1	0	0	1	2
Disability Status		1	6	1	0	0	8

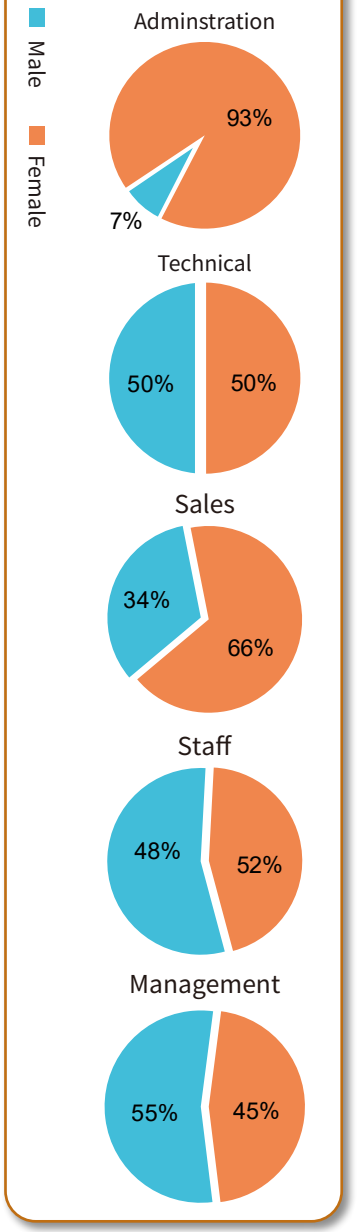
Note: Staff accounts for 0.44% of all employees, which is shown as 0 because it is less than 1.

Number and Percentage of Employees by Function and Diversity Indicator

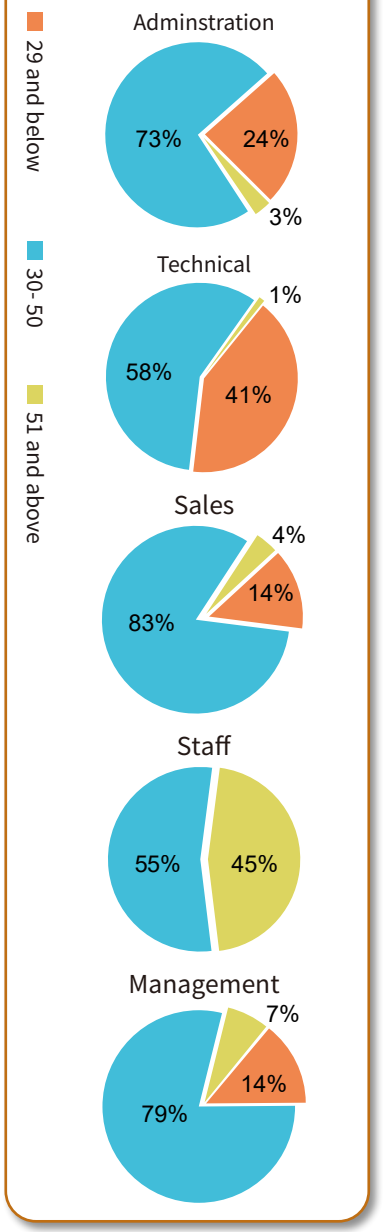
		Adminstration	Technical	Sales	Staff	Management	Total
Gender	Male	7%	50%	34%	48%	55%	48%
	Female	93%	50%	66%	52%	45%	52%
Age	29 and below	24%	41%	14%	0%	14%	37%
	30- 50	73%	58%	83%	55%	79%	61%
	51 and above	3%	1%	4%	45%	7%	2%
Indigenous Identity		0%	0%	0%	0%	0%	0%
Disability Status		0%	0%	1%	0%	0%	0%

Note: There is 1 management employee of indigenous identity, accounting for 0.16% of technical employees, which is shown as 0 because it is less than 1; there is 1 technical employee of indigenous identity, accounting for 0.02% of technical employees, which is shown as 0 because it is less than 1; there are 6 technical employees with disabilities, accounting for 0.10% of technical employees, which is shown as 0 because it is less than 1; there is 1 administrative employee with disabilities, accounting for 0.31% of administrative employees, which is shown as 0 because it is less than 1.

Gender Distribution by Employee Function



Age Distribution by Employee Function



Talent Recruitment

We have a sound recruitment system and expect employees to grow and develop together with the Company, while respecting employees' choice of career transition. To protect employees' rights and improve the recruitment system, the supervisors of each responsible unit conduct interviews with all resigning employees to specifically understand the reasons for resignation, which serves as a reference for subsequent improvement of human resource management.

In 2024, the Company recruited a total of 17,566 new employees, including 10,010 males and 7,556 females, mainly those aged 29 and below; Another 16,575 employees resigned, including 9,534 males and 7,041 females. The employee turnover rate in the Company's China factories is relatively high due to the local labor shortage and fierce industry competition.

Total Number and Percentage of New Employees

Gender	Age	Region			Total	New Employee Percentage
		China	Philippines	Taiwan		
Male	29 and below	6,704	81	30	6,815	284%
	30- 50	3,100	48	42	3,190	
	51 and above	4	0	1	5	
	Subtotal	9,808	129	73	10,010	
Female	29 and below	4,391	226	10	4,627	198%
	30- 50	2,751	144	33	2,928	
	51 and above	0	0	1	1	
	Subtotal	7,142	370	44	7,556	
Total		16,950	499	117	17,566	240%

Total Number and Percentage of Turnover Employees

Gender	Age	Region			Total	Turnover Rate
		China	Philippines	Taiwan		
Male	29 and below	6,533	41	17	6,591	270%
	30- 50	2,878	28	31	2,937	
	51 and above	1	0	5	6	
	Subtotal	9,412	69	53	9,534	
Female	29 and below	4,153	101	17	4,271	185%
	30- 50	2,669	65	30	2,764	
	51 and above	1	1	4	6	
	Subtotal	6,823	167	51	7,041	
Total		16,235	236	104	16,575	226%

Sunon's Layoff Notice Period

If the Company encounters major operational changes, such as operational organization adjustment, manpower demand adjustment, force majeure factors or employees are considered unsuitable, it must notify employees in advance according to the notice period stipulated in the Labor Standards Act and pay severance pay.

Region	Layoff Notice Period
Taiwan	- 3 months to less than 1 year of service: 10 days in advance - 1 year to less than 3 years of service: 20 days in advance - 3 years or more of service: 30 days in advance
China	30 days in advance
Philippines	30 days in advance

6.1.3 Labor-Management Agreement

GRI 2-25

Sunon strives to create a harmonious and equal communication platform between employees and the Company, establishing diverse and smooth communication channels, including labor-management meetings, welfare committee, employee suggestion box, complaint hotline, etc., to protect the rights and obligations of both labor and management, and to appropriately improve the working environment and labor-management regulations.

To establish a good labor-management communication mechanism, Taiwan headquarters holds labor-management meetings every quarter, where labor and management representatives jointly discuss employee work rights and welfare related matters, reach consensus and implement them to protect the rights and interests of all employees in the factory.

Kunshan Guangxing Factory in China established the Employees' Representative Congress of Kunshan Guangxing Electronics Co., Ltd. in 2015. All employees in the factory can join the Employees' Representative Congress as members. The purpose of the Employees' Representative Congress is to assist Sunon in developing production business, promote unity and cooperation among members, protect members' work rights and interests, improve members' lives, cooperate with the government in implementing policies and orders, and assist in enhancing members' knowledge and skills. In 2024, 98% of employees at Kunshan Guangxing Factory joined the Employees' Representative Congress, and all employees who joined the Employees' Representative Congress enjoy collective contract protection.

Diverse Employee Communication Channels

Communication Channel	Description
Labor-Management Meeting	All labor-management meetings are jointly formed by labor representatives formally elected by all employees and management representatives appointed by the Company. 4 labor-management meetings were held this year.
Employee Welfare Committee Meeting	In accordance with relevant laws and regulations, the Company's Employee Welfare Regulations and the organizational charter of the Employee Welfare Committee, meetings are held regularly every month to formulate or revise various employee welfare plans. 12 Employee Welfare Committee meetings were held this year.
Employee Suggestion Box	Provide internal email mailbox and physical suggestion box for employees to reflect opinions or provide suggestions in a timely manner.
Complaint Hotline	Set up a complaint hotline to provide employees with a unified complaint and consultation window to help employees solve personal rights or unfair treatment issues.
Employee Opinion Survey	To understand employees' opinions on the organization's work culture, the Company's core values, supervisors' leadership style and various suggestions, employee opinion surveys are conducted every 2 years. The most recent employee opinion survey was conducted in 2024. According to the survey results of that year, the employee satisfaction rate in Taiwan was 82%.
Employees' Representative Congress (Kunshan Guangxing Factory)	Legally established the Employees' Representative Congress to express opinions on behalf of employees and reasonably fight for employees' work rights and interests and improve employees' lives.

*Employee Complaint Method: https://www.sunon.com/CSRDetail.aspx?id=9AF723F62937C974

2024 Employee Opinion Reflection Case Statistics

Communication Channel	Number of Opinions	Main Feedback Content	Number of Cases Handled	Number of Cases Not Handled
Labor-Management Meeting	0	-	0	0
Welfare Committee Meeting	4	Suggesting for adjusting work hours, establishing an employee cafeteria, organizing welfare activities, and improving employee meals.	4	0
Employee Suggestion Box	92	Enhancing welfare and benefits; improving departmental and system-level management; strengthening equipment maintenance; improving working environment conditions; addressing attendance and payroll concerns	63	29(NOTE)
Complaint Hotline	9	Improving working and dormitory environment conditions; issues with attendance and leave policies; restaurant hygiene concerns; problems with supervisor management; concerns regarding the resignation process	9	0
Employee Opinion Survey	0	-	0	0
Employees' Representative Congress (Kunshan Guangxing Factory)	0	-	0	0
Others	5	Departmental management problems; workplace conflicts between colleagues	5	0

Note: These cases are not being processed because the submitted content does not include information about either the person submitting the form or the person being complained about. As a result, the validity of the case cannot be verified, and no further action can be taken.

6.2 Compensation and Benefits

6.2.1 Equal and Competitive Compensation

GRI 2-21、202-1、405-2

Basic Salary Standard

The Company complies with the relevant requirements of local labor laws and regulations where it operates. The standard starting salary of Taiwan factorys is higher than the basic salary stipulated in the "Labor Standards Act", while other operating locations comply with local minimum wage regulations, and the actual salary paid is higher than the minimum wage; For dispatch employees, the Company's cooperating dispatch companies are required to sign the "Human Resource Dispatch Company Management Procedure" document, promising to pay dispatch personnel salaries that meet the local minimum wage level. In 2024, the average monthly basic salary of entry-level employees in each important operating location was 1.4 to 2.5 times higher than the statutory basic salary.

Ratio of Basic Salary of Entry-level Employees to Statutory Minimum Wage in Important Operating Locations

Important Operating Location	Region	Male	Female	Average
Kaohsiung Headquarters, Taipei Office	Taiwan	1.95	1.52	1.76
Kunshan Guangxing Factory	China	1.94	1.73	1.82
Beihai Sunon Factory	China	2.64	2.46	2.54
Beihai Lizhun Factory	China	2.57	2.33	2.43
Philippines Sunon Factory	Philippines	1.62	1.39	1.46

Note: In 2024, the local statutory monthly basic salary in Taiwan was NT$ 27,470; The local statutory monthly basic salary in Kunshan, China was RMB 2,490; The local statutory basic salary in Beihai, China was RMB 1,990; The local statutory basic salary in the Philippines was PHP 13,694.

Male-to-Female Salary Ratio

Sunon values talent retention and cultivation, and is committed to providing competitive salary conditions and comprehensive employee benefits. The Company's salary standards are set with reference to local regulations, industry practices and local living standards, and are never affected by conditions such as gender, race, language, religion, age, party affiliation, and marital status. Under this equal and inclusive workplace environment, the starting salary for men and women is equal, but the final salary (base salary plus remuneration) varies according to work seniority, experience or job allowance. The Company's employee salaries consist of base salary, meal allowance, various bonuses or allowances, etc. Every year, an annual salary adjustment is also made according to the operating conditions, or bonuses are given according to employee performance to motivate employees and encourage talent to grow together with the Company.

In 2024, the ratio of the annual total compensation of the Company's Executive Vice President to the median of the Company's annual total employee compensation was 3,039%. The ratio of the annual total compensation increase of the highest-paid individual to the median percentage increase in the Company's average total compensation (excluding that highest-paid individual) was 187%.

The Executive Vice President's compensation is based on the Company's operating performance and is calculated on an annual basis. The median employee compensation refers to the annual total salary paid to employees who were employed for the full year at key operating locations.

Male-to-Female Compensation Ratio by Level (Male: Female)

Important Operating Location	Item	Senior Executives	Middle Management	Junior Management	Entry-level Employees
Kaohsiung Headquarters, Taipei Office	Base Salary	1：0.80	1：0.95	1：0.66	1：0.78
	Remuneration	1：0.77	1：0.87	1：0.51	1：0.72
Kunshan Guangxing Factory	Base Salary	NOTE5	1：0.80	1：0.99	1：0.89
	Remuneration	NOTE5	1：0.75	1：1.02	1：0.91
Beihai Sunon Factory	Base Salary	NOTE5	1：0.80	1：0.92	1：0.93
	Remuneration	NOTE5	1：0.75	1：0.89	1：0.94
Beihai Lizhun Factory	Base Salary	NOTE5	1：0.54	1：0.92	1：0.91
	Remuneration	NOTE5	1：0.54	1：0.91	1：0.88
Philippines Sunon Factory	Base Salary	1：0.54	1：0.87	1：0.64	1：0.86
	Remuneration	1：0.43	1：0.91	1：0.86	1：0.89

Note 1: Base salary mainly includes base pay and fixed allowances paid monthly, which are items included in the calculation basis for overtime pay.

Note 2: Remuneration mainly includes recurring salaries for the full year (base pay and fixed allowances and bonuses paid monthly), overtime pay (whether taxable or not), and non-recurring salaries (allowances, bonuses, employee compensation, etc. not paid monthly), but does not include retirement/pension.

Note 3: Male employees' base salary and remuneration are set as 1.

Note 4: Senior management refers to department manager level and above; middle management refers to section manager level; junior management refers to team leader level; entry-level employees refer to non-management staff.

Note 5: There are no female senior managers at the Kunshan Guangxing Factory or Beihai Sunon Factory. The Beihai Lizhun Factory has no senior management personnel.

Note 6: Senior management is predominantly male and has a higher average tenure than females, resulting in higher male salaries.

Note7: Male middle managers tend to have longer professional tenure, leading to higher overall remuneration compared to their female counterparts.

Note 8: At the Kaohsiung Headquarters, Taipei Office, and the Philippines Sunon Factory, the distribution of male and female junior managers across job categories and professional fields differs. As a result, male remuneration is higher than female.

Note 9: Entry-level positions at the Kaohsiung Headquarters and Taipei Office are primarily in R&D and engineering roles, which are predominantly held by males. These roles also tend to command higher market salaries, resulting in higher male salaries compared to female employees.

Male-to-Female Compensation Ratio by Function (Male: Female)

Important Operating Location	Item	Technical	Sales	Management	Staff	Administration
Kaohsiung Headquarters, Taipei Office	Base Salary	1：0.72	1：0.76	1：0.61	1：0.89	1：0.91
	Remuneration	1：0.65	1：0.91	1：0.49	1：1.01	1：1.04
Kunshan Guangxing Factory	Base Salary	1：0.79	1：0.95	1：0.67	1：0.92	1：1.61
	Remuneration	1：0.88	1：0.91	1：0.64	1：0.88	1：1.20
Beihai Sunon Factory	Base Salary	1：0.93	1：0.40	1：0.82	NOTE 4	1：0.93
	Remuneration	1：0.93	NOTE5	1：0.73	NOTE 4	1：0.95
Beihai Lizhun Factory	Base Salary	1：0.89	NOTE 4	1：0.80	NOTE 4	NOTE 4
	Remuneration	1：0.88	NOTE 4	1：0.78	NOTE 4	NOTE 4
Philippines Sunon Factory	Base Salary	1：0.78	1：0.88	1：0.54	NOTE 4	1：1.03
	Remuneration	1：0.83	NOTE 5	1：0.50	NOTE 4	1：1

Note 1: Base salary mainly includes base pay and fixed allowances paid monthly, which are items included in the calculation basis for overtime pay.

Note 2: Remuneration mainly includes recurring salaries for the full year (base pay and fixed allowances and bonuses paid monthly), overtime pay (whether taxable or not), and non-recurring salaries (allowances, bonuses, employee compensation, etc. not paid monthly), but does not include retirement/pension.

Note 3: Male employees' base salary and remuneration are set as 1.

Note 4: Beihai Sunon Factory has no female staff employees, and Beihai Lizhun factory has no sales employees; Beihai Lizhun Factory has no male administration employees; Beihai Lizhun Factory and Philippines Sunon Factory have no staff employees.

Note 5: Philippines Sunon factory had no sales employees working for the full year in 2024.

Note 6: Male management positions are primarily in R&D and engineering roles, resulting in higher male salaries compared to female employees.

Note 7: Male employees in technical and sales positions at Kaohsiung Headquarters and Taipei Office and in sales positions at Kunshan Guangxing Factory have higher professional tenure than female employees, so male salaries are higher than female.

Non-managerial Employee Salary Information

In response to regulatory requirements, the Company also discloses salary information for "full-time employees not in managerial positions".

In 2024, the number of non-managerial full-time employees in Taiwan was 576, and their "average salary" and "median salary" were NT$ 1,205,000 and NT$ 951,000 respectively. Due to the growth of the Company's operating performance, the overall remuneration increased compared to the previous year.

6.2.2 Comprehensive Benefits GRI 401-2

To enhance employees' cohesion and improve market competitiveness, Sunon has formulated various welfare measures, such as better leave benefits than required by law, insurance, wedding and funeral subsidies, etc. The Company also has an Employee Welfare Committee responsible for promoting and planning various employee welfare measures; all full-time employees enjoy the above benefits. The welfare fund is allocated by the Company on a fixed monthly basis and employees voluntarily contribute welfare funds to the account of the Welfare Committee to be used for various activities or subsidies. The Welfare Committee regularly tracks the use of welfare funds and employee feedback to ensure the proper use of welfare funds.

Sunon's Standard Benefits:

Item	Applicable Locations	Description
Group Insurance/ Social Insurance Subsidy	All locations	· Formal employees at Sunon's important operating locations all enjoy insurance benefits required by law. Employees in China are all insured with five insurances and one fund, and employees in the Philippines are all insured with SSS, Pag-IBIG and PhilHealth. · Employees in Taiwan, in addition to labor and health insurance, also have group insurance benefits. · All employees of Sunon will be additionally insured with business travel insurance if they have overseas business travel needs.
Paid Childcare Leave	Kaohsiung Headquarters, Taipei Office, Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory	· Employees in Taiwan who have to take care of children under the age of three can apply for 1 hour of paid childcare leave per day. · Employees in China are given 10 days of paid parental leave per year.
Important Holidays and Birthday Gifts	Kaohsiung Headquarters, Taipei Office, Kunshan Guangxing Factory	Money or vouchers are gifted during important holidays and employees' birthdays.
Wedding, Funeral and Childbirth Subsidies		Various subsidies for employees' marriage/childbirth/home purchase/ hospitalization condolences/family member bereavement condolences, etc.
Paid Sick Leave/ Personal Leave	Kaohsiung Headquarters, Taipei Office	Employees above certain levels are eligible for 30 days of paid sick leave and 14 days of paid time off per year.
Children's Education Scholarship		Employees with tenure of 5 years or more can apply for scholarships for their children with outstanding academic performance.
Senior Employee Incentives		Headquarters employees with 10 years of service are awarded a gold badge as an incentive.
Employee Stock Ownership Trust	Kaohsiung Headquarters, Taipei Office	The Company has implemented an “Employee Stock Ownership Trust” program. In accordance with the Charter of the Employee Stock Ownership Association, full-time indirect employees who have completed three months of service are eligible to voluntarily participate. Participating employees contribute a fixed amount from their monthly wages based on their job grade, and the Company matches 100% of the contributed amount to purchase Company stock. A financial institution is entrusted to purchase and manage the stock on behalf of each participant through a designated trust account.

Sunon's Other Welfare Measures:

Item	Description
Subsidies or Allowances	· Employees in Taiwan and Philippines Factory are subsidized for health checkups once a year, and those above certain levels are arranged for senior health checkups at medical institutions · Employees in Taiwan are provided with travel subsidies and departmental employee gathering subsidies every year · Employee cafeterias are set up in China & Philippines factories and meal subsidies are provided to employees
Welfare Activities	· Employee activities such as family day, year-end party and banquet, mid-autumn festival evening party, etc. are held from time to time · Club activity expenses and sponsorship items are subsidized every year
Others	· Indirect employees in Taiwan are eligible for a flexible working hours system. · Physicians are regularly scheduled to visit the Kaohsiung headquarters and factory to provide professional consultations. · Employee dormitories and recreation centers are established at the China factories. · Partnerships with appointed stores have been expanded to offer employees access to exclusive discounts. · Employee welfare shops are set up at the China factories to provide daily necessities for dormitory residents, with occasional promotional sales.

To protect the rights and interests of retired employees, the Company contributes retirement funds in accordance with the law. In Taiwan, for colleagues who adopt the old retirement pension system, when they meet the retirement conditions and apply for retirement pension, it is paid from the "Labor Retirement Reserve Account"; for those who adopt the new retirement pension system, it is paid from the "Labor Retirement Pension Individual Account".

Retirement System	Contribution Status	
Old System	Employees in Taiwan who were employed on or before June 30, 2005 (inclusive) enjoy the old retirement pension seniority in accordance with the Taiwan Labor Standards Act and Labor Pension Act. Employees who were employed on or after July 1, 2005 (inclusive) enjoy the new retirement pension seniority.	A "Labor Retirement Reserve Supervisory Committee" is established to supervise the contribution of retirement funds. In accordance with the Taiwan Labor Standards Act, 2% of the actual paid salary is contributed to the retirement reserve every month and deposited into the "Labor Retirement Reserve Account" at the Bank of Taiwan.
New System		In accordance with the "Labor Pension Act", 6% of their total monthly salary is contributed and deposited into the "Labor Retirement Pension Individual Account" at the Bureau of Labor Insurance.

In accordance with local regulations, colleagues in China are insured with pension insurance and contributions are made in full; In the Philippines, retirement funds are contributed for colleagues in accordance with local regulations.

Moreover, when the Company's colleagues are about to retire, a farewell party will also be held to thank the colleagues for their contributions and hard work.

6.2.3 Family-Friendly Workplace GRI 401-3

We are committed to creating a friendly parenting environment. In addition to allowing statutory parental leave without pay, to show consideration for the hard work of parents, the Company also provides childbirth subsidies, contracted kindergartens, paid childcare leave better than regulations, flexible working hours and other mechanisms. A warm and comfortable lactation room equipped with a refrigerator, freezer and other facilities is set up in the office for female colleagues who are breastfeeding, so that they can have no worries.

In 2024, the reinstatement rate of the Company's employees who applied for parental leave was 100%. The retention rate one year after reinstatement was 50%, with one employee resigning due to personal career planning factors.

Parental Leave Employee Analysis

Year	2022			2023			2024		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Employees Eligible for Parental Leave (A)	29	25	54	33	20	53	35	26	61
Number of Employees Who Actually Applied for Parental Leave (B)	1	1	2	1	3	4	0	5	5
Number of Employees Due to Return to Work from Parental Leave (C)	0	2	2	0	2	2	1	4	5
Number of Employees Who Actually Returned to Work from Parental Leave (D)[NOTE1]	1	3	4	0	2	2	1	4	5
Number of Employees Who Actually Returned to Work from Parental Leave in the Previous Year (E)	0	4	4	1	3	4	0	2	2
Number of Employees Who Returned to Work from Parental Leave in the Previous Year and Remained Employed for 12 Months (F)	0	4	4	1	2	3	0	1	1
Parental Leave Application Rate (%) (=B/A)	3%	4%	4%	3%	15%	8%	0%	19%	8%
Reinstatement Rate (%) (=D/C)[NOTE2]	-	150%	200%	-	100%	100%	100%	100%	100%
Retention Rate (%) (=F/E)	-	100%	100%	100%	67%	75%	-	50%	50%

Note 1: Parental leave application is only applicable to employees in Taiwan. China and the Philippines do not have a parental leave system.

Note 2: According to local regulations in Taiwan, the eligibility for parental leave application is those who have children under the age of three, so the determination method for the "number of employees eligible for parental leave" is those who have applied for maternity leave or paternity leave within three years prior to the reporting year are considered eligible for application.

Note 3: In 2022, 2 employees were originally scheduled to return to work in 2023, but they returned to work early in 2022, so the reinstatement rate for that year was greater than 100%.

6.3 Diverse Development

6.3.1 Training and Development

GRI 404-1、404-2

Sunon values the career development of employees and believes that only education and training that keeps pace with the times can lead employees and the Company to grow together.

Sunon's talent cultivation policy is "training objectives based on competency, cultivating employees to become professional elites, and creating the highest value for sustainable management". Sunon develops training system courses based on four aspects: new employees, professional competency, management competency, and self-development. In response to the Company's annual business objectives, training courses and project activities in different fields are promoted to continuously improve organizational competitiveness and employee competency.

New Employee Training

In order for new employees to adapt to their work environment in a short period of time and meet the work requirements and goals given by the Company, after new employees report for duty, Sunon conducts two major categories of new training courses according to the new employee training course plan: general courses (such as: company overview, human resources operations, environmental safety and health training, labor rights protection, compliance with ethical standards, computer system operation, etc.) and basic professional courses for each position (such as: R&D system operation, safety regulation concepts, environmental protection regulations and materials, quality/environment/occupational health and safety management system awareness, etc.) to help new employees quickly integrate into the organization.

Professional Competency

Professional competency training is based on the position content and business attributes to inventory the work abilities required by employees, and the annual training plan is dynamically adjusted with the annual training needs survey to enhance employees' professional abilities and cultivate future required competencies, and to effectively link training results with work performance.

Especially for product R&D engineers, 13 major competency learning maps are developed, including smart automation(mechanical), smart automation(electrical control), electronics, mechanical, thermal-fluid, module, motor, mold flow, bearing system, acoustics, manufacturing process development for ME, manufacturing process development for IE, CNC and reverse engineering, etc., and specific course lists for each competency are formulated. Through systematic training, Sunon's R&D elites are cultivated to continuously develop new products and improve customer satisfaction.

In order to enhance internal knowledge transfer and effectively utilize organizational talent resources, an internal lecturer system is promoted, regularly assigning elites to attend external courses, absorbing the latest technical information in the industry, and serving as seed lecturers to spread knowledge back to the enterprise. As of 2024, Sunon has trained 150 internal lecturers, and every year, outstanding lecturers are selected based on course satisfaction and teaching hours, and the chairman will personally present certificates and incentives to outstanding lecturers, shaping an organizational culture of continuous learning and sharing.

Management Competency

In terms of management talent cultivation, in addition to work learning and job experience, Sunon also plans different management awareness and management method and skill training for each level of supervisors (covering management attitude, concept and skill training courses), hoping that through this career development blueprint, the motivation of supervisors to continue learning and developing will be enhanced, and they will effectively lead the team to implement company strategies and plans to achieve business goals.

Sunon E-Learning System

Sunon continues to promote the digital learning model and builds an online learning platform, continuing to develop digital courses, allowing employees to learn without being limited by time and space. Currently, there are a total of 140 digital courses in various fields on Sunon's E-learning System, of which 166 are self-learning courses. In 2024, the number of people using online learning resources reached 26,770.

Our employee education and training policy does not differ by gender. In 2024, Sunon held a total of 568 courses and trained 64,617 people, accumulating 488,179 training hours. Overall, the average training hours per person was 67 hours, with an average of 77.72 hours for males and 56.23 hours for females.

2024 Education and Training Courses and Number of Trainees/ Training Hours

Course Category	Number of Courses	Total Number of People	Total Training Hours
New Employee Training	343	39,080	325,869.7
Professional Competency Courses	142	1,434	5,493.0
General Courses	76	23,943	156,477.6
Foreign Language Enhancement Courses	0	0	0.0
Management and Leadership Courses	13	105	308.6
Others	1	55	30.3
Total	568	64,617	488,179.1

Average Training Hours by Gender (Unit: hours)

Gender	2022	2023	2024
Male	82.1	56.47	77.72
Female	53.8	40.49	56.23
Total	66.8	48	67

Note1: Average training hours = Total training hours of each gender ÷ Number of employees of each gender at the end of the year

Note2: Training courses are mainly for technical personnels, which are prodominently male employees, therefore male training hours are greater than femal training hours.

In 2024, the average training hours by level and by function are as follows. Sunon has long invested in R&D talent cultivation to maintain its technological leadership advantage, so the average training hours of technical staff are significantly higher than those of other functional staff.

2024 Average Training Hours by Level

Level	2022	2023	2024
Senior Executives	6.1	6.59	5.67
Middle Management	14	12.44	19.43
Junior Management	20.3	13.86	14.50
Entry-level Employees	72.1	50.78	70.32

Note: Average training hours = Total training hours at each level ÷ Total number of employees at each level at the end of the year

2024 Average Training Hours by Function

Function	2022	2023	2024
Technical	77.1	55.42	75.85
Sales	7.2	8.51	13.21
Management	19.2	11.95	15.76
Staff	8.6	16.14	8.87
Administration	11.8	6.93	11.41

Note1: Average training hours = Total training hours of each function ÷ Total number of employees of each function at the end of the year

Note2: In 2023, Sunon launched a Greenhouse Gas (GHG) Inventory Project. During this period, staff personnel from administrative and management units were scheduled to attend training in batches, resulting in higher average training hours for staff personnel compared to other years.

Employee Transition Assistance Policy

Retired employees may feel that their lives suddenly lose focus when they leave the workplace, and may also experience psychological anxiety, family member interaction problems and living care problems due to lack of economic income, increased time spent with family members, and decreased physiological functions. Therefore, to assist employees in preparing for retirement in advance, the human resources unit regularly checks the list of employees who are about to retire, understands employees' retirement intentions in advance, and helps employees understand the problems they may face in retirement life and plan their own retirement life.

If an employee is unable to perform their job, they will be given work counseling or transferred to a suitable unit. If the needs of the Company or the employee still cannot be met, the Company will pay severance pay in accordance with the law and provide relevant supporting documents to assist the employee in applying for relevant unemployment benefits or vocational training subsidies to reduce the employee's psychological and economic pressure during the unemployment transition period.

6.3.2 Performance Evaluation GRI 404-3

The Company has established employee performance appraisal measures to review employees' performance and results at work and give positive feedback, and set self-breakthrough goals for the coming year.

New Employee Appraisal

Before the end of the probation period for new employees, the unit supervisor conducts a work performance appraisal. Those who fail the performance appraisal can be terminated from the labor contract by the Company in accordance with relevant laws and regulations, or the probation period can be extended with the consent of both parties. The extension of the probation period is limited to one time and the period shall not exceed the original probation period.

Employee Performance Appraisal

Each factory formulates monthly or quarterly performance appraisal indicators according to work characteristics, and evaluates employees' work performance. At the end of the year, employees' work performance throughout the year is comprehensively evaluated for the annual performance rating.

Furthermore, the Company's personnel regulations have employee reward and punishment measures. If an employee's workplace performance or behavior reaches or violates the Company's reward and punishment standards, the department supervisor will submit a reward and punishment report form to the general manager for ruling and announcement. The employee's reward and punishment records and annual performance appraisal results serve as the basis for the employee's promotion, salary adjustment or bonus distribution.

In 2024, all new employees of the Company have undergone new hire probation period appraisal, and in the annual performance appraisal, except for employees who joined the Company that year and took leave without pay, all other full-time employees have completed the annual performance appraisal.

6.4 Workplace Safety

6.4.1 Occupational Safety and Health Management

GRI 2-25、403-1、403-2、403-3、403-4、403-5、403-6、403-7、403-8、403-9、403-10

Workers are important members of the Company's operating activities. Any safety or health risks in the workplace may have a significant impact on the Company's economy and the health and lives of employees or external workers. Sunon follows the local occupational safety and health regulations and ISO 45001 of each operating location, and uses the PDCA cycle concept - Plan, Do, Check, Act as the management framework to construct Sunon's occupational safety and health management system. An Occupational Safety and Health Committee is set up to identify all possible risks in the work environment, formulate management measures and control procedures, identify potential hazards that may occur in the operating activities of each unit in advance, identify risks early and prevent them, and conduct internal audits regularly to effectively prevent various accidents from occurring and protect the health and safety of workers.

Note: External workers refer to all workers other than employees who perform work items designated by the Company within or outside the Company's premises, such as raw material suppliers, equipment maintenance contractors, external consultants, etc.

The production sites of the Company have completed the establishment of the occupational safety and health management system, passed external third-party verification, and obtained certificates. Other sites are only for business purposes and do not have production and manufacturing operations, so no occupational safety and health management system is set up. The management system standards adopted by each operating location and the number and percentage of workers covered are as follows:

Operating Location	Occupational Safety and Health Management System Certification Standard	Applicable Premises	Scope of Workers Covered NOTE1				Excluded Worker Type
			Employees (persons)	Ratio NOTE2 (%)	External Workers (persons)	Ratio NOTE4 (%)	
Kaohsiung Headquarters	ISO 45001	Kaohsiung Headquarters and Factory	267 persons	53.1%	6 persons	67%	Premises not covered by ISO 45001 certification
Kunshan Guangxing Factory	ISO 45001	All workplaces	2,398 persons	100%	60 persons	100%	
Beihai Sunon Factory	ISO 45001	All workplaces	2,873 persons	100%	24 persons	100%	
Beihai Lizhun Factory	ISO 45001	All workplaces	1,018 persons	100%	21 persons	100%	
Philippines Sunon Factory	ISO 45001	All workplaces	442 persons	100%	10 persons	100%	

Note 1: The Company calculates the number of employees covered by the occupational safety and health management system based on the number of employees at the end of the year, which has been internally audited and externally verified.
Note 2: Percentage of employees covered = Number of employees covered at each location ÷ Number of employees at each location at the end of the year x 100%
Note 3: External workers include security, cleaning staff, cafeteria contractors, employee dormitory managers, drivers, etc.
Note 4: Percentage of workers covered = Number of workers covered at each location ÷ Number of workers at each location x 100%

Occupational Safety and Health Committee

Each site of Sunon has an occupational safety and health related committee, which is responsible for reviewing the Company's occupational safety and health management measures, the effectiveness of the implementation of various management procedures, occupational safety and health education and training plans, and occupational disaster investigation reports. The committee has a management team under it, which is responsible for regularly conducting risk assessment procedures, planning and promoting occupational safety and health policies, as well as arranging annual education and training plans, occupational health services and health promotion activities, etc. The occupational safety and health management measures are announced on the Company website, and procedure documents in multiple languages are provided for foreign employees to read, so that all Sunon colleagues clearly understand the Company's occupational safety and health policies.

Operation of the Occupational Safety and Health Committee at Each Operating Location

Operating Location	Meeting Frequency	Decision-making department	Presence of Labor Representatives
Kaohsiung Headquarters	Once a quarter	Occupational Safety Team	Yes
Kunshan Guangxing Factory	Once a month	Management Department	Yes
Beihai Sunon Factory	Once a month	Management Department	Yes
Beihai Lizhun Factory	Once a month	Management Department	Yes
Philippines Sunon Factory	Once a month	Management Department	Yes

Worker Communication and Reporting Mechanism

The management team has an independent reporting mechanism. Workers can anonymously provide feedback, communicate and consult on occupational safety and health related matters through a dedicated line and dedicated mailbox (Taiwan: 0800employee@sunon.com, Beihai Sunon Factory and Beihai Lizhun Factory: pike_ching@sunon.com, Kunshan Guangxing Factory: snon@sunon.com, Philippines Sunon Factory: irenne_ng@sunon.com); When foreign employees make communication and consultation needs, an employee with foreign language ability or a translation service provider is entrusted to act as an intermediary to achieve effective two-way communication.

Additionally, according to the Company's safety and health management procedure regulations, we encourage employees, suppliers or contractors to actively report safety and health hazards that exist in the workplace; if there is an immediate risk that is very likely to occur, workers can also stop work and retreat to a safe place without endangering the safety of other workers, and simultaneously report to the department supervisor and the occupational safety and health management team. The management team must immediately conduct an investigation upon receiving the report, evaluate the likelihood and severity of the hazard, formulate handling measures and report to the Occupational Safety and Health Committee for deliberation, and announce the investigation and resolution results to all workers of the Company. Employees or external workers who actively report can receive outstanding performance rewards to encourage workers to report potential occupational safety and health risks and jointly monitor and reduce the occurrence of dangerous incidents.

Occupational Safety and Health Risk Assessment

Sunon's occupational safety and health management team reviews the work areas of operating locations and upstream and downstream suppliers every year, and classifies them into four levels: high risk, medium-high risk, medium risk, and low risk according to the severity of the hazard, the likelihood of the hazard occurring, and existing protective facilities, and assesses the types of major occupational injuries or occupational diseases that may occur. Control measures are set up for medium and high risk items, and external personnel are regularly dispatched to audit the effectiveness of the control measures. To ensure the effectiveness of the implementation of control measures, the Company compares the external audit results with the original targets, and has local external auditors who have undergone professional hazard identification and risk assessment professional training and obtained professional licenses execute and regularly hold meetings to review deficiencies and track effectiveness, and formulate follow-up improvement directions.

Operating Location	Site Risk Level	Number of Audits	Number of Audits with Major Violations
Kaohsiung Headquarters, Taipei Office	Medium Risk	1 (external audit)	0
Kunshan Guangxing Factory	Medium-high Risk	1 (external audit)	0
Beihai Sunon Factory	Medium Risk	1 (external audit)	0
Beihai Lizhun Factory	Medium Risk	1 (external audit)	0
Philippines Sunon Factory	Medium Risk	1 (external audit)	0

Risk Level and Management Mechanism

Risk Level	Management Mechanism
High Risk	Immediate improvement measures, controls or response measures should be taken. * Record in the "Unacceptable Risk and Occupational Safety and Health Opportunity Summary Form", formulate measures and estimate the risk after improvement.
Medium-high Risk	Review existing protection measures and evaluate improvement mechanisms to reduce the risk level. * Record in the "Unacceptable Risk and Occupational Safety and Health Opportunity Summary Form", formulate measures and estimate the risk after improvement.
Medium Risk	Temporarily acceptable, it is advisable to evaluate whether there are opportunities to take measures to reduce risk or improve occupational safety and health performance.
Low Risk	Attention is needed, and it is still possible to consider whether there are opportunities to take control measures to reduce risk or improve occupational safety and health performance.
Acceptable Risk	Acceptable, but the effectiveness of existing protective measures must be ensured.

High-risk Items and Control Measures

Hazard Type	Risk Item	Hazard/Occupational Disease Type	Control Measures
Physical Hazard	1. Fan operation test 2. Forklift and elevated operations 3. Grinding material	1. Noise (hearing loss), cuts 2. Collision injury, falling 3. Dust (respiratory diseases)	1. Properly wear hearing protection and install protective fixtures. 2. Operators must have a valid license and wear safety belts properly. 3. Operators must be licensed and wear protective equipment.
Chemical Hazard	1. Impregnation operation 2. Soldering operation	1. Organic solvent poisoning 2. Respiratory hazards	Install exhaust devices, wear protective equipment, and provide chemical hazard awareness training.
Ergonomic Hazard	Office work, assembly work	Musculoskeletal injuries	Through the ergonomic hazard prevention plan, high-risk groups are screened out for relevant health guidance and work adjustment.

Occupational Safety and Health Education Training

Occupational safety and health education training and advocacy are the foundation for improving employees' and contractors' awareness of safety and health. All employees of Sunon must receive general occupational safety education training every year, and knowledge and skill training for employees and external workers are conducted separately according to different departmental work types and work environments to enhance employees' safety awareness and prevent disasters from occurring.

Category	Course Content	Trainees	Total Training Hours/Number of People
General Training	General occupational safety education training, including overview of regulations, occupational safety and health concepts and work rules, standard operating procedures, emergency accident handling, fire and first aid knowledge, etc.	All Employees	56,280.75 hours / 12,875 persons
Occupational Hazard	Occupational injury and disease prevention, such as use of personal protective equipment, occupational health knowledge, etc.	Special position employees	15,750.57 hours / 13,980 persons
Dangerous Activities	High-risk activity operating procedure education and training, such as chemical hazard awareness education and training, risk operation education and training, hazard identification and safety risk control training, and machinery safety precautions, etc.	1. Personnel operating chemicals 2. Indirect employees, operators	361,038.5 hours / 16,968 persons
Dangerous Situation Training	Dangerous situation emergency response training, such as fire drills, earthquake drills, extreme weather drills, chemical leakage and suffocation drills, etc.	All Employees	6,088 hours / 8,936 persons

Occupational Health Services

The Company assesses noise and organic solvents as factors that may pose significant risks to employees based on the work environment and work nature. To reduce employees' exposure to excessive harmful substances during operation, Sunon provides protective equipment for employees to wear; and every year, employees engaged in special work environments are arranged to undergo specialized physical health examinations, and employees' physical conditions are regularly tracked for early response and treatment. The Company also cooperates with medical clinics and institutions. If employees show symptoms related to occupational diseases, they can go to the partnering medical units for testing and treatment.

In terms of personal health promotion, Sunon provides pre-employment health checkups for full-time employees, and employees of Kaohsiung Headquarters and Taipei Office even enjoy a subsidy for a general physical health checkup once a year, and employees with medium to high health checkup abnormalities are tracked and managed. Considering factors such as employees' age, health checkup values in the past 3 years, and common major diseases investigated by the Department of Health, common personal health risk factors include sedentary lifestyle, lack of exercise, unhealthy diet, psychological stress, etc. Therefore, Kaohsiung Headquarters and Taipei Office arrange health lectures, on-site physician consultation and other services every year to promote new knowledge of physical care and encourage employees to develop the habit of exercising to improve their physical and mental health.

Health Promotion Activities	Activity Description and Results
Health Lectures	47 people participated in health lectures (“Happiness in a Split-Second Thought” and “Better Sleep with Chinese Medicine”)
On-site Physician Health Services	According to the Occupational Health Protection Rules, a family medicine physician from Kaohsiung Municipal Siaogang Hospital is employed every month to provide on-site health consultation and other services, with a total of 65 people participating.

Note: These health promotion activities are only for employees of Kaohsiung Headquarters and Taipei Office. Kunshan Guangxing Factory, Beihai Sunon Factory, Beihai Lizhun Factory, and Philippines Sunon Factory do not have related activities at present because local regulations do not require them.

· Occupational Safety and Health Project and Invested Resources

Project Item	Invested Resources (NT$)
Operational Environment Monitoring / Drinking Water Quality Inspection	182,500
Occupational Safety and Health Training Expenses	158,120
Employee Health Checkup Expenses	2,593,000
On-site Physician Health Services	90,000
System Certification Fees	534,450
Travel Expenses for Routine Environmental and Safety Inspections	238,674

Note: This table reflects only the occupational safety and health resources and expenses invested in Taiwan.

· Occupational Safety and Health Management Strategies and Targets

Occupational Safety and Health Topics	Management Plans	Strategic Base Year	Management Targets		
			Short-Term	Mid-Term	Long-Term
Occupational safety culture and environment	1. Strengthening occupational safety and health education and training for employees 2. Conducting monthly factory safety inspections 3. Holding quarterly Safety Committee meetings to review occupational health and safety issues 4. Promoting safety awareness through announcements and educational materials 5. Implementing systematic management in accordance with ISO 45001 6. Complying with occupational safety and health policies, laws, and regulations	2024	Disabling Injury Frequency Rate (FR) lower than 2.7	Disabling Injury Frequency Rate (FR) lower than 0.8	Disabling Injury Frequency Rate (FR) lower than 0.5
Occupational disease prevention	1. Operational Environment Monitoring 2. Annual Routine Special Health Checkups 3. Identification of Various Operational Hazards	2024	Occurrence of occupational disease: 0	Occurrence of occupational disease: 0	Occurrence of occupational disease: 0

Note1: The definitions of Short-Term, Mid-Term, and Long-Term are as follows: Short-Term: 2025; Mid-Term: 2030; Long-Term: 2050

Note2: The occupational safety and health management strategies and targets listed above apply only to the Taiwan office and factory.

Supplier Occupational Safety and Health Audit

In addition to requiring all important operating locations of the group to strictly abide by local occupational safety and health regulations, Sunon also requires suppliers to comply with the Company's Supplier Code of Conduct, which includes occupational safety and health regulations. The Company continuously audits key suppliers every year to confirm whether there are any violations of the Company's occupational safety and health regulations and investigates the number of occupational injuries and occupational diseases that occurred that year to assess suppliers' occupational safety and health management deficiencies. If they are non-serious, the Company proposes items that need improvement and suggested improvements, and gives suppliers a one-month improvement period, and re-examines after one month to ensure that there are no major occupational safety risks in their work areas. All suppliers passed the Company's occupational safety and health audit this year.

6.4.2 Occupational Injuries and Diseases

GRI 403-2、403-9、403-10

Sunon has established a standard reporting procedure for occupational safety and health incidents. When an occupational safety and health incident occurs, the injured person, the supervisor of the workplace or other workers on the scene should immediately handle and respond in accordance with the occupational safety and health management process, and the on-site personnel should immediately report to the occupational injury reporting system under the Occupational Safety Team, explaining the nature of the incident, the identity of the injured person, the location of the incident, the cause of the incident, and the degree of injury. After receiving the report, the Occupational Safety Team will classify the level according to the severity of the incident and simultaneously notify the Global Human Resources Division or medical institution, and jointly investigate the work environment, personnel operation, and standard operating procedures at the time of the incident to see if there are any deficiencies or abnormalities; After clarifying the cause of the accident, the Occupational Safety Team needs to report the accident investigation results and improvement plan to the department supervisor and the Occupational Safety and Health Committee, jointly decide on improvement measures for the work environment or standard procedures, and announce the post-handling and subsequent improvement results to all employees and suppliers, and strengthen training and advocacy of new control guidelines within 3 months after the accident.

Employee Occupational Disaster Record

Compared with the zero accident rate in the previous two years, 3 recordable accidents occurred this year, but none of them were severe or fatal occupational accidents. The main cause of the injuries was personnel not operating the equipment in accordance with regulations, resulting in injuries. After the accident occurred, Sunon provided medical support to the employees, reviewed the cause of the accident, formulated improvement measures, and strengthened advocacy to improve the safety of the workplace and employees' safety awareness to avoid the recurrence of similar incidents.

Employee Occupational Injury and Occupational Disease Statistics Table

	2022	2023	2024
Total Working Hours	23,381,643	18,415,377	20,084,703
Number of Fatalities from Occupational Injuries	0	0	0
Fatality Rate from Occupational Injuries	0	0	0
Number of Severe Occupational Injuries	0	0	0
Severe Occupational Injury Rate	0	0	0
Number of Recordable Accidents	3	13	3
Recordable Accident Rate	0.13	0.71	0.15
Number of Occupational Diseases	0	0	0
Occupational Disease Incidence Rate	0	0	0

Note 1: Total working hours are calculated as (total obligated working days × 8 hours/day) + total overtime hours - total leave hours.

Note 2: Fatality rate from occupational injuries = Number of fatalities from occupational injuries ÷ Total working hours × 1,000,000.

Note 3: Number of serious occupational injuries excludes fatalities and only includes injuries that result in the inability or difficulty to recover to the pre-injury health condition within 6 months.

Note 4: Serious occupational injury rate = Number of serious occupational injuries ÷ Total working hours × 1,000,000.

Note 5: Definition of recordable accidents: Occupational accidents that need to be reported to the government according to local occupational safety and health regulations, including the number of serious occupational injuries and the number of fatalities from occupational injuries.

Note 6: According to the Occupational Safety and Health Administration of Taiwan's Ministry of Labor, commuting accidents are not classified as "occupational accidents" under the Occupational Safety and Health Act, and therefore are not required to be reported or included in the statistics.

Note 7: Recordable accident rate = Number of recordable occupational injuries ÷ Total working hours × 1,000,000.

Note 8: Occupational disease incidence rate = Number of occupational diseases ÷ Total working hours × 1,000,000.

Note 9: The scope of occupational accident records is limited to Sunon's key operational sites.

Near Miss

This year, a total of five near-miss incidents were reported. The primary cause of four of these incidents was personnel inattention. In response, the Company has provided safety training, posted safety signage, and supplied protective equipment to the relevant personnel. The remaining incident was caused by a short-circuit fire involving information technology equipment. No injuries occurred during the incident. To prevent potential disasters in the future, the Company has enhanced its automatic fire extinguishing system.

2024 Near Miss Incident Statistics Table

Near Miss Incident Type	Number of Occurrences	Description	Improvement Measures
Falling	2	While using a step ladder to put up signage, a dormitory supervisor nearly fell due to a foot misstep, resulting in a near-miss incident.	Promoting operational procedures and ensuring protective measures are properly implemented.
		While walking down the dormitory stairway while focused on a smartphone, an employee nearly tripped and fell due to a foot misstep, resulting in a near-miss incident.	Posting safety signage to remind employees to stay alert while using stairways.
Cut injury	1	While trimming tree branches in the factory green belt area, an employee was nearly injured when a branch almost cut his left arm, resulting in a near-miss incident.	Promoting the use of proper protective equipment during operations.
Fire	2	A fire occurred in the information technology cabinets; fortunately, no personnel were harmed.	1. Integrating the IT Cabinets into the automatic fire alarm system. 2. Ensuring the automatic fire extinguishing system in the IT Cabinets is set to Auto mode.
		While cleaning the soldering iron tip of the solder pin equipment, an employee accidentally caused a fire in the acoustic room due to improper handling. Fortunately, no personnel were harmed.	1. Announcing a strict prohibition on bringing open flames or ignition sources into the factory. 2. Strengthening chemical control measures within workshops. 3. Conducting additional employee safety training sessions.

Near Miss Incident Statistics in Recent Three Years

	2022	2023	2024
Number of Near Miss Incidents	2	4	5
Near Miss Incident Rate	0.09	0.22	0.25

Note: Near miss incident rate = Number of near miss incidents ÷ Working hours × 1,000,000.

Occupational Disaster Record of Workers Other Than Employees

In 2024, no external workers had any occupational accidents or occupational disease incidents in Sunon's workplace. Regular advocacy and training for suppliers will continue to maintain the record of zero occupational accidents for external workers.

◆ Annual Statistics of Occupational Injuries and Occupational Diseases of External Workers

	2022	2023	2024
Number of Fatalities from Occupational Injuries	0	0	0
Fatality Rate from Occupational Injuries	0	0	0
Number of Serious Occupational Injuries	0	0	0
Serious Occupational Injury Rate	0	0	0
Number of Recordable Accidents	0	0	0
Recordable Accident Rate	0	0	0
Number of Occupational Diseases	0	0	0
Rate of Occupational Disease	0	0	0

Note 1: The Company has not yet counted the number and working hours of external workers, and since there have been no occupational accidents or occupational disease incidents involving external workers in the past three years, the relevant occupational accident rates are all 0.

Note 2: Number of serious occupational injuries excludes fatalities and only includes injuries that result in the inability or difficulty to recover to the pre-injury health condition within 6 months.

Note 3: Definition of recordable accidents: Occupational accidents that need to be reported to the government according to local occupational safety and health regulations, including the number of serious occupational injuries and the number of fatalities from occupational injuries.

Note 4: The scope of occupational accident records is limited to Sunon's key operational sites.

Chapter 7

Social Engagement and Sustainable Society

7.1 Social Participation

7.1 Social Participation

7.1.1 Fulfilling Corporate Social Responsibility

Mr. Hong Yin-Shu, founder of Sunon, was born in the countryside of Tainan during a time of economic hardship in Taiwan.

Having experienced those challenging times firsthand, he developed a deep understanding of the importance of cultivating local talent through business operations to revitalize regional economies and improve the quality of life for local communities. He also recognizes the vital need for emergency assistance and compassionate care for those facing difficult circumstances. Sunon is committed to giving back to society by leveraging its corporate influence, upholding the values of local employment, support for education and culture, care for the disadvantaged, and promoting public welfare through positive thinking. To promote social harmony and provide tangible support to local residents and vulnerable groups in urgent need, Sunon has quietly taken action over the years. These efforts include distributing emergency supplies, offering scholarships to underprivileged students, supporting disadvantaged families and communities, sponsoring educational institutions, organizing blood donation drives, and encouraging a mindset of positivity. Through these ongoing initiatives, Sunon aims to assist families, children, and individuals who are facing temporary hardships—striving to foster a stable, caring society and a higher quality of life for all.

Sunon Charity Foundation

The "Sunon Charity Foundation" was established in 2007 with funds from Sunon's founder Mr. Hong Yin-Shu and his wife Mrs. Hong Chen Fu-Yin, with the purpose of encouraging care and helping the weak, actively promoting moral education and the spirit of positive thinking and actively facing difficulties, investing in social welfare and emergency assistance, and actively helping disadvantaged children and individual families in society to overcome difficulties, so that they will not forever become a helpless group of socially disadvantaged, guiding people's hearts to think positively and actively face challenges, and regaining the courage to start a new life.

Since 2011, the foundation has actively engaged with the public, with Mr. and Mrs. Hong personally leading the partners of Company's internal Liao-Fan's Four Lessons Happy Living Club to jointly hold the "Inspirational Care Activity", combining with various township offices to distribute emergency supplies, rice, auspicious money, and the book "Explanation and Summary of Liao-Fan's Four Lessons" to those who are economically disadvantaged, marginalized households, and single-parent families. The foundation has gradually started to do good deeds and has deeply entered every corner of Taiwan that needs to be cared for. As the scale of the activity expands every year, the foundation's charity has now reached 20 townships in Taiwan. The number of households benefiting from the foundation's "Inspirational Care Activity" has accumulated to 12,115 (distribution of supplies: cash, rice, books "Explanation and Summary of Liao-Fan's Four Lessons") from 2018 to 2024. Quietly doing good deeds, giving back, and caring for socially disadvantaged groups represent the foundation's greatest original intention and purpose.

SYCP Center

SYCP Center was established in 1989, initially focusing on supporting children with cerebral palsy. Due to the severe motor and sensory impairments that children with cerebral palsy often experience as they grow, many are unable to stand, walk, or even learn and develop normally. This places a significant burden on both their families and society. Moved by this reality, the Sunon's founder—former Chairman Mr. Hong Yin-Shu and his wife Mrs. Hong Chen Fu-Yin—set the guiding principle for the center: "You will grow old, and your child will grow up. If you don't act now, you will regret it in 20 years." This message reminds parents that their children will grow, and if the child cannot stand on their own, there may come a time when the parents can no longer carry them—leaving only helplessness and despair. The center was founded with the hope of helping more individuals with physical and mental disabilities and their families to begin early intervention, to bravely stand up and step out into the world. It upholds the belief that: "A resilient life is like a seed trapped under rocks. As long as it turns toward the sunlight, it will one day break through." SYCP Center encourages people to embrace their right to pursue self-realization and happiness, meeting both family and societal expectations, while also embodying Sunon's commitment to giving back and fulfilling its corporate social responsibility.

The SYCP Center currently serves children aged 0–6 with developmental delays, multiple disabilities, and moderate to profound disabilities, as well as individuals aged 15–35 with multiple and moderate to profound disabilities. The center offers early intervention and screening services, professional team consultations, and actively connects with community resources. Emphasis is placed on developing life skills, physical and cognitive training, and encouraging community participation. The aim is to empower each child and young adult at the center to face their challenges with courage, take meaningful steps toward social interaction, and live a fulfilling and purposeful life. Each individual is encouraged to become a person who not only shines in their own life but also brings happiness to others. Support from all sectors of society is encouraged to help individuals with disabilities stand tall, walk their own path with confidence, and move toward a bright and promising future.

7.1.2 Social Engagement Outcomes

Sunon invests corporate resources and invites colleagues to work together to participate in moral education promotion, inspirational care activities, blood donation activities, etc., hoping to enhance the positive influence on stakeholders through various special activities, combined with long-term cooperative institutions and venues.

2024 Social Engagement Projects and Resource Investment

Social Engagement Development Aspect	Project Name	Invested Resource				Corresponding SDGs
		Cash Donation (NT$)	In-kind Donation (Quantity)	Time Cost (Man-hours)	Management Expense (NT$)	
Charitable Donation	Moral Education	758,416	-	-	-	4
	Education Support	78,000	-	-	-	4
	Social Welfare	1,604,000	-	-	-	2, 3, 4
	Disability Welfare	1,286,750	-	-	-	3
	Emergency Assistance	221,000	-	-	-	1, 3
	Low-income Household Case Care	1,682,032	-	-	-	1, 3, 4
	Financial Aid Scholarships	2,823,779	-	-	-	4
	Inspirational Care	2,697,600	6,744 kg of rice 2,248 copies of "Explanation and Summary of Liao-Fan's Four Lessons" books	1,279	3,833,778	8
Community participation	Blood donation activity	-	162 bags of 250cc blood	182	133,488	3

2024 Social Engagement Project Results

Project Name	Project Introduction	Stakeholder	Project Output
Moral Education	Sunon Charity Foundation starts from the most fundamental education to take root, promoting moral education, cooperating with enterprises and schools to establish diversified promotion projects, promoting the book "Explanation and Summary of Liao-Fan's Four Lessons" which emphasizes the true meaning of "morality" to teachers and students at all levels, expecting to start from individuals and infect families, guiding people's hearts to positive thinking and actions, reshaping personal character of "integrity, honesty, law-abiding, sense of shame", and recreating a good social atmosphere.	Tzu Hui Institute of Technology Tainan Municipal Nansin Junior High School Kaohsiung Municipal Fengjia Junior High School Kao Ying Industrial Commercial Vocational High School Tainan Municipal Anshun Junior High School Kaohsiung Municipal Jhongyun Junior High School Ligang Junior High School of Pingtung County	6,830 people benefited
Education Support	By investing in educational support, we help children in institutional care and those from underprivileged families attend school without worries. This allows them to develop their potential, acquire new skills, and pursue their dreams—empowering them to transform their future.	Bethany Children & Family Foundation World Vision Taiwan	35 people benefited
Social Welfare	In response to the Social Affairs Bureau's various project plans, assistance resources are invested in a timely manner to meet the needs of the elderly and socially marginalized disadvantaged groups.	Kaohsiung City Government Social Affairs Bureau World Vision Taiwan The Mustard Seed Mission Hope Foundation for Cancer Care Chinese Christian Relief Association	595 people benefited
Disability Welfare	To reduce the burden on the general public suffering from major disabilities and their families, long-term support is provided to social welfare institutions to provide professional care and counseling.	Kaohsiung Private SYCP Center Kaohsiung City Government Social Affairs Bureau Kaohsiung Municipal Min-Sheng Hospital Taiwan Disability-Free Association	186 people benefited
Emergency Assistance	We collaborate with schools to provide emergency assistance, living support, long-term educational aid, and medication for major rare diseases to financially disadvantaged students and their families, ensuring that students can pursue their education with peace of mind.	Kaohsiung Municipal Cianjhen Senior High School Kaohsiung Municipal Kaohsiung Vocational High School of Commerce Tzu Hui Institute of Technology Tainan Municipal Anshun Junior High School Kaohsiung Municipal Fengjia Junior High School Kaohsiung Municipal Ruei-Siang Senior High School National Kaohsiung University of Science and Technology Kaohsiung City Government Police Department Cianjhen Precinct	30 people benefited

Project Name	Project Introduction	Stakeholder	Project Output
Low-income Household Case Care	Long-term assistance plans, study aid plans, and other living assistance are carried out for cases in need. Several of the cases are children of Sunon colleagues who suffer from rare diseases, and Sunon provides long-term medical assistance plans. We have initiated a close cooperation network with fire bureaus, social affairs bureaus, and township offices in various places. Through the reporting of frontline government agencies, resources are delivered in a timely manner to the general public who are in urgent need of assistance.	Kaohsiung Municipal Cianjhen Senior High School Kaohsiung Municipal Dawan Junior High School Kaohsiung Municipal Kaohsiung Vocational High School of Commerce Tzu Hui Institute of Technology Tainan Municipal Anshun Junior High School Tainan Municipal Nansin Junior High School Kaohsiung Municipal Jhongyun Junior High School Renai Elementary School, Cianjhen District, Kaohsiung City National Feng-Hsin Senior High School National Fong-Shan Senior High School Soochow University Sunon colleagues	69 people benefited
Financial Aid Scholarships	The scholarship application channel is open long-term to schools at all levels, which may nominate financially disadvantaged students to receive scholarship support.	Kaohsiung Municipal Cianjhen Senior High School Kaohsiung Municipal Kaohsiung Girls' Senior High School Affiliated Senior High School of National Kaohsiung Normal University Kaohsiung Municipal Ruei-Siang Senior High School National Feng-Hsin Senior High School National Fong-Shan Senior High School Kaohsiung Municipal Kaohsiung Vocational High School of Commerce Kaohsiung Municipal Haiching Vocational High School of Technology and Commerce Tzu Hui Institute of Technology National Kaohsing Normal University National Sun Yat-Sen University National Taiwan University National Yunlin University of Technology Soochow University World Vision Taiwan	353 people benefited
Inspirational Care	The group's subsidiary foundation has been actively engaging with the public since 2011, with our company's founders, chairman and their spouses personally leading the Company's partners to start doing good deeds step by step and deeply entering every corner of Taiwan, combining with township offices in various places to distribute emergency supplies (rice, auspicious money, and the book "Explanation and Summary of Liao-Fan's Four Lessons") to economically disadvantaged, marginalized households, single-parent families, etc.	Jiouru Township Office of Pingtung County and local disadvantaged residents Cigu District Office of Tainan City and local disadvantaged residents Yenchao District Office of Kaohsiung City and local disadvantaged residents Donggang Township Office of Pingtung County and local disadvantaged residents Yujing District Office of Taiwan City and local disadvantaged residents Sanmin District Office of Kaohsiung City and local disadvantaged residents Linyuan District Office of Kaohsiung City and local disadvantaged residents Xiaying District Office of Tainan City and local disadvantaged residents	2,248 people benefited
Blood donation activity	Blood still cannot be replaced by artificial blood products in today's technology and is a key life-saving element in many life-threatening emergency surgeries. Sunon provides an activity every year to develop a good habit of regular blood donation, reminding and encouraging colleagues to selflessly dedicate their love and hot blood to save people's lives, and helping others is to take action.	Sunon colleagues Community residents	A total of 162 bags of 250cc blood

Chapter 8

Appendix

8.1 Information of Operating Locations
8.2 GRI Standards Content Index
8.3 SASB Standards Content Index
8.4 Enhance Disclosures of Sustainability Indicators
8.5 Climate-Related Information
8.6 Independent Third Party Assurance Statement

8.1 Information of Operating Locations

Operating Location	Address	Nature of Location
Kaohsiung headquarters and factory	No. 30&32, Ln. 296, Xinya Rd., Qianzhen Dist., Kaohsiung City	Office and Laboratory
	6F.-2, No. 286-3, Xinya Rd., Qianzhen Dist., Kaohsiung City	Office and Warehouse
	1F., No. 286-9, Xinya Rd., Qianzhen Dist., Kaohsiung City	Manufacturing Factory and Warehouse
	3F., No. 288-6~9, Xinya Rd., Qianzhen Dist., Kaohsiung City	Manufacturing Factory and Warehouse
	6F., No. 288-7, Xinya Rd., Qianzhen Dist., Kaohsiung City	Office
	7F., No. 288-8, Xinya Rd., Qianzhen Dist., Kaohsiung City	Office
	7F.-1, No. 288-9, Xinya Rd., Qianzhen Dist., Kaohsiung City	Warehouse
	4F. & 5F., No. 30, Xindu Rd., Qianzhen Dist., Kaohsiung City	Manufacturing Factory
	12F., No. 120, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City	Office
	3F.-7, No. 28, Rende St., Lingya Dist., Kaohsiung City	Employee Dormitory
Taipei Office	4F., No. 356, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	Office
	No. 16&18, Ln. 24, Sec. 1, Huanshan Rd., Neihu Dist., Taipei City	Laboratory
	8F., No. 43-5, Zhongxing Rd., Xizhi Dist., New Taipei City	Office
Sunon Electronics (Kunshan) Co.,Ltd.	No. 168, Nanbin Rd., Kunshan City, Jiansu Province	Manufacturing Factory
Sunon Electronics (Beihai) Co., Ltd.	Zone B6, Beihai Comprehensive Bonded Zone, West Beihai Avenue, Beihai City, Guangxi Zhuang Autonomous Region	Manufacturing Factory
	3F., Bldg. 3, No. 2, Chengdu Rd., Beibu Wanxi Rd., Haicheng Dist., Beihai City, Guangxi Zhuang Autonomous Region	Employee Dormitory
	No. 3, Area A1, Wangang Bonded Logistics Park, Beihai Comprehensive Bonded Zone, Beihai City, Guangxi Zhuang Autonomous Region	Warehouse
	East of Huike Rd., Blk C3, Beihai Comprehensive Bonded Zone, Beihai City, Guangxi Zhuang Autonomous Region	Warehouse
Beihai Lizhun Electronics Co., Ltd.	1F., 2F., and 3F., Bldg. 1, Huike Technology Park, Zone B2, Beihai Comprehensive Bonded Zone, Haicheng District, Beihai City, Guangxi Zhuang Autonomous Region	Manufacturing Factory
	1F., Bldg. 6, North of Huike Rd., Blk C5, Beihai Comprehensive Bonded Zone, Beihai City, Guangxi Zhuang Autonomous Region	Manufacturing Factory
	4F. & 5F., Bldg. 3, No. 2, Chengdu Rd., Beibu Wanxi Rd., Haicheng Dist., Beihai City, Guangxi Zhuang Autonomous Region	Employee Dormitory
Sunon Electronics Philippines Corp.	Lot 5, Block 8, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan	Manufacturing Factory
	Lot 3, Block 8, Hermosa Ecozone Industrial Park, Brgy. Palihan, Hermosa, Bataan	Warehouse
Sunon Inc.	1760 Yeager Ave, La Verne, CA 91750	Office
Sunon SAS	66, avenue des Pépinières, 94832 Fresnes Cedex, France	Office
Sunon Electronics India Private Limited	Spaze IT Park, Tower B, 5th Floor Unit 530. Sohana Road. Sector 49 Gurgaon. Haryana. India, Pincode: 122018	Office

8.2 GRI Standards Content Index

Statement of Use: Sunon has reported ESG information for the period from January 1 to December 31, 2024 in accordance with the GRI Standards
Applicable GRI 1: Foundation 2021
General Disclosures

GRI Standards	Disclosure items	Report Section	Page	Omission Reason	
				Omitted Requirement item	Reason & Explanation
GRI 2: General Disclosures 2021	2-1 Basic Information	2.1.1 Basic Information	17		
	2-2 Entities included in the organization's sustainability reporting	1.1.3 Reporting Boundaries	5		
	2-3 Reporting period, frequency and contact point	1.1.1 Reporting Period	5		
		1.1.7 Contact Information	7		
	2-4 Information Restatements	1.1.4 Information Restatements	6		
	2-5 External Assurance	1.1.6 External Assurance	7		
	2-6 Activities, value chain and other business relationships	3.1.1 Introduction of Products and Services	42		
		4.1.1 Industry's Status Quo and Development	49		
		4.1.2 Supply Chain Structure	51		
	2-7 Employees	6.1.2 Talent Recruitment	68		
	2-8 Workers who are not employees	6.1.2 Talent Recruitment	68		
	2-9 Governance structure and composition	2.2.1 Governance Structure	21		
		2.2.2 Functional Committees	25		
	2-10 Nomination and selection of the highest governance body	2.2.1 Governance Structure	21		
	2-11 Chair of the highest governance body	2.2.1 Governance Structure	21		

GRI Standards	Disclosure items	Report Section	Page	Omission Reason	
				Omitted Requirement item	Reason & Explanation
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	1.4.1 Material Topic Assessment Process	13		
		1.4.2 Impact Management of Material Topics	15		
		2.2.2 Functional Committees	25		
	2-13 Delegation of responsibility for managing impacts	1.4.1 Material Topic Assessment Process	13		
		1.4.2 Impact Management of Material Topics	15		
		2.2.2 Functional Committees	25		
	2-14 Role of the highest governance body in sustainability reporting	1.4.1 Material Topic Assessment Process	13		
		1.4.2 Impact Management of Material Topics	15		
		2.2.2 Functional Committees	25		
	2-15 Conflicts of interest	2.2.1 Governance Structure	21		
	2-16 Communication of critical concerns	2.2.1 Governance Structure	21		
		2.2.2 Functional Committees	25		
	2-17 Collective knowledge of the highest governance body	2.2.1 Governance Structure	21		
	2-18 Evaluation of the performance of the highest governance body	2.2.1 Governance Structure	21		
	2-19 Remuneration policies	2.2.1 Governance Structure	21		
		2.2.2 Functional Committees	25		
	2-20 Process to determine remuneration	2.2.2 Functional Committees	25		
	2-21 Annual total compensation ratio	6.2.1 Equal and Competitive Compensation	74		
	2-22 Statement on sustainable development strategy	1.2.1 Message from the Chairman	8		
	2-23 Policy commitments	2.4.1 Ethical Management	29		
		2.4.2 Human Rights Policy	31		

GRI Standards	Disclosure items	Report Section	Page	Omission Reason	
				Omitted Requirement item	Reason & Explanation
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	2.4.1 Ethical Management	29		
		2.4.2 Human Rights Policy	31		
	2-25 Processes to remediate negative impacts	2.4.1 Ethical Management	29		
		2.4.2 Human Rights Policy	31		
		5.5.3 Waste Clearance and Disposal	66		
		6.1.3 Labor-Management Agreement	73		
		6.4.1 Occupational Safety and Health Management	81		
	2-26 Mechanisms for seeking advice and raising concerns	2.4.1 Ethical Management	29		
		2.4.2 Human Rights Policy	31		
	2-27 Legal Compliance	2.4.3 Legal Compliance	32		
	2-28 Membership associations	2.1.1 Basic Information	17		
	2-29 Approach to stakeholder engagement	1.3.1 Identification of Stakeholders	10		
		1.3.2 Stakeholder Communication	10		
	2-30 Collective bargaining agreements	-	-		As Sunon does not have a labor union, this disclosure item is not applicable.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.4.1 Material Topic Assessment Process	13		
		1.4.2 Impact Management of Material Topics	15		
	3-2 List of material topics	1.4.1 Material Topic Assessment Process	13		
		1.4.2 Impact Management of Material Topics	15		

Material Topics Disclosure

Disclosure items	Report Section	Disclosure items	Page	Omission Reason	
				Omitted Requirement item	Omitted Requirement item
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2.3.1 Economic Value	27		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	2.4.1 Ethical Management	29		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4.1 Ethical Management	29		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	5.1.2 Material Procurement	56		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.2.2 Energy Consumption	58		
	302-3 Energy intensity	5.2.2 Energy Consumption	58		
	302-5 Reductions in energy requirements of products and services	3.1.2 Green Product R&D	45		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.3.1 Greenhouse Gas Inventory	60		
	305-2 Energy indirect (Scope 2) GHG emissions	5.3.1 Greenhouse Gas Inventory	60		
	305-3 Other indirect (Scope 3) GHG emissions	5.3.1 Greenhouse Gas Inventory	60		
	305-4 GHG emissions intensity	5.3.1 Greenhouse Gas Inventory	60		
	305-5 Reduction of GHG emissions	5.3.1 Greenhouse Gas Inventory	60		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.2.1 Product Quality Management	47		

Specific Topic Disclosure

Disclosure items	Report Section	Report Section	Page	Omission Reason	
				Omitted Requirement item	Omitted Requirement item
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	2.5.2 Identification and Assessment of Climate Risks and Opportunities	34		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.2.1 Equal and Competitive Compensation	74		
	202-2 Proportion of senior management hired from the local community	6.1.2 Talent Recruitment	68		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	4.1.2 Supply Chain Structure	51		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.4.1 Ethical Management	29		
	205-2 Communication and training about anti-corruption policies and procedures	2.4.1 Ethical Management	29		
GRI 303: Water and Effluents 2018	303-3 Water Withdrawal	5.4.1 Water Withdrawal and Consumption	63		
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NO), sulfur oxides (SO), and other significant air emissions	5.3.2 Other Air Pollutants Emissions	62		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.5.1 Waste Impact Assessment	64		
	306-2 Management of significant waste-related impacts	5.5.1 Waste Impact Assessment	64		
		5.5.2 Waste Management Policy	65		
	306-3 Waste generated	5.5.3 Waste Clearance and Disposal	66		
	306-4 Waste diverted from disposal	5.5.3 Waste Clearance and Disposal	66		
	306-5 Waste directed to disposal	5.5.3 Waste Clearance and Disposal	66		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	4.2.1 Supply Chain Management Policy	52		
		4.2.2 Supply Chain Audit Performance	53		
	308-2 Negative environmental impacts in the supply chain and actions taken	4.2.2 Supply Chain Audit Performance	53		

Disclosure items	Report Section	Report Section	Page	Omission Reason	
				Omitted Requirement item	Omitted Requirement item
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.1.2 Talent Recruitment	68		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.2 Comprehensive Benefits	76		
	401-3 Parental leave	6.2.3 Family-Friendly Workplace	77		
GRI 403: Occupational Safety and Health 2018	403-1 Occupational health and safety management system	6.4.1 Occupational Safety and Health Management	81		
	403-2 Hazard identification, risk assessment, and incident investigation	6.4.1 Occupational Safety and Health Management	81		
		6.4.2 Occupational Injuries and Diseases	85		
	403-3 Occupational Health Services	6.4.1 Occupational Safety and Health Management	81		
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.4.1 Occupational Safety and Health Management	81		
	403-5 Worker training on occupational health and safety	6.4.1 Occupational Safety and Health Management	81		
	403-6 Promotion of worker health	6.4.1 Occupational Safety and Health Management	81		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4.1 Occupational Safety and Health Management	81		
	403-8 Workers covered by an occupational health and safety management system	6.4.1 Occupational Safety and Health Management	81		
	403-9 Work-related injuries	6.4.1 Occupational Safety and Health Management	81		
		6.4.2 Occupational Injuries and Diseases	85		
	403-10 Work-related ill health	6.4.1 Occupational Safety and Health Management	81		
		6.4.2 Occupational Injuries and Diseases	85		

Disclosure items	Report Section	Report Section	Page	Omission Reason	
				Omitted Requirement item	Omitted Requirement item
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.3.1 Training and Development	78		
	404-2 Programs for upgrading employee skills and transition assistance programs	6.3.1 Training and Development	78		
	404-3 Percentage of employees receiving regular performance and career development reviews	6.3.2 Performance Evaluation	80		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.2.1 Governance Structure	21		
		6.1.2 Talent Recruitment	68		
	405-2 Ratio of basic salary and remuneration of women to men	6.2.1 Equal and Competitive Compensation	74		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination andcorrective actions taken	2.4.2 Human Rights Policy	31		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.4.2 Human Rights Policy	31		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	2.4.2 Human Rights Policy	31		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.4.2 Human Rights Policy	31		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	4.2.1 Supply Chain Management Policy	52		
		4.2.2 Supply Chain Audit Performance	53		
	414-2 Negative social impacts in the supply chain and actions taken	4.2.2 Supply Chain Audit Performance	53		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6.1 Information Security Management Policy	36		

8.3 SASB Standards Content Index

Statement of Use: Sunon has reported ESG information for the period from January 1 to December 31, 2024 in accordance with the SASB Standards

SASB Code: RT-EE

Indicator Type	SASB Indicator Code	Disclosure Topic	Disclosure items	Nature	Annual Disclosure Statement	Report Section	Page	Omission Reason	
								Omitted Requirement item	Reason & Explanation
Accounting Metric	RT-EE-130a.1	Energy Management	(1) Total energy consumed	Quantitative Analysis	149,801.945 Gigajoules (GJ)	5.2.2 Energy Consumption	58		
			(2) Percentage from grid electricity	Quantitative Analysis	96.11%	5.2.2 Energy Consumption	58		
			(3) Percentage from renewable	Quantitative Analysis	42.19%	5.2.2 Energy Consumption	58		
Accounting Metric	RT-EE-150a.1	Hazardous Waste Management	(1) Amount of hazardous waste generated	Quantitative Analysis	92.354 Metric tons (t)	5.5.3 Waste Clearance and Disposal	66		
			(2) Percentage hazardous waste recycled	Quantitative Analysis	19.36%	5.5.3 Waste Clearance and Disposal	66		
Accounting Metric	RT-EE-150a.2	Hazardous Waste Management	(1) Number of reportable leaks	Quantitative Analysis	0 time	-			
			(2) Total number of reportable leaks	Quantitative Analysis	0 Kilograms (kg)	-			
			(3) Recovered quantity of reportable leaks	Quantitative Analysis	0 Kilograms (kg)	-			
Accounting Metric	RT-EE-250a.1	Product Safety	(1) Number of Recall Announcements	Quantitative Analysis	0 time	3.2.1 Product Quality Management	47		
			(2) Number of recalls and total units recalled	Quantitative Analysis	0 PCS	3.2.1 Product Quality Management	47		
Accounting Metric	RT-EE-250a.2	Product Safety	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative Analysis	0 NT$	3.2.1 Product Quality Management	47		

Indicator Type	SASB Indicator Code	Disclosure Topic	Disclosure items	Nature	Annual Disclosure Statement	Report Section	Page	Omission Reason	
								Omitted Requirement item	Reason & Explanation
Accounting Metric	RT-EE-410a.1	Hazardous Waste Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative Analysis	0%	-			
Accounting Metric	RT-EE-410a.2	Product Lifecycle Management	Percentage of eligible products, by revenue, that meet Energy Star® criteria	Quantitative Analysis	0.13%	3.1.2 Green Product R&D	45		
Accounting Metric	RT-EE-410a.3	Product Lifecycle Management	Revenue from renewable energy-related and energy efficiency-related products	Quantitative Analysis	12,452,000,000 NT$	3.1.2 Green Product R&D	45		
Accounting Metric	RT-EE-440a.1	Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	Establish more than 2 suppliers for critical materials to share the risk of unstable supply; and place orders 2-3 months in advance to avoid the risk of market shortages.	2.7.1 Risk Identification and Mitigation Measures	39		
Accounting Metric	RT-EE-510a.1	Ethical Management	(1) Description of policies and practices for prevention of corruption and bribery	Discussion and Analysis	Establishing relevant prevention and remedy measures, setting up an independent supervisory unit, requiring employees and suppliers to sign related documents, conducting training sessions irregularly, and providing a whistleblowing channel.	2.4.1 Ethical Management	29		
			(2) Description of policies and practices for prevention of anti-competitive behavior	Discussion and Analysis		2.4.1 Ethical Management	29		
Accounting Metric	RT-EE-510a.2	Ethical Management	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative Analysis	0 NT$	2.4.1 Ethical Management	29		
Accounting Metric	RT-EE-510a.3	Ethical Management	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative Analysis	0 NT$	2.4.1 Ethical Management	29		
Activity Metric	RT-EE-000.A		Number of products produced	Quantitative Analysis	AC Fan: 2,492,344 PCS DCFan: 118,099,572 PCS	2.1.1 Basic Information	17		
Activity Metric	RT-EE-000.B		Number of employees	Quantitative Analysis	7,334 Persons	6.1.2 Talent Recruitment	68		

8.4 Enhance Disclosures of Sustainability Indicators

Sustainable Disclosure Indicators - Electronic Components Industry					
No.	Indicator	Indicator Type	Annual Disclosure Status	Report Section	Remark
1	Total energy consumption	Quantitative	149,801.945 Gigajoules (GJ)	5.2.2 Energy Consumption	
	Percentage of purchased electricity	Quantitative	96.11%	5.2.2 Energy Consumption	
	Percentage of renewable energy use	Quantitative	42.19%	5.2.2 Energy Consumption	
2	Total water withdrawal	Quantitative	265.044 Thousand cubic meters (m^3)	5.4.1 Water Withdrawal and Consumption	
	Total water consumption	Quantitative	265.044 Thousand cubic meters (m^3)	5.4.1 Water Withdrawal and Consumption	Water discharge is not calculated, therefore we assume that total water discharge equals to total water withdrawal.
3	Weight of hazardous waste generated	Quantitative	92.354 Metric tons (t)	5.5.3 Waste Clearance and Disposal	
	Percentage of hazardous waste recycled	Quantitative	19.36%	5.5.3 Waste Clearance and Disposal	
4	Occupational accident category, number of persons	Quantitative	3 recordable accidents with a total of three injuries occurred this year, mainly due to personnel not operating equipment in accordance with regulations, resulting in injuries.	6.4.2 Occupational Injuries and Diseases	
	Occupational accident rate	Quantitative	0.15%	6.4.2 Occupational Injuries and Diseases	
5	Product life cycle management disclosure: Weight and recycling percentage of scrap products and electronic waste (Note 1)	Quantitative	Sunon's main business operation is B2B, therefore the disposal and recycling of end-of-life products is handled by downstream customers, which Sunon does not recyle or dispose of.	5.1.4 Packaging Material Recycling and Reuse	
6	Description of risk management related to the use of critical materials	Qualitative description	Establish more than 2 suppliers for critical materials to share the risk of unstable supply; and place orders 2-3 months in advance to avoid the risk of market shortages.	2.7.1 Risk Identification and Mitigation Measures	
7	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	Sunon was not subject to any legal proceedings associated with anti-competitive behavior regulations during the corresponding period. The total amount of monetary losses is 0 New Taiwan Dollars (NT$).	2.4.1 Ethical Management	
8	Main product output by product category	Quantitative	AC Fans: 2,492,344 pcs DC Fans: 118,099,572 pcs	2.1.1 Basic Information	

Note 1: Including by-products sold or other recycling treatment, relevant descriptions should be provided.

8.5 Climate-Related Information

Climate-Related Information of TWSE/TPEx Listed Company
Implementation of Climate-Related Information

Item	Implementation Status	Page
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	Y	33
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Y	34
3. Describe the financial impact of extreme weather events and transformative actions.	Y	34
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Y	33
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	N	-
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks..	Y	34
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Y	60
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Y	34
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below)	Y	-

9-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

9-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years

2023

Company	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Emission Intensity of Scope 1 and Scope 2 (tCO_2e/million NT$)	Scope 3 (tCO_2e)	Emission Intensity of Scope 3 (tCO_2e/million NT$)
Parent Company	128.782	2,385.035	0.261	1,430.684	0.148
Subsidiaries	2,209.046	18,088.761	6.196	228,790.198	69.840
Total	2,337.827	20,473.797	1.766	230,220.882	17.826

2024

Company	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Emission Intensity of Scope 1 and Scope 2 (tCO_2e/million NT$)	Scope 3 (tCO_2e)	Emission Intensity of Scope 3 (tCO_2e/million NT$)
Parent Company	117.157	2,160.877	0.210	2,215.558	0.204
Subsidiaries	2,114.199	11,000.155	3.489	120,832.838	32.150
Total	2,231.356	13,161.032	1.053	123,048.396	8.414

9-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

2023 GHG Inventory Assurance

Company	Scope of Assurance	Assurance Institution	Assurance Standards	Assurance Opinion
Parent Company	Scope 1 Scope 2 Scope 3	DNV GL Business Assurance Co., Ltd. (DNV)	ISO 14064-3	This Greenhouse Gas (GHG) Inventory, prepared in accordance with ISO 14064-1:2018, has been verified by DNV GL Business Assurance Co., Ltd. (DNV) in accordance with the guidelines of ISO 14064-3:2019. DNV provided a reasonable level of assurance for Category 1 and Category 2 emissions, and a limited level of assurance for Category 3 and Category 4 emissions.
Subsidiaries	Scope 1 Scope 2 Scope 3	DNV GL Business Assurance Co., Ltd. (DNV)	ISO 14064-3	This Greenhouse Gas (GHG) Inventory, prepared in accordance with ISO 14064-1:2018, has been verified by DNV GL Business Assurance Co., Ltd. (DNV) in accordance with the guidelines of ISO 14064-3:2019. DNV provided a reasonable level of assurance for Category 1 and Category 2 emissions, and a limited level of assurance for Category 3 and Category 4 emissions.

2024 GHG Inventory Assurance

Company	Scope of Assurance	Assurance Institution	Assurance Standards	Assurance Opinion
Parent Company	Scope 1 Scope 2 Scope 3	DNV GL Business Assurance Co., Ltd. (DNV)	ISO 14064-3	This Greenhouse Gas (GHG) Inventory, prepared in accordance with ISO 14064-1:2018, has been verified by DNV GL Business Assurance Co., Ltd. (DNV) in accordance with the guidelines of ISO 14064-3:2019. DNV provided a reasonable level of assurance for Category 1 and Category 2 emissions, and a limited level of assurance for Category 3 and Category 4 emissions.
Subsidiaries	Scope 1 Scope 2 Scope 3	DNV GL Business Assurance Co., Ltd. (DNV)	ISO 14064-3	This Greenhouse Gas (GHG) Inventory, prepared in accordance with ISO 14064-1:2018, has been verified by DNV GL Business Assurance Co., Ltd. (DNV) in accordance with the guidelines of ISO 14064-3:2019. DNV provided a reasonable level of assurance for Category 1 and Category 2 emissions, and a limited level of assurance for Category 3 and Category 4 emissions.

9-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Starting in 2022, Sunon has conducted annual greenhouse gas (GHG) inventories to regularly monitor and assess emissions at the organizational level.

The year 2022 has also been designated as the base year, during which Scope 1 emissions totaled 2,148.659 tCO_2e, Scope 2 emissions were 22,281.1582 tCO_2e, and Scope 3 emissions amounted to 158,673.764 tCO_2e.

In 2023, Sunon submitted its commitment to the Science Based Targets initiative (SBTi) under the 1.5°C pathway. The Company has set a goal to reduce combined Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy use) by 6.25% annually, aiming for a 50% reduction by 2030 and achieving net-zero emissions by 2050.

To meet the 2050 net-zero target, Sunon has developed a low-carbon transition plan that includes the following key actions:

1. Actively pursuing voluntary carbon reduction by developing energy-efficient production equipment and processes, improving energy efficiency, and increasing resource productivity.
2. Gradually increasing the purchase of renewable energy, while encouraging upstream supply chain partners to support the low-carbon transition through concrete actions.
3. Investing in zero-emission technologies and participating in carbon offset programs to address residual emissions and those currently limited by available technologies.
4. Introducing recycled and low-carbon materials, and continuously investing in R&D to enhance motor efficiency and develop energy-saving technologies.

Compared to the 2022 base year, Sunon in 2024 focused on replacing major energy-consuming equipment and increasing the use of renewable energy. These efforts led to a total reduction of 9,037 tCO_2e in Scope 1 and Scope 2 emissions, representing a 37% decrease.

Looking ahead, Sunon will not only continue its own carbon reduction efforts, but also actively engage, communicate with, and encourage supply chain partners to join the mission—working together toward a net-zero future.

8.6 Independent Third Party Assurance Statement

Crowe

國富浩華聯合會計師事務所
Crowe (TW) CPAs
80250高雄市苓雅區四維三路6號27樓之1
27F-1., No.6, Siwei 3rd Rd., Lingya Dist.,Kaohsiung City 80250, Taiwan
Tel +886 7 3312133
Fax +886 7 3331710
www.crowe.tw

會計師有限確信報告

建準電機工業股份有限公司　公鑒:

建準電機工業股份有限公司民國 113 年度永續報告書，業經本會計師針對建準電機工業股份有限公司所選定之績效指標執行確信程序竣事，並出具有限確信報告。

確信標的資訊與適用基準

建準電機工業股份有限公司所選定之績效指標(以下簡稱確信標的資訊)與適用基準，請詳附件一「確信標的資訊彙總表」。

管理階層之責任

管理階層之責任係依照臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」及全球永續性報告協會(Global Reporting Initiatives，GRI)發布之通用準則、行業準則及主題準則編製確信標的資訊，且維持與確信標的資訊編製有關之必要內部控制，以確保確信標的資訊未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師之責任係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」規劃及執行有限確信案件，基於所執行之程序與所獲取之證據，對確信標的資訊(詳附件一)是否未存有重大不實表達取得有限確信，並出具有限確信報告。相較於合理確信案件，有限確信案件所執行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取得之確信程度亦明顯低於合理確信案件中取得者。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關確信標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括:

Crowe

- 對參與編製確信標的資訊之管理階層及相關人員進行查詢，以瞭解編製確信標的資訊之政策、流程、內部控制及資訊系統，以辨認可能存有重大不實表達之領域；
- 對確信標的資訊選取樣本進行檢查、驗算、重新執行及分析性程序等程序，以取得有限確信之證據。

先天限制

由於諸多確信項目係屬非財務資訊，相較於財務資訊之確信受有更多先天限制，故該等資訊之相關性、重大性與正確性之解釋可能涉及更多管理階層之重大判斷、假設與解釋，不同利害關係人對該等資訊亦可能有不同之解讀。

獨立性及品質管理規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。

本會計師所隸屬會計師事務所適用品質管理準則 1 號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之政策或程序。

確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面有未依照適用基準編製而須作修正之情事。

其他事項

本確信報告出具後，建準電機工業股份有限公司對任何確信確信標的資訊或適用基準之變更，本會計師不負就該等資訊重新執行確信工作之責任。

國富浩華聯合會計師事務所
會計師: 黃　鈴　雯
民國 114 年 4 月 10 日

8.6 Independent Third Party Assurance Statement

附件一：確信標的資訊彙總表

編號	確信標的資訊	對應章節	適用基準
1	消耗能源總量：149,801.945 十億焦耳(GJ) 外購電力百分比：96.11% 再生能源使用率：42.19%	5.2.2 能源消耗	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號一 消耗能源總量、外購電力百分比及再生能源使用率。
2	總取水量：265,044 立方公尺(m³) 總耗水量：265,044 立方公尺(m³)	5.4.1 取水情形與取水量	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號二 總取水量及總耗水量。
3	所產生有害廢棄物之重量：92.354 公噸 所產生有害廢棄物回收百分比：19.36%	5.5.3 廢棄物清運處置	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號三 所產生有害廢棄物之重量及回收百分比。
4	職業災害類別、人數：本年度發生 3 件可記錄事故，受傷人數 3 人，其受傷原因主要為人員未依規定操作機台所造成之傷害。 職業災害比率：0.15%	6.4.2 職業傷害與職業病	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號四 說明職業災害類別、人數及比率。
5	本公司主要為 B2B 的商業模式，產品生命週期之最終報廢及回收作業皆由下游客戶進行處置，本公司未回收報廢產品。	5.1.4 包材回收再利用	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號五 產品生命週期管理之揭露：含報廢產品及電子廢棄物之重量以及再循環之百分比。
6	關鍵性原物料須具備 2 家以上供應商，分攤來料不穩定性風險；並提早 2-3 個月下單備料，以避免市場缺料風險。	2.7.1 風險鑑別與因應措施	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號六 與使用關鍵材料相關的風險管理之描述。
7	本公司今年度無發生反競爭行為相關之法律訴訟事件，故損失總額為新台幣 0 元。	2.4.1 誠信經營	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號七 因與反競爭行為條例相關的法律訴訟而造成的金錢損失總額。
8	AC 風扇：2,492,344 台 DC 風扇：118,099,572 台	2.1.1 基本資訊	上市公司編製與申報永續報告書作業辦法第四條附表一之十二編號八 依產品類別之主要產品產量。

SUNON®