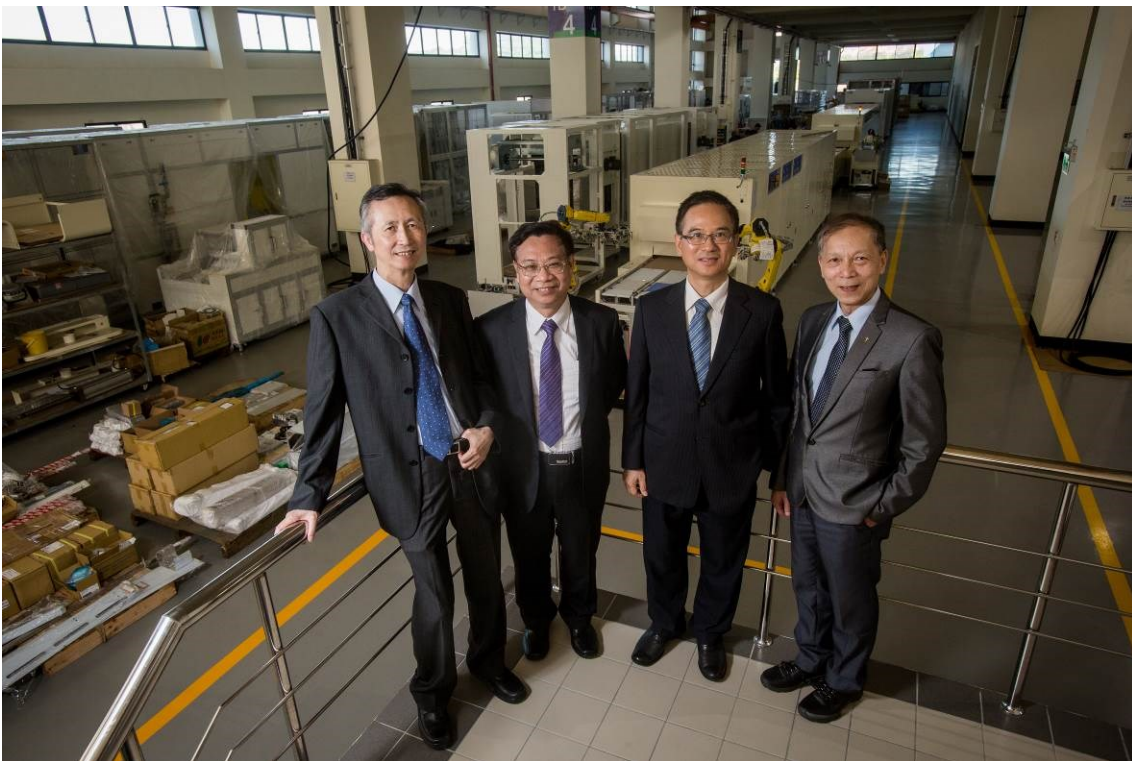




## ESG Report

Group Up Industrial Co. Ltd.



August 2024

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# Chapter 1 Introduction

## 1.1 Report Information

### About this report

GP Industrial Co., Ltd. follows the latest Global Reporting Initiative (GRI) standards to compile its corporate sustainability report. The report covers the company's operational, employee, governance, and stakeholder engagement practices based on environmental, social, and corporate governance aspects. The report analyzes the key issues and reviews the company's specific actions and improvement policies in sustainable development, fulfilling corporate social responsibility. GP Industrial aims to demonstrate industry leadership, contribute to global sustainable development and well-being.

### Reporting period, boundary, and data

This report mainly discloses the corporate sustainability management policy and performance for the whole year of 2023 (from January 1st to December 31st). Some information was traced back to before 2022, moderately presenting mid-to-long-term changes and comparing trends. The boundary of this report is mainly GP Industrial Co., Ltd., including the Taiwan head office and factory; there are also Suzhou factory and affiliated companies, which are not included in the disclosure scope of this report for the time being. The core operating base of this sustainability report is Yangmei District, Taoyuan City.

Some of the financial data in this report are publicly released information approved by accountants, all of which are measured in NT dollars; relevant data such as environmental protection and employee care for the community were the results of the company's own investigation and statistics, except for electricity consumption. Because the original data is not easy to obtain, it is derived from relevant expenses. The carbon emission coefficient of electricity in 2023 had been certified as 0.495kg CO<sub>2</sub>e, and the government has set the benchmark for the carbon emission coefficient of electricity in 2024 to be 0.494kg CO<sub>2</sub>e, and in 2025 to be 0.424 kg CO<sub>2</sub>e.

### Publish date

In the future, GP will continue to prepare and publish ESG reports every year, to regularly communicate with stakeholders regarding the company's performance and commitment to key sustainability issues. The relevant information on the company's official website is gradually updated. The ESG report will be published simultaneously on the Market Observation Post System and the investor section of the company's official website [https://www.gpline.com.tw/message\\_tw.php](https://www.gpline.com.tw/message_tw.php).

The previous version of the report: June 2023, the current version: August 2024.

The expected release date of the next version: June 2025.

### Contact of the company

Company Name	Group Up Industrial Co. Ltd	Address	No.188, He-Ping Road, Yang-Mei, Taoyuan City, Taiwan (R.O.C)
Phone	(+886) 3-485-3536		
Email	gp@gpline.com.tw	Website	<a href="http://www.gpline.com.tw">http://www.gpline.com.tw</a>
Instagram	<a href="https://www.instagram.com/gpline5277/">https://www.instagram.com/gpline5277/</a>	Facebook	<a href="https://www.facebook.com/gp23555277">https://www.facebook.com/gp23555277</a>

Spokesman: Mr. Bill Yu

Deputy spokesman: Mr. Ray Hung

### Shareholder Meeting Information



### Market Observation Post System



## 1.2 Message from the Chairman

GP is facing global challenges due to various factors, such as economic fluctuations, inflationary pressures, and interest rate hikes. However, we are working hard to overcome these hurdles and remain at the forefront of technological research, responding to end customer needs, and exploring emerging markets.

In 2023, we were proudly recognized in Forbes' list of "Asia's 200 Best Under a Billion." This year, we are taking proactive measures by participating in the Net Zero Transformation Initiative to meet customer expectations and become a green supply chain in line with sustainable development trends. We are currently working on ISO14064-1 organization-based GHG emission inventory in our Yangmei plant. This lays a solid foundation for the future compilation of GHG emission data. In order to achieve the goal of net zero emissions by 2050, we have completed the construction of rooftop solar panels, which demonstrates GP's commitment to becoming a green supply chain through the application of green energy and following the trend of sustainable development.

GP celebrate our achievements with our employees and local welfare organizations, recognizing that their collective efforts have led to our past successes. We are committed to providing an excellent working environment with competitive compensation and benefits for our employees.

This year 2023 also marks the 33rd anniversary of GP's establishment. In order to express our gratitude for the hard work of our employees, we held a Family Day at the Puxin Farm. Employees were invited to bring their families to participate, as well as local welfare organizations. We are fully aware that our past achievements are the result of teamwork, and that the future development of the company will also rely on the cooperation of our employees. Therefore, providing an excellent working environment and compensation and benefits has always been a priority for our management team.

In the future, we will adhere to the entrepreneurial spirit of being hands-on and practicing corporate sustainability. Our goal is to become a quality company in the high-end electronic equipment industry that possesses both R&D technology and sustainable management capabilities.

Sincere yours,

Mr. Chen, An Shun  
August 2024



Figure 1-1 Chairman Mr. Chen, with the motto of Group Up Industrial

### 1.3 Commitment

GP is committed to innovation, research, development, and enhancing industrial competitiveness. We adhere to the Responsible Business Alliance (RBA) Code of Conduct. We ensure that our employees' working conditions and supply chain are safe and secure. Our business operations are environmentally friendly and ethical. We also look forward to fulfilling our social responsibility and promoting our sustainable development capability.



Figure 1-2 RBA Code of Conduct

Source: <https://www.responsiblebusiness.org/code-of-conduct/>

Table 1-1 RBA Code of Conduct

Labor	Health And Safety	Environment	Ethics	Management Systems
Prohibition of Forced Labor Prohibition of Child Labor Reasonable Working Hours Salary and Benefits Non-Discrimination/Non-Harassment/Humane Treatment Freedom of Association and Collective Bargaining	Occupational Health and Safety Emergency Preparedness Occupational Injury and Illness Industrial Hygiene Physically Demanding Work Machine Safeguarding Sanitation, Food, and Housing Health and Safety Communication	Environmental Permits and Reporting Pollution Prevention and Resource Conservation Hazardous Substances Solid Waste Air Emissions Materials Restrictions Water Management Energy Consumption and Greenhouse Gas Emissions	Business Integrity No Improper Advantage Disclosure of Information Intellectual Property Fair Business, Advertising, and Competition Protection of Identity and Non-Retaliation Responsible Sourcing of Minerals Privacy	Company Commitment Management Accountability and Responsibility Legal and Customer Requirements Risk Assessment and Risk Management Improvement Objectives Training Communication Worker/Stakeholder Engagement and Access to Remedy Audits and Assessments Corrective Action Process Documentation and Records Supplier Responsibility

Source: <https://www.responsiblebusiness.org/code-of-conduct/>

## 1.4 Sustainability Highlights in 2023



Governance

1. Ranked as one of the "Asia's 200 Best Under a Billion" by Forbes Magazine for the first time.
2. Ranked in the top 21% to 35% in the 9th Corporate Governance Assessment.
3. In July 2023, we completed the construction of the fourth floor in Yangmei headquarter factory to increase manufacturing capacity.
4. Common Wealth Magazine ranks the company as No. 957th in the National Manufacturing Industry, an almost 100-place improvement. We successfully entered the top 1,000 companies and were ranked as No. 64th in the electrical and mechanical equipment market. Global Views Magazine also named us the King of Growth and Profitability.



Social

1. The average yearly income for full-time non-supervisory employees is NT\$946,000, with a median of NT\$900,000. This statistic is greater than the industry median of NT\$722,200, according to the Department of Accounting and Statistics, Executive Yuan.
2. Foreign nationalities account for nearly 20% of all employees, including 9 Vietnamese, 9 Thais, and 34 Filipinos, for a total of 52 employees.
3. The company will implement a fair and transparent performance appraisal and evaluation process to appropriately reward and encourage employees' contributions to the company.
4. Annual health check-ups for all employees, with one-on-one medical treatment and counseling available upon request.
5. Organize domestic and overseas employee tours, with four tours scheduled for 2023 (Nantou, Kinmen, Japan, and Vietnam).
6. Participated in social welfare activities. The Employee Welfare Committee approved a budget of NT\$5,159,704 for purchases, NT\$231,000 for social welfare donations, and NT\$378,717 for association expenses.



Environment

1. Annual electricity consumption increased by 15% to 967,256 kWh.
2. Annual greenhouse gas emissions increased by 83% to 932 tons.
3. Annual water consumption decreased by 20% to 4,262 m<sup>3</sup>.
4. The total weight of recyclables for the year increased by 46% to 89 tons.
5. The first phase of the rooftop Solar power project is completed and active in July 2023.



## 1.5 GP and United Nations Sustainable Development Goals

In the year of 2015, member states of the United Nations adopted the "2030 Agenda for Sustainable Development" and a total of 17 Sustainable Development Goals (Sustainable Development Goals, referred to as SDGs), entering a new era of global sustainable development. The 17 sustainable development goals and the 169 sub-goals not only point out the most urgent sustainable development issues in countries around the world, but also reveal the key tools needed to move towards sustainable economic, environmental, and social development, enabling enterprises to have a clearer direction on the road to sustainable development. GP has actively responded and taken actions from 2021 to 2030.

This is also the key decade (Decade of Action) for global sustainable development referred by the United Nations, strives for all companies, governments, and individuals to work together for the next generation.



Figure 1-3 Group Up Industrial and the SDGs

## 1.6 GP's Contribution to SDGs

Table 1-2 GP responds to SDGs-related actions

Categories	Actions and Contributions	Sustainable Development Goals
Environment (E)	Construction of rooftop solar panel	Goal 7: Affordable and clean energy
	Control greenhouse gas emissions and reduce carbon footprint of manufacturing process each year	Goal 13: Climate action
	Promote energy efficiency by recycling waste and water resources	Goal 12: Responsible consumption and production
Social (S)	Provide a safe work environment, stabilize employee compensation and benefits	Goal 8: Decent work and economic growth
	Provide social services in the Yangmei district	Goal 1: No Poverty
	Provide fair employment opportunities and promoting diversity	Goal 10: Reduced inequality
	Public/private university industry-academic collaborations	Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development goals
Governance (G)	Construction of a fourth-floor factory, talent training base and promotion of technological innovation	Goal 9: Industry, Innovation and Infrastructure
	Participate in external associations' environmental sustainability initiatives.	Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development goals Goal 13: Climate action

## 1.7 Materiality Assessments

The company used a 4-step framework to assess the materiality of sustainability. Step one, we tried to understand the overall organizational context; step two, ESG team assessed the actual and potential impacts for each dimension; step three, we assessed the significance of ESG impacts. Final step, GP confirmed and disclosed the materiality to the public.

### **Step 1 Understand the organizational context**

#### **(1) Stakeholder identification and negotiation**

All employees of GP Industry are committed to working together with internal and external partners to establish an effective communication channel to create a sustainable future. According to their direct or indirect impact on the company's operating decisions, the company's identified stakeholders are mainly divided into the following six types, and are simultaneously disclosed on the official website. The types of stakeholders and maintenance objectives are as follows:

Table 1-3 GP's stakeholder

Subjects	Focused Issues	Maintenance Measures
Employee	Protecting Employee Rights and Benefits	Earthquake and fire Drill/Regular RBA Code of Conduct 7.0 TPCA equipment safety certificate
	Recruitment and Retention of Talents	Sound salary, benefits and promotion
	Diversity and Inclusion	Handling of major festivals for foreign colleagues
	Developing Talent	Subsidized staff education and training, on-the-job training
Shareholders/Investors	Financial Performance	Annual shareholders meeting/Annually Investor conference/Annually Physical meeting, online meeting/Occasionally
	Risk Management	Annual report/Yearly Sustainability report/Annual Release of significant information on MOPS/Occasionally
	Climate and Energy Management	Carbon footprint verification IFRS
Customer	Product Quality and Safety	ISO 9001
	Customer Relationship Management	Client meeting/Occasionally
Supplier	Business Ethics/Legal Compliance	RBA Code of Conduct 7.0
	Product Quality and Safety	ISO 9001
Government/Association	Public-Private Partnerships	Official correspondence and visits/Occasionally Provide industry experience and advice/Occasionally Meetings (e.g., presentations, seminars, workshops)/Occasionally
	Water Management	Rain reclamation system
	Climate and Energy Management	Rooftop solar panel
	Resource Recycling	Recycling of waste materials
Community	Social Impact	Voluntary service/Annually



		Sustainability report
	Local University	Project cooperation and visiting/Occasionally Educational cooperation/Occasionally

## (2) Collect topics of concern issues

The company collects issues of concern through internal and external channels and resources. Refer to global norms and standards (GRI guidelines, United Nations SDGs goals, SASB, TCFD, etc.), relevant industry standards, etc., combine organizational goals and company vision, and comprehensively summarize current operating conditions to collect relevant sustainable issues, which are divided into three categories: economy, environment, and society. There are a total of 12 major aspects, to understand the impact on the corporation and the basic responsibilities that must be met.

Table 1-4 GP's topics of concern issues

Governance		Environment		Social	
1.1	Corporate Governance Structure	2.1	Affordable Clean Energy	3.1	Health and Well-being
1.2	Operational Performance	2.2	Climate Change Strategy	3.2	Education, Training & Talent Development
1.3	Innovation and R&D	2.3	Greenhouse Gas Emissions/ Electricity Consumption Management	3.3	Diversity and Equal Opportunity
1.4	Responsible Consumption and Production	2.4	Water Resource Management/Waste Recycling	3.4	Social Giving

### **Step 2 Assess actual and potential impacts**

## (3) Analyze the degree of concern of stakeholders

First, the company used questionnaire to build relationships and facilitate contact with stakeholders, as well as to comprehend their interests in being informed about all aspects of current concerns and expectations surrounding corporate social responsibility. The company addressed the concerns and the influence of company's sustainable development challenges from the standpoint of stakeholders across all pipelines.

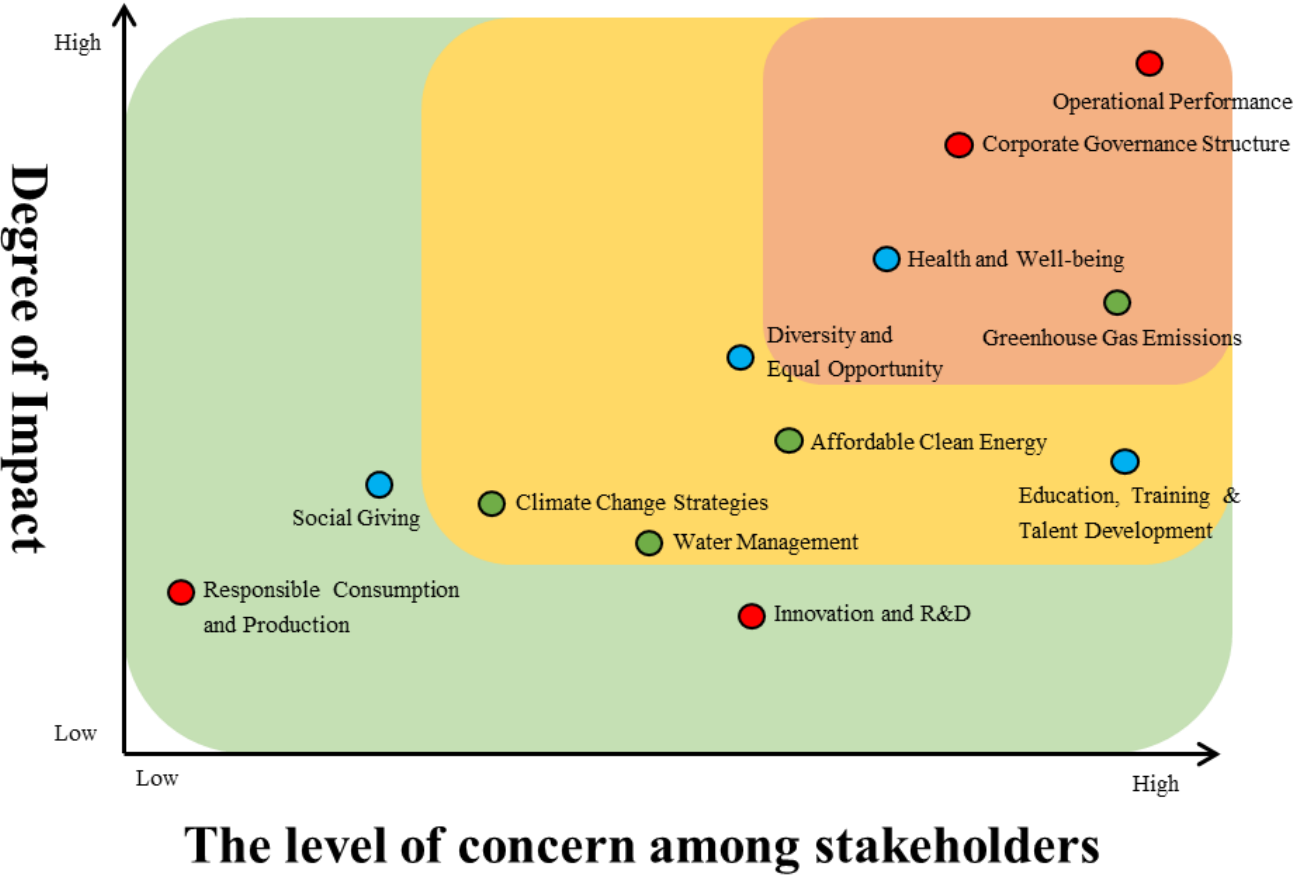
## (4) Internal analysis and evaluation of the company

The "ESG team" is formed by the chairman's office, convened by the heads of all departments of the company, to confirm the assessment of major issues. Understand the impact of the company on major economic, environmental, and social issues from different perspectives, and the degree of influence on internal operational decisions. In addition to this, the ESG team also compare the topics with GRI themes and disclosure items, consider the scope and boundaries, and whether it can provide valuable information to stakeholders.

### **Step 3 Assess the significance of the impact**

A total of 100 replies were received from this questionnaire, with the six types of stakeholders mentioned above as the main respondents, among which the employees' replies accounted for the highest proportion. And through the two aspects of "stakeholders' concern" and "influence on company operations", three intensities of high, medium, and low are analyzed to identify their importance. This integrated the in-depth discussion results of the Group's corporate social responsibility promotion group, and made a matrix ranking of twelve related issues.

Figure 1-4 Major issues matrix



**Step 4 Confirm the disclosure of major Issues**

Table 1-5 Analysis of disclosure of major issues

	Major Issues	Impact on Business	GRI
high level of concern among stakeholders and a high impact on the business.	Operational Performance	The status of the company's operations must be open and transparent for external shareholders and internal employees at any time. We maintain the principle of integrity and disclose all information on the Market Observation Post System (MOPS).	GRI2
	Corporate Governance Structure	The company's governance structure must comply with laws and regulations, and any matters that should be disclosed must be disclosed in accordance with the regulations.	GRI2
	Greenhouse Gas Emissions	In 2023, due to the continuous digestion of the company's orders, the large amount of business travel, and the top floor expansion project, the amount of carbon emissions have increased. We will continue to form strategies for the management of carbon emissions, and will present the data in the report for elaboration .	GRI305
	Health and Well-being	The health and safety of employees is an indispensable element for stable production, and it is our obligation and responsibility to protect the safety, physical and mental health of employees in the workplace.	GRI403
Medium level of concern among stakeholders and a medium impact on the business.	Diversity and Equal Opportunity	In 2023, our workforce included 21.8% expatriates. We have provided suitable job opportunities for those with mental or physical challenges.	GRI405
	Affordable Clean Energy	A solar panel system has been installed on the rooftop of the factory building, which will be utilized in a 'self-generated' manner in the future to achieve the goals of carbon reduction and the expansion of green energy.	GRI302
	Water Resource Management/Waste Recycling	A rainwater storage and recycling device has been installed. After the rainwater is filtered and left to stand, it can be used for toilet flushing and watering. The residual materials are also collected and recycled by professional vendors	GRI303
	Innovation and R&D	The product design includes a patented energy-saving monitoring system and baking equipment. This helps factories save energy and reduce carbon emissions.	GRI3
	Climate Change Strategy	We are taking action to respond to climate change by reducing greenhouse gases, recycling water, managing waste, and using rooftop solar panels.	GRI3

Source: Group Up Industrial Co. Ltd.

## Chapter 2 Corporate Governance

### 2.1 Company Operation

#### (1) Basic information

Group Up Industrial Co., Ltd. was established in January 1990, we have been at the forefront of the Printed Circuit Board (PCB) industry, and now developing a new world for advanced packaging and glass substrate applications. We believe in the value of quality and service, and we are dedicated to developing the latest technology. With a strong global presence, we are actively engaged in research and development to meet the evolving needs of the technology industry in Taiwan. Our company offers customized services including research, design and manufacturing, providing customers with modular and multifunctional baking, coating, exposure, and automation equipment, which reduces the production costs, and enhances production yield rate and competitiveness for our customers,


Table 2-1 Basic information

Date of establishment	January 1990
Capital amount	NT\$557,916,090
Address and headquarter	No.188, He-Ping Road, Yang-Mei, Taoyuan City, Taiwan (R.O.C)
Stock code	6664
Industry	Electronic components and equipment
Product	Our core business is PCB, FPC, display, roll to roll production equipment for Optoelectronic and Semiconductor industries, including drying, curing, coating, lamination, exposure, roll-to-roll, and automation integration. Products and services provided include: cleanness oven, purge N2 oven, vacuum oven, hot air conveyor oven, UV curing oven, IR curing oven, roller coating automatic baking line, electrostatic spray automatic baking line, dip coating automatic curing line, exposure machine, multi-layer hot air hot plate oven with robotic arm, roll-to-roll vacuum lamination exposure coating equipment, etc.
Number of employees	There were overall 257 employees in Taiwan (As of December 31, 2023)
Global market	Taiwan, Mainland China, Japan, Korea, India, Singapore, Malaysia, Thailand, Vietnam, the United States and Europe, etc.



## S&P DJSI ESG Score

Table 2-2 GP participated in the Dow Jones Sustainability Indexes in 2023

GP's 2023 DJSI score		
 <p><b>Dow Jones Sustainability Indexes</b></p>	<p>ESG team actively participated in the DJSI ranking practice. As a result, GP's average score is <u>better</u> than the world's average score in the same industry.</p>	<p><b>S&amp;P Global ESG Score</b></p> <p><b>32</b></p> <p>Data Availability: <b>Very High</b> Methodology Year: 2023 Updated annually or in response to major developments</p> <p><b>Score Breakdown</b></p> <p>Legend: ■ Group Up Industrial ■ Industry Max ■ Industry Mean</p> <p><b>Environmental</b></p> <p>Group Up Industrial 27   Industry Mean 29   Industry Max 78</p> <p><b>Social</b></p> <p>Group Up Industrial 35   Industry Mean 30   Industry Max 85</p> <p><b>Governance &amp; Economic</b></p> <p>Group Up Industrial 34   Industry Mean 31   Industry Max 81</p>

## (2) Memberships of associations

### Taiwan Printed Circuit Association (TPCA)

In order to stay abreast of the latest industry trends and future developments, we utilize publications such as circuit board quarterly to gain insight into the current state of the industry. We are committed to aligning with Taiwan's PCB industry's low-carbon transformation strategy to facilitate our own industry transformation. In October 2023, we participated in the TPCA Show to showcase our company's products and services to potential clients. Additionally, coordinated with TPCA and the Executive Yuan to host a delegation of Mexican manufacturers. This collaborative effort serves to strengthen our international partnerships and further our commitment to sustainable and innovative practices within the PCB industry.

### Taiwan Electronics Equipment Association (TEEIA)

In April 2023, we participated in the Touch Taiwan Show, showcasing our dedication to innovation and sustainability. We have joined the Innovation Committee and the ESG Committee, furthering our commitment to staying at the forefront of technological advancements and promoting environmental, social, and governance initiatives.

### **Semiconductor Industry Association International (SEMI)**

In line with the latest trends in advanced packaging, we have actively participated in both physical and online conferences. In September 2023, we engaged with potential clients at SEMICON Taiwan. Looking ahead, we are also planning to exhibit at SEMICON China in 2024, further demonstrating our commitment to staying at the forefront of the industry and exploring new avenues for growth.

### **Taiwan Printed Circuit Board Environmental Public Welfare Foundation (TPCF)**

In 2023, we contributed NT\$10,000 towards environmental education initiatives and social welfare projects.

### **Taoyuan Enterprise Association**

In March 2023, we participated in a lecture at a college where we gained valuable insight into business management theories and practical applications from experienced professors. Additionally, we hosted a visit for the Taoyuan Youth Association, where we provided assistance and guidance on career planning and related inquiries. These interactions allowed us to share our expertise with the young generation and provided us with a fresh perspective on their aspirations and concerns.

### **Yangmei Young Lions Expanded Industrial Zone Manufacturers Association**

In June 2023, members of Yangmei Young Lions Expanded Industrial Zone Manufacturers Association visited our company for a cross-industry exchange. We gave a company presentation and a tour of our factory.

In September of 2023, we participated in a military appreciation activity to express our gratitude and support for the efforts of the armed forces.

### **Taoyuan City Industrial Association (Enterprise Management Association)**

In July 2023, Mr. Chen, Chairman of GP, was invited to give a speech to share his past entrepreneurial experiences. As Chairman, he also serves as a senior executive of the association's operations team, responsible for supporting various association affairs.

### **North District Model of Entrepreneurs Association (NDMEA)**

Mr. Chen, Chairman of GP, was honored with the 46th Model of Entrepreneurs Award by the National Innovation and Entrepreneurship Association. He also had the opportunity to engage in close discussions with the North District Model of Entrepreneurs Association to exchange insights on industry trends.

## **Financial information in the years during 2020~ 2023**

Table 2-3 Proportion of revenue per product type in the past 4 years (Unit: NT\$1,000)

Product \ Year	2023		2022		2021		2020	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
PCB Equipment (including IC substrate equipment)	1,964,011	80.74	1,893,454	80.33	1,341,332	70.17	1,137,982	70.5
Display Process Equipment	7,105	0.29	37,829	1.60	68,937	3.61	45,501	2.82
Others (Semiconductor, advanced packaging)	461,505	18.97	425,770	18.07	501,274	26.22	430,761	26.68
Total	2,432,621	100	2,357,053	100	1,911,543	100	1,614,244	100



Table 2-4 Profitability of the company in the past 4 years (Unit: %)

Item Analysis	2023	2022	2021	2020
Return on Assets	10.83	12.44	8.57	8.78
Return on Equity	26.50	28.54	17.21	16.71
Ratio of pre-tax net profit to paid-in capital	154.06	141.57	78.24	69.48
Profit Rate	29.33	26.69	17.60	19.26
Earnings Per Share (NT\$)	12.65	11.44	6.12	5.65

(3) Service scope and operation

Service area

The scope of GP's services and sales of circuit boards and semiconductor equipment, in addition to Taiwan, also cooperates with several overseas agents, covering Asia, North America, Europe, Southeast Asia...etc.



Figure 2-1 Global service

The operation base includes Yangmei headquarter, Suzhou Branch, Guangdong Branch, etc., as shown in the figure below

		
<p>Taiwan Headquarter</p> <ul style="list-style-type: none"><li>● Group Up Industrial Co, Ltd.</li><li>● +886-3-485-3536</li><li>● +886-3-485-6336</li><li>● gp@gpline.com.tw</li><li>● No. 188, Heping Road, Yangmei District, Taoyuan City, Taiwan</li><li>● Land Area: Around 12,500 m<sup>2</sup></li><li>● Floor Area: Around 19,100 m<sup>2</sup></li></ul>	<p>Suzhou Branch</p> <ul style="list-style-type: none"><li>● +86-512-8666-5998</li><li>● +86-512-6299-2858</li><li>● gp@gpline.com.cn</li><li>● No. 8 Weiwen Road, Weiting District, Suzhou Industrial Park, Suzhou, China</li><li>● Land Area: Around 5,500 m<sup>2</sup></li><li>● Floor Area: Around 28,000 m<sup>2</sup></li></ul>	<p>Guangdong Branch</p> <ul style="list-style-type: none"><li>● +86-755-2753-1661</li><li>● +86-755-8619-7952</li><li>● sz@gpline.com.tw</li><li>● Yangxia Avenue, Xinqiao, Baoan, Shenzhen, China</li><li>● Floor Area: Around 300 m<sup>2</sup></li></ul>

Governance structure

GP Industrial protects the interests of shareholders in accordance with relevant regulations such as the Company Law and the Securities Exchange Law. The board of directors has a remuneration committee and an audit committee; an independent audit room is set up to handle the ISO 9001 quality management system and various audit matters. The chairman and CEO of our company leads the R&D team, including software, motor, mechanical R&D and other departments. The general manager of the company leads a team of professional managers, and has five major departments under its jurisdiction, including: Manufacturing Department, Management Department, Factory Affairs Department, Business Department, and Accounting Department.

In accordance with the government's "Code of Practice for Sustainable Development of Listed OTC Companies" and related laws and regulations, the company has set up an ESG team to convene relevant people across departments to compile sustainability reports, promote corporate sustainable development, and matters related to environmental protection and social care.

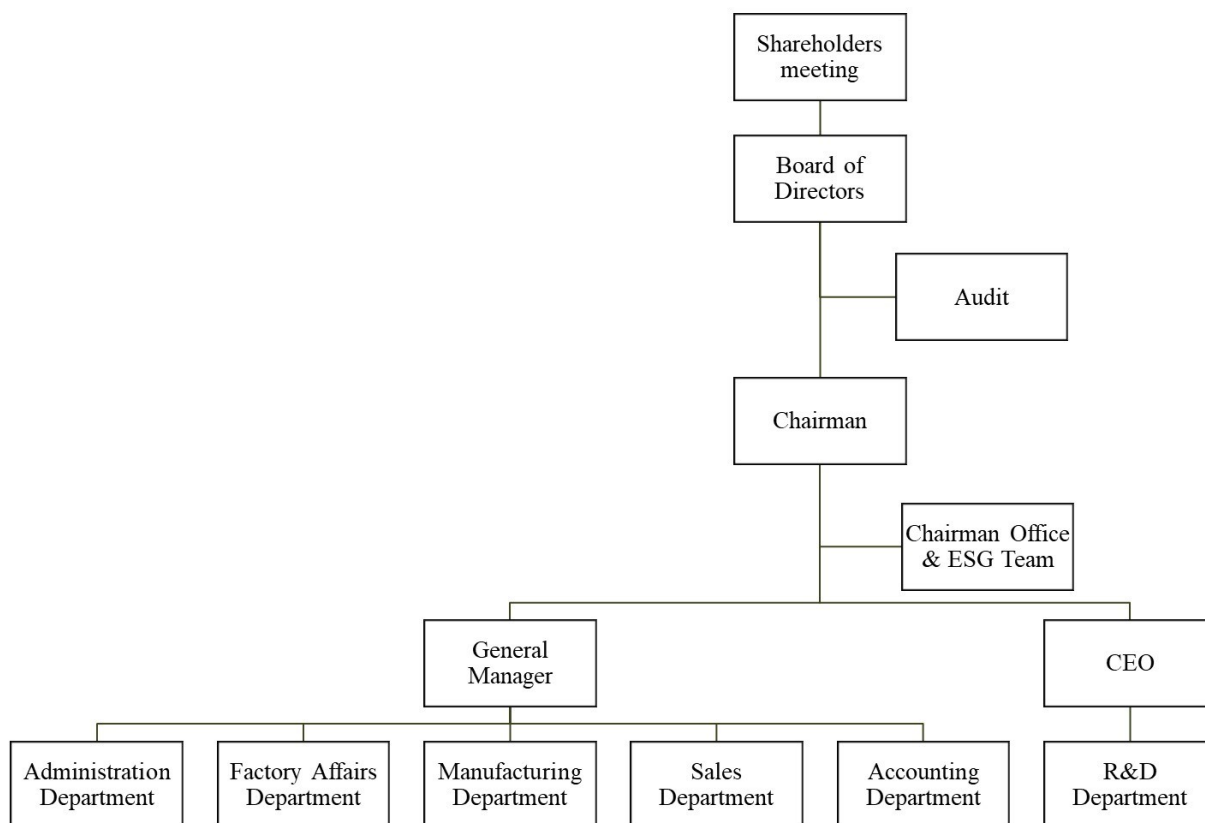


Figure 2-2 Governance structure

In addition, GP has set up the Corporate Governance Planning Team with specific main responsibilities:

- (1) To plan various tasks of corporate governance, such as risk assessment, information security system planning, information security personnel training, information security policy formulation, intellectual property evaluation, application, and announcement.
- (2) At least once a year, report the implementation status and future planning direction to the board of directors.
- (3) To respond to the latest trend of the "Corporate Governance 3.0" blueprint, we will simultaneously refer to industry and customer norms in the future, such as climate-related financial disclosure recommendations (TCFD), sustainable accounting standards (SASB), and other international standards, continuing to look for benchmark large or medium-sized enterprises as a reference for learning, and self-improvement of the quality of sustainable norm disclosure.

## **Financial performance**

In 2023, GP benefited from the world's semiconductor advanced packaging, and the high-end ABF substrate market which responded to trends in 5G, cloud computing, high-speed computing, and autonomous vehicle driving. In addition to the equipment required for ABF carrier boards as the company's main growth momentum, GP had excellent R&D integration capabilities and a high level of customization. PCB board factories and optical manufacturers, customers were very positive, and there were also customers from major semiconductor manufacturers from domestic and overseas that placed orders. GP, which diversified into niche product portfolios, continued its growth pattern.

According to the comprehensive profit and loss statement of GP Industrial, the income tax expense for 2023 was NT\$169,324,000, the income tax expense for 2022 was NT\$138,211,000, and the income tax expense for 2021 was NT\$74,331,000, all of which were paid in accordance with the tax laws of the countries and regions where they were located and operated in good faith.

For the company's financial statements, KPMG Accounting Firm regularly visited the factory for professional audits. The company's 2023 operating income was NT\$2,432,621,000, which was an increase of NT\$75,568,000 or about 3.21% compared with the 2022 annual turnover of NT\$2,357,053,000. The net profit after tax was NT\$713,560,000, and the earnings per share (EPS) was NT\$12.65.

Table 2-5 GP Industrial's financial information for the past 4 years (Unit: NT\$)

Financial information	2023	2022	2021	2020
Operating income	2.432 billion	2.357 billion	1.911 billion	1.614 billion
Gross profit margin	45.83%	42.25%	39.88%	44.51%
Dividend	8	7	4.9	4.3
EPS after tax	12.65	11.44	6.12	5.65

Table 2-6 Annual R&D expenses for the last four years (Unit: NT\$ thousand)

Project year	2023	2022	2021	2020
Research & Development costs	183,402	164,598	85,951	112,775
Net operating income	2,432,621	2,357,053	1,911,543	1,614,244
Ratio of R&D expenses to net operating income (%)	7.54%	7.00%	4.50%	7.00%

Note : The Company has spent approximately 7% of its revenue on R&D in 2023.

Source: Group Up Industrial annual financial report

## 2.2 Company Operation and Performance

### (1) Board structure

The highest governance unit of the GP is the board of directors. The current board of directors took office on February 22, 2018, and the reelection of the board of directors was completed in 2021. At present, there are 6 directors (including the chairman) and 3 independent directors, all of whom are male and are professionals with rich industrial experience, technology, knowledge, and sufficient management, operational judgment and decision-making, accounting and financial analysis, crisis management, and other capabilities, as well as industrial knowledge and international market outlook, to play a guiding role in leading sustainable development.

According to Article 1 of the Company Law, "Companies operating business shall abide by laws and regulations and business ethics and may adopt actions that promote public interests in order to fulfill their social responsibilities." As an OTC company, the management team has noticed that in recent years, the Financial Regulatory Commission, the Stock Exchange, and the OTC Center have put forward the "Corporate Governance 3.0 Sustainable Development Blueprint" to continuously strengthen the functions of the board of directors. This report and the solar green energy expansion project on the top floor are also included in the board of directors' meeting for report and discussion to continuously enhance the sustainable value of the enterprise.

By issuing the CSR report for the first time in 2020 and changing its name to the ESG report in 2021, we will improve information transparency and promote sustainable management; communicate with stakeholders from all walks of life to promote good interaction; conform to international norms; and continue to participate in corporate governance evaluation. In addition, GP also continues to participate in the evaluation of the world-renowned DJSI Dow Jones Sustainability Index and continues to improve corporate sustainability indicators.

The company's board of directors had nine members in 2023, and the attendance rate was 100%. The board of directors of GP Industry aimed to pursue integrity and sustainable operation and to protect the rights and interests of stakeholders and the common prosperity of society.

Table 2-7 Board of directors

Title	Name	Inauguration date	Gender	Main experiences and academic background	Currently concurrently holding positions in other companies	Hours of Classes
Chairman	Mr. Chen, An Shun	January 24, 1990	Male	Bachelor of Mechanical Engineering Taipei City University of Science & Technology Manager of Design Dept. CSUN Industrial Co.Ltd.	Supervisor of Zhanhong Investment Co., Ltd. Person in charge of Group Up Industrial Co.Ltd. Independent director of Asia Metal Industries, Inc.	6
Board Director	Mr. Lee, Jung Kung	January 24, 1990	Male	Dept. of Mechanical Engineering Xiehe Vocational High School Manager of Sales Dept. CSUN Industrial Co.Ltd.	General Manager of Group Up Industrial Co.Ltd. Supervisor of Yufeng Investment Co., Ltd.	6
Board Director	Mr. Lai, Wen Chang	January 24, 1990	Male	Bachelor of Mechanical Engineering Chien Hsin University of Science and Technology Manager of Quality Management CSUN Industrial Co.Ltd.	Vice general manager of Group Up Industrial Co.Ltd. Supervisor of Hongyi Investment Co., Ltd.	6
Board Director	Mr. Yu, Tien Ho	January 24, 1990	Male	Bachelor of Electrical Engineering National Taipei University of Technology Manager of Sales Dept. CSUN Industrial Co.Ltd.	Vice general manager of Group Up Industrial Co.Ltd. Board Director of Living Water Investment Co., Ltd. Representative of Wangqun Technology (Suzhou Industrial	9

					Park) Co., Ltd. Representative of GP Trading (Shenzhen) Co., Ltd.	
Board Director	Mr. Dai, Shui Chuan	February 22, 2018	Male	Fu-Hsin Trade and Arts School General Manager, Xiefeng Mingban Printing Co., Ltd.	Chairman of the Board Pizazzy International Co. Ltd.	9
Board Director	Mr. Kao, Chuan Chih	February 22, 2018	Male	Bachelor Of Mechanical Engineering Taipei City University of Science & Technology, TPCU General Manager, Shang Ho Gear Machinery Co., Ltd.	Board Director, Xie-He-Xing Precision Machinery (Kunshan) Co., Ltd. Chairman Of Shang Ho Precision Machinery (Kunshan) Co., Ltd	6
Independent director	Mr. Li, Robert	February 22, 2018	Male	Master of Industrial Management Institute, NCKU Chief Financial Officer of Bosssdom Digi Co., Ltd. SBIR Deputy General Manager, Chi Feng Co., Ltd.	Independent Director of Elitegroup Computer Systems Co., Ltd. Independent Director of 3S Silicon Tech., Inc.	47
Independent director	Mr. Hung, Ching Chang	February 22, 2018	Male	M.S., Cranfield University-Institute of Industrial Science, Ph.D., Cranfield University - Institute of Welding Technology General Manager, He-Zeng Technology Co., Ltd. Senior Vice President, Elite Material Co., Ltd.	Executive Consultant of Tech Advance Industrial Co., Ltd.	6
Independent director	Mr. Chen, Ming Hsing	February 22, 2018	Male	MBA, National Singapore University Chairman of Inventalk Technology Inc.	Independent Director of Elitegroup Computer Systems Co., Ltd	6

Board of directors attach great importance to the courses related to corporate governance education and training. The table below shows the overview of training for the whole year of 2023. All directors followed the laws and regulations, and have taken at least 6 hours and above courses.

Table 2-8 Board of directors' course training hour list

Title	Name	Date	Training Unit	Module	Hours
Board Director	Chen, An Shun	August 7, 2023	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Lee, Jung Kung	August 7, 2023	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Lai, Wen Chang	August 7, 2023	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Yu, Tien Ho	November 14, 2023	Taiwan Institute for Sustainable Energy	The 6th Global Business Sustainability Forum	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3



Title	Name	Date	Training Unit	Module	Hours
		April 27, 2023	Taipei Exchange	Publicity meeting on sustainable development action plans for listed companies	3
Board Director	Kao, Chuan Chih	November 16, 2023	Securities and Futures Institute	Transformation opportunities and challenges for Taiwan's industries under geopolitics	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Dai, Shui Chuan	November 10, 2023	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies on corporate management	3
		August 4, 2023	Securities and Futures Institute	Challenges and opportunities of sustainable development path and introduction to greenhouse gas inventory	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Independent Director	Li, Robert	December 13, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		December 13, 2023	Accounting Research and Development Foundation	Financial and tax issues and tax governance practices for Taiwanese businessmen investing overseas	3
		November 15, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		November 15, 2023	Accounting Research and Development Foundation	Analysis of IFRS regulations and financial accounting practices related to organizational restructuring	3
		October 18, 2023	Accounting Research and Development Foundation	Analysis of legal liability cases of whistleblowers in economic crimes and financial reporting fraud cases	3
		October 18, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		September 13, 2023	Accounting Research and Development Foundation	Prevention and resolution of withholding disputes arising from "cross-border transactions"	3
		September 13, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		August 16, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		August 16, 2023	Accounting Research and Development Foundation	Legal liability and case analysis related to the company's "competition for management rights"	3
		June 14, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		June 14, 2023	Accounting Research and Development Foundation	Performance evaluation practices related to corporate "ESG sustainability" and "risk management"	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		May 17, 2023	Accounting Research and Development Foundation	How to effectively play the role of corporate governance supervisor - also discussing the legal responsibilities of managers	3
		May 17, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1

Title	Name	Date	Training Unit	Module	Hours
		April 19, 2023	Accounting Research and Development Foundation	Practical seminar on the latest annual income tax return for profit-making enterprises	3
		April 19, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		March 15, 2023	Accounting Research and Development Foundation	Practical response to self-preparation of financial reports: reinvestment using the equity method	3
		March 15, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		February 15, 2023	Accounting Research and Development Foundation	Information disclosure trends related to "IFRS financial reporting" and "ESG sustainability"	3
		February 15, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		January 18, 2023	Accounting Research and Development Foundation	Decrypting corporate "financial statement" issues and "corporate diagnosis" practices	3
		January 18, 2023	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
Independent Director	Hung, Ching Chang	May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		May 10, 2023	Independent Director Association Taiwan	A cutting-edge tool for the board of directors to check fraud warnings	3
Independent Director	Chen, Ming Hsing	November 24, 2023	Taipei Foundation of Finance	Principles of Fair Treatment of Customers in the Financial Services Industry	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Corporate Governance Manager	Shen, Wendy	April 27, 2023	Taipei Exchange	Publicity meeting on sustainable development action plans for listed companies	3
		May 26, 2023	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		July 18, 2023	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Seminar	3
		August 9, 2023	Taipei Exchange	Insider equity promotion briefing meeting of the company on the OTC	3

## (2) Audit committee

For the requirements of government financial authorities and over-the-counter trading centers for public companies, an "Audit Committee" was established to replace the supervisor, and all independent directors served as members of the Audit Committee. Independent directors have a professional background in accounting or business. From the aspects of finance, operation management and risk control, they fully urge the board of directors to give full play to their leadership and supervise the company's development, and assist the company in controlling existing or potential risks. The attendance of independent directors at Audit committee meeting this year is as follows:

Table 2-9 Audit committee attendance statistics in 2023

Title	Name	Attendance	Number of delegated attendances	Actual attendance rate (%)
Independent Director	Mr. Li, Robert	8	—	100%
Independent Director	Mr. Hung, Ching Chang	8	—	100%
Independent Director	Mr. Chen, Ming Hsing	8	—	100%

## (3) Remuneration committee

To strengthen corporate governance structure and rationalize the relationship between performance and remuneration, the company established a remuneration committee under the supervision of the board of directors to formulate and regularly review the company's remuneration policies, systems, standards, and structures. The company has established the "Management Measures for Self-evaluation or Peer Evaluation of the Board of Directors" and "Remuneration Measures for Directors, Supervisors and Managers", and regularly evaluates the operational effectiveness of the Board of Directors and the performance of directors to determine remuneration. In addition, the Remuneration Committee annually examine the achievement of the performance goals of the main management, personal performance and market trends, and appropriately adjust the annual salary.

A good salary system can motivate employees to work together. According to Article 19 of the company, if there is a profit balance of the year, no more than 5% should be allocated as director's remuneration, and no less than 2% should be allocated as employee remuneration. The distribution shall be made by the board of directors with the resolution of more than two-thirds of the directors present, and more than half of the directors approve. The relevant remuneration allocation amount must be reviewed and approved by the remuneration committee and reported to the shareholders' meeting. The attendance of the remuneration committee in the last year was as follows:

Table 2-10 Compensation committee attendance statistics in 2023

Title	Name	Attendance	Number of delegated attendances	Actual attendance rate (%)
Independent Director	Mr. Li, Robert	7	—	100
Independent Director	Mr. Hung, Ching Chang	7	—	100
Independent Director	Mr. Chen, Ming Hsing	7	—	100

Regarding the salaries of full-time employees who are not in supervisory positions, the company also raises salaries in a timely manner based on the overall market environment and employee performance to boost employee morale and share the company's operating results with all non-supervisor colleagues.

The table below indicates that the average and median salaries of the company have remained relatively stable over the past four years. The total remuneration paid to full-time employees in non-supervisory positions was NT\$230,751,000, with an average annual salary of NT\$946,000 and a median salary of NT\$900,000. This is above the median salary of NT\$722,200 in the same industry as reported by the Office of the Comptroller General of the Executive Yuan. The company has continued to recruit new employees from the human resources bank to enhance the salary and benefits.

Table 2-11 Average and median annual salary in the past 4 years (Unit: NT\$)

	2023	2022	2021	2020
Average annual salary	946,000	942,291	923,000	872,000
Median annual salary	900,000	883,175	892,000	837,000

#### (4) Management team

The management team is composed of outstanding managers from various departments, and develops business strategies with a prudent and practical attitude, continues to cultivate the core expertise of industrial equipment, and expand the scope of application to enter many industrial fields. Significant resolutions in the operation also follow the company's risk management policy, manage, and control existing potential risks with prudent principles, issue early warnings, and discuss resolutions at professional managers' meetings before implementing relevant decision-making matters. At the same time, an audit team is set up to systematically and Institutionalized methods ensure the effectiveness of the company's internal control system to ensure operational efficiency and the best interests of shareholders, and create sustainable value for shareholders, employees, customers, and the general public.

Table 2-12 Titles and responsibilities of senior managers

Title	Name	Gender	Date of appointment	Shares held		Spouse and children holding shares		Holding shares in name of others		Main experiences and academic background
				Shares	%	Shares	%	shares	%	
CEO	Chen, An Shun	Male	1990.01.24	879,408	1.52%	892,211	1.54%	—	—	Bachelor of Mechanical Engineering Taipei City University of Science & Technology, TPCU Manager of Design Dept. CSUN Industrial Co.Ltd.
General Manager	Lee, Jung Kung	Male	1990.01.24	913,148	1.57%	1,335,812	2.30%	—	—	Dept. of Mechanical Engineering Xiehe Vocational High School Manager of Sales Dept. CSUN Industrial Co.Ltd.
Manufacturing Vice GM	Lai, Wen Chang	Male	1990.01.24	976,853	1.68%	878,521	1.51%	—	—	Bachelor of Mechanical Engineering Chien Hsin University of Science and Technology Manager of Quality Management CSUN Industrial Co.Ltd.
Management Vice GM	Yu, Tien Ho	Male	1990.01.24	857,097	1.48%	925,036	1.60%	—	—	Bachelor of Electrical Engineering National Taipei University of Technology Manager of Sales Dept. CSUN Industrial Co.Ltd.
Sales Vice GM	Chen, Asui	Male	2000.11.20	176,836	0.30%	—	—	—	—	Master of Materials Science Engineering Institute, National Tsinghua University Deputy Manager of Taiwan Mitsubishi Corporation

Sales Associate Manager	Lee, Brent	Male	2006.07.01	33,461	0.06%	—	—	—	—	Ph.D., Institute of Electronic Engineering, Zhongyuan University Assistant Professor, Lingdong University of Science and Technology
R&D Associate Manager	Chen, Xiu Rong	Male	2000.04.10	109,460	0.19%	136,977	0.22%	—	—	Bachelor of Mechanical Engineering, National United University Engineer, Whirlho Company
Accounting & Finance, Corporate Governance Manager	Shen, Wendy	Female	2000.12.21	50,000	0.09%	—	—	—	—	Master of Management, National Central University Team Manager of Deloitte Accounting Firm

Considering the company's cross-generational experience inheritance and professional manager training, it will continue to expand the recruitment of talents, and avoid systemic risks. The company has established a deputy spokesperson system to accumulate management experience in listed companies, to serve domestic and overseas customers, bank research units and investment institutions. Continue to communicate and collect relevant opinions from stakeholders, etc., and report to the supervisor for decision-making.

## (5) Corporate ethics and integrity management

To ensure that GP complies with all legal regulations in the process of quality innovation and market competition, and to establish a corporate culture of integrity and responsibility, as well as a robust risk management alert mechanism, the company has formulated the "Code of Ethical Behavior" and the "Code of Business Integrity." These policies and principles of corporate governance require that the company's directors and managers must not offer, accept, or be involved in any undue advantage or any other breach of integrity. They must also fulfill their obligations to protect business secrets and company assets, and comply with fair trade and other laws and regulations. This is to meet the expectations of stakeholders regarding the morality and legality of the company's operations and to further enhance the overall value of the company.

In 2023, the company did not experience any incidents of corruption, infringement of customer privacy, violation of fair competition, violation of the company's code of conduct, or any other major violations of social and economic laws and regulations. The company maintains a strict anti-corruption policy, including zero tolerance for extortion and bribery, and ensures compliance with all applicable laws and regulations in each jurisdiction.

## (6) Information disclosure

The Company has taken proactive measures to comply with regulatory requirements by establishing an investor relations section on its official website and updating the "Public Information Observation Post System" for transparent disclosure of key information. This includes financial performance, shareholder meeting notices, reference materials, annual reports, financial reports, and sustainability reports. In line with the OTC recommendation, this information is now available in English to enhance accessibility for foreign investors and legal entities. The company is committed to creating a more welcoming environment for overseas investors. To further enhance transparency in corporate governance information, the English version of the company's official website includes a dedicated investor area focusing on financial, shareholders' meeting, and dividend distribution information. This initiative aims to facilitate timely access to company information for overseas investors.

In compliance with regulatory requirements, the company regularly convenes shareholders' meetings to provide investors with updates on the Company's operations and management status. With the gradual slowdown of the epidemic's impact, the shareholders' meeting was conducted in person in May 2023 at the meeting room on the fourth floor of the company. Additionally, in June, the Company organized an investor meeting, extending invitations to the company's investors and investment advisors to visit the plant for guidance. These initiatives are part of our

commitment to maintaining transparency and open communication with our stakeholders. We value the opportunity to engage with our investors and provide them with firsthand insights into our operations.

On August 18, 2023, the company held Investor Conference at the OTC Center, which was simultaneously broadcast online via the OTC Center's live video streaming platform. Senior executives presented an analysis of the company's performance, providing insights into quarterly consolidated financial figures, operational conditions and key decisions. They also engaged in direct dialogue with relevant stakeholders.



Figure 2-3 GP's senior executives at the Investor Conference

## **(7) Risk & crisis management**

The company has implemented a board diversification policy to address risk management strategies. Furthermore, the board receives ongoing education on pertinent topics, including the latest regulations, ESG, industry developments, and policies, to ensure their effectiveness in governance. Moreover, the company has taken out directors' liability insurance to protect the interests of its board members and mitigate significant risks to the company.

In line with the company's commitment to sustainable operations, it is pursuing the development of high-value, differentiated products. To maintain strong supply and demand relationships, the company is entering into long-term contracts with customers and suppliers. Furthermore, the company is pursuing continuous process improvements with the goal of enhancing competitiveness and reducing operational risks. The introduction of a Code of Ethics and a robust corporate governance and risk management framework further illustrates the company's dedication to upholding the highest standards of integrity in its business practices.

By implementing governance structures and internal controls, we ensure strict compliance with legal requirements and take proactive measures to stay abreast of policy and regulatory changes. Furthermore, legal units are established, standard contract templates are developed, and legal compliance training is conducted to mitigate legal risks.

## **(8) Sustainable development**

On June 19, 2020, the company updated its Code of Practice on Corporate Social Responsibility to demonstrate its commitment to social responsibility and sustainable development. An ESG team has been established to promote corporate social responsibility. This team, led by the Chairman of the Board of Directors, includes members from different departments. They are working on integrating existing resources and management systems to create a robust framework for promoting corporate social responsibility. The team is responsible for combining departmental resources and management systems to create a model for advancing the company's social responsibility and a process for evaluating its performance.

The company released its first CSR report in September 2021. It had been renamed as ESG Report in June 2022. The report will be uploaded before August 31 every year.

## **(9) Tax policy**

GP complies with the tax laws and regulations and the spirit of legislation in all places where it operates. Financial reporting information is open and transparent, and tax disclosure is handled in accordance with relevant regulations



and standards. In addition, based on mutual trust and information transparency, establish a relationship of mutual respect with tax authorities. The company files an income tax return in May and a business tax return in odd-numbered months. We also file labor insurance for our employees, including general accident and occupational disaster insurance. We also contribute to the Labor Pension Fund each month to help our employees save for retirement.

The department's tax related aspects are all managed by the Finance Department, and through the internal control process, implementation, and assessment of tax risks arising from operating activities, appropriate risk measurement and management control are carried out. When interacting with stakeholders such as investors, banks, and social welfare institutions, we abide by relevant laws and regulations.

## (10) Information security management

The company attaches great importance to information security policy and implementation. The information security consists of three elements:

- 1) Confidentiality: Properly protect information assets, use information assets legally.
- 2) Integrity: Maintain the correctness and completeness of the content of information assets.
- 3) Availability: Ensure that information assets are available for use at any time.

Table 2-13 GP's information security management

Items	Explanations
Network Protection And User Internet Control Mechanism	Through ramp controller, control network access permissions, and detect malicious intrusions and prevent external network attacks. Through permission control to give users network access rights, regularly check and audit Internet access records through log files. Maintain network protection through firewall updates and definition file authorization.
Email Security Control	Filter emails before users receive emails through email ramps, prevent unsafe attachment files, phishing emails, spam in advance, and prevent malicious links. Antivirus software also scans for unsafe attachments after the PC receives emails.
Data Backup Mechanism	All systems and databases are scheduled for automatic backup jobs.
Antivirus Software And System Program Update	Operating system and applications and anti-virus software are automatically updated to reduce virus infection and patch application vulnerabilities.
Employee Security Education	Conduct information security education, training, tests and email social engineering drills for employees on a quarterly basis to strengthen employees' awareness of information security risks.
Risk Assessment and Vulnerability Detection	Regularly conduct inspection mechanisms such as system vulnerability scans and review information security protection to improve the existing information operating environment.

## **2.3 Supplier Sustainability Management**

As a professional manufacturer of automation equipment and process development and system integration services, we cooperate with downstream customers, such as PCB, LCD, solar panel factories, domestic and foreign semiconductor manufacturers, and other industries. From hardware parts, sheet metal, molds, power supply to other manufacturers purchase the required materials and accessories. Integrate software and technologies such as programming, electrical control, and data analysis. GP provides highly customized automation equipment. In a sense of that Supplier Management (Supply Chain Management, SCM) has a direct and significant impact on product delivery and quality, and is an important issue in Taiwan's OTC, the company also actively prepares materials and manages suppliers and outsourcers.

### **(1) Supplier management policy and practice**

To enhance product quality and innovation, we have fostered trust and stable partnerships with suppliers, adhering to mutual benefit. Our goal is to pursue sustainable growth together, recognizing suppliers as key collaborators in our sustainability efforts. By engaging suppliers actively, we aim to extend our social influence and uphold environmental and social sustainability, creating greater social value.

In line with quality and ERP system updates, we are reinforcing our supplier management framework. Our procurement team screens new suppliers based on ESG criteria, ensuring high-quality products and services throughout the supply chain. Every supplier undergoes thorough auditing and evaluation by our Purchasing Department, in compliance with TPCA safety specifications to attain qualified manufacturer status. For high-impact suppliers, our engineers and procurement personnel conduct on-site inspections to verify their qualifications and sustainability.

### **(2) Local procurement management**

GP's main operating base is in Yangmei District, Taoyuan City. The scope of localized procurement is mainly in Taiwan. Considering the environmental impact of material production, transportation, and processing, and to reduce dependence on foreign manufacturers. Most of the manufacturers and service providers choose local suppliers, and some of the items that must be purchased from abroad are entrusted to import by Chinese agents. On January 1st every year, the company also dispatches additional manpower to comprehensively count all material items in the warehouse, and cooperate with accountants to conduct spot checks to ensure the quantity and quality of materials. In 2023, among the major suppliers, contractors, or outsourcers that GP Industrial has transactions with, local procurement account for roughly more than 90%.

### **(3) Establish a sustainable supply chain**

The company requires suppliers to assess and minimize the environmental impact of manufacturing. Suppliers must adhere to EU regulations on non-hazardous substances, REACH, and conflict minerals. They are also obligated to promote green product certification, hold permits, submit monitoring reports, prevent pollution, conserve resources, and manage hazardous substances and water resources.

Suppliers must abide by the CSR policy and the Responsible Business Coalition Code of Conduct. They must uphold human and labor rights, provide a favorable working environment, and ensure fair treatment of employees. Additionally, suppliers must comply with the regulations on operating ethically, avoiding bribery, and respecting intellectual property rights.

The company conducts regular audits of its suppliers. It will terminate contracts with suppliers who violate its policies or harm the environment or society. The company is also concentrating on developing emerging overseas markets to meet customer demands.

## Chapter 3 Smart Manufacture

### 3.1 Customer Service

#### (1) Customer management

In response to the trend of smart manufacturing, GP has actively promoted the customization strategy, developed a comprehensive product line and strengthened on-site real-time services to meet customers' diversified automation needs. We have implemented a flexible management policy by adhering to a customer-oriented strategy. In terms of quality control, the company strictly enforces the ISO 9001 standard and is dedicated to the production of highly efficient equipment. Adhering to the quality policy of 'quality first, service first, technological innovation and performance leadership', we continue to optimize to enhance customer satisfaction.

Customer relationships are maintained through a multi-pronged approach: regular visits, online interactions, feedback, and strict adherence to customer safety regulations. When dealing with government agencies and consortia, we follow procurement regulations to ensure transparency. In terms of supply chain management, the company is proactive in responding to customer needs. We have obtained the **Highwire industrial safety certification**, completed the EcoVadis sustainability assessment, provided BCP programs, and established a dedicated window to handle customer inquiries. In addition, the company helps customers optimize industrial safety processes, such as providing guidance on heat exhaust duct maintenance.



Figure 3-1 External competitions at the client's request  
Source: Supply Risk Solutions

#### (2) Interact with customers at the exhibitions

The company places a high value on direct customer engagement at each physical exhibition, with the goal of fostering trust and long-term partnerships. The company also extends invitations to public associations, the Taoyuan City Government, and key customers to visit the booth for guidance, to promote industrial upgrading and exchanges, and to identify development opportunities. In 2023, GP participated in the following exhibitions: Taipei Touch Taiwan Show, Taipei Automation Exhibition, Taiwan Printed Circuit Board Exhibition (TPCA Show), and SEMICOM Semiconductor Exhibition. The epidemic has been controlled. We attended foreign exhibitions, including the Shanghai Electronic Circuit Exhibition and the JPCA show in Japan, as well as two Taiwan Technology Days in the United States (Phoenix and Dallas). These events were attended by the Foreign Trade Association and the TPCA, with the objective of facilitating further face-to-face exchanges with foreign customers. The input from these events will be used as a basis for future business expansion and continued operation.

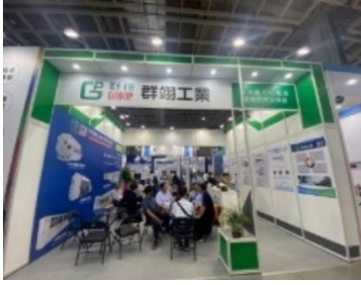


Figure 3-2 2023 Taipei Automation Exhibition

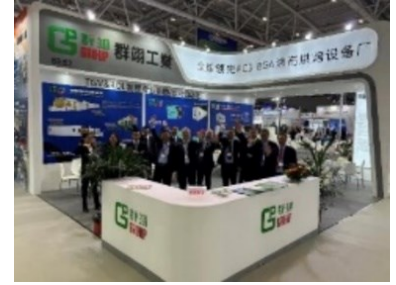


Figure 3-3 International Electronic Circuit Exhibition in Shenzhen

### **(3) Customer privacy protection**

#### **Customer complaint handling**

The effective management of customer complaints represents a pivotal objective in the pursuit of enhanced customer satisfaction. In response to customer contact events, a "Customer Complaint Handling Process" has been established, which provides a clear definition of the process for handling customer product complaints, grievances, suggestions, or dissatisfaction. For example, in the event of a complaint, our customer service or sales personnel will promptly notify relevant departments, such as mechanical R&D, quality assurance, or manufacturing, to analyze the root cause, devise improvement measures, and report the results back to the customer. This ensures that the customer receives satisfactory after-sales service, thereby maintaining long-term partnerships.

#### **Customer privacy protection**

In order to safeguard customer confidential information, we actively cooperate with clients by entering into non-disclosure agreements (NDAs) with the objective of protecting their business secrets. The employee code of conduct includes provisions pertaining to fair competition and antitrust practices, as well as stipulations requiring employees to adhere to pertinent regulations concerning customer intellectual property and privacy. It is imperative that confidential information is not disclosed to third parties or made public. Furthermore, it can only be used for legitimate business purposes while safeguarding the rights of third parties.

#### **Communication of significant occurrences**

The company's information is disclosed in the MOPS, and major resolutions are explained in the shareholders' meeting and Investor Conference. In addition to convening regular meetings for the purpose of explanation, the company's management will also furnish directors with pertinent reports and information from the company on a regular basis. For example, the finance department provides financial information, and the management and audit department provide internal audit reports, and so forth, so that the board members and the top management continue to maintain close contact and be apprised of any developments. In the event of a major incident, the information can be communicated immediately.

In 2023, there were no major incidents related to communication with the highest governance unit. However, an anonymous member of the company reflected on the Google Review website that the company's workload was too heavy. In response to this incident, the company's management has conducted an internal review, reinforced the standards of conduct for supervisors and subordinates, reminded them of the labor regulations, and re-examined the provisions of the Labor Standards Act on job security for employees. In August of 2023, the Legislative Yuan passed the Gender Equality in Employment Act, and the management has formulated specific measures and countermeasures to address the responsibilities and obligations of employees under the amended provisions.

## 3.2 Green and Smart Manufacture

### Safety regulations and hazardous substance management

GP is a professional manufacturer and integrator of electronic equipment. The products produced are mainly customized automation equipment. In order to improve the quality of products and services and the safety of use, GP follows ISO9001 operating procedures except for the basic specifications. Design and verify the relevant national or regional safety standards, and introduce relevant tests according to customer requirements to ensure the safety of power distribution and electricity testing, mechanical design to strengthen safety devices, human engineering evaluation, and affix warnings on parts of the product that are prone to safety hazards. Marks and other measures, the product operation manual provided already contains safety announcements and warnings. For products exported to the United States or Europe, according to customer needs, the latest specifications of Highwire in the United States, UL third-party certification, and CE standards safety specifications will be adopted, and relevant safety verification procedures and test reports will be completed, or relevant technical documents will be prepared for self-declaration.

Table 3-1 GP's product safety labeling

Type	Content	Product Components or Service Provider	Product Safety	Others
All Models Operator's Manual		V	V	V
Oven/Electric Box Hazard Signs			V	
European line product CE self-declaration		V	V	V
American line products UL certification		V	V	V

The company is dedicated to the well-being of its customers and the preservation of the natural environment. To this end, it has implemented a rigorous review program for the identification and management of potentially hazardous materials. The company ensures that the materials used in the product design, manufacturing, and shipping process comply with regulatory requirements, such as the EU RoHS standards, and do not contain hazardous substances. Once the equipment has reached the end of its useful life, the company will recycle the metal components in a timely manner, thereby fulfilling its environmental responsibilities. In 2023, we did not have any violations of product health and safety regulations, which demonstrates the effectiveness of its compliance management. Furthermore, the company was awarded a third-party industry rating certificate in the United States in 2022, which remains valid in 2023, thereby enhancing the credibility of the company's information disclosure.



Figure 3-4 U.S. Highwire certificate  
Source: Certificate from Highwire U.S. third-party evaluation

**Smart factories**

GP Industrial Co., Ltd. commenced operations in the field of printed circuit board (PCB) electronic equipment manufacturing. Since its establishment 33 years ago, the company has been engaged in the research and manufacture of automation equipment for a diverse range of industries, including electronic assembly, LED/IC packaging and testing, and semiconductor advanced packaging manufacturing. In recent years, in response to the evolving landscape of Taiwan's overall environment and industries, the customers we serve have begun to transition from automation to intelligent production, and have started to explore the domain of Industry 4.0.

In 2023, we proceeded with the introduction of APS production scheduling, which can be utilized for daily production scheduling and for the expedient estimation of new order delivery estimates.

**Patent applications**

In 2023, GP continued to prioritize industry engagement by filing approximately 20 patent applications, all of which were successfully approved. patent certifications are used to ensure that technology is continuously updated and product quality is improved. This enhances competitiveness in the market and gives investors and consumers more confidence in the technology and products.

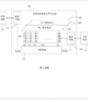
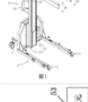
Main Drawing	Application Date	Publication/Issued Date	Application Number	Publication/Patent Number
	2023/02/10	2023/12/21	TW112104771	TW627483B 垂直式玻璃載具夾持結構 VERTICAL GLASS CARRIER CLAMPING STRUCTURE
	2023/06/13	2023/12/05	CN202321498480.2	CN202311834U 物件搬移裝置 Object moving device
	2022/11/18	2023/11/01	TW111144091	TW621030B 先進先出垂直式暫存系統 FIRST-IN-FIRST-OUT VERTICAL TEMPORARY STORAGE SYSTEM
	2023/05/08	2023/09/11	TW112204409	TW646072U 物件搬移裝置 Object moving device
	2022/04/01	2023/09/05	CN202210338213.X	CN119593459A 節能溫濕度系統及烘烤設備 Energy-saving monitoring system and baking equipment

Figure 3-5 Number of approved patent applications (Extract)  
Source: Intellectual Property Office, Ministry of Economic Affairs

**Production lifecycle management**

GP is a leading supplier to the electronic components industry, with a significant customer base in the semiconductor and carrier factory sectors. Both of these industries are characterized by high energy consumption. The company's patented energy-saving monitoring system and baking equipment help calculate the energy-saving power value of the product design, enabling factories to save 10% to 30% of the energy used in production. This not only maintains production efficiency but also allows customers to reduce their carbon emissions. Furthermore, the company recovers reusable parts and materials from customers' obsolete products and equipment, repurposing them in other equipment to reduce the environmental impact of waste.

**Cross-sector cooperation**

In addition to independent research and development, external cooperation has been strengthened over the years with the aim of combining the resources of research institutes and governmental units to drive internal innovation vitality. Furthermore, relevant talents have been cultivated with a view to contributing to the industry and the campus. The chart below shows the collaboration projects in 2023. The main targets for cooperation or consultation include the



Executive Yuan, the Foreign Trade Association, Taoyuan City Government, and etc.

Table 3-2 2023 External cooperation projects

Year	Organization	Content
March 2023	Executive Yuan Taiwan Printed Circuit Board (TPCA)	Host Mexican companies, expand and promote the development of overseas markets.
March 2023	Taoyuan Youth Association	Exchange career development and plan for Taoyuan area talents.
July 2023	Taiwan External Trade Development Council (TAITRA)	Discuss with each other the development trend of foreign markets and industry trends, and exchange opportunities to expand the Indian market.
July 2023	Panasonic Group	Conduct supply chain industry exchanges and share with each other the ESG practices of the company.
August 2023	Chung-Hua Institution for Economic Research	Provide industry R&D profiles, technology transactions, and other observations to assist research teams in planning questionnaire content.
August 2023	Taiwan Automation Intelligence and Robotics Association (TAIROA)	In recent years, with the United States joining hands with Japan, the Netherlands and other countries to promote semiconductor development through a number of actions, under this U.S.-China competition, how Taiwan's semiconductor industry can formulate a future development strategy to maintain the advantageous position of our industry.



Figure 3-6 Companies from Mexico



Figure 3-7 Panasonic group

## Chapter 4 Human Resource Management

### 4.1 Employee Care and Attention

GP Industrial maintains a culture of integrity in accordance with labor laws and international human rights conventions, and places a high value on the professional growth of every employee within the company. In alignment with the conviction that employees are the foundation of corporate social responsibility, the legitimate rights and interests of employees are safeguarded in accordance with the Labor Standards Act. Furthermore, through the employee welfare system and a robust education and training framework, employees can excel in their roles. GP believes that a thriving workplace hinges on a satisfied workforce, which will propel the company's overall growth. Consequently, we strive to foster a positive work environment where employees can thrive.

#### Well-being company certification

GP has been certified by 1111 Job Bank as a Well-being Company for two consecutive years in 2022 and 2023, which recognizes that the company's internal management performance is competitive in the industry and that it provides a stable and promising employment environment for its employees.



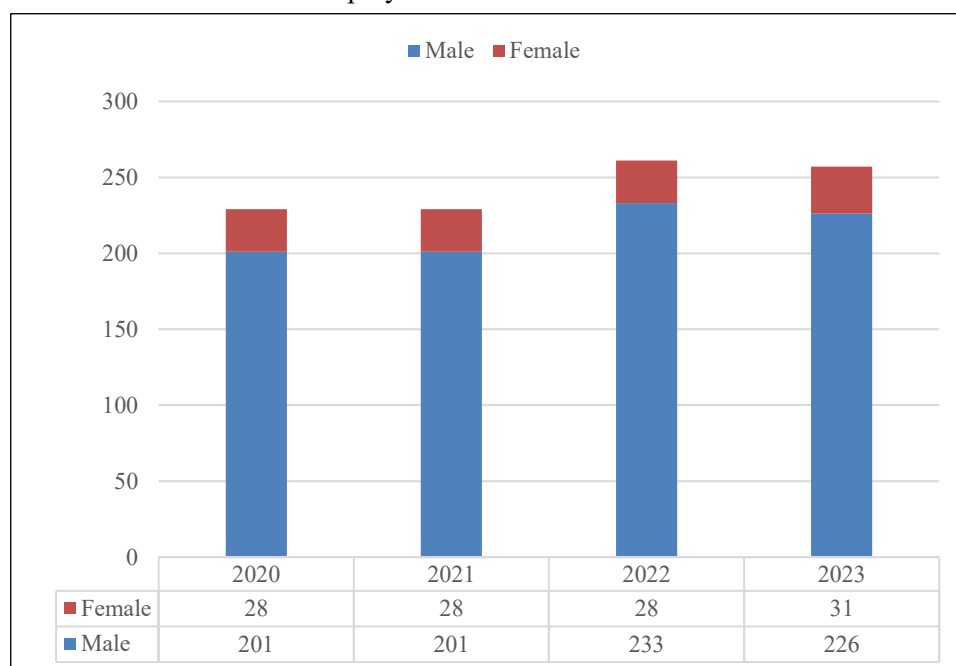
Figure 4-1 Well-being Company Certification in 2022 and 2023

#### (1) Employee composition and diversity

GP had a total of 257 employees in Taiwan, including 226 males (87%) and 31 females (13%). Most of the Taiwanese employees are full-time employees. As of the end of 2023, the workforce included 9 Vietnamese, 9 Thai, and 34 Filipino employees, representing 20.2% of the total workforce.

Furthermore, in accordance with Article 45 of Chapter 5 of the Labor Standards Law, GP does not employ child laborers under the age of 15. Additionally, GP provides job opportunities for individuals with physical or mental disabilities who are otherwise disadvantaged in the job market. The scope of employee information disclosed in this section covers GP Taiwan's full-time employees. Other GRI-defined workers, such as those assigned by outsourcing companies, are not included in this report for the time being due to staffing variations across projects, which makes it difficult to accurately count the relevant data for these workers. Please find the detailed labor structure below:

Table 4-1 Distribution of employees in Taiwan



While the majority of the company's workforce is male, female colleagues are also represented in a significant number, reflecting a commitment to gender diversity and equal rights. The following table illustrates the distribution of employees according to gender and department. The majority of our employees are between the ages of 30 and 50. Going forward, the recruitment process will be adjusted to achieve a more balanced distribution of employees across age groups.

Table 4-2 Analysis of diverse employee composition (by gender and department)

Department	Less Than 30 Years Old		30~50 Years Old (Excluding 50 Years Old)		Over 50 Years Old (Including 50 Years Old)		Total
Gender Department	Male	Female	Male	Female	Male	Female	
R&D department	4	0	36	2	15	0	57
Sales, Accounting, Audit, & CEO office	0	1	11	12	9	3	36
Factory Department Management	0	1	4	6	2	2	15
Manufacturing Warehouse team	21	1	97	3	27	0	149
Subtotal	25	3	148	23	53	5	257

Table 4-3 Analysis of diverse employee composition (according to education level)

Category	Number of employees					Ratio (%)
	Mechanical R&D Electrical R&D Software R&D	Sales, Accounting, Audit, CEO Office	Factory Affairs Manage Purchase	Manufacture Quality Control On Site	Subtotal	
PhD	0	1	0	0	1	0.4%
Master	9	6	1	0	16	6.2%
Bachelor	29	15	7	38	89	34.7%
Associate	16	13	3	48	80	31.1%
High School /Vocational	3	1	4	63	71	27.6%
Total	57	36	15	149	257	100%

Among them, GP Industrial attaches great importance to the degree of academic education of the personnel in the R&D department, and the number of people with a master's degree or above continues to increase. The distribution in the last five years is shown in the table below.

Table 4-4 R&amp;D department education level

Education	2023		2022		2021		2020		2019	
	Number of people	Ratio (%)	Number of people	Ratio (%)	Number of people	Ratio (%)	Number of people	Ratio (%)	Number of people	Ratio (%)
Master degree or above	9	15.8	9	16.07	9	18	9	18	7	14.58
Junior college	45	78.9	44	78.57	39	76	38	76	38	79.17
High school	3	5.3	3	5.36	3	6	3	6	3	6.25
Total	57	100	56	100	51	100	50	100	48	100

Table 4-5 Total number and percentage of new employees in 2023

Gender	Age	January 1 - December 31, 2023
Female	Less than 30 years old	1
	Between 30 and 50 years old (excluding 50 years old)	1
	Over 50 years old	0
	Recruitment rate (amount of recruits/number of employees at the end of the year)	0.8%
Male	Less than 30 years old	13
	Between 30 and 50 years old (excluding 50 years old)	19
	Over 50 years old	0
	Recruitment rate (amount of recruits/number of employees at the end of the year)	12.4%
Recruitment rate		13.2%

Table 4-6 Total number and percentage of employee dismissal in 2023

Gender	Age	January 1 - December 31, 2023
Female	Less than 30 years old	0
	Between 30 and 50 years old (excluding 50 years old)	2
	Over 50 years old	0
	Dismissal rate (amount of Dismissal / number of employees at the end of the year)	0.8%
Male	Less than 30 years old	10
	Between 30 and 50 years old (excluding 50 years old)	20
	Over 50 years old	3
	Dismissal rate (amount of Dismissal / number of employees at the end of the year)	12.8%
Dismissal rate		13.6%

In light of the company's location in Taoyuan, it is notable that the organization prioritized collaboration with the Taoyuan City Government with the objective of facilitating employment opportunities for individuals across a range of age groups, including youth, middle-aged and elderly residents of Taoyuan. All job vacancies are publicly accessible and transparent, and can be searched on the human resources website or the Taiwan Employment Network website. Currently, over 70% of the company's full-time employees are primarily within the age range of 30 to 49 years old, with an average age of 36 years, an average job tenure of approximately 8 years or more, and a notable degree of stability.

## 4.2 Competitive Compensation and Benefits

GP values our employees and offers competitive salaries and a good working environment. Furthermore, we are dedicated to fostering a positive and supportive work environment, with streamlined processes for childcare and flexible working arrangements to ensure a conducive Parental Leave.

### (1) Management policy

To seek employee welfare and enhance the well-being of employees, an Employee Welfare Committee is organized, and representatives are selected from across departments to handle employee welfare matters. In accordance with the regulations on employee welfare funds, these funds are provided to handle various welfare matters, including weddings and funerals, festival gifts, maternity, hospitalization, major disasters and other subsidies.

In addition to offering a range of welfare benefits, the company provides regular free medical check-ups and health consultations. Furthermore, we offer annual leave for our employees to pursue physical and mental development, ensuring the continued strength of our human capital. We also provide labor and National Health Insurance in accordance with relevant government laws and regulations. Additionally, we offer group insurance, accidental injury insurance, occupational disaster insurance, and accidental medical insurance to protect our employees. The Employee Welfare Committee is continuously developing new and innovative welfare projects to enhance the benefits we offer for our employees.

### (2) Welfare items

The company's corporate culture is based on the flexible design and investment in a range of welfare programs that meet the physical and mental health needs of employees. These programs are designed to promote the physical and mental wellbeing of employees through the provision of various employee welfare projects.

Table 4-7 Employee benefit programs

Incentive	Entertainment	Meal	Others
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Attendance Bonus	<input type="checkbox"/> Year-end Banquet	<input type="checkbox"/> Subsistence	<input type="checkbox"/> Childbirth Subsidy
<input type="checkbox"/> Holiday Bonus	<input type="checkbox"/> Domestic And Overseas Travelling	<input type="checkbox"/> Cafeteria	<input type="checkbox"/> Marriage Subsidy
<input type="checkbox"/> Year-end Bonus	<input type="checkbox"/> Company Dinner	<input type="checkbox"/> Coffee Maker	<input type="checkbox"/> Employee Training
<input type="checkbox"/> Performance Bonus	<input type="checkbox"/> Family Day		<input type="checkbox"/> Designated Shops
<input type="checkbox"/> Birthday Bonus	<input type="checkbox"/> Fitness Courses		

As the global travel market demonstrated a gradual recovery in the post-epidemic era, the Employee Welfare Committee arranged domestic and overseas tours for staff members to express gratitude for their employees' dedication and commitment. Offering employees the opportunity to choose between four different countries and regions (Nantou, Kinmen, Japan, and Vietnam). Furthermore, special contracts had been signed with a number of well-known food and beverage brands, whereby employees were provided with discounts or special offers when shopping at the participating shops.

In 2023, GP planned a family day, inviting employees to bring their families to Yangmei's Puxin Farm. The event included a variety of activities, such as sports competitions, games, and band performances, with the objective of uniting employees and providing an opportunity for them to interact and relax with their families. Furthermore, a ceremony was held on the occasion to express gratitude to the staff for their sustained commitment and contributions. Also, we invited colleagues to Taoyuan International Baseball Stadium to watch baseball match and show support for local sports events.



Figure 4-2 Designated shops



Figure 4-3 GP family day



Figure 4-4 Baseball match watching

### (3) Salary

The company offers employees a stable and competitive salary conditions in Yangmei. The salary level is determined based on the employee's academic background, professional knowledge and technology, seniority experience and personal performance. To attract and retain the best talent and reward colleagues for their performance and long-term contributions, we offer competitive salaries in Yangmei and adjust bonuses for business trips in line with the price index.

In addition, comprehensive evaluations are conducted to assess factors such as gender equality, personal ability, and academic experience. Salary ratios and performance bonuses are adjusted annually in line with these evaluations. The salaries of full-time employees who are not in supervisory positions are also disclosed on the MOPS.

### (4) Parental leave

The company is committed to promoting a balance between work and family life, providing a caring and respectful workplace and complying with the "Gender Work Equality Act" and "Implementation Measures for Child Care and Leave without Pay". Employees who have worked for 6 months can apply for parental leave before their children reach age three. The duration of the leave is up to two years. Prior to the conclusion of the leave, the employer will contact the employee to arrange a return to work. Following this, the employer will also provide assistance with training.

Table 4-8 Parental leave in 2023

January 1 – December 31, 20232023/1/1~12/31	Male	Female	Total
The total number of employees eligible for parental leave in 2 years	4	2	6
Actual number of People Applying for Parental leave	0	0	0
Estimated number of people who applied for parental leave and returned to work	0	0	0
Actual number of people who applied for parental leave and returned to work	0	0	0
Number of employees returning to work after parental leave	0	0	0
Number of employees returned to work 12 months after parental leave	0	0	0
Application rate of parental leave without pay	0	0	0



## 4.3 Talent Cultivation and Development

Talent is a valuable human resource for the company. By engaging with universities and colleges and continuing to attract and develop talent, the company aims to enhance its employer brand image and establish a long-term human resources strategy. Furthermore, the company provides comprehensive care and welfare for its employees, with the objective of enhancing their productivity and facilitating career advancement. We aim to cultivate all-round talents through comprehensive training programs tailored to new recruits and existing employees alike. The company offers a comprehensive performance management system, providing various channels to develop the capabilities of employees. This enables colleagues to learn, grow, and succeed in a supportive environment. It also allows ambitious colleagues with a desire to play a key role within the company to access the necessary resources and enjoy their work.

### (5) Recruitment

#### Encourage getting license and further study

We encourage our employees to obtain the iPAS certificate in order to enhance the quality and competitiveness of our industry's talent. Those who have obtained the iPAS certificate for machine tool design engineers will be given priority and will be invited to an interview. In addition, they will receive a bonus to encourage them to further their studies and develop their strengths.

#### Diversified recruitment processes

The company recruit talent through the Taiwan Employment Service website, the 104 Job Bank and the 1111 Job Bank. The company also works with the Industrial Technology Research Institute (ITRI), the Taoyuan-Hsinchu-Miaoli Regional Branch, WDA, MOL and the Taoyuan City Government's Vocational Training and Employment Services Center Labor Affairs Bureau on recruiting activities.

Furthermore, in line with the recruitment funnel, we leverage online social media platforms to source talent by extending our reach to prospective job seekers. This includes the creation of a company image page on LinkedIn. Recruitment and job vacancy information is uploaded regularly to our long-running Facebook and Instagram fan pages in order to reach out to outstanding talent through multiple channels.



Figure 4-5 Facebook Post



Figure 4-6 : 104 Job Bank Online Activity

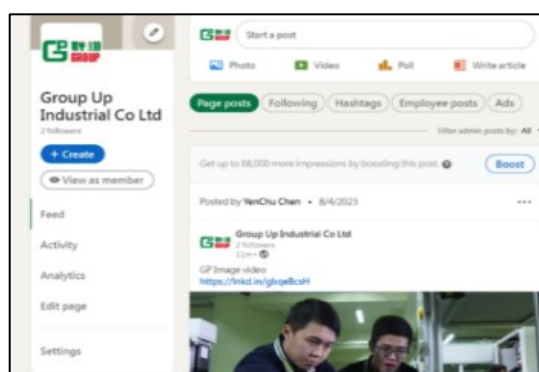


Figure 4-7 : GP's LinkedIn Page



Figure 4-8 : GP's Instagram Page

### (6) Education and training

People are the most important resource for Group Up Industrial. Group Up has developed a range of educational and training resources, enabling employees to continuously learn and develop their skills while working, in line with the rapid technological changes in the industry. The company offers a comprehensive range of training courses, tailored to meet the specific needs of employees and relevant industry regulations. These include employee education and



training, professional technical training, quality control training, employee growth-related training, and occupational safety and health lectures.

Furthermore, the company places significant emphasis on research and innovation, regularly providing professional education and the latest technical training in collaboration with external research institutes. Additionally, the company places great importance on the safety of frontline employees who often assist customers in assembling machinery, and provides specialized safety training to guide employees in establishing a safety culture.

For the education and training of future trend of sustainable development, considering the need for flexible arrangements during the epidemic prevention period, GP also arranges for colleagues from different departments to participate in professional training.

Table 4-9 Average hours of training (by gender)

Year	2023		
Gender	Male	Female	Total
Total hours of training	322	54	376
Total number of employees (Note)	226	31	257
Average hours of training	1.4	1.75	1.46

Note: Training hours include internal newcomer training, special training, online training, and external training seminars.

Table 4-10 Average hours of training (by department)

Department	Mechanical R&D, Electrical R&D, Software R&D,	Marketing, Finance & Accounting, Audit, Chairman's Office	Management Security Procurement	Manufacturing, Quality Control, Technician on site, Foreign employees	Total
Total training hours	174	54	48	100	376
Total number of Employees (Note)	57	36	15	149	257
Average hours of training	3.05	1.5	3.2	0.7	1.46

Note: Training hours include newcomer, specialized, online and external training. For sustainable development, the company also provides professional training for colleagues from different departments.

## (7) Employee career development and counselling

In 2023, we implemented a comprehensive career development and care program for our employees. The program was designed to provide support to employees from various professional backgrounds, help them identify the most suitable career development pathway, and enhance their overall quality of work and life. The career development program would have offered personalized career planning advice, relevant training courses, and resources to support them in their continued growth and progress. Additionally, we acknowledged the importance of physical and mental health in the workplace and planned to implement a comprehensive care system, including psychological counseling, health management, and stress relief services. Moreover, we actively promoted work-life balance and strived to create a favorable working environment and atmosphere. Through these measures, we aimed to support the career development and personal well-being of our employees in all aspects, ensuring they received the necessary support and assistance in the face of work pressure and life challenges, and enabling them to achieve both personal and professional growth in a comfortable and enjoyable environment.

## (8) Performance appraisal evaluation

The company has implemented a fair and transparent performance evaluation process to ensure that promotions and salary adjustments are made in a just and equitable manner. All full-time employees undergo an annual appraisal, with results filed with HR. The assessment process differs for supervisors and non-supervisors. Supervisors are evaluated

based on their performance in achieving departmental goals and their behavior and attitude. Non-supervisors are assessed on a range of criteria, including skills, teamwork, efficiency, knowledge, attitude, interpersonal skills and past performance.

The evaluation mechanism distinguishes between supervisory and non-supervisory levels and is conducted at the departmental level. For new hires, executives monitor their adaptation and perform an assessment after the first three months. The performance results serve as the basis for promotion and salary decisions. The company aims to provide employees with a transparent career path, motivating them to continuously improve and contribute to the company's growth.

Through transparent performance evaluation, the department can establish a relationship of mutual trust. Regular feedback from supervisors can also be obtained for the medium and long-term career growth of employees. This allows employees' personality traits and strengths to be utilized, while identifying areas for improvement that can be addressed as soon as possible.

**Remarks: methodology for the number of employees**

The Company's total number of employees is currently defined and calculated in three different versions, as outlined below.

The aggregate number of employees as of December 31, 2023 was 257, comprising 226 males and 31 females. The total number of individuals in the GP Group (Taiwan GP, Suzhou GP, and GP Trading) is 385 as of December 31, 2023, on page 73 of the Company's annual report.

## 4.4 Human Rights and Related Measures

Human rights issues are an important part of corporate governance that cannot be ignored. The company proposes relevant measures for the concerns of the three stakeholders, such as employees, suppliers, and customers, and enhances corporate responsibility practices through appropriate issue response plans.

### (1) Employees

The company is committed to a gender-equal working environment. We have a maternity room on the third floor for breastfeeding. This protects female workers' maternal health and privacy, as well as their childcare needs. The company also has a policy on sexual harassment and provides channels for complaints. It offers maternity, paternity, and parental leave in line with the law.



Figure 4-9 Maternity room on the third floor

### Prevention of sexual harassment

The company has established an internal procedure to address sexual harassment and protect employees' rights. Employees are informed about the ban on sexual harassment through slogans displayed on noticeboards. Any employee that lodges a complaint, a committee will be formed to handle it confidentially in order to protect the victim.



Figure 4-10 Sexual Harassment Prevention Announcement in 4 languages (Chinese, English, Thai, Vietnamese)

### Prohibition of discrimination in recruitment and employment

The company is committed to providing equal employment opportunities for all individuals, regardless of their background. The recruitment process is open and transparent, and candidates are selected based on their abilities.

### Working hours

Working hours comply with all applicable labor laws and regulations. Normal working hours are limited to 8 hours per day, there is no compulsory overtime, and a legal overtime pay declaration system is in place. The company supports employees in organizing clubs and encourages participation in health and leisure activities. Company

facilities are also available for use outside of normal working hours, in order to promote a healthy work-life balance.

## **(2) Suppliers**

Suppliers must follow human rights programs, including health and safety, working hours, choice of occupation, wages, and benefits. By signing the "Supplier CSR Commitment," suppliers must improve human rights and track improvements.

## **(3) Customers**

The company's communications are free of discriminatory language. We treat all customers fairly, publish transparent information on our website, and make it available to customers through various channels. We focus on our customers. Our team responds quickly to customers' questions to protect their rights.

## 4.5 Occupational Safety and Health

The company aims to provide a safe and comfortable working environment. In order to ensure factory safety and hygiene, prevent occupational accidents, and protect the safety and health of our employees, the company complies with the relevant legislation. The company also provides the necessary safety education, disaster prevention training, and health inspection. Furthermore, the company complies with the ISO45001 Occupational Health and Safety Management Systems and sets up a labor health protection plan to ensure the welfare of employees.

### A. Workplace Health and Safety Management

1. Prevention of Ergonomic hazards and musculoskeletal disorders
2. Avoiding excessive fatigue caused by abnormal workloads (e.g. long working hours, shift work)
3. Prevention of workplace violence, including verbal, physical, psychological violence and sexual harassment
4. Maternal health protection, covering female employees before, during and after pregnancy and breastfeeding.

### B. Education and training

1. Implement education and training in accordance with the Occupational Safety and Health Act and the Occupational Safety and Health Education and Training Regulations.
2. Conduct emergency response and evacuation drills every six months.

### C. Safety and Health Management Measures

1. Implementation of automatic inspection program and safety and health status checking
2. Use of machinery, apparatus, and equipment in accordance with the law
3. Chemical management: Ensure Safety Data Sheets (SDS) and Hazardous Diagram labelling.
4. Specify safety control requirements for suppliers
5. Implementation of operating environment monitoring in accordance with the requirements of the central authority.
6. Establishment of ISO45001 Occupational Safety and Health Management System, expected to be certified in 2024.
7. Establishment of contractor management regulations in accordance with the Occupational Safety and Health Act.

The company complies with the Occupational Safety and Health Act and has a Class-1 manager of Occupational Safety and Health Affairs and a Level B technician for labor health management in the Factory Department. This is for the purpose of proper manpower deployment and regular on-the-job education and training every two years.

### (1) Management policy

The company prioritizes the well-being of its employees, recognizing that their happiness is integral to the company's growth. To ensure the safety and health of all employees, comprehensive training programs are in place. New recruits are required to complete a thorough six-hour training course covering safety and health regulations, code of practice, auto-check procedures, standard operating protocols, emergency handling, and fire-fighting and first aid drills. Certain roles, such as tradesmen and machine operators, undergo additional specialized safety training. Employees working with dangerous machinery or hazardous substances are mandated to receive professional training from approved organizations. The company is committed to providing in-house and on-the-job training to equip employees with the necessary qualifications for factory operations. Our ultimate goal is to cultivate a secure and healthy working environment where employees can carry out their responsibilities with peace of mind.



Figure 4-11 On-site safety signs



## (2) Fire safety

In line with the Enforcement Rules of Fire Services Act, GP is obligated to install and maintain fire safety equipment and to appoint fire service engineers or fire service technicians to conduct regular inspections and repairs. At Yangmei headquarter, a professional fire protection engineering company is commissioned to carry out random inspections and maintenance of fire protection equipment every year, with reports submitted to the relevant authorities.

Fire protection plans are formulated and reported to the relevant authorities, and fire safety drills are conducted every six months in accordance with the self-defense firefighting group. These drills include training in fire extinguishing, notification, and evacuation procedures, among other topics. The company provides training in fire safety through verbal and video instruction and actual drills. This ensures that personnel are aware of the importance of fire alarms and are able to use firefighting facilities correctly and deal with casualties in case of emergencies, thus maintaining the safety of the factory premises.



Figure 4-12 Training in Fire Safety



Figure 4-13 Fire Safety Drills In 2023

## (3) Occupational hazard prevention

A review of the key safety indicators for factories over the course of the year reveals that the injury rate (IR), the frequency of disability injuries (FR) as defined by the Ministry of Labor, the occupational disease rate (ODR), and the number of days lost (LDR) (the severity rate of disability injuries as defined by the Ministry of Labor (SR)) have all reached zero. On occasion, colleagues are involved in minor collisions while traveling to and from work. All official vehicles are covered by insurance. Furthermore, the Factory Manager reinforces the promotion of safe driving practices during weekly meetings and ensures that all employees are aware of the importance of observing oncoming traffic. Please find the methodology below:

Injury Rate (IR) =  
$$\frac{(\text{Total Injury Losses} \times 10^6)}{(\text{Total Working Hours})} = \frac{(0 \times 10^6)}{(257 \text{ people} \times 8 \text{ hours} \times 12 \text{ months})} = 0$$
  
The Number of Days Lost (LDR) = 0  
The Severity Rate of Disability Injuries (SR) = 0  
Total damage index =  $\sqrt{\frac{(\text{FR}/\text{SR})}{1000}} = 0$

## (4) Employee health management

The company adheres to the Occupational Safety and Health Law and labor health protection rules, and has entered into a contract with an occupational safety and health consulting service agency approved by the Ministry of Labor. In regard to on-site health services for employees, the company offers the following services, including measures related to maternity protection.

Furthermore, in light of occupational injuries, the company has intensified its communication efforts. For instance, employees in the factory are instructed to wear gloves when handling keys and sheet metal keys to prevent hand injuries. Office personnel are advised to take regular breaks, walk regularly, and avoid prolonged periods of sitting to prevent shoulder and neck discomfort, eye fatigue, and vision impairment.

Table 4-11 2023 Health service report

	Projects of the Health Services	Description of Implementation Status	Note
1	Labor Physical Examination Results, Analysis and Management Measures	<ol style="list-style-type: none"> <li>1. No newcomers have reported. No physical report section yet.</li> <li>2. 2023, the health examination classification is as follows: 6 people in the 1st level, 81 people in the 2nd level, 83 people in the 3rd level, and 9 people in the 4th level. 19 people have completed interviews for levels 3 and 4, with an achievement rate of 20%.</li> </ol>	The 2023 health exam was held in August. Consultations were scheduled for November. 73 people had not had their consultation. The interviews will be done by mid-2024.
2	Matching workers, occupational injury and disease prevention, case management, and planning	Occupational injuries: 0 person Returned to work: 0 person	No work-related injuries to employee this year.
3	Health Protection Plan for Under-18, Middle-aged, and Senior Workers	<ol style="list-style-type: none"> <li>1. No Under-18 employees.</li> <li>2. The Health Protection Scheme for Middle-aged and Senior Workers is still being revised.</li> </ol>	The suitable work protection plan for middle-aged and elderly people is expected to assist the organizer in revising the plan and related forms in 2024
4	Maternal Health Protection Program	1 person (in pregnancy)	In response to the partial amendments to the "Regulations for Implementing Maternal Health Protection for Female Workers" issued on September 16, 2020, the plan and related forms have been revised.
5	Abnormal Workloads and Disease Prevention	In 2023, 168 employees were screened for suggestions, and a total of 30 individuals were selected for further consideration. Three interviews were conducted.	There are 27 people expected to be completed in the second quarter of 2024.
6	Prevention of Workplace Misconduct	<ol style="list-style-type: none"> <li>1. Enforce the written statement of Workplace Misconduct.</li> <li>2. Implement a supervisory self-assessment checklist.</li> <li>3. Identify and evaluate hazards</li> </ol>	The project was scheduled for implementation in 2023, but following the unexpected departure of the contact person, the timeline was revised to 2024.
7	Preventing and Managing Ergonomic hazards	In 2023, a musculoskeletal symptom survey was conducted on 167 employees. The objective was to ascertain whether they had experienced any discomfort, such as fatigue, soreness, numbness, or tingling, for a period exceeding two weeks over the past year. Additionally, the survey sought to identify any bodily regions that had scored more than three points and persisted for a minimum of six months. The completion rate was 88%.	
8	Emergency Response	Check the contents of the first aid kit for compliance.	Every 6 months

	Projects of the Health Services	Description of Implementation Status	Note
9	Health Education, Counseling and Promotion	Produced 18 health promotion articles	Produce a monthly or occasional health-related article.
10	Mental Health	No appointment for health counselling	Regular monthly update on clinic hours.

Source: Medical team of Group Up Industrial.

## (5) Management of employee's dormitories

The company employs foreign workers in accordance with the Employment Service Law and has formulated a life care service plan in accordance with the 'Regulations on Employers' Permission and Management of Employment of Foreigners'. The company has arranged conveniently located accommodation for foreign employees. All dormitories have passed fire safety inspections to ensure a suitable and safe living environment.

The company conducts regular life safety inspections and cooperates with the Taoyuan City Government's policy to strengthen the management of environmental hygiene and safety in the dormitories. Supervisors care about the lives of foreign employees to ensure their physical and mental health. The company implements disinfection, cleaning and other management measures to maintain dormitory hygiene.

Currently, the company employs Filipino, Thai, and Vietnamese staff. Considering the differences in the living habits of different nationalities, the company arranges separate dormitories to provide a good living environment. This not only ensures that the staff can live and work happily, but also helps to maintain a good relationship with the community and neighbors.



Figure 4-14 GP's foreign workers from Philippine, Thailand, Vietnam



## 4.6 Labor Relations and Communication

GP highly values its labor relations, strictly adheres to all applicable labor laws and regulations, and provides a supportive and respectful working environment for its employees. The company encourages employee participation in company affairs through various channels, including employer-staff meetings, suggestion boxes, and a grievance system. These channels facilitate open communication between employers and employees. Additionally, the company regularly reviews its labor policies to protect employees' rights and interests. By the end of 2023, no major labor disputes had occurred, indicating good labor relations.

### (1) Employer-employee meetings

Table 4-12 Subjects of Employer-employee meetings

Report	Labor dynamics such as number of workers, labor turnover, and turnover rate.
	Production information such as production plan, business overview, and market conditions.
	Labor activities, welfare programs, and the improvement of the working environment.
Discussion	Coordination of labor-management relations and promotion of labor-management cooperation.
	Labor conditions, labor welfare planning, and improvement of work efficiency.
	Selection and dismissal of labor-management meeting representatives.
	Labor-management meeting operation.

### (2) Labor Code of Conduct

The cornerstone of GP's market success is delighted customers and engaged personnel. Every GP employee must follow the code of conduct, adhere to professional ethics, preserve fairness, and comply with all regulations. Our partners, consumers, regulators, and the general public may rely on our workers' excellent expertise and experience, as well as their strong understanding of social norms and ethical behavior.

The current global electronics customer base places a high value on the Responsible Business Alliance (RBA) spirit. Additionally, our business maintains positive customer relations while attending to the audit needs of its clients. As a response to the worldwide movement highlighting human rights, the company doesn't hire anyone younger than fifteen.

In addition to following the safety and health work laws, laborers who are obliged to collaborate must also accept the safety and health education and training that GP provides in order to work safely and prevent tragedies. To guarantee safe employment, employees must also go through the required medical and physical examinations. When providing installation and test run services in the customer's plant, one must also abide by all applicable factory standards and wear dust-free clothing and shoes, insulating gloves, safety belts, engineering safety helmets, and protective gear.

Because of their direct technical and business positions, GP colleagues may access drawings, specifications, business secrets, and other information about mechanical equipment over the course of their work, all of which they are required to keep confidential. For instance, legal requirements such as trade secret law, company law, fair trade law, civil law, etc. should be followed for patented technology, cost analysis, product design drawings, advanced manufacturing processes, production scheduling, customer lists, etc. The approach of honesty and credit should be used for that.

## Chapter 5 Social Contribution

### 5.1 Social Welfare Participation

GP considers corporate social responsibility to be a fundamental value and is dedicated to giving back to the community. Our involvement in public welfare activities is extensive and includes both environmental conservation and social welfare. We want to improve society and show our neighbors that we care about them by volunteering, giving, and educating people about the environment. Simultaneously, we shall persist in investigating methods to enhance the evaluation of our charitable endeavors and broaden their influence.

#### (1) Social welfare projects

Table 5-1 Social welfare expenditures in 2023

	Subjects
1	Shangtian Village Tian Shang Sheng Mu Committee
2	Ruei Yuan Elementary School
3	TPCA Environment Foundation (TPCF)
4	Taoyuan City Industrial Management Association
5	The Potential Development Center for Spinal Cord Sufferers
6	Yu De Children's Home
7	Pingzhen LOHHAS Children's Home
8	Taoyuan Youth Industrial Park Manufacturers Association
9	Taoyuan Enterprise Chamber
10	Yunlin County Little Angels Development Association
	Total: NT\$231,000

#### (2) Photos and captions

Cooperation Organization	The Potential Development Center for Spinal Cord Sufferers 、Down Syndrome Foundation	Cooperation Organization	Department of Industrial and Systems Engineering, Chung Yuan Christian University
Date	December 24, 2023	Date	November 23, 2023
Content	Setting up a booth to promote public service and charitable items at GP's family day	Content	Students visits GP
			

Cooperation Organization	Taoyuan Youth Industrial Park Manufacturers Association	Cooperation Organization	Yu De Children's Home
Date	November 23, 2023	Date	September 27, 2023
Content	Blood donation	Content	Mid-Autumn Festival charity care program

## 5.2 University-Industry Collaboration

In the year of 2023, ESG team had visited Lung Hwa University of Science and Technology, Chung Yuan Christian University, and National Central University to discuss some internship programs, industry-academia cooperation, and other potential modes of cooperation in order to deepen the talent recruitment and develop the direction of industry-academia cooperation with tertiary institutions. We also visit National Central University's Vice President Mr. Hsu to discuss ideas for developing and nurturing talent locally.

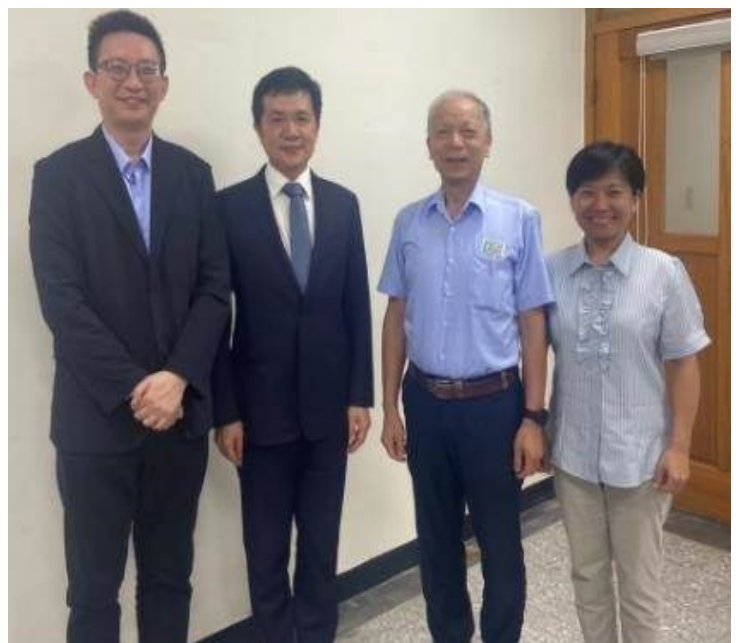


Figure 5-1 GP ESG team visited Vice President Mr. Hsu from National Central University

Table 6-2 University-industry collaboration Summary

Date	Subject	Cooperation Organization	Caption
March 2023	Students Visits GP	Department of Industrial and Systems Engineering, Chung Yuan Christian University	Help students understand the industry and how to apply for jobs.
June 2023	GP Visits the Intelligent Factory	Lunghwa University of Science and Technology	The ESG team visited the PCB smart manufacturing factory and shared ideas on industry-academia cooperation.
June 2023	Students Visits GP	Department of Mechanical Engineering, National Taiwan University	Help students learned about related industries and shared ideas about new AR/VR technologies.
September 2023	Students Visits GP	Department of Industrial and Systems Engineering, Chung Yuan Christian University	Help students understand the operation of related industries and to exchange topics such as trends in electronic engineering and AI applications.
October 2023	International Exchange Students Visits GP	Career Center Office of Student Affairs National Central University	Help international students better understand the equipment industry and how to apply for jobs.

### 5.3 Local Community Engagement

GP is based in Yangmei District, Taoyuan City, and actively pursues tight ties with the local Yangmei community to fulfill its corporate social responsibility. Yangmei currently has 69 local employees, which accounts for one-third of all Taiwanese employees. We support local economic development, create more job possibilities, and provide the community with a steady income and welfare. At the same time, we have a thorough awareness of the community's needs and actively participate in community affairs, such as performing disaster prevention exercises and other community events on occasion. We work with the neighborhood representative to clear ditches and preserve environmental cleanliness in the community.

## Chapter 6 Environmental Sustainability

### 6.1 Greenhouse Gas

#### (1) Greenhouse gas inventory report in 2023

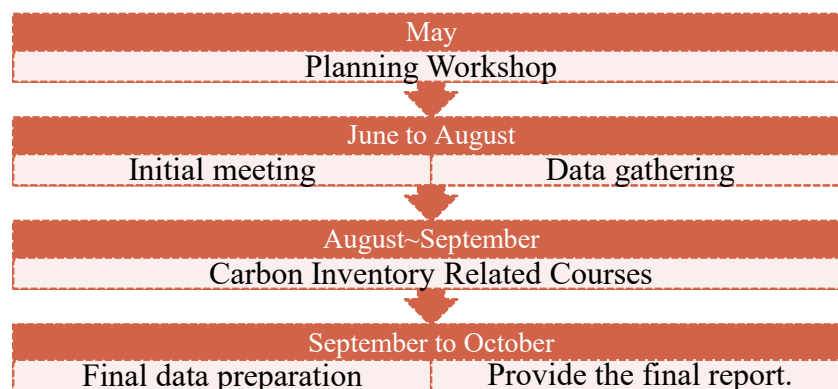
Products	Manufacturing dry process electrical equipment
Production Process	Quality Control, Assembly, Testing, and Packing. Manufacturing is powered by electricity.
Employees Dining	Order lunch boxes, no kitchen
Building Usage	Own factory
Staff Dormitory	N/A
Company site	N/A
Other energy sources	N/A
Official Vehicles	22 gasoline vehicles, 3 electric and petrol vehicles
Air Conditioning	Central air conditioning system
Inventory Results	932 (tCO <sub>2</sub> e) of GHG emissions are divided into categories 1 through 4, with category 1 having the largest emissions at 307 (tCO <sub>2</sub> e) (represented by 32.95%).
Carbon Reduction Approach	Encourage energy-saving actions, minimize power consumption, improve equipment maintenance, prevent malfunctions, and increase operational efficiency. Utilize low-carbon transportation.

#### Greenhouse gas management

Emissions can serve as a critical indicator of a company's impact on the climate. Increasingly, the disclosure of emissions is expected from investors, and growing regulatory pressure has led to the mandatory disclosure of certain emissions. By disclosing emissions, investors and stakeholders can ascertain a company's climate risks and identify trends in emissions reduction to benchmark against competitors.

In accordance with the Industrial Development Bureau, Ministry of Economic Affairs, the GP took part in the 2023 Manufacturing Industry Net Zero Transformation Promotion Plan, 1+N Carbon Management approach.

Table 6-1 GP's 1+N Carbon management timeline in 2023





## 1. Reporting boundary

The Yangmei headquarter in Taiwan, which includes the company's factory, office building, dormitories, is defined as the identification border in line with the Operation Control.



Figure 6-1 Reporting boundary of Group Up Industrial

## 2. Emission identification

Disclosure of greenhouse gas sources in Scopes 1–3 in compliance with the Financial Supervisory Commission's requirements.

This GHG emissions report reflects the situation of GP's fiscal year 2023, or the period between January 1, 2023 and December 31, 2023.

## 3. Methodology

Quantifying GHG emissions entails data gathering and the use of documented emission variables. Quantification is based on two calculation-based approaches, depending on the type of emission source:

- Emission sources involving chemical transformation (combustion, fixed or mobile) and indirect emissions from electricity consumption.
- Emission sources that differ from CO<sub>2</sub> are converted to tones of CO<sub>2</sub>e using the IPCC's Global Warming Potential (GWP) values (for example, tones of CH<sub>4</sub>).

$$\text{Emissions of CO}_2 \text{ (t CO}_2\text{e)} = \text{Activity data} \times \text{Emission Factor} \times \text{Global warming potential (GWP)}$$

## Scope 1: Direct emissions

Table 6-2 Direct greenhouse gas emissions of company operations

Year	FY2023	FY2022	FY2021
Scope 1 (tons of CO <sub>2</sub> equivalents)	307.1864	76.94	67.12
Data coverage (as % of denominator)	0.03	0.008	0.007

Note: In 2023, in response to increased demand from customers in Europe, the United States, and Southeast Asia, the factory's fourth floor was expanded at the end of 2022, resulting in increased production capacity while increasing carbon emissions.

### **Scope 2: Indirect emissions due to imported energy**

Indirect GHG emissions by imported energy are those from electricity, heat or steam consumed by the organization and provided by third parties. Emissions from electricity transmission and distribution are also included in this section.

Table 6-3 Indirect emissions due to imported energy

Year	FY2023	FY2022	FY2021
Scope 2 (tons of CO <sub>2</sub> equivalents)	461.1554	398.766	344.169
Data coverage (as % of denominator)	0.04	0.039	0.034

### **Scope 3: Emissions split based on the 15 Scopes 3 categories of the GHG Protocol Corporate Value Chain Standard.**

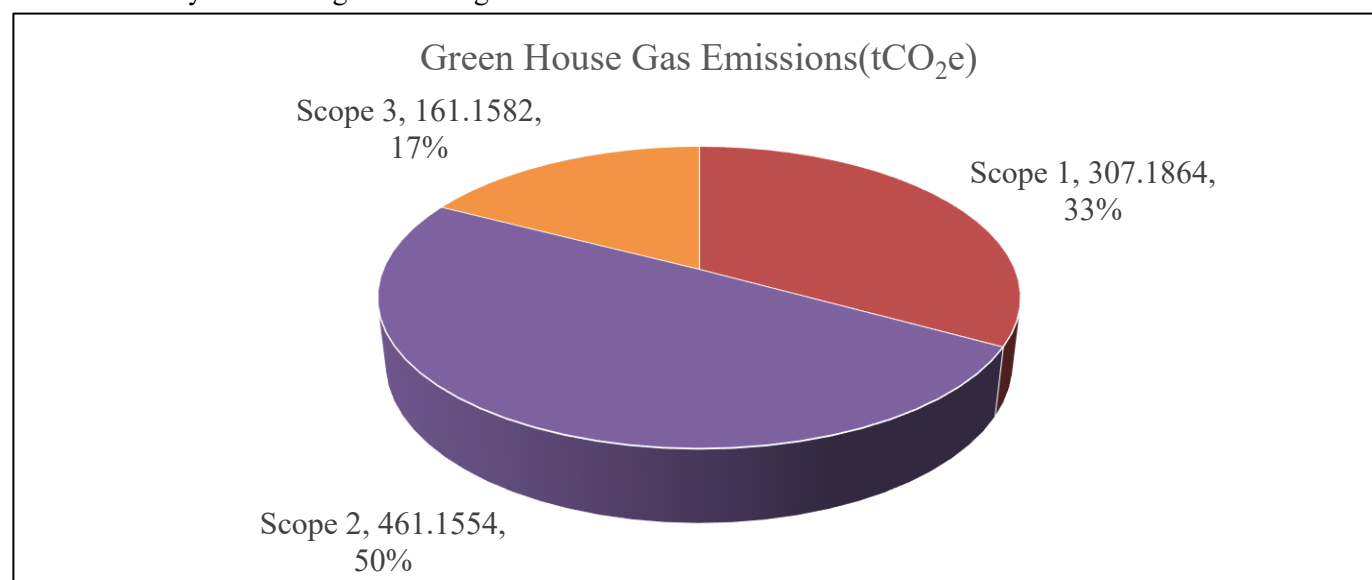
- |  |   |
|--|---|
| 1. Purchased Goods and Services                                      | 8. Upstream leased assets                     |
| 2. Capital Goods   | 9. Downstream transportation and distribution |
| 3. Fuel-and-energy-related-activities (not included in Scope 1 or 2) | 10. Processing of sold products               |
| 4. Upstream transportation and distribution                          | 11. Use of sold products                      |
| 5. Waste generated in operations                                     | 12. End of life treatment of sold products    |
| 6. Business travel   | 13. Downstream leased assets                  |
| 7. Employee commuting  | 14. Franchises                                |
|  | 15. Investments                               |

Table 6-4 Total indirect greenhouse gas emissions from GP's upstream and downstream value chain

Year	FY2023	FY2022	FY2021
Category 3 (tons of CO <sub>2</sub> equivalents)	161.1582	34.73	5.88
Data coverage (as % of denominator)	0.016	0.0034	0.0006

### **Analysis of total greenhouse gas emissions**

Table 6-5 Analysis of total greenhouse gas emissions in 2023



In 2023, the company's total greenhouse gas emissions were a total of **932 tons, with a carbon factor of 0.495 kg CO<sub>2</sub>e/kWh**. Compared to 2022, total GHG emissions in the preceding year were 510 tons, with a carbon factor of 0.509 kg CO<sub>2</sub>e/kWh. As a result, overall GHG emissions in 2023 were around 422 tons higher than in the previous year, representing a nearly 180% rise.

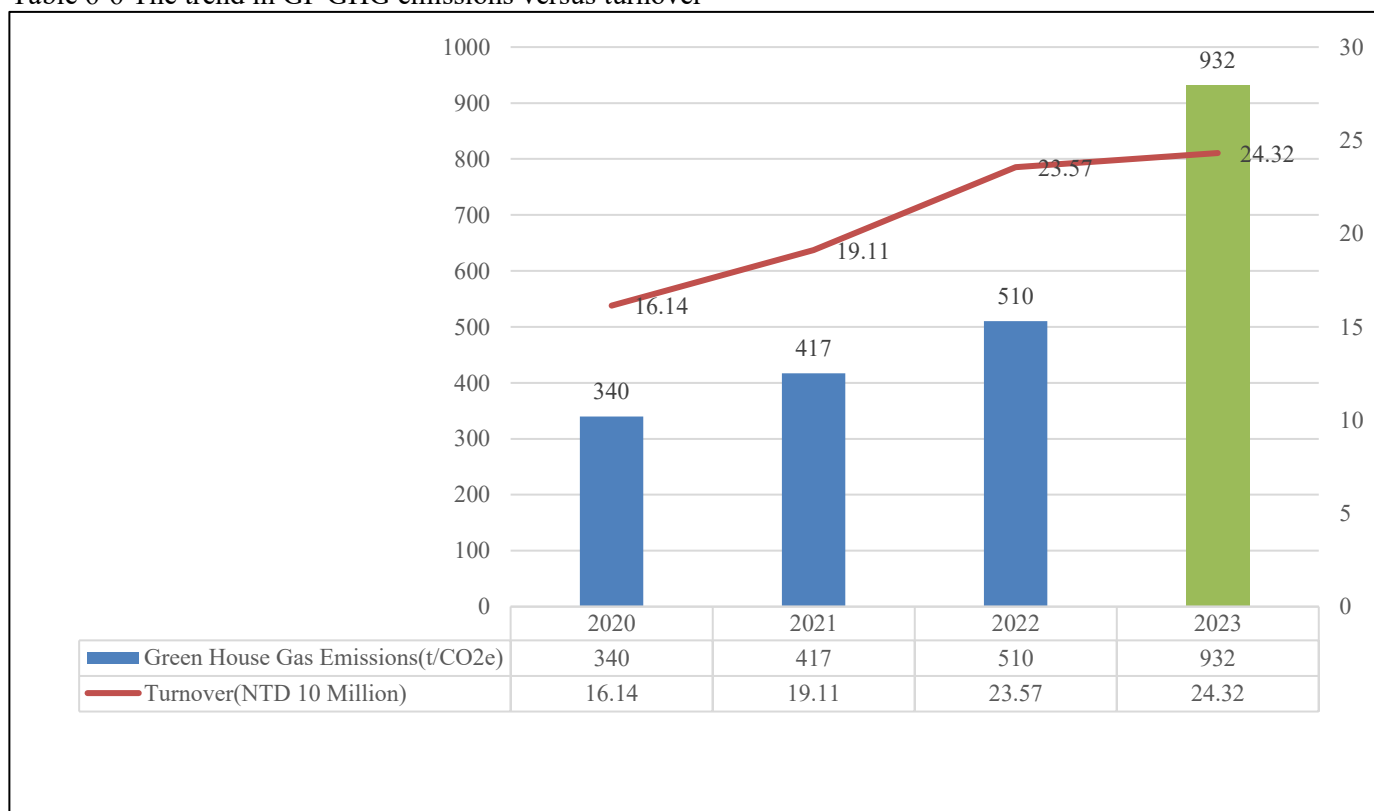
Please find below a detailed analysis of the potential root causes:

1. The expansion of GP fourth floor has resulted in an increase in production capacity, direct emissions and purchased electricity.
2. In 2023, there were more global consumers in Europe, the United States, Japan, Korea, and Southeast Asia, as well as more business trips for colleagues than previously.
3. The volume of rubbish disposed of tripled over the previous year, greatly increasing the expense of waste transportation.
4. The total electricity consumption for the four staff dormitories was 117,216 kWh, which equated to 59,051 tons of GHG emissions. The total water consumption for these dormitories was 5,184 m<sup>3</sup>, resulting in 0.81 tons of GHG emissions.

## Summary

GP has been performing greenhouse gas inventories since 2020, originally covering just categories 1–3 with low data representativeness, and in 2023, under the advice of a consultant, the scope of the inventory has been expanded to category 4 to improve data representativeness. The company is devoted to controlling its carbon footprint, lowering carbon emissions in all aspects of its operations, from purchasing to sales, and using the PDCA process for continuous tracking and improvement. In the future, GP will include relevant information in our annual sustainability report to comply with our corporate sustainability responsibilities and progress toward the goal of net-zero emissions by 2050.

Table 6-6 The trend in GP GHG emissions versus turnover



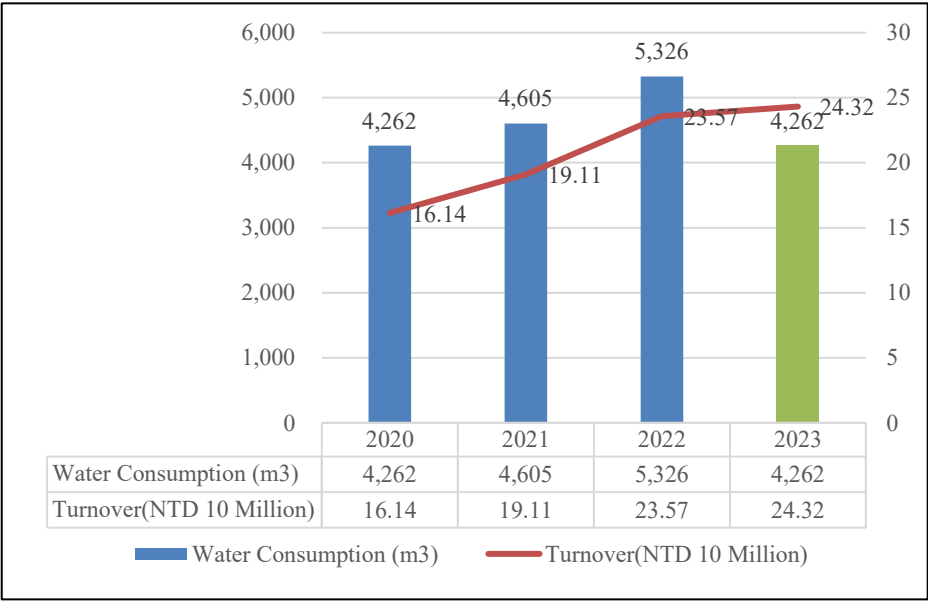


## 6.2 Water Resource and Waste Management

GP manufactures and tests mechanical automation equipment for circuit boards, optoelectronics, and semiconductor factories, and its operations rely on electricity and water, neither of which emit significant environmental pollutants like air, water, or hazardous substances. Furthermore, general and business waste generated from daily operations and production processes is handled appropriately in accordance with local laws and regulations and is treated in a manner that does not cause environmental hazards as the guiding principle. We are committed to taking additional responsibility for the environmental protection of our products.

### (1) Water resource management

Table 6-7 Industrial water consumption (m³)



We continue to follow the Taoyuan City Government's and the Ministry of Economic Affairs' North District Water Resources Bureau's water conservation procedures, keeping note of the amount of water we use each month. Some of the factory's hand-washing fixtures are currently equipped with water-saving taps, and management intends to install more water-saving taps in the future to ensure that the company continues to conserve water resources.



The company has rainwater storage and recycling facilities; the collected rainwater can be utilized for toilet flushing, irrigation, and gardening, lowering the need for tap water and boosting the reuse of water.

Photo source: Group Up Industrial Co. Ltd.

(2) Waste disposal management

The company has put in recycling containers and encouraged staff to separate their waste and recycle. Additionally, we hired qualified producers to recycle waste paper, wiring, metal, iron, and Styrofoam. GP disposed of 89,032 kg of recyclable garbage, the most in previous years, proving the value of material reuse. We completed the first half of this year's resource recycling statistics.

Table 6-8 Recyclable waste disposal costs (NT\$)

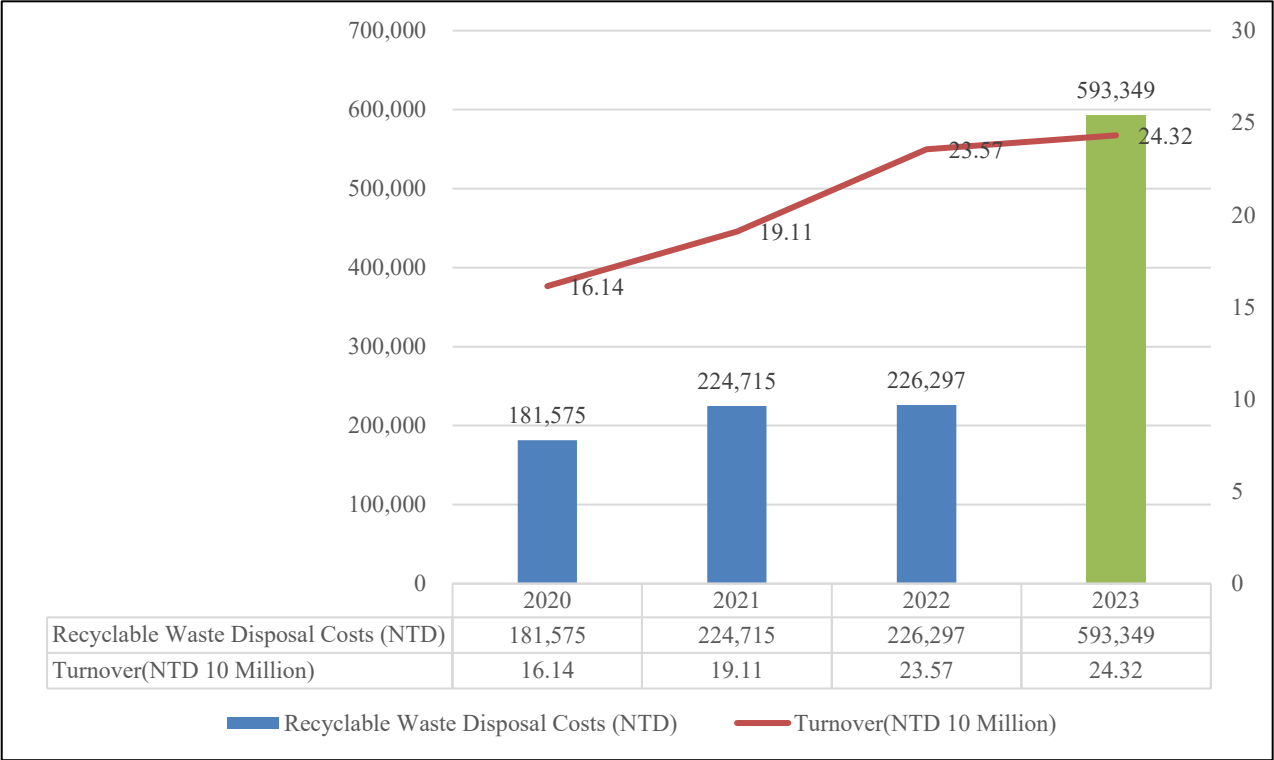
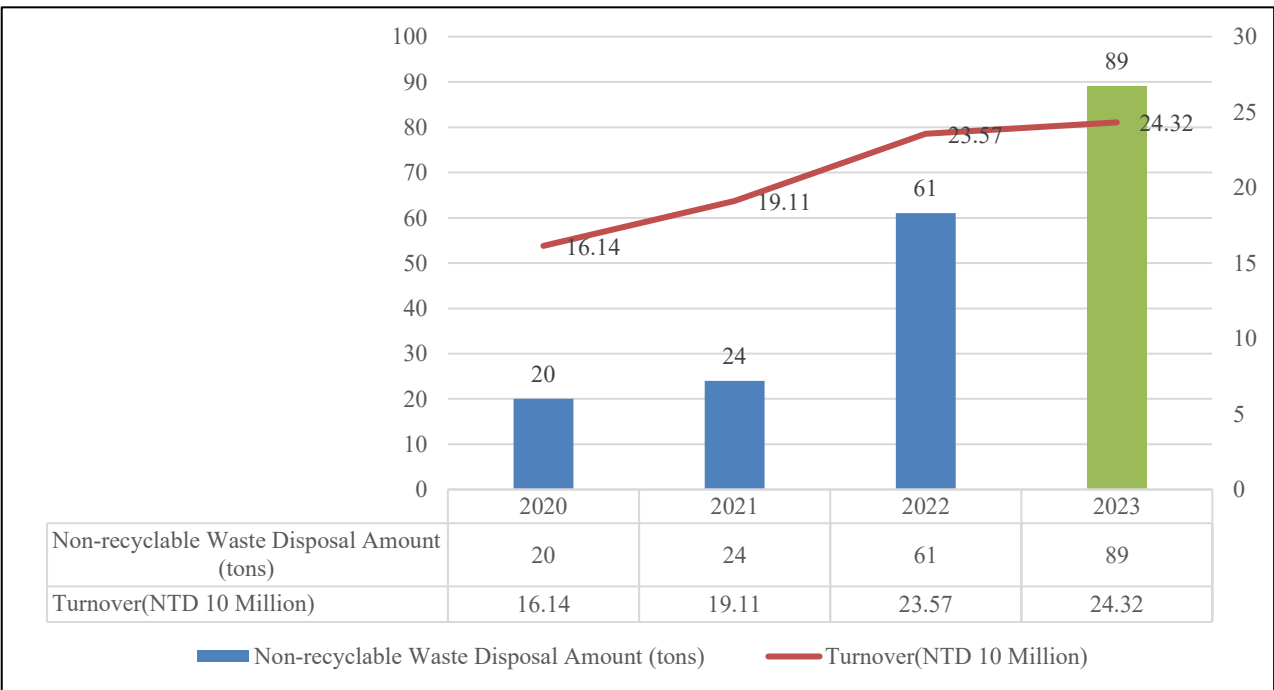


Table 6-9 Non-recyclable waste disposal amount (tons)



## 6.3 Energy Management

### (1) Rooftop solar panel power system

The majority of GP's energy usage comes from the assembly and testing of factory machinery, as well as the use of electricity in the office. To address climate change and decrease its environmental footprint, the corporation is focused on energy efficiency, having finished the first phase of its rooftop solar panel power system in July 2023, which uses of roof space to maximize electricity generation. This effort intends to achieve two goals: carbon reduction and green energy development.



Average daily electricity generation

=  $0.37\text{kW} * 1340(\text{piece}) * 2.9\text{hr}$

=  $1437.82\text{kWh}$  ( $1\text{kW} * 1\text{hr} = 1\text{kWh}$ )

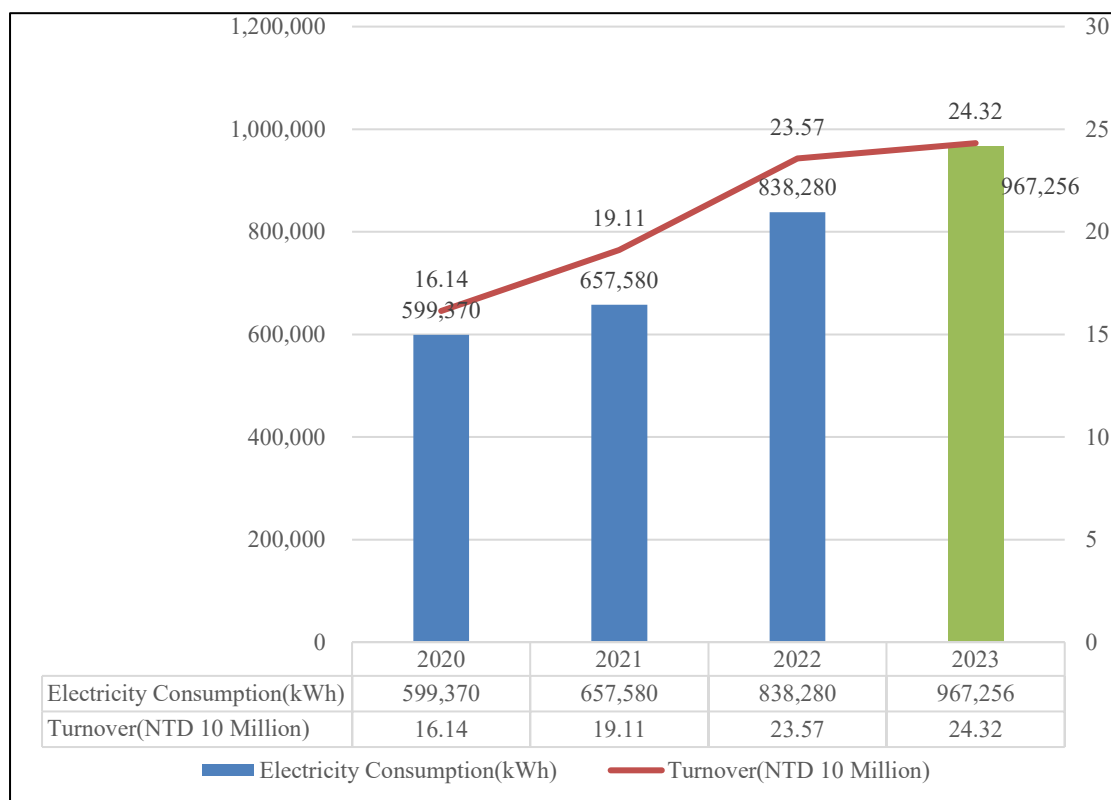
Average yearly electricity generation =  $1437.82 * 365 = 524804.3\text{ kWh}$

Average yearly carbon reductions =  $524804.3 * 0.495 = 259,778.128\text{ kg} = 259.8\text{ tons}$

## (2) Analyzing electricity consumption trends

Over the last four years, GP's annual electrical usage has increased by an average of 10%. Factors contributing to the increase include the stability of PC and server demand, the new machine replacement wave, the continuous expansion of AI demand, and even an increase in capacity utilization in the semiconductor industry, which has resulted in increased electricity consumption.

Table 6-10 GP's electricity consumption in recent years



## 6.4 Environment and Ecology

GP is committed to environmental conservation and sustainable development, as well as actively engages in clean mountain and clean water reservoir programs.

It also funds environmental education resources to raise the future generation's environmental consciousness. The company runs internal and external stakeholder initiatives, with a focus on ecological diversity and environmental protection issues, in the hopes of raising public awareness of the importance of natural ecosystems.

In the future, we will continue to engage in environmental protection efforts, promote corporate social responsibility, and carry out our environmental pledges through actual actions. We are solid in the belief that only by working together can we properly safeguard the natural environment and achieve long-term development of the earth's ecosystem.



Figure 6-2 GP participates in the Clean Water Reservoir Campaign

## Appendix

### GRI Standard and Index

Statement of use	Group Up Industrial Co. Ltd. has reported in accordance with the GRI Standards for the period 2023.01.01~2023.12.31.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

### GRI 2 General Disclosure

GRI standard	Disclosure	Chapter	Page	Omission/Remark
2-1	Organizational details	2.1 Company Operation	11	
2-2	Entities included in the organization's sustainability reporting	2.1 Company Operation	11	
2-3	Reporting period, frequency, and contact point	1.1 Report Information	3	
2-4	Restatements of information	1.1 Report Information	3	
2-5	External assurance	1.1 Report Information	3	
2-6	Activities, value chain and other business relationships	2.1 Company Operation	3	
2-7	Employees	4.1 Employee Care and Attention	32	
2-8	Workers who are not employees	2.1 Company Operation	11	
2-9	Governance structure and composition	2.1 Company Operation	11	
2-10	Nomination and selection of the highest governance body	2.1 Company Operation	11	
2-11	Chair of the highest governance body	2.1 Company Operation	11	
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Company Operation	11	
2-13	Delegation of responsibility for managing impacts	2.1 Company Operation	11	
2-14	Role of the highest governance body in sustainability reporting	2.1 Company Operation	11	
2-15	Conflicts of interest	2.1 Company Operation	11	
2-16	Communication of critical concerns	1.7 Materiality Assessments	7	
2-17	Collective knowledge of the highest governance body	2.1 Company Operation	11	
2-18	Evaluation of the performance of the highest governance body	2.1 Company Operation	11	
2-19	Remuneration policies	4.2 Competitive Compensation and Benefits	36	
2-20	Process to determine remuneration	4.2 Competitive Compensation and Benefits	36	
2-21	Annual total compensation ratio	4.2 Competitive Compensation and Benefits	36	
2-22	Statement on sustainable development strategy	1.5 GP and United Nations Sustainable Development Goals	6	
2-23	Policy commitments	1.3 Commitment	5	

2-24	Embedding policy commitments	1.3 Commitment	5	
2-25	Processes to remediate negative impacts	4.6 Labor Relations and Communication	46	
2-26	Mechanisms for seeking advice and raising concerns	4.6 Labor Relations and Communication	46	
2-27	Compliance with laws and regulations	2.1 Company Operation	11	
2-28	Membership associations	2.1 Company Operation	11	
2-29	Approach to stakeholder engagement	1.7 Materiality Assessments	7	
2-30	Collective bargaining agreements	4.6 Labor Relations and Communication	46	

### GRI 3: Material Topics

GRI standard	Disclosure	Chapter	Page	Omission/Remark
3-1	Process to determine material topics	1.7 Materiality Assessments	7	
3-2	List of material topics	1.7 Materiality Assessments	7	
3-3	Management of material topics	1.7 Materiality Assessments	7	

### GRI200: Economic

#### GRI 201: Economic Performance

GRI standard	Disclosure	Chapter	Page	Omission/Remark
201-1	Direct economic value generated and distributed	2.1 Company Operation	11	
201-2	Financial implications and their risks and opportunities due to climate change	N/A		
201-3	Defined benefit plan obligations and other retirement plans	N/A		
201-4	Financial assistance received from government	N/A		

#### GRI 202: Market Presence

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Competitive Compensation and Benefits	36	
202-2	Proportion of senior management hired from the local community	4.1 Employee Care and Attention	32	

#### GRI 203: Indirect Economic Impacts 2016

203-1	Infrastructure investments and services supported	N/A		
203-2	Significant indirect economic impacts	N/A		

#### GRI 204: Procurement Practices

204-1	Proportion of spending on local suppliers	2.3 Supplier Sustainability Management	26	
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#### GRI 205: Anti-corruption

205-1	Operations assessed for risks related to corruption	2.1 Company Operation	11	
205-2	Communication and training about	2.1 Company Operation	11	



	anti-corruption policies and procedures			
205-3	Confirmed incidents of corruption and actions taken	2.1 Company Operation	11	No corruption incidents.
GRI 206: Anti-competitive Behavior				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	2.1 Company Operation	11	None of these cases.
GRI 207: Tax				
207-1	Approach to tax	2.1 Company Operation	11	
207-2	Tax governance, control, and risk management	2.1 Company Operation	11	
207-3	Stakeholder engagement and management of concerns related to tax	2.1 Company Operation	11	
207-4	Country-by-country reporting	2.1 Company Operation	11	Country-related information is submitted to tax-related authorities every year.
GRI300: Environment				
GRI 301: Materials				
301-1	Materials used by weight or volume	N/A		
301-2	Recycled input materials used	N/A		
301-3	Reclaimed products and their packaging materials	N/A		
GRI 302: Energy				
302-1	Energy consumption within the organization	6.3 Energy Management	56	
302-2	Energy consumption outside of the organization	6.3 Energy Management	56	
302-3	Energy intensity	6.3 Energy Management	56	
302-4	Reduction of energy consumption	6.3 Energy Management	56	
302-5	Reductions in energy requirements of products and services	6.3 Energy Management	56	
GRI 303: Water and Effluents				
303-1	Interactions with water as a shared resource	6.2 Water and Waste Management	54	
303-2	Management of water discharge-related impacts	6.2 Water and Waste Management	54	
303-3	Water withdrawal	6.2 Water and Waste Management	54	
303-4	Water discharge	6.2 Water and Waste Management	54	
303-5	Water consumption	6.2 Water and Waste Management	54	
GRI 304: Biodiversity				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.4 Environment and Ecology	58	
304-2	Significant impacts of activities, products, and services on biodiversity	6.4 Environment and Ecology	58	
GRI 305: Emissions				
305-1	305-1 Direct (Scope 1) GHG emissions	6.1 Green House Gases	50	
305-2	305-2 Energy indirect (Scope 2) GHG	6.1 Green House Gases	50	



	emissions			
305-3	Other indirect (Scope 3) GHG emissions	6.1 Green House Gases	50	
305-4	GHG emissions intensity	6.1 Green House Gases	50	
305-5	Reduction of GHG emissions	6.1 Green House Gases	50	

#### GRI 306: Waste

306-1	Waste generation and significant waste-related impacts	6.2 Water and Waste Management	54	
306-2	Management of significant waste-related impacts	6.2 Water and Waste Management	54	
306-3	Waste generated	6.2 Water and Waste Management	54	
306-4	Waste diverted from disposal	6.2 Water and Waste Management	54	
306-5	Waste directed to disposal	6.2 Water and Waste Management	54	

#### GRI 308: Supplier Environmental Assessment

308-1	New suppliers that were screened using environmental criteria	2.3 Supplier Sustainability Management	26	
308-2	Negative environmental impacts in the supply chain and actions taken	2.3 Supplier Sustainability Management	26	

#### GRI400: Social

##### GRI 401: Employment

401-1	New employee hires and employee turnover	4.1 Employee Care and Attention	32	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Competitive Compensation and Benefits	36	
401-3	Parental leave	4.2 Competitive Compensation and Benefits	36	

##### GRI 402: Labor/Management Relations

402-1	Minimum notice periods regarding operational changes	4.6 Labor Relations and Communication	46	
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##### GRI 403: Occupational Health and Safety

403-1	Occupational health and safety management system	4.5 Occupational Safety and Health	42	
403-2	Hazard identification, risk assessment, and incident investigation	4.5 Occupational Safety and Health	42	
403-3	Occupational health services	4.1 Employee Care and Attention	32	
403-4	Worker participation, consultation, and communication on occupational health and Safety	4.5 Occupational Safety and Health	42	
403-5	Worker training on occupational health and Safety	4.5 Occupational Safety and Health	42	
403-6	Promotion of worker health	4.1 Employee Care and Attention	32	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5 Occupational Safety and Health	42	
403-8	Workers covered by an	4.5 Occupational Safety	42	

	occupational health and safety management system	and Health		
403-9	Work-related injuries	4.1 Employee Care and Attention	32	
403-10	Work-related ill health	4.1 Employee Care and Attention	32	

#### GRI 404: Training and Education

404-1	Average hours of training per year per employee	4.3 Talent Cultivation and Development	37	
404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Talent Cultivation and Development	37	
404-3	Percentage of employees receiving regular performance and career development reviews	4.3 Talent Cultivation and Development	37	

#### GRI 405: Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	4.1 Employee Care and Attention	32	
405-2	Ratio of basic salary and remuneration of women to men	4.2 Competitive Compensation and Benefits	36	

#### GRI 406: Non-discrimination

406-1	Incidents of discrimination and corrective actions taken			None of these incidents happened in the year of 2023.
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#### GRI 407: Freedom of Association and Collective Bargaining

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.6 Labor Relations and Communication	46	
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#### GRI 408: Child Labor

408-1	Operations and suppliers at significant risk for incidents of child labor	4.4 Human Rights and Related Measures	41	The company does not employ underage child labor
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#### GRI 409: Forced or Compulsory Labor

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.4 Human Rights and Related Measures	41	The company has no occurrence of such risk events
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#### GRI 410: Security Practices

410-1	Security personnel trained in human rights policies or procedures	N/A		
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#### GRI 411: Rights of Indigenous Peoples

411-1	Incidents of violations involving rights of indigenous peoples			The company has no incidents involving violations of the rights of indigenous peoples
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#### GRI 413: Local Communities

413-1	Operations with local community engagement, impact assessments, and development programs	5.1 Social Welfare Participation	47	
413-2	Operations with significant actual and	5.1 Social Welfare	47	

	potential negative impacts on local communities	Participation		
GRI 414: Supplier Social Assessment				
414-1	New suppliers that were screened using social criteria	2.3 Supplier Sustainability Management	26	
414-2	Negative social impacts in the supply chain and actions taken			No negative impacts in the supply chain occurred
GRI 415: Public Policy				
415-1	Political contributions	N/A		
GRI 416: Customer Health and Safety				
416-1	Assessment of the health and safety impacts of product and service categories	3.1 Customer Service	27	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			No incidents of non-compliance occurred
GRI 417: Marketing and Labeling				
417-1	Requirements for product and service information and labeling	3.1 Customer Service	27	
417-2	Incidents of non-compliance concerning product and service information and labeling			No incidents of non-compliance occurred
417-3	Incidents of non-compliance concerning marketing communications			No incidents of non-compliance occurred
GRI 418: Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			No incidents of non-compliance occurred

## United Nations Global Compact

Item	Principles	Chapter	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	Chapter 4	32
	Make sure not participating in all kind of human rights abuses	Chapter 4	32
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Chapter 4	32
	The elimination of all forms of forced and compulsory labor	Chapter 4	32
	The effective abolition of child labor	Chapter 4	32
	The elimination of discrimination in respect of employment and occupation.	Chapter 4	32
Environment	Businesses should support a precautionary approach to environmental challenges	Chapter 6	50
	Undertake initiatives to promote greater environmental responsibility	Chapter 6	50
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Chapter 2	11

Source: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

## List of Abbreviations and Nouns

Abbreviations	Term	中文
ABF	Ajinomoto Build-up Film	高階 IC 載板增層材料
BCP	Business Continuity Plan	企業持續營運計畫
CDP	Carbon Disclosure Project	碳資訊揭露專案
CDSB	Climate Disclosure Standards Board	氣候揭露標準委員會
CECP	Chief Executives for Corporate Purpose	美國執行長企業目標聯盟
COVID-19	Coronavirus disease 2019	嚴重特殊傳染性肺炎
CSR	Corporate Social Responsibility	企業社會責任
DJSI	Dow Jones Sustainability Index	道瓊永續指數
ESG	Environment, Social, Governance	環境、社會、公司治理
GHG	Greenhouse Gas	溫室氣體
GRI	Global Reporting Initiative	全球永續報告協會
NDA	Non-Disclosure Agreement	保密協定
PCB	Printed-Circuit Board	印刷電路板
PCBECI	Printed Circuit Board Equipment Communication Interfaces	印刷電路板設備通訊協定
RBA	Responsible Business Alliance	責任商業聯盟
SASB	Sustainability Accounting Standards Board	永續會計準則委員會
SCM	Supply Chain Management	供應鏈管理
SDGs	Sustainable Development Goals	聯合國永續發展目標
SEMI	Semiconductor Association	國際半導體產業協會
TCFD	Task Force on Climate-related Financial Disclosures	氣候相關財務揭露建議
TEEIA	Taiwan Electronic Equipment Industry Association	台灣電子設備協會
TNFD	Taskforce on Nature-related Financial Disclosures	自然相關財務揭露建議
TPCA	Taiwan Printed Circuit Association	台灣電路板協會
TPCF	TPCA Environment Foundation	財團法人電路板環境公益基金會

## Sustainability Accounting Standards Board (SASB)

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	Employee Health & Safety	Chapter 4	44
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Industry - Technology and Communications, source://www.sasb.org