



Voltronic Power 2023

ESG Report and TCFD Highlights

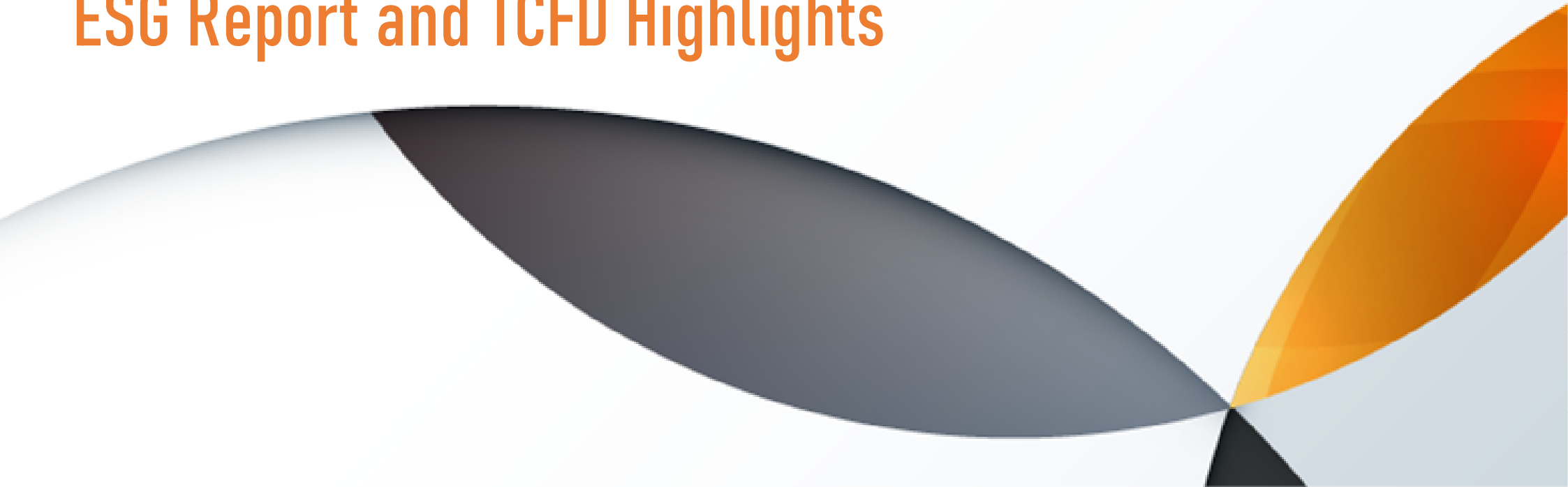


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Message From the Chairperson

As the world's leading 100% ODM manufacturer in uninterruptible power supply (UPS) and PV inverters, Voltronic Power is an important part of the global value chain. We adhere to the United Nations Sustainable Development Goals and follow the Paris Agreement to reach GHG net-zero emission by 2050 initiative in our business sustainability operations.

The United Nations Global Stocktake highlights that GHG emissions from operations in Scope 1 and Scope 2 must be reduced by 30%, 40%, and 50% respectively in 2023, 2024, and 2025, with 2020 as the baseline year. In order to achieve this target, in 2023, we introduced the ISO GHG inventory standard, which decreased the GHG emissions intensity by 46% to 18 tCO₂e/MUSD. In 2024, our emissions intensity is estimated to decrease to 48% and 53% in 2025.

Voltronic Power is also actively investing in environmentally friendly and sustainable machinery and equipment related to energy conservation or green energy (such as, Stereoscopic Warehouse, Solar Photovoltaic, EV Charger, and Energy Storage). When all investment projects are completed, we can reduce GHG emissions by 898 tCO₂e annually, which is equivalent to the planting 6,285 trees.

We also introduced the IRENA "World Energy Transitions Outlook 2022 1.5 ° C Pathway" scenario analysis to identify and evaluate our climate risks and opportunities. By 2050, 25% of the global CO₂ emissions reductions will depend on energy efficiency and another 25% on renewables. All Voltronic Power products have energy efficiency benefits, with PV inverters being sustainability products with additional renewable benefits. Thus, Voltronic Power can fall into the sustainability sector.

The UPS and PV inverters sold in 2023 contribute to an annual GHG emissions reduction 723,784 tCO₂e, which is 64.6 times of the GHG emissions from operations in Scope 1 and Scope 2. Our goal for 2050 is to grow to 96 times.

Based on the development of the global "Circular Economy in the Industrial Goods Sector" system, we introduce the following Circular Economy management objectives : (a) the percentage of recycled raw materials used (plastic, metal materials); (b) percentage of recycled packaging materials; (c) setting and tracking the percentage of the circular economy in the product design and production; (4) intensity management of non-recyclable hazardous waste; (5) to reduce production and manufacturing process waste to landfill by half.

Sustainability is a continuous process. With the growth of the company, the responsibility has become increasingly substantial. We firmly uphold the vision of sustainable development as we move forward.

Alex Hsieh
Chairman and ESG Executive Committee Chairman

Sustainability

We uphold "Environmental Protection, Common Good, Integrity Governance" as our Sustainability Policies, and build corporate governance and risk management mechanisms to pursue a sustainable environment and fulfill our responsibility as a world citizen.



Environmental Protection

Voltronic Power is committed to strengthening resource and energy management by actively promoting energy conservation and resource recycling activities; pollution prevention and reducing toxic and harmful waste emissions, hazardous waste, etc. Voltronic Power regularly inspects operation control, audits and reviews the environmental management system to ensure continuous improvement. We also implement publicity and training for all employees to enhance their environmental awareness.



Common Good

Voltronic Power provides "equal job opportunities, equal remuneration," and "gender equality" when employing people to achieve its sustainable development strategic goal of "suitable for labor and economic growth." Voltronic Power strives to build a good society for all, demonstrated in its strategic goals, corporate goals, and the United Nations sustainable development goals.



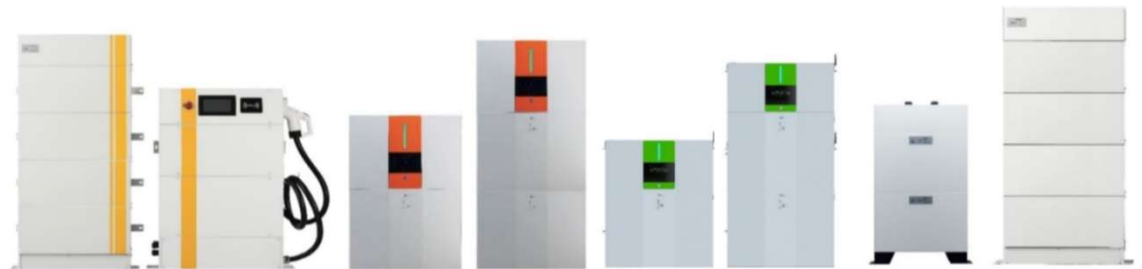
Integrity Governance

Voltronic Power attaches great importance to ethics and clearly stipulates that directors, managers, and employees shall not directly or indirectly provide, promise, request or accept any improper benefits whilst engaging in business activities, or do anything that would violate integrity, is illegal or would breach fiduciary obligation. Voltronic Power will actively balance the interests of all stakeholders, and respond to the sustainable operation and development of the enterprise.

Reducing carbon emissions is the primary goal of Voltronic Power; therefore, Voltronic Power's main products are green energy products with high efficiency and renewable benefits. To reduce carbon emissions, Voltronic Power focuses on product research, development, manufacture and sales of its green energy products and on improving the efficiency on non-green energy products. Recently developed products include, energy storage systems, EV charger, etc. These products have been develop in hopes to expand our contribution to the green environment.



EV charger (AC EV charger 7kw – 21kw, DC EV charger 20kw – 360kw)



Energy storage system (Integrated solar inverter and Lithium-ion battery into one unit)



Solar Inverter (Hybrid inverter 3kw – 50kw, Off-grid inverter 1kw – 11kw)



ENVIRONMENT

- Achievements
- Climate-related scenario analysis
- Waste Management
- Water and Biodiversity

ACHIEVEMENTS



Selling products to provide customers with ERBs **723,784 tCO₂e**

Total greenhouse gas emissions (scope 1 and 2) **11,200 tCO₂e**

64.6
Multiple

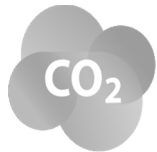
The UPS and PV Inverter sold in 2023 contribute to the annual 723,784 tCO₂e reduction in GHG emissions for consumers, which is 64.6 times of GHG emissions in the operations of Scope 1 and Scope 2. Our goal for 2050 is to grow to 96 times.

GHG emission reduction benefits of all products sold tCO₂e/ the GHG emissions for operations (Scope 1 and Scope 2), the closer it is to achieving the goal of net zero carbon emissions in the value chain.



Production Reuse Rate > **80%**

Production Recycling Rate > **70%**



-46%

The intensity of GHG emissions
Decrease of 46% compared to baseline year

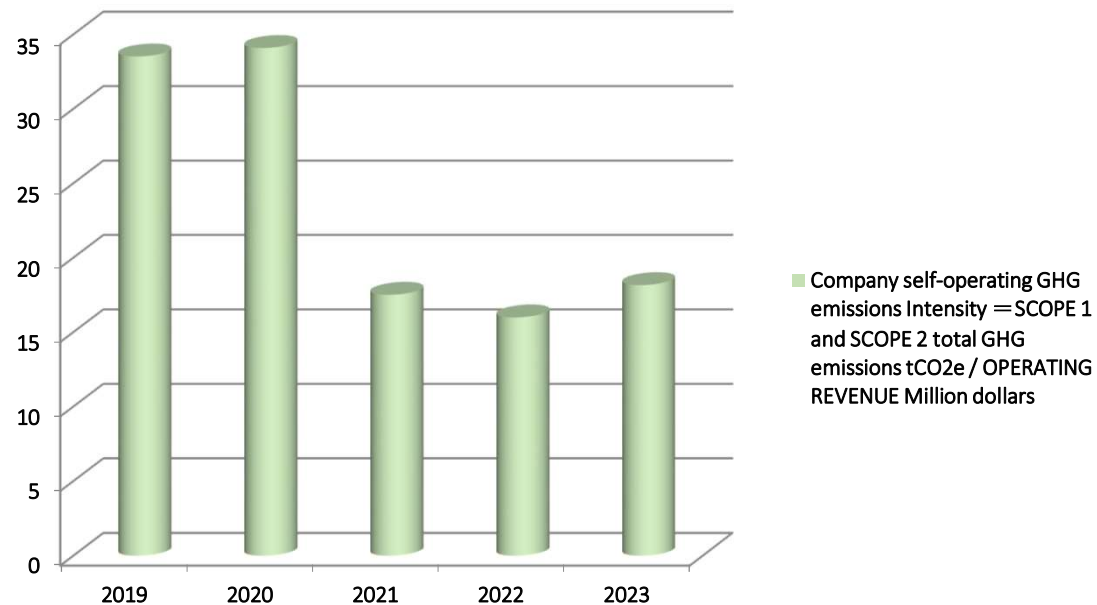
Company self-operating Carbon Intensity = SCOPE 1 and SCOPE 2 total MtCO₂e / OPERATING REVENUE Million dollars=**18.1647**



Sustainability Sector

Voltronic Power is part of the sustainability industry. The energy demand for its own operations is mainly electricity (95%). This exceeds the target of IRENA's target KPI > 50%. Therefore, Voltronic Power has set its own operational target as KPI.04 > 95%.

SCOPE 1 DIRECT EMISSIONS and SCOPE 2 INDIRECT EMISSIONS



46% ▼

Previously, Voltronic Power used GHG emissions intensity from its own operations in 2020 as the baseline year, and will reduce them by 30%, 40%, and 50% respectively in 2023, 2024, and 2025.

In order to achieve this target, in 2023, we introduced the ISO GHG inventory standard, which decreased the GHG emissions intensity by 46% to 18 tCO₂e/MUSD. In 2024, our emissions intensity is estimated to decrease to 48% and 53% in 2025.

CLIMATE-RELATED SCENARIO ANALYSIS



Towards the 2050 goal

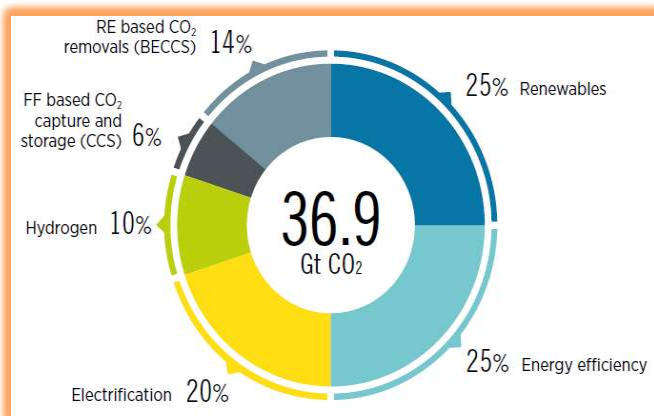
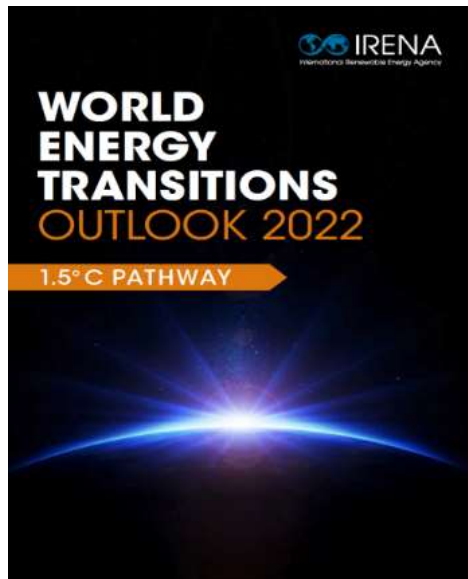
IRENA's 1.5°C pathway positions electrification and efficiency as key drivers of the energy transition, powered by renewables, hydrogen, and sustainable biomass.

This pathway, which requires a massive change in how societies produce and consume energy, would result in a cut of nearly 37 gigatonnes of annual CO₂ emissions by 2050. This reduction can be achieved through a significant increase in generation and direct use of renewable electricity, substantial improvement in energy efficiency, the electrification of end-use sectors (e.g. electric vehicles and heat pumps), clean hydrogen and its derivatives, bioenergy coupled with carbon capture and storage, and last-mile use of carbon capture and storage.

According to IRENA's 1.5°C pathway scenario analysis, by 2050, 25% of global CO₂ emissions reduction will depend on energy efficiency, whilst the other 25% will depend on renewables. Being part of the sustainability sector, all products of Voltronic Power are sustainable products with energy efficiency benefits with PV Inverter having additional renewable energy benefits.

Statistics indicate that the products sold by Voltronic Power in 2023 are expected to generate energy efficiency of 297,905 tCO₂e ERBs and renewables are expected to generate of 425,879 tCO₂e ERBs for product users, which totals to 723,784 tCO₂e ERBs. In the same year, the total Scope1 and Scope2 greenhouse gas emissions of Voltronic Power were 11,200 tCO₂e. All the above data have been obtained from the "Independent Auditor's Assurance Report on the Identified Sustainability and Climate-related Performance Information".

The 2023 reduction in emissions is 64.6 times of the GHG emissions from operations in Scope 1 and Scope 2. The higher the multiple of GHG emission reduction benefits, the closer it is to achieving the goal of net zero carbon emissions in the value chain.



USING CLIMATE-RELATED SCENARIO ANALYSIS

Process for identifying, assessing, and responding to climate-related risks and opportunities



RISK MANAGEMENT COMMITTEE

Understand the content of various international initiatives, reports and evaluation criteria related to climate change, and construct the implementation plan of the company to identify, assess and respond to climate related risks and opportunities.

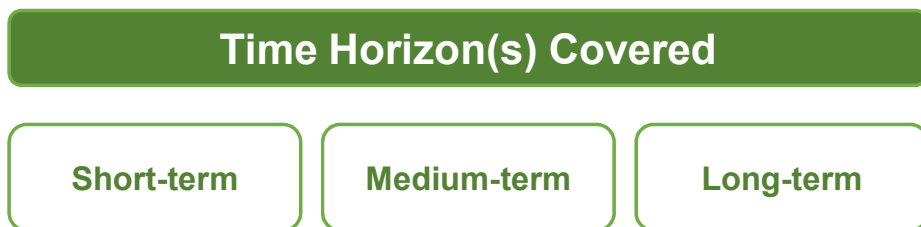
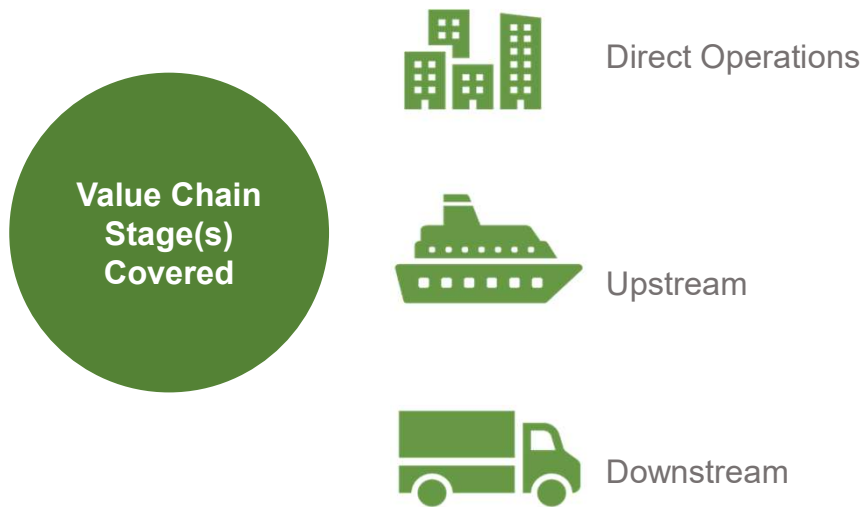
Establish an enterprise risk management program to integrate and manage the transition risks and physical risks of climate change that have potential negative consequences to operations and financial results. Adopt a risk map for assessing the possibility, frequency, vulnerability and impact of major climate change risk events on operations, and defines the risk level and prioritization of risk controls as well as implementing risk management strategies that corresponds to the risk levels.



ESG EXECUTIVE COMMITTEE

Invite the Risk Management Committee and the Climate Change Management Committee to hold a cross-committee "Climate Change Risk and Opportunity identifying meeting" to identify the main short-term, medium-term and long-term risks and opportunities (e.g. transformation risks, entity risks and risk management strategies) and conduct corresponding strategies and financial impact assessment.

Formulate the annual climate related risk and opportunity management strategy and plan objectives according to the climate change governance strategy and plan, and submit them to Climate Change Management Committee for implementation after being approved by the Board of Directors, who are also responsible for supervising the implementation performance of the Climate Change Management Committee.



Management Process

Integrated into multi-disciplinary company-wide risk management process

This is a documented process where climate-related risks and opportunities are identified and assessed within the company's centralized enterprise risk management program that covers all possible risks and opportunities

Frequency of Assessment

Annually



ESG Executive Committee



Risk Management Committee



Climate Change Management Committee

Risk: Emerging regulation (policy developments that attempt to constrain actions that contribute to the adverse effects of climate change or policy developments that seek to promote adaptation to climate change)

Primary climate-related risk driver: <ul style="list-style-type: none">▪ Increased pricing of GHG emissions▪ Enhanced emissions-reporting obligations▪ Regulations and requirements of existing products and services		Primary potential financial impact: <ul style="list-style-type: none">▪ Increased operating costs (e.g., higher compliance costs, increased insurance premiums)▪ Write-offs, asset impairment, and early retirement of existing assets due to policy changes		
In the value chain the risk driver occurs: <ul style="list-style-type: none">▪ Direct operations▪ Upstream▪ Downstream	Time horizon: <ul style="list-style-type: none">▪ Short-term▪ Medium-term▪ Long-term	Likelihood: <ul style="list-style-type: none">▪ Virtually certain (99–100%)	Magnitude of impact: <ul style="list-style-type: none">▪ Low	Relevance & inclusion: <ul style="list-style-type: none">▪ Relevant, always included
Company-specific description: Net zero emissions is a trending issue faced by global enterprises, including the inventory, certification and/or assurance, reporting of GHG emissions, and the preparation, announcement and registration of the ESG Report and Climate-related Financial Disclosure report are the obligations of global enterprises. The net zero emissions of the value chain involves upstream, direct operations and downstream risk drivers. Therefore, the complete inventory of GHG emissions and low-carbon intensity products of the value chain are the trend of regulatory requirements from now to the future.				
Is able to provide a potential financial impact figure? <ul style="list-style-type: none">▪ Yes, an estimated range	Potential financial impact figure (currency) <ul style="list-style-type: none">▪ NT 10 million to NT 20 million		Type of financial impact <ul style="list-style-type: none">▪ Increased indirect (operating) costs	
Explanation of financial impact figure: The approach was employed to calculate the figure: see the following "Description of response and explanation of cost calculation" The figures used in calculation: Statistics of the actual expenses incurred in the year are calculated according to the following assumptions. Any assumption the figure is dependent on: Assumed that the development trend of emerging regulation fees in the future is twice the current.				
Cost of response to risk: NT 10 million to NT 20 million				
Description of response and explanation of cost calculation: Not happened or been found that there is of any event that may lead to the write-offs, asset impairment, and early retirement of existing assets due to the current and future emerging regulation, so there is no such financial impact. In addition, the company’s primary business is professional DMS (Design & Manufacturing Service), and its operating income (DMS income), there are not happened or been found operating costs due to increased pricing of GHG emissions in the current and future emerging regulation. The possible costs are listed above in the "Company - specific description."				

Opportunity: Products and Services (opportunities related to innovation and development of new low-emission and climate adaptation products and services).

Primary climate-related opportunity driver: <ul style="list-style-type: none">▪ Development and/or expansion of low emission goods and services▪ Development of climate adaptation and insurance risk solutions▪ Development of new products or services through R&D and innovation▪ Ability to diversify business activities▪ Shift in consumer preferences		Primary potential financial impact: <ul style="list-style-type: none">▪ Increased revenue through demand for lower emissions products and services▪ Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)▪ Better competitive position to reflect shifting consumer preferences, resulting in increased revenues		
In the value chain the opportunity driver occurs: <ul style="list-style-type: none">▪ Direct operations▪ Downstream	Time horizon: <ul style="list-style-type: none">▪ Short-term▪ Medium-term▪ Long-term	Likelihood: <ul style="list-style-type: none">▪ Virtually certain (99–100%)	Magnitude of impact: <ul style="list-style-type: none">▪ High	Relevance & inclusion: <ul style="list-style-type: none">▪ Relevant, always included
Company-specific description: All sustainable products (e.g. PV inverters) have Energy Efficiency ERBs. Energy Storage System and EV Charger are emerging sustainable products. . Expanding the production and sale of these products is our most important goal.				
Is able to provide a potential financial impact figure? <ul style="list-style-type: none">▪ Yes		Potential financial impact figure (currency) <ul style="list-style-type: none">▪ annual OPERATING REVENUE will increase by 1,048 million (NT) in the future▪ annual PROFIT FROM OPERATIONS will increase by 178 million (NT) in the future		
Explanation of financial impact figure (the approach that was employed to calculate the figure, the figures used in calculation, and any assumption the figure is dependent on): The growth rate of OPERATING REVENUE in each of the past four years was 5.53%、24.20%、34.02%and—16.61% respectively, of which the minimum 5.53% was taken as the growth rate of annual OPERATING REVENUE of the future. It is estimated that the annual OPERATING REVENUE will increase by 1,048 million (NT) in the future (Note: this figure is only for the purpose of “TCFD Report information” and not for the purpose of “Publication of Financial Forecasts information”).				
The PROFIT FROM OPERATIONS rate of each year in the past five years was 20%, 20%, 17%, 23% and 22% respectively, of which the minimum 17% was taken as the net PROFIT FROM OPERATIONS rate for the future years, multiplied by the estimated increase annual OPERATING REVENUE for the future years, the annual PROFIT FROM OPERATIONS will increase by 178 million (NT) in the future (Note: this figure is only for the purpose of “TCFD Report information” and not for the purpose of “Publication of Financial Forecasts information.”)				
Cost to realize opportunity: The total annual OPERATING COSTS and OPERATING EXPENSES will increase by 870 million (NT) in the future (Note: this figure is only for the purpose of “TCFD Report information” and not for the purpose of “Publication of Financial Forecasts information.”)				
Strategy to realize opportunity and explanation of cost calculation: The annual increase of OPERATING COSTS and OPERATING EXPENSES in the future are calculated by deducting the annual increase of PROFIT FROM OPERATIONS and OPERATING REVENUE in the future.				

Analysis of the company's financial statements for the last five years:

Item	2019	2020	2021	2022	2023
OPERATING REVENUE	NT12,936 Million	NT13,652 Million	NT16,957 Million	NT22,725 Million	NT18,951 Million
OPERATING COSTS	NT9,151 Million	NT9,634 Million	NT12,646 Million	NT15,588 Million	NT12,982 Million
GROSS PROFIT (%)	NT3,785 Million (29%)	NT4,018 Million (29%)	NT4,311 Million (25%)	NT7,137 Million (31%)	NT5,969 Million (32%)
PROFIT FROM OPERATIONS (%)	NT2,557 Million (20%)	NT2,730 Million (20%)	NT2,925 Million (17%)	NT5,288 Million (23%)	NT4,138 Million (22%)

Waste Management

Voltronic Power carries out effective management to achieve waste reduction goals. The removal, disposal, and recycling of waste adhere to local regulations. According to the environmental protection law of the people's Republic of China and other applicable environmental protection laws and regulations, the industrial waste (liquid) formed in the production process of the company, shall not be arbitrarily discharged, discarded or transferred. Thus, to abide these laws, Voltronic Power entrusts a legitimate waste processing company that handles all industrial waste (liquid).

THE OBLIGATIONS OF VOLTRONIC POWER

All the industrial waste (liquid) formed in the process of production together with the packaging shall be disposed by a legitimate professional institution that had signed contract, and shall not be disposed by itself or by any other third party whilst the contract is valid. Voltronic Power provides a written notice in advance to notify the legitimate professional institution of the specific collection time, place, and the specific waste (liquid) quantities.

Voltronic Power shall sort all kinds of industrial waste (liquid) by classification. The waste shall not be mixed with other debris, in order for the legitimate professional institution to dispose the waste safely. The industrial waste (liquid) in bags or bottles shall be identified and stored using technical codes for labels in accordance to the requirement of industrial waste (liquid) packaging.

Industrial waste (liquid) shall be disposed in a centralized manner, and Voltronic Power shall provide the necessary conditions for the legitimate professional institution to collect and ship the waste, for example, access to the road and workspace and loading machinery.

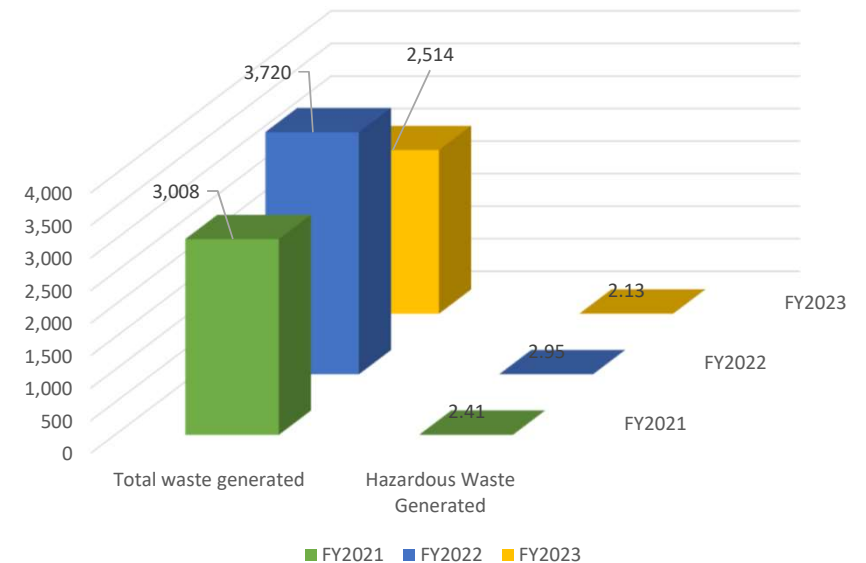
EP - Waste

Waste Disposed	Unit	FY2021	FY2022	FY2023
A) Total waste generated	Metric tons	3,008	3,720	2,514
B) Total waste used/recycled/sold	Metric tons	2,622	3,265	2,190
TOTAL WASTE DISPOSED (A-B)	Metric tons	386	455	324
OPERATING REVENUE	Million dollars	612.4	740	616.6
Hazardous Waste intensity	t / Million dollars	0.6303	0.6149	0.5255
Data Coverage (as % of denominator)	Percentage of operations	100%	100%	100%

EP - Hazardous Waste

Waste Disposed	Unit	FY2021	FY2022	FY2023
Hazardous Waste Generated	Metric tons	2.41	2.95	2.13
Data Coverage (as % of denominator)	Percentage of operations	100%	100%	100%
OPERATING REVENUE	Million dollars	612.4	740	616.6
Hazardous Waste intensity	t / Million dollars	0.3935%	0.3986%	0.3454%

Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable(metric tons):



Additional Information

- Voltronic Power does not have any waste pollution incident.
- As a professional OEM/ODM manufacturer specializing in Uninterruptible Power Systems and Solar Inverters worldwide, our products not only meet customer requirements, but also meet the quality standards, safety standards and environmental protection regulations of the corresponding regions, such as EU RoHS directives, REACH regulations and WEEE directives.

Water

The offices and factories in Taiwan, China, and Vietnam are located in the industrial district/zone. As we do not consume water during production, water consumption is only for drinking purposes. The domestic water sources are from the municipal water supply and we contract with the relevant industrial district water suppliers; therefore, we do not pollute the water. However, the company still raises awareness of all employees' on water conservations.

Biodiversity

- Biodiversity policy: operating locations should be located in commercial or industrial areas, and are strictly prohibited in protected areas, restored habitats or other areas of high biodiversity value.
- Green policy: green drainage, green windbreak.
- Base water conservation policy: permeable pavement, landscape storage, seepage pool, storage, infiltration, opens space.
- Daily energy conservation policy: management of wind direction and airflow, air-conditioning and cooling systems, energy and light sources.
- Carbon dioxide reduction policy: simple architectural modeling and interior decoration, reasonable structure, lightweight system and structure.
- Waste reduction policy: earthwork balance, construction automation, dry compartment, air pollution prevention and control.
- Water resources policy: water saving equipment, rainwater reuse.
- Sewage and garbage improvement policy: rain diversion of sewage, garbage collection site improvement.
- Indoor health and environment policy: indoor pollution control, indoor air purification equipment, floor and basement moisture prevention, noise control and vibration sound control.
- Operational sites owned, leased, managed, or adjacent to its sites, all are more than 5 km away from the protected areas or areas of high biodiversity and outside protected areas. There is no any significant impact of activities, products, and services on biodiversity.

EP – Water Consumption

Water Consumption	Unit	FY2020	FY2021	FY2022	FY2023
A. Withdrawal: Total municipal water supplies (or from other water utilities)	Million cubic meters	0.116858	0.169671	0.192330	0.182943
B. Withdrawal: Fresh surface wa-ter (lakes, rivers, etc.)	Million cubic meters	0	0	0	0
C. Withdrawal: Fresh groundwater	Million cubic meters	0	0	0	0
D. Discharge: Wa-ter returned to the source of extraction at similar or higher quality as raw water ex-tracted	Million cubic meters	0	0	0	0
E. TOTAL NET FRESH WATER CONSUMPTION (A+B+C-D)	Million cubic meters	0.116858	0.169671	0.192330	0.182943
Data Coverage (as % of denominator)	percentage of operations	100%	100%	100%	100%



SOCIAL

- Achievements
- Human Resource Recruitment
- Remuneration and Benefits
- Learning and Growth Plan
- Occupational Safety and Health
- Employees Human Rights

Achievements



100%

Taiwan region employees
complete their health check in
2023



1/3

Or more of all directors are
female



< 2.5 per year

The Lost-Time Injury Frequency
Rate (LTIFR) and the Occupational
Illness Frequency Rate (OIFR) of
employees



Zero

Child labor in 2020, 2021,
2022, and 2023

Human Resource Recruitment

The 2023 monthly average number and rates of new employee hires and employee turn-over of Voltronic Power's significant locations of operation (by age group)

Location	Age Group	new employee hires		employee turnover	
		average number	new hire rate	average number	new hire rate
Taiwan	under 30 years old	2	1.05%	1	0.38%
	30-50 years old	3	1.81%	2	0.90%
	over 50 years old	0	0.19%	0	0.19%
	Total	5	3.05%	3	1.47%
China	under 30 years old	53	1.90%	58	2.07%
	30-50 years old	31	1.12%	47	1.70%
	over 50 years old	1	0.02%	1	0.03%
	Total	85	3.04%	106	3.80%
Vietnam	under 30 years old	16	6.24%	15	5.89%
	30-50 years old	4	1.32%	5	1.67%
	over 50 years old	0	0.00%	0	0.00%
	Total	20	7.56%	20	7.56%

The 2023 monthly average number and rates of new employee hires and employee turnover of Voltronic Power's significant locations of operation (by gender)

Location	Gender	new employee hires		employee turnover	
		average number	new hire rate	average number	turnover rate
Taiwan	Male	3	1.81%	1	0.52%
	Female	2	1.24%	2	0.95%
	Total	5	3.05%	3	1.47%
China	Male	55	1.99%	71	2.57%
	Female	30	1.05%	35	1.23%
	Total	85	3.04%	106	3.80%
Vietnam	Male	12	4.47%	12	4.64%
	Female	8	3.09%	8	3.09%
	Total	20	7.56%	20	7.56%

Diversity of governance bodies and employees

Workforce Breakdown: Gender

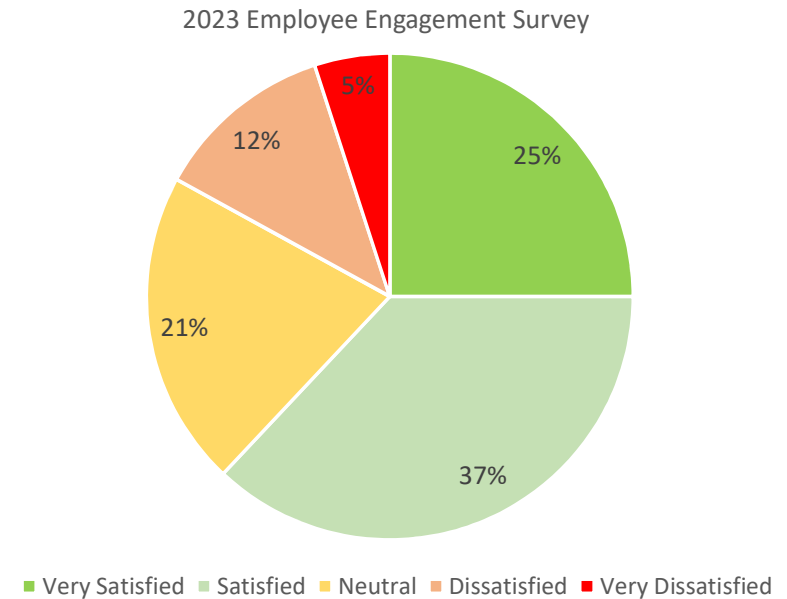
Diversity Indicator	Percentage (0-100%)
Share of women in total workforce (as % of total workforce)	43.55%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	32.83%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	39.22%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	19.39%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	50.00%
Share of women in STEM-related positions (as % of total STEM positions) STEM : Science 、 Technology 、 Engineering 、 Mathematics	8%

Workforce Breakdown: Race/ Ethnicity & Nationality

Breakdown based on Nationality	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)
Category name : Taiwan	5.47%	19.43%
Category name : China	86.44%	69.37%
Category name: Vietnam	8.09%	11.20%

In order to improve the company's performance and efficiency, we need to understand employee's engagement with the company. The line managers have to find management loopholes and reflect on the concerns of the company and the employees. Meanwhile, we also encourage employee engagement and create a satisfactory working environment and atmosphere. Therefore, Voltronic Power conducts the Employee Engagement Survey every year by randomly selecting 15% of the total employees in the company. The questionnaires were distributed anonymously and in 2023, 68% of employees actively participated in the survey. The results are as shown in the right.

Employee engagement	Unit	2020	2021	2022	2023
Employee Engagement	% of actively engaged employees	66%	62%	53%	68%
Data Coverage	% of total employees	20%	15%	15%	15%



Remuneration and Benefits

Voltronic Power's employees remuneration policies are based on the industry competitive environment, company operational performance, and market benchmark trends. The pay level strategy also takes into account the compensation recommendations at the managerial level, the team performance, individual potential, and performance achievements. The goal is to attract, retain, and motivate outstanding colleagues, without allowing personal factors such as gender, race, nationality, age to influence their compensation decisions.

Full-time employee Benefits

For the Taiwan Region: Benefits include social insurance and retirement benefits (including labor insurance, national health insurance, and labor pension), travel allowance, year-end party, year-end bonus, Labor Day gifts, the Mid-Autumn Festival gifts, weddings allowance, funerals allowance, hospitalization allowance, fertility allowance, emergency relief allowance, and family entertainment allowances. The Employee Welfare Committee is tasked to care for the employees and their families.

For the China Region: According to the provisions of the Social Security Bureau, full-time employees are entitled for - five social insurances and one housing fund for the urban household benefit (including endowment insurance, mid-Year-end and end-of-year preparations, unemployment insurance, industrial injury insurance, maternity insurance, and housing provident fund); Three new Insurances for rural household (including pension insurance, medical insurance and industrial injury insurance). The Welfare Committee Management Guidelines were established to improve the quality of employees' livelihood and enhance affinity and team-building. Annual activities include:

- a) Organization of community activities, and the allocation of funding allowance within budget
- b) Year-end party
- c) Within the budget, plan the distribution of New Year gifts and bonuses
- d) The initiation and organization of employees' emergency cash relief
- e) Organizations and activities that contribute to employee solidarity

For the Vietnam Region: Enjoy social security, medical insurance and unemployment insurance in accordance with local government laws.

Basic Salary and Remuneration from Women to Men Ratio

Voltronic Power's core employees remuneration policy, is "equal pay for equal work," regardless of gender. The ratios of the standard basic salary to the local legal minimum wage are 100%; the ratio of basic salary and remuneration of men to women is one to one.

In the Taiwan Region, under the provisions of Employment Gender Equality Act, gender discrimination is strictly prohibited. Male employees and female employees are hired with the same basic salary. In the China Region, following the provisions of Labor Law of the People's Republic of China, workers have the right to receive equal remuneration for work, in addition to meet the legal minimum salary provided by the local governments. Male employees and female employees are hired with the same basic salary.

At Executive level, the ratio of basic salary and remuneration of men to women is one to one, and the same goes for management and non-management level (production and administration). The same ratio applies for other cash incentives.



Parental Leave

For the Taiwan Region, under the Labor Standards Act, the Employment Gender Equality Act, and Regulations for Implementing Unpaid Parental Leave for Raising Children, employees can request for maternity leave, paternity leave or parental leave.

For the China Region, female employees who meet the provisions of National Marriage and Family Planning laws can request maternity leave for childbirth, for a total of 98 days - 15 days before and 83 days after childbirth. Pregnant employees with early childbirth can combine the two without restriction. The days increase with a difficult birth or complication, increase maternity leave by another 30 days.

Any additional childbirth afterward will add 15 extra days of vacation. If one were to meet the late childbirth policy, an additional 15 days is added. If one were to receive the Preferential Treatment For One Child status, within three months after the birth, the maternity leave would increase 35 days. The males can have paternity up to 25 days before and after the birth of their child/children. Salary will be compensated, as usual, but without the production performance bonus and environmental allowance.

For the Vietnam Region, employees can apply for production leave, paternity leave and parental leave in accordance with the local governmental law.

Year		Item	Male	Female	Total
2021	A	The number of qualified to apply for parental leave in 2021	47	68	115
	B	The number of actually to apply for parental leave in 2021	0	5	5
	C	The number of returned to work after parental leave ended in 2021	0	1	1
2022	A	The number of qualified to apply for parental leave in 2022	45	73	118
	B	The number of actually to apply for parental leave in 2022	1	2	3
	C	The number of returned to work after parental leave ended in 2022	0	1	1
2023	A	The number of qualified to apply for parental leave in 2023	74	80	154
	B	The number of actually to apply for parental leave in 2023	0	0	0
	C	The number of returned to work after parental leave ended in 2023	0	0	0

Note: The number of qualified to apply for parental leave, estimate by the number of who had applied maternity leave or paternity leave from 2021 to 2023.

Learning and Growth Plan

Voltronic Power provide employees with education and training programs to further develop their knowledge and skills, to build up their professional abilities, to increase the work efficiency and ensure work quality, and to achieve the sustainable operation and development goals of Voltronic Power.



Introduce the company profile, management rules and regulations, salary, welfare, advocacy of occupational safety and health and other relevant regulations and so on.



Invite professional consultants to the company every week, to give professional guidance on the hardware design of the product industry, the components, circuits, etc.



Participate in the application to MOI's Research and Development Substitute Services to build a R&D environment with industrial potential and cultivate R&D talents in society since 2014

Employee Development Programs Examples

Employee Development Program	Description of business benefits	Quantitative impact of business benefits	% of FTEs that participated in this program
Through regular meeting reviews and training, marketing department employees can develop business and maintain customer capabilities, combined with key performance indicators of employees.	Increase revenue	Sales revenue declined by 16.61% in 2023.	FTEs in marketing departments: 100% Participation
Taiwan's R&D department: Invite professional consultants to the company every week, to give professional guidance on the hardware design of the product industry, the components, circuits, etc..."	Enhancing R&D capabilities	Continuous development of new products every year	FTEs in Taiwan R&D departments: 60% participation

Human Capital Return on Investment

Employee Development Program	2020	2021	2022	2023
a) Total Revenue Currency : NT	13,652,564	16,956,682	22,724,596	18,950,843
b) Total Operating Expenses Currency	10,922,090	14,032,118	17,436,829	14,813,229
c) Total employee related expenses	1,670,297	2,290,087	3,078,264	2,235,333
Resulting HC ROI (a - (b-c)) / c	263%	228%	272%	285%
Total FTEs	2,975	3,048	3,238	3,210

Occupational Safety and Health

Taiwan Region: In accordance with the provisions of the Occupational Safety and Health Act, Voltronic Power, through labor management meetings, establishes a healthcare management system that covers “prevention” to “treatment and tracking.” Based on this system, the company carefully selects high-quality health examination centers for employees. All Taiwan Region employees completed their health check in 2023.

China Region: In accordance with relevant health laws and regulations, Voltronic Power implemented regular employees’ health check.



Occupational safety education and training in Taiwan in 2023; The training time per capita is 1 hour



Left Image: Health Check in China

Right Images: Annual fire drill in 2023 in Taiwan and China

All health and safety related issues of Voltronic Power' employees operate according to related local laws and regulations. Here is a list of the number of work-related fatalities for employees and contractors and company's lost-time injury frequency rate for employees (per one million hours worked):

Fatalities	2020	2021	2022	2023
Employees	0	0	0	0
Contractors	-	-	-	-

Lost Time Injury Frequency Rate (LTIFR)- Employees

LTIFR	Unit	2020	2021	2022	2023
Employees	n/million work h	1.85	1.64	0.93	2.18
Data coverage	Employees	100%	100%	100%	100%
LTIFR=(Number of lost-time injuries) / (Total hours worked in accounting period) x 1,000,000					

Occupational Illness Frequency Rate (OIFR) - Employees

OIFR	Unit	2020	2021	2022	2023
Employees	n/million work h	1.18	0.49	0.62	1.40
Data coverage	Employees	100%	100%	100%	100%
OIFR=(Number of occupational Illness) / (Total hours worked in accounting period) x 1,000,000					

Employees Human Rights

Responsibility Policy of Respecting Human Rights

Voltronic Power complies with the labor laws and regulations in various countries and regions, supporting and abiding to international human rights conventions. Such as the "International Bill of Human Rights", the Guiding Principles of Business and Human Rights of the United Nations and the "International Labor Organization's Declaration on Fundamental Principles and Rights at Work." We created the "Voltronic Power's Responsibility Policy of Respecting Human Rights", which guarantees the following:

- a) Freedom of association and collective bargaining;
- b) Free choice of employment and prohibition of forced labor;
- c) Equal employment and equal remuneration for men and women for the same work;
- d) Prohibition of the use of child labor;
- e) Reasonable working conditions (including wages, working hours, recess, vacation, and occupational health and safety).

For suppliers and partners, the special section of "Labor Requirements" in the "Supplier Corporate Social Responsibility Management Agreement" requires that suppliers should implement social responsibility management in accordance with the SA8000 international standard of social responsibility:

- | | |
|---|--|
| (a) Respect for human rights | (g) Labor contracts |
| (b) Prohibit the use of child labor | (h) Protection of young workers and female workers |
| (c) Prohibit forced or compulsory labor | (i) Punishment measures |
| (d) Working hours and rest | (j) No discrimination behavior |
| (e) Basic wage guarantee and social insurance | (k) Respect for employees' right to freedom of association |
| (f) Establish a system to protect employees' rights and interests | and equal consultation |

Human Rights Risk Identification and Due Diligence Process

Issue Collection Channels: The trends of international human rights issues and reports, laws, regulations, complaints, and employee satisfaction surveys. This data includes fundamental human rights, working environment, health, and safety. Relevant issues were identified and linked to possible "stakeholders" of human rights issues, including government agencies, investors, suppliers, employees, customers, etc. and discussed with the corresponding departments and stakeholders to identify human rights issues that have negative impacts on different stakeholders in the company. Particular attention should be paid to any specific human rights impact on individuals belonging to high-risk, vulnerable, or marginalized groups, as well as to the different risks faced by men and women.

Relevant human rights issues with significant negative impacts are compiled into a human rights issue risk matrix using two axes: 'likelihood of occurrence' and 'degree of impact.'

Human rights due diligence is conducted based on prioritizing human rights risk issues. This involves confirming whether these human rights risks have occurred or could potentially occur.

Additionally, the reasons and sources contributing to these human rights risks, whether they have been caused or exacerbated by the company or whether the company's involvement is solely due to third party relationships, human rights risk identification and due diligence investigations are performed on an annual basis.

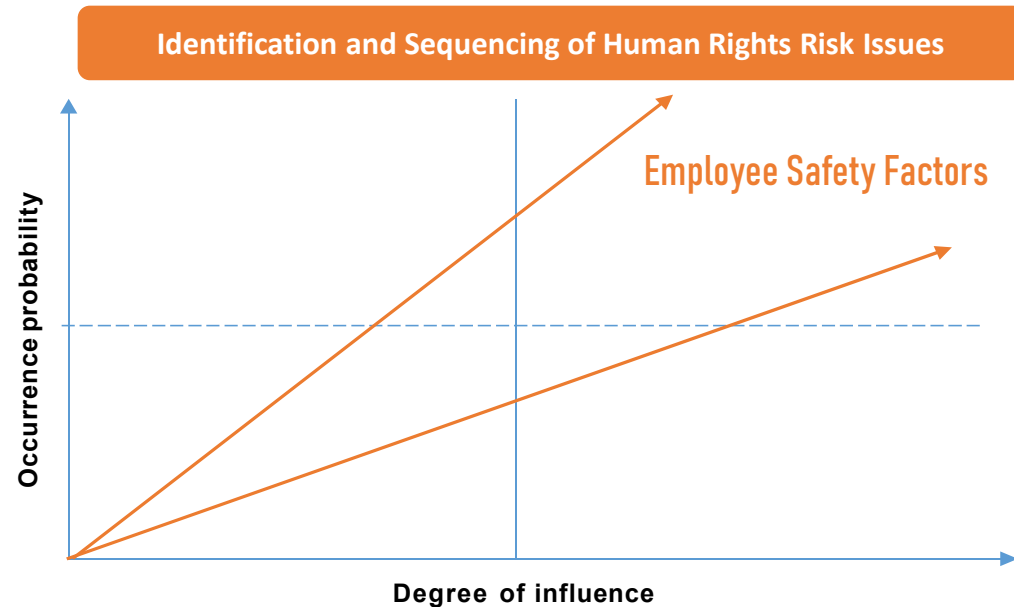
The Channels for Employee Suggestions or Complaints

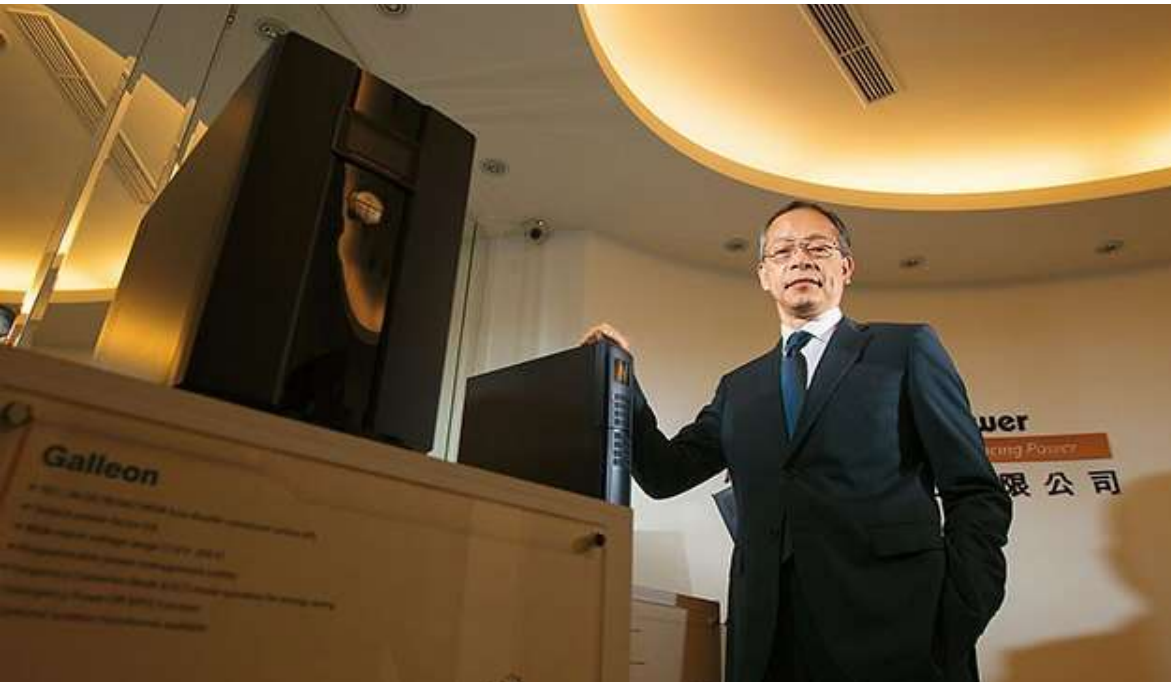
Employee Opinion Box (Anonymous)

This channel is used for those who want to propose new policies or share unfair situations that happen in the work space. Information in the box are all anonymous. Topics of employee suggestions include dormitory environment, workshop discipline, work clothes and so on. The human resources department regularly checks the opinion box (once every two weeks). Reasonable and feasible suggestions would be addressed promptly and solutions are shared on the bulletin board.

Employee Complaint (Named)

This channel is for complaints related to an individuals interests. There complaints are not anonymous and a direct response is expected. Some examples include matters concerning personal salary, leave, and perceived instances of unfair treatment. Urgent matters requiring immediate resolution should be shared through this channel.





GOVERNANCE

Sustainability Management

- Sustainability Performance
- Awards and Recognitions
- Stakeholder Communication
- Commitment and Promotion
- Responding to UN SDGs

Corporate Governance

- Organizational Profile
- Business Ethics
- External Initiatives
- Risk Governance

Sustainability Performance

723,784 Metric Tons

Customer CO₂e emissions reduction benefits

1,586,349 KWh saving

Energy Recycle through CPFU

18.1647 tCO₂e/MUSD

Carbon intensity from Scope 1 and Scope 2

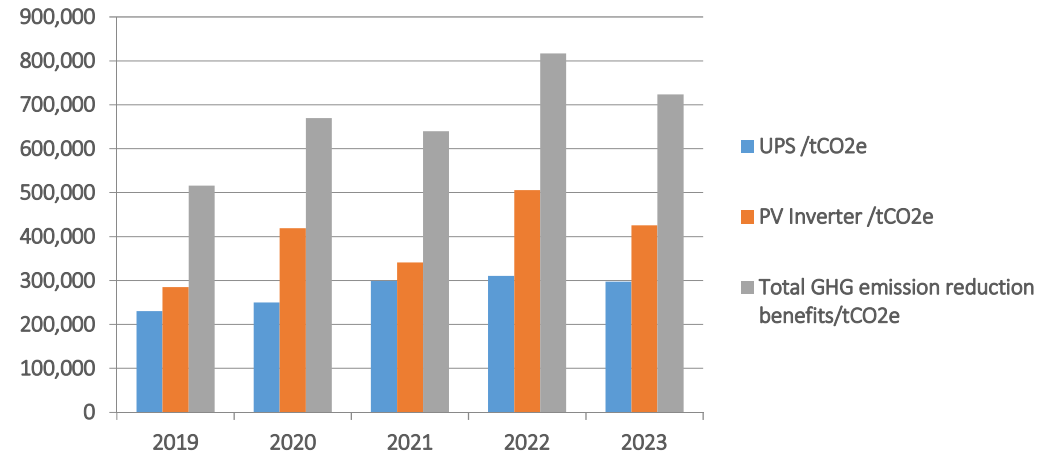
Decrease 1.5% every year

48.72% (Percentage of plastic contained in products recycled)

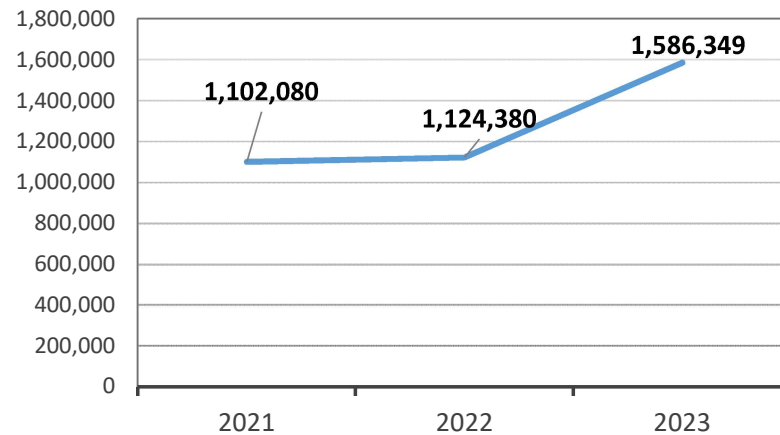
Circular economy

92% (2,184 Metric Tons recycled)

Corporate actual paper recovery and recyclable rate



Energy Recycle through CPFU



Awards and Recognitions



FY2016, 2017, 2018, 2019 and 2021 top 5% ranking in Taiwan Corporate Governance Evaluation by Taiwan Stock Exchange



Included in the FTSE TWSE Taiwan Mid-Cap 100 Index



CDP Corporate Questionnaire

Score as B in response to climate change

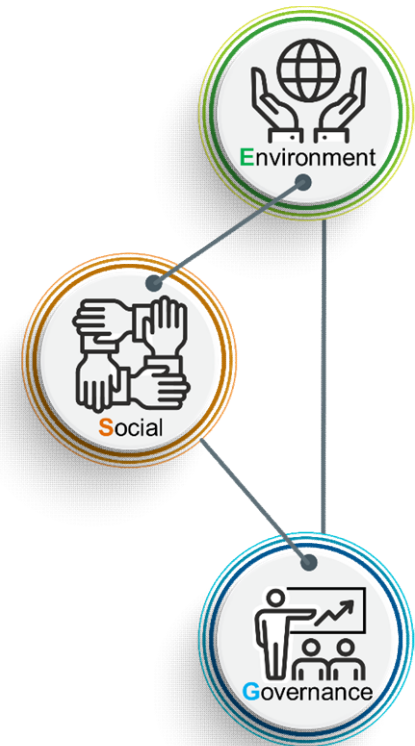


TOP 2 % of all companies rated by EcoVadis



**FTSE4Good
TIP Taiwan ESG Index**

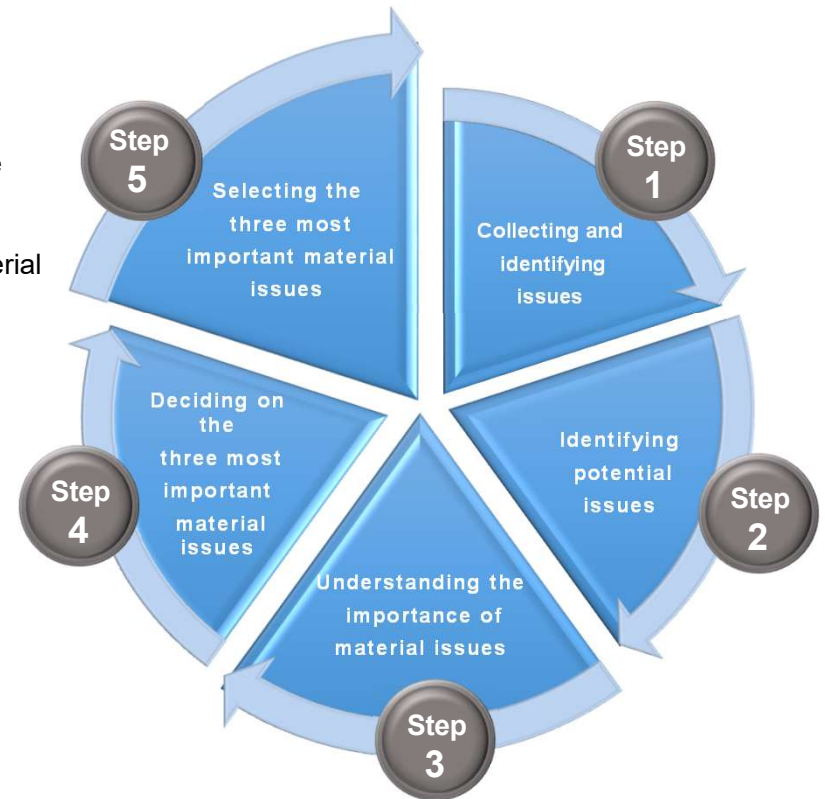
Voltronic Power has been selected as a constituent of the FTSE4Good TIP Taiwan ESG Index confirmed by FTSE Russell.



Stakeholder Communication

Materiality Analysis Process

Voltronic Power publicly discloses materiality analysis, including the most updated issues and a description of the process. Through a complete stakeholder management process, Voltronic Power regularly and irregularly negotiates with stakeholders to understand their interests and concerns. We consult ESG experts and follow global ESG norms and initiatives and we integrate the views of management, Corporate Governance Units and Board of Directors to understand the important material issues. The materiality issues of sustainable development of Voltronic Power are identified and reviewed on corporate operations to create the long-term value of the company's sustainable development. The diagram illustrates the process. The current three most important material issues are: Climate Strategy, Innovation, Risk and Crisis Management.




Important Material Issues for Stakeholders




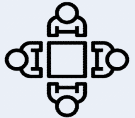

- | | |
|---|--|
| <input checked="" type="checkbox"/> Risk and Crisis management | <input checked="" type="checkbox"/> Supplier management |
| <input checked="" type="checkbox"/> Climate Strategy | <input checked="" type="checkbox"/> Occupational Health and Safety |
| <input checked="" type="checkbox"/> Innovation | <input checked="" type="checkbox"/> Compliance Anti-corruption |
| <input checked="" type="checkbox"/> Market Presence | <input checked="" type="checkbox"/> No Forced or Compulsory Labor |
| <input checked="" type="checkbox"/> Customer Privacy | <input checked="" type="checkbox"/> Economic Performance |
| <input checked="" type="checkbox"/> No Child Labor | |

Materiality Analysis and Value Creation

We have conducted a materiality analysis and provide the three material issues that have the greatest impact on company's business and the generation of its long-term value. We also indicate how these issues impact company's business and serve as sources of long term value creation for our company.

	Material Issue 1	Material Issue 2	Material Issue 3
The material opportunity impacting the business	Sustainable Products & Services	Responsible Marketing & Labelling	Innovation Management
Business Case	We use IRENA's WORLD ENERGY TRANSITIONS OUTLOOK 2023 1.5° C PATHWAY scenario analysis, by 2050, the Global CO2 emissions reductions by 25% will depend on Energy Efficiency and 25% on Renewables. All products of Voltronic Power have Energy Efficiency benefits, and PV Inverter has both Energy Efficiency and Renewables benefits. These products are called sustainability products, Energy Storage System and Electric Vehicle Charger are emerging sustainable products. So, Voltronic Power belongs to the Sustainability Sector.		
Business Impact	Revenue	Revenue	Revenue
Business strategies	We identify opportunity : Products and Services (opportunities related to innovation and development of new low-emission and climate adaptation products and services.) , expanding the innovative R&D, production and sale of these products is our most important goal.		
Target/Metric	The Emission Intensity of Scope 1 and Scope 2 greenhouse gas (GHG) emissions decreases by 1.5% annually, it is expected that 2050 will be 66.49% of the baseline year 2023. The GHG emission reduction benefits of sales products in 2023 are 723,784 tCO2e / Self Operating (Scope 1+Scope 2) GHG emissions of 11,200 tCO2e=64.6 times: the target is to grow by 1.5% annually, and it is expected to grow by 49.48% in 2050, which is 96 times, compared to the baseline year of 2023, which is 64.6 times.		
Target Year			

Stakeholder Engagement

	Key topics and concerns	Voltronic Power's Responsibilities	Communication channels and response methods
Customers 	<ul style="list-style-type: none"> – Market Presence – Customer Privacy – Non-discrimination – No Forced or Compulsory Labor – No Child Labor – Anti-corruption – Compliance 	<ul style="list-style-type: none"> – Provide high-quality products and services that are the best on the market. – Provide services that include design, manufacturing, logistic support, and comprehensive solutions. Improve level of customer satisfaction. – Establish long-term close relationships with customers based on mutual trust and commercial partnership. – Inform all employees of the need to adhere to confidentiality agreements and principles that should be followed when facing the media. 	<ul style="list-style-type: none"> – Cooperate with customers' production and environmental, requirements, responsibilities, and inspections. Assist with preventions and improvements. – Train employees and enforce rules for information disclosure when facing the media. – Reporting Sustainability Annual Report
Employees 	<ul style="list-style-type: none"> – Market Presence – Non-discrimination – No Forced or Compulsory Labor – Occupational Health and Safety – Training and Education – Compliance 	<ul style="list-style-type: none"> – Ensure and respect human rights. – Personnel development. – Legal and fair assessment and treatment. – Safe and healthy working environment. – Personnel welfare and health promotion. 	<ul style="list-style-type: none"> – Convene supervisor and supervisee communication meetings. – Staff mailbox and message board. – Provide free employee health check. – Reporting Sustainability Annual Report
Local Communities 	<ul style="list-style-type: none"> – Jobs and employment opportunities – Local environmental protection – Compliance 	<ul style="list-style-type: none"> – Job creation and employment opportunities – Compliance with environmental regulations 	<ul style="list-style-type: none"> – Give priority to local recruitment – Compliance with environmental regulations – Reporting Sustainability Annual Report
Shareholders and Providers of Capital 	<ul style="list-style-type: none"> – Market Presence – Economic Performance – Investment – Anti-corruption – Labor/Management Relations – Compliance 	<ul style="list-style-type: none"> – Comply with the most updated regulations and policies from competent authorities. Swiftly respond to and adjust corporate information disclosure formats and content to conform to regulatory requirements. – Appropriately provide immediate, concurrent, and accurate company information. Do our best to disclose investment information. – Maintain a long-term and stable dividend policy. Provide appropriate investment returns. – Steadily build company financial strategy. Maintain good company credit and operational performance. 	<ul style="list-style-type: none"> – Annual regular meeting of shareholders. – Take part in Institutional Investor Conference eight times in 2023 – Quarterly financial report and monthly operational information announcements. – Disclose immediate material information on TWSE MOPS as well as the company website. – According to the announcement of material events, in addition to disclose on TWSE MOPS as well as the company website, also depending on the situation requires, occasionally issue press release or convene a press briefing. – Set up email address and contact phone on company website to establish a smooth communication channel between the investor and the company. – Establish a specifically juristic person – investors relationship department to hold regular face-to-face communication meetings or telephone conferences with domestic or abroad juristic person Investors. – Reporting Sustainability Annual Report
Suppliers 	<ul style="list-style-type: none"> – Market Presence – Supplier Environmental Assessment – Supplier Assessment for Labor Practices – Supplier Human Rights Assessment – Compliance 	<ul style="list-style-type: none"> – Legal and fair transactions. – Understanding of environmental safety and health considerations and specification details. – Understand and assist Voltronic Power with implementation of social responsibility. 	<ul style="list-style-type: none"> – Sign an environmental protection commitment letter. – Request and audit suppliers' products, environment and responsibilities, and cooperate with preventive and continuous improvement. – Reporting Sustainability Annual Report

Commitment and Protection

Voltronic Power observes international regulations as well as national and regional laws, to create value for sustainable development, protect the rights of interested parties, promote good corporate governance, and abide by the policies.

Voltronic Power occasionally participates in small-amount fundraising events at non-profit organizations, offers care for the needed, or participates in minority groups' events via a mutually supported method, providing uninterruptible power supply system topics to relevant parties in regions around the world where utility power was lacking.

Active involvement of green energy trade shows in Taiwan and overseas (e.g. Computex in Taiwan; Middle East Energy Dubai; Intersolar Europe and solar shows in other countries).

The Company prepares Corporate Sustainability Report on a voluntary basis. We follow all the disclosure standards of core options according to Global Reporting Initiatives (GRI) released by the Global Sustainability Standards Board (GSSB). We also provide the GRI indexing in our CSR reports. However, some of the contents are supplementary details according to the BLOOMBERG ESG SURVEY Disclosure Score. The 2023 Sustainability Report includes the reporting according to the Sustainability Accounting Standards Board (SASB) framework.

In terms of SDG13 "Climate Action", Voltronic Power added the following carbon emission reduction targets in 2020 :

- By 2035, to be carbon-neutral and net zero emission in our operations
- By 2050, to have a net-zero supply chain.

Our Commitments

01

We follow the "Best Practice Principles for CSR" to actualize Corporate Governance

02

We have a Remuneration Committee, that will make both our employees' salaries and remuneration and our business operations grow together in compliance with CSR.

03

We focus on greenhouse gas management toward the targets of energy saving & carbon reduction with wholehearted dedication toward research & development of energy conserving products.

04

Our company adheres to all the laws and regulations governing employment.

05

We pay attention to the health and safety of our employees and work environment.

Climate Change Governance and Management Framework

Board of Directors

Supervise overall climate change actions (SDG13) and related risks and opportunities actions (SDGs12, 7 and 8)

Sustainability Committee

Responsible for the related matters of sustainability(including Environment、Social and Governance), consists of three independent directors, and regularly report the relevant necessary matters (including climate change actions) to board of directors.

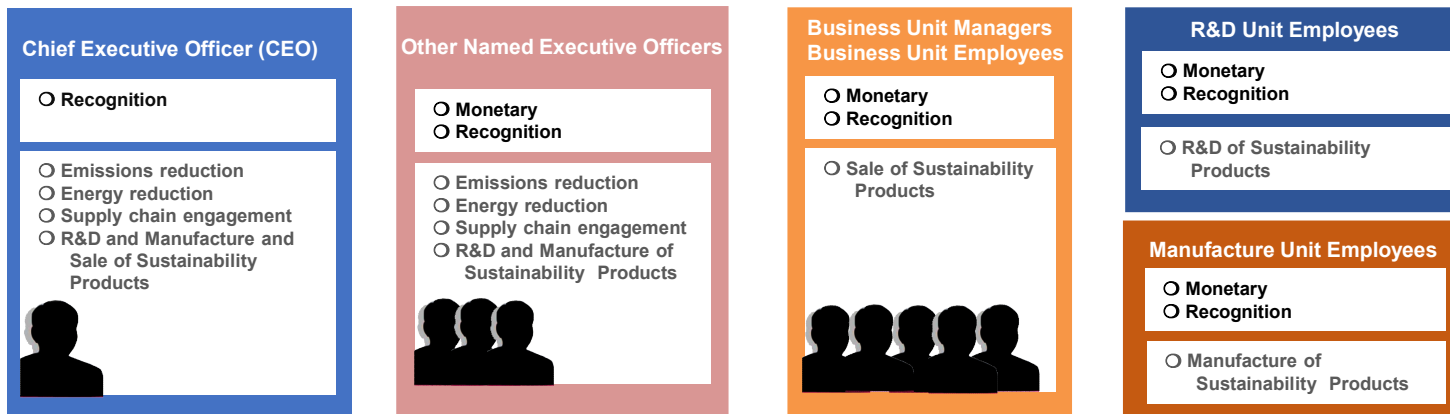
Climate Change Management Committee

Chaired by CEO, leads all management teams to manage climate change risks and opportunities actions.

© The Key Points of the Board of Directors' Climate Change Supervision








© Provide incentives for climate change actions





© The board's oversight of climate-related risks and opportunities.

Board of Directors


-  Review the annual ESG report and TCFD report regularly every year.
-  Regularly approve the annual climate related risk, opportunity management strategy and plan objectives formulated by the ESG Executive Committee every year (including but not limited to major plans of action, risk management policies, annual budgets and business plans, setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, and climate-related issues)
-  The Climate Change Management Committee will implement the annual climate related risk and opportunity management strategy and plan, and the annual performance results shall be reported to the Board of Directors by the ESG Executive Committee.
-  The report of the Climate Risk Management Committee on the ever-changing risk environment, the focus of the Company's enterprise risk management, and risk assessment and mitigation efforts faced by the company, shall be reported to the board of directors by the Audit Committee.
-  Regularly approve the performance-based compensation plan proposed by the Compensation Committee for management related to ESG (including climate change) achievements.

ESG Executive Committee

-  Be responsible for formulating and implementing the company's short, medium and long-term climate change Governance Strategies and plans.
-  Formulate the annual climate related risk and opportunity management strategy and plan objectives according to the climate change governance strategy and plan, and submit them to the Climate Change Management Committee for implementation and supervision after being approved by the Board of Directors.

© Management's role in assessing and managing climate-related risks and opportunities

Climate Change Management Committee

-  The Company has assigned climate-related responsibilities to management-level :
 - Set up a Climate Change Management Committee, chaired by the CEO, to lead all management teams to manage climate change risks and opportunities actions. All management teams include business department, management department, finance department, R & D department, marketing department, procurement department, information department, production and manufacturing department of each plant, audit office, corporate governance etc.
 - The Committee is responsible for implementing the annual climate-related risk and opportunity management strategy and plan objectives from the ESG Executive Committee that is approved by the Board of Directors.
 - The Committee meets quarterly to review the implementation progress of the annual climate-related risk and opportunity management strategy and plan objectives. Difficulties or other suggestions will be immediately reported to the ESG Executive Committee for assistance.
 - The annual performance results of the Committee shall be submitted in an annual report to the ESG Executive Committee reported to the Board of Directors.

Responding to the UN SDGs

The most relevant goal of the Voltronic Power Group-wide Strategy on the Sustainable Development of UN Citizens is to focus on the issue of global climate change. As a global professional ODM/OEM manufacturer of Uninterruptible Power Systems and Solar inverters, Voltronic Power has the right product portfolio that enables the user to save energy, increase efficiency, and reduce carbon emissions. In addition to formulating the climate change strategy and the action plan and the financial opportunities arising from implementing the program, it can provide decent work and economic growth, providing equal opportunities, fair remuneration and treatment, and gender equality.

Material Goals of Voltronic Power

Economic

- Economic Performance
- Market Presence
- Indirect Economic Impacts
- Procurement Practice

Social

- Employment
- Labor/Management Relations
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunity
- Non-discrimination
- Child Labor
- Forced or Compulsory Labor

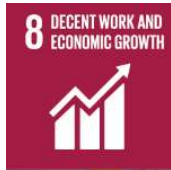
Environmental

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents and Waste
- Environmental Compliance
- Supplier
- Environmental Assessment

Responding to UN SDGs



SDGs Practice and Development Goals



Continuous sales of high energy-saving carbon reduction products to assist users in energy-saving carbon reduction and provide work opportunities.

Business/Social/Environmental Benefit Achievement

- The products sold by Voltronic Power in 2023 are expected to provide Energy Efficiency 297,905 tCO₂e ERBs · Renewables 425,879 tCO₂e ERBs for product users, with a total 723,784 tCO₂e ERBs .
- The products of Voltronic Power comply with the local product environmental regulation requirements
- Voltronic Power is developing the combination of UPS and green energy applications, aiming to provide more efficient power generation, power protection and power backup.
- In order to promote green energy, Voltronic Power is looking into how solar photovoltaic applications can be used in solar energy utilization, power transformation and green building life.
- Voltronic Power is developing a new generation of Intelligent Solar Inverter-Infini Solar Super 4KW, which can effectively and flexibly use solar energy, city electricity and battery power in different application environments, achieving the highest efficiency of UPS.**
- Voltronic Power is developing a 1MW solar Energy Storage System in the Zhongshan factory in China to improve its energy efficiency. It is expected to be completed by the end of 2024.
- Voltronic Power provides free EV charger for employees to encourage electric vehicles to reduce environmental pollution
- Voltronic Power invested over 100 million NT to implement an automated storage & retrieval system. This “lights-out” warehouse helps improve efficiency and productivity, save space, reduce human errors, enhance safety, data tracking and analysis, and reduce the use of lighting equipment



The company's organization consists of a large proportion of senior female directors and senior managers.

Business/Social/Environmental Benefit Achievement

- A quarter or more of all directors are female (and at least one female non-independent director and one female independent director).
- Females in top management positions, i.e., maximum two levels away from the CEO (as a percentage of total senior management positions), are one-third or more.



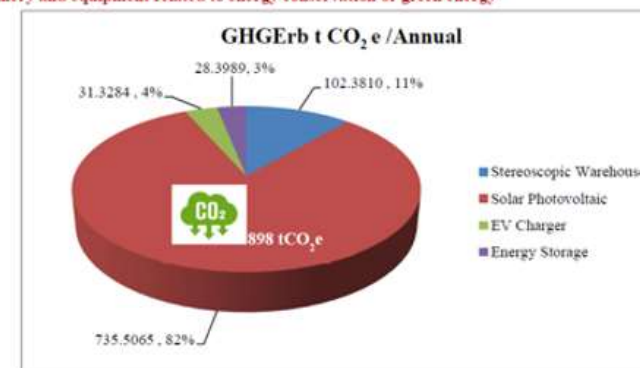
"Good Health and Well-Being and Public Health" is also part of the "Strategic Goal of the Group's Sustainable Development", the "Group-Wide Strategic Goal", and "Sustainable Development Goal of the United Nations Citizens".

Business/Social/Environmental Benefit Achievement

- Implementing employee health checks and management, providing employees with free health examinations.



Total GHG emissions reduction benefits of investing in environmentally friendly and sustainable machinery and equipment related to energy conservation or green energy

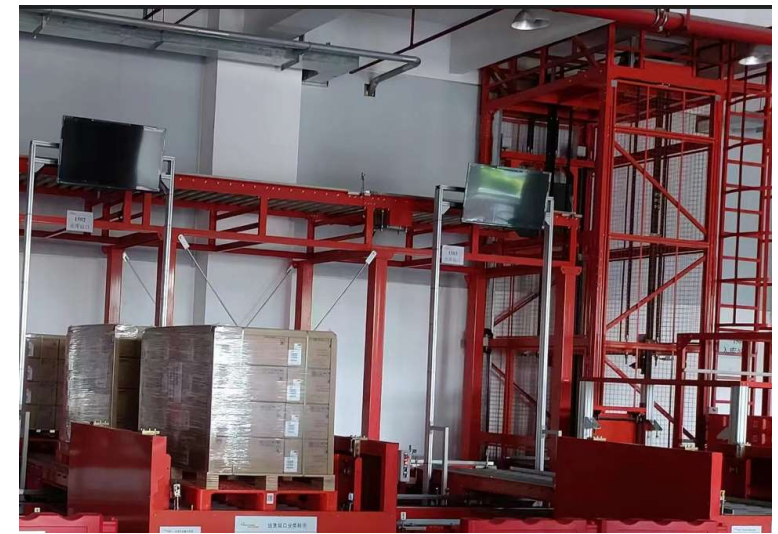




Free EV Chargers for employees



Solar power generation and Energy storage system



Automated storage & Retrieval System

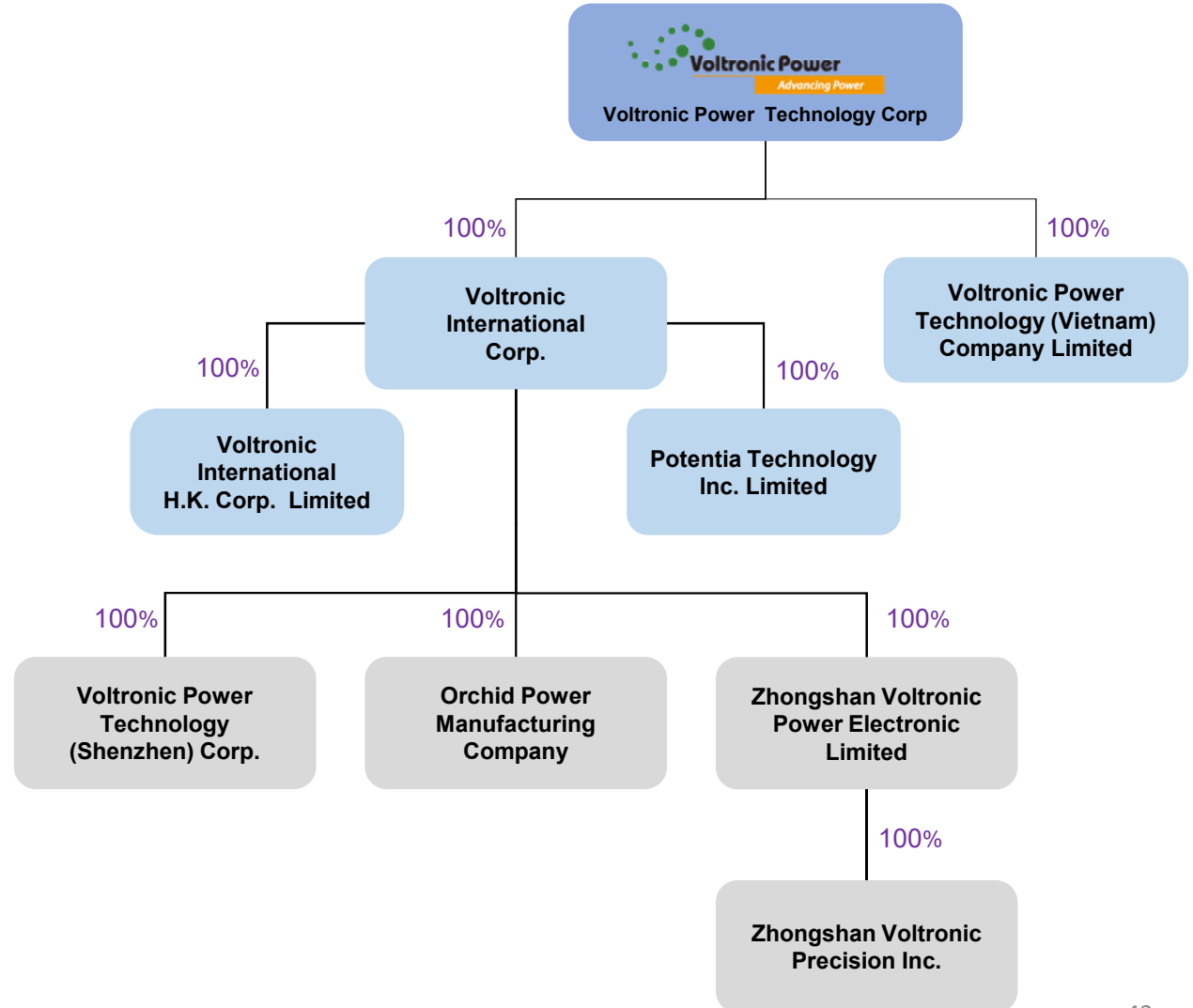
Organizational Profile

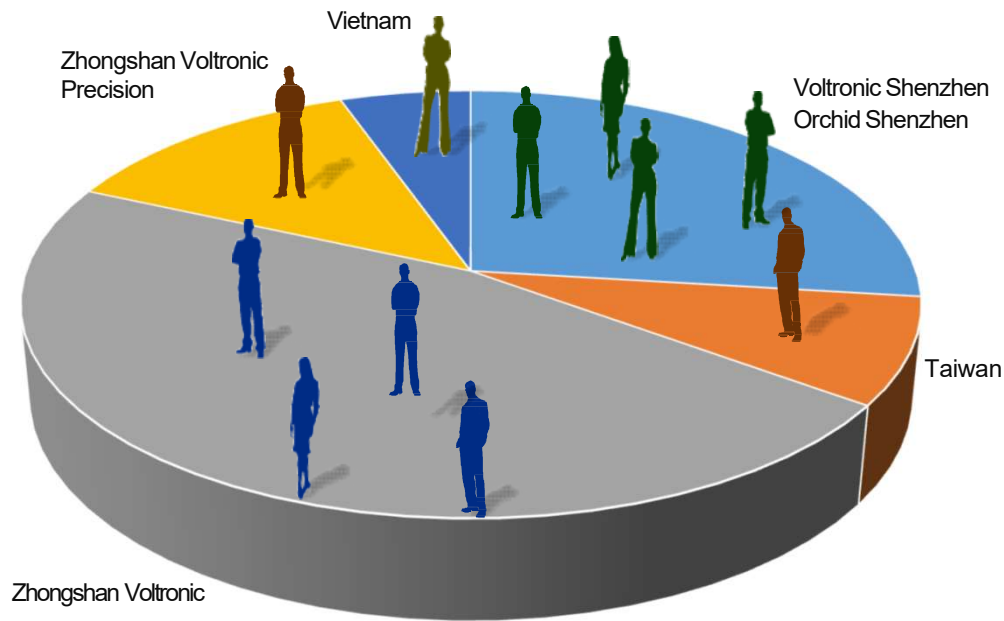
Ownership

The Taiwan headquarters of Voltronic Power Technology Corp. is a Company limited by shares, which was established in accordance with the Taiwan Company Act, and was listed for its stocks to the public in Taiwan Stock Exchange Corporation on March 31, 2014.

Voltronic Power Technology (Vietnam) Company is a subsidiary directly invested by Voltronic Power Technology Corp. and established in Vietnam with 100% shareholding.

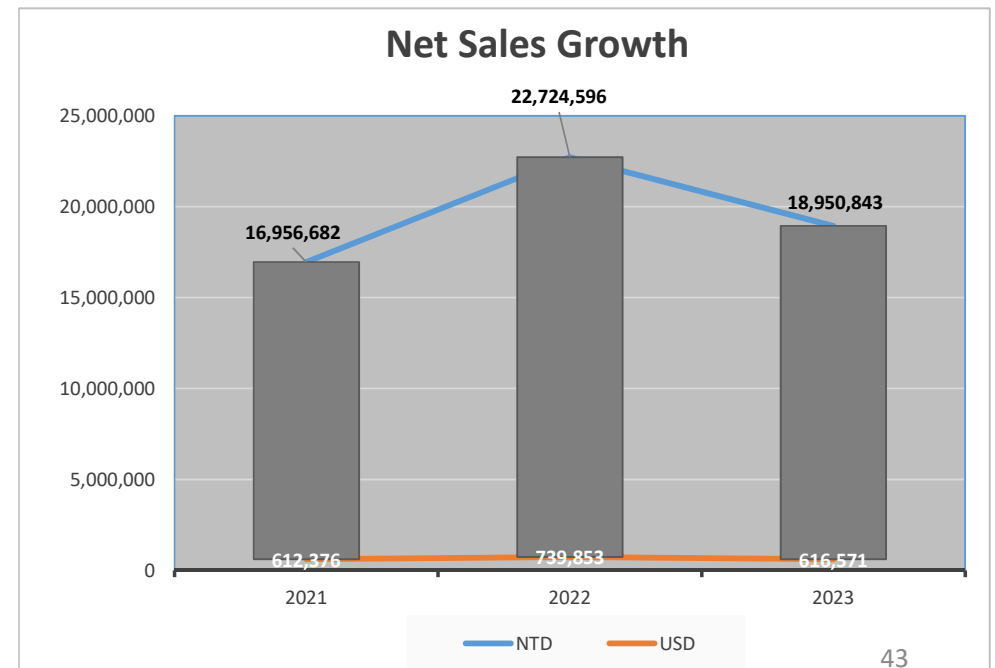
The China Shenzhen export factory (Voltronic Power Technology Shenzhen Corp.), China Shenzhen domestic factory(Orchid Power Shenzhen) manufacturing company), China Zhongshan export factory (Zhongshan Voltronic Power Electronic Limited) and the China Zhongshan Voltronic Precision Inc. are established as the subsidiaries under the Taiwan headquarters.





3,210 Employees

	Employees
Voltronic Shenzhen	842
Orchid Shenzhen	22
Zhongshan Voltronic	1,498
Vietnam	259
Zhongshan Voltronic Precision	414
Taiwan	175
TOTAL	3,210



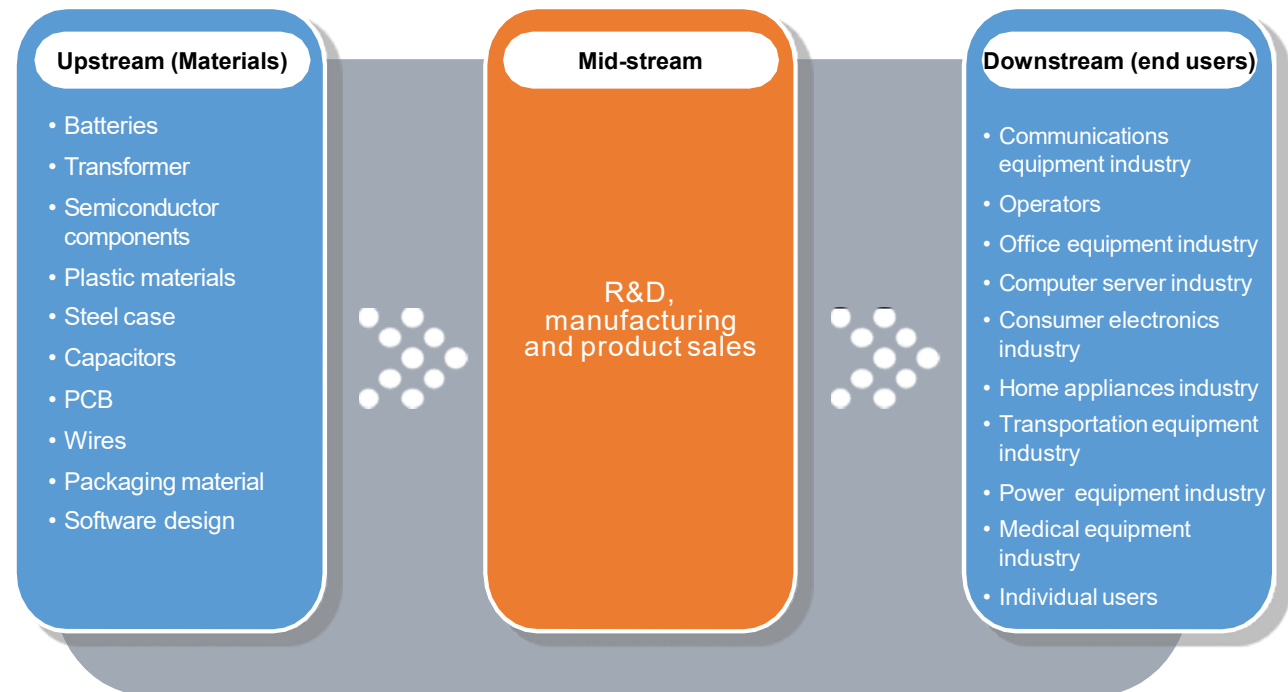
Supply Chain Relationships

Voltronic Power receives clients' projects, specializing in the R&D, design, and product manufacturing services of UPS, and PV inverters. Our upstream components are batteries, transformer, semiconductor electronic components, cabinet, PCB, etc. Amongst these components, battery constitutes the highest proportion of product cost.

Voltronic Power carefully selects quality suppliers through a selection process. We have excellent relationships with our suppliers and the supplies are stable without the risks of price fluctuation or supply shortage.

Voltronic Power also engages in the mid-stream of the industrial supply chain. Our R&D products are based on customer order requirements and adds value to the end-users in downstream industries. At present, Voltronic Power has over 350 clients worldwide. Our portfolio is well-diversified with relatively low risks.

The figure depicts the product correlation amongst our company's' up, mid, and downstream



Business Ethics

Voltronic Power requires all employees to conduct themselves with the utmost integrity, that ethical employment principles shall be abided by the employees. At Voltronic Power, we expect our customers, suppliers, business partners, and anyone or entity that have business contact with us to support and adhere to the same principles.

Any possible violation of the ethical employment principles shall be immediately report to the supervisors, if necessary, directly to the general manager. Employees who report breach violation of the ethical employment principles shall be investigated. The company shall provide due protection to avoid enduring unfair retaliation or treatment.

Anti-Corruption

Voltronic Power's employees understand that he or she would not engage, either directly or indirectly, in any activity (Conflict of Interest) which might adversely affect the Company or its affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer or other entity with which the Company does business or accepting any tangible payment, service, loan, gift, trip, entertainment, or other favor from a supplier, contractor, distributor, subcontractor, customer or other entity with which the Company does business.

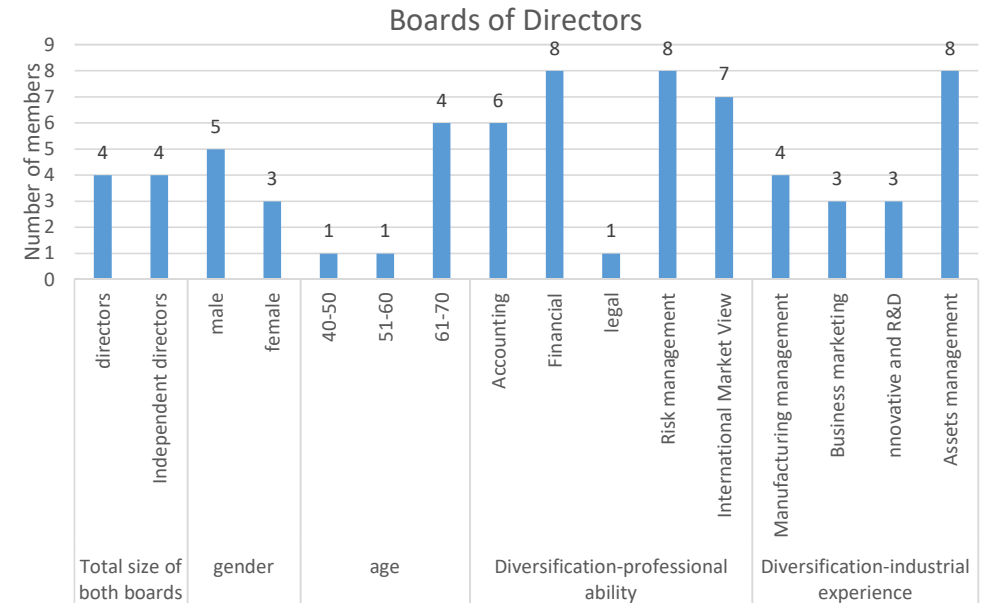
The company attaches great importance to the loyalty and integrity of employees, and the work rules clearly stipulate that "employees shall not use their positions to benefit themselves or other."

Governance Structure – Board of Directors

The board of directors is one of the two core institutions in Voltronic Power's corporate governance organizational structure. As stated in the Articles of Incorporation, the board is comprised of eight directors, four of which are independent. The shareholders' meeting elects them from among the candidates. A candidate nomination system was adopted (in the shareholders' meeting convened on May 24, 2016, with amendments to the Articles of Incorporation, the election of all directors including non-independent directors, shall be elected from the list of nominees). According to the Company Law and the Articles of Incorporation, the terms of all directors (including independent directors, non-independent directors, executive directors, non-executive directors) are three years. However, he/she may be eligible for re-election as there is no "Classified Board System".

The percentage of total registered shares owned by the directors and supervisors will be tallied according to the provisions of the securities regulatory authority. Liability insurance will be issued for all directors and supervisors and reporting to the Board. In 2023, there were eight directors - three were female directors and five were male directors.

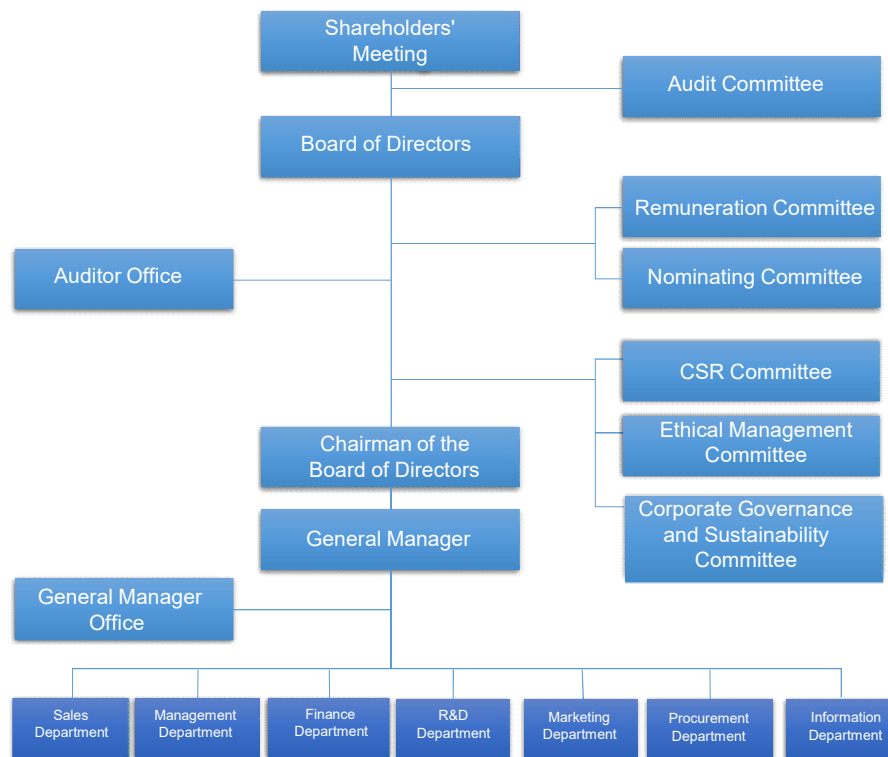
The age of the Youngest Director is 39 years old, age of the Oldest Director is 76 years old, the Board average age is 61.75 years old. According to the provisions of the Taiwan Company Law, the director must be at least 20 year of age and can make juridical decisions. There were four independent directors and two non-executive directors on the Board, the chairman of the Board was elected by the Board of Directors. The chairman of the Board shall internally preside the shareholders' meeting, the meeting of the Board of Directors, and shall externally represent the company. As the chairman of the Board is also the CEO, Voltronic Power voluntarily appoints four independent directors which are more than required by the laws. Finally, the Audit Committee was comprised entirely by independent directors.



Title	Name	(Selected Education, Past Positions & Current Positions at Non-profit Organizations)
Director	Hsieh, Juro-Ming	<p>Education & Professional qualifications: Department of Business Management, Tatung University</p> <p>Current Position: Voltronic Power Technology Corp. - Chairman cum General Manager Voltronic International Corp., Voltronic International H.K. Corp. Limited, Potential Technology Inc. Limited— Director Zhongshan Voltronic Power Electronic Limited, Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company</p>
Director	Open Great International Investment Limited Company representative: Chen, Tsui-Fang	<p>Education & Professional qualifications: Department of Public Finance and Taxation, Takming Junior College of Commerce</p> <p>Current Position: Voltronic Power Technology Corp. - Special Assistant of General Manager Open Great International Investment Limited Company – Chairman</p>
Director	Passuello Fabio	<p>Education & Professional qualifications: University degree in Electrical Engineering</p> <p>Current Position: Director and Manager Director of RPS SpA</p>
Director	Chuan Han Enterprise Co., Ltd. representative: Cheng, Ya-Jen	<p>Education & Professional qualifications: Tatung University</p> <p>Current Position: FSP Technology Inc. - Chairman 3Y POWER TECHNOLOGY INC. - Chairman 3Y POWER TECHNOLOGY INC. - Responsible person AMACROX TECHNOLOGY CO., LTD. - Director AMACROX GMBH-responsible person FSP Technology Inc. (Wuxi Quanhao) - Director FSP TECHNOLOGY INC. (Wuxi Zhonghao) - Director FSP Technology Inc. (Shenzhen Zhonghao) - director FSP Generation Technology Inc. (Jiangsu) - – Director FSP TECHNOLOGY USA INC. - Responsible person Haohan Electronic Technology Inc.-(Ji'an)- Director Hsiang Tsan Investment Co., Ltd., - Supervisor</p>

Title	Name	(Selected Education, Past Positions & Current Positions at Non-profit Organizations)
Independent director	Li, Chien-Jan	<p>Education & Professional qualifications: Ph.D. Program in Accountancy of National Chengchi University</p> <p>Current Position: Full-time professor, Department of Accountancy, National Taipei University Director of Accounting Research and Development Foundation and committee member of Accounting Standards Board Commission member of Public Functionary Disciplinary Sanction Commission Committee member of Securities Listing Review Committee Chairman of Fly-Hawk Accounting Education Director of Taiwan Institute of Ethical Business and Forensics, and committee member of its Corporate Governance Committee Independent director of L&K Engineering Co, Ltd. Independent director of POTENS SEMICONDUCTOR CORP.</p>
Independent director	Liao, Kuei-Fang	<p>Education & Professional qualifications: Department of Accounting, Tamkang University</p> <p>Current Position: Partner of Synergy & Co., CPAS Director of Hsieh Chi Enterprise Management Consulting Co., Ltd..</p>
Independent director	Wang, Hsiu-Chi	<p>Education & Professional qualifications: Master of Rider University</p> <p>Current Position: Director of Feiyuan Accounting Education Foundation</p>
Independent director	Ho, Yun-Hsuan	<p>Education & Professional qualifications: Master of Laws, National Chung Cheng University</p> <p>Current Position: Attorney at Law, HHC & Partners</p>

Organization Structure



The incumbent directors all have rich operating and academic experience; the Board of Directors shall meet at least quarterly. In 2023, the Board of Directors convened in a total of 5 Boards meetings. The director's attendance is as follows, Board Meeting average attendance was 85.00%, and the number of Directors with attendance less than 75% was one.

Audit Committee

Voltronic Power's Audit Committee is comprised of four members:

Independent Director Mr. Lee, Chien-Jan Independent Director Ms. Wang, Hsiu-Chi
Independent Director Ms. Liao, Gui-Fang Independent Director Mr. Ho, Yun-Hsuan

Remuneration Committee

Voltronic Power's Remuneration Committee is comprised of four members:

Independent Director Mr. Lee, Chien-Jan Independent Director Ms. Wang, Hsiu-Chi
Independent Director Ms. Liao, Gui-Fang

Nomination Committee

Voltronic Power's Remuneration Committee is comprised of three members:

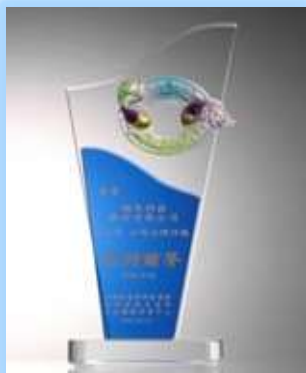
Independent Director Mr. Lee, Chien-Jan Former Independent Director Mr. Yang, Ching-His
Independent Director Ms. Wang, Hsiu-Chi

Corporate Governance and Sustainability Committee

Voltronic Power's Corporate Governance and Sustainability Committee

is comprised of four members:

Independent Director Mr. Lee, Chien-Jan Independent Director Ms. Wang, Hsiu-Chi
Independent Director Mr. Ho, Yun-Hsuan

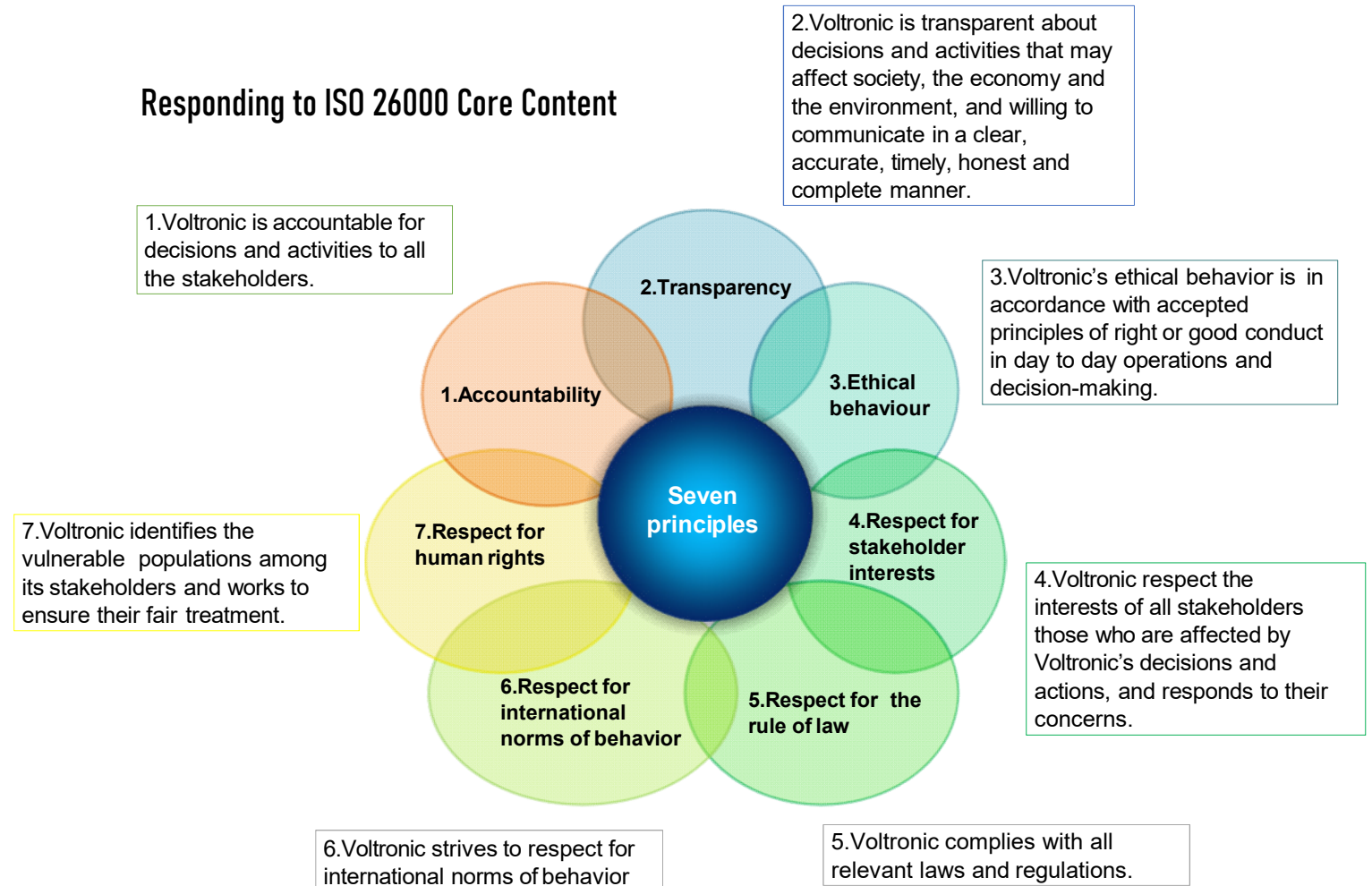


Voltronic Power Technology Corp. was ranked as top 5% in FY 2016, 2017, 2018, 2019 and 2021 by the Corporate Governance Evaluation amongst all the companies listed on the Taiwan Stock Exchange.

External Initiatives

ISO 26000 Social Responsibility Guidance promotes the consensus of social responsibility domain. Responding to the core content of ISO 26000, we clarify our social responsibility and help the company to convert principles to effective actions. We are also the member of Taiwan Electrical and Electronic Manufacturers' Association and Taipei Computer Association. We are devoted to do the best practice of sustainable development in the global world.

Responding to ISO 26000 Core Content



Risk Governance

Management Approach

We have four independent directors and two non-executive directors, totally six directors in the audit committee with expertise in risk management. Six hours of training courses are held every year. The course content is selected from the courses on internal control and audit, corporate governance regulations, securities management regulations, the impact of international economic and trade development trends on enterprise operation, risk identification and management of enterprise operation, risk and turnaround of climate change etc.

At the operational level, the highest-ranking individuals with dedicated risk management responsibilities, as well as those responsible for monitoring and auditing risk management performance, provide regular and ad hoc reports to the CEO. Subsequently, the CEO presents these reports periodically to the Audit Committee and the Board of Directors. The risk management function is structurally independent from the business lines.

Risk and Crisis Management Operational Principles

Voltronic Power Technology Corp has defined risk and crisis management as one of the three most important issues for sustainable development.

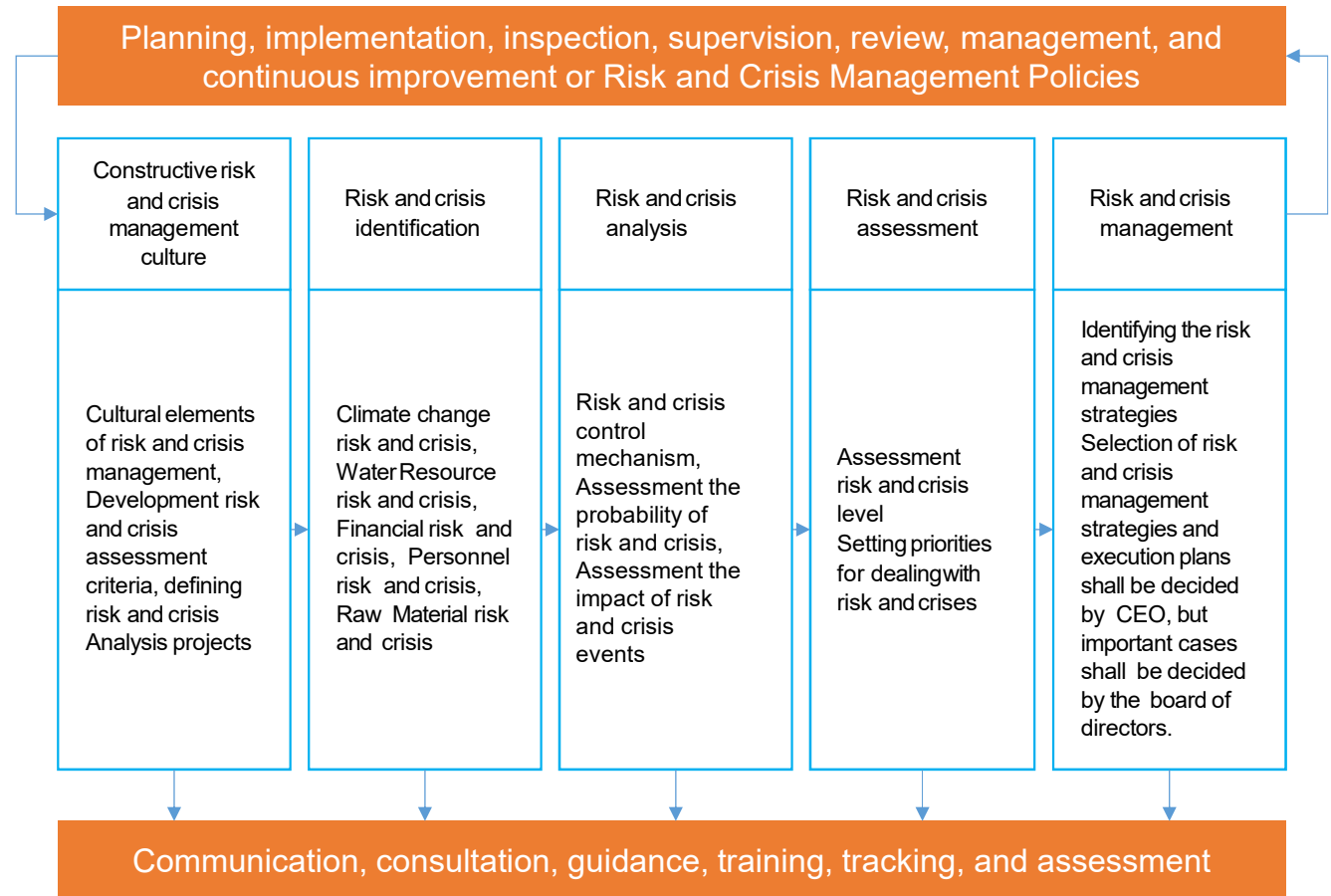
To promote risk management policies, establish crisis management mechanisms, cultivate a heightened awareness among colleagues, and implement effective risk and crisis management, the company aims to enhance the efficiency of risk management and crisis handling. This aligns with the company's goal of achieving sustainable development.

The operational framework of risk and crisis management of the company and all departments include: risk and crisis identification, analysis, assessment, handling; planning, implementation, inspection, supervision, review, management and continuous improvement of risk and crisis management policies; as well as communication, consultation, guidance, training, tracking and assessment.

Individual employees are encouraged to identify and report potential risks throughout the organization proactively. If the potential risks are verified and managed effectively, the individual will be rewarded according to their contribution. Reports could be turned in through line managers, or to senior executives using mailboxes or the hotline.

The company uses certain risk management assessment indicators as part of the KPIs for senior executives and line managers to determine their variable compensations. This is intended to facilitate and continuously enhance risk and crisis management. Furthermore, the company also considers employee cooperation in the implementation of the annual "Risk and Crisis Management Plan" as part of the performance assessment for employees.

During regular employee assessments, opinions regarding the annual "Risk and Crisis Management Plan" are sought. Encouraging employees to engage in a structured feedback process. The company aims to foster continuous improvement in risk and crisis management practices.





SUPPLIER MANAGEMENT

- Supplier's Compliance of High Standards
- Local Supply Chain Management
- Risk Management
- Sustainability Engagement

Supplier's Compliance of High Standards



100%

raw materials
compliance with the
requirements
of EU Restriction of
Hazardous Substances
(RoHS) directive



100%

raw materials
compliance with the
requirements
of EU REACH. Act on SVHC-
Substances of Very High
Concern.



100%

non-use of conflict
mineral raw materials.



Zero

revenue from products
containing minerals
from conflict affected and
high-risk areas

Local Supply Chain Management

Our supply chain management is not only measures the impact on production, service, and operation but also considers the effect of corporate social responsibility and corporate reputation. Voltronic Power follows relevant regulations and GRI statements as the basis of supply chain management. Labor rights, environmental protection, health, and safety of the supply chain is the control point of sustainability to help to identify supplier risks. Based on the evaluation results, improvement measures are formulated for high-risk suppliers to help reduce the risk and establish a sustainable partnership.

Requirements to Suppliers

Suppliers shall comply with the provisions of environmental laws, regulations, and technical standards (e.g. ROHS, prevention and control of pollution, waste disposal). The supplier shall act following requirements of Voltronic Power to provide the related documents associated with specific environmental protection investigation or protection.

Suppliers shall implement ethical management throughout the entire supply chain- both upstream and downstream. To improve the core competitiveness of our suppliers, suppliers only have to focus on obtaining the most competitively priced products and engage in pure trading actions. Actions, such as, offering direct or indirect rebate, commission, facilitating payment, or any other means to provide any improper benefits, are strictly prohibited.

Supply Chain Management

Supplier Sustainability Specification	Supply Chain Management	Supplier Management
Supplier Corporate Social Responsibility Management Agreement	Localization of Supply Chain Procurement	Investigation, evaluation and selection of new suppliers
Content Management of Prohibited Substances in Green Products	Identification of high-risk suppliers	Critical tier 1 Supplier Management
EU REACH SVHC-Substance of Very High Concern Management	Environmental, Quality, Safety and Health Certification Requirements for Key Suppliers	Critical non-tier 1 Supplier Management
Code for the Management of the conflict minerals	High Risk Supplier Counseling	Non-Critical Supplier Management

Supply Chain Management Commitment

- I. Establish a supply chain aiming at sustainable development.
- II. Manage supplier quality, cost, delivery time, service and sustainability.
- III. Lead suppliers to do their best in social responsibility, labor rights and interests, environmental protection, safety and health.
- IV. Ensure that products and supply chains do not use conflict minerals.

Risk Management

Supply Chain Sustainability Risk

To build a sustainable supply chain, Voltronic Power identifies economic, environmental, and social dimensions risk-projects based upon suppliers' locations, purchasing amounts, and suppliers' production process. Using threats, impact, and vulnerabilities as measuring tools, Voltronic Power defines and analyzes suppliers' risk levels. To further understand the suppliers' risks, a sustainability risk questionnaire survey will be conducted with critical suppliers. After the completion of the survey, a risk assessment will be carried out to identify at-risk suppliers. This would be followed by an on-site audit for critical suppliers at high risk. Suppliers with high risks have to propose mitigation plans and ensure that their risks can be effectively controlled and contained. The Validity Auditing Process (VAP) of RBA (Responsible Business Alliance Code of Conduct) will be required.

Sustainability risk assessment scope and targets

The right table indicates the scope of the sustainability risk assessments performed for Tier 1 and critical non-tier one suppliers. On-site audits, questionnaires, external sustainability agencies audit, stakeholder information, external databases, etc., are all acceptable types of assessments.

Type of Supplier	Number of suppliers assessed in the last 3 years	Percentage of suppliers in that category assessed in the last 3 years (based on total number of suppliers in that category provided in "Awareness" question)(Values should not exceed 100%)	Description of target
Tier 1 suppliers	117	100%	<p>Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.</p> <p>Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing</p>
Critical non-tier 1 suppliers	22	100%	<p>Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances , RoHS · directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.</p> <p>Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing</p>

Sustainability High Risk

The assessment factors of Voltronic Power for high risk of sustainability are as follows:

1. Economy:

- Quality, Cost and Delivery Time
- Business Ethics
- Compliance with Regulations
- Critical Rare Metals Supply
- Only Source of Supply

2. Environmental aspects:

- Environmental management system
- Climate change
- Water resources management
- Waste and air pollution management

3. Social aspects:

- Safety and health
- Labor rights
- Conflict minerals management

Type of Supplier	Number of suppliers classified as high risk	Percentage of total suppliers in that category classified as high-risk (based on total number of suppliers in that category provided in "Awareness" question). The values should not exceed 100%.
Tier 1 suppliers	0	0
Critical non-tier 1 suppliers	0	0

Ongoing Sustainability Monitoring

Type of Supplier	Percentage assessed annually	Percentage assessed at least once every 3 years	Total (should not exceed 100%)
Critical suppliers (tier 1 and non-tier 1)	40%	60%	100%
Suppliers with high sustainability risk. If has not identified any suppliers with high sustainability risks, please ensure that "0" is marked in applicable fields	0	0	0

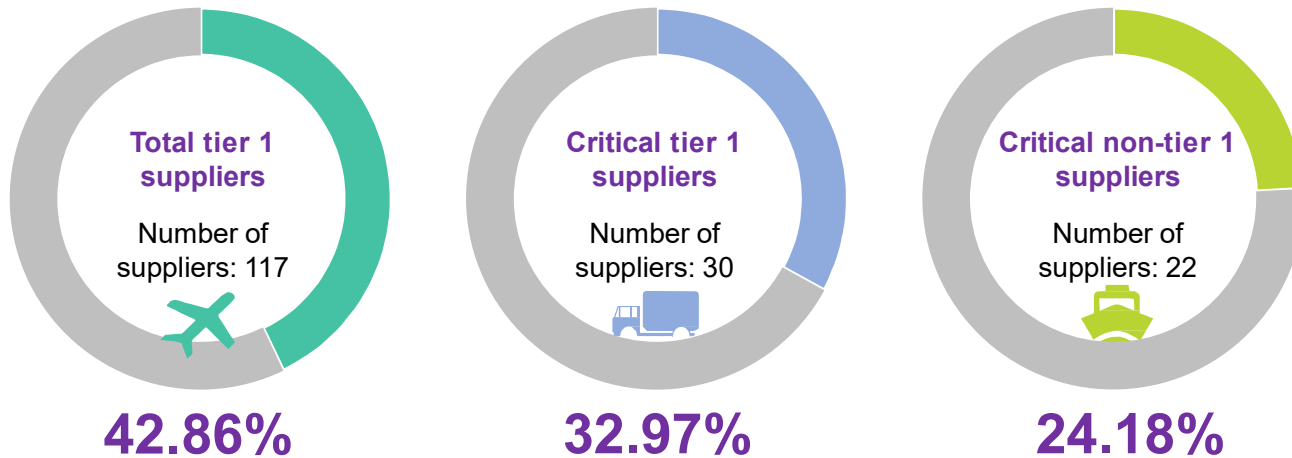
Sustainability Engagement

Voltronic Power Supply Chain Management Norms

Voltronic Power follows supply chain management standards and the management matrix. This includes new supplier evaluation, supplier management, supplier audit, and guidance, to help suppliers become green supply chains and reduce the risk to supply chain sustainability.

The company ensures that sustainability is integrated into supplier selection and retention decisions, and stipulates that suppliers must meet the minimum 70-point threshold of “ESG assessment for CSR checklist”, which is a threshold requirement before other evaluations (price, quality and delivery time, etc.).

Definition of critical suppliers Share of total procurement spent (%)



Voltronic Power ensures that sustainability is integrated into supplier selection and retention decisions, and stipulates that suppliers must meet the minimum 70-point threshold of the “ESG assessment for CSR checklist.”

1. Supplier Corporate Social Responsibility Management Agreement
2. Prohibited Substances Contents Guarantee for Green Products (GP)
3. EU REACH SVHC-Substances Limitation Guarantee
4. Conflict Minerals Management Survey
5. Supplier Corporate Social Responsibility Inspection



Quantitative KPIs and Targets

	KPI	Target linked to the KPI
KPI 1	KPI: raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive Target year: Annually Ongoing.
KPI 2	KPI: raw materials compliance with the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern. Target year: Annually Ongoing.
KPI 3	KPI: raw materials compliance with the requirements of Conflict Mineral Management Specification	Target: Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing.



Appendix - List of the identified sustainability and climate-related performance information (KPIs)

Category	Selected KPIs	Management's Measurement and Reporting Criteria	FY 2023	GRI CSA disclosure	Level of assurance
Energy Consumption	The energy consumption	a. Energy consumption within the organization b. Energy consumption outside of the organization c. Energy intensity	24,209 MWh	GRI 302-1 CSA 2.2.2	Reasonable
Water Consumption	Total water withdrawal	a. Total water withdrawal from all areas in megaliters	0.182943 megaliters	GRI 303-3 GRI 303-4 GRI 303 5 CSA 2.4.2	Reasonable
Emissions	Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent. b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent.	617 tCO ₂ e	GRI 305-4 CSA 2.5.1	Reasonable
Emissions	Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent	10,583 tCO ₂ e	GRI 305-2 CSA 2.5.2	Reasonable
Emissions	Energy indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent.	546,783 tCO ₂ e	GRI 305-3 CSA 2.5.3	Limited
Emission Reduction Benefits	Emission reduction benefits of selling goods	All products have Energy Efficiency ERBs, PV Inverter has Energy Efficiency and Renewables ERBs.	723,784 tCO ₂		Reasonable
Waste	Waste Disposal	Company's total solid waste disposed (i.e. not recycled, reused or incinerated waste for energy recovery) for the part of company's operations	324 t	GRI 306 CSA 2.3.2	Reasonable
Waste	Hazardous Waste	Company's direct hazardous waste generation for the part of company's operations	2.13 t	CSA 2.3.3	Reasonable
Occupational Health and Safety	Lost-Time Injury Frequency Rate (LTIFR) - Employees	Company's lost-time injury frequency rate for employees (per one million hours worked)	2.18	CSA 3.4.4	Reasonable
Occupational Health and Safety	Occupational Illness Frequency Rate (OIFR) - Employees	Company's occupational illness frequency rate for employees (per one million hours worked)	1.40	GRI 403-10	Reasonable