



2023

Sustainability Report



TWINHEAD INTERNATIONAL CORP.

Sustainability Report Content

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Message from the Management

Although the global economy gradually recovered from the COVID-19 pandemic in 2023, industries remained affected by the pandemic, and competition in the computer industry continued to intensify, leading to generally reduced gross profit margins. Fortunately, our company initiated a transformation early on, with new products driving an increase in the average gross profit margin, which remained above 30%. Under the supervision of the Board of Directors, our employees executed the transformation strategy and applied flexible tactics, striving to achieve the strategic transformation goals and carving our own path amid fierce competition. Despite the continued impact of the pandemic, including parts shortages and transportation difficulties in 2023, the maturation of distribution channels contributed to year-on-year revenue growth. The company's annual consolidated net profit after tax amounted to NT\$103.387 million, while the parent company's net profit after tax reached NT\$108.816 million, showing significant growth compared to 2022.

As the global climate change crisis intensifies, stakeholders' concerns regarding corporate sustainability are growing. While focusing on advancing our core business, we also prioritize the implementation of sustainable development. In 2023, we began compiling our first sustainability report, aiming to assess our sustainability strategy through the three core dimensions of environment, society, and governance (ESG). Through the publication of the sustainability report, we aim to disclose our sustainability efforts to stakeholders who care about Twinhead's sustainable development.

Twinhead adheres to principles of transparency, fairness, and responsibility, establishing a robust internal control and operational risk management system, and regularly disclosing both financial and non-financial information externally. We emphasize corporate ethics and regulatory compliance by formulating sustainable development policies and codes of conduct, encouraging all employees, partners, and the supply chain to

participate. Additionally, through the planning of the Sustainability Development Committee, we oversee and monitor the strategy and implementation results across environmental, social, and governance aspects of sustainability.

In terms of social inclusion, Twinhead values employee welfare and development, offering diverse educational training and health promotion programs. We have also established employee communication platforms and grievance mechanisms, allowing employees to express their opinions and requirements. Furthermore, upholding the philosophy of "giving back to society," we actively engage in public welfare activities and collaborate with local communities to foster mutual benefit.

Regarding the environmental sustainability, we are committed to green product design and manufacturing. Beyond complying with hazardous substance regulations, we also address external demands for a low-carbon transition. Throughout our product realization process, we adopt energy-saving, waste-reducing, and efficiency-enhancing production equipment to achieve our goals of environmental protection, energy conservation, and carbon reduction.

Twinhead maintains a steady management strategy and prioritizes sustainable development, continuously improving management efficiency and exploring market opportunities. Under the overarching goal of "business first, quality first, efficiency first," the company's operating principles will continue to steer away from low-margin red ocean markets. We will focus on developing and enhancing high-margin niche products, including military/industrial-grade and rugged portable computers. By differentiating our market approach, we actively develop new customers and application markets while providing clients with comprehensive solutions (from product design to production, sales, and after-sales service). We aim to increase value-added services and profit margins, thereby generating greater profits. Strategically, we strive to enhance customer reliance on our products, ensuring stable and long-term cooperative relationships. Our long-term objective is to provide diversified, specialized

application products and solutions to industrial clients, along with innovative marketing strategies, ultimately positioning ourselves as one of the leading IPC suppliers. We are committed to promoting the principles of ESG sustainable management, fulfilling our social and ethical responsibilities, and strengthening corporate governance while fostering employee well-being. Our continuous efforts in environmental protection, social responsibility, and corporate governance are the foundation of a sustainable business and pave the way for long-term sustainability.



Chairman

唐亨仁

Editorial Policy

This report covers the period from January 1, 2023, to December 31, 2023, and represents TWINHEAD INTERNATIONAL CORP.'s (hereinafter referred to as "Twinhead" or "the Company") voluntary disclosure of its Sustainability Report. The content includes the disclosure of sustainability indicators across governance, economic, social, and environmental dimensions. To fully disclose Twinhead's sustainability performance and communicate with stakeholders, the report was prepared with reference to the latest "GRI Standards," the SASB Sustainability Accounting Standards, the TCFD Climate-Related Financial Disclosures, and the competent authorities' "Regulations Governing the Preparation and Filing of Corporate Sustainability Reports by TWSE Listed Companies." Furthermore, the report aligns with the United Nations Sustainable Development Goals (SDGs). It aims to report on Twinhead's strategies and activities concerning economic, environmental, and social aspects, demonstrating the company's commitment to fulfilling its social responsibility and dedication to sustainable development.

Explanation of Report Review

The data and information presented in this report have been collected by members of the Sustainability Development Committee under the direct supervision of the Chairman. This information includes domestic and international trends in economic, environmental, and social sustainability issues. By using diverse communication channels, we have identified the material issues of concern to various stakeholders. Through stakeholder engagement and analysis, we have determined the material topics relevant to the company, gathered related management policies and performance data, and compiled them. The data were reviewed and confirmed by the Sustainability Development Committee and subsequently approved by the Board of Directors. The final report is made available to stakeholders through public channels. Financial data cited in this report is drawn from the annual financial statements, which were audited by KPMG Taiwan. To enhance the quality of the report's disclosures, GREAT Certification Co., Ltd. was commissioned to conduct a Type 1 moderate assurance verification in accordance with AA 1000: AS

v3, confirming compliance with the requirements of the GRI Standards 2021 version and issuing a verification statement.

Principles and Guidelines for Report Compilation

In compiling this report, Twinhead considered industry requirements and key international economic, environmental, and social issues. We collected stakeholder impact assessments via questionnaires and convened meetings of the Sustainability Development Committee, integrating the results with the company's operational strategy to filter material topics. Upon approval by the Chairman of the Committee, the results were disclosed in this report.

Economic and financial performance data are based on consolidated financial performance, with financial figures calculated in New Taiwan Dollars (NTD). The scope of environmental and social performance indicators includes Twinhead's Taiwan headquarters, Kaohsiung plant, Kunshan Lunteng, and the U.S. subsidiary (hereinafter referred to as Twinhead USA). Other investment projects are not included in the scope of this report. Any exceptions will be specifically noted in the relevant chapters of the report.

Report Management Process

Stage	Topic	Responsible Unit
Issue Collection	<ol style="list-style-type: none"> 1. Identification of stakeholders 2. Collection of key issues 	Sustainability Development Committee
Determination of Material Issues	<ol style="list-style-type: none"> 1. External assessment of the economic, environmental, and social impacts on stakeholders 2. Internal assessment of operational impacts 3. Decisions made 	Sustainability Development Committee

Stage	Topic	Responsible Unit
	during the Sustainability Development Committee meetings	
Compilation of Information	Collection of management policies and performance data	Sustainability Development Committee
Drafting of Initial Report	Compilation of report information	Sustainability Development Committee/Relevant Operational Departments
Review and Finalization	Internal review of the report	Sustainability Development Committee
Publication	Submission to the Board of Directors/Release of the report	Sustainability Development Committee

Publication Date and Cycle

The company publishes the report annually, with the release dates as follows:

Last release: This year is the first publication

Current release: August 2024

Next scheduled release: August 2025

Revisions

There were no significant organizational changes or scope adjustments requiring a revision of this report in the current year. Any updates or changes in certain information are noted in the relevant chapters.

To support environmental sustainability and fulfill corporate citizenship responsibilities, this report is published in an electronic version in Traditional Chinese on the company's website for readers' reference. The report can be downloaded in PDF format from the company's website:

<https://www.twinhead.com.tw/download-reports>

Contact Information

If you have any questions or suggestions regarding this report, please feel free to contact us:

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Company Website: <https://www.twinhead.com.tw/>

Stakeholder Communication and Material Issue Identification

◆ Identification of Key Stakeholders



While pursuing corporate sustainability, Twinhead places significant importance on the voices of its stakeholders. Any individual or group that could have a material impact on the company's operations is considered a stakeholder. The Sustainability Development Committee has identified the primary stakeholders—employees, customers, suppliers, competent authorities, shareholders/investors, and communities—based on the five principles of AA1000 Stakeholder Engagement Standard (SES), which include dependency, responsibility, influence, diverse perspectives, and tension.

◆ Stakeholder Communication Channels and Key Concerns

Due to the varying identities and roles of stakeholders, their concerns regarding Twinhead's operations differ. Twinhead provides corporate sustainability information on its official website and offers open, direct communication channels for stakeholders to express their requirements and expectations. Twinhead actively responds, aiming for a win-win relationship that advances corporate sustainability. The company continually reviews and improves its performance in sustainable development.

The Sustainability Development Committee compiles and consolidates stakeholder concerns raised during regular operational interactions across departments, referring to the 2021 edition of the GRI Sustainability Reporting Standards and SASB industry sustainability indicators. By assessing the actual and potential positive and negative impacts of issues related to economic, environmental, and social aspects, Twinhead has identified 22 sustainability issues that cover economic, environmental, and social dimensions. This ensures that the sustainability information disclosed under the E (Environmental), S (Social), and G (Governance) dimensions meets

stakeholders' expectations.

Sustainability Issues	Positive Impact	Negative Impact	Actual/Potential
Customer Service	V		Actual
Talent Cultivation and Retention	V		Actual
Green Products	V		Actual
Innovation and R&D	V		Actual
Occupational Health and Safety	V		Actual
Operational Risk Management	V		Actual
Corporate Governance	V		Actual
Information Security	V		Actual
Labor Relations	V		Actual
Regulatory Compliance	V		Actual
Ethics and Integrity	V		Actual
Waste Management	V		Actual
Diversity and Equal Opportunity	V		Actual
Financial Performance	V		Actual
Human Rights Policy	V		Actual
Customer Health and Safety	V		Actual
Supply Chain Environmental Assessment	V		Potential
Supplier Social Assessment	V		Potential
Energy Use	V		Actual
Social Engagement	V		Actual
Water Management	V		Actual
Climate Change Response		V	Potential

Stakeholder Communication Channels and Key Issues					
Main Stakeholder Categories	Stakeholders' Significance to the Company	Key Issues	Communication Channels	Communication Frequency	Communication Records
Competent Authorities	Competent authorities supervise and audit the company's compliance practices.	Information security Occupational health and safety Energy Management Waste management Ethics and integrity Climate change response Regulatory compliance Water Management Diversity and equal opportunity Corporate governance	Market Observation Post System	Irregular	Market Observation Post System
			Corporate Governance Evaluation	Annual	Corporate Governance Evaluation
			Supervisory Visits	Annual	Company Operational Audit
			Policy Promotion Meetings	Irregular	Official document system
			Official Correspondence	Irregular	Official document system
Shareholders/Investors	Investors are supporters of the company, and the company must protect their rights, treating all investors fairly. Investors should be fully informed, involved, and have decision-making rights on significant company matters.	Ethics and integrity Financial performance Corporate governance Operational risk Climate change response	Market Observation Post System	Irregular	Various irregular announcements/major updates/shareholder meeting-related announcements
			Monthly Revenue, Quarterly Financial Reports	Annual	Monthly revenue, quarterly financial reports
			Shareholders' Meeting	Annual	Shareholders' meeting minutes

Stakeholder Communication Channels and Key Issues					
			Website, Phone, E-Mail	Irregular	Investor Relations section and mailbox
			Investor Conference	Annual	Investor conference minutes
Suppliers	Maintaining long-term, positive interactions with suppliers ensures a stable supply of raw materials, components, and services. Furthermore, collaborating with suppliers can effectively prevent environmental pollution and labor rights violations.	Supply chain environmental assessments Supply chain social assessments Energy Management Financial performance Information security Ethics and integrity Occupational health and safety	Supplier Meetings	Irregular	Meeting minutes/e-Mail/Phone
			Supplier Audits	Annual	Audit reports
			Supplier Surveys	Irregular	Restricted substance guarantees Restricted substance investigations
Customers	Customers are the main source of the company's revenue. The company views product quality, safety, and after-sales service as its highest commitments to	Supply chain environmental assessments Supply chain social assessments Customer health and safety	Customer Meetings	Irregular	e-Mail/Phone
			Customer Satisfaction Surveys	Annual	Customer satisfaction survey questionnaires
			Customer Audits	Irregular	Customer feedback mailbox

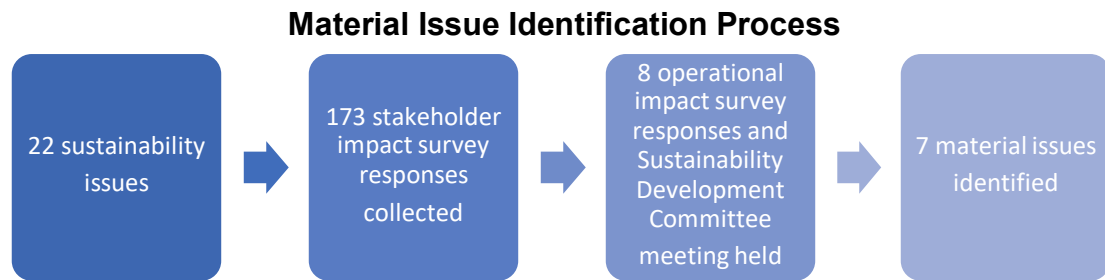
Stakeholder Communication Channels and Key Issues

	customers. Maintaining high customer satisfaction enhances customer loyalty.	Regulatory compliance Information security Green products Innovation and R&D Ethics and integrity Financial performance Occupational health and safety Operational risk management Waste management Energy Management Human rights policies Climate change response Customer service	Customer Questionnaires	Annual	Customer-related surveys
Employees	Employees are the cornerstone of the company's operations. The company is committed to providing a workplace that supports employees' physical and mental well-being and fosters diverse development, ensuring employees can work without concerns.	Ethics and integrity Financial performance Labor relations Talent Cultivation and retention Occupational health and safety Human rights policies Employee diversity and equality	Labor-Management Meetings	Quarterly	Meeting minutes
			Grievance e-mail	Irregular	suggestion box
			Employee Welfare Committee Meetings	Monthly	Meeting minutes
			Manager Meetings	Irregular	Meeting minutes
			Department Meetings and Performance Reviews	Regular	Meeting minutes
			Internal Announcements	Irregular	Performance reviews
Community	The goal of promoting	Climate change	Community Meetings	Irregular	Emails, phone, and in-

Stakeholder Communication Channels and Key Issues

	sustainability through mutual social prosperity is to enhance the positive impact on society through social contributions.	response Energy Management Waste management Water Management Social engagement	Donation Activities	Irregular	person meetings Company Website
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Material Issue Identification



The Twinhead Sustainability Development Committee proposed 22 sustainability issues, and through the distribution of an online questionnaire to key stakeholders, a total of 173 valid responses were collected. The responses provided a rating of the impact of various sustainability issues related to corporate governance, environmental, and social aspects. Additionally, the committee members completed 8 operational impact questionnaires. By referencing stakeholders' perspectives and assessing the internal operational impact, the material issues for the year were determined. Upon confirmation by the General Manager, 7 material issues related to environmental, social, and economic aspects were prioritized for disclosure. Twinhead will outline the management approach and relevant disclosure items for each material issue in this report.

Aspects	Material Issues
Environmental	Climate change response, Green products
Social	Customer service, Talent Cultivation and retention, Occupational health and safety
Corporate Governance	Innovation and R&D, Information security

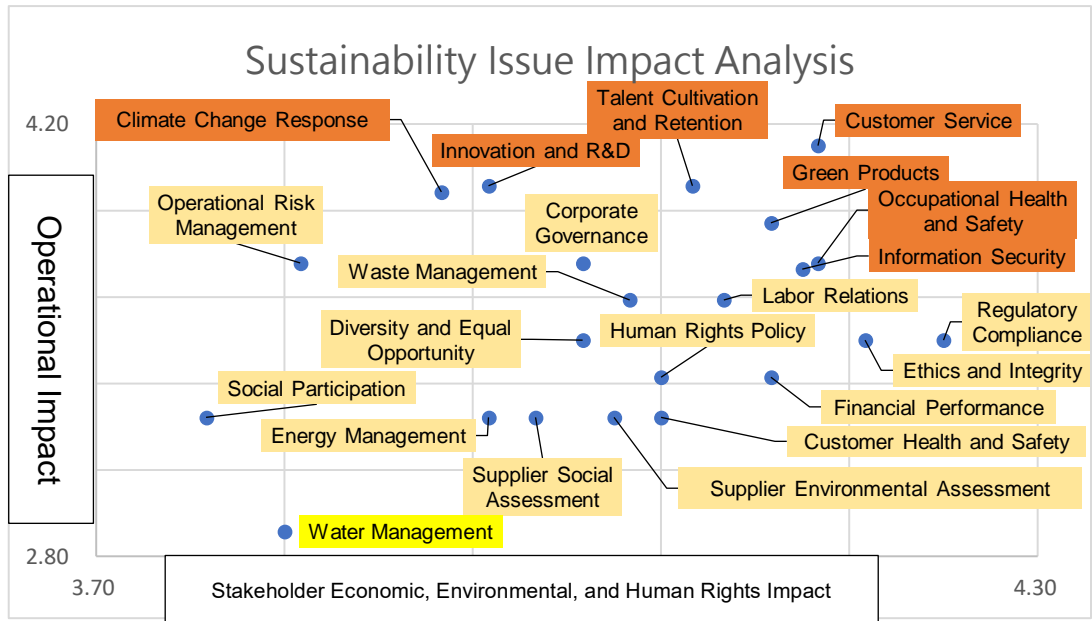
Material Issue Changes and Ranking

This is the first annual report; thus there are no material issue changes.

Material Issue Ranking			
Sustainability Issues	Rankings	Sustainability Issues	Rankings
Customer Service	1	Ethics and Integrity	12
Talent Cultivation and Retention	2	Waste Management	13
Green Products	3	Diversity and Equal Opportunity	14
Innovation and R&D	4	Financial Performance	15
Occupational Health and Safety	5	Human Rights Policy	16
Climate Change Response	6	Customer Health and Safety	17
Information Security	7	Supply Chain Environmental Assessment	18
Operational Risk Management	8	Supplier Social Assessment	19
Corporate Governance	9	Energy Management	20
Labor Relations	10	Social Participation	21
Regulatory Compliance	11	Water Management	22

Note: Issues highlighted in yellow are material issues.

Sustainability Issue Impact Analysis



Material Issues List

Material Issues	Positive and Negative Impacts	GRI Standards	Material Issues Impact Boundary in Value Chain						Management Approach Disclosure Section
			Company	Customer	Competent Authorities	Supplier	Community	Investor	
Information Security	The company continues to enhance its information security mechanisms and invest resources to effectively reduce the occurrence of information security incidents, representing a positive potential impact.	Custom Topics	●	●	●	●			1.6 Information Security
Talent Cultivation and Retention	To achieve sustainable talent development, comprehensive training plans and diverse courses are provided to meet the company's operational development goals, resulting in a positive actual impact.	GRI 401-1 GRI 401-2 GRI 401-3	●	●	●		●		3.2 Talent Cultivation and Retention
Climate Change Response	As GHG emissions increasingly affect global climate and indirectly raise energy costs annually, the company supervises and implements energy-saving and carbon-reduction measures within the production supply chain to mitigate these impacts, which are seen as negative potential impacts.	GRI 201-2 GRI 302-1 GRI 302-3 GRI 302-4	●	●	●			●	4.1 Energy Management

Regulatory Compliance	Strengthening employees' awareness of compliance and emphasizing environmental protection, occupational safety, and product safety regulations helps protect the company's image and reduces the operational risks and liabilities for directors and managers, resulting in a positive actual impact.	GRI 2-27	●	●	●	●		●	1.5 Regulatory Compliance
Customer Service	Through quality supervision across the entire product life cycle, customized designs, and integrated supply chain solutions, the company meets customer requirements, leading to a positive actual impact.	Custom Topics	●	●					2.2 Customer Service
Innovation and R&D / Green Products	Actively innovating through energy-efficient products and ensuring compliance with environmental regulations and customer requirements helps improve competitiveness and prevent financial losses from non-compliance. In 2023, there were no incidents of non-compliance with product regulations or customer safety requirements, representing a positive actual impact.	Custom Topics	●	●		●			2.3 Product Safety and Responsibility

1. Responsible Governance

1.1 About Twinhead

Founded in February 1984, Twinhead began as a manufacturer of personal computer-related products and successfully established its own brand in 1991, expanding into the field of mobile computers. In recent years, recognizing the continued commoditization of personal computers, Twinhead has leveraged over 40 years of accumulated technology and experience to actively transform and enter the industrial and specialized computing markets. Through continuous investment in independent research and development, as well as collaboration with clients across various industries, Twinhead has cultivated a comprehensive set of core technologies and capabilities.

Twinhead offers an extensive and complete product line, including a variety of military-grade notebooks and tablets, semi-rugged notebooks and tablets, and customized systems/solutions, meeting the diverse requirements of clients in different industrial sectors. In addition to its existing product lines, Twinhead upholds an application-oriented design philosophy, employing a professional R&D team and a highly flexible production model to provide customers with expert design and manufacturing services, including customization. Today, Twinhead's

clientele includes leading companies from various industries around the world.


From product design to comprehensive production process management, Twinhead focuses on understanding industry requirements, conceptualizing and planning accordingly, and swiftly developing differentiated products to respond to rapidly changing market conditions. Twinhead adheres to the ISO-9001 (2015) Quality Management System, ensuring excellent quality across all aspects—from design, procurement, and production to after-sales service. This guarantees both a rapid market launch and a high level of quality assurance, fulfilling the company's commitment to customers and realizing the goal of "Customer First, Quality First."

Looking ahead, Twinhead will continue to adhere to a strategy of product diversification, high-quality service, and flexible production, remaining dedicated to developing outstanding products and solutions for the industrial computer sector. The company will deepen its expertise in industrial application product manufacturing and strengthen its core competencies, expanding its presence in various vertical markets to become the leading supplier of industrial computing equipment with the

broadest market share.

Company Name	TWINHEAD INTERNATIONAL CORP.
Headquarters Location	9F, No. 550, Ruiguang Road, Neihu District, Taipei City
Capital (Unit: NT\$ Thousand)	NT\$310,003 Thousand
2023 Consolidated Revenue (Unit: NT\$ Thousand)	NT\$1,080,619 Thousand
Number of Employees (Unit: People)	Headquarters: 100 Kaohsiung Plant: 73
	United States: 11 Kunshan: 8
Operating Locations	Taiwan (Taipei, Kaohsiung) United States (San Francisco) China (Kunshan)
Main Products	Military/industrial-grade notebook/tablet computers Military/industrial-grade motherboards Components and peripheral products After-sales services for the aforementioned products
Number of Products Provided (Unit: Units)	51,172 portable computers, including finished boards
Geographical Markets for Products/Services	Primary sales markets: Europe, America, and China

Note: For information on Twinhead's equity structure, please refer to Twinhead's 2023 Annual Report (Section: Corporate Governance Report).

Brand Recognition	
Brand Origin	<p>DURABOOK is the core brand of Twinhead International Corp. The company manufactured the first military-grade rugged laptop in 2000 and then launched the DURABOOK brand soon after as it strives to meet the needs of customers in various markets that needed rugged mobile solutions.</p>
Durabook Core Values	<p>Innovation With the rapid development of technology, Durabook understands that innovation is the goal we must constantly work towards. Therefore, we openly accepted new ideas from all parties, constantly transform and innovate, promote technology and prepared for the unpredictable future.</p> <p>Flexibility We are flexible and agile in our products and services. DURABOOK clearly understands that customers have different needs and that is why we accept customers various requirements from production to delivery, and meet their customized needs in the fastest and most economical way.</p> <p>Commitment Durabook keeps its main promise to its customers. We listen carefully to what our customers say, put ourselves in their shoes, help customers anticipate their needs, and thoroughly implement every step of the</p>

	operating procedure so that customers will feel our commitment to them.
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Industry Chain

Twinhead's primary business involves the design, production, and sales of portable devices used in military and other specialized industries. In terms of the value chain, Twinhead operates in the midstream as a system assembler. Upstream are suppliers of general computer components and military-grade special components, while downstream are distributors and system integrators.



Sustainability Policy and Commitment

Twinhead actively promotes corporate sustainability, adhering to principles of integrity in management, corporate governance, social responsibility, and pursuing sustainable operations. The company integrates sustainability concepts into its operational decisions and actions to fulfill the sustainable value of the enterprise.

Sustainability Policy

Environmental	1. Strive for energy conservation and carbon
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Aspect	<p>reduction to lower environmental impacts, mitigate climate change, and maintain ecological balance.</p> <ol style="list-style-type: none"> 2. Invest in innovative R&D and green design to improve Energy Management efficiency. 3. Continuously improve processes, working environments, and equipment to reduce pollutant emissions.
Social Aspect	<ol style="list-style-type: none"> 1. Respect human rights and emphasize equal opportunities, diverse development, and labor rights. 2. Provide and cultivate a healthy and safe working environment. 3. Collaborate with the supply chain for sustainability, ensuring a safe and dignified working environment throughout the supply chain. 4. Deepen involvement in public welfare activities and practice social care.
Corporate Governance Aspect	<ol style="list-style-type: none"> 1. Value economic, environmental, and social governance to pursue corporate sustainability. 2. Strictly adhere to regulations and maintain integrity in operations, rejecting improper benefits, corruption, and bribery. 3. Build trustful communication with stakeholders and enhance transparency and balanced disclosure of information.

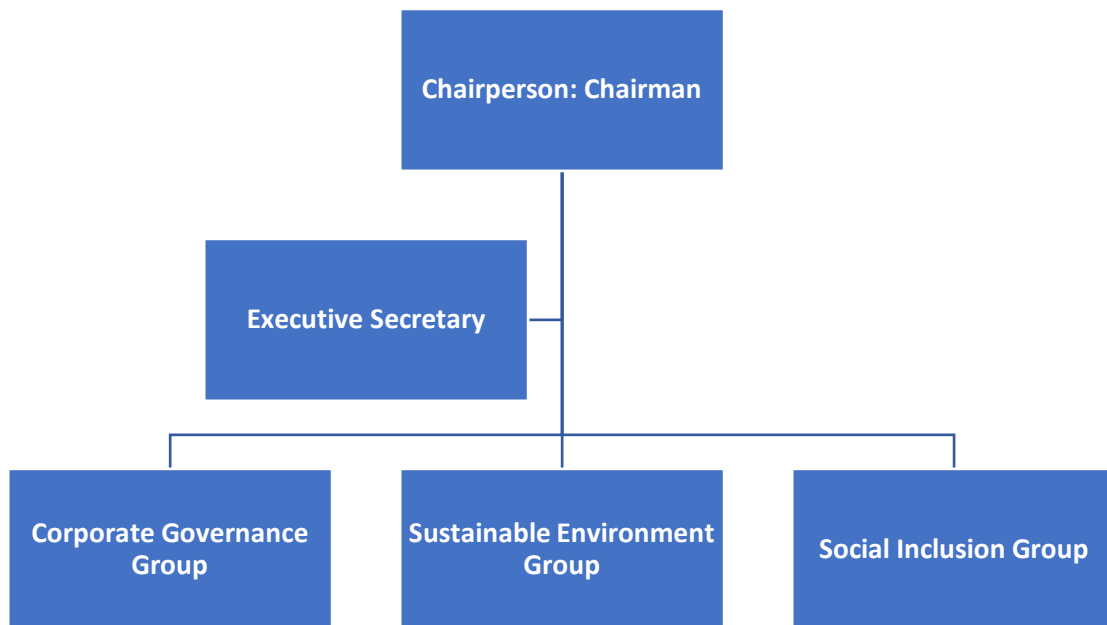
Sustainability Development Committee

In response to the broad scope of sustainable development, covering environmental, social, and governance (ESG) aspects, Twinhead established the Sustainability Development Committee in 2023. Led by the Chairman and composed of senior executives, the committee is primarily responsible for jointly formulating the company's sustainability strategies and goals, while overseeing relevant management policies and the implementation of concrete initiatives. The committee is supported by various working groups, which gather input from stakeholders on key

topics, including environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance. In respect of stakeholder rights, Twinhead has created a dedicated Stakeholder Area on its corporate website to appropriately respond to material sustainability issues raised by stakeholders.



Sustainability Development Committee



Functions of the Sustainability Development Committee	Duties of the Executive Secretary
<ul style="list-style-type: none"> ✓ Setting the objectives and strategies for corporate sustainable development. ✓ Promoting and supervising the implementation of corporate sustainability initiatives. ✓ Reviewing the outcomes of sustainability efforts. ✓ Handling other matters related to corporate sustainability. ✓ Reviewing the Sustainability Report. 	<ul style="list-style-type: none"> ● Assisting in drafting sustainability policies. ● Leading the implementation of policies and the preparation of the Sustainability Report. ● Regularly reporting the progress of sustainability initiatives to the Chairperson.

The Sustainability Development Committee follows the principle of holding at least one meeting annually to discuss the execution goals and outcomes of each working group. If necessary, the number of meetings can be adjusted flexibly in response to changes in the environment or regulations. In addition to regular attendees, the Chairperson may invite working group members to participate based on the agenda items. Resolutions and matters passed in the meetings are documented and reported to the Board of Directors annually. Through the operations of the Sustainability Development Committee, Twinhead aims to strengthen the company's sustainability implementation, enhance the disclosure of sustainability-related information and Information security. By adopting the PDCA (Plan-Do-Check-Act) management cycle, Twinhead strives for continuous improvement and growth on the path of sustainable development.

Working Groups and Related Sustainability Issues under the Sustainability Development Committee	
Corporate Governance Group	Risk management, internal audit, financial performance, Information security Regulatory compliance, integrity management, board governance practices, procurement policy



Sustainable Environment Group	Green products, Energy Management, GHG emissions, Climate change response, Water Management, waste management, supply chain management
Social Inclusion Group	Talent Cultivation, employee diversity and equal opportunity, occupational health and safety, customer service, labor relations, human rights policies, community engagement activities, product safety and responsibility


Sustainability Development Goals




The United Nations Sustainable Development Goals (SDGs), announced in 2015, outline 17 primary goals and 169 sub-goals as guiding principles for all member states and global corporations to achieve sustainable development by 2030.

Twinhead has integrated the SDGs into its business strategies, expanding its previous focus on financial performance to include environmental protection, regulatory compliance, enhancing employee benefits to retain top talent, eliminating workplace inequalities, reducing wastewater and GHG emissions. Twinhead also collaborates with suppliers to improve environmental conditions and workplace benefits. Looking forward, Twinhead will continue to contribute to the achievement of the SDGs, fulfilling its corporate social responsibility.

SDGs	Targets	Twinhead's Responses
 <p>No Poverty</p>	<p>1.4 Ensure that all men and women, especially the poor and vulnerable, have equal rights to economic resources and access.</p>	<ul style="list-style-type: none"> • Offer employees competitive salaries and comprehensive benefits that exceed legal requirements, enabling them to work with dignity and improve their personal and family economic well-being. • Adjust employee salaries based on the company's profitability to enhance their loyalty and engagement with the company.
<p>Quality Education</p> 	<p>4.5 Eliminate disparities in education and ensure that disadvantaged groups have access to all levels of education and vocational training, including persons with disabilities, indigenous peoples, and vulnerable children.</p> <p>4.7 Promote education for</p>	<ul style="list-style-type: none"> • Arrange professional training for employees across different business functions to ensure equal access to vocational training opportunities. • Plan courses on sustainable development, workplace gender equality, and labor rights to encourage employee participation.

	sustainable development, sustainable lifestyles, human rights, gender equality, and peace and non-violence.	
 <p>Gender Equality</p>	<p>5.1 Eliminate all forms of discrimination against women.</p> <p>5.4 Recognize and value unpaid care and domestic work through social protection policies.</p>	<ul style="list-style-type: none"> • Ensure that gender is not a factor in employee recruitment, evaluation, or promotion. • Provide both male and female employees the right to apply for parental leave without distinction.
<p>Decent Work and Economic Growth</p> 	<p>8.5 Achieve full and productive employment and decent work for all men and women, including young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 End child</p>	<ul style="list-style-type: none"> • Ensure that gender is not a factor in employee recruitment, evaluation, or promotion. • Adjust employee salaries based on the company's profitability to enhance their loyalty and engagement with the company. • Respect labor rights, including the prohibition of child labor and any form of workplace discrimination. • Modify the job responsibilities of maternity employees as required by law to reduce their

	<p>labor and eliminate forced labor.</p> <p>8.8 Protect labor rights and promote safe working environments, particularly for women and workers in hazardous occupations.</p>	<p>workload, ensuring effective protection for them.</p> <ul style="list-style-type: none"> • In 2023, no discrimination complaints or suspected incidents of discrimination were reported. • Implement occupational health and safety management mechanisms to effectively improve workplace safety for employees.
 <p>Reduced Inequalities</p>	<p>10.2 Promote the social, economic, and political inclusion of all, regardless of age, gender, disability, religion, economic status, or other status.</p> <p>10.3 Ensure equal opportunities and reduce inequalities, including the elimination of discriminatory practices.</p>	<ul style="list-style-type: none"> • The company's recruitment, evaluation, and promotion mechanisms do not consider any physiological or psychological differences among employees. • Establish an employee whistleblower system with a comprehensive process to protect whistleblowers.

<p>12 責任消費 及生產</p>  <p>Responsible Consumption and Production</p>	<p>12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p>	<ul style="list-style-type: none"> Implement green products and optimize design and production processes to reduce waste generation.
<p>13 氣候行動</p>  <p>Climate Action</p>	<p>13.2 Integrate climate change measures into policies, strategies, and planning.</p>	<ul style="list-style-type: none"> In 2023, the company implemented climate change risk governance following the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and disclosed relevant information in the sustainability report.
<p>16 和平正義 與健全制度</p>  <p>Peace, Justice and Strong Institutions</p>	<p>16.6 Develop effective, accountable, and transparent institutions at all levels.</p> <p>16.7 Ensure responsive, inclusive, participatory, and representative decision-making at all levels.</p>	<ul style="list-style-type: none"> Strengthen corporate governance by ensuring employees comply with company regulations through internal controls and establishing whistleblower procedures and channels. Through stakeholder communication, understand their requirements and expectations of the company and regularly report to the Board of Directors.

Management Systems

In addition to focusing on operational performance, Twinhead also places great emphasis on the rights and requirements of internal and external stakeholders. The company has successively implemented relevant management systems, aiming to integrate risk-based thinking and the PDCA management philosophy to drive continuous improvement and realize sustainable corporate operations. Twinhead's ongoing management systems include the ISO 9001:2015 International Quality Management System and the ISO 14001:2015 International Environmental Management System.

Industry Associations Participation

Twinhead is committed to the development of the industry and actively participates in external associations and organizations. Through these external exchange activities, the company gains insights into domestic and international trends and regulations, which serve as key considerations for sustainable business operations.

Names of External Associations	Membership
Chinese Association for Human Rights	General Member
The Third Wednesday Club	General Member
Intelligent Computer & AIoT Association	General Member
GS1 Taiwan	General Member
Taipei Computer Association	General Member
Taiwan Electrical and Electronic Manufacturers' Association	General Member
Kaohsiung Chamber Of Industry	General Member
DAFA Industrial Park Association	General Member
Digital Content Protection LLC	General Member
VCCI Council	General Member
CSA Group Testing & Certification Inc.	General Member
HDMI Licensing Administrator, Inc	General Member
SD Card Association	General Member

1.2 Governance Practices

A robust corporate governance framework, including sound Board operations and effective risk control, not only helps mitigate the company's operational risks but also enhances its overall competitiveness and creates brand value. By fostering a culture of integrity and responsibility, Twinhead adheres to all applicable laws to ensure ethical business operations. A well-functioning governance structure guarantees the company's sound development and safeguards the rights of investors and other stakeholders.

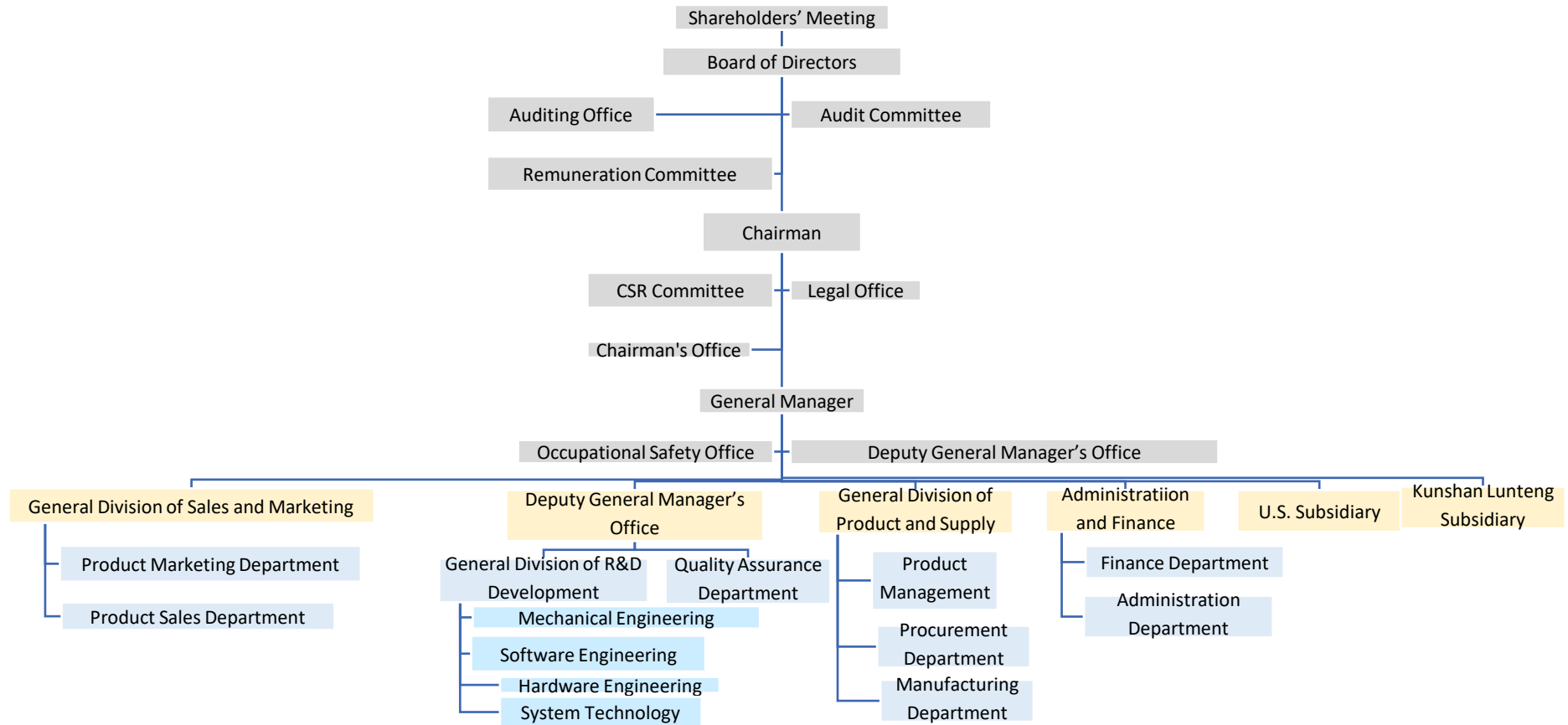
Twinhead's shareholders' meeting, composed of all shareholders, makes decisions on material issues for the company. The Board of Directors serves as the highest governance body, with all board members fulfilling their fiduciary duties and overseeing the company's business policies and financial performance. They ensure that the company complies with all relevant laws and regulations. The Chairman of the Board is responsible for setting the company's strategic objectives, while the General Manager manages daily operations, plans sustainable corporate development and strategy, and reports the execution results to the Board of Directors.

Furthermore, the company' s financial statements are audited and certified by professional accountants, ensuring that all legally required information is accurately and promptly disclosed. Looking ahead, Twinhead aims to strengthen the operation of the Board of Directors, improve information transparency, and gradually incorporate sustainable governance strategies into the corporate governance structure.

Governance Structure

Twinhead is committed to establishing a comprehensive corporate governance framework to ensure sustainable business operations. The company has set up a Board of Directors, a Compensation Committee, an Audit Committee, and a Sustainability Development Committee to ensure checks and balances in decision-making processes. These bodies operate in accordance with the "Board Meeting Regulations," "Compensation Committee Charter," and "Audit Committee Charter," respectively.

Organization Chart



Department	Business Overview
Audit Committee	Assists the Board of Directors in supervising the quality and integrity of the company' s execution of accounting, auditing, financial reporting processes, and financial controls.
Remuneration Committee	Ensures a sound remuneration system for the company's directors, supervisors, and managers. Meetings are convened in accordance with the law and appointments are made by resolution of the Board of Directors.
Chairman' s Office	Implements the operational policies of the company as instructed by the Chairman.
Auditing Office	Reports to the Board of Directors and assists in establishing and implementing the company' s management, internal control, internal audit systems. It also ensures the integrity and reliability of procedures and operations.
Legal Office	Oversees legal affairs, shareholder services, and investment activities.
General Manager's Office	Coordinates and implements the company' s overall operational policies.
Deputy General Manager's Office	Coordinates the operations of the General Division of Research and Development, Quality Assurance Department, and other related business matters.
Occupational Safety Office	Responsible for managing occupational safety and health-related matters within the company.
General Division of Administration and Finance	Oversees the Administration Department and Finance Department, as well as all related business matters across the company.
Administration Department	Manages human resources, general administration, insurance, and Information systems within the company.
Finance Department	Handles the company' s financial, accounting, and tax-related matters.
General Division of Product Supply	Oversees the product management, procurement, manufacturing departments, and the Requirement Management Center, coordinating related business activities within the company.
Product Management Department	Manages all R&D projects, ISO-regulated document control, part coding, BOM creation, and engineering data (e.g., circuit diagrams, design drawings) management.
Procurement Department	Handles procurement of all products, business supplies, and materials required by the company, manages raw material and product inventory, plans and coordinates production

	scheduling, and reviews inventory policies.
Manufacturing Department	Coordinates the production of all products in the company, manages new product acceptance, including EPR/PPR/MP processes, occupational safety, environmental protection, and the import/export of materials and finished products, as well as bonded operations.
General Division of Sales and Marketing	Oversees the product sales and product marketing departments and other related business operations.
Product Sales Department	Develops and manages the military-grade computer ODM/OEM and industrial-grade computer brand businesses, providing front-line after-sales technical services to customers, supporting customers and other departments with technical assistance, and managing customer complaints and after-sales service analysis and recommendations.
Product Marketing Department	Plans the company' s product roadmap and future technology development direction, gathers and analyzes market intelligence, formulates new product specifications, positioning, and pricing strategies, conducts feasibility analyses, and oversees the marketing of Durabook military-grade products and brands. It is responsible for product launch plans, marketing activities, exhibition participation, budget planning, royalty matters, and product industrial design.
General Division of Research and Development	Oversees the Software Engineering Department, Hardware Engineering Department, System Technology Department, and Mechanical Engineering Department, coordinating related business activities within the company.
Software Engineering Department	Manages software and firmware design and development for all company products.
Hardware Engineering Department	Oversees the design and development of all products, including PCB layout and other related tasks.
System Technology Department	Responsible for heat transfer and thermal engineering analysis for all products, the design and testing of thermal modules, planning of antenna and wireless device integration tests, managing EMI and Safety compliance, and overseeing the implementation and control of green products.

Mechanical Engineering Department	Coordinates the structural design and mold development of all company products.
Quality Assurance Department	Promotes and establishes the company' s quality policies and guidelines. It sets short, medium, and long-term quality goals and strategies, conducts testing and reliability analysis before mass production of products, and manages after-sales service for all products.

1.2.1 Board of Directors

Twinhead's Board of Directors, as stipulated in the company's Articles of Association, consists of seven general directors and four independent directors. The term of office is three years, and directors are elected from a list of candidates by the shareholders' meeting, with the possibility of re-election. According to the "Director Election Procedures," the election of all directors follows a candidate nomination system in compliance with Article 192-1 of the Company Act. The selection of independent directors adheres to Articles 5, 6, 7, 8, and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and is conducted in accordance with Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

When electing Twinhead's directors, consideration is given to the overall composition of the Board. More than half of the directors are not related by marriage or within the second degree of kinship.

The qualifications and selection of independent directors also comply with relevant regulations.

In addition to diversity in its members, the Board also takes into account

operational characteristics, business needs, and developmental requirements. Candidates must meet basic criteria, align with the company's core values of integrity, and possess professional knowledge and skills, such as extensive experience in business, legal, financial, accounting, or practical experience relevant to the company's business needs. The Board is responsible for approving company policies, supervising management, ensuring accountability to the company and its shareholders, and overseeing the approval of key regulations, business policies, budget reviews, profit distribution planning, capital adjustments, the annual business report, as well as decisions regarding capital fundraising, issuance or private placement of equity securities, and appointments or removals of financial, accounting, or internal audit executives.

Governance Member Diversity		Number	Percentage
Statistics			
Gender	Male	9	81.8%
	Female	2	18.2%
Age	Under 60	2	18.2%
	60 and above	9	81.8%

Conflict of Interest Prevention Mechanism

Twinhead holds at least one board meeting every quarter to review operational performance and discuss material issues. In 2023, seven board meetings were held, with an average attendance rate of 79%. If any director has a conflict of interest related to the agenda items, either for themselves or the legal entity they represent, they must disclose the nature of their interest at the board meeting. If the conflict is deemed detrimental to the company, they are prohibited from participating in the discussion or voting and must recuse themselves. They are also not allowed to act on behalf of other directors during the voting. In 2023, there were no cases requiring recusal.

Note: For historical cases of conflict of interest avoidance, please refer to the 2023 Annual Shareholders' Meeting Report / Section 3, Corporate Governance Report / Section 4, Corporate Governance Operations.

Twinhead has established a comprehensive corporate governance system, including the formation of an Audit Committee. As independent directors have no specific interest in the company's operations, they

provide objective and impartial opinions during the board's decision-making process, further enhancing corporate governance and strengthening the supervisory function of the Board of Directors. This contributes to overseeing corporate governance and protecting and enhancing shareholder rights. To enhance professional skills and knowledge, in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," the company arranges for directors to attend diverse training courses covering topics such as business management, risk control, regulatory compliance, and corporate governance. In 2023, all directors completed a total of 51 hours of training, meeting the statutory requirements, with 18 hours dedicated to ESG courses, accounting for approximately 35% of the total.

Title	Name	Date	Organizing Unit	Course Title	Training Hours	Total Annual Training Hours	Sustainability-related
Representative Directors	高育仁	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Independent Director	任子平	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	6.0	-

		2023/10/20	Taiwan Stock Exchange Corporation	2023 Insider Trading Prevention Advocacy Seminar	3		V
Independent Director	蘇義雄	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	6.0	-
		2023/10/20	Taiwan Stock Exchange Corporation	2023 Insider Trading Prevention Advocacy Seminar	3		V
Independent Director	李源泉	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	6.0	-
		2023/11/29	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Advocacy and Explanation Session	3		V
Independent Director	邱淑華	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	12.0	-
		2023/10/13	Taiwan Stock Exchange Corporation	2023 Insider Trading Prevention Advocacy Seminar	3		V
		2023/11/15	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Advocacy and Explanation Session	3		V
		2023/11/23	Securities and Futures Institute	Sustainable Supply Chain and Circular Economy	3		V

Representative Directors	An Van Nguyen	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Representative Directors	高思復	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Representative Directors	張淑慧	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Representative Directors	周成虎	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Representative Directors	蔡美麗	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Representative Directors	黃敏恭	2023/8/10	Taiwan Corporate Governance Association	Impact of Real Estate Consolidation 2.0 and CFC Regulations on Individuals	3	3.0	-
Total Training Hours						51	18

The company has established a "Board of Directors Performance Evaluation Procedure" and conducts regular annual self-evaluations by the directors. In the first quarter of 2024, the company completed the

performance evaluation self-assessment for the Board of Directors and functional committees (Audit Committee and Remuneration Committee) for 2023, with the following results:

1. The 2023 performance evaluation results for both the Board of Directors and functional committees were rated "above standard," with both the Board and the committees functioning well and fulfilling their respective roles.
2. The evaluation results were reported to the Board of Directors in the first quarter of 2024 and will be used as a reference for individual director remuneration nominations and further enhancement of the Board's functions.

The company plans to engage an external professional independent institution or team of external experts and scholars to conduct an evaluation every three years. Currently, there is no implementation of a direct linkage between executive compensation and sustainability performance; however, the company plans to link executive compensation with performance evaluations in the short term, depending on the development of international industry performance assessments.

Stakeholder Consultation and Complaint Channels

To implement the core value of the company's integrity management culture, in accordance with the company's "Code of Ethical Conduct," a clear whistleblowing channel and investigation procedures have been established to ensure that the "Ethical Business Operation Procedures and Guidelines" are executed, protecting the legal rights of whistleblowers.

Moreover, Twinhead actively seeks to understand the needs of all

stakeholders and continuously responds to issues of concern. The company maintains interaction with stakeholders through dedicated contact points for day-to-day business activities. In addition to providing company profiles and product information on the company website, a stakeholder section has been added to offer various communication channels, including email and telephone contact information, serving as a conduit for communication between stakeholders and the company. This facilitates the smooth exchange of internal and external opinions and ensures timely fulfilling of stakeholder requirements.

stakeholder section



1.2.2 Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the company has established an Audit Committee composed of four independent directors with a three-year term. Each member of the Audit Committee possesses relevant professional knowledge and experience in finance or business. The "Audit Committee Organizational Rules" have been established based on the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," clearly defining the committee's authority, meeting procedures, and the resources the company should provide to ensure the effective supervision of internal control implementation and financial statement preparation. The Audit Committee's primary role is to ensure that the company operates in compliance with relevant government laws and regulations, and it is responsible for overseeing the following:

- The proper presentation of the company's financial statements.
- Appointment (or dismissal) of the certified public accountant and their independence.
- The effective implementation of the company's internal controls.

- The company's compliance with relevant laws and regulations.

In 2023, the Audit Committee convened four meetings, with a 100% attendance rate by all members. The key resolutions can be referenced in section four of the 2023 Annual General Meeting report on corporate governance operations.

1.2.3 Remuneration Committee

To enhance corporate governance and the compensation system for the company's directors and managers, Twinhead has established a Remuneration Committee in accordance with Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" The committee provides professional and objective evaluations of the company's remuneration policies and systems for directors and managers and has formulated the "Remuneration Committee Organizational Rules" to ensure compliance.

The remuneration for the company's directors is determined in accordance with Article 19 of the company's Articles of Incorporation, where directors' remuneration does not exceed 2% of the company's distributable profits. Remuneration is based on the company's operational performance and the directors' contribution to company performance, ensuring reasonable compensation. The compensation for the CEO, vice presidents, and managers is determined based on the company's salary standards and their academic and professional experience, as well as their business performance. Additionally, the company considers overall operational performance, future industry risks and trends, ethical risks, negative impacts on the company's reputation, internal management issues, and other risk events when calculating directors' and managers' compensation. Compensation is based on the achievement of goals, profitability, operational efficiency, and contribution, ensuring reasonable remuneration. The compensation system is continuously reviewed and adjusted in line with the company's actual operating conditions and relevant laws to achieve a balance between sustainable business operations and risk management.

In 2023, the Remuneration Committee convened three meetings, with a 100% attendance rate by all members. The key discussion points can be found in section four of the 2023 Annual General Meeting report on corporate governance operations.

1.2.4 Auditing Office and Internal Audit

The Internal Auditing Office is an independent unit that reports directly to the Board of Directors and is responsible for executing auditing tasks. The company assigns dedicated internal auditor, and the appointment or dismissal of the chief internal auditor is subject to board approval. Internal auditors perform their duties impartially and objectively, with the chief internal auditor reporting to the Board of Directors in accordance with regulations. Based on risk assessment results, an audit plan for the following year is drafted every fourth quarter and executed following board approval. The audit results are compiled into audit reports, and any internal control deficiencies identified during the audit, along with corrective measures by the responsible departments, are submitted to the independent directors and chairman for review, ensuring the continuous and effective implementation of the internal control system. Annually, the company submits its audit plan, the roster of internal auditors, training hours, audit plan implementation, internal control declaration, internal control deficiencies, and improvements to the competent authorities as required by law. In 2023, there were no significant deficiencies in internal audits, and all related abnormal improvement measures have been completed.

1.3 Operational Risk Management and Climate Change Response

The company has established various internal control systems and management regulations to carry out risk management and assessments, analyzing and addressing high-risk events that may impact operational objectives, thereby strengthening the risk management mechanism.

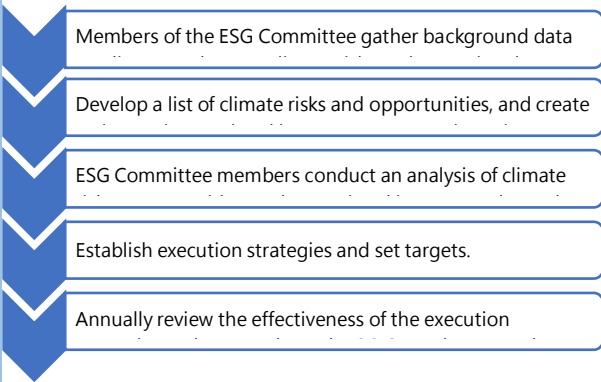
Risk Categories	Risk Description	Risk Management Strategies (Response Measures)
Sustainable Environment	GHG emissions increase due to energy consumption	<ul style="list-style-type: none"> ● Beginning in 2024, the company will implement ISO 14064-1 GHG inventory to understand emissions from operational activities and identify opportunities for energy conservation and carbon reduction. ● Set emission reduction targets, develop action strategies and plans, and implement them accordingly.
	Increase in water resource usage and waste treatment volume / Decrease in recycling rate	<ul style="list-style-type: none"> ● Implement various resource recycling initiatives (e.g., recycling of waste paper, wastewater, scrap metal, waste oil) to minimize resource waste. ● Enforce green procurement practices.
	Typhoons and floods	<ul style="list-style-type: none"> ● Follow typhoon and heavy rain warnings issued by the Central Weather Bureau, and promptly notify the company and all operational sites to initiate pre- and post-typhoon safety checks and environmental inspections. Employees are reminded to commute carefully and avoid hazards during and after such events. ● Conduct regular disaster prevention drills.
	Violation of environmental regulations	<ul style="list-style-type: none"> ● Perform regular compliance audits to ensure adherence to local environmental regulations and environmental impact assessment (EIA)

		requirements, thereby avoiding violations and hefty fines.
Social Inclusion	Occupational safety	<ul style="list-style-type: none"> ● Conduct regular hazard identification and risk assessments to evaluate whether operational procedures comply with regulations. Non-compliant procedures are revised according to legal requirements. ● In the event of a workplace accident involving employees or contractors, Twinhead will conduct incident investigations and follow emergency response and incident management protocols. Based on the incident details, the company will assess damage and injury, granting occupational injury leave as appropriate. After completing the investigation, corrective actions and preventive measures are implemented and monitored by dedicated units to reduce losses and prevent recurrence. Twinhead will also assist injured employees in applying for occupational injury benefits and provide accidental compensation through employee group insurance.
	Product safety responsibility or customer service not meeting expectations	<ul style="list-style-type: none"> ● Enforce hazardous substance management. ● Regularly identify product safety regulations to ensure compliance with laws and customer requirements. ● Conduct regular customer satisfaction surveys. ● Implement a thorough customer complaint handling process.
	Labor Relations	<ul style="list-style-type: none"> ● Establish diverse communication channels. ● Enhance talent cultivation and performance appraisal systems. ● Organize health promotion activities to achieve a healthy workplace.
Corporate Governance	Ethics and integrity risks	<ul style="list-style-type: none"> ● New employees are briefed on the Code of Integrity upon onboarding, emphasizing the importance of ethics and integrity. ● Establish an internal whistleblowing system to ensure adherence to ethical and integrity standards.

	Insufficient transparency in information disclosure	<ul style="list-style-type: none"> ● Irregular updates of key company information on the Market Observation Post System and regular disclosure of financial statements. ● Monitor the requirements of competent authorities and stakeholders and respond promptly via the corporate website or in the sustainability report.
	Occurrence of Information Security incidents	<ul style="list-style-type: none"> ● Policy framework: Establish an Information Security Management System (ISMS) to regulate personnel behavior and incorporate an audit mechanism. ● System protection: Implement an Information Security incident reporting mechanism and reinforce Information security management measures. ● Personnel training: Conduct Information Security awareness training to raise Information security awareness among all employees. ● External control: Restrict vendor management privileges.

Climate Change Response

Twinhead has established internal control and internal auditing systems to implement integrated risk management related to environment, social, and governance (ESG) aspects for sustainable operations. With the increasing significance of energy and climate change issues due to global warming and extreme weather, regulations such as carbon tax laws have been progressively introduced by various countries to curb GHG emissions from industries. To mitigate the impact of climate change on its operations, Twinhead has adopted the framework of the Task Force on Climate-related Financial Disclosures (TCFD) this year, focusing on governance, strategy, risk management, metrics, and targets. The member of Environmental Sustainability Group under the Sustainability Committee is responsible for identifying climate-related risks and opportunities and formulating response strategies.

Governance	Strategy	Risk Management	Metrics and Targets
Governance of Climate Risks and Opportunities at Twinhead	Impact of climate risks and opportunities on business, strategy, and financial planning, both actual and potential.	Processes for managing climate risks.	Metrics and targets used to assess and manage climate issues.
<ul style="list-style-type: none"> Climate risk and opportunity governance, along with annual sustainability risk management issues, are reported to the Board of Directors by the Sustainability Committee each year. The risk 	Refer to the 2023 short-, medium-, and long-term climate risk and opportunity table.	<p>The process for identifying, assessing, and managing risks is as follows:</p> 	<ul style="list-style-type: none"> Starting in 2024, the company will implement ISO 14064 and undergo third-party verification.

<p>management situation for 2023 has already been reported to the Board.</p>			
<p>◆ • The Sustainability Committee is responsible for the governance of climate risks and opportunities, including the identification, assessment, and management of these risks.</p>	<p>Refer to climate-related impacts</p> <p>The company discussed the 2°C scenario (2DS) during Sustainability Committee meetings and used tools provided by the Taiwan Climate Change Information and Adaptation Knowledge Platform (TCCIP) as references for evaluating physical risks related to climate change. The company ultimately chose the 2DS/RCP8.5 scenario as the basis for assessing physical and regulatory transition risks related to climate change, using this scenario to describe the themes of climate change risks and opportunities.</p>	<p>The company has obtained ISO 9001 and ISO 14001 certifications and renews accreditation regularly.</p>	<p>For 2023, Scope 1 emissions were 17.01 tons of CO₂e, and Scope 2 emissions were 694.32 tons of CO₂e.</p> <p>Emission Reduction Targets Compared to the base year of 2023, the head office aims to:</p> <ul style="list-style-type: none"> ● Reduce Scope 1 and Scope 2 GHG emissions by 20% by 2030. ● Reduce Scope 1 and Scope 2 GHG emissions by 30% by 2040. ● The company plans to start purchasing renewable energy

			<p>certificates in 2030, using the purchased amount to replace externally sourced electricity under Scope 2.</p> <ul style="list-style-type: none">● Achieve net-zero emissions by 2050.
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2023 Short-, Medium-, and Long-term Climate Risk and Opportunity Table

No.	Climate Change Risk Issues	Risk Level	Time Horizon	No.	Climate Change Opportunity Issues	Opportunity Level	Time Horizon
R1	Increased GHG emission pricing	Medium	Short-term, Medium-term	O1	Reduction in water usage and consumption	Medium	Medium-term, Long-term
R2	Enhanced emission reporting obligations	Medium	Short-term, Medium-term, Long-term	O2	Use of more efficient production equipment	Medium	Medium-term, Long-term
R3	Requirements and regulations for existing products and services	Medium	Short-term	O3	Recycling and reuse	Medium	Medium-term, Long-term
R4	Substitution of existing products and services with low-carbon alternatives	Medium	Medium-term, Long-term	O4	Transition to more efficient buildings	Medium	Medium-term, Long-term
R5	Costs of low-carbon technology transition	Medium	Short-term, Medium-term	O5	Adoption of more efficient transportation methods	Medium	Short-term, Medium-term, Long-term
R6	Changes in customer behavior	Medium	Short-term, Medium-term	O6	Use of low-carbon energy	Medium	Medium-term, Long-term

R7	Changes in rainfall patterns and extreme shifts in climate	High	Medium-term, Long-term	O7	Development of low-carbon products and services	High	Medium-term, Long-term
R8	Increased severity of extreme weather events like typhoons and floods	Medium	Medium-term	O8	Utilization of new technologies	Medium	Medium-term, Long-term
R9	Rising raw material costs	Medium	Short-term, Medium-term	O9	Participation in carbon trading markets	Medium	Medium-term, Long-term
R10	Rising average temperatures	High	Short-term, Medium-term, Long-term	O10	Shift to decentralized energy sources	Low	Medium-term, Long-term
R11	Rising sea levels	Medium	Medium-term, Long-term				

Note 1: Short-term is 1-5 years, medium-term is 5-10 years, long-term is more than 10 years.

Financial Impacts and Responses

Physical Risks

Rising Average Temperatures Leading to Increased Electricity Costs:

1. The company has fully replaced old lighting fixtures with energy-saving LED lights.
2. Installed motion-sensing devices in the facility to prevent unnecessary energy waste.
3. Upgraded the entire refrigeration and air conditioning systems to use products with energy efficiency ratings of Level 1.

The company estimates that electricity costs will increase by 15% over the next three years, with a moderate financial impact.

Increased Frequency of Typhoons and Heavy Rain Due to Extreme Weather Events. These events may cause widespread transportation disruptions, affecting the supply chain and customer interests, potentially leading to financial losses. To mitigate these risks, the company has developed a multi-supplier strategy and established emergency response mechanisms related to typhoons and heavy rain to reduce immediate risks.

The impact on overall operations is not expected to be significant due to real-time procurement responses.

Based on the impact of typhoons and heavy rains over the past three years, the short-term financial impact is estimated to increase costs by approximately 1 million NTD, with a low degree of impact.

Opportunities

Development of Low-carbon Products and Services:

- A. The company continues to upgrade its production equipment, replacing outdated models with new, more energy-efficient machines, which help reduce factory production costs and improve operational efficiency.
- B. The Research and Development Department continues to explore product design improvements with the goal of enhancing energy efficiency and refining products.

Emission Reduction Targets	Strategic Actions	Planned Timeline
Compared to the 2023 baseline year: 20% reduction in GHG emissions (Scope 1 + Scope 2) by 2030 30% reduction in GHG emissions (Scope 1 + Scope 2) by 2040	<ol style="list-style-type: none"> 1. Through green procurement, the company will purchase environmentally labeled infrastructure and equipment, fully replacing all refrigeration and air conditioning systems with energy efficiency ratings of Level 1. 2. Implement energy-saving projects for facility equipment. 3. Install solar power systems for self-use and purchase green electricity certificates. 	<ol style="list-style-type: none"> (1) 2023~2030 (2) 2023~2030 (3) 2030~2040

1.4 Integrity Management

Twinhead regularly engages with stakeholders through routine channels. In the event of potential material negative impacts between stakeholders and the company, the responsible department will conduct a financial due diligence review of the stakeholders and report the findings to the Chairman. Based on the specific results, the Chairman will assess whether the situation poses a significant threat to the company's overall operations and decide whether to report the matter to the Board of Directors. The Board will then resolve the due diligence report submitted by the department and assign the responsible department to execute any necessary actions. In 2023, there were no potential negative material incidents between Twinhead and its stakeholders, and thus, no reports were made to the Board of Directors. The company recognizes that financial due diligence on stakeholders alone is insufficient. In the future, the company will evaluate expanding the scope of due diligence to include stakeholders' compliance with regulations, environmental protection, and labor and human rights aspects. This will provide a more comprehensive framework for the company's due diligence process and the Board's role in addressing potential material negative impacts.

Promotion of Ethical Business Practices

Policy		Effectiveness Explanation
Promoting Culture	a of	Twinhead's corporate culture is built on compliance with the law and integrity as its core value. The company

Integrity	operates with a spirit of honesty and lawfulness to ensure the full implementation of ethical business practices across the organization.
Formulation of an Ethical Business Code	The company has always placed great importance on employee' s morality. Twinhead has established the "Ethical Business Code," emphasizing the company's core values of integrity, innovation, discipline, proactiveness, and customer trust, with a mission to foster global connections through innovation and care. The implementation of ethical business practices was reported to the Board in the fourth quarter of 2023. In 2023, the Legal Department conducted educational training on insider trading and ethical business practices, with a total of 18 participants and 9 training hours.
New Employee Training	During the onboarding process, the Management Department promotes integrity awareness among new employees. Management is also required to lead by example, adhering to principles of integrity, thereby fostering a culture of integrity within the company by osmosis.
Whistleblowing Channels and Reward & Punishment System	The company has established a complaints/whistleblowing channel on its website, providing both internal and external whistleblowing mechanisms and a reward and punishment system. Twinhead continuously monitors the development of domestic and international ethical business regulations and encourages directors, managers, and employees to offer suggestions to review and improve ethical business policies and the measures implemented to enhance the effectiveness of the company's ethical business practices. In 2023, the company did not receive any whistleblowing cases.

1.5 Regulatory Compliance

Regulatory compliance is fundamental to corporate security and sustainable development. It not only helps prevent misconduct and reduces exposure to judicial investigations, fines, lawsuits, and negative media coverage but also enhances the company's image. This, in turn, attracts high-quality independent directors, employees, and business partners, creating a win-win-win situation for the company, shareholders, and stakeholders. In terms of corporate governance, the Audit Committee is established to oversee the company's financial condition and internal control systems. Additionally, rules of procedure for board meetings have been formulated to strengthen the Board's functions.

Regarding personnel management, the company has established a whistleblowing mechanism, with management leading by example and requiring all employees to comply with relevant laws and company policies for their respective duties. Internal controls are implemented to ensure that all departments adhere to regulations. In terms of personnel training, the company provides training on relevant laws for different departments and job levels to ensure that the company's operations meet regulatory requirements. The company also complies with labor laws to protect the legal labor rights of its employees.

In the areas of environmental safety and health, Twinhead adheres to

environmental regulations through the implementation of an environmental management system and occupational health and safety management, ensuring that both suppliers and contractors comply. An emergency response plan is in place, with an emergency response team established to handle any emergencies. Additionally, the company is committed to providing all employees with a safe and reasonable working environment and protecting their rights. Regular safety and health education and training are conducted for employees, including providing essential health and first-aid facilities to reduce safety and health hazards and prevent occupational accidents.

In 2023, the company had no significant violations in the areas of ethical governance, anti-competition, commercial accounting, environmental protection, labor and human rights, occupational safety and health, product responsibility, socio-economic, customer privacy, or customer health and safety. There were also no incidents of fines or penalties for regulatory non-compliance.

1.6 Information Security

Material Issue	Information Security
Policy	<ul style="list-style-type: none"> ● Ensure the confidentiality, integrity, availability, and legality of data, systems, equipment, networks, and associated information assets. Compliance with relevant laws, regulations, and contract requirements safeguards against intentional or accidental internal and external threats.
Goal	<ul style="list-style-type: none"> ● Zero major information security incidents annually.
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> ● Responsible Department: IT Department
Resources Allocated	<ul style="list-style-type: none"> ● Conduct information security education, training, dissemination, and audits. ● Implement information and communications security controls. ● Manage data access control. ● Perform regular backups and disaster recovery drills. ● Designate a Chief Information Security Officer and dedicated personnel.
Evaluation Mechanism	<ul style="list-style-type: none"> ● No major information security incidents occurred in 2023. ● No penalties were issued by competent authorities in 2023 due to customer or employee data breaches resulting from confidential information leaks.

Protecting confidential information is Twinhead's commitment to shareholders, customers, suppliers, and employees. Every employee is expected to adhere to principles of corporate governance, ethical business conduct, and fair treatment of shareholders, observing strict honesty and integrity policies while exercising due diligence in fulfilling their responsibilities. Confidential information related to Twinhead, its subsidiaries, customers, and suppliers must be kept secure. Any improper actions that could harm their interests are prohibited.

1. Information and Communications Security Risk Management Framework

The IT Department is responsible for overseeing information security risk management and the performance of information security objectives. In 2023, the company established a Chief Information Security Officer and appointed designated personnel in accordance with the law to plan and execute all information security management tasks and report performance outcomes to the Board through meetings.

2. Information and Communications Security Policy

To achieve internal information and communications security management, the company has established information lifecycle and security management guidelines aiming to accomplish the following:

- (1) Protect the confidentiality, integrity, and availability of corporate information assets.
- (2) Restrict data access based on departmental functions to prevent unauthorized data and system modifications or usage.
- (3) Restrict data access based on departmental functions to prevent unauthorized data and system modifications or usage.
- (4) Follow a PDCA (Plan-Do-Check-Act) cycle model to ensure information security implementation.

3. Specific Management Measures

(1) Internet Security Control

- A. Deploy firewalls.
- B. Perform regular virus scans on computer systems and data storage media.
- C. Ensure network service usage complies with information security policies.
- D. Regularly review logs of network services for ongoing anomaly tracking.
- E. Continuously update virus definitions and operating systems.

(2) Data Access Control

- A. Assign computers to designated personnel and set account and password.
- B. Grant different access permissions based on functional roles.
- C. Control account creation and deletion in real-time.
- D. Remove or overwrite confidential, sensitive information, and licensed software before equipment disposal.
- E. Manage remote login to information systems through application and approval.

(3) Disaster Recovery Mechanism

- A. Regularly review the emergency response plan.
- B. Conduct annual system recovery drills.
- C. Establish a system backup mechanism, including off-site backups.
- D. Periodically review computer network security controls.

(4) dissemination

Regularly promote information security dissemination to enhance employees' information security consciousness.

4. Resources Invested in Information and Communications Security Management

- (1) All primary equipment, including computer hosts and application servers, are housed in a dedicated server room with entry records maintained for verification.
- (2) Deploy high-availability structures for critical infrastructure, such as firewalls, email servers, and internal/external network systems, to avoid single points of failure.
- (3) Implement control systems for account logins and resource access on information systems.
- (4) Deploy antivirus software on servers and clients, updating virus definitions in real-time to prevent virus threats.

- (5) Deploy firewalls and spam gateways to block spam and malicious network attacks.
- (6) Conduct information security education and training to raise awareness among employees and reinforce their understanding of relevant responsibilities.
- (7) Perform regular disaster recovery drills for IT personnel.
- (8) Ensure uninterruptible power supply systems in the server room and off-site data backups to guarantee the continuous operation of critical resources.
- (9) Implement encryption and security mechanisms on the company website to ensure the security of data transmission over the network.

In 2023, the company invested a total of NTD 509,872 in information security maintenance, covering virtual host setup at the Kaohsiung plant, Office 365 acquisition to strengthen email security, renewal of antivirus and Mail Sweeper software, NAS, and cloud backup operations.

2. Sustainable Value Chain

Material Issue	Green Products, Innovative R&D
Policy	<ul style="list-style-type: none"> ● Ensure that the company’ s products comply with international environmental regulations and customer product requirements to avoid environmental pollution and risks to human health. ● Establish an internal cross-departmental Hazardous Substances Management Team to control processes related to product design, procurement, production, and packaging labeling. Suppliers and subcontractors are required to incorporate green management of raw materials and additives. ● Implement a hazardous substances management system. ● Commit to refraining from accepting or using metals sourced from conflict regions. ● Continue to launch products that meet energy efficiency standards.
Goal	<ul style="list-style-type: none"> ● Zero customer complaints due to restricted substance violations. ● Require suppliers to sign statements confirming non-use of conflict minerals. ● Ensure full compliance with the company’ s restricted substances policy across all products.
Annual Resources Invested and Key Achievements	<ul style="list-style-type: none"> ● In 2023, according to the Responsible Business Alliance (RBA) Code of Conduct, completed a responsible sourcing investigation and disclosed smelter information for tantalum (Ta), tin (Sn), gold (Au), tungsten (W), and cobalt (Co) from external contractors and suppliers,

	<ul style="list-style-type: none"> ● Achieved zero customer complaints in 2023 due to restricted substances violations. ● Two NB series products and four Tablet series products met Energy Star level 8 energy efficiency standards. ● R&D expenses amounted to approximately 8% of total annual revenue.
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> ● Contact Points: Procurement, Quality Assurance, and R&D Departments.
Evaluation Mechanism	<ul style="list-style-type: none"> ● Review controlled substances standards based on customer restricted substance requirements and maintain customer communication. ● Sign declarations with key suppliers and contractors. ● Regularly request suppliers and contractors to provide external inspection reports on EU RoHS-compliant materials. ● Conduct annual CMRT (Conflict Minerals Reporting Template) and EMRT (Extended Minerals Reporting Template) assessments for key suppliers.

Material Issue	Customer Service
Policy/Commitment	<ul style="list-style-type: none"> ● Customer Satisfaction
Goal	<ul style="list-style-type: none"> ● Zero major customer complaints
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> ● Contact Point: Quality Assurance
Resources Invested	<ul style="list-style-type: none"> ● Established a modular component design, enabling different product models to share the same modular parts. This approach addresses customer requirements for low-volume, high-variety production, reducing R&D resources, inventory, and costs, while increasing profitability. ● Enhanced R&D capabilities and strengthened marketing responsiveness to develop products with varying levels, functions, and styles based on customer requirements. This aims to achieve high added-value vertical market products and maintain targeted profitability. ● Explored partnerships with international companies to leverage their influence and reduce procurement costs.
Evaluation Mechanism	<ul style="list-style-type: none"> ● Zero major customer complaints in 2023 due to non-compliance with customer requirements or regulations. ● Customer satisfaction surveys in 2023 met targeted goal.

2.1 Supply Chain Sustainability

Twinhead views suppliers as strategic partners, with a commitment to mutual support and growth. The Twinhead supply chain encompasses four main categories: raw materials, equipment, molds and jigs, and subcontractors. In 2023, Twinhead continued consolidating its raw material suppliers.

The primary manufacturing site is located in Kaohsiung, Taiwan. To promote the

local industrial ecosystem and regional economic development, Twinhead prioritizes collaboration with local suppliers. Except for certain specialized materials and equipment sourced internationally, Twinhead actively engages in knowledge-sharing and technical cooperation with local suppliers, striving to increase the rate of local procurement.

Supplier Development

Twinhead has established a quality management system to effectively oversee supplier quality. Additionally, Twinhead has developed related regulatory documents, such as the "Supplier Commitment Statement" and the "Non-Conflict Mineral Assurance," to extend its social responsibility principles throughout the supply chain. Twinhead collaborates with suppliers to ensure compliance with environmental, labor, and international corporate social responsibility regulations, aiming to support ESG and sustainable management audit requirements.

Supplier Evaluation

To ensure suppliers meet requirements in quality, quantity, delivery, price, and sustainability, Twinhead has created supplier management guidelines. These guidelines govern evaluations of both existing and new suppliers, with performance reviews in place for quality and delivery times. In 2024, Twinhead plans to implement environmental and social sustainability assessments for suppliers. In 2023, Twinhead added four new suppliers, all of them passed quality evaluations. A total of 171 active suppliers were assessed throughout the year, and all met company standards.

In 2023, both new and existing supplier evaluations met Twinhead's supplier management requirements, with no cases of supply termination due to significant environmental or social regulation violations.

Supplier Risk Management

To prevent disruptions in production efficiency or other complications resulting from major disasters, unexpected shutdowns, or other incidents affecting suppliers, Twinhead has established a risk assessment mechanism for supplier management. Annual risk evaluations and assessments are conducted to ensure operational continuity. Preventive measures are implemented to safeguard Twinhead's operations and protect stakeholder interests. Twinhead maintains

at least two suppliers for critical equipment and outsourced processes, ensuring stable service and minimizing the risk of operational disruptions.

2.2 Customer Service

Twinhead places high importance on customer feedback and meeting customer requirements, committed to delivering the best service possible. To achieve this, Twinhead has established a fully dedicated customer service team that spans R&D, production, marketing, and after-sales support. At every stage of the product lifecycle, Twinhead has in place comprehensive communication and management mechanisms to swiftly respond to customer needs and expectations.

Twinhead considers customer feedback to be a crucial foundation for advancing customer relations and proactively engages through diverse, real-time channels to understand client requirements. Customers can use these channels to report quality issues, performance feedback, and future needs. Twinhead has developed customer grievance, service, and satisfaction management procedures to address each customer's feedback with thorough internal review and analysis. Annually, the sales division conducts customer satisfaction surveys, with any concerns routed to relevant departments for response and improvement. Dedicated units manage customer complaints, addressing any issues through design improvements, reinforcing our commitment to customers and quality. In 2023, customer satisfaction met targets, with no significant complaints received regarding product safety, customer requirements, or environmental regulatory compliance.

Customer Privacy Protection

Twinhead understands the importance of safeguarding confidential information as a competitive advantage. The company strictly manages trade secrets and other confidential, non-disclosed information to protect the best interests of both customers and suppliers. In 2023, there were no customer complaints regarding privacy violations or confidential information leakage.

2.3 Product Safety and Responsibility

To ensure Twinhead's products comply with international environmental regulations (e.g., EU RoHS, REACH) and meet customer green product requirements, thereby reducing environmental pollution and minimizing health risks, Twinhead has established a cross-departmental Restricted Hazardous

Substances (RHS) Management Team. This team oversees and manages processes related to product design, procurement, production, and sales and requires suppliers and subcontractors to incorporate green product requirements into their management processes, ensuring products are free from hazardous substances and compliant with customer standards.

Project	Management Strategy
<p>Compliance and Customer Requirements Management</p>	<ul style="list-style-type: none"> ● Customer environmental restrictions and substance requirements are reviewed within contract and external documentation systems. The Quality System Management Unit irregularly reviews compliance with commonly referenced international regulations and integrates specific environmental restrictions requested by customers as part of Twinhead’ s continuous improvement targets for restricted substance management. ● Based on customer-specific requirements or regulatory obligations related to restricted substances, Twinhead conducts irregular environmental restricted substance surveys with suppliers for substances not included in Twinhead’ s substance control standards. For instance, REACH SVHC lists are updated twice annually.
<p>Lifecycle Management</p>	<ul style="list-style-type: none"> ● Twinhead has implemented standard procedures for managing restricted substances, in compliance with EU RoHS and REACH regulations, and reviews customer environmental restrictions through contract and external documentation systems.

Project	Management Strategy
	<ul style="list-style-type: none"> ● Twinhead' s Hazardous Substance Management System regularly updates hazardous substance monitoring reports for raw materials through supplier channels. ● Supplier declarations are signed.
<p>In 2023, no products were found to violate green product regulatory requirements.</p>	

Product Energy Efficiency

The Notebook Energy Star 8.0 standard, introduced by the United States Environmental Protection Agency (EPA), aims to enhance the energy efficiency of notebook computers and reduce their environmental impact. This standard covers energy consumption during active, standby, and sleep modes, setting stringent limits for each mode.

In compliance with the Energy Star 8.0 standard, Twinhead has integrated the following requirements from the design phase for its notebook computers across various operating modes:

1. Active Mode: Energy consumption while the notebook is in use must be at least 30% lower than that of non-certified products in the same category.
2. Sleep Mode: Energy consumption in sleep mode must remain below 0.5 watts, ensuring minimal energy use when not in active operation.
3. Standby Mode: When powered off or in standby, the notebook' s energy consumption must be below 0.3 watts.

Additionally, Twinhead adheres to Energy Star 8.0 requirements for environmentally friendly and recyclable materials, encouraging the use of greener materials in production processes and enhancing product recyclability. These measures not only help reduce energy consumption and carbon footprint, but also fostering sustainable development.

Green Products

The global trend toward non-toxic, green products has become a fundamental requirement in many countries. Twinhead and Durabook Americas are fully

committed to environmental protection. Acknowledging the increasing impact of global climate change, Twinhead and Durabook Americas consistently strengthen the collection of legal and customer requirements from various countries to establish a green product management system. This system assesses green product compliance, incorporating eco-design concepts—such as energy efficiency, reduced toxicity, and recyclability—during product development. Through rigorous internal testing and control, Twinhead ensures that products meet green standards and that materials are responsibly sourced from the beginning. Twinhead and Durabook Americas have implemented the Green Product Management (GPM) system to monitor and verify compliance with international green regulations from component to final product, reducing the use of hazardous substances and supporting planetary stewardship.

✓ Green Design

Twinhead and Durabook Americas incorporate green design standards based on international eco-labels, focusing on low toxicity, ease of disassembly, minimal packaging, and low energy consumption as critical considerations. These principles help ensure that Twinhead's products meet current and future environmental requirements.

Through innovation in green quality, Twinhead and Durabook Americas have fully adopted the "Green Product" concept, implementing the "Four No Hazardous Substances" control across all operational stages: no hazardous materials in suppliers, materials, factory processes, and product quality. This systematic approach facilitates sustainable environmental development.

Twinhead and Durabook Americas integrate easy disassembly into product design, conducting disassembly analysis using exploded diagrams to assess product structures and track disassembly time. Improvements to product assembly structures help reduce disassembly and recycling time, meeting customer and regulatory requirements. Disassembly manuals are developed per customer environmental certification standards, with product recovery rates calculated based on the 3R concept (Reuse, Recycle, and Recovery), ensuring compliance with product recovery regulations.

When selecting packaging materials, Twinhead and Durabook Americas prioritize both product protection and environmental considerations, choosing recyclable and non-toxic materials that meet EU packaging directive requirements and other regulations. This commitment supports environmental

protection and resource recovery efforts.

During new product development, Twinhead and Durabook Americas consider customer requirements, verifying compliance with energy consumption standards from eco-label guidelines to ensure optimal environmental performance throughout the product lifecycle. The company explores alternative technologies for various components, aiming to enhance environmental performance and develop energy-efficient products that meet Energy Star low-energy regulations.

呼 In alignment with the environmental 3R principles (Reuse, Recycle, and Recovery), Twinhead and Durabook Americas integrate concepts of resource recycling, reuse, easy decomposition, and ease of disassembly from the product design phase to minimize waste of Earth's resources. Over 70% of the wooden packaging for Twinhead's notebook products is recyclable, and Twinhead's branded motherboard products offer recycling services in the United States.

Recycling Service Information:

<https://www.durabookamericas.com/environment-recycle-form/>

Battery Recycling Information: <http://call2recycle.org/>

✓ Conflict Minerals Policy

As a responsible corporate citizen, Durabook Americas takes its social responsibility seriously, upholding human rights while maintaining a focus on conflict minerals as a material issue. Durabook Americas is committed to thoroughly investigating its supply chain to ensure that metals such as tin (Sn), tantalum (Ta), tungsten (W), gold (Au), cobalt (Co), and palladium (Pd) are not sourced from mines in the Democratic Republic of Congo or adjacent regions under armed control.

Accordingly, Durabook Americas has developed the following policy commitments:

1. Avoid procurement of conflict minerals sourced from conflict zones.
2. Require suppliers to reject the use of conflict minerals from these zones and provide a statement of commitment.
3. Instruct suppliers to communicate these requirements to their upstream suppliers.

Conflict Minerals Due Diligence Measures by Durabook Americas

Each year, TWINHEAD conducts a conflict minerals due diligence process in collaboration with Durabook Americas, implementing the due diligence framework per the OECD Guidelines. In addition to protecting human rights, the company ensures the legitimacy of mineral sourcing, disallowing any direct or indirect support to armed groups.

TWINHEAD' s due diligence framework, including the OECD structure as below:

- Establishing management procedures
- Identifying high-risk areas in the supply chain
- Developing response protocols for identified risks
- Requiring suppliers to conduct due diligence on smelters and refiners, and, if necessary, ensuring appropriate verification
- Disclosing an annual list of smelters based on due diligence results

TWINHEAD' s Due Diligence Procedures Include:

- Conflict minerals policy and due diligence measures formulated by the Sustainability Office
- Internal procedures for conflict minerals management that define relevant responsibilities
- Communication channels for stakeholders regarding conflict minerals
- Training on conflict minerals policy and due diligence for employees and suppliers
- Annual request for suppliers to use the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template (CMRT/EMRT) to provide smelter or refiner information
- Verification and analysis of CMRT/EMRT responses to ensure minerals are not sourced from conflict zones
- Continuous communication with suppliers to improve response rates and accuracy of smelter information
- Disclosure of verified smelter/refiner lists on TWINHEAD and Durabook Americas' websites

Conflict Minerals Policy website:

<http://www.twinhead.com.tw/>
<https://www.durabookamericas.com/durabook-conflict-minerals-management-process/>

Intellectual Property(IP) Management

The company values its intellectual property (IP) and respects others’ IP rights. Through proactive IP management, we encourage employee innovation, aiming to create high-quality IP that enhances competitive advantage and profitability. Additionally, we assess the IP rights landscape to mitigate infringement risks and actively defend against frivolous patent litigation, preserving maximum value and benefit for the company and shareholders.

IP Management Mechanisms	
Patent Management Measures	<ul style="list-style-type: none"> ● All inventions, creations, copyrights, trade secrets, and other IP developed by employees on duty belong to the company. ● For commissioned or collaborative R&D, IP ownership follows contractual agreements. When necessary, shared ownership rights and obligations must be clearly defined. ● The patent application process for inventions or creations follows strict procedural control to secure optimal patent protection.
Trade Secret Management	<ul style="list-style-type: none"> ● Employees are obligated to maintain confidentiality regarding classified plans, documents, and drawings. Employees must notify the company if they are responsible for or aware of any information leaks, and this obligation remains effective after termination of employment. ● Departments handling business information with economic value for production, sales, or operations must implement appropriate confidentiality measures based on the nature of the information.
Litigation Defense	<ul style="list-style-type: none"> ● Personnel engaged in IP development must retain records of the IP development process as evidence in

	<p>any IP-related disputes.</p> <ul style="list-style-type: none"> ● In the event of third-party objections or legal actions against the company's IP, developers must assist the company in lawful defense. In cases of infringement, they must also aid in assessing infringement potential to protect the company's and stakeholders' rights. ● Employees are prohibited from using unauthorized software and must adhere to the restrictions set by software and database owners.
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2.4 Operational Performance

Financial performance is central to our operations, and maximizing profits has been an ongoing goal. Since its inception, Twinhead has pursued sustainable growth through a corporate culture centered on innovation, teamwork, efficiency, and enthusiasm: staying at the forefront of technology, delivering customer satisfaction, fostering collective success, enhancing shareholder value, and upholding social responsibility to continually drive financial performance.

Amid a dynamic external environment, we remain committed to delivering products that meet customer requirements, advancing production techniques and capacity through improvements in design, processing, and quality assurance. This commitment enables us to achieve high growth targets and actively pursue new customer development, ensuring high levels of customer satisfaction and maintaining our competitive edge.

In addition, through strong corporate governance, we continually reinforce our operational resilience, streamline industry integration, reduce project costs, and bolster competitiveness. This approach not only strengthens confidence among shareholders, employees, supply partners, and customers but also fosters a mutually beneficial, sustainable path forward.

Consolidated Operational Performance Over the Years (Unit: TWD Thousands)

Item	2022	2023
Revenue	934,137	1,080,619
Operating Costs	635,281	683,843
Employee Salaries and Benefits	170,154	197,436
Payments to Capital Providers	11,448	12,676
Payments to Government	977	6,702
Community Investment	3	7
Retained Economic Value	116,274	179,955

Notes:

- Revenue includes net sales plus income from financial investments and asset sales.
- Operating Costs refer to cash outflows to external organizations for raw materials, product components, facilities, and services.
- Employee Salaries and Benefits cover total employee compensation (including wages and amounts paid to the government on behalf of employees) and total benefits (excluding training, protective equipment costs, or other items directly tied to employee job responsibilities).
- Payments to Capital Providers include dividends paid to all shareholders plus interest payments to lenders.
- Payments to Government encompass all taxes and penalties paid according to international, national, and local standards, disclosing income and property taxes.
- Retained Economic Value: "Direct economic value generated" minus "Economic value distributed."

3. Social Inclusion

Material Issue	Talent Cultivation and Retention
Policy	<ul style="list-style-type: none"> ● Offer competitive compensation and comprehensive on-the-job training. ● Ensure seamless labor-management communication.
Goal	<ul style="list-style-type: none"> ● Zero labor disputes annually. ● Annual average training hours per employee: 8 hours.
Annual Resources Invested and Key Achievements	<ul style="list-style-type: none"> ● Organized onboarding and in-service training. ● Held quarterly labor-management meetings. ● Completed annual employee performance evaluations.
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> ● Contact Point: Management/Human Resources and Administration.
Evaluation Mechanism	<ul style="list-style-type: none"> ● The Labor-Management Committee holds quarterly meetings to discuss labor dynamics, company operational updates, employee activities, and benefits. ● No labor disputes occurred in 2023. ● The average training hours for all employees within the Group in 2023 reached 9.99 hours.

Guided by a "people-oriented" management approach, Twinhead has established a comprehensive system to support and care for employees, creating a supportive workplace where employees can grow alongside the company without worries.

Twinhead strictly adheres to labor-related laws and regulations, developing work policies that legally safeguard employee rights. This includes providing a safe and healthy working environment, fostering diverse and open labor-management communication, offering fair compensation and promotion pathways, implementing a complete training and development system, and establishing a sound benefits program and transparent profit-sharing plan. This supportive structure enables employees to contribute confidently, fostering

shared growth with the company, strengthening positive labor relations, and cultivating a warm, harmonious work atmosphere, thereby laying a solid foundation for sustainable operations.

3.1 Workforce Structure

Twinhead treats all employees equitably, implementing various equal opportunity measures to eliminate any potential inequities in workplace conditions and protect labor rights. Talent cultivation and development are essential for sustainable business operations. Through management strategies that focus on selecting, using, and cultivating talent, Twinhead ensures that each employee can work confidently, continuously leverage their skills, and effectively retain top talent, achieving both long-term employee development and sustainable company growth.

Sustainable Talent Strategy	
Talent Selection	Twinhead recruits appropriate talent aligned with the company's strategic direction, prioritizing local hiring through diverse recruitment channels. The company promotes its brand to strengthen its presence in the labor market and enhances cooperation with academic institutions to source quality talent.
Talent Utilization	Twinhead respects diversity and human rights, complemented by a multi-faceted compensation structure and comprehensive benefits system, building a robust salary and incentive framework, alongside a performance appraisal system.
Talent Cultivation	Tailored educational programs are designed based on employee levels and functions, offering incentives for self-development and encouraging knowledge-sharing among employees. This fosters a positive learning environment, inspiring creativity and contributions.
Talent Retention	Twinhead has developed motivational and competitive compensation packages based on work performance and profit-sharing principles. A well-rounded employee benefits system enhances harmonious development, builds consensus, and strengthens team cohesion. The company prioritizes employee health and workplace safety, identifying workplace risks and promoting physical and mental well-being through an employee health protection program. This approach nurtures a balanced workplace environment.

3.1.1 Human Rights Protection

Twinhead strictly complies with the regulations of each jurisdiction where it operates and voluntarily adheres to international human rights conventions, including the Universal Declaration of Human Rights, United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, and International Labor Organization conventions, as well as Taiwan's Labor Standards Act. Twinhead treats all individuals with dignity and respect in line with these human rights frameworks and conventions, establishing and enforcing human rights policies based on the principles outlined in these documents, and expects the same commitment from its supply chain partners.

Human Rights Policy Implementation Guidelines	Raising Human Rights Awareness
<ul style="list-style-type: none"> ● Comply with national labor laws and regulations, recognized international labor standards, and applicable industry and international conventions, continuously improving employee working conditions and welfare. ● Provide employees with safe and health working and living conditions. ● Ensure a fair, equal work environment and reasonable compensation and benefits. ● Respect employees' freedom of association and right to collective bargaining. ● Establish reasonable working hours, rest periods, and vacation time for employees. ● Prohibit the use of child labor and forced labor. ● Prevent any form of discrimination, ensuring employees' well-being and meeting their basic needs. 	<ul style="list-style-type: none"> ✓ New hire training includes topics such as prohibition of forced labor, anti-discrimination, anti-harassment, flexible working hours, human rights protection, and a healthy, safe work environment. ✓ Prevent workplace violence by informing employees of their responsibility to help eliminate unlawful workplace actions during duty execution, fostering a supportive work environment.

Additionally, Twinhead provides a reporting channel for employees, with dedicated personnel conducting thorough investigations while maintaining confidentiality for whistleblowers. Verified reports will not result in retaliation. Twinhead had no human rights violations reported in 2023. The company prioritizes human rights issues and arranges irregular external and local courses based on employee roles, enhancing knowledge and promoting employee growth. Human rights training in 2023 for new employees included topics such as the code of conduct, occupational safety, and Information security, with a

100% participation rate.

3.1.2 Employee Statistics

All Twinhead employees are on indefinite-term (full-time) contracts, with no child labor employed. The company emphasizes local hiring, providing long-term, stable employment that allows employees to focus on work with financial security. Employee appointments, compensation, promotions, and rewards are based on job category, education, professional skills, experience, and individual performance, with no differentiation based on age, gender, or ethnicity. Gender balance is integrated into all HR practices, with women comprising 55.7% of the workforce. The company believes that increased recruitment of women strengthens its inclusive culture, promotes gender balance, supports better decision-making, and drives innovation and employee satisfaction. All senior managers (12 managers at division level and above) are hired locally.

Employment Type

Taiwan Headquarters					
Statistic/Annual		2022		2023	
Total Employees		95		100	
Employment Contract		Indefinite-Term	Fixed-Term	Indefinite-Term	Fixed-Term
Gender	Male	54	0	58	0
	Female	41	0	42	0
Employment Type		Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	54	0	58	0
	Female	41	0	42	0
Kaohsiung Plant					
Statistic/Annual		2022		2023	
Total Employees		70		73	
Employment Contract		Indefinite-Term	Fixed-Term	Indefinite-Term	Fixed-Term
Gender	Male	15	0	15	0

	Female	55	0	58	0
Employment Type		Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	15	0	15	0
	Female	55	0	58	0
Kunshan					
Statistic/Annual		2022		2023	
Total Employees		8		8	
Employment Contract		Indefinite-Term	Fixed-Term	Indefinite-Term	Fixed-Term
Gender	Male	2	0	2	0
	Female	6	0	6	0
Employment Type		Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	2	0	2	0
	Female	6	0	6	0
Durabook Americas					
Statistic/Annual		2022		2023	
Total Employees		10		11	
Employment Contract		Indefinite-Term	Fixed-Term	Indefinite-Term	Fixed-Term
Gender	Male	5	0	6	0
	Female	5	0	5	0
Employment Type		Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	5	0	6	0
	Female	5	0	5	0

Note: At the headquarters, there are three non-employee workers: one female cleaning staff member, one male consultant, and one female consultant. At the Kaohsiung Plant, there is one non-employee worker, a female cleaning staff member. The Kunshan Runden office and Durabook Americas office do not employ any non-employee workers.

Diversity Composition

Headquarters				2022		2023	
Diversity Statistic/Annual				Number	Percentage	Number	Percentage
Employees	Management Roles	Gender	Male	33	34.74%	33	33.00%
			Female	17	17.89%	18	18.00%
		Age	Under 30	0	0.00%	0	0.00%
			30 to 49	25	26.32%	25	25.00%
			50 and above	25	26.32%	26	26.00%
	Non-Management Roles	Gender	Male	21	22.11%	25	25.00%
			Female	24	25.26%	24	24.00%
		Age	Under 30	8	8.42%	9	9.00%
			30 to 49	34	35.79%	36	36.00%
			50 and above	3	3.16%	4	4.00%

Kaohsiung Plant				2022		2023	
Diversity Statistic/Annual				Number	Percentage	Number	Percentage
Employees	Management Roles	Gender	Male	6	8.57%	6	8.22%
			Female	5	7.14%	5	6.85%
		Age	Under 30	0	0.00%	0	0.00%
			30 to 49	4	4.94%	4	5.48%
			50 and above	7	8.64%	7	9.59%
	Non-Management Roles	Gender	Male	9	12.86%	9	12.33%
			Female	50	71.43%	53	72.60%
		Age	Under 30	3	3.70%	3	4.11%
			30 to 49	49	60.49%	37	50.68%
			50 and above	18	22.22%	22	30.14%

Kunshan Diversity Statistic/Annual				2022		2023	
				Number	Percentage	Number	Percentage
	Management Roles	Gender	Male	2	25.00%	2	25.00%
			Female	6	75.00%	6	75.00%
	Age	Under 30	1	12.50%	1	12.50%	
		30 to 49	7	87.50%	7	87.50%	
		50 and above	0	0.00%	0	0.00%	

Durabook Americas Diversity Statistic/Annual				2022		2023	
				Number	Percentage	Number	Percentage
	Management Roles	Gender	Male	5	50.00%	6	54.55%
			Female	5	50.00%	5	45.45%
		Age	Under 30	1	10.00%	2	18.18%
			30 to 49	5	50.00%	3	27.27%
			50 and above	4	40.00%	6	54.55%

Note: Percentage of non-management employees under 30 years of age = (Total number of non-management employees under 30 at year-end / Total employee count at year-end) * 100%. Percentage of management employees under 30 = (Total number of management employees under 30 during the year / Total employee count at year-end) * 100%.

2023 Employee Turnover Rate Statistics

New Hires and Departures/Annual		Headquarters		Kaohsiung	
		Total	Percentage	Total	Percentage
New Hires		23	23.00%	18	24.66%
Age	Under 30	8	8.00%	1	1.37%
	30 to 49	11	11.00%	16	21.92%
	50 and above	4	4.00%	1	1.37%
Gender	Male	16	16.00%	3	4.11%
	Female	7	7.00%	15	20.55%
Departures		18	18.00%	15	20.55%
Age	Under 30	4	4.00%	0	0.00%
	30 to 49	9	9.00%	13	17.81%
	50 and above	5	5.00%	2	2.74%
Gender	Male	12	12.00%	3	4.11%
	Female	6	6.00%	12	16.44%

Note: New Hire Rate = (Total number of new hires in a specific category during the year / Total employee count at year-end) * 100%. For example, Female New Hire Rate = (Total female new hires during the year / Total employee count at year-end) * 100%. Departure Rate = (Total number of departures in a specific category during the year / Total employee count at year-end) * 100%. For example, Departure Rate for employees under 30 = (Total departures under 30 during the year / Total employee count at year-end) * 100%.

Note: Kunshan office had no new hires or departures in 2023; Twinhead USA hired one new employee in 2023 with no departures.

3.2 Talent Cultivation and Placement

Professional talent is the core and driving force behind Twinhead’s

operations and is essential for sustainable business growth. We consistently invest resources into talent management to enhance workforce quality, maintain competitiveness, and attract like-minded talent to join our efforts. Throughout the talent cultivation process, employees are encouraged to engage in continuous learning and transformation to strengthen their professional knowledge and workplace skills. We are committed to providing a safe and healthy working environment where employees can enjoy their roles, fostering a win-win-win situation for the company, employees, and their families.

3.2.1 Compensation and Benefits

To encourage talent, Twinhead links compensation to company performance, departmental achievements, and individual performance, striving for fairness both internally and externally. Regular performance and career development reviews are conducted regardless of gender, ensuring equal promotion opportunities. Annual market salary surveys are performed to inform salary adjustments, maintaining competitiveness. In 2023, entry-level male and female employees in Taiwan headquarters received identical salaries, both exceeding the local minimum wage.

Parental Leave

At Twinhead headquarters and Kaohsiung Plant, the unpaid parental leave policy complies with Article 16 of the Act of Gender Equality in Employment. Employees with six months of service may apply for unpaid parental leave for each child under the age of three, with leave permitted until the child reaches three years of age but not exceeding two years. There is no parental leave policy for Kunshan and Durabook Americas.

Parental Leave Statistics/Year	Gender	2023 Statistics	
		Headquarters	Kaohsiung Plant
Number of employees eligible for unpaid parental leave (employees whose children born within the past 3 years)	Male	1	0
	Female	1	1
Number of employees who applied for	Male	0	0

parental leave	Female	1	1
Number of employees due to return from parental leave (A)	Male	0	0
	Female	1	1
Number of employees who actually returned from parental leave (B) (including early returns)	Male	0	0
	Female	0	0
Return rate (B/A)	Male	NA	NA
	Female	0.00%	100.00%
Number of employees who remained employed 12 months after returning from parental leave the previous year (C)	Male	0	NA
	Female	0	0
Retention rate (C/B from the previous year)	Male	NA	NA
	Female	NA	NA

Note 1: The number of employees eligible for unpaid parental leave includes male and female employees who applied for maternity or paternity leave within the past three years.

Note 2: Return Rate = (Total number of employees who actually returned / Total number of employees due to return) * 100%.

Note 3: Retention Rate = (Total number of employees who remained employed 12 months after returning from parental leave / Total number of employees who actually returned the previous year) * 100%.

Employee Benefits as below:

Benefit Items	Taiwan Full-time Employees	Overseas Full-time Employees
Group Insurance	V	V
Marriage/Maternity/Hospitalization/Funeral Allowances	V	V(Marriage/Funeral Allowance)
Festival/ Birthday Bonuses	V	V(Festival, Women's Day Gifts)
Year-end Bonus/Employee Profit Sharing	V	V(Year-end Bonus)
Annual Health Check	V	V

Benefit Items	Taiwan Full-time Employees	Overseas Full-time Employees
Annual Travel	V	-
Parental Leave	V	-
Childcare Leave	-	V

Note: "Overseas" refers to Durabook Americas and Kunshan; "Taiwan" refers to headquarters and the Kaohsiung Plant.

Our company allocates monthly pension contributions in accordance with the Labor Standards Act to ensure employee well-being after retirement. Overseas subsidiaries also comply with relevant social insurance regulations.

New System: The company has fully adopted the New Labor Pension System for contributing to employee retirement funds. For employees who opted into the system after July 1, 2005, Twinhead allocates 6% of their monthly wages to individual retirement accounts at the Bureau of Labor Insurance according to the government-mandated wage scale. Employees may also choose to make personal contributions of up to an additional 6% based on their individual requirements and preferences.

3.2.2 Talent Cultivation

Talent Cultivation is a driving force for our sustainable development. To adapt to rapid social changes and the emerging 5G era, a robust talent cultivation system allows employees to acquire new skills and capabilities internally, enabling them to explore different roles and undertake innovative projects. Externally, it equips employees with the agility to adapt to changing times. Talent cultivation also enhances employee quality, efficiency, and work output. During the training process, elements of corporate culture are infused, strengthening employees' sense of belonging and alignment with company goals.

Twinhead's training program is structured by each department, which submits its training requirements to the HR and Administration Department. Following the Chairman's approval, training is conducted and evaluated based on the type of training upon completion. In 2023, the average training hours per employee (excluding the Kunshan subsidiary) reached 9.99 hours, an increase of 3.09 hours from the 6.9 hours recorded in 2022, highlighting the

company' s dedication to talent cultivation.

Training Performance

Training Performance at Taipei Office (Statistics/Year)		2022	2023
Average training hours per employee (Note 1)		7.58	14.76
Average training hours by gender (Note 2)	Female	10.21	18.60
	Male	5.59	11.98
Average training hours by job category (Note 3)	Managem ent Roles	7.04	11.84
	Non- Managem ent Roles	8.19	17.80

Training Performance at Kaohsiung Plant (Statistics/Year)		2022	2023
Average training hours per employee (Note 1)		8.62	11.20
Average training hours by gender (Note 2)	Female	10.60	13.10
	Male	2.65	5.38
Average training hours by job category (Note 3)	Managem ent Roles	4.90	6.17
	Non- Managem ent Roles	3.70	5.06

Training Performance at Durabook Americas (Statistics/Year)		2022	2023
Average training hours per employee (Note 1)		4.50	4.00
Average training hours by gender (Note 2)	Female	4	3.8
	Male	4.05	4.17
Average training hours by job category (Note 3)	Managem ent Roles	5	5
	Non-	4	3.8

	Managem ent Roles		
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Note 1: Average training hours per employee = Total training hours for all employees during the year / Total number of employees at year-end.

Note 2: Average training hours for female employees = Total training hours for female employees during the year / Total number of female employees at year-end.

Note 3: Average training hours per category = Total training hours for employees in the category during the year / Total number of employees in the category at year-end.

Note 4: Training hours for Kunshan employees were not included and therefore not disclosed.

Note 5: Management Roles are defined as positions at the Director level and above.

Performance Evaluation

To ensure that employee performance is accurately reflected in individual compensation, all employees undergo an annual performance evaluation. Evaluation results factor into decisions related to career advancement, enabling employees with specialized technical expertise to grow into field experts through their efforts, and promoting those with managerial potential to leadership roles, thereby providing broad career development prospects. In 2023, 100% of employees participated in the performance evaluation.

2023 Taipei Office Employee Review		Reviewed Employees	Total Employees	Percentage
Gender	Male	57	100	57%
	Female	42		42%
Position	Management Roles	51		51%
	Non-Management Roles	48		48%
2023 Kaohsiung Plant Employee Review		Reviewed Employees	Total Employees	Percentage
Gender	Male	13	73	17.81%
	Female	60		82.19%
Position	Management Roles	9		12.33%
	Non-Management Roles	64		87.67%
2023 Kunshan Lunteng Employee Review		Reviewed Employees	Total Employees	Percentage
Gender	Male	2	8	25.00%
	Female	6		75.00%
Position	Management Roles	2		25.00%
	Non-Management Roles	6		75.00%

Note: One employee at headquarters was not included in the performance evaluation due to an employment period of less than two weeks.

3.2.3 Labor-Management Communication

✓ **Diverse Communication Channels:**

Twinhead values humanized management, upholding the principle of “labor-management unity, and mutual prosperity.” To address labor-management issues effectively, we provide a variety of communication channels that facilitate consensus-building, promote harmony, and foster workplace cohesion.

Diverse Labor-management Communication	
Organizational Meetings	Regular departmental and cross-functional meetings.
Announcements/Surveys/Evaluations/Feedback	Performance evaluations, feedback channels, employee grievance mechanisms, HR announcements, etc.
Labor-Management Meetings	Labor-Management meetings, Employee Welfare Committee, which include a range of communication methods to ensure smooth and effective information flow within the organization.

In the event of closures or establishment of new facilities, resulting in employee dismissal or relocation, the company adheres to the Mass Layoff Protection Act, providing 60 days' prior notification to local labor authorities.

✓ **Labor-Management Meetings**

Although we do not have a labor union, we hold quarterly labor-management meetings, with employee representatives elected by the workforce, ensuring full employee representation. The purpose of these meetings is to understand employee perspectives, address concerns, and strengthen unity.

✓ **Employee Welfare Committee Meetings**

The Welfare Committee meetings enable labor and management representatives to discuss and enhance employee welfare programs, gathering feedback on work and life to support informed management decisions.

✓ **Grievance Handling and Resolution**

We have established a confidential grievance mechanism, allowing employees to report any violations or threats to employee rights directly to top management, ensuring prompt corrective action. No major grievances were reported in 2023.

✓ **Prevention of Discrimination and Sexual Harassment**

Twinhead has implemented the “Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Measures” to prevent workplace harassment and bullying. In the event of an incident, employees can submit complaints through the company’s reporting system. No sexual harassment or bullying incidents were reported in 2023.

✓ Anti-Corruption and Anti-Bribery Measures

The company has instituted a “Code of Ethical Conduct” as a guideline for employee behavior. In 2023, no incidents or suspicions of corruption or bribery were reported. Should any such incidents arise, investigations and handling will follow company regulations and applicable government laws, with disciplinary actions taken as necessary.

3.3 Social Participation

Twinhead upholds a service philosophy of “Taken from the community, giving back to society” striving to fulfill social responsibility and support vulnerable groups. Working alongside local organizations at each operational location, we engage in various public welfare initiatives—offering internal support to employees in emergencies and extending aid to underprivileged communities. By enhancing cultural education and supporting both internal and external stakeholders, we aim to maximize value and demonstrate our commitment to social responsibility.

Social Care

Since the pandemic, our headquarters has irregularly donated medical resources to the local building management committee in Neihu District, Taipei, contributing to local pandemic control efforts and corporate social responsibility.

Method of Social Responsibility: Donation of medical resources to building management committees

Frequency: Irregular

Beneficiaries: Approximately 300-500 people

(Example: Donation of medical resources on November 24, 2023)

Additionally, we actively assist with the sorting and organization of recyclables at the local building’s recycling station, supporting environmental sustainability through resource management and responsible waste disposal.

Method of Social Responsibility: Active assistance in building recycling operations

Frequency: Monday to Friday

Location: Neihu District, Taipei

Beneficiaries: General public

Our company is committed to taking proactive measures to manage community-related risks and opportunities, creating a sustainable society and environment. We recognize that the health and well-being of our community are essential to our business and core values. In response to pandemic-related risks, we actively donate medical resources to support community health and safety, demonstrating our commitment to social responsibility. Furthermore, we place significant importance on environmental protection and sustainable development, participating in waste reduction and recycling initiatives to minimize our environmental impact, including waste reduction and carbon footprint mitigation, with the goal of improving

community environmental quality.

We understand that community health, social issues, and environmental sustainability are intricately connected to our business, and we will continue to implement community-friendly initiatives and strengthen mutually beneficial relationships with our community, aiming for a better future.

Local Employment Initiatives: We actively hire local talent in our operational areas to foster a sense of community affiliation. At our Taipei headquarters (Neihu District, Taipei City), over one-third of our employees are local residents, demonstrating our commitment to the community and helping to establish strong local roots. At our Kaohsiung plant (Daliao District, Kaohsiung City, Dafa Industrial Park), more than three-quarters of employees are local residents, providing significant job opportunities and fostering close ties between our company and the community. This approach helps us better integrate into the community, understand local requirements, and contribute to its development. We remain dedicated to this commitment to strengthen and enhance our positive relationship with the communities in which we operate.



4. Environment and Safety

Twinhead and Durabook Americas prioritize balanced development and

sustainable operations. The General Manager has formally signed and issued the Twinhead Environmental Protection Policy, affirming the company's commitment to environmental protection and community safety. Internally, we require employees to continually enhance their expertise to create eco-friendly products that benefit society, with occupational safety, health, and environmental protection serving as foundational considerations for sustainable operations. In 2018, Twinhead implemented the ISO 14001 Environmental Management System, incorporating findings from environmental audits into key improvement areas. Through the PDCA (Plan-Do-Check-Act) cycle, we continually refine our approach to meet regulatory standards and uphold a commitment to continuous improvement.

Our Commitments:

Regulatory Compliance: All products, activities, and services adhere to environmental laws, regulations, and additional requirements established by competent authorities.

Risk Management: We work to minimize environmental impacts and reduce potential harm to personnel and the environment.

Continuous Improvement: We regularly review management performance and strive toward our goals of zero incidents, zero accidents, and zero pollution.

Training and Awareness: We ensure all employees understand company policies and their responsibilities to stakeholders, offering essential job-related training.

Customer Satisfaction: We fulfill commitments to customers, ensuring that clients and suppliers are aware of our environmental policies.

Our Approach

【 Carbon Reduction 】

We optimize production processes to maximize energy efficiency and reduce carbon emissions, with annual carbon reduction targets as part of our corporate social responsibility.

Office air conditioning is adjusted as needed based on usage to prevent excessive carbon emissions.

【 Waste Reduction - Waste Sorting 】

- We promote waste sorting by installing recycling bins to achieve waste reduction.
- We encourage reducing the use of disposable tableware to minimize everyday waste.

【Industrial Waste】

- Business waste management follows established control procedures. Waste is sorted and stored according to chemical characteristics, then handled by certified waste processors.

【Green Procurement】

- Twinhead and Durabook Americas are committed to providing products free of Substances of Very High Concern (SVHC) as identified by REACH.
- We comply with the EU RoHS green regulations, emphasizing green procurement. Suppliers must provide materials free of hazardous substances, and our production processes exclude harmful chemicals in raw materials.
- We continue to manufacture products that meet EPEAT requirements.

【Emergency Response】

- Twinhead and Durabook Americas have established an Emergency Response Plan, with a designated Emergency Response Command Center and team. In emergencies, this team executes swift response actions. Semi-annual emergency response training and fire drills are mandatory for employees, including hands-on fire extinguisher training and simulations to build their emergency response and self-safety management skills. This preparedness ensures that employees can take timely action to mitigate the impact of crises.
- We coordinate with fire departments to provide staff with training in fire evacuation, first aid, and related skills.

In 2023, two emergency response drills were held at our main production site in Kaohsiung as part of the Emergency Response Plan. The drills involved task-specific teams, including site commanders, medical response coordinators, security personnel, evacuation guides, and safety officers. This preparation allows employees to respond swiftly in emergencies, reducing personnel injury and environmental impacts.

4.1 Energy Management

With rapid economic development, business demand for energy continues to grow, making Energy Management a critical challenge for companies, including Twinhead. Twinhead addresses this material issue by improving energy efficiency

and reducing waste, adopting more efficient energy-use methods as technology advances, and decreasing reliance on a single energy source. Additionally, we conduct annual energy audits to monitor usage and support sustainable corporate growth.

4.1.1 Energy Consumption

Twinhead's primary energy sources include electricity and gasoline for company vehicles. In 2023, total electricity consumption reached 48,876.70 GJ, a slight increase from 2022, attributed to a rise in staff numbers and the addition of shared building electricity. Gasoline usage for company vehicles in 2023 was 139,893 liters, a reduction of 14,554 liters from 2022. Twinhead performs annual energy consumption audits to assess overall energy usage each year.

2023 Total Energy Consumption

Energy Consumption	Year	Electricity Consumption		Gasoline Consumption		Diesel Consumption		Total Energy Consumption
		kWh	GJ	L	GJ	L	GJ	GJ
Taipei Office	2022	356,360	1,282.90	7,017.83	229.14	NA	NA	1,512.03
	2023	342,120	1,231.63	7,238.37	236.34	NA	NA	1,467.97
Kaohsiung Plant	2022	1,003,200	3,611.52	NA	NA	NA	NA	3,611.52
	2023	1,043,140	3,755.30	NA	NA	240	8.44	3,763.74
Kunshan Lonteng	2022	17,778	64.00	NA	NA	NA	NA	64.00
	2023	16,572	59.66	NA	NA	NA	NA	59.66
Durabook Americas	2022	59,228	213.22	NA	NA	NA	NA	213.22
	2023	3,671	13.22	NA	NA	NA	NA	13.22
2022 Total Energy Consumption								5,400.77
2023 Total Energy Consumption								5,304.59

Note 1: Electricity and gasoline are indirect consumption, resulting from purchased power and fuel products. Diesel is used solely for generator operations.

Note 2: Each kWh is equivalent to 3.6 megajoules; 1 GJ equals 10⁹ joules; gasoline has an energy value of 7,800 Kcal/L, diesel has 8,400 Kcal/L, and 1 Kcal equals 4,186 J.

4.1.2 Energy Intensity

Twinhead evaluates energy intensity by measuring specific metrics. The selected metric for energy intensity is annual consolidated revenue (in millions). Energy intensity is calculated based on electricity and fuel consumption data over the full operational year, assessing the intensity of electricity and fuel usage. This metric enables us to understand the efficiency of energy use and informs future directions in energy management.

2023 Energy Intensity Summary

Energy Intensity	Revenue (Million)	Total Energy (GJ)	Energy Intensity (GJ/Million Revenue)
2022	934	5,400.77	5.78
2023	1,081	5,304.59	4.91

4.1.3 Water Management

In recent years, climate change has led to increasingly frequent extreme weather events, raising the risks associated with water scarcity and water quality. Facing unprecedented pressure on water resources, water management and recycling are crucial elements of corporate operations. The headquarters, Kaohsiung Plant, Kunshan Lonteng, and Durabook Americas all source water from municipal supplies, operating in low water-stress areas, and using water exclusively for domestic purposes.

Water Conservation Measures
✓ Regular inspection and maintenance of piping to prevent leaks.

- ✓ Adjustments to cooling water discharge volumes and regular maintenance of chiller equipment.
- ✓ Installation of water-saving devices (e.g., low-flow toilets, sensor faucets).
- ✓ Visual signage, stickers, and posters to promote water conservation among staff at headquarters and operational sites.
- ✓ Reducing faucet flow to conserve water effectively.

Water Usage Statistics in Taipei Office (Unit: Million Liters)			
Year	Total Withdrawal	Total Discharge	Total Water Consumption
2022	1.378	1.378	0
2023	2.237	2.237	0
Water Usage Statistics in Kaohsiung Plant (Unit: Million Liters)			
Year	Total Withdrawal	Total Discharge	Total Water Consumption
2022	4.140	4.140	0
2023	4.172	4.172	0
Water Usage Statistics in Durabook Americas (Unit: Million Liters)			
Year	Total Withdrawal	Total Discharge	Total Water Consumption
2022	0.026	0.026	0
2023	0.035	0.035	0

Note: The reduced water withdrawal in 2022 at Durabook Americas reflects increased remote work.

Year	Total Withdrawal (Million Liters)	Water Intensity (Million
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		Liters/Million Revenue)
2022	5.544	0.0059
2023	6.444	0.0060

Note: Kunshan Lonteng is excluded from water resource statistics due to incomplete data.

4.1.4 Energy Conservation and Carbon Reduction

Twinhead has implemented a series of energy-saving and carbon-reduction initiatives as part of its daily operations, consistently promoting energy conservation to raise employee awareness and integrate energy-saving practices into everyday life. Twinhead will continue to conduct GHG inventories to accurately identify major emission sources, facilitating the development of precise carbon reduction plans. Future initiatives include deploying energy-efficient equipment across operational sites to reduce energy consumption.

- Encourage colleagues to set indoor air conditioning to optimal temperatures, installing heat-insulating curtains as needed based on sunlight exposure and heat load.
- Regular maintenance of air conditioning systems to ensure high-efficiency operation.
- Enforce waste sort, reduction, and recycling practices.
- Plan and conduct workplace environmental monitoring to ensure a safe and comfortable work environment.
- Encourage employees to bring personal water bottles for internal meetings.
- Promote shutting down computers and monitors when not in use to minimize unnecessary power usage.
- Use energy-efficient appliances, including air conditioners, refrigerators, and MFP.
- Utilize toner cartridges with environmental labels and copy paper aligned with green procurement standards.
- Advocate for reducing the use of disposable tablewares and cups.

- Turn off lighting, air conditioning, and projectors in meeting rooms promptly after use.
- Transition to LED lighting in all office spaces for enhanced energy conservation.
- Gradually implement green procurement in basic office infrastructure.

4.2 GHG Emissions Management

Climate change has emerged as a global challenge. Twinhead recognizes the deteriorating state of the climate and environment due to GHG emissions and is committed to environmental responsibility. In alignment with the Ministry of Environment's guidelines, Twinhead conducts GHG inventories to accurately track and manage emissions. Through risk assessment and opportunity identification, the company aims to mitigate operational losses and explore future business prospects.

4.2.1 Direct (Scope 1) and Indirect (Scope 2 & Scope 3) GHG Emissions

As required by the value chain, Twinhead's Taipei office, Kaohsiung Plant, Durabook Americas, and Kunshan Lonteng subsidiaries conduct GHG inventories according to ISO 14064-1 standards, aiming to obtain third-party verification statements by Q4 2024. From 2023, GHG emissions at the Taipei office, including electricity and company vehicle fuel use, are calculated annually for all scopes, with a planned initiation of ISO 14064-1 GHG inventory processes in 2025. The company intends to establish 2025 as the base year for future carbon reduction and net-zero planning. Scope 3 emissions are planned for inventory and disclosure from 2024.

GHG Emissions Statistics(Unit: Metric Tons CO₂e)

Item Year	Scope 1	Scope 2	Scope 1+2
2022	15.88	711.10	726.98
2023	17.01	694.32	711.33

Note 1: GHG emission factors are based on Version 6.04 of the Ministry of Environment's GHG Emission Factor Table, with diesel and gasoline

emission factors at 2.6060 kgCO₂/L and 2.2631 kgCO₂/L, respectively. The electricity emission factors were 0.495 kgCO₂/kWh for 2022 and 0.494 kgCO₂/kWh for 2023.

Note 2: The figures for this year are self-inventories and have not undergone third-party verification. Results will be updated in the following year's report post-verification.

4.2.2 GHG Emission Intensity

Twinhead tracks GHG emission intensity using the results of its GHG inventories, with revenue in millions as the metric standard, allowing the company to assess average emissions. This measure enables Twinhead to monitor environmental performance annually.

Twinhead Scope 1 Emission Intensity Statistics

Year \Item	Revenue (Million)	Scope 1 Emissions (Metric Tons CO ₂ e)	Emission Intensity (Metric Tons CO ₂ e/Million Revenue)
2022	934	15.88	0.0170
2023	1,081	17.01	0.0157

Twinhead Scope 2 Emission Intensity Statistics

Year \Item	Revenue (Million)	Scope 2 Emissions (Metric Tons CO ₂ e)	Emission Intensity (Metric Tons CO ₂ e/Million Revenue)
2022	934	711.10	0.7613
2023	1,081	694.32	0.6423

Twinhead Scope 1+2 Emission Intensity Statistics

Year \Item	Revenue (Million)	Scope 1+2 Emissions (Metric Tons CO ₂ e)	Emission Intensity (Metric Tons CO ₂ e/Million Revenue)
2022	934	726.98	0.7784
2023	1,081	711.33	0.6580

4.3 Waste Management

Twinhead's Taipei office, Durabook Americas, and Kunshan Runteng primarily generate office waste, classified as general domestic waste and is not disclosed in this report. Waste generated in the Kaohsiung Plant, categorized as general industrial waste, is managed and controlled according to waste management procedures. All industrial waste from production processes is handled by certified disposal vendors to ensure legal and safe final disposal. No hazardous industrial waste was generated or processed in 2023.

Waste Disposal at Kaohsiung Plant Unit: Metric tons					
Type	Waste Item	2022	2023	Disposal Method	Off-site/On-site Treatment
General Industrial Waste	Waste Paper	10.201	14.320	Recycling	Off-site
	Waste Plastic	--	1.745	Recycling	Off-site
	Waste Tubes	--	0.026	Recycling	Off-site
	Domestic Garbage	12.6	16.7	Incineration	Off-site
Total		22.801	32.791	-	-
Reuse Rate (%)		44.74	49.07	-	-

Note: The company's PCB waste is currently stored on-site until sufficient volume is reached for economically feasible processing and recycling.

4.4 Healthy Workplace

Twinhead proactively promotes occupational safety, health, and wellness through the principles of hazard prediction, awareness, assessment, control, and the PDCA cycle, continuously improving a safe and healthy work environment. Twinhead is committed to employee care, safety awareness, corporate social responsibility, and sustainable corporate development. We firmly believe that employee health and safety are invaluable assets, aiming to foster a premium, safe, and healthy workplace.

4.4.1 Occupational Safety and Health Operations

To ensure a safe and healthy work environment for employees and contractors, Twinhead continuously improves occupational health and safety performance. While ISO 45001 certification has not yet been implemented, the Kaohsiung plant has established an occupational safety and health plan and related management systems to comply with regulatory requirements.

4.4.2 Hazard Identification and Disaster Prevention

Hazard identification, risk assessment, and incident investigation are essential elements of corporate safety management. To meet occupational safety requirements, Kunshan Runteng identifies and evaluates potential hazards and risks across various office and operational tasks, assessing each based on potential harm and frequency. Control measures are implemented based on risk levels. Twinhead has established an "Incident and Accident Reporting, Investigation, and Management Procedure," to prevent occupational incidents. In case of an incident, effective response and treatment are applied immediately, followed by an investigation to determine causes and propose corrective measures to prevent recurrence, ensuring employee safety.

4.4.3 Worker Participation, Consultation, and Communication in Occupational Safety and Health

To ensure a safe and healthy work environment that meets employees'

needs, Twinhead emphasizes direct employee involvement and communication. Various channels, including regular labor-management meetings and ISO 9001 & 14001 system review meetings, facilitate open discussions on labor conditions, welfare issues, and work policies, promoting positive labor relations and reducing the likelihood of labor disputes.

Meeting Content	Labor-Management Meetings	Employee Welfare Committee	ISO 9001 & 14001 System Management Review Meetings
Meeting Frequency	Quarterly	Quarterly	Annually
Participation Units	Labor and management representatives		
Reporting Channels	Employee opinion box / Sexual harassment complaint mailbox / Workplace violence complaint mailbox		

4.4.4 Occupational Safety and Health Education and Training

Twinhead plans annual training based on relevant occupational safety and health regulations and requirements, including new employee training, fire drills, and refresher training for personnel with special qualifications. This training plan helps maintain the health and safety qualifications for specified personnel in compliance with regulatory requirements. Semi-annual fire drills are conducted to ensure emergency preparedness. Both the Taipei office and Kaohsiung plant completed occupational safety training for new employees in 2023.

4.4.5 Mitigating Occupational Safety and Health Impacts

Twinhead continuously enhances workplace safety through annual occupational safety and health programs. Health protection services are

provided, including health promotion activities, regular health checks, and management of any anomalies. Annual voluntary health exams are offered to employees, and specific health exams are provided for personnel in specialized roles to monitor for occupational hazards. Comprehensive assessments of employees' physical and mental health are conducted, with annual health seminars and activities planned accordingly to meet employees' wellness needs.

Twinhead 2023 Occupational Safety and Health Management Achievements

Program	Performance
New Employee Safety Training	New Employee Safety Training:
Employee Health Checks	Annual health checks completed.
Environmental Monitoring	✓ Quarterly water quality inspections for coliform bacteria, alongside regular cleaning, filter replacement, and equipment disinfection for safe drinking water.
Emergency Response	Semi-annual fire drills conducted at the Taipei office and Kaohsiung plant.

4.4.6 Occupational Accident Management Statistics

Twinhead has established mechanisms for occupational accident management, actively implementing safety standards and conducting safety training to early warn and correct hazardous behaviors. The company prioritizes adherence to standard operating procedures, both emergency response plans and notification networks are in place. Accident investigations and corrective action plans are undertaken to prevent recurrence and to safeguard employees and contractors alike.

Employee Occupational Injury and Illness Statistics

Head Office Statistics/Year		2021	2022	2023
Total Company Hours Worked		197,328	203,280	205,920
Occupational Injury Deaths (Note 1)	Number	0	0	0

Head Office Statistics/Year		2021	2022	2023
	r			
	Rate	0	0	0
Severe Occupational Injuries(Note 2)	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Injuries(Note 3)	Number	0	0	0
	Rate	0	0	0
Occupational Diseases	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Diseases(Note 3)	Number	0	0	0
	Rate	0	0	0

Kaohsiung Plant Statistics/Year		2021	2022	2023
Total Company Hours Worked		135,712	137,560	142,752
Occupational Injury Deaths (Note 1)	Number	0	0	0
	Rate	0	0	0
Severe Occupational Injuries(Note 2)	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Injuries(Note 3)	Number	0	0	0
	Rate	0	0	0
Occupational Diseases	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Diseases(Note 3)	Number	0	0	0
	Rate	0	0	0

Kunshan Statistics/Year		2021	2022	2023
Total Company Hours Worked		13,048	13,548	13,344
Occupational Injury Deaths (Note 1)	Number	0	0	0
	Rate	0	0	0
Severe Occupational Injuries(Note 2)	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Injuries(Note 3)	Number	0	0	0
	Rate	0	0	0
Occupational Diseases	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Diseases(Note 3)	Number	0	0	0
	Rate	0	0	0

Note 1: Incident rate or injury rate calculated per 200,000 working hours.

Note 2: Defined as an injury that prevents an employee from recovering to pre-injury health within six months (excluding fatalities).

Note 3: Recordable Occupational Injury or Disease: Includes any incident resulting in death, leave, restricted work, transfer, medical treatment beyond first aid, or loss of consciousness, as well as any diagnosis of significant injury or illness by a licensed medical professional, even if it does not result in death, leave, restricted work, transfer, or treatment beyond first aid. Occupational injury statistics are including fatalities, yet excluding Commuting accidents.

Note 4: Durabook Americas did not record any severe or recordable occupational injuries due to the absence of documented annual working hours.

GRI Sustainability Reporting Standards Reference Table					
Statement of Use	TWINHEAD INTERNATIONAL CORP. has referenced the GRI Standards to report on content from January 1 to December 31, 2023.				
GRI 1 Used	GRI 1: Foundation 2021				
Applicable GRI Sector Standards	There are no applicable GRI Sector Standards for the company.				
Note	* noted as a material issue.				
Topic	Disclosure	Description	Section	Page	Omission/Remarks
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1	Organization details	1.1 About Twinhead	20	
	2-2	Entities included in the organization' s sustainability reporting	Editorial Policy	5	
	2-3	Reporting period, frequency and contact point	Editorial Policy	5	
	2-4	Restatements of information	Editorial Policy	5	
	2-5	External assurance	Editorial Policy	5	
Activities and workers	2-6	Activities, value chain and other business	1.1 About Twinhead	20	

		relationships			
	2-7	Employees	3.1 Workforce Structure	84	
	2-8	Workers who are not employees	3.1 Workforce Structure	84	
Governance	2-9	Governance structure and composition	1.2 Governance Practices	35	
	2-10	Nomination and selection of the highest governance body	1.2 Governance Practices	35	
	2-11	Chair of the highest governance body	1.2 Governance Practices	35	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Governance Practices 1.3 Operational Risk Management and Climate Change Response	35 52	
	2-13	Delegation of responsibility for managing impacts	1.2 Governance Practices	35	
	2-14	Role of the highest governance body in sustainability reporting	1.1 About Twinhead	26	
	2-15	Conflicts of interest	1.2 Governance Practices	35	
	2-16	Communication of critical concerns	1.2 Governance Practices	35	

	2-17	Collective knowledge of the highest governance body	1.2 Governance Practices	35	
	2-18	Evaluation of the performance of the highest governance body	1.2 Governance Practices	35	
	2-19	Remuneration policies	1.2 Governance Practices	35	
	2-20	Process to determine remuneration	1.2 Governance Practices	35	
	2-21	Annual total compensation ratio	--	--	No disclosure due to confidentiality restrictions in the employee code of conduct
Strategy, policies and practices	2-22	Statement on sustainable development strategy REQUIREMENTS GUIDANCE	Message from the Management	2	
	2-23	Policy commitments	1.1 About Twinhead	24	
	2-24	Embedding policy commitments	1.1 About Twinhead	24	
	2-25	Processes to remediate negative impacts	1.2 Governance Practices 1.3 Operational Risk Management and Climate Change Response	35 52	

			1.6 Information Security 2.2 Customer Service 2.3 Product Safety and Responsibility 3.2 Talent Cultivation 4.4 Healthy Workplace	64 71 73 90 111	
	2-26	Mechanisms for seeking advice and raising concerns	1.2 Governance Practices 1.3 Operational Risk Management and Climate Change Response 1.6 Information Security 2.2 Customer Service 2.3 Product Safety and Responsibility 3.2 Talent Cultivation 4.4 Healthy Workplace	35 52 64 71 73 90 111	
	2-27	Compliance with laws and regulations	1.5 Regulatory Compliance	62	
	2-28	Membership associations	1.1 About Twinhead	33	
	2-29	Approach to stakeholder engagement	Stakeholder Engagement and Material Issue Identification	9	
Stakeholder engagement	2-30	Collective bargaining agreements	3.2 Talent Cultivation	90	
GRI 3: Material Topics 2021					
Material Topics	3-1	Guidance to determine material topics	Stakeholder Engagement and Material Issue Identification	15	
	3-2	List of material topics	Stakeholder Engagement and Material	18	

			Issue Identification		
*Green Product					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Product Safety and Responsibility	68	
*Information Security					
GRI 3: Material Topics 2021	3-3	Management of material topics	1.6 Information Security	64	
*Customer Service					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Customer Service	70	
*Innovation and R&D					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Product Safety and Responsibility	68	
Economic Aspect					
Economic Performance/*Climate Change Response					
GRI 3: Material Topics 2021	3-3	Management of material topics	1.3 Operational Risk Management and Climate Change Response	51	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2.4 Operational Performance	79	
	201-2	Financial implications and other risks and opportunities due to climate change	1.3 Operational Risk Management and Climate Change Response	54	

Environmental aspect					
Energy Management					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.1 Energy Management	101	
	302-3	Energy intensity	4.1 Energy Management	103	
Water Management					
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.1 Energy Management	104	
	303-2	Management of water discharge related impacts	4.1 Energy Management	104	
	303-3	Water withdrawal	4.1 Energy Management	104	
	303-4	Water discharge	4.1 Energy Management	104	
	303-5	Water consumption	4.1 Energy Management	104	
GHG Emissions					
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.2 GHG Emissions Management	107	
	305-2	Energy indirect (Scope 2) GHG emissions	4.2 GHG Emissions Management	107	
	305-4	GHG emissions intensity	4.2 GHG Emissions Management	107	
Waste Management					
GRI 306: Waste	306-3	Waste generated	4.3 Waste Management	109	

2020	306-4	Waste diverted from disposal	4.3 Waste Management	109	
	306-5	Waste directed to disposal	4.3 Waste Management	109	
Social Aspect					
Employment					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	3.1 Workforce Structure	89	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	3.2 Talent Cultivation	90	
	401-3	Parental leave	3.2 Talent Cultivation	90	
Labor/Management Relations					
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	3.2 Talent Cultivation	96	
*Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.4 Healthy Workplace	110	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	4.4 Healthy Workplace	110	

2018	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Healthy Workplace	110	
	403-3	Occupational health services	4.4 Healthy Workplace	110	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Healthy Workplace	110	
	403-5	Worker training on occupational health and safety	4.4 Healthy Workplace	110	
	403-6	Promotion of worker health	4.4 Healthy Workplace	110	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Healthy Workplace	110	
	GRI 403: Occupational Health and Safety 2018	403-9	Work-related injuries	4.4 Healthy Workplace	112
403-10		Work-related ill health	4.4 Healthy Workplace	112	

***Talent Cultivation and Retention**

GRI 3: Material Topics 2021	3-3	Management of material topics	3. Social Inclusion	81	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	3.2 Talent Cultivation	93	
	404-3	Percentage of employees receiving regular performance and career development reviews	3.2 Talent Cultivation	95	
Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1.2 Governance Practices	41	
			3.1 Workforce Structure	87	

A2: Sustainability Accounting Standards Board (SASB) Disclosure Table - Technology &

Communication/Hardware

Disclosure Topics	Disclosure Indicators	Indicator Code	Corresponding Section	Remarks
Product Safety	Methods for identifying and addressing data security risks within products	TC-HW-230a.1	2.3 Product Safety and Responsibility	
Employee Diversity and Inclusion	Proportion of management and all other employees by gender and racial/ethnic groups	TC-HW-330a.1	3.1 Workforce Structure	
Product Lifecycle	Percentage of product revenue containing IEC 62474 declarable substances	TC-HW-410a.1	All company products are 100% compliant with IEC 62474 declarable substance controls.	
	Percentage of revenue from products meeting EPEAT registration requirements or equivalent qualification	TC-HW-410a.2	Disclosure data is incomplete, with full reporting targeted for the 2024 fiscal year.	
	Percentage of revenue from ENERGY STAR-compliant products	TC-HW-410a.3	Disclosure data is incomplete, with full reporting targeted for the 2024 fiscal year.	
	Weight and percentage of end-of-life products and e-waste recycled	TC-HW-410a.4	4.3 Waste Management	
Supply Chain	Percentage of supplier categories with Tier 1 suppliers undergoing RBA Validated Assessment Process (VAP)	TC-HW-430a.1	Disclosure data is incomplete, with full reporting targeted for the 2024	Partial disclosure

Management	or equivalent audit		fiscal year.	provided.
	Percentage of Tier 1 suppliers (1) that failed RBA verification through the VAP or equivalent audit, and corrective action rate for audit findings	TC-HW-430a.2	Disclosure data is incomplete, with full reporting targeted for the 2024 fiscal year.	Partial disclosure provided.
Material Procurement	Description of risk management for the use of critical materials	TC-HW-440a.1	2.3 Product Safety and Responsibility	

Activity Indicators

Indicator Items	Indicator Code	Corresponding Section/Description	Remarks
Units produced by product category	TC-HW-000.A	Sales volume of portable computers (including finished boards) totaled 51,172 units	
Production facility area	TC-HW-000.B	13,442M ²	
Production in owned facilities	TC-HW-000.C	100%	

Independent Assurance Statement Based on 2023 Sustainability Report of Twinhead International Corp.

Statement No.: 2407012

Twinhead International Corp. (hereinafter referred to as Twinhead) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2023 sustainability report, GREAT has no financial relationship with Twinhead.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant Twinhead's Sustainability Report, and not for other purposes. Except for the Statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this Statement.

This Statement is based on the conclusions made by the relevant information verification provided by Twinhead to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this Statement or related matters will be answered by Twinhead.

The Scope of Assurance

The verification scope of Twinhead and GREAT agreement includes:

- The contents of the entire sustainability report and all operating performance of Twinhead from January 1, 2023 to December 31, 2023;
- According to the type 1 of AA1000 Assurance Standard v3, evaluate the nature and degree of Twinhead's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report.
- This Statement is made in Chinese and translated into English for reference.

Verification Opinion

We summarize the content of Twinhead's sustainability report, and provide a fair standpoint of Twinhead's related operations and performance. We believe that the specific performance indicators of Twinhead in 2023, such as environment, society and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate Twinhead's expectations and efforts to identify and satisfy stakeholders.

The performance index disclosed in the report demonstrate DURABOOK's efforts to identify and meet stakeholder expectations as following:

- GHS emission in 2023 : Scope 1 is indicated as 0 kg CO₂e,
Scope 2 is indicated as 1.81 ton CO₂e,
Scope 3 (other indirect GHS emission) is not calculated.
- Water usage for DURABOOK in 2023 is 0.035 ML.
- Energy usage for DURABOOK in 2023 is 13.22 GJ.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by Twinhead is sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

Verification method

To gather the evidence relevant to the conclusions, we performed the following:

- To conduct a senior management review of issues from external parties related to Twinhead's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of Twinhead about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of Twinhead on a sampling basis;
- To evidence supporting the claims made in the review report;
- To review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

Conclusion

The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness,

impact and GRI sustainability reporting standards are as follows:

- Inclusivity

Twinhead has established a process of cooperation with major stakeholders, including employees, customers, suppliers, government agencies, shareholders/investors and community, etc., and will launch a series of stakeholder activities in 2023, involving economy, environment, society and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of Twinhead.

- Materiality

The report has stated that Twinhead focuses on environment, society, economy topics, and identified 7 major topics including climate change response, green product, customer service, talent cultivation and retention, occupational safety and health, innovative research and development and information security, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of Twinhead.

- Responsiveness

Twinhead responds to requests and opinions from stakeholders. Implementation methods include labor-management meeting, employee grievance email, employee welfare committee meeting, internal company announcement, customer meeting, customer satisfaction survey, supplier meeting/audit/questionnaire, public information observatory, corporate governance assessment, competent authority visit, policy advocacy meeting, shareholders meeting, corporate briefing session, official website investor area, community meeting and donate to charity activities, those numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of Twinhead.

-Impact

Twinhead has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. Twinhead has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of Twinhead.

-GRI Guidelines

Twinhead provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers Twinhead 's social responsibility and sustainability themes.

Assurance level

According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

Responsibility

The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of Twinhead. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide a Statement for the stakeholders.

Ability and Independence

GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000 AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team AUG. 14, 2024

GREAT International Certification Co., Ltd.

Taiwan, Republic of China



Signed by General Manager W. J. Chen



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A faint, light blue outline of a laptop computer is positioned behind the text in the bottom left corner.

2023 Sustainability
Report
Twinhead International Corporation