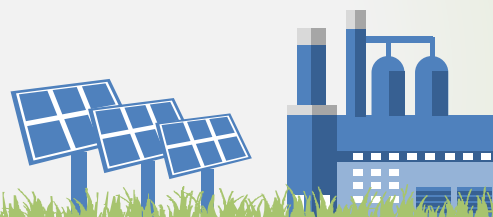


2023

ESG Report



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About this Report

Writing Principles

Celxpert Energy Corporation (hereafter referred to as Celxpert or the company) actively shows our achievements and competitiveness in three ESG aspects (environmental, social, and governance) in this report. Celxpert provides the stakeholders with our efforts and performance in three sustainability indicator of the environmental, social, and governance area.

This report has been prepared in accordance with the GRI Sustainability Reporting Standards (GRI standards): Core option. Considering climate change and investor disclosure requirements, this year's report includes Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) disclosures. It was also edited and disclosed referring to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies.

This English version report is provided for reference. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Scope

The reporting scope comprises the company's main operational locations, including Taiwan Headquarters in Longtan, Taoyuan and the subsidiary in Kunshan, Jiangsu, China. The report contains three main aspects (environmental, social, and economic), presenting the information of the main topics in these two year.

Period

This report is the version of 2023, covering Year 2022 (between January 1, 2022 and December 31, 2022), and Year 2023 (between January 1, 2023 and December 31, 2023). The report is published on Celxpert's official website and is available for all the stakeholders. Celxpert will keep issuing sustainability reports and actively disclose major topics of the company.

This report is issued in August, 2024. The previous report was issued in October, 2022. In order to implement the promotion of sustainable development, we will be issued "ESG Report" regularly every year. The next report will be issued in August, 2025.

Data Collection and Editorial Policy

The information in this report was provided by corresponding department in Celxpert, and compiled, edited, and typesetting by the editorial team. This report was reviewed by department managers, finalized and issued after the chairman's verification.

Contact Unit: Human Resources Administration Division
Tel: +886-3-4899054

Financial data : cited from the financial reports certified by KPMG.
Verification through third party external verification :

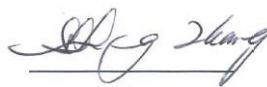
Environmental management systems (ISO 14001:2015) : certified by SGS TAIWAN LIMITED 、 Greenhouse gas inventories (ISO 14064-1) : certified by TÜV Rheinland 、 Carbon footprint of products (ISO 14067) : certified by TÜV Rheinland 、 Financial data : cited from the financial reports certified by KPMG. 、 Quality management systems (ISO 9001:2015) : certified by SGS TAIWAN LIMITED 、 Occupational health and safety management systems (ISO 45001:2018) : certified by SGS TAIWAN LIMITED 、 Hazardous substance process management systems (IECQ QC 080000:2017) : certified by SGS TAIWAN LIMITED

Letter from the Chairman

In recent years, due to the impact of extreme climate change, droughts and wildfires have happened more frequently, exacerbating food shortages. The wildfires in Canada and in Hawaii in 2023 had a tremendous impact on the environment, enhancing global attention to environmental issues and active carbon reduction efforts. These external environmental changes continue to impact business operations, constantly testing the resilience. Coexisting with the Earth is the foundation of sustainable business operations. In the face of drastic climate changes, failure to timely mitigate these impacts will pose significant challenges to business operations.

This year, Celxpert has implemented the TCFD (Task Force on Climate-Related Financial Disclosures) to identify climate-related risks, simulate the extent of impact on the company, and formulate corresponding mitigation and remediation strategies to enhance our climate resilience. As for the carbon reduction issue, in the first half of 2023, we completed a product carbon footprint calculation (ISO 14067), making us the first in Taiwan to obtain a "carbon label" for E-bike's battery pack. In addition, we have already completed the greenhouse gas inventory (ISO 14064-1) in 2022 and by the end of 2023, SBTi has approved our near-term science-based targets in line with 1.5°C trajectory. Based on these results, we have developed relevant carbon reduction measures while seeking to develop low-carbon raw materials, collaborating with suppliers to research and develop sustainable products designed with green and low-carbon materials.

Chairman



With the aspiration of sustainable operations, we continually strengthen our corporate governance policies. In addition to complying with legal and statutory requirements, we enhance our corporate governance framework, including the regulations about integrity, anti-corruption, and anti-bribery. For our employees, recognizing that employees are our most valuable asset, creating a safe, healthy, harmonious, and positive work environment is our mission. To cultivate sustainable talent, we offer diverse training programs encompassing general, professional, and hierarchical courses, enriching personal and team capabilities. We prioritize the physical and mental health of all employees. Besides regular health checkups, we utilize risk management mindset, various actions and health promotion programs to improve the work environment, moving towards a healthy workplace. Moreover, to enhance smooth communication among employees, we hold labor-management meetings quarterly and provide communication channels through physical mailboxes and internal email. The feedback serves as the reference for organizational improvements, allowing colleagues to unleash their full potential in the workplace without worries.

In addition to pursuing growth and profitability, we strive to fulfill our role as good corporate citizens, integrating sustainability into our vision and implementing ESG principles in our daily operations with our core capabilities. We expect all employees to keep improving and seizing opportunities in their positions, contributing to creating a better future for society. We also collaborate with stakeholders from all sectors to create value for sustainability together.


Stakeholder Engagement



Identify Stakeholders




Celxpert has identified six major stakeholders: investors and shareholders, customers, suppliers, employees, government and authorities, and society through ESG Team Meeting and the identification procedures. Via assessment of the connection and the extent of influence among these six stakeholders, Celxpert compiled related issues and the importance to define the scopes that issues have economic, environmental and social impact, planned management strategies and implementation methods, and made Celxpert Materiality Matrix.

Stakeholder Communication

Celxpert continuously engages our stakeholders through various channels, including but not limited to daily communications, phone contacts, meetings, satisfaction surveys, and visits. We respond the issues that stakeholders concern by related departments and this report.

Stakeholders	The Significance to our Company	Communication Channels	Focus Issues
 Investors/ Shareholders	sustainable management has positive benefits / determining the direction of the Company's operations	<ol style="list-style-type: none"> 1. Regularly announce monthly revenue 2. Board resolutions and various financial reports as required by laws and regulations 3. Publish material information at the Market Observation Post System (MOPS) as required by laws and regulations 4. Convene shareholders' meeting every year to explain the operating conditions of the Company 5. Establish a spokesperson system to respond to the inquiries of investors by phone and email 6. Communication channels: Spokesperson : CFO Kevin Lin Phone : 886-3-489-9054 ext. 1200 Mail: investor@celxpert.com.tw 	<ul style="list-style-type: none"> ● Economic performance ● Corporate governance ● Information security ● Risk management ● Energy management ● Water resource management ● Anti-corruption ● Occupational health and safety

Stakeholders	The Significance to our Company	Communication Channels	Focus Issues
 Customers	product support /focus on product quality	<ol style="list-style-type: none"> 1. Annual customer satisfaction survey 2. Relevant business review meetings with customers 3. Customer audits and respond to customer requirements which have been raised in questionnaires 	<ul style="list-style-type: none"> • Customer service • Product responsibility • Integrity and ethics • Quality management • Innovation and R&D
 Employees	important assets / essential force for the Company's operations	<ol style="list-style-type: none"> 1. Employee satisfaction survey: Understand employee satisfaction through an employee satisfaction survey that is regularly conducted every year; scopes include organizational climate, job satisfaction, leadership management, learning and growth, compensation and welfare measures, education and training. 2. Management and labor council: A management and labor council meeting will be regularly convened every quarter , and to be participated by labor and management representatives. 3. Welfare Committee: celebration for birthday, employee travel and family day , etc. 4. Communication and Recourse Mechanism: <ol style="list-style-type: none"> 1) Company internal website announcement 2) Company internal opinion mailbox 3) Sexual Harassment Prevention and Complaint E-mail: Rachel_Chuang@celxpert.com.tw 	<ul style="list-style-type: none"> • Human rights policy • Corporate governance • Compliance with laws and Regulations • Employee Welfare • Education • Occupational health and safety

Stakeholders	The Significance to our Company	Communication Channels	Focus Issues
 Suppliers	Procurement of raw materials and other supplies to ensure their quality meets the Company's requirements	<ol style="list-style-type: none"> 1. Supplier assessment 2. Education and training from time to time 3. Meeting, questionnaire surveys 	<ul style="list-style-type: none"> • Market image • Environmental compliance • Product Liability Compliance • Anti-corruption
 Government Authorities	Comply with all regulations of government agencies and cooperate with irregular inspections	<ol style="list-style-type: none"> 1. Maintain good interaction with competent authorities, and actively participate in public hearings, conferences, project collaborations, etc. organized by competent authorities 2. Official documents, audit questionnaires of competent authorities 3. Participate in external associations to provide timely suggestions and official documents on various issues, and audit surveys of competent authorities 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Anti-corruption
 Community	Improve the quality of life of the public and prosper together with society	<ol style="list-style-type: none"> 1. Support community resident activities from time to time 2. Website of Celxpert, questionnaire surveys 3. Phone or email correspondence 	<ul style="list-style-type: none"> • Social participation • Social welfare • Environmental management

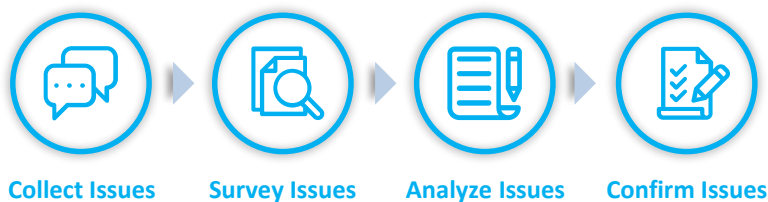
Materiality Analysis

Collect Issues

Celxpert conducted the materiality analysis in line with GRI Standards and Sustainability Accounting Standards Board (SASB), following the principles and the definition content. In addition, we collected the topics which our stakeholders concern. 13 material issues are listed after discussion and confirmation.

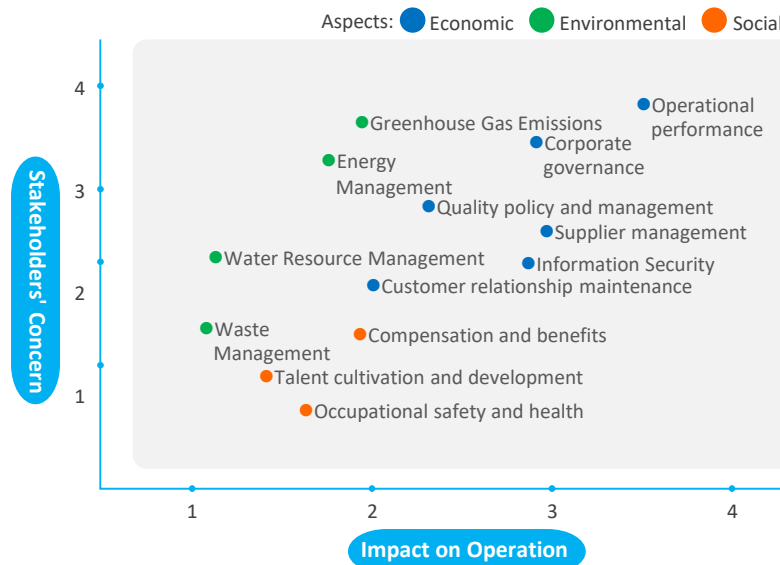
Material Topic Analysis Process

This report followed the methodology for materiality analysis to identify material sustainability topics that stakeholders concern and have impact on operation. It is also the fundamental of information disclosure to achieve the goal of effective communication.



Analyze Material Issues

According to the extent of stakeholders' concern and the impact from the sustainability topics, we confirmed Celxpert Materiality Matrix and defined three aspects including all the material issues. On the basis of the materiality analysis to review the completeness of main topics, we identified 13 material issues: 6 issues for the economic aspects, 4 issues for the environmental aspects and 3 issues for the social aspects.



1

Profile

1.1 Organization

1.2 Products and Services

Profile

Founded in 1997, Celxpert is one of the top three battery pack manufacturers in Taiwan, with headquarters in Longtan, Taoyuan, as the R&D and business center and also setting up a manufacturing center in Kunshan, China. Celxpert is committed to the development and design of battery packs. We provide customers with battery packs that include design, manufacture and service. Celxpert's Taiwan headquarters and Kunshan factory have set up safety labs that meet international certifications (ISO IEC 17025, UL/CSA/TUV). To enhance the value of our products and services, Celxpert focuses not only on cost control but also on quality and technology, the pursuit of customer satisfaction, refining R&D and technical capabilities, valuing customer needs and working closely with long-term partners to maintain good relationships.

Celxpert has long been supported and recognized by customers. Today, Celxpert strives for innovation and progress with the concept of sustainable management and continuous promotion of green energy products and aspires to be a company that protects the global environment and provides next-generation energy.

Business Locations



Kunshan Plant

Taiwan Headquarters

Basic information

Company Name	Celxpert Energy Corporation
Establishment Date	November 20, 1997
Chairman and President	Steve Huang
Stock Code	3323
Headquarters address	No. 128, Gong Wu Rd., Wu Lin Vil., Lung Tan, Taoyuan, Taiwan
Operating location	NO. 1111, Hanpu Road, Yushan Town, Kunshan City, Jiangsu Province, P.R.China
Number of employees^{*1}	Headquarters: 355 employees Kunshan: 346 employees

^{*1} : Number of Taiwan Headquarters employees include Celxpert and Subsidiary ,Keelgoal Energy ;
Number of Kunshan employees doesn't include temporary workers

Business Philosophy

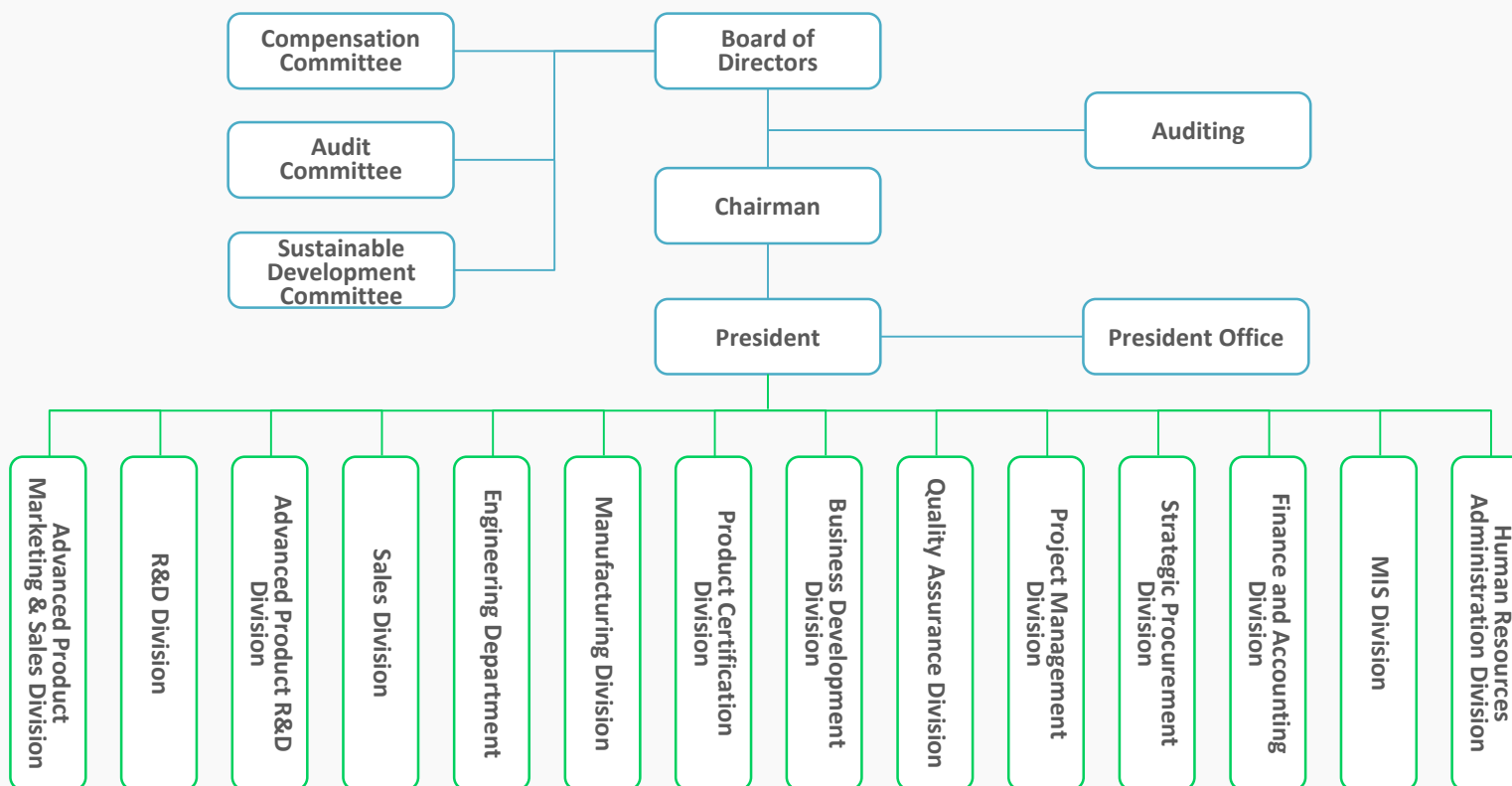
Celxpert is in the fast-growing battery energy industry, serving the laptop, consumer electronics, cell phone and future automotive fuel cell industries, providing customers with battery packs that include design, manufacturing and service. Celxpert will continue to focus on developing and designing battery packs to provide the highest added value and help customers improve performance and time-to-market benefits.

Celxpert is committed to integrity, transparency and accountability. We have built a business philosophy based on honesty and trust and established good corporate governance and risk control mechanisms to enable a sustainable business environment.



1.1 Organizational Chart

As a listed company, the board of directors of Celxpert is the highest governance entity. The Audit Committee and the Compensation Committee are established under the authorization of the Board. Each committee is composed entirely of independent directors, who are respectively assist the board in fulfilling its supervisory responsibilities, and the Chairman of each committee will regularly report their activities and resolutions to the board. The responsibilities of the board include appointing and supervising the Company's management, supervising business performance, preventing conflicts of interest, and ensuring that Celxpert complies with all applicable laws and regulations, requirements of the By-Laws of Incorporation, or the exercise of the powers for resolutions adopted by shareholders meetings, and is committed to maximizing rights and interests of shareholders.



1.2 Products and Services

Celxpert's "customer satisfaction" is based on providing high-quality battery packs. "Innovation Excellence" is the result of more efforts and tests. Celxpert not only provides high-quality products at affordable prices but also leads the competition based on technical superiority. The laboratory with the ability to verify the reliability, performance of cells, battery packs and fully complies with the management and establishment procedures of ISO/IEC 17025 and UL CTDP regulations.

In the face of climate change, unstable energy supply, air pollution and more challenges, E-Mobility, E-bike, energy storage, UPS, and other products can all make positive contributions and have advantages in the trend of sustainable development. Celxpert is further committed to reducing product carbon footprint and plastic reduction, actively researching and developing products that are more environmentally friendly.



Laptop & Tablet

The mission for different extender range capacity or dynamic detection battery performance, we provide convenience solution to the customers, enhance design flexibility with complex material optional, making battery lighter and slimmer.



Network Device

We provide the high effective , high quality, safest Li-ion battery packs . Our battery will support high performance and let the customers' mobile hotspot with best function and longer share time. The customers could enjoy the wireless easily & freely .



Power Tool & Garden Tool

We provide high-performance, high-stability and high-safety lithium-ion battery packs for power tools to create more significant advantages and business opportunities for our customers. Power tools need to operate in harsh environments, and a qualified lithium-ion battery must withstand the harsh environment.



Energy Storage

We provide complete lithium-ion battery storage and backup solutions, and have developed our own BMS system to achieve good battery stability, high safety and long life. Our design and assembly process system have passed international energy storage safety certification, UN38.3/UL/IEC62619 and other related regulations.



E-Mobility

Celxpert provides a wide range of lithium-ion battery pack solutions to meet market needs and provide electric mobility such as boats, scooters and aerial work vehicles. Our self-developed BMS systems establish intelligent management, providing high reliability, high efficiency and optimal lithium-ion battery life solutions.



E-Bike

All self-developed BMS, comply with the EU e-bike EN 15194/ISO 13849 design specifications. 36V ~ 96V e-bike and electric scooters' ODM/OEM battery solutions. Integrate customers' frame design, and flexibility with various vehicle development. Extensive support for mid-range, wheel drive system communication. Intelligent battery diagnostic tool and APP to quickly grasp the battery status.



INNOVATION

2

Sustainable Development

2.1 Sustainable Philosophy

2.2 Responding to Global Sustainable Development

Sustainable Development Committee

At Celxpert, the Board of Directors serves as the highest decision-making organization for the company's climate governance, responsible for monitoring and overseeing the company's governance performance and the achievement of goals on climate-related issues. Execution primarily occurs through the regular convening of board meetings annually, during which the sustainability performance of the year is reviewed, including the governance status and achievement of goals regarding climate-related issues. Since 2020, an annual review has been conducted on energy conservation, carbon reduction, and water-saving objectives related to climate. Additionally, climate-related issues are considered when reviewing the company's significant plans (such as major capital expenditures, acquisitions, and divestments), risk management policies, annual budgets and business plans, and when formulating the organization's operational objectives.

To implement sustainable development and promote sustainable development policies, Celxpert aims to achieve the concept of sustainable business operation. In accordance with Celxpert's "Best Practice Principles for Sustainable Development," a Sustainable Development Committee has been established, along with Risk Management Team, Sustainable Development Team, and Integrity Operation Team.

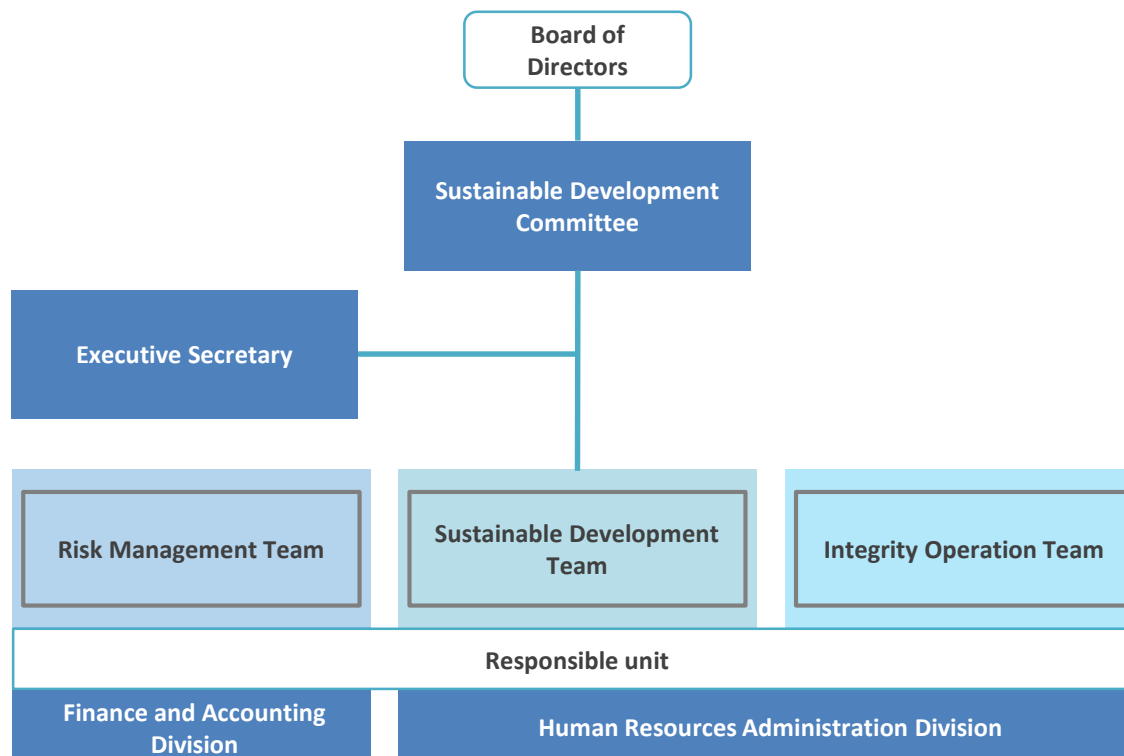


▲ Celxpert's lithium battery module takes the lead in passing carbon footprint verification with TÜV Rheinland Certificate.

Organization:

On November 3, 2023, our company established the Sustainable Development Committee, which comprises three functional teams: Sustainable Development Team, Integrity Operation Team, and Risk Management Team. These teams are responsible for promoting and implementing corporate governance to ensure the advancement of sustainable development within the company. The committee consists of three directors, two of whom are independent directors. Additionally, an executive secretary is appointed to handle the affairs and execution of committee meetings.

Members of the Sustainable Development Committee include: Director and Vice President Ching-Jung Huang (convener), specializing in operations management, human resources, and corporate governance; Independent Director Jan-Yan Lin and Independent Director Chih-Wei Tsai, both specializing in accounting, industry, and finance.



Responsibilities of the Sustainable Development Committee:

Under the Sustainable Development Committee, a functional team "Sustainable Development Team" is established, which is overseen by the Human Resources Department of the company. Following significant principles, this team addresses environmental, social, or corporate governance issues related to company operations. It reports the task progress and future plans of team members to the Board of Directors.

1. Develop corporate sustainable development direction, strategies, and objectives, as well as formulate relevant management policies and specific implementation plans.
2. Plan for corporate sustainable development, including the establishment of goals, strategies, and implementation plans for sustainable governance, integrity operation, environmental, and social aspects.
3. Promote and implement related work in company integrity operation and risk management.
4. Review the implementation and effectiveness of the company's sustainable development, revise strategic goals and related regulations and systems, and regularly report to the Board of Directors.
5. Other matters delegated by the Board of Directors to be handled by the committee.

Risk Management

To implement corporate risk management, the Risk Management Team is established under the Sustainable Development Committee. This team is responsible for amending risk management policies and procedures and overseeing the operation of risk management mechanisms.

The Finance and Accounting Department of the company is responsible for the operation of the Risk Management Team. It conducts risk identification and management to ensure more efficient command, self-assessment, and execution of the risk management organization. Additionally, it reports on the implementation of risk management to the Board of Directors regularly (at least once a year).

Operational situation

The Risk Management Team is composed of task forces formed by various departments within the company. Each department should clearly identify the risks they face and adhere to carry out necessary operations and risk management tasks, ensuring that the risks involved are controlled within acceptable limits.

The scope of risk management includes: strategic and operational risks, financial risks, compliance risks, information security risks, climate change risks, and quality risks.

Risk Management Process

Risk Identification	Each risk management unit identifies risk items according to its roles and responsibilities.
Risk Assessment	Each risk management unit analyzes and assesses the risk level and risk value, establishes a risk map, and identifies significant risks.
Risk Response	Each risk management unit develops and implements risk mitigation measures and assesses residual risks.
Supervision and Review	Each risk management unit should continuously monitor changes in the risk environment and the emergence of new risks, and supervise identified risks by issuing necessary alerts. They should also review the effectiveness of risk mitigation measures and the correctness of risk handling procedures, ensuring the proper implementation of internal control operations.
Information Transmission, Communication, and Consultation	The Finance and Accounting Division of the company is responsible for the communication and coordination of the Risk Management Team, ensuring the effective execution of risk management operations. It also ensures that information related to company risk management is accurately collected, compiled, recorded, reported, and disclosed to facilitate the continuous operation of risk management.

Integrity business policy













Integrity Operation Team is established under the Sustainable Development Committee, which is managed by the Administration Department of the company. It is responsible for revising related operational procedures and behavior guidelines, as well as promoting related operations. Its performance is reported to the Board of Directors at the end of each year.





Job responsibilities

1. Revision of regulations related to preventing dishonest behavior.
2. Promotion and coordination of integrity policy advocacy and training.
3. Planning of reporting mechanisms to ensure effectiveness of execution.
4. Handling investigations of reported cases and preparing reports.

2.1 Sustainable concept

Celxpert considers international trends and related standards, we formulates corporate sustainability policies. According to the “2030 Sustainable Development Agenda” proposed by the United Nations in 2015, 17 Sustainable Development Goals (SDGs) have been discussed and identified. The three key issues of economy, society and environment are the highest spiritual indicators of the company's sustainable development and implement the road to sustainability.

Environmental Aspects	SDGs
Protect the global environment and provide alternative next-generation energy.	 
Raise environmental protection and energy conservation awareness, and reduce the environmental burden.	
Social Aspects	SDGs
Practice social welfare, care for the disadvantaged and local development.	  
Diverse communication channels, emphasis on development and labor rights.	  
Friendly workplace, providing a safe and healthy working environment.	 
Strengthen information security and raise employees' awareness of information security.	

Governance Aspects	SDGs
Honesty and pragmatism to build mutual trust and commitment with all our customers.	
Quality assurance to provide the most immediate and best products.	
Innovative excellence to provide our customers with the best service and support.	
Abide by the principle of integrity and never accept any improper benefits.	



2.2 Responding to International Standards and Initiatives

SBT	<p>The "Science-based targets initiative"(SBTi) aims to promote companies to use a more scientific method to set a value that helps control global warming not exceeding 2°C (in response to the Paris Agreement), or even 1.5°C (In response to the IPCC's Special Report on Global Warming of 1.5°C)'s carbon reduction target.</p> <p>Celxpert applied to join the SBT in December 2021 and signed a letter of commitment. The follow-up plan is based on the simulated scenario of global warming within 2°C developed by the International Energy Agency (IEA), and the science is based on this benchmark. Reduce carbon targets and launch related carbon reduction plans. "</p>
RE100	<p>RE100 is a global renewable energy initiative led by The Climate Group and the Carbon Disclosure Project (CDP). Regarding the global RE100 target, Celxpert promised that all of the company's bases will achieve the goal of 100% renewable energy use in Taiwan bases in 2035 and 100% renewable energy use in global bases in 2040. We continue to use major strategies such as Energy self-sufficiency, green production, and green power generation, and strive to achieve the promised goals.</p>
RBA	<p>Celxpert follows the Responsible Business Alliance (RBA) Code of Conduct to establish a social responsibility management system framework. To ensure that the electronics industry supply chain provides a safe working environment, protects the rights of employees, maintains a healthy and safe environment, complies with the law, fulfills corporate social responsibility, and respects people and the environment, we have committed to following the RBA guidelines:</p> <ul style="list-style-type: none"> ● Comply with legal requirements, protect the rights of employees, supply chain and various stakeholders. ● Provide a healthy and safe working environment for our employees to ensure zero occupational accidents. ● Strictly comply with environmental protection and hazardous substance related laws and regulations to continuously reduce the environmental impact and take responsibility for environmental protection. ● Continuously improve through management system and internal auditing system. ● Set standards for corporate governance, labor, health, safety and hygiene, intellectual property rights and environmental protection under the standards of integrity, transparency and high ethics.

3

Corporate Governance

- 3.1 Risk Management
- 3.2 Operating Performance
- 3.3 Quality Management
- 3.4 Supply Chain Sustainability Management
- 3.5 Information Security Risk Management

The Board of Directors

Celxpert follows Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and focuses on the diversification of business model. The composition of the board members is diverse and independent.

In June 2023, the shareholders' meeting elected the tenth board of directors members according to the director election method. Served by nine directors, four of them are independent directors, hoping to introduce professional knowledge and external perspectives to improve the operation and management. In order to strengthen the functions of the board of directors and enhance the transparency of information, in addition to the compensation committee, the audit committee has also been set up to replace supervisors and assists the board of directors to supervise.

Celxpert's board members abide by the Code of Conduct with Integrity and the Code of Ethical Conduct for Directors and Managers. Reviewing corporate governance and operational effectiveness, in order to avoid conflicts of interest, the Board of Directors and the management are committed to operating in good faith and to implement business policies in internal control and business activities. The Board of Directors was convened four times in 2022 with an average attendance rate of 97%, and four times in 2023 with an average attendance rate of 92%.

Board of Directors

Title	Name	Gender	Main Academic Qualifications (Work Experience)	Attendance in Person	Attendance by Proxy	Actual Attendance Rate
Chairman	Steve Huang	Male	Master of Electrical Engineering, Georgia Institute of Technology, USA General Manager of Dunji Technology (Co., Ltd.) Engineering manager, purchasing manager and deputy business director of Compal Computer Co., Ltd.	4	0	100%
Directors	Yung-Tsai Chen	Male	Datong Institute of Technology Business Management Research Institute General Manager of Credit Suisse Securities Investment Consulting Co., Ltd. Standard Chartered Bank, ABN Amro	4	0	100%
Directors	Chien-Ting Chen	Male	National Taiwan University Business Research Institute Senior Vice President of Lianchuang Investment	3	1	75%
Corporate Director	Ling-Ju Huang	Female	Department of Textiles, Fu Jen Catholic University Chairman of Tiandifu Advertising Co., Ltd.	4	0	100%

Title	Name	Gender	Main Academic Qualifications (Work Experience)	Attendance in Person	Attendance by Proxy	Actual Attendance Rate
Corporate Director	Serena Huang	Female	Institute of Atomic Science, Tsinghua University Vice President of Celxpert Industrial Co., Ltd. Chairman of Kaixuan Investment Co., Ltd.	4	0	100%
Corporate Director	Jung-Chou Lee	Male	Institute of Mechanical Manufacturing Engineering, National Chung Hsing University General Manager of Zhongying Optical General Manager of Crystal Optics General Manager of Zhongyang Optoelectronics	3	0	75%
Independent Director	Wei-Hung Lin	Male	Master's degree from Taiwan University of Science and Technology Accountant at Gaofu Accounting Firm	4	0	100%
Independent Director	Jan-Yan Lin	Male	PhD in Business Administration from National Chengchi University Director of First Bank Full-time professor, Department of Business Administration, Director of Global Taiwanese Business Research Center and Vice Dean, Chung Yuan University School	4	0	100%
Independent Director	Ken Tsai	Male	Master of Accountancy, National Chengchi University Chief Accountant of Chengyi United Accounting Firm Independent Director of Taiwan Jinshan Industrial Co., Ltd. , Shengda Technology Co., Ltd. and Yankee Engineering Co., Ltd.	4	0	100%
Independent Director	Ming-Xiu Cheng ^{*1}	Male	Doctor of Laws, University of Münster, Germany Distinguished Professor, Department of Law, Soochow University	1	1	50%

*1 : Independent director **Ming-Xiu Cheng** will be the new board of directors on June 15, 2023, and the actual number of attendances he should attend is 2 times.

*2 : Please refer to the annual report for director's remuneration information, director's concurrent positions with Celxpert and other company positions and board resolutions.

https://zh-tw.celxpert.com.tw/data_5937

Audit Committee

The audit committee focuses on enhancing the quality and integrity of the board of directors in overseeing the execution of the company's accounting, auditing, financial reporting processes, and financial controls. According to the Rules and Regulations of the Audit Committee of Celxpert Energy Corporation, the committee shall consist of all independent directors, with at least three members, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. The audit committee was convened four times in 2022 with an average attendance rate of 100%, and four times in 2023 with an average attendance rate of 93%.

Responsibilities of the Audit Committee:

- To establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- Evaluation of the effectiveness of the internal control system.
- In accordance with Article 36-1 of the Securities and Exchange Act, the Company shall establish or amend procedures for handling significant financial operations involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee of others.
- Matters involving the directors' own interests.
- A material asset or derivatives transaction.
- A material monetary loan, endorsement, or provision of guarantee.
- The offering, issuance, or private placement of any equity-type securities.
- The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- The appointment or discharge of a financial, accounting, or internal auditing officer.
- Annual and semi-annual financial reports.
- Any other material matter so required by the company or the Competent Authority.

Attendance of Independent Directors in 2023:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate
Independent Director	Wei-Hung Lin	4	0	100%
Independent Director	Jan-Yan Lin	4	0	100%
Independent Director	Ken Tsai	4	0	100%
Independent Director	Ming-Xiu Cheng	1	1	50%

Compensation Committee

To strengthen the functions of the board of directors and management needs, and following the Securities and Exchange Act, Celxpert established the Compensation Committee of Celxpert Energy Corporation. The Compensation Committee is composed of members appointed by resolution of the board of directors to ensure that the compensation of directors and managers is in line with the company's operating performance and relevant laws and regulations and to review the company's overall compensation structure and benefits policies to attract and retain talented employees. Following the "Compensation Committee of Celxpert Energy Corporation," the number of committee members is three, appointed by resolution of the Board of Directors, and one convener, who is Wei-Hung Lin.

Attendance of Compensation Committee in 2023:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate
Convener	Wei-Hung Lin	3	0	100%
Committee Member	Jan-Yan Lin	3	0	100%
Committee Member	Wen-Yuan Guo	3	0	100%

Responsibilities of the Compensation Committee

- Review of employee compensation and bonus policies.
- Review of proposals for the appointment or dismissal of the company's vice presidents and above, including those within the company's establishment but stationed at subsidiaries.
- Review of Directors' remuneration in relation to the execution of business.
- Other proposals that the committee considers relevant to the company's compensation system and necessary to propose for discussion by the board of directors for review.



Ethical Corporate Management Best Practice Principles

In order to establish a corporate culture of honest management and sound development, and to establish a reference for good business operations, Celxpert has specially formulated the "Ethical Corporate Management Best Practice Principles". The scope of the ethical corporate management best practice principles applicable to the company, its subsidiaries, any foundation to which the company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the company.

Code Content

The Celxpert Group operates in a fair, honest and open manner. The Board of Directors and management of the Company and the Group's businesses and organizations shall commit to actively implementing the policy of operating with integrity, and enforce it in internal management and external business activities. The Company and its directors, supervisors, officers, employees and substantially all persons under their control shall not offer, promise, request or accept, directly or indirectly, any improper benefit of any kind in the performance of their business, or otherwise provide or receive improper benefit from customers, agents, contractors, suppliers, public officials or other interested parties. Nor shall they offer or accept, directly or indirectly, any unreasonable gift, hospitality or other improper benefits to establish a business relationship or influence the conduct of a business transaction.

Core Competence

Celxpert has long-term stable customers and maintains good relationships with suppliers to ensure a steady supply. Celxpert has in-house safety laboratories accredited by international laboratory association. With more than 20 years of experience in battery management system design, Celxpert continues to improve and refine its process capabilities to optimize production and develop and test its own equipment to ensure production efficiency and quality.

- Stable long-term customers
- Strictly comply with environmental protection and hazardous substance related laws and regulations to continuously reduce the environmental impact and take responsibility for environmental protection.
- Continuously improve through management system and internal auditing system.

Business Ethics

The company has established internal policies such as "Ethical Standards Policy," "Anti-Corruption and Anti-Bribery Policy," "Fair Trade, Advertising, and Competition Policy," and "Whistleblower Protection." These policies are reviewed annually based on current regulatory requirements and the company's business development status, and will be updated accordingly. The company has also established an anti-corruption policy to ensure that subsidiaries, affiliates, and suppliers comply with appropriate anti-corruption and bribery procedures to avoid violating related laws and regulations (referred to as anti-corruption laws), including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010. The policy applies to parent and subsidiary companies, company directors, senior management, employees, and consultants. We adopt a "zero-tolerance" attitude towards any form of bribery and corruption, prohibiting any form of malpractice, fraud, bribery, gifts, and unauthorized preferential treatment.

Business Ethics Management System

In terms of anti-corruption, the company has established dedicated channels in accordance with internal policies such as the "Code of Ethics Policy," "Anti-Corruption and Anti-Bribery Policy," and "Reward and Punishment Management Measures" to oversee, receive reports or complaints, and verify whether employees are engaged in behaviors contrary to business ethics, such as corruption and fraud.

Regarding anti-monopoly, the company has formulated the "Fair Trade, Advertising, and Competition Policy," committing to adhere to ethical standards in competition and pledging to follow the principles of fair competition in business operations. This guideline is developed based on the focus of anti-monopoly compliance risks in business operations, requiring employees to comply with fair competition and anti-monopoly rules, providing clear guidance for business cooperation. Additionally, the company evaluates the reasonableness of business activities and employee behavior, regularly revises and updates relevant systems, and advocates for sales departments to strictly adhere to the "Fair Trade, Advertising, and Competition Policy" in promoting business.

In terms of supplier integrity management, the company is dedicated to collaborating with suppliers to create a fair and clean cooperative environment, requiring partners to actively comply with relevant laws and regulations against commercial bribery. In 2023, 100% suppliers signed the "Supplier Compliance Responsibility Business Alliance Code of Conduct Commitment". This year, the company did not receive any complaints or cases related to bribery, extortion, or fraud, nor did it receive any corruption litigation cases against the company or its employees. Operating on the principle of fair competition, the company did not receive any fines or settlement fees due to anti-monopoly or unfair competition behaviors.

Reporting Channel and Whistleblower Protection

The company has established a specific mailbox for reporting unethical business conduct, through which employees can report potential acts of corruption, fraud, monopolistic behavior, and the like. The company proactively conducts regular internal investigations and handles reports in accordance with relevant company procedures. This whistleblower mailbox effectively processes reports from both internal and external sources. We strictly maintain confidentiality of information and content provided by whistleblowers and prohibit any form of retaliation or defamation against whistleblowers and witnesses. Cases involving illegal activities will be transferred to the relevant judicial authorities for legal processing.

Unethical Business Conduct Reporting

Email address for reporting ethical violations: integrity@celxpert.com.tw

Email address for reporting internal anti-corruption: integrity@celxpert.com.tw

Email address for reporting anti-monopoly violations: integrity@celxpert.com.tw

We ensure integrity and fairness in the cooperation process with suppliers, strictly prohibiting improper behaviors such as procurement corruption that violate business ethics. If suppliers find that company personnel violate the commitments of the Compliance Responsibility Business Alliance Code of Conduct, they can report it through the whistleblower mailbox. If suppliers violate the relevant provisions of the Compliance Responsibility Business Alliance Code of Conduct, once verified, we will reduce or terminate cooperation with the supplier.

Supplier Reporting Channel

Email address for supplier reporting: integrity@celxpert.com.tw

Mail Address: No. 128, Gong Wu Rd., Wu Lin Vil., Lung Tan, Taoyuan, Taiwan

Enhancement of business ethics awareness

The company regularly conducts anti-bribery and anti-corruption education and training for all employees to help them fully understand the current internal business ethics policies. During the reporting period, our anti-corruption and anti-bribery education and training covered all indirect employees of the company. In terms of education and training, the Human Resources Department continues to plan and schedule anti-bribery and anti-corruption courses, incorporating the courses into the orientation training for new employees. Through practical case studies, this helps new employees gain a better understanding of the company's internal anti-corruption policies and regulations. Additionally, on the company's internal website, we publicly displays anti-corruption policies, anti-discrimination policies, anti-harassment policies at workplace for all employees to read and learn from.

3.1 Risk Management

Operational Risk Management and Risk Response

Issues	Impact on the company	Risk response and its effect
New government policies and regulations	Business model influenced by the amendments	Review and adjust the present operational model to ensure that the company obeys regulations. It is also beneficial for advancing the governance and enhancing the company's corporate reputation.
Accidents in factories (e.g., power cut and factory fire)	Property loss or the product damage	Regularly inspect fire safety equipment and manufacturing machines, and conduct emergency drills to lessen the impact when accidents happen.
Substantially demand increase	Labor shortage and production cost increase	Restructure, conduct market research and keep up with the industry trends to resiliently adapt to the change of the market demand.
Delivery failure from suppliers	Affecting production resulting in lower productivity and influencing the company operation	Deepen the partnership with the suppliers, and strengthen the supply chain management as well as stock management to maintain operation and financial management.
Talent loss	Affecting employee morale and increasing training cost	Analyze the reasons of talent loss, strengthen the communication between the company and the employees, focus on talent recruitment, and develop succession plans to assist the company growth.

Issues	Impact on the company	Risk response and its effect
Occupational risk	Resulting in employees suffering injuries and influencing the company's corporate reputation	Strengthen the training of environmental and occupational safety and health, and promote the mindset of environmental and occupational safety and health management systems to reduce incidence rate.
Impact from climate change	Decreasing the harm on the environment to ensure that the company obeys environmental regulations	Keep advocating the concept of energy saving, carbon reduction and environmental protection.
Environmental awareness from the society and strengthened corresponding regulations	Replacing the old facilities with the new ones, and reducing energy consumption	Regularly update the corresponding internal policies to comply with the laws. Replace the old facilities with the new ones to maintain efficiency and reduce energy consumption.

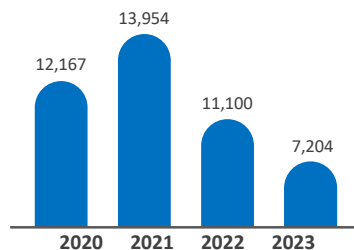


3.2 Operating Performance

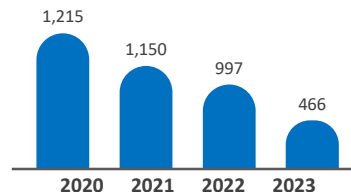
Celxpert continues developing various applications with the existing customer base and is actively expanding battery pack products in other areas, such as power tools, carriers, and energy storage applications. We continue to improve product safety and enhance product function customization to strengthen the competitiveness of our products.

Operating Performance

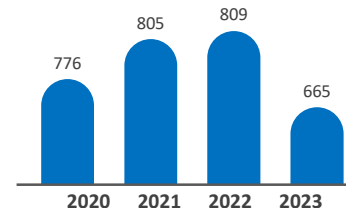
Operating income (NTD million)



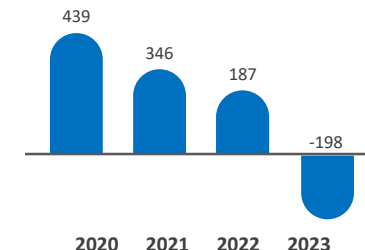
Gross Profit (NTD million)



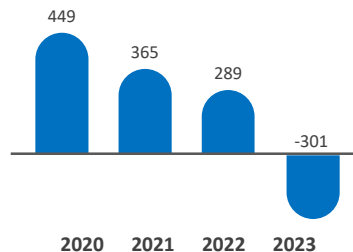
Operating expenses (NTD million)



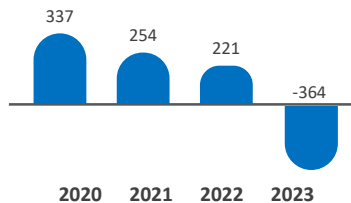
Operating Income (NTD million)



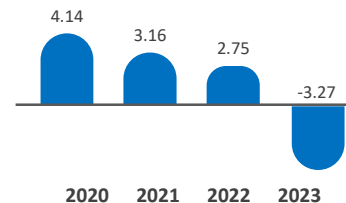
Profit before tax (NTD million)



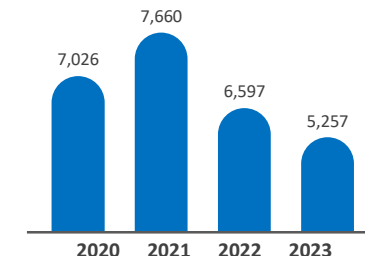
Net profit for the period (NTD million)



Earnings per share (NTD)



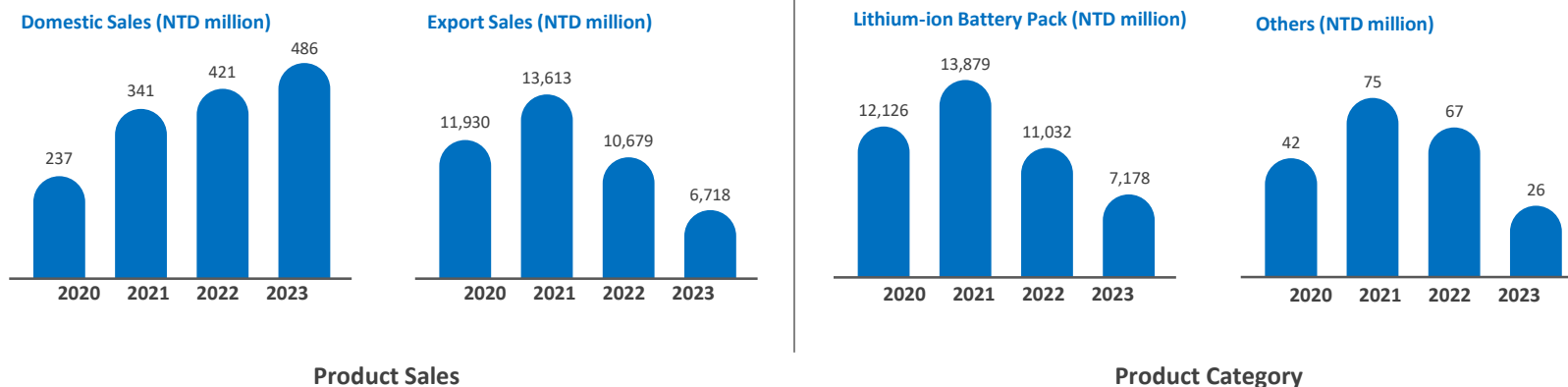
Total Assets (NTD million)



3.2.1 Product Sales Overview

Celxpert's sales volume in the past two years is mainly lithium-ion battery packs, divided into domestic and export sales. In recent years, there has been no significant change in the company's main customers, primarily based on customer orders for adjustment. Because 3C products such as electronics, information and communication are developing in the direction of wireless and portability, the types of products will gradually diversify and demand will increase. As battery packs are the primary power source for communication and information portable products, ultra-thin notebooks, business laptops, smartphones and gaming products. Thus, it will continue to grow in scale and demand.

Sales Overview



3.3 Quality Management

Celxpert not only focuses on product quality, but also continues years of design and manufacturing experience to win the trust of customers with complete product testing and strict quality control. We have introduced the ISO 9001 quality management system. We integrate the spirit of ISO, “say what you do, do what you say, document what you did” and continuous improvement, and PDCA management cycle into daily operation management. We pass ISO 9001 : 2015 and IECQ QC 080000 by third party verification every year.

ISO 9001 Quality Management System

From organizational operations, product manufacturing, improvement reviews, strengthen quality management, and enhance corporate competitiveness, that is all trying to ensure customers receiving consistent products, and excellent services.



ISO 14001 Environmental Management System

Optimize the product life cycle of product design, manufacturing, distribution, using, and disposal to protect the environment, reduce costs, and increase revenue.



ISO 45001 Occupational Health and Safety Management Systems

Establishing a safe and good working environment and lowering the risks of employees being harmed are the commitments Celxpert made to treat employees well.



IECQ QC 080000 Hazardous Substance Process Management System IECQ QC 080000

From the process of material management, product manufacturing, and supplier management, control the use without hazardous substance in the process of product production, and protect consumers in the environment without toxic substances.



3.3.1 Quality Policy

The spirit of the quality policy is to continuously improve product quality, which is also the highest guideline of the quality management system. According to the quality policy, Celxpert formulates quality goals at each stage. In order to ensure that product quality meets customer expectations, the quality policy is constantly publicized and employees are educated to maintain this policy.

In order to implement and promote the quality policy, Celxpert continues to innovate in product design, process optimization, and process management to achieve excellence. Through full participation and continuous improvement, we provide customers with the best service to meet and even exceed customer expectations.

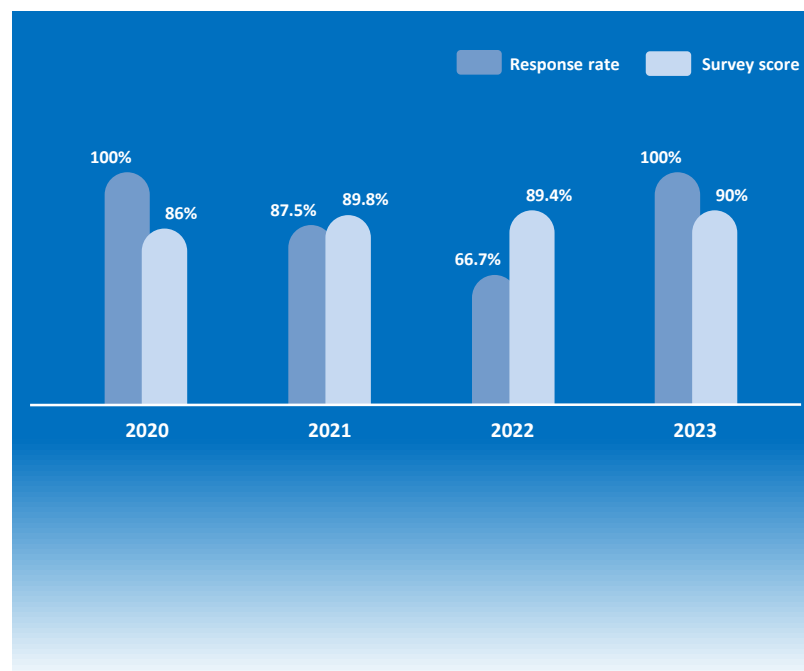
Customer Relations

With high-quality and efficient services, Celxpert provides customers with a full after-sales services to meet customer needs. All customers have personnel teams to handle incidents or issues, and collect valuable feedback questionnaire surveys from customer. We continuously improve the company's service quality and strengthen the good cooperative relationship with customers to create the maximum benefit and value of the enterprise together.

With the attitude of pursuing customer satisfaction, Celxpert strengthens existing customer relationships. Moreover, we optimize the existing product portfolio to provide products and services that satisfy customers and exceed customer expectations.

In order to improve customer satisfaction, we carefully listen to the voices of customers through customer satisfaction questionnaire. In order to understand customers' multi-faceted feedback on quality, cost, delivery, service and technology, etc., it is used to actively respond to customer needs. Therefore, we look forward to bringing more benefits to customers and providing better services.

Customer Satisfaction Survey



3.4 Sustainable Supply Chain Management

Celxpert regards suppliers as long-term partners. In addition to competitive quality, technology, delivery time, and cost, which are essential requirements for suppliers, Celxpert pays attention to suppliers' governance, environmental, and social aspects. Celxpert seeks to join hands with its suppliers to jointly promote the sustainable development of the value chain. Through regular risk assessment and identification, suppliers can quickly respond to relevant deficiencies, avoid possible crises, and further strengthen the sustainable supply chain, and performance evaluation.

Strategic guidelines include :

Set short- and mid-term key targets and formulate specific methods to effectively promote and implement. Regularly identify high-risk suppliers and require them to perform audits and set deadlines for improvement to become medium- or low-risk suppliers. Implement and abide by the supply chain ESG policy, and fulfill the business mission: "Green life and Sustainable development."



3.4.1 Supply Chain Management Procedures

Celxpert's supply chain management includes selection and approval of new suppliers, continuous ESG risk management, and performance evaluation. The targets include suppliers of materials/components, agents, and contractors.

Selection and approval of new suppliers

New material suppliers must have ISO 9001 certification and meet requirements for environmental management substances. We encourage suppliers to obtain ISO 14001 certification. Only companies that pass onsite audits for procurement, quality, technology, and hazardous substances can become official suppliers of Celxpert. Celxpert's procurement contracts include product liability and confidentiality clauses as well as the Supplier Code of Conduct, Responsible Business Alliance (RBA) Code of Conduct on environmental protection, conflict minerals, fair competition, and anti-trust. In the screening of new suppliers in 2022, the Company evaluated the environmental and social standards of 100% of the candidates.

Continuous ESG risk management

Celxpert continues to use survey forms and documents for the first round of document audit to investigate potential risks of the supplier in labor, health and safety, environment, ethical corporate management, management systems, potential risks for supplier management, and compliance with the Code of Conduct to evaluate ESG risk ratings and ESG capability ratings. We also distribute the survey form for conflict minerals to complete our due diligence investigation for conflict minerals in the supply chain.

Performance evaluation

To incorporate ESG sustainability performance as incentives, Celxpert implements the Quarterly Business Review, and selects the Most Valuable Partner and Most Improved Partner based on the suppliers' ESG risk rating and capabilities. In 2023, Celxpert included suppliers' ESG compliance into the response to the QBR to increase incentives. The ESG indicators incorporated into overall scores included ESG survey response speed, whether the supplier has provided greenhouse gas inventory data and obtained the ISO 14064 Greenhouse Gas Inventory certificate. These indicators account for 10% of the score.

Supplier engagement and long-term improvements

Celxpert will start a supply chain sustainable cooperation plan in 2022. It will conduct energy-saving product demand interviews for long-term cooperative suppliers, and start from logistics carbon emission reduction to the application of energy-saving products, helping to significantly save materials and operating costs, and also reduce carbon emissions and strive for environmental sustainability.

Suppliers' Participation in Sustainability

Celxpert views its suppliers as long-term partners and critical partners in Celxpert's promotion of sustainable development. In addition to competitive quality, technology, delivery, and cost, Celxpert also pays close attention to their performance in governance, environmental protection, and society, including actions taken in response to climate change.

To help suppliers who have not yet conducted a GHG inventory measure their annual GHG emissions in accordance with ISO standards, Celxpert invited external consultants to provide a two-day GHG inventory training program in Chinese, which was provided free of charge to Celxpert's tier 1 suppliers. The course on ISO 14064 Greenhouse Gas Inventory Standards included an analysis of the requirements and the terminology. We then introduced quantitative tools and inventory calculation formulas to show the GHG inventory process and matters of note with real case studies. We also provided information on the organizational structure of the report and the key points for verification. Celxpert will continue to organize related external education training programs to enhance the overall ESG capabilities in the supply chain.

Starting in 2022, Celxpert's suppliers will be required to measure their annual GHG emissions and provide the necessary product-based GHG data to meet Celxpert's requirements for information on product carbon footprint. We also require suppliers to obtain third-party verification statements for GHG inventory data before Q4 of 2025.



Supply Chain Environmental Performance

To fulfill our corporate commitment "To provide innovative, clean and energy efficient solutions for a better tomorrow," Celxpert continuously cooperates with suppliers to reduce carbon emissions. This not only lowers operational costs for both Celxpert and the supplier, but also increases the competitiveness of the entire supply chain.

Conflict Minerals Policy

The Responsible Minerals Initiative (RMI) research discovered that rebel groups in the Democratic Republic of Congo and neighboring countries in Central Africa use forced labor, child labor, and other illegal means to mine tungsten, tin, tantalum, gold, cobalt, and mica, and sell them in exchange for weapons, thereby causing regional instability. Minerals obtained through illegal means are referred to as conflict minerals. Tungsten, tin, tantalum, gold, cobalt, and mica are essential for the functions of electronic products. To avoid the use of conflict minerals obtained from illegal operations, we have established the Responsible Mineral Procurement Policy and the Due Diligence Investigation on Conflict Minerals of Suppliers. Celxpert also organized webinars to communicate directly with suppliers and help them understand Celxpert's targets for joint implementation. In the due diligence investigations of suppliers, we disclosed and required suppliers to gradually shift purchases of minerals to qualified refineries. Celxpert will include mica, which has received more attention from stakeholders, in the scope of due diligence investigation.

- Must fulfill social and environmental responsibility
- Ensure that products do not use "conflict minerals" from Congo and its surrounding countries and regions, but "conflict-free minerals" in its regions cannot be boycotted.
- Trace the source of gold (Au), tantalum (Ta), tin (Sn) and tungsten (W) contained in the products. All suppliers shall complete the questionnaire and conduct the investigation according to OECD guidelines to avoid directly or indirectly financing armed conflict groups
- Commit to use metals from independently certified smelters/refineries
- Deliver this request to its suppliers

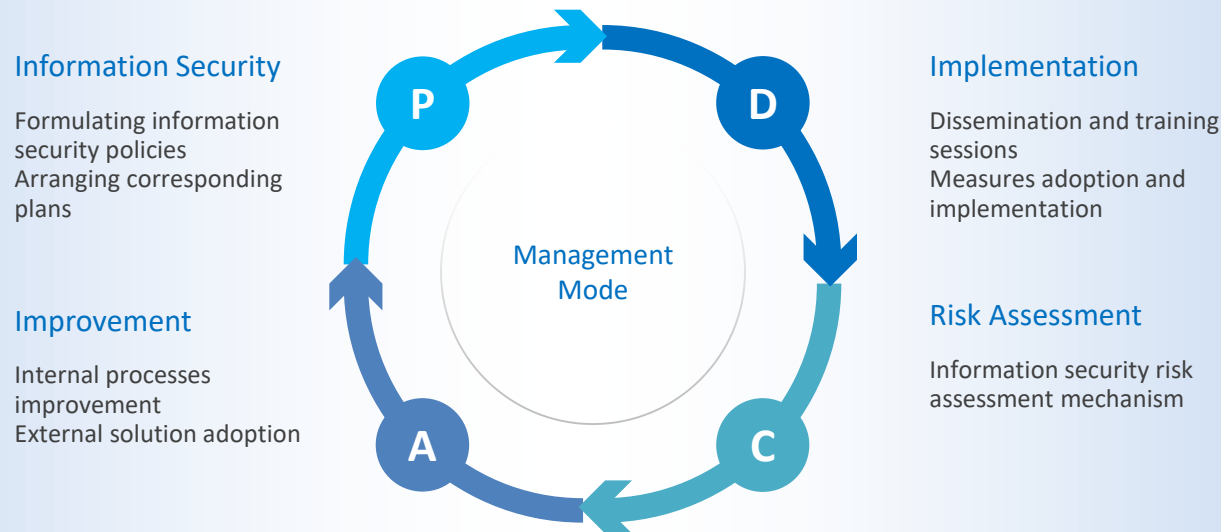


3.5 Information Security Management

The Framework of Information Security Risk Management

Celxpert's Information Security Department is responsible for the information security of the company. Information Security Department, formed by 1 director and several information technology professionals, is in charge of formulating, promoting and conducting the information security policies. Celxpert's Audit Division is responsible for supervising information security. Audit Division, including 1 director, is in charge of supervising and auditing the implementation of the internal information security. In accordance with *Regulations Governing Establishment of Internal Control Systems by Public Companies*, Celxpert compromises the information security investigation as a part of the annual internal audit plan and conduct auditing periodically. If deficiency is found, the audited department needs to submit improvement plans and concrete actions, and monitors the effect to reduce the internal information security risk.

Celxpert applied PDCA (Plan-Do-Check-Act), a circular management mode, to manage information security for goal achievement and continual improvement.



Information Security Management Policy

To effectively implement the company's information management systems, maintain the confidentiality, the completeness and the usability, protect the operation of the information systems, and achieve the goal of the corporate sustainability, the company's information security management policies encompass the three Aspects below:

Regulation

Celxpert formulates Information Systems Management Rules to regulate the information security behaviors among the employees. The company inspects whether the rules are consistent with the latest laws as well as the operational environment, and will revise the rules if needed.

Protection System

To prevent external threats and overall enhance the information security, Celxpert applied multitier network design and also builds various protection systems.

Information Security Training

To minimize the impact of the information security caused by human error in the company, MIS Division regularly holds information security training sessions to strengthen employees' awareness of the information security.

Procedures of Information Security Risk Prevention

System and document data local backup is conducted daily, weekly and monthly, and the offsite backup is conducted regularly. System data backup and recovery drill are conducted annually to ensure the information systems well functioning and the data integrity so that the risk of data loss resulting from natural disasters and the negligence can be reduced.

If an information security incident happens that affects the operation of the company's information system or the operational efficiency, MIS Division will assemble the related units to establish Cyber Incident Response Team to handle the information security incident.

Cybersecurity insurance is an emerging insurance. The insurance claims investigations are vague. Not all the information security incidents are covered by the insurance. Consequently, the company hasn't yet obtained a cybersecurity insurance. To reduce the harm that the potential information security incidents may cause, the internal warning system is built. When a specific information security incident happens, the system administrators will be immediately informed by a warning signal so that the administrators can take action timely and effectively to minimize the harm resulting from the negligence.

4

Green Environment

- 4.1 Climate Management
- 4.2 Energy Management
- 4.3 Environmental Management
- 4.4 Biodiversity Policy
- 4.5 Green Management
- 4.6 Green Products

4.1 Climate Management

Task Force on Climate Related Financial Disclosures (TCFD)

With the ongoing escalation of global warming and climate change issues, the Financial Stability Board (FSB) released the Task Force on Climate-related Financial Disclosures (TCFD), proposing an organizational and systematic framework for companies to response climate change. This framework aims to identify the risks and opportunities associated with climate change and navigate the path towards net-zero carbon emissions and climate change governance with a cautious attitude towards addressing the impacts of climate issues.

Celxpert became a supporter of TCFD in November 2023, incorporating considerations of climate change risks into its risk management by referencing the core elements of TCFD disclosures, including governance, strategy, risk management, and metrics and targets. Mechanisms such as identifying climate-related risks and setting carbon reduction targets assist Celxpert in managing climate risks and opportunities, meeting the expectations of government, customers, suppliers, shareholders, and the general public regarding climate governance. This section will outline Celxpert's "Climate Risk Management" based on the TCFD framework.

Governance

Organization	Work content
Board of Directors	<p>At Celxpert, the Board of Directors serves as the highest decision-making organization for the company's climate governance, responsible for monitoring and overseeing the company's governance performance and the achievement of goals on climate-related issues. Execution primarily occurs through the regular convening of board meetings annually, during which the sustainability performance of the year is reviewed, including the governance status and achievement of goals regarding climate-related issues. Since 2020, an annual review has been conducted on energy conservation, carbon reduction, and water-saving objectives related to climate. Additionally, climate-related issues are considered when reviewing the company's significant plans (such as major capital expenditures, acquisitions, and divestments), risk management policies, annual budgets and business plans, and when formulating the organization's operational objectives.</p>
Sustainable Development Committee	<p>To align with regulatory initiatives such as the "Corporate Governance 3.0 -Sustainable Development Roadmap" and meet the practical needs of our company, we are promoting sustainable development policies to achieve the concept of sustainable business operations. In accordance with the "Best Practice Principles for Sustainable Development" of Celxpert, we have established a Sustainable Development Committee, along with Risk Management Team, Sustainable Development Team, and Integrity Operation Team.</p> <p>Responsibilities of the Sustainable Development Committee include:</p> <ol style="list-style-type: none"> 1. Develop corporate sustainable development direction, strategies, and objectives, as well as formulate relevant management policies and specific implementation plans. 2. Plan for corporate sustainable development, including the establishment of goals, strategies, and implementation plans for sustainable governance, integrity operation, environmental, and social aspects. 3. Promote and implement related work in company integrity operation and risk management. 4. Review the implementation and effectiveness of the company's sustainable development, revise strategic goals and related regulations and systems, and regularly report to the Board of Directors. 5. Other matters delegated by the Board of Directors to be handled by the committee.

Climate Risk and Opportunity Explanation and Counter Measures

Transition Risk	
Climate Risk	Policy and Legal Risks
Impact	<p>In all policies, Celxpert regards the net zero emission policy as the top priority to comply with regulations and avoid violating regulatory. Current regulations, including the GHG emission reporting and management regulations in Jiangsu Province, China, the Climate Change Response Act in Taiwan, and Corporate Governance Road Map, all require accurate reporting of the company's GHG emission to investors. Taiwan officially announced the "Pathway to Net-Zero Emissions in 2050" in March 2022, providing a trajectory and action plans towards net zero emissions by 2050 to promote technological, research, and innovation in key areas, guiding the industry's green transformation.</p> <p>The European Union is set to implement the Carbon Border Adjustment Mechanism (CBAM) as early as 2026. According to estimates by the Ministry of Economic Affairs, The EU carbon tariff will affect approximately 212 products exported from Taiwan to Europe, totaling about NT\$24.5 billion. Battery products are currently not included in the CBAM products, but Celxpert will continue to monitor developments in EU and international policies and regulations.</p>
Financial Impacts	Operating costs increasing
Counter Measures	<p>In order to meet the requirements for achieving net-zero carbon emissions, after careful assessment, Celxpert must have additional investment to upgrade to more advanced equipment to achieve carbon-negative technology. The company may also need to compensate residual emissions through carbon offsetting and further reducing emissions in the supply chain. Additionally, investments are made in other activities to reach the net-zero goal, such as energy-saving and carbon reduction projects, as well as investments in renewable energy, all of which present new business opportunities for Celxpert from emerging technologies.</p> <p>Celxpert is renowned for its excellent battery management technology and its ability to solve customer problems, thus attracting many suppliers to collaborate on developing the next generation of green products. In the process of promoting green and low-carbon economy, the European Commission proposed that Europe will achieve "net-zero emissions" by 2050. To achieve this goal, the European Commission has focused on the battery industry. On July 28, 2023, the European Commission announced the EU Battery Regulation (EU/2023/1542), which comprehensively upgrades the existing EU Battery Directive (2006/66/EC). The implementation method changes from the non-unified "directive" in EU countries to the consistent "regulation" among EU member countries. The purpose is to promote the sustainable development of the battery value chain, ensuring the sustainability, high performance, and safety of batteries in the EU market throughout their life cycle. This regulation applies to portable batteries, SLI batteries, LMT batteries, EV batteries, and industrial batteries. As an electronics company, Celxpert continues to practice our corporate mission in our daily operations and identifies "climate change" as one of the main risks to our sustainable development. As global climate change is happening, Celxpert has identified potential business opportunities, accumulated and expanded our research and development capabilities, and actively transformed into a high-quality provider of green energy-saving solutions.</p>

Transition Risk

Climate Risk

Market Risk

Impact

If customer or consumer demand for low-carbon products is lower than expected or acceptance is not high, it may lead to delayed launch of low-carbon products, prices that are not easily accepted by customers, reduced profits, or premature termination.

Financial
Impacts

Operating costs increasing; Capital expenditures increasing

Counter
Measures

Celxpert takes it as our responsibility to promote energy conservation and environmental protection, and will continue to develop more valuable, efficient, and environmentally friendly products to meet customer needs.

Climate Risk

Reputation Risk

Impact

Due to the impact of climate change, customer demands for electronic products are gradually shifting towards environmental friendliness and performance enhancement. Continuous investment in research and development resources is required to enhance the capabilities, strengthen patent applications and effectiveness, expand product application scopes, reduce production costs, and enhance industry competitive advantages. Legal disputes over patent infringement regarding these green new technologies among peers may arise, which could affect the company's reputation.

Financial
Impacts

Operating costs increasing

Counter
Measures

Celxpert manages the "Supplier Green Product Management System (GPM)" through automated system integration functions, systematically conducting suppliers' data surveys and questionnaire collections. This strengthens customer confidence in green product management, enhancing customer satisfaction and trust. For example, in response to EU CBAM requirements and customer demands, and with a better understanding of product carbon footprint, Celxpert will focus more on carbon reduction projects to design low-carbon green products. Through aspects such as the application of low-carbon materials, lightweight design, green energy adoption, and circular economy, Celxpert can reduce product carbon footprints. To avoid legal infringement issues, Celxpert has legal consultants responsible for reviewing all contracts, providing legal advice, managing patents, trademarks, and other intellectual property, and handling litigation and compliance legal transactions.

Product and Service

Climate
Opportunities

Opportunities for new product research and development and innovation

Impact

Celxpert is a global lithium battery pack supplier. Our mission is to focus on providing energy-related products and to be committed to becoming a guardian of the environment. We strive to mitigating key environmental issues such as global climate change. In addition to complying with existing domestic and foreign environmental regulations in product research and development, we primarily follow the requirements of green products from end customers. Under strict requirements and limitations regarding battery product specifications, quality, and safety, our green design system focuses on three aspects: "recyclability and easy disassembly," "low pollution (low toxicity)," and "energy and resource efficiency." We also incorporate the concept of a product life cycle, considering environmentally friendly raw materials from the early stages of design to reduce environmental impacts such as greenhouse gas emissions, ozone depletion, eutrophication, human toxicity, and other environmental indicators, aiming to truly protect human health and the environment with green products.

Financial
Impacts

Revenue growth from increased demand for products and services

Counter
Measures

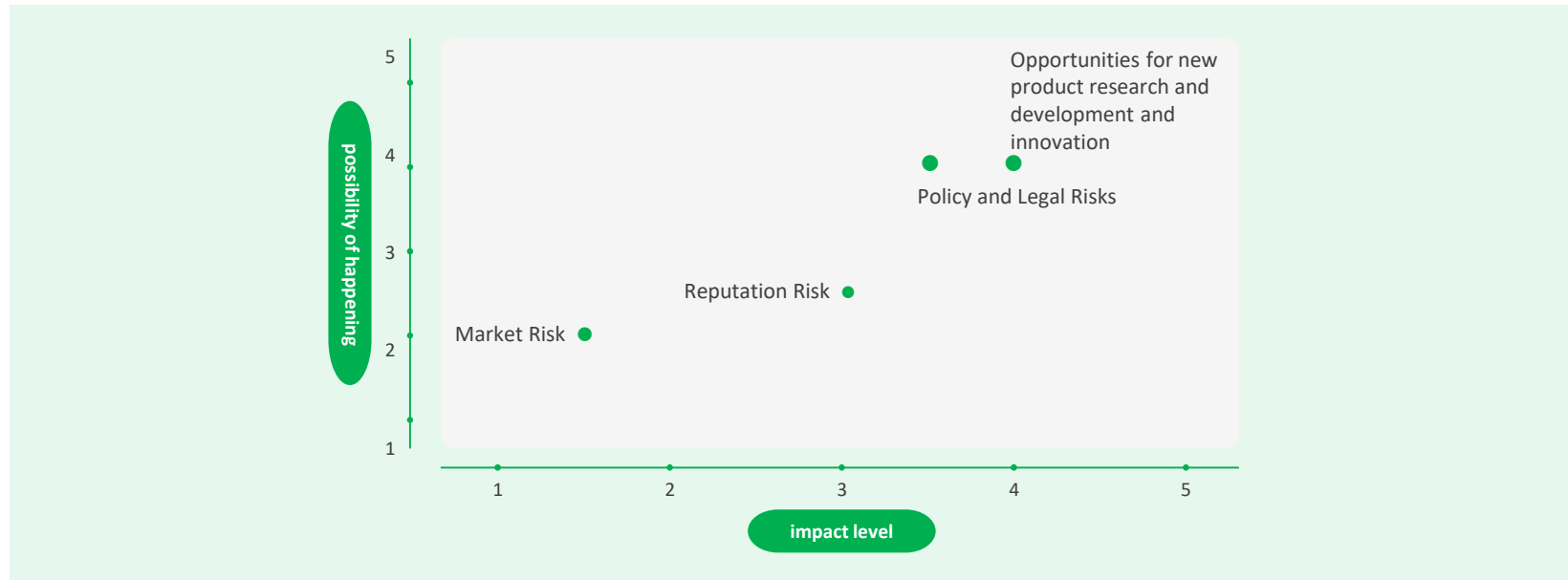
Celxpert's product categories include laptop and tablet battery packs, network device product battery packs, power tool battery packs, energy storage and backup power battery packs, E-mobility battery packs, and E-bike battery packs. In the future, we will develop high-efficiency lithium battery application products in response to customer demand. Headquartered in Taiwan, we regularly allocate 2% to 3% of annual sales revenue in research and development.

In 2022, Celxpert's sales volume of laptop battery packs accounted for 6.85% of the global laptop sales volume, demonstrating that we have complete design capabilities. We can design products according to different specifications and will continue to collaborate with customers to develop new products. We aim to stay ahead in research and development, grasp new materials and technologies, and simultaneously incorporate environmentally friendly raw materials to achieve the goal of green products.

In 2023, the E-bike battery packs produced by Celxpert successfully obtained ISO 14067 certification, indicating that the product's carbon footprint has received international recognition. This demonstrates Celxpert's ability to meet customer and government demands for product carbon footprint verification.

Furthermore, as society increasingly values energy stability, we believe that the demand for energy storage products will gradually increase, driving revenue growth.

Climate Risk and Opportunity Matrix



Climate Risk Management

In order to conduct climate risk assessment, the Risk Management Team of Celxpert has developed risk management policies and assessment procedures based on the TCFD framework and implemented operational processes. This serves as the primary standard for managing climate-related risks and opportunities in Celxpert. The Sustainable Development Team considers the impact of climate change factors and explores ways to mitigate and reduce risks, identifying and addressing risks and opportunities accordingly.

Climate Risk Management Process

1. Risk Identification: Each risk management unit identifies risk items according to its roles and responsibilities.
2. Risk Assessment: Each risk management unit analyzes and evaluates the level and value of climate risks, establishes a risk map, and identifies significant risks.
3. Risk Response: Each risk management unit develops and implements risk mitigation measures and assesses residual risks.
4. Supervision and Review: Each risk management unit should remain vigilant about changes in the risk environment and the occurrence of new risks, supervise identified risks, and issue necessary alerts. They should also review the effectiveness of risk mitigation measures and the correctness of risk management procedures to ensure the proper implementation of internal control operations.
5. Information Transmission, Communication, and Consultation: The Finance and Accounting Division of the company is responsible for the communication and coordination of the Risk Management Team, ensuring the effective implementation of climate risk management operations. It ensures that information related to the company's climate risk management is collected, consolidated, recorded, reported, and disclosed accurately to facilitate the continuous operation of climate risk management.

Metrics and Targets

- In response to climate risks caused by carbon emissions, Celxpert has been conducting annual organizational greenhouse gas inventories following ISO 14064-1 since 2022. The emissions from Scopes 1, 2, and 3 are disclosed and the reports are verified by a third party.
- Celxpert has successfully been approved the near-term targets setting through the Science Based Targets initiative (SBTi) in November 2023. Celxpert commits to reduce absolute Scope 1 and Scope 2 GHG emissions 42% by 2030 from a 2021 base year. Celxpert also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services 25% within the same timeframe. The targets align with the Intergovernmental Panel on Climate Change (IPCC) pathway to limit global warming to 1.5°C and contribute to achieving global climate goals.
- By 2035, Celxpert aims to achieve 100% renewable energy usage in Taiwan headquarter, and by 2040, the goal is to have all global business locations powered by 100% renewable energy.

4.1.1 Net Zero Promise

Looking towards the future, Celxpert will continue to work with our core value, “Integrity, Innovation, Quality Assurance”. We implement sustainable practices, including environment sustainability, social engagement and corporate governance. We are dedicated to international initiatives activities, such as Sustainable Development Goals (SDGs) 、RE100 and Science Based Targets initiative (SBTi). Through the company’s environmental policy, we promote the goal of sustainable development and demonstrate our determination to respond to climate change, save energy and reduce carbon, thereby achieving the goal of carbon neutrality. In the future, we hope to actively respond to the challenges of climate change and gradually achieve the net zero goal of 2050 by integrating the power of upstream and downstream value chain partners.

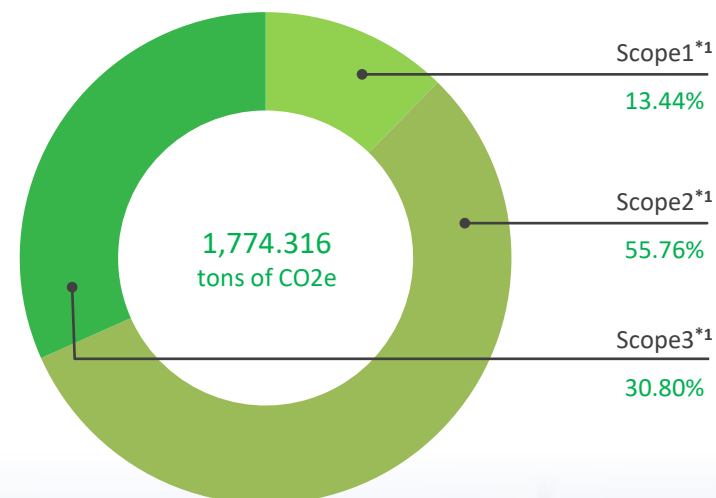
Net zero action strategy

2021	2022	2023	2030	2050
Promise	ISO 14064-1 Complete verification	Pass SBTi 1.5°C Target verification	Short term goals	Long term goals
	<ul style="list-style-type: none"> 2021 set as the base year 	<ul style="list-style-type: none"> Get ISO 14067 Product Carbon Footprint 	<ul style="list-style-type: none"> Scope 1 and 2↓42% Scope 3:Purchase goods and services↓25% RE100 : Taiwan Plant 	<ul style="list-style-type: none"> Scope 1 and 2↓95% Scope 3↓90% RE100 : All bases
Energy Saving		Substitute Raw Materials		Renewable Energy

4.1.2 Greenhouse Gas Inventory

In 2021, Celxpert conducted the company's first greenhouse gas inventory, setting 2021 as the base year. Celxpert have 100% completed ISO 14064-1 greenhouse gas verification. The total greenhouse gas emissions of the Taiwan plant in 2023 is 1,774.316 tons of CO₂e, of which 989.347 tons of greenhouse gas emissions of scope2, accounting for 55.76% of the largest. Scope1 and scope3 account for 13.44% and 30.80% respectively.

*1: Scope1 is direct emissions: Emission sources owned or controlled by the company, including emissions from manufacturing processes, factory facilities, and transportation vehicles. Scope 2 is indirect emissions: Indirect emissions from energy use such as purchased electricity, heat or steam for the company's own use. Scope 3 is other indirect emission: All indirect emissions generated outside the company include emissions generated by employee commuting, business travel, upstream and downstream cargo transportation, and other product life cycles.

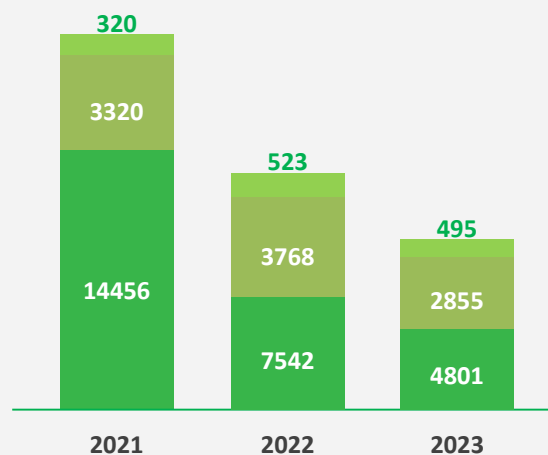


Greenhouse Gas Emissions in 2023

Celxpert is committed to monitoring and implementing carbon footprint reduction programs at operating sites, gradually improving and enhancing energy efficiency in all areas, such as lighting and power systems. We encourage colleagues to innovate and advance in many areas such as energy saving, reducing production costs, improving productivity or per capita output, waste utilization, and promoting effective energy saving measures. As well as to establish greenhouse gas reduction strategies: promoting energy conservation, reducing electricity usage, improving equipment efficiency, improving equipment maintenance, reducing refrigerant emissions, introducing plant energy saving programs (production equipment ROI <3 years, utility (production equipment ROI <3 years, utility equipment ROI <5 years), and procurement of renewable energy power and certificates.

Total emission of all scopes

Scope1 Scope2 Scope3



Various types of greenhouse gas emissions

Unit: tons of CO₂e

	Taiwan Plant	Kunshan Plant
CO ₂	1,558.740	6,206.285
CH ₄	13.137	71.413
N ₂ O	0.715	1.598
HFCs	201.724	96.866
PFCs	0	0
SF ₆	0	0
NF ₃	0	0
Total	1,774.316	6,376.162

4.2 Energy Management

At the end of November 2023, Celxpert has been approved the near-term targets setting through the Science Based Targets initiative (SBTi), an authoritative international climate change organization. Celxpert has established science-based carbon reduction targets, proposing 2021 as the base year, committing to reduce Scope 1 and Scope 2 GHG emissions 42% by 2030 and reduce Scope 3 GHG emissions from purchased goods and services 25% within the same timeframe.

In order to achieve the carbon reduction target, the company has externally committed to the RE100 target and will achieve 100% use of renewable energy at its Taiwan plant in 2035 and in its global bases in 2040. Environmental sustainability has always been a core issue of concern to the company. We are committed to providing high-quality, high-efficiency products, and we also know that our responsibility should not be at the expense of the environment. We have successfully identified hotspots of greenhouse gas emissions and promoted the introduction of renewable energy, such as building solar power generation devices at our Kunshan plant, to demonstrate our determination to reduce carbon emissions. Kunshan plant built an off-grid photovoltaic energy storage system in the available space in the factory area in 2023, combined with a pre-grid-connected photovoltaic energy system, to cope with the impact of climate change on the environment and achieve the company's net-zero emission goal.



▲ Aerial photo of Kunshan plant for the second phase of solar power generation

Carbon reduction planning

We prioritize reducing greenhouse gas emissions within the organization. we start by reducing greenhouse gas emissions within the organization since carbon reduction in the supply chain requires considering the impact on upstream and downstream manufacturers. For example: prioritize the construction of energy saving, carbon reduction and energy management systems, and formulate renewable energy procurement strategies based on the results after the introduction. We also assist upstream manufacturers to conduct organizational carbon inventories to understand the main emission sources of suppliers and provide relevant strategies. We also prioritize energy conservation and introduce renewable energy for production. We will also use recycling methods for packaging materials and some raw materials to reduce carbon emissions, and look for alternative raw materials to use, and find alternative raw materials or recycling mechanisms for raw materials to reduce emissions.

Carbon reduction building



Build a lithium battery energy storage and backup power battery system, and conduct intelligent management of factory power through the EMS system



A smart meter is built to facilitate greenhouse gas inventory, coupled with a lithium battery energy storage and backup power battery system, and the EMS system is used to intelligently manage the power in the factory.



Build fan variable frequency drives to enable high-energy-consuming equipment to operate more efficiently, reduce energy consumption and reduce overall carbon emissions.

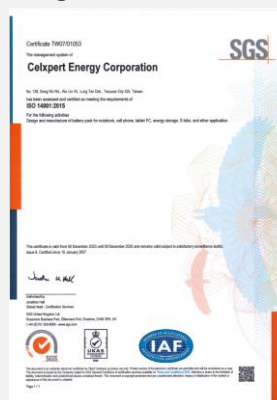
4.3 Environmental Management

Based on the goal of sustainable management, Celxpert has introduced the ISO 14001, environmental management system and actively invested in environmental management and improvement of environmental performance. We implement the monitoring and management of air, water, waste, toxicity, noise and other factors that may harm the environment and personnel during the production process. In order to have a consistent implementation policy, we have established an environmental policy to implement the spirit of the environmental policy in the company's related affairs. In view of the rising public awareness of environmental protection and increasingly stringent regulations in recent years, it is necessary to improve the concept of source management and pollution prevention and control technology in order to comply with the world trend and relevant environmental regulations.

Waste Management

Celxpert has taken the initiative to implement the ban on hazardous substances, enhancing product environmental protection. We maintain sustainable development and take the most concrete actions for environmental protection to ensure that the company's operations comply with relevant regulations. In order to effectively manage the waste in the factory, Celxpert actively promotes diversified waste treatment policies and formulating control documents to achieve effective waste management and treatment through practical actions. In 2022 and 2023, Celxpert has no losses due to environmental pollution.

Celxpert does not use water in the production process, and no equipment generates waste gas, so the production operation does not cause pollution to the environment. No toxic substances are used, so there is no concern about the environmental impact of leakage.



ISO 14001:2015
(2023.12.09~2026.12.09)

Waste Management Process

Regulatory compliance

Waste management policy

Development of relevant control documents

Waste management procedures

Specific actions for waste reduction

- Product design adjustment and process change
- Promote environmental issues in the company
- Waste and paper reduction and sorting

Waste disposal

- Business waste disposal
- General garbage disposal
- Recycle

Water Resource Management

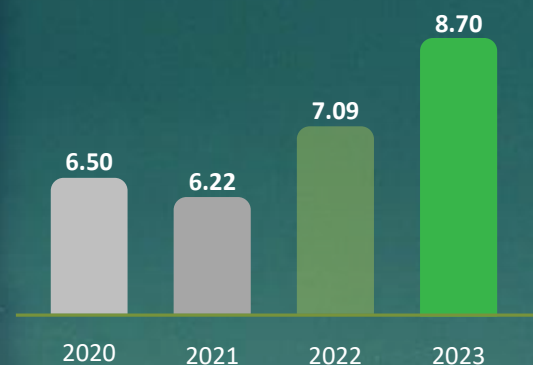
The usage is all for domestic purpose and none for process. All wastewater is piped and discharged into designated sewer systems, and there is no interaction with shared water resources. The total used water volume is 8.70 million liters in 2023 which is 1.61 million liters more than 2022. According to the data provided by the Taiwan Water Supply Company, that is, based on the water consumption fee, factory drainage (wastewater) and water consumption (domestic drinking / sanitation / water tower evaporation, etc.) , there is currently no relevant monitoring record.

As water resources change rapidly due to climate change, Celxpert conducts several water conservation projects under the circumstances of the increasing of work force and production output, including promoting water conservations in summer, installing water-saving faucets, increasing the efficiency of using water and continuing paying attention to external water supply and internal water demand.



Water Consumption Volume

Unit: million liters



Total water consumption

4.4 Biodiversity

Celxpert has always adhered to the business philosophy of "integrity and pragmatism, quality assurance, innovation and excellence", and is committed to becoming a company that protects the global environment, provides alternative next-generation energy, and actively practices corporate social responsibility. We understand that building healthy ecosystems is important to maintaining a resilient natural environment and to the well-being of our society. Our impacts on natural ecosystems and biodiversity include sourcing and extracting resources from the natural environment, as well as direct interference with flora and fauna due to property development and management activities. All company colleagues will develop and adhere to strategies that are consistent with global best practices and ensure that adequate measures are taken to minimize the impact.

Promise

1. Avoid setting up factories or engaging in operating activities near globally or nationally important biodiversity areas
2. The company's operations aim to have a Net Positive Impact (NPI) on the environment and ecology, and are committed to maintaining biodiversity. If operational activities affect biodiversity, measures such as avoidance, minimization, restoration, and offset will be taken in order to reduce ecological impact
3. Comply with international and local forest-related laws or specific regulations where we operate, and adhere to the principle of Zero Net Deforestation to avoid indiscriminate deforestation
4. Continue to promote biodiversity conservation and non-deforestation issues to employees, suppliers and the public, and support and practice biodiversity conservation and forest conservation
5. Actively cooperate with suppliers and external stakeholders to support and practice biodiversity maintenance
6. Promote the concept of biodiversity, enhance public awareness of ecological conservation, and promote ecological conservation actions
7. Actively respond to initiatives to maintain biodiversity such as the United Nations Convention on Biological Diversity (CBD)
8. For supplier management, Celxpert has planned to include compliance with biodiversity conservation principles and non-deforestation commitments as one of the supplier evaluation and audit projects

4.5 Green Management

Celxpert values environmentally friendly. Unrestricted use of energy resources for economic growth will inevitably endanger the balance between the natural environment and human beings. Only ensuring the stability of the environment and ecology can achieve sustainable development. We effectively implement the company's actions in line with product environmental protection and sustainable development, commit to and follow environmental policies, and do our best for all actions.

Celxpert is valued by customers and must comply with relevant government laws and regulations. The company actively promotes green design and energy saving and carbon reduction, selects energy-saving production equipment, uses environmentally friendly raw materials, etc., and meets relevant regulatory requirements. The waste generated from packaging and domestic waste should be classified and recycled. A large amount of or large-scale recycled waste will be cleared, transported and processed by legal companies to reduce the environmental load capacity.

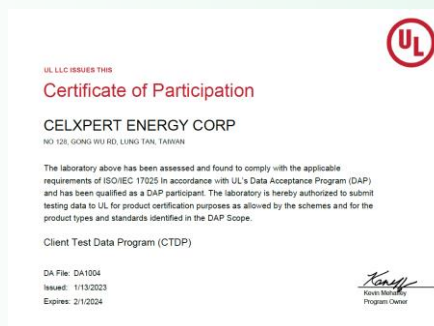


4.5.1 Management of the Cells

Regarding evaluating the cells, Celxpert assesses the performance and safety of the cells to ensure the products' quality with a variety of instruments in our lab. Concerning supplier management, Celxpert has complete procedure to audit the suppliers and verify the cells to effectively manage the high-quality cell suppliers and ensure production quality.

International Accredited Laboratory

Celxpert takes the safety of battery products as the first priority. By passing the verification of international safety standards, it provides consumers with safe and high-quality products and protects the rights and interests of consumers.



Client Test Data Program (CTDP)



ISO 17025

The Research and Analysis of the Cell

Celxpert has a rigorous test and research on the cell application to enhance the reliability and safety to improve customer satisfaction and trust in our products. Besides, with the development of our products, Celxpert also purchases instruments to facilitate the evaluation of product cell components.

Cell Electrical

1. Cell overvoltage float charging test.
2. Cell low voltage evaluation experiment.
3. Cell heating source experiment.

Cell Safety

1. Separator heat shrinkage experiments.
2. Cell impact failure evaluation experiment.

Cell Environment

1. Cell Block heating difference experiment.
2. Cell storage experiment.

Cell Application

1. Cycle life accelerated evaluation experiment.
2. Hybrid battery research.
3. Cell heating difference experiment.

Management of the Audit

Celxpert has complete procedure to audit the suppliers, including testing, audit, and improvement. First, we assess and verify the suppliers to ensure the quality of the cells. Secondly, we audit the original or new suppliers on their technical review and production procedure. Thirdly, we assist the vendors in improving. Finally, we assess and verify the suppliers to ensure the cell's quality again.

Evaluation Test of the Cell

Processing new supplier evaluation on the cell product to ensure the cell's quality.

Mechanism of Auditing the Vendor

Evaluate new suppliers and technical review regularly or irregularly every year to maintain the suppliers' quality and source new suppliers.

Improve Tracking and Counseling

After Improving tracking and counseling, evaluate the suppliers again.

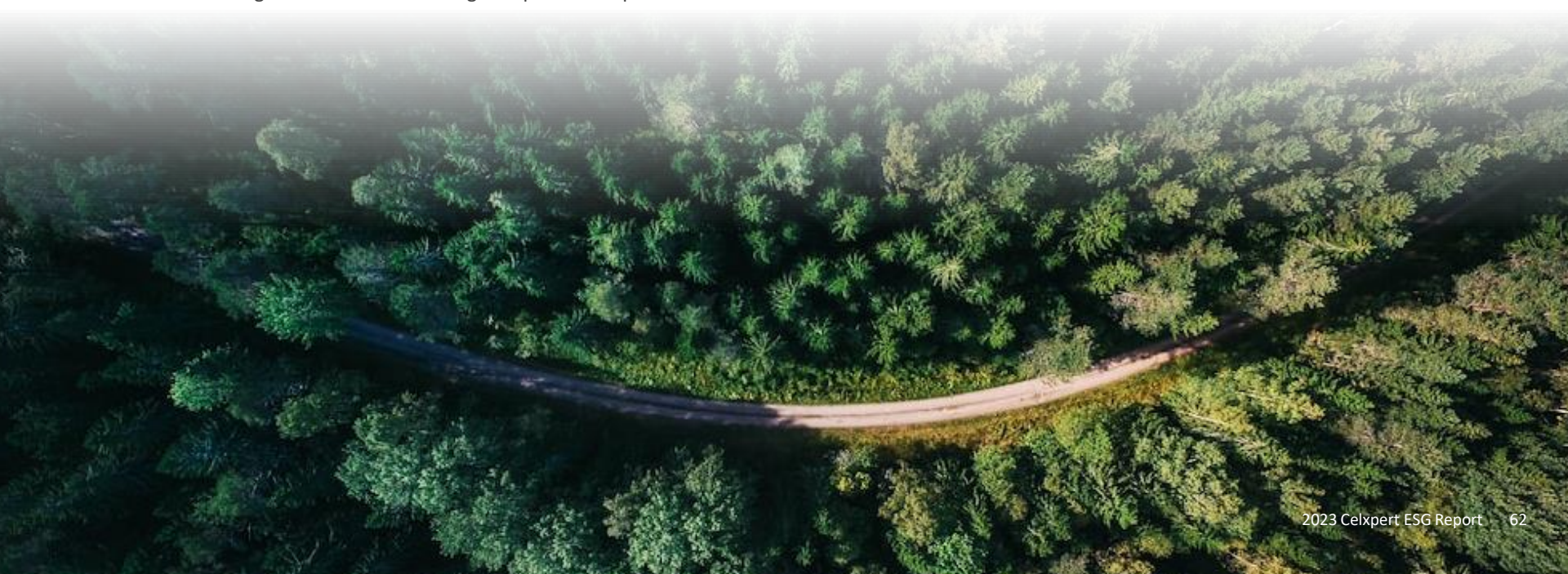
4.6 Green Products

With the successive entry into force of RoHS and chemical substance management regulations in various countries around the world, it has become an inevitable trend to completely ban or restrict the use of hazardous chemical substances in electrical and electronic products.

The RoHS Directive currently restricts the use of certain substances: lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs), bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP) and diisobutyl phthalate (DIBP). In addition, the WEEE Waste Electrical and Electronic Equipment Recycling Directive has a more direct impact on the global supply chain.

In order to comply with relevant regulations, laws, customer requirements and reduction of RoHS risks, Celxpert introduces IECQ QC080000 Hazardous Substance Process Management (HSPM) system. By effectively implementing HSPM, it proves that Celxpert has fulfilled its management responsibilities and exempted products from additional testing and fines.

On December 2, 2009, Celxpert obtained the IECQ QC080000 (HSPM) certificate by Intertek evaluation. Through continuous yearly review, the certificate was renewed in 2021, and the validity period will be until 2024/11/28, which proves that we are effectively implementing HSPM, and comply with relevant regulations and customer green product requirements.





Hazardous Substance Management

The Green Product Management (GPM) System developed by Celxpert mainly integrates the product parts approval and green investigation requirements. Through systematic management, we can improve the efficiency of communication between the company and suppliers and the product parts approval process, while reducing the risk of hazardous substances. If there is a need to update relevant information or parts approval requirements, an announcement can be made through GPM to increase the transparency of document information; and the green database is used to analyze the compliance of hazardous substances in parts and produce test reports.

After receiving the GPM notification, the supplier can upload the corresponding documents one by one for the parts approval items and other requirements, and the approval process will be completed after all the approval items are passed. Celxpert maintains good communication with suppliers. In addition to requiring due diligence of relevant employees, suppliers are also required to complete the collection and submission of relevant information in order to comply with the company's HSF policy.

In addition, Celxpert GPM manages all hazardous substances in finished products, semi-finished products, raw materials, packaging materials, and subsidiary materials. Through automated system integration functions, which can satisfy IEC 62474, employees can quickly and conveniently search material specifications, approval progress and green compliance results, conduct supplier green data surveys and collect questionnaires in a systematic way, so as to strengthen customers' confidence in green product management, improve customer satisfaction, and achieve the ultimate goal of HSF products.

HSF Policy

Celxpert has made Hazardous Substance Free (HSF) policy to show respect for the environment, protect human health, and enhance corporate green brand image. Hazardous substances have the characteristics of persistent, bioaccumulative and toxic, which have seriously affected the environment and ecological balance. Toxic substances such as carcinogenic, mutagenic, toxic for reproduction, and endocrine disruptors also affect human health and reproduction.

The products produced by Celxpert all comply with international regulations and customer requirements, and continue to obtain the 3rd party IECQ QC 080000 certificate, which reduces the risk of violating various laws and directives and proves the effectiveness of the HSPM in the factory.



IECQ-QC 080000

Hazardous Substance Process

In order to effectively manage the process of hazardous substances, Celxpert set up a working group; the group is composed of officers from various departments. According to the corporate operating goals and development, it establishes a HSPM manual, and formulates policies, goals for the reduction of hazardous substances as well as departmental standards. The group coordinates the promotion and maintenance of the management system, and the effective implementation of the process, promotes and supervises HSF activities, including the verification of hazardous substances, regular audits, and countermeasures for abnormal and emergency incidents, to ensure the implementation of HSF policy and then achieve annual goals. This system is also audited by corporate internal and third-party every year, and is continuously improved to ensure its integrity and effectiveness, so as to manufacture green products that meet regulations and customer requirements.

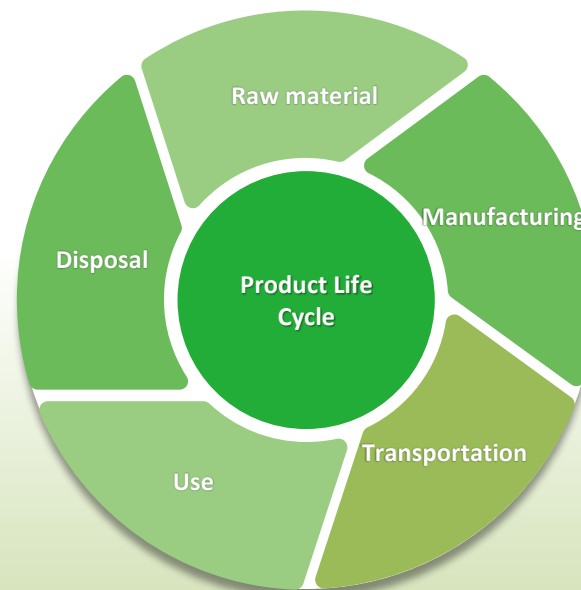
4.6.1 Green Design

Celxpert is a professional battery pack manufacturer. In the application of 3C and network products, our R&D design is not only in accordance with the existing domestic and foreign environmental laws and regulations, but also mainly based on the end customer's green product standards. Under the strict requirements and restrictions of battery product specifications, quality and safety, green design introduces the life cycle concept with three aspects of "recyclable & easy-dismantling", "low pollution (toxicity)" and "energy (resource) saving". We select environmentally friendly raw materials at the early stage of design. We anticipate to reducing various environmental impacts such as greenhouse, ozone depletion, eutrophication, human toxicity, etc., to achieve a green product that is truly highly protective of human health and the environment.

Product Life Cycle

In the procurement of raw materials, manufacturing, transportation, consumer use, and final recycling and disposal, Celxpert not only consider all possible environmental impact factors during product design, but also avoid potential harm to the environment and increasing social costs, in order to manufacture products that can achieve low pollution, low energy consumption and low toxicity.

With the growth of environmental awareness, non-green products have been gradually eliminated by the society and consumers. Violations of relevant environmental protection laws and regulations will result in fines or sentences, which will seriously damage the corporate image. So far, there have been no fines or lawsuits arising from the violation of relevant environmental protection laws or relevant green regulations for Celxpert products.



Product Halogen Free

Organic halides have immune system toxicity, carcinogenicity, mutagenicity, reproductive toxicity and persistent pollution. Improper use will cause harm to the environment and human health. The discharge of some organic halides (Ozone depleting substances) into the atmosphere will cause a hole in the ozone layer, and when some halogen compounds used as flame retardants are on fire or incinerated, the hydrogen halide gas released when combined with water vapor will harm human health, and even cause corrosion to buildings. Incomplete combustion of organic halides will also produce highly toxic substances - dioxins and furan compounds, which are extremely harmful to humans. Halogen-free is also called low-halogen, which means that the halogen content of product parts, materials and process materials meets the threshold value requirements.

For the control of non-halogenated products, Celxpert purchased XRF equipment to realize the rapid identification and screening of various heavy metals and halogens in Battery Directive and RoHS, such as Cadmium (Cd), Lead (Pb), Mercury (Hg), Chromium (Cr), Chlorine (Cl) and Bromine (Br) compounds.

At present, Celxpert has introduced halogen-free and Pb-free manufacturing processes, using environmentally friendly plastic materials and recyclable packaging materials, creating HSF products, reducing heavy metal pollution in the electronics industry, and replacing halogen compounds and plasticizers. These measures have positive effects on the environment, society and health.

In recent years, Celxpert has been actively promoting halogen-free products. In addition to formulating a product halogen-free plan, We also clearly puts forward halogen-free requirements to suppliers, and asks them to provide halogen test reports to confirm whether the halogen content meets the above specifications.



5

Happy Workplace

- 5.1 Human Resource Profile
- 5.2 Objective Key Result and Policy
- 5.3 Human Rights Policy
- 5.4 Education
- 5.5 Employee Welfare
- 5.6 Friendly Work Environment
- 5.7 Social Care
- 5.8 Occupational Safety and Health Management

5.1 Human Resource Profile

We hire employees in compliance with the labor-related regulations in the country and the basic labor rights specified in international conventions. Employment and promotion are executed based on the principles of no child labor and no discrimination, and only ability and competence are considered for employment. Celxpert specifies the regulations for the employment relationship, compensation, performance evaluation, employee welfare, leave, retirement, reward, and punishment. Promotion of the employee is subject to review at the Personnel Review Committee meeting to ensure fair, open, and impartial treatment of the employee and foster harmonious labor-management relations.

To protect personal information and privacy, we will sign a personal information statement with the interviewee during the interview stage to keep his/her personal information confidential. After new employees enter the company, we will arrange for a company profile session and educational training about the job function. The company makes these arrangements to help new employees have a basic understanding of the history, culture, organizational structure, personnel, and welfare systems of the company as well as the nature of the work and their roles.

Employee Recruitment Status

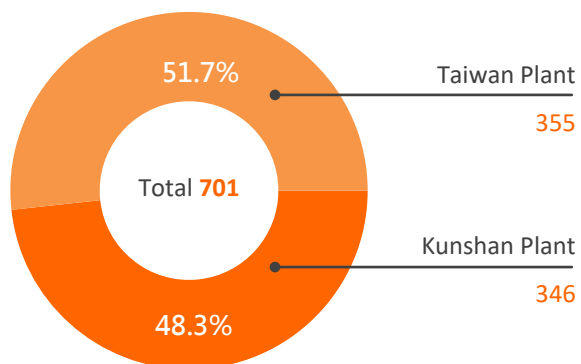
As for employment, the statistics reveal the employment group, personnel structure and data analyses by gender, age and plant which retrieved from Taiwan Plant and Kunshan Plant.

As for employment, Celxpert had 701 employees by the end of 2023. We have 68 less employees compared to the employee number in 2022. Most of the employees are female aged between 31 to 49 (68%). Celxpert has clear personnel regulations. We will not treat the employees differently due to their gender, age, nationality, religion, or political orientation.

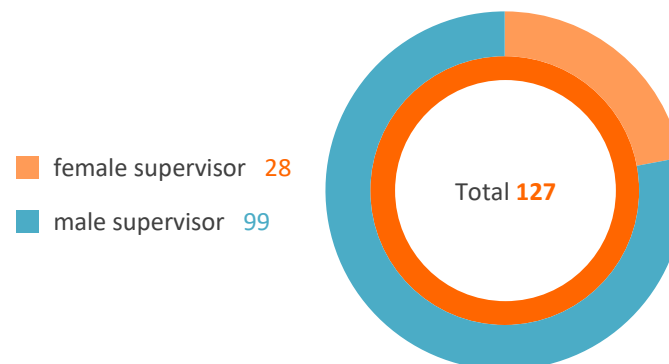


Personnel Structure

Number of Employees*1

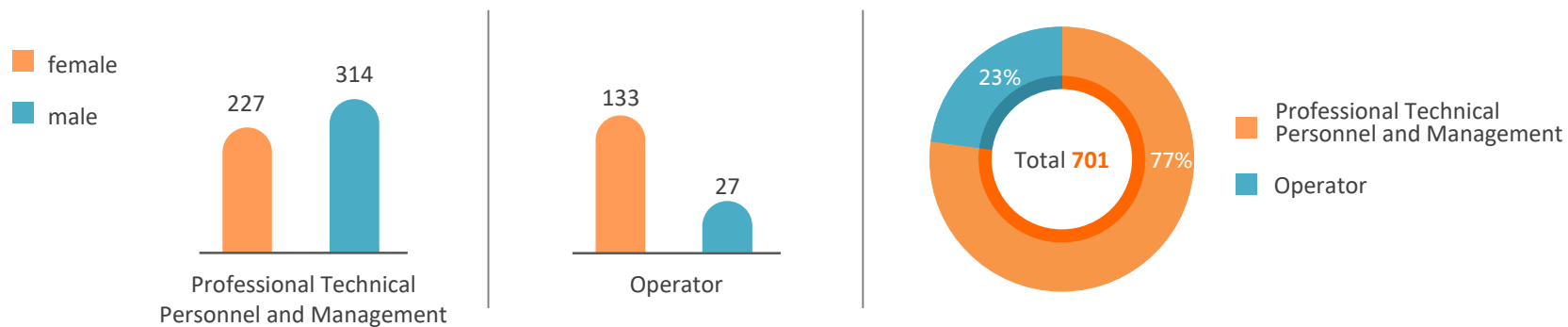


Management Positions by Gender



*1: The number of employees at the Taiwan plant includes Celxpert and its subsidiary Keelgpal Energy; the Kunshan plant excludes temporary workers.

Gender distribution of all employees



Employee for All Employees by Gender, Age , and Region

Category	Group	2022						2023					
		Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
		Number of people	Percentage	Number of people	Percentage			Number of people	Percentage	Number of people	Percentage		
Age	Under 30	73	9%	125	16%	198	26%	67	10%	100	14%	167	24%
	31-49	302	39%	222	29%	524	68%	271	39%	206	29%	477	68%
	Over 50	18	2%	29	4%	47	6%	22	3%	35	5%	57	8%
Region Statistic	Taiwan	184	24%	185	24%	369	48%	174	25%	181	25%	355	51%
	Kunshan	209	27%	191	25%	400	52%	186	27%	160	23%	346	49%
Total		769						701					

In 2023 we hired a total of 128 new employees, a decrease of 99 from last year, due to reduced production capacity. Most of them were aged below 30(64%), including 86 new employees of Kunshan Plants (67%).

There's an employee assistance program which builds a good communication channel by conducting an exit interview with employees in order to understand the root cause of resignation and room to be improved for company. As for departed employees, there're 201 people of work force left in 2023, mainly professionals. By conducting exit interviews and analysis, the main reasons of resignation are not adapting to working environment and having a better job offer. To sum up, the total resignation is 79 people less than 2022.

Number of New Hires by Region, Gender, and Age^{*1}

Category	Group	2022						2023					
		Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
		Number of people	Percentage	Number of people	Percentage			Number of people	Percentage	Number of people	Percentage		
Age	Under 30	42	19%	56	25%	98	43%	35	27%	47	37%	82	64%
	31-49	66	29%	57	25%	123	54%	19	14%	25	20%	44	34%
	Over 50	0	0%	6	3%	6	3%	1	1%	1	1%	2	2%
Region Statistic	Taiwan	60	26%	77	34%	137	60%	13	10%	29	23%	42	33%
	Kunshan	48	21%	42	19%	90	40%	42	33%	44	34%	86	67%
Total		227						128					

^{*1}New hire ratio = new hires / { (number of employees at the beginning of the period + number of employees at the end of the period) / 2 }.

Employee Turnover Numbers for Ops by Gender, Age , and Region*¹

Category	Group	2022						2023					
		Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
		Number of people	Percentage	Number of people	Percentage			Number of people	Percentage	Number of people	Percentage		
Age	Under 30	55	20%	57	20%	112	40%	37	18%	61	30%	98	49%
	31-49	84	30%	74	26%	158	56%	52	26%	46	23%	98	49%
	Over 50	3	1%	7	3%	10	4%	0	0%	5	3%	5	2%
Region Statistic	Taiwan	57	20%	73	26%	130	46%	24	21%	40	22%	64	32%
	Kunshan	85	30%	65	23%	150	54%	65	30%	72	27%	137	68%
Total		280						201					

Employee Turnover Numbers for Management and Professional Technical Personnel by Gender, Age , and Region*¹

Category	Group	2022						2023					
		Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
		Number of people	Percentage	Number of people	Percentage			Number of people	Percentage	Number of people	Percentage		
Age	Under 30	42	22%	45	23%	87	45%	24	17%	45	32%	59	48%
	31-49	41	21%	58	30%	99	51%	35	24%	35	24%	70	49%
	Over 50	1	1%	7	4%	8	4%	0	0%	4	3%	4	3%
Region Statistic	Taiwan	23	12%	65	34%	88	45%	14	10%	37	25%	51	36%
	Kunshan	61	31%	45	23%	106	55%	45	32%	47	33%	92	64%
Total		194						143					

*New hire ratio = new hires / { (number of employees at the beginning of the period + number of employees at the end of the period) / 2 }.

5.1.1 Equality in the workplace

Celxpert implements equal rights of leave of absence for male and female employees and follows Gender Equality Employment Act to provide unpaid parental leave. Everyone could apply for it according to related procedures to fulfill the needs of taking care of family. As the gender norms that women should be family-caregivers have gradually changed these years, there're more and more male employees apply for parental leave which shows that Celxpert treats all employees as important assets. Everyone owns the right of taking leaves to take care of family no matter what the gender is.

Statistics for Unpaid Parental Leave in 2023

Item	Female	Male
Number of Employees Eligible for Unpaid Parental Leave* ¹	5	6
Number of Employees Applying for Unpaid Parental Leave	6	1
Number of Employees Estimated to Return to Work from Unpaid Parental Leave(C)	3	1
Number of Employees Returning to Work from Unpaid Parental Leave (D)	2	1
Number of Employees Returning to Work from Unpaid Parental Leave in 2018 and Working for More than One Year (E)	2	1
Reinstatement Rate (D/C)	67%	100%
Retention Rate (E/D)	100%	100%

*1 Number of employees who applied for maternity leave and paternity leave in 2021-2023.



5.2 Key Result and Strategy

Item	2023 results	Supply Chain Survey Results in 2023
No charges for forced and bonded labor	No fees may be solicited from employees	Based on the self-evaluation forms filled out by eight suppliers, Celxpert found that one had charged physical examination fees. We continue to negotiate with this non-compliant supplier and require improvements
Withhold documents	All employees keep their own identification documents	According to the self-evaluation form filled in by 8 suppliers, there was no case of withholding documents
Working hours and rest days	Approximately 50 team members at the factory exceeded the 60-hour work limit, accounting for 8% of the factory's direct workforce. The main reasons are labor shortage and order delivery time factors.	According to the self-evaluation form filled out by eight suppliers, 75% of the suppliers did not monitor working hours and rest days. Improvements have been requested and are being tracked on an ongoing basis.
Underage workers	There is no child labor and underage employees comply with relevant laws and regulations	No child labor non-compliance was found. All minor employees must comply with relevant laws and regulations
Accurate contract	Accurate native language contracts are issued to all employees	50% of audited suppliers had contract inaccuracies. All vendors have resolved this non-compliance
Fair wage	No discrimination in wages or benefits	83% of audited suppliers found discrepancies in wages and benefits. All vendors have resolved this non-compliance.

Year	Item
2017	<ul style="list-style-type: none"> Starting from 2017, we will voluntarily publish a responsibility report/ESG report every two years, and adopt the GRI standards as the structure of the report to present our efforts in the three major aspects of environment, society and governance It is expected to publish a ESG report every year starting from 2025
2021	<ul style="list-style-type: none"> RBA VAP audit passed Join EcoVadis
2022	<ul style="list-style-type: none"> Completed the 2021 greenhouse gas emissions inventory and confirmation (ISO 14064-1) of the Taiwan headquarters and Kunshan plant Completed bicycle battery product carbon footprint verification (ISO 14067) Commit to the RE100 goal and achieve 100% use of renewable energy at the Taiwan base in 2035 and the global base in 2040
2023	<ul style="list-style-type: none"> CPD's 2022 "Climate Change" evaluation results (CLIMATE CHANGE 2022) obtained a "B" grade Pass SBTi short-term targets (Near-term targets) The board of directors established the "Sustainable Development Committee" Completed the preparation of the Climate-related Financial Disclosure (TCFD) report
2024	CPD's 2023 "Climate Change" evaluation results (CLIMATE CHANGE 2023) obtained a "B" grade.

5.3 Human Rights Policy

Celxpert adheres to its core values and complies with international standards and principles. We promulgated “Human Rights Policy” to ensure our employees’ human rights. Celxpert also strives to create harmonious employee relations and a high-involvement working environment to make sure that its own code of conduct is consistent with and no less stringent than the RBA Code of Conduct and The United Nations Global Compact. We have established all personnel rules and regulations in accordance with the law to ensure employees’ rights and interests in work are protected and socially responsible.

Guidelines

- Forbid forced labor and zero tolerance for child labor
- Support to fight against human trafficking
- Comply with all applicable wage laws and regulations, and legal limits to working hours
- Provide a safe and secure work environment that is free of harassment
- Eliminate unlawful discrimination and ensure equality in the workplace
- Offer unrestricted freedom of association and respect for employees’ right to peaceful assembly and to collective bargaining
- Respect privacy, ensuring that personal data is collected and used in compliance with regulatory requirements

Human Resource Management Policy

To protect the basic human rights of the employees, we are committed to protecting human rights continuously in terms of working conditions and gender equality. All of our operating bases are subject to review and assessment of human rights.

Protect employees
/ Labor rights

Raise enterprise value
/ Caring quality

Comply with the country
/ labor laws

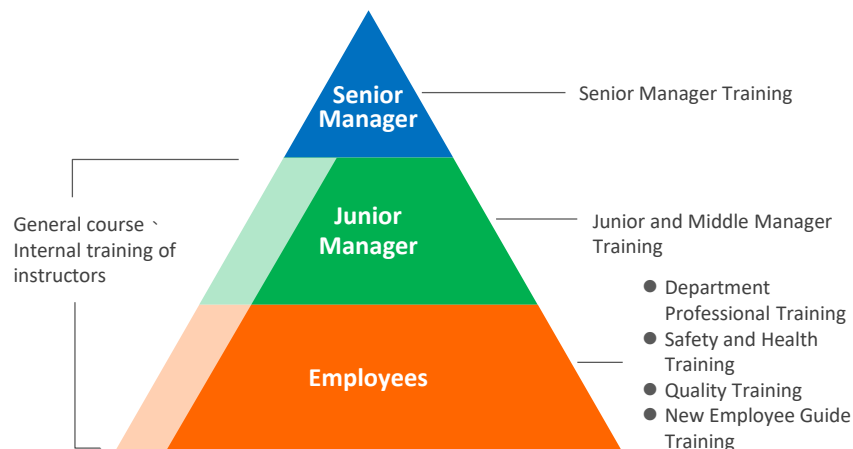
Place emphasis on
employees / Training
development

Create warmth / Friendly
work environment

5.4 Education

To enhance the professional functions of company employees and management, human resources department constructs a systematic cultivation. According to each employee at different stages, we prepare the education and training to meet the needs, such as: new employee guide training, quality training, safety and health training, professional skills training, management skills and other training. Through various training to help employees understand the knowledge and skills needed for work, the professional quality and work efficiency are enhanced.

Talent cultivation



Education Planning

Needs Assessment

Evaluate course requirements based on responsibilities of each department on an annual basis and categorize the courses between management level and entry-level employees

Course Planning

Plan corresponding courses according to employees' needs and confirm course contents with internal instructors

Course Training

For internal training, invite assigned employees to attend compulsory courses and accept applications from other employees depending on the levels of difficulties of the courses

Feedback

Employees need to conduct questionnaires or hand in feedback review after trainings in order to provide the way of planning future courses and encourage employees to continue training

5.4.1 Talent Development

Performance Evaluation System

Performance management is an important management method and tool for organization development. Celxpert attaches importance to the promotion opportunities of employees, and all employees are regularly issued performance appraisal forms every year. Individual performance appraisals are conducted according to work objectives and individual performance, which are the basis for salary adjustments. In terms of promotion, we aim to achieve sustainable development and operation of the company by achieving the right talent and reasonable promotion. The supervisors of each department will conduct the performance interview mechanism, and will use the performance interview record to provide a two-way communication channel between the supervisors and the employees with the results of the annual performance appraisal form.

Internal promotion is an excellent way to motivate employees and cultivate their motivation, and it is also one of Celxpert's talent development strategies. Through the annual performance target set by employees and supervisors, the company implements a performance appraisal for half a year to check employees' abilities. In the promotion system, employees' career planning for the future can also match the company's overall development to improve employees' opportunities for appropriate action. Celxpert has also established a multi-disciplinary learning platform for employees to enhance their abilities and cultivate the talents required for the company's development.

Internal Training of Instructors

Celxpert understands inheriting company culture and knowledge is an important task of sustainable operations, so we strive to cultivate internal instructors by selecting employees with important knowledge and skills to be trained and evaluated as professional instructors. They're capable of planning courses and teaching so that they could take the responsibility of being an internal instructor and provide employees with sufficient knowledge and on-the-job training.

Celxpert evaluates the satisfaction of internal instructors and provide the top three with certificate of merit and medal as praise.



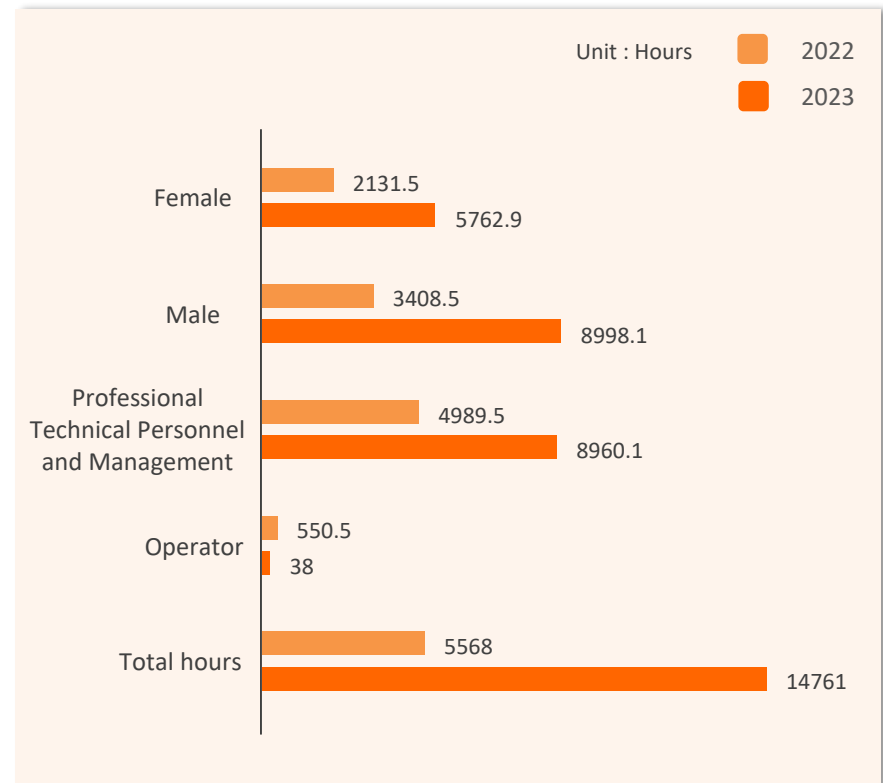
▲ The top three internal lecturers in terms of satisfaction took a group photo with the chairman

5.4.2 Training effectiveness

We provide multiple learning channels, for instance, e-learning, to let employees do self-learning after work to meet their needs and increase the effects of training. In 2023, the company will hold a reading competition of Common Wealth Leader Campus for professional technical personnel and management, and the number of internal training hours will be significantly doubled. The total quantity of internal training is 240 courses in 2023 with 2,631 participants involved. The total quantity of external training is 71 courses with 161 participants involved. The number of hours for professional technical personnel and management was 8,960.1 hours, and the total number of hours was 14,761 hours. Based on the calculation of the total of employees in 2023, the average of training hours is 37.91hrs for internal training; 3.67hrs for external training.

Training statistics

Item	2022		2023	
	internal	external	internal	external
Number of classes	232	57	240	71
trained participants	2,263	154	2,631	161
training hours	4,531.5	1036.5	13,459.5	1,301.5
Total cost (NTD)	363,250	451,195	97,150	548,849



5.5 Employee Welfare

Diverse Welfare System

As for welfare policy, Celxpert employees have the welfare protected by laws, for instance, parental leave and pension. In order to facilitate employees' physical and mental health, Celxpert provides employee group insurance, health check-up, overproduction bonus, employee stock option and dividend to encourage and remain them in employment. Celxpert also plans leisure activities like domestic trips, birthday celebrations, health lecture, pressure relief lecture and club activities to maintain the balance between work and life.

	Mutual Welfare	Employee Welfare Committee; Cash gift for marriage and maternity; Solatia for funeral and hospitalization; Gift voucher and celebration for birthday
	Festival and Activity	Festivals vouchers, Year-end Bonus, Year-end party, Domestic trips, Long-term Service Incentives
	Life Security	Health check-up, Designated stores, Health lecture
	Legal Welfare	Labor insurance, national health insurance, group insurance, pension contribution
	Other Welfare	Employee Stock Ownership Trust (ESOT), Dividends for employees, Overproduction bonus, Rent subsidy, Department banquet, Club activities



Steady Salary Level

In order to reach sustainable operations and continue growth on profits to improve employees' salary level, Celxpert continuously monitors internal salary policy and provides reasonable salary based on one's professional skills, knowledge and educational/working background.

Employee Welfare Committee

Celxpert organizes welfare committee to provide better welfare and caring to employees. The members of the committee are willing to help and support employees to push for their rights. All the representatives are chosen or elected according to the head counts of different department. They plan annual budget every year, provide various employee benefit allowances, for instance, marriage, funeral, medical and club activities, etc. They also arrange employee activities and trips in order to build and strengthen the relationships with each other and allow employees to take some rest, achieve work-life balance and increase their organizational commitment.



▲ Group photo of employee travel group



▲ year-end party

5.6 Friendly Work Environment

Health Care

The company adheres to the Occupational Safety and Health Act, worker health protection rules, and other laws and regulations. It implements an annual health check for all employees to safeguard the physical and mental well-being of colleagues, prevent occupational diseases, and serve as a reference for organizing work and improving the working environment. The implementation of the annual health check is fully subsidized by the company. Colleagues can also add other inspection items at their own expense, and dependents can also enjoy preferential price to join in welfare health check.

Care and Communication Channels

Celxpert provides staff suggestion box (mailbox) and service hotline as communication channels for all employees in order to understand their needs, maintain employee relationships and assist them on resolving incidents like loss of individual rights, inappropriate working environment, unfair terms of employment or sexual harassment, etc. If employees encounter any of above incidents, they can make a complaint through above channels. Since receiving a complaint, units in charge of the incident should observe the duty of confidentiality, deal with, response and close the task within a month.

In order to protect employees' rights and assist them on understanding the provisions, Celxpert regularly holds the labor-management meeting to take immediate actions for employees whose rights are damaged, establish a friendly and trustworthy relationship to prevent illegal and controversial issues from happening and shape a friendly and solid labor relations.



Special medical and nursing on-site services

Celxpert not only cares about employees' health, but also encourages self health management. The company promotes the importance of healthy diet and regular physical activity, and arranges health lectures. In order to create a healthy workplace and achieve the goal of taking care of the health of employees, full-time factory nurses are also set up to provide relevant health consultation and employee personal health management tracking. Specialists in occupational medicine are also appointed to provide regular services to the factory. On-site occupational medicine specialists mainly provide occupational disease prevention advice, abnormal health examination management and related health consultations for company colleagues. They don't provide oral drugs and related diagnosis and treatment services.

Service Content

Workplace Hazard Identification	Assess working environment, provide concrete suggestions on environment improvement and preventing diseases
Health Risk and Hierarchical Management	Analyze employees' annual health check-up reports and conduct risk ranking management on abnormal items, arrange health consultations and work stability assessment.
Abnormal Workload-triggered Disorders	There are preparations made particularly to manage the health of staff against possible disorders triggered by high-risk employees, to help prevent diseases.
Work-related Musculoskeletal Damage Prevention	Human-factor systematic analyze on employees and environment, provide improvement suggestions and disease consultation.
Regulations of the Maternity Health Protection at the Workplace	Assist on workplace risk assessment for pregnant women and make sure pregnant women and fetus are safe during pregnant women protection period.
Unlawful Infringement in the Workplace	Assess the impacts of workplace violence and sexual harassment, provide appropriate working area, hold lectures of communication skills and emotion management.
Protection of Middle-aged and Elderly Workers	Assess the work fitness of workers over 45 years old and adopt appropriate work allocation measures

5.6.1 Health and Safety

Celxpert provides on-site service of medical personnel, arranges health checkup and plans relative facilities and health lectures to serve employees with a healthy working environment. We holds health lectures irregularly and invites healthcare professionals to share health information, so that employees can pay attention to the warning signs of their bodies and maintain good health.



▲ Health Lectures-Body posture management diet plan



▲ Exercise lecture-TABATA interval exercise



Work Safety

Establishing a safe and good working environment and lowering the risks of employees being harmed are the commitments Celxpert made to treat employees well. Kunshan plant has obtained the international occupational safety and health standard OHSAS18001 certification. In order to lower the risks of occupational disaster, Celxpert puts workplace safety into practice by planning the health and safety management procedures for factory equipment, machines, chemicals and fire extinguishing facilities, promotes the importance of occupational health and safety management, completes standard regulations and training for operations, and checks up measures to ensure employees, equipment and environment are safe and healthy enough. Following Labor Safety and Health Act and Implementation Regulations Governing Labor Workplace Monitoring, Celxpert outsources qualified professionals to conduct labor workplace monitoring for Level A chemical and physical factors twice a year. The results passed and met the criteria in 2022 and 2023.

First aid Equipment

Celxpert places importance on occupational safety, holds training courses regularly and requests all staff to attend. Every staff can provide first aid and saves lives when accident occurs. With first aid equipment and knowledge and training for first aid, Celxpert establishes a safe and friendly work environment.



▲ CPR and AED practical operation

Medical office / Lactation room

Celxpert provides medical office and lactation room equipped with beds, fridges and related medical supplies. Employees in need or not feeling well at work can apply to use and take a rest.



Training for Emergency Response

Celxpert has established emergency response teams to make a quick response to an emergency, take immediate actions when breaking out of fire in order to reduce the damages and loss brought by disasters. To make sure field staffs could make responses to emergencies, they're trained of several emergency measures in cooperation with groups, including report to fire stations, guide and evacuate staffs, suppress combustion at initial stage when breaking out of fire, and continue assistance until fire fighters arriving.

Emergency Response Team

Steering Committee	Assist on studying and planning emergency plans
Commander	Dispatch all field personnel with sole discretion when accident occurred.
Emergency Evacuation Routes team	Guide field personnel to evacuate and prevent people from entering accident area
Rescue Team	Give injured or sick people emergency treatment on the spot until first aid arrived
Security Team	Make sure emergency power supply is stable when a blackout happened
Contact Team	Report emergency issues to internal and external when issues happened.
Emergency Team	Suppress combustion at initial stage when breaking out of fire, and wait for fire fighters arriving if situation is under control.



5.7 Social Care

Celxpert's main focus is on local schools and non-profit organizations. In addition, we participate in the annual charity donation activities around Taiwan. We encourage employees to participate in social engagement and self-realization, as well as make a contribution to a better society. We encourage our own employees contribute to society through public donations manner, so that experience difficulties or disadvantaged groups of people are still optimistic and enterprising, but also to help the affected children have a better character education and become other schoolchildren life model.

Scholarship

Celxpert has partnered with Wuhan Elementary School to provide scholarships for students from disadvantaged families and physically and mentally challenged students. We hope to encourage students to study hard, take care of their moral character, and reduce the financial burden of disadvantaged families so that they can complete their studies successfully.



▲ Principal of Wuhan Elementary School and students receiving scholarships and bursaries

Public Donation

Taiwan faced the impact of the COVID-19 epidemic, and the hardest hit were the frontline medical personnel. Celxpert provided the hospital with supplies and cards to thank the medical staff for their hard work day and night. Celxpert also keeps donating to organizations in Taoyuan City or other areas for the welfare of children, adolescents, the elderly, and the mentally and physically challenged.

- Celxpert donates NTD54,000 per quarter to the Taoyuan City Private Kangfu Development Center to care for the physically and mentally challenged.
- Celxpert donates NTD30,000 per quarter to the 1919 Food Bank to help disadvantaged families, ingredients for accompaniment classes in remote areas, and households affected by major disasters.
- Celxpert donates NTD18,000 per quarter to the Taoyuan City Happiness Social Foundation to care for people with physical and mental challenged.
- Celxpert donates NTD18,000 per quarter to the Taoyuan Private Lohas Preschool to help implement case treatment and counseling for the placement of children and youth, promote recovery and empowerment through daily companionship, and organize social welfare advocacy for children and youth for their long-term development.



▲ Donate to Taoyuan City Government antigen rapid test kit



▲ Food Bank Charity Donation

5.8 Occupational Safety and Health Management

Celxpert dedicates to building up a well-established occupational health and safety management system. Celxpert thoroughly plans the health and safety management procedures for factory equipment, machines, chemicals and fire extinguishing facilities, completes standard regulations and training for operations and checks up measures in order to protect the safety of employees, equipment and process operations and make sure the process and workplace is safe enough for all employees.

According to the data of occupational disaster, complies with the statistical indicators published by the Ministry of Labor on occupational accident statistics and with reference to the GRI guidelines, based on the Disabling Frequency Rate (FR), the Disabling Injury Severity Rate (SR), Frequency-Severity Indicator (FSI), Occupational Disease incidence Rate (ODR), Lost Day Rate (LDR), and Absenteeism Rate (AR) are used as analysis indicators to conduct statistics on occupational accidents. In 2022 and 2023, Taiwan plant, there were 0 occupational disasters not caused by commuting to and from get off work, and 0 occupational diseases caused by work.

Training record

	2022		2023	
course	Number of people	hours	Number of people	hours
Occupational Safety and Health	13	35	24	39
Fire Drill	60	240	51	204

Contractor Management

Celxpert dedicates to building up a well-established occupational health and safety management system. Celxpert thoroughly plans the health and safety management procedures for factory equipment, machines, chemicals and fire extinguishing facilities, completes standard regulations and training for operations and checks up measures in order to protect the safety of employees, equipment and process operations and make sure the process and workplace is safe enough for all employees. In 2022 and 2023, Taiwan plant had no contractor safety incidents, no occupational diseases caused by work, and no contractor safety accidents occurred.

6

Appendix

- 6.1 GRI Standards Index : General Disclosures
- 6.2 SASB Index
- 6.3 TCFD Index
- 6.4 Climate-related Information of Listed Companies
- 6.5 Sustainability Disclosure Indicators-Computer and Peripheral Equipment Industry

6.1 GRI Standards Index : General Disclosures

The 2022 Sustainability Report published by Celxpert is reported in accordance with the GRI Standards. The scope of data and information is sourced from the period of January 1, 2022 to December 31, 2022. The structure of this report is in accordance with the Global Reporting Initiative's (GRI) "GRI Sustainability Reporting Standards (2021)" (GRI Standards), GRI 1: Foundation 2021.

Index	GRI Standards Disclosure	Page No.	Remark
GRI 2: General Disclosures 2021			
Organization and Reporting Practices			
2-1	Organizational details	10-11	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency, and contact person	2	
2-4	Restatements of information	2	
2-5	External assurance	-	No external guarantee
Activities and Workers			
2-6	Activities, value chain and other business relationships	13-14	
2-7	Employees	69-72	
2-8	Workers who are not employees	69	
Governance			
2-9	Governance structure and composition	12 、 16-17 、 24-27	
2-10	Nominating and selecting the highest governance body	24-27	

Index	GRI Standards Disclosure	Page No.	Remark
2-11	Chair of the highest governance body	46-48	
2-12	Role of the highest governance body in overseeing the management of impacts	46-48	
2-13	Delegation of responsibility for managing impacts	16-19	
2-14	Role of the highest governance body in sustainability reporting	16-19	
2-15	Conflicts of interest	24-25	
2-16	Communication of critical concerns	24-25	
2-17	Collective knowledge of the highest governance body	24-27	
2-18	Evaluation of the performance of the highest governance body	24-27	
2-19	Remuneration policies	81	
2-20	Process to determine remuneration	27	
2-21	Annual total compensation ratio	27	
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	3	
2-23	Policy commitments	18-19 、 76	
2-24	Embedding policy commitments	18-19 、 76	
2-25	Processes to remediate negative impacts	18-19	
2-26	Mechanisms for seeking advice and raising concerns	31-32	
2-27	Compliance with laws and regulations	28-30	
2-28	Membership of associations	22	

Index	GRI Standards Disclosure	Page No.	Remark
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	5-8	
2-30	Collective bargaining agreements	-	Without labor union
GRI 3: Material Topics 2021			
3-1	Procedures for resolving material topics	8	
3-2	List of material topics	8	
3-3	Management of material topics	23 、 43 、 67	
GRI 201 Economic Performance 2016			
201-1	Direct economic value generated and distributed	-	
202-2	Proportion of senior management hired from the local community	44-57	
GRI 203 Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	87-88	
GRI 205 Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	28-30	
GRI 206 Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No action occurs
GRI 302 Energy 2016			
302-1	Energy consumption within the organization	52-55	
302-2	Energy consumption outside of the organization	52-55	

Index	GRI Standards Disclosure	Page No.	Remark
302-3	Energy intensity	52-55	
302-4	Reduction of energy consumption	52-55	
302-5	Reductions in energy requirements of products and services	52-55	
GRI 303 Water 2018			
303-1	Interactions with water as a shared resource	57	
303-2	Management of water discharge related impacts	57	
303-3	Water Withdrawal	57	
303-4	Water Discharge	57	
303-5	Water Consumption	57	
GRI 305 Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	52-53	
305-2	Energy indirect (Scope 2) GHG emissions	52-53	
305-3	Other indirect (Scope 3) GHG emissions	52-53	
305-4	GHG emissions intensity	52-53	
305-5	Reduction of GHG emissions	51-55	
GRI 306 Waste 2020			
306-1	Waste generation and significant waste-related impacts	56	
306-2	Management of significant waste-related impacts	56	
306-3	Waste generated	56	
306-4	Waste disposal and transfer	56	

Index	GRI Standards Disclosure	Page No.	Remark
306-5	Waste directed to disposal	56	
GRI 308 Supplier Environment Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	38-39	
308-2	Negative environmental impacts in the supply chain and actions taken	40	
GRI 401 Labor Relations 2016			
401-1	New employee hires and employee turnover	71-72	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	80-81	
401-3	Parental leave	73	
GRI 403 Occupational Health and Safety 2018			
403-1	Occupational safety and health management system	89	
403-2	Hazard identification, risk assessment, and incident investigation	89	
403-3	Occupational health services	82-85	
403-4	Worker participation, consultation, and communication on occupational health and safety	89	
403-5	Worker training on occupational health and safety	89	
403-6	Promotion of worker health	82-85	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	89	
403-8	Workers covered by an occupational health and safety management system	89	
403-9	Work-related injuries	89	

Index	GRI Standards Disclosure	Page No.	Remark
403-10	Work-related ill health	89	
GRI 404 Training and Education 2016			
404-1	Average hours of training per year per employee	79	
404-2	Programs for upgrading employee skills and transition	77-78	
GRI 405 Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	68-69	
GRI 406 Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	-	No discrimination occurred
GRI 408 Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	76	
GRI 409 Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	38-39	
GRI 414 Supplier Social Impact Assessment 2016			
414-1	New suppliers that were screened using social criteria	38-39	
414-2	Negative social impacts in the supply chain and actions taken	38-39	
GRI 415 Public Policies 2016			
415-1	Political donations	88	
GRI 418 Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No complaints

6.2 SASB Index

Code	Accounting Metric(s)	Respond
Product Security		
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	4.6 Green Products
Employee Diversity & Inclusion		
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	5.1 Human Resource Profile - Personnel Structure
Product Lifecycle Management		
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	4.6 Green Products - Hazardous Substance Management
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Our company's products are for B2B, not terminal products. The index is not applicable.
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STARR criteria	Our company's products are for B2B, not terminal products. The index is not applicable.
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Our company's products are for B2B, not terminal products. The index is not applicable.

Code	Accounting Metric(s)	Respond
Supply Chain Management		
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Celxpert has not yet collected the number of audited manufacturers and improvement status of audit processes that have not passed RBA verification. In the future, relevant information will be collected through questionnaires to help understand the improvement of supply chain deficiencies.
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Celxpert has not yet collected the number of audited manufacturers and improvement status of audit processes that have not passed RBA verification. In the future, relevant information will be collected through questionnaires to help understand the improvement of supply chain deficiencies.
Materials Sourcing		
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	3.4.1 Supply Chain Management Procedure - Conflict Minerals Policy
Activity Metric	Code	Respond
Number of units produced by product category	TC-HW-000.A	13,546,917
Area of manufacturing facilities	TC-HW-000.B	83,055.3 square feet
Percentage of production from owned facilities	TC-HW-000.C	100%

6.3 TCFD Index

Dimension	TCFD Disclosure Recommendation	Page No.
Governance	Describe the board's oversight of climate-related issues.	44
	Describe management's role in assessing and managing climate-related issues.	15-18
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	45-47
	Describe the impact of climate-related issues on the company's business model, strategy and financial planning.	
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	48-49
	Describe the organization's processes for managing climate-related risks.	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	49-50
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

6.4 Climate-related Information of Listed Companies

Climate-related information implementation status

	Item	Corresponding Section
1	Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management	4.1 Climate Management
2	Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term	4.1 Climate Management
3	Describe the financial impacts of extreme weather events and transformation actions	4.1 Climate Management
4	Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system	4.1 Climate Management
5	If scenario analysis is used to evaluate resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts used	No usage scenario analysis yet
6	If there is a transformation plan to manage climate-related risks, describe the plan, indicators, and targets used to identify and manage physical and transition risks	4.1 Climate Management
7	If internal carbon pricing is used as a planning tool, explain the basis for price determination	Internal carbon pricing has not been implemented yet
8	If climate-related goals are set, describe the activities, greenhouse gas emissions scope, planning period, annual progress, and, if carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, explain the source and quantity of carbon offsets or RECs	4.1 Climate Management
9	Inventory and verification of greenhouse gas emissions	4.1.2 Greenhouse Gas Inventory

Scope	Total Emissions (Metric Tons of CO ₂ e)	Intensity(Metric Tons of CO ₂ e/NTD million)	Verification Body	Directions
Scope 1	238.399	0.03309	TÜV Rheinland	The third-party verification was completed on May 30, 2024, and the certificate was obtained in mid-June 2024
Scope 2	989.347	0.13733		
Scope 3	546.570	0.07587		

6.5 Sustainability Disclosure Indicators-Computer and Peripheral Equipment Industry

No.	Indicator	Nature of Indicator	Unit	Corresponding Section
1	Total energy consumption, percentage of purchased electricity and renewable energy usage rate	Quantitative	Gigajoules (GJ), Percentage (%)	No data collected yet
2	Total water withdrawal and total water consumption	Quantitative	Thousand cubic meters (m ³)	4.3 Environmental Management
3	The weight of hazardous waste generated and the percentage of waste recycled	Quantitative	Metric tons (t), Percentage (%)	4.3 Environmental Management
4	Description of occupational accident categories, number of incidents, and rates	Quantitative	Ratio (%), Quantity	No occupational accidents occurred
5	Disclosure of product lifecycle management: weight of scrapped products and electronic waste, and recycling percentage	Quantitative	Metric tons (t), Percentage (%)	4.6 Green Products
6	Description of risk management related to key materials Qualitative	Qualitative description	Not applicable	3.4 Supply Chain Sustainability Management
7	Total monetary loss due to legal actions related to anti-competitive practices	Quantitative	Reporting currency	No incident occurred
8	Production volume of main products by product category	Quantitative	Varies by product type	3.2 Operating Performance

