



2022

Hu Lane Group Sustainability Report
SUSTAINABILITY REPORT

Issue No. 11

Achieve Sustainability Goals ♥ Create a Better Future

Table of Contents

01 Message from the Chairman	03	05 Ethical Governance	23	06 Sustainable Environment	44
02 About this Report	04	5-1 Governance Practices		6-1 Energy Management	
03 Sustainability Governance and Strategy	05	5.1.1 Board of Directors		6-2 Carbon Emissions Management	
3-1 Sustainability Committee		5.1.2 Functional Committees		6-3 Water Resources and Waste Management	
3-2 Stakeholders and Identification		5.1.3 Internal Audit		6.3.1 Water Resources	
3.2.1 Identification of Stakeholders		5.1.4 Implementation of Performance Evaluation		6.3.2 Waste	
3.2.2 Stakeholder Communication Channels and Issues of Concern		5.1.5 Remuneration to Directors		6-4 Environmental Protection Control	
3.2.3 Identification of Material Topics		5-2 Risk Management		6-5 Sustainable Supply Chain	
3.2.4 Material Topics Management		5-3 Operational Performance		6-6 Occupational Safety and Health	
3.2.5 Sustainable Development Goals		5.3.1 Material Topics			
3.2.6 Report Preparation Principles		5.3.2 Recent Operations		07 Social Care	58
3.2.7 Identification of Material Topics and Boundary		5.3.3 Tax Governance		7-1 Employee Profile_Statistics	
04 About Hu Lane	17	5-4 Legal Compliance		7-2 Labor-Management Communication	
4-1 Company Profile		5-5 Products and Services		7-3 Talent Training	
4-2 Business Philosophy		5.5.1 Innovative R&D		7-4 Compensation and Benefits	
4-3 Historic Awards and Management System		5.5.2 Customer Relations		7-5 Public Welfare Participation	
4-4 Participation in External Organizations		5.5.3 Raw Material Management		Appendix	
		5.5.4 Marketing and Labeling		Appendix1 GRIContent Index	
		5-6 Information Security		Appendix2 Statement of Verification	
		5.6.1 Information Security		Appendix3 Sustainable Development Best-Practice Principles	
		5.6.2 Trade Secret Protection and Transaction Security		Appendix4 Sustainability Disclosure Indicators_Electronic Parts and Components Industry	



01 Message from the Chairman

Looking back to 2022, I would like to express my heartfelt gratitude for the efforts of all employees and the cooperation of customers and suppliers, which have contributed to the continuous growth of our operating performance. However, with respect to the communication on green sustainability and social responsibility, we have especially invited and listened to more feedback from stakeholders, and have learned that a "sustainable development strategy", "corporate governance" and "risk management" are the most important issues of concern to most of stakeholders. These are the driving force behind our continuous pursuit of improvement and progress. Continuing Hu Lane's core value of integrity, solidarity, sustainability, agility, innovation and excellence towards the goal of building a friendly global enterprise, we strive to fulfill all stakeholders' expectations of Hu Lane and continue to make improvements toward the goal of net zero emissions by 2050.

Adhering to the principle of giving back to the society, Hu Lane upholds the belief of "joint prosperity" as the foundation of sustainable management. We implement ESG-related management activities from the three major perspectives of the environment, society, and corporate governance in a prudent and active manner to motivate us towards the digital vision of "leveraging technology to enhance the quality of life and the environment".

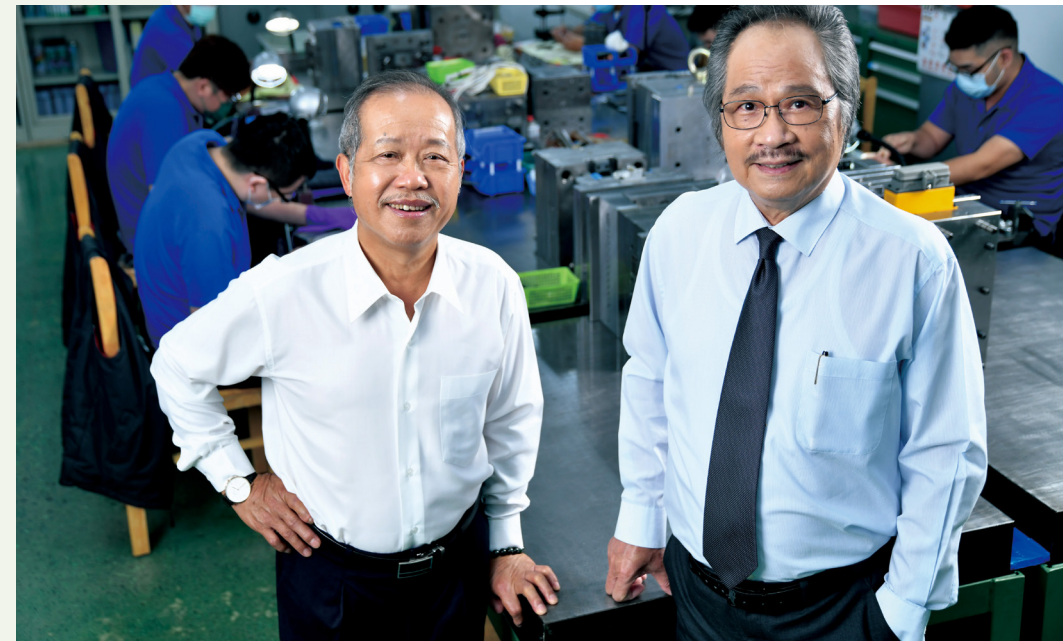
We respond to sustainability issues by balancing the interests of different stakeholders to continue to provide investors with appropriate feedback, while considering the expectations of other stakeholders, including employees, community, government, environment, suppliers and customers. Faced with multidimensional, complex and conflicting issues, we put ourselves in other people's positions to make a comprehensive measurement. Thus, we are always able to find a win-win solution. Although our short-term profitability may be affected, we will be able to create more sustainable conditions through many hidden efforts during the process in the long run, which is the real benefit that we are looking for.

In 2022, our goal of improving environmental friendliness was to strengthen the integrity of new energy vehicle parts and products, to create a complete solution capacity for new energy vehicles, and to move toward a global operation management model for the Group's

operating structure. In terms of production and sales strategies, regional exposure and overall operational planning: Establish the subsidiary Hu Lane in Italy to increase customer penetration in Europe, expand the scale of operations in Vietnam and Indonesia, strengthen local ties and cooperation with OEMs, move towards an international marketing system, and long-term cooperation and collaborative development capabilities to jointly achieve the goal of sustainable development. In terms of production policy, improve the AI intelligence of equipment to achieve energy conservation and carbon reduction benefits, increase production speed and MES system optimization, and improve production efficiency, energy reduction, and carbon reduction at the same time. In the promotion of sustainable development (ESG), a Sustainability Committee has been established with independent directors as members of the committee responsible for formulating sustainable strategic directions. The Company has set a five-year (2023 – 2027) sustainable development strategic goal, and through the Sustainability Committee, promotes and tracks related sustainability projects. It is expected that with active carbon reduction actions and the Group's carbon control, the carbon emissions of products and absolute total carbon emissions can be reduced year by year.

Under the macro environment, our stakeholders are becoming increasingly concerned about corporate ESG results. In this atmosphere, a company's performance will have a direct impact on its investment decision-making. Hu Lane promotes ESG principles in the areas of legal, ethical, and reasonable corporate governance, and further, to investments and efforts in the environment, as well as through care and contributions to society. We have been ranked in the top 6% to 20% of the TWSE's 6th "Corporate Governance

Evaluation", and will continue to make progress towards the top 5%. Looking to the future, we will not take our current success for granted, and will keep reminding ourselves to move forward and leverage ESG concepts to enhance our ability and performance of sustainable business operations.



Changing Mindsets, Changing Actions, Changing Situations Hu Lane Works with Stakeholders towards ESG

Chairman of Hu Lane Group

張子雄

President of Hu Lane Group

胡盛春

02 About this Report

Hu Lane Associate Inc. (Stock Code: 6279) has voluntarily published its Sustainability Report each year since July 2013 to demonstrate the Company's determination and commitment to ESG. The Company also voluntarily publishes the Hu Lane Sustainability Report on an annual basis.

The relevant information disclosure is in accordance with standards, including the GRI content index table (please refer to Appendix I for details). Note: The standards are effective from January 1, 2023, and is applicable to the report or other documents. The management unit of this report is the Sustainability Committee, with all independent directors as ex officio members. The Committee is responsible for formulating the objectives and strategies of the Company's sustainability work, promoting and supervising the sustainability work, preparing and verifying the sustainability report, as well as other matters related to the Company's sustainable development.



Regulations

The Sustainability Committee convenes a sustainability meeting on an annual basis, and prepares a sustainability report based on the GRI Guidelines (2021) for information collection in line with the SDGs.

At the same time, in compliance with the requirements of the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies", BSI Taiwan Branch, an external independent organization, is commissioned to carry out a Type 1 medium level assurance verification in accordance with the AA1000ASv3 Assurance Standard after the completion of the first draft to ensure that it complies with the GRI standards and obtains a statement of verification (please refer to Appendix II for details).

After review by the Sustainability Committee, the Board of Directors reviews the sustainability issues and the contents of the report, and approves and issues the report verified by a third party. The report is also published on the official website of the Company and the website of the OTC.



Scope of Coverage

This report discloses relevant information and the scope, including the inclusion of the reinvestment subsidiaries in the scope of the Hu Lane Sustainability Report. In addition to the consolidated financial statements containing financial data of the original parent company's operating results, the status of the subsidiaries (Nanjing Hu Lane, Dongguan Hu Lane, Dongguan Puguang, Vietnam Hu Lane, Indonesia Hu Lane, Taipei Shangho and Jiaying Shangho) is also disclosed simultaneously.

Any exception is stated in the report by way of a note. The financial statement figures are in New Taiwan dollars.



Reporting Period

Disclosure period: January 1, 2022 to December 31, 2022

Preparation/design: Sustainability Committee

Publication date of previous issue: June 2022

Publication date of current issue: June 2023



Hu Lane Associate Inc. Sustainability Committee

Contact person: Li Su-Mei
TEL: (02)2694-0551 #60005

Email: ESG@hulane.com.tw
Official website of the Company: <https://www.hulane.com.tw>

If you have any comments, suggestions or questions about this report, please let us know by sending us your valuable feedback through the contact details above.



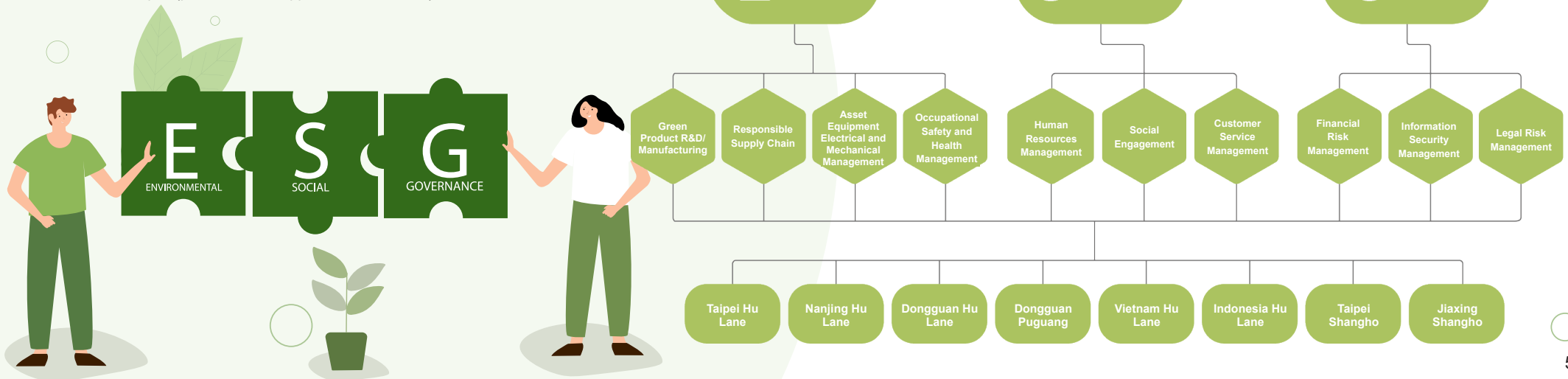
03 Sustainability Governance and Strategy

The members of Hu Lane's Sustainability Committee are all the independent directors of the Company.

3-1 Sustainability Committee

Hu Lane follows the policy of the competent authorities. The Board of Directors has approved the organization chart of the Group's Sustainability Committee (version 3.0) and the Sustainable Development Best-Practice Principles (Note), and appointed all independent directors as members of the committee. The Sustainability Committee has formulated the direction of sustainable strategy development, and is responsible for the promotion and implementation within the Company, gradually integrating the concept of sustainable management into the corporate culture of Hu Lane.

In response to the sustainability issues covering environment (E), society (S) and corporate governance (G) (hereinafter referred to as ESG), the Sustainability Committee consists of the Sustainable Development Officer, who is responsible for guiding committee members and dedicated groups. The responsible departments collect stakeholders' issues of concern on environmental protection, occupational safety and security, supply chain management, labor and human rights, operational performance, and corporate governance, etc., and set up a Stakeholder Section on the Company's website to properly respond to their concern on important sustainability issues based on the principle of respecting stakeholders' rights and interests. In the future, Hu Lane plans to report the implementation results of ESG to the Board of Directors on a regular basis to strengthen the Board of Directors' participation in the Company's ESG implementation. Note: Sustainable Development Best-Practice Principles (please refer to Appendix III for details).



Duties and Responsibilities of the Sustainability Committee

Members of the Sustainability Committee	Sustainable Development Officer	Steering Committee Member	Chief of Staff
- Convene meetings on sustainability issues and report preparation. - Sustainability strategic direction development.	- Confirm that goals are in line with the organization's objectives and communicate with the senior management. - Progress control and process review. - Resource coordination and support allocation.	Propose recommendations and directions for various issues based on the professional experience and responsibilities of each steering committee member.	- Implement the resolutions of the Sustainability Committee. - Coordinate and follow up the progress of each team member. - Organize and report various information.

Item		Scope of Responsibility		Stakeholders
Environment	Green Product R&D/Manufacturing	Product R&D	Develop energy-efficient technology blueprints, product innovation, and green product R&D/manufacturing. Become a technology leader in corporate responsibility.	Employees, customers, suppliers
		Quality and reliability	Establish quality policy to ensure product quality and reliability, as well as product recall management mechanism.	Employees, customers, suppliers
	Responsible Supply Chain	Responsible Supply Chain	Risk management of raw materials and supply chain, supplier management, responsible business alliances and their code of conduct; risk management, crisis management, emergency response procedures and action plans.	Employees, investors, customers, suppliers, government/authority
	Asset Equipment/Electrical and Mechanical Management	Electrical and mechanical engineering, production equipment maintenance and assurance	Maintaining operational environmental efficiency, pollution prevention and control, resource risk management, green manufacturing.	Employees, customers, investors
	Occupational Safety/Health Management	Environmental safety and health	Formulate environmental policy and management system, pay attention to global climate change, pollution prevention and control, carbon emissions and carbon rights management, environmental responsibility, environmental problems reflection mechanism, environmental protection expenditure; formulate occupational safety and health policy and management mechanism, workplace safety, occupational disease prevention and health promotion; communicate environmental protection, safety and health regulations.	Employees, investors, customers, suppliers, government/authority
Social	Human Resources Management	Human resources and public relations maintenance	Talent attraction and retention, employee health and work-life balance, labor/management relations and employee recognition, employee rights, cultivation and career development.	Employees, customers, suppliers, government/authority, community
	Social Engagement		Interaction/management with stakeholders, social impact issues complaint mechanism, charity, and community relations management.	
	Customer Service Management	Business development Customer service Corporate image maintenance	Collaborate with customer alliances to promote more intelligent and more environmentally friendly product innovation; share related experiences and achievements externally. Customer service and satisfaction, customer trust, customer privacy, responsible business alliance and its code of conduct.	Employees, customers
Governance	Financial Risk Management	Finance and investor relations maintenance	Formulate dividend policy, tax and other related strategies, and disclose financial information. Appropriately handle investors' issues of concern, build long-term mutual trust relations, operate effective mutual communication, prepare annual reports, and maintain media relations.	Employees, shareholders/investors, customers, suppliers, government authority
	Information Security Management	Information security risk management	Formulation and management: Information security risk management and information crisis emergency response plan	Employees, investors, customers, suppliers, government authority
	Legal Risk Management	Legal	Corporate governance, code of ethics, legal compliance (e.g., fair competition, privacy and personal information, whistleblower protection), intellectual property, and company confidential information.	Employees, government authority

3- 2 Stakeholders and Identification

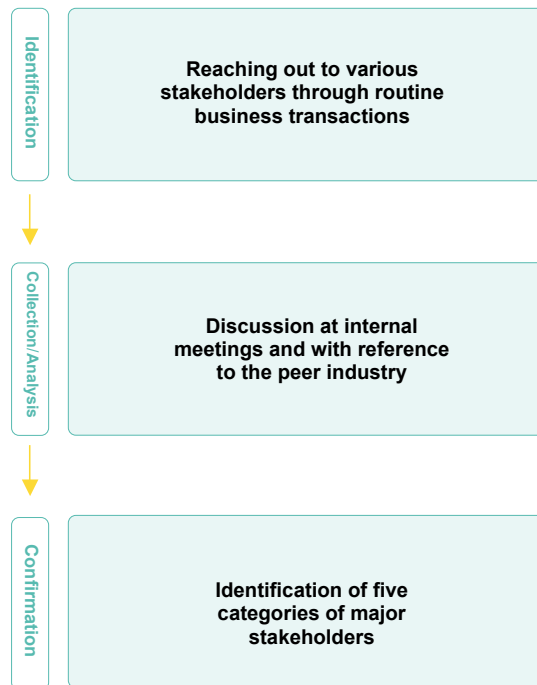
3.2.1 Identification of Stakeholders

Stakeholders are the groups that affect or are affected by Hu Lane. Each department initially selects the types of stakeholders that it routinely engages in business transactions with. It then identifies major stakeholders based on the frequency of interaction between each stakeholder and Hu Lane, the degree of mutual influence, and the degree of significance to each other through the five major principles of the AA1000 Stakeholder Engagement Standard (SES), including dependence, responsibility, influence, multiple perspectives, and focus on tension. Finally, five categories of major stakeholders are identified as material to Hu Lane, including government/authority, employees, customers, investors and suppliers.

3.2.2 Stakeholder Communication Channels and Issues of Concern

The issues of concern of the various types of stakeholders vary due to the different identities of major stakeholders. Each department takes the initiative to maintain continuous and positive interactions with stakeholders through diversified channels to enable stakeholders who are concerned about Hu Lane to have a timely understanding of the Company's operation. At the same time, Hu Lane can also capture the requirements and expectations of stakeholders for the Company, respond to them in a timely manner, and report to the Board of Directors on the status of communication with major stakeholders on an annual basis.

The department records issues of concern raised by major stakeholders in the course of routine business transactions. The Sustainability Committee collects and compiles such information, while referring to the 2021 edition of the GRI sustainability reporting standards and the CSR reports of industry peers to summarize ten major sustainability issues, covering economic, environmental, and social aspects, to ensure that Hu Lane's disclosure of sustainability information meets the completeness and diversity of the requirements of the GRI standards.



Major Stakeholders Communication Channels/Frequency

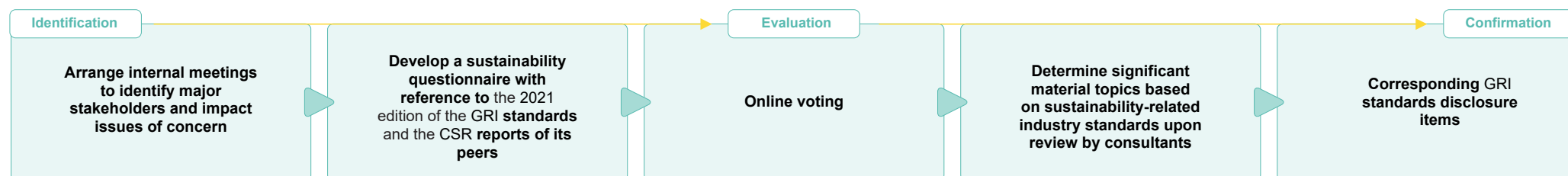
Major Stakeholders	Government/ Authority	Employees	Customers	Investors	Suppliers
Concerned issues	Operational performance, sustainable supply chain (environmental protection & occupational safety & human rights), occupational health and safety, talent development, innovative R&D, information security, energy conservation and carbon reduction, labor-management communication	Sustainable supply chain (environmental protection, occupational safety and human rights)/Operational performance/Occupational health and safety/Customer relations/Innovative R&D	Innovation and R&D/Customer relations/Information security/Operational performance/Sustainable supply chain (environmental protection & occupational safety & human rights)/Trade secret protection and transaction security	Operational performance/Customer relations/Sustainable supply chain (environmental protection & occupational safety & human rights)/Innovative R&D/Raw material management/Information security	Sustainable supply chain (environmental protection & occupational safety & human rights)/Operational performance/Customer relations/Innovative R&D/Raw material management/Information security/Trade secret protection and transaction security
Communication Channels/ Frequency	1. Stakeholder section and communication channels on the official website 2. Transparent disclosure of relevant information from time to time on the MOPS/financial reports/annual reports/ and official website 3. Cooperate with the government and the competent authorities to promote various matters and participate in the evaluation of the competent authorities/ any time 4. E-mail, telephone/anytime 5. Contact window: Spokesperson, acting spokesperson/anytime	1. Employer/employee meeting/ quarterly(Taipei Hu Lane),4 meetings held in 2022 with 48 participants 2. Occupational Safety and Health Committee(Taipei Hu Lane)/once a quarter 4. Welfare Committee(Taipei Hu Lane)/ anytime 5. Personnel Evaluation Committee/once a year 6. President's mailboxes in each company/ anytime, 0 mails received in 2022 7. Bulletin boards in each company and online bulletin boards/anytime 8. Employee satisfaction survey in each company/once a year 9. E-mail, telephone/anytime 10.Contact window: Head of human resources/anytime	1. Customer complaint and feedback mechanism of each company/anytime 2. Regular communication and discussion meetings at each company/once a month 3. On-site audit discussion/anytime, or as specified by customers 4. Customer satisfaction survey in each company/once a year 5. E-mail, telephone/anytime 6. Contact window: Head of marketing and sales/anytime	1.Shareholders' meeting/once a year 2.Domestic and overseas investor conference/once a quarter 3.Seminars for investors from domestic and overseas investment organizations, totaling 70 hours 4.Transparent disclosure of relevant information from time to time on the MOPS 5.E-mail, telephone/anytime 6.Contact window: Spokesperson, acting spokesperson/anytime	1.Regular review report and meeting of each company/once a month 2.Supplier management of each company/ occasional interviews 3.Annual evaluation of each company's suppliers/once a year 4.Supplier conference for knowledge and technology exchange/once a year 5.E-mail, telephone/anytime 6.Contact window: Head of logistics/ anytime

Note: Stakeholder contact information:<https://www.hulane.com.tw/tw/investor/stakeholder>

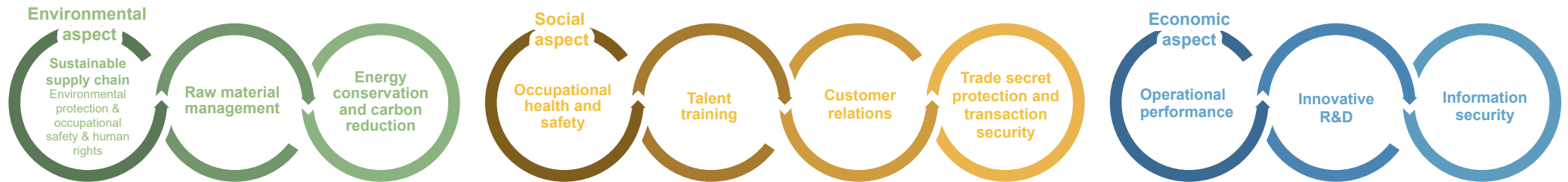
3.2.3 Identification of Material Topics

The Sustainability Committee of Hu Lane has identified 22 sustainability issues and invited major stakeholders to fill out an online questionnaire. A total of 142 valid questionnaires were collected, including 28 from shareholders/investors, 42 from employees, 34 from customers, 35 from suppliers, and 3 from governmental authorities, generating a rating for the level of concern that major stakeholders have for each sustainability issue. An online questionnaire was sent to 16 supervisors to fill out a rating of the extent of the impact of each sustainability issue on Hu Lane. The scores of both questionnaires were compiled to create a matrix of material topics. Upon discussion by the Sustainability Committee, the top 10 sustainability issues in the three aspects of the environment, society, and economy were included in the material topics of the current

year and are as follows: sustainable supply chain (environmental protection & occupational safety & human rights), raw material management, energy conservation and carbon reduction, occupational health and safety, talent training, customer relations, trade secret protection and transaction security, operational performance, innovative R&D, information security. Hu Lane will explain in this report the management guidelines for each of the material topics and the relevant disclosure. At the same time, in order to balance the information in the sustainability report, Hu Lane will additionally disclose the achievements of its participation in public welfare activities.

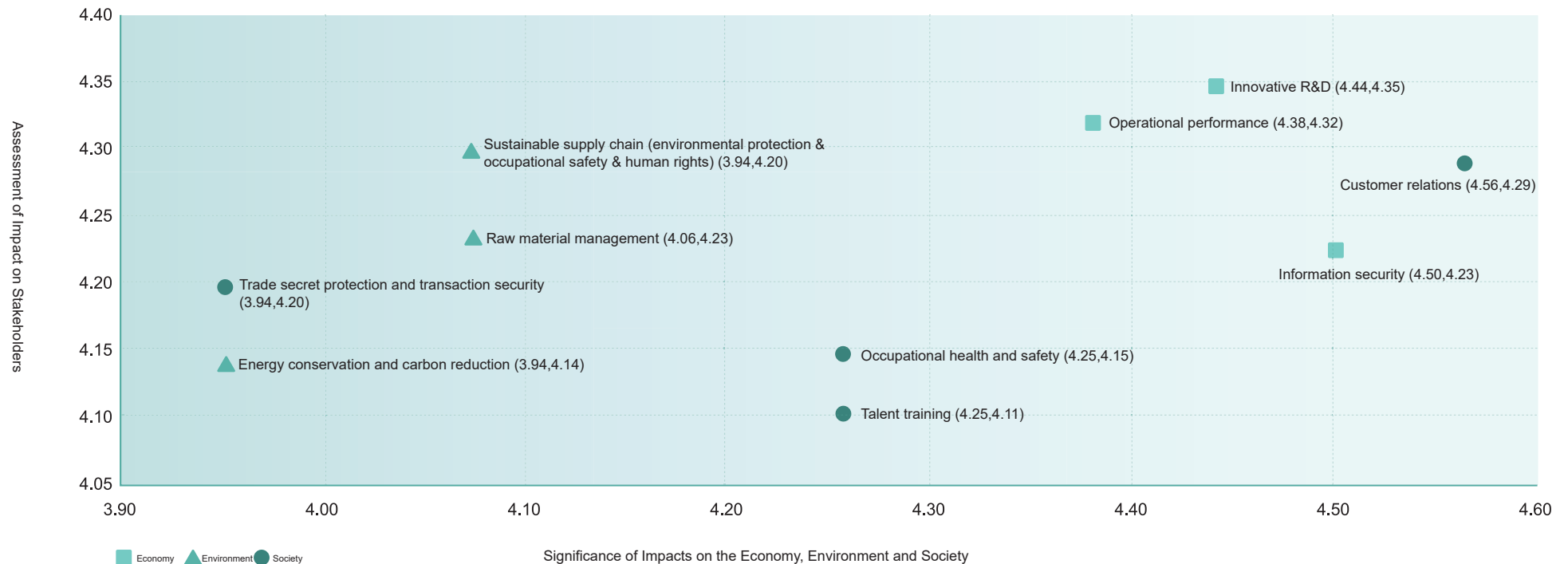


10 Material Topics



Hu Lane's Material Topics Matrix

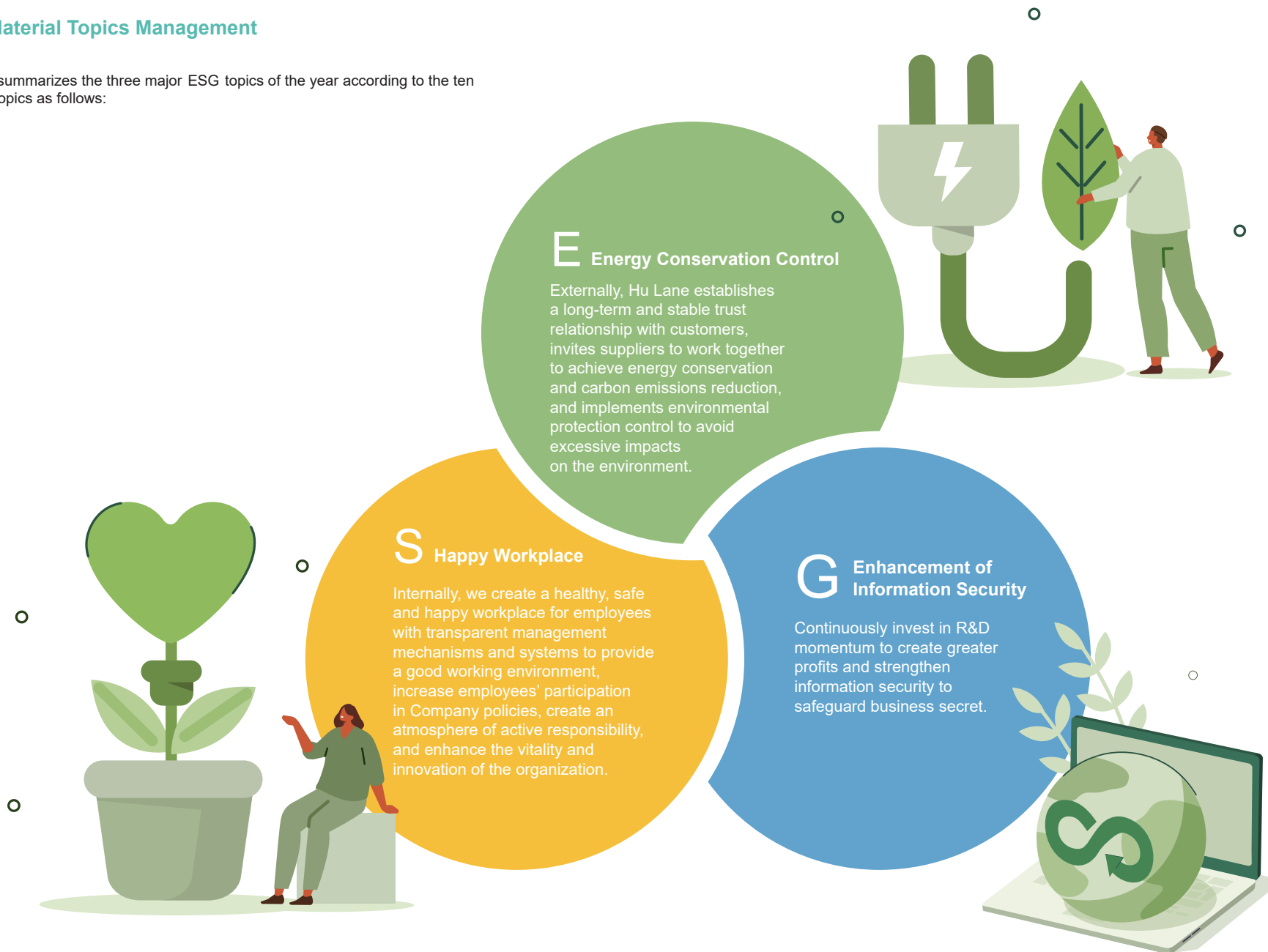
10 Material Topics Matrix



Note: This is the first full GRI standards-compliant report for the year with no changes in material topics

3.2.4 Material Topics Management

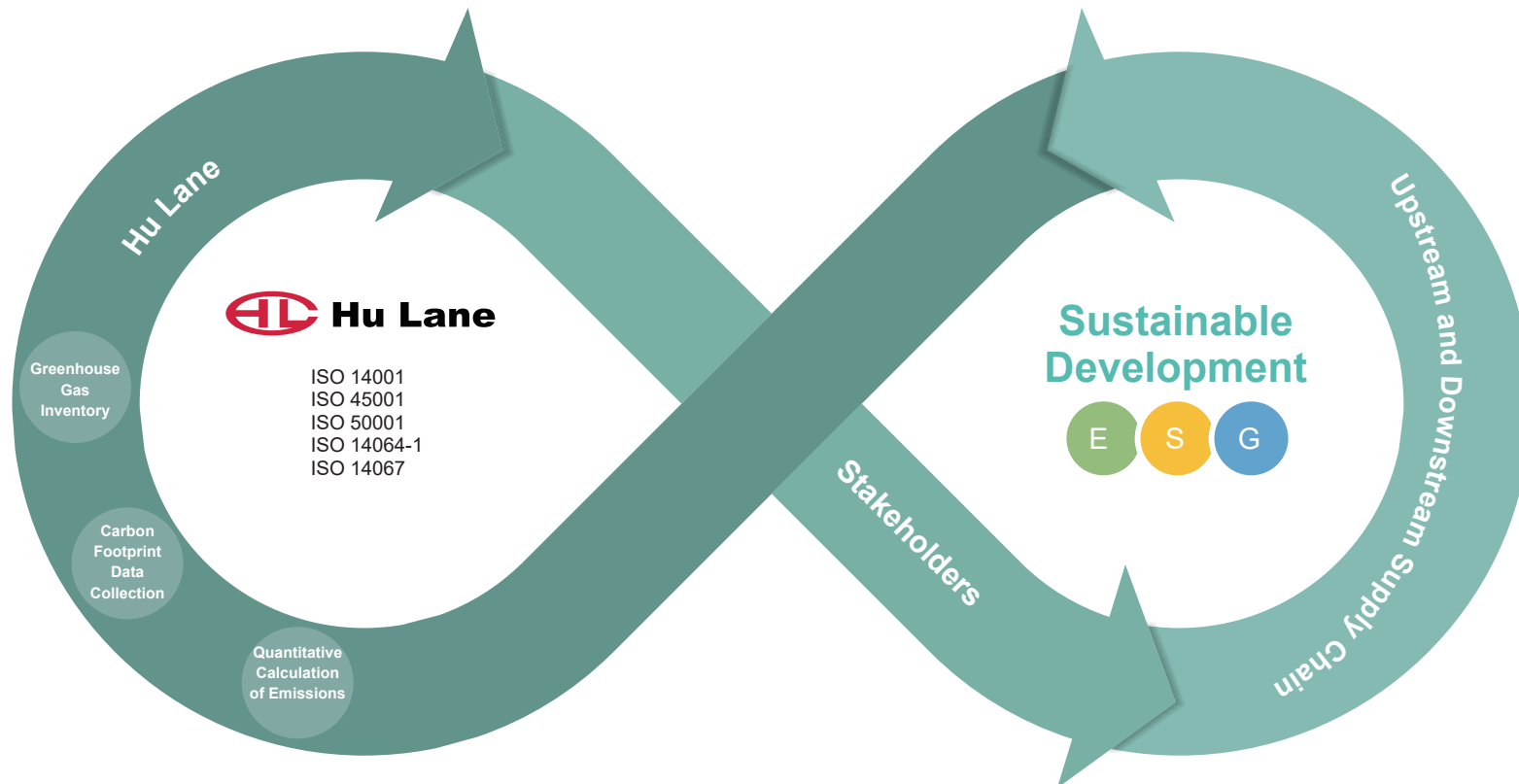
Hu Lane summarizes the three major ESG topics of the year according to the ten material topics as follows:



3.2.5 Sustainable Development Goals

In order to achieve the 2050 net-zero carbon emissions goal and corporate sustainability policy, the Group has continued to promote the establishment of the "Greenhouse Gas Inventory", "Product Carbon Footprint Data Collection", and "Quantitative Calculation of Emissions" projects, and completed third-party verification. As the foundation of sustainable development, Hu Lane continues to invest in the improvement of the global environment and fulfill its role as a global citizen.

By linking the upstream and downstream supply chain, Hu Lane continues to uphold the business philosophy of "integrity and pragmatism," "customer satisfaction," "sustainable management," and "environmental friendliness", breaks through various business challenges, pursues Company growth and community integration, and builds long-term trust with stakeholders to achieve business sustainable development.



List of Sustainable Development Goals

Goals							
Detailed Goals	4.3 Ensure equal access for all women and men to vocational education 1.5 Ensure equal access to all levels of education for the vulnerable 4.7 Promote education for gender equality	5.1 End all forms of discrimination against all women and girls everywhere	6.4 Increase water-use efficiency	8.5 Achieve decent work for all women and men 8.7 Labor rights	11.6 Urban environment and waste management	12.4 Proper waste treatment 12.5 Waste reduction, recycling and reuse	13.3 Improve promotion and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning mechanisms
Actions Taken by Hu Lane	•We arrange annual training programs. In 2022, the Group invested NT\$855,400 in education and training expenses, with 34,731 hours of annual training, or 17.12 hours per person. •The "Hu Lane Scholarship" has been organized to subsidize low-income students who are in urgent need of assistance and have outstanding academic performance. In 2022, the 19th "Hu Lane Scholarship" was organized. A total of 20 students were approved to receive the scholarship, among which 4 were low-income students. As of 2022, a total of 365 students (39.2% of low-income status or in urgent need of assistance) have been approved for the scholarship program, with a total amount of NT\$4,533,000 granted. •The Company complies with relevant regulations and international human rights conventions, such as gender equality, the right to work, and the prohibition of discrimination, and arranges training every year. The Company completed awareness-raising sessions for 2,202 people in 2022.	•The Company actively promotes "gender equality and the protection of women's rights" by providing a gender-friendly space and a comfortable working environment to protect women's rights and create a respectful and safe workplace free of sexual harassment. The Company is committed to creating a respectful and safe working environment, respecting personal privacy, and eliminating any form of violence, harassment or unlawful discrimination at the workplace, including but not limited to corporal punishment, verbal abuse, and mental oppression, as well as providing effective and appropriate complaint channels and handling mechanisms. There was no record of related complaints in 2022.	•In 2022, due to the production plan of the electroplating process in Taipei Hu Lane, water consumption gradually decreased from 87.63 million liters in 2021 to 44.05 million liters after the adjustment of the production line. In order to conserve water resources, Taipei Hu Lane installed water-saving toilets in restrooms. The replacement of related water equipment with water-saving models is a priority. The Company continuously evaluates the recycling of effluent into the manufacturing process for reuse. We adopt water conservation measures such as recycling of pure wastewater to cooling water towers, recycling of process wastewater, and R&D of low water consumption production technologies.	•The Company's compensation policy also ensures that there is no difference in the salary of employees based on their gender, age, race, religion, or political bias. •We provide fair and reasonable salaries and working conditions, eliminate discrimination and ensure equal work opportunities, prohibit child labor, and prohibit forced labor. There was no discrimination or violation of labor rights in 2022.	•Hu Lane's recycling percentage for general commercial waste reached 90.32%. The recycling percentage for hazardous commercial waste reached 19.29%.	•In response to customer demand and the Company's commitment to environmental protection, Taipei Hu Lane will purchase sludge drying equipment for hazardous commercial waste in 2023, which can significantly reduce the weight of hazardous sludge. It is expected to be officially launched by the end of 2023.	•In 2022, Taipei Hu Lane obtained a statement of verification for the greenhouse gas inventory in 2021 after verifying by a third party institution BSI. In 2023, it is expected that the Group will obtain a statement of verification for the greenhouse gas inventory in 2022. •The solar energy construction plan (Taipei Hu Lane and Vietnam Hu Lane) has been planned since 2022. It is planned to construct solar green power of 450KW (Taipei Hu Lane) and 675KW (Vietnam Hu Lane) in 2023. It is estimated that 450,000 kWh of green power will be added annually after the completion of the installation of the solar energy panels.
Chapters Disclosed	07 - 3 Talent Training 07 - 5 Public Welfare Participation 04 - 2 Business Philosophy_ Human Rights Policies	04 - 2 Business Philosophy_ Human Rights Policies	06 - 3 Water Resources and Wastewater Management	07 - 4. Compensation and Benefits 04 - 2 Business Philosophy_ Human Rights Policies	06 - 3.2 Waste	06 - 3.3 Waste	06 - 2. Carbon Emissions Management

Sustainable Development Achievements

Corporate Governance Achievements

1. Ranked in the top 6% to 20% of the TPEx's 9th "Corporate Governance Evaluation".
2. Scored 22.9 (moderate) on the Sustainalytics ESG risk evaluation, ranking 128 out of 231 companies in the same industry worldwide.
3. Appointed Head of the Group Finance Division in June 2022 as Head of Corporate Governance.
4. 22% of female directors; 33% of independent directors.

Environmental Protection Achievements

1. In response to the responsibility of corporate sustainability, the Company organized a beach cleaning activity at the new Jinshan Beach in December 2022, and called on the colleagues and their families, relatives, and friends (a total of 90 people) to participate and promote the concept of protecting precious marine resources; raise the importance of marine ecological environment conservation and water resources protection; and promote the interaction between parents, children and colleagues. We took concrete actions for global environmental protection by picking up 357 kilograms of garbage on that day in order to jointly maintain the environmental cleanliness of the sea.
2. In line with the international trend of plastic reduction, each of the Group's factories promotes the non-provision of disposable products such as disposable tableware and bottled water.



Employee Care Achievements

Employee health care activity. Monthly exercise day: Started in November 2022, a total of 205 employees have participated. (Taipei Hu Lane) Annual Weight Loss Contest: A total of 148 employees (including 29 teams) participated in the competition, of which 73 (including 16 teams) succeeded in losing weight. A total of 76.29kg was reduced (equivalent to a 587,400-calorie reduction = a 2.51kg reduction in carbon emissions). (Taipei Hu Lane)

Health consultation with on-site doctors: A doctor is arranged to visit the factory once a month to provide health consultation services for colleagues. In 2022, a total of 56 colleagues were arranged to have an interview with the doctor, so that they can better understand their health conditions. (Taipei Hu Lane)

"Sharing Enthusiasm · Warming up the Factory": At the end of 2022, in order to reward employees for their dedication and hard work, Hu Lane Employee Care Association invited "Mister Wheel", a wheel pie stand at a "state banquet level", to accompany employees at work and have fun together! (Taipei Hu Lane)



Participation in Public Welfare Activities

The total amount of charitable donations in 2022 amounted to NT\$528,106.

(Taipei Hu Lane has been subsidizing World Peace Society and Huashan Social Welfare Foundation for a long time; Dongguan Hu Lane has sponsored the participation of the Dongguan Dalang government in the prevention of the COVID-19 pandemic; Vietnam Hu Lane's labor union has arranged sending love to households).

Taipei Hu Lane: Hu Lane Scholarship of NT\$250,000.

A total of 47 employees participated in the Dongguan Hu Lane blood donation activity, donating 15,200cc of blood in total.



Product Responsibility (Customer Health and Safety)

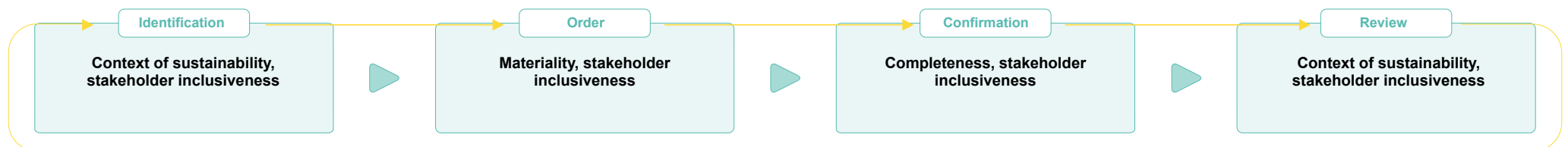
In order to provide reliable quality products, our management system has passed a number of international quality management certificates. Our products also comply with the "RoHS" and "REACH" environmental protection regulations established by the EU and the European Chemicals Agency in order to provide customers with quality and reliable products.

In order to protect the health and safety of customers, we have taken out a product liability insurance policy with a limit of US\$10 million.



3.2.6 Report Preparation Principles

Hu Lane complies with the requirements of the GRI standards and prepares an ESG report in accordance with the 8 major principles that define the contents of the report.



3.2.7 Identification of Material Topics and Boundary

Aspect		Environment	Environment	Environment	Society	Society
Material Topics		Sustainable supply chain (environmental protection & occupational safety & human rights)	Raw material management	Energy conservation and carbon reduction	Customer relations	Occupational health and safety
Materiality		In addition to its own ESG improvement, Hu Lane also leverages on its influence on the supply chain to require suppliers to comply with local regulations and Hu Lane's ESG policy. The Company also invites suppliers to respond to sustainable management and make progress in the aspects of environmental protection and employee care.	The Company avoids unstable factors such as raw material quality and material shortages that affect the product delivery or even the goodwill and revenue.	Since the adoption of the Paris Agreement in 2015 and as of the COP27 in November 2022, energy conservation and carbon reduction against extreme climate change have been a global consensus. As a member of the global community, it is obligatory for the Company to conquer the challenge of carbon reduction in all aspects from environmental conservation to corporate operations, and propose appropriate measures to make contributions to carbon reduction.	Customers are an important asset of an enterprise. In addition to continuously developing new customers and broadening customer base, it is also necessary for the Company to maintain existing customers, capture and understand customer needs through diversified channels to increase sales revenues and profits; reduce sales costs by identifying and categorizing customers by groups for characteristics analysis; and increase customer satisfaction, etc.	Harmonious labor/management relations and a healthy workplace environment are the basis to achieve a win-win situation for both employers and employees. In this regard, it is an important indicator for the Company to create a quality workplace and eliminate preventable risks in the workplace.
Positive/Negative Impact		Positive impact	Negative impact	Positive impact	Positive impact	Positive impact
Internal Boundary Company		●	●	●	●	●
External Boundary	Investor			●		
	Suppliers	●	●	●		
	Customers			●	●	●
	Local community			●		●
Corresponding GRI Standards		308Supplier Environmental Assessment: 2016(308-1~308-2)	204Purchasing Practices 2016(204-1) 301-1~301-3Materials2016	302Energy:2016(302-1, 302-3, 302-4) 305Emissions:2016(305-1, 305-2, 305- 4~ 4)	Material topics defined by the Company	403 Occupational Safety and Health:2018(403-1~10)
Disclosure in the Report		●	●	●	●	●

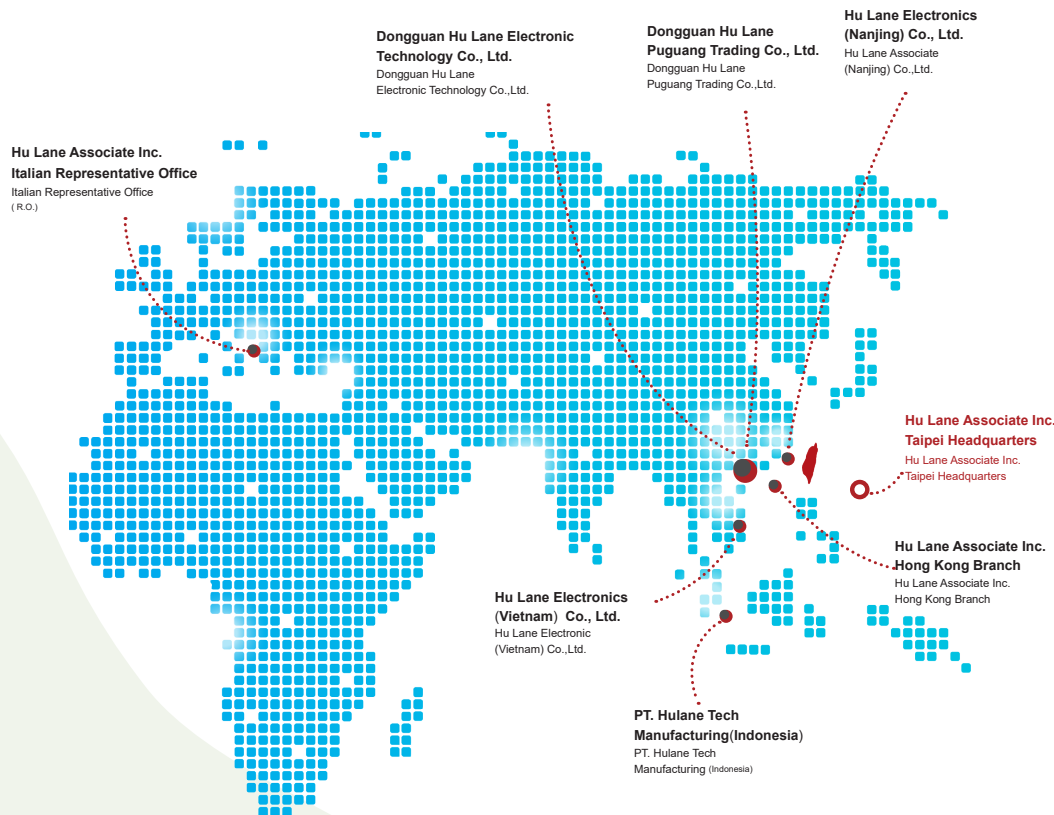
Aspect		Society	Society	Economy	Economy	Economy
Material Topics		Talent training	Trade secret protection and transaction security	Operational performance	Innovative R&D	Information security
Materiality		Talent is an important asset of the Group and an important foundation for the Group's operations. We enhance the capabilities of employees through a comprehensive training mechanism.	Trade secrets have become a key technology indispensable to the Company's sustainable operations and a competitive tool for our products and services, enabling the Company to become a leader in the blue ocean market and a winner in the red ocean market. However, its core value only lies in "lead time". The competitive advantages exist until the existing or potential competitors develop new processes or technologies, the trade secrets are uncovered or process improvements made, or new or improved goods or services are introduced to the market. Therefore, protecting trade secrets is the priority to secure the market share.	Profitability is the driving force behind the Company's sustainable development. Hu Lane creates profits through activities such as increasing operating revenue and reducing costs, developing high value-added products, and continuing to advance toward the goal of becoming a group enterprise that provides complete solutions for automotive connectors and wire harnesses, which not only strengthens the confidence of shareholders, employees, and industry values of the Company, but is also the key to sustainable operations.	The Company is committed to product R&D and technology innovation, and has established a collaborative development model with major international companies, adopting a diversified approach to core competencies to expand product applications, actively developing new products for automotive connectors, and gaining a foothold in the medical and solar energy area to widen the gap between the Company and its competitors and maintain its leading position.	Hu Lane regards R&D technology and customer secrets as the pillars of the Company's operation. The information security management mechanism enables employees to maintain an awareness of information security risks for various information security management and control actions to ensure that Company secrets are not disclosed.
Positive/ Negative Impact		Positive impact	Positive impact	Positive impact	Positive impact	Positive impact
Internal Boundary Company		●	●	●	●	●
External Boundary	Investor			●	●	●
	Suppliers		●	●		
	Customers		●	●	●	●
	Local community	●				
Corresponding GRI Standards		GRI 404Training and Education 2016(404-1~3)	418: Customer Privacy 2016	201Economic Performance:2016 201-1~4	Material topics defined by the Company	Material topics defined by the Company
Disclosure in the Report		●	●	●	●	●

04 About Hu Lane

4-1 Company Profile

From its inception in 1977, Hu Lane has engaged in manufacturing of various types of metal stamped terminals products, and by 2004, has expanded to manufacturing a wide range of connector products. Today, Hu Lane has grown to become one of the world-class leading automotive connector brands, and has set a foothold in the medical, industrial control and home appliance areas.

The Company is one of the renowned connector manufacturers in the world. In addition to the low-voltage connectors developed and produced over the years, the Company has also developed high-frequency products such as FAKRA / HSD / Ethernet, new energy high-voltage connectors, and header boards connectors, fuse boxes, and other high value-added products, and the development of vertical integration of wire harness design and assembly and its technical capabilities. The Company has been cultivating the markets in Taiwan, China, and Southeast Asia for many years, and has cooperated with automobile manufacturers and Tier 1 major manufacturers for many years.



1977 Establishment of Hu Lane Enterprise Co., Ltd.

1990 Renamed as Hu Lane Industrial Co., Ltd. upon approval.

1993 Renamed as **Hu Lane Associate Inc.**

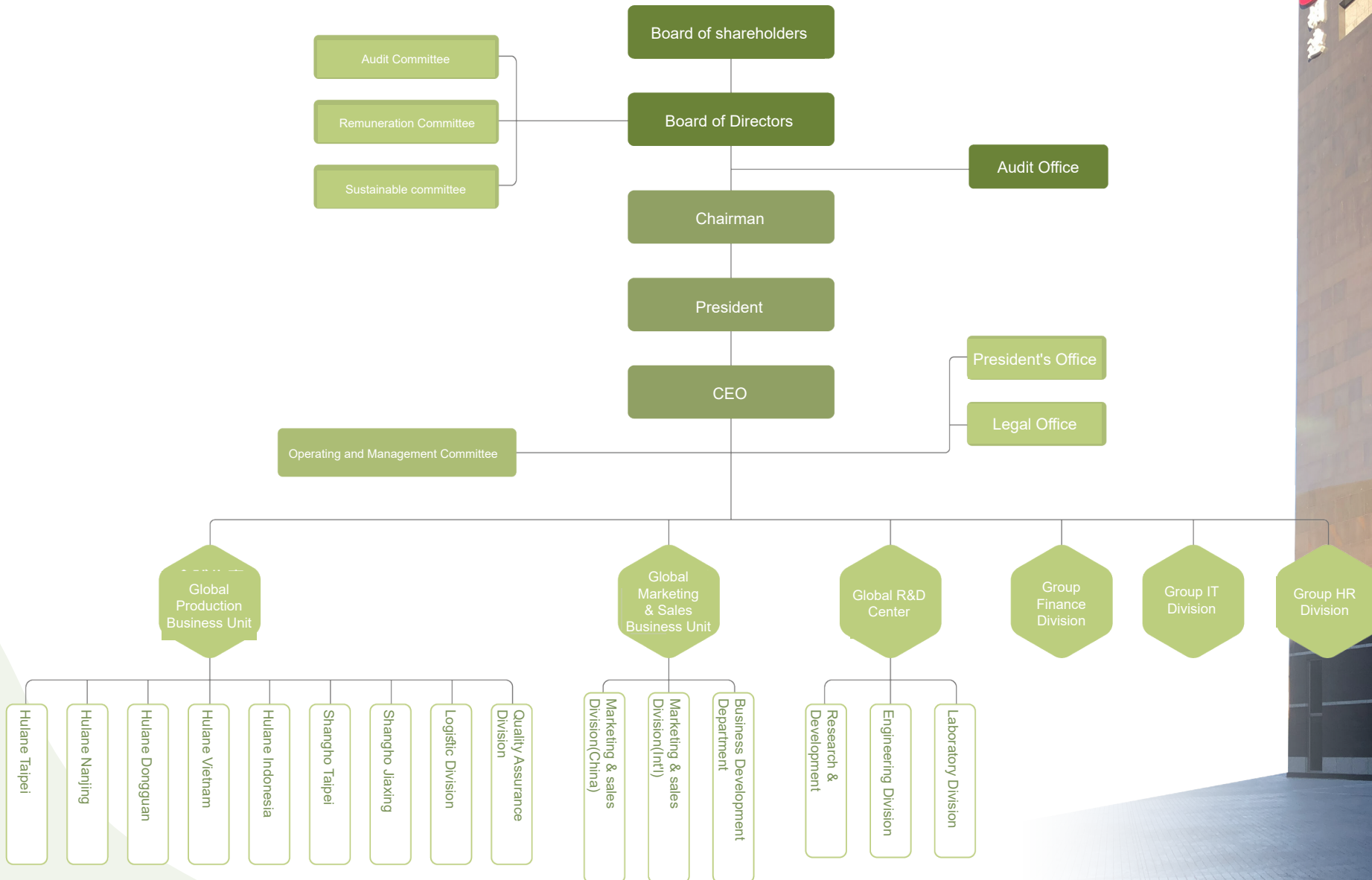
2001 Issued new shares and supplementary shares, and obtained the consent of the competent authority for the issuance of shares.

2003 It was officially listed on the Taipei Exchange in November.

2022

- Taipei Group Headquarters was completed and activated.
- The Company was awarded the Outstanding Supplier by Continental Automotive Parts (Suzhou) Co., Ltd., and was granted the **"Excellence in Delivery Award"**.
- Dongguan Hu Lane Electronic Technology Co., Ltd., was certified as an **innovative small and medium-sized enterprise** in Dongguan City and a new specialized small and medium-sized enterprise.
- Won 3 awards in the APEA Asia Pacific Enterprise Awards
 - MASTER ENTREPRENEUR-Chairman Chang Tzu-Hsiung's Individual Award
 - INSPIRATIONAL BRAND-Company Award
 - CORPORATE EXCELLENCE-Company Award
- Acquired 100% of the equity of Taipei Shangho, (Jiaxing Shangho) to strengthen vertical integration and expand product lines.
- Launched the ESG sustainability project, completed ISO14064-1 greenhouse gas inventory for the Taipei Factory, and obtained a statement of verification from a third party.
- Won the "BYD Wholly-owned Subsidiary FinDreams Technology" **Excellent Supplier Award for New Energy**

Hu Lane Organization Chart



Company Name	Hu Lane Associate Inc. (Stock Code:6279)
Headquarters Address	No. 1, Lane 342, Fude 1st Road, Xizhi Dist., New Taipei City
Date of Establishment	July 9, 1977
Capital	NT\$996,547 thousand
Global Sales	Headquartered in Taipei, with sales offices across China, Hong Kong, Vietnam, Indonesia, India and Europe.
Main Products and Services	New energy products, terminal products, plastic product connectors, wire harness products, header connectors, fuse box products, rubber products, high frequency/ high voltage connectors, crimping dies, product/mold design proposals and complete solutions, and complete connector experimentation project services.

■ Correlation among the up-stream, mid-stream, and down-stream of the industry

Hu Lane is a professional connector manufacturer in the mid-stream and down-stream of the industry chain. The main upstream raw materials are copper and plastics, and the industries covered include copper and plastic manufacturing. Terminal products are widely used in transportation, new energy vehicles, electronic communications, and consumer electronics industries. The linkage map of up-stream, mid-stream, and down-stream is as follows:

Upstream (raw materials)	Midstream (design, processing, and manufacturing)	Downstream(wiring processing and manufacturing, system provider)	Terminal application market
1. Copper materials 2. Plastic raw materials 3. Steel	1. Terminal designer and processing manufacturer 2. Plastic box design and processing manufacturer	1. Plugs and connector processing manufacturer 2. Information and communication products, new energy vehicles, fuel vehicles, electronic products, and electronic wire harness manufacturers	1. Transportation 2. New energy vehicles 3. Information and communication products 4. Electrical products 5. Consumer electronics 6. Others



Low Voltage Connector



Ethernet



High Voltage Connector



Pin Header



Rubber Seal /Grommet /Sleeves

FEATURE PRODUCTS

胡 連 精 密 特 色 產 品



Terminal



FAKRA



High Voltage Wire harness



Fuse box



PDU

4-2 Business Philosophy

Hu Lane upholds the business philosophy of "integrity and pragmatism," "customer satisfaction," "sustainable management," and "environmental friendliness", breaks through various business challenges, pursues the Company's growth and social feedback, and builds long-term trust with stakeholders to achieve business sustainable development.

Human Rights Policy

■ Protection of Human Rights in the Workplace

In accordance with the principles disclosed in international human rights conventions such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, the Company's human rights policy is issued upon approval by the Board of Directors in recognition of the internationally accepted basic human rights, which include the prohibition of child labor or the use of young workers in hazardous occupations, the elimination of all forms of forced labor, the elimination of discrimination in employment and occupation, and the elimination of all acts of infringement and violation of human rights. In addition, the Company guarantees gender equality and does not deprive its workers of the right to freedom of association or group agreement. The Company also provides aboriginal employees with the right to take leave during the yearly ceremonies of the tribes to which they belong in accordance with the law, in order to create a diversified, open and equal work environment free from discrimination and harassment. We treat all employees fairly. At the same time, the Company has formulated an ethical policy and various ethical rules and regulations for employees to follow. Suppliers are also required to comply with the policy.

■ Fair Compensation Policy

The Company's compensation policy also ensures that there is no difference in the salary of employees based on their gender, age, race, religion, or political bias. At the same time, the Company complies with the labor and human rights laws and regulations of each country, and promotes the important messages of human rights and labor rights protection and interests to new recruits and current employees.

■ Ethical Policy and Regulations

The Company has formulated an ethical policy and various integrity regulations for employees to follow, and requires directors, managers, and general employees to sign an ethical conduct commitment letter. In the event that an employee of the Company infringes other people's rights, the Company will provide a reporting channel for the employee. A dedicated person will then conduct a due diligence investigation upon receipt of the report, undertake to keep the whistleblower's personal information confidential, and not treat the whistleblower in an unfavorable manner.

In 2022, there were no violations of human rights, no incidents of discrimination, sexual harassment, or infringement of aboriginal people's rights. There were no cases of fines for violations of laws and regulations.

■ Gender Equality Policy

The Company actively promotes "gender equality and the protection of women's rights" by providing a gender-friendly space and a comfortable working environment to protect women's rights and create a respectful and safe workplace without sexual harassment. The Company is committed to creating a respectful and safe working environment, respecting personal privacy, and eliminating any form of violence, harassment or unlawful discrimination at the workplace, including but not limited to corporal punishment, verbal abuse, and mental oppression, as well as providing effective and appropriate complaint channels and handling mechanisms.

■ Supplier Management

We conduct ESG evaluation and on-site audit for suppliers. Unqualified suppliers are required to make improvement within deadlines. If no improvement is made after the deadline, the procurement amount of the supplier will be reduced or the supplier will be removed from the list of qualified suppliers.

■ Employee Governance

Hu Lane attaches great importance to the promotion and rewarding of outstanding employees, and convenes a meeting of the personnel evaluation committee once a year, where the supervisor of each unit submits a report for a preliminary review and a meeting review. Employees who have poor performance or violate the Company's regulations will be reviewed and measures will be taken to improve performance and ensure compliance with regulations.

■ Security Personnel

In order to provide security personnel with training on the implementation of relevant human rights policies and procedures, the Company has organized relevant education training courses on a regular basis since 2022 with 100% of the implementation rate.

■ Training Course

The Company organizes ethical/occupational safety training courses on a regular basis each year.



4-3 Historic Awards and Management System

4.3.1 International Management System Adopted by the Company

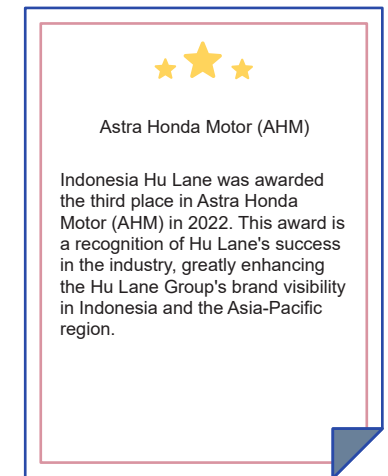
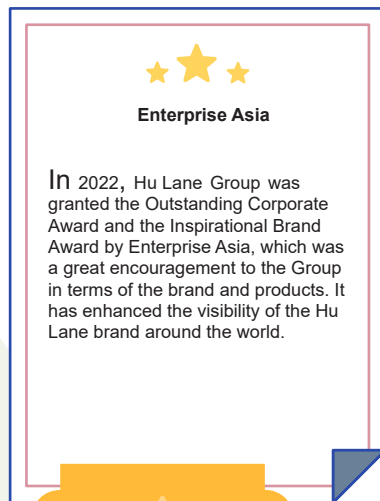
Item	Company Obtained a Statement of Verification/Statement	Verification Institution
ISO 14001	Taipei Hu Lane, Dongguan Hu Lane, Nanjing Hu Lane, Vietnam Hu Lane, Indonesia Hu Lane	TUV
IATF 16949	Taipei Hu Lane, Dongguan Hu Lane, Nanjing Hu Lane, Vietnam Hu Lane, Indonesia Hu Lane	TUV

Item	Company Obtained a Statement of Verification/Statement	Verification Institution
VDA 6.1	Nanjing Hu Lane	TUV
ISO 17025	Taipei Hu Lane, Dongguan Hu Lane, Nanjing Hu Lane	TUV

Item	Company Obtained a Statement of Verification/Statement	Verification Institution
ISO 14064-1	Taipei Hu Lane	BSI
ISO 45001	Taipei Hu Lane (Note)	TUV

Taipei Hu Lane activated ISO45001 Occupational Safety and Health Management System Certification_Project Counseling in 2022 and is on the way towards obtaining a certification from a third party verification company in 2023.

4.3.2 Awards



4-4 Participation in External Organizations

4.4.1 Membership of Public Association

Taipei Hu Lane



4.4.2 Group Agreement

None of the Group's major operating sites have entered into separate group agreements.





05 Ethical Governance

5-1 Governance Practices

Hu Lane upholds the business philosophy of "integrity and pragmatism," "customer satisfaction," "sustainable management," and "environmental friendliness", breaks through various business challenges in pursuit of the Company's growth and social feedback. In the 9th corporate governance evaluation, the Company ranked between 6% and 20% in the TPEx listed companies and was ranked 4 in the TCRI.

5.1.1 Board of Directors

■ Operation of the Board of Directors

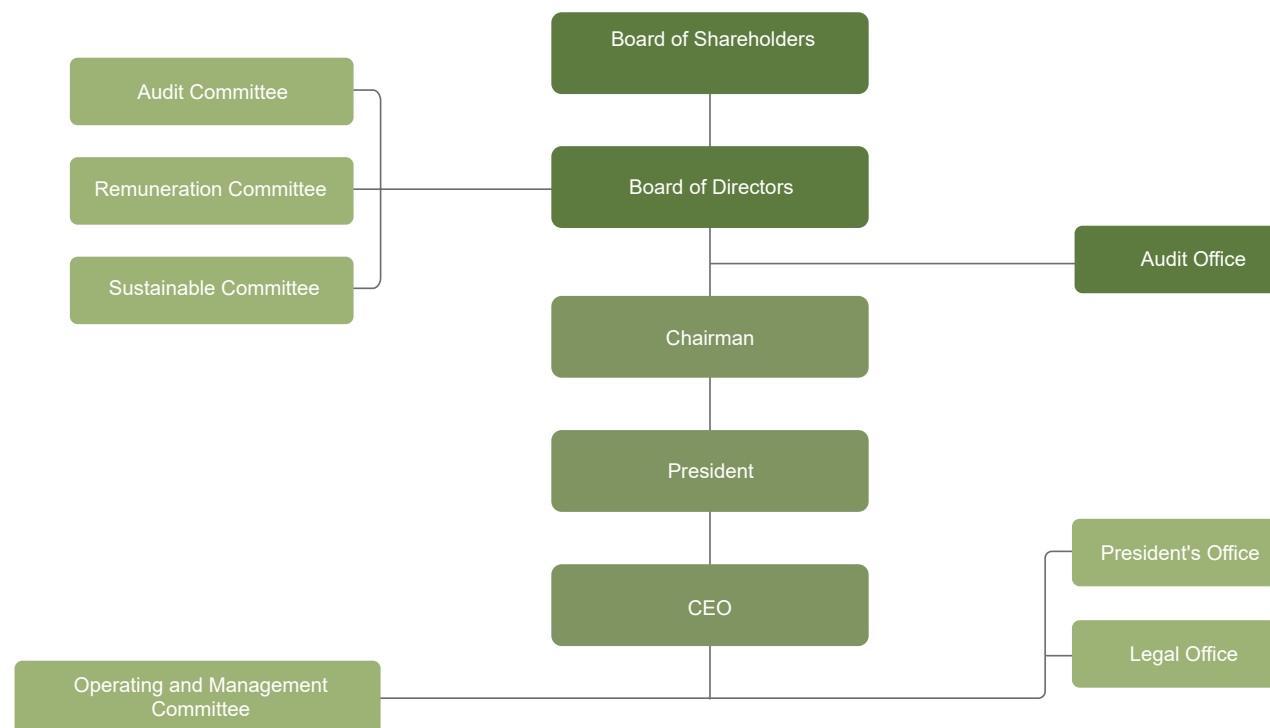
The Board of Directors meets at least once a quarter to discuss important corporate strategies (e.g., economic aspects, environmental aspects, social aspects, risks, etc.) and review the Company's operations and performance. Important resolutions of the Board of Directors are also published immediately on the MOPS and the Investor section on the Company's website.

■ Director Nomination and Selection Procedure

In accordance with the "Articles of Incorporation" and the "Rules Governing the Election of Directors", the Board of Directors shall have 7 to 11 directors with a term of office of three years. The candidate nomination system shall be adopted. The directors shall be elected by the shareholders' meeting from the candidate list of directors, and shall be eligible for re-election. The number of independent directors shall not be less than three and no less than 1/5 of the total number of directors.

■ Diversity and Independence of the Board of Directors

Please refer to Hu Lane's 2022 Annual Report for information on the diversity policy and independence of the Board of Directors.



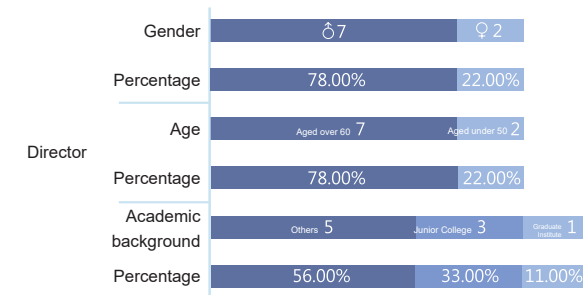
Hu Lane Governance Structure

Implementation of the Diversity Policy of the Board of Directors

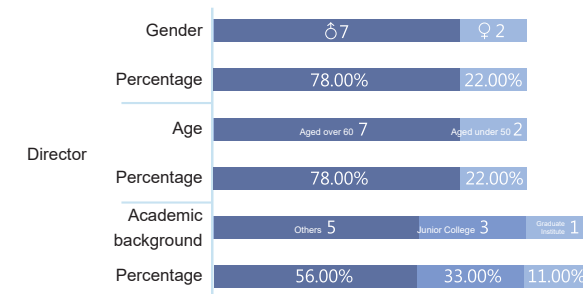
Job title	Name	Actual attendance rate(%)	Number of Other Companies Concurrently Serving as Director	Industry and ESG related background/experience	Shareholdings in Competitors, Suppliers and Customers
Chairman	Chang Tzu-Hsiung	100%	2	Industry, finance and accounting, management, leadership	None
Director	Hu Sheng-Ching	100%	0	Industry, finance and accounting, management, leadership	None
Director	Chang Ping-Chun	100%	0	Industry, service and marketing, management, leadership	None
Director	Hu Shao-Ju	100%	0	Industry, service and marketing, management, leadership	None
Director	Liu Chun-Hsiang	100%	0	Industry, service and marketing, management, leadership	None
Director	Chan Yi-Min	100%	2	Industry, service and marketing, management, leadership	None
Independent Director	Chang Shyueh-Chih	100%	0	Industry, finance and accounting, management, leadership	None
Independent Director	Lin Yuan-Li	100%	0	Industry, finance and accounting, management, leadership	None
Independent Director	Lin, Jaan-Lieh	100%	1	Industry, finance and accounting, management, leadership	None

Note: Percentage of female directors = (number of female directors at the end of the year/ number of directors at the end of the year)*100%.
 Percentage of male directors = (number of male directors at the end of the year/ number of directors at the end of the year)*100%.
 Percentage of female directors+percentage of male directors should be 100%.

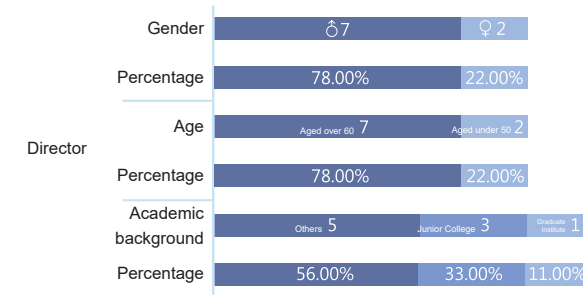
Diversity Statistics



Number/percentage in 2020



Number/percentage in 2021



Number/percentage in 2022

The Company arranges relevant continuing education courses according to the needs of individual directors, and actively arranges courses for all directors at a rate of 100%. Through the provision of relevant training courses, the Company enhances the professional knowledge of directors and implements corporate governance. In order to diversify the risk of directors' legal liabilities and enhance corporate governance capability, the Company has taken out directors' liability insurance with a total insurance amount of US\$3 million.

In order to enhance the corporate governance capability, the Company has appointed the Vice President of the Group Finance Division as the Corporate Governance Officer, who is responsible for matters related to the Board of Directors' and shareholders' meetings, preparation of minutes of the Board of Directors' and shareholders' meetings, assisting the directors in their appointment and continuing education, providing the directors with the information necessary for execution of duties, assisting the directors in legal compliance, evaluating the performance of the Board of Directors and the matters related to the Directors' liability insurance, and assisting the Company in complying with the matters stipulated in the Articles of Incorporation or the deeds to ensure the effective implementation of the corporate governance of Hu Lane.

■ Succession Plan for the Members of the Board of Directors

In the future, the composition of the Company's Board of Directors and the background of its members will enhance the female members and strengthen the professional background of the members of the Board of Directors. In order to ensure that the members of the Board of Directors have long-term stable leadership capability and innovative mindset, the Company actively promotes younger candidates and professionalism of the members, and sets up Rules Governing the Election of Directors.

■ Conflict of Interest and Recusal

Under the Company's governance structure, the Chairman is not a member of the senior management of the organization. Directors, their spouses, relatives with second degree of kinship, or companies in which directors have a controlling relationship, are prohibited from voting on the matters of the meeting in which they have a self-interest that could be detrimental to the interests of the Company, and from exercising voting rights as a proxy for other directors.

Hu Lane discloses the "Ethical Corporate Management Procedure and Code of Conduct" on its official website and issued the "Ethical Code of Conduct for Employees" procedure book to regulate the reporting of illegal (including corruption) and unethical behaviors by the Company's internal and external personnel, and require directors and managers to comply with the procedure.

The Company collects and responds to stakeholders' opinions through diversified communication channels, regularly reviews the reporting mechanism and remedial measures, and reports them to the Sustainability Committee for the continuous implementation of the ESG strategy. The Company has set up an employee complaint mailbox, a President's mailbox, and a stakeholder mailbox on its official website, which are handled by different departments according to the level of the respondent to ensure that the needs and expectations of stakeholders are met.

The identity of the whistleblower and the content of the report shall be kept confidential when handling a complaint case. Whistleblowing is handled in a confidential and prudent investigation, and thorough protection measures are given to whistleblowers to ensure the quality of investigations and propose solutions and measures.

If an issue may pose a significant threat to the Company's operations, senior management will report it to the Board of Directors for discussion and decision at a Board of Directors' meeting. Every year, the Company discloses the number of cases accepted and the status of handling on its official website. Such mechanism ensures the Company's ethical and legal compliance, protects the rights of whistleblowers, and contributes to the Company's long-term success in sustainable development.

5.1.2 Functional Committees

■ Audit Committee

The Company established an Audit Committee in June 2020, which meets on a quarterly basis and holds regular meetings to review the Company's internal control system, the execution of internal audits, and significant financial business practices, as well as communicate with the certified public accountants in order to ensure the supervision of the Company's operations and risk management.

Nomination and selection procedure: In accordance with the Company's "Audit Committee Charter," the Audit Committee shall be composed of all independent directors and shall consist of no fewer than three members, one of whom shall be the convener, at least one of whom shall be domiciled in the R.O.C, and at least one of whom shall have accounting or financial expertise. In the election of independent directors, if a candidate for independent director in accordance with the regulations has served as an independent director of the Company for three consecutive terms, the Company shall announce the reasons for continuing to nominate the candidate to serve as an independent director when announcing the review results of the independent director candidates, and shall explain to the shareholders the reasons for the election at the shareholders' meeting.

If the number of independent directors is insufficient to fulfill the requirements of the preceding paragraph or the Articles of Incorporation due to the termination of the terms of office for any reason, the independent directors shall be reelected at the nearest shareholders' meeting. In the event that an independent director is terminated, the Company shall convene an extraordinary shareholders' meeting for reelection within 60 days from the date of the occurrence of the event.

Please refer to the minutes of the Audit Committee meeting for information on the resolution.

■ Remuneration Committee

The Remuneration Committee meets at least twice a year to regularly review the Company's policies, systems, standards and structure for annual and long-term performance goals and remuneration for directors and managers, as well as determine the content and amount of their individual remuneration.

Nomination and selection procedure: According to the Company's "Organizational Rules for the Remuneration Committee", the chairman of the Board of Directors submits it to the Board of Directors for a resolution to appoint three Remuneration Committee members, three of whom are independent directors. The term of office for the members of the committee is the same as that of the Board of Directors.

Please refer to the minutes of the Remuneration Committee meeting for information on the resolution.



Sustainability Committee

The Company follows the policy of the competent authorities. The independent directors should supervise and participate in the promotion and execution of the Company's sustainable development matters. The Board of Directors approved the organization chart of the Group's Sustainability Committee (version 3.0) in December 2022, with the Sustainable Development Officer coordinating the planning of the ESG strategy and supervising the strategy implementation of each department.

Nomination and selection procedure The Sustainability Committee is composed of all independent directors. Resolutions of the Sustainability Committee: The Company's Sustainability Committee consists of 7 members. The Sustainability Committee convened one meeting, the attendance and meeting information is as follows:

Attendance

Job title	Name	Actual number of attendance rate(B)	Number of proxy attendances	Actual attendance rate(%) (B/A)(Note)	Remarks
Convener	Chang Shyueh-Chih	1	0	100%	First time in office
Committee members	Lin Yuan-Li	1	0	100%	First time in office
Committee members	Lin, Jaan-Lieh	1	0	100%	First time in office
Sustainable Development Officer	Pan Su-Chiu	1	0	100%	First time in office
Steering Committee Member	Chang Ping-Chun	1	0	100%	First time in office
Steering Committee Member	Chang Shao-Chien	1	0	100%	First time in office
Steering Committee Member	Chang Chung-Yi	1	0	100%	First time in office

Sustainability Committee Meeting Information

Date	Motion content	Resolution of the Sustainability Committee	The Company's handling of the opinions of the Sustainability Committee
December 23, 2022 The 1st meeting of 1st session	Matters to be Reported: 1.Sustainability Committee Performance Report. Matters to be discussed: 1. Formulate the "Procedures for Compilation and Verification of Sustainability Report", proposed for review. 2. Sustainability Committee Organization Chart, proposed for review. 3. Amendment to the "Code of Practice on Sustainability Reports".	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.

5.1.3 Internal Audit

The purposes of the Company's internal audit are to assist the Board of Directors and managers in examining and reviewing the deficiencies of the internal control system, measuring the effect and efficiency of operations, and providing suggestions for improvement in a timely manner to ensure that the internal control system is functioning properly. Additionally, it effectively implements the internal control system on an ongoing basis.

In 2022, the audit supervisor attended and participated in 6 Board of Directors' meetings.

In 2022, the auditor received 3 training sessions, totaling 54 hours.

In 2022, the internal audit unit set up an audit plan for each operation cycle and other related operations based on the risk assessment results:

A. Compliance with laws and regulations.

B. The Guidelines for Handling Acquisition and Disposal of Assets are audited on a monthly basis.

C. The Operating Procedures for Loaning of Funds and Endorsements and Guarantees are audited on a quarterly basis.

D. Reporting of public information to the website designated by the FSC.

E. Management operations for related party transactions.

F. Regulations for the supervision of subsidiaries.

G. Management operations of the resolutions of the Board of Directors.

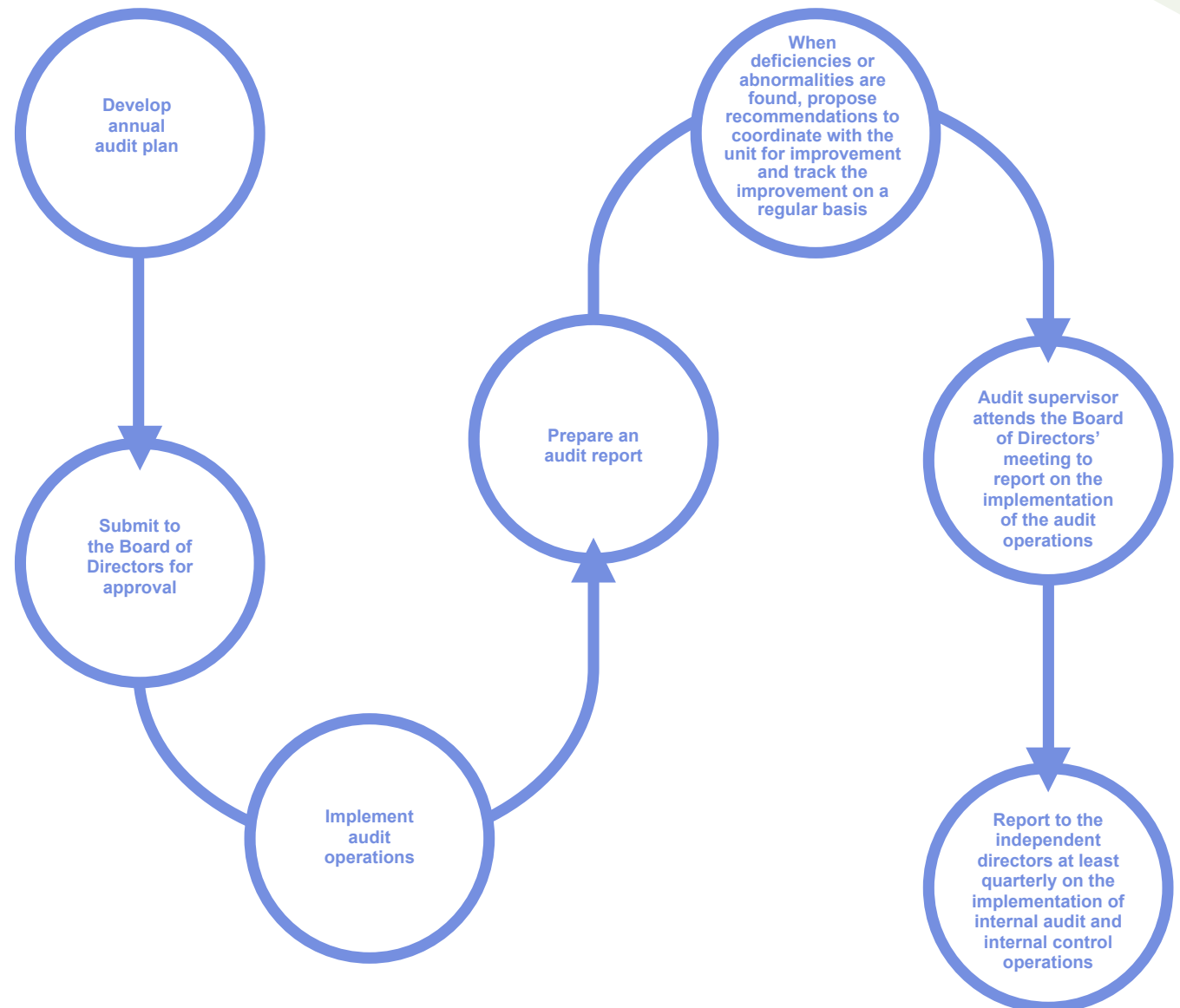
H. Management operations for preparing financial statements.

I. Computer information system processing.

J. Regulations for the operations of the Remuneration Committee.

K. Regulations for the operations of the Audit Committee.

The Group's auditing operations were carried out based on the above plan. No significant abnormalities were found in the audit results.



5.1.4 Implementation of Performance Evaluation

The Company conducts annual performance evaluations of the entire Board of Directors, the Audit Committee and the Remuneration Committee, which are conducted by means of a self-assessment questionnaire.

Scope of Assessment	Method of evaluation	Content of Assessment																		
1. Board of Directors 2. Directors (self or peers) 3. Functional Committee – Remuneration Committee 4. Functional Committee – Audit Committee	1. Self-evaluation of the Board of Directors 2. Self-Evaluation of the Directors	(I) The "Self-Evaluation Questionnaire for the Performance of the Board of Directors" was distributed to all directors for self-evaluation. The five aspects of the evaluation included: <table><tr><td>1. Participation in the Company's operations</td><td>2. Enhancing the quality of Board of Directors' decision making</td></tr><tr><td>3. Composition and structure of the Board of Directors</td><td>4. Election and continuing education of directors</td></tr><tr><td>5. Internal control</td><td></td></tr></table> (II) The "Self-Evaluation Questionnaire for Director (Self and Peer) Evaluation" is a self-assessment of all directors. The six aspects of the evaluation include: <table><tr><td>1. Mastery of the Company's goals and missions</td><td>2. Awareness of directors' responsibilities</td></tr><tr><td>3. Participation in the Company's operations</td><td>4. Management of internal relations and communication</td></tr><tr><td>5. Directors' professionalism and continuing education</td><td>6. Internal control</td></tr></table> (III) "Functional Committees – Remuneration Committee and Audit Committee Performance Evaluation Self-Evaluation Questionnaire" was evaluated by the convener of each functional committee. The evaluation covers five major aspects: <table><tr><td>1. Participation in the Company's operations</td><td>2. Awareness of the duties of the functional committee</td></tr><tr><td>3. Improvement of the decision-making quality of the functional committees</td><td>4. Composition of the functional committees</td></tr><tr><td>5. Election of internal controllers</td><td></td></tr></table> The Company's website (http:// www.hulane.com.tw) Corporate Governance/ Board of Directors Performance Disclosure.	1. Participation in the Company's operations	2. Enhancing the quality of Board of Directors' decision making	3. Composition and structure of the Board of Directors	4. Election and continuing education of directors	5. Internal control		1. Mastery of the Company's goals and missions	2. Awareness of directors' responsibilities	3. Participation in the Company's operations	4. Management of internal relations and communication	5. Directors' professionalism and continuing education	6. Internal control	1. Participation in the Company's operations	2. Awareness of the duties of the functional committee	3. Improvement of the decision-making quality of the functional committees	4. Composition of the functional committees	5. Election of internal controllers	
1. Participation in the Company's operations	2. Enhancing the quality of Board of Directors' decision making																			
3. Composition and structure of the Board of Directors	4. Election and continuing education of directors																			
5. Internal control																				
1. Mastery of the Company's goals and missions	2. Awareness of directors' responsibilities																			
3. Participation in the Company's operations	4. Management of internal relations and communication																			
5. Directors' professionalism and continuing education	6. Internal control																			
1. Participation in the Company's operations	2. Awareness of the duties of the functional committee																			
3. Improvement of the decision-making quality of the functional committees	4. Composition of the functional committees																			
5. Election of internal controllers																				

The Company has completed the performance self-evaluation of the Board of Directors in 2022. The evaluation results were presented to the Remuneration Committee on March 25, 2023, and submitted to the Board of Directors' report for review and improvement.

The overall average score of the self-assessment of the Board of Directors was 4.52 (out of 5). The overall average score of the self-assessment of an individual director was 4.48 (out of 5). One of the items in the self-assessment of the Board of Directors was rated as "average (3)" and there is sufficient communication between the directors and the CPAs. Since the establishment of the Audit Committee on June 19, 2020, members of the Board of Directors have communicated and exchanged information with the certified public accountants at the Audit Committee meeting, and separate communication meetings between the independent directors and the accountants have been held, demonstrating the overall good operations of the Board of Directors. In the self-assessment results of the Remuneration Committee and the Audit Committee, all members agreed with each item with a score of 4.84 and 4.85 (out of 5), indicating that the overall operation was sound, "better than standard" and in compliance with the requirements of corporate governance to effectively develop the functions of the Board of Directors.

5.1.5 Remuneration to Directors

Remuneration to directors is determined in accordance with the "Board of Directors Performance Evaluation Policy". The regular remuneration is evaluated based on the following items: understanding of the Company's goals and missions, awareness of directors' responsibilities, involvement in the Company's operations, management of internal relations and communication, internal control and other items are considered, and the reasonableness of salary and remuneration is regularly evaluated. After evaluation and discussion by the remuneration committee, it is submitted to the Board of Directors for approval.

5-2 Risk Management

Hu Lane Group has established a risk management mechanism since 2012. the Board of Directors passed the "Risk Management Regulations" as the basis for the Company's internal risk management. The Company follows the Risk Management Regulations and Key Risk Indicators to ensure regular tracking, evaluation,

and treatment. In the future, the Company will adjust its risk management mechanism in a timely manner in line with the globalization policy, report to the Board of Directors at the end of each year, and disclose its operation status on the public information website.

Risk category	Environmental aspect			Social aspect		
	Sustainable supply chain (environmental protection & occupational safety & human rights)	Raw material management	Energy conservation and carbon reduction	Customer relations	Occupational health and safety	Talent training
Stakeholders	Suppliers, employees	Suppliers	Government/authority, employees, customers, investors, suppliers	Customers	Employees	Employees
Concerned issues	Government/Authority: Operational performance/Sustainable supply chain (environmental protection & occupational safety & human rights)/Occupational health and safety/Talent development/Innovative R&D/Information security/Energy conservation and carbon reduction/Labor-management communication Employees:Sustainable supply chain (environmental protection & occupational safety & human rights)/Operational performance/Occupational health and safety/Customer relations/Innovative R&D Customers: Innovative R&D/Customer relations/Information security/Operational performance/Sustainable supply chain (environmental protection & occupational safety & human rights) Investors:Operational performance/Customer relations/Sustainable supply chain (environmental protection & occupational safety & human rights)/Innovative R&D/Raw material management/Information security Suppliers:Sustainable supply chain (environmental protection & occupational safety & human rights)/Operational performance/Customer relations/Innovative R&D/Raw material management/Information security/Trade secret protection and transaction security					
Risk description	1. Suppliers not moving towards ESG sustainability 2. Inadequate supplier implementation of ESG activities	1. Raw materials provided by suppliers do not meet environmental protection requirements 2. No reduction in procurement carbon footprint 3. Raw materials sourced from conflict minerals	Carbon emissions increase as production and output increase	Customer complaints and returns	Risk of unsafe work environment	Talent gap in key positions
Risk management strategies (responsive measures)	1. It is expected that an ESG assessment sheet will be developed in 2023 to provide partners with the ESG directions promoted by the partners, and supplier awareness meetings will be held regularly to continue to promote supplier sustainability activities. 2. Expected to increase ESG assessment results for supplier audits in 2023.	1. Request the supplier to sign the Prohibited Substances List and the Environmental Protection Agreement. 2. Increase the ratio of local procurement to reduce carbon footprint. 3. Sign the Supplier Social Responsibility Commitment to prohibit the use of 100% raw materials from conflict minerals.	1. Improve the energy efficiency of equipment. 2. Adopt clean energy. 3. In 2023, it is expected that Taipei Hu Lane will introduce the ISO 50001 Energy Management System and Group ISO 14064 Greenhouse Gas Inventory and Verification to confirm the effectiveness of energy conservation and carbon reduction. 4. Provide energy-saving counseling to key suppliers and build a sustainable supply chain.	Ensure that the Company operates in accordance with the customer relationship management and customer complaint procedures planned by the quality management system.	1. Management system promotion is expected in 2023: The ISO 45001 management system will be introduced and certified, operational control will be implemented, and occupational safety and health protection measures will be promoted to prevent occupational disasters. 2. Implementation of employee care system: Employee health checkup is implemented every year to care for employees' health. Four major plans have been implemented to provide a friendly workplace. 3. Strengthen hazard identification and risk assessment: Take appropriate preventive measures for high-risk work environments and influencing factors to control risks within an acceptable range. 4. Plan and formulate a supply chain audit plan: Include contractors in the scope of audit to reduce unsafe behaviors, strengthen counseling and improvement, and jointly create a secure supply chain system.	1. In the 2022 high-potential talent pool plan, inventory of key positions for approximately 1.04% (=23 employees/2,202 employees) of the Group's human resources has been completed; the Group has completed training activities for 23 high-potential talents, of which 15 participated in the internal high-level mentor system, and 8 people participated in the external team coaching course. 2. In 2022, we have invested TWD 1,450,000 in the training of GGS grader certification, and the Group has 10 graders certified. 3. In 2022, the Group invested NT\$855,400 in education and training expenses, with an annual training hour of 34,731 hours, or 17.12 hours per person.

Risk category	Governance				
	Trade secret protection and transaction security	Innovative R&D	Information security	Operational performance	
Stakeholders	Customers, employees	Customer; suppliers	Government/authority, employees, customers, investors, suppliers	Government/authority, employees, customers, investors, suppliers	
Concerned issues	Government/Authority: Operational performance/Sustainable supply chain (environmental protection & occupational safety & human rights)/Occupational health and safety/Talent development/Innovative R&D/Information security/Energy conservation and carbon reduction/Labor-management communication Employees:Sustainable supply chain (environmental protection & occupational safety & human rights)/Operational performance/Occupational health and safety/Customer relations/Innovative R&D Customers: Innovative R&D/Customer relations/Information security/Operational performance/Sustainable supply chain (environmental protection & occupational safety & human rights) Investors:Operational performance/Customer relations/Sustainable supply chain (environmental protection & occupational safety & human rights)/Innovative R&D/Raw material management/Information security Suppliers:Sustainable supply chain (environmental protection & occupational safety & human rights)/Operational performance/Customer relations/Innovative R&D/Raw material management/Information security/Trade secret protection and transaction security				
Risk description	1. Disclosure of(confidential) trading information 2. Leakage of cooperation details(technology, products)	1.Risk of patent infringement 2.Difficult to break through in key technologies	Occurrence of information security incident	Foreign currency assets and liabilities exposed to the risk of foreign currency exchange rate fluctuations	Risk of overdue accounts receivable
Risk management strategies (responsive measures)	1. Establish relevant rules and regulations (employee ethical code of conduct, ethical management procedures, and code of conduct), and conduct education, training and promotion every year. 2. The sign-off process is based on the content and amount of sign-off from the appropriate level. 3. Internal audits are conducted on a yearly basis.	1. Raise patent search requirements for high-risk products, evaluate new design proposals, and reduce the risk of patent infringement. 2. Continue to research and develop new technologies. Technical consultants are on-site for guidance, and the design proposals are evaluated for manufacturability. Outsourcing supplier resources are actively expanded to ensure compliance with technology and quality requirements and targets, and reduce the risk of development failure.	1. Improve information governance strategies and establish an Information Security Management Committee to review the Company's information security protection status on a regular basis. 2. Conduct an inventory of ISO/IEC 27001 control items and aim to achieve compliance certification. 3. Regularly perform information security risk assessments and implement risk improvement plans for high-risk information security projects. 4. Establish an inventory of information assets to improve risk management capabilities. 5. Handle emergency disaster system backup and restoration in accordance with the information asset emergency response guidelines. 6. Strengthen information security management in accordance with the Group's Information Security Management Regulations to ensure the confidentiality, integrity, and availability of information assets, system environment, and electromagnetic data.	1. It monitors the percentage of monthly consolidated foreign exchange gains and losses to consolidated revenue, performs an inventory of the foreign currency assets and liabilities of each subsidiary, and performs necessary hedging through financial instruments through external collections and borrowings. 2. Conduct appropriate derivatives operations based on the actual conditions of the Group's subsidiaries to achieve exchange rate hedging. 3. In 2022, the Group conducted a total of 3 USD/TWD exchange operations for foreign currency exchange rate hedging. As of the end of 2022, the total amount of the aforementioned operating contract has been NT\$90,424 thousand, and the realized profit has been NT\$1,573 thousand.	1. Control over customers with receivable maturities exceeding 135 days for six consecutive months 2. The Bank continuously monitors credit exposure and the credit rating of its counterparties, distributes the total transaction amount to customers with qualified credit ratings, and controls credit exposure through the counterparty's credit limit reviewed and approved by the vice president of finance and the audit, accounting and other relevant units every year. 3. Results of control over accounts receivable duration: The Group's account receivable turnover days from non-related parties were 152 days in 2021 and 137 days in 2022, representing a decrease of about 10%.

5-3 Operational Performance

5.3.1 Material Topics Strategy and Performance

Profitability is the driving force behind Hu Lane's sustainable development and is the common goal of all stakeholders.

Policy/Commitment	Construction of smart factory 	Development and promotion of high value-added products 	Become a Tier 1 supplier 
Short-term goals	- Optimization and extension of MES (Note 1) systems - Factory management-Visualization of real-time production information board / B.Real-time tracking of production progress - Improve material traceability for material management / D.Improve staff efficiency (systematic management and electronic operations) - Production equipment management (equipment and molds) - Continuous introduction and optimization of automation equipment A.Equipment sharing and modularization / B. Production process improvement - Sustainable capital expenditure: Capital expenditure_NT\$20,000 thousand for Vietnam Hu Lane's solar energy equipment project, capital expenditure_NT\$20,000 thousand for Taipei Hu Lane's electroplating wastewater improvement equipment	Hu Lane's revenue goal of NT\$7.534 billion ; developing green products that meet the needs of future trends - High frequency products revenue of NT\$100 million - High voltage products revenue NT\$140 million - PCBproducts revenue of NT\$70 million (VA/VE)	- Build up the production capacity of vehicle wiring harness (large circuit harness) - Strengthen the development and design capabilities of wiring harnesses, components, and assemblies, and integrate the capabilities of each factory to build a team
Medium- and long-term goals	- Optimization and extension of MES systems,complete connection of SAP (Note 2), PLM (Note 3), MES information - Production process parameter management and application : conduct data analysis to enhance the optimization of process quality - Production traceability (material/work order/machine/time/personnel/quality records, etc.) - Timely collection and analysis of quality inspection data to swiftly prevent defects - Production scheduling management / E. Constructing production process KM (Note 4) management platform (knowledge management) - Environmental, safety and energy monitoring : carry out intelligent management to enhance green production efficiency - Continuous introduction and optimization of automation equipment A. Equipment sharing and modularization / B. Production process improvement - Sustainable capital expenditure: Improvement of wastewater recycling equipment, completion of solar energy green power equipment construction in each company	Hu Lane's revenue goal of NT\$10 billion Develop green products that meet the needs of future trends, with green products accounting for 30% of total revenue by 2025 and 60% by 2030	The Group is equipped with complete wiring harness design and development capabilities (integration of wiring harnesses and components)
Resources Invested during the year	- Introduction of MES systems optimization: Nanjing Hu Lane has invested NT\$250 thousand and Taipei Hu Lane has invested NT\$2,381 thousand to complete the MES network connection, capturing the production status through the web board and MES systems. The overall operation is under verification. - Each factory of Hu Lane has invested approximately NT\$60,355 thousand in the introduction and installation of automation equipment (automatic assembly machinery, etc.) - Sustainable capital expenditure: Nanjing Hu Lane has invested NT\$8,309 thousand in the construction of solar energy equipment	Hu Lane's revenue in 2022 amounted to NT\$6.5 billion. We continue to focus on developing green products and expanding business	Establishment of a large circuit harness team to integrate existing internal resources and the production and R&D resources introduced to the Group in 2022 to continue to develop new energy products
Evaluation mechanisms/outcomes	- Review the progress of informatization. Reduction of the amount of paper used in the production process by 70% after the completion of YM real-time production board (Taipei Hu Lane) - Completion of projects/effectiveness reports - Reduction of water consumption in electroplating process by 20%, completion of projects/effectiveness reports	Collect the revenue statistics of all products on a quarterly basis	Complete recruiting and training of employees, and submit a report on production achievement rate and annual effectiveness

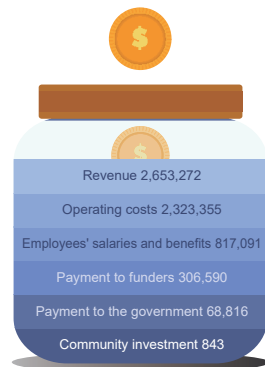
Note 1 MES: Manufacturing Execution System Note 2 SAP: System Applications and Products is an enterprise resource planning application. It includes business processes such as operations, finance, human resources management and enterprise services.
Note 3 PLM: Product Lifecycle Management System Note 4 KM: Knowledge Management System

5.3.2 Business Overview

Hu Lane is one of the world's top 100 connector manufacturers in the electronic parts and components industry. In addition to the low-voltage connectors developed and produced over the years, the Company has also developed high-frequency products such as FAKRA / HSD / Ethernet, new energy high-voltage connectors, and header boards connectors, fuse boxes, and other high value-added products, and the development of vertical integration of wire harness design and assembly technical capabilities. The Company has been cultivating the markets in Taiwan, China, and Southeast Asia for many years, and has cooperated with automobile manufacturers and Tier 1 major manufacturers for many years.

Due to the continuous development of energy conservation and carbon reduction policies, major countries around the world have promoted increasingly stringent carbon emissions standards. New energy vehicles will be the major trend in the future, and Hu Lane will maintain steady growth in terms of profitability.

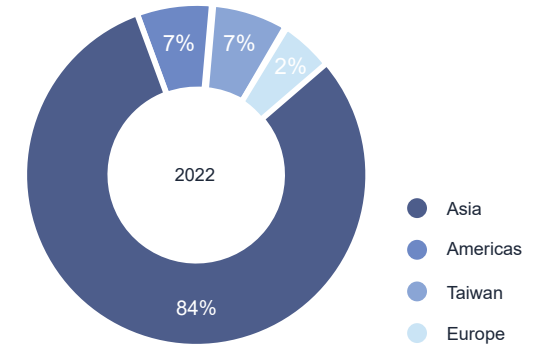
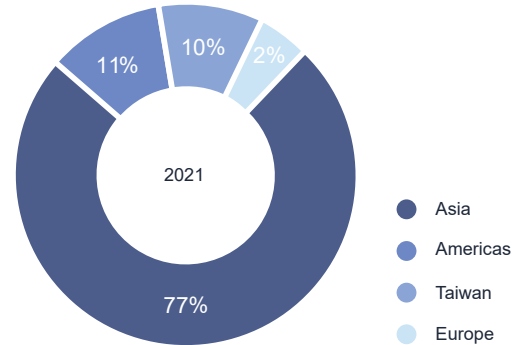
In 2022, benefiting from the recovery of the automobile market and the increase of customers' business, the sales volume of new energy vehicles in Mainland China remains high, along with the expansion of the market of energy vehicles. In addition, through the acquisition of two wiring harness factories of Taipei Shangho and Jiaxing Shangho, we have strengthened the vertical integration and expanded the product lines, with the consolidated revenue amounting to NTD6,526,749 thousand, representing an increase of 31.88% from 2021, and a budget achievement rate of 118%. With respect to profitability, the consolidated net income before tax in 2022 amounted to NTD1,002,275 thousand, and the consolidated earnings per share after tax amounted to NTD10.03, representing an increase of 25.96% and 26.80% from the previous year, respectively.



2020

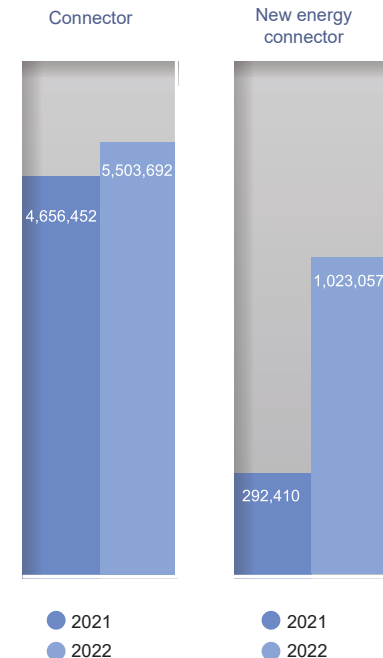


2022

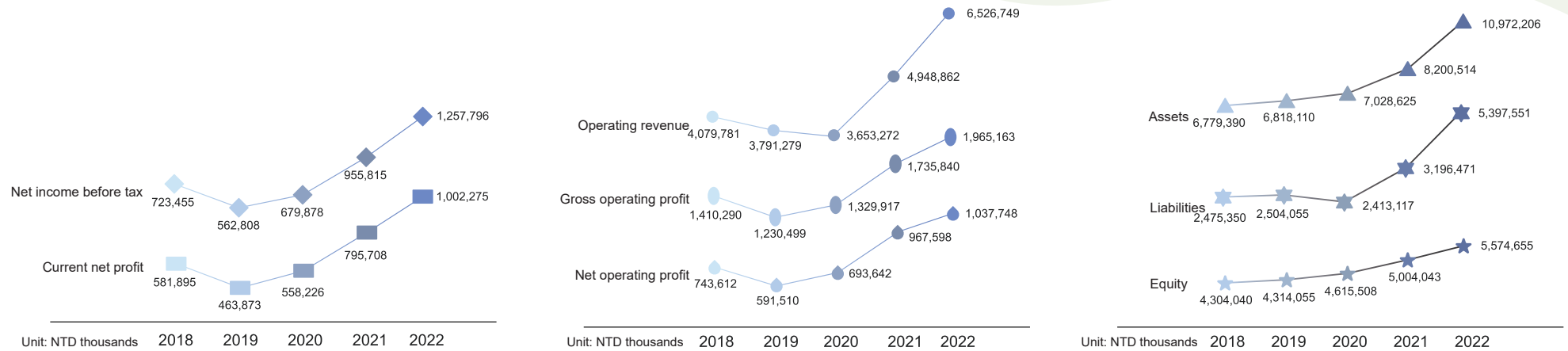


2021

Unit: NTD thousands



Financial performance



Note: The above information was prepared in accordance with the IFRSs recognized by the FSC and Executive Yuan. For more details, please refer to the "VI. Financial Overview" and "VII. Review and Analysis of Financial Position, Financial Performance, and Risks" in the Company's annual report for 2022.

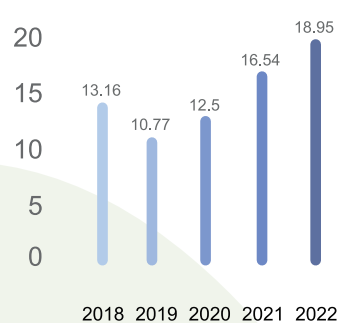
Profitability

We will insist on continuous innovation and breakthroughs to become a world class leading brand. This is the long-term goal of Hu Lane's sequential development.

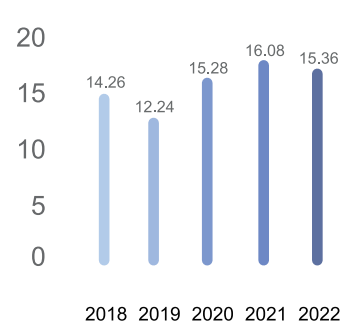
We uphold the business philosophies of "integrity and pragmatism," "customer satisfaction," "sustainable management," and "environmental friendliness", and overcome various business challenges in pursuit of the Company's sustainable growth and the best interests of shareholders. Since being listed on the TPEX in 2003, the Company has maintained a surplus without any losses in any year. In the future, in addition to

continuing to increase revenue, the Company will strive to reduce costs to generate greater profits for its shareholders and investors.

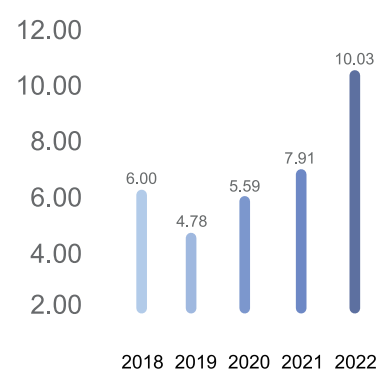
Hu Lane will take into consideration the environment and growth stage the Company is in, in response to future capital needs, long-term financial planning, and shareholders' needs for cash inflow, and will distribute cash dividends and stock dividends in combination, of which cash dividends shall not be less than 10% of the total dividends.



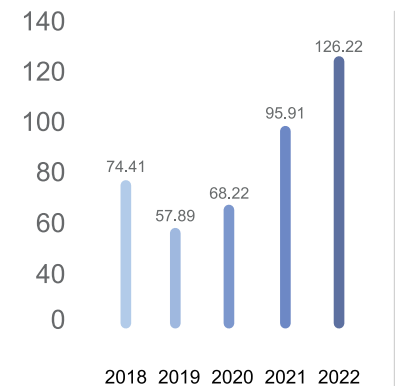
Return on equity (%)



Net profit margin (%)



Earnings per share (NT\$)



Pre-tax profit as a percentage of paid-in capital (%)

■ Defined Benefit Plan Obligations and Other Retirement Plans

Hu Lane complies with local retirement regulations and systems. All regular employees participate in the retirement plan at a rate of 100%.

Taipei Hu Lane has established a defined benefits plan in accordance with the Labor Standards Act and a defined contribution plan in accordance with the Labor Pension Act.

With respect to the pensions of employees of the overseas subsidiaries/factories, the Company provides pensions (social insurance premiums or labor insurance premiums) in accordance with local labor laws and regulations. When an employee reaches the level of seniority in accordance with the local labor regulations and wishes to retire, the Company assists in applying for a pension as a retirement plan. If the employee wishes to continue working, a re-employment contract will be signed. If the employee is too old to take out social insurance, the Company will purchase commercial insurance for the employee.

In addition, the Company pays severance payments to employees who have left the Company involuntarily in accordance with laws and regulations and inquire whether they need employment services or vocational training in accordance with regulations.

In accordance with the Labor Standards Act, the employees' pension fund is calculated based on the number of years of service and the average wages of the six months before retirement upon approval. 5% of the total salaries is required to be contributed to the pension fund on a monthly basis, which is deposited in the Bank of Taiwan under the name of the Supervisory Committee of Labor Retirement Reserve. A professional consultant is engaged to conduct an actuarial calculation of the pension fund every year to ensure that the fund is sufficient for appropriation and protect the retirement rights and interests of the employees.

The fair value of plan assets as of the end of 2022 was NT\$95,220 thousand. The amount of expense recognized in 2022 **was** NT\$845 thousand. The accrued pension liability has been recorded for future appropriation in accordance with law, which amounted to NT\$33,797 thousand as of the end of 2022.

In accordance with the Labor Pension Act, Taipei Hu Lane contributes 6% of the employees' salaries to the individual pension accounts of the Bureau of Labor Insurance each month. Overseas subsidiaries also contribute a specific percentage of the local employees' salaries to the relevant units. The pension contributions from Taiwan and overseas subsidiaries were recognized as expenses in an amount of NT\$46,317 thousand in 2022.

■ Financial Assistance from the Government

Tax deductions and credits were mainly due to the applicable Industrial Innovation Ordinance in Taipei, and the high-tech enterprise technology incentives applicable to Nanjing Hu Lane and Dongguan Hu Lane in China. These companies were entitled to an additional deduction for R&D expenses in the current year.

Governmental subsidies include incentives, pandemic relief and employment-related subsidies provided by local governments.

Region	Subsidized Projects	2020	2021	2022
Taipei	Tax deductions and credits	347	9,608	8,692
Taipei	Government subsidies	-	170	360
China	Tax deductions and credits	80,273	125,638	130,126
China	Government subsidies	6,299	670	9,874
Hong Kong	Government subsidies	126	-	91
	Total	87,045	136,086	149,143

Unit : NTD thousands

5.3.3 Tax Governance

In response to the international trend of tax governance, Hu Lane complies with the tax laws and regulations on tax governance of the competent authorities in each location where the Company operates. The Company's business activities are in compliance with the laws and regulations. Hu Lane fulfills its social responsibility as a taxpayer, and realizes the spirit of ethical corporate management towards sustainable development.

The Group Finance Division is the entity responsible for the Company's tax governance. The Vice President of the Finance Division is ultimately responsible for tax management and is assisted by experienced and professional accounting staff from each subsidiary in fulfilling Hu Lane's tax obligations.

Hu Lane invests in a number of countries. As a result, the Company actively monitors changes in tax policies, complies with laws and regulations, and evaluates the tax risks that may arise from business development in these countries.

Risks

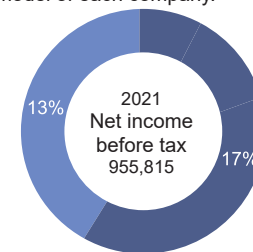
- In response to the OECD's promotion of internationally recognized transfer pricing standards, many countries have paid attention to the reasonableness of transfer pricing for multinational enterprises that engage in controlled transactions, resulting in increased tax compliance costs.
- Failure to respond in a timely manner to changes in regulations or transaction patterns will result in tax risks and additional tax costs. Through tax management strategy, the Group Finance Division regularly monitors the financial and accounting procedures of the subsidiaries, the Audit Office conducts an annual audit plan and the Legal Office reviews compliance with tax laws and regulations to minimize the risks of legal sanctions, financial losses or reputation damage that may result from non-compliance with tax laws and regulations.

Relevant Tax Strategies

- When filing various tax returns in accordance with the tax regulations, the Company submits and obtains approval in accordance with the regulations, and ensures that the implementation of the Company's financial and tax system is in compliance with the requirements through internal control mechanisms and risk management.
- We support the government's policy of promoting enterprise innovation, R&D, and tax incentives. We comply with the tax laws and regulations of the countries in which we operate to pay taxes in integrity. The Company does not use tax havens or other means to avoid tax payments. We take the initiative to consult and communicate with the competent tax authorities in the face of unfamiliar tax issues.
- Transactions between affiliated companies are conducted in accordance with the principle of regular transactions and the internationally recognized transfer pricing standards issued by the OECD.
- We are committed to the transparency of tax information. Our financial reports are disclosed in accordance with relevant regulations and standards, and are audited by third-party accounting firms.
- We continue to train talent and enhance professional knowledge through professional services provided by third-party accounting firms.

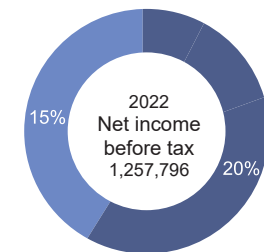
Income Tax Rates by Region

The consolidated effective tax rate and cash tax rate for 2022 were 20% and 15%, respectively, which are equal to and lower than the statutory tax rate of 20% for the principal place of business in Taipei, and lower than the average effective tax rate of 30.30% for the global industry as published by CSA Companion. It was mainly due to the fact that Nanjing Hu Lane and Dongguan Hu Lane in China were eligible to apply for China's high-tech enterprise technology incentives, which entitled the companies to additional deduction for R&D expenses in the current year and enterprise income tax at a rate of 15%. Taipei Hu Lane was eligible to apply for relevant investment tax credits and reductions under the Industrial Innovation Ordinance. The remaining subsidiaries also applied for appropriate tax incentives and subsidies in accordance with the business model of each company.



Income tax expenses: 160,107
Effective tax rate: 17%
Income tax paid: 126,867
Cash tax rate: 13%

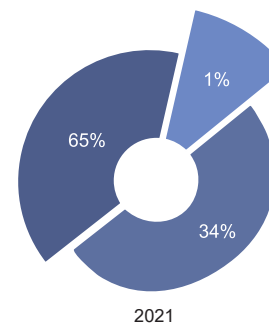
Unit : NTD thousands



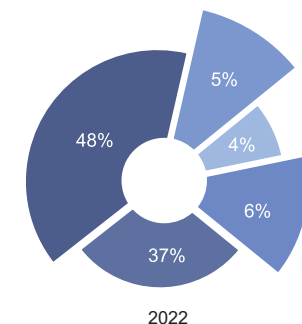
Income tax expenses: 255,521
Effective tax rate: 20%
Income tax paid: 191,742
Cash tax rate: 15%

Unit : NTD thousands

Income Tax Expenses by Region



2021
■ Taiwan ■ Hong Kong
■ China ■ Indonesia
■ Vietnam ■ Holdings



2022
■ Taiwan ■ Hong Kong
■ China ■ Indonesia
■ Holdings ■ Vietnam

5-4 Legal Compliance

5.4.1 Anti-corruption

Hu Lane is committed to maintaining the highest ethical standards and professional capability, and attaches great importance to the reputation of the organization as a whole. In order to ensure our business philosophy, we have established Corporate Governance Best Practice Principle and Ethical Corporate Management Best Practice Principles upholding the principles of "anti-corruption," "fraud prevention" and "strict discipline," which are supported by education training, the signing of self-discipline documents, and the provision of channels for reporting.

At the same time, the Company has established the "Ethical Corporate Management Procedure and Code of Conduct" and the "Ethical Code of Conduct for Employees", which prohibit employees from accepting gifts, favors, or special treatment from suppliers, distributors, or customers with whom the Company has transactions. The Company has also established other integrity regulations for related business activities. We adhere to a high standard of code of conduct and professional ethics to fulfill business integrity.

Audit System

We have established an independent internal audit system to supervise the internal control and complete the annual audit plan, present a report to each member of the Board of Directors at the meeting, and track the follow-up improvement. We strive to minimize the risk of confidential document leakage or corruption through irregular audits and inspections.

Employee Code of Conduct

The Company has established the "Ethical Code of Conduct for Employees" to enable all employees to understand the meaning of ethical and upright business behaviors. We provide principles for employees to follow. The main contents are as follows:

- Employee conduct must comply with ethical standards and honesty.
- Information that is not disclosed to the public without the Company's approval shall be kept confidential.
- Inappropriate or illegal use of Company resources is strictly prohibited.
- Appropriate gifts and entertainment.
- Avoid conflicts of interest with the Company and selfish attempts.
- Treat customers, suppliers, competitors, and other employees of the Company fairly.
- Comply with government laws and regulations, including laws and regulations related to insider trading.
- Encouragement to report any illegal acts or violation of ethical code of conduct.

We conduct 1.5 hours of related integrity courses on money laundering prevention and anti-corruption and Ethical Code of Conduct for Employees every year on a regular basis. **In 2022, the Group trained a total of 2,202 employees for a total of 3,303 hours.**

	Total number of people receiving anti-corruption education training	Percentage of people receiving anti-corruption education training(%)	Total number of people signing anti-corruption commitment	Percentage of people signing anti-corruption commitment(%)
Members of the Board of Directors	9	100%	Not processed	Not processed (Note1)
Employees	2202 people	100%	2202 people	100%
Customers	Not processed		Not processed	
Suppliers	NA		Not processed (Note2)	

Note 1: Since 2023, each director will sign an anti-corruption commitment upon taking office.

Note 2: Suppliers are mainly required to sign the Company's integrity commitment, which is intended to be implemented from 2023.

The Company conducted corruption risk assessment at its operating sites in 2022 as follows, and there was no corruption incident.

Total number of operating sites that have conducted corruption risk assessment	6
Percentage of operating sites that have conducted corruption risk assessment (%)	75%

Note: Due to the merger of Taipei Shangho and Jiaxing Shangho into Hu Lane in June 2022, the risk assessment has not been followed up in the schedule. It is intended to conduct the assessment in 2023 altogether.



5.4.2 Anti-competitive Practices²⁰⁶

There were no legal actions involving anti-competition, antitrust, and monopoly over the past three years.

	2020	2021	2022
Total number of anti-competition and anti-trust incidents that are now involved in litigations	Not occurred	Not occurred	Not occurred
Total number of litigations concluded	0	0	0

5.4.3 Other Litigations or Disputes

There were no litigations or disputes over the past three years.

	2020	2021	2022
Administrative Penalties (including Environmental Protection and Industrial Safety)	Not occurred	Not occurred	Not occurred
Civil and Criminal Litigation	Not occurred	Not occurred	Not occurred
Total number of litigations concluded	0	0	0
Environmental Laws and Regulations	176,700	331,500	0
Human Rights Laws and Regulations	Not occurred	Not occurred	Not occurred

Description:

1. It refers to the incident (litigation) in which Hu Lane Associate Inc. is the party concerned.
2. Taipei Hu Lane was penalized an amount of NT\$176,700 in 2020 due to the failure of wastewater treatment equipment parts; NT\$331,500 in 2021 due to the failure of wastewater treatment equipment parts.
3. Improvement measures: The obsolescent wastewater treatment equipment has been updated. In addition, the wastewater recycling system is planned to be introduced in 2023.

5-5 Products and Services

5.5.1 Innovative R&D

Hu Lane is committed to product R&D and technology innovation, and has established a collaborative development model with major international companies, adopting a diversified approach to core competencies to expand product applications, actively developing new products for automotive connectors.

Policy	Commitment	Goals		Resources invested during the year	Responsible department/ reporting mechanism	Evaluation mechanisms/outcomes
		Short-term	Medium- and long-term			
Keeping abreast with trends, integrating resources, satisfying needs, and providing comprehensive product services.	Developing and promoting diversified and high value-added products, actively collaborating with automobile manufacturers to develop new energy products, and promoting the realization of green products.	Develop high-frequency, high-voltage, PCB products, facilitate the application in automated driving assistance to effectively conserve energy, and promote the realization of green products. Target number of patents: 18.	Continue to develop and promote high-frequency, high-voltage, PCB products to achieve the realization of green products. Target of patent number: 22.	R&D costs of NT\$287,762 thousand. Calculation of patent investment costs in 2022: Nanjing RMB57,546.89+ Dongguan RMB39,415.57+Taipei NT\$974,353. Manpower: 420 employees in 2022 (an increase in 80 employees compared to the same period last year).	Independent reporting channel established by the Group's R&D Center/ Audit Office.	Achievement rate of 199% for high-frequency and high-voltage products in 2022, an increase of 369% compared to the same period last year. Obtained 17 patents in 2022, which remained flat compared to the same period last year. A cumulative of 135 patents in effect.

Hu Lane has been committed to the development of new energy vehicles and continues to develop high-frequency and high-voltage products for use in these vehicles. Products/technologies successfully developed in recent years are summarized as follows:

Technology Item	Brief Description
 FAKRA	Header : 1 port R/A type seal & un-sealed female & male inline
Mini FAKRA	Header: 4 port R/A type Un-sealed female & male : 4 port inline
HSD 	Header: R/A 4pin & R/A 4+2 & V/T 4pin Un-sealed female & male 4 inline Un-sealed female 4+2 inline
Ethernet 100BASE-T & 1000BASE-T0	Header R/A type:1, 2, 6 port Un-sealed female: 1, 2, 3, 6 port inline Un-sealed male: 2, 3 port inline
Ethernet 10G (H-MTD ver)	Un-sealed female: 1 & 6 port inline

Technology Item	
GB/T AC Portable Charging Gun	Achieve 220V two-way charging for home use, and extended for outdoor portable discharge use.
In-vehicle Headlight Intelligent Control PCB Module	Compared with the traditional module, PCB box reduces the number of parts and unit weight.
In-vehicle PCB Electrical Box	Compared with the traditional direct box, PCB box reduces the number of parts and unit weight of the box.
In-vehicle 2.0 Platform Fuse Box	It is a platform product that can be used in various models. It can reduce product category and the number of molding.



5.5.2 Customer Relations

Customers are an important asset of an enterprise. In addition to continuously developing new customers and broadening customer base, it is also necessary for the Company to maintain existing customers, capture and understand customer needs through diversified channels to increase sales revenues and profits; reduce sales costs by identifying and categorizing customers by groups for characteristics analysis; and increase customer satisfaction, etc.

Policy / Commitment	Goals		Resources invested during the year	Responsible department/reporting mechanism	Evaluation mechanisms/ outcomes
	Short-term	Medium- and long-term			
1. Enhance customer value: including products, services, staff, image value, etc. 2. Emphasize customer satisfaction; use satisfaction survey tools (e.g., sending questionnaires, activity and product satisfaction surveys) on a regular basis to track for continuous improvement.	1. Group companies participate in customer activities to maintain customer relations. 2. Maintain above average customer satisfaction each year.	1. Increase turnover to NT\$10 billion by 2025; NT\$30 billion by 2030. 2. Maintain above average customer satisfaction each year.	Recruit marketing talent, improve product lines, and revise satisfaction surveys.	Independent reporting channel established by the marketing business and marketing planning/Audit Office.	1. An increase in compound growth of turnover by 25% to 2030. 2. Above average customer satisfaction each year.

Customer Satisfaction Survey in 2022

Implementation Items/Outcomes		Taipei Hu Lane	Taipei Shangho	Dongguan Puguang	Jiaxing Shangho	Vietnam Hu Lane	Indonesia Hu Lane
Sampling of Questionnaires (Number of Questionnaires Issued)		100	8	164	2	12	10
Recovery Rate (%)		88%	62.50%	97.50%	100%	100%	33.3%
Overall Satisfaction Score in 2022. Customer Satisfaction		88.00 (4.40)	89.60	92.20(4.61)	86.50	85.60(4.28)	90.00(4.5)
2021 Overall Satisfaction Score.		85.20	NA	88.00	NA	84.40	68.80
Percentage of Increase in 2022		+3.29%	NA	+4.77%	NA	+1.42%	+30.81%
Ranking of Survey Items	1st place	Product quality	Service attitude	Product delivery	Matters cooperation	Quality	Product feedback handling
	2nd place	Product delivery	Service personnel / professional knowledge	Product quality	Service quality	Delivery	Product quality
	3rd place	New products/technical services	Other needs/cooperation	Product feedback handling	Service quality/delivery cooperation/new product development/technical support	Product catalog information/ brand services	Delivery time
	4th place	Product feedback handling	Countermeasures / cooperation	Product item information/ brand services	-	Product feedback handling	Professionalism/services
	5th place	Product catalog information/ brand services	Technical support	New products/technical services	-	New products/technical services	Product catalog information/ brand services

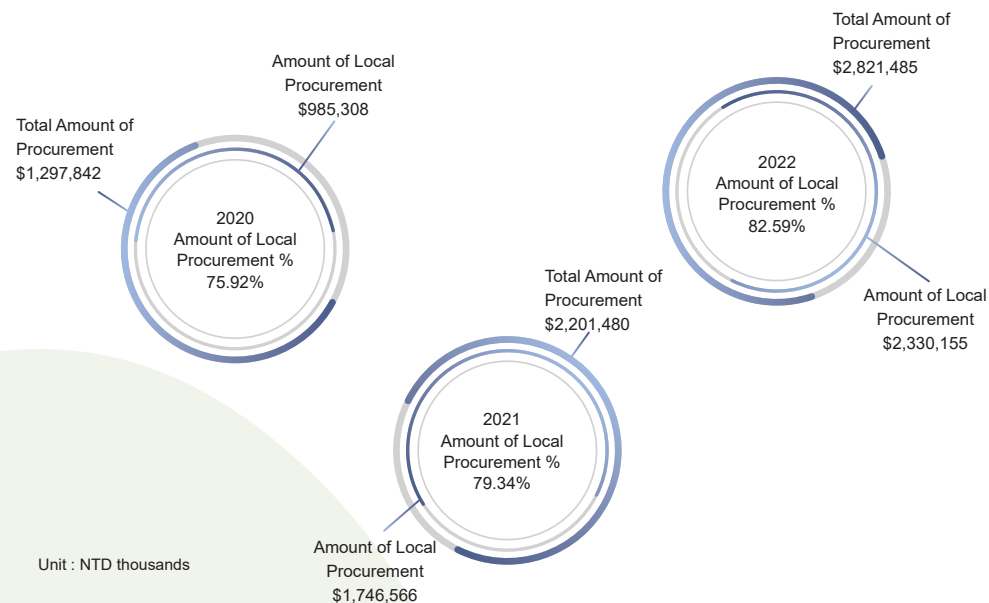
5.5.3 Raw Material Management

The Company obtains non-toxic and non-polluting raw materials for our products, and cooperates with suppliers towards sustainable development and net-zero carbon emissions. We are committed to environmental protection and continue to move towards co-prosperity so as to create corporate goodwill.

Policy / Commitment	Goals		Resources invested during the year	Responsible department/reporting mechanism	Evaluation mechanisms/outcomes
	Short-term	Medium- and long-term			
1. The products meet the requirements of environmental protection. 2. Prohibit the acquisition of raw materials from conflict minerals. 3. Increase the proportion of local procurement in each factory to reduce the carbon emissions caused by transportation.	1. 100% of raw materials comply with RoHS and REACH requirements. 2. Prohibition of conflict minerals reaching_100%. 3. Increase the proportion of local raw material procurement, and establish supplier ESG evaluation category_Grade A.B.C.D.	1. Complete the supplier ESG evaluation category grading ; 2. Implement the procurement percentage of supplier ESG evaluation category A manufacturers by 50%. 3. Increase the ratio of raw material procurement.	1. Environmentally friendly testing expenses of NT\$1.3 million to check the compliance of suppliers' reports and ensure that the Company provides our customers with environmentally friendly products. 2. Communicate and exchange meetings with suppliers to announce the ESG direction and clearly express the requirements for suppliers to comply with/ plan to carry out in order to improve with suppliers together.	Independent reporting channel established by the Logistics Division/ Audit Office.	1. Supplier ESG evaluation category grading_procedures and forms. 2. Decentralized procurement from suppliers.

Percentage of Procurement Expenditure from Local Suppliers

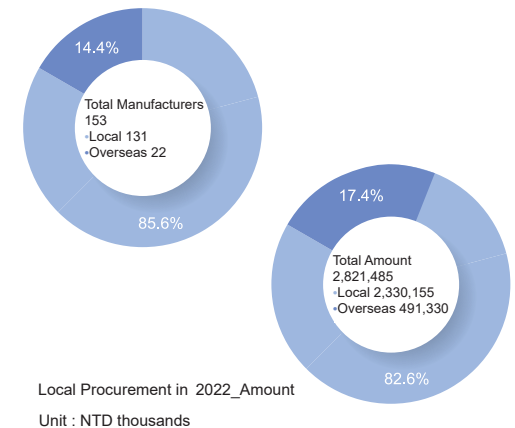
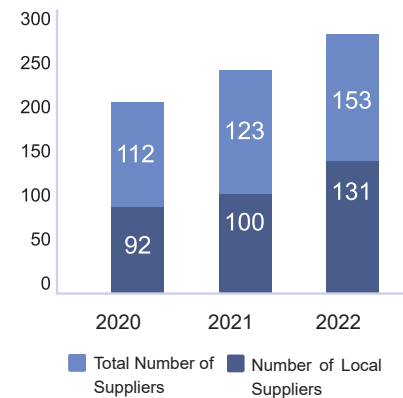
Hu Lane is committed to strengthening relationships with local suppliers, actively developing local suppliers, enhancing local employment opportunities and economic prosperity through local supply, lowering operational risks, and reducing greenhouse gas emissions resulting from transportation.



Definition of Local Purchase Amount

- Localized procurement or local procurement means that the region in which a purchase order is placed is the same as the region in which the supplier is located.
- If the supplier of the procurement item is a distributor or agent, the purchased item is counted as local procurement if it is processed locally.

Local Procurement in 2022_Number of Manufacturers



Description: 1.Taipei Shangho and Jiaxing Shangho were merged into Hu Lane in June 2022. The above figures are from January 2022 to December 2022.
2.The above statistics are based on four main raw materials, namely copper, plastic, rubber and wire.

5.5.4 Marketing and Labeling



Sources of Raw Materials



Hazardous Substance



Recycling Notice



Safety Precautions for Use

100% of the product and service information and labeling was in compliance with the labeling requirements in 2020 / 2021 / 2022.

■ Description on Implementation

- All product are labeled with the codes of materials.
 - Plastic products, where there are spaces, are labeled with materials.
 - All samples sent to customers are attached with reports and certificates.
 - Product illustration and the packaging of terminal products are labeled with RoHS markings.
- The products that are not used by end-users are not recycled by the Company. Users can recycle the products according to the materials.
 - In case of non-compliance with product and service information and labeling regulations, 100% of the Company's products have been evaluated for each type of product labeling in accordance with the regulations. All types of product information have been disclosed in accordance with the requirements of the organization. There were no incidents of non-compliance with laws and regulations related to information and labeling of products and services from 2020 to 2022.
- As the Company's business model is B2B, it is not applicable to the non-compliance with laws and regulations related to marketing communications.



5-6 Information Security

5.6.1 Information Security

Hu Lane is a technology-oriented Company. Therefore, the utilization of information technology tools is one of the key factors for success. In addition, information security is the foundation for sustainability.

Policy / Commitment	Goals		Resources invested during the year	Evaluation mechanisms/outcomes
	Short-term	Medium- and long-term		
1. Implement the requirements of information security regulations. 2. Reduce the risk of information security incidents.	1. Complete the information security organization structure. 2. Recruit the dedicated personnel for information security. 3. Establish asset management inventory. 4. Implement risk assessment of information assets. 5. Implement risk improvement plans for high-risk information security projects. 6. Improve the backup mechanism. 7. Complete recovery drills on a regular basis. 8. Evaluate alternatives for the systems with high risk that cannot be updated.	The Group's information security complies with the requirements of the competent authorities and prepares for the ISO/IEC27001 information security management system certification in advance.	1. Inventory of the information security organization and establishment of relevant dedicated units. 2. Costs for expanding virtual hosts and upgrading the backup installation: NT\$2.8million. 3. Cost for enterprise process management system: NT\$3.5million. 4. Costs for recruiting external consultants: NT\$1.92 million.	1. On December 23, 2022, the Board of Directors completed the submission to the information security organization, complied with the relevant laws and regulations, and recruited dedicated personnel. 2. Introduced the BPM system and replaced the risk verification system. 3. Annual recovery drill: the recovery of the BPM verification system was tested in August 2022. 4. Virtual host & backup system upgrade: 95% of server virtualization has been completed; virtual host performance and space are estimated to be increased by 60%; shortening of disaster recovery time: RTO has been shortened by 20%. 5. The organization's information security awareness has been built up through the lectures provided by external consultants. 6. Completed information asset inventory and information security risk assessment, and conducted risk improvement.

■ Organization Structure of Information Security and Response Measures

In order to comply with the requirements of the internal control handling standards of the competent authorities, the Company has established an information security organization structure and mission development goals.

■ Main Tasks of the Information Security Dedicated Unit

•Establish a business continuity plan, carry out an inventory of the information system, and conduct an information security risk assessment to ensure that the system can operate normally and will not affect the Company's core businesses.

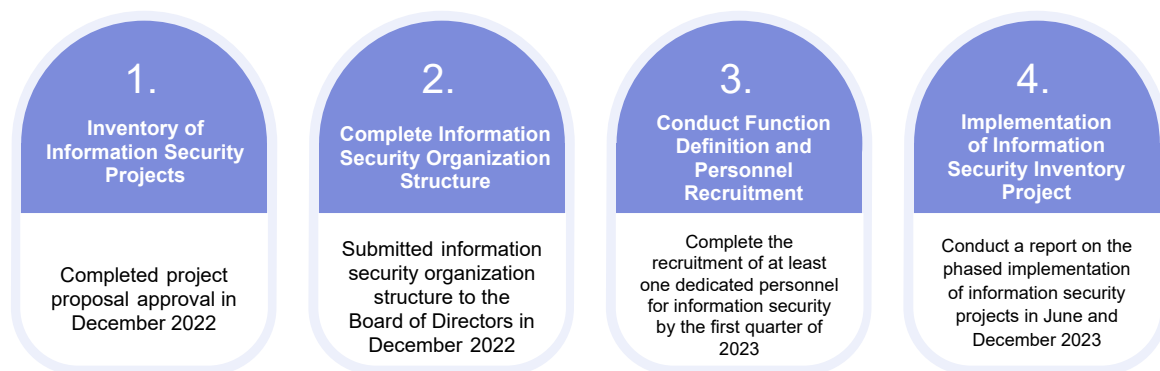
•Establish and implement corresponding management systems and technical protection to prevent information security incidents from adversely affecting the Company.

•Establish contingency handling and reporting procedures for information security incidents, join an information security information sharing organization to obtain relevant information and adopt corresponding practices, and handle major information security incidents in accordance with the regulations of the competent authorities.

•Ensure the appropriateness and effectiveness of the management system, conduct information security audits on internal and outsourcing manufacturers, track the improvement of identified issues, and report the implementation status to the Board of Directors or management.

■ Formulation of Implementation Plans by the Information Security Organization

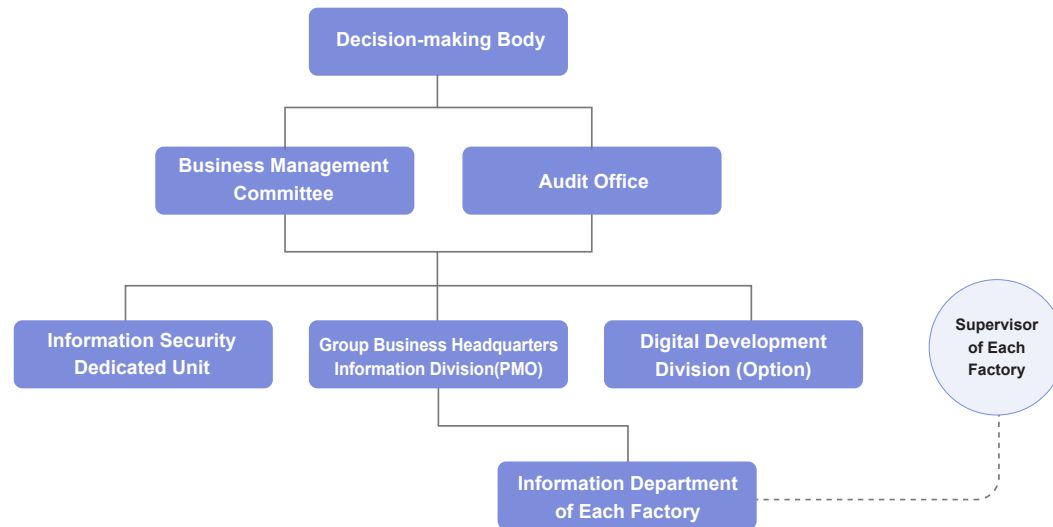
•In 2023, the information security enhancement program will be established to ensure that all requirements meet the goals set by the competent authorities. The relevant schedule and plans are described as follows.



Improve information security organization and strengthen information security control projects

Responsible department/reporting mechanism: Independent reporting channel established by the Group Information Division/Audit Office

Design of the Information Organization Structure



1. **Audit Office** Regularly audit the effectiveness and deficiencies of information-related units, and make suggestions for improvement. Enhance the professional capability of information audit.
2. **Group Information Division (PMO)** Information strategy/project coordination planning and management.
3. **Information Department of Each Factory** Information project implementation and daily maintenance.
4. **Information Security Dedicated Unit** Information security project planning, management, implementation and daily maintenance.
5. **Digital Development Division (Option)** Evaluation and development of advanced information technology.

5.6.2 Trade Secret Protection and Transaction Security

Trade secrets have become a key technology indispensable to the Company's sustainable operations and a competitive tool for our products and services, enabling the Company to become a leader in the blue ocean market and a winner in the red ocean market. However, its core value only lies in the "lead time".

The competitive advantages exist until the existing or potential competitors develop new processes or technologies, the trade secrets are restored or improved by engineering, or the new or improved goods or services are introduced to the market. Therefore, keeping the trade secret is the priority to capture the market share.

Policy / Commitment	Goals		Resources invested during the year	Responsible department/reporting mechanism
	Short-term	Medium- and long-term		
Policy: Formulate the Ethical Corporate Management Procedure and Code of Conduct as a guideline for compliance with the relevant rules and regulations. Commitment: The Company's personnel shall comply with the relevant operating regulations, shall not disclose to others any trade secrets, trademarks, patents, copyrights, and other intellectual property known due to the business dealings with the Company, its customers, or other third parties, and shall not inquire or collect any trade secrets, trademarks, patents, copyrights, and other intellectual property that are not related to the their duties.	1.Set up a dedicated unit responsible for formulating and implementing procedures for the management, preservation, and confidentiality of the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property, and review the results of the implementation on a regular basis to ensure that the procedures remain effective. 2.Conduct education training on a regular basis to educate employees on the legal concepts of trade secrets, intellectual property and anti-corruption.	Establish a complete management measures on business secrets.	On April 28 and November 24, 2022, we appointed external legal firms to conduct education training on business secrets, anti-corruption and corporate governance 3.0. Funding: Expenses are incurred from the hours of legal consultants in each year, therefore no costs are required. There were 111 and 103 participants in the two education trainings respectively.	Independent reporting channel established by the Legal Office/Audit Office.

*There were no substantiated complaints of violation of customer privacy or loss of customer information *

06 Environmental Sustainability

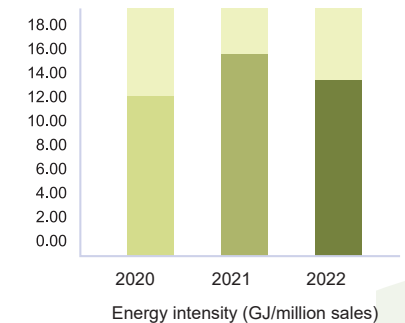
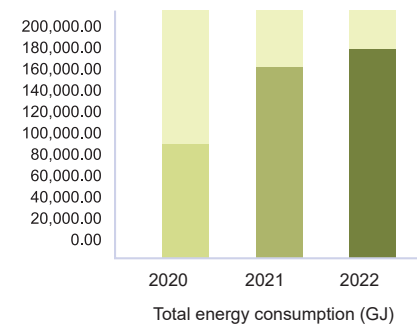
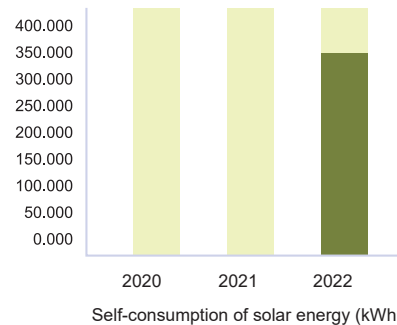
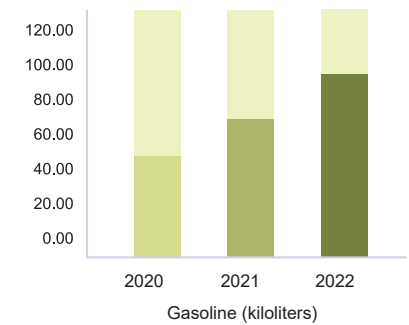
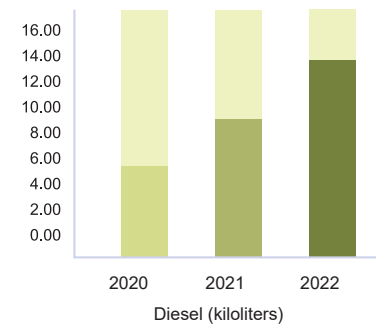
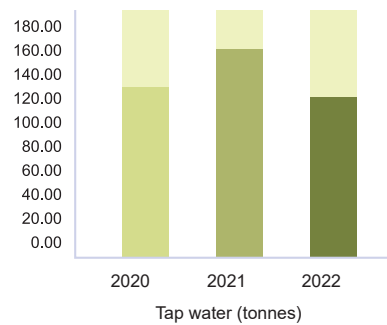
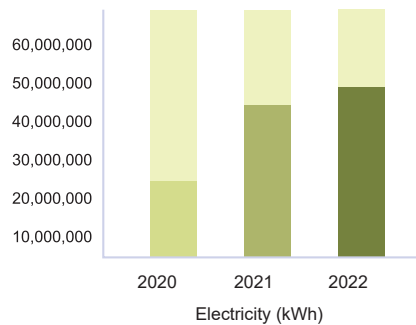
Hu Lane has always operated in an environmentally friendly and sustainable manner. The Company has established corresponding measures to control energy, greenhouse gas emissions, water management and waste to minimize the negative impact on the environment.

6-1 Energy Management

Our main products are metal stamped terminals products and plastic connectors. The energy used in the manufacturing process is electricity. Since 2020, Taipei Hu Lane has carried out a project to replace its obsolescent production equipment. As a result, energy consumption has reduced year by year. In order to reduce electricity consumption, Hu Lane will continue to introduce new processes and equipment at each

of its operating site, and design and develop them with the principle of reduction at source. In addition to continuous energy conservation, Hu Lane will continue to actively build solar power generation equipment. It is expected to invest NT\$40 million in 2023 to continue to compile its energy usage statistics.

Energy usage statistics



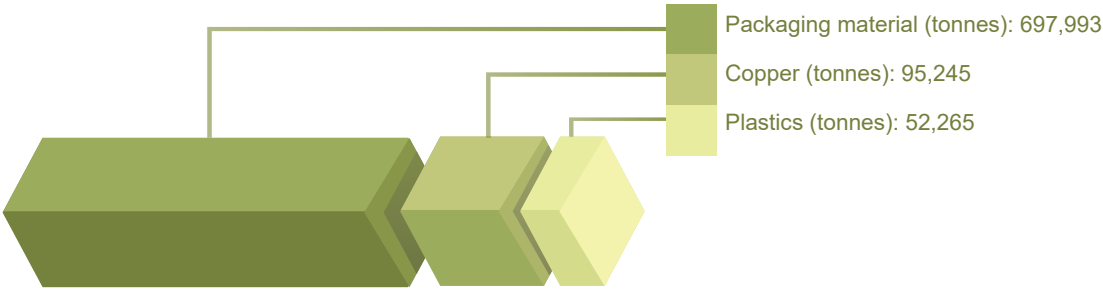
Solar Power Equipment of Hu Lane Nanjing and Jiaxing Shangho

Note1. The temporary suspension of factories due to the Covid-19 pandemic resulted in lower data in 2020. Note 2. Due to the addition of wastewater recycling system in 2023, the productivity of production lines will be reduced by 25% as a result of the increase in outsourced electroplating in 2022.

Energy usage statistics

For the recycling of scraps in the production process of metal stamping terminal parts and plastic connectors, paper pallets are the recycled raw materials used for transportation and packaging materials are the outer packaging boxes used for the delivery of products. The recycling work has been handed over from the downstream factories to the vendor. The volume of recovered and recycled materials has been increasing year by year over the past three years.

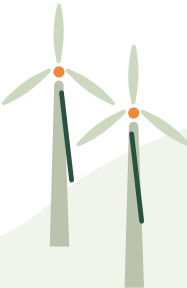
Statistics on Recovered and Recycled Materials in 2020



Statistics on Recovered and Recycled Materials in 2021



Statistics on Recovered and Recycled Materials in 2022



6-2 Carbon Emissions Management

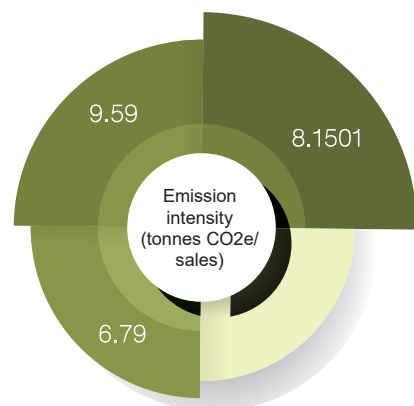
Policy / Commitment	Goals		Specific Strategy	Responsible department/reporting mechanism	Evaluation mechanisms/outcomes
	Short-term	Medium- and long-term			
Policy : We are committed to greenhouse gas inventory of the Company to capture the status of our greenhouse gas emissions. Continue to promote energy conservation and carbon reduction measures based on the results of the inventory. All employees participate in energy conservation and carbon reduction activities. Comply with environmental laws and regulations. Join hands with customers to create green productivity requirements. Commitment: Consider the environmental policy as a self-expectation of environmental friendliness, and make the belief in environmental protection concrete and transparent.	Reduce greenhouse gas emissions per unit of product by 15% by 2023 at Taipei Factory. Plan the installation of solar panels (Taipei Factory and Vietnam Factory).	Prioritize energy conservation design for energy-consuming equipment. Reduce greenhouse gas emissions per unit of product by 30% by 2027 at the Group. Use of renewable and clean energy. Installation of energy storage equipment.	Continue to plan energy conservation measures to reduce electricity consumption and carbon emissions. Replace obsolescent equipment, such as air compressors and air-conditioning chillers, to improve energy efficiency. In 2023, the Taipei and Vietnam factories will install a total of 1,125KW solar panel power generation equipment. Replace obsolescent T5 and T8 lighting fixtures with energy-saving LED lighting fixtures. Evaluate and plan for the installation of sensor lighting equipment based on the functional areas, such as pantries, outdoor areas and corridors.	Environmental safety unit. Independent reporting channel established by the Audit Office.	Reporting of energy conservation efficiency. ISO50001 Energy Management System (expected to be certified in 2023).

Hu Lane established the Sustainability Committee in 2022 to plan and promote the greenhouse gas inventory policy for each production site, and define the organizational boundary with operational control rights based on the relevant inventory guidelines and regulations announced by the EPA, so as to calculate the emissions of each item of IPCC, the "annual Global Warming Potential (GWP) values" and the national emission factors published by the EPA.

Since 2022, Taipei Hu Lane has conducted greenhouse gas inventory (data year 2021), which has been verified by a third-party verification company (BSI) with a statement of verification; since 2023, all of the Group's production sites will carry out greenhouse gas inventory operations (data year 2022), which is expected to be verified by a third-party verification company in November 2023. All carbon emissions in this report are self-assessed figures, which have not been verified.

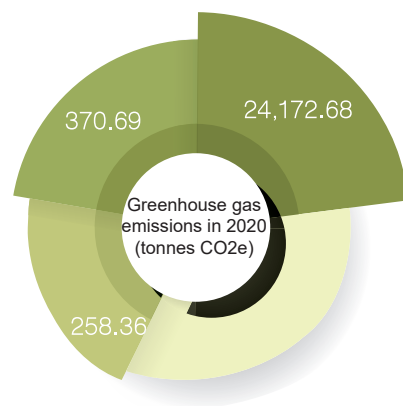
In recent years, the world has been affected by the greenhouse effect, which has led to the ozone depletion and extreme climate. Hu Lane has also endeavored to keep abreast of global issues and respond to government policies requiring the establishment of a greenhouse gas inventory. According to the sources of the greenhouse gas emissions, they are divided into the following categories: direct and indirect emissions and other indirect emissions.

Direct emissions are generated by the refrigerant used in the factories' utility equipment, carbon dioxide fire extinguishers, vehicle fuel exhaust and wastewater treatment. Indirect greenhouse gas emissions arise from purchased electricity, all of which are purchased from the Taiwan Power Company.

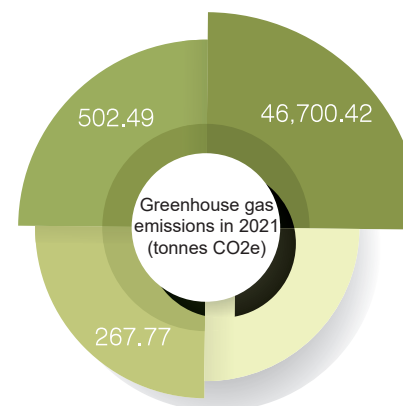


Emission Intensity

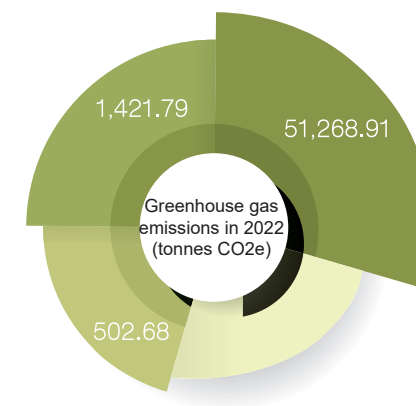
2020 2021 2022



Direct Emissions (Category 1)



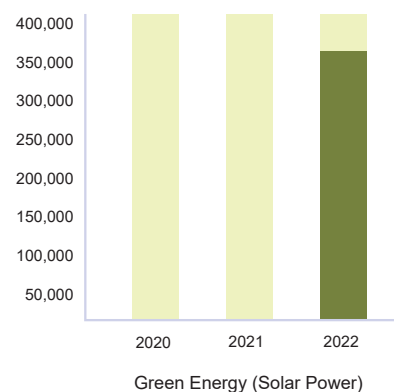
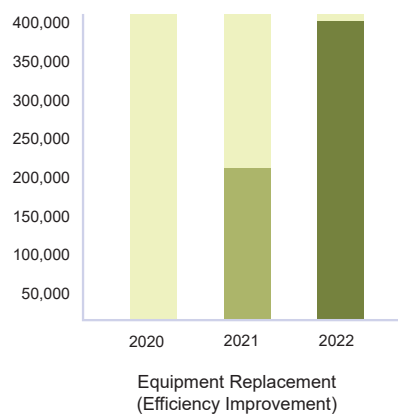
Indirect Emissions (Category 2)



Other Indirect Emissions (Category 3)

Note: No ozone depleting substances were used or emitted during the reporting period. Carbon coefficients are based on the GWP value of the sixth assessment report of IPCC.

Reduction in Energy Consumption (kWh)



For the purposes of paying attention to energy management issues and responding to serious challenges of future energy management, the Company takes initiatives to improve the energy management system and the intelligent monitoring and control from energy management to energy creation in order to achieve the optimal efficiency of power generation and continue to carry out the "replacement plan", aiming to gradually replace the old and high energy-consuming equipment year by year with intelligent inverter motors in an attempt to effectively and directly reduce the energy consumption of the Company.



Replacement of obsolescent air compressors to increase power by nearly 14%

The solar energy construction plan (Taipei Hu Lane and Vietnam Hu Lane) has been planned since 2022. It is planned to construct solar green power of 450KW (Taipei Hu Lane) and 675KW (Vietnam Hu Lane) in 2023. It is estimated that 450,000 kWh of green power will be added annually after the completion of the installation of the solar energy panels.

Since 2022, except for the Indonesia Factory, the Company has banned the use of disposable plastic tableware in the employee cafeteria and provided employees with environmentally friendly tableware, which has reduced 125,000 sets of disposable tableware annually. Each person no longer using disposable tableware (plastic drink cups, plastic straws, disposable chopsticks, plastic spoons, and cardboard packaging) for each meal can reduce carbon emissions by 0.287kg CO₂e per day per person, equivalent to a reduction of carbon emissions of approximately 150,388kg CO₂e per year.

Due to the implementation of Hu Lane's energy conservation and carbon reduction measures over the past three years, Taipei Hu Lane Factory has reduced carbon dioxide emissions by approximately 480 tonnes of CO₂e. In the future, Hu Lane will continue to plan for relevant energy conservation and carbon reduction measures in response to customers' requirements and global carbon reduction issues.



6-3 Water Resources and Waste Management

6.3.1 Water Resources

Policy / Commitment	Goals		Specific Strategy	Responsible department/ reporting mechanism	Evaluation mechanisms/outcomes
	Short-term	Medium- and long-term			
Reduce pollution emissions and properly treat wastewater to protect the global ecosystem.	Continuously reduce pollution discharge every year and complete the wastewater recycling treatment equipment to recycle 20% of process water by 2023.	Maintain the recycling rate of process water and reduce wastewater discharge every year. Improve wastewater treatment operation and optimize treatment efficiency.	Treat wastewater in accordance with the discharge permit, and implement external effluent quality compliance on a quarterly basis (Taipei Factory). Optimize the parameters and control of wastewater chemicals on a regular basis, and implement the best feasible operation techniques. Recycle and reuse 20% of process wastewater, recycle wastewater for use in the process, and improve water efficiency.	Environmental safety unit. Independent reporting channel established by the Audit Office.	Wastewater quality test report/Not exceeding the standard in 2022. ISO14001 external certification/ Passed the regular verification in 2022. Not in violation of laws and regulations.

Current Status of Water Resources

According to the statistics from the ESI (Environment Sustainable Index), Taiwan is the 18th most water-scarce country in the world. In addition, the results of the Aqueduct tool of the World Resources Institute (WRI) for scenario simulation analysis show that the risk of water shortage in the region in 2030 is 10-20%. Although there is no immediate risk of water shortage, Hu Lane has been striving to implement various water resource management measures in response to national water conservation issues.

The source of water for Taipei Hu Lane is the tap water supplied by the Taiwan Water Corporation, which is mainly used for general domestic wastewater and production, including electroplating process, product cleaning, air-conditioning cooling system, and wastewater treatment, etc. In 2022, due to the production plan of the electroplating process in Taipei Hu Lane, water consumption gradually decreased from 87.63 million liters in 2021 to 44.05 million liters after the adjustment of the production line.

In order to conserve water resources, Taipei Hu Lane installed water-saving toilets in restrooms. The replacement of related water equipment is a priority of the water conservation strategy. The Company continuously evaluates water conservation measures, such as recycling of effluent into the manufacturing process for reuse, recycling of purified wastewater into cooling towers for reuse, recycling of process wastewater, and the R&D of low-water consumption production technologies, aiming to contribute to the sustainable development on an ongoing basis.

Water Resources Management		2020 (Water Volume in Megaliters)	2021 (Water Volume in Megaliters)	2022 (Water Volume in Megaliters)
 Water Withdrawal(By Source)	● Surface Water+ Groundwater+Seawater	0	0	0
	● Total Amount of Water Produced	0	0	0
	● Total Water from Third Party (Note 1)	128.82	158.27	121.8
	 Total Water Intake	128.82	158.27	121.8
 Water Discharge	 Total Water Discharge	108.7	126.48	117.15
 Water Consumption	 Total Water Consumption	18.45	32.28	25.16

Note 1: The water from third party refers to tap water. Its total dissolved solids are all fresh water with ≤1,000mg/L.

With respect to wastewater treatment, all wastewater is treated by the factories, discharged through a dedicated pipe, and finally discharged as effluent. After treatment in the factory, Taipei Hu Lane's wastewater is finally released to the Keelung River. The wastewater treatment unit is equipped with a comprehensive mixing tank, a fast mixing tank, a PH adjusting tank, a slow mixing tank, a precipitation tank, a gravity-type concentrating tank, a neutralization tank, and a sludge dewatering equipment, which can ensure the proper treatment of wastewater produced during the process. The Company has established strict rules for the control of wastewater. We test the level of pollutants in the wastewater every three months to ensure that it does not violate the effluent discharge standards.

Note: 1. In accordance with the electroplating industry effluent discharge standards of Taiwan's "Water Pollution Control Act".
2. In accordance with the Water Pollution Prevention and Control Law of the People's Republic of China.
3. In accordance with Vietnam's environmental protection regulations (72/2020/QH14) and the national regulations on industrial wastewater (QCVN40:2011/BTNMT).
4. Water quality data is retrieved from the inspection value data at the end of each year.

Taipei Hu Lane
Effluent
Discharge
Testing Data

	Water temperature °C	PH value	Copper content (mg/L)	Chemical oxygen demand (mg/L)	Suspended solids (mg/L)	Cyanide (mg/L)	Oil & Fat (mg/L)
2020	25.67	7.55	2.07	18.75	3.17	0.018	ND
2020	22.55	7.37	3.25	17.97	3.15	ND	1.2
2020	23.2	8	6.22	25.22	6.12	0.004	1.1

Nanjing Hu Lane
Effluent
Discharge
Testing Data

	PH value	Suspended solids (mg/L)	Ammonia nitrogen (mg/L)	Chemical oxygen demand (mg/L)	Total phosphorus (mg/L)
2020	2.07	45	7.55	18.75	3.17
2020	3.25	73	7.37	17.97	3.15
2020	6.22	38	8	25.22	6.12

Vietnam Hu Lane
Effluent
Discharge
Testing Data

	Suspended solids (mg/L)	BOD (mg/L)	Chemical oxygen demand (mg/L)
2020	<10	13	39
2020	<10	17	31
2020	18	30	99



6.3.2 Waste

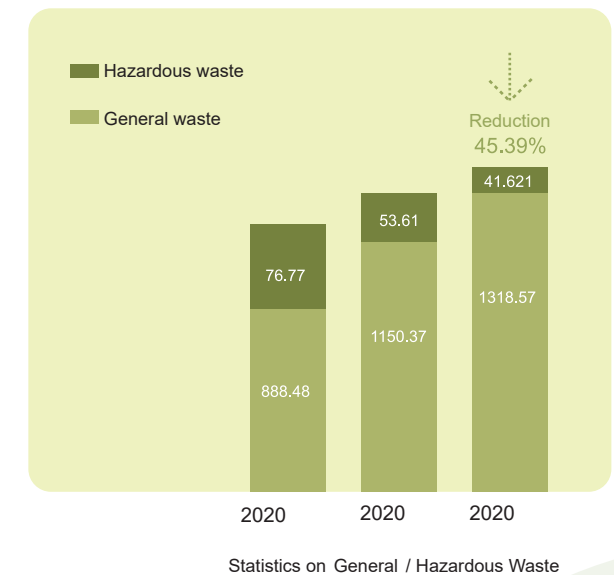
With respect to waste production, Hu Lane adheres to the principle of improvement at the source, starting with enhancing efficiency in the production process, reducing the use of raw materials, and minimizing final output as much as possible, in order to achieve the effect of resource utilization and maximum utilization of waste.

Waste treatment is based on resource recycling and reuse, supplemented by final disposal. In terms of control measures, the Company requires garbage classification as much as possible to avoid arbitrary disposal of waste, which may cause problems in treatment. In addition, the Company also controls the waste at source and classifies the waste generated in the manufacturing process according to the nature of the waste, such as waste sludge, waste copper, waste wiping cloths, and waste plastics, etc. In addition to garbage classification, we also advocate the reduction of paper waste by double printing general documents, using the blank side of scrapped documents as much as possible, and transferring files that can be saved without paper to electronic storage.

Currently, Hu Lane's commissioned waste treatment methods include incineration and reuse. All of the waste treatment companies we work with are legal institutions.

Item / Year	2020	2021	2022
 Number of Qualified Companies	4	4	4
 Number of Qualified Clearance Personnel	6	6	6
 Number of Audit Violation Records	0	0	0

Hu Lane		Unit: Tonnes			
Type of waste	Waste items	2020	2021	2022	Recycling
General commercial waste	Waste wood	8.02	11.06	10.80	✓
	Waste paper	3.73	5.42	5.20	✓
	Scrap iron	1.83	4.04	3.62	✓
	Waste plastics	374.60	475.60	567.30	✓
	Silica gel waste	7.50	23.60	42.00	✓
	Copper scrap	389.00	500.00	562.00	✓
	General garbage	103.80	130.65	127.65	
Hazardous commercial waste	Spent activated carbon	1.00	4.10	4.22	✓
	Waste oil	6.21	1.37	3.81	✓
	Waste mold cleaning fluid	0.24	0.09	0.17	
	Waste emulsion	0.15	-	0.04	
	Waste filter element	0.28	0.13	0.19	
	Electroplating sludge	68.22	47.58	32.70	
	Waste container and bottle	0.67	0.34	0.49	



6-4 Environmental Protection Control

In order to prevent and mitigate the environmental impacts caused by business operations, Hu Lane has purchased safety-compliant equipment and installed pollution prevention facilities in accordance with law, recruited dedicated personnel, set up a dedicated unit, and introduced the ISO14001:2015 environmental management system to continuously improve the environment based on the operational principle of the PDCA. For deficiencies identified by the competent authorities, the Company has endeavored to improve the situation in order to comply with the relevant laws and regulations, set targets for improvement, and reviewed the effectiveness of the improvement measures on a regular basis. No significant actual or potential negative impacts of our operating activities on local communities have been identified..

In 2021, Hu Lane cooperated with "Gin Xin" to hold a joint disaster prevention drill for toxic chemicals, simulating that in the event of a large-scale disaster, the Company could work with nearby companies for disaster relief and achieve the effect of preventing the expansion of the disaster.



In 2022, Hu Lane signed a "Memorandum of Understanding on Disaster Prevention Cooperation" with the Xizhi District Office to join the enterprise disaster prevention team in the Xizhi District, hoping that we can integrate disaster prevention and material supply through the instructions of the Xizhi District Office during the flood prevention period. Through these efforts, we can greatly enhance the efficiency of disaster prevention and rescue in the event of large-scale disasters.

6-5 Sustainable Supply Chain

We have established a comprehensive and sustainable supply chain management mechanism, and monitor and strengthen supplier management to enhance the sustainability of the supply chain.

Policy / Commitment	Goals		Specific Strategy	Responsible department/ reporting mechanism	Evaluation mechanisms/ outcomes
	Short-term	Medium- and long-term			
Policy : 1. Comply with the laws and regulations of all locations in which we operate, while taking into account the needs of customers. 2. Fulfill our corporate social responsibility and not use conflict minerals. 3. Gradually incorporate corporate social responsibility practices into supplier management mechanisms to facilitate the sustainable development of suppliers. Commitment: Issues related to sustainable management and supply chain risk management have been gradually emphasized. In order to establish a more resilient and sustainable supply chain, Hu Lane not only actively fulfills its social responsibility and contributes to the society, but also recognizes that the Company must better understand the impact of suppliers on the Company's operations, society and the environment, as well as implement supplier management and corporate sustainability.	Implementation of sustainability plans by the top 50 major raw material suppliers reaching 20%.	Implementation of sustainability plans by the top 50 major raw material suppliers reaching 80%.	1. Evaluated a total of 18 new suppliers, 18 of which passed the audit and became qualified suppliers. 2. Organized a supplier meeting to promote the Company's policies and corporate philosophy, explain Hu Lane's ESG requirements for suppliers and share future goals. Expenses: NT\$35,000	Independent reporting channel established by the Logistics Division/Audit Office.	Conduct supplier audits according to the goals on a regular basis to ensure the achievement rate of supplier sustainability planning.

Environmental Assessment of Suppliers

Existing suppliers are required to comply with the regulations. 100% of the suppliers comply with the RoHS/Reach requirements on prohibited substances, toxic substances, and prohibition on raw materials from conflict minerals.

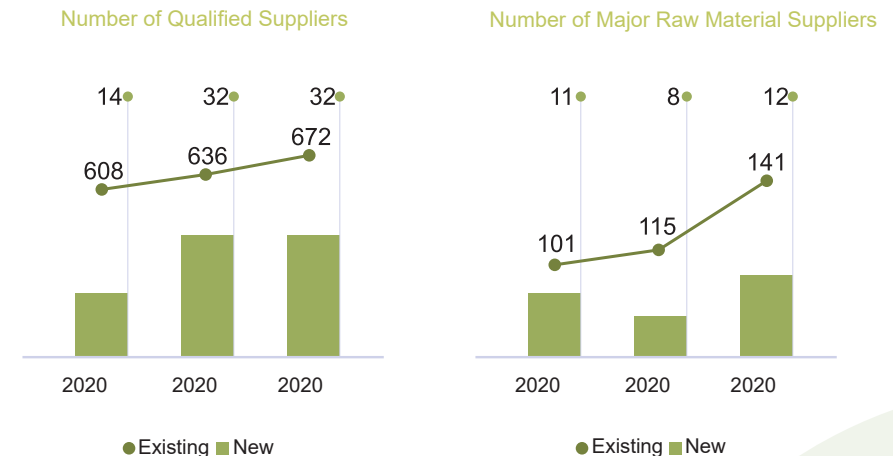
Adopt Environmental and Social Criteria to Screen New Suppliers

New suppliers are required to meet the above environmental requirements. In addition, new suppliers of major raw materials will be added to the list to meet the requirements on safety, human rights, laws and regulations, and product safety from 2023, which will be verified by the new "Supplier Sustainable Development Review List".

Supplier Screening Criteria

- Obtain the legal registration certificate issued by the government.
- Qualified companies that obtain ISO9001 and/or IATF16949 certificates will be considered as preferred candidates.
- Toxic and hazardous controlled substances must be handled in accordance with government and safety regulations.
- Comply with the requirements of the EU's environmental regulations [EU RoHS and REACH], and can meet the requirements of the Company's "Prohibited Substances Standards".
- Metal raw material suppliers that do not use the materials from "conflict minerals".
- Procurement personnel sign the "Hu Lane Group Integrity Commitment" with suppliers in accordance with the "Ethical Code of Conduct for Employees".

Breakdown of Existing and New Suppliers Selected in the Past Three Years



6-6 Occupational Safety and Health

Harmonious labor/management relations and a healthy workplace environment are the basis to achieve a win-win situation for both employers and employees. In this regard, it is an important indicator for the Company to create a quality workplace and eliminate preventable risks in the workplace.

Policy / Commitment	Goals		Specific Strategy	Responsible department/reporting mechanism	Evaluation mechanisms/ outcomes
	Short-term	Medium- and long-term			
Build a workplace environment where all employees can live and work in happiness.	Introduce the ISO45001 management system, pass the certification, implement operational control, and promote occupational safety and health protection measures to avoid occupational accidents. Obtain the AED safe workplace certification.	Implementation of employee care system: Employee health checkup is implemented every year to care for employees' health. Four major plans have been implemented to provide a friendly workplace. Plan and formulate a supply chain audit plan: Include contractors in the scope of audit to reduce unsafe behaviors, strengthen counseling and improvement, and jointly create a secure supply chain system.	With respect to the safe workplace certification, two employees have obtained the AED administrator certificates. The Company will apply for the certification from the New Taipei City Government in 2023 when the number of employees who receive training meets the requirements. Regularly monitor the operating environment, including noise, lighting, carbon dioxide, organic solvents, special chemicals, and high-temperature workplaces, to ensure work safety. Conduct employee health checkups and arrange health promotion activities on an annual basis to provide a healthy and friendly workplace environment. Continue to externally certify the ISO45001 system on an annual basis to strengthen employees' occupational safety skills and knowledge.	Environmental safety unit. Independent reporting channel established by the Audit Office.	Obtained the ISO45001 third-party certification (expected to be certified in 2023).

Occupational health and safety

In order to effectively control the occupational safety and health risks in the factories and enhance a healthy and safe working environment for workers, we implement on-site emergency drills every year and arranged third-party occupational safety and health management system certification in 2022. The Company plans to obtain ISO45001:2018 certification in 2023, the scope of which includes all employees and contractors of the Company.

We have established the "Hazard Source Identification and Risk Assessment Management Requirements" to conduct hazard identification and risk assessment, and plan relevant improvement measures based on the assessed risk level to reduce the risk of operational hazards and enhance workplace safety (in 2022, Taipei Hu Lane assessed a total of 10 hazards, 2 of which were classified as major hazards and were included in the management plan with improvement made during the year). In response to the occurrence of occupational disasters and accidents, we have established comprehensive countermeasures. According to the "Accident Investigation and Notification Management Standards" formulated by the Company, we classify the incidents and activate the corresponding investigation procedures, while initiating corrective measures to avoid the occurrence of the same incidents in the future.



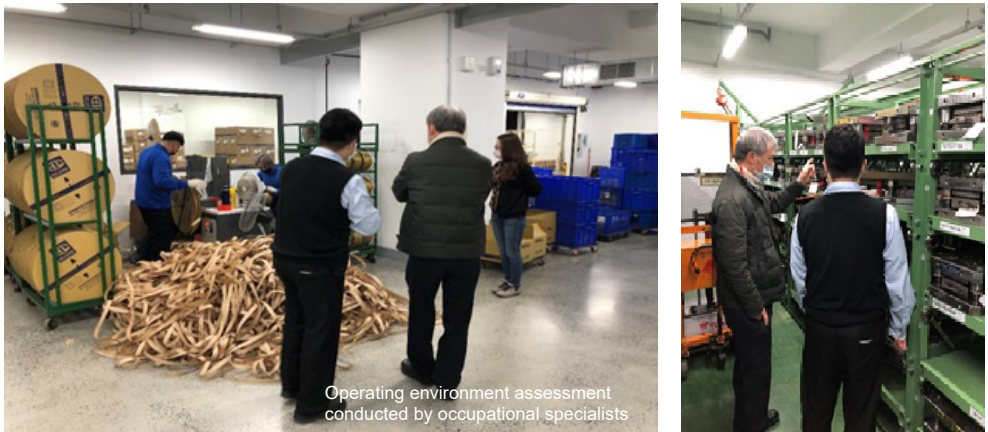
Major hazards in 2022

Hazardous Items	Annual Improvement Plans/Actions
Noise	Implementation of the hearing protection plan
Slip and Fall (Lane)	Anti-slip engineering for driveways



In accordance with occupational safety and health regulations, Taipei Hu Lane has established the Occupational Safety and Health Committee and assigned labor representatives to respond to the opinions of employees (a total of 7 employees, with 3 laborers), who meet quarterly with decision-making rights to participate in the consideration on issues such as preventive measures on hazards of machinery/equipment/ raw materials/materials, workplace environment monitoring plans, accident investigations, and performance of on-site safety and health management.

In addition to the employees, other workers can directly respond to the supervisor of the business organizer if they have any comments. After collecting the issues, we will make proposals for discussion at the meeting. The types of occupational injuries that occurred over the past three years are mainly falls, cuts, and pinches, etc. We will start the relevant investigation immediately after the occurrence of an accident (in accordance with the investigation procedures of the accidents), as well as strengthen the on-site infrastructure and management system. We also provide each employee with one hour of occupational safety and health training every year. The education training items are based on Article 32, Paragraph 2 of the Occupational Safety and Health Act.



Statistics on Occupational Injuries in 2020

	Taipei Hu Lane	Nanjing Hu Lane	Dongguan Hu Lane/ Dongguan Puguang	Vietnam Hu Lane	Jiaxing Shangho
Total hours worked	814,000	1,030,972	1,381,935	301,252	104,413
Number of work-related injuries	3	2	4	0	0
Working days lost	3	189	4	0	0
Disabling injury frequency rate	3.69	1.94	2.89	0.00	0.00
Disabling injury severity rate	3.69	183.32	2.89	0.00	0.00
Injury rate	0.74	0.39	0.58	0.00	0.00
Occupational disease rate	0.00	0.00	0.00	0.00	0.00

Statistics on Occupational Injuries in 2021

	Taipei Hu Lane	Nanjing Hu Lane	Dongguan Hu Lane/ Dongguan Puguang	Vietnam Hu Lane	Jiaxing Shangho
Total hours worked	1,040,140	2,218,959	1,666,795	580,173	204,913
Number of work-related injuries	1	1	2	0	0
Working days lost	1	30	2	0	0
Disabling injury frequency rate	0.96	0.45	1.20	0.00	0.00
Disabling injury severity rate	0.96	13.52	1.20	0.00	0.00
Injury rate	0.19	0.09	0.24	0.00	0.00
Occupational disease rate	0.00	0.00	0.00	0.00	0.00

Statistics on Occupational Injuries in 2022

	Taipei Hu Lane	Nanjing Hu Lane	Dongguan Hu Lane/ Dongguan Puguang	Vietnam Hu Lane	Jiaxing Shangho
Total hours worked	1,170,000	1,602,500	1,310,400	712,500	275,830
Number of work-related injuries	0	0	0	1	0
Working days lost	0	0	0	1	0
Disabling injury frequency rate	0.00	0.00	0.00	1.40	0.00
Disabling injury severity rate	0.00	0.00	0.00	1.40	0.00
Injury rate	0.00	0.00	0.00	0.28	0.00
Occupational disease rate	0.00	0.00	0.00	0.00	0.00

Note: 1. Excluding traffic accidents that increase the total hours worked.
2. FR and SR are calculated using millions of working hours.

In order to establish the culture of safety and strengthen employees' safety awareness, the Company has produced safety and health promotion documents through activities, including accident investigations and case studies of the same industry to promote occupational safety. In addition, we regularly organize internal or external work-related safety and health training, assign professional instructors, provide training at public expense, and confirm its effectiveness through tests, practical exercises, or certificates of completion of training.



Taipei Hu Lane expects to pass the "Safe Workplace" certification mechanism in the fourth quarter of 2023, encouraging units with AED to implement employee skills training, conduct equipment management, and provide safe environments to enable employees who have passed the certification to demonstrate their dedication to ensuring a safe environment in public places and let employees to clearly identify the location of AED in public places.



Safe Workplace Certification Activity

Self-produced Posters for Each Unit's Operational Safety Activities

■ Employee Health Management and Health Promotion

In accordance with labor health protection rules, the Company has set up dedicated labor health service personnel and appointed resident doctors to conduct on-site visit and provide employee with health consultation on a regular basis. All factories are zoned according to the hazardous risk, with sufficient first aid kits and other emergency equipment for emergency use by employees. The contents of the first aid kits are updated and supplemented by dedicated personnel on a regular basis.

Hu Lane's employees are entitled to regular general and special health checkups each year. The resident doctor will carry out follow-up health management planning based on the results of the health checkups.

In order to care for the physical and mental health of employees, Hu Lane has formulated and implemented the Maternity Protection Program to protect the health and safety of female workers who are pregnant or for up to a year after giving birth. The Overload Prevention Program is carried out to prevent cardiovascular diseases caused by shift work, night work, and long hours of work. The Unlawful Infringement Reporting and Disposal Program is implemented to prevent employees from being harassed and bullied. The Human Hazard Prevention Program is commenced to prevent muscular and skeletal diseases caused by repetitive movements in the workplace. Improvement measures are taken on a regular basis based on the assessment results and the actual situation. In addition, the Company plans health promotion activities on a quarterly basis to provide employees with health support.

■ Measures on the Prevention of Occupational Safety and Health Impacts

Hu Lane's occupational safety and health personnel collect significant occupational safety issues in Taiwan and in the industry from time to time and report such issues to the Occupational Safety and Health Committee for discussion to examine whether there are similar issues or risks at the factories. In terms of contractor management, we have formulated "Contractor Management Standards" to implement various operational controls in order to minimize possible hazards. In addition, we collect occupational safety issues through the "Information Communication Management Regulations" and take countermeasures to prevent the occurrence of disasters. We will refuse to work with the contractor if necessary in the event that it fails to comply with the Hu Lane Group's safety and health regulations.



Resident Doctor Consultation



Employee Health Checkups



Sports Day Activity



Employee Care Association Year-end Activity of Taipei Hu Lane



Fat Loss Competition Award Ceremony



Hu Lane's Blood Donation Activity during the Year

07 Social Care

7-1 Employee Profile_Statistics on Employees

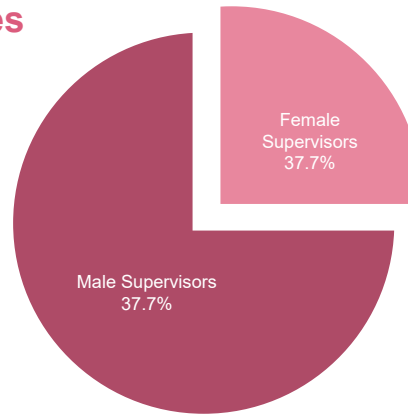
Hu Lane adheres to the people-oriented management principle and focuses on employee care and social responsibility, while complying with the Labor Standards Act of each region to provide employees with due respect and freedom to enable them to work under a reasonable and humane management and system.

Hu Lane is fair, just, open and objective in the talent recruitment process in terms of recruitment activities and interviews. We do not discriminate against race, class, nationality, language, ideology, religion, party affiliation, origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, astrological sign, blood type, labor representative, or past union membership in our job interviews, employment, training, salary, promotion, termination or retirement.

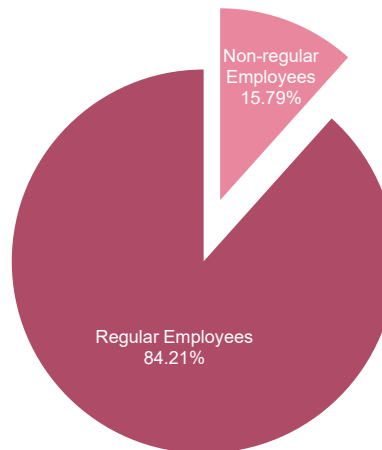
We uphold the concepts of "the right person for the right job" and "making the best use of talent" to support and follow the international human rights concepts of meritocracy in selecting the best candidates for employment.

As of the end of 2022, Hu Lane had 2615 employees in each of its factories, with 2202 regular employees (accounting for approximately 84.21%); a total of 413 non-regular employees (accounting for approximately 15.79%); a total of 410 non-regular laborers (accounting for approximately 99.3%) assigned to the Company by an external dispatch company in China; 3 professional contract consultants in Taipei (accounting for approximately 0.7%); a total of 53 mid-level supervisors and above in the Company, with female supervisors accounting for approximately 37.7% of the total number of supervisors.

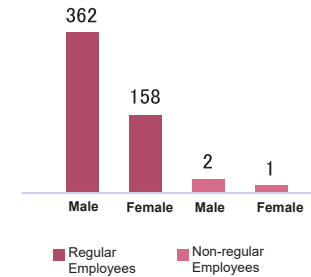
Percentage of Mid-level Supervisors and Above



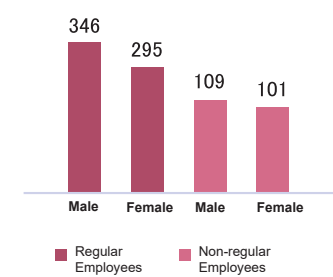
Percentage of the Number of Employees in Each Factory



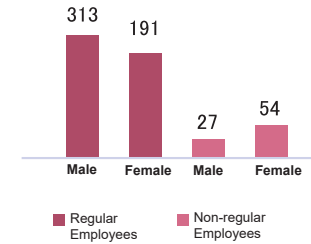
Taipei Hu Lane



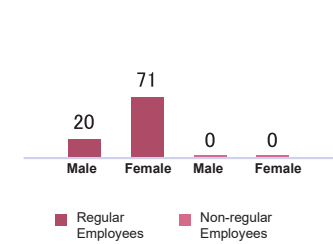
Nanjing Hu Lane



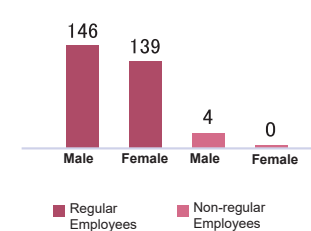
Dongguan Hu Lane



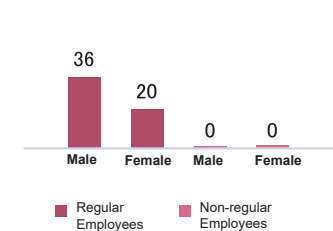
Dongguan Puguang



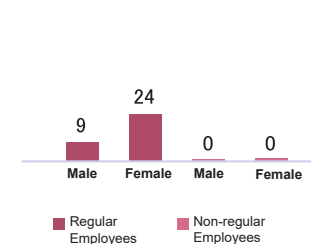
Vietnam Hu Lane



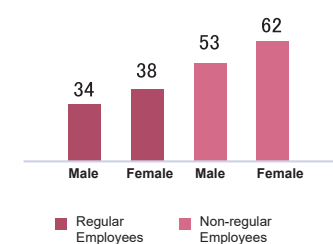
Indonesia Puguang



Taipei Shangho



Jiaxing Shangho

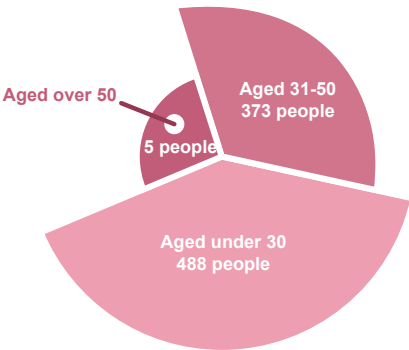


7-2 Labor-Management Communication

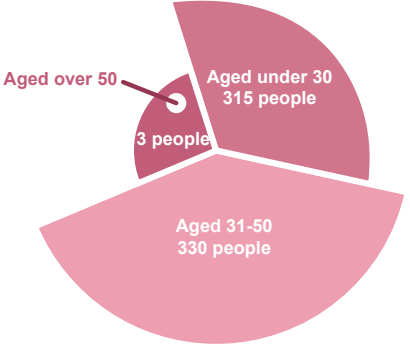
7.2.1 Labor-Management Relations

Hu Lane adopts a people-oriented approach that emphasizes employee benefits. In addition to 100% compliance with local laws and regulations, Hu Lane provides various Company benefits and retirement contributions, as well as group insurance (medical, disability) to protect the work and safety of employees. At the same time, the Company complies with the labor and human rights laws and regulations of each country, and promotes the important messages of human rights and labor rights protection and interests to new recruits and current employees.

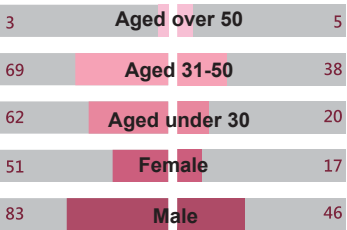
Age Distribution of New Employees



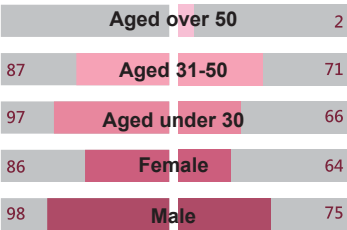
Age Distribution of Former Employees



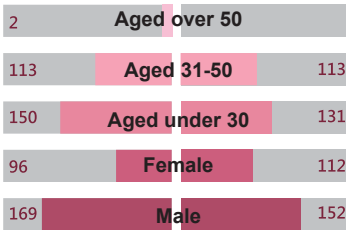
Taipei Hu Lane



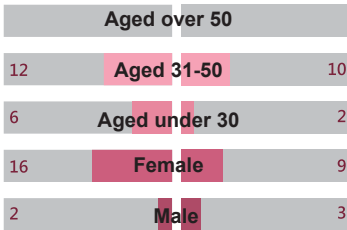
Nanjing Hu Lane



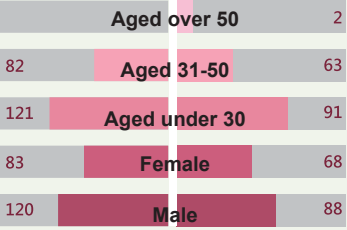
Dongguan Hu Lane



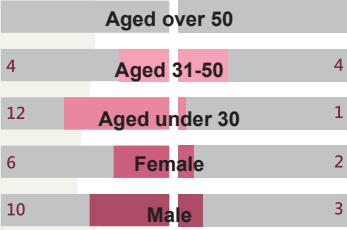
Dongguan Puguang



Vietnam Hu Lane



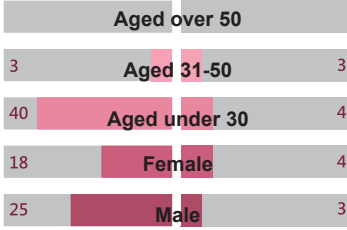
Indonesia Puguang



Taipei Shangho



Jiaxing Shangho



7.2.2 Labor-Management Communication

Smooth communication between employers and employees facilitates labor-management cooperation, enables employees to understand the Company's production plans, business overview and market conditions, while allowing the Company's management to keep abreast of the labor conditions of its employees so as to build a friendly workplace based on the needs of its employees.

Hu Lane abides by laws and regulations. Its internal personnel administration and management complies with the local labor laws and regulations of each of its operating sites. In accordance with the law, a labor-management meeting is held at least once every three months at the operating site in Taipei, with representatives of the employer attending at the level of the President, the CEO, the head of corporate governance, and the head of

the factory, to coordinate labor-management relations, and promote labor-management cooperation through regular communications between the parties. By doing so, employees are able to express their opinions and request better labor conditions, effectively enhancing the status of workers.

In addition to regular labor meetings, Hu Lane has also implemented the Group's employee satisfaction survey. Through employee satisfaction feedback, employees can fully express their opinions through diversified communication channels. The Company can also respond in a timely manner and turn their suggestions into policies for implementation. It has resulted in harmonious labor-management relations without any labor disputes at Hu Lane in recent years.

■ Minimum Notice Period for Operational Changes

Taipei Hu Lane Taipei Shangho	Dongguan Hu Lane Dongguan Puguang	Nanjing Hu Lane	Vietnam Hu Lane	Indonesia Hu Lane	Jiaxing Shangho
The minimum notice period is in accordance with the Labor Standards Act and other related laws and regulations.	30 working days in advance	30 working days in advance	30 working days in advance	10 working days in advance	30 working days in advance

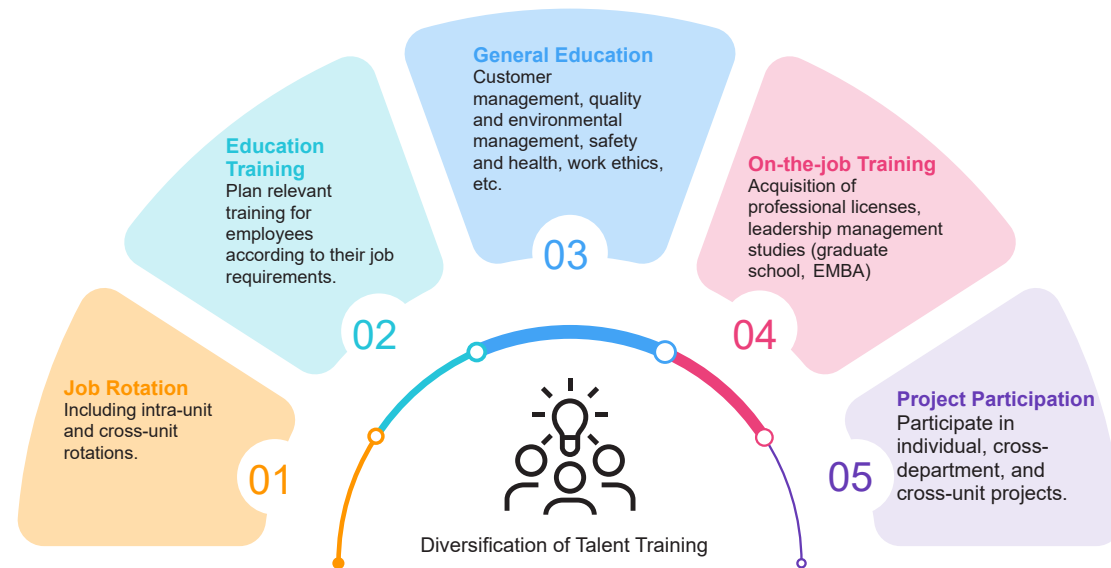
7-3 Talent Training

Talent is an important asset of Hu Lane and an important foundation for the Group's operations.

To cultivate the talent needed for the operation and development, the Company has established the [Group Education and Training Procedures] to regulate the education training system and training guidelines, and review the annual training plan for the needs of the Company and employees from time to time. Training is conducted accordingly to enhance knowledge and skills.

Through the talent training system, the Company strengthens management ability development and business knowledge, reserves management and professional talents at all levels, and encourages employees to self-study at the same time.

The Company's training system is divided into orientation training for new recruits and training for in-service employees. On-the-job training can be divided into professional (technical) training, management training, development training, project training, and self-enlightenment according to the nature of training.



Policy / Commitment	Goals		Resources invested during the year	Evaluation mechanisms/outcomes
	Short-term	Medium- and long-term		
Innovative, agile, proactive, responsible and people-oriented. Employees are the most important strategic partners of the Company. With transparent management mechanisms and systems, we provide a good working environment, increase employees' participation in Company policies, create an atmosphere of active responsibility, and enhance the vitality and innovation of the organization.	1. In 2022, the Group completed training activities for high-potential talent. 2. Obtain the (GGS) TTT certification to enhance professional capability in grading. 3. Improve the Group's education training programs to enhance the professional capability and skills of employees.	1. Improve the succession echelon for key positions in the Group's first-level performance unit. 2. Enhance the management capability of supervisors and the professional ability of employees through the functional development.	1. In 2022, the Group completed training activities for a total of 23 high-potential talent. 2. In 2022, we have invested NTD 1,450,000 in the training of GGS grader certification, and the Group has 10 graders certified. 3. In 2022, the Group invested NT\$855,400 in education training expenses, with an annual training of 34,731 hours, or 17.12 hours per person.	1. Project achievement/certification obtained. 2. Annual education training achievements/hours

■ Average Hours of Training per Employee per Year

Average Hours of Training for Employees		Taipei Hu Lane Taipei Shangho	Nanjing Hu Lane	Dongguan Hu Lane	Dongguan Puguang	Vietnam Hu Lane	Indonesia Hu Lane	Jiaxing Shangho
Average hours of training per employee		9.82	8.77	29.94	22.39	51.55	14.75	1.00
Average hours of training by gender	Female	8.22	9.37	30.35	23.61	70.90	14.15	1.00
	Male	10.51	8.26	29.68	17.95	33.62	15.08	1.00
Average hours of training by category	Direct	9.03	4.75	32.26	/	40.09	13.33	1.00
	Indirect	10.39	21.24	26.12	22.39	68.40	14.92	1.00

Note 1: Employee category indirectly includes the management.

Note 2: Due to the new merger of the operating site of Jiaxing Shangho, the training conducted was not in line with that of the Group. Therefore, it is relatively lower than that of other operating sites.

Note 3-1: Due to the language learning program and the development of new manufacturing processes and new product courses in 2022, indirect personnel of Vietnam Hu Lane received language learning. In addition, engineers simultaneously received training on new manufacturing processes and products. Therefore, the overall average number of hours and the number of hours of training for indirect personnel were higher than that of other operating sites. Moreover, as there were indirectly more women than men in the employee category of Vietnam Hu Lane, there was a significant difference in the average number of training hours for female employees and the average number of training hours for male employees.

Note 3-2 The average number of training hours for indirect employees at Nanjing Hu Lane were higher than that of direct employees. It was mainly because Nanjing Hu Lane has a majority of engineering and R&D personnel who have received more training related to product and process improvement than direct employees.

■ Enhancement of Employee Functions and Transition Assistance Programs

We have established the career development blueprint for each position, continuously strengthened the professional skills training for existing employees, and provided education and training resources in an attempt to achieve continuous improvement within the organization, constantly strengthen the quality of positions, motivate employees to learn, and enhance the professional capability and skills of employees, thereby strengthening the competitive advantage of the organization in the market.

Hu Lane's professional skills system clearly plans the career development blueprint and professional skills for each position, hoping that employees are equipped with the capabilities needed by the organization. By doing so, employees can take initiatives to grow and learn, as well as keep abreast of the Company's organizational development in the future to achieve meritocracy, thus stimulating employees in active pursuit of career

development and promoting the sustainable growth of both employees and the enterprise to create a win-win situation. Employees are provided with annual training in management or professional capability for the career planning of retired employees. If employees intend to continue to work, the Company assists in contacting employment counseling institutions or provides information on vocational training and skill classes offered by the government agencies to facilitate a smoother transition to their retirement careers. In addition, the Company pays severance payments to employees who have left the Company involuntarily in accordance with laws and regulations and inquire whether they need employment services or vocational training in accordance with regulations.

■ Percentage of Employees Receiving Regular Performance and Career Development Evaluation

The concept of Hu Lane's overall compensation system is to recognize each employee's responsibilities, capability development and performance, and encourage all employees to be more proactive, challenge the current status and take responsibility, in order to continue to grow and demonstrate excellent performance, thereby creating a brighter future for their career development in the Hu Lane Group. The purpose of the Performance

Management & Development (PMD) system is to assist the Company or unit performance growth curve to continue to move forward, while assisting the capability development of each employee, in a hope to enable the Hu Lane Group to stand out in the global competitive market. In this regard, the Company conducts performance appraisals for employees who have taken positions for at least three months.

Number of Employees Appraised/Number of Employees

By Region	Number of Male Employees Appraised	Number of Male Employees	Percentage%	Number of Female Employees Appraised	Number of Female Employees	Percentage%	Direct Appraisal	Number of Direct Employees	Percentage%	Indirect Appraisal	Number of Indirect Employees	Percentage%
Taipei Hu Lane	352people	362people	97%	148people	158people	94%	266people	279people	95%	234people	241people	97%
Nanjing Hu Lane	337people	346people	97%	286people	295people	97%	377people	391people	96%	246people	250people	98%
Dongguan Hu Lane	300people	313people	96%	183people	191people	96%	295people	313people	94%	188people	191people	98%
Dongguan Puguang	19people	20people	95%	67people	71people	94%	/	/	/	86people	91people	95%
Vietnam Hu Lane	139people	146people	95%	136people	139people	98%	166people	168people	99%	109people	117people	93%
Indonesia Hu Lane	30people	36people	83%	17people	20people	85%	6people	6people	100%	41people	50people	82%
Taipei Shangho	8people	9people	89%	19people	24people	79%	17people	21people	81%	10people	12people	83%
Jiaxing Shangho	34people	34people	100%	38people	38people	100%	39people	39people	100%	33people	33people	100%
Total	1219people	1266people	96%	894people	936people	96%	1166people	1217people	96%	947people	985people	96%

7-4 Compensation and Benefits

■ Compensation Policy

•The Company's compensation policy also ensures that there is no difference in the salary of employees based on their gender, age, race, religion, or political bias.

•Job responsibilities: The overall compensation reflects job responsibilities, performance and capabilities, and is linked to external compensation benchmark markets.

•Employee communication: Supervisors should implement compensation communication to assist employees in understanding the correlation between compensation and responsibility and performance in order to encourage greater responsibility and continuous growth.

•Talent motivation: Expand the differentiation of compensation and development between outstanding and general employees to motivate and retain excellent talent.

•Benchmark market: Considering the operation, talent asset strategy, and talent competition, we use the leading companies in similar industries in different regions as the target of overall compensation benchmarking.

■ Compensation Decision Processes

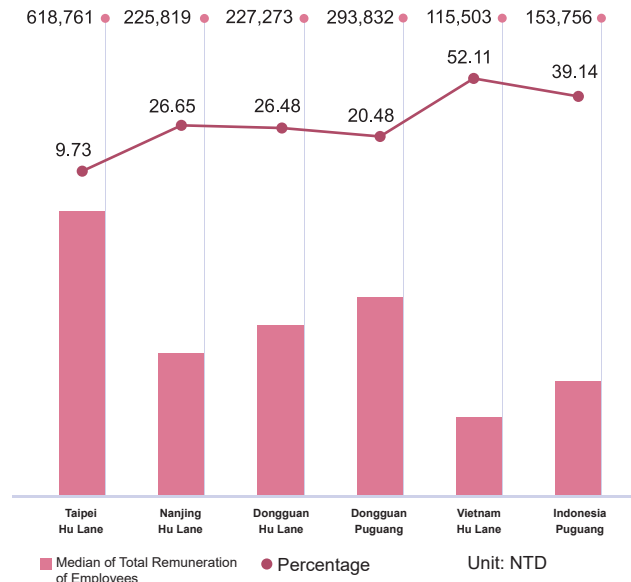
The Remuneration Committee meets regularly at least twice a year to professionally and objectively review the annual and long-term performance goals, remuneration policies and system structure of the Company's directors and managers, make recommendations to the Board of Directors, and determine the content and amount of their individual remuneration as a reference for decision-making.

Decisions on remuneration for each region of the Group are made on the basis of the remuneration levels offered in the external market. Internal remuneration scales are adjusted regularly on an annual basis to ensure that remuneration is in line with the market. The Company has also implemented an overall remuneration package that reflects the responsibilities, performance and capabilities of the positions in accordance with the remuneration policy in order to attract, motivate and retain outstanding talent.

■ Ratio of Standard Wages to Local Minimum Wages for Entry-level Employees of Different Genders

Hu Lane's employee compensation and benefits comply with applicable laws and regulations, including minimum wage, working hours (including overtime), insurance, pension systems and other statutory benefits. There is no difference in payment based on gender or ethnicity. Both men and women receive the same starting salary and equal pay for equal work. In order to protect the rights and interests of entry-level employees, we regularly review the remuneration level every year to ensure that it is in compliance with or better than the local laws and regulations.

Highest Individual Total Compensation in the Company: 6,018,362



Note1. Annual total compensation is defined as all compensation paid by the Company to an employee during a full year, including salaries, bonuses, stock awards, option awards, non-equity incentive plan compensation, changes in pension amounts and unvested deferred compensation gains, and all other compensation.

Note2. Other employees include senior management, but do not include the highest paid individual. Item B should be the median of the annual total compensation of all employees (excluding the highest paid individual) in different companies, such as the median of the salaries of individual employees of Taipei Hu Lane/Nanjing Hu Lane (including Dongguan Puguang and Dongguan Puguang)/Vietnam Hu Lane. Note3. The operating sites of Taipei Shangho and Jiaxing Shangho are not disclosed in this table as the companies were merged in 2022, which is less than one year from the date of the merger.

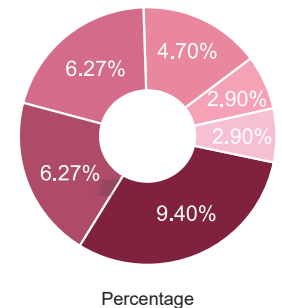
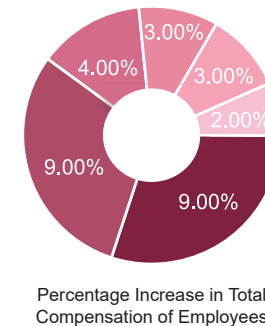
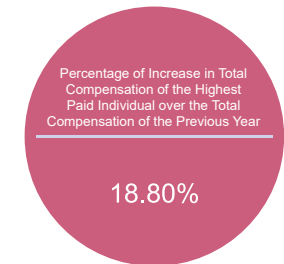
Note3. The operating sites of Taipei Shangho and Jiaxing Shangho are not disclosed in this table as the companies were merged in 2022, which is less than one year from the date of the merger.

■ Percentage of Local Residents Employed as Senior Management

The Company employs a total of 53 local residents as senior executives or above, accounting for approximately 2.41% of the Group's workforce.

Note 1 Local residents: Based on the employees with local status.

Note 2 Definition of senior executives: Senior executives are the department heads with local status.



■ Full-time Employee Benefits

•Employee rights and interests: In order to boost the domestic employment market, we have invested a large amount of resources in recruiting talent in accordance with the Company's employment plan. Even during financial tsunami and economic downturn, we hope to protect the rights and interests of employees and fulfill corporate social responsibility. With respect to the work-related injuries of employees, the Company also grants leave for work-related injuries in accordance with relevant regulations and actual circumstances, and assists employees in applying for insurance subsidies.

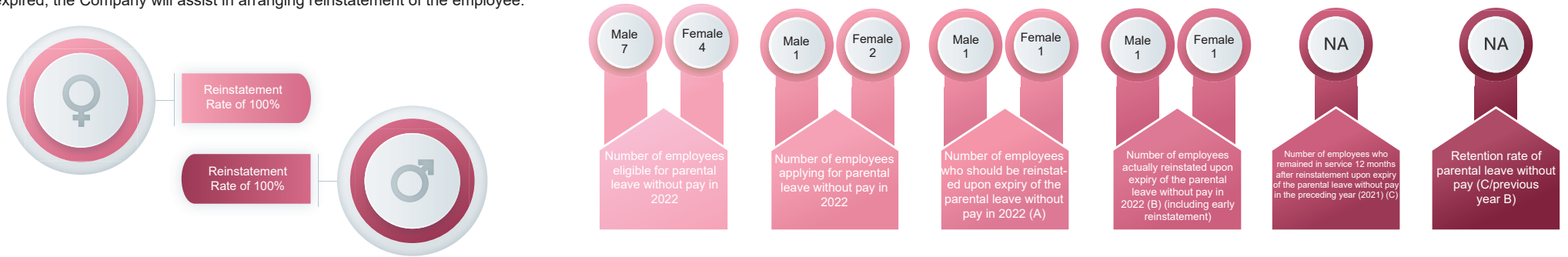
•Benefit measures: All employees are entitled to a variety of benefits, including regular annual health checkups, year-end dinner parties and drawings, holiday bonuses (Labor Day, Dragon Boat Festival, and Mid-Autumn Festival), employee training programs, family days and other diversified activities. We have established an employee cafeteria and a dedicated nursing room for pregnant women. Taipei Hu Lane has also established the "Employee Welfare Committee" in accordance with the Employees' Welfare Funds Act, which is responsible for handling employee benefit-related matters, setting up education scholarships (for employees' on-the-job training and children's education), providing regulations and applications for subsidies related to weddings, funerals and celebrations, offering birthday gifts for employees of the month, and arranging employee travel to promote exchanges.

*The above benefits do not include temporary or part-time employees.

Employee Benefit Items	All employees							
	Taipei Hu Lane	Nanjing Hu Lane	Dongguan Hu Lane	Dongguan Puguang	Vietnam Hu Lane	Indonesia Hu Lane	Taipei Shangho	Jiaxing Shangho
Wedding/Funeral Subsidies	●	●	●	●			●	●
Holiday Bonus	●	●	●	●	●			
Performance Bonus	●	●	●	●	●	●	●	●
Annual Health Checkup	●	●	●	●	●		●	●
Employee Cafeteria	●	●	●	●			●	●
Aerobics Class	●							
Employee Dormitory	●	●	●	●				●
Retirement System	●	●	●	●			●	
Mid-Autumn Festival Gift		●			●			
Year-end Party	●	●	●	●	●	●	●	●
Employee Family Day	●				●			
Employee Travel	●	●	●	●	●	●	●	
Employee Uniform	●	●	●	●	●		●	
Food Expenses					●			

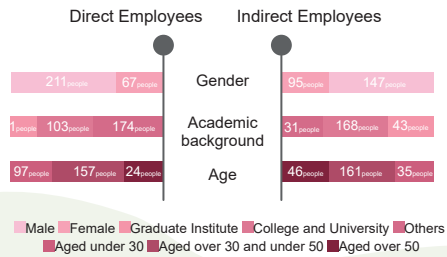
Parental Leave

In order to enable employees to fulfill their personal development and family care needs, Hu Lane complies with local labor laws and regulations and provides the right to take parental leave without pay. After the period of parental leave without pay has expired, the Company will assist in arranging reinstatement of the employee.

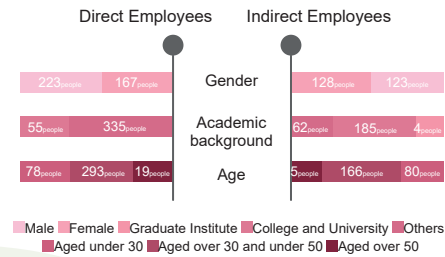


Employee Diversity and Equal Opportunity 2016

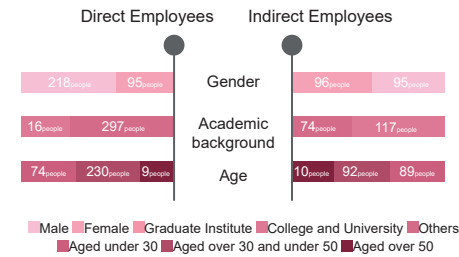
Total number of employees in Taipei Hu Lane: 520



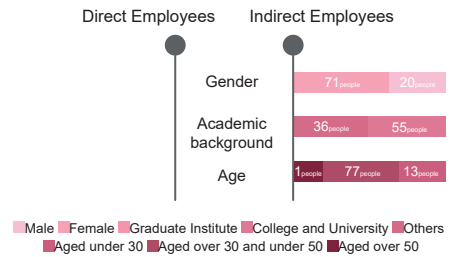
Total number of employees in Nanjing Hu Lane: 641



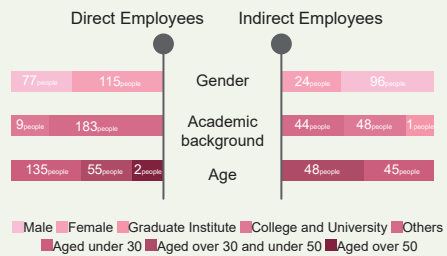
Total number of employees in Dongguan Hu Lane: 504



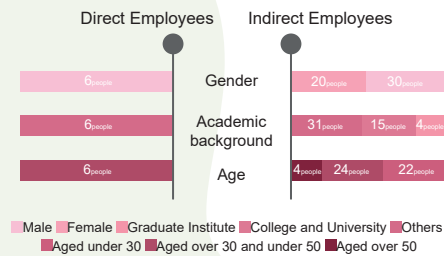
Total number of employees in Dongguan Puguang: 91



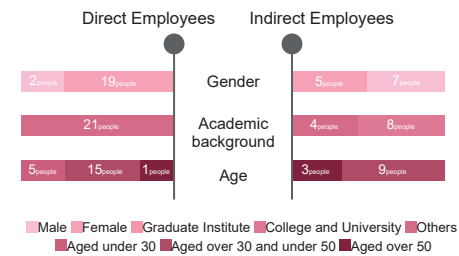
Total number of employees in Vietnam Hu Lane: 285



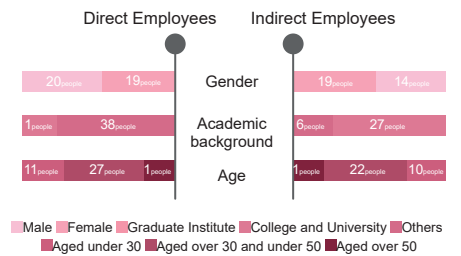
Total number of employees in Indonesia Hu Lane: 56



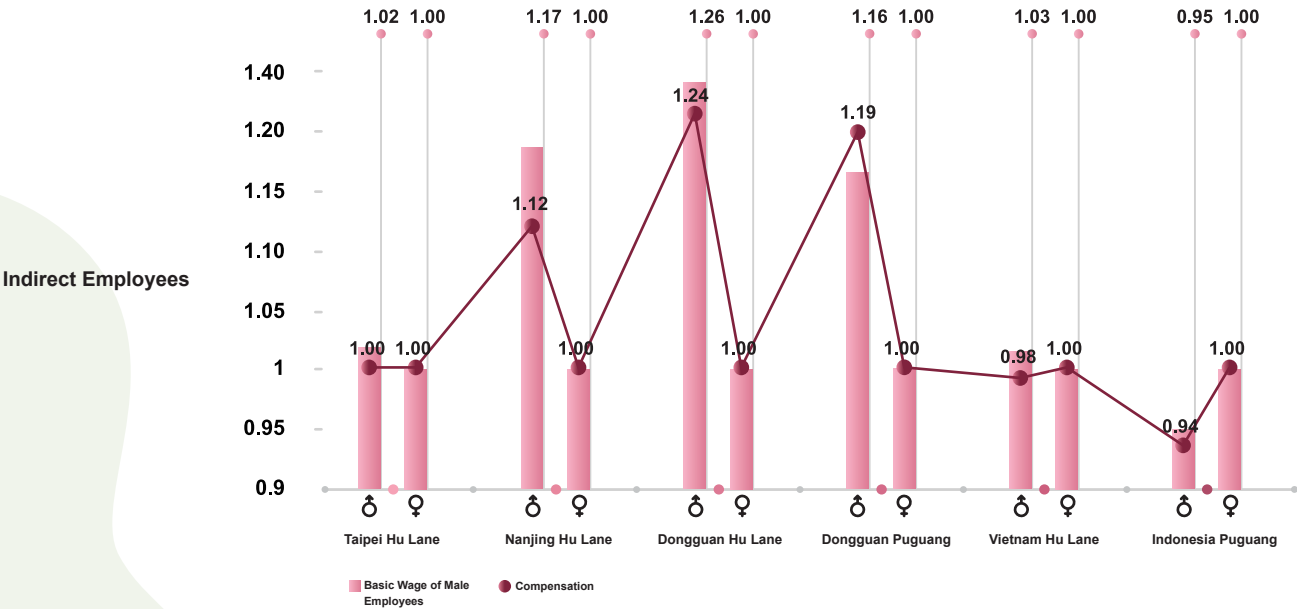
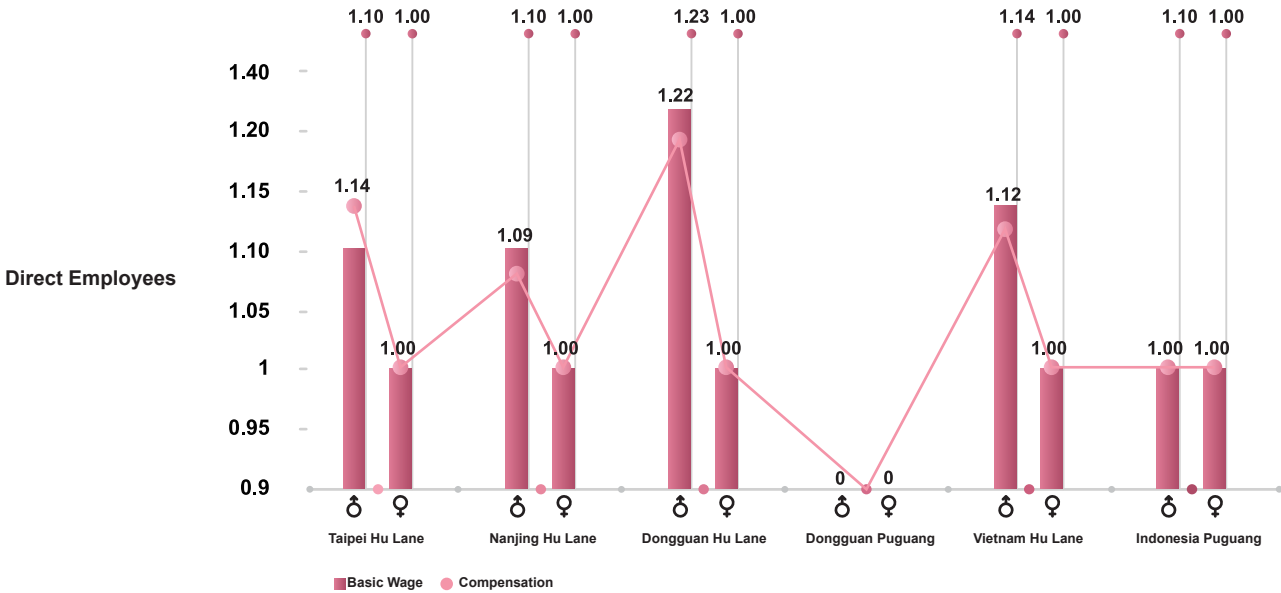
Total number of employees in Taipei Shangho: 33



Total number of employees in Jiaxing Shangho: 72



Ratio of Female to Male Basic Wage and Compensation



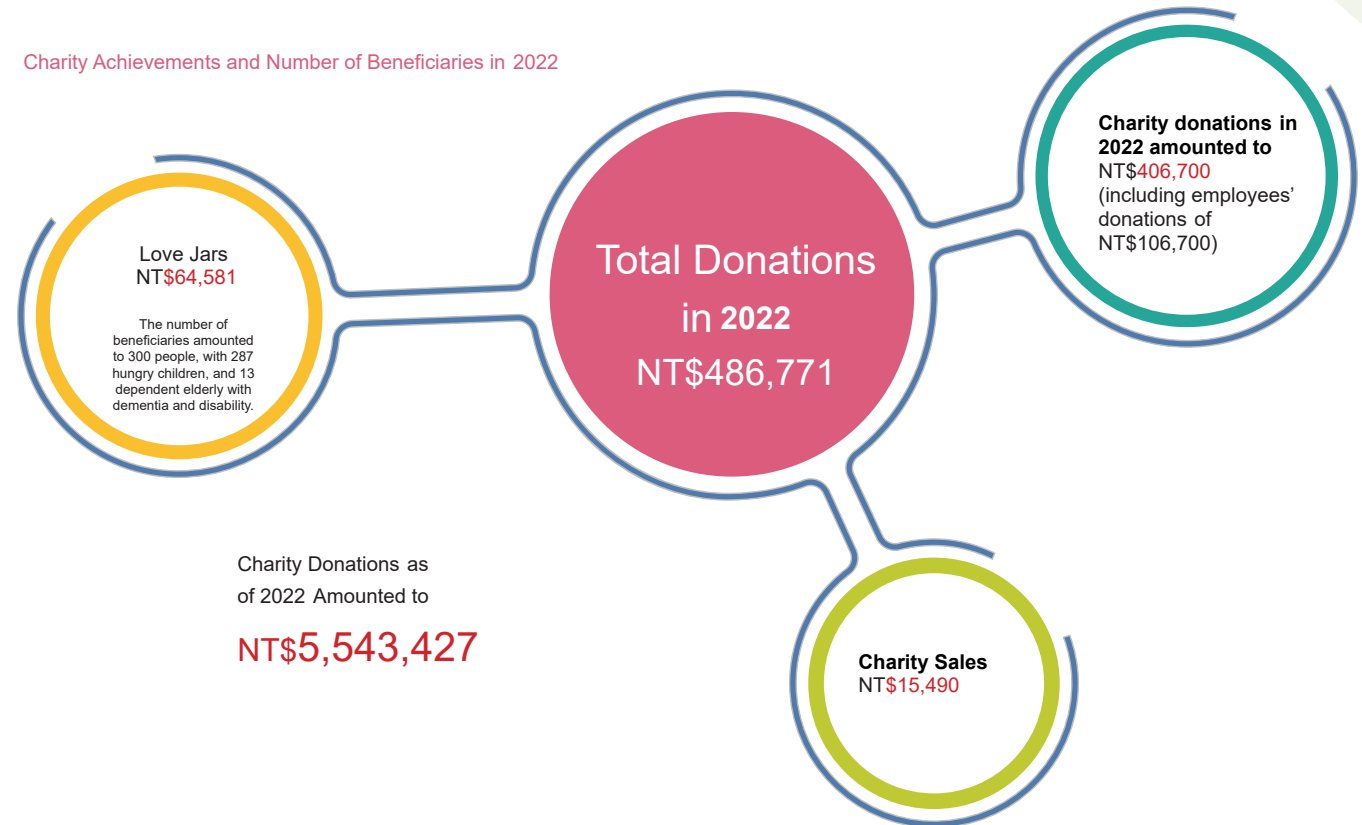
7-5 Public Welfare Participation

In order to practice the concept of "take from society, give back to society", Hu Lane fulfills its corporate social responsibility. Since 2004, Taipei Hu Lane has been promoting a series of public welfare activities. By setting an example for others to follow and exerting corporate influence, Hu Lane has gradually promoted the sharing of love to all of its operating sites, which have cooperated with local organizations and called on colleagues to join community events to contribute to the society.

Since 2008, Taipei Hu Lane has been regularly organizing the "Caring for the Disadvantaged, Sharing Love" public welfare activities from July to August every year. These two months are designated as the Charity Month for Hu Lane. Donations are mainly made to two organizations, namely the "World Peace Society_Rescuing Hungry Children" and the "Huashan Social Welfare Foundation_Serving the Dependent Elderly with Dementia and Disabilities".

In 2022, the 15th year of donation amounted to NT\$486,771 (NT\$300,000 from the Company, NT\$106,700 from employees, NT\$15,490 from charity sales, and NT\$64,581 from love jars invested by the Company and placed at the merchants by the World Peace Society for donations from the public), benefiting a total of 300 people. The total amount of donations as of 2022 amounted to NT\$5,543,427.

Charity Achievements and Number of Beneficiaries in 2022



Scholarship [Taipei Hu Lane]

From September to January of the following year since 2004, Hu Lane has been regularly oriented towards the public welfare by setting up the "Hu Lane Scholarship" to subsidize the low-income, needy, or academically outstanding students to relieve the pressure in their life, hoping they can overcome the difficulties and go upstream to complete their studies successfully. The purpose of the program is to benefit the students, cultivate talent, contribute to the society and fulfill the corporate responsibility. In 2022, the 19th "Hu Lane Scholarship" was organized. A total of 20 students were approved to receive the scholarship, among which 4 students were of low-income status. As of 2022, a total of 365 students (39.2% of low-income status or in urgent need of assistance) have been approved for the scholarship program, with a total amount of NT\$4,533,000 granted.

Environment Protection [Taipei Hu Lane]

Related to environment care as a sustainable corporate responsibility, Taipei Hu Lane organized beach cleaning activities at the new Jinshan Beach on December 3, 2022, and called on the Company's current colleagues and their families, relatives, and friends to participate. There were 90 people in total participating in the beach cleaning activity, promoting the concept of protecting precious marine resources; and raising the importance of marine ecological environment conservation and water resources protection; and promoting the interaction between parents, children and company colleagues. The Company takes concrete actions for global environmental protection in order to jointly maintain the environmental cleanliness of the sea. Result of the event: 357kg of trash was collected.



[COVID-19 prevention donation/volunteer participation] of Dongguan Hu Lane

Since 2019, Covid_19 has spread all over the world. When the pandemic broke out in Dalang Town, Dongguan in 2022, the Dalang Taiwan Business Association organized various Taiwanese businesses to donate and purchase anti-epidemic materials at the end of February. Dongguan Hu Lane donated RMB5,000 to the Dalang Government. At the same time, three employees were made available to support the Dalang Pandemic Prevention Center in distributing anti-epidemic supplies and maintaining order of nucleic acid testing on site.



Blood Donation [Dongguan Hu Lane]

Dongguan Hu Lane Technology Co., Ltd. has gradually grown and continued to implement the corporate social responsibility aspect of public welfare activities. Every year, we regularly call on employees to participate in blood donation activities in March and April. On April 29, 2022, the "Dongguan Hu Lane Blood Donation Activity" was held, with a total of 47 employees signing up for participation. The actual number of donors was 31 after the doctor's evaluation, donating a total of 15,200ml of blood.



The Labor Union Sends Love Home [Vietnam Hu Lane]

Prior to 2022, the labor union of Vietnam Hu Lane learned that six employees of the factory were unable to return to their hometowns to celebrate the holiday due to financial difficulties. The labor union called on employees of the factory to make donations to buy tickets for the employees to return to their hometowns to celebrate the Lunar New Year and enjoy the holiday with their families. A total of VND14.8 million was raised (VND6.8 million from the labor union and VND8 million from employees).

Appendix

Appendix I GRI Content Index

Statement of Use		Hu Lane Associate Inc. has reported the contents in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022.				
GRI 1used		GRI 1used: Basis 2021				
Applicable GRI industry standards		Not applicable				
Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
GRI 2: General Disclosure	I. Organization and Reporting Practices	2-1 Organization Details	02 About this Report	4		
		2-2 Entities Included in Organization Sustainability Reporting				
		2-3 Reporting Period, Frequency and Contact Person				
		2-4 Information Reorganization			Not applicable	Information not reorganized
		2-5 External Guarantee/Assurance	02 About this Report	4		

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
GRI 2: General Disclosure	II. Activities and Workers	2-6 Activities, Value Chains and Other Business Relationships	04 About Hu Lane_ 4-1~4-3	17~21		
		2-7 Employees	07 Society_7-1 Employee Profile_Statistics	58		
		2-8 Non-employee Workers				
	III. Governance	2-9 Governance Structure and Composition	02 About this Report	23~28		
		2-10 Nomination and Selection of the Highest Governance Body				
		2-11 Chairperson of the Highest Governance Body				
		2-12 Role of the Highest Governance Body in Supervising Impact Management				
		2-13 Responsible Person for Impact Management				
		2-14 Role of the Highest Governance Body in Sustainability Reporting				
		2-15 Conflict of Interest				
		2-16 Communication of Key Incidents				
		2-17 Group Awareness of the Highest Governance Body				
		2-18 Performance Evaluation of the Highest Governance Body				
		2-19 Compensation Policy	07 Social Care _7-4 Compensation and Benefits	64		
		2-20 Compensation Decision Processes				
		2-21 Annual Total Compensation Ratio				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
GRI 2: General Disclosure	IV. Strategies, Policies and Practices	2- 22 Statement of Sustainable Development Strategies	03 Sustainability Governance and Strategy 3-1 Sustainability Committee; 3.2.5 Sustainable Development Goals 04 About Hu Lane _ 4-2 Business Philosophy 05 Ethical Governance _5-1 Governance Practices; 5-2 Risk Management	5~6 11~12 20 23~31		
		2-23 Policy Commitments				
		2-24 Incorporation of Policy Commitments				
		2-25 Procedures for Remediating Negative Impacts				
		2-26 Mechanisms for Seeking Recommendations and Raising Concern				
		2-27 Legal Compliance	04 About Hu Lane _ 4-2 Business Philosophy	20		
			05 Ethical Governance _5-4 Legal Compliance	36~37		
		2- 28 Membership of Public Association	04 About Hu Lane _ 4-4 Participation in External Organizations	22		
	V. Stakeholder Engagement	2-29 Stakeholder Engagement Guidelines	03 Sustainability Governance and Strategy	7~9		
		2-30 Group Agreement	04 About Hu Lane _4-4. Participation in External Organizations	22		
GRI 3: Material Topics	II. Disclosure of Material Topics	3-1 Process for Determining Material Topics	03 Sustainability Governance and Strategy_ 3-2 Stakeholders and Identification	7~10		
		3-2 List of Material Topics				
		3-3 Material Topics Management				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Economic Aspect	I. GRI 201: Economic Performance 2016 (Material Topics_ Operational Performance)	1. Disclosure of Management Policy	05 Ethical Governance _ 5-3 Operational Performance	31~36		
		2. Disclosure of Specific Topics				
		201 -1 Direct Economic Value Generated and Distributed by the Organization				
		201 -2 Financial Impacts and Other Risks and Opportunities Arising from Climate Change			Information unavailable/incomplete	Hu Lane has not yet identified climate-related risks and opportunities, and has no information on strategies and risk management mechanisms for disclosure. It has been included in the Group's business plan and is expected to be introduced in 2024, with the launch of the TCFD counseling project and third-party verification.
		201 -3 Defined Benefit Plan Obligations and Other Retirement Plans	05 Ethical Governance _ Defined Benefit Plan Obligations and Other Retirement Plans	34		
		201 -4 Financial Assistance from the Government	05 Ethical Governance _ Financial Assistance from the Government	34		
	II. GRI 202: Market Position 2016	202-1 Ratio of Standard Wages to Local Minimum Wages for Entry-level Employees of Different Genders	07 Social Care _ 7-4 Compensation and Benefits	64		
		202-2 Percentage of Local Residents Employed as Senior Management				
	III. GRI 203: Indirect Economic Impacts 2016	203-1 Development and Impacts of Infrastructure Investment and Support Services	07 Social Care _ 7-5 Public Welfare Participation	68~69		
		203-2 Significant Indirect Economic Impacts				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Economic Aspect	IV. GRI 204: Procurement Practices 201 (Material Topics_Raw Material Management)	1. Disclosure of Management Policy	05 Ethical Governance _ 5.5.3 Raw Material Management	40		
		2. Disclosure of Specific Topics				
		204-1 Percentage of Procurement Expenditure from Local Suppliers				
	V. GRI 205: Anti-Corruption 2016	205-1 Operating Sites that have Conducted Corruption Risk Assessment	05 Ethical Governance _5-4 Legal Compliance	36~37		
		205-2 Communication and Training on Anti-Corruption Policies and Procedures				
		205-3 Identified Corruption Incidents and Actions Taken				
	VI. GRI 206: Anti-competitive Practices 2016	206-1 Legal Actions Involving Anti-competitive Actions, Antitrust, and Monopoly				
	VII. GRI 207: Taxation 2019	207-1 Tax Guidelines	05 Ethical Governance _ 5.3.3 Tax Management	35		
		207-2 Tax Governance, Control and Risk Management				
		207- 3 Stakeholder Communication and Management of Tax-Related Issues				
		207-4 National Reporting				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Environmental Aspect	I. GRI 301: Materials 2016	1. Disclosure of Management Policy	05 Ethical Governance _5.5.3 Raw Material Management 06 Sustainable Environment _6-1 Energy Management	40 44~45		
		2. Disclosure of Specific Topics				
		301-1 Weight or Volume of Materials				
		301-2 Renewable Materials Used				
		301-3 Recycle Products and Their Packaging Materials				
	II. GRI 302: Energy 2016	302-1 Energy Consumption Within the Organization	06 Sustainable Environment _6-1 Energy Management	44~45		
		302-2 Energy Consumption Outside the Organization				
		302-3 Energy Intensity				
		302-4 Energy Consumption Reduction				
		302-5 Reduction of Energy Demand for Products and Services				
	III. GRI 303: Water and Effluents 2018	303-1 Interactions of Shared Water Resources	06 Sustainable Environment _6-3Water Resources and Waste Management	49~50		
		303-2 Management of Water Discharge-related Impacts				
		2. Disclosure of Specific Topics				
		303-3 Water Withdrawal				
		303-4 Water Discharge				
		303-5 Water Consumption				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Environmental Aspect	V. GRI 305: Emissions 2016 (Material Topics – Energy Conservation and Carbon Reduction)	1. Disclosure of Management Policy	06 Sustainable Environment_6-2 Carbon Emissions Management	46~48		
		2. Disclosure of Specific Topics				
		305-1 Direct (Category 1) Greenhouse Gas Emissions				
		305-2 Energy Indirect (Category 2) Greenhouse Gas Emissions				
		305-3 Other Indirect (Category 3) Greenhouse Gas Emissions				
		305-4 Greenhouse Gas Emissions Intensity				
		305-5 Greenhouse Gas Emissions Reduction				
		305-6 Emission of Ozone Depleting Substances				
		305-7 Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Gas Emissions				
	VI. GRI 306: Waste 2020	1. Disclosure of Management Policy	06 Sustainable Environment_6.3.2 Waste	49		
		306-1 Waste Generation and Significant Waste-related Impacts		51		
		306-2 Significant Impact Management of Waste				
		306-3 Waste Production				
		2. Disclosure of Specific Topics				
		306-4 Waste Recycling and Disposal Methods				
		306-5 Final Disposal of Waste				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Environmental Aspect	VII. GRI 308: Supplier Environmental Assessment 2016 (Material Topics_Sustainable Supply Chain)	1. Disclosure of Management Policy	06 Sustainable Environment _6-5 Sustainable Supply Chain	53		
		2. Disclosure of Specific Topics				
		308-1 Use of Environmental Criteria to Screen New Suppliers				
		308-2 Negative Environmental Impacts of the Supply Chain and the Actions Taken				
Specific Topics_ Social Aspect	I. GRI 401: Labor/ Employer Relations 2016	401-1 New Employees and Former Employees	07 Social Care_ 7. 2.1 Labor/Employer Relations	59		
		401-2 Benefits for Full-Time Employees (Excluding Temporary or Part-Time Employees)	07 Social Care _Benefits for Full-Time Employees	65		
		401-3 Parental Leave	07 Social Care _ Parental Leave	66		
	II. GRI 402: Labor/ Employer Relations 2016	402-1 Minimum Notice Period for Operational Changes	07 Social Care _ 7.2.2 Labor-Management Communication	60		
	III. GRI 403: Occupational Safety and Health 2018 (Material Topics_Occupational Health and Safety)	1. Disclosure of Management Policy	06 Sustainable Environment_6-6 Occupational Safety and Health	74~80		
		2. Disclosure of Specific Topics				
		403-1 Occupational Safety and Health Management System				
		403-2 Hazard Identification, Risk Assessment, and Accident Investigation				
		403-3 Occupational Health Services				
		403-4 Worker Participation, Consultation, and Communication on Occupational Safety and Health				
		403-5 Worker Training on Occupational Safety and Health				
		403-6 Worker Health Promotion				
		403-7 Prevention and Mitigation of Occupational Safety and Health Impacts Directly Related to Business Relationships				
		403-8 Workers Covered by the Occupational Safety and Health Management System				
		403-9 Occupational Injuries				
		403-10 Occupational Diseases				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Social Aspect	IV. GRI 404: Education and Training 2016 (Material Topics_ Talent Training)	1. Disclosure of Management Policy	07 Social Care_7-3 Talent Training	61~64		
		2. Disclosure of Specific Topics				
		404-1 Average Hours of Training per Employee per Year				
		404-2 Enhancement of Employee Functions and Transition Assistance Programs				
	V. GRI 405: Employee Diversity and Equal Opportunity 2016	405-1 Diversity of the Governance Body and Employees	05 Ethical Governance_5-1_Diversity and Independence of the Board of Directors	23		
		405-2 Ratio of Female to Male Basic Wage and Compensation	07 Social Care_Employee Diversity and Equal Opportunity	66~67		
	VI. GRI 406: Non-Discrimination 2016	406-1 Incidents of Discrimination and Improvement Actions Taken by the Organization	04 About Hu Lane _ 4-2 Business Philosophy	20		
	VII. GRI 407: Freedom of Association and Group Agreement 2016	407-1 Operating Sites or Suppliers that may be at Risk for Freedom of Association and Group Agreement				
	VIII. GRI 408: Child Labor 2016	408-1 Significant Risks of Child Labor at Operating Sites and Suppliers				
	IX. GRI 409: Forced or Compulsory Labor 2016	409-1 Operating Sites and Suppliers with Significant Risk of Incidents of Forced or Compulsory Labor				
	X. GRI 410: Security Practices 2016	410-1 Security Personnel Trained on Human Rights Policies or Procedures				
	XI. GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents Involving Violations of the Rights of Indigenous Peoples				
	XII. GRI 413: Local Community 2016	413-1 Operational Activities with Local Community Communication, Impact Assessment and Development Plans	06 Sustainable Environment _ 6-4 Environmental Protection Control	52		
		413-2 Business Activities that have Significant Actual or Potential Negative Impacts on the Local Community (Information Not Available for this Item)				

Aspect	Disclosure Items		Location		Omission	
			Chapter	Page	Reason	Explanation
Specific Topics_ Social Aspect	XIV. GRI 415: Public Policy 2016	415-1 Political Donations			Not applicable	Hu Lane has not made a political donation
	XV. GRI 416: Customer Health and Safety 2016	416-1 Assessment of Health and Safety Impacts by Products and Services			Not applicable	The Company's products are not used by end-users
		416-2 Violations of Health and Safety Regulations related to Products and Services				
	XVI. GRI 417: Marketing and Labeling 2016	417-1 Requirements on Product and Service Information and Labeling	05 Ethical Governance _ 5.5.4 Marketing and Labeling	41		
		417-2 Failure to Comply with Requirements on Product and Service Information and Labeling				
		417-3 Failure to Comply with Requirements on Marketing Communications				
	XVII. GRI 418: Customer Privacy 2016 (Material Topics: Trade Secret Protection and Transaction Security)	1. Disclosure of Management Policy	05 Ethical Governance _ 5.6.2 Trade Secret Protection and Transaction Security	43		
		2. Disclosure of Specific Topics				
		418-1 Substantiated Complaints of Violation of Customer Privacy or Loss of Customer Information				
	Self-defined Material Topics	Innovative R&D	05 Ethical Governance _ 5.5.1 Innovative R&D	38		
		Customer relations	05 Ethical Governance _ 5.5.2 Customer Relations	39		
		Information security	05 Ethical Governance _ 5-6 Information Security	42~43		

Note: With respect to the SASB, Hu Lane Group has no information on strategies and risk management mechanisms for disclosure. It has been included in the Group's business plan and is expected to be introduced in 2024, with the launch of the SASB counseling project and third-party verification.

Appendix III Sustainable Development Best-Practice Principles



胡連精密股份有限公司 2022 年永續報告書

查證範圍

胡連精密與英國標準協會協議的查證範圍包括：

- 本聲明書以英文作成並已翻譯為中文以供參考。

我們的工作是由一組具有依據 AA1000 保證標準 v3 查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要之訊息資料及說明。我們認為就胡連精密所提供之足夠證據，表明其符合 AA1000 保證標準 v3 的報告方法與自我聲明依循 GRI 永續性報導準則係屬公允的。

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於超達密政策進行高階管理層訪談，以確認本報告書中聲明書的合適性
- 與管理者討論有關團體關係個人參與的方式，然而，我們並未直接接觸外部利害關係人
- 訪談 12 位與女性性管理、報告書編製及資訊提供有關的員工。
- 審查有關關鍵的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。


Peter Pu, Managing Director BSI Taiwan



Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.



Appendix IV Sustainability Disclosure Indicators_Electronic Parts and Components Industry

No.	Indicators	Type of Indicators	Annual Disclosure		Unit	Remarks
I	Total energy consumption, percentage of purchased electricity, and utilization rate of renewable energy	Quantitative	Total energy consumption	175,578.30	Gigajoules (GJ)	1. Consolidated Group value 2. Renewable energy is solar power generation 3. Solar power plants of Nanjing Hu Lane and Jiaxing Shangho were activated in Q4 and Q3 of 2022, respectively. Please refer to the descriptions in P64 for details.
			Percentage of purchased electricity	97.71%	Percentage (%)	
			Utilization rate of renewable energy	0.72%	Percentage (%)	
II	Total water intake and consumption	Quantitative	Total Water Intake	121,800	Thousand cubic meters (m³)	
			Total Water Consumption	25,160		
III	Weight of hazardous waste generated and recycling percentage	Quantitative	Weight of hazardous waste generated	41.62	Tonnes (t)	Consolidated Group value
			Recycling percentage	19.29%	Percentage (%)	

No.	Indicators	Type of Indicators	Annual Disclosure		Unit	Remarks
IV	Description of the type, number and rate of occupational hazards	Quantitative	Number of occupational disasters in 2022: 1 person FR:1.4 SR:1.4 Type of disaster: Pinch injury		Quantity Percentage (%)	Data are statistics from Vietnam Hu Lane
V	Product lifecycle management disclosure: Including the weight of waste products and electronic waste and recycling percentage	Quantitative	To be disclosed in 2023		Tonnes (t), Percentage (%)	Disclosure of the number of waste products from 2023
VI	Description of risk management related to the use of key materials	Qualitative description	The Company has conducted conflict mineral identification and announced the relevant information on the official website			CMRT survey
VII	Total money losses arising from legal proceedings relating to the Anti-Competitive Practices Ordinance	Quantitative	0		NTD	Disclosure of consolidated statement figures
VIII	Production volume of major products by product category	Quantitative	Connector	5,538,131	KPCS	Disclosure of consolidated statement figures
			New energy connector	734,926		