

CHING FENG HOME FASHIONS CO., LTD.



2023 SUSTAINABILITY REPORT



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00 INTRODUCTION

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About the report

Editor's Note

Welcome to the Sustainability Report issued by CHING FENG HOME FASHIONS CO., LTD. (hereinafter referred to as CHING FENG). Through the annual preparation of the sustainability report, CHING FENG discloses its commitments and actions in the three key areas of corporate governance, environment, and society, while actively addressing stakeholders' concerns regarding sustainable development.

Report Period

The disclosure period of this report covers the year 2023 (from January 1 to December 31, 2023), and it will be issued and announced on the official website of CHING FENG in August 2024. The report will be compiled and publicly disclosed annually, covering specific practices and performance data in the areas of corporate governance, social responsibility and environmental impact, along with major issues of concern to stakeholders.

Boundary Extent

CHING FENG (stock code 9935) was established in 1974, with its headquarters located in Fuhsing Township, Changhua County. Guided by the spirit of "continuous improvement and intelligent innovation," the company is committed to the development and design of new products. By aligning the unique characteristics of each product with the actual needs of the market, CHING FENG creates products with distinctive styles.

Scope of the Report

This report discloses CHING FENG's sustainable business performance, with the primary focus on the activities at its Taiwan operations. Any inconsistencies in the scope of the disclosed quantitative indicators will be specifically explained within the report. The report is prepared in accordance with International Financial Reporting Standards (IFRS), with financial information sourced from the financial statements, audited by KPMG Taiwan. All financial figures are presented in New Taiwan dollars.

Writing Principles and Information Quality

This report is based on the 2021 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI Standards) and the Sustainability Accounting Standards Board (SASB) standards as the principles for disclosure. For detailed information, please refer to the appendix, which contains a full comparison table for indexing the contents of each chapter. Additionally, the report is prepared and disclosed in accordance with the Taiwan Stock Exchange's "Operating Procedures for the Preparation and Filing of Sustainability Reports by Listed Companies" and the "Code of Practice for Sustainable Development of OTC-Listed Companies," outlining CHING FENG's sustainability-related actions and outcomes.

Release Information

Coverage Period: January 1, 2023 to December 31, 2023

Reporting Cycle: Annually

This Report Will Be Issued in: August 2024

Next Report will Be Issued in: August 2025

Feedback

If you have any questions regarding this report or suggestions for the company's sustainable development, please feel free to contact us. For more information about the company and the latest updates, please visit our official website.

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Chairman's Letter

In recent years, we have faced severe impacts from the COVID-19 pandemic. Since 2023, global economic growth has slowed, and the Russia-Ukraine war, along with rising energy prices, has further exacerbated market uncertainty. This includes inflationary pressures, geopolitical tensions, climate change, rising raw material costs, and increased global demand for environmentally sustainable products, all of which have impacted the global economy. Prolonged high inflation and interest rates have also placed enormous pressure on business operations. In the face of rapid changes in the global landscape and industry trends, businesses not only need to flexibly implement different management strategies to maintain profitability but must also integrate sustainable development into their business considerations.

I sincerely thank all of you for your continued support and trust in CHING FENG. As part of our sustainability journey, I would like to share some thoughts on ESG (Environmental, Social Responsibility, and Corporate Governance) and our company's actions. In the past, we have worked with Lowe's, Walmart, and IKEA, focusing on the order and quality processes to ensure the stable growth of our revenue and profit. However, sustainability is not just about maintaining orders and revenue; it is a crucial indicator that helps our company endure and thrive in the long term. We must focus on building strong teams, efficient processes, and effective systems, while also operating with a local sense of social responsibility.

For us, ESG is not just a concept; it is the key to the sustainable development of our company. While ESG may not produce immediate, noticeable effects in the short term, it is undoubtedly an essential indicator for achieving long-term growth. This year marks CHING FENG's first sustainability report, and we look forward to it becoming a platform for communication with stakeholders across various sectors. In the spirit of openness and transparency, we aim to disclose our efforts and achievements in different aspects of CSR, including "corporate governance," "innovation and R&D," "sustainable supply chain," "environmental friendliness," "workplace development and safety," and "social care." As CHING FENG celebrates its 50th anniversary this year, we are committed to meeting international ESG sustainability standards as quickly as possible. In 2023, we officially launched CHING FENG's new 10-year business plan—the "Safety, Smart, Sustainability" (3S) strategy. This strategy follows the principles of "sustainable environmental protection and sustainable circulation" while also improving corporate operational efficiency. We are also actively investing in the development of environmentally friendly recycled material products, with a focus on four key areas: value, quality, logistics, and the sustainable circular economy. In terms of value and quality, we are developing new-era safety, electric, and intelligent window coverings. Through product feature enhancement, quality improvements, design diversification, and price reduction, we aim to strengthen the competitiveness of our products in the market. On the logistics front, we are implementing lean management to shorten consumer wait times, optimizing the customization process to enhance the overall value chain. Regarding sustainability, we are developing fully recycled window coverings that reduce carbon emissions, promote green energy, and support environmental regeneration, all in line with international ESG standards.

As we consider how CHING FENG can continue to prosper over the next 50 years, we must reflect on what actions we should take in terms of sustainability. ESG is not only a tool for supporting sustainable development but also a commitment to our future shareholders and teams. We sincerely thank you for your ongoing support and trust in CHING FENG. On our sustainability journey, we remain dedicated to fulfilling our corporate social responsibility and look forward to working with you to create a better future.



CHING FENG HOME FASHIONS CO., LTD.

Chairman : HSU, MING-HSUAN

Sustainability Performance

Corporate Governance



Profitability : Gross Margin **12%**

Net Profit Margin **3%**

Cash Dividend per Share for 2023 **NT\$0.5**

Dividend Payout Ratio **83%**

- Passed **ISO9001** Quality Management System Certification
- Plastic blinds products passed testing by **Bureau Veritas**, France
- Passed testing by SGS, an international inspection and certification agency

Accumulated Patent
Certifications:
10 items

- The number of independent directors exceeds one-third of the total board seats, with **3 independent directors**.
- The number of directors concurrently serving as company executives shall not exceed one-third of the total board seats, at **14.28%**.

21%~40%-2023 Listed Company Governance Evaluation (Companies with a Market Value Under 5 Billion)

Established Sustainability Development Committee in 2023 / Voluntary Disclosure of Sustainability Report.

Environment

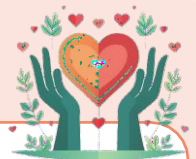
Started Implementing ISO 14064-1 for Greenhouse Gas Inventory in 2023

- Greenhouse Gas Emissions: **4,605 tonCO₂e**
- Water Usage: **14 million liters** · a **26.32% decrease** compared to the previous year



In 2023, over **20 million** recycled PET bottles were used to make eco-friendly yarn, which was recycled and applied in the production of window coverings. In the blanket manufacturing process, the use of eco-friendly yarn reached **12-25%**.

Society



- Total Employee Training Hours: **13,461.5 hours**
- **No** major occupational safety and health incidents
- Employee benefit spending has increased year by year, with an **8.6%** growth in 2023 compared to the previous year
- **Launched** Employee Stock Ownership Trust Program in August 2023.

- Donations to public charity organizations amounted to **\$680,077**

- Hua Shan Foundation: Caring for Elderly Living Alone
- Donations of **white rice** to • Nursery School and Hua Shan Foundation
- Donated **a batch of blankets** to Ever-loving Home Nursery School

- Changhua Christian Joy Nursery School
- Donated **a batch of blankets** to Christian New Treasure Community
- Donated **a batch of blankets** to Little Angels Home

Achievements and Honors

The rPET Cordless
Blackout Blinds received
the Intertek RCS
Certification from the
international certification
organization



The rPET Cordless
Blackout Blinds were
selected for the 32nd
Taiwan Excellence Award



Awarded Lowe' s
2023 Supplier of the
Year Award



IKEA Certificate
of Achievement

Newspapers and Magazines Feature or Announce Company News



Sources: 2023/04/11 Business Times

CHING FENG's New 10-Year Plan with ESG Takeoff

Executing "Safety, Smart, Sustainability" (3S) Strategy, Aiming to Become an ESG Model Company

CHING FENG HOME FASHIONS CO., LTD. (stock code: 9935), a leading manufacturer of cordless safety window coverings, is striving to meet international ESG sustainability standards. To accelerate the achievement of this goal, the company is adhering to the concepts of sustainable environmental protection and circular recycling, which will enhance the company's operational efficiency. This year, CHING FENG officially launched its new 10-year business plan focused on the "Safety, Smart, Sustainability" (3S) objectives. The company recently reported a consolidated revenue of NT\$5.287 billion for 2022, reflecting a 6.3% increase compared to 2021.

The "Safety, Smart, Sustainability" (3S) business plan, which CHING FENG has promoted this year, follows the "Golden Decade" strategy initiated by Chairman Hsu Ming-Hsuan 10 years ago. This plan marks the second phase of CHING FENG's development, as it enters a new stage of growth. The 3S framework is a key element in CHING FENG's ongoing commitment to meet ESG sustainability standards in its future development.

CHING FENG stated that the "Safety" aspect of the 3S plan aims to enhance the safety of their window covering products in both design and functionality, while also utilizing non-toxic, eco-friendly recycled materials. The "Smart" aspect involves integrating automation and intelligence into the window covering products to meet the growing demand in the smart home market. The company has successfully introduced motorized roller shades, cellular shades, and other products, which are already in mass production. Motorized venetian blinds were also introduced recently and are expected to be shipped in 2023.

Moreover, CHING FENG is fully committed to the "Sustainability" component of the plan. In addition to aligning with global ESG trends, the company is actively promoting energy-efficient, environmentally friendly blinds and shades to customers worldwide. This will help customers gain a deeper understanding of sustainable products and jointly explore new business opportunities in environmental protection. By utilizing fully recyclable, eco-friendly materials, CHING FENG will also help customers improve their cost structures, create more product benefits for both customers and consumers, and provide higher added value. This will increase the market competitiveness of their products and offer greater pricing flexibility, contributing to the rapid expansion of new markets.

As international ESG sustainability norms continue to gain momentum, and with the Environmental Protection Agency set to implement a carbon tax starting in 2024, CHING FENG's 3S strategy for the next 10 years is rooted in enhancing operational efficiency while aligning with sustainability standards.

CHING FENG Joins Forces with Yuanta Bank to Establish Employee Stock Ownership Trust

CHING FENG HOME FASHIONS CO., LTD. (stock code: 9935) has received approval from its board of directors to implement an "Employee Stock Ownership Trust" (ESOT) and has selected Yuanta Bank, a subsidiary of Yuanta Financial Holding Group, to act as the trustee bank. Both parties signed the ESOT agreement on August 25, 2023.

Chairman Hsu Ming-Hsuan stated that CHING FENG adheres to the principles of ESG (Environmental, Social, and Governance) corporate social responsibility and sustainable business practices. He emphasized the company's commitment to the mission:

"While pursuing sustainable growth and performance, companies must fulfill their corporate social responsibilities. They should strive to create a sense of mission that drives both the enterprise and society to advance together in a positive and meaningful direction."

In addition, over the past two years, the government has been actively promoting the "Trust 2.0 Plan," which encourages companies and their employees to set up employee welfare trusts. This initiative is aimed at enhancing employee job stability, strengthening employee loyalty to the company, and creating a triple-win situation for employees, shareholders, and the company. At the start of this year, CHING FENG began planning for the establishment of the "Employee Stock Ownership Trust." Through this program, the company hopes to incentivize employees, encourage regular investment in company stocks, and utilize the power of compounding to help employees accumulate wealth. The program is also designed to strengthen employees' future retirement readiness, enabling them to achieve financial independence and enhance their quality of life after retirement.

CHING FENG selected Yuanta Bank, which has extensive experience in handling employee welfare trusts, as the trustee. Yuanta Bank's confidence in CHING FENG's corporate governance and development prospects played a key role in the partnership. With Yuanta Bank's expertise in trust management, the company was able to quickly implement the Employee Stock Ownership Trust, offering tailored services to meet CHING FENG's specific needs.

In the future, CHING FENG employees will form an employee stock ownership association. Representatives of the association will sign the ESOT agreement with Yuanta Bank on behalf of the employees. Each month, a portion of employees' salaries, along with incentive funds allocated by the company, will be entrusted to Yuanta Bank for management. Employees will then make long-term, small investments in CHING FENG stocks (stock code: 9935). Through this process, employees not only receive company incentives but also benefit from secure, trustworthy asset management that promotes effective wealth accumulation. This program is intended to enhance employees' quality of life during retirement by helping them plan and prepare for a more financially secure future.

Chairman Hsu Ming-Hsuan concluded by stating that "Data management, continuous improvement, innovative thinking, and enjoying life" form the core values of CHING FENG. The company is dedicated to creating a harmonious workplace and a trusted brand. Employees are considered the most important asset, and the Employee Stock Ownership Trust program is a vital step toward fostering a mutually beneficial partnership between the company and its employees, enabling them to invest in the company's future while aligning with CHING FENG's core values.



Sources: 2023/09/06 Economic Daily News



Sources: 2023/12/06 Business Today

Optimistic About the E-Commerce Market

CHING FENG is Moving Towards a Complete Value Chain Service Foundry

Optimistic about the growth of the e-commerce market, CHING FENG has gradually focused on developing its e-commerce channels over the past three years. The company has successfully entered prominent e-commerce platforms such as MENARDS, HD Supply, and Macy's, among others. With over 15 e-commerce clients, CHING FENG has driven a 25.9% year-on-year growth in online e-commerce sales for the first three quarters of this year. The proportion of e-commerce sales in overall revenue has reached 21.7%, up significantly from 13.5% in the same period last year. "We are transitioning from B2B (business-to-business) to B2B2C (supplier to platform provider to consumer), and we are working hard to collaborate with offline channels to address customer pain points," said HSU, CHUN-JAN. He added that, unlike in the past, when the focus was on meeting the requirements of retail channels, CHING FENG now leverages e-commerce to obtain more consumer data and rapidly respond to market trends. This approach also enables the company to better support offline channels in driving sales.

IKEA is Also a Customer !

CHING FENG's Third-Quarter Profit Hits a New High for the Year, with "Three Arrows in Unison" Strategy to Capture the Market Next Year

Taiwan's leading window covering manufacturer, CHING FENG HOME FASHIONS CO., LTD. (stock code: 9935), held its investor conference on Wednesday, December 6. Based on this year's performance, CHING FENG reported cumulative revenue of NT\$3.261 billion for the first three quarters, with after-tax earnings per share (EPS) of NT\$0.43. For the third quarter alone, the company achieved revenue of NT\$1.324 billion, with a net profit after tax of NT\$84.47 million and EPS of NT\$0.49. The company's performance in the second half of the year significantly outpaced the first half, setting a new profit high for the past three quarters.

To maintain strong performance into next year, CHING FENG presented its "Three Arrows in Unison" market strategy during the investor conference. The strategy includes optimizing production across multiple locations, refining product structures, controlling raw material costs, and expanding e-commerce channels and rapid customization services to adapt to the global new retail model.

"Three Arrows in Unison" Strategy to Capture the Market

Starting with production locations, CHING FENG, founded in 1974, now has production bases in Taiwan, China, and Vietnam, which has become a key advantage in light of the tariff barriers between China and the U.S. Managing Director HSU, CHUN-JAN highlighted that the company has divided its supply chain into "non-China" and "China" categories, with the former mainly serving Europe, the U.S., and Japan, and the latter focusing on China, Southeast Asia, and Europe.

Next, regarding the product structure, CHING FENG's primary markets are in Europe and the U.S., with the U.S. alone accounting for 70-80% of its revenue. The company is now one of the top three security window covering suppliers in North America, holding about 1-2% of the market share, second only to another Taiwanese leader, Nien Made (stock code: 8464), and the Netherlands-listed Hunter Douglas. The top three customers are Lowe's, Walmart, and IKEA.

To meet the needs of the U.S. market, CHING FENG has not only established business operations in the U.S. but also opened a custom manufacturing plant in Atlanta, Georgia. In recent years, the company has actively focused its manufacturing and R&D efforts on three key areas: safety, smart technology, and sustainability. For example, CHING FENG's latest development, the "rPET cordless blackout blinds," made from recycled PET bottles, has already obtained relevant international certifications and won the 2024 Taiwan Excellence Award.

The implementation of the "Employee Stock Ownership Trust" allows employees to regularly invest in the company's stock, helping them achieve financial security and plan for their retirement. At the same time, employees can align with the company's core value of "enjoying life," fostering a strong, long-term partnership between the company and its employees, ensuring mutual success.

Sustainability Layout Blueprint

CHING FENG aims to achieve compliance with international ESG sustainability standards as soon as possible. The company is following the principles of sustainable environmental protection and recycling, which can improve operational efficiency. In 2023, CHING FENG officially launched its new 10-year business plan, the "Safety, Smart, Sustainability" (3S) strategy. The company is also actively investing in the research and development of environmentally friendly, recycled-material products. This strategy emphasizes product advantages in four key areas: value, quality, logistics, and sustainable circular economy. In terms of value and quality, CHING FENG is focused on developing new era safety window coverings, as well as electric and smart window coverings. These innovations aim to improve functionality, enhance quality, diversify forms, reduce prices, and strengthen market competitiveness. Regarding logistics, the company is implementing lean management to shorten consumer wait times and optimize the customization process, ultimately enhancing the entire value chain. In terms of sustainability, CHING FENG is developing fully recycled window covering products, helping to reduce carbon emissions and promote environmental protection, with a strong commitment to meeting international ESG standards.

The company is dedicated to mitigating environmental changes and moving towards a low-carbon society. This includes efforts to reduce carbon emissions and enhance the market competitiveness of low-carbon products, thereby contributing to a sustainable consumption and production model. CHING FENG has engaged external consultants and established a project team, led by the managing director, to track and inventory direct and indirect greenhouse gas emissions generated throughout the supply chain, from raw materials and manufacturing to sales.

CHING FENG has outlined short-, medium-, and long-term business goals, advancing towards sustainable management through four main strategies: optimizing production efficiency, strengthening customer relationships, enhancing supplier cooperation, and driving innovation and sustainability. Among these, the focus on innovation and sustainability will continuously promote product development to meet evolving market demands. At the same time, CHING FENG is committed to environmental protection and achieving sustainable development. In terms of the supply chain, the company will leverage its full value chain service advantages, integrating four key areas: diversified production bases, product innovation and research and development, lean management of raw materials and logistics, and sustainable circular economy practices. These efforts are expected to result in faster product development, more flexible manufacturing processes, real-time market demand tracking, and ultimately, enhanced market competitiveness and growth momentum.

3S Manufacturing Strategy



Safety

Information Security Risk Management Enhancement

Creating a Safe Workplace Environment

Waste Reduction and Management

Smart

Improvement of Production and Manufacturing Efficiency

Percentage of Recycled Materials Used

Sustainability

Ongoing Implementation of Corporate Governance

Compliance with Laws and Regulations

Sustainability Management in the Supply Chain

Talent Cultivation and Development

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

Operation and Objectives of the Sustainability Management Committee

Guiding Principles

CHING FENG' s Board of Directors supports the promotion of sustainable development and has established the "Corporate Social Responsibility Best Practice Principles." On April 12, 2024, the Board approved amendments to certain provisions and renamed the document as the "Sustainable Development Best Practice Principles." Along with the "Corporate Governance Best Practice Principles" and the "Ethical Corporate Management Best Practice Principles," these three principles outline CHING FENG' s guiding values on corporate integrity, governance, environmental responsibility, and social impact. These principles are designed to facilitate effective communication and compliance with both internal and external stakeholders.

Dedicated Unit

The company has established a dedicated unit, the Sustainability Development Committee, to drive the group's sustainable development initiatives and ESG project implementation. The Sustainability Project Management Office is primarily responsible for:

- Identifying significant issues, formulating management policies, and setting short-, medium-, and long-term goals along with implementation plans.
- Strengthening the supervision and management of ESG performance by the Board of Directors and building trust with stakeholders.
- Communicating sustainability performance externally and engaging with stakeholders.



Sustainable Short-, Medium- and Long-Term Goals

Aspects	Short-Term Goals (2024-2026)	Mid- and Long-Term Goals (2027-2030)
<div>Economic</div> <div>(Corporate Governance)</div>	<div>Corporate Governance Evaluation <50%</div> <div>The Board of Directors includes 1 female member</div> <div>There have been no significant environmental or socio-economic penalties</div> <div>Percentage of manufacturing capacity and man-hour efficiency ≥88%</div> <div>Proportion of mechanization in the plant is ≥50%</div> <div>There have been no lawsuits due to customer privacy breaches or information security incidents</div>	<div>Corporate Governance Evaluation <20%</div> <div>Quarterly Investor Conferences held</div> <div>No cases of directors, managers, or employees violating ethical management</div> <div>Implement the philosophy of integrity and ensure compliance with the company's laws and regulations</div> <div>Percentage of manufacturing capacity and man-hour efficiency ≥92%</div> <div>Automation rate of the assembly line ≥40%</div> <div>Build an automated information security joint defense system</div>
<div>Environment</div>	<div>Continuously expand the product range to achieve the use of RCS Blended certification, with the proportion of certified products ≥20%</div> <div>Reduce the total weight of manufacturing waste by 3%</div> <div>Achieve an annual recycling rate of ≥40% for recyclable materials used in production</div>	<div>Continuously expand the product range to achieve the use of RCS Blended certification, with the proportion of certified products ≥35%</div> <div>Reduce the total weight of manufacturing waste by 4.5%</div> <div>Achieve an annual recycling rate of ≥60% for recyclable materials used in production</div>
<div>Society</div>	<div>Implement contractor safety management</div> <div>Ensure that ≥50% of suppliers sign the "Supplier Code of Conduct"</div> <div>Achieve a retention rate of >90% for middle and high-level talents</div>	<div>Introduce ISO 45001 and obtain certification</div> <div>Ensure that ≥70% of suppliers sign the "Supplier Code of Conduct"</div> <div>Achieve a retention rate of >93% for middle and high-level talents</div>

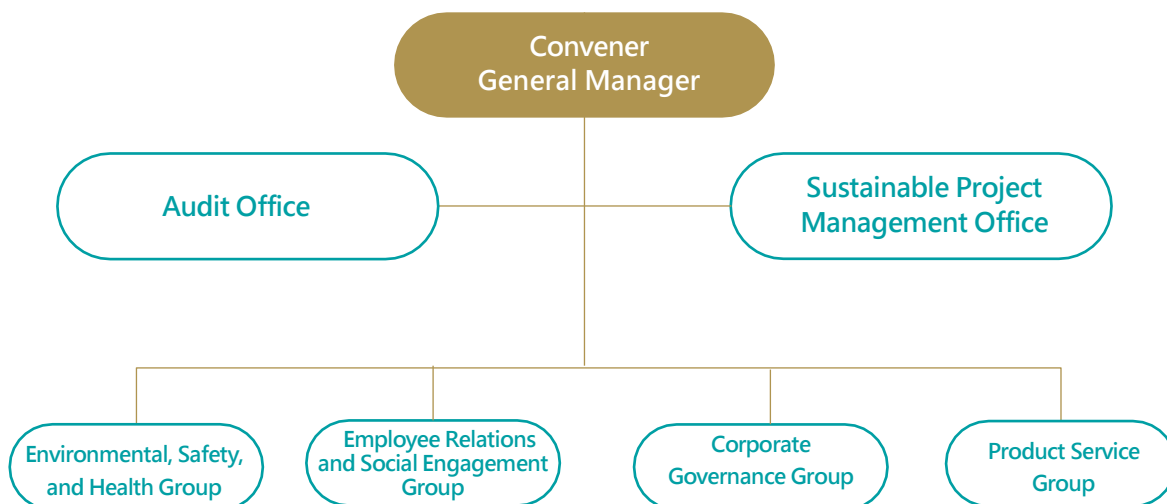
Sustainable Development Committee

To fulfill its corporate sustainability responsibilities and align with international trends, CHING FENG actively responds to stakeholders' risk assessments and response measures regarding environmental, social, and corporate governance issues. The company aims to achieve sustainable management by establishing the Sustainable Development Committee. The committee is chaired by the Group's general manager, with senior managers serving as conveners of each strategy group. The head of Corporate Governance reports to the Board of Directors on the status of implementation regularly. The Committee has established four working groups and project management units: Environmental Protection, Safety and Health; Employee Relations and Social Participation; Corporate Governance; Product Services; and the Sustainability Project Management Office. These working groups hold regular meetings, with the general manager acting as convener and senior executives serving as team leaders. They coordinate with the functional departments in each factory to implement the principle of materiality, jointly promoting risk assessments and internal management related to environmental, social, or governance issues that impact the company's operations. They also propose planned actions and set target directions.

The Committee is committed to advancing sustainable development responsibilities and enhancing corporate governance to achieve the goals of sustainable management. Its powers and functions include:

1. Formulating the direction and goals of corporate social responsibility and sustainable development, as well as drafting relevant management policies and specific implementation plans.
2. Promoting and implementing the Group's integrity management and risk management initiatives.
3. Tracking, reviewing, and revising the implementation and effectiveness of corporate sustainability efforts.
4. Handling other matters as assigned by the Board of Directors.

Sustainability Committee Implementation Group



Stakeholder Communication

Identification of Stakeholders

The company adheres to the GRI 2021 Standards and the AA1000 Accountability Principles, incorporating impacts on the economy, environment, people, and human rights, as well as global sustainability trends and CHING FENG's operational development goals. Through various communication channels, the company collects sustainability issues of concern to stakeholders. In 2023, the Sustainability Committee engaged in discussions with external experts regarding relevant sustainability trends and impact analysis. This analysis is guided by four key principles: Inclusiveness, Significance, Influence, and Impact. With a focus on double materiality, the impact assessment considers both the effects on the company's development, performance, positioning, and value, as well as the impact of the company's activities on the environment and society (including human rights). The frequency of materiality analyses is every three years, with the next analysis scheduled for 2026.

Stakeholder Identification and Evaluation

Through internal discussions within the Sustainable Development Committee, six major stakeholder groups have been identified: customers, investors/shareholders, employees, suppliers, communities, and non-profit organizations. We have developed appropriate communication channels and methods to provide relevant information in a timely manner, following both domestic and global sustainability trends. This ensures transparency in corporate information and facilitates real-time responses to stakeholders. To effectively assess the impact of our materiality analysis, we re-evaluate the issues through surveys every three years. The next materiality analysis is scheduled to take place in 2026.



Stakeholders	For CHING FENG Meaning	Average Score	Rank
Clients	Customers are the main source of the company's revenue. Customer orientation, professional technology, and product services are crucial to the company's survival and long-term sustainable development.	20	1
Shareholders /Investors	The long-term and stable support from investors/shareholders is a significant affirmation. Transparent communication is maintained through open information disclosure.	20	1
Employee	The voice of employees is heard, and the rights and interests of every employee are valued. Respect and care are given to employees, with a focus on providing a safe and healthy workplace and cultivating talent.	19	3
Suppliers	Suppliers are the main strategic partners. Fair procurement and evaluation are prioritized to ensure stable quality, balance supply and demand, and achieve customer satisfaction.	17	4
Community	Resources are taken from society and given back. Local residents are cared for and supported, creating an environment of co-prosperity and shared benefits.	12	5
Non-profit Organizations	Collaborations with schools, social welfare organizations, and trade unions are focused on solving social issues through business innovation and enterprise resources.	8.7	6

Item Total Score Scoring Indicators: high_5 points, middle_3 points, low_1 point.

Principles of the Total Score Scoring Index:

- Dependence : Stakeholders who are directly or indirectly dependent on the organization's activities, products, services, or related operations
- Responsibilities : Stakeholders who have current or future legal, economic, business, or ethical responsibilities towards the organization.
- Effect : Stakeholders who can have a strategic impact on the organization or possess decision-making authority.
- Tension : Stakeholders who need to be attentive to financial, economic, social, and environmental issues related to the organization.
- Multivariant Perspectives : Stakeholders who bring diverse perspectives and can offer new insights and opportunities based on the existing environment.

Stakeholder Communication Channels and Actual Implementation Performance

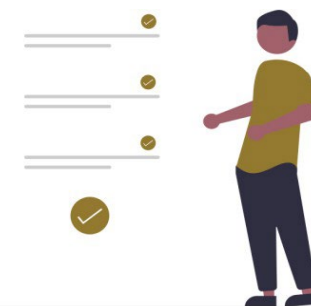
CHING FENG understands the issues of concern to stakeholders through various communication channels. These issues serve as important reference factors for the content of the report and the future development of corporate social responsibility. At the same time, stakeholders are responded to through the report, facilitating ongoing communication within and outside the company. Communication with stakeholders is reported annually in the Sustainability Committee meetings and submitted to the Board of Directors.

Stakeholders	Illustrate	Value Enhancement	Discussion Method	Frequency	Communication Results in 2023
Investors /Shareholders	Long-term and stable support from investors/shareholders is an important affirmation, maintaining smooth communication through transparent information disclosure.	<ul style="list-style-type: none"> Transparent disclosure Shareholders' long-term investment intentions 	<ul style="list-style-type: none"> Annual General Meeting of Shareholders Irregular Investor Conference Regular reporting of operating income and financial report Timely announcement of material information on Open News Observatory Irregularly participate in domestic and international investment forums Set up a dedicated mailbox for investor relations and stock affairs 	Annually Annually Not regularly	<ul style="list-style-type: none"> 1 Regular meeting of shareholders 1 Investor Conference A total of 26 material messages and announcements were made
Employee	Listening to employees' voices, respecting and caring for every employee, providing a safe and healthy workplace, and actively cultivating talent.	<ul style="list-style-type: none"> Talent Retention and Employee Care: The company has established a sound system for compensation, benefits, and incentives, and has a diverse and inclusive corporate culture, allowing employees to contribute diverse ideas, experiences, backgrounds, and personal characteristics. This fosters a dynamic team atmosphere, stimulates creative thinking, and enhances work performance. Employee development : The company has established an advantageous training and development system to strengthen employees' core technical capabilities, improve product competitiveness, achieve the company's annual strategic goals, and cultivate excellent workplace talents. 	<ul style="list-style-type: none"> In-house meetings Organize education and training 	Monthly Quarterly Annually Not regularly	<ul style="list-style-type: none"> Occupational Safety and Health Committee Meetings Conducted annual employee training for over 10,000 participants, with excellent results Held regular labor-management meetings 4 times per factory, with good labor-management communication Established an Employee Stock Ownership Association in August 2023, and implemented an employee stock trust. The company provided incentives to encourage employee participation to secure their retirement, with excellent feedback from employees Employee Welfare Committee Employee Satisfaction Survey Performance Evaluation Grievance Channels Occupational Safety and Health Courses

Stakeholders	Illustrate	Value Enhancement	Discussion Method	Frequency	Communication Results in 2023
Client	Customers are the main source of the company's revenue. Customer-oriented, the company provides professional technology and product services, which are crucial for the company's survival and long-term sustainable development.	<ul style="list-style-type: none"> Customer feedback to improve the product The company's sustainable drive Increase in revenue source 	<ul style="list-style-type: none"> Customer satisfaction surveys Consumer channel network evaluations Periodic quality feedback from customers 	Half Quarterly Monthly	<ul style="list-style-type: none"> The customer satisfaction survey has a full score of 100 points, with an average score of 87.5 in 2023 A total of 63 customer feedbacks were handled in 2023
Suppliers	Suppliers are key strategic partners, emphasizing fair procurement and evaluation to ensure stable quality and balance between supply and demand.	<ul style="list-style-type: none"> Quality Improvement Cost optimization Stable delivery time 	<ul style="list-style-type: none"> Regular on-site audits of key suppliers Regular supplier evaluations Signing of purchase contracts 	Annually Monthly Every 3 years	<ul style="list-style-type: none"> 6 high-risk suppliers passed 100% audit 12 monthly supplier evaluations 124 purchase contracts re-signed
Community	Take from society, use for society, care for and give back to local residents, providing an environment of co-prosperity and sharing	<ul style="list-style-type: none"> Co-create value Stable business environment 	<ul style="list-style-type: none"> Quarterly regional joint defense in industrial zones Quarterly volunteer activities Visits to local leadership during holidays Sponsorship of temple fairs 	Quarterly Not regularly	<ul style="list-style-type: none"> Participated in regional joint defense to enhance disaster prevention communication among companies, preventing disasters from affecting the community environment and safety. Organized beach clean-up and participated in volunteer services for the Baishatun Mazu pilgrimage Visited the mayor of Lukang Township, the mayor of Fuxing Township, and local residents during the Spring Festival and Mid-Autumn Festival Sponsored temple activities such as the Fuxiu Temple in Fuhshing Township, Dragon King Festival, Fuan Temple, and Baixinggong Temple
Non-profit Organizations	Cooperating with schools, social welfare organizations, and unions to solve social problems using business means and innovative models	<ul style="list-style-type: none"> Shared goodness circulation Enhancing corporate image 	<ul style="list-style-type: none"> Charity donations Donations to educational associations 	Annually Not regularly	<ul style="list-style-type: none"> Donate to the Hua Shan Foundation to care for elderly living alone Donated rice to the orphanages and the Hua Shan Foundation Donated a batch of blankets to the Ever-loving Home Nursery School Donated to Changhua Christian Joy Nursery School Donated a batch of blankets to the Christian Xin Bao Community Donate a batch of blankets to the Little Angels Home

Management of Material Issues

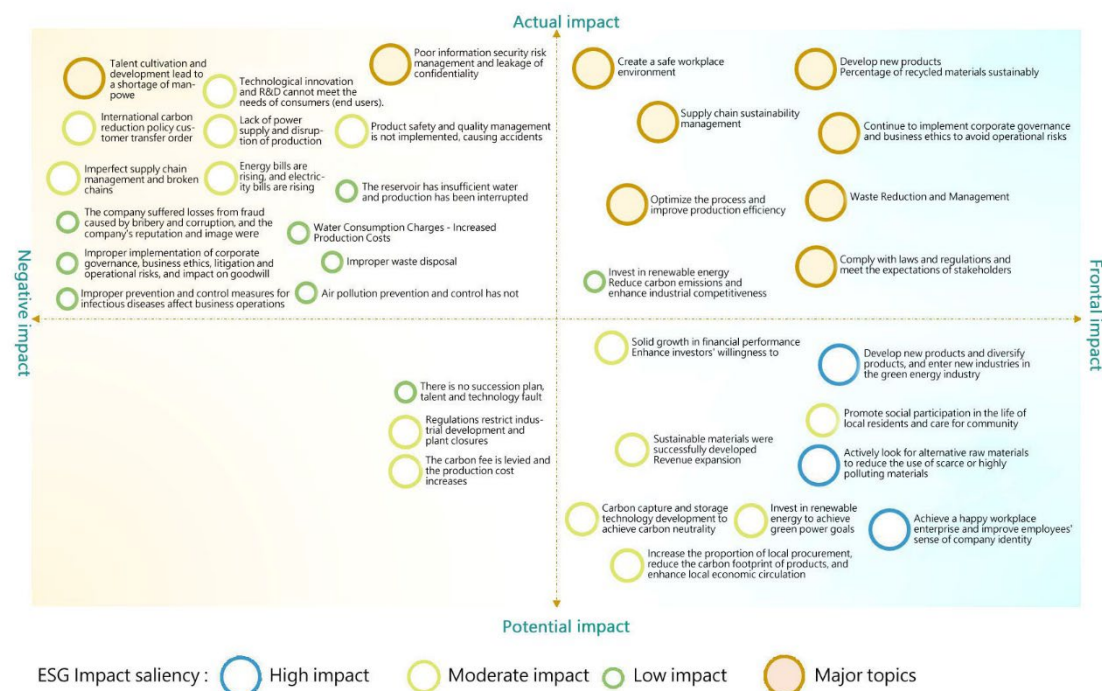
Material Topic Assessment Process



List of Major Issues and Matrix Diagram

Based on the results of the 2023 questionnaire survey, statistical analysis and identification of various issues in terms of "Stakeholders' Concerns" and "Impact on CHING FENG" will be conducted. The 2023 major issues matrix will be completed, focusing on a total of 7 major issues with high probability and high impact: economic performance, occupational safety and health, talent attraction and retention, technology research and development, corporate governance, product quality, and economic performance. Among these, two significant impact issues related to corporate governance bring the total to 8 issues, which will be the key areas for disclosure and response in the 2023 Sustainability Report.

The materiality analysis identifies 8 major issues, categorizing them into high, medium, and low priority blocks based on their impact and probability of occurrence. This classification helps determine the ranking of the issues and aligns them with specific topics and boundaries defined in the GRI Standards.



ESG Aspect	Major Issues	Considerations	Significant Impact Issues
Environment	Waste Management	Positive actual impact	Waste reduction and management
Society	Occupational Health and Safety	Positive actual impact	Creating a safe workplace environment
	Talent Attraction and Retention	Negative actual impact	Talent development and training
Corporate Governance	Technology Research and Development	Frontal potential impact	Sustainable use of recycled materials
	Corporate Governance	Positive actual impact	Continued implementation of corporate governance and business ethics
	Corporate Governance	Positive actual impact	Compliance with laws and regulations
	Product Quality	Positive actual impact	Sustainable supply chain management
	Economic Performance	Positive actual impact	Improvement of production and manufacturing efficiency

Impact Boundaries of Material Issues

ESG	Sustainability Topics	Significance of Impact and Major Reasons	GRI	Value Chain Impact Boundaries					Response Sections	
				Upstream	Operations	Downstream	Revenue Growth	Employee Relations		
E Environment	Sustainable use of recycled materials	Through new product technology research and development capabilities, produce eco-friendly recycled materials and non-hazardous products for customers, reducing the environmental impact of products.	Self-defined Topic		▲	●	●		Green Material Research and Development	47
	Sustainable supply chain management	Promote sustainable management of suppliers, enhance supply chain resilience, reduce supply chain risks, and collaborate with suppliers to become the best partners in advancing toward a sustainable future.	Self-defined Topic	▲	▲	▲	▲	●	Sustainable Supply Chain Management	48
S Society	Creating a safe workplace environment	Continuously improve to provide employees with a safe and healthy working environment, raise safety culture awareness, strengthen self-checking, and reduce workplace accidents.	GRI403	▲	▲	●		▲	Creating a Safe Workplace Environment	76
	Talent development and training	Establish an advantage training and development system to strengthen core technical capabilities of personnel, enhance product competitiveness, achieve annual strategic goals, and cultivate excellent workplace talent.	GRI401		▲	▲	▲	●	Talent Development and Training	73
G Corporate Governance	Continued implementation of corporate governance and business ethics	Establish a sound corporate governance system, implement ethical policies and risk management mechanisms between suppliers, customers, and related stakeholders, and maintain the sustainable operation of the company.	GRI201	▲	▲	▲	▲	▲	Operational Performance	31
	Compliance with laws and regulations	Follow relevant ESG regulations and standards to implement sustainable activities.	GRI201	▲	▲	▲	▲	▲	Information Security	36
	Improvement of production and manufacturing efficiency	Improve process technology and design new products to provide high-value-added goods to customers, enhance production line efficiency, and maintain competitive advantages.	GRI201	●	▲	●	●	●	Product Quality and Safety	48
	Waste reduction and management	Through waste recycling and reuse, enhance the effective utilization of resources, reduce pollution-related issues, and provide waste for reuse in other industries, achieving reduced environmental impact and the advantages of circular economy development.	GRI201	▲	▲	●		●	Waste Reduction and Management	60
	Enhancement of cybersecurity risk management	Build and maintain effective information security risk management mechanisms, continuously improve, and prevent data breaches that could cause operational and reputational damage.	Self-defined Topic		▲	●	●	●	Information Security	36

Remarks:

- Effect ● = Direct / ▲ = Indirect
- "Upstream" refers to the main suppliers of raw materials, equipment and related services.
- "Downstream" refers to the customers of CHING FENG's services.
- "Operation" refers to CHING FENG 's promotion of sustainability management strategies.

For high-risk issues, the following response measures are developed and disclosed. Please refer to the company's official website and the shareholder meeting's annual report for more details on the risk response strategies.

Alignment with the Sustainable Development Goals (SDGs)

	SDGs Goals	Major Issues	Short-Term Goals (2024-2026)	Mid- and Long-Term Goals (2027-2030)
 <p>Economy Aspects (Corporate Governance)</p>		Continued implementation of corporate governance	Corporate Governance Evaluation <50% The Board of Directors includes 1 female member	Corporate Governance Evaluation <20% Quarterly Investor Conferences held No cases of directors, managers, or employees violating ethical management
		Compliance with laws and regulations	There have been no significant environmental or socio-economic penalties	Implement the philosophy of integrity and ensure compliance with the company's laws and regulations
		Improvement of production and manufacturing efficiency	Percentage of manufacturing capacity and man-hour efficiency $\geq 88\%$ Proportion of mechanization in the plant is $\geq 50\%$	Percentage of manufacturing capacity and man-hour efficiency $\geq 92\%$ Automation rate of the assembly line $\geq 40\%$
		Enhancement of cybersecurity risk management	There have been no lawsuits due to customer privacy breaches or information security incidents	Build an automated information security joint defense system
 <p>Environmental Aspects</p>		Sustainable use of recycled materials	Continuously expand the product range to achieve the use of RCS Blended certification, with the proportion of certified products $\geq 20\%$	Continuously expand the product range to achieve the use of RCS Blended certification, with the proportion of certified products $\geq 35\%$
		Waste reduction and management	Reduce the total weight of manufacturing waste by 3% Achieve an annual recycling rate of $\geq 40\%$ for recyclable materials used in production	Reduce the total weight of manufacturing waste by 4.5% Achieve an annual recycling rate of $\geq 60\%$ for recyclable materials used in production
 <p>Social Aspects</p>		Creating a safe workplace environment	Implement contractor Security management	Introduce ISO 45001 and obtain certification
		Sustainable supply chain management	Ensure that $\geq 50\%$ of suppliers sign the "Supplier Code of Conduct"	Ensure that $\geq 70\%$ of suppliers sign the "Supplier Code of Conduct"
	 	Talent development and training	Achieve a retention rate of > 90% for middle and high-level talents	Achieve a retention rate of > 93% for middle and high-level talents

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Sustainable Corporate Governance

Corporate Governance

Operational Performance

Risk Management

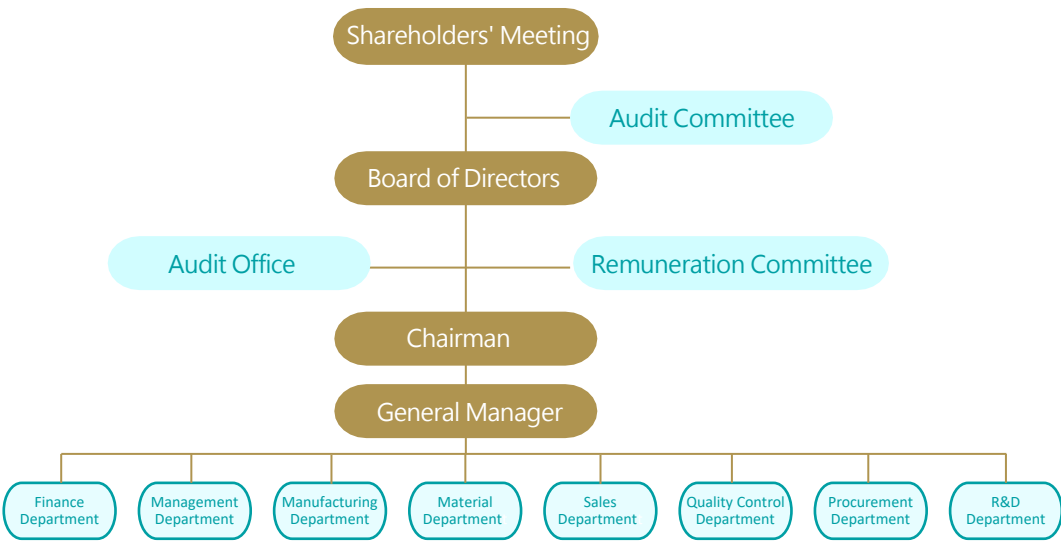
Information Security



Corporate Governance

Corporate Governance Structure Organization Chart

In the 2023 (10th) Corporate Governance Evaluation of Listed Companies, CHING FENG ranked in the 21% to 40% tier for companies with a market value below NT\$5 billion and scored between 66% and 80% in the overall evaluation of all listed companies. CHING FENG remains committed to protecting shareholders' rights, ensuring equal treatment of all shareholders, strengthening the structure and operations of the Board of Directors, enhancing information transparency, and promoting sustainable development. The company will also support investors and businesses in understanding the effectiveness of its corporate governance practices.



Implementation Status of the Board's Operations and Diversity Policy

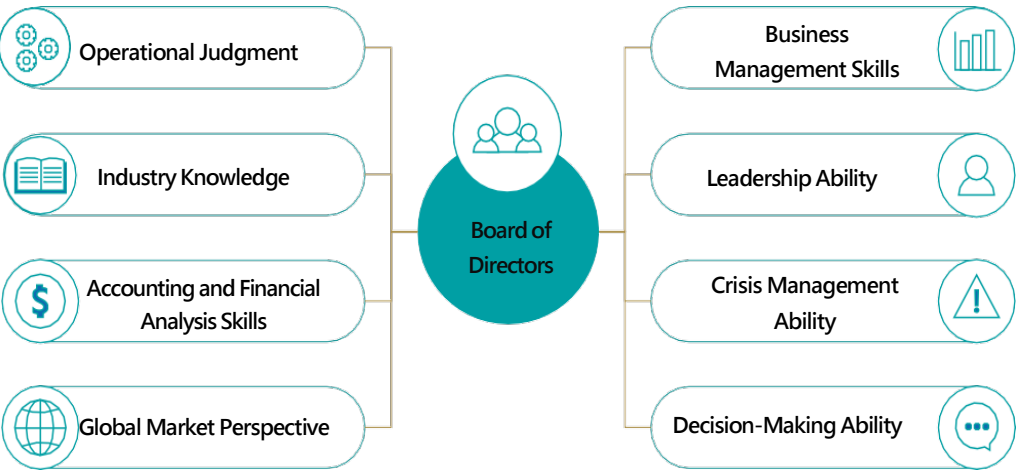
The Board of Directors is the highest governing body of the company, with primary responsibilities for guiding the company's strategy, overseeing management, and being accountable to both the company and its shareholders. The Board operates on behalf of shareholders, and in addition to following shareholder meeting resolutions, it adheres to relevant regulations, including the Company Act, the Securities and Exchange Act, the company's Articles of Incorporation, and the Board's Rules of Procedure.

The company has established a Code of Ethical Conduct, requiring relevant personnel to uphold ethical standards while performing their duties, thereby preventing actions that may harm the company or its shareholders' interests. In line with these principles, the company has established an Audit Committee, a Compensation Committee, and a Sustainability Development Committee. These committees assist the Board in fulfilling its responsibilities and overseeing corporate activities, with each committee regularly reporting to the Board.

The company's director elections follow a nomination system, where the list of candidates undergoes a qualification review before being submitted to the shareholders' meeting for selection. Directors serve a term of three years, with meetings being held at least once per quarter as a general rule.

The members of the Board of Directors possess extensive industry experience and diverse professional backgrounds. Of the seven board seats, two members have industry experience, four have expertise in finance and accounting, and one has a legal background. Several directors hold CPA licenses and have rich knowledge of the financial industry, along with extensive management experience. Their expertise, capabilities, and decision-making judgment provide the company with the most professional strategic guidance for its operational development, while enhancing the independence and diversity of corporate governance.

- The Board of Directors consists of seven members. The Chairman is an executive director, and one director is also an employee, accounting for 14% of the total board seats. There are three independent directors, making up 43% of the total board seats.
- The term of office for all directors is three years. There are two directors aged between 60 and 70, one director aged between 50 and 60, and four directors under the age of 50.



Job Title	Name	Gender	Independence	Independent Director for Other Publicly Listed Companies	Operational Judgment	Accounting and Financial Analysis Skills	Business Management Skills	Crisis Management Ability	Industry Knowledge	Global Market Perspective	Leadership Ability	Decision- Making Ability
Chairman	HSU, MING-HSUAN	Male			✓	✓	✓	✓	✓	✓	✓	✓
Director	HSU, CHUN-JAN	Male			✓	✓	✓	✓	✓	✓	✓	✓
Director	WU, CHIEN-TUNG	Male			✓	✓	✓	✓	✓	✓	✓	✓
Director	Lee Bang Shing Investment Co. Represented by: CHEN, CHUN-CHUNG	Male			✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	CHUANG, YAO-KAI	Male	✓		✓	✓	✓	✓		✓	✓	✓
Independent Director	LAI, CHUN-YU	Male	✓		✓	✓	✓	✓		✓	✓	✓
Independent Director	LEE, CHUN-TE	Male	✓	✓	✓	✓	✓	✓		✓	✓	✓

Functional Committee					
Title	Name	Audit Committee		Remuneration Committee	Sustainable Development Committee
Chairman	HSU, MING-HSUAN				✓
Director	HSU, CHUN-JAN				✓
Director	WU, CHIEN-TUNG				
Director	Lee Bang Shing Investment Co. Represented by: CHEN, CHUN-CHUNG				
Independent Director	CHUANG, YAO-KAI	✓		✓	
Independent Director	LAI, CHUN-YU	✓		✓	
Independent Director	LEE, CHUN-TE	✓		✓	



Board of Directors' Management Objectives and Performance Results

To implement the company's board member diversity policy, the selection of board members focuses on the goals already achieved. In addition, for the 10th board re-election, one female director candidate was nominated to meet the company's short-term management objectives.

Management Objectives	Progress of Goal Attainment	
The board of directors must include at least one female director	Currently, there are NO female directors	--
The number of independent directors must exceed one-third of the total board seats	Three independent directors, exceeding 1/3 of the board seats	ACHIEVE
Directors who also serve as company executives shall not exceed one-third of the total board seats	Directors who also serve as executives: 14.28%	ACHIEVE
No more than two directors may have a spousal or within-second-degree familial relationship with each other	Two directors with a spousal or within-second-degree familial relationship	ACHIEVE

Explanation of Major Proposals Submitted to the Board of Directors in 2023

Board of Directors Meeting Date	Proposal Content
2023.03.14	Approval of the Employee Stock Ownership Trust Proposal Approval of the Company's Greenhouse Gas Inventory Schedule Proposal
2023.05.11	Proposal for the Appointment of the Chief Governance Officer
2023.08.11	Approval of the Amendment to the Employee Stock Ownership Trust Fund Allocation Method
2023.11.08	Approval of the Appointment of the Chief Information Security Officer Approval of the Employee Allocation of Treasury Stock Transfer

Board Meeting Frequency /Attendance Rate

Term of the Current (Ninth) Members:
From July 23, 2021, to July 22, 2024.

In 2023, the Board of Directors held **8** meetings, with an average attendance rate of **93%**.

2023 Performance Results of Enhancing Board Directors' Professional Competencies

To enhance the professional competencies of board directors, CHING FENG regularly provides information on relevant continuing education courses and assists directors with their registration. In 2023, 12 hours of internal training courses were arranged through the Corporate Governance Association of Taiwan, along with 12 hours of training on sustainability topics, including "Sustainability Practices" and "Action Plan Promotion for Sustainability in Listed Companies." In total, the directors and independent directors completed 54 hours of continuing education, with an average of 7.7 hours per director (independent director). This meets the continuing education requirements outlined in the "Continuing Education Guidelines for Directors and Supervisors of Listed and OTC Companies."



Board Directors' Training



Remuneration Structure of Directors and Senior Executives

The remuneration of directors includes director fees, transportation allowances, and other compensations. Director fees are determined by the shareholders' meeting in accordance with the company's articles of association and are paid at the industry standard, regardless of the company's profit or loss. Transportation allowances are paid based on attendance at board meetings. Additionally, according to the articles of association, director remuneration shall not exceed 3% of the company's profit for the year. The remuneration for the general manager and deputy general manager includes salary, bonuses, employee profit sharing, and other forms of compensation with a salary-like nature. These are determined based on the position held, responsibilities, and contributions to the company, with reference to industry standards.

However, the Company has established a Remuneration Committee, composed entirely of independent directors. The Remuneration Committee is responsible for formulating and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managers. Additionally, the committee regularly evaluates and considers industry benchmarks when determining the remuneration of directors and managers. The salary is based on factors such as job title, level, educational (and professional) background, expertise, and responsibilities. Bonuses are determined based on the evaluation of managerial performance, which includes financial indicators (such as company revenue, pre-tax net profit, and after-tax net profit achievement rates) and professional capabilities (such as financial accounting, business management, industry knowledge, and decision-making skills).

Conflict of Interest Avoidance Management

The Board members uphold a high level of self-discipline to avoid conflicts of interest. When a director or manager engages in activities within the company's business scope for themselves or others, they must obtain prior approval from the shareholders' meeting, in accordance with legal requirements.

2023 Director Recusal from Stakeholder Proposals:

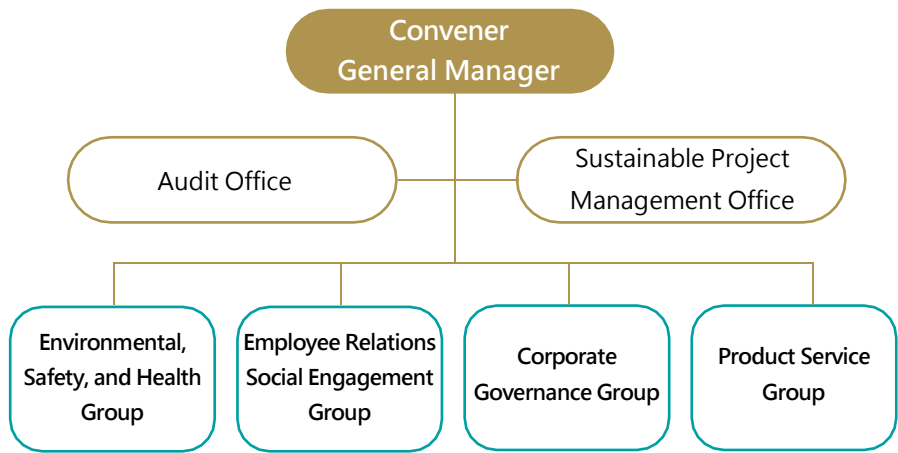
Board Date	Proposal Content	Voting Participation
2023.01.18	Year-end bonus proposal for chairman and manager	The remaining attending directors had no objections to the proposal. Approved
2023.11.08	Proposal for the transfer of treasury shares and employee allocation	The remaining attending directors had no objections to the proposal. Approved

Key Major Events

The Company did not incur any significant environmental or socio-economic penalties in 2023.

Functional Committees

Organizational Chart of the Sustainable Development Committee



Committee Subgroups	Members and Functions
Corporate Governance Group	The head of the finance department serves as the convener. Its functions include corporate governance, integrity management, performance management, risk control, information disclosure, legal compliance, internal control, and protection of shareholder rights.
Employee Relations Social Engagement Group	The head of the management department serves as the convener. Its functions include compensation and benefits, labor relations, occupational safety and health, talent development, creating a friendly workplace, public welfare activities, community service, and enhancing corporate image.
Environmental, Safety, and Health Group	The head of the management department serves as the convener. Its functions include environmental policies, energy conservation and carbon reduction, energy management, water resources, air quality, waste management, and green manufacturing processes.
Product Service Group	The head of the manufacturing department serves as the convener. Its functions include customer service, quality management, product safety, third-party certification, innovation, eco-friendly products, and supply chain management.

Remuneration Committee

Members of the Remuneration Committee of the Company **3 bits**
Term of office of the current (fifth) members:2021/8/11~2024/7/22
The 2023 Remuneration Committee meets for the fiscal year **4 times**
Members attended in person, with attendance rate **100%**

Audit Committee

The Audit Committee of the Company consists of **3 members**.
The current term of the committee (2nd term):2021/7/23~2024/7/22.
In 2023, the Audit Committee held **7 meetings**, with all members attending in person, achieving a **100%** attendance rate.

Job title	Name	Remuneration Committee Attendance	Audit Committee Attendance	Attendance%
Convener	LAI, CHUN-YU	4	7	100.00%
Member	CHUANG, YAO-KAI	4	7	100.00%
Member	LEE, CHUN-TE	4	7	100.00%

Corporate Governance Matters to be Disclosed in the GRI

GRI Expose the Item	Disclosure
2-9 Governance structure and composition	Refer to the chart and page 7 of the annual report for director information.
2-10 Nomination and selection of the highest governance unit	The Board of Directors is the highest governance unit of the Company, and its main responsibilities include guiding the Company's strategy, supervising and managing the executive team, and being accountable to the Company and its shareholders. The members of the Board (including independent directors) have diverse professional expertise and backgrounds, including industry knowledge, international market perspectives, operational judgment, accounting and financial analysis skills, decision-making in business management, and abilities in risk management and crisis resolution. The Company has established a director election procedure, board meeting rules, standard operating procedures for handling director requests, and a director candidate nomination procedure. The Board of Directors adopts a candidate nomination system, with the number of directors determined by the Board. Directors serve a term of three years and are elected by the shareholders' meeting from among those with the capacity to act, with the possibility of re-election.
2-11 Chairman of the highest governance body	The Chairman does not also serve as the General Manager.
2-12 The role of the highest governance unit in overseeing impact management.	<ul style="list-style-type: none"> The Board of Directors meets quarterly on average to review and monitor the company's operating performance, and report on material ESG-related issues and key material events, including economic, environmental and human impacts, as well as risks and opportunities. Confirm the authority and responsibility of the follow-up treatment through the meeting, and follow up the handling situation in the next meeting. Matters to be reported and resolved by laws and regulations, such as important financial business reports, audit reports, business plans, financial reports, etc., are submitted to the board of directors each time in accordance with the regulations. Regarding critical milestone events, the Board is informed of key material incidents that have a significant impact on the company's operations, based on the financial or issue importance. The Board oversees the management and performance in all aspects and provides guidance on the strategy and direction for handling these important issues, thereby helping the company create long-term sustainable value.
2-13 Shock management supervisor	The sources of risk are: market risk, investment risk, credit risk, hazard risk, operational risk, legal risk, and other risks, which are managed and reported by the relevant departments and units. (Please refer to the Risk Management section of this report.)
2-14 The role of the highest governance unit in sustainability reporting	The promotion of sustainable development, as well as the greenhouse gas inventory and verification plan, is managed by the Functional Group of the Sustainable Development Committee. This plan was submitted to and approved by the Board of Directors in March 2023. In 2023, the establishment of the inventory team, the terms of reference, and related training were completed, and the progress of the implementation will be reported to the Board of Directors on a quarterly basis.
2-15 Conflict of interest	<ul style="list-style-type: none"> In order to establish a sound board governance system, enhance the supervisory function, and strengthen the management capabilities of the Company, the Company has implemented a system for the recusal of directors' interests in accordance with the "Regulations on Board Meetings of Public Companies," the "Rules of the Board of Directors," and the "Code of Ethics." Directors are required to maintain high self-discipline and must not participate in the discussion or voting on proposals presented by the board of directors if they have an interest, either personally or through a legal entity they represent, that may harm the interests of the company. Additionally, directors must also be self-disciplined and refrain from supporting each other in such cases. The Company also specifies in its "Personnel Management Rules" that employees must strictly adhere to the code of conduct for avoiding conflicts of interest, proactively report ethical concerns such as conflicts of interest, and comply with non-compete clauses. Furthermore, the Company has established an "Employee Suggestion Box" to allow employees to report any illegal or improper behavior.
2-16 Communication of major and critical events	<ul style="list-style-type: none"> Financial materiality: None. Material issues : The approval of the Company's greenhouse gas inventory schedule, employee stock ownership trust, appointment of the corporate governance officer, and appointment of the information security officer.
2-17 The collective intellect of the highest governance unit	In 2023, the directors completed a total of 54 hours of training, with an average of 7.7 hours per person. The courses included methods for corporate mergers and acquisitions and tax effects, integrated strategy development and ESG enterprise risk management, and sustainable development practical seminars. Please refer to the table above. In the future, key ESG topics and gender equality issues will be gradually incorporated into the board's training curriculum.
2-18 Performance evaluation of the highest governance unit	In January 2023, in accordance with the "Board Performance Evaluation Measures," the Company conducted an internal evaluation of the overall Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee. The scope of the evaluation included the self-assessment of the entire board, individual directors, and the performance evaluation of functional committees.
2-19 Remuneration Policy	<ul style="list-style-type: none"> The Company has established a Remuneration Committee, composed entirely of independent directors, to evaluate the performance and compensation of directors and managers. The committee submits its recommendations to the Board of Directors for discussion. For details on the major communication issues and resolutions for 2023, please refer to page 29 of the annual report.

Company Profile

CHING FENG HOME FASHIONS CO., LTD. was established in 1974, initially focusing on the production and sale of traditional bamboo blinds. With the rise of the petrochemical industry, CHING FENG introduced production lines for faux wood blinds, using modern technology to mass-produce and popularize window decoration products. Due to the company's diversification, CHING FENG expanded its product range to home decor and daily necessities, including blankets, pillows, and bathroom products. CHING FENG aims to become a comprehensive supplier of diverse home living products.

Head of Corporate Governance

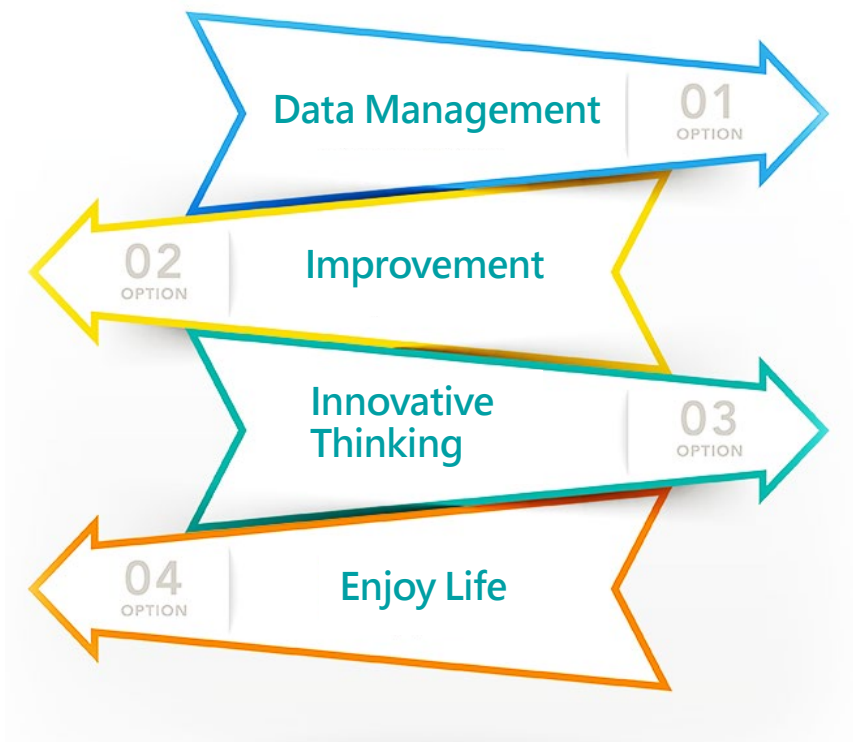
The Company's Board of Directors approved on May 11, 2023, the appointment of Chang Chun-Ming, Deputy General Manager of the Finance Department, as the head of the corporate governance unit. His responsibilities include managing corporate governance matters, enhancing the legal compliance of related activities, and actively promoting the implementation of corporate governance practices.



Business Philosophy

**Continuous Improvement,
Intelligent Innovation**

In the face of fierce competition and increasingly severe challenges in the market, CHING FENG focuses on the continuous improvement of production and introduces lean management, so that the added value of products can be highlighted. At the same time, CHING FENG focus on the development and design of new products, and design products with unique styles according to the characteristics of each product combined with the actual needs of the market. CHING FENG has always adhered to the spirit of "continuous improvement, intelligent innovation" to operate this business. This belief has been integrated into all departments and deeply rooted in the hearts of the people, and formed a high-quality corporate culture and practical business philosophy. Over the years, CHING FENG has continued to transform, but the only thing that remains unchanged is the enthusiasm for products and service commitment to customers, which is also the driving force behind CHING FENG's growth in the future.



The Company's Major History

1974

Brothers Hsu, Pei-Xin and Hsu, Pei-Xiang founded the company and was established "CHING FENG Bamboo Industry Co., Ltd." in 1977 with the approval of the Ministry of Economic Affairs, mainly producing traditional bamboo blinds.

1983

Changed its name to "Ching Feng Curtains Co., Ltd." to develop PVC window coverings and develop an automated production model.



1995

Towards diversified management, the development of home decorations product, renamed CHING FENG HOME FASHIONS CO., LTD



2000 Year

The company's shares were officially listed.

2004



Expansion of United States business base ALL STRONG INDUSTRY INC. to expand the United States market.

2012

The 6th term of directors and supervisors was re-elected, and Mr. HSU, MING-HSUAN was elected as the chairman of the board of directors of the Company.



2020

The flagship factory was completed and opened in Taiwan Changhua Coastal Industrial Park.



2020 Year

Ching Feng Vietnam Company Limited. was officially put into production.

2022

The Group's R&D center was established to devote itself to the development of intelligent, customized and sustainable environmental protection blinds and shades.

2023

rPET cordless blackout blinds won the 32nd Taiwan Excellence.



Basic Information of The Company

Company name	CHING FENG HOME FASHIONS CO., LTD
Stock Code/Market	9935/ Household
Headquarters location	No. 373, Sec. 4, Yenhai Rd., Funan Village, Fuhsing Township, Changhua County, Taiwan
Main products or services	<ul style="list-style-type: none">Manufacturing, processing and trading of various window coverings and their ancillary partsTrading of all kinds of blankets, pillows and bathroom products
Amount of paid-up capital	\$1,738,389 thousands
Net sales	\$4,117,074 thousands
Number of employees	536 People

Industrial Chain

Diversified Home Decoration, Looking at the World

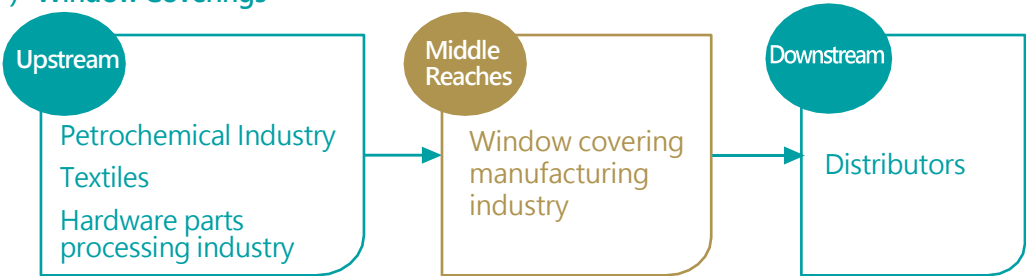
Diversified home decoration, looking at the world CHING FENG HOME FASHIONS CO., LTD It was established in 1974 and initially focused on the production and sale of traditional bamboo window coverings. With the prosperity of the petrochemical industry, CHING FENG introduced the production line of faux wood blinds, and made window decoration products popular with modern technology mass production. Due to the diversification of the company, CHING FENG began to extend its products to home decoration and daily necessities, including bedding, table decorations, bathroom supplies, pillows, cushions, blankets and kitchen supplies. CHING FENG hope to become a full-service supplier of rich household products.

Global Operations/Locations

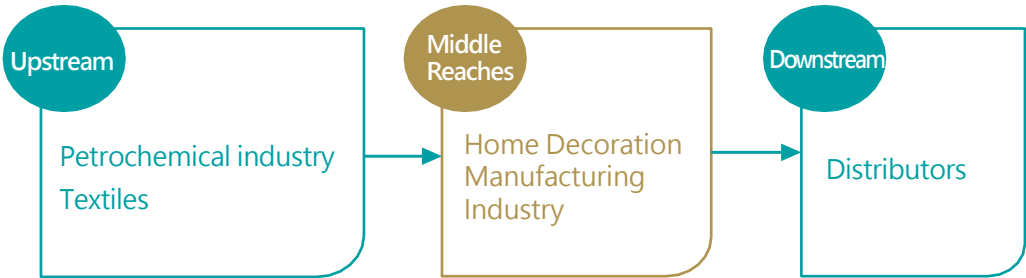


Key Products and Value Chains

(1) Window Coverings



(2) Home Textiles

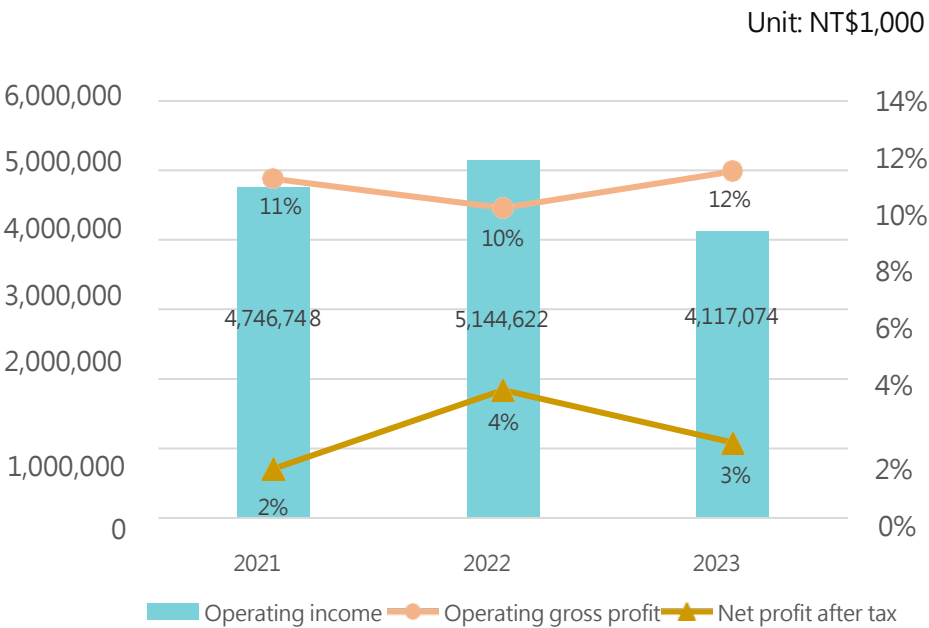


Operational Performance

Operational performance is a major factor in supporting the sustainable development of a company, and it is also the reason why it is listed as a material theme. The impact of this issue will directly affect the company and employees, and indirectly affect investors and suppliers. CHING FENG' s management policy is to enhance market competitiveness and sustainable profitability, so as to ensure the sustainable development of the enterprise.



Operational Performance for The Last Three Years



Dividend Policy

The company distributes employee compensation based on no less than 2% of the current year's profit and no more than 3% as compensation for directors and supervisors. However, if the company still has accumulated losses, losses shall be covered first.

The compensation of employees referred to in the preceding paragraph may be in stock or cash, and the recipients of the stock or cash payment include employees of affiliated companies who meet certain conditions. The proposal should be resolved by the board of directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors' present. The resolution will be reported at the shareholders' meeting.

The company's annual profit as mentioned in the first paragraph refers to the current year's profit before tax before deducting the compensation to employees and directors and supervisors. If the company has a surplus in the annual settlement, it should first cover losses of previous years.

If there is still a surplus, after 10% of the legal reserve, and another sum as special reserve are set aside, together with the unappropriated surplus at the beginning of the period, and the adjusted amount of the unappropriated surplus of the current year, such surplus will be the surplus available for appropriation, but a part of it may be retained depending on the situation of the company, and the Board of Directors shall prepare a proposal for surplus distribution and submit it to the shareholders' meeting for approval.

Ching Feng Home Fashions Co., Ltd. is a traditional manufacturing factory with its life cycle in the "growth period". Taking into consideration of the working capital needs and the protection of shareholders' rights and interests, every year, no less than 10% of the distributable surplus is appropriated to distribute shareholder dividends. However, when the accumulated distributable surplus is lower than 10% of the paid-in share capital, no distribution will be allowed. The company adopts part of cash dividends and part of stock dividends for surplus appropriation. The ratio of cash dividends shall not be lower than 20% of the total dividends to be distributed. The ratio depends on the company's latest debt ratio, quick ratio and cash flow, and shall be proposed by the Board of Directors.

Ethics & Compliance

Based on the business philosophy of integrity, transparency and responsibility, the Company has formulated policies based on integrity, and established a sound corporate governance and risk control mechanism to create a sustainable business environment. The Company is subject to the approval of the Board of Directors "Employee Code of Conduct" 、 "Ethical Corporate Management Best Practice Principles" 、 "Procedures for Ethical Management and Guidelines for Conduct" and other methods to carry out propaganda operations.

The "Working Group on Promoting Ethical Management" is composed of the Management Department, the Legal Office and the Chairman's Office, which is responsible for formulating and supervising the implementation of ethical management policies and prevention plans, ensuring the implementation of ethical management, and reporting to the Board of Directors on the implementation of the implementation.

Ethical Corporate Management Best Practice Principles

The company adheres to the principle of honest management and integrates it into all aspects of the enterprise. First of all, the company clarified the core value of integrity management and internalized it into the corporate governance and risk control mechanism. The Company's Code of Ethics Policy and Code of Ethical Conduct clearly guides directors and managers, and is actively monitored by the Board of Directors and management. The company has set out a strict code of conduct and ethics in personnel management and work rules, including the prohibition of improper exchange of benefits, etc., to prevent the occurrence of various dishonest behaviors. For business activities with a high risk of honest behavior, the company has formulated corresponding restrictive measures and rotation mechanisms to effectively prevent various malpractices. In order to implement honest management, the company not only stipulates integrity clauses in external contracts, but also conducts integrity investigations on customers, suppliers and other stakeholders to ensure that dishonest behavior does not damage the company's rights and interests. The Management Department and the General Manager's Office promote the integrity of the company, and regularly submit internal audit reports to the Board of Directors for review.

Code of Business Conduct and Ethics for the Board of Directors and Managers

In terms of corporate governance, both the Board of Directors and the management have put in place a system for the avoidance of interests, requiring directors and employees to self-discipline and abide by the Code of Conduct for Avoidance of Interests, and providing a whistleblowing mechanism to expose any illegal or improper conduct. In addition, the company has also established effective accounting and internal control systems. Implement computerization of operations and conduct regular internal audits to ensure the effectiveness of internal controls. The Company through the Website and Market Observe Post System unmask Code of Ethical Conduct and Ethical Corporate Management Best Practice Principles information to increase transparency and public trust. The company's whistleblowing system is also clearly defined and protected to ensure that whistleblowers are not subject to retaliation.



Ethical Corporate Management Best Practice Principles

Education, Training and Advocacy

The human resources unit promotes the publicity and education of integrity management of all employees, in addition to advocating the specific practices of integrity management policies and preventing violations of integrity management related systems through the company's network; At the same time, new employees are required to sign integrity advocacy letters and related contracts on the job, and the relevant standards are advocated in the training courses for newcomers, and the importance of integrity is publicized through cases of violation of integrity from time to time, with a total of 1,078 employees participating and a total of 576 training hours. Details of business ethics education and training promoted by the Company:

Course name	Person-times	Hours	Person / Hours
Business ethics education and training (1)	341	0.5	170.5
Business ethics education and training (2)	190	0.5	95
Business ethics education and training (3)	332	0.5	166
Business ethics education and training (4)	178	0.5	89
Supervisor Integrity management policy education and training	37	1.5	55.5
TOTAL	1,078	3.5	576

Measures for Reporting Violations of Professional Ethics

The company's whistleblowing system regulates the protection and reward of the receiving unit, the special handling personnel, and the whistleblower; In addition to the "Work Rules", there are also "Employee Suggestion Boxes" and "Grievance Measures" for employees and relevant personnel to report any improper professional behavior. There were no reported cases in 2023.

Regulatory Compliance

Conduct a risk assessment of corruption-related situations for the business activities of all business bases, and achieve effective control and implementation through the self-audit of the Integrity Management Working Group every six months and the self-assessment of legal compliance, and the audit unit will independently audit to ensure the operation of the overall mechanism and jointly manage and prevent the occurrence of dishonest behavior. The 'Supervisor Integrity Management Policy' and 'Business Ethics Requirements' have been formulated to incorporate integrity management into employee performance appraisals, and a clear and effective disciplinary system has been established. As of the end of 2023, there were no cases of corruption or anti-competitive conduct.

Internal Control and Internal Audit Mechanism

In order to strengthen corporate governance and promote the company's steady operation and sustainable development, CHING FENG Having thoroughly considered the overall business activities of the Company and its subsidiaries, In accordance with the Financial Supervisory Commission's Regulations Governing "Establishment of Internal Control Systems by Public Companies" relevant norms, actively formulating policies and procedures, We not only pay attention to the current operating conditions and strive to optimize the current operations, but also deeply reflect on the company's core values and long-term development goals to respond to changes in the company's internal and external environment to ensure that the company can continue to thrive in the fierce market competition. These initiatives are designed to ensure that our Internal Control Systems It is not only perfect in design, but also continuous and effective in execution, providing a reliable guarantee for the sustainable development of the company.

In addition, the Company's internal audit unit is subordinate to the Board of Directors, and has a dedicated internal audit supervisor and internal auditor who are responsible for all audit operations and report to the Board of Directors and the Audit Committee. In the implementation of internal audit work, uphold an independent and detached attitude, and never concurrently hold positions that conflict with or contain the audit work, so as to ensure that the company's internal audit work can be carried out rigorously. In addition to checking whether the implementation of operational control by each department is actually implemented, it also works closely with all departments of the company to evaluate the effectiveness of risk management in a timely manner, and put forward appropriate and effective suggestions and improvement measures for its improvement, so as to further strengthen the company's internal control mechanism. These initiatives are aimed at improving the company's governance, which in turn promotes the sustainable development of the company and lays a solid foundation for the company's long-term success.

On November 9, 2022, the Company approved the 2023 annual audit plan by resolution of the Board of Directors, and carried out internal control audits in accordance with the planned schedule, and issued a total of 49 audit reports and 15 follow-up reports in 2023, and the tracking results of audit recommendations have been improved.

2023 Internal Audit Report

Date of meeting	Report content
2023/01/18	October-December 2022 Progress report on internal audit work
2023/03/14	January 2023 Progress report on internal audit work
2023/05/11	February-April 2023 Progress report on internal audit work
2023/06/20	May 2023 Progress report on internal audit work
2023/08/11	June-July 2023 Progress report on internal audit work
2023/11/08	August-October 2023 Progress report on internal audit work

Taxes

Compliance with laws and regulations

The organization's tax policy should ensure that the company is fully compliant with the applicable taxes laws, and regulations.

Maximize legal tax reduction opportunities

Good tax policy isn't just about complying with the law, it's also about taking advantage of the legal tax deductions available to you to reduce your company's tax burden.

Risk management

Tax policy should include the assessment and management of tax risks.

Tax Efficiency

Unit: NT\$1,000

Year	2021	2022	2023
Net profit before tax	109,091	275,533	138,261
Income tax expense	31,164	54,942	34,257
Effective tax rate	0.29	0.20	0.25

There were no major tax penalties in 2023.

Received from government financial subsidies in the past three years

Unit: NT\$1,000

Government subsidy item	2021	2022	2023
Tax deductions	-	123	8
Investment Deductions	2,249	4,421	3,936
R&D center subsidy	2,052	6,545	3,656
Undistributed surplus real investments	2,586	89	831



Risk Management

In order to strengthen corporate governance and promote sound operation and sustainable development, CHING FENG adopted risk management policies and procedures in November 2022. These policies aim to establish and maintain an effective risk management framework, ensure the integrity of risk management operations, and implement checks and balances to enhance work efficiency. At the same time, we have also established a sound risk identification, measurement, supervision and control mechanism to ensure that the risk control is within the company's acceptable range, to achieve the goal of rationalization of risks and rewards, and to enhance the value of the enterprise.

Guided by our risk management policy, we have established communication channels to communicate and negotiate with internal and external stakeholders in a timely manner to ensure that risk management continues to be applied and operated effectively. In addition, we actively cultivate a risk management culture and strengthen employees' awareness of risk management to ensure that risk management is fully implemented.

In terms of risk management organization, the board of directors is regarded as the highest decision-making unit for risk management and has ultimate responsibility for the overall risk. In addition, we have set up a Risk Management Committee, with the Managing Director as the convener, who is responsible for coordinating and directing the promotion and operation of the risk management plan, and each department is responsible for promoting various business risk management work, reporting to the Board of Directors on the implementation and results of risk management from time to time, and supervising the operation and overall implementation of the risk management mechanism. At the same time, the existence of the audit unit evaluates the effectiveness of risk management and puts forward appropriate and effective suggestions to ensure the implementation and supervision of risk management.

In terms of risk management, our company attaches great importance to stakeholders' attention to material environmental, social and corporate governance issues, and considers the operational risks of the company's industrial characteristics. Therefore, our risk management scope includes operational, financial, environmental, hazard and relevant legal requirements. The main items in these risk areas include market risk, investment risk, credit risk, hazard risk, operational risk, legal risk and other risks.



Risk Management Process



Risk Management Unit

NO	Risk Category	Major Risk Items	Risk Management Unit
1	Market Risk	Due to domestic and foreign economic, technological changes, industrial changes and other factors, the company's financial and business impacts, and the risk of financial losses caused by changes in the value of financial assets and liabilities (including assets and liabilities on and off the balance sheet of financial position) due to fluctuations in market risk factors (interest rates, exchange rates, stock prices and commodity prices).	Finance Department
2	Investment Risk	Fluctuations in the market prices of short-term investments, such as high-risk, high-leverage derivative trading, financial management, and others; long-term investments in the operation and management of investee companies	Finance Department
3	Credit Risk	The risk of loss caused by the failure of customers, suppliers, and business partners to fulfill their agreements or obligations.	Sales Department Procurement Department
4	Hazard Risk	Safety protection and emergency response refer to the probability of occurrence of major hazard events and the risk of loss.	Management Department Main Plant Department
5	Operational Risk	It refers to the company's losses caused by negligence in internal control, improper management or errors in human management and information systems.	Management Department
6	Legal Risk	Is a failure to comply with the relevant legal provisions or the contract itself is not legally valid, ultra vires, inappropriate regulation, omission of terms or other factors, as a result, the counterparty cannot be bound to perform its obligations in accordance with the contract, and the risk of financial or goodwill loss may arise.	Legal Office
7	Other Risk	It refers to a risk that is not one of the above, but which will result in significant losses to the company.	All Units

Information Security

Security Risk Management Architecture

The Company's information security management unit is under the responsibility of the General Management Department and is subject to the supervision and guidance of the Information Security Team. In response to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" stipulate · There is one information security supervisor and one information security officer, who are responsible for planning and formulating the company's information security policy and implementing relevant information security operations.

The Company adheres to the principles and spirit of ISO 27001, establishes the Company's information security procedures and policies, carries out specific management plans such as information security prevention and crisis handling, and implements corresponding security control measures to reduce the risk of theft, improper use, leakage, tampering or destruction of information assets caused by human negligence, deliberate or natural disasters, so as to enable the Company's business to continue to operate, and continuously improve internal abnormal detection and protection methods to reduce the risk of enterprise information security. And move towards the goal of building an automated information security joint defense system.

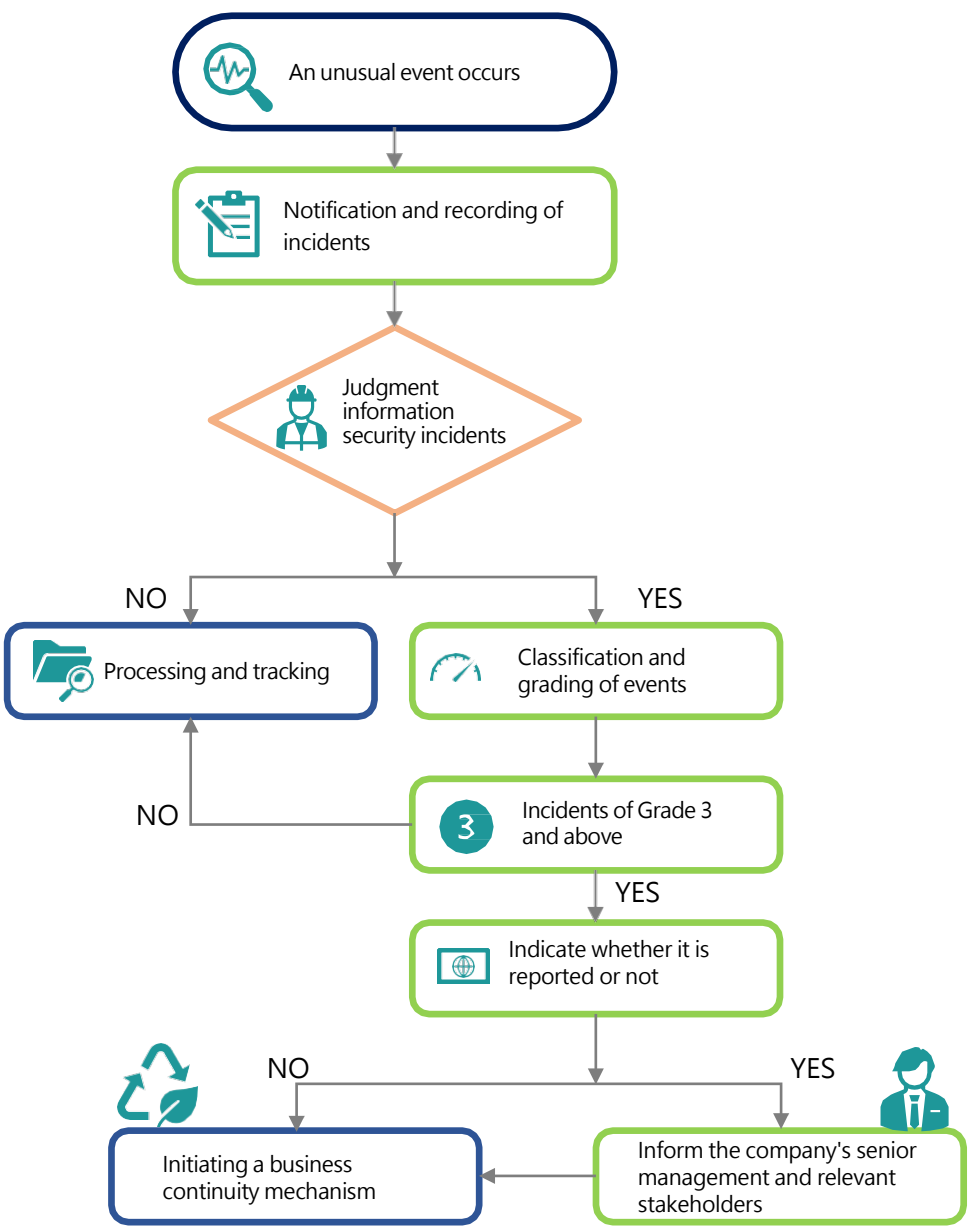
The company has passed the information security certification of the anti-terrorism system every year, and the entrusted certification units are all international third-party notary institutions such as: SGS, Bureau Veritas, Intertek institutions. Report to the Board of Directors on the management of information security risks on a regular basis every year. The information security team is convened quarterly, and may convene ad hoc meetings when necessary, with the participation of members of each team. The agenda of the meeting includes the information security incident handling report, the promotion of the affairs within the group, matters requiring the cooperation of all units, and other relevant suggestions or temporary motions.



Information Security Policy



Procedures for Handling Information Security Incident Notifications



Information Security Disaster Response Plan

In order to ensure the continuous operation of operations and important businesses, and avoid the risk of unsustainable services of important information systems due to major disasters. The Company conducts a test or written drill plan or information security incident emergency response plan at least once a year to ensure that the disaster response capability is fully utilized at a critical moment and the disaster recovery mechanism is used to quickly restore the normal or acceptable operation of the enterprise, so as to achieve the continuous operation of critical application systems and ensure the uninterrupted operation of the enterprise. The Group's ERP system and Smart Platform system are built on the cloud private cloud, and the SOC team of CPC, a professional cloud hosting company, monitors the maintenance of the cloud host 24/7 to ensure that the cloud host maintains availability at any time, and conducts daily data backup operations and provides information security test reports. In order to ensure the enhancement of cloud information security, all companies that choose to manage must obtain ISO 9001, ISO 20000, ISO 27001, ISO 14001, ISO 27017 international certification requirements to improve service reliability.

In terms of uninterrupted information services and data security, the backup management personnel of the information security unit select some backup storage media or redundant equipment once a year to conduct a backup data recovery test to confirm the readability of the backup data, the availability of the storage media and the feasibility of the test steps for the return of important assets. In terms of hardware, in order to ensure the normal operation of the uninterruptible power system, prevent and reduce the information service interruption caused by No warning natural disasters and human error, and shorten the time for system recovery. Each plant is equipped with an independent information room and an uninterruptible power system of 100%, and the equipment in the computer room is regularly maintained every year to maintain normal use.

During the epidemic in 2022, in response to the Covid-19 epidemic prevention norms, the company actively responded to the implementation of home work for office staff. The company specially procures laptops for home office, the purchase quantity is 68% of the original number of equipment used, providing homework colleagues to use during the epidemic, and at the same time, through VPN connection authentication to strengthen information security risks, and no major information security incidents occurred during the epidemic.

In terms of uninterrupted information services and data security, the information unit of the management department regularly sends the backup data to other places for storage and storage, and regularly rehearses post-disaster recovery measures. In addition, to ensure the normal operation of the uninterruptible power system, to prevent and reduce the information service interruption caused by No warning natural disasters and human error, and to shorten the time for system recovery.

The Hardware Construction of the Information Machine in Each Factory Area

Category/ Factory	Head Office	Changbin Plant	Taichung Office	Plant 2
Independent computer room construction	V	V	V	
Enterprise-specific firewalls	V	V	V	V
Uninterruptible UPS equipment is built	V	V	V	V

Information Security Education and Training

Annual employee information security education and personal data protection law training will be conducted once a year. In 2023, **two sessions** were held, with a total of **230 participants**.

Achievements in Information Security Projects

1. Regularly implement vulnerability scanning once a year, and 37 devices with high risk in 2023 will be updated and replaced for high-risk equipment, and the cost of equipment replacement will be about \$170,000 in the current year.
2. Join the TWCERT/CC Alliance to collect and exchange information security information.
3. Build an enterprise-class FortiGate firewall against intrusion detection system, malicious website filtering, and advanced persistent threat protection to prevent malicious attacks and illegal intrusions from external networks. FortiGate IPsec VPN lines are used for operation between plants, and data transmission is encrypted to avoid illegal data capture during transmission.
4. Use Chunghwa Telecom's HI Net enterprise information security service to block and monitor suspicious traffic on a daily basis, and inform relevant risk reports.
5. Information security incidents in the past three years: From 2021 to 2023, there have been no major information security incidents, and there is no risk of litigation caused by information security, and the personal information of customers and employees has been affected and fines have been imposed due to the leakage of confidential information.

Number of Information Security Violations and Fines Per Year	2021	2022	2023
The number of information security or network security violations	0	0	0
Data Breach Incidents (Cases)	0	0	0
Number of information security breaches involving customers' personal information	0	0	0
Number of customers and employees affected by data breach	0	0	0
Penalty amount for information security or cyber security related incidents (NT\$)	0	0	0

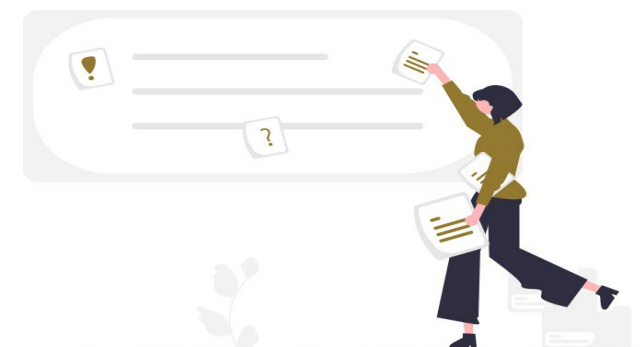
Communication and Training of Anti-Corruption Policies and Procedures

Course Name	Number of Trainees	Course Hours	Total Number of Training Hours
Education and training for new employees (including IWAY · BSCI)	85	4.00	340.00
Business Ethics, IWAY6.0 Standards Books, CF code of conduct	1,040	1.00	1,040.00
IWAY Guided reading	30	2.00	60.00
IWAY6.0 Descriptions of each chapter	98	1.00	98.00
IWAY Groups - training courses for new members and job reviews Job description	68	1.00	68.00
IWAY Small group - review the content of the job	128	1.00	128.00
C-TPAT Anti-terrorism education and training	104	1.00	104.00
Anti-terrorism education and training	1,040	1.00	1,040.00
Information security education and training	229	1.00	229.00

Course Name	Number of Trainees	Course Hours	Total Number of Training Hours
The Measures for the Management of Personal Data Protection advocate education and training	516	1.00	516.00
Unlawful infringement of education and training	531	2.00	1,062.00
Supervisor of business ethics training	37	1.50	55.50
Container inspection operation education and training	7	1.00	7.00
Anti-discrimination, harassment, abuse, disciplinary behavior	531	1.00	531.00
Labor safety and health education and training - work-related injuries	708	1.00	708.00
Occupational safety and health education and training - first aid course	1,040	1.00	1,040.00
General labor safety and health education for entry	24	4.00	96.00
Fire Braiding Exercise	1,040	4.00	4,160.00
Total	7,256	29.50	11,282.50

Communication and Training of Anti-Corruption Policies and Procedures

Conducted communication and training on anti-corruption policies and procedures, with a total of **536 participants**. The training completion rate was **100%**.





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Innovate and
R&D for
Sustainable
Products

Product Quality and Safety

Technology Research and Development

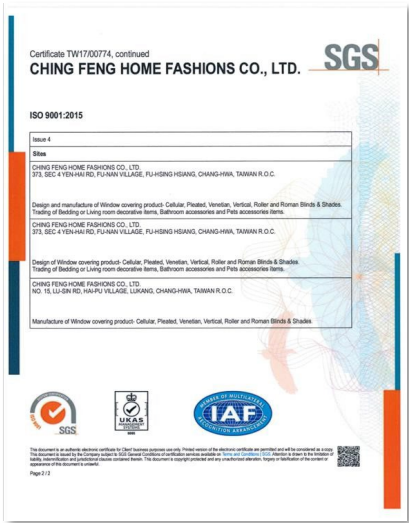
Supplier Management

Product Quality and Safety

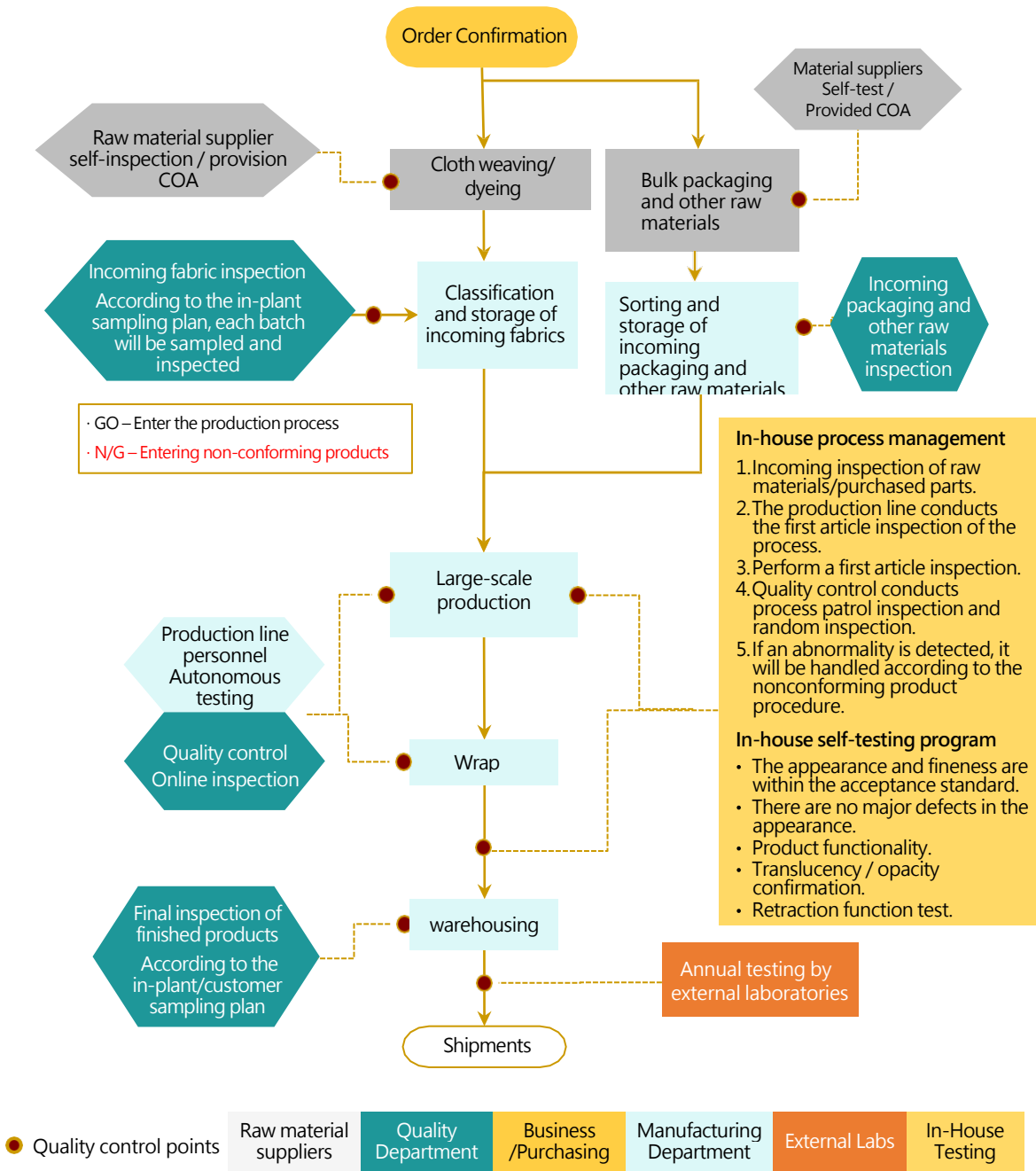
Product Quality Management

Business objectives, and actively put into use the research and development of environmentally friendly recycled material products, "Safety" is to improve the safety of the original window covering products in their structure and use. At the same time, it also uses non-toxic and safe recycled environmentally friendly materials, "Smart" is to introduce window covering products into electric intelligence. Meet the needs of the smart home market. 「Sustainability」 In response to the international trend of ESG, We share and promote it to customers around the world through social groups, so that customers have a deeper understanding of energy-saving and environmentally friendly window coverings. Jointly expand new business opportunities for environmental protection, Through the use of sustainable and fully recycled environmentally friendly materials, we help customers improve their cost structure and create product benefits for customers and consumers.

The quality management of our factory is ISO 9001 certified, covering product design, manufacturing, inspection, testing, Document Control, supplier management and other aspects, to ensure that our products and services meet high quality standards at all stages, we require all raw materials to be compliant "Restriction of Hazardous Substances". Raw materials and chemicals have material safety data sheets (Material Safety Data Sheets MSDS) • In addition, an X-ray fluorescence spectrometer is installed to detect energy in response to the development of electronic and electrical products, in order to meet international standards and customer hazardous substance requirements.

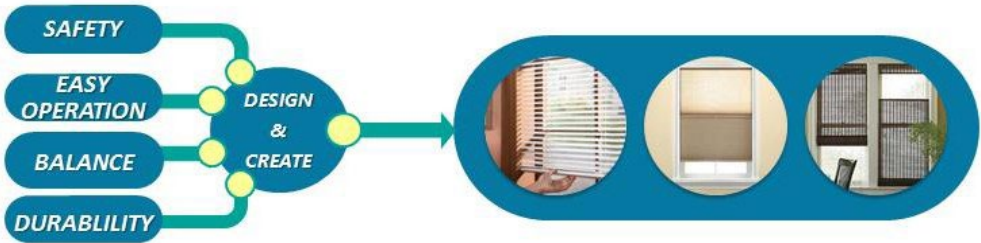


Quality Control Flow Chart



Product Safety

In order to manage the risks and hazards related to chemical substances in products, we use the IKEA I-way mechanism to report to customers on a regular basis, and accept customer audits every year, and have passed customer evaluations since 2018. In addition, for volatile organic compound (VOC) emission and content standards, the products are compliant.



Customer Service Management

CHING FENG 50 years of deep-rooted window coverings industry, the core of the product is all kinds of cordless blinds and shades products and home textile, home decoration products. CHING FENG looking forward to becoming a market leader, from the perspective of the Taiwan factory, through customer service and feedback, enhance the added value of products, and actively develop customized markets to increase gross profit and promote the growth of the group. With the customer service spirit of "implementing service, sustainable development, and happy life", Define the spirit of corporate culture to create self-product value, to create the spirit of service, where there are consumers, there is our market, where there are our products and services. Continuous improvement and transformation, From the consumer side of the market all the way to the production of after-customer services, Achieve the improvement of the whole value chain of products. Externally, it is to make consumers feel warm and satisfied with the use of CHING FENG products. Internally, it is to make employees happy and happy in CHING FENG, so that customers are satisfied and employees are happy, and it has become the vision of sustainable development of the enterprise.

Customer Satisfaction Surveys

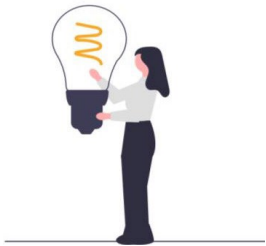
In 2022, according to the seven aspects of product quality, delivery timeliness, service quality, product development, customer complaint handling and recall, product price competitiveness and price competitiveness, Conduct customer satisfaction surveys with low, medium and high ratings. In order to more accurately understand the level of customer satisfaction, from 2023, the original grading and scoring method will be changed to score scores, so as to better understand customer needs clearly and objectively, and let the company's relevant personnel analyze them for subsequent improvement. The assessment scores for 2023 are as follows:

Assessment Items	Product Quality	Delivery Timeliness	Quality of Service	Product Development	Price Competitive Advantage	Score
2023	88	89.5	93.5	84.5	82.5	87.5

According to the distribution of customer rating results, the company's product development and price competitiveness are lower than the annual average, which is the direction of the company's future efforts to improve.



Quality system- ISO 9001:2015



Global Recycled Standard 4.0 (GRS 4.0)



Global Security Verification

Customer Information Management and Customer Privacy

Customer information management and customer privacy are critical issues in business operations. In recent years, CHING FENG have implemented information security risk management and paid attention to customer privacy in corporate governance. How to effectively manage customer information can help enterprises understand customer needs, provide better service and build long-term customer relationships. Through interaction with customers. The following lines construct an information risk management model:

Information is Compliant and Transparent
The collection of customer information must comply with laws and regulations in the management process. Communicate transparently with customers to understand how information is used and protected.

Information Security
Management information system management, through firewalls, encryption, Remote backup and other control mechanisms to protect customer information and avoid risks.

The Amount of Information Collected
Collect only necessary customer information, the information collected is related to the purposes and needs of the business.

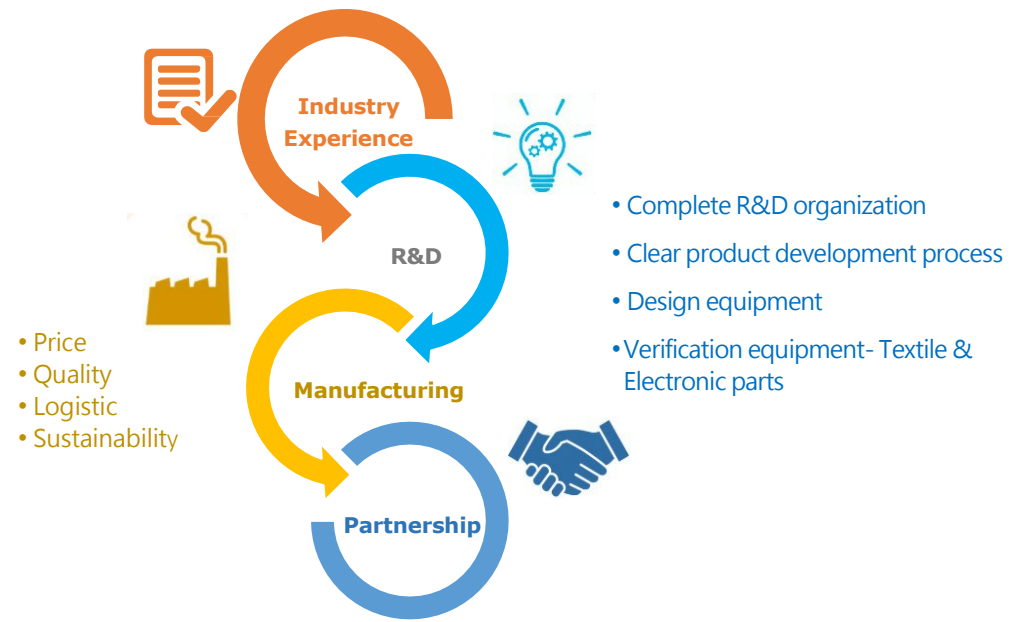
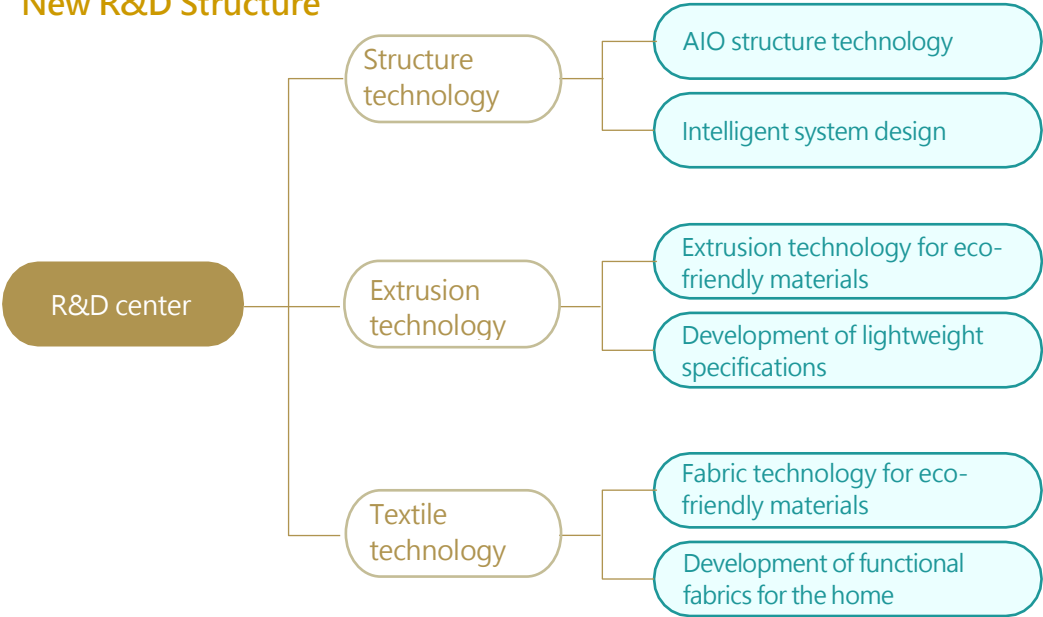
Information Authorization
In addition to the basic use of transparent communication, if the customer information is used for other specific purposes, the customer's permission can be obtained before use.

CHING FENG prioritizing customer information management and customer privacy, building trust with customers, maintaining good relationships, and avoiding unnecessary risks arising from the company, we have achieved the goal of zero defects for nearly two years.

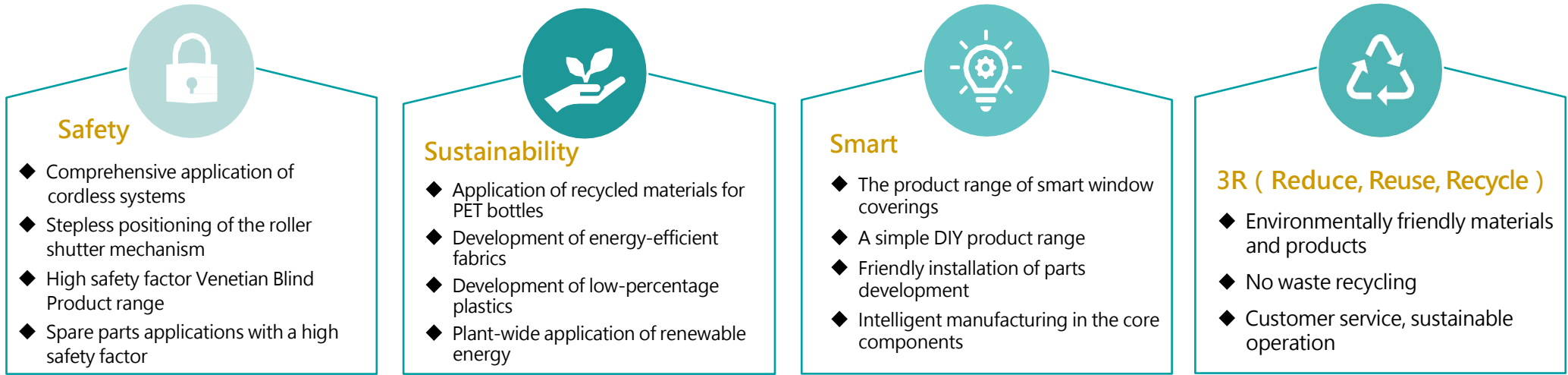
Statistics of Customer Privacy Leaks in the Past 2 Years
There were **No** substantiated external complaints or complaints from regulatory authorities between 2022 and 2023.

Technology Research and Development

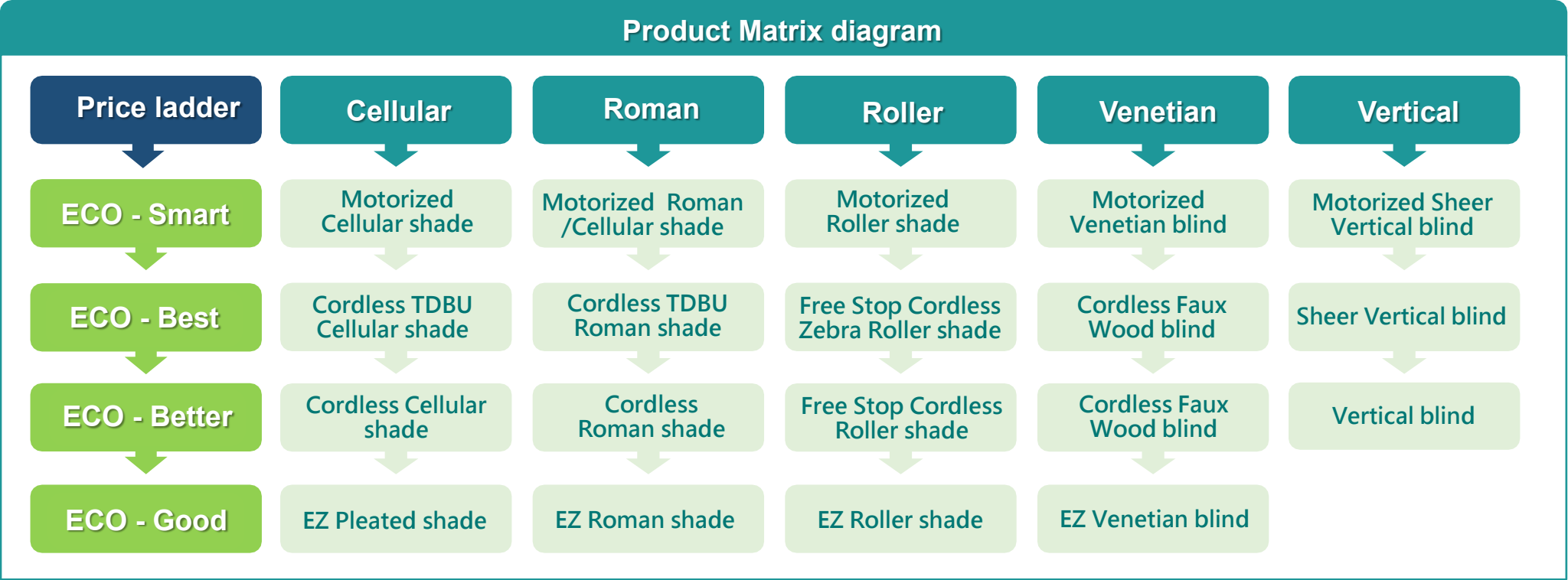
New R&D Structure



3S Manufacturing Policy



Product Introduction



Regional Distribution and Operating Proportion of Main Product Sales

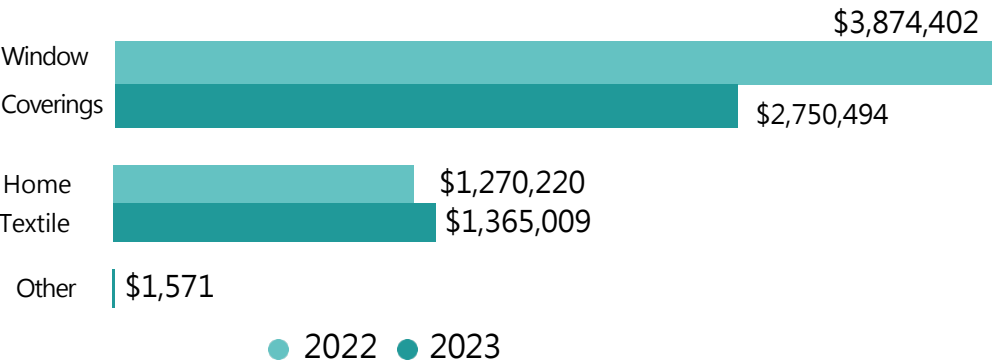
Trends in Sales Amount by Year by Sales Region

Unit: NT\$1,000

Year	2022		2023	
Sales territory	Amount	%	Amount	%
Taiwan	112,439	2%	121,543	3%
UAS	3,638,890	71%	3,403,397	83%
Europe	1,085,282	21%	507,193	12%
Other	308,011	6%	84,941	2%
Total	5,144,622	100%	4,117,074	100%

Annual Sales Trends of Major Products

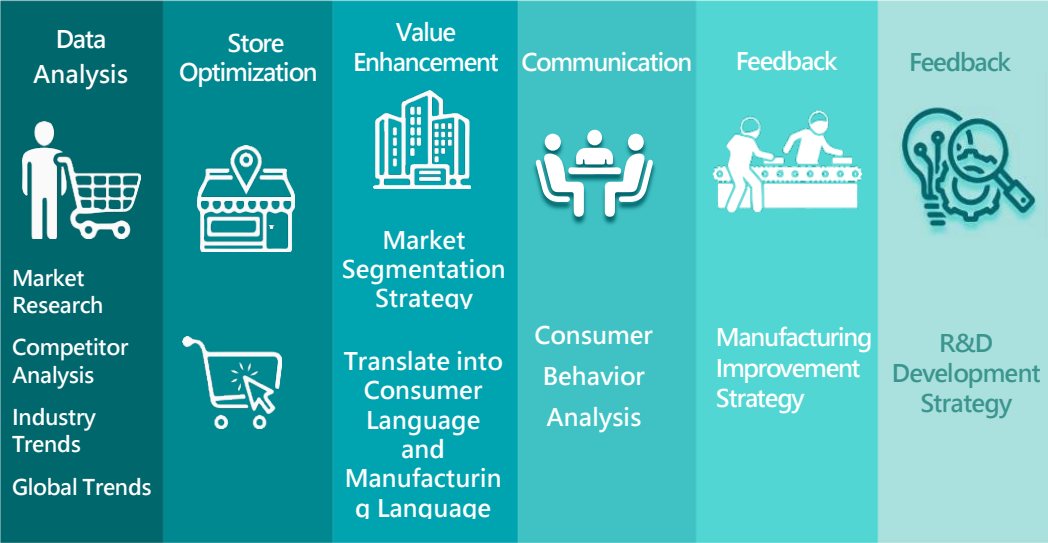
Unit: NT\$1,000



Main Products, Important Uses

Product type	Product Details	Product Description:
Blinds	rPET Venetian Blind	The use of non-toxic materials, no rope design, and through the blade design to improve the shielding effect, effectively block ultraviolet rays, high concealment, Stepless positioning system The user can pull and stop, Adjust the height, angle, light, etc. according to your preference. The whole is easy to combine with home decoration and is beautiful.
	Aluminum Venetian Blind	
	Faux wood Venetian Blind	
	Parallel Venetian Blind	
Shades	Roman Shade	Adopt environmentally friendly recycled materials, increase the utilization rate of environmentally friendly materials and create opportunities for material recycling. The use of precision power structure, the use of unique core design, to achieve accurate stepless positioning system, that is, pull and stop. The non-toxic material system has no ropes, providing a safe home environment for children and pets, and taking home life to the next level.
	Cellular Shade	
	Pleated Shade	
	Roller Shade	
Home Textile	Blanket	A variety of home decoration products, enrich home life.
	Non-woven fabrics	

Business Model Transformation Approach

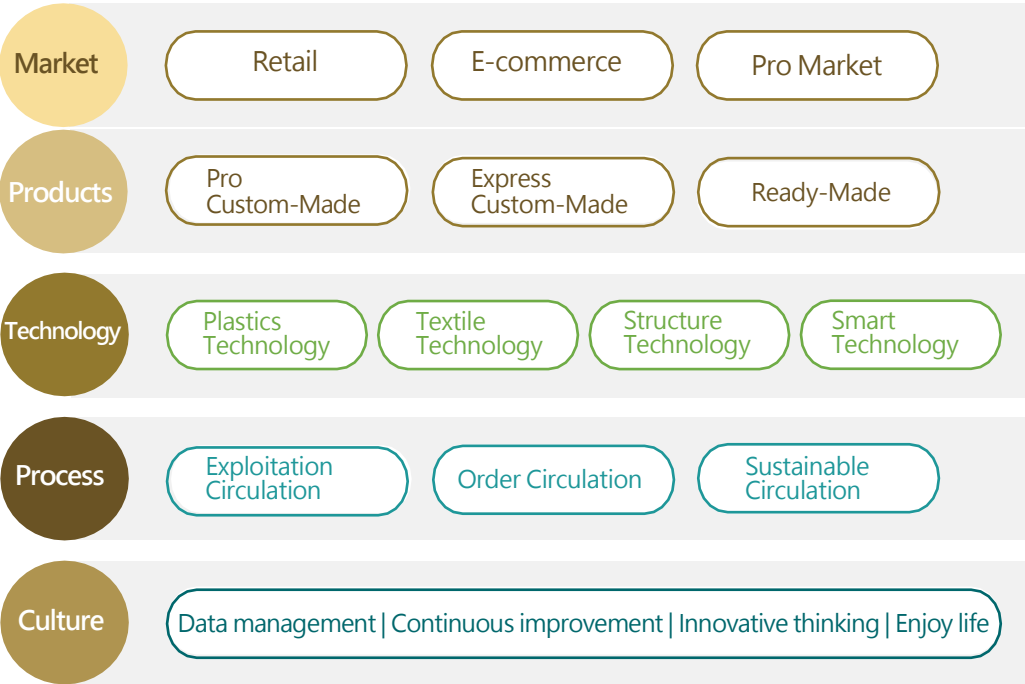


Patent Performance
Material Issues, Objectives and Performance

By the end of 2023, CHING FENG has a total of 120 patents, of which 106 have been obtained and 14 are being applied, mainly in the fields of comprehensive application of cordless system, window coverings mechanism without stepless positioning, and application of blinds and spare parts with high safety factor. The newly certified patents in 2023 are mainly in Taiwan and United States, with a total of 10 patents, which are respectively laid out in the clamping mechanism, the braking mechanism of the reel, the transmission mechanism, etc. CHING FENG is committed to product development and quality improvement, continuous self-demand and growth, and continuous creation of profit growth as an important goal.

In the development and design of products, we consider safety and continue to optimize to make more products more compliant with safety regulations ; When developing products, we simulate the operation methods and habits of different customers, and actively study various situations. In addition to safety considerations, the importance and demand for sustainable development are also increasing year by year, and the use of environmentally friendly recycled materials has also become one of the key considerations included in the development and design, so that CHING FENG's products can contribute to the earth and take sustainable recycling as the goal.

CHING FENG is committed to product R&D and innovation, R&D patent achievements, product quality management, and compliance with laws and regulations. The degree to which important goals and performance have been achieved in the last two years. As shown in the table on the right.



Country		Patents in Force in 2023	
Taiwan	34	England	1
China	26	Japan	4
USA	26	European Union	2
Germany	24	Australia	2
Vietnam	1	Canada	0
Total		120	

E-Commerce Market Expansion



- 1 Future R&D goals:
Focus on the development policy of 3S.
- 2 Industry Positioning:
CHING FENG is one of the top three leading suppliers of safety window coverings in North America.
- 3 Future Market Goals:
Cooperate with the original customers to carry out the O2O market layout.
- 4 Future Operational Goals (Vision):
Strengthen the production of the whole value chain, the development of 3S

R&D of Green Materials

R&D philosophy or strategy

With the international attention to the issue of sustainable development, green design, which has a high degree of reflection on environmental and ecological damage, has begun to attract the attention of the world, emphasizing that the materials used in the design should seriously consider the use of limited earth resources, and should be designed to protect the earth's environment and reduce the impact on the environment.

Development direction:
Green materials emphasize "recyclable, low pollution, energy saving", as far as possible in the design and development of products to focus on the health and safety needs of the human living environment, low pollution, easy to clean, energy-saving, easy to operate, concise, few parts, easy to decompose and combine, modern daily necessities, and through the use of recycled raw materials, waste materials are reused or completely recycled. Through green design, we can save materials and energy and reduce environmental pollution, so that green products can create a win-win situation for the economy and the environment.

Percentage of recycled materials

With the rise of environmental awareness, green materials emphasize "recyclable, low pollution, energy-saving", making the human environment healthier, safer, less polluting, easy to clean, energy-saving, easy to operate, concise, less parts, easy to decompose and combine, Through the use of **Recycling** raw materials, we continue to improve the use of environmentally friendly materials in R&D products, and the application of recycled materials is actively responding to RCS, and it has also obtained certification every year, and **15.12%** of CHING FENG products have met **RCS** standards in 2023. In the future, we will improve our recycled material products.

In the future, we will continue to improve the application rate of recycled materials as the direction of R&D, continue to increase the product variety to achieve the proportion of the RCS Blended mark to **Proportion $\geq 20\%$** in the short term, and continue to improve the product range to achieve the Proportion of the RCS Blended mark in the medium and long term **Proportion $\geq 35\%$** .

Product lifecycle management

A company's impact on the environment at all stages of the product life cycle, including the sourcing, production, use and final disposal of raw materials. This standard covers many aspects such as greenhouse gas emissions, energy use, water use corresponding to the environmental, biological and waste related impacts, CHING FENG based on the impact of the overall cycle, for the reuse of recycled materials and waste output to develop a corresponding model to establish indicators, in order to achieve a sustainable cycle to **Reduce** the impact on the environment.

- (1) Reuse of recycled materials :
In recent years, CHING FENG has been adjusting process parameters, correcting production and processing methods, and designing and developing molds, with the goal of improving the utilization rate of recycled materials, and will officially start trial operation from 2024, targeting PVC scraps, which is expected to be within two years **Recyclable approx. 41%**.
- (2) Waste Output:
Similarly, in recent years, through the adjustment and optimization of R&D design specifications, coupled with the adjustment of raw material processing methods, the goal is to reduce the loss rate of raw and semi-finished products in the factory, so as to achieve the waste reduction target, which is estimated to be within two years **Decrease 3%**.

Increase Productivity

According to the company's annual target requirements, according to the efficiency of working hours corresponding to attendance per unit output rate, under the double-sided needs of corporate governance to reduce costs and improve efficiency, the annual KPI indicators of the production unit are formulated as follows, and the achievement status is regularly checked. Based on the preceding item, two production indicators are derived:

Production man-hour efficiency:
According to the standard working hours required for the overall output, corresponding to the efficiency of the actual staff attendance hours, the recent achievements and short-term goals are as follows:

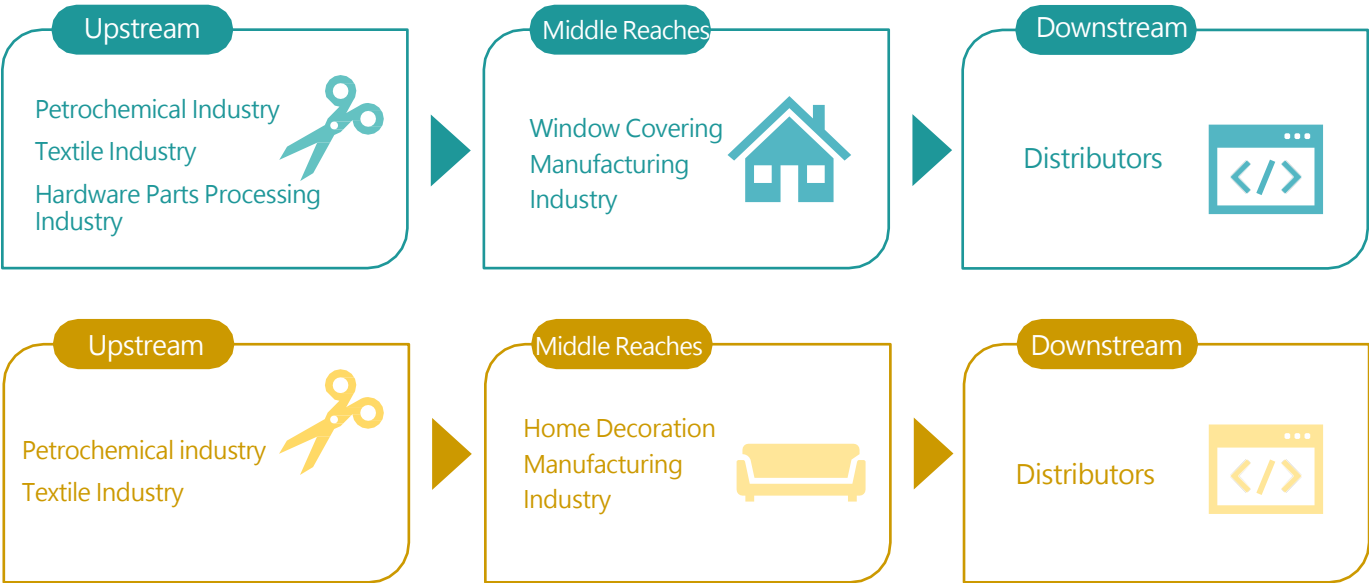
Year	2022	2023	2024~2026 (Target)
Man-hour efficiency	75.2%	80.8%	88.0%

Proportion of mechanization in the plant:
According to the proportion of machinery and equipment that can be used by personnel in the production or assembly process of direct personnel, the short-term proportion and short-term goals are as follows:

Year	2022	2023	2024~2026 (Target)
Proportion of mechanization in the plant	35.2%	40.3%	50.0%

Supplier Management

Industrial Supply Value Chain



Supply Chain Management Policy



Regularly evaluate the performance of suppliers, including on-time delivery rate, product quality, after-sales service, etc., and establish a monitoring mechanism, punishment and reward mechanism to promote continuous improvement of suppliers, and understand the process capabilities of suppliers to ensure the stability of the supply chain and supply quality. We also communicate with them at any time, strive to embed the concept of "corporate social responsibility and supply chain sustainability management" into the supply chain assessment specifications, and focus on establishing a solid cooperative relationship, maintaining open communication and good interaction with suppliers, solving problems and conflicts, jointly solving challenges, and exploring cooperation opportunities to improve efficiency and value, with a view to achieving the goal of supply chain sustainability management.

Supply Chain Management Objectives

Enhance the Core Competitiveness of The Supply Chain

Suppliers are required to take CHING FENG's "Supplier Code of Conduct" as the basis for action to improve the performance of labor human rights, safety and health, environmental protection, business ethics and management system; Actively coach suppliers to improve their core competencies and reduce the risk of business interruption.

Strengthen the Sustainable Development of The Supply Chain

Through the sustainability risk management assessment, we identify, evaluate and manage the risks related to suppliers, including supply disruptions, quality issues, legal compliance risks, etc., and formulate response strategies to mitigate losses. Establish short-, medium- and long-term goals for suppliers to increase the proportion of signatories to CHING FENG's "Supplier Code of Conduct" to strengthen the sustainable management of the supply chain, and establish a solid cooperative relationship to encourage suppliers to provide innovative solutions and technologies, and jointly explore new market opportunities and efficiency improvements with them to improve competitiveness and value creation.

In addition to paying attention to suppliers in terms of cost, quality, delivery, continuous supply, etc., And formulate a supplier code of conduct, which is required to be followed by suppliers. and require suppliers to sign the "Supplier Code of Conduct Consent Form", In addition to requiring full compliance with the laws and regulations of the countries in which we operate, we also propose norms for business conduct in terms of labor rights, health and safety, environment, corporate ethics, and other aspects. At the same time, suppliers are required to communicate this requirement to their next-tier suppliers and monitor compliance by next-tier suppliers.

There are five types of suppliers, including material suppliers, chemical suppliers, packaging material suppliers, machinery and equipment suppliers, transportation and engineering contracting suppliers, and the following two types are divided according to the purchase amount and importance:

1. General suppliers: suppliers who directly supply the company's materials, equipment and services.
2. Key suppliers: suppliers with high annual procurement amount, key raw materials and irreplaceable suppliers. In 2023, a total of 20 key suppliers will be identified, accounting for 60% of the procurement value.



Identification and Screening of Business Partners

Regular Communication

Hold a supplier conference once a year to maintain regular communication with suppliers and share demand changes and market dynamics.

Field Trips

Conduct regular site visits to understand the production status of suppliers and improvement measures.

Regular Assessments

Suppliers are evaluated on a monthly basis to ensure that their delivery capabilities and quality standards meet demand.

Social Responsibility

Evaluate and promote the improvement of suppliers in environmental protection and labor treatment, and fulfill social responsibilities.

Cost Optimization

Work with suppliers to explore ways to reduce costs and improve efficiency.

Trust and Transparency

Build trusting and transparent relationships with our suppliers to face challenges and opportunities together.

Supplier Assessment

Conduct regular evaluations of the top 20 suppliers in terms of monthly transaction value. The assessment includes:

1. Quality assessment: According to the batch of incoming inspection and delivery, it is divided into five categories: qualified, special procurement, full inspection, additional repair, and rejection, and the score is calculated by the statistical ratio of the quality unit.
2. Delivery evaluation: According to the receipt time record, the supplier will calculate the on-time delivery rate score.

The Supply Chain is Optimized Together

CHING FENG adheres to the concept of common good with the supply chain, continue to optimize the existing supplier evaluation system and the breadth of the assessment scope, for suppliers with a score of less than 80 points listed as high-risk suppliers, in order to improve the stability of suppliers, we actively propose improvement measures and follow-up within a time limit through counseling until the supplier completes the improvement.

2023 Total assessment **240 times** · Pass rate **99.58%** ·

Social Responsibility Audit

If it does not meet the specifications, it is necessary to put forward an improvement plan within one week, complete the improvement within two months, and confirm that it meets the requirements through on-site inspection ·

There is no illegal use of persons under the age of 15.

Non-coercive and restrictive employment.

No seizure of employee documents.

Ethical - No forgery of documents.

No serious environmental pollution - pollution does not spread to the outside of the factory.

No serious health hazards - no danger to life or permanent injury.

Working hours - transparent and reliable hours recorded.

Salary - in line with the statutory minimum wage.

Employee Insurance - Employees have workers' compensation insurance.

Dormitories - Employees do not have to live in designated dormitories and are free to leave.

Supplier Code of Conduct and Sign-off Statistics

In 2023, all suppliers of IKEA products are required to sign 100% of the IWAY 6.0 Implementation Standard Consent Form (Supplier Code of Conduct).

The IWAY Principles must be based on effective implementation procedures and developed communication.

Protect the health and safety of workers.

Business activities are conducted in a compliant and honest manner.

Suitable working and living conditions.

To protect the rights and interests of children and to encourage them to provide opportunities for study and family life.

Protecting the Earth's Ecological Environment.

Respect the basic rights and interests of workers.

Sustainable and recyclable management resources (including water and waste).

Workers have the right to rest, fair remuneration and the opportunity to develop their personal abilities.

Ensuring animal welfare.

2023 Completion of the Signing of The Code of Conduct

Total number of manufacturers that have signed up in 2023 **67** · Percentage of all qualified suppliers **38%** · The audit items are social responsibility requirements and anti-terrorism assessment · Passing ratio **100%** ·

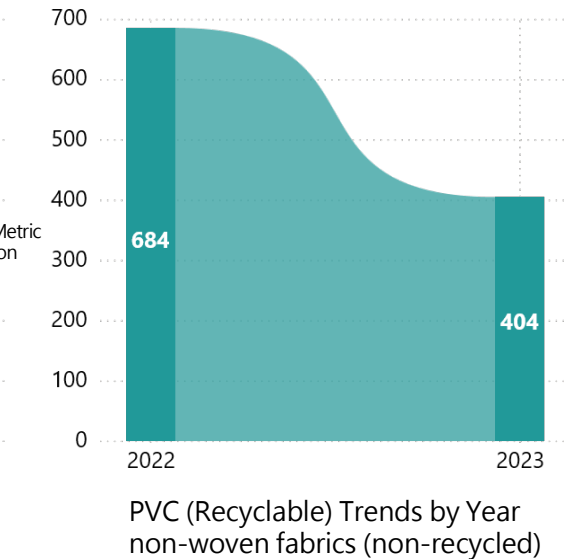
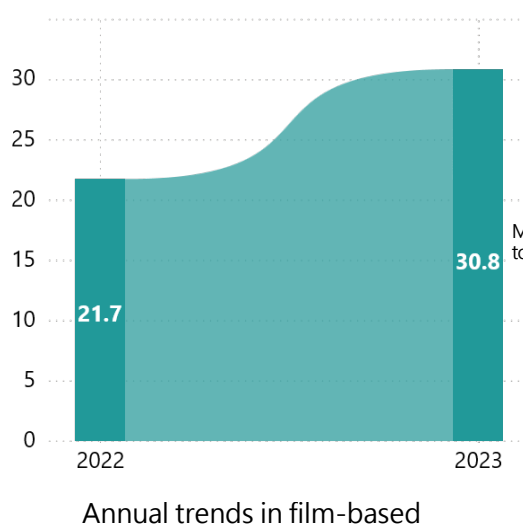
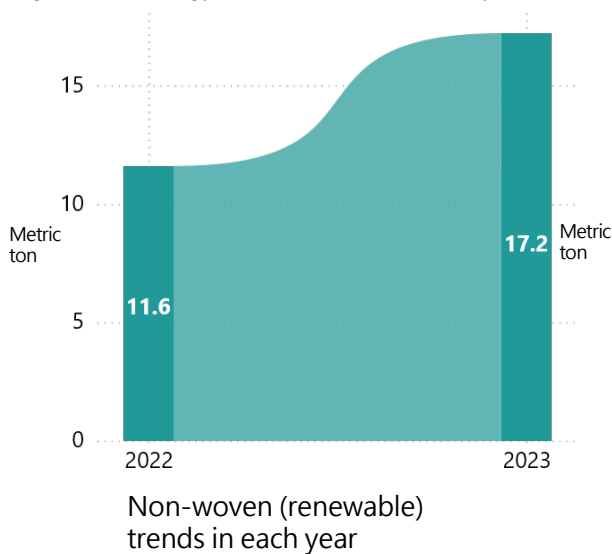
Follow-up visits will be conducted to confirm the approved manufacturers, and the non-signed manufacturers will understand and help make them sign, and review the status of all suppliers from 2024, and classify them according to key supplier specifications to facilitate the frequency planning of follow-up visits and assessments.

Supplier Risk Management

- 1. Quality assessment: According to the batch of incoming inspection and receipt, it is divided into five categories of evaluation, such as qualified, special collection, full inspection, additional repair, and rejection, and the score is calculated by the statistical ratio of the quality unit.
- 2. Supply Chain Visibility and Transparency: Establish supply chain visibility and transparency, track and monitor supplier performance and activities, identify potential risks and problems in a timely manner, and take timely measures to address them.
- 3. Procurement contract: Establish a clear procurement contract to determine the responsibilities and obligations of the supplier, including product specifications, delivery time, price, payment terms, quality standards, warranty, legal compliance, etc., to protect the interests of the enterprise and ensure the compliance of the transaction.
- 4. Continuous monitoring and evaluation: Regularly monitor and evaluate the performance and risk situation of suppliers, establish a continuous improvement mechanism, and adjust and improve the risk management strategy of suppliers in a timely manner.

Risk Management of Critical Raw Materials

Non-woven fabrics and PVC are the main raw materials, and all raw materials are supplied by certified manufacturers, and if they are not certified, relevant alternatives (e.g. due diligence results) are required to ensure responsible sourcing of raw materials.



Support Local Procurement

CHING FENG is located in Taiwan and Chinese mainland, and has its headquarters in Taiwan. Taiwan adheres to the spirit of upgrading the local industry, and gives priority to the procurement of local suppliers in Taiwan under the condition that the product quality and procurement conditions are similar, and promotes the stable development of Taiwan's economy through the establishment of good cooperative relations.

Ensure That There is no Interruption in Supply

- 1. Establish a supply chain from multiple sources to reduce the risk of relying on a single supplier or region.
- 2. Evaluate suppliers to assess their capabilities, reputations and risks, and establish a monitoring mechanism to regularly evaluate the performance and risk profile of suppliers.
- 3. Ensure appropriate inventory levels to deal with supply disruptions or fluctuations in demand while minimizing inventory costs and risks.

In 2023, the proportion of local procurement amount in Taiwan factory will account for more than **90%** of the total procurement amount.

The Overall Number of Purchasers, The Amount and Local Suppliers

Procurement category	Suppliers		Local suppliers		
	Quantity	Percentage of purchase amount	Quantity	Proportion of purchasing manufacturers	Percentage of purchase amount
Cloth	15	43%	12	80%	92%
Metals	22	13%	20	91%	99%
Plastics	28	11%	18	79%	94%
Packaging materials	42	12%	42	100%	100%
Chemicals	17	5%	16	94%	97%

Note:

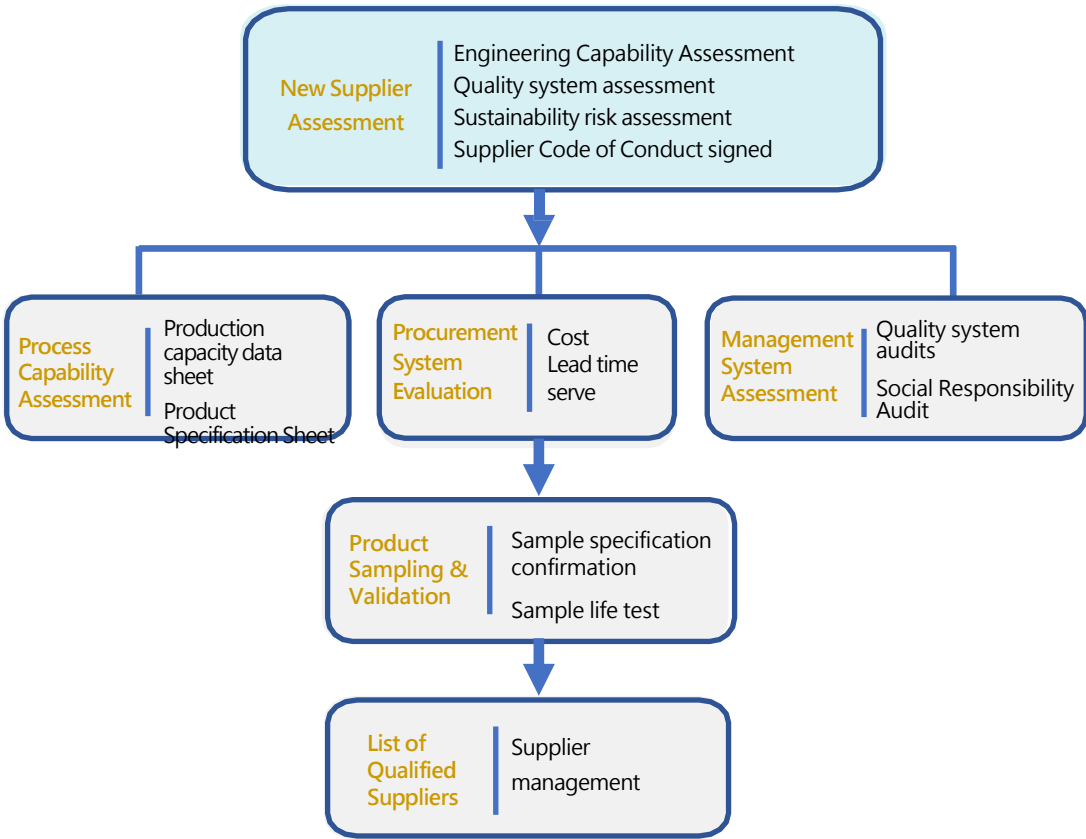
- 1. Local definition: Taiwan domestic procurement.
- 2. Calculation method: (purchase amount of this category/total purchase amount) = proportion of purchase amount.

Supplier Management Effectiveness

Conduct regular evaluation of the top 20 suppliers in terms of monthly transaction value. The assessment includes:

- 1. Quality assessment: According to the batch of incoming inspection and receipt, it is divided into five categories of evaluation, such as qualified, special collection, full inspection, additional repair, and rejection, and the score is calculated by the statistical ratio of the quality unit.
- 2. Delivery evaluation: According to the receipt time record, the on-time delivery rate score of the supplier is calculated. If the score is less than 80 points, it will be classified as a high-risk supplier, and it will be required to propose improvement measures within a time limit, and the company's procurement staff will conduct improvement counseling until the supplier completes the improvement.

New Supplier Evaluation Process



Supplier Management Performance

Year	Sign the Supplier Code of Conduct Cumulative Number of Households	Number of Vendors not Signed	Total Number of Suppliers	Signatory Suppliers Account for All Supply Quotient ratio
2022	63	115	178	35%
2023	67	111	178	38%



0 Environmentally Friendly Sustainable Future

Climate Change Risk and Opportunities

Greenhouse Gas Management

Energy Management

Water Resources Management

Waste Management



Environmentally Friendly Sustainable Future

In view of the increasingly serious problems of global warming and climate change, in the process of pursuing sustainable development, CHING FENG deeply feel the responsibility of enterprises to society, in addition to striving for product technology improvement and breakthroughs, we also actively promote environmental management and employee safety and health activities with a prudent attitude, so as to fulfill the due responsibilities of enterprises. Environmental protection and pollution prevention is an important part of the company's management strategy, and CHING FENG will introduce ISO14001 environmental management system to provide a good environmental protection framework for each plant, control and reduce the impact on the environment, prevent environmental impact caused by accidents, and ensure compliance with laws and regulations. We integrate our environmental management system with our occupational safety and health system, formulate an environmental, safety and health policy, and conduct regular environmental, safety and health training to build a safe and healthy working environment. The Company has begun to conduct an inventory of Taiwan's own greenhouse gas emissions, including direct emissions (Scope 1) and indirect energy emissions (Scope 2). The above inventory data is expected to be completed in the third quarter of 2024 and published on the Company's website after third-party verification.

We have also been paying attention to water conservation and environmental protection for many years, and in 2022, we began to recycle rainwater for watering the green vegetation in the factory area to reduce the amount of tap water. We will continue to consider water recycling and reconsider ways to evolve to reduce overall water consumption. The company will move towards the road of a low-carbon society, strive to reduce carbon emissions for the environment, strengthen the market competitiveness of low-carbon products, and achieve a sustainable consumption and production model of a low-carbon economy.

Climate Change Risk and Opportunities

Due to human dependence on fossil fuels and the destruction of forests, the sharp increase in atmospheric carbon dioxide (CO2) concentrations, extreme weather and failure of climate action in the past century are among the top five risks in the world, indicating that human life and property will be seriously threatened in the future. Brand customers have successively demanded that suppliers must take the initiative to pay attention to climate risks, and CHING FENG identifies the potential risks and opportunities associated with climate change according to the business scope, manufacturing and factory location, and then sets response measures and management policies by referring to the norms of international initiatives related to sustainability and climate change and China's environmental sustainability regulations ; Strengthen the resilience to unpredictable climate risks and opportunities, and increase the resilience of corporate sustainable operations. The Company has begun to conduct an inventory of greenhouse gas emissions in Taiwan, and at the same time regularly pay attention to and assess the potential opportunities and risks brought about by climate change.

Climate Change Management

TCFD Risk Management Process

- Step01

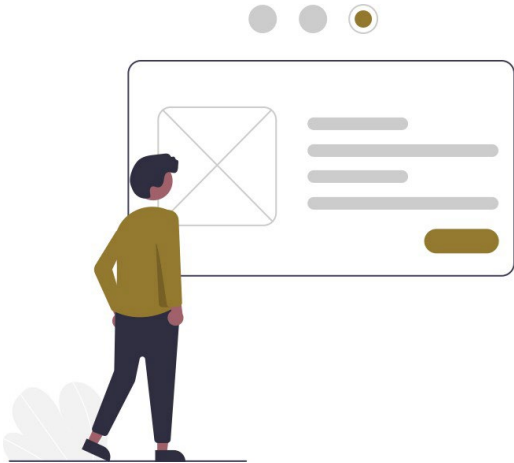
The Sustainability Team completed the collection of climate and environmental background information, climate risk and business scope assessment.
- Step02

Establish climate risks and opportunities project discussions.
- Step03

The Sustainability Team conducts climate risk opportunities and operational impact analysis.
- Step04

Establish an execution strategy and goal setting.
- Step05

The effectiveness of the implementation strategy and targets is reviewed annually through the sustainability team meeting.



Climate Control

Climate change governance strategy and implementation

Category	Corporate Management Strategies and Actions	Status of implementation
Govern	<p>The Board regularly reviews the risks and opportunities associated with climate change.</p>	<p>The Board of Directors is the highest decision-making unit for risk management and is ultimately responsible for the overall risk of the Company. The Sustainable Development Committee is the highest organization for climate change management, chaired by the Managing Director, who annually reviews the Company's climate change strategies and goals, manages climate change risks and opportunities, reviews the implementation status and discusses future plans, and reports to the Board of Directors.</p>
	<p>Sustainable Development Committee :</p> <p>The Managing Director is the highest organization of the Company's climate change management, with the Managing Director as the convener, who is responsible for coordinating and directing the implementation and operation of the risk management plan, and each department is responsible for promoting various risk management. The contractor of each department shall carry out daily risk management activities and evaluate risk control activities in accordance with the internal control systems and internal regulations of the relevant business.</p> <p>The chairman of the Sustainable Development Committee serves as an executive member, regularly reviewing the company's climate change strategies and goals and reporting to the board of directors.</p>	<p>In 2024, the climate change governance framework will be introduced for the first time, and plans to incorporate climate change risks into risk management, and complete the establishment of relevant policies and systems.</p>
	<p>Sustainable Development Committee :</p> <p>The head of the General Management Department serves as an executive member of the organization that implements and manages the company's climate change risks and opportunities, and formulates management plans and reviews the implementation status and future plans every year.</p>	<p>The general manager coordinates each development team, and reports to the board of directors' level on TCFD climate governance every year for decision-making reference.</p>
Tactics	<p>Cross-sectoral discussion and identification of short-, medium- and long-term climate risks and opportunities.</p>	<p>Disclose financial information in accordance with TCFD Through identification, measurement, monitoring, reporting, etc., we structure the impact that climate change may have on the company's operations, and hold regular meetings with the implementation unit to discuss relevant issues, carry out short-term, medium-term and long-term climate risks, formulate relevant policy action plans, and try our best to reduce the impact of corporate operations on the environment, achieve the environmentally friendly goals of low pollution, low energy consumption and low carbon, and gradually reduce greenhouse gas emissions.</p>
	<p>Assess the potential operational and financial impact of significant climate risks and opportunities on the company.</p>	
Risk management	<p>Use the TCFD framework to construct a climate risk identification process.</p>	<p>CHING FENG considers the internal management mechanism and the life cycle of major products, and conducts climate change risk assessments in the short, medium and long term to facilitate integration with the risk management structure and regular review and countermeasures. Report assessment results and response plans to the chairman of the Sustainable Development Committee.</p>
	<p>Based on the results of climate risk identification and ranking, relevant response plans are set and implemented.</p>	
	<p>Integrate climate risk identification and assessment into the risk management process.</p>	

Category	Corporate Management Strategies and Actions	Status of Implementation
Metrics and goals	Set management indicators related to climate change.	<ul style="list-style-type: none">Cumulative power saving at each plant.Waste reduction management, the overall weight of manufacturing and production waste is reduced by 3%.Reduce carbon emissions from waste, gradually reduce the existing large waste containers, reduce waste, and cooperate with relevant units to advocacy.Promote the use of recycled materials, and continue to increase the proportion of RCS Blended labels $\geq 20\%$ in the short term.Goal setting Total energy intensity in 2024 This is 1% lower than in 2023 (base year). <p>The above are the climate change performance indicators, and the implementation results are disclosed in the climate and energy strategy, goals and results of the sustainability report year by year.</p>
	Through ISO 14064-1, we review and disclose greenhouse gas emissions annually, review the impact on our operations, and assess Scope 1 and 2 risks and mitigation strategies.	Based on the results of various checks and assessments, we will continue to implement carbon reduction measures to effectively reduce Scope 1 emission risks; Indirect Scope 2 greenhouse gas emissions from electricity use. For details, please refer to the 2023 Sustainability Report "Greenhouse Gas Inventory"
	Formulate climate change management goals and review the achievement and performance of goals.	Such as short-, medium- and long-term definitions and goals.

Climate Risk Opportunity Identification Assessment

CHING FENG has begun to conduct an inventory of greenhouse gas emissions in Taiwan, and at the same time regularly pay attention to and assess the potential opportunities and risks brought about by climate change. Incorporate climate change risks into the overall operational consideration, estimate the probability and impact of risks, formulate risk response plans and crisis handling mechanisms, and provide early warnings to mitigate the impact of climate risks on the company's operations. CHING FENG is committed to corporate responsibility, energy conservation and carbon reduction, and attaches great importance to protecting the environment, protecting resources and improving human health. However, achieving energy conservation and carbon reduction is a global challenge and responsibility, which requires the joint efforts of society.



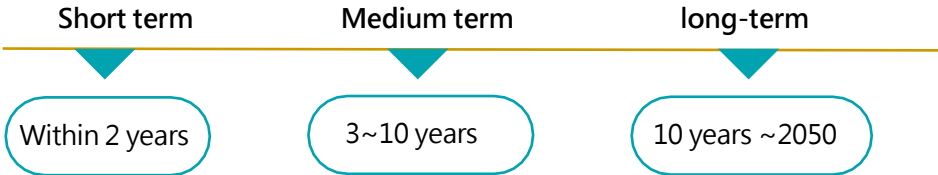
Climate Change Opportunities

Risks and Opportunities		Impact description	Response Strategy
Transition risk	Policies and Regulations	Carbon taxes/fees have caused a financial impact on companies and tightened laws and regulations and financial supervision.	<ul style="list-style-type: none">Keep an eye on international trends and regulatory changes.Actively participate in assisting the competent authorities in revising relevant management measures.Measure the potential impact and assist in strategy formulation through simulated scenario tests.
	Technology	Green and low-carbon products will replace existing products and services, increasing the uncertainty of revenue and investment.	
	Market	The price of water, electricity, raw materials and other prices has increased, and the cost has increased.	
	Reputation	Market demand and consumer awareness have changed, and ESG factors must be considered in business development and investment decisions.	
Specific risks	Immediate	High temperatures caused by climate change and abnormal weather events, heat exhaustion and heat stroke caused by heat waves, etc., resulting in a decrease in employee productivity; More severe power rationing measures have led to power supply shortages, and industries have been forced to shut down, further causing a supply chain disruption crisis.	<ul style="list-style-type: none">Regularly monitor the risks in high-risk areas, measure the potential internal impact of the enterprise through external information collection, and plan relevant adaptation measures.Strengthen the promotion of employees' health education on heat injury prevention through multiple channels, and enhance employees' self-awareness and protection.Cooperate with external consultants to conduct climate professional education and training.
	Long-term	Global warming exceeds 1.5°C, changing weather patterns and rising sea levels will affect the economy and companies' operating patterns, and the cost of asset impairment or early replacement will increase.	

Climate-Related Resilience Strategies

Climate-Related Opportunities	Situation		Internal Goals	Foreign Policy
Resource efficiency	<ul style="list-style-type: none">• Sorting resources, recycling, and promoting paper lessness.• Evaluate the replacement of energy-consuming equipment.	<ul style="list-style-type: none">• 2023 is the base year for the GHG inventory.• Reduce the weight of manufacturing waste by 4.5% by 2030.	<ul style="list-style-type: none">• The goal by 2030 is to become the best sustainable partner for customers.• The goal is to achieve carbon neutrality by 2050.	<ul style="list-style-type: none">• Proposal for the Paris Agreement.• The goal is to achieve carbon neutrality by 2050.• Follow the Corporate Governance 3.0 – Sustainable Development Blueprint.
Energy sources				
Products & Services	<ul style="list-style-type: none">• Make a positive impact and deepen the connection with customers and sustainability partners through negotiations, ESG initiatives and consulting services.			
Market				
Tenacity	<ul style="list-style-type: none">• Establish a management organization, revise internal management practices related to climate change, integrate them into daily operations and business development, and strengthen risk management and opportunity management.• Participate in supervision institutions and related projects to assist in the formulation of relevant norms, such as the Taiwan version of the sustainability classification standard, climate change risk management projects, etc.• Cultivate internal sustainability and climate talents, and plan to subsidize relevant licenses.• Enhance mitigation capabilities through new process improvements and operational management.	<ul style="list-style-type: none">• Actively participate in sustainability and climate change related initiatives of governments and international organizations to strengthen climate change resilience.• We will improve our benchmarking against international standards year by year and achieve the goal of carbon neutrality by 2050.		

Short-, Medium- and long-term Definitions and Goals



Short term

- **Respond** to the United Nations Sustainable Development Goals.
- **Optimize** Sustainable Development Committee and Greenhouse Gas Inventory Team.
- Promote the use of recycled materials, and the short-term goal is to continuously improve the product range and achieve use The RCS Blended label $\geq 20\%$.
- Waste reduction management, the overall weight of manufacturing and production waste is reduced by **3%**, and the annual utilization rate of factory-made recyclables $\geq 40\%$.
- Introduce and promote the ISO 14064-1 Greenhouse Gas Inventory System, with a target of reducing total energy intensity by **1%** by 2024 compared to 2023 (base year).

Medium, long-term

- Promote the use of recycled materials, and the short-term goal is to continuously increase the product range to the proportion of RCS Blended labels $\geq 35\%$ °
- Reduce waste carbon emissions, and gradually reduce the current large waste containers, **reduce** waste and work with relevant units to advocate for it.
- Waste reduction management, overall manufacturing and production waste weight reduction **4.5%**, Annual utilization rate of recyclables in the factory $\geq 60\%$.
- TCFD Climate-related Financial **Disclosures**.
- **Achieve** carbon neutrality by 2050.

Greenhouse Gas Management

Greenhouse Gas Management Policy

The earth's climate and environment have been gradually deteriorating due to the impact of greenhouse gases, and as a member of the global citizen, we should fulfill our corporate responsibility to protect the environment and care for the earth. CHING FENG will strive to accomplish the following.

- We are committed to conducting internal greenhouse gas inventory to accurately grasp the status of greenhouse gas emissions.
- Based on the results of the inventory, further formulate plans related to voluntary greenhouse gas reductions.
- Continue to promote and support energy conservation and carbon reduction measures, sustainable operation, and fulfill corporate responsibility.

Enforcement in 2023

Since 2020, the company has been conducting greenhouse gas emission statistics, and has published them on the company's website every year. ISO 14064-1 will be introduced in 2023, according to which the company boundaries and scope will be clearly defined, and it is expected to complete the inventory in Taiwan and pass third-party verification in the third quarter of 2024. In the future, we will move towards the path of a low-carbon society, strengthen the market competitiveness of low-carbon products, and achieve a sustainable consumption and production model of a low-carbon economy.

The Company's annual greenhouse gas emissions in the past two years are as follows: Unit: tonCO2e

Emission sources	2022	2023
Scope one	-	189
Scope two	2,146	1,588
Scope three	-	2,828
TOTAL	2,146	4,605

Note : The 2023 greenhouse gas emissions in the above table are based on the ISO14064-1 specification.
As of the date of issuance of the report, third-party verification is underway and is expected to be completed in the third quarter of 2024 °



Energy Management

In view of the fact that global climate change is gradually affecting economic development, it also has a huge impact on the costs that must be incurred to run the business. CHING FENG has recognized the importance of this issue and is actively committed to low-carbon management. Continue to seek energy conservation and emission reduction solutions. Improve energy efficiency, promote energy-saving measures to reduce energy consumption, reduce greenhouse gas emissions and reduce environmental pollution to enhance the company's social image, reduce production costs, and meet customer or government policy requirements. CHING FENG 's main energy source is externally purchased electricity, which is also the main source of the company's greenhouse gas emissions, and the consumption of non-renewable energy is mainly diesel and gasoline, and the energy consumption is the result of the independent inventory of each operating base, and the total electricity consumption of each plant in 2023 is 3,215,429kWh.

Energy Consumption

Year		2022			2023		
Type of Energy		Electricity	Gasoline	Diesel Fuel	Electricity	Gasoline	Diesel Fuel
Factory		(kWh)	(L)	(L)	(kWh)	(L)	(L)
Headquarters		688,400	4,259	19	460,101	4,272	16
Plant 2		140,776	0	470	141,728	0	250
Changbin Plant		3,454,600	2,421	132	2,613,600	1,759	17,254

Note : The energy consumption in the table above for 2023 is calculated according to ISO 14064-1.

In 2022 and 2023, due to the different boundaries and scopes of the inventory, no comparison between the two years will be made.

Energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management policies

- Continue to promote energy integration and improvement.
- Continuously carry out environmental footprint data monitoring and inventory certification.
- Continue to promote environmental protection and recycling policies, and use recyclable and environmentally friendly materials.

Execution

- LED fluorescent lamps are used throughout all lighting fixtures.
- According to the system pressure, the air compressor adopts frequency conversion to control the air compressor gas capacity.
- Introduced a simple energy and utility monitoring system.
- Installation of solar power generation facilities.

Plan measures for future energy saving

- Expand the functions of the in-plant energy and utility monitoring system, and introduce the demand control function.
- It is expected to adopt the thermal exhaust system of the plastic extruder to isolate and discharge the heat source from the indoor space and reduce the power consumption of the air conditioner.
- LED lamps and lanterns such as parking lots and storage rooms are in the form of compact lamps, and the number of installations and indoor height are high, so it is planned to reduce the number of lamps and lamps and reduce lighting power consumption.

Water Resources Management

The source of water intake is surface water (rainwater, tap water), and the water source in the Lukang area comes from groundwater. The underground water tank will be pumped to the Lukang Water Purification Plant for filtration and then to the temporary storage pool, and then the temporary storage pool will be pressurized to the client, which is mainly used for the water of self-cooling equipment in the plant area and the domestic water of colleagues, and the rainwater is recycled for the irrigation of green vegetation in the plant area, reducing the amount of tap water consumption and maximizing the use of water resources. The Company's water consumption in Taiwan is recorded every year, and annual reduction and waste reduction targets are also formulated, and the Company formulates specific implementation policies and plans based on the targets, and reviews and analyzes the implementation results of the previous year at the beginning of each year. The water used in the company's production area is treated by Changbin Sewage Treatment Plant, which is fully in line with the qualified discharge.

Waste Management

Waste Management Policy

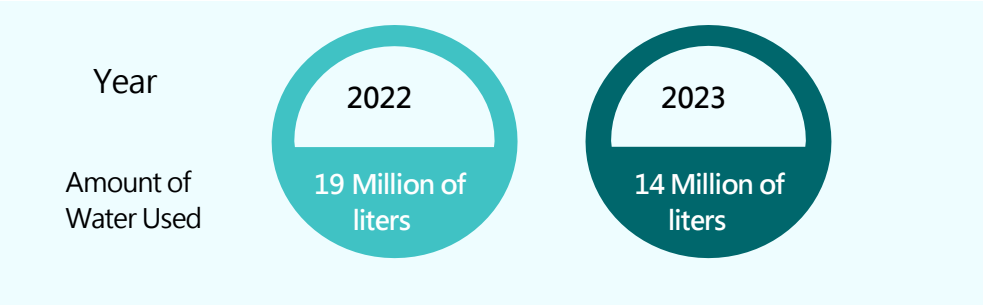
Through waste recycling, we can improve the efficient use of resources and reduce other pollution-related problems. The company continues to promote product recycling, reduce the amount of use through process optimization, and reduce the use of virgin resources, and uphold the safe working environment for employees, intelligent product enhancement design, and sustainable business philosophy to promote waste reduction.

In terms of sustainable use of materials, CHING FENG aims to reduce the loss of raw materials and recycle waste, improve the effective use of resources, and reduce other pollution-derived problems.

- In 2023, we will start to optimize R&D design specifications and adjust raw material processing methods to reduce material use loss, and it is estimated that it can be reduced by **3%** in two years from 2024~2025.
- In view of the thinking of recycling and reusing the factory foot, through the adjustment of process parameters, the correction of production and processing methods and the design and development of molds, the scraps are recycled to produce products that meet the quality needs of customers, and effectively increase the utilization rate of factory-based recyclables, which is estimated to be about **41%** in two years from 2024~2025.

The above two scenarios are expected to reduce the weight of overall manufacturing and production waste from 2024, and the overall waste offset will be about **3%**.

The Company's Water Consumption in The Past Two Year



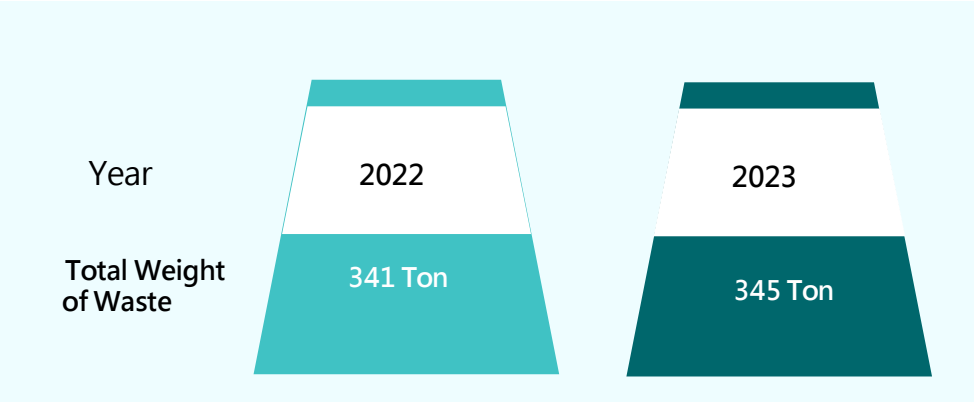
Note : The above table of water consumption in 2023 is based on the ISO 14064-1 specification.

Waste Removal and Disposal

There are two main sources of waste in the company, one is the waste in the production process, the other is the waste of employees' lives, and there is no hazardous waste in the production process of CHING FENG. The production waste mainly includes cloth and paper, and the company entrusts qualified manufacturers to dispose of it in accordance with government regulations. We have successfully developed a process technology for in-factory recycling of secondary products or scraps derived from the manufacturing process, and recycled them in use to effectively reduce the amount of waste generated. Scraps or waste materials that cannot be recycled in the factory are properly sorted and recycled by an external qualified resource recovery manufacturer.

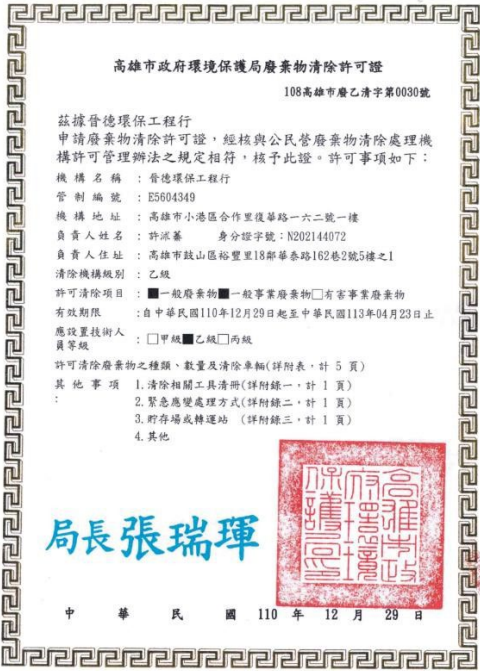
Management Matters	Specific Embodiments
Waste education and training	Chemicals education and training
	Waste education and training
Regular quiz items	The air compressor is inspected regularly
	Replace old lamps and use environmentally friendly and energy-saving lamps
	Improve the power factor of electricity consumption and reduce power consumption
The lower foot material is environmentally protected and reused	The scrap company sorts the scraps and recycles them if they can be reused in the factory. Scraps that have been confirmed to be recyclable in the factory, such as waste plastics, waste paper, space bags, waste cloth, metals, etc., will be entrusted to legal and compliant recyclers and recycled through a special process.

The Total Weight of Waste in the Past Two Years is as Follows:



Note : The total weight of waste in 2023 is calculated according to ISO 14064-1.

Removal and Transportation of Industrial Waste
(including removal and transportation manufacturer license)





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Workplace Development & Safety

Talent Attraction and Retention

Human Rights

Talent Training Development

Creating a Safe Workplace Environment

Workplace Development & Safety

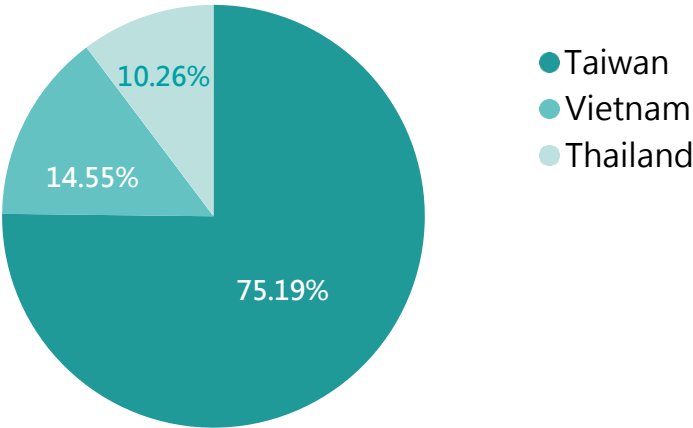
CHING FENG deeply believes that high-quality human assets are one of the important keys to the success of the company, and providing employees with a safe and healthy workplace and protecting labor rights and interests are the cornerstones of the company's development and the key to enhancing the company's competitiveness. Our philosophy of giving employees the right jobs according to their abilities, so that employees can work with peace of mind and focus on their expertise, is the policy of CHING FENG's sustainable management of talents. We are committed to establishing a harmonious and stable working atmosphere and providing various welfare measures to enable employees to have no worries and grow stronger with the company. Regardless of their status (gender, race, religion, political affiliation, marital status, trade unions, etc.), we will develop an overall remuneration policy and structure to attract, motivate, reward and retain outstanding talents, in accordance with relevant labor laws and regulations. At the same time, a diversified learning and training mechanism is set up to enhance the depth and breadth of professional knowledge and skills of employees, so that employees can quickly adapt to the company and accumulate practical skills in work. And provide employees with a communication channel that can put forward constructive opinions to the company. The company protects the rights and interests of employees, attaches importance to the privacy of employees, and takes appropriate preventive and corrective measures.

Talent Attraction and Retention

Composition of The Staff

CHING FENG strictly abides by various labor-related laws, regulations and systems, and signs labor contracts with employees in accordance with the principle of "legality, equality and voluntariness". Recruitment is guaranteed to be open, fair and impartial. We use an online e-human banking system to match recruitment channels with face-to-face recruitment, conduct regular employee satisfaction surveys and optimize relevant measures to retain employees and build closer employee relationships. By the end of 2023, the total number of direct employees of CHING FENG is 536, including 334 female employees and 202 male employees (in addition to the national nationality, foreign employees include Viet Nam and Thailand). The company employs Taiwanese supervisors at all levels. 8 males (about 1.4% of the total), There were 22 men (about 4.10%) and 12 women (about 2.23%) in middle-level managers. Employees are concentrated in Taiwan, and the composition of manpower includes business sales, research and development, manufacturing, quality assurance, accounting, human resources, information, procurement, etc., and the coverage rate of labor contracts is 100%.

Employee Diversity - Nationality Distribution in Taiwan Factory



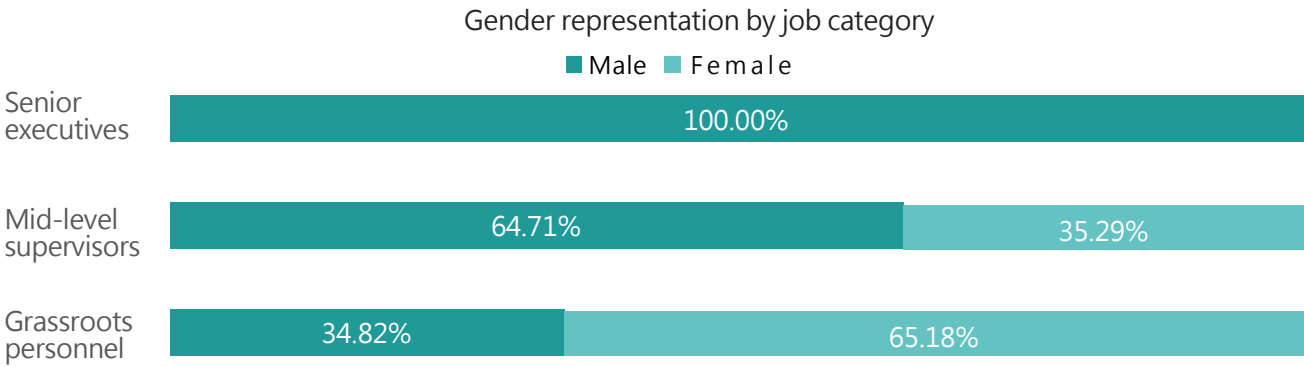
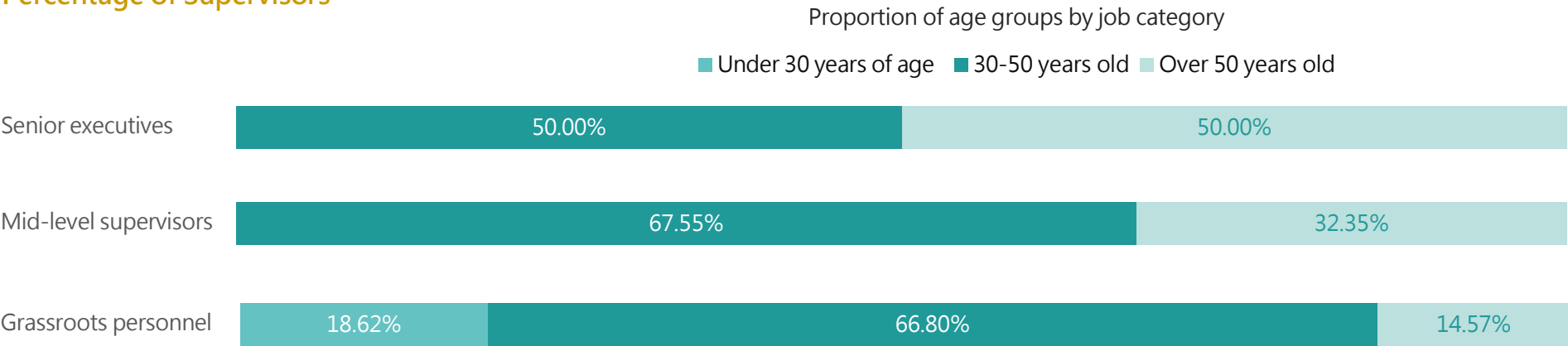
The Company does not employ four types of temporary (fixed-term) contract employees as stipulated in Article 9 of the Labor Standards Act.



Note 1 : A vulnerable group is a group of people with specific physical, social, political, or economic conditions or characteristics that put them at high risk of being burdened; or may face a disproportionate burden due to the social, economic or environmental impact of the organization's operations. This can include children and youth, the elderly, persons with disabilities, ex-servicemen, internally displaced populations, refugees or returning refugees, families affected by AIDS, indigenous peoples and ethnic minorities.

Note 2 : Executives refer to managers at or above the level of Associate; Middle-level supervisors refer to managers other than senior management positions; Grass-roots personnel refer to personnel who are not in managerial positions.

Percentage of Supervisors

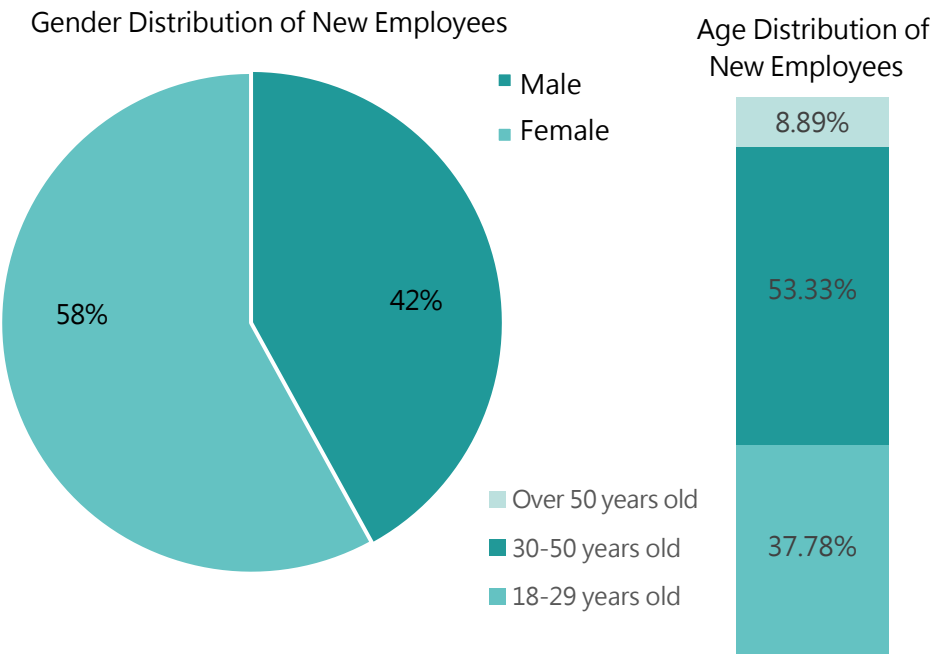


Mid- and senior-level management personnel play a crucial role in the company, playing the role of decision-makers, leaders and strategists, and play a key role in the company's development and operations. Therefore, we strive to improve the retention rate of middle and senior talents by providing competitive salaries and benefits, providing good career development and promotion opportunities, establishing a stable corporate culture, and ensuring a good work-life balance. According to statistics, the retention rate in 2023 will reach 89.36%, and the retention rate will reach and maintain more than 90% in the short term; In the medium to long term, we will aim for 93%.

Country	Number of employees		Proportion	Number of supervisors		Proportion
	(Supervisor not included)					
	Male	Male		Man	Female	
Taiwan	172	322	1:1.87	30	12	2.5:1

Employee category	Number of employees retained			Number of resignations		
	Male	Female	%	Male	Female	%
High	8	N/A	100.00%	0	N/A	0.00%
Intermediate	22	12	87.18%	4	1	13.16%
TOTAL	30	12	89.36%	4	1	10.64%

New Recruit Analysis



Employment Contracts

Employment Contracts

Full-time (permanent) male employees: 202, female employees: 334, accounting for 100%.

There are 0 employees in full-time or part-time (temporary) positions.

Collective Bargaining Agreements

The company must communicate with employees in advance about the problems related to labor-management interaction, emphasizing humanized management as the primary spirit, and through regular and irregular communication, establish a consensus, and get along harmoniously between labor and management.

In accordance with the relevant provisions of laws and regulations, the labor-management meeting is composed of the same number of representatives of both the labor and the management, and the labor-management representatives are elected in accordance with the law and fulfill the responsibilities of representatives in the meeting. Labor-management meetings are held regularly on a quarterly basis, four times a year, and the chairman of the meeting is held by the labor-management representatives in turn.

Date	Major causes of action	Execution results
2023/03/12	<ul style="list-style-type: none">2023 Labor Insurance (Common Accident) Insurance Rate Adjustment	<ul style="list-style-type: none">If it is passed, it shall be handled in accordance with the provisions of the letter of the Labor Insurance Bureau.
2023/05/23	<ul style="list-style-type: none">Amendment to Section 9 of the "Laboure Leave Rules".Election of labor representatives to the Occupational Safety and Health Committee for 2023	<ul style="list-style-type: none">It is passed in accordance with the provisions of the Ministry of Labor on May 1, 112, 2 words of the Labor Article No. 1120147862D.It shall be handled in accordance with Article 10 of the Measures for the Administration of Occupational Safety and Health and Article 43 of the Detailed Rules.
2023/09/27	<ul style="list-style-type: none">The "New Year Ritual of the Aboriginal Peoples" is a statutory holiday for the workers of the Aboriginal Nationality	<ul style="list-style-type: none">It shall be adopted in accordance with paragraph 6 of Article 4 of the Measures for the Implementation of Commemorative Days and Festivals of the Ministry of the Interior.
2023/12/22	<ul style="list-style-type: none">2024 Basic Salary AdjustmentIn response to business needs, an eight-week deformation working hour plan is required2024 Annual Calendar	<ul style="list-style-type: none">Approved, the company adjusted the basic salary according to the current salary structure to meet the standards announced by the labor department.Approved, due to excessive fluctuations in market orders, the employer and the employee agreed to authorize the head office to perform eight weeks of variable working hours, and to give the head office the right to make flexible adjustments in accordance with the statutory provisions, and to implement the head office calendar.Approved, the 2024 head office calendar will be formulated and announced in accordance with the above explanation, and if the head office calendar is adjusted according to the second case above due to work needs, it will be announced separately. The announced calendar will be used as the basis for employee attendance and salary accounting.

A Happy Workplace

"People-oriented", creating a healthy workplace and improving the happiness of employees is our mission. Our Practice:

1. Environmental Indicators

- 1、Establish a safe and comfortable working environment: set up complete emergency rescue equipment, and regularly review and update; AED automatic external shocker is set up in the factory area to improve the life safety of employees.
- 2、Flexible way of working, working from home, online punching and clocking in.
- 3、Participate in the 2023 Changhua County Government Migrant Dormitory Competition: Second Place and Excellence.
- 4、There is no violation of air pollution discharge and waste management regulations and incidents affecting the community, providing a friendly environment.

2. Treatment and Cultivation Indicators

- 1、No layoffs or salary cuts during the epidemic.
- 2、Dividends.
- 3、More than 10,000 annual employee education and training sessions have been conducted, with remarkable results.

3. Welfare and Reward Indicators

- 1、In August 2023, an employee stock ownership association was established to handle an employee stock ownership trust, and the company gave certain rewards and encouraged employees to participate in order to ensure their retirement, and employees responded very well.
- 2、Provide employees with correct health knowledge and hold health lectures on a regular basis.
- 3、Employees of the company are entitled to the distribution of company uniforms.
- 4、Group insurance is available to every employee.
- 5、Various activities are held from time to time, such as: Songkran Festival celebrations, tail teeth, public welfare activities, etc.

4. Friendly Workplace Indicators


- 1、Execute a human factors plan.
- 2、Won the 2023 Excess Quota Manufacturer for the Physically and Mentally Handicapped, Second Prize.
- 3、Smooth channels for appeals.
- 4、Measures for the Implementation of the Protection of Maternal Health of Female Workers.

Compensation & Benefits


Based on the principle of equal pay for equal work between men and women, the salary verification of the company's employees does not discriminate on the basis of gender, age, race, religion, political position, marital status and other factors. And the annual performance appraisal results and the overall operating conditions, industry level as the basis for salary adjustment, change bonus, dividends and other rewards. And plan a complete grade and rank system. The performance targets of managers above the manager level are linked to the business performance of the organization, and are regularly reviewed and adjusted.

The company treats employees with integrity, and establishes a good relationship of mutual trust and mutual dependence with employees through a welfare system that enriches and stabilizes the lives of employees and a good education and training system. Although the company has not set up an industrial trade union, the labor-management relationship has been harmonious over the years, and the employees can also give full play to the team spirit and centripetal force of the company, cooperate with the company's decision-making, and the labor-management cooperation is full of harmonious atmosphere. The company established an employee welfare committee, which was promoted by the company's management department and the employee welfare committee.


Employee Benefits




Group insurance, transportation allowance




Employee marriage and maternity gifts




Rental dormitories, Accommodation staff life care




Employee education and training subsidy




Health examination subsidy and medical consultation, employee funeral condolence




Gala raffle Birthday gifts and cash



Subsidize the cultural and recreational activities of employee associations



Gifts and vouchers (Labor Day, Dragon Boat Festival and Mid-Autumn Festival)



Employee Stock Ownership Trusts

Remuneration of Supervisors at All Levels During The Reporting Period

Job Grade/Year	2021		2022		2023	
	Man	Woman	Man	Woman	Man	Woman
Senior executives	1	N/A	1	N/A	1	N/A
Mid-level supervisors	1	1.08	1	1.12	1	1.2
Grassroots personnel	1	0.9	1	0.91	1	0.96

Note: Let's say male supervisors are paid 1 and other gender supervisors are paid at a ratio.

Total Annual Compensation Ratio

Project/Year	2021	2022	2023
Number of full-time employees	599	561	522
The average annual salary of a full-time employee	544,264	591,434	530,224
Median annual salary	476,386	519,559	450,333

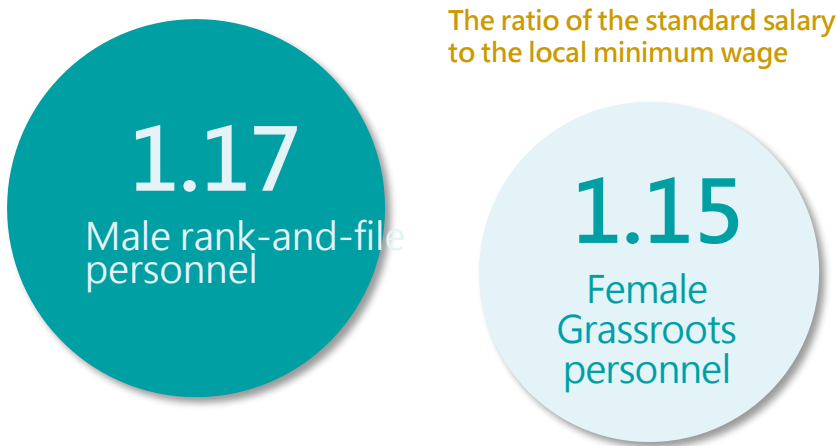
Note: The number of full-time employees refers to the number of all employees of an enterprise after deducting those who hold supervisory positions, some working hours, employees of overseas branches and those who meet the exclusion and exemption statistics (including Taiwanese and foreign employees).

Ratio calculations	Percentage
The ratio of the highest salary to the median salary of the employee	4.32 : 1

Gender Basic Salary Increase Ratio

Employee Classificatio	Male		Female	
	2022	2023	2022	2023
Senior executives	1.00	1.00	N/A	N/A
Mid-level supervisors	0.89	0.84	1.00	1.00
Grassroots personnel	1.09	1.04	1.00	1.00

The Ratio of The Company to The Local Minimum Wage



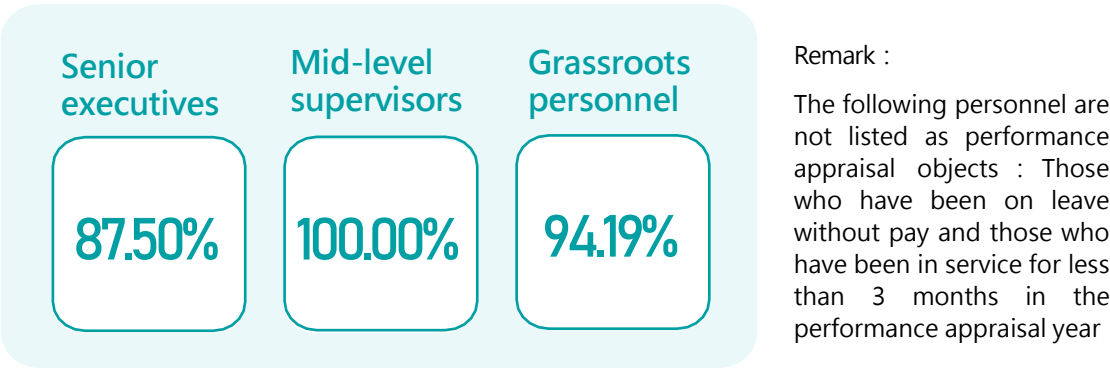
Childcare and Suspension Work

Home is the motivation for employees to work hard. CHING FENG fully abides by the provisions of relevant government laws and regulations, and encourages and supports employees to leave their jobs without pay when necessary. Provide a flexible childcare and leave environment, and friendly leave without pay so that employees can take care of their families. For those who have been employed for six months, the child shall be given a childcare period until the child reaches the age of three. For those who raise two or more children at the same time, the period of childcare leave without pay shall be calculated together, and the maximum period of childcare shall be two years of upbringing. Colleagues can also be reinstated when the period of childcare leave without pay expires. In 2023, both men and women will have a return rate and retention rate for childcare **100%**. As of December 31, 2023, the number of applicants for childcare leave without pay is 1.

Parenting Incentives

Fertility assistance funds, the cumulative number of people issued **7 Person**.

Employee Performance and Functional Appraisal Ratios



Parenting Statistics

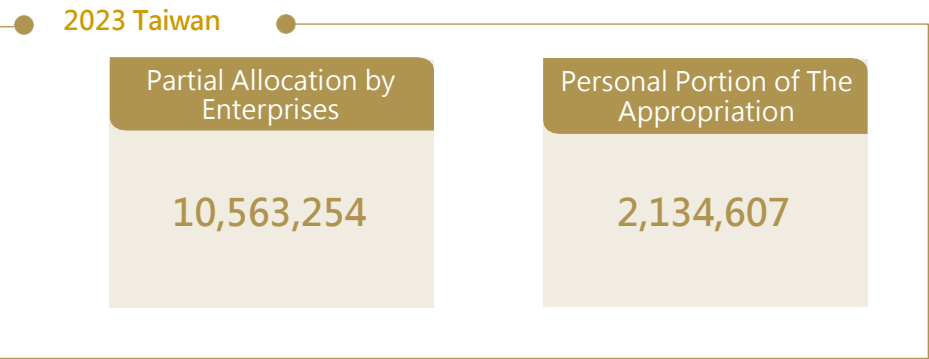
Item	Man	Woman	Total
The number of people who meet the requirements for childcare leave without pay	4	7	11
Actual Number of Childcare Leave Without Pay	2	4	6
Number of people who should be reinstated in the current year	2	3	5
The number of people who were reinstated in the current year	2	3	5
Childcare leave without pay in the previous year Number of reinstatements	0	2	2
Number of persons who continued to work for one year after being placed on childcare leave without pay and reinstated in the previous year	0	2	2
Reinstatement rate	100%	100%	100%
Retention	0%	100%	100%

- Remark :
1. Employees who are eligible to apply for childcare leave without pay refer to employees whose children are under 3 years old.
 2. Employee retention rate refers to the rate of employees who stay in office for more than one year after resuming work

Employee Pension Management and Retirement System

Unit: NT\$/Person

For employees who choose to apply the part of the labor pension system stipulated in the Labor Pension Ordinance, the company shall pay the labor pension at a monthly rate of not less than 6% of the salary to the personal account of the employee of the Labor Insurance Bureau, and the payment of the employee pension shall be based on the employee's personal pension account and the amount of accumulated income in the form of monthly pension or one-time pension.



Retirement Planning Items	2021		2022		2023	
	The Average Monthly Amount	Monthly Average Number of People	The Average Monthly Amount	Monthly Average Number of People	The Average Monthly Amount	Monthly Average Number of People
Labor retirement (Employer's Allocation)	921,010	466	860,743	420	880,271	408
Employee Stock Ownership Trusts	N/A	N/A	N/A	N/A	265,350	163

Human Rights

CHING FENG respects human rights and complies with relevant laws and regulations and international human rights conventions. Formulate relevant management policies and procedures, in addition to formulating 'work rules' in accordance with laws and regulations and reporting to the competent authorities, and hold education and training courses on labor laws and regulations for employees from time to time. In order to respect the internationally recognized basic principles of labor human rights, the appointment, salary and benefits of the company's employees comply with the requirements of labor laws and regulations. Relevant human resources rules and regulations such as employment contracts, work rules, and talent recruitment uphold the principles of openness and equality, regardless of race, gender, age, religion and nationality, so as to protect the legitimate rights and interests of employees. It is the company's policy to respect freedom of work and prohibit any form of forced labor and human trafficking, including freedom to hire, freedom to quit work and freedom to work overtime; Any restriction on labor freedom, such as the seizure of identity documents, the withholding of workers' wages, the use of monitors or listeners, forced body searches, and forced overtime, is prohibited. The management department is responsible for formulating and implementing the company's policies, and regularly surveys and evaluates the effectiveness of the implementation of the policies. In 2023, there were no incidents of forced labor or human rights violations in all factories, and a total of 100% of new employees were provided with education and training on the protection of labor rights throughout the year.



Human Rights Policy

Comply with relevant labor laws and regulations and respect the basic principles of labor rights that are internationally recognized, Protect the legitimate rights and interests of employees and non-discriminatory treatment in employment policies, and establish appropriate management methods and procedures, the implementation is as follows:

- Provide employees with reasonable remuneration and bonus onus system.
- Handle employee education and training.
- Implement an insurance plan and leave system.
- Pension shall be allocated in accordance with the law.
- There is no gender discrimination in the employment of employees, gender equality is respected, and the employment of people with disabilities is carried out in accordance with the law, and internal regulations for employee complaints and sexual harassment complaints and investigations have also been formulated.

In order to protect and promote human rights, the Company respects and supports various international human rights conventions, such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization Convention. We will abide by local labor laws and regulations, eliminate any human rights violations, and implement human rights protection.

The Company's Human Rights Policy applies to all employees of the Group, treats all employees with dignity, and continuously improves and improves the management of human rights-related issues. The Company implements a human rights policy in accordance with the following executive principles.

Human Rights Concerns	Method	Object
Provide a safe and healthy working environment	<div>1. Zero work-related injuries are the management goal.</div> <div>2. Formulate labor safety and health management rules and regulations, review and revise them every year, and strictly implement their relevant requirements.</div> <div>3. Provide special physical examination for employees in special positions every year; Every three years, all employees are provided with health examinations, and the occupational nurses analyze the results of the physical examination and work-related data of the employees, and conduct individual health education for the employees of the whole factory according to the data. In addition, colleagues of specific ethnic groups are tracked and managed at different levels to prevent potential health risks.</div> <div>4. Conduct annual risk assessments inside and outside the site, and continuously promote improvement projects.</div>	All employees
We will not discriminate against it and ensure equal employment opportunities	<div>1. In accordance with the requirements of relevant labor laws, international norms and the company's code of conduct, the company has established internal rules to achieve a non-discriminatory and friendly working environment.</div> <div>2. Promote and implement the company's anti-discrimination policy, which is based on the principle of not discriminating against any act or speech based on race, social class, religion, disability, gender, sexual orientation, age, marital status, pregnancy, trade union membership or political affiliation.</div> <div>3. Implement the company's litigation system, encourage employees to have the courage to sue, and reject workplace bullying and discrimination.</div>	All employees and job applicants
Child labor is prohibited	<div>In accordance with the requirements of relevant labor laws and regulations, international norms and the company's code of conduct, the company rules and regulations prohibiting child labor are formulated and implemented.</div>	Job seekers who have not reached the legal working age
Forced labor is prohibited	<div>1. In accordance with the requirements of relevant labor laws and regulations and the company's code of conduct, the company's internal rules are formulated to strictly prohibit forced labor.</div> <div>2. Establish diversified litigation channels so that employees will not be threatened and coerced.</div>	All employees
Assist employees in maintaining physical and mental health and work-life balance	<div>1. Organized relevant courses with China Life Protection Association to guide employees on how to relieve stress in a timely manner, express emotional management, and make work and life healthier.</div> <div>2. Through the organization of staff trips, we can connect the emotions between colleagues, deepen the relationship with each other, and get a moderate rest to achieve the goal of work-life balance.</div>	All employees

Human Rights-Related Education and Training

Education and Training	Core Competencies	Total Training Hours
Social Responsibility Training	IWAY Standard Regulations BSCI Code of Conduct	2,633 Hours

Agreements and Contracts Related to Human Rights

On the day of employment of each new employee, the company will sign an employment contract between the two parties. 100% compliance with regulations, the practice of implementing human rights agreements, for example, responsible recruitment, legal introduction of foreign migrant workers: sign a tripartite recruitment contract with a legal domestic/foreign intermediary company to recruit personnel. Overseas legal certification by the government of the exporting country. Sign a legal and compliant employment contract with the migrant workers. Basic instructions for new employees in their native language. Formulate and implement a plan for the prevention of unlawful infringement in the performance of duties.

Human Rights Risks

In order to implement the policy of zero tolerance for workplace violence and ensure the physical and mental health of workers, the company has established a workplace culture of safety, dignity, non-discrimination, mutual respect and tolerance, and equal opportunities. Prevent employees from being abused or threatened or assaulted in a work-related environment, and prevent incidents that are or may cause harm to their safety or health.

1. When the following 4 types of workplace violence are likely or have occurred in the workplace assessment, the implementation of this plan will be initiated.

- Physical violence (e.g. beatings, scratches, punches, kicks, etc.)
- Psychological violence (e.g. threats, bullying, harassment, verbal abuse, etc.)
- Verbal violence (e.g., bullying, intimidation, interference, discrimination, etc.)
- Sexual harassment (sexual innuendo, sexual assault, etc.)

2. The implementation process of the plan for the prevention of unlawful infringement in the performance of duties

- Hazard identification and assessment
- Configure the workplace appropriately
- Work suitability arrangement
- Establishment of Code of Conduct - The Company establishes a Code of Conduct at its organizational and individual levels
- Hazard prevention and communication skills education and training
- Event Handlers
- Effectiveness evaluation and improvement

Human Rights Review and Assessment

The total number of employees and the number of people who signed written contracts are respectively cumulative **536 person**◦
The ratio is **100%** ◦

CHING FENG respects the employment conditions of each employee and provides basic labor and social protection in accordance with the law. We will never use prisoner, forced, or forced labor. We commit to and maintain sufficient hiring and employment records to demonstrate compliance.

If we find that a supplier with whom we have a business relationship is using forced labor, we will immediately terminate the business relationship with the relevant business party and will not tolerate any form of forced labor.

CHING FENG has formulated a clear overtime management system, set up a periodic light table, and reminded employees of the cumulative overtime hours with different color lights, and attached importance to the balance between work and rest of employees. At the same time, we encourage employees to combine work and rest, and can propose an annual special leave plan in advance, "take more vacations, travel more with their families", and implement hard work to maintain physical and mental health.

CHING FENG assists employees in obtaining and renewing legal work permits or visas, and never requires personal documents to be delivered to the company, respecting the privacy rights of employees. Every employee has the right to leave the workplace and has obtained a Class A certification verified by a legitimate third party to prove our legitimacy and legitimacy.

In addition to complying with the legal building fire safety reporting standards, the management of migrant worker dormitories ensures the living area and the number of rooms to ensure comfort and safety. The company insists on not combining the employment of employees with any form of debt repayment, and pays salaries on time to protect the rights and legitimacy of employees.

Human rights practices and practices, in addition to ensuring the company's legal compliance in labor relations and migrant worker management, it also shows concern and respect for the rights and interests of employees. It not only enhances the company's image and reputation, but also fully implements and protects the interests of employees.

Freedom of Association

Freedom of Association

- The company respects the right of all employees to freely form trade unions or labor unions and join other legal organizations.
- The Company shall assist all employees in obtaining the right to independence, freedom of association and negotiation through similar channels.
- The company ensures that there is no discrimination of any kind on the basis of workers' membership in the collective management council.
- The company guarantees that employee representatives are not discriminated against and have access to the employees they represent at the workplace.
- The company will provide smooth communication channels for employees' demands, conduct exchanges and negotiations, and will not obstruct them, nor will it implement a policy of retaliation and discrimination.

Freedom of Religion or Belief

- The company adopts a free and open attitude and respects the freedom of belief of each employee
- The company strictly protects the privacy of employees' religious beliefs in accordance with the Privacy & Confidentiality Management Rules and Regulations
- If a significant number of workers who profess a particular religion request in writing for a special place to perform their religious obligations, the company shall make flexible arrangements to provide space and time without affecting the company's production and business
- Survey of the religious beliefs of the company's employees in order to make a pre-assessment and arrangement of the needs of employees for religious activities
- Employees are encouraged to submit requests for places of worship through suggestion boxes, hotlines, hotline mailboxes, etc.
- If an employee is discriminated against or treated unfairly because of his or her religious beliefs, he or she may file a complaint or complaint through the Rules and Regulations for the Management of Opinions, and the General Management Department must handle it in accordance with the management measures.
- Practical case: Taiwan's annual religious event Maze Circumambulation has reached a record high every year, which is a major event every year. The company encourages and considerate employees to follow Maze and adopt an open attitude, and welcomes colleagues to participate freely without any coercive behavior.

Anti-Discrimination | Anti-Harassment

The Company is committed to maintaining a diverse and safe workplace environment, adopting a "zero tolerance" principle for any form of discrimination and harassment, and establishing an "Anti-Discrimination and Anti-Harassment Policy". Ensuring fairness, respect and safety for all employees. This Policy not only applies to the Company's direct business activities, products and services, but also extends to stakeholders in the value chain, including employees, customers, suppliers and partners.

There is Zero Tolerance for Discrimination

The company attaches great importance to the value of diversity and inclusion in the workplace, and strictly adheres to the principles of fair treatment and equal employment opportunities. It is prohibited to discriminate on the basis of factors such as location, race, ethnicity or upbringing, social class, ancestry, religion, physical disability, gender, sexual orientation, gender identity and expression, pregnancy, marital status, trade union membership, political affiliation, physical appearance, age or trade union affiliation. Discriminating against or affecting the rights of employees in hiring, paying, training, promotion, dismissal, resource allocation, etc.

Harassment is Prohibited

The Company is committed to providing a harassment-free workplace environment and has a zero-tolerance policy for any form of workplace harassment., This includes sexual harassment and other physical, violent, psychological, verbal, stalking, and abusive behavior.

Management Mechanism

The Company continues to promote internal education and training on anti-discrimination and anti-harassment. Ensure that employees understand the concepts, preventive measures, and ways to deal with discrimination and harassment, it includes an explanation of the reporting and prosecution mechanism, as well as the procedures and methods of handling the case.

Investigation and Corrective Action

Reports or complaints of discrimination, harassment, or other violations of this policy in the workplace will be thoroughly reviewed and investigated by the Company or a third party entrusted with the investigation in accordance with relevant internal procedures. If the investigation reveals a violation of this policy, the Company will take steps to correct the violation and ensure that disciplinary or action is effectively and appropriately enforced. If necessary, the Company will, within the scope of laws and regulations and internal rules, impose adverse sanctions such as warnings and punishments on the perpetrator according to the circumstances of the violation, and may dismiss the perpetrator if the circumstances are serious, so as to eliminate the discrimination, harassment or violation.

Protection of The Whistleblower or Complainant

For discrimination or harassment in the workplace, the whistleblower or complainant may report on a signed or anonymous basis. Unless otherwise required by law, the Company and the third party entrusted with the investigation and reporting will keep confidential the report or complainant and the content of the report. and take appropriate protective measures in accordance with the law to protect the personal information and privacy of the whistleblower or complainant from unfair retaliation or treatment.

Channels for Reporting and Appealing

Complaint hotline: 04-7801967 ext. 1501, 1701

Complaint E-mail: help@chingfeng.com

Execution

1. Measures for the Implementation of the Protection of Maternal Health of Female Workers
2. Anti-discrimination and anti-harassment policies have been established
3. Criteria for determining that women and employees under the age of 18 are prohibited from engaging in dangerous or harmful work after pregnancy and childbirth

2023 Taiwan Plant

No incidents of appeal occurred from 2021 to 2023 for **three consecutive years** (Including: sexual harassment incidents, workplace violence, and other types of appeal)

Talent Training and Development

Talent Training Policy

In order to enhance the knowledge and skill development of employees, improve work efficiency and quality, the company combines the use of human resources and long-term development, so that employees and the company can grow together.

Types of Education and Training

- 1、Pre-employment Training : It is a training for new employees on the company's profile, management rules, company culture and products, so that new employees can adapt to the working environment as soon as possible.
- 2、On-the-job training : In response to the needs of the job, strengthen the professional knowledge of the job and introduce new knowledge from outside, and assist the training of employees' skill growth.
- 3、Other Training (Development Training) : According to the actual needs of each department's business, internal or external training is implemented to cultivate the management ability of personnel at all levels and increase professional knowledge.

Key Points for The Implementation of Education and Training

- 1、The supervisor of the unit will send personnel to participate in education and training according to the needs of employees and the company.
- 2、Each unit shall submit education and training application form for approval 2 weeks before internal training and external training, and sign the consent letter for education and training.
- 3、The company requires or needs education and training, and the company will give public leave during the training period, and the trainees outside the company will be regarded as a business trip.
- 4、The cost of education and training is paid by the company.
- 5、All employees of the company shall not excuse themselves if they need to be assigned by their supervisors to participate in internal training. Employees of the Company are required to actively participate in education and training, which are included in the annual performance appraisal of employees.

Employee Training Programs

Education and training are one of the basic benefits of the company's employees. The company encourages all employees to learn on the job, work while learning, improve personal quality through education and training, increase work skills, and enhance team performance, Promote the realization of the group's long-term, stable, development, scientific and technological and international business objectives. The company has formulated the "Employee Education and Training Measures", and the main training contents are as follows:

- (1) Technology Development Committee
Through the horizontal integration of the Technical Development Committee, employees are divided into different technical committees according to their work attributes and professional fields. The Technology Development Committee introduces the latest knowledge and technology in various professional fields, promotes technical exchanges, and plans a complete training structure for professional and technical personnel for employees.
- (2) Management can develop
According to the management needs of different management, the company tailors its own management ability development training for employees of different management, and the cultivation methods are diversified and lively.
- (3) Training course for cadres in the new century
Every year, the annual rookie recruitment is carried out to cultivate outstanding and potential young people who have completed service. Basic liberal education first, Then the actual operation of the manufacturing base and supplemented by professional technical explanations, in order to understand the overall development of the group and understand the manufacturing functions and systems, Let all rookies learn and grow quickly, with solid professional technology and international research capabilities.



2023 Implementation Situation Training Hours

Employee Classification	Male		Female		Total	
	Number of People	Average Number of Hours	Number of People	Average Number of Hours	Number of People	Average Number of Hours
Senior executives	8	20.56	N/A	N/A	8	20.56
Mid-level supervisors	22	33.64	12	28.67	34	31.88
Grassroots personnel	172	26.64	322	23.7	494	24.72
Total	202	27.16	334	23.88	536	25.11

Annual Education and Training Statistics Table

Item		Total Training Hours	Number of Employees	Average Number of Training Hours Per Employee
Gender	Male	5,487.20	202	27.16
	Female	7,974.30	334	23.88
Employee classification	Senior executives	164.50	8	20.56
	Mid-level supervisors	1,084.00	34	31.88
	Grassroots personnel	12,213.00	494	24.72
Total		13,461.50	536	25.11

Functional and Training Planning

Education and Training Category	Core Competencies Required	Total Training Hours	Total Training %
Professional Training	Required work knowledge and skills	5,552.50	41.25%
Occupational Safety Training	Occupational safety Worker safety Anti-terrorism security Agricultural safety	3,872.00	28.76%
Social Responsibility Training	IWAY Standard Regulations BSCI Code of Conduct	2,633.00	19.56%
Management Training	Unlawful Infringement Supervisor of Business Ethics	986.00	7.32%
Newcomer Training	Onboarding training Newcomer training	418.00	3.11%
TOTAL		13,461.5	100.00%

Functional Facets	Core Functions	Professional Functions	Management Functions
Highlights	Cultivating employees' values, information and personal data security; Labor safety, anti-terrorism awareness and lawlessness training	Strengthen employees to have the required work knowledge, skills and other related professional training	Cultivate the mindset management of supervisors of illegal infringement and business ethics
Applicable Personnel	All colleagues	All colleagues	Grassroots personnel Senior and mid-level supervisors
Push the situation	Ethics and integrity education and training, information security education and training, personal information security education and training, code of conduct, labor safety, anti-terrorism awareness and other education and training, so that employees are familiar with the company's management spirit and prudently respond to information security, anti-corruption, anti-bullying and other illegal qualities and actions	Quality management system Social responsibility system	Unlawful infringement, business ethics
2023 Execution effectiveness	Completion rate of moral creditworthiness education and training 100% Information security education and training completion rate 100% Completion rate of personal information safety education and training 100% Code of Conduct Education and Training Completion Rate 100% Completion rate of anti-corruption and planting education and training 100% Completion rate of labor safety education and training 100% Completion rate of counter-terrorism security education and training 100%	99% certification rate of professional certificates related to social responsibility 99% certification rate of professional certificates related to quality management	100% completion rate of illegal infringement education and training 100% completion rate of business ethics education and training

Create a Safe Workplace Environment

CHING FENG will formulate an occupational safety and health policy with labor representatives, which will be approved by the chairman of the board of directors to ensure the safety and health of all employees and contractors and prevent occupational disasters. We aim for a net zero number of major occupational accidents. In the process of pursuing sustainable development, we are deeply aware of corporate social responsibility, and in addition to striving for technological improvement and breakthroughs, we also actively promote employee health, safety and health activities in a prudent manner. Adhering to the company's environmental safety policy, in order to effectively implement the company's health and safety management activities, and achieve and improve the expected results and performance of environmental health and safety management, each business site has established a health and safety management system in accordance with the requirements of the ISO 45001 standard. Adopt the "PDCA" method to comprehensively consider the internal and external environment that the company is currently facing, Responsibility for compliance, organizational units, physical boundaries, the company's activities, products and services, and the company's authority and ability to exercise control and influence to establish the boundaries and applicability of the system, ensuring the effectiveness of the system through monitoring and continuous improvement on an annual basis.

Occupational Safety and Health Policy and Objectives



- Establish a sound standard operating procedure and strictly require employees to comply with it.
- Employees are required to wear protective equipment such as goggles, safety shoes, protective clothing, etc.
- Set up complete emergency rescue equipment, and review and update it regularly.
- Regularly carry out internal and external education and training related to industrial safety and environmental safety inspections, such deficiencies will affect the payment of performance bonuses.
- Employee health checks are carried out every year, and additional check-ups are added for special workers •
- In line with the belief and responsibility of taking care of every employee safely, the company has set up AED automatic external shock device in the factory area to improve the life safety of employees.

Occupational Safety and Health Committee

CHING FENG has an occupational safety committee and meets quarterly, the topics of discussion are 12 safety and health-related matters that should be considered, coordinated and recommended by the Occupational Safety and Health Committee according to law, Carry out the promotion of internal and external industrial safety and environmental protection accidents and the implementation of the company's policies.

Implementation Measures in 2023

Arrange occupational physicians and nurses to conduct on-site doctor consultation services every month, and the participating employees will account for 20.52% of the total number of employees in 2023. It includes the physical report of new employees, health examination reports of employees, special physical examination reports, human factors questionnaires, abnormal psychological causes questionnaires and injured employees, and gives suggestions and tracking for the results of consultation, tracks and cares for employees, and understands the health status of employees.

In 2023, the company will hold 2 health seminars, with an attendance rate of about 95%, accounting for about 15.85% of the company's total number.



Workplace hazard identification and risk assessment

Regularly carry out work environment hazard identification, safety and health management plan, work site, operation observation and construction operation safety, and all risk identification as a result of hierarchical management and follow-up control to control, prevent or reduce hazards and risks every year.

Emergency response management and processes

A disaster prevention and response team has been set up at the Taiwan plant, and in the event of an emergency, each plant can immediately assist in emergency response through group connection. And strengthen the management of emergency response and personnel education and training in the plant (department), and hold an emergency response drill (including fire training) every six months, the participants are all employees, and immediately after the drill, the post-meeting review and adjustment will be conducted.

Environmental, safety and health related training (including contractors)

The company fully complies with the requirements of environmental safety and health, and when employees are recruited, they complete the due vocational education and training on the same day, and the compliance rate is 100%. The company formulates relevant occupational safety education and training courses for training every year, with a plan achievement rate of 100% and 95% of its class attendance.

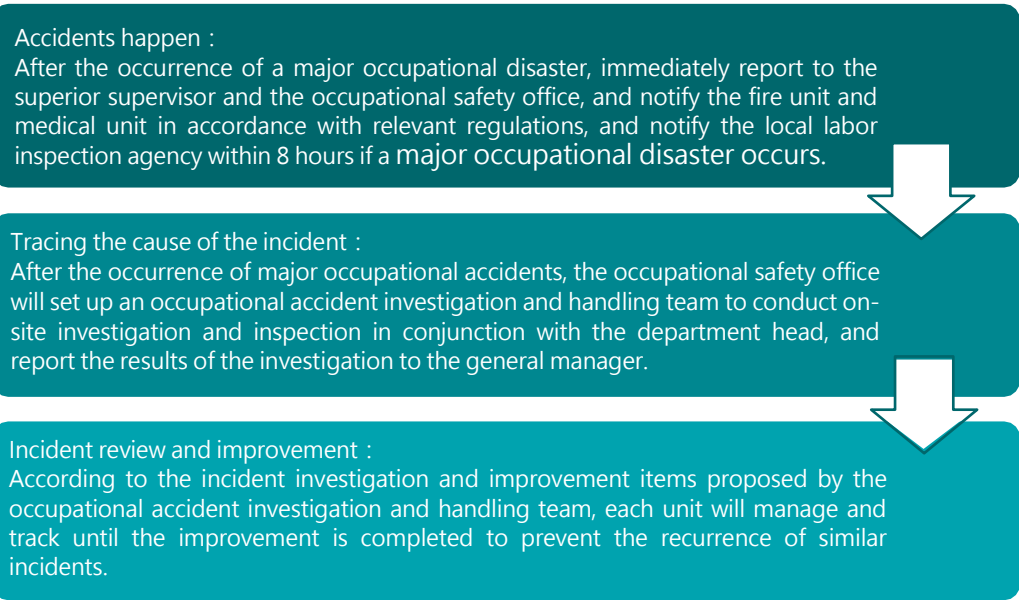


Investigation of Industrial Safety Accidents

The company has no major occupational accidents in 2023. The types of occupational injuries that have occurred over the years are mainly minor injuries (crush injuries), which are caused by insufficient safety awareness of personnel or violation of SOPs. Pay attention to hazard prevention, implement accident investigation and analysis and case publicity, avoid the recurrence of similar accidents, implement working environment and employee health management, reduce workplace risks, and ensure the safety and health of employees.

Investigation of Industrial Safety Accidents		2022	2023
Fatal accidents caused by occupational injuries	Quantity	0	0
	Percentage	0.00	0.00
Serious occupational injuries (excluding fatalities)	Quantity	0	0
	Percentage	0.00	0.00
Recordable occupational injury ratio	Quantity	1	1
	Percentage	0.87	0.94
The Main Types of Occupational Disasters			
Rolled		1	1

Occupational Safety-Related Risk Assessment Process/ Incident Investigation and Improvement Process:





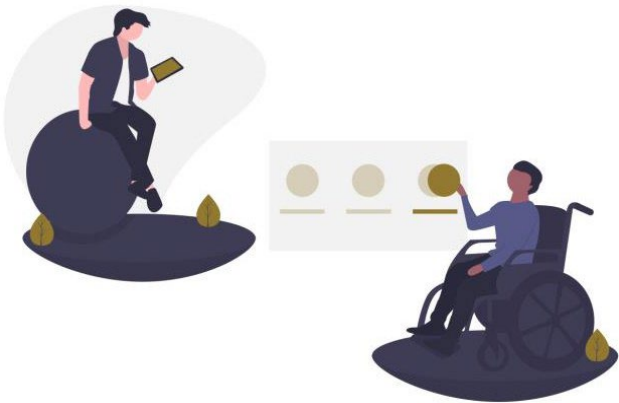
0 Sustainable Society & Care

Social Engagement

Social Contribution Outcomes

Social Engagement

The company firmly believes that "from the society, for the society", We give back to the community with practical actions, committed to promoting the prosperity and cultural heritage of the community, actively participating in community activities and public welfare undertakings, supporting local education programs, cultural activities and community development projects, aiming to create a good cycle environment of co-prosperity and sharing. Through continuous community engagement and collaboration, we look forward to working with the community to build a better, healthier and more harmonious living environment. We believe this will not only have a positive impact on the community today, but also create value and opportunities for future generations. This is an important part of our company's sustainable development, and it is also a sincere feedback to the society and its members.



Involvement of External Organizations

Name of The Association	Hold a Job Title	Sponsorship/Membership Fees	Reasons for Participation
Changhua County Industrial Association	Member	Yes	Industry exchanges
Changhua County Labor Relations Association	Member	Yes	Industry exchanges
Friends of the Changhua County Police	Member	Yes	Giving back to the community
Taiwan Plastics Industry Association	Member	Yes	Industry exchanges
N. GENERATION	Member	Yes	Industry exchanges
Accounting Research and Development Foundation	Member	Not	Professional Programs
Taiwan Corporate Governance Association, TCGA	Member	Not	Professional Programs
Labor Education Association of The R.O.C.	Member	Not	Professional Programs

Social Services | Social Welfare

1

Donated to Hua Shan Foundation to help improve the lives of the elderly living alone in neighboring villages.

2

Donated to Private Heung Yuen Memorial Correctional Home, a public welfare charity, to help people with disabilities live independently, study with peace of mind, and live with human dignity.

3

Donated to House of The Little Angels Home Kaohsiung to help children who have lost their attachments and whose families have suffered from family changes to establish a good living environment, provide love and security, and promote children's physical and mental health and personality development.

4

Donated to the Taiwan Fund for Children and Families to help children enjoy proper family care, physical and mental safety protection, a healthy growth environment, full education opportunities, and a happy learning life.

5

Donated to Xin Bao Care Association, a public welfare charity, to help the association continue to serve and care for children and adolescents from disadvantaged single-parent families, such as orphans, deviant behaviors, and intergenerational parenting.

6

Donated to Ever-loving Home Nursery School, a public welfare charity, to help disadvantaged children with trauma have a warm family.

7

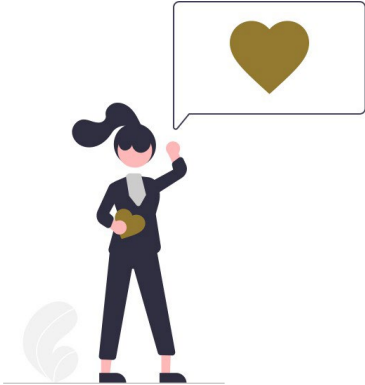
Donate to sponsor neighboring communities to hold community care activities and participate in various neighborhood activities to strengthen good neighborliness.

8

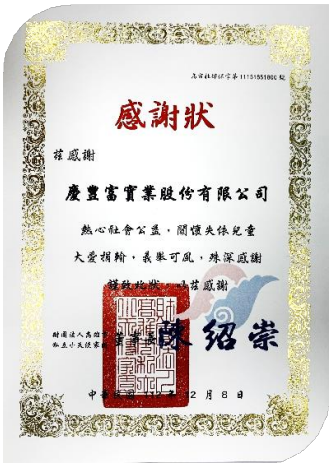
Donated to Friends of the Changhua County Police to coordinate crime prevention, promote police-community cooperation, expand security advocacy, and maintain law and order.

9

Donation to educational institutions Taichung Municipal Long-Jin Senior High School, Einstein Society for Education, ChienkuoTechnology University, CTU. and other classroom window covering to contribute to Taiwan's education and the cultivation of future talents.



Social Contribution Outcomes



House of The Little Angels Kaohsiung



Ever-loving Home Nursery School



Taiwan Province Private Heung Yuen Memorial Correctional Home



Taichung Municipal Long-Jin Senior High School



Einstein Society for Education



Hua Shan, Xin Bao Care Association white rice donation



06 Appendices

GRI STANDARDS

SASB INDEX

Appendices

CHING FENG from January 1, 2023 to December 31, 2023, reporting in accordance with the GRI Guidelines

GRI 1 : Foundation (2021)

GRI 2 : General disclosure (2021)

GRI 3 : Major topics (2021)

Guidelines Disclosure Project		Report chapters	Page number	Remark
GRI 2 : General disclosure				
Organizing and reporting practices				
2-1	Organizational details	About the report	4	
2-2	Entities included in organizational sustainability reporting	About the report	4	
2-3	During the reporting period 、 Frequency and Contacts	About the report	4	
2-4	Information recompilation			NA
Operational activities and staff				
2-5	External assurance / Certitude	About the report	4	
		Corporate Governance	28-30	
2-6	activities, value chains, and other business relationships	Product quality and safety	45	
2-7	Employee	Talent attraction and remain	63-65	
2-8	Workers who are not employees	Talent attraction and remain	65	
Govern				
2-9	Governance structure and composition	Corporate Governance	22 、 25-27	
2-10	Nomination and selection of the highest governance unit	Corporate Governance	22	

Guidelines Disclosure Project		Report chapters	Page number	Remark
2-11	Chairman of the highest governance unit	Corporate Governance	23 、 27	
		Chairman's words	5	
2-12	The role of the highest governance unit in overseeing shock management	Sustainable layout blueprint	11	
		Sustainable Development Committee Operations and Objectives	12-13	
		Corporate Governance	27	
		Sustainable layout blueprint	11	
2-13	Head of impact management	Sustainable Development Committee Operations and Objectives	13	
		Corporate Governance	27	
		Sustainable layout blueprint	11	
2-14	The role of the highest governance unit in perpetual reporting	Sustainable Development Committee Operations and Objectives	12-13	
		Corporate Governance	27	
2-15	Conflict of interest	Corporate Governance	25 、 27	For details, please refer to the Company's 2023 Annual Report –III. Governance Operations
		Operational performance	32	
2-16	Communication of key major events	Corporate Governance	25 、 27	
2-17	The wisdom and knowledge of the highest governance unit	Corporate Governance	24-25 、 27	
		Corporate Governance	27	
2-18	Performance evaluation of the highest governance unit	Corporate Governance	27	
2-19	Remuneration Policy	Talent attraction and remain	67 、 69	
2-20	Compensation Decision Process	Corporate Governance	25	
2-21	Total annual compensation ratio	Talent attraction and remain	68-69	

Guidelines Disclosure Project		Report chapters	Page number	Remark
Strategies, Policies and Practices				
		Chairman's words	5	
2-22	A statement on the sustainability strategy	Sustainable layout blueprint	11	
		Sustainable Development Committee Operations and Objectives	12	
2-23	Policy commitments	Human rights	70	
2-24	Incorporate policy commitments	Human rights	69-71	
		Operational performance	33	
2-25	Procedures for remedying negative shocks	Risk management	35	
		Human rights	73	
2-26	A mechanism for seeking advice and raising concerns	Product quality and safety	42	
2-27	Compliance with laws and regulations	Operational performance	33	
2-28	Membership in public associations	Social participation	79	
2-29	Stakeholders Negotiation strategy	Stakeholder communication	14-16	
2-30	Group Agreements			Not applicable
GRI 3: Major topics 2021				
3-1	The process for deciding on material topics	Management of major issues	17	
3-2	List of major topics	Management of major issues	18-19	
3-3	Major topics manage	The goal of sustainable development echoes SDGs	20	

Guidelines Disclosure Project		Report chapters	Page number	Remark
GRI 201: Economic benefits (2016)				
201-1	The direct economic value generated and distributed by the organization	Operational performance	31	For details, please refer to the Company's 2023 Annual Report -5. Labor-management relations
		Talent attraction and remain	67 、 69	
201-2	Financial impacts and other risks arising from climate change	Climate change risk opportunities	54-58	
201-3	Determine benefit obligations and other retirement plans	Talent attraction and remain	69	
201-4	Taken from the government's financial assistance	Operational performance	34	
GRI 202: Market position (2016)				
202-1	The ratio of the standard salary to the local minimum wage for grass-roots staff of different genders	Talent attraction and remain	67-68	
202-2	Proportion of local residents employed as senior management	Talent attraction and remain	63	
GRI 203: Indirect economic shocks (2016)				
203-1	Infrastructure investment and the development and impact of support services	Social participation	80	
		Social Welfare Achievements	81	
GRI 204: Procurement Practices (2016)				
204-1	Proportion of procurement spend from local suppliers	Supply chain sustainability management	51-52	

Guidelines Disclosure Project		Report chapters	Page number	Remark
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205-1	Operations that have conducted corruption risk assessments	Operational performance	33	
205-2	Communication and training on anti-corruption policies and procedures	Information security	39	
205-3	Identified incidents of corruption and actions taken	Operational performance	33	
GRI 206: Anti-competitive conduct (2016)				
206-1	Anti-competitive conduct 、 Antitrust and The law of monopolistic behavior			It didn't happen for the year.
GRI 207: Tax (2019)				
207-1	Tax policy	Operational performance	34	
207-2	Tax management, control and risk management	Operational performance	34	
GRI 301: Material (2016)				
301-1	The weight or volume of the material used	Product quality and safety	51	
GRI 302: Energy (2016)				
302-1	Energy consumption within the organization	Energy management	59	
302-3	Energy intensity	Energy management	59	
302-4	Reduce energy consumption	Energy management	59	

Guidelines Disclosure Project		Report chapters	Page number	Remark
GRI 303: Water vs. Drain Water (2018)				
303-1	Mutual impact of shared water resources	Water management	60	
303-2	Management of drainage-related shocks	Water management	60	
303-3	Water withdrawal	Water management	60	
GRI 305: Emission (2016)				
305-5	Reduction of greenhouse gas emissions	Greenhouse gas management	58	
GRI 306: Waste (2020)				
306-3	Waste generation	Waste Reduction and Management	60	
306-4	Disposal and transfer of waste	Waste Reduction and Management	60	
306-5	Direct disposal of waste	Waste Reduction and Management	60	
GRI 308: Supplier environmental assessment (2016)				
308-1	Screen new suppliers using environmental criteria	Supply chain sustainability management	49-50	
308-2	Negative environmental impacts in the supply chain and actions taken	Supply chain sustainability management	50 、 52	
GRI 401: Employment-employment relations (2016)				
401-1	New and departing employees	Talent attraction and remain	65	
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees).	Talent attraction and remain	66-68	
401-3	Parental leave	Talent attraction and remain	68	

Guidelines Disclosure Project		Report chapters	Page number	Remark
GRI 403: Occupational health and safety (2018)				
403-1	Occupational health and safety management system	Create a safe workplace environment	76	
403-2	Hazard identification, risk assessment and accident investigation	Create a safe workplace environment	77	
403-4	Worker participation, consultation and communication related to occupational safety and health	Create a safe workplace environment	76	
403-5	Worker training on occupational safety and health	Talent cultivation and development	75	
403-7	Prevent and mitigate the impact of occupational health and safety directly related to business relationships	Talent attraction and remain	65	
403-9	Occupational injuries	Create a safe workplace environment	77	
GRI 404: Training & Education (2016)				
404-1	The average number of training hours per employee per year	Talent cultivation and development	74	
404-2	Enhance staff functions and transition assistance programs	Talent cultivation and development	75	
404-3	Percentage of employees who receive regular performance and career development reviews	Talent attraction and remain	68	
GRI 405: Employee diversity and equal opportunity (2016)				
405-1	Governance of the diversity of the unit and employees	Corporate Governance	22	
		Talent attraction and remain	64	
405-2	The ratio of women's basic salary to men's basic salary	Talent attraction and remain	67	
GRI 406: Non-discrimination (2016)				
406-1	Incidents of discrimination and actions taken by the organization to improve	Human rights	72	

Guidelines Disclosure Project		Report chapters	Page number	Remark
GRI 407: Freedom of association and consultation with associations (2016)				
407-1	Locations or suppliers that may be at risk of freedom of association and group bargaining	Human rights	69-70	
GRI 409: Forced or compulsory labor (2016)				
409-1	Locations and suppliers with a significant risk of forced or compulsory labor incidents	Supply chain sustainability management	48	
GRI 414: Supplier Social Assessment (2016)				
414-1	Use social criteria to screen new suppliers	Supply chain sustainability management	49-52	
GRI 417: Marketing & Labeling (2016)				
417-1	Requirements for product and service information and labeling	Product quality and safety	41-42	
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418-1	Complaints of substantiated invasion of customer privacy or loss of customer information	Product quality and safety	43	

I. SASB Perpetual Accounting Standards Comparison Table

Main aspects	Topic	Encode	Display Items (Measurement Pointers)	Report Chapters or Notes	Page Number
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			(2) Proportion of electricity supplied to the grid		
			(3) Proportion of renewable energy		
	Management of chemical substances contained in products	CG-BF-250a.1	Process discussion for assessing and managing risks and/or hazards associated with chemical substances in products	Product quality and safety	41-42
		CG-BF-250a.2	Percentage of qualified products that meet volatile organic compound (VOC) emission and content standards	Product quality and safety	41-42
Business Models & Innovation	The environmental impact of the product life cycle	CG-BF-410a.1	Describe efforts to manage product lifecycle impacts and meet demand for sustainable products	Product lifecycle management	47
		CG-BF-410a.2	(1) Weight of scrapped material recycled (2) Percentage of recycled material reused	Product lifecycle management	47

Activity Metrics	Code	Unit	Quantitative Data
Annual output 2	CG-BF-000.A	Please refer to the notes	3,000,000 Pieces
Area of production facilities 3	CG-BF-000.B	Square meter (m²)	33,700 Square meters (m²)

1 CG-BF-000.A Note – Production should be disclosed in units typical of entity tracking, such as unit quantity, weight, and/or square footage.

2 CG-BF-000.B Note – The scope should be limited to the total area under the roof, including manufacturing and management functions.

