

SWANCOR HOLDING CO., LTD.

2023 Sustainability Report

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➤ Scope and Boundaries

The data in this report primarily covers activities undertaken by Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation (hereinafter collectively referred to as “Swancor”) and S-Wanlai Co., Ltd.. Some data that covers the activities undertaken by Swancor Advanced Materials Co., Ltd., Swancor (Tianjin) Wind Blade Materials Co., Ltd., Swancor (Jiangsu) New Materials Co., Ltd., Sunwell (Jiangsu) Carbon Fiber Composite Co., Ltd., Swancor Ind (M) SDN. BHD., and Swancor Foundation is also included in this report along with notes on the reporting scope. This report presents the results of Swancor’s management and performance in the financial, environmental, and social aspects as well as Swancor’s responses to the issues of concern to stakeholders. Going forward, Swancor will continue to lead the way for other affiliated businesses in the Swancor Group to follow suit and report on their sustainability impacts so as to achieve sustainable development at a more comprehensive level.

➤ Data Source

The financial information and calculations in this report are cited from the annual report of Swancor and public information from government agencies and related websites. For any special calculation or source of information, a specific note is included where appropriate. This report covers data from January 1, 2023 to December 31, 2023.

➤ Standards

This report has been prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI). It includes core disclosures required by the GRI Standards and corresponds to the Sustainable Development Goals (SDGs) set up by the United Nations. In addition, this report has also been compiled based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies adopted by the Taiwan Stock Exchange (TWSE), the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and the Task Force on Climate-Related Financial Disclosures (TCFD) framework, as well as the Sustainability Accounting Standards Board (SASB) Standards.

➤ Review and Assurance

The compilation of this report is a collaborative effort among all departments and led by Swancor’s Corporate Sustainability Committee. To ensure that the reported information is accurate and meets the expectations of stakeholders, the content of this report has been reviewed and approved by the Committee members as well as the Chairman. This report complies with the materiality, inclusiveness, and responsiveness principles required by the GRI Standards. The accounting firm Deloitte & Touche has issued a limited assurance report for Swancor according to the Statement of Assurance Standards No. 3000, and a copy of the assurance statement is included as an appendix in this report.

Reporting Period

The data in this report is based on activities from January 1, 2023 to December 31, 2022. Some data from 2024 is also included. Swancor published the 1st edition of its Corporate Social Responsibility (CSR) Report in 2015, and the 9th edition was published in July 2023. This report is the 10th edition. The Company has also established a Sustainable Development section on its official website and will continue to publish a Sustainability Report every year.

Date of First Publication: August 2015

Date of Previous Publication: July 2023

Date of Latest Publication: August 2024

Archive of Previous Reports

www.swancor.com/tw/csr/reports

Swancor Sustainable Development

www.swancor.com/tw/csr/overview

Contact Information

In order to maintain communication with stakeholders, we sincerely invite you to contact Swancor and provide your valuable feedback

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 www.swancor.com/tw

Letter from the Chairman

GRI 2-13, 2-22

As global climate change becomes increasingly intense and deteriorating, the Company's team has actively invested in the development and commercial operation of recyclable low-carbon circular economy technologies. We aim to promote sustainable products and services, implement the concept of circular economy, expand the applicable industrial ecosystem, and make an effort for climate change and sustainable development.



We have continued to optimize our corporate governance mechanism and won the **top 5% honor in the corporate governance evaluation** for the first time. We also won the "**Happy Enterprise Gold Award**", demonstrating our outstanding achievements in areas other than the environmental aspect.



The newly completed "**Swancor Group Industrial Innovation Park**" will serve as the operational headquarters and forward-looking R&D center, and will become the root base to lead the world's materials revolution. In addition to fulfilling its own operations, the Park is also a place to **promote local culture and arts** and **interact with the community**, thereby boosting the local economy, connecting with the community, and fulfilling the commitment to sustainable development.

Looking forward to the future, we will keep up with the times, implement various mechanisms from the governance, environmental, and social aspects, and continue to develop steadily. We will work with our partners to pursue sustainable management, and jointly create a better future.

Chairman

蔣朝陽



Sustainable Development Roadmap GRI 2-13, 2-14, 2-22, 2-24

➤ Sustainable Development Committee

We have established the Sustainable Development Committee (ESG Committee), whose members are appointed by the Board of Directors (all directors in 2023). The ESG Committee is the highest-level sustainable development decision-making center within the Company, with main responsibilities being formulating ESG policies and overall goals, supervising the promotion and execution of the Company's sustainable development, and reporting to the Board of Directors on a regular basis.

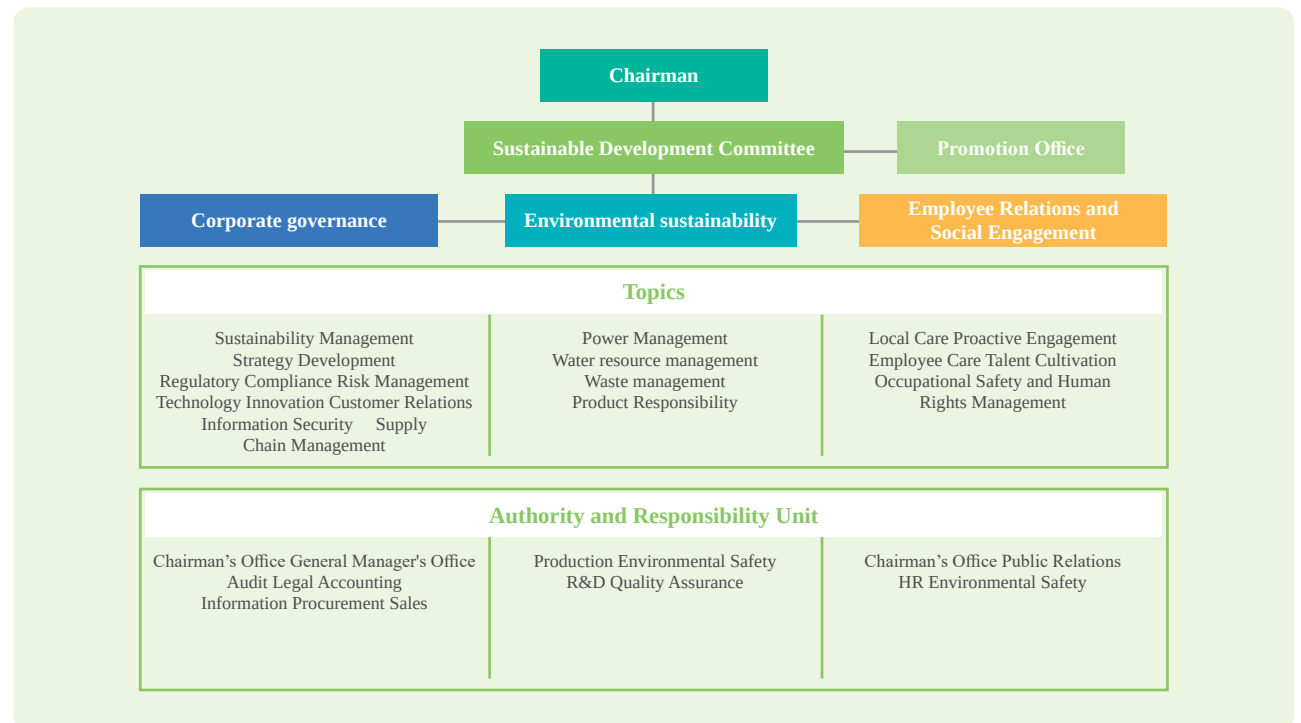
In 2022, a dedicated Promotion Office was established under the ESG Committee, with the members appointed by the Chairman. The Promotion Office follows the objectives established by the Board of Directors as well as integrating and utilizing the Company's internal resources, serving as a communication platform to facilitate cross-level and cross-departmental integration and collaboration. The members meet on an ad hoc basis every year to identify sustainability issues of concern to the operation of the Company and interested parties, formulate corresponding strategies and management policies, plan the KPIs of each department as well as implementing the annual plan and track the implementation results to ensure that the sustainable development strategy is fully implemented in the daily operation of the Company.

The Chairperson of the Sustainable Development Committee shall report to the Board of Directors the sustainable development achievements and future work plans on an annual basis. A total of one meeting was held in 2023, and the agenda included sustainable development roadmap, stakeholder analysis, implementation status, and the short-, mid- and long-term plans for sustainable development.

The Board of Directors receives the report of the management team (including ESG) at least 4 times a year, makes suggestions, and urges the implementation of sustainable operation according to the strategies formulated by the Company.

Organizational Structure and Responsibilities of the Sustainable Development Committee

Chairman	Convenor	Promotion Office	Members
The person who is in charge of the Committee and responsible for formulating and supervising ESG policies and goals.	The person who is in charge of the Promotion Office and responsible for arranging and facilitating meetings, reviewing the annual sustainability report and ESG planning, supervising progress, and reporting to the Chairman for approval.	Responsible for assisting in the operation of the ESG Committee as well as coordinating and reporting to the Convenor.	Responsible for submitting the performance results of the current year, making ESG-related proposals, and examining progress of improvement.



➤ ESG Goals and Targets



➤ ESG Sustainability Goals



➤ Corporate Sustainability Policy

We are committed to integrating corporate sustainability into our core business. The Board of Directors is the highest level of sustainable governance and promotes top down sustainable governance. Furthermore, the Board has formulated a Corporate Sustainability Policy applicable to Swancor and our subsidiaries, showing our commitment to sustainability and environmental, social, and corporate governance (ESG) development.



Promote corporate governance

- The Board of Directors supervises sustainability performance, including review and continuous improvement
- Set up full-time (part-time) units to promote corporate sustainability
- Establish an effective corporate governance structure and relevant ethical standards
- Unfair competition and all forms of bribery and corruption are prohibited to create an environment of fair and healthy competition
- Ensure the quality of our products and services by following the laws and regulations of the government and relevant standards of the industry
- Cooperate with suppliers and business partners to enhance corporate sustainability



Environmental sustainability

- Contribute to carbon reduction and green circular economy
- Comply with environment-related regulations
- Commitment to improving the utilization efficiency of various energy sources and resources
- Prevention of water, air, and soil pollution through appropriate pollution prevention measures
- Focus on waste treatment, resource recycling, and environmental greening measures
- Attention to the risks and opportunities that climate change may bring to operations as well as the implementation of GHG inventory.



Upholding the Public Good

- Abide by labor laws and regulations to protect the rights and benefits of employees. Care for vulnerable groups and prohibit the use of child labor and discriminatory treatment based on gender, race, socioeconomic status, age, or marital and family status
- Provide employees with a healthy and safe work environment
- Create a sound environment for employees' career development
- Establish a platform to facilitate regular two-way communication between management and employees for employees to obtain relevant information and express their opinions on the Company's operations, management, and decisions
- Participate in activities organized by civic organizations, philanthropic entities, and local government agencies for the purpose of facilitating community development through commercial activities, donations, volunteering, and other services



Enhancing Corporate Sustainability Disclosing Information

- Improve transparency through disclosure of relevant and reliable corporate sustainability information in accordance with laws and regulations
- Prepare the Sustainability Report to disclose the implementation and performance of corporate sustainability
- Voluntarily disclose our contribution to carbon reduction and circular economy

Chairman

蔡朝陽

May 2022

Sustainable Development Goals (SDGs) Performance and Outlook

Corporate sustainability is an important topic around the world today. In response to the goal of global net zero carbon emissions by 2050, we have been actively incorporating carbon footprint into future management projects to help achieve the carbon neutrality goal.

With the 17 Sustainable Development Goals (SDGs) set up by the United Nations, corporate sustainable development is no longer just about the social responsibility and social participation of a business but also focuses on the commitment and practice of sustainable business operations in the future.

Sustainable Orientation	Environmental	Social	Governance
SDGs Cor-responding Items	  	  	
Performance Highlights in Recent Years (with an emphasis on 2023)	- Developed the recyclable thermosetting material EzCiclo and won numerous awards domestically and abroad. - Developed rail transit composite materials to meet the needs of weight reduction and energy saving. - Invested in CCUS (carbon capture, reuse, and storage), developed the chemical formula for carbon capture absorbent, and collaborated with Tsinghua University to design carbon capture equipment. - Developed microwave heating technology to recycle fiber, which is more efficient and more environmentally friendly than incinerators. - The group obtained ISO 14064-1 certification. - Swancor EzCiclo obtained the ISO 14021: 2016 Sustainable Recycling Material Certification.	- Collaborated with National Chung Hsing University in the 5-year talent training program to jointly cultivate talent for the circular economy industry. - Allocated funds for public welfare activities every year since 2007. - Focused on talent development and sponsorship for primary and secondary schools in remote areas of China since 2014. - Held the "Swancor Cup" for the 8th consecutive year in 2015, providing a platform for composite materials students to showcase their talents. - Organized 18 consecutive mountain cleanup hike events since 2014. - Joined forces with the Nantou County Environmental Protection Bureau and local organizations to promote the "Good Air for Blessed Fields" zero-burning rice straw campaign in conjunction with the farmers' associations and farmers. A total of 66 hectares of rice fields were used to reduce 594 metric tons of carbon dioxide, which is equivalent to the annual carbon absorption of 1.5 Da'an Forest Parks. - Through collaboration with local organizations in providing telemedicine services, Swancor provided care and companionship to 15 elderly people from the Qalang mb'ala Tribe in Renai Township, Nantou. - Implemented volunteer leave to encourage employees to participate in volunteer services, and a total of 89 colleagues and their family members participated.	- Ranked in the top 5% during the 10th Corporate Governance Evaluation in 2023, winning the top 5% ranking in the "market value for NT\$5 billion to NT\$10 billion category." - Aligned with international standards by publishing company-related information such as shareholder meeting handbooks and minutes in English and announcing material information in Chinese and English. - Introduced an intellectual property management system in 2022, and continue to obtain TIPS A-level certification in 2023. - Established a system to link remuneration and ESG performance. - Obtained DNV-GL, ISO 45001, ISO 9001, ISO 14001, and other certificates. - Implemented human rights policies, performed human rights due diligence, and enhanced human rights awareness. - Won the "2023 Happy Enterprise Gold Award".
Future Plan	- Continued to develop recyclable and reusable resin for blades. - Continued to develop recyclable and lightweight composite resins. - Promoted the Taiwan CCUS Alliance to form a complete supply chain. - Developed mass production equipment and realized circular economy through microwave heating technology. - Obtained ISO 14067 certification. - Continued to promote the green circular economy and establish industrial business models as well as industrial value chains.	- Actively engaged in industry-academia collaboration with universities such as Fengchia, Chinyi, Huwei, and Chaoyang to enhance the integration between academia and industry, and jointly promote the development of industry and society. - Continued to care for local and rural education in Nantou and develop diverse learning abilities. - Continued to provide scholarships and subsidize school supplies for rural primary schools. - Continued to hold and cultivate more composite materials professionals. - Continued to promote various amity, good neighbor, and social welfare activities. - Continued to deepen and implement connections with communities and implement local environmental sustainability. - Continued to deepen and implemented the connection with the community. - Continued to promote volunteer services.	- Cooperated with the government to promote the corporate governance blueprint and strengthen corporate governance operations. - Trained internal colleagues to become internal self-evaluators within the company. - Continued to promote sustainable development for the company. - Continued to obtain certifications to enhance customer trust. - Promoted employee participation in surveys to protect employee rights. - Continued to create a friendly working environment to protect employees' happy workplace.

Awards

10th Corporate Governance Evaluation

Swancor has been ranked in the top 5% (1st range) among 952 listed companies for 9 years in a row.

2023 Corporate Governance Evaluation results and procedures:

- Ranked in the top 5% among 48 listed companies
- The evaluation results ranked in the top 6% to 20%, among 142 listed companies

Among the 313 listed companies in the category of “Market Value of NTD 5 billion to NTD 10 billion”, Swancor was ranked in the top 5% (1st range).

- Ranked in the top 5% among 16 listed companies

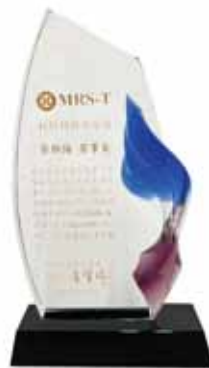


Swancor Innovation & Incubation Co., Ltd.

Obtained Level A TIPS certification in 2022 and 2023



Chairman Robert Tsai won the 2023 "Materials Science and Technology Contribution Award" by the Materials Research Society-Taiwan



Swancor Advanced Materials was honored as

- “Songjiang Economic and Technological Development Zone 30th Anniversary Outstanding Contribution Enterprise”
- 2023 - "2022 Golden Bull Award for Innovation in Science and Technology" at the 25th Golden Bull Award for Listed Companies
- “2023 Advanced Unit of Science and Technology Innovation”
- “2023 Advanced Unit for Work Safety”



Environment

**JEC WORLD 2023
Innovation Award -
Sports and Leisure**



**2023 Taipei Cycle
d&i Awards**



**JEC Composites Innovation
Awards 2023 (China)**



**Swancor Advanced
Materials was honored as
19th JEC Composites
Innovation Awards (China)**



Social

**Won the Taiwan Corporate Sustainability Awards (TCSA)—
Corporate Sustainability Report Award for eight consecutive years:
Traditional Manufacturing Silver Award, Bronze Award**



Source:
https://tcsaward.org.tw/tw/award/award_by_award_item?ac_year=2023&ac_id=

**"2023 Happy Enterprise Manufacturing
Gold Award" from 1111 Job Bank**



Source: <https://happinessnew.1111.com.tw/past-award>

1

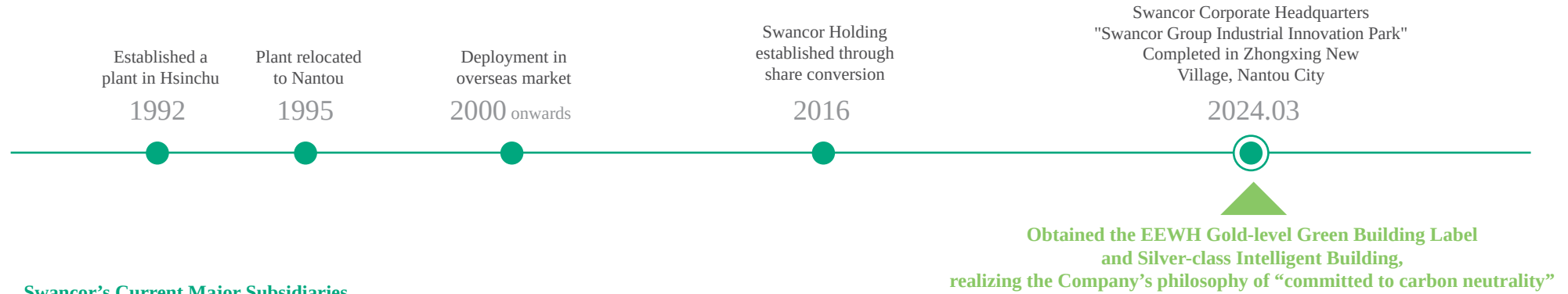
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1.1 Organization

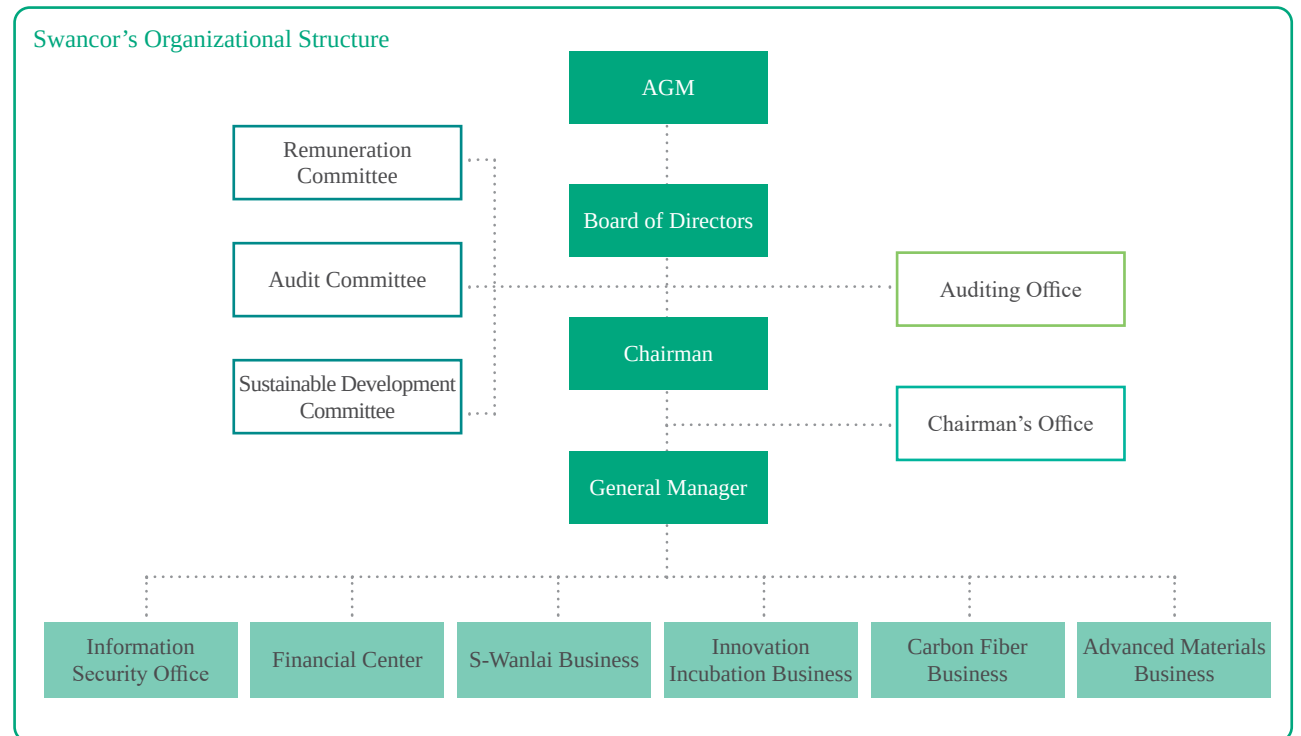
GRI 2-1, 2-6, 2-9



Swancor's Current Major Subsidiaries

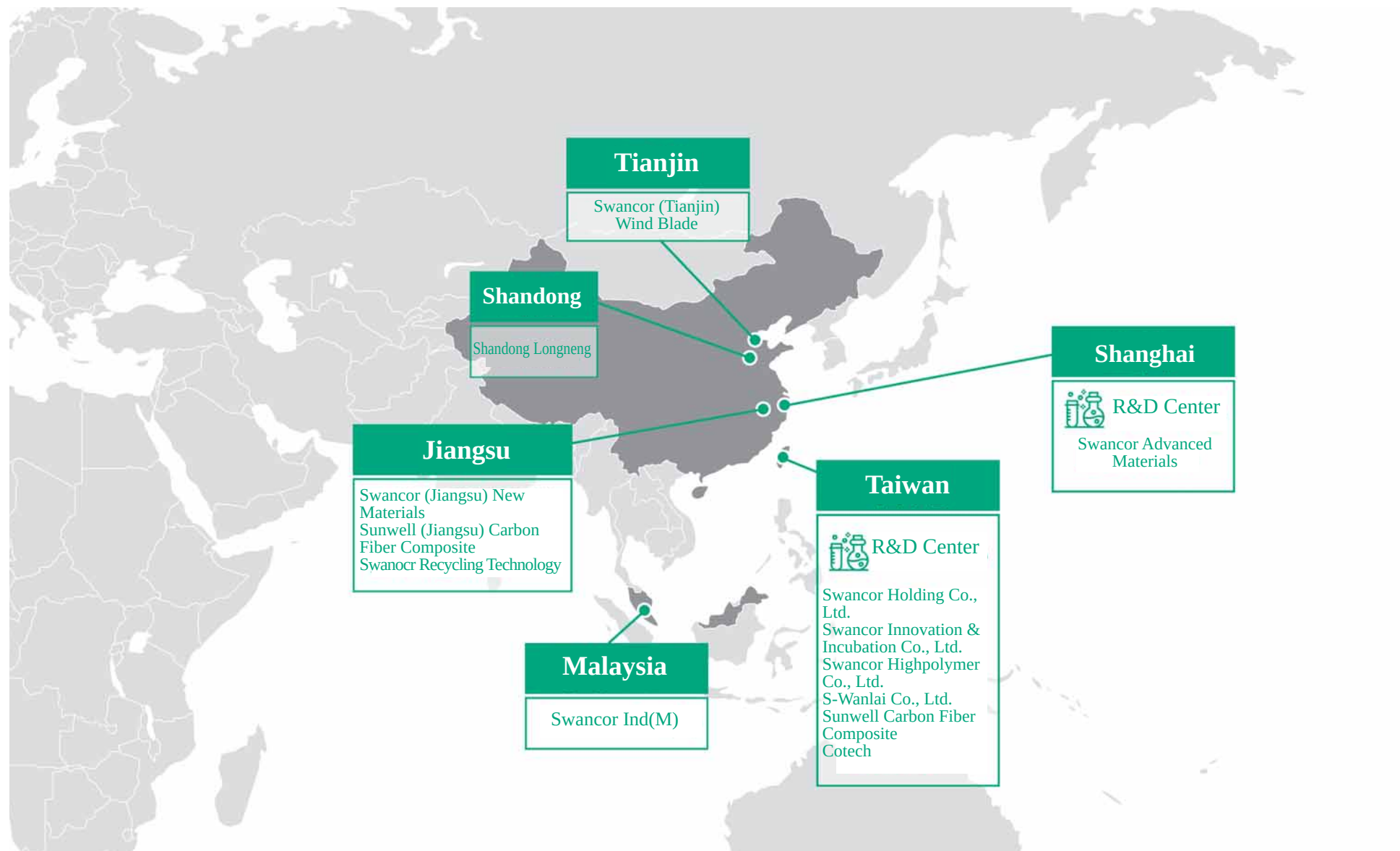


Swancor's Organizational Structure



1.1 Organization | 1.2 Stakeholder Engagement | 1.3 Material Sustainability Topics

Business Locations



1.1 Organization | 1.2 Stakeholder Engagement | 1.3 Material Sustainability Topics

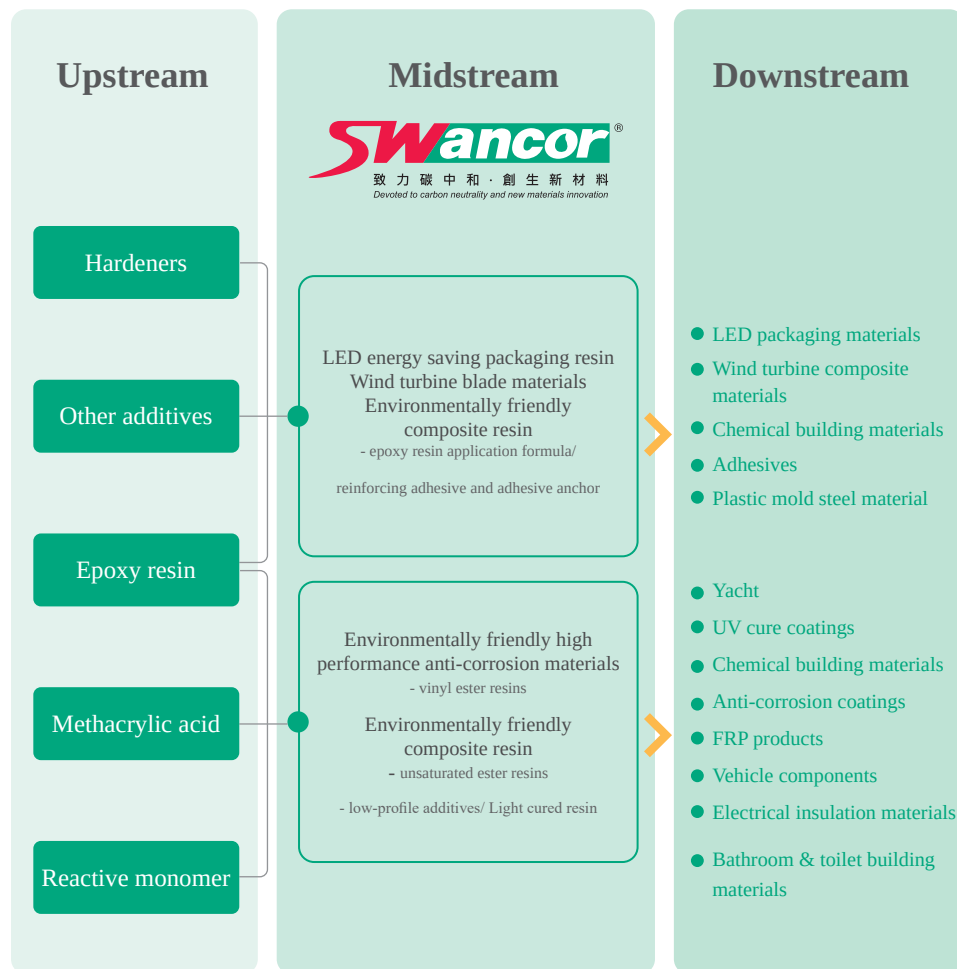
Company Name	Strategic Position	Company Profile
Swancor Holding Co., Ltd.	Group strategic planning, investment management, subsidiary supervision	- Established on August 31, 2016 - Actual paid-in capital of NT\$981,311 thousand
Swancor Innovation & Incubation Co., Ltd.	Forward-looking research and development in innovative materials and incubation of new businesses	- Established on April 16, 2021 - Paid-in capital NTD 210,000 thousand
S-Wanlai Co., Ltd.	R&D, manufacturing and supply of products related to the circular economy	- Established on June 7, 2022 - Paid-in capital NTD 200,000 thousand
Swanocr Recycling Technology (Jiangsu) Ltd.	A closed-loop model for material reuse and technology	- Established on November 7, 2023 - Paid-in capital USD 5,000 thousand
Swancor Advanced Materials Co., Ltd.	Manufacturing, supply, and service center for the specialty chemical market in China	- Established on October 25, 2000 - Paid-in capital USD 20,677 thousand + RMB 348,576 thousand
Swancor Highpolymer Co., Ltd.	Manufacturing, supply, and service center for specialty chemical markets in Taiwan and around the world	- Established on October 6, 2016 - Actual paid-in capital of NT\$415,800 thousand
Swancor (Tianjin) Wind Blade Materials Co., Ltd.	Manufacturing, supply, and service center for the wind power composite market in China	- Established on January 8, 2007 - Paid-in capital USD 7,000 thousand + RMB 5,500 thousand
Swancor (Jiangsu) New Materials Co., Ltd.	Manufacturing and supply for the wind power composite market in China	- Established on October 21, 2014 - Paid-in capital RMB 122,500 thousand
Shandong Longneng Renewable Resource Utilization Co., Ltd.	Manufacturing and supply of recycling and regeneration of wind power blades and mainframes	- Established on October 31, 2023 - Paid-in capital RMB 10,239 thousand
Swancor Ind(M) SDN. BHD.	Manufacturing, supply, and service center for specialty chemical markets around the world	- Established on October 11, 2013 - Paid-in capital USD 7,820 thousand
Sunwell Carbon Fiber Composite Corporation	Production and sales of carbon composite materials	- Established on September 3, 2019 - Paid-in capital NTD 530,000 thousand
Sunwell (Jiangsu) Carbon Fiber Composite Co., Ltd.	Manufacturing, supply, and service center for carbon fiber composite materials in China	- Established on October 15, 2015 - Paid-in capital USD 19,000 thousand
Cotech Inc.	Production and sale of carbon fiber composite materials	- Established on May 10, 2002 - Paid-in capital NTD 438,462 thousand

Note: Capital data is as of December 31, 2023.

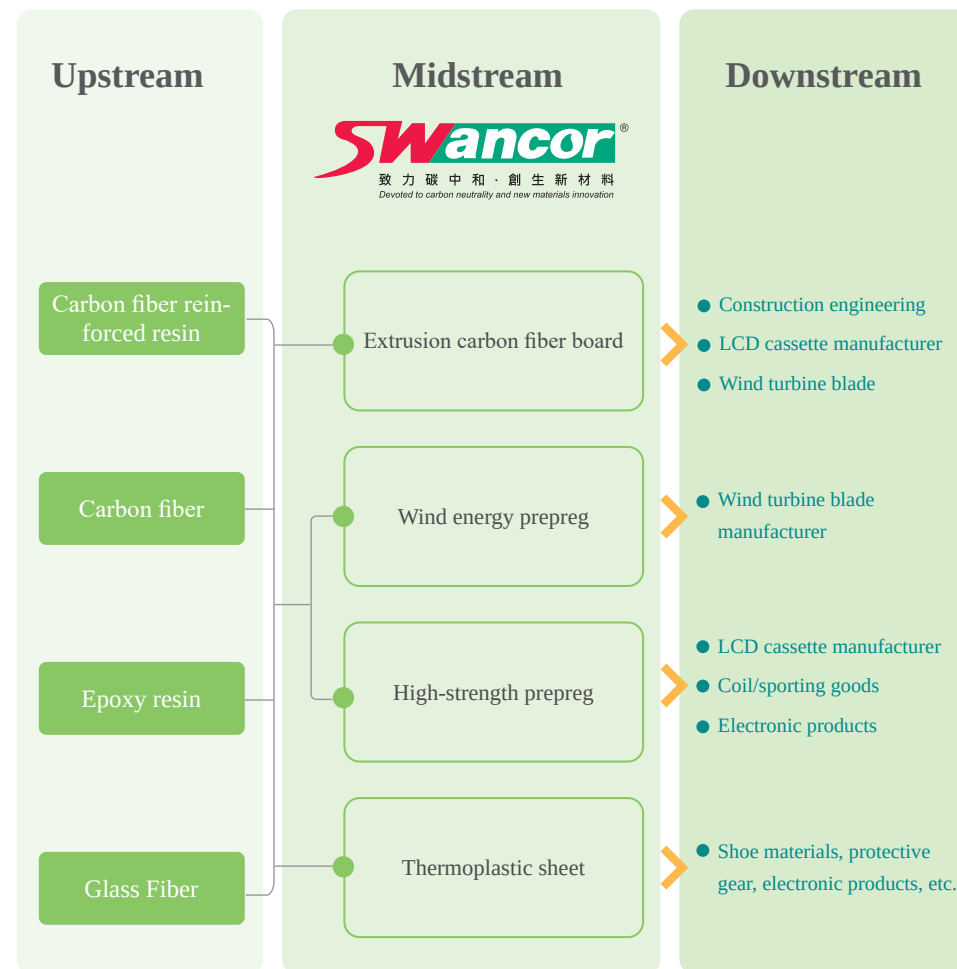
1.1 Organization | 1.2 Stakeholder Engagement | 1.3 Material Sustainability Topics

➤ Swancor Industry Chain

Advanced Materials Business



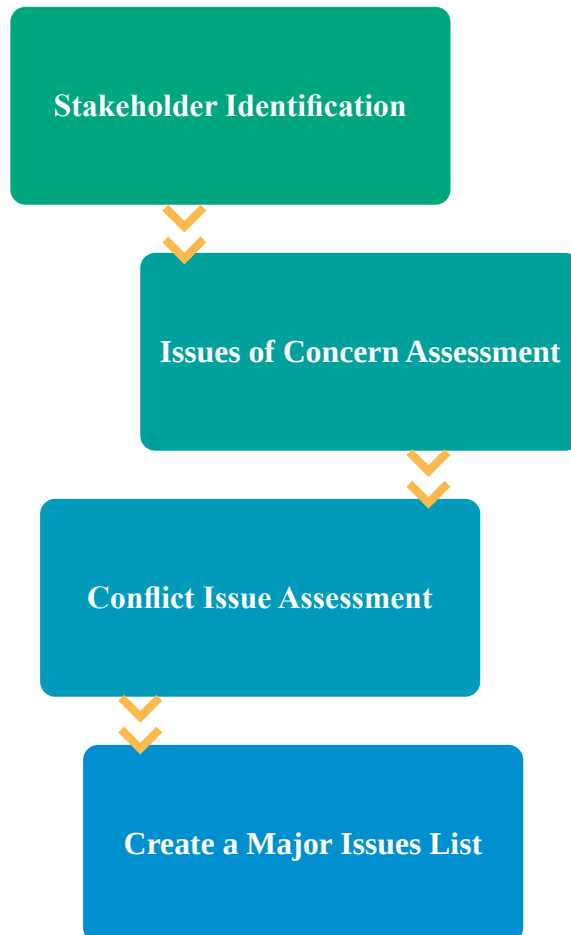
Carbon Fiber Composite Materials



1.2 Stakeholder Engagement GRI 2-29

Swancor listens and gives substantial weight to the voices of all stakeholders and responds to their needs. The analysis of stakeholders and material issues is conducted according to the four steps outlined below.

Analysis of Stakeholders and Material Issues

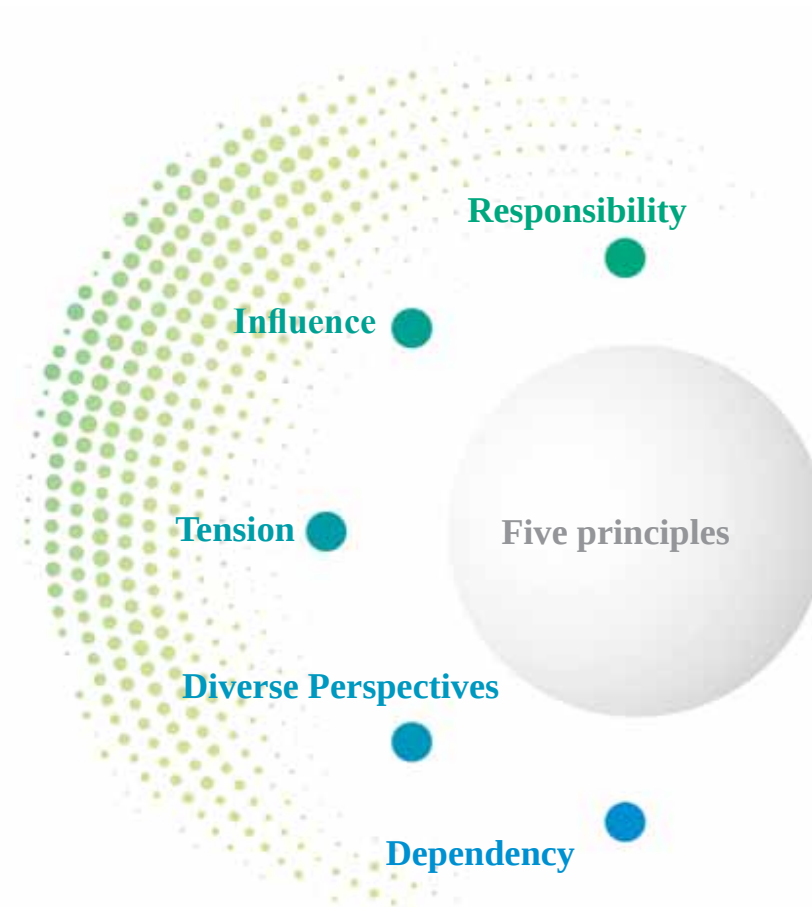
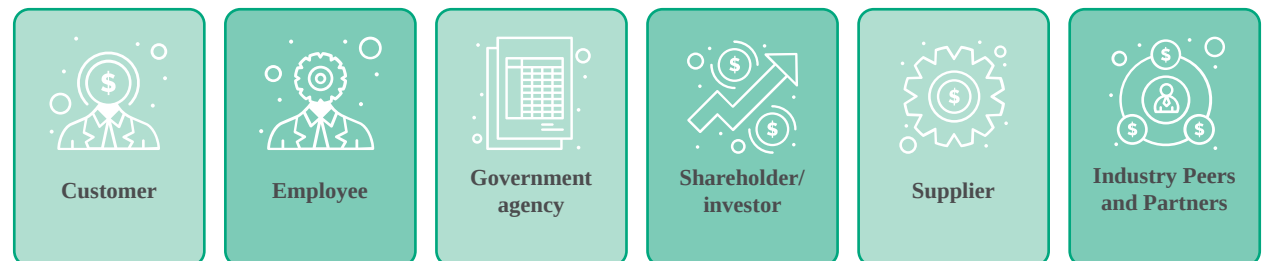


➤ Stakeholder identification

In 2022, we identified 11 types of stakeholders, including government agencies, shareholders/investors, suppliers, customers, employees, local communities, banks/insurance companies, associations, media, NGOs (environmental groups, academic units, ect.), and peers and industry partners.

According to five principles of the AA1000 SES Stakeholder Engagement Standards: Responsibility, Influence, Tension, Diverse Perspectives, and Dependency

Six major stakeholders of Swancor were identified:



➤ Communications with stakeholders

Stakeholder engagement includes not only communication of messages and information but also, more importantly, channels for stakeholders to express their thoughts. Upon reviewing the communication channels and frequency of interaction with stakeholders in 2023, the results and responses were reported to the Board of Directors on November 7, 2023. This will continue to be reported to the Board annually.

Stakeholder	Key Issue	Communication method and frequency	2023 Communication Performance	Corresponding Chapter
 Customer	1 Product quality risk	1 Promote new products, provide professional knowledge and after sales service by visiting customers. 2 Customer satisfaction surveys are sent out every November and conduct effective analysis. Provide improvements and responses according to customers' valuable suggestions. 3 Sales Service Mailbox: sales@swancor.com , with prompt responses	1 As COVID-19 eased in 2023, in addition to the use of videoconferencing or emails for product promotion, we also opened up on-site overseas business trips to visit customers (Asia, Europe, and the Americas). 2 The satisfaction score in 2023 was 89.0 (4.45).	2.5 Product Quality Management 2.6 Customer services
 Employee	1 Business strategies 2 Operating performance 3 Legal compliance 4 Occupational safety and health	1 One labor-management meeting every quarter. 2 One performance evaluation interview and career development feedback every six months. 3 Hold internal education and training events on occasion. 4 E-mail notices and internal announcements as needed. 24-hour employee grievance mailbox and employee feedback mailbox services. 5 Hold Employee Welfare Committee meetings on occasion. 6 Human Resource Contact: Ms. Cheng (lynn.cheng@swancor.com)	1 277 internal announcements, including performance evaluations, events, bonus distribution, revisions of management policies, personnel changes, and incentives/discipline. 2 A total of 244 employee education and training classes were conducted, with a total of 5,946 hours and 2,763 participants. 3 A total of 13 labor-management meetings and 20 Employee Welfare Committee meetings were held, where proposals were passed on employee meal allowances, Dragon Boat Festival events, Mid-Autumn Festival events, and more.	5.2 Talent recruitment and development 5.3 Employee benefits
 Government agency	1 Risk control 2 Legal compliance 3 Occupational safety and health	1 Participate in policy briefings, public hearings, and conferences organized by competent authorities on occasion. 2 Irregular official documents communication and visits. 3 Participate in recruitment events organized by government agencies. 4 Cooperate with competent authorities to conduct business audits. 5 Consult competent authorities about legal compliance. Stock Affairs Contact: Ms. Wu (jane@swancor.com)	1 Participated in 3 events about regulations and 3 event about safety and health organized by environmental protection authorities. 2 Participated in 5 recruitment events organized by government agencies. 3 Participated in 1 events organized by the Taiwan Stock Exchange.	2.3 Risk Management 2.4 Implementation Status of the Audit System 5.4 Occupational Safety and Health Management

1.1 Organization | **1.2 Stakeholder Engagement** | 1.3 Material Sustainability Topics

Stakeholder	Key Issue	Communication method and frequency	2023 Communication Performance	Corresponding Chapter
 Shareholder/investor	- Business strategies - Operating performance - Product R&D and technology development - Climate change strategies	- AGM (once/year). - Investor conferences (twice/year). - Annual report and sustainability report (once/year). - Seminars organized by domestic and overseas investment institutions, face-to-face meetings, meetings via telephone conferences, emails (irregular). - Disclose and announce material information in Chinese and English on the MOPS (irregular). Stock Affairs Contact: Ms. Wu (jane@swancor.com)	- In 2023, two investor conferences were held. - Contacted 355 investors and had approximately 3 to 6 meetings per month for exchange 66 major announcements were made in both Chinese and English.	Please refer to MOPS
 Supplier	- Operating performance - Legal compliance - Occupational safety and health - Climate change strategies	- Coordinate with suppliers on supply, demand, and pricing every week according to the demand for raw materials. - Conduct unscheduled on-site audits for major suppliers with whom we have long-term business relationships. - Regularly request suppliers to conduct self-assessments on supplier management, occupational safety and health, environmental protection, labor rights, etc. Procurement Unit Mr. Chen edward.Chen@swancor.com	- We continue to maintain good relationships with suppliers. And regularly work with 20 major suppliers of raw materials, engaging in communication and coordination as needed to understand and share the latest market trends. - Conducted on-site audits on 2 suppliers in 2023. - Supplier self-assessment is conducted once every two years. The assessment was completed in 2022, and the recovery rate accounted for 92.63% of the total procurement amount. This will be performed again in 2024.	2.7 Sustainable supply chain management
 Industry Peers and Partners	- Business strategies - Operating performance - Product R&D and technology development - Legal compliance - Climate change strategies	- Participate in various meetings (held annually) organized by the Taiwan Chemical Industry Association (TCIA), Society for the Advancement of Material and Process Engineering (SAMPE), Taiwan Carbon Capture Storage and Utilization Association (TCCSUA) and others. - Participate in bilateral and multilateral interactions with trade associations, industry peers, and business partners as well as formal visits to each other's facilities (from time to time).	- Participate in annual meetings organized by the Taiwan Chemical Industry Association (TCIA), Society for the Advancement of Material and Process Engineering (SAMPE), Taiwan Carbon Capture Storage and Utilization Association (TCCSUA) and others. Participate in the Taiwan Composites Association - Industry-Academia Cooperation Exchange Forum, and the TICA Taiwan Chemical Industry Summit Forum. - Visited partners including Nanya Technology and Formosa Plastics. - A total of 18 people participated in the Central District Entrepreneurship Model Party.	Appendices - Participation in Industry Associations

1.3 Major Sustainability Issues

GRI 2-16, 2-24, 2-25, 2-27, 3

After referring to the topics of the GRI Standards, material issues of the industry, and important developments in 2023, the relevant industries and issues of concern in 2023 were not significantly different from those in 2022. Therefore, we continued the analysis results from the previous year and selected 20 sustainability issues.

In order to understand the opinions of different groups of stakeholders, we sent out questionnaires on issues of concern through each responsible department or unit:

In 2022, a total of 161 questionnaires were issued, with a recovery rate of 100%. There were a total of 142 valid questionnaires from which stakeholder interest in the issues and impacts was analyzed and ranked.

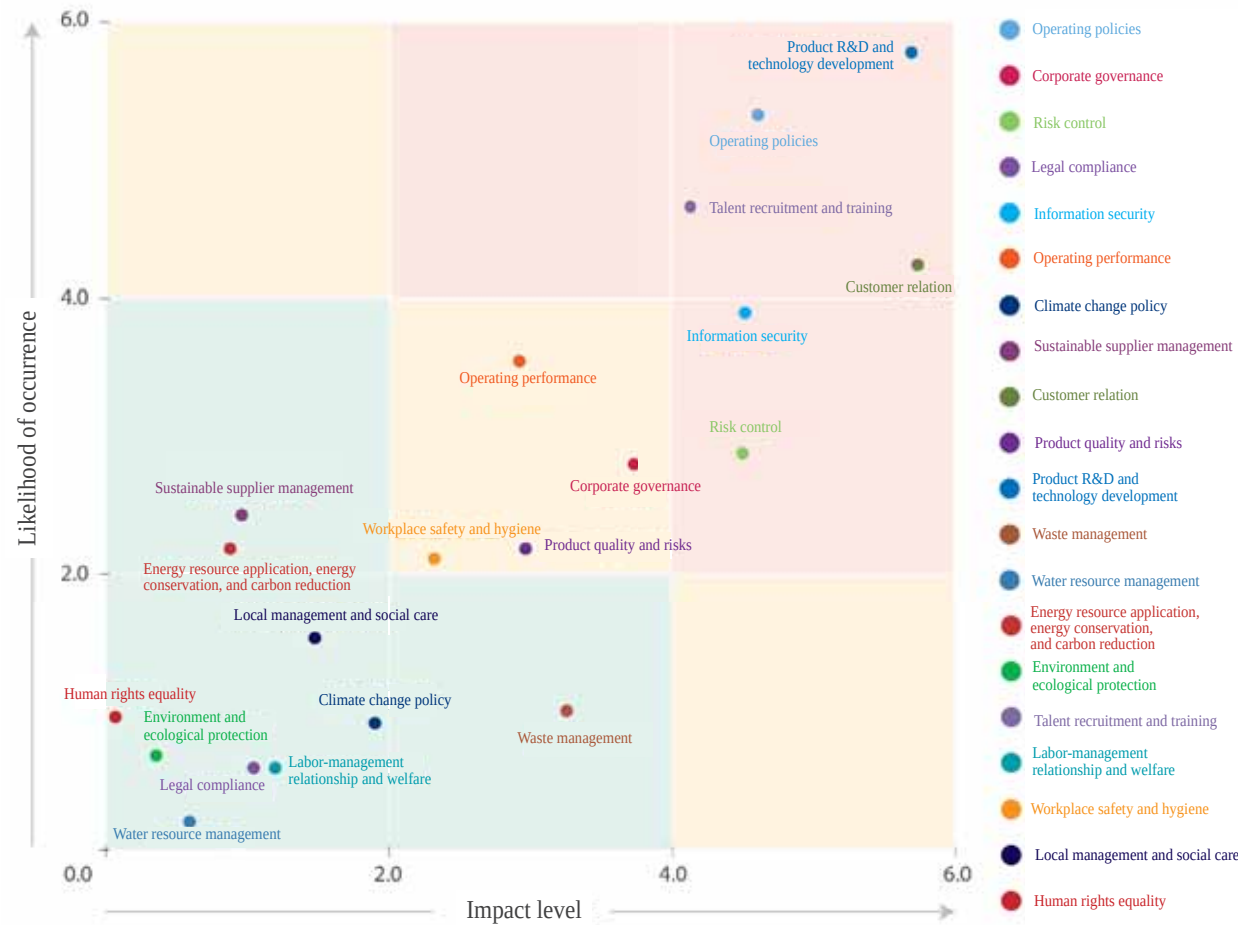
At the same time, Swancor's senior executives also evaluated the impacts of various sustainability issues on ESG, including governance/economic, environmental and society issues during business operations, and filled out questionnaires. Seven questionnaires were sent out with a response rate of 100% and a total of seven valid questionnaires. After statistical analysis, the degree of impact was analyzed and ranked.

Major head-on impact theme matrix



1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Theme negative impact major matrix



After analyzing the internal positive and negative impact assessment questionnaires, the five major sustainability issues related to positive and negative impacts were summarized. After selection and combination, there were a total of seven corporate sustainability issues as follows: operating performance, product R&D and technology development, business strategies, and customer relation, product quality and risks, talent recruitment and development, and information security.

By analyzing questionnaires on issues of concern to external stakeholders, the top five topics are: legal compliance, product quality and risks, operating performance, risk control and corporate governance.

By combining internal and external material topics, we have established 10 material topics: Operating performance, product R&D and technology development, business management strategy, customer relations, product quality and risks, talent recruitment and development, information security, legal compliance, risk management, and corporate governance.

➤ Major issues and Swancor's value chain

Note: ●Direct Impact ○Indirect Impact

Major Issues	Major issues	Management principles and evaluation mechanism (Corresponding Chapter)	Description	Internal Impact	External Impact	
				Swancor	Customer	Supplier
Operating performance	Economic Performance	CH2 Business management	Internal business activities may exert direct impact on the operating performance	●	○	○
Product R&D and technology development	Topic	CH3 Green innovation	Outdated technology makes it impossible to compete with industry peers, resulting in loss of market share and competitiveness.	●	●	○
Business strategies	Topic	CH2 Operations Management	Business strategies have a direct impact on the overall operations of Swancor.	●	○	○
Customer relation	Topic	CH2 Operations Management	Swancor may encounter a loss of orders and impact on revenue.	●	●	○
Product quality risk	Topic	CH2 Operations Management	Customer may complain, leading to loss of orders and impact on revenue.	●	●	○
Talent recruitment and development	Topic	Ch5 Happy Workplace	Failure to establish a sound training system with comprehensive planning may influence the company's future development and operations.	●	○	○

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Major Issues	Major issues	Management principles and evaluation mechanism (Corresponding Chapter)	Description	Internal Impact	External Impact	
				Swancor	Customer	Supplier
Information security	Topic	CH2 Operations Management	Failure to strengthen security protection measures may cause leakage of confidential information, and affect corporate sustainability.	●	●	●
Legal compliance	Anti-corruption	CH2 Operations Management	Anti-corruption can affect not only the Company's reputation but also the overall internal corporate culture.	●	●	●
	Anti-competitive Behavior	CH2 Operations Management	Practicing anti-competitive behavior may result in punishment by government authorities of the country or region where customers are located or loss of eligibility to implement market development activities.	●	●	○
	Public Policy	CH2 Operations Management	Swancor's reputation may be damaged and Swancor may be fined.	●	○	○
Risk control	General Disclosure	CH2 Operations Management	The Company may be exposed to various risks that affect its operations.	●	○	○
Corporate governance	General Disclosure	CH2 Operations Management	If the senior managers failed to fulfill their obligations, it may cause damage to stakeholder rights.	●	○	○

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Material issue: Operating performance Material topic: Economic Performance	Item	2023 Management Principles
	Policy	○ In response to market changes, management made immediate adjustments to production and sales operation policies. ○ Effectively and promptly controlled interest rate and exchange rate fluctuation risks and formulate relevant policies. ○ Implemented relevant laws and regulations.
	Commitment	○ Safeguarded the rights and interests of stakeholders. ○ Timely information disclosure.
	Goals and Targets	○ Pursued good operating performance while taking social responsibility into account. ○ Developed diverse financing channels and adjusted financial structure.
	Responsibility	○ Expanded business to improve operational efficiency, devoted to carbon neutrality and new materials innovation, and improved profitability.
	Resource	○ Maintained good relationships with external financial institutions and smooth financing channels. ○ Kept track of interest rate/exchange rate trends and adjusted strategies promptly when necessary to reduce risks.
	Complaints Mechanism	○ A dedicated investor section and a dedicated hotline were set up on the Company's website for stakeholders to provide feedback/ask questions which were received and processed by designated personnel. ○ Further communication with investors through investor conferences.
	Specific actions	○ Kept track of market changes and adjusted production line operations. ○ Analyzed the status of overall economy and regularly reviewed foreign currency exposure to reduce interest rate and exchange rate risks. ○ Deployed upstream and downstream supply chain investments and expanded business territory.
	Evaluation of the Management Approach	○ Reviewed the current month's capacity utilization, financial structure, financial cost, and exchange profit and loss after monthly settlement. ○ Conduct financial analysis of industry peers to improve financial fitness.
	Management principle assessment results	○ Strengthened the connection between individual performance and the Company's operational goals through the balanced scorecard (BSC) performance measurement.

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Material issue: Product R&D and technology development Material topic: The Company's brand value involves innovative development of various new materials, investing in the development of mass production and high value-added processes, which thereby assist customers in raising their brand value.	Item	2023 Management Principles
	Policy	○ Continued to improve according to Company policy, keep commitments, enhance quality, satisfy customers, and provide customers with the best quality products.
	Commitment	○ Swancor is committed to providing customers with high-quality, competitive products and strives to create relationships of trust with customers and grow together with them.
	Goals and Targets	○ Continual development of composite materials
	Responsibility	○ Compliance with laws and regulations is the basic requirement for stable business operations. We have formulated countermeasures and implemented them in all business departments to facilitate audits and to ensure violations do not occur.
	Resource	○ Maintain long-term and sound relations with external research institutions to more effectively understand chemical demands and research directions.
	Complaints Mechanism	○ A dedicated section with contact information was set up on the Company's official website for stakeholders to communicate any needs to us by phone, letter, or email at any time.
	Specific actions	○ With sustainable development as the core, set milestones for new products according to development phases and continue to explore possible future research and development fields.
	Evaluation of the Management Approach	○ Identified deficiencies through annual internal and external audits and took corrective and preventive measures.
	Management principle assessment results	○ Addressed actual and potential non-compliance with goals and took corrective and preventive actions to prevent recurrence.

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Business strategies Material topic: General Disclosure	Item	2023 Management Principles
	Policy	○ We value social ethics and are mindful of the rights and interests of stakeholders. While pursuing sustainable operations and profitability, we also place significant importance on ESG factors and continue to strive to accelerate our business transition to a circular economy. ○ Formulated the Sustainable Development Best Practice Principles in order to manage material issues in accordance with relevant regulations and measures. ○ Formulated an Environmental Policy in accordance with the ISO 14001 standard and implemented environmental management in accordance with relevant regulations. ○ Continuously reviewed the business models of existing products, new products, and new businesses to strengthen competitiveness and lay a broader foundation for corporate sustainability and profitability. ○ Made sure all of our operations run smoothly and comply with relevant regulations and rules to improve work quality and efficiency.
	Commitment	○ Made carbon neutralization and green circular economy our lodestar for corporate governance, product service, and future development.
	Goals and Targets	○ Made carbon neutralization and green circular economy our lodestar for corporate governance, product service, and future development. ○ Actively developed products to meet market demand and expand new application opportunities. ○ Increased the market share of existing products and strengthened the promotion of new products. ○ Stabilized existing market share and targeted specific markets for further development.
	Responsibility	○ Sales units continued to achieve business goals and strengthened operating performance. ○ Reinforced competitiveness and corporate sustainability through continuous development and quality improvement to fulfill customer expectations.
	Resource	○ Promoted business goals internally to employees on an ad hoc basis. ○ Appointed industry analysis and investment personnel.
	Complaints Mechanism	○ External: set up a dedicated stakeholder section on the Company's website for stakeholders to communicate any needs to us by phone, letter, or email at any time. ○ Internal: reported relevant information through meetings or directly to on-site supervisors, including environmental management and emergency response measures. Relevant information was communicated to all personnel of each shift at shift handovers to ensure smooth information flow and prompt response.
	Specific actions	○ With circular economy as the core, set milestones for new products according to development phases and continue to explore possible future research and development fields. ○ Continued to produce materials that are environmentally friendly, energy-saving, and safe to operate. ○ Expanded the business territory of Swancor by establishing new businesses through industrial development, proprietary technology, and mergers or acquisitions.
	Evaluation of the Management Approach	○ Regular investment review meetings were held, with the investment unit responsible for recording, maintaining, and tracking meeting results.
	Management principle assessment results	○ Addressed actual and potential non-compliance with goals and took corrective and preventive actions to prevent recurrence. ○ Regularly held investment review meetings to evaluate investment plans and meet operational objectives.

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Material issue: Customer relation Material topic: General Disclosure	Item	2023 Management Principles
	Policy	○ Visits and business promotions for market development or maintain good customer relationships.
	Commitment	○ Swancor is committed to providing customers with the highest service quality, and timely respond to customer complaints.
	Goals and Targets	○ Short-term: Continue to strengthen long-term customer relationships and maintain stable market share. ○ Mid-term: Introduce existing products to new customers, and expand into the domestic and overseas markets. ○ Long-term: Search for new product development demands of existing customers, or provide new ideas, applications, and technological breakthroughs to the existing customers and new customers.
	Responsibility	○ Set annual performance goals, hold monthly business meetings to review sales performance, clarify the main tasks for the current and following month, and provide sales forecasts.
	Resource	○ In view that customers are Swancor's important assets, the Company attaches great importance on the professional background of sales, R&D technical support, production delivery schedule, quality assurance, and financial risk management.
	Complaints Mechanism	○ Customer contact service is provided on the Company's official website, including e-mail, and telephone, or social networking such as Facebook and LinkedIn, which can immediately respond to messages.
	Specific actions	○ In conformity with the sales process, we separately deal with individual cases of different customers, dedicating efforts in satisfying customers needs, such as: development of specific products applied in the shipping industry.
	Evaluation of the Management Approach	○ We conduct a customer satisfaction survey once a year, with a survey response rate no lower than 80%, while the total average score is targeted at 4.
	Management principle assessment results	○ The collected questionnaires are compiled, analyzed, and the statistical data is submitted to the business meetings for discussion, and listed in the attachment of the Management Review Committee. Explain specific reasons to customers with low satisfaction scores, and respond to suggestions, with follow-up improvements.

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Product quality and risks Material topic: With the trend of market development, the Company has carried out relevant actions for better product quality, and ensure that the raw materials comply with the health and safety regulations, in order to meet customer expectations and market regulations.	Item	2023 Management Principles
	Policy	Continued to improve according to Company policy, keep commitments, enhance quality, satisfy customers, and provide customers with the best quality products.
	Commitment	We are committed to providing customers with satisfactory products and services and growing together with customers and suppliers. Through development efforts and innovations to improve quality, we ensure that our product and service quality and safety comply with government and product-related regulations as well as customer requirements.
	Goals and Targets	- Short-term: Continue to monitor and analyze raw material/product quality data, strengthen supply chain quality management, and continue to optimize product quality. - Mid-term: Introduce the information platform for machines, and establish the data database for manufacturing processes. - Long-term: Quality consistency among the operating system of domestic and overseas factories.
	Responsibility	- The Company has purchased property insurance, and the factories have emergency response measures in place. Also, there are system maintenance personnel in each business department who are able to take timely mitigation measures according to specific risks. - Ensured the quality system was functioning properly to provide quality products.
	Resource	- Collected a large amount of historical production data through the system, which is conducive to data analysis. - Carbon fiber unwinder equipment is newly added to perform full unwinding inspection of the plate to improve product yield and reduce customer rejection rate.
	Complaints Mechanism	A dedicated section with contact information was set up on the Company's official website for stakeholders to communicate any needs to us by phone, letter, or email at any time.
	Specific actions	- With sustainable development as the core, set milestones for new products according to development phases and continue to explore possible future research and development fields. - Allocation of incentives to encourage employees in proposal of innovative ideas.
	Evaluation of the Management Approach	- In Q4 of each year, the management team's strategic plans and management policies are formulated for the next year. - Identified deficiencies through annual internal and external audits and took corrective and preventive measures. - Managers conducted daily routine inspections and performed weekly safety audits together. Any units with deficiencies were required to make improvements immediately or within a time limit.
	Management principle assessment results	- Management review meetings are held annually to communicate with each unit on how to achieve quality goals. - Reviewed through monthly meetings on quality assurance, environmental safety and production for quality improvement.

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Talent recruitment and development Material topic: General Disclosure	Item	2023 Management Principles
	Policy	○ In order to protect the legitimate rights and interests of employees, we comply with the spirit of protection and standards of various international human rights conventions, such as the "United Nations Universal Declaration of Human Rights", "Ten Principles of the UN Global Compact", and "ILO Declaration on Fundamental Principles and Rights at Work". ○ Strictly abide by the labor-related laws and regulations of all operating locations around the world, adopt consistent actions to respect and protect the basic principles of human rights, and treat all employees with dignity and respect.
	Commitment	○ Build a diverse, independent, and high-quality learning culture to enhance the professional competitiveness and quality of life of employees. ○ Establish a fair and just recruitment and selection mechanism, build a diverse talent environment, emphasize gender equality, and create a friendly workplace environment.
	Goals and Targets	○ Focus on employee care and labor-management relation. ○ Organizational change to strengthen the organizational capabilities and performance. ○ Strengthen talent development, encourage talent growth and talent retention.
	Responsibility	○ The human resource unit is responsible for the planning and amendment of the current remuneration system, with inventory on the Group's labor force and capabilities, succession plans, better human resource efficiency, and appropriate labor management and control mechanism. ○ Conduct internal discussion and risk assessment on human rights issues.
	Resource	○ Promote industry-academia collaboration, cultivate professional talents needed by Swancor, and strengthen R&D and innovation capabilities.
	Complaints Mechanism	○ Establish a whistleblowing mechanism for immediate reporting and feedback, adhere to the principle of confidentiality in compliance with various regulations, and protect the rights and interests of employees.
	Specific actions	○ Advocate on the exchange of knowledge and practical experience related to talent development and human resource management, encouraging managers to motivate and retain talent by use of the reward mechanism and incentives. ○ Conduct human rights due diligence on internal employees and suppliers.
	Evaluation of the Management Approach	○ Follow-up of work performance in the Group's business management meetings every month. ○ Disclose the business conditions of TWSE/TPEX listed companies in accordance with the corporate governance rules, ESG standards, and human rights due diligence. ○ Identified deficiencies through annual internal and external audits and made improvements.
	Management principle assessment results	○ Hold the Group monthly HR meeting to report and review the progress of routine operations and projects, and to discuss and make resolutions on the overall issues of the Group. ○ Report the key human resource indicators, progress of projects, or relevant achievements in executive team meetings.

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Information security Material topic: General Disclosure	Item	2023 Management Principles
	Policy	○ Implement information security and enhance service quality. ○ Strengthen information security training to reduce information security risks. ○ Respond to emergencies and ensure business continuity.
	Commitment	○ Ensure information security, and the confidentiality, integrity and availability of company information, so as to meet the needs of customers, manufacturers and investors. ○ Installation of better information security equipment, and implement information security management. ○ In case of material information security incidents, notifications are made on a regular basis to raise employee awareness on information security. ○ Strengthening of information security to ensure sustainable business management
	Goals and Targets	○ Strengthen the environment of the IT room. ○ Enhance information and communication system services. ○ Reinforce information security education and training.
	Responsibility	○ The Company's management is responsible for establishing and reviewing policies. ○ The cybersecurity manager implements this policy through appropriate standards and procedures. ○ All personnel and contractors must follow the procedures to maintain the information security management policy. ○ All personnel are responsible for reporting and handling security incidents and any identified vulnerabilities. ○ Any intentional violation of information and cybersecurity will be subject to relevant regulations or legal actions.
	Resource	○ Provide employee education and training to raise employees' awareness of information security.
	Complaints Mechanism	○ Develop an information security incident reporting procedure, and initiate responsive measures for any incident reported by colleagues.
	Specific actions	○ We conduct four social drills and tests on an irregular basis every year, and raise the employees' vigilance awareness on information security by strengthening training and examinations for unqualified personnel. ○ Regular information security education and training at least twice a year, strengthening advocacy on unqualified personnel. ○ Introduce the SOC+SIEM correlation analysis service to provide full-time information security protection monitoring and alarms. ○ Introduce system cloud remote backup to enhance the availability of backup data for disaster recovery. ○ After receiving the information security intelligence from TWCERT/CC or other external information and communication security intelligence, the Cybersecurity Handling Team shall evaluate the content of the intelligence and record it in the Information Security Intelligence Sharing and Compilation Form. The most appropriate response measures based on the impact on the Company, the risks acceptable to the Company, and the Company's resources shall then be determined. ○ Implement the maintenance record of equipment in the server room to ensure the implementation of various management control measures in the control area. ○ When cybersecurity equipment is required to be maintained or changed, the contractor must record the maintenance or change in the "Cybersecurity Equipment (System) Maintenance/Change Record". ○ The implementation status of cybersecurity goals is reviewed on a quarterly basis and recorded in the "Cybersecurity Goals Review Form." The inspection items are checked one by one according to the system host/firewall security checklist, and submitted to the responsible executive for review. ○ Conduct an annual inspection according to the inspection items in the "Office Safety Inspection Table" one by one. ○ Distribute the "Personal Computer Security Checklist" to all personnel each year, and conduct self-assessment based on the inspection items in the checklist. ○ Conduct a data recovery test at least once every two years to confirm the availability of backup data, and record the backup results in the "Backup Data Recovery Test Record".
	Evaluation of the Management Approach	○ IT meetings are conducted every month to track task results. ○ Identified deficiencies through annual internal and external audits and made improvements.
	Management principle assessment results	○ The Group's IT meeting is held every month to report and review daily operations, and the progress of the projects. ○ Report the key human resource indicators, progress of projects, or relevant achievements in executive team meetings.

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Legal compliance Material topic: Environmental Compliance, Socioeconomic Compliance, Anti-corruption, Anti-unfair competition, Public Policy	Item	2023 Management Principles
	Policy	○ We strive for regulatory compliance and ensured compliance with relevant laws and regulations as well as adopting policies that incorporated Swancor's business philosophy of integrity, honesty, transparency, and responsibility. ○ We have established the "Codes of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", "Sustainable Development Best Practice Principles", and "Antitrust Law Compliance Guidelines". ○ The Environmental Safety and Health Policy applicable to Swancor was formulated according to the ISO 14001 and ISO 45001 Standards and signed by the environmental safety and health management representative, declaring Swancor's commitment and dedication to environmental protection and occupational safety and health management. The Environmental Safety and Health Policy was announced internally on the electronic bulletin board, with an external announcement made in the Sustainable Development section of the Company's website.
	Commitment	○ Continued to strive to comply with relevant laws and regulations in order to conduct business operations within legal compliance. ○ Swancor provided necessary resources and funds to maintain effective operation of the environmental safety and health management system in the workplace, along with the participation of and communication with all employees. We continued to promote improvement activities in order to reduce the risk of employee injuries, fires, chemical hazards, etc. Swancor is committed to compliance with environmental protection as well as environmental safety and health laws and relevant requirements. An environmental safety and health database has been established and maintained for the management system to operate effectively.
	Goals and Targets	○ Ensure compliance with relevant laws and regulations as well as adopting policies that incorporate Swancor's business philosophy of integrity, honesty, transparency, and responsibility. ○ Swancor has formulated the Environmental Safety and Health Policy and works toward achieving the "five-zero" goals: zero major audit failures by external audit institutions, zero fines, zero production shutdowns, zero major incidents, and zero major environmental pollution.
	Responsibility	○ In order to ensure that the operation of Swancor complies with laws and regulations, the Legal Office formulated the Applicable Laws, Regulations, and Other Regulatory Requirements in 2017, including the identification of regulatory compliance and the management thereof. All units of the Company are required to identify applicable regulations and ensure that their own operations comply with the regulations.
	Resource	○ Swancor is committed to compliance with environmental safety and health laws and regulations. Each unit has proposed a management plan for compliance with regulations as well as invested the necessary funds and manpower to help prevent environmental pollution and maintain the safety and health of workers.
	Complaints Mechanism	○ When the stakeholders of Swancor (workers, local communities, shareholders/investors, visitors, suppliers, contractors, and government agencies) have any feedback on our compliance with regulations and wish to make any complaints, they are able to do so in accordance with the Procedures for Quality and Environmental Safety and Health Communication, Participation, and Consultation Management.
	Specific actions	○ In accordance with the "Applicable Laws, Regulations, and Other Regulatory Requirements", each unit of the Company collects information about the laws, regulations, and other requirements related to the respective unit's procedural documents and actual operations and then completes the "List of Applicable Laws, Regulations, and Other Regulatory Requirements". ○ Each unit of the Company regularly reviews the laws, regulations, and other requirements relevant to it. When there are new, amended, or abolished laws, regulations, or other requirements, each unit is required to determine whether they are applicable to the Company and then formulate relevant management plans, as well as properly record them in the Compliance Checklist of Applicable Laws, Regulations, and Other Regulatory Requirements.
	Evaluation of the Management Approach	○ Ensured compliance with relevant laws and regulations as well as adopted policies that incorporated Swancor's business philosophy of integrity, honesty, transparency, and responsibility, including the Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, Corporate Governance Best Practice Principles, Sustainable Development Best Practice Principles, and Antitrust Law Compliance Guidelines. ○ The Environmental Safety and Health Policy applicable to Swancor was formulated according to the ISO 14001 and ISO 45001 Standards and signed by the environmental safety and health management representative, declaring Swancor's commitment and dedication to environmental protection and occupational safety and health management. The Environmental Safety and Health Policy was announced internally on the electronic bulletin board, with an external announcement made in the Sustainable Development section of the Company's website.
	Management principle assessment results	○ Continued to strive to comply with relevant laws and regulations in order to conduct business operations within legal compliance. ○ Swancor provided necessary resources and funds to maintain effective operation of the environmental safety and health management system in the workplace, along with the participation of and communication with all employees. We continued to promote improvement activities in order to reduce the risk of employee injuries, fires, chemical hazards, etc. Swancor is committed to compliance with environmental protection as well as environmental safety and health laws and relevant requirements. An environmental safety and health database has been established and maintained for the management system to operate effectively.

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Risk control Material topic: General Disclosure	Item	2023 Management Principles
	Policy	- Swancor and its subsidiaries have formulated a Risk Management Policy that includes risk management procedures, risk management scope, risk organization structure, and risk management and monitoring. - The TIPS standards were formulated in 2016.
	Commitment	- Set risk control measures to control and manage potential operating risks. - Introduce the Taiwan Intellectual Property Management System (TIPS) to comprehensively protect intellectual property rights.
	Goals and Targets	- The TIPS system was introduced and passed certifications in 2022, while the Company aims to protect the R&D task force and deepen innovative R&D. - We keep track of changes in the various laws and regulations to ensure violations do not occur.
	Responsibility	- The Board of Directors will review and approve the risk management scope and policies as well as take charge of supervising the effective implementation of the overall risk management system. - The General Manager's Office will draw up the scope of risk management and ensure its implementation. - All centers and departments evaluate and prevent major risks, as well as implementing risk control according to internal control procedures. - The Auditing Office will audit and evaluate the effectiveness of risk control policies. - The general manager shall act as the TIPS project management representative. - The performance of all responsible units will be linked to the performance measurement mechanism. - All functional units will keep track of changes in laws and regulations at all times, formulate countermeasures, and assist with auditing to make sure violations do not occur.
	Resource	- For the introduction of TIPS, the relevant departments cover forward-looking R&D center, legal affairs office, human resources development center, and IT office. - According to the actual risk status and needs, relevant functional units are assigned to assist with risk control. For example, when there is a major contractual performance risk, a special task force is formed immediately where sales, legal, and procurement units, as well as senior executives, will brainstorm and develop countermeasures together.
	Complaints Mechanism	- Establish the guidelines on intellectual property communication for employee compliance. - Provide the whistleblower mailbox and assign dedicated personnel to receive and process relevant appeals and complaints. In addition, the Audit Committee Convenor mailbox was set up on the Company's official website to strengthen independence.
	Specific actions	- Continue to obtain certifications and introduce the TIPS system to other subsidiaries to strengthen the Group's overall R&D capabilities. - Set up corresponding action plans for each risk, usually project-based action plans, and the corresponding actions were based on the risk attributes. - Implemented risk management and internal control mechanisms as well as sought opportunities to create value and reduce risks so as to protect shareholders' rights and interests. - Human Resources incorporated the topic of ethical management into the scope of internal training. - Sign an Integrity Commitment with customers, suppliers, and employees.
	Evaluation of the Management Approach	- Monthly review of risk management performance according to the management meetings of the Group and business units. - The auditing unit audited and evaluated the effectiveness of risk control policies. - Annual risk control performance was reported to the Board of Directors. - Disclosed information on the TSE Market Observation Post System (MOPS) in accordance with corporate governance principles.
	Management principle assessment results	- The Group's important risk topics, along with risk control and implementation results, were reported to the Board of Directors. - The annual corporate governance evaluation was announced by the competent authority (including risk control).

1.1 Organization | 1.2 Stakeholder Engagement | **1.3 Material Sustainability Topics**

Material issue: Corporate governance Material topic: General Disclosure	Item	2023 Management Principles
	Policy	○ Achieve corporate sustainability, legal compliance, protection on stakeholder rights and interests, and ensure an effective reporting system against anti-corruption and bribery. ○ Formulated the Corporate Governance Best Practice Principles and Ethical Corporate Management Best Practice Principles.
	Commitment	○ The Group will continue to uphold transparent and honest corporate governance, and protect the rights and interests of stakeholders. ○ Strictly abide by laws and regulations, and timely disclose material information.
	Goals and Targets	○ Determined to take a leading position in terms of governance in the industry.
	Responsibility	○ Implement corporate sustainability through the board of directors and corporate governance units. ○ Conduct in-house or outsourced performance appraisal every year to review operational efficiency, and the performance appraisal was subsequently linked to the remuneration mechanism.
	Resource	○ Maintain smooth communication channels with the competent authority. ○ Appointment of corporate governance officer to coordinate and ensure that the implementation of governance is in compliance with relevant laws and regulations. ○ All employees abide by the Company's internal control system, and perform internal control self-assessment at least once a year.
	Complaints Mechanism	○ The official website has set up contact channels for stakeholders to express their opinions. ○ Dedicated personnel was appointed to handle whistleblowing cases, and maintain confidentiality of the whistleblower.
	Specific actions	○ An independent personnel shall responsible for handling whistleblowing cases, and the Company's official website shall provide the email address of the convener of the Audit Committee, with independent internal and external units, reflecting the Company's determination on internal control. ○ Organize occasional education and training courses and examinations related to legal compliance and integrity management.
	Evaluation of the Management Approach	○ The board of directors and functional committees conduct in-house or outsourced performance appraisal every year to review operational efficiency. ○ The competent authority optimizes the corporate governance evaluation indicators on an annual basis. ○ The internal audit unit conducts audits on the implementation status on a regular basis.
	Management principle assessment results	○ The corporate governance evaluation results are announced on an annual basis by the competent authority. ○ The performances of the board of directors and functional committees are reported in the board of directors meeting. ○ Relevant internal control mechanisms are formulated and amended after discussion by the board of directors.

2

Operations Management

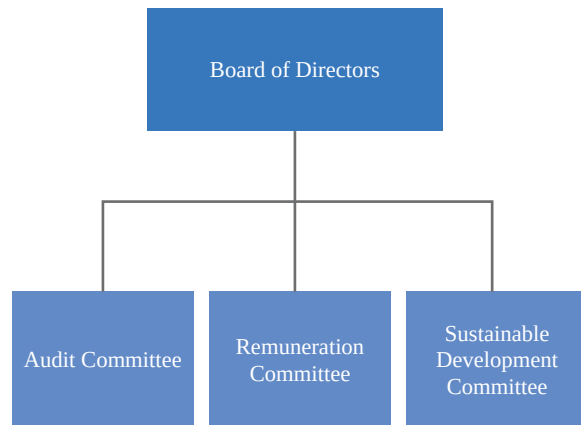
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2.1 Corporate Governance GRI 2-9, 2-23, 405-1

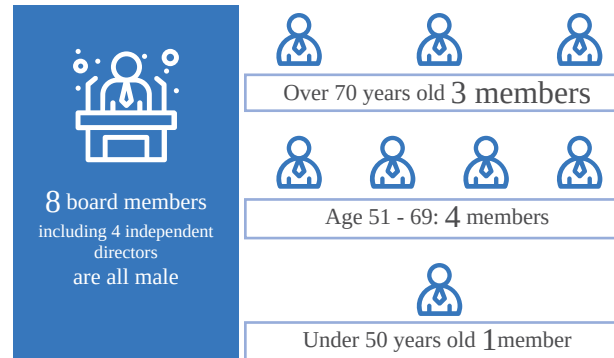
➤ 2.1.1 Composition of the Board of Directors

GRI 2-10, 2-11, 2-15, 2-16, 2-17

The Board of Directors is the Company's highest governance body and the center of major business decisions. The Company's management team regularly reports its business performance to the Board of Directors on a quarterly basis. Under the Board of Directors, the Audit Committee and the Remuneration Committee assist the Board in maximizing shareholders' rights and interests. For the key material incidents discussed by the Company's highest governance body, please refer to the [Company's 2023 Annual Report on pages 20 to 21](#).



In recent years, through continuously improving corporate governance and optimizing the corporate governance evaluation mechanism, the Company has conducted information disclosure in a more effective, reliable, and transparent manner, so as to implement corporate responsibility and protect the interests of shareholders and stakeholders. For information on conflict avoidance and mitigation, please refer to the [Company's 2023 Annual Report on pages 18 and 20](#).



The Company has established a policy of director diversity in the "Corporate Governance Best Practice Principles" and adopted a director candidate nomination system to ensure independence and diversity of board members in the selection process. Currently, there are 8 directors (including 4 independent directors) and all of the members are male; 3 directors are aged over 70 years, 4 directors are between the ages of 51 and 69, and 1 director is under the age of 50. The members of the directors have rich experience in industrial management and academic experience, and they discuss and formulate the Company's annual strategy and operating plans, supervising, and providing suggestions to the Company's managers to achieve the operational goals. Out of considerations of gender equality in the composition of the Board of Directors, one additional female board member is expected to be appointed in 2025 in the fourth term. Please refer to the Company's website for information on each director under "Investor Relations/Corporate Governance/Board of Directors". There are 2 directors who serve as managers and employees of the Company. For the term of office, gender, and other positions held by the Board of Directors, please refer to the [Company's 2023 Annual Report on pages 10 to 11](#).

For the shareholding of the Board of Directors, please refer to the [Company's 2023 Annual Report on pages 54 to 59](#).

Board Member Attendance Rate (Excluding Attendance by Proxy) and Training Hours

A total of 7 meetings were held in 2023			
		In-person Attendance Rate	Training hours
Chairman	Jau-Yang Tsai	100%	6
Director	Hsiao-Yi Tsai	100%	6
Director	Kuei-Tuan Chen	100%	12
Director	Pan-Chiang Yang	100%	6
Independent Director	Hsiu-Chun Wang	100%	6
Independent Director	Jui-Hua Li	86%	6
Independent Director	Sheng-Chung Lin	100%	6
Independent Director	Chung-Ming Liu	100%	6

➤ 2.1.2 Functional Committee GRI 2-14, 2-18, 2-19, 2-20

Audit Committee		4 committee members A total of 6 meetings were held in 2023
The Company's Audit Committee aims to assist the Board in supervising the quality and integrity of the accounting, auditing, financial reporting processes, and financial management. A committee meeting is held at least once every quarter, and the committee has the authority to conduct any audits and investigations necessary in order to carry out its duties and responsibilities as well as to communicate directly with the Company's internal auditors, certified accountants, and all employees.		
Committee Member Attendance Rate (Excluding Attendance by Proxy)		
		In-person Attendance Rate
Convener	Sheng-Chung Lin	100%
Committee Member	Hsiu-Chun Wang	100%
Committee Member	Jui-Hua Li	83%
Committee Member	Chung-Ming Liu	100%

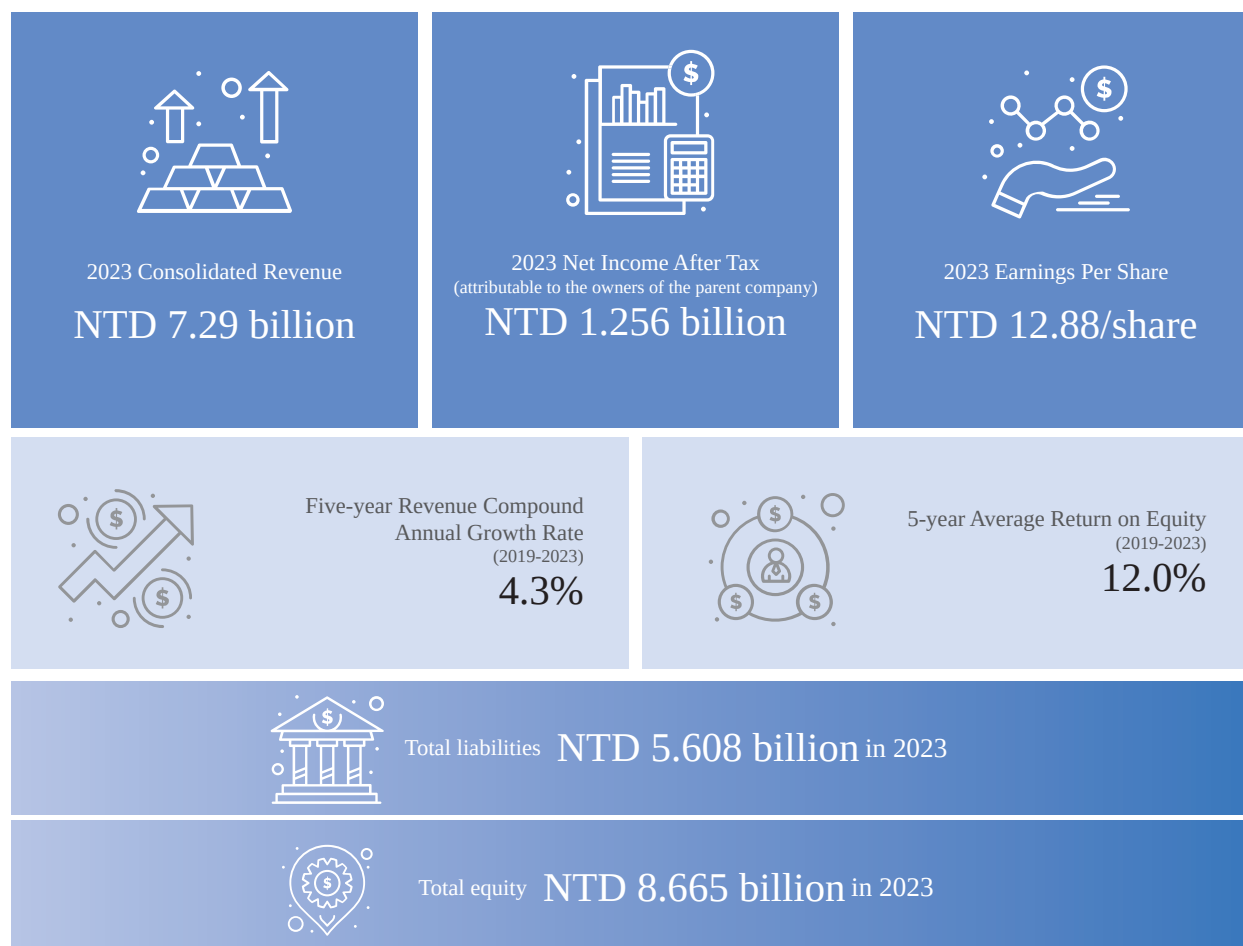
Remuneration Committee		4 committee members A total of 3 meetings were held in 2023
The Remuneration Committee has 4 members, consisting of 4 independent directors, and holds at least 2 meetings each year. The main duties of the Remuneration Committee are as follows: 1. Establish and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers. Swancor assesses the authority and responsibility of managers on an annual basis, taking into account future risks, and their contribution to the ESG goals including environmental, social, and governance to determine the manager performance. The remuneration for managers is allocated based on manager performance results. The remuneration information is disclosed on the Annual Report for review by stakeholders and shareholders before the shareholders' meeting. 2. Regularly evaluate and determine the salary and remuneration of directors and managers so as to make recommendations to the Board of Directors, preventing directors and managers from engaging in behaviors that may exceed the Company's risk appetite due to the remuneration policy. Currently, there were no other compensation consultants involved in formulating the salary standards. Swancor has set the remuneration in accordance with the Company's Articles of Incorporation. Currently, there is no recourse for the remuneration mechanism. For the remuneration for directors, general manager and deputy general manager, please refer to the Company's 2023 Annual Report on page 17.		
Committee Member Attendance Rate (Excluding Attendance by Proxy)		
Convener	Jui-Hua Li	Attendance in person was 100%
Committee Member	Hsiu-Chun Wang	In-person Attendance Rate 100%
Committee Member	Sheng-Chung Lin	In-person Attendance Rate 100%
Committee Member	Chung-Ming Liu	In-person Attendance Rate 100%

Sustainable Development Committee		8 committee members A total of 1 meeting was held in 2023
The Sustainable Development Committee formulates ESG policies and overall goals, supervises the promotion and implementation of the Company's sustainable development, and reports to the Board of Directors. The main duties of the Sustainable Development Committee are as follows: 1. Promote the short-, medium-, and long-term development strategies for the promotion of corporate sustainable development. 2. Strengthen the relationship between employees, suppliers and customers to create social value. 3. Optimize the Company mechanisms, environmental protection and implementation of social corporate responsibility.		
Committee Member Attendance Rate (Excluding Attendance by Proxy)		
		In-person Attendance Rate
Convener	Jau-Yang Tsai	100%
Committee Member	Hsiao-Yi Tsai	100%
Committee Member	Kuei-Tuan Chen	100%
Committee Member	Pan-Chiang Yang	100%
Committee Member	Hsiu-Chun Wang	100%
Committee Member	Jui-Hua Li	100%
Committee Member	Sheng-Chung Lin	100%
Committee Member	Chung-Ming Liu	100%

For more information about the operations of each functional committee please refer to the [Investor Relations/ Corporate Governance/ Committees](#) section of the Company's official website.

➤ 2.1.3 Operating Performance (GRI 2-2, 201-1)

The consolidated revenue in 2023 was NTD 7.29 billion, a decrease of 25.35% compared to last year (2022). Among the products, the revenue of eco-friendly anti-corrosion materials decreased by 1.44%, and the revenue of eco-friendly green energy materials decreased by 47.21%. The gross profit margin was 18.29%, an increase of 2.65% compared to 2022, mainly due to the decline in the cost of raw materials. The net profit attributable to the Company was NTD 1.256 billion, an increase of 39.12% compared to 2022. The earnings per share after tax were NTD 12.88, an increase of NTD 3.40 from 2022.



In the coming year, we will continue to build on the business foundation developed in the past few years, and will reinforce the two main strategies of capital consolidation and new business development.

Focusing on EzCiclo and CleaVER for mass production, high volume, and diverse applications to become a leading green circular material company.

Continue to deepen and increase industry-academia collaboration, focus on carbon neutralization, carbon capture, storage and reuse, and carbon fiber recycling applications, and commit to carbon neutrality-related research and development.

With the advance deployment of carbon neutralization-related corporate investment, we actively invest in the development of the circular economy, and are committed to becoming a carbon reduction expert committed to carbon neutrality.

Swancor plans to merge companies with excellent teams and products, in the hope to generate synergy and strengthen competitiveness, developing towards the business philosophy of “devoted to carbon neutrality and new materials innovation”, and thereby laying a broader foundation for corporate sustainability and profitability.

2.1 Corporate Governance | 2.2 Ethical Corporate Management | 2.3 Risk Management | 2.4 Implementation Status of the Audit System | 2.5 Product Quality Management | 2.6 Customer Services | 2.7 Sustainable Supply Chain Management

Operating revenue and costs

Unit: NT\$thousand

Item	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Operating revenue	10,710,300	100%	9,771,454	100%	7,294,813	100%
Operating costs	9,370,771	87%	8,243,020	84%	5,960,308	82%
Gross margin	1,339,529	13%	1,528,434	16%	1,334,505	18%
Operating expenses	1,190,155	11%	1,054,951	11%	1,104,397	15%
Operating profit	149,374	2%	473,483	5%	230,108	3%

Operating Revenue by Region

Unit: NT\$thousand

Item	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Taiwan	911,127	8.51%	1,007,594	10.31%	1,296,868	17.78%
China	7,165,814	66.90%	5,816,167	59.52%	3,855,949	52.86%
Other	2,633,359	24.59%	2,947,693	30.17%	2,141,996	29.36%
Total	10,710,300	100.00%	9,771,454	100.00%	7,294,813	100.00%

Operating Revenue by Product

Unit: NT\$thousand

Item	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Eco-friendly anti-corrosion materials	3,239,275	30.24%	3,158,719	32.33%	3,113,269	42.68%
Eco-friendly green energy materials	4,881,708	45.58%	4,363,861	44.66%	2,303,468	31.57%
Recycled materials	-	-	-	-	56,697	0.78%
Other	2,589,317	24.18%	2,248,874	23.01%	1,821,379	24.97%
Total	10,710,300	100.00%	9,771,454	100.00%	7,294,813	100.00%

Note: The production volume of eco-friendly anti-corrosion materials and eco-friendly green energy materials in 2023 was 42,268 tons and 28,786 tons, respectively. In order to maintain the consistency of disclosure, the output volume of recycled materials is not disclosed this year.

Employee Benefits Spending

Unit: NT\$thousand

Item	2021	2022	2023
Present value of the defined benefit obligations	-	-	-
Fair value of plan assets	-	-	-
Net defined benefit assets	-	-	-
Short-term compensated absence liabilities	8,357	8,639	9,980

Note: Since there are no employees who are eligible for the old pension system, the Company settled the pension account in 2020.

The Company's defined contribution plan was made in accordance with the Labor Pension Act. A contribution rate of 6% of a worker's monthly wage is to be deposited to the labor pension reserve fund account at the Bureau of Labor Insurance each month. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension expenses of the consolidated company under the defined contribution plan for 2023, 2022 and 2021 were NTD 40,059 thousand, NTD 40,099 thousand and NTD 36,906 thousand, respectively.

Earnings Distribution by Year

Unit: NT\$

Item	2021	2022	2023
Basic EPS	2.01	9.48	12.88
Cash dividend per share	1.5	5.0	5.0
Amount of cash dividends distributed	139,187,406	487,090,520	487,527,315

Note: The Company did not distribute stock dividends from 2021 to 2023.

In 2023, the total amount of community investment was NTD 1,089 thousand.

➤ 2.1.4 Tax Governance

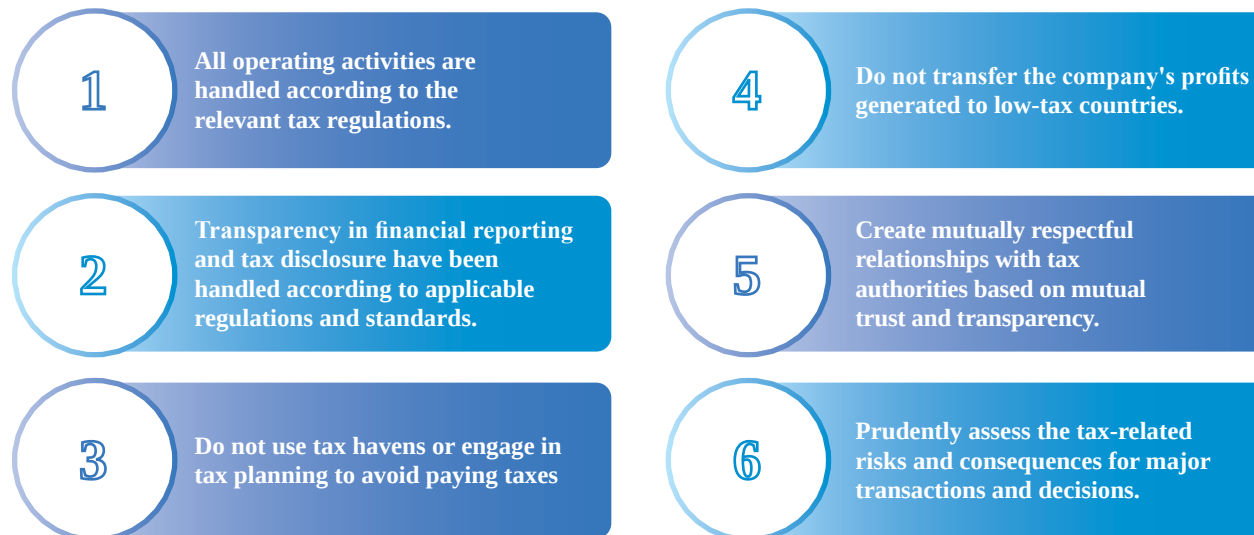
(GRI) 2-23, 2-24, 201-1, 207-1, 207-2, 207-4

The Accounting Department is the responsible unit for various types of taxation. The Accounting Assistant Manager is responsible for supervising related tax operations and tax risk management, as well as reviewing the Company's tax policies from time to time to ensure the effective operation of the tax management mechanism. In addition, the Company strengthens its expertise through professional services provided by external tax consulting agencies.



Tax policy

The Company supports tax policies that help businesses innovate and promote economic growth and is committed to information transparency and sustainable development.



Tax Risk Management

The Company has set up operating bases and expanded its businesses around the world, complying with relevant tax laws of countries of which the operating bases are located. The changes in tax laws and regulations may cause an increase in the Company's effective tax rate, with adverse effects on the business performance. To effectively manage tax risks, the Company's major decisions cover tax assessments, with proper risk measurement, risk management and control after approval.

Unit: NT\$thousand

Region	Pre-tax profit	Percentage
Taiwan	1,438,598	99%
Asia (excluding Taiwan)	9,509	1%
Total	1,448,107	100%

Unit: NTD thousand

Region	Income tax paid
Taiwan	108,409
Asia (excluding Taiwan)	18,576
Total	126,985

2.2 Ethical Corporate Management

In order to establish the Company's corporate culture of ethical management, improve its development, and ensure robust business operations, we have formulated and implemented the Ethical Corporate Management Best Practice Principles. The Corporate Governance Unit under the Board of Directors has also been established as the unit responsible for promoting ethical corporate management. The Corporate Governance Unit reports the plan and results of such promotion to the Board of Directors on a regular basis. In addition, the Audit Office supervises or audits the results or measures promoted to ensure ethical corporate management.

Responsibilities

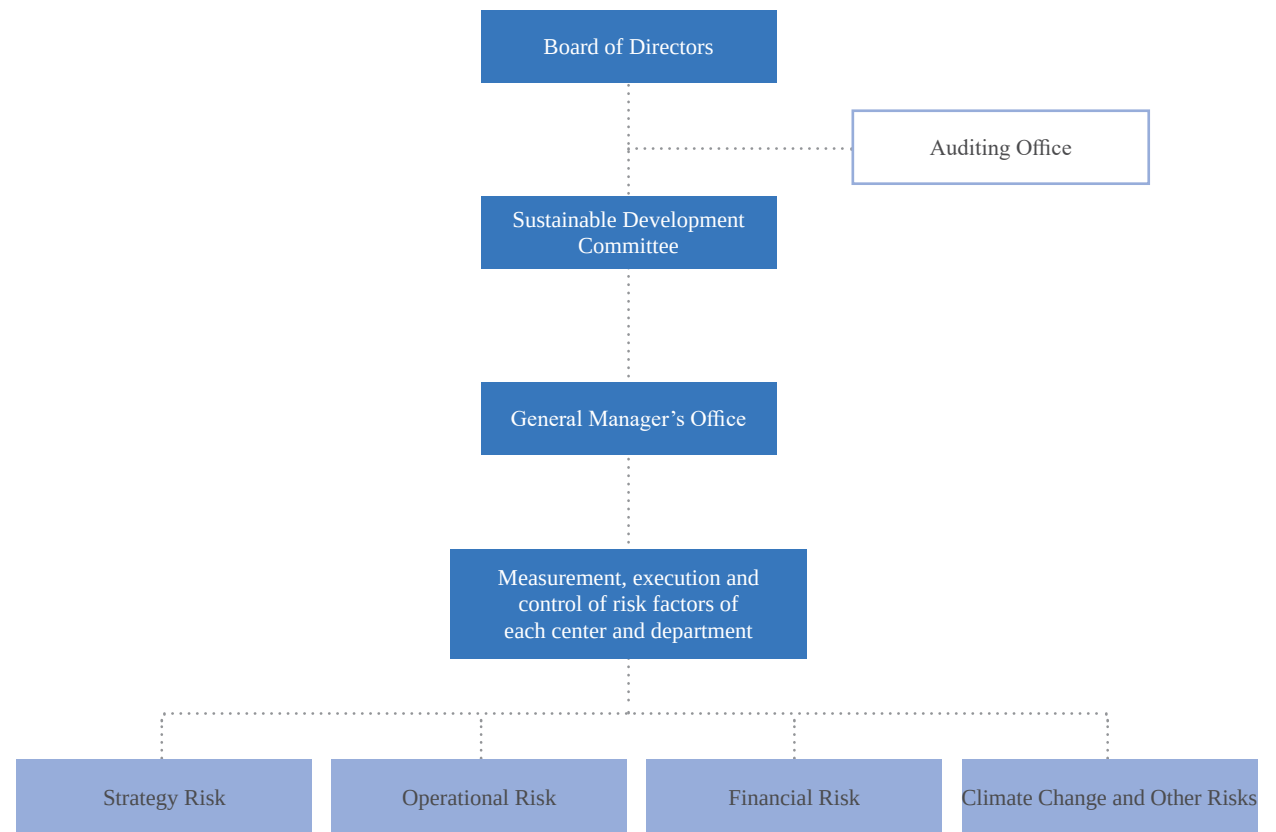
- 1 Assist in the integration of integrity and ethical values into the Company's business strategy (promotion and coordination of policy advocacy and training).
- 2 Plan internal organization structure and responsibilities allocation as well as set up mutual supervision and checks-and-balances mechanisms for operating activities within the business scope that are at high risk of unethical conduct.
- 3 Analyze and evaluate the risk of unethical behavior within the business scope regularly.
- 4 Regularly review business processes, assess compliance, and issue reports.

Implementation status is reported to the Board of Directors at least once a year. For more information on implementation status, please refer to the "[Corporate Governance Status](#)" section of the Company's official website.

2.3 Risk Management GRI 2-12, 2-23, 2-24, 3

Swancor formulated the Risk Management Policy, approved by the Board of Directors, in 2018. The subsidiaries also formulated risk management measures within their internal control systems, serving as the basis for Swancor Group's risk control and management. Swancor and its subsidiaries have formulated a Risk Management Policy that includes risk management procedures, risk management scope, risk organization structure, and risk management and monitoring.

Risk Management Organizational Structure



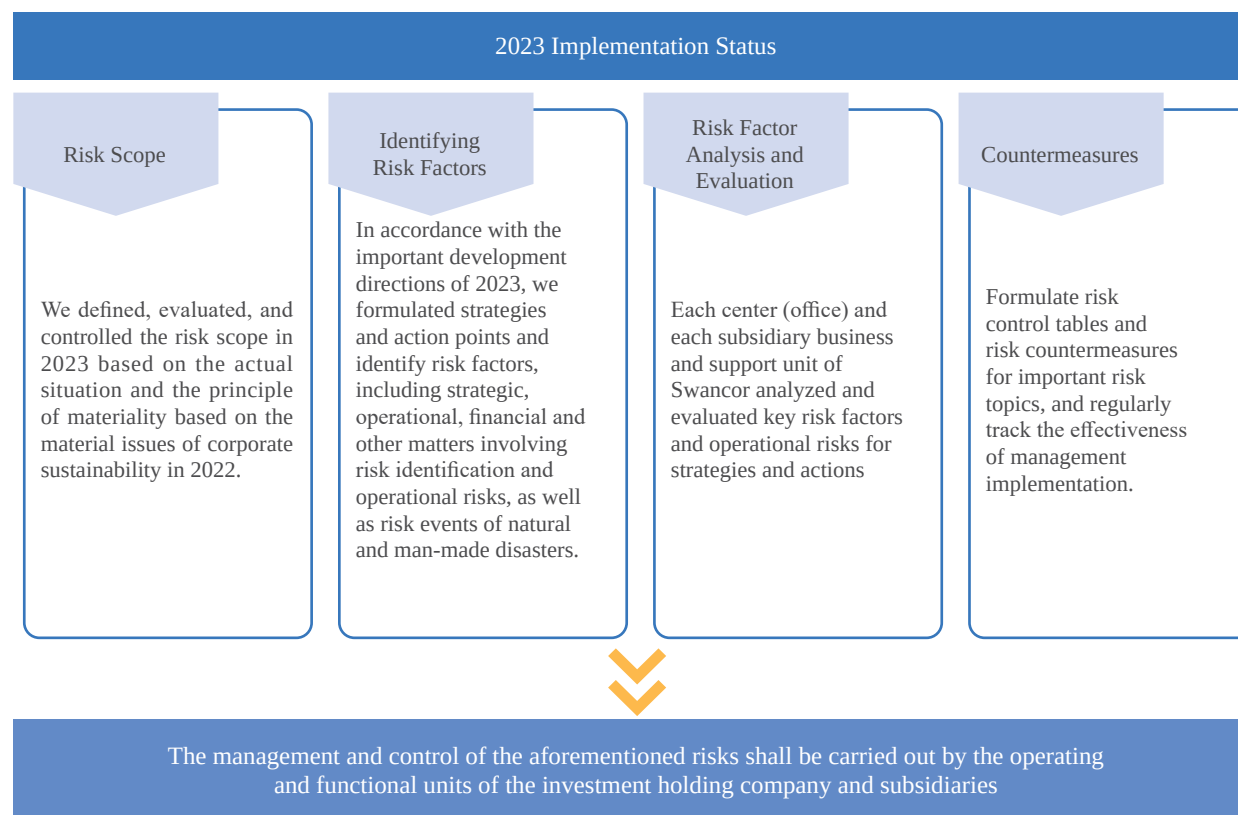
Roles and Functions of Responsible Units

Board of Directors	Review and approval of risk management scope, policies and authorities, as well as take charge of supervising the effective implementation of the overall risk management system.
Sustainable Development Committee	Review the scope and specifications of climate risk management, and supervise the implementation of related operations.
General Manager's Office	Draw up risk management procedures and ensure the Board of Directors regulates the implementation of risk management.
Centers and Departments	Set key points of risk management, carry out risk measurement, monitoring, and implementation in accordance with internal control procedures, and comply with risk management legislation.
Auditing Office	Audit and evaluate the effectiveness of risk control policies.

The Board of Directors is responsible for approving risk policies and implementation results; the Sustainable Development Committee is responsible for reviewing the scope and specifications of climate risk management and supervising the implementation of relevant operations; the General Manager's Office is responsible for formulating climate risk management specifications and reporting to the Board of Directors at least once a year on related operations to ensure that the Board of Directors and the Sustainable Development Committee are aware of and approve the implementation of climate risk management regulations. The heads of each center and department are responsible for setting the key points for climate risk management operations, performing climate risk measurement, monitoring, and implementation. According to the internal control procedures, compliance and implementation of risk rules are carried out.

Risk Management Policy Direction

Since its establishment, Swancor has invested continuous effort into green energy and environmental protection and safety, continuing to move toward the vision of becoming a respected material and holding company in the fields of green energy, environmental protection, and safety as well as a world-renowned brand. In light of the natural hazards and disasters caused by global warming and rapid global environmental change in recent years, Swancor adopted the new motto of “devoted to carbon neutrality and new materials innovation” at the end of 2021, working to independently develop new eco-friendly green energy materials through innovative thinking to reduce the impacts of climate change. In addition, Swancor expects to launch products related to green energy in the coming year and aims to become a leader in environmental protection and green energy. To reduce the Group's operational risks during the process of innovation, Swancor and its subsidiaries have been working together to prevent occurrence of major risk events and achieve the business goals of the Company and the Group through risk management-oriented business models to protect the rights and interests of stakeholders and investors.



The risk operations of Swancor Holding and its subsidiaries in 2023, including important risk topics and risk control and implementation results, were reported to the Board of Directors on November 7, 2023. The risk topics and corresponding prevention and response measures are as follows:

Risk items	Risk Description	Countermeasures
 Information Security Risk	New types of cyberattacks are emerging, and improper control creates information security risks.	○ Introduce the SOC+SIEM correlation analysis service to provide full-time information security protection monitoring and alarms. ○ Strengthen the security of the internal website (SSL certificate) to improve the security of system data transmission. ○ Introduce system cloud remote backup to enhance the availability of backup data for disaster recovery. ○ Introduce authorized software control software, and strictly prohibit the use of green software and unauthorized software. ○ Introduce and pass ISO 27001 information security management system .
 Intellectual property management risk	Developing new technologies, while the management system is not yet complete.	○ In 2023, the Company introduced the Taiwan Intellectual Property Management System (TIPS), which passed the A-level certification, which will be valid until December 31, 2025. ○ Active deployment of new technology patents and formulation of relevant strategies.
 Occupational safety risk	There may be occupational safety risks in uncontrolled factory areas, which may cause accidents.	○ An environmental safety unit was established to conduct audits in the factory every day to ensure that all personnel follow the operating procedures. ○ Disaster prevention drills are conducted on an ad hoc basis in each factory to help reduce damages.
 Climate Risk	Failure to take preventive measures, resulting in damage to Company assets.	○ Disaster prevention plans have been formulated according to regional characteristics. ○ Promotion of energy saving, carbon reduction, and recycling to reduce the impact on the environment as well as investing in green energy industries - offshore wind power material supply chain. ○ Launch EzCiclo and other environmentally friendly green energy products.

Risk items	Risk Description	Countermeasures
 Financial Risk	The possibility of loss caused by market risk, credit risk, and liquidity risk.	○ The finance unit coordinates and submits various risk reports to the management level for relevant assessment and prevention measures. ○ Reduce the financial risk related to contract performance by supplier management, customer credit investigation and approval.
 International crude oil price fluctuation risk	Primary business costs are more sensitive to changes in raw material prices. Uncontrollable risks such as international crude oil prices, market supply and demand, and so forth have greater impact on the Company's main raw materials.	○ Overall procurement strategy is developed according to changes in the raw material procurement environment as well as different supply and demand environments of various markets. ○ Diversified procurement options (such as bidding, forward contracts, etc.) are employed to improve the operational flexibility of procurement development strategies.
 Risk of changing environmental protection policies in the chemical industry	Changes in local government policies or specific risk incidents may influence the production volume at the production factory.	○ Meet international standards and national standards of places of production; improve production safety, environmental safety and protection, and occupational health systems; provide three-level safety training for employees; and conduct inspections and certification in key areas outside the factory in Jiangsu. ○ Improve and upgrade equipment automation level. ○ Expanded the overall production capacity of the entire Group to cope with suspended production due to force majeure.
 Management level risk	Failure to cultivate or hire talent with suitable qualifications in advance may have negative impacts on the Group's strategic development and operational performance.	○ Regularly conduct talent demand analysis in order to implement talent training and recruitment processes as soon as possible. ○ Coordinate and implement strategic talent and executive development plans. ○ Create competitive compensation and employee benefits packages.

Task Force on Climate-Related Financial Disclosures (TCFD) Overview

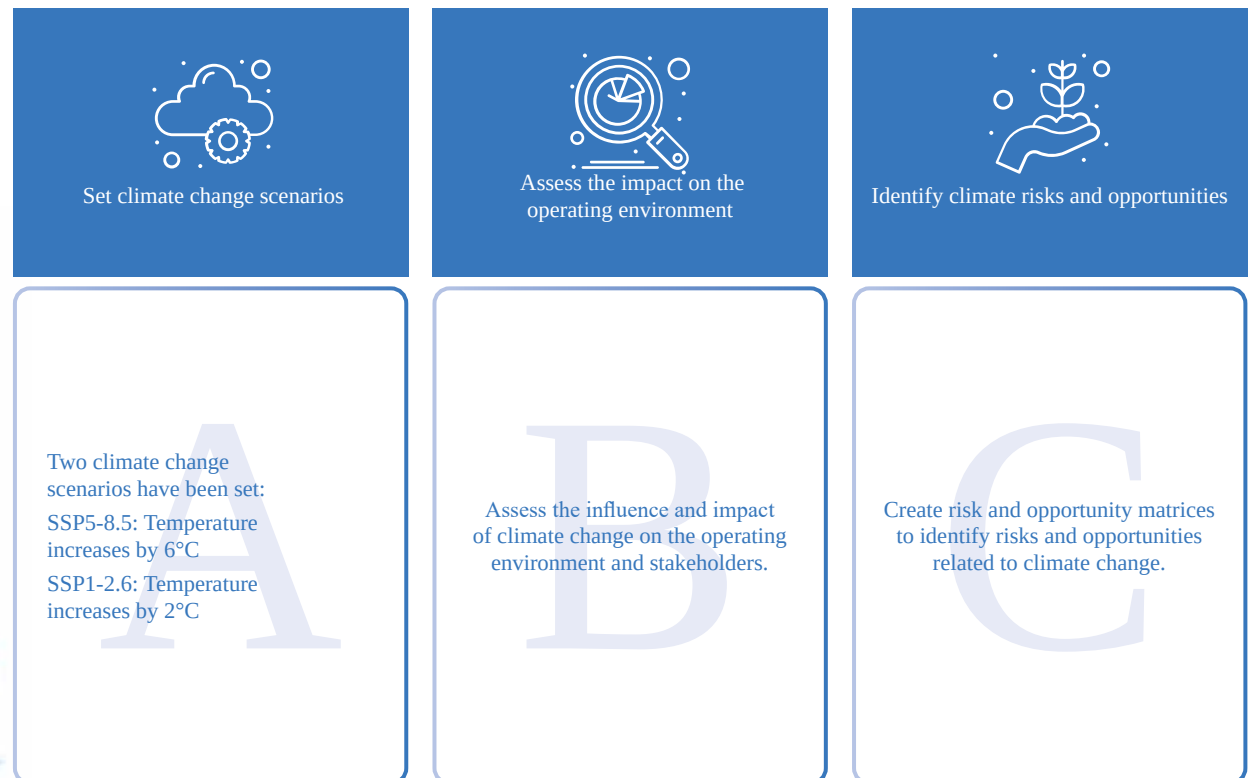
The impact of global warming and extreme weather on business operations is one of the pressing issues that Swancor is paying significant attention to, and we have taken specific actions to assess and participate in climate change mitigation and adaptation activities. In 2021, we voluntarily adopted the recommendations developed by the Task Force on Climate-Related Financial Disclosures (TCFD) to identify significant risks and opportunities associated with climate change and propose countermeasures.

In addition to closely monitoring climate change and international responses, Swancor also holds discussions on possible scenarios, impacts on the Company, and impact time frames through inter-departmental communication. The scenarios identified are further assessed to better facilitate control and response actions to climate-related risks and opportunities.

1 Procedures for Identification of Climate-Related Risks and Opportunities

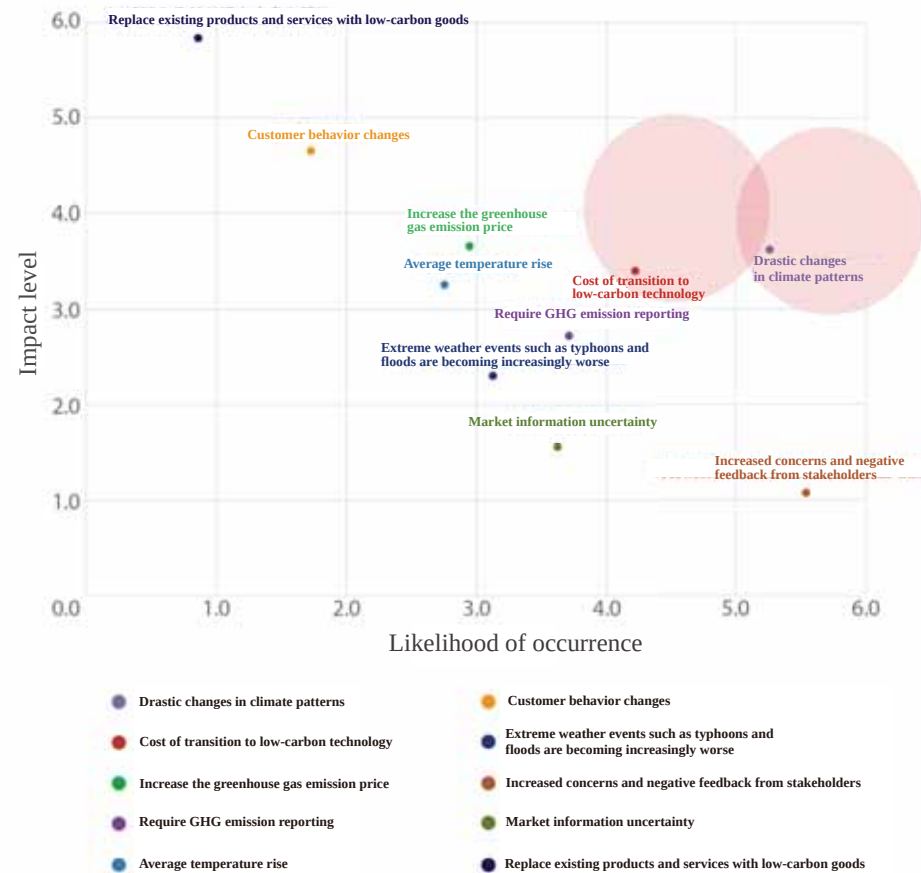
Swancor not only devotes ongoing attention to the climate policies and action plans of different industries in both domestic and international markets but also evaluates potential impacts of climate change using matrix analysis, covering: direct and indirect physical impacts due to extreme changes in rainfall and climate patterns; changes in policies and regulations, market demands; and risks and opportunities for the Company's activities arising from other cultural or social aspects. Through this, we are able to better reduce the risk of climate change, seize business opportunities, and implement sustainable governance.

Through meetings on climate-related risks and opportunities, Swancor engages in discussions on climate change issues, collection of supporting information, and assessment of risks and opportunities. Swancor's procedures for identifying climate change-related risks and opportunities are as follows:

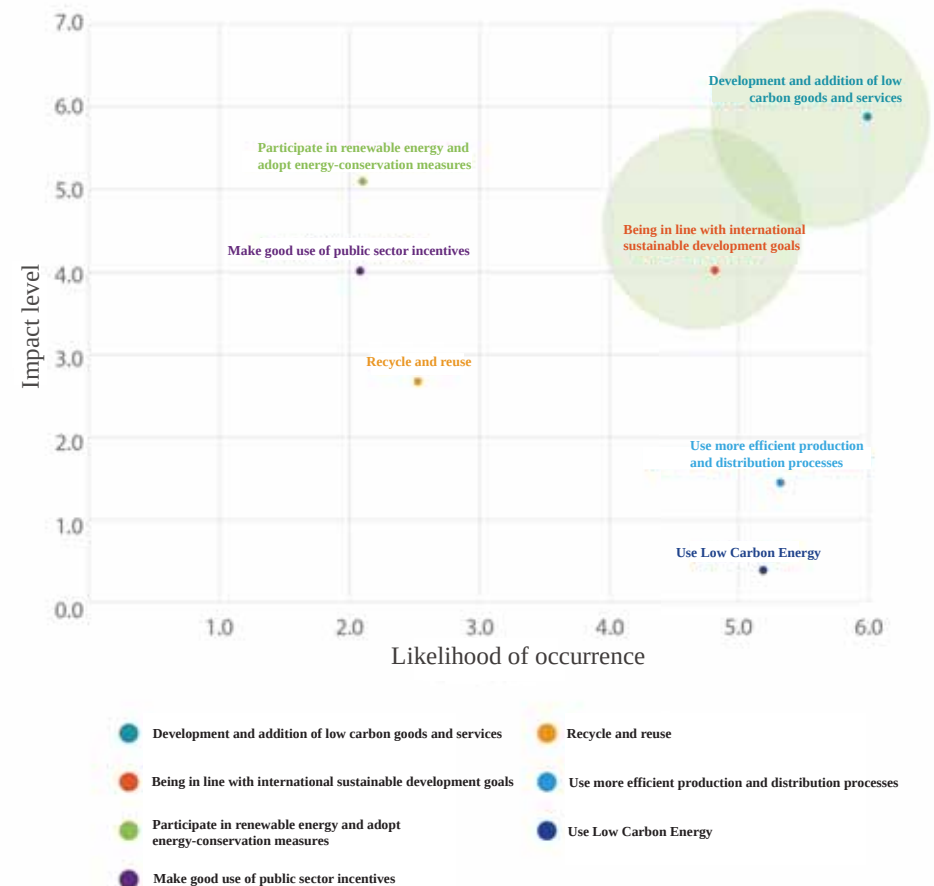


For the climate-related risks and opportunities identified, Swancor analyzes their likelihood of occurrence and degree of impact and then determines the top risks and opportunities. For 2023, we determined two high-risk factors and two high-opportunity factors. Swancor's 2023 climate change risk and opportunity matrices are shown below:

Climate Change Risk Matrix



Climate Change Opportunity Matrix



2 Explanation of Climate-Related Risks

Note: Definition of Time Frame: Short-term: 1-3 years Medium-term: 3-5 years Long-term: More than 5 years.

Climate Risk Master Identification Form	Risk Ranking	Risk Number	Risk Category	Risk Factor	Estimated Time Frame
	1	001	Physical risk - immediateness	Drastic changes in climate patterns	Short term
	2	002	Transition risk - technology	Cost of transition to low-carbon technology	Medium-term

Risk 001 - Drastic changes in climate patterns

Impact scenario	Due to extreme changes in climate patterns, the frequency and time frame of extreme weather events such as abnormally high or low temperatures have increased, which may result in damage to the Company's factory equipment, production difficulties, supply shortages, and failures to conduct business activities normally. Due to extreme weather, the Company's production may be suspended, production capacity may be reduced, equipment may be damaged, transportation may be difficult, and the supply of raw materials may be interrupted, resulting in a decrease in the Company's revenue and an increase in costs.
Risk impact aspect evaluation	● Changes in production processes and product formulas: In the event of extreme low temperatures due to a strong cold wave or extreme high temperatures in summer, employees may experience physical discomfort and the production time frames and formulas of the Company's products may be affected. ● Price changes: Due to the impact of extreme weather, production processes and product formulas may need to be changed. The required labor and cost may also affect the pricing decisions Swancor makes for the downstream.
Financial impact aspect evaluation	Increased operating costs: Low temperatures may affect production time frames and product formulas, leading to an increase in costs for some products.

Risk 002 - Cost of transition to low-carbon technology

Impact scenario	The Company is transitioning to low-carbon technology and needs to introduce new technologies and new talents, develop new low-carbon products and new production processes, and install new energy saving equipment, which may significantly increase the Company's capital expenditure. The Company's transition to low-carbon technology may increase the Company's costs and compress profit margins.
Risk impact aspect evaluation	● Cost of new product development: The development of new low carbon products, the addition of new energy-saving equipment, and the development of new technologies may increase the Company's capital expenditures. ● Imposition of carbon fees: Due to amendments to relevant legislation in response to climate change in Taiwan, carbon fees will be imposed on GHG emissions produced by companies, which may increase the Company's operating costs.
Financial impact aspect evaluation	Increased operating costs: The development of new low-carbon technologies and products as well as the addition of energy-saving equipment will increase costs; once the government starts to impose carbon fees in the future, additional costs may also be incurred by Swancor.

3 Explanation of Climate-Related Opportunities

Note: Definition of Time Frame: Short-term: 1-3 years Medium-term: 3-5 years Long-term: More than 5 years.

Climate Change Opportunities Master Identification Form	Opportunity Ranking	Opportunity Number	Opportunity Category	Opportunity Factor	Estimated Time Frame
	1	001	Market products and services	Development and addition of low carbon goods and services	Long term
	2	002	Other	Being in line with international sustainable development goals	Short term

Opportunity 001 - Development and addition of low carbon goods and services

Influence scenario	With international moves toward carbon reduction, the Company is expanding its range of low-carbon products and promoting new products of circular economy that can be recycled and reused. By adding low-carbon products, the Company can improve its market competitiveness, increase its market share, grow its revenue, enhance its corporate image, and have a positive impact on the industry and supply chain.
Opportunity Impact Assessment	● Promotion of the circular economy product EzCiclo: In response to the trend toward carbon reduction, Swancor is promoting new circular economy products that can be recycled and reused. For example, by using recyclable basic epoxy resin to make wind turbine blades, we not only effectively solve the problem of recycling retired wind turbine blades but also reduce product carbon footprint and pollution. ● Reduction of carbon emissions: Low carbon products can be recycled without reheating, avoiding the generation of carbon dioxide and thus effectively reducing carbon emissions.
Financial impact aspect evaluation	● Cost reduction: Reducing carbon emissions can reduce carbon fees at the same time to achieve cost reduction. ● Increased revenue: At present, most of the retired wind turbine blades in the world are still disposed of by the cheapest methods such as burial and incineration. However, these less troublesome disposal methods cause damage to the environment. EzCiclo & CleaVER launched by Swancor has the advantages of carbon reduction and circular economy, which can create a trend in the market and bring more revenue for Swancor.

Opportunity 002 - Being in line with international sustainable development goals

Influence scenario	In response to climate change, customers and the market both now have higher ESG requirements for the Company. As such, the Company participates in external ESG evaluations, obtains relevant certifications for sustainability, and aims to comply with future international standards. Through the improvement of our sustainability performance, the Company is able to enhance its reputation and exposure, increase its revenue and market value, and attract more talent.
Opportunity impact aspect evaluation	● Reduction of carbon footprint: Swancor develops recyclable resins without the generation of waste solvents and waste gas, and the carbon footprint of the recycling process is extremely low, which greatly reduces the impact of our products on the environment. ● Use of renewable energy: Swancor began utilizing renewable energy such as solar energy in 2023, including installing solar panels on the roofs of the factories to reduce electricity consumption and costs. ● Construction of green buildings: The Swancor Group Industrial Innovation Park was completed in March 2024, with the goal of obtaining the EEWH Gold-Level Green Building Label. ● Promotion of sustainable ecological conservation: Swancor actively invests in environmental greening to protect Taiwan's ecology, help reduce the greenhouse effect, maintain biodiversity, and contribute to the sustainable development of Taiwan's ecology.
Financial impact aspect evaluation	● Cost reduction: The implementation of low-carbon sources of self-generated and self-used energy such as solar energy can reduce electricity costs and carbon expenses. ● Increased revenue: Promoting the low-carbon circular economy product EzCiclo & CleaVER can help solve the problem of recycling retired wind turbine blades as well as increase revenue and profits.

4 Response Strategies for Climate Change

Risk Response Strategies	Drastic changes in climate patterns ● Establishment and research of thermal heating production lines: In response to extreme temperature changes, Swancor has taken preventative actions and made adjustments to this situation. At present, the factory has built production lines for products that need to undergo thermal heating processes, which can reduce the time and cost of additional heating processes. At the same time, the R&D unit will also conduct relevant process changes and instrument evaluations for this risk.	Cost of transition to low-carbon technology ● Low-carbon, circular, and cost-effective: The recycling process for low-carbon products does not generate waste solvents, waste gas, or pollution, and the products can be 100% recycled. ● Energy management improvement and energy consumption reduction: In response to the increasing use of renewable energy and the cost of energy transition, we will continue to strengthen the energy management system and energy-saving measures to reduce operating costs due to increased electricity prices.
	Development and addition of low carbon goods and services ● Technological development of low-carbon products: Swancor will continue to use the most advanced technology to manufacture low-carbon products, minimize the carbon footprint of the recycling process, and reuse the recycled materials in the original area of application to achieve the goal of reducing waste and protecting the environment.	Being in line with international sustainable development goals ● Promotion of recyclable resin products: Continued to promote recyclable resin-related products to achieve the commercialization of recyclable fan blades at the end of 2023, and aim to fully supply recyclable resin from 2026. ● Increasing of the use of renewable energy: The goal is to use renewable energy for <25% of the power consumption of the entire factory. ● Construction of Swancor Group Industrial Innovation Park: Construction is expected to be completed at the end of July 2024, with the goal of obtaining the EEWH Gold-Level Green Building Label. ● Ongoing investment in sustainable ecological conservation: Swancor expects to start planting tree saplings and greening the environment in 2022 and complete the initial stage in July 2024, helping reduce the greenhouse effect, maintain biodiversity, and create sustainable ecological development in Taiwan.

2.4 Implementation Status of the Audit System

GRI 2-27

The Company has set up an Audit Office.

- The Company conducts routine audits in accordance with the annual audit plan resolved by the Board of Directors, and implements project audits as appropriate to reduce possible deficiencies in the internal control system and propose improvements.
- In addition, we urge all subsidiaries and units to conduct self-assessment on internal control to assess its reasonableness and effectiveness.

After the audit is completed, the audit unit will issue an audit report.

There were no significant deficiencies in 2023.

The audit report is submitted to the Chairman and independent directors on a monthly basis, and to the board of directors on a quarterly basis, adhering to the spirit of corporate governance.

For the communication between independent directors and internal audit supervisors, please refer to the Company's official website "[Investor Relations/ Corporate Governance/ Communication Between Independent Directors, Audit Managers, and CPAs](#)".

Penalties:

Sunwell Carbon Fiber Composite Corporation did not include bonuses and shift allowances in the employee overtime pay benchmark due to the issue with the recognition of bonuses/allowances. As a result, the calculation method of overtime pay was different from the government's, leading to a shortage of overtime pay. Sunwell Carbon Fiber Composite Corporation was fined by the Letter Fu-She-Lao-Zi-Zi 1120245518.

Amount of fine: NTD 50,000

Improvement measures:

1. Re-compared the labor standards regulations and definitions for consistency with internal practices and adjusted the discrepancies.
2. Performed regulatory verification on a monthly basis. If there were changes in regulations, the internal conditions were immediately reviewed with adjustments made.

Note:

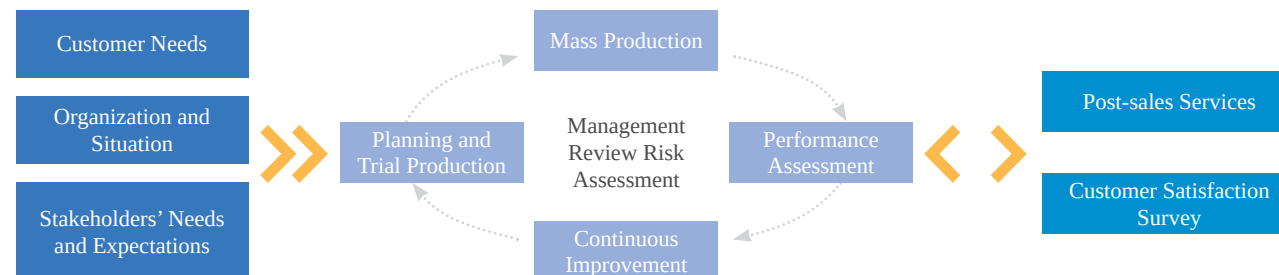
1. The penalty record is calculated based on the date of the official letter of the penalty received in 2023.
2. The disclosure threshold for fines is over NTD 10,000.



2.5 Product Quality Management

Quality Policy			
Quality First	Driven by Integrity	Victory by Innovation	Diligence, Frugality, and Profitability
Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, and COTECH have all met the quality management system specifications, passed third-party verification audits, and received certificates.			
	Swancor Highpolymer Co., Ltd.	Sunwell Carbon Fiber Composite Corporation	COTECH
Quality System	ISO 9001: 2015	ISO 9001: 2015	- ISO 9001: 2015 - IATF 16949 : 2016 Automotive - AS 9100: 2016 Aviation
Verification Company	GL Business Assurance Co., Ltd. (DNV)	GL Business Assurance Co., Ltd. (DNV)	AFNOR Asia Ltd. (AFNOR)
Certificate No.	4404-1995-AQ-RGC-RvA	362705-2020-AQ-RGC-RvA	- N°2013/55873.6 0451018 - N°2013/55487.6
Effective Date	2022/01/17 – 2025/01/17	2023/11/06 – 2026/11/05	2022/11/26 - 2025/11/25 2022/05/26 - 2025/05/25 2022/11/26 - 2025/11/25
No major defects or recalls in 2023			

The structure of Swancor's quality management system is as follows:



Education, Training, and Assessment Systems

Swancor Highpolymer & Sunwell Carbon Fiber Composite have participated in training and certification

Course	APQP4Wind Specialist
Internal/external training	External training (DNV)
Number of Participants/ Number of People Passed	4/4
Total Hours	112 hrs

Note: APQP4Wind is a common advanced product quality planning method for the global wind industry.

COTECH-related members have participated in training and certification

Course	Ultrasonic testing of composite materials Application and practical demonstration
Internal/external training	External training
Number of Participants/ Number of People Passed	1/1
Total Hours	6 hrs

Quality Activities

Carbon fiber: Promote daily production line inspections and audits, and conduct on-site reviews and follow-up improvements.

2.6 Customer Services

Global Supply and Technical Services



Shang-Wait has customers on 5 continents



Swancor has an experienced technical services team that can quickly respond to customer needs and provide solutions

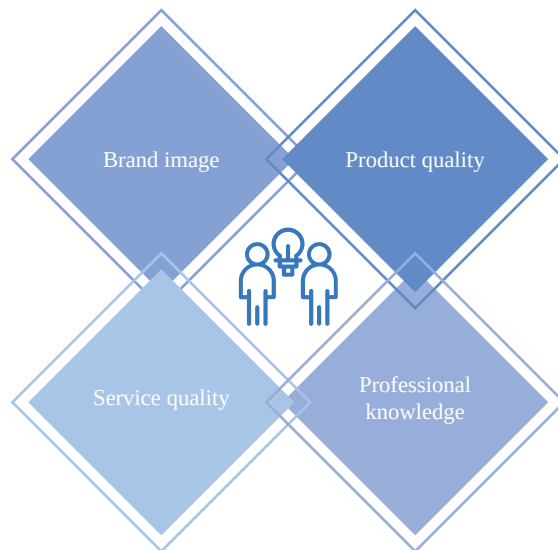


2023 Customer Satisfaction Management

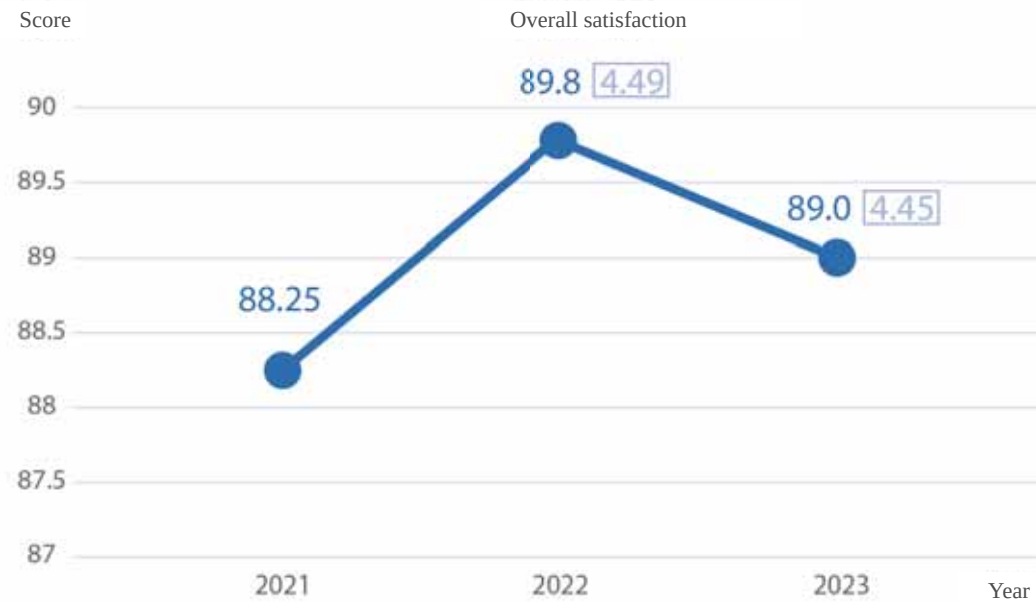
Understanding how customers perceive our products and services and providing quality management are our core values. To meet the high-quality brand image we have in the minds of our customers, we have always maintained a rigorous attitude towards product quality control and continued to take preventative actions and make improvements, thus achieving stable sustainable business growth.

Swancor conducts satisfaction surveys, using the collected data as an important basis for continuous improvement of products and services. Customer satisfaction surveys are conducted at least once a year for key customer groups within our business areas.

The satisfaction survey in 2023 adopted the 4 major indicators for 2022, focusing on brand image, product quality, service quality, and professional knowledge. By doing this, we are able to consolidate and improve the plan that focuses on customer processing and information feedback speed.



The 2021–2023 customer satisfaction survey results are as follows:



Note:

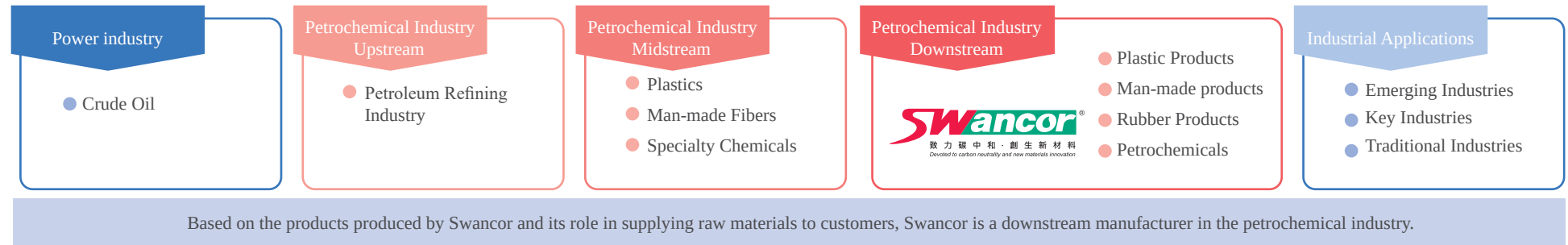
1. Overall satisfaction is the average of all domestic and foreign customer ratings from the satisfaction survey.
2. Our target score from 2022 onwards is set at an average score of 4 points (equivalent to 80).

The overall customer satisfaction with Swancor stayed stable between 80 and 90.

Product information and on-time delivery and quality are still the main considerations for domestic and foreign companies. Based on customer feedback, we have performed further reviews and evaluations of our business operations and developed plans to optimize and improve in terms of sales, technology, and product marketing.

2.7 Sustainable Supply Chain Management (GRI) 2-6, 204-1

Industry supply chain



➤ Supply Chain Sustainable Management Policy

Suppliers are not only strategic partners of Swancor in improving products and services but also important stakeholders in terms of exerting the influence of corporate sustainable development. We work with suppliers to fully comply with the laws, rules and regulations of the countries where they operate to ensure the safety of the supply chain work environment, employee welfare, environmental protection and ethical code of conduct.

The assessment of suppliers is carried out in the form of self-disclosure and self-evaluation. Through self-evaluation by suppliers, regular audits, and continuous improvement, the Company is able to put in place controls on the performance of suppliers and establish a supplier management mechanism for sustainable growth.

The initial evaluation mechanism for new suppliers includes but is not limited to raw material recognition and supplier evaluation, supplier supply capability, quality specifications, etc. Suppliers are required to sign relevant contracts before transactions are made. In addition to meeting the above requirements, local suppliers that meet the criteria of green environmental protection and local suppliers will be prioritized for evaluation. The goal of saving electricity, water, and reducing energy consumption is achieved through green procurement.

Environment	Social	Governance
- Energy emission reduction - Waste output reduction - Green procurement	- Emphasis on human rights - Compliance with labor rights - Diversity and inclusion - Occupational health and safety - Community engagement	- In line with local government policies - Risk management - Anti-corruption



Supply Chain Management System

Swancor continuously improves its supplier management system and strengthens its supplier selection mechanism by conducting regular supplier evaluations every year, either in written form or through on-site audits. Efforts are made to reduce our negative impact on the environment and society, safeguard the labor rights of suppliers, ensure quality management, environmental safety management, occupational safety protection, and supplier sustainability.

Supplier Type	Supplier Management Procedures
New Suppliers	- Document supplier information. - Supplier Evaluation Form (raw material suppliers): Management capability/ engineering and process capability/ quality/ environment/sustainable development. - Supply Agreement (raw material suppliers). - Integrity Commitment Sign-on. - Declaration of Conflict-Free Minerals (raw material suppliers).
Existing Suppliers	- The relevant units should complete the satisfaction survey form based on performance in the previous year: Quality/ environmental safety/ delivery/ service/ pricing. - Suppliers are ranked according to the results of the annual satisfaction survey, and those who do not meet the standards will not be selected. - Declaration of Conflict-Free Minerals (raw material suppliers).

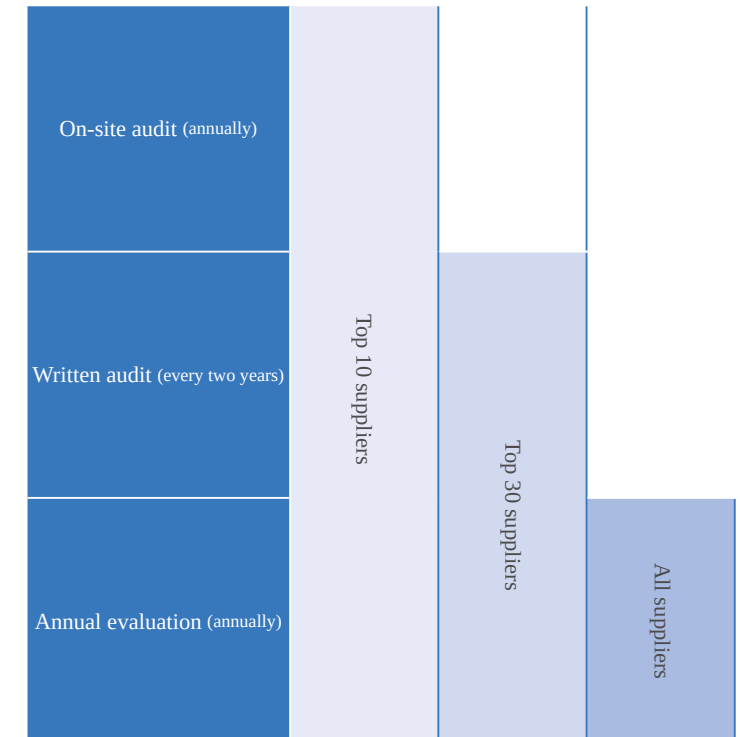
2023 New Qualified Suppliers



Supplier Evaluation

Swancor conducts annual supplier evaluations on a regular basis, and increases the percentage of procurement quota for suppliers with excellent evaluation results. For suppliers who fail to pass the evaluation, the evaluation team will disqualify them after evaluation has taken place. The evaluation and audit mechanism include regular annual evaluation and rating and on-site audit of key suppliers.

Evaluation Method



Note:

- The top 10 and top 30 suppliers are screened according to the transaction amount, number of times, and criticality.
- The top 10 and top 30 suppliers are targeted only for raw material manufacturers.

2023 Evaluation Results



On-site Audit

In 2023, due to the impact of the pandemic, on-site audits were only available for some suppliers, so on-site audits were only conducted on the largest suppliers. We have planned to conduct on-site or online audits of the top ten suppliers in 2024.



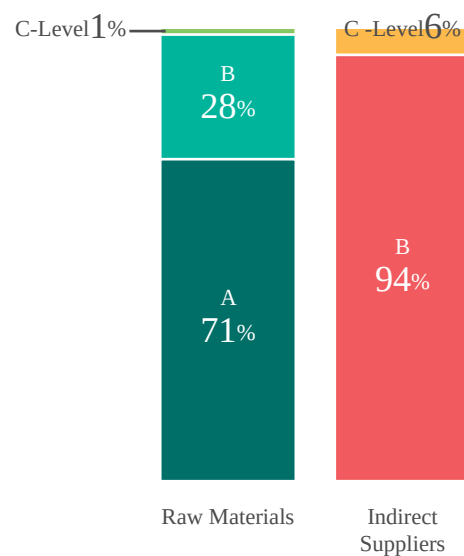
Written audit

A written audit is conducted once every two years. Since a written audit was not conducted in 2023, it will be conducted in 2024.



Annual evaluation

2023 Supplier Rating and Response Measures

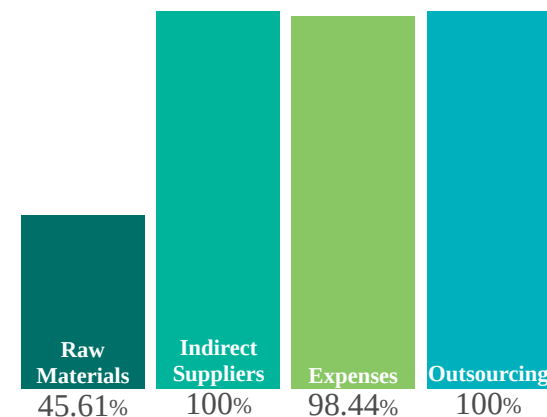


Note:

1. A total of 354 suppliers cooperated in 2023, of which 71% were grade A-Level suppliers and 28% were grade B-Level suppliers in the indirect evaluation.
2. In 2023, the internal supplier evaluation method of Swancor was changed, resulting in a slight reduction in the percentage of A-Level suppliers.

Ratio of Local (Taiwan) Procurement in 2023

Enhance the core capabilities of local suppliers, protect the rights and interests of local workers, increase local procurement, and collaborate with suppliers to conserve electricity, water, and waste.

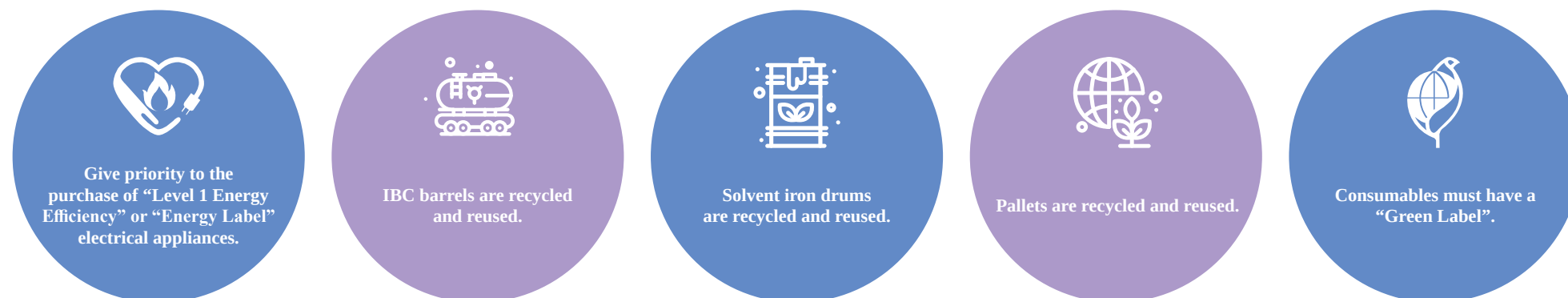


Note:

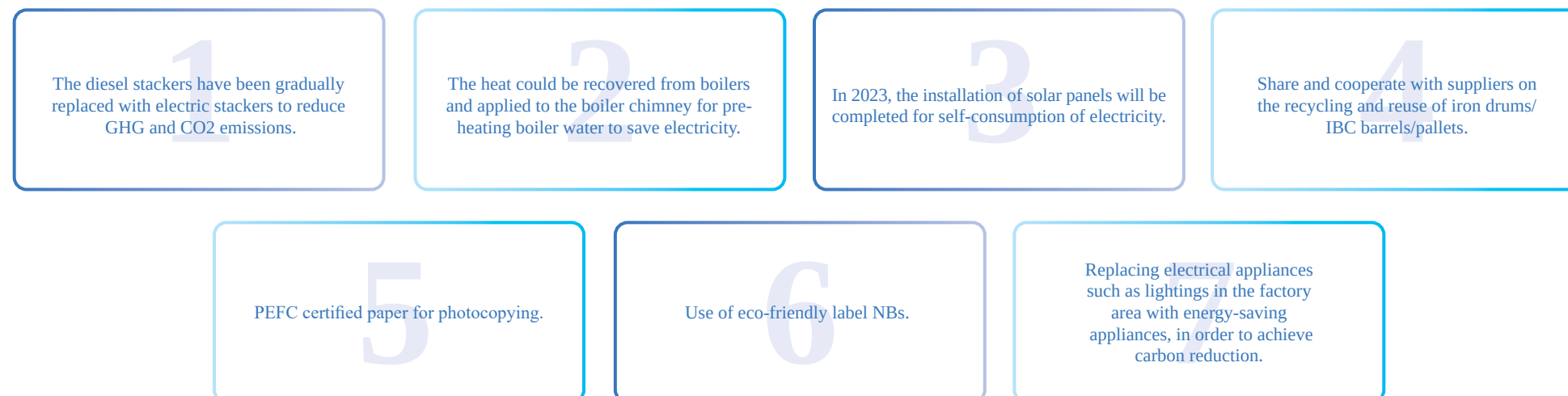
1. The "Indirect" category refers to property, plant, equipment, and others; the "Expenses" category refers to general administrative supplies.
2. The percentage disclosed in 2023 is the proportion of local procurement, and the proportion disclosed in 2022 is the percentage of contract outsourced.
3. In 2023, due to cost considerations, the proportion of local procurement was relatively low.

Green Procurement/Recycling of Packaging Materials

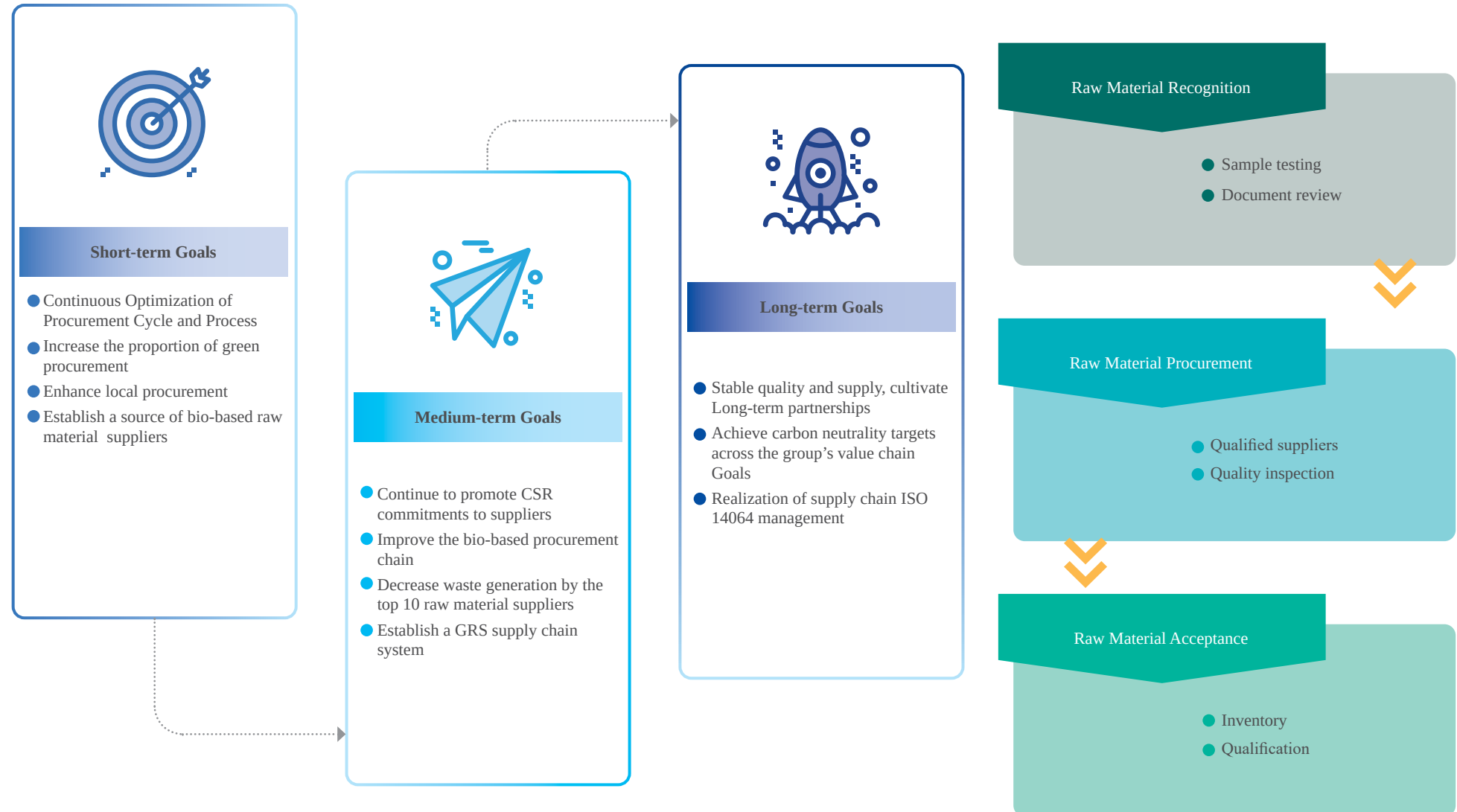
The packaging materials for Swancor products, be they for use by the Company itself, suppliers, or customers, are all recyclable and can be reused, achieving carbon reduction. In addition, the company has established the internal procurement management procedures, and formulated green procurement regulations:



The proportion of green procurement continues to increase every year. As of 2023:



➤ 2023 Supply Chain Short-, Medium-, and Long-Term Goals



3

Green innovation

3.1 Sustainable and Innovative R&D and Applications	57
3.2 Green Investment	68



3.1 Sustainable and Innovative R&D and Applications

Swancor's epoxy resin products are mainly used in wind power generation.

Product Development Plans and Goals

In 2006, Swancor began its research on materials for wind power generation, subsequently developing a wide range of wind blade resins to provide customers with overall solutions for wind turbine materials. All product features comply with the requirements of DNV GL (Det Norske Veritas Germanischer Lloyd) certification and have been highly acclaimed by wind blade manufacturers.



In recent years, in order to meet the current market demand, the power generation efficiency of wind turbine blades has gradually increased, followed by an increase in the length of those blades. With Swancor's formula development, trial testing production technology, and long-term experience in the wind blade industry, the Company has developed a new type of low viscosity high performance infusion resin to meet the needs of the offshore wind power market.

Environmentally Friendly Vinyl Ester Resins

Progress in 2023

Low-VOC vinyl ester resins were successfully introduced into the swimming pool manufacturing. Due to the restrictions on the total amount of VOC in many regions in the Americas, the total production volume can be increased by introducing low-VOC products.

Hyver resin application in the marine industry

Atech Composites Co., Ltd.

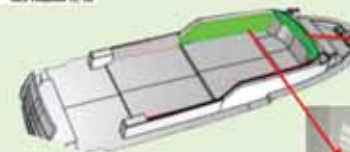
Utilizing SWANCOR HYVER marine vacuum infusion resin, a 65-foot deck underwent a vacuum infusion process, resulting in a smooth surface upon demolding.

Advantages

Prevent shrinkage

Smooth surface

Reduced processes



Bulwark



Driver's desk

3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Important R&D Achievements

R&D Direction: Forward-looking ecofriendly green energy composite resins					
Resin Type	Development Purpose	2021 Development Outcomes	2022 Development Outcomes	2023 Development Outcomes	Product Lines
Vinyl ester resins	Industrial anti-corrosion	None	Develop cost-efficient anti-corrosion cement to be use in desulfurization systems of thermal power plants.	Developed and applied in the structural layer of swimming pools and bathrooms.	Generic
		None	Completed the development of flame retardant resin in the Malaysian factory. Passed the international certificate in fire safety.	Completed the tunnel flame retardant test certification, and the data matches the specifications.	Flame-retardant
		None	High-temperature resistant anti-corrosion resin for geothermal pipes has been developed, and is currently tested under a well.	Developed barrels and tanks with high-performance anti-corrosion structural layers for application in lithium ore mining and refining.	Heat-resistant
		None	None	None	Rigidity-enhancing
Epoxy resin	Green wind Power generation	Application of the HYVER resin to wind turbine blade infusion was launched and continued to be tested.	HYVER resin is applied in the three components of the wind turbine blade, and infusion carbon fiber products.	Used in the manufacture of cyclone sails and successfully installed on bulk carriers.	Infusion Resins
		Rapid wind blade repair resins (working at heights).	After actual onsite operations under low temperature, the resin operability has been optimized according to customer needs, while formula adjustment is currently in progress.	None	Hand lay-up resins
		None	We have developed a series of resin molds with different Tg values, and a second raw materials supplier is now under assessment.	Used in the production of resin for bathroom molds, which can increase the yield rate of products and reduce the generation of waste products.	Tooling resins
		Small batch material verification for machine factories	Strengthened fracture toughness and compressive strength based customer needs; continued on customer communication and relevant testing.	None	Adhesives

3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Wind Turbine Blade Materials for Large Blades

In order to improve the efficiency of wind power generation and reduce costs, development of large-scale and lightweight wind blades has become a growing business. With the goal of developing large-scale wind turbine blades (greater than 70 meters), the requirements for resin infusion time and mechanical properties are relatively strict. Swancor has not only implemented necessary measures to meet relevant needs but also invested in the development of the following products:

Resin Type	Development Purpose	Progress in 2021	Progress in 2022	Progress in 2023
Long gelatinization Infusion Resins	To prolong the service life of epoxy resins and ensure excellent impregnation of resin and fibers for large-scale wind blades.	Approved by customers as a supplier	Stable supply	Continuous and stable supply
Adhesives for large wind blades	Adhesives are critical materials for blade bonding, and in response to the trend toward developing large-scale wind blades, products with higher adhesive performance, toughness, and fatigue resistance have been developed	Small batch material verification for machine factories	Under customer testing	With customer's testing coming to an end, it is expected that it will be completed this year
Carbon Fiber Prepreg Sheets and Pultruded Carbon Fiber Plates	The application of carbon fiber composite materials to wind turbine blade girders can reduce weight and increase power generation efficiency.	Approved by customers as a supplier	Stable supply	Stable supply
Development of Polyurethane Materials for Wind Power	Polyurethane resins have excellent toughness and fatigue resistance, which can effectively reduce the weight of large blades. They are considered key materials for next-generation wind blades.	Process certification in progress, expected to be completed in 2023	Under customer testing	N/A
Hyver vacuum infusion resin for wind power applications	Hyver has better mechanical properties compared to epoxy resin, and meets the design requirements of large-scale wind turbine blades	N/A	Swancor Hyver resin has been successfully used in the production of 81m and 82m large-scale wind turbine blades	N/A

Hyver vacuum infusion resin for wind power applications

Currently, although the wind blade manufacturing process is mature amid the stable performance of the resin system, there are still insurmountable problems in terms of resin characteristics, such as high material costs, low production efficiency, and high viscosity.

Swancor's Hyver resin has excellent mechanical properties. Complying with the design requirements of the wind blade, the number of layers can be reduced to lighten the overall weight, and thereby increase production efficiency and lower relevant costs.

It is mainly used in the preparation and applications of wind blades made of composite materials, including the shell, main beam, web, trailing edge, blade root prefabricated parts.



Offshore Wind Turbines in Zhunan



Desert Wind Turbines

3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Development of Safety Materials

Halogen-free Flame-retardant Resins

With the increasing global attention being paid to energy saving and carbon reduction, public rail transit has become an effective solution to urban air pollution. In order to successfully reduce the weight of vehicles and save energy, the demand for composite materials is growing by the day. In addition to being halogen-free, low-smoke, and low-toxic, it must also pass the flame retardant regulations of various countries. Swancor's halogen-free flame-retardant resins covers the epoxy resin system and modified vinyl ester resin system, while the Company has already achieved its R&D goal of developing the halogen-free flame-retardant modified vinyl ester resin UMAR 8511.

2021

Obtained the HL3 level of the European Railway Standard For Fire Safety (EN 45545-2 standard on the safety of the railway sector)

2022

Obtained the HL2 level of the European Railway Standard For Fire Safety (EN 45545-2 standard on the safety of the railway sector)

2023

Applied to the battery casing of electric buses



Halogen-free flame-retardant rail transit application

FireRex

Features of FireRex FR110

1

Flame retardant auxiliary agent for composite materials

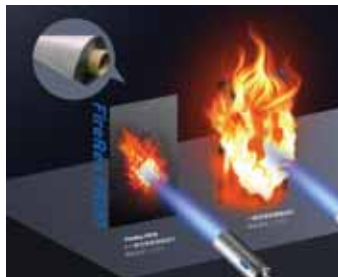


Chart of FireRex FR110

2

Suitable for pultrusion, pouring, prepreg, and hand lay-up processes.

3

Achieve EN45545-2 R1: HL3 flame retardant standards by use of Swancor's resin system

4

Compared with the ATH system, it has the advantages of light weight, better interlayer properties and mechanical properties.

FireRex application case: Electric bus battery box

Process: Infusion

Resin: FIREREX+ SWANCOR2261



3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

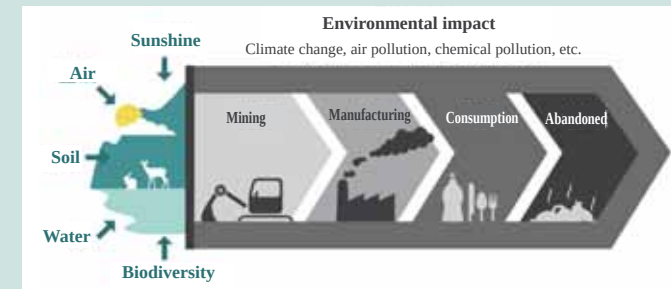
Eco-friendly Recyclable Thermoplastic Composites

Swancor's revolutionary innovative products: Recyclable thermoset materials EzCiclo & CleaVER

Since the Industrial Revolution, the linear economy model has become the mainstream around the world.



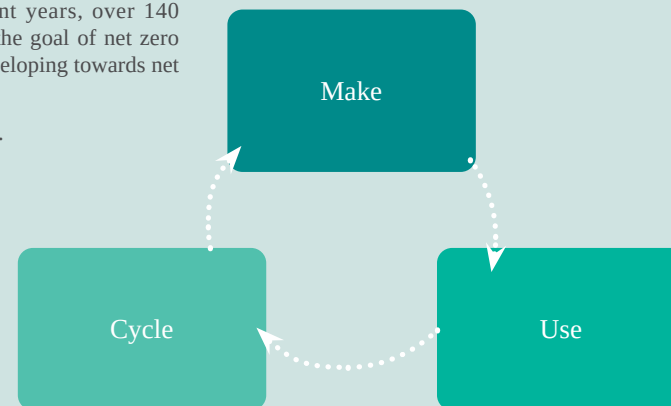
This one-way linear economic model rapidly drained the planet of its finite resources, and caused unprecedented environmental impact.



Source: Circular Taiwan Network <https://circular-taiwan.org>

In response to climate change in recent years, over 140 countries around the world have proposed the goal of net zero emissions by 2050, and all industries are developing towards net zero emissions and corporate sustainability.

We vigorously promote circular economy.



A new economy and operating model which drive better reuse of resources to reduce the exploitation of natural resources, so as to more efficiently utilize the exploited resources, and save energy resources.



Source: Circular Taiwan Network <https://circular-taiwan.org>

Swancor's revolutionary innovative products: Recyclable thermoset materials EzCiclo & CleaVER

To achieve the net zero emissions, Swancor has developed innovative products as follows:

Recyclable thermoset material EzCiclo



EzCiclo passed the SGS audit to meet ISO 14021:2016 and has got the certification. This certification fully demonstrates the feasibility of EzCiclo's sustainable recycling. The composite material recycling rate of EzCiclo's recyclable thermosetting resin composite materials **can reach ≥95%**.

Advantages



100% recyclable



Change the existing production process and equipment is not needed.



Long fiber recycling



No secondary pollution



Carbon footprint reduced

3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Swancor's revolutionary innovative products: Recyclable thermoset materials EzCiclo & CleaVER

➤ Design Concept

With the innovative "EzCiclo" and "CleaVER" recyclable thermosetting materials, we can use EzCiclo resin to make recyclable composite materials **without changing the original process**. The waste composite parts are degraded to completely separate the fibers and resins, which can be reused to **achieve total recycling**.

With an innovative chemical approach, we have changed the rules of recycling. It is an initiative to put the goal of resource efficiency and sustainability into practice. The entire process minimizes the consumption of raw materials and increases the possibility of material reuse and recycling. We have found a solution that can recycle and reuse industrial waste, and established the business model and industrial value chain of the thermoset material recycling industry that was thought to be impossible in the past.



3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Swancor's revolutionary innovative products: Recyclable thermoset materials EzCiclo & CleaVER

Comparison between the recycling methods of composites

The existing composite material recycling methods can be classified into three types: thermal decomposition, microwave-assisted decomposition, and chemical depolymerization and recycling, each with its own shortcomings: Swancor's EzCiclo and CleaVER systems can not only recycle fibers, but also resins. The process does not produce waste solvents and waste gas, with no secondary pollution (acid, alkali), which ensure repeated and safe usage (EHS compliance).



Recycling method	Pyrolysis	Conventional chemical degradation and recycling	EzCiclo / CleaVER
Disposal costs	High	Medium	Low
Added value	Medium	Medium	High
The recycling process causes environmental pollution	Sox, NOx, VOCs, Dioxin	Waste liquid	X
Whether fibers are recyclable/reusable	X	○	Recyclable
Whether resin is recyclable/reusable	X	X	Recyclable
The recycled materials can be used in the original applications	X	X	○
Recycling process carbon footprint	High	Medium	Low

Won



3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Swancor's revolutionary innovative products: Recyclable thermoset materials EzCiclo & CleaVER

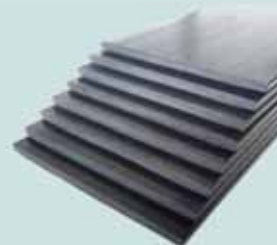
In 2023, we continued to promote recyclable thermosetting materials. At the same time, we looked for the application direction of recycled carbon fiber. The application products of recyclable thermosetting materials are as follows



Green energy

Pultruded carbon sheet

EzCiclo recyclable thermosetting epoxy resin is used for pultruded carbon sheets



Blade mold surface layer

Recycled carbon fiber degraded with CleaVER and reused in wind turbine blade molds



Sports and leisure

Recyclable bicycle bottle cage

EzCiclo prepreg + CleaVER biodegradable carbon fiber



Recyclable bicycle saddle support carbon rail

EzCiclo prepreg



Recyclable camping table parts

EzCiclo prepreg + CleaVER biodegradable carbon fiber



3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Swancor's revolutionary innovative products: Recyclable thermoset materials EzCiclo & CleaVER

In terms of circular economy R&D, the parts produced by EzCiclo resin will be recycled after the end of product life.



Decomposition with CleaVER to complete the separation of resin and fibers

The resulting resin can be remixed as the raw material resin and used in the manual lamination process to make boat hulls/bathtubs and other products.

Recycled carbon fiber filaments can be made into mats/felts that are used in the sports and leisure industry and in the production of green energy wind power blade molds, achieving a closed loop in the production cycle.

In order to expand the application of recycled carbon fiber mats, we have developed and completed the production process of carbon fiber mat prepreg. Compared with carbon mat cloth, carbon mat prepreg has the advantages of good handling and accurate laying position, and can be used as a sub-structural material for parts with lower strength requirements.

Thermoplastic resins have the following advantages

Recyclable

Good impact resistance

Can be reshaped after heating

Short molding process

and are one of the excellent composite materials.

Continuing the application of thermoplastic epoxy sheet as a reinforcing material for sports shoe soles in 2022, the application industries in 2023 are as follows:

3C

Electronic watch straps



Source:
PITAKA Apple Watch
Ultra-Light Carbon Fiber Strap Dreamland Modern
<https://ipitaka.com.tw/applewatch-dreamland/>

Mobile phone back cover



Source:
PITAKA MagEZ CasePro4 for iPhone15
Aerospace Fiber Magnetic Military Phone Case
<https://ipitaka.com.tw/applewatch-dreamland/>

3.1 Sustainable and Innovative R&D and Applications | 3.2 Green Investment

Development of recyclable hydrogen cylinders

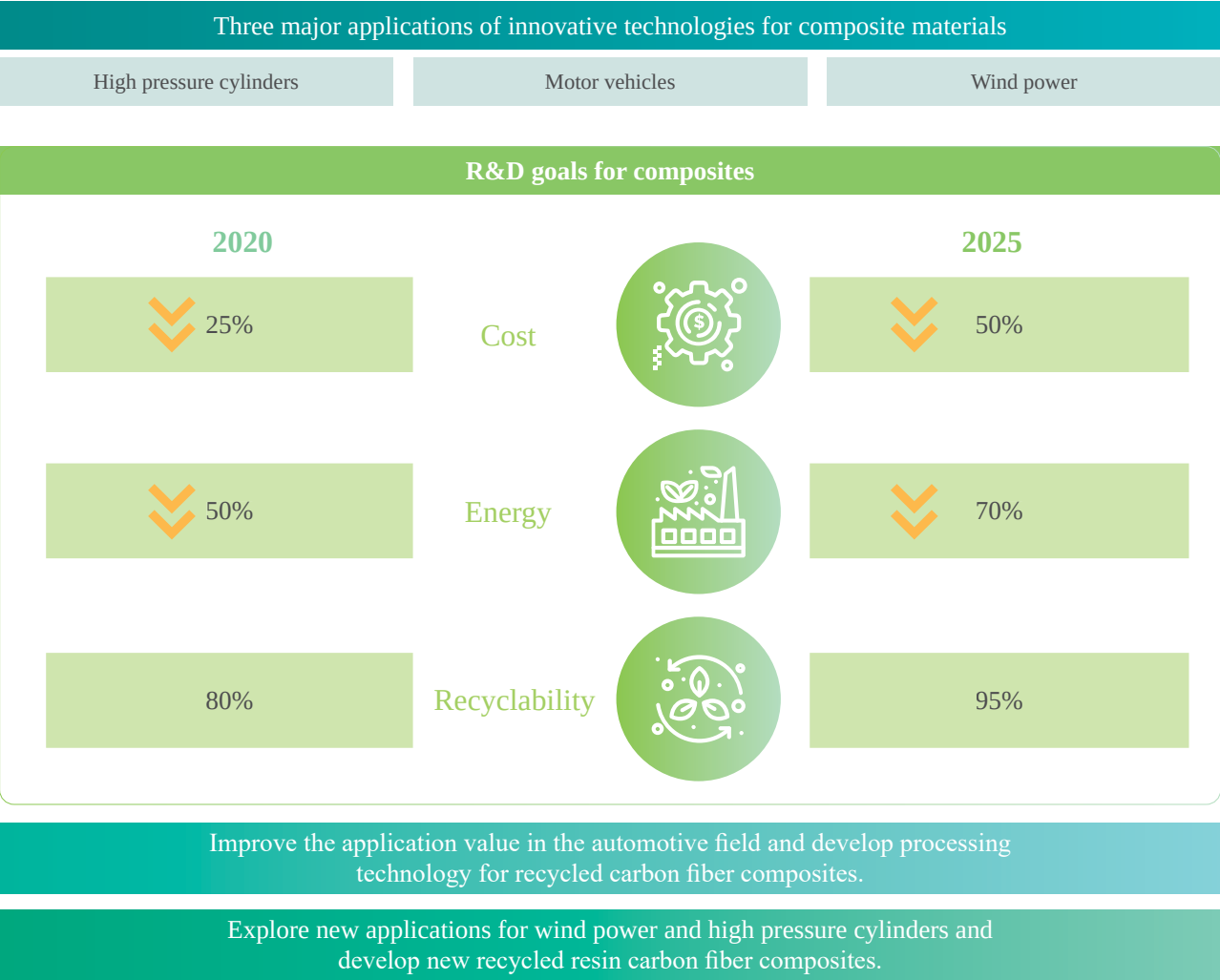
Hydrogen-powered vehicles will be the next solution to low-carbon emission transportation after electric vehicles . Major manufacturers around the world have continued to invest in the research of related technologies. Compared to Type III cylinders with metal linings , Type IV hydrogen cylinders are the most suitable for transportation vehicles as they are lighter in weight, higher in pressure resistance, and can store a larger amount of hydrogen. There is no metal embrittlement problem caused by the metal liner being exposed to hydrogen. It is currently a better choice for transportation vehicles. Type IV hydrogen cylinders have a higher level of manufacturing technology , and fewer competitors have invested in process research than Type III gas cylinders.

After the popularization of hydrogen-powered vehicles , hydrogen cylinders will also face the problem of retirement and recycling.

For gas cylinders produced using the EzCiclo+CleaVER system's recyclable epoxy thermosetting resins , the carbon emissions from the recycled resins and fibers can be significantly reduced. The recycling process produces almost no waste to pollute the environment, which is a more environmentally friendly material.

The equipment for the production of wound gas cylinders is already under construction, and it is expected to have the capacity to produce 52L gas cylinders by the end of 2024.

2030 goals of carbon composite materials



3.2 Green Investment

Fulfilling the Zero Carbon Era - Becoming a Leading Green Circular Material Company

1 Recyclable thermosetting epoxy resins "EzCiclo" and "CleaVER"

Recyclable wind turbine blades

We signed a Letter of Intent (LOI) with our strategic partner, Siemens Gamesa Renewable Energy. From 2026 onwards, all resins provided to Siemens Gamesa Renewable Energy will be recyclable.



Recyclable carbon fiber sheet for badminton shoes



2 Recycled material applications

Swancor and Massload jointly developed and launched the world's first bicycle bottle cage made of 100% recycled materials



Recycled carbon felt used in wind turbine blade molds



3 Investment in CCUS (Carbon Capture, Utilization, and Storage)

Application of anti-corrosion resin in CCUS projects

Shipment of CCUS carbon absorbent



4 Swancor Hyver helps ships save energy and reduce carbon emissions



4

Environmental sustainability

4.1 Energy Management	71
4.2 Air Pollutant Emission Management	72
4.3 Greenhouse gas emissions management	73
4.4 Water resource management	74
4.5 Waste management	75



4.1 Energy Management | 4.2 Air Pollutant Emission Management | 4.3 GHG Emission Management | 4.4 Water Resources Management | 4.5 Waste Management

4.1 Energy Management (GRI) 2-23, 2-24, 302-1, 302-3, 302-4; (SASB) RT-CH130A.1

To effectively improve energy management, Swancor has established an inter-departmental energy management team to be responsible for formulating the Group's energy management policies, setting energy management goals for each department, and organizing regular meetings to keep track of target implementation. We have incorporated ISO 50001 energy management system into the Group to build a comprehensive energy management system.

Energy management and greenhouse gas reduction policy



Use of green energy and improve energy efficiency in compliance with the regulations



Develop low-carbon products and Carbon Negative technologies



Support green procurement to reduce energy consumption, as well as producing energy-saving products



Provide resources and methods to continuously improve the indicators related to the energy performance of machinery, equipment and services, and achieve relevant goals

The energy required for production at Swancor is as follows:

Electricity	Natural gas	Diesel
-------------	-------------	--------

In order to reduce energy consumption, we have been adjusting and improving our production processes as well as continuously promoting energy saving projects. In addition to reducing energy consumption, Swancor has also planned and implemented energy conservation initiatives for factory areas, including lighting, power, electric heating, and air conditioning. The measures are taken to increase energy efficiency, enhance maintenance, and upgrade to high-efficiency equipment or parts.

2022

Began to deploy renewable energy, and installed 444.44KW solar photovoltaic power generation equipment in Swancor Highpolymer Co., Ltd.

2023

Began to generate electricity for self-use, increase the proportion of renewable energy, and reduce the proportion of purchased electricity

4.1 Energy Management | 4.2 Air Pollutant Emission Management | 4.3 GHG Emission Management | 4.4 Water Resources Management | 4.5 Waste Management

For natural gas consumption, our key reduction measures are as follows:

1 Natural gas pressure was properly adjusted according to the minimum combustion pressure of the steam boilers, thereby reducing natural gas consumption.

2 Combustion waste gas was used for boiler air preheating to reduce natural gas consumption.

Year	Renewable energy (kWh)	Purchased electricity (excluding green electricity) (kWh)	Natural gas (thousand m3)	Diesel fuel (L)
2021	0	2,441,760	428.645	2,000
2022	0	4,023,742	376.698	3,600
2023	325,551	4,298,223	381.617	5,658

Note:

1. 2021 data covers Swancor Highpolymer Co., Ltd. and Sunwell Carbon Fiber Composite Corporation; 2022 data from Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, and Cotech Inc. 2023 data covers Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, S-Wanlai Co., Ltd., Cotech Inc., and Cotech Inc.

2. In 2023, we built solar power generation facilities with a total power generation capacity of 375,411 kWh, of which 49,860 kWh (179,536.89 MJ) was sold to Taiwan Power Company in a feed-in tariff.

Based on the statistics of electricity, natural gas, and diesel consumption in recent years, our energy consumption is as follows:

Year	Renewable energy consumption (MJ)	Purchased electricity (excluding green energy consumption) (MJ)	Natural gas energy consumption (MJ)	Diesel energy consumption (MJ)	Total
2021	0	8,792,338.24	16,152,629.54	70,341.60	25,015,309.38
2022	0	14,448,770.67	14,195,110.73	126,614.88	28,810,486.28
2023	1,172,250.55	15,477,127.34	14,380,473.41	198,996.39	31,228,847.69

Note: The energy units and conversions are based on the annual Energy Statistics Handbook published by the Bureau of Energy, Ministry of Economic Affairs.

4.2 Air Pollutant Emission Management

(GRI) 305-7; (SASB) RT-CH120A.1

The significant air emissions in our factory areas are volatile organic compounds (VOCs) and nitrogen oxides (NOx), and the emission concentrations of these pollutants are below the legal limits. Moreover, as the environmental protection regulations in Taiwan are becoming more stringent, we have also been actively investing resources to reduce pollutant emissions.

- High-efficiency activated carbon adsorption treatment and pollution prevention facilities are used
- Environmental safety personnel ensure the normal and stable operation of environmental protection facilities, and perform regular maintenance to reduce pollution emissions and reduce environmental impact

The Air Pollutant Emission of the Company over the past 3 years are shown in the table below. The changes in emissions are mainly related to the categories of products we manufacture.

Unit: Ton

Type of air pollution	2021	2022	2023
Nitrogen oxides (NOx)	0.687	0.603	0.521
Sulfur oxides (SOx)	0	0	0
Persistent organic pollutants (POPs)	0	0	0
Volatile organic compounds (VOCs)	2.295	4.153	0.685
Hazardous air pollutants (HAPs)	0	0	0
Particulate matter (PM)	0.021	0	0

Note: The data were collected in accordance with the calculation set forth in the Regulations Governing the Collection of Air Pollution Control Fee for reporting air pollutant emissions of a stationary pollution source in any public or private premises.

4.3 GHG Emissions Management

(GRI) 305-1, 305-2, 305-4, 305-5; (SASB) RT-CH-000.A, RT-CH-110A.1, RT-CH110A.2

Set by Swancor

Before 2030

Green electricity used in all factories

Before 2040

Each factory achieves the carbon neutrality goal

Each year, we formulate reduction targets and revise the target plan based on the inventory data of third-party suppliers to achieve short-, medium- and long-term goals.

In order to effectively manage GHG emissions, we have introduced ISO 14064-1 GHG emission inventory standard into the Group since 2022. By the end of 2023, we established the following subsidiaries: Swancor Holding Co., Ltd. (headquarters), Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Co., Ltd., Cotech Inc., and Sunwell (Jiangsu) Carbon Fiber Composite Co., Ltd., and passed ISO 14064-1: 2018 verification.

Year	Direct (Scope 1) (tCO ₂ e)	Indirect (Scope 2) (tCO ₂ e)	Total (tCO ₂ e)
2021	837.912	1,242.856	2,080.768
2022	750.202	2,048.926	2,799.128
2023	1,715.662	2,353.291	4,068.953

Note:

1. The data is the sum of Scope 1 and Scope 2. GHGs include CO₂, CH₄, N₂O, and HFCs.
2. The calculation of the Company's greenhouse gas emissions was based on the Greenhouse Gas Inventory Form Version 3.0.0 provided on the Entity Greenhouse Gas Emission Data Information platform of the Environmental Protection Administration, Executive Yuan.
3. Information such as the emission factor, source, GWP value, and emission calculation of equipment emission sources was collected in accordance with the IPCC 5th Assessment Report (2013).
4. The base period for GHG inventory is 2022.
5. 2021 data covers Swancor Highpolymer Co., Ltd.; 2022 data covers, Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, Sunwell Carbon Fiber Composite Co., Ltd., and Cotech Inc. 2023 data covers Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, S-Wanlai Co., Ltd., and Cotech Inc., Cotech Inc. 2023 verification is expected to be obtained by the end of 2024.
6. The corrected data is the same as the ISO 14064-1 verification data to maintain the consistency of the information disclosed.

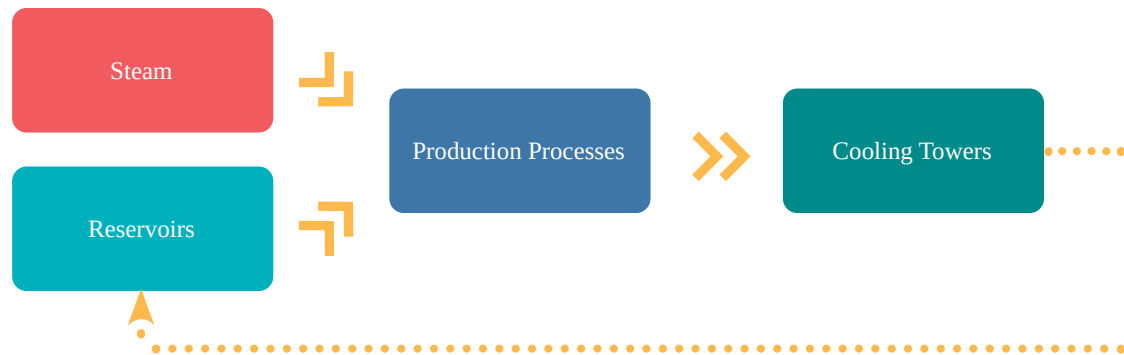
4.4 Water Resource Management (GRI) 303-1, 303-2, 303-3, 303-4, 303-5; (SASB) RT-CH140A.1, RT-CH140A.2, RT-CH140A.3

Water consumption for company operations may have an impact on the Earth's water resources, and obtaining water from the water resources system will lower the groundwater level and reduce the total amount of water, causing an impact on the environment or otherwise disrupting the normal functioning of the ecosystem. Based on the analysis of water resource distribution in Taiwan using the tool for assessing areas with water stress, the Aqueduct Water Risk Atlas, provided by the World Resources Institute (WRI) on the AQUEDUCT website, Swancor is located in areas with low risk of water stress.

According to the analysis of the distribution of water resources in Taiwan using the "Aqueduct Water Risk Atlas" on the AQUEDUCT website, the results show that **Swancor is located in areas with low risk of water stress**.

The water sources used by Swancor are all provided by municipal water suppliers and do not come from any local surface water or groundwater sources, thus reducing the impact on local water resources.

Our production processes are non-water-soluble processes, and water is mostly used in boilers to generate steam. Steam is introduced into production processes, turned into water after heat exchange, and then redirected back to the reservoirs. We currently have 2 reservoirs with a total capacity of 350 tons which are used for process cooling. The cooling water is redirected back to the reservoirs, achieving 100% process water recycling and reuse.



Our production processes are non-water-soluble processes, and no process wastewater is produced in any process, only domestic sewage. We have applied for pipe discharge to the sewer system of the Nangang Industrial Park. The chemical oxygen demand (COD) standard of the sewage water quality is 640 mg/L, and the suspended solids (SS) standard is 320 mg/L. Our normal discharge meet both standards, and subsequent disposal is carried out by the Nangang Industrial Park.

Year	Water withdrawal (million liters)	Water discharge (million liters)	Water consumption (million liters)
2021	12.850	10.280	2.570
2022	15.849	12.679	3.170
2023	18.126	14.501	3.625

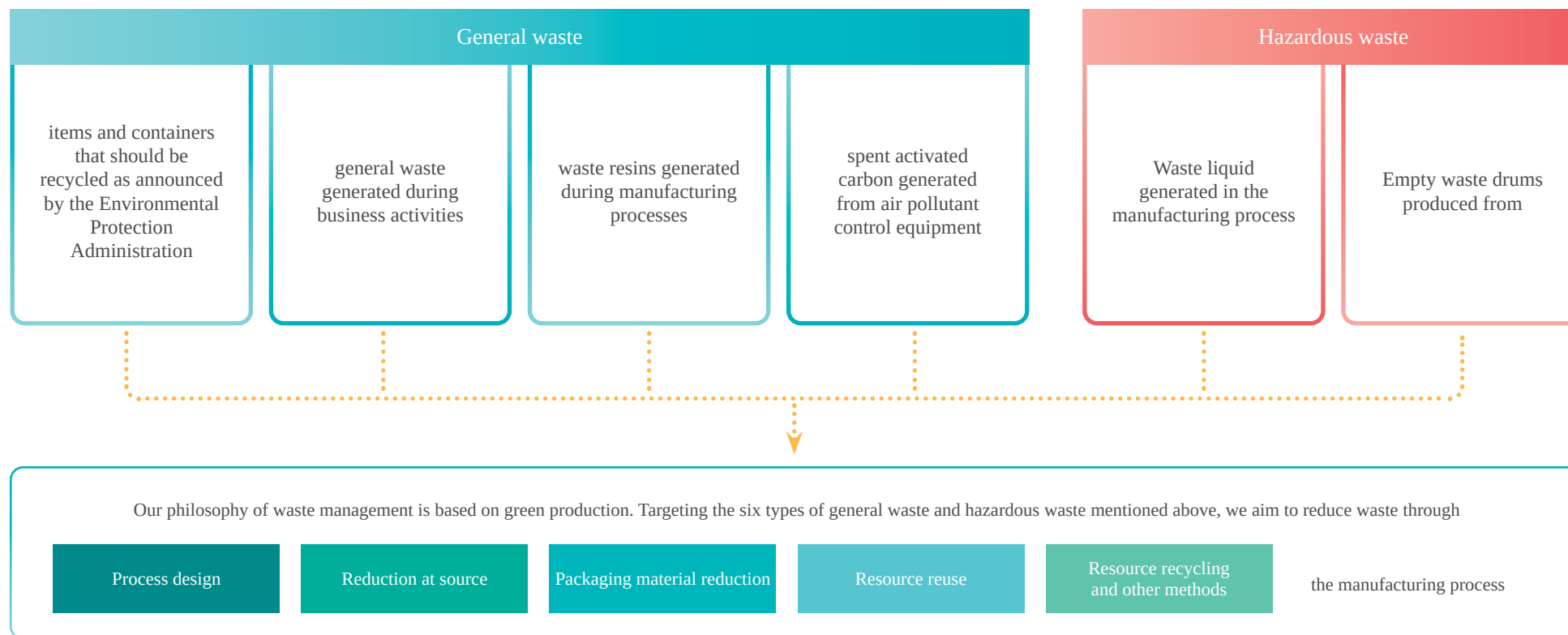
Note:

1. 2021 data covers Swancor Highpolymer Co., Ltd. and Sunwell Carbon Fiber Composite Corporation; 2022 data from Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, and Cotech Inc. 2023 data covers Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, S-Wanlai Co., Ltd., Cotech Inc., and Cotech Inc.

2. To comply with industrial park regulations of the Ministry of Economic Affairs, the discharged waste water will be calculated based on 80% of the total volume of tap water since the Company has no flow metering equipment.

4.5 Waste Management (GRI) 306-1, 306-2, 306-3, 306-4, 306-5; (SASB) RT-CH150A.1

Through input-output analysis, Swancor's waste is divided into general waste and hazardous waste.



In order to effectively control the waste output of each unit, at the end of the month, we regularly store waste into the warehouse to properly classify waste to prevent the mixing of incompatible substances and cause abnormal exothermic reactions. Waste statistics of each unit are also collected, quantity compared with product weight, and abnormal output reviewed.

The waste generated by Swancor is handled by qualified waste removal and treatment service providers. During the process of waste removal and transportation, we assign personnel to visit the waste treatment plant from time to time to conduct relevant monitoring and photographing.

4.1 Energy Management | 4.2 Air Pollutant Emission Management | 4.3 GHG Emission Management | 4.4 Water Resources Management | **4.5 Waste Management**

Unit: Ton

Waste Composition	2021			2022			2023		
	Waste generated	Waste diverted from disposal	Waste directed to a disposal	Waste generated	Waste diverted from disposal	Waste directed to a disposal	Waste generated	Waste diverted from disposal	Waste directed to a disposal
General Recyclables	70.27	70.27	0	76.28	76.28	0	68.815	68.815	0
General Non-Recyclables	89.21	0	89.21	153.20	63.11	90.09	133.79	36.84	96.95
Packaging Waste	80.34	80.34	0	144.28	144.28	0	233.43	233.43	0
Hazardous waste	164.71	155.45	9.26	117.41	38.82	78.59	48.65	0	48.65
Total Waste	404.53	150.61	253.92	491.17	322.49	168.68	484.685	339.085	145.60

Note:
2021 data covers Swancor Highpolymer Co., Ltd. and Sunwell Carbon Fiber Composite Corporation; 2022 data from Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, and Cotech Inc. 2023 data covers Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, S-Wanlai Co., Ltd., Cotech Inc., and Cotech Inc.

4.1 Energy Management | 4.2 Air Pollutant Emission Management | 4.3 GHG Emission Management | 4.4 Water Resources Management | **4.5 Waste Management**

Unit: Ton

Waste Composition		2021			2022			2023		
		Onsite	Offsite	Total quantity	Onsite	Offsite	Total quantity	Onsite	Offsite	Total quantity
Hazardous waste	Preparation for reuse	0	0	0	0	0	0	0	0	0
	Reused	0	155.45	155.45	0	38.82	38.82	0	0	0
	Other recovery operations	0	0	0	0	0	0	0	0	0
	Total quantity	0	155.45	155.45	0	38.82	38.82	0	0	0
Non-hazardous waste	Preparation for reuse	0	98.97	98.97	0	158.53	158.53	0	256.49	256.49
	Reused	0	112.70	112.70	0	125.14	125.14	0	82.60	82.60
	Other recovery operations	0	0	0	0	0	0	0	0	0
	Total quantity	0	211.67	211.67	0	283.67	283.67	0	339.09	339.09
Avoid the generation of waste		0	0	0	0	0	0	0	0	0

Waste Composition		2021			2022			2023		
		Onsite	Offsite	Total quantity	Onsite	Offsite	Total quantity	Onsite	Offsite	Total quantity
Hazardous waste	Incineration (with energy recovery)	0	0	0	0	0	0	0	0	0
	Incineration (excluding energy recovery)	0	9.26	9.26	0	78.59	78.59	0	48.65	48.65
	Buried	0	0	0	0	0	0	0	0	0
	Other disposal operations	0	0	0	0	0	0	0	0	0
	Total quantity	0	9.26	9.26	0	78.59	78.59	0	48.65	48.65
Non-hazardous waste	Incineration (with energy recovery)	0	0	0	0	0	0	0	0	0
	Incineration (excluding energy recovery)	0	28.15	28.15	0	90.09	90.09	0	96.95	96.95
	Buried	0	0	0	0	0	0	0	0	0
	Other disposal operations	0	0	0	0	0	0	0	0	0
	Total quantity	0	28.15	28.15	0	90.09	90.09	0	96.95	96.95

Happy workplace

5.1 Employee Structure	79
5.2 Talent recruitment and development	80
5.3 Employee benefits	87
5.4 Occupational Safety and Health Management	96



2023 Goals
Completed human rights due diligence and created a friendly workplace
Listened to the voices of employees, promoted employee care activities , and made an effort to solve employee problems.
Completed the annual education and training courses
2023 Implementation Status
A total of 387 classes of employee education and training courses were organized . 4,059 training hours , with 3,628 participants.
A total of 20 labor-management meetings and 22 Employee Welfare Committee meetings were held passing : adjustment of night-time work specifications for female employees, volunteer leave, adjustment to the working hours after changing, employee trips, Christmas activities, year-end dinner lucky-draws, mountain cleaning activities, Mother’s Day, Father’s Day, Mid-Autumn Festival activities, Innovation Park facilities, and other benefits.

Short-term Goals
● We emphasize human rights risk assessment, enhance employee experience, deepen employee welfare, and create a diverse and friendly workplace environment . ● Improve the employee education, training and development system, inject new energy from R&D expertise, and enhance the core competitiveness of employees. ● Continue to promote corporate activities to consolidate employer brand awareness and image, and strengthen employee participation rate and cohesion .
Medium- to long-term goals
● Actively instill Swancor's core values and create an active corporate culture . ● Implement ESG principles and achieve corporate sustainability. ● Build a happy enterprise and a brand as “the best employer”.

5.1 Manpower Structure | 5.2 Talent Recruitment and Development | 5.3 Employee Benefits | 5.4 Occupational Safety and Health Management

5.1 Manpower Structure (GRI 2-6, 2-7, 2-8, 401-1, 405-1)

We believe that the key to achieving excellence lies in valuing the rights and interests of each employee and arranging jobs according to their talents. Through harmonious and stable working conditions and comprehensive employee benefits, we care for the physical and mental health of our employees and implement the "work-life balance" concept, which gives employees peace of mind and provides a stage for employees to give full play to their strengths. This in turn enhances their sense of belonging, achieving a win-win situation for both individuals and the Company. Employees are an important asset to Swancor. At the same time, we also uphold the spirit of diversity and inclusion in terms of employment, salary, performance evaluation, promotion, education and training, and personal benefits of our employees. We do not discriminate against gender, religion, nationality, or race.

As of December 31, 2023,

Swancor's full-time employees totaled 345

excluding Taiwanese employees,
totaling 321

There were foreign migrant workers
totalled 24

In 2023, the average age of Swancor's employees was **39 years old**.

With an average of 5.57 years of service, the employees belong to the young and middle-aged stage with rich experience and vitality.

This year's number of employees has grown steadily compared to the previous year. In preparation for new business expansion, the Company currently emphasizes and strengthens the integration of personnel and the organization and the utilization of resources. Through on-the-job training and employee care, we encourage employees to perform rotations within the Group to create maximum benefits for the organization and its people. Through on-the-job training and employee care, employees are encouraged to perform rotations within the Group to maximize the benefits between the organization and employees.

Employee structure — total number of employees in the labor contract (permanent employment, temporary employment) and employment category (full-time, part-time) by gender and region

Region	Gender	Permanent employment	Temporary employment	Full-time employees	Part-time employees
Taiwan	Male	213	0	213	0
	Female	122	0	122	0
Overseas	Male	9	0	9	0
	Female	1	0	1	0
Total	Male	222	0	222	0
	Female	123	0	123	0

Note 1: The data is based on the number of in-service employees as of December 31, 2023.

Note 2: Overseas refers to Swancor's employees who are dispatched to subsidiaries in Asia.

Year	Non-employees Worker type	Total number of people
2021	Main contractors (security guards and cleaners)	3
2022	Main contractors (security guards and cleaners)	3
2023	Main contractors (security guards and cleaners)	3

Note: The headcount calculation is based on the headcount data as of December 31, 2023.

Employee structure — Gender ratio by age group and job level

Category		Gender		Job Level		Total	Percentage %
		Female	Male	Non-managerial	Supervisor		
Age	Below 30 years old	23	37	59	1	60	17.39
	31-50 years old	89	173	205	57	262	75.94
	51 years old and above	11	12	16	7	23	6.67
Educational Background	Below high school	3	15	18	0	18	5.22
	High school	28	59	81	6	87	25.22
	University and college	72	104	144	32	176	51.01
	Masters	20	40	34	26	60	17.39
	PhD	0	4	3	1	4	1.16
Total		123	222	280	65	345	100.00

Note:

1. The data is based on the number of in-service employees as of December 31, 2023.

2. Supervisors are defined as management positions and management positions above "team leader".

5.2 Talent Recruitment and Development GRI 401-1, 404-1, 404-2, 404-3

➤ Recruitment system

In compliance with international human rights conventions and labor laws and regulations, we look for outstanding talent through a fair and impartial recruitment and selection system. We build a safe and healthy workplace, and establish a variety of open communication channels to strengthen our sense of corporate identity, ensure the stability of our new and existing employees, and attract talented people to join the Company. We are committed to ensuring that everyone inside and outside the Company are treated with equality and dignity, thereby creating a diverse and friendly workplace. In terms of relationship management with job seekers, in addition to setting up national highway signboards to increase brand awareness, we also participate in government or campus job fairs to engage in conversations with job seekers while posting recruitment information on Facebook. Meanwhile, we pay attention to the process of recruitment. Therefore, we have established a talent database network to maintain a good communication channel with each job seeker. If the job seeker is not hired due to the work location, function, or salary, we keep their functions and characteristics in the talent pool. When suitable vacancies arise in the future, we contact suitable candidates for them to apply for suitable jobs. We value the experience of communication and interaction with job seekers. Therefore, if the Company fails to meet the job seeker's expectations, we will ask the applicant's reasons for turning down the job. Through the

interaction with job seekers, we strive to understand the problems job seekers may encounter during the application process and serve as an important reference for future recruitment.

In 2023, Swancor recruited 133 people



Male
86



Female
47

When hiring new employees, we uphold the principle of "employing people based on their abilities and matching people to the right jobs for them" and recruit candidates based on their professional knowledge, skills, and work experience. Our recruitment does not subject to race, class, language, ideology, religion, party affiliation, national origin, place of birth, gender, sexual orientation, age, marital status, physical or mental disability, or membership in a labor union. The Company continues to provide suitable vacancies for people with disabilities. In addition to hiring sufficient people with disabilities, we also strive to improve a barrier-free environment, create a friendly and inclusive workplace, and fulfill our corporate social responsibilities.

Number of full-time new recruits

Region \ Type	Gender		Age			Total	Percentage %
	Female	Male	Below 30 years old	31-50 years old	51 years old and above		
Taiwan	47	85	38	90	4	132	99.25
Overseas	0	1	0	0	1	1	0.75
Total	47	86	38	90	5	133	100.00
Percentage %	35.34	64.66	28.57	67.67	3.76		

Note: The reference period is from January 1, 2023 to December 31, 2023.

We believe that recruiting diverse talent is the key to fostering agitation and vitality within the Group. Therefore, we employ multi-faceted channels for talent recruitment. We use online recruitment resources on multiple platforms, various human resources consulting firms, and the Company's internal network of contacts. Moreover, we also actively participate in various types of talent recruitment fairs organized by government agencies, vocational training units, the Veterans Affairs Council, and the Workforce Development Agency. At the same time, by participating in campus job fairs and industry-academia collaboration projects, we have expanded our recruitment channels and methods. We have also held campus business conferences to enhance young students' understanding of the work at Swancor. In 2023, we demonstrated the impact of our accumulated efforts over the years.



This year, the percentage of full-time female newcomers increased by 7.84% from 27.50% in 2022



The percentage of permanent young newcomers under the age of 30 increased from 11.90% last year to 16.67%



The percentage of newcomers aged over 51 years old increased from 1.4% last year to 2.36% this year.

All of these growths reflect the fact that benefits do not vary due to the type of employees we hire. We aim to create equal rights at work for everyone, and we are committed to the guiding principle of people-oriented. By doing so, all the employees we hire can unleash their strengths and become a major driving force for the Company's growth.

Talent flow

Number of full-time employees leaving

Region \ Type	Gender		Age			Total	Percentage %
	Female	Male	Below 30 years old	31-50 years old	51 years old and above		
Taiwan	32	67	33	65	1	99	99
Overseas	0	1	0	1	0	1	1.0
Total	32	68	33	66	1	100	100
Percentage %	32	68	33	66	1		

Note: The reference period is from January 1, 2023 to December 31, 2023.

Number of full-time new recruits leaving

Region \ Type	Gender		Age			Total	Percentage %
	Female	Male	Below 30 years old	31-50 years old	51 years old and above		
Taiwan	12	29	17	23	1	41	100
Overseas	0	0	0	0	0	0	0
Total	12	29	17	23	1	41	100
Percentage %	29.27	70.73	41.46	56.10	2.44		

Note:

1. The statistical period is from January 1 to December 31, 2023.

2. Newcomers serving less than three months are counted as newcomer departures

To ensure the demand for long-term growth of talent and its healthy flow, we enhance employee experience and reinforce considerate employee benefits to strengthen our image as a robust employer.

In 2023, a total of 100 employees left Swancor
Turnover rate: 29.63%

Compared with the turnover rate of 41.5% in 2022, this year's turnover rate is **11.87%** lower than that of last year.

The number of permanent newcomers dropped from 64 in 2022 to 41 in 2023, accounting for 41% of the newcomers in 2023, a **5% less than** the 46% in 2022, reflecting the effectiveness of the retention system.

Long-term Plan

Expect to Build and Manage Swancor's Employer Brand

Through various employee benefits, we organize employee welfare activities and promote corporate culture to unite employees' cohesion and common values. We also create employer brand awareness through recruitment plans and build employer brand image to attract talent who shares common ideas. By doing so, we are able to enhance the overall competitiveness and influence of the Company.

Note:

Calculation of the turnover rate for the year: turnover rate = number of departures in the year / ((number of employees at the beginning of the year + number of employees at the end of the year) / 2) x 100%

➤ Talent retention mechanism

We uphold the principle of "employing people based on their abilities and matching people to the right jobs for them". To do this, we have designed a fair, just, diverse, and friendly system that provides our employees with immediate and anticipated salary rewards, welfare systems, as well as a sustainable culture, enabling employees to work with peace of mind and worry-free. At Swancor, employees can unleash their strengths to realize their self-worth and grow together with the Company for sustainable development.

1 Rewards and incentives

We offer competitive salaries that are better than those of peers. We refer to the annual growth rate of the consumer price index in various regions and the Company's profitability.

- Review the local level of employees' salaries every year to ensure that their salaries are competitive in the local market.
- Set up a fair assessment and performance reward system for the distribution of the company's business earnings based on employee performance
- Establish various salary, reward and benefit systems based on the Group's organizational functions to enhance the work and team morale of colleagues and strengthen the overall competitiveness of the Group
- Adhere to the concept of profit sharing with employees to attract, retain, cultivate and motivate outstanding talent, so that the salary of our colleagues and the Company's operations can grow together.

Reward employees for their hard work for the Company in a timely manner,

Quarterly performance bonus	Provide employees with excellent performance based on the Company's quarterly revenue achievement
Annual dividends	The Company distributes dividends to employees based on their contributions and performance. Each year, 7.5% of the Company's annual profit is allocated as dividends and employee benefits.
Performance bonuses	Payment is made at the middle of the year and at the end of the year based on individual performance.
Employee virtual stock option	Restricted stocks

In 2023, we launched a **three-year long-term bonus system** of NTD 300 million to encourage employees to actively promote the Company's recyclable products. This year, more than 75 people were awarded, totaling bonuses reaching up to NTD 11.2 million.

2 Welfare system

Swancor provides multiple welfare items to meet employee needs

- Including a flexible commuting system, regular health checkups, travel subsidies, rewards for long-term employees, annual outstanding employee rewards, and year-end bonuses, as well as increasing the flexibility of working hours
- Add thoughtful equipment and plan employee experience to the workplace, and there is a coffee machine in the office space. By doing this, employees have some spare time for recharging during the busy work schedule before starting again.
- The stylishly designed canteen offers employees a choice of free two-entrees buffet or carbon-reduced vegetarian meals. There are also refrigerators, microwaves, dishwashers, and other equipment for employees to use freely. The Company also provides dormitory and vending machines as well as free indoor parking.
- Soft welfare system and hardware environment experience enable employees to be more creative and unleash their talents.
- The Employee Welfare Committee has been established to be responsible for planning and handling other employee welfare matters. The Welfare Committee organizes various activities such as domestic and overseas trips, employee dinners, mountain cleaning hikes, and year-end dinner lucky draws from time to time to adjust the physical and mental health of employees and enhance their affection.
- We provide employees with birthday gifts, labor day bonus, three major festivals bonuses, subsidies for childbirth, new house, and weddings and funerals. By doing this, our employees can feel the Company's attention and care for them in both workplace and life planning.
- Cultural sustainability: We value the views of our employees. In addition to promoting various corporate cultural activities, we also continue to improve the operating environment and processes to create an organizational culture and systems that are more satisfying and recognized by employees. This way, we can reinforce employee cohesion and retention, further promoting the stable development of talent and the sustainable management of the enterprise.

We are committed to becoming a world-renowned brand of green energy and environmental protection, and **our mission is to provide products and services that support the earth's circulation and sustainability**. Therefore, when it comes to sustainability and green energy under the global trend of carbon reduction and net zero emissions, in addition to job development, talent now pays more attention to the contribution of their work to the social environment.

At the same time, we clearly define the Company's mission, vision, business philosophy, and core values, so that employees are aware of the clear direction of the Company's development, and deeply rooted in our corporate culture. The definitions are as follows:



Company Mission

Provide products and services that promote global circulation and sustainability in the fields of green energy, environmental protection, and safety



Company Vision

Become a respected high-performance materials company in the fields of green energy, environmental protection and safety, and then become a world-renowned brand



Business Philosophy

Happy Company, Prosperous Company,
Proud Employees, Green Environment



Core Value

Victory by Innovation - Driven by Integrity - Victory by
Innovation - Diligence, Frugality, and Profitability



Core competence award ceremony



Innovative proposal bonus

Through new employee education and training and daily work, we implement the values of the Company's culture and hold an annual consensus camp event so that employees are aware of the Company's short-, medium- and long-term vision and development goals, fostering cohesion.

➤ Employee cultivation

Swancor upholds

the belief that “**talented people are the most valuable assets in any organization**”.

We are committed to developing the competent, high-quality employees. Through a complete and systematic training and development framework, we make every effort to discover and nurture the potential of each employee, cultivating the ability of employees to stand out in the global market.



New employee training

Through three months of one-on-one newcomer counseling with expert counselors, we assist each newcomer in quickly fitting into the corporate culture and getting a firm handle on the necessary skills and knowledge.

Education and Training System

Employees participate in off-site on-the-job training as planned or internal training provided by professional instructors from each department. Education and training in 2023 included management functions, professional training for various functions, R&D technology, financial and accounting audits, information security, environmental safety and health, newcomer training, corporate culture promotion, and one-on-one guidance for senior executives. The average training per person per year was 1.12 hours. In 2024, we will plan the operation of the Swancor Low Carbon Academy to strengthen the sustainability of our employees and the management learning of carbon management and new technologies.

Training Method	Training Stage	Training Category	Course Category	Course Content
Internal training	Pre-employment Training	Newcomer training	Pre-employment common courses	Corporate culture, company system, work rules, 7S management, company product introduction
			Pre-service professional courses	
Internal and External Training	On-the-Job Training	Management training	Entry-level management training	Talent management, leadership and motivation, corporate decision-making
			Continuing training for intermediate managers	
			Senior Management Strategy Private Meeting of Board of Directors	
		Professional training by function	Professional competency training for each department	Manufacturing, procurement management, R&D technology, quality management, computer information, marketing, human resources management, finance and accounting, environmental safety and health, legal patent
		General and statutory courses	Departmental common course training	Ethical corporate management and prevention of insider trading
			Statutory training	

Education and training performance over the past years

Item	2021	2022	2023
Sessions	185	235	387
Number of trainees	1,503	2,168	3,628
Hours	3,609.0	5,928.5	4,059.0
Average training hours	2.40	2.73	1.12

Statistics of courses in 2023

Item	Sessions	Total number of trainees	Total hours
Professional on-the-job training	220	1,282	2,508.5
Management skills training	25	357	562
General training for new employees	55	116	276.5
General and statutory training	87	1,873	712
Total	387	3,628	4,059

Number of participants in 2023 training

Item	Female	Male	Total	Management	Non-Managerial	Total
Number of trainees	1,403	2,252	3,655	673	2,982	3,655
Total training hours	5,533	11,001	16,534	2,733	13,801	16,534
Average training hours	3.94	4.88	4.52	4.06	4.63	4.52

Personal Development Project

To cultivate industry talent and potential successors for critical positions, Swancor has arranged professional lecturers and coaches to assist the key talent in their three-year individual development plans, with regular interviews every quarter and every six months. We also carry out performance management, and tracking development status of employees. In 2023, we strengthened the senior manager cultivation program, starting with the chairman's lecture of the cultural DNA, sharing the strategic lecture courses of our business philosophy. We offer international EMBA program in accordance with the results of the competency evaluation and global business competency training. From 2019 to 2023, two employees were promoted to general manager of the business group, five employees were promoted to division supervisor, 11 employees were promoted to department supervisor, and one employee was promoted to section supervisor.



Information Communication Course



Production Section Education and Training



Strategic Consensus Camp



Prevention of illegal infringement
Workplace interpersonal
relationships and response skills

➤ Performance appraisal

Swancor adopts goal-oriented management for all employees. The employees can incorporate the organizational goals into their individual goals (key performance indicators, KPIs) at the beginning of each year, along with performance planning, performance interviews and modifications to job goals with the supervisors in the middle of the year, and self-assessment and manager review at the end of the year. The

Leverage performance management system

- Combine the Company's organizational goals with employees' personal goals from top to bottom
- At the same time, integrate the goals with personal career development plans so that individuals and the organization have clear and specific goals for their efforts.

The performance evaluation system is correlated with employee promotion, year-end bonus amount, salary adjustment, etc.

It can be used as an important basis for internal management and provide specific and fair measurement standards.

performance evaluation system emphasizes fairness and equality. All employees, regardless of gender or job category, are subject to the Company's performance evaluation once a year.

2023 year-end performance evaluation



Total number of employees who should be evaluated (including senior managers)

345



Employees who actually participated in the evaluation

345

Annual employee evaluation rate reached 100%

A Performance Improvement Plan (PIP) is required, for employees whose performance appraisal results lag behind, of which the managers provide one-on-one interviews and help employees improve their job functions, while the HR department keep track on the PIP implementation status.

Beginning of the year



Performance goal setting



Middle of the year



Mid-term interview



End of the year



End of period performance appraisal and improvement consulting

5.3 Employee Benefits (GRI 2-21, 2-23, 2-24, 401-2, 402-1)

To take care of all employees, Swancor has established a sound salary system, employee welfare system and performance management system, upholding the concept of sharing profits with employees, so as to attract, cultivate, and retain talents.

➤ Employee compensation

Reward employees for their hard work for the Company in a timely manner,

Monthly Work Bonus	Annual dividends	Performance bonuses
Monthly cash incentives are provided to outstanding employees based on the Company's revenue.	Annual bonuses are distributed to employees based on their individual contributions and performance. In the past 3 years, the Company has paid dividends of approximately NTD 29 million, NTD 40 million, and NTD 21.5 million to encourage outstanding employees.	

Salary Information for Full-time Non-managerial Employees in Taiwan

Year	Number of participants	Discrepancy	Median Annual Salary	Discrepancy	Average Annual Salary	Discrepancy
2021	181	56	620,000	(183,000)	758,000	49,000
2022	277	96	466,000	(154,000)	681,000	(77,000)
2023	332	55	510,486	44,486	688,930	7,930

Note:

1. The statistics in 2021 are based on the data in Taiwan (including Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., and Sunwell Carbon Fiber Composite Co., Ltd.)
2. The statistics in 2022, 2023 are based on the data in Taiwan (including Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Co., Ltd., and Cotech Inc.)



Rewards and incentives

- Year-end bonuses** Year-end bonuses are issued one month before the end of the Lunar Year
- Performance bonuses** Bonuses and incentives are issued 1–2 times a year in accordance with the Company's revenue and employee performance
- Business achievement bonuses** Sales personnel are rewarded for actively expanding the customer base and maintaining productive relationships with customers
- Safe production special incentives** Employees are rewarded monthly for safe work and safe production
- Patent/invention incentives** To encourage employees to develop creatively and engage in technology development or improvement so as to enhance the Company's research and development capabilities
- R&D incentives** Employees are rewarded for their performance in research and innovation
- Work performance bonuses** All employees are rewarded monthly/quarterly for their work performance
- Other rewards** Employees are given shares and retained according to their performance

Insurance

Employee safety insurance

- Besides providing social insurance to protect employees' workplace safety in accordance with the Labor Insurance Act, we also offer accident and medical insurance to further safeguard their safety at work and in everyday life.
- For married employees who are dispatched abroad with their dependents, the spouse is also included in the scope of commercial insurance, extending the protection to the entire family.
- For employees who need to take frequent domestic business trips, we also provide auto insurance for them to ensure workplace safety.

Retirement insurance

Pursuant to the pension system applicable to employees in Taiwan as set forth by the Labor Pension Act, the Company allocates 6% of employee salary every month and deposits it into the individual employee pension account.

Health check-up

Once every two years, a free health check-up is provided for all employees that goes beyond what is required by laws and regulations. Once every two years, a subsidy of NTD 9,000–22,500 is provided to management-level personnel for a higher-level medical examination.

Parental leave

Swancor complies with the relevant laws and regulations to protect the job opportunities of employees so they can work with peace of mind. Employees with childcare requirements and are unable to work for a long time can apply for the parental leave without pay before each child reaches the age of 3. The duration of leave shall be no less than 6 months, and employees with special needs can also apply to the Company.

Education and training

On-the-job training subsidies

Subsidies are provided for education and training expenses to encourage employees to apply what they have learned

Management education subsidies (EMBA)

Subsidies are provided for tuition and expenses to obtain a master's degree based on job level, ranging from NT\$50,000 to NT\$100,000 per semester

In-house speaker fees

Subsidies are provided to cultivate and show appreciation to in-house speakers

Welfare system

Employee activities

Employee family day events are held from time to time for employees and their family members to participate in, including outings, beach cleaning, mountain climbing, hiking, and watching movies

Employee travel

1–2 domestic or overseas employee trips every year

Employee dinners

Subsidies are provided for employee and department dinners in the amount of NT\$600 per person per quarter

Meal allowance

Free meals and comfortable dining areas are provided for employees to enjoy

Family visit allowance

In order for employees stationed overseas to return to Taiwan to visit their family members on a flexible schedule, these employees are provided eight days of paid family leave throughout the year, along with 8–10 domestic or international roundtrip flight tickets based on their job level. Transportation reimbursements are also available for their family members to visit them overseas.

Wedding gifts and funeral condolences

Wedding gifts, funeral condolences, and housewarming gifts

Maternity allowance

Maternity allowance is provided to encourage employees to have children, and extra allowance is provided for multiple births.

Daily allowance

Daily allowances are provided for overseas employees or for domestic and foreign business trips

Holiday bonuses

Bonuses for Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival, and birthday gifts

Senior employee rewards

Long-term employees who have worked with the Company for more than 10 years are rewarded with a trophy along with gold worth NT\$30,000–100,000.

Emergency relief fund

Workers are given emergency subsidies in case of emergencies.

Note: The above benefits are applicable to Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., and Sunwell Carbon Fiber Composite Co., Ltd.

Employee activities in 2023 : The Company and the Welfare Committee organizes employee activities from time to time, and employees and their families are welcome to participate.

2023/01/06

Annual year-end party (Taichung)

Number of employees participating | **47**

Number of family members participating | **0**

2023/01/14

Annual year-end party (Nantou)

Number of employees participating | **272**

Number of family members participating | **150**

2023/05/08

Mother's Day Event

Number of employees participating | **275**

Number of family members participating | **0**



Year End Party

2023/06/29

Birthday Activity

Number of employees participating | **46**

Number of family members participating | **0**

2023/08/08

Father's Day Event

Number of employees participating | **276**

Number of family members participating | **0**

2023/09/16

Mid-Autumn Festival Activity

Number of employees participating | **300**

Number of family members participating | **0**



Mid-Autumn Festival Event

2023/10/19

Employee travel

Number of employees participating | **71**

Number of family members participating | **19**

2023/10/19

Birthday Activity

Number of employees participating | **31**

Number of family members participating | **0**

2023/12/16

Mountain cleanup hike

Number of employees participating | **25**

Number of family members participating | **17**



Employee travel

2023/12/25

Christmas gift exchange

Number of employees participating | **27**

Number of family members participating | **0**

2023/12/27

Birthday Activity

Number of employees participating | **54**

Number of family members participating | **17**



Christmas gift exchange

➤ Human Rights Management

We actively implement human rights management measures. We have formulated and announced the human rights policy applicable to the entire operating value chain. The human rights team is responsible for promoting the implementation of the policy, regularly conducting human rights risk assessments, and regularly reviewing the Company's operating value chain for possible risks. The Company also organizes human rights education and training to communicate its human rights policies and relevant regulations to employees, suppliers, and other stakeholders to ensure that all stakeholders are familiar with the Company's human rights policies and regulations, jointly protecting the human rights value of the industry.

The human rights management process at Swancor is divided into the following five major steps:



➤ Human rights management policy

The human rights policies of Swancor mainly comply with human rights conventions, such as the "United Nations Universal Declaration of Human Rights", "Ten Principles of the UN Global Compact", "ILO Declaration on Fundamental Principles and Rights at Work", and International Bill of Human Rights. Aspects of human rights issues covered: There are five major aspects, including

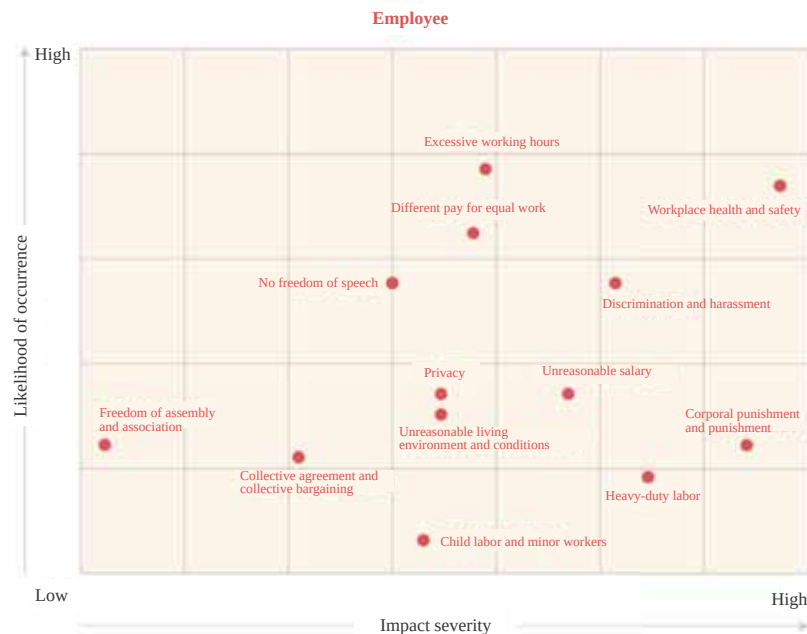


Human Rights Due Diligence and Mitigation Measures

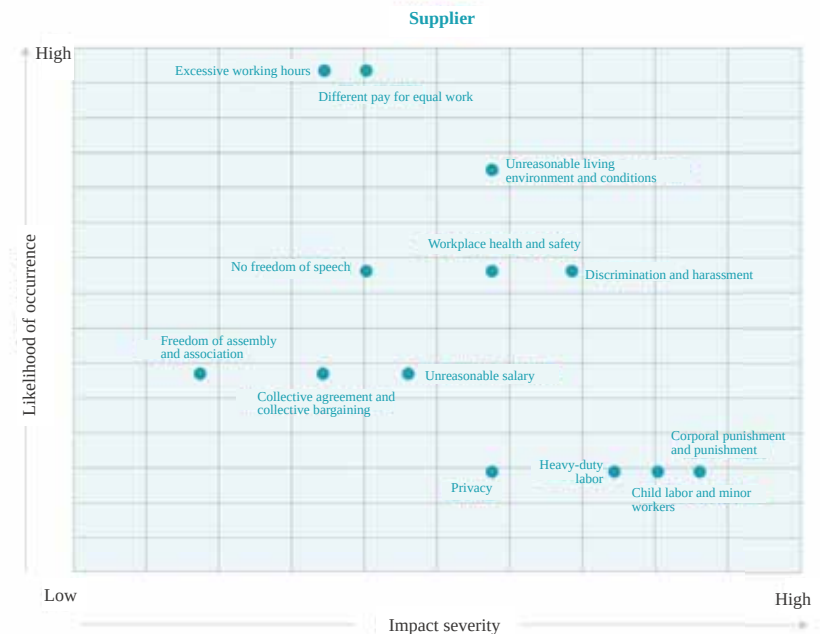
Human Rights Risk Assessment Results - List of Significant Human Rights Issues

There are a total of seven employee human rights issues and eight supplier human rights issues.

1 Matrix of Significant Employee Human Rights Issues



2 Matrix of Supplier Significant Human Rights Issues



Risk mitigation and remedial measures

Based on the significant human rights issues identified in the human rights risk assessment process, we compile the impact assessment mechanism, risk mitigation, and remedial measures established by each subsidiary for each issue. The following content applies to the domestic operating locations of the Company, and the relevant measures are fully implemented.

Significant Human Rights Risk Issues	Description of the Impact of Risk Issues	Mitigation Measures	Remedial Measures and Grievance Channels
Excessive working hours	Per every seven days of work, there should be a regular holiday and a rest day; overtime shall not exceed 4 hours in a day and 46 hours in a month.	1. Use the attendance system for management 2. Send a letter to the supervisor to remind the supervisor of the abnormal overtime work/commencement of the employees. Set working hour reminders, and the overtime limit is 46 hours per month. 3. The "Measures for Abnormal Workload Management" prevents overwork and exhaustion from affecting physical or mental health to maintain the work health of colleagues. 1. Regularly invite suppliers to perform self-assessments on aspects such as quality management, occupational safety and health, environmental protection, labor rights, and supplier management. 2. Strengthen the screening mechanism of supplier partners through regular written or on-site supplier audit evaluations every two years to ensure supplier labor rights and other issues.	- Grievance policy: 1. Grievances can be filed verbally, in writing, through the 24-hour staff suggestion box, grievance hotline or by e-mail. 2. Comply with the confidentiality and privacy principles. Arrange a suitable grievance investigation team within 5 days after accepting a grievance. 3. After investigation, relevant departments shall immediately initiate corresponding remedial measures to protect the rights and interests of the grievance. - Care network for employees with excessively high working hours. - A two-stage assessment of the supplier's sustainability risk level. High-risk suppliers are planned to be included in the target of written or on-site audits in the next 2 years. Through on-site visits, improvements are required to be made within a time limit with the effectiveness tracked.
Discrimination and harassment	Employees are treated poorly by the Company or other employees due to their personal characteristics or backgrounds. Including: gender discrimination, unreasonable treatment, restricted rights and promotion opportunities due to status, etc. In the workplace, employees experience harassment or uncomfortable behavior from colleagues or supervisors. Common behaviors include sexual harassment, bullying, verbal harassment, and stalking.	"Regulations Governing the Measures of Prevention, Complaint and Punishment of Sexual Harassment" - to protect the work and service environment from discrimination and harassment, and take appropriate preventive, corrective, disciplinary and handling measures. - Establish the "Management Procedures for the Prevention of Workplace Harm", and establish a grievance channel for physical or mental injuries caused by employees performing their duties. - Swancor human rights policy: Protect employees from discrimination and harassment in any form and provide effective and appropriate communication mechanisms. The evaluation items of the supplier self-assessment form include labor rights, and the audit topics include the elimination of discrimination.	- Establish the "Management Procedures for the Prevention of Workplace Harm", and establish a grievance channel for physical or mental injuries caused by employees performing their duties. - Provide a 24-hour grievance channel for employees in accordance with the grievance policy of Swancor. Grievance investigation and corresponding remedial measures are carried out in accordance with the principles of confidentiality and privacy. 1. Personnel involved in the handling, investigation, and resolution of sexual harassment grievances shall maintain confidentiality. 2. The Grievance Handling Committee shall follow up, evaluate, and supervise sexual harassment behaviors to ensure the effective implementation of disciplinary or handling measures to prevent the same incidents or retaliation. 3. If the Grievance Handling Committee deems that the client needs counseling or medical treatment, the Committee may refer the client to a professional counseling or medical institution according to the application. 4. If the dispatched worker encounters sexual harassment, an investigation will be initiated.

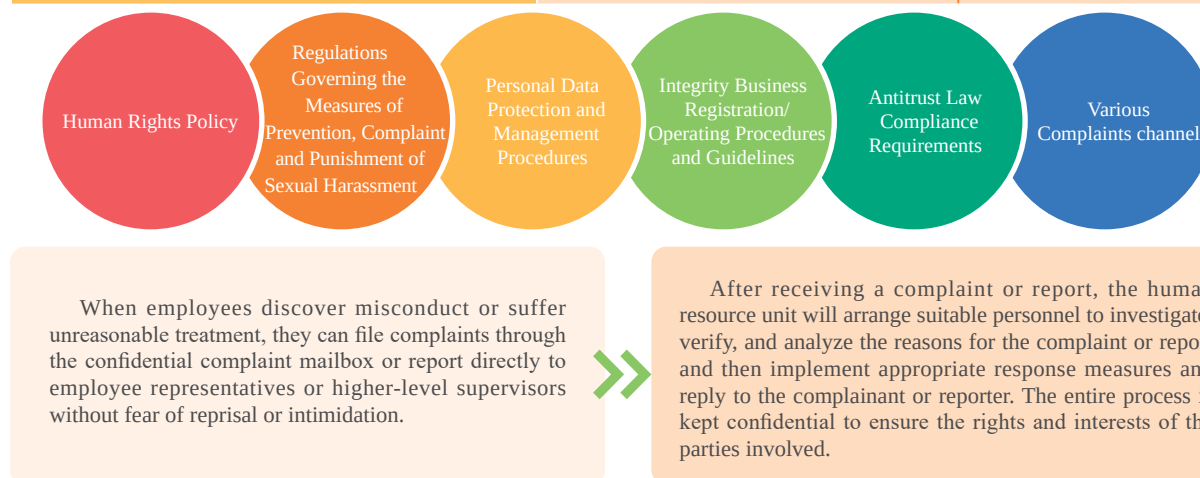
Significant Human Rights Risk Issues	Description of the Impact of Risk Issues	Mitigation Measures	Remedial Measures and Grievance Channels
Workplace Health and safety	Accidental injuries or illnesses occur during work tasks. The possible causes include: failure to carry out or difficulty in implementing occupational safety and health education and training, insufficient safety and health equipment or inability to perform the employee's due functions, and physical and mental fatigue of employees leading to an increase in health and health issues.	- Occupational safety and health education and safety training for newcomers - To care for the physical and mental health of employees, we provide employees with health check-ups on a regular basis, and organize health management lectures on an irregular basis. - In accordance with the employee work principle, employees are entitled to relevant insurance benefits. - Every two years, we ask our suppliers to conduct self-assessments on quality management, occupational safety and health, environmental protection, labor rights, and supplier management to ensure that they are in compliance with labor rights issues. 1. Suppliers and contractors are required to sign a safety and health commitment. 2. In the supplier management measures, safety and health quality is included in the selection criteria, and the weighted score is increased to increase the number of safety and health education and training. - The Environmental Health and Safety Committee meets every quarter to discuss and communicate environmental health and safety management matters. The ISO 45001 management system is used to improve occupational health and safety performance, implement workplace hazard identification and risk assessment, and enhance employees' identification of existing hazards. Moreover, work environment monitoring and health monitoring is regularly implemented to ensure that the concentration of hazardous substances is within the allowable value.	1. Compensation for necessary medical expenses for employees suffering occupational injuries or occupational diseases. 2. Provide employees with insurance benefits in accordance with the law. 3. Provide a 24-hour grievance channel for employees in accordance with the grievance policy of Swancor. Grievance investigation and corresponding remedial measures are carried out in accordance with the principles of confidentiality and privacy. - Supplier sustainability risk level assessment is conducted in two stages. High-risk suppliers are included in the scope of written or on-site audits within the next 2 years, and they are required to make improvements within a time limit and track the results. - In accordance with the Company's grievance policy, we provide a 24-hour grievance channel for employees, and follow the principles of confidentiality and privacy to investigate grievances and take corresponding remedial measures.
Different pay for equal work	Employees with the same skills and proficiency for the same work are entitled to different remuneration due to personal conditions such as gender and age.	Swancor human rights policy: All employees are equal regardless of personal characteristics. We respect the right to privacy, eliminate all kinds of differential treatment, and implement employment, remuneration and benefits, training, evaluation, and fair promotion opportunities.	In accordance with the Company's grievance policy, we provide a 24-hour grievance channel for employees, and follow the principles of confidentiality and privacy to investigate grievances and take corresponding remedial measures.

Significant Human Rights Risk Issues	Description of the Impact of Risk Issues	Mitigation Measures	Remedial Measures and Grievance Channels
Unreasonable remuneration	The salary received by the employee does not meet the minimum legal standard of the country to which the employee belongs, insufficient to support the most basic living conditions in the local area, or the salary provided by the Company is far below the expected remuneration for the work items.	1. The employee work rules clearly stipulate that the salary of employees shall be determined by the Company and employees. However, the remuneration received by employees during normal working hours shall not be less than the basic wage. 2. The Company's attendance and salary are subject to the rules of the Company. The salary management standards are approved based on the education background, job title, and professional skills of the employee, and are handled in accordance with the salary management system. Swancor human rights policy: Ensure that the salaries of all employees comply with the basic wage level stipulated by the local laws and regulations of the place of operation. On the premise of taking care of the employees, we provide additional salaries that are better than the laws and regulations.	In accordance with the Company's grievance policy, we provide a 24-hour grievance channel for employees, and follow the principles of confidentiality and privacy to investigate grievances and take corresponding remedial measures.
No freedom of speech	When employees raise complaints, opinions, or other opinions, the Company may take unfavorable treatment (e.g. punishment) against employees which may discourage them from expressing their views freely.	Swancor human rights policy: Protect employees' freedom of speech in accordance with international human rights laws and regulations.	
Unreasonable living environment and conditions	Employees' long-term physical and mental health is affected by the poor living conditions of the Company's accommodation or food in daily life.	Management measures are in place for employee dormitory cooperation with agencies.	
Forced Labor	Employees are subject to the following situations of forced labor without formal, free and informed consent, including: working overtime, restricted freedom of movement, withholding of wages, foreclosures, withholding of identity documents, intimidation and threats, and violence.	Labor rights are included in the supplier self-assessment form, and the audit topic includes forced labor.	
Child labor and minor workers	There are teenagers and children under the age of 18 who work in the Company or assist in other related tasks for the Company.	- The content of the supplier self-assessment form review includes the prohibition of child labor. - Suppliers are requested to comply with the prohibition of child labor and conflict minerals according to customer requirements, and the prohibition of child labor is included in the audit conditions.	

➤ Employee Communication

Swancor is committed to safeguarding the human rights of employees, and through the design of communication and complaint channels for employees, the complaints are filed with responsible personnel according to the complaint type. It has adopted a number of management measures, and maintained a 24-hour employee feedback mailbox to ensure employee complaint management can be done anytime and anywhere.

Complaints channel	Grievance mailbox	Grievance handling contact person
Regulations Governing the Measures of Prevention, Complaint and Punishment of Sexual Harassment	sw110@swancor.com	Human Resources Department
Various Employee Complaints	sw110@swancor.com	Human Resources Department
Personal Data Protection Management Procedures	SWHR@swancor.com	Human Resources Department
Code of Business Ethics and Regulations Governing Ethical Management	sunshine@swancor.com	Auditing Office
Antitrust-related Compliance Rules	sunshine@swancor.com	Auditing Office



In 2023, an employee complained about salary irregularities. It was confirmed that a regulatory change affected bonuses/allowances and other criteria, resulting in differences in other salary calculation methods, leading to salary inconsistencies. The salary structure calculation standard was re-adjusted in November 2023, meeting the laws and regulations and the salary difference of NTD 90 was returned to the employee.



2023 Year-end Hello Robert event

Swancor holds quarterly labor-management meetings and monthly Employee Welfare Committee meetings, and attaches great importance to the implementation of workplace issues or employee welfare systems. Furthermore, the Hello Robert event is held on an annual basis year. In addition to announcing future operating goals to all employees, the Chairman or senior managers of each functional department will also ask employees questions related to the organization, corporate development, employee welfare system and other issues for communication and feedbacks. This provides a two-way communication channel between employees and management, in order for the Company to understand the needs of employees, while the employees' suggestions and opinions can be valued, achieving employee cohesiveness and a win-win situation. Last but not least, when the Company undergoes major operational changes, it will properly inform employees within two weeks and hold a briefing so that employees can fully understand their rights.

5.4 Occupational Safety and Health Management

(GRI) 2-23, 2-24, 2-27, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10 ;

(SASB) RT-CH320a.1, RT-CH320a.2, RT-CH540a.1, RT-CH540a.2

➤ Establishment of the ISO 45001 management system

To avoid occupational disasters and ensure the safety and health of workers, Swancor continued to introduce the ISO 45001 occupational safety and health management system in various companies. By the end of 2023, six companies have passed the ISO 45001 certification. The scope of Swancor's ISO 45001 management system covers all work locations of the companies and workers as stipulated in the regulations.

Companies that have already obtained ISO 45001 certification

Swancor Highpolymer Co., Ltd.

Sunwell Carbon Fiber Composite Co., Ltd.

Swancor Advanced Materials Co., Ltd.

Swancor (Tianjin) Wind Blade Materials Co., Ltd.

Swancor (Jiangsu) New Materials Co., Ltd.

SWANCOR IND (M) SDN. BHD.

➤ Environmental safety and health policies

Swancor has established an environmental as well as safety and health policy that clearly explains the purpose and practices of environmental protection as well as occupational safety and health management.



Full Crew Participation and Proud

The company has provided necessary resources and funds to maintain effective operation of the environmental safety and health management system in the workplace, along with the participation of and communication with all employees. We will continue to promote improvement activities in order to reduce the risk of employee injuries, fires, chemical hazards, etc. We are committed to abide by the environmental protection as well as environmental safety and health laws and regulations, and have established and maintained an environmental safety and health database for the management system to function properly.



Safety First and Proud

Establish health checks for all employees and implement personal health risk assessments to promote the health and well-being for employees. Strengthen employee communication, education and training, and occupational environmental safety and health awareness by thoroughly implementing environmental safety and health operations.



Best Working Environment

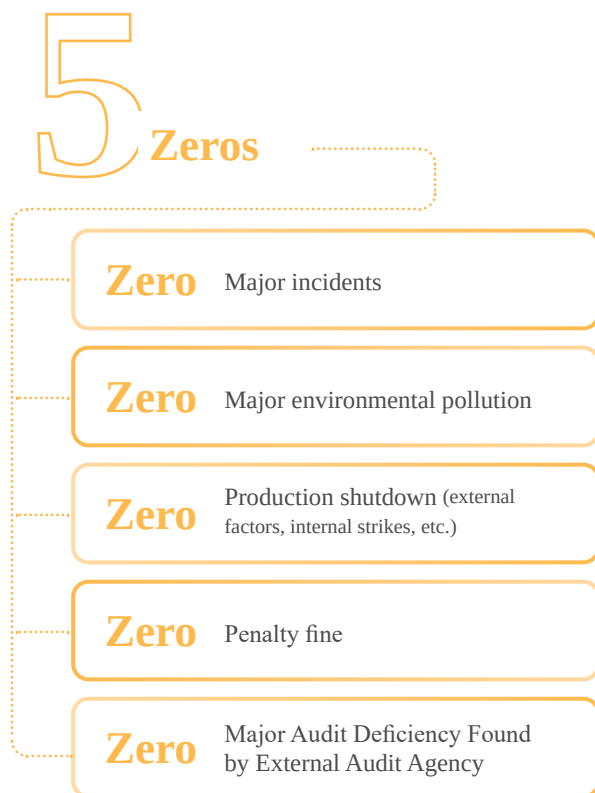
Strengthen environmental, safety, and health risk control over the environment, activities, instruments, or equipment in workplaces such as laboratories, factories, and offices; and implement various environmental as well as safety and health regulations.



Environmental Protection is the Greenest Intention

Encourage waste reduction and reuse activities as well as strengthen industrial waste flow management to improve the industrial waste treatment efficiency and avoid resource over-exploitation. We have also continued to promote pollution prevention activities such as air, noise, and soil poisoning as well as other activities that may harm the environment. We are committed to protecting the natural environment and sustainable resource use.

➤ Environmental Safety and Health Goals



In 2023, we continued to promote the “five zeroes” goal and formulate an implementation plan that included

- strengthening the ISO 45001 management system
- chemical classification management
- monthly safety and health education and training
- optimization of local exhaust systems, waste reduction at the source

In order to achieve the “five zeroes” goal, the Company emphasizes the participation of all employees in ensuring safety at work. The Chairman, factory managers, department supervisors, and occupational safety and health personnel regularly carry out environmental safety and health inspections. The occupational safety and health personnel also organize corresponding occupational safety inspections to be conducted on specific matters, such as electrical equipment, mechanical equipment, and protective measures. The industrial safety inspections are implemented in rotation every six months.

The establishment of safety culture is top-down, expanding to the entire organization. Therefore, the Chairman takes the lead in conducting monthly safety and health inspections of the entire factory, directly interviewing employees on site and listening to their opinions. If employees have any questions, they can also immediately provide feedback to the Chairman, demonstrating his commitment to their safety and health.

Chairman	Guide the factory directors and department supervisors as well as occupational safety and health personnel to conduct monthly environmental safety and health inspections in the factory area
Plant Director	Guide department supervisors and occupational safety and health personnel to conduct monthly environmental safety and health inspections in the factory area
Department Level Managers	Implement occasional safety observations and inspections every week to discover deficiencies independently and improve them
Occupational Safety and Health Personnel	Implement industrial safety project inspection once a month Safety observation and safety inspection are carried out from time to time every week, and deficiencies are discovered with improvements proposed.



2023 Industrial Safety Project Inspection

January	Fall Prevention
February	Electric Shock Prevention
March	Fire and Explosion Prevention
April	Hypoxia and Poisoning Prevention
May	Collapse Prevention
June	Corrosion Leak Prevention
July	Fall Prevention
August	Electric Shock Prevention
September	Fire and Explosion Prevention
October	Hypoxia and Poisoning Prevention
November	Collapse Prevention
December	Corrosion Leak Prevention

➤ Safe Production Audit System

Swancor's advanced materials business has been implementing the Safe Production Audit System, with the design concept of self-management and improvement, covering safety education and training and auditing. The system raises employees' awareness via monthly safety education and training courses.

All-employee Participation

Incentive Measures: The system includes proposal improvements, with incentive bonuses for excellent proposals

Goals

- Zero major accident
- Zero major environmental pollution
- Zero production shutdown (external factors, internal strikes, etc.)
- Zero penalty fine
- Zero major audit deficiency found by external audit agency

Assessment Content

- Work permit evaluation
- Safety training and evaluation
- 7S assessment
- Spotless campaign
- Hidden hazard reporting activity

In 2023, we continued to carry out the hidden hazard reporting activity for employees to voluntarily report safety hazard proposals to eliminate hazards. The outstanding proposal in 2023 are as follows.

Proposal date 2023/7/10 **Proposal unit** Composite Team

Potential Hazards The indoor temperature at the workplace of the Composite Team is high, and employees are prone to sweating and losing electrolytes during operation, which may cause thermal hazards.

Improve Practices Set up a water mist heating and cooling system to effectively reduce the temperature of the indoor workplace.

Proposal date 2023/9/25 **Proposal unit** Warehousing Team

Potential Hazards Forklifts in and out of the factory are frequent. If people and vehicles are not careful, traffic accidents may occur.

Improve Practices Set up an alarm system at major intersections to remind pedestrians of approaching forklifts to prevent pedestrians from being hit.

➤ Environmental Safety and Health Education, Training, and Drills

All personnel and contractors of Swancor must participate in safety and health education and training before operation. Only after passing the training can they engage in related operations. Relevant safety and health training is carried out every year according to the established annual education and training plan. The training courses include environment, hygiene, and safety related topics. Swancor conducts emergency response drills four times a year, and the drill subjects include chemical leakage, toxic chemical disasters, and fires to deal with major potential risks.

	Number of Courses	Course Topic
2023	19 courses	The scope of the courses covers standard operating procedures, machinery safety, electrical safety, chemical management, fire safety, use of personal protective equipment, emergency response, etc.



Fire evacuation drill



Chemical spill emergency response drills

For all routine and non-routine activities, Swancor must follow the environmental safety and health risk assessment procedure. For new products, operations, and services, hazard identification and risk assessment are required. All products, operations, and services are regularly re-evaluated to control environmental safety and health risks. To ensure the quality of environmental safety and health risk assessment, we regularly organize education and training for risk assessors to improve the risk identification ability of personnel. The results of environmental safety and health risk assessment are used to establish standard operating procedures and personal protective equipment to control environmental safety and health risks.

After environmental safety and health risk assessment, we listed the potential hazards that may occur immediately and informed workers that they could evacuate to a safe place to ensure their safety if the hazards occurred.

➤ Employee participation, inquiry and communication

Swancor has established the Environmental Safety and Health Committee. The Committee holds quarterly meetings to discuss environmental safety and health management issues. Its members include supervisors of various units of the Company as well as labor representatives elected by the Company so that employees can report relevant environmental safety and health issues for improvement at the committee meetings, thereby establishing a sound labor-management communication platform to ensure employee safety and enhance the work environment.

➤ Health Management, Health Promotion

The occupational health service of Swancor has been upgraded from the basic coverage of new employee physical examinations, general employee health examinations, and special operation health examinations to the prevention of musculoskeletal diseases and abnormal workload-induced cardiovascular diseases in order to ensure prevention of physical and mental violations.

The general health check-up frequency of employees is higher than the legal standard, which is once every two years. In addition to the check-up items required by law, the Company also conducts additional check-ups for cancer, heart function, liver function, and gallbladder function as well as providing abdominal ultrasound check-ups in order to ensure early detection and prevention. In terms of health checks for special operations, check-ups are arranged for powder workers every year. For employees above the second-level management, consultations and interviews with specialist doctors are scheduled. The results of the health checks for special operations in 2023 show no abnormalities due to occupational factors.

Swancor implements necessary measures for the prevention of musculoskeletal diseases, cardiovascular diseases due to abnormal workloads, and physical and mental violations. Through hazard identification, medium and high risk workers are identified, and their job duties are investigated to determine any factors in causing health hazards. Counseling interviews are also provided to these workers to offer necessary care and assistance to prevent musculoskeletal diseases, cardiovascular diseases, and physical or mental injuries.

Healthy workers are an essential asset. Be it related to occupational factors or non-occupational factors, Swancor is committed to educating employees on all health issues, including smoking, drug and alcohol abuse, lack of exercise, unhealthy diet, AIDS,



Regular health checks for employees

and psychosocial factors. Our health promotion program includes a smoking cessation plan, group meals designed by nutritionists, sports clubs, healthy weight loss, and implementation of walking activities.

➤ Occupational Accident Statistics Survey

Swancor has established accident reporting and investigation procedures to define the management and control of ordinary and major accidents, so that all accidents can be reported within 24 hours. Incidents of concern are reported to government agencies within 30 minutes. The accident reporting procedures are applicable to both employees of the Company and non-employees. Non-employees of the Company refer to workers whose work or workplace is under the control of the Company. Swancor attaches great importance to all accidents, and the occurrence of any accident indicates potential hazards. Joint investigation of the causes of accidents helps us to formulate corrective and preventive measures to prevent them from happening again. Casualties and property losses caused by accidents are recorded in the countermeasure request form.

Year	Total working hours	Occupational disasters			Fatality rate due to occupational injuries (%)	Rate of serious occupational injuries (%)	Rate of recordable occupational injuries (%)
		Number of serious injuries	Number of fatalities	Number of recordable injuries			
2021	304,736.0	0	0	0	0	0	0
2022	456,251.0	0	0	9	0	0	19.73
2023	613,368.3	0	0	2	0	0	3.26

Note:

1. 2021 data covers Swancor Highpolymer Co., Ltd. and Sunwell Carbon Fiber Composite Corporation; 2022 data from Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, and Cotech Inc. 2023 data covers Swancor Holding Co., Ltd., Swancor Innovation & Incubation Co., Ltd., Swancor Highpolymer Co., Ltd., Sunwell Carbon Fiber Composite Corporation, S-Wanlai Co., Ltd., and Cotech Inc., Cotech Inc.
- 2.a. An employee was injured by a fixture during production - improvement measures: Increase the friction within the fixture, reduce the risk of loosening, and increase the inspection method. b. An employee did not pay attention to the spacing and bumped the head due to picking up items - improvement measures: Adjust the hoisting distance in the working space and inspect the environment for protruding objects to cover them with crash pads.
3. The scope of statistics in 2023 does not include traffic accidents.

Non-employee occupational injury

Year	Total working hours	Occupational disasters			Fatality rate due to occupational injuries (%)	Rate of serious occupational injuries (%)	Rate of recordable occupational injuries (%)
		Number of serious injuries	Number of fatalities	Number of recordable injuries			
2021	6,000	0	0	0	0	0	0
2022	6,000	0	0	0	0	0	0
2023	6,000	0	0	0	0	0	0

Note: Non-employee working hours is estimated under the assumption that each non-employee worker works 8 hours per day, and 250 working days per year.

6

Social Cohesion

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6.1 Industry-academia Collaboration

› University-Industry Collaboration and Talent Cultivation Collaboration Program

We are committed to the R&D of green and environmentally friendly materials, and we regard protecting the earth's environment as our responsibility.

Therefore, we subsidize the establishment of the Industrial and Intelligent Technology Program - Materials and Circular Economy Section of the Academy of Circular Economy, National Chung Hsing University. By doing so, we hope to cultivate more green economy talent. It is expected that, within five years, we will invest NTD 40 million in monthly scholarships and the establishment of the Materials and Circular Economy Research Center.



At the same time, we have signed the industry-academia technology alliance program of the Ministry of Science and Technology with Feng Chia University. NTD 50,000 is expected to be invested annually during the program period to share research resources. The Company expects to recruit academic talent with a common philosophy to join us, so that our R&D energy can continue to improve. Moreover, innovation also drives the economic and social development of Central Taiwan through the integration of academic resources and industrial technology.



National Chung Hsing University Academy of Circular Economy Freshman Orientation



Related links: [Swancor's cultivation of circular economy talents together with National Chung Hsing University](#)

Category

Industry-academia collaboration

Collaboration period

2022.11.21 - 2027.11.20

National Chung Hsing University

Program Name

Academy of Circular Economy

Collaboration Pattern

5 students

Category

Industry-academia collaboration

Collaboration period

2022.11.21 - 2027.11.20

National Chung Hsing University

Program Name

Materials and Circular Economy Research Center

Collaboration Pattern

Shared research resources

Category

Industry-academia collaboration

Collaboration period

2023.07.01 - 2024.06.30

Feng Chia University

Program Name

High-Performance Carbon Fiber Production and Application Technology R&D Alliance II Industry-Academia Technology Alliance

Collaboration Pattern

Shared research resources

6.2 Social welfare

Swancor has long been deeply involved in social care and multifaceted training programs. Every year, we set aside a budget for events and activities to give back to the local communities. We not only assist the development of local rural primary schools but also provide support for academic education, sports development, as well as humanities and arts, so that children can improve their competitiveness through diverse development. In addition, we adhere to implementing neighborhood activities to give back to the society, assisting neighboring government institutions and non-governmental organizations to organize various local activities, and maintaining good interactions with local citizens.

Short term

- Continue to invest in the education development of local and rural schools
- Continue to provide scholarships to cultivate talents
- Reinforce regional ESG and strengthen connection with local communities

Medium-term

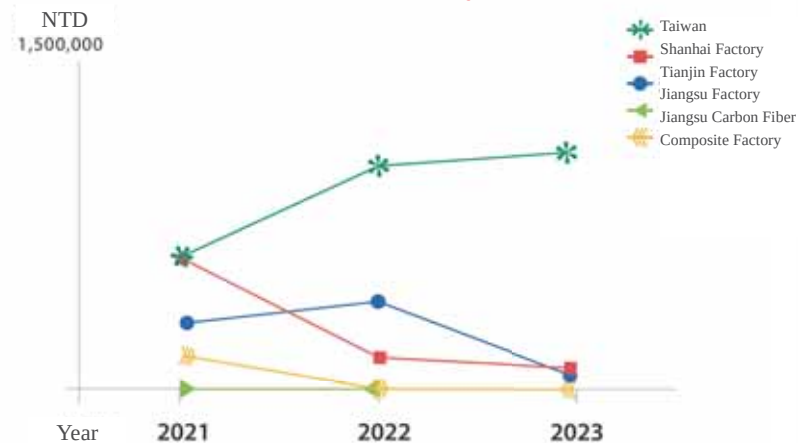
- Continue to collaborate with foundations to invest in local culture and education
- Assign dedicated units to invest in public welfare activities

Long term

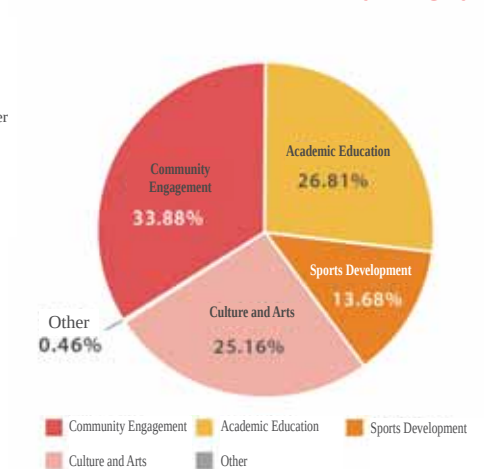
- Invest in regional revitalization and development



Public Welfare Investment by Amount



2023 Public Welfare Investment by Category



Note:

The increase in the Other category was due to the COVID-19 pandemic in 1.2021-2022, with more funds invested for pandemic prevention materials.

Note: In 2.2023, the Tianjin, Jiangsu, and carbon fiber factories did not reach their operating targets, and therefore there was no allocation of funds for public welfare investment.

Over the past years, we have provided long-term support for the educational development in remote and neighboring communities, providing scholarships, talent activities, sports activities, aboriginal art, etc., so that there would be more learning opportunities to allow students to explore and understand their abilities, and strengthen their competitiveness.



Dunhe Elementary School Badminton Team



Sinapalan Elementary School Teeball



Handicrafts at Sinapalan Elementary School



Fengqiu Elementary School Indigenous Painting



Badminton Club of Xin-Feng Elementary School



After-school counseling at Chiao-Jen Elementary School



After-school talent learning at Chiao-Jen Elementary School



Tsing Hua University Scholarship

➤ Public welfare activities in mainland China

Swancor also actively invests in public welfare activities in China, focusing on talent cultivation and sponsorship for primary and secondary schools in remote areas.

A total of 87 schools were sponsored as of 2023.

In addition to scholarships, we also provided repair subsidies, stationery, and more. Moreover, the management participated in various events to provide care and financial support for schools in need.

In addition to academic care, Swancor also provides community care, supporting the development in Western China, and contributing to rural areas through public welfare donations.



6/5 Environment Day



Summer consultation by the fire brigade of Tianjin Factory

➤ Swancor Cup Composite Materials Competition

Our efforts in composite materials are recognized, and we feel valued for what we bring. In order to promote technological progress in the composite materials industry, we hold the Swancor Cup Composite Material Design and Production Competition for university students with the China Composites Industry Association (CCIA) at the China Composites Expo to provide a stage for students majoring in composite materials to display their talents as well as to be bold and innovative.

The competition has been held for 7 consecutive years since 2015, in which a total of 40 teams from 17 colleges and universities participated,, attracting a total of 279 teams from 149 colleges and universities with 1,529 participants .



➤ Nature Conservation

We support organic cultivation with our care for the environment. Since 2012, we have continued to purchase organic honey tangerines, from local farmers in Nantou.

Total purchases as of 2024
17,075 jin

Choose local foods that are in season to reduce carbon footprint, and protect the earth together in a natural way



➤ Love and Care By Swancor

Starting in 2021, we have organized blood drives Nangang Factory and Zhongchuang Park.

A total of 244 people participated for 3 consecutive years, and a total of 355 bags of blood were raised.

We continue to support medical care and public welfare through actions.



For three years in a row, we have taken concrete actions to support people with disabilities by sharing Mid-Autumn Festival charity gift boxes with customers and partners to send warm wishes for the festival.



6.3 Community Management

➤ Creating Green Buildings

Swancor Group Industrial Innovation Park is located at the Group's headquarters in Zhongxing New Village, Nantou County

- The opening ceremony was held on March 1, 2024.
- The Park covers an area of 2,600 ping and is a building with 1 underground floor and 8 ground floors.
- With sustainable green building as the core concept, we obtained the **EEWH Gold-Level Green Construction of the Building Label and Silver Intelligent Building Label** to further realize our commitment to carbon neutrality.

In addition to environmental sustainability, a friendly community is also an important core value of a local enterprise. The natural and harmonious relationship between buildings and the surrounding environment was taken into consideration during the design of the park. In addition to satisfying our own operations, we also hope to encourage the promotion of local culture and interact with the community to deepen our corporate value.



Video of the opening ceremony of the Swancor Group Industrial Innovation Park: <https://www.swancor.com/tw/video>

➤ Community Engagement

Good Air for Blessed Fields

To give back to the land in our hometown of Nantou, we have collaborated with the Nantou County Environmental Protection Bureau and the INRAA to subsidize farmers for using spoilage bacteria from rice straw after harvesting.

A total of 660 bags were distributed for an area of 66 hectares of paddy fields, with an estimated decrease in carbon emission of 594 metric tons, equivalent to the annual carbon absorption of 1.5 Daan Forest Parks.



Spoilage bacteria distribution



Successful harvest celebration

A successful harvest celebration was held at the end of the year. Participating farmers said that after starting to use the fast-acting fiber decomposing bacteria donated by Swancor in 2022 which was continued to be used in 2023, they were indeed impressed by the increase in soil fertility and reduced use of fertilizers. The farmers were delighted to share that the income was increased by over NTD 20,000 per land denomination, and they thanked Swancor for its dedication to local land.

Incorporate Sustainability into Everyday Life

To implement environmental sustainability and extend this concept from business to home, we organize annual mountain cleaning activities where we take our employees and their family members to go outdoors.

Held a hiking and mountain cleanup activity at Nantou Yi-Jing University, with a total of 50 participants



Aside from recreational sports, we also care about the earth and contribute to ecological sustainability.



Rural Care - No Distance

On Christmas Eve, Swancor traveled to the Qalang mb'ala Tribe in Renai Township, Nantou to provide telecare and medical care services for 15 elderly people in collaboration with a humane society.



To build and maintain friendly relations and interactions with local communities, we are committed to assisting local communities around the factory areas in organizing various public welfare activities.

We support the inheritance of local traditional culture in Nantou. We actively participate in the Christmas activities at Neilu Baixinggong Temple and West Camp General Temple in Nantou City and the pilgrimage celebration festival at Christmas organized by the Qingfu Temple.



Pilgrimage celebration festival at Christmas organized by the Qingfu Temple

6.4 Promotion of Arts and Culture

➤ Foundation

The Swancor Foundation was founded by Chairman Robert Tsai, with the purpose of promoting and developing various cultural education and exchange activities in Nantou County through collaborations with the Company in organizing local art and cultural events and discovering new artistic talents.

In addition to organizing cultural activities such as the Swancor Calligraphy Competition and Tan-Liao Village Red Envelope Activity, we also cooperated with the local government to organize the Nantou Lantern Festival, the Nantou Yushan Art Award, and other activities.



With a grateful heart, the Chairman has personally visited four villages in Tanliao on Chinese New Year's Eve since 2014 in order to provide support and give out red envelopes to 578 senior citizens.

Since 2016, the Swancor Calligraphy Competition was organized for six consecutive years to promote the art of calligraphy. The total number of participants reached 2,478.



Since 2014, the local calligrapher Mr. Zhenchang Zhang has been invited every year to host the Spring Festival couplets writing and gifting event.



Long-term sponsorship of the Nantou Lantern Festival event.



In order to encourage the development of artistic talents, since 2015, we have continued to collect art works selected by the Nantou Yushan Art Award, with a total of 63 works.

In 2011, Chairman Robert Tsai was introduced by teacher Mei-Hui Chen from Sanguang Junior High School, the Chairman's old school, and Swancor provided long-term sponsorship to help support the school to promote cultural heritage and enrich art education. In addition to school celebrations, we are also invited to perform in local events.

Since 2013, we have continued to support to support the Choir of Sinapalan Elementary School has the natural sounds of the Bunun ethnic group. The Choir has achieved outstanding results in various competitions, and was often invited to perform in various events and activities.

On March 1, 2024, at the opening ceremony of the Innovation Park, Sinapalan Elementary School and San-Guang Elementary School were invited to perform to present Taiwan's local arts and culture to VIPs from around the world.



Performance of Sinapalan Elementary School



Performance of San-Guang Elementary School



Appendix

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GRI content index	112
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Memberships of Associations (GRI) 2-28

By actively participating in the operations of various trade associations, we create more opportunities for inter-industry learning, visits, observation, emulation, technical exchanges, and synergies.

Name of Trade Association	Role
Taiwan-U.S. Carbon Capture, Utilization and Storage (CCUS) Industries Promotion Alliance	Chairman Robert Tsai acting as the executive director
Taiwan Carbon Capture Storage and Utilization Association (TCCSUA)	Chairman Robert Tsai acting as the executive director
Taiwan Composites Association	Chairman Robert Tsai acting as the standing director
The Society for the Advancement of Material and Process Engineering (SAMPE)	Chairman Robert Tsai acting as the standing director
Straits Economics & Cultural Interchange Association	Chairman Robert Tsai acting as the executive director
Semiconductor Equipment and Materials International (SEMI)	General Manager Shih-Jung Kuo served as a member of SEMI Wind Energy Committee
Nantou County Small and Medium Enterprise (SME) Honorary Instructors (Service Volunteers) Association	Consultant Shi-Wen Yu serves as Honorary Instructor
Nantou County Fire Protection Association	Chairman Robert Tsai acting as the consultant
Wang-Lai Industrial Park Manufacturers Association	Assistant Manager Yu-Chen Liao serves as Director.
Taiwan Wind Energy Association	Members
Taiwan Chemical Industry Association (TCIA)	Members
MIH Open EV Alliance	Members

GRI content index GRI 1

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
GRI 1: Foundation 2021				
	GRI Index Comparison Table	Appendix		112
	Claims of reporting in accordance with the GRI Standards	About this Report		2
GRI 2: General Disclosures 2021				
Organization overview and reporting requirements				
2 2-1	Organizational Details	About this Report 1.1 Organization		2 11
2-2	Entities included in the organization's sustainability reporting	About this Report		2
2-3	Reporting period, cycle and contact point	About this Report		2
2-4	Restatements of information	4.3 Greenhouse gas emissions management	The corrected data is the same as the ISO 14064-1 verification data to maintain the consistency of the information disclosed.	73
2-5	External assurance	About this Report Appendix - Third Party Verification Statement/ Assurance Statement		2 127-128
Organizational activities and workers				
2-6	Activities, value chain and other business relationships	1.1 Organization 2.7 Sustainable supply chain management 5.1 Employee Structure		11-13 51 79
2-7	Employee	5.1 Employee Structure		79
2-8	Non-employee workers	5.1 Employee Structure		79
Governance				
2-9	Governance structure and composition	1.1 Organization 2.1 Corporate governance		11 33

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
2-10	Nominating and selecting the highest governance body	2.1.1 Composition of the Board of Directors		33
2-11	Chair of the highest governance body	2.1.1 Composition of the Board of Directors		33
2-12	Role of the highest governance body in overseeing risk management	2.3 Risk Management		38
2-13	Delegation of responsibility for managing impacts	Sustainable Development Roadmap		4
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Roadmap 2.1.2 Functional Committee		4 34
2-15	Conflicts of interest	2.1.1 Composition of the Board of Directors		33
2-16	Communication of critical concerns	2.1.1 Composition of the Board of Directors		33
2-17	Collective knowledge of the highest governance body	2.1.1 Composition of the Board of Directors		33
2-18	Evaluation of the performance of the highest governance body	2.1.2 Functional Committee		34
2-19	Remuneration policies	2.1.2 Functional Committee		34
2-20	Process to determine the remuneration	2.1.2 Functional Committee		34
2-21	Annual total compensation ratio		The information disclosure on the percentage of employee's annual salary by the median salary in the organization is still under discussion, and thus was not disclosed this year.	-
Strategy				
2-22	Statement on sustainable development strategy	Letter from the Chairman Sustainable Development Roadmap		3 4-6
2-23	Policy commitments	2.1.4 Tax governance 2.3 Risk Management 2.5 Quality Policy 4.1 Energy Management 5.3 Employee benefits 5.4 Occupational Safety and Health Management		37 38-39 48 71 87-95 96

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
2-24	Embedding policy commitments	Sustainable Development Roadmap 1.3 Major Sustainability Issues 2.1.4 Tax governance 2.3 Risk Management 4.1 Energy Management 5.3 Employee benefits 5.4 Occupational Safety and Health Management		4 18 37 38-39 71 87-95 96
2-25	Processes to remediate negative impacts	1.2 Stakeholder Engagement 1.3 Major Sustainability Issues 5.3 Employee benefits		15 18-19 90-95
2-26	Mechanisms for seeking advice and raising concerns	1.2 Stakeholder Engagement 1.3 Major Sustainability Issues 5.3 Employee benefits		15-17 18-31 90-95
2-27	Compliance with laws and regulations	1.3 Major Sustainability Issues 5.4 Occupational Safety and Health Management		18-31 96-99
2-28	Membership of associations	Appendices - Participation in Industry Associations		111
Communications with stakeholders				
2-29	Communications with stakeholders	1.2 Stakeholder Engagement		16-17
2-30	Collective bargaining agreements		The Company has not yet signed collective bargaining agreements with the Labor Union	-
GRI 3 - Material Topics 2021				
3-1	Identification of major issues	1.3 Major Sustainability Issues		18-19
3-2	List of material topics	1.3 Major Sustainability Issues		20-21
3-3	Management of material topics	1.3 Major Sustainability Issues		18-31
Economic indicators				

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
GRI 201 - Economic Performance 2016				
201-1	Direct economic value generated and distributed	2.1.3 Operating performance 2.1.4 Tax governance 6.2 Public Good		35-36 37 102
GRI 204 - Procurement practices 2016				
204-1	Proportion of spending on local suppliers	2.7 Sustainable supply chain management		53
GRI 205 - Anti-Corruption 2016				
205-3	Confirmed incidents of corruption and actions taken		None	-
GRI 206 - Anti-Competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		None	-
GRI 207 - Tax 2019				
207-1	Approach to tax	2.1.4 Tax governance		37
207-2	Tax governance, control, and risk management	2.1.4 Tax governance		37
207-4	Country-by-country reporting		The government of the Republic of China has participated in the country-by-country reporting system developed by the Organization for Economic Co-operation and Development (OECD), mainly to assist tax authorities in the audit selection process. According to the OECD agreement, the information in this report will be kept by institutions with professional knowledge to understand and evaluate sensitive information related to this business. Swancor will provide the required business information to the country-by-country reporting system, and this information is only stored by the government tax authority.	-
Environment indicators				

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
GRI 302 - Energy 2016				
302-1	Energy consumption within the organization	4.1 Energy Management		71
GRI 303 - Water and Effluents 2018				
303-1	Interactions with water as a shared resource	4.4 Water resource management		74
303-2	Management of water discharge-related impacts	4.4 Water resource management		74
303-3	Water withdrawal	4.4 Water resource management		74
303-4	Water discharge	4.4 Water resource management		74
303-5	Water consumption	4.4 Water resource management		74
GRI 305 - Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	4.3 Greenhouse gas emissions management		73
305-2	Energy indirect (Scope 2) GHG emissions	4.3 Greenhouse gas emissions management		73
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.2 Air Pollutant Emission Management		72
GRI 306 - Waste 2020				
306-1	Waste generation and significant waste-related impacts	4.5 Waste management		75
306-2	Management of significant waste-related impacts	4.5 Waste management		75
306-3	Waste generated	4.5 Waste management		75-77
306-4	Waste diverted from disposal	4.5 Waste management		75-77

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
306-5	Waste directed to a disposal	4.5 Waste management		75-77
Social indicators				
GRI 401 - Employment 2016				
401-1	New employee hires and employee turnover	5.2 Talent recruitment and development		80-81
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Employee benefits		87-89
GRI 402 - Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	5.3 Employee benefits		95
GRI 403 - Occupational safety and health 2018				
403-1	Occupational health and safety management system	5.4 Occupational Safety and Health Management		96
403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Safety and Health Management		98-99
403-3	Occupational health services	5.4 Occupational Safety and Health Management		99
403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational Safety and Health Management		98
403-5	Worker training on occupational health and safety	5.4 Occupational Safety and Health Management		98
403-6	Promotion of worker health	5.4 Occupational Safety and Health Management		99
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational Safety and Health Management		96-98
GRI 404 - Training and Education 2016				
404-1	Average hours of training per year per employee	5.2 Talent recruitment and development		85
404-2	Programs for upgrading employee skills and transition	5.2 Talent recruitment and development		84-86

Indicator	Disclosed items	Corresponding Chapter	Remarks	Page
404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Talent recruitment and development		86
GRI 405 - Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	2.1 Corporate governance 5.1 Employee Structure		33 79
GRI 406 - Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken		None	-
GRI 415 - Public Policy 2016				
415-1	Political contributions		There were no political contributions in 2023	-
GRI 416 - Customer health and safety 2016				
416-2	Incidents of non-compliance concerning the health and safety impacts of products		None	-
GRI 417 - Marketing and labeling 2016				
417-2	Incidents of non-compliance concerning product and service information and labeling		None	-
417-3	Incidents of non-compliance concerning marketing communications		None	-
GRI 418 - Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		None	-

Index of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Sustainability Disclosure Indicators - Climate-related Information

No.	Indicator	Indicator type	Corresponding Chapter	Unit	Remarks
I	Total energy consumption, purchased or acquired electricity, renewable energy consumption rate, and total self-consumption of electricity (Note 1).	Quantitative	4.1 Energy Management	Gigajoules, percentage (%)	Total energy consumption: 31,228.8477GJ Purchased or acquired electricity: 49.56%. Renewable energy consumption rate: 3.75%. Total self-consumption of electricity: 1,172.2506 GJ.
II	Total water withdrawn, total water consumed, and volume of effluent required to be disclosed under the law or to be disclosed voluntarily.	Quantitative	4.4 Water resource management	Thousand m3, percentage (%)	Total water withdrawn: 18,126 m ³ , 100%. Total water consumed: 3,625 m ³ , 20%. Total water discharge: 14,501 m ³ , 80%.
III	Total quantity of hazardous wastes generated during the production process of products required to be disclosed under the law or to be disclosed voluntarily and hazardous waste percentage recycled.	Quantitative	4.5 Waste management	Ton (t), percentage (%)	Total quantity of hazardous waste: 48.65 mt Hazardous waste percentage recycled: 0%.
IV	The number of occupational injuries and incidence rate.	Quantitative	5.4 Occupational Safety and Health Management	Percentage (%); quantity	Number of recordable injuries: 2 people Rate of recordable occupational injuries (%): 3.26%
V	Operations with significant actual and potential negative impacts on local communities.	Qualitative description	4.2 Air Pollutant Emission Management 4.4 Water resource management 4.5 Waste management	N/A	Since the Company is located in an industrial area, with proper risk management, the assessment will not exert a significant influence on the local community.
VI	Negative environmental or social impacts in the company itself and its supply chain and actions taken.	Qualitative description	2.7 Sustainable supply chain management 4.2 Air Pollutant Emission Management 4.4 Water resource management 4.5 Waste management	N/A	
VII	Production by product type	Quantitative	2.1.3 Operating performance	Varies by product type	

Note 1: The definition of total self-consumed electricity is as stipulated in the Renewable Energy Development Act, Implementation Regulations Governing Renewable Energy Certificates or related laws.

Climate-Related Information of TWSE Listed Companies

The risks and opportunities that climate change may bring to the Company and relevant response measures taken by the Company

No.	Item	Implementation Status
1	Describe board and management level supervision and governance on climate-related risks and opportunities.	The Board of Directors is responsible for approving risk policies and implementation results; the Sustainable Development Committee is responsible for reviewing the scope and specifications of climate risk management and supervising the relevant implementation; the General Manager's Office is responsible for formulating climate risk management specifications to ensure that the Board of Directors and the Sustainable Development Committee are aware of and approve the implementation of climate risk management regulations. The heads of each center and department are responsible for setting the key points for climate risk management operations, performing climate risk measurement, monitoring, and implementation. According to the internal control procedures, compliance and implementation of risk rules are carried out.
2	Describe the climate-related risks and opportunities the organization has identified and their impact on businesses, strategies, and financial planning over the short, medium, and long term.	Short-term: Adjusting product manufacturing processes and formulas in response to climate change may lead to increased costs. Medium-term: Invest in low-carbon technology transformation work, which requires the introduction of talent, processes and equipment, resulting in increased costs and reduced profit margins. Long-term: Reduce electricity and carbon fee expenditures and reduce costs; launch new products and services to increase revenue and profitability.
3	Describe the impact of extreme weather events and transition activities on financial planning.	1. For the financial impact of extreme weather (operational interruption caused by extreme weather) and transformation actions, please refer to the description of Item 2 above. 2. The Company will continue to adjust its products, invest in low-carbon technologies, and develop and increase low-carbon products and services to reduce the impact of climate risk factors on its value. In addition, the Company regularly conducts scenario analysis to redefine the climate risk tolerance to supervise the financial impact of extreme climate risks. 3. In order to properly manage the risks associated with extreme weather events and the transition to a low-carbon economy, we incorporate the risks of climate change into operational decision-making, identify and manage risks, and address the crises of global warming and resource depletion, with mitigation and adaptation actions taken.
4	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The Company's climate risk management process is divided into four major steps, which are described as follows: Through meetings on climate-related risks and opportunities, Swancor engages in discussions on climate change issues, collection of supporting information, and assessment of risks and opportunities, including: 1. Set climate change scenarios: There are two climate change scenarios. 2. Assess the impact of the operating environment: Assess the influence and impact of climate change on the operating environment and stakeholders. 3. Identify climate risks and opportunities: Create risk and opportunity matrices to identify risks and opportunities related to climate change. 4. In order to monitor the risk exposure and response capability, the Company regularly reviews the business group management meeting, and reports to senior management and the risk management unit in a timely manner from time to time.

No.	Item	Implementation Status
5	If scenario analysis is used in the assessment of resilience to climate change risks, please explain the scenarios, parameters, assumptions, analysis factors and main financial impacts.	Climate change risk simulations are performed under two scenarios: SSP5-8.5 of the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) : warming to 6°C and SSP1-2.6: warming to 2°C. In the future, we will conduct dynamic analysis and assessment depending on the impact of climate change on the Company.
6	If transition planning is used as a means of managing climate-related risks, please explain the content of the plan and the indicators and goals used in the verification and management of physical risks and transition risks.	1. Since 2022, the Group has introduced ISO 14064-1 for Scope 1 and 2 GHG inventories, and passed ISO 14064-1:2018 verification in 2022. 2. It is expected that a Scope 3 GHG inventory and verification will be conducted in 2024. For emission information, please refer to 4.3 GHG Emission Management of the 2022 Sustainability Report.
7	If internal carbon pricing is used as a planning tool, please describe the bases for setting prices.	Currently, internal carbon pricing is not used as a planning tool. In the future, we will assess whether to adopt internal carbon pricing based on the impact of climate change on the Company.
8	If the climate-related targets or goals have been set, please describe the information about the scope of activities and emissions included in the target, the defined time horizon by which the target is intended to be achieved. If carbon offsets or renewable energy certificates (“RECs”) have been used to achieve climate-related targets or goals, please describe certain information about the amount of carbon reduction represented by the offsets or the amount of generated renewable energy represented by the RECs.	Swancor has established goals including: all factories utilize green power by 2030, and all factories to achieve carbon neutrality by 2040, in order to formulate and adjust reduction targets every year based on the inventory data of third-party manufacturers to achieve short, medium, and long term goals.
9	GHG inventory and assurance, as well as reduction goals, strategies, and specific action plans.	Please refer to 1-1 GHG Inventory and Assurance in the Past Two Years and 1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

1-1 GHG Inventory and Assurance in the Past Two Years

1-1-1 GHG Inventory Information

State the amount of GHG emissions (tons CO_{2e}), intensity (tons CO_{2e}/NTD million), and data coverage for the past two years.

Company	2021			2022		
	Total amount (T)	Scope 1 (T)	Scope 2 (T)	Total amount (T)	Scope 1 (T)	Scope 2 (T)
Swancor Holding Co., Ltd. / Swancor Innovation & Incubation Co., Ltd.	-	-	-	31.268	3.170	28.098
Swancor Highpolymer Co., Ltd.	1,716.122	829.069	887.053	1,643.411	712.840	930.571
Sunwell Carbon Fiber Composite Corporation	364.646	8.843	355.803	702.529	13.110	689.420
Cotech Inc.	-	-	-	421.918	21.081	400.837

Note 1: Direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect emissions from energy (Scope 2, i.e. indirect GHG emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, i.e., emissions from the Company's activities that are not indirect emissions from energy, but are from sources owned or controlled by other companies).

Note 2: The data coverage of direct emissions and indirect emissions from energy shall be handled in accordance with the schedule specified in Paragraph 2, Article 4-1 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (hereinafter referred to as "these Rules"). Other indirect emissions can be voluntarily disclosed.

Note 3: GHG standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD million) should be stated.

1-1-2 Information on Assured GHGs

Describe the assurance status for the most recent two years, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

Scope of verification

GL Business Assurance Co., Ltd. (DNV) has been commissioned by Swancor Holding Co., Ltd. (hereinafter referred to as "the organization") to present a verification of the organization's 2022 Greenhouse Gas Inventory Management Report (hereinafter referred to as "the report") and the scope of verification is set to the inventory boundary covered by the Report: Swancor Holding Co., Ltd. / Swancor Innovation & Incubation Co., Ltd. / Swancor Highpolymer Co., Ltd. / Sunwell Carbon Fiber Composite Corporation / Cotech Inc.

Verification criteria and GFG solutions

ISO 14064-1 : 2018

The verification was conducted in accordance with ISO/IEC 17029:2019, ISO 14065:2020, and ISO 14064-3:2019 standards.

Verification opinion

Based on the verification criteria identified above, DNV believes that the fifth edition of the GHG inventory report published on December 27, 2023 contains no major discrepancies that do not meet the aforementioned verification criteria. This opinion was determined based on the following method:

- The reliability of the information in this report has been verified with a reasonable level of assurance for direct GHG emissions and indirect GHG emissions from input energy.
- The information related to other indirect GHG emissions is verified and tested using the agreed procedures AUP in the report .

1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

Describe the GHG reduction base year and its data, reduction targets, strategies, and concrete action plans, and achievement of the reduction targets.

Establish goals including: All factories utilize green power by 2030, and all factories to achieve carbon neutrality by 2040, in order to formulate and adjust reduction targets every year based on the inventory data of third-party manufacturers to achieve short, medium, and long term goals. Achieve net zero emissions by 2050 and review carbon intensity and carbon reduction performance annually.

Note 1: It shall be handled in accordance with the schedule specified in Paragraph 4, Article 4-1 of these Procedures.

Note 2: The base year should be the year that the inventory is completed at the boundary of the consolidated financial statements. For example, according to Paragraph 2, Article 10, of these Rules, a company with a capital of more than NTD 10 billion should complete the consolidated financial report of 2024 in 2025, so the base year is 2024. If the Company has completed the inventory of the consolidated financial statements ahead of schedule, the earlier of the base year can be used as the base year, and the data of the base year can be calculated by a single year or the average of several years.

Note 3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for disclosure.

Note 1: The procedures shall be handled according to the schedule specified in Paragraph 3, Article 4-1 of these Rules.

Note 2: The assurance institutions shall comply with the requirements set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange of the Republic of China for assurance institutions.

Note 3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for disclosure.

SASB Index

Topic	Code	Indicator	Type	Value	Corresponding Chapter	Page
Activity Indicator	RT-CH-000.A	Production by reportable segment	Quantitative	The production volume of eco-friendly anti-corrosion materials and eco-friendly green energy materials in 2023 was 42,268 tons and 28,786 tons, respectively. In order to maintain the consistency of disclosure, the output volume of recycled materials is not disclosed this year.	2.1.3 Operating performance	36
Greenhouse gas	RT-CH110a.1	Gross global Scope 1 emissions (metric tCO _{2e}); percentage covered under emissions-limiting regulations (%)	Quantitative	42.2% °	4.3 Greenhouse gas emissions management	73
	RT-CH110a.2	Discussion of long term and short term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussions and Analysis	Swancor has established goals including: all factories utilize green power by 2030, and all factories to achieve carbon neutrality by 2040, in order to formulate and adjust reduction targets every year based on the inventory data of third-party manufacturers to achieve short, medium, and long term goals.	4.3 Greenhouse gas emissions management	73
Air quality	RT-CH120a.1	Air emissions of the following pollutants: (1) NOX (excluding N ₂ O) (2) SO _x (3) Volatile organic compounds (4) Hazardous air pollutants	Quantitative	(1) 0.521 mt. (2) 0 (3) 0.685 mt. (4) 0	4.2 Air Pollutant Emission Management	72
Power Management	RT-CH130a.1	(1) Total energy consumed (GJ) (2) Percentage of grid electricity used (%) (3) Percentage of renewable energy use (%) (4) Self-produced energy (GJ)	Quantitative	(1) 31,228,847.69 MJ (2) 49.56% (3) 3.75% (4) 1,172,250.55 MJ	4.1 Energy Management	72
Water management	RT-CH140a.1	(1) Total water withdrawal (2) Total water consumption (3) Percentage of (1) and (2) in regions with high or extremely high baseline water stress	Quantitative	(1) 18.126 million liters. (2) 3.625 million liters. (3) Not located in "high" or "extremely high" areas of water scarcity.	4.4 Water resource management	74

Topic	Code	Indicator	Type	Value	Corresponding Chapter	Page
Water management	RT-CH140a.2	Number of incidents of noncompliance associated with water quality permits, standards, and regulations	Quantitative	Swancor did not violate any laws and regulations	4.4 Water resource management	74
	RT-CH140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussions and Analysis	Our production processes are non-water-soluble processes, and water is mostly used in boilers to generate steam. Steam is introduced into production processes, turned into water after heat exchange, and then redirected back to the reservoirs. We currently have two reservoirs with a total capacity of 350 tons which are used for process cooling. The cooling water is redirected back to the reservoirs, achieving 100% process water recycling and reuse.	4.4 Water resource management	74
Hazardous waste management	RT-CH150a.1	Amount of hazardous waste generated and percentage recycled	Quantitative	(1) Total quantity: 48.65 MT (2) Recycling: 0%	4.5 Waste management	77
Community Relations	RT-CH210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussions and Analysis	Swancor is located in the industrial park. There are no residents nearby, so this was not applicable.		-
Workforce Health & Safety	RT-CH320a.1	For both direct employees and contract employees: (1) Total recordable incident rate (TRIR) (2) Fatality rate	Quantitative	(1) 0 (2) 0	5.4 Occupational Safety and Health Management	99
	RT-CH320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussions and Analysis	After environmental safety and health risk assessment, we listed the potential hazards that may occur immediately and informed workers that they could evacuate to a safe place to ensure their safety if the hazards occurred.	5.4 Occupational Safety and Health Management	99
Product design efficiency improvement in the use stage	RT-CH410a.1	Revenue from products designed for use-phase resource efficiency	Quantitative	Our products have been successfully used in yacht manufacturing, reducing production hours by 30–50% for customers while lowering dust waste generation and electricity consumption. We have developed environmentally friendly green products to achieve low-carbon and sustainable development.	3.1 Sustainable and Innovative R&D and Applications	57-67

Topic	Code	Indicator	Type	Value	Corresponding Chapter	Page
Safety & Environmental Stewardship of Chemicals	RT-CH410b.1	(1) Percentage (%) of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (2) Percentage (%) of such products that have undergone a hazard assessment	Quantitative	(1) 100% (2) 100%	3.1 Sustainable and Innovative R&D and Applications	57-67
	RT-CH410b.2	(1) Discussion of strategy to manage chemicals of concern (2) Discussion of strategy to develop product alternatives	Discussions and Analysis	(1) For chemical substances of high concern, we control them at the source, adopting four strategies including regulatory inspection, risk identification, risk assessment, and risk control. (2) Through regulatory inspection, we determine the list of chemical substances of high concern and conduct risk identification and risk assessment. For high risk control, we prioritize replacing harmful substances with harmless substances, and our research and development unit also looks into alternatives to chemical raw materials of high concern in order to reduce the potential hazards of our products.	3.1 Sustainable and Innovative R&D and Applications	57-67
Genetically Modified Organisms	RT-CH410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	The use of genetically modified organisms is not applicable to our products or any materials we use.	The use of genetically modified organisms is not applicable to our products or any materials we use.	-
Management of the Legal & Regulatory Environment	RT-CH530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussions and Analysis	We strive to comply with relevant laws and regulations, and the legal department is responsible for managing risks related to legal matters so as to ensure we conduct business operations within legal compliance. We had no violations of environmental and social regulations in 2023.	1.3 Major Sustainability Issues	29
Occupational Safety and Emergency Preparedness & Response	RT-CH540a.1	Process Safety Incidents (PSIC), Process Safety Total Incident Rate (PSTIR), Process Safety Incident Severity Rate (PSISR)	Quantitative	In 2023, there were no safety incidents at Swancor.	5.4 Occupational Safety and Health Management	99
	RT-CH540a.2	Number of transport incidents	Quantitative	We had no transport incidents in 2023.	5.4 Occupational Safety and Health Management	99

Note: SASB indicators are mainly translated from the "Sustainability Disclosure Topics & Accounting Metrics" of the "Sustainability Accounting Standards - Chemical" (2023) published in 2023.

Third Party Verification Statement/ Assurance Statement (GRI) 2-5

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