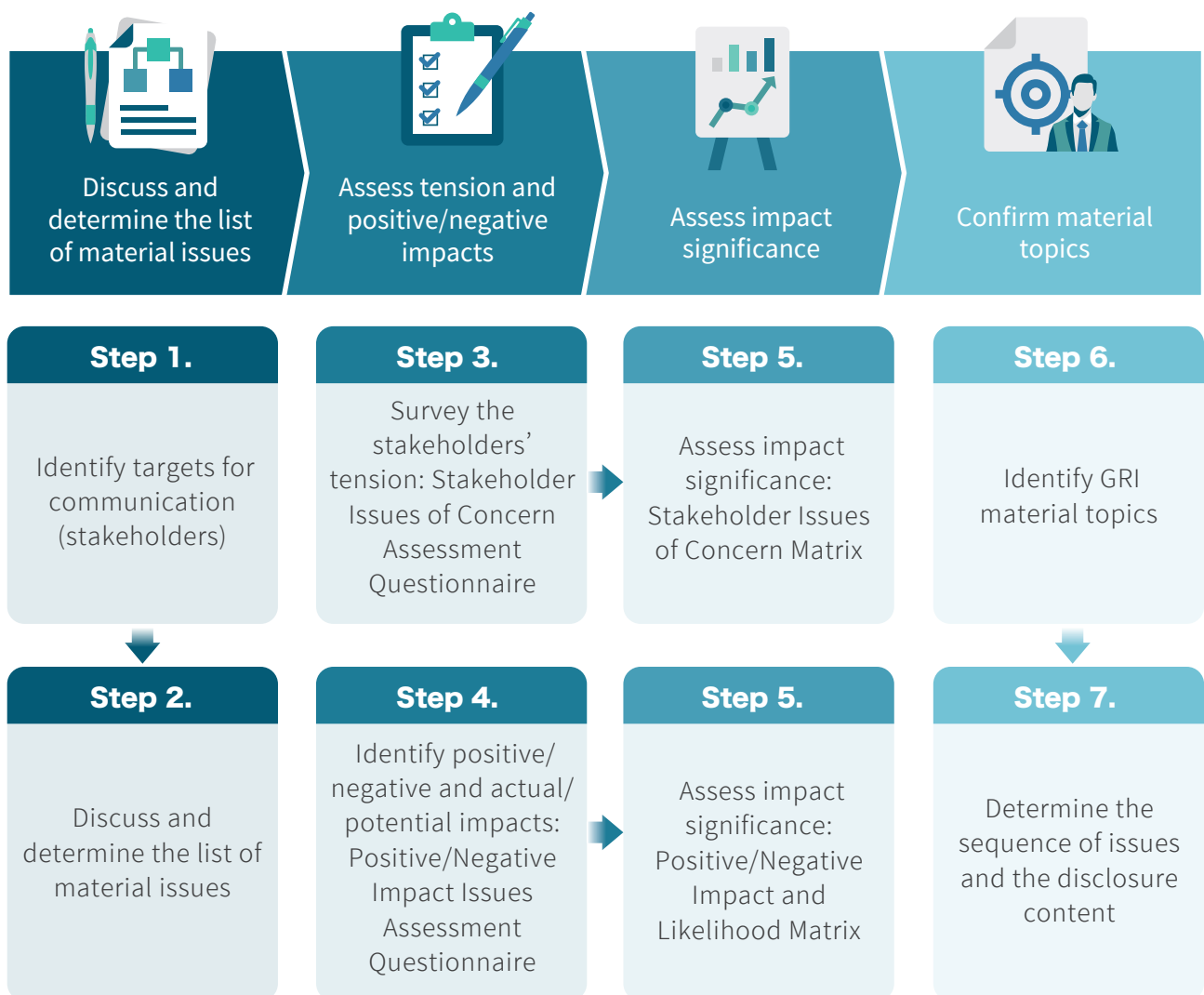


1.1 Material Issue Analysis

Chicony Power has followed GRI standards and the four principles of Inclusivity, Materiality, Responsiveness, and Impact entailed in AA1000 AP (AA1000 Accountability Principles) to identify the material issues related to the Company’s operations. Additionally, the Company has identified its major stakeholders by referencing the five aspects highlighted in AA1000 Stakeholder Engagement Standard 2015, which are Dependency, Responsibility, Tension, Influence, Diverse Perspectives, the Company has assessed the significance of the material issues’ impacts on the economy, the environment, and corporate governance in accordance with GRI Standards 2021. The assessment results have been used as the basis for the planning of sustainable development strategies and the foundation for the Report’s information disclosure.



Implementation Steps	Implementation Details	Result
<p>Step 1. Identification of Communication Targets</p>	<p>The company adheres to the five principles of the AA1000 SES stakeholder engagement standards: dependence, responsibility, concern, influence, and diverse perspectives, and distributes a stakeholder identification questionnaire to the working group members. The statistical results are reviewed and approved by the Sustainable Development Committee, which classifies stakeholders into five major groups based on importance: investors/shareholders, regulatory authorities, customers, suppliers, and employees.</p>	<p>5 major stakeholder groups</p>
<p>Step 2. Decision on Major Sustainability Issues</p>	<p>With reference to international sustainability standards, development goals, and norms, including GRI guidelines, SASB standards, the 17 SDGs and their 169 targets, TCFD recommendations, CDP, and through stakeholder communication processes, the working group compiled and listed 23 sustainability issues.</p>	<p>23 sustainability issues</p>
<p>Step 3. Survey the tension of stakeholders' concerns</p>	<p>To identify closely related and influential targets, the taskforce surveyed the five stakeholder groups' tension concerning the 23 sustainability issues using the Material Issue Identification & Assessment Questionnaire, and collected a total of 136 valid questionnaires.</p>	
<p>Step 4. Identify positive/negative and actual/potential impacts</p>	<p>The 23 material issues were assessed using the Material Issue Positive Impact Assessment Questionnaire and the Material Issue Negative Impact Assessment Questionnaire.</p>	
<p>Step 5. Assess impact significance</p>	<p>Matrices were created based on the data from the assessment questionnaires to assess impact significance.</p>	<p>Stakeholder Issues of Concern Matrix Positive/Negative Impact and Likelihood Matrix</p>
<p>Step 6. Identify material topics</p>	<p>Based on the results indicated in related matrices and the management team's adjustment recommendations, the taskforce selected 15 sustainability topics of moderate and high concern as this year's material topics and reported the topics to the Corporate Sustainable Development Committee and the Board of Directors.</p>	<p>15 material topics</p>
<p>Step 7. Determine the sequence of issues and the disclosure content</p>	<p>The taskforce determined the sequence of the material issues based on their impact intensity, and described the response strategies; short, medium, and long-term goals; achievements; and management guidelines for the material issues included in the Report in accordance with each topic's reporting requirements. The 15 material topics correspond to a total of 14 GRI topics.</p>	<p>14 GRI topics</p>

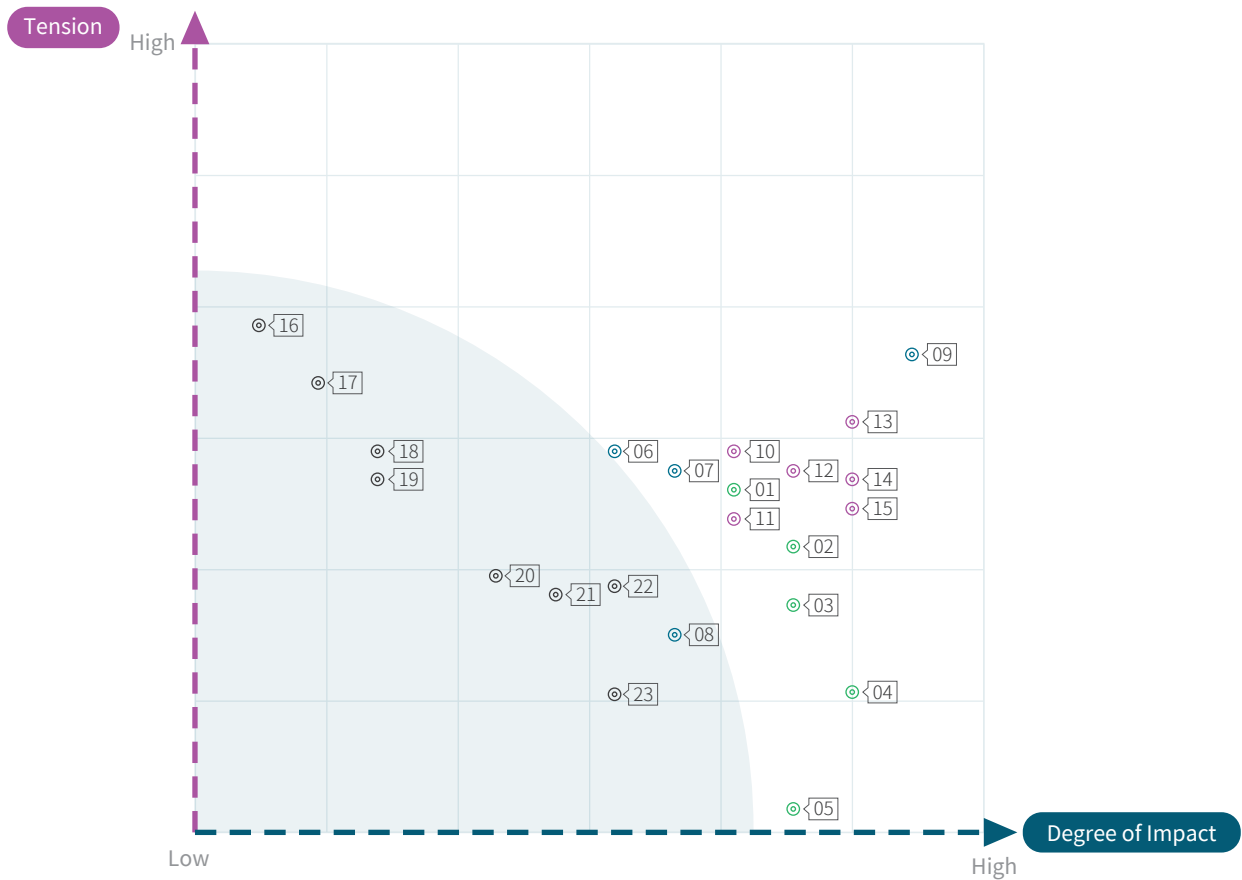
01 Material Issues and Stakeholder Engagement

By following internationally accepted sustainability standards and regulations (GRI standards, SASB indicators, TCFD framework, etc.), SDGs, information collected during interactions with stakeholders, and other sustainability-related issues, Chicony Power identified the following 23 sustainability issues and further assessed their impacts.

● 23 sustainability issues :

Environment (E)	Society (S)	Corporate Governance (G)
<ul style="list-style-type: none">• Energy Management• Green Product Design• Waste Management• Water Resources Management/Wastewater Treatment• Air Pollution Management/Air Quality• Climate Change• Biodiversity	<ul style="list-style-type: none">• Product Quality and Safety• Occupational Health and Safety Management• Talent Development and Cultivation• Human Rights and Employment Workplace• Happiness and Diversity• Diversity and Equal Opportunity• Social Participation	<ul style="list-style-type: none">• Sustainable Governance Operations• Legal Compliance and Ethical Management• Business Ethics• Operational Risks• Economic Performance• Innovative Products and Services• Customer Relationship Management• Customer Privacy and Information Security• Supply Chain Management

The Material Issue Identification and Assessment Questionnaire was adopted to survey the tension of the five stakeholder groups concerning the 23 sustainability issues. Data on tension and degree of impact revealed by stakeholders through the questionnaire were used to produce the following tension–impact matrix :

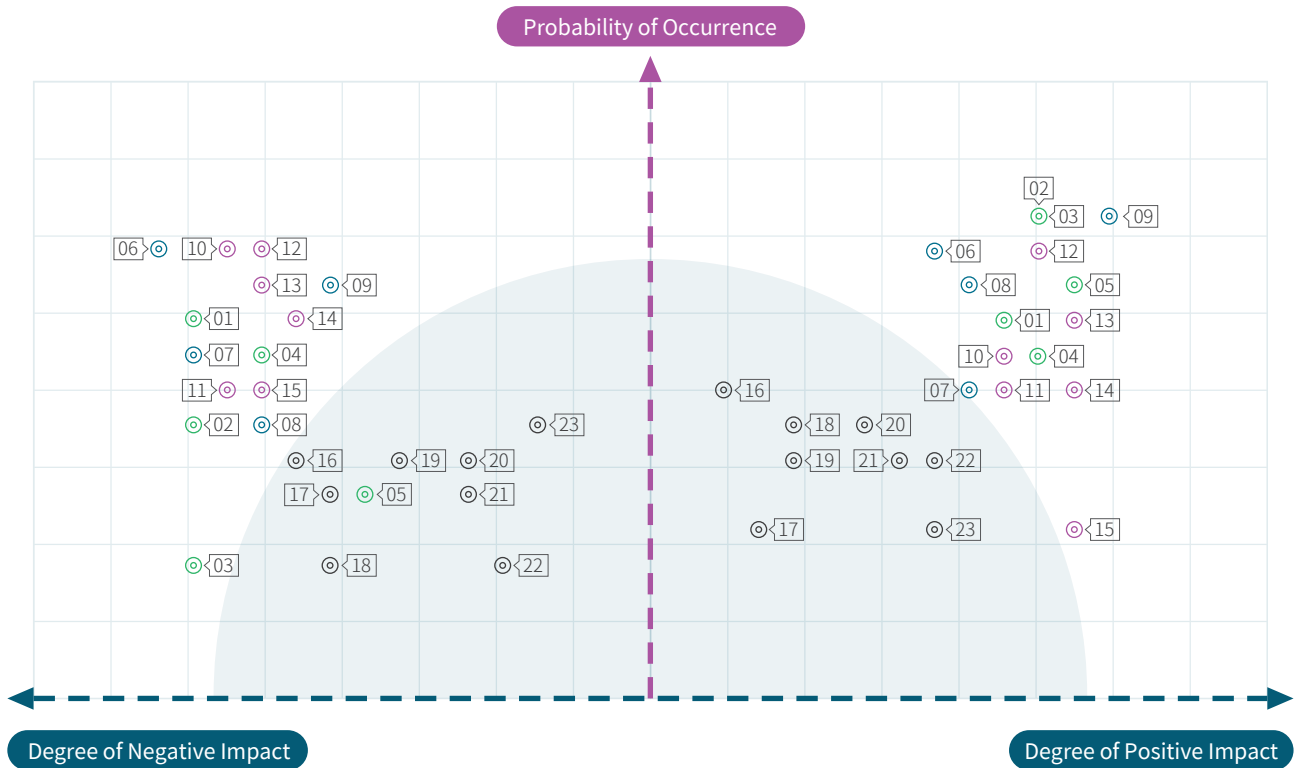


Note : Take 70% of the tension/degree values as the boundary

- ⊙ 01. Energy Management
- ⊙ 02. Green Product Design
- ⊙ 03. Water Resources Management /Wastewater Treatment
- ⊙ 04. Climate Change
- ⊙ 05. Biodiversity
- ⊙ 06. Talent Development and Cultivation
- ⊙ 07. Human Rights and Employment
- ⊙ 08. Social Participation
- ⊙ 09. Occupational Health and Safety Management
- ⊙ 10. Operational Risks
- ⊙ 11. Supply Chain Management
- ⊙ 12. Economic Performance
- ⊙ 13. Legal Compliance and Ethical Management
- ⊙ 14. Customer Privacy and Information Security
- ⊙ 15. Customer Relationship
- ⊙ 16. Product Quality and Safety
- ⊙ 17. Sustainable Governance Operations
- ⊙ 18. Business Ethics
- ⊙ 19. Innovative Products and Services
- ⊙ 20. Workplace Happiness and Diversity
- ⊙ 21. Diversity and Equal Opportunity
- ⊙ 22. Waste Management
- ⊙ 23. Air Pollution Management/Air Quality

01 Material Issues and Stakeholder Engagement

Next, the taskforce compiled the data of the material issues' positive and negative impacts, combined with the corresponding likelihood of occurrence revealed through the questionnaire to produce the following impact–likelihood matrix :



Note: Take 70% of the degree/likelihood values as the boundary

○ Degree of Negative

- ⊙01. Biodiversity
- ⊙02. Energy Management
- ⊙03. Water Resources Management/Wastewater Treatment
- ⊙04. Green Product Design
- ⊙05. Climate Change
- ⊙06. Talent Development and Cultivation
- ⊙07. Occupational Health and Safety Management
- ⊙08. Social Participation
- ⊙09. Human Rights and Employment
- ⊙10. Economic Performance
- ⊙11. Customer Privacy and Information Security
- ⊙12. Customer Relationship Management

- ⊙13. Legal Compliance and Ethical Management
- ⊙14. Operational Risks
- ⊙15. Supply Chain Management
- ⊙16. Air Pollution Management/Air Quality
- ⊙17. Diversity and Equal Opportunity
- ⊙18. Workplace Happiness and Diversity
- ⊙19. Sustainable Governance Operations
- ⊙20. Product Quality and Safety
- ⊙21. Waste Management
- ⊙22. Innovative Products and Services
- ⊙23. Business Ethics

○ Degree of Positive

- ⊙ 01. Energy Management
- ⊙ 02. Biodiversity
- ⊙ 03. Green Product Design
- ⊙ 04. Water Resources Management/Wastewater Treatment
- ⊙ 05. Climate Change
- ⊙ 06. Talent Development and Cultivation
- ⊙ 07. Human Rights and Employment
- ⊙ 08. Social Participation
- ⊙ 09. Occupational Health and Safety Management
- ⊙ 10. Operational Risks
- ⊙ 11. Supply Chain Management
- ⊙ 12. Economic Performance
- ⊙ 13. Legal Compliance and Ethical Management
- ⊙ 14. Customer Relationship Management
- ⊙ 15. Customer Privacy and Information Security
- ⊙ 16. Product Quality and Safety
- ⊙ 17. Sustainable Governance Operations
- ⊙ 18. Innovative Products and Services
- ⊙ 19. Business Ethics
- ⊙ 20. Workplace Happiness and Diversity
- ⊙ 21. Diversity and Equal Opportunity
- ⊙ 22. Waste Management
- ⊙ 23. Air Pollution Management/Air Quality

By integrating the material topic survey results, Chicony Power identified 15 material topics related to the environmental, social, and corporate governance based on the surveyed topics’ stakeholder tension, impact on the organization’s operations, and corresponding likelihood.

Environmental (E)	Social (S)	Corporate Governance (G)
<ul style="list-style-type: none"> • Energy Management • Green Product Design • Water Resources Management/Wastewater Treatment • Climate Change • Biodiversity 	<ul style="list-style-type: none"> • Occupational Health and Safety Management • Talent Development and Cultivation • Human Rights and Employment • Social Participation 	<ul style="list-style-type: none"> • Legal Compliance and Ethical Management • Operational Risks • Economic Performance • Customer Privacy and Information Security • Supply Chain Management • Customer Relationship Management

○ Regular Reviews

Chicony Power identifies its sustainability issues by conducting internal impact assessments, then integrating stakeholders’ viewpoints and performing other related procedures before reporting to the Corporate Sustainable Development Committee and the Board of Directors for confirmation and finalization. The Company will continue to observe stakeholders’ tension regarding sustainability issues and macro-environmental changes, and grasp the once-a-year materiality identification opportunity to integrate the viewpoints inside and outside the Company to identify the material topics requiring attention.

Chicony Power has established management guidelines and developed action plans for identified material topics, and it has set up goals and metrics based on datafied measurement strategies to regularly track implementation outcomes. As for non-material topics, the Company follows existing management procedures and measures to disclose related indicators so that stakeholders can understand Chicony Power’s overall sustainability achievements.

Chicony Power identified 15 material topics in 2023. In terms of environmental issues, in comparison with 2022, the issues of Water Resources Management/Wastewater Treatment and Biodiversity were added in 2023. With respect to social issues, Social Participation was added, whereas Human Rights was combined with the issue of Employment. In regard to corporate governance issues, the issues of Operational Risks and Customer Relationship Management were added. Although the issue of Waste Management was not listed as a material topic this year, the related information has still been disclosed in the Report so that stakeholders can keep track of the Company’s waste reduction achievements.

Dimension	Material Topic	Significance to Chicony Power
Environmental	Energy Management	Chicony Power adopts green product designs to continuously improve the energy efficiency of its products, comply with hazardous-substances-related laws and regulations, and increase its use of renewable and recyclable materials. Additionally, the Company is committed to environmental protection, green production, and green products promotion to reduce carbon emissions and impacts on the environment. Implementation plans and programs are formulated on a yearly basis, and the progress toward each goal is regularly tracked and reviewed to ensure that the Company’s products are aligned with sustainable operations, and that the goals are achieved.
	Green Product Design	
	Water Resources Management/Wastewater Treatment	
	Climate Change	
	Biodiversity	

Dimension	Material Topic	Significance to Chicony Power
Social	Occupational Health and Safety Management	Maintaining workplace health and safety and creating employee health management programs are Chicony Power’s first-line guarantee for employees.
	Talent Development and Cultivation	Long-term talent development is the Company’s ultimate goal. It adopts comprehensive support mechanisms and training programs to provide outstanding employees with learning opportunities, such as industrial graduate programs for employees to upgrade their knowledge and connect classroom learning with practical applications to solve possible challenges at work. Moreover, Chicony Power also offers soft courses for employees to obtain knowledge outside their work fields. By introducing university student internship programs through industry–academia collaboration and exchange projects, the Company solidifies its foundation for talent cultivation and allows graduands to smoothly connect to their future careers.
	Human Rights and Employment	Employees are Chicony Power’s most important partners. The Company attaches great importance to the work environment, career development, and care of employees by establishing diversified internal communication channels and continuously promoting various employee-oriented projects to create a good work environment for employees.
	Social Participation	Chicony Power actively participates in social and public benefits activities to promote social progress and education, and establish a better society for the public.
Corporate Governance	Legal Compliance and Ethical Management	The Ethical Management Promotion Taskforce regularly assesses and monitors changes in laws and regulations and the Company’s compliance. It carries out the formulation, supervision, and implementation of the Company’s ethical management policy and prevention programs and makes annual reports to the Board of Directors.
	Operational Risks	All responsible units identify, analyze, measure, monitor, respond to, and report their operational risks based on their business-related risk characteristics and impact levels, and improve response measures to reduce risk impacts on the Company.
	Economic Performance	Maintaining stable financial performance is Chicony Power’s commitment to all stakeholders.

01 Material Issues and Stakeholder Engagement

Dimension	Material Topic	Significance to Chicony Power
Corporate Governance	Customer Privacy and Information Security	Chicony Power attaches great importance to information security. The Company has fortified its cyber (information/communication) security through ISO 27001 Information Security Certification and PDCA (Plan-Do-Check-Act) procedures to protect the confidentiality, integrity, and availability of various information related to customers, employees, and suppliers. This comprehensive information security defense system reduces the leakage risks of Company and customer information to help employees and customers feel secure.
	Customer Relationship Management	The Company views suppliers as important partners for sustainable growth. It has carried out sustainable supply chain management to reduce operational risks and continuously provide responsible and quality services to customers.
	Supply Chain Management	To standardize supply chain management procedures, Chicony Power has formulated the Supplier Management Procedures. Suppliers are assessed and audited on the basis of key factors such as performance in labor rights, environmental protection, and health and safety management. Improvement measures are developed based on the assessment results to assist suppliers in making continuous progress, with the aim of enhancing supply chain sustainability and management capability, reducing supply chain operational risks, and building partnerships for sustainable development.

Scope of 2023 Material Issues Impacts

● Direct Impact ○ Induced Impact ○ Business

	Material Issue	Material Topic Corresponding GRI Standards	Corresponding Chapter(s)	Degree of Involvement and Scope of Impact				
				Investors/ Shareholders	Governing agencies	Customers	Suppliers	Employees
Environmental	Energy Management	GRI 302 Energy	4.3 Energy Management	●	○	●	○	●
	Green Product Design	-	3.3 Green and Sustainable Design	●	○	●	○	●
	Water Resources Management/ Wastewater Treatment	GRI 303 Water and Effluents 2018	4.4 Water Resources Management	○	○	●	○	●

	Material Issue	Material Topic Corresponding GRI Standards	Corresponding Chapter(s)	Degree of Involvement and Scope of Impact				
				Investors/ Shareholders	Governing agencies	Customers	Suppliers	Employees
Environmental	Climate Change	GRI 305 Emissions	4.2.1 Greenhouse Gas Management	●	◎	●	◎	●
	Biodiversity	GRI 304 Biodiversity 2016	4.5 Biodiversity	●	◎	●	◎	●
Social	Occupational Health and Safety Management	GRI 403 Occupational Health and Safety	5.5 Occupational Health and Safety	◎	●	◎	◎	●
	Talent Development and Educational Training	GRI 404 Training and Education	5.4 Talent Cultivation and Training	◎	◎	◎		●
	Employment	GRI 202 Market Presence GRI 401 Employment	5.1 Employee Structure 5.2 Human Rights Protection	●	●	◎		●
	Social Participation	-	5.5 Social Participation	●	◎	●	●	●
Corporate Governance	Legal Compliance and Ethical Management	GRI 2-27 Compliance with laws and regulations GRI 2-15 Conflicts of interest GRI 2-16 Communication of critical concerns	2.6.2 Ethical Management Operations 2.6.3 Legal Compliance	●	◎	●	●	●
	Operational Risks	-	2.6 Risk Management	●	◎	●	◎	●
	Economic Performance	GRI 201 Economic Performance	2.4 Operational Performance	●	◎	●	◎	●
	Customer Privacy and Information Security	GRI 418 Customer Privacy	2.7 Cyber (Information/ Communication) Security Management	●	◎	●		●

01 Material Issues and Stakeholder Engagement

	Material Issue	Material Topic Corresponding GRI Standards	Corresponding Chapter(s)	Degree of Involvement and Scope of Impact				
				Investors/Shareholders	Governing agencies	Customers	Suppliers	Employees
Corporate Governance	Supply Chain Management (Materials Sourcing and Efficiency)	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	3.1 Value Chain Management	●	◎	●	○	●
	Customer Relationship Management	-	3.1 Value Chain Management	●	◎	●	◎	●

1.2 Stakeholder Communication GRI 2-29

Stakeholder demands are crucial to the company’s sustainability and success. The company believes that through engaging with stakeholders, understanding their needs and expectations, and responding accordingly, it can assist in reviewing and planning short-, medium-, and long-term strategies, and create value for stakeholders and new business opportunities for sustainable operations.

The company adheres to the principles of "dependence, responsibility, tension, influence, and diverse perspectives" to identify key stakeholders as investors/shareholders, regulatory authorities, customers, suppliers, and employees. Compared to the 2022 report, the company has removed non-profit organizations from the list of key stakeholders because it is not a high-polluting industry, and due to the requirements of international brands, the company leads in many sustainability issues, thus receiving fewer suggestions from non-profit organizations. Through various channels, regular and occasional communications are conducted to understand stakeholders' expectations, serving as sources of feedback and suggestions for sustainability issues and impact assessments.

© 2023 Stakeholder Communication Implementation Results :



Stakeholder Investors/ Shareholders

Issues of Major Concerns

1. Corporate Governance
2. Operational Performance
3. Company Strategies and Future Outlook
4. Interests of Shareholders
5. Sustainable Development

Communication Channels and Frequency

1. Hold a regular shareholders meeting every year
2. Release quarterly financial reports and monthly revenue reports, and irregularly disclose the Company's important financial and business information on the Market Observation Post System (MOPS).
3. Hold at least one investor briefing every quarter.
4. Set up bilingual (Chinese and English) sustainable development and investor service pages on the Company's official website.
5. Issue a sustainability report every year
6. Set up a spokesperson, deputy spokesperson, and investor relations contact for the Company

2023 Stakeholders Communication Practices and Achievements

1. The regular shareholders meeting was held on May 29, 2023, to explain the Company's operational performance to shareholders and respond to shareholders' issues of concern.
2. As of December 31, 2023, the Company had participated in 7 domestic/ international investor briefings.
3. The Company compiled and released a bilingual (Chinese and English) sustainability report.
4. The Company compiled and released English versions of the 2022 annual report and financial report to strengthen information disclosure for international investors.
5. As of December 31, 2023, 28 pieces of material information had been released in both Chinese and English.



Stakeholder Government and Governing Agencies

Issues of Major Concerns

1. Legal Compliance
2. Corporate Governance
3. Risk Management
4. Communication with Governing Agencies

Communication Channels and Frequency

1. Participate in policy-related information meetings and workshops held by governing agencies on an irregular basis.
2. Cooperate with governing agencies' supervision and audits.
3. Set up contact personnel to maintain good interactive relationships with governing agencies.

2023 Stakeholders Communication Practices and Achievements

1. Continuously listed as a constituent stock in the Taiwan High Compensation 100 Index.
2. Participated in 2023 Corporate Governance Evaluation audiovisual advocacy courses.
3. Participated in TWSE's Advocacy Meeting for Listed Companies in November.



Stakeholder Customers

Issues of Major Concerns

1. Product Competitiveness and Innovation
2. Continuous Supply Ability and Flexibility
3. Workers' Human Rights and Environmental Health and Safety
4. Energy Management and Reduction
5. Risk Management

Communication Channels and Frequency

1. Hold QBR meetings with major customers on a quarterly or biannual basis to understand the Company's competitiveness ranking (according to customers), and improvements to be achieved in terms of product R&D, costs, lead time, and after-sales services.
2. Hold QBR meetings with major customers on a quarterly or biannual basis to understand customer needs and the future orientation of products so that preparations can be made in advance to shorten new products' development timelines.
3. Arrange regular RBA audits to ensure that the Company's factories comply with relevant laws and regulations and meet customers' requirements.
4. Participate in customers' ESG/SER workshops on an irregular basis.
5. Build self-owned plants in Thailand.

2023 Stakeholders Communication Practices and Achievements

1. Held in-person, phone, or video-based QBR (Quarterly Business Review), QTR (Quarterly Technical Review), and EBR (Executive Business Review) meetings with major customers.
2. Suzhou Factory's and Chongqing Factory's RBA VAP audits were conducted in May, and Dongguan Factory's VAP audit was conducted in October. The audit reports have been provided to customers, based on which continuous upgrades and improvements will be carried out.
3. Customers conducted irregular audits of the Company's factories and proposed relevant product quality requirements.
4. Company representatives visited customers on an irregular basis or communicated with them via phone calls and e-mail to confirm customers' needs and the future orientation of products.
5. Participated in customers' in-person or video-based ESG/SER (Social and Environmental Responsibility) workshops to understand customers' goals and directions.
6. Built self-owned plants in Thailand for production capacity expansion in response to customers' China Plus One strategy to meet customers' needs.
7. Deployed mutually-supportive production capacity at the Dongguan Factory, Suzhou Factory, Chongqing Factory and Thailand Factory.



Stakeholder Suppliers

Issues of Major Concerns

1. Products and Services
2. Supplier Management
3. Workers' Human Rights
4. Environmental Health and Safety
5. Material Prices
6. Quality Review

Communication Channels and Frequency

1. Hold quarterly QBR meetings and irregular meetings with suppliers to share market information.
2. Carry out supplier guidance measures in response to quality issues or new issues to seek win-win results.
3. Conduct supplier ratings and monthly received materials quality ratings.
4. Conduct supplier audits and implement annual audits for suppliers determined to have lower quality performance.

2023 Stakeholders Communication Practices and Achievements

1. Required suppliers to develop Business Continuity Plans for various environmental impacts (such as earthquakes, floods, epidemics, etc.).
2. Carried out price negotiation on a quarterly basis, and offered discounted prices for specific projects on an irregular basis to seek win-win results.
3. Held quarterly QBR meetings with major suppliers, and shared each other's operating status and market information.
4. Conducted annual supplier audits.
5. Required suppliers to systematically carry out the ESG practices specified in relevant regulations.



Stakeholder Employees

Issues of Major Concerns

1. Operational Performance
2. Remuneration and Benefits
3. Employee Relations
4. Education and Training
5. Promotion and Development

Communication Channels and Frequency

1. Announcements on the Company's website: Update the information related to the industry and the Company on a daily basis.
2. Hold regular and irregular meetings.
3. Periodically announce information related to employee benefits (such as employee health examinations and group insurance), the Welfare Committee, education and training, promotion/career development, etc.

2023 Stakeholders Communication Practices and Achievements

1. Updated the information related to the industry and the Company on the Company's internal website on a daily basis.
2. Held monthly Canteen Committee meetings and safety officer meetings.
3. Held quarterly labor-management meetings.
4. Held monthly Employee Welfare Committee meetings.
5. Held a conference for the entire employee body in August.
6. Conducted employee education and training on a continuous basis.
7. Announced employee promotion information in May and November.
8. Organized Chicony Group's Family Day activities.