



華榮永續報告書

Sustainability

R · E · P · O · R · T

華榮電線電纜股份有限公司
HUA ENG WIRE & CABLE CO., LTD.

2023

About this Report

In addition to presenting operational results to shareholders through the annual report, Hua Eng also strives to ensure and support employee well-being and sponsor social welfare activities. To further fulfill the responsibilities of a global citizen and meet the demands of business development trends, we engage with and communicate with Hua Eng's stakeholders and the general public. We disclose not only our business and economic activities but also our efforts and results in social and environmental aspects. Since 2015, we have continuously published our Corporate Social Responsibility (CSR) reports. In response to the "Sustainable Development Best Practice Principles for TWSE/T-PEX Listed Companies", we released our first "Sustainability Report" in 2021. In 2023, we continued to disclose climate-related issues (TCFD) and prepare for the greenhouse gas inventory and assurance in accordance with the requirements of ISO14064-1. This demonstrates Hua Eng's local

commitment, good corporate nature, and determination to protect our beautiful homeland.

The data and figures in this report are collected and provided by the respective department heads of the Company after their review. The information is then compiled and written by the Sustainability Report Team. The draft is reviewed and revised by the Sustainable Development Task Force, and further examined through internal administrative procedures to ensure its relevance for the report's purposes. The final version is approved and published upon the Chairman's approval. The Company's internal administrative procedure review process follows the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" to establish the operating procedures for the preparation and verification of sustainability reports by listed companies, and incorporates them into the internal control system.

Report boundaries and scope

The scope of the data in this sustainability report is to fully disclose the impact of the Hua Eng Group on sustainability issues, focusing on the major operational sites of HUA ENG WIRE AND CABLE CO., LTD. (hereinafter referred to as "Hua Eng" or "the Company"). The financial information includes the operational activities of Hua Ho Engineering Co., Ltd. under the Group; the environmental and social data only disclose the individual data of Hua Eng, and are compiled and statistically presented by the responsible departments of Hua Eng using internationally accepted indicators. To enhance the quality of information disclosure, the subsidiary's information is independently presented in the "First Copper Technology Sustainable Report," with its content detailed at www.fcht.com.tw. In the future, we will consider including subsidiaries in the complete disclosure scope of corporate social responsibility based on the overall operating scale of the company group. The report information covers the three major aspects of Environment, Social and Governance that are of concern to the public.

Reporting period

This report discloses the Company's financial information, as well as sustainable operations management and related activities for the period from January 1, 2023 to December 31, 2023. In addition to presenting past performance, this report also provides appropriate planning for future development directions, with a focus on the management and performance of material topics to present the execution results of each issue in this report.

Report data management and review

Financial report information is taken from the financial report audited by accountants; the content within the [Environmental Protection] and [Occupational health and safety management system] sections mainly involves the adoption of relevant international standard management systems (ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System), with regular internal audits and annual external audits. The Company has engaged KPMG Taiwan to perform limited assurance on the subject information in accordance with Assurance Standard No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation. Please refer to the appendix for the assurance report regarding the limited assurance on the subject information.

Contact information

Any comments, inquiries, or suggestions regarding this report or Hua Eng's sustainable development are sincerely welcome. Please feel free to contact us.

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Reporting cycle

This is the third year of issuing the sustainability report, marking the 9th year since the Company began promoting corporate social responsibility and sustainable development. The issuance cycle is scheduled to be implemented annually. The electronic version of the report is available on the Company's website for public download.

- First publication date : December 2016.
- Previous issue : June 2023.
- This issue : August 2024.
- Next issue : August 2025.



Sustainability Report

Reference guidelines

The content structure of this report follows the guidelines of the Global Reporting Initiative (GRI) for the preparation and publication of the sustainability report, adopting the core option for disclosure. It also references the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", the industry standards of the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) framework for disclosure in various aspects.

Dear friends,

We would like to extend our gratitude to colleagues, customers, shareholders and all stakeholders for their continuous trust and support. The Hua Eng team has always integrated the ESG concept into our management principles, adhered to corporate integrity, continuously strengthened corporate governance, and committed to improving employees' work environments and quality of life. In response to global climate change and in alignment with government policies aiming for net-zero carbon emissions by 2050, we are implementing the principles and actions of ESG sustainable management.

In 2023, the global business environment has been more challenging due to inflation, geopolitical tensions, and the trend toward energy conservation and carbon reduction driven by climate change. The management team of Hua Eng, in addition to strengthening the control and hedging of key raw materials (copper, XLPE), invested nearly NT\$200 million in 2023 to replace and upgrade key process equipment to maintain high utilization rates. Moreover, benefiting from TaiPower's "Grid Resilience Strengthening Construction Plan," the Company secured engineering projects for 161/345kV high voltage transmission cables and equipment from TaiPower, construction of grids for green energy-related industries, and sales of high-quality shaped profiles of oxygen-free copper in both domestic and foreign markets. The core business profit reached NT\$560 million in 2023, the highest in the past 21 years, creating high profits for shareholders.

In January 2023, the Climate Change Response Act was officially passed, and a carbon exchange was established in Kaohsiung to levy carbon fees, marking the beginning of the era of carbon pricing in Taiwan. Hua Eng has declared that it will complete GHG inventory by 2025 and obtain certification

of GHG assurance by 2027, moving towards the goal of net zero emissions. Hua Eng has planned to install a 780kW solar photovoltaic system with an investment of NT\$45 million, which is expected to generate 929,400 kWh of power per year for self-use. Additionally, Hua Eng replaced 379 energy-saving LED lamps in its Kao-Nan plant in 2023, saving 397,950 kWh of power per year, and plans to replace another 530 lamps in its Renwu plant in 2024, saving 556,500 kWh of power per year. As a responsible enterprise, Hua Eng actively promotes green energy and carbon reduction with practical actions, continuously fostering sustainable development.

Employees are important assets and partners of an enterprise. Hua Eng upholds the philosophy of "people-oriented, caring for employees." As a token of appreciation for the hard work of our employees throughout the year, there will be a 3% salary adjustment in 2024. We value the talent nurturing mechanism to support employees' learning and development in response to the Company's future growth momentum.

In 2024, the Fed's interest rate policy, geopolitical issues, and carbon economy remained the three major challenges for corporate operations. Hua Eng will continue to adhere to the ESG spirit of "enhancing corporate governance, social harmony and communication, human rights protection, and environmental protection." Through the operations of the Sustainable Development Task Force, the Company understands the needs of stakeholders, focuses on executing core strategies, maintains long-term and stable development, and creates a sustainable and beautiful future for employees, customers, shareholders and society.



Wang Hong-Ren
Chairman



CONTENTS

目錄

2023

SUSTAINABILITY REPORT

Table of Contents About this Report Chairman's Message Sustainability Performance

Communication and Interaction with Stakeholders

Stakeholder Communication and Response	06
Communication with Stakeholders	08
Identification and Response of Material Topics	10
Management Policies for Material Topics	13

01

Operation and Governance of Hua Eng

Business Development	16
Supply Chain Management	27
Business performance	31
Corporate Governance	32
Operational Risk Management	38

02

Products and Services

Introduction of Products and Services	44
Quality Management and Customer Service	48
Green Products	57
Certification Achievements	59

03

Environmental Protection

Response to Climate Change	61
Resource Recycling	68
Pollution Control	69
Water Resource Management	70
Waste Management	71

04

Friendly Workplace

Employees of Hua Eng	73
Happy Workplace	78
Occupational Health and Safety	83

05

Social Care and Feedback

Social Care and Feedback	89-91
Appendix	
GRI, SASB Index	92-96
Limited Assurance Report by CPAs	97

Sustainability Performance	Item	2021	2022	2023
Governance aspect	Operating revenue (NT\$100 million)	73.42	79.26	71.15
	EPS (NT\$)	3.27	(0.09)	2.23
	Return on assets (%)	13.69	(0.2)	9.36
	Return on equity (%)	19.01	(0.49)	12.94
	Annual sales volume (tons)	26,227	26,561	24,472
Environmental Aspect	Resource recycling volume (tons)	794.1	458.6	436.8
	Heat intensity (GJ of total heat/NT\$ million of operating revenue)	16.72	15.81	17.01
	GHG emissions intensity (tCO ₂ e/NT\$ million)	2.30	2.20	2.20
	Water consumption in the process (million liters)	21.056	53.284	71.168
Social Aspect	Labor relations (Total employee benefit expenditure in NT\$ thousand)	7,756	9,360	7,869
	Employee salary (Average annual salary in NT\$ thousand)	790	704	779
	Key Indicators of work-related incidents (Frequency-severity indicator I.R)	0	0	0
CDP Score	Climate change (Average score of global electro-mechanical)	D	C	C

Note: Sustainability performance pertains only to Hua Eng individual company.



Communication and Interaction with Stakeholders

P.04~13

Stakeholder Communication and Response	06
Communication with Stakeholders	07
Identification and Response of Material Topics	10
Management Policies for Material Topics	13

Stakeholder Communication and Response

In order to understand the opinions of various stakeholders and respond to the issues they prioritize, Hua Eng operates through the "Sustainable Development Task Force" led by the General Manager. The task force integrates internal group organizations, including departments related to corporate social responsibility such as finance, stock affairs, business, factory production, quality assurance, research and development, internal control and audit, general affairs, procurement, information, factory affairs, and environmental safety and health. Each department addresses issues pertinent to stakeholders such as investors, employees, customers, suppliers, the government and society. Through questionnaires and statistical analysis, the task force identifies and delineates major issues and boundaries, which serve as a reference foundation for the preparation of this report. Additionally, to comply with regulatory requirements, internal meetings of the "Sustainable Development Task Force" communicate and integrate the impact of climate change on company operations into major issues and formulate corresponding responses.

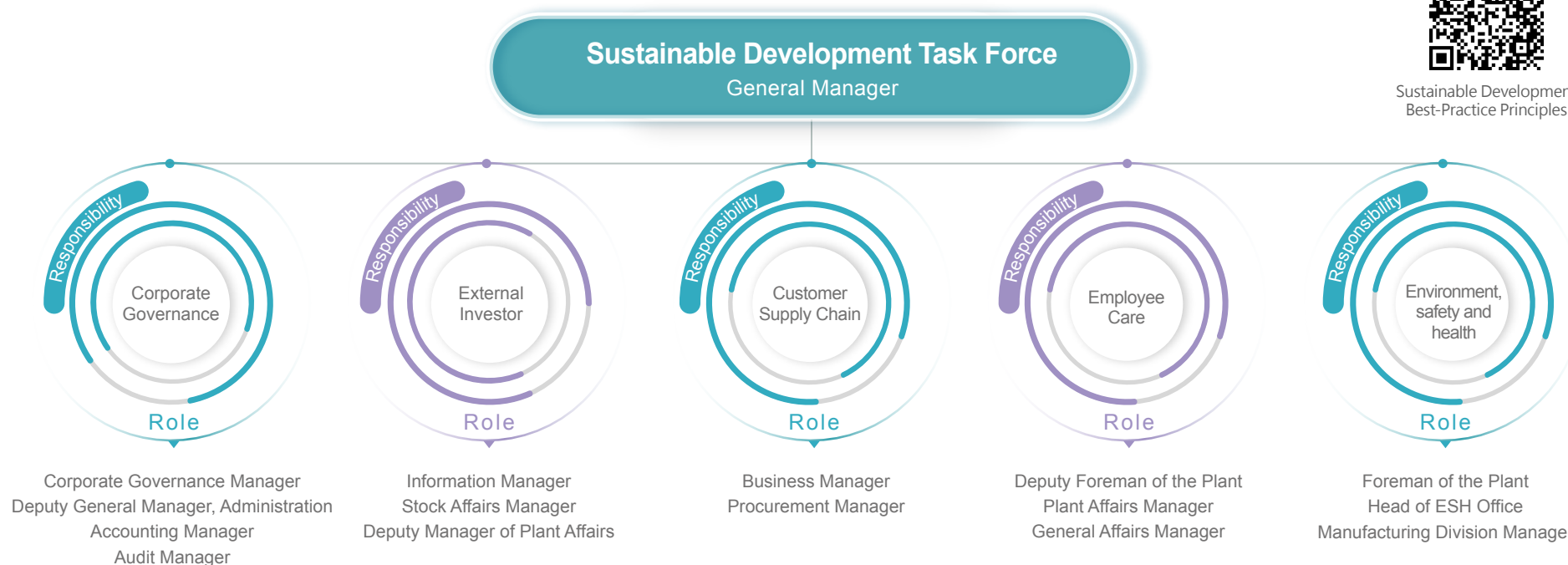
Hua Eng is committed to ensuring that, based on the selected material topics and corresponding indicators, relevant information is transparently disclosed in the report. In the future, it will continuously and systematically integrate this into internal management, incorporating ESG sustainability items into the annual work plans of respective responsible units. Through the Sustainable Development Task Force, it will annually review and report on implementation results and allocate appropriate budgets to facilitate policy promotion. Additionally, it will maintain various communication channels to understand the needs of stakeholders, respond appropriately, and handle issues properly.

In response to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies announced at the end of 2021, Hua Eng revised the content of its "Practical Guidelines on Corporate Social Responsibility." On May 9, 2022, the Board of Directors of Hua Eng approved the revision and update of the "Sustainable Development Best Practice Principles," providing a basis for the Company's promotion of sustainable management. (The detailed content of "Sustainable Development Best-Practice Principles" in this report can be found at:

<https://www.hegroup.com.tw/userfiles/Investor/H2022forever.pdf>



Sustainable Development Best-Practice Principles



Communication with Stakeholders

	Key Issues	Stakeholder	Reference Chapter
Corporate Governance	<ul style="list-style-type: none"> Corporate Governance Code of Ethical Conduct Compliance with Laws and Regulations Confidentiality Management 	<ul style="list-style-type: none"> Employee Government Authority Investor 	Operations and Governance of Hua Eng
Risk management	<ul style="list-style-type: none"> Risk Management Crisis Management Internal Audit 		
Investor Relations	<ul style="list-style-type: none"> Disclosure of Financial Information Dividend Policy Addressing Investor Concerns Effective Two-way Communication Annual Report Preparation 	<ul style="list-style-type: none"> Government Authority Investor 	Communication and Interaction with Stakeholders
Community Services	<ul style="list-style-type: none"> Community Stakeholder Issues Media Relations Sustainability Report Publication 		
Customer Services	<ul style="list-style-type: none"> Customer Reports and Satisfaction Customer Trust Customer Privacy 	<ul style="list-style-type: none"> Customer Supplier 	Products and Services Operations and Governance of Hua Eng
Supply Chain Management	<ul style="list-style-type: none"> Supply Chain and Raw Materials Risk Management Supplier Management 		
Employee Care Training:	<ul style="list-style-type: none"> Talent Recruitment and Retention Employees' Physical and Mental Health and Safety Remuneration and Benefits Employee Training and Development Grievance Mechanism for Labor Human Rights Issues 	<ul style="list-style-type: none"> Employee 	Healthy and Friendly Workplace
Environmental Protection Safety and Health	<ul style="list-style-type: none"> Environmental Policy and Management System Pollution Control Energy Use Efficiency Carbon Emissions and Carbon Rights Management Environmental Protection Expenditure Product Environmental Responsibility Environmental Issue Feedback Mechanism Green Supply Chain Occupational Health and Safety Policy and Management 	<ul style="list-style-type: none"> Employee Government Authority Supplier Investor Community Non-Governmental Organization 	Environmental Protection Products and Services Healthy and Friendly Workplace



Before compiling the 2023 Sustainability Report, Hua Eng Group's Sustainable Development Task Force held a meeting.

Communication with Stakeholders

The sustainability report is one of the main channels for communicating ESG issues with stakeholders. For this reason, in addition to daily stakeholder communication channels, we also engage with stakeholders through the material topics analysis process to identify positive and negative impacts of sustainability issues and determine material topics. Further, we disclose relevant information in the sustainability report to fully convey the content and performance of the management of material topics.

Analysis Methods and Processes

Correctly identifying the stakeholders of a company and establishing effective communication with them is a crucial foundation for a company to move forward and achieve sustainable development. Therefore, the first step that Hua Eng takes in preparing its sustainability report is to identify its key stakeholders who are significantly related to the Company through a systematic analysis model.

After identifying key stakeholders closely linked with Hua Eng through the stakeholder identification process, Hua Eng re-examined and reviewed the communication channels and issues with each type of stakeholder. Through customer visits, phone interviews, or surveys, major considerations were analyzed and duly responded to in this report.

01

Stakeholder identification

- Each department conducts a survey on the importance of stakeholders
- Identification of key stakeholders

02

Evaluation of potential material topics

- Collection of SASB industry standards, Hua Eng's annual key work items, operational risks and opportunities items, etc.
- Collaboration with ESG consultant experts to establish a list of material topics

03

Establishment of communication plans

- Review of communication channels with stakeholders
- Through customer visits, phone interviews or surveys, collect stakeholders' views on the list of material topics

04

Selection of material topics

- Compilation and analysis to identify and select material topics
- Using the corresponding indicators of GRI Standards and SASB industry standards as the basis for disclosures

05

Report and management policy preparation and formulation

- Preparation of reports in response to stakeholders
- Management of material topics and continuous improvement

Stakeholder identification

Hua Eng's ESG team members convened a discussion meeting based on the operating attributes and conducted stakeholder engagements according to the five assessment factors of the Stakeholder Engagements Standard (AA1000 SES:2015), which includes Dependency, Responsibility, Tension, Influence, and Diverse Perspective. The investigation was conducted in the form of Q&A within various departments. Department representatives, based on their daily interactions and records, carried out brainstorming to list the stakeholders of various aspects. This included all directly and indirectly related personnel/organizations. After joint discussion and decision-making, Hua Eng identified its stakeholders, which are divided into seven categories: employees, customers, government authorities, suppliers, investors, communities, and non-governmental organizations (NGOs).



In addition to daily business interactions, the Company continuously enhances various communication channels with stakeholders, addresses the issues of concern to various stakeholders, strives to respond to their needs, and will present the operational results of these communication issues in subsequent reports.

Hua Eng believes that establishing good interactions with stakeholders not only helps the Company better capture social and environmental trends and challenges, but also creates greater value for the Company and society. This enables the enterprise to continually progress and become a key driver of sustainable growth and innovation.

Stakeholder	Interacting parties	Communication channels / forms	Topics of communication and responses
Investor	Investor	General meeting of shareholders, annual report (once a year) Investor conference (once a year)	Business operation status and future development direction; in accordance with financial statement reports and Q&A with senior executives
		Spokesperson system (irregular)	Major information about the Company's operations; public websites and media
Customer	Customer	Visits (regular/irregular)	Price/quality/delivery; reply to customers after review in the production and sales meeting
		Customer requested meetings (irregular)	Supplier corporate social responsibility; Cooperative factory inspection
Employee	Full-time employee Part-time employee	Union member meeting (once a year)	Labor rights and conditions communication and suggestions; factory management assigns personnel to participate in the meeting, and resolutions are submitted to the factory affairs meeting for review
		Safety and health committee (once every three months)	Occupational safety training, occupational safety inspections; personnel training, tracking and improvement
		Labor-management meeting (once every three months)	Labor disputes (such as pensions); jointly go to the Department of Labor for mediation and arbitration
		Benefit committee meeting (once every three months)	Employee benefits, meals, etc.; strive to increase the distribution proportion
Supplier	Supplier Contractor Outsourcer	Email/phone/documents/relevant meetings (irregular)	Quality/price/delivery/service; establish qualified suppliers; negotiate and compare prices for contracting Procurement contracts; quality issues are addressed through communication channels
Government Agency	Competent business authority Municipal government	On-site inspection/visit [regular (Department of Labor), irregular (Commodity Inspection Bureau, Environmental Protection Department, Department of Labor, Fire Department)]	Regular inspections of cranes, inspection reports from third-party certification bodies, labor safety, pollution, fire safety audits; supervision of tests, issuance of inspection or audit reports; or submission of improvement follow-up reports
		Issuance of letters [irregular (Department of Transportation And Communications, Police Department, Department of Labor, Water Resources Bureau)]	Improvement of road traffic facilities and request for police support; request for the establishment of breastfeeding rooms and childcare centers, and the registration of groundwater usage volume
Community	Local community near the plant	Neighborhood activities (occasionally through feedback from the head of the neighborhood)	Noise and pollution control; dispatch personnel for inspection and measurement, and list cases for follow-up and improvement
		Phone calls, invitations [irregularly (community development association, District Offices)]	Community feedback (such as sponsoring event funds, providing scholarships, and community patrol motorcycles); donations in cash or in kind
Non-Governmental Organization	Public association Academic institution	Issuance of letters (irregular)	Seminars, briefings, etc.; personnel participation
		Industry meetings (regular; irregular)	Industry exchange; market information; personnel participation

Identification and Response of Material Topics

Through regular communication with various stakeholders, the ESG Sustainable Development Task Force convened a discussion meeting on October 27, 2023. After internal consultations, a total of 16 topics were selected as sustainability considerations. Feedback from internal and external stakeholders was collected for these 16 topics, resulting in a total of 111 valid questionnaires and stakeholder questionnaires reclaimed. The results from these questionnaires were compiled, considering objectivity and aligning with international trends. After discussions with external expert consultants and incorporating major issues from international semiconductor industry evaluations as weight factors, the survey results were reviewed. Finally, a materiality matrix is plotted with the X-axis representing the degree of impact of issues and the Y-axis representing the frequency/likelihood of occurrence. The results of the materiality analysis are produced and confirmed by the Sustainable Development Task Force and ESG consultants after discussion. The disclosure items in this report will be primarily based on these results. Additionally, relevant ESG information from various aspects will be appropriately disclosed to fully present the Company's ongoing efforts in sustainable management.

Process of Materiality Analysis



Material Consideration Boundary Settings

This report only discloses the actual data available within the organization for each material topic; regarding external information of the organization, efforts will be made to gradually guide related members to disclose the information through awareness communication and enhanced interaction. This report defines the targets and boundaries of various material topics within and outside the organization through internal discussions, as detailed in the list.

Positive Impact of Sustainability Issues

- R&D and Innovation of Products
- Product Quality Management
- Customer Relationship Management
- Sustainable Supply Chain Management
- Cyber Security Management
- Air Pollution Control

Negative Impact of Sustainability Issues

- R&D and Innovation of Products
- Product Quality Management
- Customer Relationship Management
- Sustainable Investment Transition
- Climate Change and Energy Management
- Relationship with the Local Community and Social Engagement

Other Issues of Concern

- Waste Management and Recycling
- Water Resource Management
- Biodiversity
- Harmonious Labor Relations
- Talent Recruitment and Development
- Human Rights and Diversity and Inclusion
- Occupational Health and Safety

Communication and Interaction with Stakeholders

2023 SUSTAINABILITY REPORT

Positive Impact



Scale and Scope (Internal x External)

negative Impact



Level of Impact (Internal x External)

Material Topics Boundary Settings

Communication and Interaction with Stakeholders

2023 SUSTAINABILITY REPORT

Material Topics	Materiality Description	Direct Impact	Impact on Business Relationship		Other Indirect Impact		
Governance and Economic Aspect		Hua Eng	Customer	Supplier	Government Agency	Community	Non-Governmental Organization
R&D and Innovation of Products	Wire and cable is a mature industry in the domestic market, with competitive advantages focusing on technological advancements and cost reductions, aiming for innovative products and new technologies to boost the Company's competitiveness and achieve sustainable operations.	●	●				●
Product Quality Management	Procurement of high-quality raw materials, good process monitoring and improvement, and rigorous quality control testing in compliance with environmental laws and regulations can reduce the product's environmental impact.	●	●		●		
Customer Relationship Management	Improve service efficiency and quality to meet customers' needs.	●	●				
Sustainable Supply Chain Management	Ensure the quality and stability of raw material supply to meet the production and operational needs of the Company	●		●			
Cyber Security Management	Value the implementation of cyber security management, ensure stable operation of the enterprise and maintain the Company's brand reputation.	●	●				
Sustainable Investment Transition	Continuously research cost reduction and develop new products to respond to market changes and trends, making the Company more competitive in the market.	●	●	●			
Environmental Aspect							
Air Pollution Control	Compliance with laws and regulations to ensure pollution control	●	●		●	●	●
Climate Change and Energy Management	Identify and manage risks and opportunities due to climate change to achieve the "2050 net zero emissions" target	●	●	●	●		●
Social Aspect							
Relationship with the Local Community and Social Engagement	Focus on the corporate philosophy of "taking from society and giving back to society"	●				●	
Other Topics of Concern (Non-material Topics)							
Harmonious Labor Relations	Employees are important assets. Value and listen to employees' voices to increases trust and cohesion	○			○	○	○
Occupational Health and Safety	Create a friendly and healthy workplace environment and take care of colleagues' health	○		○	○		
Water Resource Management	Recycle and reuse cooling water in the process, conduct regular inspections and reporting of wastewater, and regular testing of wastewater in accordance with laws and regulations	○			○	○	○

Note: "●" indicates the relevance with material topics with corresponding information disclosed in this report; "○" indicates the relevance with non-material topics.

Management Policies for Material Topics

Topic	Materiality Description	Policy	Short-term (2023) Goals	Medium-to-Long Term (2024-2030) Goals	Responsible Unit
			Action Plans and KPIs		
Sustainable Supply Chain	Ensure the quality and stability of raw material supply to meet the production and operational needs of the Company	Implement procurement policies that are favorable and friendly to the environment, focus on the impact of hazardous chemicals on the environment, and prioritize the selection of local suppliers from Taiwan to support relevant domestic industries, reduce transportation of raw materials and materials, and minimize environmental impact.	<div>KPIs</div> Ensure a stable supply chain and maintain a continuous, uninterrupted supply of raw materials. <div>Action plan</div> <ol style="list-style-type: none">Business information is collected so that technical and production functions can respond in advance.Continuously develop alternative materials to avoid raw material supply shutdowns and reduce single supplier risks.Prioritize local procurement and respond flexibly to production requirements.	<div>KPIs</div> Continue to adopt environmentally friendly green procurement strategy, prioritize local suppliers in Taiwan. <div>Action plan</div> <ol style="list-style-type: none">Maintain the ratio of domestic procurement amount (excluding bulk metal raw materials) to total procurement amount at 60% or more.Ensure new suppliers commit to and sign the "Letter of Commitment to Corporate Social Responsibility."Increase the number of on-site audits of suppliers.	Procurement Office
Sustainable Investment Transition	Through experience and technologies that have been passed on for years, Hua Eng conducts research on cost reduction and develops new products on a continuous basis to respond to market changes and trends, enabling the Company to be more competitive in the market. Based on this, the Company formulates long-term, short-term, and mid-term operational development plans.	Focusing on the market and balancing production and marketing, we prioritize the domestic market, supplemented by export sales. We achieve reasonable production costs, improve the development of new material sources and the production management, adjust the proportion of products to achieve high quality, reduce the delivery time, and boost the market competitiveness.	<div>Short-term business development action plan</div> <ol style="list-style-type: none">High-quality oxygen-free copper, electric vehicle motor rectangular wiresTurnkey projects, ultra-high voltage 161KV turnkey projects and 345KV emergency repair engineering projectsGreen energy industry, high-efficiency thermal power plant rubber cables, medium and high voltage cables for solar and wind power generation, RoHS environmental protection cablesTrack and traffic, special armored optical fiber cables for the Railways Administration, LSFH cables for MRTSpecial armored cables for petrochemical plants	<div>Mid-to-long-term action development plans</div> <ol style="list-style-type: none">Further research and develop high value-added products, integrate resources from research institutions such as the ITRI and universities to seek for opportunities in new industries.Recruit and train talents to enhance the talent training program implemented together with the academic community on a continuous basis.Establish core technical capabilities.Plan to study the feasibility of reducing carbon emissions in response to the "Domestic Climate Change Act" and the EU's "Carbon Border Adjustment Mechanism (CBAM)" to achieve ESG goals and sustainable corporate operations.	Sustainable Development Task Force, Corporate Governance Management (Stock Affairs Division)
Product R&D and Innovation Management	Wire and cable is a mature industry in the domestic market, with competitive advantages focusing on technological advancements and cost reductions. Therefore, we are expanding overseas, reducing the production of low value-added products, and actively diversifying our portfolio towards innovative products and new technologies to enhance the Company's competitiveness and ensure sustainable operation.	Innovative technology towards sustainable development	<div>KPIs</div> In line with the government's energy policy to develop green energy products <div>Action plan</div> Obtain IEC 62930 and EN 50618 certification for solar cables (PV Cable or Solar Cable)	<div>KPIs</div> Develop high value-added products, diversify operations, and develop new technologies to enhance efficiency <div>Action plan</div> <ol style="list-style-type: none">Add 345kV Furukawa EB-A certification and apply for Taipower compatibility testDevelop coiled WTR web optical cablesDevelop 600C fine-diameter grooved optical cables and 432-core multiplier fiber optic cables filled with micelles	Technical Department
Product Quality Management	As a global citizen, Hua Eng is committed to the environmental responsibility of its products. We comply with environmental regulations by sourcing high-quality materials, maintaining excellent process control and improvements, and conducting rigorous quality assurance testing to minimize the impact of our products on the environment.	Reliable and consistent quality to meet customers' needs	<div>KPIs</div> Achievement of 80% of the target defective rate by product category. Customer complaints of 24 cases/year <div>Action plan</div> <ol style="list-style-type: none">Oxygen-free copper production technology and quality improvement planPreparation of PCV161-2 ultra-high voltage cable process equipment to maintain high operating rateCD11-4 electric control and annealing room renovation to improve the quality of copper wire shipmentsPA81 machine plate export improvement; grounding for 27B and 18B rotary bodies; quality enhancement of medium and high voltage cables' appearance through plate tensioner improvement and ultrasonic sensor upgradesUpdate UV radiation equipment to improve crosslinking quality of low-voltage cross-linked PE cables Enhance distribution network operations, understand and gather various customer needs.	<div>KPIs</div> <ol style="list-style-type: none">Achievement of 87% of the target defective rate by product categoryCustomer satisfaction of 92 pointsMaintain effective operation of ISO 9001 quality system and TAF 17025 laboratory <div>Action plan</div> <ol style="list-style-type: none">Strengthen personnel operational skills training to enhance quality awarenessMaintenance and updates of equipment to improve production efficiency and increase product yieldImplementation of quality process audits and QC engineering improvement projects	Quality Control Department

Management Policies for Material Topics

Topic	Materiality Description	Policy	Short-term (2023) Goals	Medium-to-Long Term (2024-2030) Goals	Responsible Unit
Action Plans and KPIs					
Customer Relationship Management	Improve service efficiency and quality to meet customers' needs.	Actively understand customers' needs and resolve issues to provide high-quality services, with the goal of growing together with customers	Enhance distribution network operations, understand and gather various customer needs.	In the future development of information network operations, we will create surveys based on collected demands, regularly gather customer data and respond to relevant factory units accordingly in order to continuously meet customer needs.	Business Department
Cyber Security Management	Corporate operational activities heavily rely on information and communication systems. With the ever-evolving and significant impact of cybersecurity threats, companies must place greater emphasis on implementing cybersecurity management to ensure stable operations and maintain brand reputation.	Carry out an effective information management system, and maintain the confidentiality, completeness and availability of the important information system, so as to ensure the secure operation of information system and equipment network and achieve the goal of sustainable management.	Strengthen infrastructure security, enhance information security and promote the use of legal software.	In compliance with legal requirements, we are gradually implementing ISO27001 information security certification to improve the information security domain and enhance corporate information security awareness through education and training.	IT Department
Climate Change and Energy Management	Due to the increasing severity of global climate change issues, in response to international developments and national policy changes, as well as the risks and opportunities associated with climate change, identification and management are conducted to achieve the "2050 Net Zero Emissions" goal.	Establish the sustainability development team to execute projects related to risks and opportunities caused by climate change, and track and review the execution results in ESG sustainability meetings.	Identify climate change risks and opportunities, and implement energy-saving and carbon reduction <div>KPIs</div> <div>Action plan</div> <div>1. ISO 14064-1 system implementation guidance, identification and assessment of GHG emission sources in Scope 1, Scope 2 and Scope 3</div> <div>2. Evaluate the installation of a solar photovoltaic system on the roof of self-built plants to meet 10% of the large electricity users' needs.</div> <div>3. Gradually replace halogen bulbs in production areas with power-saving LED bulbs.</div> <div>4. For the traditional oil-fired energy-consuming boilers, implement a complete replacement with liquid nitrogen with zero carbon emission.</div>	<div>KPIs</div> No air pollution violation incidents <div>Action plan</div> <div>1. Based on the ISO 14001 management system, continue to effectively manage air pollution prevention.</div> <div>2. Strengthen the training of dedicated personnel.</div> <div>3. Deepen the development of environmental technology monitoring equipment to achieve the goal of reducing total air pollution and ensure environmental sustainability.</div>	Sustainable Development Task Force
Air Pollution Control	Compliance with laws and regulations to ensure pollution control	In accordance with the Air Pollution Control Act, testing and reporting of fixed pollution source emissions are conducted. Emissions are released upon proper treatment. The detected values of air pollutants are far below the control standards for each process location.	<div>KPIs</div> No air pollution violation incidents <div>Action plan</div> <div>1. Based on the ISO 14001 management system, continue to effectively manage air pollution prevention.</div> <div>2. Fixed pollution sources are all equipped with pollution control equipment such as baghouse dust collectors, scrubbers, and various filters.</div> <div>3. According to the Air Pollution Control Act, obtain operating permits for each process and facility, and conduct regular testing and reporting. Currently, the detected values of air pollutants (sulfur oxides SOx, nitrogen oxides NOx, volatile organic compounds VOCs, particulate pollutants) are all well below the control standards at various process locations.</div>	<div>KPIs</div> No air pollution violation incidents <div>Action plan</div> <div>1. Based on the ISO 14001 management system, continue to effectively manage air pollution prevention.</div> <div>2. Strengthen the training of dedicated personnel</div> <div>3. Deepen the development of environmental technology monitoring equipment to achieve the goal of reducing total air pollution and ensure environmental sustainability.</div>	Safety and Health Office
Relationship with the Local Community and Social Engagement	Based on the corporate philosophy of "taking from society and giving back to society," Hua Eng not only implements sustainable operations and cares for its employees, but also actively gives back to the community. The Company assists and participates in community efforts to promote the development of arts and culture, and engages in various public welfare activities to foster good neighborly relations.	Sponsor community development and actively promote community care	<div>KPIs</div> Engage in social care, promote community development, and advance social welfare <div>Action plan</div> <div>1. 1. Provide scholarships to outstanding students in the Kao-Nan community, from elementary school to Ph.D. programs. As long as academic and conduct grades meet the standards, scholarships are awarded. A total of NT\$123,500 was sponsored in scholarships in 2023.</div> <div>2. Improve and beautify the neighborhood environment, as well as maintain environmental cleanliness</div> <div>3. Participate in community activities such as the Lantern Festival riddles and drawings, Dragon Boat Festival zongzi making and donation event, Double Ninth Festival elder care gathering, community walking activities, as well as sponsor community activities in an amount of a total of NT\$50,000</div>	<div>KPIs</div> <div>1. Actively support and participate in the development of community culture and activities to enhance the quality of life and culture in the community.</div> <div>2. Focus on sustainable development and environmental protection, reduce pollution, and minimize the Company's environmental impact.</div> <div>3. Utilize corporate resources and influence to enthusiastically engage in public welfare, and give back to society through donations, manpower mobilization, or materials donations.</div> <div>Action plan</div> <div>1. Establish trusts or foundations for charitable causes that the Company recognizes and cares about, to provide more stable and long-term assistance.</div> <div>2. In line with government policies, conserve energy and reduce carbon emissions to achieving net zero carbon emissions by 2050</div> <div>3. Sponsor community activities to beautify the environment</div> <div>4. Actively participate in social welfare activities</div>	General Affairs Office, Plant Affairs Office



01

Operations and Governance of Hua Eng

Business Development	16
Supply Chain Management	26
Business performance	31
Corporate Governance	32
Operational Risk Management	38

Business Development

Wire and cable is a mature industry in the domestic market, with competitive advantages focusing on technological advancements and cost reductions. Therefore, we are expanding overseas, reducing the production of low value-added products, and actively diversifying our portfolio towards innovative products and new technologies to enhance the Company's competitiveness and ensure sustainable operation.

Through experience and technologies that have been passed on for years, Hua Eng continuously conducts research on cost reduction and new product development to respond to market changes and trends, enabling the Company to be more competitive in the market.

Based on this, we formulate long-term and short-to-mid-term operational development plans.



Short and medium-term business development plan

High-quality oxygen-free copper materials

- Electric vehicle motor rectangular wires
- Expansion of our market share in Mainland China, Southeast Asia, and Japan
- Development of copper materials to meet the demand of wind power generating units
- Development of high-quality copper materials to meet the demand of the domestic semiconductor industry

Communication cables, wire and cables

- Development of web optical cables, multi-core and fine-diameter fiber optic cables
- Special armored cables for factory construction in the petrochemical industry
- Rubber cables for power plants
- Various cables for rail transportation (special armored optical fiber cables for the Railways Administration, LSFH cables for MRT)
- Various wires and cables for large-scale factory construction in science parks

Turnkey project

- Ultra-high voltage 69kV, 161kV, and 345kV engineering turnkey projects

Long-term business development plan

- Plan to introduce automated intelligent production equipment
- Gradual replacement with high-efficiency machines
- Establishment of key technologies for high-quality oxygen-free copper materials, and integrate into the global electric vehicle market supply chain
- Reorganization of equipment in production plants to optimize site utilization and maximize overall efficiency

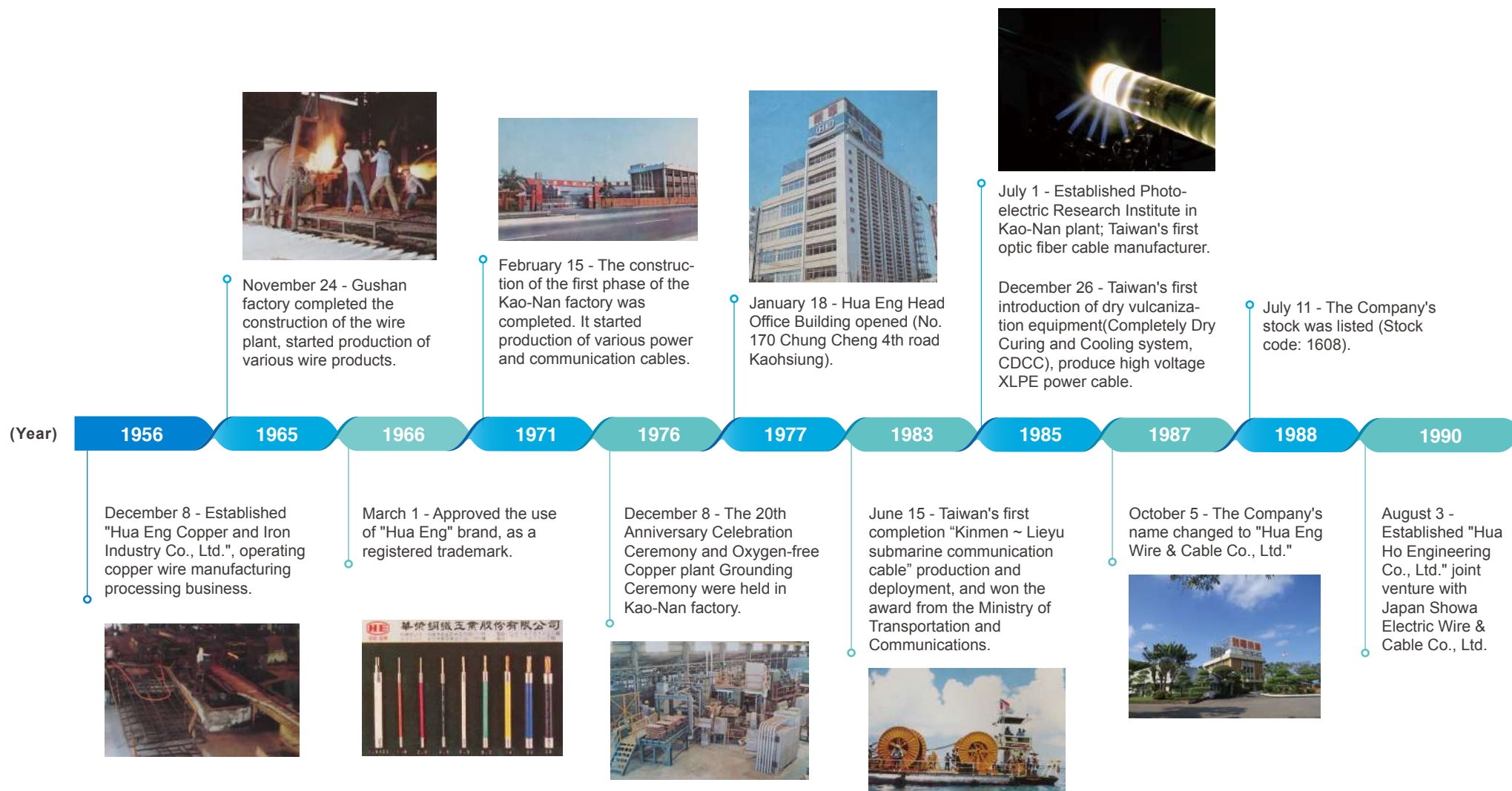


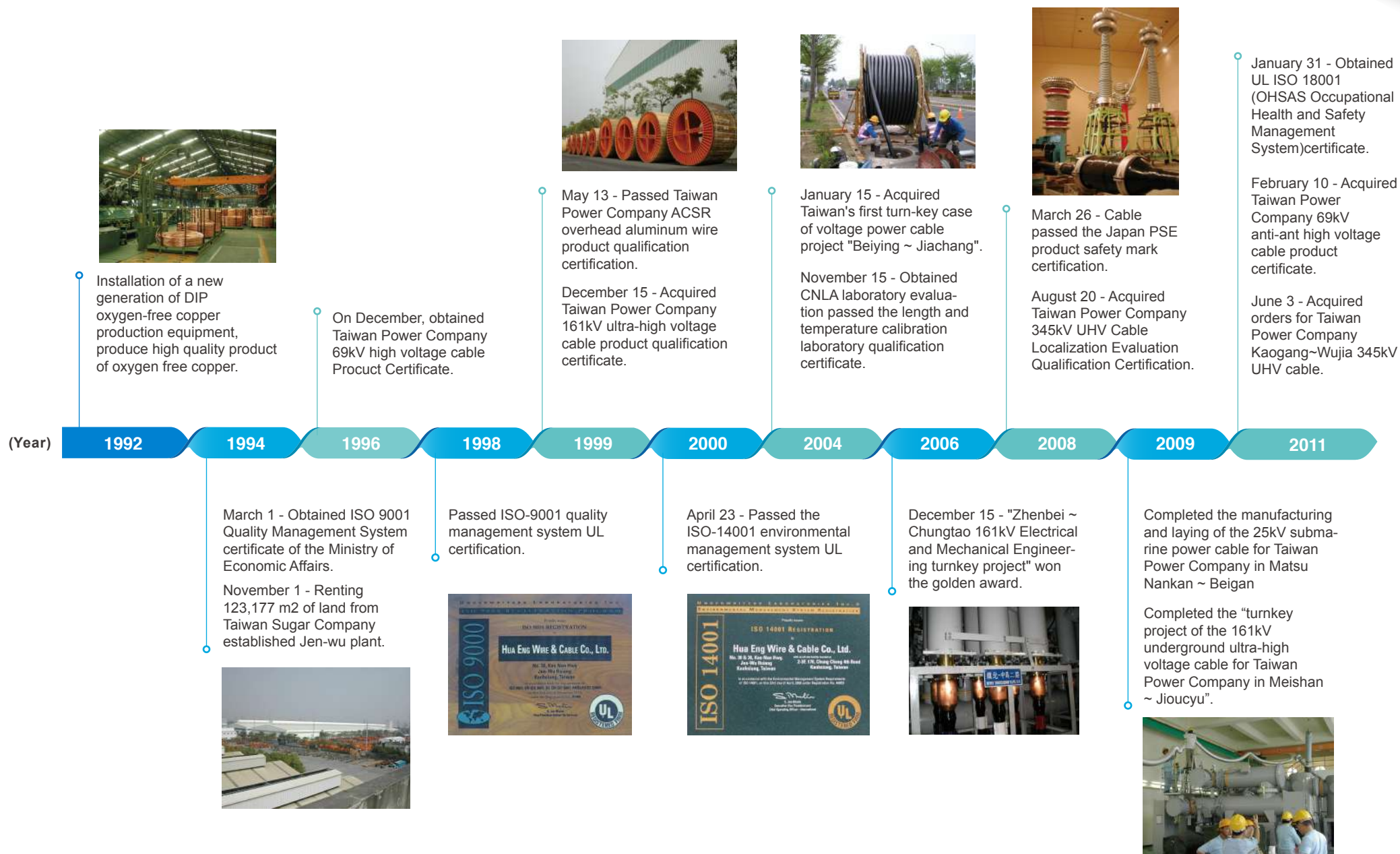
Company Profile

HUA ENG was established in 1956 under the name "Hua Eng Copper and Iron Industrial Co., Ltd.," initially focusing on the production of copper wires. On October 5, 1987, it was renamed "Hua Eng Wire & Cable Co., Ltd.," On July 11, 1988, its stocks were issued and listed. As of 2023, it has been 67 years since its establishment.

Since 1968, in response to national development and customer needs, we have continuously introduced the latest production technologies from abroad and cooperated with Japanese wire and cable manufacturers to produce various wire and cable, communication cables, submarine cables, optical fiber cable, optical fiber passive components, and high-quality oxygen-free copper materials. Recently, we have been actively involved in undertaking turnkey projects for ultra-high voltage wire and cable lines and are now one of the top three cable manufacturers in Taiwan.

Hua Eng's core wire and cable industry primarily targets the domestic market while exports play a secondary role. The prosperity of the market is closely related to the domestic demand market. Additionally, upstream raw materials for wire and cable are mostly imported and are easily impacted by international political and economic situations. In the domestic market of Taiwan, there is an oversupply of general copper wire. Hua Eng's oxygen-free copper focuses on high quality, competing with the general SCR (Southwire Continuous Rod) copper in terms of quality difference, and aims to achieve market segmentation by ensuring stable sales and profits. Furthermore, Hua Eng is expanding its market towards high value-added products such as semiconductor diode leads, ultra-thin enameled wires, flat enameled wires, and the automobile industry.







Hua Eng Wire & Cable Co., Ltd.

📍 Headquarters

No. 170, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City

📍 Taipei Branch

11F, No. 210, Section 3, Nanjing East Road, Zhongshan District, Taipei City

📍 Taichung Office

5F-1, No. 186, Section 2, Dongxing Road, Nantun District, Taichung City
The production plant area is 74,513 ping

Address and usage status of the plant:

📍 Kao-Nan Plant

No. 30, Kao-Nan Highway, Renwu District, Kaohsiung City
Land area of 37,252 ping

📍 Renwu Plant

No. 36, Kao-Nan Highway, Renwu District, Kaohsiung City
Land area of 37,261 ping
Leased from Taiwan Sugar Corporation on November 1, 1994

Hua Ho Engineering Co., Ltd.

📍 Address

2F, No. 170, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City

👤 Current Chairman

Mr. Wang Hong-Ren

🕒 Founding Time

August 3, 1990

💰 Capital

NT\$ 35 million.

⚙️ Main products and business

Contracting underground power line continuity and installation projects

📈 Hua Eng's equity holdings

49.31%

Jointly invested by the Company and SWCC Corporation



- The first company in Taiwan to produce the highest quality oxygen-free copper wire.
- The exclusive manufacturer of submarine cables (communication, power, optical fiber) in Taiwan, with high-quality products used in Taiwan's outer and outlying islands.
- The first company in Taiwan to produce optical fiber cable and pass the inspection by the Taiwan Telecommunications Bureau as a qualified supplier.
- The first manufacturer in Taiwan to produce dry sulfurized ultra-high voltage cross-linked PE power cables.
- The first company to obtain and complete the 161kV underground cable turnkey project launched by Taiwan Power Company.



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Hua Ho Engineering Co., Ltd. Company Profile

With urban development, the establishment of high-tech science parks, and the increasing demands of local residents for a better living environment, the proportion of underground high-voltage transmission lines in these areas is rising. However, the success of overall public engineering and the stability of power supply heavily depend on the selection of high-voltage equipment and the quality of the cable installation and jointing process.

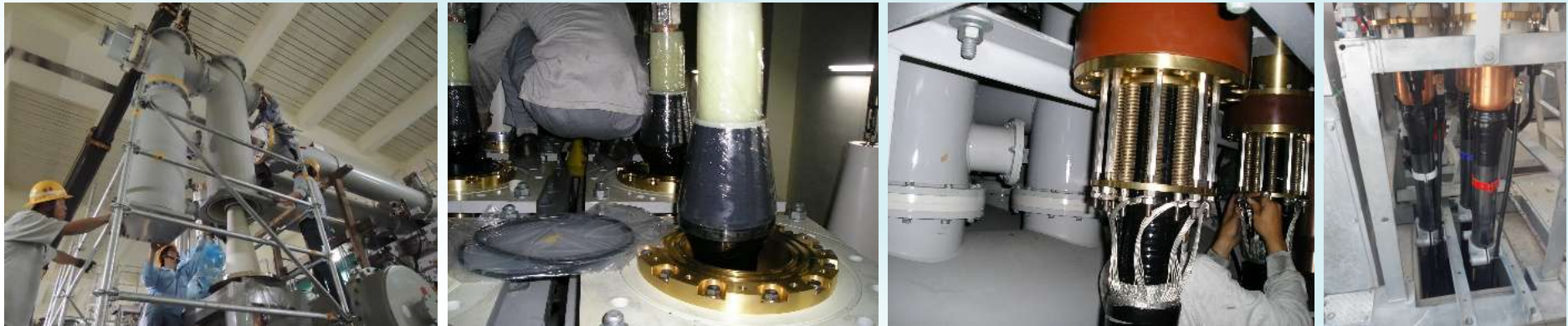
August 3, 1990, Hua Eng and SWCC Corporation jointly invested in the establishment of "Hua Ho Engineering Co., Ltd." The main business involves undertaking the installation of high-voltage transmission lines and power cable installation, with a dedicated mission to execute electrical and cable engineering projects. Hua Ho is committed to providing comprehensive solutions for clients by integrating system design, equipment supply, on-site construction, technical supervision, and warranty services, effectively enhancing the overall reliability of the power supply system. Over the past thirty years, with numerous 69kV, 161kV and 345kV underground cable transmission lines added to the system and positive feedback from customers, Hua Ho continues to play an essential role in optimizing Taiwan's power supply quality. Hua Ho Engineering Co., Ltd. and Hua Eng Wire & Cable Co., Ltd. are affiliated enterprises. Hua Eng Wire & Cable Co., Ltd. subcontracts contracted cabling and equipment installation projects to Hua Ho Engineering Co., Ltd. In recent years, it has mainly been responsible for the installation of cable accessories, including the installation of outdoor cable terminal boxes, gas-sealed cable terminal boxes, cable joint boxes, and cable protective covering devices.



The contracted 161kV and 345kV electromechanical engineering projects for Taipower Company's were recognized for its excellent quality and received awards.



Cable installation construction by Hua Ho Engineering Co., Ltd.



Hua Ho's engineering technicians were performing terminal assembly at the substation



Outdoor construction of the UHV substation



Scene after completion of outdoor terminal insulator assembly of UHV substation

Year	Project name
2002	<ul style="list-style-type: none"> - Taipower Taiyuan-Fangliao 69kV Cable Project - Taipower Renwu-Shewu Line 161kV Cable Project
2003	<ul style="list-style-type: none"> - Taipower Taichung-Gongjia Red and White Line 161kV Cable Project - Taipower Wenzhi-Wufeng via Wenxin Line 161kV Cable Project - Taipower Luodong-Xinda Line 69kV Cable Project - Taipower Annan-Nanbin Line (Double Conductors) 161kV Cable Project - Taipower Wanfong-Caotun Project 69kV Cable Project - Taipower Data-Baiyu Second Road 161kV Cable Project
2004	<ul style="list-style-type: none"> - Taipower Gangshan-Ganggao Line 161kV Cable Project
2005	<ul style="list-style-type: none"> - Taipower Chachang-Beiyang 161kV Cable Project - Taipower Nantou-Tianzhong Line 161kV Cable Project - Taipower Datun-Guanyin 161kV Cable Project
2006	<ul style="list-style-type: none"> - Taipower Fengle-Xuetian 161kV Cable Project - Taipower Changbin-Hanbao 161kV Installation Project - Taipower Luzhu-Tianxin 69kV Cable Project - Taipower Zhenbei-Zhongdao 161kV Cable Project - Taipower Neihu Airport 161kV Cable Project
2008	<ul style="list-style-type: none"> - Taipower Meishan-Jiuqu 161kV Electrical Cable Project - Taipower Zhonggang-Zhongshi 161kV Electromechanical Engineering Project - Taipower Bailing-Toujie 161kV Cable Project - Taipower Zhonghuo-Zhonglian 161kV Electrical Cable Project
2009	<ul style="list-style-type: none"> - Taipower Tainan Science Park-Daoye 161kV Electrical Cable Project - Taipower Shude-Fuying 161kV Electrical Cable Project

Year	Project name
2010	<ul style="list-style-type: none"> - Taipower Xizhi-Luzhou 161kV Electrical Cable Project - Taipower Xizhi-Minquan 161kV Electrical Cable Project - Taipower Nanzhi -Jiachang Red and White Line 161kV Electrical Cable Project
2011	<ul style="list-style-type: none"> - Taipower Luodong-Yuanshan 161kV
2013	<ul style="list-style-type: none"> - Taipower Gaogang-Wujiashan 345kV Electrical Cable Project - Taipower Zhubei-Hubei 161kV Electromechanical Engineering Project - Taipower Banqiao-Banchao 1234 Route 161kV Electromechanical Engineering Project - Taipower Zhongxi-Wenxin 161kV Electromechanical Engineering Project - Taipower Boai-ShuiShang 69kV Electromechanical Engineering Project
2015	<ul style="list-style-type: none"> - Taipower Zhanglin-Caohu-Puyan 69kV Electromechanical Engineering Project - Electromechanical Engineering Project for Nangang Station of High-Speed Rail - 161kV Electromechanical Project for Taipei Metro Circular Line
2016	<ul style="list-style-type: none"> - Taipower Linkou-Dinghu 345kV Cable Electromechanical Project
2018	<ul style="list-style-type: none"> - Taipower Dalin-Xingao 345kV Electromechanical Engineering Project - Taipower Zhugong E/S 345kV Electromechanical Engineering Project
2019	<ul style="list-style-type: none"> - Taipower Annan-Nanbin 161kV Electromechanical Engineering Project - Taipower Annan-Nanbin II 161kV Electromechanical Engineering Project
2020	<ul style="list-style-type: none"> - Taipower Donglin-Luzhou 161kV Electromechanical Engineering Project - Taipower Annan-Nanbin III 161kV Electromechanical Engineering Project - Taipower Beigang-Sihu 161kV Electromechanical Engineering Project - Taipower Zhangyi-Zhonggang 161kV Electromechanical Engineering Project

Year	Project name
2021	<ul style="list-style-type: none"> - Taipower Zhongke E/S (EBA) 345kV Electromechanical Engineering Project - Taipower Tainan Science Park-Ji E V 161kV Electromechanical Engineering Project - Taipower Tainan Science Park-Sanfu 161kV Electromechanical Engineering Project - Taipower Tainan Science Park-Sanfu V 161kV Electromechanical Engineering Project - Taipower Qigu-Jiangjun 161kV Electromechanical Engineering Project - Taipower Houli-Yihe 345kV Electromechanical Engineering Project - Taipower Jiujiamin-Tainan Science Park Road 1 345kV Electromechanical Engineering Project - Taipower Emei-Yihe 345kV Electromechanical Engineering Project
2022	<ul style="list-style-type: none"> - Taipower Wujia E/S 345kV Electromechanical Engineering Project - Taipower Houli E/S 345kV Electromechanical Engineering Project - Taipower Dal-Xingao Port 345kV Line Reconnection Electromechanical Engineering Project - Taipower Datun-Linkou 161kV Electromechanical Engineering Project - Taipower Xiaying D/S-Grid Connection Station 161kV Electromechanical Engineering Project - Taipower Donglin P/S Linkou Line 161kV Electromechanical Engineering Project - Taipower Donglin P/S Ocean Line 161kV Electromechanical Engineering Project - Taipower Qigu S/Y-Jiangjun S/Y White Phase Auxiliary 161kV Electromechanical Engineering Project - Taipower Qigu S/Y 161kV Electromechanical Engineering Project - Taipower Shiji-Ji 7 Line 69kV Electromechanical Engineering Project
2023	<ul style="list-style-type: none"> - Taipower Wufeng-Tanzi 69kV Electromechanical Engineering Project - Taipower Ershui Divergence 69kV Electromechanical Engineering Project - Taiwan Power Grid Connection Station-Beimen R/S 161kV Electromechanical Engineering Project - Taipower Shanshang-Sanzhu 161kV Electromechanical Engineering Project - Taipower Longqi E/S 161kV Electromechanical Engineering Project - Taipower Zhuyuan E/S 345kV Electromechanical Engineering Project

External Organizational Participation

Hua Eng maintains rigorous standards for quality assurance in the production process and environmental requirements. It has obtained international certifications such as ISO 9001, ISO 14001, and ISO 45001. Additionally, Hua Eng actively participates in activities organized by relevant industry associations and unions. Through cooperation and interaction with other members, the Company aims to enhance its understanding of industry trends, market information, and government labor regulations. This also facilitates collaboration with other enterprises, ensuring the Company keeps pace with technological advancements, while simultaneously enhancing its brand image and market visibility.



While obtaining important information about industries and exhibitions, as well as acquiring data on domestic and foreign traders and compilations of national industry regulations, we can facilitate our industrial upgrade, enhance product quality, reduce production costs, and boost industry competitiveness.



By participating in the associations, the Company stays informed about the current developments in new industrial technologies and equipment trends, serving as a reference for equipment improvement and procurement.



The Company, by participating in the organizations, understands the industry information of the cable sector and relevant government regulations to ensure applicable rights. It also communicates with the government or regulatory authorities through the associations.



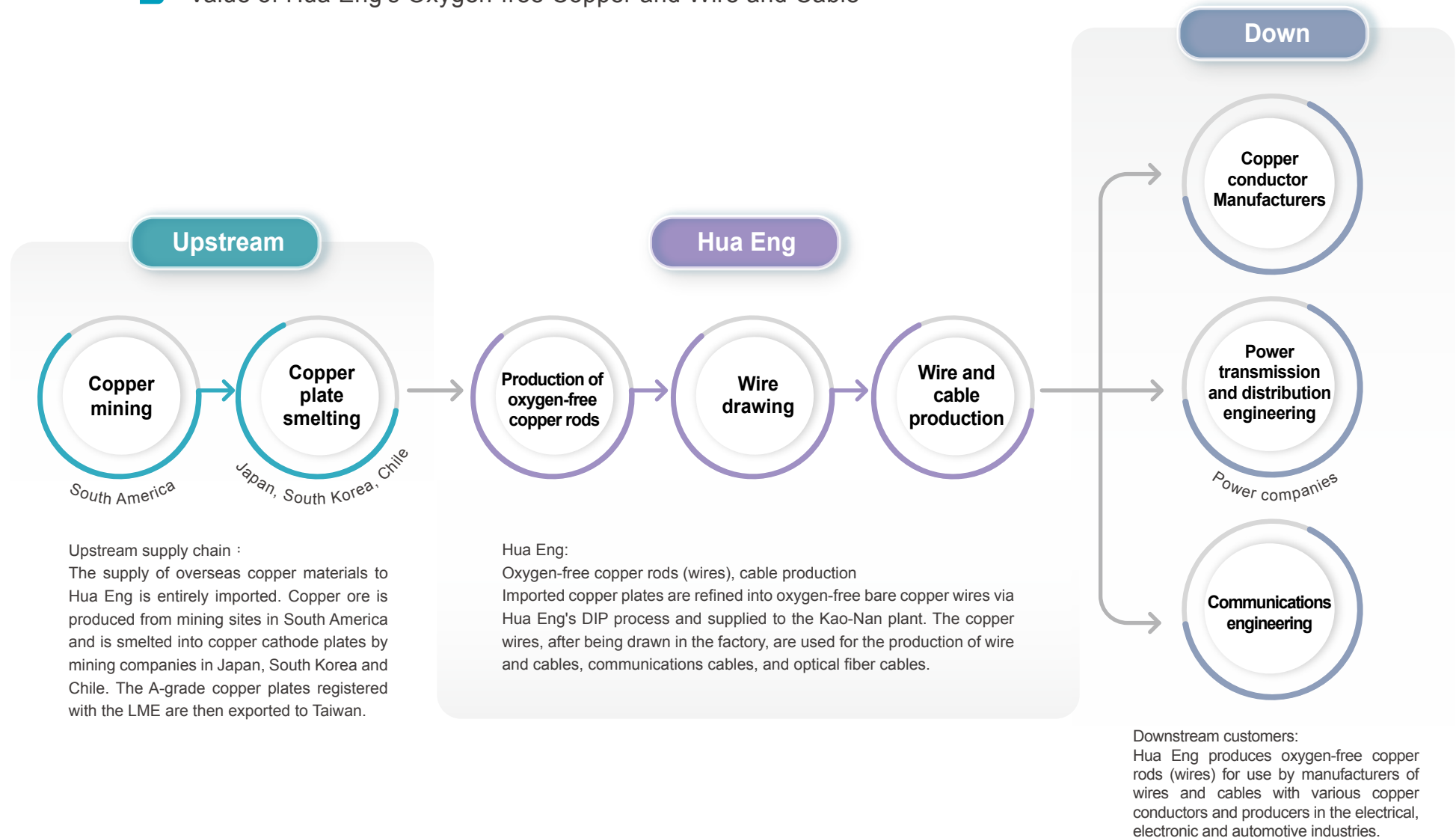
The Company participates in the associations to enhance communication efficiency with workers, protect workers' rights, improve workers' knowledge and skills, aid in industry upgrades, promote mutual assistance between labor and management, adjust labor relations, and seek employee benefits.



By participating in the associations, the Company stays informed about the current developments in new industrial technologies and equipment trends, serving as a reference for equipment improvement and procurement.

Supply Chain Management

Value of Hua Eng's Oxygen-free Copper and Wire and Cable



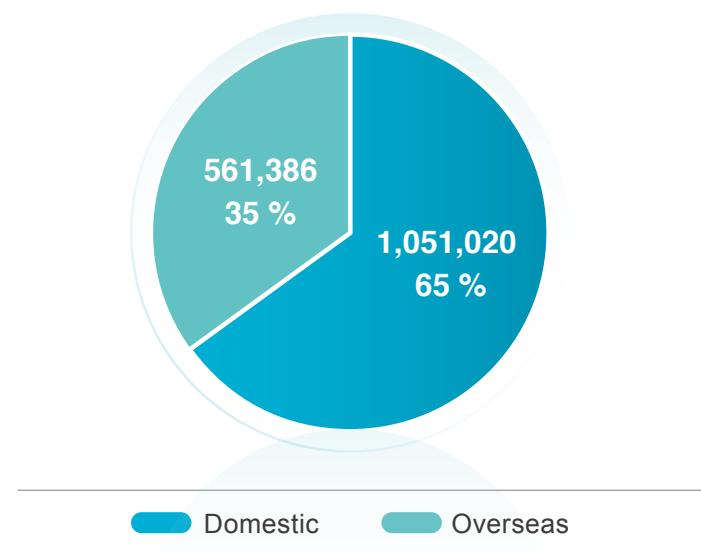
Supply Chain Management

For external procurement items, except for bulk metal raw materials (copper and aluminum) that are not produced locally in Taiwan and rely on imports, Hua Eng prioritizes the use of local Taiwanese suppliers to enhance the flexible operation of the supply chain, shorten delivery times, and reduce unnecessary transportation within the supply chain. This approach aims to support related domestic industries and reduce the transportation of raw materials and materials, thereby minimizing environmental impact.

To avoid raw material shortages or reliance on a single supplier becoming a risk factor in supply chain management, Hua Eng not only follows existing raw material supplier selection rules but also collaborates with quality assurance units to evaluate and establish qualified suppliers. For non-exclusive or certified specification products, at least two suppliers are established for procurement specifications. Additionally, Hua Eng actively monitors market trends for various raw materials and informs the manufacturing units to prepare materials in advance to ensure normal production and reduce the risk of delivery delays. As there is no domestic copper mining, electrolytic copper plates need to be imported. The Company adjusts its procurement policy twice a month during meetings based on capacity, orders, and supplier supply conditions to ensure a stable supply of copper plates.

In 2023, Hua Eng's domestic procurement amount excluding bulk metal materials was NT\$1,051,020 thousand, accounting for 65.18% of the procurement amount; the foreign procurement amount excluding bulk metal materials was NT\$561,386 thousand, accounting for 34.82% of the procurement amount. Compared to 2022, the main reasons for the changes in domestic procurement amounts in this report are due to ultra-high voltage electromechanical cable materials and other raw materials, while changes in foreign procurement amounts are due to the increase in "original equipment electronic control upgrades" and "import high-voltage cable materials."

Procurement amount of Hua Eng in 2023 (excluding bulk metal raw materials) Procurement amount (NT\$ thousand)



Procurement amount in the past three years (NT\$ thousand)

2021		2022		2023	
Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
1,091,689	224,290	1,697,964	438,615	1,051,020	561,386

Green Procurement

Hua Eng's procurement policy is committed to the principles of "green procurement" and "energy-saving and carbon reduction." The procurement unit aligns with various requisition needs within the Company and strives to adhere to green and energy-saving guidelines for procurement and project contracting. For example, in the packaging projects in 2023, the amount of recycled packaging materials purchased totaled NT\$20,238 thousand, and the amount for eco-friendly energy-saving projects totaled NT\$2,604 thousand. Compared with the previous two years, expenditures on eco-friendly projects have been continuously increasing each year.

Hua Eng, driven by the responsibility of protecting the Earth and the environment, will continue to promote procurement policies that are favorable and friendly to the environment, focusing on the impact of hazardous chemicals on the environment. Plastic product suppliers are required to provide a "Substance Safety Data Form" or "Ingredient Analysis Test Report" to strictly control the use of substances harmful to the environment and protect it from pollution.

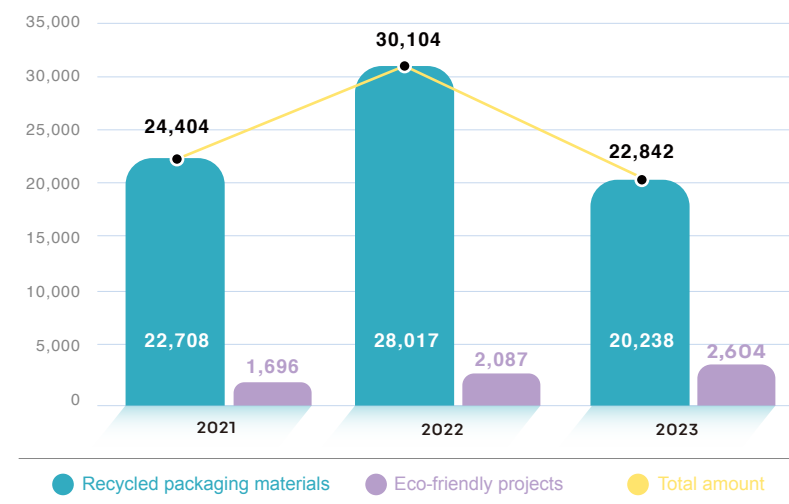
Evaluation of Raw Material Suppliers

The Company has established "Raw Material Supplier Evaluation Standards" and "New Raw Material Sample Inspection and Control Procedures" to ensure the quality of raw materials meets standards. These measures are implemented for the selection and management of suppliers, creating an "Qualified Supplier List" to ensure the quality and stability of raw material supply, satisfying the needs of the Company's product production and business operations.

In 2023, the composition of suppliers was classified into six major categories based on the amount, as detailed in the table below :

2023 Supplier Composition						
By supplier	Electromechanical materials category	Packaging materials category	Other raw materials category	Administrative Materials category	Bulk materials category	Engineering and maintenance category
Amount Percentage	0.9%	1.2%	6.19%	0.01%	75.2%	16.5%

Green Procurement Expenses of Hua Eng (NT\$ thousand)



Supplier Evaluation

Hua Eng arranges annual random inspections of suppliers, either through on-site evaluations or written self-assessments, to emphasize the importance of product quality to the suppliers. For any deficiencies found during the evaluations, procurement personnel must investigate and track the effectiveness of the suppliers' corrective actions based on the "Supplier Annual Quality System Audit Improvement Report." In 2023, Hua Eng evaluated suppliers with transaction amounts exceeding NT\$ 1.5 million, issued 16 "Supplier Annual Audit Forms" and reclaimed 16 forms, achieving a 100% reclaim rate. It conducted on-site evaluations for 3 suppliers.

Number of suppliers evaluated (in the past three years)

Year	2021		2022		2023	
Audit method	Document	Factory visit	Document	Factory visit	Document	Factory visit
Number of audits	18	3	15	2	16	3
Audit results	Grade A	Grade A	Grade A	Grade A	Grade A	Grade A

Evaluation criteria: Grade A (excellent manufacturer), Grade B (qualified but needs improvement), Grade C (not considered)

Supplier Integrity Commitment

To ensure that both suppliers and the procurement unit maintain integrity in transactions, Hua Eng requires new suppliers to sign a "Statement of Integrity Commitments" before any transactions. Suppliers commit to strictly adhering to all integrity management regulations set forth by Hua Eng for transaction parties. They pledge not to request, promise, or deliver any bribes or offer any other improper benefits to Hua Eng employees and their related persons, and/or designated persons. The content of the "Statement of Integrity Commitments" can be found on the Company website (<http://www.hegroup.com.tw/userfiles/Investor/H2023incorruptible.pdf>).



Statement of Integrity Commitments

Corporate Social Responsibility of Suppliers

In order to fulfill its responsibilities as a global citizen and respond to the severe challenges of global climate change, Hua Eng not only complies with government regulations but also continues to invest in energy-saving and carbon-reducing environmental protection equipment to minimize the environmental impact of the production and manufacturing process.

The Company will take an even more proactive attitude to supplier management by fully considering environmental, social and economic aspects and keeping a close eye on significant or potential risks across the supply chain. By exercising our influence, we also urge suppliers to cultivate concepts and management ability in sustainable development. This will foster a positive cycle in the industry.

Hua Eng suppliers should commit to fulfilling corporate social responsibilities, including:

Environmental aspects

1. Localization of procurement to reduce pollution and conserve resources
2. Give priority to renewable raw materials
3. Compliance with environmental laws and regulations regarding wastewater, waste and noise
4. Prohibition of hazardous substances use

Regarding human rights

1. Prohibit child labor
2. Respect for freedom of association and labor negotiations
3. Prohibition of forced labor
4. Compliance with Gender Equality Policy
5. Prohibition of any harassment, violence, and intimidation acts

Regarding ethics

1. Prohibit any bribery
2. Prohibition of procurement of conflict minerals

Labor safety aspects

1. Compliance with labor safety and health regulations
2. Providing a friendly and healthy labor environment

Since the end of 2018, the procurement unit has been requesting suppliers to sign a Letter of Commitment to Corporate Social Responsibility. A total of 317 suppliers have signed it to date. In 2023, 100% of new suppliers signed the commitment to corporate social responsibility. Suppliers are required to commit to corporate social responsibility, adhering to clauses regarding labor health and safety, ethics and integrity, environmental protection, prohibition of using minerals and related products from conflict areas such as Congo, and continuous improvements during the course of their business and the process of production and manufacturing. Suppliers are also required to adhere to relevant domestic and overseas laws and standards on corporate social responsibility, ensure a safe work environment across the supply chain, and respect and dignity to employees. In addition, companies must assume accountability in environmental protection, practice codes of conduct, and work together in corporate social responsibility. In addition to fulfilling our own corporate social responsibility, we also ask suppliers to honor their responsibility to society. The content of the "Letter of Commitment to Corporate Social Responsibility" can be found on the Company website

(<http://www.hegroup.com.tw/userfiles/Investor/H2023responsibility.pdf>).



Letter of Commitment to Corporate Social Responsibility

Year	2021	2022	2023
Number of signatures	43	60	54
Signing ratio	100%	100%	100%

Business performance

The Company sets annual operating budgets and capital expenditure budgets each year, which are reported to the Board of Directors for approval. At each Board meeting, the Accounting Department explains the financial performance, and the General Manager reports on the operational business status during Board meetings and monthly management meetings, ensuring that the highest governance level accurately grasps and supervises the progress of budget achievement.

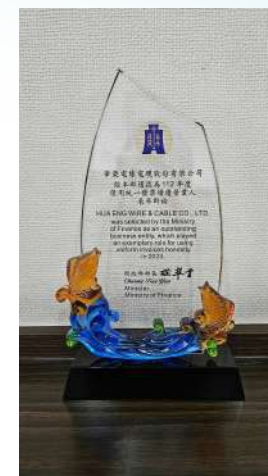
In 2023, international copper prices were pressured and declined due to the U.S. Federal Reserve's aggressive interest rate hikes and balance sheet reductions to curb inflation, the potential energy crisis caused by the Russia-Ukraine war and Israel-Hamas conflict, as well as the trade conflict between the U.S. and China, and the slowdown of China's economy. The Company managed and adjusted inventory to stabilize profits. To strengthen grid resilience, TaiPower will invest NT\$560 billion over the next 10 years to ensure the stability of distributed grid power supply. The Company's advanced planning and production of 345kV and 161kV ultra high voltage cables aim to increase profitability. The Company will also upgrade medium voltage instrumentation and control equipment to enhance cable production lines and expand competitiveness in the wind energy storage market. Additionally, the Company will update extrusion machinery equipment and utilize intelligent assistance to improve the production efficiency of building wires and reduce production costs.

In 2023, the capital of Hua Eng was NT\$6.327 billion, and the revenue was NT\$7.115 billion, a decrease of NT\$811 million compared to 2022, representing a 10% reduction. Government subsidy in 2023 was NT\$ 0.

(For detailed financial information, please refer to the Company's financial report, website: www.hegroup.com.tw)



Ranking among the Top 500 Excellent Exporters/Importers by the International Trade Administration in 2022 (Awarded in 2023)



Selected by the Ministry of Finance as an Outstanding Business Using Uniform Invoices in 2023



Outstanding Business Using Uniform Invoices in 2023 by the Kaohsiung National Taxation Bureau of the Ministry of Finance

	2021		2022		2023	
	Hua Eng	Hua Ho	Hua Eng	Hua Ho	Hua Eng	Hua Ho
Operating Revenue	7,341,649	77,779	7,926,122	106,013	7,115,224	53,002
Operating cost	6,699,714	51,212	7,374,404	80,140	6,416,907	43,842
Operating expense	137,400	7,148	119,579	8,937	133,137	8,331
Operating profit (loss)	504,535	19,419	432,139	16,936	565,180	829
Non-operating income and expenses	1,038,383	95	(339,382)	459	453,867	214
Profit before tax	1,542,918	19,514	92,757	17,395	1,019,047	1,043
Income tax expense (profit)	154,775	3,899	129,221	3,616	71,200	131
Net profit (loss) after tax	1,388,143	15,615	(36,464)	13,779	947,847	912
Total salary	338,418	13,957	284,500	12,248	321,457	11,893
Total employee benefits	48,719	1,663	50,632	1,576	49,876	1,932
Total pension amount	12,741	571	13,072	595	12,888	576

Unit : NT\$ Thousand

Corporate Governance

The Company upholds the principles of ethical management and sustainable development, fulfilling its corporate social responsibilities. In accordance with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations, we have established a corporate governance framework to enhance the operational efficiency of our governance.

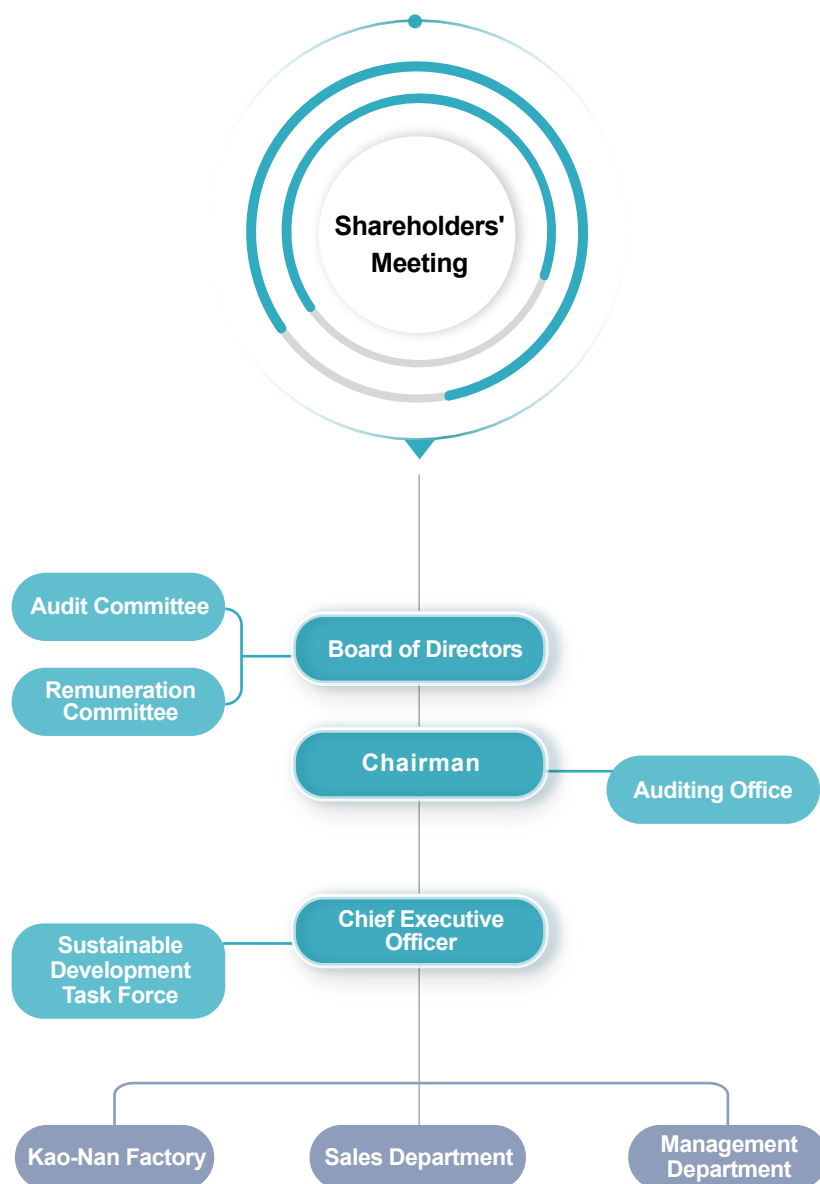
We further formulate the "Corporate Governance Best Practice Principles for HUA ENG WIRE AND CABLE CO., LTD." as a guideline for establishing a comprehensive corporate governance system, aiming to "protect shareholders' rights," "enhance Board of Directors' functions," "leverage the Audit Committee's role," "respect stakeholders' rights," and "improve information transparency."

December 5, 2011, the Board of Directors established the Remuneration Committee; in 2017, the Company set up Independent Directors and the Audit Committee to replace the Supervisors, thereby enhancing the independent oversight mechanism and operational efficiency of the Board of Directors.

Board of Directors

The highest governance body of the Company is the Board of Directors, which is responsible for the management and operating performance of the Company. Its duties include the appointment of managers, supervision of the execution of various objectives, determination of operational and sustainability policies, review of the Company's sustainability issues (including environmental, human rights, and economic impacts), and examination of various proposals. Currently, the Board comprises seven directors (including three independent directors), who are professionals with expertise in business management, accounting, financial analysis, or relevant work experience required for the Company's operations. The current directors are listed in the table below (term of office: until June 20, 2026).

Title	Name	Nationality	Gender	Age	Work (industry) experience	Professional background or skills
Chairman	Wang Hong-Ren	R.O.C.	Male	70	<ul style="list-style-type: none"> Chairman, Hua Eng Wire & Cable Co., Ltd. Chairman, First Copper Technology Co., Ltd. Chairman, Hua Ho Engineering Co., Ltd. Chairman, Taiwan Times Co., Ltd. 	<ul style="list-style-type: none"> MBA, Lindenwood College, USA
Director	Wang Yu-Fa	R.O.C.	Male	95	<ul style="list-style-type: none"> Founder of Hua Eng Wire & Cable Co., Ltd. Founder of First Copper Technology Co., Ltd. 	<ul style="list-style-type: none"> Former Chairman, Hua Eng Wire & Cable Co., Ltd. Honorary Doctorate in Business Administration, Columbia College Honorary Doctorate in Business Administration, Kennedy University
Director	Yang Ming-Shan	R.O.C.	Male	60	<ul style="list-style-type: none"> General Security Team Leader of ASE Technology Working for Mei-Da Co., Ltd. 	<ul style="list-style-type: none"> Department of Electronics, Darong High School of Technology
Director	Wang Wen-Ling	R.O.C.	Female	60	<ul style="list-style-type: none"> Director, Hua Hong Investment Co., Ltd. Director, Mei-Da Co., Ltd. Director, International Ship-breaking Enterprise Co. Ltd. 	<ul style="list-style-type: none"> Christ's College Taipei
Independent Director	Wu Tong-Shung	R.O.C.	Male	82	<ul style="list-style-type: none"> Chief Adviser, Taishin Financial Holding Co., Ltd. Director and Chief Adviser, Taishin International Bank Co., Ltd. Chairman, Taishin Asset Management Co., Ltd. Director, Taishin Real Estate Management Co., Ltd. Supervisor, Taishin Securities Co., Ltd. Supervisor, Taishin Venture Capital Investment Co., Ltd. Chairman, Shen-Tung Construction and Development Co., Ltd. 	<ul style="list-style-type: none"> National Chengchi University Department of Accounting and Statistics
Independent Director	Chang Jinn-Der	R.O.C.	Male	74	<ul style="list-style-type: none"> Director, Crown & Co., CPAs Independent director, PharmaEssentia Corporation Independent director, Jukao Engineering Corp. Director, Taiwan Institute of Business Adjunct professor, Department of Accounting of Chinese Culture University Adjunct professor, Department of Law of Open University of Kaohsiung Director, Crown Taiwan Japan Business Consulting Ltd. Director, Crown Global Business Consulting Ltd. Director, Concord Securities Co., Ltd. 	<ul style="list-style-type: none"> PhD in Accounting, Federal International University Doctor of Laws, National Chung Cheng University
Independent Director	Sun Chin-Feng	R.O.C.	Male	61	<ul style="list-style-type: none"> General Manager, SAGA Unitek Ventures Chairman, FITek Photonics Corporation Independent director, Wonderful Hi Tech Co., Ltd. Independent director, Tah Tong Textile Co., Ltd. Independent director, Chicony Power Technology Co., Ltd. 	<ul style="list-style-type: none"> University of Michigan Master of Business Administration (MBA) Master of Materials Science (MS), Wayne University, Michigan State, USA



Audit Committee

Assist the Board of Directors in performing supervision and regulatory compliance duties; and fulfill the Company's implementation of the quality and integrity of accounting, auditing, and financial reporting procedures.

Remuneration Committee

Assist the Board of Directors in executing and evaluating the Company's overall remuneration and benefit policies, as well as the remuneration of Directors and Managers.

Sustainable Development Task Force

The Sustainable Development Task Force, chaired by the General Manager, is responsible for convening meetings and making decisions on ESG sustainability promotion matters (including business governance, corporate integrity, environmental protection, risk management, social care, and major issues of concern to stakeholders), as well as confirming and reviewing ESG sustainability promotion strategies, specific plans, and implementation results such as management policies, KPI indicators, or other ESG-related improvement proposals. It reports to the Chairman for decision-making on major issues.

Auditing Office

Ensure that the Company adheres to business regulations and supervises the professional ethics of personnel. It conducts various audits of each department in accordance with the annual audit plan approved by the Board of Directors, and submits the audit results and subsequent improvement plans to the Board of Directors and management for the purpose of implementing the effectiveness of the audits.

Management Department

In charge of the Company's accounting, cost, stock affairs, finance, general affairs, procurement, reinvestment evaluation, and computerized operations, as well as assist in the system management of various affiliated companies.

Sales Department

In charge of the Company's business, delivery, planning, and trade, as well as business matters in Taipei and Taichung.

Production Department

Company product production plans, manufacturing, inspection, quality assurance, production technology, R&D of products and materials, etc.

Operation of the Board of Directors

The Company's Board of Directors hold at least a meeting per quarter. Each director has professional knowledge, professional skills, and competence or management ability to lead required to execute their duties, perform functions and powers in accordance with laws and regulations, the Company's Articles of Incorporation and shareholders' meeting resolutions, provide operating policy, financial planning, and professional technology, and offer effective and specific advice and consultation on business development. If a director or a juristic person that the director represents is an interested party in relation to a proposal and the relationship is likely to prejudice the interest of the Company, the director may not participate in the discussion or voting on such proposal and shall recuse himself/herself from the discussion and voting. The director's spouse, relatives within the second degree of kinship, or companies having a controlling or subordinate relationship with the director are also deemed to have personal interests in the matter, and shall recuse themselves from the discussion and voting. There was no situation requiring recusal due to conflicts of interest in 2023.

In 2023, the Board of Directors reviewed approximately 20 ESG-related issues, such as business operations reports, financial status reports, internal audit reports, information security management, Board performance evaluations, and the implementation progress of greenhouse gas inventory and verification schedules. Various responsible units communicated the following major matters with the Board, including business plans, audit plans, internal control systems, final accounts (including earnings distribution), quarterly financial reports, the election of directors and independent directors, appointment of Remuneration Committee members, appointment and remuneration of managers, distribution of employee and director compensation, evaluation of the independence and competence of CPAs, and revisions to corporate governance-related regulations. These discussions aimed to review corporate performance and key strategic issues, including environmental, social, and economic impacts, risks, and opportunities.

In 2023, in response to climate change and societal attention to sustainability issues, the Company has formulated a schedule for GHG inventory and verification according to the content of the "Sustainable Development Roadmap for Listed Companies" and reported it to the Board of Directors. Subsequent progress is reported quarterly to the Board of Directors, thereby promoting the Company's energy-saving and carbon reduction efforts to achieve the goal of sustainable corporate development. In 2023, the Board of Directors held a total of 6 meetings. The total number of meetings that all directors should have attended was 42, with an actual attendance of 35, resulting in a director attendance rate of 83.33%.

Resolutions of the Board of Directors in 2023

Date	Meeting type	Material resolution
2023.03.06	18th Session of the 24th Board of Directors	<ol style="list-style-type: none"> 1. Approved the motion for the "Statement of Internal Control System" for 2022. 2. Approved the assessment on the independence and the suitability of the certified public accountants who audited the financial reports.
2023.05.10	19th Session of the 24th Board of Directors	<ol style="list-style-type: none"> 1. Approved the nomination of candidates for the 25th Board of Directors (including independent directors). 2. Approved the formulation of the general principles for pre-approved non-assurance service policies by the Company. 3. Approved the amendment to the "Internal Control System" of the Company.
2023.06.21	1st Session of the 25th Board of Directors	<ol style="list-style-type: none"> 1. Approved the motion for election of the Chairman of the Board.
2023.08.07	2nd Session of the 25th Board of Directors	<ol style="list-style-type: none"> 1. Approved the motion for appointment of the members of the Remuneration Committee. 2. Approved the motion for amendment to the Company's "Internal Control System for Stock Operations".
2023.09.08	3rd Session of the 25th Board of Directors	<ol style="list-style-type: none"> 1. Approved the motion for appointment of the Company's general manager. 2. Approved the motion for appointment of the Company's deputy general manager.
2023.11.06	4th Session of the 25th Board of Directors	<ol style="list-style-type: none"> 1. Approved the motion for the 2024 audit plan. 2. Approved the motion for amendment to the "Summary Table of the Division of Duties of Each Unit's Supervisor" of the Company. 3. Approved the motion for review of various remunerations for the Company's directors. 4. Approved the motion for the review of the policy, system, standard, structure and performance evaluation method of remuneration to the Company's managers. 5. Approved the motion for employee salary adjustment of the Company.

Note: The resolutions listed above are part of the ESG-related information disclosure. For complete resolutions, please refer to the information disclosure. Complete information URL: <https://www.hegroup.com.tw/index.php?option=module&lang=cht&task=pageinfo&id=151&index=2>

Directors' Continuing Education

To improve the function of the Board of Directors and enhance Directors' knowledge in legal, economic, environmental, and corporate sustainable development fields, the Company continuously advances the Board's risk management capabilities through Directors' continuing education. The types of training hours for Directors are diverse and include but are not limited to finance, operations, legal affairs, accounting, risk management, sustainable development, internal control systems, and financial reporting responsibilities. For example, in 2023, four Directors participated in the "2023 Cathay Sustainable Banking and Climate Change Summit" held by the Taiwan Stock Exchange, with a course duration of 6 hours. Information on Directors' continuing education in 2023 can be found in the 2023 annual report under "Continuing education of directors in the most recent year".

Directors' Continuing Education for ESG-related Courses in 2023

Course title	Organizer	Number of participants	Course hours
Sustainable Development Action Plan Promotion Conference for TWSE/TPEX Listed Companies	Taiwan Stock Exchange	1	3
2023 Taishin Net Zero Power Summit	Chinese National Association of Industry and Commerce	1	3
2023 Cathay Sustainable Banking and Climate Change Summit	Taiwan Stock Exchange	4	6
Sorting and Integration of Internal Control and Audit	CPA Associations R.O.C. (Taiwan)	1	3
Latest IFRS Trends, Developments, Common Errors, and Deficiencies	CPA Associations R.O.C. (Taiwan)	1	3

Note: The above continuing education information is a partial disclosure related to ESG issues. For complete information on directors' continuing education, please refer to the 2023 annual report under "Continuing education of directors in the most recent year".

Audit Committee

To improve corporate governance and strengthen the functions of the Board of Directors, we set up the Audit Committee in compliance with the Securities and Exchange Act and the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" in 2017 and established the Audit Committee Charter.

The Audit Committee comprises all (3) independent directors, and at least one of whom should have accounting or financial expertise. The Committee shall assist the Board of Directors in performing supervisory duties and be responsible for proper presentation of the Company's financial statements, selection (dismissal) of CPAs and assessment of their independence and performance, effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and control of existing or potential risks faced by the Company.

The Audit Committee meets at least once each quarter. In 2023, the Audit Committee met four times with a 100% attendance rate by the members.

Remuneration Committee

The remuneration system is a crucial part of corporate governance. In 2011, the Remuneration Committee was established to assist the Board of Directors in evaluating the Company's overall remuneration and benefit policies, directors' and managers' remuneration, and improving the Company's remuneration system for directors and managers. The Company has also established the Remuneration Committee Charter for compliance.

The 2023 5th Remuneration Committee is composed of three Independent Directors. The Committee regularly reviews the policies, systems, standards, and structures of various remunerations for the Company's Directors, as well as the policies, systems, standards, structures, performance targets, and evaluation methods for the Company's managers' remuneration. The Remuneration Committee meets at least once every six months. In 2023, the Remuneration Committee held a total of three meetings, with a member attendance rate of 88.88%.

Report on the Performance Evaluation of the Board of Directors, Individual Directors and Functional Committees

The Company, in order to implement corporate governance and enhance the functions of the Board of Directors, has established the "Performance Evaluation of the Board of Directors" in accordance with Article 37 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." Commencing from 2020, the performance evaluation of the Board of Directors, its members, and functional committees is conducted once a year.

The performance evaluation of the Board of Directors includes the following five aspects:

Five Aspects

1. Involvement in the Company's operation.
2. Improvement of the quality of decision-making by the Board of Directors.
3. Formation and structure of the Board of Directors.
4. Election and continuing education of Directors.
5. Internal control.

The performance evaluation of Directors covers the following six aspects:

Six Aspects

1. Understanding of the Company's goals and tasks.
2. Knowledge of Directors' duties.
3. Involvement in the Company's operation.
4. Internal relation maintenance and communication.
5. Directors' professional qualification and continuing education.
6. Internal control.

The performance evaluation of functional committees include the following five aspects:

Five Aspects

1. Involvement in the Company's operation.
2. Knowledge of the responsibilities of functional committees.
3. Improvement of the quality of decision-making by functional committees.
4. Formation and member election of functional committees.
5. Internal control.

To ensure independence in the performance evaluation of the Board of Directors, self-assessment surveys are completed by the Directors and subsequently reclaimed by the agenda working group of the Company. The agenda working group compiles and evaluates the results based on the indicators and scoring criteria, and reports it to the Board of Directors in the first quarter of the following year as a reference for further review and improvement. For detailed information on the performance evaluation in 2023, please refer to the "Report on the performance evaluation of the Board of Directors, individual directors and functional committees" in the 2023 Annual Report.

Information Disclosure

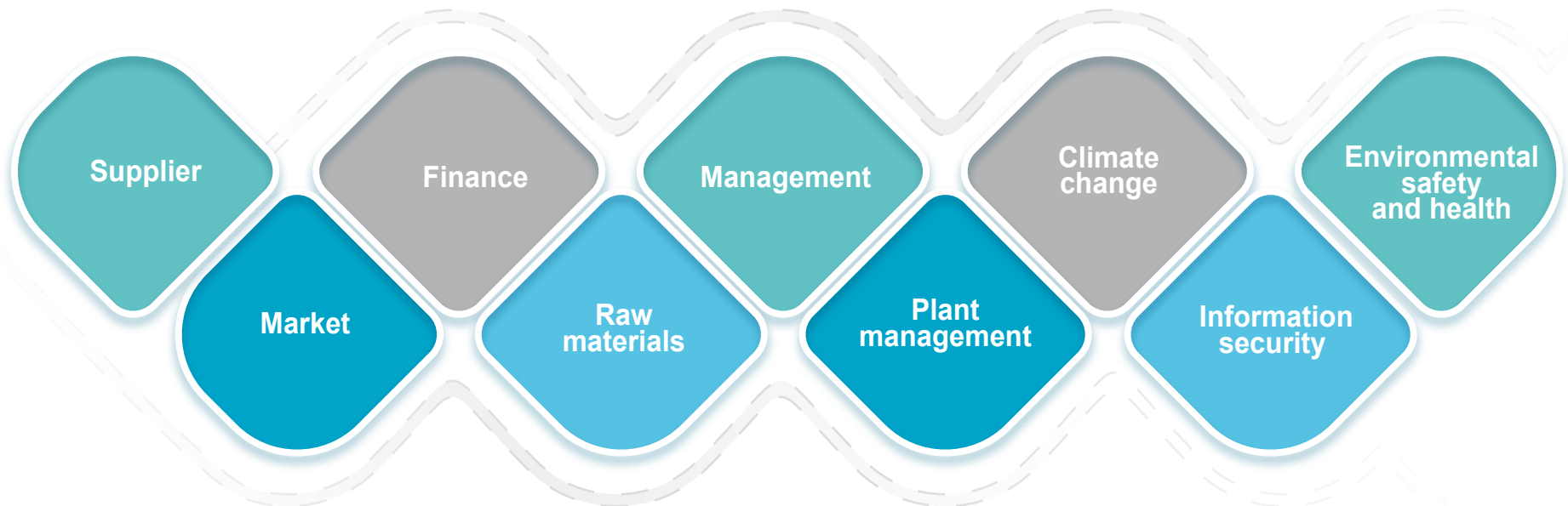
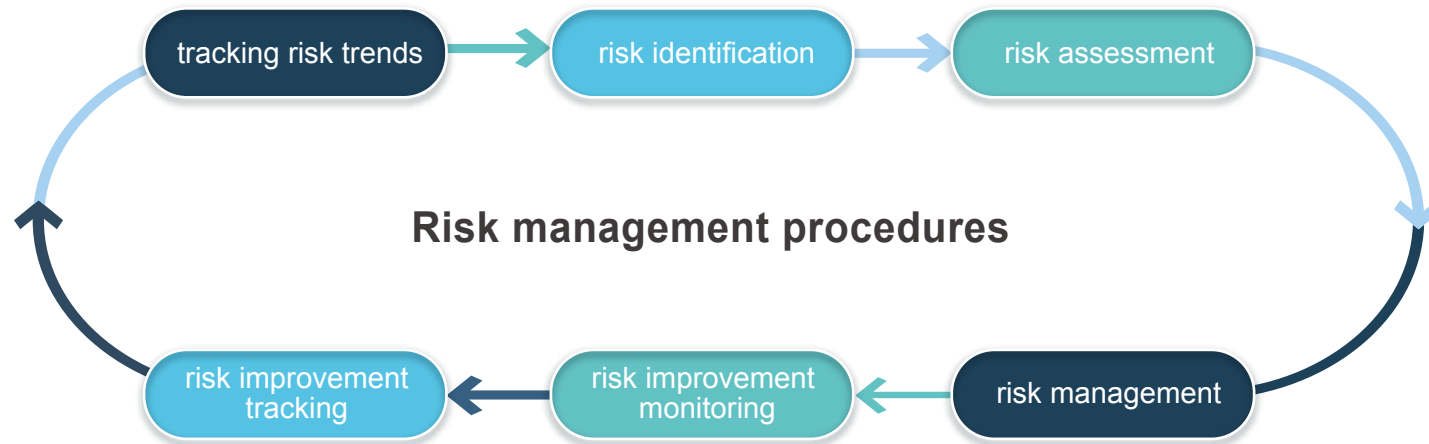
The Company ensures full transparency of information by regularly publishing operational and financial information on the Company's website and disclosing relevant information on the Market Observation Post System (<http://mops.twse.com.tw>) for stakeholders' reference.

The Company has established a stakeholder section, managed by dedicated personnel responsible for handling and coordinating matters related to stakeholders, providing the best service through smooth communication channels.



Hua Eng's 2023 Investor Conference
(November 15, 2023)





Internal control

The Company has established an internal control system according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to enhance corporate governance. The purpose is to promote sound management of the Company and to provide reasonable assurance of achieving the following objectives:

- (1) Effectiveness and efficiency of business operations: including goals such as profitability, performance, and safeguarding of assets.
- (2) Reporting reliability, timeliness, transparency, and compliance with relevant regulations: Reports include internal and external financial and non-financial reports. External financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and Generally Accepted Accounting Principles (GAAP). Transactions are properly approved, among other objectives.
- (3) Compliance with relevant laws and regulations.

Risk management

To establish the Company's self-supervision mechanism, timely respond to environmental changes, adjust the design and implementation of the internal control system, and improve the inspection quality and efficiency of the internal audit department, the procedures and methods of evaluation were formulated in accordance with the relevant provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to ensure that the design and implementation of the internal control system remain effective continuously.

Regular risk control meetings: Production, business, procurement, and accounting units hold monthly Copper Group meetings and management meetings; each unit evaluates and establishes risk categories, potential risks, management strategies, and practices. Based on the results of the risk assessment, the Audit Office formulates the annual audit plan which is approved by the Board of Directors and reports audit operations to the Audit Committee members, with the Audit Director attending the Board of Directors meetings to report the matters.

The primary audit activities are carried out according to the annual audit plan, inspecting and reviewing deficiencies in the internal control system. Special audits are conducted as needed or as directed by the Board of Directors. After the audit work report is completed and approved as required, it is sent to the independent directors for review. Follow-up reports on the deficiencies discovered by the Audit Office and the improvement status are made available for management to understand the improvements in the internal control system's deficiencies.

The Company conducts a self-assessment of the internal control system by each internal unit and subsidiary at least once a year, and reports to the General Manager and Chairman to understand whether each unit implements self-oversight. Improvements are then prioritized based on the importance and urgency of the impact caused.

Major operational policies, investment projects, acquisition or disposal of assets, bank financing, and other matters are all evaluated and analyzed by relevant responsible units and resolved by the Board of Directors. Each year, based on the results of the risk assessment, the audit unit formulates and executes audit plans to implement a supervisory mechanism and control the management of various risks.

The Company has implemented risk management policies of "not loaning to others" and "not providing endorsements/guarantees for others" as resolved in the shareholders' meeting.



Risk categories	Potential risks	Control strategies and measures	Responsible unit
Financial risks	Interest rate changes	Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs Maintaining good relations with banks to obtain best interest rates by leveraging the Company's healthy financials Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks	Finance Department
	Exchange rate changes	Keeping an eye on exchange rates each day, to stay on top of the market information and adjust the schedule for export bill negotiations accordingly. Natural hedging of assets and liabilities denominated in foreign currencies and financing with receivables denominated in foreign currencies to mitigate exchange rate risks.	Finance Department
Supply chain and raw materials risks	Components on procurement list out of production and disruption to raw materials supply	Business intelligence and development trends are collated so that technical and production functions can respond in advance. Cautious and continuing development of alternative materials. Reduction of single supplier risks to mitigate the risk associated with the supplier's cease of production or disruption of suppliers. Prioritization of local procurement and flexible response to production requirements.	Procurement Office
Management risks	Personnel changes	Step-up in employee training and key technical personnel development, to avoid disruption of normal operations due to gap in technical talents Equal pay for equal work, greater transparency, enhanced inter-department interactions, higher corporate identification and lower staff turnover	General Affairs Office
	Labor relations	Regular labor meetings to enhance the communication and promote harmony between the employer and employees.	
Market risks	Imbalance of production and sales	Simulation of a range of production and sales scenarios with forecasts of expected orders, in order to dynamically coordinate production plans.	Sales Department
	Responses to the product market	Plan to study the feasibility of reducing carbon emissions in response to the "Domestic Climate Change Act" and the EU's "Carbon Border Adjustment Mechanism (CBAM)" to achieve the sustainable operation of ESG enterprises.	
	Price fluctuations	China's economic recovery, led by the elimination of COVID-19 cases, and the changes in the Fed's policy, will cause a slight rebound in the copper price this year.	
Climate change risks	Carbon emission control	Continuing management in energy efficiency and carbon reduction The cross-function organization discusses and identifies climate change related risks and opportunities Management of the proportion of energy reliance on petrochemicals, electricity and gas to improve resource efficiency and cost savings	Kao-Nan Plant
Environment, safety and health	Environment, safety and health	1. Enhancement of training and education in safety and health and strengthening of occupational safety and health. 2. Continuous promotion of plans and implementation of automated inspection. 3. Enhanced occupational safety and health management by implementing ISO45001.	Kao-Nan Plant
Factory management risks	Respond to climate change risks, comply with environmental protection regulations, and move towards net zero carbon emissions	1. Change to power-saving LED lighting in production areas to save energy and reduce carbon emissions. 2. Install solar photovoltaic systems on the roof of the plant. 3. Continue the power-saving improvements to oxygen-free copper furnace as planned.	Kao-Nan Plant
	The equipment in the 69kV substation is outdated, and the risk of unexpected power outage is increasing	Scheduled the upgrading of ABS, added HVD, seven DS, and PT during the planned maintenance period of the plant	
	Increased typhoon intensity Response to the greater risk of flooding due to extreme rainfall	Plan for the completion of dredging and remediation of internal drainage channels	
	The production environment in the optical cable assembly area is poor, and there are there are concerns about quality defects.	Overall planning of floor cleaning and partition production in the optic cable assembly area	
	It is difficult to obtain original electrical control parts for old and obsolete equipment, and the risk of downtime for repairs increases	Plan to upgrade and replace eight old and obsolete pieces of production equipment	
Cybersecurity concerns	Security concerns with IT system	Continuing updates of cybersecurity equipment to protect, manage, monitor systems and network activities Continuing data backups and deployment of redundancy mechanisms Regular drills in disaster recovery. Continuing advocacy of the importance of cybersecurity, intellectual property and personal data backups and integrity.	IT Department

In 2023, Hua Eng's production factory implemented various measures and drills based on risk assessment, as outlined below, to ensure the effective operation of its strategy.

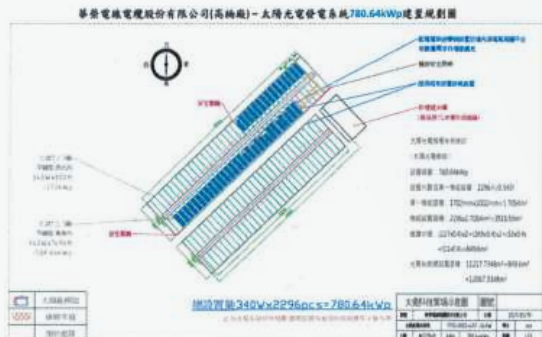
Factory management risks

Respond to climate change risks, comply with environmental protection regulations, and move towards net zero carbon emissions

1. Change to power-saving LED lighting in production areas to save energy and reduce carbon emissions.
2. Install solar photovoltaic systems on the roof of the plant
3. Continue the power-saving improvements to oxygen-free copper furnace as planned

Management results

1. The Kao-Nan factory replaced a total of 379 energy-saving LED lamps, saving 397,950 kWh per year.
2. Renwu Factory switched to using 530 energy-saving LED lamps, which is expected to save 556,500 kWh of power per year. The project will be outsourced for execution in 2024.
3. In line with government policy, we planned to install a 780kW solar photovoltaic system, which is expected to generate 929,400 kWh of power per year for self-use.



The equipment in the 69kV substation is outdated, and the risk of unexpected power outage is increasing

Replaced ABS and installed HVD sensors, DS, and PT, and upgraded during the factory maintenance outage

Management results

Replacement completed in first half of 2023 during maintenance outage (April 9, April 16).



Increased typhoon intensity
Response to the greater risk of flooding due to extreme rainfall

Plan for the completion of dredging and remediation of internal drainage channels

Management results

The dredging and remediation of the drainage channels on Rong 2nd Road and Rong 4th Road have been completed.



The production environment in the optical cable assembly area is poor, and there are concerns about quality defects.

Overall planning of floor cleaning and partition production in the optic cable assembly area

Management results

The dust-proof compartment was installed on February 8, 2023; the overall project was completed on March 28, 2023. Current quality tracking is good.



It is difficult to obtain original electrical control parts for old and obsolete equipment, and the risk of downtime for repairs increases

Plan to upgrade and replace eight old and obsolete pieces of production equipment

Management results

For CD11-4, CDL21-2, the electrical control update has been completed, and ongoing updates are in progress.



Code of Ethical Conduct

The Company established the "Work Rules" to regulate employee behavior, enhance management, and improve work efficiency. These rules are distributed upon an employee's arrival and serve as guidelines for new employee training and management. The Company also stipulates penalties for employees using their position to seek illegal benefits, preferential treatment, gift, commission, embezzlement, or other forms of illegal benefits to prevent unethical conduct.

Ethical management, anti-corruption

To establish a corporate culture of ethical management and robust risk control management, the Company has formulated clear principles such as the "Ethical Management Code," "Code of Ethical Conduct," and "Integrity Management Procedures and Code of Conduct Guidelines." The Company explicitly states, in its regulations and external documents, the policies of ethical management, as well as the commitment of the Board of Directors and the management to actively implement these ethical management policies. They are effectively executed in internal management and business activities, and the corporate culture of ethics and integrity is widely promoted and deepened based on the principles of ethical management, conducting business activities in a fair and transparent manner.

Grievance and reporting channels

In the implemented work rules, relevant behavioral guidelines are repeatedly emphasized, and a "Reporting Policy" is established, specifically prohibiting bribery. At the same time, we promote relevant anti-bribery policies to all suppliers or partners, and request suppliers to sign the Statement of Integrity Commitments in order to eliminate issues related to procurement transactions.

The Company maintains open grievance channels, with a special section on the Company's website dedicated to "Stakeholder Communication and Communication Channel Information." It provides a platform for both internal and external stakeholders to offer suggestions or grievances, with designated personnel handling related grievance letters and calls based on stakeholder categories. The Company's management maintains open communication channels with employees through direct dialogue in labor-management meetings and has established the "Employee Grievance Handling Procedures" and communication mailboxes.

To prevent insider trading, avoid improper information leaks, and ensure consistency and accuracy of information disclosed to the public, The Company's Directors, managers, and relevant personnel attend external training each year. Relevant regulations are communicated to all employees, and those aware of significant information must not disclose it to others or inquire about or collect major undisclosed company information unrelated to their duties, in order to implement the management guidelines on prevention of insider trading.

Training on Code of Conduct

In December 2023, at the headquarters and Kao-Nan plant, a 1.5-hour training session was conducted on the "Ethical Management Code, Integrity Management Procedures and Code of Conduct Guidelines, Code of Ethical Conduct Reporting Policies, Employee Grievance Handling Procedures." The participants included section chiefs and managers (including deputy managers) level supervisors.

Description of policies or actions to prevent anticompetitive behavior

The Company engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency. Fully understanding that fair trade is an important principle to be strictly adhered to in business activities, the Company has established the "Integrity Management Procedures and Code of Conduct Guidelines." These guidelines stipulate that in the course of performing duties, Company personnel must not, directly or indirectly, offer, accept, promise, or solicit any improper benefits, or engage in other actions that violate integrity, are unlawful, or breach their fiduciary duty in order to gain or maintain benefits.

The Company shall evaluate the legitimacy, ethical management policies, and any records of unethical conduct of agents, suppliers, customers, or other business counterparts before establishing business relationships with them, to ensure that their business operations are fair and transparent, and do not request, offer, or accept bribes.

In 2023, Hua Eng did not experience any incidents of corruption, conflict of interest, or anticompetitive behavior; therefore, no employees were penalized for corruption and there were no corruption risks faced.



Ethical
Management Code



Code of
Ethical Conduct



Integrity Management
Procedures and Code of
Conduct Guidelines



02

Products and Services

Introduction of Products and Services	44
Quality Management and Customer Service	48
Green Products	57
Certification Achievements	59



In addition to having a beautiful vision and comprehensive business strategy, a company must also have solid technical strength as a support. HUA ENG WIRE AND CABLE CO., LTD., with over sixty years of experience and technological evolution, is managed by a trustworthy management team and supported by innovative core strategies. By aligning with market trends, we continuously develop niche products and improve product quality while seeking strategic alliances with other industries to create greater overall industrial benefits.

Product R&D and Innovation Management Policy: Wire and cable is a mature industry in the domestic market, with competitive advantages focusing on technological advancements and cost reductions. Therefore, we are expanding overseas, reducing the production of low value-added products, and actively diversifying our portfolio towards innovative products and new technologies to enhance the Company's competitiveness and ensure sustainable operation.

The current advantage in the electric vehicle market lies in the fact that most electric vehicle motors adopt flat enameled wires, and the raw material for these flat enameled wires is Hua Eng' main product, namely "high-quality oxygen-free copper." This high-quality oxygen-free copper meets the characteristics required for flat enameled wires. Currently, Hua Eng' high-quality oxygen-free copper holds a certain advantage in the flat enameled wire market.

Products and Services

Hua Eng, through its excellent quality management mechanisms, provides rapid and high-quality products and after-sales services to both domestic and international customers. In response to recent changes in project types, Hua Eng has also actively engaged in ultra-high voltage and submarine cable projects, offering services from pre-construction investigation and design to turnkey engineering. This has gradually become one of Hua Eng's core competitive strengths.

Oxygen-Free Copper Wire

Oxygen-free copper, used as a conductive material, has significant advantages over general SCR tough-pitch copper, including extremely high electrical and thermal conductivity, workability, ductility, high purity, and resistance to hydrogen embrittlement at high temperatures.

Our products are widely used in automobiles, motors, profiles, the electronic industry, ultra-thin drawing wires, and high-quality audio/high-definition video cables. They are well-regarded for their excellent quality and have received high praise from customers.

Hua Eng's oxygen-free copper has the following characteristics :

- Purity reaches **over 99.995%** with good conductivity
- extremely low oxygen content can significantly reduce wire breakage rate to below **3ppm**.
- The crystal structure is consistent and uniform, and the processability is excellent.
- Applicable for various automotive alternators, motors enamel wire, and solar photovoltaic ribbon (PV ribbon) transmission, with excellent energy conversion efficiency.



Electric vehicle market advantages:

Most electric vehicle motors use flat enameled wires, and the base material of these flat enameled wires is Hua Eng's main product "High-quality oxygen-free copper." This high-quality oxygen-free copper can meet the four major characteristics of flat enameled wire: mechanical properties, chemical properties, electrical properties, and thermal performance.

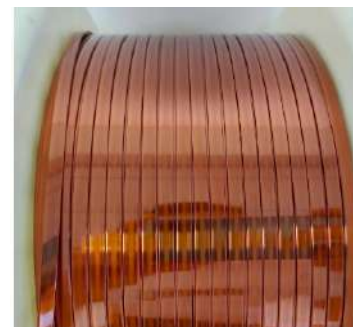
Most of the enameled wires available on the market today are round in shape. However, the biggest problem with these round enameled wires is their relatively low slot fill factor after winding, which significantly reduces the performance of the corresponding electrical components. For general round enameled wires, the slot filling rate is about 78% when fully wound, making it difficult to meet the technical development requirements for part flatness, lightweight, low power consumption, and high performance. With the continuous advancement in technology, flat enameled wire has emerged.

Characteristics of flat enameled wire:

Compared to round enameled wires, flat enameled wires possess superior flexibility and pliability. They exhibit excellent performance in terms of current carrying capacity, transmission speed, heat dissipation, and space occupancy. They are specifically suitable for use as jumper wires between circuits in electrical and electronic equipment.

Under the same volume, flat enameled wire windings have characteristics such as higher energy density, superior motor efficiency, corona resistance, high insulation strength, zero pinholes, and a smooth surface. Therefore, flat enameled wires can be used in new energy vehicle motors, replacing traditional round enameled wires. Under the premise that the

space remains unchanged, the volume of filled copper can theoretically increase by 20-30%. Flat enameled wire windings can increase the slot fill rate by 20% within the same space. With the motor space remaining unchanged, the maximum current that the motor windings can carry can be increased by approximately 15%, which is equivalent to a 15% increase in maximum torque and motor power. Conversely, under the same power conditions, this can reduce the outer diameter and volume of the motor, thereby reducing the volume of Other materials required by the motor.



Various types of power, communications, and optical fiber wire & cable

Hua Eng, in response to the nation's foundational needs for power and communication infrastructure and societal development trends, stays abreast of industry technological advancements. It actively focuses on developing a diverse range of wire and cable products needed across various industries.

For the manufacturing of ultra-high voltage cables with superior electrical performance, Hua Eng has obtained type certification for the 345kV voltage level. Through independently developed production technology, Hua Eng has achieved delivery and installation records of hundreds of thousands of meters. It holds a leading position in the high voltage and ultra-high voltage wire and cable market in Taiwan.

Turnkey engineering

Since the establishment of the Engineering Business Division, we have received substantial 161kV and 345kV cable turnkey engineering projects from Taiwan Power Company through our excellent track record and strong technical team, earning widespread recognition for our outstanding achievements.

The supply chain of Hua Eng products in the industry

Hua Eng continues to pursue forward-looking layout strategies, aiming for innovative corporate growth. We consistently engage in technical research and development to provide rapid integration services and optimal solutions for our customers and the market.

Oxygen-free copper material

Raw material supplier

- Copper ore mining and cathode copper refining manufacturing industries
- Electric power supply and combustible gas manufacturing industries

End customer

- Manufacturers of wires and cables using various copper conductors
- Manufacturers in electrical, electronic, and automotive industries



Wire and cable

Raw material supplier

- PE, PVC plastics and rubber manufacturing industries
- Manufacturing of metal tapes and wires for armoring, and wrapping cloth and plasticized tapes.

End customer

- Communications, data, and power transmission industries
- Construction, household appliances, and manufacturing industries
- Defense and shipbuilding industries



Turnkey engineering project

Upstream supplier

- Suppliers of high voltage cable splicing and terminal ancillary materials
- Suppliers of metal iron fittings for installation and protection

Cooperating cable contractor

- Civil engineering contractors
- Cable laying and splicing services

End customer

- Large-scale communications, data, and power transmission industries
- Offshore wind power generation industry





Hua Eng's Main Products and their Revenue Proportion

Item	2021	2022	2023
Copper wire	36.31%	26.45%	30.76%
Power cable	45.98%	59.04%	56.34%
Communication cable	1.03%	0.68%	0.76%
Optical fiber cable	1.77%	2.38%	2.00%
Engineering and others	14.91%	11.45%	10.14%

Item	Domestic market						Export					
	2021		2022		2023		2021		2022		2023	
	Quantity (metric tons)	Amount (thousand NTD)	Quantity (metric tons)	Amount (thousand NTD)	Quantity (metric tons)	Amount (thousand NTD)	Quantity (metric tons)	Amount (thousand NTD)	Quantity (metric tons)	Amount (thousand NTD)	Quantity (metric tons)	Amount (thousand NTD)
Copper wire	8,232	2,200,003	6,073	1,693,251	4,430	1,239,470	1,744	465,474	1,451	403,362	3,401	949,390
Power cable	13,088	3,375,970	16,392	4,679,249	13,968	4,008,490	—	—	—	—	-	-
Communication cable	276	74,679	200	53,778	181	53,896	1	609	—	—	-	-
Optical fiber cable	300	130,053	334	189,058	243	142,038	—	—	—	—	-	-
Engineering and others	2,586	1,094,861	2,111	907,424	2,249	721,490	—	—	—	—	-	-
Total	24,482	6,875,566	25,110	7,522,760	21,071	6,165,834	1,745	466,083	1,451	403,362	3,401	949,390

Quality management

Product quality management guidelines: Consistent and reliable quality to meet customer needs

As a responsible corporate citizen of the Earth, Hua Eng takes its environmental responsibility for products seriously. We comply with environmental regulations through the procurement of high-quality raw materials, excellent process monitoring and improvement, and rigorous quality assurance testing to reduce the impact of our products on the environment.

In addition to having TAF calibration laboratory certification, starting from 2020, Hua Eng has successively established TAF testing laboratories. On May 31, 2021, it officially passed the evaluation and recognition of the TAF certification foundation. Hua Eng has obtained dual certification for calibration and testing laboratories. Not only does it ensure stricter traceability for measuring instruments and testing equipment, but it also demands accuracy in complying with the standards for testing methods. Hua Eng is one of the few wire and cable companies to obtain both calibration and testing laboratory certifications, thereby improving product quality control and gaining customer trust in the Company's products.



Testing Laboratory TAF Certificate



Calibration Laboratory TAF Certificate



Copper material testing



Wire and cable material tensile and elongation testing

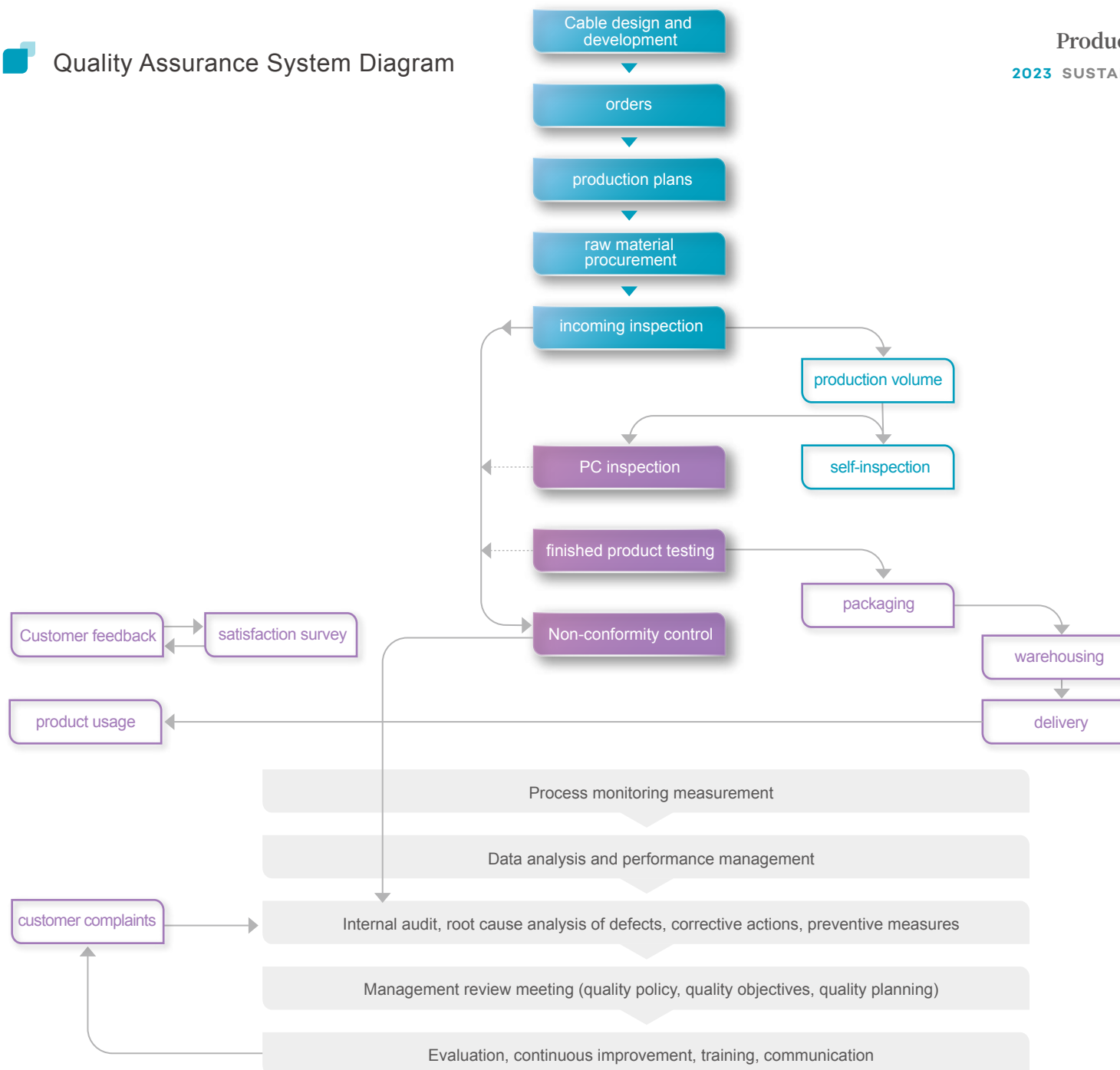


61kV withstand voltage testing



345kV ultra-high voltage cable partial discharge testing

Quality Assurance System Diagram








Wire and cable is a mature industry in the domestic market, with competitive advantages focusing on technological advancements and cost reductions. To enhance product competitiveness, "consistent and reliable quality to meet customer demands" is the quality policy of Hua Eng. Under the foundation of pursuing sustainable management, we set KPI targets for product defect rates and customer complaints annually. Through process equipment improvement, technology enhancement, and personnel training, we review the KPI achievement results and future efforts direction in monthly quality reports and management review meetings, in order to ensure that the product quality meets customer requirements and expectations.

2023 Quality Improvement Results



Quality Improvement Project for 2023

Improvement plan	Improvement plan	Improvement plan	Improvement plan	Improvement plan
Specialized research on high-quality oxygen-free copper production technology and quality improvement plan	Instability of electrical interference and coiling tension of medium and high voltage cables impacts appearance quality	CD11-4 electrical spare parts discontinuation and the impact of aging roasting room on shipment quality	Poor extrusion quality and cross-linking degree of low-voltage cross-linked PE cable insulation	The optical cable assembly area is in an open space, with serious dust and falling dust issues. The poor production environment is likely to cause fiber breakage and quality issues such as irregular segments.
Implementation	Implementation	Implementation	Implementation	Implementation
Laying rubber pads at the bottom of the trays for finished products and covering the six surrounding vertical pipes with PVC pipes in the oxygen-free copper furnace can improve wire abrasion; surface indentations are mitigated by enhancing the rolling mill technology to improve the roundness of the finished product and reducing the clamping force of the take-up gripping wheels to minimize indentation. Four gripping wheels are replaced, and monthly inspections and replacements are conducted.	Improvement in PA81 PCB output; grounding for 27B and 18B rotation; enhancement of tension PCB and upgrade of ultrasonic sensors	CD11-4 electric control and roasting room update	Update UV radiation exposure equipment to improve crosslinking degree	Epoxy paint, partitions, and air conditioning in the optic cable assembly area room
				

Customer Services

Customer relationship management policy: Enhance service efficiency and quality to meet customer needs

Hua Eng has always maintained the product quality policy of "meeting customers' needs, and ensuring uniform and reliable quality", serving as a commitment to our customers. We proactively understand customers' needs and solve problems to provide high-quality services, with the expectation of growing together with our customers. In addition to communicating with customers through various channels such as the internet, email, traditional phone, and fax lines, we also engage in face-to-face communication during regular and irregular visits by our sales and technical personnel. During these visits, we gather product-related information, listen to customer feedback, and promptly respond to customer needs or suggestions.

Providing high-quality products and establishing good and long-term partnerships with customers to create win-win situations has always been Hua Eng's service principle for its clients. In the future, under the premise of improving quality and being environmentally friendly, we will offer better products and service standards to our customers with a steadier pace.



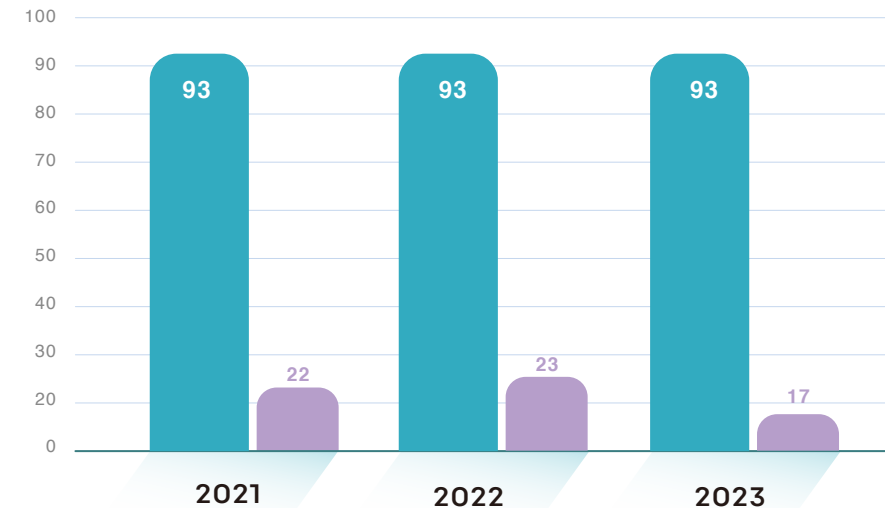
Customer Satisfaction Survey

To accurately understand customer satisfaction with product quality, delivery coordination, and complaint handling, which serve as important references for the Company's corrective, preventive, and continuous improvement measures, we conduct customer satisfaction surveys quarterly through mail, telephone interviews, and on-site visits. Starting from 2019, customers can also provide real-time feedback and suggestions on the Company's website, serving as a basis for the Company to revise or improve products or services.

For the year 2023, a total of 22 customers were surveyed for satisfaction. In aspects of product quality, delivery coordination, and complaint handling satisfaction, the average score of 93 met the annual KPI target (90 points). Customers have given favorable evaluations of the quality and service of the Company's products.

Due to the wide application and high-quality requirements of copper wire shaped material customers (non-wire drawing usage), process control is a major challenge. Through the efforts of process control and quality assurance units, high-quality copper material shipments have shown a stable increase.

Customer Satisfaction Score and Number of Customer Complaints



● Customer Satisfaction Score ● Number of Customer Complaints

Recognition from Customers

In cooperation with the national power construction project and in addition to the original production and sales of cables, Hua Eng participated for the first time in the 161kV ultra high voltage cable line engineering project launched by Taiwan Power Company in 2004. Amid fierce competition from domestic and foreign companies, with an excellent and strong turnkey team, Hua Eng has successfully obtained projects such as "Beiyang-Jiachang (TaiPower's first turnkey engineering project)," "Zhenbei-Zhongdao (Port of Kaohsiung canal crossing project)," "Meishan-Jiuqu," and "Tainan-Yunong (under construction)." From 2014 to 2015, we received several projects of 345kV grade, including Wu-jia-Port of Kaohsiung (won the Excellent Engineering Award by Taiwan Power Company), Dalin-Xingao Port, and Linkou-Ding-hu. During the period, inspections and evaluations were made by the owner, Taiwan Power Company, and the Public Works Quality Inspection Team of the Ministry of Economic Affairs, all of which received very high ratings. These projects were first turnkey engineering projects completed among those launched by Taiwan Power Company, successfully achieving the goal of early completion and power delivery, and received commendations and awards from Taiwan Power Company.

Recent Achievements of Engineering Projects from Taiwan Power Company

2019

Taipower Engineering Achievements

Contracting the "161kV cable turnkey engineering project from Shanshang-Yungong, Tainan" from Taipower, we won the "13th Golden Security Award," "Award of Excellence from the Ministry of Economic Affairs," and the "19th Public Works Gold Award." These honors and recognitions from customers and government agencies affirm Hua Eng's excellence.

Certificate (Letter) of Appreciation



2020

Taipower Engineering Achievements

In September 2020, we undertook the "345kV Daling-Xingao Port Cable Line Project" and received a certificate of appreciation from the Southern Construction Branch of Taiwan Power Company.

Certificate (Letter) of Appreciation



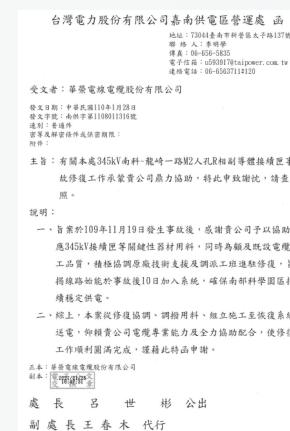
2021

Taipower Engineering Achievements

In November 2020, the Company received an urgent notification from Taipower to repair a power line fault in the Southern Taiwan Science Park. The Company immediately mobilized maximum manpower and material resources and successfully completed the task within the given deadline. On January 28, 2021, the Chairman Power Supply Zone of Taipower sent a letter of appreciation, and Deputy Director Wang visited the factory to express their gratitude.



Certificate (Letter) of Appreciation



2022

Taipower Engineering Achievements

In June 10, 2022, we received a letter of appreciation from Taipower, acknowledging the Company's participation in the 345kV cable improvement and accident recovery project at Taipower's Southern Taiwan Science Park UHV substation. This contribution ensured that the project was completed on schedule and integrated into the system smoothly.

Certificate (Letter) of Appreciation



Chunghwa Telecom launched the "Sustainable Supply Chain Initiative" in collaboration with the Sustainable Alliance for Low-carbon Economy in 2018, implementing the "Supplier Sustainability Grading" system. It established ESG audit standards tailored for the telecom industry and commissioned an independent third party SGS to conduct on-site supplier audits, classifying suppliers' ESG performance for tiered management. In 2022, Hua Eng was honored with the "Gold Certificate" in the sustainability partnership certification from Chunghwa Telecom. At the meeting, the "Sustainability Grading Certificate" was awarded by General Manager Guo Shui-Yi. As part of the supplier network, Hua Eng enhances the transparency of its ESG and carbon management information, and continues to participate in Chunghwa Telecom's Sustainable Partner Certification to contribute to global climate change efforts.



稽核總結報告

中華電信 CONFIDENT

廠商名稱

華榮電線電纜股份有限公司

地址

高雄市仁武區高橋公路30號 (稽核地點) /
高雄市前金區中正四路170號 (總公司)

主要連絡人員姓名

李會謙 品質課長 / 陳建誠工程師

電子郵件

ryli@hegroup.com

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886-7-3426333 #810

傳真

886-7-3422077

稽核日期

2022年8月3-4日

稽核領隊

趙福城 Gary Chao

稽核成員

None

簽名

供應商: [Signature]

稽核領隊: Gary Chao 2022/8/4

總分報告	缺失分類	Totals	建議改善時間
	NC's A	0	< 10 天
	NC's B	0	< 30 天
	NC's C	3	< 60 天
	總分:	97	



CERTIFICATE
For Sustainability Certified Supplier

Gold Level Certified Supplier

華榮電線電纜股份有限公司

The Gold Level Certified Supplier status confirms that the above-mentioned company is presented in recognition of achieving

Gold Level Status in accordance with the Chunghwa Telecom Supply Chain Sustainability Qualifications.

Through demonstrated results, this supplier has exhibited excellent performance in sustainability. The supplier has maintained a Gold Level of performance from (2023/01) to (2025/12).



Chairman of Sustainable Alliance for Low-carbon Economy



中華電信
Chunghwa Telecom

有效日期: 2025/12 證書編號: No. SALcE-002412-2212005



永續低碳聯盟
Sustainable Alliance for Low-carbon Economy

2nd Party Audit by 

Quality Assurance

All manufacturing plants of Hua Eng have acquired ISO 9001:2015 (valid period: January 28, 2027) International Quality Management System Certification. Starting from material intake inspection, structural inspection, to final product inspection, all are implemented following a strict quality control system.

In addition, to ensure inspection quality, besides regularly sending our testing equipment to TAF calibration laboratories for calibration, we have established TAF temperature and length calibration laboratories. We are currently actively applying for TAF testing laboratory certification and a total of 21 items have been accredited. This aims to enhance testing skills, provide product assurance, extend cable lifespan, and ensure electrical safety.

Since 2015, Hua Eng has been conducting process improvement research and strict quality control for oxygen-free copper wire. Currently, the oxygen content quality level of some special copper materials can be controlled within 2 ppm, superior to the world's highest standard for electronic-grade oxygen-free copper wire, ASTM B49 (10100), which requires an oxygen content below 5 ppm. This makes Hua Eng one of the best suppliers of oxygen-free copper materials in the world. The copper materials are regularly sent to SGS for testing of restricted hazardous substances (RoHS), EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals), halogens, polycyclic aromatic hydrocarbons (PAHs), perfluorooctanoic acid (PFOA), perfluorooctane sulfonate (PFOS), and eight major heavy metals, to ensure compliance with EU regulations and the high-quality copper wire requirements of special customers.

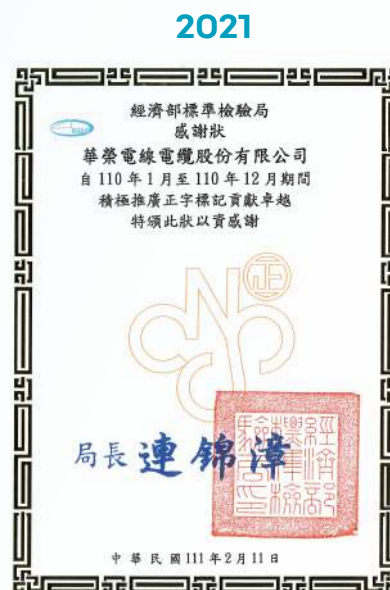


Product Information Labeling

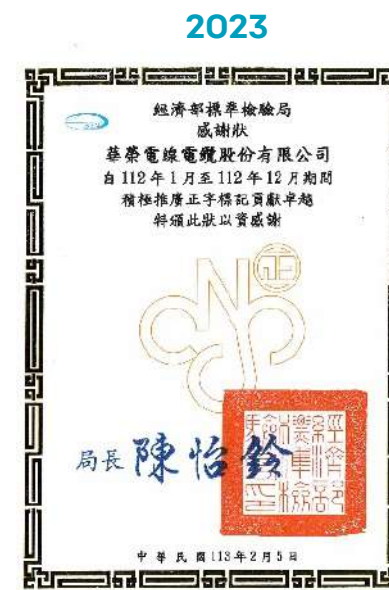
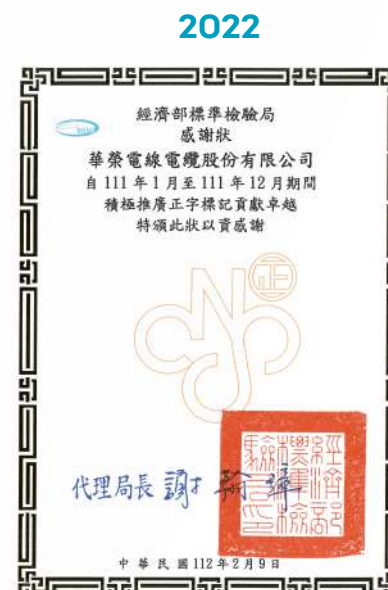
All of Hua Eng's products are clearly labeled according to regulations or customers' requests with company data, product information, product certification details such as (CNS, UL, product testing & certification by the Standards, Metrology & Inspection, RoHS (Restriction of Hazardous Substances Directive)); specific content ingredients labeling (such as lead-free marking LR, low-smoke, zero-halogen marking SFH, and compliance with EM-IL environmental mark). By doing so, customers can fully understand the supplier information and safety of product use. This facilitates appropriate measures to process end-of-life product, to mitigate the environmental and social impact.



Issued by the Bureau of Standards,
Metrology and Inspection, Ministry of
Economic Affairs
Awarded the Certificate of Honor for CNS
Mark for 50 Years "Promotion of CNS
Mark Verification"



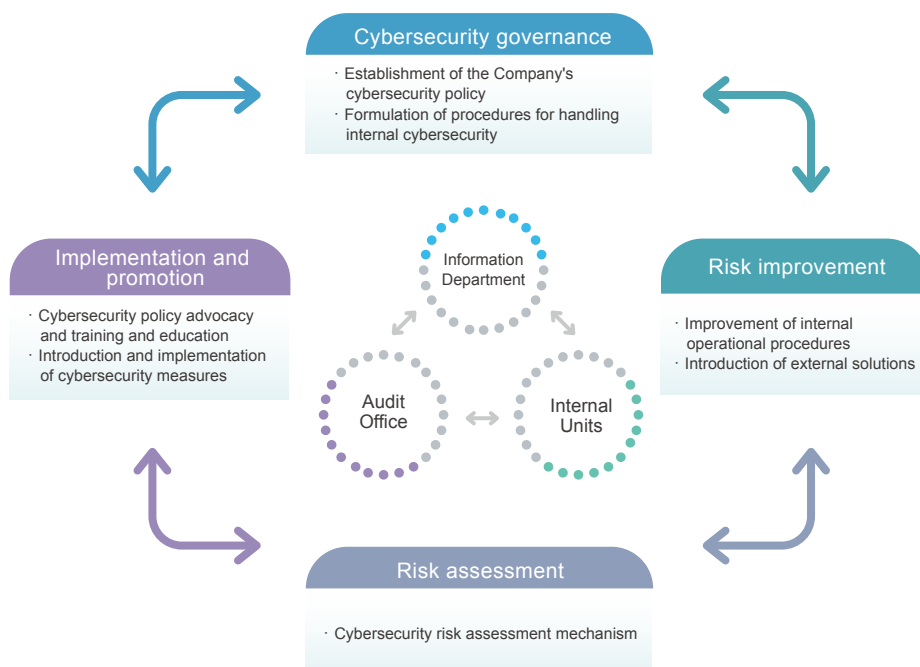
Received the Certificate of Appreciation for "Outstanding Contribution to Promoting the CNS Mark" from the Bureau of Standard,
Metrology and Inspection, Ministry of Economic Affairs for four consecutive years.



Cybersecurity Risk Management

(1) Cybersecurity risk management framework

- The Company's IT Department is responsible for its cybersecurity and takes charge of planning, implementing and promoting matters related to cybersecurity as well as increasing awareness for cybersecurity.
- The Company's Audit Office is the audit unit for cybersecurity control. If any shortcoming is found, the audited unit is required to propose the improvement plan and submit such a plan to the Board of Directors' meeting. Subsequently, regular follow-up shall be made to further reduce the internal cybersecurity risk.
- The organizational operation is managed with the PDCA method to ensure the achievement of reliability goal and continual improvement.



(2) Cybersecurity policy (management guidelines)

This policy is stipulated in an effort to carry out an effective information management system, and maintain the confidentiality, completeness and availability, so as to ensure the secure operation of information system and network and achieve the goal of sustainable management.

Cyber Security Management Program

Item	Description	Relevant Measures
Privilege Management	Management for personnel accounts and privileges and measures for system user behaviors	Management and approval for personnel account privilege management Regular stock-taking of personnel account privileges
Access Control	Control measures for channels of personnel accessing internal and external systems and transmitting data.	Control measures for internal and external accesses User behavior tracking record
External Threats	Internal potential vulnerability, management and preventive measures for infections	Host/Computer vulnerability assessment and update measures Antivirus and malware assessment
System Availability	System availability status and processing measures for disrupted services	Monitor and alert measures for system/network availability status Data backup measures, local/remote backup Regular disaster recovery drill

(3) Specific management program

(4) Resources investments of Cybersecurity Policy

- (1) Manpower: Currently, the two members of the IT Division are responsible for related cybersecurity.
- (2) Actions: Regular review of cybersecurity meetings and disaster recovery drills, signing of maintenance contracts with professional vendors for information equipment fire insurance and related equipment systems to ensure the stable operation of the system, and regular promotion of cybersecurity and software licensing to enhance colleagues' cybersecurity awareness.
- (3) Budget: For information equipment fire insurance and related equipment system maintenance, the total amount in 2023 was about NT\$800,000.

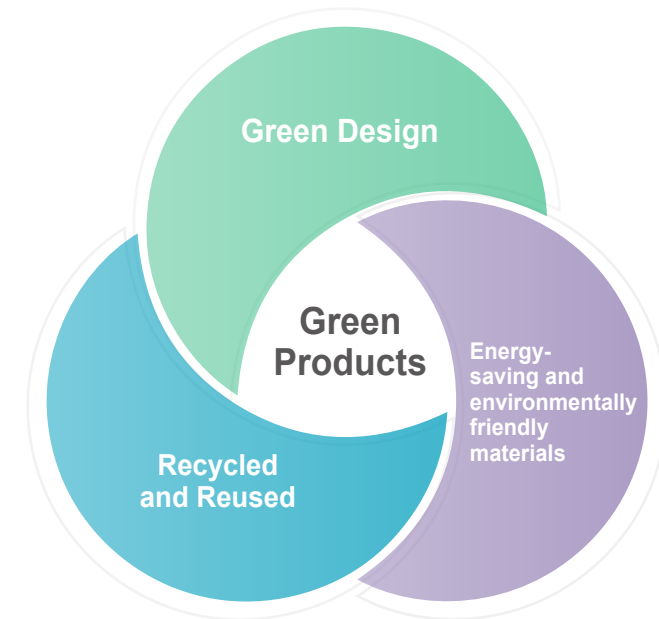
Green Products

Hua Eng Green HELPER

The implication is that Hua Eng's products are low pollution, environmentally friendly, and recyclable. By taking the initial letters of Green, the company name HE, and Low Pollution, Environmental protection, and Recyclable (L, P, E, R), we form the acronym Green HELPER, signifying a green helper or assistant. This represents Hua Eng's contribution to the grand goal of being a leader in the green environmental wave.

Solar Cable (PV Cable or Solar Cable)

In recent years, under the global climate change, the government has established an energy transition vision and specific quantitative targets, as well as five major areas: energy governance, energy conservation, electricity, new and renewable energy, and green energy technology industry, to balance energy security, green economy, and environmental sustainability. Due to the government's expansion of renewable energy source promotion, the Ministry of Economic Affairs has set a policy goal of achieving 20% renewable energy source power generation by 2025. Currently, it is actively promoting solar photovoltaic and wind power generation as renewable energy sources, aiming for a solar photovoltaic installation capacity of 20GW by 2025. The significant amount of cables required for solar power generation represents a major opportunity for Hua Eng as a cable manufacturer. Additionally, Hua Eng's customer Taipower is evaluating and planning the necessary power grid constructions to meet the 2025 solar photovoltaic system installation target and grid connection requirements. Manufacturers of solar-related power generation panels provide a 25-year warranty period. Therefore, it is also recommended to consider it as the life cycle of solar cables. The materials of the cables connected to the supporting system play a crucial role in the overall operational capacity and safety of a solar power plant. However, without understanding the working temperature and conditions, it is impossible to accurately assess the rated usage time of general cables. Solar cables can meet the requirements of solar photovoltaic equipment. Hua Eng, in line with the government's goals of energy security, a green economy, and environmental sustainability, aims to contribute to its own sustainable development and environmental sustainability. The short-term goal (2021~2022) is for the cable products to pass tests and prove that they comply with the internationally recognized IEC 62930 Electric cables for photovoltaic systems with a voltage rating of 1.5 kV DC and EN 50618 Electric cables for photovoltaic systems standards. Hua Eng obtained certification from an internationally recognized body on September 13, 2022, to demonstrate that its products meet international standards and provide end-users with confidence.



Green Design

Centered on green design and environmental considerations, the production process insists on avoiding the use of raw materials containing hazardous substances to reduce the impact of environmental pollution.

Recycled and Reused

Continuously conducts research to increase the recycling rate of cable materials and practice the production concept of resource conservation.

Energy-saving and environmentally friendly materials

Continual development of suppliers for energy-saving and environmentally friendly green materials, launching green wire and cable products.

Development stage	Trial operation phase	In-house testing phase
2021 March to September	2021 October to December	November 2021 to January 2022

IEC 62930

CERTIFICATE
 CERTIFICADO
 CERTIFIKAT
 認證證書




CERTIFICATE
No. B 116078 0001 Rev. 00

Holder of Certificate: HUA ENG WIRE & CABLE CO., LTD.
30, KAO NAN HIGHWAY
JEN-WU
814 KAOHSIUNG
TAIWAN

Certification Mark:



Product: Electric Cables
Electric cables for photovoltaic systems
with a voltage rating of 1,5 kV DC

Model(s): 62930 IEC 131
1x1.5 mm², 1x2.5 mm², 1x4 mm², 1x6 mm², 1x10 mm²
1x16 mm², 1x25 mm², 1x35 mm², 1x50 mm², 1x70 mm²
1x95 mm², 1x120 mm², 1x150 mm², 1x185 mm², 1x240 mm²

Parameters: Rated Voltage: DC 1500V (between conductors and
between conductor and earth)
AC U₀/U: 1.0/1.0 kV
Class (IEC 61140): II
Ambient Temperature: -40°C ~ +90°C
Max. Temperature
at conductor: 120°C

Tested according to: IEC 62930(ed.1)

The product was tested on a voluntary basis and complies with the essential requirements.
The certification mark shown above can be affixed on the product. It is not permitted to alter the
certification mark in any way. In addition, the certification holder must not transfer the certificate
to third parties. This certificate is valid until the listed date, unless it is cancelled earlier.
All applicable requirements of the testing and certification regulations of TÜV SÜD Group have to
be complied. For details see: www.tuvsud.com/ps-cert

Test report no.: 704072228301-00
Valid until: 2027-09-12

Date: 2022-09-13



(Yaquun Alex Liu)

Page 1 of 1
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Certification authority Testing schedule	Certification authority Factory inspection schedule	Certification obtained
June 15, 2022 to July 29, 2022	2022 August 16	2022 September 13

EN 50618

CERTIFICATE
 CERTIFICADO
 CERTIFIKAT
 認證證書




CERTIFICATE
No. B 116078 0002 Rev. 00

Holder of Certificate: HUA ENG WIRE & CABLE CO., LTD.
30, KAO NAN HIGHWAY
JEN-WU
814 KAOHSIUNG
TAIWAN

Certification Mark:



Product: Electric Cables
Electric cables for photovoltaic systems

Model(s): H12223-K
1x1.5 mm², 1x2.5 mm², 1x4 mm², 1x6 mm², 1x10 mm²
1x16 mm², 1x25 mm², 1x35 mm², 1x50 mm², 1x70 mm²
1x95 mm², 1x120 mm², 1x150 mm², 1x185 mm², 1x240 mm²

Parameters: Rated Voltage: DC 1500V (between conductors and
between conductor and earth)
AC U₀/U: 1.0/1.0 kV
Class (IEC 61140): II
Ambient Temperature: -40°C ~ +90°C
Max. Temperature
at conductor: 120°C

Tested according to: EN 50618:2014

The product was tested on a voluntary basis and complies with the essential requirements.
The certification mark shown above can be affixed on the product. It is not permitted to alter the
certification mark in any way. In addition, the certification holder must not transfer the certificate
to third parties. This certificate is valid until the listed date, unless it is cancelled earlier.
All applicable requirements of the testing and certification regulations of TÜV SÜD Group have to
be complied. For details see: www.tuvsud.com/ps-cert

Test report no.: 704072228302-00
Valid until: 2027-09-12

Date: 2022-09-13



(Yaquun Alex Liu)

Page 1 of 1
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Certification Achievements

Management system type



ISO 9001:2015

Quality Management System
(Valid from January 29, 2024 to January 28, 2027)
Prior to the issuance of this report, Hua Eng has passed the re-evaluation on January 29, 2024, and the certificate of this report has been updated accordingly.



ISO 14001:2015

Environmental Management System
(valid from January 27, 2023 to January 26, 2026)



ISO 45001:2018

Occupational Health and Safety Management System
(valid from January 27, 2023 to January 26, 2026)



ISO/IEC 17025:2017

Laboratory Management System
(Testing Laboratory)
(Valid from May 31, 2021 to May 30, 2024)



ISO/IEC 17025:2017

Laboratory Management System
(Calibration Laboratory)
(Valid from March 1, 2023 to February 28, 2026)

Core purpose of the management system

The ISO 9001:2015 Quality Management System certification is a set of quality management standards established by the International Organization for Standardization (ISO). Companies can use the quality management framework provided by ISO 9001 to ensure the consistency of their product and service quality.

Environmental awareness has become a global trend. Establishing the ISO 14001:2015 Environmental Management Systems offers a systematic approach, facilitating the Company to successfully implement long-term and viable measures. It helps balance social and economic development with changing environmental conditions, thereby promoting sustainable corporate development.

Employees are important assets to the Company. Through ISO 45001:2018 Occupational Health and Safety Management Systems, we establish a predictive risk elimination system for potential risk factors, reduce the occurrence of industrial safety incidents, and protect employee life safety.

ISO/IEC 17025 Laboratory Management System is a globally recognized laboratory quality management system. Hua Eng, in terms of equipment accuracy and credibility of test reports, can provide credible test results, reduce possible quality control risks, and enhance customer confidence.

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Applications and Benefits

The Company has obtained ISO 9001 certification, which internally enhances organizational efficiency and product quality improvement, reduces waste and errors, and increases productivity to ensure consistency in product and service quality. Externally, it serves as a "passport" for national trade, positioning the Company to remain competitive in terms of product quality.

- Systematically and efficiently utilize resources, reduce costs and minimize waste, implement waste reduction and reclamation for reuse. Achieve the goals of reducing costs and environmental protection.
- Understand domestic and international environmental regulations and take preventive and corrective measures to reduce pollutant emissions and protect the Earth.

Enable businesses and organizations to prevent injuries and diseases, improve Occupational Health and Safety performance, and achieve sustainable business operations. It enables the Company to achieve the purpose of fulfilling social responsibility.

TAF testing laboratory certification ensures credible test results that meet client requirements for wire and cable specifications, providing clients with reliable testing outcomes.

TAF calibration laboratory certification ensures credible calibration test results that meet client requirements for wire and cable specifications, providing clients with reliable testing outcomes.



03

Environmental Protection

Response to Climate Change	61
Resource Recycling	68
Pollution Control	69
Water Resource Management	70
Waste Management	71



Response to Climate Change

Climate Change and Energy Management Policy: Establish a Sustainable Development Task Force to execute projects related to risks and opportunities caused by climate change, and track and review implementation results in ESG sustainability meetings.

Clean Production and Environmental Protection Management

For a long time, Hua Eng has prioritized environmental protection measures in its factories. Management of air, water, waste, toxins, and noise in the factory areas strictly adheres to government environmental regulations. The management (Occupational Health and Safety Management Committee) reviews these processes to continuously improve and enhance safety and health performance.

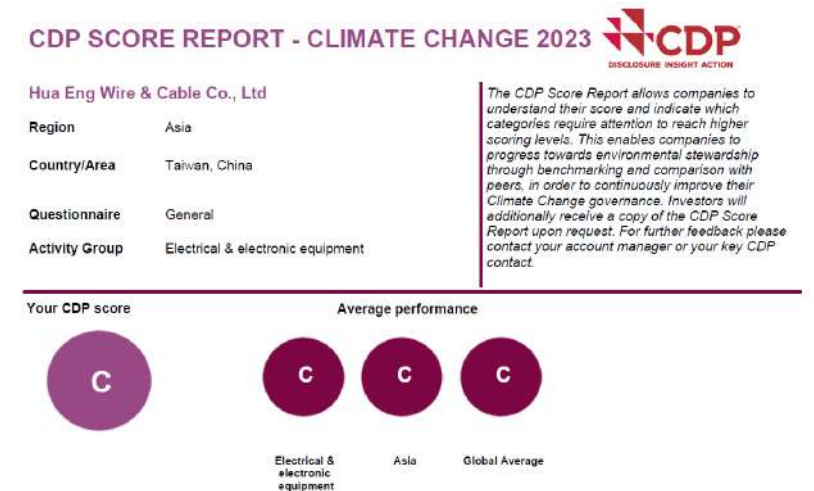
Hua Eng obtained ISO 14001:2015 Environmental Management System Certification in 2019. Since then, we have been driving waste classification, recovery and reduction, pollution control and continuous improvements as stipulated in the Environment, Safety and Health Policy. Improvement for energy efficiency of oxygen-free copper (OFC) furnaces is continued as planned. Traditional boilers running on fuels and energy inefficient are being replaced across the board with zero-emission liquid nitrogen. Old forklifts with high waste emissions are gradually being phased out.

We only have one Earth, and natural resources are limited. As a part of this world, Hua Eng fully recognizes the significance of "conserving resources." Not only must we prevent environmental pollution and reduce resource waste, but we must also actively seek high-quality alternative energy sources. In the production process, we implement the 3R movement (Recycle, Reuse, and Reduce) for materials and continuously promote projects like "waste classification and reduction" and "resource recycling." Resource recycling bins are set up in the plant area for proper waste classification, giving reusable resources a "reclaimed" opportunity. This promotes a positive cycle of resources, achieving environmental resource conservation and pursuing the goal of sustainable development.

We replace the existing SW2 soft water system 500-ton cooling tower to improve environmental pollution caused by leakage and water resource wastage. This cooling tower waste reduction project is included in the 2023 ISO 14001 management plan.



Hua Eng responds to Chunghwa Telecom's Net Zero Emissions Commitment



2023 CDP Climate Change score

Hua Eng is a specialized manufacturer of wire and cable products established in 1956. The Company primarily produces bare copper wire, wire and cable, communications cable, and fiber optic cable. During the process of product research and development, manufacturing, testing, and sales, we are required to adhere to safety and health regulations, environmental protection regulations, and other relevant requirements, while also continuously improving environmental impact and occupational safety. The aim is to prevent unsafe behavior and environmental abnormalities, prevent occupational hazards and environmental pollution, and fulfill the responsibility of ensuring employees' safety and maintaining a good working environment.

We hereby undertake:

01

Comply with government safety and health laws, environmental regulations, and other required matters.

02

Ensuring the safety and health of employees is the primary responsibility and obligation of supervisors at all levels within the organization.

03

The highest management has absolute responsibility for the effectiveness of the environmental management system and bears full responsibility for the prevention of work-related injuries and illnesses, as well as for providing safe and healthy workplaces and activities. This is to ensure the protection of all employees, suppliers, contractors, and visitors entering the organization.

04

Ensure and promote continuous improvement of the occupational health and safety management system and safety and health performance.

05

Encourage all employees to participate in providing suggestions for safety and health, establish and maintain good communication and consultation channels between the organization's top management and employees, and protect workers from retaliation when reporting incidents, hazards, risks, and opportunities.

06

Enhance resource utilization efficiency through energy conservation, industrial waste reduction, and resource recycling.

07

Waste classification, recovery, waste reduction, and pollution prevention.

08

Guide and support internal employees, and external stakeholders such as residents, suppliers, contractors and customers, to promote concepts of safety, health, and environmental protection, and strengthen communication and understanding.

09

Continuously provide necessary education and training to employees, suppliers and contractors to communicate the importance of effective occupational safety and health management, meeting occupational safety and health management system requirements, as well as effective environmental management and meeting environmental management system requirements. This ensures awareness of safety and health and correct behavior to prevent accidents.

The response to climate change is an opportunity for sustainable corporate operations.

Following the consensus of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP26) to achieve global net zero emissions by 2050, our country amended the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act" on January 10, 2023, aiming for net zero carbon emissions by 2050. For many stakeholders, climate change will bring significant financial challenges and opportunities both now and in the future. Considering the impact of climate change risks on its operations, Hua Eng has introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework to carry out the inventory and disclosure of management of climate change risks and opportunities. Based on the four major aspects, including "governance," "strategy," "risk management," and "indicators and targets," the Company has built its management framework in response to climate risks, identified risks and opportunities related to climate change, and adopted relevant response strategies to reduce and mitigate the substantial impact of climate risks on the Company's business.

Identification of Climate Change Risks and Opportunities

The Company pays close attention to trends in global climate change and to the development of international responses. Through the ESG Sustainable Development Task Force, it includes climate change as one of the material topics and crucial risks for sustainable corporate development. It continues to conduct analysis and management to identify potential major risks and opportunities for operations. We have specified our goals and promote management actions for carbon reduction strategies, regularly reporting to the Board of Directors to track the effectiveness of implementation and to strengthen the Company's resilience to climate change.

Governance

The Company established the CSR Committee in 2015 and renamed it the Sustainable Development (ESG) Task Force in 2021. Authorized by the Board of Directors, the Sustainable Development Task Force is the highest-level organization for climate change management within the Company. It is responsible for overseeing and executing related climate change risk strategies. The General Manager serves as the chairperson, reviewing climate change-related risks and opportunities annually, formulating promotion plans, and compiling execution results to report regularly at Board of Directors meetings.

1. The cross-function organization meeting discusses and identifies climate change related risks and opportunities.
2. Impact of climate change risks and opportunities on the Company's operational strategy and finances.
3. Conduct scenario analysis and evaluation to set carbon reduction targets.

Strategy

Risk management

1. Use of the TCFD framework to construct the workflow of identifying the Company's climate change risks.
2. Management of the proportion of energy reliance of electricity, fossil fuel and gas, and enhancement of resource utilization efficiency and cost saving.
3. Integration with the ISO14001 risk management process to identify climate related risks and create the opportunity to improve and address climate issues.

Indicators and targets

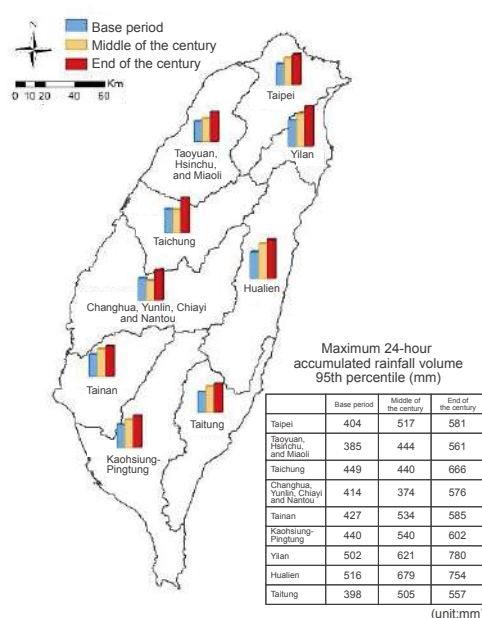
1. Execute ISO 14064-1 carbon inventory standard, establish an energy baseline, control energy usage, and set annual targets for reducing GHG carbon emissions.
2. In line with the government's "green energy and carbon reduction" goal, the Company commits to continuously purchase green power every year to stabilize energy use and reduce carbon emissions.
3. Reduce by 10% compared to the base year (2023) in 2030.

Scenario Analysis and Evaluation

Currently, Hua Eng only conducts a risk assessment of flooding disaster risks under climate change scenarios for the locations of its production facilities. Immediate physical risks are referenced from the scientific highlights of the sixth assessment report of the IPCC on "Impacts, Adaptation, and Vulnerability" and the updated report on the assessment of climate change impacts in Taiwan (Ministry of Science and Technology, 2022.03.01). Based on the climate change impacts in Taiwan, these include rainfall trend changes and their impacts, increased intensity of extreme rainfall under future warming scenarios, reduced probability of typhoons affecting Taiwan, and changes in rainfall patterns. Based on the estimated future rainfall trends, the possible impacts are as follows:

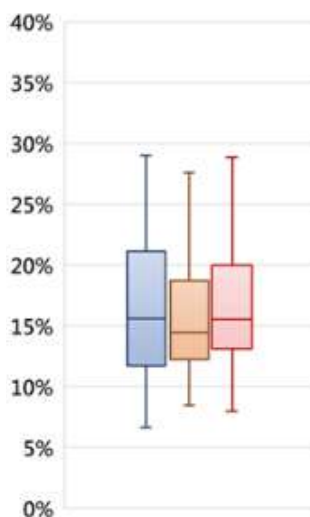
Flooding: Extreme rainfall across Taiwan (95th percentile of the maximum 24-hour cumulative rainfall) shows an increasing trend in all regions except the central area, which sees a slight decrease in the middle of the century. Taking the flooding probability in the four regions of Taipei, Yilan, Tainan, and Kaohsiung-Pingtung as examples (simulated under current conditions), the flooding probability in the middle of the century is flat or slightly increased compared to the baseline period, and the increase is more significant by the end of the century.

1.5°C scenario: The period when +1.5°C global warming is most likely to occur is around 2021~2040. Achieving net zero emissions by the middle of the century or before the end of the century would keep warming within 1.5°C or 2°C, thereby meeting the targets of the Paris Agreement.

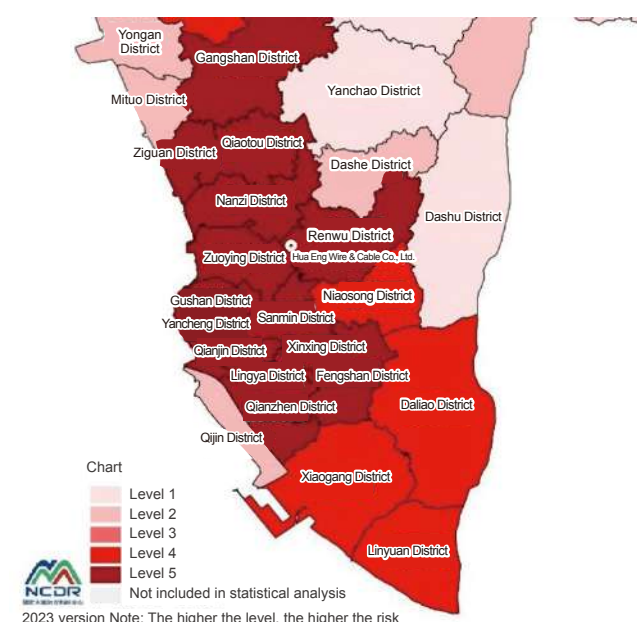


(a) Extreme rainfall variation trends

The probability of flooding in Kaohsiung-Pingtung



(b) Regional (Kaohsiung-Pingtung) flood occurrence probability variation trends



(c) Flood disaster risk map under AR6 climate change scenario (1.5°C) (Hua Eng - Renwu District designated as Level 5 high risk)

Source of information: (a) Extreme rainfall variation trends (b) Trends in flood occurrence probabilities in four separate regions, extracted from the scientific highlights of the 6th Assessment Report of the IPCC on "Impacts, Adaptation, and Vulnerability" and the updated report on the assessment of climate change impacts in Taiwan (Ministry of Science and Technology, 2022.03.01). (c) Flood disaster risk map under different climate change scenarios of AR6 is sourced from the National Science and Technology Center for Disaster Reduction (NCDR), which provides flood disaster risk maps for different warming scenarios (county and city edition for the 1.5°C scenario).

Category		Risk	Potential risks Financial impacts	Opportunities	Potential opportunities Financial impacts	Risk countermeasures
Transition Risk	Introduction of the carbon border tax	Introduction of the carbon border tax	Increased operating costs	Adopt low-carbon energy and strengthen energy substitution/diversity	Reduced operating costs	<ol style="list-style-type: none"> 1. Participate in domestic regulation seminars and training, and continue to focus on domestic and international trends and developments (i.e., ESG, carbon neutrality, and carbon trading systems). 2. Conduct GHG inventory and prepare for assurance in accordance with the requirements of ISO 14064-1. 3. Continue to implement the ISO 14001 environmental management system to improve energy efficiency, conserve energy and reduce carbon emissions. 4. Continue implementing power-saving improvements to the oxygen-free copper furnace according to the plan. 5. Evaluate the installation of solar photovoltaic systems on the roof of self-built plants to meet 10% of the electricity demand for large users. 6. Traditional boilers running on fuels and energy inefficient are being replaced with zero-emission liquid nitrogen. 7. Old forklifts with high waste emissions are gradually being phased out. 8. Continuously monitor water consumption for abnormalities and correct issues on a timely basis. 9. Ensure the integrity of water pipes and water circulation equipment in the plant to reduce waste. 11. Install sewage treatment facilities, recycle and reuse process cooling water. 12. Change to power-saving LED bulbs (originally halogen bulbs) in production areas.
		Imposition of carbon fees	Increased operating costs	Install of green energy equipment	Increase in asset value	
		Renewable Energy Development Act (large electricity user regulations) - compliance with related expenditure	Increased operating costs	Improve in production process efficiency and reduction in resource consumption	Increase in operating income	
		Water consumption charges	Increased operating costs	Strengthen water stewardship and improve the efficiency of water usage per unit.	Reduced operating costs	
	Market	Market trend changes fails to meet customer needs	Decrease in revenue	Develop green energy cables (solar cables, environmentally friendly cables, etc.) using energy-saving and environmentally friendly materials.	Increase in operating income Increased operating costs	<ol style="list-style-type: none"> 1. Recycle and reuse packaging materials (used ironwood shafts and sealing plates). 2. In line with market trends, develop low-smoke, non-toxic, environmentally friendly wires and cables, and solar cables (IEC 62930, EN 50618, UL 4703).
	Company reputation	Financial institutions may raise interest rates on loans offered to high-carbon industries	Increased operating costs	Actively participate in domestic and foreign energy conservation and carbon reduction initiatives, promote various carbon reduction measures in line with national policies, and improve goodwill	Increase in operating income	Actively participate in international sustainability evaluations (e.g., CDP) and continue to refine ESG-related sustainability strategies and, in turn, increase market recognition.
Physical Risk	Immediate	Increased typhoon intensity Flooding due to extreme rainfall	Increase in capital expenditure Decrease in operating income (interruption of production)	Strengthen the ability to resist and respond to extreme climate disasters.	Enhance climate resilience to reduce operational interruptions and potential company losses.	<ol style="list-style-type: none"> 1. Establish an emergency response organization to respond immediately and reduce losses due to climate incidents. 2. Regularly check the pumps, set up emergency power generation and water storage systems, and regularly dredge drainage channels. 3. Strengthen contingency measures against typhoons to ensure stable production in the event of natural disasters. 4. Carry out the drainage channel reconstruction project at the plant to accelerate drainage speed of the plant and reduce the risk of flooding due to heavy rain.
	Long-term	Drought and water shortage				

Implementation results

Investment expense	Cost effectiveness	Energy-saving effectiveness
The additional nitrogen pipeline expense of NT\$667,000	Cost difference of NT\$205.6 per hour Annual savings of NT\$897,000	Annual energy saving of 6,864 kWh Annual saving of 43,930 liters of diesel fuel

The types of energy consumed in the production process at Hua Eng include diesel, natural gas, liquefied petroleum gas, and electricity. Among these, the main direct energy sources are natural gas at 370,826 cubic meters and diesel at 60,200 liters. The primary indirect energy source is purchased electricity. The total heat value percentages of direct and indirect energy consumption are 13.37% and 86.63%, respectively.

Hua Eng, in accordance with the "Regulations for Management of Renewable Energy Power Generation Equipment for Power Users with a Certain Contract Capacity or Above," submitted an application to the Bureau of Energy, Ministry of Economic Affairs, for a change in the "Renewable Energy Obligated User Obligation Implementation Plan," which has been approved for record. The Company will obtain the registration of renewable energy power generation equipment by September 30, 2025, with a total installed capacity of 780.7 kW. The percentage of renewable energy source in 2023 was 0%.

Energy Resource Utilization in 2023

Energy type Year	Diesel(liters)	Natural gas (m ³)	Liquefied petroleum gas(kg)	kWh
2021	51,000	391,036	1,940	29,477,655
2022	74,000	383,202	1,420	30,068,783
2023	60,200	370,826	1,720	29,113,150
Calorific value (kcal/unit)	8,400	9,000	6,635	860
Thermal energy	505,680,000	3,337,434,000	20,747,380	25,037,309,000

Note: Direct energy consumption items include diesel, natural gas, and liquefied petroleum gas, while indirect energy consumption items include electricity.
1000 kcal = 4.187 gigajoules (GJ), with reference to the unit calorific value table of energy products.
1 kg=1.818 liters

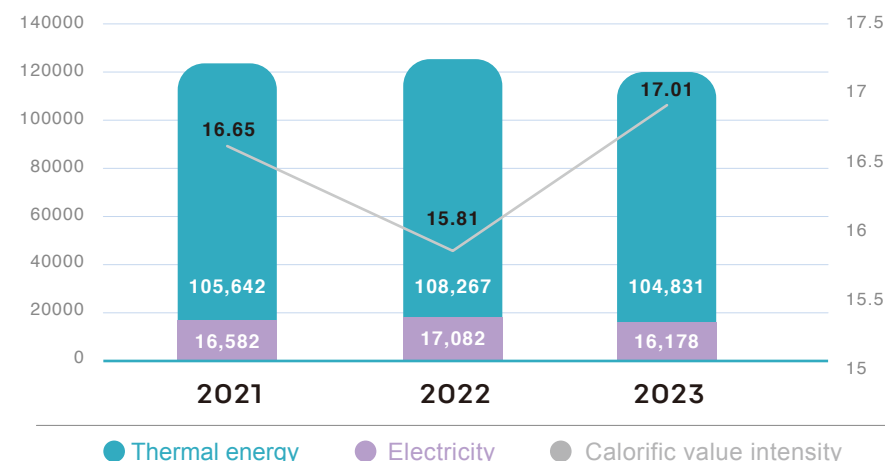
Electricity Usage Percentage by Department in 2023

Department Year	Oxygen-free copper	Wire material	Optical cable	Cross-linked	Plastic	Utilities and others
2021	39.36%	27.24%	4.54%	18.63%	5.83%	4.40%
2022	39.45%	27.09%	3.72%	20.25%	5.45%	4.04%
2023	38.65%	27.55%	3.28%	20.48%	5.74%	4.30%

Total Calorific Value (GJ) of Energy Resource Utilized in 2023

Calorific value Year	Thermal energy	Electricity	Total calorific value	Operating revenue (NT\$ million)	Calorific value intensity
2021	16,582	106,139	122,721	7,342	16.72
2022	17,082	108,267	125,349	7,926	15.81
2023	16,178	104,831	121,009	7,115	17.01

Note: The source of the calorific value of electricity is based on the conversion of the Company's power consumption according to the Ministry of Economic Affairs Energy Handbook.
The calorific value of natural gas is based on the calorific value statistics provided by the supplier.



Note: Calorific value intensity = Total calorific value / Operating revenue (NT\$ million)

Greenhouse Gas Carbon Inventory

With the global trend towards a low-carbon economy, companies are bound to play an increasingly important role in environmental risk management. To implement carbon management operations, the Company regularly collects emissions information from various production plants. The status of carbon emission inventory is as follows:

Direct (Scope 1) GHG Emissions

Hua Eng's GHG was carbon inventoried in 2023, identifying stationary combustion sources, process emission sources, mobile combustion sources, and fugitive GHG emissions. Due to the replacement of traditional oil-consuming boilers in the production process, the emissions volume from stationary combustion sources has significantly improved.

GHG emissions(CO₂e/year)

	2021	2022	2023
Scope 1	1,298.30	1,538.69	1,049.80
Scope 2	15,491.30	15,876.32	14,352.81
Total emissions	16,789.60	17,415.01	15,402.61
Emissions intensity	2.3	2.2	2.2

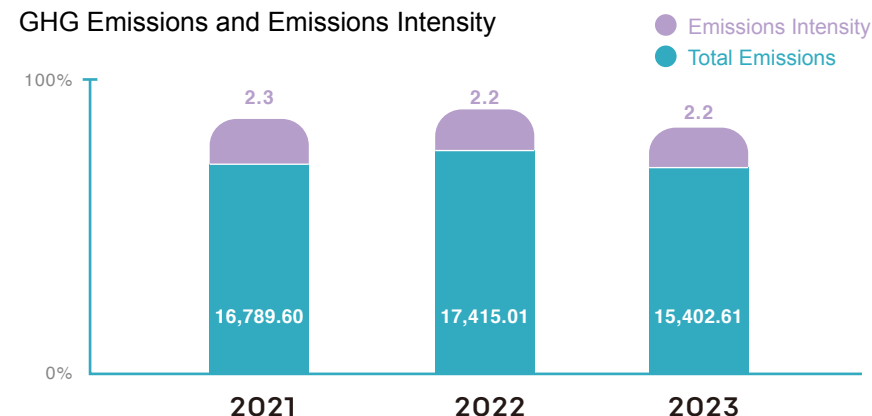
Note: GHG emissions intensity = total GHG emissions (tons) / operating revenue (NT\$ million)

GHG Emissions Intensity

Hua Rong's GHG emissions include direct and energy indirect types, with carbon dioxide as the main emitted gas. The emission intensity is 2.2 (total CO₂e 15,681 tons/million), and the Company plans to implement energy-saving and carbon reduction measures and carbon reduction plans annually.

	2021	2022	2023
total CO ₂ e ton	16,790	17,415	15,403
Production value: million	7,342	7,926	7,115
Emission intensity	2.3	2.2	2.2

GHG Emissions and Emissions Intensity



Reduction of GHG emissions

To effectively reduce environmental pollution, decrease GHG emissions, and use energy reasonably and efficiently, the Company has established the Task Force for Energy Efficiency and Carbon Reduction Management within the production plant. Main departments are responsible for appointing members to promote tasks within each unit.

To review the effectiveness of energy-saving and carbon reduction measures in various plants, regular monthly meetings are held to evaluate and review energy consumption, and to check for any waste of energy. Energy-saving items and targets are set each year for better administrative management and necessary engineering control to achieve the annual progressive goals of energy-saving and carbon reduction measures.

Resource Utilization

The Company is engaged in the manufacturing of wire and cable products, mainly using bulk raw materials such as electrolytic copper plates, cross-linked PE pellets, PVC powder, plasticizers, aluminum materials, and optical fibers.

The main materials include: iron shafts, wooden shafts, sealing plates, cartons, and pallets. Copper raw materials are primarily purchased from regions such as Japan and Chile. Additionally, the insulation cross-linked PE pellets used in high-voltage cables require very specific properties and cannot be produced in Taiwan; therefore, they must be imported from the United States, Sweden, and South Korea.

Hua Eng reclaims all packaging materials that can be recycled and reused to avoid resource consumption; these mainly include pallets, iron frames, iron shafts, wooden shafts, and sealing plates. The recycling rate of packaging materials is approximately 80%. Other industrial waste is managed according to environmental regulations and in compliance with the ISO 14001 environmental management system.

Volume of primary raw materials and materials used

		2021	2022	2023
Product name	Unit	Quantity	Quantity	Quantity
Insulation coating material	kg	3,049,689	4,487,986	2,843,437
Metal materials	kg	19,797,581	18,732,210	19,785,820
Other materials	m	95,760,000	111,888,000	25,200,000

Note: Insulation coating materials include PE materials, PVC materials, PVC powder, etc. Metal materials include electrolytic copper plates, aluminum strips, galvanized iron wires, etc. Other materials include optical fiber filaments, trench bodies, etc.

Use of Recycled Materials Effectiveness of Using Recycled Packaging Materials

	2021		
	Quantity	Savings (%)	Expense savings (NT\$)
Used iron shafts	2,980 shafts	90	31,290,000
Used wooden shafts	5,770 shafts	70	5,139,000
Used sealing plates	50,730 units	72	2,029,200
Used pallets	4,430 pallets	89	886,900

	2022		
	Quantity	Savings (%)	Expense savings (NT\$)
Used iron shafts	3,723 shafts	80	40,953,000
Used wooden shafts	5,189 shafts	70	4,670,100
Used sealing plates	62,905 units	75	2,830,725
Used pallets	3,342 pallets	85	685,110

	2023		
	Quantity	Savings (%)	Expense savings (NT\$)
Used iron shafts	3,345 shafts	75	40,140,000
Used wooden shafts	4,584 shafts	72	4,584,000
Used sealing plates	82,874 units	80	4,558,070
Used pallets	3,000 pallets	83	660,000

Volume and Amount of Recycled Resources

	2021		
	Quantity (tons)	Amount (NT\$)	
Metals	635.0	5,252,181	
Plastics	141.9	934,888	
Waste paper	17.4	34,740	
Subtotal	794.1	6,221,809	

	2022		
	Quantity (tons)	Amount (NT\$)	
Metals	209.8	2,118,142	
Plastics	215.6	887,956	
Waste paper	33.2	66,380	
Subtotal	458.6	3,072,478	

	2023		
	Quantity (tons)	Amount (NT\$)	
Metals	190.9	2,246,572	
Plastics	216.4	597,279	
Waste paper	29.5	52,275	
Subtotal	436.8	2,896,126	

Compliance with Laws and Regulations

The Company, in accordance with laws and regulations and other requirements, fully collects and manages operational systems to timely and accurately inspect, acquire, identify, register, and communicate data related to various environmental considerations of the plant, such as air pollution, water pollution, waste disposal, management of toxic chemicals, noise control, labor safety and health management, and fire safety. Hua Eng had no regulatory violations in the year 2023.

Air Pollution Management

Air Pollution Prevention and Control Policy: Implement monitoring and reporting of fixed pollution source emissions as required by the Air Pollution Control Act. Emissions are properly treated before discharge, and the detected values of air pollutants are significantly below the control standards for each process location.

Air Pollution Management and Emissions

Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

Regarding the Company's emissions of air pollutants from 2021 to 2023, as shown in the table below, the pollutants include volatile organic compounds, particulate matter, sulfur oxides, and nitrogen oxides. Pollution prevention equipment such as baghouse dust collectors, scrubbers, and various filters are installed at all fixed pollution sources. Furthermore, in accordance with the Air Pollution Control Act, the Company conducts monitoring and reports the emissions volume from stationary pollution sources. Operating permits for various processes and facilities have been obtained, and the air pollutants from all locations are properly treated before being discharged. The detected values of air pollutants at all locations are significantly lower than the control standards for their respective process positions.

Fixed Source Emissions Volume

	2021	2022	2023
Sulfur oxides (SOx)	0.538	0.861	0.524
Nitrogen oxides (NOx)	4.703	4.493	4.132
Volatile organic compounds (VOC)	8.589	10.186	8.231
Particulate matter	1.993	2.139	1.992

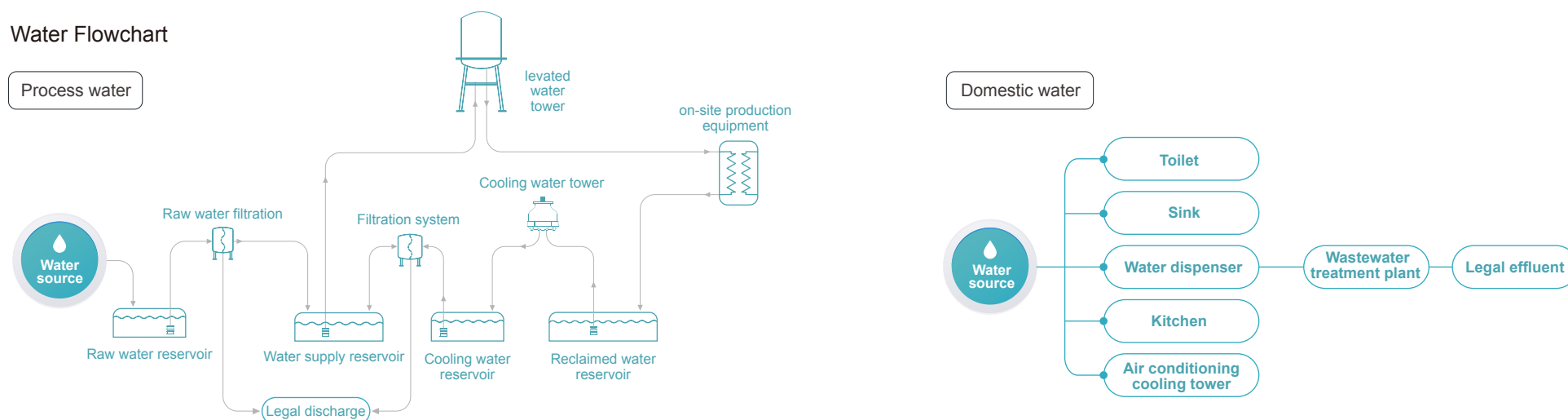
Unit: tons

Currently, Hua Eng's production plant has two sets of wastewater treatment facilities. One set is for the cooling water, which is recycled and reused in the cable manufacturing process after cooling, through water resource reclamation treatment. The other set is for domestic sewage, which is collected and treated at the wastewater treatment plant through biological treatment before being discharged.

Daily inspections are conducted to ensure normal operation. In case of any abnormalities, emergency response measures are implemented according to the content of the water pollution prevention permit approved by the competent authority, in order to prevent factory wastewater from contaminating external surface water bodies.

The factory's water source comes from groundwater and tap water, and follows the legal requirements to conduct semi-annual inspections and reporting of wastewater, along with regular wastewater testing. The treated wastewater from our plant is discharged into the dedicated sewers of the Water Resources Bureau, and we apply for discharge permits from the Water Resources Bureau. The quality of the discharged wastewater meets the effluent standards set by regulations.

Water Flowchart



Water consumption

	Process water			Domestic water		
	2021	2022	2023	2021	2022	2023
Water consumption	58.307	76.869	73.999	21.918	22.027	19.60
Water discharge	37.251	23.585	2.831	1.726	1.669	1.84
Water consumption	21.056	53.284	71.168	20.192	20.358	17.76

Unit: million liters

Water consumption = Total water withdrawal - Total water discharge

Wastewater quality inspection

Inspection item	2021			2022			2023		
	D01 Process wastewater	D02 Domestic wastewater	Process recycled water	D01 Process wastewater	D02 Domestic wastewater	Process recycled water	D01 Process wastewater	D02 Domestic wastewater	Process recycled water
pH	7	8.1	8.6	7.8	8.1	8.6	7.7	8.7	8.5
COD (mg/L)	6.2	ND	11.3	ND	16.2	19.3	ND	ND	ND
BOD (mg/L)	ND	ND	ND	ND	ND	2.3	ND	ND	ND
SS (mg/L)	ND	ND	ND	ND	ND	3.9	ND	ND	ND
Saturation	<50	—	<50	<50	—	<50	ND	—	<50
Escherichia coli CFU/100ml	—	<10	—	—	<10	—	—	<10	—

Waste Control and Management

To effectively manage the waste from the production process, Hua Eng Wire & Cable has established Waste Management Regulations. The reusable industrial waste is converted with onsite facilities into raw materials, properly classified and stored, for the factory.

The remaining waste is collected and treated by qualified processors recognized by environmental authorities. Waste processors are required to keep track of the destination of wastes. Audits are conducted to ensure that all wastes are legally and process treated or reused.

Waste can generally be classified into general waste, general industrial waste, and hazardous industrial wastes. The Company's general waste, such as domestic garbage, is collected by qualified contractors and sent to incineration plants for processing. General industrial waste, including waste oil, waste optical fibers, and waste wood pallets, as well as hazardous industrial wastes such as waste solutions, are temporarily stored according to the Waste Disposal Act and classified with specific codes before being handed over to qualified disposal agencies for processing. All waste requires online reporting in triplicate before disposal (some codes, such as R-type waste, are exempted from reporting as announced by the regulatory authority). After processing, disposal agencies issue documentation proving the legal completion of waste disposal for the factory.

Volume of Industrial Waste Disposal

	Item	2021	2022	2023	Processing item	Percentage of items handled in 2023
General waste	Waste oil disposal	103.94	57.17	96.83	Physical treatment and recycling	22.11%
	Waste fiber optic cable disposal	10.49	0	15.37		
	Waste wooden pallets	30.10	79.87	125.67	Incineration	75.17%
	General waste disposal	517.10	342.45	255.90		
Hazardous waste	Waste solvent disposal	5.86	13.90	13.82	Chemical treatment	2.72%
Total weight				507.59		

Note: The reclaimed rate of hazardous waste is 0%

Unit: tons

Toxic Substance Management

Hua Eng has established comprehensive "Toxic Chemical Operations and Chemical Disaster Prevention and Drill" procedures at its production facilities. Due to the use of plasticizers such as DEHP, DIDP and DINP in the production process of plastic materials, which are regulated toxic chemicals by the Environmental Protection Administration, the operation volume must be reported monthly, the release volume must be reported annually, an emergency response drill must be conducted once a year, and unannounced drills must be conducted twice a year as required by laws. The Company complies with these regulations and conducts the reporting and drills accordingly.

To effectively handle incidents of plasticizer leakage, during emergency response drills, scenarios were simulated where a barrel rupture led to plasticizer leakage. Employees were guided to wear basic protective gear such as protective clothing, gloves, and masks, and performed actions such as handling the ruptured area and removing waste liquid. All employees successfully completed the drill according to the plan.



Simulation of leakage scenarios for removal and cleanup



Healthy and Friendly Workplace

Labor-management harmony is a fundamental and important issue in our operations. Hua Eng has always regarded employees as the Company's most important assets. We continuously strive to create a pleasant and harmonious workplace environment and atmosphere to enhance employee productivity and competitiveness, aspiring to become the cornerstone of the Company's sustainable management.

The Company has procedures and behavior guidelines for ethical management, the code of ethical conduct, an anti-corruption and human rights declaration, and reporting and grievance systems in place, which are included in the training for new employees to create a friendly workplace.

Hua Eng employees' average age is 48.48 years old. The centripetal force and dedication of all colleagues towards the Company are our driving forces for continuously promoting a win-win workplace for both labor and management.

04

Friendly Workplace

Employees of Hua Eng	73
Happy Workplace	78
Occupational Health and Safety	83



Employees of Hua Eng

2023 Employee Composition (Employment Contract and Type/Gender/Age)

Type			Company	Hua Eng		Hua Ho	
				Number of shareholders	%	Number of shareholders	%
Employment contract	Irregular Contract	Male	Below 30 years old	30	7.16	3	13.64
			30~50 years old	144	34.37	11	50.00
			Above 50 years old	173	41.29	7	31.82
		Female	Below 30 years old	4	0.95	0	0
			30~50 years old	24	5.73	0	0
			Above 50 years old	44	10.50	1	4.54
	Regular	Male	0	0	0	0	
		Female	0	0	0	0	
Employment type	Full-time	Male	Below 30 years old	32	7.16	3	13.64
			30~50 years old	141	34.37	11	50.00
			Above 50 years old	178	41.29	7	31.82
		Female	Below 30 years old	4	0.95	0	0
			30~50 years old	24	5.73	0	0
			Above 50 years old	44	10.50	1	4.54
	Part-time	Male	0	0	0	0	
		Female	0	0	0	0	
Total number of employees				419	100	22	100

Talent Structure

During the 2023, Hua Eng and Hua Ho had a total of 441 employees. We employ 100% full-time employees, allowing employees to work with peace of mind in the long-term.

All employees of the Company are subject to the "Labor Standards Act" and their salaries are determined according to the provisions of the "Labor Standards Act". Based on the principles of meritocracy and job suitability, all applicants are treated equally regardless of race, gender, age, religion, nationality, or political affiliation. Employees are recruited through an open and fair selection process.

Personnel transfers and promotions, as well as talent development measures, are conducted based on individual ability and performance evaluations. The average tenure of employees at Hua Eng is 18.67 years, and the employee turnover rate is 7.16%.

All of our subsidiaries are traditional industries. Due to the nature of the work (requiring physical labor, on-site working environment, or shift work), the employee composition ratio is predominantly male over female. In Hua Eng, the proportion of female managers is 16.95%, which is similar to the proportion of female employees at 17.18%, with no significant difference.

Hua Eng supports and protects employment policies for people with disabilities. As of the end of 2023, a total of 5 people with disabilities have been employed, exceeding the legal requirement. Additionally, four indigenous employees were hired. All company employees hold ROC (Taiwan) nationality.

2023 Personnel Changes

Type	Company	Hua Eng		Hua Ho		
		Number of shareholders	%	Number of shareholders	%	
New employees	Male	Below 30 years old	6	1.43	3	13.64
		30~50 years old	16	3.82	8	36.36
		Above 50 years old	2	0.48	1	4.55
	Female	Below 30 years old	2	0.48	0	0
		30~50 years old	3	0.72	0	0
		Above 50 years old	1	0.24	0	0
Employee turnover (Including retired employees)	Male	Below 30 years old	1	0.24	0	0
		30~50 years old	9	2.15	3	13.64
		Above 50 years old	18	4.30	2	9.09
	Female	Below 30 years old	0	0	0	0
		30~50 years old	1	0.24	0	0
		Above 50 years old	1	0.24	0	0

Note: 1. 18 male former employee aged over 50 years old, of which 12 were retirees.
2. Employees who joined during the Year are considered new employees. New employee ratio = Number of new employees / Number of employees at year-end. Employee turnover rate = Number of former employees / Number of employees at the end of the year.

Gender Ratio of the Management

Title	Gender	Hua Eng		Hua Ho	
		Number of shareholders	%	Number of shareholders	%
Section chief (deputy) level	Male	27	45.76	3	60.00
	Female	3	5.09	0	0
Manager/deputy manager level	Male	18	30.51	0	16.67
	Female	6	10.17	0	0
Foreman (deputy) Level	Male	2	3.39	0	0
	Female	0	0	0	0
Deputy general manager and above	Male	2	3.39	2	40.00
	Female	1	1.69	0	0
Total		59	100	5	100

Other diversity

	Hua Eng	Hua Ho	Total
Number of persons with disabilities to be employed	4	0	4
Actual number of persons with disabilities employed	5	0	5
Number of indigenous peoples to be employed	4	0	4
Actual number of indigenous peoples employed	4	0	4
Foreign employees	0	1	1

Training

Talent is the foundation of a company's sustainable operations. Company growth is closely linked to the learning and development of employees. By establishing development plans and learning channels for employees, the Company provides them with the opportunities for self-development and growth, which serves as a key driver for the Company's continuous progress.

Hua Eng allocates resources for talent cultivation and training without regard to gender and age, implementing the concept of training for all employees. Each year, we develop annual training plans based on strategies, guidelines, and competencies required. Besides sending employees to external programs to acquire new knowledge and professional skills, we actively cultivate internal instructors within the organization. Through various types of learning activities, trainees can enhance learning efficiency and relate it to their job responsibilities, so that they can apply it practically after the course to improve the quality and efficiency of their work.



Hua Eng 's training and education system is divided into two categories of "new employee training" and "on-the-job training for employees":



The training content focuses on organizational introduction, Company history, personnel regulations, salary and benefit, insurance, work environment, operational safety, labor safety and health, on-site practice, and promotion of ISO systems, quality, and environment, safety and health policies.



Training content is divided into "external training" and "internal training" according to different job functions. Internal training courses and scheduling are planned and implemented according to the annual plan, generally conducted by internal instructors. Post-training performance evaluations are conducted through "in-class tests" or "practical assessments." In 2023, a total of 51 internal training courses were executed, achieving a 100% execution rate, with all employees passing the performance evaluations, thereby enhancing their knowledge and job skills to further improve work performance.

External training courses are primarily based on job requirements and continuing training for employees. The training expense in 2023 was NTD 334,760.

In recent years, Hua Eng's management has paid special attention to improving employees' on-site safety education. In addition to strengthening on-site safety inspections and promotions, according to Occupational Health and Safety regulations, personnel operating hazardous machinery and equipment such as stationary cranes, nitrogen storage tanks, forklifts, and special operations must undergo training to obtain the necessary permits and regularly take on-the-job training within the specified period. This is to enhance employees' safety awareness and reduce the probability of injury. Currently, a total of 138 employees in the entire plant have obtained the qualified operation licenses for stationary cranes, accounting for 72.3% of the 191 on-site workers.

Internal Education and Training

	2021			2022			2023		
	Session	Total number of persons	Total hours	Session	Total number of persons	Total hours	Session	Total number of persons	Total hours
Management	2	21	45	17	251	413	3	18	34
Operational skills	36	327	480	30	201	309	25	230	321
Quality control skills	8	98	214	2	20	60	15	86	150
Environment, safety and health	6	69	171	2	22	22	6	79	277
Computer information	2	10	40	0	0	0	2	8	31
Total	54	525	950	51	494	804	51	421	813

External Education and Training

	2021				2022				2023			
	Session	Total number of persons	Hours	Expense amount	Session	Total number of persons	Hours	Expense amount	Session	Total number of persons	Hours	Expense amount
Management	26	67	301	60,800	20	255	479	27,800	14	18	296	105,840
Specialized study and training	18	51	244	54,075	67	311	845	97,020	19	59	105	29,200
Quality control	0	0	0	0	0	0	0	0	0	0	0	0
Environment, safety and health	8	13	168	30,400	12	35	221	98,810	43	66	791	199,720
Computer information	0	0	0	0	0	0	0	0	6	6	18	0
Total	52	131	713	145,275	99	601	1,545	223,630	82	149	1,210	334,760

Performance Evaluation

To understand the performance of its employees, Hua Eng has established the "Employee Performance Evaluation and Rating Management Procedures." This ensures that the performance and contributions of employees and various levels of supervisors over a period of time are assessed fairly and reasonably. The initial evaluation is conducted by the direct supervisor of the employee, which is then reviewed by the next level supervisor, who provides comments and amendments to understand the actual performance of the employees and prevent biased evaluations by a single supervisor.

The Company will also appropriately link the year-end bonus to the employees' individual annual evaluation results. Job performance will be used as the standard for increasing or decreasing the year-end bonus for all levels of personnel, as well as the basis for salary adjustments and promotion assessments.

Promotion assessment items include seniority, educational background, performance appraisal, professional skills, etc. As long as colleagues meet the qualifications for promotion within the year, the unit supervisor can submit the application on their behalf. After being approved by the factory division's personnel review committee and the Company's review process, the promotion process can be completed.

Evaluation target	Applicable personnel	Evaluation item	Evaluation cycle
Supervisor	Managers (including deputy managers) and above	Planning ability Management ability Employment ability Ability to lead Responsibility and loyalty	Per year / session
	Section Manager, leader	Execution and control Teamwork Initiative Work improvement ability Loyalty	Per month / time
Indirect support personnel	Technical, administrative, support, and other non-direct production work such as teachers, staff, workers, security personnel, and temporary or fixed-term contract personnel	Work skills Work performance Work attitude Teamwork Cooperation	Per month / time
Direct production personnel	Personnel, workers, or fixed-term contract personnel directly involved in on-site production	Workload Cooperation Environmental awareness	Per month / time
Sales personnel	Sales duties but non-executive staff, employees, or contract personnel	Business performance Work quality Work attitude	Quarterly / time

Labor/Employment Management

Harmonious Labor Relations

Harmonious labor relations are the foundation for the Company's continuous growth. Hua Eng establishes various personnel management regulations in accordance with relevant laws and implements humanized management. During employee education and training, policies related to employee rights are promoted.

In addition to actively implementing various employee benefit measures, Hua Eng also respects the employees' right to organize unions. The Hua Eng labor union has one chairman, nine directors, and three supervisors. The Company also regularly holds labor meetings to coordinate labor relations and promote labor cooperation. Smooth communication channels ensure that differing opinions can be integrated, and a grievance system and channels are established to reduce and resolve potential labor disputes.

Labor relation discussion items, such as:

01

Discussion on salary adjustment.

02

Year-end bonus recommendation.

03

Suggestions for employee team building activities.

The Hua Eng Union aims to protect members' rights through mutual cooperation, increase production, enhance employees' knowledge and skills, promote employee benefits, and assist the government in implementing policies related to national defense production.

Union's tasks

1. Unite members to increase production through mutual cooperation
2. Research and improve production technology to enhance quality
3. Organization of member savings
4. Organization of labor education
5. Establishment of libraries and press agencies, and publication of printed materials
6. Organization of member recreation activities
7. Mediation of disputes between members or between the Company and members
8. Survey of the living conditions of member families and compilation of labor statistics
9. Signing of Collective Bargaining Agreements
10. Improvements in working conditions and promotion of member benefits
11. Matters consistent with the purposes set forth in Article 3 of these Articles of Incorporation and other legal provisions

Convening of the union meeting

1. The members' representative meets once a year, and an extraordinary representative meeting may be convened if necessary.
2. The Board of Directors and the Board of Supervisors meet every three months, and extraordinary meetings may be convened separately if necessary.

- Chairman Wang, Deputy Foreman Lee of Kao-Nan Factory awarded the gold memorial trophy to the retiring employees.

Chairman Wang presented the award



Setting up sunshade facilities for employee car parking areas



Sunshade facilities installed (first phase)



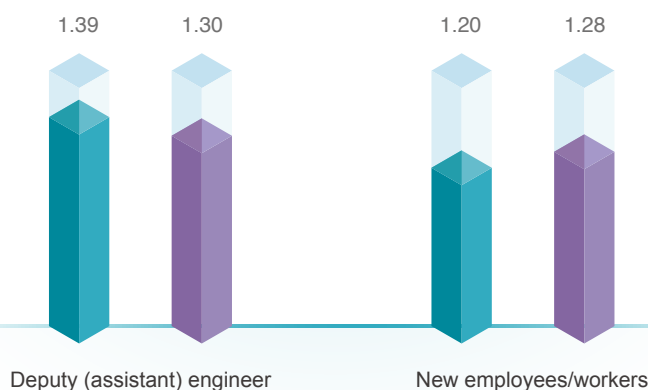
Expansion of second phase in 2023

Salaries, Benefits, and Care

Hua Eng's salary system includes base salary and various allowances. The approved amount is determined based on the authorized position level, individual educational background and experience, professional skills, and job performance, which may be adjusted with changes in job position. There is no gender difference involved.

The Company offers a competitive remuneration system, providing salary benefits superior to the domestic starting salary to attract and retain outstanding talents and to take care of grassroots employees. Hua Eng values gender equality, eliminates workplace gender discrimination, complies with the "Act of Gender Equality in Employment", implements equal pay for female and male employees, and establishes a friendly and equal working environment. Hua Eng's standard starting salaries for women and men are the same, with an overall ratio of average female to male salaries difference within only 3%. There is no difference in salary between men and women.

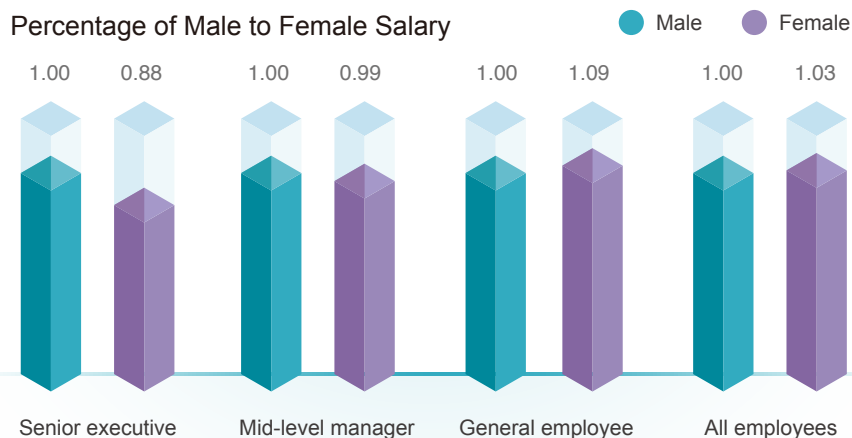
In 2023, entry level wage was higher than basic salary



Note 1: The monthly minimum wage in Taiwan in 2023 was NT\$26,400

Note 2: The multiplication formula shown in the chart is the Company's salary at that grade / basic salary

Percentage of Male to Female Salary



Note 3: Salary includes salary, food allowance, transportation allowance, efficiency allowance, and supervisor allowance.

Salary Information for Full-time Employees not in Supervisory Positions

The average salary in 2023 increased compared to the previous year, primarily due to the annual salary adjustment and the Company's excellent operating performance and profitability. This led to an increase in employees' remuneration as stipulated in the Company's Articles of Incorporation and bonuses distributed according to the Company's management regulations, all of which were higher than the previous year.

Year	2021	2022	2023
persons	409	408	404
Average Annual Salary (in NTD thousands)	790	704	779
Median Annual Salary (in NTD thousands)	769	685	757

Employee Benefits

Regarding the implementation of benefit policies that employees value, Hua Eng and First Copper jointly formed the "Hua Eng United Employee Welfare Committee." This committee is responsible for reviewing, advancing, and supervising employee welfare projects, planning, managing, and using employee welfare funds, distributing and auditing the expenses for employee welfare projects, and reporting income and expenses, as well as managing other matters related to employee welfare.

Hua Eng United Employee Welfare Committee consists of 11 committee representatives. The employer appoints one ex-officio member, while the Hua Eng employees elect two representatives, the Hua Eng union elects five representatives, and the First Copper union elects three representatives. From among the committee members, one is elected as the chairperson. Except for the ex-officio member, the term of office is two years and members can be re-elected. Employee Welfare Committee meetings are held quarterly.

In order to promote proper recreational activities, help employees relieve work pressure, enhance interaction among employees of different plants, foster camaraderie and teamwork, maintain physical fitness, enrich cultural atmosphere, and build cohesion among colleagues, the Company, in addition to existing benefits, also periodically organizes employee mountain climbing, hiking, and various competitions: such as badminton, table tennis, bowling, chess, singing, tug-of-war, and so on. By participating in these team activities and competitions, employees can enjoy a higher quality of leisure life.

Safety and healthcare

1. Regular health checks for employees
2. Doctors providing consultation at the factory
3. Health workshops
4. Infirmary and library facilities
5. Uniforms and safety shoes

Bonuses and holiday benefits

1. Employees' remuneration
2. Bonuses for special contributions
3. Year-end bonus
4. Labor Day souvenir
5. Gift money for Mid-Autumn Festival
6. Birthday gift money for employees

Education and entertainment

1. Employee canteen and meal groups
2. Subsidies for employee travels
3. Recreation subsidies
4. Year-end celebrations

Family care

1. Gift money, wall hangings with words of congratulations and flowers for weddings of employees and their children
2. Condolence money, wall hangings with words of solace and flowers for funerals of employees, their spouses and children
3. Scholarships for employees and their children
4. Childbirth gift money for employees and their spouses
5. Unpaid parental leave
6. f. Breastfeeding room
7. Corporate childcare contract with nearby kindergartens

Safety and protection

1. Labor insurance
2. National health insurance
3. Group injury insurance for employees
4. Pensions and severance pays
5. Gold medal for retirement at full age

Various Employee Benefit Expenses

Item	Amount of the year		
	Hua Eng		
	2021	2022	2023
Meal allowance (NT\$)	4,955,907	5,105,786	4,719,613
Average daily meals headcount	369	377	364
Birthday and retirement gift money (NT\$)	749,240	1,537,400	907,004
Allowances for birth, weddings and bereavement (NT\$)	257,000	476,000	154,000
Subsidies for employee travels (NT\$)	580,917	1,107,180	991,509
Scholarships for children (NT\$)	349,000	288,000	257,000
Activity subsidies (NT\$)	864,000	846,000	840,000
Total (NT\$)	7,756,064	9,360,366	7,869,126

Pension Contributions and Allocations

To allow our employees to have peace of mind while working and protect their retirement life, Hua Eng has established employee retirement regulations based on the "Labor Standards Act" and the "Labor Pension Act," providing stable pension contributions and payments.

According to the "Labor Standards Act," for those who choose to use the old pension system, 6% of the employee's total monthly salary is appropriated for the employee retirement reserve funds and deposited into a dedicated account at the Taiwan Bank under the Supervisory Committee of Labor Retirement Reserve. Each year, we estimate the retirement pension required for employees who meet the retirement conditions for the upcoming year and make up the shortfall in the reserve to ensure the employees' pension rights.

In accordance with the "Labor Pension Act" (referred to as the new system), for those who choose to apply the new pension system, 6% of the employee's insured salary is appropriated every month to the employee's individual pension account at the Bureau of Labor Insurance.

Human Rights Protection

Hua Eng complies with relevant regulations, is committed to safeguarding the fundamental human rights of employees, ensures their legal interests, supports the United Nations Universal Declaration of Human Rights and International Labour Organization conventions, and ensures that every employee is treated fairly and with respect. We commit:

Human rights protection

Support and respect the protection of human rights, ensuring that our business partners and suppliers also adhere to the same human rights standards.

Prohibition of child labor and forced labor

Ensure that neither we nor our business partners and suppliers employ child labor during operations, and absolutely avoid any forms of coercion, forced or compulsory labor, or the use of corporal punishment.

Respect for freedom of association

Respect the right of employees to organize unions and participate in collective labor negotiations according to laws and conventions.

Eliminate discrimination and ensure equal employment opportunities

Inclusive of diversity characteristics of all employees, and no employee or job applicant protected by law shall be discriminated against based on any characteristic. Including race, class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, features, physical or mental disabilities, or previous union membership.

Establish a safe and healthy working environment

Comply with occupational safety and health policies, promptly correct or report any potential threats, and promote environmentally friendly technologies. Do not act in a manner that is rude, hostile, violent, intimidating, threatening, or harassing, and oppose corruption, including extortion and bribery.

Prevention of harassment

Advocate the Act of Gender Equality in Employment to create a harassment-free work environment. Refuse to accept or tolerate sexual harassment, including unwelcome sexual advances, requests for sexual favors, or other unwelcome suggestive language or physical conduct.

Personal data confidentiality

Protect the personal information of employees, Board members, customers, job applicants, and partners. The collection and use of individual information is limited to legitimate business purposes.

Occupational Health and Safety

Occupational Health and Safety Management Policy

Hua Eng, in order to implement the occupational safety and health management policy for a safe and healthy working environment, has promoted and completed the transition to ISO 45001: 2018 certification based on the existing foundation. The occupational safety and health risk control system has been upgraded to include equipment safety management, ensuring a comprehensive occupational safety and health operation management system that displays risk information in real-time. In addition, we are gradually strengthening contractor management and promoting digital courses for training to present relevant information timely.

In terms of management practices, under the premise of worker participation, energy saving and carbon reduction, and environmental protection, the Environment, Safety and Health policy is formulated with the commitment to sustainable business operations.

The significant issue for ISO 45001 in 2023 is the implementation of on-site automatic inspections. In the existing system, relevant items and forms are adjusted according to regulatory requirements to conduct inspections and periodic checks.

Labor Safety and Accident Prevention

Occupational Health and Safety Management (ISO 45001) Implementation Overview

Improving the quality of the work environment, ensuring labor safety, and preventing occupational hazards is the inescapable corporate social responsibility of any enterprise. To this end, Hua Eng proactively obtained OHSAS 18001 Occupational Health and Safety Management Certification in 2011, aiming to reduce on-site occupational hazards, and actively pursued and acquired ISO45001 certification by the end of 2019.

Through a circulation mechanism with stages of safety and health planning, doing, checking and acting (P-D-C-A), we are able to perform comprehensive safety and health management and create a safe and healthy workplace, implementing safety production management. By institutionalizing, documenting, and systematizing, we actively conduct education and training, regulatory review, hazard identification, and risk assessment.

Hua Eng prioritizes on-site work safety and noise pollution prevention from machinery as the foremost items for improvement. Each unit in the factory identifies high, medium, and low-risk levels based on work areas, machines (including fixed equipment and mobile machinery), and related auxiliary equipment. We plan to progressively address these issues through various engineering improvements, administrative management, and individual protective measures. High-risk items are prioritized for improvement according to the planned schedule, with the aim of continuously enhancing the work safety environment and reducing employee hazards.

The reinforcement and refurbishment of the turning staircase outside the elevator machine room in the comprehensive building, ensuring the safety of personnel, is included as a 2023 ISO45001 management project.

Before Improvement of the safety staircase project



After improvement of the safety staircase project



Occupational Safety and Health Management System

Hua Eng has established a safety and health office, staffed with one safety and health supervisor, one health administrator, and one safety and health specialist to implement safety and health management operations.

In 2011, Hua Eng completed OHSAS18001 certification to enhance its safety and health management system in accordance with relevant occupational health and safety regulations. In 2020, the Company successfully transitioned to ISO45001:2018 certification through the verification of a third-party organization, DQS, to continuously promote the Occupational Safety and Health Management System.



Workers covered by this management system include all employees, contractors, suppliers, and visitors involved in company activities.

Labor Safety

Hua Eng has established an Occupational Safety and Health Committee to discuss, coordinate, and make recommendations on labor safety and health-related matters. The organizational structure includes one chairperson (5%), one executive secretary (5%), eleven committee members (55%), seven labor representatives (35%), and two occupational safety personnel (10%). The functions and composition are described as follows:

01

Chairperson:
The position is held by the Factory Director of the Production Department.

02

Executive Secretary:
The position is held by the Section Chief of the Safety and Health Office.

03

Members:
Composed of supervisors at the section head level or above from all departments of the factory.

04

Labor representatives:
The position is held by the President and Directors of the industrial union.

05

Occupation safety personnel:
The position is held labor by safety and health business supervisors and safety and health administrators.

06

Medical personnel:
The position is held by dedicated medical personnel from the Plant Affairs Section.

The functions of the Occupational Safety and Health Committee are to follow the regulatory items stipulated in the Occupational Safety and Health Act. Every three months, the committee conducts a review, and each member provides descriptions on the implementation of occupational safety and health. They review recent work injury incidents and improvement measures, discussing case studies to provide references to other units, thereby reducing accidents and enhancing the safety of employees' operations. Additionally, the committee promotes government safety and health regulations during meetings to raise employees' awareness and understanding of safety and health concepts. This ensures that workers strictly follow relevant safety and health regulations in the work environment and use protective equipment. Safety and health personnel will also conduct irregular safety and health audits.

Prevention of Work-related Hazards

General Maintenance of the Working Environment

Hua Eng implements a comprehensive smoking ban in the office area. In addition to the regular maintenance of the air conditioning system and cooling tower, carbon dioxide levels are regularly tested to ensure the health of the staff. Furthermore, the lighting systems in the plant and office are regularly maintained and measured, with illuminance required to be kept above 300 lumens.



Operational Environment Maintenance for Key On-site Tasks

For employees involved in production operations who handle controlled substances, we provide Chemical Material Safety Data Sheets (MSDS) at the workplace for reference, helping them understand how to prevent hazards. Additionally, we record and inspect the usage and emission volumes of regulated toxic substances and implement area control operations.

In the dust operation area of the PVC pelletizing process, dust collection equipment is installed at the local dust occurrence points, and the area is confined with partitions. Individual protective masks are provided to employees to avoid contact with small amounts of harmful dust.

Employee Health Maintenance

We conduct annual regular health checks for employees performing normal operations and those performing special operations, respectively. The regular health checks include additional items and abdominal ultrasound examinations. In the case of any abnormalities, a separate record is created and nursing personnel continuously track and manage these cases.

Employee Safety Maintenance

When reviewing employee injury incidents over the years, we found that most of them involved cuts, abrasions, and crush injuries occurring during on-site operations. To prevent such accidents from recurring, we have established a dedicated safety and health management unit at the factory. In addition to reviewing matters related to the work environment, safety, and health at the quarterly safety and health committee meetings, we also conduct irregular on-site safety inspections. For equipment with safety concerns, close calls, and abnormal items that may pose a hazard to employees, we issue abnormality notices requiring the responsible supervisors to propose effective corrective measures. These cases are only closed after follow-up verification is completed.

Hazard Identification, Risk Assessment, and Incident Investigation

For the purpose of continuous improvement and to systematize the safety and health management activities, Hua Eng has established the "Hazard Identification and Risk Assessment Method" in accordance with ISO 45001:2018 requirements. Annually, we systematically identify hazards related to activities, products, and services within the plant that may impact worker safety and health. These include factors such as chemical, electrical, radiation, temperature, pressure, mechanical, work environment, human, biological, and others, to assess the potential safety and health risks, thereby providing opportunities for safety and health improvements.

By establishing the "Occupational Disaster and Accident Investigation Management Regulations", a comprehensive investigation procedure ensures more efficient accident investigations, confirms facts and circumstances, identifies causes, and determines improvement actions. This is aimed at reducing the likelihood of similar accidents reoccurring in the factory area, thereby improving the deficiencies in the risk control and management system.

Disaster Prevention and Control

Safety and health management personnel execute and supervise each unit in conducting safety education, safety drills, and toxic disaster drills according to the annual planned items.



2023 Evacuation Drill

Reduce Employee Hazards

According to statistics, employees are most prone to injuries such as cuts, abrasions, and crush injuries in the factory area. Cuts are mainly due to the careless use of knives during cable splicing operations, while abrasions and crush injuries occur when on-site operators are hit or squeezed by cables or machinery during operations. We will continue to propose preventive improvement measures to address the aforementioned issues.

Prevention and Improvement of Work-related Accidents

In 2023, Hua Eng's production plant conducted improvements on areas prone to occupational hazards. The results are as follows.



Distribute professional protective equipment to employees in workplaces prone to cuts.



Use professional protective equipment on-site as needed.

Training on Occupational Health and Safety

Hua Eng primarily conducts training and education on safety and health for employees and contractors engaging in activities within the plant area.

Employees in the factory

In addition to general safety and health education and emergency response training, we also provide regular on-the-job training for occupational safety and health management personnel, high-pressure gas specific equipment operators, fixed crane operators, forklift operators, and first aid personnel, primarily through external training institutions.

Contractor

The Safety and Health Office coordinates with the construction supervisors and contractors to provide training for every worker entering the factory for construction. Through construction meetings, related hazard information is communicated and recorded.



Informing relevant hazards in pre-construction meetings

Work-related Injury Statistics

Hua Eng has established an internal and external inspection management policy to avoid work-related injuries. Irregular monthly audits are conducted for risk factors such as being caught or entangled. When on-site inspections reveal potential disaster risks, corrective actions are taken. Additionally, there are Occupational Injury and Accident Investigation Management Regulations in place. These regulations ensure that in the event of property loss, disaster (accident) occurring within the factory premises or to employees during the work, necessary first aid measures and disaster rescue can be implemented. The causes of accidents are investigated, analyzed, and statistically reviewed, with effective countermeasures taken to prevent similar incidents from happening again.

Key Indicators of Work-related Hazards

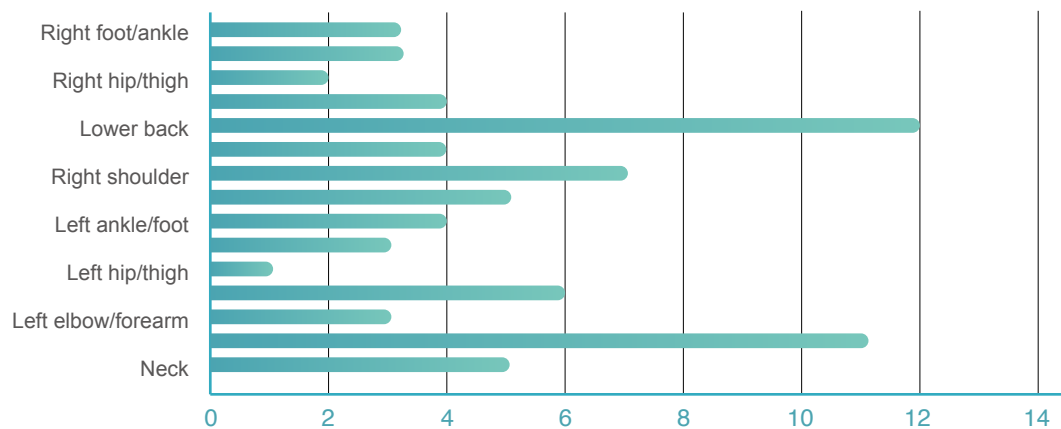
	Frequency Rate (F.R.)	Severity Rate (S.R.)	Frequency-Severity Indicator (F.S.I.)
2021			
The Company	0	0	0
Industry Average	2.87	58	0.41
2022			
The Company	0	0	0
Industry Average	2.12	60	0.36
2023			
The Company	0	0	0
Industry Average	2.09	44	0.28

Note: The above statistics do not include commuting incidents

Health Promotion Activities

Hua Eng implemented a plan for the prevention of ergonomic hazards in 2023 by conducting a musculoskeletal symptom questionnaire survey. Out of 121 questionnaires, 21 individuals reported significant pain in certain body parts, with a total of 73 painful areas. The survey mainly included on-site workers, and personal interviews revealed that symptoms were primarily concentrated in the shoulders and lower back, attributed to manual materials handling activities. To address this issue, job analysis will be conducted to provide opportunities for improvement.

Table of Pain Location Statistics



Contractor Safety Management

In addition to fulfilling our own corporate social responsibility, the Company extends its requirements to in-plant contractors. To promote the Occupational Safety and Health Management System, the Company establishes a management and communication mechanism with subcontractors to eliminate hazards and occupational health and safety risks. Hua Eng has formulated the "Environment Safety and Health Subcontractor Management Procedures," which regulate safety and health management requirements for contractors entering the plant. Communication and notification of relevant workplace hazards are conducted through engineering meetings to mitigate and prevent related safety and health impacts. In addition to carefully selecting qualified suppliers for various outsourcing projects, before onsite construction personnel enter the plant, their credentials must be verified by Hua Eng's supervisors. Furthermore, a construction safety meeting is held to inform the contractors of the safety and environmental requirements they must adhere to as well as any potential risks. If the contractors have electrical usage needs, the supervisors will assist in arranging and scheduling to ensure safety. When contractors enter the factory, there is strict control over personnel and vehicles, and construction tools are inspected. Besides, the construction supervisor stays updated on the construction status at all times, and safety and health personnel conduct irregular inspections. Furthermore, contractors are required to comply strictly with environmental regulations and implement isolation and safety signage within designated work areas to ensure the safety of on-site workers and environmental maintenance.

01. Disabling Injury Frequency Rate

Disabling Injury Frequency Rate
(referred to as "Frequency Rate (FR)")

It refers to the total number of incidents of disabling injuries per million working hours. The total number of disability injuries is calculated as: the total number of incidents includes death, total permanent disability, partial permanent disability, and total temporary disability.

$$FR = \frac{\text{Total number of disability injuries} \times 10^6}{\text{Total working hours}}$$

02. Disabling Injury Severity Rate

Disabling Injury Severity Rate
(referred to as "Severity Rate (SR)")

Refers to the total number of lost days due to disabling injuries per million working hours. Different types of disability injury loss days are calculated according to the description of form filling in the "Occupational Disaster Statistics Online Reporting System."

$$SR = \frac{\text{Total number of lost days due to disabling injuries} \times 10^6}{\text{Total working hours}}$$

03. Frequency-Severity Indicator (FSI)

$$\text{Frequency-Severity Indicator} = \sqrt{\frac{FR \times SR}{1000}}$$



05

Social Care and Feedback

Appendix

GRI, SASB Index

92 - 96

Local Community Relationship and Social Participation Management Guidelines: Based on the corporate philosophy of "taking from society and giving back to society," Hua Eng not only implements sustainable operations and takes care of employees, but also actively gives back to local communities. The Company assists and participates in local community initiatives, promoting the development and activities of arts and culture, and fosters good neighborly relations.



Sponsorship of Community Development

Every year, Hua Eng continues to organize community activities with neighboring community development associations and village chiefs:

Lantern Riddles and Drawing Party – Held at the Kao-Nan community basketball court to enhance the interactions among the villagers.



Zongzi Charity Activity





Double Ninth Festival Elderly Reunion Activity



Local Community Walking Activity



Achievements in Active Community Care

-  **Scholarships** - To foster mutual understanding, harmony, and co-prosperity between the factory's neighboring residents and Hua Eng's management, scholarships are provided to outstanding students in the Kao-Nan community. From elementary school to Ph.D. programs, as long as academic and conduct grades meet the standards, scholarships will be awarded.
-  **Wuhe Community Greening Project** - Remove roadside weeds and maintain environmental cleanliness to improve the neighborhood environment and beautification efforts.

Actively Participate in Social Welfare Activities

Quanyuan Group - Hua Eng's Self-Formed Charity Group
Founded on November 1, 1989, "Quanyuan Group" was established by Ms. Lu Hsing-Mi, who was working in the optical fiber research and development department of Hua Eng at that time, along with several like-minded and enthusiastic colleagues from the Company. With the assistance of former leaders Chang Ming-Hua and Ni Kuang-Hsin, as well as the current leader Huang Chi-Yi and group volunteers, it has grown steadily. As of December 2023, a total of 410 internal publications have been issued, and it continues to attract more colleagues to actively join and participate in social assistance efforts. Also, because it is a spontaneously organized group, members of Hua Eng's Quanyuan group donate NT\$100 each month. After actively contacting existing social welfare organizations in Taiwan to identify cases in urgent need of assistance in society, the leaders then collect the funds and provide support on a regular or irregular basis. Over the years, the main recipients of support include "World Vision Taiwan," which helps children from impoverished families, including education and living expenses; "Genesis Social Welfare Foundation," assisting vegetative patients, homeless individuals, and single-parent families facing financial difficulties; and the "Kaohsiung Social Welfare Charity Association," which focuses on emergency relief, including funeral expenses, major medical expenses, and care expenses for solitary elderly individuals without support. The group has also frequently received letters of commendation and appreciation from these organizations.

Amounts for Sponsoring Community Activities Over the Years

	2021	2022	2023
Community activities	20,000	30,000	50,000
Community care	145,000	152,000	123,500
Total	165,500	182,000	173,500

Unit: NT\$

Amount of donations to social welfare organizations by the Quanyuan Group over the years

Social welfare organization	2021	2022	2023
Huashan Social Welfare Foundation	33,500	30,000	35,400
World Vision	36,000	36,000	36,000
Emergency assistance	4,800	8,400	5,000
Total	84,300	74,400	76,400

Unit: NT\$



GRI Standards	Disclosures	Page number	Description and remarks
General Standards			
GRI 1: Foundation 2021			
	GRI Content Index	92~94	GRI Content Index in accordance with the GRI Standards
	Declaration of reporting in accordance with the GRI Standards	01	About this Report
GRI 2: General Disclosures			
The organization and its reporting practices			
2-1	Organizational details	17~21	Company Profile
2-2	Entities included in the organization's sustainability reporting	01	About this Report
2-3	Reporting period, frequency and contact person	01	About this Report
2-4	Restatements of information	01	No restatements of information, any corrections will be noted in the related sections.
2-5	External assurance		The Company has disclosed and verified on its own, with no external assurance.
Organization activities and workers			
2-6	Activities, value chain and other business relationships	01、32~37、27~30	About this Report, Corporate Governance, Supply Chain Management
2-7	Employee	73~82	Employees of Hua Eng
2-8	Workers who are not employees	73~74	Employees of Hua Eng
Governance			
2-9	Governance structure and composition	32~37	Corporate Governance
2-10	Nomination and selection of the highest governance body	32~37	Corporate Governance
2-11	Chair of the highest governance body	32~37	Corporate Governance
2-12	Role of the highest governance body in overseeing the impact management	32~37	Corporate Governance
2-13	Delegation of responsibility for managing impacts	32~37	Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	32~37	Corporate Governance
2-15	Conflict of interest	32~37	Corporate Governance
2-16	Communication of critical concerns	32~37	Corporate Governance
2-17	Collective knowledge of the highest governance body	32~37	Corporate Governance
2-18	Evaluation of the performance of the highest governance body	32~37	Corporate Governance
Governance			
2-19	Remuneration policies		Please refer to the 2023 Annual Report/Corporate Governance Report - Remuneration paid to directors, the general manager and deputy general managers in the most recent year http://www.hegroup.com.tw/index.php?option=module&lang=cht&task=showlist&id=3&index=1
2-20	Process to determine remuneration		Please refer to the 2023 Annual Report/Corporate Governance Report - Corporate governance implementation - Composition, responsibilities, and operation of the Remuneration Committee http://www.hegroup.com.tw/index.php?option=module&lang=cht&task=showlist&id=3&index=1
2-21	Annual total compensation ratio		The policy for disclosing information on the ratio of the annual total compensation of the highest-paid individual in the organization compared to the median of the total annual compensation for all employees is currently under review and will not be disclosed for this year.
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	02、06	Chairman's Message, Sustainable Development Task Force
2-23	Policy commitments	32~37、82、83~88	Corporate Governance, Human Rights Protection, Occupational Health and Safety
2-24	Embedding policy commitments	32~37、27~30、83~88	Corporate Governance, Supply Chain Management, Occupational Health and Safety
2-25	Processes to remediate negative impacts	32~37、38~41	Corporate Governance, Operational Risk management
2-26	Mechanisms for seeking advice and raising concerns	32~37、42	Corporate Governance, Code of Conduct
2-27	Compliance with laws and regulations		There were no major regulatory violations during the reporting period in 2023.
2-28	Membership associations	26	External Organizational Participation
Stakeholder engagement			
2-29	Approach to stakeholder engagement	06~14	Communication with Stakeholders
2-30	Collective bargaining agreements	78	No collective bargaining agreements were signed in 2023
GRI 3: Material Topics 2021			
3-1	Process to determine material topics Disclosure	10~14	Identification and Response of Material Topics
3-2	List of material topics	10~14	Identification and Response of Material Topics
3-3	Management of material topics	10~14	Identification and Response of Material Topics



GRI Standards	Disclosures	Page number	Description and remarks
Economic indicators			
GRI 201:2016 Economic Performance			
GRI 3: 3-3 Management of material topics	Business performance	16~31	Operational Development, Economic Performance
201-1	Direct economic value generated and distributed	31	Economic Performance
201-2	Financial implications and other risks and opportunities due to climate change	38~40	Operational Risk Management
201-4	Financial assistance received from government	31	Economic Performance
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	78~80	Happy Workplace, Salary, Benefit, and Care
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	27~29	Supply Chain Management
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	42	Code of Ethical Conduct
205-2	Communication and training about anti-corruption policies and procedures	42	Code of Ethical Conduct
205-3	Confirmed incidents of corruption and actions taken	42	There was no such incident during the reporting period in 2023.
GRI 206: Anticompetitive behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	42	None of the legal actions for anti-competitive behavior, anti-trust, and monopoly practices occurred in 2023.
Environmental Indicator			
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	68	Resource Utilization, Raw Materials Utilization
301-2	Use of Recycled Materials	68~71	Resource Utilization, Waste Control and Management
301-3	Reclaimed products and their packaging materials	68	Resource Utilization
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	66	Energy and Resource Consumption within the Organization
302-3	Energy intensity	61~67	Climate Change and Energy Conservation and Carbon Reduction
302-4	Reduction of energy consumption	61~67	Climate Change and Energy Conservation and Carbon Reduction
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal	70	Water Resource Management
303-4	Water discharge	70	Water Resource Management
303-5	Water consumption	70	Water Resource Management
GRI 305: Emissions 2016			
GRI 3: 3-3 Management of material topics	Climate Change	61	Response to Climate Change
305-1	Direct (Scope 1) GHG emissions	67	Response to Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	67	Response to Climate Change
305-4	GHG Emissions Intensity	67	Response to Climate Change
305-5	Reduction of GHG emissions	67	Response to Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	69	Pollution Control
GRI 306: Waste 2020			
306-3	Waste generated	71	Waste Management
306-4	Waste diverted from disposal	71	Waste Management
306-5	Waste directed to disposal	71	Waste Management
GRI 307: Compliance with environmental laws and regulations 2016			
307-1	Violation of environmental laws and regulations	69	Pollution Prevention (Compliance with Laws and Regulations)
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	27~30	Supply Chain Management
308-2	Negative environmental impacts in the supply chain and actions taken	27~30	Supply Chain Management



GRI Standards		Disclosures	Page number	Description and remarks
Social indicators				
GRI 401: Employment 2016				
GRI 3: 3-3 Management of material topics	Labor relations		78	Happy Workplace
401-1	New employee hires and employee turnover		73~77	Employees of Hua Eng
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		80	Employee Benefits
401-3	Parental leave		81~82	Human Rights Protection
GRI 402: Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes			Human Rights Protection\
GRI 403: Occupational Safety and Health 2018				
GRI 3: 3-3 Management of material topics	Occupational Health and Safety		83~88	Occupational Health and Safety
403-1	Occupational Safety and Health Management System		83~88	Occupational Health and Safety
403-2	Hazard Identification, Risk Assessment, and Incident Investigation		83~88	Occupational Health and Safety
403-3	Occupational health services		83~88	Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational safety and health		83~88	Occupational Health and Safety
403-5	Worker training on occupational safety and health		83~88	Occupational Health and Safety
403-6	Promotion of worker health		83~88	Occupational Health and Safety
403-7	Prevention and mitigation of occupational safety and health impacts directly linked by business relationships		83~88	Occupational Health and Safety
403-8	Workers covered by an occupational safety and health management system		83~88	Occupational Health and Safety
403-9	Work-related injuries		83~88	Occupational Health and Safety
403-10	Work-related ill health		83~88	Occupational Health and Safety
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee		75~76~77	Education and Training, Performance Evaluation
404-3	Percentage of employees receiving regular performance and career development reviews		75~76~77	Education and Training, Performance Evaluation
---	Promotion system, employee well-being, employee privacy		72~88	Healthy and Friendly Workplace, Performance Evaluation
GRI 405: GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees		32~36~73~74	Employee Benefits, Labor Safety
405-2	Ratio of basic salary and remuneration of women to men		80	Happy Workplace
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken		82	Human Rights Protection, none during the reporting period in 2023
GRI 408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor		82	Human Rights Protection, none during the reporting period in 2023
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the impact of product or service category on health and safety		44~46~57~58	Introduction of Products and Services, Green Products
416-2	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services			There were no violations during the reporting period in 2023.
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling		55	Product Information Labeling
417-2	Incidents of non-compliance with regulations concerning product and service information and labeling			There were no violations during the reporting period in 2023.
417-3	Incidents of non-compliance with marketing communication-related regulations		57~58	There were no violations during the reporting period in 2023.
---	Green Products		59	Green Products
---	Certification Achievements			Various Management System Certifications
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints regarding breaches of customer privacy or loss of customer data			There were no violations during the reporting period in 2023.
Social care	Such as social welfare activities, community development, social relationships, etc.		89~91	Social Care and Feedback

SASB Standards Comparison Table

“ Sustainability Accounting Standards Board (SASB) ”

Disclosure Scope

Hua Eng Wire & Cable Co., Ltd. (Kao-Nan Plant)

Sector

Resource Transformation

Industry guidelines

Electrical & Electronic Equipment

Disclosures on Topics and Accounting Indicators

Material Topics	Indicator number	Disclosures on indicators	Description	Report chapters/page
Energy Management	RT-EE-130a.1	(1) Total energy consumption	121,009 GJ	03. Environmental Protection - Response to Climate Change Energy Management 66
		(2) Percentage of electricity grid volume	86.63 %	
		(3) Percentage of renewable energy source	0.00 %	
Hazardous Waste Management	RT-EE-150a.1	Hazardous waste generation volume	13.82 tons	03. Environmental Protection- Waste Control and Management 71
		Hazardous waste recycling rate	0.00 %	
	RT-EE-150a.2	Number of reportable leakage Reportable leakage volume Reportable recovery volume	0 time 0 kilogram 0 kilogram	03. Environmental Protection- Waste Control and Management 71
Product Safety	RT-EE-250a.1	Number of recalls Number of recalled products	0 time 0 case	95
	RT-EE-250a.2	The total monetary loss due to legal proceedings related to product safety	NT\$0	95
Product Lifecycle Management	RT-EE-410a.1	Proportion of revenue from products containing declarable substances under IEC62474	0.00 %	N/A
	RT-EE-410a.2	Proportion of revenue from products meeting Energy Star standards	Not applicable	N/A
	RT-EE-410a.3	Revenue from products related to renewable energy sources and energy efficiency	NT\$0 (No orders in 2023)	02. Products and Services- Green Products PV Cable/ Solar Cable 57~58
Raw material traceability	RT-EE-440a.1	Description of risk management mechanisms related to the use of key raw materials		01. Operations and Governance of Hua Eng-Supply Chain Management Risk Management and Control Measures 27~30 40
Business ethics	RT-EE-510a.1	Description of policies or actions to prevent corruption or bribery Description of policies or actions to prevent anticompetitive behavior		01. Operations and Governance of Hua Eng - Internal Control, Risk Management, and Code of Conduct 39~42
	RT-EE-510a.2	Total financial losses resulting from lawsuits related to bribery or corruption.	NT\$0	42
	RT-EE-510a.3	Total financial losses resulting from legal actions related to the regulation of anticompetitive behavior	NT\$0	42

Activity indicator

Activity indicator	Indicator code	Data disclosure	Report chapters/page numbers
Production quantity of each type of products	RT-EE-000.A	Refer to the contents of the report sections	02. Products and Services - Introduction of Products and Services 44~47
Number of employees	RT-EE-000.B	Refer to the contents of the report sections	04. Friendly Workplace - Employees of Hua Eng 73~74

Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Disclosure item	Report sections	Page number	Remark
Paragraph 2 of Article 3 Risk assessment of environmental, social and corporate governance, and establishment of related performance indicators Indicators are based on the material topics identified by management	Operational Risk Management, Identification and Response of Material Topics	06~14	
Paragraph 3 of Article 3 Disclose the content of the report corresponding to the GRI Standards Content Index, and indicate within the report whether each disclosed item has obtained third-party verification or assurance.	Appendix GRI Content Index Appendix Report of the CPAs' Limited Assurance	92~94 97	
Paragraph 3 of Article 4 Enhancing the disclosure of sustainability indicators by industry	Appendix SASB Standards Comparison Table	95~96	*The Company belongs to the electrical and cable industry category, which is not subject to the disclosure of enhanced sustainability indicators as mandated by the Taiwan Stock Exchange Corporation. *The Company voluntarily discloses information on relevant indicators in accordance with SASB standards for the electrical and electronic equipment and components industry.
Article 4-1 Special chapter to disclose climate-related information	03. Environmental Protection - Response to Climate Change	63	



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會計師有限確信報告

華榮電線電纜股份有限公司 公鑒：

本會計師接受華榮電線電纜股份有限公司（以下簡稱「華榮公司」）之委託，對華榮公司民國一一二年度（2023年度）永續報告書（以下簡稱「報告書」）中所揭露之特定績效指標（以下簡稱「確信標的資訊」）執行有限確信程序並出具報告。

確信標的資訊與適用基準

華榮公司依據永續會計準則理事會（Sustainability Accounting Standards Board, 「SASB」）發布之Resource Transformation: Electrical & Electronic Equipment所揭露之確信標的資訊及其適用基準詳列於附件一。

管理階層之責任

華榮公司應設定其永續績效和報導目標，包括辨識利害關係人及重大性議題，並依前述適用基準編製及允當表達民國一一二年度（2023年度）報告書內所涵蓋之確信標的資訊，且負責建立及維持與報告書編製有關之必要內部控制，以確保報告書所報導之確信標的資訊未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依據財團法人中華民國會計研究發展基金會所發布之確信準則3000號「非屬歷史性財務資訊查核或核閱之確信案件」規劃並執行工作，以對第二段所述之確信標的資訊是否存有重大不實表達出具有限確信報告。另，本會計師執行有限確信時，對與有限確信相關之內部控制取得必要之瞭解，以設計當時情況下適當之有限確信程序，惟其目的並非對華榮公司民國一一二年度（2023年度）永續報告書之相關內部控制設計或執行之有效性提供任何確信。

獨立性及品質管理規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則，維持完備之品質管理制度，包含遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。



所執行程序之彙總說明

本會計師係針對第二段所述之確信標的資訊執行有限確信工作，主要執行之確信程序包括：

- 取得華榮公司民國一一二年度（2023年度）報告書，並閱讀其內容；
- 訪談華榮公司管理階層及相關員工，以瞭解用以蒐集及產出確信標的資訊之相關作業流程與資訊系統；
- 基於對上述事項所取得之瞭解，就報告書揭露之特定資訊執行分析性程序，或於必要時檢視核對相關文件，以獲取足夠及適切之有限確信證據。

上述確信程序係基於本會計師之專業判斷，包括辨識確信標的資訊可能存在重大錯誤或不實表達之範圍並評估其潛在風險，設計足夠且適切之確信程序暨評估確信標的資訊之表達。本會計師相信此項確信工作可對本確信報告之結論提供合理之依據。惟本會計師對於有限確信案件風險之瞭解及考量低於對合理確信案件者，所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小，因此有限確信案件中取得之確信程度明顯低於合理確信案件中取得者。

先天限制

華榮公司民國一一二年度（2023年度）報告書內容涵蓋非財務資訊，對於該等資訊之揭露內容可能涉及華榮公司管理階層之重大判斷、假設與解釋，故不同利害關係人可能對於該等資訊有不同之解讀。

結論

依據所執行之程序及所獲取之證據，本會計師並未發現第二段所述確信標的資訊有未依適用之適用基準編製而須作重大修正之情事。

其他事項

本確信報告出具後，華榮公司對任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

安侯建業聯合會計師事務所

會計師：陳永祥



事務所地址：高雄市前金區中正四路211號12樓之6

民國一一三年八月五日



附件一：確信標的資訊彙總表

編號	報告書對應章節	確信標的資訊	適用基準
1	03環境保護	(1)總能源消耗 121,009GJ (2)電網電量百分比 86.63% (3)可再生能源百分比 0.00%	RT-EE-130a.1 (1)Total energy consumed, (2)percentage grid electricity and (3)percentage renewable
2	03環境保護	(1)有害廢棄物產生量 13.82噸 (2)有害廢棄物回收率 0.00%	RT-EE-150a.1 (1)Amount of hazardous waste generated, (2)percentage recycled
3	05社會關懷與回饋	(1)召回次數 0次 (2)召回產品數 0件	RT-EE-250a.1 (1)Number of recalls issued, (2)total units recalled
4	01經營的營運與治理	<ul style="list-style-type: none"> 防範貪腐或賄賂政策或作為的說明 <ul style="list-style-type: none"> 誠信經營、反貪腐 為建立誠信經營企業文化及良好風險控制管理，本公司訂定「誠信經營守則」、「道德行為準則」及「誠信經營作業程序及行為指南」等明確原則；於其規章及對外文件中明示誠信經營之政策，以及董事會與管理階層積極落實誠信經營政策之承諾，並於內部管理及商業活動中確實執行，並廣泛宣導及深化道德廉潔之企業文化本於誠信經營原則，以公平與透明之方式進行商業活動。 申訴檢舉管道 在已施行之工作規則中，一再地宣導相關的行為準則，並訂定「檢舉作業辦法」，特別是收賄禁止之規定，同時向各供應商或合作夥伴宣導相關收賄禁止的政策，並請供應商簽署廉潔承諾書，以杜絕相關的採購交易的弊端。本公司申訴管道暢通，於公司網頁設置「利害關係人溝通及溝通管道資訊」之專區，提供內、外部關係人之建議或申訴地方，依利害關係人分類並設有專人處理相關申訴信件及電話；本公司管理階層與員工保持暢通之溝通管道，透過勞資會議直接對話，並訂定「員工申訴處理辦法」及溝通信箱。 <p>為防範內線交易，避免資訊不當洩漏，確保對外界發表資訊之一致性與正確性，本公司董事、經理人及相關人員每年外訓上課，並向全體同仁宣導相關法規，知悉重大訊息者不得洩露他人，亦不得探詢或蒐集與個人職務</p>	RT-EE-510a.1 Description of policies and practices for prevention of : (1)corruption and bribery and (2)anti-competitive behaviour

~ 2 ~



編號	報告書對應章節	確信標的資訊	適用基準
		<p>不相關之公司未公開重大資訊，以落實防範內線交易之管理作業。</p> <ul style="list-style-type: none"> 行為準則教育訓練 2023年12月於總公司及高輪廠進行「誠信經營守則、誠信經營作業程序及行為指南、道德行為準則檢舉作業辦法、員工申訴處理辦法」政策宣導1.5小時課程之教育訓練，受訓人員包含課長、經(副)理級主管。 <ul style="list-style-type: none"> 防範反競爭行為政策或作為的說明 本公司基於公平、誠實、守信、透明原則從事商業活動，充分瞭解公平交易是商業活動中需切實遵守之重要原則，因此訂定「誠信經營作業程序及行為指南」，明訂本公司人員於執行業務過程，為獲得或維持利益，直接或間接提供、收受、承諾或要求任何不正當利益，或從事其他違反誠信、不法或違背受託義務之行為。本公司與他人建立商業關係前，應先行評估代理商、供應商、客戶或其他商業往來對象之合法性、誠信經營政策，以及是否曾涉有不誠信行為之紀錄，以確保其商業經營方式公平、透明且不會要求、提供或收受賄賂。	
5	05社會關懷與回饋	賄賂或貪腐相關法律訴訟導致的財物損失總額為新台幣0元。	RT-EE-510a.2 Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption

~ 3 ~

2023



華榮電線電纜股份有限公司
HUA ENG WIRE & CABLE CO., LTD.