

Dynamic 2022 ESG Report



Vision, Mission, Corporate Core Values and Corporate Business Philosophy



Vision

To become a high-performance PCB manufacturing service provider that exceeds customers' expectations.

Mission

Through our professional technical services, we will participate in the early stage of customers' product development.
We use intelligent manufacturing, precise fabrication processes to promote high quality and fast production
Build an environmentally friendly, energy efficient, and toxic-free manufacturing environment that minimizes emissions

Corporate Core Values

Integrity, enthusiasm, customer trust, innovation

Corporate Management Philosophy

Customer satisfaction

Commitment to quality

Continuous innovation

Smart manufacturing

Corporate sustainability

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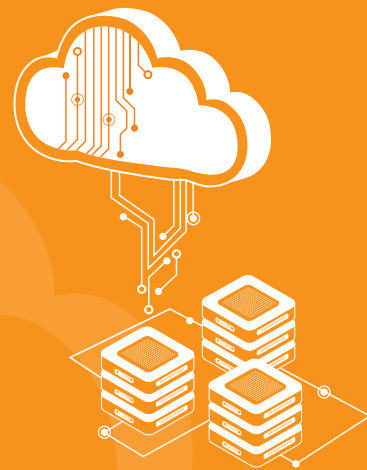
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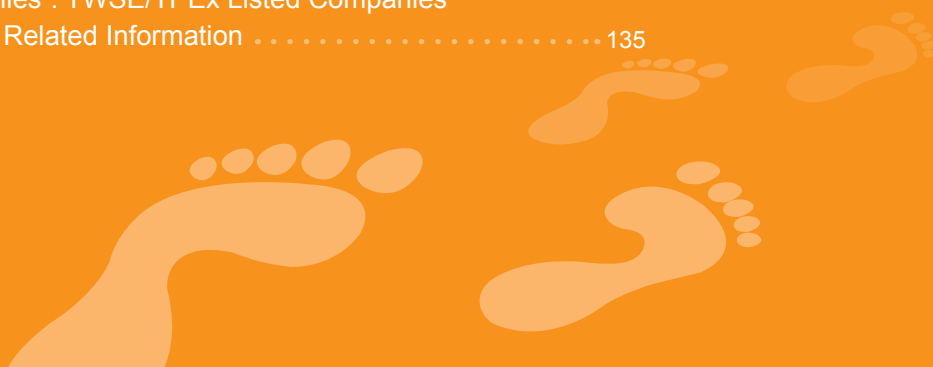
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ONE. Introduction

I. About This Report Reporting Period

Since 2013, Dynamic has been publishing a “Corporate Social Responsibility Report” every year. In 2020, the report was renamed “ESG Report” to enhance the disclosure of environment, social and governance (ESG) information in response to the growing concern of stakeholders in this issue.

This report covers the actions and performance of Dynamic sustainable development in 2022 (January 1 to December 31, 2022), as well as the implementation and results of sustainability issues that key stakeholders are concerned about. To provide a complete description, some parts also cover action plans and performance prior to January 1, 2022, and after December 31, 2022, as well. This report is dated September 2023 and will continue to be issued annually in the future.

Boundary and Scope

The boundary and scope of disclosure in this report are Dynamic Holding Co., Ltd. and its subsidiaries, which are principally engaged in the business of manufacturing and marketing of printed circuit boards. Regarding financial data, we used the information in the annual financial report attested by independent auditors (Ernst & Young CPA firm), which covers the consolidated information of Dynamic Holding Co., Ltd. and all its subsidiaries.

Reporting Principles

This report has been prepared in accordance with the International IR Framework published by the International Integrated Reporting Council and the GRI 2021 Guidelines issued by the Global Reporting Initiative (GRI). In addition, this report has been prepared with reference to the Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB). The FSB's Task Force on Climate-Related Financial Disclosures (TCFD) framework and Sustainability Accounting Standards Board (SASB) standards have been used to enhance the disclosures in this report to further improve the integrity of the ESG information.

Internal and External Assurance

Internal Assurance:

The contents of this report are provided by each responsible unit after being approved by the supreme supervisor. The initial draft was validated by members of the core group of the ESG Committee, and then reviewed and approved by the top supervisors of each department, Vice-Presidents, President, and Board Chairperson successively. Regarding the source of non-material financial information, the Company's Audit Office, third-party impartial organization, conducted an audit of the report, and the results of the audit were consistent with the contents of the report.

External Assurance:

The Company appointed Ernst & Young CPA firm to conduct limited assurance on specific items in this report in accordance with the Statement of Standard on Assurance Engagements 3000, “Assurance Cases Involving audit or review of non-historical financial information”, issued by the Accounting Research and Development Foundation of the Republic of China (established by taking reference from the International Standard on Assurance Engagements 3000). Upon completion of the assurance work, the related results have been adequately communicated to the governance unit, and the report on the assurance is available on the assurance report of independent auditors in this report.

Contact Information

ESG Sustainability Committee of Dynamic: Chia-Chen, Tsai
Address: 6F, 50 Minquan Road, Luzhu District, Taoyuan City 33846
Telephone: 03-349 3300 ext 7107
Email: Irene_Tsai@dynamicpcb.com
Website: www.dynamicpcb.com



II. Message from the Chairman of the ESG Sustainability Committee

2022 was a year when the global market demand faltered dramatically. The Russian-Ukrainian war, geopolitics, international inflation, US dollar interest rate hikes, and the recurring Covid-19 have not only affected the operation of the global supply chain, but also weakened consumer confidence and demand, and almost all markets have entered into a period of cooling off simultaneously. At the same time, extreme weather is accelerating at a higher frequency all over the world. Humans are not only suffering huge losses of life and property, but are also facing an irreversible tipping point. Such changes are testing the resilience of global supply chains and the foresight of companies in terms of sustainability. As a global citizen, Dynamic continues to pursue operational breakthroughs, and also views net-zero transformation as an opportunity for sustainable transformation and incorporates it into the core of its corporate governance. Moreover, it has taken proactive actions to keep pace with international carbon reduction and build a strong low-carbon competitiveness.



Firstly, to promote sustainable development, advance ESG-related matters and ensure that ESG is incorporated into our daily operations and investment decisions, we have set up an “ESG Sustainability Committee” in February 2022, established a sustainability strategy and organizational structure, internalized ESG into our business strategy, defined key performance indicators (KPIs), tracked/reviewed them in our monthly business meetings. Furthermore, we also report to the Board of Directors and receive supervision at our quarterly Board meetings. The ESG performance of Dynamic in 2022 includes the following: the Huangshi Plant received the May 1 Labor Merit Certificate and was honored as a Water-Saving Enterprise and Advanced Enterprise for Employment And Entrepreneurship and Leading Enterprise for High-Quality Industrial Development in Hubei Province, Advanced Organization in Production Safety, Contract-Abiding and Trustworthy Enterprise etc. The Kunshan plant was also recognized as an enterprise with harmonious labor relations in Suzhou City and received the international sustainable water management certificate from the “Alliance for Water Stewardship (AWS)”. The Group has also been recognized as one of the top 5% of listed companies for six consecutive years in the Corporate Governance Assessment conducted by the Financial Supervisory Commission.

Further, Dynamic has aligned its governance priorities and targets with the Global Climate Action Initiative, and it has included “Net Zero Carbon Reduction” as the core of its governance by setting forward-looking short-, medium- and long-term carbon reduction targets: in terms of reducing the intensity of energy consumption and GHG emissions, using 2020 as the baseline year, at least a 4% annual reduction will be achieved by 2025; at least a 50% annual reduction will be achieved by 2030; and carbon neutrality will be achieved by 2040. In terms of planning for solar power generation, the first phase of photovoltaic power generation at the Huangshi Plant started operation in June 2022, with an annual generation capacity of approximately 200 thousand kWh and an equivalent carbon dioxide emission reduction of approximately 105 tonnes; and in terms of renewable energy usage, the purchase of 10 million kWh of green power in 2022 represents 5.7% of the Huangshi Plant’s electricity consumption, which represents an equivalent carbon dioxide emission reduction of approximately 7,154 tonnes.

Specific carbon reduction actions planned for 2023 include: quantification of indirect greenhouse gas emissions (Scope 3) under ISO 14064; Carbon Footprint of Product (CFP) inventory under ISO 14067; commitment to Science Based Targets initiative (SBTi); further planning for a three-year investment of about TWD 132 million in solar power expansion projects; and an estimated annual power generation of 6.5 million kWh, with an estimated annual power generation capacity of 6.5 million kWh and an equivalent carbon dioxide reduction of about 3,417 tonnes; purchasing 40 million kWh of green power; UL2799 zero waste to landfill certification; and inviting the supply chain to join in the carbon reduction efforts, etc. We hope to contribute our part in promoting sustainable development in a harmonious relationship with the global environment.

Dynamic believes that climate action should not be delayed, and that company growth and the ecological environment can coexist and co-prosper. As we move forward with our partners in the green and low-carbon supply chain, environmental protection, social co-prosperity, and corporate governance have been incarnated into our peers. Together, we are moving towards a brighter future of sustainable development!

Chairman of the Board of Directors and ESG Sustainability Committee

III. 2022 Key Performance

The following shows the performance on key indicators over the past two years of the PCB business and the goals for the coming year and over the long term:

Key Indicator	Plant	2021 Performance	Goals in 2022	2022 Performance	Goal Achieved?	
Revenue growth rate	Group	24.8%	-3.5%	-2.9%	😊	The demand was signi
EPS	Group	1.70	1.77	1.97	😊	Since the product mix production capacity of
Ratio of automotive boards in revenue	Group	52%	57%	63%	😊	The growth momentum
Operational performance growth rate**	Group	51%	5%	15%	😊	The product mix is mor positive operating perf
Customer satisfaction survey score	Group	9.00	9.00	9.05	😊	We have a customer r to raise their concerns
Ratio of value of raw materials and regular materials purchased locally	Kunshan Plant	98%	95%	99%	😊	The local procurement economic development contributes to the fulfill
	Huangshi Plant	99%	95%	99%	😊	
Percentage of suppliers signing certificates on the absence of environmentally hazardous substances, compliance with the RBA code of conduct, integrity commitment, and non-use of conflict minerals	Kunshan Plant	100%	100%	100%	😊	Green supply chain is
	Huangshi Plant	100%	100%	100%	😊	
Annual electricity conservation rate (2020 as the baseline year, and electricity consumption intensity as an indicator)***	Kunshan Plant	-18.81%	-8%	-23.25%	😊	We promote the ISO 5
	Huangshi Plant	-14.55%	-8%	-10.78%	😊	We achieve our reduct solar power generatio
GHG emission increase/decrease rate (2020 as the baseline year and emission intensity as an indicator)***	Kunshan Plant	-29.59%	-8%	-34.81%	😊	We achieved the reduct
	Huangshi Plant	-14.67%	-8%	-17.32%	😊	We achieve our reduct solar power generatio
Annual water conservation rate (2015 as the baseline for the Kunshan Plant and 2018 as the baseline for the Huangshi Plant)	Kunshan Plant	-10.58%	-14%	-48.85%	😊	The water consumption per unit of revenue wa
	Huangshi Plant	+90.18%	-8%	+153.78%	😞	The growth in revenue revenue, it was 36.61%
Percentage of water resource recycled for reuse	Kunshan Plant	20.80%	30%	43.4%	😊	In 2022, water reuse a increased by nearly 5%
	Huangshi Plant	35.84%	32%	35.4%	😊	Targets are achieved t
Safe production	Kunshan Plant	0	Zero major accidents	0	😊	Supervisors in the field personal protection eq
	Huangshi Plant	0	Zero major accidents	0	😊	The President leads a feedback is promptly r
Average number of hours of educational training provided	Taoyuan Operation Center	18.8	21.0	31.4	😊	In response to change the Company in graspi
	Kunshan Plant	19.6	19.5	27.8	😊	We have increased tra recognition of quality.
	Huangshi Plant	17.6	19.5	21.2	😊	Through the experient Productive Manageme

*Please refer to the information available at the Market Observation Post System (MOPS) or the Annual Report provided during the Shareholders' Meeting.

** Operational performance = Total revenue/number of employees; growth rate = (Operational performance of the current year - Operational performance of the preceding year)/Operational performance of the preceding year.

***Starting in 2022, the goal is revised as: with 2020 as the baseline year, the energy consumption density and greenhouse gas emission (by revenue) drops 4% a year and at least 20% by 2025.



Description	Description of Countermeasures	Goals in 2023	Goals in 2025
ificantly reduced due to the unfavorable macro-environment.		*	*
is developing towards higher technology, the after-tax net profit increased by 16.3% due to the expansion of automated and intelligent the Huangshi Plant and the favorable exchange rate.		*	*
n of automotive boards was maintained.		63%	*
oving towards higher technology, and the expansion of automated and intelligent production capacity at the Huangshi Plant is being led toward ormanance.		5%	Fulfill the expected growth rates through automation, smart processes and manufacturing, and increased sale per unit on average.
relationship management system and "Customers' Voices" are collected and reported to all relevant units in the monthly management meeting and make improvements to enhance customer satisfaction.		9.00	9.00
strategy of Dynamic not only helps bring down the transport cost, shorten lead-times, reduce the supply chain risk, but also supports local ts, creates jobs, and attracts devotion of more capital. It is an important indicator of the corporate social responsibilities of Dynamic and ment of the sustainable development goals set by the United Nations.		95%	95%
		95%	95%
an important part of Dynamic's sustainability, and we will continue to work together with our suppliers for a better and sustainable future.		100%	100%
		100%	100%
0001 energy management system and consolidate idle equipment to achieve the goal of energy saving and carbon reduction.		-12%	-20%
ion targets through energy efficiency improvements in public facilities, monitoring of electricity consumption in production, construction of new facilities and procurement of green electricity.		-12%	-20%
ction target mainly through the consolidation of idle public facilities and the improvement of energy efficiency of key production facilities.		-12%	-20%
ion targets through energy efficiency improvements in public facilities, monitoring of electricity consumption in production, construction of new facilities and procurement of green electricity.		-12%	-20%
n of the Kunshan Plant in 2022 was approximately 1.68 million tons, 48.85% lower than the base period of 2015, and the water consumption s also 26.73% lower than the base period of 2015.		-16%	-20%
was 300.35% of the base period, resulting in a corresponding increase in tap water usage. However, in terms of water consumption per unit of % lower than the base period.	A new reclaimed water recycling system will be planned for Huangshi Plant No. 2, which will reduce the use of tap water and RO water.	-10%	-14%
t the Kunshan Plant was limited by the size of the water recycling facility. However, through efficiency management, the reuse rate was still % compared to the previous year.		30%	35%
through projects such as recycling of effluent, recycling of air-conditioning condensate, and collection and utilization of rainwater.		33%	35%
d communicate to and set requirements for employees before each shift to improve their awareness of safety and to consolidate the use of equipment. Equipment and facilities as well as environmental conditions in the field are replaced or modified in a timely manner.		Zero major accidents	Zero major accidents
team to conduct plant-wide inspections at least two times a year. External safety experts are hired monthly to conduct safety inspections, and esponded and addressed.		Zero major accidents	Zero major accidents
s in the business environment, we cultivate supervisors with the ability to develop strategies for new markets and new industries, thus assisting the opportunities of restructuring.		22.0	24.0
ining on our quality system, so that staff can better master the quality management system, enhance the quality awareness and sensitive		20.5	21.0
ial learning of the knowledge management system, we have improved the stability of product quality and organized activities to promote Total nt (TPM).		20.5	21.0

IV. Company Overview

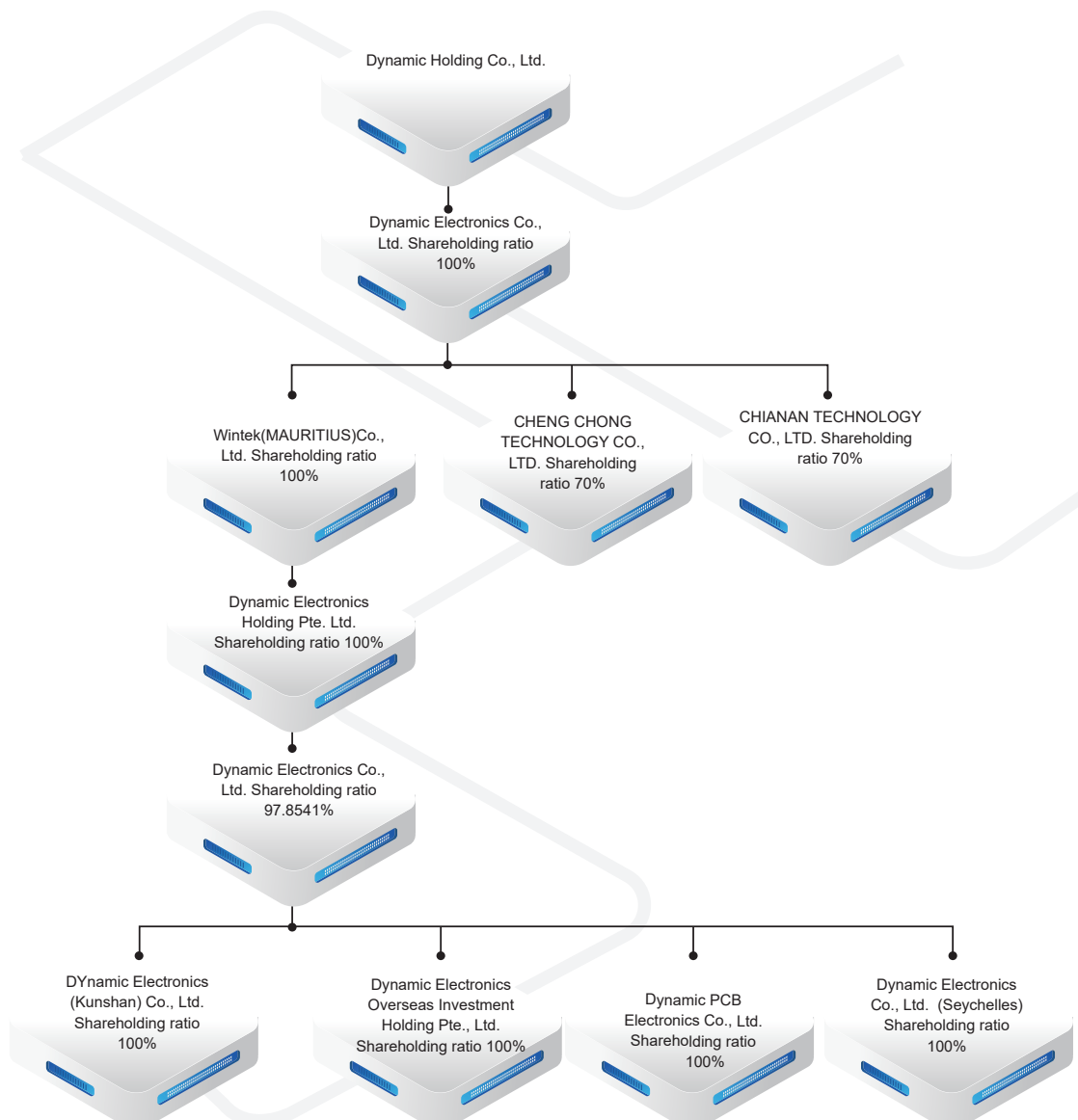
In 2022, Covid-19 was still serious, and most of the on-site interaction events continued to be suspended; however, Dynamic continued to maintain interactions with relevant members through the network and on-line groups organized by the trade unions or associations. In addition to joining the Taiwan Printed Circuit Association (TPCA) and its subordinate organizations (Human Resources Promotion Committee, Environmental Safety Committee, PCB Equipment Safety Committee, etc.), we also actively participate in the online training activities initiated by the TPCA. In addition, through participation in the Taoyuan City Industrial Association, we have received and communicated with the relevant industrial and commercial information as policy references for the future development and operation. Moreover, we have also established fire safety response planning and division of responsibilities through the organization and operation of the Sun Brothers Zone. Dynamic will continue to maintain and develop optimal relationships with these organizations while performing its tasks.

Profile of Dynamic

Date established: August 18, 1988
Main scope of operation: Specialized PCB manufacturer/service provider
Capital size: TWD 2.77 billion (USD 92.5 million)
Revenue: TWD 15.30 billion (USD 510 million)
Operation sites: The operation center is located in Taoyuan City, Taiwan and the two production bases are located in Kunshan, Jiangsu Province and Huangshi, Hubei Province, China
Total number of employees: About 4,113 people
Industrial ranking: Ranking 12th in Taiwan
 Ranking 41st in the world
 Ranking 10th in World Auto

Organizational Chart of Affiliated Enterprises

The following explains the nature and legality of the ownership Dynamic has over its affiliates.



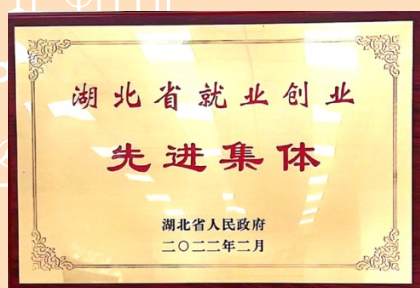
Recognition



Honored as a water-saving enterprise in Hubei Province



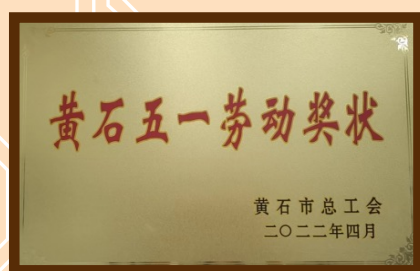
Honored as a Leading Enterprise For High-Quality Industrial Development



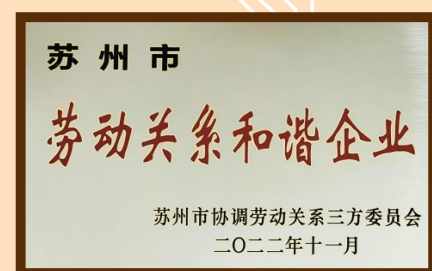
Honored as an Advanced Enterprise For Employment And Entrepreneurship



Honored as an Advanced Organization In Production Safety



Received the May 1 Labor Merit Certificate



Honored as an Enterprise With Harmonious Labor Relations in Suzhou City



Honored as a Contract-Abiding And Trustworthy Enterprise



Recognized as the top 5% for six consecutive years the Corporate Governance Assessment

Global Operational Service Network

The global operational service network of Dynamic covers Taiwan, China, US, Mexico, Germany, Czech Republic, Macedonia, Japan, Korea, and Singapore. There are plants, subsidiaries, or offices in each of these countries to provide real-time sales, product service, and technical support to customers around the world.

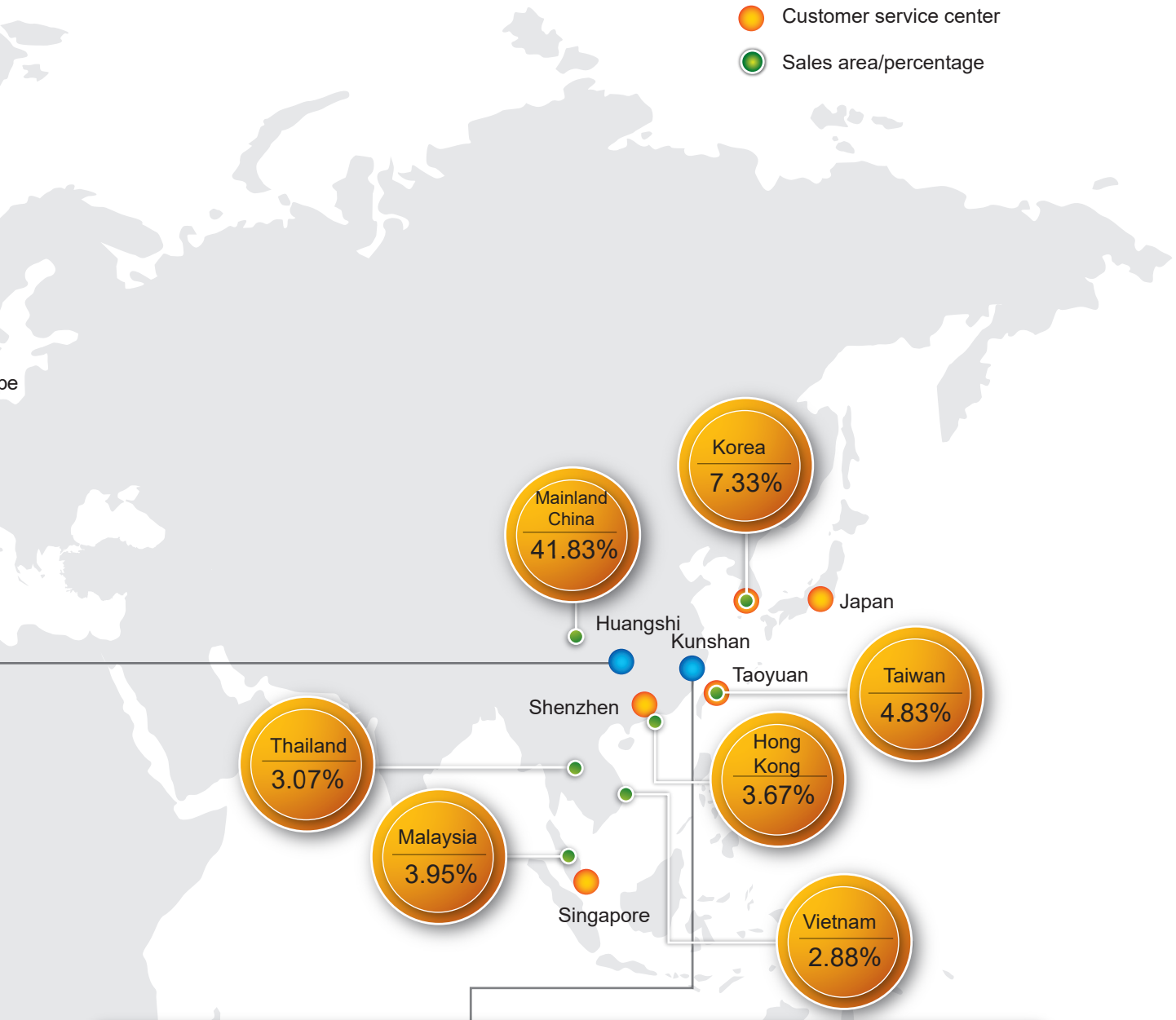


Huangshi Plant

Capital: NTD 1.7 billion
 Total capital: NTD 17.4 billion
 Occupied area: 400 thousand square meters
 Floor area: 265 thousand square meters (Plant 1/Plant 2)
 Capacity: 1.6 million square feet/month (multi-layer PCB)
 200 thousand square feet/month (high-density interconnect)
 Number of employees: 2,576 persons
 Feature: mass production and highly reliable products
 Portfolio: automotive panels, display panels, network communication and servers, storage devices, computers and peripherals, and consumer products.
 Address: No.88, Daqi Avenue, Wangren Town, Huangshi Economic and Technological Development Zone, Hubei Province, China



- Plant
- Customer service center
- Sales area/percentage

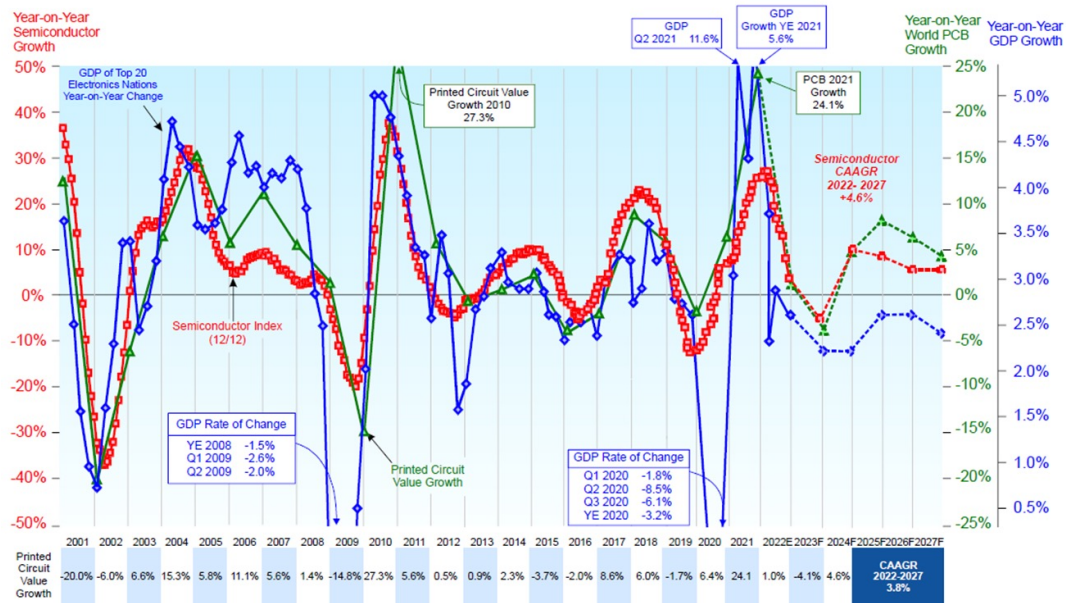


Kunshan Plant

Capital: TWD 2.61 billion
 Total capital: NTD 6.74 billion
 Land area: 109 thousand square meters
 Floor area: 142 thousand square meters (Plant 1/Plant 2)
 Capacity: 200 thousand square feet/month (multi-layer PCB)
 200 thousand square feet/month (high-density interconnect)
 Number of employees: 1,499 persons
 Features: Products with high reliability, small and medium volume, and diverse range of products.
 Portfolio: automotive boards, storage devices, display panels, network communication equipment and servers, goods for consumption
 Address: No. 1688, Jinshajiang North Road, Kunshan Economic and Technological Development Zone, Jiangsu Province, China

V. External Environment

Global Semiconductor, PCBs, GDP Forecasts



Data source: Prismark (2023/03)

According to Prismark's summary: The PCB market started off strong in 2022, but has deteriorated since the third quarter. The overall market has been deteriorating since the end of the second quarter of 2022 and showed no signs of recovery until the end of the year. The PCB market in 2022 was characterized by significant growth differences in products, applications, customers, and PCB manufacturers: PCB demand from personal computers, TVs, games and consumer electronics was very weak; however, demand for servers, satellite communications and advanced packaging was relatively strong. The reasons were high inventories and weak demand.

Circuit Board Market Forecast for 2023:

1. 2023 is a year of challenges:

- Weak demand and high inventories will hurt demand at least through the first half of 2023.
- High inflation and high interest rates are likely to continue for many years.
- Recessions in the U.S. and Europe are likely to occur.
- The war in Ukraine may continue, and the energy crisis in Europe may persist.

2. Electronics markets:

- The PC market is likely to decline further by 5% or more.
- The server market will grow at a low single-digit rate of about 3%, which is mainly driven by cloud service providers (CSP).
- The cell phone market is likely to be stable. Shipments from Chinese smart phone suppliers may increase slightly. Apple's smart phone sales may be either stable or declining.
- Vehicle shipments are likely to be 87 million or slightly higher, with a growth rate of about 3.6%.

3. 2023 PCB Market Forecast:

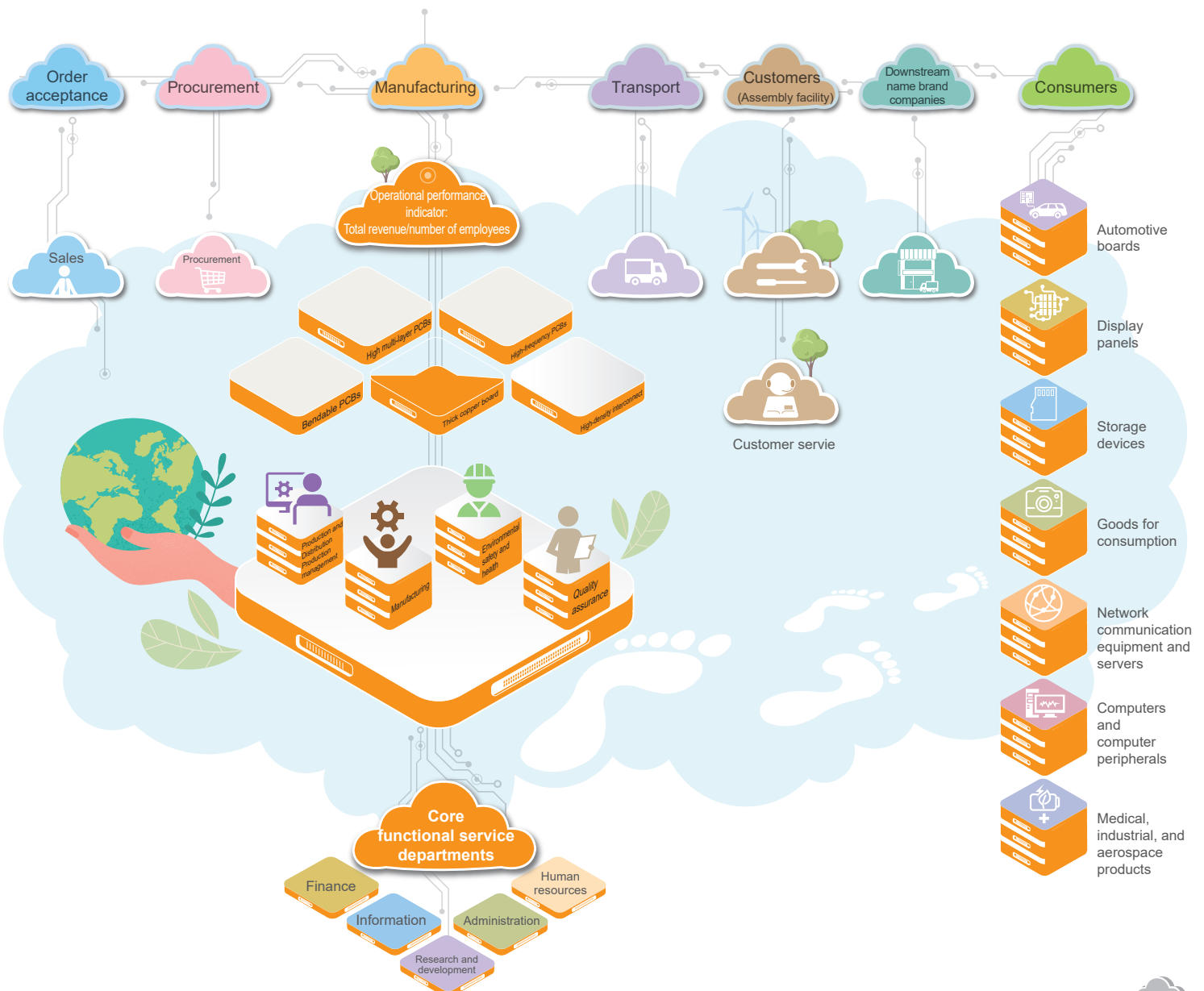
- The market capitalization of circuit boards is now expected to fall 4% from USD 81.7 billion to USD 78.4 billion.
- The carrier board market may fall by more than 8%.
- The decline in multilayer boards and flexible boards is 2-3%. The decline in HDI is 2%.
- Inventory, weak demand, and declining average unit prices are the killers in the 2023 market.



VI. Business Model

Dynamic is devoted to producing high-quality and high-technology PCBs to satisfy the needs of customers; this is its business model.

The PCB industry is highly related to the developmental trends of technology. The explosive growth in the demand for 3C products so far has also contributed to the flourishing developments of PCBs. The demand for 3C is slowing down now. Emerging technologies, however, such as the high-frequency and high-speed 5G that connects everything together, the ever more popular utilization of automotive electronics, and the speedy expansion of the ADAS and electric vehicles, are offering new opportunities in the development of the PCB industry. Revenue generated per employee in 2022 was TWD 3.72 million, an increase of 15% from the previous year. This was mainly due to the development of the product structure towards higher technology and the expansion of the production capacity of the Huangshi Plant through automation and intelligence, which led to positive operating performance. To meet the demands of these emerging technologies, Dynamic has not only continued to improve product quality, enhance manufacturing capabilities, and strengthen R&D technologies, but has also deepened automation and intelligent production. Dynamic's medium- and long-term development focuses on the application of electric vehicles, autonomous driving, servers, and networking products. Based on these developmental trends in the future, Dynamic sets its operational strategies and then product strategies, with high multi-layer boards, high-density linking boards, high-frequency boards, thick copper boards, and bendable boards, the five types of PCBs as its mainstream. Their value chain begins with Sales Department that takes orders and covers other collaborative departments, such as purchase, production control/production and distribution, manufacturing, environmental safety and health, quality assurance, and customer service before the products are delivered to customers in the end. In addition to the above departments, we also have finance, human resources, information, administration, and research and development departments to support our production needs. Through long-term and close communication between our sales staff and our customers, we aim to provide highly effective printed circuit boards that exceed customers' expectations as our ultimate goal.



2

Sustainable Performance



Two. Sustainability Performance



I. Sustainable Development Strategy

● Core Value

Integrity

We are committed to telling the truth, not making false statements, and practicing what we preach. We are fully committed to our customers; we work with our suppliers in a fair, just, and honest manner; we do not tolerate corruption and we do not allow any factions to influence the operation of the company.

Enthusiasm

We believe that enthusiasm is the driving force behind the development of an organization. Under the attitude of “being responsible”, each employee will further explore his/her own potential, stimulate positive momentum, and generate the commitment of “if not me, then who?” and the determination of “deliver on promise” to lead the company to break through the status quo and open up new horizons.

Customer Trust

We believe that the customer trust comes from our daily efforts. The only way to build a long-lasting trusting relationship is to help our customers create competitiveness through constant care and active listening, as well as high performance.

Innovation

We encourage our employees to learn and think. Through the spirit of courageous experimentation and inquisitiveness, we continue to pursue innovations in strategy, marketing, technology, management, intelligent manufacturing, and green environmental protection to enhance our overall competitive advantage and realize the fruits of our innovations with a strong sense of execution.

● Management Philosophy

Customer Satisfaction

Full customer satisfaction is our goal. We are fully aligned with our customers' development strategies and visions, and will do anything we can to deliver on our promises and exceed our customers' expectations. We are actively involved in the early development of our customers, investing resources to assist their R&D efforts to help them achieve their goals.

Commitment to Quality

Quality is a fundamental requirement that cannot be compromised. Not only do we promote excellent quality through intelligent manufacturing and precise processes, but each of our employees is committed to their positions, doing their best in each task, reviewing at any time, thus achieving the commitment of quality to our customers.

Continuous Innovation

Our key to sustainability is innovation, and it is not limited to research and development. As long as a project is related to operations and organizational development, it needs to break through existing frameworks and processes to strive for excellence and merit.

Smart manufacturing

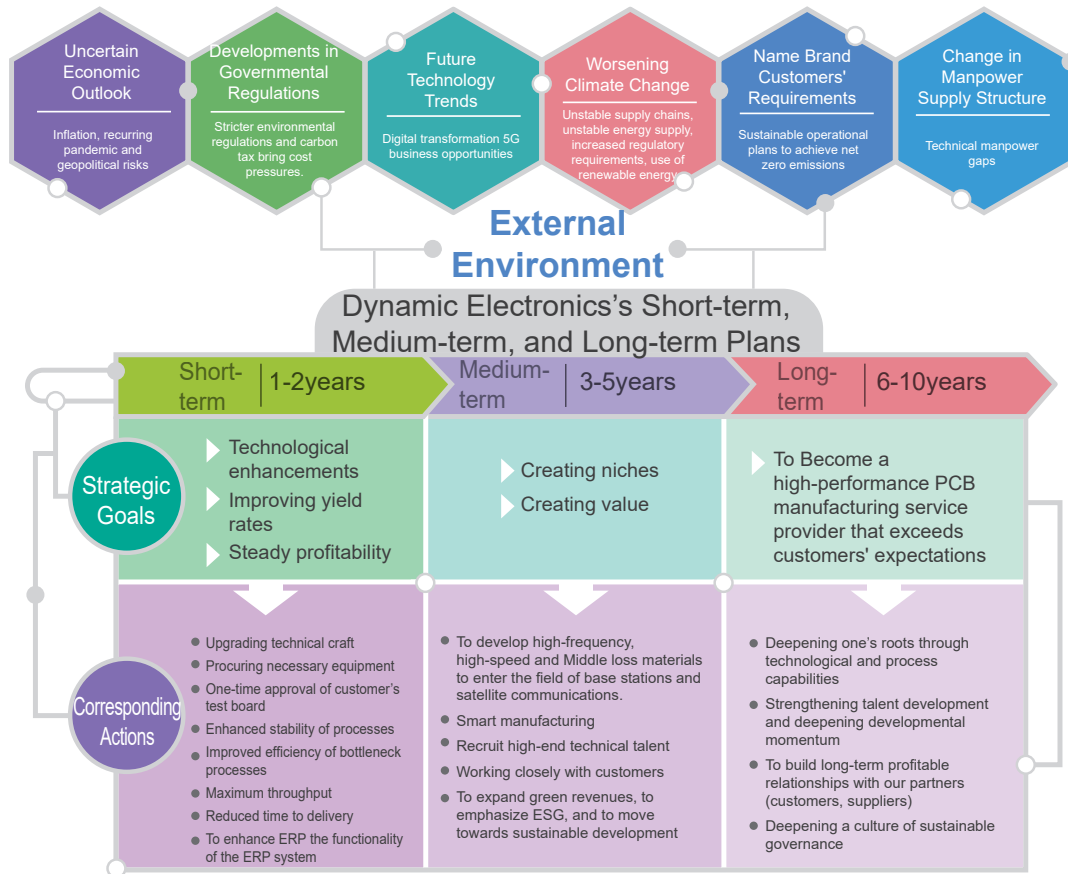
Intelligent manufacturing is a necessary requirement for excellent factory management. We are proactively moving into a new era to automate equipment, digitize information, and maximize quantization to bring our customers the value of short delivery time, high quality, high reliability, and high traceability of products. We are constantly seeking innovation and breakthroughs in plant design and process capability enhancement, in the hope of bringing growth momentum ahead of the industry and building the world's most competitive PCB plant, thereby creating a win-win environment for both our customers and the Company.

Corporate Sustainability

We define ourselves as “sustainability”, and aim to exert a positive influence on the society by taking both profit growth and sustainable practice into account, to benefit both “the global environment” and “society and human beings”, and to make ESG no longer just a slogan, but an action program for thorough implementation. The green factory we built not only takes into account economic and ecological development, but is also a concrete realization of ESG.

Short-term, Medium-term, Long-term Goals and Actions

Dynamic plans short-term, medium-term, and long-term operational goals and consolidate daily operational management and performance settings reflective of these goals.



Medium-term goals

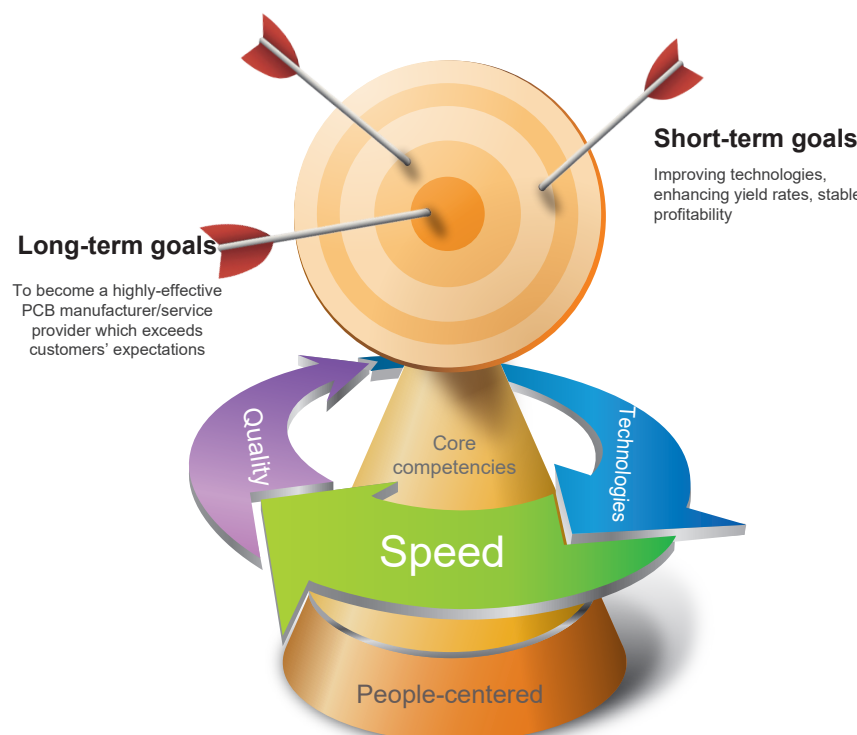
Developing niches and creating value

Long-term goals

To become a highly-effective PCB manufacturer/service provider which exceeds customers' expectations

Short-term goals

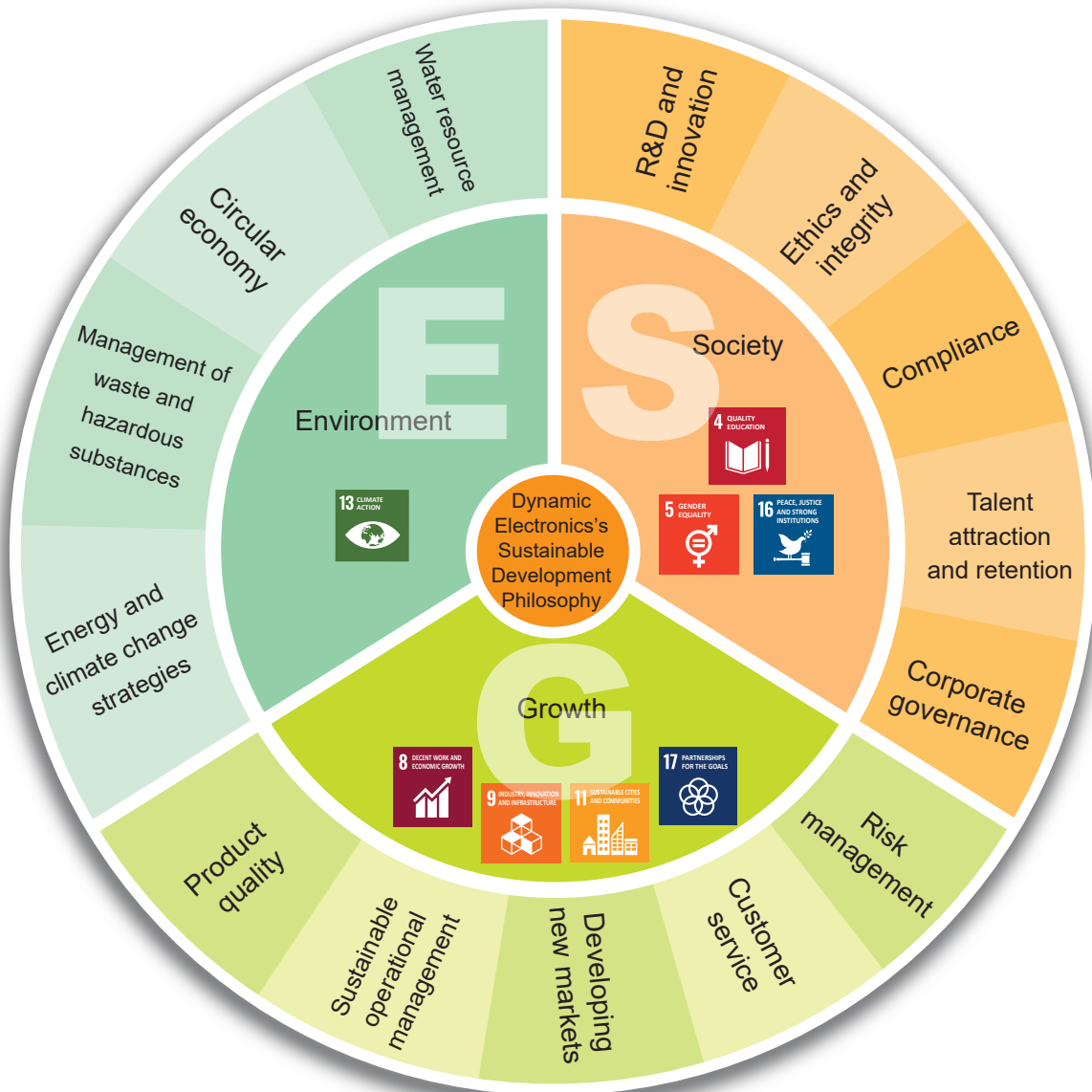
Improving technologies, enhancing yield rates, stable profitability





II. Corresponding United Nations Sustainable Development Goals

There are 17 UN sustainable development goals (SDGs). Dynamic, reflective of its own core competencies, can combine 8 of them in its goals while continuing to realize the people-centered, sustainable, and co-prospering vision through more proactive devotion at the management and operational level over the short term, mid term, and long term.



Please refer to the world wide web of the National Council for Sustainable Development of the Executive Yuan.
<http://nsdn.epa.gov.tw/NSDN/UnitedNations2.htm>

United Nations' 17 Sustainable Development Goals (SDGs)

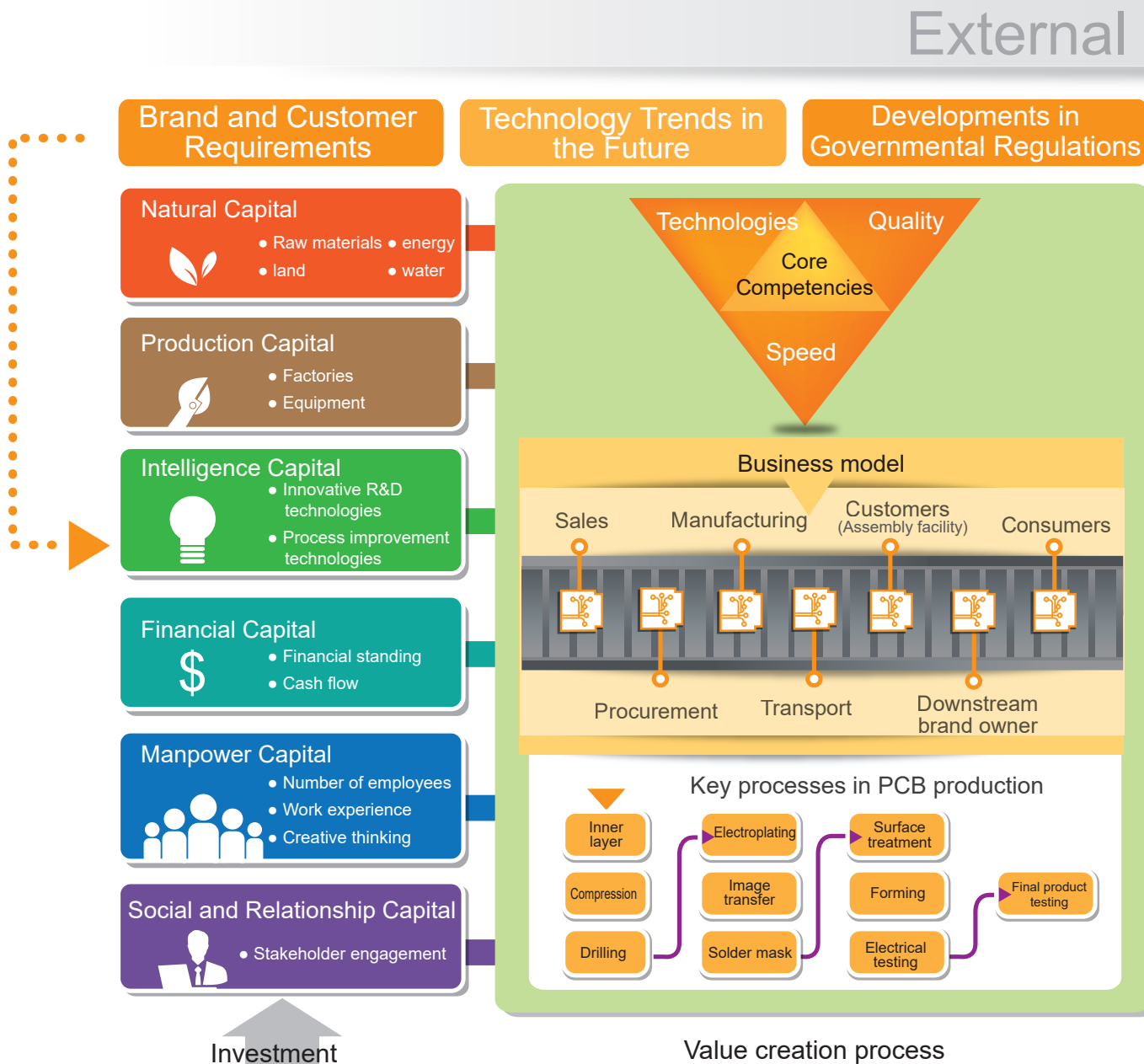


Goal	What Dynamic Does	Accomplishment
 Gender equality and empowerment of women	Dynamic does not differentiate salaries and benefits by gender.	1. Men and women share the same transparent compensation table that determines their salary. 2. The number of female managers in 2022 is 51, which is the same as in 2021, and the proportion has increased from 32% to 37%.
 Inclusive, safe, resilient, and sustainable cities and human housing	Automotive boards are the core product being developed by Dynamic, which answers to the vehicle-to-everything trend in the future and is highly relevant in automotive safety and urban travel planning.	The overall share of automotive boards in total revenue increased to 63% in 2022. In particular, the share of boards for new energy vehicles has also reached 20% of total revenue and will continue to increase. Technically, it covers high-density linking boards, high-frequency radar boards, thick copper boards, and bendable boards, etc.
 Adoption of emergency measures to cope with climate change and its impacts	Dynamic annual power saving rate and greenhouse gas emission reduction are based on the 2020 baseline year. With the goal of reducing emissions by more than 4% per year, we develop energy conservation plans and actively promote energy-saving improvement programs, such as production process improvement, equipment replacement, and power-saving planning.	1. Setting up climate scenarios and risk impact assessment according to the TCFD framework. 2. We have been preparing ESG information in accordance with SASB standards. 3. The Kunshan Plant revised the baseline year to 2020 to comply with the Chinese government's policy and targeted an annual reduction of 4% in electricity consumption per unit of revenue and greenhouse gas emissions per unit of revenue. In 2022, the Kunshan Plant reduced its electricity and energy consumption by 23.23% from the baseline year, and reduced its greenhouse gas emission intensity by 34.8% from the baseline year, both of which achieved the target of 4% reduction per year from the baseline year. The reduction was mainly achieved through the consolidation of plant facilities and efficiency gains. 4. The Huangshi Plant is also cooperating with the policy of the Chinese government to revise the baseline year to 2020 and set the target of reducing electricity consumption per unit of revenue and GHG emissions per unit of revenue by 4% per year. It decreased by 10.78% compared to the baseline year, thus achieving the reduction target; through the renovation of public facilities and equipment, the construction of new solar power generation facilities, the procurement of green electricity, etc., greenhouse gases decreased by 22.94% compared to the baseline year, thus also achieving the reduction target.
 Promotion of a peaceful and inclusive society to consolidate sustainable development; availability of judicial access for everyone; creation of an effective, accountable, and inclusive system at all levels.	1. Dynamic has an "That's not Right Mailbox" in place for its employees to express opinions about any managerial deficiency, administrative process, and protection of individual rights, among others. 2. Dynamic has a "CEO Mailbox" in place for its employees, business partners, third parties, and customers to file written complaints or reflect upon any corruption, bribery, and unethical behavior inside and outside the Company. 3. Dynamic sets a hotline for its partners as one of the multiple convenient electronic ways to make their complaints heard.	1. The total number of complaints in 2022 was 8. Compared to 14 in 2021, this is a decrease of 42%, indicating that most of the problems have been ameliorated. 2. The CEO's mailbox did not receive any whistle-blowing emails in 2022. 3. No complaint was received via the dedicated phone line in 2022.

Goal	What Dynamic Does	Accomplishment
 4 QUALITY EDUCATION Assurance of non-classified, fair, and high-quality education and promotion of life-long learning	1. Continue to perfect and consolidate the educational training system for its employees. 2. Establish an iLearning (knowledge and learning) Committee as the unit to take charge of advanced educational training. Besides keeping track of professional knowledge and technical information of customers and in the industry, it is also responsible for defining the internal knowledge management system. 3. Promote higher educational level for adult colleagues throughout the Huangshi Plant.	1. The average number of hours of education and training for all employees at the Taoyuan Operation Center, the Kunshan Plant, and the Huangshi Plant in 2022 was 31.4, 27.8, and 21.2 hours, respectively. Due to Covid-19, courses were provided through video-conferencing wherever possible and tested were performed upon completion of training to confirm the training efficacy. 2. The yield rate of the two factories has increased, quality costs have decreased, and employees' income has increased, thus creating a stable working environment. 3. In 2022, 46% of the Huangshi Plant's employees graduated with a college degree or above, and 15% of them with a bachelor's degree or above. The overall qualification level of the company's employees is relatively high compared to its regional peer companies.
 8 DECENT WORK AND ECONOMIC GROWTH Promotion of inclusive and sustainable economic growth to realize comprehensive and productive employment and make everyone enjoy a good job	1. Built the Huangshi Plant to satisfy customer demand and offer more jobs. 2. The Huangshi Plant in a local industrial park creates a cluster effect to support the upstream and downstream of the electronics industry, improve the local employment rate, and enhance infrastructures in the surroundings.	1. At the end of 2022, the production capacity of the Huangshi Plant No.1 increased to 1.8 million square feet, including 200 thousand square feet of high-density Interconnect (HDI) production capacity. In addition, the first phase of the Huangshi Plant No. 2 started mass production in August 2022, with a total production capacity of 600 thousand square feet, including 150 thousand square feet of HDI production capacity, which is a good opportunity for Dynamic to provide a stable employment environment to its staff and to sustain the growth in revenues and profits. 2. The ratio of raw materials sourced locally at the Huangshi Plant reached 99%, and the ratio of local staff employed in Hubei Province was 60%.
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructures, promote inclusive and sustainable industries, and expedite innovation	Dynamic plans beyond conventional industrial competition and has the automatic, smart, and information-based innovative generation in mind to secure the competitive advantages of itself and all its partners willing welcoming Industry 4.0.	The Huangshi Plant is planned with an emphasis over automatic, smart, and Internet-based applications while at the same time fulfilling energy conservation, emission reduction, water and electricity saving, environmental protection, and industrial safety requirements. It is a modern plant that is economic, environmental, and features the latest technology. The Huangshi Plant No. 2, once completed, will further emphasize reduced impacts on climate change and adaptation and resilience to climate change.
 17 PARTNERSHIPS FOR THE GOALS Reinforce the implementation of sustainable development and activate global partnership in sustainable development	Dynamic introduces integrated thinking, combines corporate operation and sustainable management, and emphasizes interaction and co-prosperity with stakeholders, including enhanced global partnerships. The goal is to serve customers with highly efficient quality and create long-term supply chain partnerships.	1. Dynamic's Sustainability Report also scored as AA, the highest among the first-time rated companies in the Cathay 2022 ESG Rating. 2. Dynamic has partnered with more than 1,000 suppliers worldwide to promote corporate social responsibility.

III. Six Major Capitals and Value Creation Process

Dynamic fully takes the dual impacts from the external environment and internal resources into consideration while creating value and enhances the output of six major assets by strengthening its core competencies. Dynamic identifies the impacts of respective assets on its operations and subsequent capital expenditure. The procedure that impacts the creation of value for Dynamic from respective assets is explained below:



Natural Capital

We care about improving efficiency in the use of energy resources such as electricity, water, and diesel. In combining natural capital with high-performing energy technologies and improved product yield rates, we help reduce resource wastages which eventually translate into reduced generation of waste and sewage. Waste and waste sewage generated are ultimately properly treated to achieve our zero waste emissions goal.

Production Capital

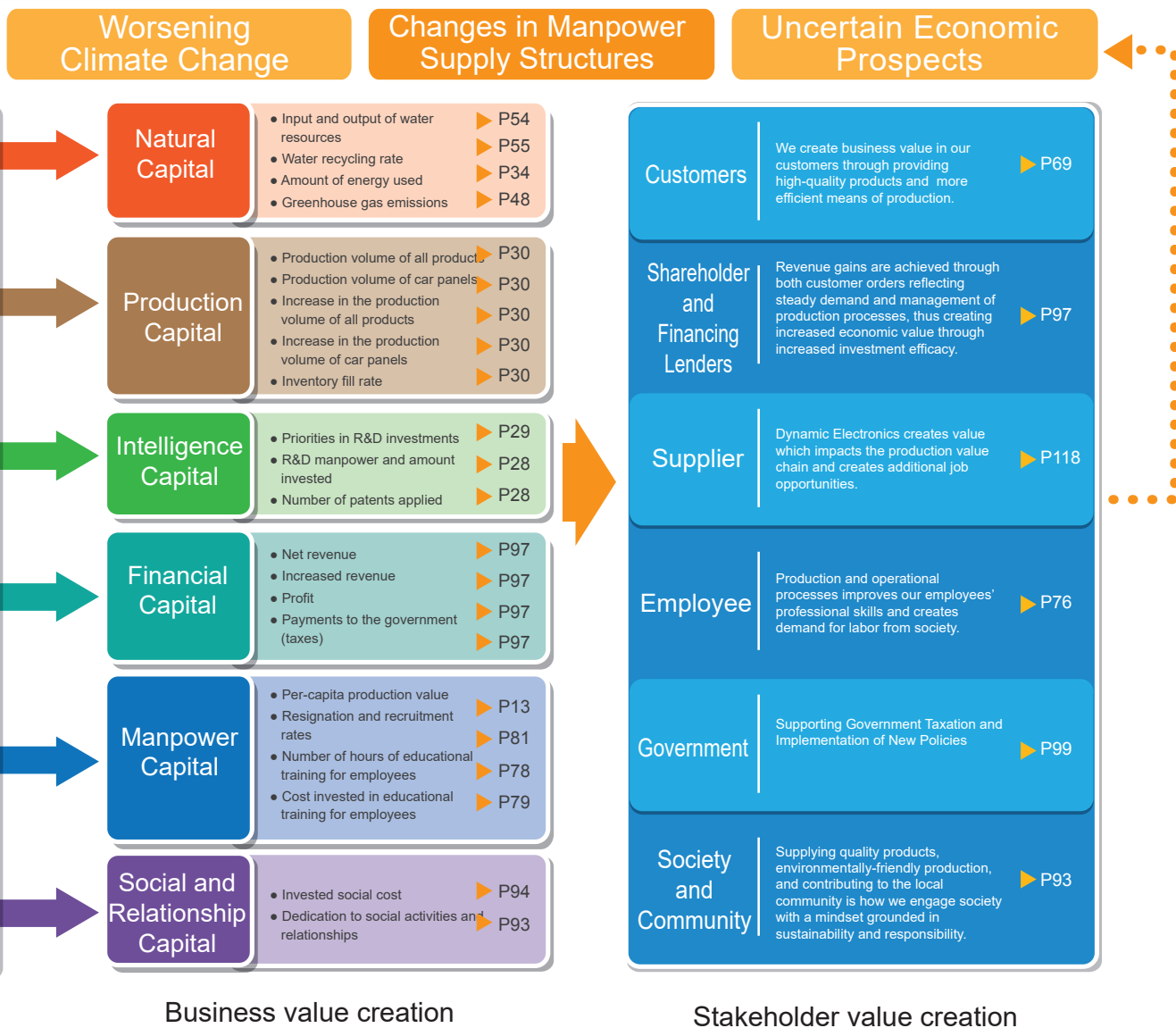
Our manufacturing capital is primarily factory equipment. According to our customer's purchase order, raw materials enter the production line as optimal technical capabilities reduce rework rates and scrap rates along the production line, this translating into a steady output of high-quality products and highly efficient shipment speeds to satisfy our customer's needs on all fronts. At Dynamic Electronics, manufacturing capital is an important operating capital.

Intelligence Capital

At Dynamic Electronics, innovative R&D and process improvement technologies make up our core technical competencies. As we develop innovative technologies with our customers to meet their requirements for new products, we also continuously improve process technologies in the plant, continuously optimize production processes, and continually increase production efficiency.



Environment



Financial Capital \$

At Dynamic Electronics, we promise our shareholders steady profits and strive to achieve strengthened operational performance to deliver higher dividends. Dynamic Electronics continues to improve its financial capital through its core competencies: technology, speed, and quality. Dynamic Electronics is as devoted to increasing revenue, increasing dividends paid out, and enhancing cash flow.

Manpower Capital

Dynamic Electronics, believing in the concept of "Family", creates amongst its employees a sense of identity towards Dynamics through measures such as enhancing their professional skills, creating safe working environments, and delivering innovative welfare and benefits. These measures hence contribute to improve Dynamic Electronics's technologies and capacities in both delivery and quality.

Social and relationship Capital

Dynamic Electronics continues to create and maintain optimal relationships with customers as we satisfy their needs, thus gaining their trust and affirmation over the long term. Dynamic Electronics also continues to strive to develop supply chain partnerships and win-win outcomes within the communities at its various operational locations. Through exchanges with our suppliers, community engagement, and caring for the disadvantaged, Dynamic Electronics continues to strengthen mutual reliance and win-win relationships with all parties.

IV. Stakeholder Interaction and Management

Stakeholders share the same life as Dynamic. They exist inside and outside Dynamic, near or far, and support Dynamic on all fronts. Dynamic hopes to strengthen communication with stakeholders through various channels to meet their expectations and to calibrate Dynamic's strategies and long-term goals in sustainable management, thereby moving towards the goal of sustainable management.

○ Stakeholder Engagement

Identification of Stakeholder

To identify the stakeholders, representatives from each department first proposed groups that interact with, influence, or rely on Dynamic in their business activities, or for which Dynamic has a responsibility. At the same time, reference was also made to the stakeholders of numerous benchmark companies in the industry to avoid omissions. After summarizing all the stakeholders, the selection process was conducted through a discussion and screening process. In 2022, the Company adopted the AA1000SES:2015 Stakeholder Engagement Standard as a reference to quantify the five characteristics of "dependence, responsibility, intensity, influence, and communication frequency" as a guideline. A total of 13 people, including the Board Chairperson, the President of the plant, as well as the heads of sales, research and development, quality assurance, information, finance, procurement, human resources, and environment, safety, and hygiene departments were involved in the engagement process. Finally, the following seven major groups were selected for the engagement process.



○ Topics Concerning Stakeholders and Dynamic and Stakeholder Engagement and Response



Dynamic maintains optimal interactions with its stakeholders over the long term. For each stakeholder, there is a corresponding department and expert to communicate with them, listen to what they have to say, and address their needs.

Stakeholder	Topic of Concern	Response from Dynamic	Replying Department	Communication and Interaction Method and Frequency
Customers	Customer service	Understands and satisfies customers' needs through customer relationship management and professional service provided through a fixed window	Sales quality assurance	- Frequent telephone and email correspondences on a daily basis - Mutual visits and meetings as needed - Non-scheduled audit - At least 2 visits between senior supervisors a year - Non-scheduled questionnaires: Surveys about our customer satisfaction and what customers know about our Business Continuity Plan (BCP), Corporate Social Responsibility (CSR), Responsible Business Alliance (RBA), conflict minerals (CMRTs), and Authorized Economic Operator (AEO) certified safe quality enterprise, etc.
	Product quality	Proactively enhance the internal yield rate, creates profits and shares it with customers, and reduces the external discount rate to ensure customer satisfaction.		
	Supplier sustainability management	Continues to promote local procurement and supplier assistance projects and invites suppliers to follow international standards together for enhanced overall quality and to fulfill sustainable operations goals.		
Employees	Continuous operational management	With sustainable operations as the goal, consolidates business continuity management, and needs to maintain operation and ensures retained growth momentum now and in the future in the event of possible operational crises.	Departments of human resources and environmental safety & health	- Interviews from time to time 3-10 announcements per month - Meeting of operational and managerial per month - Meeting of Occupational Safety and Health Committee per month - Quarterly health promotion campaigns - Quarterly labor-management and employee welfare committee meetings - Corporate and departmental workshops 20 times a year
	Corporate governance	Dynamic has secured the outstanding performance of being rated Top 5% in the corporate governance review performed by the Taiwan Stock Exchange for five consecutive years and will continue to deepen its corporate governance culture, effectively fulfill the functionality of directors, improve quality of information disclosed, and strengthen compliance with regulatory requirements.		
	Employee welfare	To fully take care of its employees, besides complete compliance with the requirements under labor laws and regulations, additionally provides multiple measures to help employees relieve pressure and enjoy a joyful and enriched life.		
Suppliers	Supplier sustainability management	Continues to promote local procurement and supplier assistance projects and invites suppliers to follow international standards together for enhanced overall quality and to fulfill sustainable operations goals.	Departments of procurement and research & development	- Frequent telephone and email correspondences on a daily basis - Mutual visits and meetings as needed - Non-scheduled audit - Update of related information on the Market Observation Post System (MOPS) and the official website at least once a month - Update of company profile and the annual report at least once a year
	Product quality	Proactively enhance the internal yield rate, creates profits and shares it with customers, and reduces the external discount rate to ensure customer satisfaction.		
	Corporate governance	Dynamic has secured the outstanding performance of being rated Top 5% in the corporate governance review performed by the Taiwan Stock Exchange for five consecutive years and will continue to deepen its corporate governance culture, effectively fulfill the functionality of directors, improve quality of information disclosed, and strengthen compliance with regulatory requirements.		
Banks	Continuous operational management	With sustainable operations as the goal, consolidates business continuity management, and needs to maintain operation and ensures retained growth momentum now and in the future in the event of possible operational crises.	Finance	- Frequent telephone and email correspondences on a daily basis - Mutual visits and meetings as needed - Communication on written materials from time to time - ESG Report
	Development of new market	For emerging enterprises in the process of developing products of the future, we devote various resources to help with R&D and to accordingly build the fundamental collaborative relationship with customers and become their long-term partners.		
	Corporate governance	We will continue to deepen our corporate governance culture, effectively fulfill the functionality of Directors, improve quality of information disclosed, and strengthen compliance with regulatory requirements.		
	Risk management	We continue to evaluate changes inside and outside the organization and possible influences and impacts on the organization in the future to accordingly find opportunities in the pursuit of corporate sustainability.		

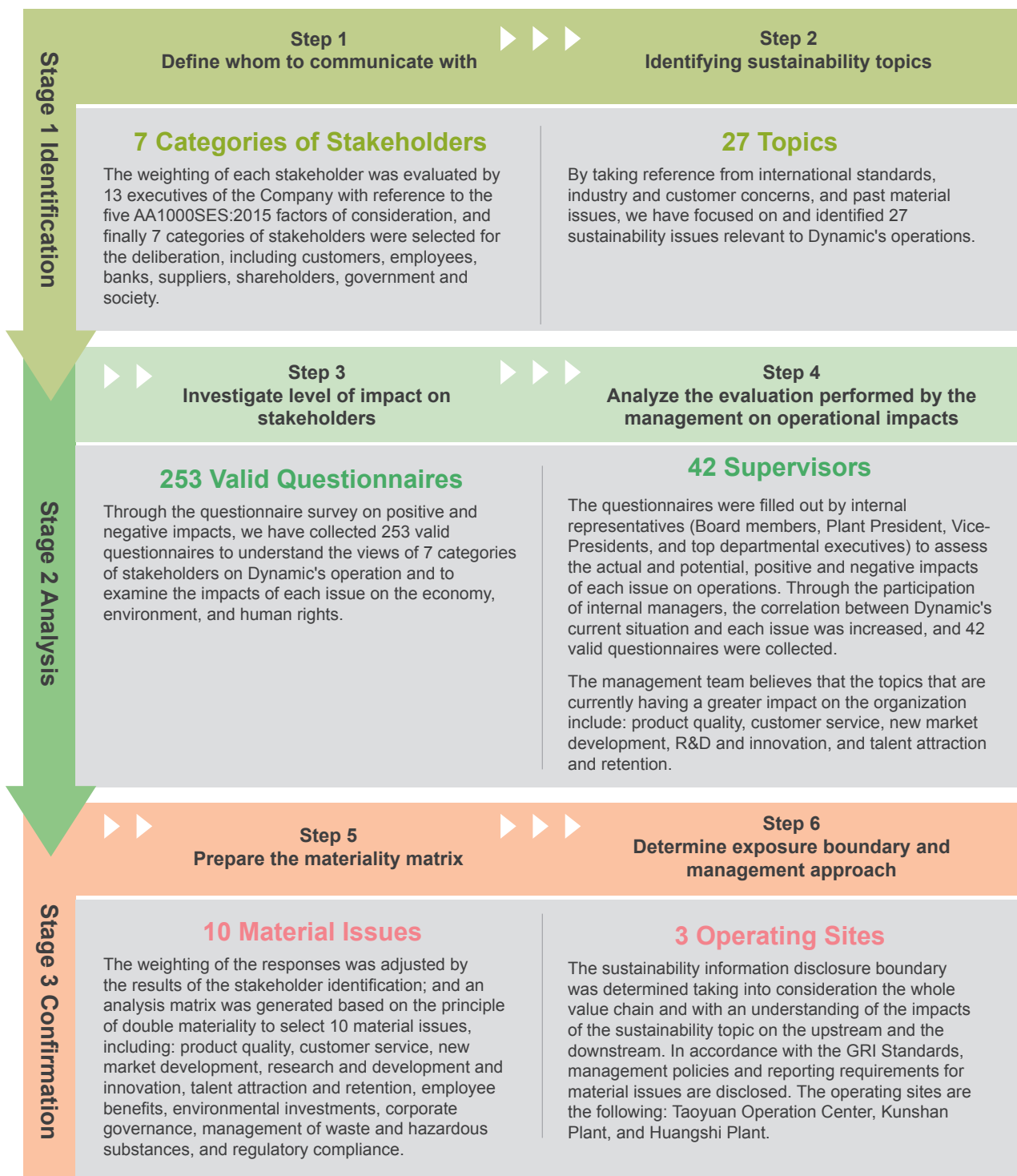
Stakeholder	Topic of Concern	Response from Dynamic	Replying Department	Communication and Interaction Method and Frequency
Government	Corporate governance	We will continue to deepen our corporate governance culture, effectively fulfill the functionality of directors, improve quality of information disclosed, and strengthen compliance with regulatory requirements.	Departments of administration and human resources	• Official letter correspondence at least 24 times a year • Communication on regulatory requirements and policies once a month • 25 educational training sessions per quarter • 1 visit per quarter • Charity events from time to time • ESG Report
	Legal Compliance	Pledge compliance with international standards and the regulatory requirements of governments at the operational site and no violation of requirements is allowed. The authority to file complaints with is the Legal Affairs Office and complaints can be filed through the hotline or the mailbox.		
	Energy and climate change strategy	Proactively promote energy conservation and improvement plans to reduce greenhouse gas emissions and to slow down impacts on global warming.		
	Ethics and integrity	The Legal Affairs Office is the responsible unit for the promotion of ethical corporate management and to report to the Board of Directors periodically.		
Shareholders	Development of new market	For emerging enterprises in the process of developing products of the future, devotes various resources to help with R&D and to build the fundamental collaborative relationship with customers and become their long-term partners.	Finance Chairperson Office	• Communication over the phone and provision of materials from time to time • Update of the webpage and the Market Observation Post System (MOPS) each month • Organization of at least 4 investor conferences a year and workshops from time to time • One shareholders' meeting a year • Release of the annual report through the shareholders' meeting each year • ESG Report
	R&D and innovation	Takes part in customers' product development early on with its professional technical service and drive outstanding quality and quick production through smart manufacturing and a precise process.		
	Corporate governance	We will continue to deepen our corporate governance culture, effectively fulfill the functionality of directors, improve quality of information disclosed, and strengthen compliance with regulatory requirements.		
	Product quality	Proactively enhance the internal yield rate, creates profits and shares it with customers, and reduces the external discount rate to ensure customer satisfaction.		
Society	Continuous operational management	With sustainable operations as the goal, consolidates business continuity management, and needs to maintain operation and ensures retained growth momentum now and in the future in the event of possible operational crises.	Management Department Human resources	• Contacts and visits from time to time • Charity events from time to time • ESG Report
	Management of water resources	Maximize water use efficiency, promote process water conservation and reuse of re-claimed water, reduce the amount of primary water used per unit of throughput, and minimizes the discharge of sewage.		
	Environmental protection expenditure and investment	Reduce the output of wastewater and waste generated per unit of area, improve the use efficiency of water and energy, and becomes an environmentally friendly enterprise.		
	Societal involvement and social wellness	Highly emphasize the interaction with surrounding neighborhoods and future developments of the community and respond positively to and cope proactively with the various issues indicated in the community and follow the close-to-estranged and close-to-far principles in social care.		



Identification and Analysis of Material Issues

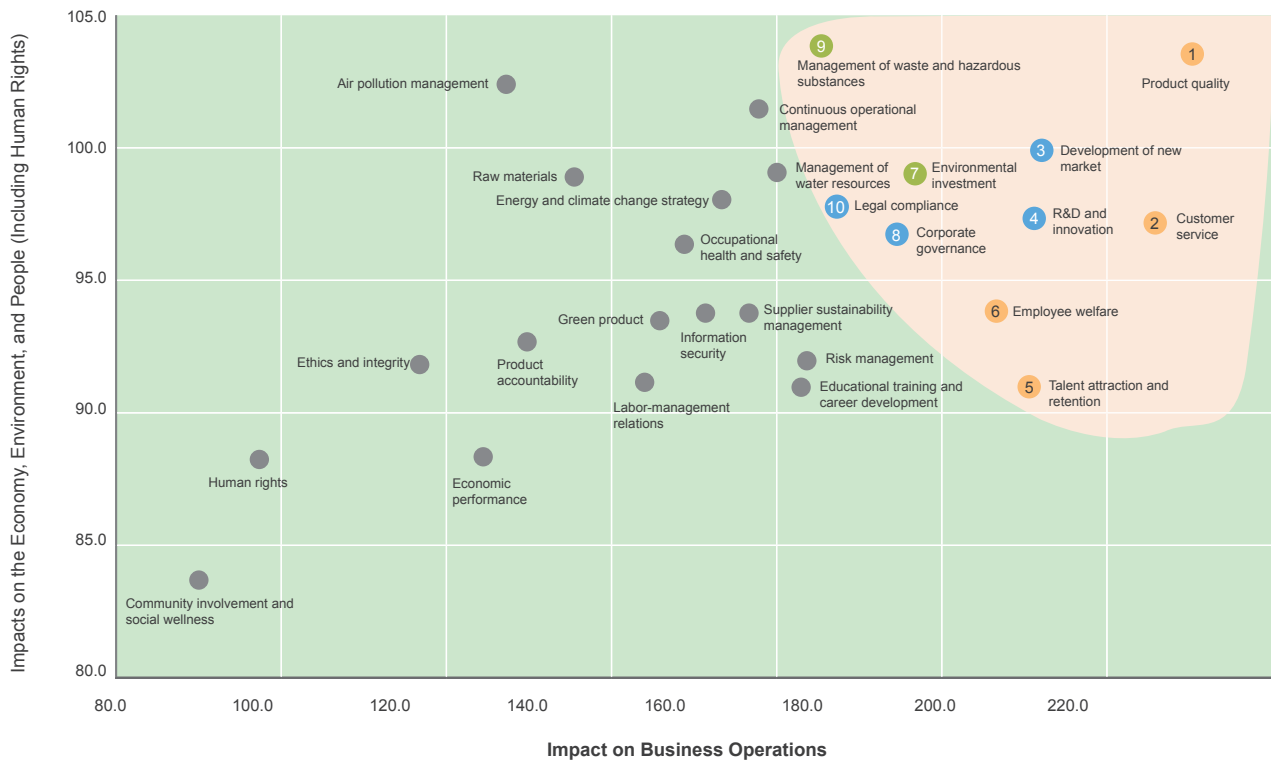
In accordance with the latest standards issued by Global Reporting Initiative (GRI) in 2021 and with reference to domestic and international guidelines on sustainability, as well as the material issues of peer companies and customers, 27 sustainability issues that are closely related to the Company were selected to identify the material issues in this report. Furthermore, according to the Double Materiality Principle proposed by the European Union, the actual/potential and positive/negative impacts are considered as the criteria and dimensions, including the assessment and ranking of the impacts of each issue on the economy, the environment and human rights for stakeholders and senior managers. We have identified the major sustainability issues of Dynamic for 2022, and based on the results of the assessment, we have created a matrix of the material issues for 2022.

Material Issue Identification Process



Material Issue Identification Results

Dynamic uses each issue's "impact on economy, environment, people (including human rights)" and "business operations" as the two axes of the material issue matrix, and identifies 10 material issues. Compared with 2021, "customer service", "employee benefits" and "environmental investment" have been added to the list of material issues. We will provide in-depth responses to these 10 material issues, and explain the performance indicators and management approach in subsequent chapters.



Governance Aspect

- 3 Development of new market
- 4 R&D and innovation
- 8 Corporate governance
- 10 Legal compliance

As it relates to the company's long-term survival and development, stakeholders have always been highly concerned about issues related to the business model. After the merger this year, the four topics are still on the list. Whether it is to cope with the increasingly strict laws and regulations or to develop products and markets, we will face the tough challenges ahead prudently.

Society Aspect

- 1 Product quality
- 2 Customer service
- 5 Talent attraction and retention
- 6 Employee welfare

This year, we not only continued to include "Talent Attraction and Retention", but also added "Customer Service" and "Employee Benefits". Whether it's for external customers or internal employees, we try our best to improve the good experience and enhance the loyalty, so that good employees and customers can grow and develop together with us.

Environment Aspect

- 7 Environmental investment
- 9 Management of waste and hazardous substances

To introduce emerging technologies and techniques to help improve environmental performance and outcomes, "Investment in Environmental Protection" is included in the top ten topics this year. Furthermore, to maintain the global environment, the "Management of Waste and Hazardous Substances" has been renewed.

Comparison of Dynamic Material Issues Ranking in 2021 and 2022

2021	Ranking	2022
Corporate governance	1	Product quality
Continuous operational management	2	Customer service
Legal compliance	3	Development of new market
Product quality	4	R&D and innovation
R&D and innovation	5	Talent attraction and retention
Risk management	6	Employee welfare
Ethics and integrity	7	Environmental investment
Talent attraction and retention	8	Corporate governance
Development of new market	9	Management of waste and hazardous substances
Management of waste and hazardous substances	10	Legal compliance
Economic performance	11	Continuous operational management
Environmental protection expenditure and investment	12	Management of water resources
Management of water resources	13	Risk management
Customer service	14	Educational training and career development
Air pollutant management	15	Energy and climate change strategy
Occupational health and safety	16	Supplier sustainability management
Energy and climate change strategy	17	Occupational health and safety
Employee welfare	18	Information security
Labor-management relations	19	Green product
Product accountability	20	Raw materials
Green product	21	Labor-management relations
Supplier sustainability management	22	Air pollutant management
Educational training and career development	23	Product accountability
Societal involvement and social wellness	24	Economic performance



Material Issues and Impact Boundaries

The material issues identified by Dynamic through the “Stakeholder and Material Issues Identification Analysis” are summarized below according to the degree of involvement of the impact range on the value chain:

Material Issues	Category	Scope of Impact and Extent of Involvement			Corresponding Chapters and Page Numbers	
		Upstream (Supplier)	Dynamic Operation	Downstream (Customer)		
1 Product quality	Society Aspect	V	V	V	Four. Co-prosperity in Society/ I. Product Quality and Customer Service	► P66 ► P26
2 Customer service	Society Aspect	-	V	V	Four. Co-prosperity in Society/ I. Product Quality and Customer Service	► P66 ► P26
3 Development of new market	Governance Aspect	-	V	V	Five. Economic Performance and Corporate Governance/ II. Development of New Markets	► P66 ► P26
4 R&D and innovation	Governance Aspect	-	V	V	Two. Sustainability Performance/ V. R&D and Innovation	► P66 ► P26
5 Talent attraction and retention	Society Aspect	-	V	-	Four. Co-prosperity in Society/ III. Talent Attraction and Retention	► P66 ► P26
6 Employee welfare	Society Aspect	-	V	-	Four. Co-prosperity in Society/ III. Talent Attraction and Retention	► P108 ► P106
7 Environmental investment	Environment Aspect	V	V	V	Three. Environmental Performance/ II. Energy and Climate Change Strategy	► P106 ► P75
8 Corporate governance	Governance Aspect	-	V	-	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	► P97 ► P97
9 Management of waste and hazardous substances	Environment Aspect	V	V	V	Three. Environmental Performance/ VII. Waste Management	► P56 ► P56
10 Legal compliance	Governance Aspect	-	V	-	Five. Economic Performance and Corporate Governance/ IV. Compliance	► P31 ► P31

Notes: 1. The upstream boundary is the raw materials, regular materials, equipment, and related services purchased by Dynamic. 2. Dynamic operation means the business of PCBs supplied by Dynamic. 3. The downstream boundary is the products and services provided by Dynamic to customers. 4. “V” indicates that a topic has a substantial negative impact.

V. R&D and Innovation



— Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
Create an innovative corporate culture; encourage employees to think about various possibilities for innovation and improvement in multiple ways; develop products that are the most popular on the market; continue to invest in the R&D of new products and new process; enhance the throughput efficiency and product quality; and introduce information technology tools.	Lack of continuous research, development and innovation can cause Dynamic to lag behind its peers in terms of technology and reduce its competitiveness, which in turn affects its ability to operate and continue as a going concern.	Continue to boost the internal yield rate, achieve external quality goals, create competitive advantages, and enhance customer satisfaction.	1. Set up various incentives for proposals on improvements. 2. Reinforce the R&D Department to support new knowledge about the industry at the Sales Department and the status of process R&D at Dynamic; and enhance opportunities available for sales representatives to secure trust from customers and joint developments. 3. Increase the amount of investment in the innovation of R&D technologies and effectively distribute resources to the most forward-looking products. 4. Recruit suitable talent to be devoted to R&D according to the functional requirements of innovative targets.	Departmental head Head of human resources Head of research and development Head of information technology President Chairman (Hotline, mailbox)

Goal	Accomplishment in 2022	Goals for 2022	Goals for 2023	Goals for 2025 (Medium-term)	Goals for 2027 (Long-term)
Number of R&D people	7.3%	At least 5% of all people	At least 5% of all people	At least 5% of all people	At least 5% of all people
Value invested in R&D	4.32%	At least 2% of all revenue	At least 2% of all revenue	At least 2% of all revenue	At least 2% of all revenue
Patents	15	18	22	20 and more	24 and more
Information technology applied to fulfill the goal of creating Dynamic-specific smart plants	*WPNL management - board edge 2D code read/write are all introduced *AGV in process + 2 stereoscopic warehouses have been introduced in P2 *Digitization of work orders has been completed in P2 *Automatic posting has been completed in P2.	*WPNL management - board edge 2D code read/write will be introduced for the full line in P2 *Introduce P2 for the AGV transport during the manufacturing process *Digitization of work orders is introduced in the full line of P2 *Automatic posting is introduced in the full line of P2	*Board edge management advanced to PCS management and extended to the inner layers/distribution station *The introduction of AGV in process of P2 + stereoscopic warehouses has been expanding continually. *EDA will be launched for electronic data analysis 1. The warning system for the six major risk areas of quality management is fully introduced 2. We will facilitate the solution of the eight factors of engineering tolerance control 3. Customer audit system, Traceability, will be introduced	*Properly apply PMP standards and create a digital database and recipe management for PCBs *FMEA: Introduce visualized exploration and analysis and machine learning smart tools to expedite improvement of process capabilities	*Forecast possible abnormalities in equipment, spontaneously advise on the replacement and repair of key parts and enhance product quality and equipment uptime *APC: We will make the best use of the established Recipe database and add AI capability of edge computing to add intelligent decision-making process when abnormalities occur

- * PMP: Project Management Professional
- * FMEA: Failure Mode & Effect Analysis
- * APC: Advanced Process Control
- * AGV: Automation Guided Vehicle
- * SECS: Semiconductor Equipment Communication Standard
- * WPNL: Working Panel

Innovation is critical to the sustainable operations that Dynamic wishes to fulfill in the face of the market demand and the rapid developments and changes of product technologies. This innovation is not limited to R&D technologies but also operational activities and management mechanisms at each segment of the value chain. Constant advancements and pursuits of excellence are needed. In addition, all operational sites must be close partners of customers and suppliers to create multi-win opportunities. Faced with the rapid changes brought about by the Internet, the quickly emerging innovative technologies, and innovative products that never stop making their debuts to gain market presence at a lower price, "innovation" is a particular key indicator of sustainable management.



The primary R&D projects and accomplishments of Dynamic are summarized as follows for 2022:

R&D Project	R&D Accomplishment	Future Plans
High-speed low-signal consumable	UL certification has been obtained for materials testing such as ultra-low loss, and we have been producing them in small quantities for application to 800G optical modules. Regarding AI servers and Data Center Servers, there is a growing demand for data processing and AI accelerated computing in various application areas. The materials required for 5G generation applications on the Intel Eagle Stream platform have been certified.	Continue to develop the black oxide solution and pulse plating process technology featuring minimal etching.
Advanced HDI and thin products	Regarding High-end HDI, we have completed the small mass production of 16-layer Anylayer HDI. The 14-layer Anylayer PCS (size>550mm) LCD/LED sized control motherboard was successfully developed. We have successfully obtained certification and started mass production of 12-layer anylayer Cavity high-end laptop motherboards. 12-layer anylayer motherboards for automotive center control were successfully mass-produced. 14 layers of internal/external 3oz designed smart grid control HDI boards were successfully mass-produced. 8+8 HDI PCS (size>580mm), 1pcs/panel test module products have been successfully mass-produced, and the aperture diameter of blind holes can be produced down to 3mil. The thickness of the thin product, Mini-LED 0.2mm board, has been certified and its production has begun.	Increase the process capability for the MiniLED so that production with a thinner thickness of 0.1mm is possible.
High frequency mmWave products	The shipments of automotive mmWave radars at 24GHz/60GHz/77GHz continue to increase. Regarding the 4D imaging radars. We start sample making with customers and deliver the products for customers' verification. GEO (Geosynchronous Satellite) ground receiving stations continue to be mass-produced. Regarding LEO (Low Orbit Satellite) ground receiving stations, which are most likely to be developed on a large scale, we are in contact with customers for mass-production opportunities. In line with customers, the 5G Open RAN RU module is under development, and the FWA (fixed wireless access) and CPE (customer premise equipment) parts of the small 5G base station have been certified by the customers. Regarding 5G mmWave, we continue to work with our customers to conduct early sample development and production tests for 28GHz and 39GHz products.	Begin more advanced collaboration with customers in autonomous testing of the antenna performance and the development of novel antenna technologies. Begin mass production for the ground low-track satellite (LEO) ground receiving station of the best developmental potential of scale.
High heat-dissipating product	The copper module is built in the high-frequency receiver and sample certification is completed. The technical program of copper paste for heat dissipation and conductive connections is in the application test phase of the process. Regarding high-frequency power amplifier products, sample development and process optimization are in progress. The development and testing of Busbar product samples have been completed; customer certification for headlamps has been completed, the buried copper design criteria have been completed, and we continue to work with the customer on development.	Begin the sample development and process optimization stages for high-frequency power products. The development and testing of Busbar product samples have been completed, and we will continue to enhance the related manufacturing process capabilities. Heat sink past technology will be applied to DC/DC of electric vehicles and PCBs in compressors, and we will work with customers to make the development.
Built-in active and passive components and products	Utilizing the built-in component technology, we have co-developed the 48V integrated Belt Starter Generator (iBSG) product with our customer to proactively penetrate the 48V light-duty automotive parts supply chain, and the product is currently in the pilot production stage. Other embedded elements (such as passive components and magnetic materials) are being developed jointly with customers.	Proactively develop other embedded components with customers for automotive products. Simultaneously develop the processes for components embedded in different ways.

The R&D directions from 2022 will be continued in 2023 and be slightly adjusted reflective of the market condition and product development. The major types of products being developed are as follows:

- 1 5G high frequency communication network base station and CPE, RRU, Small Cell, satellite communications, 800G high-speed transmission servers and switches
- 2 Advanced driver assistance system (ADAS), 4D imaging radar, LiDAR
- 3 Wearables, 48V integrated belt starter generators (iBSG)
- 4 MiniLED backlight/direct view module
- 5 New energy vehicle charging piles and relays; engines and motor control module

Manufacturing Capital

Huangshi Plant

2022 actual performance:

- ▶ Area of all products produced: 20.25 million square feet/year
- ▶ Area of automotive boards production: 10.3 million square feet/year
- ▶ Growth of area of all products produced: 13%
- ▶ Growth of area of automotive boards produced: 31%
- ▶ Warehousing fulfillment rate: 101%

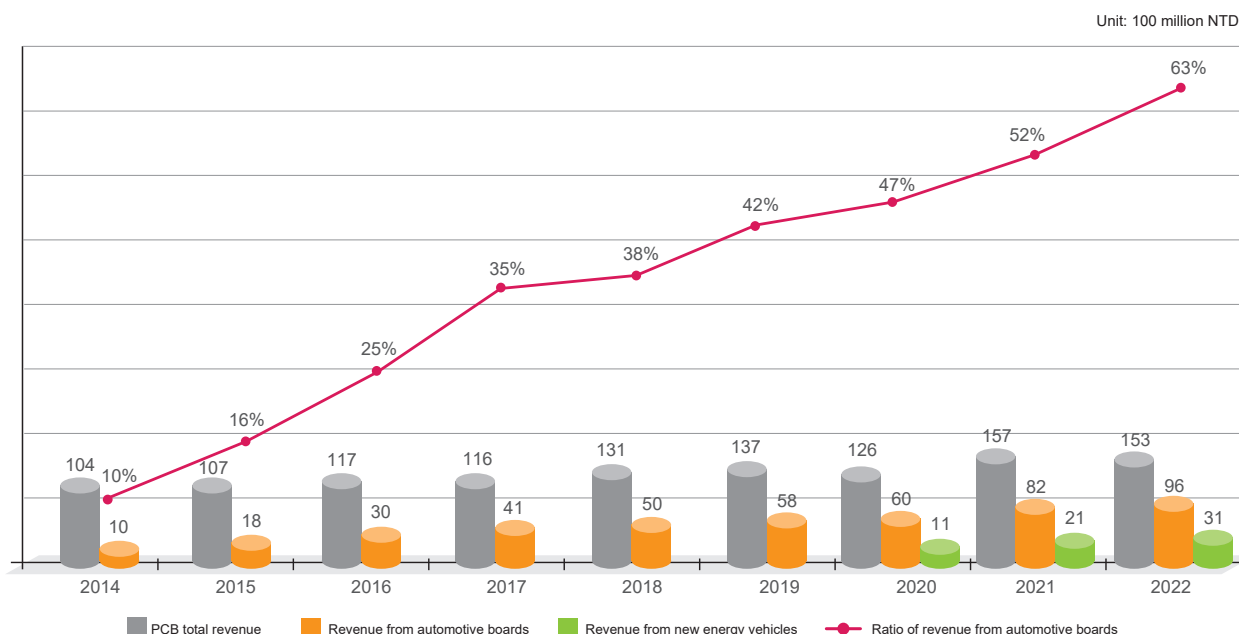
Kunshan Plant

2022 actual performance:

- ▶ Area of all products produced: 10.36 million square feet/year
- ▶ Area of automotive boards production: 7.96 million square feet/year
- ▶ Growth of area of all products produced: -46%
- ▶ Growth of area of automotive boards produced: -29%
- ▶ Warehousing fulfillment rate: 99%

Trends in the Growth of Automotive Boards and Electric Vehicle Boards

The share of Dynamic's automotive boards grew to 63% from 52% last year, and the new energy vehicle boards also grew to 20% from 13% last year.



3

Environmental Performance

Water Resource

38.70% water recycling rate

Environmental Protection Expenditures

No expenditure was incurred for environmental penalties

Wastewater/Sewage Management

7.44% reduction in sewage emission intensity

Greenhouse Gas

27.06% reduction in greenhouse gases emission intensity

Energy

11.92% reduction in energy consumption intensity

Waste Management

Over 96% of business waste is recycled



Three. Environmental Performance

I. Energy and Climate Change Strategy

— Management Approach

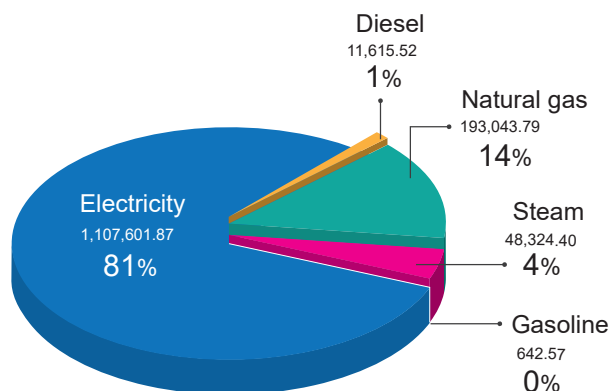
Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing mechanism
Enhancing the company's energy efficiency not only reduces production costs, but also allows for sustainable operation with limited energy supply. Planning for renewable energy sources not only reduces the risk of electricity restrictions, but also enhances the company's environmental image.	As China promotes "energy transformation" and "green development", companies are required to prioritize the use of renewable energy. Power plants in China are gradually reducing their coal-fired generation capacity in line with government policies to reduce air pollution and carbon emissions in the country. As a result, there may be a shortage of power supply, which may lead to shutdowns, load-shedding and other problems.	In line with the requirements of energy laws and regulations, we have formulated energy-saving strategies and targets that are compliant and effective in enhancing corporate efficiency, thereby building up Dynamic's corporate sustainability resilience.	We will plan an on-line energy monitoring system to improve the accuracy of product carbon footprint inventories and provide an important basis for energy improvement; plan renewable energy programs, install solar power generation facilities, and procure green power from external parties; and promote various environmental management systems to ensure the implementation of policies and programs.	CEO's mailbox

— Goal and Accomplishment

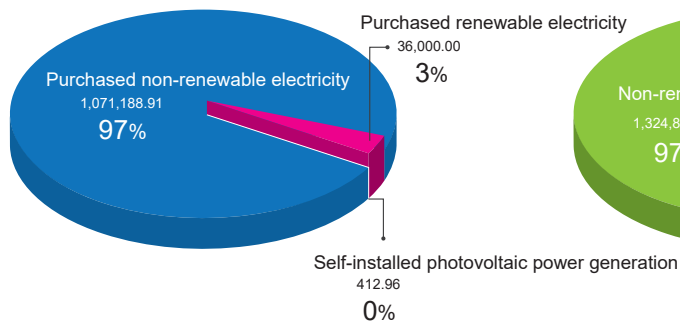
Goal	Accomplishment in 2022	2022	2023	2025 (Medium-term)	2027 (Long-term)
Target consumption intensity of the Kunshan Plant (GJ/million TWD in revenue) (taking 2020 as the baseline year)	89.71 (Intensity dropped by 21.6%)	105.24 (Intensity dropped by 8%)	100.66 (Intensity dropped by 12%)	91.51 (Intensity dropped by 20%)	77.79 (Intensity dropped by 32%)
Target consumption intensity of the Huangshi Plant (GJ/million TWD in revenue) (taking 2020 as the baseline year)	92.61 (Intensity dropped by 15.4%)	100.7 (Intensity dropped by 8%)	96.32 (Intensity dropped by 12%)	87.57 (Intensity dropped by 20%)	74.43 (Intensity dropped by 32%)

Note: Starting from 2022, the reduction target was revised to use energy consumption intensity as the reduction indicator. Using 2020 as the baseline year (114.39 GJ/million TWD in revenue of the Kunshan Plant and 109.46 GJ/million TWD in revenue of the Huangshi Plant), the annual reduction of energy consumption intensity and GHG emission intensity (based on revenue) is 4%, and the reduction will be at least 20% by 2025.

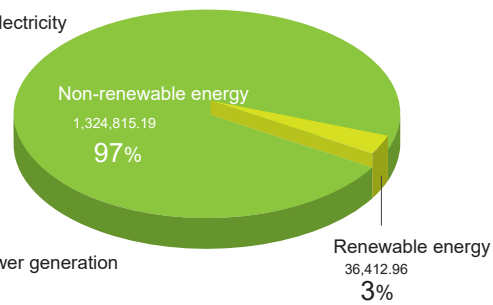
Breakdown of Energy Consumption by Category in 2022



Electricity Type Breakdown



Energy Type Breakdown



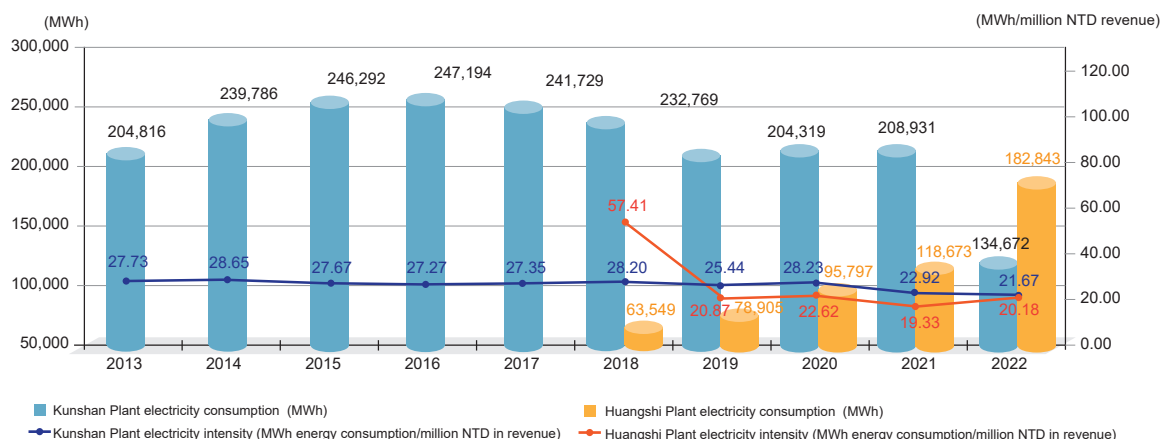
Dynamic's energy consumption is still dominated by electricity. The types of energy are renewable energy and non-renewable energy. Among them, non-renewable energy is the most dominant, accounting for 97% of the total energy consumption.

In 2020, the National Energy Administration of China promulgated regulations related to green power to promote companies' voluntary purchase of green power from renewable energy sources. In addition to continuing to pay attention to the trend of amendments to renewable energy laws and regulations, Dynamic started to purchase green power from its Kunshan Plant in 2021. The Huangshi Plant started to purchase green power in 2022, with 10 million kWh of green power (accounting for 5.8% of its total plant consumption), and the green power purchases in 2023 will be expanded to reach 40 million kWh (accounting for 20% of its total plant consumption). In addition to purchasing green power from external parties, the Huangshi Plant has invested CNY 680 thousand in the first phase of a photovoltaic power generation project with an annual generating capacity of approximately 150 thousand kWh to provide electricity for the residential area, and will invest CNY 30 million in the expansion of the plant rooftop photovoltaic power generation project over the next five years, with a total installed capacity of 6,859.6 kWp. The total annual power generating capacity will be 6.5 million kWh after the completion all of the projects.

In addition to the use of renewable electricity, we are also proactively planning an energy saving and carbon reduction project. We have invested CNY 550 thousand to replace the Roots Blowers used for aeration in the wastewater treatment facility with 2 sets of highly efficient and energy-saving air suspension blowers, which will save about 300 thousand kWh of electricity per year. In 2023, we will introduce an on-line energy monitoring system, and the data on energy consumption will be displayed in real-time for monitoring purposes, which will not only improve the accuracy of the carbon footprint inventory of the products, but also provide an important basis for energy improvement.



Electricity usage and intensity of each plant in 2022 (mWh/million TWD in revenue)

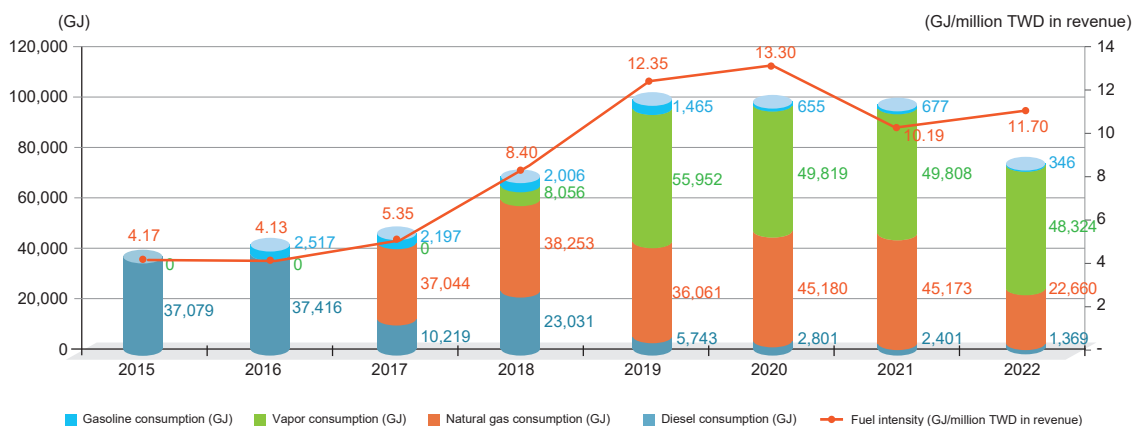


Kunshan Plant's electricity consumption in 2022 was 134,672.25 kWh, representing a decrease of 38.94% compared to 2021. The main reason for this decrease was the decline in production capacity. In 2022, the production capacity declined by 58.14%, which directly resulted in a decrease in electricity consumption. However, in terms of the intensity of electricity consumption per unit of revenue, the electricity consumption per million of revenue dropped from 22.92 kWh in 2021 to 21.67 kWh in 2022, representing a decrease of 5.5%.

In 2022, the Huangshi Plant's electricity consumption was 182,843 mWh, an increase of 54.07% compared to 2021. The main reason for the increase was that the Huangshi Plant was still in the stage of plant expansion, and the revenue in 2022 increased by 40.22% compared to 2021, which directly resulted in the increase of electricity consumption. In addition, due to the optimal allocation of energy usage, the proportion of electricity usage also increased significantly. The intensity of electricity consumption at the Huangshi Plant increased from 19.33 mWh per TWD 1 million of revenue to 20.18 mWh per million of revenue in 2021. Although the intensity increased by 4.4%, it still decreased by 10.78% compared to the base year; hence the reduction target was achieved.

Trends in the Volume and Intensity of Fuels Used at the Kunshan Plant

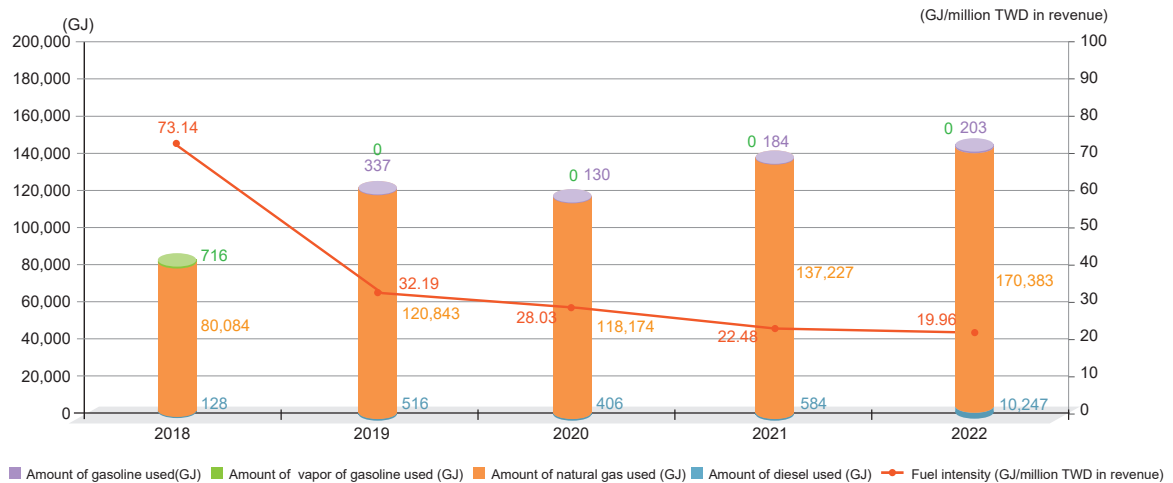
Kunshan Plant started to utilize steam for air-conditioning and domestic hot water from November 2018, which replaces the original use of air-conditioning humidification and hot hydropowered by electricity in the living area. At the same time, the hot kerosene boilers were fully replaced by natural gas from 2021. The boiler efficiency theoretically can be increased by approximately 6%. The fuel intensity was 11.70 GJ/million TWD in revenue in 2022, which is an increase of 10.90% compared to the year of 2021. The reason is that actual production capacity is lower than the plant's designed capacity, resulting in a low energy efficiency of the plant. From 2023 onwards, we have begun planning for the consolidation of public facilities in the hopes of maintaining certain energy efficiencies.





Trends in the Volume and Intensity of Fuels Used at the Huangshi Plant

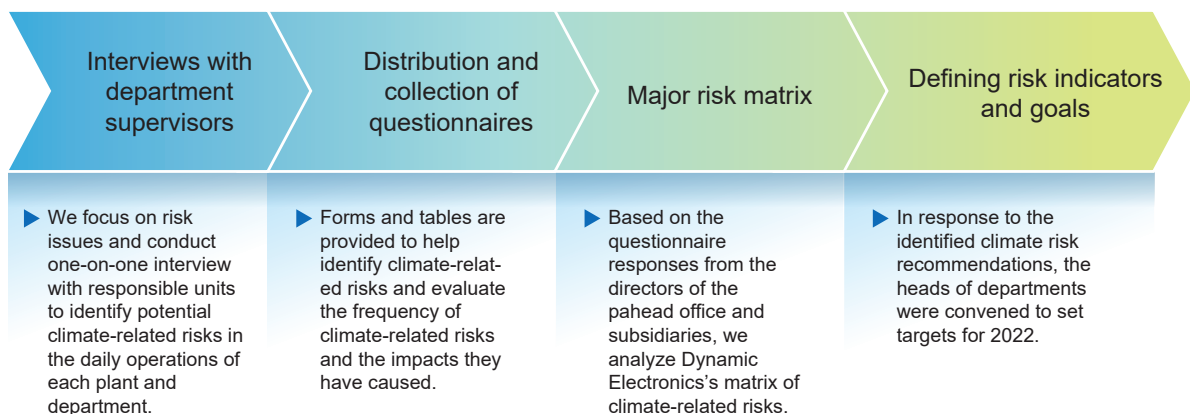
In 2019, the Huangshi Plant's fuel usage was 99.23% dominated by low carbon emission natural gas, and 0.77% by gasoline and diesel, and the fuel intensity was 32.19 GJ/million TWD in revenue. After the end of 2020, the process heating and air conditioning heating was changed to hot water boiler heating, of which the heat exchanger stability was higher than that of the steam boiler. The relative use of natural gas was more economical than that of the steam boiler. Furthermore, the fuel intensity was 19.96 GJ/million TWD in revenue in 2022, which was 11.21% lower than that of 2021.



TCFD Climate Change Risk Identification

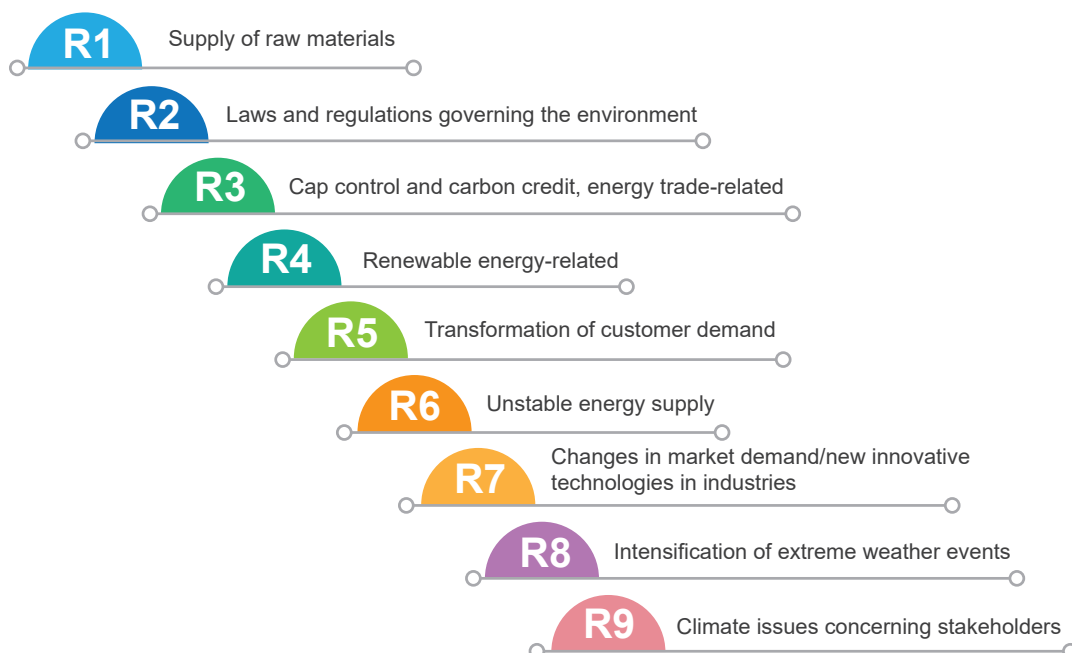
In the face of global climate change, climate crisis has become a material challenge to the sustainability development of the world. Therefore, it is imperative to identify the risks of climate change, to strengthen climate resilience adaptation, and to minimize the operational impacts and influences that may be brought by climate change at an early stage. Dynamic conducted an indicator comparison based on the Task Force on Climate-Related Financial Disclosures (TCFD) to identify the risks and opportunities associated with climate change. In 2020, Dynamic's identified and ranked the climate-related risks through internal discussions among each department of the headquarters and subsidiaries to inventory the climate change risk issues. In 2022, nine major climate risk issues were identified based on the identification results of 2020, and a matrix of climate risk materiality was drawn up. The potential financial impacts as well as the related risk management approaches and countermeasures brought by climate change were also revealed, to refine Dynamic's governance of climate change.

Climate Change Risk Identification Flowchart

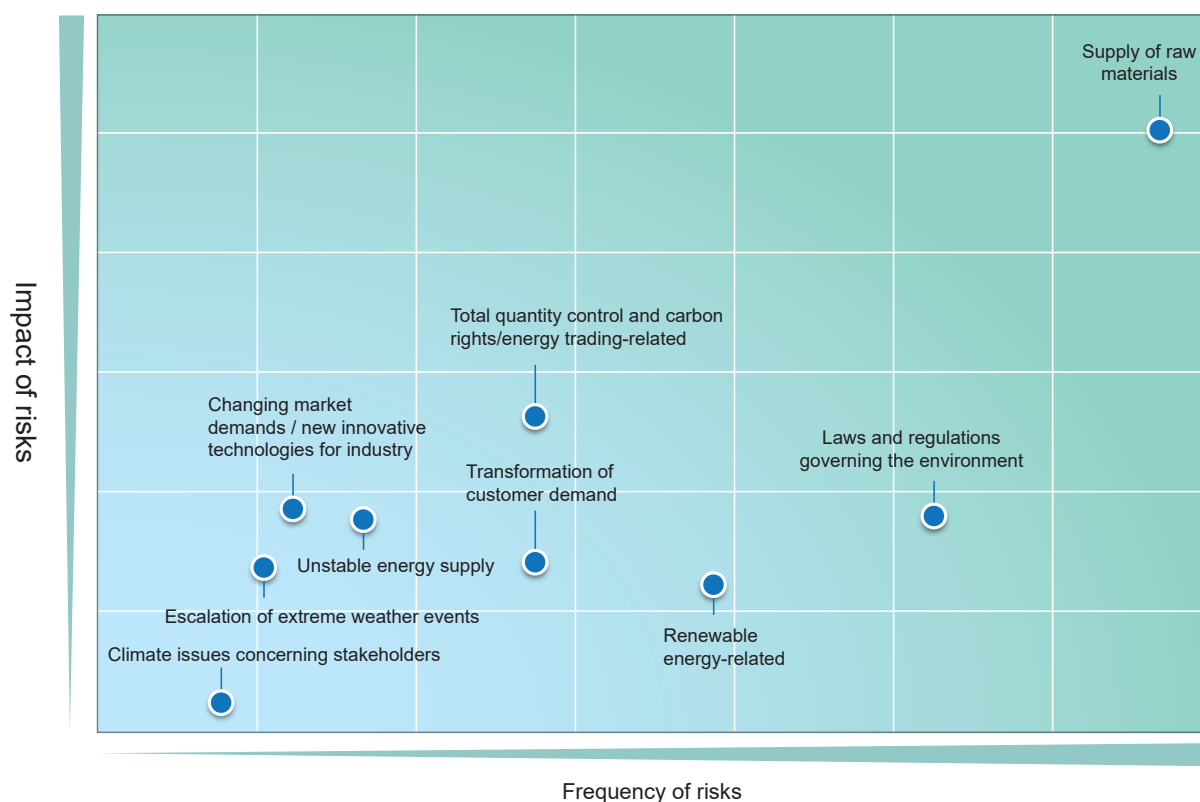


The matrix was produced according to the frequency at which each risk occurred (5 levels) and the extent of impacts of each risk (5 levels) to keep track of material risks and prepare management guidelines to help reduce and transfer impacts when risks occur.

Sequencing of Climate Change Risks



Dynamic's TCFD Climate Change Risk Matrix



Core TCFD Framework



Governance

Dynamic has established a Sustainable Development Committee to manage and monitor climate change related issues. Under the committee, there are five evaluation and implementation groups, namely Corporate Governance, Environmental Sustainability, Customer Interests and Social Responsibility, Employee Care, and Innovation and Research and Development, which are responsible for the daily management of climate change related issues and tracking the performance of various strategic objectives. In addition, the committee meets on a quarterly basis to fully grasp the progress of the related issues and reports to the Board of Directors on a quarterly basis.

Strategy

Through the Sustainable Development Committee, we continue to incorporate the potential impacts of climate change into our overall operational considerations. Through questionnaires, we analyze the frequency and degree of impact of risks, and formulate management policies and risk response measures. Dynamic has also examined the opportunities brought by the risks of climate change and, in line with the requirements of environmental and energy laws and regulations, has formulated strategies and objectives that are compliant and can effectively enhance corporate efficiency. In terms of manufacturing processes, we optimize the efficiency of energy and resource use, manage waste emissions, and increase the proportion of renewable energy use. In terms of sales, we are responding to the rising demand for sustainable products from the public and consumers by increasing the revenue share in green energy sector and low-carbon products. Through the promotion of various strategies, we help each plant achieve energy saving and carbon reduction targets, sustainable transformation and adaptation, thus building up Dynamic's strong corporate sustainability resilience.

Risk Management

In accordance with the TCFD guidelines, Dynamic has divided the risk management process into four stages: identification, evaluation, management, and supervision. Through the participation of the Executive Committee, the Risk Management Committee, and the Board of Directors, Dynamic has established a comprehensive mechanism for the management of risks and opportunities related to climate change. The detailed process on how to integrate the Company's overall risk management system through the Risk Management Committee's compilation of all material risk-related information of the Company is set out below:



Indicators and Goals

- Intensity reduction of greenhouse gas emissions**
Reducing energy consumption and increase the efficiency of energy use: using 2020 as a baseline, we will reduce our electricity use intensity (based on revenue) by 4% per year; by 2025, a reduction of at least 20% will be achieved.
- Water consumption intensity reduction:** using 2020 as a baseline, we will reduce our water consumption intensity (based on revenue) by 4% per year; by 2025, a reduction of at least 20% will be achieved.
- Planning of solar power generation area:** The Huangshi Plant plans to set up a solar power generation area (10 thousand pings) with a daily generation capacity of about 8,000 kilowatts (kW), which accounts for about 2% of the Huangshi Plant's electricity consumption. It is expected to be completed between 2023 and 2024.
- Use of renewable energy:** The Huangshi Plant has purchased 10 million kW of green power in 2022, which is about 6% of the electricity consumption of the Huangshi Plant. We will continue to plan our green power procurement plan for the period 2023 to 2025.
- Enhancing resilience of the supply chain to the risk of climate change:** For manufacturers of raw materials, supplies, and auxiliary materials that we purchase over USD 6 million in 2022, we have completed 25% of the quarterly energy consumption surveys, and 100% of the surveys will be completed by the end of the year.

Climate Change Risks and Opportunities

In the face of deteriorating extreme weather conditions, there may be serious potential impacts on the Company's operations and finances. Therefore, based on TCFD, Dynamic has identified climate-related risks and opportunities and considered internal and external environmental changes to identify potential impacts and opportunities on the

Risk Classification (Transition/physical)	Climate-Related Risk	Description of Risk Impact	Potential Financial Impact	Stakeholder
Transition Risk	Supply of raw materials	Extreme weather events will lead to disrupted logistics, production stalemates or increased risks in the supply of raw materials and regular materials and they will impact plants in terms of downtime and production delays. Moreover, price hikes may occur for raw materials and regular materials.	Natural disasters drive up transport and purchase costs while production delays or downtime will lead to losses of throughput, revenue, and purchase orders.	Supply chain, shareholders, customers, employees
	Laws and regulations governing the environment	The "Environmental Protection Act" came into effect on January 1, 2015 to strengthen the response to environmental pollution problems, including authorizing environmental protection authorities to seize and detain facilities causing serious environmental pollution, and ordering production restriction and shutdown for remediation of units that have exceeded the standards and volume of emissions, as well as increasing the penalties and punishments for violations. The scope of pollution includes the recycling of waste, discharge of wastewater, emission of waste gas, soil, and ground water.	1. With stricter protection laws and regulations, the enhancement of pollution prevention and control facilities and the treatment of pollutants to meet stricter requirements can bring up the operational cost. 2. Violating environmental protection laws and regulations is subject to mandated downtime, resulting in delayed shipments. 3. The cost of treatment may increase as the waste treatment market becomes decimated and the capacity of qualified treaters becomes increasingly limited.	Government, customer, supply chain and community
	Cap control and carbon credit, energy trade-related	Hubei Province issued the "Regulations for the Administration of Carbon Emission Credit Trading in Hubei Province" in 2013, and the Hubei Carbon Emission Credit Trading Market was opened in April 2014, then a pilot trading was conducted. China implemented the "Regulations for the Administration of Carbon Emission Credit Trading (for Trial Implementation)" on February 1, 2021 to build a national carbon emission credit trading market, to promote the reduction of greenhouse gases, and to regulate the trading of carbon emission credits and related activities in the whole country. In accordance with the requirements for greenhouse gas emission control, the Shanghai Environmental Energy Exchange also announced the opening of the national carbon emission credit trading market on July 16, 2021, and started to open up for carbon emission trading. The government will set the target carbon emission limit on the market according to the national reduction goals and then assign the carbon emission credit to the corporate entity. If the amount of carbon actually released by the business is higher than that under the contract, the excess will need to be purchased on the carbon quota market; otherwise, a fine will apply.	For emissions in excess, it is required to purchase reduced-emission energy such as photovoltaic or wind power on the market, which will bring up expenditure on energy cost and cost associated with the purchase of carbon credit.	Government, supply chain, customers, employees and shareholders



Company's finances, as well as to make management policies and countermeasures in response to climate change.

Opportunity	Management Policy/Countermeasure
1. We can integrate the selected raw materials and gain greater initiative in supply and cost by increasing our own options. 2. We can increase diversity in the sources of raw materials and regular materials to reduce risk of disruption.	1. Explore new suppliers and new regular materials, increase the number of suppliers, diversify sources of raw materials and regular materials, and avoid having only one supplier. 2. We will have a second supplier to avoid the potential supply risk of having only a single vendor, thus ensuring smooth supply and improving our bargaining power. 3. Periodically reflect upon the supply risk rating of the supply chain and evaluate supplier alternatives. 4. Enhance the raw material utilization rate and lower the scrap rate. 5. Improve process capabilities and reduce consumption of raw materials. 6. Increase the safety inventory of common raw materials and regular materials. 7. We will provide raw material cost trends and material inflation to our sales staff to propose appropriate quote adjustments to our customers and discuss ways to cope with and share the pressure of rising costs together.
1. We can enhance the image of the company through proper management and have a more positive operational development compared to our peers. 2. We can use recycling technology to turn waste into reusable resources, thereby reducing the cost of waste disposal. Also, the recycled resources can be sold to increase profitability. 3. In the past two years, the government has not included Dynamic in the list of companies that must cut down production in response to severe air pollution, which indicates that Dynamic's improvement results have been recognized by the nearby residents and local authorities, thus ensuring that the production meets the demand of the customers.	Environmental Protection Act: 1. Normalize the management measures, reinforce pollution control hardware equipment, introduce low-pollution raw materials and regular materials to proactively meet the pollution control requirements of the competent authority. Waste recycling: 1. Turn waste to treasure by means of recycling technology, which not only reduces impacts on the environment but also increases profits for the Company. 2. Find qualified waste processors to create a win-win situation. Discharge of wastewater: 1. Select processes with low pollution equivalents and reduce the output and divert water from respective processes according to the quality. 2. Have someone to take charge of managing the adequacy of wastewater systems and to ensure normal operations of equipment. 3. Continue to cooperate by modifying new technologies for improved processing efficiency. 4. Evaluate low-nitrogen boilers. They need to be completely improved ahead of official requests. Soil and ground water: 1. Improve the source of leakage on the plant compound. 2. Normalize extraction wells on the plant compound. 3. Continue to test soil and ground water on the plant compound each year.
1. Set emission goals for the Company, start carbon emission deployment early on, reserve momentum for expansion, and ensure smooth production to gain more attention on the market. 2. Expedite clean production, embark on low carbon transformation, sell redundant carbon credit to make profits, or retain it to allow operational developments.	1. Turn the plant compound green, promote green production, reduce energy consumption, plan solar power generation, and enforce ISO 50001 systems to achieve energy-saving goals. 2. Due to the varying progresses made in respective provincial cities, close attention will be paid to the management of carbon emissions in respective provincial cities to comply with applicable regulations. 3. We will set up the total amount of emissions for plant operations and establish improvement programs for projects and energy-consuming equipment that have the highest emissions. 4. We will define end users of renewable energy and green energy. 5. Continue to promote certification of the environmental protection system. 6. Improve waste gas and wastewater discharge and define management guidelines and enforce them and periodically reflect upon them. 7. Embark on water and electricity-saving measures and involve everyone in the Company. 8. Enhance the efficiency of the use of energy resources such as water, electricity and gas, and control unit consumption. 9. Enhance the use rate of renewable energy. 10. Convert carbon emission issues to management items. 11. Secure sufficient opportunities for the purchase of carbon emission credit to minimize the possibilities of downtime or reduced production. 12. Increase workshops and process yield rates and reduce consumption.

Risk Classification (Transition/physical)	Climate-Related Risk	Description of Risk Impact	Potential Financial Impact	Stakeholder
Transition Risk	Renewable energy-related	The National Energy Administration of China released the "14th Five-Year Guidelines for Renewable Energy Development Planning Notification" on April 15, 2020. The 14th Five-Year Guidelines, in particular, is referred to as an important phase for the promotion of "energy transition" and "green development". Enterprises are asked to fully take advantage of the low cost of renewable energy by prioritizing the use of renewable energy.	The Chinese government promulgated green electricity-related laws and regulations and promotes spontaneous adoption of green electricity, part of renewable energy, among enterprises. It is possible that there will be additional cost from the use of green electricity for enterprises.	Government
	Transformation of customer demand	In response to the environmental trend of energy saving and waste reduction, as well as consumers' conscious choice of environmentally friendly green products, name-brand customers, such as Apple and ASUS require their supply chains to use renewable energy and reduce carbon emissions. Moreover, they track the carbon footprints of their production and transportation processes, and their environmental management, which may lead to an increase in environmental-related costs.	With customers emphasizing environmental protection and carbon reduction, costs will rise. The demand for suppliers to join in the green supply chain will also drive up the operational cost for the suppliers, which accordingly will mean additional cost of the product to be transferred to the downstream.	Supply chain, customers and community
	Unstable energy supply	To go with the air pollution and carbon emission reduction policies of the government, power plants throughout China are gradually slashing the amount of coal-fired electricity. The economic recovery leads to a significant rise in electricity consumption and the generation of clean energy such as wind and hydropower is subject to environmental factors, which makes a rapid increase in power supply impossible. As a result, power rationing occurs in some provincial cities. The insufficient electricity generated and supply of energy give rise to issues such as discontinued production and reduced capacity.	1. Lost revenue caused by discontinued production and reduced capacity. 2. Increased costs caused by the use of spare electricity, from power generators. 3. Cost of overtime due to work behind schedule. 4. Increased cost caused by the purchase of alternative energies.	Supply chain, customers, shareholders, employees, and community
	Changes in market demand/new innovative technologies in industries	Electronic products are growing towards high frequencies and high speeds. PCBs, accordingly, feature high heat dissipation coefficients and thick copper design. As a result, carbon emissions associated with raw materials are increased. The complex and difficult process also drives up carbon emissions. Meanwhile, customers continue to increase their emphasis on environmental protection ratings and their demand for raw materials and regular materials being environmentally friendly climbs accordingly, too.	To meet the environmental protection requirements, new product development and environmental protection test costs and green raw materials purchase costs will be increased.	Supply chain, customers and community



Opportunity	Management Policy/Countermeasure
1. As the Chinese government urges provincial grid enterprises to take responsibility for renewable energy power at either grid parity or low grid prices, and sign long-term fixed-price contracts (no less than 20 years) with power producers at the local coal-fired benchmark grid price, the price of green power may be in line with the price of coal-fired power. 2. An increased utilization rate of renewable energy and the rising percentage of green products help earn approval among international customers.	1. Continue to pay close attention to the trends in revisions made to renewable energy laws and regulations and evaluate the cost effectiveness of renewable energy to consolidate the operation of the energy management system and to lower the amount of electricity used in the manufacturing of products. 2. If green electricity is available for purchase, purchase of green electricity is expected to begin in 2022.
The promotion of clean production helps boost competitive advantages on the market and shape the positive corporate image to secure approval among international customers.	1. Set up a water reuse system. 2. Evaluate the establishment of a system for recycling and reuse of scraps, such as the etching solution and the gold plating solution, among others, to be introduced. 3. Introduce clean energy; promote and maintain the environmental management system, the system to manage absence of hazardous substances in products, and the energy management system, etc. 4. Set the water and electricity-saving goals for new processes to inspire carbon reduction awareness in suppliers. 5. Create a product environmental footprint management system. 6. The carbon footprint cost must be included as part of the process cost. 7. We will products that meet Energy Star's energy-saving label specifications. 8. We will introduce new design/new technology/new materials. 9. Control reasonable cost to ensure revenue and profitability.
1. Enhanced electricity use efficiency throughout the Company will not only bring down production cost but also maintain operations under limited power supply. 2. The use of green alternative energy helps not only avoid the risk of power rationing but also enhance the environmentally friendly image of the Company.	1. Continue to promote ISO 50001 systems and use other heat sources to replace electricity for heating purpose, such as steam. 2. Try to obtain additional energies to reduce impacts of power rationing. 3. Create back-up solutions where fuels and diesel are used alternately. 4. Adjust the production schedule and unnecessary bottleneck processes.
1. Low-energy-consumption materials and process development and investment in advanced processes help satisfy the demand for products in the future. 2. The promotion of green production not only meets the requirements of applicable international organizations but also contributes to more competitive advantages on the market to shape a positive corporate image.	1. We will strictly follow the requirements of "supplier management and raw material evaluation" to manage the suppliers' and raw materials' environmental requirements and implementation status, and review and improve them according to the relevant provisions. 2. We will collect annual test reports on hazardous substances in suppliers' products and set water saving targets in new processes to stimulate suppliers' awareness of carbon reduction. 3. Develop green materials that meet the new environmental protection requirements. 4. Include enhanced high-precision process capabilities as part of the precision process project.



Risk Classification (Transition/ physical)	Climate-Related Risk	Description of Risk Impact	Potential Financial Impact	Stakeholder
Physical Risk	Intensifying extreme weather events	Traffic disruption caused by extreme weather events and the downtime and discontinued production because of floods, power outages, and damaged plant facilities also make the supply throughout the supply chain difficult, elongate the purchase cycle of raw materials and regular materials, and even lead to losses of tangible and intangible assets throughout the enterprise.	1. The frequent occurrence of extreme weather events will increase the costs associated with the prevention against them and those with aftermath rescues and recoveries. 2. Lost revenue caused by downtime and discontinued production. 3. Increased cost from emergency purchases and tying down of capital from increased stocks. 4. Increased maintenance cost for damaged equipment and facilities.	Supply chain, customers, shareholders, employees, and community
Transition Risk	Climate issues concerning stakeholders	If it is impossible to continue advancing ESG performance, corporate reputation is likely to be undermined and capital-raising will be affected accordingly.	It may be disfavoring the intended financing of the Company in the future.	Customers and shareholders

Opportunity	Management Policy/Countermeasure
1. Proper disaster prevention enables Dynamic to be relatively minorly impacted when the industry bears the brunt and to be better competitive. 2. With expanded sources for the purchase of raw materials, it helps enhance the ability to respond to insufficient supply of raw materials. 3. Order transfer effect in the event of the urgent for other counterparts in the industry to meet the delivery deadline.	1. Reflect upon and enhance the tolerance of environmental impacts. 2. Hold emergency response drills on rainy days. 3. Create secondary support for the supply chain. 4. Minimize the public dependency on energy and search for backup energy. 5. Have natural disaster impact evaluations in place on the plant compound and proactively follow up on the developments of various natural disasters. 6. Create a flexible allocation mechanism through different plant compound and processing plants. 7. Have sufficient materials to meet production demand in advance as soon as expected risks occur. 8. Prepare the Company for risks in advance by elevating the foundation of the plant compound during the early planning stage and planning expensive equipment for higher floors and smooth rainwater drainage systems, among others. 9. Related departments are notified timely according to the weather forecast and supervise them over proper preparations for the emergency. 9.1. Simulate the secondary travel path in advance. 9.2. Lower the air-conditioning temperature and reduce the high-temperature operating time. Have anti-heat stroke and temperature-lowering medications ready at the health station. 10. Add equipment and facility inspection and maintenance frequencies for the mechanical/electrical/equipment department and do proper equipment monitoring and management 10.1. Introduce electrical smart monitoring systems for the machines. The smart power grid and AI operational mode enable optimization of electricity utilization. 10.2. Increase the setup of UPS systems to be ready upon impacts from sudden shortage in power supply. 10.3. Monitor the amount of water used by equipment and machines. Manage by each separate piece of equipment to monitor water consumption changes more precisely. 10.4. Activate industrial water tanks throughout the plant for backup and expand the process recycled water system. 10.5. Commit to the use of recycled water, which, along with the local government's engineering management, will help reduce the dependency on tap water on the plant compound. 11. Build a normal mechanism for the inspection and prevention of buildings and equipment, among others by industrial safety/environmental protection/administration units. 12. Build a pre-warning mechanism for transport and allocation to act early on and to reduce the damage to a minimum.
Obtain ratings and certifications from third-party institutions for investors' reference to stabilize steady funding sources and share prices.	1. Drive ESG actions (targets and strategy, impacts, efficacy, and continuity of implementation, demonstrated outcome, and leadership). 2. Improve the quality of what is included in the Report (integrity, credibility, communicability). 3. Reinforce external disclosure channels (diversified media design and interactive features, stakeholder communication and feedback channels, website CSR section management, electronic version of the Report).

Climate Change Risk Management and Targets - 2022 Implementation Status and 2023 Targets

Based on these climate change risk issues, Dynamic has formulated a tracking management system, and the implementation status of the 2022 target and the 2023 target are shown in the table below:

Project	Implementation of the 2022 Target	2023 Target Setting
Supply of raw materials	- Disrupted supply of raw materials for zero days as a result of climate change Huangshi Plant - The average annual utilization rate of raw materials reached 80% - The raw material disposal rate has been reduced, and the average disposal rate is 4.32% Kunshan Plant - Three alternatives and evaluations on three solutions (alkaline, acid, etchant), have been completed. - The average annual utilization rate of raw materials reached 80% - The raw material disposal rate has been reduced, and the average disposal rate is 11.22%	- Disrupted supply of raw materials for zero days as a result of climate change Huangshi Plant - The average annual utilization rate of raw materials reached 80% - The raw material disposal rate has been reduced, and the average disposal rate is 4.3% Kunshan Plant - Two single source raw material spare material model evaluations will be completed for high end products - The average annual utilization rate of raw materials reached 80% - The average scrap rate of raw materials has been reduced to 8%
Laws and regulations governing the environment	Huangshi Plant 0 Environmental pollution incidents - The fulfillment rate of pollutants in meeting discharge criteria was 100% and that meeting stricter discharge criteria by 50% was 94.36% - Performance of waste reduction: In-plant electrolytic recovery system for copper-containing wastewater (reducing the amount of high-concentration heavy metal wastewater treatment in wastewater treatment plants and producing valuable metals for recovery) 5,680m³ of micro-etching fluid was reduced, and 829 tonnes of copper were produced. 9,162m³ of etching fluid was reduced, and 1089 tonnes of copper were produced. 662m³ of waste acid liquid was reduced, and 44.8 tonnes of copper were produced. Nickel waste liquid reduction and recycling system: Nickel-containing waste liquid was concentrated and reduced in weight by 309 tonnes, reducing the amount of output by 70% 80%. Film slag drying equipment: 373 tonnes of film slag waste was reduced. Sludge drying equipment: 450 tonnes of sludge was reduced. - We reuse discharged water, air-conditioning condensate and rainwater totaling 104,700 tonnes/year. Kunshan Plant - The availability of environmental facilities has been improved, affecting the production of single unit for no more than 0.5 days per month. - Cooperate 100% with the government in the monitoring and disclosure of each emission to have 0 environmental pollution incidents	Huangshi Plant 0 Environmental pollution incidents - All pollutants will be discharged in compliance with the emission standards (the emission intensity will be controlled at less than 50% of the stipulated levels) - We will increase the use of recycled water resources, increase the use of compliant wastewater, and add rainwater collection and reuse facilities (150,000 tonnes/year). - We continue to increase the targets for C4 resource recovery, plant waste reuse and reduction, which is a 15% increase compared to 2022. - In Phase II, we will add a new sludge drying facility to reduce the amount of hazardous waste sludge. The amount of hazardous waste sludge to be transported and disposed of will be reduced by about 1,500 tonnes/year. Kunshan Plant - We will reduce our environmental treatment costs. The unit cost of wastewater treatment chemicals will be reduced by 5% compared to 2022. - We will improve the operational efficiency of the environmental protection facilities, the impact on production of a single unit should not exceed 0.5 days per month. - Cooperate 100% with the government in the monitoring and disclosure of each emission to have 0 environmental pollution incidents

Project	Implementation of the 2022 Target	2023 Target Setting
Cap control and carbon credit, energy trade-related	- All of the raw materials purchased are 100% in compliance with the environmental protection requirements; we gave priority to the purchase of Grade 1 energy-efficient electrical appliances in the market; and more than 60% of the newly purchased electrical appliances are Grade 1 energy-efficient Huangshi Plant - We purchased 854 tonnes of carbon trading credits in December 2022 - The GHG emissions per unit of product reduced by 17.3% compared to 2020 Kunshan Plant - Regarding equipment that needs to be replaced, we gave 100% priority to purchasing energy-saving equipment - In 2022, carbon trading was not yet authorized in Jiangsu Province in China	- We will follow the government's regulation on carbon credits purchasing - We will continue to integrate our production lines and optimize our product mix to ensure optimal performance - The purchased raw materials will be 100% in compliance with the environmental protection requirements, and we will give priority to purchasing Grade 1 energy-efficient electrical appliances in the market; more than 62% of the newly purchased electrical appliances will be Grade 1 energy-efficient Huangshi Plant 40,000 MW of green electricity is expected to be purchased, accounting for 25% of the plant's electricity consumption - The expansion of the solar photovoltaic power center is expected to generate 300,000kwh of electricity annually - GHG emissions per unit of revenue will be reduced by 12% compared to 2020 Kunshan Plant - We will strengthen the management and control of water, electricity and gas to reduce energy consumption per unit. The carbon emission will be reduced by 50% compared to 2020
Renewable energy-related	Huangshi Plant 10,000 MWh of green power has been purchased, which can offset 7,164 tonnes of greenhouse gases - Regarding the new photovoltaic solar power project, the power generation capacity was about 110,000kwh in 2022 - The old Roots blowers for aeration in the wastewater treatment plant have been replaced by air-suspension blowers, which can save about 300,000kwh of power consumption annually Kunshan Plant - After evaluation, photovoltaic system was not installed in the living area and plant area due to the high cost	Huangshi Plant - We will purchase 40,000 megawatt-hours of green power, which will offset about 20,000 tonnes of greenhouse gases. - We will expand the second phase of the photovoltaic solar power generation project, and the annual power generation capacity is estimated to be about 30 kWh. - On the roads and living area of the second phase of the plant, new solar streetlights will be built, and it is expected to save 20,000 kWh of electricity consumption annually. Kunshan Plant - We will continue to support the Government's renewable energy policy in the next stage.
Transformation of customer demand	Huangshi Plant - Fulfilled customer requirements 100% - UL2799 (Zero Waste to Landfill) has been certified. Kunshan Plant - Fulfilled customer requirements 100% - ISO 50001 energy management system has been approved.	- Zero deficiency found during an audit performed by the customer as the goal Huangshi Plant - Fulfilled customer requirements 100% - We will undertake ISO 14067 product carbon footprint certification as required by our customers. - Fulfilled customer requirements 100% - We will continue to maintain the effectiveness of various management systems
Unstable energy supply	Huangshi Plant - New natural gas pipelines have been installed to the north of the plant to ensure a stable supply of natural gas to the plant. Kunshan Plant - The capacity has been reduced to 400,000 feet and the excess orders have been transferred to the Huangshi Plant. - We continue to promote energy diversification. In 2022, 5 sets of electric heating equipment have been replaced by steam heating. - Based on the capacity of Kunshan Plant in 2022, the current equipment is adequate. Therefore, 15,000 KW/H energy storage equipment has not been introduced. - The 100% availability of the generating units has been maintained, and additional backup capacity (650 kWh) has been put into operation. - The plant area is subdivided. The boilers of the plant 1 are closed, the plant 2 can only use natural gas.	- Continue to consolidate production lines and optimize product structures to ensure optimized efficacy. Huangshi Plant - We will build a new on-line energy monitoring system to optimize the energy usage of the plant. - Communicate with the local government about the focused heat supply (steam) engineering matter. Kunshan Plant - We will ensure that there are no interruptions in the normal supply of energy.

Project	Implementation of the 2022 Target	2023 Target Setting
Changes in market demand/new innovative technologies in industries	- Prioritize 100% raw materials and regular materials with fewer carbon emission per unit product compared to their equivalents. - In 2022, four pulse plating VCP wires were introduced in the Huangshi Plant, and the copper thickness uniformity can reach 0.2 mil or less. - Regarding black hole/shadow process for high frequency board applications (non-mainstream technology applications), only sample risk is taken.	- We will work with upstream companies to set short-, medium- and long-term targets for carbon reduction. For equivalent products, we will give 100% priority to raw materials that generate less carbon emissions per unit of product. - A pulse plating VCP line will be introduced at the Huangshi Plant. - P1 and P2 of the Huangshi Plant will recognize 4 and 19 halogen-free materials respectively.
Intensifying extreme weather events	- Disrupted supply of raw materials for zero days as a result of extreme weather events Huangshi Plant - Incidence of major risks 0% - Failure of related facilities 0% - Control over response cost 0% Kunshan Plant - Municipal pipeline network is connected to the plant. There is no need to increase the number of outfalls, and the stormwater system is not affected. - Low-temperature abnormal record has been established, and the drainage slope is configured to minimize the chance of freezing of water accumulated in the pipes. - We have strengthened the frost protection windshield of the plants and retrofitted the air ducts with low-temperature resistant sprinklers.	- Disrupted supply of raw materials for zero days as a result of extreme weather events - Continue to update and maintain the traceability of anti-freeze project; inspect and reinforce prior to extreme weather events. - Define the emergency response proposal and backup solution to ensure stable and reasonable rates. Huangshi Plant/Kunshan Plant - Incidence of major risks 0% - Failure of related facilities 0% - Control over response cost 0%
Climate issues concerning stakeholders	We have understood our customers' requirements for carbon emissions and carbon reduction plans.	Continue to focus on customer demand and understand applicable requirements and plans of each customer group on climate issues.

Analysis of Scenarios Where Climate Change Impacts Finance

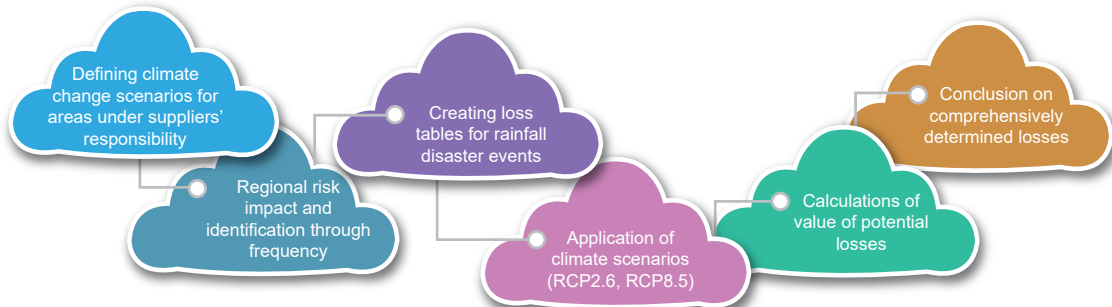
The risk of climate change has had a profound impact on Dynamic's daily operations. The proliferation of extreme weather events in China in recent years, coupled with increasingly stringent environmental regulations in Taiwan and China, will impose significant costs on Dynamic. In other words, for "physical risk" or "transition risk", Dynamic carefully evaluates their resultant impacts and plans ahead of time the response mechanism and related measures to minimize the operational risk.

Scenario Analysis of Physical Risks and Financial Impacts - Analysis of Disasters Caused by Rainfall for Primary Suppliers

Silicon conducted climate risk exposure inventories for the top three suppliers and assessed rainfall hazards in key suppliers' locations. According to the "Representative Concentration Pathways (RCPs)" in the Fifth Evaluation Report of the Intergovernmental Panel on Climate Change (IPCC) of the United Nations, the difference between the Radiative Forcing in 2100 and 1750 is used by Dynamic as indicators. Both RCP 2.6 and RCP 8.5 scenarios were used, and Climate Analytics' RCP 2.6 and RCP 8.5 scenario data are referenced.

Results of the evaluation show that the risk exposure percentage of revenue from the analysis of the simulated RCP 2.6 scenario was 0.0160% and that of RCP 8.5 was 0.0169%. Primary suppliers of Dynamic are not exposed to significant physical risks and hence there will be no significant financial impacts.

Physical Risk Scenario-based Analysis and Evaluation Procedure



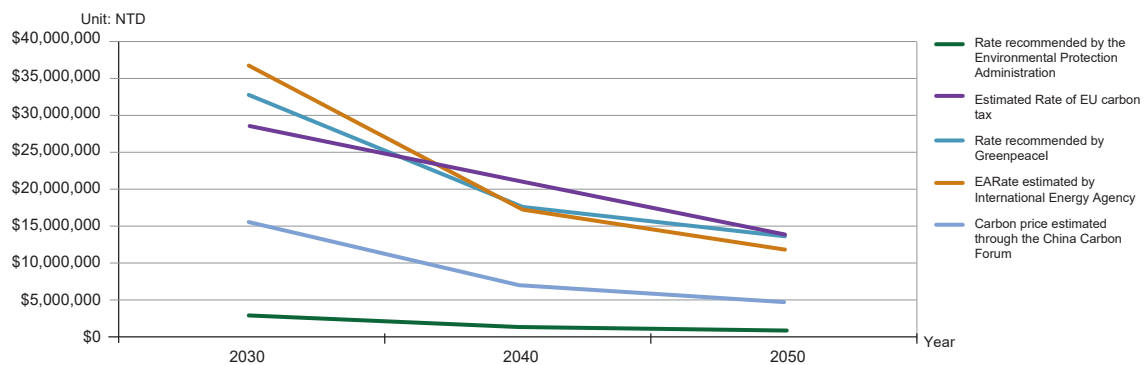
Scenario Analysis of Transition Risk and Financial Impacts - Risk Analysis of Carbon Charge

To achieve the goal of “net zero emissions by 2050”, the Executive Yuan of Taiwan recently approved the draft amendment to the “Greenhouse Gas Reduction and Management Act” and the title of the act was changed and modified into “Climate Change Response Act”. It is expected that carbon charge will apply to emission sources throughout the nation in the future. In China, on the other hand, under the background goal of “carbon peaking by 2030 and carbon neutralization by 2060”, the National Carbon Trade Market was commissioned in 2021. Therefore, Dynamic evaluates the impacts of carbon charge on its finance in the future according to the current climate change strategy and current operational status as the fundamental scenario.

The overall greenhouse gas emissions of Dynamic throughout 2020 came to 217,322.5717 tonnes (only Scopes 1 and 2). With 2020 as the baseline year, the annual carbon reduction ratio is forecast according to Dynamic’ carbon reduction goal of 4% linear reduction a year and the five criteria of carbon prices, namely “Recommended rate by the Environmental Protection Administration”, “Estimated rate of EU carbon tax”, “Estimated rate by the International Energy Agency (IEA)”, “Recommended rate by Greenpeace”, and “Estimated carbon price of the China Carbon Forum” and is calculated according to the current actual carbon credit trade ratio while Dynamic is evaluated for its extent of risk exposure under different scenarios in the future and up to 2050.

Results of the evaluation show that under each of the five estimated rates by 2050, financial impacts are the most significant applying the EU carbon tax and the Greenpeace-estimated rate and the minimal with the EPA-recommended rate. Although the results of the analysis are not harmful to Dynamic's operations, Dynamic is highly concerned about carbon related issues. In addition to actively introducing renewable energy equipment, Dynamic also promotes upstream carbon emission verification, and gives 100% priority to purchasing raw materials with low carbon emission per unit of product, to reduce the carbon emission of each stage in product life cycle, in the hope of giving customers environmentally friendly products with low carbon emission.

Carbon Charge Scenario Analysis of Dynamic



Inferred year		2030	2040	2050
Carbon Emission Scenario	Carbon Charge Scenario			
Linear reduction of 4% a year as the carbon reduction goal of Dynamic	Recommended rate by the Environmental Protection Administration	\$2,868,658	\$1,051,841	\$595,464
	Estimated rate of EU carbon tax	\$28,893,253	\$21,463,560	\$13,758,692
	Recommended rate by Greenpeace	\$33,020,861	\$17,403,522	\$13,758,692
	Estimated rate by the International Energy Agency (IEA)	\$36,138,570	\$17,035,885	\$12,046,190
	Estimated carbon price of the China Carbon Forum	\$15,744,929	\$7,032,929	\$4,712,192

Note: The current actual carbon credit trade ratio in China is 20%

II. Greenhouse Gas Emissions

Management Approach

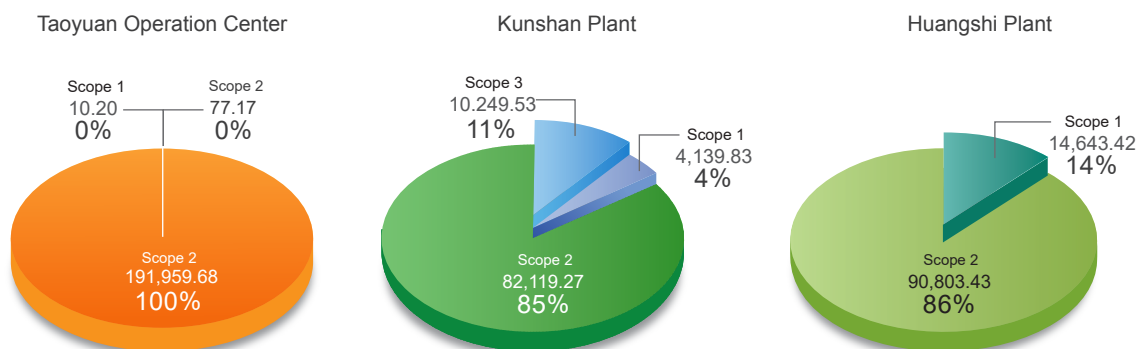
Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing mechanism
By building a comprehensive system and accelerating the transformation to clean and low-carbon production, the company's image can be enhanced has a more positive operational development compared to those companies that are under the spotlight.	The development of electronic products is moving in the direction of high-frequency and high-speed. With regard to PCB, carbon emissions from raw materials have increased due to the trend toward higher heat dissipation coefficient materials and thicker copper designs. The increased complexity and difficulty of the fabrication process also increases carbon emissions. However, customers have been increasing the weight of environmental protection assessment, and the environmental requirements for raw materials have also increased, which will lead to an increase in production costs.	We will take the potential impact of climate change into account in our overall operations, formulate management policies and risk response measures, and, in line with the requirements of environmental and energy laws and regulations, formulate energy-saving and carbon reduction strategies and targets that are compliant with the law and can effectively enhance our corporate efficiency.	We will plan renewable energy programs, set up solar power generation facilities and procure green power from external parties; promote various environmental management systems to ensure the implementation of policies and programs.	CEO's mailbox

Goal and Accomplishment

Goal	Accomplishment in 2022	Goals for 2022	Goals for 2023	Goals for 2025 (Medium-term)	Goals for 2027 (Long-term)
Taoyuan Operation Center Greenhouse gas emissions (tonnes) (taking 2020 as the baseline year)	87.38 (Reduction of 35.0%)	129.14 (Reduction of 4%)	126.45 (Reduction of 6%)	121.07 (Reduction of 10%)	115.69 (Reduction of 14%)
Greenhouse gases of Kunshan Plant Emission intensity reduction target (T CO ₂ e/million TWD in revenue) (taking 2020 as the baseline year)	13.88 (Intensity dropped by 34.8%)	19.59 (Intensity dropped by 8%)	18.74 (Intensity dropped by 12%)	17.03 (Intensity dropped by 20%)	14.48 (Intensity dropped by 32%)
Greenhouse gases of the Huangshi Plant Emission intensity reduction target (T CO ₂ e/million TWD in revenue) (taking 2020 as the baseline year)	11.64 (Intensity dropped by 17.3%)	12.95 (Intensity dropped by 8%)	12.39 (Intensity dropped by 12%)	11.26 (Intensity dropped by 20%)	9.57 (Intensity dropped by 32%)

Note: Starting from 2022, the targets for the Kunshan and the Huangshi Plants have been revised to be based on the reduction of greenhouse gas emissions intensity; using 2020 as the baseline year (21.29 T CO₂e/million TWD in revenue for the Kunshan Plant, and 14.08 T CO₂e/million TWD in revenue for the Huangshi Plant), the intensity of greenhouse gas emissions (depending on the revenue) must be reduced by 4% per year, and by 2025, the intensity must be reduced by at least 20%.

The results of the GHG inventories in Hong Kong, Mainland China, Taiwan in 2022 are presented below:

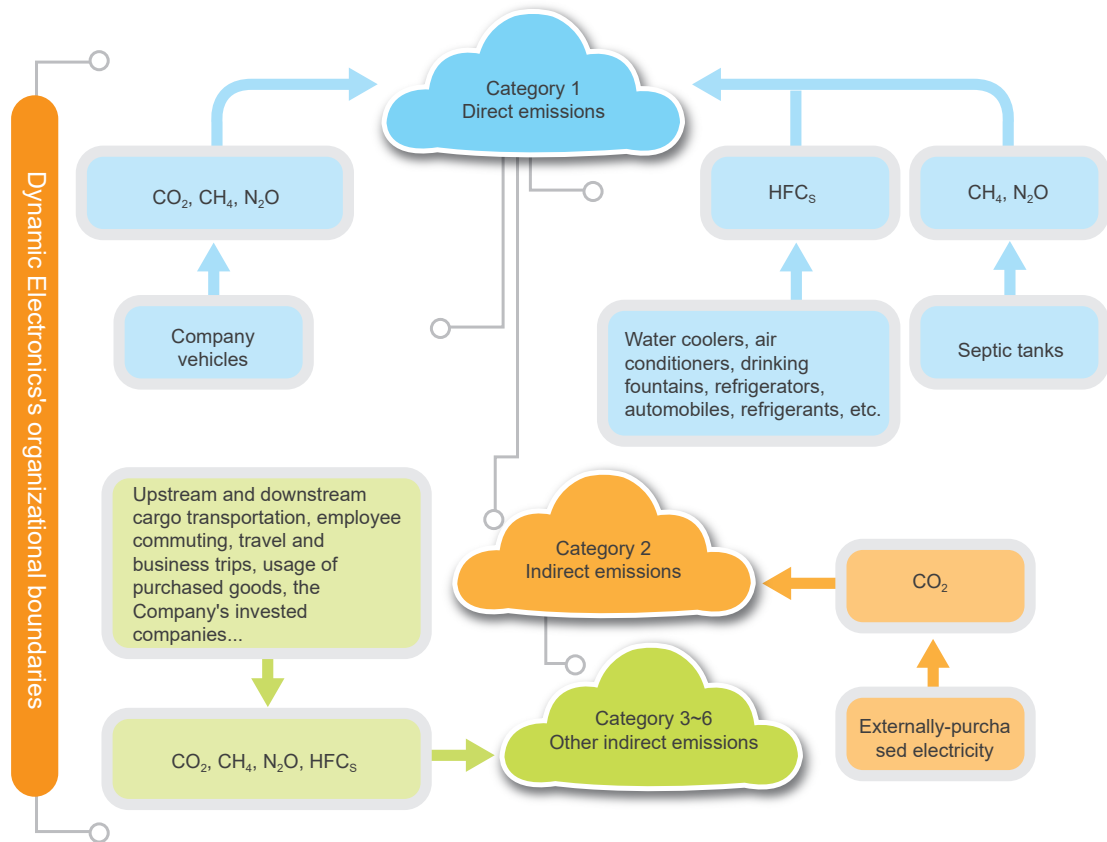


In May 2023, the Taoyuan Operation Center completed the third-party verification.

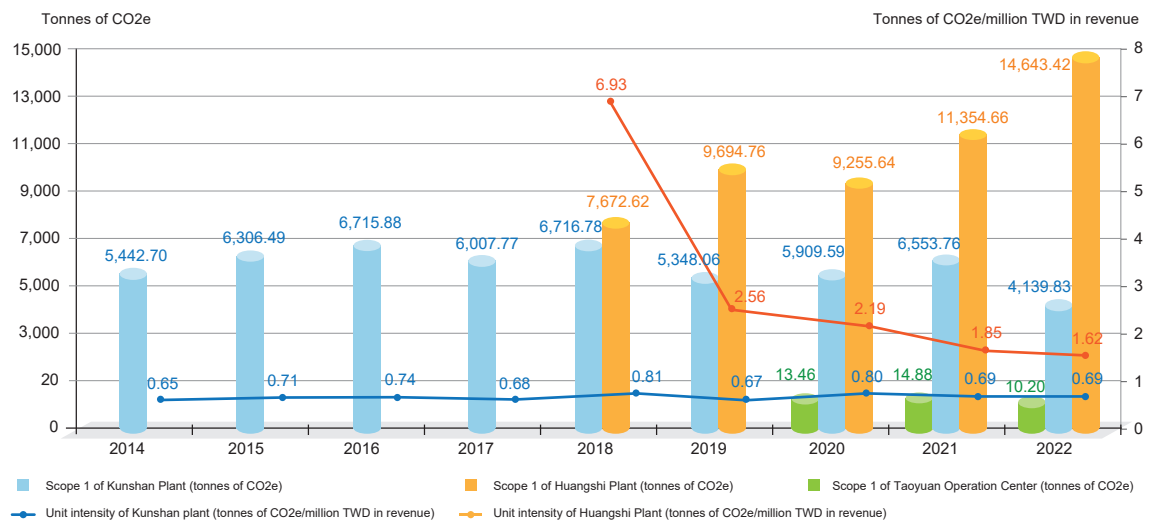
Kunshan Plant has completed the external verification in May and has obtained a certificate.

The verification for the Huangshi Plant was completed on May 30 by a third party hired by the Hubei Provincial Department of Ecology and Environment.

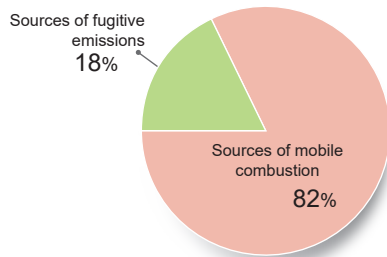
Illustration of the Scopes of Inventory Checks Performed by Dynamic



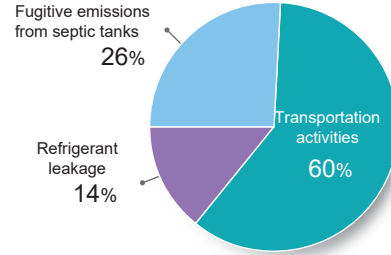
Scope 1 (Direct) Greenhouse Gas Emissions



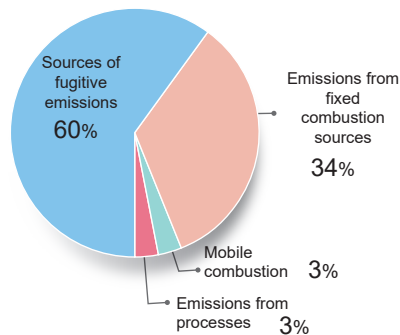
Pie chart of proportion of direct GHG emissions (category) from Taoyuan Operation Center in 2022



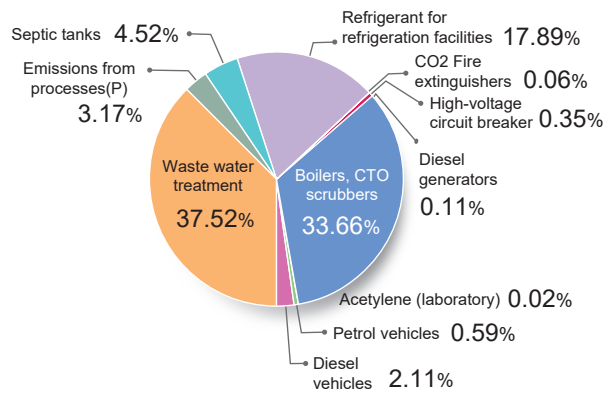
Pie chart of proportion of direct GHG emissions (emission sources) from Taoyuan Operation Center in 2022



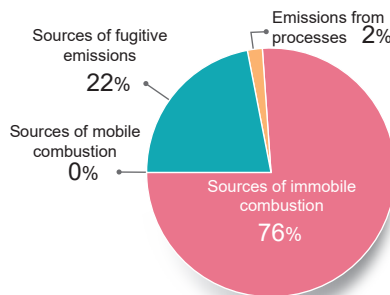
Pie chart of proportion of direct GHG emissions (category) from Kunshan Plant in 2022



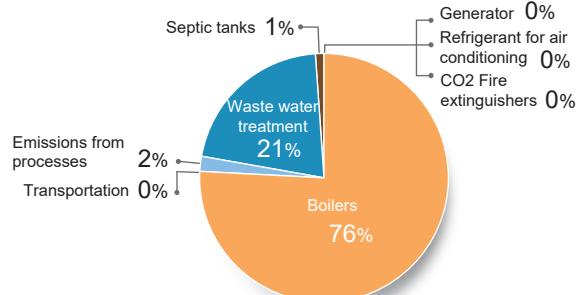
Pie chart of proportion of direct GHG emissions (emission source) from Kunshan Plant in 2022



Pie chart of proportion of direct GHG emissions (category) from Huangshi Plant in 2022



Pie chart of proportion of direct GHG emissions (emission source) from Huangshi Plant in 2022



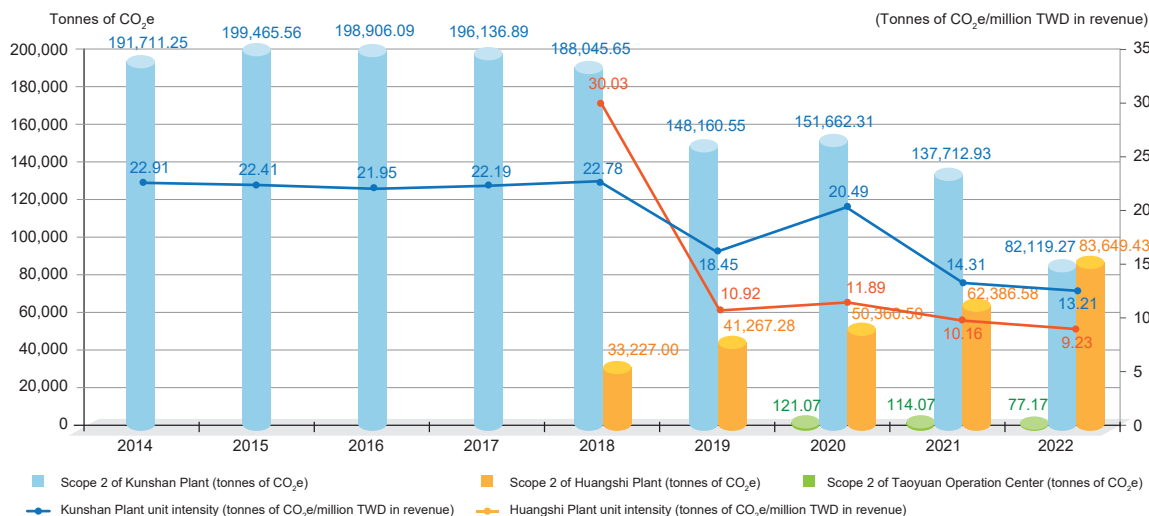
Direct GHG emissions from the Kunshan Plant decreased by 39.53% in 2022, mainly due to the decrease in production capacity (58.14% decrease in production area and 34.61% decrease in revenue). In 2020, to comply with the environmental protection policies of the competent authorities, the Kunshan Plant carried out a boiler renovation. By improving the low-nitrogen energy-saving burners for the boilers, the greenhouse gas emissions can be reduced by 24% under the same heat level, and the natural gas consumption can be reduced at the same time. In addition, through the consolidation of incineration air pollution prevention facilities and the improvement of the treatment efficiency of VOCs organic solvent emissions, the carbon intensity of the overall Scope 1 emissions in 2022 has been reduced by 14% compared with the base year.

The Huangshi Plant's revenue also grew by 40.22% compared to 2021; however, Scope 1 GHG emissions only increased by 31.04%. Through the improvement of fabrication process, air-conditioning heating method, and the rationalization of Company's vehicle assignment, the intensity of Scope 1 emissions per unit of revenue decreased by 26% compared to the baseline year.



Scope 2 (Indirect) Greenhouse Gas Emissions

Scope 2 (Indirect) GHG Emissions in Past Years



The 39.97% reduction in GHG emissions in the Kunshan Plant area is mainly due to a 58.14% reduction in production capacity in 2022, which directly results in lower electricity consumption reduced CO₂ emissions, and an 8.81% reduction in emissions intensity per unit of revenue. In response to the strategic reduction of production capacity, the Kunshan Plant has reduced the scale of air pollution prevention facilities by stopping the use of 3 sets of washing towers to achieve the purpose of power saving and emission reduction for blowers, motors, etc. In addition, by modifying the operation control program of the hot pressing vacuum pumps, the original intermittent operation has been modified so that the vacuum pump stops automatically when the pressurization program reaches the temperature reduction section to achieve the purpose of electricity saving. It is estimated that the energy consumption of the station can be reduced by 50%, which reduces the carbon dioxide emission in comparison.



The 34.08% increase of scope 2 GHG of the Huangshi Plant was still mainly due to the significant increase of revenue and capacity. However, the emission intensity per unit of revenue decreased by 9.15% through the improvement of the aeration fan of the wastewater plant, the monitoring of production electricity, the construction of new solar power generation facilities and the procurement of green power, etc.

Energy saving and carbon reduction results of the Huangshi Plant in 2022:

1. We have replaced the Roots blowers used for wastewater aeration with energy efficient air suspension blowers, which can save 300,000 kWh of power consumption and reduce 158 tonnes of greenhouse gas emissions in the area annually.
2. We completed the first phase of our new photovoltaic solar power project in June, which generated 114,700 kWh of electricity and reduced scope 2 GHG emissions by 60.302 tonnes in 2022.
3. We have purchased 10,000 megawatt-hours of green power, which accounts for 5.8% of the total gross electricity consumption of the plant and has reduced greenhouse gas emissions by 7,154 tons.
4. We continue to control energy use in our plants and have been approved as one of the sixth batch of national green factories.



The energy saving and carbon reduction programs planned by the Huangshi Plant are as follows:

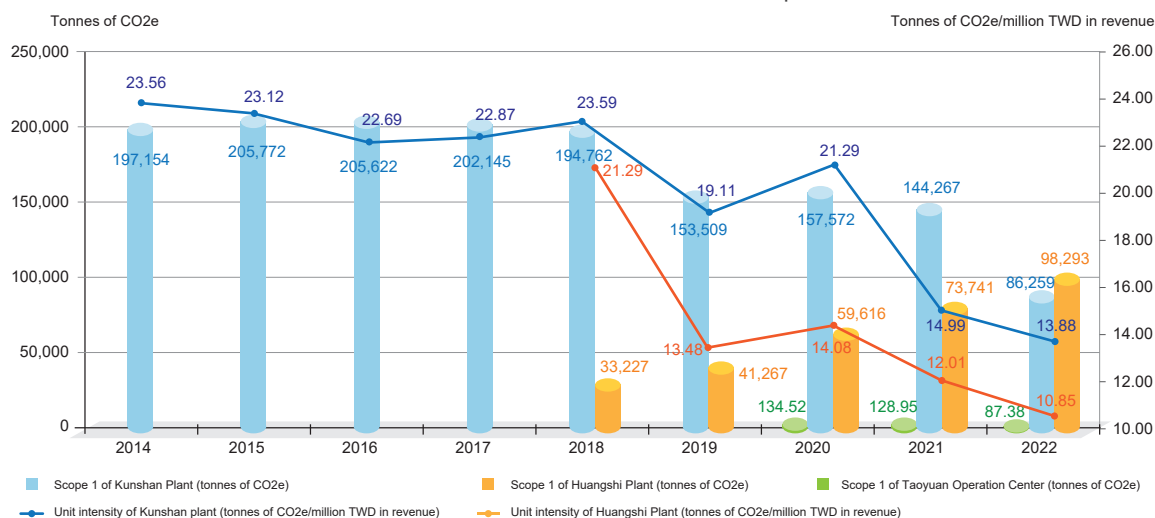
Implementation Status	Name of Project	Planned Resources to be Devoted	Expected outcome (target fulfillment rate)
Under planning	Expansion of photovoltaic projects	TWD 30 million is expected to be invested in the next 3-5 years for the expansion of the plant's photovoltaic power generation project.	The total installed capacity is 6,859.6 kWp; after completion of the installation, the estimated annual power generation will be 6.5 million kWh.
	Purchase of 40,000 MWh of green electricity	The amount is based on the announced price	This accounts for 20% of the total electricity consumption of the plant, which can offset about 28,000 tons of GHG emissions.
	All streetlights in P2 and residential area are solar-powered.	CNY 200,000 will be invested	15,000kWh of electricity consumption will be reduced annually, resulting in a reduction of 168 tonnes of Scope 2 greenhouse gas emissions.
	Establishment of online energy monitoring system	TWD 250,000 will be invested	The accuracy of product carbon footprint inventories can be improved, and important evidence of energy improvements can be provided.

Ongoing photovoltaic generation system planned for the Huangshi Plant

湖北省固定资产投资投资项目备案证	
登记备案项目编号: 2304-420205-04-01-280021	
项目名称:	超顺电子厂房及屋顶分布式光伏发电建设项目
建设地点:	黄石市开发区铁山区铁山仁镇大枫头288号 超顺电子电路股份有限公司
建设单位:	超顺电子电路股份有限公司
项目单位性质:	港澳台及外资企业
建设性质:	技改及其他
项目总投资:	3000万元
计划开工时间:	2023-5
引进用汇额:	0万元
项目单位承诺:	建设内容及规模: 在厂区内建设屋顶光伏,总装机容量58.596kw,预计年发电量为650万kwh,主要包括:钢结构骨架搭建、光伏组件、逆变器、汇流箱、生产厂房屋顶彩钢、合层屋顶、行政楼屋顶等。
	建设模式: 利用现有建筑物及附属场所建设的光伏发电项目
	上网模式: 自发自用、余电上网

注: 请扫描二维码核验备案证的真实性。

Trends in the Overall Greenhouse Gas Emissions at Each Operational Site





III. Water Resources Management

○ Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
Dynamic can divert operational wastewater to improve wastewater recycling rates and reduce overall corporate water withdrawals by refining water use efficiency. Adequate and stable water resources can maintain the production efficiency of products and the stability of supply, which in turn reduces operational risks and maintains the Company's sustainable competitiveness.	Climate change and man-made wastewater pollution are exacerbating the global problem of too much, too little, and too dirty water, and the cascading effects of these water issues will increase the cost of business operations.	To manage water risk in the supply chain	We handle the "water risk" in the supply chain to avoid the risk of chain breakage. We will expand the risk assessment and performance evaluation of water resources of suppliers in a phased manner to avoid the risk of chain breakage.	Plant President, CSR office (hotline, complaint mailbox)
		To incorporate indicators of corporate sustainable governance	We will raise the level of governance of water matters and develop effective management policies, indicators, and targets.	
		To promote efficient water management	To conserve water, we will conduct interior and exterior pipe cleaning and retubing; build a roof rainwater recycling system; and continue to promote water-saving incentive programs for fabrication processes.	
		To choose suitable water management tools	We will promote the ISO 46001 Water Management System	
		To reduce polluting emissions	The Huangshi Plant will connect the biochemical system pipelines of P1 and P2 plants to optimize the volume of water for biochemical treatment, which will make the wastewater treatment more efficient and lower the discharge volume.	

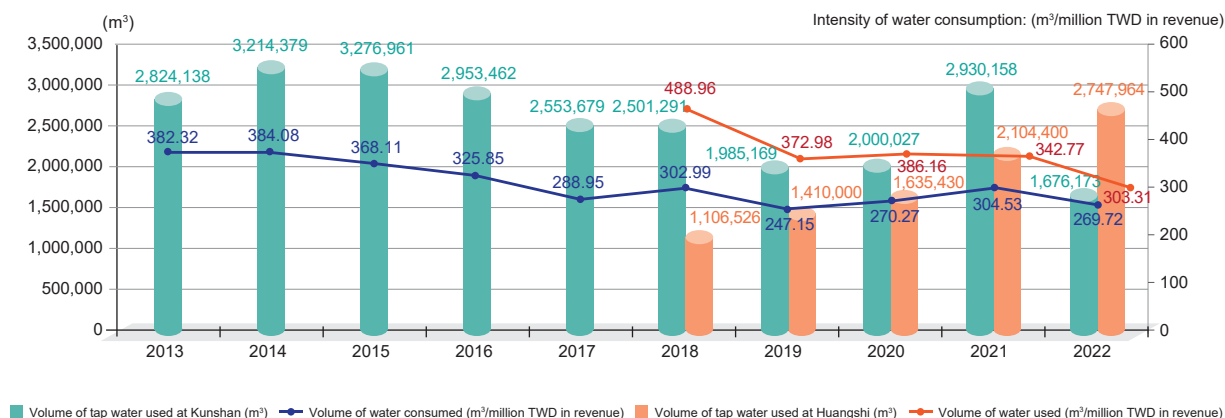
○ Goal and Accomplishment

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Annual water conservation rate of the Kunshan Plant (using 2015 as the baseline)	-48.85%	-14%	-16%	-20%	-
Annual water conservation rate of the Huangshi Plant (using 2018 as the baseline)	+153.78%	-8%	-10%	-14%	-
Percentage of water resource recycled for reuse at the Kunshan Plant	43.4%	30%	32%	35%	36%
Percentage of water resource recycled for reuse at the Huangshi Plant	35.4%	32%	33%	35%	36%
"0" violation in emission (Kunshan Plant, Huangshi Plant)	0	0	0	0	0

Assessment of the impacts on sources of water for the Kunshan and the Huangshi Plants of Dynamic

Plant		Kunshan Plant	Huangshi Plant
Source of water		Dual sources from Yangtze River and Kuilei Lake	Dual sources from Yangtze River and Yangxin Xiandao Lake
Regional risk as determined according to the Aqueduct Water Risk Atlas	Water shortage stress	High	Low
	Intra-year change	Low	Low
	Quarterly change	Low	Low-medium
	Flood risk	High	Low-medium
Amount of water used in the region		1.43 million tonnes/day	480 thousand tonnes/day
Amount of water used on the plant compound		0.45 million tonnes/day	0.75 million tonnes/day
Proportion of annual water consumption to annual water withdrawal from water supply areas		0.3%	1.56%
Information on water usage		None of the plants are located in areas suffering from recurrent water shortages or droughts, and the main source of water is running water. In 2022, each plant's water use accounts for a small percentage of the water supply in the area where the water is withdrawn, and there is no significant impact on any of the water source areas (>5%).	
Water-related potential impacts		Water scarcity issue: As drought strikes around the world, the increasingly severe water scarcity problem is highlighted, which could exacerbate operational difficulties for businesses, especially in industries with high water demand, such as electronics manufacturing. Discharge of wastewater: Industrial wastewater has a significant impact on the environment, and water resource management has become a key focus in corporate ESG assessment. Hence corporate operating costs will increase!	

Trends in the Amount and Intensity of Water Consumed at the Kunshan and the Huangshi Plant



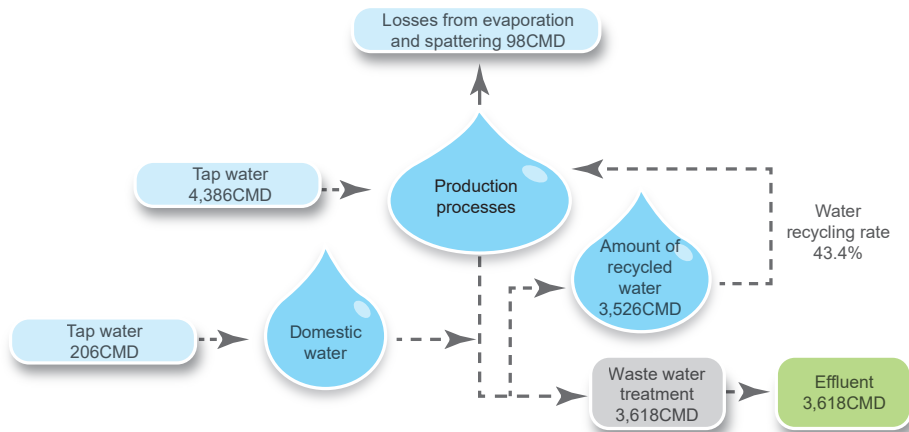
In 2022, the water consumption of the Kunshan Plant was approximately 1.6 million tonnes, which was 48.85% lower than the base period of 2015. Moreover, the water consumption per unit of revenue was 26.73% lower than the base period of 2015. The major water conservation measures adopted include:

1. Reclaimed water can save about 487 tonnes of water per day;
2. Water usage is monitored daily for the manufacturing process and reflected upon as soon as abnormal excesses are noted.

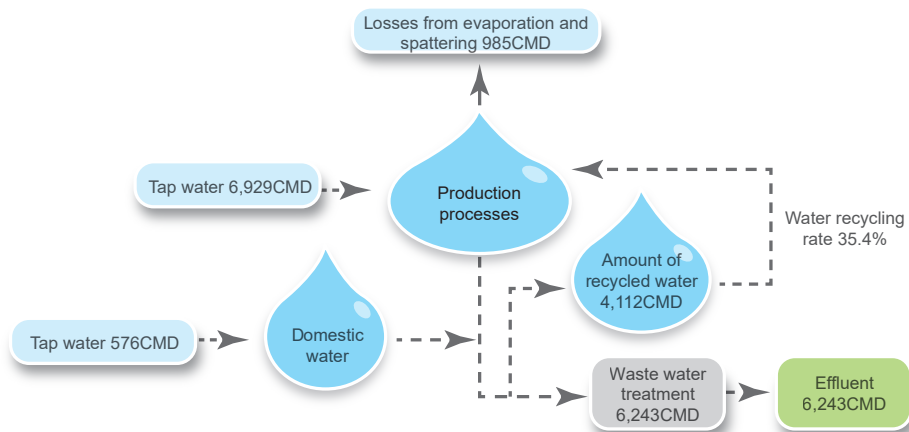
In 2022, the water consumption of the Huangshi Plant was approximately 2.74 million tonnes, representing an increase of 30.18% compared to 2021, which was mainly due to the increase in water consumption required for the new production capacity of the P2 in 2022. However, through the up-to-standard effluent reuse program, the up-to-standard effluent will be reused for exhaust gas scrubber water and water for resource recycling plant. 104,600 tonnes of effluent were reused in 2022. The air-conditioning condensate was recycled and used for greening in the plant; 3,500 tonnes were recycled annually, and rainwater from the roof of the new C6 building was recycled, saving about 18,000 tonnes of running water annually. In addition, water consumption per unit of revenue was still reduced by 11.51% through water-saving incentives, energy consumption control measures, and technology of water-saving pattern in fabrication processes.



Balance Chart of Water Consumption at the Kunshan Plant in 2022

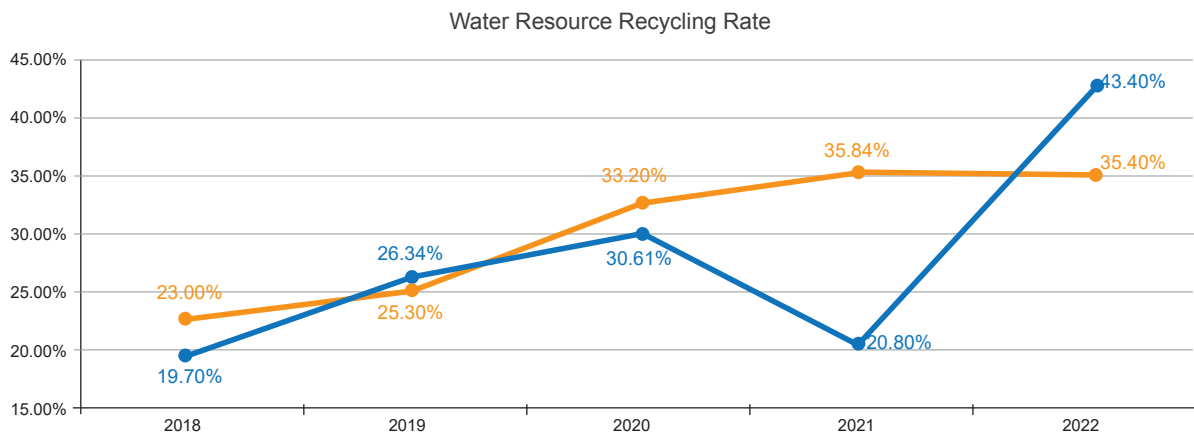


Balance Chart of Water Consumption at the Huangshi Plant in 2022



Note: CMD: cubic meter/day.

Water Resource Recycled for Reuse



In 2022, due to the reduction in production capacity at Kunshan Plant, to improve water use efficiency, we are planning to consolidate different lines in the same fabrication process, and also consolidate the exhaust gas scrubbers to reduce the amount of water used. The reuse rate of water after the consolidation and adjustment has improved significantly.

In 2022, the Huangshi Plant's production capacity increased significantly, and its water consumption also rose significantly. Although the water reuse rate reached the reuse target of 32% through measures, such as water discharge recycling, recycling of air-conditioning condensate, and rainwater collection and utilization, the rate still decreased marginally by 0.44% compared with that of 2021.

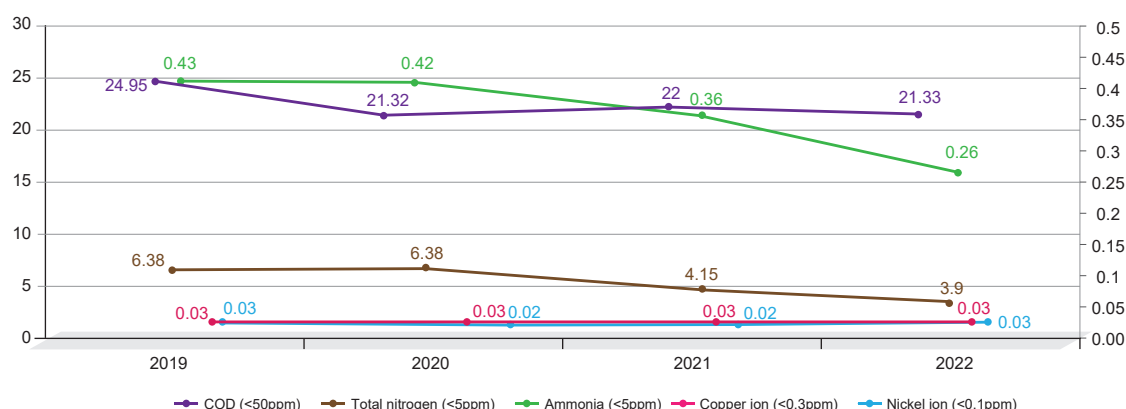
The Huangshi Plant's water use and conservation control program in 2023:

1. P1 will carry out water saving modifications to 9 pipes on the inner and outer layers by eliminating 2 water supply flow meters for each pipe and adopting water recycling in the tanks. It is estimated that the water consumption (RO water) can be saved 180 tones/day.

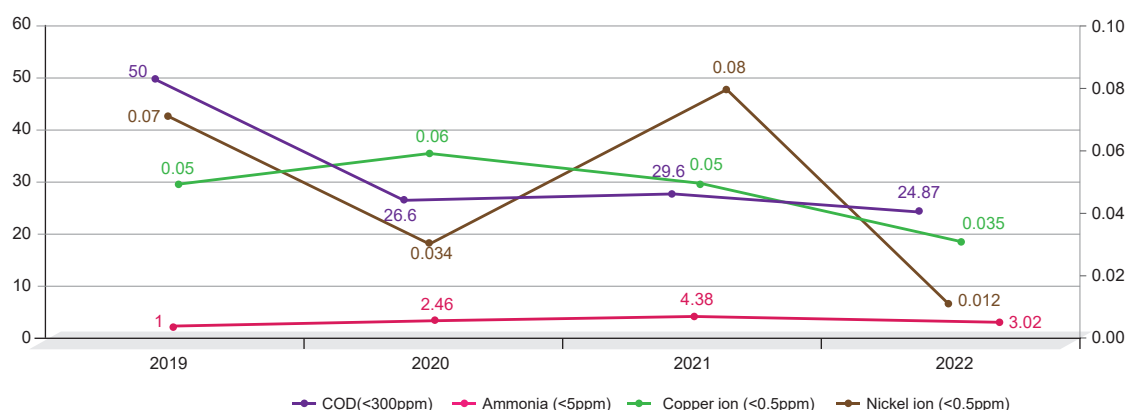
- The engineering unit will conduct a comprehensive inspection of part of the P1's cleaning lines that do not have water-saving devices, and install water-saving devices on all cleaning lines of the fabrication process.
- The Environmental Safety Department conducts occasional inspections and controls on water flow meters used in the production line. Currently, there is a requirement to label the upper and lower limits of all water-use flow meters in the fabrication process to facilitate control. Water valves are differentiated by color: valves that are not allowed to open are red, valves that are frequently open are green, and valves that need to be adjusted are blue.
- A new roof rainwater collection system will be constructed at the P2, which is expected to be put into operation in July 2023.

Wastewater/Sewage Management

The wastewater treatment status of the Kunshan Plant in 2022 is as follows (annual average amount of on-line pollution monitoring):



The wastewater treatment status of the Huangshi Plant in 2022 is as follows (annual average amount of on-line pollution monitoring):



In 2022, the total volume of wastewater discharged from the Kunshan Plant was approximately 1.32 million tonnes, a decrease of approximately 39.3% compared to 2021. The intensity of discharge per million dollars of revenue was reduced by approximately 8.43%. Except for nickel ions, which increased slightly, all other items' concentrations showed a decreasing trend.

The Huangshi Plant is located in the Huangshi Economic And Technological Development Zone and has its own wastewater treatment facility. The wastewater goes through chemical sedimentation and biological oxidation units and is treated to comply with the regulatory emission criteria before it is discharged to the Wangren Sewage Treatment Facility in the Development Zone and the ultimate receiving waters are the Huangshi Plant section of Yangtze River. The water quality of the surface water environment of the Huangshi section of the Yangtze River in 2022 was monitored to be of Type II, which is an excellent water condition. The Company treats the discharged water at a standard higher than that of the regulations to jointly maintain the excellent quality of the recipient water body.

As the P2 commenced operation in 2022 and is still in the stage of continuous expansion, the wastewater discharge from the Huangshi Plant increased by approximately 30.18% compared with that in 2021. However, through the improvement of water conservation measures, the discharge intensity per million dollars of revenue decreased by approximately 11.42%. In terms of the concentration of pollutants in wastewater discharge, the indicators under monitoring and control were all reduced compared with that in 2021 and were much lower than the amount of discharge standard, which demonstrated that the environmental protection measures of the Huangshi Plant were still properly planned.

To cope with the increasingly stringent environmental protection laws and regulations in the future, in addition to working on the production of pollution at the source via the research and development department, the two plants will continue to invest in improving the efficiency of the wastewater treatment facilities.

IV. Wastes and Hazardous Substances Management



— Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
Through the practice of ESG and the enhancement of the waste resource management models, the Company can significantly reduce energy inputs and waste treatment costs, which in turn will lead to the improvement of operational efficiency and cost control capabilities, thus increasing the feasibility of waste recycling and realizing the circular economy.	The constantly shortening product life cycles has led to overproduction of commodities. Improper waste management not only causes serious negative impacts on air, water, and soil, but also makes the disposal process more time-consuming and labor-intensive and increases the operating costs of enterprises.	Reinforce storage facilities and pollution management during the cleaning process and eradicate illegal treatment of hazardous substances	Plan and manage the area for scraps; inspect the site of the clearance and processing contractors, maintain the validity of the management system	Plant President, CSR office (hotline, complaint mailbox)
		Clean production, circular economy	We will increase the recycling rate and reduce the intensity of waste generation (kg/million NTD in revenue).	
		Recycle for reuse and optimize prevention against pollution	We will raise the proportion of metal-containing chemical wastes that are activated and reused in the plant.	
		Sustainable development, zero waste	We will promote UL 2799 certification.	
		To reduce polluting emissions	The Huangshi Plant will connect the biochemical system pipelines of P1 and P2 plants to optimize the volume of water for biochemical treatment, which will make the wastewater treatment more efficient and lower the discharge volume.	

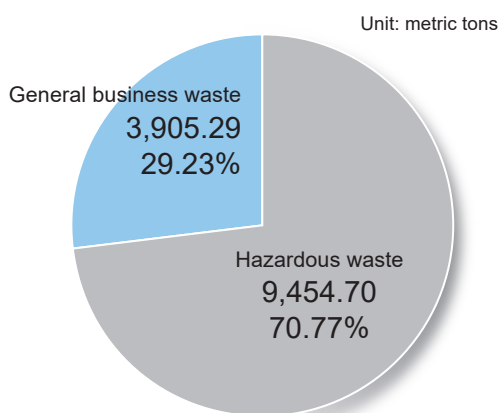
— Goal and Accomplishment

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
1. No penalty tickets for storage facilities 2. No cross-border processing 3. 100% qualified suppliers 4. Maintained environmental management system operations	The Kunshan and the Huangshi Plant are both in compliance	The Kunshan and the Huangshi Plant are both in compliance	The Kunshan and the Huangshi Plant are both in compliance	The Kunshan and the Huangshi Plant are both in compliance	The Kunshan and the Huangshi Plant are both in compliance
Percentage of metal-containing chemical wastes that are activated and reused in the plant.	Huangshi Plant 29.57%	Huangshi Plant >26.5%	Huangshi Plant >28.5%	Huangshi Plant >30%	Huangshi Plant >32%
Acquisition of UL 2799 certification	In October 2022, the Huangshi Plant started certification process and is expected to acquire the certification in June 2023	NA	The Huangshi Plant obtained certificate above gold level by June (Platinum grade certificate was obtained in June)	The Huangshi Plant will maintain a certificate of gold level or above	The Huangshi Plant will advance to platinum grade
Intensity of waste generation (Tonnes/million TWD in revenue)	Kunshan Plant: 0.08 Huangshi Plant: 0.15	Kunshan Plant: <0.13 Huangshi Plant: <0.18	Kunshan Plant: <0.13 Huangshi Plant: <0.17	Kunshan Plant: <0.12 Huangshi Plant: <0.16	Kunshan Plant: <0.11 Huangshi Plant: <0.15
Ultimate recycling ratio	Kunshan Plant: 96.07 Huangshi Plant: 96.50	Kunshan Plant: >97.0 Huangshi Plant: >96.0	Kunshan Plant: >97.2 Huangshi Plant: >96.2	Kunshan Plant: >97.5 Huangshi Plant: >96.5	Kunshan Plant: >98.0 Huangshi Plant: >96.8

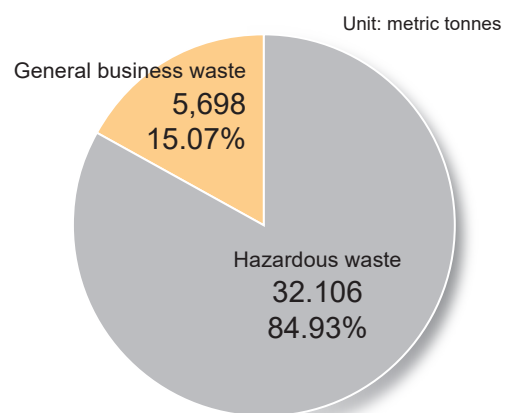
The new “Solid Waste Pollution Law” issued by Mainland China in September 2020 has strengthened the penalties for non-compliance in solid waste management. There are more stringent labeling requirements for hazardous containers and packages as well as facilities and premises for the collection, storage, transportation, utilization, and disposal of hazardous wastes, etc. Under the circular economy development plan section of the “14th Five-Year Guidelines”, circular production methods will be fully implemented by 2025; green design and clean production will be generally promoted; by 2025, energy consumption and water consumption per unit of GDP will be reduced by about 13.5% and 16% respectively compared with that of 2020; and the utilization rate of bulk solid waste will be more than 60%.

The above “plans” focus on the key and difficult issues that need to be resolved in the field of circular economy, especially in the development of the remanufacturing industry, recycling of waste electrical and electronic products, and the management of the whole life cycle of automobile use, etc. Dynamic's related production sites will follow this goal and promote the management policy in the plants.

Kunshan Plant Business Waste Classification



Huangshi Plant Business Waste Classification



1. Waste from general businesses: In response to the new “Solid Waste Pollution Law”, all household waste has been carefully categorized, and the recycling rate of waste has been increased through this categorization. Starting from 2022, the Huangshi Plant started working on the UL2799 certification, to achieve the goal of zero landfill by converting at least 90% of waste through means other than conversion to energy.
2. Hazardous Waste: To ensure that hazardous waste is ultimately handled properly, based on our policy, we do not adopt overseas cross-border disposal, and the vehicles used for transportation of hazardous waste are all equipped with GPS monitoring systems, which keep track of the whole process and keep records for inspection.





Kunshan Plant Waste by Composition (In Tonnes)

Name of Waste	Physical Property	Activity Triggering the Generation of Waste	Environmental Impacts of Waste	Disposal Methods	2022		
				Reuse, incineration, landfill	Volume of waste generated	Directly processed volume	Volume transferred for processing
Copper-based sludge	Solid	Wastewater treatment facility	Leaching toxicity	Reuse	6,571.49	-	6,571.49
Nickel-based sludge	Solid	Wastewater treatment facility	Leaching toxicity, corrosiveness	Reuse	26.44	-	26.44
Nickel-based waste solution	Liquid	Wastewater treatment facility	Leaching toxicity, corrosiveness	Reuse	250.40	-	250.40
Surface treatment solution	Liquid	Surface treatment	Corrosiveness	Reuse-others	110.40	-	110.40
Base etching solution	Liquid	Etching line	Corrosiveness	Reuse	415.49	-	415.49
Acid etching solution	Liquid	Etching line	Corrosiveness	Reuse	-	-	-
Waste negative	Solid	Negative room	Leaching toxicity	Reuse	8.38	-	8.38
Waste phenol-formaldehyde resin	Solid	Packaging	Leaching toxicity	Incineration	0.96	0.96	-
Waste resin	Solid	ENIG line	Leaching toxicity	Reuse	0.14	-	0.14
Waste film slag	Semi-solid	Inner/Outer layer	Leaching toxicity	Incineration	118.81	118.81	-
Waste activated carbon	Solid	Filtering tower	Infectious nature, leaching toxicity	Reuse	55.52	-	55.52
Waste filter	Solid	Filtering tower	Infectious nature, leaching toxicity	Incineration	66.89	66.89	-
Waste packaging container	Solid	Filtering tower	Infectious nature, leaching toxicity	Others	83.76	-	83.76
Waste ink barrel	Solid	Filtering tower	Infectious nature, leaching toxicity	Others	25.20	-	25.20
Waste mop	Solid	Filtering tower	Infectious nature, leaching toxicity	Incineration	0.31	0.31	-
Waste chemical reagent bottle	Solid	Filtering tower	Infectious nature, leaching toxicity	Incineration	3.72	1.87	1.85
Waste ink can	Solid	Filtering tower	Infectious nature, leaching toxicity	Reuse	0.85	-	0.85
Waste medicated solution barrel	Solid	Filtering tower	Infectious nature, leaching toxicity	Reuse	0.76	-	0.76
Waste leftover	Solid	Scrapped production line	Leaching toxicity	Reuse	950.80	-	950.80
Waste mineral oil	Liquid	Care equipment	Inhaled toxicity	Incineration	4.70	4.70	-
Waste ink	Semi-solid	Inner layer, solder mask, text	Leaching toxicity	Incineration	20.99	20.99	-
Waste tin-based solution	Solid	Electroplating	Corrosiveness	Reuse	367.38	-	367.38
Waste screen rinsing solution	Liquid	Clean the screen	Flammability, leaching toxicity	Incineration	2.92	2.92	-
Dust	Solid	Board cutting, drilling	Leaching toxicity	Reuse	367.86	-	367.86
Hazardous business waste		-	-	-	9,454.17	217.45	9,236.72
General business waste	Solid	General domestic waste	Regular waste	Incineration	242.45	242.45	-
Kitchen leftover and waste	Liquid	Cafeteria	Regular waste	Incineration	64.55	64.55	-
Others	Solid	General industrial waste	Regular waste	Reuse	3,598.38	-	3,598.38
General business waste		-	-	-	3,905.38	307.00	3,598.38

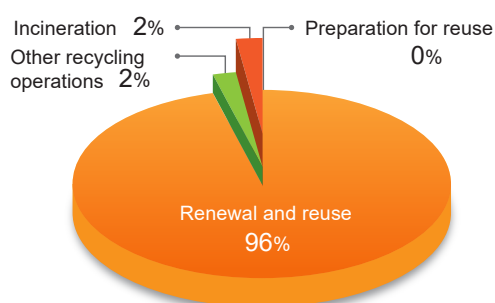
Kunshan Plant Waste Classification by Transfer (In Tonnes)

Category		On-site	Off-site	Cap
Hazardous waste	Preparation for reuse	-	28.66	28.66
	Renewal and reuse	-	9,058.46	9,058.46
	Other recycling processes	-	149.6	149.6
	Cap	-	9,236.72	9,236.72
Non-hazardous waste	Preparation for reuse	-	-	-
	Renewal and reuse	-	3,598.38	3,598.38
	Other recycling processes	-	-	-
	Cap	-	3,598.38	3,598.38

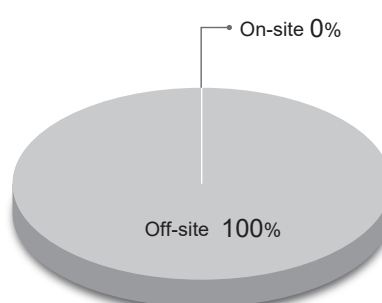
Kunshan Plant Waste Classification by Treatment (In Tonnes)

Category		On-site	Off-site	Cap
Hazardous waste	Incineration	-	217.45	217.45
	Landfill	-	0	0
	Other dispositions	-	0	0
	Cap	-	217.45	217.45
Non-hazardous waste	Incineration	-	307	307
	Landfill	-	0	0
	Other dispositions	-	0	0
	Cap	-	307	307

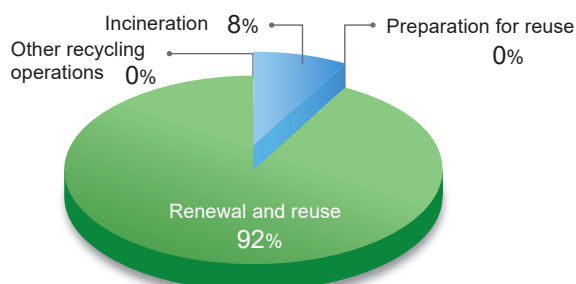
Kunshan Plant's Hazardous Business
Waste Final Disposal Site



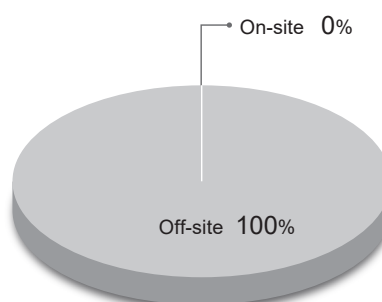
Kunshan Plant's Hazardous Business
Waste Final Disposal Site



Kunshan Plant's General Business
Waste Final Disposal Site



Kunshan Plant's General Business
Waste Final Disposal Site





Huangshi Plant Waste Classification by Classification (In Tonnes)

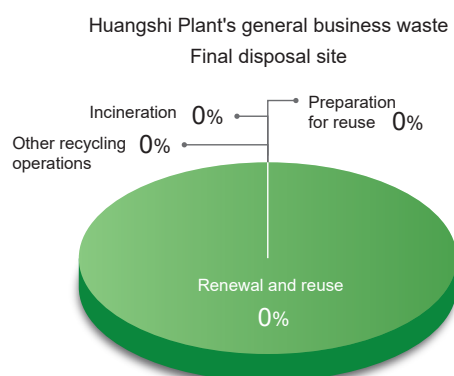
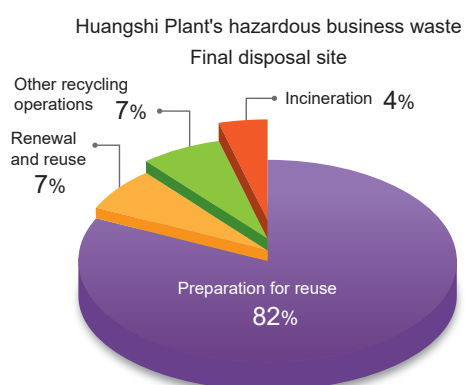
Name of Waste	Physical Property	Activity Triggering the Generation of Waste	Environmental Impacts of Waste	Disposal Methods	2022		
				Reuse, incineration, landfill	Volume of waste generated	Directly processed volume	Volume transferred for processing
Copper-based sludge	Solid	Wastewater treatment facility	Leaching toxicity	Reuse	9,395.12	0	9,395.12
Biochemical sludge	Solid	Wastewater treatment facility	Leaching toxicity	Reuse	1,149.34	0	1,149.34
Nickel-based sludge	Solid	Wastewater treatment facility	Leaching toxicity, corrosiveness	Reuse	174.58	0	174.58
Nickel-based nitric acid	Liquid	ENIG line	Corrosiveness	Reuse	478	0	478
Waste negative	Solid	Negative room	Leaching toxicity	Reuse	13.12	0	13.12
Etching solution	Liquid	Etching line	Toxicity	Reuse	1,322.46	0	1,322.46
Gold-based resin	Solid	ENIG line	Leaching toxicity	Reuse	0.35	0	0.35
Waste light tube	Solid	Exposure room	Leaching toxicity	Reuse	0.34	0	0.34
Packaging container (Empty barrel)	Solid	Medicated solution container	Infectious nature, leaching toxicity	Reuse	200.85	0	200.85
Gold-based filter	Solid	ENIG line	Infectious nature, leaching toxicity	Reuse	0.61	0	0.61
Palladium-based filter	Solid	ENIG line	Infectious nature, leaching toxicity	Reuse	0.83	0	0.83
Waste leftover (Frame, discarded board, copper leftover, substrate leftover)	Solid	Scrapped production line	Leaching toxicity	Reuse	1,941.96	0	1,941.96
Copper-based dust	Solid	Board cutting, drilling	Leaching toxicity	Reuse	240.23	0	240.23
Nickel-based waste solution	Liquid	ENIG line	Leaching toxicity, corrosiveness	Reuse	443.23	0	443.23
Base etching solution	Liquid	Etching line	Corrosiveness	Reuse	883.82	0	883.82
Acid etching solution	Liquid	Etching line	Corrosiveness	Reuse	12,029.17	0	12,029.17
Waste tin removal solution	Liquid	Electroplating	Corrosiveness	Reuse	965.62	0	965.62
Copper-containing waste from stripping hangers	Liquid	Electroplating	Corrosiveness	Reuse	1,542.61	0	1542.61
Waste phenol-formaldehyde resin	Solid	Packaging	Leaching toxicity	Incineration	32.15	32.15	0
Waste dry film slag	Semi-solid	Inner/Outer layer	Leaching toxicity	Incineration	188.29	188.29	0
Waste activated carbon	Solid	Filtering tower	Infectious nature, leaching toxicity	Incineration	60.86	60.86	0
Waste ink can	Solid	Inner layer, solder mask, text	Infectious nature, leaching toxicity	Incineration	74.09	74.09	0
Waste filter	Solid	Washed-off section	Infectious nature, leaching toxicity	Incineration	185.22	185.22	0
Waste glove and mop	Solid	Production workshop	Infectious nature, leaching toxicity	Incineration	257.57	257.57	0
Waste glass reagent vial	Solid	Empty reagent vial	Infectious nature, leaching toxicity	Incineration	8.16	8.16	0
Waste empty gold salt bottle (Plastic)	Solid	Gold salt container	Infectious nature, leaching toxicity	Incineration	0.16	0.16	0
Waste mineral oil	Liquid	Care equipment	Inhaled toxicity	Incineration	6.22	6.22	0
Waste ink	Semi-solid	Inner layer, solder mask, text	Leaching toxicity	Incineration	41.03	41.03	0
Resin dust	Solid	Drilling, forming	Leaching toxicity	Incineration	469.12	469.12	0
Waste batteries	Solid	Office, living area	Leaching toxicity	Incineration	0.59	0.59	0
Toner (ink cartridges)	Solid	Office	Leaching toxicity	Incineration	0.49	0.49	0
Hazardous business waste		-	-	-	32,106.19	1,323.95	30,782.24
General business waste		-	-	Reuse	5,698.08	-	5,698.08

Huangshi Plant Waste Classification by Transfer (In Tonnes)

Category		On-site	Off-site	Cap
Hazardous waste	Preparation for reuse	10,901.97	15,277.48	26,179.46
	Renewal and reuse	15.00	2,392.13	2,407.13
	Other recycling processes	-	2,195.65	2,195.65
	Cap	10,916.97	19,865.27	30,782.24
Non-hazardous waste	Preparation for reuse	-	-	-
	Renewal and reuse	-	5,698.08	5,698.08
	Other recycling processes	-	-	-
	Cap	-	5,698.08	5,698.08

Huangshi Plant Waste Classification by Treatment (In Tonnes)

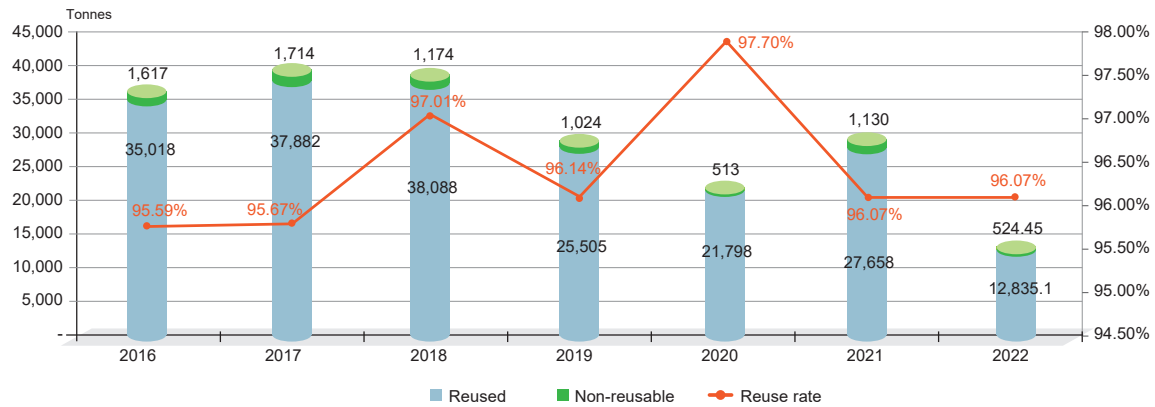
Category		On-site	Off-site	Cap
Hazardous waste	Incineration	-	1,323.95	1,323.95
	Landfill	-	-	-
	Other dispositions	-	-	-
	Cap	-	1,323.95	1,323.95
Non-hazardous waste	Incineration	-	-	-
	Landfill	-	-	-
	Other dispositions	-	-	-
	Cap	-	-	-





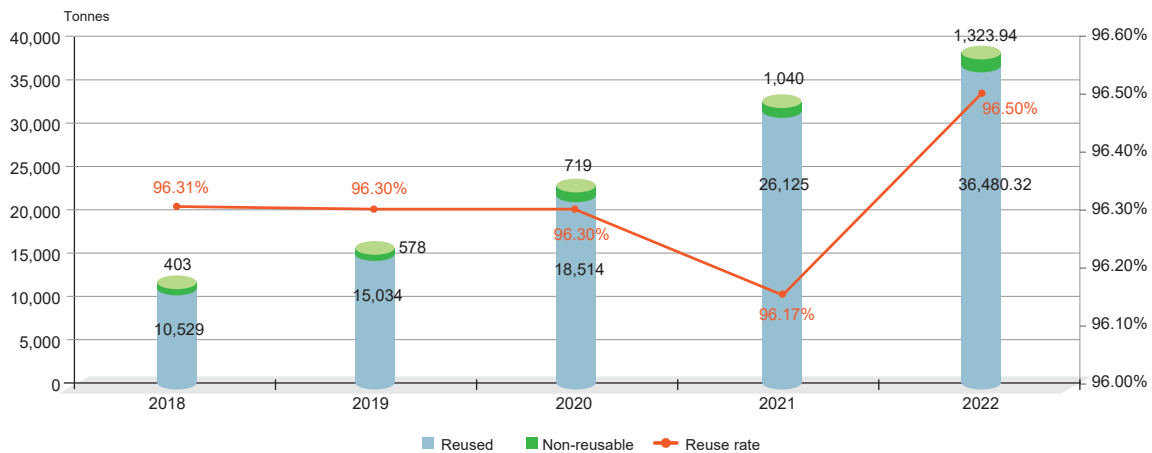
Trend of Waste Production and Reuse Ratio

Trends in the Volume and Re-Utilization Ratio of Business Waste Generated at the Kunshan Plant



The reuse ratio of the Kunshan Plant was maintained at 96.07%; however, due to the significant decrease in total waste production, the production intensity of waste (tonnes/million TWD in revenue) decreases from 0.12 tonnes/million TWD in revenue in 2021 to 0.08 tonnes/million TWD in revenue in 2022.

Trends in the Volume and Re-Utilization Ratio of Business Waste Generated at the Huangshi Plant



The recycling ratio of the Huangshi Plant was 96.50%, which met the target recycling rate of 2022. However, due to the expansion phase of the plant and the increase in construction waste caused by the construction of the plant, a drastic trend of increase in total waste generation was shown. Nevertheless, the intensity of waste production (tonnes/million TWD in revenue) decreased from 0.17 tonnes/million TWD in revenue in 2021 to 0.15 tonnes/TWD million of revenue in 2022, which still meets the target of waste production intensity reduction.

V. Environmental Investments

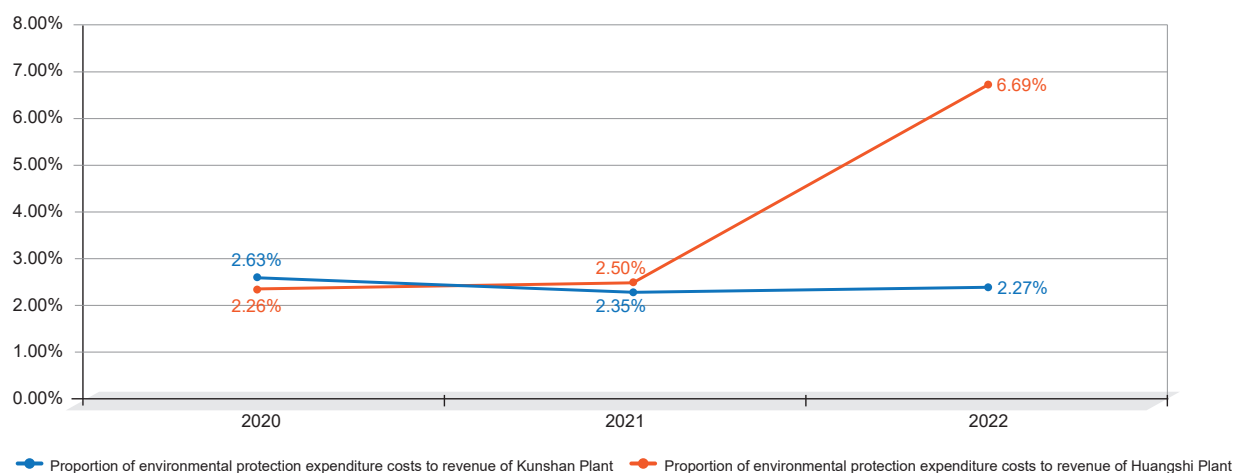
Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
We can invest resources to improve product yields, increase the efficiency of raw materials, water and energy use, increase the recycling rate of water and waste, reduce the amount of pollutants per unit of production area, and enhance the benefits of the circular economy, the efficiency of energy use and the corporate image.	Inefficient use of resources may result in excessive waste of resources and reduced competitiveness when resources are in short supply; poor energy efficiency not only wastes energy, but also increases the cost of production and carbon emissions; excessive pollutant levels may result in environmental violations, which may affect the company's reputation.	"Technical control, reduce pollution; green procurement, energy efficiency enhancement; continuous improvement, and sustainable management" are the policies of Dynamic. Dynamic is committed to continuous environmental improvement and compliance with relevant laws and regulations. At the same time, Silicon Power has taken a holistic approach in reviewing the Group's production processes and introduced appropriate environmental protection technologies to reduce the Group's environmental expenditure.	We have set up a Resource Management Department to actively develop and seek high-efficiency recycling solutions, and we are also proactively introducing and investing in environmental treatment facilities to reduce the amount of wastewater and waste output per unit of production area, thereby improving the efficiency of water and energy use.	CEO's mailbox

Goal and Accomplishment

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Environmental protection expenses as a percentage of revenue	Kunshan Plant 2.27 Huangshi Plant 6.69	Kunshan Plant 2.50 Huangshi Plant 1.80	Kunshan Plant 2.53 Huangshi Plant 1.90	Kunshan Plant 2.58 Huangshi Plant 2.00	Kunshan Plant 2.60 Huangshi Plant 2.10

Environmental Protection Expenses as a Percentage of Revenue

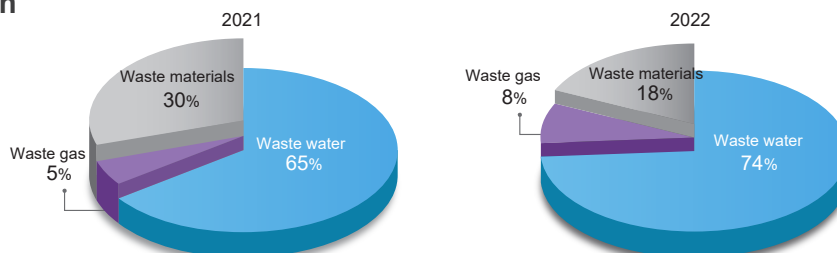


The environmental protection expenditures of the Kunshan Plant were mainly for wastewater treatment (accounting for 74% of the expenditures), waste removal and treatment (accounting for 18% of the expenditures) and air pollution prevention and control (accounting for 8% of the expenditures). In recent years, the Kunshan Municipal Government has continued to impose stringent requirements on environmental projects, especially in the prevention of air pollution and the control of greenhouse gas emissions. Therefore, the expenditure on waste gas related expenses is showing an upward trend; wastewater treatment, after the refinement of the product and the reduction of the production capacity, the expenditure on maintenance and consumption has been relatively lower. Moreover, waste disposal costs have been significantly reduced through increased efforts in recycling and effective management.

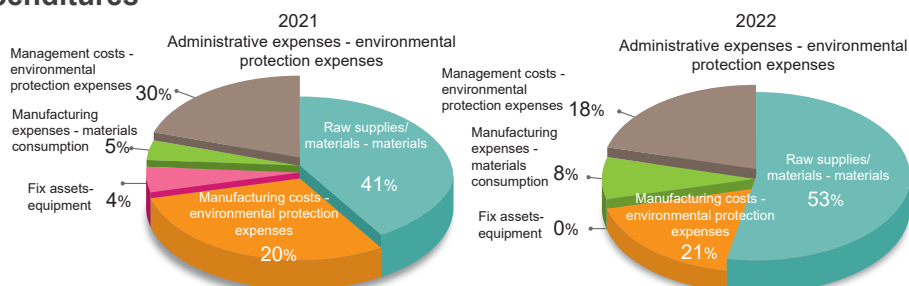
Kunshan Plant has been in operation for more than 15 years, and therefore, it has less expenditure on new investment projects. Due to the high design capacity of the plant at the initial stage of construction in the early year, the plant is now operating smoothly after the capacity arrangement became lowered. Therefore there is no arrangement for new environmental protection related facilities, and the proportion of environmental protection expenditure to revenue is not reached to the original 2.50%. Moreover, the environmental protection expenditure is mainly based on the operational maintenance and pharmaceutical materials, which accounts for nearly 85% of the total.



Composition of Environmental Protection Expenditure of the Kunshan Plant by Pollution



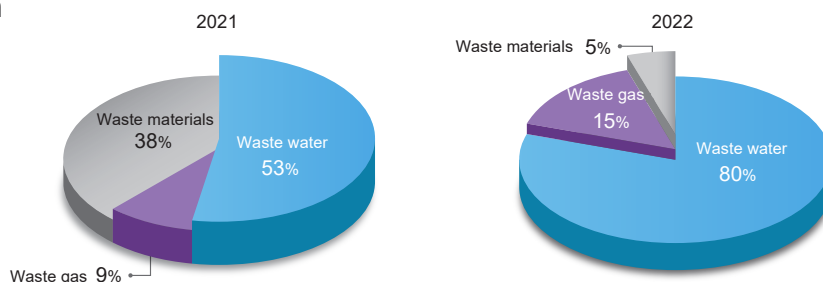
Composition of Environmental Protection Expenditure of the Kunshan Plant by Expenditures



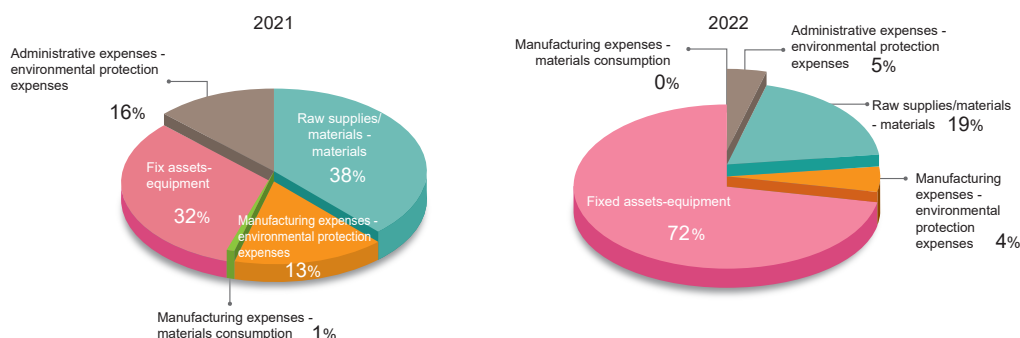
Trend of Environmental Expenditure Category of the Huangshi Plant (excluding labor cost)

In 2022, P2 of the Huangshi Plant started production. In response to the increase in production capacity, to ensure that the pollutant discharge fully meets the standards, and an increased treatment capacity is achieved, apart from the addition of the exhaust gas treatment system, an extra wastewater biochemical treatment plant was constructed in P2 to enhance the biodegradability of the wastewater. Ultimately, the concentration of the various pollutants in the discharged wastewater is much lower than the limited discharge standard. Therefore, there is a significant increase in the share of expenditure on pollution prevention equipment.

Composition of Environmental Protection Expenditure of the Huangshi Plant by Pollution

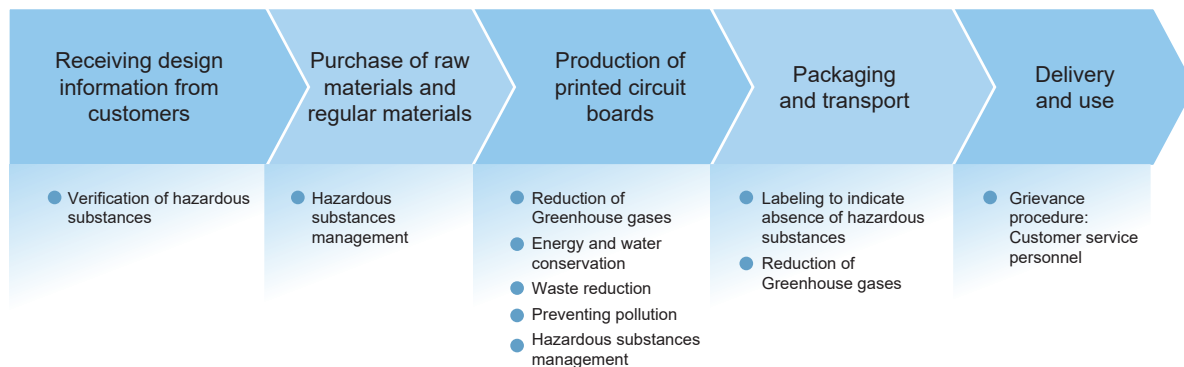


Composition of Environmental Protection Expenditure of the Huangshi Plant by Expenditures



VI. Green Products & Processes

Dynamic takes seriously the impacts of its products and processes on the environment and constantly reduces the use of resources and generation of hazardous substances in the design of products, the purchase of raw materials and regular materials, and during the production process to minimize impacts on the environment and to enhance the environmental friendliness of its products.



Use of More Environmentally Friendly Chemicals and Technologies

- Dynamic's Pharmacopoeia Committee has introduced a chemical in 2022. By utilizing the pulse plating chemical for through holes/blind hole production, it can increase the through-hole filling capacity by 20% and reduce wastewater emissions by 5% during the treatment.
- The Huangshi Plant uses low-temperature drying treatment method to treat the water content of waste sludge. By evaporating under negative pressure, it can reduce the amount of sludge transported by 50% and increase the copper content of sludge by 4%, which has been in mass production in April 2022. The amount of waste sludge processed per month has already reached 60 tonnes.

Halogen-Free Process/Materials

Huangshi Plant

- In 2022, the percentages of halogen-free materials in the three types of substrates/PP/inks were 68%, 69%, and 85%, respectively. Since a considerable amount of halogen-free materials are still used in automotive boards, it is not possible to completely replace them immediately.
- To reduce and control the halogen content of halogen-free materials:

The requirements of regulations are Cl<900 ppm, Br<900 ppm, Cl+Br<1500 ppm. However, we have counseled suppliers to further formulate reduction plans and carry out control in accordance with Cl<700 ppm, Br<700 ppm, Cl+Br<1000 ppm. In 2022, except for Hong Kong Sun & Onstatic Technology which replied that the halogen test reports could meet the requirements but did not agree to provide a letter of guarantee or "Halogen-Free Declaration of Conformity", all the other main/auxiliary material suppliers meet the requirements and have signed back "Halogen-Free Declaration of Conformity".
- SQE requires all raw material suppliers to sign the "Environmental Hazardous Substance Free Guarantee" for environmentally hazardous substance management, including the main material suppliers and auxiliary material suppliers, totaling 87 suppliers, except for Onstatic Technology, the rest of them have signed them back.
- In 2022, 781 batches of materials imported from suppliers were monitored for halogen content by IQC, and the achievement rate is 100%.
- Follow-up actions: IQC continuously monitors the halogen content of suppliers' materials based on the sampling frequency (main material: model/manufacturer/quarter; auxiliary material: model/manufacturer/half-year); SQE continuously encourages suppliers to reduce or replace the materials. Also, procurement personnel were requested to provide simultaneous assistance. For those that do not meet the standards or cannot meet the Company's halogen reduction control standards, we will consider gradually replacing them with other materials.



Kunshan Plant

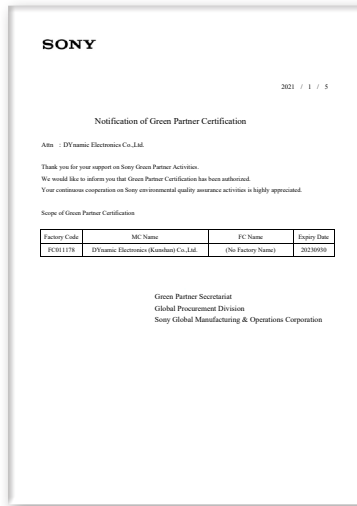
1. In 2022, the proportion of halogen-free materials in the three types of substrates/PP/inks were 47%, 48%, and 90%, respectively. Due to the fact that a considerable amount of halogen-free materials are still used in automotive boards, their replacement is not possible to be carried out immediately.
2. To reduce and control the halogen content of halogen-free materials:
The requirements of regulations are Cl<900 ppm, Br<900 ppm, Cl+Br<1500 ppm. However, we have counseled suppliers to further formulate reduction plans and carry out control in accordance with Cl<700 ppm, Br<700 ppm, Cl+Br<1000 ppm. In 2022, except for Yikang, Yuhon and Hong Kong Sun which replied that the halogen test reports could meet the requirements but did not agree to provide a letter of guarantee or "Halogen-Free Declaration of Conformity", all the other main/auxiliary material suppliers meet the requirements and have signed back "Halogen-Free Declaration of Conformity".
3. SQE requires all raw material suppliers to sign the "Environmental Hazardous Substance Free Guarantee" for environmentally hazardous substance management, including the main material suppliers and auxiliary material suppliers, totaling 125 suppliers (44 main material suppliers, 81 auxiliary material suppliers).
4. In 2022, 767 batches of materials imported from suppliers were monitored for halogen content by IQC, and the achievement rate is 100%.
5. Follow-up actions: IQC continuously monitors the halogen content of suppliers' materials based on the HSF measurement frequency (main material/quarter; auxiliary material/half-year); SQE continuously encourages suppliers to reduce or replace the materials. Also, procurement personnel were requested to provide simultaneous assistance. For those that do not meet the standards or cannot meet the Company's halogen reduction control standards, we will consider gradually replacing them with other materials.

Green Product Management System

The green product management system of Dynamic has been approved by international organizations, other countries, and customers and its continuous validity and improvements are maintained.



Kunshan Plant: IECQ QC080000
Hazardous Substance Process
Management (HSPM) Certificate



Sony Green Partner
Environmental Quality
Determination



Huangshi Plant: IECQ QC080000
Hazardous Substance Process
Management (HSPM) Certificate

4

Co-prosperity in Society



That's Not Right
Mailbox Case

Taoyuan Operation Center: 0
Kunshan Plant: Decrease of 20%
Huangshi Plant: Decrease of 56%

Average Hours of
Employee Training

Taoyuan Headquarters: Increase of 43%
Kunshan Plant: Increase of 53%
Huangshi Plant: Increase of 30%

Amount Involved
in Participation
in Charity and
Academic Groups

2.15 million

Occupational
Health and
Safety

Kunshan Plant: Total occupational accident and injury index rate of 0.11 is lower than the industry average of 0.2
Huangshi Plant: Honored as "Healthy Enterprise of Hubei Province"



Four. Social Co-prosperity

Dynamic's core value is "people", therefore, Dynamic's human resource system emphasizes talent cultivation, stimulating individual potential and helping employees to grow. Moreover, it provides a safe and friendly working environment and comprehensive welfare measures to attract talents, increase employee cohesion, reduce staff turnover rate and build a more competitive organization. Meanwhile, Dynamic cares for relatively disadvantaged populations in society and does what it can to boost and spread the love towards each other and towards everyone!

I. Product Quality and Customer Service



Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
We can set up a professional service team to enhance the efficiency and effectiveness of communication with our customers and increase their trust.	Failure to provide customer service may result in customer dissatisfaction with Dynamic's products or services, which may lead to the loss of long-term cooperation opportunities.	Continue to boost the internal yield rate, achieve external quality goals, create competitive advantages, and enhance customer satisfaction.	1. We will enhance the stability of product quality by learning from experience through the knowledge management system. 2. Employees will engage in daily quality awareness exercises. 3. We will initiate proposals to improve quality and efficiency. 4. We will assist the production line in identifying quality risks and developing solutions. 5. We will educate our staff on inventory and inspection after equipment maintenance to keep the equipment in optimal operating condition. 6. We will strengthen the supply chain quality culture. 7. We will keep client information confidential, survey satisfaction, and respond to customers.	Chairman, Group President, Plant President Head of quality assurance and sales division (hotline, complaint mailbox)

Product Quality

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Automotive product DPPM (Number of defects out of every million products)	1.5	1.5	1.3	1	0.8

Automotive boards are the mainstream product of the Company and the customers often have the highest quality requirements. Therefore, the quality requirements for automotive products are to be followed in the formation of a product quality awareness culture to constantly reduce scraps and improve quality to the extent that is satisfying for customers and to lay the groundwork for the sustainability and survival of Dynamic.

The relevant measures to achieve the external DPPM targets are described below:

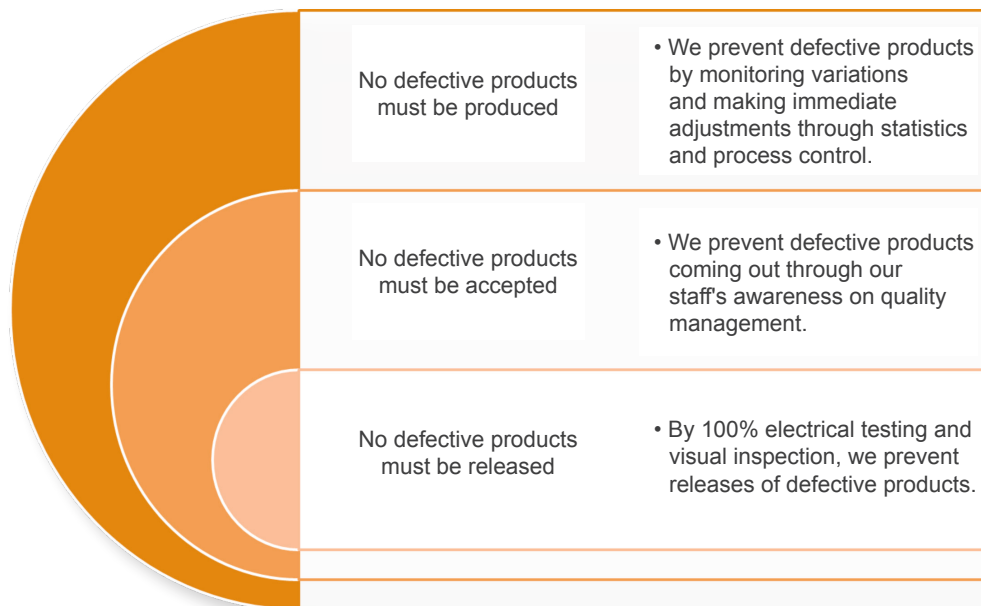
1. Personnel's quality awareness and the stability of materials and equipment's process capability.
2. Timely inspection, correction, and re-confirmation during processes.

Information on the action plans to help fulfill goals is provided below:

1. The knowledge management system featuring experience-based learning includes internal expert resume, respective process history issues and solutions search engines, experience-sharing systems, and sub-procedure risk management.
2. We will continue to push forward the basic education and training for employees and quality awareness by using the simple quality goal of “working according to the rules” as a daily quality awareness exercise.
3. Regarding the Quality Control Circle, we will encourage supervisors to lead their teams to initiate proposals to improve quality and efficiency.
4. The audit team will participate in the production line counseling to help the production unit to find out hidden quality risk danger, thus discussing the solution promptly.
5. Functional units are involved in post-maintenance counts and inspections of equipment, educating employees on maintenance and cleaning priorities to maintain equipment in optimal operating condition.
6. Strengthening the quality culture in the supply chain, the Quality Assurance Department provides educational training and management sheets and systems to suppliers, thereby counseling and assisting them in supplying 100% non-toxic products.

○ Quality Assurance Management System

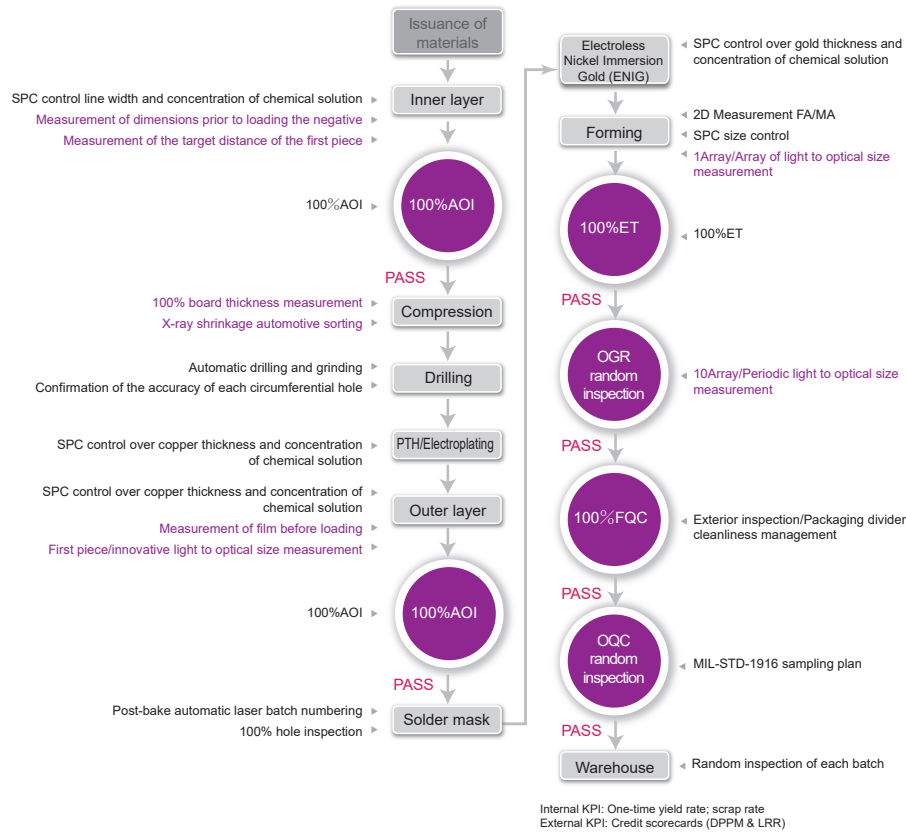
Through the comprehensive awareness of quality management among all staff, the Design and R&D Departments take quality into consideration during the design stage. The Technical and Production Departments study quality stability. The Quality Department never accepts, outputs, or releases defective products. The Quality Management System is established through these three aspects. Variance is monitored and timely adjusted through Statistical Process Control (SPC) and process stability is maintained to boost precise process capabilities and to guarantee the quality of products delivered to customers.



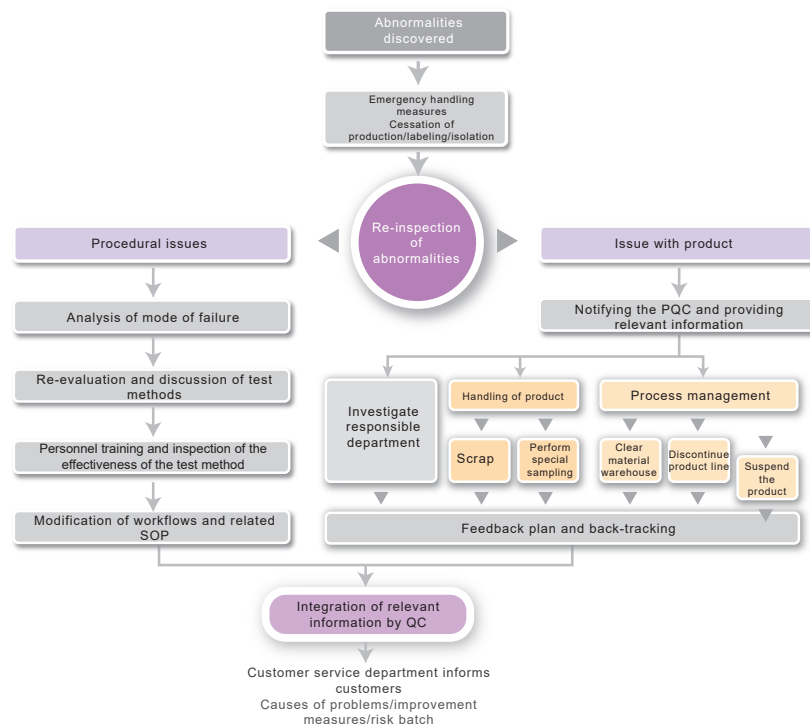
For abnormal conditions that are beyond the quality system control, the dedicated Lesson Learned Case Study (LLCS) Office is responsible for thoroughly investigating the failure cases and the countermeasures before holding an internal reflection meeting. Experiences will also be included in the knowledge management system to keep enriching experiences and knowledge, to prevent against recurrence, and to pass down the system for constant quality advancement.



Quality Control System: For each key process, products are randomly sampled and inspected; process variance is audited; and deviation from process capabilities is monitored



Abnormality feedback plan: The anomaly feedback plan is embarked on as soon as any anomaly is found



Central Laboratory

Both the Kunshan Plant and the Huangshi Plant are equipped with a central laboratory that is responsible for reliability, failure analysis, resistance, and laboratory testing. It is now capable of spontaneously completing 47 precision tests, including important tests throughout the PCB process.

Laboratory eligibility certified by multiple customers so far:

- In 2020, customer SXX certified the impedance measurement and bending test equipment of Kunshan Plant.
- In 2021, customer CXX certified the new bending testing equipment for automotive boards developed by the Kunshan Plant.
- In 2022, customers Bxx and Cxx certified the qualification of automotive non-safety high-density connection testing boards of the Kunshan Plant.

Continuous Performance Improvement in 2022

Serial No.	Description of Continuous Improvements	Efficacy
1	Upgrade of ERP system for laboratory equipment testing	Improve the test efficiency and the timeliness in the production of the Test Report
2	Purchase of salt spray testers	Test reliable quality of products and improve the testing capabilities of the laboratory
3	Upgrade of impedance measurement ERP system	Improve the auto-lock feature to facilitate tracking of abnormalities and risk assessment
4	Purchase of four-line micro-resistance meter	Enhancement of FA analytical skills
5	Network analyzers	Monitoring of HF product signal loss
6	CVS analyzers	Testing the stability of process chemicals and reducing the functional problems caused by fluctuations in chemical properties

Central Laboratory of the Huangshi Plant

Huangshi Plant: The central laboratory of the Huangshi Plant consists of the following: a reliability laboratory, a failure analysis laboratory, a section room, and chemical examination room. All the testing equipment is of excellent performance and can complete 37 tests independently, covering all the important testing items in the whole process of PCB.

- In 2019, the customers, CXX and DXX, certified that the testing capability of the laboratory at the Huangshi Plant is equivalent to that of the professional laboratories of partner companies, and the results completed by this laboratory can be reported for all the testing items requested by the customers.
- In 2021, the customers, TXX, certified that the testing capability of the laboratory at the Huangshi Plant is equivalent to that of the professional laboratories of partner companies, and the results completed by this laboratory can be reported for all the testing items requested by the customers.
- In 2022, the customers, BXX, certified that the testing capability of the laboratory at the Huangshi Plant is equivalent to that of the professional laboratories of partner companies, and the results completed by this laboratory can be reported for all the testing items requested by the customers.

Continuous Performance Improvement in 2022

Serial No.	Description of Continuous Improvements	Efficacy
1	Purchase of salt spray testers	The reliability of immersion gold/gold plating products can be tested, thus enhancing laboratory testing capabilities
2	Laboratory test equipment, EAP system, has been added	Data from test equipment will be electronically uploaded to the system, and the system will automatically generate reports, thus improving the timeliness and accuracy of completed reports
3	New laboratory reliability card control system	The device and anomaly card control function became available, which is helpful for the effective monitoring and anomaly tracking of the reliability test
4	Microscope measurement system upgrade	Measured digital data is uploaded to EAP system, thus improving the accuracy of data and the efficiency of persons responsible for section.
5	Purchase of automatic titrators	The automatic titration analysis functions of the chemical equipment improve the accuracy and timeliness of chemical testing and analysis.

Quality Management-related Certifications and Certificates

Kunshan Plant

ISO 9001
Quality Management System

IATF 16949
Quality management system for organizations in the automotive industry

Huangshi Plant

ISO 9001
Quality Management System

IATF 16949
Quality management system for organizations in the automotive industry

ISO 13485
Medical devices quality management systems standards



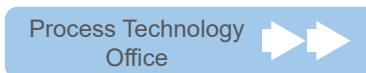
Customer service

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Customer satisfaction survey score	9.1	9.0	9.0	9.0	9.0
Complete ERP features	1. EDI is restricted; when there is a time difference in one of the ETA messages, only one domestic point can be imported, while six foreign customers can't be imported. 2. Since the first verification took a long time to complete, the advanced goals are linked to the EDI data to integrate it into MPS.	1. Regarding ASN, 6 customers are expected to be imported, which will enable the customers to save time in data maintenance on their websites upon launching. 2. We set up advanced goals, connected to customers' EDI data and integrated it into the MPS format to assist the sales personnel to do order management.	We will set advanced target to link the FCST of EDI to generate MPS in ERP, thus assisting the sales personnel to do the order management.	We will build up a market-oriented database, prepare for new customer demands and new product development, and enhance management sophistication.	We will build up a market-oriented database, prepare for new customer demands and new product development, and enhance management sophistication.
Number of confidentiality deficiencies with customer data	0	0	0	0	0
On-time completion rate in the processing of customer cases	100%	100%	100%	100%	100%

Dynamic has a cross-disciplinary customer service team in place that has a fixed window to provide professional and speedy services that help address customer demand. The team consists of sales, quality assurance (customer service), R&D, and pre-manufacturing design staff. They contact and communicate directly with their counterparts at the customer's end. The sales representatives are also responsible for integrating all projects and engaging themselves in bilateral communications with all customers through visits, meetings, and the customer satisfaction surveys that take place once every six months to know what customers have to say about us and their expectations.



As required, sort out and archive customer data according to the contract signed with the customer.



Utilization, management and preservation of engineering and technical data, such as Gerber, mechanical drawings, design criteria.



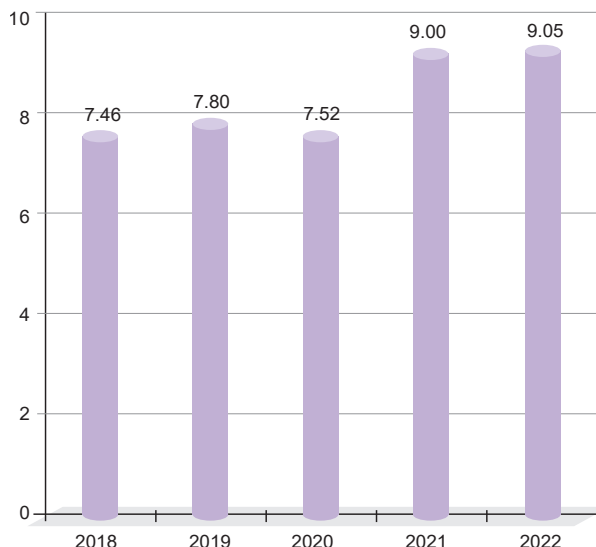
Taking responsibility of the management and storage of non-engineering technologies.

Customer Satisfaction Survey

Dynamic regularly sends customer satisfaction survey forms to its top 15 or 20 customers and important customers of each plant on a semi-annual basis. The survey includes items, such as quality, delivery, price, cooperation status, excess freight, hazardous materials, and labor satisfaction. We prepare improvement solutions based on the feedback from customers and include them in the key performance indicators of the units concerned. Besides constantly enhancing customer satisfaction, we compare ourselves against benchmark enterprises. The feedback will serve as reference while the Company develops its short-term, medium-term, and long-term management strategies and developmental directions.

According to the 2022 customer satisfaction survey, the comprehensive satisfaction level is unchanged compared to that of 2021. The pandemic was gradually eased in the second half of 2022. However, due to the Russo-Ukrainian War and the impact of inflation, the market demand remained very unstable. In the long run, we still need to cooperate with our customers for

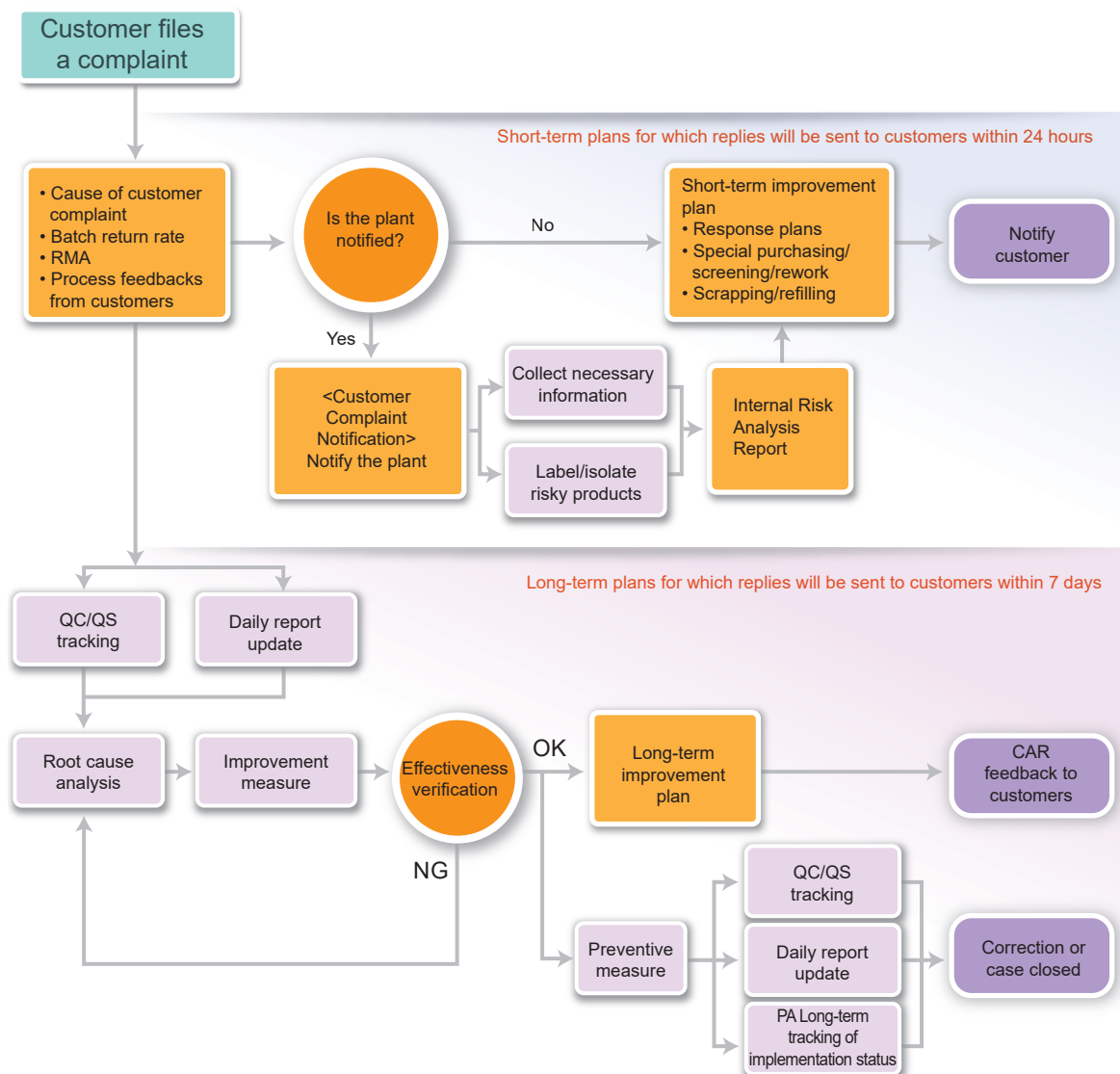
inventory adjustment and delivery flexibly in response to urgent orders. At the same time, the number of customer service cases and processing time are managed electronically. Using statistics/audit/analysis to reflect external quality information and trends electronically, plants are directed to improve and reduce quality problems, thus enhancing customer satisfaction.



Response to Customer Cases

Dynamic cares about what customers have to say and has a dedicated service representative assigned to each customer. Whenever a customer has needs, they can contact their dedicated service representative by phone, email, or through any related communication software. Each representative is professionally trained and will be able to confirm the needs of the customer in the first place. When support from other departments is needed, the service representative will convene heads of related units to form a cross-disciplinary team where they work by division of labor to address the customer's demand shortly. Customer service also helps the plant learn the end user's quality management system and keep the plant interactive with the customer. For example, Customer VXX is asked to give guidance on the review of "standardized implementation" to reduce the production of defective products and the "Spike anomaly point" quality monitoring and management of Customer DXX is introduced so that the plant can grow with the customer while fulfilling the constantly enhanced quality goals set by the customer.

Complaint Handling Procedure





The number of customer services provided and the processing timeliness are tallied on a monthly basis to facilitate reflections. Regarding the on-time customer service completion rate in 2022, the Kunshan and the Huangshi Plant are 100% and 100% respectively. We will continue to follow up on the development of cases after services to achieve the goal of complete customer satisfaction.



Customer Data Confidentiality

Dynamic has been valuing the management, retention, and confidentiality of customer data as always. "Protecting customer privacy and preventing against disclosure or loss of customer data" has been the unchanged policy and commitment of Dynamic. First, Dynamic has a comprehensive systematic customer data processing procedure in place and there is a responsible unit to take charge of receiving, managing, and storing customer data and all parties concerned have signed the Confidentiality Agreement. By the contract signed with the customer and the applicable requirements, our Business Operation Office receives and archive customer data. The Process Technology Office utilizes, manages, and stores engineering technical data (Gerber, mechanical drawings, design guidelines, among others); and the Quality Assurance Office is responsible for managing and storing non-engineering technical data. If anyone unrelated wants to retrieve the data, prior application and electronic sign-off for approval are required and reproduction of the data is disallowed. On the IT side, a data encryption system has been set up so that personnel in charge of data can encrypt data according to its confidentiality level for security protection.

In addition, Dynamic has reinforced its governance of network safety, including blocking the network hard disk drive, the instantaneous communication software, the mobile storage media, and network-based mailbox. There is no Wi-Fi access for mobile phones throughout the Company. No mobile phones are allowed at production lines. When needed at work, administrators must place mobile phones with cameras in the camera bag. Visitors who carry mobile phones must register in the Security Office upon entrance to the plant compound. In 2022, Dynamic passed all customer audits on product and data security and confidentiality. In addition, there were no complaints regarding violations of customer privacy or loss of customer data.

II. Manpower Structure and Development

○ Talent Structure

The overall global economy has been gradually recovering in 2022 as the Covid-19 vaccination rate increased. The low base period benefit led to a better-than-expected performance. Besides, the outbreak crisis has also raised people's awareness of the speed of response to pandemic, the utilization of resources, and measures to ensure the employee health. The Taoyuan Operation Center is fully engaged in research and development (including new product technology development), the provision of product technology services and the Group order-taking and other related businesses.

The total population of China at the end of 2022 was slightly declining, mainly due to a decrease in the number of births. One reason is that the number of women of childbearing age has continued to decrease, and the other is that the fertility rate has continued to decline. Due to the influence of various factors, such as changes in the concept of childbearing and the postponement of marriage and parenthood, the fertility rate of women of childbearing age continued to decline in 2022. In accordance with the Group's capacity adjustment plan, Kunshan Plant has continued to downsize its workforce, mainly addressing dispatched staff and redundant staff without positions due to the downsizing of the organizational structure. The human resources formed after the above are distinguished according to the province of residence as below: The top three were Henan 24.07%, Jiangsu 14.4%, Gansu 10.8%, followed by Shaanxi and Shandong.

In 2022, the average annual salary of employed persons in urban non-private units in Jiangsu Province was 121,724 yuan, exceeding 120,000 yuan for the first time. In 2022, the average disposable income per capita of all Suzhou residents exceeded the 70,000 yuan mark for the first time, reaching 70,819 yuan. Suzhou became the first prefecture-level city in the province Jiangsu to break through the 70,000 yuan mark, which is 33,936 yuan higher than the national residents' average income level and 20,957 yuan higher than the provincial residents' average income level. To summarize, although the high income level in Suzhou attracts workers from other provinces and cities, the general economic environment has resulted in low recruitment and reduced mobility of workers. Fertility rate cannot compete with the pressure of cost of living. The demographic dividend has basically disappeared; those with higher academic qualifications are unwilling to work as blue-collar workers in factories; and those with lower academic qualifications are unwilling to accept low wages and expect less overtime work. Regarding business survival, plants are facing tough competition.

The Huangshi Plant's human resources increased by 37% in 2022 compared to 2021. Due to the nature of the Company's industry (manufacturing), to distinguish by academic qualifications, 46% of the employees have at least college degree, and 15% of the employees have at least bachelor's degree. The overall qualification level of the company's employees is relatively high compared to its regional peer companies. To further optimize the talent structure of the Company, to stabilize the existing staff and attract outsiders at the same time, and to enhance the competitiveness of the Company, we aim to continue to work on the following aspects:

First of all, starting from the Company's recruitment and employment, we give priority to personnel with experience in the PCB manufacturing industry, to make sure their suitability of the work nature and increase the stability of retention. Secondly, we establish a sound corporate training system: According to the annual training program, employees' knowledge and thinking as well as practical skills can be enhanced by comprehensive trainings launched during the newcomers' training period, pre-work period and in-work period. At the same time, relying on the Company's remuneration system, the Company culture is promoted both internally and externally, and we formulate career planning counseling every year to enhance all employees' and section supervisors' awareness of career planning. By providing counseling on career development thinking, we allow employees to have a goal in mind and work hard for it, thus stimulating employees' passion for their jobs and giving them the motivation to grow and upgrade their career step by step. Dynamic values its people and treats all of them as family members. For all the people who join Dynamic, a series of tailor-made training courses are held every year. From the awakening and enhancement of personal awareness to the refinement of professional skills, we provide excellent planning and counseling for their careers in all aspects.

Analysis of the Distribution of Employees at Dynamic by the Type

Category/ Item	Regional Item	Taiwan-Taoyuan Operation Center					Mainland China Plants-(Kunshan+Huangshi)				
		Male	Female	Others*	Total	Ratio	Male	Female	Others*	Total	Ratio
Number of employees	Total number of people	18	20	0	38	100%	2400	1675	0	4075	100%
Contract type	Indefinite	18	20	0	38	100%	2266	1542	0	3808	93.45%
	Definite	0	0	0	0	0%	134	133	0	267	6.55%
Age	Under 30 years old	1	2	0	3	7.89%	864	427	0	1291	31.68%
	30-50 years old	12	14	0	26	68.42%	1450	1202	0	2652	65.08%
	50 years and above	5	4	0	9	23.68%	86	46	0	132	3.24%
Job type	Management (associate or above)	15	18	0	33	86.84%	73	33	0	106	2.60%
	Indirect employees	3	2	0	5	13.16%	341	254	0	595	14.60%
	Direct employees	0	0	0	0	0.00%	1986	1388	0	3374	82.80%

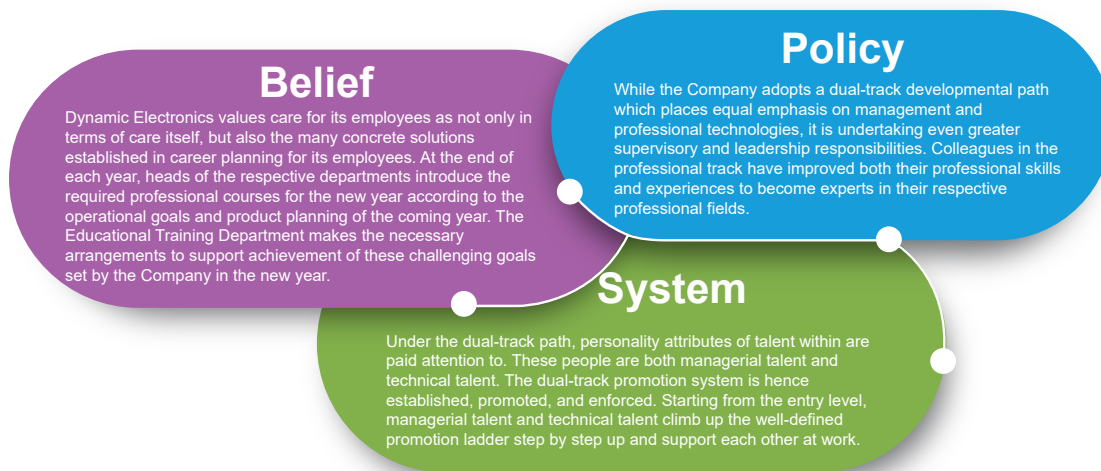
Note 1: The definition of others is determined by the employees themselves.

Note 2: Job type* direct employees are those engaged in production-related operations; and indirect employees are the other employees.

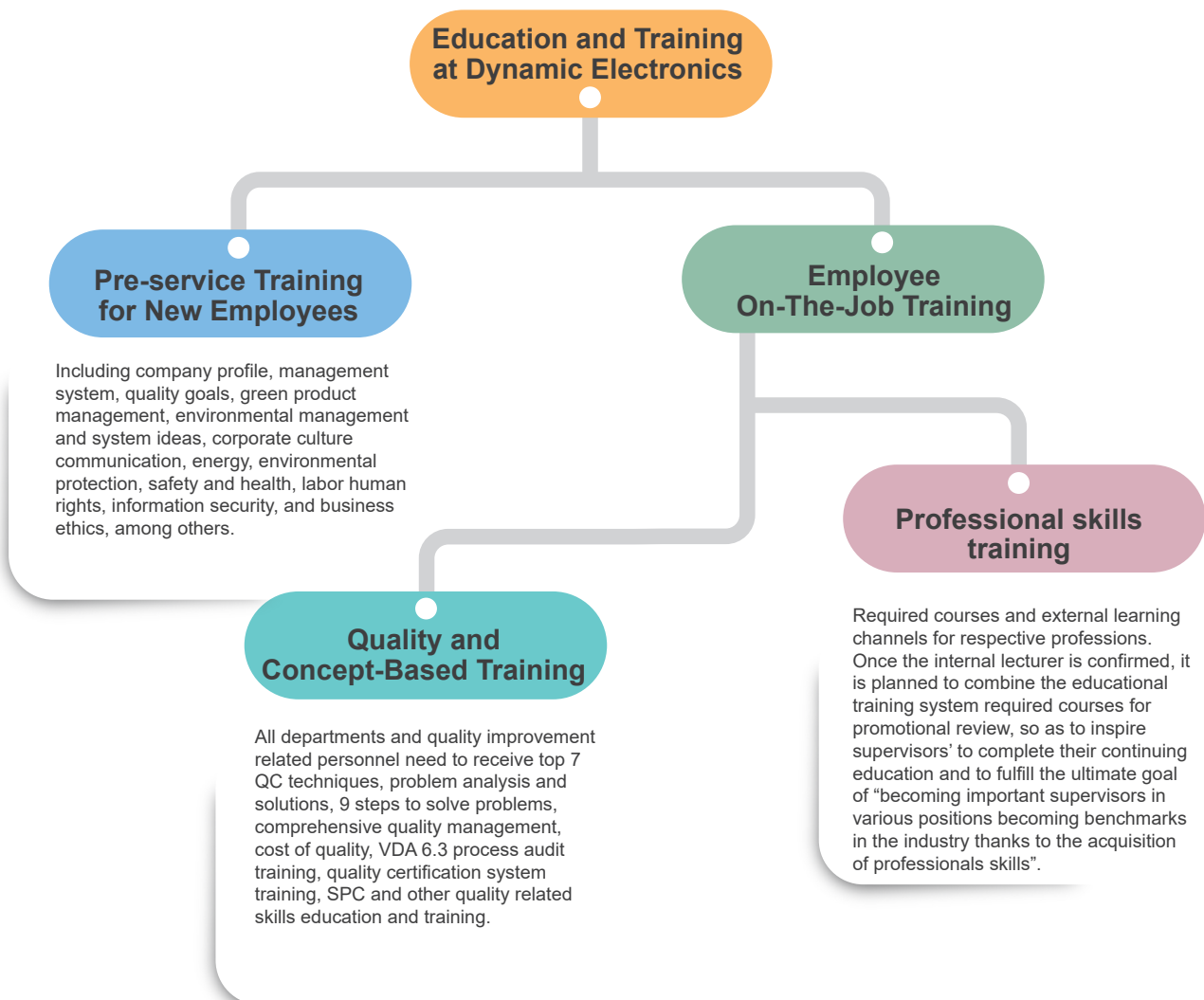
Note 3: The plants' outsourced workers include non-employee security, cleaning, and catering workers. The number of these workers is 175, and there is no significant fluctuation in 2022 compared to 2021.

Note 4: Employees with no guaranteed working hours.

Career Development



Dynamic Educational Training Framework



III. Talent Attraction/Retention and Employee Benefits

Material
topic

Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
Employees are the foundation of Dynamic's development. Cultivating and retaining talented people can support Dynamic to achieve its challenging goals in the coming year.	If the turnover rate is too high, the Company will have to spend much on recruitment and re-education, which will be a great cost and may reduce the efficiency of the Company's development.	1. Build optimal labor-management relations 2. Enhancement of two-way communication between employees and the company, and improvement of recognition towards the Company 3. Provision of comprehensive career plans, salaries, and benefits. 4. Production line working environment optimization 5. Enhancement of staff skills and process speed for product quality improvement.	1. All-around training plans 2. Dual-track promotion for process engineers 3. Employee workshops 4. Improved experience and technology relay 5. Reduced employee turnover rate	President Chairman That's Not Right Mailbox (Hotline, mailbox)

Taoyuan Operation Center

Goal	Accomplishment in 2022	2022	2023	2025 Goal (Medium-term)	2027 Goal (Long-term)
Employee turnover rate	5%	20%	20%	20%	15%
Average number of hours of educational training provided	31.4	21.0	22.0	24.0	26.0

Kunshan Plant

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Employee turnover rate	55%	33%	32%	32%	31%
Average number of hours of educational training provided	27.8	19.5	20.5	21.0	22.0

Huangshi Plant

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Employee turnover rate	21%	33%	32%	32%	31%
Average number of hours of educational training provided	21.2	19.5	20.5	21.0	22.0

Turnover rate=Number of resigned people/(number of resigned people+number of in-service people)



Trainings Held at the Three Plants in 2022

Plant	Taoyuan Operation Center (number of sessions)	Kunshan Plant (number of sessions)	Huangshi Plant (number of sessions)
Educational training for newcomers	4	55	124
In-service educational training - internal	48	303	436
Specialized educational training - external	78	37	38
Total number of sessions	130	395	598
Total cost	260,660	1,368,520	429,721

Taoyuan Operation Center Training Hours Statistics in 2022

Category	Male			Female			Categorical total number of persons	Categorical total number of hours	Categorical mean number of hours
	Number of people	Total number of hours (hour)	Average number of hours (hours/ person)	Number of people	Total number of hours (hour)	Average number of hours (hours/person)			
Supervisor - Managerial and above	15.0	682.1	45.5	18.0	373.5	20.8	20	1,055.6	32.0
Indirect employees	3.0	89.5	29.8	2.0	47.5	23.8	5.0	137.0	27.4
Total number of people	18.0	771.6	42.9	20.0	421.0	21.1	38.0	1,192.6	31.4

Kunshan Plant Training Hours Statistics in 2022

Category	Male			Female			Categorical total number of persons	Categorical total number of hours	Categorical mean number of hours
	Number of people	Total number of hours (hour)	Average number of hours (hours/person)	Number of people	Total number of hours (hour)	Average number of hours (hours/person)			
Supervisor - Managerial and above	24.0	1,240.0	51.7	21.0	1,218.0	58.0	45.0	2,458.0	54.6
Indirect employees	110.0	3,078.5	28.0	93.0	2,557.5	27.5	203.0	5,636.0	27.8
Direct employees	678.0	18,016.5	26.6	573.0	15,633.0	27.3	1,251.0	33,649.5	26.9
Total number of people	812.0	22,335.0	27.5	687.0	19,408.5	28.3	1,499.0	41,743.5	27.8

Huangshi Plant Training Hours Statistics in 2022

Category	Male			Female			Categorical total number of persons	Categorical total number of hours	Categorical mean number of hours
	Number of people	Total number of hours (hour)	Average number of hours (hours/person)	Number of people	Total number of hours (hour)	Average number of hours (hours/person)			
Supervisor - Managerial and above	49.0	2,542.5	51.9	12.0	640.0	53.3	61.0	3,182.5	52.2
Indirect employees	231.0	5,174.5	22.4	161.0	3,996.0	24.8	392.0	9,170.5	23.4
Direct employees	1,308.0	27,008.5	20.6	815.0	15,249.5	18.7	2,123.0	42,258.0	19.9
Total number of people	1,588.0	34,725.5	21.9	988.0	19,885.5	20.1	2,576.0	54,611.0	21.2

Build Corporate Identity in Employees

Dynamic has respective measures in place so that while employees continuing to contribute and grow within the Company, they can also enjoy an enriched life, realize their personal ideals, and bring about shared success and developments for themselves and for the Company.

Starting with recruitment and throughout the whole career path, Dynamic is building corporate identity in its employees.

1. We provide a wide range of recruitment procedures (e.g. internet, on-site recruitment in the job market, on-campus recruitment, internal staff recommendation, media advertisement, labor service, school-enterprise cooperation, recruitment announcement, corporate internal recruitment, etc.).
2. From interview, salary determination, health checkup to commencement of work and trainings, a series of processes are in place to carry out humanized services, thus promoting the Company's image and building up the recognition of the Company among the employees.

Labor-management Relations

Guided by the harmonious concept, Dynamic's adopts a communicative and cooperative approach when dealing with labor relations. In addition to maintaining a smooth communication system, Dynamic also holds regular labor-management meetings to fully explain the company's operating conditions to employees and listen to the voices of the grassroots and makes appropriate responses.

For the transfer of employees, if the regulatory transfer principle is fulfilled, the Company's "Employee Transfer Regulations" must be followed to avoid undermining the rights at work of employees. In cases of unexpected important matters for which decisions need to be

made, besides workshops where all employees are briefed, such decisions must also be made known through the internal bulletin board and emails. Negotiation and announcement deadlines in governmental laws and regulations must be followed. When the company faces major operational changes that may affect employees, those changes will be handled in accordance with the company's management rules and procedures, and will be implemented within the time frame stipulated by the relevant laws and regulations.

• According to the "Labor Standards Act" of Taiwan, the notice period for termination of labor contracts of Taoyuan Operation Center is as follows:

1. For those who have worked for more than 3 months and less than 1 year, notice must be given 10 days in advance.
2. For those who have worked for more than 1 year and less than 3 years, notice must be given 20 days in advance.
3. For those who have worked for more than 3 years, notice must be given 30 days in advance.

• The notice for termination of labor contracts at the Kunshan Plant/the Huangshi Plant is 30 days in advance pursuant to the "Labor Contract Law" of Mainland China.

About the collective negotiation mechanism, decisions are made through labor-management meetings for the Taoyuan Operation Center and through discussions in the labor unions at the Kunshan and the Huangshi Plant. All decisions apply to all employees. In other words, employees are 100% protected by collective negotiation at Dynamic.

Departmental meeting

In order to reach an agreement, supervisors and subordinates exchange sufficient ideas on the directions and highlights of the production process, control over safety, health, and quality through this meeting.

Employee Welfare Committee Meeting

The Welfare Committee representatives are elected from amongst employees to discuss with Company representatives about various welfare measures to improve mutual trust, which thus serves as the basis for preparing the administrative management guidelines.

Other meetings

Other meetings such as employer-employee meetings, union, and labor safety meetings, are all called for periodically by members elected among employees.

Meetings and Announcements in 2022

Type of Meeting	Intended Audience	Taoyuan Operation Center (number of sessions)	Kunshan Plant (number of sessions)	Huangshi Plant (number of sessions)
Operational meeting	Supervisors at all levels	11	11	11
Labor-management meeting	Labor representatives	4	0	0
Labor union	Members of the union	0	1	1
Employee Welfare Committee	Employee representatives	4	0	0
Employee workshop	Employee representatives	0	2	2
Announcement	All employees	20 and above	100 and above	100 and above

Clarification: No employee workshops have been held at the Taoyuan Operation Center because employees can fully express their opinions through their labor/employee representatives in the labor-management meetings or the Employee Welfare Committee.



Employer-employee Relations

The 2022 performance is summarized below based on the operating sites.

Overview of new employees in 2022:

Region		Taoyuan Operation Center			Kunshan Plant			Huangshi Plant		
Age	Gender	Number of newcomers	Number of in-service people	Ratio of newcomers	Number of newcomers	Number of in-service people	Ratio of newcomers	Number of newcomers	Number of in-service people	Ratio of newcomers
Under 30 years old	Male	0	1	0	188	115	163.48%	610	749	81.44%
	Female	2	2	0	124	97	127.84%	257	330	77.88%
	Total	2	3	66.67%	312	212	147.17%	867	1079	80.35%
30-50 years old	Male	1	12	8.33%	155	640	24.22%	433	810	53.46%
	Female	1	14	7.14%	119	559	21.29%	354	643	55.05%
	Total	2	26	7.69%	274	1199	22.85%	787	1453	54.16%
50 years and above	Male	-	5	0.00%	2	57	3.51%	1	29	3.45%
	Female	-	4	0.00%	0	31	0.00%	2	15	13.33%
	Total	0	9	0	2	88	2.27%	3	44	6.82%
Total number throughout the year		4	38	10.53%	588	1499	39.23%	1657	2576	64.32%

Employment rate=Total number of new employees in a year (having been employed for more than 90 days)/total number of employees in service on December 31 of the year

Overview of departed employees in 2022:

Region		Taoyuan Operation Center			Kunshan Plant			Huangshi Plant		
Age	Gender	Number of resigned people	Number of in-service people	Turnover rate	Number of resigned people	Number of in-service people	Turnover rate	Number of resigned people	Number of in-service people	Turnover rate
Under 30 years old	Male	0	1	0.00%	477	115	414.78%	299	749	39.92%
	Female	0	2	0.00%	262	97	270.10%	111	330	33.64%
	Total	0	3	0.00%	739	212	348.58%	410	1079	38.00%
30-50 years old	Male	0	12	0.00%	590	640	92.19%	144	810	17.78%
	Female	1	14	7.14%	474	559	84.79%	129	643	20.06%
	Total	1	26	3.85%	1064	1199	88.74%	273	1453	18.79%
50 years and above	Male	1	5	20.00%	7	57	12.28%	0	29	0.00%
	Female	0	4	0.00%	4	31	12.90%	0	15	0.00%
	Total	1	9	11.11%	11	88	12.50%	0	44	0.00%
Total number throughout the year		2	38	5.26%	1814	1499	121.01%	683	2576	26.51%

Employee turnover rate=Total number of resigned employees during a year (having been employed for more than 90 days)/Total number of in-service employees on December 31 of the year

Employee Retirement Benefit Plan at Taoyuan Operation Center

Structure	Defined Contribution System
Percentage of contribution in compensation	6%
Enrollment	100% compulsory

After the new retirement system was enforced on July 1, 2005, the Company has set aside 6% as the retirement fund as required by law.

Pension Fund at Kunshan/Huangshi Plant

(Including five types of insurance: retirement, medical care, unemployment, injuries at work, childbirth)

	Kunshan Plant	Huangshi Plant
Structure	Defined contribution system	Defined contribution system
Ratio of unit contribution to overall social security payment base	23.00%	25.76%
Ratio of personal contribution to overall social security payment base	10.50%	10.30%
Enrollment	100% compulsory	100% compulsory

The pension premium is shared by the Company, the employee, and the government. The amount is deposited to the personal account of the employee on a monthly basis as required by law.

Summary of Unpaid Parental Leave in Taoyuan Operation Center in 2022

Description	Male	Female	Total
	Number of people	Number of people	Number of people
Total number of employees entitled to parental leave	1	0	1
Application for unpaid parental leave	0	0	0
(1) Persons to be reinstated in 2022	0		
(2) Reinstated persons in 2022	0		
Reinstatement rate=(2)/(1)	NA		
(3) Reinstated last year	0		
(4) Having been reinstated for one year	0		
Retention rate=(4)/(3)	NA		

2022 Kunshan/Huangshi Plant Maternity Protection Plan

The unpaid childcare leave has not been institutionalized in Mainland China so far. As such, the following maternity protection program is still adopted at the Kunshan and the Huangshi Plant:

- The number of people who are pregnant is tallied monthly and those who have been pregnant for seven months and longer are followed. They may not work night shifts or overtime. Meanwhile, their employer is reminded of adequately transferring them to other posts than engaging them in strenuous physical tasks.
- The mother is entitled to 128 days of maternity leave while the father 15 days of paternity leave.
- Lactating mothers are entitled to an hour of paid breastfeeding leave a day up to the one-year-old birthday of the child.

Plant	Pregnant for seven months and more (number of people)	Maternity leave/number of people	Paternity leave/number of people
Kunshan Plant	2	39	31
Huangshi Plant	5	23	34

Base day: December 31, 2022; everyone above is included in the Maternity Protection Program

— Compensation and Welfare

Dynamic has formulated a compensation and position/ranking system. By using a reasonable position/ranking system, we have established a compensation system and used it as the basis for salary and benefits, to make the compensation policy fair. Regarding compensation standards, the salary structure is based on grade, rank, job responsibilities, technical and professional experience, and personal performance in the Company. Starting salaries and wages do not vary based on gender, race, religion, political position, or marital status. In terms of

performance evaluation, employees are first evaluated by themselves. Then, the evaluations will be sent to the supervisors whose positions are two levels higher. Objective and fair evaluations will be made according to the actual situation to realize motivational effect, and the results will be used as the basis for granting bonuses, promotions, salary adjustments, and reassignments. Employees are informed about the assessment items, grading criteria and calculation methods in advance.

Dynamic multi-faceted benefits system enhances employee motivation and willingness to stay on the job. The following countermeasures is provided:

- I. Through rigorous recruitment and talent selection, we can minimize the hiring of ineffective employees and improve the quality of our human resources.
- II. We care for our employees, improve the working environment, improve the company's welfare measures, and strengthen employee cohesiveness.
- III. We enhance employee training programs and reward personnel to propose for improvement, thus strengthening the company's competitiveness.
- IV. Transparent policies and management make employees understand the direction of corporate operation and cultivate their recognition for the Company.

Benefit measures:



Communication Platform

Interaction and communication are skills in life and at work. They help us grow inter-personal relationships, understand one another, support one another, be tolerant of other people, and share love, learn, and grow together. Considering this, we have an internal publication called “Dynamic”. It is our hope that each Dynamicer can share their delights, knowledge, and spread positive energy, and build a consensus by exchanging ideas and forming the correct concepts. “Dynamic” is meant to make a difference and build a unique corporate culture at Dynamic.

Starting from 2014, “Dynamic” has been comprehensively reporting and reviewing the group's internal and external activities and achievements every year to provide the most faithful record of Dynamic's growth history. Realizing the colorful life of the employees in Dynamic. We hope that “Dynamic” will not only spread inside the Company, but also convey Dynamic's dedication and hard work in every aspect to the stakeholders, thereby obtaining their recognition, support, and advice.

Over the years, regarding the content of reports, “Dynamic Staff” has given actual reports on annual staff activities, events of various clubs and sports competitions. By “Staff Call for Papers”, Employees are encouraged to write about their thoughts at Dynamic and share their talents beyond their work performance. The “Honor Roll” lists customers' and authorities' recognition of Dynamic's achievements, which makes our staff also feel honored for participation. “Charitable Dynamic” records that Dynamic continues its original mission to help the underprivileged and allows its employees to turn love into action by participating in various public welfare activities held by the Company. Regarding the “Cover Story”, our outstanding executives are invited to explain the latest Dynamic products, technologies, and teams through face-to-face interviews, to bring our employees closer to the executives' work attitudes and life philosophies, thereby motivating them to promise themselves that they will become the core of Dynamic one day.

Dynamic 2022 consists of two main topics:

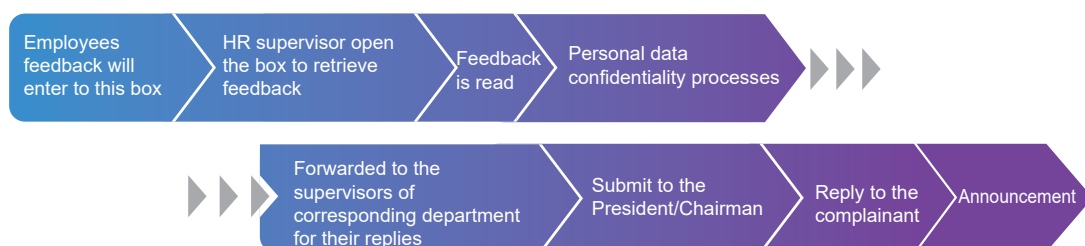
The first topic is an interview with the team that built Huangshi Plant No. 2. The interview let us learn more about how P2 was created amid the pandemic by teamwork, and how it achieved smooth mass production in the third quarter of 2022. P2 is the most advanced smart plant of Dynamic. Integrating the whole plant's hardware and software equipment, P2 realizes the digitization/automation management of the whole process for production traceability.

In the second topic, front line sales personnel shared their service methodology over the years, which is nothing more than self-improvement and professionalism, they follow the market trend, provide services and respond to customer's needs fast to grasp the opportunity to enter the pre-development phase of new products, thus receiving orders.

Complaint-filing Mechanism

Dynamic defined the “That's Not Right Mailbox Regulations” in 2013. Employees can express their opinions in writing and place the completed form in the “That's Not Right Mailbox”. The supervisor at the Human Resources Department is responsible for opening the mailbox each day to collect the opinions. The person opening the letters must keep the writer confidential permanently and may not spread or talk about the person, event, or matter mentioned in the letters freely in private and must cut off the area on the form showing the name of the employee after the opinions are registered before handing the letters to the person in charge at the corresponding department to address the opinions further. After the President and Chairperson of the Board of Directors have reviewed the handling results, a reply must be sent to the complainant within 7 days.

The handling procedure is shown below:





Taoyuan Operation Center

No further “That’s Not Right” complaints were received throughout the year 2022. Every year, we communicate face-to-face with labor representatives through several labor-management meetings and employee welfare committee meetings. The company carefully evaluates the constructive opinions put forward by the representatives, which are, therefore, generally recognized by the employees.

Analysis of Complaints Filed Over the Years by the Type at the Taoyuan Operation Center

Type of Complaint	2019	2020	2021	2022
Administrative advice	0	0	0	0
Reporting of “That’s Not Right” events	0	0	0	0
Advice about public safety	0	0	0	0
Protection of individual rights	0	0	0	0
Total	0	0	0	0

Kunshan Plant

Kunshan Plant received 4 “That’s Not Right” complaints in 2022, representing a 20% decrease from 2021. Work is the key foundation in the declining market economy. In response to “That’s Not Right” complaints, we give prompt replies and penalize those who have been complained about for dereliction of duty or wrongdoing, and we also take immediate action to solve problems that can be improved immediately. After handling each “That’s Not Right” opinion, a formal reply will be given to the staff in the bulletin board.

Analysis of Complaints Filed Over the Years by the Type at the Kunshan Plant

Type of complaint	2019	2020	2021	2022
Protection of individual rights	4	1	2	0
Administrative advice	6	3	1	1
Reporting of “That’s Not Right” events	8	4	2	3
Advice about public safety	1	1	0	0
Others	1	0	0	0
Total	20	9	5	4

Huangshi Plant

In 2022, the Huangshi Plant received 4 “That’s Not Right” complaints, representing a 56% decrease from 2020. Although the number of employees at the Huangshi Plant increased by 37% in 2022, a reduction in the number of complaints was realized as a result of the Company’s administrative measures, active communication with employees, enhanced training for management, dissemination and education in 2022.

Analysis of Complaints Filed Over the Years by the Type at the Huangshi Plant

Type of complaint	2019	2020	2021	2022
Protection of individual rights	2	0	1	1
Administrative advice	9	4	5	0
Reporting of “That’s Not Right” events	1	0	3	3
Advice about public safety	0	0	0	0
Total	12	4	9	4

IV. Occupational Health and Safety

Occupational Disaster

Goal	Plant	2020	Accomplishment in 2021	Goal for 2022	Accomplishment in 2022	Accomplishment
Frequency of disabling injuries	Kunshan Plant	1.27	0.86	<1.41	1.79	(↓) Not fulfilled
	Huangshi Plant	1.64	0.99	<1.41	1.85	(↓) Not fulfilled
Rate of serious disabling injuries	Kunshan Plant	40	32	<63	63.16	(↓) Not fulfilled
	Huangshi Plant	82	85	<63	94	(↓) Not fulfilled
Total injury index	Kunshan Plant	0.20	0.22	<0.3	0.11	(↑) Fulfilled
	Huangshi Plant	0.36	0.29	<0.3	0.42	(↓) Not fulfilled
Incidents resulting in death	Kunshan Plant	1	0	0	0	(-) Fulfilled
	Huangshi Plant	0	0	0	0	(-) Fulfilled

Occupational Safety and Health Management System

With regard to labor safety, Dynamic has always been committed to compliance of laws and regulations, exercising due diligence, and providing employees with a healthy, safe, and clean working environment as the sole objective to fulfill the occupational safety policy. The plants operate smoothly through health management, safety management, and systematized systems on the premise of ensuring the health of workers, the protection of corporate property, and the absence of threats to the employees' health.

Systematized Occupational Safety and Health Management System Developed by Dynamic

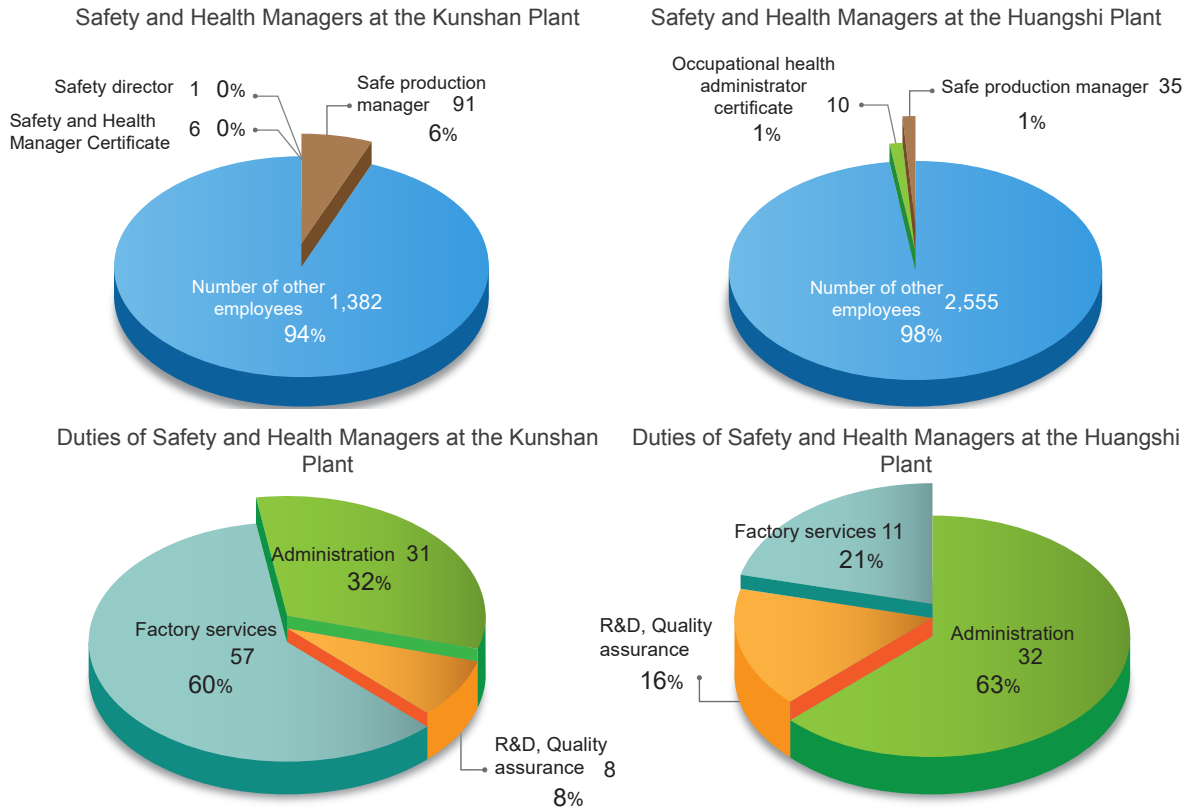


Huangshi Plant was designated a Healthy Enterprise in Hubei Province in 2022



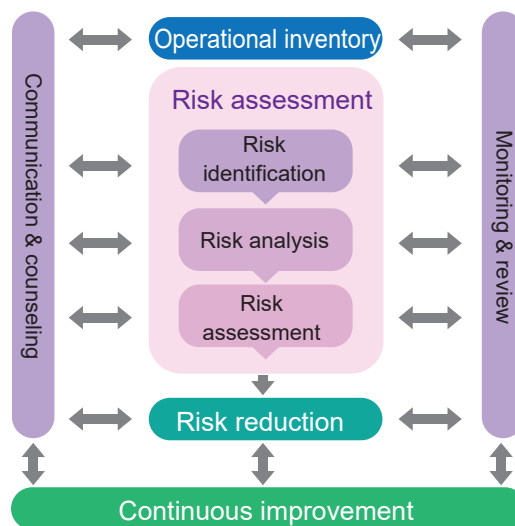
Each plant of Dynamic has full-time occupational safety and health managers who all hold national licenses. For the production line, there are separate safety and health auditors who work under the supervision of the Industrial Safety Department. To encourage colleagues to pursue continuing education, the Kunshan Plant requires all sectional heads throughout the plant and higher-ranking officials (the Huangshi Plant requires managerial level officials in the production units) to get the Safety and Health Manager License.

Occupational Safety and Health Organization at Each Plant of Dynamic



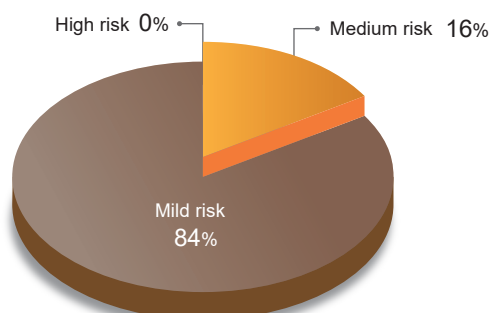
Hazard Identification, Risk Assessment, and Accident Investigation

To protect the Company's personnel and property from hazards associated with operations, activities, and facilities, Dynamic has established a risk assessment team responsible for workplace risk and opportunity assessment. Through continuous safety and health hazard identification, risk and opportunity assessment, appropriate preventive measures are taken; necessary control methods are implemented, and hazards are eliminated so that risks are controlled at an acceptable level. Also regular internal and external audits are conducted to ensure that the quality of process execution is maintained, thus enhancing the performance of occupational safety and health.

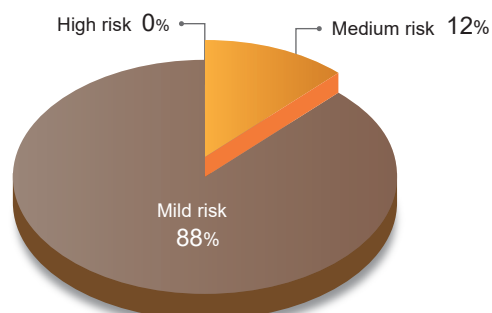


Dynamic's Risk Management Process

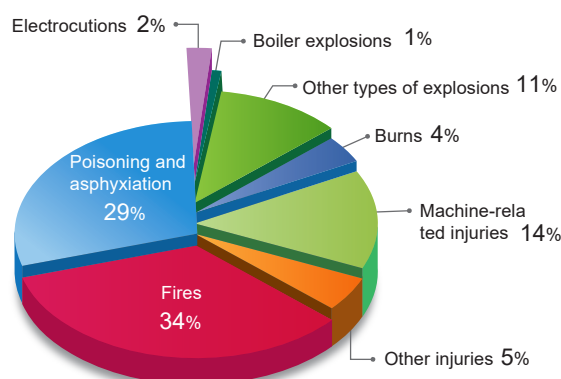
Kunshan Plant's Hazard Identification/Classification in 2022



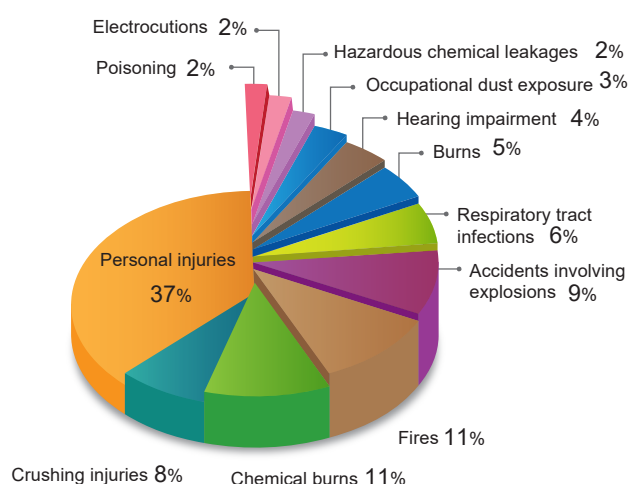
Huangshi Plant's Hazard Identification/Classification in 2022



Kunshan Plant's Intermediate or Higher Risks in 2022



Huangshi Plant's Intermediate or Higher Risks in 2022



Occupational Health Service

At the beginning of 2020, with the rise of Covid-19, many companies were forced to shut down. On January 2, Dynamic set up the "pandemic prevention and response team" and established the SOPs for pandemic prevention and management. Moreover, Dynamic demanded that all factories implement them with the highest specifications.

For the year ended December 31, 2022, there were no work stoppages in the Company due to personnel infected coronavirus.

For the year ended December 31, 2022, there were no work stoppages in the Company due to personnel infected coronavirus.

	Kunshan Plant	Huangshi Plant
Three doses (ratio of employees)	100%	100%
Prior confirmed cases	0	0
Number of days of work stoppage due to the pandemic in 2022	30	0

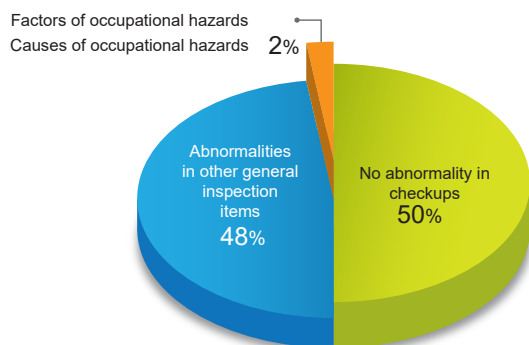




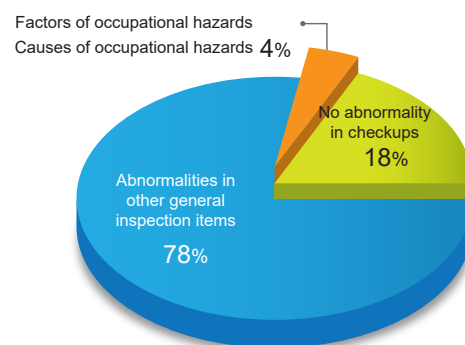
All employees of the Company should receive a general physical examination at the beginning of employment to understand their suitability for work; annual health examinations for employees are conducted. The department of environmental safety invites top-performing hospitals to organize check-up. By recording personal health information year by year, we can continue to track the health of our employees and provide them with timely work adjustments, which also allows them to know more about their own physical conditions. Records of the physical checkups and health exams are to be retained by the assigned associate and will be kept strictly confidential.



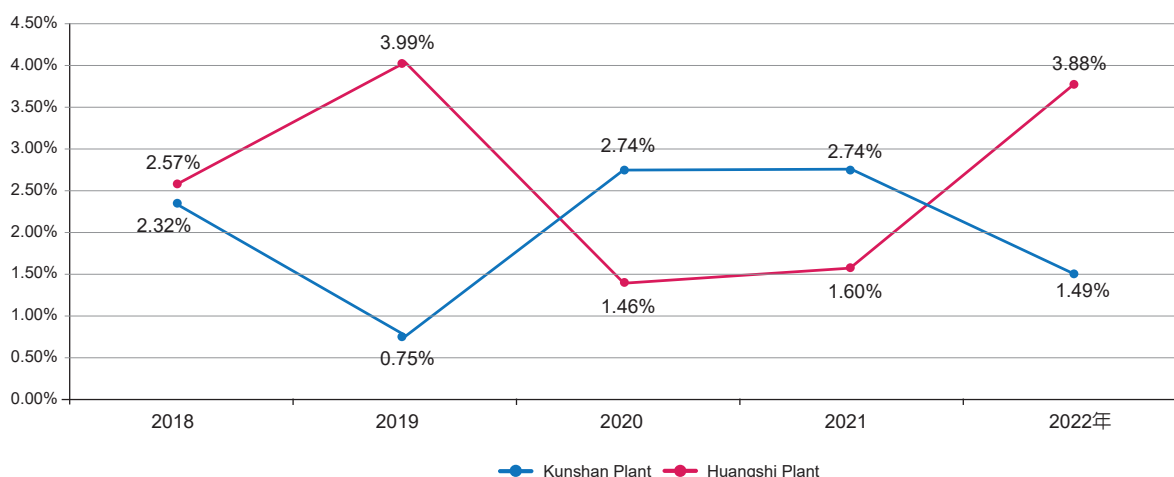
Analysis of the Kunshan Plant's Health Checkup Results



Analysis of the Huangshi Plant's Health Checkup Results

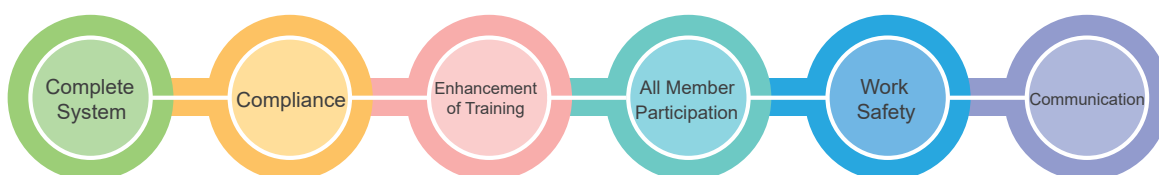


Abnormality Patterns Found by Employee Special Health Checkup at the 2 Plants



Regarding the employees who has abnormal occupational disease/hazards check-up items, the Kunshan Plant accounted for 1.49% of the number of persons checked, which was a significant improvement compared to 2021. However, the Huangshi Plant's percentage increased from 1.6% to 3.88%, which was believed to be related to the closed environment that was unfavorable to the employees' physical activities. In addition to encouraging employees to engage in easy indoor personal exercises, pay attention to their diets and get some rest, the Company will also arrange job adjustments depending on situations.

Involving, Counseling, Communication, and Training of Occupational Safety and Health Workers



The implementation of safety can only be ensured by a work safety policy that involves all employees. Dynamic understands that the only way to make employees prioritize safety is through continuous communication and training. Through training, employees will not only become accustomed to safe operation, but also understand the hazards in the work environment and have the awareness of preventing hazards in the workplace.

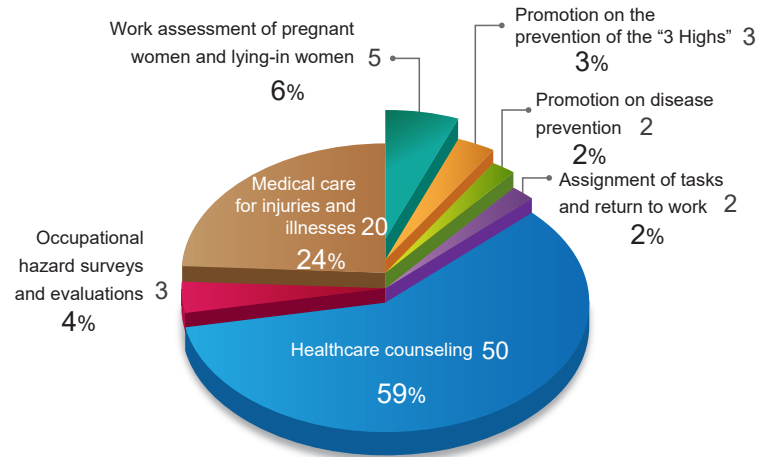
In June 2022, the plant invited emergency specialists to conduct specialized training on emergency rescue for key departments, such as the plant's engineering and facilities, so that everyone can use rescue equipment and deal with unexpected safety situations.

Industrial Safety-Related Educational Training		Occupational Safety and Health Committee Meeting	
Kunshan Plant: 24 sessions/a headcount of 2,386 people/4,772 person-hours Huangshi Plant: 100 sessions/a headcount of 14,940 people/2,490 person-hours		Kunshan Plant: 28 sessions Huangshi Plant: 2 sessions	
Safety Training for Newcomers		Industrial Safety Department Bulletin Board	
Kunshan Plant: 55 sessions/a headcount of 1,939 people Huangshi Plant: 147 sessions/a headcount of 4,232 people		Kunshan Plant: 7 times Huangshi Plant: 3 times	
Other Industrial Safety-Related Communications		Email	
Kunshan Plant: 12 sessions/a headcount of 12685 people Huangshi Plant: 5 sessions/a headcount of 300 people		Kunshan Plant: 18 times Huangshi Plant: 0 times	
Emergency Response Rehearsal		Health Workshop	
Kunshan Plant: 19 sessions Huangshi Plant: 15 sessions		Kunshan Plant: 1 sessions Huangshi Plant: 0 sessions	

Worker Health Promotion

In 2022, nine physicians with rotating shifts were based at the Huangshi Plant. They promoted health and helped enhance the physical and mental fitness of employees. They spent 1,248 hours on the plant compound.

Ratios of Services Provided by Specialists at the Huangshi Plant

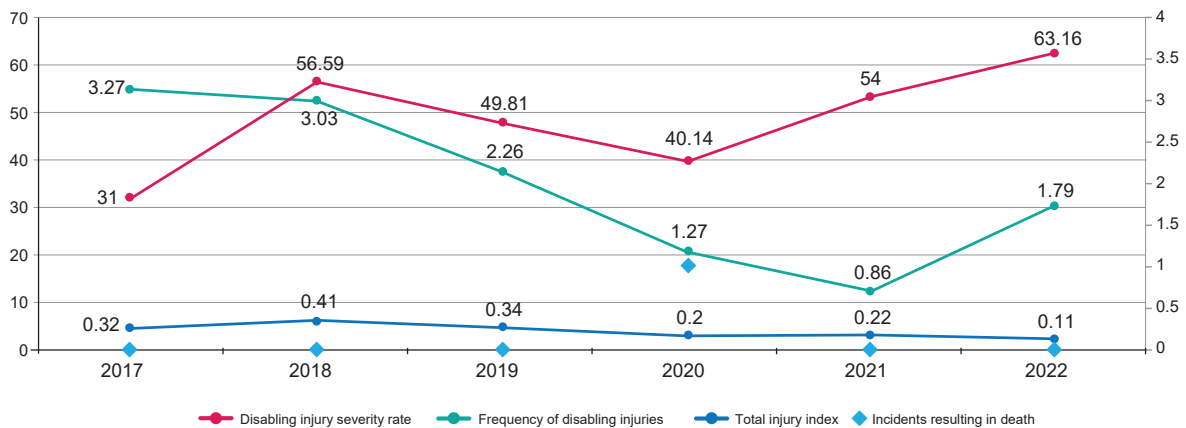


For the Kunshan Plant, on the other hand, the Kunshan Development Zone Safety and Environment Association and Kunshan Red Cross provided 10 employees with ambulatory care knowledge and training and certified them. Currently, the Company has 39 employees certified as emergency ambulance personnel.

Occupational Injury

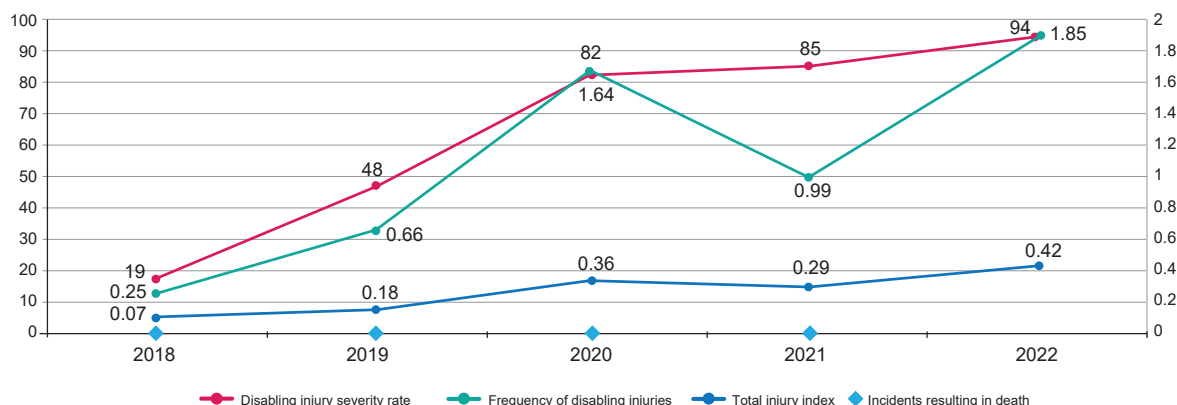
In 2022, experts from safety institutions appointed by the government, among others, provided a professional diagnosis and helped correct the safe production status at the Kunshan Plant. The Environmental Safety Department had someone to clear hidden concerns of production lines on a daily basis. The person in charge of production in the field was responsible for spontaneously inspecting safe production criteria and employees took part in identifying operational risks in the field. Together they were committed to improving compliance with safe production criteria and safety.

Trends in the Occupational Disaster Statistical Indicators of the Kunshan Plant



In 2022, 13 occupational injuries (Fractures: 11 persons, traffic accidents: 2 persons) occurred, involving losses of 458 days. The number of occupational injuries is on an upward trend (10 in 2021). As a result of the analysis, most occupational injuries in 2022 occurred when workers resumed work after the end of the pandemic. Most of the occupational injuries are suffered by new employees and transferred workers. In 2023, we will focus on strengthening the safety education and training of employees upon resumption of work - timely safety education and training will be conducted after job transfers; corresponding safety education and training must be conducted after vacations to eliminate post-holiday syndrome, to enable employees to adopt a positive and safe mindset, and to be equipped with the ability to identify and prevent hazards, operational skills in their positions, and the ability to deal with emergencies.

Trends in the Occupational Disaster Statistical Indicators of the Huangshi Plant



In 2022, 9 occupational injuries occurred with 460 days lost in total lost; of which 5 were mechanical injuries with 282 days lost; 3 were traffic accidents with 173 days lost; and 1 was a chemical burn with 5 days lost. In light of the greater ratio of mechanical injuries at the Huangshi Plant and that they were mainly caused by violations of rules, the Environmental Safety Department educates the staff through videos during the morning/evening briefing sessions on cases that have occurred so far to enhance their awareness of safety. the Huangshi Plant.

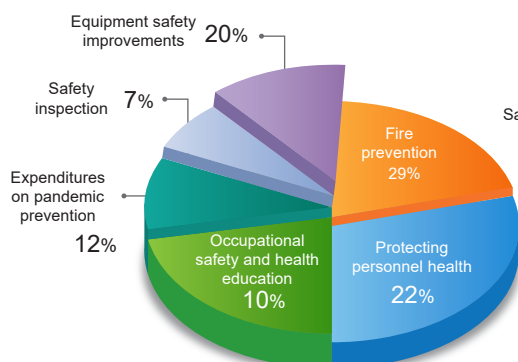
Statistics of Occupational Disasters and Accidents Throughout 2022 by the Severity

Severity of Accident	Definition	Kunshan Plant	Huangshi Plant
Disabling injuries	Death	0	0
	Injuries that make returning to work the next business day impossible	13	9
	Total number of hours lost	3,664	3,680
Mild injuries and hazards requiring medical attention	Workers who are injured and must be taken to an off-site medical facility for treatment by physicians or specialists but can return to work on the following workday and perform their full duties in their original department.	0	0
Mild injuries and accidents only requiring first aid	The staff suffers mild injuries that only require simple first aid to make it possible for them to return to work.	0	0

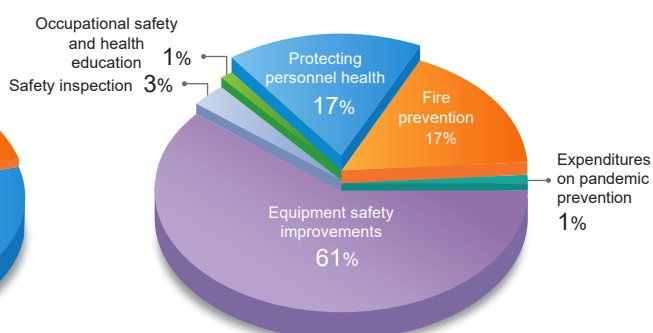
Industrial Safety-Related Expenses in 2022

CNY 4.15 million was spent on industrial safety throughout 2022 for the Kunshan Plant, of which 29% was spent on fire prevention, mainly because the workshops of the Kunshan Plant are relatively old. Therefore, enhancement was made to the fire prevention related facilities. For the Huangshi Plant, on the other hand, the expenditure came to CNY 3.518 million and was meant mainly to make the equipment safer, which accounted for 61%, primarily because of the emphasis for the Huangshi Plant on engineering improvements for preventive purpose.

Distribution of Expenses at the Kunshan Plant



Distribution of Expenses at the Huangshi Plant





V. Societal Involvement and Social Wellness

Dynamic highly values its interaction with surrounding neighborhoods and the future developments of the community considering its operational sites' scale and its unique manufacturing process. The "Administration" at each production site is assigned to take charge in this regard and is responsible for local community engagement, impact evaluation, and plan development. It reflects respective issues about the community, responds positively, and addresses them proactively.

Community Communication Platform and Impact Assessment

Plant	Community	Communication Platform	Impact Assessment
Taoyuan Operation Center	Sun Brothers Development Zone Residents of Luzhu Community	Administration of Sun Brothers Development Zone	Access control, parking lot planning, utilities supply, disinfection against disease-carrying vectors, communication with neighbors, engineering, among other regular affairs
	Surrounding plants	Administration of Sun Brothers Development Zone	Establishment of communication platforms
	Local competent authority	City government, district office, fire brigade	Labor-management, industrial safety, fire prevention declaration
	Stock market investor	Financial Supervisory Commission	Supervision over corporate finance and business operation, auditing and review and management of securities being placed and issued.
	Local union and association	Taoyuan Enterprise Chamber, PCB Association	Evaluation of revisions made to laws and regulations, reflection of operational difficulties encountered, safety criteria for industrial facilities
Kunshan Plant	Administrative Center of the Kunshan Economic Development Zone	Development Zone meeting	Industrial safety and environmental protection-related issues
Huangshi Plant	Management Committee of the Huangshi Economic Development Zone	Respective managing units	Safety supervision, environmental protection, construction, human resources, and social security

How Issues Raised by Community Residents Were Addressed in 2022

Plant	Type of Issue	Number of Communication Efforts	How Many Times Was It Resolved	Resources Devoted	Remarks
Taoyuan Operation Center	Power/water failure notification	2	2	Line group notification	The Zone Administration, upon receipt of the message about power/water failure, gives notice in advance for the residents to be prepared
	Water leakage and repair	1	1	TWD 50,000	The Sun Brothers Zone is responsible for the restoration and wall painting works
	Engineering and construction negotiation throughout the zone	6	6	Negotiation in the Line group	Negotiation takes place when members of the Zone carry out construction that may affect other companies.
	Trimming of trees and gardens in the parking lot	5	5	NA	Sun Brothers periodically trims the branches, flowers, and grass.
	Negotiation for parking lot construction works	5	5	Negotiation in the Line group	Temporary changes may be made according to the needs of the Zone
	Zone disinfection against disease-carrying vectors	2	2	NA	Sun Brothers gives notice ahead of the zone disinfection against disease-carrying vectors to keep its people away of the area being disinfected
	Negotiation for barbecue area in the Zone	2	2	Fire protection requirements	Negotiation is carried out in accordance with the requirements of the zone
	Disease prevention management throughout the zone	4	4	-	Requirements of the zone is updated in accordance with the latest regulations of the Central Epidemic Command Center
	Emergency response rehearsal	2	2	Drill personnel and equipment	Negotiate with Sun Brothers on how emergency response must be imposed. Our Company is responsible for the implementation
	Employee health management dissemination	2	2	-	Dissemination is carried out in the plant by the professional personnel of the corporation aggregate
	Cooperation in fire safety inspection	2	2	-	The inspection is carried out by companies assigned by the zone
	Trash reduction	1	1	Recycle bin	Help Sun Brothers communicate waste classification and implement it throughout the Company

Plant	Type of Issue	Number of Communication Efforts	How Many Times Was It Resolved	Resources Devoted	Remarks
Kunshan Plant	Industrial safety and environmental protection-related issues	6	6	Emergency supplies/ continuous improvement of incidental works	Exchange information for environmental/safety emergency response plan. Continuously fulfill compliance with the new Work Safety Law
		12	12	Inspection for environmental indicators	Volatile organic compounds (VOC) emission inspection, sampling of waste gas/wastewater in the whole plant, investigation of greenhouse gas emissions, etc.
		2	2	Drill personnel and equipment	The drill was conducted by the Company with cooperation of the fire department
	Occupational injury prevention, improvement training	2	2	Trainees	Occupational Injury Recognition Center of Kunshan Human Resources and Social Security Bureau Organized Counseling in the Company
	Implementation of waste separation	4	4	Recycle bin	We promoted waste separation and implemented it in the Company
	AWS water conservation topics	2	2	-	We publicize our water conservation policy to the neighboring companies, neighborhoods, and business partners, and establish our AWS system
Huangshi Plant	Environmental protection, industrial safety, and fire prevention-related issues	19	19	Supervisors attend the meeting	The competent authority communicates related requirements

Social Care

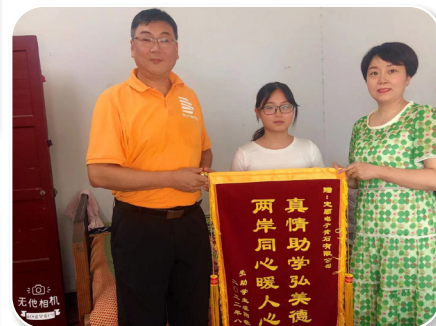
Dynamic's social care is driven by "responsibility" from the "heart", which includes education, charity, sports, academics, culture and other aspects. Grasping the principle of "from close to distant" and "from near to far", our social care is continuously promoted. The "ESG Committee" is responsible for planning and execution, and it regularly reports to the Board of Directors. In 2022, the total purchase from public welfare organizations was TWD 1,657,689 and the total expenditure was TWD 329,299+CNY 37,830.

Social Care - Taoyuan Operation Center

Serial No.	Description	Purchase Expense (TWD)	Expenditure (TWD)
TY-1	The souvenirs for the shareholders' meeting were 18,000 pieces of handmade soap from the Little Lamb Shelter Workshop and 15,000 pieces of handmade soap from the Star Child Workshop of the Taoyuan Autism Association.	1,500,000	-
TY-2	Two types of gift boxes were selected for this year's Mid-Autumn Festival for the employees and customers: The first one is made by Ember Workshop Taoyuan Luzhu Store, which provides job opportunities for people with mental and physical disabilities in the local community. It is also a restaurant specializing in great food, drinks, and products. • Through the thoughtful service provided by the disabled partners on site, more people can see how they work and learn, and at the same time, provide the public with a transparent, comfortable shopping space where they can naturally interact with their disabled partners. The second one contained handmade no-additive cookies from a single mother with two children.	157,689	-
TY-3	National Chengchi University Academic Research Fund	-	200,000
TY-4	The amount of money sponsored for the Hsinchu Commercial Vocational High School Archery Team and students from disadvantaged families to learn archery.	-	100,000
TY-5	Liver Disease Prevention & Treatment Research Foundation is committed to disseminating knowledge of liver disease prevention and treatment for educational purposes. Moreover, it is engaged in the research of liver disease treatment methods and continuous medical innovations.	-	29,299
Total		1,657,689	329,299

Social Care - Huangshi Plant

Serial No.	Description	Purchase Ex- pense (CNY)	Expenditure (CNY)
HS-1	Hubei Polytechnic Education Foundation	-	30,000
HS-2	Dragon Boat Festival campaign by donating hearty supplies to Huangshi Welfare Home to help orphans, disabled children, and elderly people.	-	2,830
HS-3	Scholarships are awarded to students with outstanding academic performance and from disadvantaged families.	-	5,000
Total		0	37,830



5

Economic Performance and Corporate Governance

Economic Performance

Profit from the Company's core business has been growing year-on-year for the past four years, which will provide capital for the Company's future development.

Sustainable Supply Chain

The value of local procurements exceeded 98%

Corporate Governance

The Directors' attendance rate was 100%.

Information Security Management

No significant losses due to information security incidents occurred



Five. Economic Performance and Corporate Governance



I. Economic Performance

○ Generation and Distribution of Economic Value

Information about the generation and distribution of economic value, among others, reflects how an organization creates value for its stakeholders. According to GRI 201-1, the economic performance mainly focuses on the direct economic value generated and distributed from organizational operation. The fundamental elements include the following:

1. Generated direct economic value: income.
2. Distributed economic value: operational cost, employee salaries and benefits, payments made to investors, payments made to the government, investment in the community.
3. Retained economic value: "Generated direct economic value" minus "distributed economic value".

The following is the related information of Dynamic over the past few years. All the numbers are obtained from the reports/statements signed off and certified by CPAs.

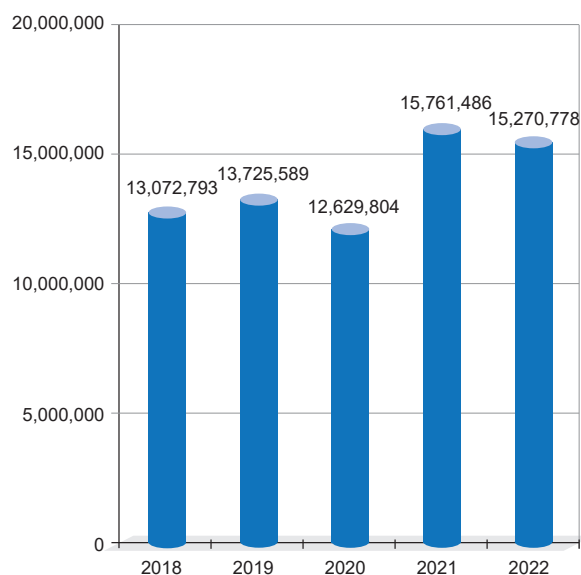
Project	Fundamental Element	2018	2019	2020	2021	2022
Generated direct economic value	Income (including net sales, income from financial investments, income from the sale of assets)	13,072,793	13,725,589	12,629,804	15,761,486	15,270,778
Distributed economic value	Operating cost	10,695,004	10,927,573	9,611,137	12,725,983	12,383,063
	Employee salaries and benefits	2,401,593	2,345,514	2,113,086	2,361,297	1,992,405
	Payments made to investors	198,913	230,151	202,463	161,465	273,278
	Payments made to the government	16,645	66,779	23,906	40,995	38,863
	Community investment	1,524	266	147	1,292	430
Economic value retained		(240,885)	155,306	679,065	470,454	582,739

Unit: TWD 1,000

Note: The Huangshi Plant was not included until 2018 onwards. The Taoyuan Plant was sold and the Taoyuan Operation Center was commissioned in 2020 and has been devoted to R&D, product technical service, and taking orders on behalf of the Group, among others

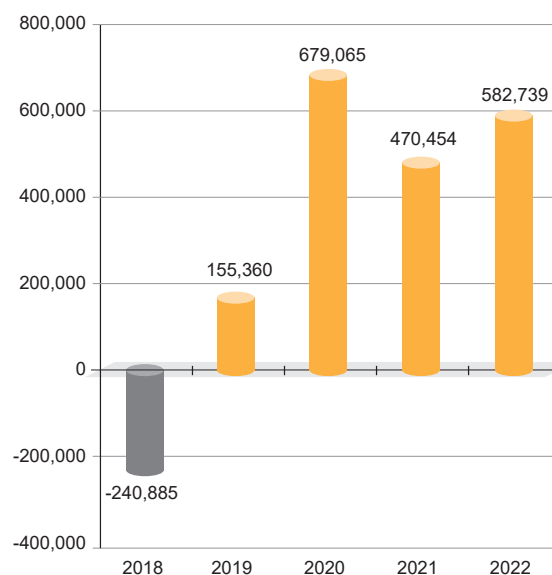
Note: Information of 2022 does not include the mold division.

Generated direct economic value



Unit: TWD 1,000

Economic value retained



Unit: TWD 1,000

Note: TWD 679 million profit in 2020 includes TWD 426 million from the sale of the Taoyuan Plant, which resulted in an operating profit of TWD 253 million.

In 2022, due to the decrease in operating capacity, the economic value of each allocated item decreased simultaneously. Only the amount paid to the capitalists increased due to the increase in the interest rate. The economic value of the retained amount continued to increase, which will provide funding for the future development of the Company. In terms of major financial subsidies received from the government, in 2022, the Kunshan Plant received subsidies, such as project funding from the Provincial Engineering and Technology Research Center and 2022 Business Development Special Project funding from the Bureau of Commerce. The amount totaled CNY 1,256 thousand. As for the Huangshi Plant, it received the major project subsidies from the local treasury of Huangshi City, the investment subsidy from the private enterprise development promotion center, Tieshan District, Huangshi Economic and Technological Development Zone, the Incentive funding for initial public offering from Huangshi Local Finance Bureau, which was reported to Hubei Securities Regulatory Bureau for counseling and registration. The amount totaled CNY 61,725 thousand.

In 1997, the revenue of Dynamic's three sites - Taoyuan Operation Center, the Kunshan Plant and the Huangshi Plant - accounted for 0.03%, 40.69% and 59.28% of the total revenue, respectively. The following describes the value created by each of the three sites for the local economy.

Project	Fundamental element	Taoyuan Operation Center	Kunshan Plant	Huangshi Plant
Direct economic value generated by the Company	Income (including net sales, income from financial investments, income from the sale of assets)	4,043	6,213,013	9,053,722
Distributed economic value	Operating cost	-156,452	5,240,072	7,299,442
	Employee salaries and benefits	164,233	891,569	936,603
	Payments made to investors	-	84,837	188,441
	Payments made to the government	-	555	38,308
	Community investment and social care	263	-	167
Retained economic value		(4,001)	(4,020)	590,760

Unit: TWD 1,000

Looking forward to 2023, there are many uncertainties in the environment. However, the demand from automotive board customers is relatively stable, and high-end new products and new models continue to be launched, such as advanced driver assistance systems, intelligent cockpits, and automated driving-related products. At the same time, we have already penetrated into the server and networking industry, such as AI accelerated processing units, switches, wireless modules, and fiber optic network cards. These products are all made of high-layer, high-grade HDI boards, and because they are not easy to manufacture, the competition is relatively small in general. As such, we expect to be able to show our performance when the economic recovery is complete. In response to customer demand, we have accelerated the planning of our Thailand production base, which is designed to be a highly intelligent and automated smart factory. Its technology categories are high-end multilayer boards and HDI, including high-frequency and high-speed material technology, and its products are used in servers, networking, storage devices, and automobiles. We continue to invest in R&D and process capability enhancement in advanced HDI technology, and continue to expand our production capacity of high-end HDI and high-layer boards to meet the long-term development of our customers. Therefore, with the market continuing to expand and competition relatively limited, we are positively optimistic about the next few years.

In terms of human resources development, considering the Company's new product development and plant expansion plans, we will actively cultivate internal staff and recruit professional and skilled personnel, so that there will be no shortage of talents for the Company's long-term development. In terms of payments of funders, there will be an increase in the demand for capital as a result of the expansion of Huangshi Plant No. 2 and the construction of the plant in Thailand. In terms of payments to the government, we will continue to pay taxes as our profits continue to grow. In terms of community investment and social care, we will continue to take care of the development of the community, public welfare and the disadvantaged groups.



Huangshi Plant



Huangshi Plant No. 2



Taxation Governance

We recognize enterprises that honestly pay taxes and are transparent and open to the public as it helps avoid the unnecessary social cost, while at the same time restoring the confidence that stakeholder have in public service and strengthen governmental efficacy. Therefore, in accordance with GRI Standard 207, the following information is provided for negotiation with stakeholders.

Taxation Policy

Dynamic enforces taxation governance in compliance with the taxation regulatory requirements at each operating site and ensures that the transactions among the operating sites are conforming. The taxation policy and information of the Company are disclosed in Financial Statements and the Corporate Sustainability Report, too, for enhanced transparency of taxation information and also for a better understanding that stakeholders have of the Company's taxation governance.

Since Dynamic meets the requirements of Article 39 of the Income Tax Act, it currently has the right to use the loss incurred in the previous ten years to offset its current year's income from operations. All other subsidiaries apply for tax incentives in accordance with the tax regulations of their respective business forms and localities. Transactions among affiliates are based on normal transaction rules and the master file of reports from the previous year is declared at the end of each year and the report of the transfer of prices is prepared as required for reference.

Taxation Risk Management

Dynamic mainly invests in Mainland China and follows the local taxation regulatory requirements. Since changes in taxation regulatory requirements may significantly impact the effective tax rate and operational accomplishments, taxation changes and taxation risks in the localities with investments are paid close attention to. To effectively manage the taxation risk, Dynamic performs taxation identification and review in compliance with its internal regulations so that the taxation risk may be managed and controlled.

Dynamic's finance department is responsible for tax governance. All significant transactions and decisions are assessed for tax risk and planned in accordance with relevant tax laws and regulations. The Vice-President of Finance is ultimately accountable for taxation governance. The daily operations and administration, on the other hand, are outsourced to the head of accounting at each operating site and the taxation duties are fulfilled with assistance from related taxation specialists. The authorized external professional taxation advisory institution also provides professional service to keep track of new information on taxation.

Possible taxation risks as determined by Dynamic:

Region	Type of Tax	Description of Risk
Taiwan Mainland China	Corporate income tax Indirect tax	Taxation controversies caused by the uncertainty of taxation regulatory requirements: 1. The various timing in respective countries associated with how their legislative procedure is interpreted to go with the BEPS policy enforced by the OECD, which leads to an increase in the compliance cost. 2. Changes in tax laws or incentives, which are likely to impact the existing taxation planning of the Company. 3. Tax cost associated with the failure to enforce taxation management policies and the impossibility to timely evaluate and accommodate changes in tax laws or the changing transaction model.

Taxation Information

Income Tax

Unit: TWD thousand/%

Project		2021	2022	Average
Net income before tax (A)		647,136	776,848	711,992
Income tax expense (B)	Current Income Tax	61,287	88,889	75,088
	Deferred income tax	115,395	135,325	125,360
Effective tax rate (B)/(A)		27.30%	28.86%	28.15%
Tax payment (C)		22,595	91,623	57,109
Cash effective tax rate		3.49%	11.79%	8.02%

Information related to tax jurisdictions in 2022

Taxable area	Income tax paid	Current Income Tax	Number of employees	Intangible assets
Taiwan (TWD 1,000)	25,008	4,499	14	2,662
Mainland China (CNY 1,000)	6,185	10,196	4,078	2,271,337

II. Development of New Markets



Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
We continue to evaluate the risks and opportunities brought about by the external environment for the Company. If we keep track of goals, and invest in resources, we can create opportunities for the growth of the Company.	Choosing the wrong new market, or investing insufficient or inappropriate resources could lead to many potential crises and risks.	Continue to evaluate the risks and opportunities brought about by the external environment for the Company, keep track of goals, and invest in resources to create opportunities for the long-term growth of the Company.	1. Collect related market, technology, product, and customer information. 2. Discuss with the customer related design and solutions.	Departmental head Departmental Vice-President President Chairman (Hotline, mailbox)

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Technology	Thin boards, thick boards, thick copper boards, and high-frequency and high-speed boards are all in mass production	Produce thin boards, thick boards, thick copper boards, and introduce high-frequency and high-speed materials	Produce thin boards, high-layer boards (16 or more), high-level HDI, and introduce low-loss materials	Produce ultra-thin boards and introduce ultra-low-loss materials	Produce high-speed signal-related products

"Developing new marks" gives the momentum for growth of an enterprise and is something that many stakeholders care about. Our action program for 2022 is listed below:



By collecting various information related to the upstream, midstream and downstream of the industry and the environment, and regulations, we assist our management in decision-making and formulation of research and development strategies, aiming at the product lines of new energy vehicles, advanced driver assistance systems, automated driving, network communications, and the server market.



We review our CRM (Customer Relation Management) and organize "Voices of Customers" from customer's sample production, approved progress, meeting minutes produced by sales staff, and results of audits on customer's factories. We report and propose improvement plans in our monthly business meetings to achieve continuous improvement and enhance customer satisfaction.



We have set up a FAE (Field Application Engineer) department to fully communicate with our customers' design and marketing departments at the development stage and to fully cooperate with their design capabilities in order to differentiate the market by providing precise and suitable product quality at the right price and cost.



For international customers, active establishment of global service network points provide timely and effective after-sales services in terms of marketing, technology, and quality, amongst others, which increase control over customer demand, thus developing a steady relationship with our customers.



For emerging companies that are developing futuristic products, we proactively invest various resources to assist in their research and development work, increase the development of private label customers, and enhance our mastery of customers' specifications from the top down, so as to establish a basic cooperative relationship. Upon the maturity of the customer's product development and a certain degree of market scale, we will become their long-term cooperative partner.

III. Corporate Governance

Material topic

Management Approach

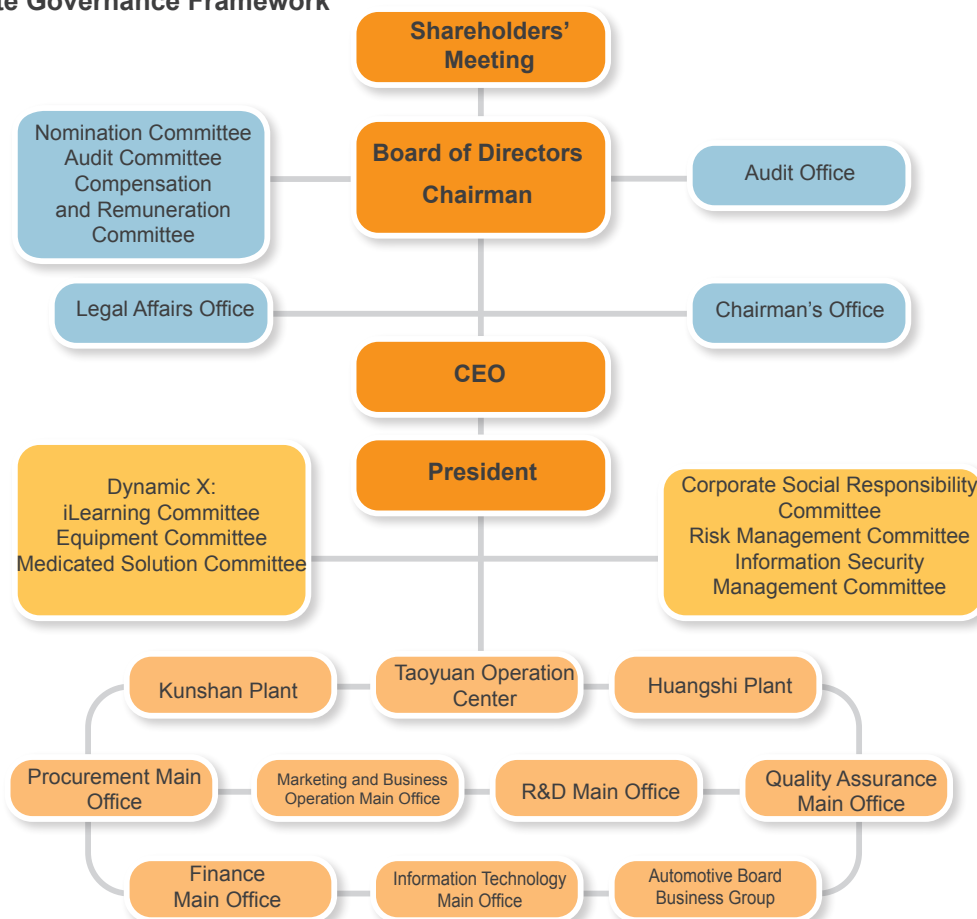
Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
The Board of Directors is closely concerned with the future direction of the Company. With the assistance of the nomination, audit and Remuneration Committees, we will work together to build an open, transparent and sustainable future for Dynamic.	If the Board of Directors is ineffective, and the information transparency is low, the Company will not be able to create good communication and interaction with stakeholders; if the ESG system is inadequate, it will not be able to meet international standards, which will lead to the failure of the sustainable operation of the Company.	We will implement corporate governance to enhance corporate sustainability. We will create a sound ESG ecosystem and align with international standards to strengthen our competitiveness in the international capital market.	1. We conduct annual performance evaluations of the Board of Directors and its members, and an external evaluation is conducted at least once every three years. The results are published on the company's website and in the annual report. 2. Release the Sustainability Report. 3. Periodically update information on the Company's website. 4. All Directors and the corporate governance officer complete continuing education each year.	Chairman Independent Director (Hotline, mailbox)

Goal	Accomplishment in 2022	Goal for 2022	Goal for 2023	Goal for 2025 (Medium-term)	Goal for 2027 (Long-term)
Corporate governance review rankings	6–20% of listed companies	Top 5% of listed companies	Top 5% of listed companies	Top 5% of listed companies	Top 5% of listed companies
Attendance rate of the Board of Directors	100%	100%	100%	100%	100%
Attendance rate of the Audit Committee	100%	100%	100%	100%	100%
Attendance rate of the Remuneration Committee	100%	100%	100%	100%	100%



Dynamic is committed to establishing an effective corporate governance structure: we will strengthen the functions of the Board of Directors, recognize the diversity of its composition, foster good communication and interaction with stakeholders, enhance information transparency, establish a sound ESG system, align with international standards, and promote sustainable management. We have the “Corporate Governance Best Practice Principles” in place to govern the disclosure on the Company’s website and the Market Observation Post System (MOPS).

Corporate Governance Framework



The above corporate governance structure is the organizational structure prior to August 25, 2022, when Dynamic transferred to Dynamic Holding. Please refer to Dynamic's annual report for details of corporate governance and the scope of authority and responsibility of each unit.

Overview of the Protection of Shareholder Equity and Fair Treatment Status

Shareholders' meeting is the highest decision-making unit at Dynamic. To protect shareholders' rights and interests and treat each shareholder equally, Dynamic has adopted e-voting and case-by-case voting since 2016. Moreover, the results of approval, disapproval and abstention of each motion are recorded in the minutes of the meeting and disclosed on the Market Observation Post System (MOPS) and the Company's website. The implementation status of the resolutions is also described in the annual report. With balanced and steady dividend policies in mind, Dynamic adequately distributes stock dividends or cash dividends reflective of its demand for investment funds and the extent at which the EPS is diluted. The distribution of cash dividends, in particular, is limited at 10% of all dividends for the said year. The ratio of dividends to disposable earnings is between 0 and 75%. TWD 0.8 was distributed per share in 2022. It is internally prohibited by Dynamic for insiders such as board Directors or employees to make profits with information unavailable on the market.

Directors and the Committee's Nomination and Selection Process

The Nomination Committee set by the Company must exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:

- I. Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the members of Board of Directors and the committee, and finding, reviewing, and nominating candidates for Directors and committee members on such standards.



- II. Establishing and developing the organizational structure of the Board and each committee, and evaluating the performance of the Board, each committee and each Director, and the independence of the Independent Directors.
- III. Establishing and regularly reviewing programs for Director continuing education and the succession plans of Directors.

The nominating committee's duties include:

- I. Prescribing and reviewing on a regular basis the number and qualifications of the Directors based on the scale and business nature of the Company.
- II. Identifying qualified candidates for Director and supervisor positions and presenting a list of such candidates to the Board. A familial relationship within the second degree of kinship may not exist among more than half of a company's Directors. The term of office of an Independent Director must not exceed three consecutive terms.
- III. Prescribing standards for establishment and qualifications for members and recommending an organizational charter for each committee under the Board of Directors, reviewing these standards and charters at least once every year, and presenting timely recommendations to the Board regarding amendments.
- IV. Reviewing the qualifications of member candidates for each board committee and any potential conflict of interests, and recommending to the Board new members and candidates for the conveners of each committee.
- V. Evaluating the performance of each Director, and the convener and the members of each board committee every year and providing recommendations to the Board on the necessity of replacements.

The Company has a nomination system for the election of Directors in accordance with the Company's articles of incorporation. All members of the board must have the knowledge, skills, and experience necessary to perform their duties, such as ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead.

Diversified Composition of Board of Directors

In accordance with the "procedures for election of Directors", eight Directors with extensive operational and academic experience were elected at the 2021 general shareholders' meeting, of which four are Independent Directors. Among the four Independent Directors, one is a woman. With a more professional, independent, and diversified Board structure, Dynamic aims to lead the Group towards corporate sustainability.

Diversification of Dynamic's Board of Directors

Title	Name	Position	Gender	Also an employee	Age (year-old)	Tenure of Independent Director (year)	Management	Leadership and decision-making	Finance, accounting, and law	Strategic risk planning	Analysis of industrial trends	Technological developments in the industry
Director	Ming-Hung, Huang	Chairperson of Dynamic	Male	v	41-50	-	v	v	-	-	v	v
Director	Representative of HK Treasure Investment Ni Rong	President of Plants of Dynamic	Male	v	61-70	-	v	v	-	v	-	-
Director	Representative of Qianhong Investment Zong-Long, Tsai	President of Plants of Dynamic President	Male	v	41-50	-	v	v	-	-	-	v
Director	Representative of Mingji Investment Yuan-Jun, Sun	Manager of Finance, Jain Shin Electronic Co., Ltd.	Male	-	41-50	-	v	-	v	-	v	-
Independent director	Yi-Chia, Chiu	Vice Dean of Business School, National Chengchi University	Male	-	41-50	3-6	-	-	v	v	-	v
Independent director	Chang-Chou, Lin	Technology Vice-President, Chu Chien Technology	Male	-	41-50	6-9	-	v	-	v	-	v
Independent director	Hui-Ju, Chien	Attorney, LST&C Legal	Female	-	31-40	0-3	-	-	v	v	-	-
Independent director	Wen-Xin, Weng	Dynamic Independent director	Male	-	41-50	0-3	v	-	v	-	v	-

Chairperson of the Highest Governance Body

Prior to August 25, 2022, the Chairperson of the Company's highest governance body (Chairman) was also a member of the senior management (Chief Executive Officer). The main reason is that he has been the Company's Vice-President of Sales before he was promoted to Chairperson, and he has unique insights and planning on market segmentation, customer base establishment and overall control. Therefore, after he was promoted to Chairperson, he continued to take the helm of the Company to achieve the highest operating results. However, since August 25, 2022, when the Company became an investment holding company, the Chairperson of the Board of Directors has retired as the Chief Executive Officer and no longer serves in a concurrent role in senior management. There are two Directors who also act as managers due to business development and operational needs.

Directors' Independence and Management of Conflicts of Interest

Prior to the Company's transforming into an investment holding company, the Company have four Independent Directors, representing 50% of the total number of Directors. The Company has established the "Rules Governing the Scope of Powers of Independent Directors", which stipulates that "when an Independent Director objects to or expresses reservations about any of the matters, it must be recorded in the board meeting minutes"; "the Company must not obstruct, refuse, or evade the actions of Independent Directors in business execution"; "as the Independent Directors deem necessary to the performance of their duties, they may request the Board of Directors to appoint relevant personnel, or may at their own discretion hire professionals to provide assistance" to ensure that the Independent Directors can fulfill their duties and effectively enhance the operation of the Board of Directors. Furthermore, the Company has established Audit, Remuneration and Nomination Committees that propose motions to the Board of Directors for discussion after being agreed by the committees to avoid and minimize conflicts of interest. The Company's "Ethical Corporate Management Best Practice Principles" also stipulates that "when a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the Directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person must state the important aspects of the relationship of interest at the given board meeting and must not participate in discussion of or voting on the proposal and must recuse himself or herself from the discussion or the voting", to fulfill the Company's commitment to business integrity.

Collective Wisdom of Highest Governance Body

All new and existing Directors in 2022 have completed a 6-hour refresher course, which includes: Enhancement of Directors' Functions and Implementation of Sustainable Corporate Governance, How Board of Directors Monitor ESG Risks to Build Sustainable Competitiveness for Enterprises, Core ESG Issues that Boards of Directors Should Care About, Blueprint for Sustainability, Trends of ESG Carbon Reduction and Strategies to Cope with Digital Transformation, and Low-Carbon Transformation Pathway Planning - Carbon Credits and Carbon Pricing. In addition, board members' awareness and engagement on economic, environmental, and social issues is enhanced through quarterly ESG sustainability committee presentations at board meetings and the management's project reports.

Important Decisions Made by Board of Directors in 2022 and Related Actions Taken to Supervise Performance in Sustainability

The Board of Directors of Dynamic meets at least once a quarter and met 15 times throughout 2022, with Director attendance of up to 100%, to review corporate operational performance and discuss important strategic topics, including economic, environmental, and social impacts, risks, and opportunities, etc. Related actions taken by the Board of Directors in 2022 to supervise performance in sustainability included: revision of the "Corporate Governance Best Practice Principles", approval of board performance evaluation results, approval of group succession plan update, approval of the independence evaluation of CPAs, approval of the implementation status of corporate social responsibilities, approval of the evaluation of risks brought about by climate change, and release of the ESG Sustainability Report, etc.

2022 Board of Directors Performance Review Outcome

Dynamic evaluated the performance of its Board of Directors in 2022 for the period of August 25, 2022 through December 31, 2022 and the evaluation covered the Board of Directors, each of its members, and functional committees. The evaluation was done through an internal self-review of the Board of Directors and its members. Evaluation items included (1) Board of Directors performance evaluation, (2) individual Board member performance evaluation, and (3) functional committee performance evaluation.

The evaluation outcome is: Outstanding in every domain. Primary suggestions and corrective actions of the Board of Directors and functional committees are as follows:

- I. Have the management report to the Board of Directors on information about the upstream, downstream, and the industry the Company is in and their changes at least on a quarterly basis and provide industry reports from time to time.



- II. Include assessments on the Company's existing or potential risks, the internal control system's implementation and how these risks are handled and tracked by the internal control system in the quarterly internal audit report of the Board of Directors.
- III. Arrange for an explanatory report on the operation and environment of the company.
- IV. Re-enforce communication with Directors on motions before Board meetings.
- V. Proactively seek consultation, advice and assistance as needed based on the member's expertise.

Linkage between Salaries of Board Members and Performance in Sustainability

The results of the above performance evaluation will be used as a reference for the selection and nomination of Directors and members of the functional committees. As far as the linkage between Board member performance evaluation and compensation and remuneration is concerned, the remuneration for Board members and the salaries of senior supervisors (CEO, President, Vice-President) at Dynamic are determined according to the compensation and remuneration policy, system, criteria, and structure advised by the Remuneration Committee and relate to the fulfillment of annual and long-term performance goals (including economical, environmental, and sociological). Remuneration for Board members of the Company is based on the requirements in 30 of the articles of incorporation. If the Company makes profits for the year, the Board of Directors can decide to allocate Board member remuneration no higher than 3% of the profits. As for how the remuneration is defined, the Company's "Director and manager compensation and remuneration policy" is followed. Besides the overall operational performance of the Company and the operational risk and developmental trends for the industry in the future, personal performance fulfillment and contribution to the Company's performance are referred to as well so that reasonable rewards are given. Related performance evaluation and the adequacy of compensation and remuneration are reviewed by the Remuneration Committee and the Board of Directors and the remuneration system is adequately reflected upon according to the actual operational condition and applicable laws and regulations at any time to strike a balance between sustainable corporate operation and risk control.

Audit Committee

The Audit Committee of Dynamic aims to help the Board of Directors fulfill its obligation to supervise the quality and integrity of applicable accounting, audit, and financial reporting procedures and financial control. Its members are exclusively Independent Directors. The audit committee meeting was held eight times in 2022. The attendance rate of the members was 100%. In addition, Dynamic' Audit Office performs internal audits on a monthly basis and delivers the results to each of the Audit Committee members to be reviewed. The Internal Audit Officer also attends each Audit Committee meeting to present on the status of audits performed and to communicate face to face with the Independent Directors. In case of any material violation or concern over material damages borne by the Company, the internal audit staff will report it to the Independent Directors right away. Dynamic' CPAs give presentations on their findings after having reviewed or approved the financial statements and other matters to be communicated as required by applicable laws and regulations in the Audit Committee meetings. In cases of material unique situations of corporate finance and business operation, the CPAs will also report them to the Audit Committee in real time.

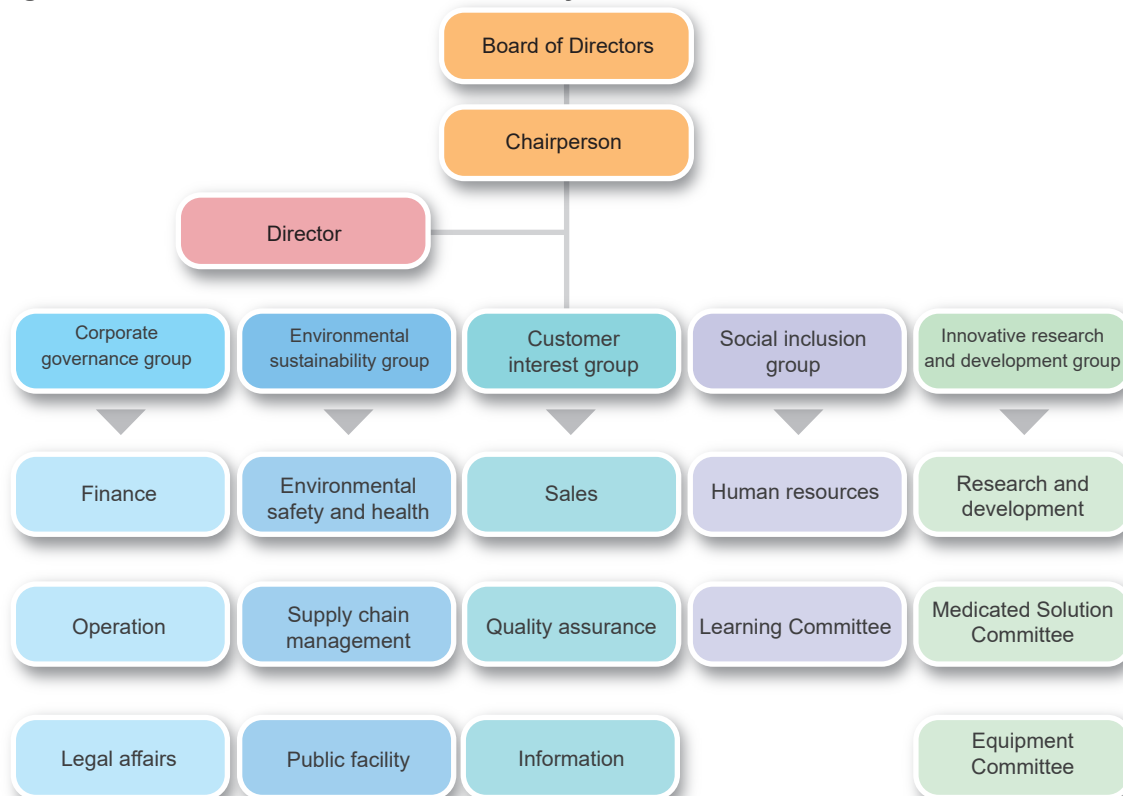
Compensation and Remuneration Committee

The Compensation and Remuneration Committee of Dynamic aims to help the Board of Directors enforce and evaluate overall compensation, remuneration, and welfare policies, define and periodically reflect upon the annual and long-term performance goals and compensation and remuneration policies, systems, criteria, and structures for the Board members and managers of the Company, and periodically evaluate the performance goals fulfilled by Board members and managers and their salaries and rewards. The Remuneration Committee consists of the entire four Independent Directors, and the Remuneration Committee meeting was held six times in 2022. The attendance rate of the members was 100%.

ESG Sustainability Committee

Dynamic established an ESG Sustainability Committee in February 2022. Under the guidance and supervision of the Board of Directors, the committee has encompassed all relevant departments, including operations, environmental safety and health, public facilities, R&D, quality assurance, sales, supply chain management, human resources, information, finance, and legal affairs, etc., to set strategic goals and plan action programs in each ESG direction. Furthermore, the Company will gradually adjust its direction and expand its scope, in the hope of establishing a top-down operational model and integrating it into our daily business. In 2022, three reports were presented at the Board of Directors' meeting, and the topics included: carbon reduction strategy and long-, medium- and short-term goals thereof, linkage between executive compensation and ESG performance, and greenhouse gas inventory and verification timeline planning in accordance with the FSC's "Roadmap for Sustainable Development".

Organizational Structure of ESG Sustainability Committee



Dynamic's Sustainability Policy

-  To pursue corporate sustainability, and to emphasize environmental, social, and corporate governance management.
-  To strictly abide by the principle of honesty and integrity, and to reject improper interests, corruption and bribery.
-  To follow regulatory commitments, and to align with international initiatives and standards.
-  To improve technological development, and to promote product innovation and upgrading.
-  To create value on a continuous basis, and to protect the best interests of our stakeholders.
-  To strengthen partnership, to leverage influence of the supply chain, and to create common prosperity.
-  To protect the environment and to mitigate the impact of climate change.
-  To enhance the use of resources and to promote a circular economy.
-  To respect and protect human rights, and to emphasize equal opportunities, diversified development and labor rights.
-  To provide a friendly workplace, to emphasize talent development, and to create a healthy and safe working environment.
-  To fulfill our social responsibility and to help the underprivileged.
-  To increase the transparency of information and to improve timeliness and quality of information disclosure.

IV. Compliance



○ Management Approach

Actual and potential positive economic, environmental, and social impacts on Dynamic (opportunities)	Actual and potential negative economic, environmental, and social impacts on Dynamic (risks)	Policy and Commitment	Action Plan	Complaint-filing Mechanism
Good compliance with the regulations can enhance stakeholders' trust in Dynamic and establish a mutually beneficial and trusting relationship.	Violation of laws and regulations on the provision and use of products and services, environmental issues, or other issues may result in significant fines (more than TWD 1 million), or other liabilities and sanctions.	We will comply with international standards and the laws and regulations of the governments where our business operates.	1. Education and training must be held for business executives. 2. Each department independently conducts its own compliance audits.	Chairman Independent director (Hotline, mailbox)

Goal	Accomplishment in 2022	2022	2023	2025 (Medium-term)	2027 (Long-term)
Major fines as a result of violations	0	0	0	0	0

Dynamic promises compliance with international standards and the regulatory requirements of governments at the operational site and no violation of requirements is allowed. The responsible unit is the Legal Affairs Office and the authority to file complaints is the Chairman and Independent Directors. Complaints can be filed through the hotline or the mailbox.

Dynamic has established a three-pronged defense procedure for regulatory compliance in various areas, including corporate governance, insider trading, securities regulations, subsidiary supervision, product compliance, technology patents, environmental safety, occupational safety, labor and employment laws and regulations, intellectual property, confidential information protection, and export control, etc. Each responsible unit carries out regular and systematic identification, updating, revision, promotion, and implementation for regulations, to ensure that the regulations are fully complied with.

Three-Pronged Defense Procedure for Regulatory Compliance

Mechanism	Implementation Methods		
Three lines of protection for regulatory compliance	To fulfill compliance, Dynamic has established a three line of protection for compliance procedures, which are continuously being optimized and adjusted according to the goals.		
	First line of protection "Spontaneous inspection"	Second line of protection "Compliance"	Third line of protection "Internal audit"
	Departments responsible for the operations	Legal affairs, quality assurance, environmental safety, information departments	Audit department
	The responsible department designates specialists to identify, update, promote, and implement regulations. The responsible personnel receive external courses and educational training every year to continuously strengthen their awareness of compliance and mastery of the development in their professional fields, and, further, to incorporate them into daily business activities.	The Legal Affairs Office is responsible for grasping the actual operational conditions, which covered key areas, such as environmental protection, labor, risk review, and equipment procurement and maintenance. Together with the Quality Assurance Department, Environmental Safety Department, and Information Technology Department, cross-functional teams can be organized in accordance with relevant international management system requirements to monitor and assist various management systems from time to time to ensure that risks and controls are effectively managed.	The audit office provides independent supervision and reports to the Audit Committee and the Board of Directors. For the internal control system, the Company follows the "Regulations Governing Establishment of Internal Control Systems by Public Companies" while evaluating the design and effective implementation of the internal control system hopefully to reasonably ensure fulfillment of internal control goals.

The three lines of protection are separately functional to ensure enforcement of the compliance system. Under this rigid procedure and precise implementation, the Group in 2022 was not subject to any major fine (worth more than TWD 1 million) imposed for the violation of applicable laws and regulations in the supply and use of products and services, environmental or other issues or sanctions due to other liabilities.

Legal Compliance						
First line of protection - Spontaneous inspection						
Regulatory requirements	Corporate governance	Insider trading	Security laws and regulations	Subsidiary supervision	Product compliance	Technology patents
Plant	Taoyuan Operation Center	Taoyuan Operation Center	Taoyuan Operation Center	Taoyuan Operation Center	Kunshan Plant Huangshi Plant	Kunshan Plant Huangshi Plant
Responsible unit	Chairman's Office	Chairman's Office	Chairman's Office Finance Department	Finance Department	Fabrication Technology Office Quality Assurance Office	R&D Department
Governing Guidelines	“Corporate Governance 3.0 - Sustainable Development Blueprint” (2021-2023) “Sustainable Development Roadmap of Listed Cabinet Companies”	Procedures for “management of insider trading prevention” and measures to control stock trading by insiders from days they receive the Company's financial reports or relevant performance information	Securities and Exchange Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers, CPA's Audit Report	Subsidiaries are supervised and managed under the “Regulations Governing Establishment of Internal Control Systems by Public Companies”	Hazardous substances related laws and regulations, product safety standards, and customer requirements for products	Applicable domestic/ international regulatory guidelines for hazardous substances in products and technical patents
Renewal frequency	Quarterly	Anytime	Quarterly	Monthly	Anytime	Anytime
Communication frequency	Quarterly	Quarterly	Anytime	Anytime	Anytime	Anytime
Highlights of 2022	To draw up greenhouse gas inventories and verification schedules.	Directors and insiders are prohibited from trading their shares during the 30-day closure period prior to the announcement of the annual financial report, and the 15-day closure period prior to the announcement of the quarterly financial report.	In response to the conversion of shares of Dynamic, Dynamic Holding became the listed company, and an “accounting system” was established. Moreover, a report on the Company's ability to prepare financial reports was submitted to the Board of Directors.	In response to the conversion of shares of Dynamic, Dynamic Holding became the listed company, and internal control regulations, an “approval authority table”, annual audit plans, and subsidiary supervision regulations are established.	The products have consistently complied with relevant safety standards and hazardous substance regulations, as well as customer requirements, so that customers are satisfied.	Development of product traceability systems, product testing methods and production automation systems, and development of recycling and utilization of waste materials, waste gas, and waste liquids.
Second line of protection - Compliance (Legal Affairs Office)						
Highlights of 2022	1. Periodically inspect applicable operational laws and regulations to keep track of the revision trends and the latest regulatory requirements. 2. Inspect the alignment between actual implementations and regulatory requirements in prioritized fields (environmental protection, labor, risk review, etc.) 3. The Quality Assurance Department, the Environmental Safety Department, and the Information Department organize cross-functional teams to conduct					
Third line of protection - Internal audit						
Highlights of 2022	The Audit Office includes “items to be followed under regulatory requirements” as part of the items to be audited each year according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies”.					

FIVE. Economic Performance and Corporate Governance



Environmental protection and occupational safety			Labor laws and regulations			Intellectual property and confidential data protection	Export control	
Taoyuan Operation Center	Kunshan Plant	Huangshi Plant	Taoyuan Operation Center	Kunshan Plant	Huangshi Plant	Taoyuan Operation Center Kunshan Plant Huangshi Plant	Kunshan Plant Huangshi Plant	
Environmental Safety Department			Human Resources Department			Information Technology Department	Customs Affairs Section	
Applicable environmental protection, occupational health and safety, fire prevention-related laws, regulations, and guidelines, FSC SDGs for TWSE/TPEX-listed companies			Applicable labor regulatory requirements and respective social security regulatory requirements	Labor Law, Labor Contract Law, special requirements for the protection of female workforce, and Social Security Law		ISO 27001 Information Security Management System	Customs Law, Commodity Inspection Law, Foreign Trade Law	
Quarterly	Quarterly	Quarterly	Monthly	Monthly		Yearly	Anytime	
Quarterly	Quarterly	Quarterly	Monthly	Quarterly		Yearly	Anytime	
Promotion of waste separation and recycling, pandemic prevention and control, fire safety management, labor health protection rules, and greenhouse gas inventory and management.	Pollutant emission standards, soil pollution prevention and control, use and storage management of hazardous chemicals, recycling economy, management of greenhouse gas emissions and emission source update, volatile organic compounds emissions, regulations related to hazardous operations such as confined space, and requirements related to risk assessment of safe production.	Disposing and emitting environmental pollutants in a compliant manner; obtaining waste reduction and zero landfill certification; storing and using hazardous chemicals safely; setting up safety protection for equipment and using electricity in a safely; overseeing construction safety for business partners; inspecting and accepting the EHS compliance procedures of the Huangshi Plant No. 2; and continuously promoting energy saving, waste reduction and emission reduction.	The base salary was raised to TWD 26,400 on January 1, 2022.	For the payments to be made for social security and provident fund the base salary subject to the payment was adjusted from CNY 3,800 to CNY 4,250.	The social security base in (month), 2022, remained at CNY 3,450 for the lower limit. Businesses must have this payment base approved by submitting the combined annual salary of each employee to the Social Security Bureau for review.	Installation of server room and network structure in the Huangshi Plant No. 2, upgrade of information security protection, replacement of mail filtering tool, and re-planning of the engineering network.	Attend trade compliance knowledge trainings held by the Customs Authority for improved compliance and risk awareness and to strengthen control over trade compliance so that compliance risks present in import/export business can be identified and corrections can be done in a timely manner to help prevent against accumulation of risks.	

and equipment purchase and maintenance, etc.)

conduct internal audits in accordance with the relevant international management systems, including compliance audits for relevant laws and regulations.

V. Ethics and Integrity

To enable normalized ethical corporate management throughout the organization and to define an optimal business model, Dynamic has the “Ethical Corporate Management Best Practice Principles” in place. The Board of Directors and the management are committed to proactive fulfillment of the ethical corporate management policy. In addition, Dynamic set up the “Legal Affairs Office” to be the responsible unit for the promotion of ethical corporate management under the Board of Directors to take charge of defining and supervising ethical corporate management policies and safeguard solutions and periodically report to the Board of Directors.

The substantial actions taken by Dynamic to enforce its ethics and integrity policies are as follows:

1. Set up the “Ethical Code of Conduct for Directors, Supervisors, and Managers” and the “Ethical Code of Conduct for Employees” to help with thorough disclosures of the Ethical Code of Conduct for Directors, managers, and employees. They are to be followed by everyone.
2. Sign quality contracts, procurement pledges, the Integrity Commitment, and the Pledge to Not Use Hazardous Substances with dealers, suppliers, customers, and their business partners so that they know and accept the corporate culture of Dynamic to form a positive force and a collaborative model of joint fulfillment of ethical and integral corporate management and periodically remind of collaborative suppliers each year through the “Integrity Informative Letter”.
3. Set up the “CEO Mailbox” (ceo@dynamicpcb.com) to facilitate complaints filed by or reports submitted by employees, business partners, or third parties about any corruption, bribery, acceptance of bribery, and unethical act; it is the direct way to have their voices heard by the highest-ranking official of the Company. This in-box can only be accessed and addressed, responded to, or delegated by the CEO to achieve absolute confidentiality and to effectively stop unethical acts. The CEO mailbox is made known to all newcomers during orientation and specific terms and conditions are defined in all external contracts of Dynamic as well as released on the Company’s website. Three complaints of ethical integrity violations were received in the CEO’s mailbox in 2022: one is doubtful about the amount of consumables used on the screen printing, and two (repeated reports) are doubtful about certain misconduct. After fact-finding and verification of the evidence in all three cases, it was confirmed that no suspicious matters had been found and that the complaints were false.
4. Set up the internal “That’s Not Right Mailbox” so that employees can report on illegitimate systems or unprofessional acts. The hope is to better enforce regulations governing corporate ethics through supervision from employees. No complaints about wrong phenomena were received at the Taoyuan Operation Center; four were received at the Kunshan Plant: including one on administrative recommendations and three on wrong phenomena, and all of them had been addressed to encourage reinforced communication with employees, with related parties at fault being warned or punished. Four were received at the Huangshi Plant, including one on personal rights, and three on wrong phenomena and all the related processes were improved.
5. Formulate the “Operating Procedure to Reward Whistleblowers” and “Whistleblowing Procedure and Protection Mechanism Operation Procedures” to encourage internal personnel and external partners to report violations of integrity and ethics, and at the same time, set up protection procedures to strictly prevent retaliation.
6. Set up the “Hotline” for collaborative cross-strait partners as one of the multiple convenient electronic ways to make their complaints heard. There were not reports received through the “Hotline” in 2022.
7. Formulate the “Honesty, Integrity, and Anti-fraud Program” to strengthen governance and internal control, reduce corporate risks, ensure the achievement of the Company’s business objectives and sustainable, stable, and healthy development, thus protecting the shareholders’ legal rights and interests.
8. The Legal Affairs Office periodically reviews the implementation of integrity and ethics regulations.

— Anti-corruption

To go with the anti-corruption policy, Dynamic sets up a relatively strict supervisory mechanism on the one hand for departments and business activities that are at higher risk of non-integrity and promulgates the “Operating Procedure to Reward Whistleblowers” on the other hand. The substantial whistleblowing channel, reward system, the specific handling person, the processing procedure, processing time limit, reward system, and related confidentiality mechanisms are provided as follows:

1. Whistleblowing channels

- (1) Chairman’s mailbox (ceo@dynamicpcb.com); hotline (+886-980-051-059)
- (2) Other methods E.g. The Company’s website, That’s Not Right Mailbox in the Company, writing letters or emails to the Company’s supervisor’s mailbox, etc.

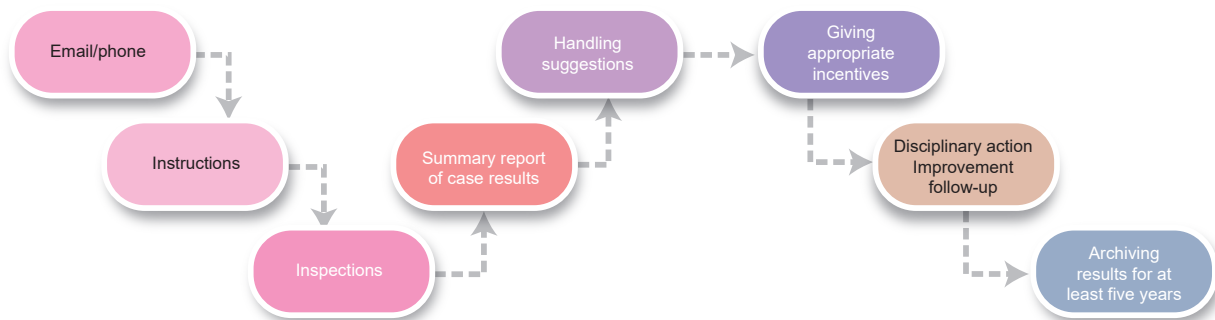
2. Information to be provided by whistleblowers:

The information should include the name of the whistleblower or other documents that identify the whistleblower, specific evidence to be investigated, and corroborating circumstantial evidence of dishonesty or misconduct (whistleblowers who report on hearsay alone are not eligible for investigation).



3. Level of the receiving unit for different respondents: If the report involves general employees, it should be reported to the head of the department to which they belong; if it involves a Director or senior executive, it should be reported to an Independent Director.
4. Dedicated receiving officer: After the Chairperson of the Board of Directors confirms the case, the case will be referred to the Legal Affairs Office for investigation.
5. Procedure:

Through the Chairperson of the Board's mailbox, hotline, or the methods announced on the Company's website, a whistleblower can report in real name (name, ID number, address, and contact information) or anonymously (at least with contact information). Chairperson of the Board of Directors must receive and read the details of the case, instruct a dedicated legal affairs staff to investigate and contact/protect the whistleblower. Afterwards, the legal affairs staff must report the results of the investigation to the Chairperson of the Board of Directors, recommend the actions to be taken for the case (adequate monetary reward, disciplinary action, and direction for improvement for the department). The investigation results must be retained in writing or electronically for a time period of at least five years.



6. Handling deadline: two weeks for an ordinary case and four weeks for a complicated case. Whether a case is complicated or not is to be determined by the Chairman at the time of registry.
7. Reward system:

Criterion	Value	Maximum	Time of Release
Reported using one's real name, with evidence provided	50% of the total losses recovered or reduced	TWD 10 million	After the case is closed and the value is finalized
Reported without giving a real name and no evidence provided	25 % of the total losses recovered or reduced	TWD 5 million	
With particularly significant contributions	Upon approval from the Chairman, the above ratios may be disregarded as justified by the case.	None	

8. Relevant confidentiality mechanism: In addition to maintaining strict confidentiality for cases and whistleblowers during handling processes, in accordance with the "Whistleblowing procedure and protection mechanism operation procedures", the protection given to whistleblowers includes, but is not limited to, the following: whistleblowers must not be treated unfavorably with regard to their positions and salaries; no ongoing contracts must be terminated or altered; and no acts of coercion, humiliation, or harassment must be carried out, to ensure whistleblowers' safety of life and property, right to work and economic rights.
No corruption cases were reported in 2022.

○ Human Rights

To fulfill our corporate social responsibility and to protect the basic human rights of all employees and stakeholders, Dynamic established its human rights policies in accordance with the principles outlined in international human rights treaties, such as the "Universal Declaration of Human Rights", "the United Nations Global Compact", "the OECD Guidelines for Multinational Enterprises", "International Labour Organization," "the UN Human Rights Norms for Business". Also, Dynamic complies with the labor laws and regulations of the countries in which the company operates. In accordance with the Regulatory Compliance Management Program and the Responsible Business Alliance (RBA) Code of Conduct, the Company has established Dynamic's policies and procedures for protecting human rights and is committed to upholding the human rights of workers and respecting them. These topics cover the following: freedom of choice of occupation, young workers, working hours, wages and benefits, humane treatment, non-discrimination, and freedom of association.

The full text of Dynamic's human rights policy can be found by scanning the QR code on the right or by visiting the Company's website:

<https://www.dynaholding.com/file/8.%E4%BA%BA%E6%AC%8A%E6%94%BF%E7%AD%96.pdf>

Important customers of Dynamic also often audit the plants by themselves or through authorized



Dynamic Electronic's human rights policy QR code

international verifying institutions on human rights and all the plants passed the audits. Dynamic strictly reviews all investment agreements and contracts, too, particularly their terms and conditions on human rights. The headcount and total hours of in-house trainings related to human rights protection in 2022 are as follows:

Course description	Plant	Headcount	Total hours
• Responsible Business Alliance (RBA) Code of Conduct • Anti-sexual harassment and anti-discrimination policies • Social responsibility and business ethics • Labor rights in companies • Labor Standards Act and Act of Gender Equality in Employment • The Company's complaints procedures	Taoyuan Operation Center	4 persons	2 hours
	Kunshan Plant	1,953 persons	976.5 hours
	Huangshi Plant	3,997 persons	1,998.5 hours

Dynamic has a supplier management policy, which requires suppliers of major raw materials to undertake and guarantee to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, etc. 100% of the suppliers have signed the guarantee, and the relevant implementation situation is as follows.

1. Follow Dynamic's Integrity Policy and Conflict Minerals Policy.
2. Meets the requirements of the Responsible Business Alliance (RBA) code of conduct.
3. Pass the ISO 9001 quality management system certification.
4. Establish and operate systems in accordance with the spirit of ISO 14001 environmental management system and ISO 45001 occupational safety and health management system.
5. Meet the requirements of international non-hazardous substance regulations and rules, such as RoHS, REACH, and Dynamic's green product management regulations.
6. Formulate corporate social responsibility policies, integrity policies, and energy, environment, and safety and health policies, and promote corresponding management systems.

The following is an overview of how Dynamic assesses and manages the impact of human rights issues:

Human Rights Topics	Impact Assessment Method	Management Measures
Prohibition of forced labor	• Laborers must be hired on a voluntary basis. • Managers must not abuse their authority to force others to work.	• Prohibition of forced labor management control procedures • The Company has established a complaint and grievance mechanism. If employees find any misconduct, they can directly complain to a higher-level supervisor or the President.
Prohibition of child labor and protection of underage workers	• Audit and evaluation on misuse of child labor • Evaluation on protection of minor workers	• Child labor and underage labor are prohibited, and remedies for misuse of child labor are specified in the control procedures • Specialized files (registration forms for underage workers) are set up for underage workers, and we are regularly informed of their work, physical and living conditions, to ensure the protection of the physical and mental health of underage workers.
Working hours	• Managerial evaluation on extended working hours on weekdays • Managerial evaluation on extended working hours on holidays • Managerial evaluation on total monthly working hours	• Management procedures for working hours and remuneration are in place, and working hours are clearly defined. • Before employees agree to extend their working hours, they have the right to refuse. • We strictly enforce the attendance system. Employees should have a complete record on their working hours, including the time they go to work, the time they leave work and the time they work overtime.
Remuneration and benefits	• The Company must not withhold employees' salary as liquidated damages or compensation costs	• Management procedures for working hours and remuneration are in place, and Payroll activities are clearly regulated • Employees sign labor contracts with the Company that specify salary standards and calculation methods. Salary records are retained for five years.
Humane treatment	• Employee's illegal, abusive, or inappropriate behaviors that violate rights and interests or disrupt the normal course of business.	• We have clearly set out the rules for the management of "That's Not Right" mailbox. • Preventive measures against sexual harassment, complaints, and penalties.

Human Rights Topics	Impact Assessment Method	Management Measures
Prohibition of discrimination	The Company prohibits all forms of discriminatory behavior and adheres to the principles of fairness and equality in its policies on recruitment, wages, benefits, training, promotion, dismissal, or retirement.	The company has established a grievance and complaint mechanism. Anyone who finds discriminatory behavior can directly complain to a higher-level supervisor or the President.
Freedom of association	Assessment of the infringement of employees' right to freedom of association.	Regarding freedom of association and collective bargaining rights management program, the Company assists all employees in obtaining independence, freedom of association and bargaining through similar procedures.

○ Anti-competitive Practice

For the anti-competitive practice, Dynamic has complete professionals and teams to perform ex-ante reviews and evaluate legal risks and help prevent against lawsuits. Since it was established, Dynamic has never been involved in anti-competitive practice, anti-trust, or monopoly lawsuits.

○ Educational Training

The number of attendances and total number of hours of in-house trainings focusing on ethical management in 2022:

Course description	Plant	Headcount	Total hours
- Corporate culture - Code of integrity - Ethics and integrity - Employees' work ethics	Taoyuan Operation Center	4 persons	2 hours
	Kunshan Plant	1,953 persons	976.5 hours
	Huangshi Plant	3,997 persons	1,998.5 hours

VI. Risk Management

Through the Risk Management Committee in 2022, those responsible for strategy, operation, finance, hazard, and climate change continue to evaluate the impacts that the external economic, environmental, and sociological changes have on the organization to accordingly identify opportunities and prepare countermeasures and action plans. After each report was compiled, it was submitted to the Chairperson for approval and supervision. Two reports were presented at the meetings of the Board of Directors in 2022. The organizational chart and operational status of the Risk Management Committee are shown in the figure below.

○ Organizational Chart of Risk Management Committee



Operational Status of Risk Management Committee



Risk Topics of 2022

	Internal and External Situations and Demand From Stakeholders	Stakeholders	Impacts on the Company		Risk Class	Countermeasure	Management System-related Process	Responsible Department	Residual Risk Analysis
			Impact	Opportunity					
1	External topic Europe's Energy Crisis and Russo-Ukrainian War	Customers Shareholders	- The energy crisis may cause electricity restrictions and price rises, leading to production cutbacks or production disruptions. Therefore, the amount of shipments from European locations will decrease. - The sea and air transportation used in the logistics supply chain or the domestic land transportation in Europe increased the shipment cost due to the increase in the price of petroleum products. Furthermore, customers renegotiate the freight charges every time a single shipment is made, and it takes a long time to obtain the shipping and warehousing orders from Europe.	Customers may move their assembly work from Europe to Asian factories, which is expected to reduce transportation costs and expand our customer base.	Intermediate risk	- List 12 terminal shipments across Europe/Asia region and track revenue changes on a monthly basis - Sales staff consults with customers on activation of production lines every two weeks to see if there is any impact on power supply - Collect the status of electricity price increases for winter from countries in European regions - Calculate the number of delays by warehouse receipts every month; at the same time, make adjustments for urgent orders and change of sea freight to air freight	Operational planning Customer-related	Sales	Intermediate risk
2	External topic Inflation and recession	Customers Shareholders Employees	Customers' production reduction and increased quality requirements	Automated production, on-time delivery and high quality products can ease customers' order reduction.	Intermediate risk	- We enhance customer relationships and accelerate new customer/new product development - Our sales staff keep close contact with customers and keep abreast of their long and short term needs - Manufacturing staff must reduce costs and improve yields - Procurement staff must review price reduction planning for all purchased items one by one - Quality assurance staff must ensure that there are no major defects - Human resources staff must control manpower and overtime hours	Customer-related Manufacturing & production Supply chain management Quality assurance Human resources	Sales Manufacturing Procurement Quality assurance Human resources	Intermediate risk
3	External topic Global climate change - Natural disasters caused by extreme weather	Customers Shareholders Employees Supply chain Government	- Natural disasters cause the supply chain to be unable to supply materials. The inability of production lines to produce or deliver products immediately causes significant losses to customers. Also, plant shutdowns lead to loss of revenue and profitability - The cost of disaster prevention and disaster relief may increase - Damage to equipment and facilities may result in higher maintenance costs	- Proper disaster prevention measures can minimize the impact of disasters and make the Company more competitive - Diversified material sources can reduce the risk of material breakage and make the Company more competitive	Unacceptable risk	- Develop a corporate sustainability plan - Collect historical flooding information of critical transportation networks - Collect and set up a disaster monitoring system - Supervisory control and dispatch system for vehicles - Create a mechanism to allocate production flexibility - Raise the foundation of the new plants, arrange expensive equipment on higher floors, and ensure the rainwater and sewage system work well - Have materials ready as soon as a risk occurs according to the weather forecast - Have a safety inventory of common raw materials and regular materials - Explore new suppliers, new materials, and increase sources of supply to guarantee smooth supply	Operational planning Public facility management Supply chain management	Administration Public facility Procurement	Intermediate risk
4	External topic Global climate change - Energy supply	Customers Shareholders Employees Supply chain Government	- Inadequate energy supply may cause the supply chain to fail to deliver materials on time, production lines to fail to produce, or product delivery to be delayed - Rising energy costs may raise the costs of raw material and plant production	- By improving the efficiency of electricity consumption, production costs can be reduced, and moreover, we can operate sustainably with limited power supply, thus achieving customer satisfaction - By using renewable energy, we can avoid the risk of power restrictions and promote the image of the Company	Intermediate risk	- Develop a corporate sustainability plan - Adjust the production schedule for unnecessary bottleneck processes - Enhance coefficient of utilization of materials and reduce scrap rate - Improve process capability and reduce material consumption - Develop new suppliers to increase and diversify the supply sources - Regularly review the supply chain's supply risk assessment and evaluate supplier alternatives - Compile information on material supply and cost trends and share it with customers to find ways to tackle the issue	Operational planning Manufacturing & production Supply chain management Customer-related	Administration Manufacturing Procurement Sales	Intermediate risk

FIVE. Economic Performance and Corporate Governance

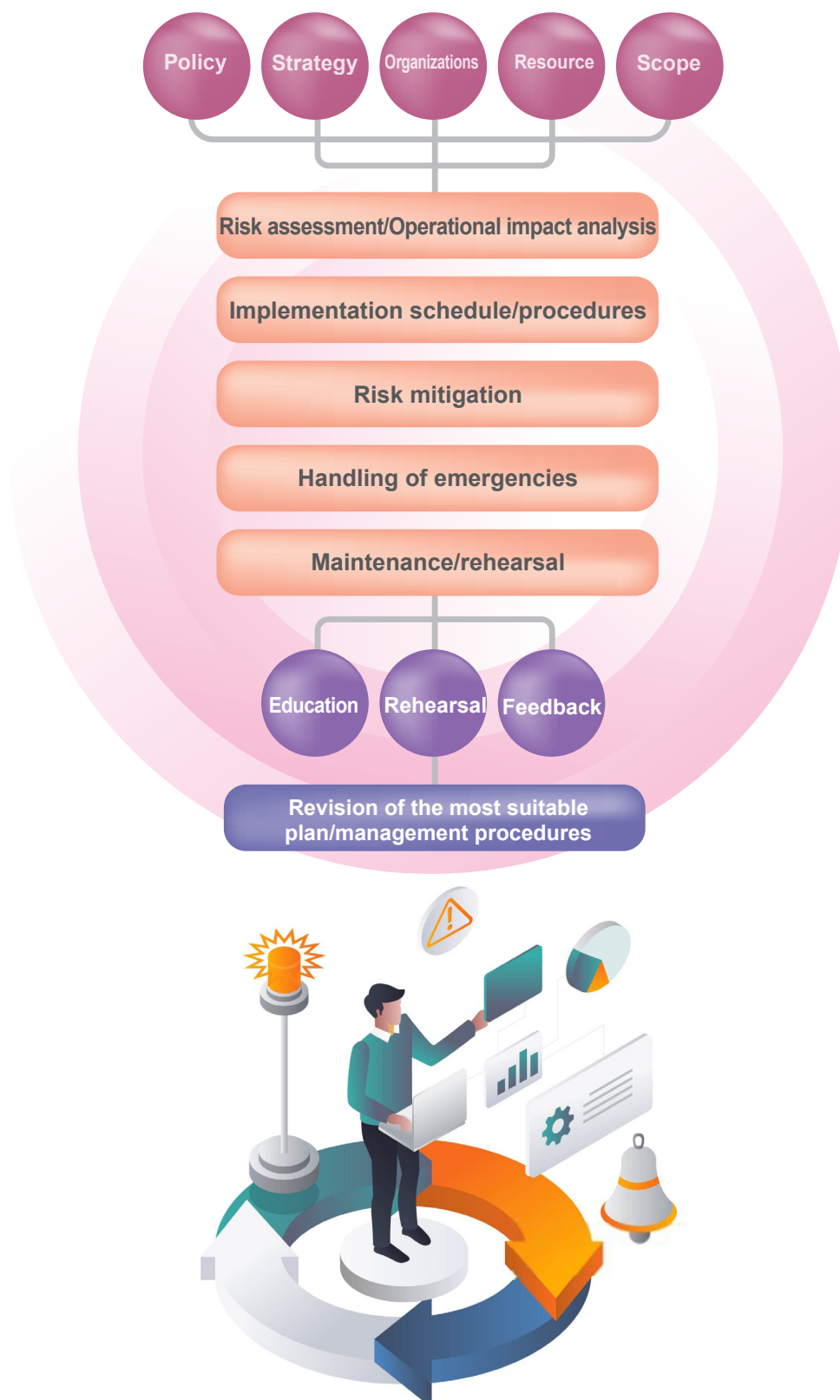


	Internal and External Situations and Demand From Stakeholders	Stakeholders	Impacts on the Company		Risk Class	Countermeasure	Management System-related Process	Responsible Department	Residual Risk Analysis
			Impact	Opportunity					
5	External topic Global climate change - Greenhouse gas emissions and carbon trading	Government Customers Supply chain Employees Shareholders	1. Due to the introduction of carbon credit trading, total carbon emissions exceeding the limit may result in work stoppage or production reduction 2. To offset the excess emissions caused by the expansion of production, we may need to purchase carbon credits from the carbon market, which will increase the costs 3. If the government requires companies to prioritize the use of renewable energy and pushes them to voluntarily purchase renewable energy, it may increase additional costs	1. We can set corporate emission targets, make early arrangements for carbon emissions, and put aside energy for capacity expansion 2. We can speed up the transition process to clean and low-carbon production, and the excess carbon credits can be sold for profits or retained as leeway for operation and development	Intermediate risk	1. We have greened the plants, developed clean production, reduced energy consumption, and planned for solar power generation 2. We continue to follow this issue and comply with the relevant regulations based on the enforcement progress of carbon emission management in each province and city 3. We set the total emissions from our operations and plan to improve the most emitting and energy-intensive equipment 4. We increase the use of renewable energy 5. We continue to pursue environmental protection system certification 6. We improve emissions and wastewater discharges, and set management targets, implement them, and review them regularly 7. We have initiated water and electricity saving measures with the participation of the entire Company to enhance the efficiency of energy resources utilization 8. We transformed the carbon issue into a management project 9. Purchasing sufficient carbon trading credits can reduce the likelihood of shutdowns or production cuts 10. We improve plant and process yields and reduce consumption	Energy resource management	Public facility Environmental safety	Intermediate risk
6	Internal issue Due to four major variables, namely inflation, Russo-Ukrainian War, interest rate hike and Covid-19, the global economy is in a severe recession, which may affect timely collection and generates non-performing loans.	Customers Shareholders Employees	Financially unsound customers are highly susceptible, which in turn poses a risk to accounts receivable. Also, it may hinder timely collection and create a risk of non-performing accounts.	1. Overdue receivables may be reduced 2. We can review credit facilities according to the size and financial condition of the customers	Intermediate risk	1. We will develop Accounts Receivable SOPs including credit limit setting and insurance receivable control 2. Payment terms and ETA are set in the system; upon receipt of the goods, a journal entry will be made so that the customer's payment date can be calculated correctly 3. At the beginning of the month, sales staff send AR statements to customers as a payment reminder, therefore, we can find out whether there are invoices and other abnormalities in advance 4. For overdue invoices, the sales staff makes an additional collection request to the customer in the middle of the month, and synchronously, the sales management follows up with the sales staff 5. Credit limits, SOPs, and insurance receivables control process must be set 6. For insurance receivables, if the credit limit is partially approved or rejected, the business is required to resubmit the 3 forms and adjust the limit within two weeks 7. Regarding overdue receivables from insured customers, the level of processing must be raised 8. We check the system quota setting and control of insured domestic/export trade customers on a quarterly basis to ensure if it is working properly 9. We set up a credit limit control team to help customers who have been rejected for insurance to set their limits	Operational planning Customer-related	Sales	Intermediate risk
7	Internal issue Acquisition of energy resources for the new Thailand Plant	Shareholders Customers Government	1. If there is no effective structural change for electricity, Thailand will become a high electricity price country, which will increase the production cost of the products and affect the competitiveness 2. With the shortage of natural gas supply and economic recovery, Thailand may face energy shortages, such as insufficient energy supply will cause production disruptions and shipment delays 3. The demand for industrial water continues to rise, if water resources are not effectively developed, water shortages may occur, thus affecting production	1. We can use green energy to meet the international demand for carbon reduction, thereby enhancing our competitiveness 2. We can equip our own water purification facilities to minimize the impact of insufficient water supply, thereby enhancing our competitiveness	Intermediate risk	1. Energy planning for factory construction must follow government policies to build appropriate renewable energy equipment, and we must give priority to power-saving and green energy equipment 2. A comprehensive energy monitoring system must be built 3. We prioritize water-saving equipment as the first choice when outfitting new plants 4. We will assess the feasibility of the water recycling system 5. We will conduct an in-depth survey on the history of water supply in the 304 industrial area and its possible future development	Operational planning Energy resource management	Plant construction group	Intermediate risk

VII. Continuous Operational Management

Dynamic continued to reflect upon its BCP in 2022. The Chairman's Office is responsible for the strategic planning of BCP while people responsible for the BCP at respective departments take responsibility of preparing their departmental BCP based on corporate and departmental strategies.

The BCP Framework of Dynamic is as follows:



FIVE. Economic Performance and Corporate Governance

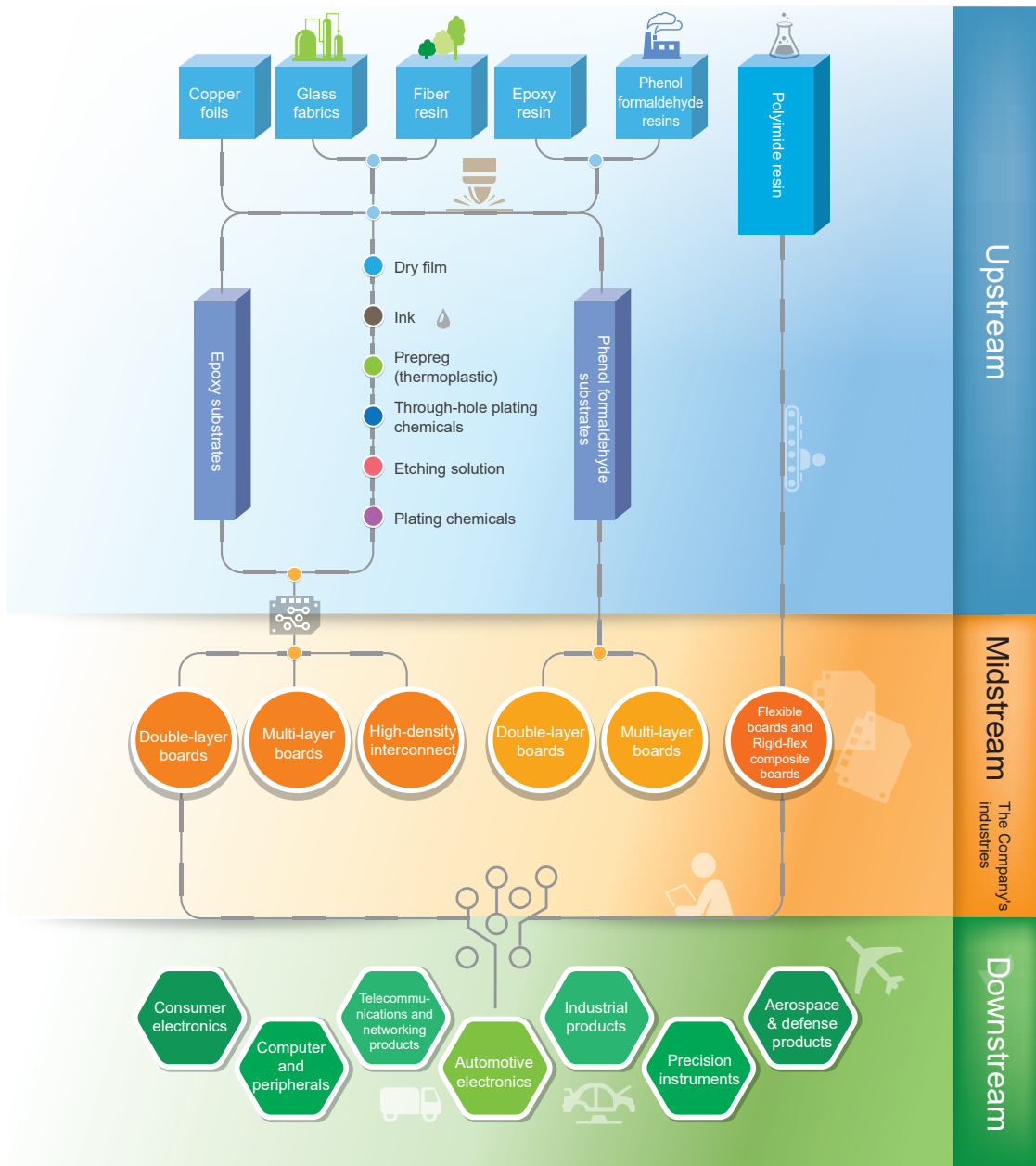


Incidents affecting normal operations are handled as follows; reviews and updates are made on a quarterly basis.

Department	Operational Function	Management of Accident	Target Time to Recovery	Importance (1~5)
Human resources	Employee shortage	1. Short-term: Through flexible scheduling arrangement for staff from different production lines and outsourcing arrangement by the production management department based on situations, the impact on production delivery can be avoided. 2. Medium-term: Continue to reinforce employee relations by retaining them, bringing down the severance rate, and adjusting opportunities for promotions and upgrades while at the same time continuing to broaden the recruitment channels, including internal referrals, internal hiring, network-based, on-campus recruitment, and agencies, externally to steadily secure the required manpower and fulfill operational goals. 3. Long-term: Improve the overall quality of staff and realize a high level of equipment automation and information automation.	24 hours	3
Engineering	Production equipment failure	1. Engineering staff has an understanding and makes judgment before turning off power to the failed machine and putting on the "Under Repair" sign. 2. If it is impossible for the engineering staff to troubleshoot independently, the Engineering Unit is to contact the external service provider for the repair. 3. Once the machine is repaired and it is confirmed by the process supervisor, it is noted "Repair Completed" on the "Repair and Care Record Sheet". 4. If it cannot be successfully repaired, the production control staff begins to allocate the production to other plant compound and borrow production equipment from long-term collaborative processing partners. 5. As required by the customer, process must be started after notifying or obtaining the customer's consent. 6. To avoid impact on production capacity in the event of failure of main production equipment, sign care and maintenance contracts with the original manufacturers for main production equipment.	4 hours	3
Engineering	Abnormalities in public facilities, such as water and electricity outages	1. Maintain generator adequacy to keep important equipment operative during emergency power outages. 2. Build additional water storage tanks and rainwater retention ponds for temporary use during short-term water outages to increase the water reuse rate and make full use of water resources. 3. Have production control to adjust the production plan. 4. Manufacturing Department keeps track of in-process products and label the production batches to facilitate quality tracking.	4 hours	4
Procurement	Sudden incidents encountered by suppliers (supply of raw materials and regular materials)	1. Verify the stocks available on the plant compound and at the suppliers' end. 2. Explore new suppliers, new regular materials and increase sources of supply to avoid the risk associated with supply from a single contractor and to guarantee smooth supply and allow room for price negotiations and service. 3. Increase the safety inventory of common raw materials and regular materials, enhance their utilization rate, and lower the scrap rate. 4. The President at the plant is to convene a response group that meets to discuss countermeasures. 5. Respective departmental heads follow guidance from the response group reflective of the type of incident that has occurred.	24 hours	4
Environmental safety	Sudden environmental pollution	1. We maintain and regularly drill our emergency preparedness program and keep a good reserve of emergency response materials and personnel. 2. Set up the emergency collection pond and maintain it in good working order so that it can be commissioned in the event of an environmental pollution incident to ensure absence of impacts on the external environment and normal throughput on the plant compound.	4 hours	5
Environmental safety	Emergency fire and safety incidents	1. Set up the corresponding emergency response plan and rehearse periodically to keep respective participants aware of their responsibilities. 2. Ensure normal and effective operations of the fire prevention and detection system. 3. Have important products and plant facilities covered by related insurance.	4 hours	5
Information	Information security issue E.g. equipment hit by virus or hacked	1. Keep the anti-virus software effectively functional in equipment and desktop computers throughout the Plant. 2. Define the SOP for receiving machines and repairs. Virus scanning needs to take place before any external USB or NB is connected to the equipment network to ensure that it is free of safety concern and then maintenance can begin. 3. Notify IT as soon as abnormalities are spotted in the field and follow the information security emergency proposal.	24 hours	4
Information legal affairs	Information security issue (Disclosure of classified information)	1. We will establish corresponding hardware control and management standards for channels (e.g., Internet mail, laptops, cell phones) that have the potential to cause leakage of company confidential information. 2. As soon as information disclosure is noted, the owner of the data must evaluate the significance of the information disclosure and notify the Legal Affairs office if necessary, as required by law.	24 hours	4
Management	Public disaster (Food poisoning)	1. Strictly impose food sampling on a daily basis as part of cafeteria management. 2. Sign an outpatient care agreement with a nearby hospital that can be devoted to the rescue operation as soon as an incident occurs.	24 hours	4
Environmental safety	Breakout of a pandemic (SARS, Covid-19)	1. Stop business travels of everyone in the Company to the pandemic-hit area. 2. Impose precautionary (wearing a mask and frequent hand wash), isolation, and reporting measures as required by governmental laws and regulations for plants and customer service centers in pandemic-hit areas. 3. Activate the work-from-home plan if necessary. 4. Implement reasonable manpower configuration reflective of the status of the pandemic.	24 hours	5
Production and distribution	Impossible complete production in one plant	1. The Production and Distribution Department coordinates and plans support of production and deliveries from other plants. 2. Different plants share the same ERP system and hence their production lines can support each other. 3. Certify outsourced processing plants to provide support in the event of emergency.	24 hours	4

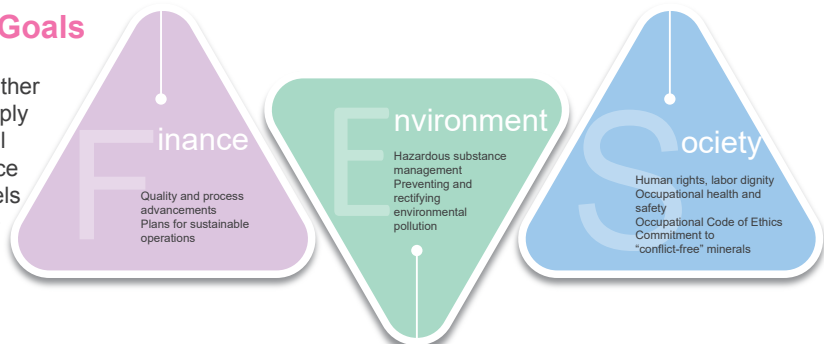
VIII. Sustainable Supply Chain

Supply Chain Structure



Sustainable Operation Goals

Dynamic is pleased to work together with suppliers on a sustainable supply chain and continue to promote local procurement and supplier assistance projects to enhance the overall levels economically on the following three major aspects, thereby fulfilling sustainable management goals:

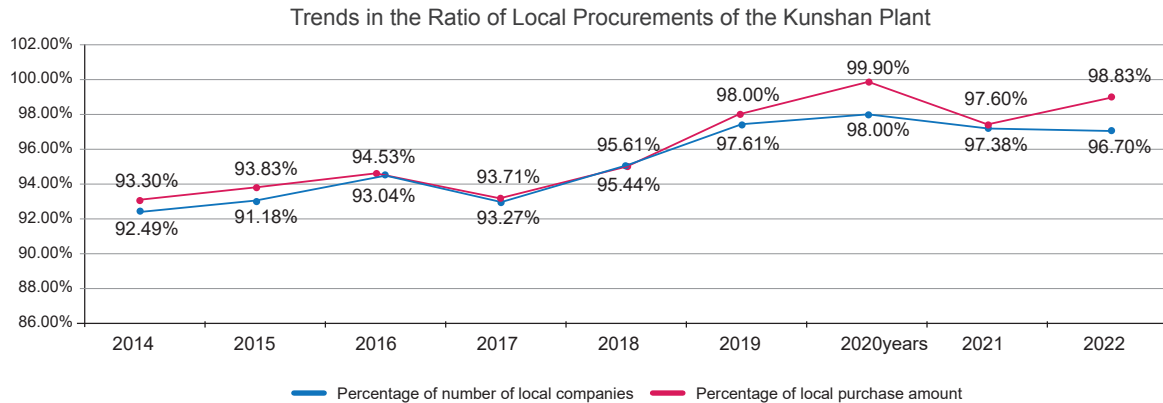




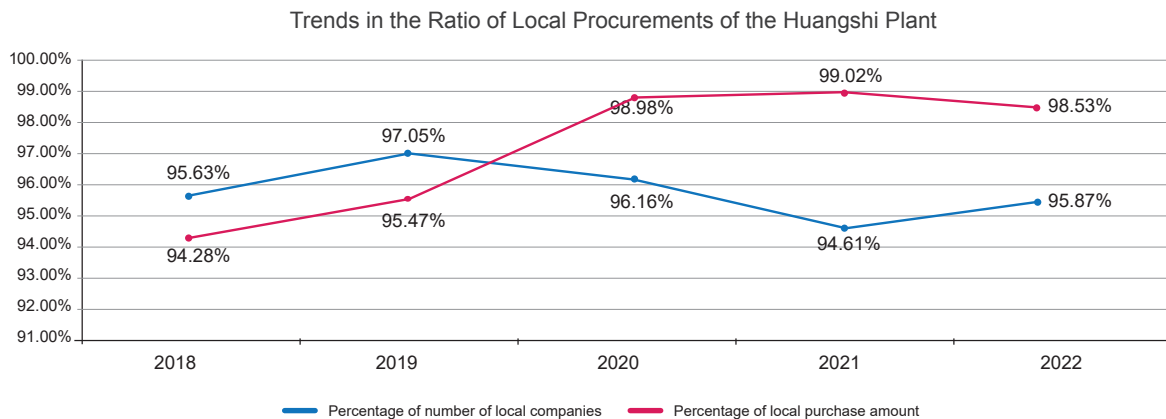
Local Procurement Strategy

Through localized collaboration and to create a win-win situation, Dynamic is working together to bring down cost, shorten lead times, reduce supply chain risks, and improve competitive advantages. Local procurement, moreover, is also an important indicator of corporate social responsibilities and a sustainable development goal set by the United Nations in terms of supporting local economic developments, creating jobs, paying taxes, and attracting more funds.

In 2022, both the number of local suppliers and the overall number of suppliers of the Kunshan Plant dropped slightly. Nevertheless, local suppliers accounted for a majority 96.70% and the value of local procurements accounted for 98.83%. See the figure below.



In 2022, both the number of local suppliers and the overall number of suppliers of the Huangshi Plant climbed. Nevertheless, local suppliers accounted for a majority 95.87% and the value of local procurements accounted for 98.53%. See the figure below.



Supplier Scoring and Counseling

Dynamic rates monthly performances of suppliers. The evaluation covers quality, unit prices, lead times, excess shipping cost, and service, among others. For each rating, the handling approach is given below:



In 2022, the total number of suppliers evaluated by the Kunshan Plant was 45, of which 41 (91.1%) were grade A, 4 (8.9%) were grade B, 0 (0) were grade C, and 0 (0) were grade D.

Number of Main Suppliers Evaluated		Supplier Counseling and Improvement Program		Counseling Results	
		Number of cases	Reasons	Improvement status	Number of removed companies
Grade A	41	4	Abnormal quality	After counseling, 4 of them moved from Grade B suppliers to Grade A suppliers	0
Grade B	4				
Grade C	0				
Grade D	0				

In 2022, the total number of suppliers evaluated by the Huangshi Plant was 81, of which 61 (75.3%) were grade A, 12 (14.8%) were grade B, and 8 (9.9%) were grade C.

Number of Main Suppliers Evaluated		Supplier Counseling and Improvement Program		Counseling Results	
		Number of cases	Reasons	Improvement status	Number of removed companies
Grade A	61	8	Abnormal quality	After counseling, 8 of them moved from Grade C suppliers to Grade A suppliers.	0
Grade B	12				
Grade C	8				
Grade D	0				

Supply Chain Evaluation

While selecting suppliers or signing a contract with a supplier, Dynamic evaluates how corporate social responsibilities are fulfilled in three domains, namely, economy, environment, and society. The current control bottom line is that no significant actual or potential negative impacts are allowed; otherwise, the supplier must promise that corrections will be made by the given deadline. Dynamic will continue tracking up to completion of the said corrections. If the supplier cannot cooperate, no collaboration will take place. Meanwhile, primary suppliers of raw materials and regular materials are asked to promise and undertake that they will:

1. Abide by Dynamic' integrity and conflict mineral policies.
2. Follow the requirements set forth in the RBA Code of Conduct for the electronics industry.
3. Be certified for their ISO 9001 Quality Management System.
4. Honor the spirit of ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System by setting up and maintaining operative related systems.
5. Meet the requirements of international laws and regulations on absence of hazardous substances, such as RoHS, REACH, and Dynamic Green Product Guidelines.
6. Define their Corporate Social Responsibility Policy, Integrity Policy, and Energy, Environment, Safety, and Health Policy and enforce corresponding management systems.

Dynamic promotes "Green Procurement". When the R&D department evaluates raw materials, we require our supplier partners to submit test reports from a third impartial organization, material Safety Data Sheets (SDS), and sign a "Guarantee of Products Free of Environmentally Hazardous Substances" to ensure that their products are free of environmentally hazardous substances prohibited by the international standards during the design and manufacturing process, and that they strictly comply with the laws and regulations on environmental protection and non-hazardous substances, as well as with the requirements of the domestic and foreign directives/regulations, such as RoHS and REACH. For collaborative suppliers that are unable to provide the said third-party test report or do not sign the "Pledge to Not Use Hazardous Substances", on the other hand, the procurement practice is adjusted and qualifying alternative suppliers will be sought.



All of Dynamic's supplier partners have signed the "Procurement Pledge" and "Integrity Pledge", and have agreed to comply with the RBA Code of Conduct and regulations related to labor rights to ensure that they comply with the prohibitions against child labor, reasonable work hours, employment freedom, prohibition of discrimination and threats, a healthy and safe working environment, open communication mechanisms, labor dignity, environmental protection, and professional ethics, as well as to adhere to the principles of ethical conduct and to oppose bribery, solicitation, and extortion. Upon receipt of a report, complaint, or perception of suspicious violations, the Legal Affairs Office will begin the investigation right away. When validated or supported by substantial facts, the guidelines in the "Integrity Pledge" must apply. Under severe circumstances, a supplier may be removed from the roster of qualified suppliers and the partnership will be discontinued permanently. The Company has set up a CEO mailbox (ceo@dynamicpcb.com) to receive reports, complaints or reflections from employees, suppliers, third parties and customers.

In 2022, in order to enhance the resilience of the supply chain to the risk of climate change, an energy consumption survey was done on 28 manufacturers whose purchases in the previous year reached a value of RMB 6 million. The findings are summarized as follows: Twenty-eight companies have set energy consumption targets that are lower than or equal to the national benchmark, and have been awarded the titles of green factories, green products, high-tech enterprises and ISO 45001/ISO 14064 certifications. Measures taken in response to the national energy dual control include the purchase of green power, photovoltaic system, inverter energy-saving retrofits and air-conditioning temperature control.

○ "Conflict Minerals" Policy and Commitment

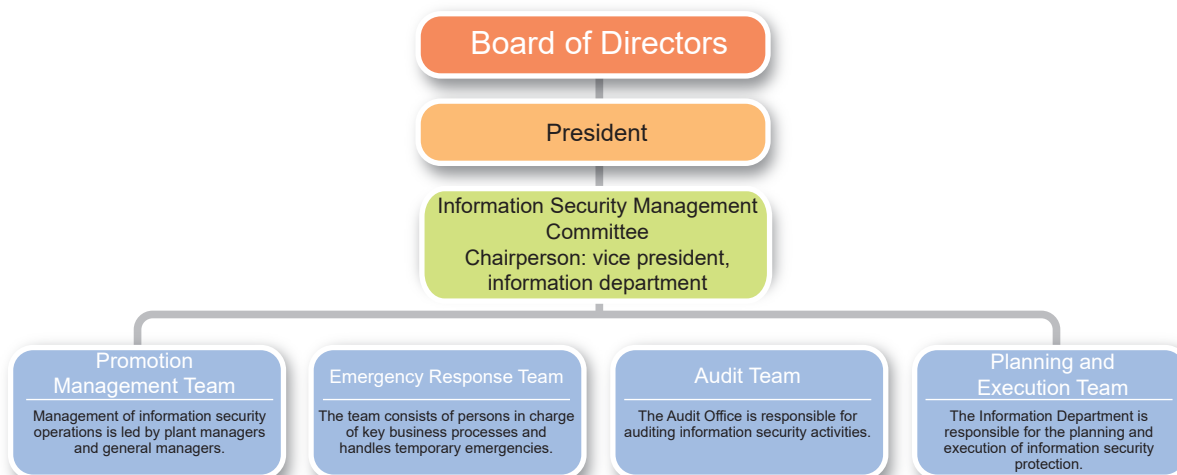
Dynamic established policies and commitment on "Conflict Minerals" in 2013. Not only does Dynamic have its own policies, guidelines, and due diligence procedures in place to ensure that metal used in processes and included in products does not come from the Democratic Republic of Congo, or any neighboring countries, or from "conflict mines" in areas controlled by military forces. Moreover, we also require our business partners to comply with these policies and not to use or supply metal from improper sources, to be in line with the international trend and our customers' requirements. Dynamic periodically updates its conflict mineral report template to be reviewed by its customers. The "Conflict Minerals" policy of Dynamic is available on the official website of the Company for public review <https://www.dynamicpcb.com/>.

Among the metals such as tantalum (Ta), tin (Sn), gold (Au), tungsten (W), and cobalt (Co), tin, gold, and cobalt are used in both the Kunshan and the Huangshi Plants. There are two suppliers of tin, three suppliers of gold, and one supplier of cobalt. All eight suppliers have signed the "Commitment Not to Use Conflict Minerals" and have disclosed sources of these metals (refineries) to ensure that they are not from conflict mineral regions.

IX. Information Security Management

○ Information Security Risk of Management Framework

The "Information Security Management Committee" established by the Company on August 5, 2020 is responsible for the governance, planning and promotion of the implementation of the Group's information security to build up the Company's comprehensive information security capabilities and employees' sound information security awareness. The Committee is chaired by the Vice-President of the Information Department. Moreover, it reports to the President and assesses the information security risks on a regular basis and reports to the Board of Directors.



○ Information Security Policy

1. We will set up the concept of "information security is everyone's responsibility", raise the awareness of information security among our employees, and supervise them to implement information security protection work.
2. We will comply with international information security standards and local information security laws and regulations.
3. We will provide appropriate protection measures for customer information and the company's important information assets to maintain a normal and continuous operation in the Company.
4. We will continue to monitor changes in the information environment and conduct relevant risk assessments.

○ Specific Management Programs

1. We have established ISO 27001 information security management system and maintain the effectiveness of the system operation. (We obtained BSI certification on January 24, 2022)
2. We regularly run automated website and system vulnerability scans.
3. We sign contracts with external security firms periodically to ensure that all software services installed in the terminal system, including IT and OT equipment, are kept up-to-date and that all vulnerabilities have been patched.
4. The company's portable devices must be monitored and controlled.
5. We use multi-engine antivirus program, purchase and import anti-virus wall.
6. Daily tape off-line backups, weekly cloud off-line backups, and semi-annual periodic recovery exercises are performed to avoid ransomware.
7. We have set up remote work support to improve the efficiency of problem solving and repair anomalies regardless of the distance.
8. We regularly review the legitimacy of account privileges, terminate departed employees' account authorization, and change internal passwords on a regular basis.
9. Regular training on information security is provided to senior managers and junior staff to effectively create information security protection.
10. We regularly conduct emergency response drills for information security incidents.
11. We utilize the Sangfor Internet Behavior Management System to perform webpage filtering, behavior control, traffic management, prevention against Intranet disclosure, protection against regulatory risks, and Internet security, etc. We have set up firewalls and anti-virus walls to block malicious attacks and viruses from spreading to the Intranet and prevent unauthorized users from accessing the system; and utilize the WhatsUp system to monitor the network status of the servers, switches, and other equipment.

○ Highlights of Work in 2022

1. Huangshi Plant No. 2 server room and network framework installation: ① Server room installation ② Weak electricity installation ③ Server setup ④ Network planning.
2. Information security protection enhancement: ① Multi-engine antivirus program introduction ② Purchase of additional antivirus walls ③ Regular vulnerability scanning, and machine virus and vulnerability analysis ④ Enhancement of external portable device control (anti-virus USB drives) ⑤ Enhancement of removable device control.
3. Mail filter equipment replacement: ① Data backup ② Equipment transfer ③ Rule setting.
4. Re-planning of engineering network: ① Planning for network segment requirements ② Setting of network segments and rules ③ Program implementation.

There were no significant losses due to information security incidents in 2022.

6

Appendix



I. Assurance Report of Independent Auditors



安永聯合會計師事務所

33045桃園市桃園區中正路1088號27樓
27F, No. 1088, Zhongzheng Road, Taoyuan District,
Taoyuan City, Taiwan, R.O.C.

Tel: 886 3 319 8888
Fax: 886 3 319 8866
www.ey.com/tw

English Translation of a Report Originally Issued in Chinese

Independent practitioner's assurance report

Dynamic Holding Co., Ltd.

Scope

We have been engaged by Dynamic Holding Co., Ltd. to perform a 'limited assurance engagement' on the selected sustainability performance information (the "subject matter information") reported in the 2022 environmental, social, and corporate governance report (the "ESG report"), as defined by the International Standards on Accounting issued by the Accounting Research and Development Foundation of the Republic of China, herein after referred to as "the Engagement", to report on Dynamic Holding Co., Ltd.

Criteria applied by Dynamic Holding Co., Ltd.

For the selected reporting criteria of the subject matter information and applicable criteria, please refer to Appendix 1.

Dynamic Holding Co., Ltd.'s responsibilities

The management of Dynamic Holding Co., Ltd. is responsible for preparing the subject matter information with reference to appropriate benchmarks, including the International Integrated Reporting Framework published by the International Integrated Reporting Council and the GRI 2021 Guidelines issued by the Global Reporting Initiative. Dynamic Holding Co., Ltd.'s management shall select the applicable basis and will be responsible for whether the subject matter information is reported in all material respects in accordance with the applicable basis. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.



Auditor's Responsibilities

Our responsibility is to express a conclusion on the presentation of the subject matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Assurance Standards No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the subject matter information is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

Ernst & Young also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conduct interviews with Dynamic Holding Co., Ltd. personnel to understand the company's business and overall implementation of sustainable development, as well as the sustainability reporting process
- Through interviews and inspection of relevant documents, to understand the main stakeholders of Dynamic Holding Co., Ltd. and their expectations and needs, the specific communication channels between them, and how Dynamic Holding Co., Ltd. responds to these expectations and needs
- Conduct interviews with relevant personnel of Dynamic Holding Co., Ltd. to understand the relevant processes used to collect, organize and report target information
- Check that the calculation criteria have been correctly applied according to the method outlined in the applicable benchmark



- Conduct analytical procedures for the sustainable performance information selected in the EGS report; collect and evaluate other supporting evidence and obtained management statements; if necessary, select samples for testing
- Read the EGS report of Dynamic Holding Co., Ltd. and confirm that it is consistent with the auditor's understanding of the overall implementation of sustainable development

Inherent Limitation

Since the non-financial information contained in the ESG report is affected by measurement uncertainty, the selection of different measurement methods may lead to significant differences in performance measurement, and since the work is conducted on a sampling basis, all internal controls were subject to inherent limitations. It may not be possible to detect all existing material misrepresentations, whether due to fraud or errors.

Conclusion

Based on the procedures performed and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter, in order for it to be in accordance with (or based on) the criteria.

Chang, Chih Ming

Ernst & Young
September 25, 2023
Taipei, Taiwan,
Republic of China



Appendix 1 :

NO.	Chapter	Page	Corresponding report title	Corresponding subject matter	Applicable benchmark
1	III.	63	IV. Wastes and Hazardous Substances Management	The waste recycling ratio of Kunshan Plant and Huangshi Plant in 2022.	Company Statistics
2	III.	64-65	V. Environmental Investments	The ratio and composition of environmental protection expenses to revenue of Kunshan Plant and Huangshi Plant in 2022.	Company Statistics
3	IV.	78	III. Talent Attraction/Retention and Employee Benefits	Average hours of education training at Taoyuan Operation Center, Kunshan Plant and Huangshi Plant in 2022.	Company Statistics
4	IV.	94-95	V. Societal Involvement and Social Wellness	Social care expenses for Taoyuan Operation Center and Huangshi Plant in 2022.	Company Statistics



II. Global Reporting Initiative (GRI) Content Index

Disclaimer of adoption	: Dynamic has followed the GRI standards to report for the period January 1, 2022 to December 31, 2022
Adopted GRI 1	GRI 101: Foundation 2021
Applicable GRI sector standards:	N/A

GRI Guidelines		Disclosure Item	Corresponding Section	Page No.	Remarks
General Disclosures					
Organization and reporting practices					
GRI 2: General Disclosures 2021	2-1	Organizational details	One. Introduction/ I. About This Report IV. Company Overview	8	
	2-2	Entities included in the organization's sustainability reporting	One. Introduction/ I. About This Report	4	
	2-3	Reporting period, frequency and contact point	One. Introduction/ I. About This Report	4	
	2-4	Editing of Information			No information was edited
	2-5	External Assurance/Validation	Six. Appendix/ I. Assurance Report of Independent Auditors	124-128	
Activities and workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	One. Introduction/ IV. Company Overview Five. Economic Performance and Corporate Governance/ VIII. Sustainable Supply Chain	4-11 118-120	Transformation into Dynamic Holding in 2022
	2-7	Employees	Four. Co-prosperity in Society/ II. Talent Structure and Development	76	
	2-8	Workers who are not employees	Four. Co-prosperity in Society/ II. Talent Structure and Development	76	
Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	102	
	2-10	Nomination and selection of the highest governance body	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	102	
	2-11	Chairperson of the Highest Governance Body	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-12	Role of the highest governance body in overseeing the management of impacts	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-13	Delegation of responsibility for managing impacts	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-14	Role of the highest governance body in sustainability reporting	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-15	Conflicts of interest	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-16	Communication of critical concerns	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-17	Collective Wisdom of Highest Governance Body	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	
	2-18	Evaluation of the performance of the highest governance body	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	104	

GRI Guidelines	Disclosure Item		Corresponding Section	Page No.	Remarks
General Disclosures					
GRI 2: General Disclosures 2021	2-19	Remuneration policies	Five. Economic Performance and Corporate Governance/ III. Corporate Governance Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	105 82-83	
	2-20	Process to determine remuneration	Five. Economic Performance and Corporate Governance/ III. Corporate Governance Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	105 82-83	
	2-21	Annual total remuneration rate			The maximum annual total remuneration is the organization's confidential information
Strategy, policy, and application					
GRI 2: General Disclosures 2021	2-22	Statement of sustainable development strategy	One. Introduction/ II. Message from the Chairman of the ESG Sustainability Committee	05	
	2-23	Policy commitments	Five. Economic Performance and Corporate Governance/ V. Ethics and Integrity	110-112	
	2-24	Embedding policy commitments	Five. Economic Performance and Corporate Governance/ V. Ethics and Integrity	110-112	
	2-25	Processes to remediate negative impacts	Five. Economic Performance and Corporate Governance/ V. Ethics and Integrity	110-112	
	2-26	Mechanisms for seeking advice and raising concerns	Five. Economic Performance and Corporate Governance/ V. Ethics and Integrity	110-112	
	2-27	Legal compliance	Five. Economic Performance and Corporate Governance/ IV. Compliance	107-109	
Stakeholder Engagement					
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Two. Sustainability Performance/ IV. Stakeholder Engagement and Materiality Analysis	22-24	
	2-30	Group Treaty	Four. Co-prosperity in Society/ III. Talent Attraction and Retention	80	
Material topic					
GRI 3: Material topics 2021	3-1	Process to determine material topics	Two. Sustainability Performance/ IV. Stakeholder Engagement and Materiality Analysis	25	
	3-2	List of material topics	Two. Sustainability Performance/ IV. Stakeholder Engagement and Materiality Analysis	26	
Product quality					
GRI 3: Material topics 2021	3-3	Management of material topics	Four. Co-prosperity in Society/ I. Product Quality and Customer Service	69	
Customer service					
GRI 3: Material topics 2021	3-3	Management of material topics	Four. Co-prosperity in Society/ I. Product Quality and Customer Service	69	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Four. Co-prosperity in Society/ I. Product Quality and Customer Service	69	
Development of new market					
GRI 3: Material topics 2021	3-3	Management of material topics	Five. Economic Performance and Corporate Governance/ II. Development of New Markets	100	
R&D and innovation					
GRI 3: Material topics 2021	3-3	Management of material topics	Two. Sustainability Performance/ V. R&D and Innovation	28	



GRI Guidelines	Disclosure Item	Corresponding Section	Page No.	Remarks
Material topic				
Talent attraction and retention				
GRI 3: Material topics 2021	3-3	Management of material topics	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	78
GRI 402: Labor/ management relations 2016	402-1	Shortest notice about operational changes	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	80
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	78
Employee welfare				
GRI 3: Material topics 2021	3-3	Management of material topics	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	78
GRI 401: Employment 2016	401-1	Newcomers and resigned employees	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	81
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	83
	401-3	Childcare leave	Four. Co-prosperity in Society/ III. Talent Attraction/Retention and Employee Benefits	82
Environmental investment				
GRI 3: Material topics 2021	3-3	Management of material topics	Three. Environmental Performance/ V. Environmental Investments	64
Corporate governance				
GRI 3: Material topics 2021	3-3	Management of material topics	Five. Economic Performance and Corporate Governance/ III. Corporate Governance	101
Management of waste and hazardous substances				
GRI 3: Material topics 2021	3-3	Management of material topics	Three. Environmental Performance/ IV. Wastes and Hazardous Substances Management	57
GRI 306: Waste management 2020	306-2	Management of significant waste-related impacts	Three. Environmental Performance/ IV. Wastes and Hazardous Substances Management	57
	306-3	Waste generated	Three. Environmental Performance/ IV. Wastes and Hazardous Substances Management	59-63
	306-4	Waste diverted from disposal	Three. Environmental Performance/ IV. Wastes and Hazardous Substances Management	59-63
Legal compliance				
GRI 3: Material topics 2021	3-3	Management of material topics	Five. Economic Performance and Corporate Governance/ IV. Compliance	107

III. Reference Table of Sustainability Accounting Standards Board (SASB) Indicators

Based on the results of the industry classification search on the official website of SASB, Dynamic has selected the applicable indicators from the 11 sectors and 77 industries in the SASB Materiality Map:

Sector: Technology & Communications.

Industry: Hardware

Topic	Indicator Code	Indicator	Nature	Abstract and Description
Product Safety	TC-HW-230a.1	Description of how data safety risks are identified and resolved in products	Discussion and analysis	The data safety risk identification procedure at Dynamic is as follows: 1. Periodic vulnerability scanning: Whether known safety vulnerabilities exist in the target being scanned or not is evaluated with a highly efficient vulnerability scanning tool. 2. Firewall: Prevents malignant attacks and viruses from spreading to the Intranet and prevents against access by unauthorized users. 3. Anti-virus wall: Prevents viruses, spyware, spam, phishing, and bot worms from entering the enterprise. 4. Anti-virus software - ESET NOD32: Sequentially monitors and identifies malware, scans, clears, and automatically updates viral data. 5. Network monitoring system - Whats Up: Monitors the server, exchanger, and other equipment, as part of the network status. 6. Mail filtering system - SPAM: Analyzes external correspondence and intercepts mails containing threats. 7. Strict safeguard against out-coming equipment - UPAS: Control and block strange equipment against series connection with corporate settings. 8. Document encryption - IP Guard: Important documents are encrypted and may only be edited and browsed under specific settings. 9. Internet behavior management - Sangfor Technologies Inc.: webpage filtration, behavioral control, flow management, prevention against Intranet disclosure, prevention against legal risk, internet visit records, internet safety, etc. The data safety risk solution adopted by Dynamic is as follows: 1. Periodic vulnerability scanning: For the vulnerability scan report, the viral code and firewall strategy of corresponding systems are updated. 2. Firewall: Has suspicious sources set as blocked. 3. Antivirus wall: Scans for viruses and updates the viral code for intercepted records. 4. Anti-virus software - ESET NOD32: Scans for viruses and updates the viral code for intercepted records. 5. Network monitoring system - Whats Up: Repairs the network based on anomaly reports or resets the equipment suspected to have been invaded by viruses. 6. Mail filtering system - SPAM: Updates the definition library, improves the filtration strategy, reinforces blockage of sources of mails carrying threats, such as viruses and advertisements 7. Strict safeguard against out-coming equipment - UPAS: Blocks directly and releases those confirmed to be on the safe list. 8. Document encryption - IP Guard: Increases, decreases, or updates terminal equipment that allows encryption and decryption. 9. Internet behavior management - Sangfor Technologies Inc.: Updates the definition library, improves strategies, and shuts down websites whose security is questionable.



Topic	Indicator Code	Indicator	Nature	Abstract and Description																					
Employee diversity and Inclusiveness	TC-HW-330a.1	Ratio of the management and all the other employees in gender and ethnicity/race-based populations	Quantification	1. Distribution of the management and all the other employees by gender (%) <table><tr><th>Type of employee</th><th>Male</th><th>Female</th></tr><tr><td>Supervisors</td><td>63%</td><td>37%</td></tr><tr><td>Technicians</td><td>64%</td><td>36%</td></tr><tr><td>All other staff</td><td>58%</td><td>42%</td></tr><tr><td>Total</td><td>59%</td><td>41%</td></tr></table> *Note: Supervisors include senior and junior supervisors. *Note: Technicians include information and engineering related technicians *Note: All other staff include all other non-supervisory and technical staff 2. Percentage of American employees by ethnicity/race <table><tr><th>American employees (2 in total)</th><th>Asians</th><th>Caucasians</th></tr><tr><td>Supervisors</td><td>50%</td><td>50%</td></tr></table> *The above two work for Dynamic Co., Ltd. (Seychelles)	Type of employee	Male	Female	Supervisors	63%	37%	Technicians	64%	36%	All other staff	58%	42%	Total	59%	41%	American employees (2 in total)	Asians	Caucasians	Supervisors	50%	50%
				Type of employee	Male	Female																			
Supervisors	63%	37%																							
Technicians	64%	36%																							
All other staff	58%	42%																							
Total	59%	41%																							
American employees (2 in total)	Asians	Caucasians																							
Supervisors	50%	50%																							
Product life cycle	TC-HW-410a.1	Percentage of IEC 62474 declarable substances in product revenue	Quantification	The raw materials and regular materials currently used at Dynamic do not include IEC 62474 declarable substances and hence this indicator does not apply.																					
	TC-HW-410a.2	Percentage of qualified products meeting EPEAT registration requirements or their equivalents in the revenue	Quantification	Dynamic is not a manufacturer of end products and hence this indicator does not apply.																					
	TC-HW-410a.3	Percentage of qualified products in the revenue	Quantification	Dynamic is not a manufacturer of end products and hence this indicator does not apply.																					
	TC-HW-410a.4	Weight and percentage of recycled scraps and electronic waste	Quantification	Dynamic is not a manufacturer of end products and customers recycle scraps on their own. Therefore, no related statistical information is available.																					
Supply chain management	TC-HW-430a.1	Percentage of (1) physical plants and (2) primary suppliers audited according to the “RBA Validated Assessment Program (VAP)” or its equivalent after they were categorized to (a) all plants and (b) high-risk plants	Quantification	Dynamic currently requires that all its collaborative suppliers sign the “Procurement Pledge” and the “Integrity Pledge” and agree to abide by the RBA Code of Conduct and other applicable laws and regulations on labor rights. We do not audit suppliers to check whether they have approved the “RBA Validated Assessment Program (VAP)” or its equivalent or not.																					
	TC-HW-430a.2	First grade suppliers’ (1) defect rate of “Validated Assessment Programs” (VAPs) of Responsible Business Alliance (RBA) and (2) (a) prioritized defect rate and (b) rate of corrective actions to other defect rates	Quantification	Same as above, Dynamic does not perform an inventory check or tally the qualifications rate of suppliers’ RBA VAPs.																					

Topic	Indicator Code	Indicator	Nature	Abstract and Description									
Purchase of raw materials and regular materials	TC-HW-440a.1	Description of risk management over the use of key materials	Discussion and Analysis	1. Dynamic set its “Conflict Minerals” policy and commitment in 2013. It has proper policies, guidelines, and due diligence procedures in place to ensure that no metals used in the manufacturing process or contained in products include “conflict minerals” from the Democratic Republic of the Congo or any of its surrounding countries and regions under the control of armed forces and requires that its business partners follow this policy and enforce it by not using or providing metals from illegitimate sources to go with the international trend and meet customer requirements. 2. The conflict minerals report template is periodically updated to be reviewed by its customers. The “Conflict Minerals” policy of Dynamic is available on the official website (https://www.dynamicpcb.com/) of the Company for public review. 3. Among the metals such as tantalum (Ta), tin (Sn), gold (Au), tungsten (W), and cobalt (Co), tin, bold, and cobalt are used in both the Kunshan and Huangshi Plant. There are two suppliers of tin, three suppliers of gold, and three supplier of cobalt. All eight suppliers have signed the “Commitment Not to Use Conflict Minerals” and have disclosed sources of these metals (refineries) to ensure that they are not from conflict mineral regions.									
Industrial activities	TC-HW-000.A	Production volume in each category	Quantification	The volume of PCBs produced is 3,0614,158 square feet.									
	TC-HW-001.B	Plant area	Quantification	Dynamic has two production sites in Huangshi, Hubei and Kunshan, Jiangsu. The land area and floor area are shown in the table below: <table><tr><th></th><th>Huangshi Plant</th><th>Kunshan Plant</th></tr><tr><td>Land area (square meters)</td><td>400,000</td><td>109,000</td></tr><tr><td>Floor area (square meters)</td><td>265,000</td><td>142,000</td></tr></table>		Huangshi Plant	Kunshan Plant	Land area (square meters)	400,000	109,000	Floor area (square meters)	265,000	142,000
		Huangshi Plant	Kunshan Plant										
Land area (square meters)	400,000	109,000											
Floor area (square meters)	265,000	142,000											
TC-HW-000.C	Ratio of production with self-owned equipment	Quantification	The self-production rate of all PCBs is consistently 100%.										

SASB Materiality Map: <https://materiality.sasb.org/>
Official website of the SASB; visit <https://www.sasb.org>



IV. “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”: TWSE/TPEX Listed Companies Climate Related Information

Project	Implementation Status
Specify the Board of Directors' and management's supervision and governance on climate-related risks and opportunities.	In addition to reporting quarterly to the Board of Directors on the reduction in the intensity of greenhouse gas emissions and the intensity of water consumption in 2022, Dynamic' "Sustainable Development Committee" also reported on the climate-related risks (electricity and energy, water resources, flooding, etc.) associated with the construction of a plant in Thailand and the risks to the Company's business posed by the European energy crisis in the fourth quarter of the Board of Directors meeting; afterwards, the committee received oversight and guidance from the Board of Directors.
Specify how the identified climate risks and opportunities affect the sales, strategy, and finances of the Company (short, medium, and long term).	Sales: To respond to the increasing demand from the public and consumers for more sustainable products, we are increasing our share of revenue from green and low-carbon products. Strategy: Carbon emissions can be reduced by promoting strategies in various aspects, assisting each plant to achieve autonomous energy saving and carbon reduction, self-built solar power system, purchase of green power, etc. Finance: We conducted a financial impact analysis of climate change, including: (1) Analysis of rainfall disasters of major suppliers: the research found that the degree of exposure to climate physical risks of major suppliers was not significant and would not have a significant financial impact; (2) Analysis of the risk of carbon fees: the evaluation results showed that there was not a hazardous level of impact on the Company's operations. However, since the Company is highly concerned about carbon related issues, in addition to proactively installed renewable energy equipment, the Company also encourages upstream enterprises to conduct carbon emission verification, and gives 100% purchase priority to raw materials with low carbon emission per unit of product, to reduce the carbon emission of each stage in the product life cycle, in the hope of providing customers with environmentally friendly products with low carbon emission.
Specify how extreme climate events and transformational actions will affect finances.	Extreme weather causes traffic disruptions, flooding, power outages, and production stoppages due to damage to factory facilities, as well as difficulties in supplying goods in the supply chain, resulting in longer procurement cycle for raw materials, price increases, factory shutdowns or production delays, and even loss of tangible and intangible assets of enterprises. To reduce the risk of material shortage due to extreme weather conditions, Dynamic has increased the number of diversified sources of raw materials and increased its options to seize the supply of raw materials. Dynamic has also enhanced its preparations against risks by raising the foundation of buildings at the early stage of plant planning, locating valuable equipment on higher floors, providing smooth rainwater and sewage drainage systems, and perfecting various emergency response plans, thus enhancing the resilience to the impacts of extreme weather conditions.
Specify how the process of climate risk identification, assessment and management is integrated into the overall risk management system.	In compliance with the TCFD guidelines, Dynamic has divided the risk management process into four stages: identification, assessment, management, and supervision. Through the participation of the Executive Committee, the Risk Management Committee, and the Board of Directors, Dynamic has established a comprehensive management mechanism for risks and opportunities related to climate change. In particular, the risk management committee compiles all significant risk-related information of the Company to integrate of the Company's overall risk management regulations. The detailed process is as follows: <pre> graph LR EM[Executive Member] --> RMC[Risk Management Committee] RMC --> BD[Board of Directors] subgraph Stages direction LR I[Identification] --> E[Evaluation] E --> M[Management] M --> S[Supervision] end I --> RMC E --> RMC M --> RMC S --> RMC RMC --> BD </pre> Identification: Periodically evaluates risks with impact on the Company's operation Evaluation: Evaluates the extent of impact of identified risks on the Company Management: 1. Stipulates countermeasures and monitoring mechanism 2. Sets up performance goals 3. Compiles major risks annually Supervision: 1. Compiles related information of major risks facing the Company 2. Periodically reports to the Board of Directors 3. Communicates risk management decisions made by the Board of Directors Board of Directors: 1. Defines the corporate risk management policy 2. Confirms the effectiveness of the risk management mechanism

Project	Implementation Status
If scenario analysis is applied to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and key financial impacts applied must be stated.	(1) The Company takes an inventory check of the exposure to the climate risk among its Top 3 suppliers and evaluates the disasters brought about by rainfall in the locations of primary suppliers. With the difference equivalent between 2100 and 1750 of radiative forcing as the benchmark according to "Representative Concentration Pathways" (RCPs) in the Fifth Evaluation Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), Dynamic adopts RCP 2.6 and RCP 8.5 as two scenarios and cites data of these two scenarios from Climate Analytics. Results of the evaluation show that the risk exposure percentage of revenue from the analysis of the simulated RCP 2.6 scenario was 0.0160% and that of RCP 8.5 was 0.0169%. Primary suppliers of Dynamic are not exposed to significant physical risks and hence there will be no significant financial impacts. (2) The overall greenhouse gas emissions of Dynamic throughout 2020 came to 217,322.5717 tonnes (only Scopes 1 and 2). With 2020 as the baseline year, the annual carbon reduction ratio is forecast according to Dynamic' carbon reduction goal of 4% linear reduction a year and the five criteria of carbon prices, namely "Recommended rate by the Environmental Protection Administration", "Estimated rate of EU carbon tax", "Estimated rate by the International Energy Agency (IEA)", "Recommended rate by Greenpeace", and "Estimated carbon price of the China Carbon Forum" and is calculated according to China's current actual carbon credit trade ratio while Dynamic is evaluated for its extent of risk exposure under different scenarios in the future and up to 2050. Results of the evaluation show that under each of the five estimated rates by 2050, financial impacts are the most significant applying the EU carbon tax and the estimated rate by Greenpeace and the minimal with the recommended rate by the Environmental Protection Administration. Although the results of the analyses did not indicate that there would be any harmful impact on the Company's operations, we are highly concerned about carbon-related issues. In addition to proactively installing renewal energy equipment, we have also encouraged our upstream suppliers to carry out carbon emission verifications and give 100% purchase priority to raw materials that have low carbon emissions per unit of product, to reduce the amount of carbon emissions from each stage in products' life cycle, in the hope of providing our customers with environmentally friendly products with low carbon emissions.
If there is a transition plan for managing climate-related risks, the contents of the plan and the indicators and targets applied to the identification and management of physical and transformation risks must be stated.	(1) We will develop low-carbon raw materials (2) We will hasten our clean production and low-carbon transition (3) We will increase the proportion of green products
If internal carbon pricing is applied as a planning tool, the basis for price setting must be stated.	At present, internal carbon pricing is not used as a planning tool; however, we may plan to do so in the future depending on the extent of the impacts of climate change.
If relevant climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planned schedules, and the annual progress toward achievement must be stated. If carbon offsets or renewable energy certificates (RECs) are applied to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of RECs must be stated.	GHG Emission Intensity Reduction Targets: Using 2020 as the baseline year, the GHG emission intensity (based on revenue) must be reduced by at least 4% per year, by at least 20% until 2025, and by at least 50% until 2030. Further, carbon neutrality must be achieved by 2040. The quantity of renewable energy certificates is 10 million kwh for 2022 and 40 million kwh for 2023.

The greenhouse gas inventories and assurances are summarized in the table below:

Scope 1	Total Emissions (tonnes of CO ₂ e)	Intensity (Tonnes of CO ₂ e/TWD million)	Assurance Organization	Description of Assurance Status
The Company	14.62	NA	DQS	The Company obtained the DQS inspection statement in July.
Kunshan Plant	3,780.64	0.61	WIT Assessment	The plant obtained a verification certificate from WIT Assessment in June.
Huangshi Plant	13,900.10	1.53	Appointed by Department of Ecology and Environment of Hubei Province	The verification was completed in May by a third party appointed by the Department of Ecology and Environment of Hubei Province, and we received a formal report on the results of the verification in August.
Total	17,695.36	1.16		
Scope 2	Total Emissions (tonnes of CO ₂ e)	Intensity (Tonnes of CO ₂ e/TWD million)	Assurance organization	Description of Assurance Status
The Company	77.17	NA	DQS	The Company obtained the DQS inspection statement in July.
Kunshan Plant	93,505.53	15.05	WIT Assessment	The plant obtained a verification certificate from WIT Assessment in June.
Huangshi Plant	90,803.43	10.02	Appointed by Department of Ecology and Environment of Hubei Province	The verification was completed in May by a third party appointed by the Department of Ecology and Environment of Hubei Province, and we received a formal report on the results of the verification in August.
Total	184,386.13	12.07		

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