



# 2023 Sustainability Report

Environmental, Social and Governance  
Sustainability Report



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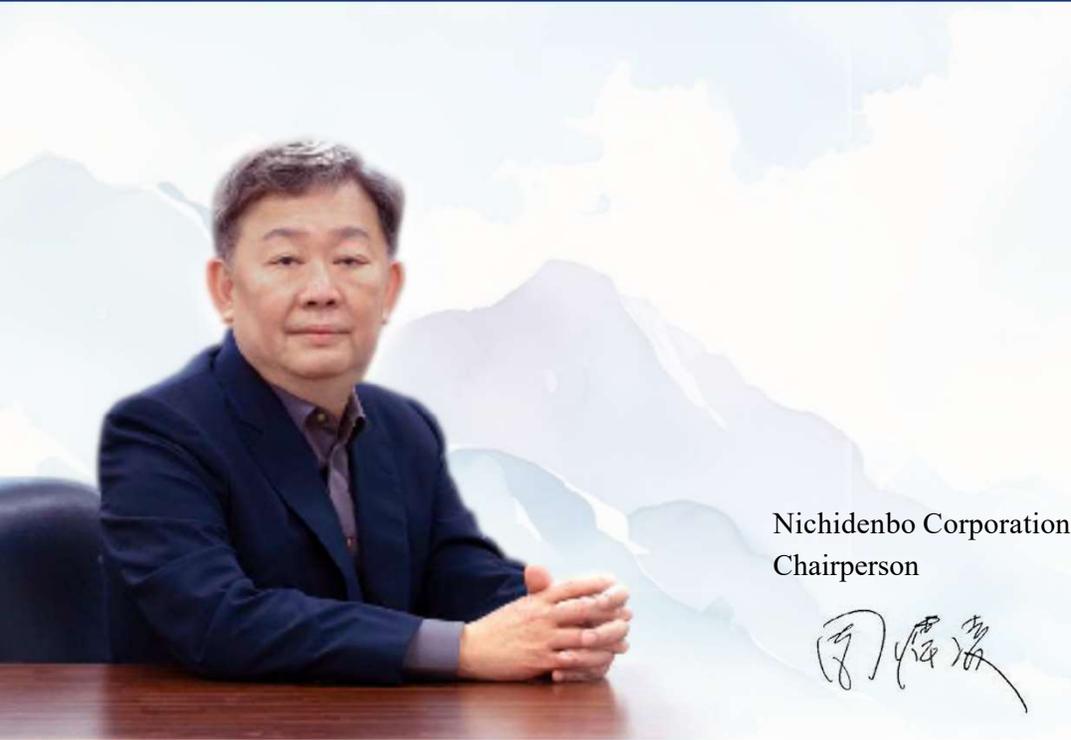
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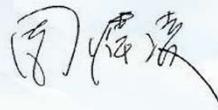
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This is a translation of the 2023 sustainability report (The “sustainability report”) of Nichidenbo Corporation. (The “Company”). This translation is intended for reference only and nothing else, The Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the sustainability report shall govern any and all matters related to the interpretation of the subject matter stated herein.



Nichidenbo Corporation  
Chairperson



## Chairperson's Address

The 2022 Russia-Ukraine war caused energy and food prices to soar due to supply and demand imbalances, leading to severe inflation problems. In 2023, amidst the ongoing Russia-Ukraine conflict, the Israel-Hamas war erupted. Besides the turmoil caused by the aforementioned wars on international and societal levels, the global average temperature in 2023 reached the highest point on record. Natural disasters such as heatwaves, droughts, and forest fires caused by extreme weather have also become increasingly frequent, resulting in significant loss of life and property.

Nichidenbo faces the continuous changes of natural and man-made disasters, and the global turmoil and instability. In terms of corporate governance, I always regard sustainable management as an important indicator, to implement the concept of sustainable management, and to protect the rights of corporate investors. In addition to striving for good business performance, we also seek to improve measures related to governance, including strengthen the audit committee financial supervision function, regularly conduct performance evaluations of the board of directors and related functional committees, enhance information disclosure and strengthen risk management, in order to implement good risk control and stable development.

In terms of social responsibility, Nichidenbo has been dedicated to public welfare for many years, donating a total of 10 rehabilitation buses over 5 consecutive years to support the needs of disabled individuals and long-term care. This initiative helps disadvantaged groups as a way of giving back to society. Additionally, the company is committed to creating a friendly workplace and places great emphasis on talent development, emphasizing the balance between employees' work and health, planned environmental sustainability issues combined with workplace health in 2023, and held the 2024 Group Health Weight Loss Challenge, hoping to promote employees to actively move towards a sustainable life through the practice of green diet and green living. In terms of Environmental Protection, I have always strived for Nichidenbo to implement various energy-saving and carbon reduction measures. In addition to leading domestic regulations, starting 2023, we will prioritize the introduction of independent greenhouse gas emissions inspections to clearly control carbon emission intensity. We have also been continuously promoting digital operations, replacing energy-consuming equipment, and recycling resources for many years, in order to maximize the energy-saving and carbon reduction effects of Nichidenbo. In view of the increasing and urgent threats of climate change to the environment, human survival, and national security, ESG (Environmental Protection, Social Responsibility, and Corporate Governance) and 2050 net-zero emissions have become globally recognized and promoted indicators in recent years, accelerating the planning and implementation of sustainability in various aspects by enterprises worldwide. I will continue to promote and enhance various sustainable measures of Nichidenbo, continuously moving towards the goals of sustainable development and the vision of net zero, hoping to continuously contribute to the sustainable future of co-prosperity and coexistence for environmental and economic development.



## About This Report

Welcome to the second publicly issued Sustainability Report of Nichidenbo Corporation (referred to as "Nichidenbo," "the Company," or "we"). Nichidenbo issue this report annually, regularly disclosing our environmental, social, and corporate governance (ESG) performance beyond financial results. Through our actions, we continue to realize the corporate vision of sustainable operations.

## Report Boundary Scope

The scope of indicator disclosure in this report covers Nichidenbo Corporation, and the source of financial-related data is Nichidenbo's financial statements for the year 2023, as well as the data on environmental and social categories, are disclosed with Nichidenbo Corporation as the scope of reporting. For more detailed information on related enterprises, please see Nichidenbo "Year 2023 Annual Report" on page 269.

## The Report Follows Regulations, Standards, and Principles

This report follows the Global Reporting Initiative (GRI) guidelines compiled according to the GRI Universal Standards 2021 (GRI Standards); and provided the GRI content index in Appendix.

The book also reveals the sustainability accounting standards indicators published by the Sustainability Accounting Standards Board (SASB), and the Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosures (TCFD) information.

In addition, we have also followed the requirements outlined in Appendix 12 of Article 4 of the "Taiwan Stock Exchange Corporation Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" to disclose sustainability indicators specific to the electronic components industry. Furthermore, we provide climate-related information as required in Appendix 2 of Article 4-1. For more details, please refer to the appendix.

## Reporting Period of the Report

The reporting period of this report is from January 1st to December 31st, 2023, and it is published annually. To demonstrate Nichidenbo Corporation's actions and performance in environmental sustainability, social commitment, and corporate governance, some information will be retrospectively disclosed for periods prior to 2023 or extended to 2024.

## Reporting Period

This report was published in August 2024, and the next report is expected to be published in August 2025.

## Contact Window

If you have any suggestions or questions about "Nichidenbo Corporation 2023 Sustainability Report". You can contact Nichidenbo through the following ways. To fulfill the responsibility of fully disclosing corporate information, Nichidenbo will also simultaneously publish this report on the official website for easy reference.

Address: 1F., No. 4, Aly. 1, Siwei Ln., Zhongzheng Rd.,  
Xindian Dist., New Taipei City

Official website: <https://www.ndb.com.tw/>

Contact person: Lai Nan Chun, Vice President

Phone: +886-2-2219-0505

E-mail: [deputy-spokesman@ndb-group.com](mailto:deputy-spokesman@ndb-group.com)



## Information Reorganization

Except for the TCFD's four core elements - the baseline year for indicators and targets has been changed from 2020 to 2022 (because Nichidenbo conducted the 2022 greenhouse gas inventory according to the international standard ISO 14064-1 for the first time in 2023), there is no information reorganization.

## Report Main Responsible Unit and Quality Management Method

Operating Procedures	Method	Responsible Unit (or Position)
Report Compilation	This report is prepared according to the "Sustainability Report Preparation and Verification Procedures" and is coordinated by the Stock Affairs Department. The data, strategic goals, and performance indicators disclosed in the book are confirmed and provided by the respective responsible units, and then integrated, compiled, proofread, and revised by the Stock Affairs Department.	Stock Affairs Department, relevant authority department
Internal Review	After the report is completed and each unit has confirmed its content integrity and accuracy, it will be approved by the highest authority of the relevant unit.	The relevant authority department and its highest supervisor
External Guarantee	To enhance the accuracy and credibility of this report, Nichidenbo: <ul style="list-style-type: none"> <li>The third-party verification agency BSI Verification Company is commissioned to follow the AA1000 AS guarantee standards V3, and use Type 1, Moderate Assurance as the basis for verification, ensuring that the content of this report complies with GRI standards.</li> </ul>	BSI Group Singapore Private Limited Taiwan Branch
	<ul style="list-style-type: none"> <li>The financial data has been audited and certified by Deloitte &amp; Touche in accordance with International Financial Reporting Standards (IFRS), and uniformly calculated in New Taiwan Dollars.</li> </ul>	Deloitte & Touche
Approved Final Draft	The final version of the complete manuscript is submitted by the Stock Affairs Department for review by the General Manager, and will be publicly released after approval by the Chief Executive Officer.	General Manager, Chief Executive Officer



## Sustainability Highlights Performance      SDGs x ESG Action Performance

### Facing      The United Nations SDGs indicators      SDGs action initiatives

#### Environment



- In 2023, conduct a greenhouse gas inventory according to the international standard ISO 14064-1.
- Adopt environmental standards to screen suppliers, 100% main suppliers pass ISO 14001.
- The products provided by the main suppliers all comply with RoHS, REACH, ISO, IATF standards.
- Implement the Task Force on Climate-related Financial Disclosures (TCFD) framework, effectively manage climate risks, and strengthen the company's climate resilience.

#### Social



- Nichidenbo and major suppliers have not experienced significant risks and incidents of gender and racial discrimination, use of child labor, forced labor, or other violations of labor rights.
- In 2023, one employee with disabilities was hired, meeting the legal standards.
- Screen suppliers based on social criteria, 100% main suppliers do not use conflict minerals, and sign back the labor rights and SA 8000 declaration.
- The total training hours for social responsibility Nichidenbo employees reaches 1,595.38 hours.
- Social supports domestic education, cares for disadvantaged groups in society, and actively engages in public welfare. In 2023, it invested NTD 5.08 million, and in the past four years, it has injected more than NTD 25.88 million.
- In 2023, two rehabilitation buses were donated to the New Taipei City Government, marking a total of 10 rehabilitation buses donated over five consecutive years, showing care for the rights of people with disabilities and long-term care.

#### Governance



- The individual revenue in 2023 reached NTD 1,820,389 thousand, Net operating income NTD 117,957 thousand, and earning per share reached NTD 3.39.
- Employee salary and benefits NTD 146,686 thousand.
- Female Director 3 seats, accounting for 27.27% of the total Director.
- Constructing resilient information security risk control, without violating cyber security, information leakage and fines, and major information security incidents such as violations of personal data protection.
- Complaints leading to legal action due to violations of customer personal data protection or loss of customer data.
- There were a total of 9 information security promotions to strengthen the information security awareness of colleagues.
- In 2023, a total of 16 suppliers were evaluated, and no significant deficiencies or risks were found.
- Customer satisfaction has maintained a high level of over 80% for 3 consecutive years.



## About Nichidenbo

### Operational Overview

Nichidenbo Corporation (Company Code: 3090) was established in 1993, with its operational headquarters located in Xindian District, New Taipei City. By the end of 2023, the official number of employees is 149. Nichidenbo upholds the business philosophy of "Integrity, Service, Growth, and Prosperity," being the largest passive components agent in Taiwan, accumulating many years of professional experience. We represent internationally renowned manufacturers such as NIPPON CHEMICON, Panasonic, AIC tech, KEMET, KYOCERA AVX, and SAMSUNG, as well as well-known domestic manufacturers such as EVERLIGHT and GENESYS. Our application markets extend to PCs, mobile phones, tablets, servers, audio-visual equipment, automobiles, and more. Our products span the 3C electronics industry and industrial, automotive, and medical electronics markets.

### Nichidenbo Basic Information

Company Name	Nichidenbo Corporation
Establishment Date	January 4, 1993
Listing Date	December 12, 2007
Headquarters location	Xindian District, New Taipei City
Number of Employees	149
Total Paid-in Capital	NTD 2.127 billion
Main Products	Agent NCC and Panasonic Capacitor
Sales Net Amount in 2023 (NTD thousand)	1,820,389





Nichidenbo belongs to a corporate entity. For ownership details, please refer to the Nichidenbo Year 2023 Annual Report fundraising situation section on shareholder structure and major shareholders list. The capital amount in 2023 is NTD 2,126,572 thousand, and the revenue reaches NTD 1,820,389 thousand. Nichidenbo and its subsidiaries (collectively referred to as "Nichidenbo Group") have a total of 12 operational locations, please refer to the table below.

## Nichidenbo Group's Global Operation Locations

Company Name	Address
Nichidenbo Corporation	1F., No. 4, Aly. 1, Siwei Ln., Zhongzheng Rd., Xindian Dist., New Taipei City
Lipers Enterprise Co., Ltd.	2nd Floor, No. 2, Lane 1, Siwei Alley, Zhongzheng Road, Xindian District, New Taipei City
Scope Technology Co., Ltd.	2nd Floor, No. 4, Lane 1, Siwei Alley, Zhongzheng Road, Xindian District, New Taipei City
Advance Electronic Supply Inc.	2nd Floor, No. 2, Lane 1, Siwei Alley, Zhongzheng Road, Xindian District, New Taipei City
VIC-DAWN Enterprise Co., Ltd.	4th Floor, No. 2, Lane 1, Siwei Alley, Zhongzheng Road, Xindian District, New Taipei City
TONSAM Corporation	4th Floor, No. 2, Lane 1, Siwei Alley, Zhongzheng Road, Xindian District, New Taipei City
KOHO (Taiwan) Co., Ltd.	3rd Floor, No. 2, Lane 1, Siwei Alley, Zhongzheng Road, Xindian District, New Taipei City
Lipers (Hong Kong) Enterprise Co., Ltd.	Room 1001-1002, 10th Floor, Block 3, Tin's Center, 3 Hung Cheung Road, Tuen Mun, New Territories, Hong Kong
Nichidenbo (Shenzhen) Trading Co., Ltd.	Room 403, 4th Floor, Golden Land Center, 2007 Shennan Avenue, Futian District, Shenzhen
Lipers Electronic(SZ) Co., Ltd.	Room 404, 4th Floor, Golden Land Center, 2007 Shennan Avenue, Futian District, Shenzhen
Nichidenbo Suzhou Trading Co., Ltd.	Room 1707, Gaoxin Plaza, 28 Shishan Road, Gaoxin District, Suzhou
Nichidenbo Suzhou Trading Co., Ltd. Wuhan Branch	Room 525, Building 1, Fengming Plaza, No. 4, Sanjiaohu Road, Wuhan Economic and Technological Development Zone



## Business Item

Nichidenbo is a professional Capacitor agent in Taiwan. Under the management of an elite team, it continuously promotes the company's sustainable development with excellent innovation capabilities. In order to meet the expectations of all stakeholders, all colleagues adhere more strictly to the principles of integrity and pragmatism to jointly achieve organizational goals, continuously obtaining international quality system certifications with superior quality, and have now become the largest agent of passive components in the country. In addition to deeply cultivating the consumer and commercial sectors, Nichidenbo has also ventured into the industrial control and electric vehicle sectors. To meet the future demand for new product development and business capacity expansion, Nichidenbo is expanding its scale and technology, and continuously conducting research and development to maintain its leading position in the industry. At the same time, in response to business expansion, we are actively constructing a complete international marketing channel and logistics management; strengthening professional training for personnel to improve product technical support and after-sales service levels, and achieving the goal of continuously increasing the company's product market share. In the future, Nichidenbo will be committed to providing customers with leading product information and comprehensive solutions, connecting the supply chain, and closely cooperating with customers to actively develop and represent higher quality, more environmentally friendly products, endowing people's lives with new values of intelligence, energy saving, and sustainability.

## Nichidenbo Product Sales Situation and Market Overview in the Past 3 Years

Main Product Category	Sales Market	Sales Amount in 2021 (NTD thousand)/percentage	Sales Amount in 2022 (NTD thousand)/percentage	Sales amount in 2023 (NTD thousand)/percentage
Solid Capacitor	Taiwan, Mainland China	1,065,178 / 46.0%	921,230 / 48.08%	794,003 / 43.62%
Electrolytic Capacitor	Taiwan, Mainland China	998,924 / 43.14%	693,628 / 36.20%	716,657 / 39.37%
Others(such as Inductor and Resistor etc.)	Taiwan, Mainland China	251,437 / 10.86%	301,087 / 15.72%	309,729 / 17.01%





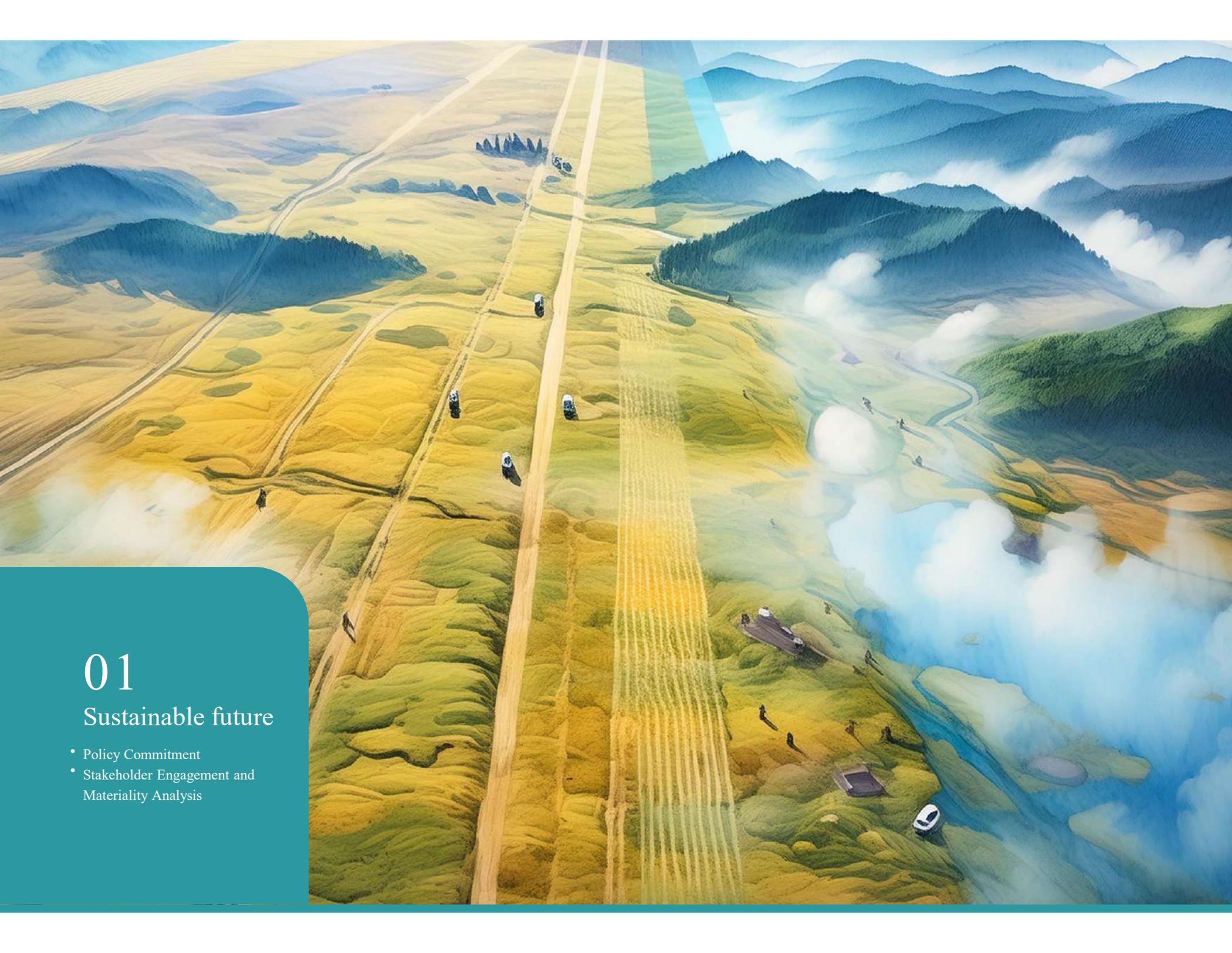
## Execution of ESG Projects

Nichidenbo currently has each unit independently draft various ESG project policies within their respective responsibilities, and report to the General Manager and Chief Executive Officer for approval and execution. Each unit also provides the execution results of various ESG projects to the Stock Affairs Department at the end of the year, based on the procedures for compiling and verifying the Sustainability Report to integrate and compile the Sustainability Report. Nichidenbo will establish a governance framework to promote sustainable development and set up dedicated (part-time) units to promote sustainable development as needed.

## Association Qualification

### In 2023, the Associations Participated by Nichidenbo Are as Follows:

Item	Organization Name	Membership
1	Fund of Excellent Underprivileged Students, Education Department, New Taipei City Government	Management Committee Member
2	Moxian Welfare And Charity Foundation	Director
3	Taiwan Listed Companies Association	General Member
4	Taiwan Industrial Holding Association	General Member
5	Taipei Electronic Components Suppliers' Association	General Member
6	New Taipei City Industrial Association	General Member



# 01

## Sustainable future

- Policy Commitment
- Stakeholder Engagement and Materiality Analysis



## Policy Commitment

Nichidenbo adheres to Corporate Governance principles, and formulates ethical corporate management according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," has established an effective corporate governance structure. This framework aims to protect shareholders' rights, enhance the functions of the board of directors, respect the rights of stakeholders, and improve transparency of information. We have also established a comprehensive information disclosure system to ensure that shareholders can obtain the most up-to-date and accurate information about the company as a basis for their investment decisions. Adhering to the principles of accurate, detailed, and fair disclosure, we promptly provide various relevant information regarding operations, finances, board resolutions, and the company's business philosophy and direction.

Nichidenbo is committed to achieving sustainable development and continuously demonstrating economic governance in line with ESG development directions, human rights and humanities, concern for Environmental conservation, formulation of a vision for sustainable development that aligns with the "Sustainable Development Best Practice Principles", and environmental conservation, formulation of a vision for sustainable development that aligns with the "Sustainable Development Best Practice Principles" and publicly commit that all operational processes must comply with responsible business conduct. The main initiatives and regulatory documents are as follows:

### Nichidenbo Main Advocacy Reference Guidelines

- The Organization for Economic Co-operation and Development (OECD) released the "Guidelines for Due Diligence in Responsible Business Conduct", "Guidelines for Multinational Enterprises", "Corporate Governance Principles."
- United Nations (UN) "Guiding Principles on Business and Human Rights" (UNGPs)
- International Covenant on Human Rights

## International Initiatives Supported by Nichidenbo

### ESG

The United Nations 17 Sustainable Development Goals (SDGs) advocate for the integration of social, economic, and environmental sustainability indicators, calling for global cooperation in the pursuit of sustainability.

### Environment

The Task Force on Climate-related Financial Disclosures (TCFD) helps investors and decision-makers understand an organization's climate-related risks, opportunities, and financial impacts, enabling organizations to overcome the challenges of transition.

- International Labor Organization(ILO)  
Continuously improve colleagues' working conditions and living conditions and safeguard their rightful rights.
- Social Accountability Standard (SA8000)  
Ensure that the human rights, environment, and ethics of supply chain partners comply with international standards of conduct.

### Society

- Responsible Business Alliance (RBA)
- Ensure that supply chain partners can provide a safe working environment and that workers are treated with respect.
- Responsible Minerals Initiative (RMI)  
Refuse to use conflict minerals.
- UN Universal Declaration of Human Rights(UDHR)  
Maintain everyone's basic rights.
- UN Global Compact(Global Compact)  
Corporate operational strategies and policies for the protection of human rights, labor, environmental protection, and anti-corruption.
- United Nations Guiding Principles on Business and Human Rights (UNGPs)  
Prevent commercial activities from adversely affecting human rights.

### Governance

The United Nations Convention Against Corruption (UNCAC) establishes a framework for preventing corruption and creating a robust governance system with zero tolerance for corruption.



## Nichidenbo Main Regulatory Document

Name	Target audience	Purpose
Sustainable Development Best Practice Principles	Nichidenbo and the overall operational activities of the group enterprises	To practice corporate social responsibility and promote economic, environmental, and social progress to achieve the goal of sustainable development.
Corporate Governance Best Practice Principles	Nichidenbo	Establish a good Corporate Governance system and effective Corporate Governance framework to protect shareholders' equity.
Codes of Ethical Conduct	Nichidenbo directors, supervisors, managerial officers, and other employees.	To ensure that the behavior of Nichidenbo directors, supervisors, managerial officers, and other employees complies with ethical standards, and to help stakeholders better understand the ethical standards of Nichidenbo.
Procedures for Ethical Management and Guidelines for Conduct	Nichidenbo and group enterprises and organizations directors, supervisors, managerial officers, trustee and person with substantial control.	Implement the ethical corporate management policy, and actively prevent dishonest behaviors. Specifically regulating the matters that Nichidenbo personnel should pay attention to when performing duties, being appointed, and having substantial control capabilities.
Bylaws to Report Cases of Illegal and Unethical Conduct	Internal colleagues and customers, suppliers, contractors	Implement the provisions of Nichidenbo Guidelines for the Adoption of Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles, and encourage reporting of any illegal acts or violations of Guidelines for the Adoption of Codes of Ethical Conduct or Ethical Corporate Management Best Practice Principles.

The above guidelines/policies are reviewed and approved by the board of directors, then announced and executed by the audit unit, applicable to the entire group, and communicated with internal and external stakeholders via email, relevant meetings, official website or intranet, contract terms, etc. Regarding "Sustainable Development Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and other important regulations, please refer to the official website Corporate Governance/important regulations section.



Important Regulations of Nichidenbo



## Human Rights Policy

Nichidenbo's guidelines and policies also commit to relevant due diligence and early warning principles, especially regarding human rights. Nichidenbo recognizes and adheres to internationally recognized human rights conventions, including the "UN Universal Declaration of Human Rights", "United Nations Global Compact", "United Nations Guiding Principles on Business and Human Rights" and International Labor Organization conventions of each human rights framework and spirit, never participate in any acts of ignoring and trampling on human rights, and in accordance with the above-mentioned documents to establish principles, formulate human rights policies, and implement human rights protection.

When implementing sustainable policy commitments, in order to reasonably integrate into the company's internal control system, Nichidenbo will formulate the relevant content as Articles of Nichidenbo, work rules and other internal documents, are integrated into Nichidenbo's operational policies and procedures. The company's directors should fulfill the duty of care of a good manager, supervise and assist the management in practicing sustainable development, regularly review the implementation effectiveness and continuously improve.

To effectively achieve Nichidenbo's policy commitment to sustainable development, Nichidenbo strives to implement external green supply chain and green marketing, hoping to jointly fulfill the commitment to sustainability through the integration of upstream and downstream industry resources.

## Incorporate Policy Commitments

Nichidenbo adhere to responsible business conduct. In order to implement a corporate culture of integrity and honesty, and to meet the expectations of investors and other stakeholders, the Board of Directors has approved and issued the "Procedures for Ethical Management and Guidelines for Conduct" and other related regulations, detailing the company's policies, guidelines, operational procedures, codes of conduct, and related grievance systems, requiring employees and business partners to comply with these standards when conducting business to prevent dishonest behavior, with the hope of shaping the company's culture of integrity and accountability reflects its commitment to the highest ethical standards in all business activities.

## Mechanism for Seeking Advice and Raising Concerns

Integrity and responsible business conduct are the foundation of sustainable business operations, therefore, Nichidenbo established various complaint reporting and suggestion channels, encourage stakeholders to address, lodge complaints, or provide relevant suggestions regarding dishonest, unethical behavior, or any operational activities that impact the environment, economy, society, and human rights. The online announcement reports channel, both internal and external personnel can directly report illegal activities to Nichidenbo through the public reporting mailbox. We also provide the option for anonymous reporting. The handling unit must keep the identity of the informant and the incident confidential, unless necessary for investigation. It should not be disclosed to unrelated third parties to prevent unfair or adverse treatment. The relevant protection mechanisms, case acceptance procedures, and standards for handling violations are clearly defined in the "Bylaws to Report Cases of Illegal and Unethical Conduct." In 2023, Nichidenbo did not receive any complaints or reports.



Nichidenbo Human Rights Policy



Nichidenbo Stakeholder Contact Email



## Human Rights Due Diligence Process

Nichidenbo, in order to fulfill its commitment to human rights, continuously assesses various human rights issues through regular attention to major social issues, data monitoring, and surveys, and proposes specific practices and mitigation measures. Nichidenbo will continue to improve the implementation of human rights due diligence, enhancing the importance of respecting human rights in the workplace and business environment.

Human rights issues	Target	Assessment orientation	Specific practices and mitigation measures
Prohibit child labor, forbid forced labor	All staff	<ul style="list-style-type: none"> <li>● Prohibition of employing child labor.</li> <li>● Establish a system for normal working hours and extended working hours according to the law, and do not enforce forced labor.</li> <li>● Confirm identity and age at the time of reporting, if not legal, will not be employed.</li> </ul>	<ol style="list-style-type: none"> <li>1. Prohibit the employment of child labor under the age of 16, prohibit forced labor and any improper employment discrimination.</li> <li>2. Do not force or coerce any unwilling personnel to perform labor activities. The daily, weekly normal working hours and extended working hours, holidays, special holidays, various other types of leave, and regulations on extended working hours for employees all comply with legal standards.</li> <li>3. Submit relevant identification documents at the time of registration. If the employment does not meet the minimum age requirements as per regulations, it will not be accepted.</li> </ol>
Eliminate discrimination, respect diversity, and ensure equality	All staff	<ul style="list-style-type: none"> <li>● Provide employee suggestion channel.</li> <li>● Based on employee performance and professional skills as evaluation criteria.</li> <li>● Diversity and equality in talent recruitment, employment, and rewards.</li> </ul>	<ol style="list-style-type: none"> <li>1. Develop diverse and inclusive (D&amp;I) corporate policies and strategies, actively establish a diverse, equal, and friendly company culture and work environment to enhance corporate image and company Goodwill.</li> <li>2. Provide equal employment opportunities and treatment, without discrimination based on race, color, gender, religion, politics, nationality, or social origin.</li> <li>3. Protect various labor equity, including minimum wage, working hours (including overtime), insurance, leave, pension system, contract termination notice period, freedom of association and collective bargaining equity, etc.</li> <li>4. Annual employee performance evaluations are conducted regularly, and the results are linked to salary adjustments, promotions, rewards, and transfers.</li> <li>5. Implement the "Gender Equality in Employment Act", and protect the rights of employees to take parental leave.</li> <li>6. Regular labor-management meetings are held every quarter to facilitate labor-management cooperation, coordinate labor-management relations, improve working conditions, and plan employee benefits through two-way communication and negotiation.</li> </ol>



Human rights issues	Target	Assessment orientation	Specific practices and mitigation measures
Prohibit illegal infringement and promote a zero-harassment environment	All staff	<ul style="list-style-type: none"> <li>● Appeal investigation system and handling methods.</li> <li>● Set up a dedicated phone line and email address for handling complaints, and publicly display the relevant information in the workplace.</li> </ul>	<ol style="list-style-type: none"> <li>1. Absolutely no tolerance for any workplace bullying behavior by the management of Nichidenbo, and also absolutely no tolerance for workplace violence against its employees by other employees, suppliers, customers, or strangers.</li> <li>2. Prohibit harassment, strive to create a safe, equal, and harassment-free work environment free from discrimination.</li> <li>3. There are measures for the prevention, complaint investigation, and disciplinary handling of sexual harassment, a plan to prevent illegal harm while performing duties, and by laws to report cases of illegal and unethical conduct.</li> <li>4. Employees can reflect through the dedicated mailbox, labor-management meetings, or directly appeal to senior management to implement labor rights.</li> </ol>
Implement workplace health and safety	All staff	<ul style="list-style-type: none"> <li>● Employee occupational safety and health.</li> <li>● Physical workplace safety.</li> <li>● Health management and medical consultation.</li> <li>● Diverse clubs and staff activities.</li> <li>● Employee child care subsidy.</li> <li>● Flexible work shift.</li> </ul>	<ol style="list-style-type: none"> <li>1. Appoint safety and health management personal responsible for supervising and implementing occupational safety and health management plans.</li> <li>2. Arrange for employees to undergo occupational safety and health education and training.</li> <li>3. Regularly inspect all tools and equipment used in the workplace, and do not use equipment or tools that do not meet safety standards or have not been certified.</li> <li>4. There are designated personnel such as fire safety managers and first aid personnel to strengthen the safety protection measures for employees in the workplace. Fire drills are held every six months, the establishment and organization of self-defense fire brigades, and the planning of community safety escape routes.</li> <li>5. Regular annual fire equipment inspection and declaration.</li> <li>6. Arrange regular health check-ups for employees every year and hire medical staff to provide on-site health-related services regularly.</li> <li>7. Hold health seminars to ensure the well-being of employees.</li> <li>8. Various club activities (e.g., Bowling Club, Badminton Club, Triathlon Club, Cycling Club, and Aerobics Club) and irregularly held Family Days, domestic and overseas employee trips, to promote employee interaction and team spirit.</li> <li>9. To enable employees to balance work and family life or further study needs, flexible work shift options are provided.</li> <li>10. Provide a breastfeeding-friendly environment, offering childcare subsidies for families with children under 12 years old every year.</li> </ol>



Human rights issues	Target	Assessment orientation	Specific practices and mitigation measures
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Protect personal data privacy

All staff

- Regularly review the storage of personal data servers.
- Strengthen the control of personnel entering and exiting the machine room.
- Establish a cyber security task force and set up a cyber security risk management framework.
- Regular security checks and enhancement of software and hardware equipment.

1. Establish a dedicated unit for information security, assign a dedicated supervisor and personnel for information security, responsible for promoting cyber security policies, planning cyber security systems, monitoring and executing cyber security management operations.
2. Regularly update antivirus software and strengthen hardware firewalls to block viruses.
3. Regularly perform data backup and restoration tests, and conduct regular disaster recovery drills.
4. Properly handle personnel accounts, manage permissions, and regularly conduct system permission settings checks to prevent confidential information leakage.
5. The personal data of employees and customers are regularly reviewed by the Nichidenbo information department personnel to check if the personal data servers have been attacked and data stolen.
6. Strengthen the control of personnel entering and exiting the machine room to prevent the leakage of important personal data.
7. Implement employee education and training, improve employees' information security and personal data protection awareness and capabilities.





## Promotion and Advocacy of Responsible Business Conduct

To ensure that the employees of Nichidenbo understand and implement the company's policy commitments, ethical corporate management, and professional ethics, Nichidenbo conducts regular education and training for new staff and all colleagues on ethical corporate management every year to enhance their understanding of professional ethics and regulatory compliance. The relevant training situation in 2023 is as follows.

At the same time, Nichidenbo also requires business partners to comply with social and environmental responsibility requirements, including but not limited to the Responsible Business Alliance Code of Conduct, the Universal Declaration of Human Rights, International Labor Organization conventions, national laws, and the Social Accountability 8000 standard. Nichidenbo complies with the regulations of the competent authorities on Corporate Governance and honest operations, Environmental Protection, and labor rights and other legal norms. To ensure the accuracy and completeness of legal compliance, regular education and promotion are conducted for employees, promoting the concept of honest operations in the daily business execution of all employees. Additionally, irregularly announce and inform the Board of Directors of new regulations from the competent authorities every year to make them understand the importance.

Course	Target (New colleagues/All colleagues/Individual colleagues)	Training method (Internal training/External training)	Number of trainees	Completion rate
Insider Trading Prevention Seminar in the First Half of 2023	Individual colleagues	External training	1	100%
Legal Compliance Promotion Seminar on Insider Equity Transactions of Listed and Unlisted (OTC) Public Offering Companies in 2023	Individual colleagues	External training	1	100%
Internal equity transactions compliance in 2023	Individual colleagues	External training	1	100%
2023 Annual Insider Trading Prevention Seminar	Individual colleagues	External training	2	100%
2023 Intellectual Property and Integrity Promotion Conference	All colleagues	Internal training	27	18%
Internal training for new employees	New colleagues	Internal training	11	100%

Note:

Calculation method of completion rate

New colleagues: Number of trainees/Nichidenbo company all new colleagues

All colleagues: Number of trainees/Nichidenbo company all colleagues

Individual colleagues: Number of trainees/All external training colleagues this time



## Stakeholder Engagement and Materiality Analysis

### Stakeholder Engagement

#### Identify Communication Targets

Following the five aspects of the AA1000 Stakeholder Engagement Standard : influence, attention, responsibility, dependency, and diverse perspectives, a stakeholder identification questionnaire was sent to all colleagues (including management) and key suppliers, customers, and banks of Nichidenbo. After the statistical results were approved by the company, they were classified into 6 categories of stakeholder groups based on importance: employees, shareholders/investors, regulatory authorities, suppliers, customers, and banks.

#### Communication and Management of Stakeholders

To fulfill corporate social responsibility, attention should be paid to stakeholders' equity, while pursuing sustainable operation and profit, focus on environmental, social, and Corporate Governance issues, and incorporate them into the company's management policies and operational activities to achieve the goal of sustainable operation. Nichidenbo through the following good communication platform with stakeholders, understands the reasonable expectations and needs of stakeholders, whether it is economic, social, or environmental questions, complaints, or suggestions on internal and external issues, Nichidenbo will handle them appropriately with the principle of integrity and provide feedback or improvement plans to achieve effective communication. In addition, to ensure effective communication with a wide range of stakeholders through the Sustainability Report , Nichidenbo has also set up a "Stakeholder Section" on the official website, providing exclusive contact channels for stakeholders. For any questions, suggestions, or complaints regarding material topics or other report contents, you can maintain smooth and good interaction through this mailbox.



Nichidenbo Stakeholder Zone



## 2023 Annual Engagement with Stakeholders by Nichidenbo

Stakeholder	The importance and communication purpose of Nichidenbo	Focus on issues	Communication channel	Communication frequency	Communication situation in 2023
 Employee	Employees are the key force in achieving the company's sustainable development. Through regular meetings and close interaction with employees via electronic platforms, we are committed to creating a diverse, equal, and healthy work environment. We provide professional training and development opportunities, inspiring creativity and work motivation, to jointly achieve sustainable development goals.	<ul style="list-style-type: none"> <li>● Labor relations</li> <li>● Employee Benefits and Health Care</li> <li>● Business Performance and Communication</li> <li>● Talent training</li> <li>● Human rights equality</li> </ul>	Labor-Management Meeting	Quarterly	<ul style="list-style-type: none"> <li>● Hold labor-management meetings once each quarter, conduct performance reviews and salary adjustments once a year, hold business monthly meetings and management meetings once a month, conduct supervisor meetings once a week, organize employee health check-ups once a year, and provide training for new employees. While emphasizing the company's operational development, we also prioritize labor relations and protect employee rights.</li> <li>● Hold one employee welfare committee meeting each quarter, focusing on topics such as annual employee trips, holiday vouchers, birthday gifts, and year-end parties. In 2023, a total of four employee welfare committee meetings were held.</li> <li>● Celebration parties are held every two months, with a total of six birthday parties organized in 2023.</li> <li>● To embody the spirit of corporate culture and enhance employee enthusiasm, a Family Day was held, allowing employees to spend time with their families. One Family Day event was organized in 2023.</li> <li>● Occasionally internal and external seminars and workshops are held to enhance employees' professional skills and knowledge. In 2023, the average training hours per employee was 10.71 hours. In response to the digitization of internal training, a multimedia learning platform was implemented to further enhance employees' professional skills and knowledge.</li> <li>● An internal service satisfaction voting event is held every November to improve interdepartmental service quality and efficiency. Additionally, an employee complaint mailbox and hotline are provided (for inquiries: <a href="mailto:june@ndb.com.tw">june@ndb.com.tw</a>) to facilitate smooth communication channels and equal employment opportunities for employees. In 2023, the voting participation rate for the internal service satisfaction voting was 87.9%, with a total of 131 participants.</li> <li>● The labor-management relationship is good, and there were no labor disputes or related losses in 2023.</li> </ul>
			Performance Evaluation Interviews and Promotion/Salary Adjustment	Yearly	
			Management Meeting	Weekly	
			Monthly Sales Meetings and Business Management Meetings	Monthly	
			Employee Health Checkup	Yearly	
			Employee Welfare Committee Meeting	Quarterly	
			Lectures / Training / Seminars	Irregularly	
			Internal Service Satisfaction Survey	Yearly	
			Employee Complaint Mailbox and Hotline	Permanent	



Stakeholder	The importance and communication purpose of Nichidenbo	Focus on issues	Communication channel	Communication frequency	Communication situation in 2023
 Shareholder / Investor	Nichidenbo provides the necessary operational funds shared by all shareholders, enabling the company to generate profits for its shareholders through a stable business model. We ensure transparency in disclosing operational and financial information, safeguarding the fundamental rights of shareholders and investors.	<ul style="list-style-type: none"> <li>● Business performance</li> <li>● Transparent information disclosure</li> <li>● Shareholder engagement and market position</li> </ul>	Company website, Market Observation Post System	Monthly / Quarterly	<ul style="list-style-type: none"> <li>● Regularly disclose financial and business information on the company's website and Market Observation Post System every month/quarter, revealing complete information for easy reference.</li> <li>● A supervisor meeting is held once a week, a management meeting is held once a month, and both a business meeting is held monthly and quarterly. The 2023 annual reports from each department were presented on January 16, 2023.</li> <li>● In accordance with the "Checklist of Business Matters to be Handled by Listed Securities Issuers," regular (monthly and quarterly) and ad-hoc disclosures are made to keep investors informed about the company's operational status and profitability.</li> <li>● An annual shareholders' meeting is held each year, with the 2023 general shareholders' meeting held on June 15, 2023. This provides an opportunity for face-to-face communication with shareholders, fulfilling our responsibility to them.</li> <li>● At least one investor conference is held each year. In 2023, we participated in domestic investor conference on June 27 and November 28.</li> <li>● A fixed speaking system is established, allowing the spokesperson or deputy spokesperson to respond to investor inquiries occasionally.</li> <li>● An investor relations consultation window has been established: <a href="mailto:deputy-spokesman@ndb-group.com">deputy-spokesman@ndb-group.com</a>.</li> <li>● A total of 29 significant announcements were published in both Chinese and English on the company's website.</li> <li>● In 2023, we responded to 23 email inquiries.</li> <li>● We provide immediate responses to shareholder phone inquiries, handling approximately 10 calls from institutions/investors. The topics of communication include "matters related to company performance, such as when revenue announcements will be made," "matters related to shareholder meeting souvenirs, including collection locations, methods, and contents," and "matters related to institutional briefings, such as the time and location of the briefings."</li> </ul>
Communication and work meetings of various departments	Irregular	Investor Conference	Yearly		
Annual Shareholders' Meeting	Yearly	Investor Relations Consultation Window	Permanent		
Investor Speaking System	Permanent	Reply to shareholder phone inquiries	Real-time		



Stakeholder	The importance and communication purpose of Nichidenbo	Focus on issues	Communication channel	Communication frequency	Communication situation in 2023
 Regulatory authority	We strictly adhere to the regulations set by the regulatory authorities and cooperate with inspections and oversight.	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Corporate governance</li> </ul>	Promotion of regulatory authority laws and regulations	Irregular	<ul style="list-style-type: none"> <li>We participate in regulatory authority law promotion activities as needed to strengthen corporate governance and regulatory compliance. A contact window with regulatory authorities has been established to maintain good interaction.</li> <li>In 2023, we participated in four online promotional events organized by the stock exchange, including the Corporate Governance Evaluation Promotion Meeting, Sustainable Development Action Plan Promotion Meeting, Insider Trading Prevention Promotion Meeting, and Promotion Meeting for Article 43-1 of the Securities Exchange Act.</li> <li>There were over 83 electronic correspondences with regulatory authorities.</li> <li>The main contact window for the Taiwan Stock Exchange is: <a href="mailto:deputy-spokesman@ndb-group.com">deputy-spokesman@ndb-group.com</a>.</li> </ul>
			Official correspondence	Irregular	
			Regulatory authority contact window	Permanent	
 Supplier	Excellent suppliers can provide high-quality and stable raw materials. Nichidenbo hopes to collaborate with manufacturers, focusing on quality and implementing sustainable supplier management to create a more ESG-friendly industry environment	<ul style="list-style-type: none"> <li>Sustainable supplier management</li> <li>Supplier information acquisition and communication</li> </ul>	Supplier/plant evaluation	Every two years	<ul style="list-style-type: none"> <li>We regularly review the validity of supplier certifications, and we recognize excellent suppliers through evaluations, fostering mutual support to create a win-win situation. Supplier (excluding condiment suppliers) and factory evaluations are conducted every two years. The evaluations for 2023 have been completed, and all evaluated suppliers are considered qualified. The next evaluation will take place in 2025.</li> <li>We regularly sign procurement contracts to protect the company's interests. All suppliers with expiring contracts (excluding condiment suppliers) have successfully completed the renewal process.</li> <li>Supplier new product promotions are conducted through in-person or video conferences, holding product briefings or seminars, and visiting clients for product introductions or explaining via video conferences. This approach facilitates marketing and drives sales growth. In 2023, a total of three new product briefings/seminars were held.</li> <li>Monthly meetings are held with suppliers to facilitate two-way communication on market trends and information exchange. Additionally, specific clients are invited to participate in ad-hoc online meetings or face-to-face visits to discuss strategies in response to market conditions in real time.</li> <li>Brand inquiry and supplier consultation window: <a href="mailto:jan@ndb.com.tw">jan@ndb.com.tw</a>.</li> </ul>
			Supplier meeting	Monthly	
			Supplier consultation window	Irregular	
			New product briefing / seminar	Irregular	



Stakeholder	The importance and communication purpose of Nichidenbo	Focus on issues	Communication channel	Communication frequency	Communication situation in 2023
 Customer	To protect customer data, Nichidenbo has strengthened its information security controls to maintain customer trust in the company and eliminate any doubts about its products or services. Additionally, customer shipping demands are a primary revenue source for Nichidenbo. We listen to customer needs, stay informed about industry trends, and provide professional consulting to meet customer expectations and grow together with them.	<ul style="list-style-type: none"> <li>● Information security</li> <li>● Customer protection, communication and service</li> </ul>	Hardware firewall/backend data backup	Permanent	<ul style="list-style-type: none"> <li>● A front-end hardware firewall is in place to block viruses and hackers, with daily equipment checks conducted. In 2023, there were no significant cybersecurity incidents, including violations of information security or customer data leaks.</li> <li>● Daily backend data backups are performed.</li> <li>● Customer demands are occasionally forwarded to the professional sales personnel of each brand to provide quick and professional consulting services for the various brands within the group, meeting customers' one-stop shopping needs. We also share customer market trends and original supplier delivery statuses in real time, continuously updating product information to keep customers informed.</li> <li>● We promptly and effectively respond to inquiries from various sources via email each day, addressing customer challenges. In cases of quality issues, we collaborate with suppliers to resolve them, striving to minimize customer complaints. Additionally, we conduct occasional customer satisfaction surveys to enhance the quality of our services.</li> <li>● We were invited to participate in the "Sustainable Supply Chain ESG Training Camp" and the "ESG Sustainable Action Workshop - Online Course on Greenhouse Gas Inventory" organized by our group clients. This participation reflects our commitment to supporting and promoting corporate ESG initiatives and training through active engagement.</li> <li>● For customer inquiries and brand queries, we will respond promptly to any requests. The contact windows are: <a href="mailto:jacky@ndb.com.tw">jacky@ndb.com.tw</a> and <a href="mailto:nelson-hsu@ndb-group.com">nelson-hsu@ndb-group.com</a>.</li> </ul>
			Email	Real-time	
			Brand Inquiry and Customer Consultation Window	Permanent	



Stakeholder	The importance and communication purpose of Nichidenbo	Focus on issues	Communication channel	Communication frequency	Communication situation in 2023
 Bank	Banks are an important source of operating capital for Nichidenbo. Through close communication with banks and demonstrating the company's value with excellent operational performance and sustainability initiatives, Nichidenbo secures stable and competitive operating capital.	<ul style="list-style-type: none"> <li>● Integrity in business operations and transparency of information</li> <li>● Information security and risk management</li> <li>● Service quality, relationship maintenance, and sustainable business planning</li> </ul>	Company website / Market Observation Post System (MOPS)	Monthly/Quarterly	<ul style="list-style-type: none"> <li>● Regularly announce financial business information every month and publish financial reports quarterly on the company website and the Market Observation Post System (MOPS) to disclose complete financial information for banks to review.</li> <li>● Regularly update antivirus software every week and strengthen hardware firewalls to block viruses and hackers, conducting multiple equipment checks to ensure the installation and use of online banking are secure.</li> <li>● Update the online banking password at least every six months. Communicate irregularly with bank contact points via phone, communication software, and email to confirm the accuracy of operational processes and documents, with a minimum of 1,040 contacts per year.</li> <li>● Participate irregularly in lectures, forums, or seminars organized by banks to maintain good interaction with them. In 2023, attended 12 meetings related to foreign exchange hedging (including video conferences) and 16 training courses or lectures hosted by financial institutions.</li> <li>● Meet at least once a year with each bank to discuss the renewal of credit facilities, maintaining a good credit relationship and striving for better financing conditions to meet the company's business expansion needs. Conducted a total of 36 face-to-face interviews (including video conferences) with banks.</li> <li>● Bank relationship consultation window: <a href="mailto:doris-hsu@ndb-group.com">doris-hsu@ndb-group.com</a></li> </ul>
			Update antivirus software	Weekly	
			Update online banking password	Every six months	
			Phone / Communication software / E-mail	Irregular	
			Lectures / Forums / Seminars	Irregular	
			Bank relationship consultation window	Permanent	
			Face-to-face interview	Irregular	



## Materiality Analysis

After completing stakeholder consultations, the company enters the phase of assessing operational impacts and identifying, examining, and establishing material topics. Nichidenbo adopts the GRI Universal Standards 2021 version to evaluate the positive and negative, potential and actual impacts of various issues on the environment, economy, and society (human rights). The company identifies and prioritizes eight material topics that should be disclosed in this report, discussing and reviewing the appropriateness of relevant processes and standards with various departments and external consultants. After verifying that no material topics have been overlooked, the results are submitted to the Corporate Governance Officer for approval, followed by the preparation of the report.

## Material Topics Identification Process

### Collecting Sustainability Issues

Referencing international sustainability standards such as GRI, SASB, TCFD, the United Nations Sustainable Development Goals (SDGs), and the topics of concern to domestic and international peers Sustainability Report and industries, various issues are discussed and identified by the Stock Affairs Department, and external consultants are consulted to compile the 2023 sustainability issue list of Nichidenbo, with a total of 25 sustainability issues.

### Assessing Impact

The internal management conducted a "Sustainability Issues Impact Assessment Questionnaire" for the company's stakeholders, internal unit supervisors, and senior management, assessing the probability and scale of actual, potential, positive, and negative impacts of various sustainability topics on the economy, environment, and society.

- Negative impact: Assess based on severity and likelihood of occurrence, and consider the negative human rights impact of the issue.
- Positive impact: Assess based on the scale and scope of the impact, and the likelihood of occurrence.

### Impact Significance Ranking

Summarize the survey results, add up the positive and negative impact scores, and rank each issue according to the significance of the impact based on the scores. Internal management discussed the ranking results, Conduct an equal-weight analysis, considering major industry issues, international trends, and consulting external advisors' opinions to set the threshold for material topics. Initially, we have identified 8 material topics for the year 2023, including "Business Performance," "Customer Service," "Procurement Practices and Management," "Corporate Governance/Ethical Corporate Management," "Human Rights," "Talent Development and Recruitment," "Energy and Greenhouse Gas Management," and "Information Security," and reported to Corporate Governance Officer.

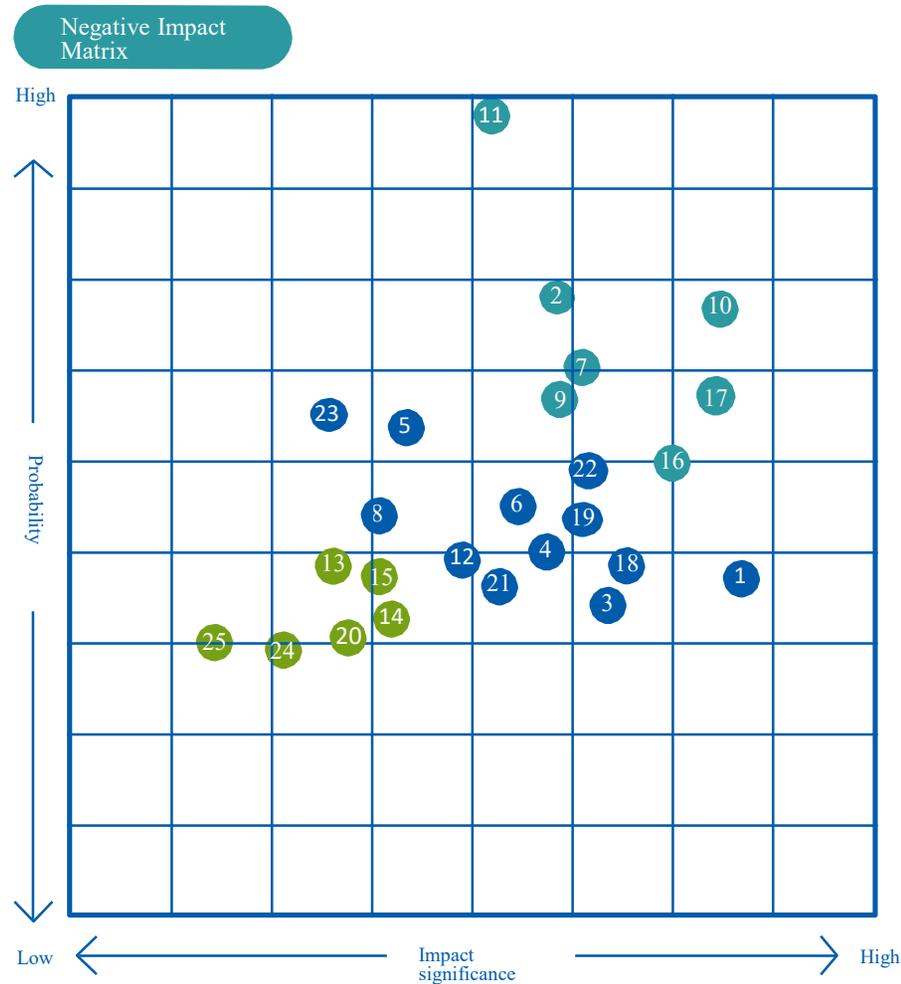
### Confirm and Disclose Major Themes

Corporate Governance Officer re-examines the appropriateness of the material topics and threshold standards identified by the inspection, ensuring that there are no omissions or deficiencies in the material topics that should be prioritized for reporting, to ensure their completeness, inclusiveness, and comprehensiveness, and the degree of consistency with Nichidenbo's sustainable development strategy.

Corporate Governance Officer approved the establishment of the above 8 material topics. The internal management further discussed and confirmed the boundary scope of these material topics to be considered inside and outside Nichidenbo, ensuring that important sustainability information has been fully disclosed in the report. The internal management team explains the relevant response strategies, management actions, indicators, and goals in this report according to the material topics reporting requirements to ensure the report is fair and faithfully reflects the company's ESG implementation status.



## Nichidenbo Material Topics Identification in 2023



### 7 primary negative impact themes

- 2 Economic performance
- 7 Customer services
- 9 Energy and Greenhouse Gas Management
- 10 Information security
- 11 Talent Development and Recruitment
- 16 Human Rights
- 17 Procurement Practices and Management

### 12 secondary positive impact themes

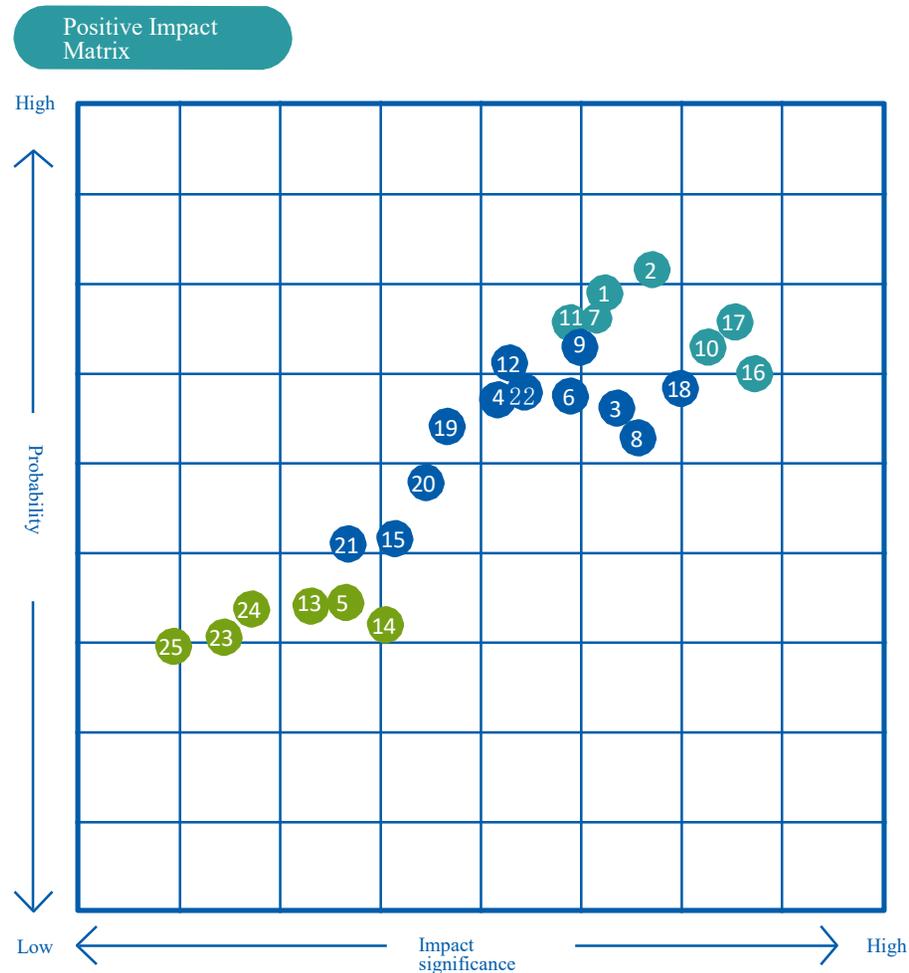
- 1 Corporate governance / Ethical corporate management
- 3 Regulatory compliance
- 4 Product quality and safety
- 5 Green products and innovative services
- 6 Occupational safety and health
- 8 Supply chain management
- 12 Labor relations
- 18 Employee care and labor protection
- 19 Marketing and labeling
- 21 Tax responsibility.
- 22 Risk management.
- 23 Digital transformation.

### 6 ongoing tracked negative impact themes

- 13 Climate Change and Adaptation
- 14 Hazardous Substance Management
- 15 Wastewater Management
- 20 Social Welfare
- 24 Water Resources
- 25 Biodiversity



## Nichidenbo Material Topics Identification in 2023



### 7 main positive impact themes

- 1 Corporate Governance/ Ethical Corporate Management
- 2 Economic Performance
- 7 Customer Service
- 10 Information Security
- 11 Talent Development and Recruitment
- 16 Human rights
- 17 Procurement Practices and Management

### 12 secondary positive impact topics

- 3 Regulatory Compliance
- 4 Product Quality and Safety
- 6 Occupational Safety and Health
- 8 Supply chain Management
- 9 Energy and Greenhouse Gas Management
- 12 Labor Relations
- 15 Waste Management
- 18 Employee Care and Labor Protection
- 19 Marketing and Labeling
- 20 Social Welfare
- 21 Tax Responsibility
- 22 Risk Management

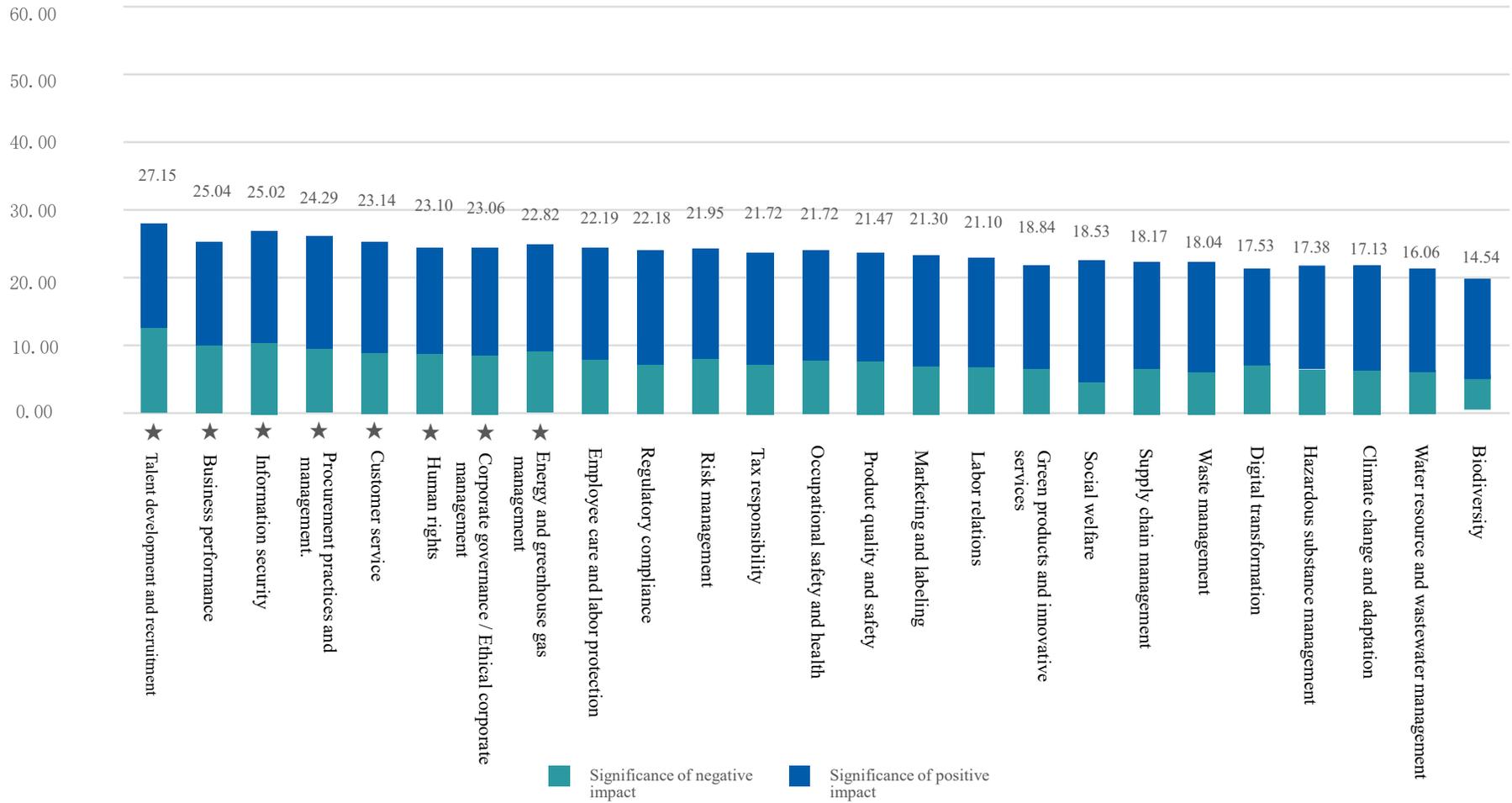
### 6 positive impact themes under continuous tracking

- 5 Green Products and Innovative Services
- 13 Digital transformation
- 14 Hazardous Substance Management
- 23 Risk Management
- 24 Water Resources and Wastewater Management
- 25 Biodiversity



## Assessment of the Significance of Positive and Negative Impacts

★For material topics, the threshold for significance is the sum of positive and negative impacts of the previous eight major ones.





## List of Material Topics for 2023

Material Topics	Explanation of Positive/Negative Impact
<p>1</p>  <p>Business Performance</p>	<p>Good performance not only allows Nichidenbo to continue operating, but also creates stable and more job opportunities, creating value for all stakeholders of Nichidenbo. By actively grasping market trends and establishing a good financial structure, to avoid the potential impact of profit decline on the electronic components to ICT end-product market, affecting stakeholders' equity and expectations.</p>
<p>2</p>  <p>Customer Service</p>	<p>Provide customers with high-quality integrated solutions, and update market information in a timely manner to help customers produce competitive products. If there is no sound customer service and complaint mechanism, it will cause customer distrust and affect long-term cooperation relationships. Nichidenbo through proactive and professional customer service and after-sales service support has improve customer satisfaction, effectively maintaining market competitiveness.</p>
<p>3</p>  <p>Procurement Practices and Management</p>	<p>To enhance overall operational efficiency and meet customer needs, through a good procurement management system, effectively control delivery times and maintain system prices; and at the same time implement sustainable procurement practices, adjust shipping packaging methods (such as pallet and carton recycling and reuse) to effectively utilize resources. Nichidenbo has long cooperated with partners concerned about environmental issues (Chemi-Con, Panasonic) to ensure that the purchased products comply with standards such as RoHS, REACH, ISO, IATF, ensuring supply quality and reducing the negative impact of procurement activities and products on the environment and society.</p>
<p>4</p>  <p>Corporate Governance and Ethical Corporate Management</p>	<p>Implementing the "Corporate Governance Best Practice Principles" and other legal regulations and operational practices helps establish a good Corporate Governance system and stable company operations. Corporate Governance is poor, does not value integrity in operations, increases opportunities for violating business ethics, and results in fraudulent behavior that severely damages the company's image.</p>



Material Topics	Explanation of Positive/Negative Impact
<p>5</p>  <p>Human Rights</p>	<p>Nichidenbo values the human rights of every employee and stakeholder, strives to develop diverse and inclusive (D&amp;I) corporate policies and strategies, and actively establishes diversity, equality, a friendly company culture and work environment, while enhancing the corporate image and company Goodwill.</p> <p>Caring for the basic human rights of all employees and partners, eliminating discrimination, sexual harassment, and forced labor that harm basic human rights, to reduce operational impacts, talent loss, and negative effects on the company's image, as well as human rights risks such as strained labor relations.</p>
<p>6</p>  <p>Talent Cultivation and Recruitment</p>	<p>Employees are the most important assets for the company. Nichidenbo places great emphasis on talent cultivation and professional skills, providing comprehensive basic training and assistance related to employee career development. In view of the declining birthrate and the impact of the labor shortage environment, Nichidenbo actively focuses on the professional skills and techniques of all employees, embedding a culture of continuous growth in Nichidenbo employees to retain talent and avoid the risks of low work efficiency and talent loss.</p>
<p>7</p>  <p>Energy and Greenhouse Gas Management</p>	<p>Actively cooperate with the government to promote corporate greenhouse gas inventory operations, and report the execution progress quarterly to the Board of Directors, continuously control the completion status of greenhouse gas inventory and verification disclosure schedules, seek reduction opportunities, propose improvement plans, and gradually enhance greenhouse gas reduction performance. Poor energy management policies may lead to energy waste, increase operating costs, and fail to respond to the net-zero trend. Continue to reduce the negative impact on the environment during operations through energy-saving and carbon reduction measures in office, storage, and other work areas.</p>
<p>8</p>  <p>Information Security</p>	<p>Through sound information security management measures, protect the relevant information (including personal data) of employees and all business partners cooperating with Nichidenbo, to gain workers' trust and simultaneously enhance Nichidenbo's corporate Goodwill. If security measures cannot be effectively implemented, it may cause the leakage of sensitive and important information, affecting business interests, cooperative operations, and reputation. Nichidenbo continues to establish a comprehensive information security management system and measures to avoid internal information security threats, greatly reducing the possibility of harm to the company, employees, and customer data.</p>



## Explanation of Material Topics Changes

This year, 8 material topics were identified. Compared to the previous year, there were changes, with the addition of the topics "Corporate Governance/Ethical Corporate Management" and the removal of the topic "Social Welfare". The details are as follows:

Item	Topic	Reason for Adjustment
Add New Topic	Corporate Governance/Ethical Corporate Management	This issue was assessed as a non-material topic in the year 2022, but considering domestic and international policies and trends, as well as the current focus of Nichidenbo, its significance has been elevated.
Delete Topic	Social Welfare	This issue was assessed as a material topic in the year 2022. Due to a lower impact assessment in the year 2023, the company continues to disclose its social welfare actions in the public welfare section.





## List of Material Topics and Value Chain Boundaries

Facing	Material Topics	Value Chain boundary impact			Corresponding GRI Standards	Corresponding impact		Accountability Group
		Upstream	Nichidenbo operation	Downstream		Actual	Potential	
Governance /Economy	Corporate Governance and Ethical Corporate Management	●	●	●	205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed Corruption Cases and Actions Taken 206-1 Anti-competitive Behavior, Anti-trust and Monopoly Legal Actions 416-2 Incidents of non-compliance with health and safety regulations concerning products and services 417-1 Product and Service Information and Labeling Requirements 417-2 Incidents of non-compliance with regulations concerning product and service information and labeling 417-3 Incident of not complying with marketing communication regulations	■	□	Stock Affairs, Legal, Marketing and Sales and Purchasing Department
	Business Performance	●	●	●	201-1 Direct economic value generated and distributed by organization 201-4 Taken from government financial assistance 207-1 Tax Policy 207-2 Tax Governance, Control and Risk Management 207-3 Tax-Related Issues Stakeholders Discussion and Management 415-1 Political Donation	■		Accounting and Human Resources Department
	Information Security	●	●	●	418-1 Verified complaints of privacy invasion or loss of customer data	■	□	Information Department

● Direct impact    
 ● Indirect impact    
 ■ Actual positive impact    
  Potential positive impact    
 ■ Actual negative impact    
  Potential negative impact



Facing	Material Topics	Value Chain boundary impact			Corresponding GRI Standards	Corresponding impact		Accountability Group
		Upstream	Nichidenbo operation	Downstream		Actual	Potential	
Environment	Energy and Greenhouse Gas Management	●	●	●	201-2 Financial impacts and other risks and opportunities arising from climate change 302-1 Energy consumption within the organization of 302-3 Energy Intensity 305-1 Direct (Scope 1) Greenhouse Gas Emissions 305-2 Indirect Energy (Scope 2) Greenhouse Gas Emissions 305-3 Other Indirect (Scope 3) Greenhouse Gas Emissions 305-4 Greenhouse Gas Emission Intensity 305-5 Greenhouse Gas Emissions Reduction	■	□	Administrative, Stock Affairs, Information and Logistics Department

- Direct impact
- Indirect impact
- Actual positive impact
- Potential positive impact
- Actual negative impact
- Potential negative impact



Facing	Material Topics	Value Chain boundary impact			Corresponding GRI Standards	Corresponding impact		Accountability Group
		Upstream	Nichidenbo operation	Downstream		Actual	Potential	
Society	Procurement Practices and Management				308-1 adopts environmental standards to screen new suppliers			Purchasing Department
	Customer Service				Custom Theme			Marketing and Sales Department
	Talent development and recruitment				201-3 Defined Benefit Plan Obligations and Other Retirement Plans 401-1 New Employees and Resigned Employees 401-2 provides benefits to full-time employees 402-1 Minimum Notice Period for Operational Changes 404-1 The average number of training hours per employee per year 404-3 Percentage of employees who regularly receive performance and career development reviews			Human Resources Department
	Human Rights				202-2 The proportion of local residents employed as senior management in 401-3 Maternity Leave 404-2 Enhance Employee Competence and Transition Assistance Program 405-1 Governance Unit and Employee Diversity 406-1 Discrimination Incident and Organizational Improvement Actions 408-1 Major risks of using child labor by operation sites and suppliers 409-1 Major risk of forced or compulsory labor incidents at operational sites and suppliers			Human Resources Department



# 02

## Corporate Governance

- Corporate Governance and Ethical Corporate Management
- Governance Structure and Responsibilities
- Regulatory Compliance
- Risk Management
- Business Performance
- Economic Performance
- Tax Policies and Governance
- Information Security



## Corporate Governance and Ethical Corporate Management

### Management Policy

Material Topics	Corporate Governance and Ethical Corporate Management
<p><b>Linking SDGs</b></p>	<p>SDG 16 Peace and Justice Institutions.</p>
<p><b>Policy or commitment</b></p>	<p><b>Corporate Governance:</b>                      "Corporate Governance Best Practice Principles", "Regulations Governing Procedure for Board of Directors Meetings", "Rules Governing the Scope of Powers of Independent Directors", "Audit Committee Charter", "Sustainable Development Best Practice Principles",                      "Self-Evaluation or Peer Evaluation of the Board of Director".</p> <p><b>Integrity in Business:</b>                      "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Insider Trading Rules",                      "Procedures for Handling Material Inside Information".</p> <p><b>Commitment:</b> "Integrity is the foundation; service is the principle; growth is the goal; and co-prosperity is the essence" is the four major principles of Nichidenbo.</p>
<p><b>Indicators and Targets</b></p>	<p><b>Short-Term Goals (2023 ~ 2024):</b></p> <ul style="list-style-type: none"> <li>Using the corporate governance evaluation indicators and regulatory authority laws, occasionally review or revise the corporate governance related regulations.</li> </ul> <p><b>Medium to Long-Term Goals (2025 to 2032):</b></p> <ul style="list-style-type: none"> <li>Continuously cooperate with the competent authorities and legal regulations to establish relevant systems and strengthen ethical corporate management.</li> </ul>
<p><b>Effectiveness tracking mechanism</b></p>	<ul style="list-style-type: none"> <li>Implement rigorous internal control audits and propose improvement plans.</li> <li>Perfect the corporate governance organizational structure, establish relevant functional committees (such as Audit Committee, Remuneration Committee), each performing its duties.</li> <li>Every year, performance evaluations are conducted for the Board of Directors and various functional committees.</li> </ul>
<p><b>Annual Action and Performance</b></p>	<ul style="list-style-type: none"> <li>Establish an Ethical Corporate Management Promotion Task Force, report the implementation status of the annual meeting, and submit the results to the Board of Directors every year.</li> <li>Performance evaluations are conducted for functional committees such as the Board of Directors, Audit Committee, and Remuneration Committee, and the performance evaluation report is submitted to the Board of Directors every year.</li> <li>Strengthen corporate governance measures, improve corporate governance evaluation ranking, continuously enhance Board of Directors functions, and create sustainable corporate value.</li> </ul>

## Governance Structure and Responsibilities

### Board of Directors

Nichidenbo's highest governance unit is the Board of Directors, the Board of Directors of Nichidenbo should guide company strategy, supervise management, and be responsible to the company and shareholders. The various operations and arrangements of its Corporate Governance system ensure that the Board of Directors exercises its powers in accordance with laws, the provisions of the Articles of Nichidenbo, or the Annual Shareholders' Meeting resolution, and manages Nichidenbo's impact on the economy, environment, and human rights (groups)/society. The current Board of Directors of Nichidenbo has 11 Directors, of which 4 seats are Independent Directors, with Independent Directors accounting for 36.36%. The current Board of Directors was re-elected in July 2021, with the term ending in July 2024. Nichidenbo Chairperson and Chief Executive Officer are the same person, to comply with Corporate Governance, 1 seat of Independent Director was added in the 2023 Annual Shareholders' Meeting, and as of 31 December, 2023, the Directors of Nichidenbo with employee or managerial officers status do not exceed half.

Nichidenbo continues to carry out the Director succession plan, cultivating senior Managerial officers to enter the Board of Directors, and emphasizing gender equality, diverse industry experience, and professional background and capabilities among Board of Directors members. At least one female Director is appointed, and voices from different genders, ages, and disadvantaged groups are continuously welcomed. Nichidenbo currently has 11 seats for Directors, including 3 seats for female Directors. Female Directors account for 27.27% of all Directors. All Directors are of local nationality. Nichidenbo's Board of Directors is moving towards a younger demographic. In future elections for Directors, the company will continue to invite suitable candidates to join the Board of Directors in response to the company's development strategy and changes in internal and external environments. This aims to strengthen the balanced operation of the Board of Directors, promote diverse thinking within the Board of Directors, and reduce overall business operation risks. Nichidenbo current Board of Directors member diversity implementation is shown in the table below. In 2023, the Board of Directors held a total of 4 meetings, averaging at least once every 3 months, with an annual average attendance rate of Directors reaching 97.62%.





## Nichidenbo Board of Directors members

Job Title	Name	Gender	Age (Note 3)	Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry knowledge	International Market View	Leadership decision	Have held any other Director/supervisor positions	The attendance of the Board of Directors in 2023
Chairperson	CHOU WELLIN	Male	60~65 years old	●		●	●	●	●	●	Yes	4
Vice Chairperson	LEE KUN CHAN	Male	55~60 years old	●		●	●	●	●	●	Yes	4
Legal entity Representative Director	HUANG JEN HU	Male	70~75 years old	●		●	●	●	●	●	Yes	4 (Note 1)
Director	YU YAO KUO	Male	50~55 years old	●		●	●	●	●	●	No	4
Director	HOU CHIN HWA	Female	50~55 years old		●	●	●				Yes	4
Director	HUNG CHIN HAN	Male	55~60 years old	●		●	●	●	●	●	No	3
Legal entity Representative Director	TSAI YU CHIN	Female	55~60 years old		●		●				Yes	4
Independent Director	YEN KUO LUNG	Male	60~65 years old		●		●				Yes	4
Independent Director	SU MING YANG	Male	65~70 years old	●		●	●	●	●	●	No	4
Independent Director	HSU HSOU CHUN	Male	50~55 years old		●	●	●		●		Yes	4
Independent Director	WU CHIA HSUN	Male	65~70 years old		●		●				Yes	2 (Note 2)
Legal entity Representative Director	HUANG PEI CHING	Female	30~35 years old	●		●	●	●	●	●	No	N/A (Note 1)

Note 1: 20 December, 2023 Zong Xin Investment Co., Ltd. reassigned HUANG PEI CHING as the corporate representative, and no Board of Directors was convened after 20 December, 2023.

Note 2: 15 June, 2023 Annual Shareholders' Meeting to add one more Independent Director.

Note 3: According to GRI standards, 1 Director aged 30 to 35, 10 Directors aged over 50.



## Functional Committee

To effectively implement operational risk impact management and identify the company's impact on the economy, environment, and people, Nichidenbo has established Audit Committee and Remuneration Committee under the jurisdiction of the Board of Directors. All major proposals that need to be reported to the Board of Directors undergo prior review and verification, which also enhances the quality of the Board of Directors' resolution.

## Audit Committee

Audit Committee is mainly responsible for executing corporate risk management. Is appointed by the Annual Shareholders' Meeting to select 4 Independent Directors, and these 4 Independent Directors form the Audit Committee, which meets at least once per quarter. Review the expression of fair presentation of quarterly and annual financial reports, the effectiveness of internal control systems and related policies and procedures, matters involving the Director's own interests, the independence and competence of certifying accountants and accounting firms, significant assets or derivative commodity transactions, significant capital loans, issuance or private placement of equity-like securities, and the control of existing or potential risks of the company. Audit Committee decides whether to report to the Board of Directors based on the significance of the risk report. In 2023, the Audit Committee convened 4 times, with an average attendance rate of 100%. Audit Committee related member information, operation status, please see Nichidenbo company website and Market Observation Post System.

### Nichidenbo Audit Committee members

Name	Job Title	Gender	Term of office
YEN KUO LUNG	Independent Director(Convener)	Male	3 years, July 22, 2021 - July 21, 2024
SU MING YANG	Independent Director(Committee Member)	Male	3 years, July 22, 2021 - July 21, 2024
HSU HSOU CHUN	Independent Director(Committee Member)	Male	3 years, July 22, 2021 - July 21, 2024
WU CHIA HSUN	Independent Director(Committee Member)	Male	The additional election of the Annual Shareholders' Meeting in 2023, June 15, 2023 – July 21, 2024



Nichidenbo-Audit Committee



## Remuneration Committee

The Company, in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" promulgated by the Financial Supervisory Commission of the Executive Yuan, established the Remuneration Committee upon approval by the Board of Directors on December 12, 2011. At the same time, the Remuneration Committee Charter was formulated, and four members were appointed to the committee.

The primary responsibilities of the Remuneration Committee are to formulate and regularly review the policies, systems, standards, and structures for performance evaluation and remuneration of Director and Managerial officers, and to regularly evaluate and determine the remuneration of Director and Managerial officers, and to submit the recommendations to the Board of Directors for discussion. The scope of duties of the Remuneration Committee includes:

1. Regularly review the "Remuneration Committee Charter" and propose amendments.
2. Establish and regularly review the performance evaluation standards of Nichidenbo Director and Managerial officers, annual and long-term performance goals and salary remuneration policies, systems, standards, and structures.
3. Regularly evaluate the performance target achievement of Nichidenbo, Director, and Managerial officers, and based on the evaluation results obtained from the performance evaluation standards, determine the content and amount of their individual salary remuneration.

Remuneration Committee holds at least 3 meetings each year, and in 2023, it held 3 meetings with an attendance rate of 100%.

Nichidenbo Remuneration Committee for meeting information in 2023, please see the Nichidenbo company website.

## Nichidenbo Remuneration Committee Members

Name	Job Title	Gender	Term of office
YEN KUO LUNG	Independent Director(Convener)	Male	3 years, August 5, 2021-July 21, 2024
SU MING YANG	Independent Director(Committee Member)	Male	3 years, August 5, 2021-July 21, 2024
HSU HSOU CHUN	Independent Director(Committee Member)	Male	3 years, August 5, 2021-July 21, 2024
WU CHIA HSUN	Independent Director(Committee Member)	Male	August 10, 2023 Board of Directors appointment, August 10, 2023 – July 21, 2024



Nichidenbo-Remuneration Committee

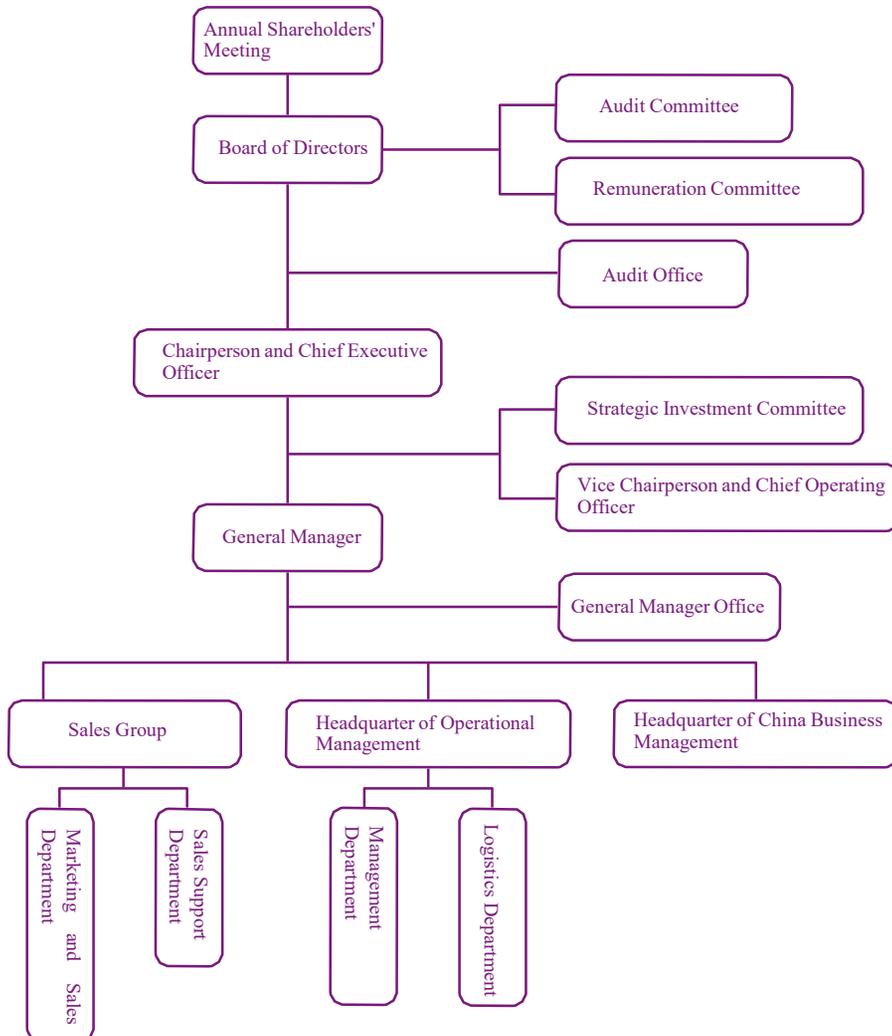


Market Observation Post System



## Corporate Governance Organization Chart

To learn more about the Corporate Governance structure and the responsibilities of each department, please see Nichidenbo "Year 2023 Annual Report" P.7.



## Nomination and Selection of the Highest Governing Body

According to Nichidenbo "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" regulations, the election of all Directors adopts a candidate nomination system and the composition of the Board of Directors members should consider diversity standards. Nichidenbo according to the company's scale and business nature recommend Director candidates considering diversity (such as law, accounting, industry, finance, marketing, or technology) and handle Director nominations, reviews, and announcements in accordance with legal procedures. All appointed Directors must sign a consent to serve agreement and perform their duties based on the principle of honesty and integrity. Additionally, procure liability insurance for Director to reduce their operational risk. Nichidenbo on July 22, 2021 fully re-elected the 13th term of directors, and on June 15, 2023 at the Annual Shareholders' Meeting added one seat for Independent Director. The current 13th term Board of Directors has a total of 11 seats, consisting of 7 general directors and 4 Independent Directors. The Independent Directors were reviewed on March 25, 2021 by the Board of Directors and on March 13, 2023 by the Board of Directors for the diversity, independence, academic and professional background, industry experience, professional background, and skills related to organizational impact of the candidates. All were in compliance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Company Law. Therefore, YEN KUO LUNG, SU MING YANG, HSU HSOU CHUN, and WU CHIA HSUN were included in the Nichidenbo's 13th term Independent Director candidate list and were elected as 11 directors (including 4 Independent Directors) at the Annual Shareholders' Meeting on July 22, 2021 and June 15, 2023 respectively. Nichidenbo initiated the Chairperson succession plan many years ago. After the founder and Chairperson Mr. HUANG JEN HU led the company for over 25 years, based on experience inheritance and sustainable business operations, Mr. CHOU WEI LIN took over as Chairperson after the Director and Supervisor re-election at the Annual Shareholders' Meeting in June 2018. After the full re-election of Directors at the Annual Shareholders' Meeting in July 2021, Mr. CHOU WEI LIN continued to serve as Chairperson for this term.



### Board of Directors Chairperson

The Board of Directors of Nichidenbo serves as the company's highest governance body and is currently in its 13th term. The Chairperson, Mr. Chou Wei-Ling, is also a member of the management team and concurrently holds the position of CEO. This dual role ensures strong and consistent leadership, enabling the company to plan and execute its long-term business strategies more effectively and efficiently. Since Nichidenbo Chairperson and Chief Executive Officer are the same person, to comply with Corporate Governance, 1 seat of Independent Director was added in the 2023 Annual Shareholders' Meeting, and as of 31 December, 2023, the Director with employee or Managerial officers status in Nichidenbo did not exceed half. To ensure the independence of business operations, when members of the Nichidenbo Board of Directors have a conflict of interest regarding meeting matters, they must not only disclose the conflict of interest but also refrain from voting.

### Supervision and Management of Impact

The Board of Directors directly participates in supervising and managing Nichidenbo's performance and risk management in economic, environmental, and social topics, and makes the final decisions. The Board of Directors will consider economic, environmental, and social themes and their impacts, risks, and opportunities, as well as stakeholders' opinions during important matters of resolution. For the status of stakeholder agreements, please refer to the stakeholder agreements section of this report.

To enhance Nichidenbo's efficiency in Corporate Governance, protect shareholders' equity, and strengthen the functions of the Board of Directors, in 2023, Management Department LAI NAN CHUN Vice President will serve as Corporate Governance Officer. LAI NAN CHUN Vice President already has more than 10 years of experience in supervisory positions in auditing for publicly traded companies. The primary responsibilities of the Corporate Governance Officer include handling matters related to the Board of Directors and Annual Shareholders' Meeting in accordance with the law, preparing minutes for the Board of Directors and Annual Shareholders' Meeting, assisting the Director in assuming office and continuing education, providing the Director with the necessary information for business execution, and assisting the Director in complying with laws and other matters stipulated by the Articles of Nichidenbo or contracts. As of 31 December, 2023, Nichidenbo Corporate Governance Officer has participated in 6 external training courses, totaling 18 hours.

### Board of Directors in the Role of Sustainability Reporting

The company's Sustainability Report is coordinated and collected by the Stock Affairs Department, while the data, strategic goals, and performance indicators disclosed in the report are confirmed and provided by various responsible units, and then integrated, compiled, proofread, and revised by the Stock Affairs Department. After the report is completed and each unit has confirmed its content integrity and accuracy, it will be approved by the highest authority of the relevant unit. The final complete draft is submitted by the Stock Affairs Department for review by the General Manager, and will be publicly released after approval by the Chief Executive Officer. In 2023, the Sustainability Report was submitted on 7 August, 2024 for discussion by the Board of Directors and passed the resolution.



## Mechanism to Avoid Conflict of Interest

Nichidenbo's highest governance unit chairperson is Chairperson CHOU WEI LIN, Chairperson CHOU WEI LIN also holds the position of Chief Executive Officer ; Nichidenbo Chairperson concurrently holding the position of Chief Executive Officer is to enhance operational efficiency and decision-making execution power, allowing Chairperson to directly communicate operational status and strategic goals with each Director; additionally, the current 3 Independent Directors and 2 Directors all possess financial and accounting expertise, effectively performing their supervisory functions; and each year, Directors are arranged for further education to enhance each Director's professional knowledge and strengthen the operational efficiency of the Board of Directors. The Board of Directors follows the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to establish the "Regulations Governing Procedure for Board of Directors Meetings", and regulates the conflict of interest principles for Director. To avoid and mitigate conflicts of interest, Nichidenbo through a comprehensive principle of interest avoidance, and requiring Board of Directors members to fulfill their managerial ethical obligations with a high degree of self-discipline and prudence, faithfully executing their duties and powers, while regulating Director regarding meeting matters, where they or the legal entities they represent have a stake, should explain the important content of their interests at the Board of Directors meeting. If there is a risk of harming the company's interests, they should not participate in discussions and voting, and should avoid discussions and voting. They should also not proxy other Directors to exercise their voting rights. For information on the implementation of interest avoidance, please see Nichidenbo "Year 2023 Annual Report" P.25.

## Communicating Key Major Events

In addition to the regular meetings held by each committee and reporting to the Board of Directors, the company's management also regularly provides important reports and information of Nichidenbo to the Director (as explained below), and communicates promptly regarding any critical major events.

- Accounting Department: Monthly financial information and quarterly financial report
- Internal Audit Department: Quarterly Internal Audit Report

During the reporting period, a total of 29 significant messages were released on the Market Observation Post System, mainly including financial and Corporate Governance information; please refer to the significant messages released by Nichidenbo on the Market Observation Post System.

## The Continuing Education Status of the 2023 Director Members

In order to grasp global management trends in real-time and enhance Corporate Governance and risk response capabilities, the members of Nichidenbo Board of Directors are committed to continuously improving industry expertise and enriching corporate governance experience to elevate and consolidate the collective intelligence of Nichidenbo's highest governance unit in sustainable development. Nichidenbo irregularly arranges advanced courses for the Board of Directors, comprehensively covering courses on economics, environment, and society to enhance the governance knowledge and trend insights required by the Board of Directors members. Additionally, to ensure that the Directors can always grasp information related to the company, Nichidenbo regularly or irregularly sends out new regulations and related promotions from securities regulatory authorities, as well as information on promotional meetings. Furthermore, based on the feedback from the annual self-evaluation of the Directors, Nichidenbo continuously strengthens information delivery and advanced training planning to ensure sufficient professionalism in fulfilling leadership and supervisory functions. In 2023, the total training hours for the Director were 84 hours, with an average of 7.64 hours per person. Year 2023 Director study situation, please refer to the Market Observation Post System "Director and Supervisor Attendance at Board of Directors and Study Situation Summary Table".



## 2023 Nichidenbo Director Training Course

Category	Course	Course hours
Environment Category	2023 Cathay Sustainable Finance and Climate Change Summit	6
	Net zero emissions, carbon neutrality, and corporate regulatory compliance	3
Economy /Governance Category	Director How to review financial reports	3
	Corporate Governance and Securities Regulations	3
	Analysis of Illegal Patterns, Legal Responsibilities, and Case Studies of Corporate "Business Competition Conduct"	3
	Promote corporate sustainable development with "risk management"	3
	Common Deficiencies in Corporate Financial Reporting and Practical Compliance with Internal Audit and Internal Control Regulations	6
	Year 2023 Internal Personnel Equity Trading Legal Compliance Promotion Briefing	3
	Controlled Foreign Corporation (CFC) & Global Anti-Tax Avoidance	3
	Corporate Governance Trends and Corporate Sustainable Development	3

## 2023 Nichidenbo Director Individual Study Situation

Board of Directors members	Environmental category	Economic/Governance category	Total study hours
Chairperson CHOU WEI LIN		●	6
Vice Chairperson LEE KUN CHAN		●	6
Legal person, representative, Director HUANG JEN HU		●	6
Director YU YAO KUO		●	6
Director HOU CHIN HWA		●	12
Director HUNG CHIN HAN		●	6
Legal person, representative, Director TSAI YU CHIN		●	9
Independent Director YEN KUO LUNG		●	12
Independent Director SU MING YANG		●	6
Independent Director HSU HSOU CHUN	●	●	9
Independent Director WU CHIA HSUN	●	●	12
Total			90



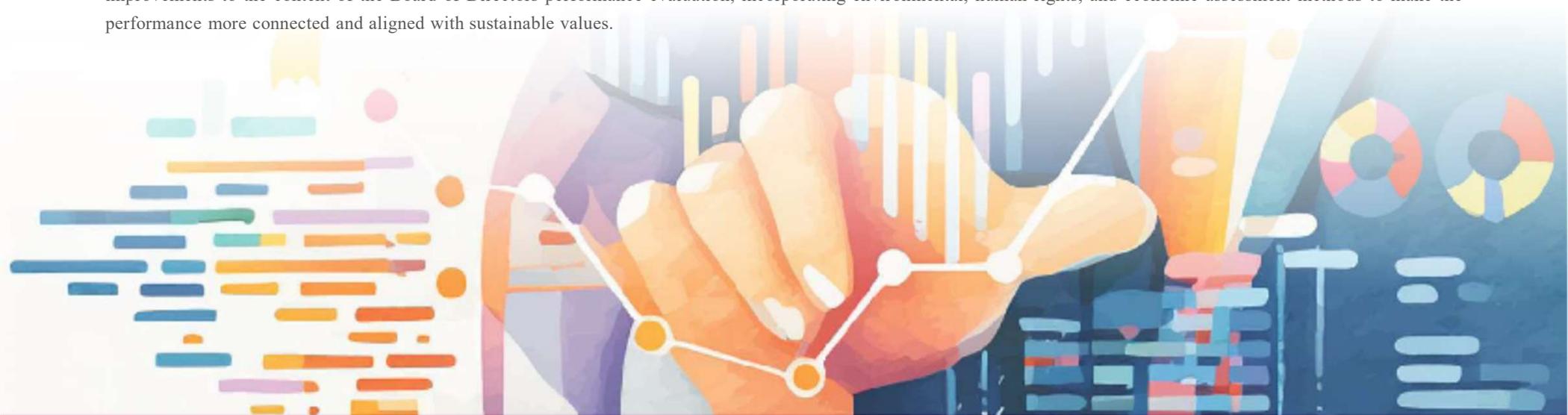
Market Observation Post System  
"Director and supervisors attend Board of Directors and summary of training situations"



### Board of Directors Performance Evaluation

To implement Corporate Governance and enhance Nichidenbo Board of Directors functions, establish performance goals to improve Board of Directors operational efficiency, Nichidenbo sets "Self-Evaluation or Peer Evaluation of the Board of Director", conducting at least one internal Board of Directors performance evaluation annually. The performance evaluation procedure is: determine the units and scope to be evaluated for the current year, determine the evaluation method, select the appropriate evaluation execution units, each execution unit collects relevant information and distributes performance evaluation self-assessment questionnaires to relevant members, separately tabulate the self-assessment results for Board of Directors, Director members, and functional committees, and summarize the evaluation results of all items. Finally, the Board of Directors meeting affairs unit consolidates all evaluation results and submits them to the Board of Directors for review and improvement.

Among them, the Board of Directors performance evaluation indicators include "degree of participation in company operations," "improvement of Board of Directors decision-making quality," "Board of Directors composition and structure," "Director selection and continuous education," and "internal control," covering a total of 45 indicators. The evaluation results for each aspect are all rated as "excellent," indicating that the operation of the Board of Directors is positively evaluated. The performance evaluation indicators for Director members include six major aspects, with a total of 23 indicators. The evaluation of item and the evaluation results are all rated as "excellent," showing that each Director member has a positive evaluation of their participation in the operation of the Board of Directors. Remuneration Committee performance evaluation indicators include five major aspects, with a total of 20 indicators. Both the evaluation item and the evaluation results are rated as "excellent", indicating that the operation of Remuneration Committee is positively evaluated. The Audit Committee performance evaluation indicators include five major aspects, with a total of 23 indicators. Both the evaluation of the item and the evaluation results are rated as "excellent", indicating that the operation of the Audit Committee is positively evaluated, and will be reported to the Board of Directors in March, 2024. In addition to the annual internal Board of Directors performance evaluation, in the future, Nichidenbo will, as needed, have evaluations conducted by external professional independent institutions or teams of external experts and scholars. They will also draft improvements to the content of the Board of Directors performance evaluation, incorporating environmental, human rights, and economic assessment methods to make the performance more connected and aligned with sustainable values.





## The Performance Evaluation Implementation Situation of the Board of Directors for the Year 2023

Assessment period	Assessment duration	Assessment scope	Assessment method	Evaluate content	Evaluation results
Execute once every year	January 1, 2023 - December 31, 2023	Overall Board of Directors	Board of Directors Self-assessment	<ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Improve the decision-making quality of the Board of Directors</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Selection and continuous education of Director</li> <li>5. Internal control</li> </ol>	Overall average <b>4.84</b> points (Full score 5 points)
Execute once every year	January 1, 2023 - December 31, 2023	Individual Director members	Director member self-evaluation	<ol style="list-style-type: none"> <li>1. Understanding of the company's goals and missions</li> <li>2. Director responsibilities Awareness</li> <li>3. Degree of participation in company operations</li> <li>4. Internal relationship management and communication</li> <li>5. Professionalism and continuing education of Director</li> <li>6. Internal control</li> </ol>	Overall average <b>4.95</b> points (Full score 5 points)
Execute once every year	January 1, 2023 - December 31, 2023	Remuneration Committee	Committee Self-Assessment	<ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Remuneration Committee responsibilities recognition</li> <li>3. Improve the decision quality of the Remuneration Committee</li> <li>4. Composition and member selection of the Remuneration Committee</li> <li>5. Internal control</li> </ol>	Overall average <b>5</b> points ( Full score 5 points)
Execute once every year	January 1, 2023 - December 31, 2023	Audit Committee	Committee Self-Assessment	<ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Audit Committee responsibilities Awareness</li> <li>3. Improve the decision quality of the Audit Committee</li> <li>4. Composition and member selection of the Audit Committee</li> <li>5. Internal control</li> </ol>	Overall average <b>5</b> points (Full score 5 points)



### Directors and Managerial Officers' Remuneration Policy

The annual remuneration for the Director members of Nichidenbo includes: salary, travel expenses, and Director compensation. The salary is based on industry standards. If the Director also holds other positions within Nichidenbo, the remuneration for those positions is authorized by the Board of Directors and handled by the Chairperson according to Nichidenbo's internal management regulations. The remuneration of the Chairperson and Director is proposed by the Remuneration Committee based on their level of participation and contribution to the operations of Nichidenbo, and decided by the Board of Directors; the transportation allowance is determined by the Board of Directors with reference to industry standards and paid according to the attendance of Director at the Board of Directors; the compensation of Director is handled according to the Articles of Nichidenbo of Nichidenbo, with up to three percent of the annual profit allocated for the compensation of Director when Nichidenbo is profitable, considering their individual participation in operations and performance evaluation. The evaluation includes the implementation of the company's core values, operational management capabilities, financial and business performance indicators, integrated management indicators, continuous education, and participation in sustainable operations, as well as other special contributions or significant negative events, which are included in the performance assessment and compensation considerations.

The remuneration of Managerial officers includes: salary, bonus, and employee compensation. The salary, bonus, and employee compensation are determined based on the industry salary standards, scope of responsibilities, contribution to the overall operation of the company, and performance achievement. This is handled according to the employee salary management measures and related regulations set by Nichidenbo. Among them, employee compensation is handled according to the provisions of the Articles of Nichidenbo of Nichidenbo. When Nichidenbo has profits in a fiscal year, no less than five percent is allocated for employee compensation. The overall consideration is based on the individual's participation in Nichidenbo's operations and performance evaluation, including work performance goal achievement, professional knowledge and potential, internal management and leadership, other special contributions or significant negative events, and future plans to incorporate ESG sustainability performance into the performance evaluation considerations of Director and senior management.

Regarding the Directors, the remuneration of Managerial officers will be reviewed timely based on their level of participation and contribution value to the Nichidenbo operations, and to minimize the possibility and relevance of future risk occurrences, in order to pursue a balance between sustainable company operations and risk management. Additionally, Nichidenbo has purchased liability insurance for all Directors and Managerial officers, to mitigate the unknown risks borne by the company through Directors and Managerial officers liability insurance, transferring the potential damages arising from the execution of duties to Directors, Managerial officers, and the company.

Nichidenbo upholds the business philosophy of mutual prosperity, offering good salary packages, diverse welfare benefits, sharing profits with employees, and is committed to creating an equal and inclusive friendly workplace environment.

Information on employee benefits, further education and training, and retirement systems of Nichidenbo can be found in Nichidenbo "Year 2023 Annual Report" P.91.



## Remuneration Determination Process

The remuneration policies, systems, standards, and structures for Directors and senior Managerial officers are all formulated and reviewed by the remuneration committee. The committee has an Independent Director to provide external diverse perspectives and opinions, and holds regular meetings every year, inspects and Ensure the competitiveness and reasonableness of salary compensation. Additionally, Nichidenbo also through the Annual Shareholders' Meeting method, let stakeholders review the reasonableness of the Board of Directors remuneration. The 2023 remuneration proposal was reported at the shareholders' meeting held on June 15, 2023.

## Policy on Reclaiming Bonuses from Improper Benefits

To enhance the conduct, ethics, and professional abilities of the company and all employees, Nichidenbo has established a Code of Ethical Conduct, Guidelines for Ethical Business Practices, Procedures and Behavioral Guidelines for Ethical Business Operations, Work Regulations, and Employee Reward and Disciplinary Measures. Those who violate the aforementioned regulations must return any improper gains obtained to the affected party or the company. Depending on the severity of the violation, they may face penalties such as reduced bonuses, dismissal, or demotion. If necessary, the matter will be reported to the relevant authorities, referred to judicial authorities for investigation, or pursued through legal channels for damages. It is expected that all employees, including managers, fulfill their responsibilities in management and supervision, strictly adhere to ethical standards, and ensure the company's sustainable growth and development.

## Regulatory Compliance

Complying with regulatory requirements and operating legally is the most fundamental responsibility of a company, and it is also key to sustainable development. To ensure that its business activities comply with local government regulations, Nichidenbo has established a dedicated legal department. This department closely monitors the formulation and latest amendments of laws that may impact the company, based on the needs of various departments, ensuring that their practical operations meet the relevant requirements. In 2023, there were no instances of penalties or sanctions due to major legal or regulatory violations, nor were there any incidents of non-compliance with health and safety regulations related to products and services.

The capacitors and production factories associated with the brands represented by Nichidenbo (such as NCC and Panasonic) comply with the ISO 14001 environmental management system and environmental and safety-related regulations, ensuring that all product and service information and labeling are 100% in line with customer requirements. We also coordinate with suppliers to provide relevant certification documents based on customer requests. In 2023, there were no incidents of non-compliance with regulations related to the health and safety of products and services, product and service information and labeling, or marketing and communication laws.

Note: Major legal or regulatory violations are determined in accordance with the "Procedures and Judgment Criteria for the Disclosure of Material Information" as outlined by the Market Observation Post System.

## Compliance Training

To provide immediate legal and regulatory assistance and consultation services to various departments, Nichidenbo has set up a legal service window, and colleagues can obtain relevant information and promotional materials through internal folders or emails. In addition, Nichidenbo also occasionally conducts various regulatory education and training sessions, announces and promotes information, to ensure that relevant colleagues are fully informed and up-to-date with the latest regulations, so they can review and update their practical operations, avoiding any violations due to unfamiliarity with the rules. On the other hand, this also strengthens colleagues' compliance and ethical awareness, fulfilling the most basic corporate social responsibility.





## The Situation of Compliance-related Education and Training of Nichidenbo in the Past 3 Years

### Course Objectives and Benefits

Enhance colleagues' legal literacy, strengthen colleagues' concept of legal compliance, avoid colleagues inadvertently violating laws due to unfamiliarity with regulations, thereby violating the company's ethical corporate management.

Year	Training Course	Training Target
2021	August 20, 2021 Intellectual Property Promotion	New staff and all employees
	August 20, 2021 Integrity and Clean Governance Promotion	
	November 19, 2021 Driving Safety and Vehicle Insurance Promotion	
	New staff contract (including intellectual property, confidentiality), Legal education and training on the use of seals and debt security	
2022	August, 19 2022 Intellectual Property Promotion	New staff and all employees
	August 19, 2022 Integrity and Clean Governance Promotion	
	October 21, 2022 Practical Guidance on Seal Usage	
	New staff contract (including intellectual property, confidentiality), legal education and training on the use of seals and debt security	
2023	April 21, 2023 Contract and Payment Security Related Legal Seminar	New staff and all employees
	September 22, 2023 Intellectual Property Promotion	
	September 22, 2023 Integrity and Clean Governance Promotion	
	New staff contract (including intellectual property, confidentiality), legal education and training on the use of seals and debt security	

## Communication and Training Regarding Anti-corruption Policies and Procedures

Nichidenbo advocates ethical corporate management, adhering to high ethical standards in all commercial activities, and opposes corruption and bribery. Adopt a zero-tolerance attitude and establish relevant policies on ethical corporate management to set clear anti-corruption and anti-bribery guidelines, From Board of Directors members to business partners, all are implementing; and communication and training are provided to all employees to assist them in prevention stop bribery and corruption.

Nichidenbo conducts regular annual educational training for new personnel and anti-training for all colleagues (including senior managerial officers) Education and training on anti-corruption policies and procedures. In the year 2023, an intellectual property and integrity advocacy meeting was held for all colleagues spread anti-corruption information. No corruption incidents occurred in 2023, nor were there any anti-competition, anti-trust, and monopoly-related litigation and judgment cases.

### The communication situation regarding anti-corruption policies and procedures in 2023

Category	Communication channel/method	Communication number of people	Communication ratio
New staff	Education Promotion	11	100%
All employees	Education Promotion	149	100%



## Risk Management

Nichidenbo aims for sustainable business operations as its corporate goal, ensuring continuous operations through comprehensive risk management. From systematically reviewing and inventorying "risk identification," assessing the likelihood and impact of various risks through "risk analysis," to effectively implementing specific measures in "risk control," it actively reduces the negative impacts of various risk events, protects the equity of stakeholders, and maintains the company's image to achieve the vision of sustainable operations.

### Nichidenbo Risk Impact and Response Strategies and Actions

Risk Type	Risk Cause Description	Response strategies and actions	Responsible Authority
 Financial risk	1. Drought in the Panama Canal and the Red Sea crisis have exacerbated container shortages and port congestion, increasing the risk of higher transportation costs.  2. The Russia-Ukraine war has caused a surge in raw material costs and inflation, leading to increased operating costs and a risk of declining profits for industries.	1. Through price comparison, negotiation, and finding other transportation alternatives and cooperating with suppliers, reduce the company's Freight. 2. Adjust the financing methods in a timely manner according to financial planning and interest rate trends. 3. Regularly evaluate the repatriation of overseas subsidiary earnings to reduce the impact of operating capital restrictions due to political factors. 4. Strengthen the management of supplier financing and customer Accounts receivable insurance or the sale of Accounts receivable; and seek multiple financing options Or hedging channels, reducing business risks.	Finance Department
 Interest rate risk	3. Lift rates have increased the risk of higher financing costs for companies.  4. Electronic distributors are constrained by the increasingly shorter life cycle of electronic components and the significant fluctuations in downstream industries. This often leads to risks such as longer accounts receivable periods, shorter accounts payable periods, and high inventory costs.	1. Increase financing channels: adopt accounts receivable from customers, or through the issuance of commercial paper guarantees (CP) and increase financing financial institutions structure, and timely adjust the financing methods in response to financial planning and interest rate trends to reduce financial costs. 2. Through legal channels, use inter-company loans between parent and subsidiary companies to reduce the group's operating capital costs.	
 Exchange rate risk		1. Always grasp the relevant information on exchange rate fluctuations, fully understand the trend of exchange rates. (Refer to daily foreign exchange news or the latest interest rates from banks, and hire a foreign exchange consultant to provide monthly updates on recent key currency fluctuations and exchange rate forecasts) 2. Take hedging measures to adjust foreign currency positions to respond to changes in the external competitive environment and reduce the impact caused by exchange rate fluctuations, the main hedging measures are to adjust the group's positions through foreign currency spot purchases/sales or forward purchases/sales.	



Risk Type	Risk Cause Description	In response to strategy and action	Responsible Unit
 Regulatory risk	The government's risk of formulating regulations for related industries, such as human resources and trade-related regulatory restrictions.	<ol style="list-style-type: none"> <li>1. The Human Resources Department regularly checks human resources-related regulations and conducts evaluations and audits every year.</li> <li>2. Collaborate with Hao Hsiang Law Office to seek professional assistance on industry-related regulations based on the needs of each unit.</li> </ol>	Human Resources and Legal Department
 Climate change risk	<ol style="list-style-type: none"> <li>1. The government's restrictions on carbon emissions and related laws and international initiatives may cause regulatory and reputational risk.</li> <li>2. Climate change makes extreme weather increasingly frequent, easily causing property damage loss, causing the company's operating costs to increase.</li> </ol>	<ol style="list-style-type: none"> <li>1. Replace energy-saving and water-saving equipment in the office area and promote carbon emission reduction guidelines, such as: replacing the cooling tower air conditioning system with split-type air conditioners to reduce energy consumption and water usage.</li> <li>2. Starting in 2023, the company has conducted a greenhouse gas inventory for 2022 in accordance with the international standard ISO 14064-1. Going forward, the company will use 2022 as the baseline year, regularly monitor and manage Scope 1 and Scope 2 emissions, and gradually expand the identification of Scope 3 emissions. The company will also progressively establish and plan energy-saving strategies and actions, advocating for international greenhouse gas and global warming issues.</li> </ol>	Administration and Stock Affairs Department
 Supply Chain Management Risk	<ol style="list-style-type: none"> <li>1. Supplier certification and supplier contract validity.</li> <li>2. The risk of whether the supplier's delivery period, quality control, quality certification, customer complaint handling situation, transportation, etc. are qualified.</li> </ol>	<ol style="list-style-type: none"> <li>1. Regularly review whether the supplier certification is valid.</li> <li>2. Regularly sign procurement contracts with major suppliers and processing plants to safeguard the company's interests.</li> <li>3. Regularly complete various evaluations of suppliers, affirm excellent suppliers, and create a win-win situation with mutual support from both parties.</li> </ol>	Purchasing Department
 Occupational safety risk	<ol style="list-style-type: none"> <li>1. An employee operating machinery caused an accident.</li> <li>2. The hardware facilities of the company building or factory area cause safety risks.</li> </ol>	<ol style="list-style-type: none"> <li>1. Include safety promotion in the training courses before new personnel take office.</li> <li>2. Put up safety reminder signs on storage equipment and arrange for employees to undergo occupational safety and health education training.</li> <li>3. Buildings must be declared every 2 years.</li> </ol>	Logistics and Administration Department
 Information security and personal data risk	<ol style="list-style-type: none"> <li>1. Risk of external hacker intrusion.</li> <li>2. Risk of ransomware infection.</li> <li>3. Risk of confidential information leakage.</li> <li>4. Risks such as insufficient electricity and equipment failure.</li> </ol>	<ol style="list-style-type: none"> <li>1. Join TWCERT/CC Alliance, perform vulnerability patching according to security notifications.</li> <li>2. Install a firewall and antivirus software to prevent external intrusions and reduce the risk of computer virus infections.</li> <li>3. Properly handle personnel accounts, manage permissions, and regularly conduct system permission settings checks to prevent confidential information leakage.</li> <li>4. Regularly perform data backup and restoration tests, and conduct regular disaster recovery drills.</li> </ol>	Information Department



## Business Performance

### Management Policy

Material Topic	Business Performance
<b>Linking SDGs</b>	SDG 8.3 focuses on innovation-driven development of new markets and establishment of new locations.
<b>Policy or commitment</b>	Coordinate the group's financial strategy, integrate and plan group resources, evaluate and execute various group investment or fundraising operations, effectively utilize funds, achieve the company's short, medium, and long-term investment returns, and enhance shareholder equity.
<b>Indicators and Targets</b>	<p><b>Short-term goals (2023 ~ 2024):</b></p> <ul style="list-style-type: none"> <li>● Based on the principle of steady financial operations, maintain good interactions with various banks, and actively strive for more favorable interest rate conditions from banks to meet the needs of future expanding operations.</li> <li>● Irregular acquisition/disposal of long-term and short-term investment regulations assessment and capital planning and execution.</li> <li>● Continuously monitor market interest rate changes, flexibly and adaptively utilize various financing item, and obtain competitive operating funds.</li> <li>● Collect information on exchange rate fluctuations at any time, grasp exchange rate trends, and take hedging measures: continue to execute the group's USD/JPY hedging.</li> <li>● Adjust the product portfolio in line with the development trends of the agency product line, continuously introduce new components for agency market development, establish overseas bases and other diversified business strategies, and actively increase revenue.</li> </ul> <p><b>Medium to long-term goals (2025 to 2032):</b></p> <p>Continuously improve capital management performance, strengthen stakeholders' confidence in Nichidenbo, and create a foundation for sustainable benefits.</p>
<b>Effectiveness tracking mechanism</b>	<ul style="list-style-type: none"> <li>● Implement rigorous internal control audits and propose improvement plans.</li> <li>● Regularly assess and track the usage of funds.</li> <li>● Every year, issue financial statements in accordance with the law.</li> </ul>
<b>Annual Action and Performance</b>	<ul style="list-style-type: none"> <li>● Revenue in 2023 reached NTD 1,820,389 thousand, operating profit NTD 117,957 thousand, and earnings per share reached NTD 3.39.</li> <li>● Employee salaries and benefits NTD 146,686 thousand, community investment NTD 5,080 thousand.</li> <li>● In 2023, five new sustainable development fixed deposits were added, totaling NTD 527,000 thousand.</li> </ul>



## Economic Performance

### Direct Economic Value Generated and Distributed by the Economic Performance Organization

Nichidenbo has maintained stable operations for a long time, creating maximum benefits for stakeholders. In 2023, revenue reached NTD 1.820389 billion, Net operating income NTD 117,957 thousand, and earning per share reached NTD 3.39.

Unit: NTD thousand

		2021	2022	2023
Direct economic value generated	Operating revenue	2,315,539	1,915,945	1,820,389
	Non-operating revenue	678,775	1,449,554	669,314
Allocated economic value	Operating cost	1,906,391	1,553,546	1,545,366
	Employee salaries and benefits	147,267	215,385	146,686
	Payment to the investor	568,199	742,743	1,184,956
	Pay the government's payment	87,602	106,047	70,177
	Community investment	6,441	9,775	5,080
Retained economic value		278,414	738,003	(462,562)

Note: Retained economic value = Generated direct economic value – Distributed economic value.



## Government Financial Subsidy

In the year 2023, Nichidenbo received a total financial subsidy from the government of NTD 39,030.

Unit: NTD

Subsidizing entity	Item	Amount
Ministry of Labor	2022 Annual Childcare Measures Funding Subsidy	19,080
New Taipei City Government Labor Bureau	2023 Annual Childcare Measures Funding Subsidy	19,950
Total		39,030

## Tax Policy and Governance

Nichidenbo upholds the spirit of adhering to tax compliance and fulfilling corporate social responsibility, aiming to create corporate value and improve tax risk management. It formulates tax governance policies and transfer pricing policies, establishes a sound tax management system and tax governance culture, and sets up prompt and efficient handling procedures. Nichidenbo establishes the following tax governance policies to further enhance corporate value, fulfill Nichidenbo's corporate social responsibility, perform corporate citizenship duties, and achieve sustainable corporate development.

## Organizations and Responsibilities Related to Tax Governance

The relevant organizations and responsibilities for tax governance are as follows:

General Manager

General Manager, Yu Yao Kuo is the highest decision-maker for establishing an effective tax risk management mechanism for Nichidenbo, according to the overall operational strategies and business environment, approving overall tax governance policies to ensure tax management effective operation.

Tax Administration Unit

The tax management unit is the accounting department, and it regularly reports the tax-related management situation to General Manager Yu Yao Kuo.



## Tax Governance Policies, Control, and Risk Management



Nichidenbo's tax governance is based on transparency and compliance with laws, adhering to the following tax policies and codes of conduct:

### 1. Commitment to Compliance:

- Comply with local tax regulations and legislative spirit at each operational site, and in accordance with international tax standards, accurately calculate taxes and file and pay within the statutory deadline, fulfilling tax obligations.
- The tax filings within the company are all entrusted to local large-scale accounting firms, and the annual financial data is provided by the company to Deloitte & Touche for tax filing.

### 2. Information transparency

- Ensure the transparency of tax reporting information, such as submitting transfer pricing reports to tax authorities as required.
- Ensure that tax assessments related to decision-making are conducted with the participation of a qualified and experienced internal tax team and external experts.
- Regularly disclose tax information to stakeholders through public channels (such as the official website and Annual Report) to ensure transparency.
- Using legal and transparent tax incentive policies, not using methods that violate the spirit of the law to enjoy tax reductions.

### 3. Business Substance

- The corporate structure and transactions comply with commercial substance, do not use tax structures intended to avoid tax liabilities, and do not transfer profits to low-tax regions for tax avoidance.
- Related Party Transactions should comply with the principles of regular transactions and strive to follow the transfer pricing regulations of tax laws in each operating region, fulfilling tax obligations in the areas where value is created.
- Based on mutual trust, information transparency, and regulatory compliance, interact with tax authorities in an honest, upright, respectful, and fair manner, and proactively raise significant tax issues to help improve the tax environment and system.

### 4. Integrity in communication

- Transactions between related parties follow the transfer pricing principles established by the Organisation for Economic Co-operation and Development (OECD) and comply with the regulations of the Base Erosion and Profit Shifting (BEPS) Action Plan.
- Establish mutual trust and honest communication relationships with tax authorities in various operating regions, provide industry practice perspectives and professional insights, and assist in improving the tax environment and system.

### 5. Risk Management

- Establish a solid tax risk management framework and organizational culture, while also considering the overall tax burden optimization, risk management, and sustainable value impact of Nichidenbo, prudently assess tax risks and response measures.



### Communication Guidelines with Stakeholders on Tax-Related Issues

The main stakeholder of Nichidenbo is the government tax authority, and all tax filing and payment operations comply with the relevant laws of each country in accordance with the regulations, if there is any ambiguity in the applicable laws during daily operations, we will directly or through Deloitte & Touche contact the government agency liaison to inquire about the appropriate handling method. If there is a tax audit operation, upon receiving the notice, we will immediately prepare the relevant information to cooperate with the tax authorities for verification.

To demonstrate transparency in the company's tax governance policies, information regarding tax matters of interest to other stakeholders, such as shareholders and investors, will be addressed in the stakeholder section of the company's official website, the annual report for the respective year, and during the Annual Shareholders' Meeting.





## Information Security

### Management Policy

Material Topics	Information Security
<p><b>Linking SDGs</b></p>	<p>SDG 9.c Improve information and communication technology channels and security.</p>
<p><b>Policy or commitment</b></p>	<p>Strengthen the risk management of cyber security, establish a dedicated unit for information security, build a risk management framework for cyber security, formulate cyber security policies and specific management plans, invest resources in the management of cyber security, and regularly review cyber security policies to ensure cyber security.</p>
<p><b>Indicators and targets</b></p>	<p><b>Short-term goals (2023 ~ 2024):</b> Establish a dedicated unit for information security, assign a dedicated supervisor and personnel for information security, responsible for the promotion of cyber security policies, planning of cyber security systems, monitoring and executing cyber security management operations.</p> <p><b>Mid-term goals (2025 to 2027):</b> Improve cyber security operating procedures, conduct inventory and risk assessment of information systems, and establish procedures for handling and reporting cyber security incidents.</p> <p><b>Long-term goals (2028 to 2032):</b> Enhance personnel information security education and training, improve the information security awareness of all employees, and strengthen various information security systems through the PDCA continuous improvement cycle process.</p>
<p><b>Effectiveness tracking mechanism</b></p>	<ul style="list-style-type: none"> <li>● Establish a dedicated unit for information security and build a cyber security risk management framework.</li> <li>● Daily check the data backup and record it in the "Computer Backup Data and Offsite Storage Record Form".</li> <li>● Conduct regular firewall audits.</li> <li>● Every Wednesday, conduct an antivirus scan on each computer.</li> </ul>
<p><b>Annual action and performance</b></p>	<ul style="list-style-type: none"> <li>● No violation of cyber security, causing major information security incidents such as customer information leakage and fines.</li> <li>● Complaints leading to legal action due to violations of customer personal data protection or loss of customer data.</li> <li>● Complete the "Operational System Permissions Regular Audit" to prevent data leakage.</li> <li>● In the year 2023, conduct 2 disaster recovery drills to strengthen the company's information security incident handling capabilities.</li> <li>● In the year 2023, a total of 9 information security awareness campaigns were conducted to enhance colleagues' information security awareness.</li> </ul>

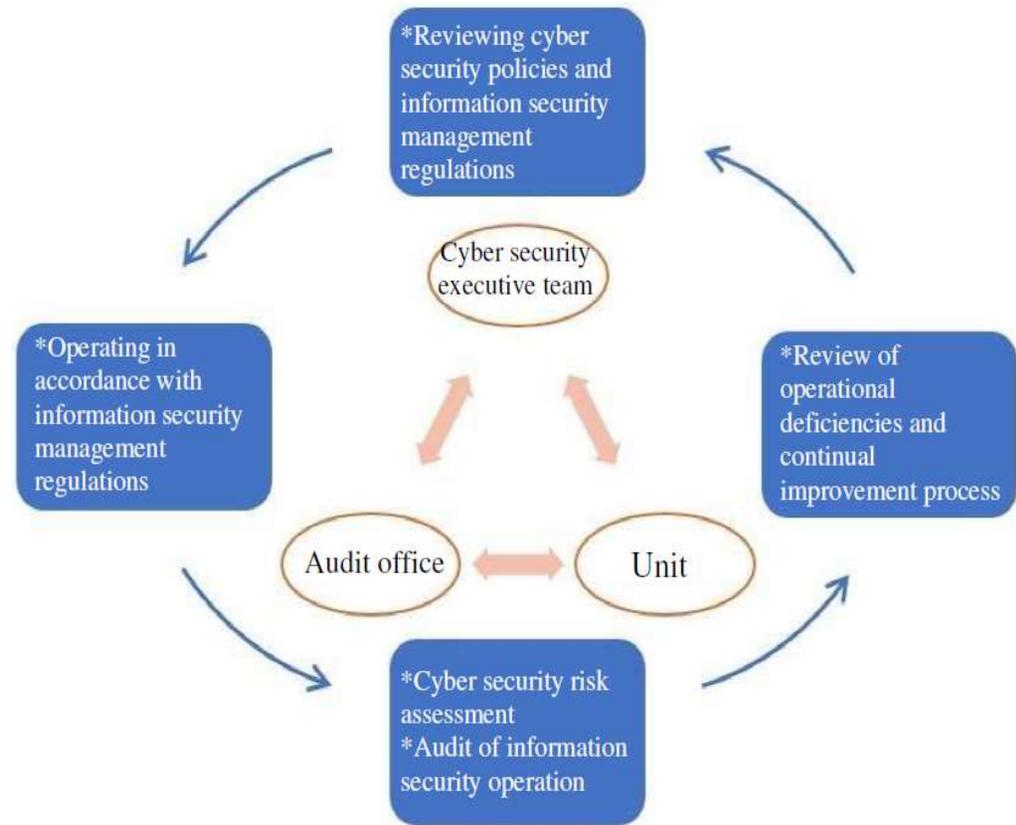


## Information Security Management

To strengthen the risk management of cyber security, establish a dedicated cyber security unit, build a cyber security risk management framework, formulate cyber security policies and specific management plans, and invest resources in cyber security management, continuously review and evaluate the Group's "Information Security Management Measures" and various cyber security management plans to ensure their appropriateness and effectiveness, ensuring the cyber security of Nichidenbo.

The dedicated unit for information security regularly reviews the cyber security management policies and related measures. All unit members follow the relevant regulations. Indeed execute. Regularly inspect servers and other equipment during daily operations to promptly identify issues. Conduct information and communication security risk assessments and cooperate with the audit department to ensure the accuracy and effectiveness of operations. In the event of errors, vulnerabilities, or risks, immediate improvements are made to establish a continuous improvement management cycle for information security.

Nichidenbo is coordinated, managed, and supervised by the cyber security dedicated unit for cyber security business, with relevant information services provided by the information department and relevant departments of the company as the main scope. Irregularly, effectiveness checks of the protection system and related cyber security tests are conducted, along with providing related cyber security advocacy and educational training courses. Through the operation of the information department and the implementation of cyber security policies, a safe and secure cyber security environment can be provided, ensuring the cyber security of all company services. Nichidenbo regularly reviews cyber security policies to reflect the latest developments in government regulations, technology, and business, ensuring the effectiveness of cyber security practices. In the year 2023, there were no violations of cyber security, resulting in major cyber security incidents such as customer information leaks and fines. There are also no complaints leading to legal actions due to violations of customer personal data protection or loss of customer data.





## Information Security Management Measures



Item	Measures Description
<p><b>Prevent external intrusion</b></p>	<ol style="list-style-type: none"> <li>1. Firewall                             <ul style="list-style-type: none"> <li>● Perform daily checks and record them in the "Server Host Check and System Test Form". All firewalls are functioning normally.</li> </ul> </li> <li>2. Antivirus software                             <ul style="list-style-type: none"> <li>● In addition to the real-time protection function of the antivirus software, a full scan is conducted on every computer at noon every Wednesday.</li> <li>● Through the central control mechanism, restrict users from disabling the antivirus software.</li> <li>● During the annual regular computer check, review the antivirus updates and filtering status of each computer.</li> </ul> </li> </ol>
<p><b>Prevent data leakage</b></p>	<ol style="list-style-type: none"> <li>1. Information equipment                             <ul style="list-style-type: none"> <li>● Private information devices (PC, NB) must submit an application to obtain internal network usage rights when used within the company.</li> </ul> </li> <li>2. Network Isolation                             <ul style="list-style-type: none"> <li>● The internal network and the guest network are isolated and cannot access each other.</li> </ul> </li> <li>3. System Permission Check                             <ul style="list-style-type: none"> <li>● The "Operational System Permission Settings Regular Audit" was completed on November 11, 2023.</li> </ul> </li> </ol>
<p><b>Data backup and related checks</b></p>	<ol style="list-style-type: none"> <li>1. Data backup                             <ul style="list-style-type: none"> <li>● Daily check the data backup and record it in the "Computer Backup Data and Offsite Storage Record Form".</li> </ul> </li> <li>2. Data restoration test                             <ul style="list-style-type: none"> <li>● Conduct data restoration tests on the test machine twice a month and record them in the "Server Host Check and System Test Form".</li> </ul> </li> <li>3. System Permission Check                             <ul style="list-style-type: none"> <li>● Perform daily server host checks and record them in the "Server Host Check and System Test Form".</li> </ul> </li> <li>4. Computer check                             <ul style="list-style-type: none"> <li>● The computer inspection was completed in November 2023, and the results were recorded in the "Computer Installation Specification Checklist".</li> </ul> </li> </ol>
<p><b>Information Security Incident Handling</b></p>	<p>The handling of the security incident has conducted disaster recovery drills on April 12, 2023, August 15, 2023, and the execution results are recorded in the "Disaster Recovery Plan Execution Report".</p>
<p><b>Cybersecurity Promotion</b></p>	<p>Information Department occasionally sends out information security awareness emails and shares real cases to enhance colleagues' information security awareness. In 2023, there were a total of 9 information security awareness sessions.</p>

## Personal Data Management Policy

To ensure that the company's confidential information, related trade secrets, and personal data can be proper protection and continuous enhancement of information security capabilities. Relevant information operations should comply with relevant domestic and international laws and regulations, and promote the protection of related confidential information Industry, including:

1. Implement employee education and training to enhance their information security awareness and capabilities.
2. Promote the practice of turning off computers and monitors when leaving work, and locking the screen when temporarily leaving the workstation to prevent important data from being spied on by malicious individuals.

The personal data of employees and customers are regularly reviewed and stored by the Nichidenbo information department staff whether the data server has been attacked and data stolen, and strengthen personnel access control for the server room to prevent the leakage of sensitive personal information.



# 03

## Sustainable Services

- Procurement Practices and Management
- Customer Service



## Procurement Practices and Management

### Management Policy

Material Topics	Procurement Practices and Management
<p><b>Linking SDGs</b></p>	<p>SDG 13.2 incorporates climate change measures into procurement policies, strategies, and planning.</p> <p>SDG 17.10 promotes a global, rule-based, open, non-discriminatory, and fair multilateral trading system within the framework of the World Trade Organization (hereinafter referred to as WTO), including through the conclusion of agreements under the Doha Development Agenda.</p> <p>SDG 17.14 Enhance the coherence of procurement policies to achieve sustainable development.</p> <p>SDG 17.16 assists and enhances global cooperation in sustainable development through multilateral cooperation, mobilizing and sharing knowledge, expertise, technology, and financial support to help all suppliers achieve sustainable development goals.</p>
<p><b>Policy or commitment</b></p>	<p>The policy or commitment focuses on the ESG performance of major suppliers, leveraging influence to encourage suppliers to jointly prioritize sustainability issues, and enhance the resilience of the industrial ecosystem.</p>
<p><b>Indicators and targets</b></p>	<p><b>Short-term goals (2023 ~ 2027):</b></p> <ul style="list-style-type: none"> <li>● The proportion of major suppliers maintaining the use of non-conflict area metals is 100%.</li> </ul> <p><b>Medium to long-term goals (2028 to 2032):</b></p> <ul style="list-style-type: none"> <li>● Promote the sustainable development of the economy, society, and environment together with suppliers, and work hand in hand to build a sustainable supply chain for the Passive components industry.</li> </ul>
<p><b>Effectiveness tracking mechanism</b></p>	<ul style="list-style-type: none"> <li>● Procurement unit evaluation.</li> <li>● Regularly conduct evaluations of suppliers.</li> </ul>
<p><b>Annual Action and Performance</b></p>	<ul style="list-style-type: none"> <li>● In the year 2023, a total of 16 suppliers were evaluated, and no significant deficiencies or risks were found.</li> <li>● Suppliers all play the role of green partners, and the products they provide all comply with RoHS, REACH, ISO, IATF standards.</li> </ul>



## Sustainable Value Chain

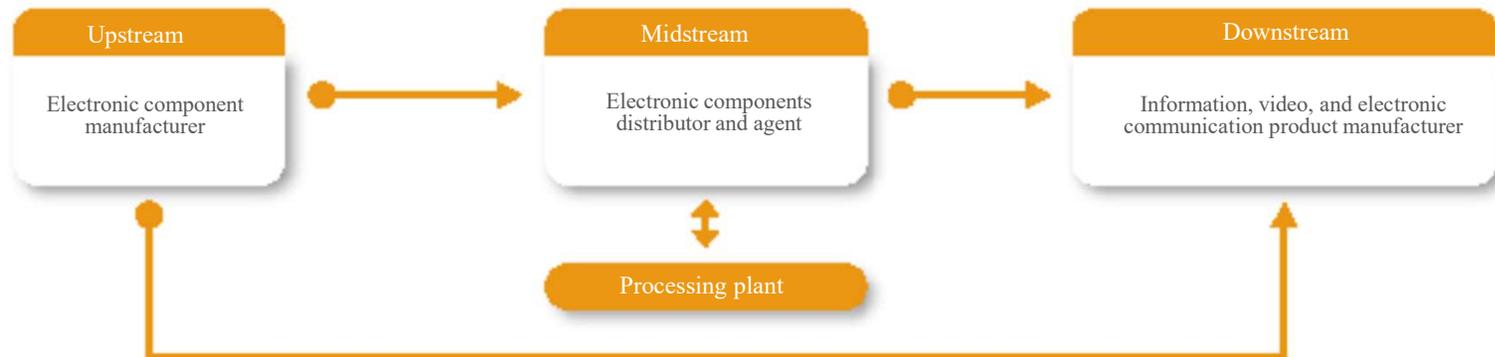
### Value Chain Overview

Nichidenbo focuses on the agency and sales of Japanese brand passive components, acting as a parts supplier in the ICT, industrial control, and automotive industry chains. It procures key supplies such as NCC and Panasonic electrolytic capacitors and passive components from upstream. After discussing R&D engineering and procurement needs with customers, it ships to downstream finished product manufacturers. In 2023, the supply chain and business relationships between Nichidenbo and upstream and downstream manufacturers and customers have not undergone significant changes.

Nichidenbo has been engaged in distribution and sales for over 30 years, has established extensive marketing channels and reputation, and aims to provide customers with complete solutions and comprehensive, timely services to alleviate downstream manufacturers' inventory pressure, thereby establishing good relationships with customers. Additionally, Nichidenbo can provide the latest product and technical services and support in real-time, further deepening the long-term partnership between Nichidenbo and customers. Nichidenbo, in response to the demand for parts from downstream customers setting up factories overseas and the increased flexibility in stock dispatch, has established extensive distribution points along with a comprehensive marketing system, forming a strong sales channel that can effectively enhance the substantial competitiveness of both Nichidenbo and its customers. Additionally, due to the expansion of the service market scale, it has further increased its strength in securing new product line agency from foreign suppliers.

In addition, Nichidenbo, to implement supply chain management, besides continuously improving in various business areas such as passive components, strengthening the cooperation relationship with upstream, midstream, and downstream supply chains, also continuously promotes attention to ESG improvements in various aspects with green partners such as suppliers and processing plants. Through regular exchanges by the management, supplier evaluations, management audits, and experience sharing, it is hoped to collaborate with major suppliers and processing plants to strengthen partnerships, launch more high-quality products and services, and jointly create more outstanding sustainable value.

### Nichidenbo Value Chain





## (1) Supplier

Nichidenbo had more than 22 suppliers in 2023. The main procurement targets are original manufacturers, seasoning merchants, processing plants, and affiliated enterprises, divided into four major categories. Then, based on the procurement amount and criticality of each target, key suppliers are identified. "Key suppliers" are the top two suppliers in terms of procurement ratio, accounting for approximately 84.5% of all suppliers' procurement ratio. The total procurement amount in 2023 is approximately NTD 1.203 billion, and the item with the highest procurement expense is the original manufacturer, mainly procuring products such as capacitors, Resistor, Inductor, etc.

## (2) Downstream Customers

Nichidenbo's top three downstream customers in 2023 are Super Micro Computer, Inc., Universal Global Scientific Industrial Co., Ltd., Orient Semiconductor Electronics Ltd. ; the main sales product is capacitor.

Supplier Category	Number of suppliers	Supplier location	Procurement amount (NTD thousand)	Procurement Ratio (%)
Original manufacturer	5	Taiwan	1,025,128	85.19
Seasoning merchant	7	Taiwan, Hong Kong	11,795	0.98
Processing manufacturer	3	Taiwan	83	0.01
Affiliated enterprise	7	Taiwan, Mainland China	166,301	13.82

Supplier Category	Number of key suppliers	Number of non-critical suppliers	Total
Original manufacturer	2	3	5
Seasoning merchant	0	7	7
Processing manufacturer	0	3	3
Affiliated enterprise	0	7	7



## Supply Chain Management Policy

Nichidenbo To strengthen sustainable supply chain management, we have formulated the "Supplier Assessment Procedures" for suppliers, and conduct annual assessments based on these regulations. The procurement unit conducts a written assessment, with a full score of 100 points, and a score below 60 points is considered failing.

Qualified manufacturers will be required to improve within a limited time, otherwise cooperation will not be granted. Nichidenbo evaluates the vendors to be assessed according to these ten items, evaluated by the procurement unit. In the year 2023, an evaluation was conducted on 6 original manufacturers, 2 processing factories, and further on 8 seasoning suppliers, totaling 16 suppliers, with a completion rate of 100%. The assessment results did not find any major deficiencies and risks, Nichidenbo to obtain ISO 14001 Environmental Management System, prioritize those who comply with Chemical Substance Restrictions (REACH) and have no major environmental regulation violations. In the year 2023, a total of 1 new qualified supplier was added, with the proportion of new suppliers selected based on environmental standards being 100%.

## Nichidenbo Supplier Management Overview

Supplier Type/Relevant standards and assessment requirements		Comply with ESG International relevant standards	Obtain ISO 9001 Quality Management System Verification	Obtain ISO 14001 Environmental Management System Verification	Product delivery date/stable yield rate	Service and complaints handle positively	No major violations	Total
Original manufacturer	Main supplier	V	V	V	V	V	V	2
	General supplier	O	V	V	V	V	V	4
Processing manufacturer		O	O	O	V	V	V	2
Seasoning merchant		O	O	O	V	V	V	8

Note 1: Nichidenbo The largest procurement share in Taiwan in 2023 was held by the main suppliers Chemi-Con (NCC), Panasonic.

Note 2: V is a necessary item for Nichidenbo evaluation.

Note 3: O is an item that Nichidenbo expects this type of supplier to meet, and suppliers who can meet it will be given priority for cooperation.

Note 4: ESG international related standards include EU RoHS, China RoHS, REACH, Prop 65 and other international related regulations.



## Nichidenbo Supplier Assessment Top 10 Items

 **1** The interaction among the relevant departments is good, and the delivery schedule can be effectively controlled

 **2** Is the quality control organization sound, and are there sufficient quality control and research and development personnel

 **3** Have you obtained quality certification (such as ISO 9001)

 **4** Packaging and transportation conditions

 **5** Process quality control, whether there is self-inspection or intermediate inspection

 **6** Is there an inspection system for incoming and outgoing goods, and is it being implemented seriously?

 **7** Is the work attitude and service quality of the staff good?

 **8** Is there any production record, and is the defect rate reasonable?

 **9** Customer Complaint Handling Situation

 **10** Is there a dedicated department responsible for shipping matters





## Supplier Risk Assessment

Nichidenbo, in order to diversify risks and continuously improve the overall quality of the supply chain, has established the "Supplier Evaluation Procedure" and incorporated this policy into the necessary item of supplier procurement management. Currently, the main suppliers of Nichidenbo in Taiwan are Chemi-Con (NCC) and Panasonic. In addition to regularly signing procurement contracts, the main suppliers comply with RoHS, REACH, ISO, IATF standards. If the customers of Nichidenbo require suppliers to sign the "Declaration of Hazardous Substance Usage", "Conflict Minerals Declaration", "Labor and Human Rights Statement", and "Integrity, Honesty, and Confidentiality Commitment", to ensure that their supplied products or components, Corporate Governance, and worker rights protection comply with the ESG management philosophy of Nichidenbo, the suppliers can cooperate to complete the signing and provide it to the customers. When the regulations are updated, Nichidenbo will proactively notify customers of the updated various statements, declarations, and commitments. For suppliers who fail to meet Nichidenbo's requirements, Nichidenbo may claim termination or cancelation of the contract to encourage supplier partners to jointly strive to enhance corporate social responsibility.



### Environmental risk

- **100% main supplier passed ISO 14001**

To reduce environmental risk impacts, Nichidenbo continuously requires "major suppliers" to obtain ISO 14001 environmental management system certification. In 2023, 2 major suppliers have passed the ISO 14001 environmental management system certification, accounting for 100%, confirming that the above suppliers have no significant actual or potential negative environmental impacts.

- **The main supplier 100% signs back the "Declaration of Hazardous Substance Use"**

Nichidenbo requiring the supplier to sign the "Declaration of Hazardous Substance Use" to commit that the products or components supplied comply with the requirements of the declaration. If there is any violation of relevant regulations, it may claim to terminate or cancel the contract to avoid the product affecting human health and environmental safety.



### Social risk

- **The main supplier 100% does not use Conflict Minerals**

Nichidenbo is the agent of Capacitor. Although practically unable to control the supply volume and price stability of key materials used by suppliers, Nichidenbo also requires suppliers not to use Conflict Minerals in response to legal and reputational risks related to Conflict Minerals, to ensure that the minerals used in Nichidenbo products, such as tantalum (Ta), tin (Sn), tungsten (W), gold (Au), cobalt (Co), do not profit from armed conflicts. If the supplier uses the aforementioned minerals, the source of those minerals must be disclosed. In 2023, Nichidenbo conducted an investigation on 2 suppliers, with a response rate of 100%, and found no risk of using Conflict Minerals.

- **The main supplier 100% signed back the "Labor Rights Declaration"**

To avoid social risks related to human rights violations in the supply chain, Nichidenbo conducted social risk and human rights impact assessments for 2 major suppliers in 2023. Both suppliers have signed the "Human Rights Statement" to ensure that their labor rights, safety, and health issues meet the baseline requirements of Nichidenbo and have taken effective measures to prevent negative incidents from occurring.

- **The main supplier 100% signed back "SA8000 Social Responsibility Statement"**

Require 2 main suppliers to sign the SA8000 Social Responsibility Statement, with a response rate of 100%.



### Governance risk

- **The main supplier 100% signed "Integrity, Honesty, and Confidentiality Commitment"**

Request 2 main suppliers to sign the "Integrity, Honesty and Confidentiality Commitment".



## Sustainable Procurement

Nichidenbo requires suppliers to comply with local laws and regulations and the spirit of sustainable development in procurement activities, fully consider social responsibility and environmental benefits, prioritize the procurement of environmentally friendly original manufacturers, products, and services. Nichidenbo's two major suppliers are Chemi-Con (NCC), Panasonic, both play the role of green partners, and the products they provide are all compliant RoHS, REACH, ISO, IATF and other regulatory standards, to balance economic and environmental benefits. Nichidenbo continuously optimizes Improve and perfect green procurement standards and management systems, jointly practice Environmental Protection with upstream and downstream suppliers, and save energy and reduce carbon emissions, zero waste, green product management, creating a sustainable supply chain.



## Warehouse Operations Optimization

Nichidenbo has a comprehensive logistics and inventory management system, enabling order confirmation, product preparation, and timely delivery services in the shortest possible time. In addition to providing customers with relevant information on new products and new industry development fields to assist customers in planning new products, it also conveys downstream market information to upstream suppliers, allowing distributors to act as a bridge in the upstream and downstream industries of electronic information.

In recent years, electronic products have been rapidly evolving, and most customers find it increasingly difficult to manage electronic component inventories. They have to rely on the assistance of electronic component agents, which increases the business opportunities and importance of agents. Nichidenbo has continuously improved its computerized inventory management system in recent years, enabling real-time control of procurement and shipping statuses, and providing instant feedback on various management information. In Hong Kong and mainland China, Nichidenbo handles inventory and shipping operations through logistics companies. In the future, we will continue to optimize the WMS warehouse management system. In addition to achieving order confirmation, sorting, and delivery services in the shortest time to meet customer needs immediately, we will also reduce label paper waste to move towards the goal of paperless picking lists, thereby increasing the company's competitive advantage.

In addition, to enhance the efficiency of Nichidenbo warehouse management and the quality of Inventories, all incoming goods from the original manufacturer are stored on shelves or pallets to avoid moisture and maintain product quality. In recent years, electric pallet trucks and electric forklift have been added, along with electric drive wheels and other labor-saving electric equipment and devices. This not only improves warehouse operation efficiency but also reduces the likelihood of personnel injuries. The storage and transportation colleagues also conduct professional functional education and training regularly according to the law, including Class A labor safety and health business supervisors, safety and health education for forklift operators with a load of more than one metric ton, fire management personnel, and first aid personnel, significantly reducing the occurrence probability of employee occupational safety and health risk incidents.

Nichidenbo actively responds to the potential risks brought by climate change and practices low-carbon operations. In addition to office areas, energy-saving and carbon-reduction measures are particularly promoted in warehouse management, including two major carbon reduction strategies: "low-carbon transportation" and "packaging material reduction." In terms of low-carbon transportation, Nichidenbo will, under the premise of customer consent, try to consolidate packaging as much as possible to reduce the number of shipments, not only reducing the amount of cardboard packaging materials but also decreasing the carbon emissions from logistics and transportation; in terms of packaging material reduction, Nichidenbo has for many years mostly reused original manufacturer incoming cartons, pallets, etc., for shipping operations, and used old packaging materials as fillers, allowing the shipping process to operate with minimal packaging material usage.

## Nichidenbo Green Storage Two Major Strategies

### Low-carbon transportation

Consolidate packaging to reduce the number of shipments, decrease the quantity of cardboard packaging materials, and reduce the carbon emissions from logistics transportation.

### Packaging material reduction

Reuse original manufacturer-supplied cartons, pallets, etc. for shipping operations, and use old packaging materials as fillers.



## Customer Service

### Management Policy

Material Topic	Customer Service
<p>Linking SDGs</p>	<p>SDG 17.9 Increase international support to implement effective and targeted capacity-building in clients to support relevant plans and achieve all sustainable development goals.</p> <p>SDG 17.10 Promotes a global, rule-based, open, non-discriminatory, and fair multilateral trading system within the framework of the World Trade Organization (hereinafter referred to as WTO), including through the conclusion of agreements under the Doha Development Agenda.</p> <p>SDG 17.13 Enhance the stability of cooperation with clients, including policy coordination and policy coherence.</p> <p>SDG 17.14 Enhance the coherence of customer service policies to achieve sustainable development.</p> <p>SDG 17.15 Respects the policy space and leadership of each client, to establish and implement policies for poverty eradication and sustainable development.</p> <p>SDG 17.16 Assists and enhances global cooperation on sustainable development through multilateral cooperation, mobilizing and sharing knowledge, expertise, technology, and financial support to help all clients achieve sustainable development goals.</p>
<p>Policy or commitment</p>	<p>Nichidenbo will be adjusted according to market changes and customer delivery times, enhancing supply flexibility, and actively communicating with the original manufacturer to adjust supply prices to meet and fulfill customer needs.</p>
<p>Indicators and Targets</p>	<p><b>Short-term goals (2023 ~ 2024):</b></p> <ul style="list-style-type: none"> <li>● Prioritize executing the above commitments for the top 5 major customers.</li> <li>● Coordinate with suppliers based on customer target prices and delivery requirements, and increase customer satisfaction to above 88% in 2024.</li> </ul> <p><b>Mid-term goals (2025 to 2027):</b></p> <ul style="list-style-type: none"> <li>● Execute the above commitment for the top 20 small and medium-sized customers.</li> </ul> <p><b>Long-term goals (2028 to 2032):</b></p> <ul style="list-style-type: none"> <li>● Work closely with customers, regularly understand and respond to customer needs in various ways, and provide the best customer service.</li> </ul>
<p>The effectiveness tracking mechanism</p>	<ul style="list-style-type: none"> <li>● Conducts an annual satisfaction survey on Nichidenbo for customers.</li> </ul>
<p>Annual Action and Performance</p>	<ul style="list-style-type: none"> <li>● Customer satisfaction in 2023 is 80.8%, has maintained a high standard of over 80% for three consecutive years.</li> </ul>



## Customer Service

Nichidenbo always regards the original manufacturer and customers as business partners, coexisting and prospering together. The competitiveness of the partner is the competitiveness of Nichidenbo, and the success of the partner is the success of Nichidenbo. Gather the team's manpower, knowledge, and product lines to provide services that satisfy customers, value customer feedback, and continuously create value with customers in the Nichidenbo industry chain ecosystem planning. Every partner in the industry chain is important, and the needs of every partner cannot be ignored. Nichidenbo has thus gained recognition from upstream and downstream. In the future, Nichidenbo will also uphold this spirit to create continuous growth momentum.

## Customer Satisfaction Survey

Nichidenbo regards customer feedback as an important foundation for improving customer relationship development, Nichidenbo understands customer needs through multiple channels. Regarding customer feedback, we will review, analyze, and propose appropriate improvement plans annually to establish a comprehensive customer demand response handling procedure. In 2023, Nichidenbo customer satisfaction is 80.8%, has maintained a high level above 80% for 3 consecutive years.

## Nichidenbo Results of Customer Satisfaction Survey in the Past 3 Years

Year	2021	2022	2023
Recycling rate	100%	100%	100%
Customer satisfaction average score	85.0	85.5	80.8





# 04

## Environmental Protection

- Task Force on Climate-related Financial Disclosures
- Energy Management
- Greenhouse Gas Emissions
- Water Resource Management
- Waste Management



## Energy and Greenhouse Gas Management

### Management Policy

<b>Material Topic</b>	Energy and Greenhouse Gas Management
<b>Linking SDGs</b>	SDG 13.2 incorporates climate change measures into policies and planning, 13.3 gradually promotes energy-saving and carbon reduction initiatives.
<b>Policy or Commitment</b>	Nichidenbo as an agent, utilizing the advantages of the industry, representing various green products, and actively implementing energy-saving and carbon-reduction measures to contribute to the development of renewable energy in the country.
<b>Indicator and Target</b>	<p><b>Short-term goals (2023 ~ 2024):</b> In 2023, the ISO 14064-1 greenhouse gas inventory standard was introduced, and a greenhouse gas inventory is conducted every year to track emission reduction effectiveness.</p> <p><b>Mid-term goals (2025 to 2027):</b> 1. Continue to replace energy-saving equipment to enhance energy-saving and carbon reduction effectiveness. 2. Implement various energy-saving and carbon-reduction measures. 3. Continue to participate in activities related to Environmental Protection. 4. Water and electricity savings increase year by year 1%, and recyclable waste decreases year by year 1%. 5. In 2027, carbon emissions will decrease by 3~5% compared to the baseline year.</p> <p><b>Long-term goals (2028 to 2032):</b> Plan to use green electricity in the office.</p>
<b>Effectiveness Tracking Mechanism</b>	<ul style="list-style-type: none"> <li>• The greenhouse gas standard (ISO 14064-1) inventory operation will be conducted in 2023.</li> <li>• Review the usage of relevant equipment in office and storage areas every year to control energy consumption.</li> </ul>
<b>Annual Action and Performance</b>	<ul style="list-style-type: none"> <li>• Continuously implementing various energy-saving and carbon reduction measures, see the energy-saving and carbon reduction section for details.</li> </ul>



## Task Force on Climate-related Financial Disclosures

In recent years, disasters caused by climate change have been frequent around the world. Nichidenbo, in order to proactively respond to climate disasters and prevent related financial losses, has introduced the recommendations formulated by the Financial Stability Board (FSB) in 2015 by the Task Force on Climate-related Financial Disclosures (TCFD) team. Voluntarily disclose the response policies and preventive measures formulated by Nichidenbo in the event of climate-related risks, appropriately disclose the financial impact caused, and after proper climate adaptation and disaster recovery, identify opportunities to ensure profitability and enhance Nichidenbo's climate resilience to respond to subsequent climate disasters. To better control the potential impacts of climate change and respond to trends, take the first step in implementing carbon reduction.

## Assessing Climate Risk

### Physical Context

Stock Affairs Department Based on the RCP climate scenarios selected by Nichidenbo, assess the potential climate disaster impacts at 2.2°C~4.4°C, and then simulate the climate scenarios as RCP 2.6~RCP 8.5 using public climate model/chart websites such as the "Taiwan Climate Change Projection and Adaptation Information Platform" and the "3D Disaster Potential Map."

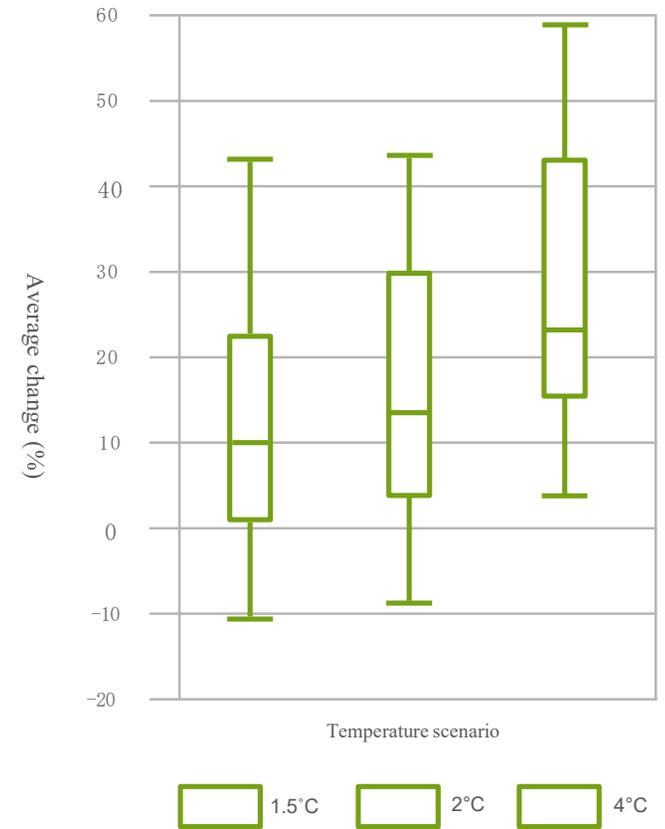
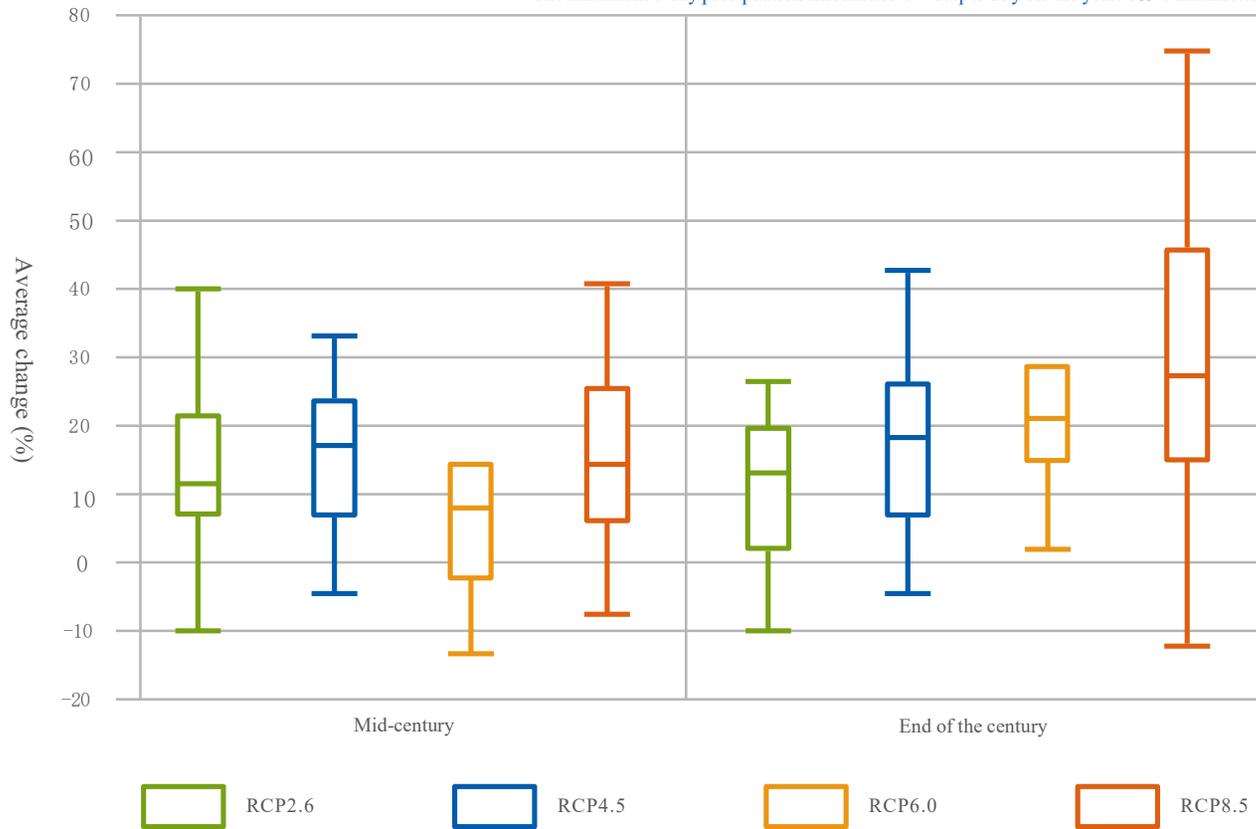
### Nichidenbo adopts the IPCC RCP climate scenario types and related indicators

Situation	RCP 2.6	RCP 8.5
Temperature rise	~2.2° C	~4.4° C
Climate-related data indicators	Maximum 1-day precipitation amount 215.1 mm annual average temperature 22.8 degrees	Maximum 1-day precipitation amount 263.6 mm annual average temperature 25 degrees



### The Maximum 1-Day Precipitation Amount Estimate for Nichidenbo

The maximum 1-day precipitation amount in New Taipei City for the year: 189.1 millimeters



Taiwan climate change projection information and Adaptation Knowledge Platform



## Nichidenbo Maximum Daily Rainfall Flood Potential Map

In terms of flooding, it is estimated that the increase in average rainfall and maximum daily rainfall by the end of the century will not exceed the disaster standards of the "3D Disaster Potential Map": 650 millimeters of rainfall in 24 hours. Therefore, Nichidenbo does not have an immediate risk of flood disaster, but there is still a possibility of transportation difficulties, supply chain disruptions, and personnel absenteeism caused by typhoons or other natural disasters. In terms of annual average temperature, the office located in New Taipei City is not expected to reach the risk of a 2°C increase before 2080, except under the RCP 8.5 scenario. However, it may still lead to increased air conditioning electricity costs, reduced lifespan of equipment and instruments, existing assets write-offs and early scrapping, and higher infrastructure costs. In response to the potential impact of extreme weather on operations, Nichidenbo except for preparing sand bags, water pumps, and other equipment to prevent flooding, and take out insurance for goods every year to transfer the risk of cargo damage.



3D Disaster Potential Map



▲ Xindian Operations Headquarters



▲ Zhonghe (Taipei Logistics Center)



### Estimated Annual Average Temperature Change for Nichidenbo



### Transformation Scenario

Nichidenbo to respond to the NDCs (Nationally Determined Contributions) of the Paris Agreement and domestic related regulations (such as "the Climate Change Response Act" and "the Renewable Energy Development Act"), scenario analysis is conducted to estimate the financial impact of future electricity costs. Under the goal of reducing greenhouse gas emissions by 50% from BAU by 2030, if the share of renewable energy in Taiwan increases from 5.6% in 2019 to 40% as planned by the national energy policy to reach by 2030, due to the higher cost of renewable energy in Taiwan, the unit price of Taipower is expected to rise from NTD 2.63 per kWh in 2019 to NTD 3.88 per kWh in 2030, and the cost of purchasing electricity from Nichidenbo will increase.

If estimated based on the purchased electricity of 232,836.53 kWh in 2023, the energy cost may increase to NTD 903,406 by 2030. Based on the analysis of this situation, regarding the possible impact of purchased electricity, Nichidenbo will continue to implement various energy-saving measures to reduce the impact of electricity consumption. And by replacing energy-saving and water-saving equipment in office areas and promoting carbon emission reduction guidelines, to reduce energy consumption and water usage.



## TCFD Four Core Elements

Core elements	Action Plan
<p><b>Governance</b></p>	<p>The Board of Directors is the highest unit for climate change management, responsible for ensuring the effective management of annual climate-related risks (including climate change-related issues), and reviewing climate change-related risks and opportunities, as well as corresponding short, medium, and long-term goals and execution results.</p> <p>Nichidenbo is responsible for consolidating various issues and their potential impacts on the internal and external organization by the Stock Affairs Department, and each responsible unit is responsible for identifying and assessing climate change risks and responding to climate impacts. After identifying climate-related impacts, senior executives held a meeting to discuss climate-related risks and opportunities. To address the potential harm caused by risks, they aimed to adapt and mitigate climate financial risks and identify corresponding climate financial opportunities. If there are significant risks, they will be reported to the Board of Directors in a timely manner.</p> <p>Nichidenbo has been conducting greenhouse gas inventory according to ISO14064-1:2018 standard since 2023. And report the progress of greenhouse gas inventory execution to the Board of Directors by the Stock Affairs Department and the Administration Department every year.</p>
<p><b>Strategy</b></p>	<p>Nichidenbo's main short, medium, and long-term risks and opportunities are presented in the tables below: "Climate-related Risks and Potential Operational and Financial Impacts" and "Climate-related Opportunities and Potential Operational and Financial Impacts".</p> <p>Nichidenbo incorporates the potential impacts of climate change into overall operations considerations, estimates the probability and impact of risks, and formulates risk response and mitigation plans. Based on business type and risk strategy, financial planning identifies physical and transition risks and opportunities. Through scenario simulations, it assesses possible future climate financial impacts, actively plans forward-looking climate actions, formulates risk response and mitigation plans, and establishes crisis management mechanisms, including actively promoting green energy and environmental protection policies. In response to the impact of global climate change on the environment, energy-saving and carbon reduction measures have been established, promoting energy management in offices and public areas, waste reduction, purchasing products with energy-saving and environmental protection labels as much as possible, and strictly complying with government regulations to achieve energy-saving and carbon reduction.</p>
<p><b>Risk management</b></p>	<p>Based on the latest trends observed by the respective authorities, occasionally assess climate change risks to understand specific potential financial impacts, serving as the foundation for policy formulation and objectives, and establish comprehensive climate management procedures, including identification, assessment, management, recovery, adaptation steps, and continuous monitoring. The climate change risk management process has been integrated into the general risk management. Please refer to the "Risk Management" section for details.</p>



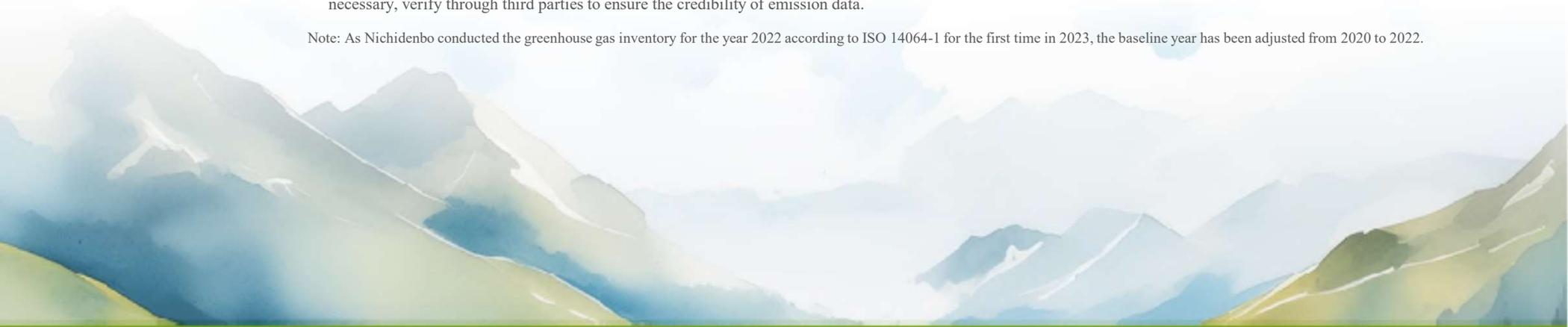
Core elements	Action plan
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**Indicator and Target**

To reduce the potential risks and impacts caused by climate change and achieve the goals of energy saving and carbon reduction, use indicators to manage climate change-related risks and opportunities:

- Energy Saving and Carbon Reduction: The company has been promoting various energy-saving and carbon reduction measures for the long term, and using 2022 as the baseline (note), plans to reduce carbon emissions by 3~5% by 2027. In 2023, electricity usage, water resources, and waste will be reduced by a total of 12.84% compared to 2022 total. The respective increase and decrease ratios and measures are explained as follows:
  - ▲ Electricity Usage: Choose energy-saving and environmentally friendly labeled products for lighting equipment, turn off air conditioning and lighting in meeting rooms when not in use; during lunch breaks, only necessary lighting is left in offices and public areas, it is expected that the electricity consumption will be gradually saved each year by 1%; electricity consumption in 2023 is 232,836.53 kWh, roughly the same as in 2022.
  - ▲ Water Resources: Promote water conservation, control the water flow of public restroom sinks, replace old equipment, and prioritize the use of faucets and toilets with the "Water Saving Label". It is expected that the annual water consumption will gradually save 1% each year; in 2023, the water consumption was 1,664.20 kWh, a decrease of 4.27% compared to 2022.
  - ▲ Waste: Promote waste reduction policies, use of official documents and paper, try to adopt double-sided printing or reuse the reverse side. The brand of photocopy paper used has a green pulp label, and it is expected to reduce recyclable waste by 1% each year; the total weight of recyclable waste in 2023 is 4.23 metric ton, which is a reduction of 7.84% compared to the actual amount in 2022.
- Greenhouse gasses: The greenhouse gas emissions in 2023 are: Scope 1 60.49 metric ton CO<sub>2</sub>e, Scope 2 115.25 metric ton CO<sub>2</sub>e, Scope 3 281.53 metric ton CO<sub>2</sub>e. Since 2023, according to the international standard ISO 14064-1, the greenhouse gas inventory for 2022 has been conducted, setting 2022 as the base year. In the future, Nichidenbo will regularly monitor and manage Scope 1, Scope 2, and gradually expand the inventory scope to include subsidiaries of the group and, if necessary, verify through third parties to ensure the credibility of emission data.

Note: As Nichidenbo conducted the greenhouse gas inventory for the year 2022 according to ISO 14064-1 for the first time in 2023, the baseline year has been adjusted from 2020 to 2022.





## Climate-Related Risks and Potential Operational and Financial Impacts

Type	Climate-related risks	Impact period	Transformation risk	Potential operational and financial impact	Adjustment and Coping Measures
Transition Risk	Policies and regulations				
	Local regulations	Mid-term	<ul style="list-style-type: none"> <li>Taiwan "Climate Change Response Act"</li> </ul>	<ul style="list-style-type: none"> <li>The supplier's carbon fee expense is passed on to the company, increasing operating costs</li> <li>Potentially resulting in fines</li> </ul>	<ul style="list-style-type: none"> <li>Starting from the year 2023, the ISO 14064-1 greenhouse gas inventory standard methodology will be introduced.</li> </ul>
	Laws and standards for energy-saving products	Long-term	<ul style="list-style-type: none"> <li>"Renewable Energy Development Act" stipulates that the contract capacity for large electricity consumers is 5,000 kW above users need to prepare their own 10% green electricity within 5 years</li> </ul>	<ul style="list-style-type: none"> <li>Energy costs increase</li> </ul>	<ul style="list-style-type: none"> <li>Although not a major electricity consumer, since 2019 to 2023, energy-saving products have been replaced, and carbon reduction measures have been initiated. The total cost of replacing air conditioners is approximately NTD 2.3 million.</li> </ul>
	Reputation				
	Goodwill impairment	Short-term	<ul style="list-style-type: none"> <li>Various sectors and stakeholders are increasingly concerned about climate change</li> </ul>	<ul style="list-style-type: none"> <li>Poor goodwill will lead to difficulty in sales</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work with suppliers (original manufacturers) committed to carbon reduction and build a sustainable supply chain.</li> <li>Invest in securities of sustainable-related companies, do not invest high carbon emission enterprises, meeting stakeholders' concerns about net zero awaiting and commitment.</li> </ul>

The impact period is defined as: short-term within 1-3 years, mid-term within 3-10 years, long-term over 10 years.



## Climate-related Risks and Potential Operational and Financial Impacts

Type	Climate-related risk	Impact period	Risk content description	Potential operational and financial impact	Adjustment and Coping Measures
Physical Risk	Immediate				
	Typhoon, flood, drought, and other extreme weather events	Short-term	<ul style="list-style-type: none"> <li>If it is the main affected area, employees will not attend work (Unpaid Natural Disaster Leave)</li> <li>Transportation services may be temporarily suspended or interrupted</li> <li>In case of heavy rain, floods, which may affect sea and air transport. The goods were damaged by moisture</li> </ul>	<ul style="list-style-type: none"> <li>The probability of product damage increases, causing company losses and insurance premium burdens</li> </ul>	<ul style="list-style-type: none"> <li>In response to the potential impact of extreme weather on operations, Nichidenbo insures its goods to transfer the risk of damage. In 2023, the company insured its goods with cargo insurance and fire insurance (covering real estate, office equipment, and other equipment), with a total insured amount of approximately NT\$827,000.</li> </ul>
	Long-term				
	Changes in rainfall (water) patterns	Mid-term	<ul style="list-style-type: none"> <li>Causing flooding</li> </ul>	<ul style="list-style-type: none"> <li>The product damage rate may increase, additional measures are needed</li> </ul>	<ul style="list-style-type: none"> <li>Use scenario simulation tools to assess physical climate risks.</li> <li>Coordinate with suppliers to procure sandbags, water pumps, and other equipment to reduce flooding risks.</li> <li>Formulate contingency measures for water and power shortages to effectively shorten recovery resuming time, maintaining normal company operations.</li> </ul>
The annual average temperature is rising	Long-term	<ul style="list-style-type: none"> <li>The rise in temperature affects the storage of goods</li> <li>Air conditioning requires higher cooling intensity</li> <li>The lifespan of office-related equipment decreases</li> </ul>	<ul style="list-style-type: none"> <li>Cost of warehousing sales increase</li> <li>Electricity bill increase</li> <li>Cost of equipment procurements increase</li> </ul>	<ul style="list-style-type: none"> <li>Continuously optimize the warehouse management system to monitor inventory and logistics in real-time, improving efficiency and flexibility.</li> <li>Maintain effective communication with customers to promptly coordinate shipment schedules and customer needs, addressing issues related to product storage caused by rising temperatures.</li> </ul>	

The impact period is defined as: short-term within 1-3 years, mid-term within 3-10 years, long-term over 10 years.



## Climate-Related Opportunities and Potential Operational and Financial Impacts

Type	Climate-related opportunities	Impact period	Potential operational and financial impact	Adjustment and Coping Measures
Resource utilization efficiency	<ul style="list-style-type: none"> <li>● Paper, waste recycling and reuse</li> <li>● Switching to more efficient electrical equipment</li> <li>● Reducing water consumption</li> </ul>	Short / medium term	<ul style="list-style-type: none"> <li>● Reduce the purchase amount of consumables</li> <li>● Reduce electricity consumption and carbon emissions</li> <li>● Reduce water costs</li> </ul>	<ul style="list-style-type: none"> <li>● Nichidenbo customizes all products according to customer requirements, with varying sizes and packaging demands. In response to the circular economy, the packaging materials used for shipments (such as cartons), pallets, and protective fillers are reused from original inbound packaging and existing materials wherever possible, to implement a circular economy model.</li> <li>● From 2019 to 2023, high-power consumption water-cooled air conditioners will be gradually replaced with grade 1 efficiency split-type air conditioners, significantly reducing power consumption. The total equipment replacement cost is NTD 2,300,893.</li> <li>● Since 2022, after starting to replace and abolish the cooling towers, the water usage has decreased by 4.3% compared to the previous year.</li> <li>● Optimize the warehouse management system, moving towards a paperless approach for picking lists and shipping notifications.</li> <li>● Since 2019, gradually reducing energy consumption through physical server virtualization, a total of 28 servers have been accumulated so far.</li> </ul>
Market	<ul style="list-style-type: none"> <li>● In response to international environmental protection and carbon reduction trends, the market and consumers are increasingly demanding energy-efficient (low-power consumption) and sustainable products (such as electric vehicles and energy storage systems), indirectly driving an impact</li> </ul>	Medium / long term	<ul style="list-style-type: none"> <li>● Partnering with original equipment manufacturers (OEM) to provide key components that enhance energy efficiency (such as ceramic capacitors), expanding into new markets, and extending the scope of professional distribution areas and product lines, gradually increasing revenue</li> </ul>	<ul style="list-style-type: none"> <li>● The main manufacturer Panasonic has begun developing energy-saving and smart home appliances. Nichidenbo is targeting new markets, planning business models, and gradually increasing the agency of products such as electric vehicles, energy storage equipment, and network communication devices.</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>● Summarize climate change risks and handling methods to enhance the company's responsiveness</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>● Enhance corporate resilience, reduce losses caused by climate change, and also reduce customer losses</li> </ul>	<ul style="list-style-type: none"> <li>● Continuously identify the operational risks brought by climate, and strengthen corporate resilience.</li> </ul>

The impact period is defined as: short-term within 1-3 years, mid-term within 3-10 years, long-term over 10 years.



## Energy Management

Nichidenbo mainly uses energy from automotive gasoline and purchased electricity, currently no renewable energy is used, the total energy consumption in 2023 were 1,087.99 GJ, and the energy intensity were 0.60 (GJ / annual total revenue). Total consumption and the energy intensity were roughly the same compared to 2022, and in the future, Nichidenbo will strive for energy management to gradually improve energy efficiency.

### Nichidenbo Internal Energy Usage Situation

Energy Type		2022	2023
Non-renewable energy	Motor Gasoline (liters)	7,437.92	7,642.34
Outsourcing usage	Purchased electricity (kWh)	231,146.72	232,836.53
Total energy consumption (GJ)		1,075.25	1,087.99
Revenue (NTD million)		1,915	1,820
Energy intensity		0.56	0.60

**Note:**

1. The data of purchased electricity is mainly based on the actual payment by Nichidenbo Corporation.
2. The source of the energy conversion coefficient is the Environmental Protection Department's announcement of the greenhouse gas emission coefficient management table version 6.0.4.
3. The conversion coefficients of various types of energy heat values are based on the energy conversion table of commonly used units by the Ministry of Economic Affairs Energy Bureau: gasoline 1 liter = 7,800 kcal; electricity 1 kWh = 860 kcal; 1 kcal = 4.187 KJ; 1 KJ = 1×10<sup>-6</sup> GJ
4. Energy intensity calculation formula: Total energy consumption (GJ) / annual total revenue (NTD million).



## Energy Saving and Carbon Reduction

Nichidenbo, as an agent of passive components, although not producing raw materials, is still committed to practicing energy saving and carbon reduction in the operation process. In the future, Nichidenbo will gradually replace energy-saving air conditioning equipment, replacing the old with the new. The pallet trucks and forklifts in storage and transportation management will also be changed for the electric type.

### 2023 Nichidenbo Energy Saving and Carbon Reduction Action Plan and Explanation

Item	Action plan	Detailed description
1	Physical server virtualization	Virtualized 1 server in 2023
2	Air conditioning units replaced with new ones	Changing the cooling tower to a Grade 1 split air conditioner
3	Office lighting equipment	Turn off office lighting equipment during lunch break to achieve energy-saving and power-saving effects
4	Cardboard boxes recycling and reuse	If the original cardboard boxes can still be used, they can be shipped by changing the labels
5	Pallets of recycled pallets can be used	If pallets are undamaged and meet customer requirements, they can be reused for shipments
6	Using recycled paper	The paper used for office machines can be replaced with recycled paper





## Greenhouse Gas Emissions

Since 2023, Nichidenbo follows the international standard ISO 14064-1 greenhouse gas inventory verification methodology, under the guidance of a consulting company, using individual financial reports as the boundary, to conduct greenhouse gas scope 1 and scope 2 and part of scope 3 categories inventories.

In 2023, the greenhouse gas emissions of Nichidenbo are as follows: Scope 1 emissions are 60.49 metric ton CO<sub>2</sub>e, Scope 2 emissions are 115.25 metric ton CO<sub>2</sub>e, Scope 3 emissions are 281.53 metric ton CO<sub>2</sub>e. Among them, Scope 1 emissions include gasoline for official vehicles, refrigerants, septic tanks, etc. Scope 2 emissions mainly come from the electricity consumption of Taiwan Power Company, with a usage of 232,836.53 kWh. Scope 3 emissions include upstream and downstream transportation and distribution, purchase of goods, product use phase, and final disposal of products; carbon intensity is 0.25 metric ton CO<sub>2</sub>e / turnover (NTD million).

## Nichidenbo Greenhouse Gas Emissions and Carbon Intensity in 2023

Unit: metric ton CO<sub>2</sub>e

Total emissions		2022	2023
Scope 1	Gasoline for official vehicles	17.53	18.01
	Refrigeration	5.55	5.92
	Septic tank	13.20	13.09
	Fire extinguisher	0	23.46
Scope 2	Purchased electricity	114.42	115.25
Scope 3	Upstream transport and distribution	12.19	44.39
	Procurement of products and services (tap water)	0.41	0.39
	Activities related to fuel and energy (Activities not included in Scope 1 or Scope 2)	26.98	27.27
	Downstream transport and distribution	149.15	209.48
Total greenhouse gas emissions		339.43	457.26
Revenue (NTD million)		1,915	1,820
Carbon emission intensity		0.18	0.25

Note:

- The energy-related data of this greenhouse gas (water usage, electricity usage) is calculated based on the actual payment by Nichidenbo Corporation.
- The source of the conversion factor is the Environmental Protection Agency's Greenhouse Gas Emission Factor Management Table version 6.0.4.
- The method for compiling greenhouse gas quantities is the operational control method.
- The global warming potential (GWP) of various greenhouse gasses is based on the estimates from the IPCC Sixth Assessment Report.
- The types of gasses include carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons.
- The upstream transportation and distribution screening principle is based on the purchase amount from suppliers in that year of 90%.
- The electricity carbon emission factor in 2023 is calculated as 0.494 kg CO<sub>2</sub>e / kWh.
- Scope 3 indirect emission factors refer to the product carbon footprint information network quantitative.
- Carbon emission intensity calculation formula: Total greenhouse gas emissions (metric ton CO<sub>2</sub>e)/Revenue (NTD million).
- The baseline year for greenhouse gas emissions is 2022, because Nichidenbo conducted the greenhouse gas inventory for 2022 according to the international standard ISO 14064-1 for the first time in 2023.
- In the category of 2023, the emissions increased, mainly due to the purchase of 3 fire extinguishers in that year.
- Emissions in category three increased in 2023, mainly due to the increase in downstream transportation calculations.



## Greenhouse Gas Reduction Effectiveness

Action Plan	Detailed description	Implementation points, units	Reduction effectiveness		
			Data for the baseline year (2022)	Data for the year 2023	Data for actual reduction
Paper recycling	Qualified contractors are entrusted to recycle and reuse expired paper	Xindian operations headquarters	10.59 metric ton CO <sub>2</sub> e	10.23 metric ton CO <sub>2</sub> e	-0.36 metric ton CO <sub>2</sub> e

Note:

1. The scope of reduction for Nichidenbo is scope 3 other indirect emissions, with the main reduced greenhouse gas being carbon dioxide CO<sub>2</sub>.
2. The data statistics are primarily based on the weighing records conducted by the cleaning contractors upon entry.
3. Since Nichidenbo has conducted the 2022 greenhouse gas inventory according to the international standard ISO 14064-1 in 2023, 2022 is set as the baseline year.





## Water Resource Management

Nichidenbo places importance on the disclosure of water withdrawal data and assesses water stress using the World Resources Institute's "Aqueduct Water Risk Atlas." Both the Xindian headquarters and Zhonghe (Taipei Logistics Center) fall under the Low-Medium (10%-20%) water stress category, indicating they are not in areas with high water resource stress. The company's water source is 100% from third-party municipal water supply, and it is used exclusively for domestic purposes.

To promote sustainable water use, Nichidenbo has implemented water-saving initiatives, such as replacing cooling towers with split-type air conditioners and promoting water conservation practices. These efforts help reduce the company's water usage impact. In 2023, the company's total water withdrawal was 1,664.2 m<sup>3</sup>, approximately 4.3% lower than the previous year. Additionally, zero percent of this water was sourced from high water-stress areas.

In 2023, the company did not receive any penalties related to environmental pollution caused by wastewater discharge.

Note: The water intake statistics for 2023 include the Xindian Operations Headquarters and Zhonghe (Taipei Logistics Center); Due to the nature of the industry, Nichidenbo is not involved in production and does not use water for the production of Raw materials. The discharged wastewater is also domestic wastewater from the operation site, and the sewage is uniformly treated by the management committee. Due to the lack of effective statistical methods for drainage and water consumption, only the water intake is disclosed.





## Waste Management

Nichidenbo does not generate industrial waste during the manufacturing process. The Xindian operations headquarters primarily deal with general household waste, while Zhonghe (Taipei Logistics Center) mainly generates general business waste, such as bubble wrap, packing straps, and PE film, wooden pallet. If the waste is not properly disposed of, it may still have an impact on the environment. Nichidenbo through centralized packaging and shipping, reduces the number of cartons and packaging materials, cartons will be reused or recycled, and the protective filling material for goods is also provided by the original manufacturer. Damaged packing straps and plastic film are legally entrusted to qualified professional environmental recycling companies in the country for proper disposal and handling. Wooden pallets are assessed for wear and tear; if they can be reused, they will be returned to the supplier for recycling and reuse. If they cannot be reused, they will be handed over to park suppliers for recycling and disposal, achieving resource savings and reducing carbon emissions.

At the same time, Nichidenbo carefully selects waste disposal contractors. The subsidiary Lipers Enterprise Co., Ltd. signed a contract with Xinlong Environmental Protection Co., Ltd. for waste removal and disposal, ensuring that the contractor is a qualified vendor with a permit from the competent authority. Through control audits, they ensure emergency response handling methods and the validity period of the permits, aiming to minimize the negative impact of operational waste on the environment.

Nichidenbo continues to promote and advocate for employees to implement office waste sorting and reduction environmental protection concepts. After sorting, the waste is collected and transported by qualified contractors commissioned by the building. The total weight of recyclable waste in 2023 is 10.23 metric tons, successfully reducing waste. Compared to the previous year, recyclable waste has been reduced by 3%, gradually achieving energy-saving and carbon reduction goals.

Unit: metric ton

Types of waste	Amount of recyclable waste generated		
	2021	2022	2023
Xindian Operations Headquarters	6.53	4.59	4.23
Zhonghe (Taipei Logistics Center)	6	6	6
Total amount of waste	12.53	10.59	10.23



# 05

## Social Inclusion

- Enterprise Human Resources Overview
- Human Rights and Labor Equity Protection
- Human Resources Development
- Performance And Career Development
- Safe Workplace Environment
- Workplace Health Services



## Social Inclusion Management Policy

Material Topic	Talent cultivation and recruitment
Linking SDGs	SDG 4.4 Employment Promotion Technology and Skills, 4.5 Ensure All Employees Receive Training at All Levels, SDG 8.5 Achieve Productive Employment.
Policy or Commitment	Through comprehensive educational and training programs, we provide all employees with diverse and abundant training resources to enhance their professional skills and collective knowledge.
Indicator and Target	<p><b>Short-term goals (2023~2024):</b> Establish an online video learning platform, enrich educational training resources, gradually increase employee training hours each year, and continuously conduct regular employee performance evaluations annually.</p> <p><b>Medium to long-term goals (2025 to 2032):</b> Continue to organize large-scale physical training programs and courses, and develop employee transition assistance plans.</p>
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> <li>● Review the average hours of education and training annually.</li> <li>● Regularly check performance and career development.</li> </ul>
Annual Action and Performance	<ul style="list-style-type: none"> <li>● In 2023, the total training hours for Nichidenbo employees reached 1,595.38 hours, with an average of 10.71 hours per employee.</li> <li>● Employees undergoing performance evaluation account for 99.32% of the employees who should be evaluated.</li> </ul>



## Management Policy

<p><b>Material Topic</b></p>	<p>Human rights</p>
<p><b>Linking SDGs</b></p>	<p>SDG 5.2. Eliminate all forms of violence and exploitation against women under.                  SDG 8.5 Everyone can work with dignity, 8.7 Prohibit child labor.                  SDG 10.2 Enhance employment inclusivity, 10.3 Actions to reduce inequality.                  SDG 16.2 Prohibits child labor, 16.b Promotes and implements non-discriminatory policies to achieve sustainable development.</p>
<p><b>Policy or Commitment</b></p>	<p>Support and respect international labor rights norms, without discrimination based on gender, age, race, etc., with transparent complaint channels, enabling collective employees to have correct human rights concepts, and creating a diverse and equal working environment.</p>
<p><b>Indicator and Target</b></p>	<p><b>Short-term goals (2023~2024):</b> Focus on the latest initiatives in international human rights and labor standards, and strive to implement human rights labor policies.  <b>Medium to long-term goals (2025~2032):</b> While striving to develop economic performance, we will gradually formulate internal human rights policies.</p>
<p><b>Effectiveness Tracking Mechanism</b></p>	<ul style="list-style-type: none"> <li>● There are measures for the prevention of sexual harassment, complaint, and investigation handling methods.</li> <li>● Establish channels for labor-management communication, and hold labor-management meetings periodically.</li> </ul>
<p><b>Annual Action and Performance</b></p>	<ul style="list-style-type: none"> <li>● In 2023, Nichidenbo and the main suppliers did not experience any major risks or incidents of discrimination, use of child labor, forced labor, discrimination, or other violations of labor rights.</li> <li>● In 2023, employing 1 disabled employee meets the legal quota standard.</li> </ul>



## Enterprise Human Resources Overview

Nichidenbo is committed to creating an equal and inclusive friendly workplace environment by leveraging workforce diversity and equal rights, and accepting the different cognitions, values, interpersonal relationships, and social aspects that everyone possesses, enabling each worker to achieve optimal job performance, which contributes to sustainable business operations and value creation. Nichidenbo does not consider race, class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, physical or mental disability, blood type, etc. when employing personnel, and does not provide any differential treatment for the above reasons. All employees' promotions and training are equal, without differential treatment based on background. Nichidenbo is also committed to a workplace environment free from discrimination, bullying, harassment, defamation, infringement, and violence, gradually embedding the concepts of equality and diversity into the company culture.

## Talent Distribution

By the end of 2023, the total number of employees at Nichidenbo was 149, with no significant change in the total number of employees compared to the previous year. The gender distribution of employees is 71 male employees (47.65%), and 78 female employees (52.35%). All employees are full-time employees, with no fixed-term contracts, and part-time (hourly wage) employees. Additionally, apart from the 149 employees, in 2023 Nichidenbo signed an "Environmental Cleaning Maintenance Contract" with a cleaning company, assigning 1 cleaning personnel. During the reporting period and compared to the previous period, the number of non-employee workers did not show significant fluctuations.

Nichidenbo is committed to developing a diverse and rich talent composition and including the employment opportunities for people with disabilities. According to Article 38 of the "People with Disabilities Rights Act", the employment rate of disabled employees should be 1%, and it should not be less than 1 person. In 2023, Nichidenbo complies with regulations to employ 1 person with disabilities. In the future, Nichidenbo will continue to provide more job opportunities for people with disabilities to promote diversity and inclusion, enhancing the overall competitiveness of the company.

## Nichidenbo Employee Workforce Structure (By Gender) Classification

Category	Group	Male		Female		Group Subtotal	
		Number of people	Occupies the proportion of that group	Number of people	Occupies the proportion of that group	Number of people	Proportion of that group
Employment contract	Permanent employee (Also known as non-fixed contract employee)	71	47.65%	78	52.35%	149	100%
Employment type	Full-time employee	71	47.65%	78	52.35%	149	100%

Note:

1. The statistics cover Nichidenbo Corporation is Xindian operation headquarters and Zhonghe (Taipei Logistics Center).
2. As of 31 December, 2023, the total number of Nichidenbo employees was 149.



## Nichidenbo Group Global Operation Site Employee Manpower Structure (by Gender, Work area) Classification

Category	Group	Male		Female		Group Subtotal		Work Area/Taiwan Area		Work Area/Mainland Area		Work Area/Hong Kong Area		Group Subtotal	
		Number of people	Proportion of that group	Number of people	Proportion of that group	Number of people	Proportion of that group	Number of people	Proportion of that group	Number of people	Proportion of that group	Number of people	Proportion of that group	Number of people	Proportion of that group
Employment contract	Permanent employee (Also known as non-fixed contract employee)	154	43.63%	199	56.37%	353	100%	284	80.45%	59	16.71%	10	2.83%	353	100%
Employment type	Full-time employee	154	43.63%	199	56.37%	353	100%	284	80.45%	59	16.71%	10	2.83%	353	100%

Note:

1. The statistics cover the following companies in Taiwan area: Nichidenbo Corporation, Lipers Enterprise Co., Ltd., Scope Technology Co., Ltd., Advance Electronic Supply Inc., Vic-Dawn Enterprise Co., Ltd., Tonsam Corporation, Koho (Taiwan) Co., Ltd.; in Mainland area: Nichidenbo (Shenzhen) Trading Co., Ltd., Lipers Electronic (SZ) Co., Ltd., Nichidenbo (Suzhou) Trading Co., Ltd., Nichidenbo (Suzhou) Trading Co., Ltd. Wuhan Branch; in Hong Kong area: Lipers (Hong Kong) Enterprise Co., Ltd.

2. As of 31 December, 2023, the total number of employees in the Taiwan area of the Nichidenbo Group was 284, in the Mainland area was 59, and in the Hong Kong area was 10.





## Diversity of Governance Units and Employees

### Nichidenbo Employee Job Category Distribution

Employee Category	Gender	Age	2021	Proportion of total employees (%)	2022	Proportion of total employees (%)	2023	Proportion of total employees (%)
Supervisor	Male	Under 30 years old	0	0%	0	0%	0	0%
		30-50 years old	14	9.53%	14	9.40%	14	9.40%
		Over 50 years old	6	4.08%	8	5.37%	10	6.71%
	Female	Under 30 years old	0	0%	0	0.00%	0	0.00%
		30-50 years old	13	8.85%	12	8.05%	11	7.38%
		Over 50 years old	7	4.76%	7	4.70%	10	6.71%
Non-supervisor	Male	Under 30 years old	3	2.04%	4	2.68%	4	2.68%
		30-50 years old	45	30.61%	44	29.53%	42	28.19%
		Over 50 years old	1	0.68%	2	1.34%	1	0.67%
	Female	Under 30 years old	7	4.76%	8	5.37%	8	5.37%
		30-50 years old	46	31.29%	42	28.19%	43	28.86%
		Over 50 years old	5	3.40%	8	5.37%	6	4.03%
Total			147	100%	149	100%	149	100%

Note:

1. The data statistics range is mainly based on the Xindian operation headquarters and Zhonghe (Taipei Logistics Center).
2. The supervisor is a position of grade 7 or above, such as: Assistant Manager, Manager, Director, Assistant Vice President, Vice President, General Manager, Chairperson, and other positions.



## The Proportion of Hiring Local Residents for Senior Management Positions

The important operational base of Nichidenbo is located in Taiwan region. Nichidenbo implements the hiring of local talents, 2023 senior management, the management level is all Taiwanese, and the local senior management employment ratio is 100%.

### Nichidenbo Senior Management Information

2023	
Total number of senior management	45
Senior management from the local area	45
Proportion	100%

**Note:**

1. Senior management is defined as positions at grade 7 and above, such as Assistant Manager, Manager, Director, Deputy General Manager, Vice President, General Manager and Chairperson, and other positions.
2. The key operational locations of Nichidenbo include the Xindian headquarters and Zhonghe (Taipei Logistics Center).
3. Ratio = Senior management from the local area / Total number of senior management.

## Staff Turnover

### New Employee

To meet the company's growing talent needs, Nichidenbo hired a total of 11 new employees in 2023, including 5 male and 6 female employees. The company looks forward to recruiting more young talent to join Nichidenbo and carry forward the expertise and experience of a leading passive components distribution company.

### Resignation and Retention

In terms of employee retention, a total of 13 employees left Nichidenbo in 2023, including 6 male and 7 female employees, with an overall turnover rate of approximately 8.72%. When an employee submits a resignation request, both the supervisor and the HR department conduct interviews to actively understand the reasons for the departure. This feedback serves as a basis for future company improvements. Additionally, by assessing employees' expertise, the company may adjust job content, work locations, or offer internal transfer opportunities to retain talent. Nichidenbo will continue to strengthen work-life balance, enhance managerial skills, and provide career development opportunities to promote employee retention.



## Nichidenbo Statistics of New Employees and Resigned Employees in 2023

		New employee				Resigned employee			
		Male	%	Female	%	Male	%	Female	%
Taiwan area	Under 30 years old	2	18.18%	1	9.10%	2	15.38%	2	15.38%
	30-50 years old	3	27.27%	5	45.45%	4	30.78%	3	23.08%
	Over 50 years old	-	0%	-	0%	-	0%	2	15.38%
Total number of employees (Note 2)		149							
Total new recruits		11							
Total new entry Rate (%) (Note 3)		7.38%							
Total number of resignations		13							
Overall turnover rate (%) (Note 4)		8.72%							

Note:

1. The data statistics range is mainly based on the Xindian operation headquarters and Zhonghe (Taipei Logistics Center).
2. By the end of 2023, the total number of employees at Nichidenbo was 149 (including the actual number of employees who applied for and returned from parental leave during the year, a total of 2 people).
3. Total new hire rate (%) = Total number of new recruits for the Year / Total number of employees for the year
4. Total turnover rate (%) = Total number of resignations in the year / Total number of employees for the year



## Parental Leave

The company fully complies with the "Gender Equality in Employment Act" and advocates for SDG Goal 5, "Gender Equality," supporting employees' rights to raise the next generation and protecting their rights to parental leave. All employees who have been with the company for more than six months can apply for unpaid parental leave before each child reaches the age of three. The leave period extends until the child turns three but cannot exceed two years. During the unpaid parental leave, employees can continue participating in their existing social insurance plans.

Statistics of parental leave in the past 3 years	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Number of people eligible for parental leave in the year (A)	7	6	8	5	4	5
Actual number of parental leave applicants for the year (B)	0	2	0	1	0	1
Application rate (B/A)	0%	33%	0%	20%	0%	20%
Employees requesting parental leave should return to work within the same year (C)	-	1	-	2	-	2
Actual number of reinstatement applications in the year (D)	-	1	-	1	-	2
Return-to-work rate (D/C)	-	100%	-	-	-	100%
Number of people reinstated in the previous year (E)	-	-	-	1	-	1
Number of people who have returned to work for a full year in the previous year (F)	-	-	-	0	-	1
Retention rate (F/E)	-	-	-	0%	-	100%

Note: The number "-" indicates no scheduled return to work or actual return to work situation; the rate "-" indicates that the denominator for the calculation is 0, and the return rate or turnover rate is not calculated.



## Human rights and labor equity protection

Nichidenbo prohibits the employment of child labor under the age of 16, prohibits forced labor and any improper employment discrimination, and requires suppliers to follow international standards and labor-related laws at their business locations. In 2023, after internal assessment, Nichidenbo has no significant risk of forced or compulsory labor incidents at its operational sites and suppliers. To protect various labor equity, Nichidenbo formulates relevant labor equity measures, including minimum wage, working hours (including overtime), insurance, leave, pension system, contract termination notice period, freedom of association and group negotiation equity, etc., and provides equal job opportunities and treatment without differences due to race, color, gender, religion, politics, nationality, or social origin.

In 2023, Nichidenbo and major suppliers did not experience any significant risks or incidents of discrimination, use of child labor, forced labor, or other violations of labor rights.

### Nichidenbo labor equity related measures explanation



Lay off and Retirement Plan

- If there is a situation where the employment relationship with the employee needs to be terminated, Nichidenbo will comply with Article 16 of the "Labor Standards Act", give advance notice to terminate the labor contract, and provide severance pay and job search leave.
- For employees who intend to continue working, we assist in adjusting job content or providing internal transfer training opportunities, such as moving from operations to logistics. If the employee's skills do not match the job requirements, we will also recommend transferring to other subsidiaries to utilize the employee's expertise and abilities.
- Regarding departing employees, opportunities for retention or reassignment will also be explored, while simultaneously confirming the employee's willingness to return to work at Nichidenbo in the future, respecting the individual's choice.



Labor-Management agreement

Nichidenbo, although no labor union has been established, also holds regular labor-management meetings every quarter according to Article 83 of the "Labor Standards Act". When necessary, interim meetings may be convened to facilitate bilateral communication and negotiation on topics such as promoting labor-management cooperation, coordinating labor-management relations, improving working conditions, and planning labor welfare.

In 2023, total of 2 resolution were negotiated through labor-management meetings, including deferred special leave matters and adjustment of the meal expense limit according to law, covering all 284 employees of the Nichidenbo group (Taiwan area), accounting for 100% of the total employees of the Nichidenbo group (Taiwan area). Additionally, to protect colleagues' human rights and various equity, there are measures for the prevention of sexual harassment, complaint and investigation procedures, bylaws to report cases of illegal and unethical conduct, etc. Employees can express their concerns through mailboxes, labor-management meetings, or directly appeal to senior management to implement labor rights and establish a friendly working environment. In recent years, Nichidenbo has had no discrimination cases.



The shortest notice period for operational changes

- After discussion in the labor-management meeting, major operational changes affecting employee equity and countermeasures will be implemented.
- Before implementing significant operational changes, notify employees in advance according to the "Labor Standards Act" regulations and their years of service: employees who have worked for more than 3 months but less than 1 year should be notified 10 days in advance, those who have worked for more than 1 year but less than 3 years should be notified 20 days in advance, and those who have worked for more than 3 years should be notified 30 days in advance, to protect employees' work rights.
  - During the reporting period, Nichidenbo did not experience any significant operational changes.



## Welfare Measures

Nichidenbo upholds the business philosophy of mutual prosperity, offering good salary packages, diverse welfare benefits, sharing profits with employees, and is committed to creating an equal and inclusive friendly workplace environment. Nichidenbo in addition to providing full-time employees with basic rights such as labor and health insurance, annual leave, maternity leave, and parental leave in accordance with the law, we also offer a wide range of employee benefits, such as flexible work shifts, disability insurance, pensions, emergency assistance, wedding and childbirth gifts, and funeral subsidies, striving to enhance employee well-being and create a happy and equal workplace environment.

Nichidenbo Employee Benefits Measures	
Basic welfare	<p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>In addition to the mandatory basic labor insurance and national health insurance as required by the government, we also provide a comprehensive group insurance plan for employees, which includes accidental death and disability insurance, external accident medical insurance and business trip travel insurance, providing employees with more comprehensive insurance and protection.</li> </ul>
	<p><b>Leave Policies</b></p> <ul style="list-style-type: none"> <li>Leave is granted in accordance with the provisions of the Labor Standards Act, including national holiday, annual leave, wedding leave, funeral leave, sick leave, personal leave, official leave and parental leave.</li> </ul>
	<p><b>Pension system</b></p> <ul style="list-style-type: none"> <li>The pension system applicable under the Labor Standards Act (old system) is a defined benefit retirement plan. The payment of employee pensions is calculated based on the years of service and the average salary of the six months prior to the approved retirement date. A portion of the total monthly salary of employees, 2%, is allocated to the employee pension fund and deposited into a special account at the Bank of Taiwan under the name of the Labor Retirement Reserve Fund Supervisory Committee. In 2023, this special account's balance is NTD 7,543,347.</li> <li>The pension system applicable to the Labor Pension Act (new system) is a government-managed defined contribution retirement plan, based on the employee's monthly salary of 6%, according to the monthly contribution wage classification table approved by the Executive Yuan, contributions are deposited into individual accounts at the Bureau of Labor Insurance. The pension expense recognized in 2023 is NTD 4,902,409.</li> </ul>
	<p><b>Flexible work shifts</b></p> <ul style="list-style-type: none"> <li>Create a friendly work environment, allowing employees to balance work with family life or further education needs, offering flexible work shifts options.</li> </ul>
Rewards and Benefits	<p><b>Salaries, Bonuses, and Employee Compensation</b></p> <ul style="list-style-type: none"> <li>According to the employee salary management measures and related regulations set by the company, when the company has annual profits, no less than 5% will be allocated as employee compensation, and at the same time according to salary, bonus, and employee compensation consider his personal involvement in the company's operations and performance evaluation as a whole.</li> </ul>
	<p><b>Year-end bonus and subsidy</b></p> <ul style="list-style-type: none"> <li>Nichidenbo Joint Employee Welfare Committee, in addition to distributing holiday cash or gift vouchers, also provides wedding cash gifts, maternity cash gifts, hospitalization allowances, and funeral allowances.</li> </ul>



### Nichidenbo Employee Benefits Measures

Health Promotion	Regular health check-up	<ul style="list-style-type: none"> <li>An annual health check is held once a year, along with monthly on-site occupational health consultations and interviews. Employees with abnormal health check results are provided with follow-up management and care. In 2023, the subsidy amount reached NTD 359,000.</li> </ul>
	Club activities	<ul style="list-style-type: none"> <li>To enrich employees' leisure activities after work and promote interaction and team spirit among employees, employees are encouraged to form clubs that are beneficial to physical and mental health and have educational significance, with subsidies provided by Nichidenbo Joint Employee Welfare Committee.</li> </ul>
Complete facilities	Breastfeeding room and childcare subsidy	<ul style="list-style-type: none"> <li>Our company provides a breastfeeding-friendly environment and, to help reduce the childcare burden for employees, offers annual childcare subsidies for children under 12 years old. In 2023, the company paid NTD 127,000 in subsidies to employees who applied for childcare assistance for 2022. In 2024, a total of 38 employees applied for childcare subsidies for 2023, and NTD 125,000 was distributed.</li> </ul>
Welfare committee and various subsidies	Welfare fund	<ul style="list-style-type: none"> <li>Funding source: Based on the employee's monthly salary 0.5% and the company's monthly Operating revenue total amount 0.05%, it is deposited into a special account and managed by a "Employee Welfare Committee" established by both labor and management. The company's allocation of welfare fund expenses for this year is NTD 1,358,362.</li> <li>Scope of expenditure: In addition to the aforementioned holiday bonuses and wedding, funeral, and celebratory allowances, as well as maternity subsidies, it also includes Insurance expense expenses, community activity subsidies, and company and department activity subsidies.</li> </ul>
	Birthday celebration	<ul style="list-style-type: none"> <li>Nichidenbo Joint Employee Welfare Committee in principle holds a birthday banquet every 2 months and provides birthday cash gifts for employees.</li> </ul>
	Annual event	<ul style="list-style-type: none"> <li>To enhance employee relationships, the company's Welfare Committee provides annual domestic and international travel subsidies and organizes events such as Family Day and birthday celebrations. In previous years, these activities were temporarily canceled due to the pandemic, in compliance with government health policies and to protect employees' health. However, with the easing of the pandemic, employee travel has resumed in 2024.</li> </ul>
	Car loan	<ul style="list-style-type: none"> <li>Employees purchase cars for work-related capital expense, Nichidenbo provides preferential loans.</li> </ul>
	Telephone bill and computer equipment application for official use subsidy	<ul style="list-style-type: none"> <li>For employees who need to use their personal mobile phones for work-related duties, as well as those who use their personal computer equipment for official business, the company provides a monthly subsidy.</li> </ul>



## Human Resources Development

### Diverse Training Channels

Nichidenbo is committed to nurturing talent, enhancing employee capabilities, and planning a comprehensive education and training mechanism, divided into pre-employment training and on-the-job training. From new staff departmental functional training, internal and external education and training (such as ethical corporate management, legal compliance advocacy courses, accounting training, or major legal seminars) to mid-to-senior management leadership training, all are planned by dedicated personnel. Through diverse learning platforms such as physical lectures, external training participation, and online learning videos, the training plan of Nichidenbo is continuously refined. It is hoped that employees will strengthen their professional skills through continuous further education and training. The department responsible for training will occasionally provide various course information. For example, Nichidenbo is a member of the Taipei Electronic Components Association. If there is relevant education and training, employees are encouraged to participate. In 2023, Nichidenbo regularly conducts education and training and promotes Corporate Governance regulations, as well as promotes video platforms and related learning programs. Employee feedback is positive, and colleagues can not only enhance their self-worth but also save time costs and cultivate professional skills.

### Nichidenbo Employee Training Situation in 2023

Employee Category	Calculation method	Male	Female	Subtotal
Supervisor	Actual number of people during the reporting period	24	21	45
	Training hours during the reporting period	204.37	398.58	602.95
	Average training hours during reporting period	8.52	18.98	13.4
Non-supervisor	Actual number of people during the reporting period	47	57	104
	Training hours during the reporting period	424.71	567.72	992.43
	Average training hours during reporting period	9.04	9.96	9.54
Total	Hours during the reporting period	629.08	966.3	1595.38
	Total number of employees at the end of the reporting period	71	78	149
	The average training hours per employee	8.86	12.39	10.71

Note:

1. The data statistics range is mainly based on the Xindian operation headquarters and Zhonghe (Taipei Logistics Center).
2. The supervisor is a position of grade 7 or above, such as: Assistant Manager, Manager, Director, Assistant Vice President, Vice President, General Manager, Chairperson, and other positions.



## Total Training Hours for Employees of Nichidenbo in 2023

Nichidenbo in response to the arrival of corporate internal training digitalization, in addition to teaching through physical lectures, the company plans to establish an online learning platform for corporate internal education and training from 2023, creating a series of digital courses, allowing enterprises and individuals to utilize audio-visual teaching materials, making colleagues can enhance their job skills, improve self-worth, save time costs, and develop professional abilities through continuous learning and educational training.

Employee training program	Project description	Total study hours	Participants
Internal training for new employees	To familiarize new employees with the processes of each unit and basic functional training, so they can operate independently.	119.5 hours	New colleague
Digital Audio-Visual Learning	To cultivate professional abilities for all employees, such as business skills, effective communication, managerial capabilities, etc.	395.38 hours	New colleagues and all staff
Occupational Safety and Health Education and Training	Arrange external occupational safety and health education training to enhance the relevant knowledge of company employees and obtain certificates.	56.6 hours	New colleagues and all staff
Legal Compliance Education and Training	We regularly conduct various regulatory training sessions and publish announcements (such as intellectual property, trade secrets, insider trading, etc.) to strengthen employees' compliance and ethical awareness, thereby fulfilling the company's fundamental corporate social responsibility.	44.4 hours	New colleagues and all staff
Other courses	Includes internal department heads introducing courses on electronic product seminars, external participation in major regulatory promotion meetings, and related training to enhance employee skills and mid-to-senior management leadership capabilities.	979.5 hours	New colleagues and all staff





## Performance and Career Development

Nichidenbo values employees' career development, planning a comprehensive promotion and compensation system. In addition to conducting probationary assessments for formal employees who have been with the company for 3 months, annual performance evaluations are also regularly carried out. Substantive discussions and assessments are conducted on job performance, employees' own career or further education plans, and other job-related issues. Based on the assessment results, adjustments to salary, promotions, rewards, and transfers are linked to human resource management operations, facilitating organizational function management and strengthening Nichidenbo's human capital. After the performance evaluation is executed, the supervisors of each department submit the promotion list. The HR department consolidates the list and holds a promotion evaluation meeting for managerial level (inclusive) and above. The nominated employees need to prepare a presentation report, and the highest supervisors of each department serve as evaluation committee members and conduct scoring to assess whether to grant the promotion.

### Nichidenbo Employee Performance Review Situation for 2023

Employee category	Calculation method	Male	Female	Subtotal
Management	Total number of employees at the end of the reporting period	24	21	45
	Number of employees regularly receiving performance and career development reviews	24	21	45
	Percentage of regular performance and career development reviews	100%	100%	100%
Non-management level	Total number of employees at the end of the reporting period	47	57	104
	Number of employees regularly receiving performance and career development reviews	46	54	100
	Percentage of employees regularly receiving performance and career development reviews	97.87%	94.74%	96.15%
Total	Total number of employees at the end of the reporting period	71	78	149
	Total number of employees who regularly receive performance and career development reviews	70	75	145
	The proportion of employees who regularly receive performance and career development reviews	98.59%	96.15%	97.32%

- Note:
- The data statistics range is mainly based on the Xindian operation headquarters and Zhonghe (Taipei Logistics Center).
  - By the end of 2023, the total number of Nichidenbo employees was 149.
  - During the performance review period, 1 male employee resigned, 2 female employees were in the probationary period, and 1 female employee was on long-term leave, so they did not participate in the performance review for 2023.
  - Management is defined as positions at level 7 and above, such as: Assistant Manager, Manager, Director, Assistant Vice President, Vice President, General Manager, Chairperson and other positions.



## Safe Workplace Environment

### Occupational Safety and Health Management

Nichidenbo attaches great importance to the health of employees. To ensure the personal safety of employees and prevent occupational hazards, Nichidenbo implements occupational safety management based on the "Occupational Safety and Health Act". The scope of workplace covered by occupational safety and health management includes the Xindian operation headquarters and Zhonghe (Taipei Logistics Center), ensuring the safety of relevant workers in Xindian and Zhonghe areas. Nichidenbo, according to the "Occupational Safety and Health Act" and related laws, establishes the "Occupational Safety and Health Work Code" to continuously conduct occupational hazard risk assessments and improve occupational safety and health management through the PDCA (Plan-Do-Check-Act) cycle quality management.

### Occupational Safety and Health Management Covered Personnel

District	Number of employees	Non-staff headcount	Subtotal	Coverage Ratio (%)
Zhonghe (Taipei Logistics Center)	58	0	58	39
Xindian Operations Headquarters	91	1	92	61
Total	149	1	150	100

Note: Calculation method for coverage ratio: Total number of people covered by occupational safety and health (employees + non-employees) / Total number of company workers



## Nichidenbo Occupational Safety and Health Work Code Coverage

Key tasks in eight major areas	Measures and practices
Maintenance inspection of machinery, equipment, or appliances	All machinery, equipment, and tools used on-site should be inspected before use. Key functions such as power supply and conveyor belts should be thoroughly checked every month. Overall machinery and equipment must also undergo relevant inspections according to the annual plan. It is also prohibited to use equipment or tools that do not meet safety standards or have not been verified as qualified.
Work safety and health standards	In the workplace, workers must strictly adhere to the various safety and health defense equipment installed according to regulations, such as setting up work platforms or safe access equipment, and wearing protective gear like safety belts and helmets to prevent fall hazards for workers working at heights. Additionally, there are measures to prevent electrical hazards and the collapse of stacked objects. If there is an immediate danger, the person in charge of the workplace should immediately stop the operation and let the workers retreat to a safe place.
Safety and health education training and disaster drill	Nichidenbo workers have an obligation to receive training on labor safety and health education and disaster prevention. Nichidenbo also comply with the Occupational Safety and Health Education and Training Regulation by conducting necessary on-the-job training, regular retraining, and new or transferred workers need to participate in the relevant education and training regulations.
Health guidance and management measures	Regular annual regular physical check-ups are conducted, along with monthly on-site interviews and consultations by occupational nurses. Health and hygiene education and guidance are also provided to promote physical and mental health. Additionally, specific health protection measures are implemented for certain groups, such as the maternal health protection measures. These include providing breastfeeding rooms and conducting hazard assessments, graded management, and work adjustments for pregnant and postpartum women to ensure the health of female workers during pregnancy, childbirth, and breastfeeding. For details on health management methods for high-risk occupational hazard workers and occupational disease prevention, please refer to the "Occupational Safety Hazard Risk Management" section.
First aid and rescue	Classify general first aid, trauma bleeding, electric shock, fractures, respiratory or cardiac arrest by the situation level. In case of an accident or disaster, follow the "Emergency Response Plan" SOP and internal reporting and handling regulations.
Preparation, maintenance, and use of protective equipment	Protective measures for workplaces, machinery, and equipment should be regularly inspected and maintained to ensure proper functioning. Personal protective equipment should also be properly cleaned, maintained, and stored after use. When performing electrical work or working near high-voltage power lines, workers must use insulated protective equipment correctly.
Accident Notification and Report	In the event of an accident, Nichidenbo, in addition to implementing emergency rescue according to the emergency response plan, should immediately notify the employer, the person in charge of the workplace, labor safety and health personnel, and relevant personnel in the fastest way, and conduct an investigation, analysis, and statistics on the cause of the disaster, and formulate appropriate countermeasures. In the event of fatal disasters, as designated and announced by the competent authority, it must also be reported to the labor inspection agency within 8 hours.
Other safety and health-related matters	If workers violate the regulations, the severity of the situation may be reported to the competent authorities for legal action. Non-employees entering the workplace must also comply with the relevant regulations.

## Occupational Safety and Health Specialist and Education Training

According to the Ministry of Labor's "Occupational Safety and Health Management Regulations", as a Passive components distributor, although Nichidenbo is considered low-risk industry, it has not yet established a safety and health committee. It still complies with the "Occupational Safety and Health Management Regulations" to implement safety and health work for all workers, activities, and work areas. The administration department and the storage and transportation department have respectively obtained colleagues with Class A occupational safety and health business supervisor qualifications to serve as safety and health management personnel, responsible for supervising and handling, and promoting occupational safety and health management plans. In 2023, the administration department added 1 colleague who was trained and obtained the Class A occupational safety and health business supervisor qualification. There are also a total of 5 dedicated personnel, including fire prevention managers and first aid personnel, to strengthen the safety protection measures for employees in the workplace, ensuring that employees can work with peace of mind in a healthy and safe environment.

Nichidenbo formulated the "Occupational Safety and Health Work Code" in 2019, which was confirmed by 5 labor representatives at the labor-management meeting, reported to the New Taipei City Labor Inspection Office for record and then announced for implementation. It properly ensures employee safety, conducts regular first aid and fire drills every year, provides occupational safety training for professional personnel (forklift operators), and regular retraining for specialized job types, enabling employees to learn the necessary safety knowledge. For example, Nichidenbo occupational safety and health management personnel are required to receive on-the-job education and training every 2 years as per regulations. The administrative department will also proactively monitor the expiration dates of certificates and remind for retraining; fire management personnel, first aid personnel, and forklift operators, among other dedicated personnel, are also required by law to undergo on-the-job education and training every 3 years.

To avoid accidents, Nichidenbo also regularly conducts accident education training, such as holding fire drills every 6 months, as a preventive measure fire drill, through accident investigation and analysis methods, allows colleagues to understand the causes, reduce accidents, thereby strengthening all employees health and safety. In case of an emergency, it will be distinguished by region, Zhonghe (Taipei Logistics Center) will be handled immediately by the Storage and Transportation Department. Execute disaster accident SOP, the Xindian operation headquarters will activate the response mechanism according to the self-defense fire organization, divided into command team, notification and contact team, firefighting team, evacuation guidance team, safety protection team, and rescue team. In 2023, major accident drills were also conducted to make the team members more familiar with how to respond.



▲ In 2023, Nichidenbo continues to hold fire and emergency drills, with self-defense fire teams divided by partners to assist colleagues in responding to emergencies.



## Occupational Safety Hazard Risk Management

Common types of occupational safety and health hazards include mechanical hazards, physical, chemical, biological, ergonomic, psychological, etc. Nichidenbo conducts hazard identification analysis and sets risk levels based on occupational accident records. Nichidenbo, although not directly producing goods, still acts as an agent for a large number of original manufacturer parts and components. Some of the goods are relatively heavy and require forklift operators to lift and lower the forklift when loading and unloading, resulting in relatively high occupational safety and health risks. At present, in addition to the clearly stipulated precautions for on-site workers in the occupational safety and health code, such as thoroughly checking before operations, inspecting the work environment and equipment, and strictly using personal protective equipment as required, any abnormalities must be reported to the supervisor immediately. It also mandates that forklift operators must obtain professional certification, and the equipment should be replaced with electric models. At the same time, arrange for operators to participate in the formal education and training for "Operators of forklifts with a load of more than one metric ton", and continue to plan for storage and transportation personnel to participate in professional functional training such as Class A labor safety and health business supervisors, forklift operator safety and health education, fire management personnel, and first aid personnel in the future.

Regarding the maintenance of overall workplace safety, the Fire Association arranges fire prevention and first aid training courses once every six months, and cooperates with the park management committee to regularly test and maintain fire safety equipment, simultaneously simulating how to carry out reporting, first aid, and other protective measures.

At the same time, in accordance with the law, implement the "Special Appointment Medical Staff On-site Service", with nurses providing a total of 6 hours per month and doctors providing a total of 6 hours per year, to monitor employee health conditions and prevent potential occupational hazards as early as possible. If workers believe that the working environment may cause injury or illness, they can also apply to their immediate supervisor for a transfer to another position and follow the "Labor Safety and Health Work Code" formulated by Nichidenbo to protect workers from intimidation, threats, or termination of employment contracts.

## Nichidenbo Hazard Identification, Analysis, and Improvement Measures for Occupational Safety and Health Management

Hazard identification	Hazard analysis	Risk Level	Improvement measures
Mechanical hazards	<ul style="list-style-type: none"> <li>Unsafe environment or facilities: The warehouse has forklifts and pallet trucks</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Operation specifications: It is required to wear company-provided steel-toe safety shoes to operate. Set the stacking height of goods and other rotation and change work.</li> <li>Rotate or change work content irregularly.</li> <li>Purchase electric facilities: Forklifts and pallet trucks are changed to electric to reduce manual pulling and accident rates.</li> <li>Implement monthly on-site medical services, inspect the environment, and provide health consultations to colleagues to avoid occupational safety, health, and health hazards.</li> </ul>
Chemical hazards	<ul style="list-style-type: none"> <li>After evaluation, no such hazards are present</li> </ul>	N/A	
Physical hazards	<ul style="list-style-type: none"> <li>After assessment, there are currently no such hazards</li> </ul>	N/A	
Ergonomic hazards	<ul style="list-style-type: none"> <li>Handling and dragging heavier goods, equipment vibration, and repetitive work postures can easily cause musculoskeletal injuries and hazards</li> </ul>	Medium	



## Occupational Accident Response Handling

Nichidenbo is a low-risk industry, and in the storage and transportation department, which has relatively high occupational safety risks, there is already a business safety supervisor with a Type A occupational safety and health license who can handle initial emergency responses in case of occupational safety incidents. Nichidenbo has not experienced any major occupational accidents to date, nor has it initiated any accident investigation procedures. In the future, Nichidenbo will gradually improve how to activate the response center to handle major emergencies, complete the reporting mechanism and investigation review, in order to grasp the actual situation and impact. Nichidenbo also follows the Article 18 of "Occupational Safety and Health Act", ensuring employees' right to retreat, prioritizing personal health and safety in any situation, and taking all possible measures to minimize the likelihood of accidents and disasters.

## Occupational Injury Accident Statistics and Analysis

The total working hours of employees in 2023 Nichidenbo were 294,528 hours. The annual recordable occupational injury count (excluding commuting traffic accidents) was 0 cases, with a rate of 0%. The relevant occupational injury statistics are as follows. Nichidenbo has established occupational safety management measures. If employees encounter commuting accidents or occupational injuries, they can apply for leave according to work regulations and also use the company's provided accident insurance to apply for related compensation subsidies.

### Nichidenbo Occupational Injury Statistics in 2023

Directly employed employees <small>(Note 2)</small>	
Item	2023
Total working hours (hours)	294,528
Number of recordable work injury accidents (number of cases) <small>(Note 3)</small>	0
Total Recordable Injury Rate (TRIR)	0
Near Miss (number of cases)	0
Near Miss Frequency Rate (NMFR)	0

Note:

1. The scope of occupational injury statistics covers the Xindian Operations Headquarters and Zhonghe (Taipei Logistics Center).
2. By the end of 2023, all employees of Nichidenbo are full-time employees, with no fixed-term contracts or part-time (hourly wage) employees.
3. The recorded number of occupational injuries does not include traffic accidents during commuting.



## Workplace Health Services

### Occupational Injury and Disease Prevention Management

Nichidenbo has long been actively committed to promoting and focusing on workplace health environments. To protect the physical and mental health of employees, on-site medical services are arranged monthly as per regulations to provide health consultations for colleagues. Nichidenbo also regularly conducts general health check-ups for all employees every year. In 2023, the number of employees who received four health check-ups was 75. Nichidenbo also implements graded employee health management in accordance with the law.

The results of the employee health check are implemented by the occupational medicine specialists of the responsible health check center with free health consultation. On-site medical services will also arrange consultations and health follow-ups for colleagues with abnormal physical examinations. If necessary, an on-site environmental assessment and health promotion activities (promoting taking more stairs for the benefit of good health) will be conducted for suspected work-related diseases. Preventive in-service education for unlawful harm encountered during duty, irregular health management promotion, comprehensive evaluation of all maternal health management, provision of pregnancy knowledge and management of maternal protection personnel during pregnancy and within one year after delivery to ensure their physical and mental health during pregnancy. In addition, employees returning from parental leave will continue to be monitored and cared for. Personnel with health management levels reaching level 3 or above will be followed up in the following year. Level 4 managers will receive health consultation and guidance from on-site professional nurses and doctors. As of 2023, Nichidenbo has a total of 15 health managers at Level 3 and above (14 at Level 3 and 1 at Level 4). Currently, the company has no special hazard operations, so there are no specific health examination items that need to be monitored.



▲ Nichidenbo has a variety of rich clubs and stress-relief activities, allowing employees to balance their physical and mental health.

### Health Promotion and Care

Having a healthy workforce is an essential element for the sustainable operation of a business, Nichidenbo hopes that all employees can achieve a harmonious balance between work, health, and life. Gradually introducing the suggestions of EAPs (Employee Assistance Programs), integrating internal and external service resources to help employees solve problems affecting work performance due to health, family, legal, psychological issues, improving business operational efficiency, and thereby shaping a healthy corporate culture.

Nichidenbo, in addition to regularly performing on-site health services every month, has been formulating four major labor health protection plans since 2022 in accordance with the Occupational Safety and Health Act, Labor Health Protection Rules, and related sub-regulations. These plans include: maternity health protection, prevention of diseases potentially triggered by abnormal workloads, musculoskeletal and other ergonomic hazards, and workplace violence or unlawful harm while performing duties. Professional assessments are provided by on-site medical staff. Nichidenbo also sends emails to all employees to promote health education messages, ensuring the implementation of employee health care.

Additionally, the Welfare Committee also plans sports-related clubs, such as the Bowling Club, Badminton Club, Triathlon Club, Cycling Club, and Aerobics Club, allowing employees to engage in fitness and social activities outside of work. In 2022, due to the pandemic, considering the health of employees, club activities were temporarily suspended. After the pandemic is lifted and the threat gradually decreases, club activities will resume in 2023, fully emphasizing the physical and mental health of employees.



06

Charitable Society



## Listen to Local Needs, Co-create a Virtuous and Beautiful Society

As the largest Passive components agent in Taiwan, Nichidenbo Corporation operates with the philosophy of "Integrity is the foundation; service is the principle; growth is the goal; and co-prosperity is the essence", accumulating years of professional experience to implement corporate sustainability and embody co-prosperity.

Upholding the spirit of "taking from society, using for society," promoting a people-oriented spirit, and thinking from the perspective of local enterprises in New Taipei City on how to give back to society and care for the community.

Nichidenbo actively participates in public welfare actions, respects the human rights and actual needs of disadvantaged groups, hopes that love and resources can truly assist and be delivered to every corner in need, making society more harmonious and beautiful. Nichidenbo Chairperson CHOU WEI LIN is very enthusiastic about public welfare. Since 2016, Nichidenbo's charitable public welfare focus has been more on education. Not only responding to the sustainable development goal SDG 4 "Ensure quality education," but also hoping to solve social problems through public welfare, further promoting social innovation, helping students in difficulties overcome challenges, and shaping Nichidenbo's social participation and humanistic culture of caring for the disadvantaged. In the past 3 years, the Nichidenbo social participation Donation expense amount has increased year by year. In 2023, it further invested NTD 5.08 million. From 2020 to 2023, a total of over 25.88 million was injected, demonstrating a commitment to public welfare.

Additionally, Foundation of Helping Underprivileged Students of Taipei City Department of Education to thank long-term corporate sponsors, on 10 May, 2023, interviewed Nichidenbo, CHOU WEI LIN Chairperson, discussing the opportunity to join the foundation's sponsorship program, corporate philanthropy philosophy, and core values. The interview content was compiled into a separate article and collected into a corporate responsibility book titled "Responsibility and Duty to Help Children Succeed - Corporate Social Responsibility". This book contains the stories of 24 compassionate sponsors, sharing their journey of supporting underprivileged students through this book, and allowing the public to gain a deeper understanding of the foundation's values and mission.



▲ The Taipei City Government Education Bureau Foundation for Assisting Underprivileged Students published an interview with Chairperson Chou Wei Lin in the booklet titled "Responsibility and Duty to Help Children Succeed- Corporate Social Responsibility".



▲ Invited to participate in the book launch event for "Responsibility and Duty to Help Children Succeed"- Corporate Social Responsibility".

## Injecting Funds into the Dream Realization Scholarship Fund, Allowing Students to Study with Peace of Mind and Achieve Their Dreams

Even though Taipei City and New Taipei City are the most prominent capital living circles for Taiwan's economic development, there are still many hidden poverties. Families with financial difficulties, where the breadwinner faces job changes or sudden misfortunes, may very likely sacrifice their children's right to education.

Nichidenbo hopes that all students can receive education with peace of mind, and that more social welfare will be invested in education. In 2023, more than 40.0% of Donation expense was invested in providing student scholarship programs for the Taipei City Government, New Taipei City Government, and foundations, such as assisting the Foundation of Helping Underprivileged Students of Taipei City Department of Education, Fund of Excellent Underprivileged Students, Education Department, New Taipei City Government so that students from disadvantaged families can study with peace of mind and successfully complete their studies. Among them, the New Taipei City Education Bureau held a gratitude press conference in May, 2023, connecting the city government, donating enterprises, and scholarship recipients, with the theme of "Planting Hope, Creating Miracles," to thank various enterprises for their long-term benevolence in supporting students. Nichidenbo is one of the representative enterprises, inheriting the precious spirit of helping students fulfill their dreams.

At the same time, subsidize New Taipei City Dagan Elementary and Junior High School, also located in Xindian District, to assist students from families in special circumstances, provide financial aid and care to disadvantaged families, and hope that students will uphold good intentions in the future and continue to give back to their hometown and society. Over the years, the letters of gratitude written by the students who received assistance to Nichidenbo have been kept by a designated department. This not only ensures proper storage but also helps the company understand that their donations are making a real impact. This creates a meaningful interaction, starting from Nichidenbo, forming a cycle of goodness and continuing the beautiful warmth between people.



▲ Nichidenbo has long-term funding for the two major Dream Scholarship programs of the New Taipei City Education Bureau and was invited to participate in the "Planting Hope, Creating Miracles" Dream Gratitude Ceremony.

## Light Up Love, Pass On the Love

When the New Taipei City Government's "Good Days Charity Platform" was established in 2019, Nichidenbo joined the donation efforts, helping many disadvantaged families through goodwill and public service, fostering a cycle of social benevolence by caring for and giving back to society. On August 15, 2023, Nichidenbo was invited to participate in the gratitude event for the "Good Days Charity Platform" and took a photo with New Taipei City Mayor Hou Yu-In.



▲ Nichidenbo participated in the New Taipei City Good Days Charity Platform Appreciation Meeting, where the Mayor of New Taipei City personally presented the award certificate.

## Donating Rehabilitation Buses to Support Safe Travel

Located primarily in Xindian, with nearly 80% of its employees being New Taipei City residents, Nichidenbo upholds the noble intention of giving back to the community and caring for its neighbors, actively expanding its involvement in public welfare. To assist individuals with disabilities and elderly people who have difficulty accessing medical care or transportation, Nichidenbo joined the New Taipei City Charity Platform's donation initiative for rehabilitation buses. In 2023, the company donated two more rehabilitation buses to the New Taipei City Government, expanding the service capacity of the rehabilitation bus program. To date, Nichidenbo has donated a total of 10 rehabilitation buses over five consecutive years. Considering that the New Taipei City rehabilitation buses serve over 620,000 people annually, it is estimated that these donations could assist over 6,000 individuals each year in accessing safe and convenient transportation services to support the needs of people with disabilities and long-term care.



▲ In 2023 Nichidenbo continue to donate 2 rehabilitation busses, providing safe and worry-free travel services for people with physical and mental disabilities in New Taipei City.



## The community participation situation of Nichidenbo in 2023

Project	Invest	Output and Impact
World Vision Taiwan	60,000	Assist the public welfare project "Help disadvantaged children grow up well."
Chensenmei Social Welfare Foundation, Taoyuan County	60,000	Donations help individuals with intellectual disabilities learn various life and vocational skills, hoping to cultivate the ability for independent living in the future.
Foundation of Helping Underprivileged Students of Taipei City Department of Education	500,000	Nichidenbo ensures that the donation expense is used exclusively for its intended purpose, providing subsidies to students from low-income families and those facing emergencies in public and private elementary and middle schools under the jurisdiction of the Taipei City Government Education Bureau, helping them overcome difficulties and study with peace of mind.
Fund of Excellent Underprivileged Students, Education Department, New Taipei City Government	2,000,000	Nichidenbo ensures that donations are used exclusively for their intended purpose, providing financial aid to students from underprivileged backgrounds or those facing economic difficulties due to sudden family misfortunes, helping them persevere through adversity and diligently pursue their education to successfully complete their studies.
New Taipei Municipal Da Guan Elementary and Junior High School	80,700	Assisted three students from families in special circumstances, providing financial support and care to disadvantaged families.
New Taipei City Government Social Affairs Bureau - Rehabilitation Bus	2,379,048	Since 2019, two rehabilitation buses have been donated each year, with a total of 10 buses donated so far, ensuring safe travel for people with disabilities and the elderly.
Total (NTD)	5,079,748	More than 25.88 million was invested between 2020 and 2023.

# 07

## Appendix

- Global Reporting Initiative Index
- Sustainability Accounting Standards Board Index
- Sustainability Disclosure Indicator-Electronic Parts/Components Industry
- Appendix 2: Climate-Related Information
- External Guarantee





## Appendix

### Global Reporting Initiative

Terms of Use	Nichidenbo has reported according to GRI standards from January 1, 2023 to December 31, 2023.
GRI Version Used	GRI 1: Foundation 2021
GRI Sector Standards	Not applicable

GRI 2: General Disclosures 2021			
Organization and Reporting Practices			
Reveal item	Corresponding Chapter	Page	Note
2-1 Organization Details	About Nichidenbo	5	
2-2 Entities Included in the Organization's Sustainability Report	About Nichidenbo	2	
2-3 Reporting Period, Frequency, and Contact Person	About Nichidenbo	2	
2-4 Information Reorganization	About Nichidenbo	2	TCFD Four Core Elements - Indicators and Targets: Revising the baseline year for energy-saving and carbon reduction measures
2-5 External Assurance / Verification	About Nichidenbo	2	

GRI 2: General Disclosures 2021			
Activities and workers			
Reveal item	Corresponding Chapter	Page	Note
2-6 Activities, Value Chain and Other Business Relationships	About Nichidenbo	5	
2-7 Employees	Enterprise Human Resources Overview	88	
2-8 Non-employee Workers	Enterprise Human Resources Overview	88	



## GRI 2: General Disclosures 2021

### Governance

Reveal item	Corresponding Chapter	Page	Note
2-9 Governance Structure and Composition	Corporate Governance	34	
2-10 Nomination and Selection of the Highest Governance Body	Corporate Governance	34	
2-11 Chair of the Highest Governance Body	Corporate Governance	34	
2-12 Role of the Highest Governance Body in Overseeing Impact Management	Corporate Governance	34	
2-13 Responsible Person for Impact Management	Corporate Governance	34	
2-14 Role of the Highest Governance Body in Sustainability Reporting	Corporate Governance	34	
2-15 Conflict of Interest	Corporate Governance	34	
2-16 Communication of Critical Concerns	Corporate Governance	34	
2-17 Collective Knowledge of the Highest Governance Body	Corporate Governance	34	
2-18 Evaluation of the Performance of the Highest Governance Body	Corporate Governance	34	
2-19 Remuneration Policy	Corporate Governance	34	
2-20 Remuneration Determination Process	Corporate Governance	34	
2-21 Annual Total Compensation Ratio	-	-	Cannot disclose due to internal salary confidentiality restrictions
2-22 Statement of Sustainability Development Strategy	Chairperson's Address	1	

## GRI 2: General Disclosures 2021

### Strategy, Policy and Practice

Reveal item	Corresponding Chapter	Page	Note
2-23 Policy Commitment	Policy Commitment	10	
2-24 Inclusion of Policy Commitment	Policy Commitment	10	
2-25 Procedures for Remediating Negative Impacts	Materiality Analysis	23	
2-26 Mechanisms for Seeking Advice and Raising Concerns	Policy Commitment	10	
2-27 Regulatory Compliance	Corporate Governance	34	
2-28 Membership in Associations	About Nichidenbo	5	

### Stakeholder Engagement

Reveal item	Corresponding Chapter	Page	Note
2-29 Stakeholder Engagement Policy	Stakeholder Engagement and Materiality Analysis	17	
2-30 Collective Bargaining Agreement	Human Rights and Labor Rights Protection	94	

## GRI 3: Material Topic 2021

Reveal item	Corresponding Chapter	Page	Note
3-1 Process for Determining Material Topics	Stakeholder Engagement and Materiality Analysis	17	
3-2 List of Material Topics	Stakeholder Engagement and Materiality Analysis	17	



Material topic revelation			
Corporate Governance and Ethical Corporate Management			
Reveal item	Corresponding Chapter	Page	Note
	Corporate Governance	34	
205-2 Communication and training on anti-corruption policies and procedures	Corporate Governance	34	
205-3 Confirmed Corruption Cases and Actions Taken	Corporate Governance	34	
206-1 Anti-competitive Behavior, Anti-trust and Monopoly Legal Actions	Corporate Governance	34	
416-2 Incidents of non-compliance with health and safety regulations concerning products and services	Corporate Governance	34	
417-1 Product and Service Information and Labeling Requirements	Corporate Governance	34	
417-2 Incidents of non-compliance with regulations concerning product and service information and labeling	Corporate Governance	34	
417-3 Incident of not complying with marketing communication regulations	Corporate Governance	34	
Business Performance			
Reveal item	Corresponding Chapter	Page	Note
3-3 Material Topic Management	Business Performance	50	
201-1 Direct economic value generated and distributed by organization	Business Performance	50	
201-4 Taken from government financial assistance	Business Performance	50	
207-1 Tax Policy	Business Performance	50	
207-2 Tax Governance, Control and Risk Management	Business Performance	50	
207-3 Tax-Related Issues Stakeholders Discussion and Management	Business Performance	50	
415-1 Political Donation	-	-	The company did not make any political donations in 2023

Information Security			
Reveal item	Corresponding Chapter	Page	Note
3-3 Material Topic Management	Information Security	55	
418-1 Complaints Concerning Confirmed Violations of Customer Privacy or Loss of Customer Data	Information Security	55	

Customer Service			
Reveal item	Corresponding Chapter	Page	Note
3-3 Material Topic Management	Customer Service	66	

Energy and Greenhouse Gas Management			
Reveal item	Corresponding Chapter	Page	Note
3-3 Material Topic Management	Energy and greenhouse gas management	69	
201-2 Financial impacts and other risks and opportunities due to climate change	Energy and greenhouse gas management	69	
302-1 Energy consumption within the organization	Energy and greenhouse gas management	69	
302-3 Energy Intensity	Energy and greenhouse gas management	69	
305-1 Direct (Scope 1) Greenhouse Gas Emissions	Energy and greenhouse gas management	69	
305-2 Energy Indirect (Scope 2) Greenhouse Gas Emissions	Energy and greenhouse gas management	69	
305-3 Other Indirect (Scope 3) Greenhouse Gas Emissions	Energy and greenhouse gas management	69	
305-4 Greenhouse Gas Emission Intensity	Energy and greenhouse gas management	69	
305-5 Greenhouse Gas Emissions Reduction	Energy and greenhouse gas management	69	



Procurement practices and management			
Reveal item	Corresponding Chapter	Page	Note
3-3 Material Topic Management	Procurement Practices and Management	59	
308-1 adopts environmental standards to screen new suppliers	Procurement Practices and Management	59	

Talent cultivation and recruitment			
Reveal item	Corresponding Chapter	Page	Note
3-3 Major Topic Management	Talent cultivation and recruitment	86	
201-3 Defined Benefit Obligations and Other Retirement Plans	Talent cultivation and recruitment	86	
401-1 New Employees and Resigned Employees	Talent cultivation and recruitment	86	
401-2 provides benefits to full-time employees	Talent cultivation and recruitment	86	
402-1 Minimum Notice Period for Operational Changes	Talent cultivation and recruitment	86	
404-1 The average number of training hours per employee per year	Talent cultivation and recruitment	86	
404-3 Percentage of employees who regularly receive performance and career development reviews	Talent cultivation and recruitment	86	

Human rights			
Reveal item	Corresponding Chapter	Page	Note
3-3 Material Topic Management	Human rights	87	
202-2 The proportion of local residents employed as senior management in	Human rights	87	
401-3 Maternity Leave	Human rights	87	
404-2 Enhance Employee Competence and Transition Assistance Program	Human rights	87	
405-1 Governance Unit and Employee Diversity	Human rights	87	
406-1 Discrimination Incident and Organizational Improvement Actions	Human rights	87	
408-1 Major risks of using child labor by operation sites and suppliers	Human rights	87	
409-1 Major risk of forced or compulsory labor incidents at operational sites and suppliers	Human rights	87	



## Sustainability Accounting Standards Board Index

Nichidenbo selects applicable indicators for disclosure from the 11 Sector and 77 Industry within the SASB Materiality Map of the Sustainability Accounting Standards Board (SASB).

- Sector: Technology & Communications
- Industry: Electronic Manufacturing Services & Original Design Manufacturing

Reveal the topic			
Water Resource Management			
Indicator code	Accounting Indicator	Report Chapter/Description	Page
TC-ES-140a.1	(1) Total water withdraw, (2) Total water consumption, Proportion of areas with high or extremely high water resource stress	Water Resource Management	83

Reveal the topic			
Waste management			
Indicator code	Accounting Indicator	Report Chapter/Description	Page
TC-ES-150a.1	The total weight of hazardous industrial waste generated during the manufacturing process and the recycling rate	Waste management	84



Reveal the topic		Labor practice	
Indicator code	Accounting Indicator	Report Chapter/Description	Page
TC-ES-310a.1	(1) Number of work stoppages and (2) Total number of work stoppage days	In 2023, Nichidenbo did not experience any work stoppages.	-

Reveal the topic		Labor conditions, health and safety	
Indicator code	Accounting Indicator	Report Chapter/Description	Page
TC-ES-320a.1	(a) Directly hired employees and (b) Contract employees (1) Total Recordable Injury Rate (TRIR) and (2) Near Miss Frequency Rate (NMFR)	Safe workplace environment	100
TC-ES-320a.2	(1) The percentage of (a) all factories and (b) high-risk factories of the enterprise itself and (2) first-tier suppliers that have undergone RBA audit procedures (VAP) or equivalent audit procedures	Not applicable (because the Nichidenbo industry type belongs to the electronic access industry, it does not involve actual production, only has storage points and sales points, and does not provide related raw Supplies, so the evaluation is not applicable to the relevant RBA regulations).	-
TC-ES-320a.3	(i) The company itself and (ii) all first-tier suppliers' factories and high-risk factories' (1) non-compliance rate with RBA audit procedures (VAP) or equivalent audit procedures and (2) (a) major deficiency improvement rate (b) other deficiency improvement rate	Not applicable (because the Nichidenbo industry type belongs to the electronic access industry, it does not involve actual production, only has storage points and sales points, and does not provide related raw Supplies, so the evaluation is not applicable to the relevant RBA regulations).	-



Reveal the topic			
Product Life Cycle Management			
Indicator code	Accounting Indicator	Report Chapter/Description	Page
TC-ES-410a.1	The weight of recycled scrapped products and electronic waste, recycling percentage	Not applicable (because the industry type of Nichidenbo belongs to electronic access industry, there is no end of product life cycle, and no products and electronic waste for recycling and reuse).	-

Reveal the topic			
Material Procurement			
Indicator code	Accounting Indicator	Report Chapter/Description	Page
TC-ES-440a.1	Relevant Risk Management of Key Materials	Please detail the "Supplier Risk Assessment" section; In addition, the inventory of key monitoring products of Nichidenbo, through digital optimization, properly manage the inventory to ensure stable supply. Please refer to the "Warehouse Operations Optimization" section.	59

## Business Operation Indicators

Business Operation Indicators	Indicator code	Explanation
1. Number of production facilities	TC-ES-000.A	Because the Nichidenbo industry type belongs to the electronic access industry, there is no production plant, only 1 logistics warehouse.
2. Production plant area	TC-ES-000.B	Due to the Nichidenbo industry type belonging to the electronic access industry, there are no production plants, and the logistics storage area is approximately 2,210 square meters.
3. Total number of employees	TC-ES-000.C	As of 31 December, 2023, the total number of Nichidenbo employees was 149.



## Sustainable Disclosure Indicator – Electronic Parts/Components Industry

Number	Indicator	Indicator types	Unit	Report Chapter/Description	Page
1	Total Energy Consumption, Percentage of Purchased Electricity, and Renewable Energy Usage Rate	Quantitative	Gigajoules(GJ) percentage (%)	Energy Management	79
2	Total water withdrawn, total water consumption	Quantitative	Thousand cubic meters (m <sup>3</sup> )	Water resource management	83
3	Weight of hazardous waste generated and recycling percentage	Qualitative description	Metric ton (t) Percentage (%)	Waste management	84
4	Types of, Number of employees in, and rate of occupational accidents	Quantitative	Percentage (%) Quantity	Safe and secure workplace environment	100
5	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled	Quantitative	Metric ton(t) Percentage (%)	Not applicable (because the industry type of Nichidenbo belongs to the electronic access industry, there is no end of product life cycle, and no products and electronic waste for recycling and reuse).	-
6	Description of Risk Management Related to the Use of Key Materials	Quantitative	<b>Not applicable</b>	Please elaborate on the "Supplier Risk Assessment" section. Additionally, Nichidenbo closely monitors the inventory levels of key products and, through digital optimization, manages the proper inventory levels to ensure supply stability. Please elaborate on the 'Warehouse Operations Optimization' section.	59
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Reporting currency	NTD 0	-
8	Production by Product Category	Quantitative	Varies by product category	Since Nichidenbo's industry type belongs to the electronic access industry and does not involve actual production, no related product output is provided.	-



## Appendix 2 Climate-Related Information

Number	Item	Report Chapter/Description	Page
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Task Force on Climate-related Financial Disclosures	70
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short-term, mid-term, and long-term).	Task Force on Climate-related Financial Disclosures	70
3	Describe the financial impact of extreme weather events and transformative actions.	Task Force on Climate-related Financial Disclosures	70
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Task Force on Climate-related Financial Disclosures	70
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Task Force on Climate-related Financial Disclosures	70
6	If there are any transition plans to manage climate-related risks, explain the content of the plan and how it is used to identify and manage physical risks.	Task Force on Climate-related Financial Disclosures	70
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	There is no internal carbon pricing in 2023	-
8	If climate-related goals have been set, please provide information on the activities covered, greenhouse gas emission scopes, planning timeline, and annual progress toward achieving these goals. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet the relevant targets, please specify the sources and quantities of the carbon offsets or the number of RECs.	In 2023, no carbon offsets or Renewable Energy Certificates (RECs) were used.	-
9	Information on the greenhouse gas inventory and verification status, as well as reduction targets, strategies, and specific action plans (to be filled out in sections 1-1 and 1-2).	Please see the explanation below.	-



## 1-1 Greenhouse Gas Inventory and Assurance Status for The Past Two Years

### 1-1-1 Greenhouse Gas Inventory Information

State the greenhouse gas emissions for the most recent two years (metric ton CO<sub>2</sub>e), intensity (metric ton CO<sub>2</sub>e /NTD million), and data coverage.

Please refer to the "Environmental Protection Chapter" of this report - 4.3

### 1-1-2 Greenhouse Gas Assurance Information

Provide an explanation of the verification status for the most recent two years, including the verification scope, verification body, verification standards, and the verification opinion.

In 2023, there is no greenhouse gas assurance information. Additionally, Nichidenbo is a company with a paid-in capital of less than 5 billion. According to the timeline of the sustainable development roadmap for listed companies, it falls under the third phase, which will complete the individual company's greenhouse gas inventory by 2026 and verification by 2028. The subsidiaries consolidated by Nichidenbo fall under the fourth phase, which will complete the individual company's greenhouse gas inventory by 2027 and verification by 2029.

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

Provide details on the baseline year for greenhouse gas reductions and its data, reduction targets, strategies, specific action plans, and the status of achieving the reduction targets.

Nichidenbo is currently in the initial stage of greenhouse gas inventory. In the future, the company will discuss reduction targets and specific action plans after collecting more emission data.



## External Guarantee

**bsi.**



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### Nichidenbo Corporation 2023 Sustainability Report

The British Standards Institution is independent to Nichidenbo Corporation (hereafter referred to as Nichidenbo in this statement) and has no financial interest in the operation of Nichidenbo other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Nichidenbo only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Nichidenbo. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Nichidenbo only.

#### Scope

The scope of engagement agreed upon with Nichidenbo includes the followings:

1. The assurance scope is consistent with the description of Nichidenbo Corporation 2023 Sustainability Report.
2. The evaluation of the nature and extent of the Nichidenbo's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the Nichidenbo Corporation 2023 Sustainability Report provides a fair view of the Nichidenbo sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Nichidenbo and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Nichidenbo's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Nichidenbo's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

#### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Nichidenbo's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 13 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

#### Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below:

#### Inclusivity

This report has reflected a fact that Nichidenbo has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Nichidenbo's inclusivity issues.

#### Materiality

Nichidenbo publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Nichidenbo and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Nichidenbo's management and performance. In our professional opinion the report covers the Nichidenbo's material issues.

#### Responsiveness

Nichidenbo has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Nichidenbo is developed and continually provides the opportunity to further enhance Nichidenbo's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Nichidenbo's responsiveness issues.

#### Impact

Nichidenbo has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Nichidenbo has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Nichidenbo's impact issues.

#### GRI Sustainability Reporting Standards (GRI Standards)

Nichidenbo provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Nichidenbo's sustainability topics. However, the future report will be improved by the following areas:

- It is encouraged not to use "confidentiality constraints" as a reason for omitting the disclosure of GRI 2-21 annual total compensation ratio. The organization should consider referring to international peers' practices to respond to the requirements of the standards and increase the credibility and transparency of the sustainability report.

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

The sustainability report is the responsibility of the Nichidenbo's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

#### Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14004, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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2024-06-24

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