ACULA Technology Corporation

2023 Sustainability Report

Table of Contents

Preface

About This Report

This 2023 Sustainability Report (hereinafter referred to as "this Report") marks the inaugural Sustainability Report published by ACULA Technology Corporation (hereinafter referred to as "ACULA" or "the Company"). The primary objective of this Report is to provide stakeholders with a comprehensive overview of the Company's current initiatives, performance, and future strategies across the three key pillars of Environmental, Social, and Governance (ESG). Through this Report, the Company seeks to demonstrate our commitment to corporate social responsibility and our dedication to advancing sustainable development.

1. **Boundaries and Scope of Reporting:**

   The boundary and scope of this Report are limited to ACULA, excluding our Taiwanese subsidiary, AcuMed Biotech Corp., and our third-tier subsidiary, SHENZHEN ZHEXIANG ELECTRONICS CO., LTD.

2. **Reporting Period**:

   From January 1, 2023, to December 31, 2023.

3. **Report Publication Overview**:

   Publication Date: November 2024, with an anticipated frequency of publication once annually.

4. **Basis of Preparation**:

   This Report was prepared in reference to the Global Reporting Initiative (GRI) Standards 2021, the Sustainability Accounting Standards Board (SASB) standards, and the Task Force on Climate-related Financial Disclosures (TCFD) framework. For detailed GRI and SASB content indices, please refer to the Appendices of this Report.

5. **Report Preparation and Approval Process**:

   The information contained in this Report was collected and submitted by various departments, reviewed by senior management, and subsequently consolidated and compiled by the Company's dedicated Sustainability Department. The finalized report was then submitted to the President for review, and, upon approval by the Board of Directors, was formally published.

6. **Contact and Feedback**:

We warmly welcome any feedback or suggestions regarding the contents of this Report. Please feel free to contact us.

Contact Point: Spokesperson Vice President JIAN, SHENG-SUNG

        Chief Financial Officer and Acting Spokesperson Vice President CHEN, YUN-JU

        Sustainability Department Director SHEN, HSIANG-HONG

Tel. No.: 03-3135577#130

Email : rachelshen@acula.com.tw

Address: No. 11, Alley 21, Lane 20, Daxing Road, Luzhu District, Taoyuan City.

Message from the Chairman

ACULA's core business philosophy is to "focus on customer satisfaction with uncompromising integrity," guided by the principles of "Non-stop Innovation, Insist on Excellence, Customer First, Sustainable Environment." Since the outbreak of the pandemic in 2020, the global community has worked collaboratively to address the crisis. While the situation has gradually eased, we have now entered the post-pandemic era - a period in which a series of challenges, including extreme climate changes, geopolitical tensions, inflation, and a range of other environmental, political, and economical issues, have emerged as pressing concerns for countries worldwide.

In response to these challenges, global attention has increasingly shifted toward Environmental, Social, and Governance (ESG) issues. As a responsible global corporate citizen, the Company recognizes our duty to address sustainability-related concerns. Starting from the core of the Company, in terms of corporate governance, we demonstrate our commitment to diversity by including one female director and one independent director on our highest governance body, the Board of Directors. In terms of employees, we prioritize diversity and workplace happiness. In terms of product development, we emphasize innovation and diversification in our research and development efforts. In terms of social responsibility, we actively participate in public welfare activities, supporting underprivileged communities and children in remote areas. In terms of environmental protection, we are committed to actively and continuously advancing energy-saving and carbon reduction initiatives, in alignment with the government-led Taiwan's Pathway to Net-Zero Emissions by 2050, and the Sustainability Blueprint issued by the Taipei Exchange.

In 2023, the Company conducted a comprehensive carbon inventory and plans to establish a Sustainable Development Task Force in 2024, which will be responsible for identifying, planning, and setting short-, medium-, and long-term objectives related to sustainability initiatives.

Chapter 1 ACULA's Sustainability Blueprint

1.1 Company Overview and Milestones

1.1.1 Company Overview:

Date of Establishment: May 5, 1993

Headquarter: No. 11, Alley 21, Lane 20, Daxing Road, Luzhu District, Taoyuan City.

Company Phone No.: 03-313-5577

Plant Address: Same as above.

1.1.2 Company Milestones:

Year	Summary of Annual Major Achievement(s)
1993	Established on May 5, 1993, with a registered capital of NT$ 20 million. The business office was located on 13F.-1, No. 1377, Zhongzheng Road, Taoyuan City.
1994	Increased the registered capital to NT$ 38 million.
1997	Increased the registered capital to NT$ 72 million through a cash capital increase. Relocated the plant to No. 300-7, Longshou Street, Taoyuan City.
1998	Increased the registered capital to NT$ 102 million through a cash capital increase. Initiated mass production of the Company's annual self-developed CCTV surveillance monitors and obtained ISO 9001 certification in July.
1999	Constructed a new plant in June and relocated to the new three-story reinforced concrete (RC) plant located at No. 11, Alley 21, Lane 20, Daxing Road, Luzhu District, Taoyuan City, by the end of December.
2001	Increased the registered capital to NT$ 128 million through a cash capital increase in February. Completed the development and mass production of the full range of CCTV Monitor B/W and Color models, including LCD products, in September.
2002	Increased the registered capital to NT$ 150.56 million in July through a cash capital increase of NT$ 20 million and the capitalization of NT$ 2.56 million in earnings.
2003	Obtained ISO9001: 2000 certification in April. Completed the development and mass production of the High Performance LCD CCTV Monitor series and the System Board for RPTV in June. Increased the registered capital to NT$ 163.26 million in July through a cash capital increase.
2004	Obtained approval for completion of supplementary procedures for the Company's classification as a public company on July 23. Increased the registered capital to NT$ 185.8 million in September through a cash capital increase and the capitalization of earnings.

Year	Summary of Annual Major Achievement(s)
2005	Reinvested US$ 1 million in SUPERVIEW, acquiring a 100% ownership stake. Reinvested in SHENZHEN ZHEXIANG ELECTRONICS CO., LTD., located in Mainland Area, to expand operations in materials processing and manufacturing. Completed the development and initiated mass production of the Low Vision series, Integrated POS System series, and Professional LCV CCTV Monitors. Increased the registered capital to NT$ 200.88 million in July through the capitalization of earnings.
2006	Obtained the RoHS Compliance and ISO14000 certification. Completed the development and initiated mass production of the POS800 series, POS600 series, Security Surveillance series, TFT19, ALV46, and Metal Series CCTV Monitors. Increased the registered capital to NT$ 216.8 million in July through the capitalization of earnings.
2007	Reinvested in SHENZHEN HONGQUAN TRADING CO., LTD. through the subsidiary, ACULA TECHNOLOGY CORP. (Independent State of Samoa), in January, to expand operations in import and export trading. Listed on the Emerging Stocks Market for Over-the-Counter (OTC) trading in February. Increased the registered capital to NT$ 268.8 million in August through a cash capital increase and the capitalization of earnings.
2008	Increased the registered capital to NT$ 310.88 million in January through a cash capital increase and the exercise of employee stock warrants. Listed on the Over-the-Counter (OTC) market with stock code 3434 in January. Increased the registered capital to NT$ 328 million in August through the capitalization of earnings. Disposed of the reinvestment in SHENZHEN HONGQUAN TRADING CO., LTD. made through the subsidiary, ACULA TECHNOLOGY CORP. (Independent State of Samoa), in November.
2009	Obtained approval for an indirect increase of the Mainland Area investment entity, SHENZHEN ZHEXIANG ELECTRONICS CO., LTD., increasing its capital to US$ 2 million through the third-region investment entity, SUPERVIEW TRADING LTD., located in Brunei Darussalam, in November.
2010	Increased the registered capital of the Mainland Area investment, SHENZHEN ZHEXIANG ELECTRONICS CO., LTD. to US$ 2 million in April through an indirect capital increase of US$ 1 million via the third-region investment entity, SUPERVIEW TRADING LTD., located in Brunei Darussalam.
2015	Reduced the paid-in capital to NT$ 227 million in August to offset losses.
2016	Obtained ISO13485: 2003 certification in December. Initiated mass production of the Medical Display series - Clinical Monitors.
2017	Relocated the registration of the subsidiary, ACULA TECHNOLOGY CORP., and the second-tier subsidiary, SUPERVIEW TRADING LTD., from Brunei Darussalam to the Republic of Seychelles in August.

Year	Summary of Annual Major Achievement(s)
2018	Obtained permission for the change of factory registration in November, with new main products added, including irradiation and electromedical equipment (medical imaging transmission devices, medical image recording and transmission systems). Obtained the Pharmaceutical Company Certificate in November. Obtained the Class I Medical Device Permit License from the Ministry of Health and Welfare in December.
2019	Obtained the Class II Medical Device Permit License from the Ministry of Health and Welfare in September. Obtained the Good Manufacturing Practice (GMP) Certificate for Medical Devices from the Ministry of Health and Welfare in November.
2020	Evaluated the design, manufacturing, and trades of health and wellness-related products.
2021	Established the subsidiary, AcuMed Biotech Corp., on July 15.
2022	Increased the paid-in capital to NT$ 240.62 million in August through the capitalization of earnings. Obtained certification under the Taiwan Medical Device Quality Management System (QMS) Regulations in December.
2023	Increased the paid-in capital to NT$ 270.8 million in September through the capitalization of earnings.

1.2 Sustainability Framework

In alignment with our commitment to sustainable business practices, a Sustainability Department will be established in August 2024, serving as a dedicated unit to advance sustainability initiatives. Additionally, a Sustainable Development Task Force will be formed to implement sustainability principles and policies, while also fulfilling the Company's corporate social responsibilities, thereby ensuring the long-term sustainability of its operations.

Organizational Structure of the Sustainable Development Task Force
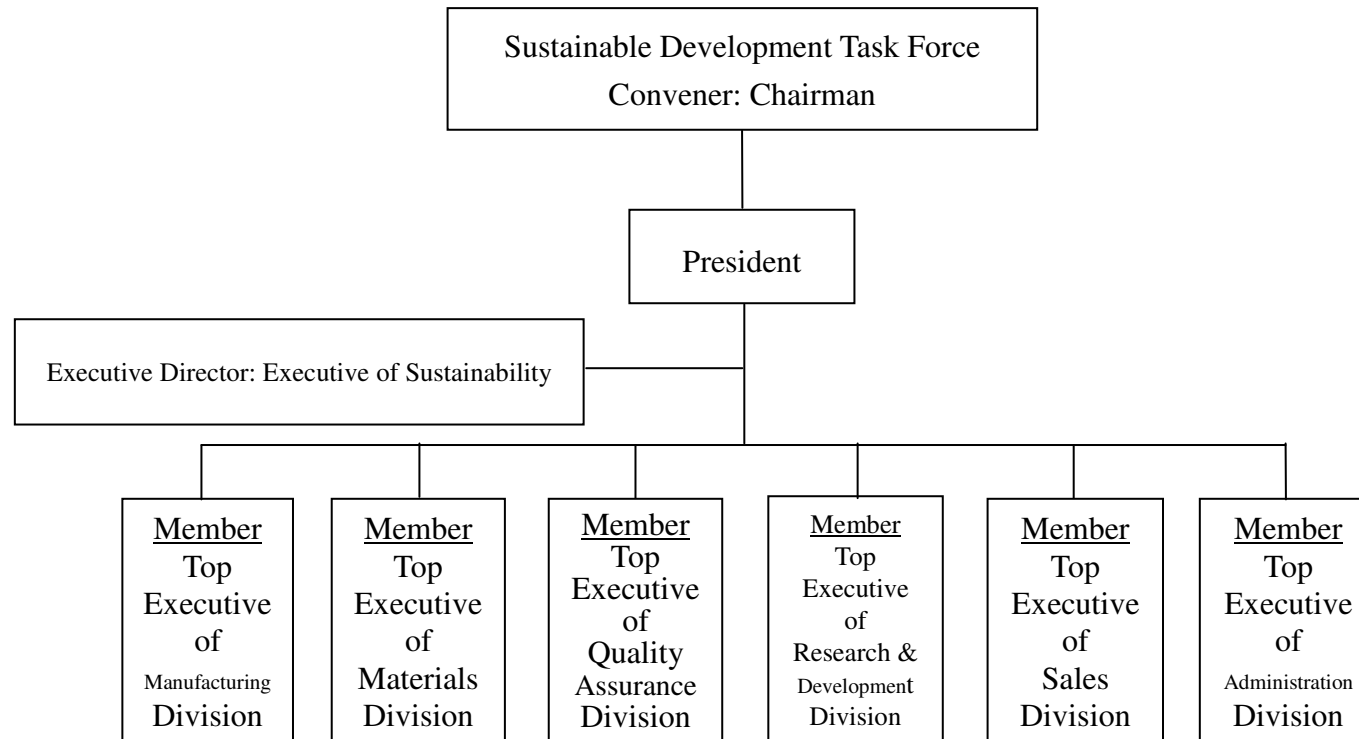
The Company's Sustainable Development Task Force will be chaired by the Chairman, serving as the Convener, with the Executive of the Sustainability Department acting as the Executive Director. Additionally, six departmental-level top executives will serve as members of the Task Force.

The Board of Directors serves as the highest supervisory and oversight body for the Company's sustainability development, overseeing the Company's progress in advancing sustainability initiatives through the Sustainable Development Task Force. The Sustainable Development Task Force is responsible for tracking and reviewing the executive team's annual performance in implementing sustainability initiatives, as well as evaluating the achievement of related objectives.

The Company's Sustainable Development Task Force focuses on three core pillars: Environmental Sustainability, Social Responsibility, and Sustainable Governance, and develops and implements detailed plans and initiatives under each of these areas. In accordance with the government's goal of achieving net-zero carbon emissions by 2050, as well as relevant domestic and international regulations, the Task Force is responsible for executing the Company's sustainability initiatives and providing regular reports to the Board of Directors.

1.3 Stakeholder Identification, Engagement, and Materiality Assessment

1.1.1 Stakeholder Identification and Engagement

ACULA conducts internal discussions to identify our stakeholders, which include current employees, investors and shareholders, customers, suppliers, government agencies, community residents, and media/nongovernmental organizations. Through stakeholder surveys, the Company gathers and assesses the material topics that are of significant concern to each stakeholder group:

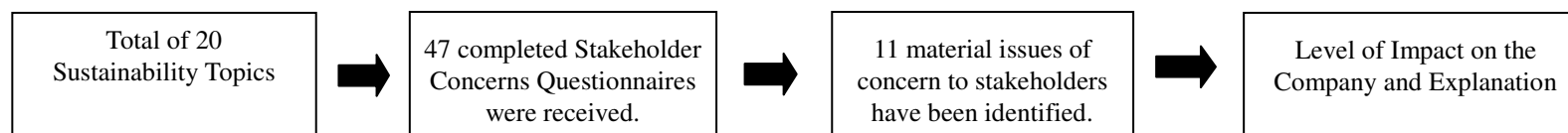| Stakeholder	Issues of Concern	2023 Communication Effectiveness
Current Employees	■ Compensation, Benefits, and Employee Welfare ■ Talent Attraction and Retention ■ Occupational Safety and Worker Health ■ Human Rights, Equality, and Inclusivity	1. Regular employee benefits (Health check-ups, insurances): A biennial health check-up for all employees will be scheduled for December 2, 2024. 2. Conduct occasional internal and external training programs. 3. Quarterly meetings of the Employee Welfare Committee: Four meetings were held in 2023. 4. Quarterly Labor-Management Meeting: Four meetings were held in 2023. 5. Remuneration Committee: Two meetings were held in 2023.
Shareholders, Investors	■ Corporate Governance ■ Product Research, Development, and Innovation ■ Operational Performance ■ Risk Control and Crisis Management	1. Inclusion of a spokesperson mechanism and contact information on the Company's website. 2. Annual shareholder's meeting: Held on June 13, 2023. 3. Publication of material information on Market Observation Post System (MOPS): 15 significant pieces of information were disclosed in Chinese in 2023. 4. Disclosure of financial statements and annual reports in compliance with regulations. 5. Real-time disclosure of information related to corporate governance, financial, business operations, and other aspects of operational performance on the Company's website.

Stakeholder	Issues of Concern	2023 Communication Effectiveness
Customers	■ Product Research, Development, and Innovation ■ Service Quality and Customer Satisfaction ■ Product Quality and Safety ■ Compliance with laws and regulations	1. Information on the Company's website. 2. The contact points for two-way communication with customers are the Company's product sales and customer service departments. 3. Regular and ad-hoc two-way communication meetings with customers regarding product and service quality are conducted and tailored to different customer segments. 4. Annual customer satisfaction survey.
Suppliers	■ Operational Performance ■ Risk Control and Crisis Management ■ Product Research, Development, and Innovation ■ Sustainable Supply Chain ■ Product Quality and Safety ■ Compliance with laws and regulations	1. Establishment of Regulations for Supplier Management Operations, requiring suppliers' compliance with regulations regarding environmental protection, occupational health and safety, and labor human rights, with the aim of collectively enhancing the Company's social responsibility. 2. Regular maintenance of the Qualified Vendor List: The evaluation is conducted by the assessment team, with relevant departments invited to quarterly Qualified Vendor List (QVL) meetings to collaboratively review and discuss the quality, delivery performance, and rating criteria of suppliers' materials for the current quarter. Based on the outcomes of these discussions, the Qualified Vendor List is subsequently updated. 3. Provide feedback to suppliers regarding material delivery schedules, quality, and other relevant information through occasional visits or by conducting discussion meetings.
Government Agencies	■ Energy and Emissions Management ■ Energy Assessments and Management ■ Waste Management ■ Water and Wastewater Management	1. Occasional participation in promotional events hosted by competent authorities: In 2023, the Company representatives attended two such events. 2. Comply with regulatory supervision and audits conducted by competent authorities. 3. Maintain effective communication with competent authorities through the establishment of a contact point.
Community Residents	■ Waste Management ■ Energy and Emissions Management ■ Water and Wastewater Management ■ Energy Assessments and Management	1. Participate in community welfare activities. 2. Provide sponsorship for activities hosted by charitable organizations.
Media /Nongovernmental Organizations	■ Information Security ■ Human Rights, Equality, and Inclusivity ■ Product Quality and Safety ■ Talent Attraction and Retention	1. The operational practices related to information security and human rights have already been integrated into daily operations, with formal policies scheduled for implementation in 2024. 2. Quarterly promotion via E-mail is conducted to all employees, emphasizing the Regulations for Use of Software, Hardware Devices, and Network Systems and the Standard Operating Procedures (SOP) and Precautions for User Information Security. 3. Issue ad-hoc E-mail notification to all employees regarding information security matters, as deemed necessary based on actual circumstances. 4. Provide real-time communication channels for external parties to directly contact the Company's spokesperson through the contact information available on the Company's website.

1.1.2 Identification and Materiality Assessment of Sustainability Topics

1.3.2.1 Identification Procedure for Sustainability Topics

The Company conducts internal discussions and, referencing the Global Reporting Initiative (GRI) Standards and key domestic and international industry trends, gathers sustainability topics. These topics are systematically analyzed using a questionnaire-based approach to identify material issues. Subsequently, the Company's management evaluates the potential impact of each issue. The results of this analysis are then presented in a matrix format.

The identification procedure for sustainability topics is outlined below:

| Total of 20 Sustainability Topics | ➡ | 47 completed Stakeholder Concerns Questionnaires were received. | ➡ | 11 material issues of concern to stakeholders have been identified. | ➡ | Level of Impact on the Company and Explanation |

Materiality Matrix

Material Topic	Stakeholder Concern	Level of Concern and Prioritization
Corporate Governance	Product Research, Development, and Innovation	High
Social	Occupational Safety and Worker Health	High
Corporate Governance	Compliance with Laws and Regulations	High
Environmental	Emissions from Energy Assessments and Management	Moderate
Environmental	Waste Management	Moderate
Social	Service Quality and Customer Satisfaction	Moderate
Corporate Governance	Risk Control and Crisis Management	Moderate
Social	Product Quality and Safety	Low
Environmental	Water and Wastewater Management	Low
Corporate Governance	Corporate Governance	Low

Impact on the Economy, Environment, and Society

- ●Product Research, Development, and Innovation
- ●Occupational Safety and Worker Health
- ●Compliance with laws and regulations
- ●Emissions from Energy Assessments and Management
- ●Waste Management
- ●Service Quality and Customer Satisfaction
- ●Risk Control and Crisis Management
- ●Product Quality and Safety
- ●Water and Wastewater Management
- ●Corporate Governance

Impact on the Company

1.3.2.2 Listing and Management of Material Topics

ESG	Entry	Category	Material Topic	Significance to ACULA (Remarks)	Internal to the Organization	Customers	Suppliers	Shareholders/ Investors	Government Agencies	Community Residents	Media /Nongovernmental Organizations	Corresponding GRI Standards	Corresponding Sections of Objectives and Management Policies
E	1	Environmental	Energy and Emissions Management	A					■	□		GRI-302-1~5	4.2 Greenhouse Gas Management
	2		Energy Assessments and Management	A					□	●		GRI-302-1~5	4.1 Energy Management
	3		Waste Management	B	●		□		○	■		GRI-306-1~5	4.4 Waste Management
	4		Water and Wastewater Management	C			□		●	●		GRI-303-1~5	4.3 Water Resources Management
S	1	Social	Occupational Safety and Worker Health	D	○							GRI-3-3 GRI-403-1-10	3.2 Occupational Safety and Health
	2		Service Quality and Customer Satisfaction	E		□						GRI-3-3 GRI-418-1	2.5 Customer Relationship Management
	3		Product Quality and Safety	F		●	□				■	GRI-3-3 GRI-416-1~2 GRI-417-1~3	2.4 Product Quality
G	1	Corporate Governance	Compliance with Laws and Regulations	G		○	□					GRI-2-26	2.3 Legal Compliance and Ethical Management
	2		Corporate Governance	H				■			■	GRI-2-8~10	2.1 Corporate Governance Framework

Remarks: The degree of impact along the value chain, both internal and external to the organization, is ranked as follows: ■, □, ●, ○, ▲.

A. Emissions from Energy Assessments and Management are critical concerns internationally and among governments, necessitating the implementation of appropriate strategies to enhance the Company's competitiveness.

B. Waste Management focuses on preventing environmental pollution.

C. Water and Wastewater Management reflects the Company's commitment to energy conservation and the protection of natural resources.

D. Through comprehensive safety training, the Company ensures that all employees perform their duties safely, fully complying with health and safety regulations designed to protect their well-being.

E. ACULA prioritizes achieving customer satisfaction through the delivery of superior quality in all aspects.

F. The Company guarantees the highest quality of all products and ensures the safety of their use by consumers, as a commitment to its end customers.

G. The Company complies with the relevant regulations established by the competent authorities, ensuring compliance with all applicable legal and regulatory requirements.

H. A well-established Corporate Governance Framework facilitates the effective implementation of various governance practices.

Chapter 2 Corporate Governance

2.1 Corporate Governance Framework

```
                              ┌──────────────────┐
                              │ Board of Directors│
                              └──────────────────┘
                                                      ┌──────────────────┐
                                                      │  Audit Committee │
                                                      └──────────────────┘
            ┌──────────────┐                          ┌──────────────────┐
            │   Auditing   │                          │   Remuneration   │
            │    Office     │                          │    Committee     │
            └──────────────┘                          └──────────────────┘
                                                      ┌──────────────────┐
                                                      │ Risk Management  │
                                                      │    Committee     │
                              ┌──────────────┐        └──────────────────┘
                              │   President  │
                              └──────────────┘
                                              ┌──────────────────┐
                                              │   Sustainable    │
                                              │ Development Task │
                                              └──────────────────┘
```

| Manufacturing Division | Materials Division | Quality Assurance | Research & Development Division | Sales Division | Administration Division |
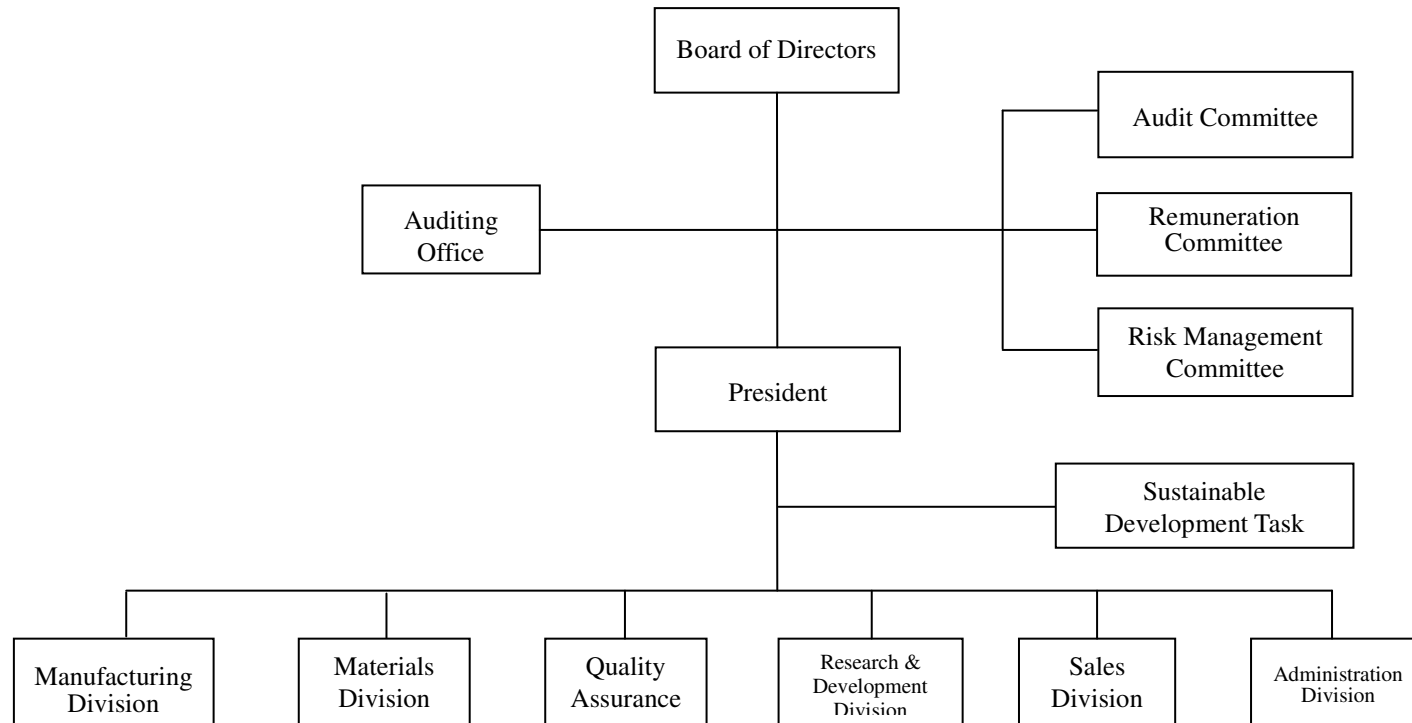
2.1.1 Board of Directors

The Board of Directors serves as the highest governance body of the Company, with the Chairman acting as its leader. Board meetings are convened at least quarterly to review the Company's operational performance and discuss key issues and strategies related to sustainable development. In the event of urgent matters that could significantly impact the Company or its stakeholders, an ad-hoc meeting will be called for immediate discussion. The current Board consists of 10 members, including 7 directors and 3 independent directors. Of these, 8 are male and 2 are female, with female representation accounting for 20%. The average age of the Board members is 57.

The Company's Director election follows a candidate nomination system and employs a cumulative voting mechanism. Directors are elected at the shareholders' meeting from a list of nominated candidates that have been reviewed and approved by the Board of Directors. In accordance with Article 192-1 of the Company Act, shareholders holding at least 1% of the Company's shares may propose Director candidates during the designated nomination period. The Board of Directors reviews the proposed candidates and assesses their qualifications. The final list of qualified candidates is then submitted to the shareholders' meeting for election.

2.1.1.1 Board Members and Directors' Continuing Education

Board Members:

Title	Name	Age	Gender	Educational Background and Work Experience
Chairman	JEAN, FENG-HUI	71~80	Male	Master of Science in Computer Engineering, Northeastern University, USA Chairman and President of the Company
Director	HUANG, CHUAN-CHENG	61~70	Male	Graduated from the Department of Chemical Engineering at Longhwa University of Science and Technology Responsible Person of Taiwan Excellence International Company
Director	JIAN, SHENG-SUNG	41~50	Male	Master's degree in Electrical Engineering, National Cheng Kung University Director of Research & Development Division of the Company
Director	LAN, SHIH-WAN	51~60	Male	Master's degree in Mechanical Engineering, National Taiwan University of Science and Technology Vice President of Timson Enterprise Co., Ltd.
Director	Ting Fa Investment Co., Ltd. Representative: WAN, SHAO-I	31~40	Female	Master's degree in Human Resource Management, University of East Anglia, UK Responsible Person of Ting Fa Investment Co., Ltd.
Director	Bei Xi Co., Ltd. Representative: HSU, CHIN-YUAN	41~50	Male	Master's degree in Information Management, Chinese Culture University Responsible Person of Bei Xi Co., Ltd.
Director	HSU, KUEI-CHUAN	61~70	Male	Department of Industrial Management and Technology, National Taiwan University of Science and Technology Consultant of Huang Jyii Enterprise Co., Ltd.
Independent Director	TSAI, MIN-HSIUNG	71~80	Male	Master of Business Administration, University of Pittsburgh, USA
Independent Director	HSU, CHIA-CHIEH	51~60	Female	Department of Finance and Banking, Vanung University Financial Manager of Scan-D Corp.
Independent Director	CHOU, WEN-MING	51~60	Male	Ph.D. in Advanced Manufacturing and Engineering, University of Sunderland, USA Associate Professor in the Department of Industrial Management and Enterprise Information at Aletheia University

Status of Continuing Education for Directors and Independent Directors in 2023:

Title	Name	Host of Continuing Education Program	Course Name	Training Hours
Chairman	JEAN, FENG-HUI	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Director	HUANG, CHUAN-CHENG	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Director	JIAN, SHENG-SUNG	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Director	LAN, SHIH-WAN	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Director	Ting Fa Investment Co., Ltd. Representative: WAN, SHAO-I	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Director	Bei Xi Co., Ltd. Representative: HSU, CHIN-YUAN	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Director	HSU, KUEI-CHUAN	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Independent Director	TSAI, MIN-HSIUNG	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Independent Director	CHOU, WEN-MING	Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
Independent Director	HSU, CHIA-CHIEH	Taiwan Corporate Governance Association	Zhong Dao Leadership Facilitates the Development of a Sustainable Governance Culture	3 hours
		Taiwan Corporate Governance Association	The Business Mergers and Acquisitions	3 hours
		Accounting Research and Development Foundation	Practice and Cases of "Labor Law Compliance" in Enterprises	6 hours
		Taiwan Corporate Governance Association	International Carbon Management Trend	3 hours
		Accounting Research and Development Foundation	The Latest ″ESG sustainability″ and " Self-Preparation of Financial Statements" Related Regulations Development and Internal Control Management Practices	6 hours

2.1.1.2 Performance Evaluation of the Board of Directors

To implement effective corporate governance and enhance the functionality of the Board of Directors, the Company has established performance objectives for the Board and formalized a procedure for evaluating its performance. The Board performance evaluation results for the previous year are presented to both the Remuneration Committee and the Board of Directors during the Board meeting held in the first quarter of each year. The scope of the evaluation includes the overall performance of the Board of Directors, individual directors, and the performance of the functional committees. The evaluation process includes self-assessments within the Board, self-evaluations by individual directors, or other methods deemed appropriate. Going forward, ESG (Environmental, Social, and Governance) factors are expected to be integrated into the performance evaluation criteria for the Board of Directors.

2.1.2 Functional Committees

To implement effective corporate governance, the Company has established an Audit Committee and a Remuneration Committee under the Board of Directors, with a Risk Management Committee scheduled to be established under the Board of Directors in 2024.

Audit Committee	To strengthen the Company's corporate governance framework and enhance internal oversight mechanisms, including financial, accounting, and internal audit controls, an Audit Committee was established on July 8, 2021. The committee is composed entirely of the Company's independent directors, totaling three members. The term of the Audit Committee is aligned with that of the Board of Directors.
Remuneration Committee	To strengthen the Company's corporate governance framework and enhance the remuneration structure for directors and executives, a Remuneration Committee was established on November 9, 2011. The committee is composed of three independent directors appointed by the Board of Directors and operates under the organizational regulations approved by the Board. The term of the Remuneration Committee aligns with that of the Board of Directors.
Risk Management Committee	To strengthen the Company's corporate governance framework and establish an effective risk management framework, a Risk Management Committee was established to control risks associated with various business activities within manageable limits, thereby achieving a balanced risk-reward outcome. The committee is composed of the Company's three independent directors. The term of the Risk Management Committee is aligned with that of the Board of Directors.

2.2 Risk Management

In consideration of the Company's size, business characteristics, risk categories, and operational activities, a comprehensive risk governance and management framework have been established. Through the involvement of the Board of Directors, functional committees, and senior management of the Company, this framework aligns risk management with the Company's strategic objectives, ensuring the identification and prioritization of key risks. This approach enhances the comprehensiveness, foresight, and completeness of risk assessments. Furthermore, the framework ensures the communication and implementation of corresponding risk controls and mitigation measures across all levels of the organization, thereby supporting effective risk management and providing reasonable assurance of achieving the Company's strategic goals.

2.2.1 Risk Management Policies and Procedures

Risk management addresses potential risks associated with the Company's operations across various dimensions, including environmental, social, economic, and other relevant aspects. These risks encompass, but are not limited to, operational risks, financial risks, information security risks, occupational health and safety risks, as well as environmental risks, climate change, and natural disaster risks. The Company's risk management procedures follow a systematic approach, which includes risk identification, risk analysis, risk assessment, risk mitigation and response, risk monitoring, risk reporting and disclosure, and risk resolution.

2.2.2 Identification of Significant Risk Items and Risk Prevention

The Risk Management Committee serves as the decision-making and preventive body for significant risk items. Through the Risk Assessment and Implementation Team under the Committee, the Company evaluates potential risks and implements corresponding preventive or mitigation measures. The Risk Assessment and Implementation Team reports to the Risk Management Committee at least twice a year, while the Risk Management Committee provides an annual report to the Board of Directors on the year's plans and progress.

2.3 Legal Compliance and Ethical Management

ACULA is committed to ethical management, equally prioritizing legal compliance and the interests of all shareholders, employees, and investors. As part of its business objectives, the Company has established a dedicated corporate governance unit and appointed executives to ensure compliance with regulatory requirements and relevant standards.

2.3.1 Compliance with Laws and Regulations

The Company gives due consideration to regulatory changes and potential future developments. In the event of regulatory amendments or modifications to internal policies, the Company seeks counsel from consultants, legal experts, accountants, and other professionals to mitigate any potential impact and implement effective risk management measures. Through these consultations, the Company proactively formulates appropriate actions and preventive strategies. Furthermore, comprehensive internal education and training programs are conducted to ensure that employees remain fully informed of the latest regulatory requirements.

Participation in industry exchanges and active involvement in trade associations, such as the Taiwan Electrical and Electronic Manufacturers' Association and the Taiwan Medical and Biotech Industry Association, plays a vital role in facilitating the receipt and timely updating of regulatory information.

2.3.2 Ethical Management Policy

Committed to the principles of integrity, transparency, and accountability, the Company has established a series of integrity-based policies, subject to approval by the Board of Directors, and supported by effective corporate governance and risk control mechanisms, all aimed at fostering a sustainable business environment. Additionally, the Company has implemented a risk assessment mechanism to identify potential risks related to unethical behavior. Regular analysis and evaluation are conducted on business activities with a higher risk of unethical conduct, and preventive measures are put in place and periodically reviewed for their appropriateness and effectiveness.

2.4 Product Quality

Given that the Company's products are high-end displays utilized in railway, retail surveillance systems, and medical applications, they are held to the highest quality standards. In terms of product quality management system, the Company obtained ISO 9001 certification early on and, in recent years, has also obtained ISO 13485 certification, along with the Good Manufacturing Practice (GMP) Certificate for Medical Devices from the Ministry of Health and Welfare, and certification under the Taiwan Medical Device Quality Management System (QMS) Regulations, collectively affirming the superior quality of the Company's products.

2.4.1 Product Identification and Traceability Control Procedures

In terms of quality management system, the Company has implemented a comprehensive product quality registration and traceability system, thoroughly documenting each stage of the product lifecycle, from raw materials through production, quality inspections, and final shipment. These records, referred to as Device History Records (DHR), are systematically archived by the Company's Manufacturing Division.

2.4.2 Quality Inspection

Quality inspection begins with incoming raw material inspection, followed by semi-finished product storage inspection, sampling during the manufacturing process, and finished product inspection, continuing through to shipment inspection. All inspections are conducted in accordance with established quality control standards. Products and materials are classified into designated areas, including the 'Pending Inspection' area, 'Non-Conforming' area, and 'Conforming' area, based on the inspection results. Any non-conforming products are returned and re-entered into inventory as necessary, ensuring excellent control over product quality.

2.4.3 Corrective and Preventive Actions

To ensure the quality of materials and finished products, the Company has established the Corrective and Preventive Actions (CAPA) Procedure as part of its preventive management. This procedure applies to the correction and prevention of anomalies in the quality and environmental systems, as well as potential defects. The responsibility for reporting anomalies and issuing non-conformance documents is assigned to the following designated units: Incoming Quality Control (IQC) for raw material inspection, In-Process Quality Control (IPQC) and the Manufacturing Division for the production process, Outgoing Quality Control (OQC) for finished products, the Sales Division for customer complaints, the Administration Division for internal and external audits, and the General Affairs Department for environmental management. Upon the occurrence of an anomaly, the responsible unit is required to analyze the root cause, develop corrective actions, and implement the necessary solutions.

2.5 Customer Relationship Management

The Company manages our relationships with customers not only through proactive efforts to maintain positive interactions but also by implementing objective measures based on applicable ISO procedures. These include the Customer Requirements Identification and Management Procedure, Customer Communication Control Procedure, Customer Complaints Management Procedure, and Customer Satisfaction Management Procedure, all of which are designed to ensure the effective management and maintenance of strong customer relationships.

2.5.1 Customer Requirements Identification Procedure

The Customer Requirements Identification Procedure begins by following the Customer Communication Control Procedure, the Customer Requirements Identification and Management Procedure, and the requirements specified in the customer's order. This procedure ensures that all requirements are accurately identified and subsequently fulfilled through the appropriate operational processes.

2.5.2 Customer Communication Control Procedure and Performance

In accordance with the Company's Customer Communication Control Procedure, feedback from customers must be managed in accordance with the Feedback Management Procedure, Customer Satisfaction Management Procedure, and Customer Complaints Management Procedure. Particularly for medical products after commercial release, continuous monitoring and collection of post-market information are essential to ensure product safety and functionality. Additionally, any supplementary information regarding the product's use, modifications, recalls, disposal, or other related matters must be issued and managed in strict adherence to the Post-Market Surveillance Procedure and the Advisory Notice Management Procedure to facilitate communication with customers or users. In the event of any harm to users, actions must be carried out according to the Product Reporting Procedure.

2.6 Supply Chain Management

2.6.1 Management Responsibility Procedure

To demonstrate top management's commitment to the development and continuous improvement of quality and environmental management, as well as compliance with relevant regulations while achieving customer satisfaction, the Company has established the Management Responsibility Procedure to drive and ensure the effective implementation of these initiatives.

2.6.2 Supplier Management

To ensure seamless operation of production, maintain consistent quality, and remain competitive in pricing, while leveraging existing equipment, technological capabilities, and resources to enhance production capacity and expand market supply capabilities, the Company has established the Supplier Control Procedures. These procedures apply to all suppliers of raw materials, equipment, instruments, fixtures, semi-finished products, and finished goods. Supplier evaluations are conducted by a cross-functional team consisting of representatives from the Product Control Department, the Purchasing Department, the Quality Assurance Division, the Research & Development Division, and the Product Engineering Department. The evaluation results are categorized based on the nature of the products, either into the Supplier Capability Assessment or the Supplier Evaluation Checklist for Finished/Semi-Finished Products. These evaluations are then used by the Product Material Control Department or the Purchasing Department to determine whether suppliers should be included in the Qualified Vendor List.

The Purchasing Department convenes an assessment team annually to conduct a comprehensive review of suppliers based on criteria such as quality, cost, and delivery performance. Following this evaluation, a decision is made as to whether to reaffirm, re-assess,

or seek alternative suppliers. The outcomes of these discussions are formally documented in the meeting minutes, and the Qualified Vendor List is updated accordingly.

The Purchasing Department convenes quarterly Qualified Vendor List (QVL) meetings, with representatives from the Research & Development Division and the Quality Assurance Division invited to collaboratively assess the suppliers' performance for the quarter. Suppliers are classified into grades of Excellent, A, B, C, and D, with each category undergoing detailed review and discussion. For the five suppliers exhibiting the most significant quality issues, subsequent actions are discussed, including potential re-evaluation, corrective measures, or the consideration of alternative suppliers.

2.7 Information Security

To strengthen the effectiveness of the Company's information security management and ensure legal compliance regarding the confidentiality, integrity, and availability of all assets and information, while safeguarding the Company's information from both internal and external threats – whether intentional or accidental - the Company has established the Information Security Policy.

2.7.1 Information Security Policy

This policy applies to all employees, outsourced service providers, and visitors of the Company. The scope of information security management encompasses measures to prevent the improper use, leakage, alteration, or destruction of data due to factors such as human error, intentional actions, or natural disasters, which could lead to various risks and potential harm to the Company. The Company's management responsibilities include assessment and formulation of the information security policy, establishment and operation of the information security organization, categorization and classification management of information assets, information security risk management, promoting information security awareness and providing comprehensive training on relevant policies to all employees, security management of physical, environmental, communication, and operational aspects, access control and data security management, and compliance with relevant laws and regulations from competent authorities.

2.7.2 Information Security Mechanism and Abnormality Management Process

2.7.2.1 Information Security Organizational Structure

The Company's Information Security Organizational Structure (illustrated below) is overseen by the Administration Division, which reports directly to the President. Within the Administration Division, a part-time Chief Information Security Officer (CISO) is appointed, alongside a full-time department manager within the MIS Department, which is also under the Administration Division's oversight. The Information Department is responsible for managing the Company's information security. The President serves as the overall supervisory authority, supported by the Chief Information Security Officer and an Information Officer. The Information Department is tasked with formulating the Company's information security policies, as well as planning, executing, and promoting the implementation of information security protection measures and relevant policies.

The Company's Auditing Office oversees and enforces internal control systems. Should any deficiencies be identified during audits, the audited units are required to submit detailed corrective action plans along with specific measures for improvement. The Auditing Office then conducts regular follow-ups to assess the effectiveness of these corrective actions, with the objective of mitigating internal information security risks.

2.7.2.2 Information Security Mechanism

The outcomes of the implementation of the Company's Information Security Mechanism in 2023 are presented in the table below.

Entry	Aspect	Audit Item	Actual Control Point	Target Level	Actual Outcomes
1.	Implementation Status of Information Security Management Measures	1.Establishment of security protocols for personnel entering sensitive physical zones	Access to the server room is restricted, with the keys held by the executive of the Information Department, and entry is only permitted for authorized personnel.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		2.Implementation of appropriate access controls and supervision to oversee the activities of personnel in the data center and other sensitive areas	Information vendors are required to be escorted by the staff of the Information Department while performing maintenance work in the server room, with their actions being monitored.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		3.Continuous monitoring of the environmental control system by data center operators to ensure that humidity and temperature levels in the server room are maintained within optimal ranges	Daily monitoring of the air conditioning conditions in the server room.	Non-conformities ≤2	Implementation Outcome: Achieved Non-conformities=0
		4.Authorization and supervision/accompaniment requirements for third-party service personnel entering sensitive physical areas	Information vendors are required to obtain prior approval from the Executive of the Information Department and must be escorted by the staff of the Information Department while performing maintenance work in the server room, with their actions being monitored.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		5.Implementation of dedicated security measures for critical information processing facilities	Power supply units are configured for core system servers, along with the installation of uninterruptible power supply (UPS) systems.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0

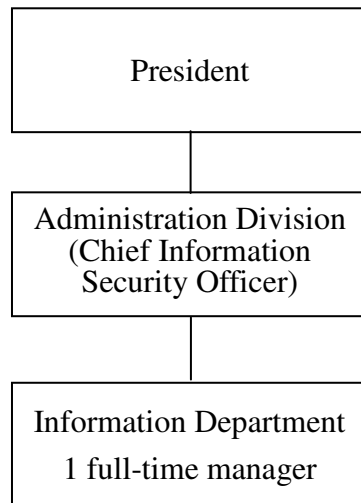| Entry	Aspect	Audit Item	Actual Control Point	Target Level	Actual Outcomes
		6.Implementation of routine maintenance for equipment to guarantee their operational effectiveness and integrity	All information equipment undergoes regular inspection and maintenance, and the Company has signed system maintenance contracts with the ERP vendor to ensure continued system reliability.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		7.Implementation of protective security protocols to secure stored data prior to external equipment servicing	Data storage devices are removed prior to external equipment servicing.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		8.Removal or overwriting of confidential, sensitive data, and copyrighted software prior to equipment disposal	Prior to equipment disposal, all hard drives are formatted to remove data and subsequently physically destroyed (e.g., smashed).	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		9.Segregation of environments for system testing and production operations	A dedicated system testing database is established for functional testing, kept separate from the production database.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		10. Implementation of regular backup for critical data and software	1.The system automatically performs backup operations every midnight. 2. Backup media is stored in a bank safe deposit box for offsite backup on a monthly basis.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		11.Implementation of regular restoration testing for backup data to ensure its effectiveness	Backup data from the production environment is restored to the test environment on a monthly basis to verify that the system functions properly.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0

Entry	Aspect	Audit Item	Actual Control Point	Target Level	Actual Outcomes
		12.Establishment of operational procedure for the registration and deactivation of user access permissions	1.New hires are required to complete a system account application form upon onboarding, after which the Information Department establishes the appropriate system accounts and assigns the corresponding permissions. 2.Upon employee departure, an offboarding checklist is provided, and the Information Department deactivates the corresponding system accounts and access permissions.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		13.Implementation of necessary control measures, such as identity authentication, data encryption, or network connection controls, for critical network services	Employees connecting to the company via VPN from external locations are required to enter their username and password for authentication. The VPN encrypts data during transmission. If the password is entered incorrectly three times consecutively, the corresponding network IP will be blocked for a duration of 30 minutes.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		14.Annual instances of internal virus outbreaks within the Company, defined as occurrences where the same virus affects five or more computers simultaneously	-	≤ 3 occurences/year	Implementation Outcome: Achieved Occurrences =0
		15.Annual instances of internal network outages within the Company	-	≤ 3 occurences/year	Implementation Outcome: Achieved Occurrences =0

Entry	Aspect	Audit Item	Actual Control Point	Target Level	Actual Outcomes
		16. Verification of time synchronization for critical systems	The primary domain controller is configured to synchronize with an external time server.	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
2.	Implementation of Regular Information Security Awareness Initiatives	1. Regular implementation of Information Security Awareness Initiatives	Quarterly promotion of the Regulations for Use of Software, Hardware Devices, and Network Systems and the Standard Operating Procedures (SOP) and Precautions for User Information Security, for all employees	≤ 4 times/year	Implementation Outcome: Achieved Counts =4
3.	Response and Handling of Information Security Incidents	1. Instances of information security incidents not reported as required	Compliance with Information Security Abnormality Management Procedures	Non-conformities ≤1	Implementation Outcome: Achieved Non-conformities=0
		2. Recurrence count of information security incidents (evaluated through reviewing the incident log)	Reviewing details recorded on the Information Security Incident Log	Recurrences ≤1	Implementation Outcome: Achieved Recurrences =0

2.7.2.3 Abnormality Management Process

Information Security Organizational Structure

```
┌─────────────────────────┐
│        President         │
└─────────────────────────┘
             │
┌─────────────────────────┐
│  Administration Division │
│   (Chief Information      │
│   Security Officer)       │
└─────────────────────────┘
             │
┌─────────────────────────┐
│  Information Department   │
│  1 full-time manager      │
└─────────────────────────┘
```

Information Security Abnormality Management Procedures

```
┌─────────────────┐                    ┌─────────────────┐
│  Information     │──────────────────▶│  Countermeas    │
└─────────────────┘                    └─────────────────┘
        │                              NO            YES
        ▼                         ┌──────────┐  ┌──────────────────┐
┌─────────────────┐               │ Managed  │  │ Managed with the │
│ Report to the   │               │internally│  │ assistance of    │
│ Information      │               └──────────┘  │ third-party vendor│
│ Department       │                    │        └──────────────────┘
└─────────────────┘                     ▼            │
        │                          ┌─────────────────────┐
        ▼                          │ Incident Resolution │
┌─────────────────┐                │ and Follow-up       │
│ Assess the      │                └─────────────────────┘
│ information     │ NO                       │
│ security incident│                         ▼
└─────────────────┘                   ┌──────────────┐
        │                             │Incident report│
        ▼                             └──────────────┘
┌─────────────────┐   NO                     │
│ Significant     │──────────▶               ▼
│ incident        │                   ┌──────────────┐
└─────────────────┘                   │ Case Closure │
        │                             └──────────────┘
        ▼
┌─────────────────┐
│ Managed by the  │
│ Information      │
│ Department       │
└─────────────────┘
```

24
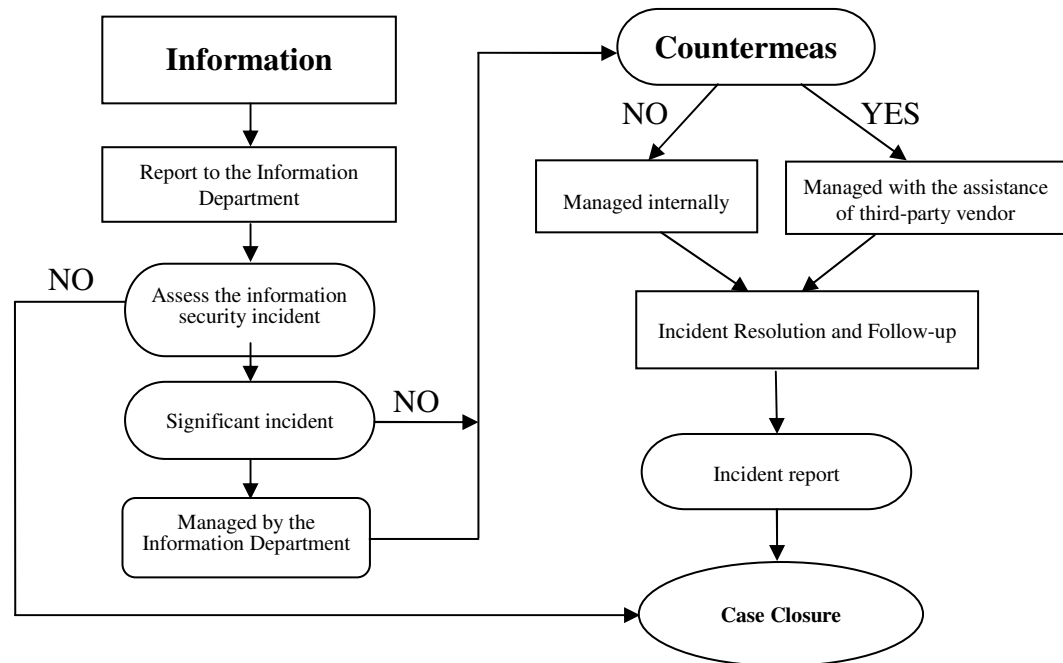
Chapter 3 Employee Care and Social Participation

3.1 Diversity and Workplace Happiness

Item	Descriptions
Impacts	We are currently living in an era characterized by an unprecedented explosion of knowledge and information, which necessitates the development of a diverse professional competencies among our employees to sustain the Company's growth momentum. This highlights the critical need for a comprehensive and effective training system to continuously optimize employees' work methods. In the absence of such a system, employees might continue to rely on ineffective or outdated approaches, hindering operational efficiency and potentially wasting valuable company resources.
Policy Commitments	ACULA recognized our employees as one of the Company's most valuable assets and is dedicated to offering well-designed and comprehensive training programs aimed at enhancing employees' skills and knowledge. This enables each employee to effectively leverage their capabilities, which, in turn, serves as the foundation of the Company's core competitiveness. As employees excel in their roles, they contribute to the mutual growth and success of both them and the Company.
Measures Taken	● Organize internal and external training programs based on the competencies and knowledge areas requested by each division, ensuring alignment with their specific development needs. ● Offer diverse learning resources and channels to encourage employees' self-directed development. Additionally, offer opportunities for skill development through job rotation, on-the-job training (OJT), and mentorship programs, with the aim of enhancing individual performance and fostering the full potential of employees.
Goals	Short-term goals: (i) Average training duration: 3 hours/employee, and (ii) Average years of service of employees: 8 years. Medium-term goals: (i) Average training duration: 4 hours/employee, and (ii) Average years of service of employees: 9 years. Long-term goals: (i) Average training duration: 5 hours/employee, and (ii) Average years of service of employees: 10 years.
Assessment Mechanism	The Human Resources Department conducts an annual assessment of employee turnover and the average training hours per employee, subsequently comparing the outcomes with established goals.
Performance Outcomes	In 2023, the average training hours per employee were 2.09 hours, the 3-month employee retention rate stood at 82.9%, and the overall turnover rate was 26.3%.
Stakeholder Engagement	● Leverage the Company's official website and recruitment platforms to provide detailed introduction of ACULA and further promote the organization to jobseekers. ● Communicate with stakeholders through established appeal channels, Labor-Management Meetings that convened at least twice annually, Employee Welfare Committee meetings, and the annual shareholders' meeting.

3.1.1 Employees Diversity and Equality

Throughout the period from 2021 to 2023, the Company maintained an average workforce of 117 employees, with the number of employees with disabilities ranging between 1 and 2. The Company is committed to promoting equal employment opportunities and ensures that appropriate positions are made available to all employees, including those with disabilities.

Item	2021	2022	2023
Total Employees (Average Number)	117	117	111
Number of Employees with Disabilities	2	1	1

Throughout the period from 2019 to 2023, the number of direct employees, indirect employees, and employees in the Research & Development Division remained within a stable and reasonable range. The average age of employees was between 39 and 43 years. The distribution of educational qualifications reveals that employees with a college degree constitute the core workforce of the Company, while those with a master's degree or higher, as well as employees with a high school education or below, represent smaller groups, reflecting the Company's commitment to diversity and equal opportunity.

The Company's compensation approach is rooted in principles of diversity and equality, ensuring that compensation is determined based on the principle of equal pay for equal work, irrespective of gender, with additional consideration given to factors such as educational background and work experience.

Year		2019	2020	2021	2022	2023
Number of Employees	Direct Employees	25	22	23	23	21
	Indirect Employees	63	57	67	68	67
	Research & Development Employees	29	29	27	26	22
	Total	117	108	117	117	111
Average Age		40.91	39.75	42.69	43.41	40.02
Average Years of Service		7.61	8.63	8.87	8.67	9.65
Distribution of Educational Background	Master's degree	6.84%	7.41%	5.98%	5.13%	5.22%
	College degree	61.54%	63.89%	64.1%	66.67%	66.96%
	High school education	27.35%	25%	25.64%	24.79%	24.35%
	Below high school education	4.27%	3.7%	4.27%	3.41%	3.48%

3.1.2 Employee Welfare and Workplace Happiness

The table below provides statistical data on lactation room usage frequency, the number of employees on maternity leave, leave without pay with position retained, and participation in training programs, highlighting the Company's commitment to enhancing employee welfare and fostering workplace happiness.

Year	2019	2020	2021	2022	2023	Total
Lactation room usage frequency	-	1	-	-	1	2
Number of employees on maternity leave	2	1	1	3	1	8
Number of employees on leave without pay with position retained	3	1	-	3	-	7
Number of reinstated employees	2	1	-	2	1	6
Number of employees on leave without pay and non-reinstatement	1	-	-	-	-	1

Item	Category		Internal Training	External Training	Total
Training Hours (H)	Indirect	Male	293	69.5	362.5
		Female	391.5	113	504.5
	Direct	Male	41	-	41
		Female	109	-	109
	Total		834.5	182.5	1,017
Number of Trainees	Indirect	Male	149	9	158
		Female	243	13	256
	Direct	Male	20	-	20
		Female	52	-	52
	Total		464	22	486

3.2 Occupational Safety and Health

Item	Descriptions
Impacts	The occurrence of occupational health and safety incidents can result in an increased rate of employee injuries and illnesses, adversely affecting both the well-being of employees and their overall quality of life. Additionally, such incidents may lead to increased operational costs and potentially damage the Company's reputation.
Policy Commitments	Maintaining robust occupational health and safety standards is essential for the sustainability of the business. The Company is fully committed to actively fostering a safety culture, with a strong focus on safeguarding the health and well-being of our employees.
Measures Taken	Establishing secure work environment and implementing effective preventive measures to address work-related ill health issues.
Goals	Short-term goals: (i) No significant incidents of work-related injuries or disabilities, (ii) Phased integration of contractors into the scope of the management system. Medium- to Long-term goals: No significant incidents of work-related injuries or disabilities.
Assessment Mechanism	Through the application of the PDCA (Plan-Do-Check-Act) cycle within the quality management framework, the Company ensures the effective achievement and ongoing improvement of occupational safety objectives through continuous monitoring, evaluation, and refinement. Responsible departments regularly assess employees' working conditions and diligently track the resolution of issues raised by staff, ensuring that corrective actions are implemented, and improvements are sustained.
Performance Outcomes	In 2023, no work-related injury incidents occurred.
Stakeholder Engagement	In 2023, quarterly Labor-Management Meetings were held, during which safety-related issues concerning the workplace environment were formally addressed and promoted.

3.2.1 Establishment of Safe Workplace Environment

To further enhance employees' understanding of workplace safety and health, the Company plans to implement regular annual training programs focusing on hygiene and safety. These sessions will not only comply with occupational safety and health regulations but will also emphasize the integration of safety principles into the daily practices of our employees, with the aim of minimizing occupational risks and continuously striving towards the goal of achieving zero work-related injuries.

3.2.2 Promotion of Employee Health and Prevention of Work-related Injuries

To promote the safety and health of employees, the Company not only organizes periodic awareness campaigns and training sessions but also conducts biennial health check-ups for all employees. These check-ups include general labor health assessments as well as additional screening items that exceed statutory requirements, ensuring comprehensive protection of employees' health. Regarding environmental safety, the Company adheres to the Environmental Management System (EMS) Operational Control Procedures established under our ISO 14001 certification. This framework ensures the effective implementation of environmental goals and objectives and applies to all relevant departments and personnel involved in the planning, development, execution, and modification of the environmental management program.

To identify hazardous substances in the workplace, the Company has implemented a Regulatory Compliance Evaluation Table to catalog harmful materials. To safeguard the health and safety of our employees, we strictly monitor hazardous factors at the work site to minimize their potential impact. In the event of an imminent danger, the designated responsible person is required to immediately cease

operations. We will then take prompt actions, including first aid, reporting, investigation, and corrective measures, to ensure the ongoing safety and health of our employees.

3.2.3 Participation, Consultation, and Communication of Workers

Under the Occupational Safety and Health Act, although the Company does not meet the criteria requiring the establishment of a formal safety and health committee, we have appointed qualified occupational safety and health management personnel who hold the necessary certifications as mandated by regulations. The executive of the Administration Division is responsible for driving the Company's safety and health initiatives. Meanwhile, the occupational safety and health management personnel are tasked with reporting various safety-related matters, including training, safety inspections, and planning, as well as coordinating and communicating these matters through platforms such as the Labor-Management Meetings to ensure effective execution of safety and health initiatives.

3.3 Social Inclusion and Community Care

The Company, together with all employees, is wholeheartedly dedicated to supporting philanthropic initiatives. Since 2020, we have been sponsoring scholarships for underprivileged middle and elementary schools in remote areas. Additionally, we provide financial assistance and essential supplies to underprivileged families and elderly individuals living alone in remote communities. Through these efforts, we seek to channel the collective goodwill of our employees into tangible support for vulnerable populations, thereby contributing to the welfare and betterment of the society.

Chapter 4 Environmental Sustainability

4.1 Energy Management

The Company's energy consumption includes electricity, gasoline, and diesel. In 2023, an analysis of energy usage indicated that externally purchased electricity remains the predominant energy source. In response to the growing challenge of meeting future sustainable energy demands, the Company has implemented an intelligent energy management approach. This includes a phased strategy to develop a comprehensive Energy Management and Efficiency System, alongside continuous daily energy conservation initiatives.

4.2 Greenhouse Gas Management

Greenhouse gas (GHG) emissions have consistently been a central focus of the Company's sustainability efforts. Driven by global climate anomalies in recent years, the issue of climate change has gained increasing attention, marking the emergence of an era in which carbon is increasingly regarded as a valuable commodity. Governments worldwide, as well as private enterprises, have begun to prioritize carbon-related concerns. In response to the global shift toward net-zero emissions and the trends in carbon border adjustment mechanisms in Europe and North America, the transition to net-zero has evolved from a primarily environmental concern into an economic imperative that is crucial for enhancing the international competitiveness of industries. Consequently, from both macroeconomic and microeconomic perspectives, businesses can effectively reduce costs by improving energy efficiency through the implementation of energy conservation and carbon reduction initiatives.

4.2.1 Environmental Policy and Objectives

Since 2022, the Company has proactively assumed responsibility for addressing global warming and has initiated the preparatory activities necessary for the development of a comprehensive greenhouse gas (GHG) inventory. This inventory serves as the foundation for the quantitative assessment of emission reductions, providing a thorough understanding of the Company's GHG emissions profile. It will also serve as the basis for evaluating effective strategies to reduce emissions, with the goal of achieving substantial reductions in the Company's overall GHG emissions.

4.2.2 Greenhouse Gas (GHG) Inventory and Carbon Reduction

In accordance with the greenhouse gas (GHG) inventory disclosure and verification timeline requirements outlined in the Sustainable Development Roadmap for TWSE/TPEx-listed companies, the Company has implemented a four-phase approach, commencing in 2023. Progress will be reported quarterly to the Board of Directors.

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
2023 The Scope 1 and Scope 2 inventories are conducted collaboratively by the General Affairs, Finance, and Human Resources Departments.	2024 (i) Establishing a dedicated (or part-time) committee and engaging external advisory agencies to conduct training and education; (ii) Finalizing the inaugural edition of the Sustainability Report (2023).	2025 Submitting the 2024 Sustainability Report and seeking approval from the Board of Directors.	2026 Disclosing the 2025 individual inventory information for the parent company and outlining the 2026 reduction targets, strategies, and specific action plans, using 2025 as the baseline year, in the Annual Report.	2027 Disclosing the 2026 consolidated inventory information, progress toward achieving the 2026 reduction targets, and the establishment of the 2027 targets in the Annual Report.	2028 Disclosing the 2027 individual inventory and assurance information for the parent company, continuing the reporting of progress toward achieving reduction targets, and preparing sustainability information in accordance with the IFRS Sustainability Disclose	2029 Disclosing the 2028 consolidated inventory and assurance information, along with sustainability information in accordance with the IFRS Sustainability Disclosure Standards, in the Annual Report.

4.3 Water Resources Management

The Company currently sources its water resources from tap water supplied by Taiwan Water Corporation. Based on the WWF Water Risk Filter, the Company is situated in a region categorized as having moderate to low water stress risk.

4.3.1 Water Resources Management

The Company does not involve water usage throughout the product manufacturing process. All water used is primarily for domestic purposes and is sourced from Taiwan Water Corporation. Although access to and use of water is convenient, employees are encouraged to recognize the value of this precious resource and develop water conservation habits as part of their daily routines.

4.3.2 Water Consumption Overview

The Company's total water consumption and the record of water resource usage for the year 2023 are presented in the table below:

Unit: cubic meter; NT$; KG

Year	Duration	Water Consumption (Including Allocated Consumption)	Amount Payable	CO2 Emission
2023	2023/1/4~2024/1/14	1,827 cubic meters	NT$ 22,492	285KG
Total		1,827 cubic meters	NT$ 22,492	285KG

4.4 Waste Management

All waste generated by the Company is entrusted to qualified waste management vendors for recycling or disposal. All waste is handled by professional, certified waste management companies, and the quantity of waste generated is reported periodically in compliance with regulatory requirements.

4.4.1 Waste Disposal and Statistics

The Company's waste disposal and statistics for the year 2023 are presented in the table below:

Domestic waste generation and disposal tonnage for the year 2023	Tonnage of waste types E-0217, E-0221, and E-0222 for the year 2023
4.2 tons	0.714 tons

Remarks: E-0217: Waste electronic components, scraps, and defective products

E-0221: Waste printed circuit boards containing metals and its powder residues

E-0222: Waste printed circuit boards with attached components

4.4.2 Waste Reduction

The Company remains committed to advancing waste reduction initiatives by implementing effective recycling and waste segregation practices at the source. With the objective of "segregating, recycling, and reducing waste at source," and in alignment with our sustainable resource management principles, the Company actively engages employees in these ongoing efforts, with the aim of achieving a gradual annual reduction in waste generation.

4.5 Climate Change Risks and Opportunities

4.5.1 ACULA's TCFD Management Framework

The Company follows the guidelines set forth in the report published by the Task Force on Climate-related Financial Disclosures (TCFD), formulating strategies and action plans that address key areas such as Governance, Strategy, Risk Management, and Metrics & Targets.
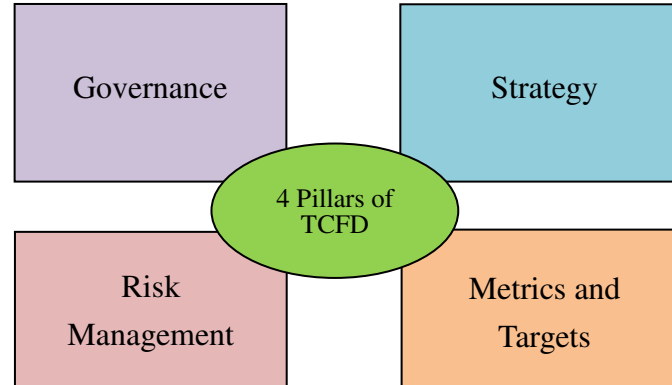
<u>Strategies and Action Plans</u>

●Establishing a Sustainable Development Task Force, with the Chairman serving as the Convener and the executive of the Sustainability Department acting as the Executive Director.
●The Board of Directors serves as the highest supervisory body, overseeing the implementation results of sustainability management strategies, plans, risk management policies, and annual greenhouse gas inventories.

●The Board of Directors, Risk Management Committee, and Sustainable Development Task Force are responsible for conducting risk assessments.
●The Board of Directors holds the highest level of authority in decision-making regarding risk assessments.

<u>Strategies and Action Plans</u>

●Risks and Opportunities: Implementing risk control measures based on short-term (3 years), medium-term (3 to 5 years), and long-term (5 to 10 years) goals established by the Sustainable Development Task Force at the departmental level, while assessing potential opportunities to identify niches for the development of new businesses and services.

●Energy Conservation Target: Achieve an annual reduction of 0.5% in electricity consumption, with adjustments made through rolling planning.

●Establishing relevant management indicators, including the disclosure of greenhouse gas emissions for Scope 1 and Scope 2.

Governance

Strategy

4 Pillars of TCFD

Risk Management

Metrics and Targets

4.5.2 Identification of Climate-related Risks and Opportunities

The Company assesses the likelihood and impact of risks occurring in the short, medium, and long terms to identify key risk issues, in accordance with the TCFD framework and the sustainability disclosure standards set by the competent authorities. The risks and opportunities with the greatest potential impact on the Company are then evaluated and presented in a matrix diagram.

<u>Climate Change Risks Matrix</u>

1	Increased costs resulting from the establishment of new regulations such as international emissions trading and carbon taxes
2	Increased costs resulting from the imposition of carbon fees and taxes on domestic greenhouse gas emissions
3	Increased costs resulting from the disclosure and assurance of carbon emissions
4	Increased global demand for renewable energy
5	Substitution of existing products and services with lower emissions options
6	Increased costs of sustainable procurement
7	Rising awareness of sustainable consumption
8	Increased stakeholder concern
9	Rising mean temperatures and sea levels
10	Severe deterioration of climate change

likelihood	Step 1 Identifying risk issues and their materiality	Step 2 Risk prevention	Step 3 Plans and objectives to prevent the occurrence of risks	Step 4 Adjusting, reviewing, and ensuring the ongoing implementation of plans
High				1
Long-Term	10		5	3 2
Medium-Term	6 9		4	
Short-Term	7	8		
Low	**Short-Term**	**Medium-Term**	**Long-Term**	**High**

impact

4.5.3 Climate Scenario Analysis and Management

The Company assesses the risks and impacts of climate change on our operations and simultaneously conducts cross-departmental discussions to develop appropriate management measures.

Risk Category			Identified Material Risks	Potential Financial Impacts			Management Measures
Transition Risk	Short-term	Policy and Legal	1. Aligning with the Taipei Exchange in advancing the Sustainable Development Roadmap and disclosing greenhouse gas inventory and assurance information in phases. 2. Domestic and international demands for the incremental imposition of carbon fees and carbon taxes. 3. Customer demands for carbon emissions disclosure.	1. Assessment of additional costs necessary. 2. Increased operating costs.			1. Conduct greenhouse gas inventory management in accordance with ISO 14064-1 standards. 2. Establish carbon reduction objectives with the assistance of advisory consultants.
	Medium-term	Technology	Shifts in consumer preferences toward sustainable products have led to a corresponding rise in market demand, resulting in the substitution of existing products and services with lower-emission alternatives.	1. The need to develop low-carbon products to prevent substitution by lower-emission alternatives. 2. The necessity of timely replacing equipment with energy-efficient alternatives in response to the shift toward lower carbon emissions.			Mitigating environmental impact at source while improving operational performance.
	Long-term	Market	International regulatory requirements: 1. The European Union's Carbon Border Adjustment Mechanism (CBAM) 2. The United States' Clean Competition Act, CCA	Increased operating costs resulting from the imposition of carbon taxes.			Continuously monitoring international carbon tariff regulations and simultaneously planning corresponding measures.
Physical Risk	Chronic	Extreme Weather	1. Increased severity of extreme weather events such as cyclones and floods. 2. Rising mean temperatures (occurrence of heatwaves, water scarcity, and increased electricity demand), and rising sea levels (floods).	RCP2.6	RCP4.5-6.0	RCP8.5	1. Conduct annual risk assessment and management of the supply chain to ensure uninterrupted manufacturing, production, and delivery operations. 2. Evaluate the potential impacts and consequences of extreme weather events.
				1. Increased costs resulting from the imposition of carbon taxes. 2. Increased insurance claims and liabilities due to climate-related impacts.	1. Increased operating costs resulting from the imposition of carbon taxes. 2. Reduced revenue from decreased production capacity, such as when suppliers failed to meet delivery commitments.	1. Damage to facilities and operational disruptions resulting from extreme weather events. 2. Supply chain disruptions resulting from extreme weather events.	

Appendix 1

GRI Standards Comparison Table

Items	Descriptions
Statement of use	ACULA Technology Corporation has reported in accordance with the GRI Standards for the period from January 1, 2023, to December 31,2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standard available.

GRI STANDARDS	Disclosure Items	Disclosure Section / Notes	Page Number
GRI 2: General Disclosure 2021			
The organization and its reporting practices			
GRI 2: General Disclosure 2021	2-1 Organizational details	1.1 Company Overview	4
	2-2 Entities included in the organization's sustainability reporting	About This Report	1
	2-3 Reporting period, frequency and contact point		1
	2-4 Restatements of information	NA	NA
	2-5 External assurance	NA	NA
Activities and workers			
GRI 2: General Disclosure 2021	2-5 Activities, value chain and other business relationships	1.1Company Overview 2.6 Supply Chain Management	4 18
	2-6 Employees	3.1 Diversity and Workplace	25
	2-7 Workers who are not employees	Happiness	25

GRI STANDARDS	Disclosure Items	Disclosure Section / Notes	Page Number
Governance			
GRI 2: General Disclosure 2021	2-8 Governance structure and composition	2.1 Corporate Governance Framework	12
	2-9 Nomination and selection of the highest governance body		12
	2-10 Chair of the highest governance body		12
	2-11 Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Framework	7
	2-12 Delegation of responsibility for managing impacts		7
	2-13 Role of the highest governance body in sustainability reporting		7
	2-14 Conflicts of interest	2.1 Corporate Governance Framework	12
	2-15 Communication of critical concerns	1.2 Sustainability Framework	7
	2-16 Collective knowledge of the highest governance body	2.1 Corporate Governance Framework	12
	2-17 Evaluation of the performance of the highest governance body		12
	2-18 Remuneration policies	3.1 Diversity and Workplace Happiness	25
	2-19 Process to determine remuneration		25
	2-20 Annual total compensation ratio		25
Strategy, policies and practices			
GRI 2: General Disclosure 2021	2-21 Statement on sustainable development strategy	Message from the Chairman	3
	2-22 Policy commitments	3.3 Social Inclusion and Community Care	29
	2-23 Embedding policy commitments		29
	2-24 Processes to remediate negative impacts	1.3 Stakeholder Identification, Engagement, and Materiality	8
	2-25 Mechanisms for seeking advice and raising		8

GRI STANDARDS	Disclosure Items	Disclosure Section / Notes	Page Number
	concerns	Assessment	
	2-26 Compliance with laws and regulations	2.3 Legal Compliance and Ethical	16
	2-27 Membership associations	Management	16
Stakeholder engagement			
GRI 2: General Disclosure 2021	2-28 Approach to stakeholder engagement	1.3 Stakeholder Identification, Engagement, and Materiality Assessment	8
	2-29 Collective bargaining agreements	ACULA does not have any collective bargaining agreements in place.	N/A
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.3 Stakeholder Engagement and Materiality Assessment	8
	3-2 List of material topics		8
Product quality and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.4 Product Quality	17
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	2.4 Product Quality	17
	416-2 Incidents of non-compliance concerning the health and safety impacts of product and services		17
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	2.4 Product Quality	17
	417-2 Incidents of non-compliance concerning product and service information and labeling		17
	417-3 Incidents of non-compliance concerning marketing communications		17

GRI STANDARDS	Disclosure Items	Disclosure Section / Notes	Page Number
Customer relationship management			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.5 Customer Relationship Management	18
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		18
Workplace happiness			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.1 Diversity and Workplace Happiness	25
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		25
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		25
GRI 401: Employment 2016	401-3 Parental leave	3.1 Diversity and Workplace Happiness	25
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		25
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		25
	404-2 Programs for upgrading employee skills and transition assistance programs		25
	404-3 Percentage of employees receiving regular performance and career development reviews		25
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.1 Corporate Governance Framework	12
	405-2 Ratio of basic salary and remuneration of women to men	3.1 Diversity and Workplace Happiness	25
Occupational safety and health			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Occupational Safety and Health	28
GRI 4: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		28
	403-2 Hazard identification, risk assessment, and incident investigation		28

GRI STANDARDS	Disclosure Items	Disclosure Section / Notes	Page Number
	403-3 Occupational health services		28
	403-4 Worker participation, consultation, and communication on occupational health and safety		28
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	3.2 Occupational Safety and Health	28
	403-6 Promotion of worker health		28
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		28
	403-8 Workers covered by an occupational health and safety management system		28
	403-9 Work-related injuries		28
	403-10 Work-related ill health		28
Human rights protection			
GRI 3: Material Topics 2021 Climate change mitigation and adaptation	3-3 Management of material topics	3.3 Social Inclusion and Community Care	29
Climate change mitigation and adaptation			
GRI 3: Material Topics 2021	3-3 Management of material topics	4.2 Greenhouse Gas Management	30
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		30
General topics			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.3 Water Resources Management	31

GRI STANDARDS	Disclosure Items	Disclosure Section / Notes	Page Number
	303-2 Management of water discharge-related impacts		31
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	4.3 Water Resources Management	31
	303-4 Water discharge		31
	303-5 Water consumption		31
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.1 Energy Management	30
	302-3 Energy intensity		30
	302-4 Reduction of energy consumption		30
	302-5 Reductions in energy requirements of products and services		30
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	32
	306-2 Management of significant waste-related impacts		32
	306-3 Waste generated		32
	306-4 Waste diverted from disposal		32
	306-5 Waste directed to disposal		32

Appendix 2

SASB Standards Comparison Table

Topic	Metric Code	Category	Metric and Unit of Measure	Annual Disclosure	Response Section and Page Number
Energy Management	RT-EE-130a.1	Quantitative	Scope 1 emissions inventory Scope 2 emissions inventory	1. Scope 1 emissions for 2023: 25.5320 metric tons of CO2e 2. Scope 2 emissions for 2023: 143.9720 metric tons of CO2e	1. 4.2 Greenhouse Gas Management 1. 4.2 Greenhouse Gas Management
Water Management	TC-ES-140a.1	Quantitative	Total water withdrawn: Thousand cubic meters (m3) Total water consumed	1. ACULA does not involve water usage throughout the product manufacturing process. All water used is sourced from Taiwan Water Corporation. 2. Total water consumed: Given that the manufacturing process does not involve water usage, this is therefore not applicable.	1. 4.3 Water Resources Management 2. 4.3 Water Resources Management
Waste Management	TC-ES-310a.1	Quantitative	Total amount of hazardous waste generated, and percentage recycled	1. Hazardous waste 2. Percentage of general waste recycled: In compliance with waste reporting and management operations, with a recycling rate of 0%.	4.4 Waste Management
Labor Practices	TC-ES-150a.1	Quantitative	Number of work stoppages Total days idle	Given that ACULA did not experience any work stoppages or strike actions in 2023, this is therefore not applicable.	3.2 Occupational Safety and Health
Labor Conditions	TC-ES-320a.1	Quantitative	3-month employee retention rate Total turnover rate	1. 3-month employee retention rate for 2023: 82.9% 2. Total turnover rate for 2023: 26.3%	3.1 Diversity and Workplace Happiness
Product Lifecycle Management	TC-ES-410a.1	Discussion and Analysis	In accordance with ISO9001, ISO13485, and the Customer Communication Control Procedure	1. In accordance with ISO standards concerning quality management 2. Establishing positive relationships with customers in accordance with the Customer Communication Control Procedure.	1.2.4 Product Quality 2.2.5 Customer Relationship Management
Materials Sourcing	TC-ES-440a.1	Discussion and Analysis	In accordance with the Supplier Control Procedures	Annual and quarterly meetings are conducted to assess and determine qualified suppliers.	2.6 Supply Chain Management