

dyaco

2023 Sustainability Report





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A Word from the President

Dyaco International Inc. started from trade in Taipei in 1990. With over 30 years of history, not only did we expand the channel of international sports brands and establish stable relationships with local manufacturers, but we also upheld the philosophy of being people-oriented, coexisting with the environment, and co-prospering with society. As we simultaneously improve our competitiveness and operational performance, we continue fulfilling social responsibility, listening to and responding to each stakeholder.

To provide a better living environment for everyone, we focus on sustainable development and believe no one should remain indifferent. As a member of the international business community, we actively manage risk when facing sustainable issues such as supply chain development, global environmental problems, responsible production, and employee well-being.

Dyaco obtained the ISO 14064-1 greenhouse gas inventory in 2023. By understanding our condition, we formulated a policy of sustainable development. We can reduce our greenhouse gas emissions each subsequent year by pressing ahead with the policies, setting goals, and practicing the oath of Net Zero by 2050 with the world.

To respond to each stakeholder completely, our sustainability report references GRI Universal Standards 2021 and the Sustainability Accounting Standards Board (SASB) for revealing sustainable standards. To grasp the risk and chance to Dyaco on climate change, the Task Force on Climate-related Financial Disclosures (TCFD) is added to this report. So, related stakeholders can evaluate our operational resilience to climate change.



A Word from the Chairman

In this rapidly changing environment, sustainable development has become the core value of the enterprise. Sustainable development is also our responsibility to society, the environment, and future generations. We persist in creating sustainable development value and consider ESG's culture important. Therefore, we set up the sustainable development group and it directly belongs to the chairman's office. To ensure that sustainable development is an effective practice in the company's operation, we also plan to establish a specialized execution department to cope with the business needs. Moreover, we will be assisted by every functional committee, analyze, and evaluate climate change and ESG risk regularly. Then, we submit the results to the Board of Directors to make sure Dyaco is in the lead on sustainable development.

In response to the climate change risk, we have conducted the Greenhouse Gas Inventory for many years to create credible basic data and implement the carbon reduction improvement plan. Then, we identify risk factors, establish financial data correlations, and formulate appropriate hedging plans simultaneously. In the social aspect, we not only participate in social welfare activities actively but also plan to give back to society periodically and encourage employees to join.

Finally, we are proudly declaring our Net Zero Emissions goals. We start developing the electricity-assisted bikes business toward developing green energy. We deeply believe that these actions not only bring positive influences on Dyaco's sustainable development but also bring substantially positive effects to society and the environment.

林佑穎



About This Report

This report is the sixth Sustainability Report issued by Dyaco since 2018. This report is for the relevant stakeholders of the company, providing the management policy and implementation results of the aspect of ESG (Environment, Social, and Governance). We continue to fulfill social responsibilities and aim to create sustainable management and the shared prosperity of society.

Reporting Period and Scope

This report information is disclosed from January 1, 2023, to December 31, 2023, Dyaco corporate social responsibility results, management policies, and performance, all based on Dyaco Taiwan, including Taipei's headquarters, Taichung's International Marketing Office, and three factories located in Changhua. Additionally, the scope of financial information disclosure is consistent with the audited consolidated annual report by the accounting firm.

Reporting Guidelines and Principles

This report follows the core options of GRI standards issued by the Global Reporting Initiative, and Sustainability Accounting Standards Board (SASB) as the reference basis under the Toys & Sporting Goods industry category. Using the Task Force on Climate related Financial Disclosures (TCFD) architecture for information disclosure.

Date of Issue

This report is issued annually, and an electronic version is posted on the company website to support environmental protection.

- 2022 Corporate Sustainability Report: Issued in August 2023.
- 2023 Corporate Sustainability Report: Issued in June 2024.
- 2024 Corporate Sustainability Report: Scheduled to be issued in June 2025.

Report Edit, Review, and Assurance

Internal Audit: All information is disclosed by each department, organized by Dyaco's sustainable development team, and approved by the Corporate Sustainable Development Committee.

External Verification: This report disclosed the inclusiveness, materiality, responsiveness, and impact and is verified by the AFNOR according to the AA1000 Assurance Standard Type I, Moderate level assurance. The AFNOR Assurance Statement is attached in the appendix of this report.

Information Reorganization

We have obtained the ISO 14064-1 greenhouse gas inventory certification for 2021-2023. Therefore, in the energy usage table of the environmental chapter, the scope of energy consumption for 2021-2023 has been expanded from Changhua to Taipei and Taichung. Additionally, the energy consumption in Taipei and Taichung has also been included as the basis for calculating energy usage intensity.

We have adjusted the calculation method for the ratio of new hires and departures in the human resources management chapter with GRI standards for reference.

Feedback

Please get in touch with us for any comments or information inquiries about this report.

Dyaco International Inc./ Sustainable Development Team

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Stakeholder Engagement

Identifying Stakeholder Engagement and Results

Based on the five principles of the AA1000 Stakeholder Engagement Standard (Dependency, Responsibility, Influence, Diverse perspectives, and Tension), Dyaco's sustainability team regularly distributed questionnaires to department supervisors to identify the company's essential stakeholders. These stakeholders include employees, subsidiaries, dealers, customers and consumers, suppliers, shareholders, and investors. Moreover, we also design the Dyaco ESG Materiality Topics Survey for each stakeholder. After understanding the stakeholders concerned on sustainability issues, give responses, and build good communication relationships with the stakeholders.



The Stakeholders' Area



Company's Sustainable Management Area

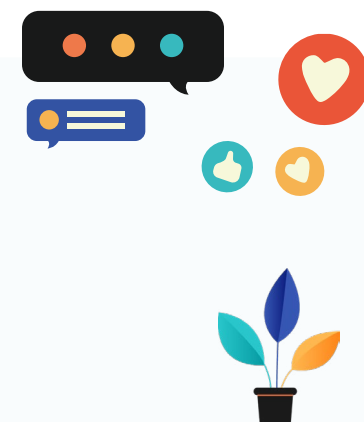


The Ethical Corporate Management Operational Procedures and Guidelines






The Stakeholders' Communication Channel




Dyaco's website had set the stakeholders' area and offered a clear channel. The channel will accept and reply to each stakeholder's advice or feedback. We not only constitute The Ethical Corporate Management Operational Procedures and Guidelines but also the reporting channel against illegal and immoral behaviors by each stakeholder. Setting up our reporting mailbox and direct line for people to use. To protect whistleblowers' rights and keep their identity and reporting content secret, we set up the whistleblower system. We also promise that whistleblowers will be protected and not be punished because of the report. Moreover, all the reports, the way we deal with, postmortem, and improvements will report to the Board of Directors aperiodicity.



Stakeholders' Communication

Major Stakeholders	The Importance to Dyaco	Major Issues of Concern	Communication Channels and Frequency	Outcomes In 2023
 Subsidiaries	Dyaco has 14 subsidiaries all over the world, and every subsidiary is the main and growing momentum. To keep good communication with each subsidiary very often, it will increase corporate performance effectively.	<ul style="list-style-type: none"> -Technology innovation -Operating Performance -Quality Management -Customer services management 	<ul style="list-style-type: none"> -Budget meetings (Once a month) -Operating meetings (Once a week) 	
 Dealers	Dealers are Dyaco's stable and long-term business partner and bring the most direct effect to product sales.	<ul style="list-style-type: none"> -Customer services management -Energy management -Technology innovation -Climate change adaptation 	<ul style="list-style-type: none"> -Customer satisfaction survey (Once a year) -E-mail (Irregularly) -Project meeting (Irregularly) 	<ul style="list-style-type: none"> -100% completion rate of customer service cases. -International customer satisfaction gets 81 scores. -Domestic customer service cases respond within 24 hours.
 Customers and Consumers	Customers and consumers are based on the corporate sustainable development. Therefore, we insist on providing products of high quality and innovative technology. The opinions and feedback of our customers are also crucial to us, we will continue to communicate with our customers. Improving customers satisfaction and building long-term customer relationships.	<ul style="list-style-type: none"> -Quality management -Customer services management -Energy management -Operating Performance 	<ul style="list-style-type: none"> -Service contact window (According to customer needs) -Dyaco's website(Irregularly) 	

Stakeholders' Communication

Major Stakeholders	The Importance to Dyaco	Major Issues of Concern	Communication Channels and Frequency	Outcomes In 2023
 Employees	Employees are indispensable assets to us. The most important thing for our operation is to insure employees' health and safety.	<ul style="list-style-type: none"> -Talent Acquisition, Stay, and Benefits -Labor -Management relations and employees' rights -Occupational Safety and Health -Operating Performance 	<ul style="list-style-type: none"> -Occupational safety and health Meetings (Quarterly) -Employees welfare meetings (Irregularly) -Labor-management meetings (Quarterly) -Company announcement (Irregularly) -On-the-job training (Irregularly) -Notification system (Quarterly) 	<ul style="list-style-type: none"> -The total number of training hours is 5,125 hours. -Annual welfare expenditure over NT\$ 3.5 million.
 Suppliers	Suppliers are Dyaco's mutual trust partners, they provide reliable raw materials and achieve corporate sustainability together.	<ul style="list-style-type: none"> -Supplier management -Technology innovation -Operating performance -Climate change adaptation 	<ul style="list-style-type: none"> -Consultative meeting (Irregularly) -Signing supplier responsibility commitment (Irregularly) 	<ul style="list-style-type: none"> -The local procurement rate in Taiwan reaches 97.5%. -Conducting investigations on 260 suppliers regarding environmental, occupational safety, and social responsibility management. -Signed a total of 265 hazardous substance restricted use guarantee. -Completed conflict minerals investigations for electronic materials with 8 suppliers. -The number of supplier assessments conducted was 357, with a 99.44% achieving an A-grade rating. -Signed safety and health commitment with a total of 197 suppliers.
 Shareholders & Investors	To complete corporate sustainable development, the transparency of companies' information is helpful to Dyaco with shareholders and investors maintain good relationships.	<ul style="list-style-type: none"> -Operating performance -Technology innovation -Customer services management -Quality control 	<ul style="list-style-type: none"> -Press release (Immediately) -General meeting of shareholders (Once a year) -Investor conference (At least twice a year) -Investor relations contact window (Irregularly) -Company financial report, annual report, sustainability report (Once a year) 	<ul style="list-style-type: none"> -Hold 1 general meeting of shareholders. -Hold 3 investor conferences.

Sustainability Issues Analysis and Management

Identifying Materiality Topics

1

Understand Organizational Context

We use GRI Sustainability, ISO 26000 Guidance on Social Responsibility, UN Sustainable Development Goals (SDGs), SASB, RBA, etc., through internal company interviews with each department, and collect 14 sustainability issues that are highly concerned by stakeholders to Dyaco.

2

Identify Actual and Potential Impacts

11 materiality topics were selected through questionnaire surveys to identify the positive, negative, potential, and actual impact on organizational activities to environmental, social, and economic aspects generated on each sustainability issue by the management-level executives.

3

Evaluating the Significance of the Impacts

Conducts questionnaire surveys to determine the degree of impact and analyze by the sustainability development team.

4

Prioritize the Reporting of the Most Significant Impacts

Uses matrix diagram to analyze and compile internal supervisors that identify the degree of impact on sustainability issues and the high concerned issues of stockholders. Finally, it generates 6 major sustainability topics.

5

Response and Management

The issues put first will be reported by the sustainability development team to the Sustainable Development Committee. We will reply to the management policies of each sustainable issue, set goals, review, and adjust regularly.

Method for Evaluating the Significance of Impact

Impact Evaluation Explanation

Evaluation of Impact Significance	Stockholders of Expected Effects
<ul style="list-style-type: none"> • Evaluate the significance of negative impact: Impact range, repairability, possibility of occurrence. • Evaluate the significance of positive impact: Impact range, possibility of occurrence. • Actual impact: Impact events already occurred or currently happening. • Potential impact: Doesn't happened, but it happened in the future. 	<p>Evaluating individuals or groups whose benefits in each topic are affected or potentially affected by Dayco's economic activities.</p>

Impact Calculation Method

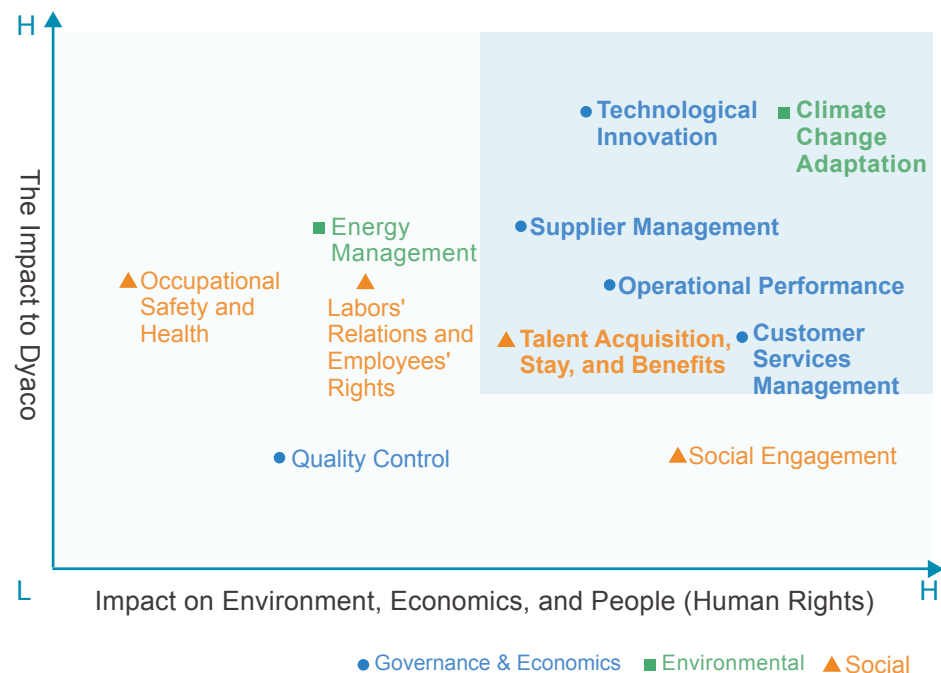
- The management-level executives evaluate the degree of impact of the sustainability issues on the environment, social, and economic three aspects. It will be weighted scoring by the sustainable development team: Impact range and scale* Possibilities* Weighted proportion.
- More than 6 will be materiality sustainable issues in 2023.



Materiality Topics


69 valid questionnaires were collected in 2023, including external stakeholder questionnaires and internal evaluations of the impacts of business activities, operations, products, and services on sustainability issues. 6 materiality topics were identified that have immediate or future impacts on Dyaco.

This report not only corresponds to the themes and disclosure management policies and practices of the GRI Guidelines but also discloses the medium to long-term management objectives of each material topic to serve as a basis for future performance tracking and review.









Difference from the Previous Year

To align with the management approach for significant issues,³ sustainability topics we removed from 2022—corporate governance, regulatory compliance, and risk management. Subsequently, the sustainability development team gathered 14 sustainability issues. Using a questionnaire, senior management selected 11 issues, and after internal discussion and consideration of Dyaco's future strategic direction, the topics were classified into 6 materiality topics. This process helps Dyaco focus more effectively on stakeholder concerns and develop meaningful management strategies.

Aspects	2023 Materiality Topics	2022 Materiality Topics
 Governance & Economics	Operational Performance Technology Innovation Customer Services Management Supplier Management	Operational Performance Corporate Governance Regulatory Compliance Risk Management Brand Marketing Quality Control
 Environmental	Climate Change Adaptation	Sustainable Development Strategies
 Social	Talent Acquisition, Stay, and Benefits	Labor/Management Relations & Employee Rights

Materiality Topics

Materiality Topics	Impact Statement	Subject Boundaries			Impact Aspects			Related Chapters in This Report
		Upstream	Internal	Downstream	Environment	Social	Economic	
 Climate Change Adaptation	For achieving the sustainable development goals, we implement the greenhouse gas inventory and execute the carbon reduction plans. We will install self-consumption solar energy system for reducing carbon emissions and power consumption in the future.	✓	✓	✓	✓	✓		Ch.2 Environmental Sustainability
 Customer Services Management	We have customer service hotline, which can solve customers' problems efficiently and protect the rights of every consumer. To create the products and services that meet the customers, we will accept feedback of the products by the customers at the same time, for maintaining good and long-term relationship with customers.			✓		✓		Ch.4-6 Customer Services Management
 Talent Acquisition, Stay, and Benefits	Comprehensive employee benefits and retention systems can effectively enhance employee satisfaction and productivity and increase employee retention rate. If Dyaco's talent management system is imperfect, it can lead to an increase in turnover rates and higher personnel costs.		✓	✓			✓	Ch.3-2 Talent Attraction and Retention
 Operational Performance	Towards the sustainable goals by producing green products can not only reduce the damage to environment, but also bring new growth momentum for us. If the operational performance is poor, it may indirectly affect upstream suppliers, employees, shareholders, and investors.	✓	✓		✓	✓	✓	Ch.4-1 Operational Performance
 Technology Innovation	Continue developing new technology and products not only make the company's industry advanced, but also increase new job opportunities if produce new products.		✓		✓		✓	Ch.4-5 Technology Innovation
 Supplier Management	Implement supplier management effectively holds strong potential for subsequent new products development and corporate sustainable development. If supply chain partners fail to simultaneously import concepts and disregard environmental protection and sustainability, it not only causes inconvenience to surrounding communities but also poses a significant obstacle to the development of a low-carbon society in the future.	✓	✓			✓		Ch.4-7 Supplier Management

Dyaco's Action on SDGs

3 GOOD HEALTH
AND WELL-BEING



Good Health
& Well-Being

SDGs Targets

3.4

Meaning to Dyaco

Dyaco is committed to the production, research, and development, and sales of fitness equipment to meet the health needs of different ages. We promote the concept of health and create a better lifestyle for everyone.

Related Chapters
Ch.3-2-2
Employee Benefits

5 GENDER
EQUALITY



Gender Equality

SDGs Targets

5.1 5.2 5.5

Meaning to Dyaco

Gender equality is the foundation of Dyaco's sustainable development; regardless of gender, one can participate in company policies fairly and gain equal opportunities.

Related Chapters
Ch.4-4-6
Labor-Employer
Management System

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Responsible
Consumption
and Production

SDGs Targets

12.6

Meaning to Dyaco

Dyaco as a global fitness equipment manufacturer, proper resource management and sustainable production are essential issues to us to ensure environmental protection, efficiency, and the avoidance of wasting resources.

Related Chapters
Ch.2 Environmental Sustainability

13 CLIMATE
ACTION



Climate Action

SDGs Targets

13.2 13.3

Meaning to Dyaco

Climate change has become one of the key global issues for enterprises worldwide. Dyaco references the TCFD framework to identify risks and opportunities associated with various climate change.

Related Chapters
Ch.2 Environmental Sustainability

8 DECENT WORK AND
ECONOMIC GROWTH



Decent Work &
Economic
Growth

SDGs Targets

8.2 8.5 8.7 8.8

Meaning to Dyaco

Create employment opportunities and operating performance is the long-term goals of Dyaco's sustainable business growth.

Related Chapters
Ch.4-4-6 Labor-Employer Management System
Ch.4-1 Business Performance
Ch.4-5 Technology Innovation

1

About Dyaco

- 1-1 Company Structure
- 1-2 Division of Work
- 1-3 Key Milestones
- 1-4 Affiliated Companies Chart
- 1-5 Worldwide Location
- 1-6 Industrial Chain
- 1-7 Business Concept/Core Values



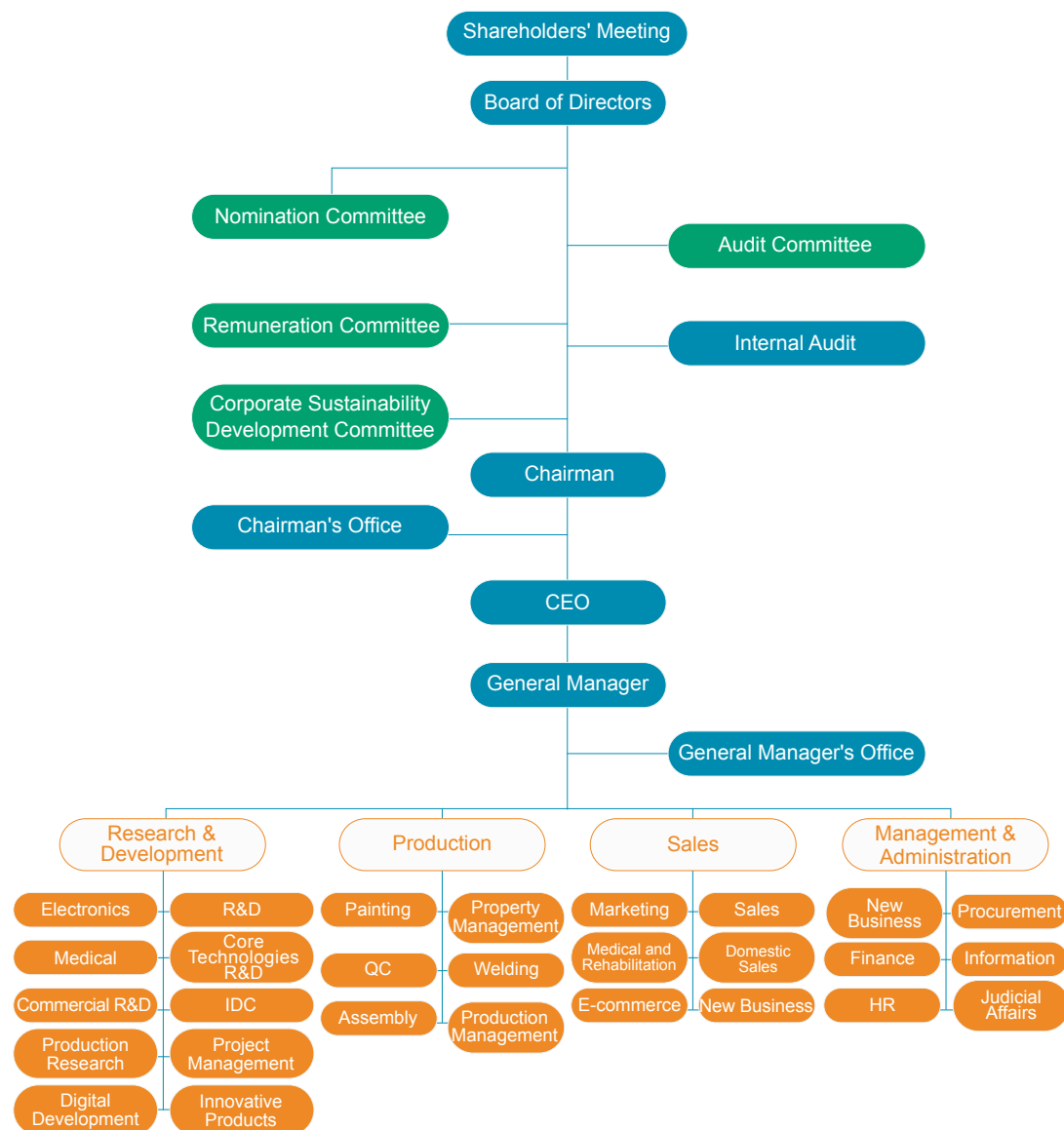
1 About Dyaco

Dyaco was established in 1990 as a buyer and exporter of sports equipment. Since 2008, we have transformed into a self-operated manufacturer, focusing on alliance cooperation, distribution, brand marketing, and management, fully concentrating on OBM (Original Brand Manufacturer). We have obtained international authorization from world-renowned sports equipment brands SPIRIT, XTERRA, SOLE, fuel, and Ultimate Fighting Championship® (UFC), the world's leading mixed martial arts organization. Building upon our foundation in the home fitness market, we have expanded into the medical rehabilitation and professional fitness markets. In 2016, we went public, allowing us to continue developing safe fitness equipment, combining innovative interactive technologies. We have established ourselves as a comprehensive fitness enterprise by staying attuned to market trends and flexibly adjusting our business strategies.

Dyaco formulates a corporate governance structure, implements relevant laws and regulations, and abides by them, following the code, establishing sustainable operation and development. Since the fifth evaluation, Dyaco has maintained a 6% to 20% score in the Corporate Governance Evaluation System, higher than the industry average for all listed companies. In the future, we will aim for a score within the top 5% and continue to improve our group's corporate governance development.

Company Name Dyaco International Inc.	Stock Code 1598	Industry Category Sport and Leisure
Headquarters 12F., No. 111, Songjiang Rd., Zhongshan Dist., Taipei City 104495, Taiwan (R.O.C.)	Business Region Global	Capital Amount (NTD) 1,596,097,540
Chairman Lin, You-Ying	President Lin, Ing-Gin	CEO Hsu, Wen-Bin
COO Tseng, Yu-Hsiang	General Manager Chen, Ming-Nan	CSO DING, PING-YI

1-1 Company Structure



1-2 Attribute for Divisions of Business

Chairman's Office

- Overall management of various business goals, development plans, and related matters, such as convening meetings of the group's board of directors.

Audit

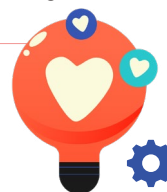
- Assist the board of directors and management in reviewing and evaluating the deficiencies in internal control systems, measuring the effectiveness and efficiency of operations, and providing improvement suggestions promptly to ensure the implementation of internal control systems and serve as a basis for reviewing and revising them.

General Manager's Office

- Coordinating business strategy, business planning, and developing and controlling investment plans.
- Assessing and controlling each division's operational status and internal control, managing, and conducting overall business execution, planning, and coordination.

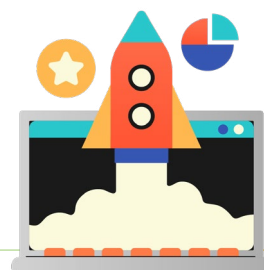
Research & Development Unit

- Develop the processes and schedules for R&D projects.
- Design, prototype, and validate product reliability.
- Integrate technical documents, manage their creation, and apply for patents.
- Manufacture and manage molds, inspection tools, and fixtures.
- Plan production processes, establish engineering specifications, define operating procedures, and outline production workflows.
- Implement technical modifications, manage document control, and other related activities.



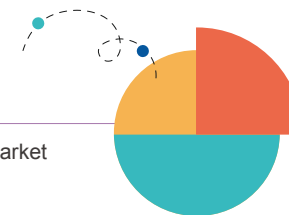
Production Unit

- Coordinate the movement of raw materials and products, including shipping and logistics control.
- Oversee product inventory management and record-keeping.
- Develop production plans and capacity calculations.
- Issue material requirements.
- Schedule and manage production progress.
- Handle production and sales coordination, delivery deadlines, and production volumes.
- Develop and implement the company's quality assurance plans.
- Perform quality inspections and control.
- Manage customer complaints.
- Analyze causes of quality issues and implement improvements.



Marketing Unit

- Gather, analyze, and provide feedback on market information to understand market trends.
- Plan and execute marketing strategies.
- Managed product image packaging, produced advertisements, and participated in domestic and international exhibitions.
- Plan and implement strategies to achieve sales targets.
- Determine product profit margins and set sales prices.
- Develop and manage customer relationships.
- Handle customer quotations, order receipt, review, and management.
- Manage accounts receivable collections, customer service, complaint handling, and promote production-sales coordination.

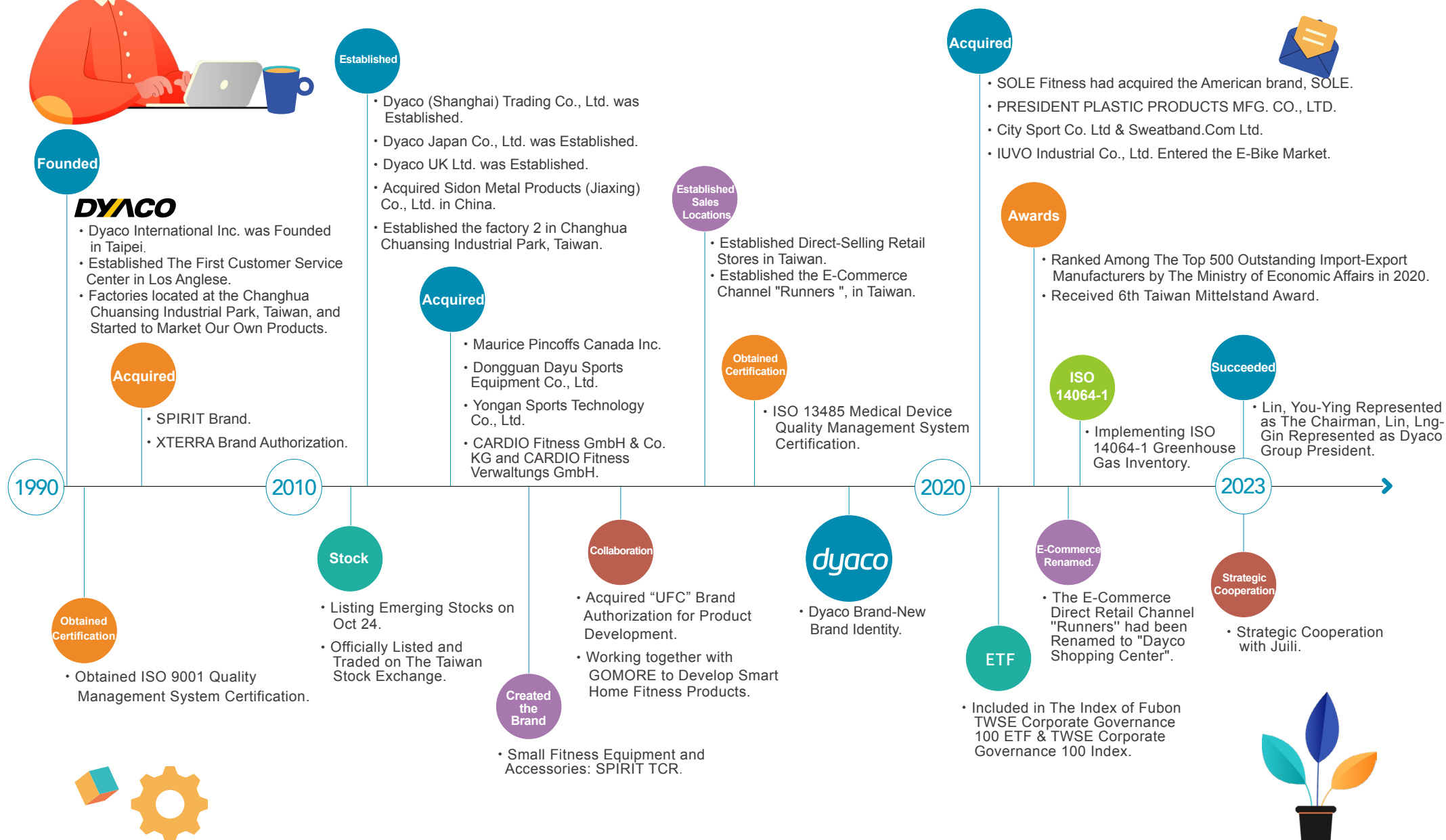


Administrative Unit

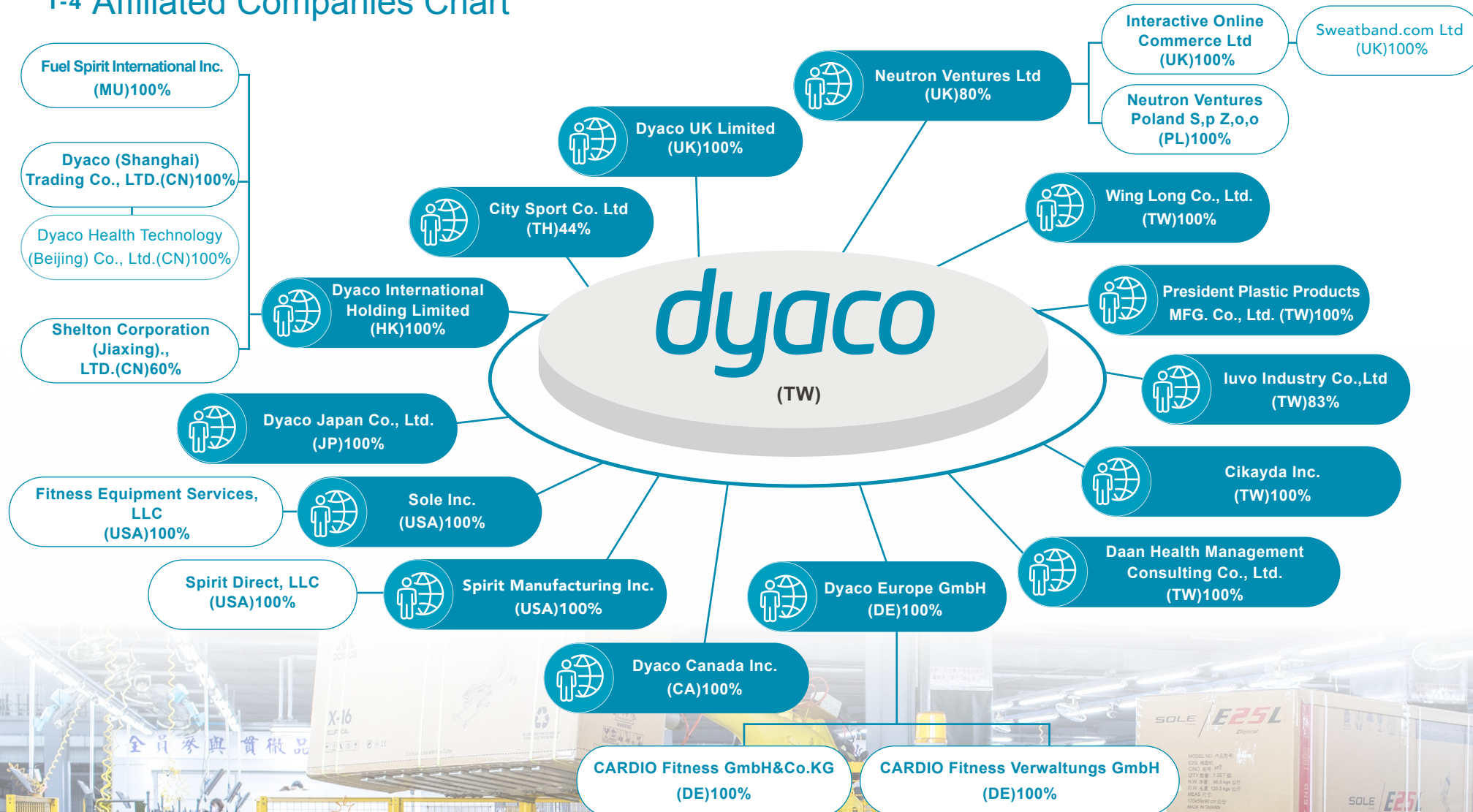
- Planned and executed Dyaco's financial management and cash flow operations.
- Plan and execute investment-related activities.
- Conducted customer credit checks and managed credit limits.
- Plan and consolidate annual budget-related tasks.
- Handle accounting operations, prepare, analyze, control, and report financial statements.
- Manage tax planning and filing-related tasks.
- Oversee human resources, administration, general affairs, IT, and fixed asset management.
- Plan and execute employee education and training programs.
- Establish and implement administrative processes, methods, and policies.
- Manage operations related to labor safety, environmental safety, gender equality in the workplace, and foreign labor management.
- Handle internal ISO audits and manage related documentation and file organization.
- Provide services such as IT hardware and software support, as well as database maintenance.
- Develop and maintain enterprise application systems and introduce new information technology.
- Establish and evaluate supplier profiles.
- Conduct raw material inquiries, price comparisons, negotiations, and purchasing.
- Manage and control raw material delivery schedules.
- Handle outsourced processing operations.



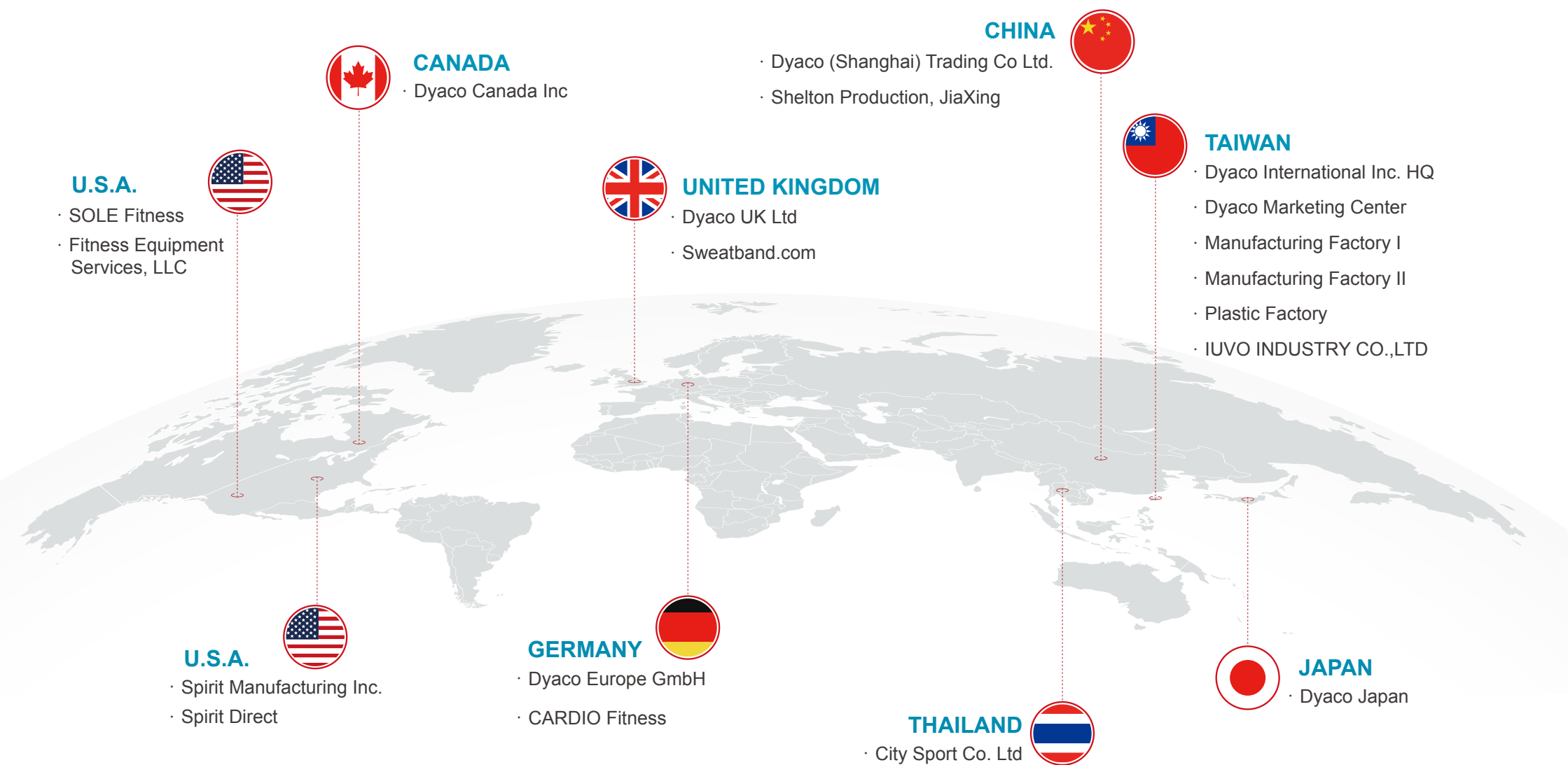
1-3 Key Milestones



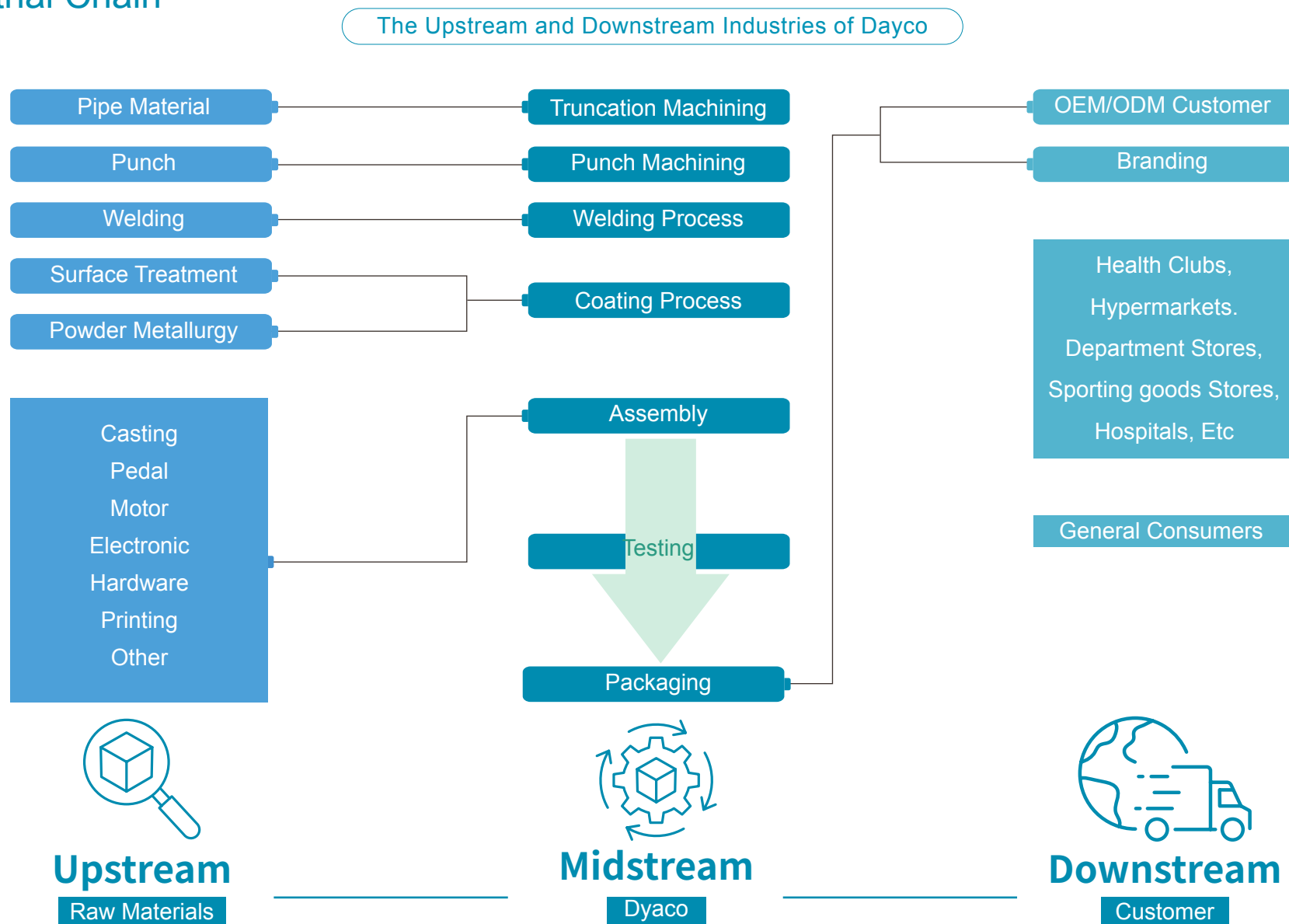
1-4 Affiliated Companies Chart



1-5 Worldwide Location



1-6 Industrial Chain



1-7 Business Concept/Core Values



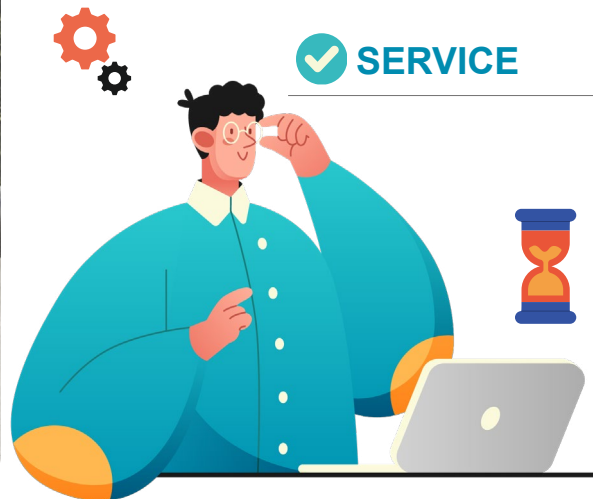
Dyaco takes “Brand, Service, Innovation” as the core of the business and the needs of “People” as the starting point. We continue to provide services and develop brand agents in various countries. We are establishing a brand communication platform to propose fitness and rehabilitation medical care solutions, covering home, commercial, and rehabilitation places. Our final goal is to expand to whole-person health-related fields, making healthy habits a part of life.

Sustainability Vision

✓ **BRAND**

✓ **INNOVATION**

✓ **SERVICE**



Corporate Culture

✓ **Respect Customers**
Mutual Benefit Create a Win-win Situation

✓ **Respect the Products**
Innovation Professional Leadership

✓ **Respect the Market**
Keep Pace with Times
Healthy and Harmonious

2

Environmental Sustainability

- 2-1 Climate Change Adaptation
- 2-2 Energy Management
- 2-3 Water Management
- 2-4 Waste Management
- 2-5 Greenhouse Gas Emissions Management



Chapter Highlights

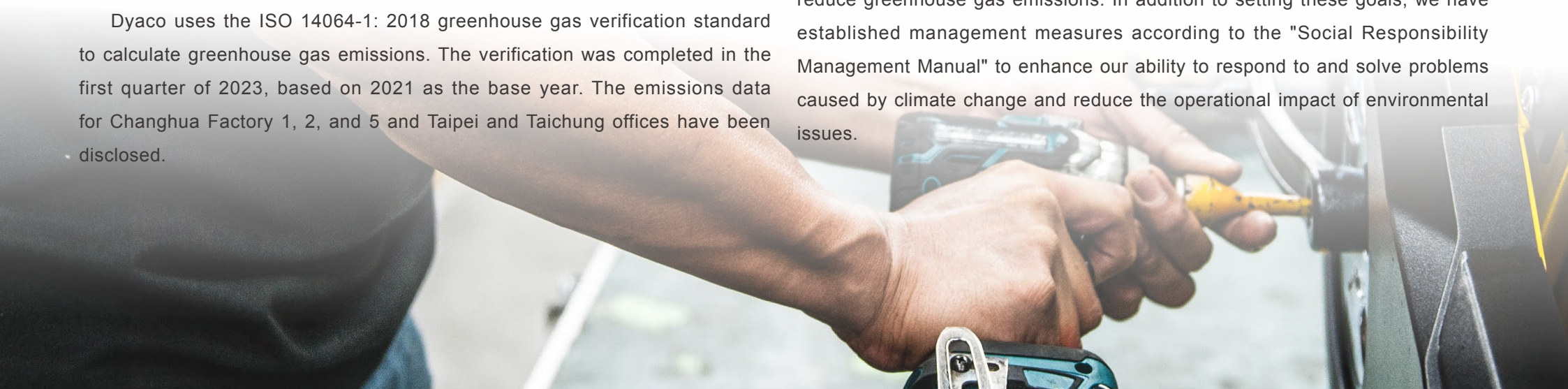


Dyaco is committed to sustainability and corporate social responsibility. To achieve this goal, we have established a corporate sustainable development committee with the chairman of Dyaco as its head. The committee will regularly report on sustainable development results to the board of directors. In 2023, Dyaco adopted sustainable development policies and implementation plans to set short-, medium-, and long-term sustainability goals.

Dyaco uses the ISO 14064-1: 2018 greenhouse gas verification standard to calculate greenhouse gas emissions. The verification was completed in the first quarter of 2023, based on 2021 as the base year. The emissions data for Changhua Factory 1, 2, and 5 and Taipei and Taichung offices have been disclosed.

2-1 Climate Change Adaptation

In response to SDG 13 Climate Action, Dyaco has set short-term goals to manage and review energy consumption, greenhouse gas emissions, and carbon inventory. We also have medium- to long-term plans to improve resource consumption based on carbon inventory results and gradually reduce greenhouse gas emissions. In addition to setting these goals, we have established management measures according to the "Social Responsibility Management Manual" to enhance our ability to respond to and solve problems caused by climate change and reduce the operational impact of environmental issues.



2-1-1 Sustainable Development Policy and Implementation Plan

In 2023, Dyaco passed the Group's Sustainable Development Policy and formulated specific implementation plans to ensure that the Group can achieve its sustainable development goals.

Policy	Management	Plan
Implementing Corporate Governance	Establishing a culture of sustainable development values and prioritizing ESG considerations.	<ul style="list-style-type: none"> Establishing a sustainable development team directly under the chairman's office. Planning to establish a dedicated execution department to meet business needs.
	Utilizing functional committees to assist the functions of the board of directors.	<ul style="list-style-type: none"> Planning for all functional committees to regularly analyze and evaluate climate change and ESG risks and propose response plans to the board of directors. Reporting sustainable development strategies and implementation progress regularly to the board of directors. Properly utilize experts' functions to participate in functional committees, commission experts to provide evaluation reports or opinions, and report to the board of directors when necessary.
	Demanding and assisting suppliers in implementing sustainable development projects.	<ul style="list-style-type: none"> Demand suppliers to provide their carbon inventory data. Provide guidance and assistance to suppliers in implementing sustainable development projects in response to their needs.
Develop a Sustainable Environment	Establishing self-discipline for carbon reduction with incentives and strengthening monitoring mechanisms.	<ul style="list-style-type: none"> Improve equipment to meet carbon reduction standards. Establish a carbon fee calculation method within the company. Offer the company's green energy products as employee benefits.
	Developing the green energy industry and promoting compliance with environmental regulations among subsidiary companies of the group.	<ul style="list-style-type: none"> Planning green buildings for new factories. Develop green energy products.
	Strengthening the ability to respond to climate change risks.	<ul style="list-style-type: none"> Conduct regular carbon inventories to establish reliable baseline data. Implement carbon reduction improvement plans based on the results of carbon inventories. Identify climate change risk factors, establish financial data correlation, and implement hedging plans.
Maintain Social Welfare Activities	Actively participating in social welfare activities.	<ul style="list-style-type: none"> Plan regular feedback on social projects to encourage employee participation.
	Enhance social value and impact.	<ul style="list-style-type: none"> Implement a Social Return on Investment (SROI) management system.
Enhancing Corporate Sustainability Information Disclosure	Enhancing sustainability information disclosure, improving information disclosure channels, and external communication.	<ul style="list-style-type: none"> Annually update sustainability reports and publish improvement achievements. Enhance disclosure of sustainability information through the official website and public communication channels.
	Prioritizing the establishment of information security protection.	<ul style="list-style-type: none"> Establish a dedicated corporate communication network and information security protection system. Implement employee information security protection education and training.

2-1-2 Task Force on Climate-Related Financial Disclosures (TCFD)

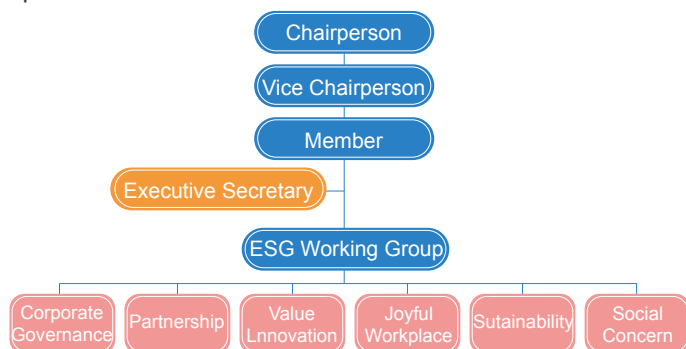
Four Core Elements

A. Governance

Dyaco International has established the 'Corporate Sustainable Development Committee,' with Chairman Mr. Yu-Ying Lin as the Chairperson and Independent Director Mr. Chin-Po Wu as the Vice Chairperson. This committee is responsible for reviewing the company's sustainable development policies, formulating management strategies for climate change issues, setting short-, medium- and long-term goals, and conducting periodic performance reviews. Regular reports are submitted to the board of directors.

The ESG working group is tasked with formulating the direction and goals of sustainable development, and proposing and executing plans for related management policies, including climate change. Regular reports are submitted to the Corporate Sustainable Development Committee.

The ESG working group is tasked with formulating the direction and goals of sustainable development, and proposing and executing plans for related management policies, including climate change. Regular reports are submitted to the Corporate Sustainable Development Committee.



B. Strategy

To collectively achieve 'Net Zero Emissions by 2050,' Dyaco International is actively enhancing the awareness of climate issues among internal management executives and employees. In addition to arranging periodic training sessions, Dyaco releases a Sustainability Bi-weekly Report, disseminating sustainable knowledge to improve adaptive and problem-solving capabilities when facing the impact of climate change. This initiative aims to reduce the operational impacts on the environment.

Dyaco has set short-term goals (3 years) for managing energy consumption, greenhouse gas emissions, and inventory. Mid-term (5 years) and long-term (10 years) goals will focus on improving resource consumption based on carbon inventory results, progressively reducing greenhouse gas emissions each year.

Dyaco has distributed a climate change-related risk questionnaire to internal senior executives, identifying the risks and financial impacts Dyaco may face. Discussions have led to the identification of **4 significant** and **1 risks**, including greenhouse gas reduction and carbon pricing, changes in customer preferences, increased raw material costs, low-carbon technology transformation, typhoons, and heavy rainfall. Additionally, **two opportunities** were identified: participating in renewable energy projects and adopting energy-saving measures and entering new markets while increasing consumer purchasing intentions.



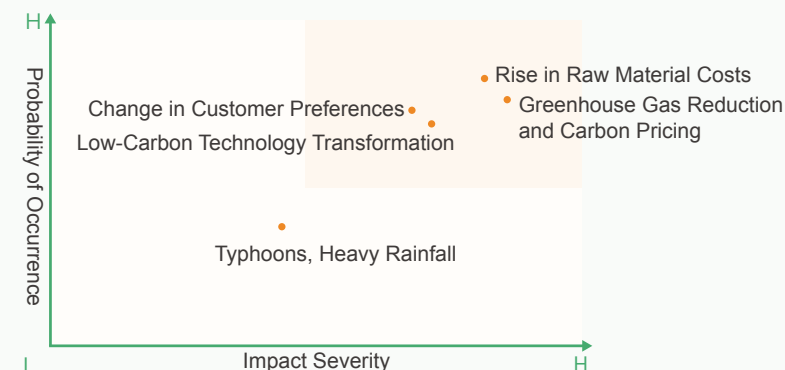
▲ Sustainability Bi-weekly Report



C. Risk Management

Dyaco International, in reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), is assessing potential climate-related risks and opportunities. Dyaco is actively gathering and studying international climate change trends and industry-related developments to identify risks and opportunities.

Subsequently, Dyaco will use matrix analysis to assess the likelihood and impact of the identified risks. Based on this assessment, Dyaco will formulate strategic policies and mitigation measures for climate change.



Risk Level	Risk Type		Risk Factors	Risk Description	Financial Impact	Impact Duration	Response Strategies and Objectives for Dyaco
Significant	Transition Risks	Policy and Legal Risks	Greenhouse Gas Reduction and Carbon Pricing	Following the carbon reduction goals set by domestic regulatory authorities in response to climate change, the company must conduct carbon inventories and implement carbon reduction plans. Additionally, with the government promoting carbon pricing mechanisms, exceeding carbon emission limits may result in fines, leading to additional operational costs.	Increase in Operating Costs	Short-Term (3 years)	<ul style="list-style-type: none"> To respond to the global carbon pricing mechanism, Dyaco has initiated the ISO 14064-1 greenhouse gas inventory. Subsequently, Dyaco will identify emission hotspots and come up with carbon reduction plans.
		Market Risk	Change in Customer Preferences	In response to the global or regional rise in sustainability awareness, customers prefer low-carbon or environmentally friendly products. Products that do not meet consumer demands may face market elimination.	Decrease in Income. Increase in Research and Development Expenses.	Short-Term (3 years)	<ul style="list-style-type: none"> Dyaco follows the global trend of energy conservation and carbon reduction by developing and manufacturing green energy products that meet consumer demands, such as electric-assist bicycles. The company evaluates the use of recyclable materials in manufacturing and aims to increase the revenue share of green energy products in the future.
			Rise in Raw Material Costs	Climate change leads to an increase in the cost of raw materials. This results in suppliers raising the costs with the company, thereby causing an increase in manufacturing costs.	Increase in Operating Costs.	Medium-Term (5 years)	<ul style="list-style-type: none"> Conducting supplier audits and surveys to understand the greenhouse gas emissions of each supplier, reducing collaboration frequency with suppliers that have high greenhouse gas emissions or have not set emission reduction targets. This strategy aims to effectively mitigate the risks associated with increased costs of raw materials.

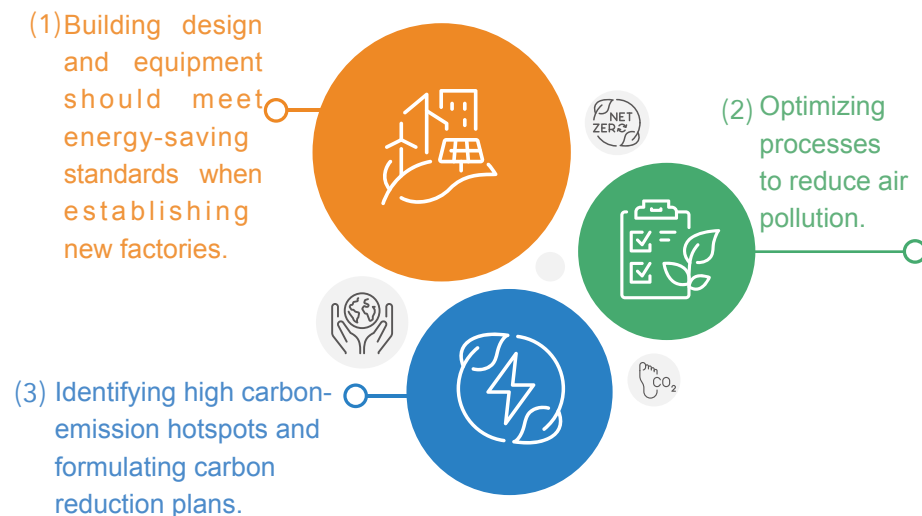
Risk Level	Risk Type		Risk Factors	Risk Description	Financial Impact	Impact Duration	Response Strategies and Objectives for Dyaco
Significant	Transition Risks	Technology Risk	Low-Carbon Technology Transformation	Due to the factors associated with climate change, adopting innovative processes or procedures under existing conditions, or altering the way services are provided, becomes necessary to meet the low-carbon demands of both the government and customers.	Increase in operating costs. Increase in operating expenses.	Short-term (3 years)	<ul style="list-style-type: none"> Dyaco plans to conduct an inventory of existing factories and equipment, assessing the greenhouse gas emissions at various stages of the production process. Identifying high-emission hotspots will enable the formulation of a carbon reduction plan.
Minor	Physical Risks	Acute Risk	Typhoons, Heavy Rainfall	The increased frequency of severe typhoon impacts and extreme rainfall may result in operational disruptions for the company. This could potentially lead to flooding or water accumulation in the factory, causing asset losses and impacting equipment production schedules.	Decrease in operating income. Increase in operating costs.	Short-term (3 years)	<ul style="list-style-type: none"> Dyaco will enhance disaster preparedness drills and awareness at various locations, ensuring personnel safety. Additionally, the company will implement supply chain management measures to reduce the risk of disruptions due to shortages or breaks in the supply chain.

Opportunities Type	Opportunities Factors	Response Strategies and Objectives for Dyaco	Financial Impact	Impact Duration
Resilience	Participation in renewable energy programs and adoption of energy-efficiency measures	Dyaco has installed solar panels on the roofs of all three factories in Changhua. Solar power generation has been planned on the rooftops in constructing new facilities and participating in renewable energy projects.	The initial setup of solar power generation may incur additional cost expenditures, but subsequent solar power generation can increase revenue through selling excess electricity.	Short-term (3 years)
Markets	Access to new markets and increasing consumer willingness to purchase	Dyaco is entering the green energy market, not only developing and manufacturing electric-assist bicycles but also continuing research and development of low-carbon products. This aims to meet consumer demand for green energy, enhancing the company's green and sustainable image and reputation.	The product will incur increased research and development expenses during the development and manufacturing stages. However, once the product is sold, it will contribute to higher operating income.	Medium-term (5 years)



D.Metrics and Targets

Dyaco International has devised specific measures in response to the '2050 Net Zero Emissions' goal. These measures include:



Dyaco will formulate key climate performance indicators for green energy adoption, water and electricity consumption reduction, and product design. Dyaco has already obtained the Taiwan region's ISO 14064-1 Greenhouse Gas Inventory Statement. Regarding greenhouse gas reduction, Dyaco will regularly review emissions to achieve the targets and establish a Net Zero Emissions plan by 2050.

2-2 Energy Management

Dyaco's primary energy sources are electricity, natural gas, diesel, and gasoline, with purchased electricity being the primary source used during production. Following the "[Regulations on the Management of Energy Consumption and Greenhouse Gas Emissions](#)," energy-saving measures have been formulated, and plans are promoted from top to bottom within Dyaco. To increase the use of green energy, Dyaco has established a solar power generation system policy to maximize the efficiency of the factories. Three sets of solar power generation systems are operated on the roofs of three factories in Changhua. They are leased to operators and then sold back to Taiwan Power Company.

Solar Power Generation

Location	Activation Date	Storage	Power Generated in 2023 (kWh)	CO ₂ Reduction in 2023 (kg)
No.36, Xinggong Rd.	2015/10	499.5kW	561,061	277,725
No. 1, Gong 1 st Rd.	2016/01	499.5kW	657,371	325,399
No. 4, Gongdong 3rd Rd.	2018/10	477.3kW	552,076	273,278

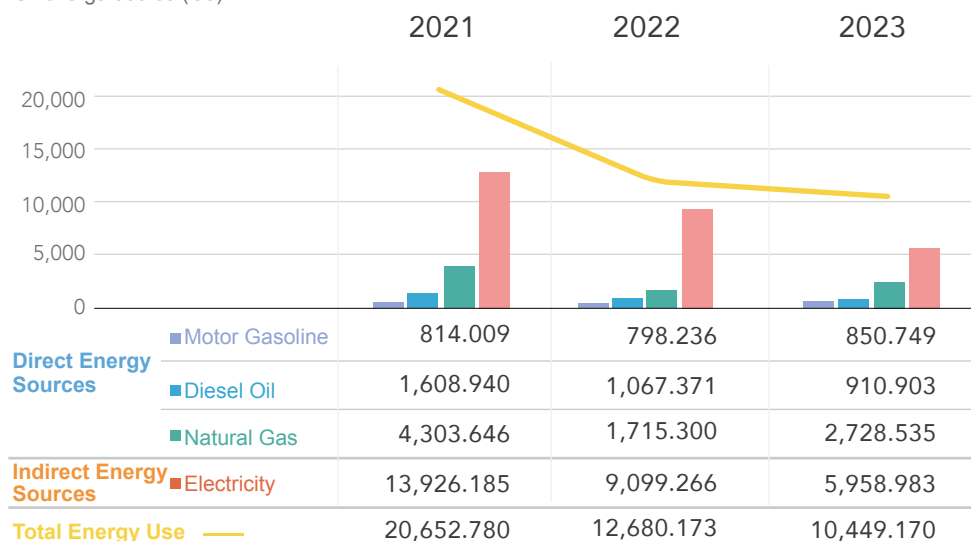
*Statistical period from January 1 to December 31, 2023.

*Based on the announcement of the power carbon emission coefficient for the year 2022 by the Energy Bureau of the Ministry of Economic Affairs: 0.495 kgCO₂e/kWh.



Energy Usage Graph

Unit: Giga Joules (GJ)



*Based on the 「Greenhouse Gas Emission Factors Management Table Version 6.0.4」 announced by the Taiwan Environmental Protection Administration.

*Unit conversion: natural gas 8,000 Kcal/m³, diesel 8,400 Kcal/L, gasoline 7,800 Kcal/L.

*1 Kcal (Kilocalorie) = 4,186.8 J (Joules).

2-2-1 Energy Intensity

Based on the production quantity of fitness equipment, we calculated the energy intensity, which represents the energy consumed by the production quantity of our Taipei office, Taichung office and Taichung dormitory, and Changhua Factories 1, 2, and 5. The energy intensity from 2021 to 2023 is shown below:

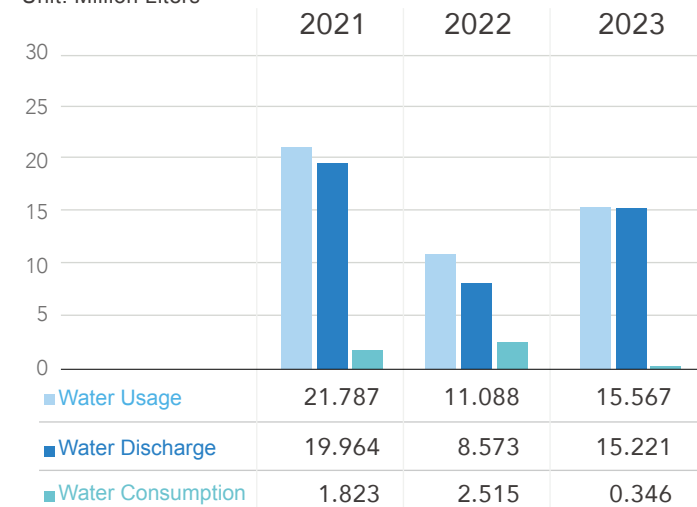
Item	Unit	2021	2022	2023
Total Energy Consumption	GJ	20,652.780	12,680.173	10,449.170
Production Quantity	Piece	477,165	146,041	174,106
Energy Intensity	GJ/Piece	0.043	0.087	0.060

2-3 Water Resources Management

According to the law, Dyaco has applied for and obtained the groundwater rights certificate. We use the groundwater for non-civilian purposes such as watering. Water used by each base is mainly divided into process and non-process water. Process water is used primarily for the pre-treatment unit of the painting process, which includes degreasing and film-forming operations. To reduce water waste, wastewater from this process is recycled and reused. Once the water cannot be put into the process, it will be sent to the wastewater pretreatment system according to regulations. The remaining water is used daily, treated, and discharged into the sewage system.

Total Water Consumption

Unit: Million Liters

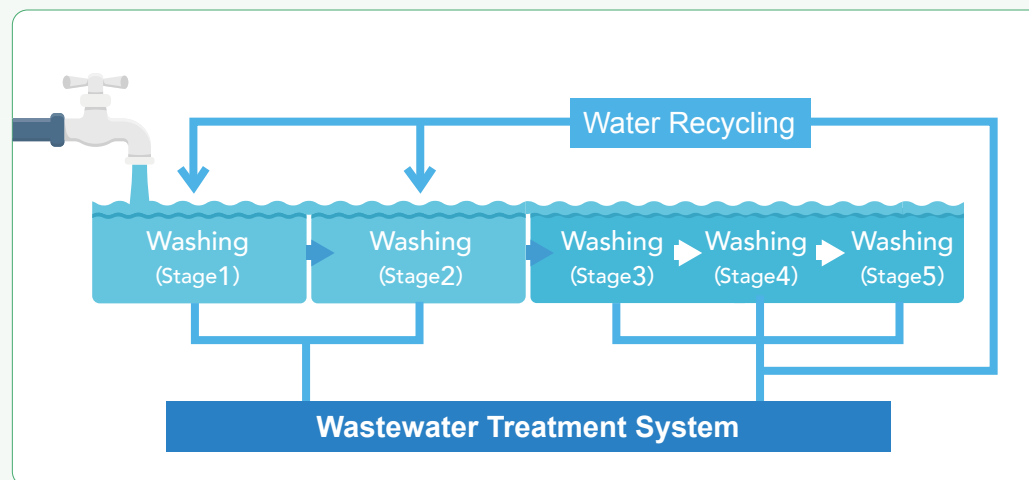


*Water Usage is based on the three factories in Changhua and Taichung office water bills.

*Total Water Discharge = Wastewater + Sewage

*Water Consumption = Total Water Usage – Total Water Discharge

Wastewater Treatment System



Water Recycling and Reuse of Painting Process

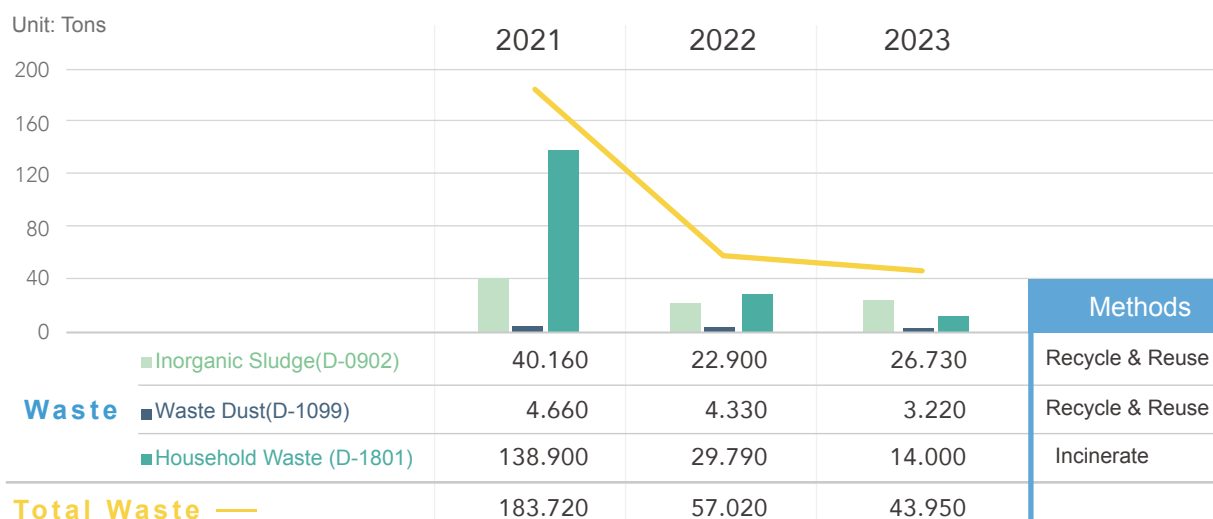
There are five steps needed to go through the painting process. According to the requirements, water from the third to fifth processes can be partially recycled and sent back to the first and second processes to use. The daily repeatedly used water is about 12 tons.

A wastewater pre-treatment system was set up to treat the water before discharge into the sewage sewers. This process reduces the chemical oxygen demand (COD) and suspended particles (SS) of the operation wastewater, meets the accepted sewer standard, and reduces the load on the sewage treatment system in the industrial area.

2-4 Waste Management

Dyaco manages waste according to the "[Waste and Recyclable Material Management Procedure](#)" and has implemented the ISO 14001: 2015 environmental management system for control, with the principle of minimizing environmental impact in storage, transportation, recycling, or waste incineration. The waste generated in the process includes inorganic sludge, dust, and general household waste. These wastes are then entrusted to qualified operators to transport them according to EPA regulations. To ensure proper handling of each batch of waste, we conduct periodic visits to the operators and record and track the final proof of disposal provided by the vendors.

Waste Generated

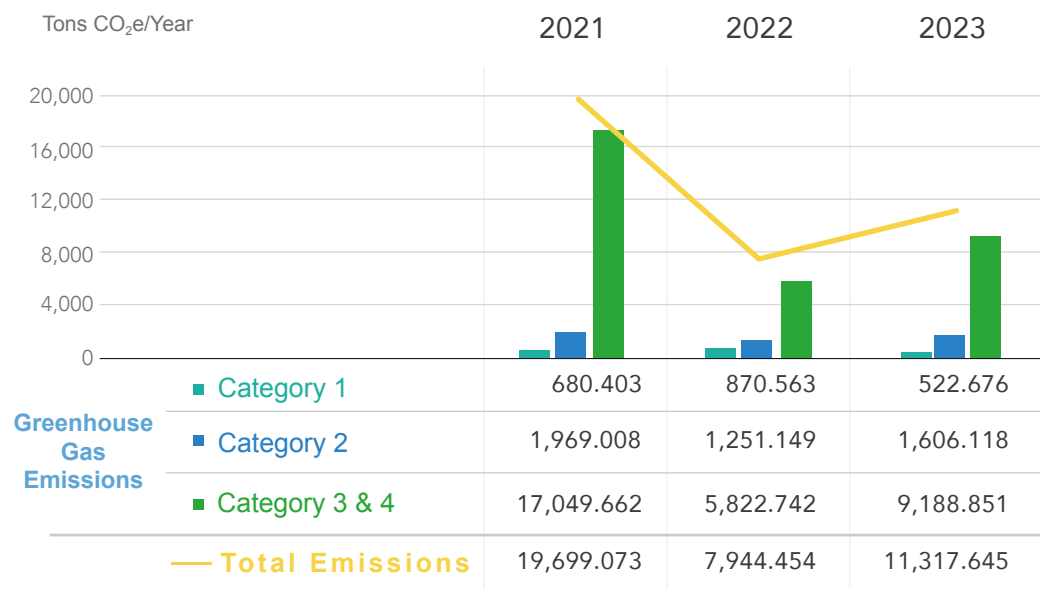


2-5 Greenhouse Gas Emissions Management

Dyaco has established a consensus on greenhouse gas emissions control with countries in recent years. In addition to responding to environmental protection, we have made greenhouse gas emissions management a pivotal policy to reduce operational risks. We promise to reduce greenhouse gas emissions yearly according to the plan within our capacity and do our part for the environment.

Dyaco obtained the Taiwan region's ISO 14064-1 Greenhouse Gas Inventory Certification. To reduce greenhouse gas emissions, we will regularly review our emissions to achieve net zero emissions by 2050.

2-5-1 Greenhouse Gas Emissions



*2022 & 2023 have been verified by a third party in the first quarter of 2024.

*Greenhouse gas statistics include Taiwan Changhua Factory 1, 2, and 5, Taipei and Taichung offices, and Taichung dormitory.

*Category 1: Direct GHG emissions and removals

*Category 2: Indirect GHG emissions from imported energy

*Category 3: Indirect GHG emissions from transportation

*Category 4: Indirect GHG emissions from products used by an organization

*Category 2: In 2021, the Electricity Carbon Emission Factor was 0.509 kg CO₂e/kWh, based on the announcement from the Energy Bureau of the Ministry of Economic Affairs.

2-5-2 GHG Emission Reduction Targets and Implementation Status

- Green Buildings** : When constructing new factories, consideration will be given to integrating energy storage and green energy, and priority will be given to purchasing intelligent and energy-efficient equipment. The new Dajia, Taichung factory has been completed, and solar panels have been installed on the roof.
- Process Improvement** : Natural gas is used as the heating material, and powder electrostatic coating is adopted for the painting process, effectively reducing air emission pollution.
- Implementation of Ice-Storage Air Conditioning System** : To reduce energy consumption and save electricity for daily office use, the ice storage air conditioning system supplies the air conditioning of the administrative building in Changhua and assembly lines. The system is scheduled at times to prevent unnecessary operation.
- Replacement of Old Equipment** : Since 2015, all lighting fixtures have been replaced with energy-saving LED lights, including office areas and factories. Gradually replacing old vehicles, priority is given to purchasing electric or hybrid vehicles to reduce the use of gasoline and diesel.
- Local Procurement** : The goal is to achieve 100% local procurement to reduce carbon emissions from upstream raw material procurement.
- Implement mid- and long-term carbon reduction targets and set a carbon reduction blueprint** :

2023

- 1.Adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework.
- 2.Drafting a carbon reduction declaration.

2024

- 1.Dyaco's global subsidiaries plan to implement the ISO 14064-1.
- 2.Continuously reduce carbon emissions.

2025~

- 1.Dyaco's global subsidiaries plan to adopt the International Financial Reporting Standards (IFRS).
- 2.Planning a carbon reduction roadmap.

3

Social Inclusion

- 3-1 Human Resources Management
- 3-2 Talent Attraction and Retention
- 3-3 Focus on Talent Cultivation
- 3-4 Occupational Safety and Health
- 3-5 Enhancing Labor-Employment Communication
- 3-6 Committed to Social Welfare



Chapter Highlights



Obtained ISO 45001
Occupational Health and
Safety Management
Systems



Social Welfare Donations
Over NT\$2.7 Million



Employee Welfare
Expenses Over NT
\$3.5 Million



Zero Work-
Related Fatalities



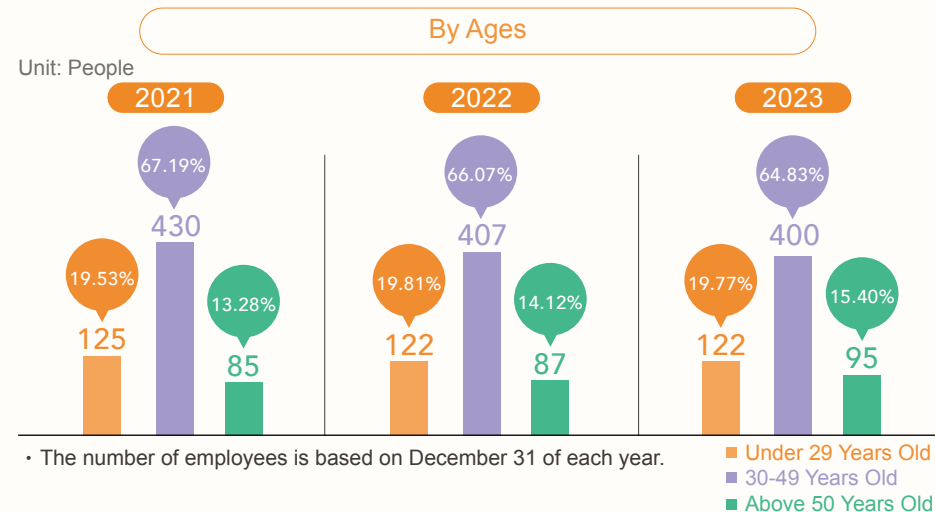
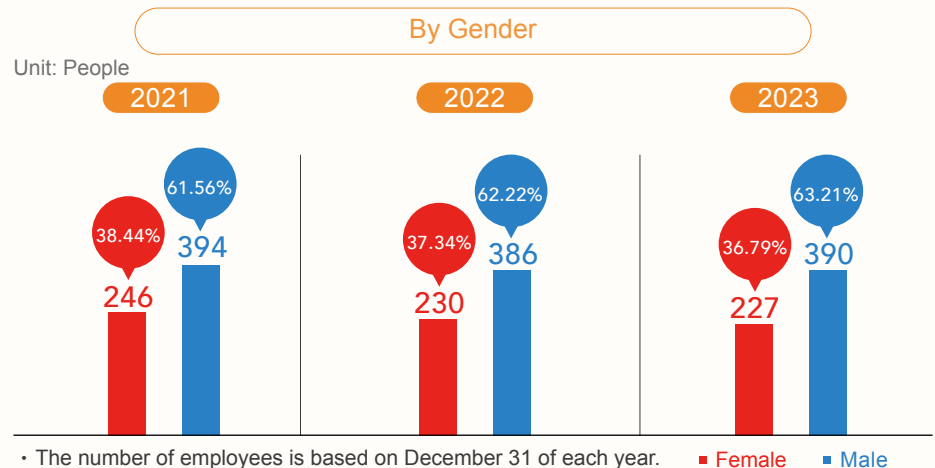
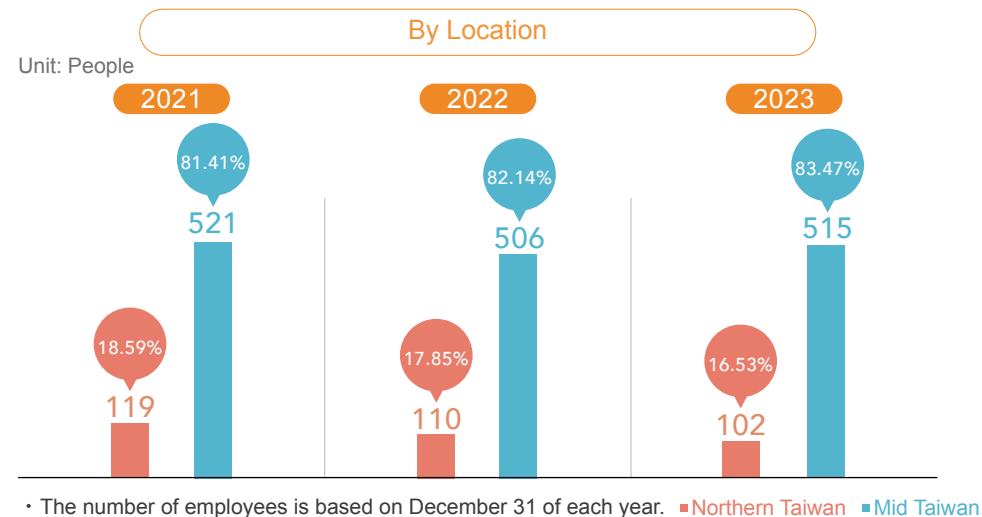
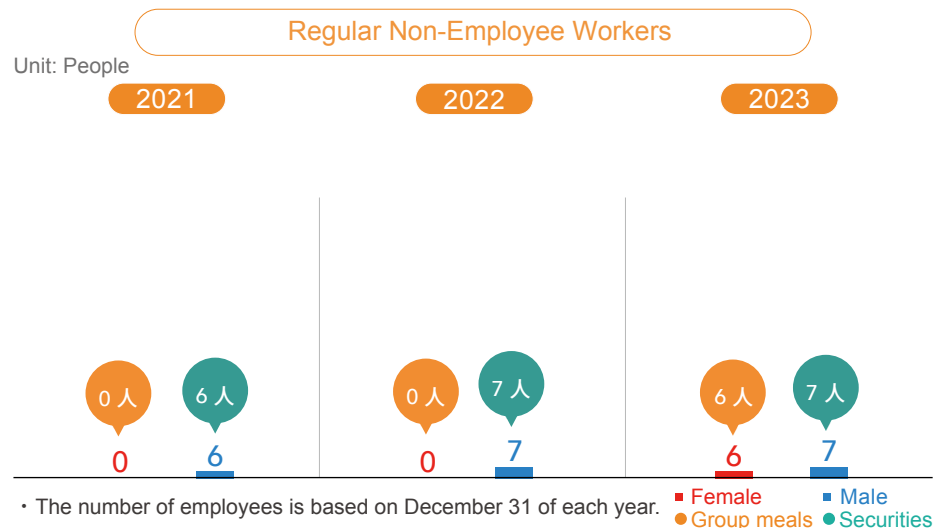
3-1 Human Resources Management

As of the end of 2023, Dyaco International had 1,353 employees worldwide, with 664 employees in Taiwan (including all the subsidiaries), 425 in China, and 264 in other operating locations. Due to difficulties in data collection, information regarding non-employee workers is not disclosed. Employee structure distribution, training, and occupational health and safety-related data mainly pertain to Dyaco International in Taiwan, including offices in Taipei, Taichung, and three factories in Changhua. The following disclosed information is primarily based on the employees insured at Dyaco Taiwan, with 617 employees.



3-1-1 Manpower Structure and Labor Type

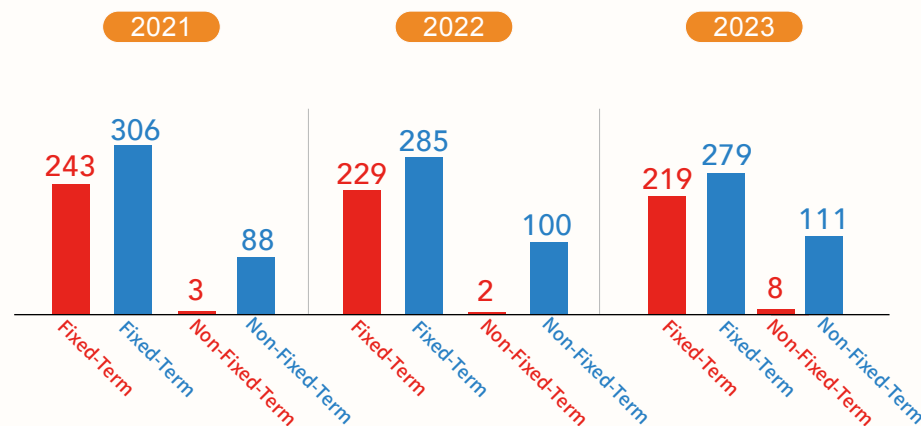
The average seniority of Dyaco employees is 8.27 years, with those who have worked for over ten years accounting for 41.17% of the total workforce. This indicates that we have experienced employees who can contribute to stable growth and expertise in the professional field. As a manufacturing company, we employ more male workers, accounting for 63.21% of the workforce. Most employees are in the age group of 30-49 years, accounting for 64.83%.



By Employment Types

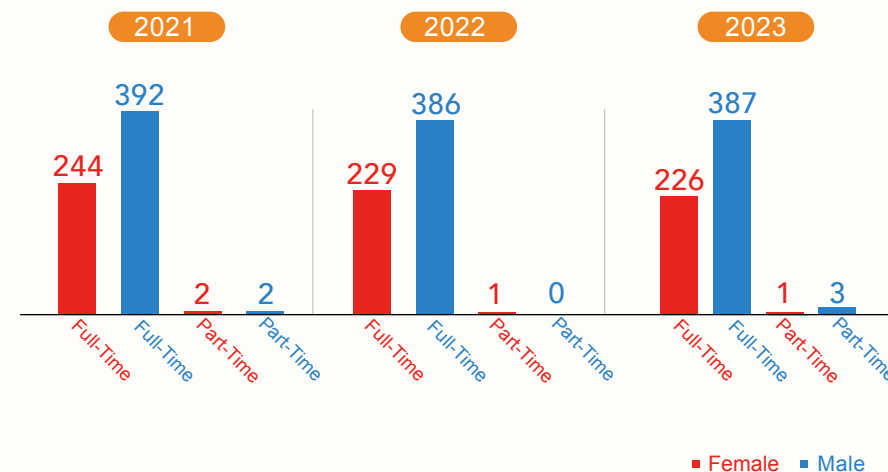
Unit: People

-Contract Type-



Unit: People

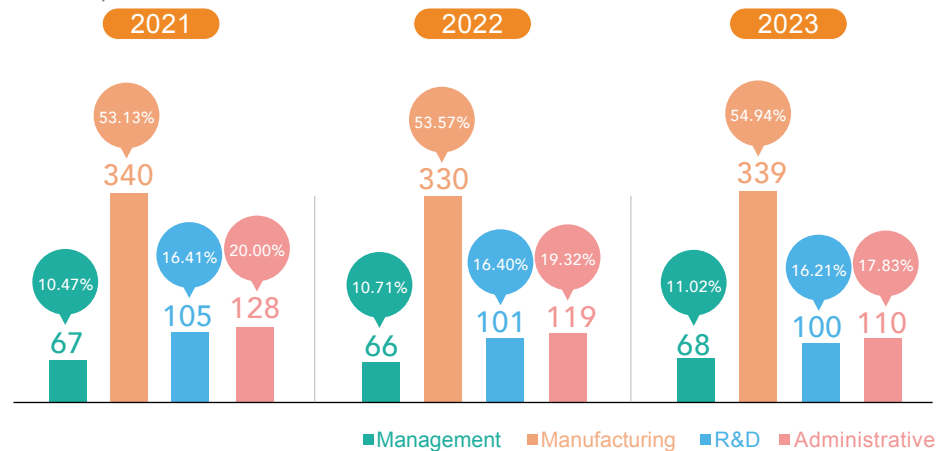
-Labor Type-



- The number of employees is based on December 31 of each year.
- The difference between fixed-term and non-fixed-term employees lies in the type of labor contract.
- Fixed-term employees: continuous employment with indefinite-term contracts.
- Non-fixed-term employees: temporary, short-term, seasonal, or specific-term employment with fixed-term contracts.
- Part-time employees: Partial-time employees.

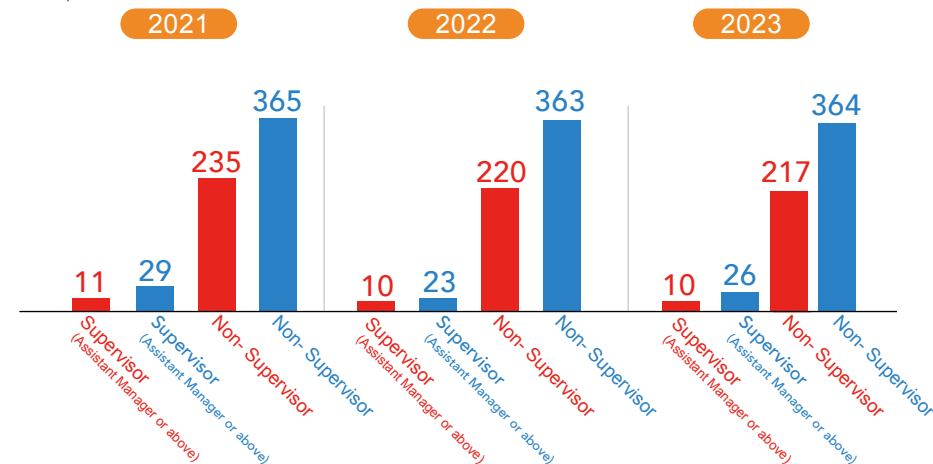
By Job Categories

Unit: People



Management and Non-Management Position

Unit: People



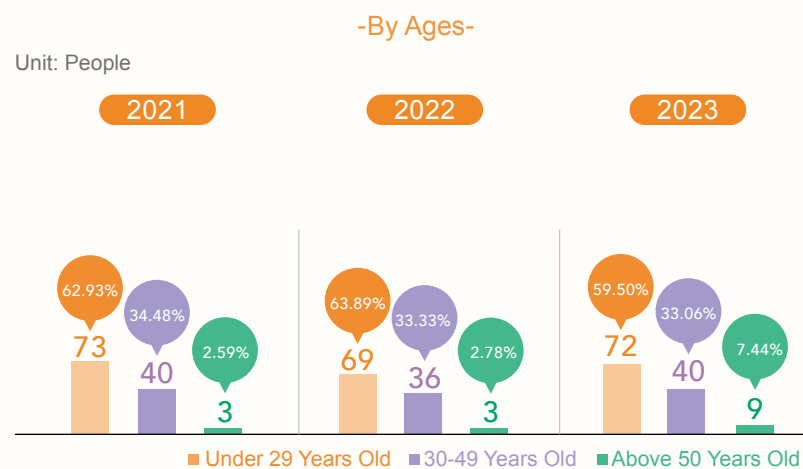
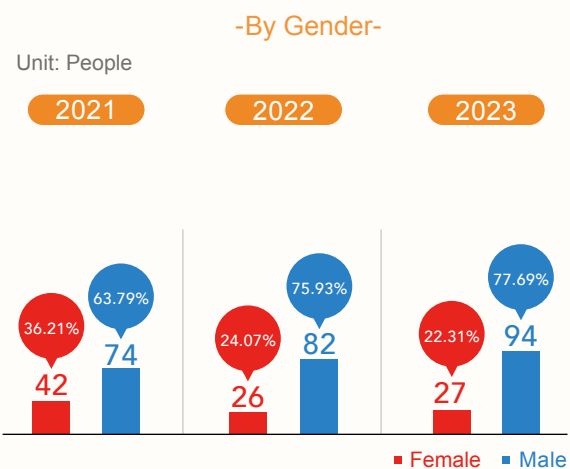
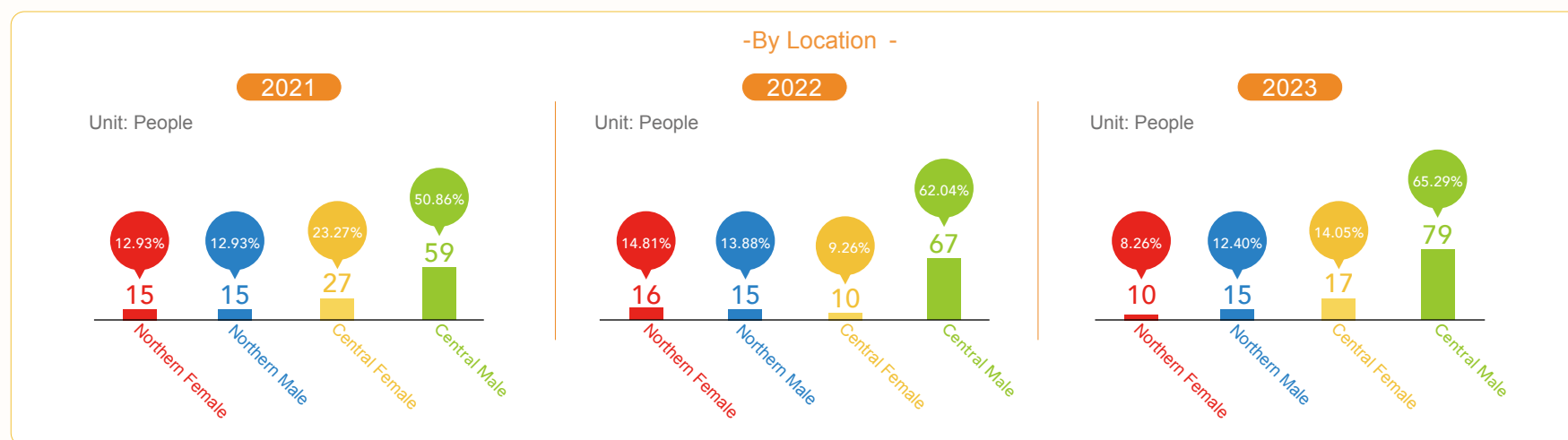
- The number of employees is based on December 31 of each year.

- The number of employees is based on December 31 of each year.

3-2 Talent Attraction and Retention

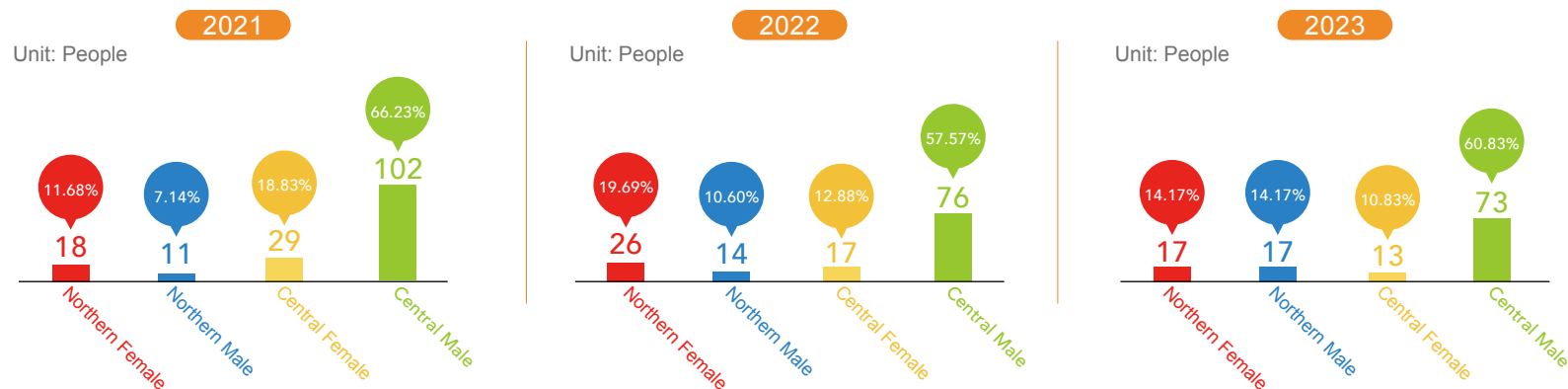
At Dyaco, we are committed to sustainable business practices and view our employees as essential partners. We prioritize hiring based on job responsibilities, educational and professional qualifications, and skill sets, and we offer competitive salaries accordingly. In 2023, we recruited 121 individuals to increase our innovation potential and cultivate our future leaders.

Number of New Employees



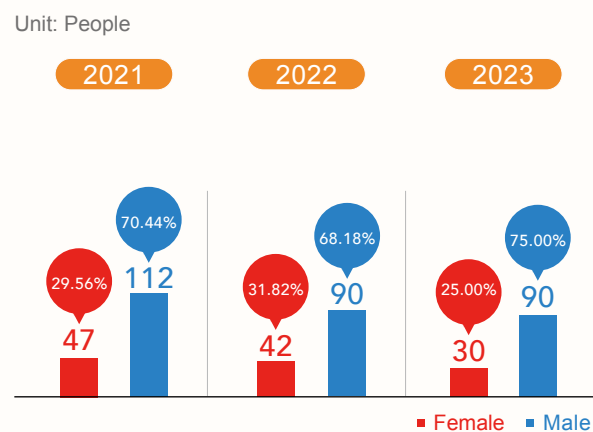
Number of Resigned Employees

-By Location -

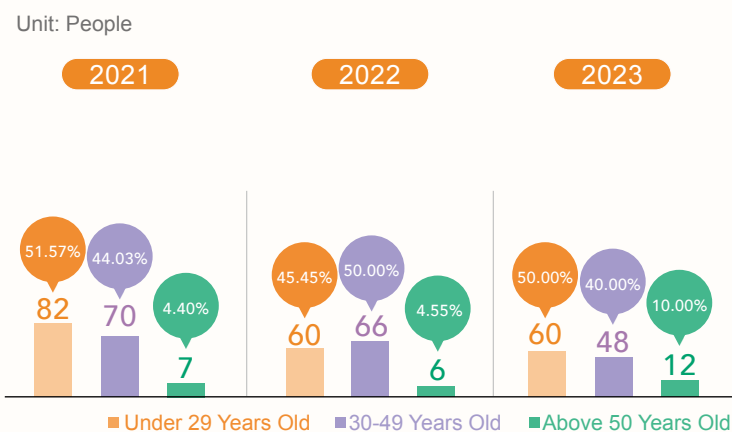


Number of Resigned Employees

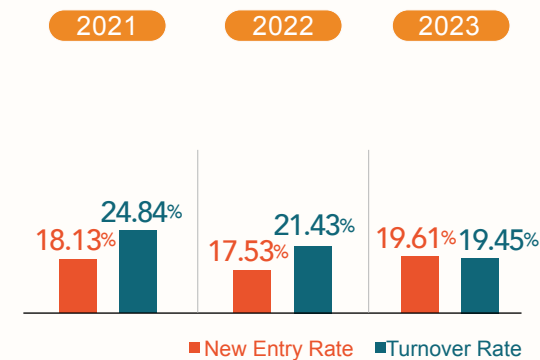
-By Gender-



-By Ages-



Employee New Entry Rate and Turnover Rate



• New Entry Rate= total new entry employee/total year-end employee.
• Turnover Rate= total turnover employee/total year-end employee.

3-2-1 Salary System

Dyaco International's employee compensation includes a salary structure based on job grades and job nature, consisting of basic salary, meal allowance, supervisor allowance, responsibility allowance, and job-related allowances. We conduct annual performance evaluations to recognize employee contributions. These evaluations are integrated with a performance-based reward system to motivate employees to improve, enhance organizational outcomes, and develop individual potential. Performance evaluations consider factors such as job objectives, capabilities, and attitudes. Based on the assessments, employees receive year-end bonuses and annual salary adjustments.

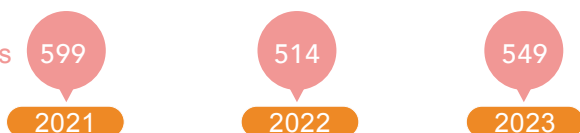
Performance and project bonuses are also provided based on business and departmental performance. Furthermore, we allocate profits to employees based on annual profitability, as determined by the board of directors. Salary standards are benchmarked against industry norms, considering factors such as job category, education, experience, skills, and capabilities.

Non-Supervisor Average and Median Salaries

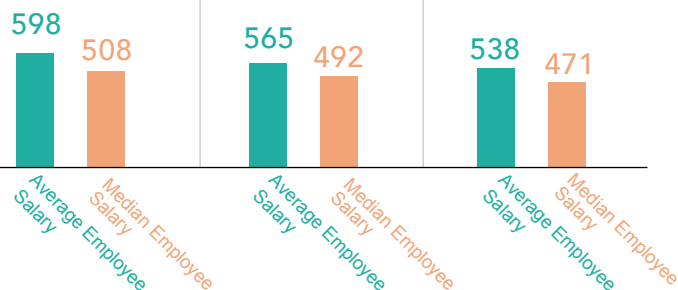
Unit: NTD Thousand	2021	2022	2023
Total Employee Compensation	357,988	290,598	295,198

Number of Employees

Unit: People



Unit:
NTD Thousand



3-2-2 Employee Benefits

At Dyaco, we value not only professional work but also the overall work-life balance of our employees. To maintain employee welfare and promote related activities, we have established an Employee Welfare Committee of 36 labor and management representatives responsible for providing various activities and subsidies for regular employees.



In 2023, the total expenditure of the Employee Welfare Committee was **NT\$3,556,710**



At Dyaco International, we consider employees to be our most valuable asset, and ensuring employees' health and safety is a responsibility and obligation of us. In addition to providing regular health check-ups and specialized examinations, we actively promote a culture of corporate sports. Supervisors encourage employees to participate in sporting events, diverse sports clubs, and wellness programs, fostering a habit of exercise among employees. Since 2015, we have continuously implemented workplace smoking prevention and health promotion activities, examining ourselves to establish a safe environment and promote a healthy workplace.

To empathize with our colleagues in Taipei who find purchasing fresh vegetables in urban areas challenging, Dyaco International has implemented the Veggie Life Farm project at our Taipei office. The company subsidizes 50% of the cost for employees, enabling them to participate in hydroponic cultivation. With this method, fresh vegetables can be harvested in just 14 days. This initiative ensures that our Taipei colleagues can focus on their work diligently while prioritizing their health.





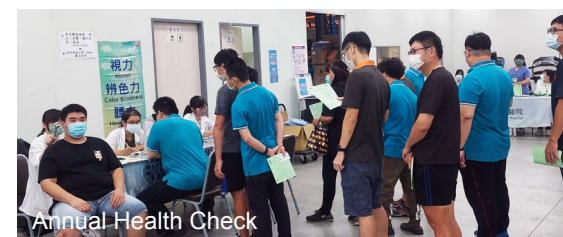
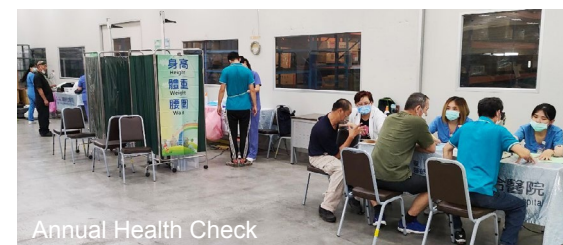
Dyaco International provides health check-ups at a frequency higher than regulatory requirements. We offer each employee an annual health examination and provide a variety of optional self-paid check-up items for employees to choose from based on their health needs. In 2023, 440 employees participated in the health check-ups, achieving a participation rate of 96.9%.

Unit: People

2023 Health check-up

	Should attend	Actual attend	Didn't attend	Attendance
Changhua/ Taichung	392	387	5	98.7%
Taipei/ Kaohsiung	62	53	9	85.5%
Total	454	440	15	96.9%

Based on statistics from abnormal health check-up data, nearly 650 employees were divided into four levels of health management (from highest to lowest severity, labeled A, B, C, and D). Depending on the severity and urgency of their condition, individual employees were reminded to seek medical attention and follow-up, as early detection leads to early treatment. For special on-the-job health check-ups for level three managers, our occupational health team arranges health check-up abnormalities and occupational injuries for a second examination in the occupational disease clinic and provides advice on work suitability.





Occupational Disease Prevention

In 2023, no occupational disease occurred due to work. In terms of occupational disease prevention, the following management measure is taken:

- (1) Health check grading management: The employees' health examination results are divided into four levels. The on-site consultant will individually remind employees to seek medical attention and follow up according to the severity and urgency.
- (2) Unique working area management: Employees working under noise, dust, and n-hexane are given yearly medical examinations and protected with suitable equipment.



On-Site Consultation

In addition to providing health check-ups to help employees understand their physical health status, Dyaco also emphasizes employees' mental health. Every month, we invite a physician from Changhua Christian Hospital to provide on-site consultations. Employees can make appointments in advance and consult the physician about any current mental or physical issues. Pregnant female employees can also seek consultation to understand their pregnancy status better.





Mental and Physical Wellness Seminar Series

The Status of the 2023 Courses Held

Course	Goodbye to Back Pain	Diseases Related to Allergy Immunology and Rheumatology	Our Distance from Aging	Mental and Physical Health and Stress Adaptation	Understanding Kidney Diseases and Everyday Maintenance	Total
Hours	1hour(s)	1hour(s)	2hour(s)	1hour(s)	2hour(s)	7hour(s)
Number of Participants	84 people	55people	33 people	45 people	44 people	261 people
Total Number of Employees	92.90%	94.62%	91.70%	92.36%	91.05%	92.53%(average)
Participation Rate	92.38%	94.82%	92.42%	90.56%	90.91%	92.22% (average)
Held Reasons	Based on the "Musculoskeletal Survey Form" completed by colleagues in Changhua and Taichung in 2022, 79 individuals scored ≥ 3 points for pain (suspected to be harmful). Therefore, we organized the "Goodbye to Back Pain" course to educate colleagues on the importance of correct posture and improving pain during discomfort.	According to the National Health Insurance declaration data analysis, the number of Taiwanese seeking medical treatment for allergic diseases in 2019 reached as high as 3.55 million, with approximately 1 in every five individuals suffering from allergies. To help colleagues understand the symptoms of allergies and when to seek medical attention, we arranged the course "Diseases Related to Allergy Immunology and Rheumatology."	According to data from the National Development Council, Taiwan entered an aged society in 2018 and is projected to enter a super-aged society by 2025. A survey conducted in 2023 found that there was a total of 122 individuals aged over 45 (middle-aged and elderly) among colleagues in Changhua and Taichung. In addition to complying with the "Guidelines for the Occupational Safety and Health of Middle-aged and Elderly Workers" issued by the Occupational Safety and Health Administration, we also arranged the course "Our Distance from Aging" to increase colleagues' awareness of aging.	According to the "Overwork Questionnaire" completed by colleagues in Changhua and Taichung in 2022, 11 individuals were identified as experiencing high workloads, and 101 were experiencing moderate workloads. Therefore, we invited psychologists to the company to teach colleagues about "Mental and Physical Health and Stress Adaptation," hoping that colleagues could face their stress and adjust appropriately.	The "2021 Annual Report on Kidney Diseases" published by the Taiwan Society of Nephrology indicates that approximately 12% of the Taiwanese population suffers from kidney diseases, with an estimated population of over 90,000 undergoing dialysis. In 2022, 219 colleagues in Changhua and Taichung reported abnormalities in the urinary system. Therefore, we organized the course "Understanding Kidney Diseases and Everyday Maintenance" to enhance colleagues' understanding of kidney diseases and daily care.	
Reflection	The instructor actually demonstrated actions to guide participants, and allowed them to better understand. Doing simple exercises can relieve back pain.	Many diseases are related to the immune system. It is crucial to increase awareness of diseases.	The course content was rich and detailed, explained the signs of aging and strategies for improvement in a clear and understandable manner.	Understand what is mindfulness, learn how to shift and accept thoughts, bring the mind back to the present moment, and achieve to release stress.	It is very good that providing X-ray data, images, and video references. We understand the importance of kidneys, daily care ,and drink more water.	

• Note: As there may be duplicate attendees across different seminars, the number of participants is calculated based on the number of participations. The statistics are updated as of December 31, 2023.



Doing stretching exercises actually during the class.



Learn about the immune system.



Understand the aging conditions.



How to use mindfulness to relieve stress.

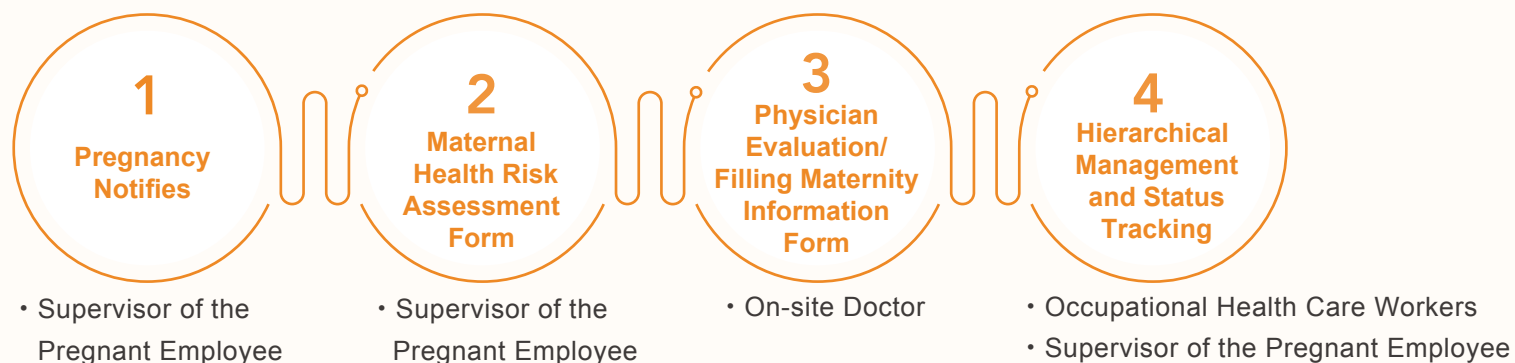


Understand the importance of kidneys.



Maternal Health Protection Program

Dyaco provides professional advice to pregnant female employees to understand their pregnancy status and strives to protect their physical and mental health during and after pregnancy through workplace health hazard assessments for pregnant employees, job adjustments during pregnancy, and maternity benefits. We are committed to ensuring that pregnant employees are well protected regarding workplace safety and health and creating a pregnancy-friendly workplace. In 2023, 13 employees participated in the Workplace Mother and Fetus Health Assessment Program.



Parental Leave Status

Item	2022		2023	
	Male	Female	Male	Female
A Number of employees entitled to parental leave	30	37	34	40
B Number of employees taking parental leave	1	7	0	0
C Number of employees due to return to work after parental leave	3	6	0	2
D Number of employees that did return to work after parental leave	2	5	0	1
E Number of employees that did return to work after parental leave in the previous year	1	7	2	5
F Number of employees retained 12 months after returning to work following parental leave in the previous year	1	7	2	4
D/C Return to work rate	66.67%	83.33%	0%	50.00%
F/E Retention rate	100.00%	100.00%	100.00%	80.00%

Note: The number of employees eligible to apply for parental leave in 2023 refers to the total number of employees who have applied for maternity leave or paternity leave within the years 2020 to 2023 (with children under the age of three).

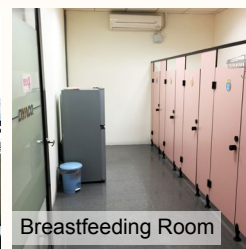


Friendly Facilities – Fitness Center, Breastfeeding Room, Maternity Lounge

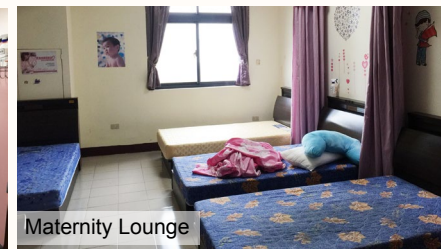
A breastfeeding room and a lounge area are set up in the Changhua office so pregnant employees can have a comfortable breastfeeding space and space to rest when needed. A fitness center, where treadmills, elliptical machines, rowing machines, exercise bikes, and other fitness equipment are placed for employees to use.



Fitness Center



Breastfeeding Room



Maternity Lounge

3-3 Focus on Talent Cultivation

We have optimized our internal talent management system to keep employees energetic and competitive internationally and enhance employee performance, capabilities, and professional conduct. We have continued education and training policies since 2020, divided into general cultural integration and professional technical training for new hires. On-the-job training is mainly divided into external and internal training, and supervisor leadership management training and soft skills education will be planned.

Recruit Training

Assist new employees in understanding Dyaco's profile, which will be helpful for future work execution.

General Training

The Human Resources Department coordinates recruit training, including company profile, environment, system, occupational safety training, welfare measures, etc.

Professional Training

Each department has a professional foundation, and each department's personnel is responsible for professional training, such as system use, department duties, production process, machine operation, etc.

On-The-Job Training

In line with Dyaco's development and the functional needs of employees, we arrange annual professional training to help achieve work goals and stimulate potential among the employees.

Annual Internal Training

The Human Resources Department will confirm the annual demand with department supervisors and assign the yearly training plan.

External Training

The department presented the study requirements to the company, aiming to provide professionals with the latest knowledge and technology through training.

Internal Training

Courses are held within the company, and suitable professional lecturers are invited to teach relevant lessons, including fire drills, workplace health, production operations, etc.



In 2023, Dyaco provided 80 internal and external training courses, with a total training time of 5,215 hours. Dyaco values production processes and employee occupational safety and arranges quarterly training for technical employees, covering process-related professional courses, labor safety, and occupational safety to ensure compliance with safety standards and certifications. To maintain the quality of education and training and achieve training objectives, we provide trainees with a post-training feedback form, which allows employees to self-evaluate and serves as a basis for future training course arrangements.

3-3-1 2023 Training Hours (By Gender)

Total Training Hours							
	Hours			Number of People		Average Hours	
	Female	Male	Total	Female	Male	Female	Male
Manufacturing	922	2,750	3,672.0	95	244	9.71	11.27
R&D	194	393	587.0	28	72	6.93	5.46
Administrative	302	129	431.0	70	40	4.31	3.23
Management	257	178	435.0	34	34	7.56	5.24
Total	1,675	3,450	5,125.0	227	390	--	--

• Note: To better align with the GRI, starting from 2023, the categories of training hours for education and training will be synchronized with the categories of positions in the workforce structure.

3-4 Occupational Safety and Health

In line with the philosophy of caring for employees and emphasizing workplace health and safety, Dyaco implemented the ISO 45001 Occupational Health and Safety Management System in 2023. According to the "Risk and Opportunity Management Measures," we identify relevant internal and external issues within the scope of the management system, as well as the needs and expectations of stakeholders, to identify risks and opportunities that must be addressed. This ensures the achievement of expected outcomes of the occupational health and safety management system, aiming to prevent accidents or reduce negative impacts on the company and the external environment. Additionally, we comply with the "Environmental Operations Management Measures," "Energy Consumption and Greenhouse Gas Emission Management Measures," and "Health and Safety Management Measures" to implement daily management actions, establish operating

guidelines, and ensure compliance among employees, contractors, visitors, and other stakeholders with Dyaco's environmental health and safety policies, objectives, and obligations. In 2023, Dyaco in Taiwan did not experience any significant occupational accidents. The following information only discloses the three factories in Changhua, Taiwan: Changhua Main Factory with 363 personnel (including nine contractors), Changhua Second Factory with 81 personnel (including six contractors), and Changhua Fifth Factory with 43 personnel (including five contractors). We are committed to continually improving environmental health and safety performance by constructing an environmental health and safety management system. According to the "Environmental Considerations and Occupational Safety Risk Assessment Management Measures," each process (or operation) requires an assessment of various environmental impacts, followed by regular audits conducted annually.



①



Workplace Promotion

②

Occupational Safety
Management System &
Policy

③



Notification System

④



Special Health Check



Workplace Promotion

According to the "Occupational Safety and Health Act" and "Occupational Safety and Health Education and Training Regulations," new employees will take 6 hours of pre-employment classes, including regulations, work inspection, standard operation procedures, emergency response, first aid, etc., to prevent and remind employees to pay attention while working. In addition, only employees with a bridge crane or forklift license can operate to ensure safety.



Occupational Safety Management System & Policy

Working Environment Monitoring Report

To ensure the employees' health and safety, grasp the working environment's actual conditions, and assess the risk exposure to employees, three factories in Changhua entrust a qualified monitoring company to implement the risk assessment every six months.

Chemical Classification Management

According to the Chemical Control Banding (CCB) of the Occupational Safety and Health Administration of the Ministry of Labor's safety data sheet, chemical factory operations can be divided into different hazard groups. Employees are educated to identify hazards accordingly to avoid them from happening.

Strengthen On-Site Inspections

At Dyaco, we believe prevention is always better than treatment. This makes the on-site safety observation and auditing a critical task, discovering the unsafe behaviors, environments, and equipment in advance and improving to ensure that every employee is working under safety protection. Therefore, it is required for the supervisor to frequent on-site patrol. Any unsafe behavior will be communicated and corrected immediately; if there is danger (such as fire, explosion, etc.) during work, employees should retreat to a safe place without endangering their safety and immediately report to the supervisor.

Safety and Health Management of Contractors

Contractors must fill in a hazard notice, which indicates the construction time, location, and possible hazards and provides instructions for safety precautions when entering the factory for construction.



Notification System

When an accident occurs, the department personnel must follow the protocol and report to the related people, and the on-site nurses will assess the injury status. Injury analysis reports are announced every three months at the occupational safety and health meeting, and relevant improvement and protective measures will be carried out to reduce accidents.



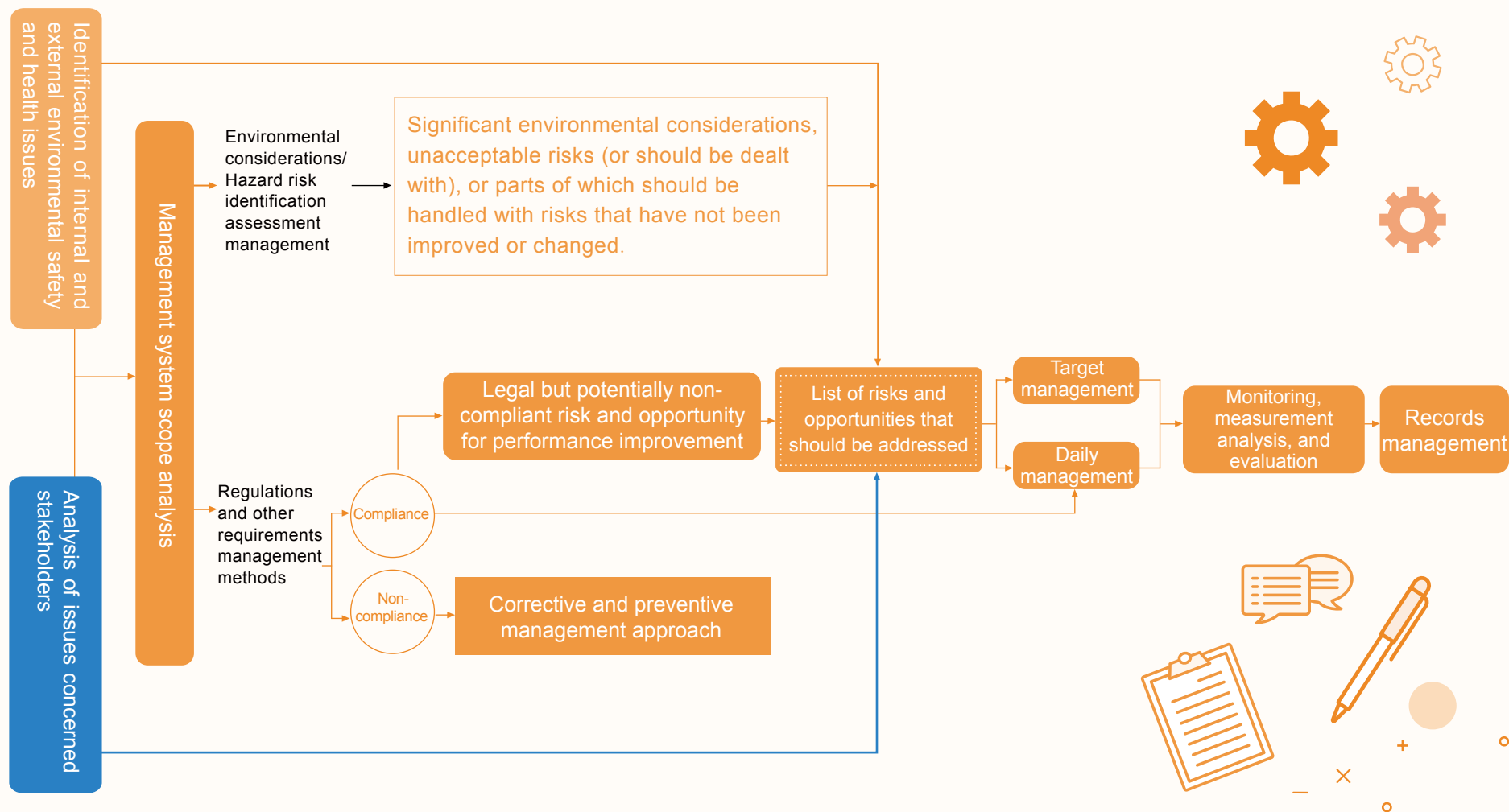
Special Health Check

In addition to general health checks, employees in particular work areas, including noise, dust, dimethylformamide, n-hexane, etc., will receive special health inspections.



Risk and Opportunity Management Process

Dyaco uses systematic analysis to manage workplace hazards and risks, prevent and improve them, and avoid unsafe environments or behavior during process operations.



3-4-1 Occupational Hazard & Disaster Prevention



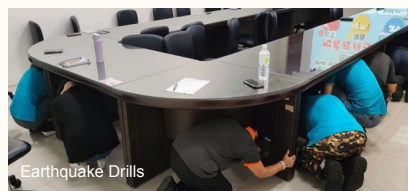
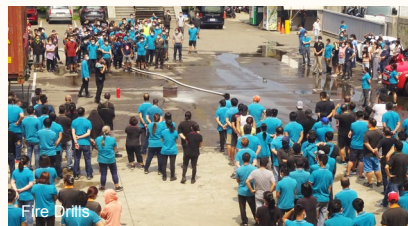
Chair Back Cover Assist Machine

In the past, it required two employees to manually move the machinery from one platform to another, which not only consumed a significant workforce but also posed a risk of injury from being crushed, especially if it continued throughout the day. To address this issue, the technology department within the factory was tasked with designing a platform and a ramp-like board to bridge the gap between the platforms. The board creates an incline when the platform is lowered, allowing the machinery to slide down onto the platform effortlessly. This solution eliminates the need for an excessive workforce, mitigating the risks of overexertion and injury from manual handling.



Disaster Prevention and Firefighting Services

Dyaco conducts not only biannual fire drills but also chemical spill or earthquake drills to enhance the emergency response capabilities of each plant in the event of accidents. These drills involve practical training sessions for employees to use firefighting equipment and carry out emergency procedures. Fire safety equipment is installed according to regulations and undergoes regular maintenance and inspection. Fire regulations conduct annual fire safety equipment inspections, and any deficiencies identified are promptly addressed to ensure compliance.



3-4-2 Occupational Hazard Statistics

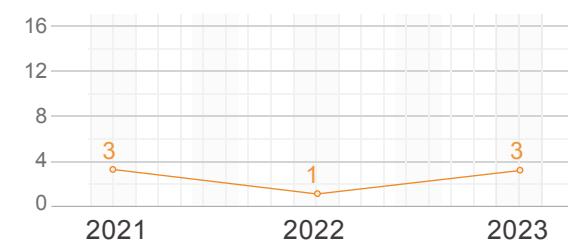
Unit: number of cases

Potential Hazard	Sprain	Falling	Spatter	Cut, Scratched	Falling Object	Wrapped, Clamped	Crush	Breaking Object	Collision	Inappropriate Action	Total
2021	1	0	0	1	1	0	0	0	0	0	3
2022	0	0	0	0	0	0	1	0	0	0	1
2023	2	0	0	0	0	0	1	0	0	0	3

*Statistics from January 1 to December 31 each year.

Statistics On Occupational Hazard In 2021-2023

Unit: number of cases



*Occupational Hazard is recorded for one day or more.

■ The Work-Related Injury Rate of All Employees

Year	Total Working Hours	Number of Work-Related Injury Fatalities	Rate of Work-Related Injury Fatalities	Number of High-Consequence Work-Related Injury (Excluding Fatalities)	Rate of High-Consequence Work-Related Injury (Excluding Fatalities)	Number of Recordable Work-Related Injuries	Rate of Recordable Work-Related Injuries
2021	972,000	0	0	0	0	3	0.62
2022	952,000	0	0	0	0	1	0.21
2023	960,000	0	0	0	0	3	0.63

Note 1: 1.Calculation of working hours in 2023: Based on 8 hours per day and 5 days per week. (The work-related injury rate is only disclosed for the personnel at the Changhua factories, totaling 467 individuals.)

2.Rate of work-related injury fatalities = (Number of work-related injury fatalities/Total working hours) *200,000.

3.The rate of high-consequence work-related injuries (excluding fatalities) is calculated as (Number of high-consequence work-related injuries (excluding fatalities)/Total working hours) * 200,000.

4.Rate of recordable work-related injuries = (Number of recordable work-related injuries /Total working hours) *200,000.

5.200,000 = the ratio per 100 employees based on 2,000 working hours per year for full-time employees, assuming 250 working days per year and 8 working hours per day.

Note 2: Work-related injury or disease results from work exposure to hazards.

Note 3: High-consequence work-related injury is a work-related injury resulting in a fatality or an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.



3-5 Enhancing Labor-Employment Communication

Dyaco maintains online and offline communication channels between labor and management. Employees can communicate directly with department supervisors and utilize other communication channels to facilitate mutual understanding and achieve common goals promptly and comprehensively. In response to the employment of foreign workers, we also provide multilingual support to ensure the conveyance of complete information. As of December 31, 2023, no significant labor disputes existed.

Labor-Management Meetings



Labor-Management Meetings

Dyaco holds a labor-management meeting quarterly. During this meeting, labor and management discuss planning and negotiation, and significant issues are announced afterward.



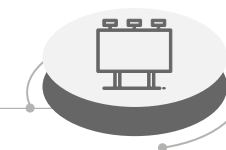
Human Resources Announcement

HR occasionally publishes essential matters on the internal website, such as on-leave regulations, annual calendars, and updates of internal management systems.



Suggestion Box

Dyaco has a suggestion box where employees can anonymously provide feedback, and the management department checks and collects them weekly.



Bulletin Board

Dyaco has bulletin boards in each department and the management office, providing employees with timely information and important announcements.

Shortest Notice Period for Operational Changes

Through labor-management communication meetings, Dyaco implements significant operational changes that may affect employee rights. After communication, these changes are executed, and affected employees are notified in advance according to legal requirements. Additionally, we provide related support measures, such as assisting in transferring to other internal units or helping employees apply for relevant government subsidies. For example, in Taiwan, we comply with the Labor Standards Act, providing a notice period of 10 to 30 days in advance based on employees' length of service.

Representatives from senior management and various departments compose the labor-management meetings, held regularly every three months, to discuss issues related to amendments to labor conditions. We adhere to Taiwan's government labor regulations and exercise the shortest notice period for terminating labor contracts as the law requires. In recent years, there have been no significant operational changes that could severely impact employee rights; thus, no mass termination of labor contracts has been executed.

3-6 Committed to Social Welfare



Dyaco is a manufacturer of sports equipment and rehabilitation medical devices. Expanding from our expertise, we aim to promote domestic sports culture, children's education, and support for disadvantaged individuals as part of our social responsibility goals. Through donations of sports equipment, materials, and funds, we actively collaborate with local charities and various levels of school sports projects. We also established the Taipei Dyaco International Charity Foundation to promote charitable activities.

In the fiscal year 2023, the total charitable donations amounted to NT\$**2,707,147**.

Dyaco promotes charity through our core business concepts, emphasizing social care and supporting various sports projects and social issues. Utilizing our resources assists in promoting advocacy for sports and education. Furthermore, we contribute to social welfare and help create a better society through investment in various fields.

3-6-1 Blood Donation

Dyaco has actively participated in blood donation drives since 2016, demonstrating its commitment to social responsibility. Despite the challenges posed by the COVID-19 pandemic and an aging population, there has been a decrease in blood donors across Taiwan, leading to shortages in blood banks. Nevertheless, on April 20th and August 17th, Dyaco partnered with other companies in Changhua to organize blood donation events, inviting employees, industrial zone visitors, and vendors to participate. These events resulted in the collection of a total of 75 bags of blood. Dyaco collaborated with the Taichung Blood Center, the Changhua County Industrial Zone Business Association, and the Changhua County Lions Club to provide gifts for donors. In addition to the regular gifts, Dyaco offered items such as ankle socks, jelly ropes, sportswear, and foam rollers to encourage blood donation and physical fitness among employees.



Employees Actually Participated



Blood Donation Promotional Banner



Blood Donation

75 bags

Blood Donation Gifts



3-6-2 Education Promotion

Dyaco is committed to social care, supporting various sports programs, and advocating for social issues. We utilize our resources to promote sports and education-related campaigns and invest in multiple areas of public welfare to give back to society and create a better community together.



Dyaco Academy

The Taipei Dyaco International Charity Foundation and the WT Microelectronics Education Foundation are committed to promoting public welfare and giving back to society. They have collaborated with the Taiwan Fund for Children and Families (TFCF) in Changhua to implement the "Remote One-on-One Video Reading Program." This initiative provides children in remote areas with a one-on-one reading companion after school, fostering literacy and a nurturing environment. The program aims to support these children growing up in a healthy setting where they receive attention, care, and education.



Accompanying

up to **15** children.



Providing scholarship to the College of Public Health, National Taiwan University



7 Beneficiaries



Total Donation

NT **\$700,000**

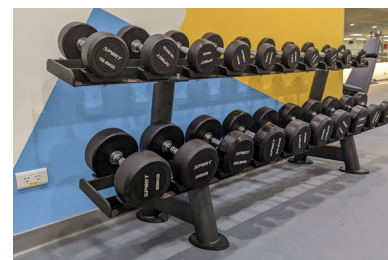
3-6-3 Sports Promotion

As frontline units, social welfare organizations use equipment to assist service recipients in rehabilitation and physical fitness activities. The purchase and replacement of auxiliary equipment, sports, and health care equipment require funding, and the inability to replace them immediately can cause difficulties for frontline services. Dyaco actively donates sports and rehabilitation-related equipment to local service centers, allowing older people or people with disabilities to use safe and reliable machines.



National Taiwan University Hospital

A fitness center was planned to meet the increasing demands for employee exercise and promote employee health and well-being.



**Dyaco
Donated**

- three spin bikes
- one step machine
- one thigh abductor/adductor machine
- two multifunctional dumbbell benches
- two dumbbell racks

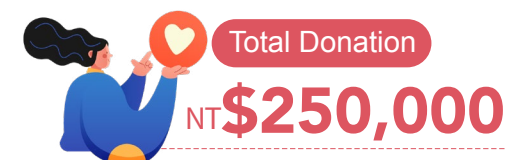
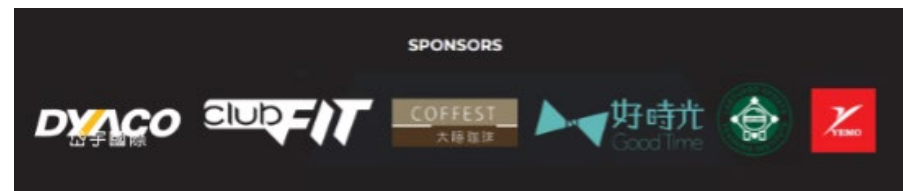


with a Total Value of

NT **\$791,997**



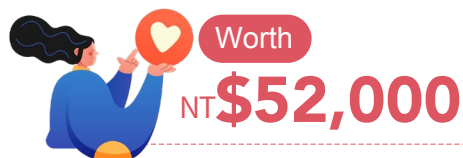
International Handball Invitational Tournament



Taichung Dadu District Sports Center



Donated Treadmills

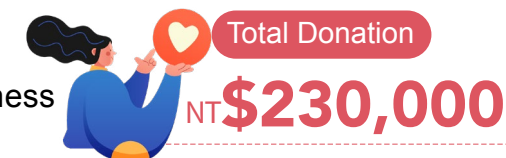


The Hualien County Chronic Disease Gym Project

Non-communicable diseases (NCDs) are a growing global concern, accounting for nearly 74% of all deaths worldwide, with conditions like heart disease, stroke, cancer, diabetes, and chronic lung disease being the main contributors. In Taiwan, NCDs account for nearly 80% of all deaths. Dyaco has joined the Chronic Disease Gym Project to help address this issue by donating fitness equipment to improve access to clinical exercise for patients with chronic illnesses in rural areas. This contribution is intended to enhance the opportunities for exercise therapy and promote better health outcomes among those affected by chronic diseases.



Donate A Batch of Fitness Equipment



4

Governance and Economics

- 4-1 Business Performance
- 4-2 The Board of Directors
- 4-3 Functional Committees
- 4-4 Implementation of Management
- 4-5 Technology Innovation
- 4-6 Customer Services Management
- 4-7 Supplier Management
- 4-8 Quality Management
- 4-9 Involvement of External Organizations



Chapter Highlights



The 2023 external evaluation result shows "Excellence" for the board of directors and functional committees.



The result of the 10th corporate governance evaluation is "Top 5%" for the category of market capitalization over 5 billion to 10 billion.



The satisfaction of international clients is all higher than 80 points in the last 3 years.



The performance evaluation of suppliers is up to A proportion of 99.44%.



Dyaco Inc. is dedicated to refining corporate governance. We can adaptively stay on corporate's major status and risks by diversifying the composition of the board of directors and using different majors and experiences to spread the workload. We authorize Chainye Management Consulting Co., Ltd. to conduct performance evaluations on the efforts of the entire board of directors and functional committees in 2023. The overall result is "Excellence", and the market capitalization category over 5 billion to 10 billion evaluation's result is within the top 5% on the 10th corporate governance evaluation. This shows the performance level far exceeds that of the peers.

To ensure the professional and independent operation of our board of directors and functional committees, we will nominate and review the 13th board director election following legal regulations. In addition, we shall present our annual work schedules to each functional committee since 2025.

We realize that business performance is the foundation of corporate sustainability. Therefore, we continuously observe the global fitness industry trend under reasonable risk assessment. We are aggressively expanding to other recreation and sports industries, growing business fields, and enhancing business performance.

Corporate Governance Structure and Organizational Chart



4-1 Business Performance



- Showing an increase of **9%** compared to last year
- EPS of TWD\$**-0.88**

As successful destocking of high-cost fitness equipment in 2023, we continue strictly maintaining cost and optimizing operational structure. That leads our all-year gross margin to substantially rise 5% up to 34%, back to normal.

In the roadmap of 2024, Dyaco not only continues to penetrate the home fitness equipment market but also aggressively expands to the commercial fitness equipment field with a focus on small gyms and fitness studios. Our major brand, Spirit, is featured in the middle to high-end market with products including cardio fitness equipment and strength training equipment. Spirit recently launched a new "1000 series" of products to improve our competitiveness, and it has followed up and increased the proportion of revenue in commercial fitness equipment. Due to the global outdoor furniture market grinding to a halt, we plan to turn outdoor furniture's idle capacity into ODM fitness equipment services at China Seaton Metal Products (Jiaxing Factory) subsidiary to compensate for the outdoor furniture business.

In addition, Dyaco's new E-Bike factory in Taichung Dajia will be mass-produced in the second quarter of 2024. The factory will initially have two production lines to meet our brand production and future business needs. In 2024, our E-Bike business will continue to develop ODM and OEM business through our subsidiary IUVO, acquired at the end of 2022, to obtain new orders from European and American customers. With our brand, "CIKADA," The Group will also start its first sales in Europe and the United States in the second quarter. We will take advantage of our many sales channel partners in Europe and the United States to vigorously promote e-bike products, and it is expected that 2024 will be the first boosting year of our E-Bike business.

4-1-1 Sales Ratios in Various Regions

Regions	Year	2021	2022	2023
Domestic Sales		1.35%	1.93%	1.83%
Export Sales	America	72.04%	79.21%	71.50%
	China	3.96%	2.52%	3.16%
	Asia	4.62%	3.40%	4.51%
	Europe	16.17%	12.51%	17.71%
	Africa	0.16%	0.37%	0.34%
	Oceania	1.12%	0.64%	0.96%
	Others	0.00%	0.00%	0.00%
Total		100.00%	100.00%	100.00%

4-1-2 Profitability Analysis

Unit: TWD in Thousands	Year	2021	2022	2023
Operating revenue		11,742,081	7,122,411	7,786,471
Operating costs		7,684,679	5,037,256	5,119,386
Gross profit		4,057,402	2,085,155	2,667,085
Gross profit margin(%)		34.55%	29.28%	34.25%
Operating expenses		3,268,732	2,441,738	2,765,508
Operating profit		785,830	(384,230)	(99,605)
Operating profit margin(%)		6.69%	-5.39%	-1.28%
Net profit after tax		444,190	(94,683)	(110,372)
EPS (in dollars)		3.48	(0.61)	(0.88)
Total shares capital(million)		13.40	13.41	15.96

4-1-3 Production Volume of the products in the Recent Three Years Unit: Set

Year	2021		2022		2023	
Volume	Production Capacity	Output	Production Capacity	Output	Production Capacity	Output
Main Products						
Treadmills	330,000	319,643	180,000	115,217	150,000	128,393
Ellipticals	110,000	102,280	60,000	19,819	40,000	28,844
Exercise Bikes	60,000	55,242	30,000	11,005	20,000	16,869
Total	500,000	477,165	270,000	146,041	210,000	174,106

4-2 The Board of Directors

4-2-1 Members of the Board of Directors and Their Professional Qualifications and Experiences

The board of directors is the highest governing body of Dyaco, and it is responsible for managing and supervising the group's businesses. For implementing the diversification of the board members, the core criteria which relevant directors must have been stipulated in the Directors Election Regulations. All members unanimously approved the amendments of the ninth board at the sixteenth meeting on March 2, 2017. The diversity policy was disclosed to the Market Observation Post System and our website, www.dyaco.com.

The 12th Board of Directors consists of seven directors. To enhance the supervisory function of the board, the number of independent director seats has been increased to 4, in addition to 3 director seats and 1 corporate director seat. To emphasize gender equality in the composition of the board members, we have recruited 1 female director among the board members. In the future, the number of female director seats will gradually increase at each session to achieve gender balance.

Position	Name	Professional Qualifications and Experiences
Corporate Director/ Chairman	Quanfeng Investment Co., Ltd. Representative: Lin, You-Ying	<ul style="list-style-type: none"> · Dyaco's chairman. · Former general manager of Dyaco Canada Inc. . · Has the ability of operating the multi-national enterprise management, familiar with the development of the fitness equipment industry. · Possesses professional leadership abilities and business strategy.
Director	Zhuang, Zhu-Wei	<ul style="list-style-type: none"> · Director & General Manager of CHANITEX CO., LTD. · Chairman of CHANITEX education foundation. · Serving as an independent director for other OTC companies. · With abundant management experiences and extended into diverse industries. · Possesses professional leadership abilities and business strategy.
Corporate Director	Yunhen Investment Inc. Representative: Qiu, Shi-Jian	<ul style="list-style-type: none"> · Vice chairman of Hwa Fong Rubber Ind. Co., Ltd., and Mediera Corporation. · Hold a post of other listed and OTC companies' advisor . · With abundant management experiences and extended into diverse industries. · Possesses professional leadership abilities and business strategy.
Independent Director	Wang, Kai-Li	<ul style="list-style-type: none"> · Professor of Department of Finance, The Tunghai University. · Independent director of other listed and OTC companies . · Possesses practical expertise on finance and corporate governance.
Independent Director	Wang, Zhi-Cheng	<ul style="list-style-type: none"> · Director of The Securities and Futures Investors Protection Center. · An arbitrator of Chinese Arbitration Association, Taipei. · Dean of law school and the department chair and director of Department of Law, The Chinese Culture University. · Independent director of other listed companies . · Possesses the practical expertise on law and corporate governance.
Independent Director	Du, Qi-Yao	<ul style="list-style-type: none"> · Former partner in Deloitte & Touche. · Independent director of other listed companies. · Possesses practical expertise on tax, accounting, and corporate governance.
Independent Director	Wu, Jin-Bo	<ul style="list-style-type: none"> · Former associate professor of Department of Information Management, The Tamkang University . · The former 8th and 9th supervisor of Dyaco. · Considerably familiar with Dyaco's businesses. · Possesses practical expertise on information and corporate governance.

Note 1: Lin, Ing-Gin, who was the chairman, resigned on 10th November in 2023. Lin You-Ying assumed the position of chairman, and he was assigned as the legal representative of Quanfeng Investment Co., Ltd.

Note 2: The representative of Yunhen Investment Inc. was reassigned from Lin, Xu to Qiu, Shi-Jian.

Diverse Core Items Directors Name	Operational Judgment Capability	Accounting and Financial Analysis Capability	Operation and Management Capability	Crisis Management Capability	Domain Knowledge	International Market Vision	Leadership	Decision-Making Capability
Quanfeng Investment Co., Ltd. Representative:Lin, You-Ying	✓	✓	✓	✓	✓	✓	✓	✓
Zhuang, Zhu-Wei	✓	✓	✓	✓		✓	✓	✓
Yunhen Investment Inc. Representative:Qiu, Shi-Jian	✓	✓	✓	✓		✓	✓	✓
Wang, Kai-Li	✓	✓	✓	✓		✓	✓	✓
Wang, Zhi-Cheng	✓	✓	✓	✓		✓	✓	✓
Wu, Jin-Bo	✓	✓	✓	✓		✓	✓	✓
Du, Qi-Yao	✓	✓	✓	✓		✓	✓	✓

4-2-2 Board of Directors Competency and Execution Situation

To enhance the board of directors' competency, we set goals and assess its execution situation as follows:

1 The Board of Directors passed the self-evaluation or peer evaluation method for the Board of Directors on November 11, 2016. The recent evaluation was completed by the end of 2023, and the results are expected to be reported in the first quarter of 2024. The Board of Directors report will be disclosed on our website for investors' reference.

2 We will announce significant operational news through major announcement channels to raise information transparency.

3 After the board meeting, we promptly posted important resolutions on the Market Observation Post System (MOPS) to protect shareholder rights. A dedicated individual is assigned to collect and disclose company information, establishing a spokesperson system to ensure timely and proper disclosure of significant information regarding the company's financial and business-related information for shareholders' and stakeholders' reference.

4 We periodically arrange for directors to attend professional refresher courses. From the most recent fiscal year to the printing date of the annual report, the total number of director education and training hours amounted to 48.

4-2-3 Board Performance Evaluation

The director's remuneration of Dyaco is distributed following Article 24 of our articles of association, which is at most 5% of the annual profit. The procedure for setting remuneration is based on the self-evaluation or peer evaluation method established by the Board of Directors of Dyaco, as outlined in Article 21 of our articles of association. Director remuneration is to be evaluated by the Compensation Committee based on their level of involvement in operations and their contribution value. The Board of Directors is authorized to allocate remuneration based on the evaluation of the Compensation Committee and peers. Suppose the directors have occurred in moral hazard accidents or other hazard accidents that might cause a negative impact, including the company's image, goodwill, internal mismanagement, and personnel disadvantages. In that case, the remuneration ratio shall be calculated based on comprehensive considerations, including the director's level of involvement in operations and contribution value, and reasonable compensation shall be provided.

The Board of Directors

>The board of directors had been held **9** times in 2023 and the attendance rate was up to **99%**.

Self-Assessment Scores

(Out of 5 Points)

>The average self-assessment score of the board members was **4.94** out of 5, while the board of directors was **5** out of 5 in 2023.

Board of Directors Members' Performance Evaluation in 6 Aspects

The measuring items in the assessment of board members include six aspects: (1) the Company's goals and mastery of missions (2) Directors' responsibility cognition (3) Level of participation in company operations (4) Internal relationship management and communication (5) Professional and constant education (6) Internal control.

Performance Evaluation Measures in 5 Aspects

The measuring items of the board of directors include below five aspects: (1) Level of participation in company operations, (2) Enhancing the quality of board decisions, (3) Composition and structure of the board of directors, (4) Selection of directors and constant education (5) Internal control.

4-3 Functional Committees

4-3-1 Audits Committee

The audit committee is intended to assist the board of directors in fulfilling its oversight responsibilities for the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls. The internal auditing department submits the audit report to each independent director for review monthly. Also, it reports to each committee member and director during the Audit Committee and Board meetings regarding significant discoveries on internal control management audits conducted within Dyaco.

After the monthly audit report is issued, the audit manager will discuss and communicate any queries the Audit Committee members raised. If necessary, relevant individuals are invited to a meeting. The conclusions and recommendations will then be presented to the Audit Committee and the Board of Directors. Actions are then executed based on directives from these bodies.

Audits Committee

>In 2023, this committee held **6** meetings with four members. Initially, there were five members, one resigning during their tenure, and the attendance rate was up to **97%**.

Self-Assessment Scores

(Out of 5 Points)

>The self-assessment average score of the Audit Committee members was **4.94** out of 5 in 2023.

Audit Committee Performance Evaluation in 5 Aspects

An annual performance evaluation was carried out at the end of each fiscal year. The evaluation criteria cover five major aspects, including (1) The degree of participation in company operations, (2) The committee's responsibility cognition, (3) Enhancing the quality of the committee's decisions, and (4) The composition of the committee and selection of members (5) Internal control.

4-3-2 Remuneration Committee

The remuneration committee aims to exercise due diligence in managing the attention of management personnel. Its responsibilities include formulating and regularly reviewing policies and systems to evaluate the performance and compensation of Dyaco's directors and executives. For detailed information, please refer [here](#) °

Remuneration Committee

>In 2023, the remuneration committee held **2** meetings with four members, and the attendance rate was up to **100%**.

Self-Assessment Scores

(Out of 5 Points)

The self-assessment average score of the Compensation Committee members was **4.74** out of 5 in 2023.

Compensation Committee Performance Evaluation in 4 Aspects

A performance evaluation was carried out at the end of each fiscal year. The evaluation criteria cover four major aspects, including (1) The degree of participation in company operations, (2) The committee's responsibility cognition, (3) Enhancing the quality of the committee's decisions, and (4) The composition of the committee and selection of members.

4-3-3 Corporate Sustainable Development Committee

To ensure the operational procedures of the sustainable development committee are followed, the board of directors passed the organizational regulations for the Corporate Sustainable Development Committee to ensure compliance on August 11, 2021. According to [the organizational regulations](#) of the Corporate Sustainable Development Committee, the 2nd committee is composed of the chairman and four independent directors. The Dyaco's chairman is the committee's chairman, and independent director Wu, Jin-Bo is the committee's vice chairman.

The sustainable development committee aims to review Dyaco's sustainable development policy formulation and implementation, evaluate its effectiveness, and regularly report the annual results to the board of directors. Additionally, the committee will be closely concerned with the issues of various stakeholders, including shareholders, customers, suppliers, employees, government, non-profit organizations, communities, and the media, and supervise communication plans to practice sustainable business operations.

Corporate Sustainable Development Committee

>2023 the committee held **3** meetings, and the attendance rate was **93%**. A performance evaluation was carried out at the end of each fiscal year.

Self-Assessment Scores

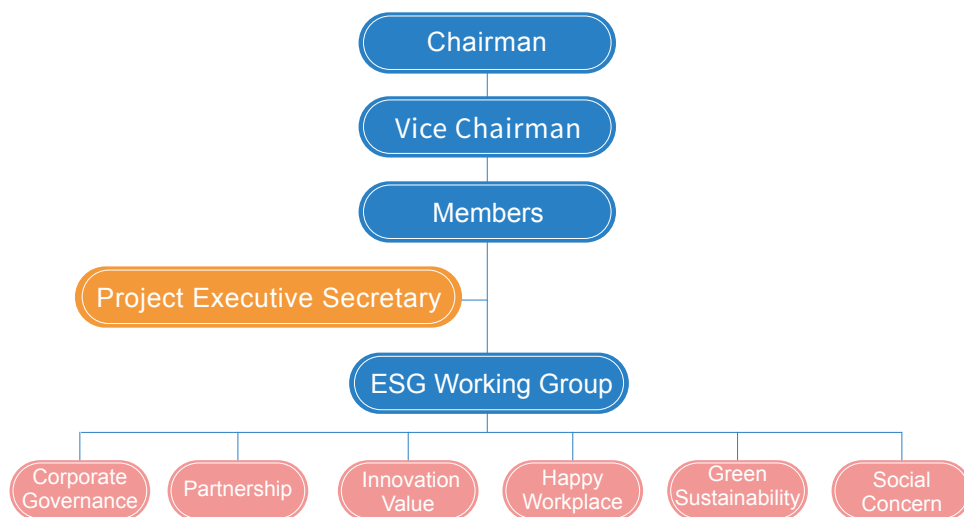
(Out of 5 Points)

> In 2023, the self-assessment average score of the Corporate Sustainable Development Committee members was **4.8** out of 5.

Corporate Sustainability Development Committee Performance Evaluation in 4 Aspects

The evaluation criteria cover four main aspects, including (1) The degree of participation in company operations, (2) The committee's responsibility cognition, (3) Enhancing the quality of the committee's decisions, and (4) The composition of the committee and selection of members.





4-3-4 Nomination Committee

The Nomination Committee aims to formulate standards for the professional knowledge, skills, experience, diversity of backgrounds, gender, and independence required for board members and senior executives. Moreover, it is responsible for finding, reviewing, and nominating candidates for directors and senior executives. Also, the committee constructs and develops the organizational structure for the board of directors, and each committee conducts the performance evaluation of the board of directors, each committee, each director, and senior executives, as well as assess independent directors' independence. According to the organizational regulations of our nomination committee, the nomination committee consists of appointing a chairperson and three independent directors, and the chairman serves as the convener.

Nomination Committee

>In 2023, 2 meetings were held with an attendance rate of 88%.

Self-Assessment Scores

(Out of 5 Points)

>The self-assessment average score of the nomination committee members was 4.75 out of 5 in 2023.

Nomination Committee Performance Evaluation in 4 Aspects

A performance evaluation was carried out at the end of each fiscal year. The evaluation criteria cover four main aspects, including (1) The degree of participation in company operations, (2) the committee's responsibility cognition, (3) the quality of the committee's decisions, and (4) the composition of the committee and selection of members.



4-4 Implementation of Management

In business management, prevention and control measures are taken for potential risks, and relevant warning measures are formulated. Risk assessment is conducted based on the principles of materiality regarding environmental, social, corporate governance, and information security issues related to Dyaco's operations.

4-4-1 Operational Management and Regulatory Compliance

Integrity in business operations is the cornerstone of Dyaco. In 2012, Dyaco implemented the "Sustainable Development Practice Guidelines," "Integrity Operation Guidelines," and "Code of Ethics" as the highest guiding principles to comply with the company act, securities and Exchange Act, Commercial Accounting Act, etc., and other relevant laws and regulations governing business practices. We also follow the "Integrity Operation Guidelines" and "Procedures for Ethical Management and Guidelines for Conduct" as our guide, which outlines management procedures for conducting business with integrity, protecting whistleblowers, and avoiding inappropriate gains.

Dyaco's management department is responsible for planning and implementing relevant measures. It requires all employees and business partners to follow the norms and regulations to ensure compliance with ethical policies and professional standards. In 2022, there were no incidents of unethical business practices such as anti-competitive behavior, antitrust and monopoly behavior, or market manipulation.

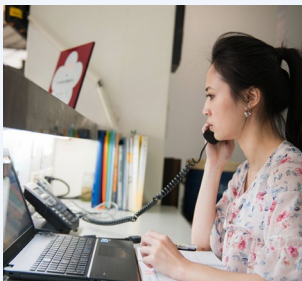
The Whistleblowing System and Complaint Channels

To ensure business integrity and prevent unlawful behavior, we have established a whistleblowing system that includes an internal and public mailbox and hotline for internal and external individuals. We have also established a protection management procedure to ensure the confidentiality of whistleblowers and allow for anonymous reporting.

The management department is responsible for compiling all whistleblower events, processing methods, subsequent reviews, and improvement measures and periodically reports to the board of directors.

Whistleblowing mailbox: info@dyaco.com

Whistleblowing hotline: (04)797-7123



4-4-2 Fiscal and Taxation Management Policies

Dyaco has expanded into the global market and adopted the worldwide management and trade concept in response to globalization. Facing today's complex cross-border transaction patterns, tax environments, and global anti-tax avoidance trends, we adhere to tax regulations and follow tax governance policy to implement the company's sustainable development.

1. Follow the operating countries' tax laws and international tax standards, accurately declare and pay taxes, and fulfill the social responsibility of a taxpayer.
2. Evaluate tax risks and formulate countermeasures in response to changes in the country of operation's tax laws and international tax standards.
3. Transparent tax information and comply with financial reporting standards and annual report disclosure requirements.
4. Maintain an open and honest attitude towards communication with the operation country's tax authorities while maintaining an available and appropriate relationship.
5. Related party transactions must comply with the transfer pricing regulations of each business location and strive to implement the arm's length, commercial substance, and tax compliance principles.



4-4-3 Risk and Opportunity Management

We focus on preventing and managing potential risks and developing related warning measures during the business management processes. Based on the materiality principle, we conduct risk assessments related to environmental, social, corporate governance, and information security issues that are significant to the company's operations. These assessments reference our company's risk management and business strategies.

Risk Management Organizational Structure



Risk Management Policy

We have established Risk Management Best-Practice Principles. These principles aim to consider various risks that may affect the enterprise's ability to achieve its goals and manage through complete risk management frameworks. We also integrate risk management into business activities and daily management processes.



Environmental Issues

The main goal is to reduce and prevent the impact caused by the environment, so we formulate relevant response procedures for replying to the environmental management issues of our company's industries. We have established the relevant environmental management regulations as follows:

Environmental Issues	Countermeasures
Recycle and Waste Management	Waste and Recycling Management Procedures
Pollution Prevention and Resources Conservation	Environmental Operations Management Procedures
Hazardous Substance Management	Hazardous Substances Management Procedures
Water Resources Management	Wastewater and Waste Noise Management Procedures
Energy Consumption and Greenhouse Gas Emissions	Energy Consumption and Greenhouse Gas Emissions Management Procedures
Environmental Management	ISO 14001 Environmental Management Manual

In response to the impact of climate change on business operations, we have classified climate change and harmful substance pollution as the main risks. We have established specific management procedures for energy consumption and greenhouse gas emissions, environmental hazardous substance management, and supplier/subcontractor management. Regularly, reports are submitted to the Board of Directors and the Corporate Social Management Committee. Each department conducts business inventories and risk identification related to climate change. This includes analyzing risks and opportunities arising from direct or indirect impacts of extreme weather. We use our risk management strategy plan as the core of climate change actions. Accordingly, estimating management costs and financial impacts. Through the data collected, we enhance the company's governance regarding climate change and systematically evaluate financial correlations to reduce risks and seize business opportunities.

Risk Categories	Identification of Climate Change Risks	Identification of Climate Change Opportunities	Potential Business Projects for Company Operations
Energy Sources	Policy Awards	Choosing equipment coordinating with government energy conservation subsidies.	Referring to different regions' government policies and coordinating to purchase equipment that meets requirements. After compiling relevant data, we submit the subsidy applications to the government.
Products and Services	Low Carbon Products or Services	Supporting using eco-friendly and low-carbon materials in production. Substitute natural gas for coal as heating materials and adopt powder electrostatic coating for painting processes, effectively reducing air pollution emissions.	Examine the feasibility of selecting low-carbon and eco-friendly materials and reducing pollution in manufacturing while allowing us to develop potential customers interested in using these materials.
Products and Services	Green Buildings	When establishing new factory premises or offices, we adopt green building materials and consider ecological factors. Moreover, we prioritize intelligent and efficient equipment.	Develop potential customers who prioritize using green building factories in manufacturing.

Moreover, reducing energy consumption and reasonably using resources can also reduce the use of hazardous substances and environmental pollution impacts.



Social Issues

Regarding social issues, Dyaco prioritizes employees' safety and health. To ensure employees' health and enhance the workplace environment's safety, we have established a "Corporate Social Responsibility Management Manual." Regular health checks, fire drills, training programs, etc., to promote workplace safety and emphasize the importance of health.



Cooperate Governance Issue

We aim to avoid damaging our reputation by violating regulatory laws. Therefore, we have established an audit committee, a remuneration committee, a corporate sustainability development committee, and a corporate governance officer position to jointly supervise the company's compliance with relevant regulations and promote corporate governance.



Information Security Issues

Our information security strategy focuses on information security management, regulatory compliance, and technological applications, aiming to comprehensively enhance our information security protection capabilities from personnel to organizations. In response to emerging trends in information security, such as Distributed Denial of Service (DDoS), ransomware, social engineering attacks, and phishing websites, we regularly communicate with international information security vendors, pay attention to related issues, and plan response strategies.

Information Security Risk Management Policy

Information Security Governance	<ul style="list-style-type: none"> >Improve management system >Risk control and standards enhance >Build a joint defense system 	Continuously enhance management system, including strengthening education and training, designing information security basic structures, and deepening customer technique.
Regulatory Compliance	<ul style="list-style-type: none"> >Regular review/revision >Establish a compliance cycle mechanism 	Establish a compliance cycle mechanism, regularly review and revise internal operating regulations to conform with international information security standards and acts in various overseas regions.
Utilization of Technology	<ul style="list-style-type: none"> >Internal and External Data Collection >Utilize data analysis >Threat predicting and decision-making 	Utilize new technologies to predict information security risks and make safe decisions early.

4-4-4 Internal Audit

The audit unit is established under the board of directors to effectively implement internal control and audit systems, strengthen Dyaco's operational procedures, and reduce operational risks. This unit assists the board of directors and management department in examining and reviewing the deficiencies in internal control systems, measuring operational performance, and promptly providing improvement recommendations. There were no significant labor-related penalties or environmental-related penalties in 2023.



4-4-5 Quality Management System

To ensure the proper operation of each department within the factories, Dyaco has established the "Internal Quality Management Audit Measures," each department has trained and qualified internal auditors who conduct regular audits annually. ISO international standards and legal requirements conduct cross-departmental audits to understand each department's operational situation and areas for improvement. Units receiving correction notices must provide timely improvement plans and confirm completion within the designated timeframe.

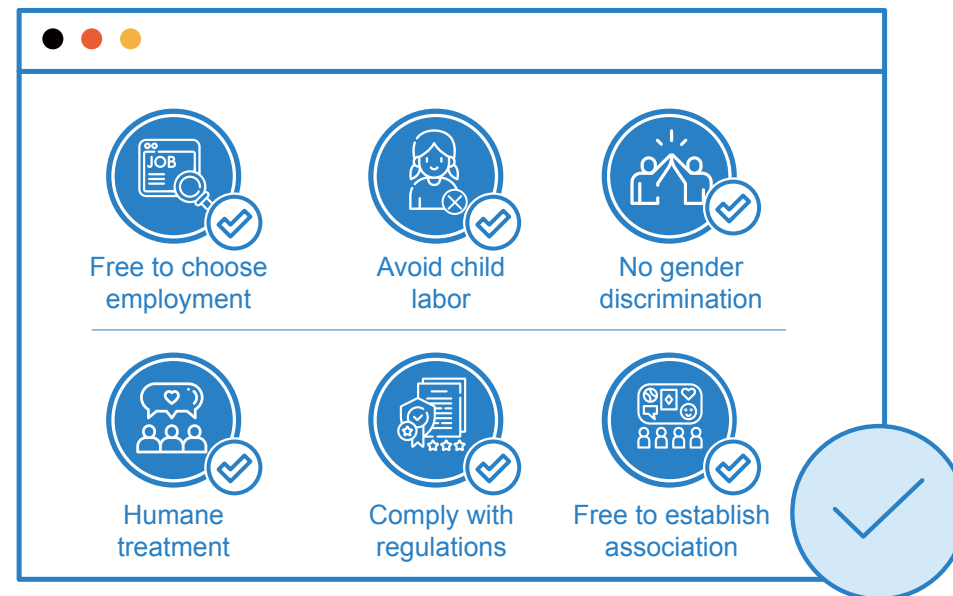


4-4-6 Labor-Employer Management System

To comply with the International Covenant on Human Rights and Employment regulations and respond to the demands of stakeholders, we have developed the "Social Responsibility Management Manual" to commit to protecting employee rights, complying with regulations, enhancing employee solidarity and cohesion, and improving our company's competitiveness. We disallow any threats, abuse, exploitation, or coercive acts of sexual harassment in the workplace. In addition, we strictly execute social responsibility regulations and the domestic labor standards law prohibiting child labor. When child labor is discovered, appropriate remedial measures will be taken. Moreover, we also annually establish policies and procedures to review labor safety and health regulations and ethical standards, prohibit any form of coercion or forced labor, and ensure that employees volunteer to work. If we find forced labor, labor representatives will conduct a preliminary investigation with management representatives within one week and implement countermeasures. There are no above conditions that occurred in 2023. Also, we established a human resources hotline for employees and job seekers to appeal when needed.

Whistleblowing mailbox: info@dyaco.com

Whistleblowing hotline: (04)797-7123



4-5 Technology Innovation

Dyaco started as a fitness equipment trader and developed into a brand that integrates research and development, manufacturing, sales, and after-sales service. Our brands include SOLE, Spirit, Xterra, UFC, and Dyaco Medical, which develop products suitable for older people and people with mobility difficulties.

Regarding production, Dyaco has adopted modern scientific, digitization, and key performance indicator management to improve the team's performance and work towards sustainable goals. By differentiating our brands and operating in global markets, we have established long-term and stable sales networks with local distributors while utilizing retail and online channels to capture global consumer trends. In 2023, all products sold in the Taiwan region had no potential hazards or defects, so no products were recalled.

Top Brands

SOLE provides high-quality cardiovascular training equipment for home and light commercial use. It has repeatedly been recognized by professional evaluation media in the United States as the "Best Product" in customers' minds.



The core commercial fitness brand of Dyaco is dedicated to enhancing customer experience and product innovation. With a wholehearted pursuit of the grand goal of "improving the quality of life for all humanity," Spirit strives for continuous improvement and excellence in all aspects.

Xterra fitness products are designed for optimal performance, with almost demanding attention to detail. Each product has outstanding features, such as a user-friendly, large screen, an advanced training program that significantly enhances workout effectiveness, and an aesthetically pleasing and sturdy machine design.

The ultimate pinnacle of global combat sports and the largest pay-per-view event, the UFC has granted Dyaco the international license to manufacture and distribute commercial and retail fitness equipment under the same name brand.

Product Categories

General Fitness Equipment

Used in general families, hotels, companies, schools, and gyms to burn calories through exercise and achieve fitness goals. Include treadmills, ellipticals, exercise bikes, etc.



Medical Rehabilitation Equipment

Used in medical institutions, care centers, physiotherapy clinics, and for elderly or disabled individuals to use at home.



Lightweight Fitness Equipment

Used in medical institutions, care centers, physiotherapy clinics, and for elderly or disabled individuals to use at home.



Outdoor Furniture

Used for general household or commercial outdoor use.



E-Bikes

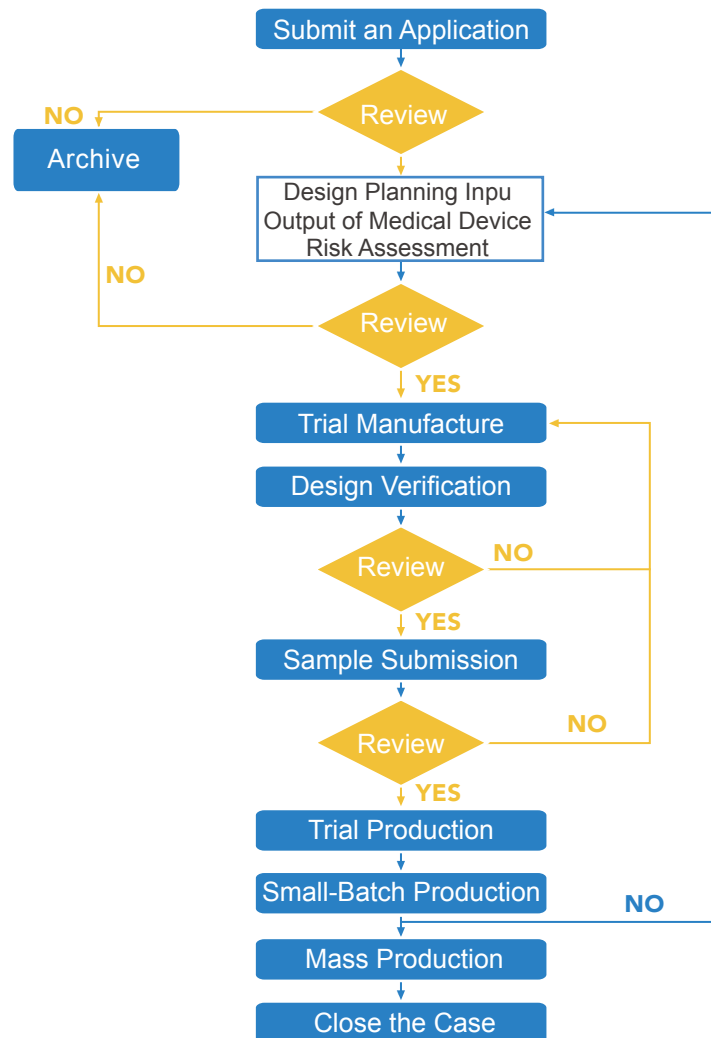
With smart-electric power assistance, these bicycles provide a better riding experience for general city commuting, transportation, and long-distance travel than traditional bikes.



4-5-1 Product Development Procedure

Regarding OEM and ODM aspects, we formulate “Development and Design Management Regulations” to meet customer demands, market needs, or global technical trends. We accept customer feedback and demand through the sales department. Then, a design is conducted to meet their needs.

If the design review passes, a new product trial is produced. Design verification, a sample submission, and trial production will be done before final mass production.



In terms of OBM focuses on digital innovation application development, creating product value, and innovating application modes. Therefore, the new product development management procedure is as follows:



Requirement Survey and Analysis

1. Based on the analysis of new product characteristics, realize how to develop new product development software to enhance the new product's value.
2. From a user's perspective, research how to assort existing products with development software to create value or innovative content. Then, new business modes of using the products will be constructed.

1



User Experience and System Analysis

(UX/UI Manufacture)

1. Design the operating interfaces from the users' experienced perspective.
2. Analyzing the rigidity requirements from users' perspective

2



Formulate Functional Specification

1. We formulate hardware and software specifications and draft specification documents based on the analysis results to facilitate subsequent development.

3



System Designing

(Front and Back-End Architecture Design, Database Design)

1. Research and development engineers design software and hardware architecture and interfaces based on functional specifications.

4



Software and Hardware Development

1. Develop software and hardware based on design documents. Test personnel write test plans and test cases according to the functional specifications.

5



Unit Test and System Integration Test

1. Research and development engineers conduct unit tests based on design documents; testing personnel carry out testing according to the test proposals and test plans.

6



System Launch or Release

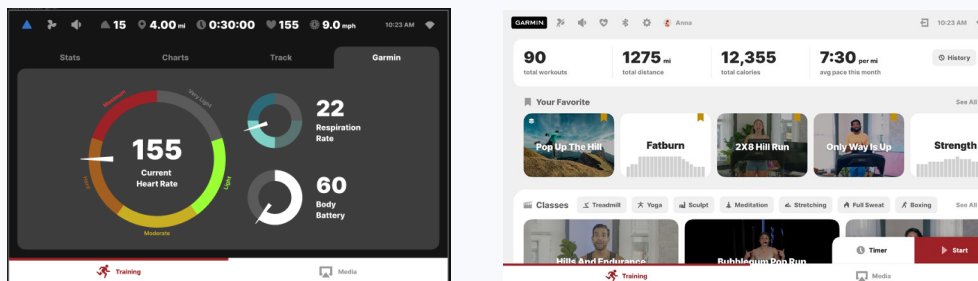
1. Software and hardware products will be launched or released after a series of tests.

7

4-5-2 Innovative Products and Development

In 2022, we entered the E-Bike industry and expanded our business in response to the global development of green products. In 2024, we plan to produce our own branded E-Bikes, expecting our years of process experience and the advantages of brand management (Sole/ Xterra/ UFC) to enter the market. Furthermore, as we already have a complete after-sales customer service system in the North American market, consumers can purchase products with greater assurance. These can reduce the entry barrier for the E-Bike industry.

In 2023, we focused on home gyms, updating products under the SOLE brand with a TFT touchscreen console to enhance users' experience. We integrated online coaching courses to expand digital content, maximizing the functionality of home gyms. Additionally, the new SOLE products offer wireless charging and integration with Garmin watches, making it convenient for users to immediately understand their exercise and health data while exercising.




SOLE has developed a new home weight training machine, recognized as the "SOLE SRVO" in new fitness products. The SRVO is designed to be conformed to lightweight and smallness, making it convenient for users to use and store. At the same time, it collaborates with the SOLE+ App, which features a specialized library of exercises and programming specifically for the SRVO, enabling users to achieve their home fitness goals quickly.

The SOLE+/SPIRIT+/XTERRA+ App integrates over 5,000 exercise videos filmed by professional coaches. Streaming technology and the Bluetooth FTMS communication protocol work with SOLE, SPIRIT, and XTERRA fitness equipment, allowing users to receive coach guidance and effectively engage in workouts at home.



4-5-3 Technological Innovation Goals and Planning

The short-term goals are to achieve energy conservation and carbon reduction and to make the fitness equipment environmentally friendly. The software assists users in recording their exercises on the app and provides secure storage to ensure users' data security. It offers diverse digital content, attracting and encouraging users to exercise. The mid-term goals are the indicators to advise users how to exercise and establish the model of users' exercise and health data. The long-term goals are to enrich various content, including third-party app integration. It is a fitness and medical rehabilitation platform for turning fitness equipment into an internet-connected platform.

	Goals	Plans
Short-Term (3 years)	<p>Pursue energy conservation and carbon reduction, achieve environmentally friendly workouts, enhance digital function, and construct a comprehensive data model.</p>	<ol style="list-style-type: none"> 1. The Brushless DC Motor system imports treadmill equipment, which helps to save energy and increase motor lifespan. 2. Use a Brushless DC Motor system and design the weight training machine suitable for various demographics. 3. Refactoring the cloud system architecture to comply with GDPR ensures the security of users' data. The spirit of GDPR is to protect user personal data appropriately and prevent its disclosure. Refactoring the cloud system architecture involves replanning the database, encrypting user personal information and data transmission, and ensuring that other users' data is not directly linked to personal information. This provides security for users' data. 4. Integrating more wearable devices. Only Garmin devices are included, while Apple Watch, Samsung Watch, and Google Watch are planned. This is to provide users with more comprehensive exercise data. 5. Importing voice control Voice control technology is increasingly mature. When combined with exercise, it makes it convenient for users to operate digital content and increases the exercise's interest. Voice control integrates with multiple protective mechanisms to ensure users can control the speed of treadmills, the resistance of ellipticals and Bikes, and the weight of weight training machines, making exercise more convenient. 6. Recommendation of online video courses Exercise should be diversified to promote health, including a balance of aerobic, weight training, and stretching exercises. Therefore, the cloud system can analyze users' exercise habits to identify which types and intensities of exercise they may lack. By integrating online video exercise classes through an app or TFT console, the system can recommend the type of exercise users should engage in at that moment, ensuring a more balanced and healthier physical and mental state.  <p>The diagram illustrates the integration of three components: a smartphone displaying a fitness app interface, a smartwatch, and a treadmill. A plus sign and an arrow indicate the flow of data and connectivity between these devices, leading to a final image of a person running on a treadmill with a large digital display showing workout metrics like distance, time, and heart rate.</p>

	Goals	Plans
<p>Mid-Term (5 years)</p>	<p>Establishing various data models and conducting Big Data analysis, to achieve health management.</p>	<ol style="list-style-type: none"> 1. Establishing data models based on gender, age, and exercise habits. Moderate exercise promotes good health, but the definition of moderate exercise varies according to gender, age, and physical fitness status. The individual establishes their exercise data model and compares it with the standard data type. This encourages exercise and provides good health advice for individuals. 2. Online personal fitness coaches recommend exercise courses based on users' expected goals. Establishing individual exercise data models allows users to select their desired goals. Online coaches then recommend exercise courses and workout schedules based on the personal data model and the user's expected goals. They also evaluate efficacy based on the training status and adjust it, assisting users in achieving their goals.  <ol style="list-style-type: none"> 3. Physical fitness prediction Based on the users' long-term exercise habits and patterns, they compare with globally recommended physical fitness data, predict users' fitness trends, and recommend adjustments to exercise modes and intensity to maintain physical fitness status.

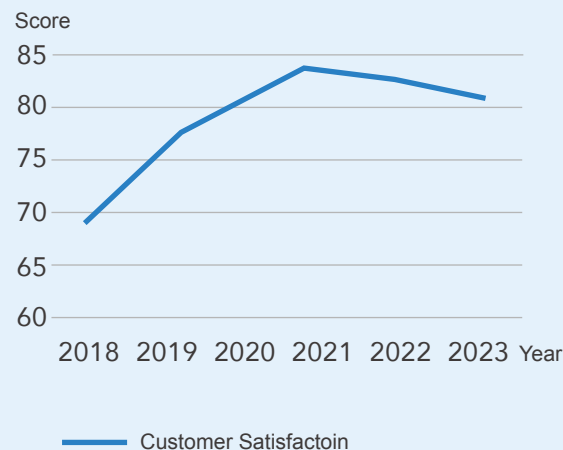
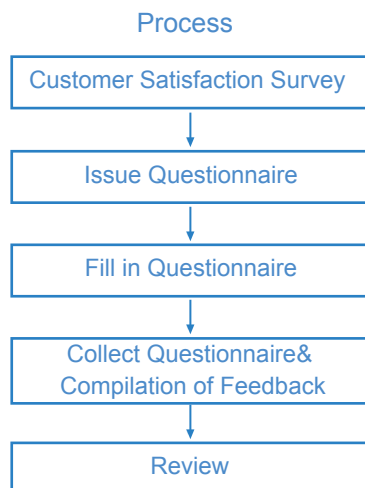
	Goals	Plans
<p>Long-Term (10years)</p>	<p>Enrich various contents</p>	<ol style="list-style-type: none"> 1. Integrate various contents. Including fitness, entertainment, and rehabilitation-related apps, these are designed to increase the enjoyment of exercise, encourage safe and effective exercise, and provide a platform for medical rehabilitation. 2. Integrate various peripheral equipment, such as video cameras, VR/MR glasses, 3D televisions, etc., to virtualize exercise. <ol style="list-style-type: none"> a.Integrating the hardware equipment to enhance the applicability of fitness equipment. b.Video cameras: This technology can be applied for heart rate/respiration detection, posture detection and correction, judging, and identifying individuals using fitness equipment. It can also be utilized in rehabilitation therapy, where running or walking posture affects body shapes, especially for rehabilitation patients whose progress is impacted by correct posture. Integrating cameras allows users or physical therapists to understand whether exercise or rehabilitation posture adjustments are needed. <div data-bbox="645 655 1283 1045"> </div> <div data-bbox="1323 655 2033 1045"> </div> <ol style="list-style-type: none"> c.VR/MR glasses: Introducing virtual environments, simulation of competitions, and import of virtual coaches enable the virtualization of exercise scenes. d.3D Televisions: 3D televisions are another choice for users who can't adapt to VR/MR glasses or engage in high-intensity exercise. 3. Exercise is a type of medicine. Fitness equipment integrates soft and hardware technology, combines with cloud-based AI technology, and predicts users' fitness and health trends. This allows the fitness platform to recommend exercise types and workout methods to users to maintain physical fitness and health status.

4-6 Customer Services Management

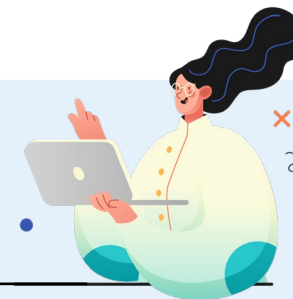
More than 90% of Dyaco's business is exported, mainly to importers and distributors. To ensure a long-term cooperative relationship, maintain high-quality standards, and meet customer expectations, we formulated "Customer Satisfaction Survey Management Measures." The business unit will conduct an annual mid-year questionnaire targeting the top 10 customers to track customers' feedback on the price, service, delivery, quality, packaging, technical support, etc. The satisfaction analysis will be completed before the International Organization for Standardization (ISO) management review meeting. Subsequent reviews and improvements will be conducted based on customers' feedback, and we will present the reports and solutions then incorporate them into the risk management scope.

International customer satisfaction has exceeded 80 points in the past three years, with a year-on-year growth trend. We discovered that customer satisfaction could be significantly improved by implementing a real-time process to deal with customer problems and giving feedback within 24 hours of receiving customer complaints. The relevant departments formulate solutions within 48 hours, followed by tracking and preventive measures for future issues to ensure customer satisfaction remains above 80 points.

Customer Satisfaction Process



For domestic consumers, we timely track and handle through customer service, incorporating satisfaction surveys to understand their voices.



Customer Service Cases

Customers inform customer service personnel via phone or e-mail.



Diagnosing the Problems

After preliminarily diagnosing the problems, the customer service personnel notify the technician. The customer service personnel confirm the warranty status and explain the warranty conditions.



Contact Within 48 Hours

The technician will contact the consumer within 48 hours, assess the required components, and arrange the repair schedule.



Repairing at Home

The technician will verify the product's usage condition, explain the repair details, and highlight subsequent maintenance points.



Customer Complaint Statistics

Technicians report repair results to customer service personnel and record them in the customer complaint statistics to improve quality in the future.

4-7 Supplier Management

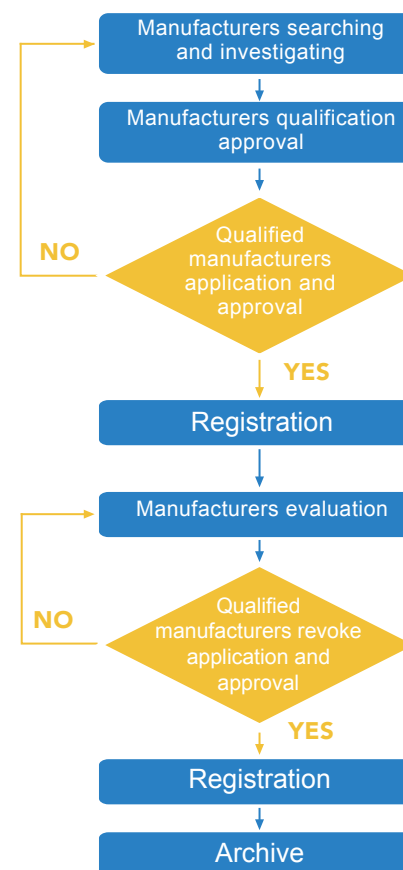
Dyaco considers global and future sustainable development, forms alliances with suppliers to become sustainable partners, creates a win-win situation, and commits to promoting sustainable operations in line with international trends, global regulations, and social responsibility standards. The procurement department considers the “Supplier Management Measures” and “Supplier Management Procedures in the Social Responsibility Management Manual” essential for supplier management, evaluation, and assessment. We also follow the Responsible Business Alliance (RBA) and commit to labor, health, safety, environmental standards, business ethics, and other management strategies.

4-7-1 Supplier Management and Selection

Dyaco's main suppliers supply raw materials, packaging materials, transportation services, warehouse services, equipment, etc. New supplier assessments are conducted by the procurement department based on development designs and production operation requirements. They reference guild directories, procurement lists, and peer recommendations for manufacturers searching and investigation. Each department evaluates the cooperation suppliers on 20 items, such as production management procedures, process control, records, etc. After the evaluation by the three units, if the supplier reaches a B level or above, it is listed as a qualified company supplier. For international freight contractors, qualified certification vendors are engaged for handling.

Based on the suppliers with whom transactions are conducted will be assessed monthly according to their delivery performance at the end of each year. Suppliers achieving a B level or above will be classified as qualified suppliers, while those with a C level will be categorized as suppliers under observation.

Supplier Management Process



4-7-2 Supplier Management Performance and Goals

Dyaco will prioritize the suppliers who perform well and cooperate with them in social standards. The procurement department will conduct at least one annual survey of suppliers' environmental, occupational safety, and social responsibility management based on the "Supplier Social Responsibility Audit Form." This examination covers 60 items across five categories: labor, health and safety, environment, ethics, and management. Suppliers must coordinate with the implementation and improvement and promise to comply with labor laws and social responsibility standards. If one fails to meet our environmental, occupational safety, and social responsibility standards, we will suspend their contracts or revoke their supplier qualification.

Furthermore, since European Union countries are one of our major export markets, we ensure that products comply with EU restrictions on hazardous substances by following the "Hazardous Substance Operation Standards." This regulation requires materials provided by suppliers to meet the regulatory standards of RoHS, REACH, and PAHs. Suppliers must give certified test reports or self-declaration statements to ensure the safety of humans and reduce environmental risks.

Additionally, the procurement department is proactive in conducting quarterly reviews on supplier websites to execute electronic materials conflict mineral investigations. This ensures our supply chain doesn't contain conflict minerals such as tantalum, tin, tungsten, and gold mined from the eastern Democratic Republic of Congo and neighboring countries. We continuously monitor our supply chain to uphold social and environmental responsibility commitments.

2023 Performance



4-8 Quality Management

Dyaco attaches significant importance to customer relations and adopts strict quality control to ensure product quality. We believe in “Respect for Customers” in the corporate culture. Since 2008, the ISO 9001 Quality Management System has been introduced as a basis for quality assurance and an essential foundation for reviewing management and quality performance. Through the ISO 13485 Medical Equipment-Quality Management System, entering the field of medical rehabilitation equipment creates a series of high-standard equipment.

The Research and Development department cooperates with TÜV Rheinland (TUV), Intertek Testing Services (ITS), and SGS Taiwan Ltd in the new product development stage. The product research stage reviews the safety and quality of European and American regulations to meet customer needs. At the same time, the departments of quality control, biotechnology, and manufacturing will conduct the design and process failure mode and effect analysis (DFMEA, PFMEA). They verify functionality, reliability, and mass production feasibility to ensure control over the quality of materials and manufacturing processes for future production.

Our comprehensive quality assurance system covers quality management, from manufacturing supplier materials to shipping finished products. This includes incoming quality control (IQC), supplier quality engineering management (SQE), in-process quality control (IPQC), functional quality testing (FQC), and outgoing quality control (OQC).

Every piece of fitness equipment manufactured by our company is completely assembled before leaving the factory. After, each machine is used and tested, and only those that pass without issues are approved for shipment. Each workstation follows standard operating procedures (SOP), and there is an individual machine identity card that records detailed parameters of each machine through the assembly process for shipping every medical device.

To create trustworthy products for customers, all operators are trained and strictly abide by **three principles of the production line** :

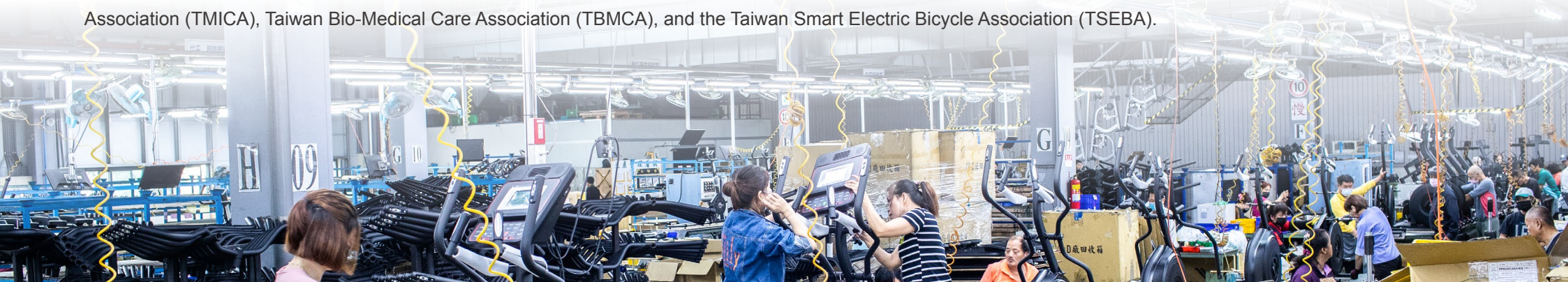
**1 Do not accept
(from the previous station)
defective products**

**2 Do not manufacture
(on current station)
defective products**

**3 Do not release
(to the next station)
defective products**

4-9 Involvement of External Organizations

We align with international standards and actively respond to the Responsible Business Alliance (RBA) Code of Conduct. To communicate and share with industry peers, we have joined several industry associations, including the Taiwan Sporting Goods Manufacturers Association (TSMA), Taipei Medical Instruments Commercial Association (TMICA), Taiwan Bio-Medical Care Association (TBMCA), and the Taiwan Smart Electric Bicycle Association (TSEBA).



Appendix

Appendix I- Verification Statement

Appendix II- Sustainability Accounting
Standards Board, SASB Comparison Table

Appendix III- Implementation of Climate-
Related Information

Appendix IV GRI Standards



Appendix I- Verification Statement

Independent Assurance Statement

DYACO INTERNATIONAL INC.'s 2023 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR GROUP hereby provides a summary of DYACO INTERNATIONAL INC.'s Sustainability Report of 2023 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR GROUP and DYACO INTERNATIONAL INC. (hereinafter referred to as "Dyaco") are independent entities. AFNOR ASIA LTD., was commissioned by Dyaco to conduct the assessment and assure the Sustainability Report of 2023 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

DYACO INTERNATIONAL INC. is responsible for reporting fairly on the economic, environmental and social aspects of operating activities and performance of its various operating sites in Taiwan in sustainability reports in accordance with the declared sustainability reporting standards.

AFNOR ASIA LTD. is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the report compiled by Dyaco.

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REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards

METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The report is reported in reference with the GRI Standards, and the content of the report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- The documents, materials and information related to the report were examined and reviewed by interviewing the responsible persons of each group of Dyaco.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- All documents, data and information related to the preparation of this report were checked by the verification team through interviews with relevant personnel.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the report.

CONCLUSION

◆ **AA1000 Accountability Principles**

Inclusivity

Dyaco has identified stakeholders and maintained communication channels for stakeholders to participate in different important topics to understand the important information that stakeholders are concerned about. The report has fairly reported and disclosed relevant information

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on the economy, environment and society, and can provide effective information to its stakeholders. In the future, the organization can continue its stakeholder identification and communication process to respond to changes in the internal and external environments.

Materiality

Dyaco has established effective processes to identify issues of significance to stakeholders and operational performance. The decision-making mechanism implemented by the organization can focus on materiality issues related to its sustainable development, and the report reflects the organization's priority in handling materiality issues. In the future, the organization will continue to strengthen the evaluation and decision-making process of major topics, so that material issues can be updated and response strategies can be developed in a timely manner.

Responsiveness

Dyaco has developed and implemented a stakeholder response mechanism, clearly announcing relevant policies and communicating with stakeholders, and providing specific responses to the expectations and opinions of stakeholders. In the future, the organization can continue to disclose information on the existing basis to improve the transparency of operations and achieve good communication with stakeholders.

Impact

Dyaco has understood the environmental impact of its operations and has developed processes to measure, assess and manage the organization's impact. The necessary capabilities and resources have been provided, and the organization is committed to making a comprehensive and balanced disclosure of the measurement and assessment of the impact of the organization on its stakeholders and itself. In the future, the organization can continue to provide resources to support the identification, measurement, assessment and management of impacts.

◆ **Global Reporting Initiative Sustainability Reporting Standards**

Based on the results of the review, we confirmed that the general disclosure and specific disclosure content of the report and the necessary management policy disclosure of major topics have complied with the requirements of GRI Standards. In the future, the organization will continue to comply with the requirements of reporting standards, compile major theme management content and relevant operational performance of each base, and provide sufficient sustainable development reporting content.

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ASSURANCE OPINION

AFNOR GROUP has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by Dyaco and the facts seen during on-site verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization.

In our opinion, the information and data presented in the Report by Dyaco provides a fair and balanced representation. We believe the focuses on economic, social, and environmental matters in Dyaco in 2023 are well represented.

ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

LIABILITY

This assurance statement is intended for the use of DYACO INTERNATIONAL INC. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :

Patrick Ni

Patrick Ni
The Director for Certification and Assessment
Jun.26.2024

AFNOR ASIA LTD. - 20E, No. 102, Chung Ping Rd., Tainan, Taiwan
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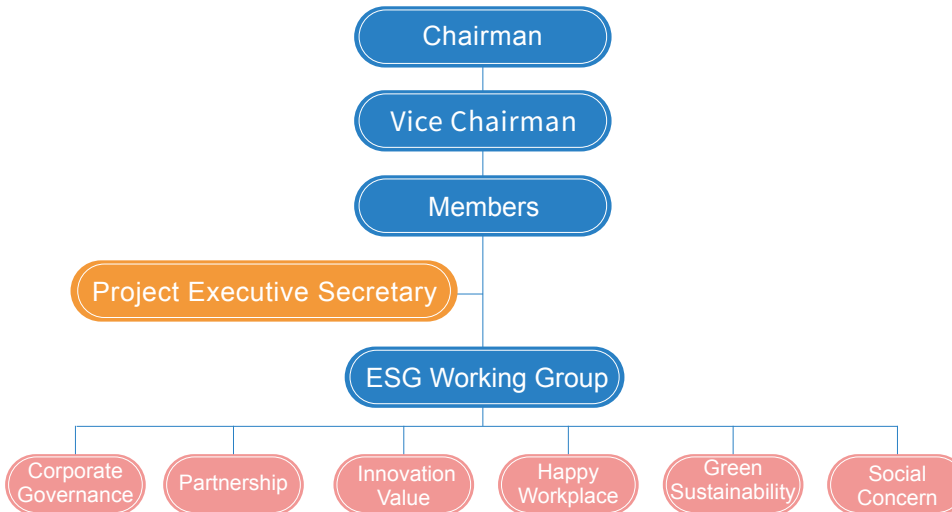
Appendix II- Sustainability Accounting Standards Board, SASB Comparison Table

Topic	Accounting Metric	Category	Unit of Measure	Code	Description
Chemical & Safety Hazards of Products	Frequency and number of recalled products in total.	Quantitative	Number	CG-TS-250a.1	No recalls in 2023.
	Number of official government documents received.	Quantitative	Number	CG-TS-250a.2	None
	Total amount of monetary losses as a result of legal proceedings associated with product safety.	Quantitative	Reporting Currency	CG-TS-250a.3	None
	Assess the products in production and selling process if it has risks or hazards with chemicals.	Discussion and Analysis	n/a	CG-TS-250a.4	Operations involving chemicals within the factory will refer to the Chemical Safety Data Sheets (SDS) to assess their hazards and hazard groups are classified through the Ministry of Labor's Occupational Safety and Health Administration's Chemical Control Banding (CCB) system, and employees are educated to recognize these dangers accordingly. The group currently doesn't use any regulated chemicals that pose risks or hazards in the production process. When procuring from suppliers, the group always requests the corresponding Chemical Safety Data Sheets to ensure that all chemicals used in the manufacturing process are non-hazardous according to the Globally Harmonized System of Classification and Labeling of Chemicals (GHS).
Labor Conditions in the Supply Chain	Number of factories and workplaces audited to a social responsibility code of conduct.	Quantitative	Number	CG-TS-430a.1	260 places
	Suppliers' social responsibility code of conduct audit non-conformance rate and relevant improvement measures rate for priority non-conformance and other locations.	Quantitative	%	CG-TS-430a.2	No non-compliant suppliers

Activity Metric	Category	Unit of Measure	Code	Description
Annual Production	Quantitative	Number	CG-TS-000.A	174,106/units
Number of factories and our factories production proportion of outsourcing.	Quantitative	Number, Percentage(%)	CG-TS-000.B	Number of factories: Three factories in Changhua (Main Factory, Factory 2, Factory 5) Outsourced factories: None

Appendix III- Implementation of Climate-Related Information

1.Implementation of Climate-Related Information:

Items	Implementation Situation
— 、Description of Board and Management Oversight and Governance of Climate-Related Risks and Opportunities.	<p>1.The chairman of the "Corporate Sustainability Committee" is Lin You-Ying with the independent director, Wu Jin-Bo, serving as vice chairman. The committee is responsible for reviewing and formulating our sustainability policies and management strategies related to climate change issues, the short, medium, and long-term goals, and assessing their effectiveness. We regularly report to the Board of Directors.</p> <p>2.The Corporate Sustainability Committee reviewed and confirmed the significant sustainability issues, and the identification of climate-related risks and opportunities in 2023. These results were presented and approved by the Board of Directors on the same date, December 27, 2023.</p> <p>3.The Sustainability Development Team is responsible for formulating sustainability directions and goals, systems, or relevant management policies, and implementing specific action plans (including climate change). The team regularly reports to the Corporate Sustainability Committee.</p> <p>4.The organizational structure of the Corporate Sustainability Committee is as follows:</p>  <pre> graph TD Chairman[Chairman] --> ViceChairman[Vice Chairman] ViceChairman --> Members[Members] Members --> ProjectExecutiveSecretary[Project Executive Secretary] ProjectExecutiveSecretary --> ESGWorkingGroup[ESG Working Group] ESGWorkingGroup --> CorporateGovernance[Corporate Governance] ESGWorkingGroup --> Partnership[Partnership] ESGWorkingGroup --> InnovationValue[Innovation Value] ESGWorkingGroup --> HappyWorkplace[Happy Workplace] ESGWorkingGroup --> GreenSustainability[Green Sustainability] ESGWorkingGroup --> SocialConcern[Social Concern] </pre>

Items	Implementation Situation							
二、Describe how the identified climate risks and opportunities affect the corporate's business, strategy, and finances in the short-term, medium-term, and long-term.	We have currently incorporated energy consumption, greenhouse gas emissions management, and inventories into our short-term (3 years) goals. For our medium-term (5 years) and long-term (10 years) goals, we focus on improving resource efficiency based on greenhouse gas inventories results and reduce greenhouse gas emissions year by year. We conducted a climate change-related risk questionnaire among senior internal executives to identify risks and their financial impacts under climate change conditions and discuss opportunities arising from climate-related risks. From this investigation, we identified 4 major risks and 1 minor risk, including greenhouse gas reduction and carbon pricing, customers preferences changing, increasing raw material costs, transitioning to low-carbon technologies, a typhoons and heavy rainfall. Additionally, we identified 2 opportunities, there are participating in renewable energy projects, adopting energy-saving measures, and entering new markets to increase consumers purchasing intentions.							
三、Describe the impact of extreme weather events and transition actions on finances.	Significant	Transformational Risks	Policy and Regulatory Risks	Greenhouse Gas Reduction and Carbon Pricing	In accordance with the carbon reduction targets set by domestic competent agencies to address climate change, we are required to conduct greenhouse gas inventories and carbon reduction plans. Moreover, the government is promoting a carbon pricing mechanism where companies exceeding carbon emission limits will face fines, resulting in additional operational costs.	Increase in Operating costs	Short-Term (3 years)	<ul style="list-style-type: none">• To respond to the global carbon pricing mechanism, we have initiated the implementation of ISO 14064-1 for greenhouse gas inventory.• We will subsequently identify emission hotspots and plan to have carbon reduction plans.
四、Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.				Market Risks	Customers Preference Changing	In response to the rising sustainability awareness of global or regional, customers prefer to choose low-carbon or eco-friendly products. If the products haven't meet consumers' demands for sustainability might be obsoleted.	Revenue Decreasing, Research and Development Expenses Increasing	Short-Term (3 years)
五、If we utilized scenario analysis to assess resilience against climate change risks, we might describe the scenario, parameters, assumptions, analysis factors, and main financial impacts used in the analysis.			Technological Risk		Raw Material Costs Increasing	Climate change has led to increase raw material costs that required for the manufacturing process of sports equipment, resulting in suppliers raising contract amounts with us, and then increasing manufacturing costs.	Operating Costs Increasing	Mid-Term (5 years)
				Low-Carbon Technology Transformation	Due to factors related to climate change issues, there is a need to adopt innovative processes or procedures under existing conditions, or to change the service of providing methods, to meet the government's and customers' demands for low carbon.	Operating Costs Increasing Operating Expenses Increasing	Short-Term (3 years)	<ul style="list-style-type: none">• We plan to inventory the greenhouse gas emissions from existing factories and equipment at each stage of the production process, identify high-emission hotspots, and then develop a carbon reduction plan.
六、If there is a transformation plan to address climate management risks, we might describe the contents of the plans and the indicators and goals used to identify and manage physical and transitional risks.		Minor	Physical Risks	Immediacy	Typhoons, Heavy Rainfalls	The increased frequency of severe typhoons and extreme rainfall cause operational disruptions for our company, potentially lead to flooding or water accumulation in factories. This could result in asset losses and impact equipment production schedules.	Operating Revenue decreasing Operating Costs Increasing	Short-Term (3 years)

	<table><tr><th>Opportunity Types</th><th>Opportunity Factors</th><th>Strategies and Goals of Dyaco</th><th>Finance Impacts</th><th>Impacts Period</th></tr><tr><td>Toughness</td><td>Participating in renewable energy projects and adopting energy-efficient measures</td><td>We have installed solar panels on the rooftops of all three factories in Changhua for solar power generation. Also, in the construction of new factories, we have planned to install solar panels on the rooftops and participate in renewable energy projects.</td><td>Initially, setting up solar power generation may increase costs. However, subsequent solar power generation can generate additional revenue from selling surplus electricity.</td><td>Short-Term (3 years)</td></tr><tr><td>Markets</td><td>Entering new markets and increasing consumers' purchasing intentions.</td><td>We enter the green energy markets by not only developing and manufacturing E-Bikes, but also keep ongoing research and development of low-carbon products to meet consumers' demands for green energy. This strategy aims to enhance the company's green sustainability image and reputation.</td><td>During the product development and manufacturing stages, there is going to increase R&D expenses. However, once the products are sold, it will increase operating revenues.</td><td>Mid-Term (5 years)</td></tr></table>	Opportunity Types	Opportunity Factors	Strategies and Goals of Dyaco	Finance Impacts	Impacts Period	Toughness	Participating in renewable energy projects and adopting energy-efficient measures	We have installed solar panels on the rooftops of all three factories in Changhua for solar power generation. Also, in the construction of new factories, we have planned to install solar panels on the rooftops and participate in renewable energy projects.	Initially, setting up solar power generation may increase costs. However, subsequent solar power generation can generate additional revenue from selling surplus electricity.	Short-Term (3 years)	Markets	Entering new markets and increasing consumers' purchasing intentions.	We enter the green energy markets by not only developing and manufacturing E-Bikes, but also keep ongoing research and development of low-carbon products to meet consumers' demands for green energy. This strategy aims to enhance the company's green sustainability image and reputation.	During the product development and manufacturing stages, there is going to increase R&D expenses. However, once the products are sold, it will increase operating revenues.	Mid-Term (5 years)
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七、If we used internal carbon pricing as a planning tool, we should explain the basis for setting the price.	<p>We have not yet implemented an internal carbon pricing mechanism now.</p> <p>In the future, we plan to identify the departments within the company that should be subject to carbon emissions regulation. We will categorize and generalize these departments and intends to conduct data analysis on the carbon emissions of these regulated entities. We will then refer to peers regarding carbon fees or carbon taxes to implement carbon taxation.</p> <p>The direction of internal carbon pricing is to encourage various units within the company to voluntarily propose ideas for carbon reduction. This approach seeks to identify reduction opportunities from the bottom up and implement them to increase the company's overall contribution to carbon emission reduction.</p>															
八、If we set climate-related targets, we should explain the activities, including greenhouse gas emission scopes, planning timelines, annual progress towards achievement, etc. If we used carbon offsets or Renewable Energy Certificates (RECs) to meet these goals, we should explain the sources and quantities of carbon offsets, or the number of RECs used.	<p>1.Green Buildings: When constructing new factories, consideration will be given to integrating energy storage and green energy, and priority will be given to purchasing intelligent and energy-efficient equipment.</p> <p>2.Process Improvement: Natural gas is used as the heating material, and powder electrostatic coating is adopted for the painting process, effectively reducing air emission pollution.</p> <p>3.Implementation of Ice-Storage Air Conditioning System: To reduce energy consumption and save electricity for daily office use, the ice storage air conditioning system supplies the air conditioning of the administrative building in Changhua and assembly lines. The system is scheduled at times to prevent unnecessary operation.</p> <p>4.Implementing Recycling Practices: Carry out waste recycling by categorizing recyclable materials practically, and then reducing the generation of general waste.</p> <p>5.Replacement of Old Equipment: Since 2015, all lighting fixtures have been replaced with energy-saving LED lights, including office areas and factories. Gradually replacing old vehicles, priority is given to purchasing electric or hybrid vehicles to reduce the use of gasoline and diesel.</p> <p>6.We follow the ISO 14064-1 standard for organizing greenhouse gas inventories systems, conducting greenhouse gas inventories, and commission third-party certification bodies to verify and pass.</p> <p>7.Implement mid- and long-term carbon reduction targets and set a carbon reduction blueprint:</p> <table><tr><th>2022</th><th>2023</th><th>2024</th></tr><tr><td><ul style="list-style-type: none">Carbon inventory initiationRevising high-emission hotspots</td><td><ul style="list-style-type: none">Obtaining ISO14064-1 greenhouse gas inventory certificationDrafting a carbon reduction declaration</td><td><ul style="list-style-type: none">Planning to implement Task Force on Climate-related Financial Disclosures (TCFD) frameworkContinuously reducing carbon emissions</td></tr></table>				2022	2023	2024	<ul style="list-style-type: none">Carbon inventory initiationRevising high-emission hotspots	<ul style="list-style-type: none">Obtaining ISO14064-1 greenhouse gas inventory certificationDrafting a carbon reduction declaration	<ul style="list-style-type: none">Planning to implement Task Force on Climate-related Financial Disclosures (TCFD) frameworkContinuously reducing carbon emissions						
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2. Greenhouse Gas Inventory and Verification Situation of these two years

(1). Greenhouse Gas Convinced Information

Years	2022		2023	
Inventory Classification Categories	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/million dollars)	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/million dollars)
Category1: Direct Emissions				
Parent Company	870.56	0.1222	522.67	0.0671
Category2: Indirect Emissions				
Parent Company	1,251.15	0.1757	1,606.12	0.2062
Category1+Category2: Direct and Indirect Emissions				
Parent Company	2,121.71	0.2979	2,128.79	0.2733
Convinced Agency	Auray Technology Corp. Certification Center		Auray Technology Corp. Certification Center	
Convinced Situation Explanation	Verification Standards by ISO 14064-1:2018		Verification Standards by ISO 14064-1:2018	

Note 1: Direct emissions (Category1, direct emissions from sources owned or controlled by the company), Indirect Emissions (Category 2, indirect emissions from purchasing electricity, heat, or steam), and other indirect emissions (Category 3, emissions from company's activities, not belongs to indirect emissions, the emissions are owned from other company's)

Note 2: The scope of inventory for the parent company includes our Changhua Factory, Changhua Factory 2, Changhua Factory 5, Taichung Office, and Taipei Office.

(2).Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

Explain the baseline year, data, reduction targets, strategies, specific action plans, and achievements of reduction goals for greenhouse gas reduction.

We follow the ISO 14064-1 standard for organizing greenhouse gas inventories systems, conducting greenhouse gas inventories, and commission third-party certification bodies to verify and pass.

Our climate-related goals are generating electricity by using solar power systems, with the baseline year for emission reduction set in 2020. Our primary goal is to reduce carbon dioxide emissions, and our reduction targets are as follows:

Period	Times	Coverage	Reducing carbon dioxide emissions
Short-Term	2020 to 2026	Changhua Factory (1,2,5), Taichung and Taipei office	Annual reduction of 800,000 KG
Mid-Term	2027 to 2031		Annual reduction of 900,000KG
Long-Term	After 2031		Annual reduction of 950,000KG

We successfully achieved our short-term goal by reducing carbon dioxide emissions about 875,402 KG through solar power generation in 2023.

Appendix IV GRI Standards

Statement of Use: Dyaco International has reported by the GRI Standards for 2023.1.1-2023.12.31.

GRI 1 Used: GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

GRI Standards	Disclosures	Chapter		Page	Note
2-1	Organizational details	1	About Dyaco	12	
2-2	Entities included in the organization's sustainability reporting		About This Report	3	
2-3	Reporting period, frequency and contact point		About This Report	3	
2-4	Restatements of information		About This Report	3	
2-5	External assurance		About This Report	3	
2-6	Activities, value chain and other business relationships	4-5	Technology Innovation	64	
2-7	Employees	3-1	Human Resource Management	30	
2-8	Workers who are not employees	3-1	Human Resource Management	30	
2-9	Governance structure and composition	4	Governance and Economics	52	
2-10	Nomination and selection of the highest governance body		Director Election Rules please refer to Dyaco website		
2-11	Chair of the highest governance body	4-2	The Board of Directors	54	
2-12	Role of the highest governance body in overseeing the management of impacts	4-4-3	Risk and Opportunity Management	60	
2-13	Delegation of responsibility for managing impacts	4-4-3	Risk and Opportunity Management	60	
2-14	Role of the highest governance body in sustainability reporting	4-3-3	Corporate Sustainable Development Committee	57	
2-15	Conflicts of interest		Director Election Rules please refer to Dyaco website		
2-16	Communication of critical concerns	4-3	Functional Committees	56	
2-17	Collective knowledge of the highest governance body	4-2	The Board of Directors	54	
2-18	Evaluation of the performance of the highest governance body	4-2	The Board of Directors	54	
2-19	Remuneration policies	4-3-2	Remuneration Committee	57	
2-20	Process to determine remuneration	4-3-2	Remuneration Committee	57	

GRI Standards	Disclosures	Chapter		Page	Note
2-22	Statement on sustainable development strategy	2-1-1	Sustainable Development Policy and Implementation Plan	21	
2-23	Policy commitments	3	Social Inclusion	30	
2-24	Embedding policy commitments	4	Governance and Economics	52	
2-26	Mechanisms for seeking advice and raising concerns	4-4-1	Operational Management and Regulatory Compliance	59	
2-27	Compliance with laws and regulations	4-4-1	Operational Management and Regulatory Compliance	59	
2-28	Membership associations	4-9	Involvement of External Organizations	74	
2-29	Approach to stakeholder engagement		Stakeholder Engagement	4	
2-30	Collective bargaining agreements		Dyaco has not established a labor union, please refer to 3-5 Enhance Labor Relations and Communication for detailed information	47	



GRI 3: Material Topics 2021

GRI Standards	Disclosures	Chapter	Page	Note
3-1	Process to determine material topics	Sustainability Issues Analysis and Management	7	
3-2	List of material topics			
3-3	Management of material topics			

Topics	Disclosures	Chapter	Page	Note
GRI 201 : Economic Performance	201-1	Direct economic value generated and distributed	3	Social Inclusion
			4-1	Business Performance
	201-2	Financial implications and other risks and opportunities due to climate change	2-1	Climate Change Adaptation
GRI 204 : Procurement Practices	204-1	Proportion of spending on local suppliers	4-7-2	Supplier Management Performance and Goals
GRI 205* : Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	4-4-1	Operational Management and Regulatory Compliance
GRI 206* : Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4-4-1	Operational Management and Regulatory Compliance
GRI 207* : Tax	207-1	Approach to tax	4-4-2	Fiscal and Taxation Management Policies
	207-2	Tax governance, control, and risk management	4-4-2	Fiscal and Taxation Management Policies
GR2I 302* : Energy	302-1	Energy consumption within the organization	2-2	Energy Management
	302-3	Energy intensity	2-2-1	Energy Intensity
	302-4	Reduction of energy consumption	2-5-2	GHG Emission Reduction Targets and Implementation Status
GRI 303* : Water and Effluents 2018	303-1	Interactions with water as a shared resource	2-3	Water Resources Management
	303-2	Management of water discharge-related impacts	2-3	Water Resources Management
	303-3	Water withdrawal	2-3	Water Resources Management
	303-4	Water discharge	2-3	Water Resources Management
	303-5	Water consumption	2-3	Water Resources Management

Note: "*" refers to non-materiality topics but was voluntary disclosure by Dyaco.

Topics	Disclosures		Chapter	Page	Note
GRI 305* : Emissions	305-1	Direct (Scope 1) GHG emissions	2-5	Greenhouse Gas Emissions Management	28
	305-2	Energy indirect (Scope 2) GHG emissions	2-5	Greenhouse Gas Emissions Management	28
	305-3	Other indirect (Scope 3) GHG emissions	2-5	Greenhouse Gas Emissions Management	28
	305-4	GHG emissions intensity	2-5	Greenhouse Gas Emissions Management	28
	305-5	Reduction of GHG emissions	2-5-2	GHG Emission Reduction Targets and Implementation Status	28
GRI 306* : Waste 2020	306-3	Waste generated	2-4	Waste Management	27
	306-5	Waste directed to disposal	2-4	Waste Management	27
GRI 308 : Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4-7	Supplier Management	72
GRI 401 : Employment	401-1	New employee hires and employee turnover	3-2	Talent Attraction and Retention	33
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	3-2	Talent Attraction and Retention	33
	401-3	Parental leave		Maternal Health Protection Program	40
GRI 402* : Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	3-5	Enhancing Labor-Employment Communication	47

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Topics	Disclosures	Chapter	Page	Note
GRI 403* : Occupational Health and Safety 2018	403-1 Occupational health and safety management system	3-4 Occupational Safety and Health	42	
	403-2 Hazard identification, risk assessment, and incident investigation	3-4 Occupational Safety and Health	42	
	403-3 Occupational health services	3-4 Occupational Safety and Health	42	
	403-4 Worker participation, consultation, and communication on occupational health and safety	3-2-2 Employee Benefits	35	
		3-4 Occupational Safety and Health	42	
	403-5 Worker training on occupational health and safety	3-4 Occupational Safety and Health	42	
	403-6 Promotion of worker health	Annual Health Check	37	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3-4 Occupational Safety and Health	42	
	403-8 Workers covered by an occupational health and safety management system	3-4 Occupational Safety and Health	42	
	403-9 Work-related injuries	3-4-2 Occupational Hazard Statistics	45	
	403-10 Work-related ill health	3 Social Inclusion	30	

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Topics	Disclosures	Chapter	Page	Note
GRI 404 : Training and Education	404-1 Average hours of training per year per employee	3-3-1 2023 Training Hours (By Gender)	42	
GRI 405 : Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	3-2 Talent Attraction and Retention	33	
GRI 406* : Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	4-4-6 Labor-Employer Management System	63	
GRI 408* : Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	4-4-6 Labor-Employer Management System	63	
GRI 409* : Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4-4-6 Labor-Employer Management System	63	
GRI 411* : Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			No such matter
GRI 414 : Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	4-7 Supplier Management	72	
GRI 415* : Public Policy 2016	414-2 Negative social impacts in the supply chain and actions taken	4-7 Supplier Management	72	
GRI 416 : Customer Health and Safety	415-1 Political contributions			No such matter
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4-5 Technology Innovation	64	
GRI 417* : Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	-		No violation
	417-3 Incidents of non-compliance concerning marketing communications	-		No violation

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Sustainability Report

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