

2022

Sustainability Report

dyaco



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A Word from The Chairman

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“ A Word from the Chairman



Dyaco International Inc. is committed to implementing corporate social responsibility. Setting sustainable management and social prosperity as our goals and continuously fulfilling social obligations.

Dyaco started from trade, conducted local research and development and production, and gradually promoted our products to the global market. With over 30 years of history, we uphold the philosophy of being people-oriented, coexistence with the environment, and co-prosperity with society. Therefore, we incorporate ESG thinking, and our actions are not just about the industry and economic figures but for the expected future of the world and humanity.

These cannot be achieved in the short term while requiring the efforts of various industries and countries to achieve long-term goals together.

To provide a better living environment for everyone, no one can remain indifferent. Everyone must have specialized roles and continue collaborating, from national societies to businesses and individuals. As a member of the international business community, we must respond to stakeholders and stabilize business development with more active actions and risk management in the face of sustainable issues such as supply chain development, global environmental problems, responsible production, and employee well-being. We also follow the United Nations Sustainable Development Goals (SDGs) to implement corporate governance and social responsibility.

Chairman 

-Sustainability Committee Annual Plan-

2022 Work Plans

- Completing the ISO 14064-1 Greenhouse Gas Inventory
- Planning CSR education and training courses across various department

Coming Work Plans

- Implement ISO 45001 Occupational Health and Safety Management System.
- Strengthening the promotion of corporate social participation.
- Continuously monitoring the carbon reduction plan.

About This Report

This report is the fifth 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, 2022, to December 31, 2022, Dyaco corporate social responsibility results, management policies, and performance, all based on Dyaco Taiwan, including Taipei's headquarter, Taichung's International Marketing Office, and three factories located in Changhua.

Restatement of Information

Dyaco obtained the 2021 greenhouse gas inventory certification in the first quarter 2023. The relevant data for energy consumption, greenhouse gas emissions, waste, etc., in 2021 has been updated and set as the baseline year for greenhouse gas emissions.

The proportion of new recruits and resigned employees calculation method refers to the GRI standards.

Date of Issue

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

- 2021 Corporate Sustainability Report: Issued in August 2022
- 2022 Corporate Sustainability Report: Issued in August 2023
- 2023 Corporate Sustainability Report: Scheduled to be issued in June 2024

Reporting Guidelines and Principles

This report follows the core options of GRI standards issued by the Global Reporting Initiative as the reference basis for information disclosure. For the first time, this report discloses relevant information by the Sustainability Accounting Standards Board (SASB) under the Toys & Sporting Goods industry category.

Report Assurance

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

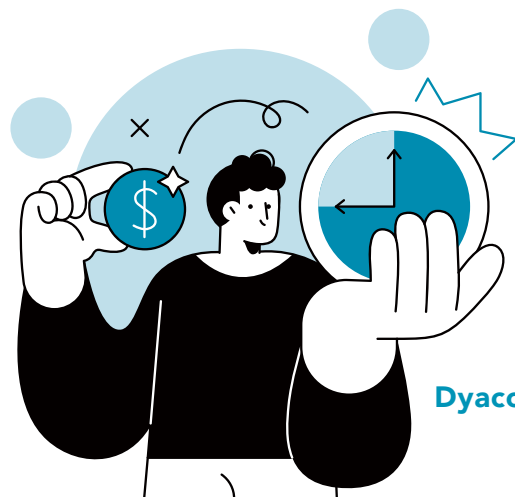
Feedback

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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Dyaco Sustainable Performance Highlight



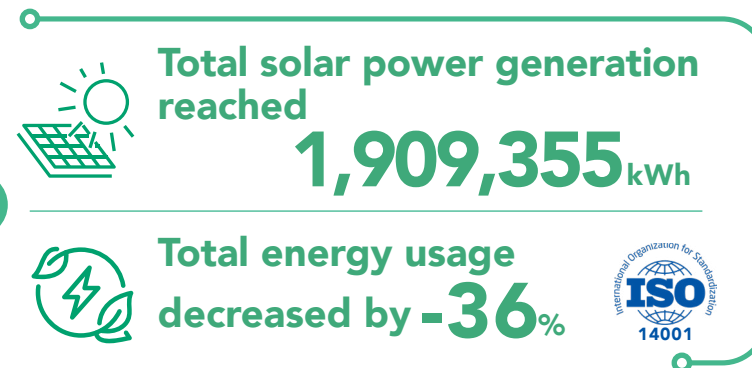
ISO 14064-1 greenhouse gas inventory was introduced in 2022.

Dyaco's consolidated revenue for 2022 is NTD 71.2 billion.

Dyaco has always adhered to the core values of brand, service, and innovation and has continued researching and developing high-quality products. Comprehensive quality inspections are carried out before delivery to ensure product safety by implementing the ISO 9001 quality management and ISO 13485 medical equipment quality management systems. We have gradually incorporated environmental protection and safety concepts into the research and development phase to reduce greenhouse gas emissions generated during production.

Since 2018, Dyaco has formulated the "Environmental, Safety and Health Policy" and "Corporate Social Responsibility Management Manual." We comply with the Responsible Business Alliance (RBA) standards for social management norms and require our suppliers to sign social responsibility audit forms and gradually integrate the industry supply chain. Regarding environmental management, we officially introduced the ISO 14064-1 greenhouse gas inventory in 2022 and continue to monitor it.

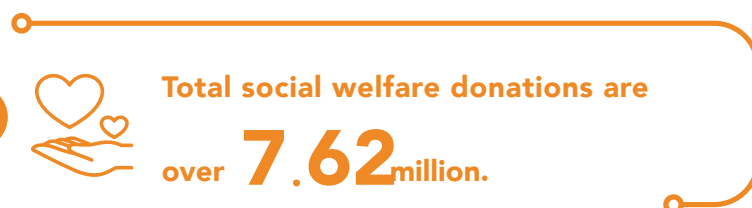
Environmental



Governance & Economics



Social



Dyaco's Action on SDGs



Good health and well-being

Related
Chapter
[Ch3](#)、[Ch6](#)

SDGs Targets

3.4 By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

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.



Quality Education

Related
Chapter
[Ch6](#)、[Ch7](#)

SDGs Targets

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

Meaning to Dyaco

Employees are an essential source of growth resources and sustainable development, so Dyaco attaches great importance to learning and education. We provide vocational training to ensure the implementation of diversified employment and equality policies.



Gender Equality

Related
Chapter
[Ch3](#)、[Ch6](#)

SDGs Targets

5.1 End all forms of discrimination against all women and girls everywhere
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

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.



Decent work and economic growth

Related
Chapter
[Ch1](#)、[Ch3](#)、[Ch4](#)

SDGs Targets

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Meaning to Dyaco

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



Responsible consumption and production

Related
Chapter
[Ch4](#)、[Ch5](#)

SDGs Targets

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

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.



Peace, justice, and strong institutions

Related
Chapter
[Ch1](#)、[Ch3](#)

SDGs Targets

16.5 Substantially reduce corruption and bribery in all their forms
16.6 Develop effective, accountable and transparent institutions at all levels.

Meaning to Dyaco

Dyaco's layout in the global market and establishing partnerships and norms are the key projects of the company's sustainable management.



Partnerships for the goals

Related
Chapter
[Ch1](#)、[Ch3](#)

SDGs Targets

17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda.

Meaning to Dyaco

Dyaco's layout in the global market and establishing partnerships and norms are the key to sustainable operation.

1 About Dyaco

- 1-1 Company structure
- 1-2 Key Milestones
- 1-3 Organization Relationship Chart
- 1-4 Worldwide Location
- 1-5 Industrial Chain
- 1-6 Core Values





Company name

Dyaco International Inc.

Stock code

1598

Industry category

Biotechnology and
medical industry

Chairman

Lin, Ing-Gin

CEO

Hsu, Wen-Bin

COO

Tseng, Yu-Hsiang

President

Chen, Ming-Nan

Headquarter

12F., No. 111, Songjiang Rd.,
Zhongshan Dist., Taipei City 104,
Taiwan (R.O.C.)

Business scope

Global

Capital (NTD)

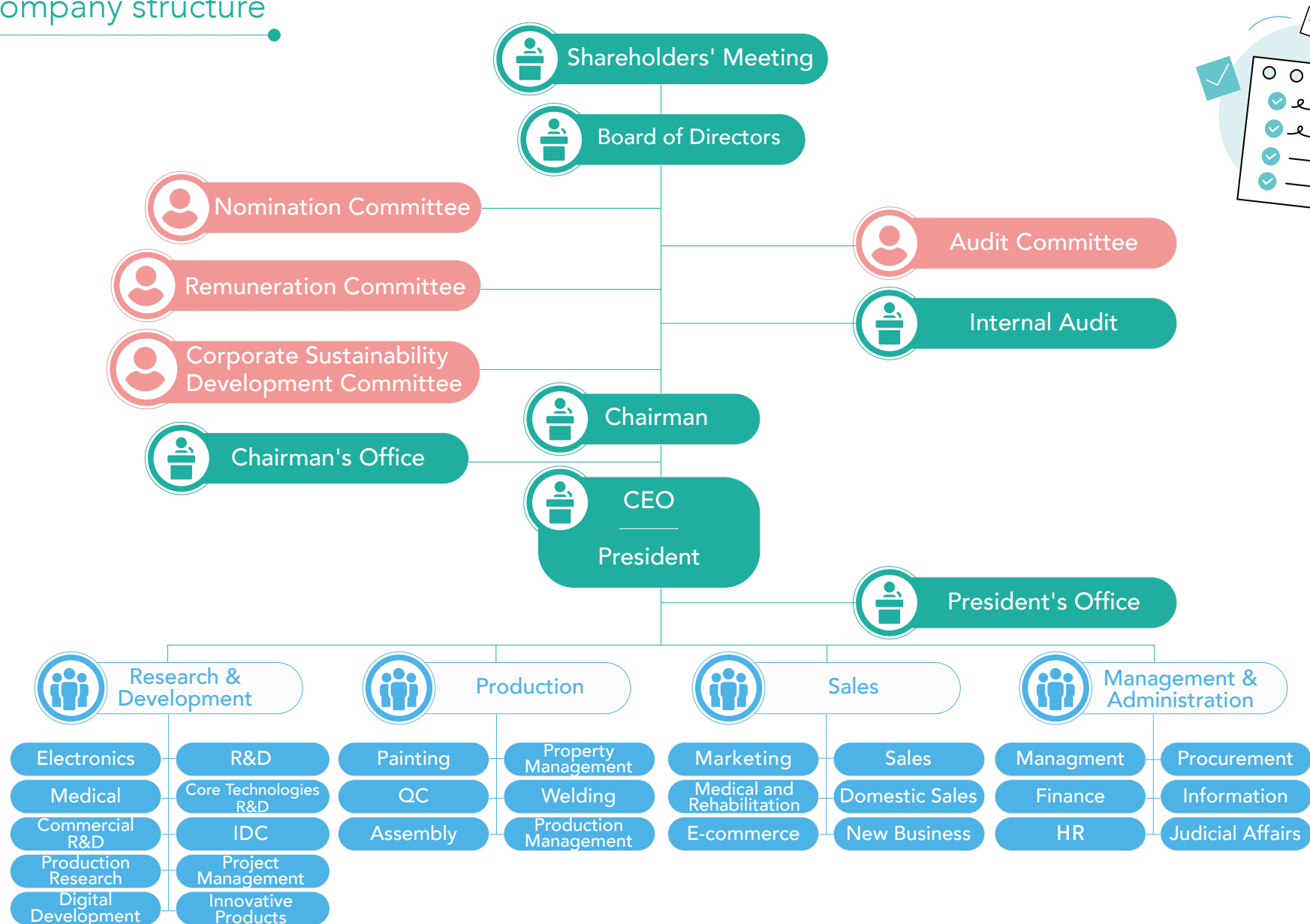
1,341,147,540

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.

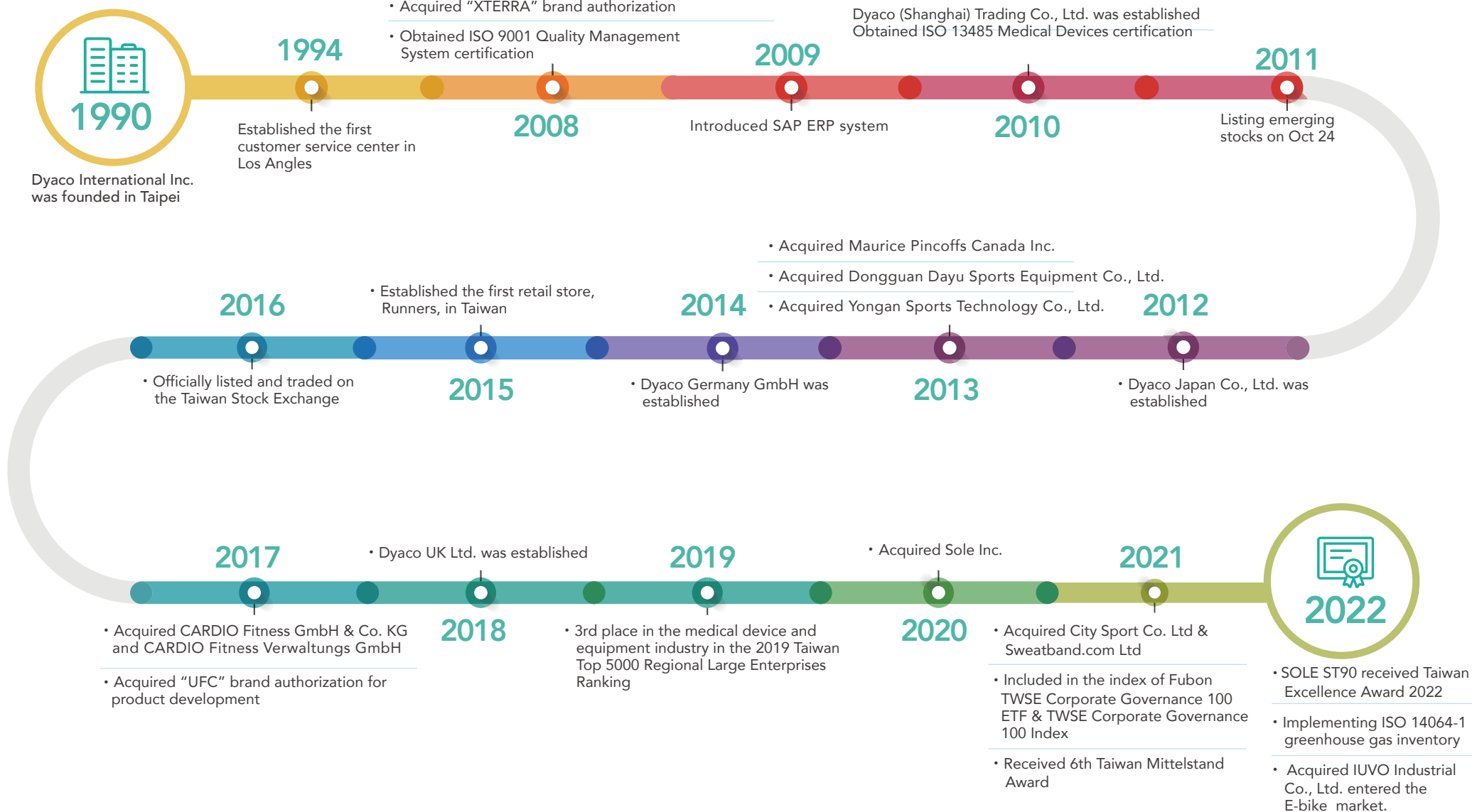
Dyaco formulates a corporate governance structure, implements, and abides by relevant laws and regulations following the code, establishing sustainable operation and development. Since the 5th evaluation, Dyaco has maintained a 6% to 20% score in the Corporate Governance Evaluation System, higher than 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.



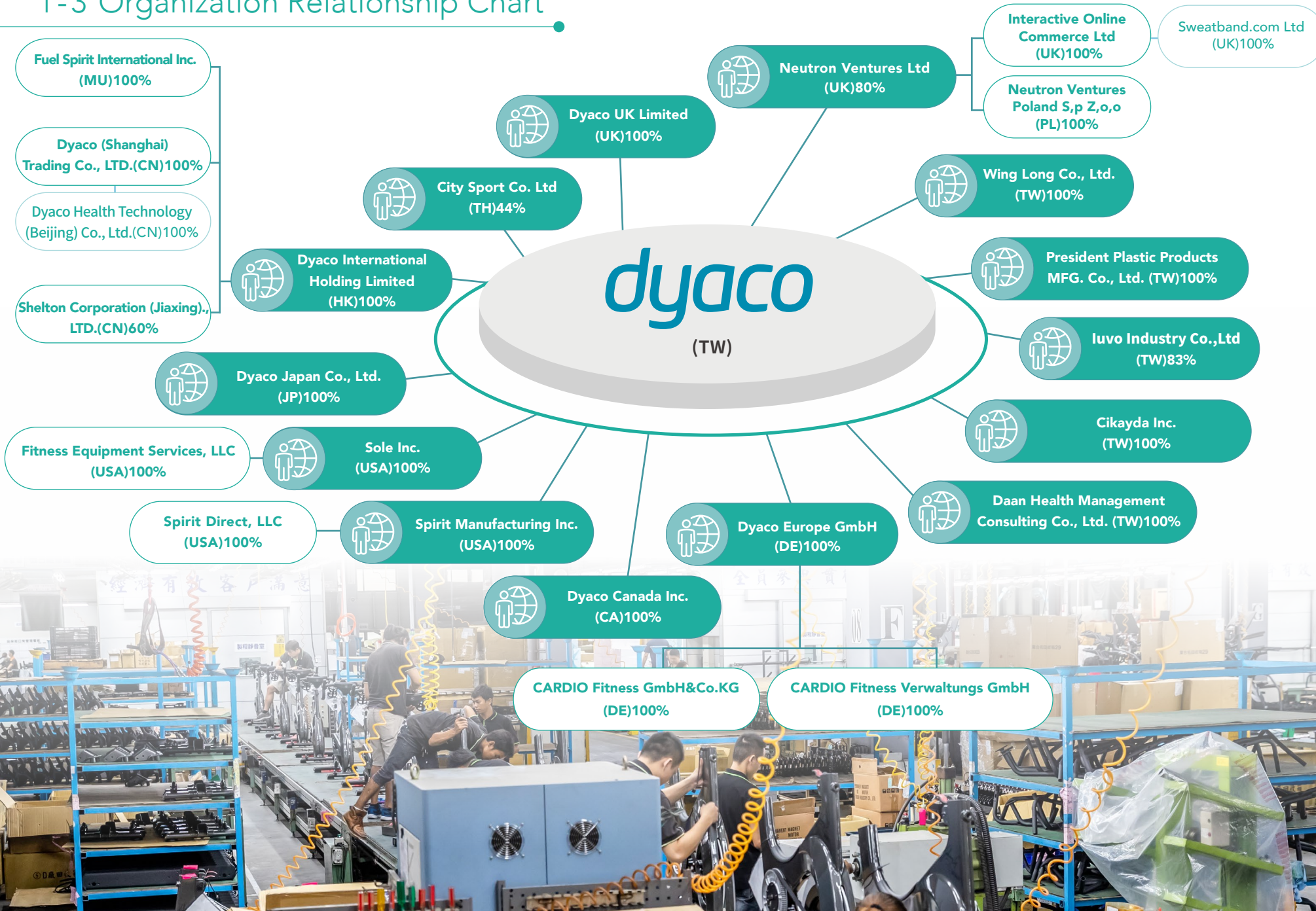
1-1 Company structure



1-2 Key Milestones



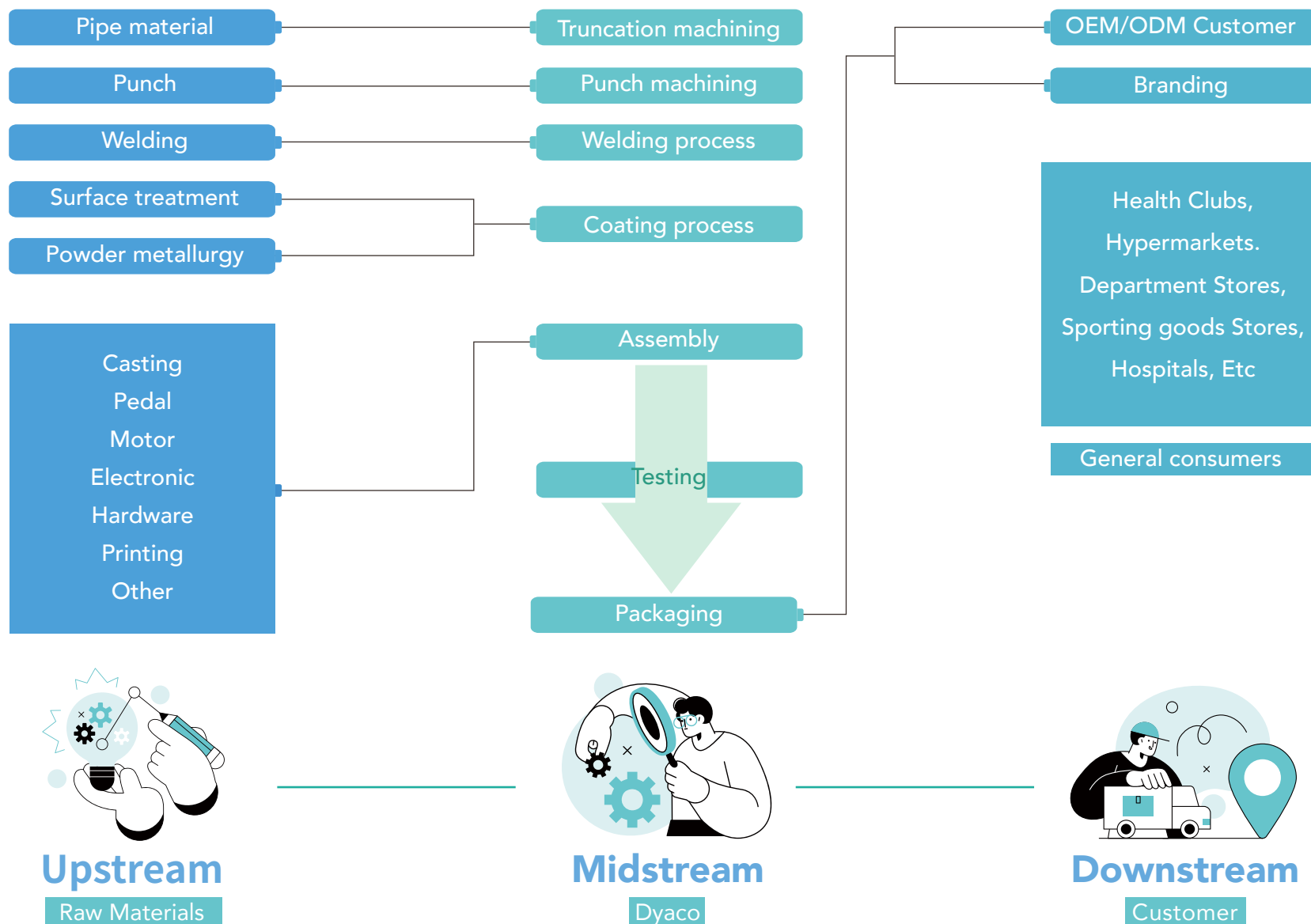
1-3 Organization Relationship Chart



1-4 Worldwide Location



1-5 Industrial Chain



1-6 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



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

Creating Sustainable Value

2-1 Stakeholder Engagement

2-2 Sustainability Issues Analysis and Management






Dyaco has always upheld the core values of brand, service, and innovation and is committed to the research and development of high-quality products. Our products have been recognized for seven consecutive years with the Taiwan Excellence Award. Product safety is a significant focus for us, and we ensure the safety of our products by implementing comprehensive quality inspections through ISO 9001 and ISO 13485. We continue incorporating environmental and safety concepts into our research and development process to reduce greenhouse gas emissions generated during production. Since 2018, Dyaco has successively established the "Environmental Safety and Health Policy," "Social Responsibility Management Manual," and "Greenhouse Gas Inventory Operations Manual," as well as set up Corporate Sustainable Development Committee (CSDC). We voluntarily follow the Responsible Business Alliance (RBA) standards, adhere to social management norms, and require suppliers to sign social responsibility audit forms, gradually integrating the whole supply chain. Regarding environmental management, Dyaco's factories are equipped with solar power generation equipment that sells electricity back to Taiwan Power Company; waste generated during production is 100% legally disposed of and continuously tracks carbon emissions.

2-1 Stakeholder Engagement

Based on the five principles of the AA1000 Stakeholder Engagement Standard (Dependency, Responsibility, Tension, Influence, and Diverse perspectives), Dyaco's Sustainability team has identified the company's essential stakeholders through communication with various departments. These stakeholders include government authorities, employees, shareholders and investors, customers and consumers, suppliers, social groups, and community residents.

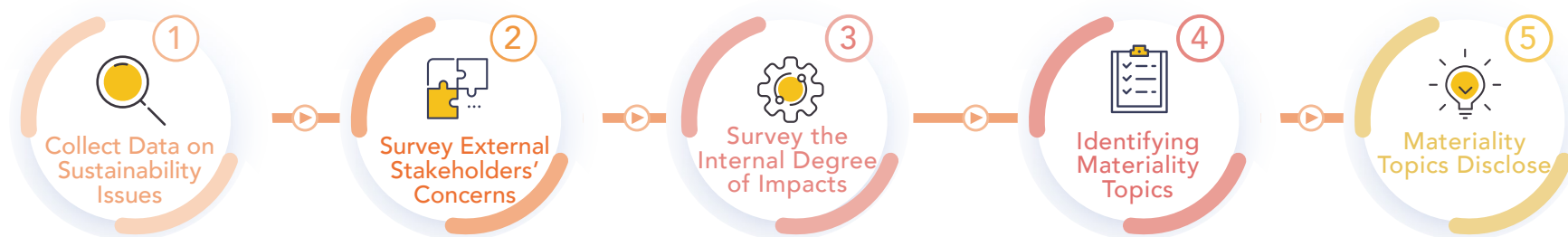


Major Stakeholders	Major Issues of Concern	Communication Channels	Frequency	Outcomes In 2022
 Government Authorities	<ul style="list-style-type: none"> - Corporate governance - Regulatory compliance - Risk assessment - Occupational safety and health - Customer services management 	<ul style="list-style-type: none"> - Meeting - Cooperate with supervision and inspection - Contact windows - Announcement 	<ul style="list-style-type: none"> - Irregularly - Irregularly - Irregularly - Irregularly 	<ul style="list-style-type: none"> - 8th Corporate Governance Evaluation System ranked 6%-20%.
 Employees	<ul style="list-style-type: none"> - Occupational Safety and health - Talent Acquisition, Stay, and Benefits - Labor-management relations and employees rights 	<ul style="list-style-type: none"> - Occupational safety and health meetings - Employees welfare meetings - Labor-management meetings - Company announcement - On-the-job training - Notification system 	<ul style="list-style-type: none"> - Quarterly - Irregularly - Quarterly - Irregularly - Irregularly - Quarterly 	<ul style="list-style-type: none"> - The total number of training hours is 4,654 hours. - 2,901 employees were trained. - 1 domestic employee travel. - Annual welfare expenditure over NT\$ 5 million.
 Shareholders & Investors	<ul style="list-style-type: none"> - Corporate governance - Regulatory compliance - Risk management - Technology innovation - Climate change adaptation - Energy management - Water resource management - Wastewater/ waste management - Supplier management - Sustainable development strategies 	<ul style="list-style-type: none"> - General meeting of shareholders - Investor conference - Investor relations contact window - Company financial report, annual report, sustainability report 	<ul style="list-style-type: none"> - Once a year - four times/ year - Irregularly - Once a year 	<ul style="list-style-type: none"> - Hold 1 general meeting of shareholders. - Hold 4 investor conferences.

Major Stakeholders	Major Issues of Concern	Communication Channels	Frequency	Outcomes In 2022
 Customers & Consumers	<ul style="list-style-type: none"> - Customer services management - Technology innovation - Customers privacy - Energy management - Water resource management - Wastewater/waste management - Supplier management 	<ul style="list-style-type: none"> - Service contact window - Official website 	<ul style="list-style-type: none"> - Depends on customer needs - Irregularly 	<ul style="list-style-type: none"> - 100% completion rate of customer service cases.
 Suppliers	<ul style="list-style-type: none"> - Regulatory compliance - Risk assessment - Products and services innovation 	<ul style="list-style-type: none"> - Consultative meeting - Signing supplier responsibility commitment 	<ul style="list-style-type: none"> - Irregularly - Irregularly 	<ul style="list-style-type: none"> - As of 2022, a total of 250 hazardous substance restriction guarantees have been signed with Dyaco, accounting for 66.67% of the fulfillment rate of raw material suppliers (category F). - 6 investigations have been completed on electronic materials, ensuring they do not contain conflict metals such as tantalum, tin, tungsten, and gold mining in eastern Congo and its neighboring countries. - Investigate 257 suppliers on supplier environment, occupational safety, and social responsibility management.
 Social Groups & Community Residents	<ul style="list-style-type: none"> - Corporate image - Social care - Social engagement 	<ul style="list-style-type: none"> - Community service activities - Materials or scholarship distribution 	<ul style="list-style-type: none"> - Irregularly - Irregularly 	<ul style="list-style-type: none"> - Invested over NT\$ 7 million in the community. - A total of 16 units are being donated.

2-2 Sustainability Issues Analysis and Management

2-2-1 Identifying Materiality Topics



GRI Sustainability, ISO 26000 Guidance on Social Responsibility, UN Sustainable Development Goals (SDGs), SASB, RBA, etc., are used to collect sustainability Issues.

5 sources of Sustainability Issues

Conducts questionnaire surveys to determine the degree of stakeholder concern on various sustainability issues.

143 responses to the questionnaire

Conducts questionnaire surveys to determine the degree of impact on the company's activities.

11 Management-level Executives

Members of the Sustainability Development Team compile and analyze issues.

19 categories of sustainability issues

Materiality topics are being submitted to the CSDC for approval.

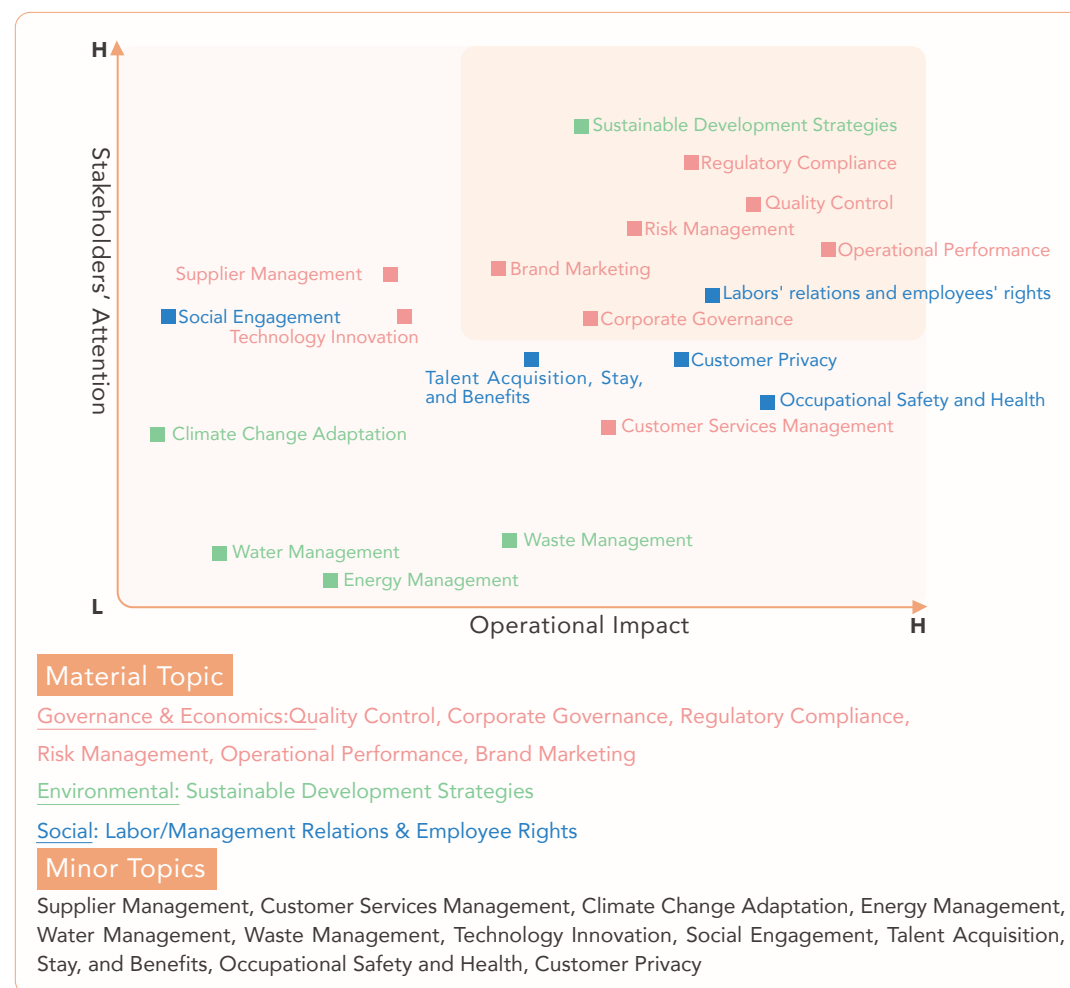
8 Material Topics

In 2022, eight material 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. 154 valid questionnaires were collected 2022, including external stakeholder questionnaires and internal evaluations of the impacts of business activities, operations, products, and services on sustainability issues. This report acknowledges that the assessment of positive and negative potential and actual impacts related to sustainability issues is currently unavailable. However, we anticipate that further disclosure will be provided in our sustainability report in 2023.

Difference from the Previous Year

There are a total of 19 sustainable issues in 2022. After internal discussions and multi-party consideration of the future implementation of Dyaco, the issues are classified into 8 materiality topics and 11 sub-themes. This allowed us to focus more on stakeholder concerns and effectively propose management solutions.

	2022 Sustainability Issues	2021 Sustainability Issues
Governance & Economics	Supplier Management	
	Quality Control	Quality Control
	Corporate Governance	Corporate Governance
	Regulatory Compliance	Regulatory Compliance
	Risk Management	Risk Management
	Operational Performance	Operational Performance
	Brand Marketing	Brand Marketing
	Technology Innovation	Technology Innovation
	Customer Services Management	Customer Services Management
Environmental	Climate Change Adaptation	Climate Change
	Energy Management	
	Water Management	
	Waste Management	
	Sustainable Development Strategies	Sustainable Development Strategies
Social		Green Procurement
		Supplier Management
	Talent Acquisition, Stay, and Benefits	Labor-Employer Relations
	Labor/Management Relations & Employee Rights	Labor-Management Relations
	Occupational Safety and Health	Occupational Health and Safety
	Social Engagement	Social Engagement
	Customer Privacy	Customer Privacy and Communication
		Customer Needs



Material Topics



Significance to Dyaco

Economic, Environmental, Social, and Operation Impacts

Dyaco	Direct			Indirect
	Investors	Suppliers	Customers	Society

GRI Topics

Quality Control	Providing customers with safe products and ensuring the high quality and safety of the products is the responsibility of Dyaco.	✓		✓	✓	✓	Customize Topics
Corporate Governance	A sound organizational structure, a functioning board of directors, establishing management systems, and maintaining Dyaco's operations are essential for our success.	✓	✓	✓		✓	GRI 2-9: Governance structure and composition GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior
Regulatory Compliance	Keeping up with global trends and complying with relevant laws and regulations are essential requirements for sustainable corporate responsibility management.	✓	✓				GRI 2-27: Compliance with laws and regulations GRI 205: Anti-Corruption GRI 206: Anticompetitive Behavior
Risk Management	Establishing a system to identify and manage operational risks is necessary to reduce operational impacts and increase development opportunities.	✓		✓			GRI 2-23: Policy commitments GRI 207: Tax
Operational Performance	Ensuring Dyaco's competitiveness and sustainability requires monitoring revenue, financial profitability, and the ratio of operational sales.	✓	✓				GRI 201: Economic Performance
Brand Marketing	Establishing market positioning and layout for each product, developing a company brand strategy, and expanding globally are crucial for business success.	✓	✓				Customize Topics
Sustainable Development Strategies	As the world economy rapidly develops and changes, understanding international trends is crucial for planning and goal setting to adapt to these changes.	✓		✓		✓	GRI 2-22: Statement on sustainable development strategy
Labor/Management Relations & Employee Rights	Maintaining open communication with employees, protecting their rights and interests, creating a positive work environment, safeguarding their basic rights, and providing a harmonious work atmosphere are essential for employee satisfaction and retention.	✓		✓			GRI 402: Labor/Management Relations GRI 406: Non-discrimination GRI 408: Child Labor



Secondary Topics

	Promote and Respond to The Strategy	Related to GRI	2022 Performance (related chapters in this report)
Supplier Management	Establishing cooperative growth relationships with suppliers, reducing operational risks, and fulfilling social responsibility are essential for sustainable business practices.	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	4-4 Supplier Management 4-4-1 Supplier Management and Selection
Technology Innovation	Continuously applying core technologies and connecting with international supply chains and demand are crucial for remaining competitive in the global market.	Customize Topics	4-1 Innovative Products and Development
Customer Services Management	Responding to feedback on the price, service, delivery, quality, packaging, customer complaints, and technical support by making corresponding improvements is essential for maintaining customer satisfaction and loyalty.	GRI 416: Customer Health and Safety	4 Innovative Products Service
Climate Change Adaptation	As climate risks continue to increase, resulting in higher operational risks and impacts, planning for medium- and long-term goals to address these challenges is essential.	GRI 2-22: Statement on sustainable development strategy	5-1 Climate Change Adaptation
Energy Management	Effective energy management can improve operational performance and reduce environmental impact.	GRI 302: Energy	5-2 Implement Green Operations
Water Management	Increasing the number of times water is reused and consistently managing wastewater discharge is important to protect the environment and ecosystem.	GRI 303: Water and Effluents	5-3 Water Management
Waste Management	Reducing the environmental impact of each stage in the product life cycle is important.	GRI 306: Waste	5-4 Waste Management
Talent Acquisition, Stay, and Benefits	Attracting and retaining talented employees is essential for improving operational performance.	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity	6-2 Talent Attraction and Retention 6-3-2 Training Hours Over the Years 6-4 Occupational Safety and Health
Occupational Safety and Health	Creating a safe working environment, managing employee physical and mental health, and reducing workplace injuries is crucial for ensuring a productive and successful workforce.	GRI 403: Occupational Health and Safety	6-4 Occupational Safety and Health 6-4-1 Occupational Health and Safety Statistics 6-4-2 Occupational Hazard Statistics
Social Engagement	Centering on the core business, continuously promote health, deepen relationships with the local community, and widely involve various social welfare agencies and public organizations to fulfill social responsibilities.	GRI 203 : Customize Topics	7 Committed to Social Welfare
Customer Privacy	Information security and customer data are the basis for maintaining customer trust and enterprise security.	GRI 418 : Customer Privacy	4-2 Customer Service Management



Materiality Topics Management Policy

	Policies	Commitment	Targets	Responsible Unit
Quality Control	Following the Quality Management System	Products undergo a strict development process and comprehensive quality inspection before went on market.	Meeting regional product safety standards and ensuring user safety.	Research and Development Department, Manufacturing Department, Quality Management Department
Corporate Governance	Formulate a corporate governance structure to establish sustainable operation and development of the company.	Paying attention to major corporate issues and stakeholders to ensure meeting operational goals and continuous growth.	Setting Corporate Governance Evaluation System ranked 6%-20% as a baseline and continues improving to reach the authorities' disclosure standard.	Finance department, Management department, Audit
Regulatory Compliance	Including company employees and cooperative manufacturers must strictly follow the requirements and specifications of the competent authorities.	Comply with the regulations related to business integrity, commercial activities, and listed company-related rules.	Reduce non-compliance incidents.	Finance Department, Management Department, Human Resources Department, Audit
Risk Management	To prevent and control potential risks, develop relevant early warning measures, and conduct risk assessments related to environmental, social, corporate governance, and information security issues in accordance with the principle of materiality and the company's operations.	Identify operational risks annually and strive to reduce the harm of these risks to our operations.	Incorporate climate change and financial risk assessment and formulate risk policies.	Finance Department, Management Department, Sustainable Development Team
Operational Performance	Local manufacturing and research and development, global deployment and control of international markets.	Formulate operational performance indicators and analysis.	Continues to improve operational performance and respond to key stakeholders	Finance Department, Investor Relations Department
Brand Marketing	Develop sports, leisure, rehabilitation, and medical products for all age groups.	Provide a full range of own-brand products at low, medium, and high grade.	Introducing intelligent technology and customized fitness and rehabilitation medical programs.	Sales Department, Research and Development Department
Sustainable Development Strategies	1.Reduce and prevent the operational impact caused by environmental factors, and gradually improve by setting goals in accordance with regulations. 2.Promote and implement energy-saving and carbon-reduction policies.	Comply with regulatory requirements of the competent authorities, track greenhouse gas emissions and energy usage.	Improve energy efficiency	Management Department, Sustainable Development Team
Labor/ Management Relations & Employee Rights	Maintain smooth communication with employees and promote mutual understanding.	Provide a dedicated human resources hotline to ensure that employees have a channel to communicate with the company.	Ensure that employee opinions are received and responded to properly.	Human Resources Department, Management Department

3

Corporate Governance

- 3-1 Division of Work
- 3-2 The Board of Directors and Functional Committees
- 3-3 Implementation of Management
- 3-4 Operational Performance
- 3-5 Involvement of External Organizations



The functions of the board members and various functional committees of Dyaco are effectively operated, and work assignments are made based on different specialties and experiences. The board of directors comprises diverse professionals with industry management, law, finance, and accounting expertise. They have a high level of participation in Dyaco's operations and can grasp the company's operating conditions and risks timely. We regularly arrange for directors to participate in professional training courses. As of 2022, the total hours of director education and training amount to 51, an increase of 13 hours from 2021.

3-1 Division of Work



Chairman's Office

- Overall management of Dyaco's various business objectives, development plans, and related matters, such as convening board meetings.



Audit

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



General Manager's Office

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



Research & Development Unit

- Planning and research, technology development, management of technical documents, and patent applications.



Production Unit

- Develop production plans, engage in the manufacturing, assembly, and quality control of branded products, and oversee the logistics of product and raw material shipment.



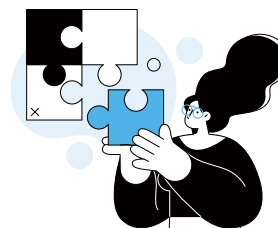
Marketing Unit

- The marketing unit is divided into domestic and international teams responsible for business negotiation, customer development, and order management in both domestic and foreign markets. They keep abreast of market trends, brand marketing and promotion, physical distribution channels, rehabilitation and medical care, and e-commerce channel management for sales affairs.



Administrative Unit

- Planning and executing Dyaco's financial management, fund scheduling, investment business, and compiling annual budget-related operations. Accounting, financial statement preparation, analysis, control, and reporting.
- Management and promotion of human resources, legal affairs, administration, general affairs, information, and fixed assets.
- Operations and management related to labor safety and health, environmental safety, gender workplace protection, foreign workers, internal ISO standard audits, and related data and document management operations.
- Enterprise application system development and maintenance, providing network and database services.



3-2 The Board of Directors and Functional Committees

3-2-1 List of Board



Chairman

Lin, Ing-Gin

- Founder of Dyaco International Inc
- Director of President Plastic Products MFG. Co., Ltd
- President of CHIH- LING INVESTMENT CORPORATION
- President of Yunhen Investment Inc.
- President of Wing Long Co., Ltd.
- Master of Professional Accounting, University of Texas
- Bachelor of Department of Public Health, National Taiwan University



Director

Zhuang, Zhu-Wei

- Director & General Manager of CHANITEX CO., LTD.
- Bachelor of Department of Fiber and Composite Materials, Feng Chia University



Director

Chang, Chih-Chuan

- Chairman & General Manager of Houli Construction Co., Ltd.
- EMBA of Tunghai University



Director

**Wanshida Construction Co., Ltd.
Li, Bo-Yi**

- Vice President, Wanshida Construction Co., Ltd
- Master, School of Law, Soochow University



Independent Director

Hsieh, Chang-Hung

- Professor & Director, Department of Management Science, National Chiao Tung University
- Deputy Chief Secretary of the National Science Council
- Head of Tax Administration, Tax Reform Commission, The Ministry of Finance
- Chief Secretary of the Ministry of Transportation and Communication
- General Manager & President of IBF Securities Investment Consulting



Independent Director

Wang, Kai-Li

- Independent Director of Ginko International Co., Ltd.
- Independent Director of AKER Co., Ltd.
- Professor, Department of Financials, Tunghai University
- Committee financial member of the Taiwan Economic Association
- Adjunct Associate Professor, Department of Financial, National Chung Hsing University
- Associate Professor, Department of Financials, Tunghai University
- Director, Department of Financials, Tunghai University
- Director of EMBA, Tunghai University
- Chairman of Taiwan Financial Development Association
- Ph.D. of Economics Sciences, Utah State University



Independent Director

Wang, Chih-Cheng

- Independent Director of CTBC Financial Holding Co., Ltd.
- Independent Director of Lucky Cement Corporation
- Director of The Securities and Futures Investors Protection Center
- Director of The Financial Ombudsman Institution
- Arbitrator of Chinese Arbitration Association
- Professor, Department of Law, Chinese Culture University
- Vice President, Chinese Culture University
- Professor, Department of Law, National Chung Cheng University
- Ph.D. of College of Law, National Chengchi University

3-2-2 The Board of Directors

The board of directors comprises seven members: three independent directors, three directors, and one corporate director. The board of directors held six meetings in 2022, with 39 attendances. According to the self-evaluation or peer evaluation method established by the board of directors on November 11, 2016, the committee completed its self-assessment report by the end of December 2022.

Attendance

rate of **100%**

Take part in sustainability-related advanced course

accounted more than **60%** of the total hours



The external organization's performance evaluation results are

between good and excellent. (Note 1)

Note 1: Evaluation is conducted every three years. The latest evaluation was completed in 2020 by Chainye Management Consultancy Co., Ltd.

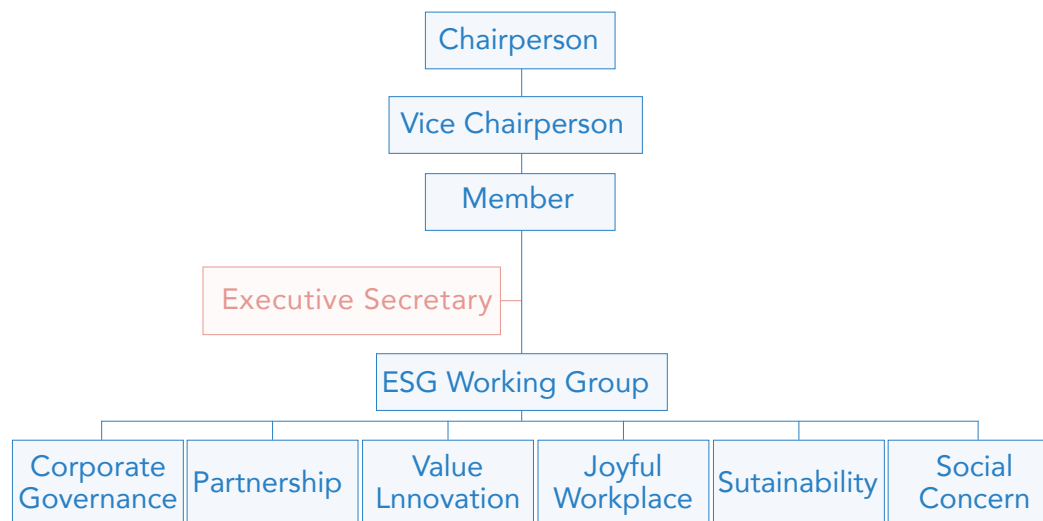
3-2-3 Audits Committee

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. In 2022, the committee held six meetings with three members and achieved total attendance. The committee actively participated in the company's operations and successfully achieved its goal of internal control.

3-2-4 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 for evaluating the performance and compensation of directors and executives of Dyaco. For detailed information, please refer [here](#). In 2022, the remuneration committee held two meetings with three members attending and achieving a perfect attendance rate.

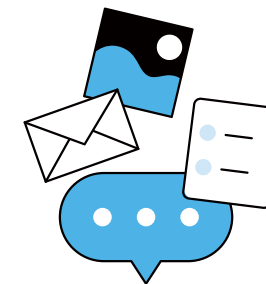
3-2-5 Corporate Sustainable Development Committee



The corporate sustainable development committee led by CEO Mr. Ying-Chun Lin as the chairperson and the independent director Mr. Chi-Cheng Wang as vice-chairperson to review the formulation of Dyaco's sustainable development policy, its implementation, and effectiveness and report the results to the board of directors annually. In 2022, the committee held two meetings with all four members in attendance.

3-3 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.

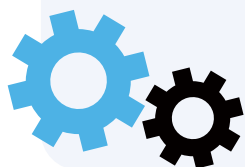


3-3-1 Risk Management



Social Issues

Regarding social issues, the employees' safety and health are the top priority of Dyaco. 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, provide training programs, etc., promote workplace safety and emphasize the importance of health.



Corporate Governance Issues

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 position of corporate governance officer 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.

3-3-2 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. The audit 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 2022.



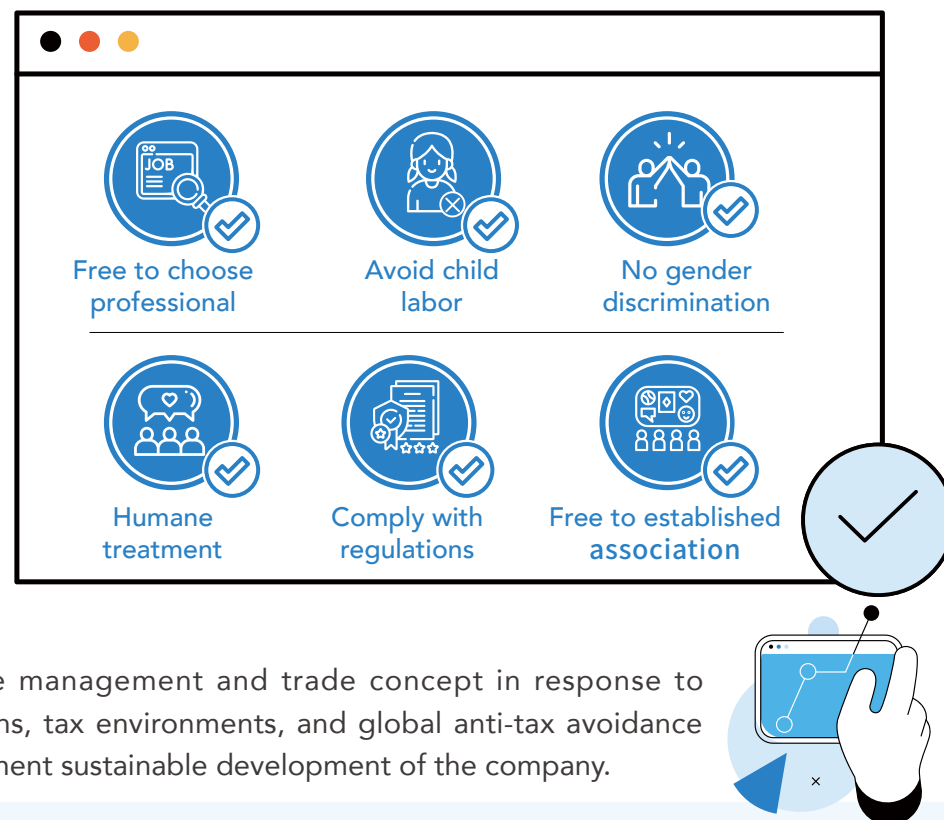
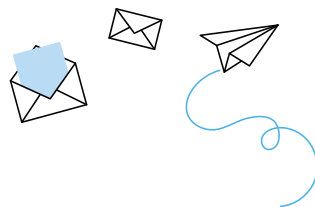
3-3-3 Quality Management System

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.



3-3-4 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 and complying with regulations. We review labor safety and health regulations and ethical standards annually. We do not employ child labor and treat our employees with humanity without discrimination. We have also strengthened the protection of the working environment and established a human resources hotline for employees and job seekers to lodge complaints when needed.



3-3-5 Tax and Financial Management

Dyaco has expanded into the global market and adopted the worldwide management and trade concept in response to globalization. In the face of 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 sustainable development of the company.

1. Follow the operation 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, 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 principle, substance-over-form principle, and tax compliance principle.

3-3-6 Operational Management and Regulatory Compliance

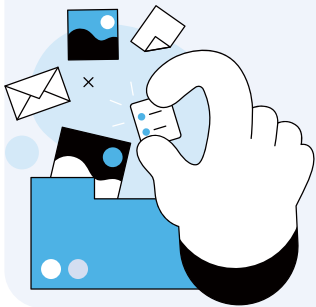
Integrity in business operations is the cornerstone of Dyaco. In 2012, Dyaco implemented the "Corporate Social Responsibility Practice Guidelines", "Integrity Operation Guidelines," and "Code of Ethics" as the highest guiding principles to comply with the company act, securities and exchange act, commercial accounting act, etc., and other relevant laws and regulations governing business practices. We also follow the "Social Responsibility Management Manual" as our guide, which outlines management procedures for conducting business with integrity, protecting whistleblowers, and avoiding inappropriate gains.

Dyaco's management and human resources departments are responsible for planning and implementing relevant measures and require all employees and business partners to follow the norms and regulations to ensure compliance with ethical policies and professional standards.

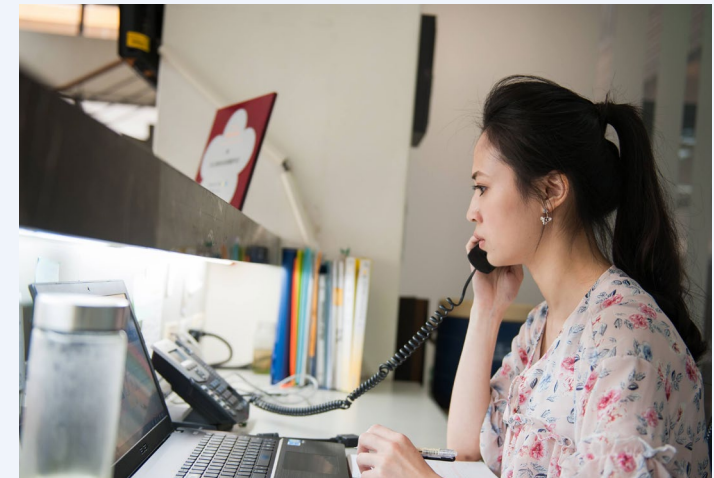
In 2022, there were no incidents of unethical business practices such as anti-competitive behavior, antitrust and monopoly behavior, or market manipulation.

The Whistleblowing System and Complaint Channels

To ensure integrity in business and prevent unlawful behavior, we have established a whistleblowing system and created an internal and public mailbox and hotline for internal and external individuals. We have also established a whistleblower 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, and subsequent review and improvement measures and periodically reports to the board of directors.



Whistleblowing mailbox: info@dyaco.com
Whistleblowing hotline: (04)797-7123

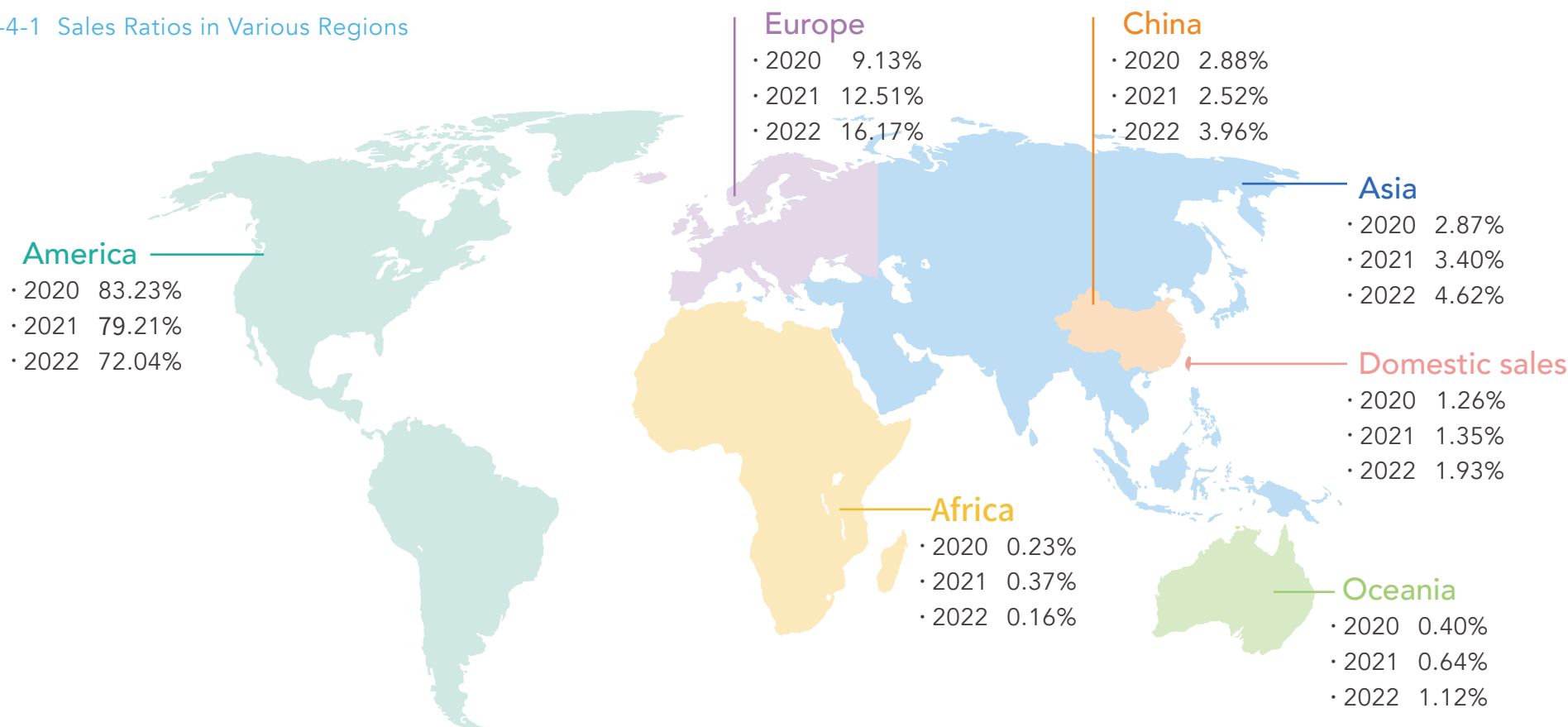


3-4 Operational Performance

In 2022, Dyaco had a consolidated revenue of NT\$7.122 billion, EPS -0.61. This was mainly due to the inventory adjustment phase in the global home fitness equipment market in 2022, leading to a slowdown in the stocking momentum of our various brand dealers.

Dyaco is optimistic about the development of global green energy and acquired a Taiwan electric-assisted bicycle OEM factory at the end of 2022 to enter the electric-assisted bicycle business. We have also planned to develop our electric-assisted bicycle brand to meet market demand in 2023. We will leverage our advantages in having numerous sales channel partners in Europe and the United States to vigorously promote electric-assisted bicycles, making the electric-assisted bicycle business another primary business unit of the group.

3-4-1 Sales Ratios in Various Regions



3-4-2 Profitability Analysis

Unit: NTD Thousands	2020	2021	2022
Operating revenue	13,123,756	11,742,081	7,122,411
Operating costs	7,639,437	7,684,679	5,037,256
Gross profit	5,484,319	4,057,402	2,085,155
Gross profit margin (%)	41.79%	34.55%	29.28%
Operating expenses	3,644,573	3,268,732	2,441,738
Operating income	1,852,910	785,830	(384,230)
Operating profit margin (%)	14.12%	6.69%	-5.39%
Net profit after tax	1,318,056	444,190	(94,683)
EPS (NTD)	11.69	3.48	(0.61)
Total shares outstanding	13.27	13.40	13.41

Note: For more detailed information, please refer to the 2022 Dyaco Annual Report.

3-4-3 Production Volume of The Past Three Years by Product

Year Volume	2020		2021		2022	
Main Products	Production Capacity	Output	Production Capacity	Output	Production Capacity	Output
Treadmills	360,000	346,896	330,000	319,643	180,000	115,217
Elliptical	180,000	177,135	110,000	102,280	60,000	19,819
Bikes	90,000	82,989	60,000	55,242	30,000	11,005
Total	630,000	607,020	500,000	477,165	270,000	146,041

3-5 Involvement of External Organizations

Dyaco continues to align with international standards and actively responds to the Responsible Business Alliance (RBA) Code of Conduct. We have joined several industry associations, including the Taiwan Sporting Goods Manufacturers Association (TSMA), Taipei Medical Instruments Commercial Association (TMICA), and Taiwan Bio-Medical Care Association (TBMCA). In 2022, with the addition of the electric assist bicycle product line, we joined the Taiwan Smart Electric Bicycle Association (TSEBA) to communicate and share with industry peers.



4 Innovative Products Service

- 4-1 Innovative Products and Development
- 4-2 Customer Services Management
- 4-3 Quality Management
- 4-4 Supplier Management



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 2022, all products sold in Taiwan had no potential hazards or defects, so no products were recalled.

SOLE FITNESS

Provides high-quality cardiovascular training equipment suitable for home and light commercial use, repeatedly recognized by professional evaluation media in the United States as the "best product" in customers' minds.



SPIRIT

Is the flagship commercial fitness brand of Dyaco, 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

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



SOLE

XTERRA dyaco SPIRIT

UFC

UFC

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.



4-1 Innovative Products and Development

In 2022, Dyaco entered the electric-assisted bicycle industry and expanded business in response to the global development of green products. In the future, we plan to manufacture our own branded electric-assisted bicycles, leveraging 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 electric-assisted bicycle industry.

General Fitness Equipment

For homes, companies, schools, and gym rooms.



Medical Rehabilitation Equipment

For medical institutions, care centers, physiotherapy facilities, and homes.



Lightweight Fitness Equipment

For home or other body-shaping-related sports equipment.



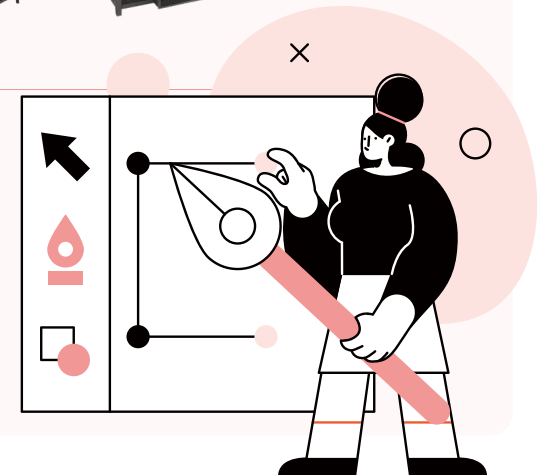
Furniture

For household and commercial outdoor use.

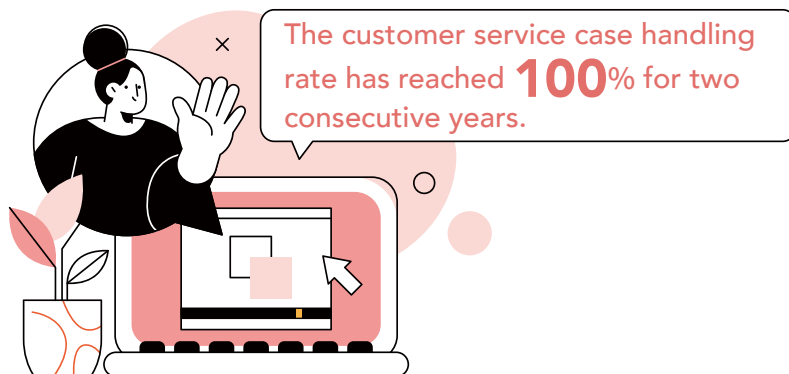


E-Bike

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



4-2 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" to track customers' feedback on the price, service, delivery, quality, packaging, technical support, etc.



4-2-1 Customer Satisfaction Survey

To better meet the needs of our export customers, Dyaco established the International Customer Service Department in 2018. It conducts satisfaction surveys annually, and the analysis will bring in the ISO management review meeting to review the previous year's problems and develop a treatment plan report. In the past three years, international customer satisfaction has exceeded 80 points. Compared with 77 points in 2019 and 69 points in 2018, there is 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.

4-3 Quality Management

Dyaco attaches significant importance to customer relations and adopts strict quality control to ensure product quality by believing 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 R&D department cooperates with TÜV Rheinland (TUV) and Intertek Testing Services (ITS) in the new product development stage. The product research stage reviews European and American regulations' safety and quality specifications to meet customer needs. At the same time, design and process failure mode and effect analysis (DFMEA, PFMEA) will be carried out to ensure product quality control in the future.

Dyaco has a complete quality assurance system that manages the quality of materials from suppliers to finished products. This includes incoming quality control (IQC), supplier quality engineering management (SQE), in-process quality control (IPQC), functional quality inspection (FQC), and outgoing quality control (OQC) for finished products.

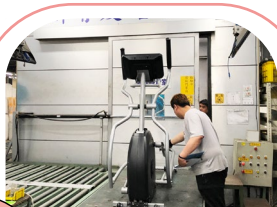
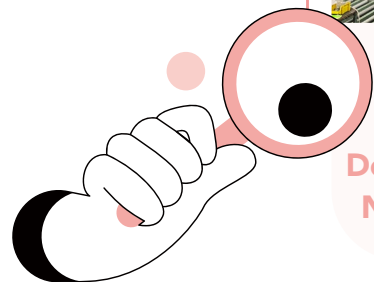
Our fitness equipment undergoes complete machine assembly and user testing before leaving the factory. Each workstation follows standard operating procedures (SOP) during the assembly process as below,

Products adhere to comprehensive quality inspection management, creating products that customers trust. All the production operators are trained and strictly abide by **three principles of the production line** :

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

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

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



**Development of
New Products**

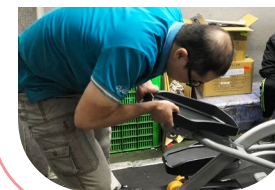
**Complete Quality
Assurance System**



**Overall Quality
Inspection**



**ID for Every
Machine***



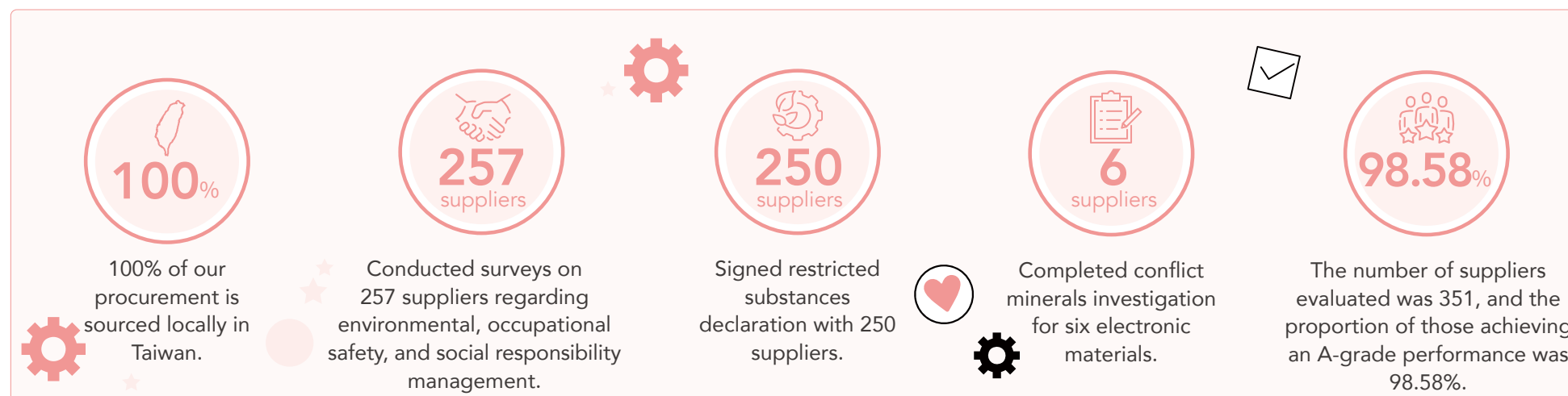
**Personnel
Training**



*Only medical equipment equips a specific ID card

4-4 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.

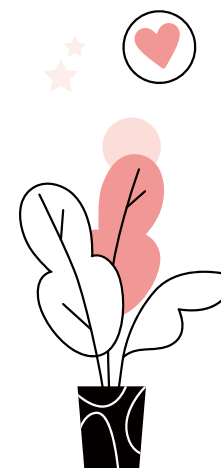


4-4-1 Supplier Management and Selection

Dyaco's suppliers are primarily raw materials, packaging materials, transportation service providers, warehouse service providers, equipment suppliers, and so on. For international freight forwarding service providers, qualified certification vendors are engaged for handling.

The R&D and procurement units evaluate new suppliers through sample testing. Supplier selection is the responsibility of procurement, quality assurance, and R&D departments. Each department evaluates the cooperation suppliers on 20 items, such as production management procedures, process control, records, etc. After the evaluation by the three departments, if the supplier reaches a B level or above, it is listed as a qualified company supplier.

In response to energy-saving and carbon reduction, Dyaco led the suppliers to digitize the quotation sheet from 2022 to improve work efficiency. The goal for 2023 is to have 12 suppliers digitize their quotation sheets.





Survey on Supplier Environment, Occupational Safety, and Social Responsibility Management

According to the "Supplier Social Responsibility Audit Form," the purchasing department should inspect 60 items in 5 major categories: labor, health and safety, environment, ethics, and management. It should be **evaluated at least once a year**. Suppliers that fail to pass the inspection will be given chances to improve. The contract will be terminated, or supplier qualification will be canceled once the suppliers do not meet the survey.



Hazardous Substance Restriction Guarantee

EU countries are one of our export markets, so according to the hazardous substance operation standards, all the materials meet the EU-restricted specifications. This requires that suppliers' materials comply with the regulatory standards of RoHS, REACH, and PAHs, providing a report or self-declaration letter approved by the certified unit to ensure that it is harmless to humans and less burdens the environment.



No Use of Conflict Metals

Every quarter, the procurement department proactively investigates suppliers for conflict minerals in electronic materials, checking whether the website regulations are updated to confirm that they do not contain conflict metals such as tantalum, tin, tungsten, and gold mined in the eastern Congo and its neighboring countries, and continue to monitor the supply.



5

Green Operations

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



To continue implementing sustainability and corporate social responsibility, Dyaco has established a corporate sustainable development committee, with Dyaco's chairman as chairman. In addition to regularly reporting the sustainable development's results to the board of directors, the sustainable development policy and implementation plan will also be adopted in 2023 to plan Dyaco's future short-, medium-, and long-term sustainability-related contributions and goals.

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

5-1 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.



Energy-saving and
carbon reduction measures

- (1) **Green building materials** : Besides green building materials, new factories or office areas also consider the ecology and prioritize purchasing innovative and high-value equipment with energy efficiency.
- (2) **Process improvement** : Instead of coal, natural gas is used as the heating material, and the paint-baking process is conducted by electrostatic powder coating, effectively reducing air pollution.
- (3) **Building cold water system** : To reduce and save daily office electricity consumption, the Changhua administration and factories use the cold water system and set automatic timing switches to avoid no-load operation.
- (4) **Implementation of Recycling** : the classification of recycled materials is implemented to reduce the general waste generated.
- (5) **Replacement of old equipment** : Since 2015, Dyaco has replaced power-consuming lamps with LED lamps. It will further replace outdated vehicles with electric or hybrid vehicles to reduce the use of gasoline and diesel.
- (6) **Implement mid- and long-term carbon reduction targets and set a carbon reduction blueprint:**

2022

1. Concentrate on Carbon Footprint Verification
2. Locate the high emission hot spot

2023

1. Getting ISO 14064-1 greenhouse gas inventory certification
2. Develop a Carbon Reduction Declaration

2024~

1. Plan to adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework.
2. Continuously reduce carbon emissions

5-2 Energy Management

Dyaco's primary energy sources are electricity, natural gas, diesel, and gasoline. Among these, electricity is the primary source used during production. In 2022, the epidemic situation has subsided, and the demand has dramatically reduced, which led to the diminished use of various energy in the factories. Natural gas and electricity directly relate to the production line, so the reduction is the largest.

Following the "Regulations on the Management of Energy Consumption and Greenhouse Gas Emissions," energy-saving measures have been formulated, and energy-saving plans are promoted from top to bottom within Dyaco.

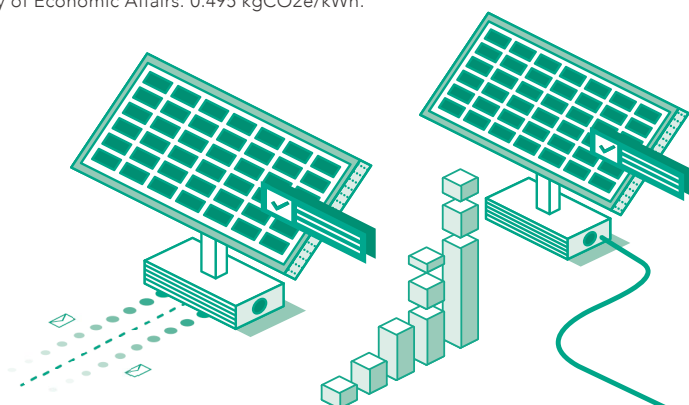
To increase the use of green energy, Dyaco has established a solar power generation system policy to maximize the efficiency of the factories. The roofs of each factory are leased to operators for installing solar power generation systems, which are then sold back to Taiwan Power Company. Three solar power generation systems are in operation, with 1,909,355 kWh of solar power generated in 2022, reducing 971,862 kg of carbon dioxide emissions. By installing solar energy systems, radiated heat loss is blocked, achieving indoor cooling effects, and indirectly reducing the power consumption of air conditioning.

Green Energy

Location	Activation Date	Storage	Power Generated in 2022 (kWh)	CO ₂ Reduction in 2022 (kg)
No.36, Xinggong Rd.	2015/10	499.5kW	637,348	315,487
No. 1, Gong 1st Rd.	2016/01	499.5kW	674,525	333,890
No. 4, Gongdong 3rd Rd.	2018/10	477.3kW	597,482	295,754

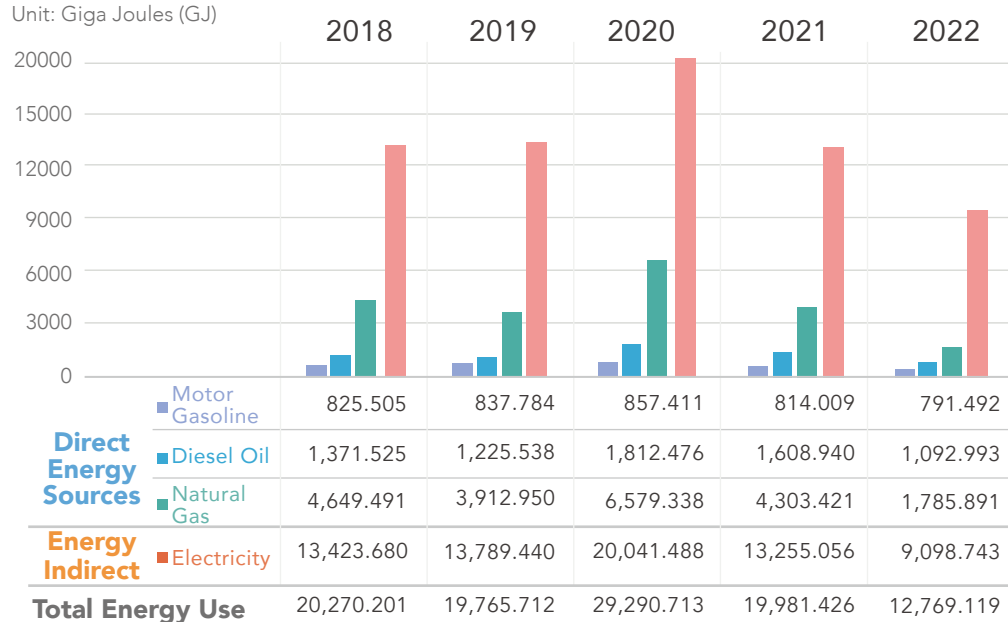
*Statistical period from January 1 to December 31, 2022.

*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)



*Energy statistics from 2018 to 2020 only include Changhua factories 1, 2, and 5. Does not include Taipei, Taichung offices, and Taichung dormitory.

*Based on the 「溫室氣體排放係數管理表 6.0.4 版」 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).

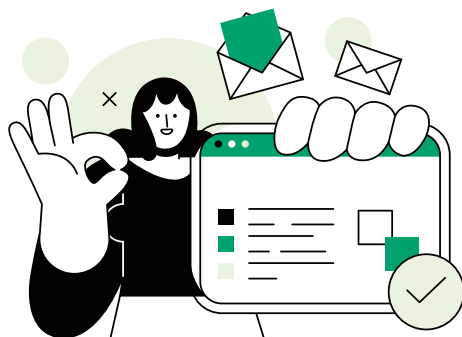
5-2-1 Energy Intensity

Based on the production quantity of fitness equipment, we calculated the energy intensity, which represents the energy consumed by the production quantity of our Changhua Factories 1, 2, and 5. The energy intensity from 2020 to 2022 is shown below:

Item	Unit	2020	2021	2022
Total energy consumption	GJ	29,290.713	19,981.426	12,836.643
Production quantity	Piece	607,020	477,165	146,041
Energy Intensity	GJ/Piece	0.048	0.042	0.088

5-3 Water 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 usage is for daily life and is treated and discharged into the sewage system.



Total Water Consumption

Unit: Million Liters

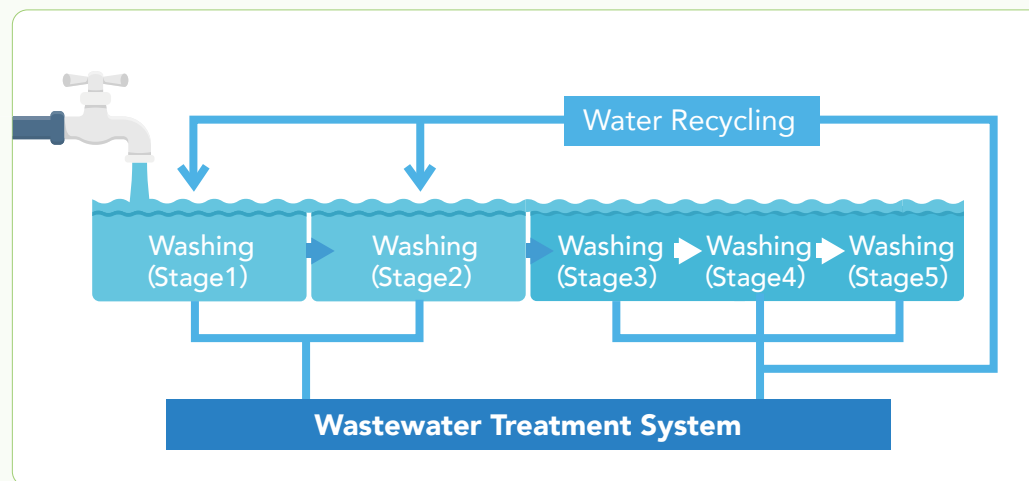
	2018	2019	2020	2021	2022
Water Usage	25.967	23.345	31.947	21.787	11.088
Water Discharge	21.532	18.206	23.653	19.964	8.573
Water Consumption	4.435	5.139	8.415	1.823	2.515

*Water Usage is based on 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 is to reduce the Chemical Oxygen Demand (COD) and the Suspended Particles (SS) of the operation wastewater, meeting the accepted sewer standard and reducing the load of the sewage treatment system in the industrial area.

5-4 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 disposal proof provided by the vendors. In 2022, the epidemic situation has subsided, and the demand has dramatically reduced, which has diminished waste.

Waste Generated

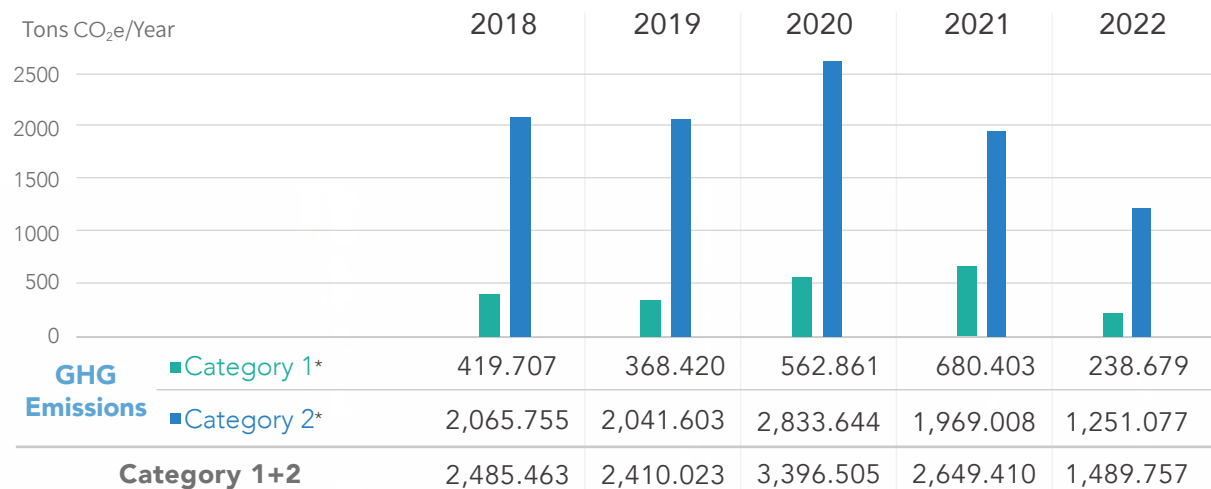
		2018	2019	2020	2021	2022	Methods
Unit: Tons							
Waste	Inorganic Sludge (D-0902)	19.220	18.115	44.830	40.160	22.900	Recycle & Reuse
	Waste Dust (D-1099)	5.132	5.400	5.450	4.660	4.330	Recycle & Reuse
	Household Waste (D-1801)	74.410	54.890	144.700	138.900	29.790	Incinerate
	Total Waste	98.762	78.405	194.980	183.720	57.020	

5-5 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.

Taking 2021 as the base year, we conducted a greenhouse gas inventory check of Dyaco Taiwan following ISO 14064-1:2018 and completed the verification in the first quarter of 2023.

Greenhouse Gas Emissions



*Category 1: Direct GHG emissions and removals

*Category 2: Indirect GHG emissions from imported energy

*Revised greenhouse gas emissions data for 2021 has been verified by a third party in the first quarter of 2023.

*Greenhouse gas statistics for 2021 include Taiwan Changhua Factory 1, 2, and 5, Taipei and Taichung offices, and Taichung dormitory.

*A third party has not verified greenhouse gas statistics for 2022. Data includes Taiwan Changhua Factory 1, 2, and 5, excluding Taipei, Taichung offices, and Taichung dormitory.

*Greenhouse gas statistics from 2018 to 2020 were for Changhua Taiwan Changhua Factory 1, 2, and 5, excluding Taipei, Taichung offices, and Taichung dormitory.

*Scope 1: Direct greenhouse gas emissions, such as stationary or mobile combustion, processes, waste, septic tanks, etc.

*Scope 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.

*Scope 2: In 2022, the Electricity Carbon Emission Factor was 0.495 kg CO₂e/kWh, based on the announcement from the Energy Bureau of the Ministry of Economic Affairs.

6 Friendly Workplace

- 6-1 Human Resource Management
- 6-2 Talent Attraction and Retention
- 6-3 Focus on Talent Cultivation
- 6-4 Occupational Safety and Health
- 6-5 Deepen Labor-Employment Communication



6-1 Human Resource Management

As of the end of 2022, the total number of employees at Dyaco worldwide was 1,417, with 616 employees in Taiwan, 496 in mainland China, and 250 in other operating locations. There are a total of 20 non-employee workers who are regularly designated. However, due to the difficulty of statistics, the following report does not disclose related information. Employee structure, education and training, and occupational health and safety-related data are mainly from Dyaco Taiwan, including the Taipei office, Taichung International Marketing, and three factories in Changhua.

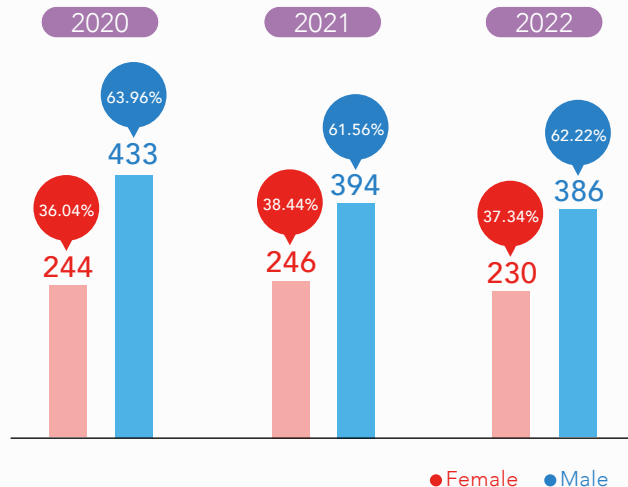


6-1-1 Manpower Structure and Labor Type

The average seniority of Dyaco employees is 7.6 years, with those who have worked for over ten years accounting for 37.05% 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 62.66% of the workforce. Most employees are in the age group of 30-49 years, accounting for 66.07%.

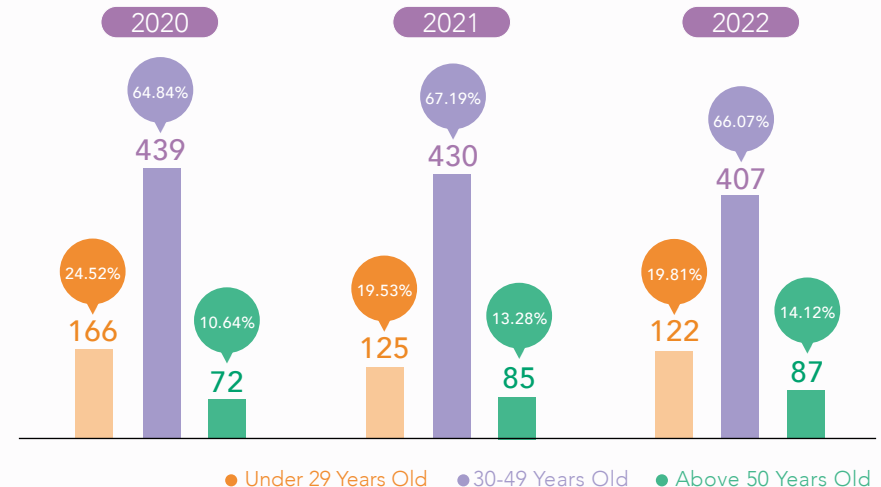
According to Gender

Unit: People



According to Ages

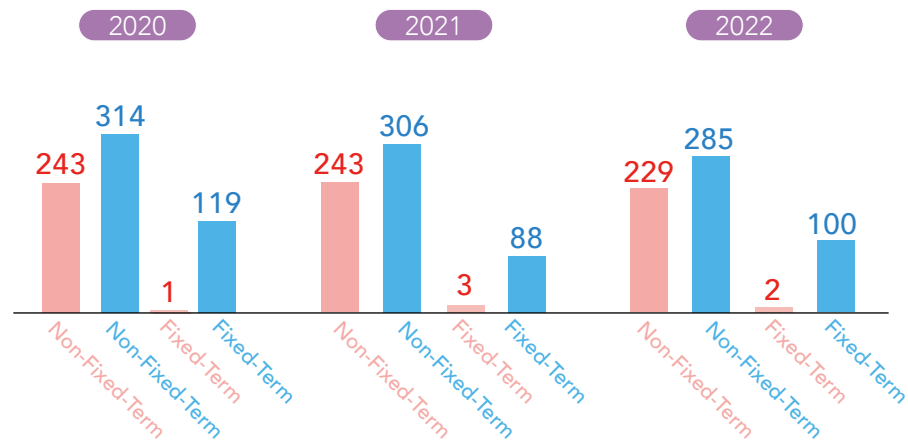
Unit: People



According to Employment Type

-Contract Type-

Unit: People



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

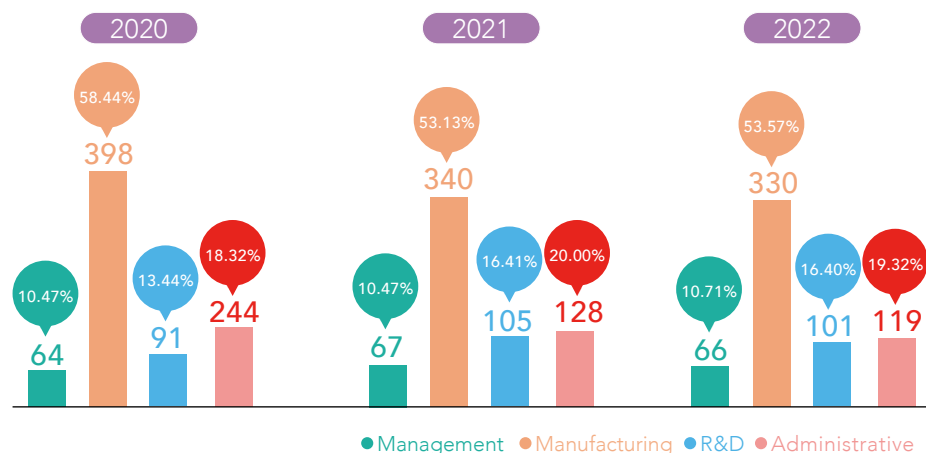
*The difference between Non-Fixed-Term and Fixed-Term employees lies in the type of labor contract.

*Non-Fixed-Term employees: continuous employment with indefinite-term contracts.

* Fixed-Term employees: temporary, short-term, seasonal, or specific-term employment with fixed-term contracts.

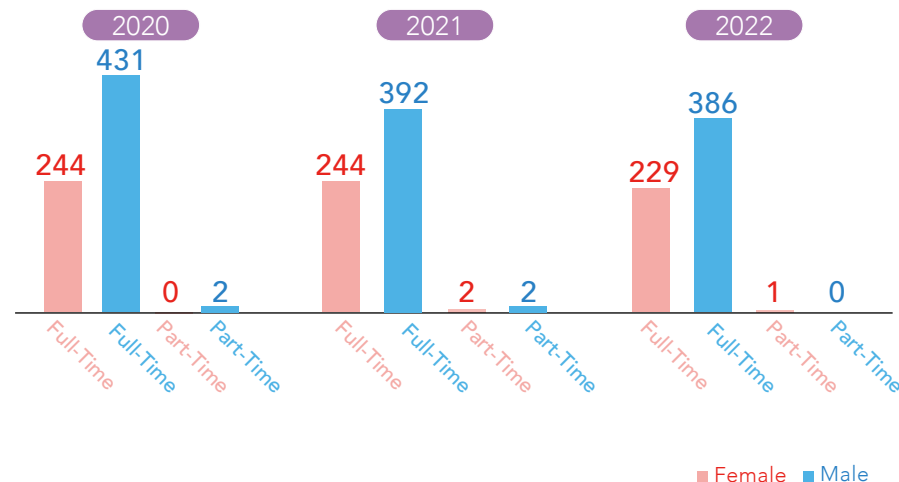
Job Category

Unit: People



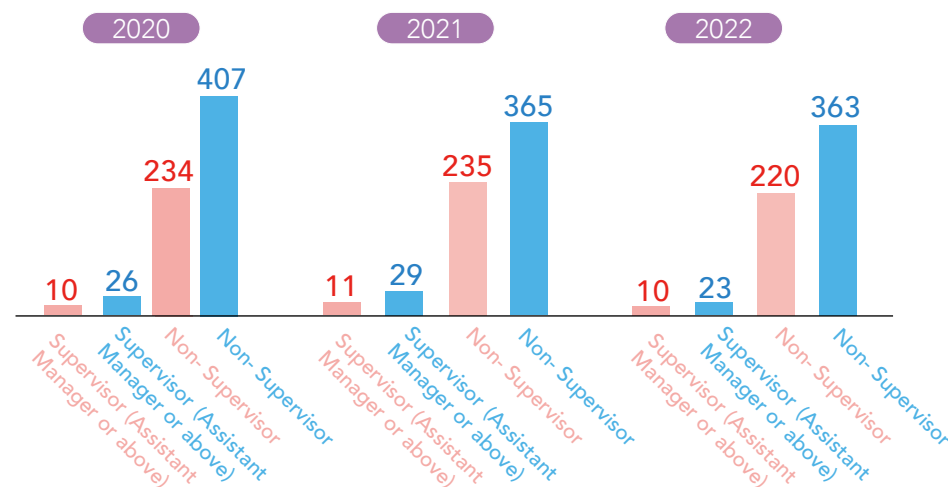
-Labor Type-

Unit: People



Management and Non-Management Position

Unit: People

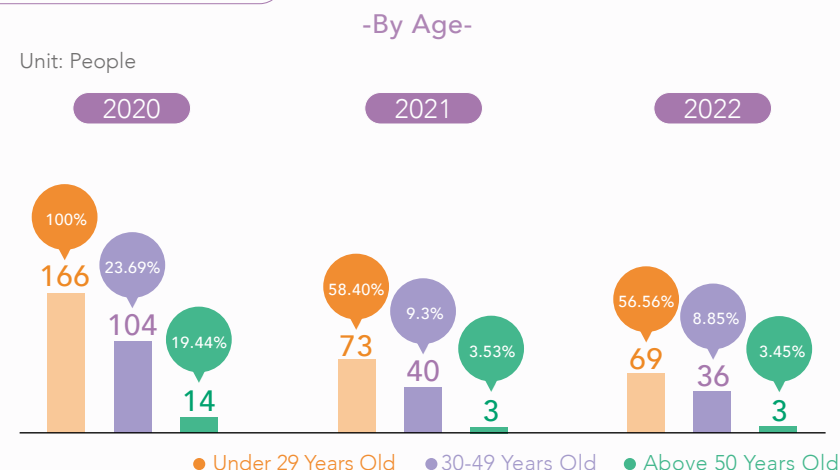
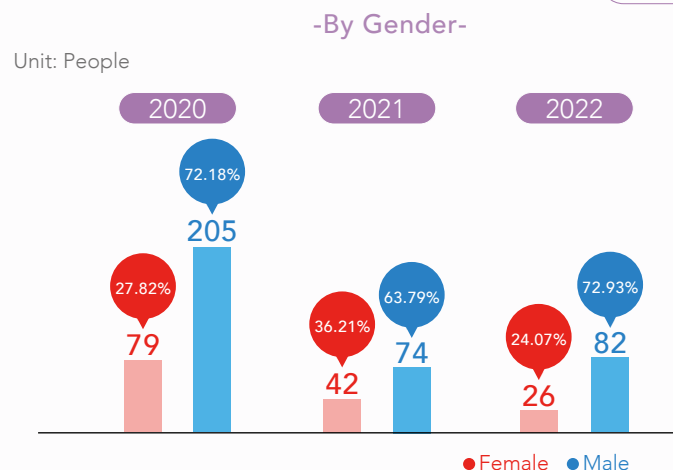


*The number of employees is based on December 31 of each year.

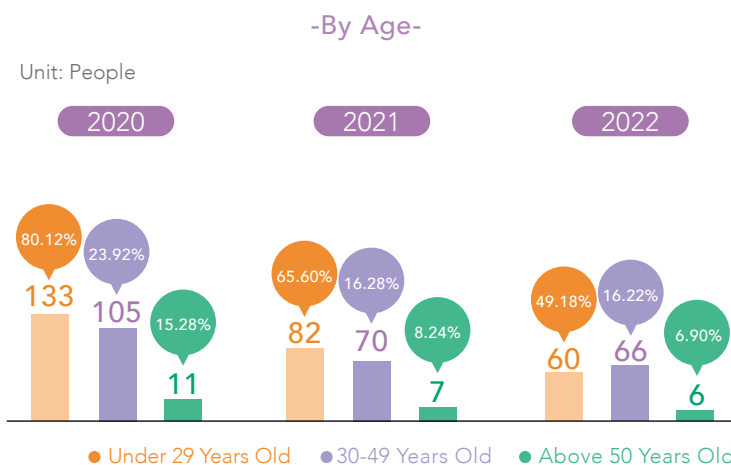
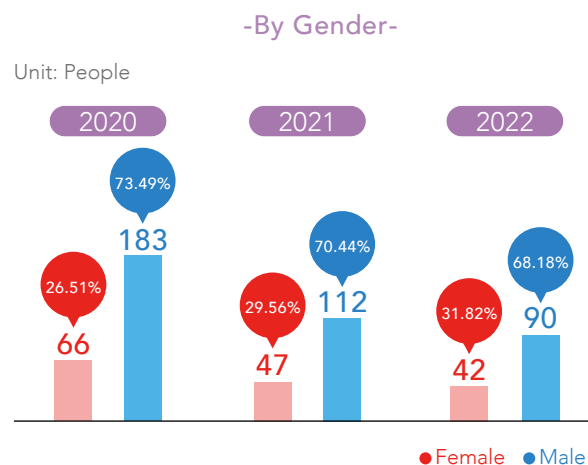
6-2 Talent Attraction and Retention

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. Our primary recruitment channel is online job banks. We adhere to the gender equality in employment act to ensure fair recruitment processes and equal pay for men and women while welcoming talent from diverse backgrounds. In 2022, we recruited 108 individuals to increase our innovation potential and cultivate our future leaders.

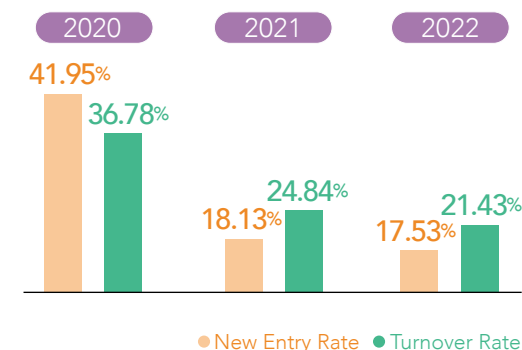
Number of New Employees



Number of Resigned Employees



Employee New Entry Rate and Turnover Rate



Note:

*New Entry Rate= total new entry employee/total year-end employee

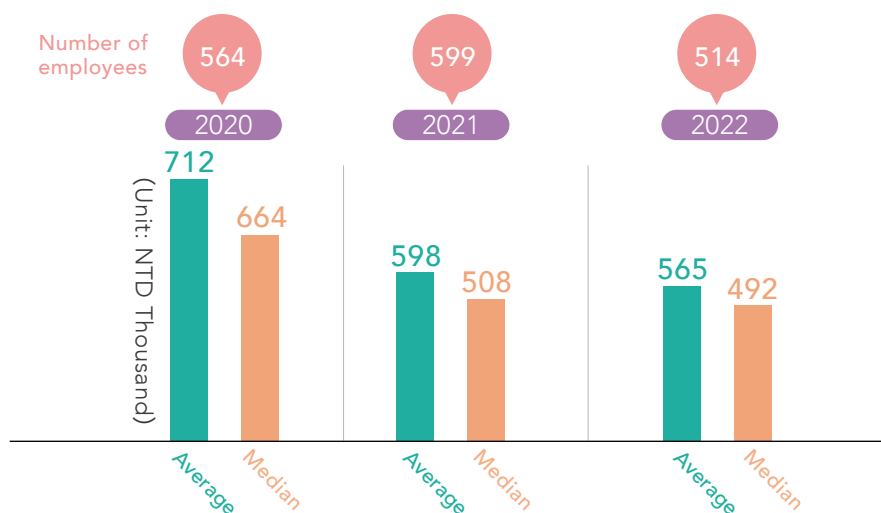
*Turnover Rate= total turnover employee/total year-end employee

6-2-1 Salary System

At Dyaco, employee compensation includes base salary, meal allowances, attendance bonus, supervisor allowance, responsibility allowance, and job-related allowances based on job grades and nature. Annual bonuses and salary adjustments are determined based on performance evaluations. In addition, performance bonuses and project bonuses are provided based on business and departmental performance. While the year-end compensation and annual salary adjustment range are raised according to the individual performance appraisal results, performance bonuses differ between departments.

Non-Supervisor Average and Median Salaries

(Unit: NTD Thousand)	2020	2021	2022
Total employee compensation	401,623	357,988	290,598



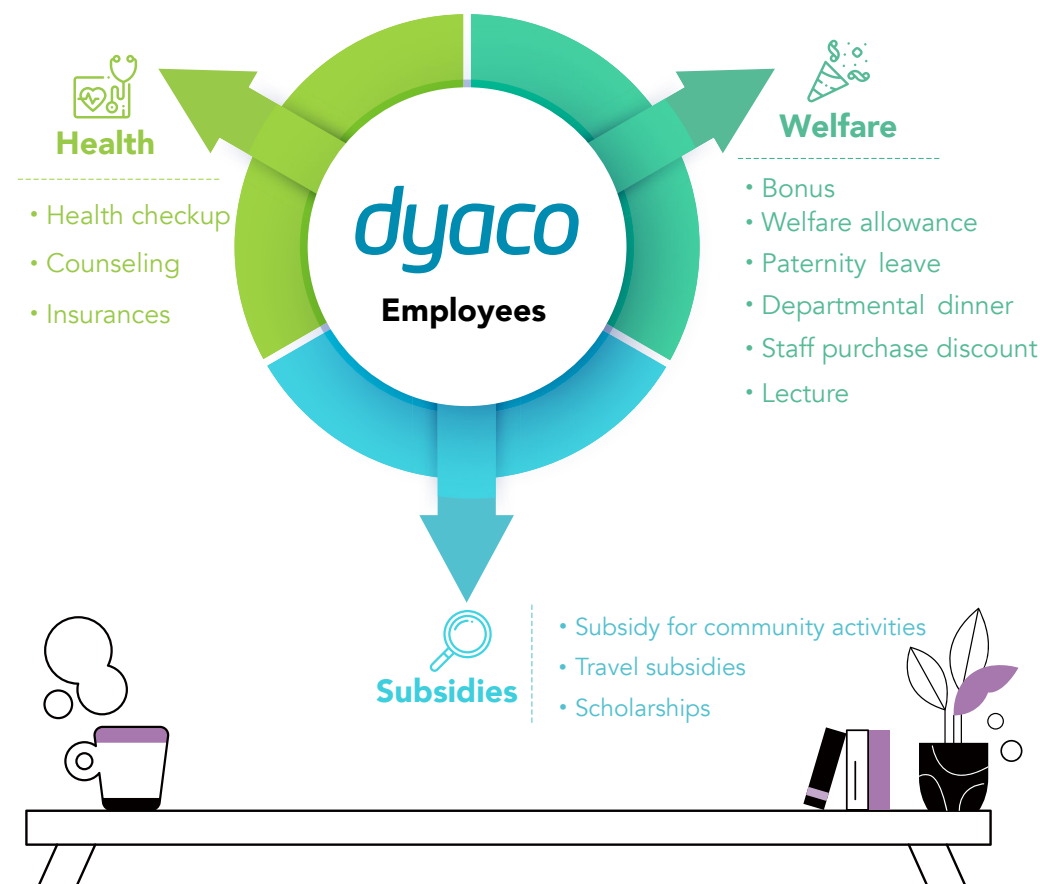
■ Average employee salary ■ Median employee salary ● Number of employees

6-2-2 Employee benefits

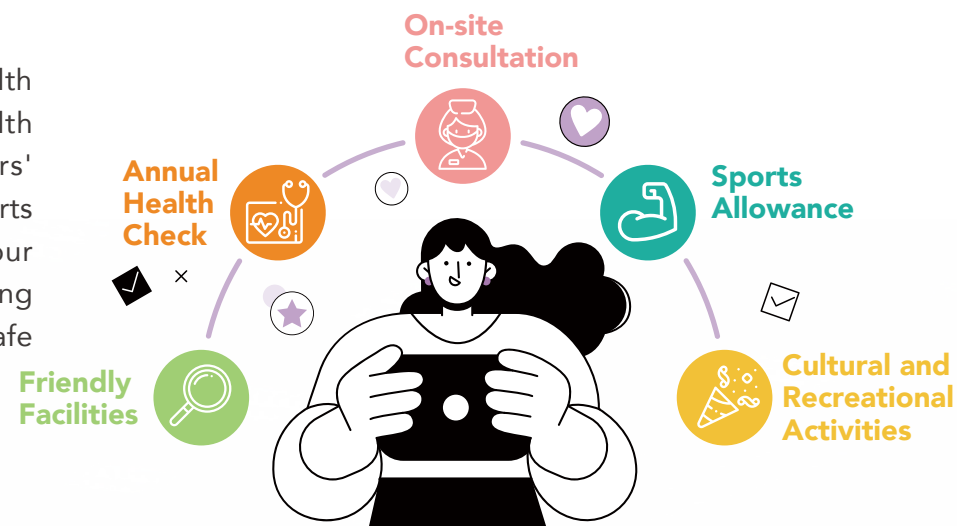
At Dyaco, we value not only professional work but also the overall work-life balance of our employees. To maintain employee welfare and promote related activities, we have established an Employee Welfare Committee consisting of 23 labor and management representatives responsible for providing various activities and subsidies for regular employees.

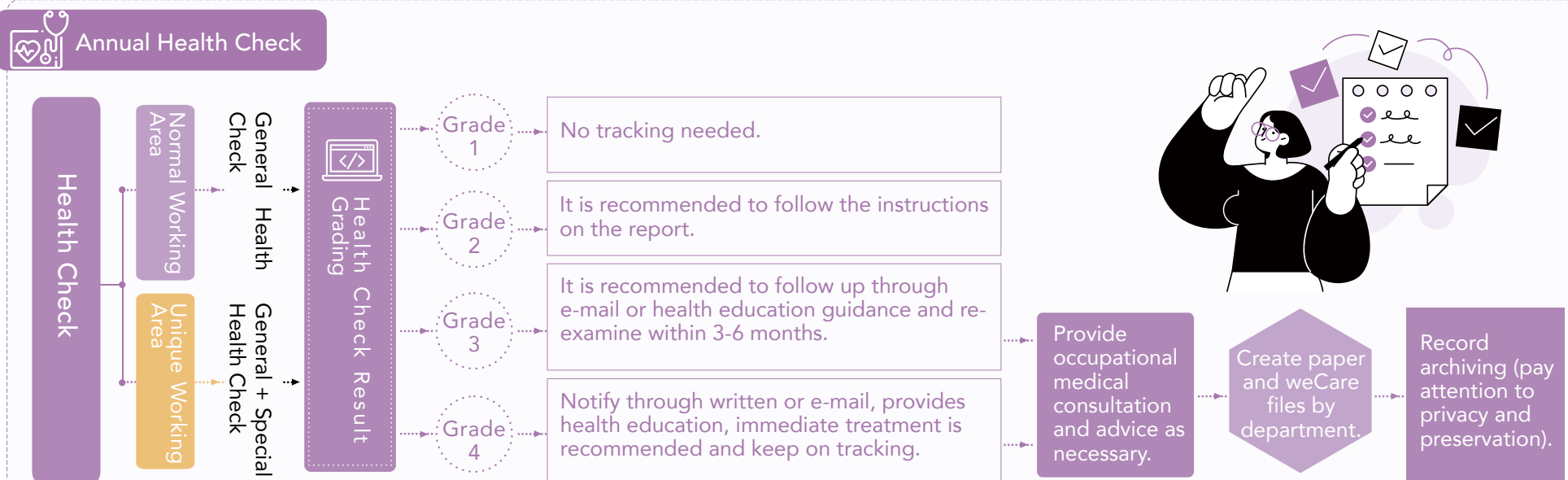


In 2022, total Employee Welfare Committee's expenditure
NT\$ **5,342,025**



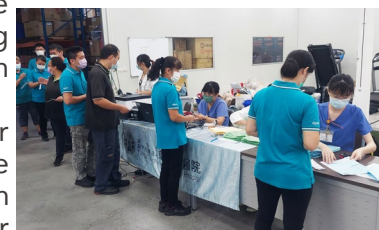
Employees are our most asset, and our responsibility is to safeguard their health and safety. In addition to providing regular health check-ups and special health screenings, we actively promote corporate fitness culture. Under supervisors' leadership, we encourage participation in sporting events, establish diverse sports clubs, and offer mind and body courses to develop exercise habits among our employees. Since 2016, we have continuously implemented workplace smoking prevention and health promotion activities, examining ourselves to establish a safe environment and promote a healthy workplace.





Dyaco values employees' health, as a healthy body is essential for a healthy workplace. We provide everyone with a health checkup as stipulated by the regulations and offer various self-paid items, allowing them to meet their health needs. In 2022, 458 employees participated in the check-up, with a participation rate of 94.8%.

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

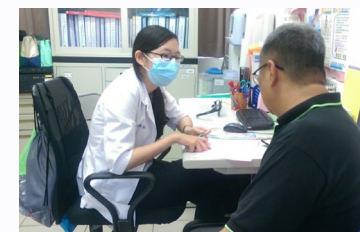
In 2022, no occupational disease occurred due to work. In terms of occupational disease prevention, the following management measure is taken:

- (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 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

In response to the worsening air pollution in recent years and the continued COVID-19 pandemic, which has a significant impact on the lungs, we have arranged for doctors to provide our colleagues with knowledge on common lung-related diseases, such as COVID-19, allergic pneumonitis, obstructive pulmonary disease, and lung cancer, as well as information on everyday hospital examination items and the correct ways to protect oneself. This will enable our colleagues to understand better the effects of air pollution on the human body.

According to the health examination report, abnormalities in body mass index, cholesterol, blood pressure, blood sugar, and other indicators are among the top ten abnormal items in employee health check-ups. Therefore, family doctors were arranged to teach about the correct knowledge of diseases, lifestyle choices, and exercise for three high-risk conditions and metabolic syndrome. Through sharing practical cases and information provided by the government's chronic disease risk assessment platform, it is hoped that colleagues can more effectively implement healthy habits in their daily lives and further promote physical health.

According to the 2021 survey on occupational violence risks in various departments, some colleagues may face communication problems with external customers or among employees in their workplaces. Therefore, psychologists were invited to teach colleagues about workplace relationships and interpersonal communication methods to enhance communication and coordination skills.

The status of the 2022 courses held

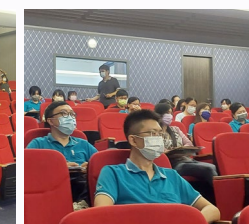
Course	Air Pollution and Lung Health	Know More about Three Highs	Workplace Interpersonal Relationships and Communication	Total
Hours	2 hours	2 hours	1 hours	5 hours
Number of Participants	40 people	55 people	39 people	134 people
Total Number of Employees	650 people	650 people	650 people	650 people
Participation Rate	6.15%	8.46%	6.00%	20.62%
Speaker Evaluation	89.40%	89.50%	86.40%	88.43% (average)
Course Effectiveness Evaluation	86.10%	83.80%	84.70%	84.87% (average)
Feedback	Have a deeper understanding of the impact of air pollution on human health, and learn about lung function and related diseases.	The content is rich and practical, easy to understand, and helps to understand the impact of the "Three Highs" on the body.	In interpersonal relationships, it is important to improve one's self-ability. However, it is still necessary to maintain a humble attitude.	



In-class situation.



Doing stretching exercises during class.



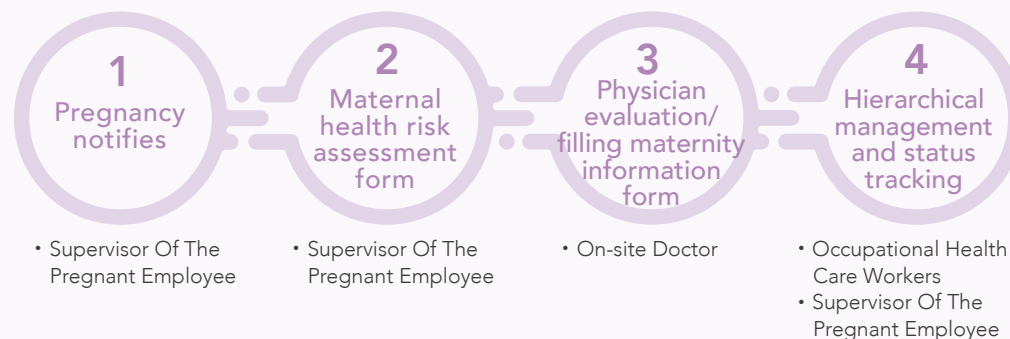
The instructor conducted interviews with colleagues and invited them to share their opinions.

*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, 2022.



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 of all types of work are well protected regarding workplace safety and health and creating a pregnancy-friendly workplace. In 2022, 10 employees participated in the Workplace Mother and Fetus Health Assessment Program.



Month	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Step.	Oct.	Nov.	Dec.	Total
Pregnancy and Postpartum Headcount/ Year	9												
Increase		1	0	0	0	0	0	0	0	0	0	0	10
Decrease		0	1	0	0	0	0	2	0	1	0	1	

Parental Leave Status

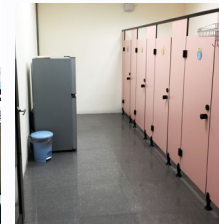
Item	2021		2022	
	Male	Female	Male	Female
A Number of employees entitled to parental leave	35	38	30	37
B Number of employees taking parental leave	4	10	5	28
C Number of employees due to return to work after parental leave	1	6	3	6
D Number of employees that did return to work after parental leave	1	5	2	5
E Number of employees that did return to work after parental leave in the previous year	2	10	1	8
F Number of employees retained 12 months after returning to work following parental leave in the previous year	0	7	1	8
D/C Return to work rate	100.00%	83.33%	66.67%	83.33%
F/E Retention rate	0.00%	70.00%	100.00%	100.00%

Note: The number of employees eligible to apply for parental leave in 2022 refers to the total number of employees who have applied for maternity leave or paternity leave within the years 2019 to 2022 (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 for 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.



6-3 Focus on Talent Cultivation

We have optimized our internal talent management system to keep employees energetic and competitive in the international market to 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 is helpful for future work execution.

General Training

The Human Resources Department coordinates the training for recruits, including company profile, environment, system, occupational safety training, welfare measure, 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 assigns the yearly training plan.

External Training

The department put forward the study requirements to the company, aiming at the knowledge and technical training of professionals to learn the latest knowledge and technology.

Internal Training

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

In 2022, Dyaco provided 91 internal and external training courses, with a total training time of 4,654 hours and a total of 2,901 trainees, representing a growth of over 10% compared to 2021. 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.

6-3-2 Training Hours Over the Years (By Gender)

Total Training Hours

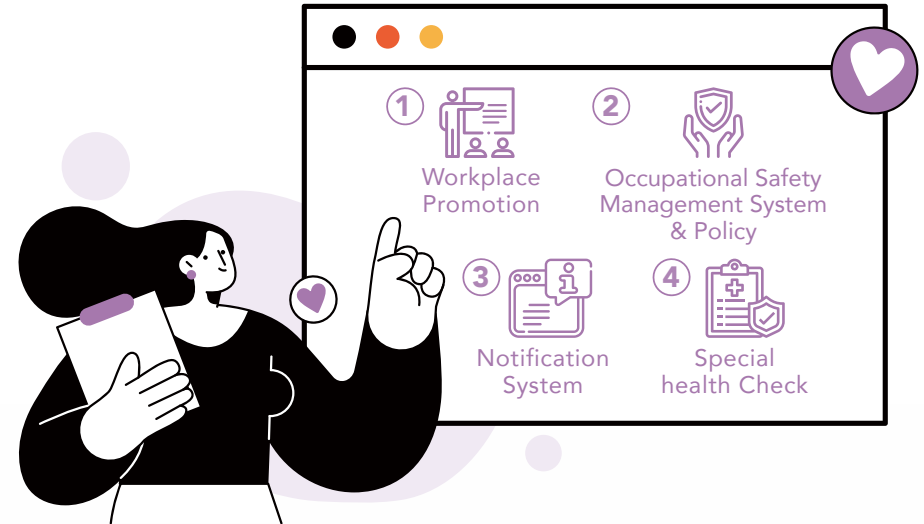
	Year	Hours			Number of People		Average Hours	
		Female	Male	Total	Female	Male	Female	Male
Technician	2020	259	1,973.5	2,232.5	95	270	2.73	7.31
	2021	862	2,854	3,716	90	225	9.58	12.68
	2022	638	2,746	3,384	80	220	7.98	12.48
Administration	2020	140.5	678.5	819	91	65	1.54	10.44
	2021	514.5	274	788.5	93	64	5.53	4.28
	2022	49	380	429	84	67	8.60	5.67
Management	2020	421	133.5	554.5	58	98	7.26	1.36
	2021	348.5	434	782.5	63	105	5.53	4.13
	2022	407	434	841	66	99	6.58	4.38
Total	2020	820.5	2,785.5	3,606	244	433	3.36	6.43
	2021	1,725	3,562	5,287	877	1,740	7.01	9.04
	2022	1,094	3,560	4,654	934	1,967	7.80	9.22

Note:

- 1.Average training hours per employee= Total number of training hours provided to employees/Total number of employees
- 2.Average training hours per female= Total number of training hours provided to female employees / Total number of female employees
- 3.Average training hours per male= Total number of training hours provided to male employees / Total number of male employees

6-4 Occupational Safety and Health

Dyaco adheres to caring for employees and values workplace safety and health. Under the "Occupational Safety and Health Act," we have established an occupational safety and health committee, with the general manager serving as the chairperson and 13 members, including labor representatives, occupational safety and health personnel, relevant department heads, and medical personnel. The labor representatives comprise 5 members (38% of the committee). Regular quarterly meetings are held to review and discuss policies and track their effectiveness, with the goal of zero accidents, zero occupational diseases, and zero incidents, creating the most suitable work environment and reducing operational risks caused by employee injuries. Occupational health and safety management includes mostly workers in the Chunghua factories, with 363 workers in Factory I, 81 workers in Factory II and 43 workers in Factory IV.



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 accordingly to avoid hazards 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, 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.



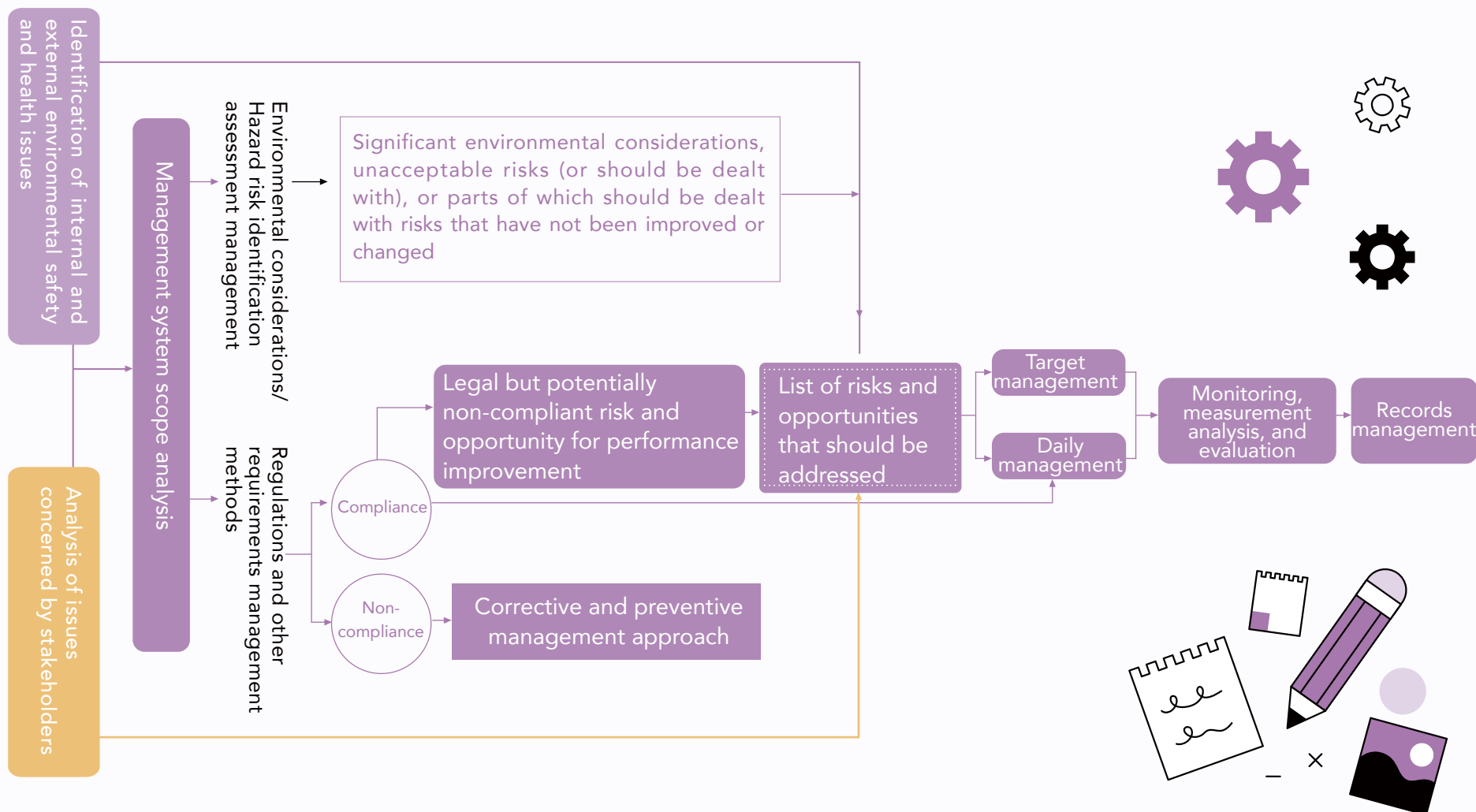
Special Health Check

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



6-4-1 Occupational Hazard & Disaster Prevention



Occupational Hazard Prevention

In the past, two employees were required to manually install chair backrest covers, which could break the covers and significantly drain the employees' physical strength. Dyaco has now requested the in-house biotechnology department to design a chair backrest cover assistive device that ensures consistent tension during installation, eliminating the need for manual labor and reducing the risk of hand injuries.



Note: Chair backrest cover assistive device



Occupational Disaster Prevention

Dyaco holds fire drills twice a year to improve the emergency response capability of the employees and teach them the correct way to use fire-fighting equipment. The fire safety equipment is set up following the regulations and is regularly inspected. The inspection results are reported to the local fire department for future reference.



6-4-2 Occupational Hazard Statistics

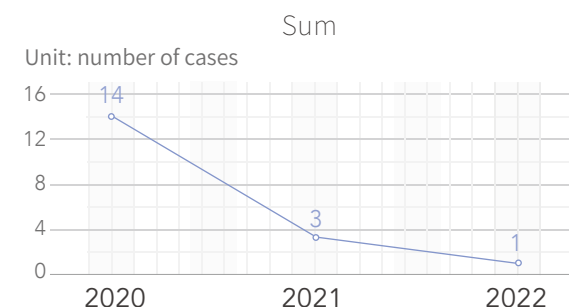
In 2022, occupational accident injuries significantly reduced, mainly because of publicity and work safety precautions. In addition, due to the difficulty of data collection, the following information does not disclose the information of non-employee workers.

Unit: number of cases

Potential Hazard	Sprain	Falling	Spatter	Cut, Scratched	Falling Object	Wrapped, Clamped	Crush	Breaking Object	Collision	Inappropriate Action	Total
2020	0	0	2	0	0	2	5	1	1	3	14
2021	1	0	0	1	1	0	0	0	0	0	3
2022	0	0	0	0	0	0	1	0	0	0	1

*Statistics from January 1 to December 31 each year

Statistics On Occupational Hazard In 2018-2022



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
2020	1,354,000	0	0	0	0	14	2.06
2021	1,280,000	0	0	0	0	3	0.47
2022	1,232,000	0	0	0	0	1	0.16

Note 1: 1.Calculation of working hours in 2022: Based on 8 hours per day and 5 days per week. (230 female, 386 male).

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

3.Rate of high-consequence work-related injury (excluding fatalities) = (Number of high-consequence work-related injury (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.

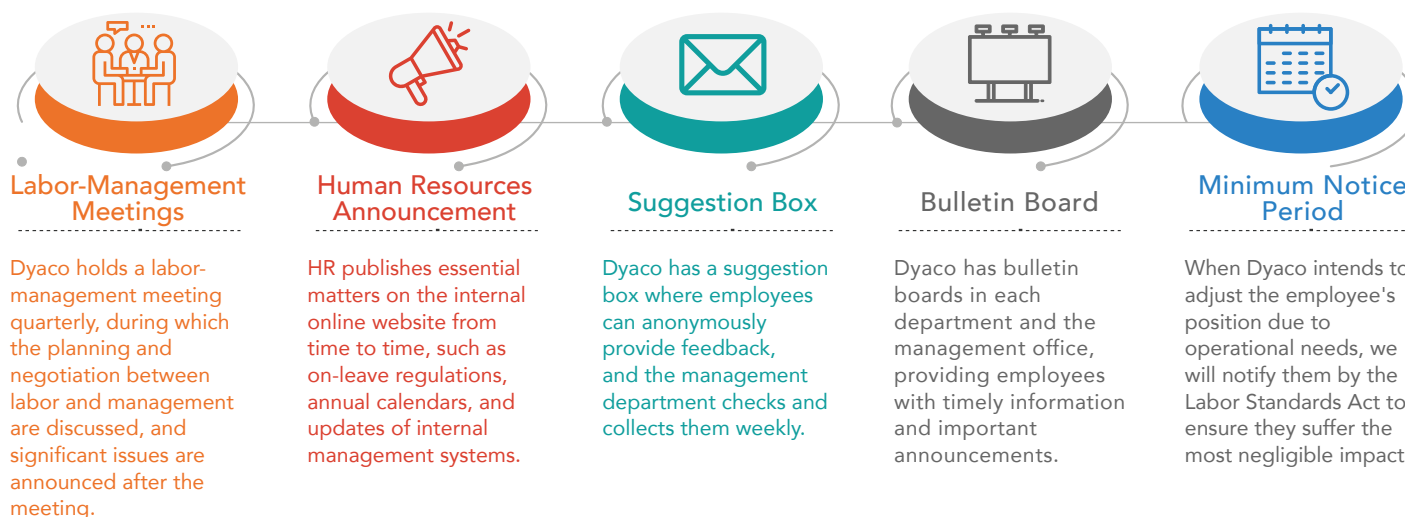
5.200,000 = the ratio per 100 employees based on 2,000 working hours per year for full-time employees, assuming 250 working days per year and 8 working hours per day.

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.

6-5 Deepen Labor-Employment Communication

Dyaco maintains smooth communication channels between labor and management through face-to-face and email. Employees can communicate and discuss directly with department supervisors, and other communication channels are available to promote mutual and timely, comprehensive understanding and to work together to achieve common goals. In response to the employment of foreign workers, we also provide multiple languages to facilitate the conveyance of complete information. As of December 31, 2022, Dyaco has had no significant labor disputes.



7

Committed to Social Welfare

7-1 Promoting Social Good





The total donation in
2022 is
NT **\$7,624,858**

As a manufacturer of sports equipment and rehabilitation medical devices, Dyaco is dedicated to expanding our expertise to promote sports culture, children's education, and support for disadvantaged groups. By donating sports equipment, supplies, and funds, we actively collaborate with local charities and school sports programs to give back to society. We have also established the Taipei Dyaco International Charity Foundation as a non-profit organization to promote charitable activities.

7-1 Promoting Social Good

Dyaco upholds the belief of "taking from society and using for society" to promote public welfare through the company's core concepts and is committed to social care by supporting various sports projects and social issues. Using our resources, Dyaco assists in promoting sports and education-related advocacy and invests in public welfare in multiple fields to create a better society together.

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.

In addition, Dyaco is committed to helping Taiwan build a healthy society by continuously investing in sports education promotion activities in all stages of learning to help establish good habits of sports and fitness.

7-1-1 Disability Treatment Plan



Maria Social Welfare Foundation

Due to limitations in cognitive and physical functions, people with disabilities are often less active in sports or require support from others to participate, resulting in generally low levels of physical activity. They also tend to have a higher likelihood of developing various diseases caused by insufficient activity, such as obesity, poor physical fitness, and short endurance, compared to the general population. This exacerbates the difficulties and burdens faced by families caring for people with disabilities. Therefore, it is essential to increase the physical activity of people with disabilities or guide them to develop their healthy physical abilities through voluntary exercise.



Donation

One dedicated treadmill

Donation

NT **\$100,000**





Eden Social Welfare Foundation

Since children with developmental delays under the age of six are a gap in social assistance, as their growth rate is slower, there is a high chance that they will receive a disability handbook in the future but cannot receive sufficient subsidies. Dyaco has assisted the Eden Social Welfare Foundation in caring for "Slow-Flying Angels" and donated equipment to the Taiwan Early Intervention Association for Children's Development, hoping to provide early rehabilitation and treatment and the opportunity to become better and slowly learn how to grow.



Donation

NT \$200,000



Taiwan Association of Child Development and Early Intervention (TACDEI)



Donation

a machine worth a total value of NT \$190,000.



Suanlien Visually Impaired Care Foundation

The visually impaired elderly living alone face many difficulties in their daily lives. The association serves the needs of elderly visually impaired individuals living alone in different stages of life, from mid-life tracking and preparation to promoting physical and mental health in old age, reducing the effects of aging, helping and caring in old age, and accompanying the visually impaired in their aging process. Dyaco provides annual service funds to assist the foundation in direct and indirect services.



Donation

NT \$200,000

7-1-2 Caring for disadvantaged groups

Dyaco continues to care for vulnerable groups, including homeless individuals, older people living alone, and impoverished single mothers. We sponsor their necessities and provide timely support in terms of mental health and employment referrals, helping them reintegrate into society and experience the warmth of our community.



Zenan Homeless Social Welfare Foundation



Sponsor



2,000 sets of Mid-Autumn Festival anti-hunger meals.

166 Mid-Autumn Festival safety packages.



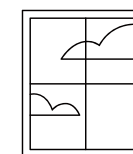
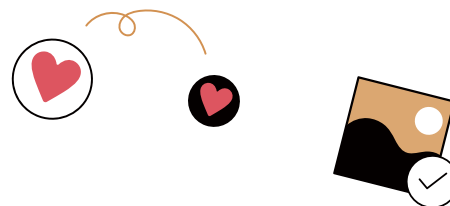
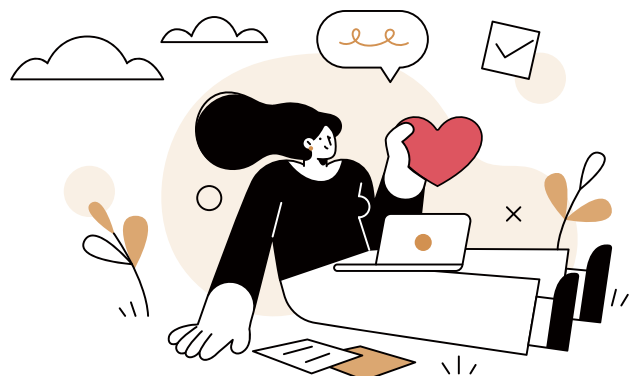
Huashan Social Welfare Foundation



Sponsor



600 sets of year-end gifts for the foundation's annual party.



7-1-3 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

Dyaco has partnered with Wenyu Education Foundation and Erlin Jiafu to establish the Dyaco Elementary School, which provides after-school reading companionship for children in remote areas. In addition to promoting literacy, the program also cares for children and helps them grow up in a healthy environment.



Accompanying

up to **15** children.



AR x Uniigym New Taipei Summer Challenge

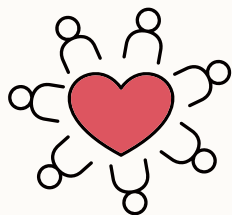


Equipment Donation

with a total value of NT **\$600,000**.



National Taiwan University College of Public Health Individual Scholarship Program



7 beneficiaries

Total donation

NT **\$700,000**



Taiwan Athletics Association



Donated 12 treadmills



Total value of

NT **\$1.17 million**



Chinese Culture University



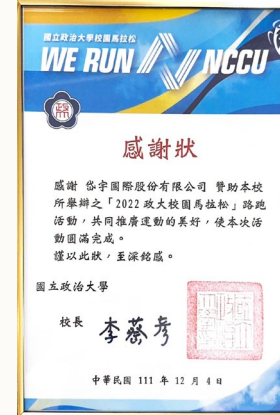
**Donation of 20
indoor exercise bikes**



with a total value of
NT\$800,000



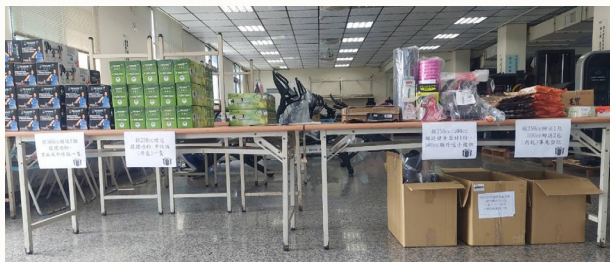
National Chengchi University Campus Marathon



Donation
NT\$400,000

7-1-4 Contribution to society

Dyaco has been actively responding to blood donation campaigns since 2016 and has continued to do so yearly. Despite the severe impact of the COVID-19 pandemic in 2022, which resulted in a decrease in blood donors and a shortage in blood supply, Dyaco held blood donation events on April 19th and August 23rd in collaboration with neighbor companies in Changhua. These events were open to employees, external guests, and vendors in the industrial park. In total, 55 and 54 bags of blood were collected, respectively. In addition to the gifts provided by the Taichung Blood Center, Changhua County Industrial Park Association, and Fwei Lions Club, Dyaco also generously donated various fitness equipment such as swaying bells, rollers, resistance ropes, grip trainers, and more. This initiative demonstrated love and care through blood donation and encouraged fitness activities for better health among colleagues.



Blood donation gifts.



Blood donation promotion banner.



Colleagues who participated in the event.

Appendix

Appendix I Third Party Assurance Statement

Appendix II Sustainability Accounting Standards Board (SASB)

Appendix III GRI Standards



Appendix I Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE Dyaco International Inc.'s SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Dyaco International Inc. (hereinafter referred to as DAYCO) to conduct an independent assurance of the Sustainability Report for 2022 (hereinafter referred to as the SR Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification between 2023/7/3~2023/8/10 in DAYCO headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all DAYCO's Stakeholders.

RESPONSIBILITIES

The information in the DAYCO's Sustainability Report of 2022 and its presentation are the responsibility of the directors, governing body and management of DAYCO. SGS has not been involved in the preparation of any of the material included in the SR Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all DAYCO's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate (AA1000AP Evaluation only)

TWLPP 5008 Issue 2305

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

- None selected (Specified Performance Information as detailed in proposal)
- GRI Universal Standard (2021) (Reference)
- AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from DAYCO, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2305

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

DYACO has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, DYACO may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

DYACO has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT

Dyaco has addressed in this report the organisation's impacts related to each material topic on stakeholders and the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATION

The report, DAYCO's SR Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to DAYCO's contributions to sustainability development. For future reporting, DAYCO is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
09 September, 2023
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-5F87C

TWLPP5008 Issue 2305

Appendix II Sustainability Accounting Standards Board(SASB)

Topic	Accounting Metric	Category	Unit of Measure	Code	Description	Page
Chemical & Safety Hazards of Products	Number of (1) recalls and (2) total units recalled.	Quantitative	Number	CG-TS-250a.1	Please refer to 4 Innovative Products Service for detailed information.	34
	Number of Letters of Advice (LOA) 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	
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	Discussion and Analysis	n/a	CG-TS-250a.4	Please refer to 6-4 Occupational Safety and Health for detailed information. Dyaco Group did not discover any risks.	58
Labor Conditions in the Supply Chain	Number of facilities audited to a social responsibility code of conduct.	Quantitative	Number	CG-TS-430a.1	Please refer to 4-4 Supplier Management for detailed information.	39
	Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances.	Quantitative	%	CG-TS-430a.2	Please refer to 4-4 Supplier Management for detailed information.	39

Topic	Category	Unit of Measure	Code	Description	Page
Annual production	Quantitative	Number of units	CG-TS-000.A	Please refer to 4 Innovative Products Service for detailed information.	3
Number of manufacturing facilities, percentage outsourced	Quantitative	Number, Percentage (%)	CG-TS-000.B	Please refer to 3-4 Operational Performance for detailed information.	32

Appendix III GRI Standards

Statement of Use: Dyaco International has reported by the GRI Standards for 2022.1.1-2022.12.31.

GRI 1 Used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): During the reporting period of this report, no applicable GRI standards have been released.

GRI 2: General Disclosures 2021

GRI	Disclosures	Location		Page	Note
2-1	Organizational details	1	About Dyaco	7	
2-2	Entities included in the organization's sustainability reporting		About This Report	4	
2-3	Reporting period, frequency and contact point		About This Report	4	
2-4	Restatements of information		About This Report	4	
2-5	External assurance		About This Report	4	
2-6	Activities, value chain and other business relationships	4	Innovative Products Service	34	
2-7	Employees	6	Friendly Workplace	47	
2-8	Workers who are not employees	6	Friendly Workplace	47	
2-9	Governance structure and composition	3	Corporate Governance	24	
2-10	Nomination and selection of the highest governance body		Please refer to Dyaco website		
2-15	Conflicts of interest		Please refer to Dyaco website		
2-16	Communication of critical concerns	3-2	The Board of Directors and Functional Committees	26	
2-17	Collective knowledge of the highest governance body	3-2	The Board of Directors and Functional Committees	26	
2-18	Evaluation of the performance of the highest governance body	3-2	The Board of Directors and Functional Committees	26	
2-19	Remuneration policies	3-2-4	Remuneration Committee	27	
2-20	Process to determine remuneration	3-2	The Board of Directors and Functional Committees	26	
2-21	Annual total compensation ratio		Expected to be revealed in 2023 Sustainability Report		
2-22	Statement on sustainable development strategy	5	Green Operations	41	
2-23	Policy commitments	3-3	Implementation of Management	28	
2-24	Embedding policy commitments	3-3	Implementation of Management	28	

GRI	Disclosures	Location	Page	Note
2-26	Mechanisms for seeking advice and raising concerns	3-3-6	Operational Management and Regulatory Compliance 31	
2-27	Compliance with laws and regulations	3-3-6	Operational Management and Regulatory Compliance 31	
2-28	Membership associations	3-5	Involvement of External Organizations 33	
2-29	Approach to stakeholder engagement	2-1	Stakeholder Engagement 16	
2-30	Collective bargaining agreements		Dyaco has not established a labor union 62	



GRI 3: Material Topics 2021

GRI	Disclosures	Location	Page	Note
3-1	Process to determine material topics	2-2 Materiality Analysis and Management	19	
3-2	List of material topics			
3-3	Management of material topics			

Topics	Disclosures	Location	Page	Note
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	3-4 Operational Performance	32	
GRI 203* : Indirect Economic Impacts	203-1 Infrastructure investments and services supported	7-1 Promoting Social Good	64	
	203-2 Significant indirect economic impacts	7-1 Promoting Social Good	64	
GRI 204* : Procurement Practices	204-1 Proportion of spending on local suppliers	4-4 Supplier Management	39	
GRI 205 : Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	3-3-6 Operational Management and Regulatory Compliance	31	
GRI 206 : Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3-3-6 Operational Management and Regulatory Compliance	31	
GRI 207 : Tax	207-1 Approach to tax	3-3 Implementation of Management	28	
	207-2 Tax governance, control, and risk management	3-3 Implementation of Management	28	
GRI 302* : Energy	302-1 Energy consumption within the organization	5 Green Operations	41	
	302-3 Energy intensity	5 Green Operations	41	
GRI 303* : Water and Effluents 2018	303-1 Interactions with water as a shared resource	5-3 Water Management	44	
	303-3 Water withdrawal	5-3 Water Management	44	
	303-4 Water discharge	5-3 Water Management	44	
	303-5 Water consumption	5-3 Water Management	44	

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

Topics	Disclosures		Location		Page	Note
GRI 305* : Emissions	305-1	Direct (Scope 1) GHG emissions	5-5	Greenhouse Gas Emissions Management	46	
	305-2	Energy indirect (Scope 2) GHG emissions	5-5	Greenhouse Gas Emissions Management	46	
	305-4	GHG emissions intensity	5-5	Greenhouse Gas Emissions Management	46	
GRI 306* : Waste 2020	306-1	Waste generation and significant waste-related impacts	5-4	Waste Management	45	
	306-2	Management of significant wasterelated impacts	5-4	Waste Management	45	
	306-3	Waste generated	5-4	Waste Management	45	
	306-5	Waste directed to disposal	5-4	Waste Management	45	
GRI 308* : Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4-4	Supplier Management	39	
GRI 401* : Employment	401-1	New employee hires and employee turnover	6-2	Talent Attraction and Retention	50	
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	6-2	Talent Attraction and Retention	50	
	401-3	Parental leave		Maternal Health Protection Program	55	
GRI 402 : Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	6-2	Talent Attraction and Retention	50	
GRI 403* : Occupational Health and Safety 2018	403-1	Occupational health and safety management system	6-4	Occupational Safety and Health	58	
	403-2	Hazard identification, risk assessment, and incident investigation	6-4	Occupational Safety and Health	58	
	403-3	Occupational health services	6-4	Occupational Safety and Health	58	
	403-4	Worker participation, consultation, and communication on occupational health and safety	6-4	Occupational Safety and Health	58	
	403-5	Worker training on occupational health and safety	6-4	Occupational Safety and Health	58	
	403-6	Promotion of worker health		Annual Health Check	53	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6-4-1	Occupational Hazard & Disaster Prevention	61	
	403-9	Work-related injuries	6-4-2	Occupational Safety and Health	61	

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

Topics	Disclosures	Location	Page	Note
GRI 404* : Training and Education	404-1 Average hours of training per year per employee	6-3-2 Training Hours Over the Years	57	
GRI 405* : Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	6-2 Talent Attraction and Retention	50	
GRI 406 : Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	3-3-4 Labor-Employer Management System	30	
GRI 408 : Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	3-3-4 Labor-Employer Management System	30	
GRI 414* : Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	4-4-1 Supplier Management and Selection	39	
GRI 416* : Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4 Innovative Products Service	34	
	417-1 Requirements for product and service information and labeling	4-4 Supplier Management	39	
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
GRI 418* : Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4-2 Customer Services Management	37	

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





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Sustainability Report