

04

Environment, Health and Safety

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4.1 Waste Management

Material topic	Waste Management
The significance for the company	Procuring raw materials not only constitutes a cost for the company, but in the production process, it also generates waste, leading to significant disposal expenses and environmental pollution.
Policy/Commitment	Waste and scrap recycling, solar and energy-saving device installations, rainwater collection, wastewater treatment, and other resource recovery and reuse initiatives are undertaken to conserve energy and protect the environment. We also prioritize personnel training in environmental regulations, rigorously implement environmental management practices, enhance employee environmental awareness, and strive for ongoing environmental improvement to safeguard our planet.
Short-term goal	Waste sorting and recycling efforts reduce waste generation and involve implementing preliminary environmental assessments for new equipment entering the facility, identifying waste types, and adopting eco-friendly processes.
Mid- and long-term goal	Purchasing waste reduction equipment for classification or compression to minimize outsourcing volume.
Resources Invested of the year/ Concrete achievements	High-concentration acidic/alkaline wastewater low-temperature vacuum treatment facility, utilizing a pretreatment chemical co-precipitation and subsequent reduced pressure distillation process. This resulted in a reduction of approximately 80-100 tons per year of outsourced acidic and alkaline waste treatment.
Responsible department	Environmental Engineering Department/ ntchen@nafco.com.tw
Evaluation mechanism/ Results	The cessation of outsourcing for high-concentration acidic and alkaline wastewater.

At the NAFCO plant site, business waste generated on-site is sorted, stored, collected, preserved, and treated. This includes hazardous business waste such as wastewater from production, copper and its compounds, dust or mixtures thereof, waste lubricating oil, waste plastic mixtures, inorganic sludge, and more. General business waste, including household and general waste produced by employees or processes, is also managed in accordance with approvals from regulatory authorities and is subjected to qualified declaration, transportation, and treatment by approved disposal facilities.

Waste Statistics

Unit: ton	Hazardous Waste of NAFCO Taiwan HQ	Hazardous Waste of NAFCO Suzhou Plant	Non-hazardous Waste of NAFCO Taiwan HQ
2020	143.68	42.98	171.559
2021	109.83	49.84	277.765
2022	169.38	88.31	242.650



Disposal Methods of NAFCO Taiwan ▶




Disposal methods	Name of the hazardous and non-hazardous waste	2022 Weight (t)	2021年 Weight (t)	2020 Weight (t)
Chemical treatment	Cyanide electroplating solution, copper and its compounds (total copper) (limited to waste catalysts, dust, waste liquid, sludge, filter material, incineration fly ash, or bottom slag) from electroplating waste.	51.860	33.940	73.454
Physical treatment	Non-hazardous dust or its mixtures, waste lubricating oil.	161.530	138.650	88.350
Washing treatment	Waste plastic mixture.	2.050	0.975	0.000
Bury	Inorganic sludge.	7.430	44.220	0.000
Incineration	General waste generated from business activities.	31.180	21.320	24.010
Heat treatment (Excluding Incineration)	The treatment sludge from electroplating processes, excluding those generated by the following processes: <ol style="list-style-type: none"> 1. Aluminum sulfate electroplating 2. Tin plating on carbon steel 3. Aluminum plating on carbon steel 4. Tin or aluminum plating on carbon steel, associated with cleaning or pickling 5. Etching and grinding of aluminum. 	108.860	16.120	103.110
Reuse	Waste lubricating oil, waste activated carbon, and treatment sludge from electroplating processes, excluding those generated by the following processes: <ol style="list-style-type: none"> 1. Aluminum sulfate electroplating 2. Tin plating on carbon steel 3. Aluminum plating on carbon steel 4. Tin or aluminum plating on carbon steel, associated with cleaning or pickling 5. Etching and grinding of aluminum. 	49.120	132.370	26.315

Disposal Methods of NAFCO China ▶

Disposal methods	2022 Weight (t)	2021 Weight (t)	2020 Weight (t)
Incineration	17.310	3.867	0.840
Harmless Treatment and Energy Regeneration	71.000	45.978	42.140

Record of Internal Self-Inspection and Audit Results for Business Waste Outsourced Removal and Disposal

Audit Items	Audit Contents	Current Situation
Registered factory address	Ensuring the factory address consistent with registered address.	
Storage facility	Whether the storage facility is protected against rain, wind, and direct sunlight, and whether it is equipped with exhaust windows or necessary ventilation facilities, along with approved fire safety equipment.	
Incoming Inspection	Whether there is a designated inspection area and rigorous execution for each batch of testing.	
Collection and disposal vehicles	Consistency with Registered Vehicles.	

Audit Items	Audit Contents	Current Situation
Processing site	Whether the processing site is equipped with necessary protective devices, such as an air pollution scrubber.	
Wastewater discharge	Whether the wastewater discharge complies with local standards.	
Ultimate disposal	Whether the final treatment has been duly completed and appropriate documentation has been submitted.	

4.2 Supply Chain Management

Quality first, customer satisfaction, on-time delivery, continuous improvement, adherence to government environmental regulations, and the avoidance of prohibited substances have consistently been the goals of NAFCO's Quality, Safety, and Green Product Management Policy. These principles guide our supplier management practices, as we strongly encourage our suppliers to prioritize issues related to quality, environmental responsibility, and safety management. We are committed to the thorough implementation of risk management and business continuity planning to become a sustainable and environmentally responsible supply chain.

The selection of suppliers is based not solely on price but rather on a comparative assessment of supplier advantages and risk considerations. Maintaining a strong and mutually beneficial relationship with suppliers is paramount, ensuring that the supply of goods and services aligns with NAFCO procurement requirements in terms of quality, cost, delivery, service, management, and environmental protection.



Supply Chain Management

Our suppliers are long-term partners of NAFCO, and beyond competitive requirements such as quality, technology, delivery, and cost, we place significant emphasis on supplier governance, environmental responsibility, and social aspects. We collaborate closely with our suppliers to drive the sustainable development of our value chain. Effective supply chain management is built upon strong collaborative relationships with suppliers, ultimately leading to improved customer satisfaction and the delivery of the best product and service experiences. While pursuing business growth, NAFCO actively promotes sustainability policies to meet the expectations of various stakeholders. In addition to adhering to sustainability standards ourselves, we leverage our influence to encourage our supply chain to collectively embrace and fulfill corporate social responsibility.

Sustainable Management of Suppliers

NAFCO has established a 'Procurement Management Procedure' in accordance with sustainability guidelines. This procedure outlines criteria for supplier selection, emphasizing environmental protection, human rights, safety, health, and sustainable development. It also sets forth requirements and expectations for suppliers in areas such as environmental, health, and safety risks, ethical standards, and ethical business conduct.

Our company has instituted a Supplier Guidance Project, which, based on cooperation, encompasses supplier selection, audit guidance, performance assessment, training, and supplier forums. Through these initiatives, we integrate sustainability requirements into the day-to-day management of our supply chain.

Supplier Evaluation

1. All suppliers must undergo supplier evaluation and adhere to the Supplier Code of Conduct.
2. Aerospace raw material suppliers related to processes must comply with AS9100 Quality Management System certification; industrial raw material suppliers must comply with ISO9001 Quality Management System certification; automotive raw material suppliers must comply with IATF 16949 certification as per automotive industry standards.
3. Contractors' operational procedures must align with the ISO45001 Occupational Health and Safety Management System.

Supplier Auditing

Our company has established an auditing team and a guidance team to track and improve supplier deficiencies, collaboratively enhancing quality and technology, strengthening environmental, health, and safety performance, and implementing automation to increase productivity.

Supplier Training

Our company conducts periodic supplier meetings and employs various forms of guidance and communication, such as annual audit evaluations, to effectively enhance environmental and safety performance while complying with international standards. The training includes topics such as workplace hygiene, employee health, fire maintenance, carbon footprint assessment, climate change, regulatory risks, and professional ethics.

Supplier Forum and Recognition

Our company periodically organizes supplier meetings where, in addition to conveying our company's sustainability principles and objectives, we specifically acknowledge outstanding suppliers who have demonstrated excellence and made significant contributions in the areas of quality improvement, cost reduction, on-time delivery, and sustainability performance.



Supplier Selection

NAFCO follows procurement management procedures for both new and existing supplier evaluations. In the year 2020, 66 suppliers were evaluated, followed by 71 suppliers in 2021 and 74 suppliers in 2022. Due to industry-specific characteristics, the evaluation criteria for new and existing suppliers are determined based on different application contexts. These criteria reference aerospace standard AS 9100, industrial standard ISO 9001, and automotive industry standard IATF 16949 as benchmarks.

To maintain the requirements for quality, safety, green products, delivery, service, and pricing of materials, as well as to assist in enhancing supplier management for the purpose of achieving mutual benefit and cooperation, NAFCO, in accordance with relevant material approval procedures and supplier selection mechanisms, selects suppliers based on principles such as material evaluation, professional team assessments, and guidance. In the year 2020, 12 new suppliers were added, followed by 5 in 2021 and 5 in 2022, all of whom passed the new supplier evaluation and were classified as qualified suppliers of our company. In addition to considering the quality, delivery, and cost of supplier products, we also encourage them to prioritize social responsibility. We expect suppliers to jointly fulfill corporate social responsibilities and to effectively manage risks and maintain business continuity plans.

NAFCO has consistently regarded suppliers as strategic partners, firmly believing in mutual support and growth with our supplier allies. In accordance with RBA requirements, NAFCO has established procurement and supplier management systems to effectively oversee supplier product quality. We extend our social responsibility principles and requirements to the supply chain, jointly managing operations with our suppliers. We require suppliers to adhere to and commit to ensuring that all activities comply with various environmental, labor regulations, and international corporate social responsibility standards.



4.3 Occupational Health and Safety

Material topic	Occupational Health and Safety
The significance for the company	Both employees and contractors are essential human capital for the company, and ensuring their safety and health in the work environment not only reduces operational costs but also maintains operational efficiency.
Policy/Commitment	Achieving zero workplace accidents for employees, zero incidents for contractors, zero accidents involving operating machinery, and zero incidents in punch press operations are the primary policies and objectives of the company.
Short-term goal	The company has implemented the ISO 45001 Occupational Health and Safety Management System. However, many colleagues are still relatively unfamiliar with the Occupational Health and Safety Management System, and it will be conveyed to company employees through education and training.
Mid- and long-term goal	The frequency and severity rates of disabling injuries have shown a slight decrease compared to data from the past 2-3 years. Through continuous advocacy and requirements, the future goal is to reduce the total number of annual occupational injuries to five cases or even zero injuries, setting it as a medium to long-term objective.
Resources Invested of the year/ Concrete achievements	<ol style="list-style-type: none"> 1. Increase the sharing and promotion of occupational safety and health case studies. 2. Incorporate occupational safety meetings into the curriculum as part of each quarter's agenda. 3. Promote road and traffic safety awareness. 4. Deploy security personnel to provide traffic guidance at the company's entrance.
Responsible department	Labor Safety & Healthy Office/ bing.feng@nafco.com.tw zoe.c.chang@nafco.com.tw
Evaluation mechanism/ Results	Convene regular Occupational Health and Safety Committees to oversee and review improvement initiatives.

NAFCO is committed to providing customers with high-quality products and services that comply with regulations and standards. We prioritize occupational accident prevention, health promotion, and the creation of a friendly workplace as part of our corporate social responsibility. Currently, our company offers various training programs related to occupational safety and health, including contractor awareness, fire drills, hazard awareness, chemicals, machinery and equipment TS safety certification, machinery and equipment safety devices, prevention of pinch and caught hazards, noise in the workplace, fire prevention, and escape routes.

NAFCO is actively and dedicatedly committed to promoting labor safety and health, with a focus on reducing occupational accidents. We adhere to international social responsibility standards, continuously improve the working environment for our employees, prevent occupational injuries and illnesses, and reduce workplace hazards. Our aim is to comply with labor safety and health regulations and create a high-quality, safe, and healthy corporate workplace.

For a long time, NAFCO has been committed to employee care, health, and safety, fulfilling corporate social responsibility, and pursuing sustainable business operations. We firmly believe that the safety and health of our employees are invaluable assets to the company.

► **Comply with Regulations**

Compliance with domestic occupational health and safety laws, regulations, and other customer requirements.

► **Risk Management**

Implement hazard identification, risk assessment, and opportunity management to achieve the goal of preventing accidents and reducing hazard risks.

► **Ensuring Safety**

Emphasizing the involvement of all, we implement education, training, consultation, communication, and other means to enhance the environmental health and safety awareness of employees, suppliers, and contractors. Through the safety measures in the workplace environment, we aim to safeguard the safety of workers.

► **Continuous Improvement**

Combining a rolling risk management approach with worker-driven health self-management to create a high-quality, healthy workplace.



A safe workplace can protect workers from harm



Do not tamper with safety devices



Follow required steps for operations and maintenance Carefully implement each step and avoid hasty action



Label machines with spinning blades No gloves while operating



Keep clam if a machine



Hazards of mechanical equipment entanglement are significant



Shut off power before maintenance



Cuts and pinch injuries are serious Caution



Personal protection

4.3.1 Worker Engagement, Consultation, and Communication

NAFCO has established an Occupational Safety and Health Committee (All-Staff Communication Meeting), which is composed of department heads, occupational safety and health personnel, engineering and technical staff, nursing personnel, and labor representatives. Labor representatives are selected from various units, and their proportion exceeds the legal requirement of 1/3.

The Occupational Safety and Health Committee meets quarterly to address various topics, including license retraining courses, contractor management, occupational accidents, corrective measures for hazard prevention, manufacturing site inspections, fire and firefighting, environmental monitoring at workplaces, labor health management, government agency inspections, and sharing of social occupational safety and health case studies. The committee includes workers who have the right to express opinions, vote, and are responsible for reviewing, coordinating, and making recommendations on occupational safety and health-related matters. It also makes decisions on the investigation results of occupational accidents, discusses the results of environmental monitoring, and suggests proposals for health management and health promotion. The committee assesses on-site safety and health management performance to prevent occupational accidents and ensure a safe and healthy working environment for employees.

4.3.2 Occupational Health and Safety Management Systems & Occupational Safety and Health Act

NAFCO complies with the ISO 45001 Occupational Health and Safety Management System and local regulatory requirements. It has been verified by AFNOR and actively strives to improve the safety and health of its workers. The ISO 45001

Occupational Health and Safety Management System and the Occupational Safety and Health Act cover all workers in the company, including both regular and contract employees. As of December 31, 2022, the total number of employees is 469.

4.3.3 Hazard Identification, Risk Assessment, and Incident Investigation

To promptly address and eliminate any abnormal incidents arising from the Occupational Health and Safety Management System, and to ensure that similar situations do not recur, NAFCO has established the 'Occupational Health and Safety Abnormal Correction and Prevention Procedure.' According to this procedure, significant abnormalities in the workplace are assessed, and if necessary, a 'Occupational Health and Safety Abnormal Handling Form' is filled out to facilitate the tracking and improvement of results by the Occupational Safety and Health Office. In the event of a workplace safety incident, an 'Incident Investigation Form' is generated to track subsequent actions and understand the root causes. These incidents are also incorporated into the quarterly Occupational Safety meetings as part of the training curriculum to ensure the effective operation of hazard notification and dissemination.

To prevent harm to the safety and health of personnel or the financial well-being of the company resulting from operations, activities, services, and facilities, the company has established the 'Hazard Identification and Risk Assessment Procedure.' This procedure involves assessing hazard identification based on the nature of operations, identifying potential hazards within various departmental work environments and operational activities, and taking appropriate preventive measures or implementing necessary control methods to maintain risks within acceptable limits.



4.3.4 Occupational Hazard Statistics

According to the statistics and analysis of employee occupational injuries and occupational diseases, as shown in the table below, there were no significant occupational accidents or cases of occupational diseases (including recordable occupational diseases) in the year 2022. The types of work injuries are primarily categorized as crushing injuries, cutting injuries, and lacerations. Company can reduce occupational hazards through hazard identification, improvements in the workplace environment, and the implementation of occupational safety training.

Occupational Hazard and Occupational Disease Statistics

Statistics/Year		2020	2021	2022
Total Work Hours		868,210	806,512	958,680
Fatal Occupational Hazard	Number	0		
	Rate	0		
Serious Occupational Hazard	Number	0		
	Rate	0		
Reportable Occupational Hazard (Note)	Number	14	5	8
	Rate	3.22503	1.23991	1.66896
Occupational Disease	Number	0		
	Rate	0		
Reportable Occupation Disease	Number	0		
	Rate	0		

Note: The rate of recordable occupational hazards is equal to (the number of recordable occupational injuries x 200,000 working hours) / total exposure hours.

Statistics on Types of Occupational Hazards

Statistics/Year		2020	2021	2022	Description of Hazards and Improvement
Types of Occupational Hazards	Pinch and Crush Injuries	1	1	0	Rotating Machinery, No Gloves Allowed
	Cut and Laceration Injuries	1	1	2	Do Not Remove Safety Guards
	Traffic Accidents	3	5	3	Traffic Accident Case Dissemination



4.3.5 Workplace Health Promotion

As societal and economic changes unfold, the International Labour Organization (ILO) and the World Health Organization (WHO) advocate that workplace safety and health services are fundamental rights for laborers. NAFCO actively plans, promotes, and implements health initiatives, encompassing three major facets: health services, health education, and the health work environment. We provide our colleagues with facilities like a fitness center, smoking cessation programs, hiking activities, basketball competitions, and weight loss challenges. Grounded in the commitment to safeguarding employee health, we place a strong emphasis on health risk assessment, health management, health promotion, and recommendations for workplace environmental hazards. We offer educational concepts to employees, aspiring to ensure that health issues do not impact work and that the well-being of our workforce is consistently upheld in the workplace.

NAFCO is committed to implementing a system of labor health services and measures for physical and mental health protection. With a caring approach, we actively plan, promote, and advocate for the dissemination of correct health knowledge, aiming to create a workplace environment that is health-friendly and conducive to a balanced and joyful life. We aspire to help employees cultivate a positive and proactive approach to health, maintain a healthy body, mind, and spirit, and integrate workplace health into their daily lives. This way, they can achieve a harmonious and fulfilling balance between their family and work life.

Weight Loss Program

Nutritional Course
for Weight Loss
Program



Weight Loss
Program Awards
Ceremony



Physical Education Classes



Smoking Cessation Program



4.3.6 Health Management

NAFCO conducts special hazard operation preventive occupational health examinations annually, general health examinations for all employees every two years, and monthly on-site health services provided by labor health service physicians and occupational medicine specialists. Abnormality classification management is carried out based on the health examination results, and health management measures such as health guidance and follow-up re-examinations are provided to employees. Additionally, investigations into the correlation between employee health and work are conducted, continuous improvements are made to the occupational environment, safety, and health facilities, and ongoing management of employee health is ensured.

Physical Examination for 2022



Medical Examination by a Physician



Physical Fitness Assessment



05

Social Care

- 5.1 Employee Overview
 - 5.1.1 Employee Rights
 - 5.1.2 Employee Statistics
- 5.2 Right Person for the Right Position
 - 5.2.1 Remuneration & Benefits
 - 5.2.2 Talent Cultivation
- 5.3 Charity Engagement



NAFCO values the labor rights of its employees, aiming to create a happy and safe workplace. We provide our team with friendly and equal job opportunities, implement gender equality policies, and foster an atmosphere of mutual respect. We offer competitive compensation levels to enhance employees' commitment to the company, reduce turnover rates, and ensure the steady growth of the company.

NAFCO has a comprehensive education and training system, regularly hosting various training programs to enrich the professional skills of our team and increase workplace competitiveness. Transparent career advancement pathways allow employees to anticipate future career development possibilities.

We encourage a healthy labor-management relationship, where employees can freely express their opinions and participate in labor-management meetings. The company is responsive to feedback, striving for consensus between labor and management.

Furthermore, NAFCO has implemented the ISO 45001 Occupational Health and Safety Management System, enhancing the company's occupational safety and health management performance to effectively protect the physical and mental well-being of our employees. Lastly, in addition to achieving outstanding revenue performance, NAFCO is actively involved in charitable activities, caring for disadvantaged groups, and fulfilling our social responsibilities.

5.1 Employee Overview

NAFCO treats its employees equally, eliminating any potential labor conditions that could create workplace inequalities through various equal opportunity measures, safeguarding the labor rights and interests of our colleagues.

5.1.1 Employee Rights

NAFCO values the rights of its employees and cultivates a friendly environment for human rights protection. The company formulates human rights policies based on principles such as the United Nations' "Universal Declaration of Human Rights," "UN Global Compact," "UN Guiding Principles on Business and Human Rights," and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work." These policies acknowledge internationally recognized fundamental human rights, including respecting employees' freedom of association, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, eradicating discrimination in employment and occupation, preventing any infringement and violation of human rights, ensuring gender equality, and treating all employees fairly. NAFCO's compensation policy also ensures that salary disbursement is not differentiated based on an individual's gender, age, race, religion, or political stance.

At the same time, NAFCO complies with labor human rights laws and regulations at its various operational locations. Group agreements cover all employees, and important messages regarding human rights protection and labor rights are communicated to new and existing employees. Furthermore, NAFCO provides a reporting channel for employees to use, which is handled by dedicated personnel who conduct responsible investigations. If the reports are verified as accurate, NAFCO commits not to treat the reporting individuals unfavorably. NAFCO has had no records of human rights violations in the current year.

5.1.2 Employee Statistics

In recent years, the improvement in factory production efficiency has not only driven the company's revenue growth but has also significantly increased the demand for human resources. Coupled with the company's competitive salary levels, this has attracted top talents to join the company and contribute to its success.

Specifically, all employees are on permanent employment contracts (i.e., full-time employees), offering a stable and long-term employment arrangement that allows employees to fully dedicate themselves to their work without concerns about job security, contributing to safeguarding their economic livelihood. Furthermore, the number of female employees has reached its highest level in the past three years.



Employees can be categorized into direct and indirect roles, with direct employees being predominantly male due to the nature of production line operations, while the proportion of female employees among indirect staff has been increasing year by year.

Regarding age distribution, in recent years, for both direct and indirect employees, over ninety percent are under the age of 50. This indicates that NAFCO primarily consists of middle-aged employees at this stage. Experienced and practical managers lead young teams, ensuring a stable workforce structure and no imminent labor shortages.

Employee Statistics

Note: The total number of employees is based on the figure as of the end of 2022 (12/31).

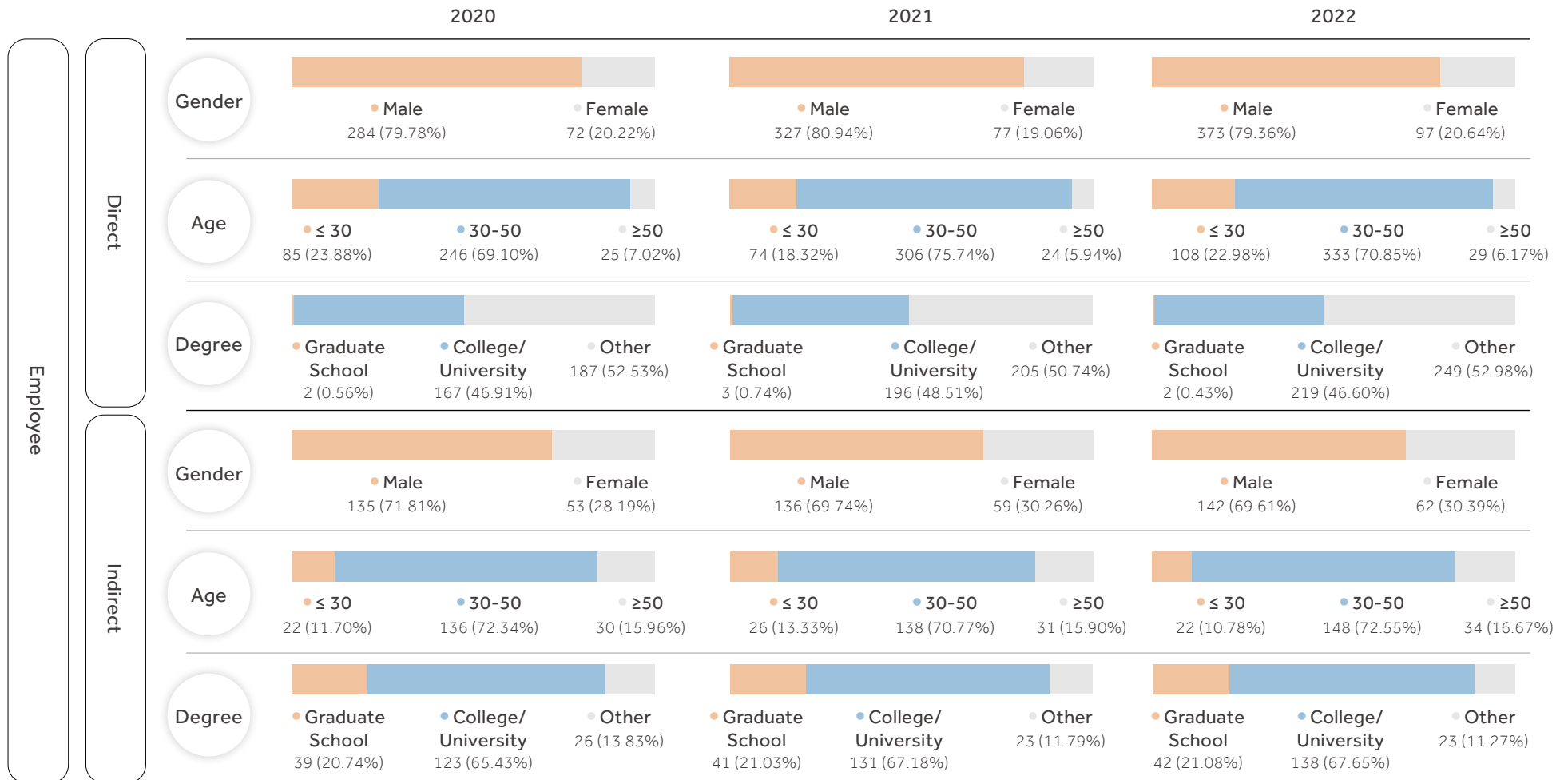
Year		2020		2021		2022	
Total Number of Employees		544		599		674	
Labor/Management Contract		Irregular	Regular	Irregular	Regular	Irregular	Regular
Gender	Male	419	0	463	0	515	0
	Female	125	0	136	0	159	0
Region	Taiwan	395	0	414	0	457	0
	Overseas	149	0	185	0	217	0
Labor/Management Contract		Full-Time Staff	Part-Time Staff	Full-Time Staff	Part-Time Staff	Full-Time Staff	Part-Time Staff
Gender	Male	419	0	463	0	515	0
	Female	125	0	136	0	159	0
Region	Taiwan	395	0	414	0	457	0
	Overseas	149	0	185	0	217	0

Non-Employee Statistics

Note: The total number of employees is based on the figure as of the end of 2022 (12/31).

Year		2020		2021		2022年	
Total Workers		3		3		4	
Contract Type		Dispatched	Other	Dispatched	Other	Dispatched	Other
Gender	Male	0	2	0	2	0	3
	Female	0	1	0	1	0	1
Region	Taiwan	0	0	0	0	0	0
	Overseas	0	3	0	3	0	4
Job Type		Sales Representative	Technical Consultant	Sales Representative	Technical Consultant	Sales Representative	Technical Consultant
Gender	Male	1	1	1	1	1	2
	Female	1	0	1	0	1	0
Region	Taiwan	0	0	0	0	0	0
	Overseas	2	1	2	1	2	2

Employee Diversity Statistics



Female Employees and Female Senior Executives Statistics

Note: Senior executives are defined as managers and above.

	2022	Female Employees	Total Employees	Female Senior Executives	Total Senior Executives
Total		159	674	10	38
Percentage		♀ 23.59%		♀ 26.32%	

New Employees and Departed Employees Statistics

Year	2020		2021		2022		
	Total	Percentage	Total	Percentage	Total	Percentage	
New Employees							
Gender	Male	52	12.4%	191	41.3%	242	47.0%
	Female	6	4.8%	44	32.4%	69	43.4%
Age	≤ 30	23	21.5%	75	75.0%	115	88.5%
	30-50	33	8.6%	157	35.4%	189	39.3%
	≥50	2	3.6%	2	3.6%	7	11.1%
Degree	Graduate School	4	9.8%	10	22.7%	8	17.8%
	College/University	41	14.1%	137	41.9%	146	40.9%
	Other	13	6.1%	88	38.6%	157	57.7%
Region	Taiwan	42	10.6%	102	24.6%	131	28.7%
	Overseas	16	10.7%	133	71.9%	180	82.9%

Year	2020		2021		2022		
	Total	Percentage	Total	Percentage	Total	Percentage	
Departed Employees							
Gender	Male	261	62.3%	83	17.9%	194	37.7%
	Female	36	28.8%	98	72.1%	47	29.6%
Age	≤ 30	125	116.8%	63	63.0%	74	56.9%
	30-50	164	42.9%	109	24.5%	160	33.3%
	≥50	8	14.5%	10	18.2%	7	11.1%
Degree	Graduate School	4	9.8%	8	18.2%	7	15.6%
	College/University	178	61.4%	103	31.5%	122	34.2%
	Other	115	54.0%	71	31.1%	112	41.2%
Region	Taiwan	152	38.5%	87	21.0%	95	20.8%
	Overseas	145	97.3%	95	51.4%	146	67.3%

Note: The total number of employees is based on the figure as of the end of 2022 (12/31).

5.2 Right Person for the Right Position

A robust human resource is the key to NAFCO's sustainable operations. To attract top talents, the company offers competitive compensation and benefits, rewarding employees who contribute to performance and long-term growth. NAFCO upholds the principle of treating employees equally and has established transparent evaluation and reward systems. This fosters a fair competitive atmosphere among colleagues and further shapes NAFCO's corporate culture of talent attraction and retention. This boosts employee morale and active participation in company affairs. Furthermore, in terms of career advancement, promotion pathways are transparent and open. Employees with excellent job performance are given opportunities for promotion, encouraging others to learn from exemplary peers. This enables NAFCO to continuously nurture more outstanding talents.

Additionally, NAFCO schedules educational and training programs for employee development, allowing colleagues to continuously grow in their respective fields and realize their self-worth. Finally, NAFCO has established diverse communication channels for employees to express their opinions. The company responds positively, maintaining a harmonious and trusting relationship between labor and management."

5.2.1 Remuneration & Benefits

At NAFCO, employee compensation is determined based on the annual achievement of operational objectives and the company's profitability. We provide our colleagues with compensation packages that surpass local regulations and are competitive in the job market.

To ensure that employees' performance adequately reflects in their individual compensation, all employees undergo regular performance and career development evaluations. We provide detailed explanations of our performance assessment methods to our employees. Assessment results are considered in employees' career advancement, allowing those with special technical expertise to grow into professionals in their respective fields through their efforts. Employees with management skills and leadership potential also have opportunities to advance into managerial positions. This provides a broad career development path for our colleagues."

Percentage of Employees Regularly Undergoing Performance and Career Development Reviews

Reviewed Employees in 2022		Reviewed Employees	Total Employees	Percentage
Gender	Male	515	515	100%
	Female	159	159	100%
Employee Category	Direct	253	253	100%
	Indirect	421	421	100%



Overall, NAFCO's employee compensation is primarily based on individual years of service, educational background, and professional skills. It does not differentiate compensation based on individual physiological or psychological differences. As employees gain more experience and industry knowledge over their tenure with the company, NAFCO is willing to share its profits with them. The concrete result is that the average and median annual salaries of non-managerial employees have been increasing year by year. This not only allows employees to contribute their expertise to the company but also ensures financial security in their personal lives, thereby increasing their sense of belonging and commitment to the company.

Furthermore, NAFCO provides various welfare measures and a comfortable working environment to enhance employee efficiency. Through periodic employee welfare activities, employees can not only reduce work-related stress but also foster positive interactions among colleagues.

Employee Benefits

Fixed Benefit Items

- ✓ Group accident insurance
- ✓ Marriage/funeral subsidies
- ✓ Festival bonuses, birthday gifts
- ✓ Quarterly bonuses
- ✓ Regular health check-ups
- ✓ Employee cafeteria
- ✓ Employee trips, year-end parties

Irregular Benefit Items

- ✓ Employee stock subscriptions (Method announced before each offering)

Employee Parental Leave Statistics

Year	Gender	2020	2021	2022
Number of Employees Applying for Parental Leave	Male	0	2	0
	Female	0	0	3
Employees Expected to Return After Parental Leave (A)	Male	0	1	0
	Female	0	0	2
Employees Who Actually Returned After Parental Leave (B) (Including Early Returns)	Male	0	0	0
	Female	0	0	1
Return Rate (B/A)	Male	0	0	0
	Female	0	0	50%
Employees Still Employed Twelve Months After Returning from Parental Leave (C)	Male	0	0	0
	Female	0	0	0
Retention Rate (C for the Current Year / B for the Previous Year)	Male	0	0	0
	Female	0	0	0

Note: Return Rate = (Total Actual Returning Employees for the Year / Total Employees Expected to Return for the Year) * 100%.

Retention Rate = (Total Employees Still Employed Twelve Months After Returning / Total Employees Who Actually Returned in the Previous Year) * 100%.

Finally, NAFCO provides retirement counseling to employees who are about to retire, ensuring their financial planning for retirement. The retirement benefit system includes both defined benefit plans (old retirement pension) and defined contribution plans (new retirement pension).

Defined benefit plan

(old retirement pension)

NAFCO's retirement system is fully compliant with the Labor Standards Act. Employees with more than fifteen years of service and aged fifty-five or older, or those with more than twenty-five years of service, are eligible to apply for voluntary retirement. The retirement benefits are provided according to the employee's years of service, with two units of the base salary granted for each completed year of service. For employees with over fifteen years of service, one unit of the base salary is granted for each completed year, with a maximum total of forty-five units. NAFCO has established a supervisory committee and allocated funds to this plan.

Defined contribution plan

(new retirement pension)

Since July 1, 2005, NAFCO has been following the provisions of the Labor Retirement Pension Act. A monthly contribution no less than 6% of the monthly salary is allocated towards the retirement pension, which is stored in a specialized account for labor retirement pensions.



Gym



Employee trips



lactation room



Employee cafeteria



5.2.2 Talent Cultivation

Material Topic	Talent Cultivation	
Significance for the Company	NAFCO Technology has always believed that sustainable talent is a crucial aspect of the company's future core competitiveness. We are committed to developing high-quality and diverse educational training to enhance the continuous growth of employees' professional capabilities. We adhere to an international perspective, integrating organizational strategic development, and have created a career development blueprint tailored to the needs of employees.	
Policies/Commitments	Through education, training, and knowledge sharing, we enrich employees' knowledge and skills to improve work efficiency and quality. We design various training programs for different levels and positions, including physical training, online courses, on-the-job training, and external training. Simultaneously, to implement the concept of dual sustainable development between the company and society, we utilize internal and external teaching resources to enhance technical, leadership, and execution capabilities, promoting NAFCO Technology's corporate culture and employee career development.	
Short-Term Goals	Enhance the development and nurturing of talent in "management," "technology," "AI," and "manufacturing" to meet the continuous growth of the organization. Continuously allocate resources to enhance innovation capabilities and maintain a competitive advantage in the industry.	
Medium to Long-Term Goals	Effectively utilize and develop human resources that align employee growth with corporate development goals. Through a systematic nurturing mechanism, sustainably cultivate future management talents, promote the development of middle and senior management reserve talents. In 2022, we have nurtured 24 middle to senior managers, and in 2023, we plan to expand this number to at least 43 middle to senior managers (the above figures pertain to the middle to senior management talent development project, excluding professional technical on-the-job training).	
Annual Resource Investment/Specific Outcomes	Optimization of the Education and Training Platform: NT\$850,000	Team Win-Win and Talent Development Program: NT\$640,000
Responsible Department/Appeal Mechanism	Human Resources Department / speakout@nafco.com.tw	
Assessment Mechanism/Outcomes	Optimization of the Education and Training Platform: Achieved optimization of cross-strait education and training with resource sharing capability.	Team Win-Win and Talent Development Program: Successfully trained 23 managers at or above the rank of deputy manager.

For NAFCO Technology, the key to sustainable business lies in the continuous learning and growth of its employees. Education and training are vital pathways to ensure that human capital continues to appreciate. Therefore, NAFCO Technology has always placed a strong emphasis on employee training.

The overall learning and development strategy is based on on-the-job training and supplemented by training for new recruits, specialized training, and managerial-level training as its core components. Functional education and training explanations are provided for middle and senior managers, in line with annual goals and the requirements of different business segments, creating a comprehensive education and training system.

To enhance the professional skills of employees, NAFCO Technology formulates training plans annually based on the company's development needs and implements training objectives. This approach allows employees to pursue long-term careers while enabling the company to enjoy the benefits of employee growth and progress. Through internal training, the transfer of skills and experience to relevant departments is continuously promoted, assisting employees in defining their learning and development directions and serving as the basis for personal career planning.

When new employees join the company, they are introduced to various internal regulations, policies, and occupational safety-related knowledge by dedicated personnel. Subsequently, their respective departments provide specialized training. NAFCO Technology actively encourages employees to pursue professional courses within the scope of their job responsibilities, with a focus on continuous employee growth. Multiple learning channels are provided to allow employees to harness their expertise and achieve personal success.

Training Hours Statistics

Year		2020	2021	2022
Average Training Hours per Employee		34.98	39.05	37.17
Average Training Hours by Gender	Female	35.40	39.04	38.44
	Male	15.87	22.38	21.56
Average Training Hours by Category	Direct	26.66	24.33	23.66
	Indirect	40.08	47.52	45.28

Note: All overseas factory employees are classified as indirect personnel.

Note: The average training hours for each category of employees are calculated as (the total training hours for employees in that category during the year / the total number of employees in that category at the end of the year).



5.3 Charity Engagement

Chairman Francis Tsai of NAFCO Technologies, in addition to his work responsibilities, often pays attention to social welfare organizations in remote areas. During one of his trips to Hualien, Chairman Tsai noticed the Ande Children's Home. He decided to visit and learn about the conditions at the home. Upon returning to the company, he shared his experience and encouraged colleagues who had the means to join in caring and showing concern for such organizations.



Chairman Francis Tsai's Visit to the Ande Children's Home

Regarding Longtan Care and Education Institute, some of the supplies they require are for long-term use. After internal discussions within the NAFCO Fund, it was decided to allocate funds for donations to enable the institute to procure the necessary items they lack. Additionally, Longtan Care and Education Institute would greatly appreciate it if NAFCO Technology could assist in a volunteer capacity. Therefore, in the coming year, there will be a plan to involve both the NAFCO Fund and colleagues from NAFCO Technology in supporting volunteer work.



Visiting and Providing Needed Supplies - Longtan Care and Education Institute

Donation of tablets to several rural schools in Hualien, including Hua Jen Junior High School, San Min Junior High School, Chia Min Elementary School, and Chung Yuan Elementary School. Feng Da Technology purchased tablets to support potential development and promote the use of the "One Tablet per Child" platform for flipped learning.



Each school presented the results of their "One Tablet per Child" program implementation at one of the elementary and junior high schools in Hualien.

Invitation was extended to the advisory committee of NAFCO Fund and several colleagues to visit Xin Deng Care Home. During the visit, they toured the facility to gain an understanding of the residents' conditions and witnessed their handmade creations, such as baked goods and other skills. On that day, everyone also participated in crafting activities and helped with gardening and landscaping around the facility. A group photo was taken with the director as a memento of the donation.



Visit to Xin Deng
Care Home

Funded by the NAFCO Fund, support was provided for the Reilong Quaker Church to organize Christmas activities, Mother's Day celebrations, and other events for the residents. The Quaker Church also held a summer camp for the residents, where NAFCO Fund advisory committee members and nurses from NAFCO Technology attended. During the camp, NAFCO nurses conducted an educational session on preventing intestinal viruses and held a quiz with small gifts for the residents, who enthusiastically participated. Additionally, during the Lunar New Year, funds were donated to purchase warm winter clothing for the children, with the help of the pastors.



Reilong Quaker Church Series of Activities

As an integral part of the broader society, businesses are interdependent with stakeholders such as investors, employees, local communities, and other parties. NAFCO Technology, through the "pay it forward" approach, leverages its influence to fulfill corporate social responsibilities. We collaborate with local organizations in our operational locations to ensure that resources are directed towards those who genuinely need assistance. In addition to our direct involvement in charitable activities, NAFCO Technology also responds to the call of our corporate group by making donations to the charitable foundation established by the group. By harnessing the collective goodwill of many, we aim to make the most effective use of resources and contribute to making society a better place.

Appendix | GRI Content Index

★ represents a material topic

Declaration of use	NAFCO has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2022.
Utilization of GRI 1	GRI 1: Foundation 2021
Applicable GRI industry standards	None

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
GRI 2: General Disclosure 2021						
Organizational and Reporting Practices	2-1	Organizational details	2.1 Company Profile	18		
	2-2	Entities included in the organization's sustainability reporting	Editorial policy	04		
	2-3	Reporting period, frequency and contact point	Editorial policy	04		
	2-4	Restatements of information	Editorial policy	04		
	2-5	External assurance	Editorial policy	04		
Activities and Workers	2-6	Activities, value chain and other business relationships	2.1 Company Profile	18		
	2-7	Employees	5.1.2 Employee Statistics	64		
	2-8	Workers who are not employees	5.1.2 Employee Statistics	64		
Governance	2-9	Governance structure and composition	3.1 Board of Directors	27		
	2-10	Nomination and selection of the highest governance body	3.1 Board of Directors	27		
	2-11	Chair of the highest governance body	3.1.1 Director's Continuing Education and Performance Evaluation	29		
	2-12	Role of the highest governance body in overseeing the management of impacts	-			Not Applicable/No Relevant Circumstances
	2-13	Delegation of responsibility for managing impacts	1.1 Sustainable Development Committee	07		
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Committee	07		

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
Governance	2-15	Conflicts of interest	3.1.1 Director's Continuing Education and Performance Evaluation	29		
	2-16	Communication of critical concerns	3.1.1 Director's Continuing Education and Performance Evaluation	29		
	2-17	Collective knowledge of the highest governance body	3.1.1 Director's Continuing Education and Performance Evaluation	29		
	2-18	Evaluation of the performance of the highest governance body	3.1.1 Director's Continuing Education and Performance Evaluation	29		
	2-19	Remuneration policies	3.1.2 Functional Committee	31		
		Process to determine remuneration	3.1.2 Functional Committee	31		
	2-21	Annual total compensation ratio	-			Confidentiality Policy/ Salary falls within the scope of company confidentiality; therefore, no disclosure is provided.
Strategy, Policies, and Practices	2-22	Statement of sustainable development strategy	Message from the Chairman	02		
	2-23	Policy commitments	5.1.1 Employee Rights	64		
	2-24	Embedding policy commitments	5.1.1 Employee Rights	64		
	2-25	Processes to remediate negative impacts	3.2 Risk Management	34		
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Communication Channels & Concern Topics	09		
	2-27	Compliance with laws and regulations	3.4 Legal Compliance	38		
	2-28	Membership associations	2.4 Participation in External Organizations	25		
Stakeholder Engagement	2-29	Approach to stakeholder engagement	1.2 Confirmation of Stakeholders	08		
	2-30	Collective bargaining agreements	5.1.1 Employee Rights	64		
GRI 3: Material Topics 2021						
Material Topics	3-1	Process to determine material topics	1.4 Identification of Material Topics	12		
	3-2	List of material topics	1.4 Identification of material topics	12		

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
Economic Aspect						
• Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.5 Operational Performance★	40		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.5 Operational Performance	40		
	201-2	Financial implications and other risks and opportunities due to climate change	3.2 Risk Management	34		
	201-3	Defined benefit plan obligations and other retirement plans	5.2.1 Remuneration & Benefits	68		
	201-4	Financial assistance received from government	-		Not Applicable/No Relevant Circumstances	
• Market Presence						
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2.1 Remuneration & Benefits	68		
	202-2	Proportion of senior management hired from the local community	5.1.2 Employee Statistics	64		
• Customized Topic						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.6 Customer Services★	42		
Customized Topic: Customer Services		Customer Services	3.6 Customer Services	42		
Environmental Aspect						
• Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Waste Management★	49		
GRI 306: Waste 2020 Management Approach	306-1	Waste generation and significant waste-related impacts	4.1 Waste Management	49		
	306-2	Management of significant waste-related impacts	4.1 Waste Management	49		
GRI 306: Waste 2020	306-3	Waste generated	4.1 Waste Management	49		
		Waste diverted from disposal	4.1 Waste Management	49		
	306-5	Waste directed to disposal	4.1 Waste Management	49		

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
• Supply Chain Environmental Assessment						
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.2 Supply Chain Management	53		
	308-2	Negative environmental impacts in the supply chain and actions taken	4.2 Supply Chain Management	53		
Social Aspect						
• Employment						
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.1.2 Employee Statistics	64		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2.1 Remuneration & Benefits	68		
	401-3	Parental leave	5.1.2 Employee Statistics	64		
• Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Occupational Health and Safety★	56		
GRI 403: Occupational Health and Safety 2018 Management Approach	403-1	Occupational health and safety management system	4.3 Occupational Health and Safety	56		
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Occupational Health and Safety	56		
	403-3	Occupational health services	4.3 Occupational Health and Safety	56		
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Occupational Health and Safety	56		
	403-5	Worker training on occupational health and safety	4.3 Occupational Health and Safety	56		
	403-6	Promotion of worker health	4.3 Occupational Health and Safety	56		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Occupational Health and Safety	56		

Topic	Disclosure	Description	Corresponding Chapter	Page	Reasons for Omission/ Necessary Explanations	GRI Sector Standard reference numbers for the disclosures
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	4.3 Occupational Health and Safety	56		
	403-9	Work-related injuries	4.3 Occupational Health and Safety	56		
	403-10	Work-related ill health	-		Not Applicable/No Relevant Circumstances	
• Training and Education						
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2.2 Talent Cultivation★	72		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.2.1 Remuneration & Benefits	68		
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2.1 Remuneration & Benefits	68		
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2.1 Remuneration & Benefits	68		
• Diversity and Equal Opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1.2 Employee Statistics	64		
	405-2	Ratio of basic salary and remuneration of women to men	5.2.1 Remuneration & Benefits	68		
• Supplier Social Assessment						
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	4.2 Supply Chain Management	53		
	414-2	Negative social impacts in the supply chain and actions taken	4.2 Supply Chain Management	53		
• Customized Topic						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.8 Product Liability and Safety★	46		
Customized Topic: Product Liability and Safety		Product Liability and Safety	3.8 Product Liability and Safety	46		
Customized Topic: Charity Engagement		Charity Engagement	5.3 Charity Engagement	74		

