



TSC Auto ID Technology Co., Ltd.

2023 Execution Progress of Sustainable Development

With the global trend of heightened attention to ESG issues, TSC is committed to integrating its operational strategies and sustainability goals to ensure steady growth and demonstrate a positive impact on environmental sustainability, social welfare, and corporate governance. TSC hopes to integrate its vision, governance, products, and services to strengthen communication with stakeholders and to exert a positive influence on suppliers and consumers, working together for a better society. The 「Execution Progress of Sustainable Development」 for 2023 was reported to the Board of Directors on 2024.03.15.

I. Foster a sustainable environment

In an effort to stay compliant with pertinent international directives and guidelines for environmental protection, the Company has continued to develop new energy-saving products and embraced policies that focus on the promotion of environmental protection as our means of fostering a sustainable development. Letzer Factory and Tianjin Factory obtained ISO14001:2015 & GB/T24001-2016 certification, we also implemented specific assessment and periodic audits to review the status of energy consumption across our factories, which enabled us to implement effective energy-saving solutions and strategies. Not only that, we have also ensured full compliance with both the RoHS and WEEE Directives in our processes and material management through dedicated operating systems so that the spirit of these directives are embodied in our product design and manufacturing. Last but not least, the Company has also made relevant declarations of conformity for our main lines of products as required by relevant EU environmental regulations to reduce the burden on the environment caused by our product manufacturing. Key executions for 2023 include:

- (I) Launched the TH DH series desktop barcode printers, which has reduced waste at the product design stage and used recycled materials in products and packaging. The shell of this new generation of desktop barcode printers is made of 30% recycled plastics and 100% of the outer casing can be recycled; when the product is scrapped, more than 90% of the printer parts can also be recycled; for the packaging part, 100% recyclable packaging is used from the inside out, and the outer carton is Forest Stewardship Council (FSC)-certified eco-friendly cartons made from a blend of 80% recyclable pulp and 20% pulp from well-managed forests by FSC. Other packaging materials include paper-plastic cushioning packaging and various packaging bags which can be recovered 100%.
- (II) Launched the MB240 series linerless industrial printers for printing linerless labels. The use of linerless labels is an excellent solution to reduce costs and practice sustainable development. The raw materials required for linerless label manufacturing are reduced by 15%. In addition, the length of each roll of label paper can be increased by more than 40%, so the cost of transportation,

warehousing and raw material management can be reduced by 50%, while carbon emissions and waste volume can also be reduced by 50%.

- (III) We have established a culture of environmental protection and energy saving measures to reduce waste generation and promote resource recycling and reuse. In response to the Company's paper-reduction policy, the Li-Ze plant is committed to increasing the recycling rate of waste and reducing the impact of domestic waste on environmental sustainability. In 2023, the waste recycling rate reached 80%, improving the circular economy and following the international trend of environmental protection.
- (IV) Diversified Labeling Solutions, Inc., a 100%-owned company in the U.S., cooperates with the parent company to manufacture linerless labels. Because label liners usually contain a non-degradable silicone base, they generate too much waste and are difficult to recycle through DLS. The manufacturing of linerless labels reduces raw materials by more than 15%, and reduces transportation, warehousing and raw material management costs by 50%, while reducing carbon emissions and waste volume by 50%.

II. Facilitate social care

The Company is determined to become the most outstanding enterprise of well-being, and will continue to care for the disadvantaged and engage in public welfare as the main policy direction. The Company also continues to build a quality working environment, provides competitive compensation and benefits and a diversified learning environment, strives to create a suitable workplace for employees to work with peace of mind, and assists employees in their career development, as well as providing smooth communication channels between employers and employees, and actively understands and reasonably meets the needs of employees, in order to achieve a win-win situation for both employer and employees. In 2023, the implementation status was as follows:

- (I) Enhance employee communication: In 2023, increase channels for collaboration and communication among departments to enhance overall cohesion.
 1. Through policies of the quarterly staff meetings, monthly global management meetings, and headquarters management meetings, are communicated more accurately and cross-departmental discussions and collaboration are enhanced.
 2. Besides the communication on policies, the all-hands meeting also includes sharing at cross-departmental activities, such as the introduction of invited club activities and the sharing of cross-departmental Team-Building activities, to deepen the exchanges and memories of employees.
 3. The inaugural issue of "Global News Quarterly" was published to share important information of each branch office and praise outstanding employees, so that employees distributed in different locations can know each other's status, and become more cohesive overall.

4. The Company has established a two-way communication platform between employers and employees through regular labor-management meetings and labor safety meetings to create a healthy and friendly workplace.
5. Continue to conduct the annual employee engagement survey and expand the scope of the global survey. After the survey, employees are invited to discuss the items for improvement and to work together to create a good workplace for TSC. In addition to the annual surveys, employees can also use the Opinions Mailbox to feedback their thoughts and opinions to the Company at any time.
6. In 2023, the Company's team-building activity theme was about collaboration. Through cross-departmental group interactions, we can get to know more colleagues outside work contact, establish good relationships and create more opportunities for collaboration."

(II) Building a Friendly Workplace: Other than the actual salary adjustment in 2023, the Company has also introduced many measures to take care of the physical and mental health of employees.

1. Increase the proportion of the Company's surplus employee remuneration, and share the Company's achievements with employees.
2. In August, the Company issues employee stock options to reward outstanding employees and inspire employees to show better work performance and to stay in the Company for a long time for growing together.
3. In July, the Company provides new employees with special vacation days that are better than the law to help new employees adapt to their career changes, increase their retention rate, and improve the Company's competitiveness in the talent market.
4. Raise employee referral bonuses and encourage employees to refer outstanding talents with TSC's core values to join the Company and build a high-performing team with a common understanding.
5. Integrate various welfare systems and supports, and issue the first version of the "TSC Lohas Guidelines" to give employees a more comprehensive understanding of the Company's care and provide employees in need with easier access to relevant information for application and use.
6. Employees' parents are allowed to participate in the group insurance to expand the company's care for employees' families, and group insurance on-site services are provided to improve the life security of individuals and their families by providing professional insurance consulting to employees.
7. The Company has added annual health examination items to take more comprehensive care of the physical health of employees. It is hoped that various screening tests will enable employees to achieve early detection and treatment of hidden health problems.
8. Aside from the physical health of employees, the Company has begun to implement a "mental counseling service" to take care of employees' mental

health by professional counselors and monthly EAP mentality digests to complete the care in the workplace.

9. The annual Sports Week event adds a step count contest to help colleagues develop the good habit of exercising in a fun way. In addition to exercising, employees can also relax physically and mentally.

(III) Focus on employee development: When the pandemic was over in 2023, physical courses were resumed, and the development of online courses was accelerated to provide employees with diverse learning methods and increase their willingness to learn:

1. A series of functional learning activities are planned in accordance with the company's policy to improve the teamwork, collaboration and proposal power of colleagues in order to achieve the Company's OKR.
2. Through annual training survey and pre-course interviews, the training content is designed to meet the needs of each department and employees, so that employees can achieve good learning goals and results.
3. Implement annual performance management. Through goal setting at the beginning of the period, real-time feedback improvement during the period, and year-end evaluation, align the efforts of colleagues with the company's strategy to achieve organizational goals together.
4. Organize management and leadership workshops to improve the leadership of supervisors. Through strategic goal analysis of each function and inventory of the organization's talent status, a talent development plan that conforms to the company's strategy is formulated.
5. Through the promotion and execution of individual work plans, each employee can customize each employee's learning goals and methods to gradually achieve their learning goals and career development.
6. Outstanding employees are selected on a quarterly basis and praised in the all-hands meeting to increase the motivation of employees for learning and development, and provide opportunities for other employees to learn from the best practices.
7. The Bank continues to offer a series of health and lifestyle seminars. This year, we also added legal-related seminars, so that employees can increase their daily skills and build a high quality of life in addition to work-related studies.

(IV) Promotion of an inclusive society: Jointly implement social responsibilities with the government and private sectors, hoping to create a more harmonious and inclusive society through the efforts of employees and the Company.

1. Establish the ESG committee to define the Company's development directions in the three aspects of environment, corporate governance, and society, and appoint key management personnel to continuously promote the process.
2. Enhance the awareness of sustainability and social responsibility, and encourage employees to participate in ESG-related education and training. The contents include overall corporate sustainable development

management, greenhouse gas inventory, carbon reduction management, TCFD climate change risk and science-based reduction target introduction, corporate governance evaluation, green supply chain management, information security, diverse workplace and more topics. There were a total of 243 enrollments and 896 hours of training.

3. Strengthen the importance of ESG and make ESG one of the important strategies of the Company in 3 to 5 years. The plans launched through OKR and other strategies are extended to the work goals of each supervisor and employee, and each work item completed by colleagues, ensuring the achievement of the Company's ESG strategic goals.
4. Non-profit social service organizations that comply with the Company's social responsibility mission are selected and signed on a collaborative plan for 2024 to provide in-depth and long-term understanding and assistance for social groups and individuals in need, including personnel care, financial assistance and environmental improvement.
5. To expand the influence of the ecosystem, we advocate sustainability-related topics in all employee meetings, global management meetings and annual supplier meetings, and encourage each employee, regional branches, and partners at all levels to jointly promote a friendly environment, improve corporate governance and social harmony financial concepts and plans.
6. Support the government's "Safe Employment Plan" to reward all units for hiring unemployed workers, successfully re-employ unemployed workers, and provide a diversified workforce.
7. The Company continues to participate in the "Industry-Academia Internship Program" jointly organized by the Financial Supervisory Commission and the Ministry of Education to provide internship opportunities for college students to experience the workplace and jointly cultivate the talents needed by the industry.
8. Besides the "Industry-Academia Collaborative Internship Program," the Company also continues to organize on-campus talent recruitment activities to provide internship opportunities to current students and recruit social freshman talents. We hope to achieve the wonderful state of a job right after graduation and reduce the unemployment rate of freshman talents. At the same time, the Company promotes employer branding.
9. The Company joined the "Be A Giver" social movement organized by the 104 Job Bank, and held the resume health examination with more than 200 givers to teach them about career planning, functional development, and the spirit of an employee. The Company helped more than 500 job seekers enter the workplace with courage and blessings, realizing the Talent Sustainability Companion Program.

III. Promote corporate governance

The Company has made a conscious effort to create a profit for our shareholders and strengthen our governance and ethical corporate management, and we continue to improve our operational information transparency as our pivotal policy towards corporate governance. In addition to providing general guidelines of conduct for directors and managers, the Company continues to achieve stable operating profits through product development, market development, and cost control. When the Company makes a profit, it also appropriately returns the profit to shareholders in accordance with the dividend policy set forth in the Articles of Incorporation. Key executions in 2023 included:

- (I) The Company has attained steady growth in its profit margin and has managed an average cash dividend at NT\$10 per share in recent years so as to give back to our shareholders.
- (II) Continue to improve and refine the Company's ranking in the corporate governance evaluation of TPEX-listed companies.
- (III) Continue to improve the professional knowledge and literacy of directors and actively implement the corporate governance system. The seven directors of the Company have all completed the requirement of at least 6 hours of training, and received a total of 69 hours of training in 2023.
- (IV) The Company has established the "Regulations Governing the Whistleblower Reporting and Protection System" and set up a whistle-blowing email address at tscwb@tscprinters.com for employees and external parties to anonymously report crime, fraud, or illegal activities in violation of laws and regulations, and announced at on the company's internal and external website. The Company has appointed a Corporate Governance Officer since May 2023 to implement corporate governance and strengthen the functions of the Board of Directors.
- (V) Continue to improve information transparency and strengthen information disclosure to domestic and foreign investors as follows:
 - 1. The Company was invited by the securities dealer to hold a total of 4 institutional investor conferences to explain the Company's operating performance to investors. At least once a year institutional investor conference video and audio files are disclosed on the MOPS for investors to review.
 - 2. Record the Company's responses to shareholders' questions in the minutes of the shareholders annual general meeting. The video and audio files of the annual general meeting are also placed on the Company's website for investors to refer to.
 - 3. Material information is published in English and on the Market Observation Post System (MOPS) and on the Company's website, the English version of the Shareholders Meeting Notice, Shareholder Meeting Handbook, Shareholder Meeting Annual Report, Shareholder Meeting Minutes, and Financial Report are disclosed at the same time.