



TSC Auto ID Technology Co., Ltd.

2022 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.

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 in 2022, 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 2022 include:

- (I) Among the label printers we developed in 2022, three models have received the ENERGY STAR® certification, reflecting the energy efficiency and power-saving features of these products.
- (II) We have established a culture of environmental protection and energy saving measures to reduce waste generation and promote resource recycling and reuse. In addition to promoting the issuance of electronic invoices 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 2022, the waste recycling rate reached 77%, improving the circular economy and following the international trend of environmental protection.
- (II) The Company's 100%-owned U.S. subsidiary Diversified Labeling Solutions, Inc. has incorporated eco-friendly production process in its manufacturing of label consumables by recycling the wastes from the manufacturing process into fuel pellets to replace a portion of our petrochemical fuel. This eco-friendly solution not only reduces our volume of landfill wastes by 2 million pounds per year but also lowers our CO2 emission by as much as 40%.

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 2022, the implementation status was as follows:

- (I) In order to encourage and deepen the learning culture, in 2022, the Company provided diversified learning resources, such as online business management magazines, podcasts, book clubs, seminars, recommended books, and other methods. Through the integration of online/offline resources, colleagues can learn more autonomously, without the limitation of time and topics. In addition, the Company also holds a best instructor competition to encourage colleagues to share their professional knowledge and learning experiences. In 2022, the Company held five sessions of IDP workshops for employees to strengthen the connection between Company goals and personal learning development through workshop discussions and practical work. Employees are encouraged to set personal development plans, to set goals, to seek personal breakthroughs and growth, and to in turn gain satisfaction and a sense of accomplishment.
- (II) In terms of employee benefits and care, the Company adjusted the payment method of holiday bonuses and provided an extra production bonus in 2022, so that employees can have a more stable livelihood security despite the turbulent external environment. In order to help new employees adapt to the team, a new buddy program was implemented in 2022, so that each new employee will have a buddy to help them get to know the Company better, to enhance the new employees' sense of belonging, and to increase their retention rate. During the COVID-19 pandemic, in addition to providing paid vaccination leave to encourage employees to get vaccinated, the Company also provided immediate psychological support and guidance to employees through crash course guides and employee care letters. For high-risk employees, the Company provided free rapid test kits so that employees could go to work with peace of mind. In addition, the Company arranged work-from-home formats and flexible working hours, so that employees could better arrange work, health/family care, and achieve a work-life balance.
- (III) In 2022, due to the impact of the pandemic, the Company reduced external events. However, the Company still upheld the spirit of caring for public welfare and giving back to the community, organizing the first event that combined employee health and weight loss with public welfare. For every kilogram that an employee lost, the Company donated a certain amount to the Taiwan Fund for Children and Families, not only to strengthen the motivation for employees to lose weight, but also to allow employees to participate in public welfare and give back to society by participating in healthy workplace activities.

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 2022 included:

- (I) The Board of Directors and functional committees conduct annual performance evaluations, the results of which for 2022 are as follows:
 1. The Board of Directors not only actively participated in the operations of the Company, but also took responsibility for directing and supervising the Company's strategies, major operations, and risk management, and was able to establish a proper internal control system to meet the requirements of corporate governance.
 2. The Audit Committee was mature in its overall operation and was able to fulfill its supervisory responsibilities in respect of compliance with relevant laws and regulations, risk control, and auditing matters, and fully performed its professional functions to effectively supervise the overall operation of the Company.
 3. The Remuneration Committee was operating soundly and effectively performing its proper functions.
- (II) In order to promote the professional knowledge and quality of the Company's directors, to develop excellent characteristics and decision-making ability, and to actively and effectively implement the corporate governance system, all seven of the Company's directors met the requirement of at least six hours of continuing education per year. The total number of study hours for 2022 was 63, which covers the most important current international sustainability issues, in addition to the basic responsibilities and duties of directors.
- (III) 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.
- (IV) We have also continued to strengthen our information transparency and stepped up our information disclosure to foreign investors. In addition to being invited by a securities company to host four sessions of investor conferences in 2022, and publishing important information and announcements for shareholder meetings in English, the Company also provides English versions of its financial reports, shareholders' meeting handbooks, annual reports of shareholders' meetings, and minutes of shareholders' meetings on the Market Observation Post System and the Company's website.