



工業股份有限公司

LEECHI ENTERPRISES CO., LTD.

**2023**

**ESG REPORT**

[www.leechi.com.tw](http://www.leechi.com.tw)

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➤ About this report

**Report basis**

the GRI Sustainability Reporting Standards (GRI ) issued by the Global Sustainability Reporting Initiative (GRI). Standards) 2021 edition , and takes into account the Task Force on Climate-related Financial Disclosures (TCFD) framework , the Taiwan Stock Exchange's "Operation Measures for the Preparation and Submission of Sustainability Reports by Listed Companies" and the " Sustainable Development Practices of Listed Overseas Companies" "Code" is written to explain in detail to stakeholders the company's sustainable development -related actions and results.

**Report scope and boundaries**

The content of this report covers the period from January 1, 2023 to December 31, 2023, with the brand and activities of Leechi's operating bases in Taiwan (Changhua Factory , Nangang Factory) as the scope of disclosure . The financial data in the report are based on International Financial Reporting Standards (IFRS) and are calculated in New Taiwan Dollars.

**Report management method**

After the information and data of this report are approved by the unit supervisor, each department provides the sustainability report working group to compile and edit the first draft and the supervisor to proofread and revise it, and then submits it to the chairman of the board for review and finalization for publication through administrative procedures.

**sustainable development organization**

Leechi has a sustainable development decision-making and operating mechanism. At the board of directors level, we have established a sustainable development committee to supervise , guide and support from the corporate strategic level . The chairman of the board instructs the general manager to serve as the top leader, and authorizes the general manager to coordinate all matters within the company. Relevant units that implement sustainable development form a sustainable development working group . The members of the group are composed of heads and executives from various departments to jointly promote matters related to sustainable development. They hold at least four meetings each year to coordinate with the preparation of the sustainability report and plan projects for the next year. The company has included it in the formal agenda of the board of directors since 2023 , and regularly reports to the board of directors the implementation results of the company's sustainable development in the current year and the implementation of ESG-related actions in the next year's work plan .

### **Third Party Verification/Assurance**

The financial data disclosed in this report comes from Qinye United Accounting Firm, which has reviewed Visa's consolidated financial report in accordance with International Financial Reporting Standards (IFRS).

In addition, ISO 9001 : 2015 Quality Management Systems, AS9100 : D Aerospace Quality Management Systems , ISO 14001: 2015 Environmental management systems, ISO45001:2018 Professional Occupational Health and Safety Management Systems and TOSHMS Taiwan Occupational Safety and Health Management System (CNS45001:2018) , ISO14064-1 Greenhouse Gas Inventory , etc. have all been verified (verified) by independent third-party verification agencies .

### **Release information**

This is the second year that Leechi Machinery has issued a sustainability report, and it is also disclosed on the company's website.

Reporting period: January 1, 2023 to December 31, 2023

Release cycle: once a year

Last release version: Released in September 2023

This issue's release version: Issued in August 2024

Next release: August 2025 ( scheduled )

### **Contact information**

If you have any suggestions about the "Leechi Machinery 2023 Sustainability Report", you are welcome to contact us through the following methods. We also published this report on our official website simultaneously.

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➤ Message from the chairman

Reflecting on 2023, the key focus in the bicycle industry has been inventory reduction. During the pandemic, the industry benefited from a surge in orders due to social distancing requirements and government subsidies for purchases. However, with the pandemic lockdown lifted, supply chain issues eased, purchasing power impacted by inflation and war, and optimistic ordering decisions made repeatedly during the demand surge, the industry faced an overstock situation, which quickly turned into operational headwinds and shrouded the entire bicycle sector in a pessimistic atmosphere. In addition, two waves of trends (AI and climate change) are coming one after another and sweeping across the world fiercely. One is a major leap forward in the development of artificial intelligence. The AI chatbot ChatGPT launched by OpenAI has exceeded 100 million users in just two months after its launch; the other is in response to climate change and energy shortages. All industries must actively face green challenges. Taiwan has also established a carbon rights exchange to accelerate the achievement of the 2050 net-zero carbon emission target.

Looking ahead to 2024, it is foreseeable that inventory adjustments will continue to trend in a positive direction, and it is expected that inventory levels will eventually return to a reasonable baseline, gradually reaching to a normal supply-demand equilibrium. This year, the key operational goals will be to focus on managing inventory replenishment, controlling cost increases caused by inflation, and ensuring accounts receivable recovery and a healthy cash flow. The Company is convinced of the philosophy “challenges will bring about changes, and innovation will eventually bring about the leap”. In the face of headwinds in the business circumstances, the Company will continue to promote various improvements under the established management structure to sustain in the industry adjustment period in the recent quarters with an expectation to restore operations to the positive trend enabling stable growth. The Company is also convinced that ongoing innovations and daring changes may bring forth positive effects, creating long-term investment value for all shareholders.

Leechi 's corporate sustainability vision lies in "people-oriented" value innovation, constantly improving core technical capabilities, strengthening innovative research and development of bicycle products, and then expanding its application to electric vehicles, automobiles and motorcycles, 3C technology and other related products to meet consumer needs and provide Best product experience for riders. Faced with the coming wave of AI, Leechi aims to set up a smart factory , investing funds, software and hardware equipment and continuous improvement in the three major areas of data acquisition, data analysis, and automated production , and working closely with leaders in various fields , accelerate the realization of specific applications of " AI ", use technology to promote convenient and sustainable smart factories and environments, and contribute to human civilization. We will overcome the difficult and turbulent 2023 with firm vision and actions. In the face of various adversities such as the sharp decline in the bicycle industry compared with the previous year, excess

inventory, and worsening global inflation, through the efforts of all colleagues, the impact on profits has been reduced. In addition to pursuing corporate growth, Leach continues to urge himself to fulfill his corporate responsibilities to slow down global warming. In 2023, he has achieved an electricity saving rate of 3.25%, reduced carbon emissions by approximately 3,024 tons of CO<sub>2</sub>e, and has completed the construction and purchase of solar panels totaling 346.5KW. Green electricity is 376,000 kWh. We are actively and continuously improving in terms of revenue growth and carbon emission reduction. Leechi deeply understands that corporate sustainability needs to be in line with global ESG thinking. Facing the severe test of climate change, Leechi introduced greenhouse gas inventory work in 2023 to respond to the international trend of energy conservation, carbon reduction, net zero and customer expectations. In terms of corporate social responsibility, Leech also adheres to the "people-oriented" belief and cares about the well-being of all stakeholders, especially the health and safety of employees, career development that grows with Leech, and is committed to a diverse and inclusive workplace environment. Taking the core value of honest management as a governance principle also prompts Leechi to focus on its own business and promote the power of science and technology step by step to become the driving force for a better world.

Based on this belief, Leechi has upgraded the level of the "Sustainability Committee". The board of directors directly guides the company's sustainable development strategy and makes ESG an important policy of corporate governance through regular reporting on sustainable affairs. A "Sustainable Development Working Group" has also been established to plan and promote cross-departmental cooperation and action plans to jointly realize the sustainable vision. It is foreseeable that 2024 will still be a year full of variables and challenges. We will continue to use our flexibility and speed to propose more innovative, smarter and more sustainable solutions, enhance the competitiveness of our products and services, and strive to achieve a win-win situation in terms of cost and innovation. We will also use pragmatic and steady methods to actively promote ESG business, implement the goal of benefiting people, and move towards corporate sustainability and environmental sustainability.

Chairman *Yu Hsin Lin*

➤ Sustainable performance and highlights (2023 performance overview)

environmental protection	346.5KW solar panels Annual power generation 430,336 kWh	Power saving rate 3.25%	
social inclusion	Talent cultivation and promotion of education and culture , with a total sponsorship of \$120600	Implement the principle of community-based social welfare and combine social resources to jointly promote catering services for the elderly.	Adopt Shipai Park and help clean up the environment and keep the community tidy.
corporate governance	Operating income \$1,892,41 thousand	Implementation, promotion and execution (ISO9001 , AS9100 , ISO14001 , ISO45001 , ISO14064-1)	
innovation value	The die-casting process uses up to 30% recycled aluminum	1. 6 patent 2. Obtained 3. The cumulative number of global patent approvals has exceeded 500	

➤ Glory and affirmation

Verification (verification) information of each management system

management system	International standard codes and versions	Initial certification date	Visa day	Certificate start date	Certificate validity date
Quality management	ISO9001:2015	2012/9/26	2022/1/19	2022/1/19	2024/8/18
	AS9100: D	2015/4/17	2024/4/17	2024/4/17	2027/4/16
environmental management	ISO14001:2015	2016/3/30	2022/1/19	2022/1/19	2024/9/14
Greenhouse gas inventory	ISO14064-1:2018	-	-	-	-
Occupational safety and health management	ISO45001:2018	2016/3/25	2022/5/2	2022/5/2	2025/3/24
	TOSHMS (CNS45001: 2018)	2016/3/25	2022/5/2	2022/5/2	2025/3/24

Note 1: ISO9001:2015 and ISO14001:2015 re-certification and certification audit operations have been completed by the third impartial unit (AFNOR) from 2024/07/29 to 2024/08/01, 2024/08/06 and 2024/08/08 .

Note 2: ISO14064-1: 2018 has been completed on 2024/04/01, 2024/04/10 and 2024/04/19 by the third impartial unit (AFNOR) entering the factory to perform verification and audit operations.



ISO9001:2015



AS9100 D



ISO14001:2015



ISO45001: 2018



ISO45001: 2018



TOSHMS  
(Nangang Factory)



TOSHMS  
(Nangang Factory)



Changhua County  
Foreign Dormitory Environment  
Evaluation Competition-  
Excellent Works



Excellent employer certificate of appreciation

- The implementation of the United Nations Sustainable Development Goals(SDGs)
- While pursuing sustainable corporate development, Leech also attaches great importance to corporate social responsibility. In addition to formulating corporate social responsibility policies, Leech has formulated Leech's "Sustainable Development Practice Code" as an outline. In the process of practicing Leech's sustainable development, it has Through the use of science and technology, continuous improvement, insistence on energy conservation and environmental protection, and R&D innovation, we create customer value and achieve co-prosperous development of enterprises and society. In order to be in line with the needs of the world, Leech's sustainable direction also echoes the United Nations' sustainable goals and contributes to society. To make more contributions, Leech's relevant practices and benefits are summarized as follows:

United Nations Sustainable Development Goals SDGs		Leechi's approach/benefit	Corresponding chapter
 <p>1 消除貧窮</p>	End poverty in all its forms everywhere	<p>The company hires employees to engage in business such as design/manufacturing/sales... model, and then make profits, the company can operate sustainably, so the company's employees receive wages for their labor.</p> <ol style="list-style-type: none"> <li>1. Make sure your life is safe.</li> <li>2. Purchase products necessary for daily life</li> <li>3. Obtain sufficient medical resources.</li> <li>4. Including family members can get a good education.</li> </ol>	4.2 Diversity and talent strategy
 <p>2 終止飢餓</p>	End hunger, achieve food security, improve nutrition and promote sustainable agriculture	<ol style="list-style-type: none"> <li>1. The company has set up a staff restaurant with a beautiful environment to provide employees with non-vegetarian and vegetarian meals, with six dishes and one soup as the standard to ensure that employees have a healthy and delicious diet . Employees can also bring leftovers from lunch in their own containers to take home for enjoyment .</li> <li>2. Food waste is packaged for employees to take home to raise poultry to ensure that the poultry thrives.</li> <li>3. Deliver meals to the elderly living alone in the community to ensure that they do not go hungry.</li> </ol>	4.2 Diversity and talent strategy 4.5 Social welfare
 <p>3 良好健康與社會福利</p>	Ensure health and promote well-being for all ages	<ol style="list-style-type: none"> <li>1. The company conducts regular health examinations to protect the health of employees and detect occupational diseases early.</li> <li>2. Leechi has an employee health risk management process, regularly analyzes employee health examination results, and manages employee health risks in a hierarchical manner .</li> <li>3. Organize various employee health promotion activities to maintain employee health.</li> <li>4. Arrange for employees to receive qualified first aid training and promote health information to enhance employees' health knowledge .</li> <li>5. Regularly implement environmental testing , continuously improve the working environment, and prevent occupational diseases .</li> <li>6. Organize blood donation activities to help others and benefit yourself.</li> <li>7. Continue to make charitable donations and provide financial support (USD 7,500) to allow the MACC Foundation to provide \$1 million in translational research funding to Children's Hospital of Wisconsin every year, and apply cutting-edge research results to end childhood cancer and related blood diseases struggle.</li> </ol>	4.4 Workplace health and safety

United Nations Sustainable Development Goals SDGs		Leechi's approach/benefit	Corresponding chapter
 <p>4 優質教育</p>	Ensure universal, equitable and high-quality education and promote lifelong learning	<ol style="list-style-type: none"> <li>1. Implement pre-job training to ensure that work can be performed safely and correctly.</li> <li>2. Continuous on-the-job training to improve employees' work skills.</li> <li>3. Provide educational scholarships for employees' children to encourage learning.</li> <li>4. Encourage employees to continue their studies .</li> <li>5. Sponsor funds for the establishment of an after-school talent club in Shipai Elementary School to provide students with an excellent learning environment.</li> </ol>	<p>4.2 Diversity and talent strategy</p> <p>4.5 Social welfare</p>
 <p>5 性別平等</p>	Achieve gender equality and empower women	<ol style="list-style-type: none"> <li>1. Recruitment is gender-neutral and ensures that women have fair opportunities for advancement.</li> <li>2. Leechi employees, regardless of gender, have fair opportunities in work and training .</li> <li>3. In order to take care of the health of female employees and provide a friendly working environment, the company provides a friendly nursing room environment to create a friendly workplace.</li> <li>4. Formulate "Leechi Company Sexual Harassment Prevention and Control Measures Complaint and Punishment Measures" and announce them.</li> </ol>	<p>4.1 Employee profile</p> <p>4.2 Diversity and talent strategy</p> <p>4.3 Human rights</p> <p>4.4 Workplace health and safety</p>
 <p>6 清潔飲水與衛生設施</p>	Ensure access to water and sanitation for all and their sustainable management	<ol style="list-style-type: none"> <li>1. Use RO reverse osmosis water dispenser, replace the filter element regularly and ask the manufacturer to test the water quality regularly to ensure the safety of water.</li> <li>2. Wastewater must be treated to comply with water discharge standards before being discharged.</li> <li>3. Condensate water recovery tank for recycling (die-casting process).</li> </ol>	2.3 Water resources management
 <p>7 負擔得起的清潔能源</p>	Ensure that all people have access to affordable, reliable, sustainable and modern energy	Leechi actively responds to the government's renewable energy development policy, is committed to using clean and pollution-free green energy, and demonstrates the spirit of self-use. The company has installed solar photovoltaic system power generation equipment with a capacity of 346.5kW, and currently continues to purchase renewable energy and renewable energy power generation equipment.	2.4 Clean energy
 <p>8 體面工作與經濟成長</p>	Promote inclusive and sustainable economic growth, achieve comprehensive and productive employment, and give everyone a good job	<ol style="list-style-type: none"> <li>1. Product development policy oriented by creativity and innovation to improve added value .</li> <li>2. Protect the rights and interests of workers and promote the safety of the working environment. Safety protection devices are installed on machines and necessary protective gear is provided.</li> <li>3. Replace old equipment with new ones to improve work efficiency and comply with the trend of green environmental protection.</li> <li>4. Process improvement, continuous improvement to enhance efficiency and reduce waste of resources.</li> <li>5. Leechi strictly abides by the Labor Standards Act and does not employ or support the employment of child labor under the age of 16 , nor does it use or support the use of forced labor.</li> <li>6. Continue to hire Thai and Vietnamese migrant workers and disadvantaged people with physical and mental disabilities.</li> </ol>	<p>1.3 Operational performance</p> <p>3.1 Products and Technology</p> <p>4.3 Human rights</p>

United Nations Sustainable Development Goals SDGs		Leechi's approach/benefit	Corresponding chapter
 <p>9 產業、創新與基礎設施</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industries, and accelerate innovation</p>	<p>The company is committed to developing high-quality, reliable, sustainable and disaster-proof infrastructure, including regional and cross-border construction, promoting inclusive and sustainable industrialization and promoting innovation.</p> <ol style="list-style-type: none"> <li>1. Replacement of LED energy-saving lamps saves energy consumption, and the company's internal power usage status and water resources monitoring are real-time.</li> <li>2. The diesel forklift was replaced with an electric forklift to reduce carbon emissions.</li> <li>3. Negative pressure fans are installed in each factory area to reduce indoor temperature and air circulation, and reduce the physical load of workers.</li> <li>4. The wastewater treatment in the die-casting class is mixed with liquid alkali, activated carbon, coagulant, and coagulant aid, and then flows from the sedimentation tank into the discharge tank, where clean water is discharged, and the sludge is dehydrated and then processed by the manufacturer.</li> <li>5. In the punching class, SMB and SMU are introduced to the smart machine-top box + scanning OR code to set up Data Server and Data Storage and the central electronic signage to record and store the machine production history. The production equipment is real-time and the personnel operation after each machine is turned on can be seen from the PC. Rate, process, production time and quantity, and query historical data.</li> <li>6. When using green building materials for factory renovation, we also adhere to the 3R (Reduce, Reuse, Recycle) principles, changing the wood materials used in the past to recyclable materials such as aluminum/iron.</li> </ol>	<p>2.1 Environmental management</p>
 <p>10 減少國內及國家間不平等</p>	<p>Reduce inequality within and between countries</p>	<ol style="list-style-type: none"> <li>1. No discrimination is allowed on the basis of race, caste, nationality, religion, physical disability, gender, sexual orientation, family responsibilities, marital status, trade union membership, political affiliation, age or anything else.</li> <li>2. The employees are diverse, including Taiwanese , Vietnamese , Thai , and foreign workers. Foreign colleagues and local colleagues enjoy the same salary and benefits.</li> </ol>	<p>4.3 Human rights</p>
 <p>11 永續城鎮與社區</p>	<p>Build cities and villages that are inclusive, safe, resilient and sustainable</p>	<p>Caring about the community and neighbors and caring for the home:</p> <ol style="list-style-type: none"> <li>1. <b>Adopt Shipai Park:</b> Dedicated personnel will clean and maintain the environment on a weekly basis, implement garbage classification and recycling, trim trees and flowers, maintain hardware facilities around the park, renovate community archway walls, and regularly beautify and paint.</li> <li>2. <b>Sponsor community associations:</b> Sponsor gifts and materials for community activities and cooperate with the Ministry of Health and Welfare to promote the Long-term Care Ten-Year Plan 2.0 and long-term care C-level base measures. Sponsor computer equipment for administrative documents in the community to accelerate the spread of long-term care service resources. The goal is to set up convenient long-term care stations, dementia service centers and dementia service centers for delaying disability in the community, to provide services such as respite, temporary care and disability prevention and delay care,</li> </ol>	<p>4.5 Social welfare</p>

United Nations Sustainable Development Goals SDGs	Leechi's approach/benefit	Corresponding chapter
	<p>and to establish a "community"-based The basic prevention and care system aims to enable the elderly to stay in a familiar environment through localized community care. It also provides family caregivers with appropriate respite services to prevent the deterioration of long-term care problems and implement sustainable community care. Living and developing.</p> <p><b>3. Sponsor the Elderly Association:</b> To provide food and clothing for the elderly in Shipai Community, provide designated catering services. Through shared meal services, we can solve the problem of children being unable to take care of the elderly because they work outside the home, and encourage the elderly to actively participate in implementing community policies. Care services. By providing shared meal services for the elderly in the community, we can meet basic physiological needs and promote physical health; strengthen the energy of community services, combine care and attention, improve the quality of life of the elderly, and allow the elderly to enjoy a dignified and happy life. Implement the principle of community-based social welfare and combine social resources to jointly promote catering services for the elderly.</p> <p><b>4. Sponsorship of Shipai Elementary School:</b> Shipai Elementary School is a remote primary school with insufficient financial and educational resources for parents. In particular, the lower and middle school students only have half-day classes. There is no one to take care of them after school at noon and their daily routine is abnormal. It is a serious problem for their safety and education. The lack of care for academic performance and moral character is very worrying. We sponsor the school to establish an after-school talent club, hoping to combine social resources to implement "equal educational opportunities", provide students with practical experience, and enhance students' abilities and self-confidence. In addition, in order to promote environmental education, improve teaching quality, and build a high-quality learning environment, environmental education billboards are set up in the corridors of the campus. The concept of setting up environmental education signboards is to use the corridor as a public art corridor with educational significance to showcase the cultural features of the community, local specialties (dried lychees) and local enterprises (Leechi Machinery), and to integrate local humanities, overall environment and industrial characteristics. , allowing students to better understand the local cultural spirit and understanding through the environmental education billboard, and also pass on the sustainable spirit of cultural inheritance.</p> <p><b>5. Respond to the activities of the Erawan Buddha Temple (Thai Migrant Workers):</b> Respond to and participate in various activities of the Buddhist temple. Through religious beliefs, the foreign migrant workers can gain peace of mind and positive physical and mental development. We also hope that the power of religion can be used to improve social atmosphere and eliminate violence, so that the community we live in and even society can be filled with peace and security.</p>	

United Nations Sustainable Development Goals SDGs	Leechi's approach/benefit	Corresponding chapter
	<p><b>6. Pay attention to communication and maintenance of the surrounding environment of the factory:</b> the company has done and maintained two-way interactive communication and timely troubleshooting of noise, pollution and parking traffic problems caused by production to avoid affecting neighborhood residents.</p> <p><b>7. The company's guard room serves as a community satellite relay point:</b> there are air defense shelters in the company's factory to prepare for disasters and emergencies. The factory roadside monitoring system can assist in backing up and recording the entry and exit of community roadside personnel and coordinate with nearby police stations to improve neighborliness and strengthen community safety.</p>	
	<p>Ensure sustainable consumption and production patterns</p>	<p>2.5 Waste Management 3.1 Products and Technology</p>
	<p>Complete mitigation and adaptation actions to cope with climate change and its impacts</p>	<p>1.8 Climate change and TCFD</p>
	<p>Conservation and sustainable use of marine ecosystems to ensure biodiversity and prevent degradation of the marine environment</p>	<p>2.3 Water resources management</p>

United Nations Sustainable Development Goals SDGs	Leechi's approach/benefit	Corresponding chapter
	<p><b>3. Set up a special storage area:</b> The waste and waste liquid produced by the process are declared in accordance with the law and entrusted to qualified environmental protection manufacturers to clear and transport, such as sludge, waste cutting fluid, waste chemical containers, etc., which can easily pollute soil and water sources. Our company has set up a special area for storage. and processed lawfully.</p> <p><b>4. Implement waste classification and resource recycling:</b> assign dedicated personnel to handle and classify waste, strengthen the reduction of general waste, and appoint qualified environmental protection manufacturers to be responsible for the removal and transportation to ensure that garbage is not discarded indiscriminately.</p> <p><b>5. Herbicides are prohibited in the factory :</b> The main impacts of herbicides on the environment include affecting crop germination and growth, contaminating water, contaminating soil, and causing ecological damage. Our company has adopted methods such as manual weeding and weed suppression mats to control it.</p>	
 <p>15 陸域生態</p>	<p>Conservation and sustainable use of terrestrial ecosystems to ensure biodiversity and prevent land degradation</p> <p>Maintain terrestrial ecosystems, ensure biodiversity and prevent land degradation:</p> <p><b>1. Protection, restoration and sustainable use of the back mountain forest land:</b> In addition to retaining the original fruit trees and native forest trees such as camphor trees, neem trees, acacia trees, etc., and increasing the planting of native tree species such as Taiwanese phoebe, Taiwanese eucalyptus, liquidambar, solanum, and astragalus. Plantings of heartstones, camphor trees, and wax trees, etc., implement the sustainable management of various forests, end deforestation, restore degraded forests, and increase afforestation to provide a friendly environment for biological habitats and food sources to reduce the destruction of natural habitats, and Stop the loss of biodiversity and protect and prevent species extinction in the mountains and forests.</p> <p><b>2. Set up a flood detention pond:</b> In addition to flood control and disaster reduction functions such as regulating floods, slowing down the occurrence of floods, reducing the impact of floods and settling sediment, it is also of considerable value in improving the ecological environment.</p> <p><b>3. No pesticides and herbicides are used:</b> No pesticides are sprayed on the land and forests in our factory area , and we use manual weeding and weed suppression mats for prevention and control.</p> <p><b>4. Automatic sprinkler equipment:</b> watering, sprinkling and planting turf to prevent soil deterioration.</p> <p><b>5. Protect local trees, wildlife and natural forest areas:</b> The company lives next to the Bagua Mountains, so it is more dedicated to maintaining the original ecology (eagles, wild boars, and sambar deer) and forests on the mountains and planting trees extensively to beautify the living environment, provide resting places for employees, communities, and neighbors, and can also regulate the climate. , purifying the air, conserving the soil, enriching the ecology and other benefits also take into account the concept of the equality of all things. In response to global warming and the promotion of energy conservation and carbon reduction, green afforestation starts from "forest" activities to implement the goal of building sustainable communities, sustainable towns, and a sustainable environment.</p>	<p>2.1 Environmental management</p>

United Nations Sustainable Development Goals SDGs	Leechi's approach/benefit	Corresponding chapter
	<p><b>6. Set up a landscape fish pond:</b> Our company has built a landscape fish pond in the factory area. In addition to increasing the landscape and recreation, it also combines the coexistence of mountains and water to optimize the living environment and balance the soil and water circulation in the mountain forest.</p>	
 <p>16 和平、正義與健全的司法</p>	<p>Promote a peaceful and pluralistic society, ensure judicial equality, and establish a system that is credible and inclusive of public opinion</p> <ol style="list-style-type: none"> <li>1. The company has established a legal department that can provide employee consultation.</li> <li>2. Regular labor-management meetings are held to discuss issues between workers and employers.</li> <li>3. Formulate employee human rights policies, plans for illegal infringement while performing duties , employee ethical codes of conduct, employee complaint handling standards , and establish industrial safety and health management procedures... to create a fair, just and safe workplace environment.</li> </ol>	<p>4.2 Diversity and talent strategy</p>
 <p>17 促進目標實現之全球夥伴關係</p>	<p>Establish diverse partnerships and work together to promote a sustainable vision</p> <ol style="list-style-type: none"> <li>1. The leading bicycle giant Group invites business leaders in the industry to establish the "Bicycle Sustainability Alliance (BAS)" in December 2022 to raise industry ESG issues. Leechi is honored to be one of the founding members of this alliance. Under the leadership of the chairman and three vice-chairmen , it is expected to gradually complete the following tasks, including             <ol style="list-style-type: none"> <li>(1) Collaborate with internal and external resources within the industry.</li> <li>(2) Lead the low-carbon transformation of the supply chain.</li> <li>(3) Internalize bicycle industry ESG standards.</li> <li>(4) Promote ESG actions to consumers.</li> <li>(5) Research and discussion on other ESG issues in the bicycle industry.</li> </ol> </li> <li>In addition to supply chain relationships, the alliance is also a partnership. Based on the premise of sustainability, we are building a comprehensive ESG ecosystem for the bicycle industry.</li> <li>2.Cooperate Customer groups such as Decathlon and Trek provide guidance and auditing in the field of social responsibility to guide companies towards sustainable development .</li> <li>3. Collaborate with suppliers to purchase low-carbon aluminum and recycled aluminum.</li> </ol>	<p>3.4 Supply chain management</p>

➤ Sustainable development strategy and major issue management

**Major theme analysis**

1. Collect sustainable issues

In order to ensure the completeness of ESG issues covered , Leechi refers to international sustainability standards and norms ( GRI, SASB, TCFD, CDP), the United Nations Sustainable Development Goals (SDGs), International Labor Organization conventions, industry trends , regulatory requirements, and company operations. strategy, and through interactive communication with stakeholders , including evaluating the sustainability actions of peers... etc., 18 sustainability issues that have actual and potential impacts on Leechi were compiled as a follow-up survey of stakeholder concerns and internal sustainability issues . Basis for continued impact assessment .

List of sustainable issues in 2023	
corporate governance	Operational performance , information security management , risk management , integrity management, regulatory compliance
environmental issues	Waste management , water management , clean energy , energy and greenhouse gas management
Business models and innovation	Supply chain management , product quality and safety, materials, customer service, intellectual property
social issues	Diversity and talent cultivation , workplace health and safety , human rights , social welfare

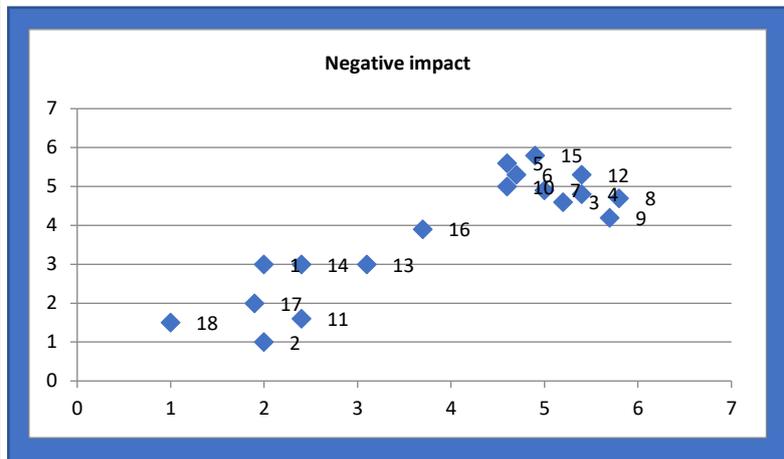
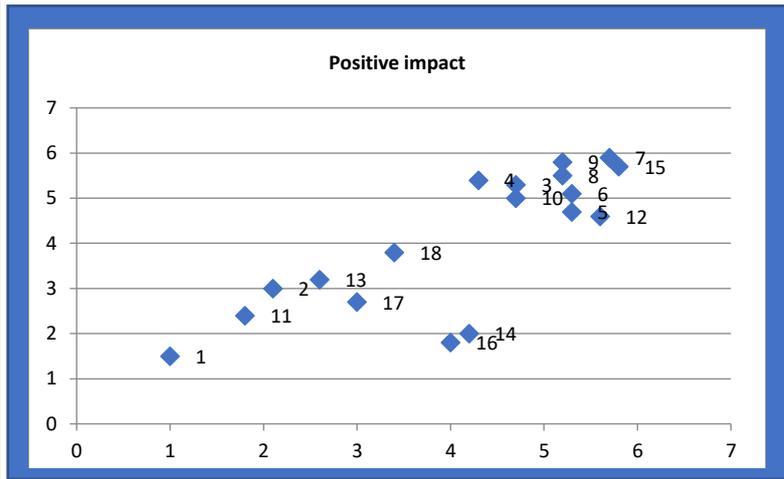
## 2. Investigate the degree of concern of stakeholders

Through multiple and smooth communication channels , Leechi collects issues related to "stakeholders' level of concern" through questionnaires , and uses questionnaire collection results to identify stakeholders' impact on each issue . A total of 46 valid questionnaires were collected in 2023 .

## 3. Identify major themes

In order to understand the order of materiality of sustainability issues, Leechi followed the GRI Standards (2021) GRI 3 definition of materiality, and senior managers evaluated Leechi's performance on the aforementioned 18 sustainability issues based on the principle of double materiality. , with regard to the degree of positive and negative impacts on the external economy, environment, and people (including human rights) , as well as the possibility of impact events, and after referring to the opinions of various external stakeholders , evaluate the output impact score, and based on the "economy, environment "Positive and negative impact on the population (including human rights) " and "the possibility of impact events" draw a matrix of major issues to identify The 10 major sustainability issues are, in order: diversity and talent cultivation , risk management , materials , energy and greenhouse gas management , clean energy , supply chain management , operational performance , information security management, waste management, and water resources management . Compared with 2022 , two new major topics, information security management and risk management, have been added . This report mainly discloses management policies and performance on 10 major sustainability issues . For the sake of information transparency , other relatively minor topics are also disclosed as much as possible .

NO	major issues
1	Integrity management
2	Compliance
3	operating performance
4	Information Security Management
5	risk management
6	waste management
7	water resources management
8	clean energy
9	Energy and Greenhouse Gas Management
10	supply chain management
11	Product quality and safety
12	materials
13	customer service
14	intellectual property
15	Diversity and Talent Cultivation
16	Workplace Health and Safety
17	human rights
18	social welfare



category	major issues	operational importance	Leechi	client	supplier	shareholder	government	Community	Corresponding chapter	GRI/custom major themes
corporate governance	operating performance	In order to achieve sustainable and steady growth of the enterprise, establish complete strategies, management actions, etc. to meet the expectations of customers, employees, shareholders and other stakeholders for relevant results.	V	V	V	V	V	V	1.3 operating performance	GRI 201: Economic Performance 2016

GRI/custom major themes	GRI 2: General Disclosure 2021	GRI 2: General Disclosure 2021	GRI 306: Waste 2020	GRI 303: Water and Drainage 2018	GRI 302: Energy 2016	GRI 305: Emissions 2016
Corresponding chapter	1.6 information security	Sustainable development strategy and major issue management	2.5 waste management	2.3 water resources management	2.4 clean energy	2.2 Energy and Greenhouse Gas Management
Community			√	√		√
government						
shareholder	√	√				
supplier	√	√			√	
client	√	√			√	
Leechi	√	√	√	√	√	√
operational importance	Committed to strengthening the company's overall information security protection capabilities, improving corporate information security ratings, meeting customers' requirements for information security, and fulfilling its commitment to information security goals for customers, shareholders and all stakeholders.	Identify operational risks, implement risk control and adjustments, and ensure that the company operates within controllable risks	Through waste classification and recycling, while complying with the international waste reduction trend, it also reduces operating costs by reducing waste disposal fees.	Prevent water shortages from affecting production and operations , as well as the discharge of wastewater that does not comply with legal regulations and incur fines	In line with the domestic government's policies on renewable energy development and renewable energy power consumption , we can reduce greenhouse gas emissions and production costs, thereby enhancing the company's reputation.	Actively manage greenhouse gases and reduce the impact of enterprises on the environment through equipment updates and the introduction of systems.
major issues	Information Security Management	risk management	waste management	water resources management	clean energy	Energy and Greenhouse Gas Management
category			environmental issues			



major issues	potential or actual impact	Policies/Commitments	Goals (short, medium and long term)	2023 Management Results
Information Security Management	<p>Implement information security maintenance to effectively protect the company and maintain the normal operation of core systems (positive)</p> <p>Strengthen information security system to protect customers' rights and interests (positive)</p> <p>If data and information security management is not implemented, business information or customer privacy is leaked, you may face customer claims or regulatory penalties, resulting in damage to the company's rights and goodwill (negative)</p> <p>Insufficient security awareness among internal employees and information security incidents such as external hacker attacks, causing losses to the company (negative)</p>	<p>Maintain the confidentiality, integrity and availability of confidential information such as company customer information , and jointly achieve the goal of information security protection through all colleagues, internal and external information service users and third-party outsourcing service providers</p>	<p>short term: Comprehensively construct the confidentiality, integrity and availability of the enterprise organization's information security management system .</p> <p>Mid-term: Educate all employees on information security knowledge, and implement different management plans such as "prevention", "monitoring during the incident", and "post-event response" to help enterprises continue to strengthen information security management</p> <p>long: Introduced ISO 27001 Information Security Management System (ISMS) and obtained certification from a third-party verification agency to implement the commitment to information security with PDCA.</p>	<ol style="list-style-type: none"> <li>1. Management review meetings are held regularly and monthly, with the main content being to review information security policies, audit reports, and continuous improvement plans.</li> <li>2. The computer room continues to disseminate the latest security information and reminders to all employees , and make every effort to prevent it together to ensure a safe network environment.</li> <li>3. Internal audit continues to cooperate with the annual audit plan to implement information security inspections as audit items, and submit the audit report to the Audit Committee for review.</li> <li>4. Strengthen the monitoring of firewalls, track information security, immediately detect whether security is abnormal and report information security incidents.</li> <li>5. Strengthen information security education for information personnel from time to time.</li> </ol>

major issues	potential or actual impact	Policies/Commitments	Goals (short, medium and long term)	2023 Management Results
risk management	climate change, external economic, environmental, and social risks that the company may encounter in its operations, as well as related management and control mechanisms, such as monitoring, early warning, emergency response measures, loss stop mechanisms, and crisis management for various risks, and identify Possible improvement opportunities to enhance operational resilience. (front) Failure to identify climate change and corporate risks results in the inability to establish relevant mechanisms to deal with possible risks, resulting in internal control chaos and failure, increasing operational risks, and possibly causing operational disruption. (negative)	<p>1. Establish a " Sustainable Development Committee Working Group " to review the company's sustainable development policies and management guidelines, supervise and promote sustainable development-related work , and regularly implement the TCFD framework to assess climate risks and opportunities, and report regularly to the identified risks and opportunities. The board of directors reports on the implementation and is responsible for supervising the implementation.</p> <p>2. Commit to integrating and managing all strategic, operational, financial and hazardous potential risks that may affect operations and profits in a proactive and cost-effective manner.</p>	<p>short term: Formulate organizational environment identification and risk management procedures and measures related to corporate sustainable development</p> <p>Mid-term: Strengthen the company's internal risk management policies and educate employees and suppliers on the relevant knowledge they need to be aware of risks</p> <p>long: Maintain complete risk management to protect natural resources and ensure the safety of personnel and assets, and develop comprehensive response plans and plans in terms of risk prevention, emergency response, crisis management and operational continuity for all possible emergencies and natural disasters. process.</p>	Leechi adheres to its corporate vision and long-term sustainable responsibility to the industry and society, and has established a sustainable development committee with the purpose of providing appropriate risk management for all stakeholders . The company's risk management focuses on "strategic risks", "operational risks", "financial risks", "information security risks", "integrity risks", "hazard risks", "risks related to climate change or infectious diseases" and "future risks". Management of corporate sustainability risks in compliance with environmental protection, climate-related regulations and other international regulations and agreements.
waste management	Considering product characteristics and increasing the implementation of circular economy can reduce the generation of waste and reduce the impact on the environment	1. Adhere to the policy of "Green Manufacturing, Happy Enterprises and Sustainable Management" and commit to complying with laws and regulations, controlling risks, preventing pollution, saving energy and reducing waste, and improving performance.		Waste will decrease by 389.767 metric tons in 2023, a 65.74% decrease from 2022

major issues	potential or actual impact	Policies/Commitments	Goals (short, medium and long term)	2023 Management Results
	(positive) If the waste generated during the operation process is not processed by compliant environmental protection manufacturers in accordance with relevant processes, it may have a negative impact on the environment .	Through management deepening, resource integration, technology upgrading, and cultivating environmental R&D/technical talents, the management vision of "energy saving and emission reduction, resource utilization, and reuse" can be achieved	short term: 1. Implement a resource recycling classification mechanism . 2. Promote waste reduction among all employees. Mid-term: Through green product design management , we can reduce waste, improve material utilization and reduce operating costs to create a niche. long : Improve the planning of waste recycling and reuse mechanisms,	
water resources management	Implement water resources management to save costs and avoid fines for sewage discharge (positive) Failure to implement water resources management will increase water costs and discharge sewage, resulting in fines or environmental pollution, which will affect reputation (negative)	1. Implement water resources management and daily water conservation 2. Practice water recycling and wastewater management	short term: 1. Promote water conservation and install water-saving valves . 2. Inspect and replace old water pipes . 3. Report water leakage immediately to avoid wasting water. Mid-term: Plan to increase the usage of recycled water .	water consumption in 2023 decreased by 52.89 % compared with 2022 , with a total water saving of 5,343.697 degrees.
clean energy	Set up solar panels to provide green energy power generation to reduce costs, and implement environmental friendliness through the use of renewable energy (positive) Failure to cooperate with the domestic government's policies on renewable energy development and renewable energy power consumption will affect reputation and even result in losses from fines in the future (negative)	Improve energy efficiency and increase the use of renewable energy	short term: 1. Annual energy saving reduction of 2%~5% 2. Plan to add solar panels Mid-term: The construction of solar energy for self-consumption has increased year by year to 25% of the total electricity consumption. long: Self-consumption of solar energy	The strategy implemented in 2023 will achieve a power saving rate of 3.25% , and a total of 346.5KW of solar panels will be completed.

major issues	potential or actual impact	Policies/Commitments	Goals (short, medium and long term)	2023 Management Results
Energy and Greenhouse Gas Management	The implementation of greenhouse gas management is in line with global trends and customer requirements, and improvements are made to reduce costs (positive) Failure to implement greenhouse gas management and failure to meet customer requirements affects order volume (negative)	The environmental, safety and health management policy is to “continue to promote the implementation of energy conservation and carbon reduction and move towards green recycling production”. Set power saving and carbon reduction goals, hoping to use energy rationally and efficiently and reduce greenhouse gas emissions to cope with the challenges of climate change.	short term: 1. Annual energy saving reduction of 2%~5% 2. Green power procurement increases year by year to 5%~7% of total electricity consumption Mid-term: 1. Energy saving reduced by 5% per year 2. The self-consumption of solar energy will increase year by year to 25% of the total electricity consumption. 3. Green power procurement increases year by year to 20% of total electricity consumption long: carbon neutral	The strategy implemented in 2023 will achieve a power saving rate of 3.25%, reduce carbon emissions by approximately 3,024 tons of CO <sub>2</sub> e, and have completed the construction of a total of 346.5KW of solar panels and the purchase of 376,000 kWh of green electricity .
supply chain management	Have good supplier management, control supplier delivery schedule and quality, and implement a sustainable supply chain. (front) If supplier management is not implemented, if suppliers violate human rights or environmental protection incidents, Leechi's products will be boycotted by customers. (negative)	1. Continuously improve productivity and reduce costs 2. Develop supplier strategies and implement and manage sustainable supply chains to maintain industry leadership	short term: 1. Improve the procurement system and have sustainability factors 2. Understand the maturity of supplier sustainability management 3. Supplier sustainability negotiation Mid-term: Improve supplier sustainability management maturity long: Regular supplier evaluation	1. Regularly evaluate and coach suppliers, maintain at least 2 material suppliers, and decentralize procurement 2. Leechi reduces its overseas purchasing strategy and strengthens local purchasing in Taiwan
materials	Ensure that the design, manufacturing and supply of products meet specific quality standards and customer needs, and introduce ESG thinking. (front)	green innovative products by understanding the market situation and customer needs . 2. Conduct education and training in accordance with the quality management system operating within the organization to ensure	short term: the implementation of daily implementation of ISO9001 quality management system . 2. Hold quality review and management review meetings regularly.	1.202 Completed a total of 12 monthly quality review meetings and 1 ISO management review meeting in 3 years.

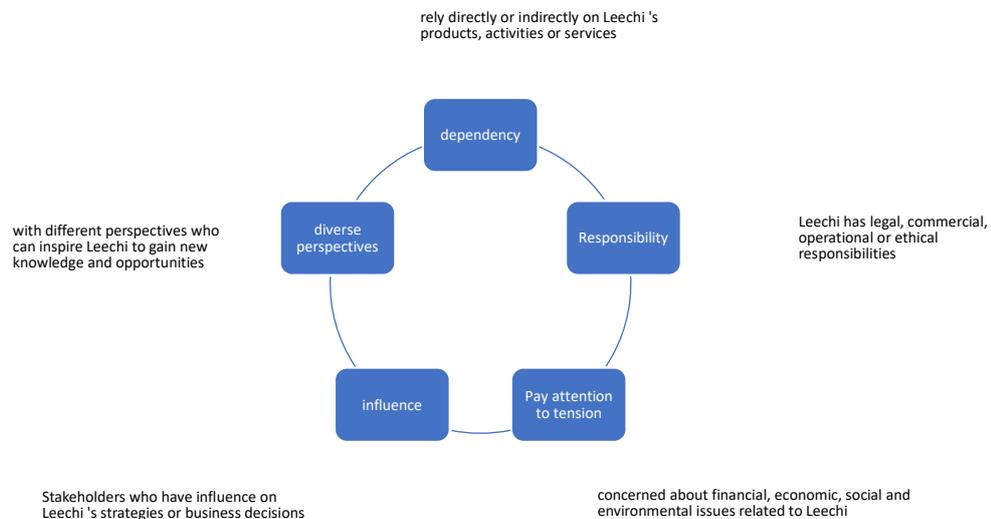
major issues	potential or actual impact	Policies/Commitments	Goals (short, medium and long term)	2023 Management Results
	Because the product design did not meet customer needs and the defective quality rate was too high, customer complaints increased and orders decreased. (negative)	that personnel have quality work skills to meet customer requirements for product quality.	3. Understand with suppliers their research and development plans for low-carbon aluminum and recycled aluminum . Mid-term: 1. Understand the department's work skill development needs, and arrange education and training to cultivate colleagues' job functions according to the needs. 2. Discuss development and marketing strategies with suppliers for the low-carbon aluminum and recycled aluminum they develop . long: 1. Business and production continue to understand changes in customer needs and industry trends, and adjust quality management systems and KPIs in a timely manner. 2. Increase the company's sales proportion of low-carbon aluminum and recycled aluminum .	2. The content of the meeting includes the management content of ISO provisions such as quality KPI achievement status, sales return statistics, education and training planning, equipment maintenance plan, etc., to confirm whether the product process design meets customer requirements. 3. In 2023 , we have learned about the low-carbon aluminum development plan from aluminum material suppliers . The company continues to track the progress and develop new products .
Diversity and Talent Cultivation	Enhance competitiveness, promote innovation, increase efficiency, shape corporate culture, and support long-term development. (front) Increased recruitment costs, consumption of training resources, time pressure, risk of employee turnover, unsuccessful training, etc. ( negative )	Strengthen industry-university cooperation , provide talent training subsidies, establish a professional talent pool, provide career development support, improve the working environment, provide competitive salaries and benefits, strengthen internal promotion opportunities, etc.	short term: Increase recruitment channels, improve recruitment efficiency, attract outstanding talents, and establish preliminary training plans. Mid-term: Establish a complete talent recruitment process, cultivate talents with core capabilities , improve employee satisfaction and loyalty, and establish a knowledge sharing mechanism.	1. Recruit a total of 8 vulnerable people with disabilities. 2. Recruit foreign employees (Thai and Vietnamese) Establish educational cooperation with Chaoyang University of Science and Technology, Jianguo University of Science and Technology , etc.

major issues	potential or actual impact	Policies/Commitments	Goals (short, medium and long term)	2023 Management Results
			long: Establish a continuous talent reserve pool, build an organizational learning culture, cultivate leadership, create a competitive salary and welfare system, and provide career development channels.	4. Continue to implement education and training for new employees and current employees .

➤ Stakeholder interaction

**Identification of interested parties**

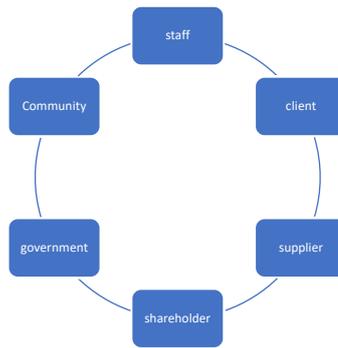
Leechi convened relevant units to form a "sustainable development working group" (group members include the Finance Department , Business Department , R&D Technology Department , Management Department, Production Department, Purchasing Department , Quality Assurance Department , Materials Department , Production Management Department , Occupational Safety Office, Computer room, audit room , etc.) took stock of 12 types of stakeholders and followed the five principles of the AA1000 SES (Stakeholder Engagement Standards, SES) standard: dependence , responsibility , influence, multiple perspectives and tension of concern . After 30 After conducting a questionnaire scoring method and discussing the results, and taking into consideration the development trends and operating conditions of domestic and international sustainability issues, we focused on six types of major stakeholders , including: employees, customers, suppliers, shareholders, government, and communities.



Leechi values employee opinions and regards employees as important assets. We provide market-competitive salary and benefits and are committed to building a safe and secure workplace.

We attach great importance to social feedback. Leechi organizes many charity activities every year and encourages employees to participate together to enhance positive social influence through positive and kind interactions.

Leechi complies with the requirements of the government and local laws and regulations. In response to the government disclosure, all products and services are subject to regulations and supervision by the competent authorities.



We focus on establishing a "reliable professional partner relationship that can grow together" with our customers, meet their needs, and then implement our sustainable vision.

Suppliers are important partners of Leechi in promoting sustainable development. Through supplier-related management and education and training, we jointly enhance the overall value of the supply chain.

Leechi makes operating information transparent, demonstrates the company's operating results, wins the support of shareholders / investors, and achieves the goal of stabilizing funds and creating investment value.

### Communication with stakeholders

Leechi takes the practice of sustainability as its own responsibility. We actively maintain good interactions with stakeholders through multiple and smooth communication channels, including telephone communication, physical and online meetings, customer satisfaction surveys, customer visits, supplier audits,... We conduct stakeholder discussions through other forms, as well as the " Stakeholders " section of Leechi's official website , listen to and collect the diverse expectations and needs of stakeholders, and value the voice of every stakeholder who pays attention to Leechi . We have responsible colleagues from each unit respond to the demands of stakeholders and respond , review and improve them . It also discloses information through annual reports and financial reports every year, and publishes sustainability reports. At the same time, it sets up a " Corporate Social Responsibility , Investor Relations " section on the company's official website to regularly update ESG (environmental, social, corporate governance ) related information, and real-time Completely present issues of concern to stakeholders.

stakeholders	Focus on major topics	communication channel	communication frequency	Communicate focus and results
staff	1.Training and development 2. Salary and benefits 3.Labor-management relations 4.Health management and care 5. Environment, occupational safety and health 6.Working conditions 7.Operating conditions 8. Quality policy, environmental safety and health policy 9. Policies, goals and plans 10. Product regulations 11.Customer complaints	1. Regular and irregular meetings 2. Regular and irregular education and training 3. Irregular internal company announcements 4. Email, internal communication platform or document 5. Complaint mailbox 6. Welfare Committee Meeting 7. Quarterly labor-management meeting 8. Conduct internal audit at least once a year 9. At least one management review meeting every year 10. Monthly internal meetings	1. At least one management review meeting every year 2. Conduct internal audits at least once a year 3. Quarterly labor-management meeting 4. At least one Welfare Committee meeting every quarter 5. Monthly internal meetings 6. Communicate	1. No major labor disputes in the year 2. No violations of moral and ethical standards or sexual harassment prevention-related incidents during the year 3. Continue to promote and respect international labor and human rights norms and standards 4. Set up an occupational safety and health committee, with the general manager as the chairman, and perform operating environment monitoring twice a year 5. Conduct an internal information security audit once a year to ensure the

	<p>12.Customer satisfaction 13. Product safety 14. Counterfeit goods prevention and control 15. Continuous improvement 16.Customer SQA documents 17. Management system, SOP 18.ESG 19. Carbon inventory, carbon reduction, carbon footprint</p>	<p>11. Irregular interviews 12. Irregular employee satisfaction questionnaire survey</p>	<p>irregularly 7. Customer SQA documents will be responded to within one week</p>	<p>effective operation of information security management 6. Carry out functional education and training for new employees and ISO education and training</p>
client	<p>1. Environmental safety and health 2. Customer commitment and service 3. Customer privacy protection 4. Product life cycle assessment 5. Green product design 6.Human rights and labor rights 7. Product quality and customer complaints 8. Management system 9.Risk Management 10.ESG 11. Carbon inventory, carbon reduction, carbon footprint</p>	<p>1. Accept on-site audits and audit questionnaires from customers from time to time 2. Exclusive corresponding window 3. Irregular phone calls 4. Irregular emails 5. Business personnel visit your home 6. Annual customer satisfaction survey</p>	<p>1. Annual customer satisfaction survey 2. Communicate irregularly</p>	<p>1. Accept customers to visit the factory 2. Participate in supplier meetings held by customers 3. Carry out risk management, control and evaluation of customers and suppliers</p>
supplier	<p>1. Supplier price competitiveness 2. Continuous and stable supply 3. Meet quality requirements 4. Comply with legal regulations 5. Company vision and sustainable development strategy 6. Procurement environmental protection and safety management 7. Supplier management 8. Order management and changes 9.Customer requirements 10.ESG 11. Carbon inventory, carbon reduction, carbon footprint</p>	<p>1. Telephone/Fax 2. Email 3. Correspondence 4. Education and training courses 5. Related homework forms 6. Supplier coaching/auditing 7. Supplier survey/evaluation 8. Irregular interviews 9. Procurement environmental safety and health assessment management procedures 10. Contractor's environmental, safety and health management procedures 11. On-site audit</p>	<p>Communicate from time to time</p>	<p>1. Conduct regular supplier evaluations every month 2. Screen at least two suppliers every month to implement quality coaching 3. Discuss with suppliers the use of low-carbon aluminum and recycled aluminum, and the use of recycled packaging materials 4. Implement annual supplier evaluation 5. All qualified suppliers review and sign the "Supplier Needs to Know " 6. All orders comply with the RoHS policy and highly polluting surface treatment methods are strictly prohibited. 7. Communicate with major suppliers to discuss greenhouse gas emissions and sustainable development issues</p>
shareholder	<p>1.Company financial information 2.Operating conditions 3.Corporate governance 4.ESG 5. Carbon inventory, carbon reduction, net zero</p>	<p>1. Spokesperson (Manager Li) and acting spokesperson (Director Cai) system 2. Annual shareholders' meeting 3. Hold at least one legal person briefing every year 4. Accept appointments and telephone interviews from</p>	<p>1. Annual general meeting of shareholders or at least one legal person briefing meeting 2. Accept</p>	<p>1. Hold regular shareholder meetings to report and explain the operating status, implementation progress of various policies, etc. 2. Continue to conduct shareholders' meetings and legal person briefings</p>

		domestic and foreign investment legal persons from time to time 5. Annual financial report and release of major information from time to time 6. Public information observatory 7. "Shareholder Information" on the company's official website	interviews or publish messages from time to time	according to the annual plan 3. Disclose financial reports and annual reports on the Public Information Observatory 4. Update annual execution results on the company's official website
government	1. Compliance with laws 2. Occupational safety and health 3.Environmental protection 4.Labor Rights 5.Corporate Governance 6. Fire drills and emergency response 7. Carbon inventory, carbon reduction, net zero 8.Risk Management 9.ESG	1. Telephone/Fax 2. Email 3. Correspondence 4. Participate in seminar activities 5. The website reporting system of the agency to which it belongs 6. Spot checks and visits 7. Exclusive corresponding window	Communicate from time to time	1. Implement stable employment plan in accordance with policies 2. No major fines during the year 3. Follow the latest government laws and regulations 4. Regularly declare the quantity of waste every month 5. Regularly conduct firefighting and emergency response drills 6. Introduction and implementation of greenhouse gas inventory
Community	1. Community care and public welfare activities 2.Environmental protection 3. Provide local employment opportunities 4.Labor Rights	1. Corporate website 2. Telephone/Fax 3. Correspondence 4. Participate in community activities 5. Exclusive corresponding window	Communicate from time to time	1. Adopt Shipai Park and plant trees to green the environment. 2. Assist in cleaning up the environment and jointly maintain the cleanliness of the community. 3. Caring for the elderly and sponsoring meal services for the elderly. 4. Sponsor the activities of Talent Club of Shipai Elementary School. 5. Provide job opportunities to local community fresh graduates, newcomers to society, second-time employment, middle-aged and elderly people, and women.

## Chapter 1 Integrity governance and sustainable development

### 1.1 About Leechi

#### Company Profile

Leechi Machinery Company founded the PROMAX brand in 1990 and also registered its trademark in the United States at the same time.

In 1997, it won the Golden Globe Award for Taiwan's Excellent Export Products. Among the major European and American brands, you can also see PROMAX brand products. The company specializes in design and manufacturing, and improves innovation year by year.

Capacity to meet customer needs. In recent years, he has also been actively involved in cycling, sponsoring various teams and outstanding performance teams. Different Olympic athletes quickly increase the brand's exposure. In the rapidly changing market trend, Leechi company continues to make breakthroughs and create market niches with its excellent manufacturing capabilities and technology.

## Brand positioning

Leechi Company's future goals for its own brands – the PROMAX brand is positioned as mid- to high-end bicycle products. In terms of brand promotion, we work from bottom to top, that is, taking the recognition of consumers and riders as the starting point, and it is extended to adoption by bicycle factories as a brand promotion strategy, and it is expected that the PROMAX brand will become differentiated and internationalization. In terms of brand concept, we hope that the PROMAX brand will become a key component of the bicycle collection. With the strong promotion of sports marketing, we sponsor well-known domestic and foreign athletes and major domestic and foreign bicycle competitions, and continue to through continued reports from advertising media and recommendations from professional cycling magazines, we hope that the PROMAX brand will gain consumer with the use and recognition of readers, the PROMAX brand can be established as a synonym for professionalism and perfection. The future goal of the PROMAX brand is to pursue professional and continuous innovation to provide the highest-end bicycle parts. The most unique and innovative product design to meet the needs of riders and provide safe, healthy and comfortable riding.

Leechi basic information in 2023

Organization name	Leechi machinery industry co., ltd.
Capital amount	NT\$2.2 billion
Industry category	Electric machinery
Date of establishment	May 16, 1973
Listing date	November 14, 1995
nature of organizational ownership	Publicly issued listed companies
Stock code	1517
Chairman	Lin Yuxin
President	Lin Yixian
Number of employees	
Main products and services	Manufacturing, processing and trading of automobile, motorcycle and bicycle parts General machinery manufacturing, processing and trading
The location of the organization's headquarters	No. 112, Section 1, Shipai Road, Shipaili, Changhua City

## Company History

1973, the company was established in 1973/05, formerly known as Leechi Enterprise Co. , Ltd. At the beginning of its establishment, it was specialized in brakes and assembly as main business.

1979, a former process manufacturing plant was established to produce stamping components, brake ducts and aluminum heat treatment.

1983, the name was changed to "Leechi Machinery Industry Co., Ltd."

1986, the R&D unit successfully introduced a computer-aided design system to improve development capabilities and shorten development time.

1990, a melting and forging plant was established and automated production equipment and robotic arms were introduced to improve productivity.

1993,

1. Established Yinglong Machinery (Kunshan) Co., Ltd.;
2. Set up Nangang factory in Nantou Nangang Industrial Zone;
3. Passed ISO 9001 quality management system verification

1995, the stock was listed marking a new milestone for the company's future growth.

2003, due to operational needs, Longda Machinery (Shenzhen) Co., Ltd. was invested and established.

2007, as "Excellent Manufacturer".

2011, Passed AEO quality enterprise certification

2013, "Click Lever" product won the 2013 IF Design Award

2014

1. Import composite material process equipment and engage in composite product development/mass production.
2. The new CNC processing plant was completed and opened.

2015

1. Passed AS9100 and ISO9001 verification.
2. The office area on the fifth floor is completed and opened.

2016, TOSHMS ( CNS15506 ) verification

2017 " Crafty Post " product won the 2017 IF Design Award

2018

1. Cooperate with the Industrial Bureau to organize the "Smart Manufacturing Demonstration Observation Meeting";
2. Cooperate with the Central District Occupational Safety and Health Center to organize the " 107 Annual Process to Promote Safety and Health in Public Institutions" Facility and Labor Working Environment Observation Meeting "

2019 Passed ISO 45001 and TOSHMS (CNS 45001) verification.

2020, we will implement ESG policies and continue to invest in afforestation /protection /greening activities in the factory area and build solar power generation. System, Adopt a Community Park, ...

2021 Passed IATF 16949 verification.

2022 Join the "China Bicycle Sustainability Alliance Association" and become one of the founding members to jointly commit to implementation ESG goals.

2023 The company will establish a sustainable development committee.

2023 The company will issue its first sustainability report.

2023 Introduce and implement ISO14064-1 greenhouse gas inventory.

2024 Pass ISO14064-1 verification.

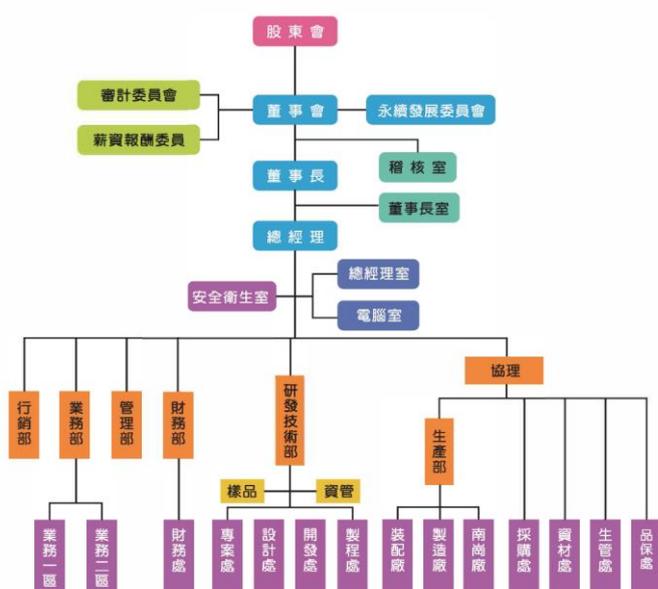
## Participated in public companies/associations and held positions in 2023

Leechi continues to participate in various organizations to exchange practical experience and industry trends with peers , hoping to jointly promote collaborative cooperation and development of the industry with peers , and work together to enhance the competitiveness of the industry .

Industry association name	senior executive Job title and name	Holding a position in a public/association
China Bicycle Sustainability Alliance Association	Chairman Lin Yuxin	supervisor
Bicycle New Culture Foundation	General Manager Lin Yixian	supervisor
Taiwan Bicycle Export Industry Association	General Manager Lin Yixian	director

### 1.2 Governance structure

Leechi is a listed company. The board of directors is the highest governance unit. The board of directors authorizes the audit committee and the remuneration committee established under it. Each committee is composed entirely of independent directors and assists the board of directors in fulfilling its supervisory responsibilities. The chairmen of each committee regularly report their activities to the board of directors. and resolution. The responsibilities of the board of directors include appointing and supervising the company's management, supervising operating performance, preventing conflicts of interest, ensuring that Leechi exercises its powers in compliance with various laws, company articles of association or resolutions of shareholders' meetings, and is committed to maximizing shareholders' rights.



Department		Business affairs
Chairman's room		Assist the Chairman to promote various projects and lead the development of important strategic products and businesses.
General Manager's Office		Assist the general manager in coordinating the planning, promotion and auditing of various departments and systems or projects.
audit room		Affiliated to the board of directors, effectively audits various systems within the company and reports to supervisors for improvement.
computer room		Manage and use computer equipment, assist and support various units in using computers.
Safety health room		Responsible for labor safety and health planning, review and reporting and other related matters.
Business Department		Handle related product sales and explore market trends.
Marketing Department		Brand strategy and marketing strategy formulation and execution.
Finance Department		Handle all accounting and financial matters.
Management Department	General Affairs Section	Handle matters related to personnel, general affairs and property management.
	Legal Affairs Class	Responsible for company legal affairs, patent and trademark and other related matters.
R&D Technology Department		Handle new product development and improve the quality and functionality of existing products.
Health and Management Office		Effectively grasp company resources and information to coordinate various units to meet customer needs and provide good customer service.
Quality Assurance Department		Coordinate the implementation and supervision of quality control measures among various departments.
Materials Department		Responsible for sending and receiving raw materials and cooperating with production operations to issue materials on a real-time basis, and serving the supply status of the production line.
Procurement Department		Responsible for the procurement of raw materials and outsourcing processing, and providing the right amount, quality and low-cost raw materials in a timely manner to improve performance and customer satisfaction with the company.
Production Department	manufacturing plant	CNC precision machining of aluminum alloy parts for bicycles and automobiles .
	assembly plant	Assembly and production of bicycle parts such as brake systems, seat tubes, hubs, handlebars, etc.
	Nangang Factory	Forming and processing of bicycle seat risers and hubs, brake rubber, transmission cable guide and inner cable processing, production and processing of carbon fiber products, bicycle rims, wheel sets, etc.

## Improvement of board of directors functions

### 1. Board members

Name	condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
Chairman Lin Yuxin		<ol style="list-style-type: none"> <li>Expertise: business management, leadership and decision-making, and information technology.</li> <li>Education: Master of Electrical Engineering from Carnegie Mellon University.</li> <li>Main position: General Manager of the company.</li> <li>There are no circumstances specified in Article 30 of the Company Law.</li> </ol>	not applicable	0



Name condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
independent director Chen Guiduan	<p>1. Expertise: Education, Economics, Finance and Law.</p> <p>2. Education: PhD in Economic Law from China University of Political Science and Law, Master's Degree from the Institute of Public Finance, National Chengchi University.</p> <p>3. Other main positions and experience:</p> <p>( 1 ) Associate Professor and Director of the Accounting Department and Director of the Accounting and Taxation Research Institute of Fengjia University</p> <p>( 2 ) Short-term legislative assistant in the budget team of the Legislative Yuan Legislative Consultation Center - Passed the first-class accounting auditor examination of the Examination Yuan Civil Service Examination</p> <p>( 3 ) Adjunct professor at the Accounting Institute of Chung Hsing University, Donghai University, and Jingyi University</p> <p>4. Current position:</p> <p>( 1 ) Accountant of Jianzhi United Accounting Firm</p> <p>( 2 ) Independent Director of Chengye Medical Control Co., Ltd.</p> <p>( 3 ) Independent Director of Chunbao Industrial Co., Ltd.</p> <p>( 4 ) Director of Shanwei International Investment Holdings Co., Ltd.</p> <p>(5) Supervisor of Feng Chia University, director of Chung Tai University of Science and Technology</p> <p>(6) Independent directors, audit committee, and remuneration committee of Leechi Machinery Industry Co., Ltd.</p> <p>5. There are no circumstances specified in Article 30 of the Company Law.</p>	<p>1. No one, spouse, or relative within the second degree serves as a director, supervisor, or employee of the company or its affiliated companies;</p> <p>2. The number and proportion of the company's shares is not held by the person, spouse, or relatives within the second degree ( or in the name of others ) ;</p> <p>3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the company ( refer to the provisions of Article 3 , Paragraph 1, Items 5 to 8 of the Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Complied with ) ;</p> <p>4. amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the past two years.</p>	2

Name condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors concurrently serving in other publicly traded companies
independent director Chen Yongxue	<ol style="list-style-type: none"> <li>1. Expertise: financial industry, economics and law.</li> <li>2. Education: Department of Law, National Taiwan University .</li> <li>3. Other main positions and experience: Associate President of Asia Pacific Bank and Vice President of DBS Bank .</li> <li>4. Current position: Independent director, audit committee, and remuneration committee member of Leechi Machinery Industry Co., Ltd.</li> <li>5. There are no circumstances specified in Article 30 of the Company Law.</li> </ol>	<ol style="list-style-type: none"> <li>1. No one, spouse, or relative within the second degree serves as a director, supervisor, or employee of the company or its affiliated companies;</li> <li>2. I, my spouse, and relatives within the second degree ( or using the names of others ) hold 140,462 shares of the company, accounting for 0.06%;</li> <li>3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the company ( refer to the provisions of Article 3 , Paragraph 1, Items 5 to 8 of the Regulations on the Establishment of Independent Directors of Publicly Offered Companies and Matters to be Complied with ) ;</li> <li>4. amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the past two years.</li> </ol>	0
independent director Ma Huizhen	<ol style="list-style-type: none"> <li>1. Expertise: financial accounting, tax planning and financial business.</li> <li>2. Education: Department of Accounting , National Taiwan University .</li> <li>3. Other main positions and experience: ( 1 ) KPMG Assistant Audit Manager ( 2 ) Assistant Manager of Sanxin Commercial Bank ( 3 ) Director of Shikun Plastic Co., Ltd. , supervisor (4) Director of Jaya Co., Ltd.</li> <li>4. Current position: ( 1 ) Chief Operating Officer of Hengli Accounting Firm ( 2 ) Independent Director, Audit Committee, Remuneration Committee of Leechi Machinery Industry Co., Ltd.</li> <li>5. There are no circumstances specified in Article 30 of the Company Law.</li> </ol>	<ol style="list-style-type: none"> <li>1. No one, spouse, or relative within the second degree serves as a director, supervisor, or employee of the company or its affiliated companies;</li> <li>2. The number and proportion of the company's shares is not held by the person, spouse, or relatives within the second degree ( or in the name of others ) ;</li> <li>3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the company ( refer to the provisions of Article 3 , Paragraph 1, Items 5 to 8 of the Regulations on the Establishment of Independent Directors of Publicly Offering Companies and Matters to be Complied with ) ;</li> <li>4. amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the past two years.</li> </ol>	0

## 2. Board diversity

The highest governance unit of Leechi is the board of directors, which consists of seven directors, three of whom are independent directors ( 43 %) and four of whom are non-independent directors ( 57 %). Four of them are company managers and employees ( 57 %), and two are spouses and relatives within the second degree (28 % ). The number of seats complies with Article 26-3, Item 3 of the Securities and Exchange Act. and the circumstances specified in Item 4.

Leechi has a director selection system. The selection process for all directors is open and fair, and complies with the company's "Articles of Association", "Director Election Methods", "Code of Corporate Governance Practice" and "Measures on the Establishment and Matters to be Followed of Independent Directors of Publicly Offered Companies" " , "Article 14-2 of the Securities and Exchange Act" and other provisions. The nomination and selection of board members fully considers various diversified aspects, professional abilities and experiences such as business management, leadership decision-making , industrial knowledge, financial accounting, law, environmental protection, etc., and pays attention to personal reputation in ethical behavior and leadership. In order to implement corporate governance and improve the functions of the board of directors, through the momentum of the board of directors' performance, the board of directors should have specific goals and each director should assume relative responsibilities, which will help to improve the decision-making quality and efficiency of the board of directors and achieve effective management and supervision of the company. Purpose. The seven directors of this board of directors have diverse backgrounds, including different industrial, academic and accounting professional backgrounds, and have experience in operating industrial companies or in professional fields. The Company relies heavily on the Directors for their extensive knowledge, personal insight and business judgment. The professional qualifications and experience of the board members are as follows :

Diversification core project	Basic composition						Industrial experience				Professional ability				
	Name	sex Don't	Part-time employee of the company	age			Term of independent directors Seniority	Business management	Industry knowledge	operating judgment	International market view	financial accounting	law	Information technology	Environmental friendly
				50 to 60	61 to 70	above 71									
	Lin Yuxin	male	✓	✓			3	✓	✓	✓	✓	✓	✓	✓	
	Lin Yixian	female	✓		✓			✓	✓	✓	✓		✓		
	Kefu Investment Co., Ltd. Representative: Zhu Mingyang	male	✓			✓		✓	✓	✓	✓			✓	
	Kefu Investment Co., Ltd. Representative: Li Yuzheng	male	✓	✓				✓	✓	✓	✓	✓		✓	

Diversification core project	Basic composition					Industrial experience				Professional ability					
	Name	sex Don't	Part-time employee of the company	age			Term of independent directors Seniority Year	Business management	Industry knowledge	operating judgment	International market view	financial accounting	law	information technology	Environmental friendly
				50 to 31	51 to 70	71 above									
Chen Guiduan (Independent Director)	male				✓	3	✓	✓	✓	✓	✓	✓	✓		
Chen Yongxue (Independent Director)	female			✓		3	✓	✓	✓			✓			
Ma Huizhen (Independent Director)	female		✓			3	✓	✓	✓	✓	✓		✓		

### 3. Board independence:

The company adopts a "candidate nomination system" for the election of directors. Director candidates are nominated and qualified by the board of directors. After the board of directors passes the resolution, they are submitted to the shareholders' meeting for selection.

( 1 ). Basic composition: The company's current board of directors has 7 members (including three independent directors), all of whom are from home countries. The composition structure is 3 independent directors accounting for 43%; 4 directors with part-time employee status accounting for 57%. Three of them are qualified accountants of the Republic of China, one of the independent directors has legal expertise, and the board members have rich experience and professional knowledge and skills in the fields of finance, law, business and management, and are independent. The consecutive terms of all independent directors shall not exceed 3 terms.

The age distribution range of the directors includes 3 directors aged 31-50 years old, 3 directors aged 51-70 years old and 1 director aged over 71 years old.

( 2 ). The company also pays attention to gender equality in the composition of the board of directors, with a target ratio of 50%. The current board of directors includes 3 female directors (of which 2 are independent directors). The ratio of female directors is as high as 43% and will remain so in the future. We continue to be committed to the goal of gender equality in the composition of female directors.

### 4. Board of Directors Operations

Leechi firmly believes that establishing a corporate culture of honest management and a good business operation model are the basis for creating value for the company. The board of directors is responsible for guiding the company's strategy, supervising and evaluating the performance of the management, and appointing and removing managers in accordance with the provisions of laws and the company's articles of association or The shareholders' meeting resolves to exercise its powers while maintaining corporate ethics and social responsibilities. Directors and independent directors are nominated through a rigorous

internal self-made process, taking into full consideration their professional abilities, ethical behavior and leadership reputation. Currently, the board of directors has an audit committee, a salary and remuneration committee , and a sustainable development committee . The board of directors is also responsible for the highest decision-making on Leechi's economic, environmental and social-related issues. The board of directors held 6 meetings in 2023, and the average attendance rate of directors was 100 % .

#### 5. Board of Directors Standards and Further Education

According to the company's "Corporate Governance Code of Practice", the composition of the board of directors should consider diversity. In addition to the fact that directors who are also managers of the company should not exceed one-third of the directors' seats, appropriate diversification should be formulated based on its own operations, operating types and development needs. According to the policy, all members of Leechi's board of directors are professionals with professional experience in corporate operation or industry. Their backgrounds include business management, leadership decision-making, industry knowledge, financial accounting, law, environmental protection, etc. Leechi's operations also rely on the rich knowledge of the directors. , insight and business judgment, board members are required to perform their duties in accordance with the highest ethical standards. Leechi has formulated the " Code of Integrity Business " and "Code of Ethical Conduct" to require members of the governance unit to abide by it. In order to improve the decision-making quality of the board of directors, improve the supervision ability, and then strengthen the functions of the board of directors, Leechi continues to arrange multiple training courses for board members. In 2023 , all directors shall meet the training hours stipulated in Article 4 of the "Key Points for Implementation of Continuing Education for Directors and Supervisors of Listed Overseas Companies". Renewed directors should attend at least six hours of training each year during their term of office.

#### 6. Board effectiveness

Leechi established performance goals to enhance the operational efficiency of the board of directors, and formulated a "board performance evaluation procedure " based on operational efficiency. The board of directors' performance evaluation is regularly conducted at least once a year, respectively on the board's operational performance, director member performance and Self-evaluation of performance of functional committee operations. Relevant evaluation results are reported to the board of directors, and a board effectiveness improvement plan for the following year is formulated based on this to continue to strengthen corporate governance performance.

#### **functional committee**

Leechi insists on operational transparency, focuses on shareholders' rights, and believes that a sound and efficient board of directors is the foundation of good corporate governance.

Under this principle, the Company's Board of Directors authorizes the Audit Committee and Remuneration Committee established under it to assist the Board of Directors in fulfilling its supervisory responsibilities respectively. The composition charter of each committee has been approved by the Board of Directors, and the chairperson of each committee regularly reports its activities and resolutions to the Board of Directors. The audit committee and the remuneration committee are entirely composed of independent directors. The independent directors make suggestions based on their professionalism and experience from an objective and impartial standpoint. When the board of directors discusses any proposal, it will fully consider the opinions of independent directors, take into account the principle of avoidance of interests, and effectively protect corporate interests.

#### 1. Set up an audit committee to strictly control legal compliance matters

Leechi Machinery established an audit committee in accordance with Article 14-4 of the Securities and Exchange Law on June 12, 2017. It is composed of all independent directors, with a total of 3 people, one of whom is the convener, and 2 of whom have accounting or accounting qualifications. Financial expertise.

The Audit Committee met five times in 2023, and the attendance rate of all members was 100%. The Audit Committee is responsible for supervising the presentation of the company's financial statements, the selection and dismissal of accountants, their independence and performance, the effective implementation of the company's internal controls, the company's compliance with relevant laws and rules, and the management and control of the company's existing or potential risks.

#### 2. Set up a salary and remuneration committee to assist in evaluating salary levels

The Company established the Salary and Remuneration Committee on December 21, 2011 in accordance with Article 14-6 of the Securities and Exchange Act.

The company's fifth salary and remuneration committee was approved by the board of directors on June 21, 2023. There are 3 members, namely Chen Guiduan, Chen Yongxue, and Ma Huizhen. Chen Guiduan was recommended by the members to be the convener.

three meetings were held in 2023, and the attendance rate of all members of the Salary and Remuneration Committee was 100%.

The responsibilities of the remuneration committee are to formulate and regularly review the policies, systems, standards and structures for performance evaluation and salary remuneration of directors and managers, as well as to regularly evaluate the achievement of performance targets of the company's directors and managers, and to set their individual salaries and remunerations. content and amount.

3. A sustainable development committee has been established to review the company's sustainable development policies and management guidelines, and to supervise and promote sustainable development-related work.

### 1.3 Operational performance

#### **operating results**

Leechi's operating performance in 2023 includes consolidated net operating income of NT\$1,892,415,000, consolidated net loss after tax of NT\$158,341,000, negative surplus attributable to the parent company of NT\$166,734,000, and basic loss per share of NT\$1,892,415,000. 0.75 yuan.

2023, Leechi will take "actively accepting orders, deepening services, lean management, and continuous improvement" as its operational goals. In line with changes in market orders, Leechi will continue to make necessary investments, strengthen product innovation, promote ESG sustainability, and enhance overall competitiveness in order to Maintain operational resilience and seize opportunities for subsequent economic recovery. Contains the following aspects:

1. Production capacity adjustment: In response to order adjustments , strengthen communication with customers on shipment status , timely cooperate with production capacity adjustments, continue to review and improve production line equipment, materials, personnel and company environment, promote process improvement, work hours review, equipment replacement, and adjustments Manpower and other measures will be taken, and in conjunction with this wave of inventory adjustments, various production responses will be made to reduce the impact of the recession.
2. Product development: Continuously review the composition of the product line, develop and launch a number of new products, actively contact and cooperate with customers, collaborate on development, and introduce more new product development projects, including new hydraulic disc brakes, handlebars, seat tubes and rims Products such as hubs are generally adopted and recognized by customers, and we continue to purchase high-end products, hoping to increase product gross profit and market share.
3. Process improvement: Prioritizing the improvement of process capabilities and product self-production rate, we have continued to optimize or upgrade production and quality inspection equipment and other equipment, and introduced various automation equipment and systems to control process investments. We continue to cooperate with major customers to set up multiple dedicated production lines to work together to improve production technology and improve product yields.
4. Management improvement: Continue to complete various ISO management system verifications, cooperate with the introduction of ERP and HR management systems, continue to improve the company's operating procedures, and strengthen organizational communication and quality management. Moving towards the ESG sustainable vision, including completing ISO-14064 carbon inventory, promoting various environmental protection and waste reduction, implementing energy conservation and use of renewable energy, planting trees to pre-store carbon sinks and biodiversity and other environment-friendly activities, implementing corporate social responsibility and

strengthening the company Management and other measures have been prepared and a sustainability report has been publicly issued. Join external organizations such as the BAS Bicycle Sustainability Alliance and leverage industry strength to promote ESG.

5. Operational improvement: Continuously review and control the operating performance of each business unit, conduct financial management and control, strengthen competitiveness, improve environmental safety and health and factory planning, etc., and the operating performance has improved.

6. Cross-industry alliances: Making good use of its solid R&D technology and manufacturing capabilities, it has obtained cross-industry cooperation and orders for mass production. Through cross-industry alliances, it can enhance technological development and increase operational prospects, and seek the possibility of mutually beneficial development.

#### financial performance

year	2019	2020	2021	2022	2023
Operating income (thousand yuan)	2,999,007	3,383,919	4,879,953	5,084,564	1,892,415
Operating gross profit (%)	11	15.39	18.73	19.76	0.03
Operating profit (thousand yuan)	-83,234	136,845	455,533	597,955	-308,510
Net profit after tax (thousand yuan)	15,965	202,305	494,023	555,205	-158,341
Earnings per share (yuan)	0.06	0.76	2	2.55	-0.75
Dividend distribution (yuan)	0.2	0.35	0.8	0.9	0.2

#### government subsidies

NO	project	Amount
3	Stable employment and employment subsidies	307,000
4	Return goods tax	232,142
5	Air compressor subsidy	122,100
6	Pneumonia Relief Subsidy for European Exhibitions and Auto Shows	250,000

Business policies and production and sales policies for 2024 :

1. "Adjust operations and control risks": It is expected that the industry will still face an uncertain general economic environment throughout the year, and is still in a relatively turbulent order adjustment period, with rapid

operational performance in terms of production capacity, inventory, manpower and cash flow. Under the pressure of changes brought about by the decline, the company will more quickly adjust production capacity, strengthen inventory management and control, control various procurement and cost expenses, continue to pay attention to the trends of key customers, and make more solid physical adjustments to maintain its competitive advantage amid industry headwinds.

2. "Set goals, grow revenue": Set annual business goals more actively, strengthen business order-taking momentum, be oriented by revenue growth, grasp new orders after the end of this wave of inventory adjustments, and ensure stability. Make profits and seize opportunities for economic recovery.
3. "Innovate products, increase profits": Continue to innovate products, speed up product development and launch, hope to increase the proportion of high value-added products, expand the market share of mid-to-high-end parts, and stimulate consumer purchases through the launch of new products.
4. "Market the brand and expand market share": Promote the sales of new products with its own brand "PROMAX", increase market share and product sales gross profit, cooperate with major channels to seize business opportunities in the huge repair market, and continue to build the brand globally. Repair and after-sales service points; in recent years, it has increased brand exposure through sponsorship of internationally renowned racing teams, and used feedback from competition players as a direction for subsequent product improvement and development.
5. "Enhance cooperation and improve technology": Continue to deepen the cooperative interdependence with internationally renowned vehicle and parts brands, collaboratively develop new products, and build dedicated production lines to increase the breadth and depth of development projects and comprehensively improve product technology.
6. "Cross-industry cooperation, active transformation": In recent years, we have cooperated with cross-industry circles to seek more development opportunities, and we have gradually achieved success. By undertaking cross-industry product orders, we can help improve process capabilities and profits, and increase the number of bicycles. Operational outlook outside the industry.
7. "Talent cultivation, sustainable promotion": lay the foundation for the company's sustainable development, continue to cultivate talents and enhance employee welfare, enhance organizational effectiveness and build momentum for future development; in addition, in response to the greenhouse effect and extreme climate, the world is committed to practice Green issues such as carbon neutrality, net-zero carbon emissions and ESG, the bicycle industry is the main axis of future development, and carbon reduction needs to be practiced from production to sales. The company continues to promote the energy conservation and carbon reduction requirements in its own organizational environment, and in products R&D, manufacturing and sales promote the implementation of low-carbon

environmental protection, actively assist customers and the supply chain to promote ESG sustainability goals, and stay at the forefront of the industry's carbon reduction trend.

#### 1.4 Integrity management

1. Formulate integrity management policies and plans: Our company regards "integrity and integrity" as one of the most important core values and has formulated the "Integrity Management Code", which strictly requires each employee to implement the integrity policy and actively implement integrity management. Policies to prevent the occurrence of dishonest behaviors and create a good sustainable operating environment.

2. The company's board of directors has established various organizations and channels, including the audit committee, the remuneration committee, the internal audit, and the integrity management promotion group composed of the management department and other management levels. The executive general manager is the convener and is responsible for the integrity management policies and prevention plans. To promote the company's management, it shall report its relevant operations and execution status to the board of directors on a regular basis (at least once a year) to fulfill its supervisory responsibilities for honest operations.

3. The company implements the integrity management policy, and the relevant operations and implementation in 2012:

##### ( 1 ) .Education, training and legal compliance promotion

a. The company's website announces internal rules and relevant laws, and provides a variety of training courses for colleagues based on their business responsibilities, so that colleagues can gain access to new knowledge of laws and regulations at any time, and deepen their understanding of professional ethics and compliance with laws. We also promote the company's core values and compliance systems to colleagues via email.

b. The company strengthens publicity and follows the letter issued by the Taiwan Stock Exchange, informs its insiders of the common situations in which insiders' reporting of equity changes violates the provisions of the Securities and Exchange Act, and reminds them that they should strictly follow the regulations.

c. When the company hires new employees, it will ask the new employees to cooperate in signing a declaration of relevant regulations if necessary, and fully explain the relevant provisions of the code of ethics.

##### ( 2 ) . Prohibition of insider trading

a. The company's website announces the internal rules "Internal Material Information Handling and Insider Trading Prevention Management Operating Procedures" which clearly stipulates that its directors, managers and employees standardize the relevant internal material information handling and disclosure mechanisms to avoid improper leakage of information and ensure that the company The consistency and accuracy of information published to the outside world, and strengthening the prevention of insider trading.

b. This operating procedure is incorporated into the company's internal control system. Internal auditors should regularly understand its compliance and prepare audit reports to implement the internal major information processing and insider trading prevention operating procedures.

( 3 ) . Education and promotion of insider trading prevention laws:

Every year, the Company continues to pay more attention to the legal concept of current directors on the "Management Procedures for Internal Material Information Processing and Prevention of Insider Trading" and relevant laws and regulations, and forwards a letter from the stock exchange to remind them that they should strictly comply with the regulations.

a. The board of directors' reports on August 7 and November 9, 2023, submitted letters to the Taiwan Stock Exchange to 9 current directors and managers, in order to reduce insider equity transfer violations and summarize violations of the Securities and Exchange Act. Common aspects of the regulations will be forwarded to the relevant insiders for reference and reminders to be carried out in accordance with the regulations.

b. Education and promotion courses on December 5 and December 21, 2023, 2 hours of relevant education and promotion will be provided to 9 current directors and managers and 16 heads of each unit. Course Topic: "Internal Major Information Processing and Management Procedures for Preventing Insider Trading" Promotional Points, including the purpose of preventing insider trading, legal compliance, scope of applicable objects, operating procedures, confidentiality operations, open operations and violation handling, and prohibition of unjust enrichment wait.

c. The company regulates and notifies the company's insiders in front of the board of directors of stock trading control measures from the date they learn about the company's financial report or related performance content. Directors and managers are not allowed to do so thirty days before the announcement of the annual financial report, and every Its stocks are traded during the closed period of the fifteen days before the announcement of the quarterly financial report. Directors and managers are reminded not to trade their stocks during the closed period before the announcement of quarterly financial reports and annual financial reports to avoid accidentally violating regulations. After the course is completed, the electronic file of the course content will be e-mailed to directors, managers and heads of each unit for reference.

( 4 ) .Report and protection

a. The company has multiple reporting and complaint channels, such as emails, employee suggestion boxes, direct complaint channels, etc. and related disciplinary measures, which are reviewed and revised from time to time to achieve effective and sufficient communication channels, so that when problems occur, Quick and effective communication and resolution.

b. The company accepts investigations of reported matters and cooperates with relevant confidentiality mechanisms.

c. The company fulfills its responsibility to protect whistleblowers and does not take

measures to avoid improper punishment due to whistleblowing.

Statistics of the actual number of reports in 2023 : 0

( 5 ).Regular inspection

The company's internal audit conducts various audits based on the annual audit plan drawn up based on the risk assessment results, and reports the audit results and subsequent improvement plans to the board of directors and management to implement the audit results. Internal organizations and colleagues conduct annual corporate internal control self-assessments. All internal departments and subsidiaries must self-examine whether department colleagues have sufficient knowledge of professional ethics, evaluate and strengthen the effectiveness of internal control of professional ethics, and implement professional ethics. specification. The company should review the causes of violations every year, identify risks, revise company management policies and internal control procedures, and strengthen publicity and education and training.

The company follows the "Code of Practice for the Governance of Listed Companies" and the Taiwan Stock Exchange Corporate Governance Center's "Corporate Governance Evaluation Self-Assessment Indicators" to formulate

1. Code of Integrity Management ,
2. Code of Ethical Conduct
3. Management procedures for disclosure of major internal information and prevention of insider trading
4. Internal regulations such as procedures for handling cases of reporting illegal, immoral or dishonest conduct .

The board of directors and management actively implement their commitment to the integrity management policy and implement the integrity management policy in internal management and business activities.

2023 , there were no complaints or reports due to company operations or employees violating ethics and integrity or engaging in illegal activities.

The company transmits relevant documents and other notices of shareholders' meetings via electronic files.

1. Save costs

Compared with sending paper notices, which cost about 12 to 14 yuan each, using electronic notifications can save at least 7 yuan per transaction.

2.ESG benefits

- (1). Cooperate with the government to promote the 2050 net-zero emission policy and echo the global carbon reduction trend.
- (2). Meet the needs of shareholders in the new era and demonstrate the company's determination to digitize.
- (3). It can be disclosed on the website, annual report and ESG sustainable management report to show the company's ESG performance.

## 1.5 Intellectual property

### Intellectual property management plan

2012 in accordance with patent law, trademark law, copyright law, trade secrets law and other relevant intellectual property laws to implement the protection of intellectual property rights and standardize the management of research and development results, and Encourage employees to engage in design, development and innovation to enhance industrial competitiveness and create higher corporate value. The company also changes in laws and regulations at any time and makes timely changes in the management and maintenance of intellectual property to effectively control operational risks and ensure sustainable operation and development.

### Implementation status of intellectual property management plan

The company's intellectual property rights management procedures were approved by the board of directors in 2014. By formulating a complete intellectual property system, the company strengthens its intellectual property layout, maintains operational safety and manages risks.

The company will report the implementation status of intellectual property-related matters in 2023 to the board of directors in March 2024 .

The intellectual property results obtained are as follows:

1. Patents: The company has accumulated more than 500 patent approvals worldwide. It adopts a patent application strategy that focuses on development results to protect the rights and interests of the company and creators.

2. Regarding " Statistical Details of Patent and Trademark Cases in 2023" :

Patent applications: 6 (5 new Taiwan patents, 1 new Chinese patent).

Patent certification cases: 7 (1 Taiwan invention, 6 Taiwan new models).

Number of trademark case applications: 0.

Number of trademark case certificates obtained: 0.

3. Trademark: Global trademark registration countries span Taiwan, China, the United States, the European Union and other countries, and the number of products exceeds hundreds. Trademark applications focus on the actual business operations and future plans of services and products.

4. Business secrets: Business secrets are institutionalized and standardized to ensure the security of confidential information, and cooperate with other intellectual property to interactively protect the company's R&D technology.

5. Others: Analyze the intellectual property products of major competing manufacturers, strengthen the global layout of products, and strengthen employees' intellectual property-related knowledge, supplemented by education and training and continuous promotion, to effectively prevent and reduce the risk of infringement.

## 1.6 Information security

### **Information security risk management structure**

1. In order to improve information security management, the company has The "Information Security Management Committee" was established on October 30, 2020, with the computer room supervisor as the convener . Meetings are held regularly every year or as needed to review the development direction and strategies of information security management and related matters, and the computer room provides information security information. And publicity, improve the security of business operations , and set up information security management personnel - 1 information security supervisor and 1 information security personnel .

2. Implementation status in 2023 :

(1) On December 1, 2023, the chairman appointed Deputy Director of the Computer Room Guo Mengzhen as the information security manager, and Engineer Guo Yuxin as the information security staff. Management review meetings will continue to be held regularly every month, with the main content being review Information security policies, audit reports, and continuous improvement plans. In 2023 , a total of 12 management review meetings will be held regularly every month.

(2) The computer room continues to provide information security information and publicity from time to time. The computer room notifies all employees of the latest relevant information and reminders through emails, contact sheets, etc. from time to time, and makes every effort to jointly prevent and ensure a safe network environment.

(3) Internal audit continues to cooperate with the annual audit plan to implement information security inspections as audit items, and submit the audit report to the Audit Committee for review.

(4) Strengthen firewall monitoring, track information security, and immediately detect whether security is abnormal and report information security incidents.

(5) Strengthen information security education for information personnel from time to time every year.

3. The 2023 information security governance report will be submitted to the board of directors in December 2023 .

### **Information Security Policy**

1. Establish relevant information security management regulations in compliance with laws and regulations, strengthen information security management, and ensure the confidentiality, integrity and availability of the company's information assets.

2. Regularly evaluate and conduct internal audits to ensure that the company's business continues to operate stably and safely.

3. Supervise the company's colleagues to implement coordinated information security protection and enhance the awareness of information security among various departments and personnel.

4. All colleagues of the company and vendors who use or connect to the company's computer systems are required to strictly abide by the company's information security regulations.

#### **Information Security Management Plan**

1. Our company has implemented security monitoring operations for information equipment and network equipment to prevent equipment theft or malicious sabotage.

2. In response to the increasing importance of information security, to avoid network attacks, ransomware, computer viruses and other information security issues, we implement security protection mechanisms every year and cooperate with external information security vendors for testing.

3. Conduct annual drills for information security incidents and strengthen the information security crisis awareness of company colleagues and the response capabilities of information security processing personnel. In order to prevent and stop the spread of the crisis.

4. The company's internal audit cooperates with the annual audit plan to standardize information security inspection as an audit item. It regulates the management of personal data protection in accordance with Article 8 of the Internal Control System Processing Guidelines and Article 9 regulates the company's use of computerized information system processors. , its information department and user department should clearly divide the rights and responsibilities, and the following control operations:

(1) The division of functions and responsibilities of the information processing department.

(2) Control of system development and program modification.

(3) Control of preparation of system documents.

(4) Access control of programs and data.

(5) Control of data input and output.

(6) Control of data processing.

(7) Security control of files and equipment.

(8) Control of the purchase, use and maintenance of hardware and system software.

(9) Control of system recovery planning system and testing procedures.

(10) Control of information security inspections.

(11) Control operations related to public information reporting to the website designated by the competent authority.

#### **Information Security Implementation Effectiveness**

There were no major information security incidents in 2023, nor were there any leaks of confidential information that affected the personal data of customers, suppliers and employees, or were fined.

#### **1.7 Compliance with regulations**

Leechi strive to comply with relevant laws and regulations. In order to ensure the implementation of compliance with laws and regulations, since the establishment of the company, each department has performed an internal control self-assessment every year, updated all policies and laws that may potentially affect the company's operations, and regularly paid attention to the future. Focus on the development direction of laws and regulations to facilitate early adjustment of the direction of operating strategies. We also promote the importance of corporate governance, employee ethics and other ethical standards internally from time to time every year, and provide relevant education and training to help colleagues in various departments understand and comply with current laws.

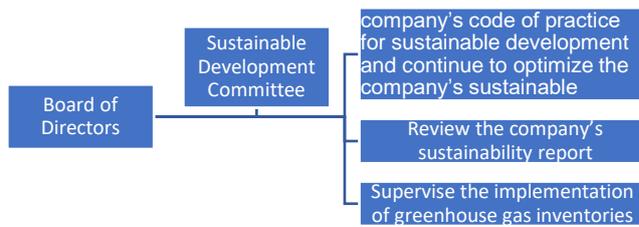
If employees violate laws, occupational safety and health management rules or regulations, labor contracts and business ethics, they will be dealt with in accordance with relevant laws and disciplinary measures, and will be included as one of the basis for employee performance appraisal. Leechi was not involved in any anti-competitive behavior, antitrust, monopoly and other related litigation in 2023 , and was not involved in any corruption incidents. There are no relevant legal proceedings or penalties in the three aspects of corporate governance (including economics), environmental protection and social participation (including human rights).

### 1.8 Climate change and TCFD

Climate change is an issue that Leechi attaches great importance to. In response to climate change and potential crises in energy resource supply, Leechi not only strengthens climate resilience adjustments to reduce the operational impact of possible disasters, but also continues to work hard to mitigate greenhouse gas emissions. Through close cooperation among various departments, we integrate company resources, identify the risks and opportunities of climate change in a proactive and cost-effective manner, and implement relevant response measures and strategies to reduce risks, seize business opportunities, and achieve the goal of sustainable business operations. . It also identifies Leechi 's entities, transformation risks and opportunities for production, products, and new markets through scenario setting , as well as the impacts and impacts on the company's operating activities, to strengthen the company's climate change governance.

#### **Organization and Responsibilities**

Leechi regards the board of directors as the highest governance unit in response to climate change. In addition, in order to strengthen the board of directors' supervisory responsibilities on sustainability matters and promote and implement the sustainable development vision, the company established the "Sustainability Development Committee" with the approval of the board of directors in December 2023 . ", which aims to review the company's sustainable development policies and management guidelines, supervise and promote sustainable development-related work, and comply with the requirements of corporate governance evaluation. It has 6 committee members , and the chairman of the board instructs the general manager to serve as the top leader and authorizes the general manager. Coordinate all relevant units within the company that implement sustainable development to form a sustainable development working group . The group members are composed of department heads and executives. They are responsible for promoting corporate risk management, corporate social responsibility, climate change adaptation, etc. in line with corporate governance assessment requirements. Continue relevant work, and understand the ideas and needs of stakeholders through multiple and smooth communication channels, and use this as an important reference for formulating the company's sustainable policy.



The Sustainability Committee is convened by the Chairman, and the Sustainability Working Group is a cross-unit functional organization that coordinates the heads of various departments and conducts cross-department communication. Regarding issues related to climate change, the Company refers to the TCFD structure, identifies relevant risks, establishes management strategies, and conducts strategic risk management.

" Sustainable Development Working Group " are:



" Sustainable Development Working Group " holds working meetings every month by the general manager. The general manager is responsible for supervising various energy conservation, carbon reduction and water conservation plans, reviewing the implementation progress and goal achievement of energy conservation and carbon reduction, and reporting energy conservation and carbon reduction to the chairman of the board every quarter. The implementation results are compiled in the attachment to the board of directors' agenda for inquiry and discussion. The company holds at least 4 board meetings every year and regularly submits climate-related issues to the board of directors, such as long-term strategic goals in response to climate change, energy conservation and carbon reduction strategies, medium and long-term vision, annual energy conservation and carbon reduction performance, green production and green product planning, etc. matter.

#### Division of powers and responsibilities

Board of Directors	<ul style="list-style-type: none"> <li>• / Target Decisions for Climate Change Management</li> <li>• Overseeing Leach's response to climate change</li> </ul>
Sustainability Working Group	<ul style="list-style-type: none"> <li>• Cross-departmental communication, strategic planning of climate change risks and opportunities</li> <li>• Climate change risk and opportunity strategic plan management</li> <li>• Climate change risks and opportunities action plan management</li> </ul>
Departments	<ul style="list-style-type: none"> <li>• Risk and Opportunity Information Provider</li> <li>• Risk and Opportunity Action Plan Planning</li> </ul>

With the goal of reaching carbon neutrality by 2050, Leechi continues to promote energy-saving measures, reduce energy consumption per unit product, and build (invest) solar panel power generation facilities and other improvement plans to achieve the vision of low-carbon economic transformation.

The following table shows the reduction directions and goals planned by Leechi to achieve short, medium and long-term goals :

timeline	2022~2024	2025~2030	2031~2050
Target	<ol style="list-style-type: none"> <li>1. Annual energy saving reduction of 2%~5%</li> <li>2. Green power procurement increases year by year to 5%~7% of total electricity consumption</li> </ol>	<ol style="list-style-type: none"> <li>1. Energy saving reduced by 5% per year</li> <li>2. The self-consumption of solar energy will increase year by year to 25% of the total electricity consumption.</li> <li>3. Green power procurement increases year by year to 20% of total electricity consumption</li> </ol>	carbon neutral
Decrement direction	<ol style="list-style-type: none"> <li>1. Measures to improve energy conservation, carbon reduction and circular economy</li> <li>2. Set up and develop renewable energy sources, such as solar energy</li> <li>3. Purchase green electricity</li> <li>4. Evaluate the use of recycled aluminum and low-carbon aluminum</li> </ol>	<ol style="list-style-type: none"> <li>1. Measures to improve energy conservation, carbon reduction and circular economy</li> <li>2. Set up and develop renewable energy for self-use</li> <li>3. Purchase green electricity</li> <li>4. Evaluate product usage reduction and product recycling</li> <li>5. Evaluate wastewater recycling and reuse</li> </ol>	<ol style="list-style-type: none"> <li>1. Assessing the energy transition</li> <li>2. Technology research and development for the application of hydrogen energy and ammonia energy</li> <li>3. Assessment is offset by carbon sinks and negative carbon credits</li> <li>4. Purchase green electricity</li> </ol>

Leechi has formulated five strategies including process energy reduction, equipment efficiency improvement, fossil fuel reduction , energy management, and renewable energy .

The short-term strategic planning project description from 2022 to 2024 is as follows :

2022~2024 Carbon Reduction Strategy Project	Execution content description
Process energy reduction	Process energy reduction strategies include process optimization, regular maintenance of related equipment, and energy-saving improvements.
Improved equipment efficiency	Equipment efficiency improvement strategies include replacing energy-saving motors and old mechanical equipment .
Reduce fossil fuel use	Replace electric stackers and electric vehicles .
energy management	The energy management strategy includes energy-saving measures such as system voltage reduction, energy saving, and replacement of energy-saving lamps.
renewable energy	Continuously inventory areas with solar photovoltaic installations, evaluate the feasibility of construction, and gradually increase the capacity of green power installations.

The strategy implemented in 2023 will achieve a power saving rate of 3.25% , carbon reduction of approximately 3,024 tons of CO2e , and a total of 346.5KW of solar panels will be completed and 376,000 kilowatt-hours of green electricity will be purchased .

### Climate change risk and opportunity identification and assessment process

Identify various risks related to climate change, establish management strategies, and conduct strategic risk management. The company refers to the TCFD structure, identifies relevant risks, establishes management strategies, and conducts strategic risk management. When formulating risk scenarios, consider transformation risks (policy and regulations /market/ technology /reputation) and physical risks ( long- term and immediate ), and make a risk description of possible events, including the degree of financial impact and impact time ( short-term , medium-term , long-term ), affected objects in the value chain, and risk possibilities. When evaluating opportunities, considerations include resource efficiency, energy sources , products and services, markets, adaptability, etc. Leechi 's risk identification and assessment process for climate-related risks is as follows:

- 1. Background information collection**
  - Collection period: 202 3 /1~202 3 /12
  - Issue collection:
    1. Collect background information from news, the Internet, and events occurring in other countries or companies
    2. Consider transformation risks (including policy and law, market, technology, reputation) and physical risks (including immediate and long- term)
- 2. Risk and operational assessment scope**
  - Conduct climate change risk assessments on the upstream and downstream of the value chain, as well as direct and indirect operations.
- 3. Risk and operational impact analysis**
  - Frequency of analysis: Revisit annually.
  - Analysis method: Risk Mapping .
  - High risk inventory and identification:
    1. When identifying and assessing climate-related risks and opportunities, the Company defines financial impacts exceeding NT\$ 1 million as material impacts.
    2. Define risk levels :
      - exceeding 5 million and with a probability of occurrence greater than 80% are considered high risks. High-risk events must produce corresponding management plans to reduce losses caused by risks, such as reducing the number of occurrences, reducing financial impact, risk transfer, risk avoid. ( Carbon fee collection issue )
      - An occurrence probability of more than 2 million is greater than 50% , which is considered a moderate risk. No action is currently required for moderate risks, but changes still need to be continuously monitored. ( Typhoon issue )
      - The rest are low risks; low risks are acceptable risks .
- 4. Control measures and goal setting**
  - " Sustainability Working Group " evaluates the risk index based on the consequences and likelihood rating criteria. After risks and opportunities are confirmed, relevant countermeasures to mitigate, transfer, control or accept are formulated respectively to set short, medium and long-term goals.
  - Regularly hold " Sustainable Development Working Group Review Meetings" to review implementation results
  - Future planning entrusts a third-party impartial organization to verify the performance of quality energy conservation and carbon reduction, and at the same time adjusts carbon reduction targets and approaches on a rolling basis to comply with international trends.
  - Future planning will set relevant carbon fees to implement internal carbon pricing management, and incorporate them into the operating costs of each factory by setting carbon emission costs and targets.

Leechi 's climate change risk and opportunity identification analysis framework is as follows:

Establish management strategies for risk management	risk	Transition risk	Policies and regulations	Carbon emissions reporting obligations, carbon price increases, regulations on existing products/services	General Manager's Office , Management Department
			technology	Costs of products being replaced and transitioning to low-carbon technology	R&D Technology Department , Management Department
			market	Changing consumer preferences and rising raw material costs	Business Department
			reputation	Stakeholder concerns	General Manager's Office

		entity risk	immediacy	Flooding , landslides, landslides	general manager's office , Management Department
			long term	Rainfall, rising temperatures, rising sea levels	
	Chance	Transformation opportunities	resource efficiency	Adopt more efficient manufacturing processes, distribution and transportation processes, and use of new technologies	Production Department
			energy source	Low-carbon energy and new technology use	Management Department
			products and services	Development of low-carbon products and changes in consumer preferences	R&D Technology Department , Business Department
			market	Channels into new markets, public sector incentives	Business Department
			Adaptability	Renewable energy projects, energy substitution/diversification , process improvement	Management Department , R&D Technology Department

### How to manage risks and opportunities

" Sustainable Development Working Group " evaluates the risk index based on the consequences and likelihood rating criteria. After the levels of risks and opportunities are confirmed, relevant countermeasures to mitigate, transfer, control or accept are formulated respectively, and short, medium and long-term goals are set. To formulate plans for the goals, the " Sustainable Development Working Group " holds monthly working meetings to review the implementation progress and goal achievement. The general manager reports the energy saving and carbon reduction implementation results to the chairman every quarter, and compiles them in the attachment to the board of directors' agenda. For inquiries and discussions. After a comprehensive assessment of global sustainability trends and Leechi 's operational development goals, analysis of major issues such as governance, economy, environment, and society, and those with greater impacts from the above assessments, the prepared response methods are disclosed as shown in Table 1.8 - 1 and 1.8-2 :

Risk type Transformation/Entity	risk level	Key climate-related risk factors	risk management plan
Transition risk Policies and Regulations	medium risk	Greenhouse Gas Reduction and Management Act - Carbon Fee Imposition 1. Non-excess carbon emissions: To implement the	In order to strengthen the personal awareness of carbon reduction among all employees, the company not only

		<p>carbon reduction legal system, the government announced in 2023 that the "Greenhouse Gas Reduction and Management Act" will be revised to the "Climate Change Response Act." It is estimated that greenhouse gas emissions in 2023 will be approximately 5,476 metric tons of CO<sub>2</sub>e. If no measures are taken to reduce carbon emissions, and a carbon emission fee of NT \$ 300 per metric ton is estimated, it is estimated that an annual financial cost of NT \$1.64 million will be incurred. impact.</p> <p>2. Excess carbon emissions: For carbon emissions that exceed the quota allocated by the central competent authority, the upper limit of the penalty for excess emissions remains at NT\$1,500 per metric ton. The company's greenhouse gas emissions in 2023 are approximately 5,476 metric tons of CO<sub>2</sub>e. It is estimated that if the carbon emissions have not been reduced by 2050 and no carbon rights have been purchased to offset the excess, a carbon fee of RMB 1,500/ton may be required for the excess amount. .</p>	<p>continues to promote and formulate greenhouse gas emission reduction measures, but also uses relevant data as important indicators for performance evaluation, product operation, investment evaluation and other matters, in order to maintain the company's competitiveness. force</p>
<p>Transition risk Customer behavior changes</p>	<p>High risk</p>	<p>The bicycle industry is an industry with low greenhouse gas emissions. Whether it is owned by individuals or shared bicycles, increasing the popularity of bicycles is a very important part of the net-zero emission goal. Therefore, the manufacturing process of the bicycle industry itself has reached a net zero emission</p>	<p>carbon emissions , the company plans to produce products, increase the production of low-carbon aluminum and recycled aluminum products, and respond to the financial losses caused by changes in customer behavior. Promote various energy-saving and</p>

		goal. Zero emissions have become even more urgent. If the company does not actively transform and improve towards low-carbon products , it will cause the market to shrink, reduce revenue, and cause property losses.	carbon-reduction plans, gradually move towards low-carbon transformation, and evaluate investments 1. Green energy power generation facilities (solar energy) and energy storage systems 2. Recycle and reuse scrap aluminum yourself 3. Process technology optimization and other technologies 4. Technology research and development for hydrogen energy and ammonia energy applications
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Table 1.8-1 Risk issues and management plans with the greatest financial impact

Risk type Transformation/Entity	risk level	Key climate-related risk factors	risk management plan
Transformation opportunities Improve energy efficiency	high chance	The company utilizes the concept of circular economy and considers that improving energy efficiency can bring about opportunities for reduction. Regular maintenance of machines , replacement of machinery and equipment, changes and simplification of processes can reduce fuel usage.	In 2023, the power saving rate will be 3.25%, and the carbon dioxide will be reduced by approximately 3,024 tons of CO2e .
Transformation opportunities renewable energy	Medium chance	In the company's strategy of carbon reduction opportunities, the installation and purchase of renewable energy are part of the carbon reduction opportunities. The installation of solar energy can reduce the use of gray electricity .	"Renewable Energy Power Generation System Construction Plan": Solar panels have been planned to be constructed in 2023 , with a total installation capacity of 346.5K W. In 2023, the power generation will be 430.336 kWh.

Table 1.8-2 Assessment and management of issues with the greatest financial impact by opportunity category

## **Integration of climate change related issues**

The sustainable operation of an enterprise must take into account various potential risk issues and operational assessments. In order to practice the concept of sustainable development, Leechi continues to observe global risk trends. Risk issues have evolved from the single "economic" aspect in the past to many different aspects, including: environment, society, technology and geopolitics, etc., and issues related to climate change have been integrated into the environmental aspect. Risk management is carried out with the " Sustainable Development Working Group " as the center, and risks that may affect the company's operations are identified. Based on the nature of the risks, different business-related units jointly assess the likelihood of occurrence and degree of impact, and respond to the management in a timely manner. to adjust the company's operating strategy. For risk management, the Company further divides risks into two categories: "Inherent Operational Risks" and "Emerging Risks". Inherent Operational Risks are risk matters that are required to be disclosed in accordance with the "Standards of Matters to be Recorded in the Annual Reports of Publicly Issuing Companies". The Finance Department conducts analysis and evaluation one by one. Emerging risks are based on the risks that may be faced in operations in the next five years. The COSO Enterprise Risk Management (ERM) framework is used to collect topics, and ESG experts are invited to collaborate on the emerging risks of the enterprise. analysis. Currently, issues related to climate change mostly fall into the category of emerging risks.

Based on the company's integrated risk analysis and assessment process, inherent operational risks and emerging risks have been identified. The risk issues analyzed and evaluated related to climate change include: corporate image changes, technological changes, physical risks of climate change, stakeholders' concerns about low-carbon energy, energy transition, and compliance with domestic and foreign energy policies.

" Sustainable Development Working Group " re-examined the physical risks of climate change. In terms of risks, it identified the transformation risks of climate change (policy and regulations /market/ technology /reputation), the physical risks of climate change ( long-term and immediate ), etc.; in terms of opportunities, aspects to consider include: improving resource efficiency, other alternative energies, low-carbon products and services, low-carbon product markets, low-carbon product adaptability, etc.

After identifying and assessing climate-related risks and opportunities, Leechi defined financial impacts exceeding NT\$1 million as impacts with substantial impact, as shown in Figure 1.8-1 , and classified risks and opportunities as financial impacts high and occurring. There are four categories: high probability, high financial impact but low probability of occurrence, low financial impact but high probability of occurrence, and low financial impact but low probability of occurrence.

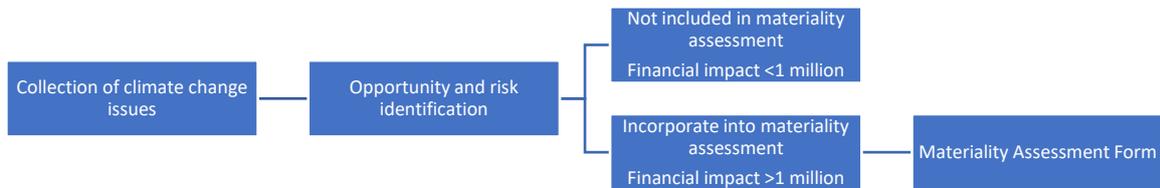


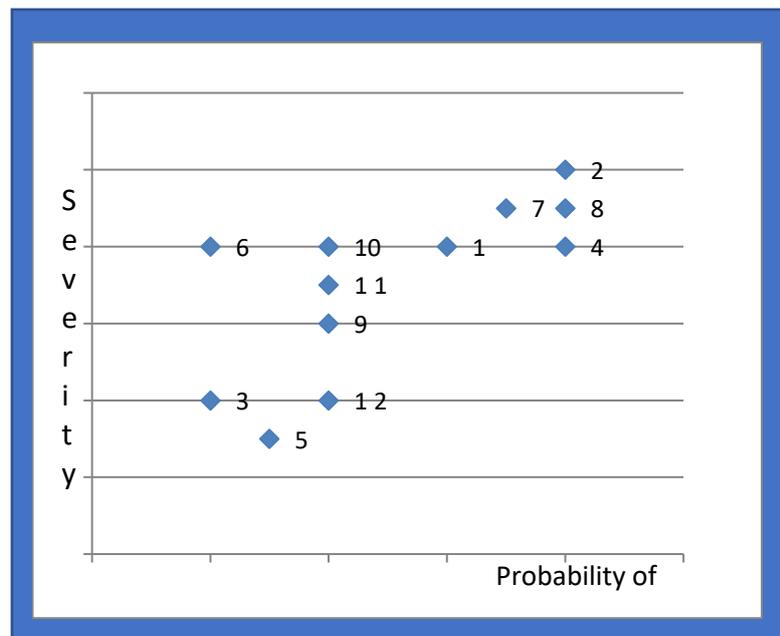
Figure 1.8-1 Climate change issue severity assessment process

Leechi uses a matrix of financial impact severity and risk probability to determine high risk. The risk probability assessment indicators are divided into 4 levels, classified according to the probability of occurrence, which are 0% - 30 %, 31 % - 50 %, 51 % - 80 %, and above 81 % respectively. The severity of financial impact is financial materiality if it exceeds 1 million. Therefore, the indicators are divided into 3 levels. The financial impact may exceed 5.01 million , between 5 million and 2.01 million , and between 2 million and 1 million. Draw a risk matrix. As shown in Table 1.8-3 .

degree of financial impact	high	middle	Low
Amount	More than 5.01 million	2.01 million~5 million	1 million~2 million
impossible (0%<X<30%)	Low risk/opportunity	Low risk/opportunity	Low risk/opportunity
somewhat possible (31%<X<50%)	Low risk/opportunity	Low risk/opportunity	Low risk/opportunity
possible (51%<X<80%)	Medium risk/opportunity	Medium risk/opportunity	Low risk/opportunity
very likely (81%<X)	Significant risks/opportunities	Medium risk/opportunity	Low risk/opportunity

Table 1.8-3 Risk matrix

NO	type	issue
1	Transition risk	Policies and Regulations-Carbon Fee
2	Transition risk	Technology-Renewable Energy
3	Transition risk	Policies and Regulations-Carbon Tariffs
4	Transition risk	Market - customer behavior changes
5	Transition risk	Energy-Multiple energy sources
6	Transition risk	Reputation – ESG investing
7	Transition risk	Adaptability-Low Carbon Products
8	Transition risk	Adaptability-Process Improvement
9	physical risk	Immediacy-Typhoon
10	physical risk	immediacy-flooding
11	physical risk	Immediacy - Landslide
12	physical risk	Long-term – temperature rise



Draw a climate change risk and opportunity risk map comparison table , as shown in Figure 1.8-2 , and define 12 risk levels. Those with more than 5 million and an occurrence probability of greater than 80% are high risks, and more than 2 million with a 50% occurrence probability are moderate risks. , the rest are low risks; low risks are acceptable risks, medium risks do not require action at the moment, but changes still need to be continuously monitored. High-risk events must produce corresponding management plans to reduce losses caused by risks, such as reducing the number of occurrences, reducing financial impact, risk transfer, and risk avoidance.

**Summary table of the impact of risks and opportunities on the company**

climate issues	Impact analysis	Risk/opportunity level
Possible impact on company/organization (Current risk , opportunity analysis and strategy)	Issue category	risk level
The name of the "Greenhouse Gas Reduction and Management Act" was revised to the "Climate Change Response Act" and the provisions were revised , mainly in response to the severe situation of global climate change, the continuous increase in carbon reduction requirements in the international industrial supply chain, and the tightening of carbon emission control measures internationally. Implementation is imminent to promote China's net-zero transformation and enhance industrial competitiveness. The key revisions include the inclusion of the 2050 net-zero emission target and the use of special funds for the collection of carbon fees and other relevant regulations. The Environmental Protection Agency also plans to impose carbon fees on large emitters starting in 2024 and gradually lower the collection threshold . that greenhouse gas emissions in 2023 will be approximately 5,476 metric tons of CO <sub>2</sub> e. If no measures are taken to reduce carbon emissions, and a carbon emission fee of NT \$ 300 per metric ton is estimated, it is estimated that an annual financial cost of NT \$1.64 million will be incurred. impact.	Transformation risks/policies and regulations	medium risk
The European Union will begin to levy a carbon border tax after 2026. The initial standard products are direct emissions from five major industrial products such as electricity, cement, chemical fertilizers, steel, and aluminum. Products currently	Transformation risks/policies and regulations	low risk

<p>produced by Leechi for export are not included in the scope of the tax. , in the "environmental policy" risk identification, to assess the possible impact of the EU carbon border tax in the future, the United States, the United Kingdom, Japan, Canada, Singapore, etc. have expressed support for the carbon border tax. There will be no impact in the short term, and we will continue to pay attention.</p>		
<p>The government has regulations such as "Renewable energy power generation should account for 20% of total power generation in November 2026 " and "Power users above a certain contract capacity should set up management measures for renewable energy power generation equipment". Reductions and energy transformation will cause electricity prices to rise. and power instability issues, which are medium-term and high risks to the company. In response to the risks of renewable energy policy adjustments, companies are actively investing in the construction of renewable energy facilities, including wind power and solar power generation. Leechi's "Renewable Energy Power Generation System Construction Plan": Solar panels have been planned to be installed in 2023 , with a total installation capacity of 346.5K W. In 2023, the power generation will be 430.336 kWh.</p>	<p>Transformation Risk/Technology</p>	<p>High risk</p>
<p>The "Climate Change Risk and Opportunity Identification" and "Design and Development" categories include product design and development, raw materials, market, business, process technology and other risks. Customer behavior changes are reviewed based on consumer preferences (such as aluminum recycling , low carbon Changes in the use of aluminum , etc.) have led to a decrease in demand for goods and services, and the impact on revenue will be further evaluated. In response to customer needs, Leechi switched its products to low-carbon aluminum and</p>	<p>Transition Risk/Market</p>	<p>High risk</p>

<p>recycled aluminum production to reduce the impact.</p>		
<p>in recent years , investment institutions will evaluate their clients' ESG performance when evaluating investments and lending. If they fail to meet ESG sustainability requirements, in addition to having a negative impact on the company's reputation, financial institutions may increase borrowing rates, which will seriously affect the company's reputation. Loans to high-carbon industries. Leechi assessed the risk to reputation as low.</p>	<p>Transition Risk/Reputation</p>	<p>low risk</p>
<p>Leechi considers the product life cycle and product value chain, invests in R&amp;D expenses, and develops low-carbon products. It improves from the three aspects of reducing the use of raw materials, improving the process, and reducing the supply chain transportation, and introduces the concept of circular economy into the manufacturing process. The generated scrap aluminum is recycled and reused, which on the one hand reduces production costs and on the other hand promotes sustainable resource utilization: through die-casting and melting technology, scrap aluminum is converted into aluminum ingots to produce certified low-carbon products. The global recycled aluminum and scrap aluminum market continues to grow, with great development opportunities.</p>	<p>Opportunity/Adapt ability</p>	<p>High risk</p>
<p>Leechi promotes company risk management, corporate social responsibility, climate change adaptation and other related work through the "Sustainability Committee", responds to climate change, and fully promotes the recycling of raw materials, water resources, energy and waste. The economy is also moving towards the goals of energy conservation, emission reduction, resource integration, and zero waste. In recent years, we have continued to strengthen resource efficiency and reduce operating costs. We have considered</p>	<p>Opportunity/Adapt ability</p>	<p>low risk</p>

the possibility of reusing process waste or scrap aluminum in the factory to reduce greenhouse gas emissions, in line with Leechi's sustainable development goals.		
Typhoons are representative of extreme climate events in Taiwan . According to statistics , on average, about 3 to 4 typhoons hit Taiwan every year . The annual average direct financial losses caused by disastrous weather in Taiwan is approximately NT\$15 billion , of which typhoons account for about 85% . Leechi strengthens emergency response measures and drills	Physical risk/immediacy	low risk

### Climate change scenario analysis

Leechi referred to the model used by government agencies to analyze the use of Nationally Determined Contribution (NDC) targets, and provided the analysis results to the " Sustainable Development Working Group " as the basis for strategic planning for the identification , assessment , and management of risks and opportunities ( Identified Risks , opportunities and related financial impacts and management guidelines ) . Leechi Risk mainly uses climate change models RCP2.6, RCP4.5, RCP6.0 and RCP8.5 as future scenario simulation predictions, refer to IEA Net Zero Emissions by 2050 Scenario (NZE) and Nationally Determined Contribution , NDC) target, Taiwan in the "Intended Nationally Determined Contribution (INDC)" report set the greenhouse gas emissions in 2030 as a scenario based on the current development trend (Business As Usual, BAU) 50% reduction and national 2050 net-zero emission path. Under this scenario, after introducing the power generation structure and the development of various national departments from 2030 to 2050, the future impact of the company on the market, technology, reputation, finance, operations, etc. is analyzed.

Physical risks refer to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Disaster Prevention and Protection Technology Center, based on the latest extremely high greenhouse gas emission scenario of AR6 (SSP5-8.5). , each GCM model's historical and future estimates of annual maximum daily rainfall (RX1DAY) from 2025 to 2100 estimate future temperature rise, rainfall, flooding risk, and landslide risk as follows .

Disaster potential types	the Changhua plant have disaster potential?	the Nangang factory have disaster potential?	Detailed description
Flooding potential 350mm rainfall potential area in 6 hours	none	none	350mm potential area without rainfall within 500 meters for 6 hours
Flood potential 12 hours rainfall 400mm potential area	none	none	400mm potential area without 12 hours of rainfall within 500 meters
Flooding potential: 500mm rainfall potential area in 24 hours	none	none	No 24-hour rainfall potential area of 500 mm within 500 meters
Flood potential 24 hours rainfall 650 mm potential area	none	none	Potential area of 650 mm without 24-hour rainfall within 500 meters
Earth-rock flow potential stream	none	none	
Areas with large-scale collapse potential	none	none	There is no potential area within 500 meters
Downhill slope	none	none	There is no potential area within 500 meters
rock mass sliding	none	none	There is no potential area within 500 meters
debris avalanche	have	have	None are directly located in the potential area, but there are some within 500 meters.
falling rocks	none	none	There is no potential area within 500 meters
soil liquefaction potential zone	none	none	
active fault	none	none	There is no potential area within 500 meters of the fault sensitive area
Tsunami potential area	none	none	
Volcanic potential	none	none	
Nuclear Accident Emergency Disaster Response Area	none	none	

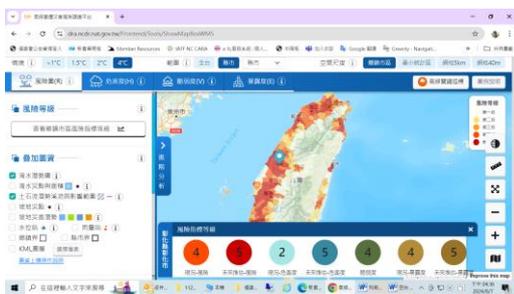


Figure 1.8-2 Simulation diagram of Changhua plant in SPSS585 scenario



Figure 1.8-3 Simulation diagram of Changhua Plant's annual maximum continuous rainless day under SPSS585 scenario

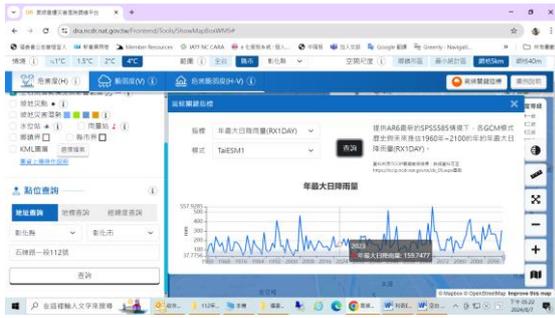


Figure 1.8-4 Changhua plant annual maximum daily rainfall simulation diagram under SPSS585 scenario

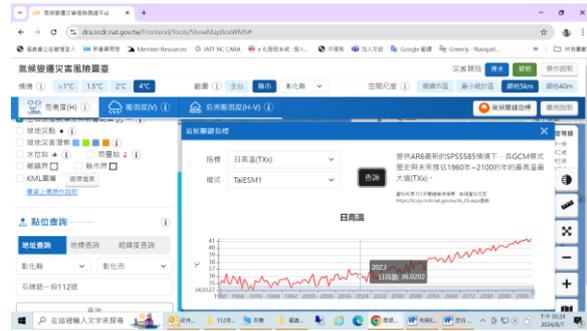


Figure 1.8-5 Daily high temperature simulation diagram of Changhua plant under SPSS585 scenario

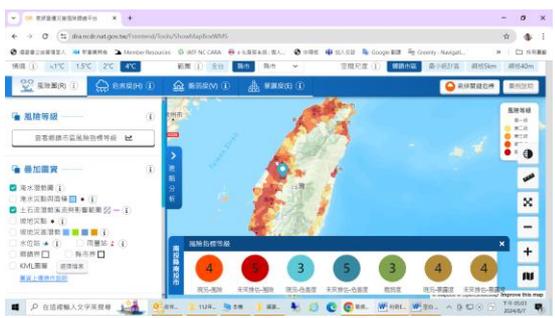


Figure 1.8-6 Simulation diagram of Nangang factory in SPSS585 scenario

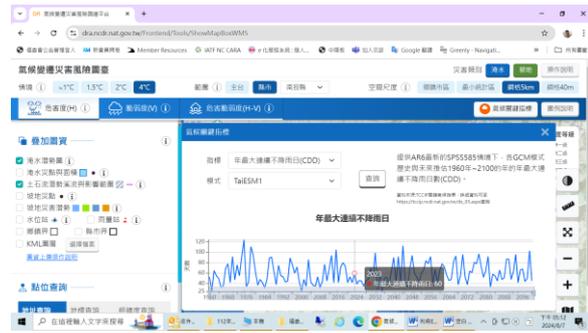


Figure 1.8-7 Nangang Plant simulation diagram of the annual maximum continuous rainless day under the SPSS585 scenario



Figure 1.8-8 Nangang Plant annual maximum daily rainfall simulation diagram under SPSS585 scenario



Figure 1.8-9 Daily high temperature simulation diagram of Nangang plant under SPSS585 scenario

## Chapter 2 Clean energy and environmental sustainability

### 2.1 Environmental management

In line with the company's pursuit of profits, it must also fulfill its responsibilities. It is the company's mission to reduce environmental impact and promote environmental co-prosperity through various energy saving, carbon reduction, greening, and resource recycling. Recycling and other aspects will be fully implemented and promoted. Seizing opportunities such as the trend of sustainable development and the company's active promotion of the green energy industry, Lechi has obtained ISO 14001 environmental management system certification . By introducing the environmental management system, it not only allows employees to understand the company's commitment to ensuring the safety of their working environment, but also enhances the company's We have been committed to promoting important and excellent policies for environmental protection and green energy for a long time.

Leechi Environmental Safety and Health Policy
➤ Comply with environmental, safety and health regulations and fulfill social responsibilities.
➤ Implement environmental, safety and health management systems to reduce hazard risks.
➤ We will promote environmental, safety and health awareness and promote energy conservation and waste reduction.
➤ Promote the participation and consultation of all employees and provide management resources.
➤ Continuously improve and enhance performance to ensure sustainable operations.

Through the introduction of ISO 14001:2015 environmental management system, systematic operations are carried out from environmental, safety and health management policies, risk identification, legal compliance, etc., and priority management items are selected according to the system, and management procedures are formulated and improvement projects are carried out. Promote and educate and train employees to reduce the impact of the company's operating activities on the environment, provide customers with safe products and services, and ensure the health and safety of employees at work. A total of two environmental inspections were carried out in 2023. After evaluation There is no major risk of environmental impact in the future. During the ISO 14001:2015 introduction process, employee education and training has been arranged for many times. Through employees' active participation and practical operations, the existing work model can be improved to achieve the goals of environmental management. The environmental management system not only allows employees to understand the company's commitment to ensuring the safety of the employee working environment, but also the company's long-term commitment to the important and excellent policies of promoting environmental protection and green energy.

project	Target	Promotional measures	2023 results
Energy saving and carbon reduction	Decrease 1% per year	<ol style="list-style-type: none"> <li>1. Office area lighting is replaced with energy-saving LED fluorescent lamps .</li> <li>2. The heat energy generated by the operation of the air compressor is converted into heating domestic water in the factory, reducing the electricity consumption of electric water heaters.</li> <li>3. Continue to replace old electrical equipment and replace them with energy-saving labeled products - air conditioners, fans, dehumidifiers, refrigerators, etc.</li> <li>4. Turn off several fluorescent lamps during lunch and lunch breaks.</li> <li>5. Purchase new frequency conversion</li> </ol>	3.25% reduction

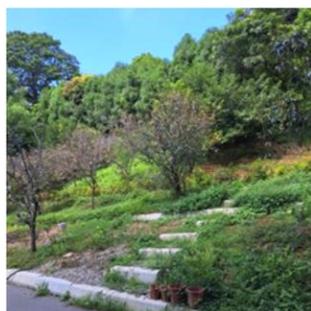
		<p>energy-saving air compressors and repair air pressure pipelines to avoid air leakage and energy consumption.</p> <p>6. Increase ventilation or heat insulation facilities in the factory, such as exhaust fans, energy-saving glass, etc., to lower indoor temperatures and reduce air conditioning load.</p> <p>7. The air-conditioning ice water main unit is equipped with an insulated roof to improve efficiency and each unit is equipped with temperature control equipment to limit the temperature to 26 degrees or above to avoid energy consumption.</p> <p>8. Improve the problem of excessive power consumption during peak power peaks - Install energy storage equipment to store electricity at night/release electricity during the day. When power consumption exceeds the limit, large energy-consuming equipment will be shut down to allocate power.</p>	
save water	Decrease 1% per year	<p>1. Promote water conservation and install water-saving valves so that everyone can develop the habit of turning off the water at all times.</p> <p>2. If water leakage is discovered, report it immediately to avoid wasting water.</p> <p>3. Increase the usage of circulating water .</p>	A decrease of 5343.697 degrees, a decrease of 52.89% compared with 2022
greenhouse gas reduction	5% reduction per year	<p>1. Promote paperless policies and promote various electronic forms to reduce paper usage.</p> <p>2. Employees should prepare their own environmentally friendly tableware to reduce disposable tableware.</p> <p>3. Promote paper recycling and reuse to reduce paper usage.</p> <p>4. Replace old equipment with new ones</p>	Reduce 4425.722 metric tons of CO2e, 44.69% lower than 2022

		<p>to improve work efficiency and comply with the trend of green environmental protection.</p> <p>5. Process improvement, continuous improvement to improve efficiency and reduce waste.</p> <p>6. Our company cooperates with the government to actively promote green procurement. The procurement department uses low-carbon aluminum and recycled aluminum . We hope that through green procurement, we can reduce environmental impact and create an environmental and ecological balance of coexistence and common prosperity.</p>	
waste management	Decrease 1% per year	<ol style="list-style-type: none"> <li>1. Implement resource recycling and classification mechanisms for waste aluminum , scrap iron , waste plastic , paper, etc.</li> <li>2. Promote waste reduction among all employees.</li> <li>3. The waste generated by the company shall be implemented in accordance with legal provisions and a resource recovery mechanism shall be implemented.</li> <li>4. Enforce compliance with resource recycling regulations and implement environmental protection policies.</li> </ol>	A decrease of 389.767 metric tons, a decrease of 65.74% compared with 2022

Leechi passed the AFNOR verification in March 2016 , obtained the ISO14001:2015 certificate, and reached the latest environmental management system standards . The latest certificate is valid from January 19 , 2022 to September 14 , 2024 , and a re-evaluation and certificate renewal audit has been scheduled from July 29 , 2024 to August 8 , 2024 . Leechi has implemented environmental protection and pollution prevention in compliance with government laws and regulations. In 2023, no environmental pollution incidents occurred, and there were no legal proceedings or penalties for violations of relevant environmental protection aspects.

In addition, in recent years, most issues of concern to stakeholders have focused on climate-related risks, and "biodiversity loss" has gradually become the most impactful and key concern. Leechi conducts environmental impact assessments in accordance with

environmental regulations to avoid operating activities that harm the conservation of biodiversity, uses environmentally friendly technologies to actively reduce pollution, strictly abides by environmental regulations, and takes testing measures every year to ensure that waste water, waste gas, and waste Material handling and noise emissions comply with regulatory requirements. At the Changhua plant , we further continue to carry out projects related to natural ecological protection. Leechi is committed to taking responsibility for mitigating the impact on the overall ecological environment through continuous improvement of its activities, products and services, promoting nature and biodiversity conservation and tree planting and care programs. At present, tree species such as bald cypress and eggplant tree with beautiful , tall and distinctive shapes are planted in the back mountain park of Leechi Company , covering a total area of 3 hectares. At the same time , they provide habitat for wild animals such as sambar deer , squirrels , and white-headed weeping birds . place . During the growth of trees, they will inevitably encounter damage . For example, during typhoon season, trees are prone to wind and rain, causing them to collapse and overcome problems such as diseases and insect pests. In addition, the growth of trees also requires maintenance such as pruning, thinning, and branch fixing, which all require the integration of human and material resources to take care of.



## 2.2 Energy and Greenhouse Gas Management

Energy management , Leechi 's energy management is a three-track process of maintenance, replacement and new installation. Through regular maintenance, it avoids the reduction of energy equipment efficiency, replaces high energy-consuming equipment, and installs new green energy power generation equipment and energy saving according to the company's operational needs. equipment and implement energy management management. At the same time, the energy management goals are revised on a rolling basis, and the energy management strategy is reviewed and adjusted through the PDCA model to continuously improve energy management performance in order to improve energy management efficiency and results. Leechi continues to carry out energy management from two aspects: water saving and power saving. In terms of power saving, it includes replacing old ice machines and lamps, and gradually updating old air blowers in conjunction with floor repair projects; in terms of water saving, it carries out toilet replacement and decoration projects. Regular inspection and replacement of old water pipes. We also uphold the belief of

promoting environmental protection and the sustainable development of the earth, promote paperless operations of internal documents, and use electronic invoicing policies to do our part in environmental protection.

Sustainable policy Leechi will not stop. Based on energy management regulations, we revise Leechi's energy-saving policy on a rolling basis. We hold regular meetings to review the energy achievement status to actively promote various energy reduction measures; choose high-energy Efficient and energy-saving designed equipment reduces the energy consumption of enterprises and products, and expands the use of renewable energy to optimize energy efficiency.

■Environmental resource investment statistics in 2022

property	category	project	unit	2023
invest	energy	gasoline	liter	17,331.2
		diesel fuel	liter	16,862.5
		Purchased electricity	Thousands of degrees	5,111.5
	water resources	tap water	Thousand tons	4.7

in 2023 totaled 5,476.288 metric tons CO<sub>2</sub>e .

(Changhua plant: 4,486.113 metric tons CO<sub>2</sub>e ; Nangang plant: 990.175 metric tons CO<sub>2</sub>e ) .

category	project	category	unit	2022	2023
greenhouse gases	1. Direct greenhouse gas emissions and removal	Category 1	Metric tons CO <sub>2</sub> e	974.3799	569.5408
	2. Indirect greenhouse gas emissions from input energy	Category 2	Metric tons CO <sub>2</sub> e	5149.2098	2530.2024
	3. Indirect greenhouse gas emissions from transportation	Category three	Metric tons CO <sub>2</sub> e	54.9098	230.2754
	4. Indirect greenhouse gas emissions from product use		Metric tons CO <sub>2</sub> e	3723.5098	2146.2692
	5. Indirect greenhouse gas emissions related to product use		Metric tons CO <sub>2</sub> e	No disclosure	No disclosure
	6. Indirect greenhouse gas emissions from other sources		Metric tons CO <sub>2</sub> e	No disclosure	No disclosure

**Refrigerant use**

112 types of refrigerants	R12	R22	total
Refrigerant usage (tons)	0.0004	0.1255	
CFC-11 equivalent (tons)	0.0004	0.0069	0.0073

Note 1: Refer to the Ozone Depletion Potential (ODP) coefficient in the Annex of the Montreal Protocol to convert ODS emissions.

Note 2: The ODP values of R12 and R22 refrigerants are 1 and 0.055 respectively, and the ODP value of CFC-11 is 1. The usage of R12 and R22 refrigerants is converted into CFC-11 equivalent (tons), as shown in the above data. Show.

#### Other major gas emissions

type	unit	Emissions
SOx	Kilogram	25.93
NOx	Kilogram	190.01
VOCs	Kilogram	3.6

### 2.3 Water resources management

In recent years, disasters caused by extreme weather have occurred frequently. Taiwan has been greatly affected by climate change and has faced water shortages many times. With the supply of water resources greatly reduced, many areas will encounter successive implementation of water restrictions and water outages. In order to avoid water shortages from happening again and affecting production and operations, companies must use water resources more prudently. Leechi emphasized the daily implementation of water resources management and implementation of water-saving measures:

1. Promote water conservation and install water-saving valves so that everyone can develop the habit of turning off the water at all times.
2. Inspect and replace old water pipes.
3. Report water leakage immediately to avoid wasting water.
4. Increase the usage of circulating water.

According to statistics, tap water consumption in 2023 decreased by 52.89% compared with 2022, with a total water saving of 5,343.697 degrees.

The main source of water supply for each factory in Leechi is tap water. In order to reduce water consumption, each factory conducts a review of water-saving plans and water-use equipment every year. In addition, Leechi promotes various water-saving projects such as the regular replacement of old water pipelines, in order to achieve the goal of effectively utilizing water resources, reducing waste water discharge, and reducing waste of water resources.

In addition, the company has built sewage treatment equipment to avoid sewage discharge and water pollution problems, and has obtained a discharge permit that complies with environmental protection regulations.

#### 1. Changhua plant wastewater:

(1). Domestic wastewater-natural discharge

(2). Industrial wastewater - after being treated by pre-treatment equipment, it is then

chemically discharged to the discharge standard value . The sludge from the wastewater treatment process is entrusted to qualified manufacturers for removal and treatment , and their facilities are also regularly maintained .

## 2. Nangang factory wastewater:

(1). Domestic wastewater - discharged to sewage sampling wells and discharged to sewers to industrial zone sewage treatment plants.

(2). Process wastewater –

a.Treated by process filtration equipment, the sediment will be discharged to the sewage sampling well, and then discharged to the industrial zone sewage treatment plant through the sewer pipe.

b.Sampling wells and septic tanks should be cleaned regularly. The total wastewater discharge in 2023 was 5,355 metric tons, a decrease of 2,798 metric tons compared with 2022. So far, Taiwan Crystal Technology Taiwan’s wastewater has been discharged after treatment and is discharged at designated locations in accordance with regulations, without causing a significant impact on local water use areas. . The quality of wastewater discharge is tested every six months, and the test results are in compliance with the discharge standards of the competent authority. Leechi actively reviews and improves the wastewater pollution prevention and control system in the factory. In order to comply with the wastewater discharge standards of environmental protection laws and regulations, and to avoid the impact of stricter environmental protection laws and standards in the future, the company continues to invest in improving the efficiency of wastewater treatment facilities to reduce the impact of environmental pollution.

## 2.4 Clean energy

In line with the domestic government's policies on the development of renewable energy and the use of renewable energy, Leechi has combined industry support to promote national sustainable development goals and has installed solar panels in each factory. Solar power generation does not produce air pollution or greenhouse gas emissions. , and integrate the power generation device into the national grid to replace grid power with solar power to produce greenhouse gas reduction and environmental protection effects. At present, the roofs of each factory in Changhua and Nangang are equipped with solar panels to provide green energy power generation and implement environmental friendliness through the use of renewable energy. At the same time , each factory also uses LED lights and green building materials, and gradually replaces and updates high-energy-consuming equipment. In 2023 , the solar photovoltaic system construction on the roof of Leechi Factory was completed with a capacity of 346.5 KW , of which 586.96 KW are still under construction . The total capacity is expected to be completed . 933.46 KW , providing 430,336 kWh of electricity in 2023 , reducing carbon dioxide by nearly 213 metric tons. Since 2010, it has provided 1,780,517 kilowatt hours of electricity and reduced carbon dioxide cumulatively by nearly 891 metric tons, fulfilling Leechi's sustainable commitment to environmental protection.

## Overview of solar panel installations and actual power generation

year	Total device capacity (kWp)	Annual power generation (degree)	Annual carbon reduction (tons of CO <sub>2</sub> e)	Cumulative power generation (degree)	Cumulative carbon reduction (tons)	Electricity carbon emission coefficient
109	346.5	453,509	227.662	453,509	227.662	0.502
110	346.5	455,728	231.996	909,237	459.627	0.509
111	346.5	440,944	218.267	1,350,181	677.894	0.495
112	346.5	430,336	213.016	1,780,517	890.911	0.495

### 2.5 Waste Management

Since the industrial era, a large amount of solid waste has been produced in response to manufacturing processes and private needs. If the waste is not properly disposed of, it will invade the soil, air and water sources, not only causing pollution to the environment, but also producing waste that cannot be decomposed quickly. This in turn affects future generations, so waste has become an increasingly important environmental issue. Leechi promises not to use banned substances and raw materials, and actively promotes waste reduction and recycling. Strictly and carefully select raw materials and suppliers, continue to improve technology or search for environmentally friendly materials, and comply with environmental regulations and customer specifications related to its own activities, products and services, in order to achieve or even exceed the set goals. The generation and flow of waste and chemical substances must be comprehensively assessed and inventoried to reduce waste output as much as possible and recycle waste to reduce waste. Through good waste and chemical substance management, in addition to achieving environmental protection and reducing environmental burdens, it can also create a niche in corporate operations by improving material utilization and reducing operating costs, which is conducive to sustainable business operations. Leechi 's waste management methods are "green product design management ", "continuous promotion of waste classification and waste reduction" and "strengthening waste recycling and reuse". In order to implement the purpose of waste reduction, Leechi implements source reduction combined with resource classification and recycling plan, sets up recycling areas in each factory area and office area , and according to the definition of regulations, the resource waste that may be produced in the factory area , such as : metal , packaging materials, plastics, paper, batteries and other wastes are collected centrally and then removed by external resource recyclers. Through waste classification and recycling, while complying with the international waste reduction trend, it also reduces operating costs by reducing waste disposal fees. In addition to resource waste, special waste generated by other manufacturing processes , such as chemical solvents (isopropyl alcohol, lubricating oil, etc. ) , after being classified and labeled, are temporarily stored in specific storage areas and handed over to qualified facilities

approved by government agencies. The hauler is responsible for handling it.

category	project	unit	2022	2023
waste	Business waste -generally	Metric tons/year	29.89464	8.564
	Business waste -harmful	Metric tons/year	none	none
	Resource recovery waste -Paper	Metric tons/year	63.55	30.79
	Resource recovery waste -Aluminum	Metric tons/year	399.814	127.851
	Resource recovery waste -Iron	Metric tons/year	98.3425	35.8923
	Resource recovery waste -Plastics	Metric tons/year	1.263	none
	Resource recovery waste -Wires (copper) type	Metric tons/year	0.015	none

#### Future direction

Under the influence of global warming and climate change, countries around the world are under pressure to reduce carbon emissions, and many well-known global companies are also promoting environmental protection. Leechi is well aware of the importance of protecting the earth, so it continues to make progress in response to the green wave. It not only gradually transforms its products into green recycling, but also begins to implement waste management strategies, properly assess and manage the environmental impact generated in all aspects of production, and do its best. Social responsibility, create opportunities, and achieve a win-win situation for society, environment and economy.

### Chapter 3 Innovative Value Collaborative Management

#### 3.1 Products and Technology

Leechi's future goal for its own brand – PROMAX brand positioning is aimed at mid- and high-end bicycle products. In terms of brand promotion, we start from the bottom up, that is, take the recognition of consumers and riders as the starting point, and extend to The bicycle factory adopts it as a brand promotion strategy and hopes that the PROMAX brand will become differentiated and internationalized.

In terms of brand concept, we hope that the PROMAX brand will become a key component of the bicycle collection , and we will establish an important global supply source of bicycle parts with a down-to-earth and diligent pursuit of excellence .

#### **Main products:**

Leechi is mainly engaged in the manufacturing and trading of bicycle parts, including brake sets, seat tubes and seat tubes, etc., and has expanded its applications to automotive, aerospace and other related metal parts processing and carbon fiber products. As of 2023, the product revenue proportions are bicycle handlebar risers accounting for 18.90%, bicycle hubs accounting for 5.22%, bicycle brakes accounting for 15.42%, bicycle seat tubes

accounting for 15.52%, and others accounting for 44.94%.

Main products and their business proportion (consolidated):

Main product categories	Sales proportion%
riser	18.90
Seat post	15.52
brake set	15.42
flower drum	5.22
other	44.94
total	100.0 0

**R&D overview:**

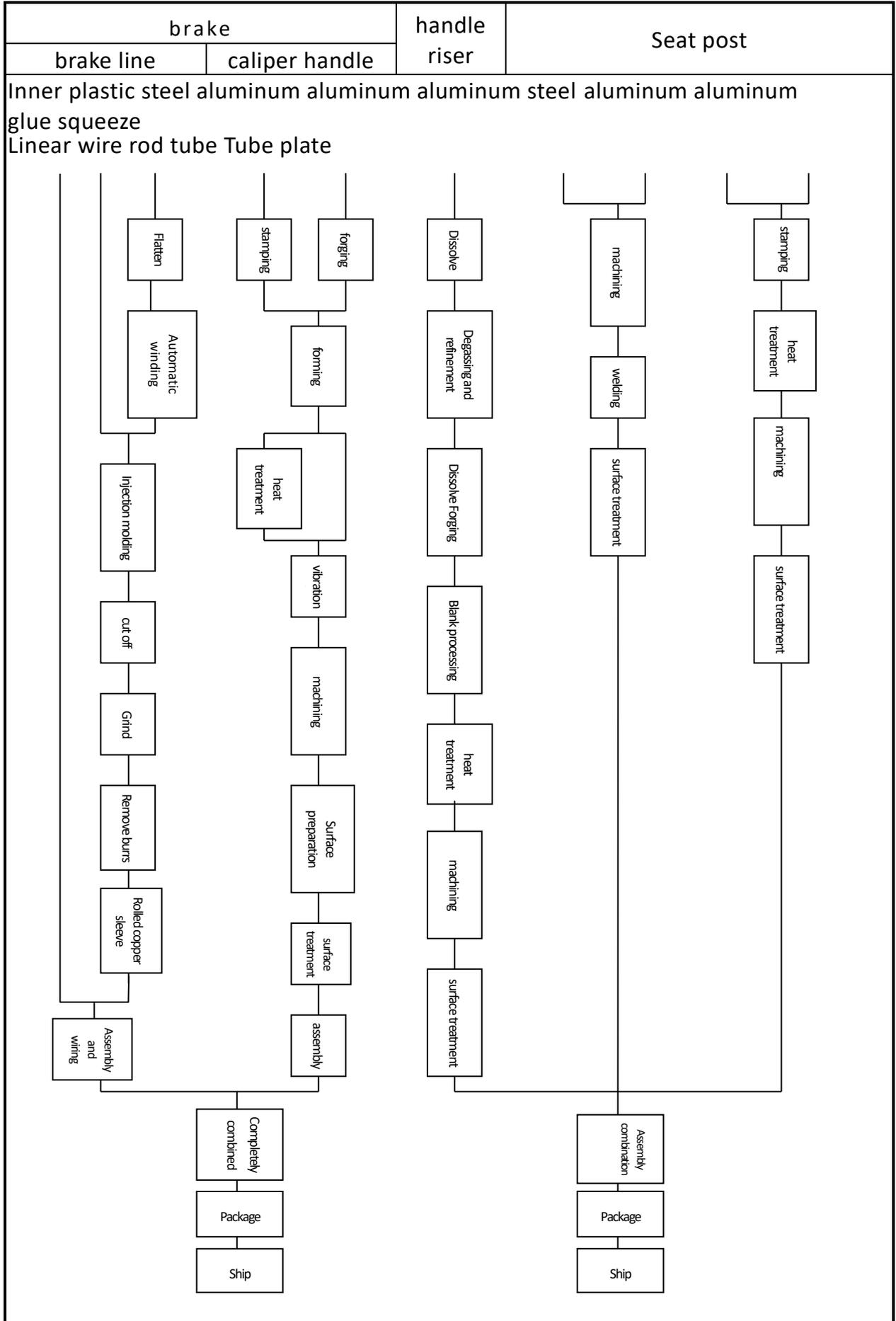
Leechi will invest approximately RMB 76,819,000 in research and development in 2023. In conjunction with its own product research and development and aluminum alloy production technology, Leechi will continue to develop products such as brakes, handlebars/seat risers, hubs/rims, and various forged parts for bicycles. , and expanded its application to automobile, aerospace and other related metal parts processing and carbon fiber products. In view of the increasing demand for electric bicycles, our company has invested in the research and development of electric bicycle-related parts, including power-off handles, power-off hydraulic disc brakes, adjustable quick-release risers, etc., which have been adopted by customers and are promoting our products. It has the PROMAX brand and has also launched its own brand series of products, including handles, risers, single-speed hubs, rims and other items.

In response to the revolution of lightweight materials in bicycles, the company continues to invest in the application of new metals and composite materials, and actively develops various lightweight design products, and uses computer-aided FEA simulation analysis to help accelerate product development.

The die-casting process in the factory continues to use recycled materials for production . In 2023, the amount of recycled aluminum used has reached 30% of the investment production , and it is actively collaborating with suppliers to discuss the use of low-carbon aluminum and recycled aluminum.

From product design and planning, we use low-carbon aluminum and recycled aluminum to reduce carbon emissions and actively promote green procurement. The procurement department selects low-carbon aluminum and recycled aluminum in the hope of reducing environmental impact and creating an environmental and ecological balance of coexistence and common prosperity through green procurement.

**Manufacturing process :**



### **Future research and development plans :**

1. Leechi plans to develop 113 new products in 2024 and invest approximately 80 million yuan in research and development expenses .
2. Actively commit to the research and development of high-end electric bicycle-related parts, such as a series of power-off hydraulic brake products that improve braking safety, tool-free risers that facilitate riders to adjust the height of the handlebars, and other related innovative products.
3. Due to the high demand for adjustable shock absorber seat post products in the market , Leechi has actively launched its own brand of adjustable seat post products, and has also collaborated with customers to develop and set up dedicated production lines .
4. Through the company's accumulated solid forging manufacturing capabilities , we actively improve the technology of pipe extrusion and forging , and develop special production equipment to improve product yields.
5. Continuously cooperate with major customers to jointly develop new product plans, so that the company's product development energy can be more diversified and it can also accumulate innovative research and development capabilities for its own products.
6. In line with the trend of aluminum alloy processing and the application of electronic products in bicycle parts, the company continues to diversify its operations and explore opportunities in different product fields.
7. Based on the company's accumulated research and development and manufacturing technology for hub products, we invest in hubs and rims that can be matched with various vehicle types.
8. Continue to develop and launch new hydraulic brake products and high-performance brake rubber to enable brake products to capture higher-grade markets.
9. Continue to strengthen CAE energy and effectively use computer-aided FEA simulation analysis technology to accelerate product development speed and lightweight requirements.
10. Continue to conduct product research and development and technical cooperation projects with various research institutions and colleges and universities to strengthen the basic energy of product design .

### **3.2 Quality management**

In response to the development trend of quality management, focusing on the establishment and management of processes, Leechi has passed the ISO 9001: 2015 quality management system verification , adhering to the spirit of the quality management system, while combining 6S on-site management method, TPM total production management and other production line management We strictly implement management procedures in the manufacturing process and customer service, and establish a customer-oriented management structure system. At present, the management system has been introduced, including the ISO 9001 quality management system. In addition, the AS9100 aerospace quality management system and the IATF16949 automotive industry quality management

system , which are more stringent than general quality management standards, have been introduced. In addition to improving production quality and meeting customer needs, Leechi has started Blue Ocean Innovation also has the long-term goal of crossing industries , crossing the world, and connecting with the world. Leechi has passed AS9100 certification , and in order to improve customer satisfaction and achieve high quality and high specifications for customers, all processes follow international standards such as ISO 9001, AS9100 , IATF16949 , etc., so as to meet the specifications and accuracy of major international manufacturers.

Leechi has formulated a systematic process for the company's product development to ensure that the quality, cost, delivery time, etc. of new product development can meet customer and market needs under the system structure, and continues to pursue process optimization and improve product competitiveness. The quality assurance system covers the collaborative execution of cross-department units such as R&D personnel, quality management personnel, business, factory areas, and supply chain management, and optimizes quality management and customer service through cyclic management of planning, implementation, inspection, and improvement.

Our company's ISO9001:2015 quality management system includes records of computer data and usage forms for the identification of raw materials, process products, finished products, and clients, and the product quality history record is completely traceable. Exception records can be queried according to the quality record data . Improvement methods are based on people, machines, materials, methods, and environment . Analyze the causes and formulate countermeasures for improvement . Through education, training and the establishment of standards, we can effectively prevent recurrences, improve quality, increase productivity and customers . Satisfaction and reducing defective rates ensure product quality. The quality control mechanism is activated from the moment the materials enter the factory , and the incoming materials are inspected and accepted according to the inspection specifications. The subsequent disposal methods and operations of unqualified products are immediately confirmed. Only qualified materials can be processed and assembled . Each process operator is responsible for material processing and assembly. Master all quality requirements in advance, carry out processing and assembly operations in accordance with SOPs , and be responsible for the products produced. Conduct independent inspections of the first piece during production . In addition , quality control personnel will conduct relevant random inspections in accordance with quality specifications and implement reliability tests. , ensuring quality.

Our company believes that good product quality must be implemented and managed through on-site production operations. Only by following standardized production operating procedures can the safety of colleagues be ensured and high-quality products be produced. Leechi regards "there is no end to improvement" as the highest quality goal. Starting from listening/understanding customer needs, to product/process design, sample provision, mass production, and after-sales service after delivery, a complete management system and

after-sales service are established at each stage. Correction mechanisms are implemented rigorously to ensure that products and services of stable quality are provided to customers under the optimized process, creating win-win value.

### 3.3 Customer service

#### **Product quality**

Leechi takes "zero defects" as its long-term quality management goal. Whether it is design quality (Design Quality), product quality (Production Quality) or service quality (Service Quality), we hope to meet and exceed customer expectations and become a trustworthy company for all customers. partners. In order to thoroughly implement the quality policy of "continuous innovation , quality first ", we have introduced the ISO quality management system, followed the quality processes and policies, and promoted the monitoring and measurement of quality-related indicators through complete IT information systems and management procedures. , analysis and continuous improvement, and complete the PDCA cycle to achieve the purpose of preventing poor quality. We have established a "Quality System Implementation Committee" with the general manager as the chairman and the heads of each unit as implementation members to implement quality management-related requirements to each unit. In 2023, Leechi did not have any product recalls.

#### **customer satisfaction**

Our value lies in providing products/services that satisfy customers, exceeding customer expectations, and becoming a trustworthy partner for all customers. In the process of providing products/services, we understand customer needs through various communication methods and frequencies, such as internal evaluation operations and customer satisfaction surveys, and continuously improve the relevant results to actively respond to customer needs. , to improve customer satisfaction. In the process of providing customer products/services, we hope to bring more benefits to customers and provide better services.

We regularly conduct customer satisfaction questionnaires every year, promptly propose countermeasures in response to customer feedback, and close the case after replying to the customer. The customer satisfaction survey results in 2023 averaged 91.67 points , and were ranked in order delivery rate satisfaction , sample delivery rate satisfaction , customer complaint handling satisfaction , product quality satisfaction , technical professionalism satisfaction , and overall service satisfaction. For 6 rating items, customers gave an average of more than 91 points of satisfaction feedback.

- Investigation period: 202 3 / 10
- Survey objects: The business selects key customers , new customers or potential customers for investigation, and the business provides a survey list of 57 companies in total .
- The survey content includes satisfaction with order delivery rate , sample delivery rate , customer complaint handling satisfaction , product quality satisfaction , technical professionalism satisfaction , and overall service satisfaction .

● Survey results: 2023 Response rate: The total number of valid questionnaires in this survey is 57, the response rate is 100%, the overall average score: 91.67, the average scores in the six categories are as follows: order delivery rate satisfaction 91.1 points, sample delivery rate The satisfaction score is 91.3 points, the customer complaint handling satisfaction score is 91.7 points, the product quality satisfaction score is 91.5 points, the technical professionalism satisfaction score is 92.0 points, and the overall service satisfaction score is 92.4 points.

### **Customer complaint handling process**

Leechi implements the company's "Corrective and Preventive Action Management Procedures" and takes into account industry characteristics and practical requirements. In order to serve customers more flexibly and efficiently, the service process will be adjusted according to customer needs, mainly based on individual customer requests. For customer complaints about product quality, we plan customized task groups to respond to customers immediately and provide the best service quality.

### **Customer privacy protection**

Protecting Customer Privacy "Strictly abiding by customer confidentiality and adhering to the principle of integrity" is Leechi's commitment to customer privacy. In order to implement the protection and management of personal data, Leechi has clearly standardized privacy-related operating regulations with reference to relevant laws and regulations and the European Union's General Data Protection Regulation (GDPR), covering all operations of Leechi and its subsidiaries. Employees and third parties such as suppliers, contractors, and external consultants. This operating regulation has clear specifications and requirements for the use and protection of personal information and other related matters. We also require all members and third parties to strictly follow it to effectively protect personal information and rights. We have privacy feedback and reporting channels. If there is a possibility of privacy damage or violation of the privacy policy, you can contact us through the privacy protection hotline (04) 738-2121 extension 1100, or email gmoe@leechi.com.tw to make complaints or reports. In order to implement privacy protection, we also conduct privacy protection training for all personnel from time to time and evaluate the effectiveness of the training. We adopt a zero-tolerance policy for privacy protection. Any personnel who violates this will be subject to the company's code of conduct. carry out relevant punishments. Leechi absolutely abides by the privacy policy regulations for customer information, and has dedicated personnel responsible for safekeeping and processing. In 2023, there were no privacy-related complaints from external or regulatory authorities.

### 3.4 Supply chain management

Since China's "Climate Change Response Act" has passed the third reading, in response to the trend of carbon reduction management, Leechi has standardized the internal procurement system for domestic and foreign greenhouse gas reduction-related regulations. At the same time, Leechi has clearly conveyed Leechi's ideas in various meetings. Green procurement requirements and goals. We continue to promote carbon reduction measures internally through action plans such as increasing the proportion of local procurement, concentrating delivery quantities and reducing delivery times, and improving the sustainability of purchased materials to achieve Leechi's carbon reduction goals.

Leechi's supplier management policy starts from the establishment of a sustainable development supply chain that is friendly to the environment, attaches great importance to social responsibility, and labor human rights. It clearly requires not only performance and quality, but also continues to promote sustainable procurement from the inside out. Make it more beneficial to human health and environmental protection. Because we attach great importance to the company's product quality, Leechi requires all qualified suppliers to review and sign the "Leechi Supplier Needs to Know", and through the four major measures of supplier evaluation, supplier audit, supplier communication, and supplier reward, we work with suppliers to maintain a friendly environment and pay attention to social responsibilities.

#### **Supplier evaluation**

When evaluating Leechi's suppliers, they must be evaluated in accordance with the "Supplier Evaluation Management Procedure" we have formulated, from six major aspects: business management, environmental safety, social responsibility, quality system, technical standards, and manufacturing capabilities. Leechi has established a supplier audit team and a coaching team to select qualified suppliers through written review and on-site evaluation results according to procedures and promote compliance with relevant laws.

Leechi suppliers regularly implement supplier evaluations every month, conduct comprehensive evaluations based on the quality, delivery time, service and other items of supplier delivery, and invite specific suppliers to hold quality meetings from time to time to conduct two-way communication and conduct inspections to address deficiencies. Review and improve. When necessary, we will coach suppliers to improve improvement measures, and conduct comprehensive evaluations of suppliers every year. If the evaluation does not reach the level set by the company's internal standards, we will suspend the purchase of new products from the supplier or cancel it. We will resume the purchasing relationship only after the other party has truly improved its accreditation qualifications to ensure the stable quality of the supply chain.

In order to maintain the stable service quality of suppliers, we also provide relevant training to suppliers from time to time, covering topics such as workplace health and safety, relevant

professional process procedures, inspection and use of green environmental materials.

In order to ensure quality and sustainable operations, Leechi will evaluate suppliers' delivery quality, delivery time, services and sustainable performance every year in accordance with the company's internal standards. Excellent manufacturers will be given priority opportunities to manufacture new products (including proofing) ), and increase its order volume and payment discounts.

### **Supplier Categories and Local Procurement**

We have identified four major supplier categories: raw material suppliers (including scattered items) , process outsourcers, waste removal and service outsourcers (including engineering) . If divided by region, except for raw material suppliers whose local procurement ratio is 99 %, the remaining local procurement ratios such as process outsourcing, waste removal and service outsourcers (including engineering) are 100%.

### **Establish a supplier integrity reporting hotline**

Leechi provides " Leechi Supplier Needs to Know " for suppliers to review and sign for receipt, and requires suppliers and their employees to faithfully perform various sales and transactions, including but not limited to material procurement, project contracting, and commissioning. In transactions involving external processing, equipment sales and waste disposal, etc., no cash, negotiable securities, gifts, entertainment or travel entertainment shall be provided or given to any individual employee of the company, his relatives, friends or other interested parties. or any other conveyance of private interests. You are not allowed to engage in any form of lending, leasing, investment, or any other activities that are not directly related to your work with any employee of the company or his relatives or friends. It is not allowed to provide any individual employee of the company or his or her relatives or friends with work arrangements that are based on remuneration. Any behavior that damages the company's interests and business image is prohibited. If an employee of our company actively or passively violates procurement disciplines, the supplier shall, without delay, report to the following company via letter or e-mail with his or her real name, contact information, and must contain specific content or evidence clues. Unit revealed. Reporting and complaint email : gmoe @ leechi .com .tw .

## **Chapter 4 Friendly Workplace and Social Inclusion**

### **4.1 Employee profile**

People are the most important asset of an enterprise. Leechi is committed to creating a stable and stable business for employees based on the business philosophy of "pursuing excellence with a pragmatic approach, leveraging the strength of the team through people, satisfying customers with quality, sharing results with employees, and

opening up the future with innovation" . A harmonious, diverse, inclusive and meaningful workplace environment. Leechi provides competitive salaries and benefits, a complete training and development system, smooth labor-management channels, clear norms of diversity and inclusion, and diverse activity arrangements, so that employees can take care of their families after work and achieve a balance between work and life. Best balance and a happy life. Leechi adheres to the concept that employees are important assets of the company. In addition to complying with national laws and regulations to protect workers, it also respects employees' human rights, including gender equality, anti-discrimination, and avoiding high working hours. We will not tolerate any harassment, discrimination or other violations of employment laws . Through the evaluation mechanism, employees are rewarded and promoted for their performance. We hope that each employee can use their personal strengths and that colleagues with outstanding performance can lead the team to achieve company goals.

As of the end of 2023 , Leechi had a total of 581 employees , of which 91 were foreign employees ( accounting for 15.7 %) ; 8 people with disabilities were employed (accounting for 1.4 %). The number of supervisors above deputy team leader (inclusive) is 81 (accounting for 13.9 %). There are 250 male employees (accounting for 43.0 %) and 331 female employees (accounting for 57.0 %). The average age of employees is approximately 31-50 years old. Although the total number of employees in 2023 decreased by 131 compared with 2022 , the turnover rate of full -time employees decreased by 11.6 % compared with 2022 . It is inevitable that employees will pursue different things at work. The company has always been committed to the talent retention policy, hoping to provide a working environment and content that meets the needs of employees, reduce employee turnover rates, and improve employee retention rates.

At present, the company's employees who have obtained the Disability Handbook have been working in the company for many years. The company will provide all parties with assistance, appropriately understand and adjust the work they can undertake, and at the same time provide care, support and assistance. For employees with disabilities, the company believes that they will create different work values !

■ Statistical table of total number of employees classified by gender and region (unit : 1 person)

Operation base	male		female		total
	Number of people	Proportion	Number of people	Proportion	
No. 112, Section 1, Shipai Road, Shipaili, Changhua City	193	33.2%	273	47.0%	466
No. 8, Gongye South 5th Road, Nangang Industrial Zone, Nantou City	57	9.8%	58	10.0%	115
total	250	43.0%	331	57.0%	581

■Employees are divided according to gender and job category (unit : 1 person)

Job Category	male		female		total
	Number of people	Proportion	Number of people	Proportion	
Production	162	27.9%	243	41.8%	405
R&D	twenty one	3.6%	10	1.7%	31
business	2	0.3%	29	5.0%	31
Quality Assurance	16	2.8%	7	1.2%	twenty three
manage	49	8.4%	42	7.3%	91
total	250	43.0%	331	57.0%	581

■Employees are classified according to gender and supervisory position (including deputy team leader or above) (unit : 1 person)

Job Category	male		female		total
	Number of people	Proportion	Number of people	Proportion	
Supervisor	59	10.1%	twenty two	3.8%	81
non-supervisory position	191	32.9%	309	53.2%	500
total	250	43.0%	331	57.0%	581

■Employees are divided according to age (unit : 1 person)

age group	male		female		total
	Number of people	Proportion	Number of people	Proportion	
Under 30 years old	41	7.1%	59	10.1%	100
31~50 years old	142	24.4%	188	32.4%	330
Over 51 years old	66	11.4%	85	14.6%	151
total	249	42.9%	332	57.1%	581

#### 4.2 Diversity and talent strategy

##### Recruitment and communication

Leechi uses a complete system, competitive salary, and sustainable career planning as incentives to attract external job seekers. The company's employment planning is mainly based on business objectives, government labor policies, internal and external human resource supply and demand conditions, and employee development needs. It also has a "recruitment and selection operation" to specify the recruitment process and operation methods in detail. The company continues to look for high-quality talents to increase the company's competitiveness through multiple recruitment channels such as job search websites, campus recruitment, and industry-university cooperation. Each hiring manager will arrange interviews and recruit candidates based on their needs. Industry-university cooperation has long been one of the channels for companies to recruit talents. Internships are an important way for companies to cultivate talents. Through cooperation between companies and schools, companies provide workplace internship opportunities to interns, and they can observe students during the internship. Performance, assesses potential for future hiring, and helps stockpile available talent to the company. In 2023, the employee

new hire rate was 3.1 %, and the employee turnover rate was 23.9 %. Due to changes in market demand in the bicycle industry, the company 's operating income in 2023 decreased significantly compared with the previous year . In response to industry adjustments, inventory was digested, and production capacity requirements were reduced.

In addition , the reduction in overtime has affected the average and median employee salaries to decrease compared with the previous year , which has become a driving force for employee resignations .

■The total number and proportion of new employees and resigned employees by age group and gender

(Unit : 1 person)

	age group	male		female		total	
		Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
New staff	Under 30 years old	3	0.5%	7	1.2%	10	1.7%
	31~50 years old	5	0.9%	3	0.5%	8	1.4%
	Over 51 years old	0	0%	0	0%	0	0%
	total	8	1.4%	10	1.7%	18	3.1%

	age group	male		female		total	
		Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Resign staff	Under 30 years old	17	2.9%	33	5.7%	50	8.6%
	31~50 years old	36	6.2%	27	4.6%	63	10.8%
	Over 51 years old	14	2.4%	12	2.1%	26	4.5%
	total	67	11.5%	72	12.4%	139	23.9%

### Salary policy

Leechi provides a diversified and competitive salary system, adheres to the concept of profit sharing with employees, attracts employees to stay and motivates their career development, and is committed to providing employees with a Competitive salary and benefits, and a remuneration committee , which holds regular remuneration committee meetings to review and review relevant content. The company's employee salaries are in compliance with legal regulations , and in addition to monthly employee salaries, year-end bonuses are also paid based on annual settlement operating performance , and employee dividends are paid based on annual profits . The purpose of year-end bonuses and annual employee dividends is to give back to colleagues, reward their contributions, motivate colleagues to continue working hard, connect employees' interests to shareholders' interests, and create a win-win situation for the company, shareholders and employees. Leechi determines the total amount of employee remuneration based on the company's operating results and with reference to

the payment level of the domestic industry. The amount and distribution method are proposed to the board of directors by the remuneration committee. The employee remuneration is paid after approval by the board of directors. The amount allocated to each employee is based on Depends on position, contribution and performance. According to the "Operation Measures for the Preparation and Submission of Sustainability Reports by Listed Companies" , the weighted average number of full-time employees not holding supervisory positions in Leechi in 2023 was 588 people, statistics on the average salary and median salary of employees in 2023 were reviewed and calculated by accountants, and the differences were compared with the previous year. In addition, the average salary of full-time non-management employees is NT\$ 395,000 , and the median salary is NT\$ 345,000 .

■Salary and welfare information (unit : thousand yuan/person)

Salary and benefits information categories	2022	2023	difference(%)
average employee benefits	571	464	-18.74%
average employee salary	471	372	-21.02%
Average salary of full-time employees not holding supervisory positions	492	395	-19.72%
Median salary of full-time employees not holding supervisory positions	444	345	-22.30%

**performance appraisal**

2023 , the number of regular employees who received regular performance and career development reviews was 568 , accounting for 98 % of the company's total. Further broken down by gender, the number of male employees who received regular performance and career development reviews was 250 , accounting for 100 % of the total number of male employees at the end of the reporting period . The number of female employees who received regular performance and career development reviews was 318 , accounting for 96 % of the total number of female employees at the end of the reporting period . In addition, during the reporting period, if divided according to employee categories, the proportion of employees who received regular performance and career development reviews can be found in the "Statistical Table of the Proportion of Employees Who Accepted Regular Performance and Career Development Reviews by Gender and Employee Category". In order to effectively connect the company/organization/individual goals, the company conducts performance evaluation operations from August to December every year. Through the continuous performance management cycle, we review the career capabilities of each colleague and take stock of manpower gaps . Around August every year , supervisors and colleagues will first review the status of goal achievement to confirm the consistency of colleagues' personal development plans with the company's goals. In December, supervisors

will conduct performance appraisals and let colleagues understand their work performance and learning. Growth status, and jointly set work goals and personal development plans for the new year. The performance evaluation results of colleagues will also serve as an important reference for promotions, salary increases, bonuses, and dividends. In this way, organizations and individuals can continue to move forward in a positive direction.

■ Proportion of employees who receive regular performance and career development reviews by gender and employee category

(Unit : 1 person)

	male		female			total			
	Total number of employees at the end of the reporting period	Number of men evaluated	Proportion	Total number of employees at the end of the reporting period	Number of women evaluated	Proportion	Total number of employees at the end of the reporting period	Number of males + females accepted for evaluation	Proportion
Formula code	A	B	C=B/A	D	E	F=E/D	G=A+D	H=B+E	I=H/G
Production	250	172	68.80%	331	237	71.60%	581	409	70.40%
R&D		19	7.60%		10	3.02%		29	4.99%
business		2	0.80%		26	7.85%		28	4.82%
Quality Assurance		15	6.00%		7	2.11%		twenty two	3.79%
manage		42	16.80%		38	11.48%		80	13.77%
total		250	100%		318	96.07%		568	97.76%

Note: The following situations are not included in the evaluation:

1. New colleagues who have been hired for less than three months will be assessed in the new employee expiration mode.
2. Those who are determined to leave during the assessment period
3. Those who are still employed without pay during the assessment period or who have been determined to be employed without pay soon

### industrial relations

Leechi attaches great importance to labor-management relations and believes that all employees must be treated with dignity and respect. In addition to not forcing or coercing any unwilling personnel to perform labor services, we also listen to the opinions of

colleagues, keep communication channels open, and value two-way communication with employees. In order to listen to the opinions and voices of colleagues, Leechi holds labor-management meetings every quarter. It hopes to use a fair and effective communication mechanism to listen to the voices of colleagues, handle their feedback issues in a timely manner, and achieve the goal of promoting labor-management harmony and creating a win-win situation with employees. Leechi respects employees' right to freedom of association, but so far no employees have come forward to organize a union.

In 2023, Leechi followed the principle of at least one labor-management meeting every quarter and held a total of 4 labor-management meetings. Topics discussed included work safety issues, intellectual property rights promotion, labor standards regulations, overtime hours, working days, etc. The company complies with the provisions of the Labor Standards Act. Before implementing major operational changes that may seriously affect the rights of employees, the company will give affected employees 10 to 30 days advance notice based on their seniority. In addition, the company also provides relevant measures to assist employees, such as providing employee-related conditions. Assist in applying for relevant government subsidies, etc. In addition, in addition to letting employees participate in company goals, Leechi also has large and small meetings to communicate with employees, such as labor-management meetings, irregular department meetings, management review meetings, etc. The purpose is to communicate smoothly with employees and make organizational adjustments. In 2023, the company did not have any employee complaint cases related to violations of human rights, labor conditions, sexual harassment, bullying, illegal workplace infringement, etc.

### **employee benefits**

From the perspective of employee adaptation, professional growth, and career development, Leechi helps employees integrate into the company culture and implement self-development goals, allowing employees to continuously challenge themselves, set records, and grow with the company in a diverse and innovative environment. In addition to the welfare system provided by the company, Leechi has an employee welfare committee that carefully plans various activities and welfare facilities to create a lively working atmosphere and boost employee work morale.

Leechi insures each colleague with labor insurance, national health insurance and group insurance in accordance with the law. Group insurance is fully borne by the company. The items include: term life insurance, accidental injury insurance, accidental medical insurance, critical illness insurance, and hospital treatment limit insurance. Employees can also purchase personal insurance of different plans at their own expense through the group insurance underwriting company's regular on-site services based on their personal and family needs. The premiums are all affordable. These comprehensive insurance plans are designed to allow colleagues to work without worries in the workplace, take care of their homes, and benefit their families.

Leechi pays attention to the health of its employees and outsources group catering companies to provide meals. The company pays 70% of the meal price and employees pay 30% (for overtime work at night and holidays, the meal expenses are fully borne by the company), and special features are launched every week. The menu is diversified and balanced, and catering elements from Southeast Asian countries are arranged so that employees of different nationalities can adapt to enjoy meals. At the same time, employees can take appropriate amounts of ingredients according to their own appetite to avoid generating food waste .

Leechi attaches great importance to maternity benefits and childcare subsidies. In addition to the subsidy of 3,000 yuan per person issued by the Workers' Welfare Association , a total of 9 people applied for maternity benefits in 2023 , totaling 27,000 yuan.

We have staff dormitories, employee dormitories and foreign worker dormitories to provide accommodation for distant employees and foreign workers. We have also set up a nursing (lactation) room to optimize the facilities and environment of the lactation room to facilitate female employees to feed their babies; and we have added a factory-based hospital. Teachers, provide employees with special preschool education institutions, beautify the factory greening and tree planting landscape, provide employees with special hospitals, employee dormitories, renovation and improvement of kitchens and restaurants for foreign employees, employee leisure and entertainment rooms, and renovation and improvement of outdoor parking lots for employees, effectively improving employee work morale and centripetal force.

Regarding the reinstatement and retention of childcare leave , Litch Iron follows the provisions of the "Gender Equality at Work Act" and provides employees with maternity leave, paternity leave and childcare leave without pay. Therefore, all employees, regardless of male or female, are eligible for childcare leave. In 2023 , a total of 0 male employees and 6 female employees had this qualification, and 6 female employees applied for childcare leave. Since there are no employees who should be reinstated in 2023 , there is no reinstatement rate ; however, 2 employees were reinstated in 2022 , and so far The employee is still employed more than 12 months after being reinstated , so the retention rate is 100% .

■Statistics on the proportion of employees who are reinstated and retained after parental leave according to gender (unit : 1 person )

	formula code name	male		female		total
		Number of people	Proportion	Number of people	Proportion	
Number of people taking parental leave in 2023	A	0	0%	6	100%	6
Total number of people returning to work after taking parental leave in	B	0	0%	0	0%	0

2023						
The total number of people who have taken parental leave and should be reinstated in 2023	C	0	0%	2	100%	2
Total number of people returning to work after taking parental leave in 2022	E	1	33%	2	67%	3
Total number of employees who are still employed 12 months after taking parental leave in 2022	D	1	33%	2	67%	3
Reinstatement rate	B/C	0%		0%		-
retention rate	D/E	100%		100%		-

Regarding parental leave application and reinstatement statistics , Leechi granted parental leave in accordance with the provisions of the law and proactively inquired about his willingness to return 45 days before expiration. Colleagues in Leechi , who are immersed in the awareness of gender equality , applied for a total of 6 parental leave in 2023 ( 0 for men ; 6 for women) .

### Safe retirement system

Leechi employee retirement matters are handled in accordance with the "Working Rules of Leechi Machinery Industry Co., Ltd." and the relevant provisions of the Labor Standards Act, Labor Pension Ordinance, etc.

The pension system of the "Labor Pension Ordinance" applicable to our company is a government-administered retirement plan. According to the salary of each employee and according to the monthly salary classification table approved by the Executive Yuan, the contribution shall not be less than 6% of monthly salary is transferred to the personal account of the Labor Insurance Bureau.

If the company is subject to the pension provisions of the Labor Standards Act, the company shall allocate retirement reserves on a monthly basis in accordance with the Labor Standards Act. The Company 's Labor Retirement Reserve Supervisory Committee shall supervise and convene regular meetings to report on the status of pension withdrawals and expenditures, and based on this The funds shall be deposited in the name of the committee with the Bank of Taiwan responsible for handling receipts, payments, safekeeping and utilization. However, in accordance with the regulations on the custody and utilization of the income and expenditure of the Labor Retirement Fund, the minimum return distributed by the Labor Retirement Fund in the annual final settlement shall not be lower than the return calculated from the local bank's 2-year time deposit interest rate.

of each year, the company estimates the retirement amount of employees who have fulfilled the retirement requirements of Article 53 or Article 54, Paragraph 1 of the Labor Standards Act in the next year, and the amount is fully paid by the end of March of the following year

in accordance with the law. Provision of pensions will allow retired employees to have no worries in their lives and encourage all employees to contribute more fully to their personal performance at work.

### **Education and training**

Leechi believes that the company's continued growth is inseparable from employees "advancing with the times", and sustainable transformation is an issue that companies around the world must face up to. Conveying sustainable knowledge to corporate employees will lay the foundation for the company's sustainable transformation and cultivate talents. Planning is also very important. In this regard, the company integrates internal and external resources to provide employees with diversified training mechanisms. In addition to establishing an "education and training management procedure" to create a continuous and diverse learning environment, it also provides a stage for employees to perform through a rotation system. Provide employees with diversified development opportunities, allowing employees to grow with the company "with goals, discipline, and plans."

Leechi is committed to cultivating outstanding talents, enriching employee knowledge and skills, and adhering to the concept of environmental, social and corporate governance (ESG). We have established an institutionalized education and training system, guided by short-term, medium-term and long-term goals, and strive to create a high-quality working environment and improve performance. Based on the needs of each department, the nature of individual employees' work, performance evaluation results and career development needs, we have formulated talent and organizational development plans to encourage employees to continuously improve themselves and make greater contributions to the company. At the same time, we provide multiple learning channels and development resources, including on-the-job training, classroom teaching, job guidance, mentoring and apprenticeship systems, and job rotations. We encourage employees to communicate and discuss with each other, create a learning atmosphere, and help them master various work skills through different learning programs. In addition, we attach great importance to environmental, social and corporate governance issues and incorporate them into education and training courses. We invite external experts to provide relevant lectures, while cultivating internal seed personnel to pass on important environmental, social and corporate governance knowledge, experience and skills.

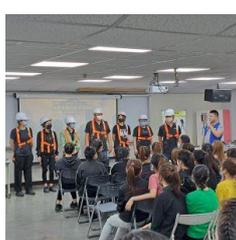
Leechi has a complete education and training mechanism. It provides various academic, knowledge-based and technical education courses from time to time every year, and selects employees to participate in off-site or overseas internship education courses based on work needs, so that employees can enjoy learning and growth from work.

An education and training needs survey form is issued in November every year, and education and training plans are compiled based on the needs answered by each department. Employees can apply for external training based on work needs. If they participate in training during working hours, they will be given public leave. In 2023, Leechi

employees participated in "Occupational Safety and Functional Courses", "Internal Control Audit", "Legal Courses", "Operation Management Courses", "Information Security Courses", "Industrial Knowledge Related Courses", and "Corporate Sustainable Management" and other courses, a total of 8,491 hours, an increase of 6,741 hours compared with 1,750 hours in 2022, and the average training hours per person in 2023 reached 14.61 hours.

■ Statistical table of the average number of hours of education and training received by each employee per year by gender and employee category

		Formula code	male	female	total
Production	Number of people	A	357	273	630
	hours	B	3013	2799	5812
	Average hours of training for employees in this category	$C=B/A$	8.44	10.25	9.23
R&D	Number of people	D	93	7	100
	hours	E	525	42	567
	Average hours of training for employees in this category	$F=E/D$	5.65	6.00	5.67
business	Number of people	G	10	76	86
	hours	H	60	432	492
	Average hours of training for employees in this category	$I=H/G$	6.00	5.68	5.72
Quality Assurance	Number of people	J	74	8	82
	hours	K	403	42	445
	Average hours of training for employees in this category	$L=K/J$	5.45	5.25	5.43
manage	Number of people	M	113	55	168
	hours	N	836	339	1175
	Average hours of training for employees in this category	$O=N/M$	7.40	6.16	6.99
Total number of employees trained and total hours	Number of people	P	647	419	1066
	hours	Q	4837	3654	8491
Total number of employees	Number of people	R	250	331	581
Average training hours per employee	hours	$S=Q/R$	19.35	11.04	14.61



### 4.3 Human rights management

The company complies with the human rights standards of the "International Labor Organization Convention" and formulated and adopted the "Employee Human Rights Policy of Leechi Machinery Industry Co., Ltd." on July 1, 2018 to ensure that the entire company is responsible for social responsibilities and labor conditions related to labor human rights. These actions are followed and divided into eight aspects: child labor, forced labor, health and safety, freedom of association and collective bargaining rights, discrimination, disciplinary measures, working hours, and wages, in order to respect the protections stipulated in human rights conventions, and Published on the company website.

project	Specific practices
Ban child labor	The company does not employ child labor and does not support the employment of child labor under the age of 16.
Prohibition of forced labor	<ol style="list-style-type: none"> <li>1. The company does not use or support the use of forced labor, nor does it require employees to pay deposits or store identity documents at the beginning of employment.</li> <li>2. Never withhold part of an employee's salary, benefits, property or certificates to force employees to continue working in the company.</li> <li>3. Employees have the right to leave the workplace after completing standard working hours. Employees are free to terminate their employment contract after giving the company a reasonable period of notice.</li> </ol>
Provide a healthy and safe working environment	<ol style="list-style-type: none"> <li>1. The company promises that all operations will comply with national laws, comply with internationally recognized standards of environmental protection and social responsibility, and continue to improve.</li> <li>2. Provide a safe and healthy working environment, and take necessary and effective measures to reduce hazards in the working environment as much as possible to avoid employees from accidents at work or due to work or work-related accidents. Hazards to health. The designated management manager is responsible for providing a healthy and safe working environment for all employees and for implementing the health and safety provisions of this policy.</li> <li>3. Provide employees with effective health and safety training on a regular basis, and also conduct retraining for new employees, employees who are transferred, and those who are in accidents.</li> <li>4. Establish mechanisms to detect, prevent and respond to potential threats that may harm employee health and safety. The Company shall maintain written records of all incidents occurring in all workplaces, residences and property within the Company's control.</li> <li>5. The company provides employees with appropriate personal protective equipment while working. When employees are injured at work, the company provides first aid and assists them in obtaining follow-up treatment.</li> <li>6. Assess all risks to female employees during pregnancy and ensure that reasonable measures are taken to eliminate or reduce risks to their health and safety. The company will not allow female employees to work between 10pm and 6am the next morning. Except with the approval of the labor-management meeting, this does not apply to</li> </ol>

	<p>providing necessary safety and health facilities, providing transportation home, or arranging dormitories for female workers.</p> <p>Employees whose children are under three years old and need to breastfeed themselves may breastfeed twice a day during working hours outside of breaks, with a limit of thirty minutes each time.</p> <p>7. Provide employees with clean toilets, drinkable water, and sanitary facilities for storing food when necessary.</p> <p>8. The company provides employee dormitories to ensure that they are clean and safe, have escape exits, toilet facilities, adequate heat dissipation ventilation equipment, and reasonable personal space.</p> <p>9. All employees have the right to leave or eliminate possible serious dangers that are about to occur in their work, even without the company's permission.</p>
Allow freedom of association and collective bargaining rights	<p>1. Respect employees' rights to associate freely, elect representatives, join labor associations, and bargain collectively. The company respects this right and effectively communicates to employees that they are free to join an organization of their choice.</p> <p>2. Employees can openly communicate directly with management about working conditions through labor-management meetings without fear of retaliation, threats or harassment.</p>
Prohibition of discriminatory behavior	<p>1. In matters involving employment, remuneration, training opportunities, promotion, dismissal or retirement, the company does not discriminate on the basis of race, social class, nationality, religion, physical disability, gender, sexual orientation, family responsibilities, marital status, trade union membership, political affiliation, age or any other form of discrimination.</p> <p>2. The company does not interfere with employees' rights to observe beliefs and customs, nor does it interfere with employees' rights to adhere to beliefs and customs because of race, social class, nationality, religion, physical disability, gender, sexual orientation, family responsibilities, marital status, trade union membership, political affiliation or any other reason. Give discriminatory treatment.</p> <p>3. The company does not allow any threatening, abusive, exploitative and forced sexual harassment behaviors in the workplace, employee dormitories and other places, including gestures, language and physical contact.</p>
Prohibition of disciplinary measures	<p>The company respects and maintains the dignity of all employees and shall not engage in or support corporal punishment, mental or physical coercion, verbal abuse, or treat employees in a rough or inhumane manner.</p>
working hours	<p>1. The company abides by relevant labor laws and regulations on working hours. Normal weekly working hours and weekly overtime are in accordance with legal provisions. Employees have at least one day of rest in every seven-day cycle.</p> <p>2. If employees are required to extend their working hours and work overtime to meet short-term business needs, we will reach an agreement with the employees and respect their wishes. All overtime work by employees is voluntary.</p>
Salary	<p>1. The company guarantees that the wages paid within a standard working month can at least meet the legal basic wage standards and meet the basic needs of employees.</p>

	<p>2. The company guarantees that it will not deduct wages for disciplinary purposes unless permitted by relevant laws or with the consent of employees through free collective bargaining.</p> <p>3. The company regularly lists out the salary and benefits structure clearly and in detail to employees, and ensures that wages and benefits are fully consistent with all applicable laws. Salaries and benefits are paid in cash or check, or in any form convenient for employees.</p>
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implementing employee human rights protection-related training for new colleagues in 2023 , the company’s heads of each unit also used department meetings to continuously promote human rights policies to current employees. Therefore, all current colleagues ( 707 people) have completed the training in 2023, and the completion rate 100 %.

#### 4.4 Workplace health and safety

##### **Occupational Safety and Health Organization**

Leechi has a "Safety and Health Room" and established an "Environmental Safety and Health Promotion Committee" and an "Occupational Safety and Health Committee". The Occupational Safety and Health Committee is composed of both labor and management, with the general manager as the chairman and labor representatives accounting for one-third. With more than one seat, the Occupational Safety and Health Committee meets regularly every three months. The main meeting affairs are to make recommendations on the safety and health policies formulated by the company, and to review, coordinate and recommend safety and health-related matters.

##### **Safety and health management dual system verification**

Leechi has passed ISO4500 1 and CNS45001 (TOSHMS) occupational safety and health management dual system verification to ensure the safety and health of employees in the workplace, and hopes to provide employees with excellent quality through the establishment and external verification of hazard identification, risk assessment and risk control. Maintain a safe and hygienic working environment to avoid and reduce the occurrence of accidents.

When implementing various new construction, reconstruction or demolition projects, labor safety, management and other relevant units must first conduct safety and health risk assessments on project planning, design and construction, and strictly require contractors to comply with occupational safety and health laws and other regulations during the construction process. This article The company's labor safety office and management department go to the construction sites of various units from time to time to carry out unwarranted inspections to prevent industrial safety accidents and protect employee safety.

## Safety and Health Management

Leechi has established a complete safety and health management system as a guideline for all operations, with the goal of pursuing zero disasters and zero injuries and ensuring the personal safety of employees.

Each unit of Leechi's production line strengthens the implementation of automatic inspections to ensure the safety of equipment use, and conducts regular (twice/year) operating environment monitoring, prepares all necessary safety protective equipment, and continues to require employees to wear and use them in accordance with regulations to ensure Avoid injury or health hazards while working.

In addition, safety and health education training and emergency response drills are held regularly (twice/year) to enhance employees' safety and health knowledge and familiarity with emergency response skills. 5S audit activities are regularly conducted ( four times /year), and potential risks are discovered through external audits. hazards and prevent and improve them to prevent hazards from occurring.

2023 safety and health education training/drill statistics

category	Visitors	Number of hours (hours)
Safety and health education and training	404	3754
Contractor safety and health education and training	42	126
emergency response drill	120	480

Note: Safety and health education and training include new personnel courses and certificate courses

Industrial safety management personnel holding professional licenses

License name	Number of people	License name	Number of people
Occupational safety manager	2	High pressure gas specific equipment operators	0
Occupational Safety and Health Administrator	5	Automatic inspection of LPG storage tanks and accessories	1
Occupational Safety and Health Business Manager---Grade A	7	Non-medical ionizing radiation protection	2
Dangerous goods transport personnel	1	Automatic inspection of power punching and shearing machinery	1
first responder	20	Specific Chemical Substances Operation Supervisor	3

Operators driving forklifts with loads over 1 metric ton	36	Dust operations supervisor	5
Organic solvent operations supervisor	5	Acetylene Operator	1
Hypoxia operations supervisor	1	Workers' Health Services Paramedic	1
fire manager	5	small boiler operators	1
Operators of fixed cranes of less than three tonnes	1	Class B Waste Disposal Technician	3
Operators of fixed ( Crane Crane ) above three metric tons	6	Energy management professionals	2
Training course on using lifting equipment for hanging ( conductor )	1	security supervisor	1

### Safety and health management performance

In order to implement safety and health management, the Safety and Health Office selects several important occupational safety and health indicators every year, including the number of disabling injuries , the number of people with disabling injuries, the number of days lost due to disabling injuries, the number of improvement proposals , the number of false alarm reports , etc., as performance indicators , and set annual target values as performance management assessment standards. In 2023 , the number of 3 incapacitating injuries (2 traffic accidents; 1 cut, cut, and bruised ) was attributed to the need to continue to strengthen safety and health education, training and publicity work to enhance personnel's safety alertness and reduce hazardous incidents. occur.

One case was cut, cut, and bruised because a blade on the jig cut the end of the little finger of the right hand when taking out the jig from the jig cabinet ; the other two cases were caused by traffic accidents while riding a motorcycle on the way to and from work . The factory has completed reviews and improvements, respectively. Improve management measures, strengthen management regulations , and continue to implement occupational safety and driving safety education and training on individual cases to avoid recurrence .

### Safety and health management performance statistics in 2023

Number of incapacitating injuries	Number of people with incapacitation injuries	Days lost due to disabling injury	Number of improvement proposals	Number of false alarm reports
3	3	59	59	13

Note 1: Number of incapacitation injuries = number of incident investigation report forms

Note 2: The number of people with disabilities and injuries = the number of people with disabilities and injuries in the incident investigation report form

Note 3: Days lost due to disabling injury = Total days lost after the injury

Note 4: Number of improvement proposals = cases of improvement proposals related to environmental, safety and health issues

Note 5: Number of false alarm reports = cases of improvement proposals related to occupational safety and health issues

Note 6: Traffic accidents are included in statistics

Note 7: This statistical data includes all workers

■ Statistics on work-related injury categories , work-related injury frequency , occupational diseases , and proportion of lost days in 2023

category	work injury		traffic incident	
	male	female	male	female
Number of people	0	1	1	1
lost days	45			
Incapacitating Damage Frequency FR	4.42			
Disabling injury severity rate SR	99			
Total damage index FSI	0.6			

Note 1 : Calculation of days lost , frequency of incapacitating injuries FR , severity rate of incapacitating injuries SR , and total injury index FSI. Traffic accidents are not included in statistics.

**Healthy and safe working environment**

Employee Care and Care Employees are the company’s most important assets, and employee health is the foundation for Leechi’s sustainable development.

Basically, only healthy employees have good productivity. Leechi through diversified "health promotion" and "Health Management" activities to monitor the health of every employee. Leechi attaches great importance to the physical and mental health of employees and encourages employees to achieve a work-life balance, we are also committed to promoting employees’ personal healthy lifestyles and behaviors. Leechi follows the ISO 45001 occupational safety and health management system and fully understands the hazards and hazards in the workplace. Risks, assessed to all relevant persons within the company (including employees, contractors, visitors and others) impact, and allow all personnel to have a correct understanding to ensure that employees are in a healthy and injury-free workplace.

## 1. Happy work and happy life

Employees are the company's greatest asset, and creating a working environment full of hope and vitality is what Leechi values. In addition to the work surface, we also hope that employees can have a harmonious life of body and mind. Through care, assistance systems and company activities, employees can work happily and live a happy life. In addition to providing care and assistance systems for individual employees or their families, each factory also organizes activities from time to time, including monthly birthday parties, employee travel, employee welfare activities, etc., and also provides a variety of lectures and courses to help employees improve their work. Yu is also exposed to various life experiences.

## 2. Employee health management

Based on the employee care and care policy, employee health examination and health management are listed as important items, and Leechi implements health examinations for all on-the-job employees in accordance with the law. Health information promotion activities are held from time to time. Factory doctors are available in each factory to provide employee health consultation and provide daily health consultation and services to employees. Complete health examinations can detect possible diseases early. For employees in special working positions (such as high noise and dust), the company regularly arranges health examinations for specific items every year. Use comprehensive examination items to let employees understand their own health status, take care of themselves or seek medical treatment in a timely manner. After completing the health check-up, professional medical staff will provide medical assistance and check-up reminders for major abnormalities found in the health check-up results to implement caring services. Various professional consultations are also provided for groups with health abnormalities. Each factory area regularly holds doctor consultations to provide colleagues with professional consultation channels. The company actively manages and formulates plans for education/training, counseling, prevention/risk monitoring and medical assistance for personal health abnormalities. In order to care for the physical and mental health of employees, in addition to archiving employees' basic health information, managing and tracking physical examination abnormal values, and grading management and tracking of special examination results, we also arrange one-on-one consultations between employees and factory doctors, and conduct questionnaire surveys on human factors, abnormal workload, etc. and provide health guidance and consultation as a basis for work arrangements and improvement of the working environment. All employees' personal health service records and information are only used as a basis for assessing whether employees are in a safe workplace environment and will not be used for any other purpose. This information is only properly kept by the dedicated health management unit and will not be leaked. Under strict safety and health management and protection, Leechi employees had no occupational diseases in 2023.

Leechi implements health examinations in accordance with laws and regulations , and conducts annual special health examinations for employees in workplaces that are particularly hazardous to health to implement employee health protection.

Employee health screening provided by Leechi	
● Under 40 years old	Once every 5 years
● Every 3 years from 40 to 65 years old	
● Once a year for those over 65 years old	

Number of employees receiving special health examinations in 2023

Dust workplace	Noisy workplace
25 people	143 people

### 3. Employee health promotion activities

In order to maintain the habit of continuous exercise among colleagues, the company continues to encourage colleagues through different activity arrangements. Establish safe exercise habits to protect yourself against the epidemic. In 2023, a total of "smoking cessation activities" will be held,"Healthy Walk", "Health Lecture - Sarcopenia", "Publicly Funded Influenza Vaccine", "I Drink Health Care", "AED+Simple CPR Education and Training", "Donate Blood, Donate Love, Healthy" and other health promotion activities,the total number of participants was 187.

In order to encourage all employees to participate in healthy stair climbing activities, "Stair climbing health" has been posted on the stairs of each floor of the company. "Slogan" encourages colleagues to take the initiative to board the elevator, indirectly reducing the number of elevator rides and at the same time saving energy and reducing carbon emissions.

### 4.Team physical activities

Leechi actively encourages colleagues to participate in group health promotion activities (such as cycling clubs) to maintain a healthy body. It should be one of everyone's life goals , and exercise is the beginning of health. Riding a bicycle while exercising while admiring the beautiful natural scenery is a wonderful thing . In addition to improving your own health, it also enhance the relationship between colleagues and provide employees with opportunities to exercise and communicate after work . Through small groups of sports enthusiasts. The power of the body has created a culture of physical fitness within the company , and promoted the habit of riding bicycles among Leechi employees.

Atmosphere , and through bicycle club activities to enable employees to understand the basic knowledge of bicycle riding (riding posture and safety protection) and simple maintenance of bicycles and respond to the government’s energy conservation and carbon reduction policies to inspire colleagues’ innovation. In order to advocate bicycle sports and leisure culture , the bicycle club organizes bicycle rides for Leechi employees and their

families from time to time. Ride activities , and share experiences with other bicycle clubs and the bicycle industry . At the same time, implement new products Actual vehicle road tests and feedback on the pros and cons of new product development and suggestions for improvements . The cycling club's continuous activities and developments. Exhibition has spread all over Taiwan.

#### 5. Fertility care and care resources

Regarding the care of female employees, in addition to regular health examinations , exclusive examination items are arranged for female employees. also ,in order to take care of the health of female employees, increase fertility willingness and provide a friendly working environment, in nurturing a healthy next generation. The most timely care and attention during the pregnancy stage , Leechi encourages female employees to take the initiative to report and share the joy of pregnancy. Yue and received the following special care consultation arrangements for pregnant female employees .

(1). Female employees who continue to breastfeed during pregnancy and postpartum period, if they proactively report and complete the evaluation

After the evaluation form and mother's handbook are provided, and the interview and evaluation are completed with the assistance of the company's employee doctor, the company will get a \$500 gift voucher or maternal and child-related gifts.

(2). During pregnancy, the company plans to provide close personnel after a female employee applies in writing to the management department. Friendly parking spaces (dedicated parking spaces for cars/motorcycles) at the industrial entrance and exit to improve the safety of female employees during pregnancy. During this period, round-trip transportation is convenient and safe.

(3). Each factory area of the company provides a friendly nursing room environment, and encourages colleagues to continue to provide new care after childbirth.

(4). The company signed an annual special cooperation with the adjacent Shipai non-profit kindergarten to provide employees with excellent and convenient daycare space.

(5). The Welfare Association provides a maternity subsidy of NTD\$ 3,000 per child .

In 2023 , a total of 9 employees applied, and the total subsidy amount was \$27,000.

#### 4.5 Social welfare

Leechi adheres to the concept of "taking from society, using to society", starting from community care, continuing to cultivate talents, supporting disadvantaged groups, and paying attention and practical actions. Deeply engaged in the field of rewarding outstanding students and supporting the disadvantaged, the improvement of national strength depends on education. Leechi continues to donate funds to Shipai Elementary School to cultivate five-level education and focus on elite talents. At the same time, we also proactively provide assistance to emergency services, vulnerable groups and cases of accidents, using limited resources to where help is most needed, and contributing to the improvement of society.

With three major work axes, we practice our will to be friendly and caring for society.

**Talent cultivation and promotion of educational culture:**

1. Shipai Elementary School is a remote primary school with insufficient financial and educational resources for parents. In particular, the lower and middle school students only have half-day classes. They have no one to take care of them after school at noon and their daily schedule is abnormal. There is a lack of care for their safety, academic performance and moral character. To address the concerns, the school sponsored the establishment of an after-school talent club, hoping to combine social resources to implement "equal educational opportunities" and provide students with practical experience to enhance students' abilities and self-confidence. In addition, in order to promote environmental education, improve teaching quality, and build a high-quality learning environment, environmental education billboards are set up in the corridors of the campus. The concept of setting up environmental education signboards is to use the corridor as a public art corridor with educational significance to showcase the cultural features of the community, local specialties (dried lychees) and local enterprises (Leechi Machinery), and to integrate local humanities, overall environment and industrial characteristics. , allowing students to better understand the local cultural spirit and understanding through the environmental education billboard, and also pass on the sustainable spirit of cultural inheritance.
2. Donate RMB 117,000 to Jianguo University of Science and Technology scholarships to reward outstanding students and cultivate outstanding national talents, hoping that they will become leaders in national progress and development.

**Community care and giving back to the local area:**

1. Adopt Shipai Park and assign dedicated personnel to clean and maintain the environment on a weekly basis, implement garbage classification and recycling, pruning trees and flowers, maintain hardware facilities around the park, renovate community archway walls, and regularly beautify and paint.
2. Help clean up the environment and jointly keep the community clean.
3. The company's guard room is a community satellite relay point . There are air defense shelters in the company's factory for disaster preparedness and emergency response. The factory roadside monitoring system can assist in backing up and recording the entry and exit of community roadside personnel and coordinate with nearby police stations to improve neighborliness and strengthen community safety.
4. Provide job opportunities to local fresh graduates, newcomers to society, second-time employment, middle-aged and elderly people, and women.
5. Respond to and participate in various activities of the Erawan Buddha Temple, and use religious beliefs to calm the minds of foreign migrant workers and achieve positive physical and mental development. We also hope that the power of religion can be used to improve social atmosphere and eliminate violence, so that the community we live in and even society can be filled with peace and security.
6. Sponsor gifts and materials for community activities and cooperate with the Ministry of Health and Welfare to promote the Ten-year Long-term Care Plan 2.0 and long-term care C-level base measures to sponsor computer equipment for administrative documents in the

community to accelerate the spread of long-term care service resources. Convenient long-term care stations, dementia service centers and disability-delaying dementia service centers are set up in the community to provide services such as respite, temporary care, disability prevention and disability-delaying care, and to establish "community"-based prevention and care services. The care system aims to enable the elderly to stay in a familiar environment through localized community care, while also providing appropriate respite services for family caregivers to prevent the deterioration of long-term care problems and implement sustainable and livable life development in the community. .

**Disadvantaged assistance and medical subsidies:**

1. In order to provide food and clothing for the elderly in Shipai community, we provide designated catering services. Through shared meal services, we solve the problem of children being unable to take care of the elderly because they work outside the home, and encourage the elderly to actively participate in implementing community care services. By providing shared meal services for the elderly in the community, we can meet basic physiological needs and promote physical health; strengthen the energy of community services, combine care and attention, improve the quality of life of the elderly, and allow the elderly to enjoy a dignified and happy life. Implement the principle of community-based social welfare and combine social resources to jointly promote catering services for the elderly.

2. Continue to make charitable donations and provide financial support (US\$7,500) to allow the MACC Foundation to provide US\$1 million in translational research funding to Children's Hospital of Wisconsin every year, and apply cutting-edge research results to end childhood cancer and related blood diseases struggle .

- appendix
- GRI Guidelines Content Index

<b>GRI 2 General Disclosure 2021</b>				
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2.01	Organization details	1.1 About Leechi	26	
2.02	Entities included in organizational sustainability reporting	About this report	01	
2.03	Reporting period, frequency and contact person	About this report	01	
2.04	Information rearrangement			There is no such situation this year
2.05	external assurance/assurance			No external assurance/certification was provided during the year
2.06	Activities, value chains and other business relationships	3.1 Products and Technology	70	
2.07	staff	4.1 Employee profile	78	
2.08	non-employee workers	4.1 Employee profile	78	
2.09	Governance structure and composition	1.2 Governance structure	29	
2.10	Nomination and selection of the highest governance unit	1.2 Governance structure	29	
2.11	Chairman of the highest governance unit	1.2 Governance structure	29	
2.12	The role of the highest governance unit in monitoring impact management	1.2 Governance structure	29	
2.13	Head of Impact Management	Stakeholder interaction	23	
2.14	The role of the highest governance unit in sustainable reporting	1.8 Climate change and TCFD	47	
2.15	conflict of interest	1.2 Governance structure	29	
2.16	Communicate key events	Stakeholder interaction	23	
2.17	Crowd intelligence in the highest governance unit	Sustainable development strategy and major issue management	13	
2.18	Performance evaluation of the highest governance unit	1.2 Governance structure	29	
2.19	remuneration policy	4.2 Diversity and talent strategy	80	
2.20	Salary Decision Process	4.2 Diversity and talent strategy	80	
2.21	Annual total remuneration ratio	4.2 Diversity and talent strategy	80	
2.22	Statement on sustainable development strategy	Sustainable development strategy and major issue management	13	

2.23	policy commitments	Sustainable development strategy and major issue management	13		
2.24	Incorporate policy commitments	Sustainable development strategy and major issue management	13		
2.25	Procedures for remediating negative shocks	Stakeholder interaction	23		
2.26	Mechanisms for seeking advice and raising concerns	Stakeholder interaction	23		
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2.29	Stakeholder discussion policy	Stakeholder interaction	23		
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	3.2	List of major topics	Sustainable development strategy and major issue management	13	
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<b>economic performance</b>					
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	201.2	Financial impacts and other risks and opportunities arising from climate change	1.8 Climate change and TCFD	47	
	201.3	Defining Benefit Plan Obligations and Other Retirement Plans	4.2 Diversity and talent strategy	80	
	201.4	Financial subsidies from the government	1.3 Operational performance	38	
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<b>materials</b>					
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<b>energy</b>					
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	404.2	Improve employee functions and transition solutions	4.2 Diversity and talent strategy	80	
	404.3	Percentage of employees who receive regular performance and career development reviews	4.2 Diversity and talent strategy	80	
<b>Supplier Social Assessment</b>					
GRI 414: Supplier Social Assessment 2016	414.1	New suppliers screened using social criteria	3.4 Supply chain management	77	
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➤ TCFD Guidelines Comparison Table

For	TCFD Recommends Disclosure Project	Corresponding chapter	page number
governance	Climate issue governance structure	1.8 Climate change and TCFD	47
	How management assesses and manages climate-related issues	1.8 Climate change and TCFD	47
Strategy	Short, medium and long-term climate-related risks and opportunities identified by the company	1.8 Climate change and TCFD	47
	The impact of climate-related issues on company business models, strategies and financial planning	1.8 Climate change and TCFD	47
	Scenario analysis (including 2°C or more severe scenarios)	1.8 Climate change and TCFD	47
risk management	Process for identifying and assessing climate-related risks	1.8 Climate change and TCFD	47
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		TCFD	
	Explain how the above risk identification and management process is integrated into the company's overall risk management system	1.8 Climate change and TCFD	47
Metrics and Goals	Evaluate whether indicators are consistent with company strategy and risk management	1.8 Climate change and TCFD	47
	Disclosure of Scope 1, 2 and 3 greenhouse gas emissions and related risks	2.2 Energy and Greenhouse Gas Management	65
	Management objectives and related performance	2.1 Environmental management	61

### Contact information

If you have any suggestions for the "Leechi Machinery 2023 Sustainability Report", you are welcome to use the following

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