



2022 Sustainability Report



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About This Report

Organization Boundaries and Disclosure Scope

This report is the second sustainability report issued by Transcend Information, Inc. (hereinafter referred to as "Transcend" or "the Company"). The disclosure primarily includes the Taiwan headquarters and excludes subsidiaries and investment companies. If any relevant information covers areas outside Taiwan, it will be noted in the report. The content of this report mainly covers the period from January 1, 2022, to December 31, 2022. Some content also includes examples before and after 2022. There have been no significant changes in the organizational size, structure, ownership, and supply chain compared to the 2021 report, and any information that has been revised will be noted in each chapter. In the future, the Company will continue to communicate its corporate social responsibility and sustainability-related information to stakeholders through the issuance of sustainability reports. This year's report presents Transcend's efforts and achievements in corporate governance, economy, environment, and social aspects under the chapters of "Effective Governance," "Effective Management," "Social Benevolence," "Friendly Workplace," and "Environmental Protection" to stakeholders.

Principles and Guidelines for This Report

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, which provide disclosure requirements for sustainability reporting. It transparently discloses management strategies and performance information related to significant sustainability topics. The report also follows the Sustainability Accounting Standards Board (SASB) industry standards, Task Force on Climate-related Financial Disclosures (TCFD), Taiwan Stock Exchange's "Operating Procedures for Listed Companies to Prepare and Disclose Sustainability Reports," and the United Nations Sustainable Development Goals (SDGs) as reporting principles. Additionally, the report is compiled based on the four principles of the AA1000 Accountability Standards, which are materiality, inclusivity, responsiveness, and impact, aiming to cover major issues that stakeholders concern and demonstrate the company's sustainable practices in its operations.

Data Measurement Criteria

The data and statistics disclosed in this report are derived from Transcend's internal surveys and investigations. The financial figures are publicly available information that has been audited by an accounting firm. Some data is also obtained from government agency websites, and the report presents the information using commonly used numerical descriptions. Any data requiring conversion are specified in the report. Although this report has not been verified by an external third-party entity, Transcend ensures the accuracy of all financial, environmental, and social information data through rigorous internal controls and audit mechanisms.

Publication Date

The Company releases its Sustainability Report annually and simultaneously discloses it on the company's website.

2021 Sustainability Report: Released in September 2022

2022 Sustainability Report: Released in June 2023

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Transcend Sustainability Section

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WORDS FROM THE CHAIRMAN



Dear stakeholders,

We are delighted to share with you Transcend's vision and achievements in corporate sustainability through consolidating this report.

2022 is a year impacted by the COVID-19 pandemic, the Russo-Ukraine conflict, and regional trade disputes. These factors led to international logistics congestion and disruptions in industries such as raw materials and semiconductors, affecting the global market supply-demand balance and resulting in continuous price declines. To promptly respond to the market situation, Transcend swiftly adjusted its strategies, actively reduced the stock level, maintained stable supply through efficient production, and achieved robust operational performance with the efforts of all employees. In 2022, Transcend achieved consolidated annual revenue of NT\$12.1 billion, consolidated gross profit of NT\$2.72 billion with a gross margin of 22.5%, consolidated operating profit reached NT\$1.51 billion, pre-tax net profit reached NT\$3.36 billion, and post-tax net profit was NT\$2.45 billion, calculated based on the weighted average shares outstanding of NT\$4.3 billion, resulting in earnings per share of NT\$5.72.

Established in 1989, Transcend is a leading global manufacturer of consumer electronics and industrial products. Through our continuous pursuit of quality, stability, and innovative research and development technologies, we have been recognized with the Taiwan Excellence Award for 18 years and have been selected as one of Taiwan's Top 25 International Brands for 16 consecutive years, demonstrating our outstanding capabilities. While focusing on our core business operations, we are also actively engaged in corporate governance and sustainable development, ensuring comprehensive information disclosure through this report.

Transcend places great importance on environmental protection and talent cultivation. In response to global customers' emphasis and expectations on ESG (Environment, Society, and Governance),

we integrate product quality control, environmental protection, and occupational health and safety principles into our daily operations. Since 1997, Transcend has obtained various certifications such as ISO 9001, ISO 14001, QC 080000, and ISO 45001 to ensure effective management and minimize impacts in all aspects. We actively adopt energy-saving measures in our daily operations and reduce power consumption through product development to achieve power reduction from the source.

Regarding talent cultivation, we initiated the Talent Consensus Camp in 2022 to enhance internal cohesion, which received high praise. Externally, we have been continuously supporting youth sports in Taiwan through long-term resource sponsoring, including HBL, HVL, HSL, and other initiatives. We have received the Sports Promoter Award for nine consecutive years, recognizing our long-term commitment to youth sports development. In promoting youth baseball in remote areas, Transcend initiated the "Rural Baseball Seed Project" in 2015. By visiting remote areas in Taiwan, Transcend cultivates young baseball players, with the hope of nurturing future sports stars in Taiwan.

The 2022 Sustainability Report aims to provide our Board of Directors and management team with a comprehensive review of the Company's sustainable development and corporate social responsibility efforts in the past year. As a brand leader, Transcend makes progress with continuous innovation and improvement in mind. We aspire to make a positive impact on global society through our dedicated efforts in promoting ESG. Looking ahead to 2023, Transcend will continue to focus on product research and development, enhance supply chain management, improve production efficiency, reduce resource waste, and save energy consumption, aiming to create a win-win situation for the company and our stakeholders.

A handwritten signature in black ink that reads "Chung-Won Shu". The signature is fluid and cursive.

Chung-Won Shu, CEO

Sustainable Development Strategy

While pursuing sustainable operations and profitability, Transcend actively implements sustainable development based on the principle of materiality. We strive to align with the international trends of balancing environmental, social, and corporate governance (ESG) development, while prioritizing stakeholders' interests. The principle is integrated into our management strategies and operational activities to achieve the goal of sustainable operation. Therefore, in 2014, we established the Corporate Social Responsibility Practice Guidelines (revised to Sustainable Development Practice Guidelines in 2023) to promote corporate governance, environmental sustainability, social welfare, and enhanced disclosure of corporate social responsibility information. We are committed to fulfilling our corporate social responsibility and achieving the vision of promoting a balanced and sustainable development of the economy, society, and environmental ecology.

Implementing corporate governance	Developing sustainable environment	Upholding social welfare	Enhancing information disclosure on corporate social responsibility
<ul style="list-style-type: none"> Establishing an effective corporate governance framework Enhancing the functions of the board of directors Respecting stakeholder rights 	<ul style="list-style-type: none"> Supporting energy conservation and carbon reduction Implementing environmental protection and green business practices 	<ul style="list-style-type: none"> Adhering to the Universal Declaration of Human Rights Caring for society and promoting community development 	<ul style="list-style-type: none"> Enhancing transparency of corporate social responsibility information

In 2022, the Administrative Vice President was appointed as the Chief Sustainability Officer, with the General Affairs Department of the Administrative Vice President Office serving as the main unit for sustainable development. Department heads serve as team leaders based on the nature of their responsibilities, driving initiatives within the organization. While focusing on economic development, they also pay attention to social and environmental sustainability issues and actively engage in social contributions.

Regular discussions on ESG matters, daily business promotion activities, and data aggregation are reported by the Administrative Vice President to the Chairman to review the implementation of sustainable development. Additionally, reports are presented to the Board of Directors each year regarding intellectual property management plans, risk management policies, information security management, business integrity, and significant promotion projects. The Board of Directors is informed of major ESG events as shown in the table below:

Aspect	Number of cases	Description
Environment	1	Greenhouse gas inventory and verification
Society	3	<ol style="list-style-type: none"> Employee Stock Ownership Trust program Amendment to the Internal Handling Procedures for Material Information Employee compensation
Economy (Including corporate governance)	5	<ol style="list-style-type: none"> Operational risk Credit risk Financial risk Director and manager compensation Amendment to the "Corporate Governance Best Practice Principles"

The policy of Transcend's ESG refers to the Responsible Business Alliance (RBA) Code of Conduct, national labor laws, relevant industry standards, and international conventions, constantly improving working conditions and employee benefits. It is expected to develop formal human rights policy documents within three years.

The spirit and content of the human rights policy are promoted through internal general education courses, including orientation training for new employees (twice a month), training for new employees (once per quarter), and occupational health and safety education training (once per year).

Communication with Stakeholders

To achieve the goals and vision of sustainable management, the ESG (known as environment, society, and governance) disclosure project was initiated in 2022. It follows the AA1000 SES Stakeholder Engagement Standard for assessment and prioritization. The project focuses on five dimensions: responsibility, influence, tension, diversity of perspectives, and dependency, and takes into account stakeholders identified in the industry. Through internal meetings and discussions with external experts and scholars, the stake-holders for 2022 were identified as employees, shareholders/investors, customers, suppliers, insurance companies, government agencies, and media, comprising seven categories.



Stakeholders Communication and Achievements

Stakeholders	Stakeholders' significance to our company	Issues of concern	Method/frequency	Achievements in 2022
Employees	Vital role of productivity and innovation for the company's operations.	<ul style="list-style-type: none"> Occupational safety and health Talent attraction and retention Human right policy 	<ul style="list-style-type: none"> Labor management meeting / quarterly Employee welfare committee meeting / quarterly Occupational safety and health committee meeting / quarterly Suggestion box / as needed Corporate intranet (Transcend Office), emails and Bulletin board/ as needed Training programs, lectures and activities/ as needed Performance interviews/ regularly 	<ol style="list-style-type: none"> A total of 1,059 participants attended 5 sessions of occupational health and safety training. 4 labor-management meetings and welfare committee meetings were held. 41 educational training courses were held, with a total of 2,472 participants.
Shareholders/ Investors	Their input and feedback can continuously guide the company in adjusting its business direction.	<ul style="list-style-type: none"> Economic performance Climate change responses. Business integrity 	<ul style="list-style-type: none"> Stakeholders' meeting / annually Investor conference / annually Annual Report / annually Market Observation Post System / as needed Transcend official website / as needed 	<ol style="list-style-type: none"> Held a corporate briefing on June 11. Held a shareholders' meeting on June 17.
Customers	The key to the company's continuous growth; Constant innovation and progress achieved through sales and customer feedback. The issues that matter to customers also influence the company's management policies.	<ul style="list-style-type: none"> Economic performance Regulatory compliance (intellectual property protection and anti-competitive practices) Product lifecycle management 	<ul style="list-style-type: none"> Customer service letters, customer service calls, major website reviews, APP reviews /routinely Sales calls and meetings / as needed B2B customer satisfaction surveys / annually 	<ol style="list-style-type: none"> 3,064 customer service emails 6,306 customer service calls 157 app reviews 13 reviews on major websites Customer satisfaction survey conducted in 2022 for the year 2021, with a target satisfaction rate of 93% achieved <p>Note: Customer satisfaction survey for 2022 is planned to be conducted in June-July 2023.</p>
Suppliers	Providing compliant and sustainable raw materials to ensure product quality. This can be achieved through supplier selection that focuses on stable supply, lower costs, and lower social and environmental impact of the raw materials.	<ul style="list-style-type: none"> Economic performance Supply chain management (non-conflict minerals) Occupational safety and health 	<ul style="list-style-type: none"> Visit suppliers, meetings about delivery date and supplies / as needed Supplier assessment / annually Phone calls and emails / as needed 	<ol style="list-style-type: none"> We have had transactions with a total of 328 suppliers. We have evaluated 24 suppliers whose transaction amount accounts for over 95% of the total annual transaction amount.
Insurance companies	When the company faces risks, a portion of the risks is taken by insurance companies to reduce operational losses.	<ul style="list-style-type: none"> Economic performance Climate change responses Regulatory compliance (intellectual property protection and anti-competitive behavior) 	<ul style="list-style-type: none"> Phone calls and emails / as needed Contracts / annually 	<ol style="list-style-type: none"> Signed annual property insurance, STP transportation insurance, product liability insurance, public liability insurance, director and supervisor liability insurance contracts. Initiated claims for 4 cases of STP transportation insurance.
Government agencies	As a third-party impartial supervisory unit, it ensures the company's legal and reasonable operations and provides technical and resource assistance.	<ul style="list-style-type: none"> Climate change responses Energy management Waste management Regulatory compliance (intellectual property protection and anti-competitive practices) 	<ul style="list-style-type: none"> Government's public disclosure platform, letters and official documents/ as needed Market Observation Post System/ as needed Transcend' s official website/ as needed Participation in relevant courses and lectures hold by the competent authority/ as needed 	<ol style="list-style-type: none"> 8 documents communication with government regulatory agency correspondence. 16 annual routine reportings to government regulatory agencies, such as fire safety, occupational accident statistics monthly report. Participating 5 sessions of occupational safety and health promotion briefings organized by the Ministry of Labor's Occupational Safety and Health Administration. 1 labor inspection notice.
Media	It helps stakeholders to receive updates on the company's status and enhances brand exposure and image.	<ul style="list-style-type: none"> Climate change responses Economic performance Corporate governance 	<ul style="list-style-type: none"> Publish press releases covering operations, activities, products, and social impact/monthly 	A total of 20 press releases have been issued.

Identify Material Topics

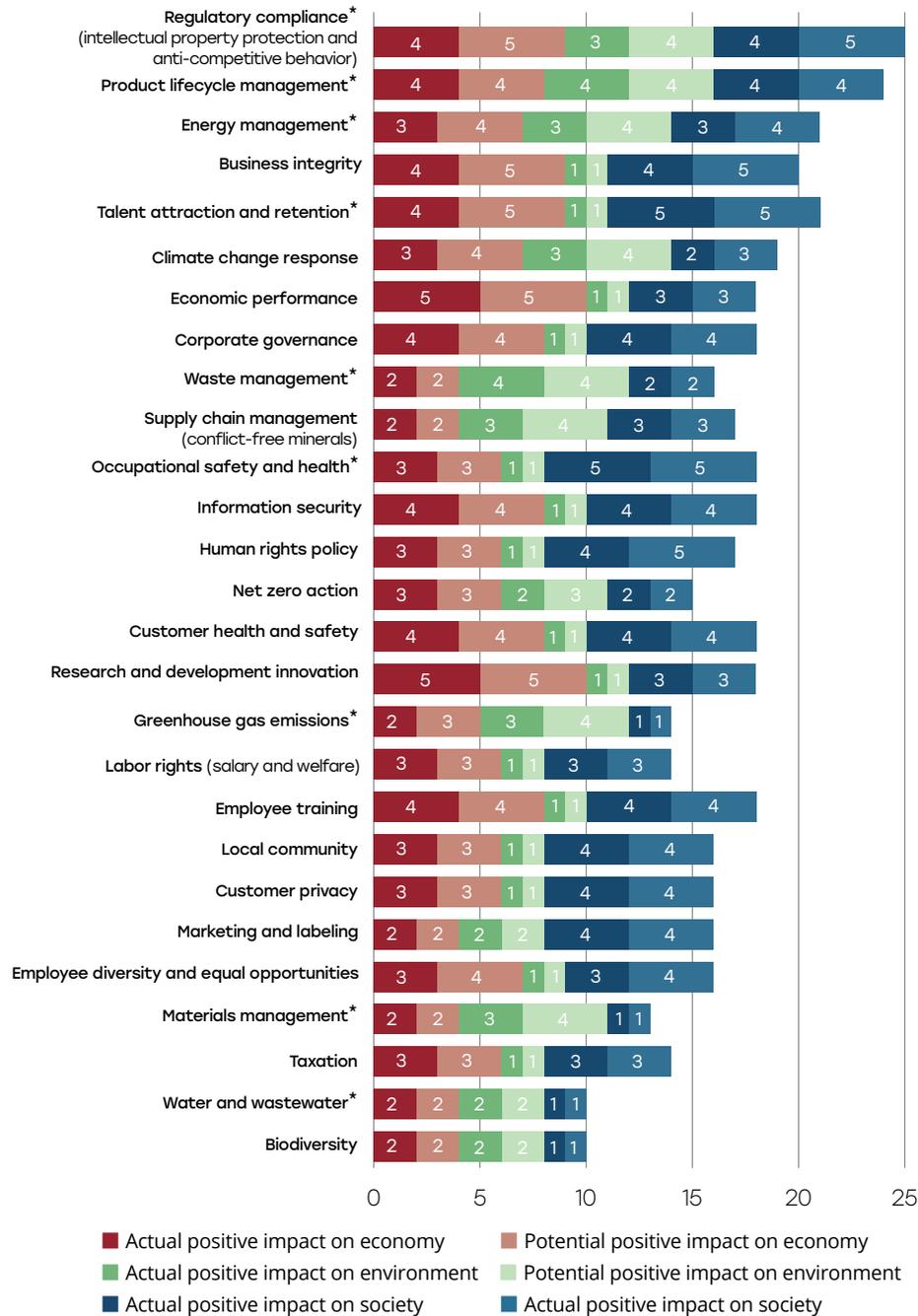
When preparing the sustainability report, Transcend has incorporated materiality analysis, following the semiconductor industry disclosure framework, financial supervisory disclosure regulations, and reference to sustainability practices in the industry. Through discussions with our employees, senior executives, and experts/scholars, we have identified and prioritized significant economic, environmental, and social topics that are of concern to stakeholders and have a major impact on our sustainable operations. These topics serve as the basis for information disclosure in the report.

To ensure that the disclosed information in the sustainability report aligns with international sustainable development trends and meets stakeholder expectations, Transcend follows the five steps of materiality identification in the GRI Standards (2021), including "understand organizational structure," "identify impacts," "assess significance," "confirm material topics," and "define materiality boundaries." This process helps establish the framework for analyzing the materiality of sustainability issues.

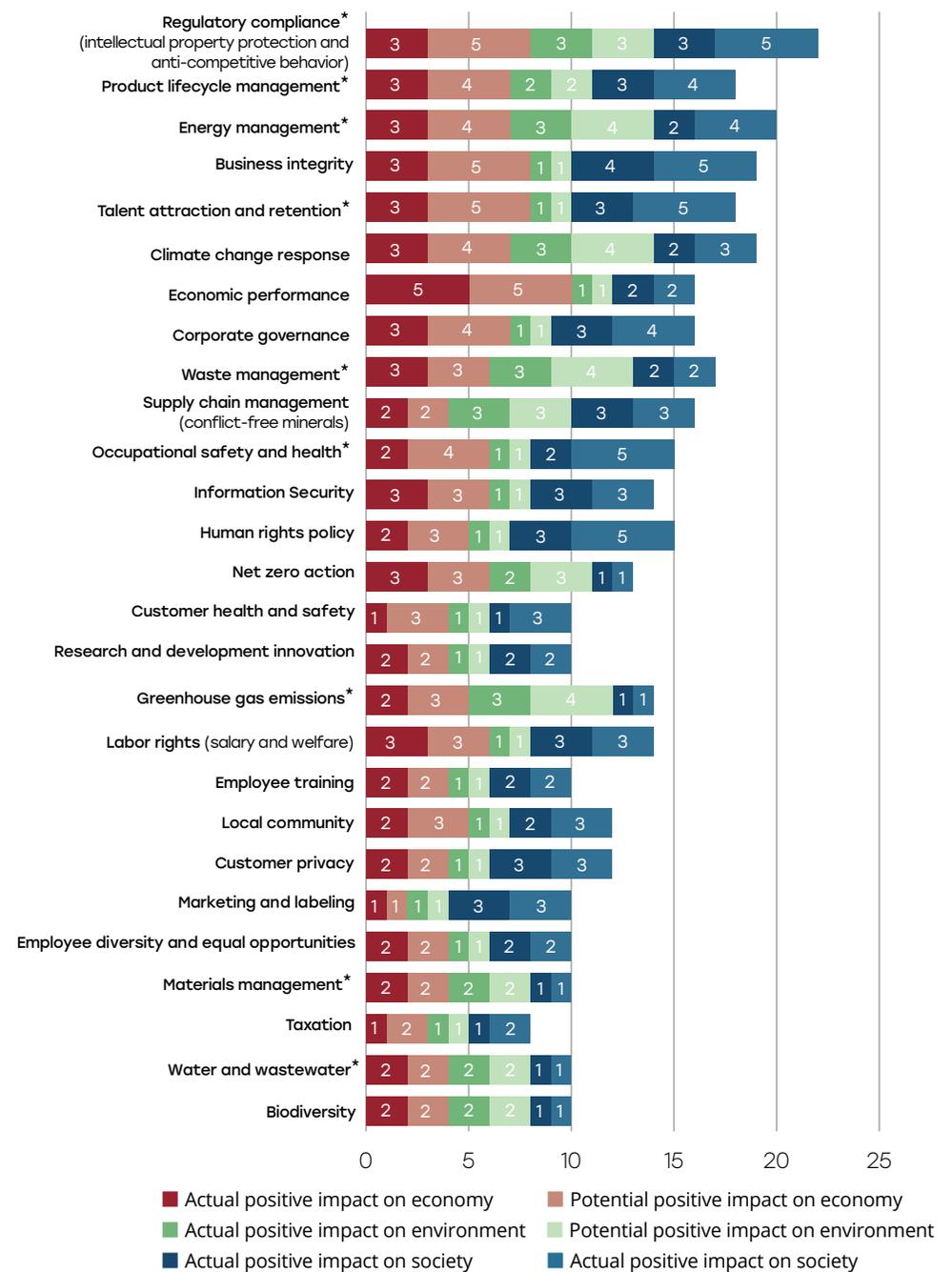
1. Understand the organizational context and collect sustainability issues	<p>To understand the organizational context and collect sustainability issues, Transcend references various guidelines and frameworks, including the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB), and United Nations Sustainable Development Goals (SDGs). We also take into account stakeholder opinions. As a result, we have identified a total of 27 sustainability issues, categorized into 3 major dimensions: economy (including corporate governance), environment, and society (including human rights).</p>	<p>3 major sustainability dimensions 27 sustainability issues</p>
2. Identify actual and potential impacts	<p>Evaluate the actual/potential negative/ positive impacts on the economy, environment, and society of the company based on assessments conducted by external ESG experts in the respective areas.</p>	
3. Assess the significance of impacts.	<p>The overall score is determined by summing up the scores of actual negative impacts, potential negative impacts, actual positive impacts, and potential positive impacts in the economic, environmental, and social aspects. Topics with a total score greater than 30 are considered to have significant impacts.</p>	<p>13 material topics</p>
4. Examine and confirm material topics	<p>Transcend first examines whether the potential material topics listed in the GRI Sector Standards for Oil and Gas and Sector Standard for Agriculture, Aquaculture, and Fishing align with the assessed impacts. After internal management meetings, Transcend determines 13 material topics to prioritize the reporting sequence in this sustainability report.</p>	
5. Define the boundaries of material topics	<p>Based on the analysis, the material topics are defined using the value chain as a boundary analysis element. In the future, Transcend will continue to enhance management and disclose relevant information in the sustainability report.</p>	<p>Use the value chain as an element for boundary analysis.</p>

The process of identifying material topics take into account the overall external demands in economy, environment, and society. By considering the requirements and concerns of international sustainable advocacy organizations and potential investors regarding sustainability issues, regulatory compliance (intellectual property protection and anti-competitive behavior), product lifecycle management, energy management, business integrity, talent attraction and retention, climate change response, economic performance, corporate governance, waste management, supply chain management (conflict-free minerals), occupational health and safety, human rights policy, and information security are identified as the 13 material topics. These topics are constantly monitored and implemented, serving as the basis for future sustainability reporting. The content of the material topics is confirmed by senior management and reported to the Board of Directors.

Positive Impact Assessment Ranking

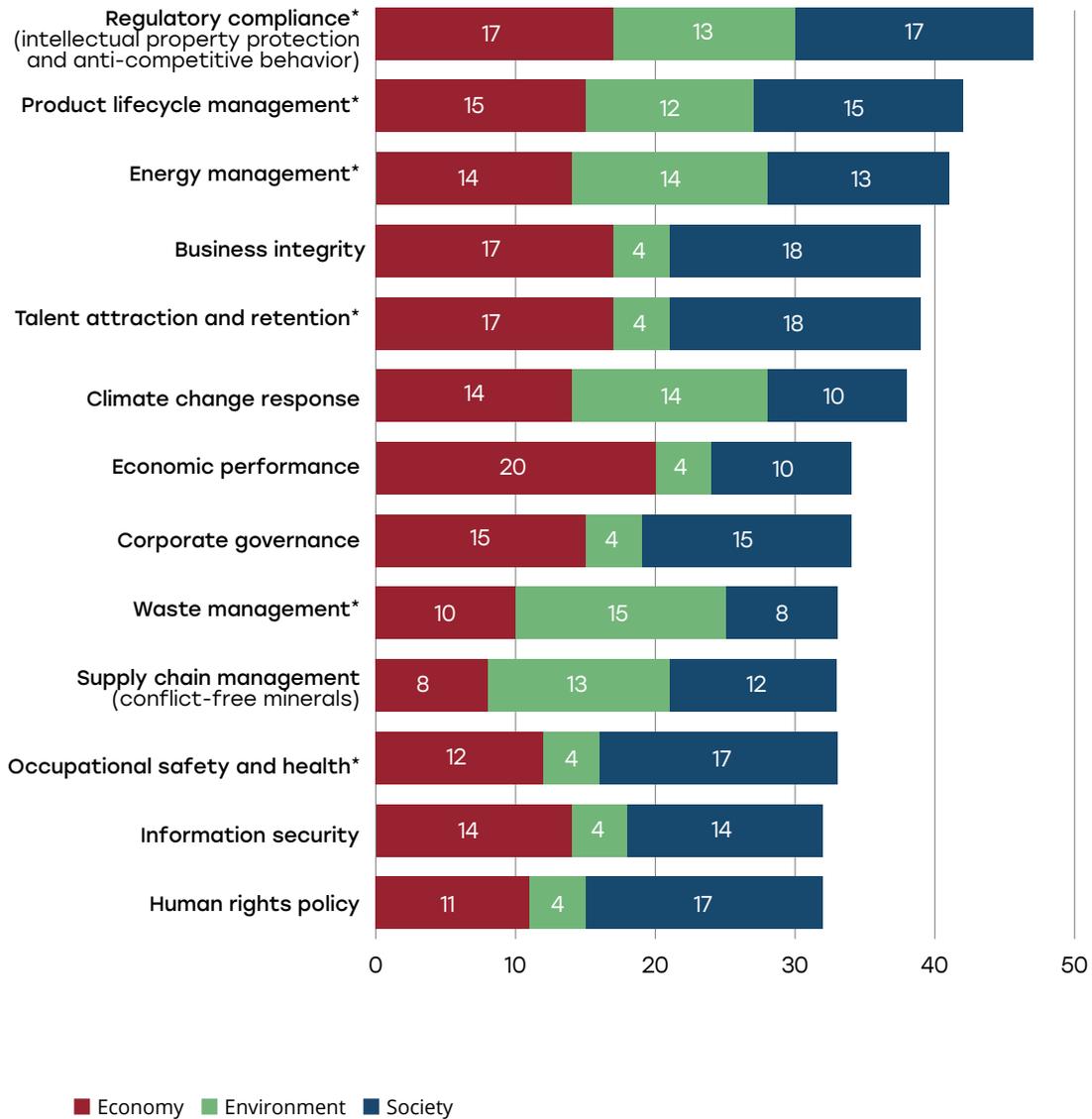


Negative Impact Assessment Ranking



*Topics identified by GRI Standards and SASB, prioritized as material topics after evaluation.

Comprehensive Assessment and Ranking of Material Topic Impacts



*Topics identified by GRI Standards and SASB, prioritized as material topics after evaluation

Aspect of Concern	Description
Economy	<ul style="list-style-type: none"> • Economic performance • Business integrity • Corporate governance • Compliance with regulations (intellectual property protection and anti-competitive behavior)
Environment	<ul style="list-style-type: none"> • Energy management • Waste management • Climate change response • Product lifecycle management
Society	<ul style="list-style-type: none"> • Occupational safety and health • Talent attraction and retention • Human rights policy • Supply chain management (conflict-free minerals) • Information security

Value Chain Boundaries of Material Topics

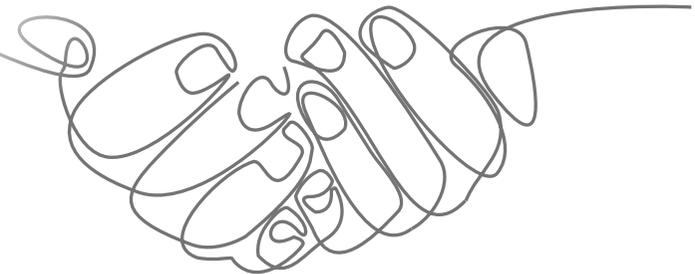
Material Topics	Corresponding Indicators	Chapter Disclosed	Value Chain Boundaries of Material Topics						
			Internal			External			
			Transcend	Employees	Shareholders/ Investors	Customers	Suppliers	Insurance companies	Government agencies
Economic performance	GRI 201	Chapter 1: Effective Governance	■	■	■	▲	▲	▲	
Business integrity	Custom topics	Chapter 1: Effective Governance	■	■			▲		
Corporate governance	Custom topics	Chapter 1: Effective Governance	■	■					
Regulatory compliance (Intellectual property protection and anti-competitive behavior)	SASB Custom topics	Chapter 1: Effective Governance	■			▲		▲	□
Climate change response	GRI 201 FSC	Chapter 1: Effective Governance	■		■			▲	□
Product lifecycle management	SASB Custom topics	Chapter 2: Effective Management	■			▲			
Energy management	GRI 302	Chapter 5: Environmentally Friendly	■						□
Waste management	GRI 306	Chapter 5: Environmentally Friendly	■						□
Supply chain management (conflict-free minerals)	GRI 308 GRI 414 SASB Custom topics	Chapter 2: Effective Management	■			▲		▲	
Occupational safety and health	GRI 403	Chapter 4: Creating a Friendly Workplace	■	■				▲	
Talent attraction and retention	SASB Custom topics	Chapter 4: Creating a Friendly Workplace	■	■					
Human rights policy	Custom topics	Chapter 4: Creating a Friendly Workplace	■	■					
Information security	Custom topics	Chapter 1: Effective Governance	■	■		▲		▲	

■ : Direct impact ; □ : Induce impact ; ▲ : Impact from business behaviors

Implementation of the United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) consist of 17 goals and 169 targets. They will serve as the core principles from 2016 to 2030. Transcend aligns with five goals of the SDGs, emphasizing sustainability.

SDGs	Achievements in 2022
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Transcend initiated the "Baseball Seed Project in Rural Area" to support primary schools in remote areas that have limited resources and lack necessary equipment and funding to develop youth baseball teams. The project also includes organizing baseball camps and coaching. In 2022, a total of 3 elementary schools were sponsored: Li Nong Elementary School, Shioulin Elementary School, and San Guang Elementary School. The sponsorship benefited a total of 75 players in the youth baseball teams. The total expenditure for this public welfare initiative was NT\$4,450,000.</p>
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<p>The percentage of female directors on the board is 22%. The average percentage of female employees is 49.9%, and the average percentage of female executives is 15.2%.</p>
 <p>10 REDUCED INEQUALITY</p> <p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • The proportion of local residents employed in senior management positions at the director level and above is 95.8%. • As of the end of 2022, a total of 12 individuals with disabilities were employed.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • Transcend engages in continuous communication and dialogue with various stakeholders through diverse communication channels, ensuring transparency and openness. Transcend addresses important issues and responds to stakeholders with tangible operational results. • Transcend provides relevant complaint mechanisms and channels, including the company's online platform, for stakeholders to submit their grievances.
 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	<p>Transcend optimizes the overall supply chain resilience, plans supplier management mechanisms, establishes strategic partnerships, enhances the efficiency of procurement processes, and improves communication with suppliers to control procurement risks.</p>



ESG Performance and Highlights

E

Environment

The energy intensity decreased by **3.97%** compared to 2021.

Saved a total of 556,900 sheets of paper (a drop of **48%**)

All vehicles have been fully replaced with phase V eco-friendly vehicles to comply with environmental regulations and reduce air pollution emissions.

Saved 162,000 kilowatt-hours of electricity (a drop of **2%**) and reduced carbon emissions by 168,639 kilograms (a drop of **4%**).

A total of **124,585** kilograms of resources were recycled.

S

Society

95.8% of senior executives are employed from the local residents

The total training hours for education and training at the Taiwan headquarters is **3,897** hours

The customer satisfaction survey results indicate a **93%** satisfaction rate

There were **0** cases of occupational accidents

Occupational safety and health-related expenses amounted to approximately **NT\$ 16,910,000**

The proportion of female employees is **49.9%**, and the proportion of female executives is **15.2%**

A total of **1,059** individuals participated in occupational safety and health education and training, **11** participants attending certification courses

Sponsored a total of **75** students in three elementary school baseball teams. The total sponsorship amount was **NT\$ 4,450,000**

G

Corporate Governance

The proportion of female directors (including 1 independent director) is **22%**

A total of **149** participants attended intellectual property-related courses

Supplier evaluation qualification rate is **100%**

A total of **54** hours of director training were completed

A total of 44 domestic and international suppliers were added, and the signing rate of the "Supplier Code of Conduct" was **100%**



Environmental column

Green Product Trend

In response to economic crisis and climate change, the low-carbon concept has become one of the essential factors in product design. To meet consumer demands and align with international trends, Transcend RD team completed the development of the environmentally-friendly and energy-saving design for DrivePro 20 in 2022. By activating the power-saving mode, the DrivePro 20 can reduce power consumption by 47%. This product was officially launched in 2023 and received the prestigious Taiwan Excellence Award.



Product Technology

When the DrivePro 20 detects inactivity for more than five minutes, it enters the power-saving mode (reducing power consumption from 1.7W to only 0.9W, a significant decrease of 47%). After another five minutes of inactivity, the DrivePro 20 automatically shuts down (power: 0W), reducing unnecessary power consumption.

Product Features

1. The design of the DrivePro 20 is protected by a Taiwan design patent (D215836). It is designed for motorcycle commuters, delivery drivers, and postal workers. It is easy to install and has a lightweight body for effortless use.
2. The DrivePro 20 features a 140° wide-angle lens with a high-sensitivity image sensor, providing precise and high-resolution image quality, day and night. It also includes Wide Dynamic Range (WDR) technology, which balances the lighting in low-light and high-intensity areas. With 60fps Full HD 1080P recording, the DrivePro 20 captures clear details of license plates and incident.
3. Built-in Wi-Fi connectivity allows instant access to recorded files through a dedicated app on mobile devices. This enables users to quickly provide evidence to law enforcement or insurance companies, enhancing convenience while protecting users' rights.
4. When the built-in G-sensor detects vibration, the DrivePro 20 automatically activates the emergency recording, locking the accident footage to prevent overwriting, preserving critical video evidence.
5. The DrivePro 20 is constructed with an aluminum alloy and meets IP68 protection standards, providing advanced dustproof, waterproof, and drop protection capabilities.




台灣精品
TAIWAN EXCELLENCE
2023



Social column

Build a High-Quality Workplace to Enhance Employee Retention Rate

Talent retention and development have always been a focus for companies because they directly impact employee productivity and overall company performance. Transcend provides a **diverse** range of welfare programs and learning opportunities to create a stable workplace for employee development. This not only helps Transcend attracts and retains talent but also enhances employee job satisfaction and loyalty.

Employee Stock Trust

Transcend offers employees the "Employee Stock Trust Plan." Eligible employees can decide whether to participate in this plan. The plan is based on a four-year period, and employees who join this plan contribute a certain amount of their monthly salary to the trust account. Transcend also allocates an equal amount to the trust account based on the employees' contributions. This plan assists employees in purchasing company stocks through regular and fixed installments. When the individual trust terminates, employees can choose to realize the gains or losses accumulated over the four years and obtain the trust property, or they can choose to continue with the plan. Through this subsidy, employees can share Transcend's business achievements, increase personal savings, stabilize investments, and accumulate retirement wealth in advance.



Salary Increase

In recent years, the external environment has encountered rapid changes. A competitive salary not only attracts more talented individuals but also serves as a recognition for employees' contribution, thus improving employee retention. Since its inception, Transcend has conducted annual salary adjustments in the first and second halves of each year. The salary adjustment percentages range from 1% to 16%. We also consider external salary levels and the minimum statutory wage to ensure that each employee's salary is reasonable and fair. Additionally, we annually adjust salaries based on individual performance, provide competitive salaries for new employees, and offer fair salary adjustments for existing employees. This approach enhances job satisfaction and a sense of accomplishment among employees, encouraging them to make greater contributions.

Talent Consensus Camp

Since 2007, Transcend has been honored as one of the "Top 25 Taiwan Global Brands" for 16 consecutive years. Transcend has deeply cultivated and grown in areas such as research and development, manufacturing, sales, and brand marketing. R&D and sales teams are considered as the core aspects of Transcend. They not only guide future development but also serve as a source of sustainable growth.

To foster talent and enhance cohesion, Transcend organizes a "Talent Consensus Camp" specifically for the R&D and sales teams. Unlike typical lecture-style courses held in the offices, this camp takes place outside the company and features a two-day, one-night experiential learning program. The camp focuses on establishing team consensus, communication skills, and innovative thinking. Senior executives and vice presidents deliver presentations on Transcend's management philosophy and future prospects, aiming to foster a shared understanding among participants.

The first camp, held in 2022, involved the sales team and key stakeholders from the purchasing and technical support departments. A total of 63 participants attended (with 65 expected, 2 on leave, and 63 present), resulting in an impressive participation rate of 97%. The camp received highly positive feedback and responses. In the second quarter of 2023, a similar consensus camp was held for the R&D team, providing educational and training courses while creating a relaxed atmosphere full of holiday vibe, which allowed employees to take a break from their busy routines.





Corporate Governance Column

Outstanding Performance Recognized with Multiple Awards

As a leading storage brand in Taiwan, Transcend has established a comprehensive production testing system that rigorously tests products from development to mass production. Led by a professional R&D team, Transcend continuously optimizes its products. Moreover, Transcend upholds the principles of sustainable development, steadily improving the brand image and providing consumers with high-quality products and services. While contributing to economic development, Transcend also cares about the environment and gives back to society. Transcend strives to make Taiwan's strength shine on the global stage.



Taiwan Excellence Gold and Silver Quality Award

The Taiwan Excellence Gold and Silver Award are established by the Bureau of Foreign Trade, Ministry of Economic Affairs, and is organized by TAITRA. Each year, the event attracts over a thousand product entries competing for the awards. Based on strict selection criteria that encompass research and development, design, quality, marketing, and manufacturing in Taiwan, the awards recognize products with innovative value. Five Transcend products won the award, including the ESD380C portable SSD, JetDrive Lite 330 expansion card for Mac, DrivePro 20 motorcycle dashcam, SSD452P PLP SSD, and Control Center software solution. This recognition demonstrates that our products have undergone rigorous testing and verification, ensuring professional and reliable quality.



Best Taiwan Global Brands 2022

In the Taiwan International Brand Value Survey, organized by the Ministry of Economic Affairs, Transcend has been recognized as one of Taiwan's best international brands for 16 consecutive years. Faced with the fluctuations and challenges of the global market, Transcend adheres to a steady business strategy, focusing on industrial-grade embedded storage solutions and strategic products. We provide stable supply and professional services, continually demonstrating our business strength and earning the trust and recognition of customers worldwide. In recent years, the international market has experienced intense volatility and supply-demand shocks, posing challenges to the business. However, Transcend's research and development team and production base are all located in Taiwan. We have deployed a comprehensive sales network and after-sales technical support services globally. Through deep collaboration with original equipment manufacturers (OEMs) and long-term stable supply, we continue to move forward, delivering high-quality products and services to meet customer needs.

In addition to brand innovation and continuity, Transcend actively participates in international renowned exhibitions, integrating virtual and physical platforms to expand the brand awareness and reach potential customers for embedded solutions. In the consumer market, we concentrate resources on digital marketing, establishing flagship stores on global e-commerce platforms and collaborating with targeted social media influencers (KOLs) to enhance brand visibility and popularity. We actively promote and display our brand value, which is "Made In Taiwan, Trusted Quality."

Sports Activist Award

In addition to product development and quality assurance, Transcend is committed to corporate social responsibility. As one of Taiwan's top 25 international brands, Transcend actively promotes youth sports and has been a long-term sponsor of domestic student sports events. Transcend has also received the "Sports Activist Award" from the Sports Administration of the Ministry of Education for nine consecutive years. In 2022, Transcend was honored with both the "Sponsorship Bronze Award" and the "Long-Term Sponsorship Award". These awards acknowledge Transcend's dedication to supporting youth sports in Taiwan, including events such as the HBL, HVL, and Black Panther Cup. Transcend also initiated the "Rural Baseball Seed Project" to help underprivileged young students fulfill their baseball dreams. Transcend is committed to cultivating the future players of Taiwan, fulfilling its corporate social responsibility while pursuing sustainable business practices.



1

Chapter 1

Effective Governance

1.1 About Transcend

1.2 Business Performance

1.3 Governance Framework

1.4 Risk Management

1.5 Cybersecurity and Intellectual Property

1.6 Internal Control and Legal Compliance



Material Topic: Economic Performance

Reason of Materiality	Economic performance is one of the important factors supporting sustainable business operations. If the economic performance is poor, the company may face ongoing operational threats in the future.
Policy/Strategy	Transcend is actively engaging in research and development, innovation, and product improvement. In addition to introducing higher-performance memory modules and diversifying its product lines, Transcend remains attentive to international trends and adjusts its operational strategies in response to market conditions, achieving stable and sustainable growth in business.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objective - within 3 years : Develop carbon reduction and green energy-related products, and enhance their sales quantity. • Medium to long-term objectives- Over 3 years : The common goal is to achieve sustained growth and profitability. (1) Establish a sustainable supply chain, implement global expansion and localization strategies to enhance competitiveness, maintain global market share. (2) Constantly develop energy-saving products and reduce pollution to fulfill corporate social responsibility.
Management Evaluation	<ul style="list-style-type: none"> • Conduct regular management meetings to track and review the achievement of goals in each department and implement relevant management measures. • The management team is responsible for economic performance planning and execution, reviewed and supervised by the Audit Committee, Board of Directors, and Shareholders' Meeting.
Performance and Adjustment	<p>Due to the global pandemic and market conditions, the business performance in 2022 declined compared to 2021.</p> <ul style="list-style-type: none"> • Consolidated revenue reached NT\$12,122,350 thousand, a decrease of 15.3% compared to NT\$14,314,815 thousand in 2021. • After-tax net profit was NT\$2,454,344 thousand, a decrease of 3.12% compared to NT\$2,533,294 thousand in 2021.
Precautions or Countermeasures	Transcend quickly adjusted its procurement strategy and actively reduced inventory. With projects implemented, Transcend ensures stable supply, efficient production, and making meticulous pricing strategies. Transcend was able to maintain stable operational results with the collective efforts of all employees.

Material Topic: Corporate Governance and Business Integrity

Reason of Materiality	<p>Transcend values shareholders' rights and has been actively strengthening its corporate governance mechanisms in recent years. The Company is committed to legal compliance and enhancing the functions of the Board of Directors. In the future, efforts will continue to be made to establish a sound corporate governance framework to improve the overall operation of Transcend.</p> <p>Regulatory compliance is the minimum requirement for business operations. Violation of relevant regulations may damage the company's reputation and even expose it to the risk of closure or production interruption, affecting the company's sustainable operation. Transcend is a business with high integrity. The actions of each employee can impact the entire organization and its reputation. Every employee has an obligation to maximize the company's interests within the legal framework and prevent any loss of company benefits. Transcend expects all employees to adhere to the company's code of conduct in their daily work and business activities, gaining public trust and guaranteeing the company's sustainable development.</p>
Policy/Strategy	<p>By taking into account the advices from the supervisory authorities, Transcend has established the "Corporate Governance Best Practice Principles" to fulfill its corporate governance responsibilities and establish a robust corporate governance system. Transcend regularly reviews its business performance and carries out full discussions on important strategic issues, such as the impacts, risks, and opportunities related to the economy, environment, and society, in order to safeguard the rights and interests of all stakeholders.</p> <p>Based on the responsibilities and scope of each department, Transcend formulates and revises the Principles for Business Integrity Practices, provides related advocacy and educational training for business integrity practices, and ensures the implementation of the Principles for Business Integrity Practices. A report on the progress of these matters is presented to the Board of Directors annually, focusing on significant initiatives and projects.</p>
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objectives - within 3 years : <ul style="list-style-type: none"> (1) Continuously improve the ranking in corporate governance evaluations. (2) Arrange comprehensive training for the board of directors on net zero sustainability. • Mid-term objective- 3 years to 7 years : <ul style="list-style-type: none"> Continuously improve the ranking in corporate governance evaluations. • Long-term objective - 7 years or more : <ul style="list-style-type: none"> Continue to implement policy transparency.
Management Evaluation	<ul style="list-style-type: none"> • Actively participate in corporate governance evaluations and enhance information disclosure. • Implement board performance assessment methods and discuss how to continuously strengthen performance, track and review goal achievements, and conduct regular performance evaluations annually. • Adhere to local regulations, such as environmental regulations, the Company Act, and other relevant government regulatory requirements. • Require all suppliers to provide a "Commitment of Supplier for Business Integrity" prior to any business transactions, and conduct customer due diligence survey based on company policies. If any unethical behavior is found, relevant contracts and transactions may be terminated, suspended, or terminated at any time. • The audit department regularly evaluates the effectiveness of internal control systems and consolidates annual audit reports to assist the Board of Directors in reviewing the compliance and implementation of relevant internal regulations, making necessary adjustments to related systems.
Performance and Adjustment	<ul style="list-style-type: none"> • The internal performance evaluations of the Board of Directors, Board members, Audit Committee, and Remuneration Committee in 2022 all achieved an "Excellent" rating. • The 9th Corporate Governance Evaluation resulted in the company ranking within the top 21% to 35% of listed companies. • The attendance rate of Board members in 2022 reached 92%, demonstrating active participation in meetings and board operations. • Transcend regularly submits reports on corporate integrity and operations to the Board of Directors in the fourth quarter of each year. It tracks and reviews the achievement of goals in each unit and takes relevant management measures. The most recent report was submitted on November 10, 2022. • To promote a culture of integrity, Transcend provides education and training to new employees, including courses on employee ethics and other integrity topics. In 2022, a total of 65 individuals received training, with each session lasting approximately 30 minutes. • Directors and executives are enrolled in courses on corporate governance and prevention of insider trading to continuously promote a culture of integrity. In 2022, 4 directors participated in the "Corporate Governance and Sustainable Business Seminar," with each session lasting approximately 3 hours. Additionally, 4 directors attended the "2022 Insider Trading Prevention Seminar," with each session lasting approximately 3 hours.
Precautions or Countermeasures	<ul style="list-style-type: none"> • Establish relevant reporting channels and a system of rewards and penalties • Ensure full disclosure of information • Promote business integrity policy • Regularly report to the Board of Directors to evaluate the effectiveness of relevant systems

Material Topic: Climate Change Response

Reason of Materiality	The impacts of climate change and energy scarcity have become important challenges to the world. Transcend continues to make corresponding strategies, enhance efficiency, and implement improvement measures. We are committed to promoting green products and low-carbon energy conservation, aiming to continually reduce energy consumption, promote environmental sustainability, preventing any factors that could cause drastic changes in the environment.
Policy/Strategy	Transcend has formulated environmental sustainability policies and continues to implement them. We are dedicated to utilizing energy and resources efficiently, reducing pollutant emissions. We actively practice energy conservation and environmental protection in our daily lives, making relentless efforts to contribute to the protection of the environment and sustainable development.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objectives - within 3 years : <ol style="list-style-type: none"> (1) Enhance employees' awareness of energy conservation and carbon reduction by setting indoor air conditioners in summer at 26° C and encouraging individuals to turn off their personal computers when leaving their seats. (2) Establish a mechanism for greenhouse gas inventory and external verification, set reduction targets, and implement corresponding plans. • Mid-term objectives - 3 years to 7 years : <ol style="list-style-type: none"> (1) Review the efficiency decline and power consumption of equipment in the factory area, such as chiller units and large-scale air compressors. (2) Continuously establish a mechanism for greenhouse gas inventory and external verification, set reduction targets, and implement corresponding plans. • Long-term objective - 7 years or more : <p style="margin-left: 20px;">In response to climate change and the trend of global awareness of energy conservation and sustainable development, we are replacing environmentally-friendly and energy-efficient equipment within the company to achieve carbon reduction.</p>
Management Evaluation	Transcend uses ISO 14001 and QC 080000 as management assessment mechanisms.
Performance and Adjustment	<ul style="list-style-type: none"> • Implement paperless operations and employee ID card scanning before using office printers to reduce paper usage. In 2022, approximately 34% of A4 paper was saved, totaling 318,173 sheets. • Continue to carry out resource recycling by collecting waste paper, plastic, and other recyclable materials. Recycling bins are placed on each floor to separate waste paper, aluminum cans, PET bottles, and other recyclables, promoting resource recycling among employees. In 2022, a total of 124,585 kilograms of recyclable materials were collected from HQ and the factory. • Compared to the base year of 2020, the paper-saving efforts in both factories (HQ and the factory) resulted in a total reduction of 556,900 sheets (a decrease of 48%) for this year.
Precautions or Countermeasures	Continuously follow government policies related to energy conservation and carbon reduction.

Material Topic: Information Security

Reason of Materiality	Information security problems can lead to risks such as data breaches, cyber attacks, and identity theft, causing significant financial losses and damaging the company's reputation. Therefore, establishing information security measures ensures the confidentiality, integrity, availability, and legality of information assets, while preventing intentional or accidental threats from internal or external sources. This helps the company manage risks, ensure compliance, protect stakeholders' privacy and security information, and enhance investor trust.
Policy/Strategy	Information Security Execution Team is established as the highest authority for information security management, based on the ISMS (Information Security Management System), to formulate information security policies and future development directions. The team is supervised by the Audit Department on the annual information cycle and regularly reports on the overview of information security governance to the Board of Directors. It is responsible for documenting and reviewing information security incidents and accidents. The goal is to strengthen employees' awareness of information security and build a comprehensive information security defense mechanism to mitigate information risks.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objectives - within 3 years : <ol style="list-style-type: none"> (1) Review existing information security measures, follow the ISO 27001 guidelines to examine and establish relevant documents and processes, and carry out updates and improvements. (2) Enhance employee awareness of information security and implement a training program to mitigate the risk of internal information security incidents. (3) Implement information zone segmentation by setting the company's internal and external areas, office areas, and manufacturing areas as secure zones, and continually update firewalls for information security defense. • Mid-term objectives - 3 years to 7 years : <ol style="list-style-type: none"> (1) Zero major information security incidents. (2) Comply with the ISO 27001 standards to ensure that information security management controls can continuously meet the company's information security requirements. (3) Conduct risk assessments and security vulnerability assessments on information systems to identify information security issues and risk levels, and make necessary adjustments and improvements to mitigate the risk of external information security incidents. • Long-term objective - 7 years or more : <p style="margin-left: 20px;">Increase investment on information security, apply the latest technologies to ensure the effectiveness and sustainability of information security measures, and enhance the information security awareness of employees and stakeholders.</p>
Management Evaluation	<ul style="list-style-type: none"> • Evaluate whether the company's information security management system can address different environmental conditions, such as identifying and assessing various threats and risks and incorporating them into its information security management strategy. Evaluation criteria include the reliability, stability, and flexibility of the ISMS. • Review if the company has a robust information security risk management mechanism, including risk classification, reporting, handling, and monitoring. • Assess whether the company's information security policies and procedures comply with relevant laws and industry standards to protect sensitive information of customers, employees, and other stakeholders, such as GDPR. • Examine if the company has appropriate information security policies and procedures in place to safeguard sensitive information of customers, employees, and other stakeholders. • Review whether the company proactively discloses its information security performance through transparent reporting and public disclosure. • Evaluate the company's information security training programs to ensure that employees understand and comply with the company's information security policies and procedures.
Performance and Adjustment	In 2022, 4 cybersecurity education and training sessions were conducted with a total of 172 participants.
Precautions or Countermeasures	<ul style="list-style-type: none"> • Employees are required to participate in cybersecurity education and training to enhance their awareness and understanding of cybersecurity. Regular training is conducted to advocate security precautions. • Confidential servers are set up in independent network, with established access permissions for database and files and regular off-site backups. • The cybersecurity incident management protocols and reporting procedures are established, regularly inspecting information assets and system anomaly drills to maintain system reliability. • Employees are responsible for safeguarding their company account, password, and permissions. The company continuously updates its firewall and requires regular password updates, as well as implementing a two-factor authentication mechanism to strengthen account security.

Material Topic: Regulatory Compliance (Intellectual Property Protection and Anti-competitive Practices)

Reason of Materiality	In case of situations involving anti-competitive behavior, the litigation costs, subsequent remedial measures, and liability for damages can be substantial, and it can also severely damage the company's reputation.
Policy/Strategy	<ul style="list-style-type: none"> • Transcend advocates the concepts by organizing topic sharing sessions. • In terms of intellectual property protection, guidelines such as "Patent Management Regulations" and "Intellectual Property Rights Management and Control Procedures" have been established as operational standards.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objectives - within 3 years : <ol style="list-style-type: none"> (1) Periodically attend seminars and lectures held by domestic and international organizations. (2) Conduct thematic advocating sessions at least twice a year to raise awareness of relevant laws and internal procedures. (3) Fulfill zero illegal incidents. • Mid-term objective - 3 years to 7 years : <ul style="list-style-type: none"> • We have existing management regulations regarding intellectual property rights, and we have added and revised management rules related to anti-competitive behavior as a standard for daily operations among company employees. • Long-term objective - 7 years or more : <ul style="list-style-type: none"> • Through frequent thematic promotion, employees familiarize regulations and company procedural rules, cultivating a strong awareness of legal compliance and developing sensitivity in judging whether behaviors are unlawful.
Management Evaluation	Pursuant to "Regulations Governing Establishment of Internal Control Systems by Public Companies" and Transcend's internal control system, the Audit Department conducts compliance audits on significant regulations related to key operations under annual audit items to ensure the company's adherence to regulatory compliance across various operational aspects. The Department provides advices for subsequent improvements as necessary, and reports the self-assessment results to the Audit Committee and Board of Directors.
Performance and Adjustment	The Legal Department does presentation on a quarterly basis to share various legal knowledge. In 2022, they organized a total of 2 sessions of sharing related to intellectual property protection and anti-competitive behavior.
Precautions or Countermeasures	The Legal Department serves as the coordinating unit to collect data, conduct content analysis and comparisons, and present corresponding strategies and recommendations to the highest management level of Transcend.

1.1 About Transcend

Established in Taiwan in 1989, Transcend was listed on the Taiwan Stock Exchange in 2001 (stock code: 2451). Today, it has become a leading global manufacturer of consumer electronics and industrial storage products, with professional teams dedicated to research and development, manufacturing, sales, and marketing. Transcend has a global presence with 13 locations worldwide.

Transcend invests heavily in research and development, boasting a complete product line that includes various memory modules, memory cards, USB flash drives, portable hard drives, solid-state drives, dashcams, and embedded solutions. These products are widely used in various industrial sectors and other peripheral devices, with over 2,000 options to meet the demands of electronic products, catering to customers' "one-stop shopping" needs.

Committed to providing quality service and products, Transcend strives for relentless innovation and breakthroughs to create value for businesses. Transcend adopts a proactive, enthusiastic, and friendly approach to ensure customers receive prompt, efficient, and satisfactory service. Quality is a consistent commitment for Transcend, and we implement comprehensive quality management throughout every aspect of its operations. We are the first memory brand in Taiwan and the second in the world to achieve ISO 9001, ISO 14001, and QC 080000 certifications. Each product undergoes rigorous testing, and all operating personnel receive professional training to ensure compliance with Transcend's stringent quality standards.

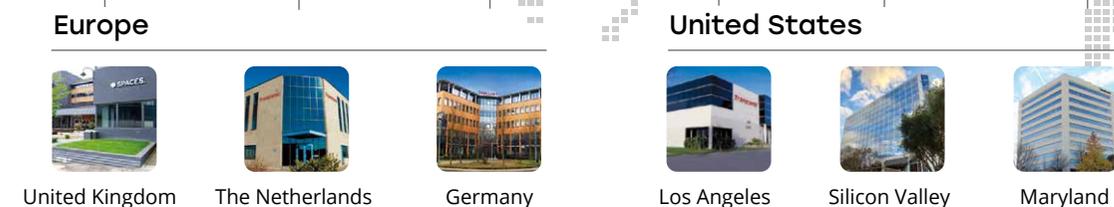
Company Name	Transcend Information, Inc.	Industry Category	Semiconductor Industry
Headquarters Address	No. 70, Xingzhong Road, Neihu District, Taipei City	Date of Establishment	1989/08/30
Company Type	Listed company	Date of Listing	2001/05/03
Stock Code	2451	Paid-In Capital	NT\$ 4,290,616,750
Chairman	Chung-Won Shu	Revenue (in NT\$ thousands)	NT\$ 12,122,350,000
President	Hong Wan-hoon (Terminated on 2022/12/31) Peter Shu (Acting from 2023/01/01)	Total Employee Number	1,202



Global Presence

In addition to the Taipei headquarters, our subsidiaries are located in Los Angeles, Maryland, Silicon Valley, Hamburg, Rotterdam, London, Tokyo, Seoul, Shanghai, Beijing, Shenzhen, and Hong Kong. Transcend also has a manufacturing factory in Taipei. With cutting-edge technology and real-time global logistics, we ensure that customers worldwide receive the highest quality products and services.

Asia/Pacific Region



Asia/Pacific Region

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Transcend Philosophy and Objectives

Guided by the spirit of innovation and self-transcendence, Transcend has developed 4 intertwined business philosophies: Quality First, Excellent Service, Efficient Management, and Win-Win Cooperation.

Quality First

Only high quality can create value. Since its establishment, Transcend has prided itself on being a high-quality company. Starting with hiring professional talents, Transcend maintains strict control over every production process. In addition to producing high-quality products, Transcend requires all employees to embed high quality in their daily operations and processes. As a result, in 1997, Transcend became the first professional memory card manufacturer in the country to receive ISO 9001 international quality assurance certification, further proving its position as a leading brand.

Effective Management

Effective management is the core of Transcend's business philosophy, and it is a concept pioneered by Mr. Chung-Won Shu. Its essence lies in the idea that if a company cannot continually explore new opportunities during prosperous times and cannot overcome challenges during difficult times, then the notion of "sustainable business" becomes merely a slogan. A responsible company should be able to continually create value. If a company fails to effectively manage its operations and experiences a continuous decline in profits, or even losses, clinging to the slogan of "sustainable business" would be a negative reflection on both employees and society. It is by no means a responsible approach to management.

Excellent Service

Transcend is a customer-oriented company, constantly striving to meet the needs of its customers. While providing high-quality products and comprehensive solutions, we also aim to promptly respond to customers' technical issues and application inquiries and assist them in reducing operational risks. This is the essence of excellent service. In the highly competitive computer and information technology industry, hardware manufacturing companies often face declining profits due to standardization. In such an environment, it is only through exceptional service that we can create added value and establish a prominent position in the industry.

Win-Win Cooperation

In industrial division, upstream suppliers provide necessary production materials, and downstream customers purchase products and services. In the meantime, there are many peer companies in the same industry. For Transcend, the relationships with upstream and downstream manufacturers are not just simple supply-demand relationships; they are partnerships within a shared ecosystem. The path to corporate development lies in growing together and sharing profits. Similarly, the relationships with competitors are not solely based on competition. In order to serve the common interests and development of the industry, mutual support and encouragement should be fostered with healthy competition as a basis, driving the growth of the company. Within Transcend, the relationship between the company and the employees is more than just labor-employer relations. Transcend should provide a good working environment, living conditions, and opportunities for learning and growth, while anticipating contributions from employees. Transcend aims to create mutually beneficial outcomes with its suppliers, customers, industry peers, and employees, realizing the concept of "win-win cooperation."

Company Culture

Integrity is the highest moral standard. Transcend embeds integrity in its culture through the establishment and revision of integrity-related codes, continuous improvement, supervisory enforcement, advocacy, and educational training. Integrity is deeply rooted in our corporate culture.

Main Products and Services

Transcend's product categories mainly fall into two major types: "Consumer Products" and "Embedded Solutions." The primary target customers for our sales include system integrators, distributors, channel partners, and end consumers. In 2022, there were no products produced that were prohibited from selling or required to be called back according to legal requirements.

Category	Product Application
DRAM modules	U-DIMM, SO-DIMM, ECC U-DIMM, ECC SO-DIMM, R-DIMM. The applications include desktop/laptop computer memory modules, server/workstation memory modules, as well as memory modules for commercial, industrial, and other specific requirements.
Flash products	Solid-state drives (SSDs) with PATA/SATA/PCIe interfaces, including 2.5", M.2, mSATA, mSATA mini, and half-slim form factors, as well as portable SSDs. For memory cards, we offer SD, microSD, CF, CFast, and CFexpress memory cards. We also provide flash memory modules with PATA/SATA/USB interface for special industrial application platforms, as well as USB 2.0, USB 3.1, and USB 3.2 USB flash drives.
Multimedia products	Dashcams, Body Cameras.
Hard disk drives (HDDs)	Various types of HDDs and personal cloud storage devices.
Card readers and accessories	Various types of card readers, hubs, and DVD writers.

Product or Service	Global Sales Quantity (in thousands of units)
Flash+DRAM products	19,396
Others (Multimedia products + hard disk drives + card readers and accessories)	1,573

Consumer Products Launched in 2022

With enhancing life experiences in mind, we are dedicated to developing high-performance, high-value strategic products to meet consumer demands.

Internal SSDs

Designed specifically for gamers, multimedia professionals, and business users.



MTE250S



MTE110Q



SSD225S



MTS825S / MTS425S

DDR5 Memory Modules

Ultra-high bandwidth, enhancing system performance.



Unbuffered DIMM

Portable SSDs

The ESD380C features a USB 3.2 Gen 2x2 interface, delivering an incredible transfer speed of up to 2,000MB/s.



ESD380C



ESD260C

Memory Cards

Video Speed Class 30 (V30) speed class, providing smooth and efficient 4K video recording quality.



SDC340S

MacBook Expansion Cards

Designed specifically for the 2023 and 2021 MacBook Pro, with smooth insertion into the expansion card slot.



JetDrive Lite 330

Embedded Solution Applications

Embedded solutions are widely applied across various industries.

 <p>Transportation</p> <ul style="list-style-type: none"> Automotive infotainment systems Navigation systems 	 <p>Medical Healthcare</p> <ul style="list-style-type: none"> Medical tablets MRI/Ultrasound systems 	 <p>Network Communications</p> <ul style="list-style-type: none"> Data center services Video streaming systems 	 <p>Automation</p> <ul style="list-style-type: none"> Automation control Terminals and processing units
 <p>Military Defense</p> <ul style="list-style-type: none"> Rugged Computers/Laptops Ground Monitoring and Communication Stations 	 <p>Embedded Applications</p> <ul style="list-style-type: none"> Industrial computers and tablets Fanless computers 	 <p>Digital Entertainment</p> <ul style="list-style-type: none"> Slot machines VR/AR gaming machines 	 <p>AIoT</p> <ul style="list-style-type: none"> Smart factories Intelligent stores

Embedded Software Solutions

<p>Management</p> 	<p>Safety</p> 	<p>Rescue</p> 	<p>Monitoring</p> 
<p>Control Center</p>	<p>TCG Opal Toolbox ATA Security Toolbox UFD Security Toolbox</p>	<p>One Touch Recovery</p>	<p>Scope Pro</p>
<p>SaaS solution that optimizes edge devices in real time and at scale.</p>	<p>Simple and intuitive UI interfaces, allowing users to easily manage encrypted devices.</p>	<p>Designed specifically for embedded solutions to quickly recover lost data.</p>	<p>Monitor and manage SSDs' status through an intuitive interface.</p>

Embedded Products Launched in 2022

DDR5 Memory Modules

Revolutionary evolution in speed, stability, and reliability.



DDR5 DIMM

SLC Mode SSDs

High cost-effectiveness storage solutions.



MTS862K / MTS462K

PLP SSDs

Ensure data integrity in high workloads.



SSD420P

TCG Opal SSDs

Advanced encryption technology to ensure the security of confidential data.



MTE712A

MTE672A

MTE470A



SSD452A

Industrial-Grade Memory Cards

High durability, suitable for read/write intensive applications such as in-vehicle computers, medical instruments, and smart monitoring.



SDC460T



USD460T



CF180I



CFX602I



JetFlash 180I

Industrial-Grade USB Flash Drives

High-quality 3D NAND flash memory and SLC mode technology to provide excellent durability and stability.

Protecting Shareholders' Rights

Transcend adheres to the spirit of corporate governance and adjusts relevant systems in accordance with regulations. These adjustments include implementing electronic voting, adopting case-by-case voting for shareholder meetings, establishing a shareholder section and an investor information section on the official website to provide real-time disclosure of the latest information (e.g. shareholder meeting data, dividend distribution, stock prices, revenues, financial reports, etc.) in order to safeguard shareholders' rights. Additionally, to maintain a bilateral communication, a public relations mailbox has been set up for shareholders and investors to express their opinions.

Transcend Shareholders' Structure

Data Date (Record Date): 2023/04/18.

Quantity	Shareholder Structure	Government Agency	Financial Institution	Other Corporations	Individual	Foreign Institutions and Foreigners	Total
Number of people	-	10	106	26,513	218	26,847	
Shareholding Quantity	-	5,785,944	256,610,572	124,464,118	42,201,041	429,061,675	
Shareholding Ratio	0.00%	1.35%	59.80%	29.01%	9.84%	100.00%	

Company Culture

In order to promote the sustainable development of the industry and enhance product quality, Transcend actively participates in industrial associations and professional societies.

Association	Membership Status
Intelligent Computer & AIoT Association	Class A member
Taipei Computer Association	Member
PCI-SIG	Member
NVM Express	Member
SD Association	Member
SD-3C, LLC	Member
USB Implementers Forum	Member
CompactFlash Association (CFA)	Member
JEDEC Solid State Technology Association	Member



1.2 Business Performance

In 2022, the operating revenue was NT\$12,122,350 thousand, and Transcend will continue to enhance overall operational performance.

Unit: NT\$ thousand (unless otherwise specified)

Item \ Year	2020	2021	2022
Operating revenue	11,446,696	14,314,815	12,122,350
Gross profit	2,470,096	4,175,686	2,722,743
Operating profit	1,211,936	2,891,794	1,506,705
Non-operating income and expenses	290,445	236,860	1,849,572
Profit before tax	1,502,381	3,128,654	3,356,277
Net profit of the period	1,197,735	2,533,294	2,454,344
Comprehensive income of the period	1,209,910	2,471,371	2,289,955
Earnings per share	2.79	5.90	5.72

Government Subsidies

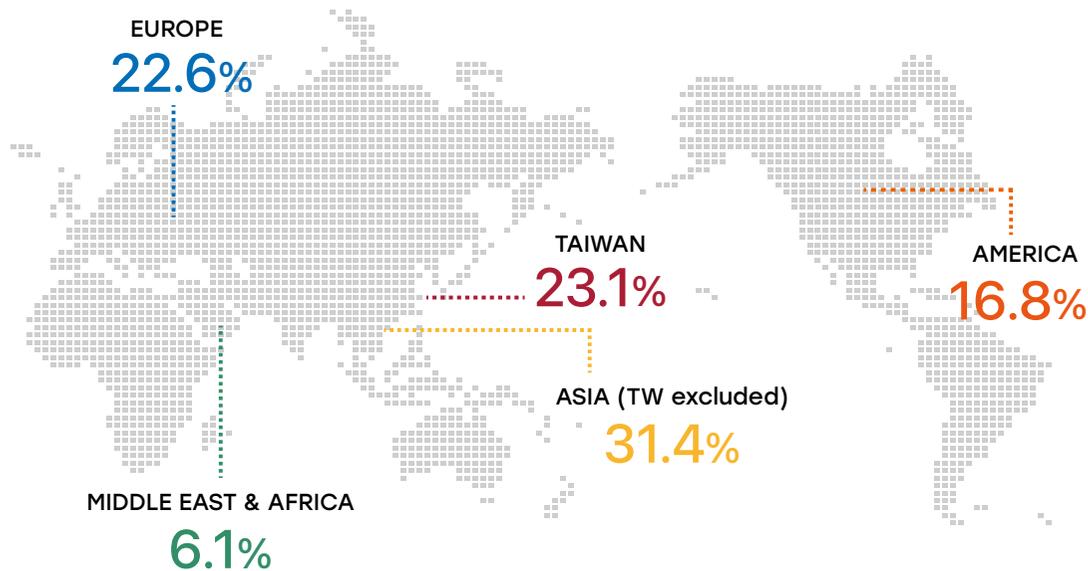
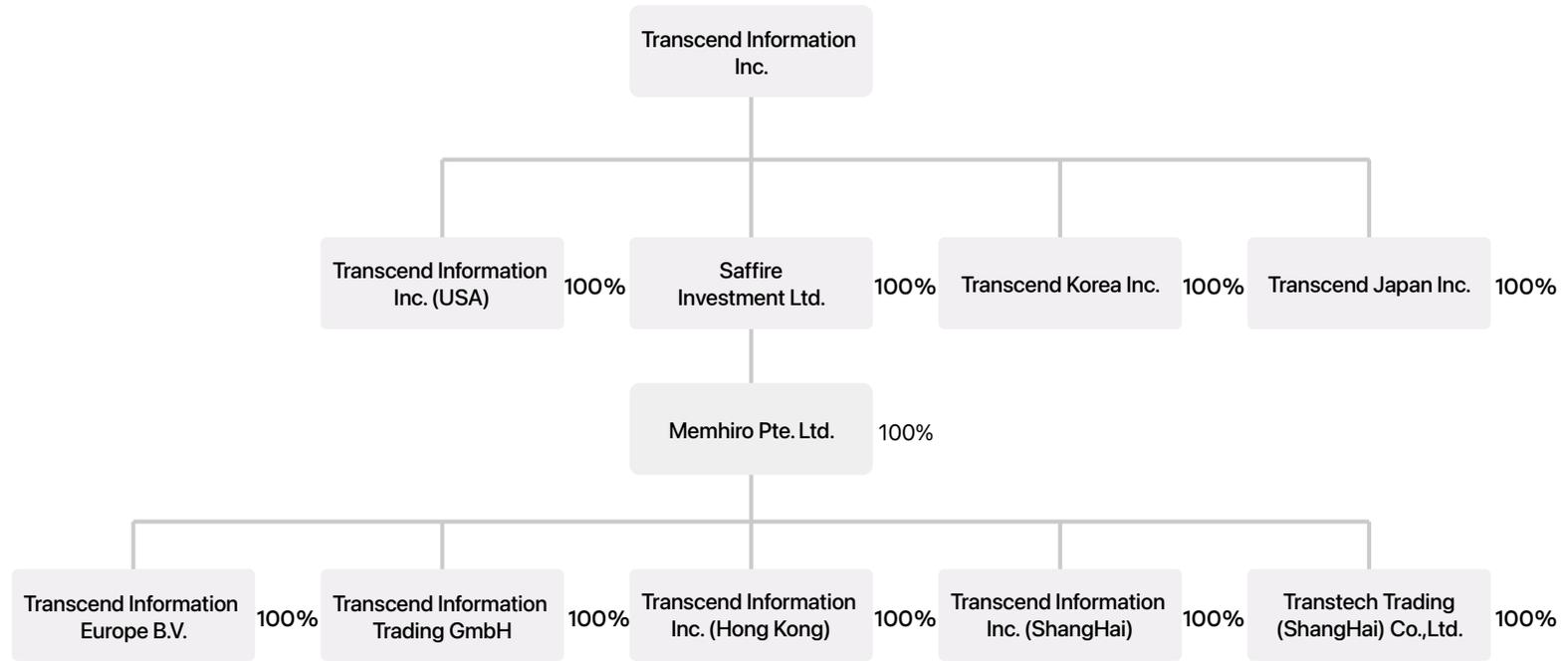
In recent years, Transcend has been dedicated to process optimization, digitalization, and manufacturing automation. In accordance with Article 10-1 of the Statute for Industrial Innovation, we have applied for smart machinery investment tax credit for profit-seeking enterprise tax deduction. We evaluated the investment in relevant equipment to improve production efficiency and enhance product quality, thereby increasing our competitiveness in the industry.

Unit: NT\$

Item	Subsidizing Authority	Subsidy Amount (NT\$)
Smart Machinery Investment tax credit	Industrial Development Bureau, Ministry of Economic Affairs	1,989,791.88
Total		1,989,791.88

Note: The figures for 2022 are subject to verification.

Investment and Other Related Companies



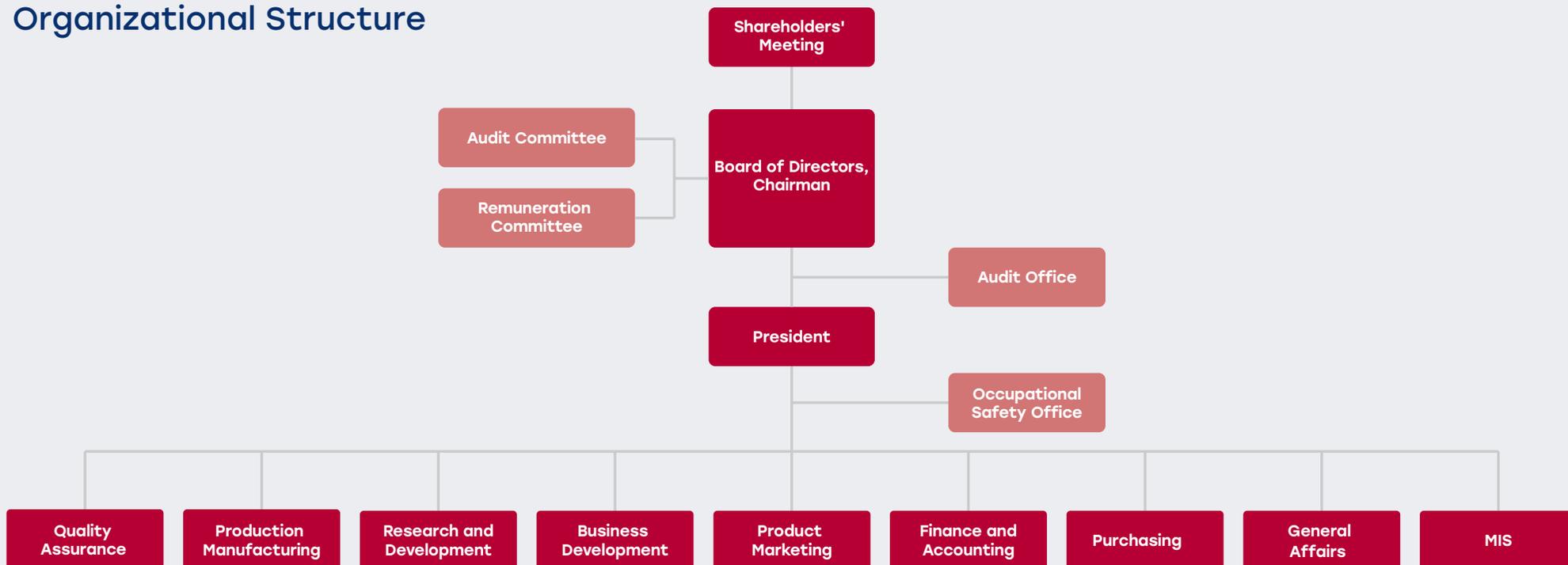
Global Operations & Distribution

Transcend's customers include system integrators, channel partners, distributors, and end-users from around the world. With a comprehensive global presence, the distribution of global operations is as follows: Taiwan 23.1%, Asia 31.4%, Americas 16.8%, Europe 22.6%, Middle East and Africa 6.1%.

1.3

Governance Organization

Organizational Structure



1.3.1 Board of Directors

The Board of Directors of Transcend is the highest governing unit responsible for the company's operations and supervision.

Election and Nomination

The election of Board members follows the procedures outlined in the "Regulations Governing the Election of Directors and Supervisors" and Transcend's Articles of Incorporation to adopt a candidate nomination system. The qualifications of the nominated individuals are carefully assessed, and the final selection is made in the shareholders' meeting. In 2021, 9 directors were elected (including 3 independent directors) for a term of 3 years, from August 26, 2021 to August 25, 2024.

Board Diversity

In accordance with Article 20 of Transcend's "Corporate Governance Best Practice Principles," the composition of the Board should consider diversity, with a focus on gender equality, and ensure that directors possess the necessary knowledge, skills, and qualities to fulfill their duties. To achieve the goals of corporate governance, all directors of Transcend possess diverse capabilities, including operational judgment, accounting and financial analysis skills, management abilities, crisis management skills, industry knowledge, international market perspectives, leadership, and decision-making skills.

The current Board of Directors consists of 9 members, all of whom are nationals of the country. The composition of the Board is as follows: 3 independent directors, accounting for 33%; 3 directors with employee status, accounting for 33%; and 2 female directors (including 1 independent director), accounting for 22%. In terms of age distribution, 1 director is aged 71 or above, 6 directors are aged 61-70, and 2 directors are below 60 years old. In addition, pursuant to the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," the Chairman and CEO of the company are the same person. By the end of 2023, Transcend is required to appoint at least 4 independent directors to enhance the diversity and independence of the Board. The current Board of Directors of Transcend implements policies and practices to promote diversity as follows:

Board of Directors Information

Title	Name	Gender	Age	Initial (Election) Date of Assumption	Education and Experience	Current Positions in the Company and Other Companies	Industry Experience				Professional Abilities		
							Banking/ Finance	Business Management	Sales and Marketing	Research and Development	Accounting and Financial Analysis	Information Technology	Risk Management
Chairman	Chung-Wan Shu	Male	50 years old and above	2003/06/03	1. Department of Electrical Engineering, National Cheng Kung University. 2. Project Manager at HP Inc.	1. CEO: Transcend Information Co., Ltd. 2. Chairman: Taiwan IPC Packaging Corporation, Inc. 3. Director: C-Tech Corporation; Transcend Information Trading GmbH 4. President: Transcend Information, Inc.; Transcend Information Trading GmbH 5. Independent Director: Sports Gear Co., Ltd.		√	√		√	√	
Director	Chung-Cheng Shu	Male	50 years old and above	2004/06/11	Department of Civil Engineering, Taipei College of Technology	1. Chairman: C-Tech Corporation; Cheng Chuan Technology Development Inc. ; Shu Min Investment Inc. 2. Executive Director: Transcend Information (Shanghai) Co., Ltd.; Chuangxin Trading (Shanghai) Co., Ltd. 3. Director: Wan An Technology Inc., Ltd.; Won Ching Investment Inc., Ltd.; Wan Min Investment Inc., Ltd.; Wan Chuan Investment Inc.; Saffire Investment Ltd.; Memhiro Pte. Ltd.; Transcend Information (Hong Kong) Co., Ltd. 4. Consultant: Transcend Information Co., Ltd.		√	√			√	
Director	Li-Ju Choi	Female	50 years old and above	2015/06/12	1. French Department, Tamkang University 2. Administrative Executive, Ho Cheng Investment Inc.	Supervisor, Won Chin Investment Inc.		√				√	
Director	Chia-Hsiang Hsu	Male	50 years old and above	2003/06/03 (Not reappointed after the completion of two consecutive terms on 2009/06/13)	1. Department of Electrical Engineering, National Cheng Kung University. 2. Project Manager at HP Inc.	Consultant, Transteck Trading (Shanghai) Co., Ltd.		√		√	√	√	
Director	Po-Shou Chen	Male	30~50 years old	2021/08/26	1. Department of Electrical Engineering, National Cheng Kung University. 2. Project Manager at HP Inc.	Vice President of Business Development at Transcend Information Inc.		√	√			√	

Title	Name	Gender	Age	Initial (Election) Date of Assumption	Education and Experience	Current Positions in the Company and Other Companies	Industry Experience				Professional Abilities		
							Banking/ Finance	Business Management	Sales and Marketing	Research and Development	Accounting and Financial Analysis	Information Technology	Risk Management
Director	Kuan-Te Wu	Male	30~50 years old	2021/08/26	1. Master of Mechanical Engineering, National Taiwan University, 2. Director of Research and Development, Transcend Information Inc.	Factory Chief, Transcend Information Inc.		√		√		√	√
Independent Director	Yi-Xin Wang	Female	50 years old and above	2012/06/15	1. Ph.D. in Accounting, University of Kentucky, USA 2. Professor, Department of Accounting, Chung Hsing University 3. Vice President and Library Director, Taipei University 4. Independent Director, Bestcom Infotech Corp. 5. Independent Director, United BioPharma Inc. 6. President and Professional Development Committee Chairperson, Institute of Internal Auditors-Chinese Taiwan 7. Director and member of the Professional Ethics Committee and International Relationship Committee, International Internal Audit Association 8. Financial Officer of Asian Alliance, International Internal Audit Association 9. Committee Member, Park Operation Fund Supervisory Management Committee, Executive Yuan 10. Committee Member, Committee for Government Accounting Standards, Directorate-General of Budget, Accounting and Statistics, Executive Yuan 11. Director, First Financial Holding Co., Ltd.	1. Professor, Department of Accounting, National Taipei University 2. Chairman, Accounting Research and Development Foundation 3. Chairman, Taipei Trend Research Foundation 4. Supervisor, Telecom Technology Center 5. Director, Yuda University, Guang Ya School Foundation 6. Consultant, Professional Development Committee, Institute of Internal Auditors-Chinese Taiwan	√	√		√		√	
Independent Director	Yi-Liang Chen	Male	50 years old and above	2012/06/15	1. MBA, University of California, Los Angeles 2. President, China area of HewlettPackard Development Company, L.P. 3. Financial Vice President, Taiwan area of Hewlett-Packard Development Company, L.P. 4. Independent Director, Nano-Op Co., Ltd. 5. Independent Director of Lextar Electronics Corp.	Director of Tai Hwa Oil Industrial Co., Ltd.		√		√		√	
Independent Director	Lo-Min Chen	Male	50 years old and above	2012/06/15	1. Department of Business Administration, National Chengchi University 2. Global Executive Vice President, Diebold Inc. 3. President, Asia-Pacific Region, Diebold Inc. 4. President, Great China Business division of Royal Philips 5. President, NCR China Limited 6. Vice President, NCR Taiwan Branch	Independent Director, Hitron Technologies Inc.		√		√		√	

Director Ongoing Education Status

To enhance the professional competence of directors, at least 6 hours of ongoing education courses are arranged for directors annually. In 2022, the total number of continuing education hours was 54.

Title	Name	Training Date	Organizer	Course Name	Training Hours	Total Hours
Director	Chung-Wan Shu	2022/06/22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Business Management Workshop	3	6
		2022/06/29	Taiwan Corporate Governance Association	Facing CFC: Knowing Yourself and Others	3	
Director	Chung-Cheng Shu	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Achievements Sustainable 2030	3	6
		2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Campaign	3	
Director	Li-Ju Choi	2022/06/22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Business Management Workshop	3	6
		2022/06/29	Taiwan Corporate Governance Association	Facing CFC: Knowing Yourself and Others	3	
Director	Chia-Hsiang Hsu	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Achievements Sustainable 2030	3	6
		2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Campaign	3	
Director	Po-Shou Chen	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Achievements Sustainable 2030	3	6
		2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Campaign	3	
Director	Kuan-Te Wu	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Achievements Sustainable 2030	3	6
		2022/05/20	Securities and Futures Institute	2022 Insider Trading Prevention Campaign	3	
Independent Director	Lo-Min Chen	2022/06/22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Business Management Workshop	3	6
		2022/06/29	Taiwan Corporate Governance Association	Facing CFC: Knowing Yourself and Others	3	
Independent Director	Yi-Xin Wang	2022/04/18	Accounting Research and Development Foundation	Supervision of ESG Implementation by Directors, Supervisors, and Senior Executives	1	6
		2022/04/27	Accounting Research and Development Foundation	Reading the TCFD Report: Understanding Key Information	1	
		2022/07/18	Accounting Research and Development Foundation	ESG and TCFD Reporting Trends: Understanding Key Information	1	
		2022/08/15	Accounting Research and Development Foundation	Conceptual Analysis of ISSB S1 Standard: General Provisions for Disclosing Sustainability-Related Financial Information	3	
Independent Director	Yi-Liang Chen	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Net Zero Achievements Sustainable 2030	3	6
		2022/06/22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Business Management Workshop	3	

Board Operation Status

The Board of Directors held 4 meetings in 2022, with an average attendance rate of 91.67% among the directors, surpassing the requirement of the Board's performance evaluation, which mandates a minimum attendance rate of 80%. The attendance record of the directors is as follows:

Title	Name	Actual Attendance Count	Actual Attendance Rate (%)	Note
Chairman	Chung-Wan Shu	4	100%	Re-elected on August 26, 2021
Director	Chung-Cheng Shu	4	100%	Re-elected on August 26, 2021
Director	Li-Ju Choi	4	100%	Re-elected on August 26, 2021
Director	Chia-Hsiang Hsu	2	50%	Re-elected on August 26, 2021
Director	Po-Shou Chen	4	100%	Re-elected on August 26, 2021
Director	Kuan-Te Wu	4	100%	Re-elected on August 26, 2021
Independent Director	Yi-Liang Chen	3	75%	Re-elected on August 26, 2021
Independent Director	Lo-Min Chen	4	100%	Re-elected on August 26, 2021
Independent Director	Yi-Xin Wang	4	100%	Re-elected on August 26, 2021

Performance evaluation for the Board of Directors includes 5 major dimensions with a total of 45 indicators. The overall average score for the evaluation in 2022 was 4.33, which was classified as excellent. The lower scores in the "C. Board Composition and Structure" and "D. Board Election and Continuous Education" were primarily due to insufficient diversity among board members and the consecutive four-term tenure of independent directors. However, the evaluation concluded that these factors did not affect the independent functioning of the Board. The Board has effectively fulfilled its responsibilities in guiding and supervising the company's strategies, significant operations, and risk management. It has also established appropriate internal control systems, demonstrating a well-functioning overall operation that aligns with corporate governance requirements.

Board of Directors Performance Evaluation

To enhance corporate governance and improve the Board functionality, Transcend has established performance goals to strengthen the efficiency of the Board's operations. On March 5, 2020, Transcend approved the "Board of Directors Performance Evaluation Guidelines," which has been implemented since 2021. The following information outlines the evaluation cycle, duration, scope, and methods, as well as the evaluation content:

Evaluation Cycle	Once a year
Evaluation Period	From January 1 to December 31
Evaluation Scope	Performance evaluation of the Board of Directors, individual directors, and functional committees
Evaluation Method	Self-assessment of directors, self-assessment within the Board of Directors, and self-assessment within functional committees
Evaluation Content	<ol style="list-style-type: none"> 1. Board performance evaluation: Participation in company operations, enhancement of board decision-making quality, board composition and structure, board election and continuous education, internal controls. 2. Individual director performance evaluation: Understanding of company goals and tasks, awareness of director responsibilities, participation in company operations, internal relationship management and communication, director expertise and continuous education, internal controls. 3. Audit Committee performance evaluation: Participation in company operations, awareness of audit committee responsibilities, enhancement of audit committee decision-making quality, audit committee composition and member selection, internal controls. 4. Remuneration Committee performance evaluation: Participation in company operations, awareness of compensation committee responsibilities, enhancement of compensation committee decision-making quality, compensation committee composition and member selection.



Please refer to the Transcend official website for the detailed results of the 2022 Board of Directors Performance Evaluation. : https://tw.transcend-info.com/about/board_of_directors

1.3.2 Audit Committee

The Audit Committee of Transcend was established in June 2012 and consists of all independent directors, totaling 3 members. It operates in accordance with the Company's "Audit Committee Organization Regulations" and aims to oversee the adequacy of the company's financial statements, the selection and independence of the auditors, the effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks.

The key responsibilities of the Audit Committee in 2022 included reviewing quarterly and annual financial reports, reviewing annual profit distribution plans, assessing the effectiveness of internal control systems, scrutinizing significant asset transactions, addressing corporate governance matters, managing risk-related issues, and approving auditor appointment and compensation.

In 2022, the Audit Committee held 4 meetings, and the attendance rate of independent directors was 92%. The attendance record is as follows:

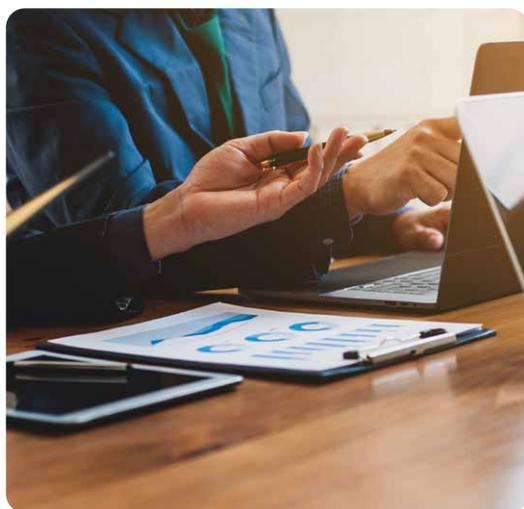
Title	Name	Actual Attendance Count	Actual Attendance Rate (%)	Note
Independent Director	Yi-Liang Chen	3	75%	Re-elected on August 26, 2021
Independent Director	Lo-Min Chen	4	100%	Re-elected on August 26, 2021
Independent Director and Convener	Yi-Xin Wang	4	100%	Re-elected on August 26, 2021

1.3.3 Remuneration Committee

To enhance corporate governance and strengthen the management of remuneration, Transcend established the Remuneration Committee in October 2011. In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange," we have formulated this organizational charter for compliance. The committee consists of 3 members appointed by the Board of Directors. They are external experts who possess the required professional qualifications and independence. Among them, 1 member is designated as the convener and chair of the meetings, representing the committee externally. The term of office for committee members is the same as the term of the Board of Directors.

In 2022, the Remuneration Committee held 2 meetings with an attendance rate of 83%. The attendance record is as follows:

Title	Name	Actual Attendance Count	Actual Attendance Rate (%)	Note
Convener	Yi-Liang Chen	1	50%	Re-elected on August 26, 2021
Member	Lo-Min Chen	2	100%	Re-elected on August 26, 2021
Member	Yi-Xin Wang	2	100%	Re-elected on August 26, 2021



The functions of Transcend's Remuneration Committee are to establish and periodically review the policies, systems, standards, and structures for compensation of directors and executives from a professional and objective perspective. The committee also conducts regular evaluations of the compensation of directors and executives. The determination of director remuneration takes into account the overall operational performance of the company, future business risks and trends in the industry, as well as the contributions of each director to the company's operations based on the annual board (including individual directors) performance evaluations, ensuring reasonable remuneration. Additionally, according to Article 22 of the Articles of Incorporation, when the company generates profits, an amount not exceeding 0.2% of the profits is allocated as director remuneration, subject to approval by the Remuneration Committee and the Board of Directors.

For the CEO, President, Vice Presidents, and other executives, their compensation is determined by industry standards, market trends, professional capabilities, and responsibilities. In accordance with Article 22 of the Articles of Incorporation, when the company generates profits, an amount not less than 1% of the employee remuneration is allocated. The amount is distributed based on individual annual performance, including overall company and departmental revenue and profit achievement rates, individual goal attainment rates, operational management abilities, and any special contributions or negative events.

The remuneration and performance evaluations of directors and executives are reviewed and approved by the Remuneration Committee and the Board of Directors. The remuneration system is subject to periodic reviews based on actual business conditions and relevant laws.

Explanation of Director Remuneration Structure

Directors and independent directors of Transcend are provided with attendance fees based on their meeting attendance. The determination of director remuneration takes into account the overall operational performance and development trends of the company, as well as the contributions of each director to the company's operations based on the annual board performance evaluations, providing reasonable compensation. Additionally, in accordance with the Articles of Incorporation, when the company generates profits, an amount not exceeding 0.2% is allocated as director remuneration, which will be distributed to each director after board approval.

1.3.4 Conflict of Interest

The mechanism for handling conflicts of interest is stipulated in the "Board of Directors Meeting Regulations," "Audit Committee Organization Regulations," and "Remuneration Committee Organization Regulations." Directors who have conflicts of interest with agenda items should disclose the significant details of their interests at the board meeting. If there is a potential harm to the company's interests, they are not allowed to participate in the discussion and voting. They should abstain from the discussion and voting and are not permitted to act as proxies for other directors in exercising their voting rights. In 2022, there was one instance where a director had to abstain from a discussion due to the conflict of interest.

On March 3, 2022 (the 1st board meeting), the extension of the lease for the land at No. 70 Xingshan Road was discussed. Director Chung-Cheng Shu concurrently served as a director of Won Ching Investment Inc. and as the Chairman of Cheng Chuan Technology Development Inc.

Furthermore, Chung-Wan Shu and Li-Ju Choi are second-degree relatives of Chung-Cheng Shu and his spouse respectively. Therefore, Chung-Wan Shu, Chung-Cheng Shu, and Li-Ju Choi temporarily left the meeting due to the conflict of interest. The remaining directors in attendance unanimously agreed to have Independent Director Yi-Xin Wang preside over the discussion as a temporary chairperson. After consulting all attending directors, the chairperson obtained unanimous consent to approve and authorize Ms. Yi-Xin Wang, to sign the relevant documents regarding the land lease on behalf of the company.

Our company has established the "Code of Conduct for Ethical Business Operation," "Code of Ethics for Directors and Executives," and "Code of Ethics for Employees," which clearly define the avoidance of conflicts of interest. The formulation and revision of the aforementioned codes have been approved by the Audit Committee and the Board of Directors, and they have been submitted to the shareholders' meeting. We also provide channels for reporting violations. In cases where directors, executives, or employees are found to have violated the code of ethics, appropriate disciplinary measures will be taken in accordance with the established guidelines.



For detailed provisions regarding the conflict of interest mechanism, please refer to company website: <https://tw.transcend-info.com/about/policies>

1.4 Risk Management

To strengthen corporate governance and establish sound risk management practices, the Risk Management Policy was approved by the Board of Directors in 2020. This policy provides guidance for all units of the company to effectively identify, assess, monitor, and control various risks associated with their business operations. The objective is to manage risks within acceptable limits while achieving a reasonable balance between risk and profits, and ensuring the sustainable operation of the company. The execution of risk management is regularly reported to the Board of Directors every year.

Scope of Risk Management

The risks involved in Transcend's business activities include operational risks, financial risks, strategic risks, hazard risks, legal risks, and other risks. To ensure that these risks are kept under control, Transcend continuously monitors risks during its operations. It assesses various risk exposure and ensures that appropriate measures are taken under the supervision of senior management. Every year, the implementation of risk management procedures is reported to the Board of Directors on a regular basis. The organizational structure of Transcend's risk management is as follows :

Name of the Organization	Authority and Responsibility
The Board of Directors (including the Audit Committee and Remuneration Committee)	<ul style="list-style-type: none">Establishing risk management policies, frameworks, and cultureEnsuring the effectiveness of risk management mechanisms
Senior Management	<ul style="list-style-type: none">Making risk management decisionsCoordinating cross-unit interaction and communication in risk managementMonitoring early warning of significant risks, assessing potential losses, tracking implementation of corresponding strategies, or reporting risk mitigation and summarizing the outcomes of significant risk events
Audit Office	<ul style="list-style-type: none">Monitoring and periodically evaluating the effective implementation of risk controls in each departmentIssuing audit reports based on the audit results, and providing improvement recommendations and progress tracking
Departments of the Headquarters	<ul style="list-style-type: none">Executing day-to-day risk management activitiesImplementing risk management decisions made by the companyConducting assessments of risk control activities

Risk Assessment

Transcend assesses risks related to the environment, society, and corporate governance in accordance with materiality principles. Based on the assessed risks, relevant risk management policies or strategies are formulated as follows:

Material Topics	Risk Assessment Items	Risk Management Policies or Strategies
Environment	Environmental Protection	<p>Transcend adopts product lifecycle management and has obtained ISO 14001:2015 certification for environmental management system, considering the characteristics of our industry. We continuously reduce our negative impact on the environment and improve our environmental performance.</p> <ul style="list-style-type: none"> Product: During the product manufacturing process, we use components that comply with the RoHS EU environmental standards. Our products are QC 080000 certified, reducing environmental burdens. Energy Conservation: In 2022, we completed the replacement of factory lighting with LED fixtures, achieving a 50% annual energy saving rate. Our R&D team has implemented eco-friendly designs on products, improving DPB lens efficiency and achieving a 30% reduction in power consumption of CMOS sensors, fulfilling energy conservation and environmental sustainability. Relevant Certifications: ISO 14001(2021/07/16~2024/05/19) and QC 080000 (2021/10/25~2024/10/24) Annual implementation plans are established, and progress towards objectives is regularly tracked and reviewed to ensure their achievement. Annual internal audit plans are made to ensure compliance with relevant environmental regulations and to verify that Transcend's operational processes adhere to the requirements.
Society	Talent Training and Management	<ul style="list-style-type: none"> Every year, we establish an annual training plan to provide employees with the knowledge required for their work. Department managers also provide training plans to support the career development and capabilities of their team members. Transcend is committed to complying with national labor laws, the "Business Social Compliance Initiative (BSCI)," the "Responsible Business Alliance (RBA)," as well as other applicable industry standards and international conventions. We constantly improve working conditions and welfare for all employees.
	Occupational Health and Safety	<ul style="list-style-type: none"> In order to fulfill our corporate responsibility in improving the workplace, ensuring the safety and health of our employees, preventing occupational injuries and illnesses, and reducing environmental and occupational health and safety risks, Transcend has established an Environment, Health, and Safety (EHS) policy. We have obtained certifications such as ISO 45001 (Occupational Health and Safety Management System) and CNS 45001 (TOSHMS) (Taiwan Occupational Safety and Health Management System), demonstrating our commitment to providing employees with a safe and healthy working environment. Obtained the following certifications: ISO 45001 (2022/05/23~2024/05/19) and CNS 45001 (TOSHMS) (2022/05/23~2024/05/19). In addition to implementing comprehensive hazard prevention plans within our factories, we conduct health promotion campaigns on a monthly basis and perform working environment monitoring every six months. Furthermore, we provide one hour of On-the-job Safety and Health training to all employees annually.
	Product Safety	<ul style="list-style-type: none"> Transcend is a leading manufacturer of consumer electronics and industrial products worldwide. We value consumer feedback as the most important basis for product improvement. Therefore, we have established a Technical Support Department dedicated to addressing product inquiries from consumers. We have also implemented the "Customer Service Satisfaction Survey Operation Procedure" to provide consumers with timely, professional services on issue resolution. Our products comply with various government regulations, and adhere to the EU RoHS standards. Through rigorous quality management systems, we ensure stable product quality for our customers. To further enhance customer satisfaction and service quality, we have established a dedicated customer service hotline and communication website.
Corporate Governance	Socioeconomic Compliance	<ul style="list-style-type: none"> By establishing a governance structure and implementing internal control mechanisms, we ensure that all personnel and operations adhere to relevant regulatory requirements.
	Strengthening Director's Roles and Responsibilities	<ul style="list-style-type: none"> In order to safeguard the rights and understand the legal responsibilities of directors, we plan relevant training for directors and provide them with updates on the latest regulations, institutional developments, and policies on an annual basis. We have directors' liability insurance in place to protect directors in the event of lawsuits or claims, provided they have fulfilled their duties as responsible and diligent executives.

Risk Management Operations

To safeguard and enhance the overall interests of Transcend, we have established internal audit procedures and related systems. We constantly follow the trend of risk management both domestically and internationally, which allows us to review and improve the risk management policies implemented by Transcend. This continuous monitoring of risks during the operational activities helps us promptly identify risk factors, assess various risk exposures, and provide appropriate reports. This enables us to take necessary measures to address risks and serves as a reference for improving relevant operational processes. We also provide regular reports to the Board of Directors on the execution of risk management. Since 2020, we have been actively promoting the implementation of risk management mechanisms. We have formulated Transcend's risk management policy, which has been approved by the Board of Directors. We report its operations to the Board of Directors on an annual basis.

As of 2022, the status is as follows:

- During the Board of Directors meeting on November 10, 2022, various business risks were identified. Corresponding control strategies and measures were proposed.
- In response to high inventory levels and sluggish demand in the memory market, Transcend has been continuously adjusting its procurement strategy and inventory clearance policy. Additionally, efforts have been made to strengthen product marketing capabilities to mitigate operational risks.
- Given the unfavorable macroeconomic conditions and increased risk of accounts receivable defaults, Transcend has proactively invested in long-term accounts receivable credit insurance and implemented customer credit assessment procedures. These measures effectively manage accounts receivable and reduce credit risk.

1.4.1 Climate Change Risk Management

Climate change is a significant factor affecting a company's operations and has a profound impact on sustainable development. We recognize the precious value of our planet and believe in the urgent and significant responsibility of environmental protection. We have invested considerable effort in waste management, energy-saving measures, and hazardous substance reviews. Providing high-quality, environmentally friendly products have always been our mission. Our products not only comply with external regulations but also undergo internal testing, aiming to promote environmental consciousness and create a better world for present and future generations. To face the impacts of climate change, we have formulated relevant policies in response to the global trend of low carbon. We will continue to monitor and implement climate actions and fulfill stakeholder objectives, gradually incorporating them into our sustainable development strategy. To this end, internal meetings are held periodically to discuss how to address climate change risks and opportunities, and actions are taken based on the assessment results. Our goal is to reduce energy consumption, lower carbon emissions, and enhance carbon management performance, thereby realizing our commitment to corporate sustainability.

Key Elements of Disclosure on Climate-Related Financial Information



Governance

The organization's governance of climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning

Risk Management

The process by which the organization identifies, assesses, and manages climate-related risks

Indicators and Goals

Indicators and goals that assess and manage climate-related risks and opportunities

Transcend's TCFD (Task Force on Climate-Related Financial Disclosures) Framework

Governance	<ul style="list-style-type: none"> The highest responsible person within the company for sustainability issues, including climate change response strategies, is the Chairman of the Board. The promotion of climate action issues and goal management is regularly reported to the Board of Directors on an annual basis. The relevant departments such as General Affairs, Finance and Accounting, Engineering, and Quality Assurance hold annual and ad-hoc discussions on sustainable climate change risk indicators, and report them to the Board of Directors in the annual report and sustainability report.
Strategy	<ul style="list-style-type: none"> After identifying climate risks and opportunities, discussions are held with relevant units to develop response strategies and assess their impact on the finance of Transcend. For example: <ul style="list-style-type: none"> Equipment replacement can reduce energy costs and qualify for government energy-saving subsidies and incentives. Natural disasters cannot be avoided, but purchasing insurance can help mitigate the costs of damages. In line with our commitment to environmental sustainability, Transcend strengthens green manufacturing practices and develops environmentally friendly technologies, such as low-profile PCBs and innovative packaging materials. These processes help reduce energy consumption and contribute to a low-carbon future.
Risk Types	<ul style="list-style-type: none"> Transition Risk - Government carbon levy: By replacing equipment to reduce energy costs and carbon emissions, Transcend aims to minimize the carbon levy imposed by the government. The related equipment expenditure is approximately NT\$2.24 million. Physical Risk - Tropical cyclones (typhoons), extreme rainfall: In response to extreme weather events such as typhoons and floods, Transcend makes full preparations and purchases relevant insurance coverage. The annual expenditure for these measures is around NT\$3 million.
Opportunity Categories	<ul style="list-style-type: none"> Developing and/or expanding low-carbon products and services: In response to stakeholders' demands for ESG (Environmental, Social, and Governance), Transcend enhances the environmental sustainability of its products by incorporating green production practices to minimize the impact on the environment and climate.
Risk Management	<ul style="list-style-type: none"> Based on the assessment framework provided by TCFD, Transcend categorizes climate-related risks and opportunities into two main types: <ul style="list-style-type: none"> Transition risks associated with the low-carbon economy Physical risks associated with climate change. Opportunities generated for Transcend by adapting to climate change include: Improving resource efficiency and cost savings, adopting low-carbon energy sources, developing new products and services, entering new markets, and enhancing supply chain resilience.
Indicators and Goals	<ul style="list-style-type: none"> Energy conservation: We have set a target to achieve a 5% reduction in electricity consumption by 2026, with 2020 as base year. Carbon reduction: We have set a target to achieve a 7% reduction in carbon emissions by 2026, with 2020 as base year.

1.5

Cybersecurity and Intellectual Property

1.5.1 Information Security Governance

In May 2019, Transcend established the "Information Security Execution Team" responsible for formulating policies, implementing, documenting, and reviewing information security matters. The team is also audited by the Audit Office as part of the annual information security cycle. The Vice President of General Affairs, who also serves as the Information Officer, acts as the convener of the team and conducts regular meetings. The team provides periodic reports on information security status to the Board of Directors.

Information Security Policy

In order to enhance the information security management system and ensure the confidentiality, legality, reliability, and integrity of company information, personnel, assets, and software/hardware, an information security policy has been established based on the ISMS (Information Security Management System). The objective of this policy is to reduce information risks to an acceptable level through control measures, thereby enhancing Transcend's information security risk management.

Information Security Control Measures

- Establish an inventory list of information and assets to implement classification control according to information security risk assessment.
- All new employees are required to participate in information security training to enhance their awareness and concepts of information security. Regular awareness campaigns are conducted to promote information security best practices.
- Firewalls are deployed on both internal and external networks. Employees are strictly prohibited from connecting personal devices to external or internal networks without authorization.
- Hosts with confidential information are isolated in separate network. Access to databases and files should be controlled through user permissions. Regular off-site backups should be performed.
- Regular information asset inspections and system abnormality drills are conducted to maintain system reliability.
- Establish guidelines for information security incident management and incident reporting procedures.
- All employees, vendors, or visitors who use information provided by Transcend or engage in related information business have a responsibility and obligation to protect acquired or used information assets. Unauthorized access, alteration, or improper disclosure is strictly prohibited.
- Personal computers should have antivirus software installed and keep virus pattern up to date. A software management policy should be established, and the use of unauthorized software should be prohibited.
- Employees who possess company accounts, passwords, and access permissions should safeguard them and regularly update their passwords.
- All employees are required to comply with legal requirements and the company's information security policy. Supervisors have the responsibility to supervise and enforce the implementation of the policy, strengthening employees' awareness of information security and compliance with laws.

Information Security Incident Management

Categorize Information Security Incidents

Information security incidents are divided into two levels, "Level 1" and "Level 2," based on the severity of their impact. When assessing the impact level of a security incident, we consider the overall impact on confidentiality, integrity, and availability. If the impact level reaches "Level 2," it is classified as an incident.

Report Information Incidents

When discovering or observing abnormal events, it is important to report them to the information management personnel for incident handling and tracking.

- Immediately document all important details, such as the occurrence of the incident, error messages, unusual phenomena, etc.
- Do not take any actions on your own and promptly report to the MIS Department.
- Under no circumstances should you attempt to prove suspicious vulnerabilities.

Handle Information Incidents

- Information personnel determine the incident level based on the actual impact and fill out the "Information Security Incident Report" for recording and reference.
- During the process of handling incidents, if it is discovered that the impact of the incident is greater than the initially determined level, the incident classification should be corrected immediately.
 - (1) Level 1 incidents should be resolved or damage control should be completed within 12 hours of discovering the security incident, while Level 2 incidents should be resolved or damage control should be completed within 24 hours.
 - (2) In cases where information security incidents endanger human life or result in equipment damage and involve civil or criminal matters, the MIS Department should report to the investigative authorities for further handling.
- When dealing with security incidents, the supervisor of the MIS Department is responsible for coordinating with relevant units to provide necessary resources.

Tangible Management Plans For Information Security

- Identify the root causes of information security incidents and take effective measures. Based on the classification of security incidents, develop methods and procedures to improve incident handling.
- The Information Security Execution Team shall submit statistical data on security incidents annually in accordance with the internal audit information cycle, to facilitate the continual improvement of the information security management system.
- The results of significant information security incidents should be regularly compiled and, in situations where personal privacy and business confidentiality are not involved, can be announced in monthly reports or on internal websites. The announcement should include the causes, process, handling methods, improvement measures, and suggestions for precautions, serving as reference information for information security promotion and prevention of security incidents.
- Considering that information security insurance is an emerging type of insurance, Transcend is currently in the evaluation stage. In the future, Transcend will continue to improve the information security system management and conduct regular security assessments. Through repeated drills and constant review and improvement, Transcend will enhance employees' awareness of information security crises and the ability of information security personnel to respond, in order to prevent the occurrence of security incidents.



1.5.2 Intellectual Property Management

In order to protect R&D resources, maintain innovative capability, strengthen competitive advantages, enhance corporate profitability, achieve business goals, solidify market leadership, and ensure sustainable operations, Transcend continually promotes intellectual property management by implementing a series of protection measures for patents, trademarks, copyrights, and trade secrets.

Patent

- **Regular Patent Monitoring:** Fully grasp the recent patent application status in the industry and understand market development trends.
- **Patent Mapping:** List patents that are related to specific technologies to gain insights into the industry status.
- **Regular Patent Sharing:** Share patents recently granted to stimulate design ideas among R&D personnel and increase sensitivity to patentable concepts.
- **Regular Maintenance Review:** Periodically evaluate the usage and relevance of granted patents to products to assess the need for ongoing maintenance.
- **Patent Review Meetings:** Adopt a case-by-case approach. Each patent proposal undergoes multiple layers of internal review before official application procedures, including prior art search, patent eligibility assessment, initial review meeting, final review meeting, etc., to effectively ensure patent quality.
- **Patent Awareness Promotion:** Adopt a thematic approach. Enhance R&D personnel's understanding of patents and respect for patent rights to learn the legal boundaries of product development.

Trademark

- **Global Brand Expansion:** Transcend's trademark applications can be traced back to as early as 1991. After years of effort, our brand presence has gradually become comprehensive, covering various important products and major countries/regions worldwide.
- **Regular Maintenance and Review:** The usage of registered trademarks is regularly reviewed to assess the need for ongoing maintenance. Additionally, we closely observe Transcend's future business plans and development to proactively initiate new trademark registration applications.

Transcend regularly presents intellectual property matters to the Board of Directors, typically during the fourth quarter of each year. The reporting date for 2022 was on November 10. In addition to that, intellectual property training sessions are conducted. In 2022, a total of 149 individuals received training.

Copyright

- **Internal Management System:** Transcend has established an information team that develops an exclusive management system for internal use, which is designed to meet the specific needs of our operations more closely.
- **Product Application Software:** Transcend has a software development team that creates application software tailored for various products. This helps effectively address compatibility problems.
- **Brand Marketing Planning:** Transcend has a marketing team that produces marketing materials and develops marketing strategies to shape a consistent brand image and style.
- **Regular Maintenance and Review:** We regularly evaluate the usage and future plans for authorized copyrighted works to assess the necessity for licensing.

Trade Secret Protection

- **Access Control Security Management:** All employees of Transcend are equipped with access control cards, and their access privileges are granted based on their duties. Non-employees entering the premises for visits are required to sign in at the entrance lobby and are limited to the public spaces on the ground floor, accompanied by a company employee throughout the visit.
- **Information Security Management:** All computer equipment within the company requires login identification using individual employee accounts and passwords, which must be regularly changed.
- **Department-specific Spaces:** Transcend provides each department with dedicated physical and virtual file storage spaces, allowing independent planning and usage by each department. For physical spaces, keys must be securely managed, while virtual spaces have designated read and write permissions.
- **Confidentiality Awareness Promotion:** Adopt a thematic approach. We ensure that all personnel are aware of trade secrets, effectively promoting a culture of legal consciousness.

Date	Date	Courses	Number of Trainees (people)	Duration
2022/03/09	Research and Development personnel	Understanding Patents in Unexpected Ways	72	0.5 hours
2022/06/30	New R&D personnel	Introduction to Basic Patent Knowledge and Simple Search Tools	11	1 hour
2022/07/11	Managerial personnel	Introduction to Utility Patents	66	0.5 hours

1.6 Internal Control and Legal Compliance

1.6.1 Internal Audit

Transcend has established an internal audit department under the supervision of the Board of Directors, comprised of an audit manager and dedicated audit personnel. The appointment and dismissal of the audit manager should be approved by the Board of Directors. The purpose of establishing an internal control system is to promote sound business operations and ensure the implementation of self-monitoring mechanisms.

Objectives of Internal Control Mechanism

- Operational effectiveness and efficiency
- Reliable, timely, transparent, and compliant reporting
- Compliance with relevant laws and regulations

Components of Internal Control Mechanism

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring activities

The Internal Audit Office assesses the implementation of Transcend's internal control mechanism annually based on the audit plan. The results, identified deficiencies, and improvement plans are consolidated. The audit manager attends quarterly meetings to report to the Audit Committee and the Board of Directors, ensuring independence.



1.6.2 Legal Compliance

Transcend adheres to the principle of integrity in its operations and has established guidelines such as the "Corporate Social Responsibility Code of Practice," "Code of Conduct for Ethical Business Operation," "Code of Conduct for Employee Ethical Behavior," "Code of Conduct for Directors and Executives," and "Procedures for Handling Cases of Illegal, Unethical, or Dishonest Conduct Reporting." These guidelines ensure compliance with government laws and demonstrate Transcend's commitment to following government policies and fulfilling its responsibilities to society. Through internal control and auditing procedures, all departments and subsidiaries conduct self-examinations of their operational activities, including legal compliance. They make timely adjustments to the design and implementation of internal control mechanism and implement self-supervision. In 2022, there were no significant fines imposed on Transcend's operational sites in relation to economic, environmental, and social matters. However, there were incidents involving one product-related issue and one labor dispute.

Disposition	Type	Disposition Content	Violation of Regulations Explanation	Improvement Measures
Fine	Economy	NT\$200,000	Violation of Article 40, Paragraph 1 of the "Commodity Inspection Act" due to inconsistency between the internal circuit of a product and its original technical documentation. The product underwent retesting due to modifications, but the outbreak of the epidemic resulted in a longer testing process than usual, causing the modified product to not pass the inspection in a timely manner when it was launched.	The product passed the testing by the time the Bureau of Standards, Metrology and Inspection came for inspection. In the future, more time will be allocated for testing to prevent similar incidents from occurring.
	Society	NT\$50,000	Violation of Article 24, Paragraph 1 of the Labor Standards Act by failing to provide appropriate overtime pay for extended working hours.	Conduct promotion and education regarding overtime application to ensure that employees understand the company's regulations on extended working hours.
Total	Number of incidents: 2 cases; Total fines: NT\$ 250,000.			

Transcend has established the "Recruitment and Employment Management Regulations" to ensure compliance with corporate social responsibility and ethical standards in recruitment. According to the regulations, Transcend recruits individuals who are 18 years old or above and voluntarily provide labor or services. In the event of unintentional hiring of individuals who do not meet the above criteria, appropriate remedial actions or corrective measures will be taken to ensure the fulfillment of this objective. Job applicants who meet the aforementioned criteria are not affected in the recruitment process and decision-making by any factors such as race, religion, beliefs, gender, marital or reproductive status, age, political background, nationality, disability, sexual orientation, zodiac sign, blood type, or any other reasons. In accordance with Article 1 of Transcend's "Measures for Prevention, Complaint, and Disciplinary Management of Workplace Misconduct," Transcend establishes this management policy to safeguard the safety as well as physical and mental well-being of all employees, preventing them from experiencing physical or mental misconduct by others while performing their duties. This policy is formulated based on the relevant provisions of the "Occupational Safety and Health Act," "Enforcement Rules of the Occupational Safety and Health Act," and the "Guidelines for Preventing Job-Related Misconduct" issued by the Occupational Safety and Health Administration of the Ministry of Labor. It also includes the establishment of standard procedures for handling incidents, allowing for subsequent handling, review, and improvement of preventive measures.

Regulations related to corporate governance	<ul style="list-style-type: none"> ✓ No violations of the Company Act ✓ No violations of the Commercial Act ✓ No violations of securities and financial regulations ✓ No involvement in corruption incidents ✓ No political donations ✓ No legal disputes related to anti-competitive practices, antitrust, and monopolistic behaviors
Regulations related to environmental laws	<ul style="list-style-type: none"> ✓ No violations of the Waste Disposal Act ✓ No violations of the Air Pollution Control Act ✓ No violations of the Water Pollution Control Act ✓ No major leakage incidents
Regulations related to labor rights	<ul style="list-style-type: none"> ✓ No violations of the Gender Equity Education Act ✓ No forced labor ✓ No employment of child labor ✓ No infringement of indigenous peoples' rights
Product-related regulations	<ul style="list-style-type: none"> ✓ No prohibited or controversial products ✓ No incidents of violating marketing-related laws and voluntary codes ✓ No occurrences of significant fines due to violations of laws and regulations in relation to the provision and use of products and services ✓ No infringement of customer privacy or loss of customer data

Anti-Corruption

Transcend requires employees to comply with the "Code of Conduct and Rewards and Punishments Management Measures for Employees," emphasizing adherence to company policies, teamwork, abandonment of selfishness, and a commitment to honesty, integrity, and responsibility. Employees are prohibited from directly or indirectly providing, implying, promising, requesting, or accepting any form of improper benefits or engaging in any unlawful or dishonest behavior that violates integrity or fiduciary obligations.

Employees are expected to strictly adhere to professional ethical standards in the performance of their duties and are prohibited from seeking, promising, delivering, or accepting any form of gifts, entertainment, kickbacks, bribes, or other illicit benefits for personal, company, or third-party interests. If an employee's behavior violates company regulations and is substantiated through investigation, punishment may be imposed based on the severity of the offense. New employees undergo integrity training to establish a correct moral outlook. In 2022, Transcend did not experience any corruption incidents.

Transcend has established the "Code of Ethics for Employees," which includes Article 6, addressing the prevention of conflicts of interest and the avoidance of opportunities for personal gain. Employees have a responsibility to safeguard and enhance Transcend's legal interests and should avoid using company assets, information, or their positions to create opportunities for personal or third-party gain. Transcend regularly promotes the Code of Conduct during orientation and training for new employees, and it also has an employee suggestion box where individuals can anonymously or openly report any abnormal situations. Transcend requires external partners to sign a "Commitment of Supplier for Business Integrity". In cases where external entities violate the anti-bribery and anti-corruption principles, causing harm to the company, Transcend will seek compensation according to the provisions of the signed agreement and take necessary legal actions.

Reporting Channel

Transcend has established the "Procedures for Handling Cases of Illegal, Unethical, or Dishonest Conduct Reporting" to address any violations of the Code of Ethics and Integrity Management Guidelines. Employees and external individuals who identify behaviors that violate these guidelines can file reports through the following channels:

- (1) Email: ceo@transcend-info.com or suggest@transcend-info.com.
- (2) Reporting in written form: Submissions can be made in hard copy format and delivered to the physical employee suggestion boxes located at Transcend's Factory 1 and Factory 2.

2

Chapter 2

Effective Management

2.1 Customer Relationship Management

2.2 Green Production

2.3 Sustainable Supply Chain Partners



Material Topic: Product Lifecycle Management

Reason of Materiality	Transcend aims to create a positive impact on the global environment by applying the principles of environmental sustainability to the entire value chain of the company. From the selection of raw materials, manufacturing, packaging, transportation, distribution, and ultimately to end-of-life stage, Transcend's goal is to minimize the environmental impact at each stage. Starting from the core of its business operations, Transcend is committed to practicing the concept of green production and products in order to comply with the latest international environmental standards.
Policy/Strategy	Quality and HSF (Hazardous Substances Free) policy: Green Oriented, Product Creative, Follow Regulation, Over Expectation.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objective - within 3 years: 30% of product components (primarily PCB) are replaced with halogen-free materials (such as halogen-free glass fiber board FR4). • Mid-term objective - 3 years to 7 years: The halogen content of product packaging materials is reduced to 100% halogen-free (Cl<900ppm, Br<900ppm, Cl+Br<1500ppm). • Long-term objective - 7 years or more: 70% of the products (including packaging) will be halogen-free (excluding battery materials).
Management Evaluation	Transcend adopts ISO 14001 and QC 080000 as management evaluation mechanisms.
Performance and Adjustment	Transcend employs product lifecycle concept, makes plans according to industry characteristics, and obtains ISO 14001:2015 environmental management system certification to reduce negative environmental impact and improve environmental performance.
Precautions or Countermeasures	<ul style="list-style-type: none"> • Transcend actively collaborates with other electronics companies to produce lead-free components and products. Since July 1, 2006, all product series sold globally comply with RoHS standards, and the product packaging is labeled with "RoHS compliant." To ensure full compliance with RoHS directives, environmentally friendly packaging and lead-free standard processes are implemented. The environmental procurement team purchases recyclable materials from suppliers for manufacturing products and ensures compliance with the European Union's Restriction of the use of Hazardous Substance (EU RoHS) directive and other government regulations. • Batteries used in Transcend's products comply with the Directive 2006/66/EC on the restriction of hazardous substances: <ol style="list-style-type: none"> (1) The mercury content should not exceed 0.0005% by weight of the battery. This restriction does not apply to battery cells or battery packs composed of battery cells with a mercury content not exceeding 2% by weight. (2) The cadmium content should not exceed 0.002% by weight of the battery.

Material Topic: Supply Chain Management (Conflict-Free Minerals)

Reason of Materiality	To implement sustainable supply chain management, a comprehensive management mechanism is necessary to prevent and mitigate environmental and social impacts caused by both the company itself and the supply chain during operations. The social and environmental assessment of the supply chain has become an increasingly important issue, regulated by laws and valued by stakeholders. Therefore, thorough supply chain management is crucial to establish a win-win strategy for supply chains and the company, enhancing corporate competitiveness.
Policy/Strategy	To strengthen sustainable development in the supply chain, it is essential to ensure that suppliers adhere to social responsibility standards such as energy conservation, environmental protection, labor safety, and human rights when providing products and services. Suppliers should also have the courage to take corporate social responsibility and continuously improve performance.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objective - within 3 years : Maintain a fulfillment rate of signing Commitment of Supplier for Business Integrity above 95% (excluding non-cooperative suppliers). • Mid-term objective - 3 years to 7 years: Organize a supplier conference to recognize outstanding suppliers. • Long-term objective - 7 years or more: Collaborate with suppliers and customers to organize supply chain activities that contribute to society and promote environmental friendliness.
Management Evaluation	<ul style="list-style-type: none"> • All raw material suppliers collaborating with Transcend are required to sign the "Commitment of Supplier for Business Integrity" as one of the criteria for new supplier selection. • Suppliers are required to update and confirm their Conflict Minerals Reporting Template (CMRT) based on the latest list provided by RMI (Responsible Minerals Initiative).
Performance and Adjustment	<ul style="list-style-type: none"> • In 2022, a total of 44 domestic and foreign suppliers were added, and the proportion of signing the "Commitment of Supplier for Business Integrity" was 100%. • In 2022, a total of 22 suppliers provided updated CMRT (Conflict Minerals Reporting Template).
Precautions or Countermeasures	<ul style="list-style-type: none"> • If a supplier is found to be non-compliant with conflict-free minerals, they will be required to improve or be replaced. • If a supplier has concerns about the communication process, they can contact the designated contact point or the Chairman's mailbox on our official website.

2.1 Customer Relationship Management

2.1.1 Sustainable Service Management

As a global leader in memory and multimedia products, Transcend recognizes the need to meet the high environmental standards and expectations of its global customers. Therefore, product quality control and environmental considerations are integrated into all aspects of Transcend's daily operations. In 1997, Transcend established a Quality Management System and obtained ISO 9001 certification. Subsequently, Transcend received other widely recognized international certifications, including ISO 14001 for Environmental Management Systems (EMS), ISO 45001 for Occupational Health and Safety Management Systems, TOSHMS for the Taiwan Occupational Safety and Health Management System, and QC 080000 for Hazardous Substance Process Management System (HSPM). Upholding the spirit of continuous improvement, Transcend strives to provide greater assurance to its customers and constantly optimize its quality management system.

In 2019, starting from product design, development, and production, Transcend successfully obtained the IATF 16949:2016 certificate for Automotive Quality Management System issued by SGS. This achievement laid a crucial foundation for entering the automotive supply chain and further promoting Transcend's products in the global automotive market.

In a rapidly changing market and highly competitive industry environment, Transcend has consistently made breakthroughs. For 16 consecutive years, we have been listed among the top 25 international brands in the "Taiwan International Brand Value Survey" organized by the Ministry of Economic Affairs. As the global market becomes more competitive, we continue to demonstrate a stable brand direction and strong management capabilities.

Transcend's Milestone For Management Systems Certification

1997.02
ISO 9001

2006.10
IECQ QC 080000

2006.12
ISO 14001

2009.03
OHSAS 18001

2013.09
ISO/TS 16949

2019.11
IATF 16949:2016

2021.05
ISO 45001
CNS 45001 (TOSHMS)



Regulatory Compliance of Transcend Products

Transcend actively collaborates with other electronics companies to produce lead-free components and products. Since July 1, 2006, all of our product lines have been compliant with the RoHS (Restriction of Hazardous Substances) directive, and the product packaging is labeled with the statement "RoHS Compliant." However, it should be noted that a portion of our products contains substances listed in the IEC 62474 material declaration list, accounting for approximately 12.3% of all products. These substances are disclosed in accordance with European Union regulations.

Note: According to the IEC 62474 standard, some of our products contain substances regulated by IEC 62474. The calculation is based on the total revenue of products containing regulated substances / the consolidated revenue.

To ensure full compliance with the RoHS directive, Transcend also uses eco-friendly packaging and lead-free standardized processes. Our environmental procurement team purchases recyclable materials from suppliers for product manufacturing, ensuring compliance with the restrictions outlined in the European Union's directive on hazardous substances and other government regulations.

We provide comprehensive information about the products we sell and their manufacturers, including user manuals, international certification marks, and local environmental labels. Additionally, we adhere to EU regulations and label our products with the WEEE (Waste Electronics and Electrical Equipment) Directive to safeguard consumer rights. We conduct electromagnetic compatibility (EMC) testing based on different regions to ensure the stability and safety of our products before they are allowed to enter different countries for sale. The testing includes compliance with the BSMI in Taiwan, the FCC in the United States, the CE in the European Union, the UKCA in the United Kingdom, the ICES in Canada, the KC in South Korea, the EAC in Russia, and the RCM in Australia, with corresponding regulatory symbols displayed on the product itself.

Item	Certification	Purpose
EMC/RF Electromagnetic Compatibility/Radio Frequency	CE	EU EMC/RF
	UKCA	UK EMC/RF
	FCC	US EMC/RF
	ICES	CA EMC/RF
	BSMI	TW EMC
	NCC	TW RF
	TELEC	JP RF
	KC	KR EMC/RF
	RCM	AU EMC/RF
	EAC	RU EMC
SAFETY	CB	Global Mutual Recognition System
	UL	US SAFETY
	LVD 62368-1	EU SAFETY
	CNS 14336-1	TW SAFETY

Registered Trademarks of Transcend

Transcend's company trademark, along with other trademarks, registrations, brands, product or service names, slogans, or logos, are owned by the parent company or used under legal authorization. In 2022, there were no incidents of product or service safety information labeling or marketing regulations violations that resulted in penalties.



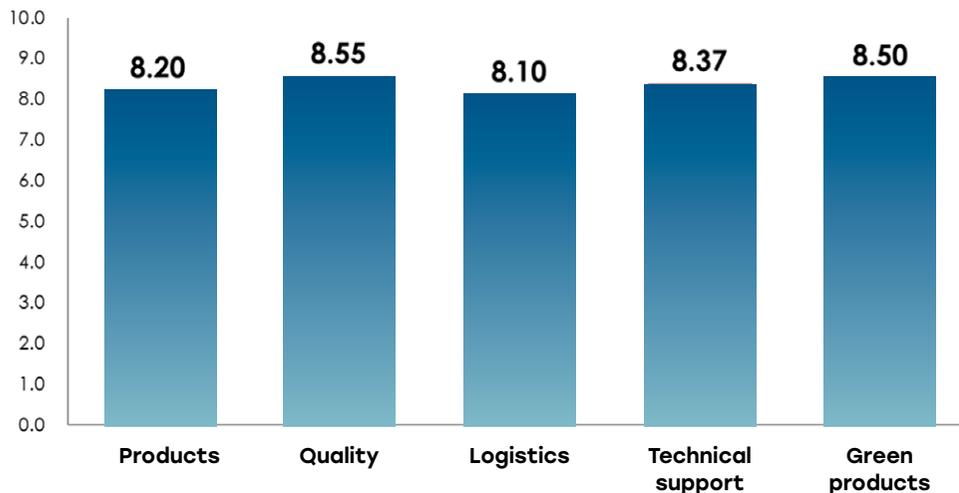
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2.1.2 Customer Satisfaction

We guarantee that all our products, aligned with announced specifications, have undergone thorough testing to avoid any defects in raw materials or flaws during manufacturing processes. To provide customers with a strong assurance of quality, we have established terms of use, product warranty terms, and warranty periods, including instructions for returns, exchanges, and repairs. We conduct regular customer satisfaction surveys each year to address customer needs and correct deficiency, aiming to achieve customer satisfaction. The results of the major customer satisfaction survey in 2022 showed a satisfaction rate of 93%, with particularly high satisfaction in terms of green products and quality.

Survey Period	June 2022 (once per year)
Participants	In 2022, there were a total of 23 domestic customers doing the survey: (1) Key customers: Customers whose transaction amount accounted for 80% of the total revenue in the previous year. (2) Automotive customers: Customers involved in transactions of automotive-grade products.
Content in the Survey	Products, quality, logistics, technical support, and green products
Results	(1) The total number of valid questionnaires for this survey is 20, with a response rate of 87%. (2) Customer feedback satisfaction result is 93%.

Average Score In Each Category of Customer Satisfaction Survey



Note: "Very satisfied" is rated as 10 points, "Satisfied" as 8 points, "Average" as 6 points, "Dissatisfied" as 4 points, and "Very dissatisfied" as 2 points. The questionnaire consists of 10 questions, with a total score of 100 points.

2.1.3 Customer Privacy

Transcend has established a "Privacy Policy" to manage the collection, use, processing, and retention of customer data/corporate client data. The key points of the policy are as follows:

1. Transcend will only request necessary information from customers when they request certain services (e.g., purchasing products, seeking warranty) for the purpose of contacting and confirming their identity. Transcend will not use customer data for purposes other than providing services to customers unless required by law or government authorities.
2. Customers can choose not to provide their data to Transcend, and they can also request Transcend to provide, correct, or delete their data at any time after providing the data.
3. If Transcend obtains customer data from distributors, retailers, or other sources, it will provide the same level of protection to that data in accordance with the Privacy Policy and relevant management practices.

In addition, to protect customer privacy and ensure that customer data is not lost or leaked, Transcend has established specific management measures as follows:

1. Transcend sets data retention periods in accordance with laws, ISO regulations, and rules set by other standard organizations. Customer data will be actively deleted upon expiration of the retention period or when the purpose of collection no longer exists. However, this does not apply to data necessary for providing specific services or with the customer's written consent.
2. Transcend retains usage records and traces of customer data for future tracking, inquiries, and evidence collection.
3. Transcend maintains the accuracy of customer data and takes effective measures to ensure the security of data storage and transmission.
4. The MIS Department implement measures to prevent unauthorized access to electronic files containing customer data.
5. The Audit Department periodically reviews the management of customer data within the company to ensure compliance with relevant domestic and international laws, regulations, and company policies.

In 2022, Transcend did not experience any complaints or incidents related to privacy breaches or loss of customer data.

Note: The responsibility for protecting the data of end consumers lies with the Customer Service Department, while the responsibility for protecting the data of corporate customers (agents, distributors, etc.) lies with the Business Development Department.

2.2 Green Production

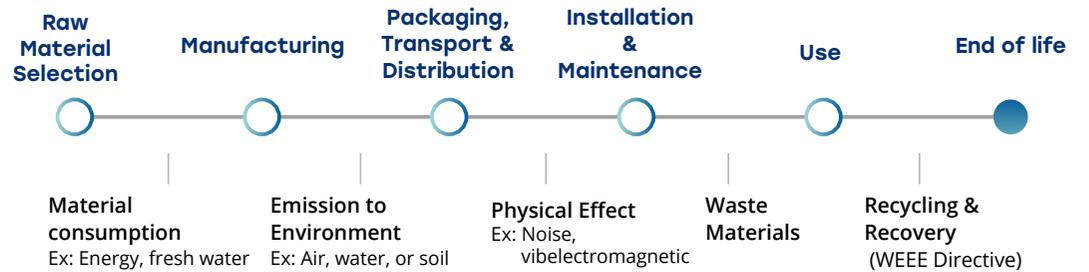
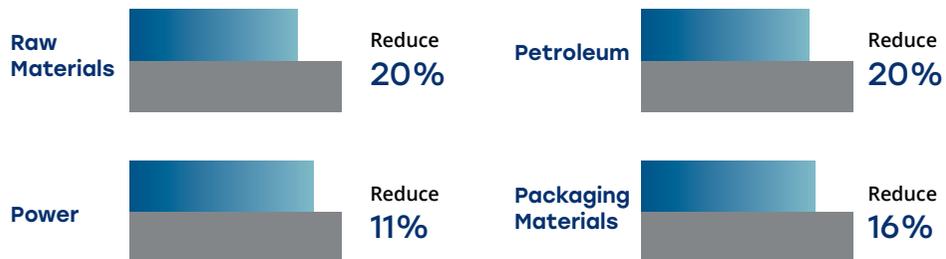
Green & Energy-Efficient Design

All products have their lifecycles. The lifecycle refers to the period from the selection of raw materials until its final withdrawal. In fact, any environmental impacts may happen in each stage, ranging from material selection, manufacturing process, packaging transport distribution, to end of life. Our goal is to minimize any possible impacts, no matter how hard it would be. To reduce the environmental impact of product lifecycle, Transcend has developed environmentally beneficial technologies, including very low-profile PCBs and new packaging materials. The selection of raw materials, auxiliary materials, and packaging materials is carefully examined and verified by our internal experts to ensure compliance with international environmental regulations.

Transcend's research and development team foresees the green energy trend and continuously strives towards developing new methods to make the product manufacturing process more environmentally friendly. Our goal is to create a low-carbon future.

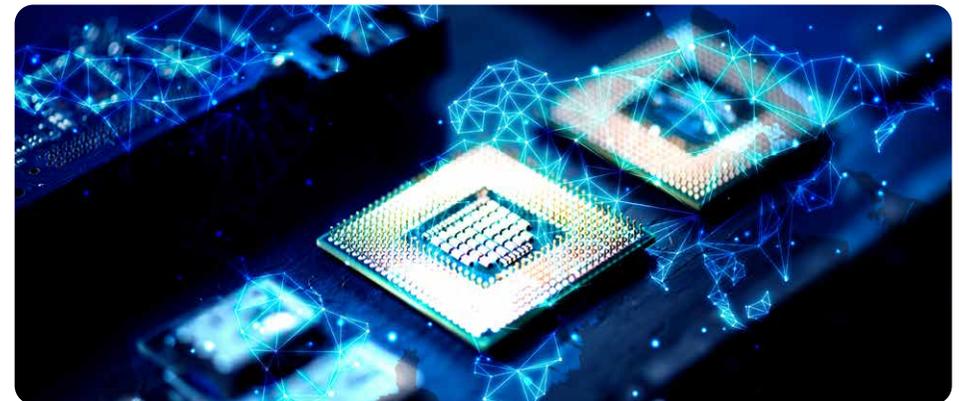
VLP (Very Low Profile) PCB

Foreseeing this green trend, Transcend's Research & Development (R&D) teams are all working hard towards the same goal- developing better methods to produce more eco-friendly products for a low carbon future. Our Very Low Profile memory modules, for instance, reduce approximately 20% of raw material consumption, including 15% of copper, 1.5% of gold and 3.5% of others. They also diminish power consumption by 11% in production process, and reduce 20% of petroleum during shipping process. Even when the products are in the end of their product lifetime, the modules produce far less pollution than ever before.



Energy-saving DRAM

By tracking the upstream production process and asking our front-end manufacturing facilities to control the usage of electricity, natural gas, technical gases, and fossil fuels, we have significantly reduced the power consumption of DRAM modules.



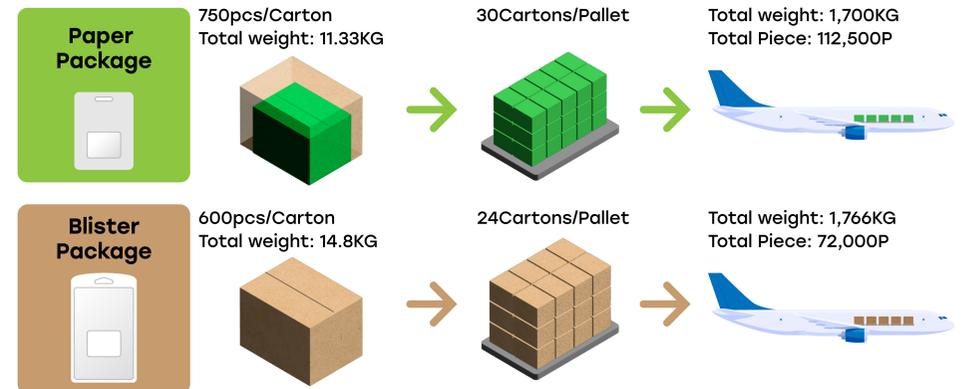
Hazardous Substances Free (HSF)

To make sure our products are as harmless as possible to our environment, we always take the potential inclusion of recycled materials and all substances present in raw materials into consideration. Every component is selected by R&D Department, while every homogeneous material is approved by our Green Team before usage. For example, thermoplastic molding compounds, the primary material of IC, are supposed to be made of non-toxic epoxy resin. Only those that meet the technical specifications and comply with Transcend Hazardous Substance Standard (THSS) can be put on the purchase list. Additionally, any remaining precious metals used in the manufacturing process are handled by the intermediaries, treatment facilities, and recycling organization. This involves thermal treatment of electronic material waste to extract metals to their original form, which can then be used as raw materials for electronic devices, reducing the depletion of environmental resources caused by metal mining and promoting the concept of sustainable resource recycling.



Reduction of Packaging Materials

Transcend creates not only high-quality products, but also eco-friendly packages. Since the beginning of 2010, we have shipped our flash cards in paperboard packaging instead of the former blister packaging. As far as manufacturer is concerned, more products can be transported at the same time while less energy is needed. As for customers, paperboard packaging is easy to use, and absolutely easy to recycle. It is not doubt greener, and allows users to deal with recycling electronic goods more easily and quickly than ever before. Additionally, Transcend's daily waste paper, plastics, metals, and lighting products are regularly collected by qualified recyclers. Overall, recycled cardboard is much lighter compared to traditional blister packaging. By reducing packaging materials, the total volume of goods that can be carried on an airplane or a ship significantly increases (from 72,000 items per pallet to 112,500 items), thus minimizing greenhouse gas emissions during transportation.



Material Management

To ensure the continuous and stable supply of all key materials, we have implemented the following measures for risk management:

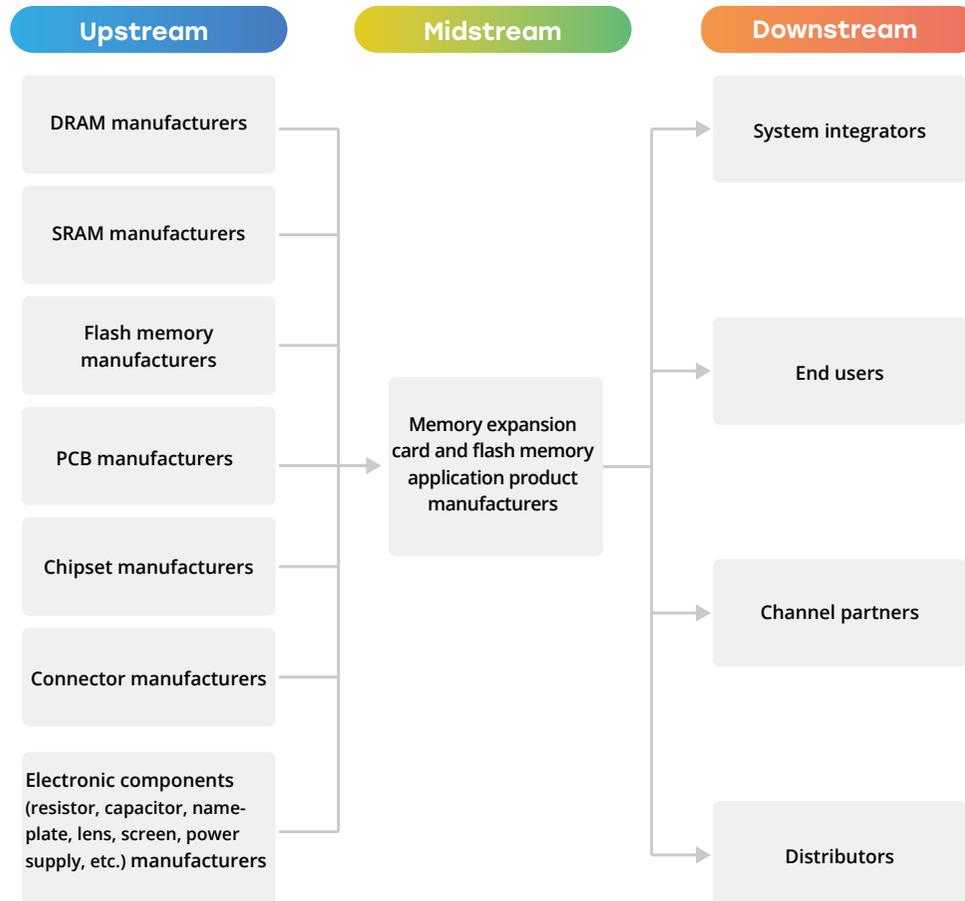
- For general materials, we have at least two suppliers.
- Maintain at least three months of stocks for special components (non-memory components).
- Long-term supply contracts are signed with key material suppliers to ensure stable supply (memory components).
- Suppliers are required to provide end-of-life (EOL) plans for raw materials one year before discontinuation and notify Last Time Buy (LTB) decisions at least six months in advance.
- Emergency response management procedures are established for production.

The products manufactured by our company, considering their characteristics, do not use recycled materials. However, in compliance with the WEEE (Waste Electrical and Electronic Equipment) directive, all products made by Transcend are recyclable.



2.3 Sustainable Supply Chain Partners

Transcend adheres to the principles of sustainable business practices and establishes long-term partnerships with suppliers. We strive to fulfill corporate social responsibilities together with our suppliers, following the principle of sourcing from Taiwan and Made in Taiwan (MIT). We carefully select suppliers to ensure the stability of our supply chain. The relationships in Transcend's supply chain involve upstream, midstream, and downstream entities as follows:



Local Procurement

Transcend procures raw material mainly in Taiwan, accounting for 57.8% of the total, including DRAM, SRAM, flash memory, PCBs, chipsets, connectors, and electronic components. In 2022, we had transactions with 328 suppliers.

Contract Types	procurement Regions	2020		2021		2022	
		Number of suppliers	Ratio of the purchasing amount to the total amount (%)	Number of suppliers	Ratio of the purchasing amount to the total amount (%)	Number of suppliers	Ratio of the purchasing amount to the total amount (%)
Raw Materials	Domestic	132	62.9%	153	60.4%	169	57.8%
	Overseas	7	36.7%	5	39.2%	12	39.9%
Non-raw Materials	Domestic	154	0.4%	137	0.4%	142	1.9%
	Overseas	2	0%	3	0%	5	0.3%
Total		295	100%	298	100%	328	100%



Supplier Evaluation

In the economic aspect, we carefully select well-known industry vendors with sustainable business capabilities as our partners. We regularly review suppliers' product quality, delivery time, pricing, service, and financial stability to ensure their compliance with our requirements and ensure a stable supply.

In terms of labor rights, we require suppliers to sign the "Supplier Social Responsibility Commitment" to ensure their adherence to BSCI (Business Social Compliance Initiative). All new suppliers are required to sign the "Supplier Social Responsibility Commitment," so the percentage of new suppliers selected using social standards is 100%.

Supplier Social Responsibility Commitment

- Prohibition of child labor and any form of forced labor
- Compliance with wage and working hour regulations
- Non-discrimination based on gender, race, religion, or political orientation
- Ensuring freedom of association and collective bargaining for employees
- Providing a safe and healthy working environment for employees

In terms of environmental safety and health, suppliers are required to sign an "Environmental Compliance Certificate" to ensure that all products provided to Transcend (including but not limited to raw materials, components, semi-finished products, finished products, accessories, packaging, etc.) comply with the following requirements:

- RoHS substances: Third-party testing reports are required when selecting raw materials.
- EU REACH Substances of Very High Concern: Monitoring is conducted through the GPM management system to ensure compliance with international standards. Suppliers are also notified through the management system about the latest hazardous substance standards and relevant environmental regulations.

In addition, the following requirements must be met:

- Suppliers must sign the "Commitment of Supplier for Business Integrity" to avoid any disruptions to procurement and maintain a healthy working relationship.
- Prohibition of using conflict minerals derived from illegal armed activities.
- Preference is given to suppliers who have obtained relevant management system certifications, such as ISO 9001 Quality Management Systems, IATF 16949 Automotive Quality Management Systems, ISO 14001 Environmental Management Systems, QC 080000 Hazardous Substance Process Management System, ISO 45001 Occupational Health and Safety Management Systems, etc.

Conflict Minerals Procurement Policy

Transcend values the safety and legality of its products and accessories. Due to the involvement, or even forced control, of armed groups in extracting certain minerals, which leads to issues such as child labor, sexual abuse, and other human rights concerns, the following four minerals mined in the Democratic Republic of the Congo and its neighboring countries, including Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, Sudan, Tanzania, Uganda, and Zambia, namely gold (Au), tantalum (Ta), tungsten (W), and tin (Sn), are defined as "Conflict Minerals."

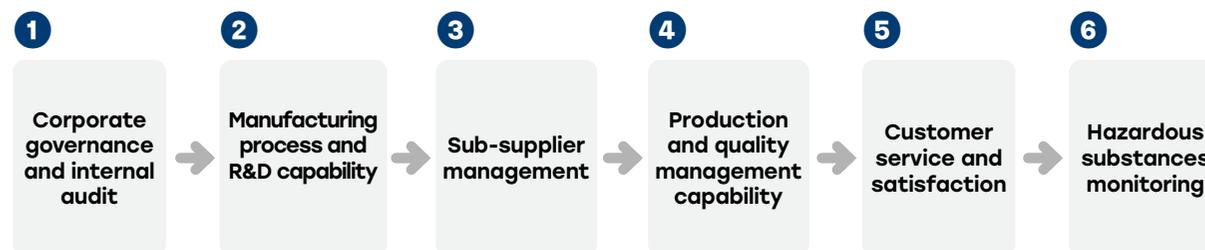
Transcend does not actively engage in trading with suppliers who are involved in conflict mineral transactions or use conflict minerals in its products. We will continue to monitor and improve our supply chain to ensure the absence of conflict minerals, and we require suppliers to take corresponding actions as well. In the event of any notification, whether suspected or confirmed, of using the mentioned minerals, Transcend will immediately cease using those products.

Supplier Management

In 2022, Transcend had transactions with 328 suppliers: 24 of them (with transaction amounts accounting for over 95% of the total annual transactions) met the evaluation criteria and underwent evaluation, while 304 suppliers did not need to be evaluated.

Transcend has established the "Supplier Selection and Evaluation Procedure" and the "Supplier Evaluation Guidelines". Through document review and on-site audits, Transcend ensures that suppliers comply with the required systems, management, and quality standards. Monitoring is conducted in six major categories, and supplier evaluations are conducted regularly each year. Suppliers that do not meet the standards will no longer have transactions with Transcend in the following year.

Transcend Supplier Review



Supplier Evaluation Results

According to Transcend's "Supplier Evaluation Guidelines," suppliers who have had 5 or more transactions in the previous year with a total transaction amount exceeding NT\$10 million are subject to supplier evaluation.

In 2022, there were 27 new suppliers: 24 of them agreed to sign the "Environmental Compliance Certificate," while the remaining 3 suppliers, whose products are not used or attached to the main product or act as agents, did not sign the document. The qualification rate was 89%.

Supplier evaluation is conducted annually based on the quality of incoming materials, delivery time, price, transaction amount, annual transaction frequency, and after-sales service. In 2022, 24 suppliers underwent supplier evaluation: 7 of them scored between 70-84 points (qualified suppliers), and 17 suppliers scored between 85-100 points (excellent suppliers), resulting in a qualification rate of 100%. There were no disqualified suppliers in 2022.

Standard	2020		2021		2022	
	Number of suppliers	Percentage	Number of suppliers	Percentage	Number of suppliers	Percentage
85 points and above	16	66.7%	17	54.8%	17	70.8%
70-84 points	8	33.3%	14	45.2%	7	29.2%
below 69 points	0	0%	0	0%	0	0%
Total	24	100%	31	100%	24	100%

Notes:

- Suppliers with a score below 69 are considered non-compliant and Transcend will not engage in transactions with them in the following year.
- In 2022, Transcend had transactions with 328 suppliers. Among them, 24 suppliers (accounting for 85% or more of the total transaction amount) met the evaluation criteria and underwent evaluation, while 304 suppliers did not need to be evaluated.

3

Chapter 3

Social Benevolence

3.1 Sports Sponsor

3.2 Creating Work Opportunities

3.3 Sustainable Operations

3.4 Youth Talent Cultivation



3.1 Sports Sponsor

With a commitment to creating greater value for society, Transcend has deeply understood the needs of the community and actively engaged in social participation, aiming to leverage corporate resources to fulfill its social responsibilities. Through long-term sports sponsorships and support of youth development activities both domestically and internationally, Transcend drives the growth of Taiwanese youth and sports, making a positive impact on society. Over the years, Transcend has consistently invested resources in youth sports events, advocating sports activities nationwide. Starting from an educational perspective, Transcend nurtures long-term talent for society. This series of sponsorship activities is collectively known as the "Transcend Campus Sports Seed Project," aiming to attract more attention to youth sports events and contribute to the physical and mental well-being of the next generation.

Since 2015, Transcend has continuously sponsored the "Rural Baseball Seed Project" by providing hardware equipment and monetary support to elementary schools in remote areas with limited resources yet they have a strong desire to develop youth baseball. Baseball camps are organized, inviting national team players to guide young players with correct baseball knowledge, training the young baseball talents in Taiwan. Each year, during the National High School Baseball Black Panthers Cup, Transcend also invites rural students to attend the games, allowing them to personally experience the energetic vibe of the event and encouraging more schools and players to pursue their dreams. In 2022, Transcend sponsored three elementary schools (Li Nong Elementary School, Shioulin Elementary School, San Guang Elementary School), supporting a total of 75 youth baseball team members, with a total expenditure of NT\$4,450,000.

Charity Event	Amount (NT\$)	Description
High School Athletics Association	4,000,000	Transcend has been a long-term sponsor of youth sports events, including HBL and HVL.
Rural Baseball Seed Project	450,000	Since 2015, we have initiated the "Rural Baseball Seeds Project" to create a dream platform for young baseball players in rural areas.

For more information, please refer to the company website. : <https://tw.transcend-info.com/about/participation>



Rural Baseball Seed Project



High School Basketball League



High School Softball League



High School Volleyball League

3.2

Creating Work Opportunities

Transcend has approximately 1,100 employees in its Taipei headquarters and factories, providing work opportunities for local residents and improving their income and living standards. Additionally, Transcend brings its advanced technology and expertise to local communities, facilitating the transfer of technology and knowledge, enhancing the competitiveness of local businesses, and ultimately promoting local economic growth.

3.3

Sustainable Operations

Transcend is committed to providing products and services that meet international standards and actively fulfilling corporate social responsibilities. To ensure the highest quality and environmental standards throughout the entire product lifecycle, Transcend has obtained multiple management system certifications, including ISO 9001, IECQ QC 080000, ISO 14001, ISO 45001, CNS 45001 (TOSHMS), and others. Furthermore, Transcend's products comply with RoHS directive, WEEE Directive, PFOS Directive, EU Batteries Directive, Directive on Packaging and Packaging Waste, ErP Directive, REACH directives, and other relevant standards. By meeting these certifications and standards, Transcend ensures product quality, environmental friendliness, and safety, while also guaranteeing sustainable development and social responsibility for the company.





3.4

Youth Talent Cultivation

Corporate Visits

Transcend also welcomes visits from top universities from home and abroad. For example, USC Marshall School of Business, which has visited Transcend consecutively for more than five years, and National Cheng Kung University, which has visited the company twice, Transcend meticulously arranged visit itineraries including company introduction, industry overview, factory tours, alumni sharing, and Q&A sessions. This provides students with the opportunity to gain a deeper understanding of Taiwanese brands and the IT industry.

Working Holiday Program

Since 2012, Transcend has been offering young people the opportunity to participate in working holiday programs abroad, pioneering among domestic companies. Over the years, several individuals have been accepted to work and holiday in Transcend's branch offices in Japan, South Korea, and the United Kingdom. Applicants who obtain working holiday visas and possess a proficient language skill are eligible for application. During their working period, they are assigned to two or three departments and receive salaries based on local standards. This allows young individuals to truly experience local culture and foreign corporate environments, enhance their professional skills and language proficiency, and gain valuable experience for their future careers.



4

Chapter 4

Creating A Friendly Workplace

4.1 Talent Overview

4.2 Staff Welfare

4.3 Talent Training

4.4 Occupational Safety and Health

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Material Topic: Talent Attraction and Retention, Human Rights Policy

Reason of Materiality	<p>With the development of globalization and AI, traditional approaches to corporate management have gradually become less applicable in contemporary society, particularly in the field of human resource management. As younger generations join the workforce, their distinct individual perspectives and work values differ from previous generations. Conflicts among different generations of employees or disagreement with the company's management models has become common, making it a significant challenge for businesses to create an inclusive workplace where talents from different generations can collaborate effectively.</p> <p>For Transcend, "talent" has always been a vital foundation of corporate development. Only when competent professionals contributing expertise and skills can sustainable business operations and growth be achieved. Therefore, we pay attention to the needs of employees from different generations and continually stay abreast of the external environment and industry standards in terms of compensation and benefits. We are gradually establishing a comprehensive and competitive salary and benefits system, embracing employee diversity, in order to create an ideal working environment for multi-generational talents.</p>
Policy/Strategy	<p>In addition to valuing the professional development of employees, Transcend also pays attention to their suggestions and opinions. Every individual's views can be conveyed to the management through internal channels. Transcend actively welcomes employee feedback and adjusts internal policies accordingly. Furthermore, the Human Resources Management department is responsible for providing appropriate strategies for talent selection, training, utilization, and retention. This includes efficient recruitment processes to promptly fulfill the manpower needs of each department, monitoring industry-standard compensation levels to enhance employee retention, establishing clear promotion opportunities aligned with organizational development, offering opportunities for internal transfers, and providing diverse welfare measures and subsidies. Our aim is to cultivate a corporate culture and workplace atmosphere that aligns with the spirit of sustainable development.</p>
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objectives - within 3 years: <ol style="list-style-type: none"> (1) Promote the existing internal communication channels within the company in different occasions at least twice a year to ensure that employees are aware of Transcend's commitment to providing a supportive work environment for expressing opinions freely. Examples of such occasions include new employee training, annual training for current employees, quarterly meetings, or routine meetings within the departments. (2) Conduct at least two audits annually on contractors to ensure their compliance with the same human rights values. (3) Strengthen existing educational training materials and internal communication channels related to "human rights" to deepen employees' awareness of human rights. (4) Establish a formal "Human Rights Policy" document and take actions consistent with the "Responsible Business Alliance (RBA) Code of Conduct" to ensure that stakeholders of Transcend understand the company's stance and policies regarding human rights. • Mid-term objectives - 3 years to 7 years: <ol style="list-style-type: none"> (1) Develop online courses that align with physical courses to ensure that employees have access to the company's human rights policy without being limited by time and space. (2) Embrace human rights issues such as gender equality, workplace misconduct, and zero tolerance for sexual harassment. Organize relevant seminars or training courses to create a respectful and friendly workplace where employees can thrive. These activities are planned to be held at least three times per year or organize them with \ training programs. • Long-term objective - 7 years or more: <p>Continuously adjust the aforementioned policy guidelines in accordance with international human rights conventions such as the "Universal Declaration of Human Rights" and the "Responsible Business Alliance Code of Conduct" (RBA CoC).</p>
Management Evaluation	<p>Through the "Recruitment and Employment Management Regulations," "Measures for Preventing and Controlling Workplace Misconduct," and "Complaint and Disciplinary Management Regulations," relevant policy management is carried out. In the future, a "Human Rights Policy" will also be consolidated.</p>
Performance and Adjustment	<ul style="list-style-type: none"> • Provide excellent office environment and comprehensive employee benefits, and establish an Employee Welfare Committee to plan and provide various benefits for employees. • In 2022, the total number of employees trained at the Taiwan headquarters was 1,030, with a total training time of 3,897 hours, averaging 3.8 hours of training per employee. • Regularly arrange training courses for new employees. In 2022, a total of 65 employees were trained, with each session lasting approximately 30 minutes. • No incidents of forced overtime or excessive working hours were reported in 2022. Measures were taken to prevent such occurrences through relevant management practices.
Precautions or Countermeasures	<ul style="list-style-type: none"> • Support international labor rights norms and comply with national labor laws, the "Business Social Compliance Initiative(BSCI) Code of Conduct," the "Responsible Business Alliance(RBA) Code of Conduct," and other applicable industry standards and international conventions. We continuously improve the working conditions and employee benefits for all staff. • We have implemented the "Measures for Preventing and Dealing with Workplace Misconduct, Complaints, and Disciplinary Actions" to enforce relevant management measures. • During new employee training, we advocate the prohibition of forced labor, child labor, discrimination, harassment, implementation of working hour management, ensuring humane treatment, and providing a healthy and safe working environment. • Through public advocacy and announcements, we ensure that employees understand their responsibility to prevent workplace misconduct and reporting channels are disclosed to create a friendly work environment. • Regular occupational safety training is conducted, including health promotion, labor safety and health, and fire safety training, as well as first aid training.

Material Topic: Occupational Safety and Health

Reason of Materiality	<p>Employees are Transcend's most valuable asset, and when employees have a safe and healthy work environment, they can achieve excellent performance. Therefore, Transcend places great importance on issues related to the work environment and the physical and mental well-being of employees. Neglecting occupational safety and health management can lead to decreased productivity, compromised product quality, and even damage to the company's reputation. Implementing a comprehensive management system and planning can reduce risks associated with employee operations. Whether it is from a safety or health perspective, significant benefits can be created to achieve a win-win situation for both the company and its employees.</p>
Policy/Strategy	<p>To fulfill our commitment to promoting various handling/control measures, fulfilling our corporate responsibility to protect the safety and health of employees, preventing occupational injuries and illnesses, reducing occupational health and safety risks, maintaining competitiveness, enhancing the company's image, and communicating these principles to all employees and stakeholders involved, which are the foundation of sustainable development for Transcend.</p> <p>Transcend's ESH policy: Legal Compliance, Employee Involvement, Continuous Improvement, Effective Communication, and Performance Enhancement.</p>
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objective - within 3 years: <ol style="list-style-type: none"> (1) Zero major occupational accidents (2) Zero cases of occupational diseases caused by chemical exposure (3) Company's total injury rate lower than the industry average for the past 3 years (4) 100% compliance with occupational health and safety regulations (5) Conducting 1 health promotion program per year • Mid-term objective - 3 years to 7 years: <ol style="list-style-type: none"> (1) Maintain zero major occupational accidents (2) Maintain zero cases of occupational diseases caused by chemical exposure (3) Maintain a company's total injury rate lower than the industry average for the past 3 years. (4) Provide mental and physical counseling services, 3 times per month. (5) Organize sports competitions at least once per year. (6) Participate in sports and wellness activities and provide incentive programs • Long-term objective - 7 years or more: <ol style="list-style-type: none"> (1) Promote workplace health promotion and enhance the culture of workplace safety and health (2) Encourage employees to engage in self-health management
Management Evaluation	<ul style="list-style-type: none"> • Conduct annual effectiveness assessments of occupational safety and health management based on ISO 45001 and TOSHMS internal management review procedures • Regularly hold management review meetings each year to ensure suitability, adequacy, and effectiveness of the management system
Performance and Adjustment	<ul style="list-style-type: none"> • There were zero occupational accidents in 2022, meeting the company's short-term objective. • Investigations are initiated for all accidents to analyze the causes and implement improvements to prevent recurrence. This includes reviewing hazard identification and risk assessment, prioritizing engineering improvements, modifying procedural documents, and strengthening employee understanding through advocacy. • Regular safety and health training are conducted to enhance employees' safety and health awareness. In 2022, a total of 5 categories of internal training courses were conducted with 1,059 participants, and 8 types of certification courses were offered with a total of 11 participants. • Occupational safety and health-related expenditures amounted to approximately NT\$ 16,910 thousand. • All operating sites in Taiwan have obtained dual certification for ISO 45001 and CNS 45001 (TOSHMS) systems.
Precautions or Countermeasures	<ul style="list-style-type: none"> • By conducting hazard identification and risk assessment, effective controls are implemented to manage hazards and reduce risks, thereby enhancing safety and health performance. Relevant operational controls are established to ensure compliance with legal requirements and management system standards. • The five major programs (human factors and ergonomics, abnormal workloads, workplace misconduct, employee health services, and maternity protection) continue to be implemented. Supervision, performance measurement, analysis, and evaluation are conducted, while regular safety committee meetings are held to review and discuss the effectiveness of safety and health measures. This ensures the operation of a safe and healthy work environment that protects the physical, mental, and emotional well-being of employees, with the ultimate goal of achieving zero accidents.

4.1

Talent Overview

As of the end of 2022, the total number of Transcend employees was 992, all of whom were full-time employees. There were no part-time, dispatched, or temporary workers. The workforce is stable and robust. Among them, employees aged between 30 and 50 with professional knowledge and experience are a key part of the workforce. The non-employee workers consist of contracted personnel, such as security guards, cafeteria staff, and gardeners, totaling 21 individuals.

Number of employees					
Region/Type		Female	Male	Total	
Taiwan	Number of employees	495	497	992	
	Number of full-time employees	495	497	992	

In all regions, Transcend mainly employs local residents. Taking Taiwan's senior executives as an example, male senior executives account for 83.3% and female senior executives account for 12.5%, totaling 95.8% of local residents.

Item	Senior Executives	
	Male	Female
Number of senior executives who are local residents	20	3
Total number of senior executives	24	
Proportion	83.3%	12.5%

Note:

1. Proportion of senior executives who are local residents (Taiwan) = Number of senior executives of that gender / Total number of senior executives in the company at the end of the year
2. Director-level and above positions are considered senior executives in the company.
3. This statistic is based solely on data from our Taiwan headquarters.

Transcend promotes employees to managerial positions based on individual's performance and abilities, while actively cultivating employees who demonstrate outstanding performance and management capabilities. With the goal of promoting equal pay and equal opportunities for both genders, the average representation of female employees in 2022 was 49%, and the average representation of female managers was 16%

		Year			
			2020	2021	2022
Item/Gender	Age	Headcount	Headcount	Headcount	
Managerial Position	Male	Below 30 years old	0	0	0
		30-50 years old	76	77	75
		Above 51 years old	2	2	3
	Female	Below 30 years old	0	0	0
		30-50 years old	16	14	14
		Above 51 years old	0	0	0
Total number of managerial personnel			94	93	92
Non-managerial Position	Male	Below 30 years old	35	54	41
		30-50 years old	421	386	372
		Above 51 years old	5	6	6
	Female	Below 30 years old	35	72	63
		30-50 years old	428	376	365
		Above 51 years old	46	40	53
Total number of non-managerial personnel			970	934	900
Total number of full-time personnel			1,064	1,027	992

Explanation:

1. The positions of department managers and above are considered as managerial position in our company.
2. This statistic is based solely on data from our Taiwan headquarters.

4.1.1 Diverse Workforce

Transcend embraces a diverse and inclusive workforce, treating all ethnic groups with equal respect and fairness. We value the rights of all ethnic groups and, in accordance with our established "Recruitment and Employment Management Regulations," we recruit individuals who are 18 years of age or older and willing to provide labor or services. The recruitment process and decisions are not influenced by any factors such as race, religion, belief, gender, marital or reproductive status, age, political background, nationality, disability, sexual orientation, zodiac sign, blood type, or any other reasons. In compliance with the "People with Disabilities Rights Protection Act," Transcend also employs individuals with disabilities, and the current number of employees with disabilities is 12. The employment status of employees from diverse ethnic groups in the past three years is shown in the following table:

Year		2020	2021	2022	
Item/Gender	Age	Headcount	Headcount	Headcount	
International Employees	Male	Below 30 years old	0	0	0
		30-50 years old	3	4	4
		Above 51 years old	1	1	1
	Female	Below 30 years old	0	0	1
		30-50 years old	0	0	1
		Above 51 years old	0	0	0
Disability	Male	Below 30 years old	1	0	0
		30-50 years old	6	6	7
		Above 51 years old	0	0	0
	Female	Below 30 years old	0	1	0
		30-50 years old	4	4	4
		Above 51 years old	1	1	1

Note: This statistic is based solely on data from our Taiwan headquarters.

New Hires

To attract outstanding talents from home and abroad while enhancing Transcend's competitiveness, we not only recruit talents from external channels but also accept employee referrals. Transcend's hiring criteria are based on knowledge, character, ability, experience, and suitability for the position. By the end of 2022, we had a total of 67 new hires (29 males and 38 females), accounting for 6.75% of the total workforce.



Year	2020				2021				2022			
	Male		Female		Male		Female		Male		Female	
Age/ Item	Head-count	New hire ratio (%)										
Below 30 years old	25	2.35	23	2.16	28	2.73	21	2.04	14	1.41	32	3.23
30-50 years old	6	0.56	5	0.47	15	1.46	18	1.75	15	1.51	6	0.6
Above 51 years old	1	0.09	0	0	0	0	0	0	0	0	0	0
Total number of new hires	60		82		67							
Total number of employees	1,064		1,027		992							
Total new hire percentage (%)	5.64		7.98		6.75							

Notes:

1. The number of new employees does not exclude employees who left during the year.
2. The new hire ratio for male (female) employees in a specific age group = Number of new male (female) employees in that age group in the year / Total number of employees at the end of the year.
3. Overall new hire employment rate = Number of new hires in the year / Total number of employees at the end of the year.
4. This statistic is based solely on data from our Taiwan headquarters.
5. In 2020 and 2021, there were information restatements due to different calculation standards.

Departing Employees

The official employee turnover rate at Transcend in 2022 was 10.3%. When employees submit their resignation, they will undergo individual interviews conducted by their department supervisor and the HR department. These interviews aim to understand the true reasons for their departure and gather feedback on the company, colleagues, and supervisors, which will serve as references for future improvements to reduce human capital loss.



Year	2020				2021				2022			
	Male		Female		Male		Female		Male		Female	
Age/ Item	Head-count	New hire ratio (%)										
Below 30 years old	7	0.66	13	1.22	18	1.75	18	1.75	17	1.71	24	2.42
30-50 years old	35	3.29	33	3.1	37	3.6	43	4.19	40	4.03	21	2.12
Above 51 years old	0	0	2	0.19	0	0	2	0.19	0	0	0	0
Total number of resignations	90				118				102			
Total number of employees	1,064				1,027				992			
Overall turnover rate (%)	8.46				11.49				10.28			

Notes:

1. Classify the types of employee departures, such as resignation, dismissal, retirement, voluntary retirement, or death in service.
2. The turnover rate for male (female) employees in a specific age group = Number of male (female) employees in that age group who left during the year / Total number of employees at the end of the year
3. Overall employee turnover rate = Number of departures in the year / Total number of employees at the end of the year
4. This statistic is based solely on data from our Taiwan headquarters.
5. In 2020 and 2021, there were information restatements due to different calculation standards.

4.1.2 Minimum Notice Period for Operational Changes

In order to safeguard the rights and interests of employees and comply with relevant labor regulations, Transcend adheres to the provisions of the Labor Standards Act.

In the event of significant operational changes or termination of employment, the following notice periods shall apply:

1. Employees who have worked continuously for more than three months but less than one year shall be given a ten-day advance notice.
2. Employees who have worked continuously for more than one year but less than three years shall be given a twenty-day advance notice.
3. Employees who have worked continuously for three years or more shall be given a thirty-day advance notice.

After receiving the aforementioned notice, employees may request leave during working hours to seek alternative job. The duration of such leave shall not exceed two working days per week, and wages shall be paid for the leave period. If the employment contract is terminated without adhering to the specified notice period, the wages for the notice period shall be provided.

For operational locations in other countries, local labor laws and regulations shall be followed. In 2022, Transcend did not have any significant operational changes that had a major impact on employees.



4.2 Staff Welfare

4.2.1 Competitive Compensation

To attract outstanding talents from home and abroad, Transcend provides a diverse and competitive compensation system. Transcend's compensation includes monthly salaries, extra year-end bonuses, and performance bonuses based on quarterly business profitability. The amount of performance bonuses is determined by the overall performance of Transcend, achievement of department goals, and individual performance. This system aims to motivate departments and employees to continuously make improvements, enhance work efficiency, and maintain a fair and competitive compensation structure.

Transcend's base salaries are gender-neutral and higher than the basic wages announced under the Labor Standards Act. Each year, adjustments and promotions are made based on employee's job performance, expertise, and skills, resulting in variations in salary and job rank. When hiring employees of the same position and rank, the base salary ratio between genders is 1:1, and the average ratio compared to the local minimum wage is 1.06. The ratio between the total annual compensation of the highest-paid individual and the median total annual compensation of other employees is 53.88%. The percentage increase in the total annual compensation of the highest-paid individual compared to the median percentage increase in the average total annual compensation of other employees remains unchanged from the previous year.

Salary ratio by job category	Headcount		Total annual salary (NT\$)		Salary ratio	
	Female	Male	Female	Male	Female	Male
Managerial role	14	78	18,937,500	123,631,260	0.85	1
Non-managerial role	481	419	267,010,500	268,416,000	0.87	1
Direct personnel	170	204	124,020,000	233,258,760	0.64	1
Indirect personnel	325	293	161,928,000	158,788,500	0.92	1

Notes:

1. The female-to-male salary ratio (annual salary ratio) = Average annual salary of females in the category / Average annual salary of males in the category
2. Direct personnel are divided into "operators" and "technicians." The job nature of operators involves repetitive and basic labor tasks, with no specific educational or skill requirements. It is suitable for those with junior high school education, no experience, or women seeking second employment. On the other hand, technicians require a higher education level, preferably with a background in electronics and electrical engineering. Therefore, in the Taiwanese job market, there is a higher representation of males in technical positions, resulting in higher salaries for males among direct employees compared to females.

4.2.2 Retirement System

Transcend has implemented a retirement system according to regulations since 2005. For new employees and existing employees who choose to adopt the new retirement pension regulations, 6% of their monthly salary is contributed to their personal retirement accounts at the Bureau of Labor Insurance. For existing employees who continue to opt for the old retirement pension system and still have seniority under the old system, an appropriate amount of retirement reserves is allocated monthly to a designated account at Bank of Taiwan. The Supervisory Committee is responsible for overseeing retirement reserve matters.



4.2.3 Maternity and Parental Leave

In compliance with the Act of Gender Equality in Employment, Transcend implements a maternity and parental leave policy, allowing employees to take time off from work to focus on raising their children. This policy aims to help employees achieve a balance between work and family. Additionally, we provide a maternity subsidy to congratulate employees on having a new family member. For employees who have the need to care for children under the age of 3, we offer maternity and parental leave without pay. After the completion of their leave, we arrange for their return to the original position and unit, actively helping employees reintegrate into the group. In 2022, there were a total of 11 employees who applied for maternity and parental leave, out of which 2 employees have returned to work, resulting in a 100% retention rate for women.

Year	2020			2021			2022			
	Gender/ Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of individuals eligible for maternity and parental leave.		25	23	48	23	12	35	21	11	32
Number of individuals who actually applied for maternity and parental leave in the current year		0	9	9	3	9	12	1	3	4
Number of individuals who should return to work after maternity and parental leave in the current year		0	4	4	0	6	6	4	3	7
Number of individuals who actually returned to work after maternity and parental leave in the current year		0	2	2	0	6	6	4	2	6
Number of individuals who actually returned to work after maternity and parental leave in the previous year		2	2	4	0	2	2	4	5	9
Number of individuals who continued working for one year after returning from maternity and parental leave in the previous year		2	2	4	0	2	2	1	5	6
Maternity and parental leave return rate (%) in the current year		-	50	50	-	100	100	100	67	86
Maternity and parental leave retention rate (%) in the current year		100	100	100	-	100	100	25	100	67

Calculation Method:

1. Number of individuals who should return to work: The number of individuals on maternity and parental leave who should return to work during the current year.
2. Retention count for 2022: The number of employees who returned to work in 2021 and remained employed as of December 31, 2022.
3. Maternity and parental leave return rate (%) for the current year: Number of individuals who actually returned to work after maternity and parental leave in the current year / Number of individuals expected to return to work after maternity and parental leave in the current year
4. Maternity and parental leave retention rate (%) for the current year: Number of individuals who continued working for one year after returning from maternity and parental leave in the previous year / Number of individuals who actually returned to work after maternity and parental leave in the previous year
5. This statistic is based solely on data from our Taiwan headquarters.

4.2.4 Enhancing Employee Benefits

Transcend has never engaged in forcing employees to work overtime or exceed their working hours, and we have implemented relevant management policies to prevent occurrences of overtime work. We also require suppliers to sign the Supplier Social Responsibility Commitment to ensure compliance with BSCI (Business Social Compliance Initiative) social responsibility standards. The commitment includes the following provisions:

1. Prohibition of child labor and any form of forced labor
2. Compliance with wage and working hour regulations
3. Non-discrimination based on gender, race, religion, or political affiliation
4. Ensuring freedom of association for employees
5. Providing a safe and healthy working environment for employees

Attendance Management

Attendance is recorded by tapping employee ID cards on the attendance machine. The standard workweek is five days, with a regular daily working hours of eight hours, excluding one hour for meal breaks.

Overtime Management

Overtime pay calculation: Overtime pay is calculated in accordance with relevant provisions of the "Labor Standards Act".

Trascend provides an excellent working environment and comprehensive employee benefits. We have established an Employee Welfare Committee to plan and provide various benefits to our employees, including wedding bonuses, childbirth bonuses, condolences, and holiday gifts. In order to achieve a balance between work and life for our employees, we have recreational facilities and a gym where colleagues can relax and relieve stress. We also arrange free annual health check-ups and regular consultations with physicians to look after the health of our employees.



Insurance

In addition to the legally required labor and health insurance, Trascend has specially designed group insurance for employees, which includes term life insurance, accident insurance, hospitalization medical insurance, and cancer health insurance. For employees on business trips, we also provide additional coverage with business travel insurance and travel inconvenience insurance, offering employees additional protection.

Newcomer's Leave

Trascend also provides better than the current legal annual leave entitlement for new colleagues, hoping that new employees can achieve a balance between work and life.

Bonuses and Subsidies

To create positive interaction with employees and establish a warm and harmonious atmosphere among colleagues, Trascend provides wedding and childbirth bonuses to employees to celebrate their joyous occasions. Additionally, Trascend offers condolences money and funeral wreaths to express condolences to the bereaved families.

Club Activities

Although Trascend does not have labor unions, we encourage colleagues to form clubs. Trascend has established various clubs (such as table tennis club, badminton club, basketball club, yoga club, etc.) and provides appropriate subsidies to support their smooth operation. We encourage employees to participate in club activities, aiming to foster a sense of connection among colleagues through these club activities.

Other Company Activities

In addition to annual events like year-end banquets, Family Day, and sports competitions that promote employee well-being and strengthen team spirit, Trascend has also provided a basketball court and several recreational facilities. These facilities include equipment for table football, table tennis, and billiards. Furthermore, we collaborate with nearby sports centers to provide professional trainers, classes, and equipment for our employees to use during their leisure time.



Salary and Bonus

Transcend's salary and bonus system includes monthly salary, generous year-end bonuses, and quarterly bonuses based on Transcend's business profit every quarter. Quarterly bonuses are determined by the overall performance of the company, achievement of organizational goals at the departmental level, and individual performance of employees. This system aims to motivate departments and employees to continually improve and enhance work efficiency while maintaining a fair and competitive salary structure. It allows the company, its units, and employees to grow together and achieve operational excellence.

Employee Development Training

To help new employees get familiar with the company culture, multiple training and orientation programs are conducted annually for new hires. In order to enhance the professional capabilities of each department, various skill enhancement courses are organized based on the specific needs of each unit, including business development, procurement, and research and development. Additionally, to meet legal requirements, Transcend assigns representatives to participate in relevant external training programs each year, with full training subsidies provided.

Health and Safety

Transcend provides all new employees with free physical examinations and offers other employees health examinations that are superior to regulatory requirements. For employees with abnormal examination results or special conditions, follow-up and guidance are provided with their consent. Additionally, Transcend assigns dedicated physicians and nurses to provide ongoing healthcare, regular health consultations, and periodic health promotion programs to enhance employee health awareness and knowledge, which is superior to regulatory requirements.

Other Benefits

Transcend provides an employee cafeteria and coffee shop, offering meals and beverages to employees at discounted prices. Every year, gifts are also provided to all employees. Additionally, through partnerships with other vendors, employees can enjoy discounts and benefits related to food, clothing, accommodation, transportation, and other aspects of daily life. Furthermore, Transcend offers a lactation room for female colleagues who require breastfeeding or milk pumping.

4.3 Talent Training

In the highly competitive technology industry, talent is the key factor that determines the success of a company, and talent has always been the strongest and most powerful support of Transcend. Through professional enhancement courses, job rotations, and overseas business trips, Transcend cultivates its employees with diverse skills, enabling them to achieve organizational goals. In terms of training programs, new employee training, as well as skill enhancement courses for sales, procurement, and R&D personnel, are conducted annually based on demand. Transcend also complies with legal requirements by organizing or sending employees to participate in relevant external training. In 2022, the total number of employees trained at Taiwan headquarters was 1,030, with a total training duration of 5,094.25 hours, resulting in an average training duration of 4.95 hours per person. The education and training statistics for the company in 2022 are as follows:



Item/Type		Male		Male		Male		Male	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Total Participants	Headcount	77	16	439	498	299	329	217	185
Total Training Hours	Hour	675	85.5	2,071	2,262.75	726	726	2,020	1,622.25
Average Training Hours	Hour/person	8.77	5.34	4.72	4.54	2.43	2.21	9.31	8.77
Training Costs	NT\$	201,941	26,826	230,549	132,187	6,200	0	426,290	159,013

Notes:

1. Total Number of Managers + Total Number of Non-Manual Employees = Total Number of Employees at Operational Locations.
2. Total Number of Direct Employees + Total Number of Indirect Employees = Total Number of Employees at Operational Locations.
3. The larger discrepancy in training hours and average hours for male and female managers is due to a higher proportion of male employees in managerial positions, and male managers often hold positions that require regular training, such as information security, research and development, and corporate governance principles.
4. Training for direct employees is primarily conducted in-house and therefore does not incur costs. Additionally, the cost for training male employees is due to legal requirements.
5. This statistics only pertain to the data of the Taiwan headquarters.



Transcend plans training programs based on job roles and actual needs to enhance employees' professional knowledge, skills, and expertise, thereby improving their job performance. The training programs include new employee training, specialized training for specific job functions, and leadership development training for managers. To promote a culture of integrity in business operations, Transcend provides new employee training, covering topics such as employee ethics, code of conduct, integrity and fair trading, confidentiality, and prevention of insider trading. In 2022, a total of 65 people were trained, with each session lasting approximately 30 minutes.

In order to enhance employees' professional development and skills, Transcend conducts relevant education and training programs in line with the company's development direction and employees' career development. The ratio of male to female non-managerial employees is nearly equal, resulting in similar average training hours for both genders. However, there is a significant difference in the gender ratio among managerial employees (approximately 5.5:1), and two female managers participated in a 24-hour external training course, contributing to a higher average total training hours for female managers compared to male managers.

Performance evaluation is not merely used to assess employees' annual job performance but, more importantly, it aims to motivate employees' potential development and build a robust human resource system within the company. The assessment system does not differentiate based on factors such as employees' gender, religion, or race. Its primary purpose is to build a consensus between employees and supervisors in achieving work objectives while considering both evaluative and developmental goals. The objective is to nurture and develop employees' capabilities, enabling them to master their roles and job duties, thereby enhancing Transcend's competitiveness and overall organizational effectiveness.

Human Rights Policy and Implementation Practices

Transcend supports international labor rights regulations and commits to complying with national labor laws, the "Business Social Compliance Initiative (BSCI) Code of Conduct", the "Responsible Business Alliance (RBA) Code of Conduct", and other applicable industry standards and international conventions. We strive to continuously improve working conditions and employee benefits for all our staff.

Transcend's human rights policy aims to safeguard the following issues:

- Workplace health and safety
- Elimination of unlawful discrimination and ensuring equal employment opportunities
- Prohibition of child labor
- Prohibition of forced labor
- Promotion of physical and mental well-being and work-life balance

Transcend establishes relevant policies, management principles, advocacy, and training to ensure that workplace equality is not just a slogan but a tangible reality. In order to strengthen the implementation of human rights, we incorporate human rights-related courses into new employee training or educational programs. Additionally, through public announcements, we ensure our employees are informed about human rights-related matters.

New Employee Training	Prevention of Workplace Violence	Occupational Safety Training
<p>The training includes prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, working hour management, guarantee of humane treatment, and provision of a healthy and safe working environment.</p>	<p>Through public announcements, employees are informed of their responsibility to ensure that workplace misconduct does not occur during the course of their duties. Transcend also establishes a reporting hotline to encourage the disclosure of any violations, aiming to create a friendly workplace.</p>	<p>The training includes health promotion, occupational safety and health training, fire safety training, and first aid training.</p>

4.4

Occupational Safety and Health Policy & Management System of Occupational Safety and Health

Transcend hopes to implement various handling/control mechanisms and offer protections to environment and employee health and safety so as to prevent occupational injuries and illnesses. In order to reduce environmental/occupational health and safety risks, while maintaining company competitiveness and brand image, and disseminate these principles to all employees and stakeholders as the foundation for sustainable development, we have established the following Environment, Health, and Safety (EHS) Policy:

- **Legal Compliance:** Comply with relevant domestic safety, health, and environmental regulations, and meet international safety, health, and environmental standards.
- **Employee Involvement:** Engage all employees through EHS training, ensuring their participation in the implementation of the EHS management system.
- **Continuous Improvement:** Conduct regular audits and management activities to reduce environmental pollution and risks to employee safety in product activities and service.
- **Effective Communication:** Strengthen communication mechanisms with employees, suppliers, and the general public to demonstrate our commitment to environmental and occupational health and safety improvement; enhance interactions with employees and their representatives.
- **Performance Enhancement:** Move towards clean production by utilizing pollution prevention and risk control technologies; provide necessary resources and expertise to enhance the performance of EHS management.

In response to international trends, Transcend continuously improves its occupational health and safety management performance to ensure the ongoing effectiveness of the occupational health and safety management system and achieve sustainable development. With employee involvement at the core, we focus on internal and external issues, stakeholder needs and expectations, risk and opportunity identification, etc. Transcend has implemented the ISO 45001 Occupational Safety and Health Management System and the CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS). We follow the PDCA (Plan-Do-Check-Act) protocol to gradually implement safety and health management work. The scope and applicability of the systems cover entire operation within our facilities and all workers. For contractors and subcontractors, their obligations are defined in their contracts and relevant attachments. Each unit conducts hazard identification and risk assessment for their respective operations and makes improvements based on risk severity. Finally, through the measurement and evaluation of performance indicators and audit operations, we assess the effectiveness of the improvements, ensure the continuous operation of the management systems, and enhance safety and health performance.

Transcend places great importance on the safety of employees and the workplace. Therefore, an external professional security organization is entrusted with Transcend's security system, and the proportion of security personnel trained in human rights policies or procedures is 100%. The entire management and operation involving personnel providing external services are also included to ensure the safety and health of all individuals. We strive for comprehensive safety and health management, aiming to create a zero-accident work environment. This demonstrates our commitment to occupational safety and health, protecting the safety and health of all employees.



ISO 45001 Certificate



CNS 45001(TOSHMS) Certificate

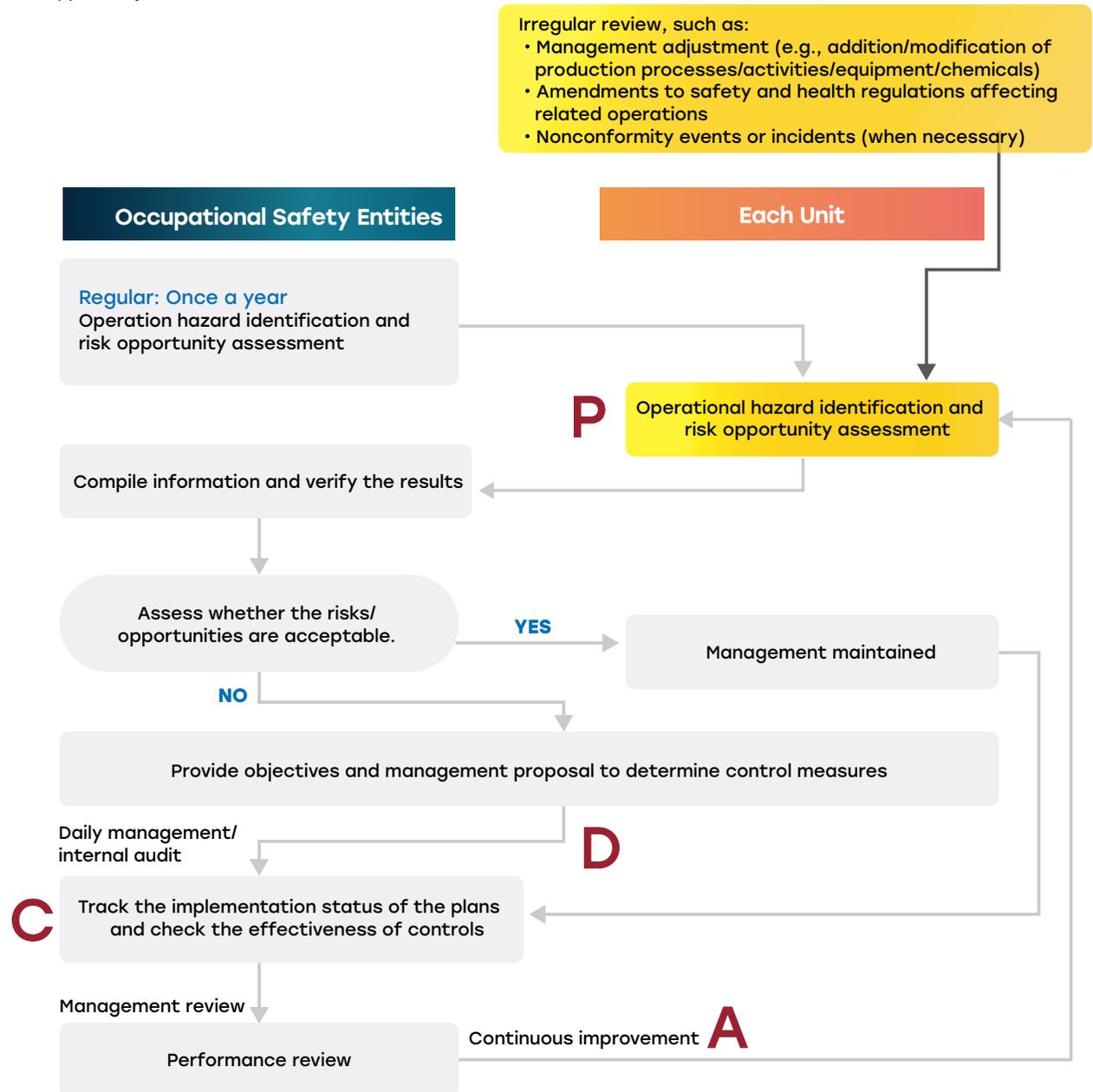
Hazard Identification & Risk Opportunity Assessment

To understand the risks and hazards associated with routine and non-routine operations throughout the company, Transcend has conducted hazard identification for materials, chemicals, machinery, equipment, tools, and facilities that employees come into contact with. The identified hazards are categorized based on their types and severity. Preventive measures are implemented to control and manage these operations, reducing employees' exposure to hazards. A Hazard Identification Procedure has been established to guide this process. If the identified risks fall within the unacceptable range, improvement measures are taken to ensure a safe and healthy working environment for personnel.

In accordance with the Risk Assessment Technical Guidelines issued by the Occupational Safety and Health Administration, Transcend has established relevant processes to identify, assess, and control environmental and operational hazards. Under the company's control, hazards caused by activities and appeared at the surrounding of workplace are identified. Risk is also evaluated on adjustment of occupational safety and health management systems. Based on the identification and assessment results, risks that are deemed unacceptable are prioritized for improvement to mitigate the risk, ensuring effective risk control and management system. Transcend carries out hazard identification and risk opportunity assessment in accordance with the Hazard Identification Procedure. In 2022, a total of 1,344 risks and opportunities were identified, and the top five hazard types and their percentages based on the risk assessment results are as follows:

No.	Hazard Type	Percentage (%)
1	Mechanical	40
2	Energy	22
3	Chemical	19
4	Ergonomic	14
5	Biological	1

The operating process of hazard identification and risk opportunity assessment is as follows:



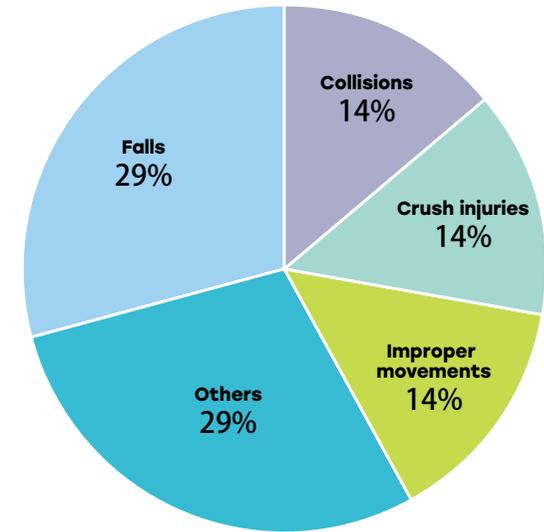
Occupational Accidents, Incident Investigation, and Preventive Measures

To effectively prevent occupational accidents, other than complying with the provisions of the "Occupational Safety and Health Act," Transcend also follows the internally established Operating Guidelines for Investigation, Handling, and Statistics of Occupational Accidents. Transcend appoints occupational safety and health supervisors and managers to regularly conduct operational environment inspections in each unit. Operational safety regulations and management system specifications are announced and disseminated. Safety data sheets are provided on-site and in online systems for employees to access at any time. This enables employees to have a deeper understanding of safety and health concepts and internalize these concepts in their daily lives.

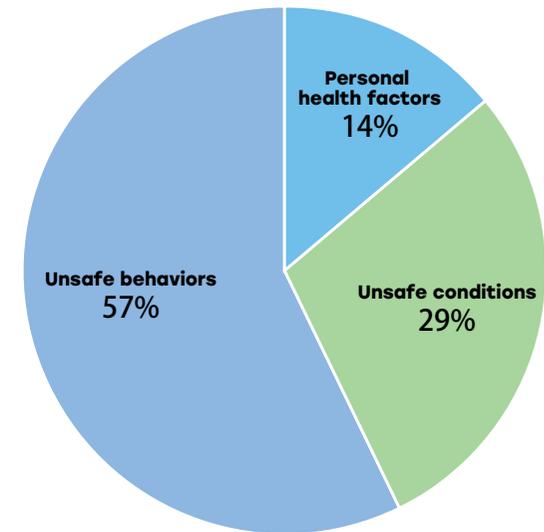
Based on Transcend's philosophy and policies, we establish management objectives, formulate implementation plans, and track/evaluate performance according to the plans. The goal is to achieve "Zero Accidents" and take care of every employees' safety and health. This is done through the implementation of risk assessment, hazard identification, safety and health education, and pre-execution meetings to enhance employees' risk awareness and safety knowledge. In accordance with the law and to achieve the goal of zero accidents, Transcend has established the "EHS Emergency Response Management Procedure" to protect workers' rights of safety evacuation and to address various emergency situations. If any potential safety and health issues are identified during operations, employees are encouraged to report them immediately to their supervisors, occupational health nurses, and the occupational safety and health office.

When employees experience injuries or illnesses, Transcend proactively reports and handles them according to procedures. The number of incidents and improvement measures are then compiled and reported to the Occupational Safety and Health Committee on a quarterly or annual basis.

In 2022, there were no cases of death or serious injuries caused by occupational accidents among employees and non-employee workers (contractors, subcontractors, visitors) in Transcend. However, there were 7 other incidents (non-work-related) that occurred within Transcend, and investigations and corrective measures were conducted for each incident.



Analysis of Injury Types



Analysis of Injury Causes



Employee occupational injury types in the past three years are as follows:

Category	Item	2020	2021	2022
Total working hours	Total working hours for females	1,072,000	1,015,920	983,712
	Total working hours for males	1,080,000	1,051,776	1,005,112
	Total working hours	2,152,000	2,067,696	1,988,824
Number of fatalities caused by occupational injuries	Number of female fatalities	0	0	0
	Number of male fatalities	0	0	0
	Total number of fatalities	0	0	0
Number of serious occupational injuries (excluding fatalities)	Number of serious occupational injuries for females	0	0	0
	Number of serious occupational injuries for males	0	0	0
	Total number of serious occupational injuries	0	0	0
Recordable occupational injury cases (including fatalities and serious injuries)	Number of occupational injuries for females	4 (Minor injury)	10 (Minor injury)	0
	Number of occupational injuries for males	4 (Minor injury)	3 (Minor injury)	0
	Total number of occupational injuries	8 (Minor injury)	13 (Minor injury)	0
Fatality rate caused by occupational injuries	Fatality rate of occupational injuries for females	0	0	0
	Fatality rate of occupational injuries for males	0	0	0
	Fatality rate of occupational injuries	0	0	0
Serious occupational injury rate (excluding fatalities)	Serious occupational injury rate for females	0	0	0
	Serious occupational injury rate for males.	0	0	0
	Serious occupational injury rate	0	0	0
Recordable occupational injury rate (including fatalities and serious occupational injuries)	Total occupational injury rate for females	3.7	9.8	0
	Total occupational injury rate for males	3.7	2.9	0
	Total occupational injury rate	3.7	6.3	0
Please describe the types of occupational injuries (such as fractures, lacerations, contusions, etc.)	Please describe each type of occupational injury.	8 cases of laceration	8 cases of laceration, 2 cases of contusion, 1 case of falling, 1 case of puncture 1 case of crushing injury	-

Notes:

1. Fatality rate of occupational injuries = Number of fatalities from occupational injuries / Total working hours * 1,000,000.
2. Serious occupational injury rate = Number of serious occupational injuries (excluding fatalities) / Total working hours * 1,000,000.
3. Recordable occupational injury rate = Number of recordable occupational injuries (including fatalities and serious injuries) / Total working hours * 1,000,000.
4. Serious occupational injury refers to an injury that is unable to recover within 6 months.
5. Non-disabling injury: Occupational injury that does not include death, permanent disability, permanent partial disability, or temporary total disability, with working hours lost not exceeding 1 day.
6. This statistics only pertain to the data of the Taiwan headquarters.

Since all employees at Transcend work in normal working environments, there are no employees or workers engaged in high-risk or high-specific-disease works. Therefore, all employees undergo general physical examinations upon onboarding and have annual health check-ups. If any abnormality is detected in the health check-up, follow-up procedure will be conducted. The health analysis report will be consolidated based on employee's check-up reports and provided to employees as a reference. Individual health consultations, care, and guidance will be provided as necessary to help employees understand their own health conditions.

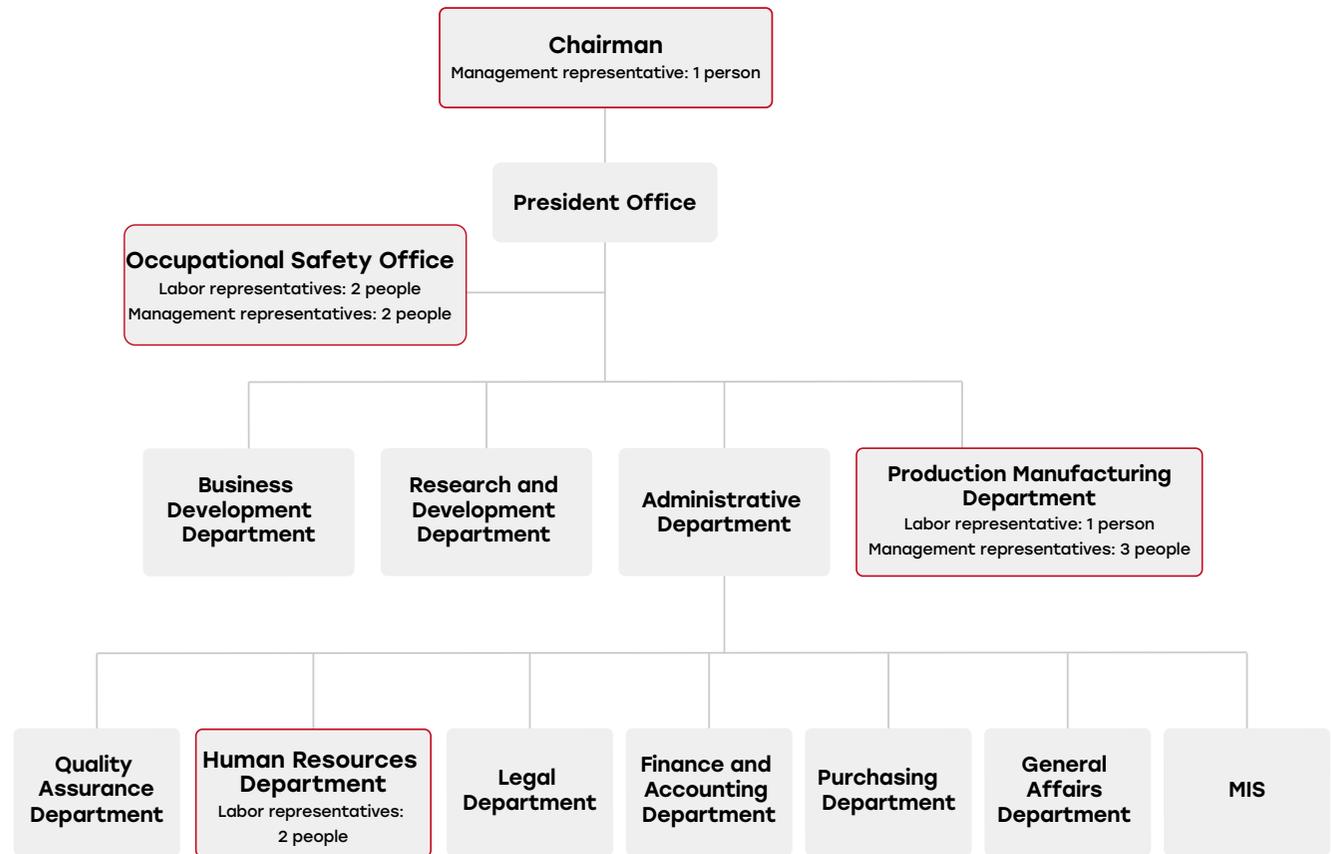
Transcend has established and implemented a labor health service plan, ergonomic hazard prevention plan, and abnormal workload prevention plan. Each year during the annual health check-up, a questionnaire is used to survey employees' occupational disease and injury status. The data is analyzed, and consultation services are provided by on-site medical professionals. Regular reviews are conducted annually. We have also developed an "Employee Health Management Guidelines" to enhance the quality of labor health, prevent occupational diseases, and promote the protection of labor's physical and mental well-being. There were no risks of occupational diseases at Transcend, and there were no deaths or recordable cases of occupational diseases in 2022.



Occupational Safety and Health Committee

Transcend has established the Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. Quarterly meetings are held to report to the supervisors and labor representatives. In 2022, the Committee consisted of 5 labor representatives and 6 management representatives, with labor representatives accounting for 45.5% of the total committee members. Transcend also holds company-wide regular meetings of the Occupational Safety and Health Management Committee, which is responsible for reviewing significant occupational safety and health matters and providing suggestions for major occupational safety and health issues in the operations. In compliance with the "Occupational Safety and Health Management Measures", the Occupational Safety and Health Committee holds quarterly meetings, with a total of 4 meetings held in 2022.

The structure of the Occupational Safety and Health Committee in 2022 is as follows:



Worker Engagement, Counseling, and Communication

In order to encourage whistleblowers to report unlawful activities, Transcend regularly conducts education and training for new employees to promote ethical behaviors. We disseminate employee codes of conduct and actively embrace opinions from employees through mechanisms such as labor-management meetings, occupational health and safety committees, department meetings, and employee suggestion boxes. We also utilize existing forms and documents (such as hazard identification forms, incident investigation forms, and audit non-compliance reports) to ensure communication channels are effective. As for non-employee workers, including visitors, customers, and suppliers, they are encouraged to provide feedback through any means available. Upon evaluation by relevant departments, corrective actions and improvements are implemented to safeguard the interests of all parties involved and ensure the effective operation and continuous improvement of our management system.

Safety and Health Training

Since most accidents are related to human errors, it is crucial to train employees to avoid mistakes and enhance their awareness, understanding, and abilities in safety and health. The focus of safety and health training is to cultivate a safety culture among employees and improve their knowledge and skills. All employees of Transcend are required to receive necessary occupational safety and health training for their work and disaster prevention. The training statistics conducted within the company during the reporting period are as follows:

Statistics of Occupational Safety and Health Training Programs

Training Programs	Number of Trainees
General safety and health training (new hires)	67
Occupational safety training for specific personnel(machinery/hazard awareness)	24
On-the-job safety and health training	986
Training on hazard identification and risk and opportunity evaluation	2
On-the-job training for Occupational Safety and Health Committee members	43

Notes:

1. Includes both employees and non-employees whose work and/or workplace are under the control of the organization.
2. Non-employees whose work and/or workplace are under the control of the organization, such as security personnel, janitors, construction workers, subcontractors, and outsourced workers.
3. This statistical data includes occupational safety and health training, which cover general training or specific training related to occupational hazards or dangerous situations.
4. All the mentioned training are conducted internally without additional costs.



ISO/CNS 45001 Management System Internal Audit



2022 Occupational Safety and Health Committee



2022 Training on hazard identification, risk and opportunity evaluation



New employee orientation



Safety and health management level A specialist-2022 Occupational Safety and Health Seminar on Digital Technology and Sustainability



Safety and health management level A specialist-TOSHMS Occupational Safety and Health Management System Implementation Program

Prevention and Reduction of Other Impacts on Environment, Safety, and Health

All contractors collaborated with Transcend are subject to Transcend's Occupational Safety and Health Management System to ensure on-site safety. Suppliers are also required to comply with basic labor rights, corporate social responsibility, occupational safety and health management, environmental protection, and other important aspects. Additionally, their occupational safety and health risks are evaluated.

- Before contractors entering the working environment, meetings are held to explain relevant occupational safety and health regulations and hazard notifications. Signed records of these meetings are retained (irregularly).
- Procedures are carried out in accordance with the 'Safety and Health Management Procedure for Construction and Contractor' (irregularly).
- Annual assessments are completed in the first quarter.

Transcend has included occupational safety and health in the supplier selection criteria, which are as follows:

- (1) No occupational accidents in the past 3 years
- (2) Contractor evaluation score above 70
- (3) Priority is given to similar suppliers who have obtained ISO 45001 certification

In addition to the above, through procurement and management adjustment, measures are taken to prevent and mitigate environmental, safety, and health impacts resulting from company operations, products, or services, reducing hazards and controlling risks. Chemical suppliers are asked to comply with safety and health regulations for labeling and provide safety data sheets. The safety and health reviews are implemented during the procurement of chemicals, equipment, protective gear, etc. Regular supplier assessments are also conducted to ensure compliance with company requirements. To avoid potential hazards and risks caused by personnel, manufacturing, machinery and equipment, and work areas, Transcend has established the "Addition/Revision Review Procedure for Environment, Safety, and Health" in conjunction with the "Personnel Change Operation Work Instruction". These procedures ensure effective management adjustment by implementing necessary safety assessments, operational hazard identification, and personnel training. Personnel are therefore equipped with appropriate knowledge to ensure work safety and health, thereby reducing and preventing potential risks.

Employee Health Services

To encourage employees to value their own health and implement regular health examination, Transcend regularly conducts physical examinations for new hires and periodic health check-ups for existing employees. The examination results are compiled, analyzed, and tracked according to different levels of severity. In order to provide professional health consultations to employees, Transcend has appointed on-site physicians to provide medical services. These physicians actively arrange consultations for employees with abnormal health check results, maternity needs, excessive workloads, and occupational accidents. The evaluation opinions of the on-site physicians are reported to supervisors or occupational safety and health personnel, followed by ongoing monitoring and care. If employees have health-related issues, they can make appointments for on-site physician consultations, available three times a month for three hours each session.

Employee Health Check-ups

In 2022, a total of 882 employees underwent general health check-ups, with a cost of NT\$1,057,000. In addition to the mandatory examination items for employees, optional items were also provided for employees to choose from at their own expense. Following the health check-ups, Transcend's professional medical staff actively provide care and follow-up for employees with abnormal health conditions. A questionnaire survey on work-related fatigue and human factors hazards was conducted as part of the health check-ups for employees. The results of the survey will be compiled, analyzed, and used to implement improvement measures.

General Health Check-up	
Check-up Items	<ul style="list-style-type: none"> • Investigation of work experience, medical history, lifestyle habits, and self-perceived symptoms • Measurement of height, weight, waist, visual acuity, color vision, hearing, blood pressure, and physical examination and inquiry • Chest X-ray examination • Urine protein and occult blood tests • Hemoglobin and white blood cell count tests • Hematology tests for glucose, alanine aminotransferase (ALT), creatinine, cholesterol, triglycerides, high-density lipoprotein cholesterol, and low-density lipoprotein cholesterol
Number of Participants (headcount)	882
Cost (NT\$ thousand)	1,057

Check-up Items

- Urine tests
- Hematology tests
- Liver function tests
- Renal function tests
- Cholesterol tests
- Cardiac function tests
- Cancer screening
- Arteriosclerosis assessment
- Ultrasound examination



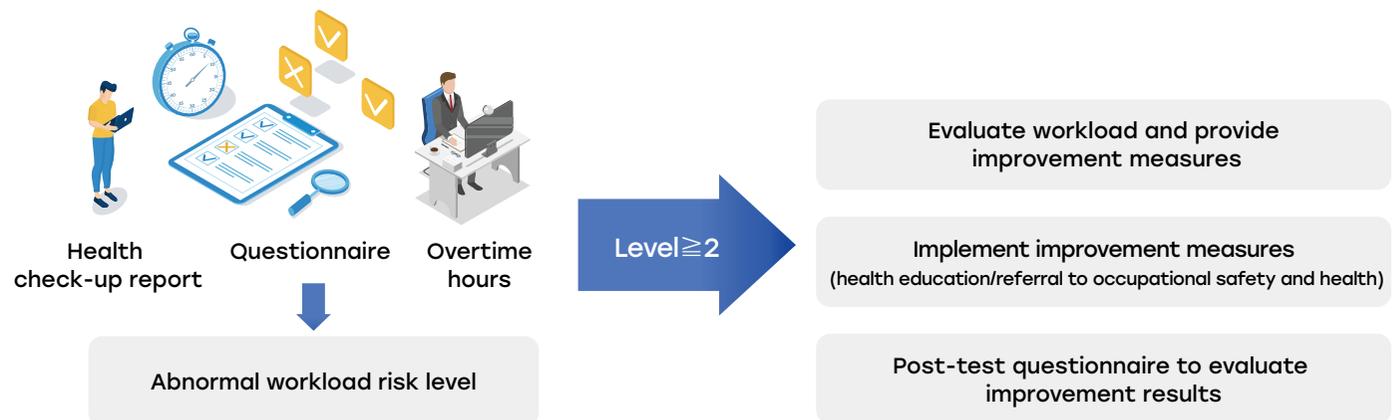
Medical staff guide employees to the mobile clinic located outside the community center for chest X-ray screening. After the screening, they can return indoors to complete the remaining examinations.



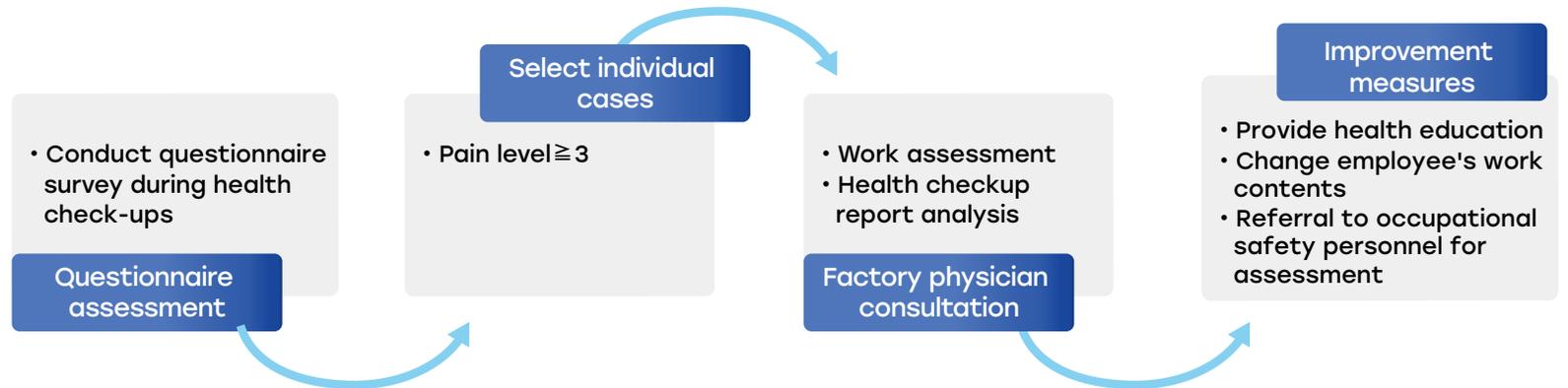
At the ground floor of the community center, examinations include blood pressure measurement, vision testing, blood draw, physician's physical examination, and physical assessment.

Abnormal Workload and Human Factors Hazards Operations

Pursuant to the "Abnormal Workload Prevention Plan," Transcend assesses the risk levels of employees and select those with a risk level of 2 or higher. Those with higher severity levels are scheduled for medical consultations, while employees with a risk level of 1 are placed under monitoring and follow-up.



According to the Human Factor Hazards Prevention Plan, Transcend provides questionnaire assessment to assist employees with pain level ≥ 3 to participate in consultations. The result will be provided to their respective supervisors to assess the need for work adjustments and follow-up improvement plans.



2022 record of implementing measures to prevent abnormal workload-triggered diseases and the results of medical consultation:

Item	Result
Identify and assess high-risk groups	<ul style="list-style-type: none"> A total of 903 questionnaires were collected, of which 888 were valid, resulting in a valid response rate of 98.3%. There were 23 individuals with a risk level of 2 or higher for risk of occupational cardiovascular diseases, and all of them received medical consultation, resulting in a consultation rate of 100%.
Physician consultation / Health counseling	<ul style="list-style-type: none"> There were no individuals with abnormal working hours but with a risk level of 2 or lower for occupational cardiovascular diseases, so no on-site consultations were deemed necessary by the factory medical personnel, resulting in an on-site consultation rate of 0%. (1) No individuals require observation or further follow-up examinations. (2) No individuals require medical treatment. No individuals require health guidance. No individuals had received health guidance.
Adjust or reduce working hours	No individuals require adjustment or reduction of working hours.
Change job tasks	No individuals require a change in job tasks.

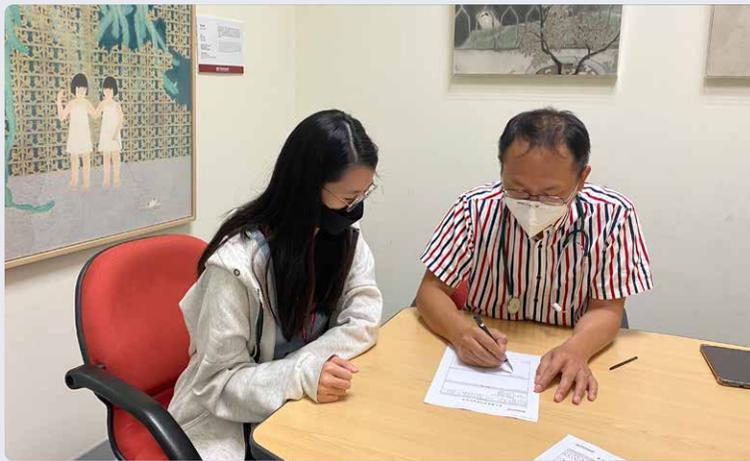
2022 human factors hazard investigation record and results of medical consultation:

Hazardous Situations		Number of Workers	Suggestions
Confirmed diseases	Confirmed musculoskeletal disorders	0	For individuals with musculoskeletal injuries, job reassignment/priority improvement/administrative improvements/control measures are implemented.
Subtotal: 0 people			
Hazard	Suspected musculoskeletal injuries reported	0	Evaluate human factors hazards and make improvement in health promotion, human factor engineering, and administration based on the level of risk.
	Abnormal resignations	0	
	Frequent sick leave, absenteeism	0	
	Frequent requests for pain patches, injections, or massages	0	
Subtotal: 0 people			
Suspected hazard	Injury and illness questionnaire	22	Regular follow-up
Subtotal: 22 people			
No hazards	Injury and illness questionnaire	865	Regular follow-up
Subtotal: 865 people			
Total: 887 people			

Physical and Mental Health Promotion

Due to the COVID-19 pandemic in 2022, health promotion activities were temporarily suspended. As an alternative, Automated External Defibrillators (AEDs) were installed in the factory, and monthly inspections and biannual maintenance were carried out by the supplier. Although health promotion activities were put on hold, Transcend has been committed to taking care of its employees. We have closely followed the pandemic guidelines from the government, announced epidemic prevention and related policy information, conducted contact tracing, provided supports through phone calls and offered health consultations.

A series of health education themes were developed based on the common health issues among employees and seasonal infectious diseases identified in the annual health check-ups. Monthly health promotion posters were updated to provide accurate health and hygiene information. This initiative aims to encourage employees to make improvements in their daily lives and take appropriate measures for better health.



廠護健康宣導 - Covid-19變種病毒疫苗

第一二代新冠病毒疫苗是針對初期的新冠病毒毒株所設計，不過隨著病毒突變及演化，例如Omicron，第一代疫苗的保護力不夠，因此科學家針對新冠病毒變異株，研發了第二代新冠病毒疫苗，或稱「次世代疫苗」。

劑次	基礎劑		追加劑		次世代疫苗
	第一劑	第二劑	第1次追加劑	第2次追加劑	
廠牌	AZ	莫德納、BNT、Novavax、高錕	莫德納 COVID-19 雙價疫苗		
間隔時間	AZ兩劑間隔8週 其他廠牌間隔4週		與上一劑 間隔12週	與上一劑 間隔5個月 (150天)	只能作為追加劑 且與上一劑間隔至少3個月以上

第四劑接種後的「第五劑」，目前只能打次世代疫苗，暫無開放一般疫苗。

COVID-19相關因應措施

「應變資訊」與「逐列通知」之差異及因應措施：

發現通知方式	同仁應遵循
逐列通知	回報單位主管及廠護
逐列通知	快篩檢測 自行快篩
逐列通知	快篩檢測 自行快篩
逐列通知	回報單位主管及廠護
逐列通知	從電話指示動作(立即居家等待進一步通知)

公司已於上週四(4/14)發放每人二劑快篩試劑，同仁可依個人實際健康狀況檢測，若二劑用盡但仍有需求可向廠護申請，申請後請即使用，勿須回廠備品存放。

廠區	檢測地點	檢測結果及後續流程
總部	4F 衛所	1. 陽性：回報並立即居家，請自行通報1922防疫生所。
工廠	3F 辦公區	2. 陽性：回報後進行14天自我健康管理，須正裝出勤，除量量與同仁保持適當距離，避免至員工餐廳用餐，並請轉告同事注意防護。

5

Chapter 5

Environment Protection

5.1 Raw Material Management

5.2 Energy Management and Water Resources

5.3 Greenhouse Gas Emissions and Air Pollution
Control Management

5.4 Waste Disposal



Material Topic: Energy Management

Reason of Materiality	As a company that cares about global environmental protection, we take active actions that benefit the environment. All our products are environmentally friendly, aiming to enhance energy efficiency and promote recyclability. We strive to save energy and reduce waste through optimizing manufacturing process. As a responsible corporate citizen, we consider environmental protection as our own responsibility and are committed to making a positive contribution to the planet.
Policy/Strategy	ESH policy: Legal Compliance, Employee Involvement, Continuous Improvement, Effective Communication, and Performance Enhancement.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objective - within 3 years: <ol style="list-style-type: none"> (1) Continue to replace old equipment with green and energy-efficient devices to reduce environmental impact (2) The factory has completed the process equipment - air compressor replacement, which is expected to reduce electricity consumption by approximately 157,500 kWh per year. This ensures effective utilization of energy and achieves sustainable environmental goals, promoting energy conservation and carbon reduction. • Medium objectives - Over 3 years to 7 years <ol style="list-style-type: none"> (1) Check the energy-consuming equipment in the factory that may have deteriorated in performance, such as chiller units and large-scale air compressors. (2) Set a target to achieve a 5% reduction in electricity consumption by 2026, with 2020 as the base year. (3) Set a target to achieve a 7% reduction in carbon emissions by 2026, with 2020 as the base year. • Long-term objective - 7 years or more: <p style="margin-left: 20px;">In response to climate change, global efforts for energy conservation, and sustainable development, the factory is replacing environmentally-friendly and energy-efficient equipment to achieve carbon reduction.</p>
Management Evaluation	Transcend uses ISO 14001 as its management assessment mechanism.
Performance and Adjustment	<ul style="list-style-type: none"> • In 2022, high-efficiency LED energy-saving lights were installed in the operational areas of Factory 3F-5F and new process cooling water (PCW) systems was purchased. • Compared to the base year of 2020, the two factories achieved a total energy saving of 162,000 kWh (a reduction of 2%) and a carbon emission reduction of 168,639 kg (a reduction of 4%) in the current year. This accomplishment aligns with the short-term objectives and signifies the continuous progress towards energy-saving and sustainability objectives.
Precautions or Countermeasures	<ul style="list-style-type: none"> • Regular maintenance and replacement of machinery are carried out to avoid higher carbon emissions and reduce greenhouse gas generation. • When replacing old machinery, Transcend applies for relevant energy-saving subsidies by following the government's incentive policies. Additionally, to create a friendly environment, Transcend strengthens green manufacturing practices and develops technologies that are beneficial to the environment, such as VLP PCBs and innovative packaging materials. These processes help reduce energy consumption and contribute to a low-carbon future.

Material Topic: Waste Management

Reason of Materiality	<ul style="list-style-type: none"> • Advocate green production, reduce hazardous substances at the source, and foster environmental and corporate sustainability. • Implement waste management, track the flow of waste, and initiate recycling programs to reduce the environmental impact of waste and enhance the competitiveness of products in sustainability aspect.
Policy/Strategy	<ul style="list-style-type: none"> • Quality and HSF Policy: Green Orientation, Innovative Products, Regulatory Compliance, Surpassing Expectations. • ESH Policy: Compliance with regulations, Employee Involvement, Continuous Improvement, Effective Communication, and Performance Enhancement.
Objectives and Goals	<ul style="list-style-type: none"> • Short-term objective - within 3 years: Conduct a total of 8 audit sessions for waste management vendors. • Medium to long-term objectives - Over 3 years: Source reduction, reducing unnecessary packaging from product design. Continually implement waste reduction and proper disposal to ensure waste safety and resource utilization.
Management Evaluation	Transcend uses ISO 14001 and QC 080000 as management evaluation mechanisms.
Performance and Adjustment	<ul style="list-style-type: none"> • Implement paperless policy and introduce card confirmation system for photocopiers to save paper usage. In 2022, approximately 34% reduction in A4 paper usage was achieved, amounting to 318,173 sheets. • Promote resource recycling. In 2022, a total of 124,585 kilograms of recyclable materials were collected from the two factories. • Compared to the base year of 2020, paper usage was reduced by 48% in the current year, amounting to a total savings of 556,900 sheets across two factories. • In 2022, there were a total of 2 audit sessions conducted for waste management vendors, including 1 on-site inspection.
Precautions or Countermeasures	In order to reduce the environmental impact of product lifecycles, Transcend has developed several environmentally beneficial technologies, including VLP PCBs, innovative packaging materials, and more.

5.1 Raw Material Management

In 2022, Transcend's main raw materials include paper, PCBs, and electronic components. Due to product characteristics, recycled materials were not used as production materials. However, in compliance with the WEEE Directive, all products manufactured by Transcend are recyclable. Transcend's new product packaging design adheres to the regulations of the Environmental Protection Administration's announcement on restricting excessive product packaging. This aims to reduce packaging materials, minimize waste generation, and alleviate environmental impact.



Raw Material	Unit	Renewable	2020	2021	2022
Paper	pcs	Yes	43,678,324	26,256,167	23,903,929
PCB	pcs	No	14,402,801	29,225,698	36,392,607
Battery	pcs	No	265,599	163,032	101,029
Glass	pcs	No	125,386	68,044	45,559
Components	pcs	No	127,378,281	89,265,615	81,642,217
Electronic components	pcs	No	1,082,650,569	1,497,736,568	1,641,601,542

Notes:

- Types of materials include: natural resources such as ores, iron, wood, plastic pellets, lubricating oil used in machines, semi-finished components or parts, packaging materials, etc.
- Non-renewable source refers to resources that cannot be replenished in the short term, such as coal, natural gas, metals, minerals, and petroleum; renewable source refers to resources that are constantly replenished.

5.2 Energy Management and Water Resources

5.2.1 Energy Management

Transcend headquarters uses electricity, gasoline, and diesel as main energy sources. The percentage of externally purchased electricity in total power consumption is 100%. No renewable energy is used. In 2022, the energy consumption amounted to 29,391.72 gigajoules (GJ), with an energy intensity of 2.42 GJ per NT\$ million of revenue. This represents a 3.97% decrease compared to 2021, primarily due to manufacturing optimization and energy conservation.

Quantitative Indicator	Unit	2020	2021	2022
Electricity Consumption	Degree/ year	8,193,200	7,876,000	8,031,200
	GJ	29,495.52	28,353.60	28,912.32
Gasoline Consumption	L / year	11,722	7,839	9,779.28
	GJ	377.61	252.52	319.15
Diesel Consumption	L / year	6,354	7,354	4,559.54
	GJ	228.46	264.41	160.25
Organization-specific Metric	Revenue (NT\$ million)	11,446.70	14,314.82	12,122.35
Total Energy Consumption	GJ	30,101.59	28,870.53	29,391.72
Energy Intensity	GJ/organization-specific metric unit	2.63	2.02	2.42

Notes:

- The conversion factor for electricity is 1 kWh = 0.0036 GJ.
- The conversion coefficients for fuel heating value are derived from the Environmental Protection Administration's Emission Coefficient Management Table version 6.0.4. Gasoline has a heating value of 7,800 kcal/L, and diesel has a heating value of 8,400 kcal/L. 1 kcal = 4.184 kJ.
- In the previous fiscal year, there was an error in the calculation coefficients, leading to information recompilation.

5.2.2 Energy Conservation Achievements

Transcend is committed to energy conservation and carbon reduction. We continually improve manufacturing process, environmental equipment, pollution prevention measures, and environmental management systems to comply with environmental regulations, reduce environmental pollution, and achieve sustainable environmental management goals. Compared to the base year of 2020, both factories collectively saved 162,000 kWh of electricity (a 2% reduction) and reduced carbon emissions by 168,639 kilograms (a 4% reduction) in 2022. Paper usage was reduced by 556,900 sheets (a 48% reduction).

In recent years, the following measures and actions have been implemented for energy conservation and carbon reduction:

Energy conservation measures for lighting and water systems	(1) Adopt energy-efficient T5 lighting fixtures, gradually implement energy-saving LED fixtures in public areas and factories, reduce the number of lamps, and adjust lighting brightness to save electricity (2) Encourage employees to develop the habit of turning off lights when taking breaks or leaving office (3) Use sensor faucets to reduce water usage
Energy conservation measures for electric distribution systems	(1) Adopt a more energy-efficient central air conditioning chilled water system (2) Conduct regular check on air conditioning systems (3) Indoor temperature is set at 26° C
Other energy conservation measures	(1) Place recycling bins on each floor to separate waste paper, aluminum cans, plastic bottles, and other recyclable materials. Encourage employees to actively participate in garbage recycling. (2) Computers and electrical appliances should be turned off before the end of each workday. End-of-day inspection bonus is provided to encourage employees to actively save energy and reduce carbon emissions. (3) Actively adopt paperless policy, such as digitalizing transfer orders and PO acceptance forms. Additionally, introducing card confirmation mechanisms for photocopiers, and encouraging employees to print only the necessary documents to avoid unnecessary duplication and paper waste.

5.2.3 Water Resource Management

The water resources used by Transcend's headquarters are domestic water. The water supply is sourced from the Taipei Water Department, which derives its water from the Xindian River, including the Nanshi River and Beishi River feeding into the Feitsui Reservoir. The manufacturing process does not require water, resulting in no significant impact on local water usage. There is no industrial wastewater, only regular domestic wastewater, which does not involve any special pollution or discharge to water sources.



In terms of water management, we thoroughly implement daily water-saving practices. Sensor faucets are installed to regulate water volume and conserve water. We also promote correct usage habits among employees to reduce water waste. The water risk level for our Taiwan headquarters is classified as low to medium, with a water intake of 28.38 million liters in 2022.

Year	2020	2021	2022
Water intake (million liters)	29.11	27.71	28.38
Water discharge (million liters)	27.65	26.32	26.96
Water consumption (million liters)	1.46	1.39	1.42
Revenue (NT\$ million)	11,446.70	14,314.82	12,122.35
Water intensity	0.003	0.002	0.002

Notes:

1. Water consumption = Water intake - Water discharge

2. Water intensity = Million liters / Organization-specific unit (Revenue: NT\$ million).

5.3 Greenhouse Gas Emissions and Air Pollution Control Management

5.3.1 Greenhouse Gas Emissions Management

Transcend's greenhouse gas emissions can be categorized as direct emissions and indirect emissions. Direct emissions primarily result from fuel combustion in fixed equipment and mobile combustion, such as emergency diesel generators and refueling of company vehicles. Indirect emissions mainly come from purchased electricity. In this report, Transcend does not include Scope 3 emissions or fugitive emissions. We only calculate the emissions from major energy sources and will continue to make efforts to improve our emissions reduction.

Item	2020	2021	2022
Scope 1: Direct greenhouse gas emissions (MTCO ₂ e)	44.26	37.72	34.99
Scope 2: Indirect greenhouse gas emissions (MTCO ₂ e)	4,112.99	4,008.88	4,087.88
Total emissions = Scope 1 + Scope 2 (MTCO ₂ e)	4,157.25	4,046.60	4,122.87
Revenue (NT\$ million)	11,446.70	14,314.82	12,122.35
Greenhouse gas emission intensity	0.36	0.28	0.34

Notes:

1. Emission factors are calculated based on the Environmental Protection Administration's Emission Coefficient Management Table version 6.0.4.
2. The emission factor for purchased electricity is based on the announcement by the Bureau of Energy, Ministry of Economic Affairs. The emission factor for electricity in 2020 was 0.502 kg CO₂e/kWh, for 2021 it was 0.509 kg CO₂e/kWh. As the emission factor for 2022 has not been announced, the 2021 coefficient of 0.509 kg CO₂e/kWh is used.
3. Greenhouse gas emission intensity is calculated as total emissions (MTCO₂e) / revenue (NT\$ million).
4. The greenhouse gas emissions inventory is based on internal company statistics and has not been verified by a third party.

5.3.2 Air Pollution Prevention and Control Management

Transcend is committed to achieving a balance between environmental preservation and company productivity. We adhere to relevant environmental regulations, improve pollution prevention and control equipment, and enhance employees' environmental awareness to reduce resource consumption and waste generation.

Transcend does not emit substances that deplete the ozone layer or pollutants such as nitrogen oxides and sulfur oxides. The production of our products and raw materials used do not cause significant negative environmental impacts during transportation. In 2022, there were no incidents of violating environmental regulations that caused penalties.

As the air pollution emissions from our operations do not exceed the conditions stated in the Environmental Protection Administration's announcement regarding the installation, modification, and operation permits for fixed pollution sources in public and private areas (Batches 1 to 8), we are not required to apply for such permits for fixed pollution sources.

5.4 Waste Disposal

The main processes involved in the production of Transcend's products include component mounting, routing, assembly, testing, packaging, and sales to customers. Throughout these processes, there is no emission of waste gases or wastewater. Only business waste is generated. Business waste is collected and classified according to its attribute, and it is entrusted to qualified vendors approved by the Environmental Protection Administration for proper disposal. We strictly review the qualifications and licenses of the appointed vendors and conduct testing and reporting in accordance with legal requirements to ensure the appropriate handling of business waste. The generation of waste is primarily associated with production operations on the production lines. All waste is stored in compliance with the "Waste Disposal Act" and relevant regulations. The appointed vendors are responsible for the removal and disposal of waste pursuant to laws, and there are no instances of leakage or dispersion to the environment, aiming to minimize ecological damage. Transcend does not handle waste internally. Hazardous waste generated within the factory is managed according to the internal Waste Management Guidelines. It is handled by dedicated personnel responsible for waste management, who should make online declarations. Each time the waste is consolidated in the temporary inventory area, it is weighed and recorded. Monthly data is then compiled and reported to the Environmental Protection Administration. The website keeps records of the transportation and disposal vendors' GPS information. In 2022, Transcend conducted visits to waste disposal vendors in accordance with Article 2, Paragraph 6 of the "Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance."

In 2022, the total amount of waste generated was 216.84 metric tons. Among them, the total amount of general business waste entrusted for reuse was 136.39 metric tons, accounting for 62.9% of the total waste. The total amount of general business waste entrusted for disposal (incineration) was 70.07 metric tons, accounting for 32.3% of the total waste. The total amount of hazardous business waste was 10.38 metric tons, representing 4.8% of the total waste. Additionally, there was a 0% recycling rate for hazardous business waste. In 2022, there were no violations of relevant environmental regulations.

The largest amount of hazardous business waste generated is from the metal waste and scraps of PCB (E-0221), with an annual reported quantity of 7.64 metric tons. This waste is predominantly generated during the cutting process of circuit board manufacturing. The largest amount of general business waste produced is from general waste, including domestic waste (D-1801), resulting from business activities, with an annual reported quantity of 68.19 metric tons. This waste is not part of the waste generated from the production process.

Hazardous Business Waste in 2022

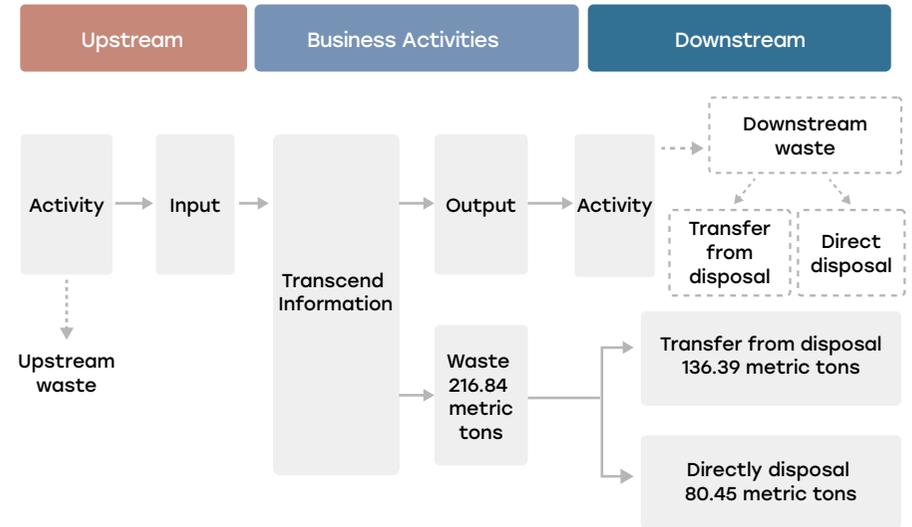
Composition	Generation of Off-site Waste (metric tons)	Off-site Disposal Methods
Copper and its compounds (total copper) (Only applicable to waste catalysts, dust collection ash, waste liquid, sludge, filter material, incineration fly ash or bottom ash)	1.21	Other disposal method
Copper and its compounds (total copper) (Only applicable to waste catalysts, dust collection ash, waste liquid, sludge, filter material, incineration fly ash or bottom ash)	0.11	Incineration (including waste-to-energy)
Waste electronic components, scraps, and defective parts	0.29	Other disposal method
Metal waste and scraps of printed circuit boards	7.64	Other disposal method
Waste printed circuit boards with attached components	1.13	Other disposal method

Note: Transcend does not have a permit for clearance and disposal. Waste is only stored on-site, and all waste is entrusted to waste management organizations for clearance and disposal, which is considered off-site treatment.

General Business Waste in 2022

Composition	Generation of Off-site Waste (metric tons)	Off-site Disposal Methods
Waste plastic mixture	0.20	Incineration (including waste-to-energy)
Waste fibers or other mixtures of cotton, fabric, etc.	1.68	Incineration (including waste-to-energy)
Waste paper	92.21	Reuse
Waste plastic	43.64	Reuse
Waste iron	0.17	Reuse
Waste aluminum	0.30	Reuse
Waste tin	0.07	Other recycling operations Reuse
Waste glass	0	Reuse
General waste generated from business activities	68.19	Incineration (including waste-to-energy)

Note: Transcend does not have a permit for clearance and disposal. Waste is only stored on-site, and all waste is entrusted to waste management organizations for clearance and disposal, which is considered off-site treatment.



Appendices

Appendix 1: GRI Correspondence Table

“*” material topic

GRI Standards	GRI Content		Corresponding Chapter	Page No.
GRI2 : General Disclosures 2021				
The organization and its reporting practices	2-1	Organizational details	1.1 About Transcend	26
	2-2	Entities included in the organization’ s sustainability reporting	1.2 Business Performance	32
	2-3	Reporting period, frequency and contact point	About This Report	3
	2-4	Restatements of information	About This Report	3
	2-5	External assurance	About This Report	3
Activities and workers	2-6	Activities, value chain and other business relationships	About This Report 1.1 About Transcend 2.3 Sustainable Supply Chain Partners	3 26 56
	2-7	Employees	4.1 Talent Overview	66
	2-8	Workers who are not employees	4.1 Talent Overview	66
Governance	2-9	Governance structure and composition	1.3 Governance Organization	34
	2-10	Nomination and selection of the highest governance body	1.3 Governance Organization	34
	2-11	Chair of the highest governance body	1.3 Governance Organization	34
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Strategy 1.4 Risk Management	5 40
	2-13	Delegation of responsibility for managing impacts	Sustainable Development Strategy	5

GRI Standards	GRI Content		Corresponding Chapter	Page No.
GRI2 : General Disclosures 2021				
Governance	2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Strategy	5
	2-15	Conflicts of interest	1.3.4 Conflict of Interest Mechanism	40
	2-16	Communication of critical concerns	Sustainable Development Strategy	5
			1.4 Risk Management	40
	2-17	Collective knowledge of the highest governance body	1.3 Governance Organization	34
	2-18	Evaluation of the performance of the highest governance body	1.3 Governance Organization	34
	2-19	Remuneration policies	1.3.3 Remuneration Committee	39
	2-20	Process to determine remuneration	1.3.3 Remuneration Committee	39
2-21	Annual total compensation ratio	4.2 Staff Welfare	69	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Words From The Chairman	4
	2-23	Policy commitments	Sustainable Development Strategy	5
			4.3 Talent Training	73
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			4.3 Talent Training	73
	2-25	Processes to remediate negative impacts	1.4 Risk Management	40
	2-26	Mechanisms for seeking advice and raising concerns	1.6.2 Legal Compliance	46
2-27	Compliance with laws and regulations	1.6.2 Legal Compliance	46	
2-28	Membership associations	1.1 About Transcend	26	
Stakeholder engagement	2-29	Approach to stakeholder engagement	Communication with Stakeholders	6
	2-30	Collective bargaining agreements	4.2 Staff Welfare	69

GRI Standards	GRI Content		Corresponding Chapter	Page No.
GRI3 : Material Topics 2021				
GRI3 : Material Topics 2021	3-1	Process to determine material topics	Identify Material Topics	8
	3-2	List of material topics	Identify Material Topics	8
Specific Topic Guidelines : 200 Series (Economy)				
*Economic Performance				
GRI 3 Economic Performance Management 2021	3-3	Management of material topics	CH1 Effective Governance	20
*Climate Change Response				
GRI 3 Economic Performance Management 2021	3-3	Management of material topics	CH1 Effective Governance	20
GRI 201 Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	1.4 Risk Management	40
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Staff Welfare	69
	201-4	Financial assistance received from government	1.2 Business Performance	32
Market Presence				
GRI 202 Marketing Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Staff Welfare	69
	202-2	Proportion of senior management hired from the local community	4.1 Talent Overview	66
Indirect Economic Impacts				
GRI 203 Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	3.1 Sports Sponsor	60
	203-2	Significant indirect economic impacts	3.2 Creating Work Opportunities	61
			3.3 Sustainable Operations	61

GRI Standards	GRI Content		Corresponding Chapter	Page No.
Specific Topic Guidelines : 200 Series (Economy)				
Procurement Practices				
GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.3 Sustainable Supply Chain Partners	56
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1.6.2 Legal Compliance	46
	205-2	Communication and training about anti-corruption policies and procedures	1.6.2 Legal Compliance	46
	205-3	Confirmed incidents of corruption and actions taken	1.6.2 Legal Compliance	46
Anti-competitive Behavior				
GRI 206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.6.2 Legal Compliance	46
Specific Topic Guidelines : 300 Series (Environment)				
Materials				
GRI 301 Materials 2016	301-1	Materials used by weight or volume	5.1 Raw Material Management	88
	301-2	Recycled input materials used	5.1 Raw Material Management	88
	301-3	Reclaimed products and their packaging materials	5.1 Raw Material Management	88
*Energy				
GRI 3 Energy Management 2021	3-3	Management of material topics	CH5 Environment Protection	85
GRI 302 Energy 2016	302-1	Energy consumption within the organization	5.2.1 Energy Management	88
	302-2	Energy consumption outside of the organization	5.2.1 Energy Management	88
	302-3	Energy intensity	5.2.1 Energy Management	88
	302-4	Reduction of energy consumption	5.2.1 Energy Management	88
	302-5	Reductions in energy requirements of products and services	5.2.1 Energy Management	88

GRI Standards	GRI Content		Corresponding Chapter	Page No.
Specific Topic Guidelines : 300 Series (Environment)				
Water and Effluents				
GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	5.2.3 Water Resource Management	89
	303-2	Management of water discharge-related impacts	5.2.3 Water Resource Management	89
	303-3	Water withdrawal	5.2.3 Water Resource Management	89
	303-4	Water discharge	5.2.3 Water Resource Management	89
	303-5	Water consumption	5.2.3 Water Resource Management	89
Emissions				
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	5.3.1 Greenhouse Gas Emissions Management	90
	305-2	Energy indirect (Scope 2) GHG emissions	5.3.1 Greenhouse Gas Emissions Management	90
	305-4	GHG emissions intensity	5.3.1 Greenhouse Gas Emissions Management	90
	305-5	Reduction of GHG emissions	5.3.1 Greenhouse Gas Emissions Management	90
	305-6	Emissions of ozone-depleting substances (ODS)	5.3.1 Greenhouse Gas Emissions Management	90
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.3.1 Greenhouse Gas Emissions Management	90
* Waste				
GRI 3 Waste Management 2021	3-3	Management of material topics	CH5 Environment Protection	85
GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	5.4 Waste Disposal	90
	306-2	Management of significant waste-related impacts	5.4 Waste Disposal	90
	306-3	Waste generated	5.4 Waste Disposal	90
	306-4	Waste diverted from disposal	5.4 Waste Disposal	90
	306-5	Waste directed to disposal	5.4 Waste Disposal	90
Supplier Environmental Assessment				
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.3 Sustainable Supply Chain Partners	56
	308-2	Negative environmental impacts in the supply chain and actions taken	2.3 Sustainable Supply Chain Partners	56

GRI Standards	GRI Content		Corresponding Chapter	Page No.
Specific Topic Guidelines: 400 Series (Society)				
Employment				
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	4.1.1 Diverse Workforce	67
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Staff Welfare	69
	401-3	Parental leave	4.2 Staff Welfare	69
Labor/Management Relations				
GRI 402 Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.1.2 Minimum Notice Period For Operational Changes	68
* Occupational Health and Safety				
GRI 3 Occupational Health and Safety 2021	3-3	Management of material topics	CH4 Creating A Friendly Workplace	63
GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.4 Occupational Safety and Health	75
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Occupational Safety and Health	75
	403-3	Occupational health services	4.4 Occupational Safety and Health	75
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational Safety and Health	75
	403-5	Worker training on occupational health and safety	4.4 Occupational Safety and Health	75
	403-6	Promotion of worker health	4.4 Occupational Safety and Health	75
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational Safety and Health	75
	403-8	Workers covered by an occupational health and safety management system	4.4 Occupational Safety and Health	75
	403-9	Work-related injuries	4.4 Occupational Safety and Health	75
	403-10	Work-related ill health	4.4 Occupational Safety and Health	75

GRI Standards	GRI Content		Corresponding Chapter	Page No.
Specific Topic Guidelines: 400 Series (Society)				
Training and Education				
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	4.3 Talent Training	73
	404-3	Percentage of employees receiving regular performance and career development reviews	4.3 Talent Training	73
Diversity and Equal Opportunity				
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1.1 Diverse Workforce	67
	405-2	Ratio of basic salary and remuneration of women to men	4.2 Staff Welfare	69
Non-discrimination				
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	1.6.2 Legal Compliance	46
Freedom of Association and Collective Bargaining				
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.2.4 Enhancing Employee Benefits	70
Child Labor				
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4.2.4 Enhancing Employee Benefits	70
Forced or Compulsory Labor				
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2.4 Enhancing Employee Benefits	70
Security Practices				
GRI 410 Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	4.3 Talent Training	73

GRI Standards	GRI Content		Corresponding Chapter	Page No.
Specific Topic Guidelines: 400 Series (Society)				
Rights of Indigenous Peoples				
GRI 411 Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	4.2.4 Enhancing Employee Benefits	70
Local Communities				
GRI 413 Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	3.1 Sports Sponsor	60
Supplier Social Assessment				
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.3 Sustainable Supply Chain Partners	56
	414-2	Negative social impacts in the supply chain and actions taken	2.3 Sustainable Supply Chain Partners	56
Public Policy				
GRI 415 Public Policy 2016	415-1	Political contributions	1.6.2 Legal Compliance	46
Customer Health and Safety				
GRI 416 Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	2.1 Customer Relationship Management	51
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.1 Customer Relationship Management	51
Marketing and Labeling				
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	2.1 Customer Relationship Management	51
	417-2	Incidents of non-compliance concerning product and service information and labeling	2.1 Customer Relationship Management	51
	417-3	Incidents of non-compliance concerning marketing communications	2.1 Customer Relationship Management	51
Customer Privacy				
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.1 Customer Relationship Management	51

GRI Standards	GRI Content		Corresponding Chapter	Page No.
Custom Topics				
*Integrity Management				
GRI 3 Integrity Management 2021	3-3	Management of material topics	CH1 Effective Governance	20
*Corporate Governance				
GRI 3 Corporate Governance 2021	3-3	Management of material topics	CH1 Effective Governance	20
*Compliance With Laws And Regulations (Intellectual Property Right Protection & Anti-competitive Behavior)				
GRI 3 Compliance With Laws And Regulations (Intellectual Property Right Protection & Anti-competitive Behavior) 2021	3-3	Management of material topics	CH1 Effective Governance	20
*Product Lifecycle Management				
GRI 3 Product Lifecycle Management 2021	3-3	Management of material topics	CH2 Effective Management	48
*Supplier Chain Management(Zero-conflict Minerals)				
GRI 3 Supplier Chain Management (Zero-conflict Minerals) 2021	3-3	Management of material topics	CH2 Effective Management	48
*Talent Attraction and Retention				
GRI 3 Talent Attraction and Retention 2021	3-3	Management of material topics	CH4 Creating A Friendly Workplace	63
*Human Right Policy				
GRI 3 Human Right Policy 2021	3-3	Management of material topics	CH4 Creating A Friendly Workplace	63
*Information Security				
GRI 3 Information Security 2021	3-3	Management of material topics	CH1 Effective Governance	20

Appendix 2: Sustainability Accounting Standards Board, SASB

Theme disclosed	Code	Disclosure indicator	Attribute	Detail & Explanation	Corresponding chapter
 Greenhouse Gas Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds	Quantitative	<ul style="list-style-type: none"> Scope 1 greenhouse gas emissions are 34.99 metric tons of CO₂e Total emissions of fluoride: 0 	5.3 Greenhouse Gas Emissions And Air Pollution Control Management
	TC-SC-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Quantitative	Transcend's greenhouse gas emissions are based on the base year of 2020: (1) Short-term target: Reduce greenhouse gas emissions by 5% within 5 years (2) Mid-term target: Reduce greenhouse gas emissions by 50% by 2030 (3) Long-term target: Achieve zero greenhouse gas emissions from all operational sites by 2050	1.4.1 Climate Change Risk Management
 Energy Management in Manufacturing	TC-SC-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Discussion and Analysis	<ul style="list-style-type: none"> Total energy consumption is 29,391.72 gigajoules (GJ). 100% of the energy consumption is sourced from purchased electricity. The proportion of renewable energy used is 0%. 	5.2.1 Energy Management
 Water Management	TC-SC-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	<ul style="list-style-type: none"> Total water intake is 28.38 million liters Transcend does not generate waste water during manufacturing process, only domestic waste water. Therefore there is no polluted water discharge. In terms of water management, sensor faucets are adopted to reduce water consumption. Educate employees to have good water utilization habit to reduce water consumption. 	5.2.3 Water Resource Management
 Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	<ul style="list-style-type: none"> There is no waste generated during the process (Category A), so this item does not apply. 	-
 Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	<ul style="list-style-type: none"> No incidents of violations related to anti-competitive behavior regulations 	1.6 Internal Control And Legal Compliance

Theme disclosed	Code	Disclosure indicator	Attribute	Detail & Explanation	Corresponding chapter
 Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Discussion and Analysis	Please refer to the chapter 4.4 "Occupational Safety and Health"	4.4 Occupational Safety and Health
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	<ul style="list-style-type: none"> In 2022, no financial losses incurred due to non-compliance with employee health and safety regulations. 	1.6.2 Legal Compliance
 Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	<ul style="list-style-type: none"> Foreign nationals: 0.7%. There are no overseas workers. 	4.1 Talent Overview
 Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	12.3% (calculated based on the total revenue of products containing regulated substances / consolidated revenue)	2.1.1 Sustainable Service Management
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops and (3) laptops	Quantitative	<ul style="list-style-type: none"> Transcend does not produce, manufacture, or sell these three types of products. This item is not applicable. 	1.1 About Transcend
 Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	<ul style="list-style-type: none"> Geopolitical risk - Due to changes in US-China relations, Transcend continually communicates with key semiconductor component and parts suppliers, and actively seeks and adopts alternative components to mitigate operational risks for the company. 	2.2 Green Production

Appendix 3: Comparison Table of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies - Sustainable Disclosure Indicators - Semiconductor Industry

No.	Indicator	Indicator type	Unit	Corresponding chapter	Page No.
1	Total energy consumption, percentage of purchased electricity, and renewable energy utilization rate	Quantitative	Billion joules (GJ) \\ Percentage(%)	5.2 Energy Management And Water Resources	88
2	Total water intake and total water consumption	Quantitative	Cubic meters (m ³)	5.2 Energy Management And Water Resources	88
3	Weight of hazardous waste generated and the percentage of waste recycled	Quantitative	Metric tons (t), Percentage (%)	5.4 Waste Disposal	90
4	Description of occupational injury categories, number of incidents, and rates	Quantitative	Ratio (%),Quantity	4.4 Occupational Safety And Health	75
5	Disclosure of product lifecycle management: Weight of scrapped products and electronic waste, and percentage of recycling (Note 1)	Quantitative	Metric tons (t), Percentage (%)	5.4 Waste Disposal	90
6	Description of risk management related to the use of key materials	Descriptive	-	1.4 Risk Management	54
7	Total financial losses caused by legal disputes related to anti-competitive behavior regulations	Quantitative	Reporting currency	1.6.2 Legal Compliance	46
8	Primary product volume by product category	Quantitative	Varies by product type	Future statistical data	-

Note 1: Including sales of scrap materials or other recycling processes, relevant explanations should be provided.

Appendix 4: Comparison Table of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies - Climate Change Information

Risks and opportunities posed by climate change to the company & the corresponding mitigation measures adopted by the company	Corresponding chapter	Page No.
1. Explain the supervision and governance of climate-related risks and opportunities by the Board of Directors and management	1.4.1 Climate Change Risk Management	42
2. Explain how identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, long-term)	1.4.1 Climate Change Risk Management	42
3. Explain the financial impacts of extreme weather events and transition actions	1.4.1 Climate Change Risk Management	42
4. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system	1.4.1 Climate Change Risk Management	42
9. Greenhouse gas inventory and assurance	Complete greenhouse gas inventory and assurance by 2029	-

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