





DFI

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Bringing Enjoyment 'N' Quality to Life

- About the Report
- Support from Leadership
- Performance Highlights of the Year
- About DFI
- Corporate Sustainable Development
- Enhancing ESG Information Disclosure



About the Report

As a global citizen, DFI Inc. actively pursues progress in corporate governance, society, and the environment in response to the United Nations Sustainable Development Goals (SDGs). The Report focuses on the disclosures related to sustainability themes, including management strategies, targets, current status, and future directions, in the areas of "Economic/Governance," "Social," "Environment," and "Health and Safety."

The management of the report is carried out by the secretaries of each department, who collect, compile, and verify the data. The ERM Department then consolidates the data and conducts internal audits. Finally, the Corporate Sustainability Development Committee reviews and approves it, followed by external verification.

Scope of the Report

Geographical Scope: The Xizhi Headquarters, Taoyuan Plant, and Xindian R&D Office, which are within the scope of operational control.

Xizhi Headquarters: 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City.

Taoyuan Factory: 1F and 3F, No.157, Shan Ying Rd, Guishan District, Taoyuan City.

Xindian R&D Office: 10F, No. 233-2, Baoqiao Road, Xindian District, New Taipei City.

Reporting Period: From January 1 to December 31, 2022. The report is prepared and publicly disclosed annually. The disclosure period of this report covers the fiscal year 2022, encompassing specific activities and performance data in the areas of economy, governance, society, and environment. To ensure the completeness of projects and activities, certain content may include data from other annual periods.

Enterprise Risk Management Department

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Verification and publication of the Report

Verified by Bureau Veritas Certification, Taiwan Branch, in May 2023, with a Type 1 / Moderate Assurance.

The publication date is July 2023, with disclosures published annually.

The Report follows these standards

- GRI Universal Standards 2021
- Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- AA 1000 AS V3

Links



Support from Leadership

| From the CEO

永續藍海
領航艦隊



Peter Chen

With the collective efforts of all employees in 2022, DFI achieved a record-high annual revenue of NT\$16.19 billion, a 22% year-on-year growth. With the achievement of economies of scale, we will focus on quality-driven growth in 2023 and expect a promising increase in profitability by optimizing and enhancing profitability performance. As a member of the fleet, DFI will align with

optimizing and enhancing profitability performance. As a member of the fleet, DFI will align with the group's pace to optimize operational indicators and pursue steady operations. Meanwhile, Qisda will leverage its role as a resource platform in synergizing the development of new businesses and enhancing profitability.

Sustainability has become an international consensus, and governments and businesses worldwide are urgently addressing sustainable development and emissions reduction issues. DFI considers it a responsibility and incorporates the three dimensions of ESG, aligned with UN's Sustainable Development Goals (SDGs), in our sustainable operation objectives. Our vision is to "bring enjoyment 'n' quality to life." In addition to social engagement initiatives, our sustainability report also corresponds to our sustainable vision through "transparent disclosure," "comprehensive information," and "striving for perfection." Ensuring sustainable business practices is crucial for the future development of the Company. We sincerely appreciate the proactive support of every single employing in helping us achieve our sustainability goals and contribute to a better environment.

In the face of external challenges such as inflation, wars, the pandemic, rate hikes, and market volatility, we approach them with prudence. In addition to operations, DFI is committed to making significant ESG investments moving forward, setting ambitious targets and striving to achieve them. In December 2022, DFI and Qisda jointly initiated the RE100 campaign, aiming to achieve three major goals by 2030: 20% reduction in supply chain emissions, complete transition to renewable energy by 2040, and reaching net-zero by 2050. We also invite our suppliers to join us, amplifying our efforts hundredfold. Leveraging our expertise in embedded product design, DFI starts with innovation, integrating operational technology (OT) into everyday life, moving towards our sustainable business objectives. Together, we create prosperity and contribute to society by building an intelligent and sustainable future.

We attribute all our operational and sustainability achievements to the collaborative efforts of employees and partners throughout the value chain. In the face of future challenges, let's respond with resilience and agility to support our fleet of partners in continuing to innovate, break barriers, and navigate towards a sustainable blue sea.

From the President



Challenges and opportunities amid global inflation and labor shortages

Looking back on 2022, the post-pandemic era has accelerated the establishment of new ESG milestones (Environmental, Social, Governance). As countries gradually ease COVID-19 restrictions with the improving pandemic, it has also driven the demand for new infrastructure centered around 5G, AI, and industrial IoT, bringing higher growth potential. At the same time, with companies progressively deploying global and local productions, labor shortages have become the most pressing challenge. Factories heavily reliant on manpower have compelled

enterprises to expedite digital transformation and production automation. By leveraging automated equipment to reduce labor and enable remote monitoring and operation, companies can not only maintain productivity but also establish global supply chains that flexibly and swiftly respond to customers' localized production needs. The pandemic has transformed lifestyles and reshaped industry dynamics and demands. To lead teams towards growth, it is crucial to anticipate trends and proactively prepare for the future. DFI will continue to establish core competitive technologies and prioritize innovative design, excellent quality, and flexible and reliable supply services. Together, we aim to create maximum value for clients.



Review and outlook for 2022

While the global pandemic has posed significant challenges to the global economy and supply chains, it has also accelerated the pivotal role of DFI's products in various vertical industries, including industrial automation, automotive, healthcare, and energy. This has further propelled us towards our goal of sustainable operations. DFI achieved outstanding results in 2022, with synchronized growth in revenue, gross profit, and operating profit, with revenue and gross profit reaching historic highs. We owe this success to the dedication and efforts of our employees, the trust from clients, and the support of investors. Despite the looming threat of the pandemic, our revenue continued to grow year after year, and we were even selected as one of 500 "FT Asia-Pacific High-Growth Companies" in the 2022 Financial Times ranking.

In the past year, in addition to continuously developing and integrating miniaturized edge computing products to meet the trends of AI, industrial IoT, and 5G, we also sponsored Edge AI development kits to support participating teams. As a result, one of the teams won third in the practical category of the 2022 Intel® DevCup competition. In addition to product miniaturization, which reduces emissions during transportation and lessens environmental impact, we have also participated in the development of safety standards for AMRs and their charging stations. With these verification standards, we aim to eliminate or minimize hazards in the operating environment.

The global climate change has compelled countries worldwide to formulate 2050 net-zero policies. This has accelerated the development of new technologies in the electric vehicle sector. Electric vehicles not only serve transportation purposes but also function as mobile data centers. Information security has become critical for integrating vehicle systems. Furthermore, a United Nations report indicates that urbanization will continue to increase, leading to more severe urban traffic congestion. In light of this, DFI is actively positioning itself in smart transportation. By integrating embedded systems and vehicle-to-vehicle communication technology, we aim to enhance information security and improve transportation efficiency, offering flexible and advanced solutions for cities.

Through equipment intelligence, automation, and miniaturization, we reduce operational costs, conserve energy, reduce waste, and enhance productivity. Going forward, DFI will improve profitability and synergize group resources, core technologies, and global sustainability within the group.



Challenges and sustainable planning for 2023

Looking ahead to 2023, the high demand for high-speed AI edge computing, high-performance servers, fast networks, cybersecurity, and GPU computing are essential elements for future industry upgrades. We will prioritize applications such as factory automation, smart transportation, intelligent healthcare, energy management, financial technology, smart services, and data centers as our long-term development goals. We will also prudently address global economic challenges, international geopolitical changes, and supply chain conditions.

In light of heightened international attention to environmental and energy-related issues in recent years, the global community has taken action toward achieving net-zero emissions by 2050. We strive to protect and care for the Earth, committing ourselves to greenhouse gas management and reduction. From 2017 to 2022, the total electricity consumption has shown a downward trend year by year. We implement target management through verification agencies for ISO 14064-1:2018, resulting in a tangible 5% reduction in emissions at our headquarters from 2019 to 2022.

Since 2022, DFI has expanded the scope of greenhouse gas inventory to include Scope 3 emissions, recording the carbon emissions from all employees' commuting. We promote public transportation within the Company and actively drive energy-saving activities in our offices. We are deepening our commitment to energy efficiency and carbon reduction in our corporate DNA, making efforts to mitigate climate change.

Performance Highlights of the Year

ESG

Integrity and self-discipline

Compliance, Adherence to Principles, Revenue Generation

0 legal violations

Selected as a FT Asia-Pacific High-Growth Company

Won Bronze in the 15th Taiwan Corporate Sustainability Awards for Corporate Sustainability Report—Electronic Information Manufacturing

Pursuit of Excellence

Continuous research and development of innovative products with social benefits
Continuous improvement of environmentally friendly operational efficiency

38.7%

Increase in product energy efficiency ratio

5%

Reduction in headquarters' electricity consumption

41%

reduction in standard product initiation

Compliant with ISO9001, ISO13485, QC080000, ISO14001, ISO14064-1, ISO45001

Expansion of greenhouse gas inventory to Scope 3

Passionate Commitment

Exemplary quality customer service
Steadfast foundation for sustainable growth

Customer satisfaction rated "satisfactory"

100%

Supplier support to ESG-related issues

Dedicated to creating a satisfying and fulfilling workplace for employees.

Benefits and Community Contribution

Employee benefits and social contributions

Over NT\$ 9.7 million

Invested in employee benefits

Over NT\$ 3 million

Invested in philanthropic activities

About DFI

About the Company

Founded in 1981, DFI Inc. is a global leader in high-performance AI edge computing and embedded solutions. DFI is committed to innovative design and production of motherboard and system products, while strictly adhering to version control and long-term supply for embedded solutions. Through innovative design and quality management systems, DFI's industrial-grade solutions optimize customer device designs. We provide high reliability, long lifecycle, and all-weather rugged products and services for factory automation, healthcare, gaming, transportation, smart energy, retail, and many other areas. We provide high reliability, long lifecycle, and all-weather rugged products and services.

DFI is a top three IPC company globally. It has been recognized as one of the Fastest-Growing Companies by CommonWealth Magazine for two consecutive years in 2020 and 2021. In 2022, DFI achieved a remarkable 31% compound annual growth rate and was selected as one of the 500 Asia-Pacific High-Growth Companies by the Financial Times. The Company also won Bronze in the 15th Taiwan Corporate Sustainability Awards for Corporate Sustainability Report—Electronic Information Manufacturing. In recent years, DFI has been dedicated to developing miniaturized motherboards, focusing on Edge AI-related products. With innovative design, high-quality management system, and strict quality certification processes, DFI implements comprehensive quality management throughout the design and production processes. Continual quality improvement is pursued to meet and exceed client expectations. DFI's industrial-grade solutions enhance the performance and ensure high reliability, long-term lifecycle, and uninterrupted, all-weather operations of customer equipment. We offer cost-effective products for medical diagnosis and imaging, ATM/POS, industrial control, public information stations, security monitoring, digital signage, gaming, and other embedded applications. Moreover, a solid and flexible supply chain is essential for delivering high-quality products. DFI has built a stable supply chain by enhancing intelligent production management, enabling quick, flexible response to global customer demands. DFI's customized services offer reliable and comprehensive solutions. Over the past few decades, it has successfully assisted leading system integrators and equipment manufacturers across industries, delivering exceptional product performance and unparalleled quality.

 <p>Establishment</p> <p>1984</p>	 <p>Global Headquarters</p> <p>Taipei, Taiwan</p>
 <p>Operating revenue in 2022 NTD \$</p> <p>16.19 billion</p>	 <p>Taiwan workforce:</p> <p>661 employees (Over 180 R&D personnel)</p>







Core Values

DFI is a leading industrial computer manufacturer under the Qisda Group, with global-scale operations and service capabilities, focusing on factory automation, automotive, and intelligent healthcare. With years of experience in embedded applications, DFI adheres to the core mission of "stringent product testing to ensure perfection and reliability." Products undergo multiple rigorous tests during development to ensure reliability and durability. These tests include comprehensive testing of all high-speed signals in the design stage, as well as stringent durability tests for extreme temperatures, impact, and vibrations, ensuring that DFI's products can operate reliably even in harsh environments. DFI insists that its products comply with regulatory

standards and international certifications. We are listed in the IPC QML Trusted Supplier List. DFI will continue to provide customers with trusted, long-lifecycle products and technologies.

The Company's vision is to bring enjoyment 'n' quality to life. We adhere to design quality, manufacturing quality, and service quality as the benchmarks for our products. With respect to operations, we are committed to environmental conservation, philanthropy, and prioritizing consumer interests and labor rights. This includes fulfilling our corporate responsibilities with a proactive, positive, and compliant attitude.

FROM MODULES & BOARDS TO INTEGRATED SYSTEMS AND EMBEDDED SOLUTIONS

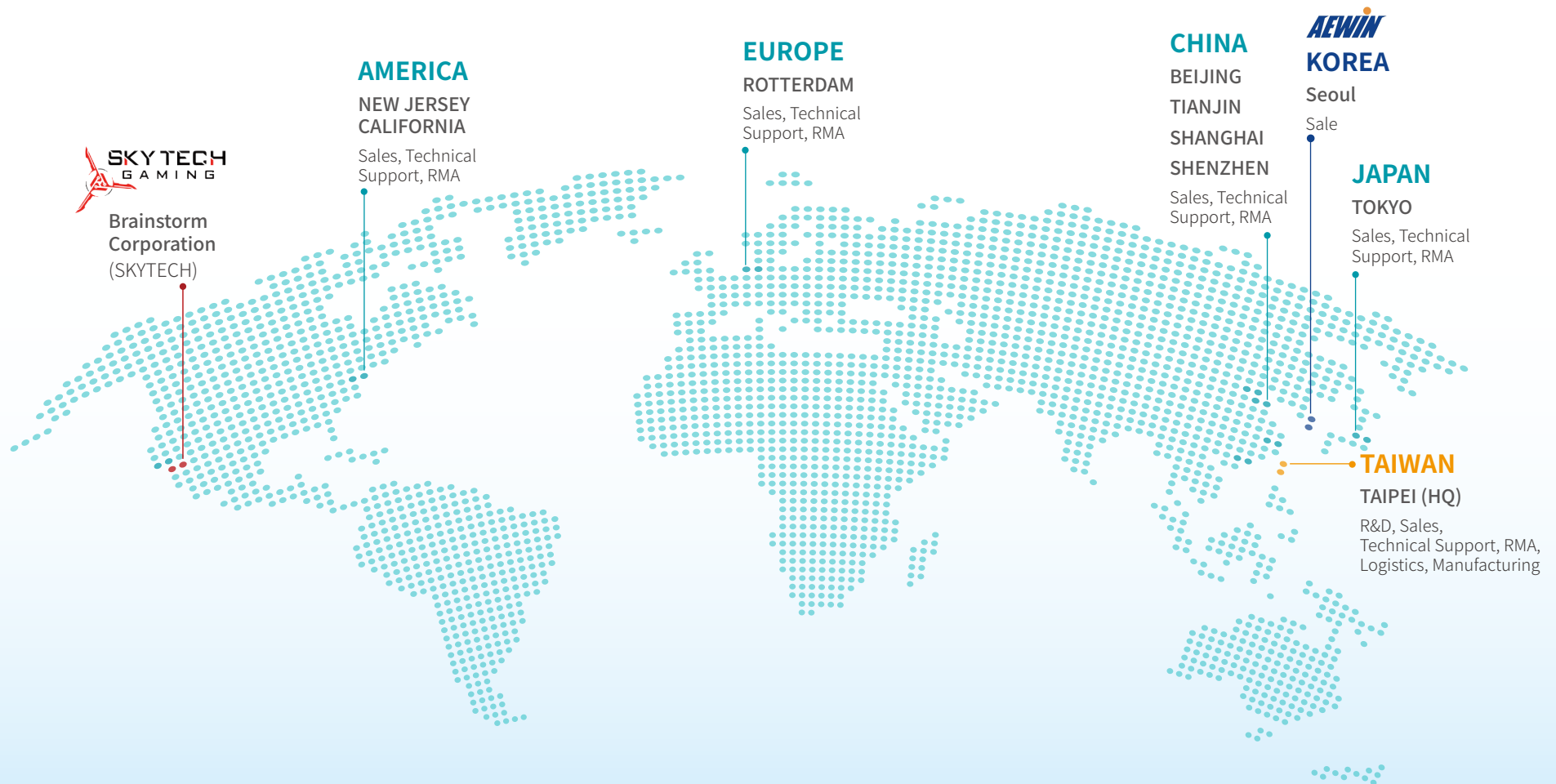
<p>Industrial Motherboards</p> <p>From 1.8" to EATX</p> <p>World Smallest Industrial Pi-Sized SBC</p> 	<p>System-On Modules</p> <p>From COM Express to Qseven</p> <p>Military Critical Grade Ultra low 15W SoC</p> 	<p>Industrial Computers</p> <p>From Performance PC to Fanless System</p> <p>Compact Industrial Computer</p> 	<p>Industrial Panel PCs Fanless</p> <p>From Industrial Display to Fanless Touch Panel PC</p> <p>Modularize Industrial Panel PC</p> 
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DFI's Highlight of Strength

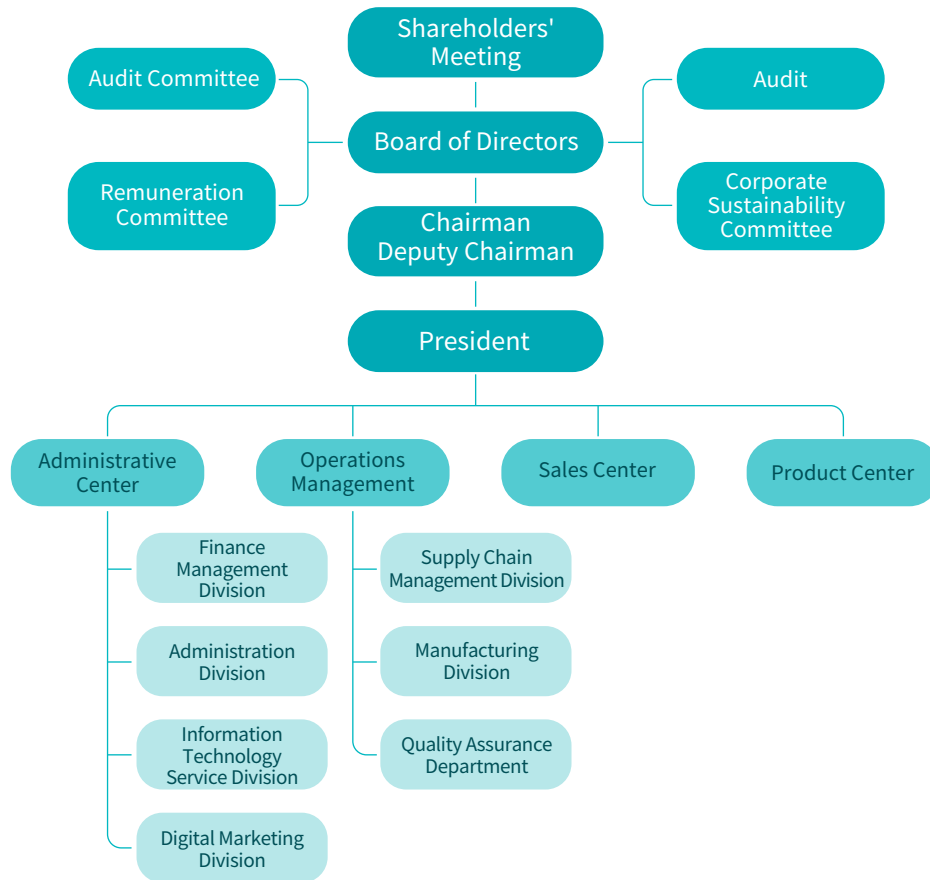
Business overview and organizational structure

As a pioneer in industrial embedded applications, DFI boasts an experienced R&D team and sales personnel. Through customer-oriented design services, rigorous quality certification systems, global logistics, and technical support, DFI establishes long-term and mutually beneficial

partnerships with its customers. DFI's global operations encompass R&D, manufacturing, and service locations in Taiwan (Taipei), China (Shenzhen, Shanghai, Beijing, Tianjin), the Netherlands, the US, and Japan.

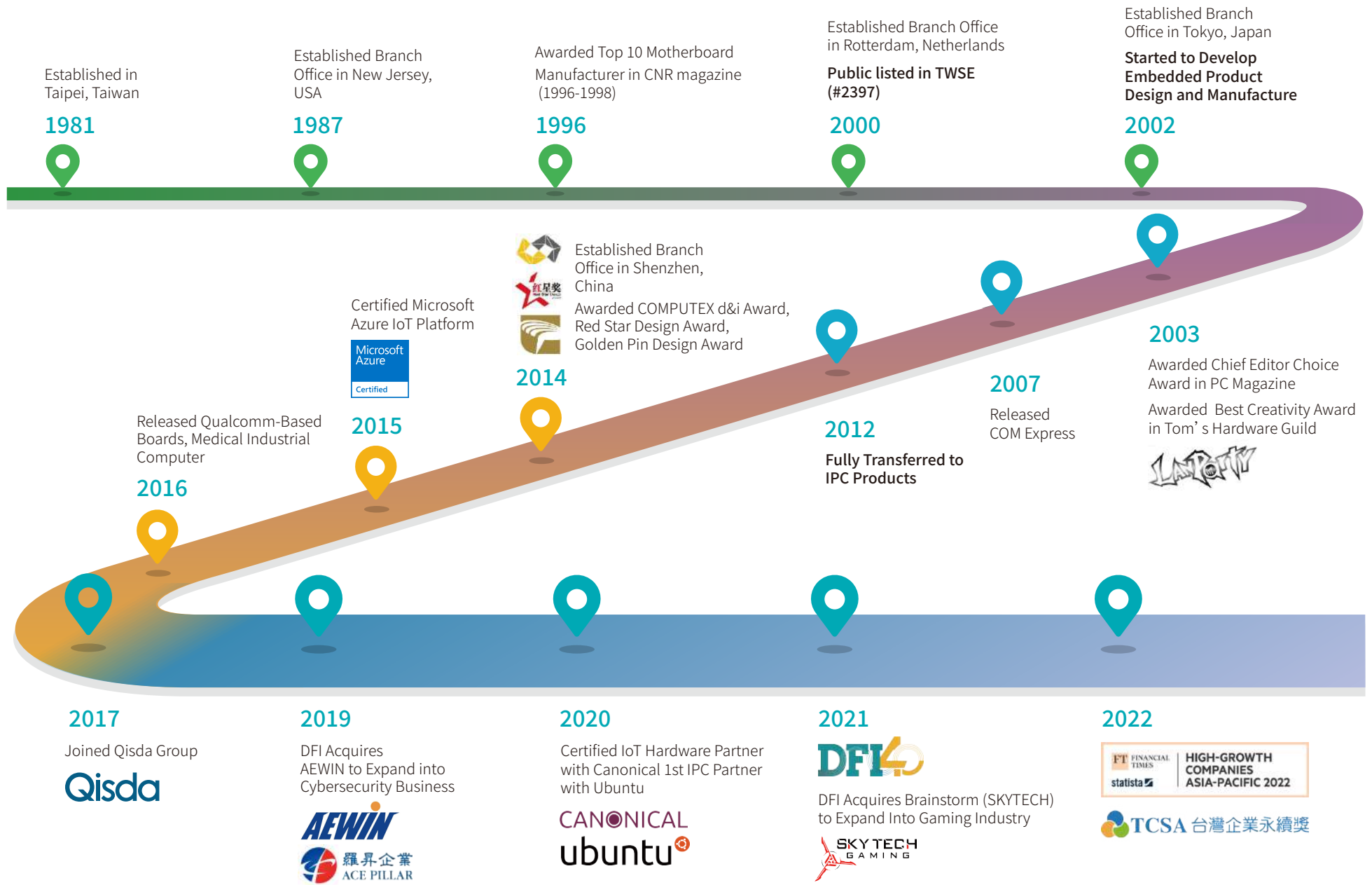


In late 2017, DFI officially joined the BenQ Qisda Group, further elevating its R&D capabilities, supply chain management, and manufacturing capacity to new heights. This integration enhances core competitiveness and provides customers with higher added value. Moreover, by leveraging the abundant resources within the group, DFI is able to offer a wide range of embedded computing products and advanced services, including in-house LCD integration, PCBA and system assembly, measurement laboratories, and enclosure design and manufacturing. Furthermore, we can provide flexible low-volume, high-variety production or cost-effective high-volume production services based on customers' business needs. These services cover various applications such as factory automation, intelligent healthcare, smart energy, and IoT.



Corporate History

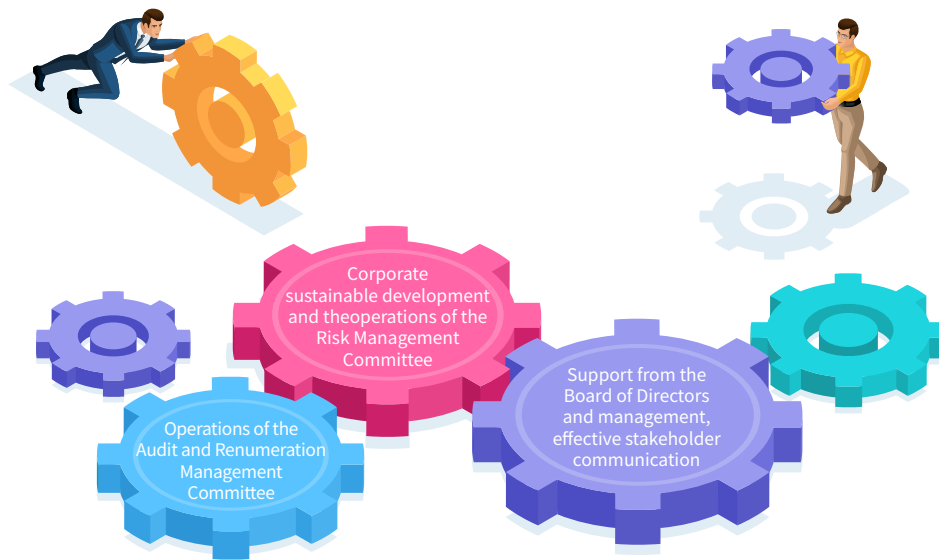
- 1981 > - DFI was founded in Taipei, Taiwan
- 1987 > - Established DFI-ITOX in New Jersey, USA
- 1996 > - Awarded Top 10 Motherboard Manufacturer by the CNR Magazine (1996-1998).
- 2000 > - Established DFI B.V. in Rotterdam, the Netherlands
- Introduced industrial-grade motherboards.
- 2002 > - Established DFI-Japan in Tokyo, Japan
- Specialized in embedded product design and production.
- 2003 > - Received Editor's Choice Award from PC Magazine.
- Received Best Innovation Award from Tom's Hardware Guild.
- 2007 > - Introduced COM Express embedded computer modules.
- 2010 > - Introduced ARM-based motherboards and modular industrial computers.
- 2012 > - Discontinued consumer electronics product lines to focus on embedded product development.
- 2014 > - Received Computex D&I Award, Red Dot Design Award, and Golden Pin Design Award.
- Established DFI-China in Shenzhen, China.
- 2015 > - Certified for Microsoft Azure IoT
- 2016 > - Loaded Qualcomm processor motherboard and medical industrial system were launched.
- 2017 > - Joined the Qisda Group
- 2019 > - Merged with AEWIN to strengthen presence in network communication and security markets.
- Merged with Ace Pillar, targeting smart manufacturing opportunities.
- 2020 > - DFI ranked among Taiwan's Top 100 Fastest-Growing Companies by Commonwealth Magazine.
- 2021 > - DFI ranked among Taiwan's Top 100 Fastest-Growing Companies by Commonwealth Magazine.
- DFI's 40th anniversary.
- DFI acquired the US e-commerce company Brainstorm.
- FT ranking: Asia-Pacific High-Growth Companies
- 2022 > - Won Bronze in the 15th Taiwan Corporate Sustainability Awards for Corporate Sustainability Report—Electronic Information Manufacturing



Corporate Sustainable Development

The purpose of a company's existence is to create value and contribute to human society in a sustainable manner and catalyze positive impact. K. Y. Lee, Honorary Chairman of Qisda Group, states that the purpose of a company's existence is to create value and contribute to human society in a sustainable manner and catalyze positive impact. Sustainable business aims to achieve long-lasting values. To become a deeply rooted and enduring enterprise, it is essential to incorporate historical perspective and cultural thinking into the business model, with "integrity" as the highest moral principle.

After joining Qisda/BenQ Group, DFI has made significant progress by leveraging the strength of the group alliance, reaching new heights in supply chain management and manufacturing productivity. DFI's embedded computing capabilities and solutions have expanded with the support of group resources. We also emphasize the group's CSR policies and implementation strategies, fulfilling our role as responsible corporate citizens, while seeking niche markets in smart applications and automation across various industries globally.



DFI's core values in sustainable development

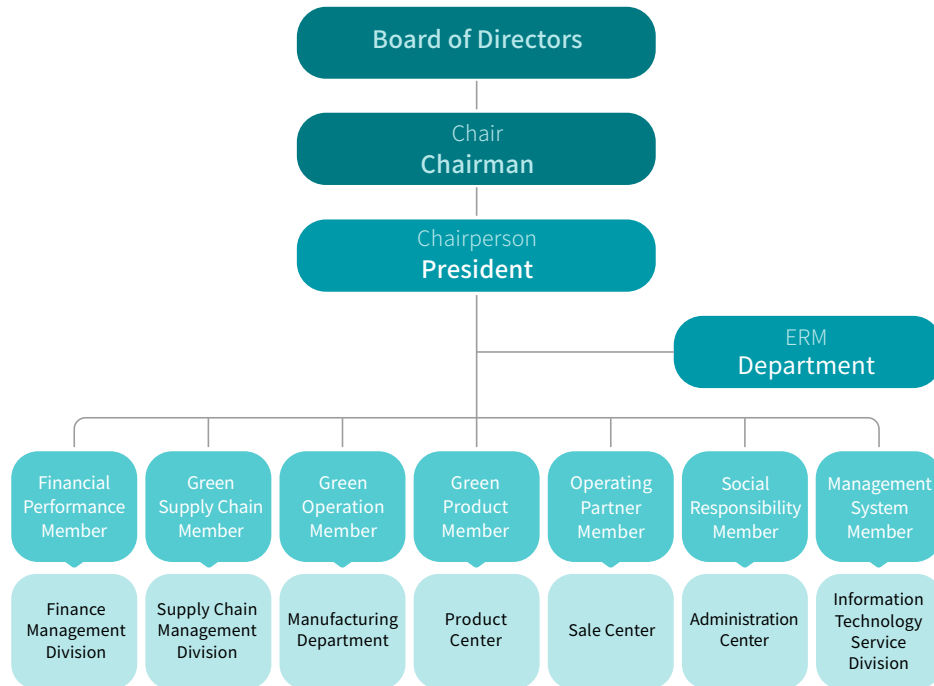
DFI's core vision of corporate sustainable development is to bring enjoyment 'n' quality to life, embodying ESG values with values of integrity and self-discipline, pursuit of excellence, passionate commitment, and community contribution.



To facilitate sustainable corporate development and ensure effective communication and responsiveness to stakeholders' opinions related to organizational operations, DFI has to establish the cross-departmental organizational structure of the Corporate Sustainability Development Committee. The President serves as the Chairman, and senior executives from each center serve

serve as committee members representing different dimensions. The Secretary-General is responsible for coordinating and promoting cross-departmental sustainable development initiatives, as well as convening quarterly meetings. Progress reports on performance indicators and corporate social responsibility are provided by committee members representing different dimensions.

DFI Corporate Sustainability Development Committee



DFI sustainability/corporate social responsibility and environmental, safety, and health policies



Design For Innovation



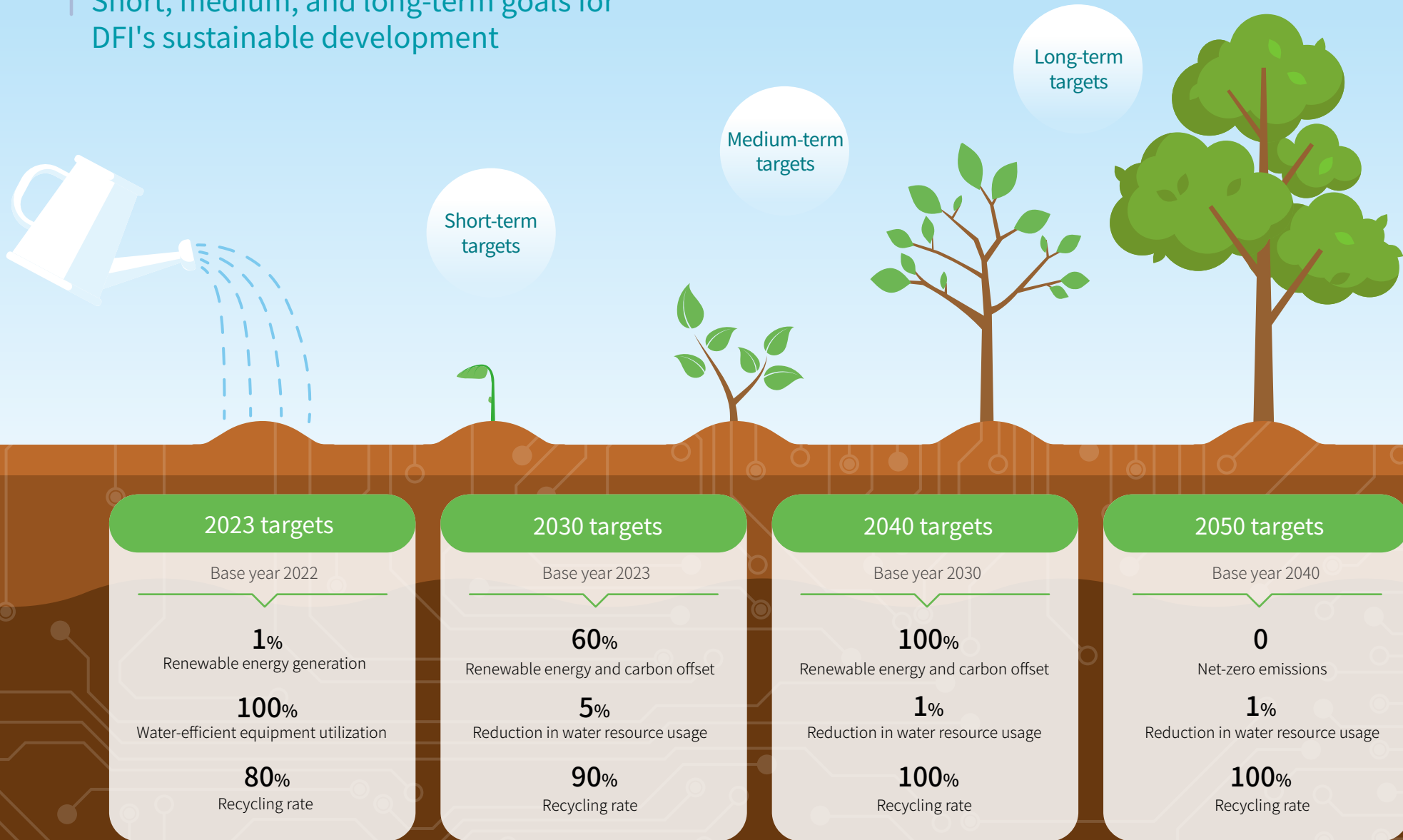
DFI's CSR & ESH Policies

In addition to improving human tech life through products and services, DFI is committed to practicing and promoting social responsibility, energy management, environmental safety and health management, and high-quality corporate safety management. We strive to give back to society, enhance labor rights, improve safety condition, and enhance the quality of living environment. In the future, DFI will integrate social responsibility, energy, environmental safety and health management, high-quality corporate safety management, and current business principles. We pledge to provide necessary resources and information to execute social responsibility and environmental, safety, and health policies in a more efficient manner, in order to achieve the organization's set goals and objectives.

DFI adheres to the following principles to implement CSR, environment, safety, and health policies:

1. Integrity management and strict code of ethics
2. Comply with regulations and meet customers' demands, abide by social responsibility standards.
3. Reduce pollution, save water, safety and health, precautions and improvements
4. Value the consultation and participation of workers to safeguard their labor rights and continuously improve our business management
5. Strengthen the eco-design of our products to reduce the environmental impact throughout their lifecycle
6. Assist suppliers to meet the standards
7. Encourage branch offices to create sustainable management

Short, medium, and long-term goals for DFI's sustainable development



Five major sustainable development goals



Environmental

Customers, suppliers, employees, government, the general public

- **Green products** - Enhancing the sustainable value of products.
- **Green operations** - Continuous improvement and cultivation of a green operational culture.
- **Green supply chain** - Enhancing suppliers' autonomous management capabilities for corporate social responsibility.



Social

Employees, the general public

- Internalization of corporate citizenship DNA to exert positive social impact.



governance

Shareholders, the general public

- Dedication to improving corporate governance, continuous operational and profitability enhancements to meet stakeholders' interests.

Value creation process

I. Inputs

DFI follows the Group's principle of consistency and adopts Qisda's value creation process, which encompasses six capitals: financial capital, manufacturing capital, intellectual capital, human resource capital, social capital, and natural capital, providing a foundation for sustainable development.

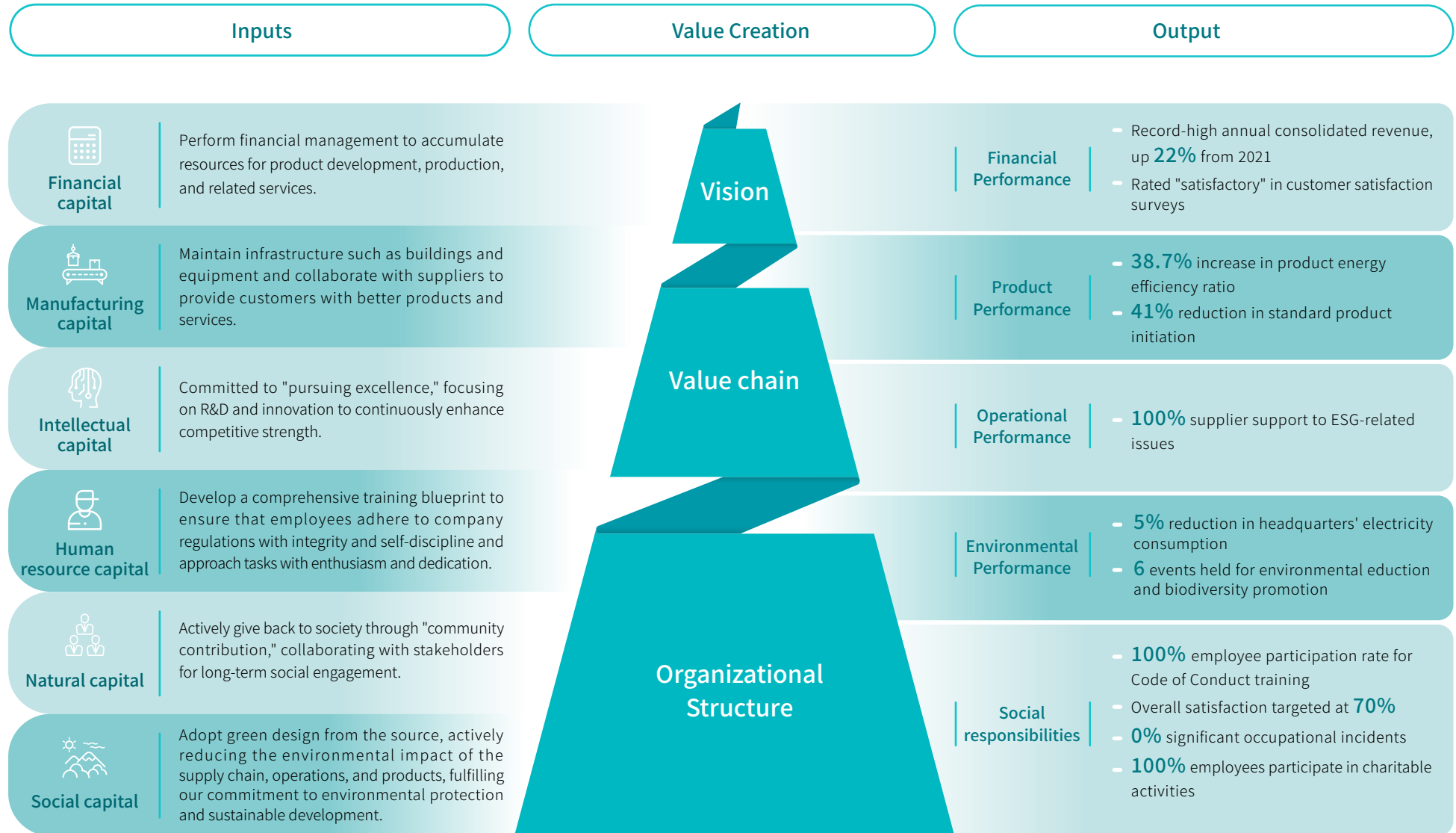
II. Value Creation

Based on DFI's core vision of corporate sustainability, we refer to the SDG Compass Guide's process and the United Nations' Sustainable Development Goals (SDGs) as outlined on their official website. From there, we take inventory of our current actions and the risks and opportunities within our value chain; as a professional manufacturer of industrial computers, we examine our upstream sourcing of raw materials, supply chain operations, product manufacturing, company operations, downstream product sales, usage, and disposal processes. By addressing the concerns of stakeholders and focusing on key areas, we identify management items to be prioritized for DFI's future alignment with the SDGs. Internally, we base our corporate sustainable development on the three pillars of the economy, society, and environment, expanding the environmental dimension into "green products," "green operations," and "green supply chain." We build a "green supply chain" and prioritize managing SDGs in five key dimensions by incorporating the additional social aspect of "social responsibility" and the economic aspect of "financial performance." Furthermore, through the initiatives led by our ESG Committee, we are committed to Qisda Corporation's vision to bring enjoyment 'n' quality to life.

III. Output

DFI's corporate sustainability management framework is supported by five dimensions, each of which establishes long-term goals based on our core competencies. These goals serve as guiding principles for project implementation, and we further set short, medium, and long-term management indicators. The ESG Committee regularly reviews our performance, ensuring that since the systematic implementation of corporate sustainability in 2019, DFI has been striving towards our established sustainability management performance targets in the economic, social, and environmental aspects. In addition, we annually review and reassess our objectives regarding material topics of interest to stakeholders in the given year.

Value creation process of DFI



DFI aligns its products with the United Nations Sustainable Development Goals (SDGs)



Smart plants



Autonomous mobile robot (EC500-SD)

DFI is committed to developing customized industrial computers and system integration (SI) services to enhance automation and mechanization for businesses. By creating state-of-the-art autonomous mobile robots, DFI aims to maximize operational efficiency and drive business and economic growth.



Smart healthcare



Tumor information system (MD711-SU medical-grade system)

The tumor information system is a high-performance, fanless embedded system designed for medical environments. It meets both functional and environmental antimicrobial requirements, making it suitable for medical carts, operating rooms, medical information systems, and medical OEM equipment integration. Its primary objective is to improve the safety and hygiene of medical environments, ensuring the highest quality of healthcare.



Smart transportation



Smart train solution (RC300-CS)

To address transportation management issues worldwide, DFI assists customers with their needs in areas such as in-vehicle systems, traffic monitoring, fleet management, and station management systems. DFI offers a comprehensive lineup of high-performance products designed for all-weather, uninterrupted operation and rugged industrial environments, capable of withstanding challenging and high-load transportation conditions.



Smart energy



Smart grid solution (BT700)

With environmental sustainability becoming a major concern, smart grid solutions provide a cost-effective method to reduce energy consumption and improve energy independence. DFI provides suitable solutions for smart meter applications, featuring a wide temperature range of -40 ° C to 85 ° C, ensuring reliable operation even in extremely harsh operating environments.



Maritime surveillance



Maritime surveillance system (CS332-C246 paired with Guangshing 2U chassis GH1-214)

The maritime surveillance system provides a comprehensive traffic view around maritime assets and records information on vessels and targets within the areas protected, thus preventing collisions and damage to the marine environment. In addition, to adapt to the high humidity and salinity of the marine environment, DFI offers highly reliable industrial-grade systems to ensure longevity and durability, reducing machine wear and disposals.



Smart charging



DFI works with partners to develop home electric vehicle fast charging solutions (EC800-CD, EC800-AL, EC70A-SU)

Electric vehicles are a key strategy in zero-carbon emissions. To meet the growing demand in the global EV market, DFI works with partners to create smart charging solutions that integrate solar power with conventional electricity systems. This not only achieves environmental objectives but also potentially accelerates EV charging speeds, saving time and money for end users.



Food Safety



X-ray analysis device for detecting foreign objects in food (EC70A-SU, EC500-HD)

As food quality and safety concerns grow by the day, DFI provides powerful core computers for monitoring X-ray analyzers. These computers boast smooth-running testing software, unique masking functions, and pixel merging algorithms. They are equipped with robust systems for shock resistance, heat dissipation, and power consumption, meeting the requirements of Hazard Analysis and Critical Control Points (HACCP) for food contaminant inspection, ensuring strict food safety standards and enhances the overall quality of people's diets.



Fire rescue



Firefighting robots (SU253 single-board computer industrial motherboard)

DFI designs firefighting robots with explosion-proof, waterproof, and dustproof mechanisms. These robots feature with all-weather operational capabilities, replacing firefighting and rescue personnel in high-risk disaster situations such as flammable, explosive, toxic, oxygen-deficient, and heavy smoke environments. They possess high-speed mobility, mechanical variable speed capabilities, excellent climbing ability, and high-load capacity. They are suitable for urban firefighting and earthquake disaster relief, protecting the community's security.

Enhancing ESG Information Disclosure

DFI's forefront of sustainability website

Converging DFI's corporate values with sustainability issues into a concrete public website strategy is a key focus for DFI in addressing the interests of the general public and stakeholders. The aim is to provide a faster and more logical way to understand the Company's past performance and help investors gain insights into the Company's profile, enabling them to make informed decisions. In the initial stages, DFI's sustainability website strategy was seen as an "obligation" that had to be fulfilled. However, it has now transformed into the forefront of creating and ensuring business value. Although the development is still in its early stages in this wave, the current direction for DFI is how to transform sustainability concepts into suitable company execution strategies.

The ESG section on DFI's official website is dedicated to embracing the green carbon trend and advancing towards sustainable operations, with the goal of enhancing transparency in ESG strategies. To this end, DFI has categorized ESG content information into four key aspects:

Step 1 Promoting targeted values from the core of the company:

DFI continuously generates business benefits in the trial smart manufacturing and implements comprehensive quality management, optimizing and improving quality from design to production to meet and exceed customer expectations.

Step 2 Stakeholder engagement and sustainability planning and thinking page:

DFI's publicly available website includes future vision and the challenges faced by social actors. Starting from DFI's own manufacturing capabilities, priorities of the identified issues are listed. The overall website is structured based on the stakeholders' level of concern or the impact of their decisions on relevant issues.

Step 3 Developing ESG content pages and categorization that facilitates searching:

DFI's medium to long-term sustainability management plan includes the overall vision and goals, as well as how ESG can help corporations address social issues. Relevant information can be easily and quickly found on the website and search pages.

Step 4 Enhancing social impact through public ESG reports and social media

To align with the direction of an ESG report and promote information transparency, DFI presents annual CSR results of written reports and complies with the requirements for online upload. This

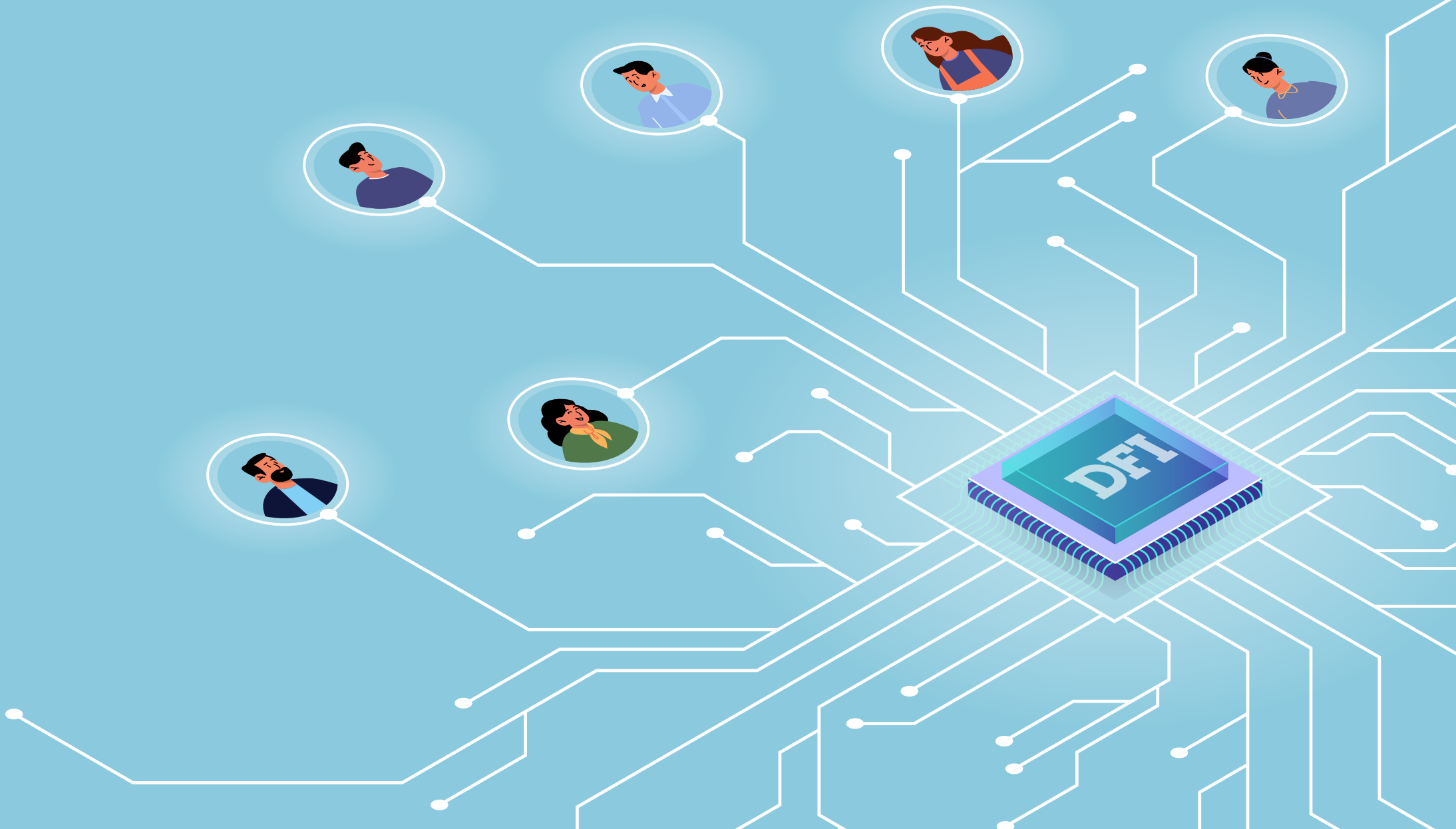
allows stakeholders to clearly understand DFI's commitment to sustainability and social responsibility on our website and social media outlets.



DFI ESG : <https://www.dfi.com/esg>

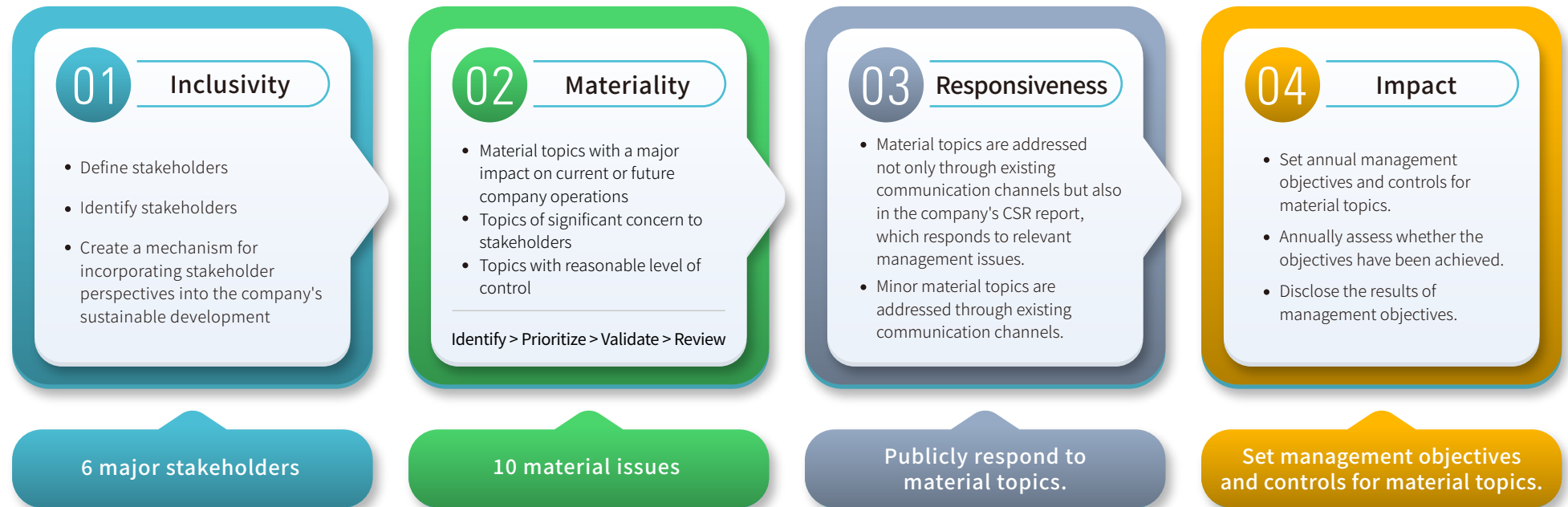
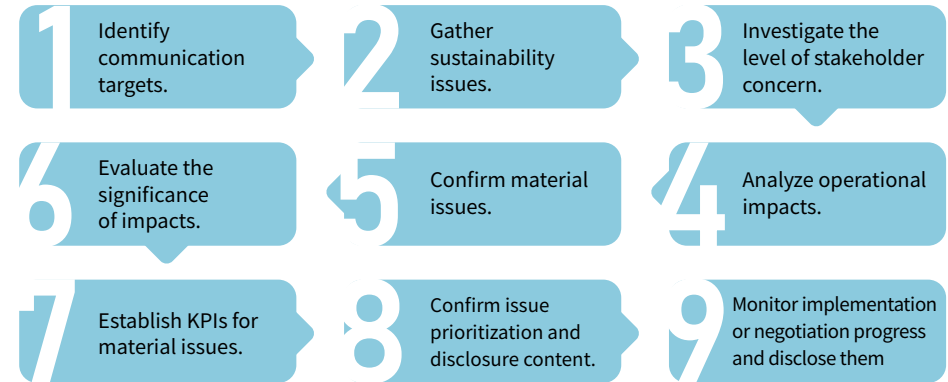


DFI's Stakeholders



Stakeholder Communication

To ensure effective communication with stakeholders and incorporate material topics of their concern into our corporate sustainability policies, DFI establishes an open and transparent response mechanism during the planning and decision-making processes of our sustainable development initiatives. DFI adopts the "AA1000 Accountability Principle Standard (AA1000 APS)" with a moderate level of assurance under Type 1 and adheres to its four key principles: inclusivity, materiality, responsiveness, and impact. It assists us in identifying and responding to sustainability information, enhancing the rigor of sustainability disclosure. Moreover, we follow the GRI Universal Standards 2021 to assess the significance of material issues impacting the economy, environment, and human rights. This evaluation serves as the foundation for our sustainable development strategy and the basis for the information disclosed in this report.



I. Inclusivity

Inclusivity refers to the consideration of stakeholders in the development of responsible and strategic sustainable practices. Therefore, DFI follows and adheres to the spirit of inclusivity over the following three steps:

- 1. Define stakeholders:** Individuals or groups that have a significant impact on our operations or are significantly affected by our operations.
- 2. Identify stakeholders:** From the affiliated persons as defined by the DFI sustainable development framework and the definition of stakeholders, we have identified six primary stakeholder groups: employees, clients, shareholders, government, suppliers, and the general public.
- 3. Create a mechanism for incorporating stakeholder perspectives into the company's sustainable development:** The topics of concern raised by these 6 primary stakeholder groups have varying degrees of impact on our sustainable development. For each stakeholder group, DFI has dedicated communication channels and corresponding internal units that collect and respond to stakeholder feedback, ensuring ongoing interaction with stakeholders. Additionally, we consolidate information related to the main topics of stakeholder concern in our annual CSR report for stakeholders.

II. Materiality

Materiality refers to evaluating the relative importance of each topic to determine the required management depth and the content to be included in the CSR report. DFI follows the GRI Standards to identify materiality, assessing the materiality of issues that are of concern to stakeholders on an annual basis.

- DFI primarily uses a questionnaire to survey the six key stakeholders in rating 21 topics of international concern. The questionnaire surveyed employees, clients, and suppliers. Employees identified the impact of each topic on DFI, while clients and suppliers assessed their level of concern for each topic. A total of 192 questionnaires were collected (184 internal and 8 external). The levels of impact/concern are rated from 1 to 10 from lowest to highest. Based on the average scores of each topic under the four dimensions of economy/governance, environment, society, and health and safety, six topics were selected and KPIs were set.
- The Sustainable Development Committee, following DFI's Management Procedure-05 for identifying the social responsibility and environmental health and safety impacts and risks,

assesses the frequency (F), controllability (C), and severity (S) of each topic. The three factors are multiplied together ($EAA = F * C * S$), and a topic is deemed material if the product exceeds 10.

- The criteria for defining the positive impact and negative impact on DFI are categorized as high, medium, and low. Material topics are selected out of the high category. Positive Impact refers to the positive influence or contribution to stakeholders, society, or the environment, while negative Impact refers to the negative influence or harm to stakeholders, society, or the environment.



Employees

Talent and innovation are salient for constructing the core competitiveness of an enterprise and the footing for sustainable operation. DFI values the establishment of effective communication channels and a happy working environment to retain excellent talents.



Clients

With a focus on client needs, DFI prioritizes enhancing customer satisfaction by understanding their requirements, assisting them, and resolving issues. We are committed to creating client values and providing high-quality products.



Shareholders

DFI is dedicated to maximizing shareholder value by proactively communicating the company's operations and financial performance to them. We strive to establish transparent and consistent communication without information gaps as shareholders are the driving force behind DFI's stable growth.



Government

Compliance with government regulations is the minimum requirement for corporate operations. DFI strictly adheres to laws and regulations, actively cooperates with government policies, and establishes management systems to ensure that our business operations meet the relevant requirements through auditing measures.



Suppliers

DFI actively collaborates with suppliers to establish a supply chain that protects the environment, human rights, safety, health, and sustainable development. We have a responsibility to grow with our partners through sustainable operational management models.



The general public

The core value of DFI is "community contribution," which combines the spirit of employees dedicating themselves to society and the company's resources. We actively participate in local community outreach programs and fulfill our commitment to giving back to society.

Dimensions	Topics	Descriptions of DFI's material topics	Impact	Concerns	Rating	(F)	(C)	(S)	Expert ratings	Positive Impact	Negative impact	Materiality*	GRI Standards	Corresponding chapters
Environment	Carbon Management	Greenhouse gas emissions associated with operations or manufacturing, renewable energy, climate change risk and opportunity management, energy conservation.	9.23	9.50	18.73	5	1	3	15	High	Medium	●	302-1.3.4 305-1~5	Energy and Resource Management, Climate Strategy and Carbon Management
	Green power management	Amount invested in green energy	9.10	9.25	18.35	1	3	1	3	Medium	Low	○	302-4	Climate Strategy and Carbon Management
	Water resource management	Reduction of water consumption and wastewater	9.28	9.75	19.03	5	1	1	5	Low	Low	★	303-4~5	Energy and Resource Management
	Waste management	General/hazardous business waste	9.38	9.50	18.88	5	1	3	15	Medium	Medium	○	306-2~5	Materials and Recycling
	Ecodiversity	Significant impact of operations on biodiversity	9.17	9.25	18.42	1	3	1	3	Low	Low	○	-	Biodiversity
	Green Products	Product lifecycle assessment, ecological design	9.14	9.50	18.64	5	3	3	45	High	Medium	●	302-1.3、416-2、 417-2	Energy and Resource Management, Quality and Hazardous Substance Management, Green Products
Society	Human resource development	Career and professional training, performance evaluation	9.40	9.50	18.90	2	1	1	2	Low	Low	○	404-1.3	Good Labor Relations, Education and Development
	Hiring and employee retention	Employee Overview, Diverse and Equal Workplace Environment	9.47	9.50	18.97	5	1	1	5	Low	Low	★	401-2、401-3、 402、405-1	Employee Overview
	Labor relations	Labor dispute resolution and improving of employee relations	9.41	9.50	18.91	2	1	1	2	Low	Low	○	402	Good Labor Relations
	Human rights	Non-discrimination, child labour, forced labour, grievance mechanism	9.38	9.50	18.88	1	1	1	1	Low	Low	○	-	Human Rights Management
	Social Engagement	Charity and other investments	9.14	9.50	18.64	1	3	2	6	Low	Low	○	203-1	Caring for Society, Nurturing the Earth

Dimensions	Topics	Descriptions of DFI's material topics	Impact	Concerns	Rating	(F)	(C)	(S)	Expert ratings	Positive Impact	Negative impact	Materiality*	GRI Standards	Corresponding chapters
Society	Occupational safety and health	Safety assessment, employee health, contingency drills	9.51	10.00	19.51	3	1	1	3	Low	Low	○	403-1~10	Employee Safety Environment, Happy and Healthy Workplace
Economy/ governance	Financial Performance	Revenue, operating costs, taxes	9.29	9.25	18.54	5	1	1	5	Low	Low	○	201-1	Financial Performance
	Risk Management	Risk and opportunity identification, assessment, and measures	9.32	9.50	18.82	2	1	3	6	Low	Low	○	2-25、201-2	Risk Management
	Compliance	Compliance with international and Taiwanese regulations	9.33	9.50	18.83	2	1	3	6	Low	Low	○	2-27、419	Compliance
	Business ethics	Anti-corruption, anti-trust, prevention of insider trading	9.37	9.75	19.12	1	1	1	1	Low	Low	★	205-2	Code of Conduct
	Innovation management	R&D and patented products, culture of innovation	9.22	9.25	18.47	2	1	2	4	Low	Low	○	-	Green Products
	Customer relationship management	Satisfaction, customer information protection	9.25	9.75	19.00	5	1	3	15	High	Medium	★●	418	Commitment to Clients
	Product quality	Comprehensive quality management system	9.49	9.75	19.24	5	1	3	15	High	Medium	★●	416-2、417-2	Quality/hazardous substance management
	Sustainable supply chain management	Assessment, identification and management of suppliers based on environmental, social and economic conditions	9.21	9.50	18.71	5	1	3	15	High	Medium	●	2-6、204、308-1.2、414-1	Green supply chain
Climate change and energy management	Appropriate climate change strategies and energy management can reduce the Company's operational risk (TCFD, CDP)	9.20	9.00	18.20	2	1	3	6	Medium	Low	○	302-1.3.4、305-1~5	Climate Strategy and Carbon Management	




Material topic matrix






III. Responsiveness

Responsiveness involves the management and response to material topics, challenges, and concerns through the participation of various aspects of business operations. After identifying material topics, DFI addresses them in the annual CSR report in addition to existing communication channels. Minor material topics are addressed through existing communication channels.

Besides the above methods, DFI has also established a "Corporate Social Responsibility" website, where important information regarding sustainable development is published in a timely, transparent, and open manner for the public.

Stakeholders	Communication channels and engagement methods	Corresponding chapters
 Employees	<ol style="list-style-type: none"> 1. Education and training, practices, new employee training 2. Internal information is distributed through emails and announcements. 3. Opinions can be sent to HR at hr.info@dfi.com or by contacting the ER&ES Department. Feedback can also be provided through departmental labor representatives and welfare committee members. 4. Business briefings are held quarterly. 5. Welfare committee meetings are held at least once a year. 6. Labor relations meetings are held quarterly, and performance evaluations are discussed twice a year. 7. Annual health check-ups are offered with individual follow-ups. 	<ul style="list-style-type: none"> - Employee Overview - Education and Development - Good Labor Relations - Happy and Healthy Workplace - Employee Safety Environment
 Clients	<ol style="list-style-type: none"> 1. Customer service and product repair hotlines 2. Dedication telephone and email contacts in Taiwan and abroad 3. Customer satisfaction surveys 4. Regular and ad-hoc thematic reports 	<ul style="list-style-type: none"> - Commitment to Clients - Quality/hazardous substance management
 Shareholders	<ol style="list-style-type: none"> 1. Spokesperson and proxy spokesperson system 2. Dedicated Investor Relations unit and investor email (IR@dfi.com) 3. Investors's section on official website 4. Annual shareholders' meeting 5. Quarterly corporate briefings 	<ul style="list-style-type: none"> - Corporate Governance - Financial Performance

Stakeholders	Communication channels and engagement methods	Corresponding chapters
 Government	<ol style="list-style-type: none"> 1.DFI's public information can be accessed through the corporate website, news media coverage, and social media. 2.Contact DFI project coordinators of by phone or email. 3.DFI actively participates in organizing charitable activities. <ul style="list-style-type: none"> * In 2022, there was one communication case regarding noise complaints from residents near the Taoyuan Plant on 3/2. Although there was no violation of legal noise limits, the Engineering Department coordinated noise reduction improvements. On 3/26, after confirmation by the borough chief and Environmental Protection Bureau, the case was closed as effective noise reduction measures were implemented. 	<ul style="list-style-type: none"> - Caring for Society, Nurturing the Earth - Information Management - Website Introduction
 Suppliers	<ol style="list-style-type: none"> 1. Supplier social responsibility and environmental health and safety surveys, supplier evaluations 2. Dedication telephone and email contacts 3. On-site audits of suppliers 	<ul style="list-style-type: none"> - Green supply chain
 The general public	<ol style="list-style-type: none"> 1. Government agencies conduct inspections, visits, correspondence, and labor inspections to gain in-depth understanding of DFI and provide relevant recommendations. 2. DFI periodically sends representatives to participate in government events and conferences, keeping pace with Taiwan's policies. <ul style="list-style-type: none"> * In 2022, a total of 6 communication cases were completed (involving Guishan District Administration, Taoyuan City Economic Development Bureau, New Taipei City Environmental Protection Bureau, and New Taipei City Labor Inspection Office), with a completion rate of 100%. 	<ul style="list-style-type: none"> - Corporate Governance - Compliance - Employee Safety Environment

IV. Impact

Impacts are assessed during the identification process of material topics to further evaluate their effects on the company, and to monitor and measure their scope.

DFI examines the significance and extent of material topics identified for the year and sets annual management targets for control. The targets are reviewed annually, and the results are disclosed.



Dimensions	Item	Responsible units	Significance to DFI	2022 KPI Results 100% completion	Corresponding chapters
Environmental dimensions	Water resource management	ESH	DFI's products do not generate wastewater during the manufacturing process, but only domestic sewage. Since 2011, each manufacturing site has actively monitored the use of tap water and manages it through the Sustainable Development Committee.	Water-saving facility installation rate reaches 100%. Toilets and faucets are equipped with water-saving labels and undergo water flow adjustment.	Energy and Resource Management
	Occupational safety and health	ESH	Occupational safety and public health are promoted through a robust Social Responsibility and Environment, Health, and Safety Management Committee, ensuring the safe completion of work for each employee and compliance with safety, health, and environmental requirements.	No workplace accidents resulting in temporary disabilities occurred in 2022.	Employee Safety Environment
Social dimension	Recruitment and retention	HR	Believing in a happy and healthy workplace, DFI offers diverse and equal employee benefits, allowing employees to experience a high-quality work environment and a culture of happiness. To maintain a good labor relations between the Company and its employees, smooth and unimpeded communication channels are in place, enabling employees to instantly access Company information and encourage everyone to provide suggestions for the overall operations and development, which will be considered by decision-making units.	Annual turnover rate below 35% (17.76% indirect staff turnover rate, 20.93% overall turnover rate).	Corporate governance Good Labor Relations
	Product quality	Quality	DFI prioritizes customer and business partner satisfaction, committing to the satisfaction of quality by continuously designing and manufacturing products that comply with regulations and meet customer requirements.	External audits for the Hazardous Substance Management System (IECQ QC 080000) were successfully completed in October 2022.	Quality/hazardous substance management
Economic dimension	Business ethics	HR	To prevent dishonest conduct that may harm the trust of business partners, lower employee morale, and cause business losses, DFI has established regulations to ensure that all members of the Company adhere to the highest code of conduct in business activities.	100% implementation rate of antitrust guideline training (533 participants/ 1 hour).	Code of Conduct
	Customer relationship management	Sales	Potential breaches of customer privacy can lead to reduced customer loyalty and satisfaction, negative impacts on the business and reputation, and even serious consequences such as litigation. Therefore, DFI is committed to respecting and protecting customer privacy.	No incidents of customer data leak, theft, or loss occurred in 2022.	Commitment to Clients

DFI's Integrity and Self-Discipline

- Corporate Governance
- Financial Performance  
- Risk Management
- Code of Conduct 
- Legal Compliance  
- Human rights management   
- Information Management



The Company's operating system complies with laws, ethics, social public interests, and regulatory guidelines.

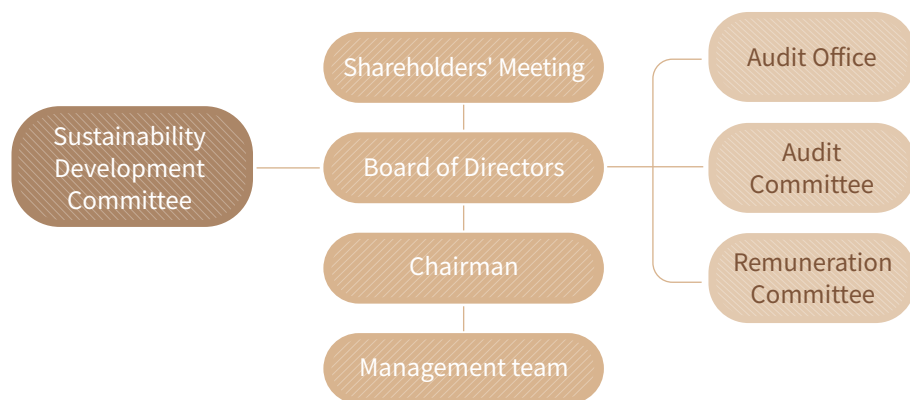
Corporate Governance

Organizational structure of corporate governance

DFI created its corporate governance structure and practices in compliance with Company Act, Securities and Exchange Act, and other relevant R.O.C. laws and regulations. DFI's corporate governance model consists of three units: the Board of Directors, Audit Committee, and Remuneration Committee. The Audit Committee and Remuneration Committee are composed entirely of independent directors, while all directors (including independent directors) are elected by shareholders through voting, serving a term of three years. For the organizational structure of corporate governance, please refer to the figure below.

Safeguarding shareholder rights has always been a focus for DFI. Since the 2017 annual shareholders' meeting, DFI has started using electronic voting and conducting voting item-by-item. This aims to increase shareholder attendance at the meetings and ensure that shareholders can exercise their legal rights at the meetings. During shareholders' meetings, DFI also proactively explains the company's operations and financial standing and responds to shareholder inquiries. In addition to a management team composed of experienced professionals, DFI's board members generally possess the necessary knowledge, skills, and qualities required for their roles. They are committed to maximizing shareholder equity.

Organizational structure of corporate governance



The Article of Incorporation stipulates a nomination system for director elections, and Article 20 of the Corporate Governance Guidelines specifies that the composition of the Board should consider diversity. Except for directors concurrently serving as company executives, who should not exceed one-third of the total director seats, appropriate diversification policies are developed based on the Company's operations, business model, and development needs. The Board has seven directors (including three independent directors), and the Chairman of the Board is elected by the directors. All directors have more than five years of relevant work experience in business, legal affairs, finance, accounting, or fields required by the Company. Each year, DFI organizes training programs for the Board of Directors and management team members to deepen their knowledge in economic, environmental, social, and other related issues. The details of personnel development are disclosed in the Corporate Governance section of the company's annual report.

Organizations and activities for industry development

Association	Purpose
Taipei Computer Association	Trade shows
Taiwan Electrical and Electronic Manufacturers' Association	Trade shows
New Taipei City Industrial Association	Industrial association for manufacturers
MIH Consortium	To become a member of the EV ecosystem and participate in the formulation of key EV technical standards
5G Smart Pole Standards Promotion Alliance	1. To formulate technical standards for 5G smart poles and related infrastructure 2. To assist the government in smart city development
Taiwan Computer Emergency Response Team / Coordination Center	To obtain the latest international cybersecurity intelligence and collaborative defense
Information Management Association	To acquire new industry knowledge and applications

Inquiry of annual report: <https://www.dfi.com/boardofdirector>



Diversity board members

Title	Name	Gender	Education	Primary experience	Corporate management		Industry experience		
					Management	Leadership	International Market	IT Industry	Finance
Chairman	Representative of the Qisda Corporation: Chi-Hung Chen	Male	<ul style="list-style-type: none"> Global Business and Technology Management Program, National Chengchi University MGM, Thunderbird School of Global Management (US) 	<ul style="list-style-type: none"> Chairman & CEO of Qisda Corporation Chairman of Chairman of PARTNER TECH CORP. Vice Chairperson of Alpha Networks Inc. 	●	●	●	●	
Deputy Chairman	Representative of the Qisda Corporation: Chang-Hung Li	Male	<ul style="list-style-type: none"> Ph.D. in Electrical Engineering, National Taiwan University 	<ul style="list-style-type: none"> President Chairman, ACE PILLAR CO., LTD. Chairman, AEWIN Technologies Co., Ltd. Chairman, Metaage Corporation 	●	●	●	●	
Director & President	Representative of the Qisda Corporation: Chia-Hung Su	Male	<ul style="list-style-type: none"> MS in Electrical Engineering, National Taiwan University 	<ul style="list-style-type: none"> COO, AEWIN Technologies Co., Ltd. Director of ACE PILLAR Co., Ltd. 	●	●	●	●	
Director	Ming-Shan Li	Male	<ul style="list-style-type: none"> MBA, National Chengchi University 	<ul style="list-style-type: none"> Chairman of Tombo Financial Consultant Chairman of Tombo Venture Capital 	●	●	●		●
Independent Director	Kuang-Jen Chou	Male	<ul style="list-style-type: none"> Business Administration Curriculum for Entrepreneurs, National Chengchi University 	<ul style="list-style-type: none"> President of Independent Director of SONG SHANG ELECTRONICS CO.,LTD. 	●	●	●		●
Independent Director	Chih-Chih Hao	Male	<ul style="list-style-type: none"> MS in Electrical Engineering, National Taiwan University 	<ul style="list-style-type: none"> Chairman of Legal Representative of IP Venture Investment and Management Co. Chairman of VSENSE Co., Ltd. Chairman of Fontrip Technology Co., Ltd. President of Industrial Technology Investment Corp. 	●	●	●	●	●
Independent Director	Te-Chang Yeh	Male	<ul style="list-style-type: none"> Master of Economics, National Chengchi University 	<ul style="list-style-type: none"> Independent Director of KIAN SHEN Corporation Independent Director of CARNIVAL INDUSTRIAL CORP. Consultant of Wafer Works Corp 	●	●	●	●	●

Operations of Corporate Governance

The DFI Board of Directors prioritizes the interests of the Company and its shareholders when conducting business evaluations and making material decisions. The Audit Committee plays a supervisory role in carefully examining the Company's and the Board's business operations.



Board of Directors' Operations

4 meetings
96% attendance rate

Per Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," DFI has established the "Guidelines for Board of Directors Meeting," which all relevant matters following in their handling. Board meetings are held at least once every quarter. In 2022, the average attendance rate at board meetings was 96%, and all members personally attended all board meetings.

To further enhance corporate governance and strengthen the competencies of the Board, the Company offers directors legal or regulatory updates and courses related to management and corporate governance. In 2022, all members of DFI's board of directors completed at least 6 credits of continuing education. In 2019, DFI's board of directors approved the "Board of Directors Performance Evaluation Guidelines," which stipulate that an internal board performance evaluation should be conducted annually and an external board performance evaluation should be conducted at least once every three years by an external professional independent institution or a team of external scholars.

DFI's internal board performance evaluation for 2022 has been completed through self-assessment. The evaluation results were reported to the Board of Directors on March 2, 2023, with an achievement rate of 99%, meaning overall operational efficiency of DFI's Board of directors is excellent.

In 2021, DFI appointed an external independent evaluation institution, the "Taiwan Corporate Governance Association," to assess the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of DFI's Board of Directors. The external board performance evaluation report was obtained on September 28, 2022, and the evaluation results were reported to the Board of Directors on November 3, 2022. The reports on the results of the internal and external board performance evaluations are also disclosed on DFI's official website.

DFI regularly reports to the Board of Directors on issues of concern raised by stakeholders. In 2022, there were no significant events regarding stakeholders' concerns.



Audit Committee operations

4 meetings
100% attendance rate

In 2017, in compliance with the Securities and Exchange Act and shareholder resolutions, DFI established the independent Board of Directors and Audit Committee. The Audit Committee consists of all independent directors and is governed by the "Audit Committee Organizational Regulations," playing a supervisory role in carefully examining the Company's and the Board's business operations.

The Audit Committee holds meetings at least once every quarter and may invite relevant department managers, accountants, internal auditors, or other personnel to attend and provide necessary information. This enables the audit committee to assist investors in ensuring the credibility of the Company in terms of corporate governance and information transparency, thereby safeguarding shareholder rights.



Remuneration Committee operations

2 meetings
100% attendance rate

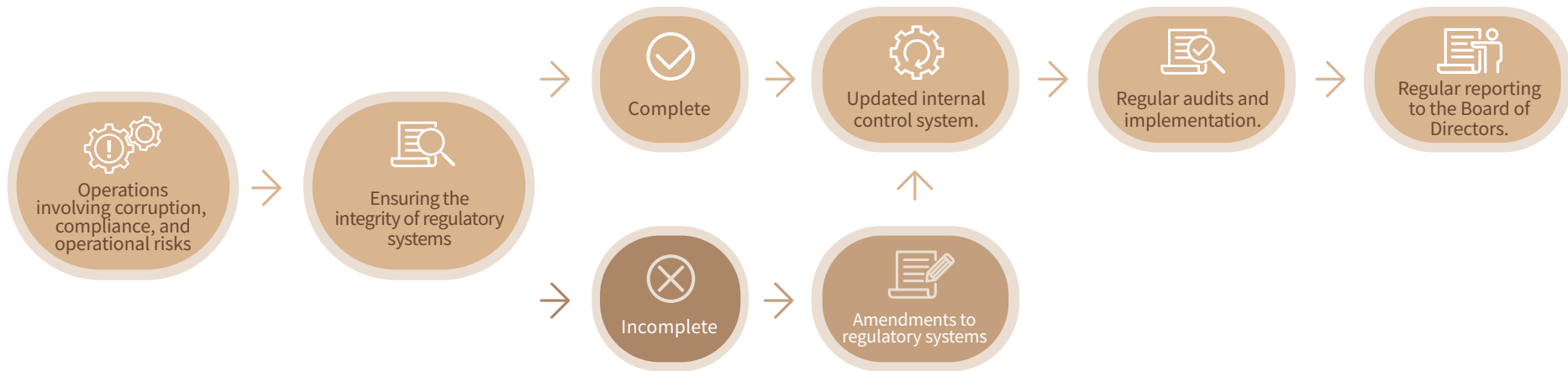
In 2013, DFI fully established the Remuneration Committee with the "Compensation Committee Organizational Regulations" under the direction of the Board of Directors to strengthen corporate governance and enhance the remuneration system for directors and executives. The Remuneration Committee convenes at least twice a year and as needed. The Committee fulfills its stewardship duties with due care and submits its recommendations to the board of directors for discussion. To ensure members have a better understanding of laws and regulations and the actual operations of the Company, DFI holds meetings to brief committee members on the legal requirements related to the Remuneration Committee and the current remuneration and benefits for senior executives. Furthermore, taking into account the industry risks associated with the Company, as well as the responsibilities of executives, directors, and independent directors, the scale of operations, and proportionality to responsibilities with a reasonable base salary, remuneration for employees and directors is subject to approval by the Remuneration Committee and the Board of Directors before being reported to the shareholders' meeting. This serves as a measure of the performance of the highest management units of the Company. Remuneration of the Board and senior executives is appropriately disclosed in the Company's annual report. Relevant regulations are also disclosed on the Company's official website, enabling all stakeholders to fully understand the correlation between senior executive remuneration and the Company's performance.



Conflicts of Interest Management

According to Article 208, paragraph 3 of the Company Act, Chi-Hung, Chen serves as the Chairman of the Board of Directors. In cases where directors have a personal conflict of interest that may harm the Company, as stipulated in Article 206, paragraph 2 of the Company Act, where clauses regarding conflict of interest in Article 178 applies, they shall abstain from participating in the discussion and voting on such matters. If necessary, the Chairman will designate another director to act as the presiding chairman. If conflicts of interest occur within the Board of Directors during a fiscal year, they are legally required be disclosed in the Corporate Governance section of the Company's annual report.

Internal audit process



Internal Audit Mechanism

For day-to-day operational activities, the Company has established appropriate internal control mechanisms for procedures with potential corruption, compliance, and operation risks. To reduce and prevent such risks, the Risk Management Committee is responsible for identifying corruption risks, HR oversees training, and Audit ensures the implementation and establishment of mechanisms. The audit department conducts regular evaluations of the effectiveness of internal control mechanisms, gathers suggestions from senior executives in all departments regarding potential risks (including fraud and corruption), formulates appropriate audit plans, and carries out inspections. The audit results are reported to the Audit Committee and the Board of Directors annually. This enables the management to understand the current state of corporate governance and achieve management objectives. Regular internal control risk assessments and substantive audits are conducted, covering three significant issues: financial reporting, procurement operations, and sales operations. No significant corruption risks or incidents have been identified. Audit was emphasized on key regulations in 2022 to ensure compliance.



Inquiry of annual report: <https://www.dfi.com/boardofdirector>



Financial Performance

DFI's consolidated revenue for 2022 amounted to NT\$16.189 billion, with consolidated operating income of NT\$730 million. The consolidated net profit after tax reached NT\$597 million, of which NT\$528 million was attributable to the owners of the parent company, resulting in earnings per share of NT\$4.61.

The whole world was still impacted by COVID-19 in 2022. Although vaccine coverage gradually increased, there was still a shortage of logistics services and raw materials. In response to these challenges, DFI actively communicated with its customers to keep close connections with them in addition to constantly developing and launching new products, in order to address material shortage of the global supply chain and seek solutions.

The gradual advent of the post-pandemic era further facilitated the needs for automation. To avoid contacts between people, many retail systems were transformed into unmanned services or self-services. Moreover, it was urgent for factories to promote automation of their production lines, so demands for industrial computers increased accordingly.

► DFI's performance over the past 5 years

Consolidated comprehensive income statement -
International Financial Reporting Standards

in NT\$ millions

Item	Year	Financial data over the past 5 years				
		2018	2019	2020	2021	2022
Operating revenue		5,211	7,032	8,350	13,211	16,190
Gross Profit		1,541	1,994	2,109	2,521	3,282
Operating income		782	784	648	526	731
Net profit attributable to owners of the parent company.		605	630	405	616	528
Earnings per share (NT\$)		5.28	5.51	3.54	5.38	4.61



🔗 Inquiry of financial report: <https://www.dfi.com/financialreport>

Besides, DFI constantly strove for perfection in deploying vehicle-borne applications. For vaccine transportation, numerous refrigerated vehicles were needed, and their temperature should be remotely monitored to assure vaccine quality. The mobile monitoring applications cannot only be connected to networks, but are also highly stable with powerful resistance to high/low temperature and vibration. They have transcended ordinary industrial computers in satisfying technology and quality requirements for vehicles.

DFI has been engaged in studying the Internet of Everything applications for years. In respect of edge computing products, it has put forward a multi-platform proposal. Based on this proposal and in combination with DFI's complete software and firmware support, customers can develop their application programs for remote monitoring over a short period of time, in order to reduce

► DFI Taiwan's distribution of economic value to the parent company

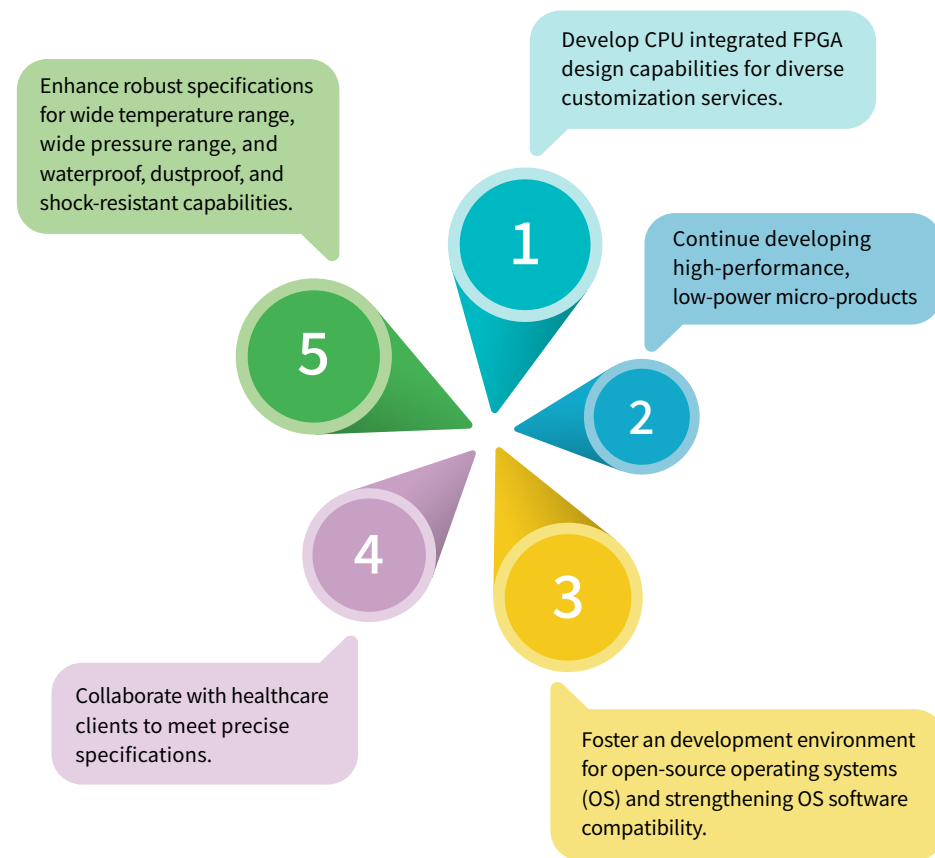
Item	Amount	Note
A. Directly generated economic value.		
a Revenue of the Taiwanese parent company.	NT\$5.442 billion	
B. Economic value distribution		
b Operating cost	NT\$4.427 billion	
c Employee salaries and benefits	NT\$0.699 billion	
d Interest payments or dividend distribution	NT\$0.484 billion	Net interest expense payment of NT\$0.26 billion; dividend distribution to shareholders of NT\$0.458 billion.
e Tax Amount	NT\$0.123 billion	Income taxes
f Community investment	NT\$0.003 billion	Donations to the BenQ Foundation
Retained economic value = A - b		
Total retained economic value.	NT\$1.015 billion	

* The consolidated income statement presented here follows the International Financial Reporting Standards (IFRS) and includes all entities in DFI's consolidated financial statement.

maintenance and repair costs. In addition, because of no personnel movement, the chance of virus spread or personnel loss was lowered. Thus, a win-win situation was created between the Company and its customers.

For the operational results of the Company in the past five years, as disclosed in the Financial Overview section of DFI's 2022 Annual Report. Additionally, the consolidated financial statements, including both consolidated and individual financial information, are disclosed on the Company's official website under the 2022 Financial Statements section.

Business policies and R&D plan



Important business policies

I. Development layout for emerging markets

In addition to developed countries such as Europe, the United States, and Japan, DFI will continue to deepen its presence in Asia and South America by seeking suitable dealers or existing clients. DFI aims to make long-term investments and expand its market share in these emerging markets.

II. Improve product and cyber security standards

With the rise of Industrial IoT, network security has become a critical concern to prevent product breaches and associated losses. DFI incorporates IEEE and IEC network security certification standards into its product design processes to provide customers with peace of mind.

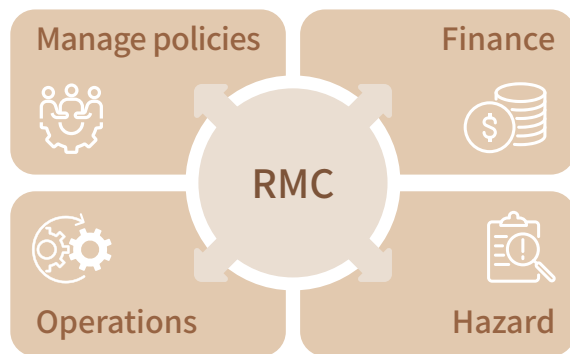
III. Service promotion for custom mainboards

Small quantity and diversity have been always the most important features of industrial computers. DFI provides custom motherboard services and rapidly drafts custom solutions based on existing mainboards. It assists with customers' material management and version control in their product life cycles, to save customers' time for hardware development and maintenance, in order to maintain long-term cooperation with customers.

In 2022, demands for high performance computing, networks with high transfer security and highly intelligent GPU are elements which are fairly necessary for future industrial upgrading. In the future, DFI will particularly focus on planning green energy, automation, financial technologies, intelligent medicine, intelligent services, data centers and intelligent transport. It will keep on playing critical roles in waves of transformation, lead development of core technologies, and motivate industrial growth. Lower multiple parties' operating costs by intelligence and automation, to increase production capacity. In the next ten years, DFI will affect multiple parties' strategic value chains, business plans and workforce development, where tremendous business opportunities for application of industrial computers are detectable. In addition, it will constantly enhance its existing product advantages and business constitutions. Dependent upon its R&D team's rich experience, product attractiveness and technological competence, DFI will keep itself informative about future trends, lay a solid foundation for competition and solve customers' pain points. It will comprehensively extend its management, train talents, enhance its corporate social responsibilities, and promote corporate governance as well as strategic transformation and upgrading to satisfy expectations of its employees, shareholders, customers and interested parties, in order to lay a more solid foundation for future revenue growth and move ahead towards sustainable business operations.

Risk Management

DFI has established "Policies and Procedures for Risk Management," the "Procedures of the Risk Management Committee," and "Social Responsibility, Environmental Safety, and Health Impact Sources and Risk Identification Management Procedures." These measures ensure the Company's sustainable operations and robust risk management and evaluate the environmental health, social responsibilities, and supply chain safety within our organizational operations by analyzing impact to the environment, safety, health, labor management, and supply chain safety management and assessing their significance, which is used to guide social responsibility management and environmental safety and health systems. The Risk Management Committee (RMC) serves as the core organization, managing risks in four key areas: strategic, financial, operational, and hazard risks.



I. Risk management operations

Quarterly Risk Management Committee meetings are held to monitor the achievement of risk management targets and the implementation of improvement plans. Simulations of material risk scenarios are performed to establish Business Continuity Plans (BCP). Through continuous updates of risk scenarios and drills, the organization ensures its ability to sustain operations in the event of disruptions. DFI cooperates with the Qisda Group's Business Continuity Management System (BCMS), conducting regular meetings for project discussions, information integration, and sharing of best practices. We control risks by integrating loss prevention resources and enhancing the Group's emergency response capabilities.

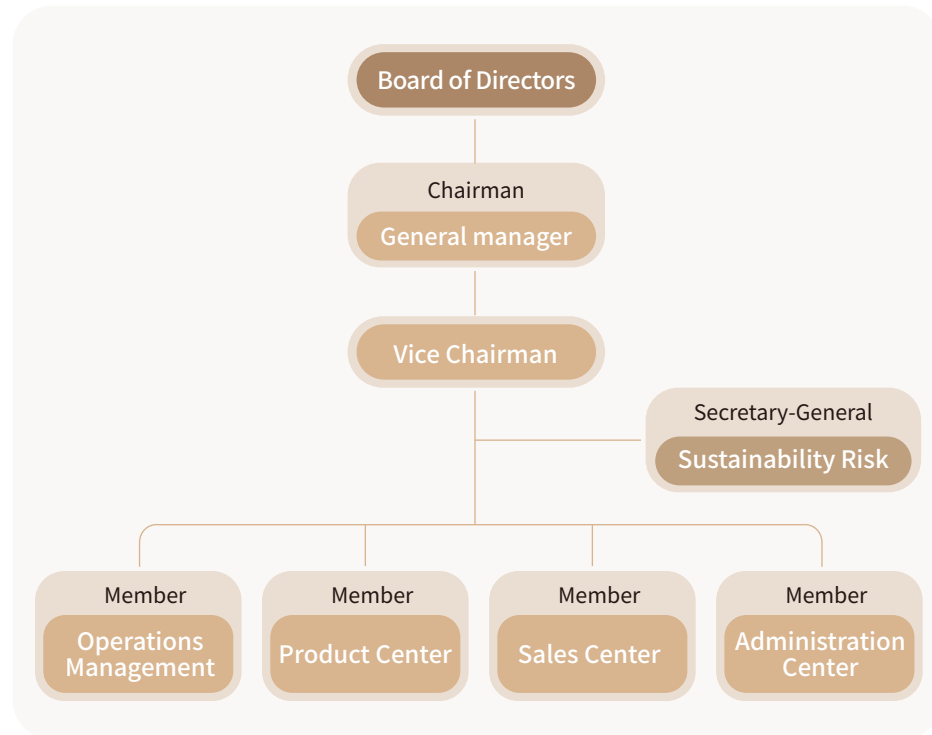
and sharing of best practices. We control risks by integrating loss prevention resources and enhancing the Group's emergency response capabilities.

DFI Risk Radar Chart for 2022

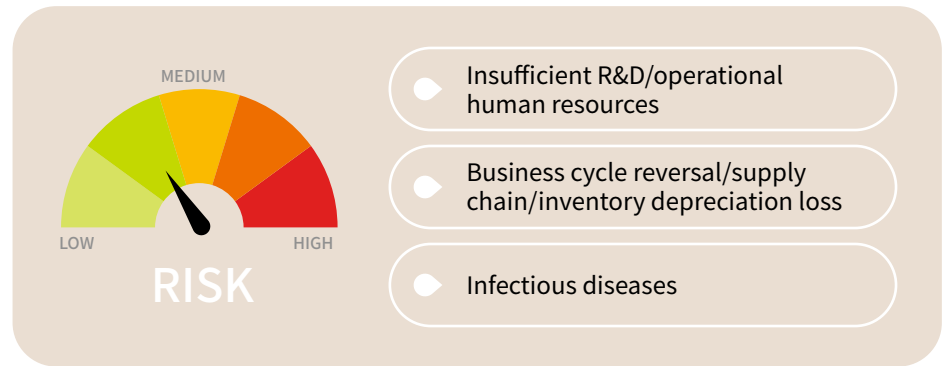


II. Risk Management Committee organization and structure

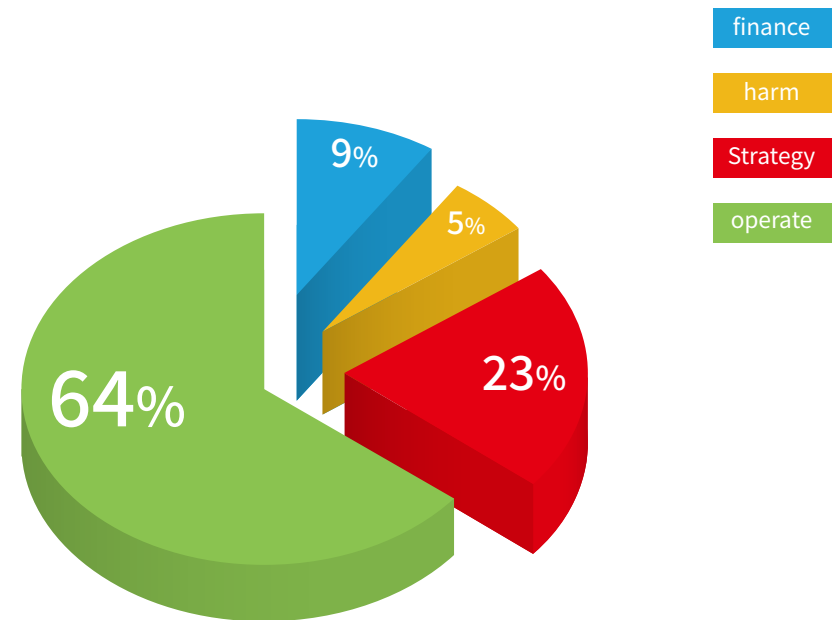
The Risk Management Committee of DFI is chaired by the President, with the Deputy Chairman being the CFO. Departmental senior managers serve as committee members and are responsible for determining DFI's risk management strategies, setting annual targets, and establishing risk performance indicators. In addition, ESH serves as the Secretary-General and contact in charge, responsible for monitoring internal and external events to identify potential risks, coordinating risk management meetings, tracking risk targets, and managing the progress of management plans. Each department effectively monitors risks through self-assessment reports, identification of high-risk areas, and the proposal of specific risk improvement plans. These efforts are presented to the Risk Management Committee during regular meetings.



• Top 3 risks in 2022



► 2022 Risk categories pie chart



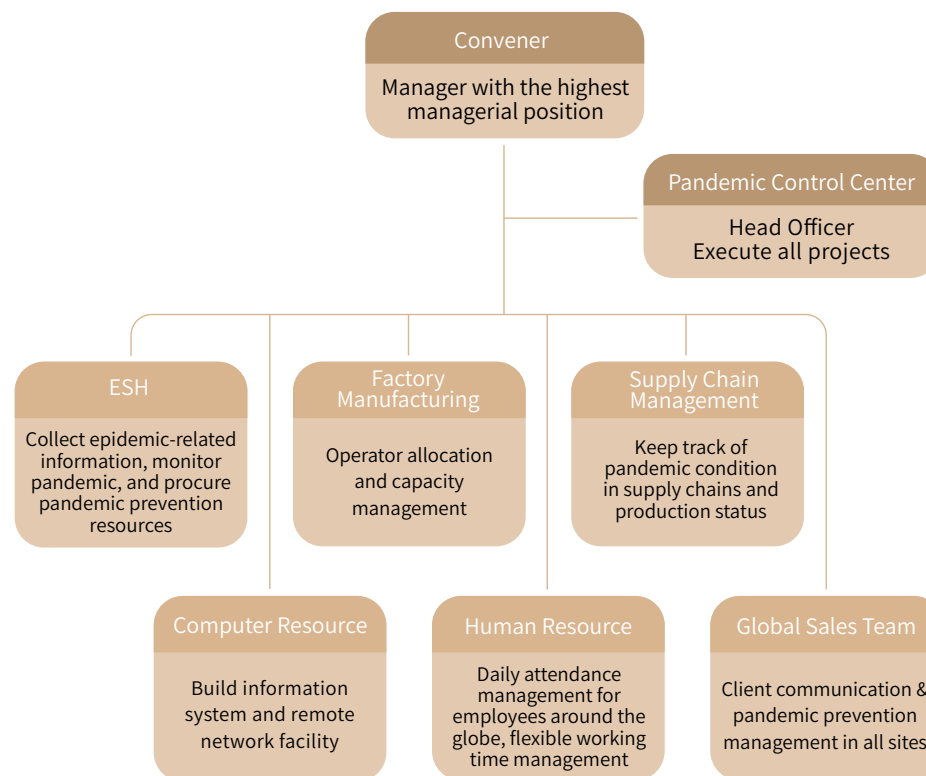
2022 Risk categories overview

No	Members in charge	Risk item	Risk category	Before addressing	After addressing
1	ESH	Risk assessment	S	High	Medium
2	ESH	Risk Monitoring	O	High	Medium
3	ESH	Infectious diseases	H	Medium	Low
4	MFG	Increased demand for capacity, labor shortage	O	High	Medium
5	MFG	Warehouse backup	O	High	Medium
6	MFG	Warehousing automation	O	High	Medium
7	ADM	Integrity policy/fraud	O	Medium	Low
8	ADM	Brain drain	O	Medium	Low
9	SCM	Inventory management	O	High	Low
10	SCM	Outsourcing management	O	Medium	Low
11	FIN	External financial markets	F	Medium	Low
12	FIN	Credit management	F	Medium	Low
13	ITS	Compliant software use	O	Medium	Low
14	ITS	System architecture	O	Medium	Low
15	ITS	Information security	O	Medium	Low
16	Technology center	Insufficient R&D human resources	O	Medium	Low
17	Sales Center	Customers' delivery timeframe	S	Medium	Low
18	Sales Center	Customer satisfaction	S	Medium	Low
19	Sales Center	Canceled orders	S	Medium	Low
20	Digital marketing	Economic conditions/industry trends	S	Medium	Low
21	Product Center	Product development risks	O	Medium	Low
22	Product Center	Development timeframe management	O	Medium	Low

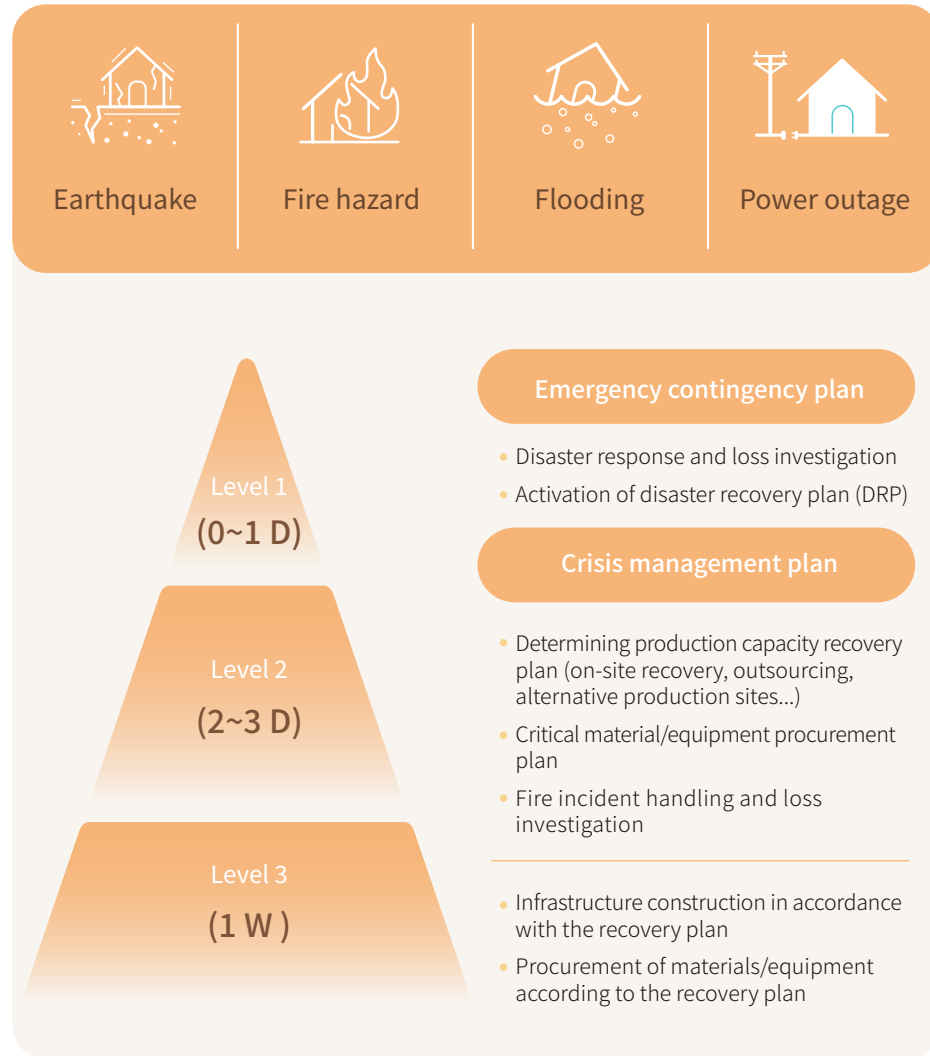
Business Continuity Plan (BCP)

To achieve sustainable operation and implement Business Continuity Management (BCM), DFI has developed a Business Continuity Plan (BCP) for scenarios such as natural disasters, power outages, and infectious diseases. The plan simulates management policies and response strategies for different situations, and actual exercises and drills are conducted with company personnel. The following scenarios outline how to respond, adapt, and activate contingency measures to ensure uninterrupted operation of critical business functions and services, evaluate the impact on production capacity, and implement necessary adjustments. DFI is prepared with this plan to swiftly restore normal operations and employee activities in the event of an impact from a pandemic.

DFI's BCP organizational structure



► BCP for earthquake/fire/flood/power outage



► BCP for infectious disease outbreaks



	Scenarios	Description of response processes
Level 1	<ul style="list-style-type: none"> Product Department Suspected cases arise 	Isolation of suspected employees and contacts in the product department (Environmental disinfection in the same day)
Level 2	<ul style="list-style-type: none"> Counter (employee relations department) Employee A tested positive 	Isolation of confirmed cases, all employees work from home (Environmental disinfection in the same day)
Level 3	<ul style="list-style-type: none"> Cluster in the employee relations department (Employee A and employee B tested positive) Cross-floor cluster occurrence (Employee C from the 11th floor's legal department and employee D from the 8th floor's business division 1 confirmed cases) 	All employees continue to work from home (Environmental disinfection in the same day)
Level 4	<ul style="list-style-type: none"> Taipei enters Level 3 epidemic alert 	Implementing remote work following government notices (Environmental disinfection carried out weekly)
Level 5	<ul style="list-style-type: none"> Return to office work when the alert was downgraded 	The Company implements staggered scheduling → Staggered scheduling is adjusted dynamically

DFI remains calm in the face of the pandemic DFI stands with its employees in future challenges



Supply chain management

I. Establishment of Emergency Response Project Team at DFI

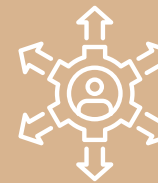
1. Emergency Response Team: Daily meetings to collect changes in supply and demand and corresponding measures
2. Optimized material allocation: Filter customer demands and adjust priority supply order for important orders
3. Prevention of supply disruption: Weekly real-time updates on material conditions and production schedule for the next six weeks, along with early response measures
4. Logistics: Partial shipments in coordination with transportation

II. Flexible response in supply chain management

1. Immediate response from suppliers
 - Assessing suppliers' progress in resuming work and their production capacity
 - Switching to daily delivery updates and follow-ups with suppliers
2. Diversification of supply sources
 - Introducing alternative materials and coordinating emergency resource verification
 - Activation of group suppliers to increase supply source availability
 - Seeking sources from spot markets

III. Increasing safety stock for shared materials and arranging early delivery to the plant

IV. Coordinating with suppliers to change to air or express delivery to meet urgent order demands



Employee productivity contingency measures

I. Employee pandemic prevention

1. Strict control of business travel and replacing it with video conferences
2. Promoting video conferences with external visitors instead of face-to-face meetings
3. Mask mandate, temperature measurement, and alcohol disinfection for external visitors
4. External visitors are required to fill in a COVID survey
5. Daily temperature measurement and alcohol disinfection for employees
6. Wearing masks during meetings involving multiple people
7. Wearing masks for all operations in production areas

II. Environmental hygiene

1. Enhanced daily environmental disinfection
2. Management and distribution of pandemic prevention information

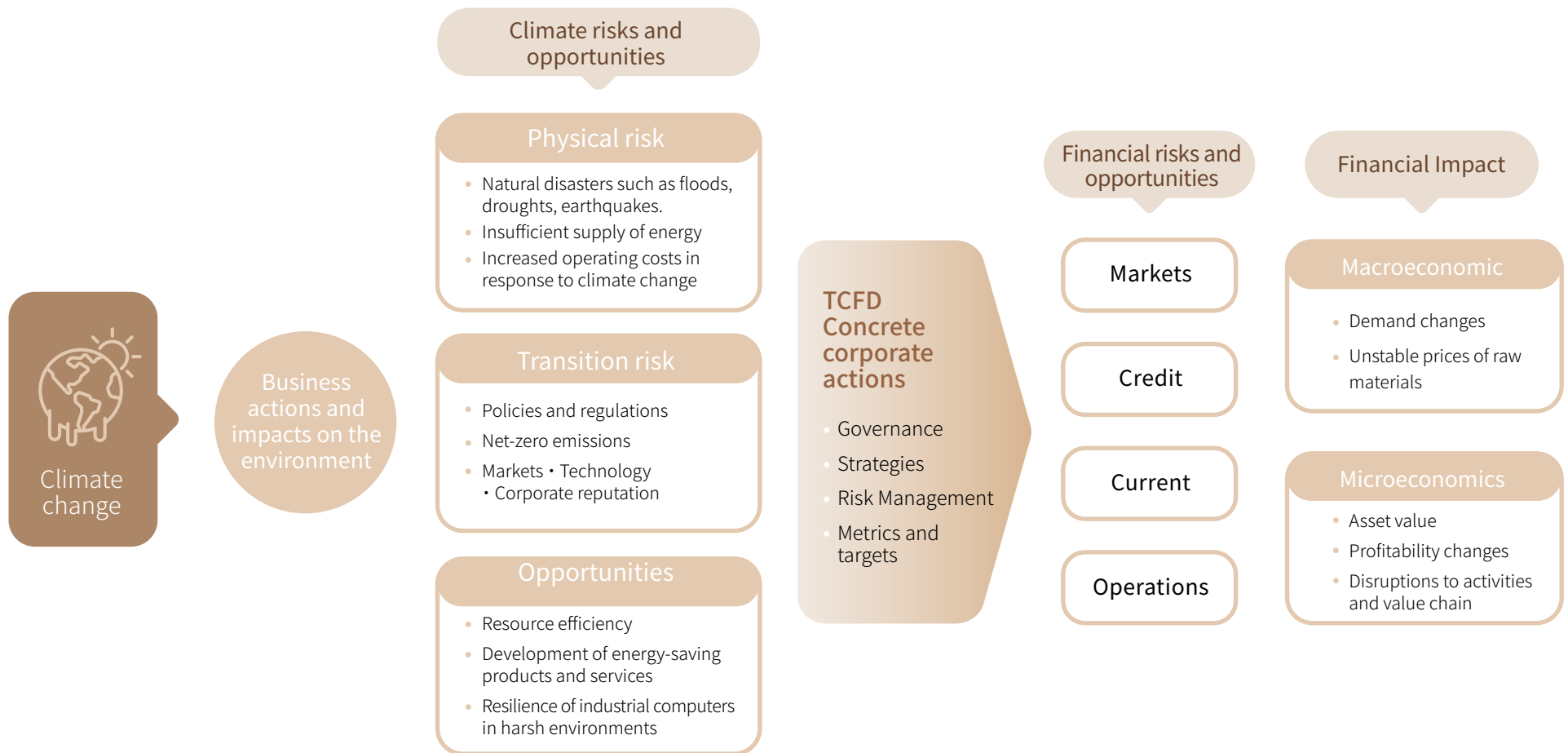


COVID-19 section on the DFI site : <https://www.dfi.com/covid19>



Climate risks and opportunities

We following the framework of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in disclosing climate-related risks through governance, strategy, risk management, indicators, and targets. The recent climate governance achievements are disclosed in the ESG Report.



Climate risk identification and response

Risk item	Impact	descriptions	Risk response Financial impact
<p>Low-carbon technology transition</p>	<ol style="list-style-type: none"> 1. Decreased demand for products and services resulting in order losses 2. Expenditure on the development of new and alternative products 3. Capital investment in technology development 	<p>Proxy Carbon Emission Data AI Platform integrates innovative ideas for carbon reduction, assisting businesses in improving their production environment and processes. Innovation IT solutions enable businesses to operate more sustainably, achieving the goal of a green supply chain with net-zero emissions.</p>	<p>Policy and regulatory risks Compliance to Taiwan's regulations on energy reduction and equipment energy efficiency results in increased operational costs for energy-saving and carbon reduction measures (such as introducing ISO 50001, self-owned power facilities, and carbon credits)</p> <p>Technical risks The Market has raised thresholds for product technologies, and failure to keep up with market demands on the part of R&D may lead to product replacement by more energy-efficient, lower environmental footprint, or innovative technological alternatives, potentially affecting order quantity and market share.</p>
<p>Market changes</p>	<ol style="list-style-type: none"> 1. Changes in consumer preferences leading to a decrease in demand for goods and services. 2. Fluctuations in input costs (such as energy, water) and changes in output requirements (such as waste management) leading to higher production costs. 3. Unexpected changes in energy costs - revenue composition and source changes. 4. Repricing of assets (such as petrochemical fuel reserves, land valuation, securities valuation). 	<p>In the process of assisting companies in low-carbon digitization, we keep optimizing carbon reduction solutions, including comprehensive services such as initial implementation, mid-term application, and consultation in later stages, to enhance our opportunities and competitiveness in the green market. Furthermore, we track customer evaluations and feedback to develop well-rounded, comprehensive solutions that combine marketing strategies.</p>	<p>Market risk Customer requirements for enhancing brand image and reputation may include:</p> <ol style="list-style-type: none"> 1. Gradual improvement in energy efficiency. 2. Or environmentally friendly raw materials and packaging materials. 3. Resulting in increased R&D investment or operational costs.

Climate risk identification and response

Risk item	Impact	descriptions	Risk response Financial impact
Concerns and negative feedback from stakeholders	<ol style="list-style-type: none"> 1. Decrease in demand for goods/services 2. Decline in production capacity (e.g. production stoppage, delayed planning agreement, supply chain disruption). 3. Impact on labor management and planning (e.g. recruitment and retention of employees) - reduced available capital. 	<ol style="list-style-type: none"> 1. Externally: Actively monitoring ESG trends and updating international standards, guiding suppliers towards a greener and lower-carbon path, maintaining the Company's good reputation. 2. Internally: The Company not only complies with environmental regulations but also keeps up with international trends. In addition to the greenhouse gas inventory for Categories 1 and 2 required by the FSC, the Company has already begun the inventory for Categories 3 and 4, preparing for the inventory scope to be completed in 6 years later, meeting stakeholders' expectations for environmental protection. 	<p>Reputation risks:</p> <ol style="list-style-type: none"> 1. Low impression and evaluation from customers or stakeholders regarding the organization's commitment to low-carbon transition leading to a decrease in demand for goods/services. 2. Active implementation of ESG and greenhouse gas inventory for Categories 1 to 3 under ISO 14064-1 to meet stakeholders' expectations for environmental protection.
Extreme climates	<ol style="list-style-type: none"> 1. Decrease or disruption in production capacity (e.g. production stoppage, transportation difficulties, supply chain disruption). 2. Impact on labor management and planning (e.g. health, safety, absenteeism). 3. Write-off and premature retirement of existing assets (e.g. property and asset damage in "high-risk" areas). 4. Increase in operating costs (e.g. insufficient water supply for hydroelectric power plants or cooling water for nuclear and thermal power plants). 5. Increase in infrastructure costs (e.g. facility damage). 6. Decrease in sales/output resulting in decreased revenue. 7. Increased premiums and difficulty in insuring assets located in "high-risk" areas. 	<ol style="list-style-type: none"> 1. Short-term: In response to the continued increase in annual average temperature, the Company has included climate risks as a discussion item in the Risk Management Committee. 2. Mid-term: Establishing appropriate flood prevention facilities and planning an emergency response team to cope with future extreme rainfall. Future site planning will also consider whether the geographical location is in the most vulnerable risk areas. Enhancing digitalization of climate risk data and improving online data management to reduce the probability of employees encountering extreme weather hazards. 3. Long-term: Improving water efficiency, introducing green energy systems, and promoting water and energy habits. Collecting water usage data from subsidiaries and integrating external information to develop a Water Intelligence Center platform, providing timely water supply and water conditions data for companies. 	<p>Physical impact - extreme rainfall</p> <ol style="list-style-type: none"> 1. Extreme rainfall resulting in employees unable to attend work, leading to a decrease or interruption in production capacity. 2. Inventory items affected by extreme rainfall, resulting in scrapping or the inability to deliver shipments. 3. Potential increase in insurance costs for production bases.

Code of Conduct

Main Target

Clients, Suppliers, Community, Employees

2022 Management Objective

Integrity Handbook training for employees **100%**

2022 Achievement

100%

2023 Management Objective

Integrity Handbook training for employees **100%**

2022 Management Key Points & 2023 Plans

- Conduct employee training in 2022 using the Integrity Handbook approved by the Board of Directors
- Maintain **100%** employee Integrity Handbook training in 2023

fundamental corporate responsibility that benefits corporate management and long-term development. Dishonesty not only causes losses for businesses, but also leads to lower ethical standards among employees, a lack of trust between customers and business partners, and potentially involves illegal activities such as lobbying and bribery. It undermines corporate governance mechanisms and deteriorates the overall business environment. DFI is committed to operating with integrity, transparency, and responsibility. We have formulated a policy based on honesty and it was revised and approved by the Board of Directors on November 10th, 2020, under the title "Ethical Corporate Management Principles." This policy replaces the previous "Ethical Corporate Management Procedure and Code of Conduct" and also establishes the "Integrity Handbook" as a guideline and framework for ethical conduct and moral standards for all employees. This serves as the basis for establishing good corporate governance and risk management mechanisms, aiming to create a sustainable operating environment.

The "Integrity Handbook" of UFI outlines guidelines for integrity, anti-corruption, non-discrimination and harassment, antitrust, intellectual property, data protection, political engagement, and other relevant areas. Each item is accompanied by clear behavioral standards, serving as the highest code of conduct for all members of the company in their business activities.

| Integrity Handbook Training

The DFI Integrity Handbook (including the whistleblowing system) has been made publicly available on the homepage of the company's internal website. To ensure the implementation of ethical business practices and behaviors, DFI conducts annual online training and assessments on the Integrity Handbook for all employees. The training and assessments cover the content of the Integrity Handbook (including the whistleblowing system), as well as anti-corruption and other relevant topics.

▸ Training Outlines in 2022



Please refer to the following completion rates for 2022: On December 28, 2022, a total of 725 employees completed the relevant educational training and awareness program, which consisted of a one-hour course. With the training implemented, there was no breach of integrity principles found in 2022.

In Q4 2022, 725 employees received training and were provided with the principle content (505 indirect employees; 220 direct employees).

Whistleblowing Process

DFI established a physical internal mailbox and an independent mail address: hr.info@dfi.com.tw for external and internal personnel. Regarding serious misconduct related to violations of integrity, conflicts of interest and avoidance, fair trading, bribery, and illegal payments, as well as any unlawful, improper treatment, or discrimination, we have established a comprehensive set of complaint and reporting procedures, outlined as follows.

DFI ensures strict confidentiality of the whistleblower's identity, guaranteeing their safety and protection from retaliation. DFI did not receive reporting cases in 2022.

1


The following information shall be provided by the whistleblower

2

The personnel responsible for handling reported matters in our company are required to provide a written statement affirming the confidentiality of the whistleblower's identity and the reported content. We assure the whistleblower that they will be protected from any improper treatment as a result of the report. The reported matters will be handled by our internal audit department according to the following procedures:

3

Reward Policy



- Confidentiality of the whistleblower's identity and the reported content. The anonymous report is allowed.
- The name or any other identifiable information of the reported individual.
- Specific evidence that can be investigated.

- If the reported matter involves employees, the case shall be reported to the supervisor; if the reported matter involves directors or senior managers, it shall be reported to the individual directors.
- Our internal audit department and the notified supervisors or personnel are required to promptly investigate the relevant facts. If necessary, they may seek assistance from regulatory compliance or other relevant departments to ensure compliance with regulations.
- If it is confirmed that the reported individual has indeed violated relevant laws or the company's policies and regulations regarding integrity in business operations, immediate action should be taken to request the cessation of the related behavior and implement appropriate measures. If necessary, legal procedures may be pursued to seek compensation for damages in order to safeguard the reputation and rights of the company.
- The acceptance of reports, investigation processes, and investigation results should all be documented in written form and preserved for a period of five years. These records can be stored electronically if deemed appropriate. If any litigation related to the reported content arises before the expiration of the preservation period, the relevant information should continue to be preserved until the litigation is concluded.
- Upon verifying the validity of a reported matter, the company should require the relevant departments to review internal control systems and operational procedures. They should also propose improvement measures to prevent the recurrence of similar behavior.
- In the event of discovering a significant violation or when there is a risk of significant harm to the company during the investigation, the internal audit department should promptly prepare a report and notify the independent directors in writing.

After conducting an investigation, if a reported case is verified to be true and beneficial to the company by eliminating wrongdoing, or if the whistleblower provides significant leads or evidence in a reported case, the responsible personnel should report to the President. Appropriate rewards should be given to the whistleblower or individuals who have made a significant contribution.

Legal Compliance

Main Target

Clients, Suppliers, Community, Employees

2022 Management Objective

- Sustain integrity management plan
- Integrity Handbook training for employees **100%**
- Conduct Antitrust Law Compliance Plan
- Antitrust Law Compliance training rate **100%**
- Implement GDPR

2022 Achievement

Completed

2023 Management Objective

- Sustain Integrity Handbook Compliance plan
- Maintain Integrity Handbook training rate **100%**
- Sustain Antitrust Compliance plan
- Maintain Antitrust Law training rate **100%**
- Sustain GDPR Compliance plan
- Maintain GDPR compliance training rate **100%**

Management Approach

Responsibility

Legal Compliance Office

Resources

1. Cross-departmental collaboration is required to carry out training and awareness initiatives.
2. Adopt training resources to promote GDPR.

Actions

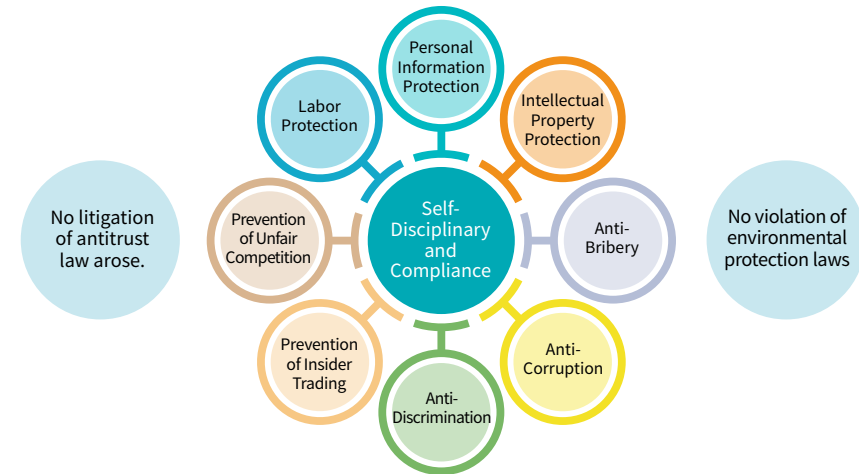
1. Carry out Integrity Handbook training courses
2. Carry out Antitrust Law training courses

Assessments

Performance report and review on CSD committee every quarter.



DFI formulates policies and measures in accordance with the laws and regulations of Taiwan and other countries. The content includes regulations on personal data protection, confidentiality, anti-bribery, anti-corruption, anti-discrimination, environmental protection, intellectual property protection, prevention of insider trading, prevention of unfair competition, and labor protection. We also promote corporate social responsibility.



DFI employees comply with regulations and enhance performance through cross-division collaboration. Inside our company, we ask our employees to actively follow integrity rules, and provide a safe and healthy workplace which prevents contamination and boosts labor safety. Regarding product lifecycle, we actively decrease the use of materials that impact the environment. Other than compliance with the environmental regulations, we mitigate the impacts on the environment. In 2022, no material penalty took place due to legal violation*. Furthermore, in response to the implementation of the EU General Data Protection Regulation (GDPR), representatives from relevant departments have been assigned to participate in internal training within the group. Moving forward, we will continue to collaborate with the group to adopt and implement related management procedures, standardized forms, and other regulatory compliance mechanisms in accordance with GDPR. We will also closely monitor the development trends of personal data protection regulations in various countries to fulfill our corporate social responsibility in safeguarding personal data.

* A significant fine is defined as a penalty amounting to or exceeding NTS200,000.

Human Rights Management

| Human Rights Policies

In order to fulfill corporate social responsibility and ensure the protection of human rights, DFI declares its commitment to safeguarding employee rights. The Company's human rights management practices comply with domestic labor laws and adhere to principles outlined in international human rights conventions such as the Universal Declaration of Human Rights and International Labour Organization conventions. In addition to providing a safe and secure work environment, DFI strives to create an inclusive and friendly workplace.



SA 8000	RBA Code of Conduct	UN Universal Declaration of Human Rights
UN Human Rights Norms for Business	UN Global Compact	International Labour Organisation Conventions
International Labor Office Tripartite Declaration of Principles	California Transparency Act	UK Modern Slavery Act

| Protect Labor Rights

To meet customer demands and avoid negative evaluations of the company, DFI commits to not employing child labor or engaging in forced labor. It explicitly emphasizes the prohibition of the use of enslaved persons and human trafficking. These commitments fully comply with the California

Transparency in Supply Chains Act and the UK Modern Slavery Act. The Company has established a "Human Resource Planning and Management Procedure" where the recruitment and employment process is fully managed by the Human Resources Department. During the recruitment process, the identity of prospective employees is thoroughly verified by carefully examining their identification documents. In cases where there are doubts or concerns, external entities are engaged to conduct identity verification. Additionally, identity confirmation is performed during interviews to prevent any instances of employees using forged identification documents. Furthermore, the Company maintains a straightforward recruitment process, and all employees are required to sign an employment agreement, confirming their willingness to join the company. This ensures that there are no instances of forced labor in the workforce and prevents the use of child labor due to operational negligence. The Company has never employed child labor or engaged in forced labor.

Regarding the issue of equal treatment, the Company adheres to the Responsible Business Alliance (RBA) Code of Conduct. The Company commits to not discriminate against employees based on factors such as race, ethnicity, nationality (including indigenous status), social class, skin color, age, gender, sexual orientation, gender identity and expression, national or regional origin, disability, pregnancy, religious beliefs, political views, group affiliations, family responsibilities, veteran status, genetic information, marital status, or any other factors protected by law. This commitment applies to all aspects of employment, including recruitment, salary and benefits, promotions, rewards, training opportunities, termination, and retirement. The Company treats all employees equally and without discrimination.

Furthermore, DFI ensures the protection of employee rights and has established multiple communication channels. In response to internal employee complaints, the Company has implemented a "Communication Management Procedure." If any employee encounters sexual harassment or improper treatment, they can directly report the incident to the Company's Human Resources Department following the "Measures for Preventing and Disciplining Sexual Harassment." The Company guarantees the confidentiality of the whistleblower's identity. External stakeholders with any concerns regarding this issue can file complaints through the Company's official website's CSR mailbox (csr@dfi.com). The Company's CSR department is responsible for responding to these inquiries. In the year 2022, the Company did not receive any complaints or grievances related to labor rights or human rights issues.

Information Management

Information Policies

DFI has implemented enhanced measures to promote and enforce corporate information security. Through the use of regulations and tools governing information assets (including hardware, software, data, documents, and personnel related to information processing), the Company effectively safeguards the security of its intellectual property. These measures ensure the confidentiality, integrity, availability, and legality of information assets and prevent intentional or accidental threats from internal or external sources. When signing contracts with third-party service providers, DFI requires them to adhere to confidentiality and cybersecurity regulations. Every year, DFI conducts regular reviews of various regulations and assesses the need for internal revisions to its information security policies. This ensures compliance with regulations and promotes effectiveness. Any updates or changes are communicated and disseminated among employees through announcements to enhance their awareness of information security.

Furthermore, DFI is committed to ongoing digital transformation. It has developed a five-year blueprint for information development, gradually moving towards goals of digitization, automation, and cloud management. This includes strengthening digital capabilities, improving process efficiency, and establishing a business command center with a dashboard system. By analyzing key information from multiple system sources and consolidating vital indicators, the Company aims to enhance business decision-making and organizational business intelligence strategies.



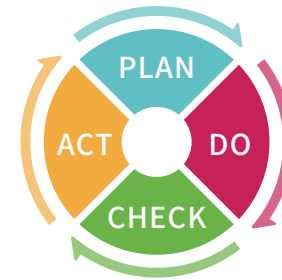
Digital Transformation



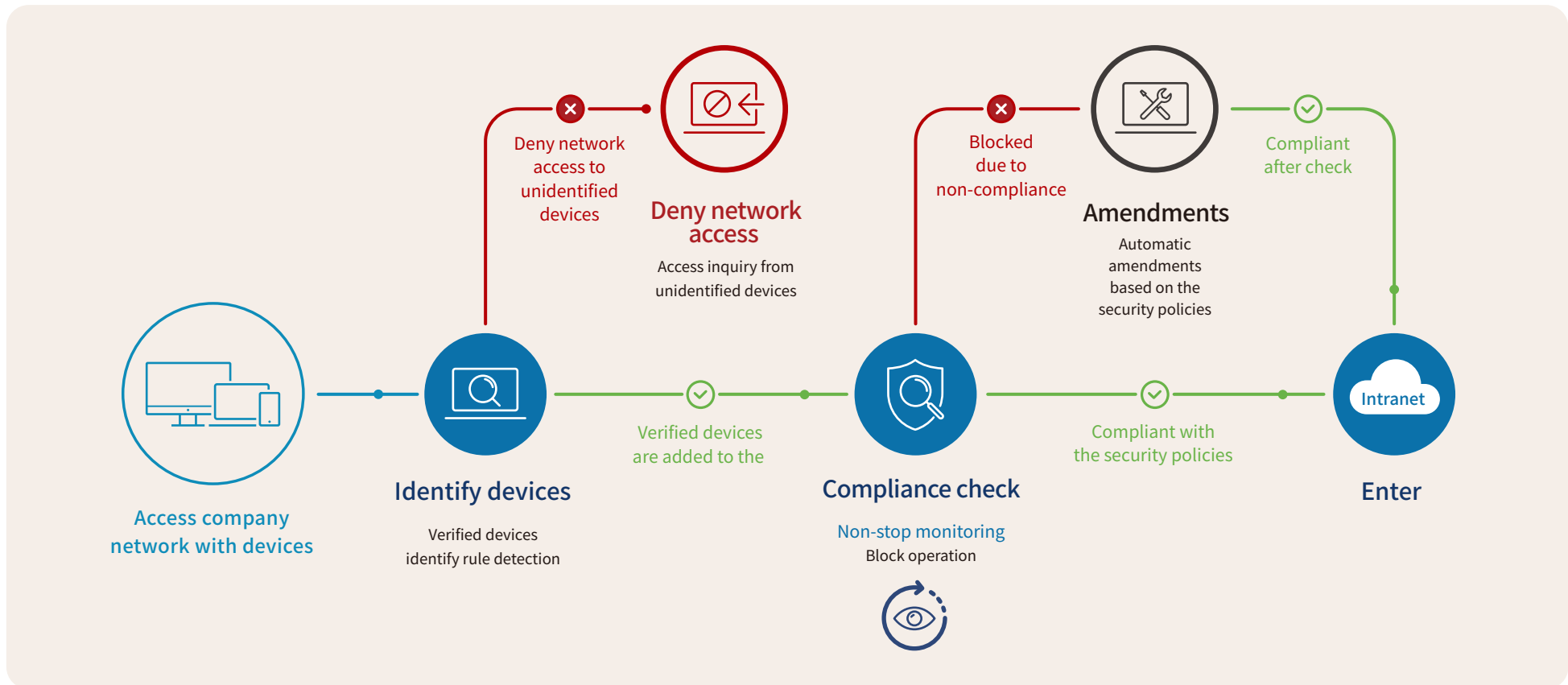
Information Security Management

DFI has implemented an information security management system to establish and enforce information security policies. This ensures the protection of customer data and company intellectual property. By strengthening incident response capabilities and meeting information security policy metrics, DFI aims to meet the expectations of stakeholders. The Company also continuously enhances its information security control mechanisms through the PDCA (Plan-Do-Check-Act) cycle.

PDCA Quality Management



DFI implemented external management facilities



Vulnerability scanning system is implemented to regularly scan various systems for vulnerabilities, ensuring that sensitive data is not compromised due to system vulnerabilities or weaknesses. We have also implemented an external device management system that automatically checks and retrieves complete device information, including identifying the IP and physical location. This system effectively prevents unauthorized devices from accessing the internal network. All unauthorized devices are strictly regulated through an application process, ensuring comprehensive management of external devices and compliance with information security standards.

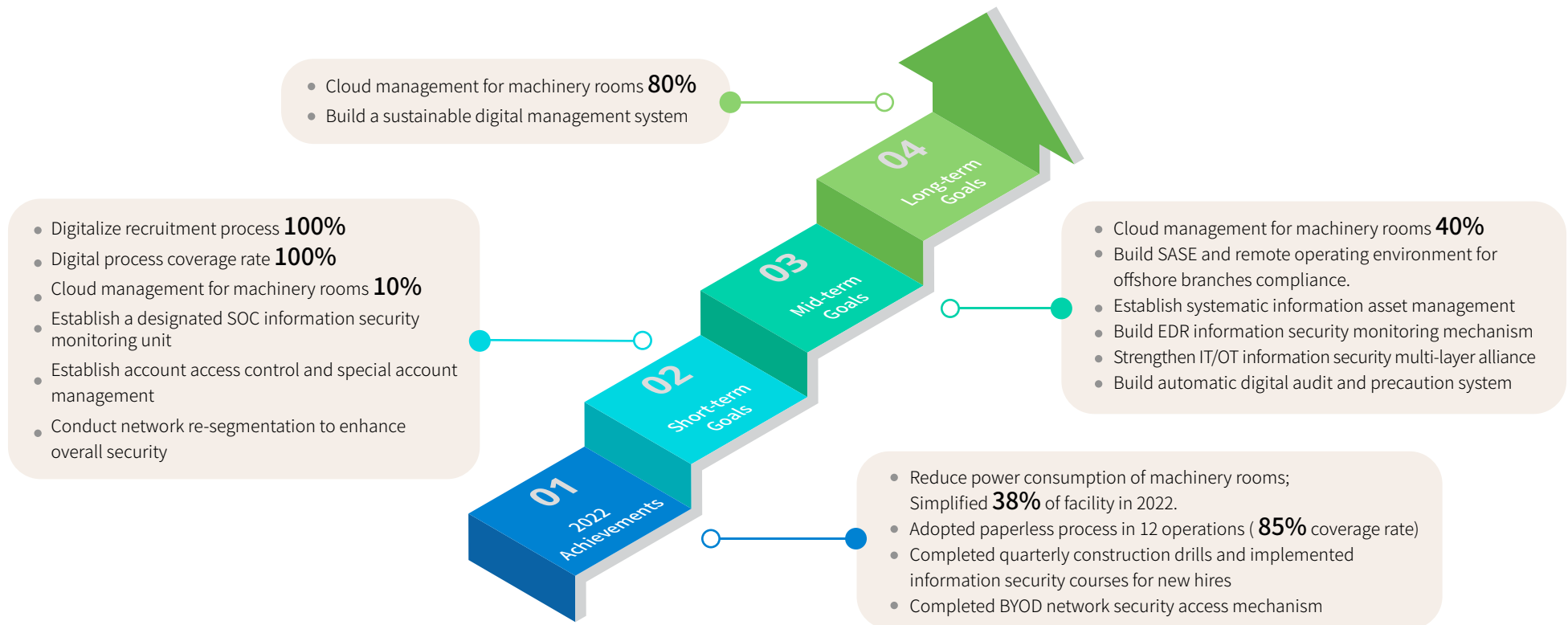
Regular email social engineering drills are conducted to provide employees with education and training on email communication and other relevant information security knowledge. These drills aim to reduce the risk of employees clicking on malicious emails and enhance their awareness of

information security. By integrating information security concepts into daily operations, we ensure that information security practices become ingrained in our employees' behavior.

Countermeasures to Material Information Security Events

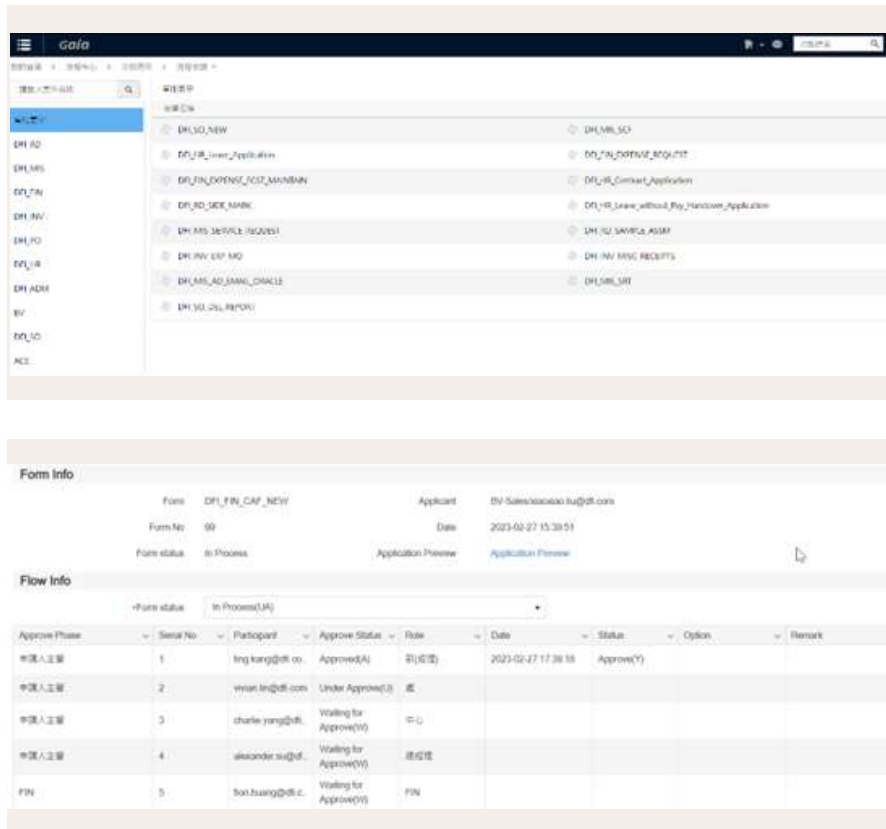
During the establishment of our information security management system, DFI has strengthened internal emergency response procedures (SOP) and conducted drills. We continuously simulate various cybersecurity attack scenarios and involve relevant personnel in these drills. This ensures that in the event of an incident, the emergency procedures can be activated promptly, reducing the response time and minimizing the company's losses.

Sustainable Paths to Sustainable Information Management



Paperless Operation and Action Taking

As DFI expands its organization and experiences a significant increase in business demands, our offices are now located globally. This expansion has led to increasingly complex administrative processes and approval workflows. To effectively reduce the need for paper printing and physical document transmission, we have implemented an electronic workflow and approval platform known as Business Process Management (BPM). By replacing paper-based approvals with the electronic signature platform, we are able to save over 85,000 paper printouts per year. Regardless of the location, there is no longer a need for paper-based transmission for operational requests made by colleagues in various offices. The related processes can be approved electronically



using computers, resulting in a reduction of over 20,000 transport trips per year. The average approval time has reduced from 13.34 days in early 2021 to 1.96 days.

BPM can not only run on computers, but also mobile phones. When supervisors are attending meetings or on business trips, they can complete the approval works via phones during their free time. When employees cannot reach offices physically, they can apply for leaves or do approval tasks via mobile phones. Other than application and approval, employees can check the available meeting rooms and make a reservation from phones, making work process not limited by environment.



Passion & Practicality of DFI

- Employee Status 
- Learning & Growth 
- Good Labor-Capital Relationship   
- Sustainable Supply Chains   
- Commitment to Clients



Employees are our solid basis.

Stable supply chains make DFI grows

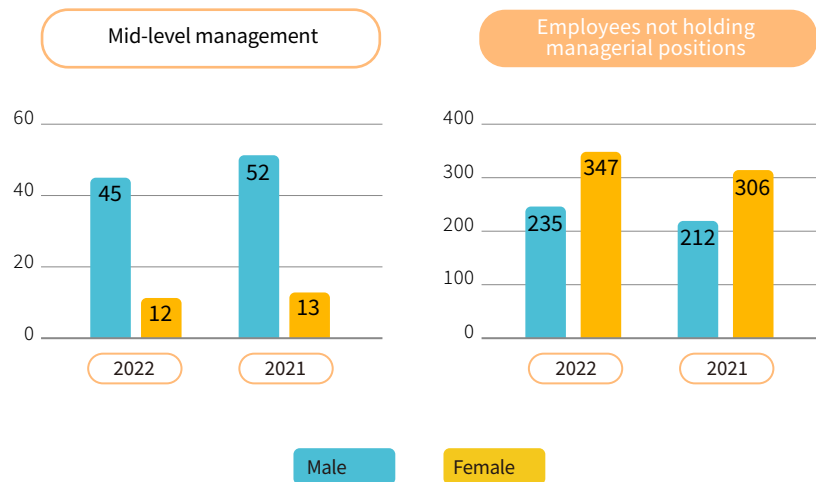
to provide our clients the services with the highest quality.

Employee Status

Employees are the long-term assets of the company and the cornerstone of innovation. If employees are not properly managed and trained, it may lead to talent loss in the long run and affect the company's competitiveness. Therefore, DFI is committed to providing its employees with a favorable working environment. The Company regularly assesses and adjusts employee management regulations based on local regulations and the Company's situation. We effectively enhance employees' work efficiency through good working conditions and atmosphere. There are a total of 661 employees in DFI Taiwan as of the end of 2022.

Employment Principles

DFI openly recruits and selects candidates based on actual business needs. In the recruitment of direct personnel, the Company is also committed to developing diverse channels and projects, following the principle of matching the right talents and giving priority to internal candidates before considering external hires. There will be no discrimination based on race, religion, skin color, nationality, gender, or any other factors. The Company also strictly prohibits the employment of child labor.



Employees not holding senior managerial positions

Employment Status

DFI prioritizes the recruitment of local workers in its hiring process. The distribution of manpower is as follows:

- The number of employees specified in this section is primarily based on the actual number of employees (full-time and interns) employed by DFI as of December 31, 2022. Due to the employment contracts of dispatched personnel being with third-party companies, and their actual employers being not DFI, the above manpower calculation does not include the number of dispatched employees. Currently, DFI does not have any long-term dispatched employees or contractors.

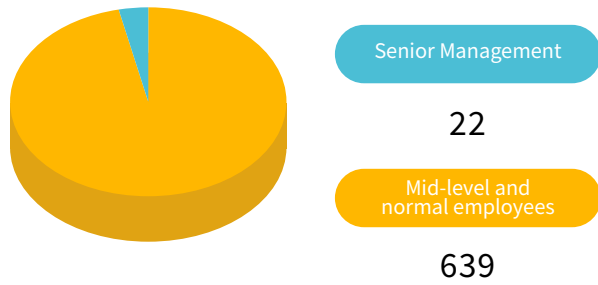
- **Definition of senior supervisors:** Individuals who hold managerial positions at the level of Director (M7) or above.

The calculation method for the proportion of senior management is as follows: Taiwan senior management / Total number of employees in Taiwan. The proportion of locally employed senior management is 100%.

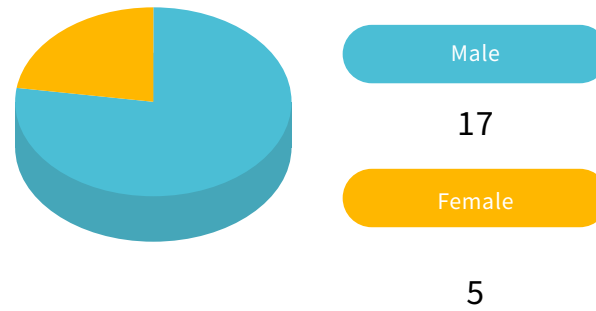
- **Definition of management:** Individuals who hold managerial positions at the level of Assistant Manager (M4) or above.

According to the definition provided by the Directorate-General of Budget, Accounting and Statistics (DGBAS), full-time employees refer to those whose working hours meet the company's designated normal working hours or statutory working hours. In the case of DFI, the normal working hours are defined as 40 hours per week. Therefore, as of December 31, 2022, the total number of full-time employees in the Company is 661.

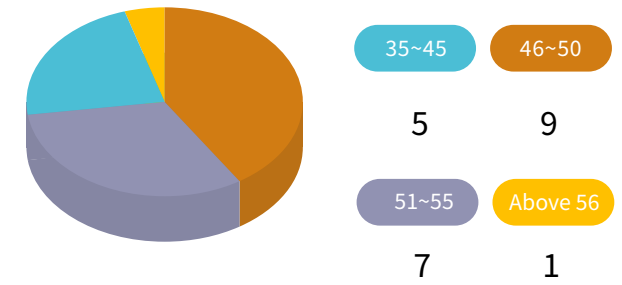
Proportion of Senior Management



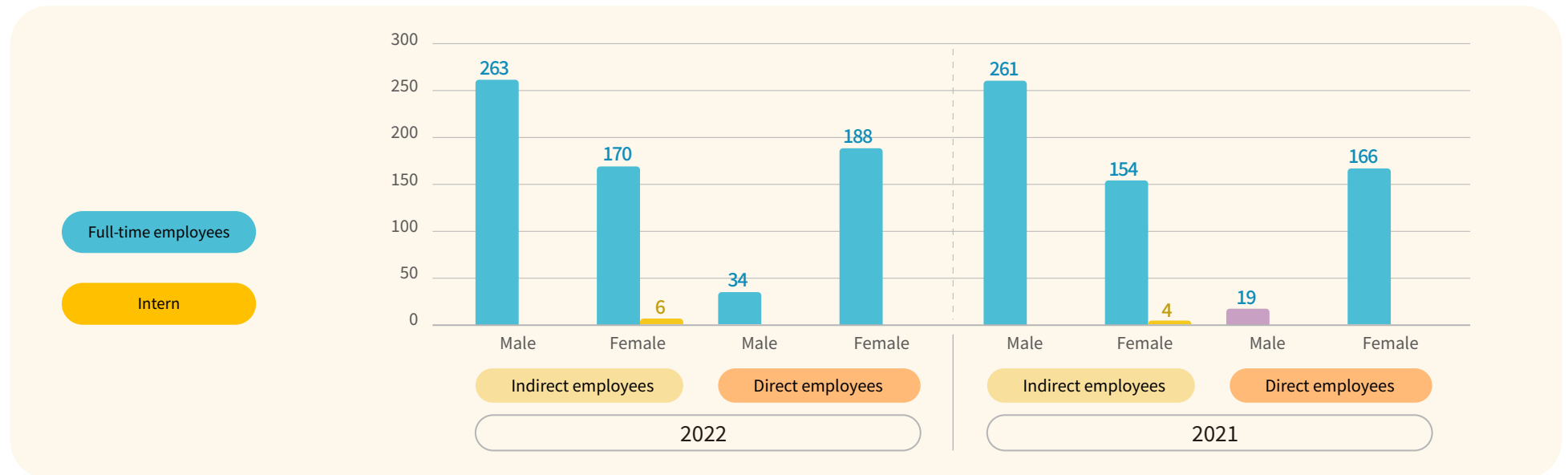
Senior management by gender



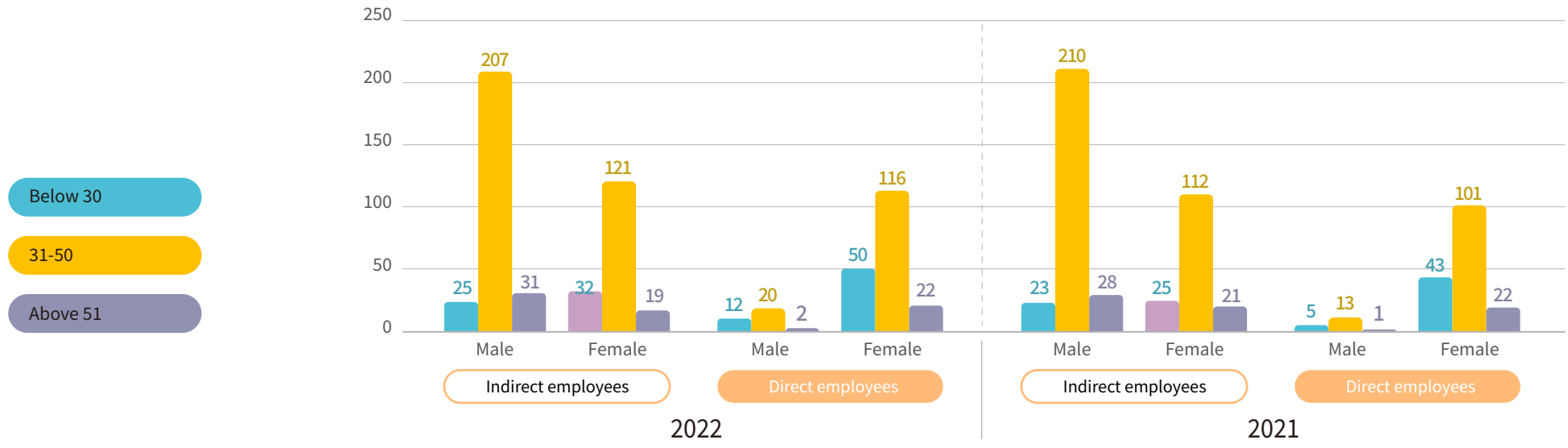
Senior management by age



▶ Total workforce



► Distributed based on age, gender, and employment status.



► Nationality & Headcount of disability

Nationality	2022				2021			
	Indirect employees		Direct employees		Indirect employees		Direct employees	
	Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	263	175	30	60	261	157	19	55
China	0	1	0	0	0	1	0	0
The Philippines	0	0	4	127	4	127	4	111
Indonesia	0	0	0	1	0	1	0	1
Total	263	176	34	188	261	158	19	166
Employees with disability	4	0	0	1	4	1	0	2



Employee turnover rate

DFI has a proactive approach to employee resignation management. When an employee submits a resignation, their immediate supervisor is promptly notified to arrange an exit interview to understand the reasons for the employee's resignation and explore possible retention measures. Due to external economic fluctuations and environmental changes, maintaining an appropriate

turnover rate ensures a continuous influx of new talent into the company. The overall employee turnover rate for DFI in 2022 was 20.93%, which represents a decrease of approximately 9% compared to the previous year (2021 turnover rate was 29.21%).

Employee Turnover Based on Employment Status, Gender, and Age

2022	Below 30		30~50		Above 51		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect employees	0.15%	0.16%	0.71%	0.30%	0.08%	0.04%	0.93%	0.50%
	12	13	56	24	6	3	74	40
Direct employees	0.03%	0.20%	0.15%	0.38%	NA	0.01%	0.18%	0.59%
	2	16	12	30	NA	1	14	47

2021	Below 30		30~50		Above 51		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect employees	0.10%	0.25%	1.12%	0.62%	0.11%	0.03%	1.32%	0.90%
	7	18	81	45	8	2	96	65
Direct employees	0.07%	0.08%	1.18%	0.73%	NA	0.10%	0.25%	0.91%
	7	18	81	45	NA	7	18	66

New Hire Rate Based on Employment Status, Gender, and Age

2022	Below 30		30~50		Above 51		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect employees	0.20%	0.33%	0.71%	0.43%	0.06%	0.01%	1.97%	0.77%
	16	26	56	34	5	1	77	61
Direct employees	0.11%	0.38%	0.23%	0.49%	NA	NA	0.34%	0.87%
	9	30	18	39	NA	NA	27	69

2021	Below 30		30~50		Above 51		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect employees	0.18%	0.28%	0.86%	0.65%	0.06%	NA	1.09%	0.92%
	13	20	62	47	4	NA	79	67
Direct employees	0.06%	0.10%	0.14%	0.43%	NA	NA	0.19%	0.52%
	4	7	10	31	NA	NA	14	38

- Including full-time employees and interns, but not including dispatched employees
- Average annual turnover rate = (Number of resignation / Year-end employee number)/12
- Average annual new hire rate = (Number of new hires / Year-end employee number)/12

Learning & Growth

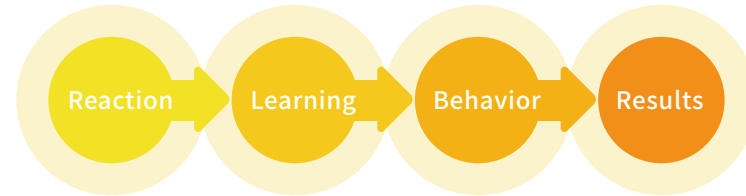
In 2022, the average training hours for DFI employees (with Taiwanese citizenship) are **11.35**.

DFI places great emphasis on employee training and development. The Human Resources Department takes the lead in organizing and promoting various training activities. A dedicated Training Center is responsible for handling training-related matters, while other departments are responsible for implementing and executing specific training programs. An annual survey is conducted to gather training requirements from each department. The Training Center reviews the submitted training needs, including course topics and duration, to ensure their suitability. These requirements are then consolidated into an "Annual Training Plan" for implementation. At the end of the year, any unfinished training courses from the annual plan are reviewed, and the reasons for non-completion are documented to ensure the implementation of the annual training plan.

In addition to the training courses listed in the annual training plan mentioned above, DFI also provides a variety of learning resources and tools to encourage employees to engage in continuous learning activities that are not limited by time, location, or format. Employees are encouraged to align their learning activities with the company's growth direction, organizational needs, and individual performance requirements to continuously enhance their work performance. The Company has introduced various internal and external resources to support employee learning and development. In addition to implementing Qisda Academy (eHRD) as an online learning platform for Friendly Communications employees, we also collaborate with professionals invited by the Company to share insights on various topics such as technology, lifestyle, and public welfare through seminars and lectures. These initiatives aim to provide employees with new knowledge and perspectives in different areas, with the goal of inspiring unlimited possibilities in both work and life. In addition, to demonstrate DFI's commitment to corporate social responsibility, the company has included the Hazardous Substance Process Management System (IECQ QC 080000) and related courses on occupational health and safety as mandatory training programs for all employees.

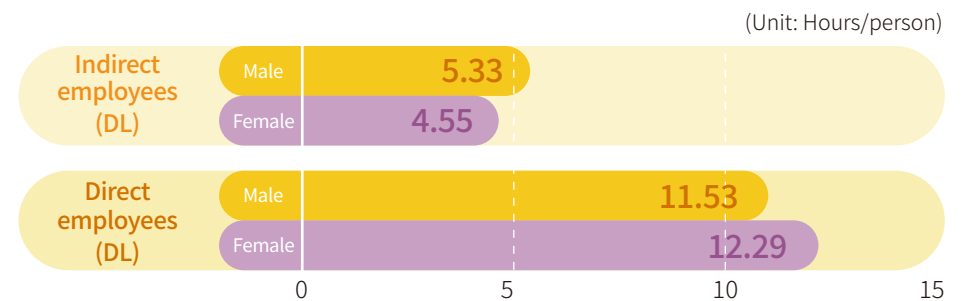
In 2022, the average total training hours per employee (with Taiwanese citizenship) at DFI was 11.35 hours. To ensure the effectiveness of the training outcomes, validation will be conducted

based on the four evaluation levels proposed by American scholar Donald L. Kirkpatrick, which include reaction, learning, behavior, and results.



In line with the Company's future strategic development direction, we will continue to develop relevant courses, including but not limited to specialized knowledge in areas such as critical component assembly, healthcare, and the Internet of Things. These courses aim to provide the organization with the talents required for the future and maintain a learning momentum to meet the needs of the Company's development. Furthermore, the personal learning and development of employees are closely related to the growth of the Company. Personal learning and development not only contribute to improving job performance but also provide opportunities for colleagues to apply their knowledge in their personal lives, thereby generating a positive impact on society and promoting progress and advancement. Therefore, the company encourages all colleagues to actively enroll in external training courses to cultivate and enhance their skills. This not only benefits the employees themselves but also helps them contribute to the growth of the Company and society as a whole.

► Average total training hours per employee at DFI



Average training hours per employee based on different functions



2022 Management Key Points & 2023 Plans

Employee Learning

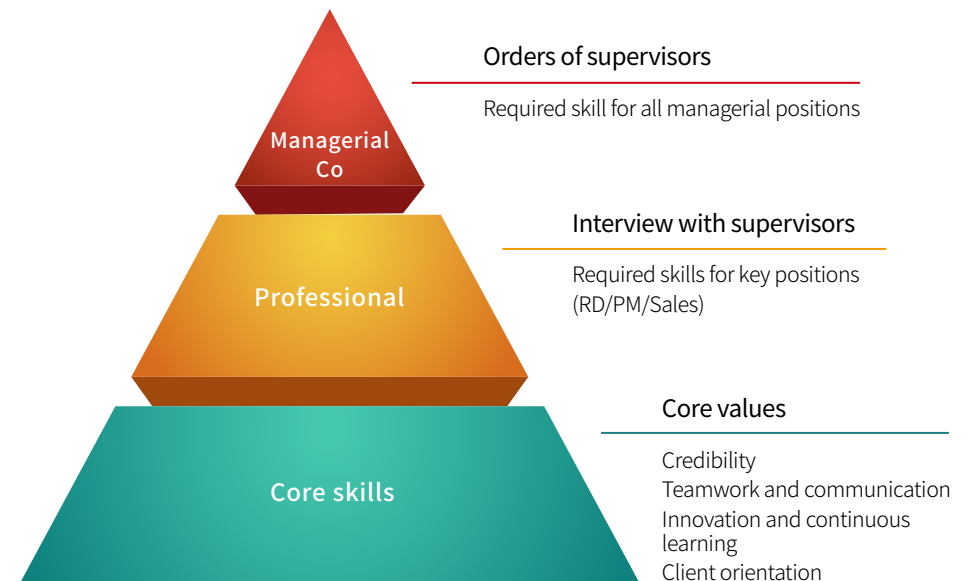
1. The ongoing escalation of the COVID-19 pandemic in 2022 has continued to impact various aspects of our operations, including physical training courses. Many of these courses have been temporarily postponed due to factors such as confirmed cases, quarantine measures, and remote work arrangements.



- Since 2022, we have been gradually implementing digitalization in our training initiatives, enabling our employees to access diverse training courses in a timely manner and without limitations.
- In 2023, we will follow the "Employee Learning and Development Strategy" to continuously build and expand the learning scope of DFI through four key dimensions: managerial skills, professional expertise, self-development, and onboarding guidance for new employees.

Employee Career Development

- Introduce the competency model roadmap to define the qualifications and criteria for promotion, appointment to managerial positions, or other job positions.
- The performance evaluation of employees is conducted through a two-step process: initial assessment by the supervisor followed by a secondary review. This process aims to clearly identify and define the performance scores for core job competencies, professional competencies, and managerial competencies.
- Managerial competency includes result orientation, problem solving, subordinate management, integrity leadership, and communication.



DFI adopted Commonwealth online learning courses in 2022.

Online Learning

terms of learning channels, in addition to physical courses, DFI also utilizes Qisda Academy (eHRD), an online learning platform introduced by the group, for the employees of DFI. This platform allows employees to engage in relevant training courses and workshops in a real-time and flexible manner. In 2022, we continued to expand our online learning content by integrating existing training resources and introducing "CommonWealth Online Video Courses." This allows employees to utilize their fragmented time to access the platform and watch video content, enabling them to acquire new knowledge. In 2023, our goal is to continue promoting the digitization and enrichment of training courses, aiming to make it easier for all employees to access a wide range of courses that suit their needs.

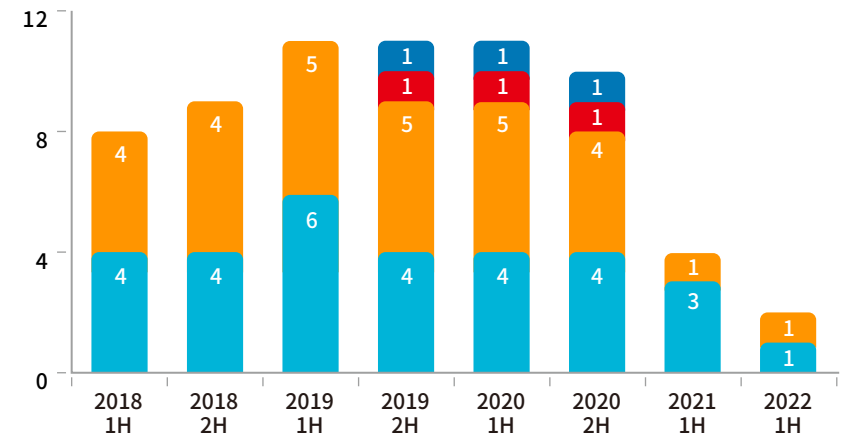
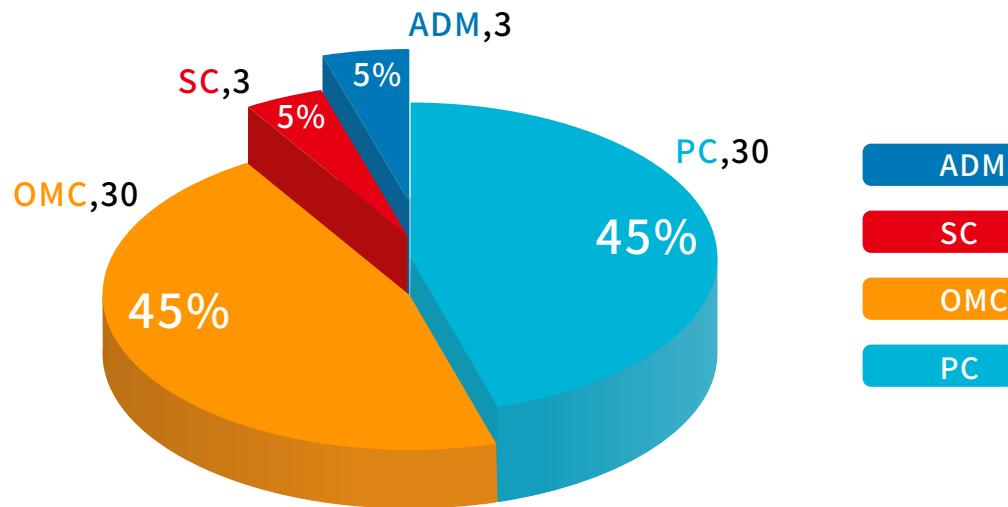
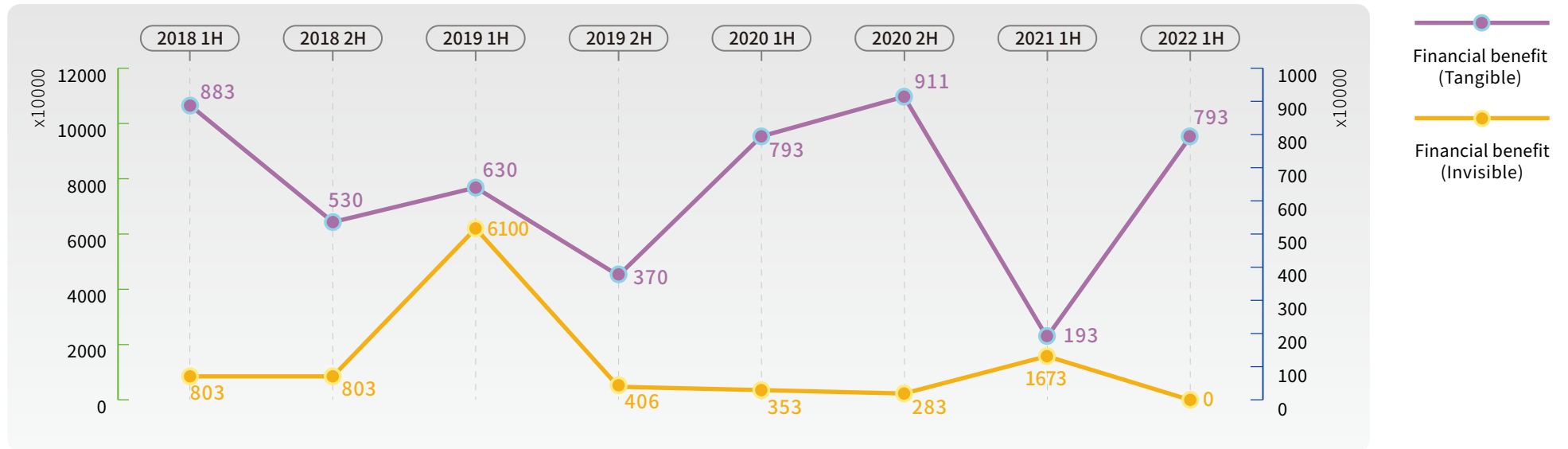


Since 2018, DFI has implemented a total of 65 CIP projects.

Problem solving: Continuous Improvement Program (CIP)

Since 2018, DFI has been implementing the Six Sigma methodology in collaboration with the group to develop the Continuous Improvement Program (CIP). This program provides employees with the necessary concepts and tools for making improvements in their work processes. Through a series of course designs and the execution of the Continuous Improvement Program (CIP), employees are assisted in applying the knowledge and skills acquired from the courses to their actual work processes. From 2018 to 2022, a total of 65 CIP projects have been implemented, with an estimated cumulative benefit of NT\$155 million (in total), demonstrating significant improvement results. The scope covers improvements in individuals, departments, and overall company. By utilizing the DMAIC methodology, employees are able to apply the most suitable improvement techniques to enhance their work processes effectively. The CIP methodology is not only implemented in the R&D department but also extended to all units, including manufacturing, supply chain, administration, and technical support.

Year	2018	2018	2019	2019	2020	2020	2021	2022	Total
Dept.	1H	2H	1H	2H	1H	2H	1H	1H	
PC	4	4	6	4	4	4	3	1	30
OMC	4	5	5	5	5	4	1	1	30
SC	-	-	-	1	1	-	-	-	2
ADM	-	-	-	1	1	1	-	-	3
Total	8	9	11	11	11	9	4	2	65

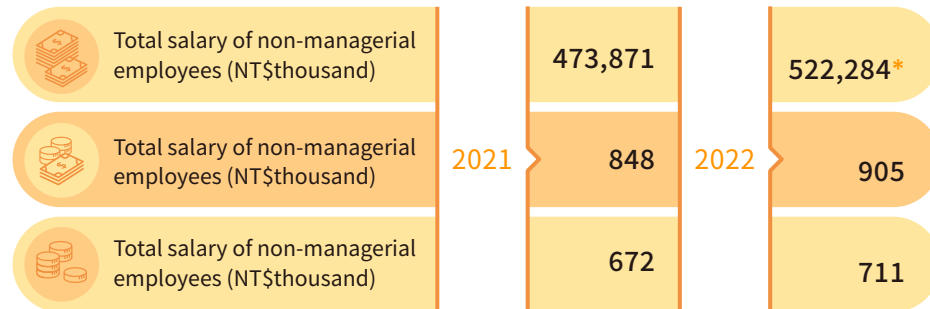


Good Labor-Capital Relationship

Employee Salary & Pensions

DFI ensures compliance with labor laws by providing salaries that are not lower than the legal minimum wage. There is no differentiation based on gender, religion, race, nationality, or political affiliation. To offer employees a competitive compensation policy, salaries are adjusted based on individual qualifications, professional skills, and performance evaluations to ensure fairness and market competitiveness. DFI refers to annual salary surveys conducted by independent third-party compensation consulting firms and evaluates the company's operational status to review if the goals have been achieved. The compensation for senior executives is reviewed during the Compensation Committee meetings, considering the attainment of annual performance indicators and setting guidelines for their annual remuneration. Please refer to the following salary data.

Salary of non-managerial employees at DFI (NT\$Thousand)



- The calculation method for as follows: Base salary for entry-level employees / the statutory minimum wage.
- The ratio of standard salary for entry-level employees to the local minimum wage is 1:1.
- Salary of non-managerial employees (NT\$) *
- Calculated based on the formula and requirement listed in Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

The indicators that affect the highest individual salary and overall salary structure changes	Ratio
Annual Total Compensation Rate = Highest annual individual compensation / Median annual total compensation of all employees	8.89
Annual total compensation change ratio = (Percentage increase in the annual total compensation of the highest individual in the organization) / (Percentage increase in the median annual total compensation of all employees)	0.38

- The annual total compensation of the highest individual should not be included when calculating

Diversity & Equal Opportunity

DFI is committed to providing employees with a respectful and safe working environment. We uphold the principles of diversity in employment, fairness in compensation and promotion opportunities, and ensure that employees are not discriminated against, harassed, or treated unfairly based on race, gender, religion, age, political beliefs, or any other protected status under applicable laws and regulations.

Indicators of employment equality	Number	%
Female employees in total workforce (%)	364	55.1
Female managers in total managers (%)	12	21.1
Female senior managers (%)	5	22.8

Indicators of salary equality	Difference of median salary	Difference of average salary
Salary of direct male/female employees	0.06	0.09
Salary of indirect male/female employees	0.13	0.16
Salary of all employees	0.18	0.27

DFI follows retirement regulations and policies to ensure the rights and benefits of its employees upon retirement. We also provide a voluntary retirement plan to offer our employees the option of early and flexible retirement arrangements, allowing them to enjoy a fulfilling post-retirement life. Explanation is as follows.

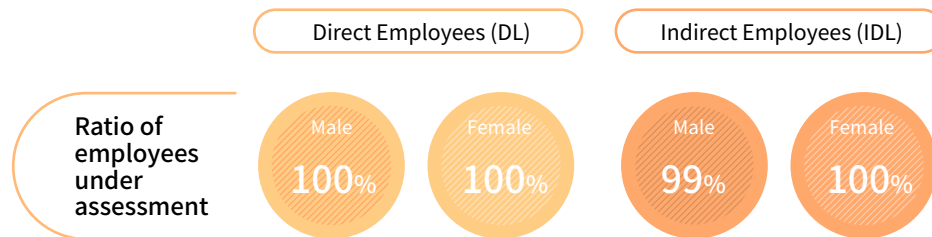
1. Pension allocated in accordance with the Labor Standards Act

The Company allocates a monthly contribution to the employee pension fund, which is deposited in a dedicated account in the name of the Labor Pension Fund Supervisory Committee at the Bank of Taiwan. As of the end of 2022, the fair value of the plan assets is reported as NT\$ 61,781 thousand. In accordance with relevant regulations, the Company recognized an expense of NT\$439 thousand in 2022.

2. Pension allocated in accordance with the Labor Pension Act

According to the employee's monthly salary, 6% is allocated to the individual account at the Bureau of Labor Insurance. The expense recognized in 2022 for this purpose amounted to NT\$21,156 thousand.

► All employees undergo regular performance and career development assessments.



— Only includes employees with Taiwanese citizenship

Build good relationship and communication approach between employers and employees

To maintain a good relationship between the company and its employees, we have established effective communication channels within the company. These include business briefings,

welfare committee meetings, and labor-management meetings. These channels enable employees to stay updated on company information and encourage them to provide suggestions regarding the overall operations and development of the company, which can be considered by decision-making units. In the event of significant operational changes that may affect employee rights, a notice will be given at least 4 weeks in advance. These well-established communication channels not only foster labor-management relations but also allow the company to understand the needs of its employees better, thereby providing a more conducive work environment.

According to labor laws and the SA8000 standard, DFI has selected 11 employees to serve as members of the Welfare Committee, representing their respective business units. The Welfare Committee holds regular meetings to discuss related matters. Additionally, 5 employees are chosen as labor representatives for the Labor-Management Meeting, with another 5 representatives selected from the management side. The labor-management meeting is held periodically, aiming to communicate with the management team about issues stipulated in SA8000 standard. The quarterly meetings allow the labor representatives to raise relevant issues regarding labor relations, working conditions, employee welfare, and other topics. They engage in communication with the management representatives and jointly make decisions on labor-related matters. After evaluating the feasibility of the proposals, the company incorporates them into the improvement process.

In order to continuously improve and strengthen the good labor-management relationship between the Company and its employees, the company engages in multiple discussions and exchanges of opinions regarding various welfare systems and measures. This allows for the provision of more comprehensive and enhanced protection. For example, every year the Company provides group insurance for employees, which includes life insurance, critical illness coverage, hospitalization and surgery benefits, cancer medical coverage, and other items. Additionally, amid the ongoing Covid-19 pandemic, the Company has taken extra measures to provide epidemic prevention insurance for employees, ensuring that they have peace of mind and full support in the event of a confirmed diagnosis, allowing them to fully rest and recover. In addition, the Company provides the benefit of employee shareholding, allowing employees to have more financial options and increased stability. This measure also enhances labor-management harmony and employee engagement. As of the end of 2022, the proportion of employees holding shares accounted for 68.8% of the total, and the proportion of shares held by the employee shareholding association

accounted for 0.103%. At the same time, to enable employees to balance work and family responsibilities, DFI not only complies with the relevant regulations on parental leave but also encourages employees to return to work after the end of their parental leave. Here are the statistics regarding the number of employees who have taken parental leave:

Return-to-work rate:

Total number of employees who actually returned to work / Total number of employees eligible to return to work.

Retention rate:

Total number of employees still employed after 12 months of returning to work / Number of employees who returned to work after the end of their leave last year.

Number of employees who have taken parental leave	Male	Female	Total
Total number of employees who are eligible to take parental leave in 2022	4	8	12
Number of employees who took parental leave in 2022 (A)	0	6	6
Number of employees who are expected to return to work from parental leave in 2022 (B)	0	3	3
Number of employees who actually returned to work from parental leave in 2022 (C)	0	3	3
Number of employees who actually returned to work from parental leave in 2021 (D)	1	0	1
Number of employees still employed after 12 months of returning to work in 2021€	0	0	0
Return-to-work rate (C/B)	-	100%	100%
Retention rate (E/D)	0%	-	0%

— Total number of employees eligible for maternity leave is defined as the total number of female employees who have the right to take maternity leave (excluding those who have already completed 6 months of maternity leave before 2021).

Employee Satisfaction Survey

Employee is the most important asset of a company. Employee satisfaction in the workplace is not just a slogan but also a goal that we strive to achieve with full dedication. We believe that it is the foundation for the sustainable operation of the company. Through a competitive compensation system, DFI is dedicated to creating a diverse and interactive workplace environment. We are committed to helping our employees enhance the necessary skills for their positions and fostering a friendly work environment. We strive to cultivate a culture of positive interaction and aim to provide our employees with a high-quality working area where they can fully utilize their strengths and grow together with the company. This forms the solid foundation of DFI's business operations.

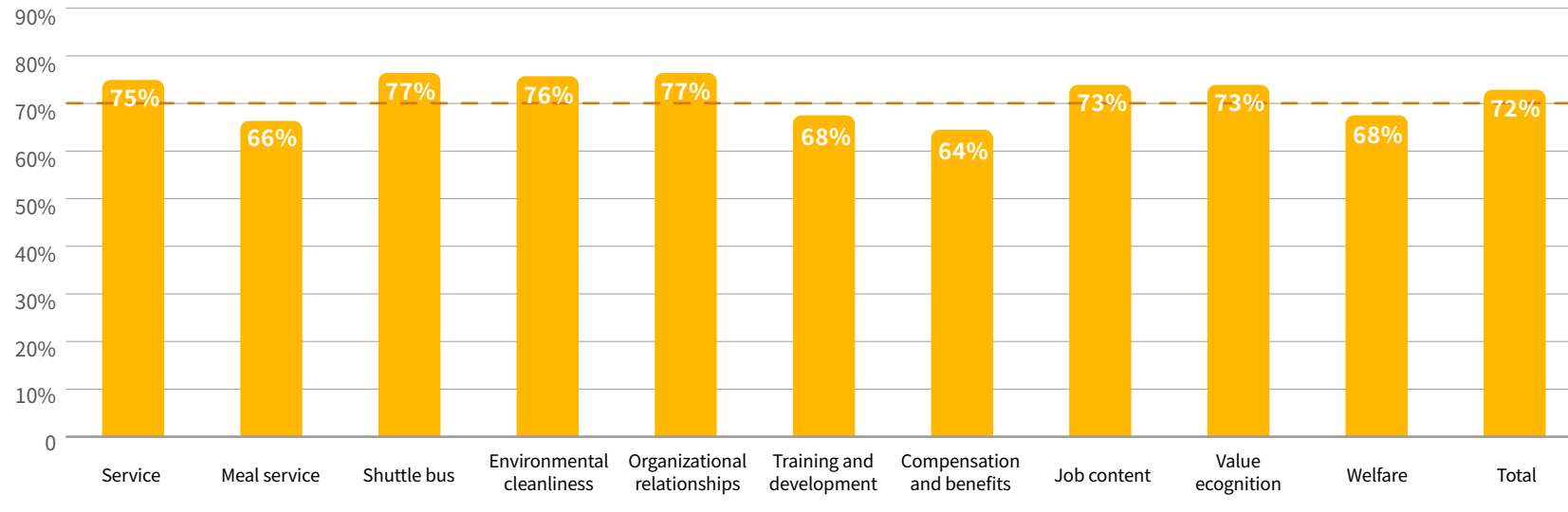
DFI's Talent Policy, Commitment, and Management System

- Establish competitive compensation, welfare, and pension system.
- Build comprehensive and transparent performance management and promotion approach.
- Provide complete employee development and growth training
- Gender equality

Employee Satisfaction Execution and Feedback

Employee satisfaction is the key indicator of corporate happiness, which reflects employees' attitudes toward workplace and current job. This enables managers to better understand whether the work content meets employees' expectation. In the meantime, employees can use this system to give feedback to managers, allowing managers to know what employees care about. Employee satisfaction is a comprehensive indicator that reflects employees' loyalty, cohesion, and sense of belonging to the company. Since 2022, DFI has expanded the content and scope of the satisfaction survey and plans to conduct an annual employee core value opinion survey to gauge employees' satisfaction with the company. The survey covers U-Town Office (HQ), Xindian Office, and Taoyuan Factory; The survey is conducted anonymously and upon the employees' free will. The survey is collected via Google sheet and paper form. Based on the total number of 661 employees in December 2022, a total of 209 employees responded to the survey, resulting in a response rate of 32%. The goal of the satisfaction is 70%.

► Satisfaction in all aspects (%)



- Date of survey: December 2022
- Valid samples: 209 (Xizhi Office: 97; Xindian Office: 32; Taoyuan Factory: 80)
- There are a total of 10 aspects, and the satisfaction rate is 72% (2022 goal: 70%)



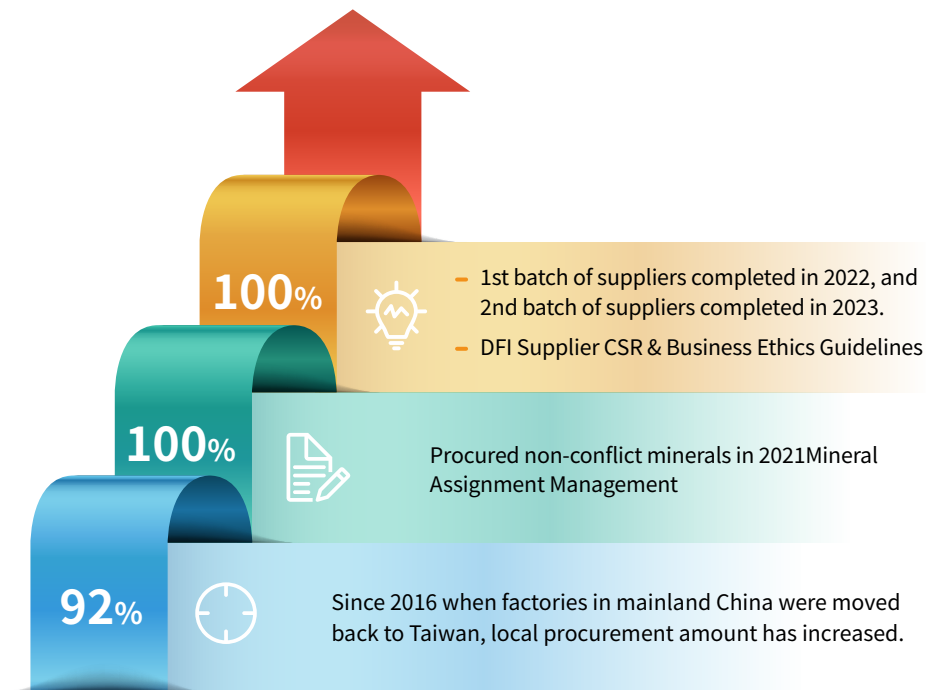
Sustainable Supply Chains

| Responsible Procurement

As a professional manufacturer and service provider in the field of industrial computers, DFI is committed to responsible procurement. We leverage our influence to lead both upstream and downstream suppliers in continuous improvement across various aspects such as technology, quality, delivery, environmental protection, human rights, safety, and health. Our goal is to create a green and sustainable supply chain within DFI, where all stakeholders work together to promote responsible practices and contribute to a better future.

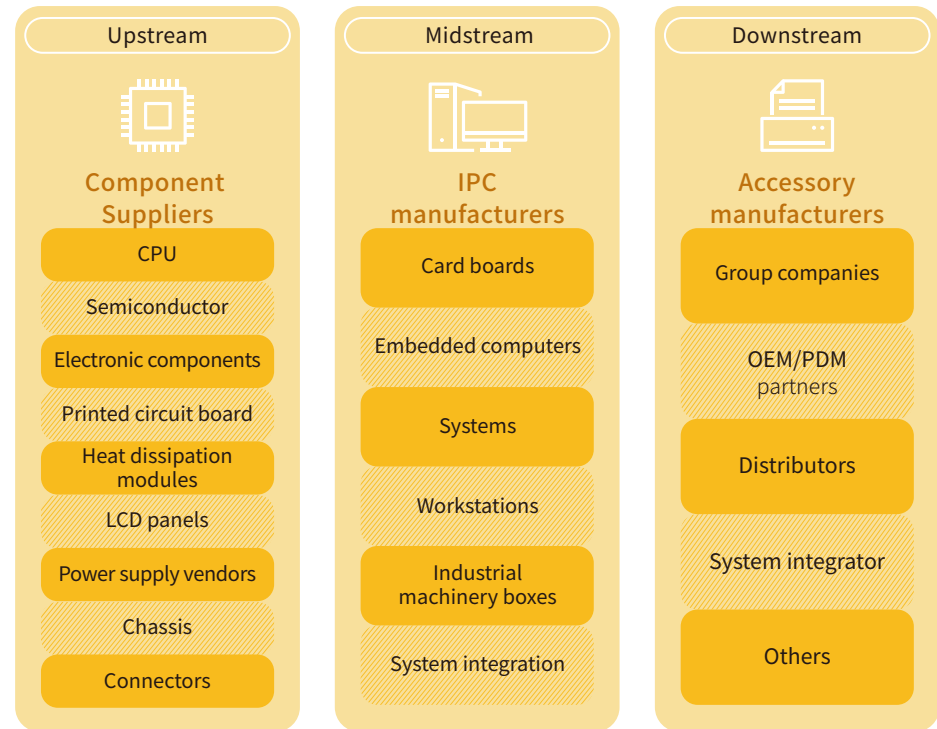
| Goals & Strategies

DFI is committed to driving a positive cycle within the industry and supply chain. Our business philosophy is centered around creating win-win situations with both suppliers and customers, and establishing a sustainable ecosystem within the IoT supply chain. We constantly ensure that our supply chain and production processes adhere to the highest ethical standards and comply with the latest environmental regulations. As an industrial IoT service provider, our company follows a model where we purchase components from upstream component manufacturers and



assemble them in our own facilities before delivering the finished products to our customers. Due to the nature of our industry, our company deals with a wide range of products and highly customized solutions. Currently, our supplier database consists of tens of thousands of items. We regularly conduct supplier evaluations and assessments through our procurement and quality assurance departments to ensure the stability of our supply chain and the quality of the supplied products. These evaluations also help us understand the capabilities of our suppliers in terms of their manufacturing processes. In addition to regular assessments of supplier product quality, on-time delivery, cooperation, occupational health and safety management, and CSR management, we also maintain ongoing communication with our suppliers. "Corporate social responsibility and sustainable supply chain management" is incorporated into our supply chain assessment criteria. We actively engage with our suppliers to promote sustainable development within the supply chain, ensuring a safe working environment, dignified labor relations, ethical operations, and environmental protection. With a goal of sustainable business operations, we aim to implement our existing supplier management system and lead our suppliers in practicing corporate social responsibility. Through collaboration between suppliers and our company, we strive to achieve the highest product quality, service, and sustainable value at the lowest cost.

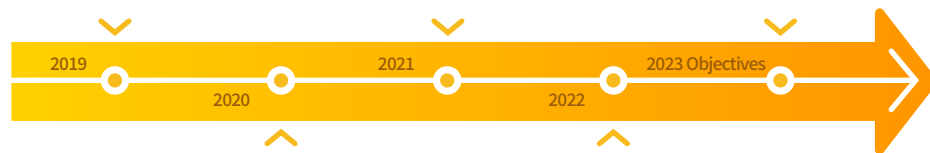
► DFI's Supplier Value Chain (New suppliers in 2022: 37; a total of 534 suppliers)



In 2019, suppliers signing the Declaration of Non-Use of Hazardous Substance reached 100%

In 2021, key suppliers signing Declaration of Non-Use of Conflict Minerals reached 100%

The goal for 2023 is to reach 50% of suppliers who completed the DFI's Supplier Sustainable Management Self Assessment Survey



In 2020, new suppliers passing DFI's Supplier Management Principles reached 100%

- In 2022, suppliers signing DFI's Supplier CSR & Business Ethics Declaration reached 100%

- Suppliers completing DFI's Supplier Sustainable Management Self Assessment Survey reached 20%

Management Strategies

- Suppliers follow the DFI Supplier CSR & Business Ethics Guidelines and fully aware DFI's standards.
- DFI sets up mid and short-term goals and specific approaches to enable suppliers to implement them thoroughly.
- We conduct regular risk assessments of our suppliers and require audits and timely improvements from those identified as high-risk. Our objective is to minimize the occurrence of high-risk situations and reduce them to a moderate or low-risk level.

Item	Top 20 suppliers	Other suppliers
2019~2021 Outcomes	<ul style="list-style-type: none"> - 100% suppliers signed Declaration of Green Products - 100% suppliers signed Declaration of Non-Use of Conflict Minerals - 100% suppliers signed Declaration of Non-Use of Hazardous Substances, Green Regulations - Zero environmental pollutions and material occupational disaster incidents 	
2022 Outcomes	<ul style="list-style-type: none"> - 20% suppliers signed DFI's Supplier CSR & Business Ethics Declaration - 20% suppliers signed DFI's Supplier Sustainable Management Self Assessment Survey 	<ul style="list-style-type: none"> - 30% suppliers signed DFI's Supplier CSR & Business Ethics Declaration - 30% suppliers signed DFI's Supplier Sustainable Management Self Assessment Survey - 37 new suppliers were added in 2022, and the complete rate of CSR questionnaire and survey was 13%. No suppliers created negative impacts.
2023 Goals	50% suppliers sign DFI's Supplier Sustainable Management Self Assessment Survey	

Supplier Composition

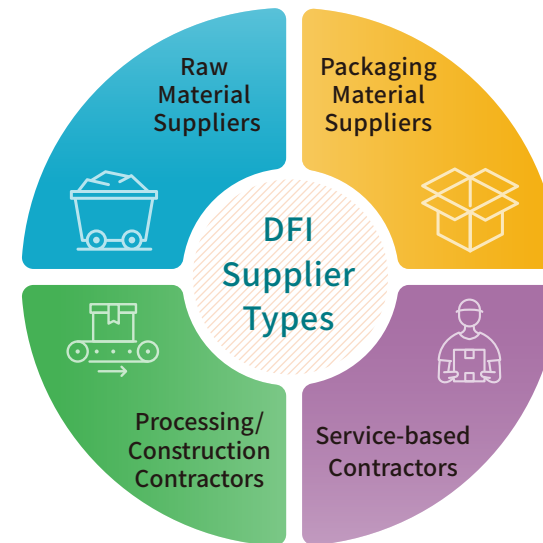
DFI collaborates with over a thousand suppliers globally, providing products and services in the fields of Internet of Things (IoT), automation, and embedded computing. Our main supplier categories include raw material and packaging suppliers, as well as processing factories, engineering, transportation, security, and cleaning contractors. Raw material suppliers have a significant impact on our operations and production, so we categorize them into two types based on their attributes: direct material suppliers (materials directly related to production) and packaging material suppliers (materials indirectly related to production or packaging materials). To effectively manage raw material suppliers and allocate resources, we identify key suppliers by screening their annual purchase amounts, critical raw materials, and suppliers that cannot be easily replaced. These key suppliers undergo integrated management to ensure their critical status in the supply chain.

Collaborates With Local Suppliers

To establish close relationships with domestic partners, create local job opportunities, and reduce carbon dioxide emissions from manufacturing and transportation processes, DFI continues to implement a localization procurement strategy. We prioritize sourcing from local suppliers, and our products comply with RoHS/HSF regulations. Since 2016, our production base has been relocated from mainland China back to Taiwan, and we actively seek local suppliers to make Taiwan an important business hub. As of 2022, the ratio of local procurement in Taiwan is 92%.

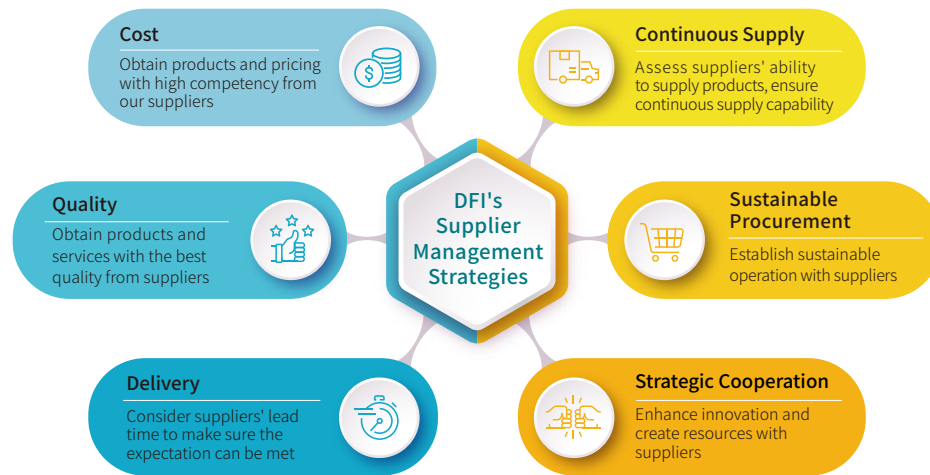
Supplier Management Strategies

DFI requires new suppliers to sign procurement contracts and supply quality assurance letters during the supplier approval stage to ensure adherence to delivery schedules, quality standards, and warranty requirements. In the event of delivery delays caused by natural disasters or other unforeseen circumstances, suppliers are obligated to provide immediate notification. For electronic components with high commonality, DFI has established a second-source management mechanism for substitute parts. Safety stock is maintained for critical materials to mitigate



risks associated with shortages or quality issues. DFI classifies materials and assigns dedicated procurement personnel to analyze market information. Through regular meetings and periodic market reviews, a centralized procurement strategy is implemented to establish a preferred vendor list (PVL). This approach streamlines and improves cooperation efficiency, resulting in high-quality materials and stable delivery schedules.

► DFI's Supplier Management Strategies



DFI actively invests in supply chain development to ensure sustainable goals can be achieved together with suppliers. Our procurement strategy involves sourcing from two or more suppliers to create interchangeability and competitiveness, thus mitigating procurement risks and reducing costs. In addition to focusing on suppliers' cost, quality, delivery, and continuity of supply, we have established the DFI Supplier Code of Conduct to guide suppliers in adhering to ethical business practices. Since 2019, we have also adopted the Responsible Business Alliance (RBA) management system, which promotes corporate social responsibility and initiatives such as the Conflict Mineral regulation. Our supplier selection criteria now include RoHS (HSF), QC080000, ISO14001, ISO 45001, and local sourcing in alignment with RBA standards. We emphasize that suppliers must uphold fundamental human rights and comply with labor regulations.

| DFI Supplier Code of Conduct

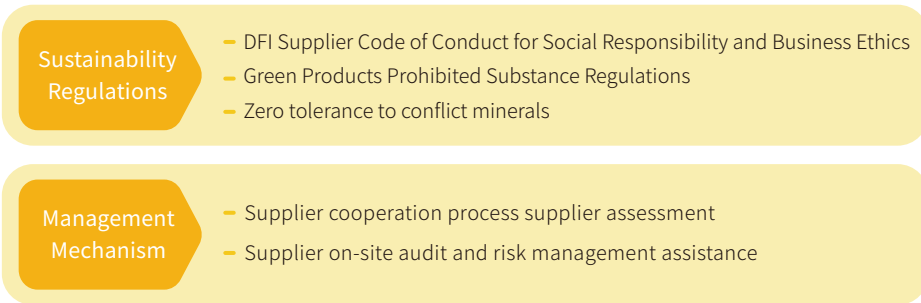
Suppliers are required to sign the "DFI Supplier Code of Conduct for Social Responsibility and Business Ethics," which entails full compliance with the laws and regulations of their respective operating countries/regions. In addition, the code sets standards for business conduct in areas such as labor rights, health and safety, environment, corporate ethics, and management systems, aiming to establish sustainable procurement practices. Suppliers are also expected to communicate these requirements to their own downstream suppliers and monitor their compliance.

Starting from 2022, DFI has consistently required and expanded the scope of assessment for raw material suppliers. The assessment covers areas such as regulatory compliance, sustainable management, supplier management, conflict mineral management, environmental protection, health and safety, labor rights, and human rights. This is done through an ESG sustainability risk assessment questionnaire to understand the sustainability risks associated with suppliers. When necessary, on-site audits will be conducted to ensure that supplier sustainability aligns with our standards. At the same time, DFI expects suppliers to continuously improve their sustainability performance. Therefore, we require and encourage both existing and new suppliers to obtain relevant international certification standards such as ISO 9001, IATF 16949, ISO 14001,

| DFI Sustainable Supply Chains

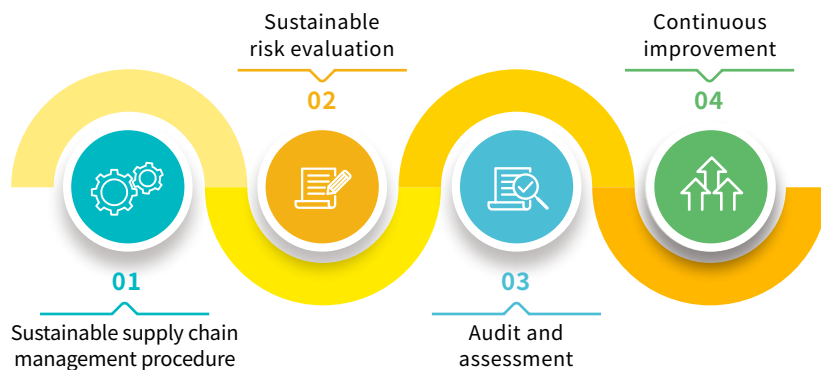
Through a globally unified brand, DFI deepens relationships with global customers and partners, striving to create sustainable corporate value. DFI voluntarily adheres to the Responsible Business Alliance (RBA) Code and requires the entire supply chain to comply with this code and relevant regulations of the supplier's country. DFI expects suppliers to enhance their self-management capabilities and jointly build a green supply chain, promoting sustainable development in the supply chain. For example, DFI does not allow suppliers to engage in forced labor or employ child labor, and if such instances are found to be significant, the business relationship will be terminated. As of now, there have been no instances where cooperation with a supplier has been terminated due to forced labor or the employment of child labor.

► DIF Sustainable Supply Chain Architecture



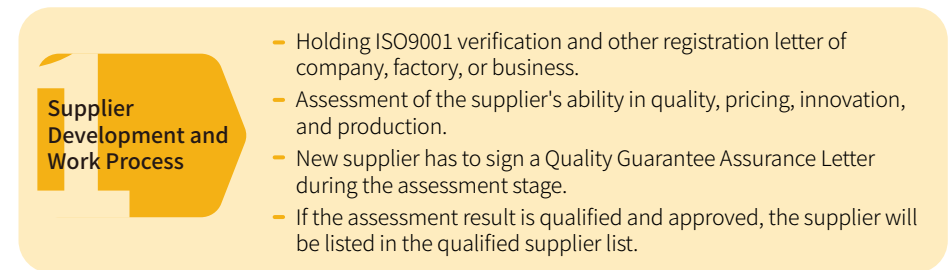
To implement DFI's purchasing and supply chain policies, we have established a phased approach to supply chain sustainability management. Through continuous improvement and iteration on an annual basis, we ensure that suppliers meet our standards and enhance their sustainable performance. In addition to the existing supplier evaluation process, we have also started conducting supplier ESG risk assessments for new suppliers since 2022, to better understand suppliers' sustainable development and risk control. Through ESG questionnaires, we assess potential high-risk suppliers in terms of their economic, environmental, and social aspects, aiming to identify and effectively control and reduce risks. In the future, we will require high-risk suppliers to complete ESG sustainability risk assessment questionnaires that cover various dimensions. This will help us understand the sustainability risks associated with suppliers and, if necessary, conduct on-site audits to ensure their compliance with our standards.

► Supplier Sustainable Management Process

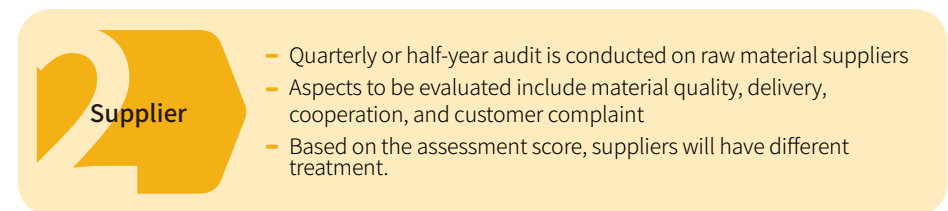


Supplier Management

To implement DFI's purchasing and supply chain policies and ensure that suppliers meet our standards, DFI has established the "Supplier Management Guidelines." Through clear management and operational procedures, we ensure that suppliers' delivery schedules, product quality, technology, and hazardous substances meet DFI's expectations and customer requirements. Currently, DFI manages and supports raw material suppliers through the following three stages:



According to DFI's supplier management guidelines based on the procurement procedures, DFI conducts periodic on-site audits for suppliers with high-risk profiles. These audits include assessing the vendor's processes, quality control, environmental health and safety practices, labor conditions, and CSR management. Supplier evaluations are conducted based on the audit findings, including assessments of quality, delivery, and cooperation. Corresponding measures are implemented based on the evaluation results. If a supplier receives a rating of C or below for price or delivery performance continuously for one year, DFI requires the supplier to propose improvement measures until the improvements are confirmed. If the supplier fails to make improvements within one year, the procurement unit will initiate the search for new suppliers. For high-risk component manufacturers, DFI focuses on conducting audits to ensure compliance with safety regulations. Additionally, DFI establishes a second-source management mechanism and maintains safety stock for critical materials to mitigate risks associated with material shortages or quality issues.



After becoming an approved supplier for DFI, suppliers are subject to regular evaluations in five dimensions: Technical Capability (Innovation/Technology), Quality Capability, Delivery Capability, Cost Leadership Capability, and Service Team Capability (Speed/Response). The evaluation results play a crucial role in determining the procurement strategy. For key component suppliers, specific strategies are formulated for each product line. Suppliers who are not included in the strategic supplier list are referred to as general qualified suppliers. Being designated as a strategic supplier means they will receive priority usage or increased procurement volume from DFI.

Risk Evaluation Identification

Categ	Regul	Irregular
Frequency	Every quarter or every 6 months	Irregular basis (on-site audit and visit)
Assessment	Level A: $95 \leq \text{Score} \leq 100$ Level B: $75 \leq \text{Score} < 94$ Level C: $60 \leq \text{Score} < 74$ Level D: $\text{Score} < 60$	

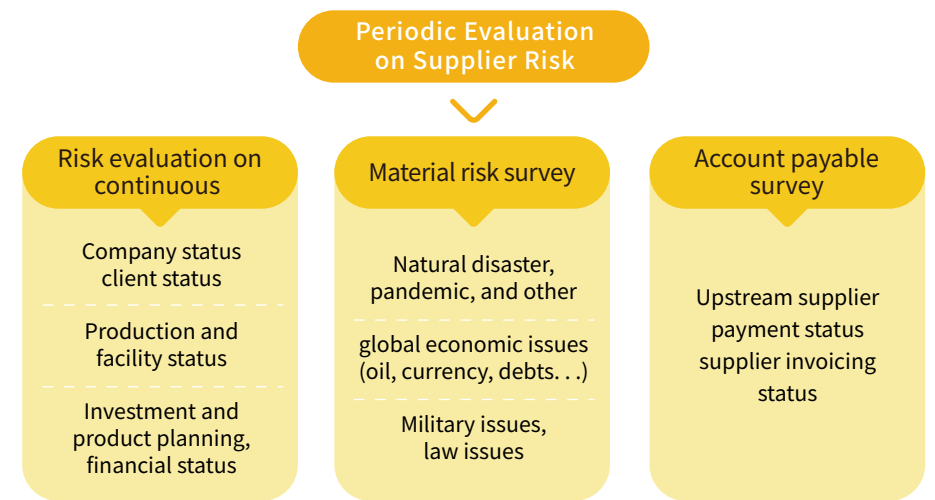
* Outstanding suppliers will be selected and awarded based on the periodic assessment (quarterly/half-year)

Supplier Assessment Aspects



B
Continuous

- Regular/irregular audit is carried out every year based on the material quality.
- Audit covers quality system, manufacturing process, hazardous substances, and corporate social responsibility.
- Consulting and review will be conducted based on the audit result.



Supplier risk management

The five major risks in the global supply chain are shorter lead time, localization, bankruptcies of smaller and specialized suppliers, production base, restrictions on air freight in multimodal logistics, and cyberattacks. Companies must maintain supply chain resilience and establish flexibility to mitigate the impact of the pandemic. Regarding existing qualified suppliers, DFI also conducts careful supplier risk assessments. This includes regular and ad hoc investigations into suppliers' operations and financial conditions, with a focus on high-risk groups. The purpose is to prevent unforeseen closures that may impact deliveries or result in disputes. In addition, major risk investigations are conducted on suppliers, particularly during periods of high influenza outbreaks, labor shortages, exposure of European countries' public debt, and global military tensions. Suppliers in those regions are thoroughly investigated to assess their ability to cope with such situations. Effective communication with suppliers

is established to determine appropriate contingency measures. This enables DFI to implement the most suitable preventive measures along the supply chain and avoid operational risks.

Management Policy of Conflict Minerals

DFI is committed to implementing a green supply chain that aligns with customer needs and international justice. It deeply understands the management practices of its suppliers regarding conflict minerals and adheres to the Responsible Business Alliance (RBA) Code of Conduct. The company follows the "Three Nos" principle, which means it does not support, accept, or use conflict minerals. In addition to its own commitment to not accepting the use of metals from conflict-affected areas, DFI also requires its suppliers to comply with and commit to these principles. This ensures that DFI's supply chain respects human rights and avoids involvement in conflict activities. As of 2021, 100% of DFI's key suppliers have signed the Declaration of Non-Use of Conflict Minerals. DFI communicates its policy and requirements regarding the non-use of conflict minerals to suppliers through its green procurement initiatives. Key suppliers are required to comply with this policy and cascade it to their respective lower-tier suppliers. We ask suppliers to conduct a reasonable country of origin inquiry (RCOI) to identify and verify the sources of conflict minerals (3TG*) used in the manufacturing and servicing of products, ensuring they are not from conflict-affected regions. The RCOI investigation includes the following steps:

1. Conducting supplier mineral source investigations and obtaining signatures through the Conflict Minerals Reporting Template (CMRT) to identify the sources of 3TG minerals and smelters.
2. Suppliers are required to sign a commitment letter confirming their adherence to the conflict minerals policy of DFI and ensuring the accurate and complete disclosure of the sources of their smelters.

Hazardous Substance Management Policy

DFI will continue to ensure that all processes comply with international regulations and customer environmental requirements. We will periodically update the regulations on the restriction of hazardous substances and establish a "Hazardous Substance Restriction Management" verification department. We will define clear standards for the use of hazardous substances in products and ensure compliance with environmental control requirements.

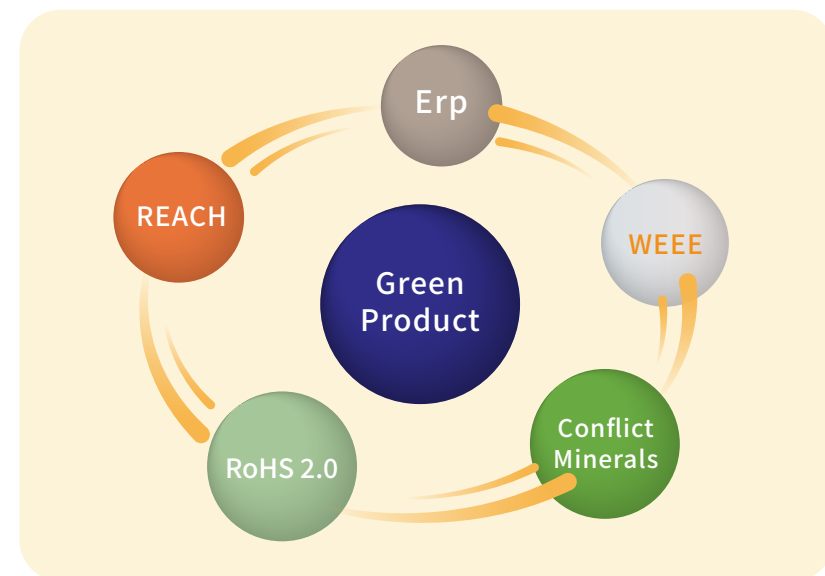
DFI complies with the following regulatory requirements: EU RoHS 2.0 (recast) Directive 2011/65/EU, which restricts the concentration levels of lead (Cd) (<1,000ppm), cadmium (Pb) (<100ppm), mercury

(Hg) (<1,000ppm), hexavalent chromium (Cr6+) (<1,000ppm), polybrominated biphenyls (PBB) (<1,000ppm), polybrominated diphenyl ethers (PBDE) (<1,000ppm), bis(2-ethylhexyl) phthalate (DEHP) (<1,000ppm), benzyl butyl phthalate (BBP) (<1,000ppm), dibutyl phthalate (DBP) (<1,000ppm), and diisobutyl phthalate (DIBP) (<1,000ppm) in products. All of our products meet the aforementioned requirements, and we will continue to strive for development to meet the needs of our customers.

EU REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation: DFI's products comply with the requirements of the EU REACH regulation, which pertains to the hazardous substances listed under REACH and the Substances of Very High Concern (SVHC) subsequently announced by the EU.

EU WEEE (Waste Electrical and Electronic Equipment) Directive (2012/19/EU): The directive requires manufacturers to take responsibility for the collection, treatment, and proper disposal of waste electrical and electronic equipment. The objective is to reduce electronic waste, protect human health, and prevent environmental harm from hazardous substances.

EU Regulation (EU) No. 757/2010 and its updated regulation (EC) No. 850/2004 on Persistent Organic Pollutants (POPs), textiles and other coated materials (1g/m²), finished products, semi-finished products, and components (1,000 ppm), as well as substances or preparations (10 ppm).

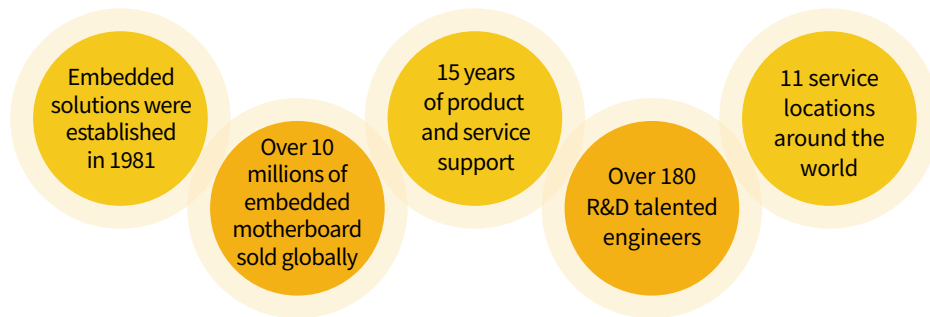


* 3TG refers to minerals sourced from the Democratic Republic of Congo and neighboring countries, including Cobalt (Co), Gold (Au), Palladium (Pd), Tantalum (Ta), Tin (Sn), and Tungsten (W).

Commitment to Clients

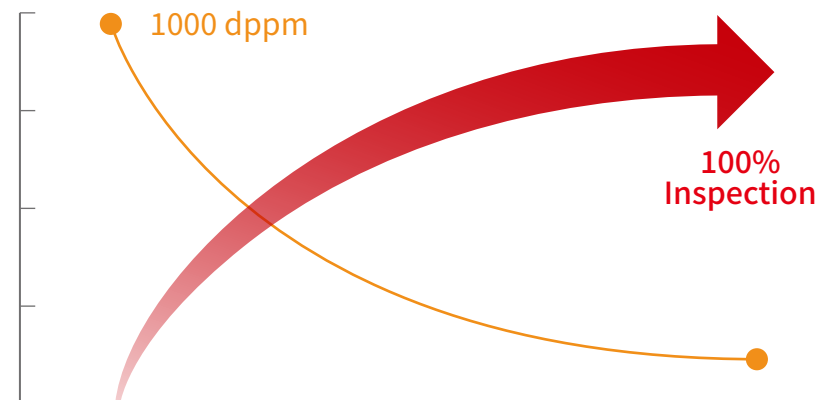
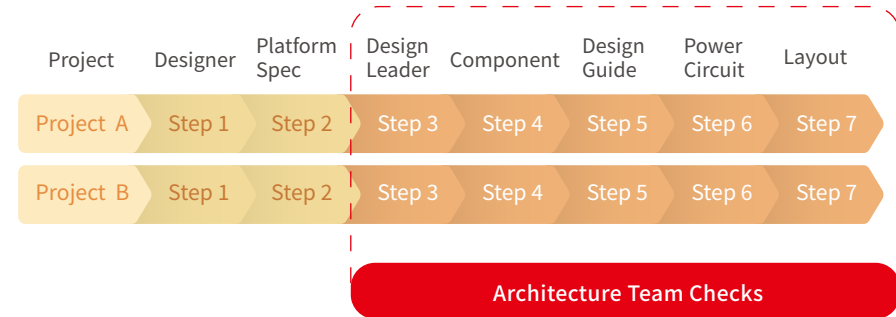
Innovation and Quality Benchmark of IPC Reliable Quality Remarkable Innovation

DFI values innovation and emphasizes quality, striving to exceed benchmark standards in both aspects. Through our products and services, we aim to deliver innovation and quality to our customers, enabling them to derive value from their experiences.



Rigorous product testing to ensure reliability and high quality

DFI's products undergo multiple rigorous tests during the development process to ensure reliability and durability. These tests include comprehensive testing of all high-speed signals during the design phase, as well as stringent durability tests for extreme temperatures, shocks, and vibrations. This ensures that DFI's products can operate reliably even in harsh environments.



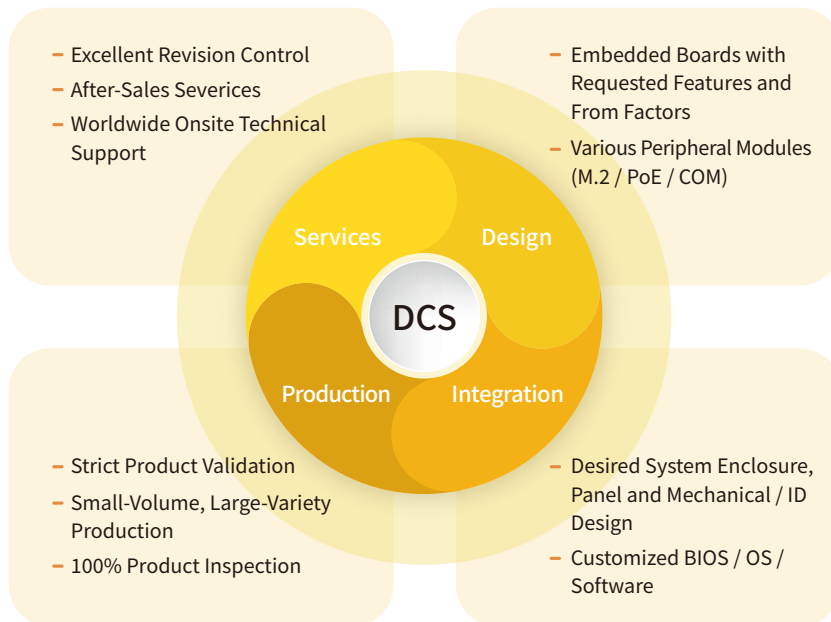


100% Quality Control From Design To Production

DFI implements Total Quality Management (TQM) throughout the entire process, from design to production, continuously improving quality to meet and exceed customer expectations.

Design Phase: A dedicated team is responsible for testing and inspecting circuits, mechanisms, and components to ensure consistent high quality in the design and development of each project.

Production Phase: Before any product is shipped, it undergoes thorough internal inspections to significantly reduce the repair rate and minimize additional maintenance costs and time for customers.



Wide Temperature	Wide Voltage	IP65/66 Rated Protection	Anti-Vibration / Shock	Conformal Coating	Marine Design	Mission Critical
-40°C-85°C Durability	9-36V DC Input	Dust / Particles Protection	Stable / Reliable Performance	Parylene / Conformal Coating	IEC60945	3s after booting into OS image
Optimized Thermal Solution	Over Current Protection	Water Protection	IEC60068	Excellent Adhesion	power isolation Anti-noisy	VPX development capability
HALT Test			Frequent Vibration/ Shock Resistance	Corrosion Resistance	High radiation	

Manufacturing Base Verified by Global Certifications

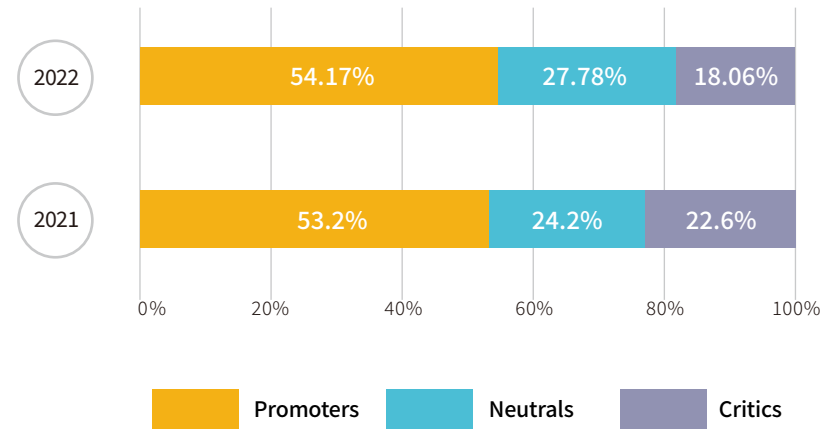
With years of dedication in the embedded field, producing high-quality products has always been a core philosophy that DFI values greatly. DFI insists that its products meet regulatory standards and international certifications to fully satisfy customer needs.

<p>Quality</p> <ul style="list-style-type: none"> • ISO 9001 • CCC China 	<p>ESG</p> <ul style="list-style-type: none"> • ISO 14001 • ISO 45001 • IECQ QC080000 • RoHS-10 Compliant • ISO 14064-1 (Greenhouse Gas Inventory Certification) 	<p>Medical</p> <ul style="list-style-type: none"> • ISO 13485 • EN 60601-2:2015 	<p>Grand Transportation</p> <ul style="list-style-type: none"> • IATF 16949* • ISO7637-2 / E-Mark • MIL-STD-810F • EN50155, EN45545, EN61373 <p>* Suzhou factory only</p>
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<p>Factory</p> <ul style="list-style-type: none"> ISO 9001 ISO 14001 ISO 13485 IECQ QC 080000 OHSAS 18001 	<ul style="list-style-type: none"> IPC J-STD-001* IPC-A-610* CCC China Sony Green Partner 	<p>Product</p> <ul style="list-style-type: none"> TS16949 ESD S20.20 2007 (Suzhou Factory)
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NPS
2021- 2022 Net Promoter Score



NPS in 2022 was 36, a 5.4 point increase compared to 2021 (30.6)

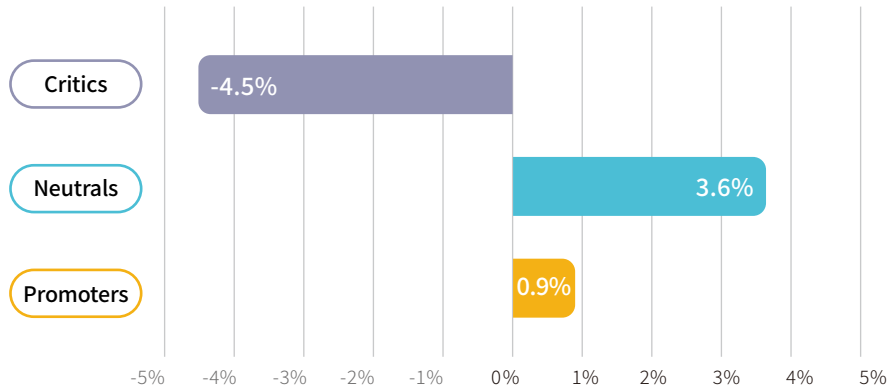
In 2022, the company made continuous efforts to improve the order situation and adapt to market trends. As the impact of the pandemic diminished, we gradually witnessed a positive overall improvement.

Scores 0-6 (critics) accounted for **18.6%** of the overall survey responses. (2021: 22.6%)

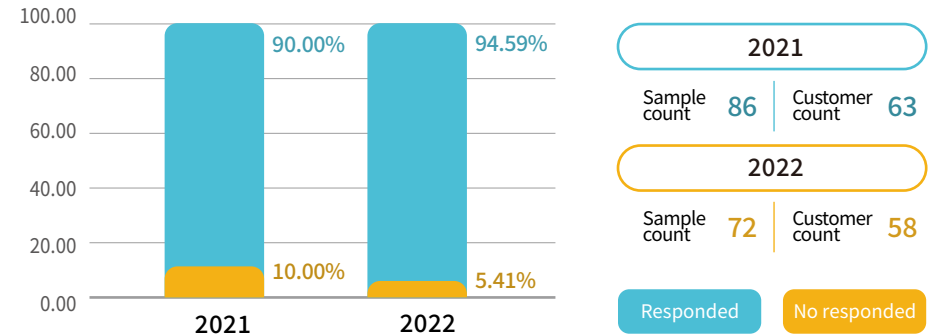
Scores 7-8 (neutrals) accounted for **27.8%** of the overall survey responses. (2021: 24.2%)

Scores 9-10 (promoters) accounted for **54.17%** of the overall survey responses. (2021: 53.2%)

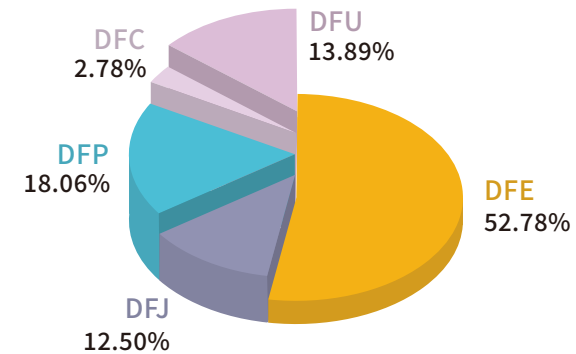
Changes of customer types in 2022



Questionnaires in 2021 & 2022



2022 Response ratio in each region



Overall, in 2022, the increase in critical customers was about 4.5% lower than the previous year. Upon closer examination, the main reason for the feedback from is good but MOQ is hard to be met for small-scale customers. customers scoring 0-6 points in the survey is attributed to the gradual improvement in shipping issues, but lead times are still too long, which significantly affects satisfaction scores. (Below are some excerpts of customer feedback regarding shipping issues from various regions):

DFE: DFI's long lead time making us to lose potential customers.

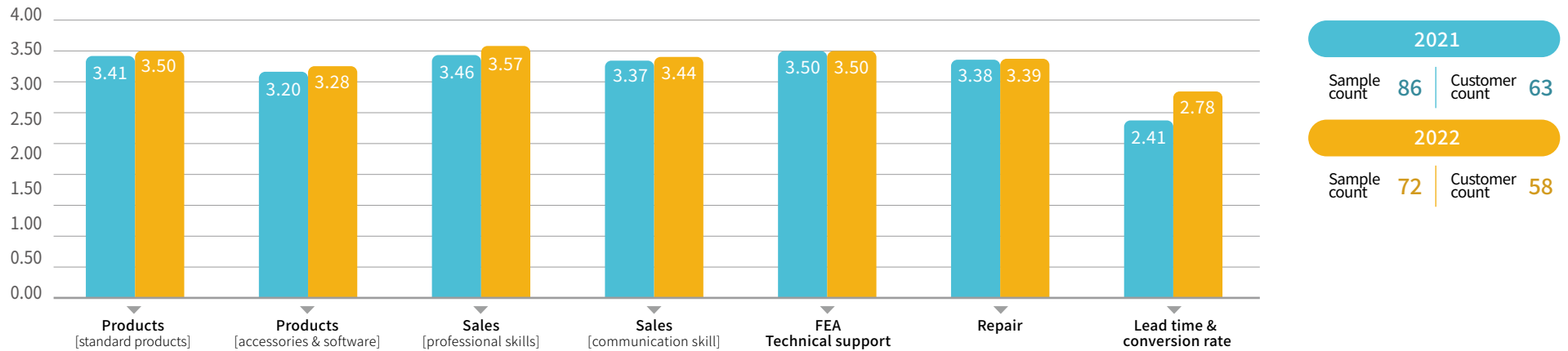
DFP: Component shortage will improve gradually and is expected to return to normal in 2023.

DFJ: The service is good but the lead time is too long.

DFU: Overall service

In 2022, both the sample size and customer count have decreased compared to 2021. The distribution list for 2022 consisted of transactional customer data from 2018 to 2022 over the five-year period. It is speculated that the list included non-annual transaction customers and customers who were no longer handled by the original responsible department, which may be the reason for not filling out the survey.

CS
2021 & 2022 Changes in satisfaction indicators



Changes in satisfaction indicators in the most recent 2 years

Client Satisfaction Survey

- In order to understand the satisfaction level of customers at various levels with the products and services provided by DFI, and to enhance improvement that aligns with customer needs and increases customer satisfaction.
- Frequency:** Once a year, the survey will be conducted, preferably in December of each year.
- Countermeasures:** For feedback items classified as "dissatisfied" based on the comprehensive analysis of the satisfaction survey, if the cumulative total exceeds 10% of the survey responses, a corrective action report on the missing satisfaction survey will be generated. The sales unit will analyze customer satisfaction and demand trends and present them at the company's management review meetings to evaluate if they comply with the company's quality policy and initiate discussions if necessary.

We offer comprehensive issues analysis include:
 Problem description > Issue reproduce & cause analysis > solution / workaround > corrective action plan

Client Relationship Management (client satisfaction, client information protection)

The KPI for 2022 is to have no incidents of customer data leakage, theft, or loss. No such incidents were identified, and continuous tracking and preparation were conducted in collaboration with the group regarding amendments to global personal data protection laws. The achievement rate is 100%.



Client Intellectual Property Management - Client property identification and verification

Client Property-Hardware

1. List management involves filling out the "Individual Customer Asset Management Form" and the "Overall Customer Asset Management Summary."
2. For materials related to production, they are controlled according to the "Customer Supply Quality Control Operation Procedure."
3. For customer hardware property, they are managed and coded according to the principle of "Customer Abbreviation-Project Abbreviation-XXX" for effective control.

Client Property-Software

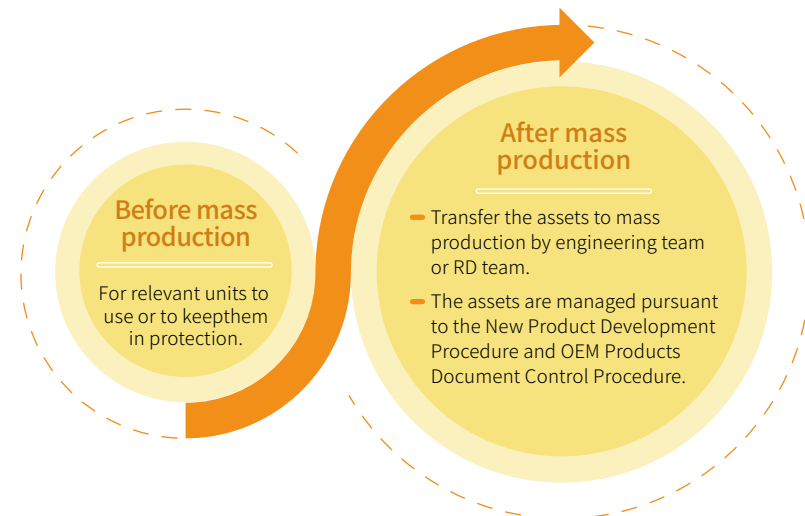
1. Documents or file data provided by customers are transferred to the engineering or R&D department for identification and testing purposes. Upon release, they

are distributed and recorded by the Document Control Center (DCC) department for proper control.

2. Others: Patents, copyrights, trademarks, circuit layout rights, trade secrets, etc.

Client Intellectual Property Management - Client property transfer and protection

1. Before mass production: For relevant units to use or to keep them in protection.
 2. After mass production: Transfer the assets to mass production by engineering team or RD team. The assets are managed pursuant to the New Product Development Procedure and OEM Products Document Control Procedure.
- When there is damage or inapplicability of this hardware or software property, the aforementioned two units are responsible for handling the situation.
 - Customer-provided assets shall not be provided to other customers for reference or external use without the customer's consent. If there is a need to provide the assets to suppliers, it is required to have the suppliers sign a Non-Disclosure Agreement (NDA) (in both Chinese and English) (Attachment 2), and the agreement should be kept on record without being classified as a document.
 - Suppliers' products are classified items. Employees shall be obliged to keep them confidential and shall not leak them.



DFI's pursuit of excellence

Climate strategy and carbon management	
Green operations	  
Energy resource management	  
Materials and Recycling	 
Quality/hazardous substance management	
Green products	  
Carbon Footprint	



Climate Strategy and Carbon Management

I. GHGs Inventory Audit

DFI pay immense attention to the global greenhouse effect and is committed to fulfilling its corporate social responsibility. To this end, DFI integrates ISO 14064-1, ISO 14001, ISO 45001, and other management systems in DFI's framework for corporate social responsibility and environmental health and safety management.

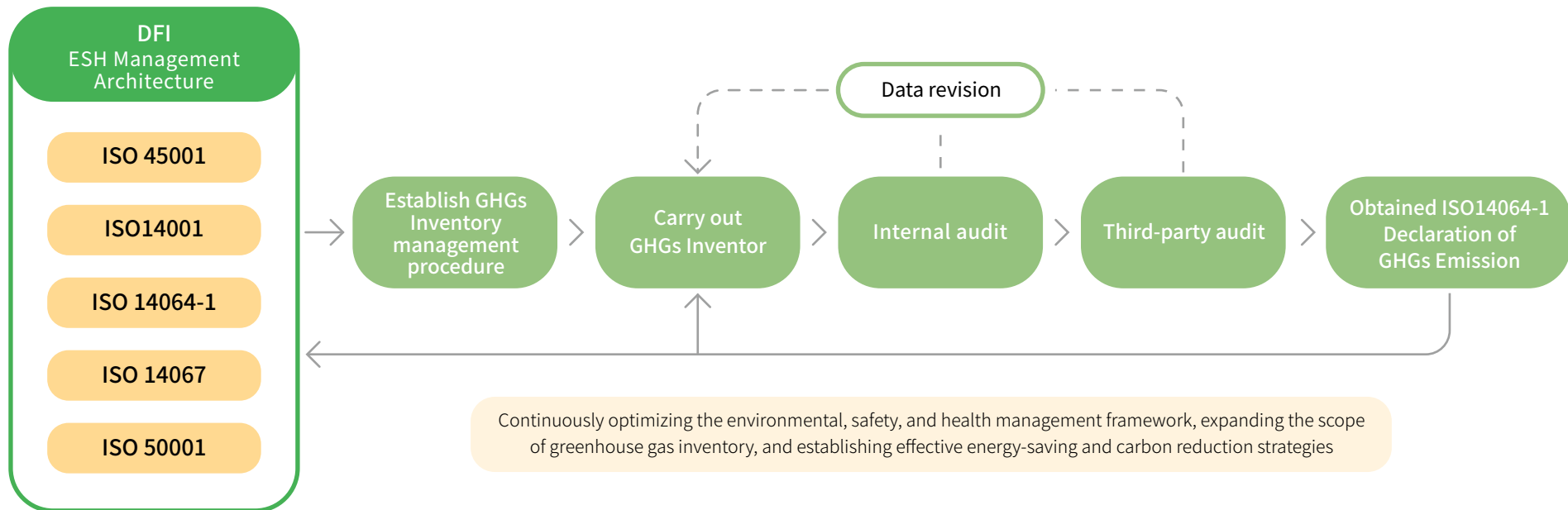
To ensure the credibility of greenhouse gas inventory results and reports while enhancing the quality of greenhouse gas inventories, DFI conducts an annual internal inspection and external verifications. DFI's internal audits and inspections follow the ISO 14064-1:2018 standard for

emissions sources within the boundaries defined in the Report. To ensure the reliability and compliance of internal audit and verifications, internal inspectors receive training on ISO 14064-1. External verification is carried out by third-party certification bodies. The 2022 inventory results were certified by an external organization according to ISO 14064-1:2018 in February 2023.

Organizational boundary

The organizational boundary of DFI's verification scope is primarily defined by its operational control. The inventoried greenhouse gas emissions within the organizational boundary are 100% attributable to DFI. This includes the Farglory headquarters in Xizhi, the Taoyuan Plant, and the R&D office in Xindian.

GHGs Inventory Audit Process



Reporting boundary

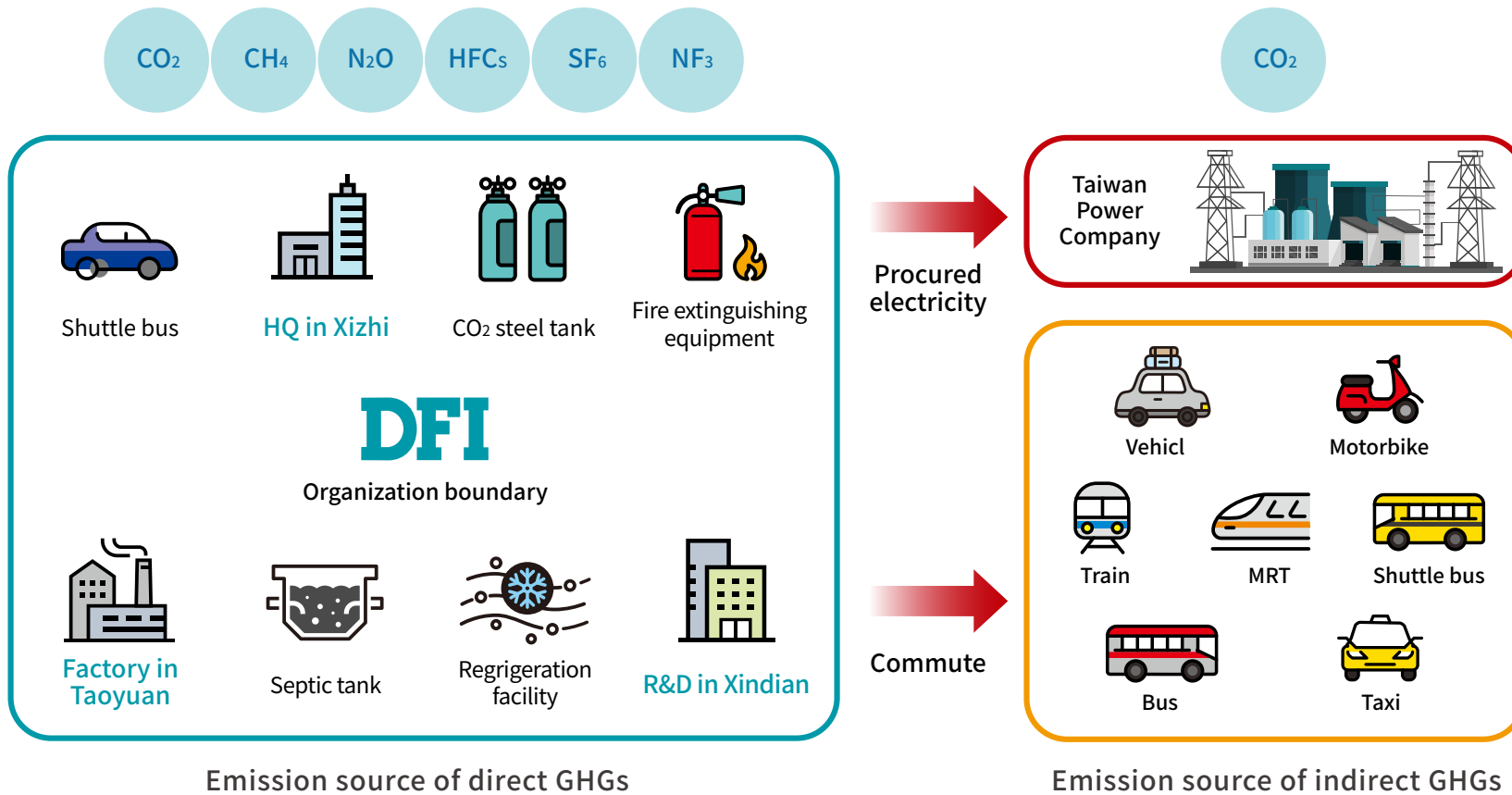
Established in accordance with ISO 14064-1:2018 and the GHG Protocol.

Category 1: Direct GHG emissions from sources owned or controlled by the Company.

Category 2: Indirect GHG emissions from purchased electricity for company use.

Category 3-6: Other indirect GHG emissions.

DFI conducts quantitative inventories for Category 1 and Category 2 within its reporting boundary following the Company's Criteria for Determining the Significance of Indirect Emissions for significant indirect emission sources. For non-significant indirect emission sources, such as GHG emissions associated with product use, only qualitative descriptions are provided. The assessment results indicate that DFI's significant indirect greenhouse gas emission sources are purchased electricity and employee commuting. Emission sources within reporting boundary is shown in the figure on the left.



II.Reduction measures and performance

DFI devotes itself to environmental activities with the eco-friendly mission to protect and love the earth. Regarding GHG management, starting from 2021, DFI annually engages verification agencies to validate the results of ISO 14064-1 inventories. The results serve as a reference for our GHG reduction strategies, enabling us to meet future reduction requirements and conduct reduction assessments.

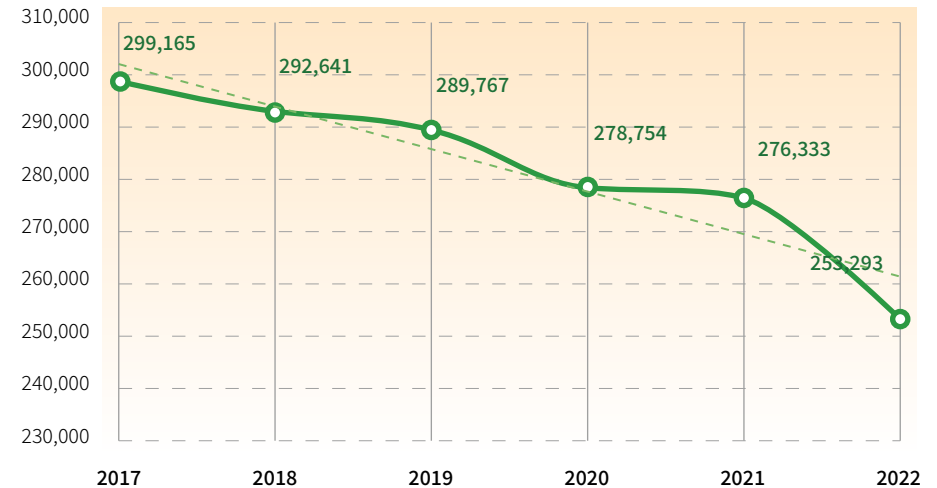
GHG inventory data shows that the majority of emissions within the organization are classified as Category 2 (indirect energy and electricity). Therefore, we will continue to promote energy-saving initiatives to reduce GHG emissions. DFI has long been engaged in energy-saving activities and management, and through the implementation of energy-saving initiatives, we have effectively reduced GHG emissions. The following are the related energy-saving and reduction activities and management initiatives:

- Energy-saving LED lighting in office and plant premises
- Controlling air conditioning systems to be with aligned with production activities
- Energy management at night
- Energy saving activities in the office
- New energy-saving equipment with eco-friendly refrigerants.
- Installation of green energy equipment, such as solar panels on the roof of the Taoyuan Plant (under planning).

DFI's total 2022 emissions was approximately 3,487 tons of CO₂e (only accounting for Category 1 and Category 2). The slight increase in emissions compared to previous years can be attributed to the inclusion of the new Xindian R&D office and an leased warehouse (Bade Warehouse) within the inventory boundary. However, there has been a significant downward trend in electricity consumption at the Xizhi headquarters (R&D, administration, sales, and service departments, excluding electricity shared by the building) over the years, down 45,872 kWh from 2017 to 2022.

To further implement the greenhouse gas inventory, DFI expanded the scope of inventory to Category 3 starting from 2022. This includes the carbon emissions generated by all employees' commuting. We continuously promote using public transportation to the employees.. We are also enhancing our internal travel reimbursement system to record employees' carbon footprints for domestic and international business trips, allowing DFI for a more comprehensive GHG inventory.

► Trend chart of annual electricity consumption at Xizhi headquarters (excluding electricity shared by the building) from 2017 to 2022.



III.Public statement

We will continue improve our efforts in reducing greenhouse gases. We strive for resource efficiency, improved energy utilization, and environmental protection through greenhouse gas management, aiming to become a low-carbon or carbon-neutral enterprise. The GHG Inventory Report and DFI's CSR & ESH Policies issued by DFI are as follows:

In our efforts towards GHG reduction, we will assess and strive for improvements in the following areas:



Policy, Advocacy

- Promotion of ISO 50001 energy management systems certification
- Office environmental conservation and energy-saving initiatives
- Advocating the use of public transportation for commuting among employees



Environment and Equipment

- Continuous evaluation and adoption of energy-saving equipment
- Improvement of energy efficiency for facilities and process operations
- Evaluation of the introduction of alternative energy technologies



Execution, Product

- Organizing greenhouse gas inventory training at subsidiaries
- Product lifecycle management
- Product carbon footprinting


**VERIFICATION STATEMENT
GREENHOUSE GAS EMISSIONS**

This is to verify that
DFI Inc.
10F, No.97, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221416, Taiwan (R.O.C.)
Holds Statement No: TWN13006801GT-4/E Rev.1

Bureau Veritas Certification (Taiwan) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by DFI INC. for the period stated below. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of DFI INC. BVC's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:

- DFI INC. at 10F, No.97, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221416, Taiwan (R.O.C.) (and please refer to the attachment for detail information).
- Period covered by GHG emissions verification: January 1, 2022 to December 31, 2022

Emissions data verified:

- Category 1 - Direct GHG emissions: 164.8466 tCO₂e
- Category 2 - Indirect GHG emissions from imported energy: 3321.9431 tCO₂e
- Category 3 - Indirect GHG emissions from transportation: 14379.8895 tCO₂e

Level of Assurance and Qualifications:

- Reasonable assurance (Category 1, 2, 3)
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Assurance Opinion:

Based on the process and procedures conducted, we conclude that the GHG statement is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018.


It is our opinion that DFI INC. has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.



 Ryan Man, Technical Reviewer
 Original Issue: 14/4/2023
 Andrew Lee, CER Manager
 Latest Issue: 14/4/2023
 Validation and Verification
 V3005

Bureau Veritas Certification (Taiwan) Co., Ltd.
 3F-B, No. 16, Nanjing E. Rd., Sec. 4, Taipei 10553, Taiwan R.O.C.
 +886-2-2570 7655

Page 1 of 3
Ver. 20220316


Greenhouse Gas Statement

Holds Statement No: TWN13006801GT-4/E Rev.1
Latest Issue: 14/4/2023

DFI Inc. : 10F&33F-2, No.97, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221416, Taiwan (R.O.C.)

DFI Inc. FACTORY : 1&3F., No 157,Shanying Rd., Guishan Dist., Taoyuan City 333424, Taiwan (R.O.C.)

DFI Inc. Xindian : 10F., No.233-2, Baoqiao Rd., Xindian Dist., New Taipei City 231406, Taiwan (R.O.C.)

Category	Subcategorization	Opinion	tCO ₂ e
Category 1: Direct GHG emissions and removals.	1.1 Direct emissions from stationary combustion		0.0000
	1.2 Direct emissions from mobile combustion		8.5351
	1.3 Direct process emissions and removals from industrial processes		0.0000
	1.4 Direct fugitive emissions from the release of GHGs in anthropogenic systems		156.3115
	1.5 Direct emissions and removals from land use, land use change and forestry		0.0000
Category 2: Indirect GHG emissions from imported energy	2.1 Indirect emissions from imported electricity	Location Base : Market Base :	3321.9431
	2.2 Indirect emissions from imported energy		-
Category 3: Indirect GHG emissions from transportation	3.1 Emissions from upstream transport and distribution for goods		-
	3.2 Emissions from downstream transport and distribution for goods		-
	3.3 Emissions from employee commuting	Quantify the statistical results of employee questionnaires	14379.8895
	3.4 Emissions from client and visitor transport		-
	3.5 Emissions from business travel		-
Category 4: Indirect GHG emissions from products used by organization	4.1 Emissions from purchased goods		-
	4.2 Emissions from capital goods		-
	4.3 Emissions from the disposal of solid and liquid waste		-
	4.4 Emissions from the use of assets		-
Category 5: Indirect GHG emissions associated with the use of products from the organization	5.1 Emissions or removals from the use stage of the product		-
	5.2 Emissions from downstream leased assets		-
	5.3 Emissions from end of life stage of product		-
	5.4 Emissions from investments		-
Category 6: Indirect GHG emissions from other sources			-

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Greenhouse Gas Statement

Holds Statement No: TWN13006801GT-4/E Rev.1
Latest Issue: 14/4/2023

GHG Verification Protocols used to conduct the verification:

- ISO 14064-3: Greenhouse gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions
- Period covered by GHG emissions verification: January 1, 2022 to December 31, 2022
- GHG covered: Carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulfur hexafluoride (SF₆) and Nitrogen trifluoride (NF₃)
- Global warming potential (GWP): 2007 IPCC Fifth Assessment Report (AR4)
- Electricity Emission Factor: 2021 Electricity Retailing Utility Enterprise Electricity Carbon Emission Factor (0.509 KgCO₂e/kWh) published by Bureau of Energy, Ministry of Economic Affairs, R.O.C.
- Approach for consolidating GHG emissions: Operational Control
- GHG Inventory: 20230215
- GHG Report: 20230216

GHG Verification Methodology:

- Interviews with relevant personnel of DFI INC.
- Review of documentary evidence produced by DFI INC.
- Review of DFI INC. data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions at DFI INC. Headquarters and during site visits to DFI Inc. FACTORY ; and
- Audit of sample of data used by DFI INC. to determine GHG emissions.

Verification Team:

- Lead Verifier: Carter Liu 
- Verifier: Brian Chen 
- Verifier: C.F. Chang (Witness by Chris Liu) 

Statement of independence, impartiality and competence

The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 150 years history in providing independent assurance services.

No member of the verification team has a business relationship with DFI INC., its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

The Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of The Bureau Veritas Group standard methodology for the verification of greenhouse gas emissions data.

This verification statement, including the opinion expressed herein, is provided to DFI INC. and is solely for the benefit of DFI INC. in accordance with the terms of our agreement. We consent to the release of this statement by you to other interested party in order to satisfy the terms of disclosure requirements but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this statement.

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Green Operation



100,000hrs
MTBF

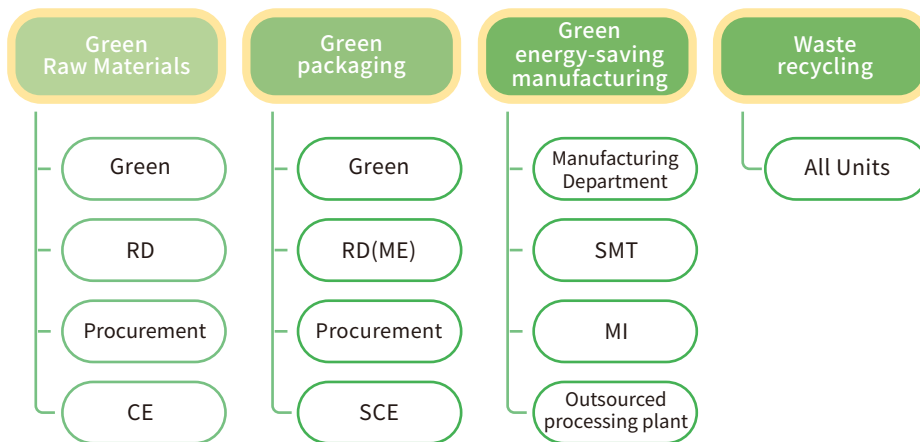
100%
Component De-rating

5 Years
Warranty on Request

24/7
Nonstop Services

15 Years
Long Product Life Cycle

100%
Revision Control



The new smart plant increases material turnover by 20%

DFI's smart plant has introduced an AS/RS automated warehousing system combined with AGV unmanned vehicles to address challenges in material picking and preparation processes.

Energy resource management

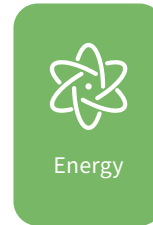
Environmental resource inputs and outputs

As an OEM company for the R&D, manufacturing, production, and assembly of electronic products, DFI procured all raw materials externally. To prepare for future environmental impact analysis and improvement opportunities, we apply the concept of lifecycle when taking inventory of the data related to raw material inputs, resource utilization, waste emissions, and wastewater discharge at each manufacturing site.

The waste emissions generated from raw material procurement, operational activities, and production processes in 2022 are illustrated below.

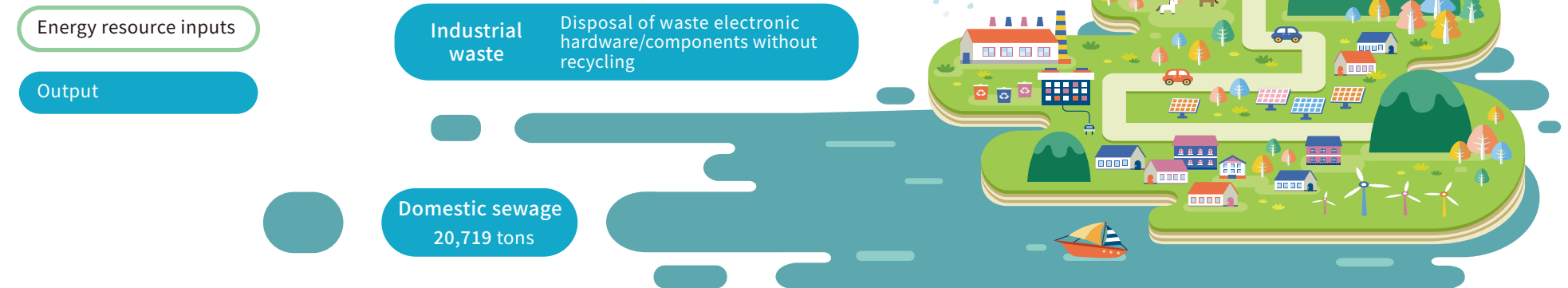


To implement water resource management, every DFI site continuously monitors the usage of tap water. None of the DFI sites extract groundwater in their operations. In 2022, the water consumption per NT\$ billion of production value was 344 tons, a reduction of approximately 50% compared to 2020 (683 tons). Qisda Group's professional personnel operate and maintain the water pollution prevention and control equipment at the Taoyuan Plant. The domestic wastewater is treated with contact aeration, and the treated wastewater is discharged into the public sewage system.



To reduce the impact of energy consumption on global warming, we have devised GHG reduction plans. In our efforts to reduce GHG emissions, we approach energy conservation by improving both engineering and administrative management.

In 2022, the electricity consumption per NT\$ billion of production value was 102,000 MWh, representing a reduction of approximately 16% compared to 2020 (122,000 MWh).



Raw material input management



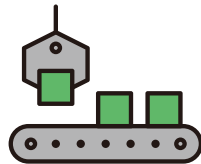
Purchase of raw materials

Use of raw materials (2015-2022)

Tin (paste, bar, wire): 23,623 kg
Soldering flux: 4.93 gallons



Tin dross recycling: 10,106 kg



Manufacturing Relevant operational activities

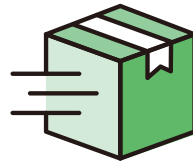
Direct energy consumption (2019-2022, including plants and offices)

- Gasoline consumption: 5.09847 kL
- Diesel consumption: 8.94054 kL
- Domestic water usage: 108,434 tons

Indirect energy consumption (2019-2022, including plants and offices)

- Outsourced electricity usage: 22,842,987 kWh

Purchase and usage years	Tin (paste, bar, wire) procurement (kg)	Tin dross recycling (kg)
2019	4,494	1,265
2020	5,745	2,065
2021	3,545	2,776
2022	9,839	4,000
Total	13,784	10,106



Shipments to customers

In recent years, the impact of climate change on the environment has been increasing, and countries across the globe have gradually realized the impact of extreme weather events. To mitigate the influence of climate risks on economic development, international organizations, governments, and industries have been strengthening their efforts in energy conservation and carbon reduction. In addition to actively introducing the TCFD framework to analyze climate-related risks, DFI continues to make efforts to minimize direct negative environmental impacts and footprints. Through voluntary actions and improvement initiatives, we reduce the consumption of energy, paper, and water resources, fulfilling our responsibility to the environment. DFI's overall energy management strategy. Roughly includes: day-to-day energy conservation, clean energy strategies, and the development of a purchased electricity management system.

Direct energy consumption (2019-2022, including plants and offices)	2019	2020	2021	2022	4-year total
Electricity consumption (kWh)	5,456,680	5,244,955	5,612,320	6,529,032	22,842,987
Gasoline consumption (kL)	0.66958	0.362383	0.45213	3.61438	5.098473
Diesel consumption (kL)	1.71616	2.0891	5.13528	0	8.94054
Domestic water usage (tons)	27,625	30,043	30,047	20,719	108,434

Energy-saving management for green operations

Video conferences over in-person meetings whenever possible

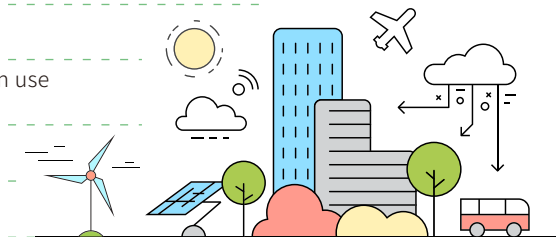
Prioritized procurement of equipment and products with energy-saving labels

Indoor AC temperature control

Promoting turning off lights when not in use among employees

Energy-saving facilities in office areas

Replacement of LED lights





Materials and Recycling

DFI actively manages waste and promotes energy-saving and waste reduction initiatives. Starting from waste management at the source, DFI implements resource recycling, significantly reducing waste generation and increasing recycling volumes to achieve waste reduction targets. Zero waste is the ultimate goal of DFI's waste management, with strategies focused on overall waste reduction and waste resource utilization. In addition to measures such as reducing raw material usage at the source to minimize waste generation, DFI actively promotes waste resource utilization. For example, by replacing existing disposal methods with recycling and reusing packaging materials, waste is transformed into valuable resources. This not only achieves true resource circulation but also reduces the energy consumption and costs associated with waste disposal. DFI maintains regular monitoring and engagement with waste contractors each year. In case of contract breaches or legal violations by contractors, appropriate actions, consultation, or replacement measures will be taken.

In the year 2022, DFI did not experience any material breaches or legal violations by waste contractors. The waste generated within our plant premises can be categorized as general industrial waste, medical waste, waste solvents, and unclassified waste from electronic components. In operational and production processes, we do not produce hazardous waste as defined by the Basel Convention. Due to the significant increase in overall production volume in recent years, the types and quantities of recyclable waste have also increased. DFI actively promotes energy-saving, waste reduction, and resource recycling measures to minimize waste generation.



Types of waste		Description	Treatment	Final disposal methods
 General household waste	Bottles and cans	PET bottles, styrofoam, tin cans, etc.	Dedicated personnel for recycling	Re-use
	Paper	Newspapers, magazines, photocopy papers, printing papers, cardboard boxes, etc.	Dedicated personnel for recycling	Re-use
	General glass	Beverage bottles, etc.	Dedicated personnel for recycling	Circulation
	General plastic	Beverage bottles, waste containers, etc.	Dedicated personnel for recycling	Circulation
	Other recyclables	Batteries, toner cartridges, light bulbs, etc.	Headquarters/photocopier companies	Circulation
	Food waste recycling	Composting, pig comestibles, etc.	Management Committee	Fertilizer
	Domestic garbage	Office waste, etc.	Management Committee	Incineration (Taiwan)
 Industrial waste	General industrial waste	PCB peripheral waste/electronic components/waste sponges/waste adhesive, etc.	Dedicated personnel for recycling	Incineration (Taiwan)
	Hazardous industrial waste	Waste tin dross/chemical waste, etc.	Contracting qualified removal and disposal service providers for disposal.	Solidification, landfill, incineration, and recycling.

Quality and hazardous substance management

2022 management objectives	Achievements in 2022
Quality	
To maintain the effectiveness of the new version certificates for quality-related management systems.	Completed third-party verification for ISO 9001, ISO 13485, and IECQ QC080000.
Product	
To develop CPU-integrated FPGA design capabilities to provide more diversified customized services.	The system joined force with Square on ECA20-WLF, an Edge AI system based on Whiskey Lake CPU + PolarFire FPGA for road surface inspection, traffic analysis, and other applications in which Square is responsible for the FPGA algorithm.
To maintain our focus on efficient and low-power miniaturized products.	Developed small-sized, low-power systems EC70A-TGU, ED700-EHL, as well as small-sized, high-performance SOM/SBC products such as TGU9A2, M8M051, and RK700.
To benefit from the openness of open-source OS and strengthen a developer-friendly environment for OS software.	Continued the software partnership with Canonical/Ubuntu. All developed boards and systems undergo compatibility and performance optimization testing using official Ubuntu testing tools. Certified the miniaturized ALF51 board for OS sales to enable customers to obtain Ubuntu Linux's real-time and risk-free security updates.
To work with medical customers to meet precise specifications.	Partnered with renowned German medical tablet computer manufacturer ACL to develop medical project boards TGU-171 and TGU-176. Also in negotiations for partnership in developing mid-range and entry-level medical tablets. Expanded the Asian market through DFI's Asian distribution channels.

Product

To improve rugged specifications for wide temperature, wide voltage, and waterproof, dustproof, and shockproof capabilities.

- (1) Upgraded ECX700-AL's specification from IP66 to IP69K.
- (2) Expanded the voltage range of the in-development in-vehicle system VC500-CMS from 936V to 950V.
- (3) Over 80% of SOM/SBC products support wide temperature (-40~85°C) and wide voltage range.

2023 management objectives

Quality

To maintain the effectiveness of the new version certificates for quality-related management systems (ISO 9001, ISO 13485, IECQ QC080000).

Product

1. To develop CPU-integrated FPGA design capabilities to provide more diversified customized services.
2. To maintain our focus on efficient and low-power miniaturized products.
3. To benefit from the openness of open-source OS and strengthen a developer-friendly environment for OS software.
4. To work with medical customers to meet precise specifications.
5. To cultivate the smart automotive application market.

DFI is committed to quality management systems (ISO 9001), medical device quality management systems (ISO 13485), and hazardous substance process management systems (IECQ QC 080000). We design and manufacture products that comply with regulations and meet customer health and safety requirements. Our "Quality and Hazardous Substance Manual" clearly discloses DFI's quality/non-hazardous substance policy, which has also been verified by third parties.

The President serves as the top executive responsible for DFI's quality/non-hazardous substance management systems. We have established quality assurance organizations and designated personnel at different levels to supervise and ensure the implementation of quality/non-hazardous substance policies throughout the Company and among employees. By communicating through training, intranet announcements, and awareness cards, we ensure that all members of the Company understand the importance of compliance, our quality policies, quality objectives, and customer requirements. We review the suitability of the management systems and resource availability at management review meetings. We aim for continuous improvement and problem prevention in the most cost-effective manner to enhance processes, reduce defects, minimize waste, bolster quality and productivity, and comply with the EU RoHS Directive and customer requirements. This will enable our products to meet societal expectations and reduce their impact on the natural environment.

In 2022, there were no violations of laws or voluntary standards related to health and safety impacts during product lifecycles, and there were no violations of regulations or voluntary agreements regarding product and service information and labeling.

Violations Year	Violations of laws or voluntary standards related to health and safety impacts during product lifecycles	Violations of regulations or voluntary agreements regarding product and service information and labeling
2019	0	0
2020	0	0
2021	0	0
2022	0	0

I. Products must undergo product safety testing.

To ensure product safety for our customers, DFI subjects its products to the following tests in accordance with customer requirements and obtain relevant product certifications before entering mass production. For example:

- Product Safety:** Reducing and preventing hazards such as electric leakage, short circuits, fire, heat generated during operation, and chemical and radiation risks. For example: Taiwan BSMI, US UL standards (IEC62368-1 / UL62368-1 / IEC60601 / UL60601 / IEC61010 / UL61010), China CCC standards (GB4943.1-2022 / GB/T 9254.1-2021), EU Low Voltage Directive (2014/35/EU). etc.
- Electromagnetic Compatibility (EMC):** Testing the impact of electromagnetic radiation generated by electronic products on human health, public power grids, and the proper functioning of other electronic products, as well as assessing whether electronic products can operate stably in electromagnetic environments without interference. For example: Taiwan BSMI, US FCC Part15/Part18, Canada ICES-003 issue 7, EU CE Marking (EMC Directive 2014/30/EU).

II. Products must comply with the requirements of the "Management Procedure for Hazardous Substance Processes."

- DFI Information's Quality/Non-Hazardous Substance Policy:** Guided by our commitment to delivering products and services that meet customer expectations in terms of quality, specifications, costs, and delivery schedules, we dedicate ourselves to energy-efficient, environmentally friendly product design and manufacturing that are aligned with our corporate social responsibility. Under this policy, we are actively promoting the establishment of the ISO 9001 Quality Management Systems and the IECQ QC 080000 Hazardous Substance Process Management Systems in accordance with international quality standards. By engaging in cost-effective activities and pursuing continuous improvement and problem prevention, we aim to achieve sustained process enhancement, reduce defects, minimize waste, enhance quality and productivity, while complying with hazardous substance regulations (such as EU RoHS) and customer requirements. Through these efforts, we aim to meet societal expectations and mitigate our impact on the natural environment with our products.
- Relevant quality certificates are also available on the internal and official website.

3. Before mass production, DFI ensures that products comply with the EU Restriction of Hazardous Substances Directive (RoHS) and specific customer requirements regarding the prohibition and limitation of hazardous substances. Regular audits of all suppliers are conducted, and strict control and inspection of incoming materials ensure systematic management that guarantee the safety of the products we provide to our customers

Phases of the new product development system



Green Products

In order to sustain and implement the Corporate Sustainable Development (CSD) vision of being an innovator in electronic product design and manufacturing, improving the quality of human life while being environmentally friendly, several stages can be identified in promoting green and sustainable products. These stages extend from organizational to product environment, focusing on the environmental impact of products throughout their lifecycle post-shipment.

Tracing the product environment back to its design, attention should be given to incorporating green design elements at the source to minimize the product's impact on the environment across its lifecycle. The techniques of green design are combined with quality processes and tightly integrated with the product design and development process. The effect is maximized through reviews and adjustments at each stage of the design.

With DFI joining the Qisda Group, DFI has also introduced ISO 14001:2015 Environmental Management Systems. This optimization of design and processes throughout the product lifecycle ultimately achieves environmental protection and enhances environmental performance. DFI has established new product design and development procedures and is dedicated to introducing green design to the entire product lineup. Moreover, there are operational procedures for managing environmental substances in components. The PGC module of the engineering database (PLM) is utilized for hazardous substance management and GP-related approvals, effectively avoiding the use of environmentally harmful substances in products.

By incorporating a lifecycle mindset into the product design process, DFI includes green design objectives at the early design stages and conducts review at each design phase to ensure compliance with customer requirements and regulations of the sales country. This also allows for self-improvement, enhancing energy efficiency, reducing resource consumption, minimizing environmental burden, while improving product performance. Consequently, we can provide customers with higher-quality products and establish the enduring value of sustainability in our products.

Integrated design thinking

DFI continues to promote a product lifecycle mindset, requiring green design thinking in the early stages of product development. This involves evaluating the potential environmental impacts and

risks of the designed products/components throughout their lifecycle and achieving streamlined designs to minimize environmental impact from the outset.

I. Ecological design guidelines/directions

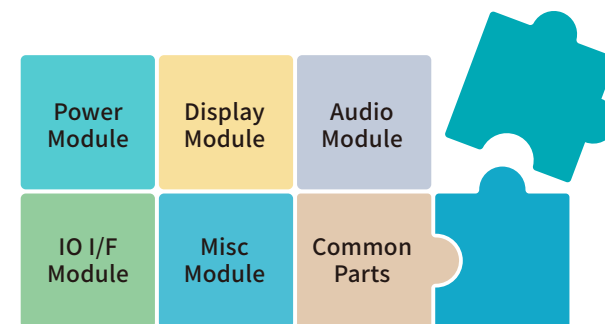
Based on the design experience and current status of each product line, DFI has formulated green design guidelines to provide R&D staff with direction for green design and relevant process selection.

The focus during the design and development stage is on four main green design directions at DFI: reduction, hazardous substance management, energy efficiency, and recycling. The actions and achievements related to these directions are described as follows:

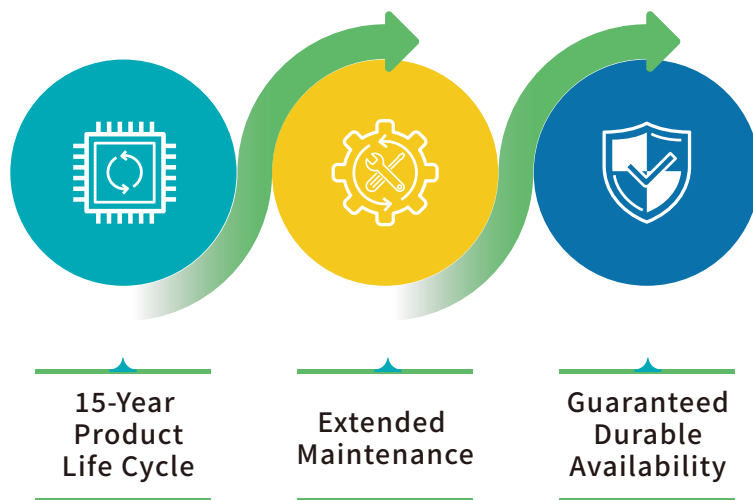
1.Reduction

DFI is committed to precise product design that meets the majority of market demands, aiming to reduce environmental burdens caused by excessive products. Our methods include:

- (1) Modular design structure, shared riser cards, I/O expansion cards, power modules, LCD/Touch modules, etc.
- (2) Reusing developed modules across different product lines and generations.
- (3) System products primarily adopts DFI standard boards, avoiding the need for board redesign.
- (4) Adopting electronic or mechanical modules developed by partners or within the group, minimizing the need for DFI's independent development.
- (5) Extending product supply and maintenance lifespan to reduce waste generation.
- (6) Engaging local suppliers to avoid long-distance transportation and increase carbon emissions.



The number of standard product initiations in 2022 decreased by **12%** compared to 2021.



Additionally, DFI simplifies and minimizes product design and packaging to reduce the number and weight of components, effectively decreasing carbon emissions during transportation.

2. Hazardous Substances

For potential chemicals in products or in production processes that have an impact on environmental safety, we have established the "Procedure for Environmental Management of Components" based on international regulations and customer requirements. The requirements for general prohibited/limited substances should comply with the EU RoHS Directive and REACH regulations. If there are Substances of Very High Concern (SVHC) used in quantities exceeding 1000 ppm, it should be noted in the declaration.

DFI requires suppliers to ensure that the substances they provide comply with EU's hazardous substance regulations starting from the component end. Upon receipt of materials from suppliers, the incoming inspection unit uses XRF to sample components for excessive hazardous substances. Components with excessive lead (Pb) are checked for applicability to exemption clauses. The revenue percentage of products requiring substance declaration in 2022 is 0%.

Requirements for general prohibited/limited substances

Substance	Limit (mg substance/kg homogeneous material = ppm)	Scope of Application	Basis
Cadmium (Cd) and cadmium compounds	100ppm	All products, parts, and components	RoHS II Directive (2011/65/EU)
Lead (Pb) and lead compounds	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU)
Mercury (Hg) and mercury compounds	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU)
Hexavalent cadmium compounds (Cr+6)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU)
Polybrominated biphenyls (PBBs)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU)
Polybrominated diphenyl ethers (PBDEs)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU)
Di (2-ethylhexyl) phthalate (DEHP)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU) (2015/863)
Butyl benzyl phthalate (BBP)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU) (2015/863)
Dibutyl phthalate (DBP)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU) (2015/863)
Diisobutyl phthalate (DIBP)	1000ppm	All products, parts, and components	RoHS II Directive (2011/65/EU) (2015/863)
Substance of Very High Concern (SVHC)	Quantities over 1000 ppm must be noted in the declaration.	All products, parts, and components	REACH (EC)1907/2006

► Requirements for general prohibited/limited substances

Substance	Limit (mg substance/kg homogeneous material = ppm)	Scope of Application	Basis
Substances listed in Annex XIV of REACH	Following REACH requirements	Following REACH requirements	REACH (EC)1907/2006
Substances listed in Annex XVII of REACH	Following REACH requirements	Following REACH requirements	REACH (EC)1907/2006
Cadmium + Hexavalent Cadmium + Lead + Mercury	100ppm	Packaging materials	EU Packaging and Packaging Waste Directive (EU 94/62/EC)

* Requirements for prohibited/restricted substances in batteries are governed by the EU Directive on Batteries and Accumulators, Waste Batteries and Accumulators (EU 013/56/EU).

► Requirements for the prohibition/restriction of conflict minerals:

Substance	Limit (mg substance/kg homogeneous material = ppm)	Scope of Application	Basis
Gold (Au)	Avoid deliberate sourcing from mines in the Democratic Republic of Congo and surrounding countries (voluntary disclosure)	All products, parts, and components	EICC/GeSI Conflict Minerals Reporting Template
Tantalum (Ta)	Avoid deliberate sourcing from mines in the Democratic Republic of Congo and surrounding countries (voluntary disclosure)	All products, parts, and components	EICC/GeSI Conflict Minerals Reporting Template
Tin (Sn)	Avoid deliberate sourcing from mines in the Democratic Republic of Congo and surrounding countries (voluntary disclosure)	All products, parts, and components	EICC/GeSI Conflict Minerals Reporting Template
Tungsten (W)	Avoid deliberate sourcing from mines in the Democratic Republic of Congo and surrounding countries (voluntary disclosure)	All products, parts, and components	EICC/GeSI Conflict Minerals Reporting Template

Substance	Limit (mg substance/kg homogeneous material = ppm)	Scope of Application	Basis
Cadmium (Cd) and cadmium compounds	20ppm	The cadmium (Cd) limit for portable batteries and accumulators is 0.002%.	EU Directive on Batteries and Accumulators, Waste Batteries and Accumulators (2006/66/EC and Amendment 2013/56/EU)
	<p>Exclusions: Portable batteries and accumulators used in the following products are not subject to the aforementioned limit requirements:</p> <ul style="list-style-type: none"> a. Emergency lighting and escape systems b. Medical devices c. Cordless power tools <p>As of January 1, 2017, the exclusions for cordless power tools have been lifted, and the batteries used in such products must also comply with the 20ppm requirement.</p> <p>Exclusions: Portable batteries and accumulators used in the following products are not subject to the aforementioned limit requirements:</p> <ul style="list-style-type: none"> a. Emergency lighting and escape systems b. Medical devices 		
Lead (Pb) and lead compounds	20ppm	Battery parts and components	EU Directive on Batteries and Accumulators, Waste Batteries and Accumulators (EU 2013/56/EU)
Mercury (Hg) and mercury compounds	5ppm	Battery parts and components (The mercury (Hg) limit for batteries is uniformly set at 5ppm. The exclusion for button cell batteries was lifted on October 1, 2015.)	EU Directive on Batteries and Accumulators, Waste Batteries and Accumulators (EU 2013/56/EU)

DFI ensures product compliance with international regulations and customer requirements through strict control of component materials and inspections, employing a systematic management mechanism. Our aim is to reduce the use of hazardous chemicals year by year, while preventing the potential harm to human health and the environment during transportation, use, and disposal of our products.

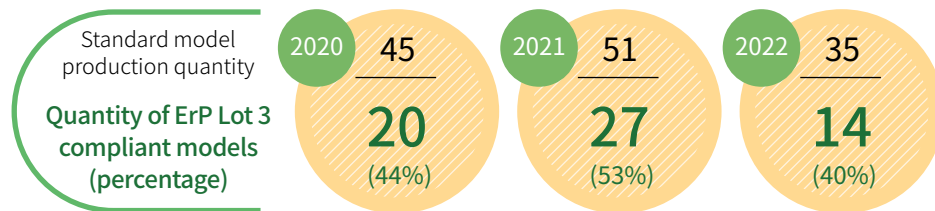
3. Energy conservation

DFI incorporates low static current functional ICs and BIOS settings to reduce CPU power consumption. Additionally, unnecessary power is shut off during shutdown and standby modes. Power conversion uses synchronous switching ICs to significantly improve conversion efficiency by reducing switching frequency under light loads. These measures enable our products to meet international energy-saving requirements such as ErP and Energy Star.



Among the 45 standard models produced in 2020, 20 models (44%) met ErP Lot 3 (EU 617/2013) specifications.

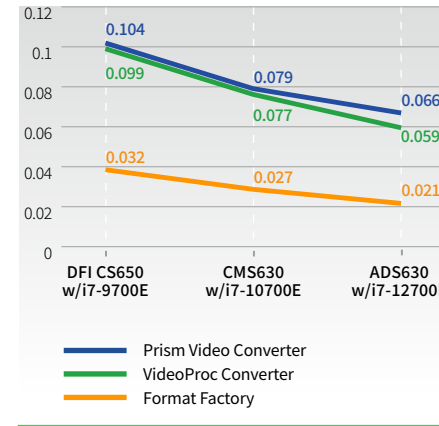
For the 51 standard models produced in 2021, 27 models (53%) met ErP Lot 3 specifications. As to 2022's 35 standard models, due to material shortages caused by the pandemic, the main focus shifted to revising standard models to address the shortage to meet customer expectations. DFI internally developed products utilizing self-produced standard motherboards to maximize material sharing and save design resources. In 2022, 14 models (40%) met ErP Lot 3 specifications. The following table illustrates the percentage of standard models produced from 2020 to 2022 in relation to models compliant with ErP Lot



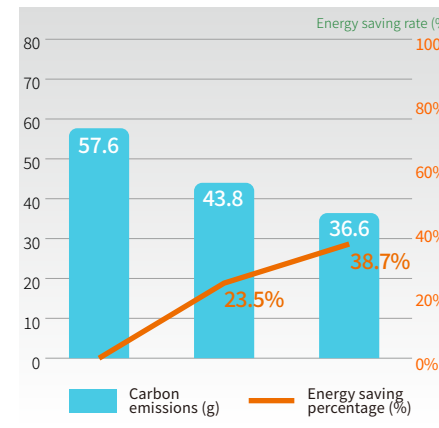
Based on DFI's standard product sales revenue in 2022, energy-efficient products complying with ErP Lot 3 (EU 617/2013) accounted for 10.91% of the standard product sales.

DFI is committed to developing more power-efficient Platform products and continuously reducing carbon emissions.

DFI IMB latest 3 Gen Models Consumption



CS650 w/i7-9700E	CMS630 w/i7-10700E	ADS630 w/i7-12700E
Prism Video Converter		
0.104	0.079	0.066
Video Proc Converter		
0.099	0.077	0.059
Format Factory		
0.032	0.027	0.021

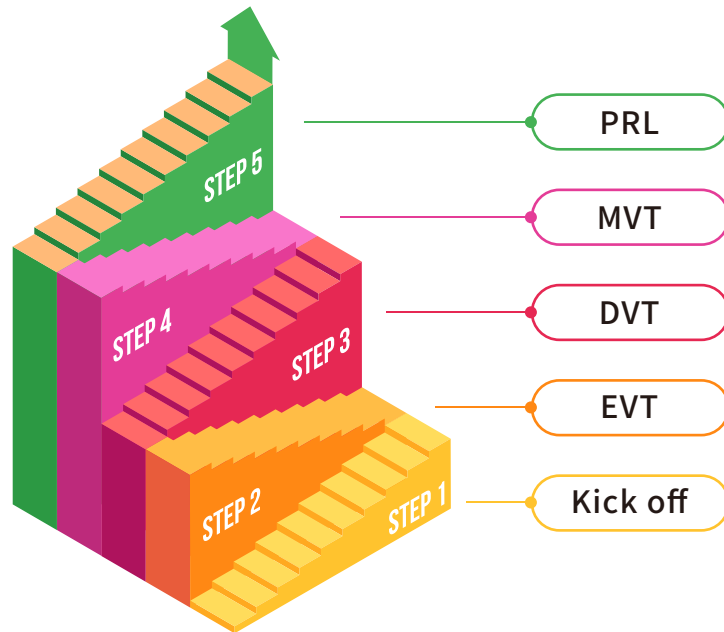


CS650 w/i7-9700E	CMS630 w/i7-10700E	ADS630 w/i7-12700E
KWatt*hr(kWh)		
0.104	0.079	0.066
Carbon emissions (g)		
57.6	43.8	36.6
Energy saving percentage (%)		
	23.5	38.7

4. Product Disposal

Emphasis is placed on considering the recyclability and ease of disassembly of products during design stages. From the outset, connections of the product is taken into account, avoiding the use of materials and manufacturing processes such as adhesives, welding, or embedding that hinder disassembly. Over 90% of the system standard designs utilize recyclable steel plates and aluminum components. Aluminum die-castings come from directly smelting and casting waste aluminum components of the same nature in a high-temperature furnace. Waste steel can also be reprocessed in a simplified manner and smelted in a furnace, which is more environmentally friendly compared to recycling processes involving strong acid treatment required for other precious metals.

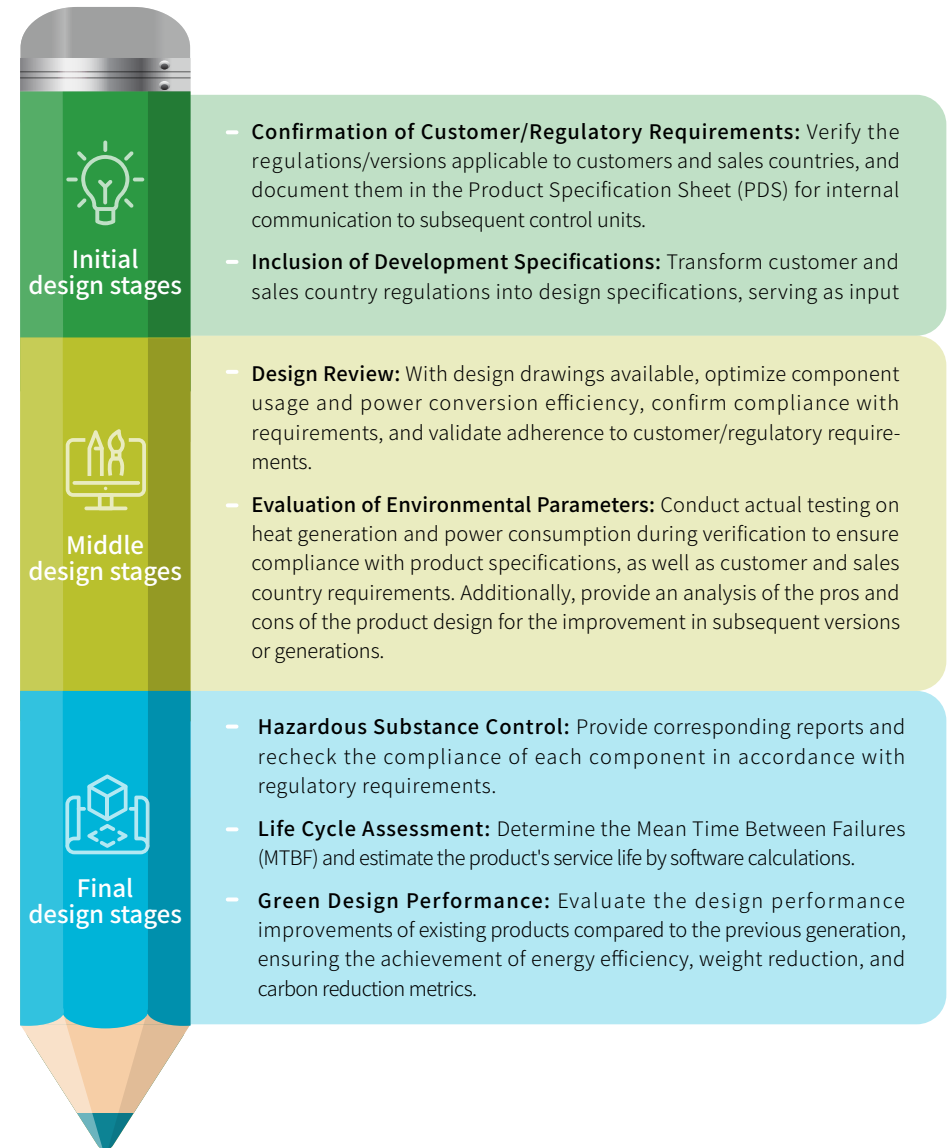
DFI's development process for new products



II. Product Ecodesign process

To ensure ecodesign across all models, meeting customer/sales country requirements, and continuously promoting weight reduction, energy efficiency, and emissions reduction, the design process for models can be broadly divided into three stages, as shown in the table on the right:

Process of ecological product design



III. Green talents

Development of R&D talents

"Circular Economy" is a crucial approach to sustainable development! The key to net-zero emissions lies in reducing the need for "manufacturing" through the circular use of products, components, and materials. This reduces emissions during the manufacturing process of products and components, along with those from raw material extraction and processing. Both the UN and EU have emphasized the decisive contribution of resource circulation to net-zero emissions. The international organization Circle Economy estimated that a circular economy can bring about a 39% reduction in carbon emissions. (source: data from Circle Economy) The Group also recognizes that no single company can achieve net-zero alone, so germane dialogues will be engaged through the Group's General Director's Roundtable (GDR). For example, courses on international standard awareness and interpretation, life cycle inventory, ecodesign, design techniques, product disassembly analysis, software platform applications.

This year's GDR invited the Circular Taiwan Network to customize training to help us understand the concepts of net-zero emissions and the circular economy. We look forward to bringing together upstream and downstream companies in brainstorming from different perspectives on new proposals for circular technology, in order to accelerate the initiation of R&D towards a circular economy and net-zero emissions.

Additionally, suitable courses and mentoring will be arranged for R&D personnel with different levels of experience. R&D employees, during their training, will be introduced by mentors to the elements and direction of green design, starting from product functionality design, gradually towards the Company's design process and case studies of green products. Senior R&D personnel are offered professional courses that cater to the requirements of the product department or project. Once the knowledge and techniques are internalized into internal documents and SOPs, they will be communicated to R&D personnel on the knowledge management platforms. R&D managers at the managerial level are encouraged to participate in industry green management courses. This will help them understand the latest in product management and identify areas to improve management. Suitable management approaches will be determined for each product line.

IV. Product environmental risk assessment

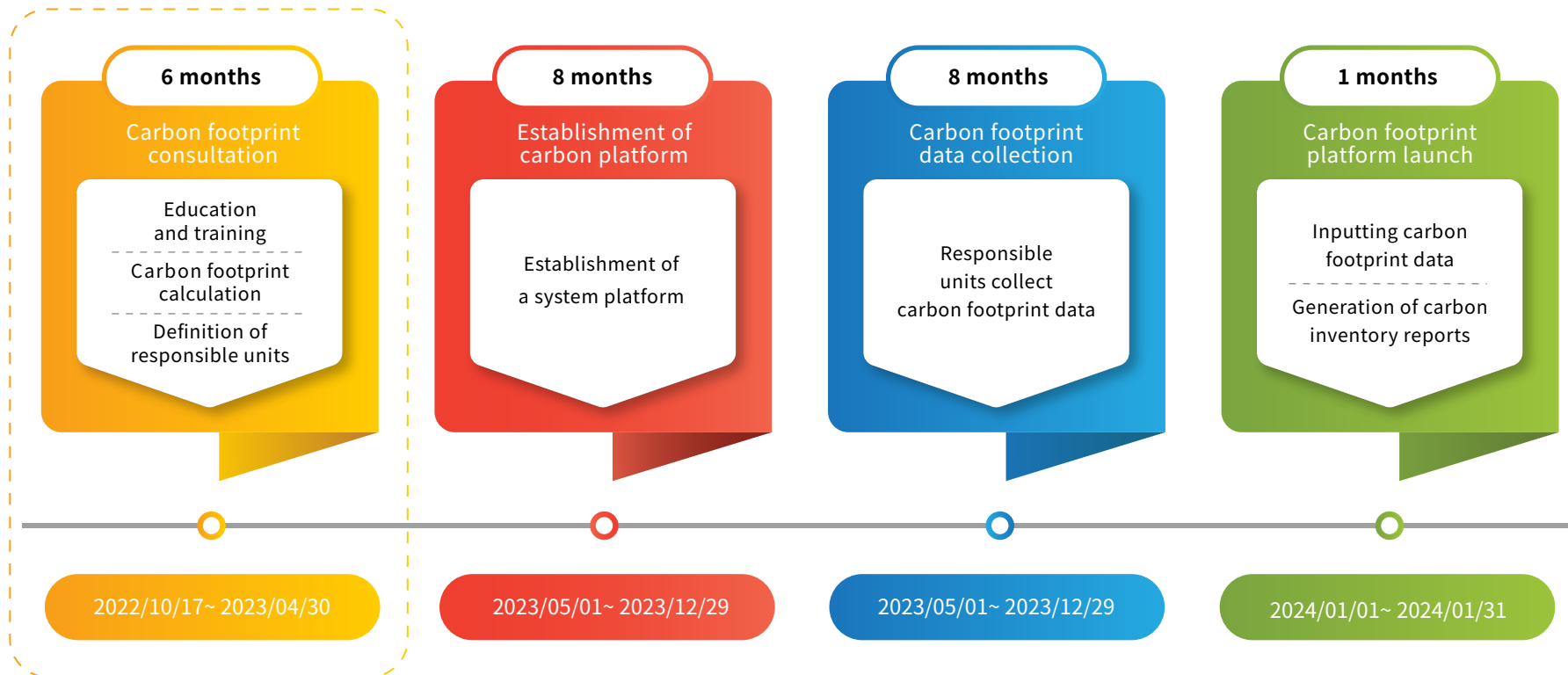
In addition to the requirements in the product specifications, DFI takes initiatives in assessing whether products can achieve further streamlined design, eliminating unnecessary processes and components. Annual assessments are conducted to evaluate the environmental impact of each product category. This includes considering the current and future design specifications/processes of the product line and assessing the potential environmental impact and risks at various stages of the product's life cycle. A comparison is made with the previous generation models or industry benchmark products to identify high-risk components and processes. Feasible, economically viable improvement measures that can reduce environmental impact are formulated and implemented in the next generation of models.



Carbon Footprint

To meet the requirements of product carbon footprint inventory standards and integrate with quality management systems, and with the goal of third-party verification for ISO 14067, DFI has been working since 2021 with the Plastics Industry Development Center to establish a carbon emissions platform. Each product's carbon emissions can be calculated based on data such as defined process maps, production volume, raw material and consumables

usage, transportation distance, energy consumption, waste generation and disposal distance. The timeline for establishing the carbon footprint platform is shown in the figure below, with ISO 14067-compliant carbon emissions data expected to be available by 24Q1. A 1% annual reduction in product carbon emissions is expected, aiming for a 6% reduction by 2030.



DFI's care and contributions

Employee Safety and Environment



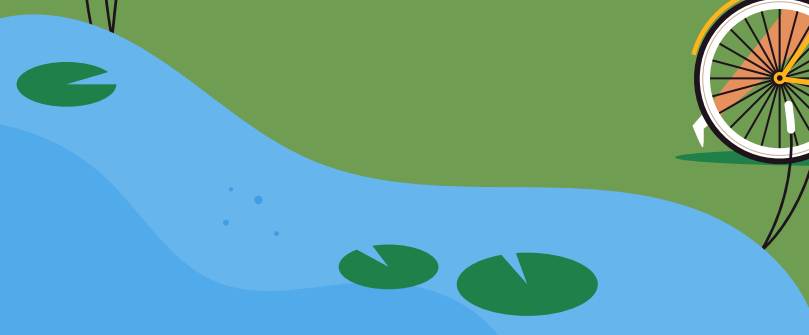
A happy and healthy workplace



Biodiverse environment



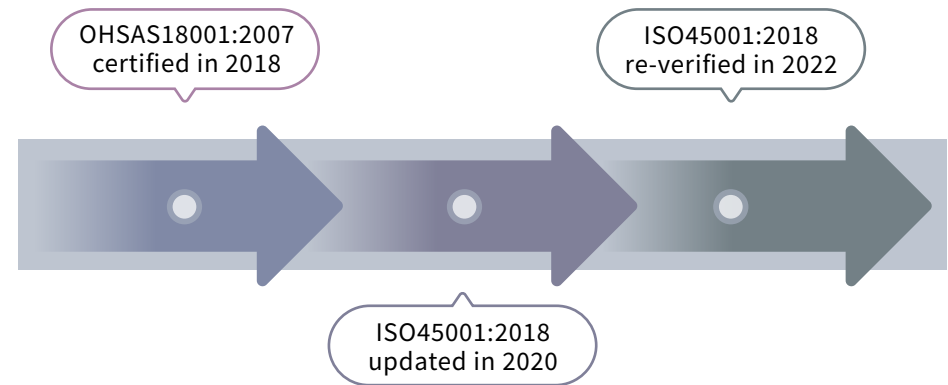
Caring for society,
cherishing the earth



Employee Safety and Environment

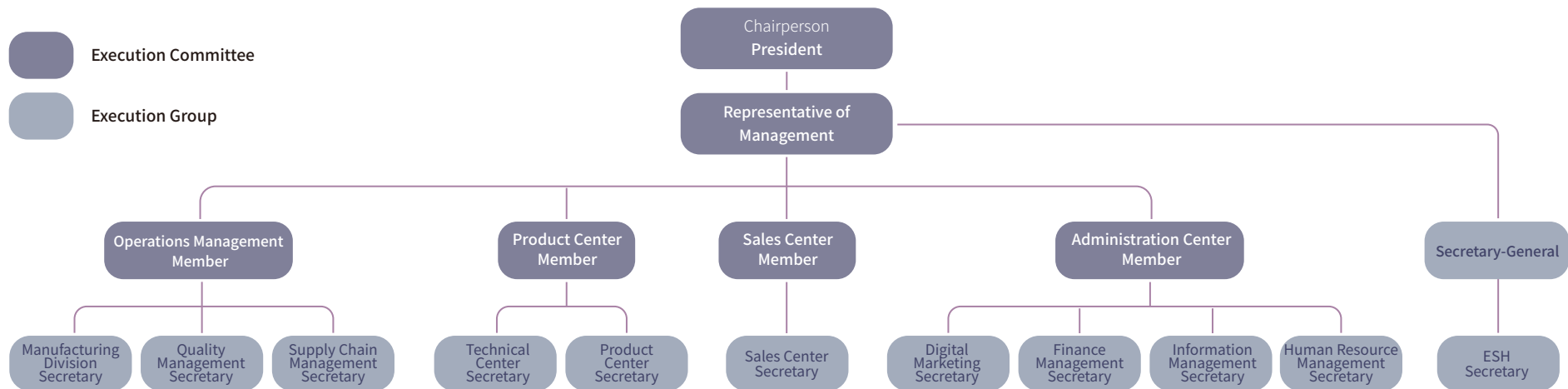
DFI has a robust Social Responsibility and Environment, Health, and Safety Management Committee to promote occupational safety and health. Each employee has the responsibility to perform their work safely, and comprehensive education and training are provided to implement various safety, health, and hygiene requirements. Occupational safety and health training includes new hires and existing colleagues. Regular health check-ups and health education are arranged for employees, and the workplace is monitored to maintain a good working environment. DFI was certified for ISO 45001:2018 Occupational Health and Safety Management Systems in 2018. The management systems include all workers in hazard identification and risk assessment and make improvements based on the assessment results. For example, specialized training is provided to different units to reduce the likelihood of hazards and continuously improve the occupational safety and health management system. DFI will continue with verifications and expand its work for ISO 45001:2018 certification.

Secretary-General. Committee meetings are held quarterly, and management review meetings are held annually to communicate and coordinate safety and health issues, as well as review the progress and effectiveness of occupational safety.



Occupational Safety Committee

The Occupational Safety Committee consists of the President, management representatives, and center directors. Implementation teams are formed by units under the committee and the



2022 corrections and corrective measures

Description of problems	Corrections and corrective measures	Improvement status
On March 17, 2022, during daily cargo handling operations at the B shelf on the first floor of the Xingye Warehouse of the Taoyuan Plant, a handheld item slipped and caused an injury to the left eye.	Provided anti-slip gloves and educated operators on the correct use of ladders and the importance of proper item placement height restrictions. Additionally, relocation to the Jingguo Warehouse was completed by the end of April.	Completion: 100%
On June 2, 2022, during rework operations in the Chmaber area, a burn injury occurred on the back of the hand due to not wearing protective gloves.	1. Personnel must correctly wear gloves when operating small soldering pots. 2. The current SOP for factory soldering pots does not fully apply to R&D soldering pots. Therefore, a new SOP will be issued on June 10 to ensure compliance.	Completion: 100%
On June 29, 2022, following a review by the New Taipei City labor inspection officer on the execution record of illegal infringements in occupational safety and health operations, no records of communication skills training were found.	Communication skills training will be included in the safety and health training (3 hours every three years).	Completion: 100%
Audit: The organizational chart of the Social Responsibility and Environmental Health and Safety Management Committee has not yet been updated.	On July 26, the ISO documents have been updated and reuploaded (MAN-PROC-08 Management Procedure for Social Responsibility and Environmental Health and Safety Management System).	Completion: 100%

Current implementation/improvement status of 2022 targets and objectives (including ISO 14001 & ISO 45001).

Objective	KPI	Improvement status
Completion of general safety and health training (1 hour) for direct employees with at least three years of tenure was achieved by December 2022.	Completion of general safety and health training (1 hour) for direct employees with at least three years of tenure was achieved by December 2022.	1. In order to avoid gatherings, physical training sessions have not been permitted at the Taoyuan Plant. 2. According to the production schedule, HR and production units jointly split employees in different group for training with ESH personnel.
Systematization of energy use at the Taoyuan Plant.	Development and establishment of energy management procedures.	1. The original plan was integrated with Qisda Group's subsidiary plant verification. 2. Based on the current ESH planning of the group, it is proposed that DFI undergo independent verification, which necessitates a revised timeline.
Covid19 response and management	Implementation of measures for medical supplies (over 350 rapid test kits), health management, and tracking (confirmed cases/quarantine) for the hybrid work arrangement.	1. Medical supplies - no less than 350 rapid test kits in stockpile 2. 100% completion for contact tracing of confirmed cases or individuals under quarantine. 3. Work-from-home (BCP procedure) mechanism operated without any abnormalities.

I. Occupational safety and accident management

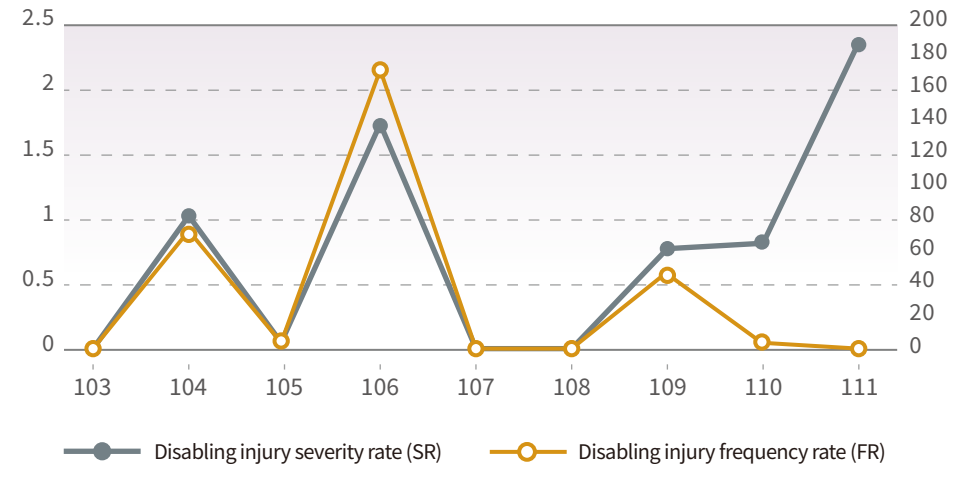
In 2022, only 3 occupational accidents occurred, of which two resulted in minor injuries and one required leave and rest due to an injury incident (severity classified as disability injury with a loss of one workday). These accidents were traffic accidents during commutes, involving employees' personal scooters and not company-provided transportation. They are included in the calculation of occupational accident rate and lost workdays. There were no fatalities.

Based on calculations, the average frequency rate (FR) of disabling injuries for manufacturing sites in 2022 was approximately 0.79, the severity rate (SR) of disabling injuries as defined by GRI was approximately 0, and the frequency-severity index (FSI) was approximately 0. The occupational disease incidence rate was 0.

The trend chart for frequency rate (FR) and severity rate (SR) of disabling injuries from 2014 to 2022 is shown on the right.

The severity rate (SR) of disabling injuries in 2022 approached zero, mainly due to a significant decrease in lost workdays. No cases of occupational diseases were reported in the workplace, and there were no work-related accidents or fatalities involving subcontractors on-site.

► The trend chart for frequency rate (FR) and severity rate (SR) of disabling injuries



► Safety and health management performance per GRI standards

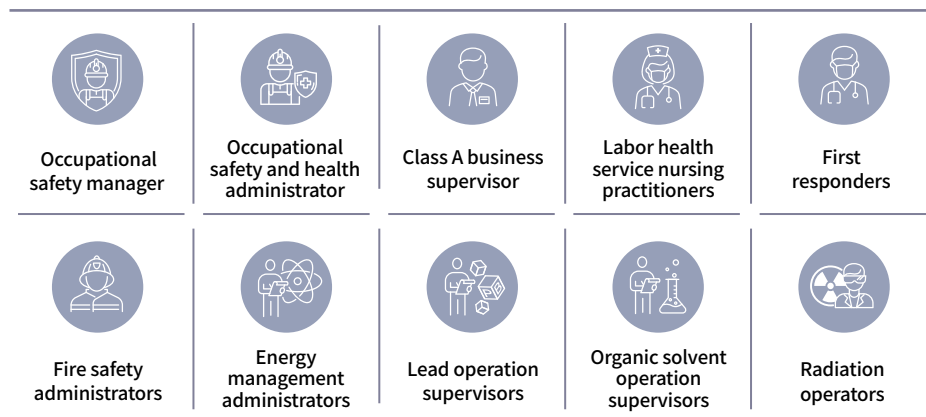
Year	Number of working days	Total number of workers	Total hours	Number of occupational accidents	Days lost	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Total injury frequency-severity index (FSI)
2014	261	436.333	912016	0	0	0	0	0.000
2015	262	473.250	992288	1	15	1.02	76	0.270
2016	242	494.083	956672	0	0	0.00	0	0.000
2017	249	560.333	1117992	2	197	1.78	176	0.550
2018	249	611.250	1217104	0	0	0.00	0	0.000
2019	247	640.083	1265376	0	0	0.00	0	0.000
2020	249	650.167	1294896	1	60	0.77	46	0.180
2021	249	614.417	1222392	1	3	0.81	2	0.040
2022	248	636.500	1263888	3	1	2.37	0	0.000

* Note: The calculation method for disabling injury frequency rate (FR) = (Total number of disabling injuries * 10⁶) / Total work hours, rounded to the third decimal place. Disabling injury severity rate (SR) = (Total lost workdays due to disabling injuries * 10⁶) / Total work hours, rounded to the nearest whole number. Total injury frequency-severity index (FSI) = √((SR × FR) / 1000), rounded to the third decimal place.

II. Occupational safety and health training and certifications

DFI follows the Occupational Safety and Health Act and related training regulations, regularly conducting necessary training programs with certifications exceeding legal requirements.

To ensure that every employee is familiar with the Company's safety and health management mechanisms and occupational safety regulations, a one-hour on-the-job safety and health training was conducted for all Taiwanese-national employees in 2022, with a total of 84 participants. We partnered with the Manufacturers United General Association of Industrial Park of ROC on a three-hour on-the-job safety and health training program for foreign employees, with a total of 33 participants.

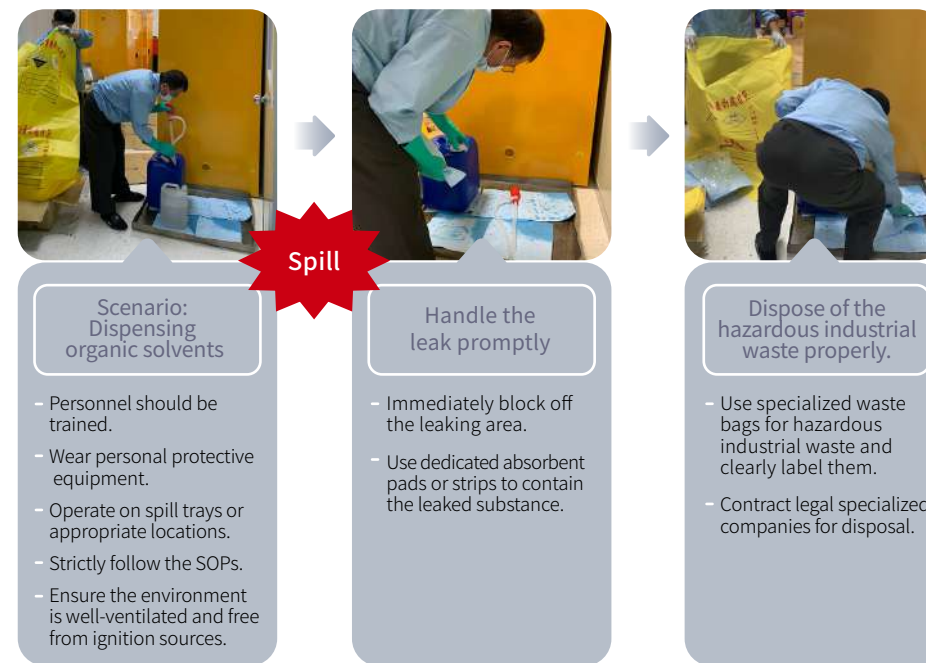


DFI's operational sites have one occupational safety manager, one occupational safety and health administrator, four class a business supervisors, one labor health service nursing practitioner, three fire safety administrators, sixteen first responders, and two energy management administrators. They regularly participate in refresher training courses to continuously enhance their understanding and awareness of occupational safety, strengthening the attention and importance given to occupational safety in each department. Additionally, specific operations (such as lead operation, organic solvent operation, and radiation handling) are conducted with relevant certifications and in compliance with regulations.

III. Chemical management

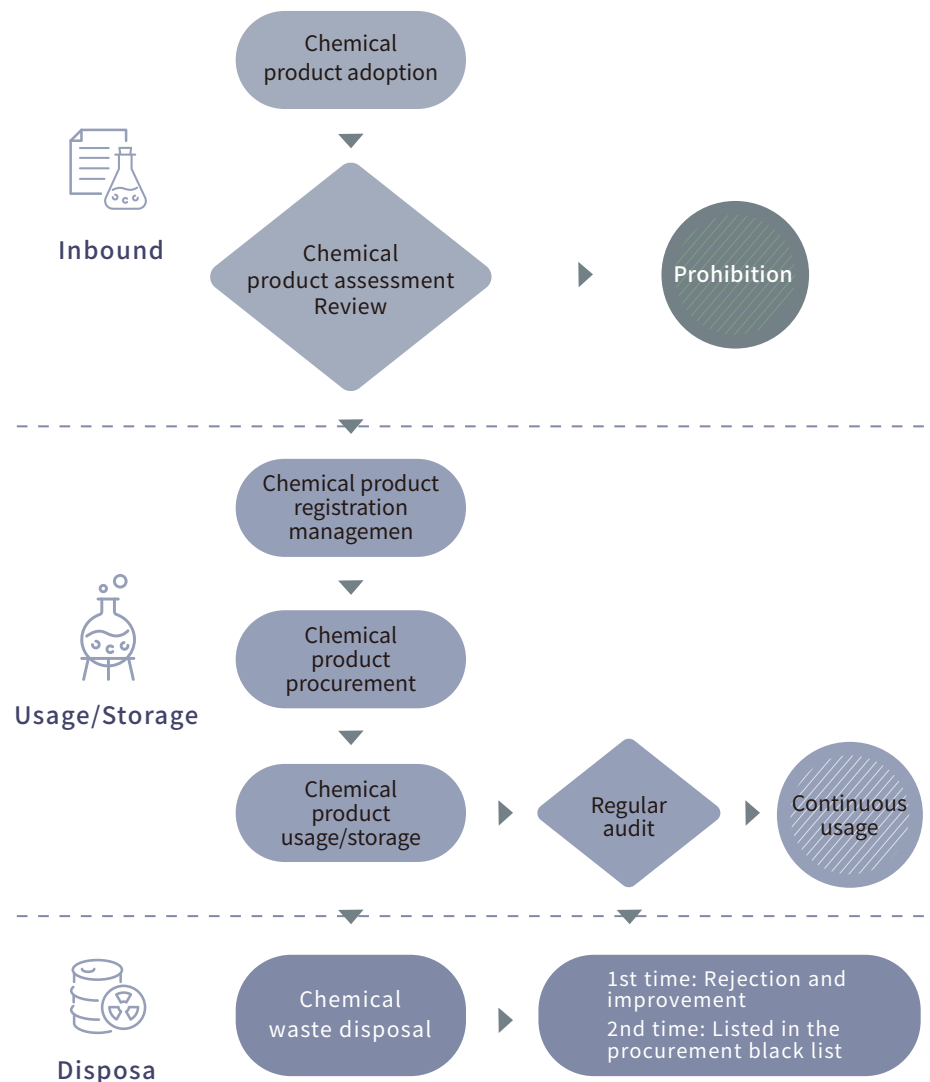
In terms of chemical management, the use of chemicals in the production process has always been a focal point of environmental, safety, and health management. We have established operational procedures and implemented them to regulate chemical management, as shown in the figure below.

Effective management of chemicals is necessary, and corresponding measures for managing different types of chemicals are in place. The hazardous substance list and material safety data sheets are regularly updated. The main chemical solvent used by DFI is isopropyl alcohol. To prevent misuse, solvent containers are clearly labeled, and proper storage areas and rinse solutions are implemented to minimize the risk of leakage. In work areas, absorbent pads are in place to prevent potential spreading. To ensure that operators have sufficient response capabilities in the event of a chemical leak, we conducted an organic solvent leak drill on July 27, 2022, as follows:



DFI prioritizes the safety, health, and environmental impact of its employees and the factory premises. In 2022, DFI did not experience any incidents of chemical, oil, or fuel leakage.

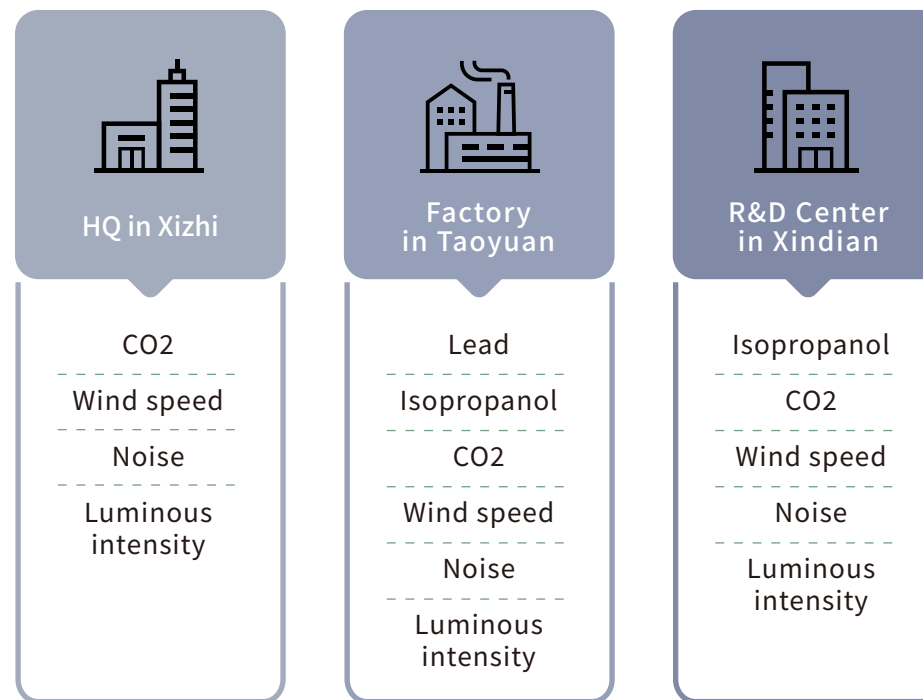
► Chemical management standard operating procedures




IV. Proper implementation of operational environmental testing

We conduct biannual operational environmental monitoring in compliance with regulations by professional contracted organizations. To understand workers' exposure risks, we do planning, sampling, testing, and analyses based on the simulated behaviors and exposure conditions of workers in different plant areas.


DFI's 2022 monitoring results show that chemical factors are significantly below the permissible concentrations (Level 1 Management: exposure concentrations are below half of the permissible exposure standards), and physical factors meet the standards. This ensures a healthy and safe working environment for our employees.



Evacuation and emergency drills




- Counter staff received fire alarm at 12F (10:30)
- Notify the team immediately and instruct everyone in all areas to evacuate immediately




- Confirm total evacuation




- Evacuation guides stand by at their areas



- Gather and report employee presence, roll call



- Report the information
- Employee number confirmation



- Commander explains the condition
- Announce the exercise concluded (10:45)

Evacuation and emergency drills



- Receive fire alarm (14:00)
- All employees evacuated



- Confirm total evacuation



- All employees evacuated according to the designated evacuation routes in a timely manner



- Complete roll call and exercise concluded (14:13)

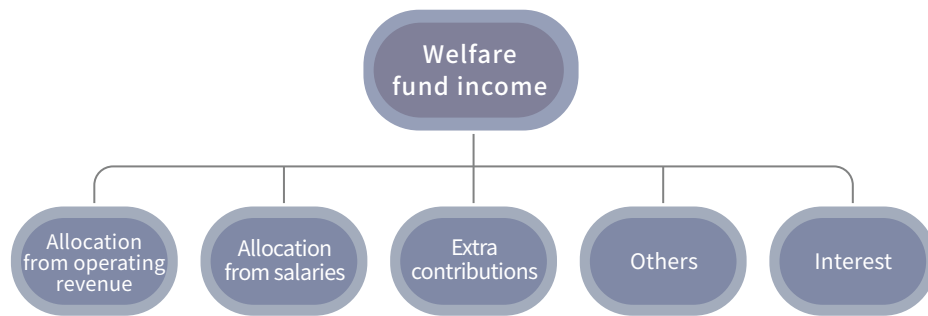
A happy and healthy workplace

Comprehensive benefits planning

We not only provide a range of benefit systems that surpass legal requirements but also established an Employee Welfare Committee. We have set up various employee facilities and organized employee events to show our concern for the hard work of our employees. This enables employees to relax, alleviate work-related stress, while they continue to work diligently.

Sources of funds for the Welfare Committee are derived from a monthly allocation of 0.15% of the operating revenue and a regular allocation of 0.5% of employee salaries, which are used for employee events, corporate lectures, club subsidies, holiday PAYEASY points, travel vouchers, wedding gift money, departmental functions, etc.



Sources of funds for the Welfare Committee in 2022



High-quality welfare system

DFI not only designs a humane system for working hours, provides more generous vacation days than legally required, but also offers a high-quality welfare system to promote the well-being and physical and mental health of employees. We aim for every employee to achieve a balance between work and life.

Group Welfare Activities in 2022 (by the quarter):

<p>Q1 </p> <p>Prosperous Annual Party</p> <hr/> <p>Online Lantern Festival Event</p> <hr/> <p>Tree-Planting Carnival</p>	<p>Q2 </p> <p>Karaoke Party 3</p> <hr/> <p>Online Escape Room</p> <hr/> <p>Online Golf Promotion Event</p>	<p>Q4 </p> <p>Family Day</p>
--	--	--

DFI Welfare Activities in 2022 (by the quarter):

Q1	<ul style="list-style-type: none"> - Lunar New Year activities (couplets, New Year cards, departmental spring party) - CSR events (Caring for Small-Scale Farmers - Pineapples and Custard Apples Giveaway) - Competitions (DFI's Got Talent)
Q2	DFI Product Planning Competition
Q3	<ul style="list-style-type: none"> - Art and culture events (movie screening) - Leisure events (Creative Green Plant DIY - Green Living)

► The Welfare Committee provides employees with benefit points and gifts.



► The Welfare Committee provides assistance for employees in matters of marriage, bereavement, injury/illness, and childbirth.



► Employee club participation



Xizhi Cat Lovers' Planet Club

Regularly organizes volunteer days to clean, train, and provide adoption services at cat houses.



Succulent Plant Club

A group of succulent plant enthusiasts gather at DFI to create a green environment for the office together.



Badminton Club

This club brings together badminton enthusiasts to improve their skills through training and competitions, while fostering friendship among members.



Handicraft Club

Dedicated to promoting the culture of handicrafts, offering and socialization activities for members to unleash their and enjoy the pleasure of handcrafting.



Slow Living Club

Promotes physical and mental well-being through regular running, allowing members to meet like-minded partners and pursue the joy of sports together.

DFI provides employees with legally mandated parental leave, maternity leave, and paternity leave, allowing employees to balance work and family. Additionally, a comprehensive employee return system is in place, including arrangements for leave without pay and assistance in career development.



GRI-defined benefits

- Year-end bonus, performance bonus
- Group insurance (life insurance, accident insurance, critical illness insurance, hospitalization insurance)
- Employee-paid group insurance for dependents
- Travel insurance for short-term overseas trips
- Free health check-ups
- Employee profit-sharing
- Employees' continuing education
- Education and training
- Condolence system
- Employee discounts for company products
- Assistance for weddings, funerals, celebrations, and condolences for illness or injury
- Events organized by the Welfare



Regular benefits

- Meal subsidies
- Providing dormitories and uniforms
- Gym
- Free snacks and drinks
- Quarterly birthday tea parties
- Company functions



Legally mandated benefits provided by the company

Labor insurance
Health insurance

Employment insurance
Occupational accident insurance

2 days off per week
Special leave

Labor pension funds

Employee health check-ups

Medical office
Nursing room

Maternity leave
Paternity leave

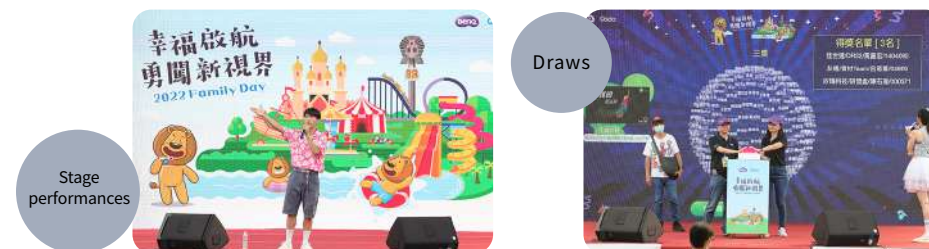
Pregnancy Leave
Prenatal checkup leave

Unpaid parental leave
Menstrual leave

Family support
Pandemic support

Benefits provided by the Company

Highlights of the "Group Family Day" event on October 1, 2022



Highlights from the 2022 Departmental Spring Party



Highlights of the 2022 "Birthday Celebration" event



Farglory Office in Xizhi

Xindian R&D Office

Taoyuan Guishan Plant

DFI-provided employee facilities

1. DFI has installed beverage vending machines and displayed a variety of snacks and fruits in the office for employees.
2. DFI has a rest area where employees can relax and de-stress during work.
3. DFI employees can strengthen their physical fitness and promote their overall health by going to the gym during their break time.



Care measures for foreign employees at DFI

The employment profile illuminates that out of a total of 661 employees in 2022, DFI had 133 foreign employees from Indonesia and the Philippines, accounting for approximately 20.1%. Among them, there is a significant number of female employees. Therefore, DFI values the living environment and training for foreign employees, treating them equally and providing them with the same benefits.

Living environment and training for foreign employees



Highlights of the lives of foreign employees outside of work.



Employee health management

DFI values the health of its employees and provides management measures that exceed regulatory requirements. We offer free annual health check-ups, with a 96% participation rate in 2022. Due to COVID, in 2022, we have taken significant measures to enhance employee safety. We have reduced the number of participants per session and strictly followed CDC's pandemic prevention guidelines. We strictly performed sanitation to ensure the peace of mind of our employees during the check-up process. A total of four health check-up sessions were conducted in 2022.

In 2022, we organized nine health seminars (both on-site and online) and published 22 healthcare tips and health column EDMs. Even during the pandemic, we have not neglected to provide timely health knowledge and care for our employees.



Health talks

- 2/22 Taoyuan Plant - 2021 Health Check-up Re-examination Notice | 02/23 (Wed) 09:00-10:30
- 2/22 Early Signs and Prevention of Cardiovascular Diseases | 02/23 (Wed) 14:00-15:00
- 5/12 Online Consultation Service for COVID-19 | Limited seats, available until full
- 6/6 06/15 (Wed) 14:00 Smooth Communication with Your Partner: Listen Between the Lines!
- 6/15 Smooth Communication with Your Partner: Listen Between the Lines | 14:00 Online Lecture Link
- 7/27 New Thinking for the New Era of Talents - Professor Yeh Ping-Cheng | Register until: 8/2 (Tue) 12:00 pm
- 7/29 How To Foster Self-learning Skills And Habits That Last A Lifetime For Your Children
- 8/16 How To Foster Self-learning Skills And Habits That Last A Lifetime For Your Children
- 8/17 (Wed) 14:00 Live Streaming Link
- 9/14 Distinguishing Superstition from Science: From Astrology to Astronomy - Professor Sun Wei-Hsin | Register until: 9/21 (Wed) 12:00 pm






Reminder from the medical office



- 1/28 During the New Year holidays, please ensure your COVID prevention measures and enjoy a safe New Year!
- 3/18 Do you take good care of your spine? ?
- 3/21 New Taipei Office - 3/23 (Wed) On-site health services with visiting physicians, please take full advantage
- 3/24 Taoyuan Plant - 3/24 (Thu) Happy Blood Donation Event @ Pier 7
- 4/1 Feel free to utilize the various health promoting resources in the medical office
- 4/8 Healthy Living: Reduce Sugar, Reduce Worries
- 4/13 Demystifying the Use of Home COVID-19 Rapid Test Kits
- 4/20 Dealing with Confirmed COVID-19 Cases and Close Contacts
- 6/17 COVID-19 Recovery Guidelines for Confirmed Cases | Complete Recovery Guide
- 7/25 DFI COVID-19 reporting system (Please report within 2 days)
- 9/15 Taoyuan Plant - 10/18 (Tue) "Out-of-pocket" flu vaccine | Reservation and registration until 9/19 (Mon) 12:00 pm
- 9/27 Free flu vaccine available starting 2022/10/1!
- 10/5 COVID-19/Coronavirus Personal Protection Guidelines
- 10/17 Taoyuan Plant - 2022/11/11 (Fri) Employee Health Check-up Guidelines
- 10/31 Prevent Influenza, Act Now | Don't be a Superspreader!
- 10/13 Starting 10/11, Moderna next-generation bivalent booster is available for adults 18 and above
- 11/7 Farglory Office - 11/14 (Mon), 11/15 (Tue) Employee health check reminders
- 11/16 How Much Do You Know About Health Checks? Take Good Care of Your Body
- 12/13 8 Health Essentials for Cold Days, Protect Yourself from Cold Spells!
- 12/21 Taoyuan Plant - Happy Blood Donation on 12/22 (Thu) @ Pier 7, Tomorrow!
- 12/22 Eye Care SOP for Office Workers | Taking Care of Your Eyes Made Easy!
- 12/29 Chilly weather warning, please monitor your health | Beware of "myocardial infarction"!

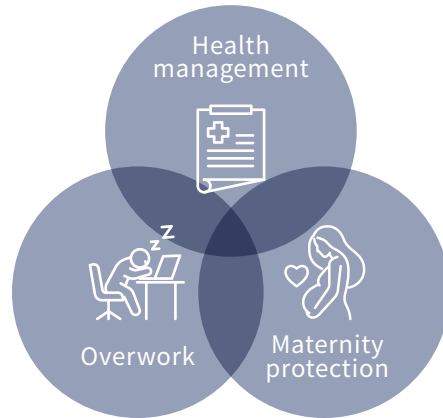
Employee Health Promotion Program

Based on the actual needs of employees in 2022, as identified through inquiries to the medical office, we have developed five major health promotion programs, each with specific operational details.

Categories	Schedule	Operations	Remarks
 <p>Health counseling</p>	<p>DTH: Wednesdays DTY: Tuesdays and Thursdays DTS: Online reservation</p>	<p>1. Health Services: blood pressure measurement, basic wound care, and other services for employees. 2. Health Consultation: Offering online appointment booking for employees and providing health-related education, medication knowledge, and medical assistance.</p>	
 <p>Health Education</p>	<p>Weekly</p>	<p>Delivering EDMs with relevant knowledge about health and diseases to all employees.</p>	
 <p>On-site Health Services</p>	<p>Monthly provision (arrangements vary by site)</p>	<p>On-site health services by collaborating physicians:</p> <ol style="list-style-type: none"> Employee health check management and follow-up interviews and support. Interviews and support for employees who are pregnant or within one year after childbirth. Interviews and support for employees at risk of diseases due to abnormal workloads. Ergonomic management and control of musculoskeletal injuries. Assisting employers in assigning suitable tasks for employees. Other items that need to be carried out in accordance with regulations. 	
 <p>Health talks</p>	<p>Non-routine</p>	<ol style="list-style-type: none"> Conducting online surveys on topics related to mental stress relief and health promotion and organizing health talks based on the requested themes. Health talks by visiting physicians, nurses, and professional speakers for employees. 	<p>Planning health talking with professional speakers based on the identified health topics from the survey.</p>
 <p>Health promotion activities</p>	<p>Non-routine</p>	<p>Health promotion:</p> <ol style="list-style-type: none"> Annual health check-ups organized by the Company. Quit-Smoking Clinic (Co-organized with Health Center) Blood Donation (Co-organized with Health Center) Hiking (Organized by Welfare Committee) <p>Stress relief activities:</p> <ol style="list-style-type: none"> Singing Event (Organized by Welfare Committee) Creative Greening and Potted Plant DIY (Organized by Welfare Committee) 	<p>Additional activities can include arranging professional counselors for on-site services, stress-relieving massages by physical therapists, weight-loss programs, with extra fees applicable.</p>

Material employee health management topics

In 2022, we established material topics for employee health management, focusing on employee well-being, including health management, overwork prevention, and maternity protection, and achieved our health management goals.



Health management goals



Employees participated in the health check-ups in 2022.

Health check participation rate: **96%**

Overwork-related Coronary Heart Disease Risk Assessment using ATPIII Framingham Model (Framingham Risk Score):

78% follow-up rate for individuals classified as medium-high risk in 2022 (total of 32 medium-high risk individuals identified, 25 of them have been followed up).

On-site Health Services and Care

Monthly

Other

Evaluation of employee needs and renovation of nursery room.

Summary of Achievement of 2022 Goals

All goals have been successfully achieved.

2023 Management Goals

1. Health Management: A **95%** health check-up participation rate.
2. Overwork: A **70%** follow-up rate for medium-high risk individuals
3. On-site Health Services and Care: Monthly.

Management methods

1. **Responsibility:** Medical Office
2. **Resources:** Employed nurses, contracted visiting physicians, health check-up hospitals
3. **Actions:** Health education and promotion, health management consultations, data evaluation and analysis.
4. **Evaluation:** Annual review at the end of the year for any related incidents.

Promote six major interfaces for health promotion activities that caters to employees' health needs: On-site health consultations, workplace maternity protection programs, disease tracking and support, emergency injury management, health management tracking, and wellness activities.

Health Management: Annual employee health check-ups.



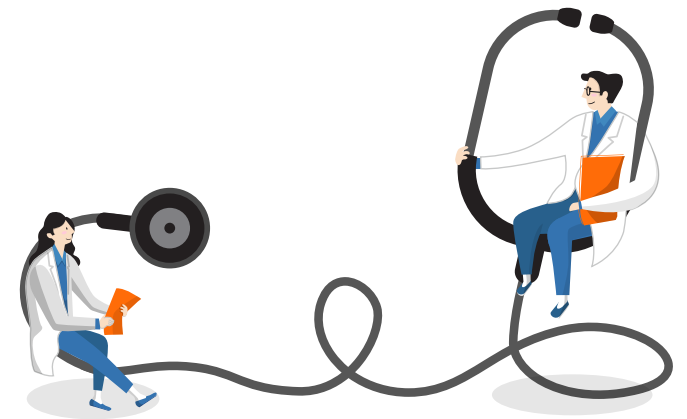
Health Promotion Activities: Out-of-pocket flu vaccination/blood donation campaign.



Maternity Protection: Nursery room



- * Ensuring Employee Health Support: DFI provides labor health consultation services.
- * To ensure the rights of breastfeeding employees, DFI provides a breastfeeding-friendly environment.



Biodiverse environment

No harm to biodiversity

DFI's plants are located in industrial parks and do not own, lease, or manage any facilities within ecological or water resource conservation areas. DFI does not engage in any activities that may have a negative impact on biodiversity. Neither the manufacturing of products nor the service processes have an adverse effect on the ecological environment.

Supporting biodiversity cultivation

Green Party - Tree Planting Green Carnival

On March 12, 2022, DFI participated in the Tree Planting Green Carnival organized by Qisda Group. Despite the high temperature of 30°C, the enthusiasm of DFI employees was even higher. With sweat pouring, they showed their love for the Earth through hands-on actions. Over 500 pairs of hands, big and small, joined forces to dig and plant, committing to more than 2,000 trees and demonstrating a dedication to environmental conservation and sustainable regeneration.



Volunteer Trip - Caring for the Earth, Promoting Biodiversity

Throughout 2022, DFI actively participated in a series of earth-friendly activities by the BenQ Foundation. In addition to continuous donations supporting the foundation's mission of spreading genuine kindness and beauty, we also took concrete actions to support activities promoting biodiversity, wholeheartedly dedicating ourselves to the Earth.

April 16

Coastal Cleanup Relay - Environmental Work at the Yuanli Beach

August 26

Caring for the land, sustaining the environment: Field work in Tianbian, Miaoli, Yuanli

25 Sep

Joining forces to reduce plastic, bending down to clean the beach: Coastal cleanup in Tongxiao

October 16

Together with the ocean, we thrive and age gracefully: Coastal cleanup in Shueiwei, Houlung


November 19

Exploring the chrysanthemum fields of Tongluo: A journey into the autumn Hakka countryside



To encourage employees not to miss any volunteering opportunities, DFI introduced the "Volunteer Leave" program in 2022. Employees who participate in volunteer activities can obtain official leave with the approval of their respective supervisors, demonstrating the Company's full support.



 BenQ Foundation (benqfoundation.org)



Caring for society, fostering a friendly environment

"Bringing Enjoyment 'N' Quality to Life" is DFI's corporate vision. To extend this vision to local communities, the core value of "caring and contributing" serves as the starting point for DFI's spirit. It harnesses the compassion of employees, consolidates the Company's core competencies, and actively implements community outreach initiatives and employee-driven activities, thus concretely fulfilling the Company's commitment to giving back to society.

| Charitable Sponsorship

Sponsoring charitable activities organized by the BenQ Foundation

DFI donated NT\$3 million to support the core values of the BenQ Foundation, which include narrowing the digital divide between urban and rural areas, promoting original cultural ideations, and carrying out environmental, community, cultural, educational initiatives. This donation further enhances the Company's corporate social responsibility of "taking from society and giving back to society."

| Community outreach

Reserve your seat on the Bus of Happiness! The Bus for Happiness in Fuxing Township: A service that centers on the people.

Community outreach goes beyond mere monetary or material donations. It requires corporations to engage more deeply with society and adopt long-term strategies to meet community needs. With respect to social responsibility, DFI contributes to improving transportation and basic civil services in remote areas by providing in-vehicle systems that extend to the inner roads.

DFI joins forces with partners to support the transformation project of the "Bus for Happiness" initiated by the Taoyuan City Government's Transportation Bureau in providing safe and convenient transportation services to residents in the mountainous areas of Fuxing Township. Leveraging our innovative R&D and manufacturing capabilities, DFI provides vehicle hardware equipment to realize the technology-driven spirit of human-centered services. We have visited the Sbnaw Community in Fuxing Township multiple times, listened to the voices of local residents, and held focus meetings with the Bus for Happiness operators for nearly half a year, documenting the outcomes through videos. We look forward to promoting more service projects of this kind

through the expertise of different departments, allowing the positive impact of technology not only to benefit local communities but also to sprout and thrive through videos on media platforms, conveying the stories of Taiwan's beautiful humanity and land.



"Fixed-point shuttle" and "flexible reservations" are important highlights of the transformation of the free buses in Fuxing Township into the Bus for Happiness. In addition to the dual systems, the service combines medium-sized buses and 9-seater vans, enabling access to the Sbnaw Community, which is not accessible by large buses, and meeting the needs of residents in different indigenous communities. Since its inception, the number of passengers and total service volume of the Bus for Happiness have shown an increasing trend, with an average of nearly 2,000 passengers per month. Moreover, reservations have reduced instances of buses circling the mountain or running empty, effectively improving energy efficiency. Benefiting from the transformation project of the Bus for Happiness, drivers can focus on driving and provide more comprehensive, punctual, and safe transportation services. It also reduces waiting and commuting time for residents, facilitating their daily commutes.

Information Empowerment



The vehicle management system transforms the big data collected into valuable insights, assisting bus operators in their digital transitions. This enables more efficient resource utilization, reduced environmental impact, improved energy efficiency, and socio-economic benefits, supporting multidimensional sustainable development.

Real-time Information Capability



Local residents can make reservations for bus services through phone, website, or LINE. The management system instantly communicates reservation details to the reservation website and the bus operator's backend. This allows drivers to have real-time access to passenger reservations, routes, and seat availability, ensuring that all passengers with needs can board the bus. It effectively reduces the number of empty buses and increases operational capacity.

Stable Equipment Performance



DFI's tablet display systems, with their wide-temperature and wide-pressure capabilities and seismic-resistant design, ensure stable operation of the vehicles. They can adapt to various weather and bumpy road conditions, avoiding vehicle malfunctions and information disruptions that may compromise safety.

Community Support



The drivers are mostly residents of Fuxing Township and speak a common language, reducing unfamiliarity for the elderly and children when taking the bus. Additionally, the 9-seater vehicles can reach the Sbnaw Community, which was previously inaccessible by larger buses. The reservation platform minimizes the need for detours around each mountain or community, maximizing assistance to residents living in winding and narrow roads, fostering harmony and well-being.

Employee Participation

Volunteer club—Xizhi Cat Lovers' Planet

Initiated by DFI employees through voluntary collaboration with like-minded animal lovers, in partnership with Xizhi's animal shelter - "Feliformia," the Xizhi Cat Lovers' Planet volunteer club was established at DFI. Regular volunteer activities are organized, including cleaning, training, and cat adoption services at the cat shelter. Furthermore, the club arranges events to allow children to experience a day as little volunteers.



Volunteers regularly serve at the cat shelter.



Arranging events for children to experience being little volunteers at the cat shelter.

Massage therapies by the Visually Impaired - New Taipei City Association for the Welfare of the Blind

DFI worked with Qisda Group and the New Taipei City Association for the Welfare of the Blind to organize a massage event during the Group's Family Day in 2022. This event not only cared for the well-being of employees and helped them destress but also created an inclusive environment that supports the employment of individuals with disabilities, encourages the visually impaired to become productive members of society, and promotes social stability and economic vitality, thereby fulfilling corporate social responsibility.

- DFI employees provided visually impaired massage services during the Family Day event.



Supporting Small-Scale Farming

To promote the development of agriculture in Taiwan and encourage and support small-scale farmers in their continuous cultivation and the environmental sustainability between man and land, DFI has been collaborating with the New Taipei City Farmers' Association since 2021. DFI purchases seasonal fruits to our employees, while advocating for support of small-scale farmers. Starting in 2022, DFI partnered with "Buy Directly from Farmers" to engage in public welfare procurement of agricultural products, demonstrating proactive support for small-scale farming, promoting environmental friendliness, and fostering sustainable practices.

- Harvest from the "Friendly Farming" project and sharing of 2022 spring rice gift boxes.



- Collaboration with "Buy Directly from Farmers" to support small-scale farming.

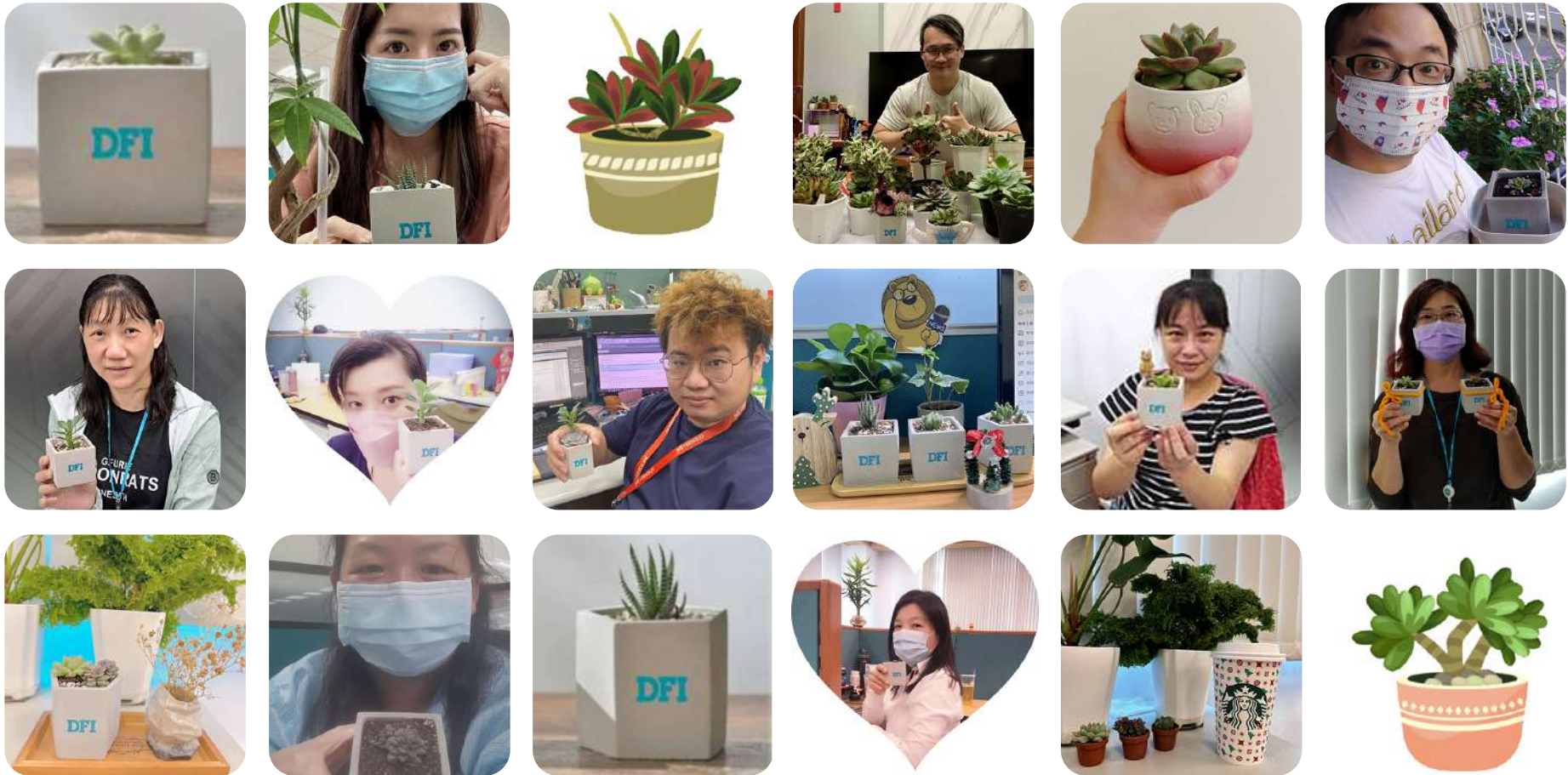


DFI shows care for the environment and support for local agricultural products at the farmers' markets organized by the BenQ Foundation. By getting to know small-scale farming brands and their commitment to pure cultivation and land preservation, DFI engages in corporate group purchases to provide economic assistance that directly benefits the local community.

DFI's "Plant" a Healing Life - DIY Succulent Potting

Despite the raging pandemic in mid-2022, the originally planned outdoor hiking event, "O2gether New Taipei X Taoyuan, Explore and Walk Together," had to be canceled and replaced with the indoor event "Plant" a Healing Life. DFI employees carefully removed plants from their pots, tidied up the roots, prepared a special DFI planter with a planting

medium, and then transferred the plants into the new pots. Due to the pandemic, although we are unable to directly experience the tranquility of nature, we have infused the entire office with a sense of greenery amidst the bustling city.



Appendixes

- Sustainable development key quantitative performance metrics
- GRI Standards comparison table
- SDGs comparison table
- SASB comparison table
- TCFD comparison table
- Assurance Statement of the Corporate Sustainability Report



Sustainable development key quantitative performance metrics 2020~2022

Economy

Item	2020	2021	2022	Note	GRI disclosure	Chapters
Economic value						
Consolidated revenue (in NT\$ thousands)	8,349,522	13,312,180	16,189,529	in NTD	201-1	Financial Performance
Earnings after tax attributable to owners of the parent company (in NT\$ thousands)	382,109	575,471	603,957			
Number of patents						
Cumulative number of patents acquired	24	25	26	According to the Taiwan Patent Search System		

Environment

Item	2020	2021	2022	Note	GRI disclosure	Chapters
Total raw material usage						
Tin (paste, bar, wire) (kg)	8,810	6,453	8,615		3	Green Operation
Tin paste (kg)	2,982	2,832	2,860			
Tin bar (kg)	5,745	3,545	5,700			
Tin wire (kg)	83	76	55			
Soldering flux (gallons)	1,125	1,285	1,250			
Direct energy consumption						
Gasoline (tons)	0.362	0.452	3.614		302-1	Green Operation
Diesel (tons)	2.089	5.135	0			

Environment

Item	2020	2021	2022	Note	GRI disclosure	Chapters
Indirect energy consumption						
Purchased Electricity (10 GWh)/(J)	0.5245/ 1.8882*10 ¹³	0.5612/ 2.02032*10 ¹³	0.6526/ 2.34936*10 ¹³	1 kWh = 3.6 × 10 ⁶ J	302-2	Green Operation
Total water usage						
Domestic water usage (tons)	29.477	29.393	22.155	Including water usage shared by the headquarters building management committee. In 2021, due to the relocation of the plant, water consumption for the two plants overlapped in October and November, resulting in higher usage.	303-2	Green Operation
GHG emissions						
Direct GHG emissions (tons of CO ₂ e) (Scope 1)	82.4368	484.2737	164.8466	Only includes emissions from Scope 1 and Scope 2. The operational boundary for 2021 is the Farglory Headquarters in Xizhi, Xizhi Plant (now closed), and the Taoyuan Plant, and for 2022 is the Farglory Headquarters in Xizhi, Taoyuan Plant (including the new Bade Warehouse), and Xindian R&D Office.	305-2	Climate Strategy and Carbon Management
Indirect GHG emissions (tons of CO ₂ e) (Scope 2)	2669.6821	2817.3846	3321.9431		305-2	
Total GHG emissions (tons of CO ₂ e)	2752.1189	3301.6583	3486.7897		305	
Indirect GHG emissions (tons of CO ₂ e) (Scope 3)			14,379.8895		305-3	
Environmental performance in protection and management						
Production value (in NT\$100 millions)	43.1395	46.0333	64.2354	in NTD	N/A	Energy resource management
Electricity consumption per NT\$100 millions output (MWh)	121.5823	121.9117	101.6423		305-4	
Water consumption per NT\$100 millions output (tons)	683.2949	638.5262	344.8960			
GHG emissions per NT\$100 millions output (tons)	63.7958	71.7233	54.2814			
Domestic wastewater discharge (tons)	23.582	23.514	17.724			

Environment

Item	2020	2021	2022	Note	GRI disclosure	Chapters
Waste						
Total recyclable waste (tons)	326.7195	362.2115	117.20			
General waste - domestic solid waste (tons)	228	336	43.87	<ul style="list-style-type: none"> Recycled waste disposal in 2022: R-2408 activated carbon waste: 0.87 tons 2022 material usage for recycling: R-0601 waste paper: 19 tons, R-0201 waste plastic: 24 tons 		
Total recyclable waste (tons)	61.78	59.74	69.79	Incineration		
Total hazardous waste (tons)	0.82	0.459	3.54	<ul style="list-style-type: none"> Thermal treatment in 2022 (excluding incineration) C-0301 Waste liquid with flash point below 60°C (excluding alcoholic waste with ethanol concentration below 24%): 1.81 tons Physical treatment in 2022 E-0217 waste electronic components, offcuts, and defective products: 0.73 tons E-0221 waste printed circuit boards with metal and their scraps: 1 ton 	306-3~5	Materials and Recycling
Non-hazardous waste (tons)	37.8995	25.7525	0	No disposal for D-2527 and D-0299 in 2022.		
Chemical and substance spills						
Total number of spills and volumes of chemical spills	0	0	0			Employee Safety and Environment
Violations of environmental regulations						
Fines and numbers of violations of environmental regulations	0	0	0		307-1	Compliance
Eco-friendly investments						
Total environmental investment/expenditure (NTD)	1,310,531	2,972,777	3,760,558	2022 added the investment cost for the Taoyuan exhaust gas treatment tower equipment.		

Society

Item	2020	2021	2022	Note	GRI disclosure	Chapters
Total number of employees						
Taiwan	647	604	661		401-1	Employee Overview
Safety and health management performance						
Disabling injury frequency rate (FR)	0.77	0.81	0.79	<ul style="list-style-type: none"> FR = (Total number of disabling injuries * 10⁶) / Total work hours, rounded to the third decimal place SR = (Total lost workdays due to disabling injuries * 10⁶) / Total work hours, rounded to the nearest whole number. FSI = $\sqrt{((SR \times FR) / 1000)}$, rounded to the third decimal place. 	403-2	Safety and health management performance
Disabling injury severity rate (SR)	46	2	0			
Total injury frequency-severity index (FSI)	0.18	0.04	0			
Average training hours per employee (hours/person)						
Direct labor (DL, Taiwan)	21.44	19.63	4.94	Training hours for direct labor in 2022 included all foreign employees.	404-1	Learning and development
Indirect labor (IDL, Taiwan)	12.12	9.3	11.91			
Human rights management						
Discrimination incidents	0	0	0		406-1	Human rights management
Number of human rights complaints	0	0	0		103-2	
Percentage of employees trained on the code of conduct						
Direct labor (DL, Taiwan) (%)	100	100	100		205-2	Code of Conduct
Indirect labor (IDL, Taiwan) (%)	100	100	100			Human rights management

Society

Item	2020	2021	2022	Note	GRI disclosure	Chapters
Political contributions, violations of laws related to the social dimension						
Amount of political contributions	0	0	0		415-1	Code of Conduct
Significant fines and number of legal violations	0	0	0		419-1	Compliance
Customer satisfaction survey results						
Overall satisfaction (scale)	3.38	3.25	3.35		N/A	Customer commitment
Violations of marketing regulations						
Number of cases violating marketing regulations	0	0	0	Very satisfied (4 points), satisfied (3 points), dissatisfied (2 points), very dissatisfied (1 point)	417-3	Compliance
Customer privacy						
Number of customer privacy infringement complaints	0	0	0		418-1	Customer commitment
Supply chain investigation						
Supplier screening (number of companies)	112	122	51	Number of reduced suppliers in 2022 due to COVID		Sustainable supply chain

GRI Standards comparison table

General Disclosure

Item	GRI	Description	Corresponding chapters	Material topic
Organizing and reporting practice	2-1	Organization information	About the report	<input type="radio"/>
	2-2	Entities included in organizational sustainability reporting	About DFI Inc.	<input type="radio"/>
	2-3	Reporting period, reporting frequency and contacts	About the report	<input type="radio"/>
	2-4	Information reorganization	About the report	<input type="radio"/>
	2-5	External assurance/verification	About the report	<input type="radio"/>
Activities and workers	2-6	Activities, value chains and other business relationships	About the report	<input type="radio"/>
	2-7	Employees	Sustainable supply chain	<input checked="" type="radio"/>
	2-8	Non-employee workers	Employee Overview	<input type="radio"/>
Governance	2-9	Governance structure and composition	Employee Overview	<input type="radio"/>
	2-10	Nomination and selection of the highest governance body	Corporate Governance	<input type="radio"/>
	2-11	Chairman of the highest governance body	Corporate Governance	<input type="radio"/>
	2-12	Supervisory role of the highest governance body in impact management	Corporate Governance	<input type="radio"/>
	2-13	Person in charge for impact management	Corporate Governance	<input type="radio"/>
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance	<input type="radio"/>
	2-15	Conflict of interest	Corporate Governance	<input type="radio"/>
	2-16	Communication of key significant events	Corporate Governance	<input type="radio"/>
	2-17	Collective intelligence of the highest governance body.	Corporate Governance	<input type="radio"/>

Item	GRI	Description	Corresponding chapters	Material topic	
Governance	2-18	Performance assessment of the highest governance body	Corporate Governance	<input type="radio"/>	
	2-19	Remuneration policy	Corporate Governance	<input type="radio"/>	
	2-20	Remuneration determination process	Corporate Governance	<input type="radio"/>	
	2-21	Annual total compensation ratio	Corporate Governance	<input type="radio"/>	
	2-22	Statement on sustainability strategies	Leadership Support Corporate Sustainable Development	<input type="radio"/>	
Strategies, policies and practices	2-23	Policy commitment	Leadership Support Corporate Sustainable Development	<input type="radio"/>	
	2-24	Included in policy commitment	Leadership Support Corporate Sustainable Development Stakeholder communication	<input type="radio"/>	
	2-25	Procedures for addressing negative impacts	Corporate Sustainable Development Risk Management	<input type="radio"/>	
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Sustainable Development Stakeholder communication	<input type="radio"/>	
	2-27	Regulatory compliance	Compliance	<input type="radio"/>	
	2-28	Membership qualification of unions and associations.	Corporate Governance	<input type="radio"/>	
	Stakeholder engagement	2-29	Stakeholder engagement policy	Stakeholder communication	<input type="radio"/>
		2-30	Group agreements	(No group agreements)	<input type="radio"/>

Thematic disclosure

Item	GRI	Description	Corresponding chapters	Material topic
Governance	201-1	Direct economic value generated and distributed by the organization	Financial Performance	○
	201-2	Financial impacts of climate change and other risks and opportunities	Risk Management, TCFD comparison table	○
	202-1	Ratio of standard wages for non-managerial staff of different genders to the local minimum wage	Good Labor Relations	○
	202-2	Percentage of local residents employed in senior management positions	Employee Overview	○
	203-1	Investment in infrastructure and development and impact of support services	Caring for society, fostering a friendly environment	○
	203-2	Significant indirect economic impacts	Stakeholder communication	○
	204	Procurement practices	Sustainable supply chain	○
	Environment	205-2	Communication and training on anti-corruption policies and procedures	Code of Conduct
302-1		Energy consumption within the organization	Energy resource management	●
302-3		Energy intensity	Energy resource management	●
302-4		Reduce energy consumption	Energy resource management	●
303-4		Water discharge	Energy resource management	○
303-5		Water consumption	Energy resource management	○
305-1		Direct (Scope 1) GHG emissions	Climate Strategy and Carbon Management	●

Item	GRI	Description	Corresponding chapters	Material topic
Environment	305-2	Energy indirect (Scope 2) GHG emissions	Climate Strategy and Carbon Management	●
	305-3	Other indirect (Scope 3) GHG emissions	Climate Strategy and Carbon Management	●
	305-4	GHG emissions intensity	Climate Strategy and Carbon Management	●
	305-5	Reduction of GHG emissions	Climate Strategy and Carbon Management	●
	306-2	Management of significant waste-related impacts	Materials and Recycling	○
	306-3	Waste generation	Materials and Recycling, Sustainable development key quantitative performance metrics	○
	306-4	Disposal and transfer of wasteAdopting environmental standards for screening new suppliers	Materials and Recycling, Sustainable development key quantitative performance metrics	○
	306-5	Direct disposal of waste	Materials and Recycling, Sustainable development key quantitative performance metrics	○
	307	Compliance with environmental protection regulations	Compliance, Materials and Recycling	○
	308-1	Adopting environmental standards to screen new suppliers	Supply Chain Management	●

Item	GRI	Description	Corresponding chapters	Material topic
Environment	308-2	Environmental impact of the supply chain and actions taken	Supply Chain Management	●
	401-1	New hires and employee turnover	Employee Overview	○
Society	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	A happy and healthy workplace	○
	401-3	Parental leave	Good Labor Relations	○
	402	Labor-capital relationship	Good Labor Relations	○
	403-1	Occupational health and safety	Employee Safety and Environment	○
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Safety and Environment	○
	403-3	Occupational health services	A happy and healthy workplace	○
	403-4	Involvement, consultation, and communication of workers in occupational health and safety	Employee Safety and Environment	○
	403-5	Working training on occupational health and safety	Employee Safety and Environment	○
	403-6	Health promotion for workers	A happy and healthy workplace	○
	403-7	Prevention and mitigation of occupational health and safety impacts directly related to business operations	Employee Safety and Environment	○
	403-8	Workers covered by the occupational health and safety management system	Employee Safety and Environment	○

Item	GRI	Description	Corresponding chapters	Material topic
Society	403-9	Occupational injuries	Employee Safety and Environment	○
	403-10	Occupational diseases	Employee Safety and Environment	○
	404-1	Average hours of training per employee per year	Learning and development	○
	404-3	Percentage of employees undergoing regular performance and career development reviews	Good Labor Relations	○
	405-1	Diversification of governance body and employees	Employee Overview	○
	405-2	Ratio of female to male in basic salary and remuneration	Good Labor Relations	○
	414-1	Screening of new suppliers using social standards	Sustainable supply chain	●
	416-2	Incidents of non-compliance with health and safety regulations related to products and services	Quality and hazardous substance management	●
	417-2	Incidents of non-compliance with regulations on information and labeling of products and services	Quality and hazardous substance management	●
	418	Customer privacy	Customer commitment	●
	419	Compliance with socio-economic regulations	Compliance	○

SDGs comparison table

	<p>DFI provides its employees with appropriate remuneration and multiple allowances, supporting transportation in rural areas to reduce wealth disparity.</p>	<ul style="list-style-type: none"> - Good Labor Relations 		<p>DFI creates fair employment opportunities and remuneration systems to reduce social and economic inequality.</p>	<ul style="list-style-type: none"> - Good Labor Relations
	<p>DFI supports agricultural products from rural small-scale farmers, provides employees with quality meals, and strives for shared prosperity and well-being in society.</p>	<ul style="list-style-type: none"> - Fostering a friendly environment, - Caring for society 		<p>In view of urban sustainability issues, DFI utilizes professional expertise to promote smart factories and electric vehicle equipment, fostering social sustainable development and improving quality of life.</p>	<ul style="list-style-type: none"> - Corporate Sustainable Development, - Green Products
	<p>DFI offers its employees comprehensive health services and benefits, as well as develops products suitable for improving medical environments.</p>	<ul style="list-style-type: none"> - A happy and healthy workplace, - Fostering a friendly environment, - Caring for society 		<p>DFI advocates for green design and the concept of circular economy, reducing resource consumption and environmental impact during product manufacturing and usage stages.</p>	<ul style="list-style-type: none"> - Materials and Recycling, - Quality/Hazardous Substance Management, - Green Products
	<p>DFI provides employees with ample opportunities for continuing education and diverse learning services, with various club activities for family education.</p>	<ul style="list-style-type: none"> - Learning and development 		<p>DFI continues to expand its GHG inventory and carbon footprint verification scope as a basis for energy conservation and emissions reduction goals, and jointly supports the RE100 initiative with the Group.</p>	<ul style="list-style-type: none"> - Leadership Support, - Corporate Sustainable Development, - Climate Strategy and Carbon Management, - Carbon Footprint
	<p>DFI promotes gender equality and diversity, providing equal employment and promotion opportunities to reduce gender gaps.</p>	<ul style="list-style-type: none"> - Good Labor Relations 		<p>DFI provides marine monitoring system products to protect vessels at sea and reduce marine waste generation. DFI also organizes beach cleaning events to protect the marine environment.</p>	<ul style="list-style-type: none"> - Energy resource management
	<p>DFI's factories do not extract groundwater, have comprehensive wastewater treatment measures, and implement water conservation practices in day-to-day operations.</p>	<ul style="list-style-type: none"> - Energy resource management 		<p>DFI values environmental protection and requires its supply chain to avoid the use of hazardous materials in research and development. We organize mountain cleaning and tree planting activities to promote biodiversity.</p>	<ul style="list-style-type: none"> - Materials and Recycling
	<p>DFI adopts solar energy and promotes the development of renewable energy while continuously advocating for energy efficiency and emissions reduction.</p>	<ul style="list-style-type: none"> - Energy resource management 		<p>DFI upholds social justice and the rule of law, eliminating corruption and illegal activities to ensure effective and responsible institutional operations.</p>	<ul style="list-style-type: none"> - Code of Conduct, - Compliance
	<p>We provide a safe and fair working conditions and create employment opportunities to foster sustainable economic growth.</p>	<ul style="list-style-type: none"> - Financial Performance, - Employee Overview, - Employee Safety and Environment 		<p>DFI provides products to international partners through collaborative relationships and works with the Group to achieve sustainable development goals, sharing knowledge and resources.</p>	<ul style="list-style-type: none"> - Fostering a friendly environment, - Caring for society
	<p>DFI promotes industry innovation, continuously develops efficient and energy-saving IPCs, and drives industrial automation.</p>	<ul style="list-style-type: none"> - Corporate Sustainable Development, - Green Products 			





* DFI's product lines align with the Sustainable Development Goals (SDGs). Please refer to the Corporate Sustainability Development section (P.18) for details.

SASB comparison table

Technology and Communication - Hardware disclosure metrics.

Disclosure themes	Metric numbering	Nature	Disclosure metrics	Remarks	Corresponding chapters
Product Security	TC-HW 230a.1	Qualitative	Methods for identifying and addressing data security risks in products.	Establish information security management system, implement information security policies, protect customer data and corporate intellectual property, tracked quarterly by the Risk Management Committee.	Information Security Risk Management
Employee Diversity & Inclusion	TC-HW 330a.1	Quantitative	Percentage representation of gender and racial/ethnic groups among management, technical personnel, and all other employees.	Please refer to section P.52 for distribution of employee demographics.	Employee Overview
Product Lifecycle Management	TC-HW 410a.1	Quantitative	Percentage of revenue from products that require declaring in IEC 62474.	In 2022, the revenue percentage from products requiring declaring was 0%.	Green Products
	TC-HW 410a.3	Quantitative	Percentage of qualified products (by revenue) that comply with ENERGY STAR® standards or equivalent requirements.	Revenue from sales of energy-saving products that comply with ErP Lot3 (EU 617/2013) accounts for 10.91% of standard product sales.	
Materials Sourcing	TC-HW 440a.1	Qualitative	Description of risk management related to the use of critical materials.	Please refer to section P.64 for supplier management strategy and supply chain risk management.	Sustainable supply chain
Activity Metrics	TR-AP-000.A	Quantitative	Number of units produced by product category.	As in the disclosures of the annual report, as the report covers multiple product categories with different units of measurement, the production volume cannot be listed. Production value of 2022: Industrial computer boards and systems: NT\$6,315,969, Others: NT\$107,573	Sustainable development key quantitative performance metrics
	TR-AP-000.B	Quantitative	Total area of manufacturing facilities.	7567.3 m ² (including 3800 m ² on the third floor of the headquarters, 2123.6 m ² on the first floor of the headquarters, 203.6 m ² mezzanine on the second floor of the headquarters, and 1440 m ² on the second to fourth floors of the interview building)	
	TR-AP-000.C	Quantitative	Percentage of production from owned facilities.	All production comes from owned facilities.	

TCFD comparison table

	 <p>Governance</p>	 <p>Strategy</p>	 <p>Risk Management</p>	 <p>Metrics and Targets</p>
Description >	Discloses how the organization manages climate-related risks and opportunities.	Discloses existing and potential climate-related risks that may impact the organization's financial planning.	Discloses the process for assessing, evaluating, and managing climate-related risks within the organization.	Discloses key metrics and targets for assessing and managing climate-related risks and opportunities for the organization.
Corporate management >	<ul style="list-style-type: none"> - Describes the board's supervision of climate-related risks and opportunities. - Describes the role of management in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> - Describes the organization's awareness of short, medium, and long-term climate-related risks and opportunities. - Describes the potential impacts of climate-related risks and opportunities on the organization's operations, strategies, and financial planning. - Describes the organization's flexible strategies in response to different climate scenarios. 	<ul style="list-style-type: none"> - Describes the process for reviewing and evaluating climate-related risks within the organization. - Describes the procedures for managing climate-related risks within the organization. - Describes how the organization integrates the mechanisms for reviewing, evaluating, and managing climate-related risks into the overall risk management system. 	<ul style="list-style-type: none"> - Discloses the metrics used to assess climate-related risks and opportunities in the organization's strategy and risk control processes. - Discloses GHG emissions and related risks in Scope 1, Scope 2, and Scope 3. - Describes the organization's goals and achievement levels in managing climate-related risks and opportunities.
Corresponding chapters >	<p>Corporate Sustainable Development</p> <hr/> <p>Corporate Governance</p>	<p>Support from Leadership</p> <hr/> <p>DFI corporate sustainable development</p> <hr/> <p>Climate Strategy and Carbon Management</p>	<p>Risk Management</p>	<p>Corporate Sustainable Development</p> <hr/> <p>Climate Strategy and Carbon Management</p>

* Note: For the climate risk and opportunity correlation diagram and details on climate risk identification and response, please refer to the Risk Management section (P.40).

Assurance Statement of the Corporate Sustainability Report

INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of DFI INC.

Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by DFI INC. to conduct an independent assurance of its DFI INC. 2022 ESG Report. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the DFI INC. 2022 ESG Report are the sole responsibility of the management of DFI INC. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard V3, Type 1 - AccountAbility Principles and Performance Information engaged. The scope of work included:

- Data and information included in DFI INC. 2022 ESG Report for the 1st January, 2022 to 31st December, 2022.
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported.
- Evaluation of the Report against the main principles of the AA1000 Accountability Principle (2018)¹
 - Inclusivity
 - Materiality
 - Responsiveness
 - Impact
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GRI Sustainability Reporting Standards.


The levels of assurance have been applied as moderate assurance.

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of DFI INC.;
- Review of documentary evidence produced by DFI INC.;
- Review performance data listed in report with sampling basis;

¹ Published by AccountAbility: The Institute of Social and Ethical Accountability <http://www.accountability.org>

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4. Visits to 3 site located in Taiwan (New Taipei City - Xuzhi Headquarters, Xindian Office, Taoyuan City - Taoyuan Factory).

5. Review of DFI INC. data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in DFI INC. 2022 ESG Report are accurate, reliable and free from material mistake or misstatement.
- The Report provides a fair representation of DFI INC.'s activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over DFI INC.'s performance and status during the 1st January, 2022 to 31st December, 2022.
- The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard V3 principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below;
- DFI INC. has established appropriate systems for the collection, aggregation and analysis of relevant information.

Alignment with the principles of AA1000 Accountability Principle (2018)

Inclusivity


DFI INC. has processes in place for engaging with key stakeholders including socially responsible investors, clients, employees, supply chain and local community, and has undertaken a number of formal stakeholder engagement activities in 2022 covering a range of material topics such as Economic, Social and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that DFI INC. has identified as being of highest material importance. The identification of material topics has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns.

Responsiveness

DFI INC. is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

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Impact

DFI INC.'s management system can monitor, measure and be accountable for how their actions affect their broader ecosystems.

GRI report Structure

DFI INC. does fully provide the information to achieve the GRI Standards 'core' in accordance, and the performance indices do correspond and can be cross referenced to the content of relevant GRI Standards.

Key areas for ongoing development

Based on the work conducted, we recommend DFI INC. to consider the following:

- It is suggested that the definition of the supplier's assessment of significant environmental/social impacts can be more clearly defined. (IMPACT)

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by DFI INC.) and statements of future commitment.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.


Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 195 years history in providing independent assurance services. Bureau Veritas 2022 full year revenues reached 5.7 billion euros. The Group's adjusted net profit for 2022 reached 533.9 million euros.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.


No member of the assurance team has a business relationship with DFI INC., its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.


The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information systems and processes, has over years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.



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Bureau Veritas Certification Taiwan

3F-B, No. 16, Nanjing E. Rd., Sec. 4, Songshan District, Taipei 10553, Taiwan R.O.C.
29th May, 2023

Technical Reviewer:  Date: 18/July/2023

Assurer:  Date: 18/July/2023

  **AA1000**
Licensed Report
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transparent disclosure, comprehensive information, and striving for perfection

DFI