



CHC HEALTHCARE
GROUP

2023 Sustainability Report

Company Code:4164

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Reporting Practices



CHC Healthcare Group 2023 Sustainability Report

Reporting Guidelines	The report is prepared in accordance with the GRI Standards issued by the Global Sustainability Standards Board (GSSB), and referring to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and adopting the industry standards of SASB, the recommended framework of TCFD, and the UNGC of the United Nations.
Reporting Period	The reporting period of the information disclosed in the report is the Year 2023 (from January 1 to December 31, 2023), which aligns with the reporting period of the 2023 annual consolidated financial statements of CHC Healthcare Group (the Group / CHC). However, considering the completeness and comparability, some information is disclosed with retrospective data from previous years. Additionally, to reflect the timeliness of information updates, some data is disclosed as the most recent information available before the publication of the report in Chinese version. The reporting period for certain contents is indicated respectively in the report.
Publication Date of Last Version	The 2022 Sustainability Report has been published on June 30, 2023.
Reporting Frequency	The sustainability report is prepared and published once a year.
Reporting Entities	The term CHC Healthcare Group (the Group / CHC) in this report refers to CHC Healthcare Group (the Company) and its 22 subsidiaries. The report covers various ESG performances and data of the Group. For certain content does not cover all operational sites, it is specifically noted in the report.
Editing & Finalizing	The Chinese version of the report is jointly prepared by working groups assigned by the CHC's Sustainability Committee and published after being reviewed by responsible supervisors and approved by the Board of Directors.
External Assurance	The Group is currently an enterprise that is not compulsory in preparing the report, so it has not yet sought external assurance.
Publication Date	Chinese version: August 7, 2024 English version: October 30, 2024
Feedback	CHC Healthcare Group - Sustainability Committee Tel: +886-2-6608-1999 Ext.755 E-mail: ir@chcg.com



Letter from the Chairman

Thank you to all stakeholders for your support and guidance to CHC Healthcare Group, which has enabled the Group to achieve steady development and continuous growth in a highly competitive environment. Through the relentless efforts of all employees, the Group has achieved its best-ever performance in 2023, with revenue growth exceeding 30% and consistently maintaining a double-digit net profit margin. The Group firmly believes that a solid economic foundation is the key to sustainable business operations and will continue the expansion in the future to create the best interests of the stakeholders.

CHC has been in Taiwan's medical industry for over forty-five years and is committed to introducing high-end medical equipment from major international brands and providing customers with a full range of medical management services. In recent years, in addition to actively sourcing new products and enhancing service quality, the Group has expanded into overseas markets with its successful experience in Taiwan. Furthermore, the Group has diversified its business by extending from its core in the medical industry to other fields. As Taiwan transitions from an aged society to a super-aged society, and in response to the increasing emphasis on personal health, the Group has expanded its operations from B2B to B2C markets step by step, including the business of chain community pharmacies and elderly care. Additionally, considering global trends in environmental, safety, and health standards, as well as domestic industry needs, the Group has exclusively introduced the sustainable Belgium-made IBA irradiation system, expanding into the international high-tech irradiation business. Through these multi-domain sustainability transformations, the Group aims to strengthen sustainable competitiveness and drive long-term corporate sustainability.

While expanding its operations, CHC actively integrates resources from various departments to achieve sustainable business practices. In terms of environment, CHC not only encourages green procurement and implements energy conservation and carbon reduction measures in its offices but also develops low-carbon products and services and builds environmentally friendly buildings, aiming to contribute to Taiwan's pathway towards net-zero emissions. In terms of society, CHC strives to foster local prosperity and extend this goal to broader mutual well-being, linking its efforts to its core business by focusing on health-related initiatives. In terms of corporate governance, CHC consistently monitors changes in both domestic and international regulations and sustainability trends. Starting from the preparation of the 2023 sustainability report, the Group has submitted the report in Chinese version to the Board of Directors for approval before publication, laying a solid foundation for sustainable business operations.

With the corporate culture of Connecting Your Health with Our Commitment, the Group will keep committing to serving as a bridge in the interaction between major international medical equipment manufacturers and medical institutions in Asia-Pacific and exert its corporate influence to work with stakeholders for the ultimate goal of securing a sustainable future.

2023 承業生醫新年展望大會

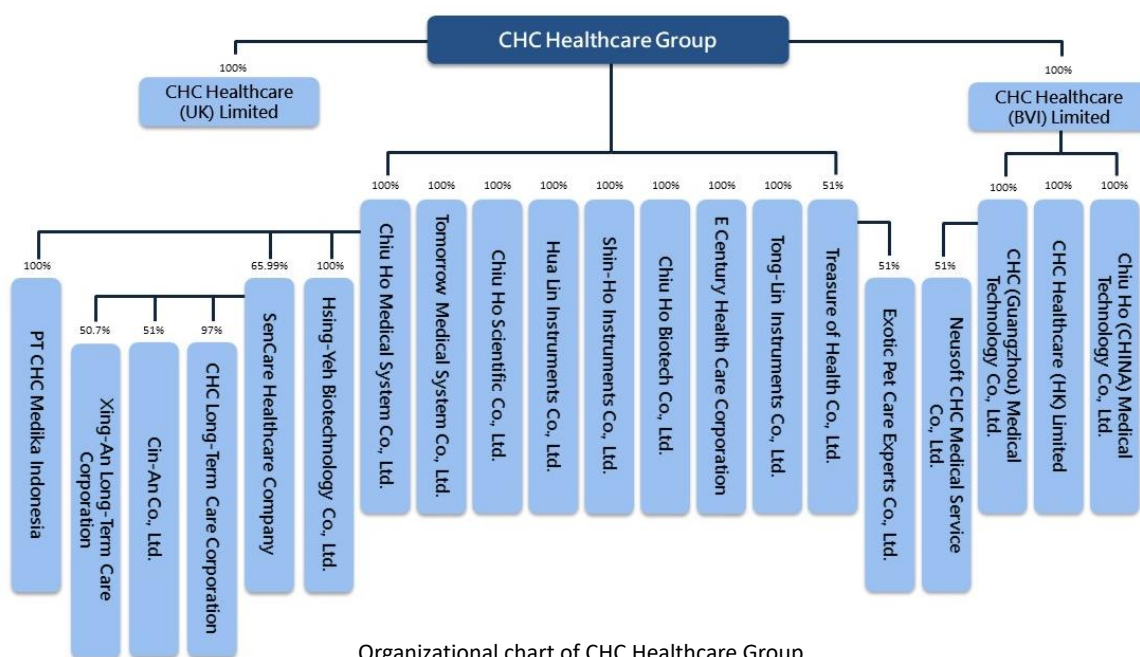


Ch.1 Operation and Governance

1.1 About CHC

Group Profile

CHC Healthcare Group (the Group / CHC) is composed of the parent company CHC Healthcare Group (the Company) and its subsidiaries. The parent company CHC Healthcare Group was established under relevant law on November 27, 2009, mainly to reorganize the organizational structure of affiliated enterprises such as Chiu Ho Medical System Co., Ltd. to take advantage of the market synergy in Greater China. Taking investing and managing investment businesses as its core business, the Company has been listed on the Taiwan Stock Exchange since October 24, 2012, for company code 4164. The Group is currently led by Chairman Pei-Lin, Lee, with 274 employees (246 in Taiwan, 24 in China, and 4 in Indonesia) and 22 subsidiaries. The headquarters is in Taipei City, with offices in Taichung and Kaohsiung, and subsidiaries in Guangzhou, Beijing, Shenyang, Indonesia, and the United Kingdom.



The first subsidiary of the Group was founded in 1977. The business scope of CHC's subsidiaries covers multi-dimensions from reinvestment business, distribution, repair and maintenance, lease of the equipment for radiation oncology, neuroscience, medical imaging, ophthalmology, and surgery, sales of spare parts and consumables, to sales of medicines and health supplements. The Group also sets up customer service centers in Taipei, Taichung, Kaohsiung, Guangzhou, Beijing, Shenyang, Indonesia, and the United Kingdom for the internal technical team to provide immediate technical support from equipment installation to maintenance and upgrades, which can be further combined with comprehensive services including site planning and construction, management consultation, and medical technician training. The continuous improvement of CHC's medical management services is popular among medical institutions, not only making customers willing to build long-term collaboration but also allowing suppliers to have no concern with the distributorship. The partnership between upstream and downstream is thus more comprehensive and stable. In addition, the Group also has diversified its business to various fields, taking the medical industry as a starting point. To improve the overall health and well-being of human beings, the Group has completed the acquisition of a chain community pharmacies channel and announced its launch into the elderly care market, extending the business territories from B2B to B2C. To drive the sustainable operation of the enterprise, the Group has successfully developed a paperless integrated radiation oncology information system and entered the field of irradiation business using world-class technology, hoping to strengthen sustainable competitiveness through sustainability transitions in multiple domains.

Basic Information of CHC				
(December 31, 2023, expressed in NT\$ unless otherwise provided)				
Company name	Incorporation date	Location	Paid-in capital	Main business activity
Parent company				
CHC Healthcare Group	November 27, 2009	Neihu Dist., Taipei City	1,664,193,750	Holdings and indirect investments
Subsidiary				
Chiu Ho Medical System Co., Ltd.	March 17, 2000	Neihu Dist., Taipei City	4,210,000,000	Medical instrument sale, leasing and services
Tomorrow Medical System Co., Ltd.	March 20, 2006	Neihu Dist., Taipei City	908,000,000	Medical instrument sale, leasing and services
Chiu Ho Scientific Co., Ltd.	March 17, 2006	Neihu Dist., Taipei City	98,538,410	Ophthalmic equipment sale, leasing and services
Hua Lin Instruments Co., Ltd.	July 10, 1999	Neihu Dist., Taipei City	356,000,000	Medical instrument leasing
Shin-Ho Biotech Co., Ltd.	October 16, 2002	Neihu Dist., Taipei City	213,000,000	Medical instrument leasing and irradiation business
E Century Health Care Corporation	December 6, 2002	Neihu Dist., Taipei City	440,000,000	Medical instrument leasing
Tong-Lin Instruments Co., Ltd.	February 25, 2002	Neihu Dist., Taipei City	350,000,000	Medical instrument leasing
Chiu Ho Biotech Co., Ltd.	December 16, 2003	Neihu Dist., Taipei City	239,639,880	Medical instrument leasing
CHC Healthcare (BVI) Limited	November 23, 2010	Tortola, British Virgin Islands	USD 940	Holdings and indirect investments
CHC Healthcare (HK) Limited	September 19, 2012	Hunghom, Kowloon, Hong Kong	HKD 1,000,000	Medical instrument sale, leasing and services
CHC (Guangzhou) Medical Technology Co., Ltd.	July 13, 2011	Yuexiu Dist., GuangZhou	USD 9,502,777.42	Medical instrument sale, leasing and services
Chiu Ho (CHINA) Medical Technology Co., Ltd.	May 30, 2013	Chaoyang Dist., Beijing	USD 7,544,411.00	Medical instrument sale, leasing and services
Hsing-Yeh Biotechnology Co., Ltd.	September 21, 2015	Neihu Dist., Taipei City	936,000,000	Medical instrument sale and leasing, drug sale
Neusoft CHC Medical Service Co., Ltd.	March 28, 2018	Hunnan Dist., Shenyang	RMB 7,200,000	Medical instrument sale, leasing and services
SenCare Healthcare Company	September 27, 2018	Neihu Dist., Taipei City	294,000,000	Management consulting and senior citizen residence
PT CHC Medika Indonesia	March 21, 2017	Jakarta, Selatan Indonesia	IDR 2,566,000,000	Medical instrument leasing
CHC Long-Term Care Corporation	December 31, 2019	Yangmei Dist., Taoyuan City	32,000,000	Long-term care services
Treasure of Health Co., Ltd.	March 27, 2018	Xizhi Dist., New Taipei City	114,000,000	Drug and health supplements sale
CHC Healthcare (UK) Limited	October 22, 2021	Edgware, London, United Kingdom	GBP 200,000	Medical instrument sale
Cin-An Co., Ltd.	September 1, 2021	Zhunan Township, Miaoli County	32,701,740	Senior citizen residence
Xing-An Long-Term Care Corporation	June 30, 2020	Zhunan Township, Miaoli County	13,400,000	Long-term care services
Exotic Pet Care Experts Co., Ltd.	March 13, 2023	Xizhi Dist., New Taipei City	8,000,000	Other animal services, rental and leasing

CHC has been deeply engaged in the domestic market for many years and is committed to introducing high-end medical equipment and technologies, aiming to improve domestic medical treatment quality and achieve a three-win situation among the Group, the patients, and the medical institutions. Recently the Group has also actively expanded into the overseas market and developed diverse business models, focusing on Asia, especially emerging markets such as China and Southeast Asian countries, considering these markets have great potential for development and the establishment of additional sites has a positive effect on overall corporate operational efficiency.

Moreover, to strengthen its influence, the Group has broadened its business territory by entering the chain pharmacy channel market and establishing physical and online channels, planning to introduce high-tech irradiation technology to accelerate the domestic industry's attainment of international standards, and expanding into elderly care industry to create an all-new elderly care experience for Taiwan in conjunction with strategic partners Sakurajiyuji Group of Japan. CHC adheres to the business philosophy of Connecting Your Health with Our Commitment to devote time and effort to the medical equipment market at home and abroad, continue to lead the industry, and hope to hold the established leadership in the comprehensive medical service industry in the Asia-Pacific region.

Business Performance

As British scholar John Elkington once proposed the concept of Triple Bottom Line, under the framework of corporate sustainability, corporates carry the most basic three responsibilities consisting of economic responsibility, environmental responsibility, and social responsibility. And ESG is the practice of these responsibilities, which include three dimensions E(Environment), S(Social), and G(Governance). CHC believes achieving solid corporate governance is the primary task for corporates to put sustainable management into practice, and stable operating performance is the foundation of corporate governance. The consolidated operating results, regional performance, and sales value and volume of the last two years are as follows:

1. Operating results

2023 consolidated operating revenue is NT\$3,877,137 thousand, higher than NT\$2,974,352 thousand reported in 2022, mainly due to the growth in instrument sales volume. 2023 profit for the year is NT\$425,238 thousand, which increases compared with the profit for the year of NT\$388,650 thousand in 2022, mainly attributable to the growth in operating revenue in 2023. For further detailed information, please refer to the 2023 Annual Consolidated Financial Statements of the Group.

Operating Results in the Last Two Years		
(Unit: NT\$ thousands)		
Item	2023	2022
Operating revenue	3,877,137	2,974,352
Gross profit	1,068,160	902,314
Operating expenses	454,684	426,554
Operating profit	613,476	475,760
Profit before income tax	559,430	483,835
Profit for the year	425,238	388,650

2. Regional performance

Regional Performance in the Last Two Years				
(Unit: NT\$ thousands; %)				
	2023		2022	
	Amount	Ratio	Amount	Ratio
Taiwan	3,825,256	98.66	2,869,079	96.46
China	43,817	1.13	95,867	3.22
Others	8,064	0.21	9,406	0.32
Total	3,877,137	100.00	2,974,352	100.00

3. Sales value and volume

Sales Value and Volume in the Last Two Years								
(Unit: Piece, set; NT\$ thousands)								
Year	2023				2022			
Domestic sales / Exports	Domestic sales		Exports		Domestic sales		Exports	
Major products (or by departments)	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Sales of equipment for radiation oncology and neurology	13	1,235,745	0	9,188	10	337,644	1	66,407
Other sales	40,605	148,089	0	0	39,312	176,427	0	0
Sales of medicines and health supplements	71,757,863	962,447	0	0	70,236,876	955,703	0	0
Rental revenue	43	1,138,929	5	35,429	44	1,099,868	5	32,020
Service revenue	0	306,104	0	7,264	0	266,687	0	6,846
Other operating revenues	35	33,942	0	0	27	32,750	0	0
Total	71,798,559	3,825,256	5	51,881	70,276,269	2,869,079	6	105,273
Analysis of changes:								
The sales of equipment for radiation oncology and neurology increased due to the rise in the number of high-priced instruments sold in 2023.								
The decrease in other sales was mainly due to the drop in the units of ophthalmic instruments sold in 2023.								
The increase in rental revenue was mainly due to the stable growth of existing collaborative projects in 2023.								
Service revenue increased due to the increase in maintenance service revenue in 2023.								

Financial Analysis

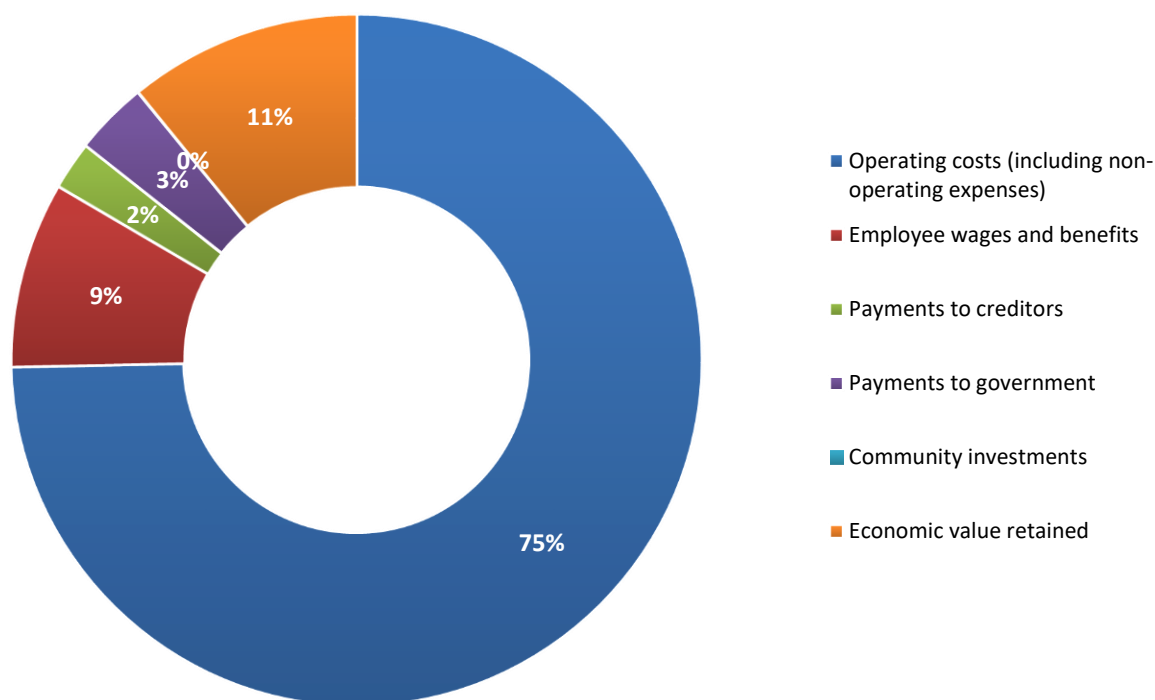
	Item	2023	2022
Financial structure	Debt ratio (%)	50.23	50.10
	Ratio of long-term capital to property, plant and equipment (%)	206.00	202.19
Solvency	Current ratio (%)	303.76	365.41
	Quick ratio (%)	220.04	260.63
	Interest earned ratio (times)	555.18	611.50
Operating performance	Account receivable turnover (times)	3.15	2.75
	Average collection period	115	132
	Inventory turnover (times)	2.95	2.58
	Account payable turnover (times)	7.52	7.42
	Average days in sales	123	141
	Property, plant and equipment turnover (times)	0.66	0.53
	Total assets turnover (times)	0.29	0.23
Profitability	Return on total assets (%)	3.96	3.66
	Return on shareholders' equity (%)	6.45	6.11
	Pre-tax income to paid-in capital (%)	33.62	29.95
	Profit ratio (%)	10.97	13.07
	Earnings per share (NT\$)	2.55	2.21
Cash flows	Cash flow ratio (%)	67.50	62.30
	Cash flow adequacy ratio (%)	94.90	86.68
	Cash reinvestment ratio (%)	4.59	2.48
Leverage	Operating leverage	2.53	2.74
	Financial leverage	1.25	1.25

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:

- (1) The increase in property, plant and equipment turnover was mainly due to the increase in net sales in 2023.
- (2) The increase in total assets turnover was mainly due to the increase in net sales in 2023.
- (3) The increase in cash reinvestment ratio was mainly due to the increase in net cash provided by operating activities in 2023.

Distribution of Economic Value Generated

CHC strongly believes that the sustainable development of a corporation requires solid economic foundations. Allocating the economic value adequately to create the ultimate benefits for stakeholders is also an important issue. The Group prepares an annual budget at the beginning of each year and conducts internal performance reviews at the middle and end of the year to manage overall operational performance and maximize corporate benefits.



Breakdown of economic value distributed in 2023

The direct economic value generated by the Group in 2023 (including operating revenue and non-operating income) is NT\$3,912,092 thousand, after deducting operating costs (including non-operating expenses) of NT\$2,921,513 thousand, employee wages and benefits of NT\$341,148 thousand, payments to creditors of NT\$89,001 thousand, payments to government of NT\$134,192 thousand, community investments of NT\$1,000 thousand, the total economic value distributed is NT\$3,486,854 thousand, and the economic value retained before earnings distribution for the year is NT\$425,238 thousand, and then the economic value retained is distributed according to the Group's dividend policy in reward for the long-term support of shareholders.

The proposal for 2023 earnings distribution has been approved by the Board of Directors on March 13, 2024, and ratified by the Annual Shareholders' Meeting on June 12, 2024, to distribute a cash dividend of NT\$2.01 per share. Due to the change in the number of outstanding shares, CHC has announced to adjust the cash dividend to NT\$2.00487066 per share on June 24, 2024.

Future Development Strategy

1. New products and services to be developed

- (1) Promotion of medical service cooperation (equipment collaboration and technology transfer training)
- (2) Expansion of the scope of application in cooperating medical departments at medical institutions
- (3) Expansion of the cooperation with chain pharmacy channels

- (4) Development of irradiation business
- (5) Development of elderly care business
- (6) Investment in the veterinary care business

2. Short-term business development plan

- (1) Continue to introduce the latest medical equipment and technology, seek products required by other medical specialties in the meantime to develop a diversified product sales business, and increase product market share.
- (2) Continue to train professional technical teams and expand medical management services at home and abroad, improve medical quality with timely and effective services to become the best partner of customers, and generate recurrent income for the Group.
- (3) Accelerate the expansion of the number of chain pharmacy channels through resource integration, and enhance the scale and level of existing physical and online pharmacy channels with the Group's experience in the medical industry channel.
- (4) Invest in the irradiation business by introducing internationally renowned brand systems to provide photon/electron irradiation services, aiming to become the first manufacturer in Taiwan to adopt sustainable irradiation solutions emphasizing safety, efficiency, and residue-free.

3. Long-term business development plan

- (1) Expand business operations into Asia-Pacific medical markets, integrate upstream and downstream resources, distribute the most comprehensive product line, and keep improving high-value-added medical technology and services to consolidate the medical service's leading position in the Asia-Pacific region.
- (2) Externally continue to introduce competitive products to expand service coverage and increase the number of strategic partners to achieve economic scale, and internally focus on resource integration to improve business performance and continue to lead the industry.
- (3) Promote the application of irradiation technology, gradually increasing equipment utilization to meet the industry demand of food, general consumer goods, medical, aerospace, and electronics, and secure a pioneering position in sustainable irradiation technology services in the domestic market.
- (4) Develop the elderly care business involving elderly fitness, daycare, senior housing, and residential institutions, focus on preventive medicine and continuing care, reduce the time confined to bed, and enable seniors to enjoy independent and joyful lives.

Procurement

CHC classifies procurement into foreign and domestic procurement and has clear procurement procedures. All procurements shall be implemented under the purchase requisition and purchase order processes and shall obtain approval following the authority matrix. The Administration Dept. is responsible for foreign procurement, and the procurement items are mainly high-end medical equipment distributed by the Group. Foreign medical equipment suppliers are from the United States, Canada, Sweden, Switzerland, Germany, Singapore, and other countries. Domestic procurement is handled by the subsidiary's procurement unit, which cooperates with chain pharmacy channels, and the Group's Human Resource & General Affairs Dept. The procurement categories include medicines, health supplements, and office supplies.

Most of the medical equipment distributed by CHC are international brands in Europe and the United States, and the Group's locations of operations are in Taiwan, China, and Indonesia, which are Asia countries, so the proportion of purchases from operating bases is relatively limited. Since the operating revenue from Taiwan in 2023 accounts for more than 99% of the total amount of CHC, Taiwan is defined as the location of significant operations.

In 2023, approximately 54% of procurement expenditures are from local suppliers at the location of significant operations. It is primarily due to the increased demand for medicines and health supplements following the Group's acquisition of a chain community pharmacy channels. As many of these suppliers are local suppliers in Taiwan, the volume and value of procurement from domestic suppliers remains above 50% in 2023.

Involvement in External Associations

CHC pays close attention to the latest industrial dynamics at home and abroad and actively participates in public associations related to its business to communicate with peers and understand the most recent developments in the industry, ensuring the Group makes effectively responds to major domestic and foreign initiatives and actions, ultimately enhance the enterprise competitiveness.

The Group is now a member of the Institute for Biotechnology and Medicine Industry (IBMI). IBMI is a communication platform for domestic industrial groups, medical institutions, government units, public associations, and academic and research institutions. In recent years, it has been committed to assisting the government in building a friendlier environment for industrial growth and has played an important civic role in the development of Taiwan's biotechnology industry. In addition, The Company is a member of the Taoyuan Enterprise Chamber, the subsidiaries Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., and Chiu Ho Scientific Co., Ltd. are all members of the Taipei Medical Instruments Commercial Association.

The above external associations provide members with instant communication service platforms, host various events to help members share knowledge and resources, and increase the opportunities for members' external strategic alliances to improve the position of Taiwan distributors in the industry. The Group promptly exerts its core expertise in various external associations to help the promotion of supply chain management. In the future, the Group will keep participate in relevant public associations and international organizations in the industry, strive to serve as executive director or supervisor in the organization, or serve as the convener or deputy convener in various professional committees of the public associations, hoping to fully communicate with and learn from peers through the way of being an industry leader.

Financial Assistance from Government

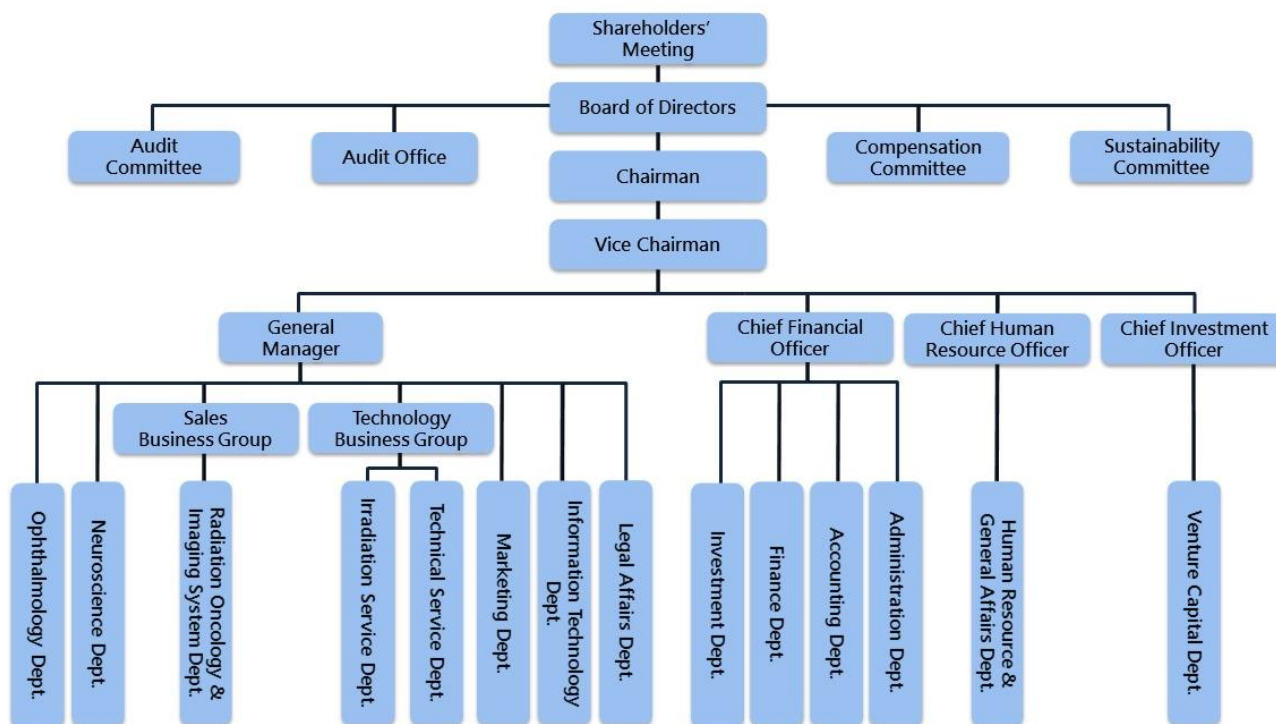
Shin-Ho Instruments Co., Ltd., a wholly-owned subsidiary of CHC, was approved by the Science Park Council of the Ministry of Science and Technology (currently known as the Science Park Council of the National Science and Technology Council) in 2020 to develop the irradiation business in Tongluo Science Park. In 2021, the subsidiary applied for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan in Three Major Programs for Investing in Taiwan by InvesTaiwan of the Ministry of Economic Affairs (MOEA). In meeting the common qualifications of Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and the specific qualifications of Manufacturing Industry - companies that invest/expand some production lines must have intellectual technology elements or intelligent functions, and belong to the 5+2 industrial innovation field, the MOEA issued a letter of approval for the criteria of Taiwanese business on October 15, 2021.

If Shin-Ho Instruments Co., Ltd. tends to apply for a bank loan through the action plan in the future, the government will use the National Development Fund to provide subsidies on the interest rate, and the subsidy claim period will expire at the end of December 2026. The long-term deferred revenue - government grants recognized by the Group for 2023 is NT\$31,436 thousand.

1.2 Corporate Governance

Corporate Structure

*Note: In accordance with the organizational structure adjustments announced by the Group on January 31, 2024, and March 26, 2024, the information in this section reflects the latest updates as of the publication date of the report in Chinese version.



Main Functions of Each Department

Audit Office	Internal control system planning, execution, and revision. Annual audit plan formulation and execution. Unit self-assessment plan formulation and execution. Other matters are enforced under the law.
Venture Capital Dept.	Domestic and foreign business expansion.
Human Resource & General Affairs Dept.	Human resources planning, recruitment, and education training program planning and execution. General affairs management. Domestic procurement, and material parts and consumables price negotiation and procurement.
Administration Dept.	Administrative supports. Foreign procurement, and material parts and consumables price negotiation and procurement. GMP of foreign medical equipment suppliers and product licenses application from the Ministry of Health and Welfare (MOHW) to ensure products are imported and installed in compliance with relevant domestic regulations.
Accounting Dept.	Accounting work. Tax work. Annual budget planning and compiling. Financial statement preparation.
Finance Dept.	Financial management and capital allocation planning and execution. Investment project planning and execution. Customer credit status evaluation and limit amount control. Shareholders' equity management.
Investment Dept.	Investor relations establishment and maintenance, visitor reception, and news report handling and tracking. Financial evaluation of various projects, pre-investment processing, investment contract drafting, and post-investment tracking to provide timely updates for management decision-making.
Legal Affairs Dept.	Contracts review, legal consultation, litigation handling, and legal compliance.

Main Functions of Each Department	
Information Technology Dept.	Information system planning and implementation, data protection security control, procedures supervision and review, and information system software and hardware improvement.
Marketing Dept.	Product marketing advertisement, product catalog publication, and business units' marketing activity support. Corporate visual design, website planning and maintenance.
Technical Service Dept.	Equipment installation, education, and training. Equipment testing and maintenance.
Irradiation Service Dept.	Photon/electron irradiation service, including sterilization for medical equipment, foods, and other consumer goods, industrial testing needs for aviation and low Earth orbit satellites.
Radiation Oncology & Imaging System Dept.	Business expansion, market development, product sales, and customer service.
Neuroscience Dept.	Business expansion, market development, product sales, and customer service. Equipment installation, education, and training. Equipment testing and maintenance.
Ophthalmology Dept.	Business expansion, market development, product sales, and customer service. Equipment installation, education, and training. Equipment testing and maintenance.

Highest Governance Body

CHC's highest governance body is the Board of Directors of its parent company, and Chairman Pei-Lin, Lee serves as the chair of the highest governance body. The members of the Board of Directors are elected at the shareholders' meeting by the Procedures for Election of Directors. The qualifications and election of independent directors also comply with the provisions of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies to ensure their independence. The Board of Directors serves for a three-year term. The 7th term Board of Directors has been elected on June 12, 2023, effective from June 12, 2023, to June 11, 2026. The Company has taken out liability insurance for the business scope of directors and managerial officers to reduce the risk of significant damage to the Group and investors due to business errors and to mitigate unknown risks and conflicts of interest borne by the enterprise.

1. Nomination and election of the Board of Directors

There are seven positions on the Company's Board of Directors, including four directors and three independent directors. Since 2020, the Company has adopted the candidate nomination system to elect director candidates as board members. The Company first recommends director and independent director candidates to the Board of Directors following the independence standards set by the competent authority and its Procedures for Election of Directors and then submits the list of director and independent director candidates to the shareholders' meeting for election.

At present, all seven members of the Board of Directors possess outstanding professional expertise and extensive practical experience, enabling them to make optimal judgments and supervise the Group's major decisions. Given that the Group is in the biotechnology and medical care industry, four directors among the board members have medical-related knowledge, one director has a financial and accounting background, one director has experience in international trade, and one director has medical information technology expertise, which is in line with the overall operational development needs and competency of functional committees. The Company also pays attention to gender equality in the composition of the Board of Directors. However, it is challenging to find female directors in the medical industry. With this goal in mind, the Company has been actively searching for female directors who meet the industry's professional requirements. At the shareholders' meeting of CHC on June 12, 2023, Ms. Chi, Chih, a female director who meets the industry and professional needs has been elected during the election of the 7th term Board of Directors, thus achieving the goal of gender diversity and fostering a sound structure for the Board of Directors.

2. Independence and diversity of the Board of Directors

The professional qualifications and independence of the 7th term Board of Directors are listed as follows:

Name	Professional qualifications and experience	State of independence	Number of other public companies at which the individual is concurrently serving as an independent director
Chairman: Pei-Lin, Lee	Experience as leader of TWSE/TPEX listed company, senior leader in the biotechnology medical industry, currently Chairman of the Company, its subsidiaries, and second-tier subsidiaries, where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Father-son relationship with Vice Chairman Tien-Ying, Lee.	0
Vice chairman: Tien-Ying, Lee	Passed national physician's examination, possesses leadership experience in the biotech medical industry, currently Superintendent of Yee Zen General Hospital, where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Father-son relationship with Chairman Pei-Lin, Lee.	0
Director: Chun-Shung, Huang	Passed national physician's examination, former superintendent of Mackay Memorial Hospital, possesses senior leadership experience at hospitals and clinics, currently Head Consultant / Physician of Department of Orthopaedics at Yee Zen General Hospital, where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Uniformly in compliance with legal requirements	0
Director: Yung-Shun, Chuang	Experience as leader of TWSE/TPEX listed company, possesses information technology industry senior leadership experience, currently Chairman of AAEON Technology Inc., where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Uniformly in compliance with legal requirements	2
Independent director: Geng-Wang, Liaw	Passed national physician's examination, senior professional experience at hospitals and clinics, currently Deputy Superintendent of Yee Zen General Hospital, convener of the Company's compensation committee and sustainability committee, where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Complies with the requirements of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0
Independent director: Chi, Chih	Chairman / GM of U-Super Technology Co., Ltd., convener of the Company's sustainability committee, where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Complies with the requirements of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0
Independent director: Ming-Liang, Kao	Holds a CPA license, accountant at Ta-Tung CPA & Associates, possesses senior professional experience in accounting, convener of the Company's audit committee, where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	Complies with the requirements of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	1

The diversity policy of the 7th term Board of Directors are listed as follows:

Name	Basic composition		Professional knowledge and skills			Complies with abilities that must be possessed by the Board of Directors (*Note 1)
	Gender Age	Nationality	Professional background	Professional skills	Industrial experience	
Chairman: Pei-Lin, Lee	Male, 71 to 80 years old	ROC	Biotechnology and medical care	Experience as leader of TWSE/TPEX listed company	Department of Medical Imaging (formerly known as Department of Radiology), National Taiwan University Hospital Chairman of the Company and its subsidiaries and second-tier subsidiaries	1 2 3 4 5 6 7 8
Vice chairman: Tien-Ying, Lee	Male, 41 to 50 years old	ROC	Biotechnology and medical care	Passed national physician's examination	Chief Resident, Division of General Medicine / Division of Infectious Diseases, Mackay Memorial Hospital Superintendent, YeeZen General Hospital	1 2 3 4 5 6 7 8
Director: Chun-Shung, Huang	Male, 81 to 90 years old	ROC	Biotechnology and medical care	Passed national physician's examination	Superintendent, Mackay Memorial Hospital Head Consultant / Physician, Department of Orthopaedics, YeeZen General Hospital	1 2 3 4 5 6 7 8
Director: Yung-Shun, Chuang	Male, 71 to 80 years old	ROC	Information technology	Experience as leader of TWSE/TPEX listed company	EMBA, National Taiwan University Chairman, AAEON Technology Inc.	1 2 3 4 5 6 7 8
Independent director: Geng-Wang, Liaw	Male, 41 to 50 years old	ROC	Biotechnology and medical care	Passed national physician's examination	Deputy Superintendent, YeeZen General Hospital	1 2 3 4 5 6 7 8
Independent director: Chi, Chih	Female, 61 to 70 years old	ROC	International trade	40 years of experience in import and export trade	Chairman / GM, U-Super Technology Co., Ltd. Director / AVP / COO for Taiwan Market, Ascend Technology Co., Ltd.	1 2 3 4 6 7 8
Independent director: Ming-Liang, Kao	Male, 71 to 80 years old	ROC	Accounting	Holds a CPA license	Accountant, Ta-Tung CPA & Associates	1 2 4 6 7 8
*Note 1: The abilities must be possessed by the Board of Directors are as follows: 1. Ability to make sound business judgments / 2. Ability to perform accounting and financial analysis / 3. Ability to manage a business / 4. Ability to perform crisis management / 5. Knowledge of the industry / 6. Has an international market perspective / 7. Has leadership ability / 8. Has decision-making ability						

3. Operation of the Board of Directors

The Company has adopted the Rules of Procedure for Meetings of Board of Directors to establish a sound governance system for the Board of Directors, improve supervision functions, and strengthen management capabilities. Board meetings convene at least once every quarter. There are six meetings held in 2023. The actual attendance rate of the seven directors has reached 100%. For any of the agenda items at the meeting has a personal interest in any director or the juristic person represents, the Company's Rules of Procedure for Meetings of Board of Directors stipulate that the director shall be recused from the discussion involving conflicts of interest, and shall not exercise voting rights.

To strengthen corporate governance and improve the effectiveness of the Board of Directors, the Company has also established functional committees, including the Audit Committee (currently the 3rd term), the Compensation Committee (currently the 6th term), and the Sustainability Committee (currently the 2nd term). The chairs and members of the above-mentioned functional committees are all served by three independent directors.

Through the running of various functional committees, the Board of Directors supervises the relevant decision-making and execution of the Group's operations in all aspects. For example, the Compensation Committee is responsible for reviewing remuneration for executives and performance evaluation of the Board of Directors. The Audit Committee is in charge of reviewing quarterly financial statements and related proposals on internal control system implementation, business, and finance. The Sustainability Committee plays the role of reviewing the Group's annual ESG plans and results.

Each functional committee regularly reports to the Board of Directors on various material issues every year, allowing board members to have a prompt understanding of the Group's operating conditions to make more immediate decisions. For occasional critical concerns, the Group adopts a step-by-step reporting process and decides whether to further convene the board meeting following the seriousness of the circumstances and relevant regulations and legal norms. In 2023, the Group does not experience any occasional critical concerns that are severe enough to have the necessity to notify the Board of Directors.

4. Establishment of collective knowledge for the Board of Directors

To enhance the proficiency of the Board of Directors and ensure the professional knowledge and critical skills possessed by directors at this stage are in line with business operational development needs, the Company arranges for all board members to attend training courses every year. To acquaint each director with issues such as regulatory dynamics, information and communications security, enterprise operation and management, and prevention of insider trading, reappointed directors are required to complete at least six hours of training each year, while newly appointed directors must complete at least twelve hours.

In addition, the Company has invited an external lecturer to give all board members a three-hour course on Corporate Management and Crisis Communication Strategies on August 7, 2023, hoping to enhance the collective knowledge on sustainable development of the Board of Directors and strengthen its competency in corporate sustainability.

5. Performance evaluation for the Board of Directors

The Company has established the Regulations for Board of Directors' Performance Evaluation, which is resolved by the Board of Directors. According to the regulations, internal performance evaluations for the Board of Directors and functional committees are conducted annually, and external evaluations are required at least once every three years by an external independent professional institution or a panel of external experts and scholars. Relevant results shall be submitted to the Compensation Committee and the Board of Directors for review and further improvement. The performance evaluation results of the Company's Board of Directors shall be a reference for election or nomination, and the performance evaluation results of individual directors shall be a reference for determination of their remuneration.

The Company conducted its most recent external performance evaluation for the Board of Directors and functional committees by entrusting the Taiwan Corporate Governance Association in December 2021.

The status of the 2023 performance evaluation on the Board of Directors and functional committees is as follows. The performance evaluation results have been reviewed and resolved by the Compensation Committee on March 13, 2024, and submitted to the Board of Directors.

Evaluation period	Evaluation cycle	Evaluation scope	Evaluation method	Evaluation contents
Once per year	January 1 to December 31, 2023	Board of Directors	Self-evaluation of the Board of Directors	Degree of engagement in the Company's operation, quality of the Board of Directors' decision-making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.
Once per year	January 1 to December 31, 2023	Individual board members	Self-evaluation of board members	Alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of engagement in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control.
Once per year	January 1 to December 31, 2023	Functional committees	Self-evaluation of board members	Degree of engagement in the Company's operation, awareness toward functional committees' responsibilities and duties, quality of the functional committees' decision-making, formation of the functional committees and election of members, and internal control.

6. Remuneration policies for the Board of Directors and senior executives

The Director's remuneration of the Company includes base remuneration, severance pay and pension, remuneration for directors, business execution expense, and compensation received as employees. The director's remuneration payment policy is a fixed remuneration amount to each director based on one's participation in the Board of Directors and various functional committees. The total remuneration paid to the directors shall be reported to the shareholders' meeting annually based on the Company's actual operating results and then based on the internal evaluation of the Board of Directors, self-evaluation by individual board members, evaluation by appointed external professional institutions, or other appropriate methods to determine the remuneration paid to each director.

The compensation of the Company's senior executives includes salary, severance pay and pension, bonus, special expenses, and employee compensation. The Company has adopted Managerial Officer Performance Appraisal and Compensation Standards, which are entered into force after being resolved by the Board of Directors. The payment of compensation shall reasonably tie to the extent of goal achievement of the managerial officer and take into account criteria such as operating revenue or profit contribution created by the personal efforts of the managerial officer. Furthermore, to ensure that managerial officers take unexpired risks and other factors into consideration, the Company has implemented a deferred compensation mechanism for variable pay. This approach encourages a long-term perspective and helps prevent managers from engaging in actions that exceed the Company's risk tolerance in pursuit of personal gains, thereby reducing the risk of corporate losses resulting from inappropriate managerial decisions.

In addition, the Company has established the position of chief corporate governance officer in accordance with relevant laws and regulations to enhance sustainable performance and development. The Board of Directors resolved the appointment of CFO Ms. Evangeline Chen as the chief corporate governance officer, responsible for the management and execution of corporate governance and sustainability-related initiatives. The Company has integrated corporate sustainability targets into Ms. Chen's annual performance appraisal, assigning a 10% weight linked to Corporate Governance Evaluation to rank within the top 20% of all evaluated TWSE-listed companies. Additionally, a 5% weight is tied to the publication of the annual sustainability report, with the target of regularly publishing both Chinese and English versions. This framework is designed to strengthen the connection between compensation and sustainability performance and deepen the Company's commitment to ESG implementation.

Risk Management

CHC manages relevant risks in its business operations and establishes an appropriate risk management mechanism according to its nature by conducting various risk monitoring based on hazard risk, strategic and business risk, financial risk, compliance risk / contractual risk, other risks, and future business strategies. Each responsible unit is in charge of collecting information on the loss caused by risk events and analyzing and reviewing the loss as a reference for enhancing the internal control system. The Audit Office is responsible for supervising internal control tasks and reporting the results of internal audits at each meeting of the Audit Committee and board meeting for board members' review to reduce overall business risks. There are no significant changes to the Group's operating scale, capital structure, ownership, or supply chain in 2023. Relevant units responsible for the execution of CHC's risk management are as follows:

1. Audit Office

The Audit Office is an independent unit that reports directly to the Board of Directors. Based on risk assessment results, it finalizes audit projects and drafts the annual audit plan, then executes following the resolution of the Board of Directors. It also conducts objective and independent audits of the risk management mechanism and provides prompt recommendations for improvements to ensure its effective operation.

2. Human Resource & General Affairs Dept. / Administration Dept.

The Human Resource & General Affairs Dept. and Administration Dept. are responsible for the Group's procurement and have adopted specific criteria for supplier selection. For foreign suppliers, the responsible unit will take the initiative to remind them to renew the contract before expiring. If there is any hesitation about the partnership or the contract may be terminated, the situation will be reported to the regular review meeting in advance to seek for solution. And other competitive brands will be considered in case of emergency to reduce business risk. For major domestic procurement categories and bulk purchasing, there are always more than two suppliers. In the event of an emergency or if one of the suppliers is found inconsistent with the Group's management criteria, a substitute will be replaced in time.

3. Finance & Accounting Dept.

The Finance & Accounting Dept. is responsible for the Group's financial planning and management, providing transparent and credible financial information, conducting operational analysis, and proposing improvement plans. It focuses on safety, liquidity, and profitability to establish hedging strategies under the risk control and supervision mechanism to reduce financial risks. (*Note: Effective February 1, 2024, the Finance & Accounting Department is restructured into the Finance Department and the Accounting Department.)

4. Chairman Office

The Chairman Office is responsible for devising and establishing communication channels with investors to ensure the accuracy and timeliness of information disclosure, thereby reducing reputational risks. (*Note: Effective April 1, 2024, the authority and responsibility of investor relations is adjusted to the Investment Department. Also, the Investment Department is responsible for the financial evaluation of investment projects and tracking of post-investment financial performance to mitigate business risk.)

5. Legal Affairs Dept.

The Legal Affairs Dept. is responsible for legal risk management, reviewing contracts, providing internal legal advice, and handling disputes and litigation to reduce legal risk.

6. Information Technology Dept.

The Information Technology Dept. is responsible for planning and enhancing the Group's information management system and establishing network information security control and protection measures to reduce information security risk.

7. Risk Management Committee (task force)

The Policies and Procedures for Risk Management resolved by the Board of Directors covers risk identification, risk assessment, risk monitoring, risk reporting, and risk response for risks such as hazard risk, strategic and operational risk, financial risk, and compliance risk / contractual risk. The Risk Management Committee refers to the annual material topics identified by the Sustainability Committee, takes CHC (including the Company and all the subsidiaries) as the boundary, and conducts risk assessment on environmental (E), social (S), and corporate governance (G) issues related to corporate operations under the materiality principle as a reference for risk management and operational strategies. Descriptions of management policy and strategy for each risk evaluated are as follows:

Category	Risk	Description
Environment (E)	Climate-related risks	After assessing current and future potential climate-related risks and opportunities, transition risks on the transition to a lower-carbon economy and physical risks on the physical impacts of climate are identified. Countermeasures and the corresponding strategies including the adoption of the Energy Saving & Carbon Reduction Implementation Plan and Energy Saving & Waste Reduction Management Policy have been proposed and put forward for execution. Although the Group is not in the manufacturing industry, it is actively committed to environmental protection by building its headquarters as a green building, enhancing greening for temperature adjustment, increasing green procurement, requiring domestic suppliers to sign environmental protection statements, developing low-emission products and services, establishing a paperless operating system to encourage customers to be more sustainable, for the ultimate goal to reduce the climate-related risks. (For further information, please refer to Chapter 4.1 Environmental Policy.)
Social (S)	Product safety	The foreign suppliers of the Group are all internationally renowned medical equipment manufacturers. In addition to complying with the regulations of the locations of the brand and the factory, the products must also obtain certification of ISO 13485 Medical Devices Quality Management Systems. Before being sold in the domestic market, medical equipment inspection and registration must be done under the regulations of the MOHW to ensure there is no possibility of selling prohibited/disputed products. For assurance of personnel safety and health, customer education and training are arranged after product delivery. Also, products are equipped with relevant adjustments, safety interlocks, and emergency stop devices to guarantee product safety through various checks. (For further information, please refer to sector 2.2 Product Liability.)
	Occupational health and safety	Besides following the government's laws and regulations related to health and safety, CHC officially introduces the guideline for occupational health and safety management, which is adopted under ISO 45001 Occupational Health and Safety Management System, to ensure employee safety. With the goal of zero occupational accidents, the Group strengthens self-management and continuously improves occupational health and safety performance to reduce occupational accidents and protect the safety and health of employees. In addition, the Group regularly arranges occupational health and safety education and training to strengthen awareness and foster employee caring, reminding colleagues to be aware of workplace health and safety issues to implement occupational health and safety management. (For further information, please refer to sector 3.2 Friendly Workplace.)
Governance (G)	Legal compliance	CHC follows the laws and regulations governing listed companies established by the government and competent authorities, distributes high-end medical equipment under relevant laws and regulations governing product import/export and laws and regulations of the MOHW, and complies with local laws and regulations in Taiwan and other global locations. For colleagues in various departments, the Group conducts legal compliance dissemination timely, offers education courses and external training information for catching up on the latest regulatory information, and establishes internal rules and regulations regulating employees to abide by the law. Relevant strategies are to achieve legal compliance and effectively reduce business risk. (For further information, please refer to sector 1.2 Corporate Governance.)
	Stakeholder engagement	The Sustainability Committee has identified five categories of stakeholders including customers, suppliers, investors, employees, and general public after a discussion with each department on its specific contact objects. In order to maintain positive interaction with stakeholders, the Group has established a sector of Stakeholders on the official website, listing the corresponding contact person for different stakeholders, and has voluntarily prepared and published sustainability reports for several consecutive years, building diverse channels of interaction with stakeholders. In addition, the Sustainability Committee regularly reports the status of communication with CHC's various stakeholders to the Board of Directors, for a higher level of attention and protection of stakeholders' rights and interests. (For further information, please refer to sector 1.3 Sustainability Commitments and Practices.)

CHC always values integrity, abides by laws and business ethics, and pursues financial performance through high-quality products and services, and effective operating strategies. While committing to the core business to accomplish corporate economic responsibility, the Group also works on fulfilling environmental and social responsibilities to incorporate ESG into the corporate sustainability strategy and strive to balance the interests of various stakeholders.

Legal Compliance

CHC follows the laws and regulations governing listed companies established by the government and competent authorities, for example, Company Act, Securities and Exchange Act, Business Entity Accounting Act, Income Tax Act, and International Financial Reporting Standards. For colleagues in various departments, the Group conducts legal compliance dissemination timely and offers education courses and external training information for catching up on the latest regulatory information related to their duty to ensure all staff abides by the law.

CHC distributes high-end medical equipment under product import/export and MOHW's medical-related laws and regulations. Its subsidiaries in Guangzhou, Beijing, Shenyang, Jakarta, and London also comply with local laws and regulations. In 2023, there aren't any critical violations of laws and regulations resulting in huge fines for the Group.

In addition, the Group has adopted Sustainable Development Best Practice Principles after being resolved by the Board of Directors, declaring the four principles to fulfill sustainable development. The Group also hopes to encourage all colleagues to be more sustainable, put sustainable development into practice in daily operations, and eventually internalize sustainability into corporate culture. The principles of implementing sustainable development are as follows:

1. Implementing corporate governance

Directors shall exercise the due care of good administrators in guiding the Group to enhance corporate governance, comply with laws and regulations, and adequately respond to the important sustainable development issues stakeholders are concerned about, to ensure the thorough implementation of sustainable development policy.

2. Fostering a sustainable environment

The Group devotes to utilizing energy efficiency and using renewable materials which have a low impact on the environment, materializing energy conservation and carbon reduction, minimising the impact of business operations on the environment, to conserve the earth in its efforts.

3. Preserving public welfare

The Group respects human rights, creates a safe working environment, provides employees with remuneration and benefits following laws and regulations, establishes effective training programs to foster career skills, offers communication channels, takes responsibility for its products and services, values marketing ethics, complies with relevant laws, regulations, and international guidelines, and must not infringe on consumer rights and interests, maintains positive public relations, engages and encourages employees to participate in social welfare activities, and promotes volunteer services.

4. Enhancing disclosure of sustainable development information

The Group prepares the annual sustainability report and discloses the implementation status of fulfilling sustainable development and future improvements and goals to improve external information transparency.

CHC believes an enterprise must take environmental, social, and governance responsibilities in daily operations while creating profits. The Group complies with the International Covenants on Human Rights concerning rights such as gender equality, the right to work, and prohibition of discrimination on human rights issues, forbids the use of child

labor, eliminates all forms of forced labor, and ensures that its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status on labor issues, and prohibits all forms of corruption and bribery on anti-corruption issues.

CHC also has adopted management measures including the Code of Ethical Conduct, Procedures for Ethical Management and Guidelines for Conduct, and Whistleblowing System, asking all employees to strictly abide by legal norms and professional ethics, requiring suppliers to cooperate with policies regarding human rights and environment, to protect social welfare and implement sustainable development.

1.3 Sustainability Commitments and Practices

Dedicated Unit

*Note: In accordance with the organizational structure adjustments announced by the Group on January 31, 2024, and March 26, 2024, the information in this section reflects the latest updates as of the publication date of the report in Chinese version.



Organization of Sustainability Committee

To foster the sound management and implementation of corporate sustainability and enhance the governance structure, CHC Healthcare Group has established the Sustainability Committee. The committee is a functional committee composed of three independent directors. CHC has also adopted the Sustainability Committee Charter to formalize its operations.

The Board of Directors of the Company has delegated responsibility for managing CHC’s economy-, environment-, and social-related impacts to the Sustainability Committee. The Sustainability Committee consists of five working groups, including corporate governance, customer service, employee welfare, environmental sustainability, and social participation. Leaders of each working group are acted by senior executives or department heads, and group members are gathered from colleagues of relevant departments. In this way, CHC can integrate its sustainability commitments and operating strategies effectively. Policies and promises can be top-down implemented, and feedback from stakeholders can be bottom-up communicated. Each working group under the Sustainability Committee is responsible for executing impact management according to its competency, including the assessment of material topics by regular review of actual and potential impacts yearly and communication on stakeholders’ issues of concern

on occasion to integrate the resources from various departments and incorporate ESG as a part of the corporate sustainability strategy through full two-way communicate.

CHC's Sustainability Committee convenes at least once a year and is responsible for formulating annual ESG plans based on the Group's business strategy and tracking implementation results, reviewing corporate sustainability policies, systems, and management guidelines, and assigning working groups to prepare and publish annual sustainability reports. The committee regularly reports its implementation status and the status of communication with CHC's various stakeholders to the Board of Directors in the first and third quarters of every year. Moreover, starting from preparing the 2023 sustainability report in 2024, the report must not only be reviewed by the responsible supervisors but also be submitted to the Board of Directors for approval before its publication.

The Company's Board of Directors regularly listens to reports from the Sustainability Committee and management team, bearing responsibility for the approval of annual sustainability report, annual ESG plans and review of past implementation results. In addition, the Board of Directors also monitors engagement between the Group and its stakeholders, routinely reviews whether the content of the Group's Sustainable Development Best Practice Principles has kept pace with the times, and urges relevant departments to make revisions when necessary. The Board of Directors plays the role of leader and supervisor on the CHC's corporate sustainability topics.

In Response to UN Global Compact (UNGC)

UNGC principle	Corporate commitment
Human Rights	
1. Support and respect the protection of internationally proclaimed human rights	CHC follows laws and regulations in Taiwan and other global locations and publicly supports and voluntarily complies with internationally proclaimed human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, to fulfill the social responsibility of protecting the human rights of all employees.
2. Make sure not to complicit in human rights abuses	CHC has formulated relevant management principles for Corporate Human Rights Policy and publicly disclosed them on the Group's official website, including prohibiting any form of discrimination, prohibiting forced labor and child labor, providing fair and reasonable salaries and working conditions, establishing a safe, hygienic and healthy working environment, periodically conducting review and assessment on relevant systems, to reduce human rights risks or reduce the impact of human rights incidents through remedial measures.
Labour	
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	CHC protects employees' freedom of speech, supports freedom of association, dedicates to building a harmonious work environment for labor and management, and provides unimpeded and diverse communication channels and recourse mechanisms. The Group also conducts the election of labor representatives following the Regulations for Implementing Labor-Management Meeting, convenes labor-management meetings quarterly, and fully communicates through negotiation, cooperation, and forum.
4. Elimination of all forms of forced and compulsory labour	CHC respects human rights in the workplace. Besides following local labor laws, voluntarily complying with international norms, and establishing the Corporate Human Rights Policy, CHC also prohibits any form of forced labor. The Group always confirms the voluntary nature of human resource providing service and overall recruiting conditions before hiring to ensure no forced or compulsory labor.
5. Effective abolition of child labour	CHC strictly prohibits the employment of child labor. The employment process is executed under the law and Corporate Human Rights Policy, and only applicants over age 18 are qualified for an interview. After confirming hiring, the Group double-checks the identity documents of recruits to ensure the abolition of child labor.
6. Elimination of discrimination in respect of employment and occupation	CHC aims to create a friendly workplace with equal consideration of diversity and non-discrimination, hires and dismisses employees without discrimination of any kind based on race, class, language, thought, religion, political party, place of origin, gender,

UNGC principle	Corporate commitment
	marital status, appearance, facial features, disability, place of birth, gender orientation, age or past membership in any labor union, and actively establishes a work environment that values human rights and is free from discrimination and harassment.
Environment	
7. Support a precautionary approach to environmental challenge	CHC's Risk Management Committee conducts risk assessments on environmental, social, and corporate governance issues related to the Group's operations based on the materiality principle as a reference for risk management and operating strategies. Appropriate countermeasures and adaptive plans for the identified climate-related risks and opportunities also have been developed.
8. Undertake initiatives to promote greater environmental responsibility	CHC sets up environmental protection goals for the short-term, mid-term, and long-term, collects environmental data periodically, and conducts self-review through recording and disclosure. In addition, the Group promotes green procurement, requests domestic suppliers to sign a corporate sustainability statement, and conducts assessments through the supplier management process to urge suppliers to comply with relevant norms on environmental protection, safety, and health issues.
9. Encourage the development and diffusion of environmentally friendly technologies	CHC commits to coexist and prosper with the environment and actively develops low-carbon products and services. The Group has successfully developed iROIS, a paperless information system, and is constructing the first irradiation facility of sustainability, to drive corporate sustainability transitions through multiple environmentally friendly businesses.
Anti-Corruption	
10. Work against corruption in all its forms, including extortion and bribery	CHC has adopted management measures including the Code of Ethical Conduct, Procedures for Ethical Management and Guidelines for Conduct, and Whistleblowing System, which contain the standard of anti-corruption, prevention of conflict of interest, and avoidance of personal gain (including but not limited to accepting improper benefits, extortion, bribery, gratuity, and entertainment). The Group also has established preventive mechanisms and regularly conducts internal audits for potential corruption risks to prevent all forms of corruption.

ESG Glory & Honor

◆ Corporate Governance Evaluation System

The Corporate Governance Center of the Taiwan Stock Exchange has regularly held the Corporate Governance Evaluation since 2014. It is the tenth term in 2023. The evaluation indicators comprise four categories Protecting Shareholder Rights and Interests and Treating Shareholders Equitably, Enhancing Board Composition and Operation, Increasing Information Transparency, and Promoting Sustainable Development. There are 952 TWSE- and 754 TPEx-listed companies evaluated in 2023 based on the corporate governance-related materials released by these companies.

The Company has achieved an outstanding result in the tenth evaluation, ranking in the top 6% to 20% of all evaluated TWSE-listed companies, and for the first time ranking between 11% to 20% among TWSE- or TPEx-listed companies in the non-finance industry with a market value of NT\$10 billion or more. In the future, the Group will keep following the guidance of the competent authorities, concentrate on fully implementing corporate governance, and voluntarily incorporate it into the corporate culture to improve its ranking in Corporate Governance Evaluation.

ESG Plans & Results

The Board of Directors plays the role of leader and supervisor in the CHC's continuous work on sustainable enterprise development. The Sustainability Committee regularly reports its implementation status to the Board of Directors in the first quarter of each year to strengthen sustainable competitiveness. Relevant information on ESG results in 2023 and ESG plans for 2024 are as follows:

2023 ESG Results				
Item	Event	Time	Venue	Status
1	< Social > CHC's singles event	Mar. 18	Beipu Old Street & Hexing Station, Hsinchu County	Completed
2	< Environment > Earth Hour 2023	Mar. 25	Within the Group	Completed
3	< Environment > Bring your own reusable tableware for a free lunch	Mar.	Within the Group	Completed
4	< Social > Treasure of Health's charity blood donation event	Apr. 12	Oriental Science Park, Xizhi Dist.	Completed
5	< Social > CHC Blood Donation Day	May 8	CHC's headquarters	Completed
6	< Governance > Supervisor training course - Generational communication & emotional intelligence	May 12	CHC's headquarters	Completed
7	< Governance > Occupational health and safety training - How to read the health checkup report	May 16	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
8	< Governance > Occupational health and safety training - Common key point of the health checkup report	Jun. 5	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
9	< Social > Procurement program with Sheltered Workshop	Jun. 20	Sheltered Workshop	Completed
10	< Governance > Publication of annual sustainability report in the Chinese version	Jun. 30	CHC's official website & MOPS	Completed
11	< Social > Medical volunteer program	From Jul. to Aug.	Ren'ai Township, Nantou County	Canceled (Typhoon impact)
12	< Social > Treasure of Health's charity blood donation event	Aug. 15	Far East Century Plaza, Zhonghe District	Completed
13	< Governance > General training courses - Redline Racing experiential learning program	Aug.	CHC's headquarters	Completed
14	< Governance > Emergency response training - Annual fire drill	Oct.	CHC's Miaoli office & headquarters (Taichung and Kaohsiung offices participated through video conference.)	Completed
15	< Governance > Dissemination of corporate governance regulations	Nov. 6	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
16	< Social > The underpad donation activity for patients in a vegetative state	Nov. 16	Keelung Branch, Genesis Social Welfare Foundation	Completed
17	< Social > CHC volunteer association - Medical volunteer program	Nov. 25	Xinyi Township, Nantou County	Completed
18	< Governance > Publication of annual sustainability report in the English version	Nov. 30	CHC's official website & MOPS	Completed
19	< Governance > Occupational health and safety training - Eliminate sexual harassment and workplace violence	Dec. 18	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
20	< Environment > Break free from plastic movement	All year	Within the Group	Completed
21	< Environment > Energy saving plan	All year	Within the Group	Completed
22	< Environment > Office consumables green procurement program	All year	Within the Group	Completed

2024 ESG Plans				
Item	Event	Time	Venue	Status
1	< Environment > Earth Hour 2024	Mar. 23	Within the Group	Completed
2	< Social > Treasure of Health's charity blood donation event	Mar. 30	823 Memorial Park, Zhonghe Dist.	Completed
3	< Environment > Bring your own reusable tableware for a free lunch	Mar.	Within the Group	Completed
4	< Governance > Fire drill	Apr., Oct., Nov.	CHC's headquarters, Miaoli office, Taichung office, and Kaohsiung office	In progress / Pending
5	< Governance > Occupational health and safety training	Jun.	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Canceled (Frequency adjustment)
6	< Social > CHC Blood Donation Day	Jun. 6	CHC's headquarters	Completed
7	< Social > Procurement program with Sheltered Workshop	Jun.	Sheltered Workshop	Completed
8	< Governance > General training courses - Enhancing presentation skills	From Jun. to Jul.	CHC's headquarters	Completed
9	< Social > Medical volunteer program	Jul.	Ren'ai Township, Nantou County	Completed
10	< Governance > Publication of annual sustainability report in the Chinese version	Aug. 7	CHC's official website & MOPS	Completed
11	< Governance > Supervisor training course	Aug.	CHC's headquarters	In progress / Pending
12	< Governance > Occupational health and safety training	Oct.	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	In progress / Pending
13	< Governance > Publication of annual sustainability report in the English version	Oct.	CHC's official website & MOPS	In progress / Pending
14	< Social > CHC volunteer association - Medical volunteer program	Nov.	Xinyi Township, Nantou County	In progress / Pending
15	< Governance > Occupational health and safety training	Dec.	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	In progress / Pending
16	< Social > The underpad donation activity for patients in a vegetative state	Q4	Genesis Social Welfare Foundation	In progress / Pending
17	< Environment > Energy saving plan	All year	Within the Group	In progress / Pending
18	< Environment > Office consumables green procurement program	All year	Within the Group	In progress / Pending

Communication & Interaction

CHC takes positive interaction with stakeholders as the foundation of corporate growth. Based on the definition of stakeholder in the GRI Standards Glossary, and after a discussion with each department on its specific contact objects, the Sustainability Committee has identified five categories of stakeholders including customers, suppliers, investors, employees, and general public.

To enhance two-way communication with stakeholders, the Group has established a sector of Stakeholders on the official website, listing the contact windows for various stakeholders, and voluntarily prepared and published the previous year's sustainability reports for several consecutive years. Publication of the English version of the

sustainability report has started since 2022 in the hope of gradually improving the accessibility and convenience for stakeholders to obtain information. The Group also has established a grievance mechanism for stakeholders to lodge complaints against negative impacts.

Once any advice, concerns, and grievances from stakeholders are received, countermeasures will be taken immediately by CHC's responsible unit. The Group also regularly reports the communication status with its various stakeholders to the Board of Directors in the third quarter of every year. If the Group is involved in a negative impact, the dedicated unit will report to the senior executives. Then senior executives will convene relevant departments to seek remediation and notify the Sustainability Committee and the Board of Directors depending on the seriousness of the case. The status of communication with CHC's various stakeholders in 2023 is as follows:

Status of Communication with CHC's Various Stakeholders in 2023				
Stakeholders	Issues of concern	Responsible unit	Communication channels / Response mechanism / Communication frequency	2023 interaction performance
Customers	◆ Market expansion ◆ Product quality control ◆ Customer satisfaction ◆ Customer privacy ◆ Customer interests protection ◆ Customer relationship maintenance ◆ After-sales service ◆ Sustainable development strategy	◆ Radiation Oncology & Imaging System Dept. ◆ Neuroscience Dept. ◆ Ophthalmology Dept. ◆ Technical Service Dept. ◆ Irradiation Service Dept.	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Customer satisfaction survey Conduct annually ◆ Exhibition / Activity Take place irregularly, depending on the needs of marketing ◆ Communication meeting Convene irregularly, depending on the needs ◆ In-person visitation Arrange irregularly ◆ Service center Operate regularly ◆ E-mail / Phone call Contact regularly, respond instantly	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 2 ◆ 96% customer satisfaction for sales team ◆ 88% satisfaction for technical team ◆ Joined / held 40 physical or online exhibitions / activities
Suppliers	◆ Market expansion ◆ Supply chain management ◆ Supplier relations ◆ Sustainable development strategy	<u>Foreign suppliers</u> ◆ Administration Dept. <u>Domestic suppliers</u> ◆ Human Resource & General Affairs Dept. ◆ Procurement unit of the subsidiary	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Annual business meeting Follow suppliers' schedule ◆ Training Arrange irregularly, depending on the needs ◆ Communication meeting Convene irregularly, depending on the needs ◆ E-mail / Phone call Contact regularly, respond instantly	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 4 - 4.2 ◆ Joined over 10 online annual business meetings of foreign suppliers ◆ Joined 10 online training sessions of foreign suppliers
Investors	◆ Operating status ◆ Legal compliance ◆ Shareholders' equity maintenance ◆ Information transparency ◆ Sustainable development strategy	◆ Spokesperson ◆ Deputy Spokesperson ◆ Chairman Office - Investor Relations ◆ Finance & Accounting Dept. *Note: Effective February 1, 2024, the Finance & Accounting Department is restructured into the Finance Department and	◆ Official website Disclose public and contact information regularly ◆ MOPS Disclose public information in accordance with the applicable laws, rules, and regulations ◆ Annual report / Financial statements Publish annually / Publish quarterly ◆ Sustainability report	◆ Corresponding chapter Chapter 1 ◆ Convened 1 annual shareholders' meeting ◆ Held 1 and attended 1 public investor

Status of Communication with CHC's Various Stakeholders in 2023				
Stakeholders	Issues of concern	Responsible unit	Communication channels / Response mechanism / Communication frequency	2023 interaction performance
		the Accounting Department. Additionally, starting from April 1, 2024, the authority and responsibility of investor relations is adjusted to the Investment Department.	Publish annually ◆ Annual / Special shareholders' meeting Convene annually / Convene irregularly, depending on the needs ◆ Public investor conference (hold or be invited) Convene at least twice a year ◆ Investor visiting Convene irregularly, depending on the needs ◆ Investor contact Respond instantly	conference ◆ Arranged over 50 times of investor visits (including conference calls) ◆ Ranged 6~20% of all TWSE-listed companies in 2023 Corporate Governance Evaluation
Employees	◆ Employee compensation ◆ Employee welfare ◆ Labor- management relations ◆ Training ◆ Workplace ◆ Corporate culture & norms ◆ Sustainable development strategy	◆ Human Resource & General Affairs Dept. ◆ Welfare Committee	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Internal announcement / regulations Publish irregularly on internal system ◆ Labor- management meeting Convene quarterly ◆ Welfare committee meeting Convene irregularly ◆ Group meeting Convene monthly ◆ Contact for handling complaints Respond instantly ◆ Committee for handling complaints Convene irregularly	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 3 ◆ Published 49 announcements ◆ Convened 4 labor-manageme nt meetings ◆ Convened 1 CHC new year outlook conference and 12 group meetings
General public	◆ Corporate image ◆ Corporate responsibility ◆ Charity ◆ Social influence	◆ Marketing Dept.	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Various activity Plan and execute every year ◆ Current affairs related activity Take place irregularly	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 5 ◆ Held / in response to 30 community engagement activities
For further contact information and grievance channel, please refer to the sector of Contact Us on page 93.				

Identification of Material Topics

Material topics are topics that represent an organization's most significant impacts on the economy, environment, and people, including impacts on their human rights. CHC refers to the GRI Standards to determine material topics. The identification process for annual material topics starts with a dedicated person screening and compiling all the topics in the GRI standards, and by understanding the organization's context, adding other topics related to the Group in due course. Afterward, the relevant information is submitted to the senior executives for preliminary review by assessing actual and potential impacts, followed by a working group meeting of the Sustainability Committee to discuss and finalize the decision.

When determining whether specific topics in the GRI Standards and other topics are material topics to the Group, two dimensions, the significance of the impacts and the degree of concern of stakeholders, are assessed. The senior executives score all the topics from 0 to 10 for each dimension respectively. A score of 0 indicates that the significance of the impact or the degree of concern of stakeholders is extremely low, while a score of 10 indicates it is extremely high. The maximum score for each topic is 20 points. If the total score of both dimensions is higher than 10 points, the topic shall be a material topic.

Following the principle, the senior executives have identified thirteen material topics of CHC from among the thirty-three specific topics in the GRI Standards and added Community Engagement as one other topic, for a total of fourteen material topics. These material topics rank in descending order of the total score. If the total score is the same, the one with the highest score in the significance of the impacts is ranked first.

Since there are no significant changes to CHC's operating and business scope in 2023, after a comprehensive assessment and discussion, the senior executives determined that the ranking of material topics of the Group in 2023 remains consistent with that of 2022.

The ranking of the Group's fourteen material topics in 2023 and related descriptions are summarized as follows:

Ranking	Material topic	Description	
1	Economic Performance	Policies or commitments	Economic responsibility is the most basic social responsibility for an enterprise, and the sustainable development of a corporation requires a sound economic base. The Group ensures the sustainable operation of the enterprise by creating stable growth financial performance.
		Responsible unit	◆ Finance & Accounting Dept. *Note: Effective February 1, 2024, the Finance & Accounting Department is restructured into the Finance Department and the Accounting Department.
		Management approach	Prepare an annual budget at the beginning of each year and conduct internal performance reviews at the middle and end of the year, strengthen the disclosure of operating and financial information, and distribute annual earnings following the dividend policy in reward of the support of investors.
		Actual or potential impacts	Unstable economic performance may cause investors to lose confidence in the Group's operations, causing fluctuations in stock prices and even affecting the stability of management rights.
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. □ CHC is directly linked to the impacts.
		Performance	CHC has achieved over 30% revenue growth and maintained a double-digit net profit margin in 2023. And the actual profit amount in 2023 is higher than the amount in 2022.
2	Customer Health and Safety	Policies or commitments	Customers are important partners of an enterprise. The Group provides qualified products and services and strives to ensure the safety and health of customers and related personnel.
		Responsible unit	◆ Radiation Oncology & Imaging System Dept. ◆ Neuroscience Dept. ◆ Ophthalmology Dept. ◆ Technical Service Dept. ◆ Irradiation Service Dept.
		Management approach	Ensure that the import, installation, and maintenance of products strictly comply with laws and regulations, adopt ISO 9001 Quality Management System to strengthen process management, and provide customer education and training courses and clinical guidance to avoid improper use or operation.

Ranking	Material topic	Description	
		Actual or potential impacts	If the products provided by the Group are not installed correctly, instructions are not complied with, or operations are improper, they may cause health hazards to health professionals and patients.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☒ CHC is directly linked to the impacts.
		Performance	There are no violations of laws and regulations related to health and safety for products and services in 2023.
3	Customer Privacy	Policies or commitments	Customers are important partners of an enterprise. Protecting their privacy is the chief factor in building customer trust in a corporation. The Group is committed to ensuring customer privacy through multiple mechanisms.
		Responsible unit	☒ Radiation Oncology & Imaging System Dept. ☒ Neuroscience Dept. ☒ Ophthalmology Dept. ☒ Technical Service Dept. ☒ Irradiation Service Dept.
		Management approach	Strictly follow the laws and regulations of the competent authorities and enhance employees' awareness of the law and moral consciousness through sufficient orientation training and on-the-job training to prevent customer privacy infringed.
		Actual or potential impacts	If confidential information of customers is accidentally leaked, besides infringing on customer rights and affecting mutual trust between the two parties, there are also risks of losing customers and violating regulations.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	There are no substantiated complaints of invasion of customer privacy or loss of customer data in 2023.
4	Labor / Management Relations	Policies or commitments	Good labor-management relations can enhance the cohesiveness of employees and have positive effects on operational performance. The Group provides a sound labor-management communication platform and strives to build win-win labor-management relations.
		Responsible unit	☒ Human Resource & General Affairs Dept.
		Management approach	Strictly follow the laws and regulations of the competent authorities to protect employees' freedom of speech and association, and regularly hold labor-management meetings and group meetings to ensure adequate two-way communication.
		Actual or potential impacts	Disharmonious labor-management relations may lead to labor disputes. If the case is serious, it may cause fines from the competent authorities, or even the suspension of business operations.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	There are no major violations of laws and regulations resulting in huge fines and no major labor disputes in 2023.
5	Employment	Policies or commitments	Employees are key partners in ensuring the sustainable development of an enterprise. In addition to strictly adhering to laws and regulations, the Group publicly commits to abide by internationally recognized human rights norms and actively improve employment relationships.
		Responsible unit	☒ Human Resource & General Affairs Dept.
		Management approach	Strictly follow the laws and regulations of the competent authorities, provide a complete welfare system and a reasonable remuneration policy, and establish internal rules and regulations and a performance appraisal system.

Ranking	Material topic	Description	
		Actual or potential impacts	Provided the employment relationship is harmonious or not affects talent recruitment, hiring, and employees' intention to stay, which is also a critical factor in whether an enterprise can continue its expansion and achieve sustainable development.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	There are no major violations of laws and regulations resulting in huge fines and no major labor disputes in 2023.
6	Anti-corruption	Policies or commitments	CHC prohibits all forms of corruption and bribery. In addition to complying with relevant laws and regulations, the Group regulates all employees with the highest ethical standards to maintain corporate reputation.
		Responsible unit	◆ Human Resource & General Affairs Dept.
		Management approach	Establish internal rules and regulations, designate responsible units to arrange internal dissemination aperiodically, link employee ethical behavior with performance appraisal, and conduct regular internal audits on daily operating procedures.
		Actual or potential impacts	Corruption may lead to personal or corporate litigation, resulting in tangible and intangible losses to an enterprise and causing extremely negative impacts on its business.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	There are no incidents of business corruption in 2023.
7	Occupational Health and Safety	Policies or commitments	Employees are important partners for the sustainable development of an enterprise. The Group is committed to aiming at zero occupational accidents, continuously improving occupational health and safety performance, and taking care of the physical and mental safety and health of employees.
		Responsible unit	◆ Human Resource & General Affairs Dept.
		Management approach	Strictly abide by the occupational health and safety regulations of the competent authorities, adopt ISO 45001 Occupational Health and Safety Management System, arrange regular health examinations for all employees, and conduct occupational health and safety training courses aperiodically.
		Actual or potential impacts	If the occupational health and safety management mechanism is not implemented, it may cause employees to suffer occupational accidents directly or indirectly, harm their physical and mental health, or even cause casualties.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	There are seven occupational accidents in 2023, all of which are minor injuries, and there are no major violations of laws and regulations resulting in huge fines.
8	Marketing and Labeling	Policies or commitments	Marketing and labeling are important sources for customers to get to know the products and services. The Group is devoted to ensuring the marketing and labeling comply with relevant laws and regulations and clearly conveying product and service information to customers.
		Responsible unit	◆ Administration Dept. ◆ Marketing Dept. ◆ Radiation Oncology & Imaging System Dept. ◆ Neuroscience Dept. ◆ Ophthalmology Dept. ◆ Technical Service Dept. ◆ Irradiation Service Dept.

Ranking	Material topic	Description	
		Management approach	Strictly follow the laws and regulations of the competent authorities, adopt medical device quality management system (QMS) regulations to do labeling, and arrange adequate education and training.
		Actual or potential impacts	The labeling of the products distributed by the Group is strictly regulated by laws and regulations. If there is improper marketing behavior, it may result in fines from the competent authorities.
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. ■ CHC is directly linked to the impacts.
		Performance	There are no incidents of failure to comply with laws and regulations on information and labeling of products and services, also no incidents of violations of laws and regulations on marketing communications in 2023.
9	Training and Education	Policies or commitments	The Group is committed to strengthening employee career development, expanding the skill range of its employees to match business guidelines, achieving employee career development together with corporate growth, and cultivating talents needed for the sustainable operation of an enterprise.
		Responsible unit	◆ Human Resource & General Affairs Dept.
		Management approach	Adopt Reward Regulation for Educational Training and Professional Certification, conduct various types of education and training aperiodically, and organize and implement education and training following business development and employees' competency requirements.
		Actual or potential impacts	Talents are the foundation of sustainable development. Excellent talents can help the enterprise maintain market competitiveness and thereby have positive effects on its overall operational performance.
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. □ CHC is directly linked to the impacts.
		Performance	For training and education performance in 2023, please refer to sector 3.3 of Chapter 3.
10	Community Engagement	Policies or commitments	Committed to the concept of the community is critical to the flourishing of an enterprise, and a corporation must give back to the community, the Group proactively fulfills its social responsibilities to make progress together with society and create a better future.
		Responsible unit	◆ Marketing Dept.
		Management approach	Hold or participate in activities related to social welfare through corporate influence to drive positive development in the region, and regularly report to the Board of Directors for plan formulation and performance review.
		Actual or potential impacts	Corporate operation is inseparable from the development of the whole society. Promoting social progress has a positive impact on the stability of business operations.
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. □ CHC is directly linked to the impacts.
		Performance	For community engagement performance in 2023, please refer to Chapter 5.
11	Supplier Environmental Assessment	Policies or commitments	The Group leverages its corporate influence to encourage green procurement and seeks outstanding suppliers to build a sustainable supply chain.
		Responsible unit	◆ Human Resource & General Affairs Dept. ◆ Administration Dept.
		Management approach	Adopt supplier management procedures, establish supplier evaluation mechanisms, and conduct supplier environmental and human rights impact assessments.

Ranking	Material topic	Description	
		Actual or potential impacts	Most of the Group's suppliers are manufacturing companies. If something goes wrong in the product manufacturing process, it may cause irreversible large-scale environmental disasters.
		CHC's involvement with the impacts	☐ CHC has caused or contributed to the impacts. ☒ CHC is directly linked to the impacts.
		Performance	In 2023, no foreign suppliers are found causing significant actual or potential negative environmental impacts. Domestic suppliers are progressively being required to sign the Corporate Sustainability Statement.
12	Procurement Practices	Policies or commitments	To implement responsible procurement, the Group takes the potential environmental and social impacts of products into consideration when making procurement decisions and actively seeks outstanding suppliers from local locations where it operates.
		Responsible unit	◆ Human Resource & General Affairs Dept. ◆ Administration Dept. ◆ Procurement unit of the subsidiary
		Management approach	Establish a clear procurement procedure, implement all procurement under the purchase requisition and purchase order processes, and obtain approval following the authority matrix.
		Actual or potential impacts	Local procurement can reduce costs and carbon emissions generated during transportation, which also can foster positive economic development in the location of operations.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	The proportion of procurement expenditures in 2023 coming from the location of significant operations accounts for approximately 54%.
13	Supplier Social Assessment	Policies or commitments	The Group is committed to using its corporate influence to build a responsible supply chain that takes social issues into concern for the purpose of strengthening supply chain resilience.
		Responsible unit	◆ Human Resource & General Affairs Dept. ◆ Administration Dept.
		Management approach	Adopt supplier management procedures, establish supplier evaluation mechanisms, and conduct supplier environmental and human rights impact assessments.
		Actual or potential impacts	If suppliers are involved in critical social issues such as human rights infringed, they may be boycotts, triggering supply chain crisis for CHC.
		CHC's involvement with the impacts	☐ CHC has caused or contributed to the impacts. ☒ CHC is directly linked to the impacts.
		Performance	In 2023, no foreign suppliers have been found to employ child labor or violate human rights. Domestic suppliers are progressively being required to sign the Corporate Sustainability Statement.
14	Emissions	Policies or commitments	The Group is committed to managing energy use effectively, reducing the impact of business operations on the environment by reducing carbon emissions, and coexisting with the environment.
		Responsible unit	◆ Human Resource & General Affairs Dept.
		Management approach	Adopt Energy Saving & Carbon Reduction Implementation Plan, calculate annual greenhouse gas (GHG) emissions, and evaluate climate-related risks and opportunities.
		Actual or potential impacts	Immoderately energy use will destroy ecosystems, harm global economic development, and endanger human health and survival.
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
		Performance	For environmental performance in 2023, please refer to sector 4.1 of Chapter 4.



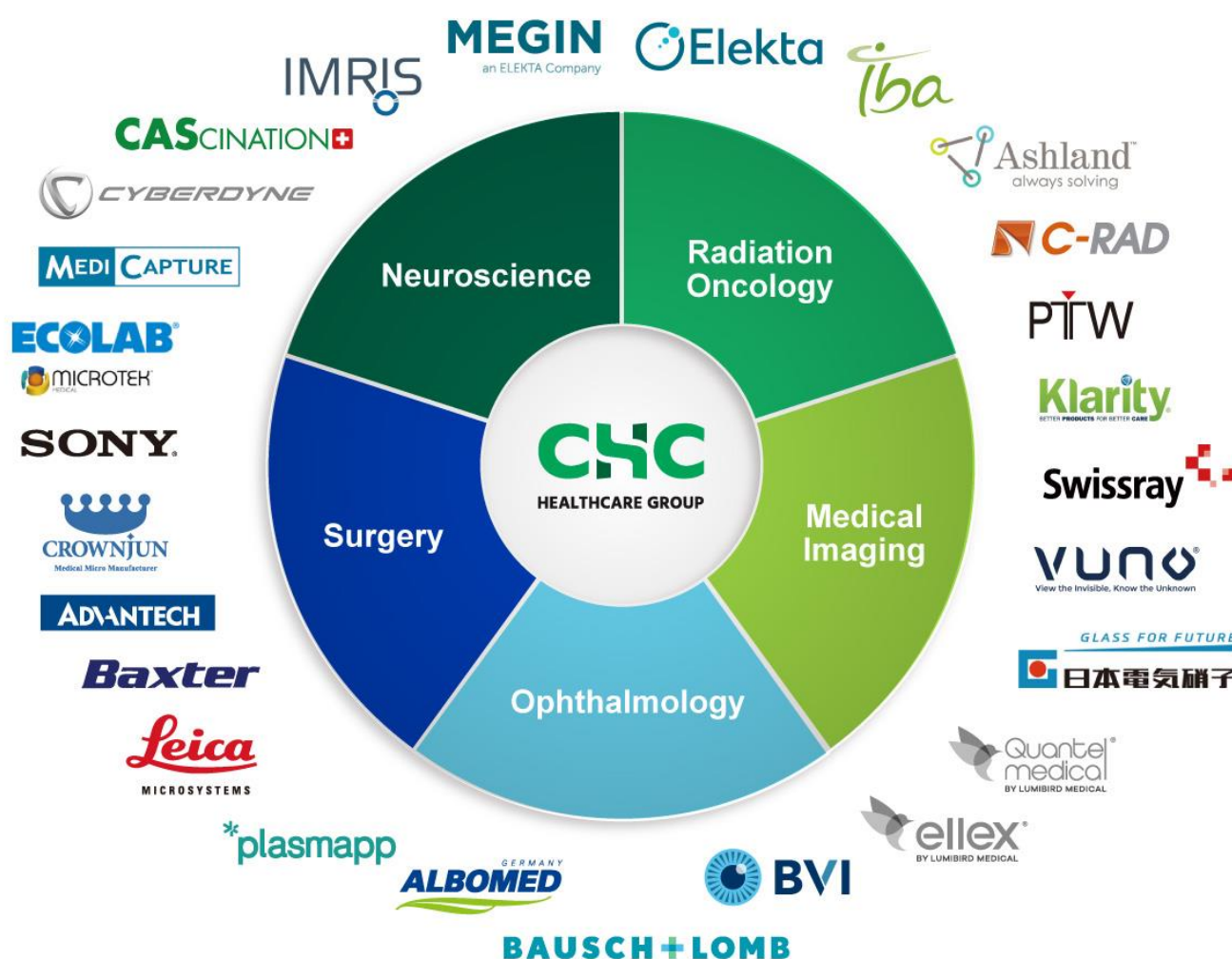
Ch.2 Customer Service

2.1 Products & Services

CHC is committed to introducing high-end medical equipment and technology. Since being established more than 45 years ago, the Group has acted as a distributor for many major international medical equipment brands, covering radiation oncology, neuroscience, medical imaging, ophthalmology, and surgery. The Group also innovates a full range of medical management services for medical institutions. By offering customers advanced medical equipment and technical support, CHC assures the quality of medical services. With the ultimate goal of providing services beyond customer expectations, the Group always steps into clients' shoes and expects to establish long-term and stable partnerships with customers through comprehensive, professional, caring, and trustable services.

In recent years, besides actively looking for new products and enhancing service quality, the Group has entered overseas markets and successfully introduced Taiwan's experience to China and Southeast Asia with a head start. In the meantime, CHC has also diversified its business to various fields taking the medical industry as a starting point to meet customer needs and the market, including the independent development of an integrated radiation oncology information system, the announcement of the acquisition of a chain community pharmacies channel, and the investment in high-tech irradiation facility and elderly care business. CHC has successfully executed business diversification of an enterprise and expanded its business territories from B2B to B2C to complete the existing chain channel of the healthcare industry and achieve a win-win situation between the Group and clients.

Distribution Brands & Products



1. Radiation oncology

Brand	Product
Elekta	Radiation oncology digital linear accelerator MRI linear accelerator Image-guided radiotherapy Electronic medical information management system Computer treatment planning system Radiotherapy patient fixation equipment Ultrasound image-guided radiotherapy system Remote after-loading intracavitary brachytherapy system Intracavitary brachytherapy device X-ray simulator Integrated X-ray intracavitary brachytherapy special photography system Low-dose prostate tissue interstitial implantation treatment system
PTW	Radiotherapy quality confirmation equipment Radiological diagnostic quality confirmation equipment Radiation calibration measurement system equipment
Ashland	Self-display dose verification film for quality validation
C-RAD	Radiotherapy laser scanning instant positioning system
IBA	Proton therapy system
Klarity Medical	Radiation oncology patient peripheral equipment

2. Neuroscience

Brand	Product
Elekta	Leksell gamma knife – stereotactic radiosurgery system Stereotactic radiosurgery system
MEGIN	Magnetoencephalography (MEG) system
Leica	Surgical microscope
Baxter	Operating table, surgical lamp, surgical column Patient positioning accessories during surgery Surgery-related smart products and solutions
IMRIS	MRI hybrid surgical theatre
SONY	NUCLEUS
CROWNJUN	Surgical sutures and instruments
CASCINATION	Stereotactic navigation system
CYBERDYNE	Hybrid assistive limb
MEDICAPTURE	Medical image processing system
MICROTEK	Surgical microscope sterilization set
ADVANTECH	Smart medical products

3. Medical imaging

Brand	Product
Swissray	Digital X-ray imaginary diagnostic system

4. Ophthalmology

Brand	Product
BAUSCH+LOMB	Excimer laser system Corneal flap femtosecond laser system Cataract femtosecond laser system Corner template cutter
Ellex	Ophthalmoscope laser
Leica	Surgical microscope
BVI	Artificial intraocular lens
Quantel	Ophthalmic ultrasound
ALBOMED	Artificial vitreous
Plasmapp	Low temperature plasma sterilizer

5. VUNO: Artificial intelligence (AI) medical solutions

6. Nippon Electric Glass Co., Ltd.: Lead glass for medical use

7. Pharmaceutical sales: Supply of medicines required by pharmacies and medical institutions

Medical Management Services

CHC has developed a full range of medical management services including medical site planning, design and construction, medical equipment installation and testing, division management and operation consulting, medical technician training, equipment maintenance, and subsequent upgrade services.

The comprehensive medical management service is the biggest reason for the Group to establish a solid foundation and gain a leading position in Taiwan's medical service market. To achieve timely and professional services, the Group has set up a technical service department and trained nearly 100 technical engineers certified by the manufacturers. In addition, there are service locations in the northern, central, and southern regions of Taiwan to provide immediate technical support and after-sales service for major medical institutions, therefore ensuring the best medical service quality for patients.

The soft power of medical management services not only makes medical institutions willing to build long-term collaboration but also allows suppliers to have no concern with the distributorship. CHC's technical team even can assist manufacturers with technical support services in other countries, thus making a more solid partnership with the suppliers.

Business Diversification

1. Radiotherapy information system

CHC has successfully developed the Integrated Radiation Oncology Information System (iROIS), which is a comprehensive radiation oncology solution providing an information platform from the perspective of clinical operations, combining electronic medical records and treatment processes, and optimizing the operations of the radiation oncology department. The system achieves horizontal integration of a patient's medical information between the Hospital Information System (HIS) and the Oncology Information System (OIS), which also has multiple systematic warning and reminder functions, thereby improving the efficiency of clinical operations and patient safety. For clinical staff, iROIS reduces labor burden through systematic management of the treatment process. Also,

its customized service helps medical staff access directly through a single information platform to create multiplier effects. For hospital management, the paperless operation of iROIS can not only reduce operating costs and improve the qualification rate of hospital evaluation but also provide advanced big data analysis of the integrated information, helping hospitals to build an efficient and high-quality information platform.

2. Chain pharmacies channel

After noting the connection between people and pharmacies has become closer and closer under the new post-pandemic normal and aging phenomenon, the  **Fukang Pharmacy** Group has acquired a 51% stake in Treasure of Health Co., Ltd. in October 2021, officially expanding its business into chain pharmacies channel, and taking this opportunity to enter the B2C field. There are more than 40 physical community pharmacy channels and an online shopping channel at the end of 2023. The brand also has been listed on popular online shopping platforms. In the future, with more than forty-five years of channel experience in the medical industry, CHC will continue to integrate the Group's resources for channel expansion and improve the scale and level of existing physical and online channels, to create a friendlier consumer experience.

3. Irradiation business

The Group planned to step into the irradiation business and has obtained approval from the Hsinchu Science Park of the Ministry of Science and Technology to establish a facility in the Tongluo Science Park for irradiation business development. It is expected to offer safer, more efficient, and residue-free sterilization technology for healthcare, food production, and other livelihood-related industries. It can also fulfill testing needs for industries such as aerospace and low-earth orbit satellites. Additionally, it can be utilized in semiconductor and composite material processing, providing innovative solutions for various industries.

The Group exclusively introduced the Rhodotron® developed by the Belgian company IBA. The phased investment approach involves NT\$370 million in 2022 and NT\$230 million in 2023 to construct irradiation service spaces and facilities that adhere to principles of sustainability. The Rhodotron® generates high-energy photon and electron beams and is capable of saving 30% energy compared to other accelerators. It is coupled with an automated conveyor and radiation energy system control, effectively reducing the impact of radiation on workers and the environment. Furthermore, considering that the production of high-energy photon and electron beams still relies on power supply, CHC aims to prioritize environmental protection alongside business operations. As part of this effort, the Group plans to install solar panels on the roof of the irradiation facility. The capacity of the solar power generation system is close to 700 kW, and it's projected to generate 850,000 kilowatt-hours of electricity annually. According to the latest data from the Energy Administration, the carbon emission coefficient is 0.494 kg CO₂e per kilowatt-hour. Therefore, this initiative could reduce approximately 420 metric tons of carbon dioxide emissions each year, contributing to coexistence and prosperity with the surrounding environment.

4. Elderly care business

Taiwan is currently an aged society, with the elderly accounting for more than 14% of the population. By 2025, Taiwan is expected to be a super-aged society. The ratio of the elderly population will exceed 20%, and the population aging rate will be even faster than in Europe, the United States, and Japan. Elderly care has unavoidably become an important issue. Given the huge business opportunity, CHC has begun collaborating with Japan's Sakurajyuji Group to develop the elderly care market in Taiwan. In the future, the Group hopes to create comfortable, safe, and elderly-oriented humanized spaces based on a differentiated strategy. Apart from continuous care, the Group will also introduce the concept of preventive medicine, hoping to prolong the healthy life of the elderly as much as possible, reduce bedridden time, enhance the quality and dignity of domestic elderly life, and establish a brand new view on elderly care in Taiwan.

2.2 Product Liability

Education & Training for Frontline Staff

Sales skills and product training for sales representatives

- Orientation training is arranged for new sales representatives. The course covers fundamental business skills training, a medical market overview, an introduction to the hospital level of the healthcare referral system, and product training.
- Arrange study sessions at least twice per month to provide channels for sales representatives of various departments to communicate with each other and gain new knowledge. Both education and training on new products and regular updates on the latest industry information are also given to current sales representatives. Employees are encouraged to strengthen their language skills, and there are corresponding reward programs for each language certificate.

Professional skills training for engineers

- Manufacturer training abroad: Assign personnel abroad to participate in manufacturer training courses aperiodically. In 2023, the Technical Service Dept. has sent 11 engineers to join physical manufacturer training, and another 7 engineers have been arranged to join online manufacturer training.
- Manufacturer training in Taiwan: Manufacturers have sent professionals to Taiwan twice for support and training.
- Departmental curriculum: The Technical Service Dept. has held 118 professional skills education and training sessions in 2023. The attendance rate is taken into consideration when conducting performance evaluations.

Radiation safety training

- Radiation safety training is one of the compulsory courses for new recruits, which provides them with correct radiation knowledge. All engineers must obtain the radiation safety certificate according to regulations.
- A three-hour radiation protection training a year is required for radiation workers to strengthen radiation protection concepts and ensure safety at work.

Customer Health & Safety

CHC has been accompanying customers for over forty-five years since its establishment. In addition to providing high-quality products and services, the Group pays more attention to the safety of the life and property of customers and patients. To protect the safety and health of relevant personnel, the products are subject to strict inspections and specifications from installation to operation. The Group provides education and training services to customers after the products are delivered. After the product is officially put into use, it also equips with relevant adjustments, safety interlocks, and emergency stop devices. Customers' and patients' safety is secured through layers of checks while operating and receiving treatment.



Radiation safety assessment (before installation)

The use of various types of radioactive materials and equipment that may generate ionizing radiation must be strictly reviewed. Also, the safety of radiation workplaces must be confirmed in advance. The equipment can only be installed after the radiation protection plan is approved. The Group employs professional radiation protection personnel to assist the hospital in complete radiation safety planning before installation, including staffing, control areas, shielding calculations, dose assessment, etc., to ensure the absolute safety of personnel and the environment.



Radiation safety testing (after installation)

The equipment can only be used after completing the installation, passing the inspection, and obtaining relevant licenses. The Group has established standard equipment installation procedures, acceptance test procedures, and tolerance range. All items must meet the manufacturer's instrument accuracy standards before being delivered to customers. Then continue environmental monitoring and cooperating with the hospital to implement the quality assurance plan for radiation medical equipment. The license of ionizing radiation installations from the Nuclear Safety Commission (NSC) can only be applied for after all the elements are qualified, and the equipment can only be used clinically after the issuance of the license.



Equipment teaching and training (before use)

A complete training course gives customers a thorough understanding of the equipment to operate safely and avoid accidents. The professional training instructors trained by the Group not only provide basic knowledge, detailed information, and practical teaching before the actual use of the equipment but also provide on-site guidance or stand-by following the time of clinical treatment cases.



Automatic light source intensity adjustment system (in use)

The device automatically adjusts the light intensity and temperature of the microscope by detecting changes in the working distance to avoid the possibility of partial tissue burns in patients. In addition, the illumination range provided by the device automatically adjusts with the size of the field of view (change of magnification) to avoid the possibility of non-surgical tissue burns.



Equipment safety interlock (in use)

Since the improper operation of radiation equipment can easily lead to severe consequences, multiple safety interlocking devices are equipped to ensure the correctness of the treatment process and the safety of hospital staff and patients. Relevant devices include infrared safety interlocks and exposure indicators at the entrance of the treatment room, monitors in each corner, treatment accessories locking monitoring, collision prevention settings, treatment parameter monitoring, automatic fault recording, and automatic start of the uninterruptible power system after power failure.



Emergency stop device (in use)

The equipment distributed by the Group that can generate ionizing radiation and radionuclide is equipped with emergency stop devices. When encountering emergencies such as abnormal equipment operation, changes in patient conditions, and disasters such as earthquakes and fires, the priority is to stop the operation of the machine and send the patient safely out of the treatment room. Therefore, several emergency stop devices have been set up when installing the equipment, and the functions are checked regularly to assure the safety of staff and patients.

Reduce Environmental Impact of Products

CHC is not in the manufacturing industry and has no dedicated R&D department, nor does it set up a factory to manufacture products. For this reason, there is no risk of direct environmental pollution. Based on the concept of caring for the earth and protecting the environment, the Group strives to reduce the environmental impact caused by products in the process of selecting products for distribution, sales and transportation, equipment installation, clinical application, equipment scrapping, and reuse of fine products, hoping to protect the earth as much as possible.

1. Medical information management system

The Group continues to promote the medical information management system, also known as electronic medical records, hoping to enhance the safety of treatment, improve treatment efficiency and protect patient privacy through the introduction of the system, thereby improving the quality of medical care. In the past, medical records were handwritten by doctors before filing. The amount of traditional paper medical records gradually accumulated with the rising number of patient visits. Moreover, because of the retention period of medical records regulated by law, a large amount of paper is required and storage space is occupied, which increases the cost of medical administration and environmental protection. Also, the handwriting may be unrecognizable over time, and the paper is inevitably damaged, so there would be difficulties in referring to the follow-up treatment. If a patient needs to be referred to another medical institution, there is also a risk of loss and data leakage of paper medical records during the information transfer process.

After adopting the medical information management system, prescription and treatment records can be stored on the computer or uploaded to the web in data formats such as text, images, and physiological signals. Whether it is the patient's request to bring back medical records, or when the patient goes to other medical institutions for treatment, the doctor there can access the medical record on the computer in time, effectively reducing the possible risks of traditional paper data transmission and increasing the convenience of information acquisition. Aside from optimizing the information processing and delivery process, the system also contributes considerably to environmental sustainability. After the adoption of the system in medical institutions, relevant data can be integrated and exchanged in a paperless manner, which effectively reduces paper waste, achieves the goal of environmental protection, and is more conducive to the permanent preservation of data and space-saving.

2. Safe transportation of radioactive material

The radiation oncology treatment equipment distributed by the Group is medical equipment that uses high-dose radiation for tumor treatment. In addition to radiation protection when using such products, specific measures are required during transportation. To ensure the safety of employees, customers, patients, and the environment, apart from complying with the management procedures of the competent authorities and relevant laws and regulations, the Group has also stipulated the Radioactive Material Transportation Plan as a guide for relevant personnel to deliver radioactive material, to avoid possible dangers caused by ionizing radiation and radioactive pollution. The Group has also adopted the Standard Operating Procedures for Radiation Sources Installation & Return to ensure the discarded radiation sources are returned to the manufacturer appropriately.

3. Equipment scrap and fine product reuse

If scrapped medical equipment is discarded arbitrarily, in the improper disassembling process, the hazardous substances may endanger the surrounding, cause severe environmental damage and pollution, and ultimately affect the entire ecosystem. The Group's equipment scrapping procedure is established based on eco-friendly principles. Countermeasures include dismantling the whole machine to distinguish parts for reuse and entrusting professional recycling institutions to classify, recycle and scrap equipment under environmental regulations.

Legal Compliance

The products distributed by CHC are high-end medical equipment manufactured by internationally renowned brands. Such products must be reviewed and acquired medical equipment inspection and registration following relevant regulations of the MOHW before being sold in the domestic market. All equipment has a label, instruction leaflet, and instruction for use, and is in compliance with relevant laws and international standards, so there is no possibility of selling prohibited or disputed products. Also, the transportation, installation, and operation of the equipment must comply with relevant laws and regulations and meet the particular standards for each category of products. In addition to abiding by domestic laws and regulations, the Group also refers to international norms, self-demanding with the strictest standards, aiming to connect CHC to global networks under the highest standards.

According to the Medical Devices Act announced by the MOHW on May 1, 2021, imported medical equipment must have a Chinese label and instruction leaflet. Medical equipment in large pieces distributed by the Group is entrusted to foreign suppliers to attach the Chinese label directly, and other products are labeled before shipment. In response to new regulations, the Group began to adopt Medical Device Quality Management System Regulations to execute labeling after enforcement of the Medical Devices Act. The Chinese product name, license number, product lot number (serial number), date of manufacture, name and address of the manufacturer, and name and address of the medical device firm shall be indicated on the Chinese product label. If the medical equipment needs maintenance and other services, the medical institution can contact the relevant personnel of the Technical Service Dept. of the Group based on the information provided on the label. The Chinese instruction leaflet of the product contains safety instructions and other important information so users can have a clearer understanding of the product. The Group has compiled the process for labeling and shipping into procedural documents to comply with the Regulations of Medical Device Good Distribution Practice publicized by the MOHW.

The main products distributed by the Group are large medical equipment for radiation oncology departments, including linear accelerators, nuclear radiation therapy systems, X-ray imaging systems, and proton therapy systems. The above products contain radioactive substances, which must be strictly controlled, and radiation protection measures must be implemented. An import and export license shall be applied from the NSC when importing and exporting such products. After import, the equipment must be inspected by the personnel of the NSC, and a usage license must be issued before clinical treatment starts. The radiation source of such equipment also needs to apply for approval from the NSC before import or export. In terms of import, the supplier starts manufacturing after receiving the import certificate from the NSC in Taiwan. After the source arrives in Taiwan from the manufacture site by flight and has done customs clearance, it must be delivered to the destination by the shipping company that has reported to the competent authority based on the original reporting delivery route, and then installed on the machine according to certain procedures. For the used radiation source, after obtaining the export approval of the NSC, the discarded radiation source must be stored within utensils of lead quality to prevent radiation leakage from polluting the environment and harming the human body. Then entrust a professional shipping company to transport under the route planned by the local department of health, and prepare a proper crisis management plan in advance to minimize the risk of transportation and the probability of environmental pollution.

For personnel having contact with radiation medical equipment during construction, installation, operation, and the location of the equipment installed, the Group guarantees the safety of personnel and the environment following the relevant regulations of the competent authority. It is strictly controlled by the competent authority through license and certificate for the practice including production, purchase, import (export), installation, use, stop, transfer, and discarding of radioactive material and equipment capable of producing ionizing radiation, as well as related operators and radiation protection personnel. By strengthening the independent management of each radiation workplace, the dose received by workers can be kept as low as reasonably achievable, and the quality of radiation medical treatment can be improved.

CHC strictly follows the laws and regulations of the Taiwan Food and Drug Administration (TFDA) of the MOHW and the NSC to assist medical institutions conducting related work. Relevant laws and regulations are listed as follows:

Relevant Laws & Regulations of TFDA of MOHW	
Medical Devices Act	Enforcement Rules of Medical Devices Act
Medical Device Quality Management System Regulations	Regulations for Medical Device Recalls
Regulations of Medical Device Good Distribution Practice	Regulations for Reporting Serious Adverse Events of Medical Devices
Regulations Governing the Inspection of the Medical Device Quality Management System and the Issuance of the Manufacturing License	
Relevant Laws & Regulations of NSC	
Provisions to Accredite and Administer Personnel Dose Assessment Organizations	Ionizing Radiation Protection Act
Announcement of Environmental Radiation Monitoring Operation Execution Unit, Designated Certification Organizations and Certification Elements	Enforcement Rules for the Ionizing Radiation Protection Act
Precautions for Use of Radiation Warning Signs in Public Places	Standards of Fees Collection for Ionizing Radiation Protection Control
Regulations for Administration of Naturally Occurring Radioactive Material	Maintenance Plan and Management Measures for Personal Data Security of Ionizing Radiation Equipment Manufacturing
Precautions for Institutions Recruit Undertakers for Radiography Inspection Business	Guidelines for Radiation Protection Council in Academic Institution
Measures for Prevention and Handling of Radioactively Contaminated Sites	Specific Health Examination Items for Radiation Workers
Directions for Demolition and Reconstruction Assessment of Radioactively Contaminated Sites	Operational Guidelines for Handling Abnormal Dose Assessed on Radiation Workers
Directions for On-site Radiation Detection and Dose Assessment of Radioactively Contaminated Sites	Specification of in Vitro Dose Assessment for Radiation Workers
Annual Detection Elements for Radioactive Material and Equipment Capable of Producing Ionizing Radiation or the Locating Facility	Operational Guidelines for Radiation Workplace Management and Outside Environmental Radiation Monitoring
Administrative Regulations for the Operators of Production Facilities of Radioactive Material	Regulations for Administration of Radiation Protection Personnel
Regulations for the Safe Transport of Radioactive Material	Letter of Interpretation for Article 3 and Article 7 of Regulations for Administration of Radiation Protection Personnel
Administrative Regulations for Operators of Radioactive Material or Equipment Capable of Producing Ionizing Radiation	Regulations for Administration of Radiation Protection Service Related Business
Guidelines for Applying Transit and Transshipment (En Route) Permission of Radioactive Material	Radiation Protection Management Organizations and Radiation Protection Personnel Staffing Standards
Administrative Regulations for Radioactive Material and Equipment Capable of Producing Ionizing Radiation and Associated Practice	Directions for Radioactive Roads with Abnormal Dose Assessed
Regulations on Radiation Dose Limits of Radioactive Liquid and Gas Discharge	Criteria for the Exemption of Radiation Source
Technical Specification for Respiratory Protection of Airborne Radioactive Material	Regulations on Medical Exposure Quality Assurance Team, Assignment of Specialists, and Commissioning of Jobs to Relevant Organizations
Radiation Protection Measures Guidelines of Unsealed Radioactive Material	Standards for Medical Exposure Quality Assurance
Directions for Restriction of Radioactive Content of Industrial Waste for Construction Material	Directions for Label Issuance of Medical Exposure Quality Assurance
Administrative Regulations for Operators of High Intensity Radiation Facilities	Regulations for Environmental Radiation Monitoring Quality Assurance
Standards for Radiation Dose Limit of Commodity	Regulations for Environmental Radiation Monitoring
Implementation Directions for General Survey of Medical Radioactive Material and Equipment Capable of Producing Ionizing Radiation	Analytical Capability of Minimum Measurable Value in Sample of Environmental Radiation Monitoring
Safety Standards for Protection against Ionizing Radiation	Standards for Severe Pollution of Environmental Radiation

CHC firmly believes that abiding by the regulations of the competent authorities and local laws related to medical devices is the most basic requirement for the sound operation of an enterprise. Therefore, the Group establishes a solid system to ensure compliance with laws and regulations and strengthens employees' legal awareness through dissemination and training to achieve legal compliance.

There are no incidents of failure to comply with laws and regulations on information and labeling of products and services, also no incidents of violations of laws and regulations on marketing communications in 2023.

2.3 Customer Relations

CHC regards customer relationship management as an important issue in the sustainable development of an enterprise. With the ultimate goal of providing services beyond customer expectations, from a comprehensive proposal of customer needs before sales to after-sales maintenance services, the Group always steps into clients' shoes, providing one-stop, professional, caring, and trustable services. In response to different demands and intended purposes from clients, the Group also has customization solutions, supported by professional marketing and maintenance services, to establish a long-term and stable relationship with customers.

Paying attention to customer needs and comments is the Group's most basic commitment to customers. Therefore, CHC requires all customer service representatives to immediately respond to each case of consultation, praise, or suggestion, seek corresponding countermeasures, and systematically classify and file after the case is closed for subsequent regular analysis and review. Each customer complaint case requires thorough investigation and follow-up. After receiving customer complaints, the customer service center must assign personnel to cope with it immediately and to propose an improvement plan, to ensure that customer feedback can be fully reflected and properly treated.

Interaction & Communication



Customer relationship management (CRM) activities in 2023

Customer relationship management (CRM)

- Regular visits: Representatives of sales and technical teams regularly visit and contact customers proactively, understand customer opinions and create more immediate interactions, to establish a trusting relationship with clients through interactions.
- Actual participation: The representative of the sales team must participate in the teaching of product use, help customers get started as soon as possible, and immediately respond to and deal with product conditions.
- After-sales contact: Representatives of the technical team must take the initiative to contact the customer one week after the installation and maintenance to understand the equipment usage status, and representatives of the sales team must always confirm whether the equipment is operating normally.
- Information exchange: Update market and new product information with customers from time to time, and provide relevant product application information to customers.

CRM activities

- Seminars: Various seminars are held aperiodically to introduce new knowledge and invite domestic and foreign speakers to share their experiences.
- User meetings: Hold user meetings from time to time, invite users to participate, promote new knowledge and strengthen the close relationship with customers.
- Exhibitions of societies: Set up booths in the annual conferences or large-scale exhibitions of various departments to display and promote the new functions of equipment, interact with customers, and improve the overall medical quality through knowledge and technology sharing.
- Co-organizes workshops with hospitals: Invite domestic and foreign medical experts to give lectures. Through the actual operation of medical equipment, doctors, physicists, and related personnel can have a better understanding of the equipment.
- Co-organized academic activities: Provide medical equipment and staff to assist in academic activities or camps for medical students in the hospital.

Customer feedback channels

- Customer service line: Each operating location of CHC has dedicated service lines.
- Questionnaire: Questionnaires are conducted after events hosted or co-organized by CHC. The manufacturers also conduct surveys regularly.
- Official website: There is a dedicated sector of Stakeholders on the Group's official website, which provides relevant contact information.

Customer Satisfaction Survey & Complaint Handling

Customers' needs and suggestions are the most important driving force for the progress of CHC. The Group has formally adopted ISO 9001 Quality Management Systems and formulated Customer Service Management Procedures to provide customers with better service and maintain long-term and stable customer relationships, meet the requirements of the quality policy, and take appropriate and effective responses to customer needs, thereby

improving the quality of products and services. For customer complaints, the Group has a complete complaint-handling management mechanism. When receiving a customer complaint, the employee must fully understand the situation, classify the complaint by types for processing, and file relevant information and records after the case is closed. The customer complaints received by the Group in 2023 have been handled and reacted to appropriately by relevant units, which have no significant impact on the overall business development of the Group.

In addition, to figure out the quality of products and services, CHC's sales and technical team in Taiwan hold the Customer Satisfaction Survey each year and conduct the survey with the principle of not affecting the daily operation of customers. Each sales team conducts a satisfaction survey aiming at the top ten domestic customers based on the annual transaction value (if the number of customers is less than ten, the actual number shall prevail). And the technical team conducts satisfaction surveys on domestic customers who regularly require equipment maintenance. For customers whose satisfaction levels do not meet specific standards, the corresponding department must review the reasons, propose improvement plans, and continue to improve service quality based on customer feedback. The statistical results of the Group's customer satisfaction survey results in 2023 and 2022 are as follows:

2023 Customer Satisfaction Survey - Sales Team						
					(unit: person)	
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Reliability and usability of the product	23	7	2	0	0	94%
Quality and effectiveness of the product	19	11	2	0	0	94%
Data analysis accuracy and output report satisfaction	19	12	1	0	0	97%
Help at work	21	9	2	0	0	94%
Product quality versus expectations	22	7	3	0	0	91%
Professional competence of the sales representative	25	7	0	0	0	100%
Response efficiency of the sales representative	23	9	0	0	0	100%
Expertise and skills of the sales representative	23	8	1	0	0	97%
Reliability of the sales representative	21	9	2	0	0	94%
Performance of the sales representative	22	10	0	0	0	100%
Average satisfaction			96%			
Additional instructions: Expected respondents: 32 (15 in the north, 8 in the central, 9 in the south) Actual respondents: 32 (15 in the north, 8 in the central, 9 in the south) No response: 0 Response rate: 100% Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction (including unanswered) *Note: Considering that the satisfaction survey questions of each sales team are slightly different, the table above only lists the common survey questions.						

2022 Customer Satisfaction Survey - Sales Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Reliability and usability of the product	14	17	0	0	0	100%
Quality and effectiveness of the product	14	17	0	0	0	100%
Data analysis accuracy and output report satisfaction	14	14	3	0	0	90%
Help at work	13	18	0	0	0	100%
Product quality versus expectations	12	19	0	0	0	100%
Professional competence of the sales representative	15	15	1	0	0	97%
Response efficiency of the sales representative	14	17	0	0	0	100%
Expertise and skills of the sales representative	14	16	1	0	0	97%
Reliability of the sales representative	15	16	0	0	0	100%
Performance of the sales representative	14	17	0	0	0	100%
Average satisfaction			98%			
Additional instructions: Expected respondents: 31 (14 in the north, 8 in the central, 9 in the south) Actual respondents: 31 (14 in the north, 8 in the central, 9 in the south) No response: 0 Response rate: 100% Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction (including unanswered) *Note: Considering that the satisfaction survey questions of each sales team are slightly different, the table above only lists the common survey questions.						

2023 Customer Satisfaction Survey – Technical Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Professional competence	91	90	16	1	0	91%
Technical level of maintenance and attitude toward service	106	75	16	0	1	91%
Progress control and status report of maintenance	101	76	17	4	0	89%
To solve problems in time	97	77	19	4	1	88%
Resolution of duplicate error	88	81	21	7	1	85%

2023 Customer Satisfaction Survey – Technical Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Software and hardware update or bulletin execution	82	82	28	5	1	83%
Education and training in medical information	91	77	25	3	2	85%
Reliability of the maintenance team	100	78	19	0	1	90%
Average satisfaction			88%			
Additional instructions:						
Expected respondents: 198 (87 in the north, 47 in the central, 64 in the south)						
Actual respondents: 198 (87 in the north, 47 in the central, 64 in the south)						
No response: 0						
Response rate: 100%						
Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction (including unanswered)						

2022 Customer Satisfaction Survey – Technical Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Professional competence	105	93	8	3	0	95%
Technical level of maintenance and attitude toward service	116	81	10	2	0	94%
Progress control and status report of maintenance	102	91	12	2	2	92%
To solve problems in time	100	89	17	2	0	90%
Resolution of duplicate error	88	89	26	6	0	85%
Software and hardware update or bulletin execution	86	95	25	1	2	87%
Education and training in medical information	94	85	27	3	0	86%
Reliability of the maintenance team	103	91	12	2	1	93%
Average satisfaction			90%			
Additional instructions:						
Expected respondents: 209 (93 in the north, 52 in the central, 64 in the south)						
Actual respondents: 209 (93 in the north, 52 in the central, 64 in the south)						
No response: 0						
Response rate: 100%						
Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction (including unanswered)						

Customer Privacy

Customers' trust in CHC is the key to customer relationships. In addition to the high-end medical equipment and high-quality technical services provided by the Group, which have been favored by customers for a long time, the foundation of mutual trust with customers is one of the main reasons why most customers choose the Group as their partner. Therefore, CHC is committed to protecting customer privacy to ensure customer interests from invasion. The Group also promises to provide the highest level of protection on customer-related documents.

When the Group provides medical equipment and technical support to customers, abiding by laws and regulations and protecting customer privacy are the most basic operating norms for the Group's employees. Colleagues in the sales and technical teams are the first-line personnel who contact customers. Since they can not only access confidential customer information but also approach patients' personal information, the Group has arranged relevant courses for the formal orientation training of staff on the two teams, including topics such as customer privacy-related laws and regulations and medical ethics standards, especially emphasis on medical and customer information protection.

In addition to receiving adequate education and training before promoting products and providing services, the Group also works on strengthening the sales representatives' awareness of legal and ethical issues in marketing communications to ensure that all employees abide by the rules of fair competition and protect the rights and interests of customers. The Group protects customer information following Personal Data Protection Act and has not arbitrarily disclosed basic customer information without the customer's consent. Any employees who have access to the personal information of patients, medical records, and customer information within the scope of their duties are not allowed to sound, inquire and leak relevant information, and are not allowed to arbitrarily discuss confidential information between individuals and customers with personnel not related to their duties. The Group also signs confidentiality agreements with customers and strictly abides by the relevant terms, and actively assures the security of customers' confidential documents through various policies.

There are no substantiated complaints of invasion of customer privacy or loss of customer data for the Group in 2023.

Management System

Given the significant influence of customer relationships on corporate operations, CHC planned to adopt the ISO 9001 Quality Management Systems in 2017, hoping to effectively manage the Group's equipment maintenance service through the establishment of the Equipment Maintenance Management System. The Group had established the Order Review Management Procedure to ensure that the products and services required by customers are clearly presented and properly reviewed during the transaction process, and made the Customer Service Management Program to assure products meet customer needs. When facing customer complaints or product returns/exchanges, appropriate and effective improvement countermeasures and preventive measures must be taken to avoid recurring problems. The ISO 9001 Quality Management Systems was officially certified by SGS for the first time in 2018.





Ch.3 Employee Caring

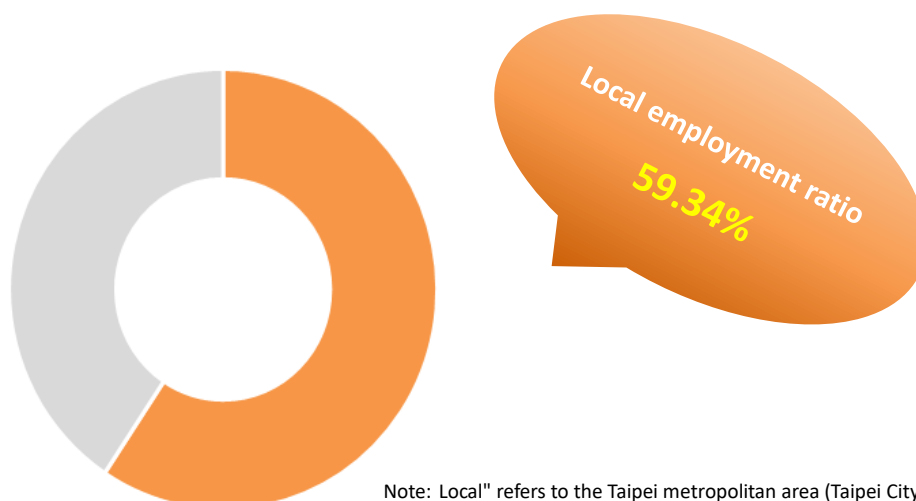
3.1 Human Resource Management

Employees are CHC's most critical asset and a key partner for the sustainable development of the corporation. Excellent talents can help the Group to maintain its market competitiveness. The Group strives for a balanced workforce structure in day-to-day operations. Recruitment is based on the principle of meritocracy and competence, aiming to have positive effects on overall operational performance. As of December 31, 2023, the Group has a total of 274 full-time employees (246 in Taiwan, accounting for 89.78%, 24 in China, accounting for 8.76%, and 4 in Indonesia, accounting for 1.46%). Among all the employees, 124 are female (45.25%), and 150 are male (54.74%). The average age of all employees is 38.3 years old, and the average job tenure is 7.4 years.

When recruiting employees in various countries, the Group respects the diversity of employee composition and actively recruits talents from the countries where each operating base is located. In Taiwan, the proportion of Taiwanese employees is 98.78%, and employees of other nationalities include one each from Hong Kong, Malaysia, and Haiti. In China, the proportion of Chinese employees reaches 87.50% and an additional three employees of Republic of China nationality were employed. And in Indonesia, the proportion of Indonesian employees reaches 100.00%.

Employee Ethnicity Indicators		
Classification		Proportion of all employees in 2023
Nationality	Nationality of the Republic of China	89.78%
Foreign nationality	China	7.66%
	Indonesian	1.46%
	Others	1.10%

In addition, the Group also attaches great importance to the positive connection between the enterprise and the place where it operates. Since the Group's main operating base is the operating headquarters established in Taipei City, considering that Taipei City, New Taipei City and Keelung City all fall within the Taipei Metropolitan Area, the Group's main operating location is designated as the Taipei Metropolitan Area.



Note: Local" refers to the Taipei metropolitan area (Taipei City, New Taipei City, and Keelung City).

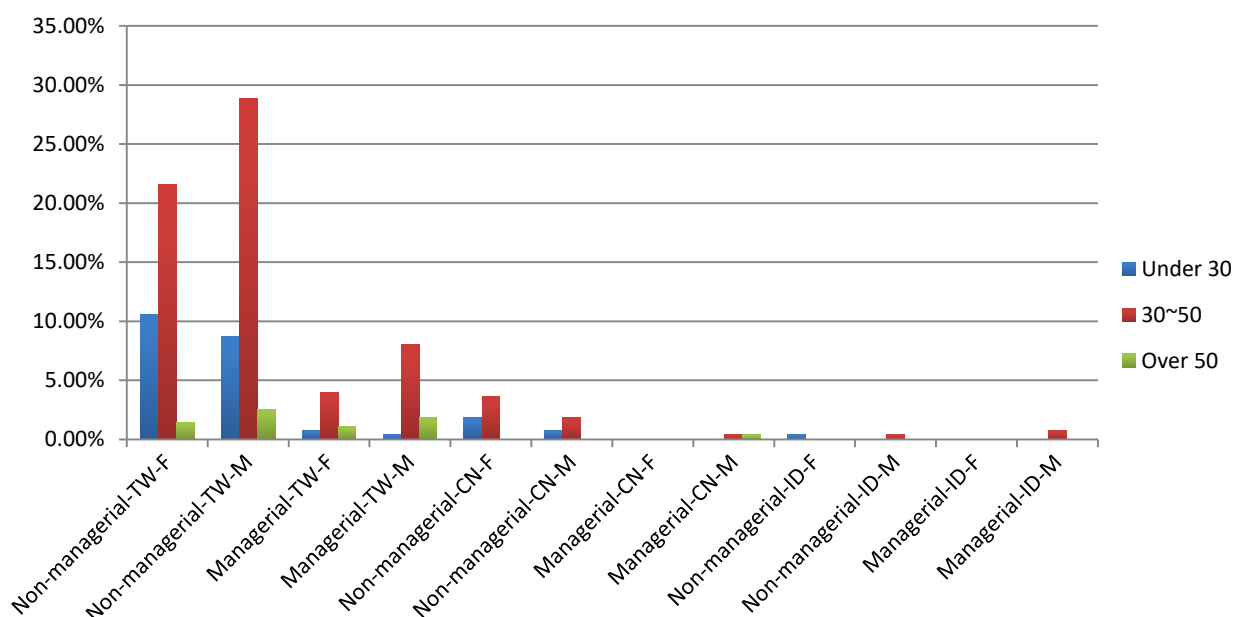
In 2023, the proportion of local manpower employed by the Group in Taiwan where the company intends to operate reached 59.34%, including 26.42% of its colleagues who have Taipei City as their domicile or place of residence, 32.11% of colleagues have New Taipei City as their place of domicile or residence, and 0.81% of colleagues have Keelung City as their place of domicile or residence. Nearly 60% of the employees are local manpower in the main locations of operation, actively implementing the localization of manpower and helping to enhance community recognition.

The Group provides stable and secured job vacancies at each operating location and prohibits discrimination on gender or any form of discrimination to ensure all colleagues can contribute their strengths in a work environment of respect, mutual trust, diversity, harmony, and equality, and create a win-win situation for the enterprise and employees.

Employee Distribution - by Position & Age

		Position	Gender	Under 30	30~50	Over 50	Total
Number	Taiwan	Non-managerial employees	Female	29	59	4	92
			Male	24	79	7	110
			Subtotal	53	138	11	202
		Managerial employees	Female	2	11	3	16
			Male	1	22	5	28
			Subtotal	3	33	8	44
	China	Non-managerial employees	Female	5	10	0	15
			Male	2	5	0	7
			Subtotal	7	15	0	22
		Managerial employees	Female	0	0	0	0
			Male	0	1	1	2
			Subtotal	0	1	1	2
	Indonesia	Non-managerial employees	Female	1	0	0	1
			Male	0	1	0	1
			Subtotal	1	1	0	2
		Managerial employees	Female	0	0	0	0
			Male	0	2	0	2
			Subtotal	0	2	0	2

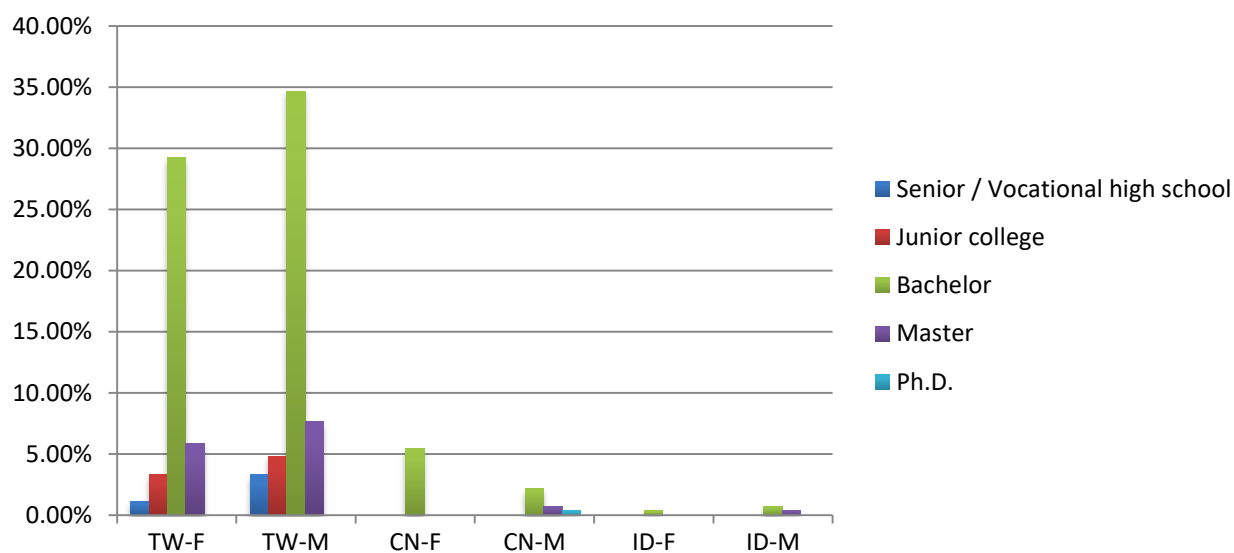
% of total employees



Employee Distribution - by Education

		Gender	Senior / Vocational high school	Junior college	Bachelor	Master	Ph.D.	Total
Number	Taiwan	Female	3	9	80	16	0	108
		Male	9	13	95	21	0	138
		Subtotal	12	22	175	37	0	246
	China	Female	0	0	15	0	0	15
		Male	0	0	6	2	1	9
		Subtotal	0	0	21	2	1	24
	Indonesia	Female	0	0	1	0	0	1
		Male	0	0	2	1	0	3
		Subtotal	0	0	3	1	0	4

% of total employees

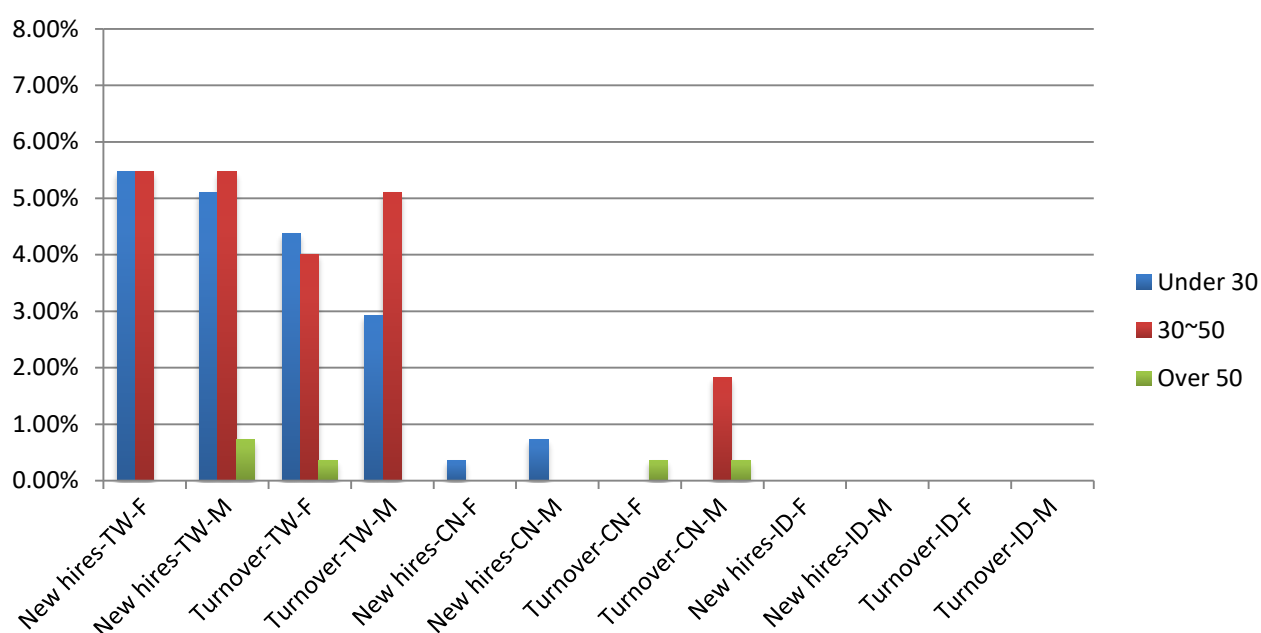


Analysis of Employee Turnover

New employee hires		Gender	Under 30	30~50	Over 50	Total
Number	Taiwan	Female	15	15	0	30
		Male	14	15	2	31
		Subtotal	29	30	2	61
	China	Female	1	0	0	1
		Male	2	0	0	2
		Subtotal	3	0	0	3
	Indonesia	Female	0	0	0	0
		Male	0	0	0	0
		Subtotal	0	0	0	0

Employee turnover		Gender	Under 30	30~50	Over 50	Total
Number	Taiwan	Female	12	11	1	24
		Male	8	14	0	22
		Subtotal	20	25	1	46
	China	Female	0	0	1	1
		Male	0	5	1	6
		Subtotal	0	5	2	7
	Indonesia	Female	0	0	0	0
		Male	0	0	0	0
		Subtotal	0	0	0	0

% of total employees



Analysis of Unpaid Parental Leave

CHC provides female employees with menstrual leaves and leaves for pregnancy checkups and male employees with leaves for pregnancy checkup accompaniment, as well as family care leaves and parental leaves without pay. Any employee who meets the relevant application qualifications can apply to the Human Resource & General Affairs Dept., and the Group will fully assist employees with reinstatement after unpaid parental leaves.

Relevant statistical results on unpaid parental leaves for the Group in 2023 are as follows:

Statistics on Employees Taking Unpaid Parental Leave				
	Region	Female	Male	Total
Number of employees entitle to unpaid parental leave in 2023	Taiwan	5	5	10
	China	7	3	10
	Indonesia	0	1	1

Statistics on Employees Taking Unpaid Parental Leave					
		Region	Female	Male	Total
Number of employees take unpaid parental leave in 2023	Taiwan	3	0	3	
	China	0	0	0	
	Indonesia	0	0	0	
Number of employees return to work in 2023 after taking unpaid parental leave	Taiwan	1	0	1	
	China	0	0	0	
	Indonesia	0	0	0	
Number of employees are expected to return to work in 2023 after taking unpaid parental leave	Taiwan	1	0	1	
	China	0	0	0	
	Indonesia	0	0	0	
Number of employees retain for one year after returning to work from unpaid parental leave in 2022	Taiwan	2	0	2	
	China	0	0	0	
	Indonesia	0	0	0	
Number of employees return from unpaid parental leave in 2022	Taiwan	2	0	2	
	China	0	0	0	
	Indonesia	0	0	0	
Application rate ^{*note 1}	Taiwan	30.0%			
	China	0.0%			
	Indonesia	0.0%			
Return to work rate ^{*note 2}	Taiwan	100.0%			
	China	0.0%			
	Indonesia	0.0%			
Retention rate ^{*note 3}	Taiwan	100.0%			
	China	0.0%			
	Indonesia	0.0%			
*Note 1: Number of employees take unpaid parental leave in the current year / Number of employees entitle to unpaid parental leave in the current year * 100%					
*Note 2: Number of employees return to work in the current year after taking unpaid parental leave / Number of employees are expected to return to work in the current year after taking unpaid parental leave * 100%					
*Note 3: Number of employees retain for one year after returning to work from unpaid parental leave in the previous year / Number of employees return from unpaid parental leave in the previous year * 100%					

3.2 Friendly Workplace

Labor / Management Relations

CHC aims to create a friendly workplace with equal consideration of diversity and non-discrimination, provides a sound labor-management communication platform, a solid welfare system, and a reasonable salary policy, and strives to create a win-win employment relationship. The Group highly praises Decent Work, never allows any violation of employee dignity, human rights, or any form of discrimination, never discriminates in favor of gender, nationality, race, skin color, and political stance on wages and welfare, and actively establishes a working environment that values human rights and is free from discrimination and harassment.

If the Group encounters major operational changes that lead to personnel changes and is necessary to terminate the labor contract with the affected employees, the Human Resource & General Affairs Dept. must follow the minimum

notice period stipulated by the relevant laws and regulations, communicate with the affected employees, or announce or notify them through internal channels. An employee who has worked continuously for more than three months but less than one year shall be noticed ten days in advance. An employee who has worked continuously for more than one year but less than three years shall be noticed twenty days in advance. An employee who has worked continuously for more than three years shall be noticed thirty days in advance.

In addition to providing a safe and comfortable working environment and complete wages and welfare packages, CHC also hopes to further understand the life of employees through formal human resources channels and daily communication. The Group attaches great importance to the participation of employees' families when planning various corporate activities and hopes to look after employees and their families to build a sense of identity and form a harmonious labor-management relationship. The Group also convenes labor-management meetings quarterly to discuss various labor-management issues with an open-minded approach, which serves as a formal channel for listening to employees and for creative thinking about employee benefits.

Although CHC has not established a labor union and has no relevant consultations, the Group does not neglect the importance of labor-management relations and does believe the harmony between labor and management can create a win-win situation for both corporate and staff. The labor-management measures of the Group are implemented following the labor-related laws and regulations (including the Labor Standards Act, Occupational Safety and Health Act, Labor Insurance Act, etc.) stipulated by the competent authorities. CHC actively protects labor rights and interests, commits to creating a high-quality, safe and stable working environment, strictly regulates the occupational health and safety of the workplace, and takes good care of employees' physical and mental health.

Because the Group regards employees as the most important corporate asset and cherishes all its colleagues, the labor-management relationship has been quite harmonious since the establishment of the enterprise. There are no incidents of discrimination, no child labor, no violation of employees' human rights, no forced labor or violation of employees' interests, and no loss due to labor disputes in 2023.

Employee Welfare

CHC works on creating a working environment that allows employees to have no concerns, strives to improve diverse systems, and provides various and comprehensive employee welfare, to let every staff and their family enjoy a pleasant life and feel the Group's care for employees.

1. Wage system

CHC attracts outstanding talents and motivates employees based on a fair and competitive wage system. Employee wage structure is determined via the performance appraisal system by linking the overall corporate and department goals with individual performance. Through an open and transparent promotion mechanism, the Group promotes outstanding talents to drive organizational development and provide them with further responsibilities and better wages and bonuses. CHC is also committed to treating different genders equally, with the goal of achieving equal pay for equal work and equal promotion opportunities for males and females, to achieve sustainable economic growth. The distribution of female colleagues for the Group in 2023 is as follows:

Item	2023	2022
Ratio of female employees to all employees	45.25%	43.31%
Ratio of female non-managerial employees to all non-managerial employees	47.79%	44.98%
Ratio of female managerial employees to all managerial employees	33.33%	35.56%

In general, besides monthly salaries for twelve months, employees' wages of performance bonuses or year-end bonuses are paid depending on corporate overall operating results and guide to employee bonuses after performance evaluation at the end of the year following the Employee Performance Appraisal System of the Group. The average performance/year-end bonuses paid to individual employees in 2023 are equivalent to 2.2 months of salary. The Group also disclosed the statistics of employee welfare and wages in 2023 under regulations of the Taiwan Stock Exchange, and relevant information is as follows:

Statistics of Employee Welfare and Wages		
Item	2023	2022
Number of full-time employees in non-executive positions	141	139
Average wages of full-time employees in non-executive positions	NT\$1,043 thousand	NT\$994 thousand
Median wages of full-time employees in non-executive positions	NT\$867 thousand	NT\$824 thousand
Annual adjustment of average wages	2.0%	2.6%
Note: ● The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees is 11.8 to 1 in 2023. ● The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees is 0.038 to 1 in 2023.		

In addition, the Group also shares profits with employees and rewards employees for their hard work through employee compensations and employee share allotment. The related descriptions are as follows:

- (1) Annual employee compensation distribution: According to Article 24-1, paragraph 1 of the Articles of Incorporation: When allocating the profit of current year (profit before tax and compensations for employees and remunerations for directors), accumulated losses shall be first covered, and then set aside no less than 0.05% of the balance as compensations for employees. Annual employee compensation is distributed following the Guide to Employee Compensation Distribution and is paid at the end of June every year.
- (2) employee share allotment: Stock ownership, cash capital increase subscription, and issuance of employee stock options are handled according to the overall corporate operation needs, and relevant measures are formulated for employees to follow.

2. Comprehensive and considerate welfare system

- (1) Insurance plan: To fully protect all the employees, the Group provides every employee with labor insurance and national health insurance following the law. In addition, the Group also insures against group insurance, which covers life insurance, casualty insurance, health insurance, and cancer insurance. Each employee joins the group insurance program from the day of registration. Any employee taking unpaid leave due to military service, major injury, or childcare can still participate in the program to obtain insurance coverage continuously.
- (2) Holiday bonus: The Group distributes holiday bonus during the three major festivals of Lunar New Year, Dragon Boat Festival and Moon Festival, wishing colleagues a happy holiday.
- (3) Retirement mechanism: The Group has established a sound employee pension system and retirement-related measures following the Labor Standards Act. Under the Labor Pension Act, 6% of each employee's monthly salary is paid to the individual account in the Bureau of Labor

Insurance (BLI) as the labor pension per month. With a sound financial structure, the Group provides solid pension deposits and payments.

- (4) Healthcare management: In addition to fully subsidizing the health examination for recruits, the Group regularly applies to the BLI for occupational accident examination every year, which covers basic checkups, advanced checkups, and other items, and conducts annual health examinations for all employees every two years.
- (5) Staff dormitory: Considering the needs for short-term travel and the safety and convenience of long-distance commuting employees, the Group has staff dormitories to provide a comfortable living environment for employees on business trips or training.
- (6) Staff lounge and tea station: To keep colleagues from being disturbed in their resting time, the Group has set up an independent employee lounge separated from the daily office area, and there is also a tea station on each floor for colleagues to use nearby.
- (7) Year-end party: To thank colleagues for their daily hard work, the Group regularly organizes a year-end party before the Lunar New Year every year, inviting employees to have fun together and enhance team cohesion through various fun games simultaneously.



2023 Year-End Party

- (8) Employee welfare committee: The Group has established the CHC Employee Welfare Committee following the law, actively putting various employee welfare into practice. Expenditures related to employee welfare in 2023 and 2022 are as follows:

(Unit: NT\$)				
Year	Funeral subsidy	Medical subsidy	Marriage subsidy	Travel subsidy
2023	28,000	8,400	36,000	2,732,560
2022	28,000	2,400	12,000	0
Year	Birthday bonus	Maternity subsidy	Advanced study subsidy	Holiday bonus
2023	86,000	24,000	25,890	255,000
2022	83,500	40,000	26,264	573,500

*Note: The significant increase in travel subsidies in 2023 compared to 2022 is mainly due to the suspension of domestic and international employee travel from 2020 to 2022 because of the COVID-19 pandemic. With the easing of the pandemic, domestic and international employee travel has been resumed in 2023.

3. Retirement mechanism and implementation status

- (1) For work seniority before and after the application of the Labor Standards Act, pensions are calculated following the standards specified in Article 84-2 and Article 55 of the above Act.
- (2) For the choice of being subject to the pension plan as stipulated in the Labor Standards Act according to the Labor Pension Act or reserving work seniority accumulated before the applicability of the Labor Pension Act, pensions are paid according to the provisions of the preceding subparagraph.
- (3) For employees being subject to the pension plan stipulated in the Labor Standards Act and being forced to retire according to subparagraph 2, paragraph 1 of Article 55, if the disability is incurred from the execution of their duties, an additional 20% on top of the original pensions are paid following the preceding subparagraph.
- (4) For employees being subject to the Labor Pension Act, the Group deposits 6% of each employee's monthly salary into the individual pension accounts.
- (5) Eligibility for retirement and application procedures are briefly described as follows:
 - ◆ Employees may apply for retirement if they meet any one of the following conditions:
 - Has worked for 15 years or more and reached the age of 55.
 - Has worked for 25 years or more.
 - Has worked for 10 years or more and reached the age of 60.
 - ◆ The Company may not force employees to retire unless they meet any one of the following conditions:
 - Reached the age of 65.
 - No longer able to work due to insanity or physical disability.
 - ◆ The determination of retirement age shall be based on household registration records and shall be calculated from the date of birth.
 - ◆ How to calculate seniority: If an employee has any of the following circumstances, his/her seniority shall be counted together:
 - He/She obtained approval
 - He/She is still in the probationary period
 - He/She has been transferred from the Company to other subsidiaries. The employee's years of service at the Company and the subsidiary he/she was transferred to may be combined.
 - ◆ Application for retirement must be submitted in writing one month in advance.

4. Employee Stock Ownership Trust

Starting in the year 2024, CHC plans to implement an Employee Stock Ownership Trust. The initial step is establishing the CHC employee association of shareholders in 2024. Under this plan, a fixed amount will be deducted from each member's monthly salary, while the Group will contribute a certain percentage as an incentive. These funds will be managed through a trustee by long-term investing in the stock of the Company. The initiative aims to cultivate employees' understanding of long-term savings, investment, and financial management while helping them accumulate personal retirement wealth.

The Group does not determine wages or welfare to employees depending on their gender, marital status, religion, race, nationality, or political spectrum, and no employees have ever complained about wages and welfare or labor-related issues.

Occupational Health & Safety

Besides following the government's laws and regulations related to health and safety, CHC completed the revision of the Occupational Health and Safety Management System from OHSAS 18001 to ISO 45001 in January 2021, then formulated and implemented the guideline for occupational health and safety management, to ensure the safety and

well-being of employees. With the goal of zero occupational accidents, the Group strengthens self-management and continuously improves occupational health and safety performance to reduce occupational accidents, protect the safety and health of employees and meet the needs of the competent authorities, customers, employees, and other stakeholders.

All employees of the Group shall abide by various procedures and norms stipulated in the guideline for occupational health and safety management and maintain the effective operation of the occupational health and safety management system. The Group's occupational health and safety policy includes the following four principles, construct a management system to enhance risk management, strengthen education and training to comply with health and safety regulations, continue to improve and pursue a safe environment, and make ultimate use of limited resources to create sustainable development.

1. Safety

According to the Fire Equipment Management Procedures (SP-06), Automatic-Inspection Management Procedures (SP-11), Workplace Environmental Monitoring Management Procedures (SP-13), and Public Facility System Security Management Procedures (SP-14) in the ISO 45001 Occupational Health and Safety Management System, relevant departments of the Group regularly conduct environmental and equipment inspections, maintenance such as workplace environment improvement, office area cleaning, air-conditioning maintenance, and fire safety equipment inspections every year to ensure the safety of employees.

In addition to the environmental safety of the office area, the Group, following labor laws, the Occupational Safety and Health Act, the definition of occupational accidents in the Occupational Health and Safety Operation Control Procedures (SP-08) of ISO 45001 Occupational Health and Safety Management System, and concerning the Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Persons of the Labor Occupational Accident Insurance, has established a clear identification standard for workers applying for occupational sick leave and divides the occupational accidents into three categories comprising accidents while on duty, accidents on business trips and accidents on the way to and from get off work. Employees can take occupational sick leave once confirming meeting the relevant criteria. The Group also has organized occupational health and safety training and disaster prevention education every year since 2018, to let employees understand and abide by relevant rules, and to implement occupational health and safety management. The statistical information on occupational injuries and fire accidents in 2023, as well as information of occupational health and safety training in 2023, are as follows:

Statistical Information on Occupational Injuries and Fire Accidents in 2023			
Occupational injury cases	Number of fire accidents	Number of casualties due to fire accidents	Number of casualties as a percentage of all employees
7	0	0	0%
All of occupational accidents (including traffic accidents on the way to and from get off work) in 2023 are minor injuries. In the future, CHC will continue to look after employees and enhance safety dissemination.		If the incident occurs, it will be handled in accordance with the Emergency Response Plan.	

Information of Occupational Health and Safety Training in 2023			
Course	Date (Hours)	Attendance	Venue
How to read the health checkup report	May. 16 (1.5 hour)	54	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)

Information of Occupational Health and Safety Training in 2023			
Course	Date (Hours)	Attendance	Venue
Common key point of the health checkup report	Jun. 5 (1 hour)	54	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)
Annual fire drill - Self-defense fire organization, education and training in fire prevention and emergent response	Oct. 16 (2 hour)	10	CHC's Miaoli office
Annual fire drill - Self-defense fire organization, education and training in fire prevention and emergent response	Oct. 24 (1 hour)	51	CHC's headquarters (Taichung and Kaohsiung offices participated through video conference.)
Eliminate sexual harassment and workplace violence	Dec. 18 (1 hour)	91	CHC's headquarters (Miaoli, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)

2. Health

In addition to providing labor insurance and health and depositing pensions according to laws and regulations, CHC also furnishes employees with group insurance and subsidizes health examinations for recruits. Moreover, following the Health Examination Management Procedure (SP-15) in ISO 45001 Occupational Health and Safety Management System, the Group conducts annual health examinations every two years to take care of employees' health. In accordance with regulations of healthcare professionals' on-site health service, CHC has cooperated with Yeezen General Hospital to provide on-site nurse consultation services for 4 hours each time once a month, and on-site consultation services with doctors for 4 hours each time once a year since January 1, 2022.

According to the Regulations for Labor Health Protection, the tasks with special health hazards in the Group belong to the ionizing radiation business, and employers involved in high risk are engineers in Technical Service Dept. Besides the list of personnel engaged in ionizing radiation business submitted by the administrative staff of the department, the Human Resource & General Affairs Dept. also applies to the BLI for special health examinations for those involved in tasks with special health hazards to protect the health of employees through regularly following up with their physical conditions. To ensure the safety and health of relevant employees in a more timely manner and achieve the goal of reasonably reducing the radiation dose, the Group applied to the Radiation Protection Association R.O.C. for film badge dosimeters, using thermoluminescent dosimeters to monitor the external radiation doses received by engineers, and equipping with a complete registration operation and recycling mechanism to avoid mistaking of borrowing.

Furthermore, CHC believes that exercise is key to health. To strengthen the physical and mental health of employees and encourage employees to make exercise a daily habit, the Group has built an exercise space with fitness equipment for employees. And the Group continues to hire external coaches to offer professional sports training, which includes core exercises and yoga, expecting to strengthen employees' immune systems, stretch the body, reduce mental stress, and bring positive power to individuals and groups through exercise.

Apart from the above measures related to occupational health and safety, to prevent sexual harassment in the workplace, the Group has formulated the Sexual Harassment Prevention and Complaint Handling Measures, set up an exclusive complaint channel, strictly prohibits any sexual harassment, gender discrimination, violence, threats, and intimidation, making every effort to build a gender equality, happy, and safe working environment. There are no incidents of discrimination in 2023.

Workplace Norms

All staff of CHC is responsible for engaging in business activities under the highest ethical standards and maintaining the reputation of the Group. In addition to strictly complying with relevant national laws and regulations, all colleagues must also adhere to the principle of good faith. The Group adopted the Code of Ethical Conduct and the Procedures for Ethical Management and Guidelines for Conduct and published the two internal management measures on the official website in 2014, to regulate the ethics and responsibilities of all employees when engaging in business. The normative scope covers individual employees, employee groups, the Group's relationship with the public, and the Group's relationship with other stakeholders. CHC regularly (at least once a year) reports to the Board of Directors the implementation results of the designated unit in charge of corporate ethical management. The Procedures for Ethical Management and Guidelines for Conduct and the Code of Ethical Conduct consist of operating procedures, behavior guidelines, disciplinary measures, and complaint systems. Also, the Group requires recruits to sign a moral statement when they officially join CHC and ask them to comply with it. In 2016, the Group established a Whistle-Blowing System to actively maintain corporate reputation, protect property safety, avoid and prevent corruption, theft, embezzlement, or other violations of law and discipline which may infringe upon the rights and interests of stakeholders such as shareholders, employees, counterparties and partners. In addition, members of the Board of Directors and management team of the Group all faithfully perform their duties with the due care of good administrators and with high self-discipline and prudence.

The Code of Ethical Conduct is mainly to guide the directors and managerial officers of the Group to act in compliance with ethical standards. The Procedures for Ethical Management and Guidelines for Conduct apply to the directors, managerial officers, employees, mandataries, and persons having substantial control over the Group. The Whistle-Blowing System applies to the employees of the Group, relevant external units, and relevant individuals. The above three internal policies stipulate regulations of conflicts of interest, prohibition of accepting improper benefits, gratuities, entertainment, etc., and specify prevention mechanisms for potential corruption risks. Besides, the Group regularly conducts internal audits on the daily operating procedures to reduce the possibility of corruption through effective internal control mechanisms and internal control self-inspection.

If colleagues or business partners of CHC have any doubts about the illegal or unethical behavior stated in the relevant policies, they can directly contact the responsible unit of the Group. Any violations are handled according to the severity of the circumstances. For serious violations, employees involved are subject to necessary disciplinary measures or even dismissal. The Code of Ethical Conduct, the Procedures for Ethical Management and Guidelines for Conduct, and the Whistle-Blowing System are the prime directive for all employees of the Group. The dedicated unit arranges internal dissemination at least once a year. Also, the Group combines employee ethical behaviors with performance appraisal and establishes a clear and effective mechanism of reward, punishment, and appeal to strengthen the implementation of workplace norms. The heads of all departments must fulfill their supervision duties to ensure that their colleagues abide by corporate regulations.

Legal Compliance

CHC abides by the principles revealed in the International Bill of Human Rights and respects internationally recognized basic labor human rights, such as prohibiting child labor, eliminating employment and occupational discrimination for the purpose of fulfilling social responsibilities, and protecting the human rights of all colleagues, customers, and stakeholders. In the meantime, the Group has formulated relevant management policies and procedures and strictly complies with local labor-related laws and regulations to protect the rights and interests of employees.

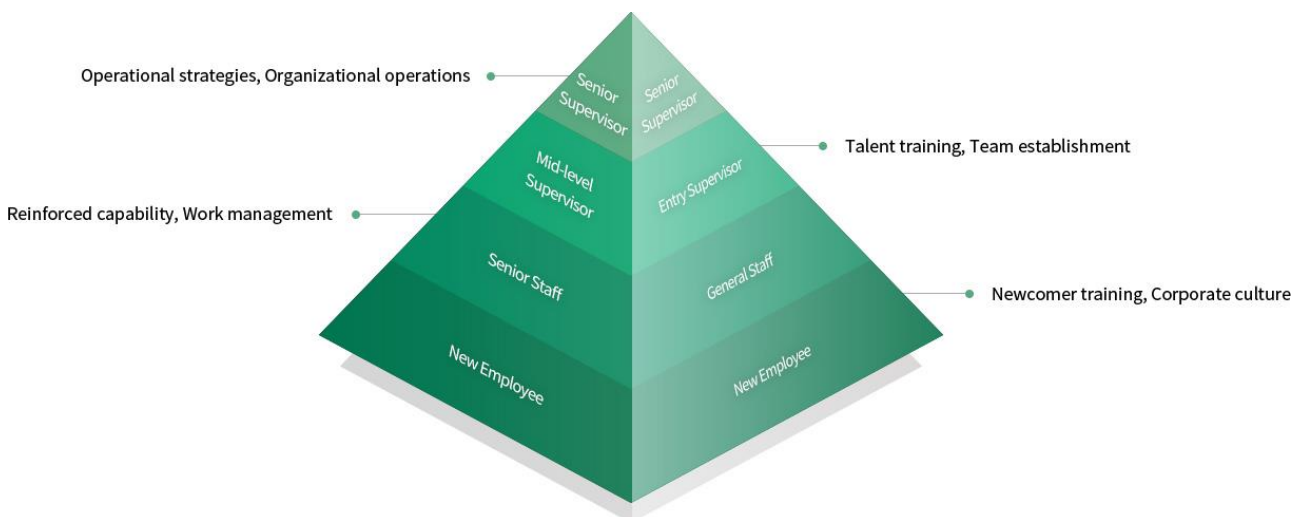
Human Rights Policy

CHC respects and supports internationally recognized regulations and principles for human rights, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group abides by local laws and regulations and strives to minimize human rights risks or reduce the impact of human rights incidents through remedial measures. The human rights policy of the Group consists of five management principles, prohibit any kind of discrimination, prohibit forced labor and child labor, provide equal and reasonable wages and working conditions, establish a safe, hygienic, and healthy working environment, and periodically conduct review and assessment on relevant systems.

3.3 Training & Education

Talent Cultivation

CHC focuses on the cultivation of talents. Through job rotation and overseas training, the Group assigns important duties and challenges to colleagues to broaden their horizons, looking forward to cultivating professional and leadership talents from within the enterprise and striving for both individual career and corporate development growth.



For management training, CHC trains the supervisors for the ability to combine Sustainability Leadership with performance, emphasizes creating value together with their colleagues, and strengthens the concept and practice of ownership. In the general course, supervisors guide colleagues to take advantage of group synergy for challenges and work together to break through obstacles and create value. With strategic cultivation training incorporating personalized educational training and appraisal system, the Group annually formulates indicators according to organizational development and personal career development to enable all employees in various stages to acquire opportunity in participating in management training, perfectly integrating into the basic training for elite preservation to stride toward excellence.

In addition, to provide all employees with a more comprehensive and detailed understanding of the Group's business operations, the Group has held the "2023 CHC New Year Outlook Conference" on January 7, 2023. At this event, heads of domestic and international business departments are invited to introduce the current business scope and future strategies to employees. The Group hopes to strengthen team cohesion through this event, enabling everyone to work together toward future operational goals.

Reward Regulation for Educational Training and Professional Certification

The Group firmly believes sustainable development is still the basic principle of corporate operation, and talents are the foundation of sustainable development on business expansion. Although the programs and hours of education and training vary by position, the training opportunities never differ by gender. In addition, to improve the skills of colleagues, enhance work knowledge, and reserve technical and management talents to support the Group's business development, and seek effective use of manpower, the Group has formulated the Reward Regulation for Educational Training and Professional Certification, encouraging employees to work on self-enhancement and obtain professional certification to enhance individual competitiveness. The Group's subsidy regulations for training and certification are as follows:

1. Education and training

- (1) Orientation training: Recruits in all departments are given guidance to understand the Group's organization, business overview, occupational health and safety, standard operating procedures, and other skills.
- (2) Internal training: Improve the basic and professional competence of each position to strengthen the professionalism of each department.
- (3) External training: To strengthen professional skills, leadership, and coordination ability as a supervisor based on each colleague's needs or job title.
- (4) Overseas training: In line with the development of the Group or the needs of future work, appropriate personnel picked by the department head goes abroad for professional training.

2. Application and allocation of diverse professional certification awards

The Human Resource & General Affairs Dept. of the Group divides various professional certifications into Level A (difficult), Level B (moderate), and Level C (basic). A comparison of each professional certification is stated in the certification level comparison chart to be followed. After colleagues submit application materials, the Group gives out rewards according to the regulations, hoping to increase the motivation of colleagues for self-enhancement after work and to prepare for the reservation of corporate technical and management talents.

Employee Performance Appraisal System

To effectively evaluate the work performance of managerial officers and employees, and to have an objective understanding of their capability, integrity, and competency as a reference for promotion, salary adjustment, training, and bonus allocation, the Human Resource & General Affairs Dept. of the Group has established the Employee Performance Appraisal System and Managerial Officer Performance Appraisal and Compensation Standards. In addition to conducting the annual performance appraisal for the current year and annual performance development plan for the coming year, the Group also has monthly personnel appraisals to reflect the work performance of colleagues in time, intending to improve the performance of individuals, departments, and the organization as a whole.

In 2023, 100% of the Group's colleagues participated in the performance appraisal. The main content in the performance appraisal includes goal setting, empowerment, communication and counseling, the connection between performance and bonus, career development, etc., aiming to reward employees promptly through the system.

Implementation of Educational & Training in 2023

Since its establishment, CHC has upheld the principle that employees are the Group's most valuable asset. As the Group continues to expand its business footprint, the number of employees has grown year by year, making cross-departmental communication and collaboration increasingly vital. In 2023, the Group has resumed its large-scale, outsourced annual thematic training for all employees. Additionally, a dedicated course has been introduced to enhance management skills for supervisors. The statistics for employee training courses in 2023 held by the Human Resource & General Affairs Dept are compiled as follows:

Implementation of Educational & Training in 2023				
Course	Number of sessions	Attendance	Hours	Expenditure (NT\$)
Supervisor training course - Generational communication & emotional intelligence	1	28	7	86,000
General training courses - Redline Racing experiential learning program	2	133	6	326,000
Total	3	161	13	412,000



2023 General training course

In addition to maintaining product training courses focused on strengthening individual job skills, the Group conducts an annual training survey in the fourth quarter of each year, then holds competency-based training, product training, keynote speeches, and various seminars based on the annual education and training plans proposed by each department. Colleagues are also provided with independent learning channels through online learning platforms to enhance their professional skills.

In the future, the Group will continue to establish a complete training system for personnel training, implement training at each stage step by step, ensure that employees are equipped with job-related competence to improve work efficiency and develop employee skills following the future business strategy to cultivate talents needed for sustainable development of an enterprise.



Ch.4 Environmental Sustainability

4.1 Environmental Policy

Global climate change is one of the environmental issues that the United Nations and governments of each country have paid great attention to in recent years. Since CHC is a member of the global village, environmental protection has become its responsibility and obligation. The Group always attaches great importance to environmental protection issues. Although CHC is not in the manufacturing industry and does not engage in R&D and manufacturing, it still adheres to the environmental sustainability concept, actively encourages office energy saving and carbon reduction in the office space, and adopts related environmental policies.

The Group deeply understands that a sustainable development enterprise is a corporate that lives in balance with the environment, has stable economic growth, and cares about industrial and social trends. Therefore, the CHC headquarters building was built following the nine green building indicators of the Ministry of the Interior (MOI), hoping to pursue the sustainable utilization of building in its life cycle by spending the least earth resources, producing the least waste, consuming the least energy, adjusting the temperature difference between indoor and outdoor through greening and low emissivity glass, increasing air circulation through pipeline design, using LED low power consumption lighting, referring to sewage management methods to do sewage treatment, combining ecology, energy saving, carbon reduction, and health to create a building that coexists and prospers with the environment. The headquarters building of the Group has officially obtained the EEWH Silver certification (2015 Edition).



To understand whether the overall energy management is carried out, the Group has set up an environmental sustainability working group under the Sustainability Committee, holding regular meetings to discuss energy-related goals and performance, implementing internal energy management in the office, and responding to the government's energy conservation and carbon reduction policy. The working group's resolutions at the meeting are announced to all departments and offices of CHC to strengthen the concept of environmental protection and encourage all colleagues to put it into practice, aiming to gradually reduce office GHG emissions, effectively use and manage energy resources, and then reduce the impact of business operations on the environment since there is only one earth.

Besides actively participating in external seminars and cooperating with relevant organizations to continuously improve environmental protection, the Group also plans to take environmental protection as one of the important operating performance indexes in the future to work on balancing environmental protection and overall business performance. The Group's environmental policies are as follows:

1. Legal compliance: To avoid any possible violations of the law, the Group reminds all employees from time to time to abide by relevant government laws and regulations. There is a chapter on Fostering a Sustainable Environment in the Sustainable Development Best Practice Principles adopted by the Group, which is about committing to becoming a domestic benchmark in environmental protection. To implement the resolution of reducing GHG emissions in response to climate change and comply with various environmental protection laws and regulations at home and abroad, the Group has internalized the environmental sustainability concept as part of the corporate management culture. Apart from encouraging employees to do energy saving and carbon reduction in the office at group meetings, CHC also actively delivers the message to suppliers, visitors, and contractors to contribute to environmental sustainability.

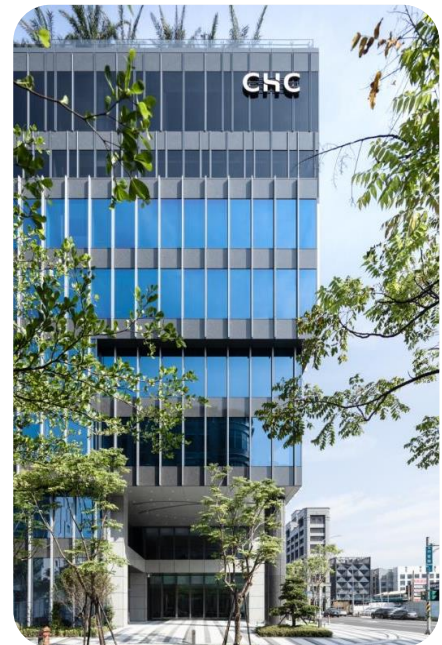
2. Pollution prevention: The Group conducts source management, waste reduction, energy conservation, carbon reduction, resource reuse, etc., to lower carbon dioxide (CO²) and other GHG emissions and reduce environmental impacts.
3. Green procurement: The Group considers environmental friendliness as one of the principles in all procurement and priority purchasing products with the Green Mark under the premise of sound product quality and reasonable price to achieve the goal of energy saving and carbon reduction. In 2023, the CHC's total purchases of consumable supplies with environmental labels account for more than 20%, and the Group plans to gradually increase the proportion of supplies with environmental labels in the coming years to reduce the impact of corporate operations on the environment. Supplier selection and management procedures are introduced in section 4.2 of the chapter.
4. Communication mechanism: The Group has established sound communication and consultation channels. In addition to disclosing environmental-related information in the annual report and sustainability report published by the Group each year, there is also a dedicated hotline and e-mail address to take into account the stakeholders' suggestions for improvement. The environmental safety and protection goals of the Group are determined by the environmental sustainability working group under the Sustainability Committee, which holds regular meetings to review relevant performance.

Environmental Protection Measures

The mid-term and long-term environmental protection goals set by CHC are water conservation, electricity conservation, waste reduction, and GHG reduction. To achieve the above goals, the Group adopts PDCA management measures composed of several steps such as plan, do, check, and action, looking forward to reducing the risk of climate change on business operations through these measures, and coexisting and prospering with the environment.

The energy consumption of the Group mainly comes from electricity consumption in offices. Although the power-saving effect is not as significant as that in the manufacturing industry, the Group continues to promote energy-saving measures every year. It's believed that many a mickle makes a muckle, and long-term persistence can have some contribution to the earth. The Human Resource & General Affairs Dept. of the Group has formulated the Energy Saving & Carbon Reduction Implementation Plan, which has been announced and implemented within the Group after approval by the Chairman. The main energy-saving measures are listed as follows:

1. Office:
 - (1) Purchase multi-function printers with the Green Mark for the office.
 - (2) Energy saving of multi-function printers in the office: Turn off the power when off work or when not in use for a long time, saving power consumed by standby mode.
 - (3) The air conditioner in the office can only be turned on when the ambient temperature is above 26°C with the advised temperature setting of 26~28°C and can be used with fans.
 - (4) When the outdoor temperature is below 26°C, it is advised to turn off the air conditioner and open the windows appropriately.



- (5) Control office lighting according to the needs of colleagues, and turn off lights, computers, electrical appliances, and other power supplies when no one is in the office.
- (6) The corridor lighting not frequently used must be turned off conveniently.
- (7) Regularly clean the filters of air conditioners to reduce power consumption.
- (8) Install T5 fluorescent tubes or compact fluorescent lamps in specific office areas.
- (9) Turn off the lights according to the situation during the lunch break.
- (10) Water dispensers must be powered off during consecutive holidays.

2. Server room / Warehouse:

- (1) Equip the server room with a time switch to adjust the temperature in due course.
- (2) Make sure to turn off the lights when there is no one there.
- (3) Turn off some or all lights on a sunny day.
- (4) Turn off the lights conveniently to save electricity in unused spaces.

3. Environmental education:

- (1) Hold various environmental protection education dissemination and actively promote garbage classification, resource recycling, and waste reduction.
- (2) Continue to purchase paper with the FSC certification to reduce environmental impact, aiming to maintain ecological integrity and forest functions. And encourage employees to do double-sided printing and reduce paper use.
- (3) Establish a paperless sign-off system, such as the employee leave management system, stationery and business card application system, etc. The relevant systems all exert positive benefits, not only saving paper consumption but also having no time and geographical restrictions.

4. Environmental data management: Collect the carbon emissions data of electricity and water consumption and compare it with the same period in the past promptly.

5. Green procurement:

- (1) Priority purchase products with the Green Mark.
- (2) Check existing equipment and replace it with items with energy-saving and carbon-reducing functions.
- (3) Use high-efficiency lighting devices to effectively implement electricity conservation.

6. Transportation:

- (1) Encourage colleagues to carpool or commute by public transportation, and reduce driving by themselves.
- (2) Use the public transportation system to deliver products as much as possible and strive to reduce the volume and weight of product packaging during transportation, aiming to improve transportation efficiency, reduce energy consumption during transportation, and reduce carbon emissions and transportation costs. Reduce carbon emissions by improving loading efficiency, changing transportation modes, and increasing the reuse rate of packaging materials.
- (3) To deliver products to clients on time, foreign suppliers mostly use air freight after receiving orders, which is expensive in transportation costs, increases CO² emissions, and leads to the aggravated greenhouse effect in the long run. To reduce the impact and damage to the environment during product transportation, the Group has actively communicated with customers in recent years and prepared different countermeasures for customer needs. For example, CHC chooses ocean freight instead when transporting large-scale medical equipment and large-scale auxiliary kits for radioactive sources to reduce the environmental impact during air transportation and lower product transportation costs. In the meantime, the Group is committed to increasing the carrying capacity of single ocean freight to reduce the harm to the environment by reducing transportation. CHC also advises suppliers to reduce the use of packaging materials and the size of the packaging, which helps reduce the use of packaging materials and increase the amount of single transportation.

- (4) Install video and teleconferencing systems in each office to facilitate meetings between different regions, effectively reducing the number of business trips, reducing business operating costs, and achieving environmental protection.

7. Waste disposal:

- (1) The waste in the office area is mainly household waste, which contains two categories, trash, and recycling. The Group entrusts a cleaning company to dispose of household waste.
- (2) The gas cylinders in the Group's distribution products of the Ophthalmology Dept. must be recycled to the original purchasing company. However, there are no gas cylinders to be recycled in 2023.
- (3) The used radioactive sources in the Group's distribution products are discarded under the regulations of the NSC for export and delivery procedures and returned to suppliers for recycling. The discarded radiation source must be stored within utensils of lead quality to prevent radiation leakage. Then entrust a professional shipping company to transport under the route planned by the local department of health, and prepare a proper crisis management plan in advance to minimize the risk of transportation and the probability of environmental pollution.
- (4) For non-regulated medical equipment and consumables among the products distributed by the Group, the scrapping procedures must be submitted to the competent authority following the laws and regulations. And a legal recycling company must be entrusted to collect and transport these items.

Environmental Data

CHC regards the reduction of GHG as a necessary action to slow down climate change and global warming. The GHG inventory can provide a basis for reduction, and the inventory results can be a reference for setting specific reduction goals in the future. The Group's main energy consumption comes from purchased energy (Scope 2). It is estimated that GHG emissions from Scope 2 account for more than 99% of the total Scope 1 and Scope 2 GHG emissions in recent years. Therefore, at this stage, only Scope 2 GHG emissions are used to evaluate the Group's GHG reduction results.

The statistics of GHG emissions from water and electricity consumption in the past three years are as follows. Due to the increase of an additional office area in Miaoli County since February 2023 to meet the needs of new business development, the carbon dioxide emissions in 2023 have a significant growth compared with the previous year.

CO ² Emissions Statistics						(Unit: kg)
Scope 1	Considering that the Group is not in the manufacturing industry and has no manufacturing process, there is almost no GHG emission from stationary emission sources (diesel for emergency generators), mobile emission sources (petrol for company vehicles), and fugitive emission sources (refrigerants, septic tanks, fire extinguishers) in Scope 1.					
Scope 2	Region	Item	2021	2022	2023	
	Taiwan	Electricity consumption	328,196	311,006	574,872	
		Water consumption	234	316	1,198	
		Subtotal	328,430	311,322	576,070	
	China	Electricity consumption	6,828	7,114	7,679	
	Total		335,258	318,436	583,749	
	Annual rate of reduction			5%	-83%	

*Note: CHC's office in China is a sub-leased office space, and the office in Indonesia is also not independent. So it can be hard to collect the environmental data from these two sites independently. Only electricity consumption information in the China office can still be obtained. It is believed that these environmental statistics do not cause a significant impact on the Group's overall performance since the scale of the overseas offices is much smaller than those in Taiwan.

Since 2020, the Group has also recorded electricity consumption, water consumption, and the total weight of waste. The statistics of the Group's electricity consumption, water consumption, and total waste weight in the past three years are as follows. Taiwan's annual electricity and water consumption in 2023 has increased significantly compared with 2022, mainly due to the addition of new office areas.

Total Electricity Consumption, Water Consumption and Total Waste Statistics				
Region	Item	2021	2022	2023
Taiwan	Annual electricity consumption (kWh)	646,147	601,339	1,150,739
	Annual water consumption (Ton)	3,628	3,798	9,427
	Annual total weight of waste (kg)	5,956	6,364	6,169
China	Annual electricity consumption (kWh)	7,945	7,866	7,703

*Note 1: CHC's office in China is a sub-leased office space, and the office in Indonesia is also not independent. So it can be hard to collect the environmental data from these two sites independently. Only electricity consumption information in the China office can still be obtained. It is believed that these environmental statistics do not cause a significant impact on the Group's overall performance since the scale of the overseas offices is much smaller than those in Taiwan.

Although global warming has not yet had a material impact on CHC's operations, the Group is still actively implementing environmental protection. In recent years, the earth has encountered more and more severe climate changes, and environmental sustainability has become a critical issue for all industries. Besides collecting environmental data periodically, the Group conducts self-reviews and obtains external suggestions through the recording and disclosure process. The Group also takes 2020 as the base year to set up environmental protection goals for the short-term, mid-term, and long-term. However, due to the addition of an office area in Miaoli County starting from February 2023, resulting in an increase in operating bases in Taiwan, there is a significant gap between the calculation range of the 2023 statistical data and the original statistical data. Considering the completeness and consistency of the statistical data, the base year is reset as 2023. Relevant information is as follows:

Environmental Protection Goals for Short-Term, Mid-Term, and Long-Term				
Item	Base year	Progress in 2023	Short-term goal	Mid-term, long-term goal
Carbon emission management	2023	Include the new office in the statistical scope, and collect water and electricity bills to calculate carbon emissions.	0.5% reduction per year	3% reduction in 2028 compared with the base year
Electricity consumption management	2023	Include the new office in the statistical scope, and collect electricity bills to calculate electricity consumption.	0.5% reduction per year	3% reduction in 2028 compared with the base year
Water consumption management	2023	Include the new office in the statistical scope, and collect water bills to calculate water consumption.	0.5% reduction per year	3% reduction in 2028 compared with the base year
Waste management	2023	Include the new office in the statistical scope according to waste and resource recycling categories.	0.5% reduction per year	3% reduction in 2028 compared with the base year

Apart from the original Energy Saving & Carbon Reduction Implementation Plan, the Group has adopted the Energy Saving & Waste Reduction Management Policy as the table below, to effectively manage electricity consumption, water consumption, and the total weight of waste for the ultimate target of achieving mid-term and long-term environmental protection goals. In the future, CHC will continue implementing various management policies to save energy, cherishing every drop of water and reducing waste, and working together to slow down global warming.

Energy Saving & Waste Reduction Management Policy		
Policy	Measure	Description
Electricity consumption management	Elevator control	◆ Install an intelligent elevator control system to control elevator operation. ◆ Encourage colleagues to take the stairs instead of the elevators to save energy and reduce carbon emissions as well as stay healthy.
	Air conditioner control	◆ Advise air conditioner temperature setting of 26~28°C in summer. ◆ Bring outdoor air into the building through the energy recovery ventilator to improve the power-saving effect in winter.
	Lighting control	◆ Use high-efficiency and energy-saving LED lighting for office and emergency exit lights. ◆ Turn on/off lights in the offices and fire escape by area, and turn off the lights during the lunch break according to working/resting conditions of colleagues. ◆ Support Earth Hour 2023, held by the World Wildlife Fund (WWF), by turning off the outdoor landscape lights and signboard lights after 20:30 on the day of the event.
Water consumption management	Water-saving devices installation	◆ Adjust the faucet flow rates in the pantry room and washroom. ◆ Adopt dual flush toilets.
	Water recycling and reuse	◆ Recycle rainwater and condensed water from the air conditioner on each floor of the headquarters for garden sprinklers.
Waste management	Recycling maximization	◆ Distinguish trash, kitchen waste, and recycling to perform waste sorting resource recycling. ◆ Record the weight of general industrial and recyclable waste to minimize trash and maximize recycling.
	Waste reduction	◆ Publish event information through paperless means. ◆ Encourage colleagues to refuse bottled water and use reusable bags and food ware.

Responses to Climate Change

◆ Adoption of TCFD Framework

CHC adopts the recommended framework of the Task Force on Climate-Related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB), carrying out a comprehensive review from the four aspects of governance, strategy, risk management, and metrics and targets. Further, identify the Group's climate-related risks and opportunities and establish a climate risk management culture under the supervision of the Board of Directors, to strengthen the corporate resilience in facing climate-related risks and to enhance the sensitivity of searching for business opportunities, hoping to contribute to Taiwan's transition to a low-carbon economy.

Thematic area	Recommended disclosure		CHC's action
Governance	a	Describe the Board's oversight of climate-related risks and opportunities.	◆ The Company has established the Risk Management Committee. The Board of Directors is the ultimate decision unit of the risk management mechanism and shall bear the final responsibility for risk management. ◆ The Board of Directors shall approve the corporate risk management policies based on overall operational strategies and business environment for the management of hazard risk, strategic and business risk, financial risk, compliance/contractual risk, and other risks on environmental (E), social (S) and corporate governance (G) related to the operation of an enterprise. Based on the materiality principle, the

Thematic area		Recommended disclosure	CHC's action
			Group's main environmental risks are identified as climate-related risks. The risk management officer and environmental community unit under the Risk Management Committee are further assigned to assess climate-related risks and opportunities. ◆ The Board of Directors and the Audit Committee regularly listen to the report of the Risk Management Committee every year to review its implementation status and ensure the effective management of relevant risk issues.
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	◆ The Group has set up a risk management officer in the Risk Management Committee, assigned by the Board of Directors, to be the chief supervisor dealing with risk management relevant matters. ◆ The risk management officer is responsible for supervising the environmental community unit to complete the assessment of climate-related risks and opportunities, formulating appropriate countermeasures and corresponding strategies based on the evaluation results, and conducting daily management and tracking. ◆ The risk management officer regularly reports the implementation status of risk management to the Audit Committee and submits it to the Board of Directors for resolution.
Strategy	a	Describe the climate-related risks and opportunities CHC has identified over the short, medium, and long term.	◆ Climate-related risk - Short-Term: Increase of extreme weather events - Mid-Term: Policy changes / Regulations are getting stricter / Market changes in preference for existing products and services - Long-Term: Stakeholders pay more and more attention to whether the Group is committed to low-carbon transformation / Average temperature rise / Sea level rise ◆ Climate-related opportunity - Short-Term: Actively improve resource utilization efficiency - Mid-Term: Develop low-emission products and services - Long-Term: Invest in sustainability transitions ◆ For further information, please refer to the next section - Climate-related risks and opportunities of this paragraph.
	b	Describe the impact of climate-related risks and opportunities on CHC's businesses, strategy, and financial planning.	◆ The Group is not in the manufacturing industry. After conducting a risk assessment, climate-related risks are concerned to have no significant impact on the Group's business, strategy, and financial planning in the short term. ◆ The Risk Management Committee has completed the identification of climate-related risks over short-term, medium-term, and long-term and has formulated appropriate countermeasures and corresponding strategies based on the evaluation results, hoping to reduce the impact of climate-related risks by improving the efficiency

Thematic area	Recommended disclosure	CHC's action
		of resource utilization. The Group aggressively develops low-emission products and services and invests in sustainability transitions, effectively combining climate-related opportunities with corporate strategy to create benefits for the Group's overall medium-term and long-term financial planning and business development.
	c	Describe the resilience of CHC's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
		- The Group actively pays attention to climate-related risks and regularly reviews whether relevant risk management strategies and environmental protection policies have kept pace with the times and makes appropriate adjustments when necessary. - To achieve energy conservation and carbon reduction to reduce the impact of physical climate-related risks, the Group collects environmental data periodically and sets environmental protection goals for the short-term, mid-term, and long-term. - The Group plans to analyze different climate-related scenarios in the coming years and estimate the overall impact on corporate operations in various pathways to carbon reduction and timings.
Risk Management	a	Describe CHC's processes for identifying and assessing climate-related risks.
	b	Describe CHC's processes for managing climate-related risks.
		- The Risk Management Committee refers to the annual material topics identified by the Sustainability Committee, takes the Group (including the Company and all the subsidiaries) as the boundary, and conducts risk assessment on environmental (E), social (S), and corporate governance (G) issues related to corporate operations under the materiality principle as a reference for risk management and operational strategies. - The environmental risks identified by the Group are mainly climate-related. After assessing current and future potential climate-related risks and opportunities, transition risks on the transition to a lower-carbon economy and physical risks on the physical impacts of climate are identified, with countermeasures and corresponding strategies being proposed.
		- The Group's Risk Management Committee has formulated the Policies and Procedures for Risk Management, resolved by the Board of Directors on May 6, 2020. - The Group's climate-related risk management process includes risk identification, risk assessment, risk monitoring, risk reporting, and risk response. - The climate-related risk management implementation refers to the organizational structure of the Risk Management Committee and is performed under the three lines of responsibilities structure.

Thematic area		Recommended disclosure	CHC's action
			The Audit Office, affiliated to the Board of Directors, incorporates the risk management system and regulations into the internal audit operating procedures to ensure the continuous and effective implementation of the system.
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into CHC's overall risk management.	- The Group's Risk Management Committee consists of the Board of Directors to act as the ultimate decision unit, a risk management officer to integrate risk management tasks, and relevant units of legal compliance, customer service, and environmental community to implement the overall risk control and management of the Group. The environmental community unit is responsible for climate-related risk identification and assessment on the front line. - The hazard risk, strategic and business risk, financial risk, compliance/contractual risk, and other risks on environmental (E), social (S), and corporate governance (G) related to the operation of an enterprise identified by the Group are within the purview of the Risk Management Committee. Climate-related risks under environmental risk have also been incorporated into the Group's risk management processes and integrated into the overall risk management system.
Metrics and Targets	a	Disclose the metrics used by CHC to assess climaterelated risks and opportunities in line with its strategy and risk management process.	- The key climate metrics that the Group mainly tracks at this stage include CO² Emissions, electricity consumption, water consumption, and the total weight of waste, tracking the statistics compared with the base year for management. - Due to the addition of an office area in Miaoli County starting from February 2023, resulting in an increase in operating bases in Taiwan, there is a significant gap between the calculation range of the 2023 statistical data and the original statistical data, the base year is reset as 2023. The Group sets a short-term environmental protection goal on key climate metrics tracked by reducing 0.5% per year and a mid-term to long-term goal of a 3% reduction in 2028 compared with the base year.
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	- The Group is not in the manufacturing industry and has no manufacturing process. There are almost no direct (Scope 1) GHG emissions from stationary, mobile, and fugitive emission sources. - The Group's main energy consumption comes from energy indirect (Scope 2) GHG emissions. In response to the increase in operating locations in 2023, and to ensure the completeness and consistency of statistical data, 2023 has been reset as the base year for setting short-, medium-, and long-term Scope 2 emissions reduction goals. - Other indirect (Scope 3) GHG emissions data is planned to be included in the scope of the Group's environmental data management step by step in the coming years.

Thematic area	Recommended disclosure		CHC's action
	c	Describe the targets used by CHC to manage climate-related risks and opportunities and performance against targets.	◆ The Group collects environmental data periodically and takes 2023 as the base year to set up environmental protection goals for the short-term, mid-term, and long-term, conducting self-reviews and obtaining external suggestions through the recording and disclosure process. ◆ To effectively achieve the set goals, in addition to the original Energy Saving & Carbon Reduction Implementation Plan, the Group has adopted the Energy Saving & Waste Reduction Management Policy, specifying relevant measures and specific guidelines, and actively promoting and implementing environmental protection.

◆ Climate-related risks and opportunities

The Group has assessed the current and future potential climate-related risks and opportunities and adopted appropriate countermeasures and corresponding strategies for the identified climate change risks and opportunities. Lists of climate-related risks, as well as climate-related opportunities, are as follows:

List of Climate-Related Risk			
Risk			Countermeasure
Transition Risks - risks related to the transition to a lower-carbon economy	Policy and legal risks	◆ Policy changes ◆ Regulations are getting stricter	◆ Voluntary reduce GHG emissions and energy consumption. ◆ Conduct an inventory of GHG emissions and product carbon footprints.
	Market risk	◆ Market changes in preference for existing products and services	◆ Develop low-emission products and services ◆ Pay attention to market trends and cooperate with suppliers that meet market demands.
	Reputation risk	◆ Stakeholders pay more and more attention to whether the Group is committed to low-carbon transformation	◆ Formulate the Energy Saving & Carbon Reduction Implementation Plan, announce and implement it within the Group. ◆ Adopt the Energy Saving & Waste Reduction Management Policy and implement it. ◆ Build the headquarters as a green building. ◆ Conduct supplier assessment following the Group's sustainability policy.
Physical Risks - risks related to the physical impacts of climate change	Acute risk	◆ Increase of extreme weather events – Typhoon ◆ Increase of extreme weather events - Rainstorms	◆ Adopt ISO 45001 Occupational Health and Safety Management System and formulate the Emergency Response Plan. ◆ Equip with an uninterruptible power supply and remote backup system, and conduct regular testing and maintenance. When extreme weather events occur, someone is assigned to confirm the status of the equipment. ◆ Reduce losses caused by natural disasters by taking out business insurance.
	Chronic risk	◆ Average temperature rise ◆ Sea level rise	◆ Increase energy efficiency by improving air conditioner efficiency. ◆ Formulate the Energy Saving & Carbon Reduction Implementation Plan, announce and implement it within the Group. ◆ Adopt the Energy Saving & Waste Reduction Management Policy and implement it. ◆ Build the headquarters as a green building.

List of Climate-Related Opportunity		
	Opportunity	Countermeasure
Resource Efficiency	♦ Implement resource recovery and reuse	♦ Reduce operating costs through recycling and reuse of resources.
	♦ Carry out green procurement	♦ Priority purchase products with the Green Mark and check existing facilities to evaluate whether to replace them with items with energy-saving and carbon-reducing functions, to reduce environmental impact and improve operational efficiency.
	♦ Construct environment-friendly buildings	♦ Build the headquarters as a green building and enhance greening for temperature adjustment, to reduce environmental impact and improve operational efficiency.
Products & Services	♦ Develop low-emission products and services	♦ Promote medical information management system and develop iROIS. Paperless operations can reduce customer operating costs and improve operational efficiency.
	♦ Invest in sustainability transitions	♦ Invest in constructing a high-tech irradiation service facility, aiming to become the first irradiation service facility of sustainability in Taiwan and drive corporate sustainability transitions through practical actions.

Grievance Mechanism for Environmental Issues

CHC is not in the manufacturing industry, and the working environment is purely office space, which has no significant impact on the environment. If the general public has any suggestions for the Group or complaints arising from environmental issues, please refer to the contact information on page 93 of the report. The Group's official website also has a Contact Us section with assigned personnel to handle and respond. There are no complaints related to environmental issues in 2023.

4.2 Supplier Relations

Suppliers are important partners for CHC's business development. The Group manages the relationship with the attitude of coexistence and co-prosperity with suppliers, holds regular meetings to communicate with suppliers, sets up corresponding contact persons for daily contact, provides unimpeded communication channels to build consensus to improve cooperation efficiency, and works together to provide customers with better products and services. In the future, the Group will continue to cooperate with suppliers on major societal and environmental issues to build a sustainable supply chain.

While maintaining positive and effective communication and interaction, the Group has also gradually enhanced supplier management. CHC encourages and requires suppliers not only to provide high-quality products and services but also to cooperate with the Group's requirements in corporate governance, human rights protection, safety and health, environmental protection, and other social responsibility and sustainable management topics. For new supplier selection, the Group also rigorously conducts various verifications. It is believed that outstanding suppliers can be CHC's assets for business success and sustainable development.

Environmental & Social Assessment

Effective supplier management and assessment are key to corporate sustainable risk management. Without the long-term cooperation of suppliers, it would be difficult for CHC to achieve its leading position in the industry. While maintaining a good relationship with suppliers, the Group also has a management and assessment system for suppliers. The main elements of supplier management are as below, and descriptions for foreign and domestic suppliers are listed separately as follows:

Item	Element	Goal
1	Continuous improvement of supplier quality	Ensure suppliers comply with customer and relevant regulatory requirements.
2	Green supply chain	Ensure the sustainable development of the supply chain.
3	Supply chain risk management	Ensure there is no risk of disruption to the supply chain.
4	Enhancement of supplier management	Ensure that suppliers meet the Group's requirements in quality, environmental protection, safety, hygiene, etc.

1. Foreign supplier

The Group's foreign suppliers are all well-known international medical equipment manufacturers. In addition to complying with the laws and regulations where the brand and the factories are located, the foreign suppliers must also obtain the certification of ISO 13485 Medical Devices Quality Management Systems since the products are all medical equipment. Possession of this certification means that the supplier's quality management system has reached the required standards. When importing products to Taiwan, the Group also asks foreign suppliers to assist in preparing relevant documents to handle medical device inspection and registration with TFDA of the MOHW, the competent authority, and to apply for related licenses according to different regulations of individual product categories.

Under the framework of ISO 9001 Quality Management Systems, the Group conducts quality and safety assessments for foreign suppliers and confirms the validity of the ISO 13485 Medical Devices Quality Management Systems certification at the beginning of each month regularly. If the validity period has expired, the supplier must provide a new version of the certification to ensure that the supplier complies with good manufacturing practices for medical devices.

The foreign suppliers of CHC are all renowned corporate in the world, and most of them are listed companies or OTC companies in Europe and the United States. These manufacturers must meet the highest standards regarding products, financial performance, corporate governance, or corporate sustainability to comply with local government regulations for public companies. Hence the Group does not require foreign suppliers to sign the Corporate Sustainability Statement.

Most of the Group's foreign suppliers have published sustainability reports. For the few foreign suppliers that have not published the report, no significant actual or potential negative impacts on the environment are found in 2023. In addition, Europe and the United States have clear laws and regulations prohibiting corporates from employing child labor and violating human rights. According to the information available to the Group, no child labor or human rights violations are found in the foreign suppliers in 2023. If any supplier violates local regulations, endangers the environment, or infringes on human rights in the future, the Group will take this into consideration in deciding whether to renew the contract with the supplier in the future. In times to come, the Group hopes to find more partners willing to work together with CHC in sustainable development through a sound supplier assessment system.

2. Domestic supplier

CHC has drafted a Corporate Sustainability Statement, which lists issues of environmental protection, safety, health, human rights, ethics, and social responsibility promulgated by the government. The Group requires domestic suppliers to sign and abide by relevant regulations and fulfill corporate social responsibility together with the Group. In 2023, up to 90% of the newly cooperated suppliers of the Group's Human Resource & General Affairs Dept. have signed the statement. In the future, domestic suppliers contacted by the subsidiary's procurement unit will be asked to sign the statement by degrees to enhance the management of domestic suppliers. The contents of the Corporate Sustainability Statement are as follows:

- ▼ Comply with relevant laws and regulations on wastewater, exhaust gas, solid waste, hazardous waste, and noise control.
- ▼ Adopt a systematic approach to reduce the consumption of energy resources and emissions.
- ▼ Ensure products and services do not use environmentally hazardous substances that are illegal or prohibited by customers.
- ▼ Ensure employees can have a safe and healthy working environment through effective management.
- ▼ Provide an equal and fair working environment and prohibit all forms of discrimination.
- ▼ Respect the basic human rights of employees and prohibit all forms of humiliation.
- ▼ Provide employees with safe and clean food and drinking water
- ▼ Provide adequate and qualified sanitary and environmental facilities, such as public facilities, etc.
- ▼ Respect the freedom of employees and prohibit all forms of forced labor.
- ▼ Promote labor-management cooperation and respect the opinions of employees.
- ▼ Comply with general corporate ethics.
- ▼ Prohibit the employment of child labor.
- ▼ Provide labor protection to minor and female employees.
- ▼ Respect employees' freedom of association and the right to collective bargaining.
- ▼ Provide appropriate wages and welfare.

By signing the Corporate Sustainability Statement, the Group hopes to regulate suppliers to ensure the safety of the working environment, protect the labor rights and interests of employees, strictly abide by the principle of prohibiting the employment of child labor, take into account environmental protection while doing business, and abide by relevant laws and ethics. If it is found that the supplier has not complied with the content of the statement, the Group stops the cooperative relationship with the supplier and selects another qualified supplier.

In addition to signing the statement, the Group plans to conduct regular domestic supplier evaluations. The evaluation items include the quality, price, delivery status, design skill, customer service attitude, etc., to ensure that suppliers comply with relevant regulations and that products and services can also meet the needs of the Group. CHC also works on searching for outstanding suppliers who are certified by ISO.

Moreover, the Group has obtained the official certification of ISO 9001 Quality Management Systems. In the future, new suppliers and existing qualified suppliers will be managed according to the Supplier Management Procedure under the ISO framework, including evaluation, assessment, and audit of quality and occupational health and safety, to ensure that the product quality meets relevant criteria. The Group's Supplier Management Procedure is as follows:

Supplier Management Procedure	
Item	Management procedure
Supplier Verification	1. Relevant units verify whether the basic requirements of the Group are met according to the information provided by the supplier. 2. Product, technology, quality, and degree of coordination.

Supplier Management Procedure	
Item	Management procedure
	3. Occupational health and safety management.
New Supplier Evaluation	- Suppliers certified by ISO 9001 Quality Management Systems or ISO 13485 Medical Devices Quality Management Systems are judged as qualified suppliers. - Other suppliers can only become qualified suppliers after passing the new supplier evaluation. *Price: 15 points *Payment terms: 15 points *Degree of coordination: 15 points *Urgent order processing ability: 15 points *Willingness to sign the Corporate Sustainability Statement: 10 points *Waste disposal through qualified clearance organizations: 10 points *Establishment of environmental safety management unit: 10 points *Occurrence of occupational accident or dispute in the past 12 months: 10 points Qualification score - Pass: 60~100 points / Fail: less than 60 points
Supplier Annual Assessment	- Assessment frequency: About 30% of the suppliers with more than five transactions (including the 5th) in the current year are evaluated. - Supplier assessment form: Suppliers who meet the above standards are evaluated based on the following items. *On-time delivery: 20 points *Product quality: 10 points *Exception handling: 10 points *Price: 20 points *Payment terms: 15 points *Customer complaint handling: 15 points *Willingness to sign the Corporate Sustainability Statement: 10 points Qualification score - Pass: 60~100 points / Fail: less than 60 points

In the meanwhile, to establish a green supply chain, the Group continues to promote the concept of green procurement to procurement units, including the definition of green procurement and encourages the priority procurement of products that meet government regulations. CHC also listed three types of environmentally friendly products that have less impact on the environment, including products with the Green Mark issued by the Environmental Protection Administration of Executive Yuan, products consist of recycled materials and meet the requirements of recycled materials, low pollution, recyclability, and resource-saving, and other products that can increase social benefits or reduce social costs and have the same or similar effects.

Therefore, when procurement units make purchasing decisions, whether service or office supplies, environmental protection materials, and recyclable items are prior taken into consideration, and energy-saving is listed as one of the procurement specifications, encouraging more and more suppliers to provide products that meet the requirements. CHC also promotes priority purchasing products with the Green Mark under the premise of sound product quality and reasonable price to make domestic suppliers understand the Group's emphasis on environmental sustainability, then urge suppliers to have environmental awareness and protect the environment together. The Group requires domestic suppliers to comply with relevant regulations on environmental protection, safety, and health and fulfill corporate responsibilities. In 2023, no significant actual or potential negative impact on the environment has been found in the domestic supply chain.

Suppliers are important partners of the enterprises, and relations between the two parties are inseparable. Outstanding suppliers can be assets to business success. In the future, CHC will continue to conduct supplier assessments on environmental and social dimensions, using corporate influence to encourage green procurement and work with suppliers to build a supply chain that is responsible, concerned about social issues, and sustainable.



Ch.5 Community Engagement

5.1 Local Prosperity

The CHC Healthcare Group's primary base of operations is at our headquarters in Taipei City. Given that Taipei City, New Taipei City, and Keelung City are all part of the Taipei metropolitan area, the Group considers the entire Taipei metropolitan area as our primary operational hub. Knowing that sustainable operations are intertwined with community engagement, the Group has hired local talents to build up a happy company and further seeks to create a deeper connection with the areas where our operations are based. In recent years, the Group has actively supported disadvantaged groups in the region where it operates, invited local businesses to collaborate on social initiatives, and encouraged neighborhood shops to adopt environmental protection and plastic reduction measures to maintain positive interactions with the local community.

In 2023, the Group invested NT\$570 thousand in social engagement at our primary operational sites. Moving forward, the Group will continue to adhere to our original intention of fostering good neighborly relations and giving back to the community. We will also maintain a positive connection with the communities where our operational sites are located, aiming to share benefits with the local society.

Building Up a Happiness Enterprise



The CHC Healthcare Group believes that employees are our most important assets. As our workforce has grown with the expansion of our operations, the Group is committed to creating a company that helps employees achieve a balance between work and life. To support this, we organized singles events, hoping that our colleagues will not only focus on work but also have the opportunity to find the Mr. or Mrs. Right. It is our wish that members of our happy company will extend their happiness to form happy families, thus experiencing double the joy.

On March 18, the Group organized a one-day tour to bring together our single colleagues from different cities and departments, all of whom are seeking happiness, for a singles event. During this event, we moved away from the traditional singles networking format and created a relaxed, open, and joyful atmosphere through various interactive activities. Our goal was to help attending colleagues make new friends and transition out of singlehood happily and successfully by finding the Mr. or Mrs. Right. This was the Group's first singles event, and to encourage our colleagues to get to know each other, we offered additional matching vouchers, which were provided to colleagues who successfully matched, to foster their connections and further their acquaintance. In total, 33 people joined the event, with males and females roughly evenly represented, and 6 successful couples were matched.

Local Vulnerable Caring

Upholding the spirit of giving back to society, CHC not only actively participates in annual public welfare activities to assist vulnerable groups in need and extends emergency assistance when necessary but also wholeheartedly engages in disaster relief activities initiated by various organizations.

▼ Procurement program with Sheltered Workshop - Dragon Boat Festival gift boxes

To implement its corporate social responsibility, the Group's subsidiary, Treasure of Health Co., Ltd., has consistently supported social engagement and disadvantaged groups by purchasing Dragon Boat Festival gift boxes from

sheltered workshops. This year, Treasure of Health Co., Ltd. purchased 264 gift boxes from the Children Are Us Foundation to show our support for and recognition to workers with physical and psychological difficulties.

- ▼ The underpad donation activity for patients in a vegetative state
- The long-term expenses of caring for patients in a vegetative state are a heavy burden for many families. Upholding the philosophy that “helping a patient in a vegetative state is helping a family”, the Group’s subsidiary, Treasure of Health Co., Ltd., has been attentive to caregiving needs of these families. Apart from placing donation boxes at stores to collect small amounts of money and coins, we know that underpads and diapers are essential supplies heavily used by patients in a vegetative state and thus initiated an underpad/diaper donation campaign. On November 16, we partnered with our supplier, Dr. P, to donate 10,000 adult diapers to the Keelung Branch of the Genesis Social Welfare Foundation to support the care of patients in a vegetative state from disadvantaged minority groups.



Promoting Social Welfare

- ▼ CHC Blood Donation Day



According to the statistics from the Taiwan Blood Services Foundation, the public has shown reduced willingness to donate blood during the COVID-19 pandemic. Nevertheless, patients' need for blood cannot wait, and the blood bank has frequently declared shortages on several occasions. Building on the enthusiastic public response to the blood donation events held from 2021, CHC has continued to hold charity blood donation activities in 2023. The Group’s commitment extends to expanding the scale of these activities through partnerships with the CHC Charity Foundation and related enterprises. CHC collaborates with Shing Great Jungle, BMW-Longder, Treasure of Health Co., Ltd., Creation Food and Neihu Warehouse Cafe to take the initiative to co-organize a blood donation event on May 8. Several prominent enterprises also join forces to support this noble cause, including Taiwan Shin Kong Security, Flytech, Fortune Information, the South Neihu Branch of Hua Nan Bank, and the Taipei City Wende Association.

This year, the Group not only set up two large blood donation vehicles as we did the previous year, but also deployed an additional medium-sized blood donation bus with the goal of collecting more blood bags. The Neihs Precinct of the Taipei City Police Department, the Third District HQ of the Taipei City Fire Department, and volunteer police officers also set up booths on-site to promote traffic safety and fraud prevention knowledge, enabling blood donors to acquire accurate concepts. Over 260 people participated in this blood donation event, and the Group successfully collected more than 350 bags of blood.

▼ Treasure of Health's charity blood donation event



To turn the slogan Donate One Bag of Blood, to Save One Life into action and help increase the blood storage levels in blood banks, the Group's subsidiary, Treasure of Health Co., Ltd., partners with the Taipei Blood Center to organize two charity blood donation events in the Oriental Science Park in Xizhi District on April 12 and in the central courtyard of the Far East Century Plaza in Zhonghe District on August 15. We invites nearby partnered pharmacy channels to join this event. On the event date, employees of the subsidiary and partners from pharmacy channels take the lead in rolling up

their sleeves to donate blood. Local people also actively participated in these events. In total, the events have successfully collected over 630 bags of blood with nearly 422 blood donors.

Advocating Plastic Reduction Event

▼ Bringing reusable tableware

The Group has long been advocating for environmental protection. In 2021, we launched the initiative "Environmental Protection from Daily Life", promoting how to safeguard the environment through everyday actions. In 2022, we organized seminars and invited environmental protection groups to present on accurate resource recycling and waste classification to our colleagues. In 2023, we promoted the use of reusable tableware to raise awareness about energy-saving, carbon reduction, and environmental protection, encouraging collective support for eco-friendly practices.



According to statistics from the Directorate General of Budget, each person generates approximately 1.173 kg of trash per day. Moreover, due to the pandemic of COVID-19, the demand for takeout and delivery services increased, leading to a rise in disposable tableware usage. This increase is about three times higher than the amount of plastic plates/containers and paper tableware recycled in the same period in previous years. In the post-pandemic era, we have observed our colleagues' eating habits and, to effectively reduce the use of disposable tableware, we collaborated with sheltered workshops to organize the "Bring Your Own Reusable Tableware for a Free Lunch" activity. Colleagues were encouraged to bring their reusable tableware to enjoy meals prepared by the sheltered workshops. This initiative not only helped to achieve our trash reduction goals and lower CO2 emissions but also encouraged colleagues to develop the habit of using their own tableware. Moreover, it also supported environmental protection and charity by aiding workers with physical and mental difficulties, creating a positive cycle of goodwill.

▼ Treasure of Health's reusable bag promotional activity

To contribute to the sustainable development of the Earth's environment and support plastic reduction efforts, the Group's subsidiary, Treasure of Health Co., Ltd., provided non-woven reusable bags to customers collecting

medication with a prescription. Treasure of Health encouraged them to use these reusable bags repeatedly for shopping or carrying medications to reduce plastic bag usage. Moreover, it also offered special discounts on selected items for customers who brought their reusable bags in order to promote a lifestyle of plastic reduction.

5.2 Mutual Well-Being

Adhering to the tenet of giving back to society since the flourishing of an enterprise comes from the support of the community, the CHC Healthcare Group not only promotes local common good but also actively pursues the co-existence and co-prosperity of the entire society. This is achieved through active participation in social welfare and collaboration with non-profit organizations over the years. With the pursuit of "medical services, public welfare, and healthy living", the Group actively participates in public welfare activities, helps disadvantaged groups in rural areas, assists in medical volunteer programs, and advocates topics related to healthy living. For minority groups that need help, the Group provides timely support and assistance, hoping to fill the resource gap effectively. In response to natural disasters and major accidents, the Group spares no effort to provide emergency assistance and related medical resources and pays attention to disaster relief and caring activities initiated by all parties.

The Group encourages all employees to participate in social welfare activities together. Engaging in social care and support can not only contribute to the community but also strengthen employees' sense of identity and empathy. With the call from an organization, the enterprise can efficiently gather the strength of each individual, multiply the influence and maximize the synergy effect, and become the pioneer in fulfilling social responsibility.

In 2023, the Group's investment in social engagement activities outside of our primary base of operations was NT\$4,879 thousand. In the future, the Group will continue to stick to the tenet of giving back to society and making progress together with the community. CHC also hopes to get the ball rolling and inspire more enterprises to let people in need feel the positive power of society.

Spreading Love

▼ Engaging in medical volunteer programs

As a corporate citizen, CHC has always been actively involved in healthcare philanthropy. CHC Volunteer Association has been regularly engaging in social welfare and organizing social care activities for a long time. It also encourages employees to participate in volunteer services, gathering the collective strength to serve, give back to the community, and fulfill corporate social responsibility.

As the pandemic subsided in 2022, the Group has resumed the program to promote health education concepts and ensure an adequate supply of medical resources in remote areas. The goal is to enhance citizens' awareness of self-health and encourage them to do regular health check-ups.



In 2023, the Group invites the Experimental Forest, College of Bioresources and Agriculture, National Taiwan University, to jointly organize this program again. After recognizing the importance and convenience of the medical volunteer program for local citizens, the unit decided to provide a portion of its office space at the Duigaoyue Tract of Heshe Education and Promotion Center, along with the adjacent square, for holding healthcare philanthropy activities free of charge. The venue is next to a road that local citizens are familiar with, ensuring easy access. Its traffic flow is

designed in a semi-outdoor space, offering a comfortable and convenient environment for citizens participating in the medical volunteer program.

Peter Lee, CHC's Vice Chairman, leads the CHC Volunteer Association in person to Tongfu Village, Xinyi Township, Nantou County, hosting the medical volunteer program on November 25 in collaboration with the CHC Charity Foundation, with the support of Yeezen General Hospital and High-End Vision Eye Center. There are 50 dedicated workers committed to serving people in remote areas who took part in this event. The event provides local citizens with fundamental physical examinations, internal medicine consultations, and ophthalmology diagnoses and promotes health education concepts, serving over 150 local citizens in total.

It is the 9th anniversary of the medical volunteer program. In addition to fundamental physical examinations such as height, weight, blood pressure, and body temperature checks, considering the regional population composition is mostly elderly and children and based on local disease characteristics and medical needs, special arrangements are made, including hearing tests, computerized optometry, eye pressure measurements, physician consultations, as well as non-invasive abdominal ultrasound for liver and kidney screening, hoping to meet the needs of local citizens and enhance the quality of medical services. During this medical volunteer program organized in remote areas, the Group also invited the International Association of Taiwanese Tendon-Relaxing Massage to join the volunteer medical team to assist local residents in alleviating fatigue from fascial tightness caused by daily activities.

▼ Donating medical equipment to enhance the quality of medical care



The CHC Healthcare Group has long been cultivating in Taiwan's medical industry with the goal of enhancing medical quality through the provision of high-quality medical equipment. For example, the Group donated 20 wireless handheld ultrasound devices to Taipei Medical University Hospital on March 6, and 10 wireless handheld ultrasound

devices to Kaohsiung Municipal Siaogang Hospital on June 28. The wireless handheld ultrasound device is lightweight and convenient to use, with no spatial limitations. They provide clear imaging, allowing doctors to quickly assess patient conditions and respond appropriately with timely diagnoses and treatments. Furthermore, this device reduces the operational burden on medical staff and its enhanced mobility facilitates a wider range of clinical applications, helping medical personnel to better safeguard public health.

▼ Donation to charity foundations

Impacted by the pandemic, society has seen an increase in disadvantaged minority groups that are hard to identify in recent years. Therefore, the CHC Healthcare Group donated to the establishment of the CHC Charity Foundation in 2021, aiming to take on greater responsibilities and contribute to society through involvement in charitable activities. Aligned with the Foundation's focus on "caring for the elderly, supporting disadvantaged minority groups, addressing medical needs, and social welfare", the Group further donated NT\$1,000 thousand to the Foundation in 2023. Meanwhile, we encouraged our colleagues to volunteer for the Foundation's charitable activities to better understand and address societal needs. We also proactively collaborate with private organizations, hoping that various charitable activities and acts of kindness will nurture the seeds of goodwill. We hope that this will foster thriving environment of compassion and extending the legacy of love, and embodies our commitment to corporate social responsibility.



Cultivating Healthcare Talents

Education is the foundation of everything, the driving force of social progress and development, and an important cornerstone for boosting national competitiveness. CHC expects to cultivate more healthcare professionals through its advantages and resources and introduce the latest medical information and treatment technologies to healthcare workers. Therefore, patients can have more suitable treatment plans, and the quality of domestic medical care can be in line with international trends.

▼ Hosting international medical seminars

The Group regularly participates in and holds international medical seminars at home and abroad by inviting international medical experts and scholars to gather and share the latest global medical trends with Taiwan's medical professionals. The Group also encourages outstanding doctors in Taiwan to participate in international seminars and introduce professional and diverse medical experience in Taiwan to the world through such conferences. To avoid large gatherings under the new post-pandemic normal, the Group holds webinars to allow more physicians to participate online, increase communication opportunities, and improve real-time interaction.

▼ Organizing surgical training courses

The Group is well aware that it is never easy to cultivate a doctor. For that reason, it has regularly assisted hospitals and medical schools in Taiwan in organizing surgical training courses for many years, hoping that by providing high-end medical equipment to medical students and residencies for clinical training and operation, they can have the opportunity to practice. Therefore, through strengthening surgical skills and accumulating clinical experience, the learning outcomes and overall medical quality in Taiwan can be improved.



▼ Making donations to domestic educational institutions

Education is the root of fostering talents and the driving force for social progress and development. To promote collaboration between industry and school, the Group irregularly donates to domestic educational institutions to enhance talent cultivation. In December 2023, the Group donated NT\$1,750 thousand to Central Taiwan University of Science and Technology to support the relocation of its College of Nursing and Department of Nursing, hoping to provide students with a better learning environment and assist the medical and nursing industry in fostering more exceptional nursing talent.

Whole New Perspective on Elderly Care



CHC has always paid attention to social issues for a long time. Given the gradual aging of Taiwan society, the public's concern and demand for elderly care have become a part of national health planning and an important issue of national development. In recent years, the Group has paid close attention to the elderly care industry. After visiting and interacting with elderly care institutions all over the world, CHC

has cooperated with Sakurajyuj Group, a well-known Japanese elderly care brand. The two parties will jointly create a whole new elderly care experience for Taiwan.

From the business operation of Sakurajyuji Group, the Group has found an elderly care model that is completely different from Taiwan. A more common situation in Taiwan is that after the elderly have symptoms of disability and dementia, the family members cannot take care of them around the clock, so the elderly are sent to elderly care institutions, hoping to prolong their life of the elderly through professional care of the institutions. In Japan, there are more proactive approaches. Given the improvement of medical technology, average life expectancy is getting higher and higher, and everyone has more time for themselves after retirement. In addition to perfect care, Japan also advocates the concept of prevention, hoping to prolong everyone's healthy life as much as possible and reduce bedridden time. In this way, the elderly can enjoy a retirement life of better quality, and it can also effectively reduce the psychological and economic burdens of the younger generation. In the future, the Group hopes to establish such a perspective in Taiwan step by step and bring humanized and high-quality elderly care services to Taiwan.

Supporting Cultural Development

To further unveil the social influence of the enterprise and connect the positive forces of society, CHC has actively supported domestic cultural development in recent years and looks forward to inspiring diverse innovative ideas within the enterprise in the process of promoting cultural and creative development, hoping to bring synergistic effects to the enterprise and society.

▼ Book sharing – reading reflection contest

To encourage our colleagues to develop good reading habits, the Group purchased copies of Toyota's Cost-Planning Method, a book recommended by the Chairman, and organized a reading reflection contest in 2023. During this contest, participants were required to integrate their reflections with their own work and provide suggestions for improving the Group's systems and workflows. The objective of this contest was to support cultural development and motivate both the Group and our colleagues to grow. Nearly 50 colleagues participated, and 10 awards totaling NT\$95 thousand were given out.

Focus on Environmental Issues

Global warming has deeply affected the lives of all human beings. As the world pays more and more attention to environmental protection issues, the Group responds to Earth Hour, a global environmental event initiated by the World Wildlife Fund every year. This event is held on the last Saturday in March every year. It encourages worldwide to turn off unnecessary lights for one hour starting at 8:30 pm local time. The action of lights-out appeals to the public to face up to the issue of climate change. With the participation of Taiwanese enterprises and citizens, Taiwan managed to save approximately 150,000 kWh of electricity on the day of this event in 2023, which reduced 76,350 kg of CO2 emissions, equal to the positive environmental impact of planting 6,941 trees. Earth Hour 2023 is held from 8:30 to 9:30 on the evening of March 25. The Group calls on the employees and their families to participate in the activity of turning off the lights to save energy.

Grievance Mechanism for Social Impacts

CHC is not in the manufacturing industry, and the working environment is purely office space, which has no significant impact on the local community and environment, so the Group has not conducted community engagement. If the general public has any suggestions for the Group or complaints arising from social impacts, please refer to the contact information on page 93 of the report. The Group's official website also has a Contact Us section with assigned personnel to handle and respond. There are no complaints related to social impact in 2023.



Connecting your
health with our
commitment.

Appendix

GRI Content Index

Statement of Use
CHC Healthcare Group has reported the information cited in this GRI content index for the period from January 1 to December 31, 2023 with reference to the GRI Standards.
GRI 1 Used
GRI 1: Foundation 2021

Disclosure		Chapter/Content	Page
General Disclosures			
GRI 2: General Disclosures 2021			
The Organization and Its Reporting Practices			
2-1	Organizational details	1.1 About CHC	4
2-2	Entities included in the organization's sustainability reporting	Reporting Practices 1.1 About CHC	1 4
2-3	Reporting period, frequency and contact point	Reporting Practices	1
2-4	Restatements of information	No such incident in the report	-
2-5	External assurance	Reporting Practices	1
Activities and Workers			
2-6	Activities, value chain and other business relationships	1.1 About CHC	4
2-7	Employees	3.1 Human Resource Management	49
2-8	Workers who are not employees	No such incident in 2023	-
Governance			
2-9	Governance structure and composition	1.2 Corporate Governance 1.3 Sustainability Commitments and Practices	11 20
2-10	Nomination and selection of the highest governance body	1.2 Corporate Governance	11
2-11	Chair of the highest governance body	1.2 Corporate Governance	11
2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Corporate Governance 1.3 Sustainability Commitments and Practices	11 20
2-13	Delegation of responsibility for managing impacts	1.3 Sustainability Commitments and Practices	20
2-14	Role of the highest governance body in sustainability reporting	1.3 Sustainability Commitments and Practices	20
2-15	Conflicts of interest	1.2 Corporate Governance	11
2-16	Communication of critical concerns	1.2 Corporate Governance 1.3 Sustainability Commitments and Practices	11 20
2-17	Collective knowledge of the highest governance body	1.2 Corporate Governance	11
2-18	Evaluation of the performance of the highest governance body	1.2 Corporate Governance	11
2-19	Remuneration policies	1.2 Corporate Governance	11
2-20	Process to determine remuneration	1.2 Corporate Governance	11
2-21	Annual total compensation ratio	3.2 Friendly Workplace	53

Disclosure		Chapter/Content	Page
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	Letter from the Chairman	2
2-23	Policy commitments	1.3 Sustainability Commitments and Practices	20
2-24	Embedding policy commitments	1.3 Sustainability Commitments and Practices	20
2-25	Processes to remediate negative impacts	1.3 Sustainability Commitments and Practices	20
2-26	Mechanisms for seeking advice and raising concerns	1.3 Sustainability Commitments and Practices	20
2-27	Compliance with laws and regulations	1.2 Corporate Governance	11
2-28	Membership associations	1.1 About CHC	4
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	1.3 Sustainability Commitments and Practices	20
2-30	Collective bargaining agreements	No such document signed by the end of 2023	-
Material Topics			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	1.3 Sustainability Commitments and Practices	20
3-2	List of material topics	1.3 Sustainability Commitments and Practices	20
Economic Performance			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.1 About CHC	4
201-3	Defined benefit plan obligations and other retirement plans	3.2 Friendly Workplace	53
201-4	Financial assistance received from government	1.1 About CHC	4
Procurement Practices			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	1.1 About CHC	4
Anti-corruption			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	3.2 Friendly Workplace	53
205-3	Confirmed incidents of corruption and actions taken	No such incident in 2023	-
Emissions			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 305: Emissions 2016			
305-2	Energy indirect (Scope 2) GHG emissions	4.1 Environmental Policy	65
305-5	Reduction of GHG emissions	4.1 Environmental Policy	65
Supplier Environmental Assessment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 308: Supplier Environmental Assessment 2016			
308-2	Negative environmental impacts in the supply chain and actions taken	No such incident in 2023	-

Disclosure		Chapter/Content	Page
Employment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	3.1 Human Resource Management	49
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	3.1 Human Resource Management	49
		3.2 Friendly Workplace	53
401-3	Parental leave	3.1 Human Resource Management	49
Labor/Management Relations			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	3.2 Friendly Workplace	53
Occupational Health and Safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	3.2 Friendly Workplace	53
403-2	Hazard identification, risk assessment, and incident investigation	3.2 Friendly Workplace	53
403-3	Occupational health services	3.2 Friendly Workplace	53
403-4	Worker participation, consultation, and communication on occupational health and safety	3.2 Friendly Workplace	53
403-5	Worker training on occupational health and safety	3.2 Friendly Workplace	53
403-6	Promotion of worker health	3.2 Friendly Workplace	53
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2 Friendly Workplace	53
403-8	Workers covered by an occupational health and safety management system	3.2 Friendly Workplace	53
Training and Education			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	2.2 Product Liability	37
		3.3 Training & Education	61
404-3	Percentage of employees receiving regular performance and career development reviews	3.3 Training & Education	61
Supplier Social Assessment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 414: Supplier Social Assessment 2016			
414-2	Negative social impacts in the supply chain and actions taken	No such incident in 2023	-
Customer Health and Safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20

Disclosure		Chapter/Content	Page
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	2.2 Product Liability	37
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.2 Product Liability	37
Marketing and Labeling			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	2.2 Product Liability	37
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident in 2023	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident in 2023	-
Customer Privacy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such incident in 2023	-
Community Engagement			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.3 Sustainability Commitments and Practices	20
Description of the organization's engagement in community		Chapter 5 Community Engagement	79

SASB Standards Index

Metric		Chapter/Content	Page
Health Care Distributors - Industry Standard			
Sustainability Disclosure Topics & Metrics			
Fleet Fuel Management			
HC-DI-110a.1	Payload fuel economy	CHC has not disclosed relevant information in 2023 and will plan to include it in the next few years.	-
HC-DI-110a.2	Description of efforts to reduce the environmental impact of logistics	CHC places orders with suppliers in advance following the demand schedule and strives to ensure the ordered items are combined shipping without being out of stock. At the time of delivery, the Group makes every effort to arrange one-time delivery for the same customer's order to avoid multiple transportations that would cause environmental impact. For more related measures, please refer to sector 4.1 Environmental Policy.	65

Metric		Chapter/Content	Page
Product Safety			
HC-DI-250a.1	Total amount of monetary losses as a result of legal proceedings associated with product safety	No such incident in 2023	-
HC-DI-250a.2	Description of efforts to minimise health and safety risks of products sold associated with toxicity / chemical safety, high abuse potential, or delivery	All products distributed by CHC have been reviewed and approved by the competent authorities before being imported. A biocompatibility report is required during inspection and registration to ensure the product is not toxic when contacting the human body. For more related measures, please refer to sector 2.2 Product Liability.	37
Counterfeit Drugs			
HC-DI-260a.1	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	CHC has been using the SAP ERP system since 2010. Procurement and delivery are all controlled through the system, which retains complete records from placing orders with manufacturers to delivering products to clients.	-
HC-DI-260a.2	Discussion of due diligence process to qualify suppliers of drug products and medical equipment and devices	The suppliers' information of the drugs, medical instruments, and medical equipment distributed by CHC has all been reviewed and approved by the competent authority. For more information related to supplier auditing procedures, please refer to sector 4.2 Supplier Relations.	75
HC-DI-260a.3	Discussion of process for alerting customers and business partners to potential or known risks associated with counterfeit products	All products distributed by the CHC have been reviewed and approved by the competent authorities, which can only be imported after various checks, so there is no possibility of selling counterfeit products.	-
Product Lifecycle Management			
HC-DI-410a.1	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Medical equipment in large pieces distributed by CHC is packaged by the manufacturer before shipment. After receiving the order, the Group delivers to the customer in original packaging without repackaging or changing packaging. Consumable is packed with minimum necessary protective wrapping. For more related measures, please refer to sector 4.1 Environmental Policy.	65
HC-DI-410a.2	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	No such incident in 2023	-
Business Ethics			
HC-DI-510a.1	Description of efforts to minimise conflicts of interest and unethical business practices	1.2 Corporate Governance 3.2 Friendly Workplace	11 53
HC-DI-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	No such incident in 2023	-
Activity Metrics			
HC-DI-000.A	Number of pharmaceutical units sold by product category	1.1 About CHC	4
HC-DI-000.B	Number of medical devices sold by product category	1.1 About CHC	4

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