



Auras Technology

Sustainability Report

2023



About the Report

Preparation principles

In addition to pursuing corporate growth, Auras Technology Co., Ltd. (hereinafter referred to as “Auras Technology”) is also committed to fulfilling its corporate social responsibility as a corporate citizen. We implement employee care, social care, and environmental protection, and constantly strive for excellence.

This is the 4th Sustainability Report of Auras Technology. The content of the Report was provided and compiled by all units within the Company, with the GRI Standards (GRI Standards) published by the Global Reporting Initiative (GRI) followed. In addition, this report has been compiled in accordance with the industry’s disclosure topics of the Electronic Manufacturing Services & Original Design Manufacturing industry disclosure topics of the Sustainability Accounting Standards Board (SASB). Information on Environmental (E), social (S), and corporate governance (G) aspects is disclosed in accordance with the “Procedures for Preparation and Filing of Sustainability Reports by TPEX-Listed Companies.” This report is released to the public after approval by each unit head and the Chairman.

Boundary and Scope of the Report

The contents of this report are the sustainable development practices and achievements of Auras Technology. In addition to the Taiwan Headquarters, part of the information disclosure scope of the report covers the Kunshan Factory, the Guangzhou Factory, the Chongqing Factory, the Hefei Factory, and the Thailand Factory. The boundaries have not changed from them of the previous year.

The data and content disclosed are for the period January 1 to December 31, 2023, covering various material issues of concern to stakeholders. The data disclosed in this report covers economic, environmental, and social aspects. The data for this report was compiled by the Sustainability and Corporate Governance Office with material provided by various units. Considering the comparability of the information, the data of the most recent three years will be disclosed for some of the performances. If there are factories that are not included in the scope or data measurement, they will be explained in a special remark in that paragraph.

Basis of Calculation

The statistical data disclosed in the report are all from our own statistics and survey results and are presented in the commonly used numerical description methods. However, the financial data is released publicly after being certified by a CPA, and the GHG emission information has also been verified by an impartial third party.

Report Management

Internal audit

The head of each department reviews the content and accuracy of the information in each chapter, and the Sustainability and Corporate Governance Office reviews and confirms that the relevant data complies with the principles of integrity, transparency, and disclosure of this report to ensure the rationality and veracity of the content. The report is submitted in May every year subject to be reviewed by the Board of Directors.

External Verification

Financial data: PwC Taiwan

Environmental data: ISO 14001, ISO 14064-1

Sustainability data: ISO 45001

Report Release Date

Auras Technology releases the Sustainability Report on an annual basis and is available for browsing and download from the Company's website.

Current issue: Issued in June 2024 (previous issue: Issued in June 2023)

Next issue: Scheduled in June 2025.

Feedback and Contact

If there is any inadequacy in the editing of the 2023 Sustainability Report, we are grateful for your generous advice, so that we can continue to improve. You are welcome to contact us.

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Message from the Chairman

To our partners who care about the corporate sustainability of Auras Technology:

It is a great honor to share our fourth Sustainability Report with you. Thanks to the support and trust of all business partners and friends who care about our company, our gross profit margin reached a record high in 2023.

In 2021, the United Nations issued “a code red for humanity” to convey to the world the urgency and risk of global warming. However, two years later, extreme weather events have become more frequent or even unabated. In 2023, the United Nations issued a louder warning that global climate change has reached the era of global boiling.

As a corporate citizen, Auras never forgets to face up to its corporate governance and takes ESG actions. As the global demand for computing power continues to increase, we understand that energy consumption and carbon emissions are a byproduct of high-speed processing. To solve the problem of high-power consumption and heat energy in data centers, big data, edge computing, and artificial intelligence, we provide liquid cooling and energy-saving cooling solutions for customers to optimize the power usage effectiveness (PUE) from above 1.5 to below 1.1. This significantly improves energy efficiency and reduces carbon emissions, thereby contributing to the earth.

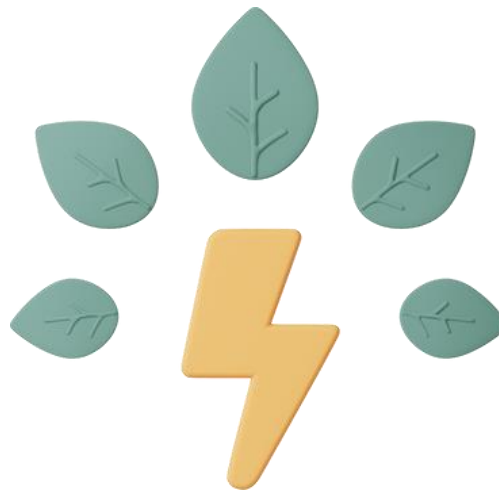
In addition to the Company’s improvement of energy-saving technologies, the Auras Foundation extends its climate action to employees’ families through the “Auras for Sustainability” family day tree planting event, so that everyone can take action to reduce GHG emissions, mitigating environmental damage.



Chairman, Auras Technology
Lin Yu-shen

“Innovation, Persistence, and Mutual Prosperity” are our core corporate values. We firmly believe that a co-prosperous society is based on mutual support and shared prosperity. For our migrant workers who work hard with us, we also sponsor the Migrant Workers Literature Award to give them the opportunity to share their life experiences. By doing this, more people are able to share their life stories, creating a virtuous cycle together.

The Book of Rites states: “With courtesy, you will be safe; without courtesy, you are at risk.” Currently, the earth’s environmental resources are depleting, and the impact of climate change is getting worse. Many crises stem from the endless exploitation and destruction of the environment and ecology by mankind for a long time. As a result, our generation is about to face huge challenges. In order to protect the earth’s environment and reverse the crisis caused by climate change, Auras and all the employees, as one big family, are all aware of our responsibilities and obligations. With our development capabilities, technical strength, and the efforts of each employee, we will continue to expand the development of energy-saving liquid-cooling systems to provide the industry with more efficient solutions with lower energy consumption. At the same time, we take care of our families and contribute to the environment and society so that we can all become better together.





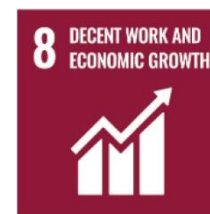
About Auras Technology

1.1 Origin and History of the Company

1.2 Company Overview

1.3 Main Business Activities

1.4 Vision and Mission





Auras Technology Profile

Company name Auras Technology Co., Ltd.

Date of foundation 1998/08/24

Date of listing on TPEX 2005/05/13 (3324)

Share capital NTD884 million

Number of employees in 2023 4,951

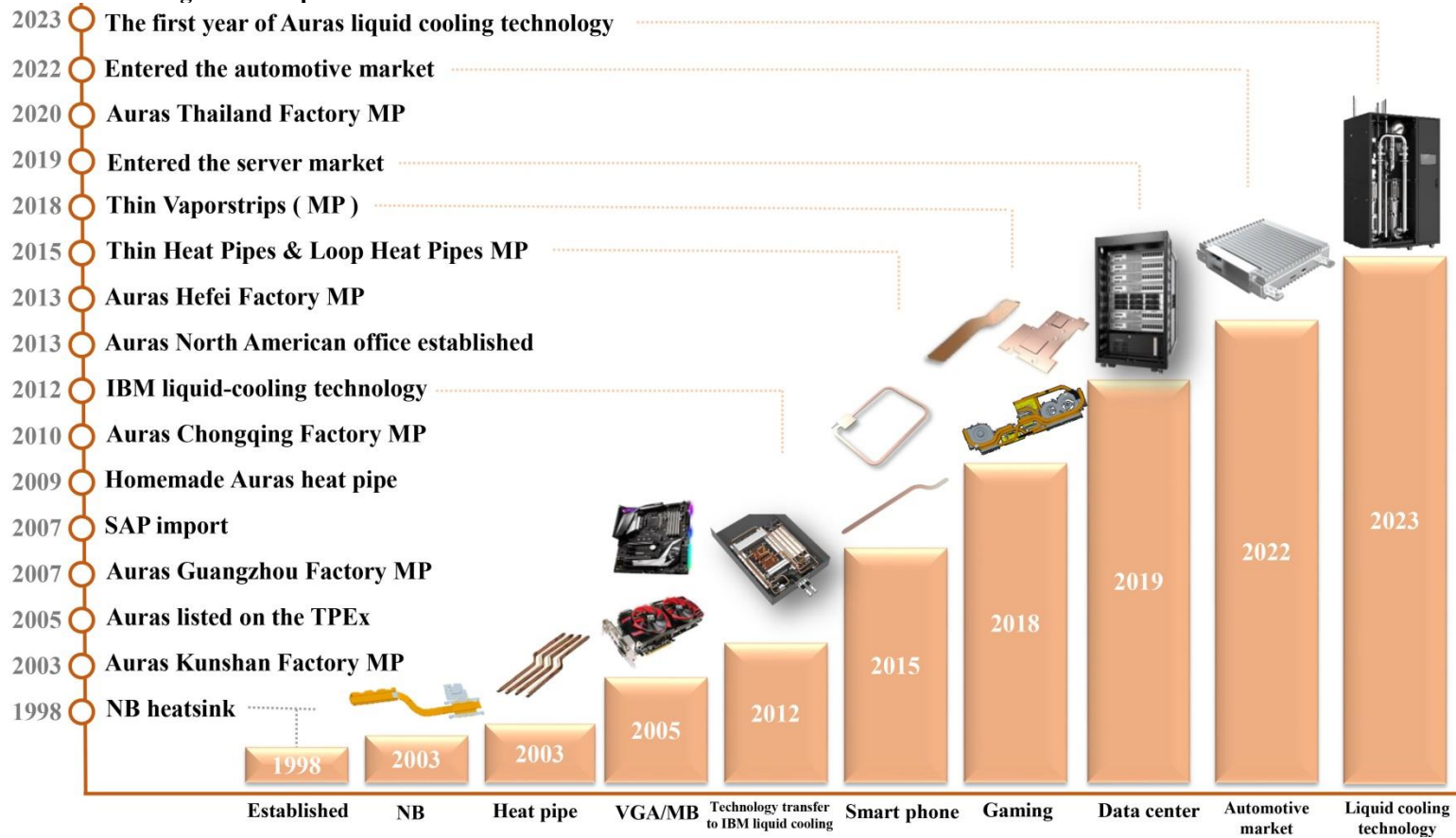
2023 Consolidated revenue 12,712,629
(NTD thousand)

Factory distribution Headquarters: Taiwan
3F., No.6, Wuquan 3rd Rd., Xinzhuang Dist., New Taipei City 242
Factories in Mainland China: Guangzhou, Kunshan, Chongqing, Hefei
Thailand Factory: Ban Po Industrial Park

Product Application Server, VGA, MB, NB, DT, automotive

1.1 Origin and History of the Company

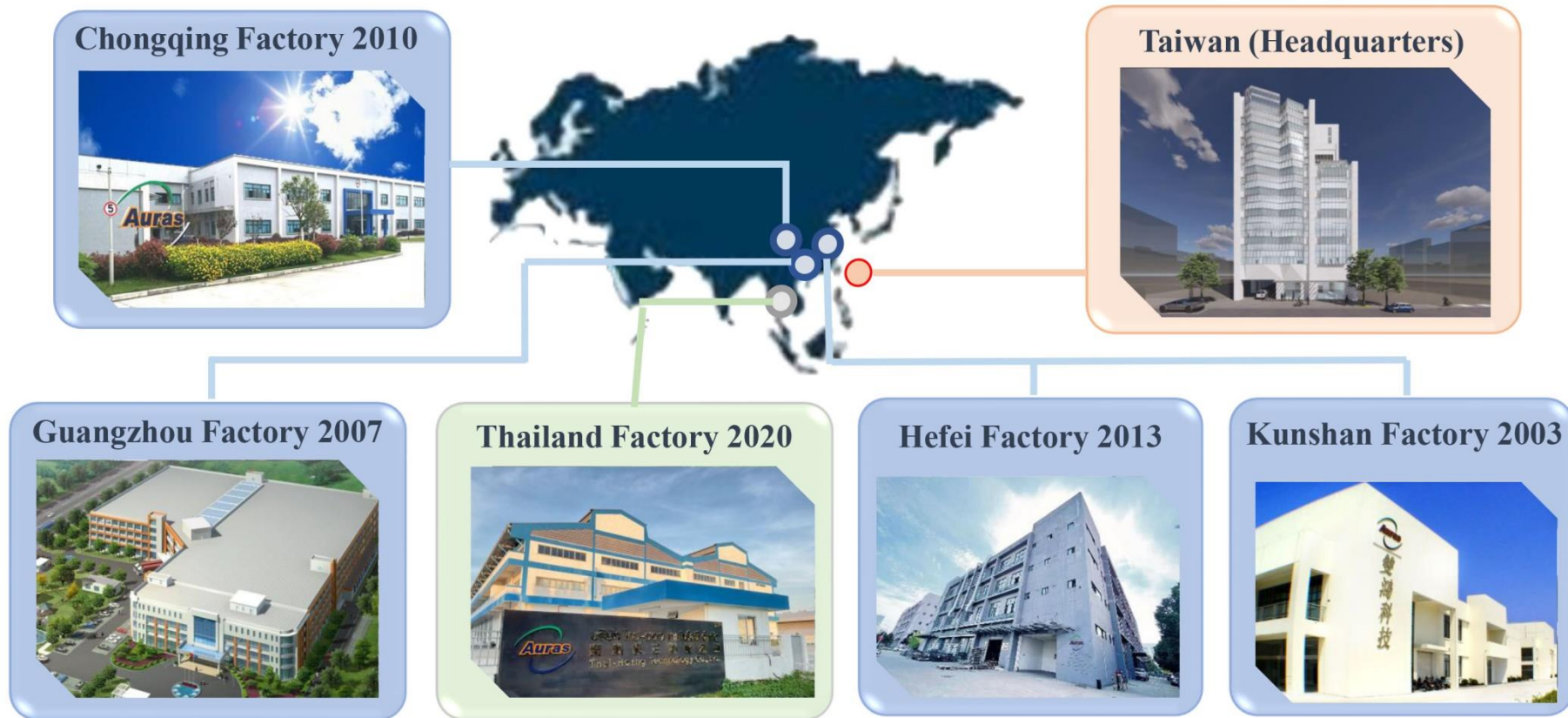
Auras Technology Co., Ltd. was established in 1998. At first, Auras was mainly engaged in the design of NB heat sinks, and the manufacturing and sales of cooling modules. To expand new markets and business scale, the market was extended to include the manufacturing of air cooling technology modules for servers, graphic cards, motherboards, workstations, and other air-cooled technologies. Auras has been investing in energy-saving and cooling technologies for many years. We understand that as the demand for more rigid data centers and computing power continues to rise, power consumption will also increase. Therefore, in addition to liquid cooling technology, we have also advanced liquid-cooling technology. The company will actively introduce liquid cooling technology and continue to develop the cooling product business in areas such as AI computing, cloud servers, HPC, self-driving cars, charging devices, and other fields. We will also continue to promote mid-term and long-term operational growth, striving to become a comprehensive cooling solutions provider.



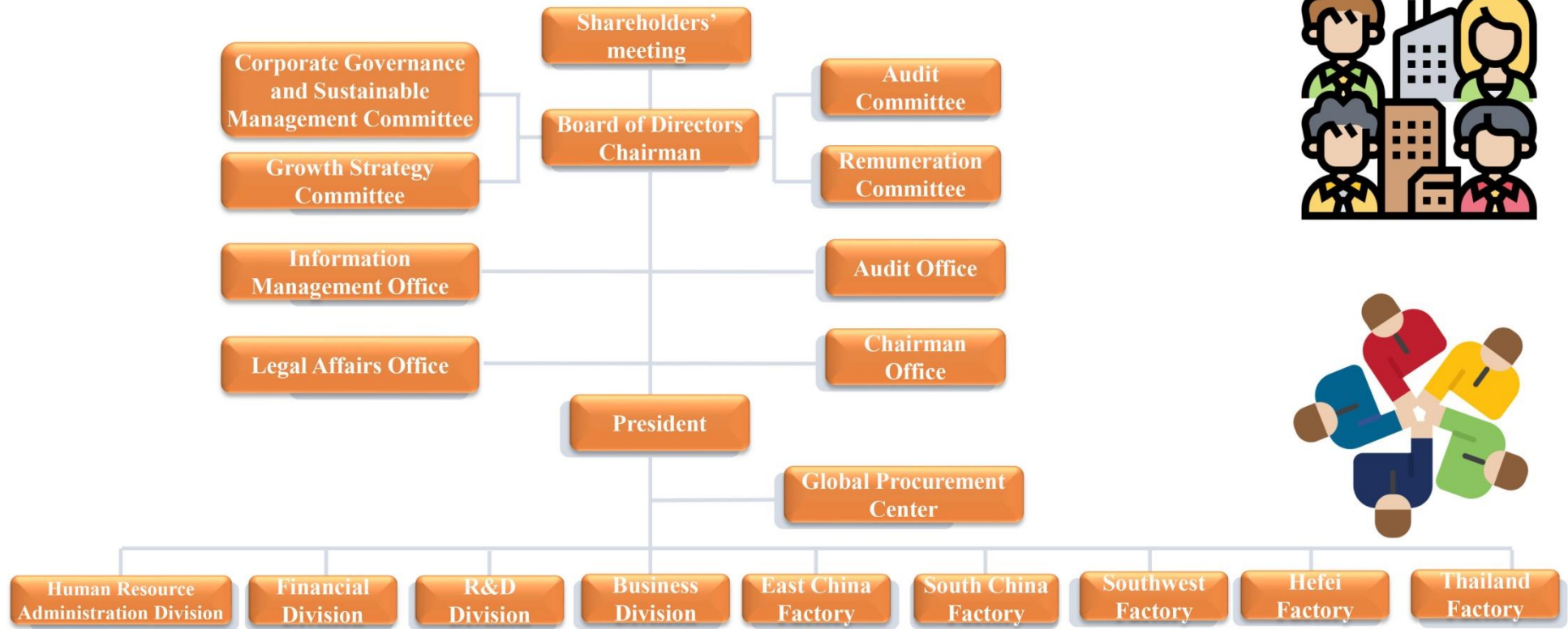
1.2 Company Overview

Auras is headquartered in Xinzhuang District, New Taipei City, Taiwan, as a sales and R&D center. In 2003, the Company set up a factory in Kunshan, and expanded production lines in Guangzhou, Chongqing, and Hefei, China over the past 10 years. At the same time, we have also increased the rate of in-house production of heat pipes and vapor chambers, meeting the needs of our customers for customized design of heat-dissipating. In order to meet customer needs, the Company went to Thailand to build a factory in 2020, and mass production started smoothly in the first half of 2021.

In terms of the strategic deployment of production bases, the factories in mainland China continue to upgrade the automated production lines in order to optimize the product cost structure and improve production efficiency. The factories in Thailand, for the sake of responding to customer’s supply chain management, have expanded the production capacity for liquid-cooling technology related products, servers, laptops, etc.



1.2.1 Auras Organization Chart



1.2.2 The responsibilities of various divisions

Department	Main Responsibilities	Source: The Company's 2023 Annual Report
Audit Office	<ul style="list-style-type: none"> ● Establishment, amendment and examination of the internal audit system ● Auditing on the operation of each department and the execution and promotion of the Company's self-evaluation 	
Chairman Office	<ul style="list-style-type: none"> ● Responsible for the Group's engineering integration and development related to product technology ● Enhancement and development of technical ability and promotion and supervision of product development 	
R&D Division	In addition to taking charge of the affairs related to the Company's product developing plans, it is responsible for assisting with solving technical problems such as technics, quality and costs from production to sales service	
Business Division	Responsible for matters related to marketing plans, domestic and overseas sales, operating and sales activity strategies, promotion of market expansion and sales ensuring, transportation, storage and marketing of products, accounts receivable and payable, and others related to after sales service	
Global Procurement Center	Procurement plans for production materials, selection and management of suppliers, production plans, storage management, outsourcing management and the relevant operation matters	
Growth strategy committee	<ul style="list-style-type: none"> ● Based on the analysis and management of the Company's overall operational performance, the expertise of relevant functional departments was combined, and the resources of various business units was integrated to assist the Company in promoting and enhancing the business performance of each business unit to achieve annual goals. ● Develop and plan medium- and long-term, strategic and investment development plans of the Company's competitive advantages, and expand the subsidiaries and functional units to lead the Company's overall organizational operations to continuously grow and gain profit. 	
Corporate Governance and Sustainable Management Committee	The Company takes the shareholders' meeting as the highest authority of the Company and with the chairman chairing the board of directors, it implements and supervises the business operations. In order to demonstrate the determination to fulfill corporate citizenship responsibilities and implement sustainable business, the Corporate Governance and Sustainability Committee is responsible for implementing the company's sustainable operations.	

Department	Main Responsibilities	Source: The Company's 2023 Annual Report
Audit Committee	Assistance to the Board in performing its function of supervising the accounting, audit, financial reporting process and financial control for assurance of quality and integrity.	
Legal Affairs Office	Businesses related to the Company's legal affairs, including domestic and overseas commercial contracts, patents and other intellectual property right management, and litigations	
Information Management Office	<ul style="list-style-type: none"> ● Responsible for analyzing the costs and performance of business computerization ● Planning and designing software system and writing computer programs ● Matters such as the hardware characteristics of computer system and solving the operational problems 	
Human Resource Administration Division	<ul style="list-style-type: none"> ● Responsible for matters related to human resource management, administration and general affairs management ● Planning, integration and management of the system related to receiving orders, shipments and inventories ● Responsible for planning, integration and management of the Group's Document Management Center. ● Responsible for matters related to human resource management, administration and general affairs management 	
Financial Division	<ul style="list-style-type: none"> ● Research, design, promotion and revision of financial management ● Utilization and dispatching of long-term and short-term funds, and processing of each investment ● Processing of financial and cashier matters ● Planning and execution of matters related to investor relationship, shareholders service management, shareholders' meetings and each functional committee ● Research, design, promotion and revision of accounting system ● Analysis and reporting of the summary, control and execution results of annual budget ● Processing of accounting and cashier matters 	

1.3 Main Business Activities

Since establishment, we have adhered to the philosophy of “satisfying the customers” and constantly pursued technological innovation and excellence. In addition to liquid cooling technology, we have also advanced liquid cooling technology to provide customers with total cooling solutions.

At Auras, we take advantage of the Group’s industry-leading two-phase current technology to secure the existing performance of notebooks, gaming, desktops, VGA, Smartphone, etc. We will proactively introduce liquid-cooling technology while continuing to expand its cooling product business, such as AI computing, cloud computing, HPC, self-driving cars, and charging devices, aiming to boost medium- and long-term operational growth.

- **High-performance vapor chamber:** The vapor chamber is capable of conducting thermal energy away from the chip faster than heat pipes during high-speed computing, and effectively reducing the chip temperature. As the demand for computing power increases continuously, the penetration rate of vapor chambers will also be enhanced continuously.
- **Liquid cooling:** The Company has developed the liquid cooling technology from single chip to complete systems, which includes closed liquid cooling modules and Immersion Boiler modules with single/double pump options. The Group also provides customers with complete machine liquid-cooling system design planning in response to different space and power consumption demand. This includes customized parallel or series Cold Plate module design, Rack, Manifold, and Liquid to Air and Liquid to Liquid CDU/RPU/HRU customized design solutions with hot-swapping function. Meanwhile, the firmware developed by Auras includes the Redfish standard specification for remote monitoring and management of the host system to meet the demand for high-power computing and thermal energy such as supercomputers, AI computing, edge computing, and big data processing, in response to the global net zero policy.



1.4 Vision and Mission

“Innovation, Persistence, and Mutual Prosperity” are the core corporate values of Auras. We strive to achieve 100% customer satisfaction through continuous innovation, and create a win-win situation between the Company and customers. We aspire to become a technology leader in the industry. “Seeking knowledge” of Great Learning in “The Book of Rites” is the business philosophy of Auras and also defines our principle in the course of doing business, meaning that everything must be figured out and by adhering to being motivated, we must overcome obstacles and eventually achieving our goal. We strive for perfection pursue the truth and satisfaction in everything, just as we constantly improve our cooling technology and provide customized total solutions to achieve a win-win situation with our customers.

Corporate Culture “Servant Leadership”

- Listening to the voices of all stakeholders and putting them into practice
- A virtuous cycle that benefits others while also benefiting others.
- Encouraging flexible adjustments, and striving to become a problem solver
- Learning by doing and realizing what you are doing, encouraging colleagues to have the courage to try and reflect, and treat failures as learning opportunities, and turn mistakes into positive experiences.

Corporate Management “6 Sigma”

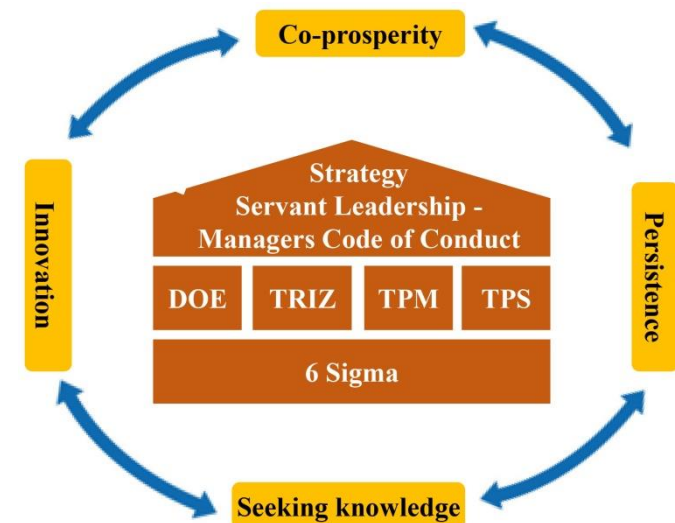


- DOE (Design of Experiment): We aim to reduce process variation and production costs, as well as shortening development time. We are committed to becoming a pioneer in newly developed markets or new technologies.

- TRIZ (Theory of Problem Solving for Innovation, Teoriya Resheniya Izobreatatelskikh Zadatch in Russian) has been introduced and applied to the development of new products and new technologies.

- Total Productive Maintenance (TPM): Strengthen the total equipment efficiency and maximize production value with the ultimate goal of zero disasters, zero failures, and zero defects.

- TPS (Toyota Production System): The just in time lean production management reduces waste in the production process and maximizes value creation.





Sustainable Management

2.1 Sustainable Development Strategies and Main Axes

2.2 Sustainable Issue Management



2.1 Sustainable Development Strategies and Main Axes

In 2022, Auras Technology established the Sustainability Task Force to incorporate sustainability into the consideration of corporate operations. By reviewing the framework of corporate governance, environmental and social management, and applying sustainable strategies to promote innovation, we are committed to becoming a more outstanding enterprise. The Company’s sustainability context is rooted in its business philosophy of “innovation, persistence, and mutual prosperity” and the philosophy of “seeking knowledge” to create a positive social impact through technological innovation and collaboration with value chain partners.

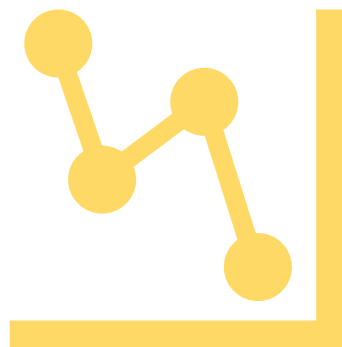
In order to realize the Company’s vision and mission, we have adopted Administration, Upgrade, Retention, Accounting, and Sustainability as the five major axes (AURAS) of sustainable development to guide the Company’s sustainable development and growth and gradually establish a comprehensive sustainable development strategy.



2.2 Sustainable Issue Management

To fulfill corporate social responsibilities and achieve the goals for sustainable development, the Board of Directors of Auras Technology has passed the “Sustainable Development Best Practice Principles,” which clearly define (1) implementation of corporate governance, (2) development of a sustainable environment, (3) maintenance of social welfare, (4) strengthening of the four main principles of corporate sustainability information disclosure as the highest guiding principle for the promotion of sustainable development. Each year, the Chairman reports to the Board of Directors the implementation performance of corporate sustainability and social responsibility, as well as the plans and goals for the next year. While pursuing sustainable operations and profitability, we also value the environment, society, and corporate governance and incorporate them into corporate management guidelines and operating activities.

Corporate Sustainability Management System and Code of Conduct	GHG Inventory Management System	To manage the organization’s GHG emissions, Auras has introduced a GHG Inventory Management System to identify potential emission reduction opportunities, thereby enhancing environmental efficiency and optimizing energy utilization benefits. We are committed to responding to climate change initiatives and achieving low-carbon transformation.
	Information Security Management System	We value information and data security. We have established an “Information Security Management System” to prevent information leakage, damage or unauthorized access, thereby improving the information security system. Through assessing and managing information security risks and identifying potential threats and vulnerabilities early, we are able to reduce losses and potential business interruptions caused by information security issues.
	Business Continuity Management Systems	We firmly believe that “the highest state of risk control lies in the ability to avoid risks in the future.” With BCMs, we can protect our operations from disasters and accidents, reduce the possibility of disruption, and maintain business stability and sustainability.
	Quality Management System	We value the quality of our customers’ products and services, and adhere to international quality standards during the R&D and manufacturing processes to ensure zero-defect and competitive products and services and deliver them to customers on time.
	Environmental Management System	We have established an environmental management system to continuously improve environmental quality, maintain the global environment, and further achieve the goal of corporate sustainable development.
	Occupational Health and Safety Management System	To prevent work-related injuries and protect the health of employees, we have established an occupational safety and health management system to ensure a healthy and safe workplace.
	Responsible Business Alliance (RBA) Code of Conduct	We are committed to creating an environment of sustainable development and social responsibility. We protect labor rights, environmental protection, and business ethics through the RBA Guidelines.



Material Issues



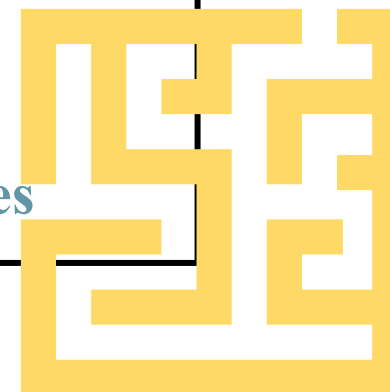
3.1 Identification of Material Issues

3.2 Stakeholder Identification and Communication

3.3 Results of Materiality Identification

3.4 Material Issue Matrix

3.5 Impact of Material Issues



3.1 Identification of Material Issues

Auras Technology identifies material issues based on the 2021 GRI Standards and the EU Double Materiality Principle, and evaluates issues from the perspectives of internal and stakeholders. This approach helps Auras Technology integrate its sustainability strategy and enhance its long-term ESG performance. Through questionnaires of senior executives and stakeholders, the positive and negative impacts of issues are collected. The impact index is calculated by the sustainability team to identify and manage material issues. The purpose is to ensure that the content of the sustainability report meets the principles of inclusiveness, materiality, and completeness of stakeholders.

Identification Process

1. Identification of stakeholders

Based on the five principles of the AA1000 Stakeholder Engagement Standard (SES): dependency, responsibility, tension, influence, and diverse perspectives, **five major stakeholders** have been identified for this report: **employees/shareholders/customers / suppliers/external personnel (government, media, NGOs, etc.)**.

2. Collection of material issues

The potential material issues of Auras Technology are mainly collected through “stakeholder engagement” and “international standards and industry issues,” with a total of **15** issues collected.

- **Stakeholder engagement**
Communicate with stakeholders to collect issues of concern.
- **International Standards and Industry Issues**
Based on issues arising from international sustainability standards and reporting frameworks (GRI, SASB, TCFD, etc.), industry issues, risk trends, and SGDs, opportunities and threats are reviewed.

3. Material issue assessment

The Sustainability Team of Auras Technology collected **176** valid stakeholder questionnaires and **7** executive questionnaires. These questionnaires were used to assess the “economic, environmental, and social” positive/negative impacts of “Auras” and the “concern level” of the stakeholders.

4. Confirmation of material issues

Based on the calculation and analysis of the Sustainability Team, a materiality matrix analysis was introduced to determine the **10** material issues for Auras Technology in 2023.

5. Issue disclosure communication and management

These **10** material topics are identified by Auras Technology as the focus of disclosure and communication in this report, where management policies and targets are established for each topic. Progress is reviewed on a regular basis to respond to the expectations of stakeholders and the Company’s vision for development.

3.2 Stakeholder Identification and Communication

Based on the five principles of AA1000 SES: Dependency, responsibility, tension, influence, and diverse perspectives, Auras Technology identifies the most influential stakeholders, including employees/shareholders/customers/suppliers/external personnel of the organization (government, media, NGOs, etc.), and communicates through various channels to clarify the expectations of stakeholders.

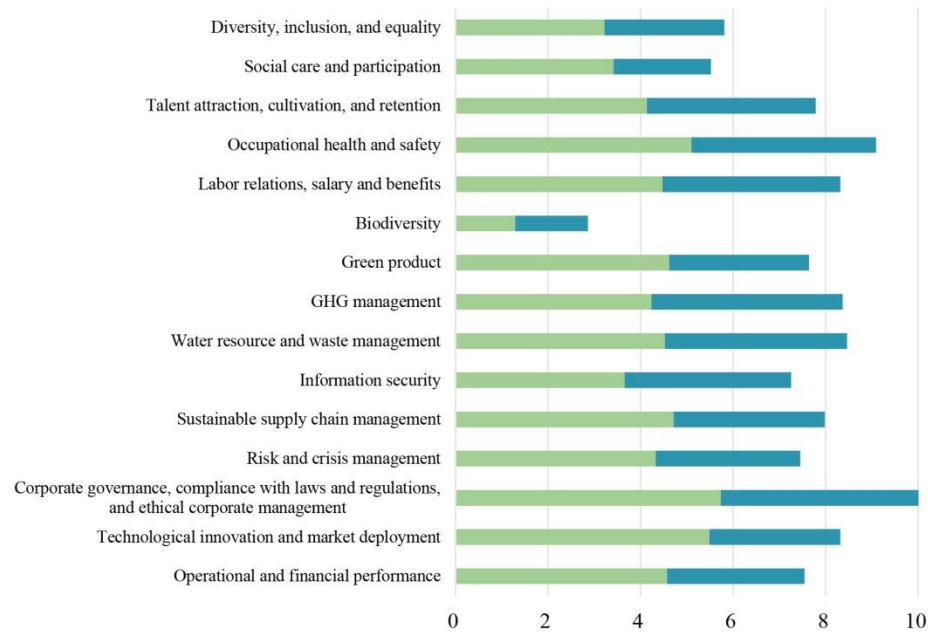


Stakeholder Engagement

Stakeholders	Importance to Auras Technology	Issues of concern	Main communication channels and frequency
Employees 	We regard employees as the core driving force of the Company. We are committed to providing employees with a work environment full of opportunities that encourages innovative thinking. We also motivate employees through continuous career development schemes and welfare systems to jointly promote the sustainable development of the Company.	<ul style="list-style-type: none"> Career development opportunities Remuneration and Benefits Safe and healthy work environment. 	<ul style="list-style-type: none"> Employee interview (six months) Internal electronic communication (monthly) Employee Welfare Committee (quarterly)
Shareholders 	Shareholders provide financial support to Auras Technology, hoping to realize an increase in investment value through corporate growth and profits. The Company is committed to maintaining trust and communication with shareholders through stable business strategies and transparent financial reports.	<ul style="list-style-type: none"> Management performance and financial reports Corporate strategy and future prospects Corporate governance 	<ul style="list-style-type: none"> Annual General Meeting of Shareholders (annually) Company financial reports (as required) Corporate governance evaluation (annually)
Customer 	We have always focused on the needs of customers and have been committed to providing high-quality products and services to meet customer needs. We strive to create maximum value for customers and establish long-term and stable cooperative relations.	<ul style="list-style-type: none"> Product quality and innovation Supply chain stability Green competitiveness 	<ul style="list-style-type: none"> Sales personnel visits (monthly) Market research (as needed) Customer satisfaction (as needed)
Supplier 	Suppliers are the cornerstone of Auras Technology's product quality and innovation capabilities. The Company is committed to establishing long-term cooperative relations of mutual trust and mutual benefit with suppliers to jointly improve the efficiency and sustainability of the supply chain.	<ul style="list-style-type: none"> Supplier Management Policy Green policy requirements Occupational safety and health requirements 	<ul style="list-style-type: none"> Supplier Questionnaire Survey (annually) Visit by procurement personnel (as needed) Supplier survey (as needed)
Personnel outside the organization (Government, media, NGOs, etc.) 	As a socially responsible company, Auras has important stakeholders such as the government, media, and non-governmental organizations (NGOs) outside the organization. We actively establish and maintain good relationships to achieve sustainable development while meeting social expectations.	<ul style="list-style-type: none"> Social responsibility and environmental protection ESG performance 	<ul style="list-style-type: none"> Sponsorships (as needed) Public information disclosure (as needed)

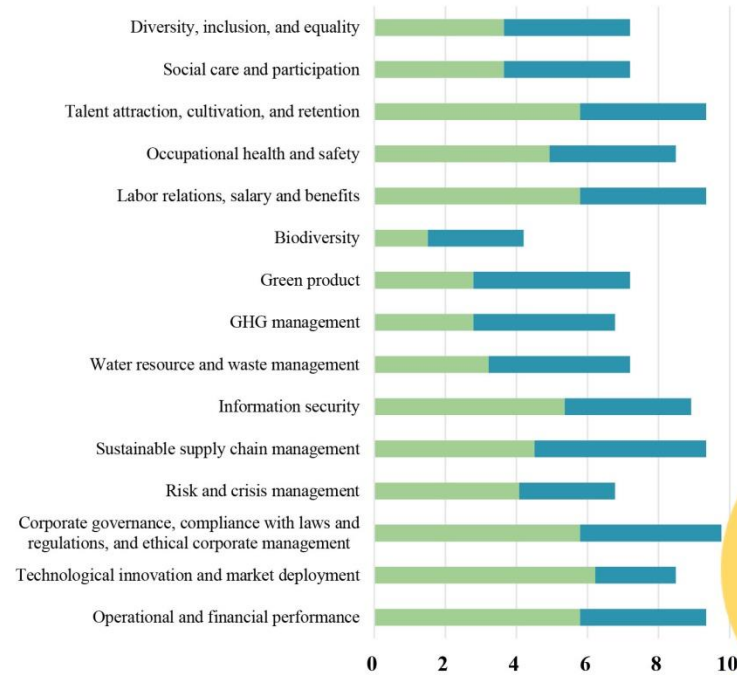
3.3 Results of Materiality Identification

Environmental, economic, and human impacts

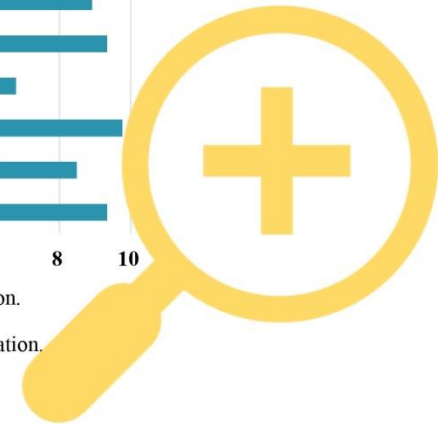


- Positive impact: Create influence on the external environment, economy, and people.
- Negative impact: The organization's behavior affects the external environment.

Impact on Auras



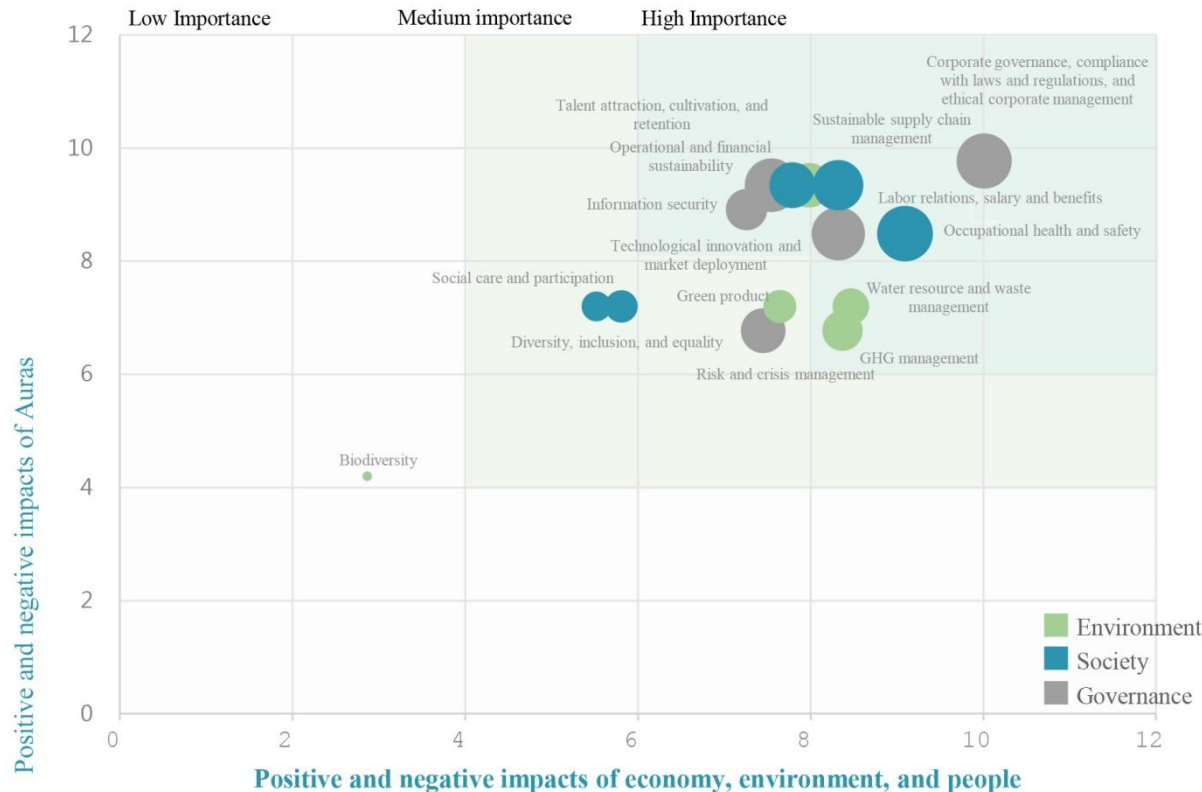
- Positive impact: Increase revenue and enhance Auras' reputation.
- Negative impact: Increase of risks and damage to Auras' reputation.



3.4 Material Issue Matrix

Our sustainability team introduced a materiality matrix analysis, where the vertical axis represents “Auras’ positive and negative impacts,” the balance axis represents “positive and negative economic, environmental, and people impacts,” and the size of the issue represents “stakeholders’ concern.” The “degree of materiality” is defined through stakeholder consensus, and the following are the definition of materiality as high, medium to low, and the management strategy:

- **High Materiality:** Set targets, plan and implement strategies, and regularly track them.
- **Medium Materiality:** Formulate strategies and take charge of departmental management exclusively.
- **Low Materiality:** Slight impact and a monitoring mechanism is in place.



2023 Auras Material Issue Changes:

Maintain materiality

- Labor relations, salary and benefits
- Talent attraction, cultivation, and retention
- Operational and financial performance
- Technological innovation and market deployment
- Corporate governance, compliance with laws and regulations, and ethical corporate management

Change to materiality

- Water resource and waste management
- GHG management
- Sustainable supply chain management
- Occupational health and safety
- Information security

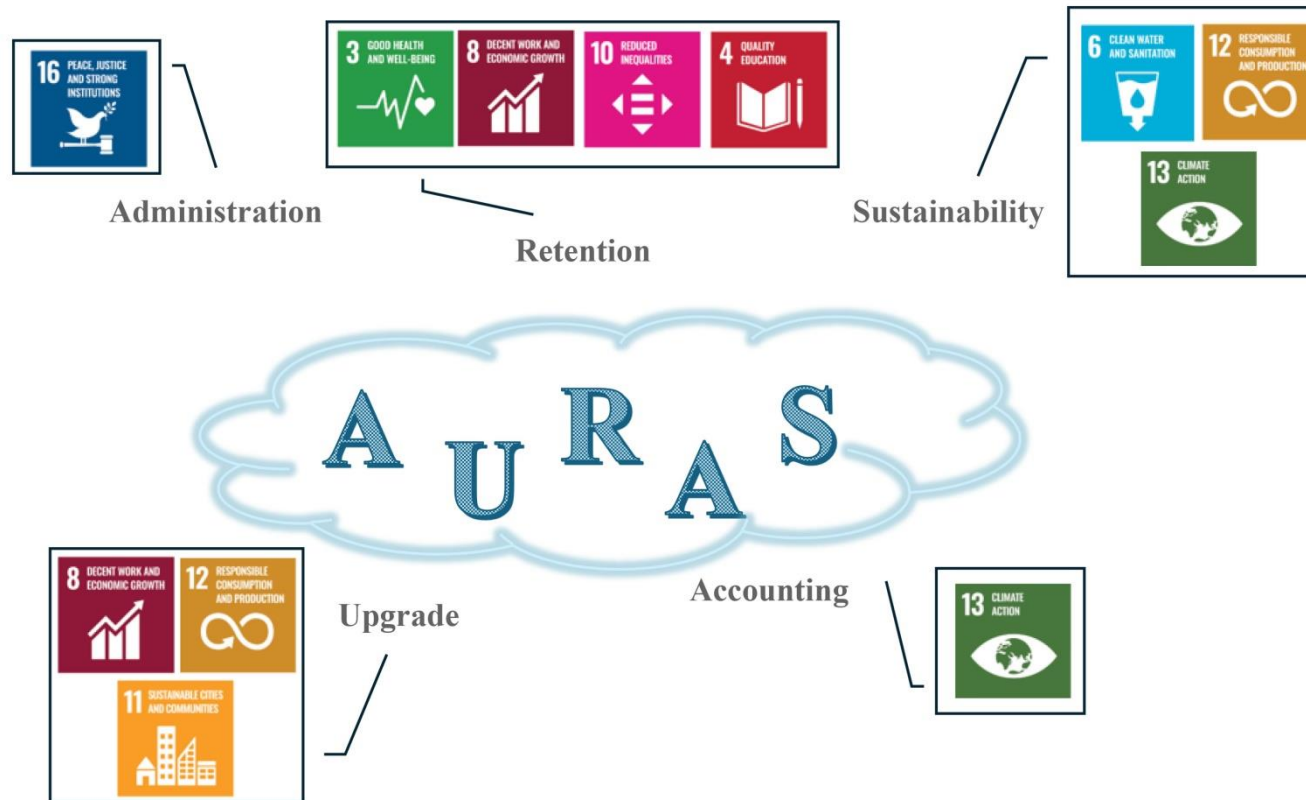
3.5 Impact of Material Issues

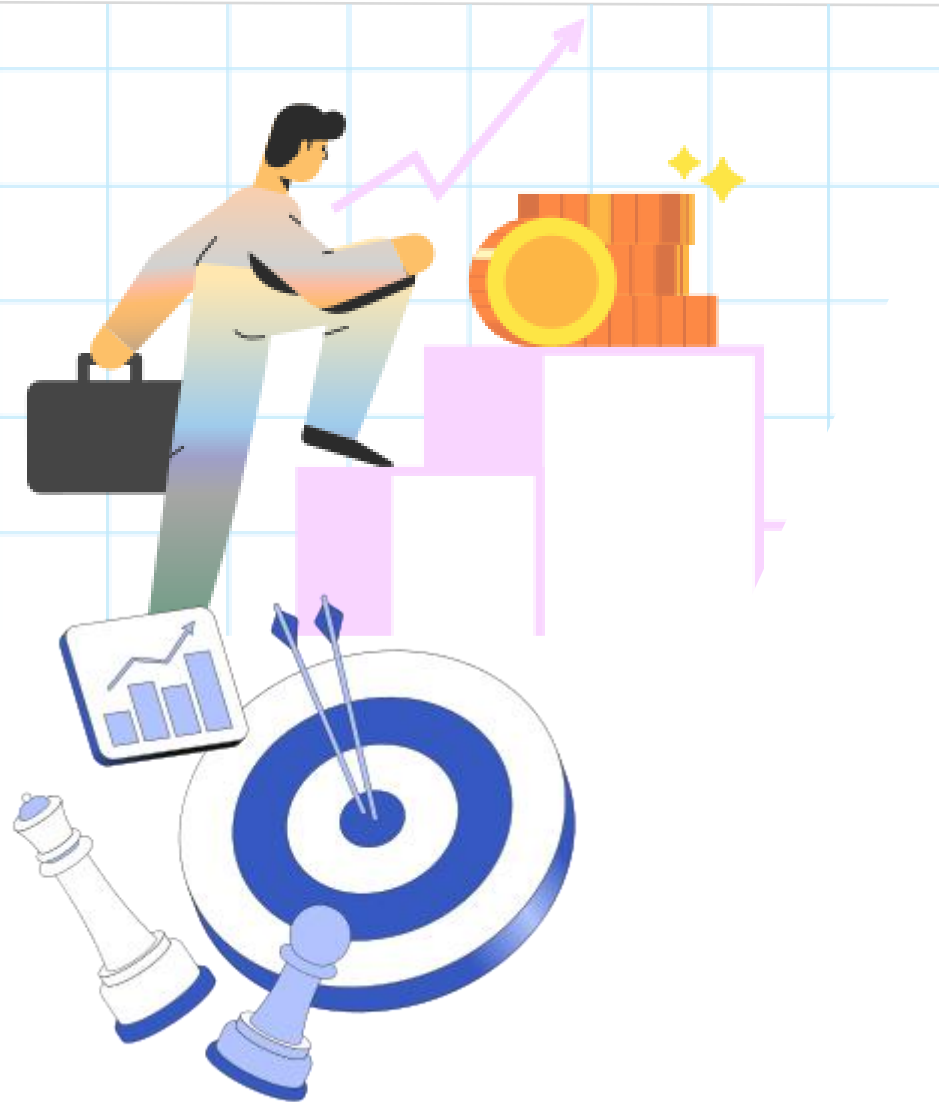
Auras’ sustainability team is composed based on the Company’s sustainability axis, including administration, upgrade, retention, accounting and sustainability. The following is an explanation of the material issues: “what they mean to us,” “hotspots of impact on the value chain,” “contribution of SDGs,” and “corresponding GRI Indicators”:

Sustainability Axis of Auras	Material Issues	Significance to Auras	Hotspots impacting the value chain			Contribution to the SDGs	GRI Indicator
			Upstream	Auras	Downstream		
Administration	Corporate Governance Compliance with laws and regulations and Ethical corporate management	Auras Technology spontaneously values corporate governance and is committed to complying with the “Corporate Governance 3.0 Blueprint for Sustainable Development” issued by the FSC to enhance the sustainability of the Company and strengthen the connection with the international capital market. We establish a corporate culture of integrity and demonstrate to our stakeholders our determination to achieve sustainability.		●	●		GRI 2
	Information security	Information security is our top priority and we adopt a comprehensive information security management system to protect the Company’s and customer’s data from unauthorized access and threats. We ensure the effectiveness of information security protection measures and protect the security of corporate and customer information through continuous security technology updates, employee security awareness training, and regular security risk assessments.		●	●		GRI 418
Upgrade	Technological innovation and market deployment	The Company has long invested in energy-saving cooling technologies. In addition to air-cooling technology, we have also advanced liquid cooling (cold plate) technology to provide customers with comprehensive cooling solutions. We have defined 2023 as the first year of our liquid cooling technology. With the increasing rigid demand for data center construction, the power consumption of silicon will continue to rise as the computing power rises. The liquid cooling will be introduced to the market soon, opening up new business opportunities for Double-Hive.		●	●	 	GRI 201
Retention	Talent attraction, development and retention	Recruit talent through diverse recruitment channels, and continue to attract outstanding talent with competitive remuneration and employee benefits.		●			GRI 401 GRI 404
	Labor Relations and salary and benefits	The Company has established a comprehensive remuneration policy and structure, as well as performance incentive measures. The Company participates in the market salary survey annually, and makes salary adjustment for the employees with reference to salary standards in the market, economic trends and individual performance of the employees to maintain the overall competitiveness of its salary package.		●			GRI 2 GRI 401
Accounting	Occupational health and safety	To ensure the occupational health and safety of employees, the Company strictly complies with relevant laws and regulations and implements a comprehensive health and safety management system. Through regular safety education and training and workplace risk assessment, we are committed to preventing occupational injuries and diseases and creating a safe and healthy work environment to protect the health and well-being of our employees.	●	●			GRI 401
	Operations and finance performance	Continue sticking to the spirit of innovation and actively engage the expansion of product application range in the upcoming 3-5 years. We will also keep on strengthening the Company’s product competitiveness, hoping to create the greatest benefits for shareholders, customers and employees and enjoy future operation results together.	●	●	●		GRI 201
Sustainability	Water resources and waste management	The Company attaches great importance to the protection of water resources and the effective management of waste, and actively implements water conservation measures and improves the reuse rate of water resources. At the same time, through optimization of manufacturing processes and waste classification, we reduce the amount of waste generated and reduce our impact on the environment.	●	●	●		GRI 303 GRI 306
	GHG management	In response to global climate change, we have established a GHG emission management strategy and are committed to monitoring and reducing carbon emissions from operations. Achieve carbon reduction goals through measures such as improving energy efficiency, and strive to move toward carbon neutrality.	●	●	●		GRI 305
	Sustainable supply chain management	The Company has established strict supplier selection criteria that cover aspects such as environmental protection, social responsibility, and corporate governance. Ensure the sustainability of all links in the supply chain through regular supplier audits and assessments, and work with suppliers to promote green and responsible supply chain management practices.	●		●		GRI 204 GRI 308 GRI 414

Material Issue Management

ESG has been incorporated into the Company’s key corporate management strategies. The Corporate Governance and Sustainable Management Committee conducts analysis according to the materiality principle of the Sustainability Report, communicates with internal and external stakeholders, reviews domestic and foreign research reports and documents and integrates evaluation data from various departments and subsidiaries. The report focuses on the corporate sustainability of AURAS and includes five major aspects: administration, upgrade, retention, accounting, and sustainability. The Company also implements risk management policies for supervision and control, and adopts specific action plans to reduce the impact of related risks, create consistent sustainable communication languages, and convey Auras Technology’s sustainable influence and important commitment to the environment and society.





AURAS Sustainability Goals

- Administration
- Upgrade
- Retention
- Accounting
- Sustainability



4.1 AURAS Sustainability Goals

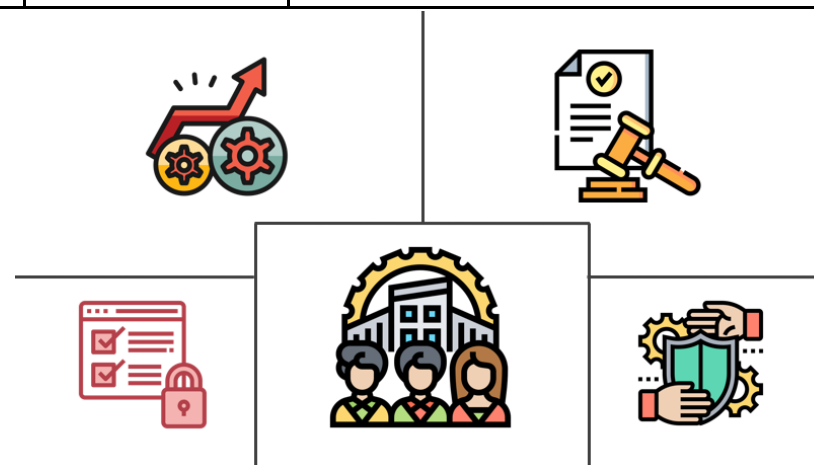
Administration

Material Issues	Policies and Commitments	2023 Targets	2023 Implementation Highlights	2023 Performance
Corporate Governance	Auras attaches great importance to corporate governance and complies with the “Corporate Governance 3.0 Blueprint for Sustainable Development” promulgated by the FSC. We are committed to enhancing corporate sustainable development and strengthening international competitiveness in the market, moving towards the development of an outstanding sustainable enterprise. The five major implementation policies are to strengthen the functions of the Board of Directors, protect the rights and interests of shareholders, enforce legal compliance, enhance information transparency, and create energy-saving and cooling business opportunities. By doing this, we will be able to achieve corporate sustainability and create common benefits and prosperity for stakeholders.	Corporate governance evaluation score in the range of 36-50% of TPEX-listed companies	<ol style="list-style-type: none"> 1. Appointed one female director. 2. The implementation of the Board diversity policy is disclosed on the Company’s official website and annual report at the same time. 3. Participate in at least two corporate investor conferences every year, and disclose the complete conference audiovisual information at least twice a year. 4. Appointed a chief corporate governance to ensure the stockholders’ rights and enhance the functionality of the Board. 5. To strengthen the promotion of sustainable development, in addition to preparing the Sustainability Report in accordance with the GRI standards issued by the Global Reporting Initiative, the Company also discloses relevant ESG information with reference to the SASB standards. 	Achieved
Compliance with laws and regulations	We have established a diverse legal compliance education and training system to help board members and officers understand the required laws and regulations. At the same time, we also make every effort to comprehend the laws and regulations of other countries as the Company's operational strategies are deployed to effectively guard the Company's operational risks. At the same time, we review all operating procedures with the highest standards and constantly pay attention to the latest legal developments to ensure legal compliance and reduce the risk of the Company violating the law.	For all directors and independent directors to meet the requirements for further education hours.	New directors and independent directors took further education for at least 12 hours, and the re-elected directors and independent directors took further education for at least 6 hours, meeting the requirements of “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies.”	100% completion rate
Ethical Corporate Management	Auras has clearly established that the HR unit is responsible for the formulation, implementation, and supervision of policies and regulations for ethical corporate management, as well as the establishment of good corporate governance and risk control mechanisms. Through the code of ethical conduct, work rules, confidentiality and integrity pledge, and declaration of conflict of interest, Auras is committed to creating business environment for sustainable development and ensure the implementation of the Ethical Corporate Management Best Practice Principles. Meanwhile, we have established and improved the reporting and appealing procedures to protect whistleblowers.	For employees and suppliers to sign the Confidentiality and Integrity Pledge	<ol style="list-style-type: none"> 1. The entire Group had 2,224 new employees in 2023, and all signed the Confidentiality and Integrity Pledge when reporting for work. 2. The supplier signed the Confidentiality and Integrity Pledge before logging in to the supplier qualification system. 	Achieved

Information security	<p>We are committed to protecting the confidentiality, integrity, and availability of customer and corporate data. We vow to comply with relevant laws and regulations and establish a comprehensive information security management system that includes measures such as identity verification, data encryption, and network protection. In addition to continuously strengthening information security awareness training for employees, we also regularly conduct risk assessments and security vulnerability scanning, and update security measures in a timely manner to prevent various security threats and attacks. We are committed to handling and reporting information security incidents in a timely manner, and continuously improving information security management to ensure the security and reliability of customer and company information.</p>	<p>Thai-Horng Factory introduced the information security management system and passed external verification.</p>	<p>Thai-Horng Factory established an information security management system and obtained the ISO 27001 certificate.</p>	<p>Obtained</p>
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Upgrade

Material Issues	Policies and Commitments	2023 Targets	2023 Implementation Highlights	2023 Performance
Technological innovation and market deployment	<p>With the spirit of seeking knowledge, we continue to innovate and advance new technology research and development to strengthen the Company's competitive advantages in the market. At the same time, we also provide flexible and customized production/design to ensure that products and services can meet customer needs to the greatest extent, and create a win-win situation with customers.</p>	<ol style="list-style-type: none"> 1. Actively introduce liquid cooling technology and continue to expand the business of cooling products. 2. Actively engage in R&D and strengthen the R&D team 	<ol style="list-style-type: none"> 1. Provide a complete range of liquid-cooling-related products, including liquid-cooling plates, pumps, liquid-cooling distribution units (CDUs), and manifolds. 2. Provide customized comprehensive liquid cooling technology, whether water-to-air or water-to-water cooling solutions, can quickly and effectively meet customer cooling needs. 3. NTD 678,018 thousand of R&D expenses invested 	<p>Achieved</p>

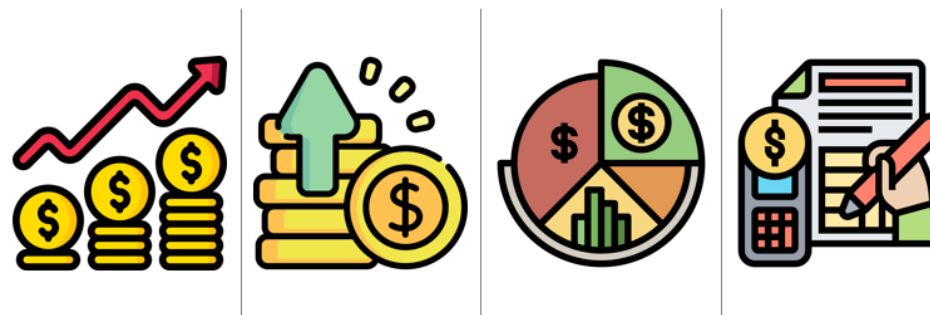
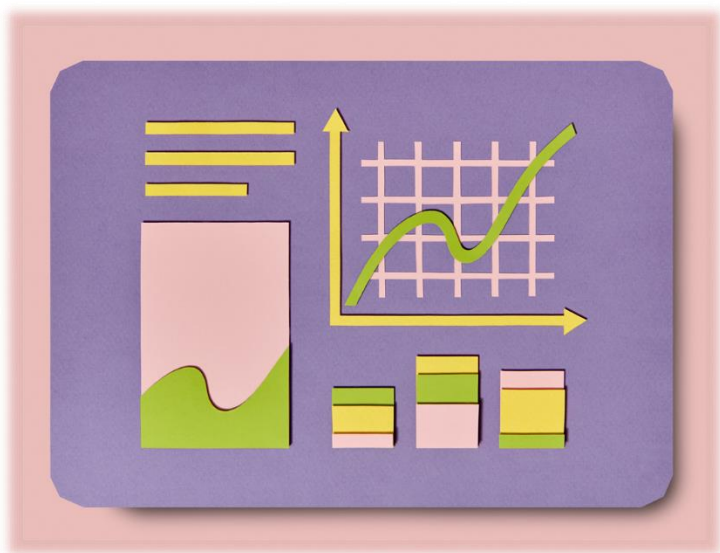


Retention

Material Issues	Policies and Commitments	2023 Targets	2023 Implementation Highlights	2023 Performance
Talent attraction, cultivation, and retention	Auras' talent attraction, cultivation, and retention policy is committed to providing employees with sound development platforms and benefits, thereby establishing a positive corporate culture. We are committed to motivating employees to realize their potential through continuous training and career development opportunities to achieve personal growth and the Company's common growth. At the same time, we pay attention to the work-life balance of our employees, provide flexible work arrangements, health benefits, and create a pleasant work environment. We will actively listen to the views of our employees, constantly improve the management system, and establish a fair and impartial evaluation mechanism to ensure that our employees are rewarded and recognized for their hard work.	<ol style="list-style-type: none"> 1. Organize activities to enhance employees' sense of well-being and actively create a pleasant and healthy work environment. 2. Provide training opportunities to assist employees in their continuous growth. 3. Actively listen to the views of employees 	<ol style="list-style-type: none"> 1. A Family Day was arranged in Taipei with various experiential activities planned. The Company paid the full registration fee for a road run in Taipei, with a total of 114 people taking part. 2. Organized various education and training courses, totaling 97,285 hours of education and training for the entire Group. 3. Held a labor-management meeting every quarter. 	Achieved
Labor relations, salary and benefits	Auras is committed to establishing a harmonious labor-management relationship and promotes win-win results and common development through communication and negotiation. We are committed to providing competitive salaries and benefits to stimulate the enthusiasm and creativity of employees, and fair evaluation and rewards based on employees' performance and contribution. We pay attention to the work-life balance of our employees, provide a flexible working system and diverse welfare measures, and care about their health and well-being. At the same time, we are committed to establishing a fair and equitable remuneration system and benefit distribution mechanism to protect the rights and interests of employees and jointly promote the long-term development and stability of the Company.	<ol style="list-style-type: none"> 1. Provide competitive salaries and benefits. 2. Distribute incentive bonuses to encourage employees to make long-term contributions and grow together. 3. Provide diversified welfare measures 	<ol style="list-style-type: none"> 1. Regular assessments and salary adjustments. 2. Distribute dividends and year-end bonuses to employees 3. Distribute gifts and birthday bonuses on three major festivals, and organize employee trips. 	Achieved
Occupational health and safety	Auras places the highest importance on occupational health and safety, and is firmly committed to ensuring the health and safety of all employees at work. We will actively enforce relevant laws and regulations, constantly improve and strengthen the occupational health and safety management system, and provide the necessary training and resources to ensure that employees understand and comply with the safety operations. We will establish an effective hazard identification and risk assessment mechanism and take necessary measures to reduce and control various hazardous factors in the workplace. At the same time, we encourage employees to actively participate in occupational health and safety management, provide reporting and feedback mechanisms, and timely handle and resolve potential safety hazards and problems at work. We will spare no effort to protect the physical and mental health of employees, create a safe and healthy work environment, and realize the common development of employees and the Company.	<ol style="list-style-type: none"> 1. Protect the physical and mental health of employees 2. Continue to improve and strengthen the occupational health and safety management system. 3. Reduce the hazards to the safety and health of employees and provide them with a safe and healthy working environment. 	<ol style="list-style-type: none"> 1. Regularly organize employee physical checkups, provide colleagues with free on-site health checkup services, and conduct workplace safety interviews. 2. Guangzhou Factory, Kunshan Factory, Chongqing Factory and Thai-Horng Factory have obtained the ISO 45001 certificate for the occupational safety and health management system. 3. Regularly hold fire emergency drills to enhance the fire safety awareness of all employees. 	Achieved

Accounting

Material Issues	Policies and Commitments	2023 Targets	2023 Implementation Highlights	2023 Performance
Operational and financial performance	In addition to establishing a sound and stable financial management system and ensuring the accuracy and reliability of financial information, we will continue to optimize operational processes and reduce costs to enhance corporate competitiveness. At the same time, we are committed to risk management and capital structure optimization to ensure the controllability of financial risks. We will periodically conduct financial assessments and risk analysis, adjust business strategies in a timely manner, in order to respond to market changes and challenges, and maximize profits.	Continue to optimize operational processes and reduce costs.	Consolidated revenue: NTD 12,712,629 thousand Gross profit margin: 23.64%	Profit



Sustainability

Material Issues	Policies and Commitments	2023 Targets	2023 Implementation Highlights	2023 Performance
Water resource and waste management	Auras is committed to environmental protection, resource conservation, and the practice of sustainable development. We are committed to taking effective measures to reduce the waste and pollution of water resources and improving the utilization rate of water resources through scientific management and technological innovation. At the same time, we will promote waste reduction, resource utilization and circular economy to reduce the negative impact of waste on the environment. Comply with relevant laws and regulations and establish a comprehensive waste management system, including classified collection, treatment, and disposal, to ensure the safety and environmental protection of the waste disposal process. Furthermore, we raise the environmental awareness of our employees and the general public through environmental protection publicity and education so that we can participate in actions to protect the earth.	Organize ESG education and training courses to improve employees' environmental protection awareness.	Six 3-hour ESG training courses were held. A total of 57 employees from across the Group participated, for a total of 1,026 training hours.	Quantified
GHG management	Auras is committed to reducing carbon emissions and promoting sustainable development. Reduce GHG emissions through technological innovation and energy efficiency improvement, and actively participate in carbon neutralization initiatives. We continuously monitor, report and assess emissions to ensure compliance with international standards and regulatory requirements. At the same time, we actively carry out environmental protection education and promotion to raise the awareness of environmental protection from the perspective of the Company to employees and their families, as well as suppliers, making the greatest contribution to climate change.	Conduct GHG inventory checks and engage an external third party to perform verification.	The year 2023 is set as the baseline year. The Taiwan headquarters and factories (Guangzhou Factory, Kunshan Factory, Chongqing Factory, Anhui Factory, and Thai-Horng Factory) have completed third-party verification according to the ISO14064-1:2018 GHG inventory standard.	Certificates obtained
Sustainable supply chain management	Besides striving to establish a reliable, transparent, and sustainable supply chain system, we also work with suppliers to promote environmental friendliness, social responsibility, and sustainable economic development, and strictly comply with relevant laws and regulations to ensure compliance in all aspects of the supply chain. fair and equitable trading. At the same time, we actively evaluate suppliers' implementation of environmental, social, and governance practices, and provide support and training in a timely manner to help them improve their sustainable development standards. Furthermore, by establishing a risk management mechanism, we are able to assess the challenges and risks the supply chain may face, ensuring the stability and sustainability of the supply chain.	Conduct supplier evaluations on a regular basis	Conduct monthly, quarterly, and annual supplier evaluations.	Achieved



Administration



5.1 Corporate Governance, Compliance With Laws and Regulations, and Ethical Corporate Management

5.2 Information Security

5.3 Risk Management



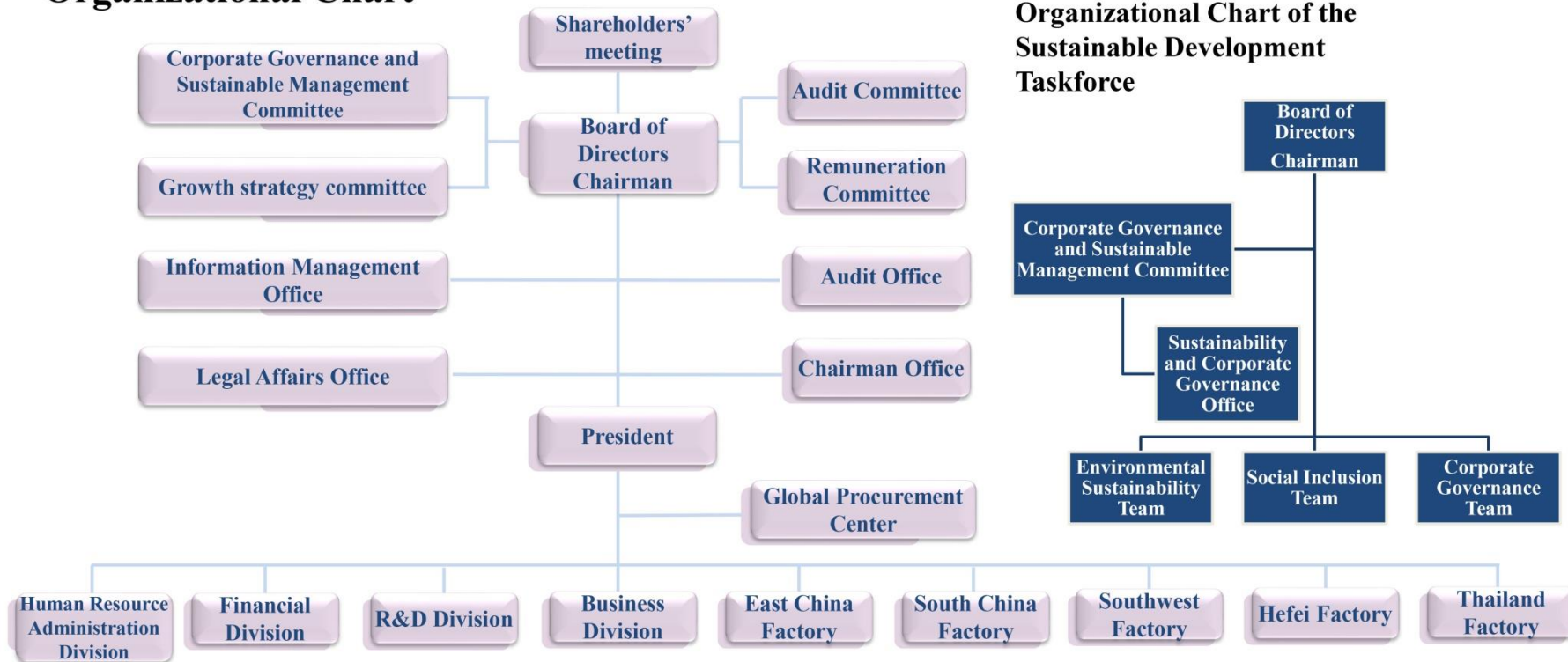
5.1 Corporate Governance, Compliance With Laws and Regulations, and Ethical Corporate Management

5.1.1 Sustainability Governance

5.1.1.1 Organizational Structure of Sustainable Governance

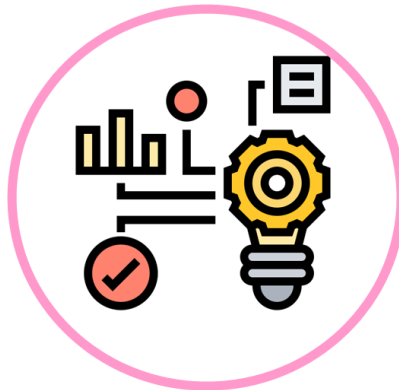
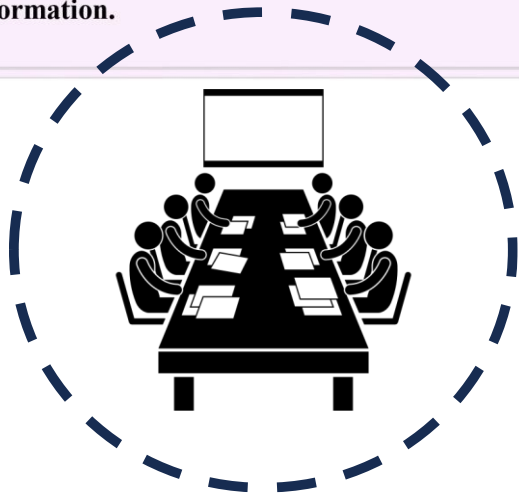
To promote and achieve the vision for sustainability, the Company has the “Sustainable Development Taskforce” in place to promote work related to corporate risk management, corporate social responsibility, and climate change adaptation. Through diverse and smooth communication channels, we can understand the thoughts and needs of stakeholders and use them as an important reference for formulating the Company’s sustainability policy.

Organizational Chart



Roles of the Board of Directors

With the Board of Directors as the highest governance unit, Auras Technology abides by laws and regulations and internal regulations such as the Company’s Articles of Incorporation. This ensures that the Company’s business philosophy is adhered to and that the Company has an internal control system in place to review corporate governance. By doing so, stakeholders can be informed of important company information in a timely manner.



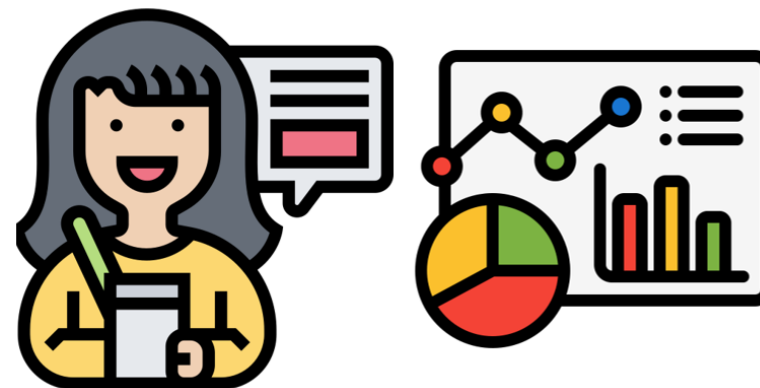
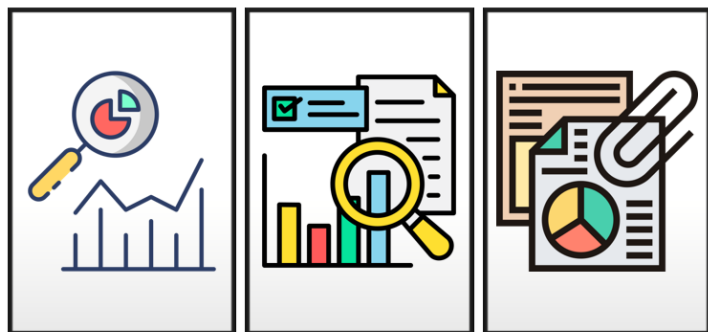
5.1.1.2 Sustainability Promotion and Management Process

The Board of Directors is the Company’s highest governing body. In addition to carrying out its business in accordance with the laws and regulations and the resolutions of the shareholders’ meeting, the Board of Directors also monitors the Company’s strategic plans, annual financial reports and quarterly financial reports, the evaluation of the effectiveness of the internal control system, the appointment (dismissal) of the CPAs, and the managers. In 2018, the Board of Directors passed the “Sustainable Development Best Practice Principles” during the Board of Directors meeting to regulate the Company’s promotion of sustainable development, attention to the rights and interests of stakeholders, and emphasis on the environment, society and corporate governance while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. In order to improve the management of sustainable development, the Corporate Governance and Sustainable Management Committee is responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans, and regularly reporting to the Board of Directors.

To respect the rights and interests of stakeholders, we set up a stakeholder section on our website. The Investor Relations Unit is responsible for answering unscheduled calls or letters from investors or shareholders. By doing this, we are able to understand the reasonable expectations and needs of stakeholders through proper means of communication. We also respond to important sustainability issues of concern to stakeholders. in an appropriate manner.

Report Quality Management

External consultants provide guidance and coordinate the direction of the sustainability report. The Sustainability and Corporate Governance Office is responsible for distributing questionnaires to collect stakeholders’ opinions and compiling the relevant contents of the report. The content of each chapter of the report is reviewed by the head of each department for correctness of the content and information, and then submitted to the Board of Directors for approval.



5.1.1.3 Corporate Governance and Sustainable Management Committee

In pursuing the vision and mission of the ESG policy, the Company established the “Corporate Governance and Sustainable Management Committee” Task Force in 2018. This committee was renamed the “Corporate Governance and Sustainable Development Committee” by the Board in January 2022, which is the supreme decision-making center of the Company in sustainable development. These two and a number of senior officers in different areas of specialization jointly review the core competence of the Company in operation, and map out the mid- to long-term sustainable development plan.

The “Corporate Governance and Sustainable Management Committee” performs the function as the platform for vertical integration and horizontal connection in cross-function communication. The Committee identifies the issues of sustainability pertinent to the operation of the Company and to the concern of the stakeholders through its quarterly sessions and the issue-oriented task force; map out related strategies and action plans, budgeting for different organizations and for sustainable development related issues; design and execute the annual plans; and follow up with the result for assuring the strategy of sustainable development can be translated into practice in the routine operation of the Company. The Task Force reports to the chairman from time to time on the results of the implementation of sustainable development and future work plans, and reports to the Board of Directors on the status of compliance at least once a year.

Scope of Duties:

1. Formulation of policies and systems for the Company’s sustainable development and net zero emissions.
2. The Company’s sustainable development includes the formulation of goals, strategies, and implementation plans for sustainable governance, ethical corporate management, and environmental and social aspects.
3. Follow-up, examination, review, and revision of the implementation and effectiveness of the Company’s sustainable development and net-zero emissions.
4. Collection and compilation of views from stakeholders, and identification and management of the impacts of material topics.
5. Content output of the ESG report and disclosure of relevant information.
6. Review of the direction and goals set by each responsible unit for sustainable development in corporate social responsibility, corporate governance, labor-management relations, public safety, environmental protection, social welfare, supplier management, risk management, product design, customer and shareholder rights and interests, and specific promotion plans.
7. Focus of the issues of concern to all stakeholders, including shareholders, customers, suppliers, employees, the government, non-profit organizations, communities, and the media, and supervising the communication plan.
8. Advocacy and implementation of the Company’s ethical corporate management and risk management, and implementation and supervision of the relevant work; fostering and strengthening of the organization and system of corporate governance.
9. Other matters that the Committee shall handle according to the Articles of Incorporation, relevant internal regulations of the Company, regulations of the competent authorities, or resolutions of the Board of Directors.



5.1.1.4 Governance Roadmap

Auras Technology spontaneously values corporate governance and is committed to complying with the “Corporate Governance 3.0 Blueprint for Sustainable Development” issued by the FSC to enhance the sustainability of the Company and strengthen the connection with the international capital market. This will help Auras move towards being an all-round cooling solutions provider.

Protecting the rights and interests of shareholders

The Company has set up spokespersons and acting spokesperson systems to ensure the timely and fair disclosure of any information that may affect shareholders’ decision-making. A dedicated mailbox has also been set up to receive shareholders’ suggestions, questions, and disputes.

Equal Treatment of Shareholders

The Company values the right of shareholders to know, strictly abides by the regulations on the disclosure of information. Moreover, the Company also provides shareholders with constant and real-time information on its finance, business operations, insider shareholding and corporate governance status through MOPS or the Company’s website. To treat shareholders equally, various types of information are disclosed in English at the same time. To protect the rights and interests of shareholders and ensure equal treatment of shareholders, the Company prohibits insiders from trading securities against non-public information.

Strengthening the structure and operation of the Board of Directors

The composition of the Company’s Board of Directors is diverse, and none of the directors is a spouse or relative within the second degree of kinship. Furthermore, the Company has set up a Corporate Governance and Sustainable Management Committee and a Growth Strategy Committee.

Enhancement of Information Transparency

The Company has official websites in both English and Chinese to disclose information related to finance, business, and corporate governance. The Company’s financial statements and annual reports are available in both Chinese and English.



5.1.2 Structure and Functioning of the Board of Directors

5.1.2.1 Board Members/Board Structure and Mechanisms

According to the Company’s “Corporate Governance Principles”: the composition of the Board of Directors shall be diversified, and that except that the directors who concurrently serve as the Company’s managers shall not exceed one-third of the directors, the Company shall propose appropriate diversification goals regarding its own operation, business type and development. Furthermore, as a means to enhance the independence of the Board of Directors, at least two independent directors shall be established, with no fewer than one third of the total number of directors. The company values the importance of gender equality in the composition of the board of directors and aims to increase the number of female directors to account for more than 30% of the board of directors. Currently, there are eight male directors accounting for 88.89% and one female director accounting for 11.11% on the board. The company strives to increase the number of female directors until achieving the set goal in the future. The implementation of cultural diversity among the Board of Directors is as follows:

Name of director	Basic composition				Professional experience								Professional background					
	Gender	A part-time employee of the company	Age		Term of independent directors	Entrepreneurial team	Electronic technology industry expert	International enterprise and listed company managerial talents	Venture Capital leaders and professionals	Business and academy leaders	Financial experts and banking managerial talents	Industrial transformation, entrepreneurship, and corporate succession consultant	Finance and investment	Commerce	Technical	Operation	International market viewpoint	Accounting
			51-60	61-70														
Lin Yu-Shen	Male	V	V			V	V	V	V	V		V	V	V	V	V		
Jin Hong Investment Co, Ltd. (Representative: Lin Mao-Yuan)	Male			V			V	V	V	V		V	V		V	V		
Cheng Ho-Pin	Male			V		V	V			V			V	V	V	V		
Chen Yen-Chun	Male		V			V	V	V		V		V	V		V	V	V	V
Huang Shu-Chun	Female		V			V		V		V				V	V	V		
Liu Fu-Han	Male			V	3-9 years				V		V		V		V	V		
Chang Sen-Ho	Male		V		Under 3 years			V					V				V	V
Fan Hsien-Ta	Male			V	Under 3 years			V		V			V	V	V	V		
Chiu Hui-Chin	Male			V	3-9 years	V	V	V		V	V	V	V	V	V	V	V	

5.1.2.2 Board of Directors Meetings and Attendance

A total of five board meetings were held in 2023. For matters listed in Article 14-3 of the Securities and Exchange Act, as well as for other board meetings for which independent directors have objected or qualified their opinions and have been recorded or declared in writing, it is necessary to state the date, session, the motion discussed, independent directors’ opinions and how the Company has responded to such opinion. There was no such situation in 2023. Furthermore, during the Board of Directors discussions on the distribution of year-end bonuses and employee remuneration to managers on January 18 and August 7, respectively, the Chairman, Mr. Lin Yu-Shen, recused himself from the resolution as his own interests were involved as he serves as the manager of the Company, and did not participate in the resolution.

For board meetings, the agenda shall be included in the notice to be given to all directors at least 7 days in advance. The meeting affairs unit shall draft the agenda for the board meeting and provide sufficient meeting materials to be sent together with the meeting notice. Audio recordings of all Board meetings shall be recorded and retained for at least five years. They must bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting.

Title	Name	Actual attendance	Proxy Attendance	Percentage of actual attendance (%)	Note
Chairman	Lin Yu-Shen	5	-	100%	
Director	Jin Hong Investment Co., Ltd.	5	-	100%	
Director	Cheng Ho-Pin	5	-	100%	
Director	Chen Yen-Chun	5	-	100%	
Director	Huang Shu-Chun	2	-	100%	Elected on June 2, 2023
Independent Director	Liu Fu-Han	5	-	100%	
Independent Director	Chang Sen-Ho	5	-	100%	
Independent Director	Fan Hsien-Ta	5	-	100%	
Independent Director	Chiu Hui-Chin	2	-	100%	Elected on June 2, 2023

Main discussion items of the Board of Directors:

- Corporate business plan
- Annual and semi-annual financial reports
- Establishment or amendment of internal control system
- Establish or amend the procedures for handling asset acquisition or disposal, engage in derivatives trading, lend funds to others, make endorsements or provide guarantees for others, and the procedures for handling material financial and business transactions
- Offering, issuance, or private placement of securities of equity nature
- Appointment and dismissal of financial, accounting, or internal auditing officers
- Donations to related parties or major donations to non-related parties

5.1.2.3 Corporate Governance

We uphold the spirit of “Corporate Governance,” enhance the operation and duties of the Board of Directors, and formulate an audit system for supervision and management to fulfill the Company’s management responsibilities. With the business philosophy of “seeking knowledge,” we adhere to the principles of corporate governance, insist on information disclosure and operational transparency, and strive to enhance the Company’s operating performance to ensure shareholders’ rights and interests.

According to Article 17 of Auras’ Articles of Incorporation, members of the Board of Directors are elected at the shareholders’ meeting. Directors (including independent directors) are subject to the nomination system and will be elected from among the candidates in the shareholders’ meeting, and are eligible for re-election. To optimize the operation of the Board of Directors, it is formed by 9 directors with rich professional experience in the fields of entrepreneurial leaders, electronic technology, venture capital financial experts, and business academics. At least one meeting is held every quarter to review business performance and discuss important strategic decisions. In 2023, a total of 5 Board of Directors meetings were held, with important resolutions announced on the MOPS of the Taiwan Stock Exchange in real time. In addition, a corporate governance section has been set up on the Company’s official website to provide relevant information such as the Company’s Articles of Incorporation and Board of Directors’ Rules of Procedure.

In addition, according to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies,” newly appointed directors or independent directors are required to take at least 12 hours of continuing education during the year they take office and it is advised that they take at least 6 hours each year after the year they take office. Independent directors are required to complete at least 6 hours of continuing education per year during their term of office. In 2023, all directors and independent directors met the requirement of continuing education hours, with an average of 8.67 hours of continuing education hours per person. The relevant continuing education status is published on the MOPS.

Moreover, with a high degree of self-discipline, the directors of Auras Technology who have an interest in a proposal of the Board meeting or the juristic person on whose behalf they or they represent, to the extent that the interests of the Company may be detrimental to the interests of the Company, such directors shall recuse themselves from the discussion and voting, and may not exercise voting rights on behalf of other directors. The directors also exercise self-discipline and mutual support among themselves, taking into account the ethical principle of avoiding conflict of interest, in order to effectively protect the interests of the Company.



Title	Name	Training hours in 2023
Chairman	Lin Yu-Shen	6
Director	Cheng Ho-Pin	6
Director	Chen Yen-Chun	12
Director	Huang Shu-Chun	24
Director	Jin Hong Investment Co, Ltd.	6
Independent Director	Liu Fu-Han	6
Independent Director	Chang Sen-Ho	6
Independent Director	Fan Hsien-Ta	6
Independent Director	Chiu Hui-Chin	6

Internal Audit

The Internal Audit Office is an independent unit under the Board of Directors. The appointment or dismissal of the Chief Internal Auditor is approved by the Board of Directors. The internal auditors faithfully perform their duties in an objective and fair position, and the Chief Internal Auditor also attends the Board meeting as a non-voting participant to report according to the laws and regulations. The Internal Audit Office presents audit reports and the follow-up report on corrective action and preventive cation to the Independent Directors on a monthly basis, and also reports to the Audit Committee routine session held at least once quarterly on the pursuit of internal audit and audit findings, and related follow-up actions. Under special circumstances, the internal audit department will report to the members of the Audit Committee at once. The certified public accountants serving as Independent Auditors of the Company will report to the Audit Committee in its quarterly session on the findings of financial audit and review, and engage in communication with the members on mandatory issues. Under special circumstances, the Independent Auditors will report to the members of the Audit Committee at once, but no such thing occurred in 2023. Furthermore, the Chief Internal Auditor, the Independent Auditors, and the Independent Directors liaise with one another from time to time as needed. The channel of communication is barrier free.

Chief Corporate Governance

To ensure that the Company abides by laws, regulations, rules and ethical standards during the operation of the Company, so as to protect the interests of the Company and shareholders. On March 8, 2023, the Board of Directors passed a resolution to appoint the Company’s Legal Manager as the Chief Corporate Governance and the highest executive in charge of corporate governance-related affairs. The Chief Corporate Governance is mainly responsible for supervising and managing the Company’s governance structure and processes to ensure the Company’s efficient operation, transparency, and accountability.



- Corporate governance-related affairs:
- Handle matters related to the meetings of the Board of Directors and the Meeting of Shareholders in accordance with the law.
 - Prepare the minutes of the Board of Directors meeting and the shareholders’ meeting.
 - Assist directors and supervisors with on-the-job training and continuing professional development.
 - Provide the directors and supervisors with the information required for the execution of their duties.
 - Assist directors and supervisors in complying with laws and regulations.



5.1.2.4 Functional Committees

Audit Committee Operations and Attendance

At Auras, we are committed to improving the Company’s governance system, enhancing the fair presentation of financial statements of the Board of Directors, the selection (dismissal) and the independence and performance of CPAs, the effective implementation of internal control and compliance with relevant laws and regulations, as well as the professional supervision of risk control of the Company. Given this, we established an Audit Committee in 2021 to replace the original supervisor system.

According to Auras’ “Audit Committee Charter,” the committee members shall be composed of 4 independent directors of the Board of Directors, at least one of whom has expertise in accounting or finance. An independent director is elected by all members to serve as the convener and meeting chair.

A total of 5 Audit Committee meetings were held in 2023, and no independent directors had to recuse themselves due to conflicts of interest.

Terms of reference of the Audit Committee:

- Establishment or amendment of internal control system
- Evaluation of the effectiveness of the internal control system
- Establish or amend the procedures for handling asset acquisition or disposal, engage in derivatives trading, lend funds to others, make endorsements or provide guarantees for others, and the procedures for handling material financial and business transactions
- Matters involving the interests of directors
- Significant asset or derivative transactions
- Lend funds, make endorsements, or provide guarantees to others for material loans.
- Offering, issuance, or private placement of securities of equity nature
- Appointment, dismissal, or remuneration of an attesting CPA.
- Appointment and dismissal of financial, accounting, or internal auditing officers

Title	Name	Actual attendance	Proxy Attendance	Percentage of actual attendance (%)	Note
Members	Liu Fu-Han	5	-	100%	-
Members	Chang Sen-Ho	5	-	100%	-
Members	Fan Hsien-Ta	5	-	100%	-
Members	Chiu Hui-Chin	2	-	100%	Elected on June 2, 2023



Operation of the Remuneration Committee

1. Establish and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.

2. Regularly assess and determine the remuneration of directors and managers.

3. Regularly review the Procedures and propose amendments to them.

In order to improve the remuneration system for the directors and managers of Auras Technology, the Company has established the “Remuneration Committee Charter” according to Article 3 of “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” for compliance. The Remuneration Committee was formed December 31, 2011.

The Remuneration Committee consists of 3 members in accordance with the “Remuneration Committee Charter,” and Mr. Liu Fu-Han was unanimously elected as the convener of the Remuneration Committee.

The duties of the Committee are to regularly review the remuneration policy and performance evaluation of the directors and managers of Auras Technology from a professional and objective perspective, and make recommendations to the Board of Directors for its reference. According to the “Remuneration Committee Charter,” at least two meetings are held every year. A total of 3 meetings were held in 2023. For the Remuneration Committee’s charter, please refer to the Company’s and the MOPS websites.

Growth Strategy Committee

In addition to the functional committees of the Audit Committee and the Remuneration Committee, Auras Technology has also set up a Growth Strategy Committee to coordinate, integrate and effectively utilize the Company’s resources, promote the improvement of the quality yield, efficiency, improvement, optimization of operations, and cost performance to enhance the Company’s overall core competitiveness. The Growth Strategy Committee consists of all Independent Directors, Vice Presidents Chen Chih-Wai and Chang Chih-Hui and Chief Accounting Officer, Yen Pei-Hsu, and Vice President Chen Chih-Wei serves as the convener and is responsible for coordinating the execution of the Growth Strategy Committee. The Growth Strategy Committee convenes at least two meetings a year and may hold a meeting at any time as necessary.

1. Medium- and long-term goals for developing and building competitive advantages

2. Strategy and investment development plans

3. Expand to all subsidiaries and functional units to lead the Company’s overall organizational operations for continuous growth and profitability.

5.1.2.5 Board of Directors Performance Evaluation

Company passed the “Guidelines for Self-assessment or Peer-assessment of the Board of Directors.” The internal board performance evaluation shall be carried out at least once a year. The internal evaluation period of the Board of Directors shall be at the end of each year, and the evaluation shall be carried out at the end of each year. Carry out the performance evaluation of the board of directors of the previous year in the first quarter of each year, which includes the overall operation of the board of directors and the performance of individual directors.



2023 Board of Directors Performance Evaluation:

1. Evaluation period: January 1 to December 31, 2023.
2. Results of the internal self-evaluation of the overall performance of the Board of Directors: The evaluation results are favorable.
3. Results of the internal self-evaluation of the board members: The evaluation results are favorable.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	From: 2023.01.01 To: 2023.12.31	Board of Directors	Self-evaluation and peer evaluation of the board of directors	<ol style="list-style-type: none"> 1. Level of involvement in the Company’s operation 2. Improvement on the Board of Directors’ judgment 3. Board composition and structure 4. Director election and continuing education 5. Internal Control
Evaluation performed once a year	From: 2023.01.01 To: 2023.12.31	Individual committee members	Self-evaluation of board members	<ol style="list-style-type: none"> 1. Level of involvement in the Company’s operation 2. Improvement on the Board of Directors’ judgment 3. Board composition and structure 4. Director election and continuing education 5. Internal Control

5.1.3 Corporate Governance, Compliance With Laws and Regulations

The Company has established various internal regulations in accordance with the standards of laws and regulations governing public companies, and has been constantly monitoring the changes in laws and regulations by the competent authorities to make adjustments. Adhering to this spirit, all subsidiaries within the Group shall comply with such regulations. In addition, to implement the Company’s core values, we abide by a high degree of professional ethics, and ensure that employees can strictly follow the Company’s professional ethical standards when engaging in daily work and business, so as to maintain the Company’s reputation. Therefore, the Company has arranged legal education and training courses in the Company’s internal education and training system. The content and items of confidentiality obligation are discussed briefly, as well as the penalties for breach of confidentiality obligation. In doing this, employees can better understand the confidentiality obligations and the seriousness of violations, so as to avoid unnecessary losses of the Company. The Company’s management team has been paying close attention to any domestic and foreign policies, laws, and regulations that may affect the its finances and business. We have established relevant risk management procedures, and improved the knowledge of employees on legal affairs through continuous education and training.

At Auras, we comply with the laws and regulations of each operating location, with regulatory compliance as the basic requirement. If any violation is discovered, the responsible unit will clarify the cause of the violation, discuss and formulate improvement measures to prevent related incidents from recurrence.

In 2023, the Company followed the laws and regulations and there were no major violations of laws or regulations. (Definition of major violation: According to the regulations of TWSE, a case of major violation is defined as the amount of fine exceeding NTD 1 million)

Online courses

General education: “Legal Affairs” 2023

Legal education and training

Course Introduction

Learning Objectives:

In order for colleagues to have a better understanding of the confidentiality obligation and the severity of breaches thereof and to avoid unnecessary losses to the Company, the following provides a brief overview of the confidentiality obligation and items and penalties imposed for breach of the confidentiality obligation.

Course outline:

1. Common confidentiality requirements
2. Common confidentiality items
3. Consequences of breaching the confidentiality obligation

5.1.4 Ethical Corporate Management Sustainable Development Strategies and Best Practice Principles

To implement the Company’s ethical conduct and ethical management, and for the benefit of the Company’s sustainability, we have established various codes of conduct which are conveyed on a regular basis. These codes include the “Corporate Governance Best Practice Principles” and “Sustainable Development Best Practice Principles,” so that employees have a clearer direction in dealing with stakeholders.

Based on the business philosophy of integrity, transparency, and accountability, the Company has formulated policies centering on integrity, and has sound corporate governance and risk control mechanism in place to create a sustainable business environment. The

Company has formulated the “Ethical Corporate Management and Complaints Reporting Best Practice Principles.” Meanwhile, the “Rules of Procedure for Board of Directors Meetings” has defined the system of avoiding conflicts of interests for directors. In addition, the “Work Rules” have listed that employees shall not receive gifts. The Company’s suppliers shall all sign the “Confidentiality and Integrity Pledge.” The Board of Directors and the management level shall all sign the “Statement of Not Violating the Ethical Corporate Management Principle,” which serves as the basis for implementing ethical corporate management. We adhere to operational transparency and request suppliers to sign the “Integrity Pledge.”

Ethical Corporate Management Best Practice Principles and Reporting and Grievance Measures



Complaint and Whistleblower Protection Management Procedure



All function heads of the Company are responsible for the establishment and supervision of the implementation of the ethical corporate management policy and preventive plans. The audit department is responsible for the supervision of the practice of ethical corporate management and inspection, and reports to the Board once annually.



Grievance Mechanism for Stakeholders

Auras has a zero-tolerance attitude toward corruption. We request our employees to abide by the code of conduct for employees, and provide reporting, grievance, and suggestion channels for suppliers, customers, and stakeholders to maintain business ethics and fulfill corporate social responsibilities.

Email: vendor@auras.com.tw
HR@auras.com.tw



5.2 Information Security



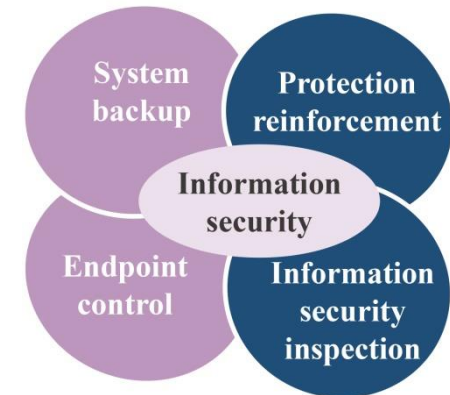
Committed to promoting digital transformation, Auras Technology has introduced a complete information security management mechanism to ensure the accuracy and availability of information processing and the security of information-related systems, equipment, and networks. We implement internal information security drills and education and training on a periodic basis. This is aimed to enhance colleagues’ awareness and vigilance in information security, ensuring customer and product information security.

In order to maintain the continuous operations of the Company and protect its important business information operations, in the event of a major disaster, vandalism, or equipment failure where the Company’s operations are affected, contingency measures are effectively initiated to reduce the damage to a tolerable level. Therefore, we have established the Information Security Management System with reference to the ISO 27001 standard.

Security Management System with reference to the ISO 27001 standard.

2023 achievements in the promotion of information security measures:

1. Introduced an email protection, endpoint protection, identity protection, and group endpoint computer patch management system.
2. Promoted information security promotion of email protection, endpoint protection, identity authentication protection, and information security health check.
3. Shared and promoted information security cases, as well as 1-hour online information security general education and training for employees from time to time.
4. Introduced ISO 27001:2022 and obtained certification. Our employees have also obtained information security certificates such as ISO 27001 Lead Auditor.
5. Performed weekly virus scans and updated virus patterns automatically. Vulnerability scans were performed twice a year to patch information security loopholes.



Five major steps of ISO 27001



5.3 Risk Management

In addition to risk response plans that may affect financial performance, the Company’s risk management also includes environmental and information risk assessments and emergency response plans. The concept of prevention is embedded in the corporate culture to eliminate identifiable and avoidable risks as much as possible. This is aimed to minimize potential losses from operational disruptions. Therefore, we are deeply aware that uncertain risks such as natural disasters and accidents have a significant impact on the Company’s production and operation and employee safety. Only by facing the scope of disaster risk management with a proactive attitude of preventive management, and through stringent risk management plans and the implementation of safety regulations and management can the highest standards of safety be achieved. We ensure that the Company is able to quickly resume normal operations after a disaster (including fire, earthquake, typhoon, water and power outage, war, political unrest, terrorist attack, food poisoning, notifiable disease, environmental pollution, etc.) to minimize the loss of the property of the Company and customers, while maintaining the Company’s reputation and employee safety.

In 2023, Auras took out commercial fire insurance, cargo transportation insurance, product liability insurance and public liability insurance. This way, we ensure that the risk of damage or loss of the insured property caused by unforeseen and unpredictable accidents can be minimized during the insurance period. Through insurance planning and the payment of fixed insurance premiums, the operational risks are transferred and the possible losses minimized.

Furthermore, in addition to regulating and addressing major risks faced by various business operations in terms of sales market, production operations, human resource planning, new product development progress, and financial and accounting control controls, aside from the existing systems, more proactive measures have been taken. We are committed to developing more advanced and more sensitive procedures and standards for risk supervision, assessment and control to balance safety and efficiency. We have also adopted more economical business operation models, such as strengthening the establishment of information systems and enhancing the capability of early warning and monitoring.

In addition, in order to maintain the continuous operations of the Company and protect its important business information operations, in the event of a major disaster, vandalism, or equipment failure where the Company’s operations are affected, contingency measures are effectively initiated to reduce the damage to a tolerable level. Therefore, we have established the Information Security Management System with reference to the ISO 27001 standard. Moreover, we introduced the ISO 27001 management system in 2022 to improve our information security system.





Business Continuity Management (BCM) Systems

In 2023, Auras Technology introduced its Business Continuity Management Systems (BCMs), and passed external verification in January 2024 to obtain the ISO 22301 certificate.

Purpose

Our Business Continuity Management System (BCMs) is a key tool we use to identify, assess, and manage business continuity risks. The establishment of the BCMs can help cope with various operational impacts, enhance the response capability, and accelerate the response speed. In particular, factors such as frequent disasters, geopolitical changes, and shortages of key components may increase the risk of supply chain disruption. Contingency measures and recovery plans are planned in advance

Purpose of BCM:

1. Risk identification and assessment
2. Risk monitoring and control
3. Preventive measures and contingency plans
4. Continuous Improvement

to facilitate timely response and quick recovery in the event of an operational disruption to minimize damage, ensuring the maximum interests of key stakeholders.

The main function of BCMs is to protect the Company’s operations from disasters and accidents.

BCMs can protect the organization in the event of a “disruption” and reduce the possibility of disruptions, to prepare for, to respond to, and to recover from disruptions. By adopting BCMs, we are able to protect the Company and fulfill its contractual obligations to customers, fulfilling its social responsibilities and contributing to the local community and economy. Through BCMs, we can comprehensively and systematically identify, assess, and manage various risks that may affect the Company’s sustainable development, thereby ensuring that we can continue to maintain corporate stability and sustainability.

Import process

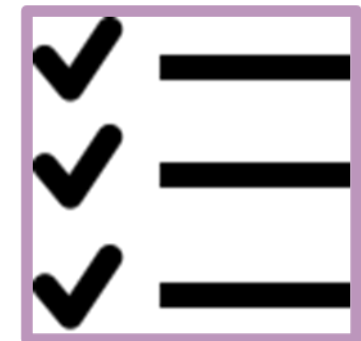
The BGM system was launched in July 2023, which spans all functional units in the Company, including audit, legal affairs, information, finance, HR administration, research and development, marketing, procurement, quality assurance, and other units. These units work together to determine the relevant internal and external issues, and integrate and implement the ISO22301 BCM system. In the course of the introduction, we arranged a total of 8 BCM-related training courses, conducted internal audits, while formulating 1 BCM manual and 56 BCM-related procedures and rules.

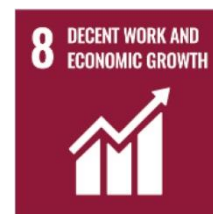
Through BCMs, we have established mechanisms to monitor various risks, including supply chain monitoring and control of situations that

may affect our community relations or negatively impact the environment. We regularly conduct BCM-related risk assessments, and formulate and implement relevant preventive measures and contingency plans to ensure that our sustainable operations will not be unexpectedly affected. After identifying possible risks, we will work with relevant departments to formulate effective countermeasures to reduce losses and impacts. This includes regular training and drills to ensure that all employees can respond quickly and effectively in the face of crises. Risk management for sustainability is not an one-off activity, but a continual improvement process. Our BCMs include regular reviews and assessments to ensure that our strategies and measures remain effective. At the same time, we also encourage our employees and stakeholders to make improvement suggestions to continuously improve our risk management level.

The 10 steps of a business continuity plan:

- | | |
|--|---|
| 1 Determine the purpose, scope and implementation team of the business continuity plan | 6 Pre-disaster emergency response |
| 2 Determine operational priorities and estimated recovery time. | 7 Business continuity strategy for early resumption of operations |
| 3 What is required to resume critical activities? | 8 Financial preparation |
| 4 Risk assessment - understanding disaster status | 9 Practical drill |
| 5 Pre-disaster prevention and post-disaster loss mitigation | 10 Continual review and improvement |





Upgrade

6.1 Technological Innovation and Market Layout

6.1 Technological Innovation and Market Layout

For many years, Auras has been adhering to the spirit of “seeing knowledge” and continuously investing in the research and development of energy-saving cooling technologies. We have also advanced liquid cooling technology to provide customers with total cooling solutions. As early as 2012, we began to invest money and manpower in the R&D of liquid cooling technology for IBM technology transfer.

After a decade of hard work, our liquid cooling technology has been widely adopted alongside the rapid development of AI. We have become a complete liquid cooling technology cabinet system supplier from a manufacturer of air-cooled module. With the expansion of AI applications and the increasing computing demand, it is expected that the running speed of CPUs and GPUs will constantly rise in the future, and the thermal design power (TDP) will continue to increase. To meet the different needs of customers, Auras provides customized comprehensive liquid cooling systems. Whether it is water-to-air or water-to-water cooling solutions, we can quickly and effectively meet customers’ cooling needs. Auras offers rear door heat exchanger (RDHx), in other words air-cooling and liquid-cooling technology, to allow customers to directly add RDHx to the data cabinet without a major change to the infrastructure of the existing data center. The cooling effect of the rack reduces customers’ introduction costs.

To strengthen customer loyalty, we provide a complete range of liquid-cooling-related products, including liquid-cooling plates, pumps, liquid-cooling distribution units (CDUs), manifolds, and other customized designs. We also have a one-stop manufacturing process in place to accelerate the introduction of liquid cooling technology of our customers.

Global warming has exacerbated the intensity and frequency of extreme weather, a wake-up call to all walks of life to face the crisis of climate change. Due to the threat of extreme climates, the concept of sustainable development has become more popular among governments and businesses around the world in recent years. In particular, the net zero proposal proposed by various governments has become the focus of

Rack System Total Solution Supplier



heated global debate. Governments around the world have been promoting relevant policies and calling on enterprises to face the importance of ESG implementation in the course of developing their businesses. In response to global carbon reduction policies, energy-efficient liquid cooling solutions will become the mainstream.

Auras' liquid cooling technology can effectively solve the problem of high power consumption and thermal energy in data centers, big data, edge computing and artificial intelligence. This not only optimizes the power utilization efficiency (PUE) from over 1.5 to below 1.1 to reduce energy consumption and thus operating costs, but also effectively increases the computing power per unit area. It is expected that liquid cooling technology will become an important cooling solution for AI server computing in the next 2 to 3 years, and can also be applied to automotive, charging, and energy storage equipment.



R&D status

We are actively investing in R&D and reinforcing the strength of our R&D team. Overall, it is expected that the R&D expense will continue to increase with the Company’s business growth and the multidimensional development of the product line. Our R&D strategy:

- Expanding the management team, arranging core products, establishing the Company’s own key technics and patents, and continuously devoting to the R&D of new-generation products to pursue head leading in technology.
- Increasing the ability to design products, establishing the developing technology of standardization and modulization, decreasing the time period and cost in developing, and increasing the time with which new products are sent on the market and the price competitiveness.

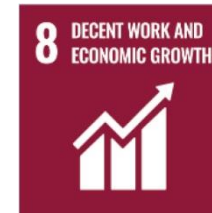
2023 R&D Achievements

- Research plan for cooling optimization of AI PC high-end gaming laptops
- Research plan for high-performance composite super-large duct heat-dissipating module device
- Development of matrix superconductor anti-gravity AI GPU heat-dissipating
- High-performance enhanced matrix superconductor with vapor chamber AI GPU cooling application
- Development of AI accelerating and optimizing cooling systems for self-driving cars
- Research on 3DVC technology applied to heat dissipation over 1,000W for AI GPGPU
- Provides a closed loop air-to-liquid heat exchange system to the liquid-cooled artificial intelligence systems equipped with training and reasoning capabilities
- All-metal liquid-cooled plate modules applied to the liquid-cooled artificial intelligence systems equipped with training and reasoning capabilities



Item	2021	2022	2023
R&D Expenses (NT\$ thousand)	511,895	634,225	678,018
Net operating revenue	14,257,907	13,856,991	12,712,629
Percentage to operating revenue	3.59%	4.58%	5.33%





Retention

7.1 Talent Attraction, Cultivation, and Retention

7.2 Labor Relations, Wages and Benefits

7.3 Workplace Health and Safety

7.4 Social Welfare Participation



7.1 Talent Attraction, Cultivation, and Retention

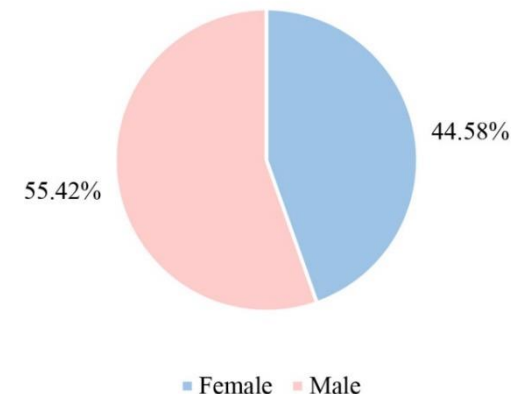
7.1.1 Global Talent

Over the years, Auras Technology has adhered to a corporate culture of innovation and vision, implemented human-centered management, and established a sound labor-management relationship with employees. We follow the “Labor Standards Act” and “Gender Equality in Employment Act” and other national regulations in hiring employees. We comply with the principles of openness and fairness and do not treat or discriminate employees on the basis of their race, religion, color, nationality, age, gender, sexual orientation, appearance, facial features, marital status, physical and mental disabilities, political stance, or other factors. Our employment, benefits, training and promotion opportunities for all employees are fair and just and do not treat them differently. We are committed to creating an equal and friendly working environment free from discrimination and harassment

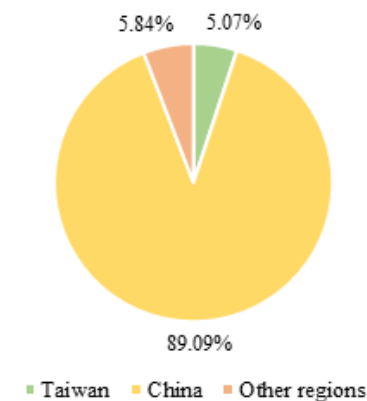
As of the end of 2023, Auras had 4,951 employees worldwide, with a male to female ratio of 55.42:44.58; in terms of regions, Taiwan accounted for 5.07%, Mainland China 89.09%, and other regions (Thailand and the U.S.) 5.84%.

Classification	Gender	Taiwan	China				Thailand	USA	Total
			Guangzhou	Kunshan	Chongqing	Anhui			
Number of permanent employees	Male	0	0	0	0	0	0	0	
	Female	0	0	0	0	0	0	0	
Number of employees without guaranteed hours	Male	0	0	0	0	0	0	0	
	Female	0	0	0	0	0	0	0	
Number of temporary employees	Male	0	0	0	0	0	0	0	
	Female	0	0	0	0	0	0	0	
Number of full-time employees	Male	187	1531	265	582	48	93	3	2709
	Female	64	1297	142	441	58	193	0	2195
Number of part-time employees	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0
Number of outsourced personnel	Male	0	35	0	0	0	0	0	35
	Female	0	12	0	0	0	0	0	12
Total number of employees	Male	187	1566	265	582	48	93	3	2744
	Female	64	1309	142	441	58	193	0	2207

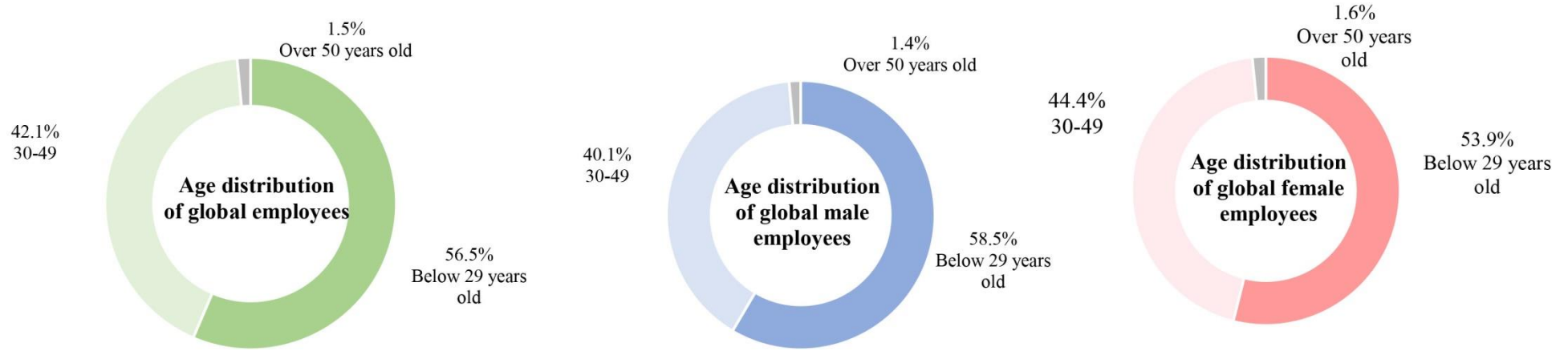
Global gender ratio



Distribution of global employees



Age Distribution of Employees

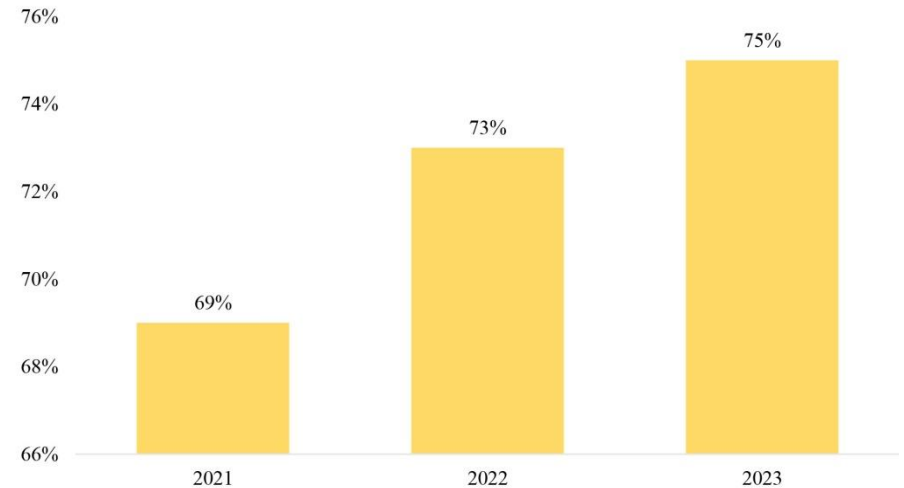


Recruitment of Local Talent

In order to accelerate Auras' development goals and demonstrate its core values, the Company maintains the organization's local flexibility and vitality by hiring local talent as a management system that adapts to local conditions. Auras has 4 factories in Mainland China (Kunshan, Guangzhou, Chongqing, Hefei) as the production centers. In 2020, in response to customer demand, the Thailand Factory was established. We not only dispatch Taiwanese executives to pass on management experience, but are also committed to cultivating local talent, hoping to have a positive impact on the local area. In the past three years, the average ratio of local supervisors in overseas factories has reached more than 72%.

In terms of overseas production sites, the proportion of Auras' local employees holding supervisory positions has been increasing year by year. In 2023, local employees continued to hold 75% of supervisory positions.

Overseas Factories_Local Supervisors



Auras Human Rights Policy

To fulfill our corporate social responsibilities and protect the basic human rights of all employees, customers, and stakeholders, Auras Technology complies with the United Nations’ Universal Declaration of Human Rights, the Global Compact, and the International Labor Organization Convention. This policy is established to ensure that internal and external members of the Company are treated fairly and with dignity to eliminate any human rights violations.



The Company recognizes and voluntarily follows internationally recognized human rights standards such as the “United Nations Universal Declaration of Human Rights,” “United Nations Global Compact,” “United Nations Guiding Principles on Business and Human Rights,” and the “United Nations International Labor Organization.” We have adopted the “Auras Technology Human Rights Management Policy” and respect the protections stipulated in the Human Rights Convention. The Policy is posted on the Company’s website. At Auras Technology, we prohibit

any form of discrimination, forced labor and child labor, and do not hinder employees’ freedom of association. In terms of the environment, we are committed to improving environmental safety and hygiene for our employees in accordance with the laws and regulations to protect the safety of our employees and effectively reduce the risk of occupational accidents.

In addition, we adhere to the four principles of communication, protection, correction, and supervision to protect the rights of stakeholders, thereby building the foundation of Auras’ business ethics. Auras actively advocates for the protection of labor’s human rights. In addition to announcing the Labor and Human Rights Protection Statement and the prohibition of workplace discrimination and harassment on our internal and external websites, we also voluntarily include labor and human rights-related issues in the corporate ethics training course for new employees. By doing this, we are able to construct the foundation of Auras’ corporate ethics. In 2023, there was no occurrence of human rights violations.

Human rights management policy

- ✓ Offering a safe and healthy work environment.
- ✓ Assistance to employees to maintain physical and psychological health and balance of work and daily lives.
- ✓ Pursuit of the “3 High” policy of high level of salary, high level of development, and high level of concern.
- ✓ Prohibition of forced labor, observation of applicable legal rules of the governments in the places of operation.
- ✓ Entering into agreement on human rights with suppliers and audit on the performance.

Talent Recruitment

The growth of Auras relies on the continuous contribution of employees. To strengthen its growth momentum, the Company actively employs professionals at all levels. Auras treats applicants of different race, gender, age, religion, nationality, or political stance equally and recruits employees through an open and fair selection process based on the merits of the job and the position. In actual practice, Auras complies with government regulations and the Electronic Industry Citizenship Coalition. In order to protect the personal information of applicants and avoid employment discrimination, we have adopted and implemented the management procedures related to employee appointment. Moreover, we mainly collect job-related information from the applicants during the interview stage.

Auras values the diversity of its employees and actively recruits talent from all over the world through various online talent recruitment platforms (104 Talent Bank, headhunter companies), including Mainland China and Thailand.

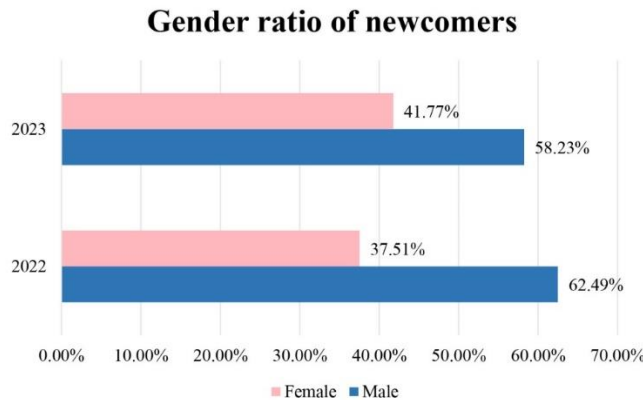
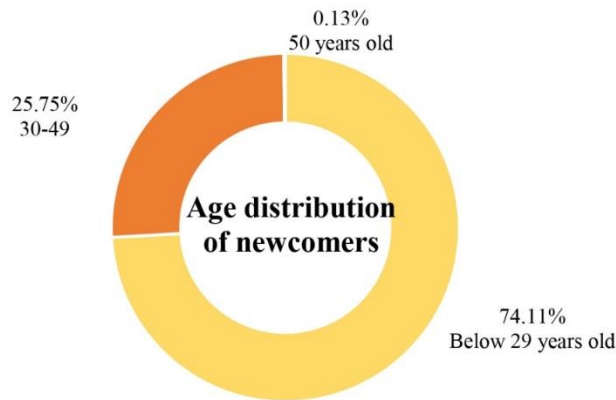


During the recruitment process, information gaps are eliminated through open and transparent vacancy announcements, and talent from all walks of life is entitled to a fair selection opportunity. The hiring executive and professional personnel conduct individual competency evaluations and jointly select suitable talent. We have established a comprehensive new student training, promotion management and employee welfare system, encouraging employees to explore career development, so as to strengthen the Company’s strength for sustainable growth. For employees transferred to other units or regions, the Company conducts thorough prior communication, provides education and training, as well as allowances and subsidies depending on the work location to protect the rights and interests of employees. After appointing new employees, Auras will introduce them to the workplace on the day of their arrival. We accompany new employees to various departments for introductions. Counselors must be assigned by each department to help the new employees adapt to the unfamiliar environment and provide them with guidance and assistance on the job.

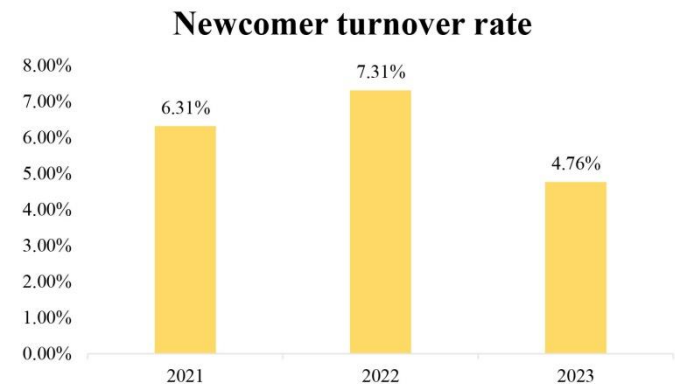
7.1.2 Talent Cultivation

We firmly believe that the only way to stimulate the vitality of R&D and manufacturing is to actively attract and retain talent, enhance the Company’s global competitiveness, and maintain long-term competitive advantages. We are convinced that the success of the enterprise comes from the joint efforts of all employees. Only by recruiting like-minded talent can we create brilliant future together. Therefore, we insist on employing talented people on the basis of their ability and placing them in the most suitable positions. This is the core principle of Auras so as to make good use of talent, and it is also the specific policy for enabling talent to realize their ambitions.

In 2023, the gender distribution of global newcomers was 58% male and 42% female; the age distribution of global new employees is mainly those under 29 years old (74%), and those between 30-49 years old (26%).



In order to reduce the turnover rate of newcomers, the top HR supervisor personally interviews them after they have been with us for one month, concerning about the work, workplace, supervisor leadership, the atmosphere among colleagues, as well as whether they have settled in or whether there are difficulties they face. In doing this, we improve the retention rate of the newcomers. In 2023, the turnover rate of new employees was 5%, a decrease of 2 percentage points from 2022.





Education and Training

To assist supervisors and colleagues at all levels in the continuous growth, Auras has designed comprehensive functional training programs, including new employee training, professional advancement training, and supervisor training. We help employees continuously learn and grow through diverse learning approaches. At the same time, the concept of corporate ethics is also introduced to organize relevant training courses to cultivate the key capabilities of employees. In 2023, the total number of education and training hours across the Group reached 97,285. Based on the total number of employees, each person received an average of about 19 hours of training.

In the annual interview on performance, the supervisors and the employees jointly discuss and map out the individual annual capacity development program. Through routine review and feedback, the Company assists the employees to map out the best tailor-made career development program. Auras is committed to making an effort to nurture every employee so that they can develop alongside the Company.

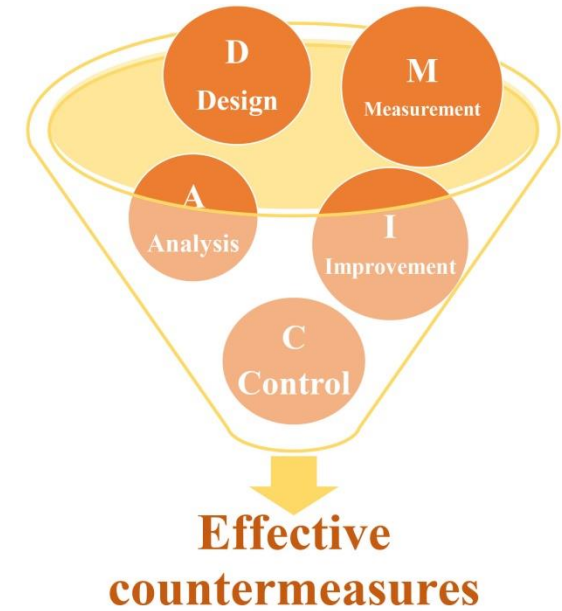
Course category	Type of employees trained	Taiwan	China				Thailand	USA	Total
			Kunshan	Guangzhou	Chongqing	Hefei			
Leadership Management System	Managerial level and above	864	176	136	240	24	8	-	1,448
Professional training system	Assign training according to competence	320	6,512	2,527	1,920	-	112	-	11,391
Quality ability training system	Assign training according to competence	-	3,256	16,481	2,000	-	272	-	22,009
Common training system	Training based on duty/all employees	3,432	3,256	11,132	4,344	-	336	-	22,500
ESG education and training	Assign training according to competence	360	144	162	144	90	126	-	1,026
Newcomer training	Newcomers	5,610	1,208	8,128	28,392	85	488	-	38,911
Total		5,586	14,552	38,566	37,040	199	1,342	-	97,285



6 Sigma

Newcomers of Auras Technology will receive the 6 Sigma training course in the first year. The program will be implemented in a project-based manner, and the related logics and tools will be applied. DMAIC (Define, Measure, Analyze, Improve, and Control) of the 6 Sigma will be applied through a clear problem statement to identify the root cause and implement effective corrective measures.

Besides bringing significant benefits to the project, 6 Sigma also helps the Company cultivate many outstanding talented people through a series of e-learning courses, physical courses, and project training. In 2023, the total number of workshop training hours of the 6 Sigma physical course was 88, with 166 person-times of training.



Taiwan Headquarters_6 Sigma Education and Training

To improve the work ability of our employees, the Group invests NTD 1 million each year to hold the 6 Sigma Course to provide a set of standards and tools for work evaluation, implementation, and management, and to strive for a common operating language within the Group.



All the talent development courses, project technology implementation, and performance of 6 Sigma focus on the 6 Sigma Project Management System. Meanwhile, a project sharing mechanism has been established in the system to effectively pass on the wisdom of Auras. This is an important mechanism adopted by the Company to continuously optimize the organization and practice sustainable development. In addition, 6 Sigma-related activities are held from time to time. Through these activities, the concept of 6 Sigma can be more deeply integrated into our employees' daily work.

7.2 Labor Relations, Wages and Benefits

7.2.1 Remuneration to Employees

Auras Technology has established an overall remuneration policy, structure, and performance reward method, which are based on a comprehensive consideration of academic qualifications, length of service, experience, and job responsibilities to attract, motivate, reward, and retain outstanding talent. At Auras Technology, we do not discriminate on the basis of gender, and we comply with the employee safety and company standards and regulations of corporate responsibility, so that the employee salary structure is reasonable and fair, thereby motivating employees to create better performance. According to Article 27 of the Company's Articles of Incorporation, if the Company has profits (i.e., pre-tax income minus remuneration distributed to employees, directors), it shall appropriate 3%-15% as remuneration to employees, and the remuneration shall be distributed either in stocks or cash as resolved by the Board of Directors. The parties to be distributed include the employees of the affiliates who satisfy certain criteria. The Company participates in the market salary survey annually, and makes salary adjustment for the employees with reference to salary standards in the market, economic trends and individual performance of the employees to maintain the overall competitiveness of its salary package.



Work environment

- We comply with national labor laws and regulations, internationally recognized labor standards, and other applicable industry and international conventions, and continuously improve the working conditions and welfare of employees.
- Reasonable working hours, breaks, and holidays are arranged for employees. We provide employees with a good, safe and healthy working and living conditions.
- Employees are provided with an equal and fair working environment and reasonable salaries and benefits.
- We foster sports and balanced development of body and mind, encourage employees to set up diverse clubs, and actively encourage colleagues to join clubs.
- Various communication channels are established and regular labor-management meetings held to ensure the rights and interests of both parties.
- We fully protect the privacy of customers and all stakeholders, establish a comprehensive information security management mechanism, and follow strict control regulations and protective measures.

We value the rights and benefits of employees, share profits and surpluses with employees, and maintain a good working environment, including comprehensive physical and mental care for all ethnic groups:

- (1) Auras is committed to providing employment opportunities for people with disabilities. Every year, the number of people to be hired meets the regulatory requirements. We tailor-make suitable job positions and environmental facilities.
- (2) There are projects for the selection, breeding and retention, cultural integration, health and safety of foreign colleagues.
- (3) The female empowerment of a friendly workplace approach is facilitated, so that employees of all genders can work with peace of mind.



Item	Description	Goal	Achievements in 2023
Working hours	<ul style="list-style-type: none"> ● 40 working hours per week ● At least one day off every seven days 	<ul style="list-style-type: none"> ● Number of employees who worked seven consecutive days: 0 ● Loss due to labor disputes: 0 	100%
Non-discrimination	Recruitment announcements and advertisements do not indicate discrimination. Total number of discrimination disputes	No discrimination in job announcements and advertisements No incidents of discrimination	100%
Sexual harassment	Sexual harassment complaints	Sexual harassment complaints: 0	100%
Young workers	<ul style="list-style-type: none"> ● No employment of child laborers under the minimum working age ● Young workers are not engaged in jobs that may jeopardize their health or safety, including night shifts or overtime work. 	<ul style="list-style-type: none"> ● Percentage of child laborers (under 15 years old): 0% ● Percentage of young workers (under 18 years old) holding hazardous positions: 0% * Hazardous positions refer to jobs that endanger health or safety, including night shifts or overtime work. 	100%

7.2.2 Workplace Equality

In order to maintain an equal and safe working environment, Auras insists on treating all employees equally in hiring, salary, employment opportunities, rewards and punishments, and in the work process. We do not discriminate based on personal circumstances (e.g., race, gender, sexual orientation, age, physical or mental disabilities, etc.) Auras strictly prohibits all forms of sexual harassment and intimidation. At the same time, we have announced the “Employee Code of Conduct” on our official website and intranet, consisting of the key points related to sexual harassment prevention, complaint, investigation and handling, as well as the relevant standards of sexual harassment prevention, complaint, and punishment. Employees may file a complaint via the hotline (02-8990-1653 #202), fax (02-8990-4129), or email: Richard_Wu@auras.com.tw. In cases where gender-based discrimination or sexual harassment is involved, Auras will establish a “Sexual Harassment Complaint Prevention and Appraisal Committee” in accordance with the law to conduct fair and rigorous investigation and review of relevant cases, strictly protecting the privacy of victims and assisting investigators from coercion during the process. If employees are found to have violated the regulations after investigation, they will be punished according to the investigation results and the employee reward and punishment guidelines to ensure equal rights in the workplace. In 2023, there were no cases of sexual harassment at any of our domestic and overseas locations. We will continue to promote sexual harassment prevention, complaint filing, and disciplinary regulations through various channels.

7.2.3 Benefits and Entitlements

We value employee remuneration and benefits and are committed to establishing a comprehensive and fair remuneration and benefit system. The Company adopts a competitive salary policy at each operating location, with reference to peer standards and economic conditions. The appointment, salary and benefits of employees are evaluated based on their professional ability, education background, work experience and performance. Remuneration adjustments after joining the Company are based on a comprehensive consideration of personal performance, market conditions, and contributions. For overseas employees, we not only set reasonable and competitive salaries considering the local labor market conditions, but also distribute long-term and short-term incentives and bonuses according to local regulations, industry standards and the Company’s performance to encourage employees’ long-term contributions and common growth. The Company’s remuneration system is not affected by an individual’s gender, race, age, religious beliefs, or political stance. We are committed to establishing a harmonious labor-management relationship within the legal framework to realize sustainable operations.

In addition, we actively create a pleasant and healthy working environment and spare no effort in caring for and taking care of our employees. Employees’ sense of well-being is enhanced through diversified welfare measures and various leisure activities. The Company also provides travel allowances and encourages employees to participate in group trips and club activities organized by the Employee Welfare Committee. The goal is to allow employees and their families to enjoy life together, relieve work stress, and achieve personal physical and mental balance as well as work and family harmony.

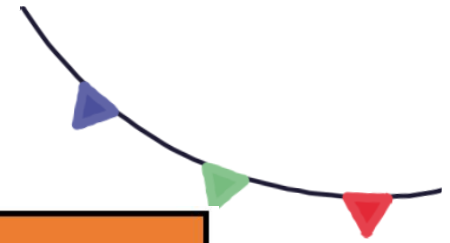
Auras’ employee welfare policy is shown in the table below:

Competitive remuneration	Comprehensive insurance planning	Flexible leave system	Comprehensive health care	Diverse leisure activities
<ul style="list-style-type: none"> ● Gifts for the three major festivals ● Birthday cash gift ● Year-end bonus ● Performance bonus ● Patent bonus ● Project bonus ● Employee dividends and rewards ● Employee stock subscription awards 	<ul style="list-style-type: none"> ● Labor insurance ● Health insurance ● Group insurance ● Safety insurance for business trips overseas ● Spouse and children medical insurance 	<ul style="list-style-type: none"> ● Weekdays and two days off ● Flexible working hours ● Paternity leave for male employees ● Encouragement of special leave ● Family care leave ● Menstrual leave ● Compensatory leave 	<ul style="list-style-type: none"> ● Lactation room set up ● Health checkup ● Childcare leave system ● Health talks  	<ul style="list-style-type: none"> ● Year-end party ● Departmental gatherings ● Employee travel   

7.2.4 Happy Workplace

Taipei Headquarters - lunch/dinner parties

Auras regularly organizes meal activities for employees to gather and spend time together. We carefully prepare delicious food and beverage for everyone to enjoy while enhancing communication and affection among colleagues, boosting team cohesion, elevating the work atmosphere and employee happiness.



Event	Photo
<p>2023.1.19 - end-of-year dinner party was held with delicious food and beverages prepared.</p>	
<p>2023.8.4 - gathering at LE BLE D'OR</p>	
<p>2023.12.25 - Christmas party</p>	



Taipei Headquarters Charity Road Run

To encourage colleagues to maintain a healthy body and implement environmental protection and take part in the Love the Earth activity, the chairman led all supervisors of Taipei headquarters to participate in the National Geographic Cup - World Earth Day road run on April 23, 2023. The full registration fee was paid by the Company. A total of 114 people participated in the road run, including 34 people participating in the 4km recreational group, 78 people participating in the 9km challenge group, and 2 people participating in the 21km half marathon group.



- Venue: Dajia Riverside Park (main venue)
- Starting point: The square in front of the Presidential Palace (21K and 9K starting point), Dajia Riverside Park (4K starting point)



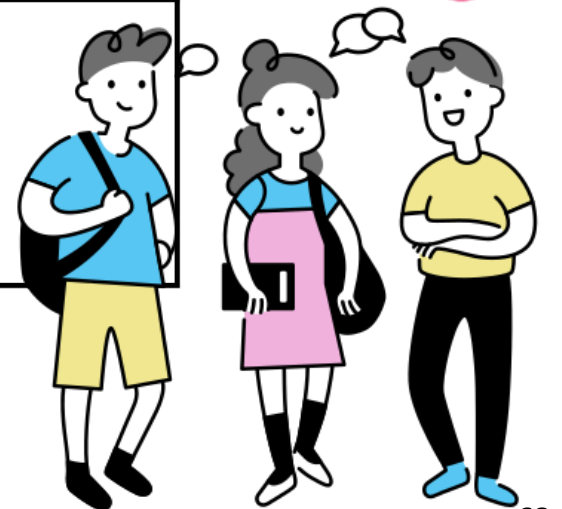
Family Day

To thank our colleagues for their hard work and to allow their family members to have a deeper understanding of and involvement in the Company's culture and activities, Auras Taipei held a Family Day at Puxin Ranch on May 20, 2023. An assortment of experiential activities were arranged on the day, such as realistic puzzle-solving games, archery adventure games, and DIY activities, allowing employees to arrange activities independently and participate freely.



Guangzhou Factory

Event	Photo
<p>The 2023 annual meeting was held to welcome the new year and enhance team cohesion and sense of belonging. While advocating culture and providing humane care, the Company commended outstanding employees and thanked them for their hard work.</p>	
<p>Employees of manufacturers in the park gathered together by participating in the recreational activity sponsored by the labor union. The employees participated in mini-games, helping them relax physically and mentally to reduce life pressure and fatigue.</p>	
<p>The 520 Youth Networking Event was held in Yixiang Technology Park to provide a platform to showcase the employees through dancing, singing and mini games and to exercise organizational and communication skills.</p>	



Kunshan Factory

Event	Photo
2023 “Handong Cup” 3v3 street basketball competition	
2023 Mid-Autumn Festival bonus by union	
Outdoor barbecue	
A tug of war was held with people with disabilities from surrounding companies	



Happy Workplace Chongqing Factory

At the 2023 year-end party, there were employee lucky draws, performances, and bonuses to senior employees.



Anhui Factory

Prepared flowers and toiletries for employees on Women's Day (March 8).



Prepared Mid-Autumn Festival gift boxes for employees.



Happy Workplace Thai-Horng Factory

Event	Photo
<p>2023.1.27 - Dragon and lion dance was added to the year-end party</p>	
<p>2023.4.5- Songkran Festival (Water Festival) was held, and the Buddha shower and water splashing ceremony were held.</p>	
<p>2023.12.25 - Christmas party</p>	



7.3 Workplace Health and Safety

7.3.1 Health Care

In addition to regularly inviting excellent health checkup medical institutions to provide health checkups for employees, we also arrange health checkups for new employees, expatriates, and senior executives. We provide benefits that are more generous than the government’s regulations. For employees with abnormal health checkup results, we conduct long-term follow-up management through medical institutions and provide physicians’ consultation to ensure that their health is properly looked after.



Parenting Friendly Workplace

In accordance with Article 31 of the “Occupational Safety and Health Act” and other relevant laws and regulations, Auras has formulated the maternal health protection policy to provide a safe, hygienic and healthy working environment for pregnant, postpartum and breastfeeding female employees. After serving for the Company for six months, employees are entitled to apply for unpaid parental leave until their child reaches the age of 3.

The period of unpaid parental leave lasts until the child reaches the age of 3 but is subject to a maximum of two years. Employees can continue to participate in the original social insurance during the childcare leave without pay. In 2023, only one person from the Taiwan headquarters applied for unpaid parental leave, who was also reinstated before the end of the year.



Smooth Communication Channels

To promote harmonious labor-management relations and realize sustainable development, we have established transparent, effective, and multidirectional communication channels, and welcome the sharing of valuable opinions from all employees. This includes setting up employee grievance mailboxes, including the reporting mailbox for violations of professional ethics and the prohibition of workplace violence. We actively listen to our employees’ needs and expectations and respond to their concerns in a timely manner.

Objectives of human rights protection

- ✓ No occurrence of discrimination and related complaints
- ✓ No violation of freedom of association and collective bargaining rights
- ✓ No child labor
- ✓ No incidents of forced or compulsory labor
- ✓ No major labor disputes
- ✓ No delayed or accumulated employee suggestions and grievances



Annual Employee Health Checkup

Employee health is the foundation for the sustainable development of the Company. To ensure the physical and mental health of employees and implement the concept of preventive medicine, Auras headquarters and domestic and overseas factories organize employee health checkups regularly every year. According to the needs of colleagues, we also provide customized self-funded test items. Employees are informed of their health status through health checkups, and they can help them take good care of themselves or seek medical attention in a timely manner. We also arrange for professional physicians to give employees one-on-one health consultation if they have health-related questions or problems.

Heat Stroke Drill for Employees

Due to climate change, heat waves are hitting the world. The temperature of the earth continues to rise, and new high temperature records continue to be set in various places.

In many areas, the high temperatures in summer can easily cause harm to the human body, including conditions such as heat stroke. We organized a heat stroke drill to improve employees' resilience against heat stroke. By simulating emergency situations in a high-temperature environment, employees are taught to recognize the symptoms of heat stroke, ways to avoid heat injuries, and first aid measures. The drill not only improved the employees' resilience, but also reinforced the Company's attention and protection for the health of the employees.



Heat stroke simulation



Make an emergency call



Quarantine the incident scene



Treat the person

Food Poisoning Drill for Employees

We keep a close eye on our employees. In order to help employees prevent and cope with food poisoning and thereby reduce the health risks, the food poisoning drill was specially arranged.



Red Cross First Aid Training

We have arranged a Red Cross first aid training session. The content included basic first aid knowledge, such as CPR (cardiopulmonary resuscitation), trauma management, and emergency treatment. The course aimed to educate employees on how to provide basic first aid in the event of an emergency. By doing this, our employees are equipped with the skills and knowledge to deal with accidents, injuries, or unexplained health problems.



7.3.2 Workplace Safety

At Auras, workplace safety is our top priority. We have adopted the “Safety and Health Work Rules” in accordance with the Occupational Safety and Health Act and the regulations of our customers and relevant organizations. We are committed to reducing the hazards to the safety and health of employees and providing them with a safe and healthy working environment.



The specific measures are as follows:

1. The office is equipped with a surveillance system and access control facilities to strictly control personnel access to ensure their personal safety.
2. In terms of the office environment, dedicated personnel are assigned to maintain the office environment every day, disinfect the office regularly, and perform regular renovations to update the internal equipment.
3. We pay attention to public safety and health of the office at all times and set up lactation rooms.
4. Workplace monitoring is performed every six months to ensure a healthy and comfortable working environment.
5. We regularly provide safety and health education and training.

Course name	Training hours
General safety and health education for newcomers	3 hours
On-the-job safety and health education and training	3 hours every three years
Safety education and training for first aid personnel	3 hours every three years

6. Health checkups are provided for employees every year.
7. We conduct periodic firefighting training, and hold firefighting, reporting and evacuation training every six months.
8. Fire equipment is inspected and reported on an annual basis.

Occupational health and safety management system

Guangzhou Factory, Kunshan Factory, Chongqing Factory and Thailand Factory of the company have all been certified for the “ISO 45001:2018 Occupational Health and Safety Management System” currently.

Workplace environmental monitoring

To protect the employees from injury of hazardous substances at the workplace, the Company provides them a comfortable and healthy work environment with repeated environmental monitoring and inspection annually to seek understanding of the exposure of the employees to hazards incrementally.

Occupational safety inspection

The Company has mapped out the plan for annual occupational safety inspection. The Assistant Vice President of the Administrative Department is the convener for inspection. The occupational safety inspection team makes use of the “Occupational Safety Inspection System” to register all inspection reports and the recommended corrective actions and the result of the action as online reference for respective functional departments, and reviews the recommended corrective actions in the monthly meeting of the occupational safety inspection on the defects.

Equipment safety management

The Company classified its equipment and exercised strict control over machines and equipment with danger, and conducted thorough inspection to assure safe operation of the equipment. The dangerous machines of the Company have been subject to routine inspection in accordance with the “Regulations Governing the Safety Inspection of Dangerous Machines and Equipment” of the Company in 2023 to assure safety of the equipment.

Fire Drill

In order to fulfill the social responsibility of building a safe factory area, we enhance the fire safety awareness of all employees according to the relevant national laws and regulations. Employees are provided with training so that they are familiar with evacuation routes in the factory in case of emergency. In doing this, employees are able to master the correct use of fire equipment in the factory, and have preliminary firefighting knowledge. This way, employees have the ability to properly escape and rescue themselves in the event of a fire. We conduct a fire emergency drill every year.



	
<p align="center">Fire drill in Thailand Factory</p>	<p align="center">Fire drill in Guangzhou Factory</p>
	
<p align="center">Fire drill in Guangzhou Factory/employees On-site training on emergency rescue knowledge</p>	<p align="center">Fire drill in Kunshan Factory</p>



Employee Forklift Accident Drill



Forklift collision simulation



Make an emergency call



Treat the person



Isolate the incident scene

Employee forklift accident drills improve employees' awareness and skills in safe forklift operation, reduce the possibility of forklift accidents, ensure the safety of employees and facilities, and improve work efficiency and productivity.



VOC Equipment Fire Drill

VOC equipment fire drill is a training activity to cope with the possible fires of volatile organic compound (VOC) equipment. Employees will learn how to respond to fire quickly and effectively with fire simulation. This will help improve the employees' emergency awareness and response capabilities, reduce losses in the event of fire, and ensure the safety of personnel and equipment integrity.



Fire detection



Fire scene rescue



Rescuers rescue the wounded and help the wounded for treatment.



Quarantine the scene

Occupational Health, Safety and

A series of occupational health, safety and hygiene education and training courses are conducted every year. Workplace health education and training can enhance employees' awareness of and value their physical and mental health, help them learn to live a healthy lifestyle, improve work efficiency and quality of life, reduce work stress and absenteeism caused by health problems, and build a positive work environment and teamwork atmosphere.

Through workplace safety training, employees will improve their ability to identify potential hazards in the workplace, learn to comply with safety regulations and implement safety measures, to reduce accident risks and ensure a healthy and safe workplace.



Mental health and self-management training courses



The labor union of Kunshan Factory invited Professor Ma Yan-Ying, Ph.D. of Applied Psychology from East China Normal University to provide front-line management employees with daily mental health and self-management training courses.

Employee safety warning education and training



Improve employees' awareness of potential hazards in the workplace, train employees to comply with safety regulations and implement safety measures to reduce the possibility of accidents.

Garbage sorting education and training for all



Enhance employees' awareness on how to properly dispose of garbage and waste to ensure a clean and safe workplace.

To ensure a clean and safe working environment, education and training on garbage sorting are arranged to develop the concept of how to properly dispose of garbage and waste, contributing to the earth.

7.4 Social Welfare Participation

Taipei Headquarters

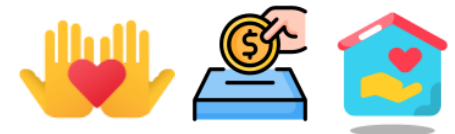
<p>Participated in the donation of 1500 kg of white rice to families in need by the Honghua Tongxin Free Masonic Foundation.</p>	<p>To care for ecological conservation, we participated in the Sustainable Supply Chain Partner Day event organized by Inventec Group at Guandu Nature Park. DIY reusable bags were made and given to elementary schools in rural areas for education programs on the wetland environment.</p>

At Auras Technology, we firmly believe that business is not only about economic interests, but also about giving back to society, maintaining the environment, and enhancing the overall well-being of society. By taking part in social welfare activities, we not only fulfill our corporate social responsibility, but also grow together with the community to jointly build a better future. With the goal of caring for the underprivileged, thriving communities and neighborhoods, and supporting industrial development, we are committed to caring for the underprivileged groups and providing them with supplies. It is hoped that through relevant activities, we will fulfill our corporate social responsibility and contribute to the underprivileged groups.

We actively participate in community activities, devote resources to support local education, environmental protection, health, and culture, and are committed to solving various problems faced by communities and improving their overall quality of life. By collaborating with non-governmental organizations and community groups, we are committed to improving the quality of life of community residents and promoting social equity and inclusiveness.

Guangzhou Factory

<p>The Guangzhou Factory donated 300 kg of white rice to the care home on September 20, 2023, providing material resources for the elderly.</p>	<p>A tug of war was held with people with disabilities from surrounding companies, with a total of 150 participants, mainly deaf and mute people</p>



Chongqing Factory

	
<p>Supported the “Caring for the Elderly” campaign and made good use of offerings on the annual Chungyuan Festival. Regularly donated 500 kg of white rice to Jinfeng Township Care Home, contributing to local charity.</p>	<p>Sent cooling products to the fire brigade in the summer</p>

Anhui Factory

	
<p>2023.08.02 - the Company donated NTD 14,000 to 7 families in need in Jinxiu Community as student aid on, demonstrating the Company’s heartwarming care for the students in need</p>	<p>2023.9.22 - gifts were distributed to the poor elderly in the community as warm condolences.</p>

Community Engagement Projects:

1. Environmental Initiatives:

We support environmental protection projects and actively participate in environmental education and advocacy to promote environmental sustainability.

2. In-kind donations to nursing homes

We regularly donate daily necessities to nursing homes to help disadvantaged groups improve their living conditions and increase the joy and comfort of life.

3. Grants for disadvantaged groups

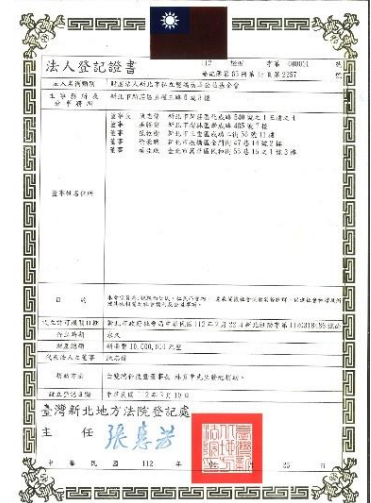
In addition to in-kind donations, grants are another important part of our social welfare engagement program. We pay special attention to those students from poor families or with special circumstances, and establish scholarships to support their studies. The distribution of these scholarships can reduce their financial pressure and enable them to smoothly complete their studies. By providing financial aids, we are able to help outstanding but financially disadvantaged students to complete their studies and pursue their dreams.

Through in-kind donations and scholarships, we remain committed to supporting community development, education, and disadvantaged groups, as well as social equity and sustainable development.



7.4.1 Auras Charity Foundation

With the belief of giving back to society with what is taken from the society, the chairman of Auras Technology, Mr. Lin Yu-Shen, initiated the establishment of the “Auras Charity Foundation,” registered in March 2023. The purpose of the Foundation is to show kindness to the people and be benevolent to the people. The intention is to care for society and help disadvantaged groups, promote social harmony and handle other related social welfare and public welfare matters, and organize with a purpose to donate to social welfare and charity groups. The Foundation actively establishes partnerships with government agencies, non-profit organizations, businesses, and academia to jointly foster the development of social welfare undertakings. In addition, we also encourage the employees to actively take part in the Foundation’s public welfare activities to gather more social forces to participate in public welfare undertakings. The establishment of the Foundation will be an important measure for Auras Technology to fulfill its corporate social responsibility, which will also further inspire all sectors of society to participate in public welfare undertakings and jointly promote social harmony and progress.



Purpose of the event:

- 1. Increase employees’ awareness and participation in environmental protection.
- 2. Promote unity and cooperation among family members and employees
- 3. Inject green vitality into the local ecological environment
- 4. Coastline protection: The root system of beach naupaka stabilizes the soil, slows down the rate of coastal erosion, and protects the local coastal ecological environment.
- 5. Increase ecological diversity: Rhapsiolepis umbellata provides habitats and food sources for local birds and promotes the balance and stability of the ecosystem.

Tree Planting Event

To actively participate in environmental protection and ecological conservation, Auras held a tree planting event on the coast outside Keelung Chaojing Park on 2023/11/18. The event was sponsored by Auras Charity Foundation and co-organized by Auras Technology. We called on community residents and company employees to bring their families along. A total of 144 people participated in this activity, and 400 saplings were planted.



We chose to plant two local shrub species with strong adaptability and the characteristics of water retention, soil consolidation, and increase of ecological diversity in Keelung Chaojing Park.

On one beautiful morning, everyone came to Keelung Chaojing Park and launched a tree planting event. Guided by their parents, the children tapped the soil with their small hands to learn how to plant a tree carefully. The Company’s employees worked together, watering and cleaning the soil to ensure that every tree can grow healthily. With laughter and a joyous atmosphere, we collectively planted 400 strains of beach naupaka and raphiolepis umbellata to complete the tree planting activity and contribute to the environment.



This tree planting event is not only an environmental protection action, but also a beautiful moment of family reunion and teamwork. We believe that the growth of every tree will bear witness to our efforts and care, injecting a steady stream of green vitality into the local environment. Thank you to all the partners who participated in the event. We look forward to working together to create a better environment and future!



Beach naupaka

Common littoral plants at seashores - They are resistant to wind, moisture, and drought and are used as windbreakers and sand stabilizers. The root systems of beach naupaka anchor the soil and prevent coastal erosion while providing a rich habitat for the local ecosystem.



Raphiolepis umbellata

Raphiolepis umbellata is a native species of coastal areas, with strong adaptability and growth ability. The dense leaves of raphiolepis umbellata provide shade in the summer while providing food for local birds and insects.

We will continue to monitor the growth of these trees and carry out regular watering and pruning to ensure their robust growth.



Accounting



8.1 Operational and Financial Performance



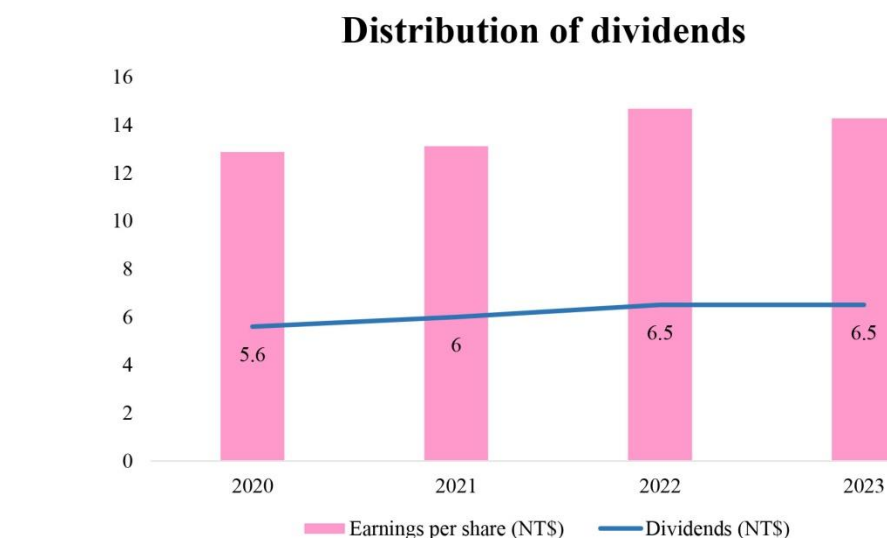
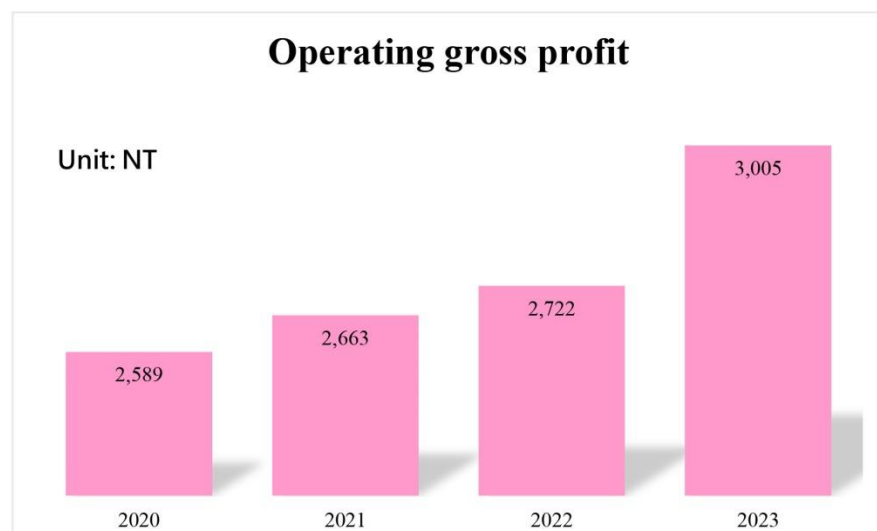
8.1 Operational and financial performance

Auras' consolidated net operating revenue was NTD 12,712,629 thousand in 2023, a decrease of 8.26% from NTD 13,856,991 thousand in 2022. However, due to the increase in the proportion of operating income from applications with high gross profit, the gross operating margin was NTD 3,004,923 thousand. The gross profit margin also increased from the previous year to 23.64%. The net profit after tax was NTD 1,239,244 thousand and the earnings per share was NTD 14.28.

Furthermore, the average dividend payout rate of Auras' over the past 4 years has been over 40%. We will continue to uphold the spirit of innovation, perseverance, and mutual prosperity, actively plan the scope of product application for the next 3 to 5 years. We will also keep on strengthening the Company's product competitiveness, hoping to create the greatest benefits for shareholders, customers and employees and enjoy future operating results together.

Unit: NTD thousand

Dividends/year	2020	2021	2022	2023
Operating revenues	12,214,199	14,257,907	13,856,991	12,712,629
Operating gross profit	2,588,955	2,662,864	2,722,232	3,004,923
Net operating profit	1,561,600	1,379,094	1,173,299	1,376,298
Current period net profit	1,127,148	1,153,875	1,286,665	1,239,244
Earnings per share (NT\$)	12.88	13.12	14.68	14.28
Dividends (NT\$)	5.6	6	6.5	6.5





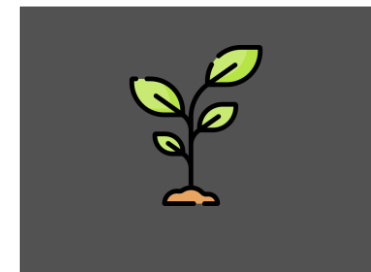
Sustainability

9.1 Environmental Sustainability

9.2 GHG Reduction Management

9.3 Water Resource and Waste Management

9.4 Sustainable Supply Chain Management



9.1 Environmental Sustainability

In view of the current global situation, severe issues such as climate change, extreme weather events, excessive resource consumption, and energy shortages have become top-of-the-line issues of all enterprises. Upholding the concept of sustainable development, Auras Technology fulfills its responsibilities as a corporate citizen and continues to develop green products. We actively invest in waste reduction and pollution prevention, and pursue the best efficiency of energy, water and other resources. Moreover, through supply chain management, we work together with industry partners to control environmental risks, reduce environmental impact, and jointly protect the earth.

To achieve a balance between environmental protection and corporate sustainability, Auras has actively invested in environmental protection projects, such as designing hazardous substance free (HSF) products and implementing RoHS-compliant lead-free processes. We deeply recognize the influence that businesses have on the environment, and continue to strive for a win-win situation for both the environment and the Company.

At Auras Technology, we are committed to promoting environmental sustainability in the cooling industry. We are well aware of the challenges of climate change and resource scarcity, so our sustainable development strategy focuses on carbon emission reduction and resource utilization efficiency. In recent years, we have focused on the R&D and application of liquid cooling technology to replace traditional air cooling systems to reduce energy consumption and carbon emissions.

Auras Technology proactively promotes energy conservation and carbon reduction measures, including the improvement of energy efficiency in the production process and the use of renewable energy. We strive to reduce waste generation, implement effective waste management and recycling, and continue to optimize the efficiency of water resources.

We firmly believe that a win-win situation between corporate development and environmental protection can be achieved through innovative technology and sustainable management practices, making positive contributions to the establishment of a better future.

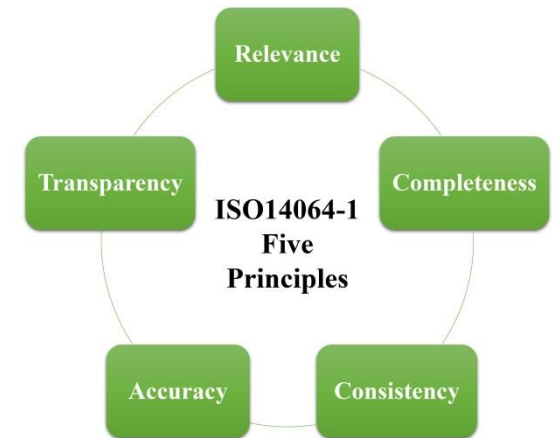


Taiwan Headquarters	China Factory				Thailand Factory
	Guangzhou	Kunshan	Chongqing	Hefei	
V	V	V	V	V	V
	V	V	V		V
	V	V			
V	V				V
V					
	V	V			V

9.2 GHG Management GHG Inventory Method

In line with Taiwan’s Pathway and Strategy for Net Zero by 2050, Auras Technology has set 2023 as the baseline year in order to effectively promote climate-related management and measures. The Company has performed a greenhouse gas inventory starting from the year of 2023 every year and to have the third-party verification completed in accordance with the ISO 14064-1:2018 greenhouse gas inventory standard.

Auras Technology complies with ISO 14064-1:2018 GHG inventory standard, adopts the operational control approach to set organizational boundaries. The significance of indirect emission sources is evaluated according to external disclosure requirements, the Company’s level of controllability, data quantification methods, and the availability of coefficients is used as the criteria to determine whether Categories 2 to 6 are included in the inventory. The verification is performed by an external third party. Starting in 2023, we will conduct an annual GHG inventory to regularly assess and control the organization’s GHG emissions.



GHG Inventory



The organizational boundary for the current year included the second and third floors of the Taiwan headquarters and external warehouses. The assurance range included Category I (fixed emission sources, mobile emission sources, fugitive emission sources, and process emission sources), Category II (outsourced power), Category III (upstream transportation and business travel), Category IV (product purchase, outsourced fuel and energy resources, and waste treatment and removal). Category V and Category VI were identified as insignificant emission sources according to the greenhouse gas inventory significance assessment standard. Therefore, they were not included in this year’s inventory. GHGs include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃) - a total of 7 GHGs.

We mainly adopt the emission factor method, which involves multiplying activity data by an emission factor and global warming potential (GWP) to convert them into carbon dioxide

equivalent (CO₂e), which is measured in metric tons of carbon dioxide equivalent (tCO₂e) as the unit. We select the appropriate sources of emission factors according to the emission type, including the latest “Greenhouse Gas Emission Factor Management Table” (version 6.0.4) announced by the Environmental Protection Administration, Executive Yuan, the latest annual electricity carbon emission factors announced by local governments, and the emissions announced by the IPCC. For the GWP value, the value announced by the IPCC (IPCC Sixth Assessment Report) was adopted.

GHG Inventory Results

In 2023, Auras' total GHG emissions were 263,828.9687 tCO₂e, and measured in total revenue (NTD million), the emission intensity was 20.7499 (tCO₂e/NTD million). In terms of the emission ratio of each category, category 4 is the Company's most important emission source (66.98%), which comes from the indirect GHG emissions from the purchased raw materials. Give this, the Company will perform an assessment on the emissions from the procurement of raw materials, and will seek other low-carbon procurement methods to achieve GHG reduction. The second largest source of emissions was Category 2 purchased electricity (28.79%). To reduce electricity consumption, we not only promote energy-saving policies in offices and factories, but also implement energy-saving technological transformations for major energy-consuming equipment.

GHG Emissions Analysis Table:

Unit: Tons of CO₂e

GHG Emissions	Taipei Headquarters	Guangzhou Factory	Kunshan Factory	Chongqing Factory	Anhui Factory	Thai-Horng Factory	Group-wide
Category 1	8.0024	236.8994	46.7970	71.1710	23.8350	16.6880	403.3948
Proportion (%)	1.55%	0.12%	0.19%	0.29%	0.19%	1.20%	0.59%
Category 2	325.6572	22,114.5915	3,649.6423	7,705.2430	584.2770	675.6230	35,055.0287
Proportion (%)	62.92%	11.09%	14.59%	31.08%	4.63%	48.43%	28.79%
Category 3	76.8901	99.2379	552.0210	92.7110	13.5780	59.1900	893.6260
Proportion (%)	14.86%	0.05%	2.21%	0.37%	0.11%	4.24%	3.64%
Category 4	107.0302	177,049.3860	20,768.7550	16,923.7570	11,984.5540	643.4390	227,476.9192
Proportion (%)	20.68%	88.75%	83.02%	68.26%	95.07%	46.13%	66.98%
Total emissions	517.5799	199,500.1148	25,017.2153	24,792.8820	12,606.2440	1,394.9400	263,828.9687

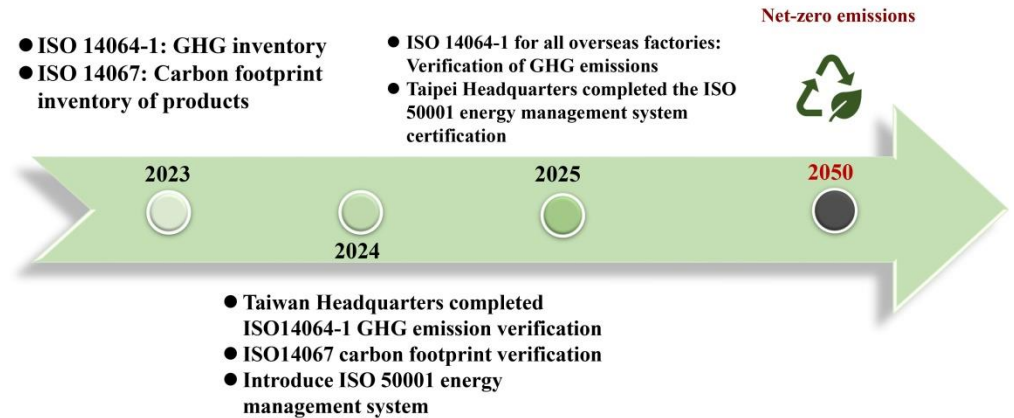
Note 1: The locations of this inventory include Taipei Headquarters, four factories in China (Guangzhou Factory, Kunshan Factory, Chongqing Factory, Anhui Factory), and Thai-Horng Factory.

Note 2: The GHG emission data of this inventory are all externally verified.

GHG Reduction Management

In recent years, countries around the world have established a consensus on the control of GHG emissions. Given this, it is essential for enterprises to reduce GHG together. As we pay attention to global climate change are committed to the fulfillment of our corporate citizenship responsibilities, we have joined forces with National Taiwan University of Science and Technology on an ESG project for a period of three years. In these three years, we will implement ISO 14064-1 GHG Inventory, ISO 14067 Product Carbon Footprint, and ISO 50001 Energy Management systems to facilitate the implementation of effective carbon reduction improvements in the future. These systems will ensure the effective management of GHG emissions to further enhance the Company’s favorable green image. In line with Taiwan’s Pathway and Strategy for Net Zero by 2050, Auras Technology has set 2023 as the first year of carbon reduction, and achieve net-zero by 2050.

Auras Sustainability Commitments



GHG Policy Statement

Auras Technology is committed to: controlling energy demand in the area of operation and control, as well as conducting GHG emission inventories, and actively promoting the continuous improvement plans and activities of GHG emission reduction measures based on the inventory results. This will reduce the environmental and climate impacts due to global warming as a result of greenhouse gas emissions. We also are committed to practicing the environmental protection concept of energy saving, environmental protection, and permanent and sustainable development.



9.3 Water Resource and Waste Management

In order to effectively handle the environmental impact of waste gas, wastewater, harmful substances and other substances generated from the operation of the process, pollution control facilities have been set up, and air pollution control measures, such as proper treatment of wastewater (sewage), waste recycling, and waste reduction, etc., moving towards environmental friendliness.

Environmental Compliance

In 2023, Auras Technology did not violate any environmental protection laws and regulations.



9.3.1 Water Resource Management

The Company has been concerned about the issues of water conservation and environmental protection for many years. In terms of water-saving plans, we start from the comprehensive implementation of water conservation in daily life to maximize the benefits of the available water resources. Although the Taipei Headquarters has no plans to recycle wastewater or recycle rainwater, internal advocacy has been strengthened to promote the concept of water conservation.



To meet customer requirements, the Company's production sites use 100% tap water, with a total water intake of 415.2 million liters in 2023. Furthermore, due to the manufacturing process, no industrial wastewater is produced; only domestic wastewater is discharged, which will not cause adverse impact of water pollution on the environment.

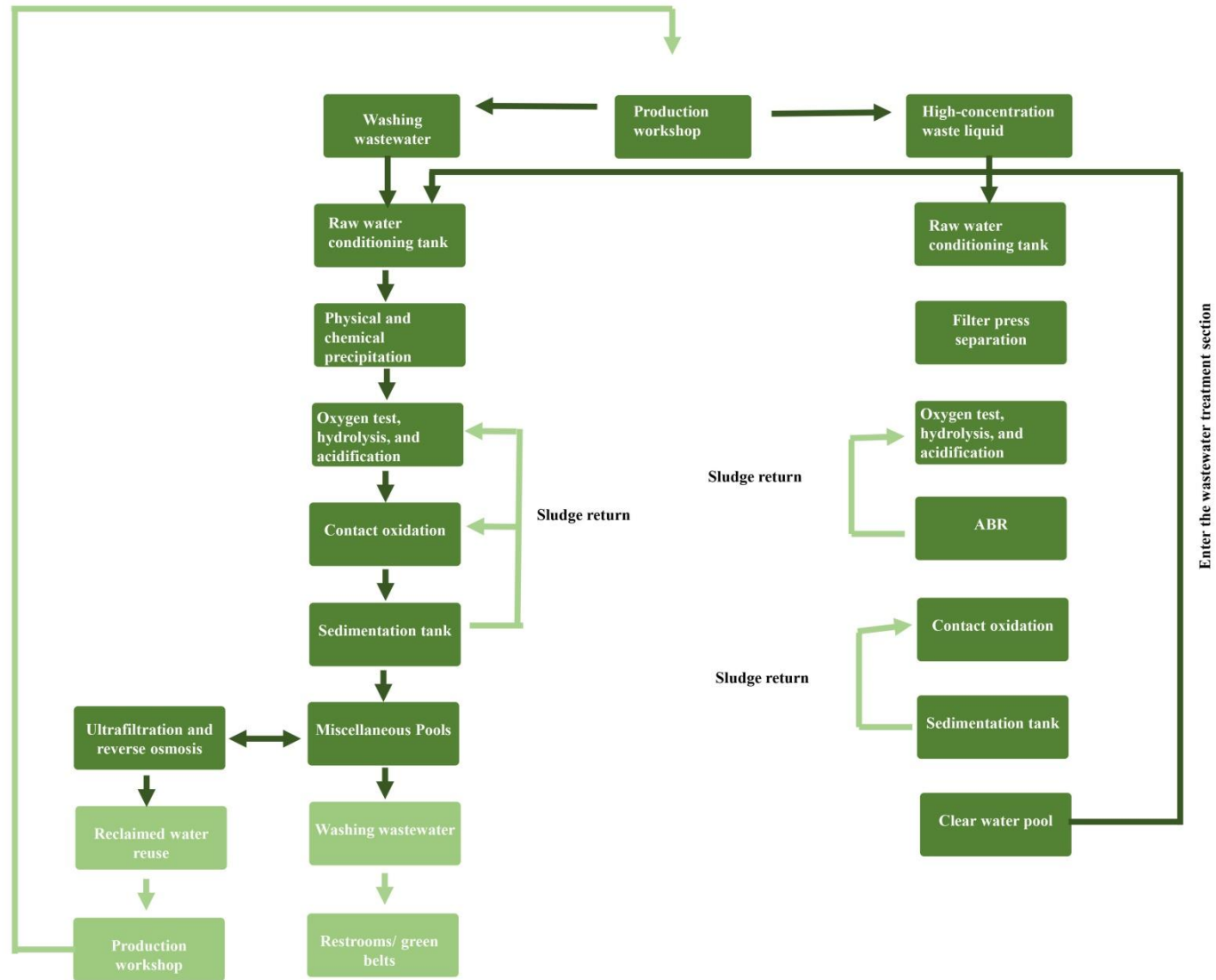
We also regularly engage a third-party verification company to test the results of the domestic wastewater discharge of the production sites. So far, the testing results of the domestic wastewater discharged every year have all met the environmental protection requirements. In addition to passing the testing standards, we will continue to accept the strict supervision and management of the relevant laws and regulations of the local government to fully implement the concept of environmental protection of water resources. All wastewater treatment and discharge meet the regulatory requirements of local governments and environmental protection authorities. By adhering to the standards and regulations, we ensure that our impact on the surrounding environment is minimized.

Our production sites are mainly distributed in Guangzhou, Chongqing, Kunshan, Hefei, and Thailand in mainland China. Industrial wastewater generated during the production process is channeled into a wastewater treatment station to be processed through physical and chemical precipitation, contact oxidation sludge reflux, etc., The water treated and recycled is then used for watering of green plants in the factory or for use in toilets. Part of the water that meets the standards is reused for workshop production to achieve zero discharge of industrial wastewater. High-concentration wastewater is first filtered and separated before being treated.

The Company continues to improve its wastewater reuse technology to improve the efficiency of water use, reduce water consumption, and contribute to the earth.



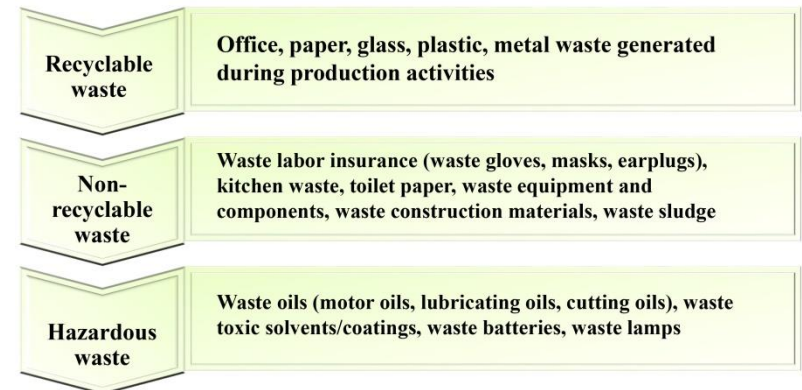
Water quality that meets the standards can be reused in workshop production.



9.3.2 Waste Management

In addition to being committed to reducing waste at the source, aside from enhancing the value of existing waste resources, we try our best to adopt recycling methods such as recycling and reuse in compliance with local regulations and existing feasible technologies. By doing so, the waste resources can be recycled, achieving the most effective utilization.

Auras Technology has established waste management procedures and set up an accountable unit to control, dispose of, and report the business waste generated by the Company's operations. The waste disposal methods are all implemented in accordance with the Waste Disposal Act and local regulations.



Waste collection and storage

Office and domestic waste	<p>General non-recyclable waste is collected at the garbage storage points and collected by the garbage truck of the sanitation unit every day.</p> <p>The cleaners are responsible for the centralized collection of the waste in the canteen, and the outsourcer is responsible for recycling and transporting it after each meal.</p>
Industrial waste	<p>The industrial waste generated by each production department must be collected and stored in a designated location according to different categories. Waste with different characteristics cannot be mixed.</p> <p>There must be firefighting equipment near each waste storage location, and incompatible waste cannot be stacked together. Recycling areas must be clearly marked and marked with safety signs.</p>
Hazardous waste	<p>Hazardous waste from each production department must have a dedicated temporary storage method, container, and location, which must meet safety requirements and be marked with hazard signs. Hazardous waste is transferred to a hazardous waste warehouse at least once a week.</p> <p>The signs and types of signs of the hazardous waste warehouse must meet the Environmental Management Regulations, and the EHS is inspected once a month.</p> <p>During the collection process, appropriate collection methods should be used for bandaging, concentration and packaging according to their appearance and characteristics. Special highly corrosive waste should be collected in anti-corrosion containers.</p> <p>After sorting and collection, different materials are stored as required. When storing and disposing of waste, employees must clearly categorize waste so that it does not mix up waste, and that waste must be stored and placed in an orderly and reasonable manner.</p> <p>Visible signs are provided at each storage point to indicate the difference, and the areas are demarcated with enclosures. Special containers for hazardous waste and preventive equipment (such as fire extinguishers) are provided so that transfer employees know how to distinguish and use these signs and facilities.</p>



We use paper forms to record the type and quantity of hazardous waste and track the flow of hazardous waste. As hazardous waste cannot be disposed of by the factory due to in-house technical or regulatory requirements, it is removed, transported, and disposed of by external qualified contractors. After obtaining a triplicate form of materials from a waste disposal outsourced to contractor, we verify the consistency of the weight of the waste with the weight measured at the factory. Regular audits are also conducted to ensure that the disposal contractor disposes of business waste in accordance with the Company’s requirements. things. Waste other than the above, such as employee domestic waste, must be removed and disposed of by a qualified disposal organization.

1

If the legal waste recycling is carried out by a waste recycling unit with an environmental certificate, or if the waste is collected and transported by a private company, a waste disposal guarantee must be signed with the private company to explain the flow of the waste to avoid environmental pollution.

2

The Management Department is responsible for completing the “Waste Clearance and Transportation Disposal Record Form” for daily or irregular waste removal before release.

3

The waste and hazardous waste with a relatively high impact on the environment are disposed of by manufacturers approved by the environmental protection agencies. The contract for the outsourced disposal of waste and hazardous waste that has a relatively high impact shall be renewed or a new contract signed one month prior to the expiration date, and the “Hazardous Waste Transfer Form” for each disposal shall be kept for more than two years.

4

Persons in charge of the Management Department and each production department shall verify whether the storage of various waste meets the requirements on a monthly or irregular basis, and report for correction.

5

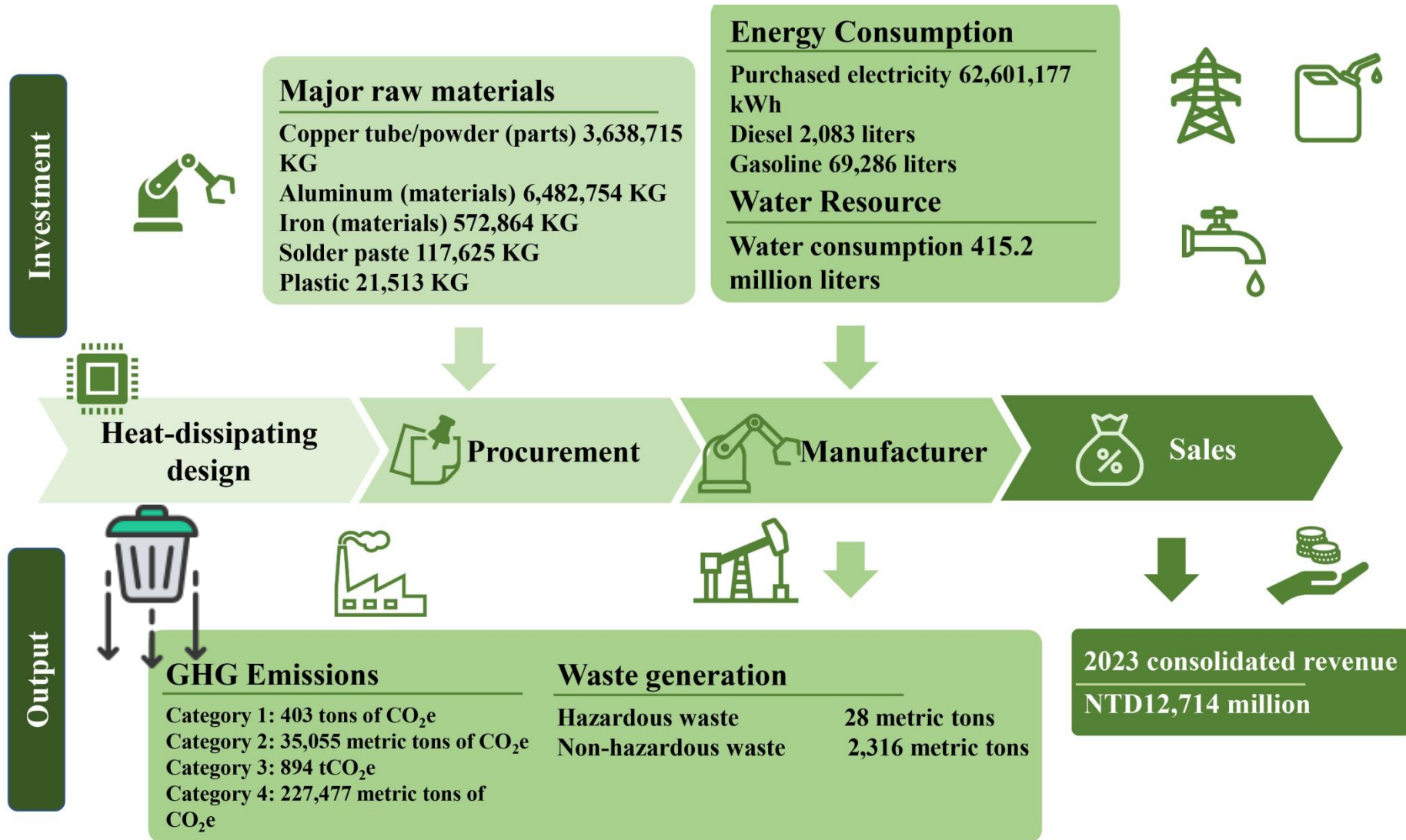
When excessive waste is generated, the responsible department or the General Affairs of the Management Department will promptly notify the relevant parties to remove, transport and recycle.

6

Hazardous waste, such as the leakage of chemicals, shall be disposed of according to the MSDS for emergency response and the Company’s Emergency Response Measures for Chemical Accidents in the Company’s Emergency Preparedness and Response Management Procedures.



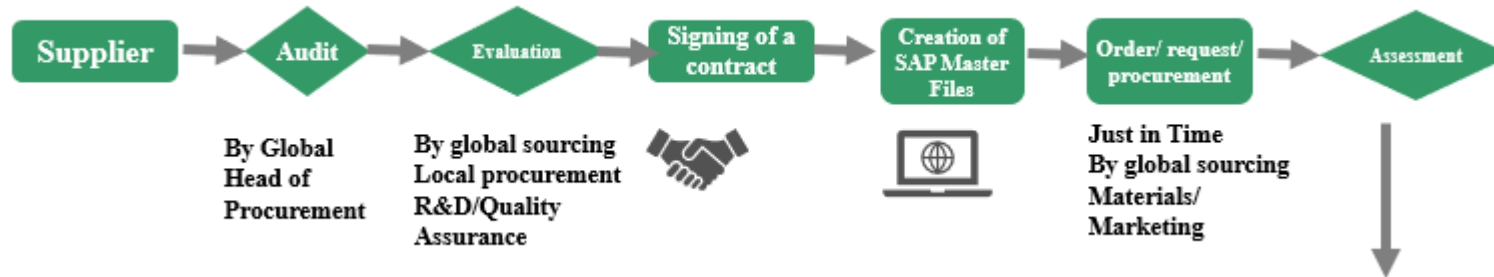
9.3.3 Environmental Material Flow Information



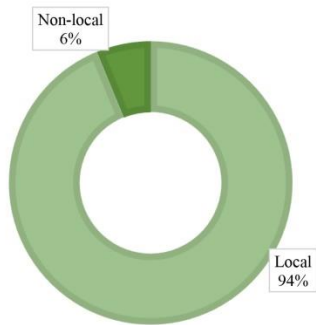
9.4 Sustainable Supply Chain Management

Supplier selection criteria of Auras include 1) having good business conditions, legal qualifications, having a sound financial system, and requiring good financial status and no history of bad credit; 2) having signed a non-use of hazardous substance guarantee with the Company, and submit the ICP test report of the supplied products; 3) have obtained ISO9001, QC080000, or GP certification are preferred; 4) have not obtained environmental protection-related certifications but have relevant systems; 5) registered capital requirements: suppliers of heat pipes/fans/stamping parts/aluminum extrusion parts/die casting parts/plastic parts/copper tubes must have a registered capital of more than RMB 1 million (inclusive), while other suppliers must have a registered capital of more than RMB 500,000 (inclusive); 6) number of employees: suppliers of heat pipes/fans/stamping parts/aluminum extrusion parts/die casting parts/plastic parts/copper tubes must have 50 (inclusive) or more of employees, while other suppliers must have 20 (inclusive) or more of employees; 7) must not have any record of violation of laws and regulations.

Supplier Development, Evaluation, and Assessment Flowchart:



Percentage of Group-wide Procurement Amount



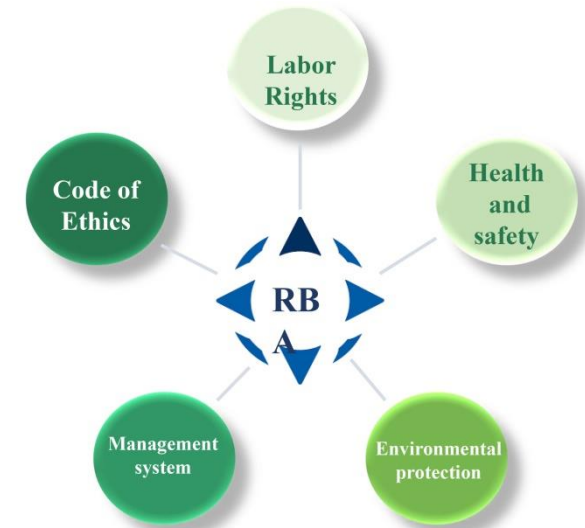
Periodic assessment of supplier management

Assessment Items	Frequency	Assessment Method	Responsible Unit
Monthly assessment	Month	Conduct statistical evaluations based on monthly quality, delivery, service, and other statuses	Quality assurance, procurement
Quarterly assessment	Quarterly	The monthly assessment made by the quality assurance and procurement departments are summarized into quarterly assessments that cover five major categories: quality, delivery, service, technology, and cost.	GSM
Annual assessment	Year	Conduct QPA, QSA, and HSF audits annually.	Quality assurance

9.4.1 Policy and Management

Auras Technology emphasizes the importance of establishing a sustainable supply chain, and regulates various procedures of supplier management through the “Corporate Social Responsibility Risk Assessment” and other relevant systems. At the same time, suppliers are required to sign the “Integrity Pledge,” “Non-Disclosure Agreement,” “Environmental and Social Responsibility Pledge,” and “Conflict Minerals Reporting Template” as a means to address the issues affecting the supply chain of labor rights, environmental protection, ethics, safety and health risks. By doing so, we are able to reduce the operational risk and costs of ourselves and our suppliers, and work together towards a stable and sustainable future.

Suppliers are important partners of Auras’ operations and sustainable development. In terms of supply chain management, besides quality, cost, delivery, technology, and other performance indicators, we are concerned about the supplier’s commitment and performance in CSR-related matters such as labor human rights, energy conservation and carbon reduction, environmental protection, safety and health, business ethics, etc. are also necessary indicators of our concern. Therefore, we work closely with suppliers to encourage them to implement CSR issues in their daily management, implement risk management and sustainable operation plans, jointly pursue corporate sustainable operation, grow together, and build a cooperative framework of mutual prosperity. Sustainable supply chain.



We often select suppliers based on the notion of partnerships. In addition to quality management, design management, and supplier management audits, we also adopt the “Responsible Business Alliance (RBA)” Code of Conduct. We review the suppliers’ management systems and implementation levels in terms of governance, environment, and society, confirm the status of the suppliers’ sustainable development, and whether they are committed to a long-term partnership with Auras.

Auras Kunshan Factory has obtained the RBA Silver Certificate, and the Thailand Factory also obtained the RBA Platinum Certificate in 2023.

Supplier management	%
Percentage of suppliers that have passed “RBA”	94%
Percentage of suppliers who signed the “Conflict Mineral Commitment”	96%
Percentage of suppliers who signed the “Integrity Pledge”	93%
Percentage of suppliers who signed the “Non-Disclosure Agreement”	93%

At the same time, we strengthen the promotion of corporate social responsibility and code of business ethics to suppliers, and take appropriate measures to ensure that suppliers meet legal requirements in terms of environment, health and safety, and labor issues. In addition to ensuring compliance with local minimum wage requirements, and require employees to have adequate remuneration, and suppliers are committed to meeting the highest moral and ethical standards in their business.

For the qualified suppliers with which we continue transactions, in order to enhance the overall competitiveness of the supply chain, besides conducting supplier audits on a regular/unscheduled basis, factors such as supplier quality, price/cost, service level, environmental protection, work safety, and skills are also included. In addition to ensuring their quality standards, we also assist suppliers in exploring the causes of abnormal supply problems and provide necessary counseling in a timely manner. At the same time, we reward suppliers with excellent performance, so that Auras' supply chain maintains the best competitive edge.

The Company explicitly stated the clause of corporate social responsibility and environmental protection in the agreement with suppliers to enhance the responsibilities of the suppliers. It is explicitly stated in the trade agreement binding the Company and the suppliers that if a specific supplier acts in defiance of its corporate social responsibility policy, and causes significant influence on the environment and society with proof of incriminating evidence, the Company shall terminate the agreement. This is the requirement of the Company for the voluntary management of corporate social responsibility of the suppliers.

9.4.2 Procurement of Conflict-Free Materials

To fulfill our responsibilities as a corporate citizen, Auras follows the “Regulations Governing the Disclosure of Conflict Minerals” (Rule 13p-1 of the US Securities Exchange Act of 1934) promulgated by the U.S. Securities and Exchange Commission (SEC). We ensure that the sources of minerals we purchase do not come from high-risk conflict areas. Additionally, through the new supplier introduction evaluation system, we must adopt the requirement that they do not use conflict minerals from conflict areas. For existing suppliers, we actively investigate to confirm specific materials, and request them to sign a conflict minerals consent or declaration to prohibit the use of conflict minerals from conflict areas. We carry out due diligence investigations by comparing with the supply chain, and then inspect whether the smelters upstream of the suppliers are using conflict minerals from conflict areas through the annual auditing of the suppliers and adopt supply chain material backtracking control methods, to reconfirm that conflict minerals from conflict areas are not used, establishing a risk management process for responsible mineral procurement, and conducts responsible mineral audits of suppliers/outsourcers on a regular basis.

We also require new suppliers to follow and support internationally recognized human rights norms. In addition to requiring new suppliers to provide a Conflict Minerals Reporting Template (CMRT) for review, the “Conflict Minerals Pledge” must be filled out and explicitly included in the supplier contract. In addition, we also expect our suppliers to cooperate with Auras and invite their upstream supply chains to support and comply with the conflict minerals policy.

Appendix 1: GRI Index Comparison Table

Item	Indicator	Description	Chapter Name	Page
GRI 2: General Disclosures 2021				
Organization and Reporting Practices				
	2-1	Organizational details	About the Report	2-3
	2-2	Entities included in the report	About the Report	2-3
	2-3	Reporting period, frequency and contact point	About the Report	2-3
	2-4	Restatements of information	About the Report	2-3
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	2-6	Activities, value chain and other business relationships	1.1 Origin and History of the Company 1.2 Company Overview 9.4 Sustainable Supply Chain Management	9 10-13 95-97
	2-7	Employees	7.1.1 Global Talent	56-59
	2-8	Workers	7.1.1 Global Talent	56-59
Governance				
	2-9	Governance structure and composition	5.1.1 Sustainability Governance 5.1.2 Structure and Functioning of the Board of Directors	33-34 38
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	2-11	Chair of the highest governance body	5.1.2 Structure and Functioning of the Board of Directors	38-44
	2-12	Role of the highest governance body in	5.1.1.1 Organizational Structure of	33-34

		overseeing the management of impacts	Sustainable Governance	
			5.1.1.2 Sustainability Promotion and Management Process	35
			5.1.1.3 Corporate Governance and Sustainable Management Committee	36
	2-13	Delegation of responsibility for managing impacts	5.1.1.1 Organizational Structure of Sustainable Governance	33-34
			5.1.1.3 Corporate Governance and Sustainable Management Committee	36
	2-14	Role of the highest governance body in sustainability reporting	5.1.1.2 Sustainability Promotion and Management Process	35
			5.1.1.3 Corporate Governance and Sustainable Management Committee	36
	2-15	Conflicts of interest	5.1.2.2 Board of Directors Meetings and Attendance	39
			5.1.2.3 Corporate Governance	40-41
	2-16	Communication of critical concerns	In 2023, there were no critical concerns that required communication.	-
	2-17	Collective knowledge of the highest governance body	5.1.2.3 Corporate Governance	40-41
	2-18	Evaluation of the performance of the highest governance body	5.1.2.5 Board of Directors Performance Evaluation	44
	2-19	Remuneration policies	Disclosed in the 2023 Annual Report to Shareholders.	-
	2-20	Process to determine remuneration	5.1.2.4 Functional Committees	42-43
	2-21	Annual total compensation ratio	Disclosed in the 2023 Annual Report to Shareholders.	-
Strategy, policies and practices				

	2-22	Statement on sustainable development strategy	Message from the Chairman	5-6
	2-23	Policy commitments	5.1.1.4 Governance Roadmap	37
	2-24	Embedding policy commitments	5.1.4 Ethical Corporate Management	46
	2-25	Processes to remediate negative impacts	9.2 GHG Management 9.3 Water Resource and Waste Management 9.4 Sustainable Supply Chain Management	87-89 90-94 95-97
	2-26	Mechanisms for seeking advice and raising concerns	5.3 Risk Management	48-50
	2-27	Compliance with laws and regulations	3.2 Stakeholder Identification and Communication	21
	2-28	Membership associations	5.1.3 Corporate Governance, Compliance With Laws and Regulations	45
	2-28	Membership associations	Not applicable	-
Stakeholder engagement				
	2-29	Approach to stakeholder engagement	3.2 Stakeholder Identification and Communication	21
	2-30	Collective bargaining agreements	Not applicable	-
GRI 3: Material Topics 2021				
	3-1	Process to determine material topics	3.1 Identification of Material Issues	20
	3-2	List of material topics	3.4 Material Issue Matrix 3.5 Impact of Material Issues	23 24-25
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	201-1	Direct economic value generated and distributed	6.1 Technological Innovation and Market Layout 8.1 Operational and Financial Performance	52-54 84
	201-2	Financial implications and other risks and	Under planning; TCFD education and	-

		opportunities due to climate change	training conducted in 2023.	
	201-3	Defined benefit plan obligations and other retirement plans	Under planning	-
GRI 204: Procurement Practices (2016)				
	204-1	Proportion of spending on local suppliers	9.4 Sustainable Supply Chain Management	95-97
GRI 303 Water and Effluents 2018				
	303-1	Interactions with water as a shared resource	9.3.1 Water Resource Management	90-91
	303-2	Management of water discharge-related impacts	9.3.1 Water Resource Management	90-91
	303-3	Water withdrawal	9.3.1 Water Resource Management	90-91
	303-4	Water discharge	9.3.1 Water Resource Management	90-91
GRI 305 Emissions 2016				
	305-1	Direct (Scope 1) GHG emissions	9.2 GHG Management	87-89
	305-2	Energy indirect (Scope 2) GHG emissions	9.2 GHG Management	87-89
	305-3	Other indirect (Scope 3) GHG emissions	9.2 GHG Management	87-89
	305-4	GHG emissions intensity	9.2 GHG Management	87-89
GRI 306 Waste 2020				
	306-1	Waste generation and significant waste-related impacts	9.3.2 Waste Management	92-93
	306-2	Management of significant waste-related impacts	9.3.2 Waste Management	92-93
	306-3	Waste generated	9.3.2 Waste Management	92-93
	306-4	Waste diverted from disposal	9.3.2 Waste Management	92-93
	306-5	Waste directed to disposal	9.3.2 Waste Management	92-93
GRI 308 Supplier Environmental Assessment 2016				

	308-1	New suppliers that were screened using environmental criteria	9.4 Sustainable Supply Chain Management	95-97
	308-2	Negative environmental impacts in the supply chain and actions taken	Regularly conduct supplier evaluations and use qualified suppliers to reduce environmental impact.	-
GRI 401 Employment 2016				
	401-1	New employee hires and employee turnover	7.1 Talent Attraction, Cultivation, and Retention	56-62
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.2 Labor Relations, Wages and Benefits	63-71
	401-3	Parental leave	7.3 Workplace Health and Safety	72-78
GRI 404: Training and Education 2016				
	404-1	Average hours of training per year per employee	7.1 Talent Attraction, Cultivation, and Retention	56-62
	404-2	Programs for upgrading employee skills and transition assistance programs	7.1 Talent Attraction, Cultivation, and Retention	56-62
	404-3	Percentage of employees receiving regular performance and career development reviews	7.1 Talent Attraction, Cultivation, and Retention	56-62
GRI 414: Supplier Social Assessment 2016				
	414-1	New suppliers that were screened using social criteria	9.4 Sustainable Supply Chain Management	95-97
	414-2	Negative social impacts in the supply chain and actions taken	9.4 Sustainable Supply Chain Management	95-97
GRI 418 Customer Privacy 2016				
	418-1	Substantiated complaints regarding	5.2 Information security	47

	concerning breaches of customer privacy and losses of customer data	5.3 Risk Management	48-50
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Appendix 2: SASB Index Comparison Table

Sustainability Disclosure Topics and Indicators









Orientation	General Issue Category	Indicator Code	Disclosure Indicators	Report Content or Description
Environment	Water Management	TC-ES-140a.1	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	9.3.1 Water Resource Management
	Waste Management	TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage of hazardous waste, percentage of waste recycled	9.3.3 Environmental Material Flow Information
Society	Labor Practices	TC-ES-310a.1	Total number of work stoppages	No related accidents occurred in 2023
		TC-ES-320a.1	Total recordable incident rate (TRIR) and near miss frequency rate (NMFR) for direct employees and contract employees	In 2023, the frequency of disabling injuries was 0%; there were 0 cases of occupational accidents involving 0 people (accounting for 0% of the total number of employees at the end of 2023).
	Labor Status	TC-ES-320a.2	Percentage of entity's facilities and Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent	9.4.1 Policy and Management
		TC-ES-320a.3	Non-conformance rates verified by all entities and Tier 1 suppliers are: 1) Priority non-conformances 2) Other non-conformances	9.4.1 Policy and Management

Economy	Product Lifecycle Management	TC-ES-410a.1	Weight of end-of life products and e-waste recovered, percentage recycled	9.3.2 Waste Management
	Raw Material Sources	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	Establish a non-conflict minerals policy in accordance with the OECD due diligence process, request suppliers to pay attention to, implement and submit relevant information, regularly monitor and ensure Implement the non-conflict minerals policy.

Activity Indicator

Indicator Code	Disclosure Indicators	Report Content or Description	Corresponding Chapter	Note
TC-ES-000.A	Number of factories	<ol style="list-style-type: none"> Taiwan Headquarters 4 factories in China (Kunshan Factory, Guangzhou Factory, Chongqing Factory, Hefei Factory) Thailand Factory 	1.2 Company Overview	
TC-ES-000.B	Factory area	-	-	No statistical data
TC-ES-000.C	Number of employees	4,951 employees worldwide	7.1.1 Global Talent	

Appendix 3: Sustainability-Related Certificates

ISO14064-1 certificate		Certificate	Photo		
		RBA			
			Thai-Hong Factory	Guangzhou Factory	Kunshan Factory
Taipei Headquarter	Guangzhou Factory		ISO27001		
		Taipei Headquarter		Guangzhou Factory	Thai-Hong Factory
Kunshan Factory	Chongqing Factory	ISO22301			
			Taipei Headquarter		
Anhui Factory	Thai-Hong Factory				

Auras For Sustainability

